



## NEWS RELEASE

### Automotive News Interview with Mike Schmidt



ABC Group CEO  
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benefit  
automakers and  
suppliers.

**Toronto, ON** – June 30, 2003 - ABC Group, a Tier 1 supplier of plastic trim, fuel tanks, instrument panels and under-hood components, has been expanding in business.

The company, with headquarters in North York, Ontario, ranked No. 94 on the Automotive News list of top 150 original equipment suppliers to North America, with North American sales of \$423 million

in 2002, up 4.7 percent from a year earlier.

Guiding that growth is CEO Mike Schmidt, who formed ABC Group with two partners in 1974. Schmidt was interviewed by Special Correspondent Micheal LeGault.

**Many companies say it is getting harder to make money as an auto supplier. Does there come a point where the risk and investment are not worth the payoff?**

From our point of view it still pays to be in this business. But yes, continuous price reductions demanded by the automakers are going to be around a long time. Suppliers and automakers have to work together to implement a long-term approach to create a positive business model that will lead to new and appealing products and sound financial management. The price reduction concept can benefit both the supplier and the automaker; you just have to work hard at it.

**You have become one of the largest blow moulders in the world. What do you consider were some of your key business decisions and technical innovations that led to this growth?**

This goes back to 1974 when we were a little company and the only chance we had to compete was to bring new products to market. Blow molding was a really new technology and over the years we have developed strong R&D capabilities that have led to innovations in plastic materials, tooling, process technology- today we even build our own machines.

**Was there one key breakthrough product that allowed you to turn the corner as a company?**

The first real success we had was blow-moulded constant velocity joint boots in 1982. We worked with General Motors for seven years to develop special plastic materials and a manufacturing process. Previously these parts were made of

rubber and were guaranteed for 20,000 miles. Today these parts are guaranteed for 100,000 miles or the full-term power-train warranty of the vehicle.

**How do you coordinate your R&D, sales and other resources to serve the diverse needs of a global market?**

This is where technology comes into play because technology cuts across all markets. We've been in Japan 15 years now. We've had a joint venture with Nishikawa Kasei for many years. Today we have a technical center in Japan, and this helps us secure business in Japan and transplant in North America.

**Fuel tanks would seem to be a natural for you, but ABC has taken a back seat to other companies in commercialization of plastic fuel tanks and systems. Why?**

We were developing fuel tanks back in 1979, but we got out of it when we realized it was going to take 10 or 15 years before these multilayer tanks would be produced. We kept on working on multilayer technology and rehabilitated the fuel tank business four or five years ago.

**Last year you acquired the Hynes blow-molding operation of Lanker Diversified Industries in Grand Rapids, Mich. You have a reputation as a vertically integrated company that builds internally, rather through acquisitions. Does this represent a change in strategy for you?**

We bought Hynes because we quickly needed a location for a job for GM. No, we're not on a buying binge. We prefer Greenfield plants because we supply and build our own equipment.

**But you're not ruling out more acquisitions?**

We have nothing in China, so if we want to go there we have to build or acquire, preferably with a partner, same for South Korea. We are also going to build plants in Eastern Europe by the end of this year.

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**About ABC Group Inc.**

ABC Group Inc. is one of North America's top Tier 1 automotive parts suppliers. An award-winning international success story, ABC Group began in 1974 with a single manufacturing facility in Canada and has grown to become a global manufacturing enterprise. With over 4,000 employees and 25 manufacturing facilities in Canada, the United States, Mexico, Brazil, Spain, Poland, China and technical sales centers in Germany and Japan.

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