



NEWS RELEASE

Automotive News Article "Plastics Maker Takes Off With Running Boards"



ABC Group Inc. is producing running boards like this one for GM's large SUVs and an undisclosed Nissan SUV.

Toronto, ON – February 09, 2004 - ABC Group Inc. is pulling together all of its segments - from materials to molding and machinery - to gain a foothold in a new product for automotive plastics. The Toronto Company is blow molding plastic running boards that replace metal units for both money and weight savings, and bringing them to market just as automakers are looking to new materials for the components. ABC launched the running boards for the Jeep Wrangler in 2000.

This year vastly expands that business with contracts to supply General Motors' 2005 model year large SUV's, including the Chevrolet Suburban and Tahoe, the GMC Yukon, GMC Yukon XL, the Cadillac Escalade, Cadillac Escalade ESV, the Hummer H1 and Hummer H2. GM sells about 600,000 units of those vehicles annually. ABC also will supply an undisclosed Nissan Motor Co. Ltd. SUV.

And the in-house-developed boards are not alone in the new product mix for ABC, says CEO Mike Schmidt. ABC has more new business booked for interior components and is seeking contracts for others, with each new component drawing from the research and development heritage he said is at the core of the auto supplier." This is a very innovative company," Schmidt says. "We want to stay in business, and we're doing something about it. We took the chance and we developed products."

Development began in '97

Privately held ABC posted \$445 million in sales in 2002, up from about \$300 million five years earlier. It began development of the running-board system in 1997, looking to build an all-plastic structural system to replace the traditional

metal component, said Changize Sadr, R&D vice president. ABC's design eliminates all metal except for connecting brackets, Sadr says. To make it work, though, Salflex Polymer Ltd., ABC's wholly owned compounding unit, had to develop a proprietary reinforced plastic with a specialized fibre that would provide the strength to back up the running board's overall design. Salflex also had to provide color matching and ensure that the material could withstand strong sun exposure, extreme heat and cold, and road salt and other chemicals. The company's 200-employee machinery division went to work to create new blow molding machines that could handle both the new material and the large part sizes. The largest boards will run more than 7 feet long.

"The machine has to have the melt strength for that kind of length," Sadr says. "Everything has been done in-house and everybody knows what the needs are." The 10 machines now built that have gone into plants in Mexico and Ontario are huge, he says. Some have required building changes for the 40-foot ceilings required to accommodate them. The company also wants to expand its compounding operations in Mexico to support new business. "When we started to look at running boards, we wanted to come up with innovative ideas, something new in the market," Sadr says. "We were looking at integration of components, ease of assembly. And obviously the bottom line is cost."

Expansion from the small DaimlerChrysler running board in 2000 to the GM SUVs is a big win for ABC. ABC will deliver complete units from a stock of seven different designs - some painted or with chrome accents for upscale vehicles - all coming in with a 20 percent weight savings and what ABC will describe only as a "large cost saving." Running boards for an additional 34,000 vehicles will be produced for optional sale through dealers. Other orders are continuing to broaden ABC's reach, including sales for the 2005 Nissan Pathfinder. ABC was able to bring the boards to market just as the market was ready for a change, says Kim Korth, president of IRN Inc., an automotive consulting firm in Grand Rapids, Mich. "There's a huge transition in running boards," she says. "When automakers are fighting to get rid of ounces in weight, these can cut pounds." Carmakers also are looking to plastics to trim tooling and total production costs from trucks. ABC is among a small handful of suppliers ready to provide lower cost and weight choices, while plastics have the automakers' attention, and it has the material and production background to support the launch.

"They're in a really good spot from the standpoint of being on the front line with these," Korth says. The running boards are not ABC's only new product.

Products on the Equinox

ABC will have hundreds of dollars' worth of products on GM's Chevrolet Equinox, a small SUV debuting this year. The company developed its own blow moulded cargo-management system for the Equinox. The full product line for the truck runs the gamut of the company's capabilities, from injection moulded interior trim,

fuel-system components, a spoiler and the cargo unit. ABC also is touting a prototype device to protect knees. The product could expand ABC's expertise into safety systems while potentially eliminating under-the-dash air bags.

(as published in the February 9, 2004 edition of the *Automotive News*, pg. 56B)

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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