



NEWS RELEASE

Plastics News Article "ABC Group Stepping Up Automotive Molding"



Mike Schmidt

Toronto, On – February 02, 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 Daimler-Chrysler AG's Jeep Wrangler in 2000, and this year vastly expands that business with contracts to supply General Motors Corp.'s full-size sport utility vehicles and a Nissan motor Co. Ltd. SUV. And the in-house-developed boards are not alone in the new product

mix for ABC, said President and Chief Executive Officer 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", he said during a Jan. 13 telephone interview. "We want to stay in business, and we're doing something about it. We took the chance and we developed [products]."

ABC opened in the 1970s, but established its reputation in the 1980s with its in-house-developed, blow moulded, constant-velocity joint boot that could replace rubber components. Since then, Schmidt said, the business has sold 400 million of the boots and continually created new products.

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. ABC's design eliminates all metal except for connecting brackets, Sadr said.

To make it work, though, Salflex Polymer Ltd., ABC's wholly owned compounding unit, had to develop a proprietary reinforced polypropylene 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 in length.

"The machine has to have the melt strength for that kind of length," Schmidt said.

"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 said. Some have required building changes for the 40-foot ceilings required to accommodate them. The company also is looking 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. We were looking at integration of components, ease of assembly. And obviously the bottom line is cost.

Running ahead

Expansion from the small DaimlerChrysler running board in 2000 to the upcoming 2005 GM SUV is a big win for ABC. The GM truck program is a core line for the Detroit automaker, with annual sales of 600,000 vehicles. 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 Pathfinder from Nissan.

ABC was able to bring the boards to market just as the market itself was ready for a change, said Kim Korth, president of IRN Inc., a Grand Rapids, Mich.-based automotive consulting firm.

"There's a huge transition in running boards, she said. 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 and SUVs. ABC is among a small handful of suppliers ready to provide lower cost and weight choices now, 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," she said.

The running boards are not ABC's only new product. 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, made from ABS, 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.

The Equinox will launch with an expected 150,000 units annually.

ABC also is touting a prototype blow moulded active knee bolster. The product could expand ABC's expertise into safety systems while potentially eliminating under-the-dash air bags.

In addition, the firm is finalizing plans for a new factory in Croatia to support increasing automotive business in Eastern Europe, Schmidt said.

"It's very important for the future and for ourselves to improve the jobs, to improve the know-how," he said. "We're trying to do all that as we go along."



ABC Group's running-board system produces an all plastic structural system. The running board, above, is developed with a proprietary reinforced polypropylene with a specialized fibre that provides strength. Originally designed for the Jeep Wrangler, the product has been expanded to support other sport utility vehicles.

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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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