2009 Roundup: North American Suppliers
Battered but Surviving

Vehicle production cuts meant double-digit sales declines for suppliers

A utoliv
2009 Consolidated Sales: $5,121 million
Change from 2008: down 21% despite fourth quarter 2009 sales 40% higher than sales in the fourth quarter of 2008.
2009 Net Income: $10 million, or 0.2% of sales, compared with a 2.5% net margin in 2008. Despite the global industry downturn in 2009, A utoliv kept its record of continuous full-year profitability.

Outlook for 2010: Based on current light vehicle production forecasts, A utoliv expects 2010 consolidated sales to be 15% to 20% higher than in 2009. First quarter 2010 sales are forecast to be 70% higher than Q1 2009.

A utoliv’s airbag products segment, including electronics, accounted for 64.4% of total sales. Airbag product sales declined 20% in 2009; seatbelt product sales fell by 22%.

A utoliv’s sales declined in North America by 21%, while vehicle production in the region fell by 32%. The company picked up new business on high trucks, GM’s Traverse and Equinox and Toyota’s RA V4. North America accounts for 25% of A utoliv’s sales.

Turn to Roundup, page 3

In Defense of Electronics

Toyota’s Safety Problems

A nybody in the world exposed to the news in January and February has seen or heard stories about Toyota’s terrible problems concerning the safety of its vehicles. Complaints from customers over the years about Toyota vehicles accelerating unintentionally have lately culminated in a slew of recalls and lawsuits. On top of this, numerous customer complaints about the brakes on Toyota’s 2010, third-generation Prius moved Toyota to recall that model as well. A ll told, Toyota has recalled 8.5 million vehicles worldwide since September 2009.

People understand that over the years cars have gotten pretty complex. They know that most vehicle systems have some electronic components. And they probably know that Toyota is the world’s largest carmaker because for many years they made the world’s most reliable cars. So reasonable people are wondering, if Toyota is having all of these scary problems— basic vehicle control problems— are electronics causing them?

A re malfunctioning electronics at the root of Toyota’s unintended acceleration problem? Toyota says no, and I believe them. “Through all of our testing, electronics has never been found to cause unintended accelerator problems,” said Kristen Tabor, general manager of electrical engineering at the Toyota Technical Center in Ann Arbor during a media conference call last month. Ms. Tabor also explained Toyota’s holistic approach to electromagnetic compatibility design and testing, including emission testing of outbound energy and immunity testing of inbound energy. Toyota’s tests conform to international and regional standards and in some cases exceed those standards.

I watch automotive electronics closely, and have not been witness to any information that would suggest that electromagnetic compatibility is a growing threat. Indeed the subject has been well comprehended by automotive engineers for more than twenty years.

Toyota has identified its unintended acceleration problems as largely mechanical— bulky floor mats and sticky gas pedals— and recalled more than 8 million vehicles worldwide to fix those problems. Still, there are other reasons for unwanted acceleration with pedal misapplication one likely suspect.

Toyota has decided to install brake override systems on several Toyota and Lexus models, among them the 2007-2010 Camry and 2005-2010 Avalon. The override system will automatically reduce engine power when the brake pedal and the accelerator pedal are depressed simultaneously.

Brake override systems have been standard on Nissan, Mercedes, BMW, V W / Audi and all Chrysler vehicles, except for the PT Cruiser, for some time. BMW for instance has used brake override as long as it has had electronic throttle control. Chrysler introduced its Smart Pedal brake override in 2003. When asked why Toyota didn’t install brake override sooner, Toyota spokesperson Paul Nolasco wrote in an email that “earlier override systems didn’t satisfactorily address starts from full stops on inclines.”

According to Dan Milot, a chief brake engineer at TRW, except for vehicles with...
very powerful engines, the brakes on most cars should be strong enough to overcome engine power. “If you put your foot all the way down, the brakes should hold. At full throttle most engines give you about 0.3 Gs of acceleration, more or less, whereas the brake system can decelerate the car at almost 1 G.

**Prius Hybrid Brake Problems**

The problem with Prius brakes isn’t an electronics problem either, rather it is a design problem with the software algorithm that controls the interaction between the regenerative braking, hydraulic braking and the ABS. In Toyota’s words, “drivers may experience reduced braking performance resulting in increased braking distance when their vehicles switch at low speeds to hydraulic braking-only to activate an ABS.”

To fix the problem Toyota has issued a safety recall affecting 223,000 current model Priuses, Prius Plug-In Hybrids, Sai and HS 250h hybrid vehicles sold in Japan, and recalled an additional 175,000 hybrid vehicles sold in the U.S. and elsewhere to correct the ABS software. The problem wasn’t apparent in first- and second-generation Prius vehicles.

Mr. Milot has spent the last few years developing hybrid braking systems, so-called regenerative blending systems. “The difficult challenge you have with this type of braking system that you don’t have with conventional brakes is this third element, the electric machine that generates brake torque. You have to carefully blend the dynamic and steady-state torque output of the foundation brakes with the dynamic and steady-state torque output of the motor. Otherwise you get torque mismatches from one to the other which varies the feel of the pedal as the vehicle stops,” he said. Had Toyota sufficiently tested the vehicle before start of production it would have caught the problem.

Ford has had similar problems with the regenerative braking system on some 2010 Ford Fusion Hybrids and Mercury Milan Hybrids and has asked customers to return affected vehicles to the dealer for software reprogramming. According to Ford, “while the vehicles maintain full braking capability, customers may initially perceive the condition as loss of brakes.” Ford and its brake manufacturer, Continental, refused our requests for interviews about the matter.

**Life Saving Safety Electronics Features**

- ABS
- Airbags
- Electronics stability control
- Tire pressure monitoring

**Electronics Complexity Does Not Compromise Safety**

One of the story lines to emerge from Toyota’s quality problems is that with so much electronics and software, cars have gotten too complex. If Toyota, a company that has had a rock-solid reputation for quality, is having problems then other carmakers must be having similar safety problems.

Mercedes makes some of the world’s most complex vehicles, so I asked Stephan Wolfsried, vice president of electrical/electronics and chassis at the carmaker, “How do we know for sure vehicles like the S Class won’t develop problems similar to Toyota’s?”

“Toyota was our idol,” said Mr. Wolfsried. “They had processes long before we did to ensure the quality of electronic and electronic systems. So now we have the development V model. The main issues for us are having very good specifications on the one hand and systems integration and testing on the other hand. We do that on a tool-based chain, for example, with Doors for defining requirements and with Matlab to make the models where those are feasible. And then we test against these. Complexity forced us to do that.”

**Motor Vehicle Crash Deaths and Deaths per Billion Miles Traveled in the United States**

Deaths per billion miles traveled in the United States have declined dramatically since the advent of automotive electronics. Since 1980, they decreased at the rate of 3.4% per year, to 12.8 fatalities per billion miles in 2008. Total traffic fatalities have declined by 6% per year since 2005, to 33,963 in 2009.
In Europe, where A utoliv generates nearly half its revenue, sales were down 26%, in line with the 21% drop in European light vehicle production, according to the company. A irbags and other safety systems content in Europe and North Ameri ca average more than $300 per vehicle. In India the average safety system value is approximately $70; in China it is close to $200.

A utoliv’s sales in Japan fell by 32%, hurt especially by a sharp drop in models with higher safety content built for export to Western markets.

In the rest of the world, A utoliv grew sales by 14% aided by new vehicle launches in China and India. Organic sales in China grew 59%. The ROW region now accounts for 18% of A utoliv’s sales. A ccording to A utoliv projections, the global occupant restraint market, including radar and vision systems, will reach $20 billion in 2012, and the ROW region will become the largest segment of that market, surpassing Europe and North Ameri ca.

In December 2009 A utoliv picked up all of Delphi’s occupant re straint con tracts in North Ameri ca and Europe after Delphi announced its exit from the airbag, seatbelt and steering wheel business earlier in the year. Early in 2010 A utoliv also acquired Delphi’s passive safety operations in Korea and China. The Delphi business will add approximately $400 million in annual sales.

A utoliv acquired Visteon’s radar systems business, which had less than $5 million in sales, in March 2010. Tyco Electronics’ automotive radar business became part of A utoliv in 2008.

In November, Standard and Poor’s upgraded A utoliv’s credit rating from BBB- to BBB, which A utoliv noted makes it the first automotive company with an investment grade rating to be upgraded since the start of the financial crisis in 2008.

**D elphi A utomotive L LP**

Delphi Corp. went into bankruptcy in October 2005 and did not emerge until October 6, 2009. On August 19, 2009 Delphi LLP, a privately held limited li ability partnership, was incorporated in order to acquire most of the assets of Delphi Corp. Delphi LLP reported the 2009 year-end financial performance of the two entities (the predecessor company and the successor company) separately. Delphi LLP does not break out sales by business segment.

**D elphi Corp. (O ld)**

For the period Jan. 1, 2009 through Oct. 6, 2009

**N et Sales:** $8,334 million. Full year 2008 sales were $16,808 million

**Sales to GM:** 26.4%. Ford accounted for 7% of sales.

**D elphi LLP (N ew)**

For the period Aug. 19, 2009 through Dec. 31, 2009

**N et Sales:** $3,421 million

**Sales to GM:** 19.5%. Ford accounted for 7% of sales.

**N et I ncome (Loss):** ($18 million)

**O utlook for 2010:** Delphi LLP says only that it expects two-thirds of sales will be outside North Ameri ca, and that no single customer will account for more than 20% of sales. For more on Delphi, please see the two-part company profile in the October and November issues of The Hansen Report.

**G entex C orp.**

**2009 N et Sales:** $544.5 million; 97% is automotive

**Change from 2008:** down 13%

**2009 N et I ncome:** $64.6 million or 11.9% of sales, even better than its 10% margin in 2008.

**Outlook for 2010:** Gentex has not given any full year sales forecast for 2010, given the uncertainty of vehicle production volumes in North Ameri ca, Europe, Japan and Korea, but it did say it expects first quarter sales to increase 80% to 90% compared with Q1 2009.

With 83% of the market for auto-dimming mirrors, Gentex has been able to weather the industry downturn with only a 13% drop in sales, keep its long-term debt at zero, and increase net income by 4%, maintaining double-digit margins. Six carmakers each accounted for at least 10% of Gentex’s 2009 sales: Toyota, 17%; Volkswagen/Audi and G eneral M otors, 13% each; Daimler, 12%; and Ford and BMW, 10% each. Backlogged orders as of February 1, 2010 total $184.4 million.

**JCI**

Autoliv’s automotive Experience segment accounted for 41% of the company’s total sales. A ccording to the company, JCI is number one in automotive seating with 45% of the market, and number two in interiors. Its three top customers in 2009 were Ford, General M otors and Daimler.

A utomotive sales and margins were hit by lower vehicle production in all the regions it serves as well as by unfavorable currency exchange rates in Europe and Asia. JCI launched another restructuring plan in 2009, which it aims to complete by the end of 2010. For A utomotive Experience, that means closing seven plants (three in North Ameri ca, one in Europe and three in Asia) and cutting employment by 5,200.

JCI has a $2.5 billion backlog of new seating and interiors business scheduled to be completed by 2011.

**Johnson Controls Automotive Experience**


**FY 2009 N et Sales:** $12,016 million

**Change from FY 2008:** down 33.6%

**FY 2009 N et I ncome (Loss):** ($541 million) compared with $579 million profit in FY 2008

**Outlook for 2010:** JCI expects 13% growth in automotive sales as a result of higher automotive production volumes in North Ameri ca and China and new seating and interiors program launches in Europe. Margins are forecast in the range of 2.0% to 2.2%.

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JCI has a $2.5 billion backlog of new seating and interiors business scheduled to be completed by 2011.
Headquarters: Ingersheimer Str. 24, 70499 Stuttgart, Germany; www.vector.com

2009 Sales: €96.3 million ($131.1 million)

Employees (2009 Average): 870, of whom 60% to 70% are engaged in R&D activities.

Sales per Employee: €110,690 ($150,722)

Automotive Sales: 95% of total sales

Products: Tools and services for the development of automotive electronics

Largest Customers: Bosch is #1, Daimler is #2

Background

Vector Informatik, founded in 1988 as Vector Software G mbH, is a leading producer of software tools and components for networking electronic systems based on CAN, LIN, MOST and FlexRay technologies. Two of the company founders, Martin Litschel and Helmut Schelling, worked at Bosch in the early 1980s and were instrumental in the development of CAN technology. Mr. Litschel is one of the owners of the CAN patents. The third founding partner, Eberhard Hinderer, had been a Hewlett Packard employee prior to 1988. In 2001, Thomas Beck joined Vector as its fourth managing director; prior to that he was president of ETAS, a Bosch software tools subsidiary.

Vector's four managing directors own the company and run it as equals. Dr. Schelling, Mr. Litschel and Dr. Beck run the various product lines. Dr. Beck is also in charge of global sales as well as the eASEE tool environment line. Mr. Litschel is responsible for CANoe, CANalyzer and the other network development tools and related products; Dr. Schelling heads the software components side of the business. Eberhard Hinderer has responsibility for internal administration of the company including areas such as human resources, data processing and infrastructure.

When Vector was first launched, the company provided software engineering services for non-automotive applications, but by 1992 had developed a strong working relationship with Mercedes. Vector built tools and software components for the carmaker; its first automotive CAN protocol stack was used by Mercedes for body controls in the 1994 E class.

While Vector is firmly rooted in networking technology, it is moving toward becoming more than a networking company. “We are developing ourselves into a company that supports the entire E/E development,” said Dr. Beck. “Diagnostics, software components for embedded devices, a complete Autosar portfolio, calibration tools with high speed interfaces for high data transfer rates—things that are not necessarily linked to networking. Vector offers tools, support, software components and services for the entire E/E development process.”

Global Reach

Daimler remains Vector’s largest OEM customer today, but Vector products are used by nearly every major carmaker, automotive tier one and automotive semiconductor supplier. Since the Hansen Report last profiled Vector in 2005, the company has expanded internationally, opening operations in Korea in 2007, and in 2009 an office in the United Kingdom and a representative office in China to support its distributor, HiRain. In November 2009, Vector opened Vector Informatik India in Pune, staffed today with just three employees, to support Indian OEM customers such as Tata, Ashok Leyland and Mahindra.

Vector has no immediate plans to move significant engineering resources to India because, according to Thomas Beck, “We still see Europe as the center of automotive innovations. The most interesting requirements for new tools and innovations are really coming from Germany, France, Sweden, all of Europe I would...”

The Hansen Report on Automotive Electronics, Portsmouth, NH USA www.hansenreport.com

The Company Profile Continued

Vector Employees by Year*

<table>
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<th>Year</th>
<th>Employees</th>
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<td>2006</td>
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<td>2008</td>
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<td>2009</td>
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*Yearly average

Vector Employees by Region

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<tr>
<th>Region</th>
<th>Employees</th>
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<td>Asia</td>
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<td>North America</td>
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Total: 858 as of January 2010

Vector Worldwide

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<tr>
<th>Location</th>
<th>Employees</th>
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<tbody>
<tr>
<td>Germany</td>
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<td>Birmingham, UK</td>
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<td>Pune, India</td>
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<tr>
<td>Shanghai, China</td>
<td>1</td>
</tr>
</tbody>
</table>

Vector’s Major Competitors

- Embedded Software Components
  - Elektrobit
  - KPIT
- Tools for Networks
  - Several companies such as Intrepid and Ixxat
- Tools for Testing
  - dSPACE
  - ETAS
- Tools for Diagnostics and Calibration
  - dSPACE
  - ETAS
  - Softing
  - ATI

Major Automotive OEM Customers

<table>
<thead>
<tr>
<th>Ranked by Sales</th>
<th>Bosch</th>
<th>Daimler</th>
<th>Continental</th>
<th>Audi</th>
<th>Volkswagen</th>
<th>Volvo AB</th>
<th>Denso</th>
</tr>
</thead>
</table>

Global Recession

One of the biggest challenges Vector faces in 2010 is recovering from 2009, according to Dr. Beck. Sales fell 27% in 2009 compared with 2008 as OEMs implemented sweeping cost cutting programs that included cuts to their development— and development tools— budgets. Vector’s sales to tier ones were also hit as suppliers struggled to deal with drastically lower vehicle production volumes at their own customers. The company avoided widespread staff reductions, choosing instead to reduce investments, eliminate bonuses and salary increases and watch costs very closely. Vector is confident that it will see an improvement in sales in 2010 compared with 2009, but sales will not yet rebound to the €132 million level where they were in 2008.

Although sales decreased across almost all products lines, one bright spot in 2009 was in the area of embedded software and Autosar. “We did not see any drop in these programs,” noted Dr. Beck. “If an OEM is developing the next generation S Class or 5 Series or Golf, these programs will survive and the money will be spent for basic software, because otherwise they could not launch on schedule.”

Fastest Growing Products

Micros cocar, Vector’s Autosar basic software, is among the company’s fastest growing products, along with the VX1000 high-speed calibration interface and the VT (Vector Test) System for ECU testing. “VT System is a way to test ECUs, but it was more a technology development for us. We have developed a high-speed data radar-based adaptive cruise control systems. ETA S, a Bosch subsidiary, is much stronger in the area of engine calibration.

Why Vector

With formidable competition from companies like Elektrobit, KPIT Cummins, ETA S and dSPACE, why do customers buy from Vector? In addition to its comprehensive portfolio of highly reliable software tools and components with the functionality to meet the needs of the major automotive manufacturers and suppliers, Vector brings financial stability, a global footprint and considerable technical expertise. Not only have Vector founders been working with CAN since CAN was invented, the company has more than ten years of experience in writing software components and in calibration.

Even as the auto industry has widely embraced model-based software development, calibration remains an important part of the process, largely because carmakers make so many versions and variants of their vehicles. “In the past it was mostly just the engine that required calibration, but now there is calibration and measurement in almost everything—even the climate control has to be calibrated now,” said Dr. Beck. Vector does a lot of work with gearbox, chassis control and safety systems calibration, for example...
Vector Informatik

Major Products

Tools for Networks
CANoe/DENoe (Distributed Embedded Network) tools for network development
With options for LIN, MOST and FlexRay
Emulation of OSEK OS applications
CANalyzer/DEAnalyzer tools for network analysis
With options for LIN, MOST and FlexRay network development
CANalyzer Pocket 1.0, a Windows-based version for PDAs
CANdb++/CANdb++ Admin
Distributed system backbone for work processes
CANdbLib programming interface for access to CAN database
DaVinci Tool Suite, functional design software for automotive systems
CANscope tool to analyze the CAN bus
Hardware module to stress CAN networks
CAN bus data loggers
USB interface for MOST
CANcaseXL Log, data logger and bus interface, two-in-one solution for CAN and LIN

Tools for Measurement & Calibration
CANape Graph ECU application tool
Options for GPS and OSEK monitoring
Synchronization and power supply module
Measurement modules for analog voltages and temperatures
CANgraph tool to evaluate offline measurements

ASAP2 Tool Set for updating and merging ASAP2 files
ASAP2 Function Library for reading ASAP2 files
ASAP2-Editor

Tools for Diagnostics
CANdela product family, a software environment for diagnostic data
Diagnostic embedded software components
CANdito 1.5, one tool for diagnostic testing and measurement data acquisition

Embedded Software Components for CAN networks
LIN communications
OSEK real-time operating system
Flash boot-loader to download code to ECUs via CAN

Process Management Tools
Tool Suite eASEE

Tools and Software Components for Autosar
Microsor basic software components for Autosar Release 3. x and 4.0
DaVinci tools for software component specification and RTE generation

Tools for Testing
CANoe test feature set
VT System for testing ECUs

access to ECUs to support measurement and calibration,” explained Dr. Beck. “We are in the range of gigabits per second. This is far beyond gigabit Ethernet.”

VT System gives CANoe users an intelligent solution for hardware in the loop testing. All components required for testing the connected ECU’s inputs or outputs are integrated into the VT System modules. It can be applied in the late phases of development, for example when ABS or ESC systems are being tested in prototype vehicles.

Top Selling Products
   • Vector tools for networking and testing have been a mainstay for Vector since it brought the earliest versions to market in 1994, and networking products today account for 40% to 50% of Vector’s total sales. CANoe is used throughout the development process, for design, simulation, testing and analyzing both ECU networks and individual ECUs. CANoe supports CAN, LIN, MOST, FlexRay and Ethernet bus systems.
   • The addition of VT System extends CANoe’s testing ability to simulate and measure analog and digital ECU I/Os. This lets an engineer access all the inputs and outputs of the ECU in test sequences; access is not limited to just the bus interface. The system can be expanded in a number of ways using integrated hardware and software interfaces.
   • CANbedded embedded software components for CAN are used in the common protocol stack required by the different applications—powertrain control and body control for instance—on an automotive network. Benefits of integrating CANbedded software include: guaranteed CAN bus compatibility; reduced implementation and testing costs; lower hardware costs; and increased software reliability from the ability to reuse standard components.
   • CANalyzer, part of the CANoe platform, is Vector’s universal analysis tool for ECU networks and distributed systems. Options are available for CAN, LIN, MOST, FlexRay, IP, Ethernet, CAN open, J1939, NMEA 2000, J1587 and CAN aerospace. CANalyzer is controlled from intuitive graphic block diagrams.
   • A nother top selling product line for Vector is its selection of hardware interfaces for connecting test, simulation or development tools to CAN, LIN, FlexRay and MOST networks. The XL-Interfaces line features high data throughput rates, precise time stamps and precise bus load measurements.

eASEE
A key component in Vector’s evolution into a company that supports the complete E/E development process is its eASEE process management tool environment. More than five years in development itself, eASEE supports data sharing.
The Company Profile Continued

Benefits of eASEE

◆ Manage all types of engineering data in one system; reduce complexity and costs.
◆ Access all objects in the development process that are stored in the data backbone.
◆ Efficient management of variants makes it easier to reuse existing components in the framework of a product lifecycle.
◆ Accelerate workflows; control of complex processes is easier because of greater transparency.
◆ Individual reports give valuable metrics and statistics.

TTTech Automotive and Vector will cooperate in the development of standard software modules for ECUs. The partners’ first joint project, already in development, will integrate Vector’s Microsos Autosar basic software with a module from TTTech to ensure network communications integrity.

dSPACE and Vector are working together to optimize the interoperability of their Autosar tools: Vector’s DaVinci Developer design tool and dSPACE’s TargetLink production code generator.

Vector is also cooperating with The MathWorks to integrate their tools for Autosar developers. Component architectures defined in DaVinci Developer can be exported to The MathWorks’ Simulink where the component behavior is designed.

Vector and NEC collaborated on an Autosar-compatible software package for various hardware platforms. Vector provides the Autosar basic software modules and design tools. NEC supplies the Autosar Microcontroller Abstraction Layer (MCAL) which acts as an interface between the basic software and hardware.

and cooperation among a carmaker’s different domain teams, for example engine, transmission, safety and interior, which usually work separately. A universal data backbone stores and manages all the groups’ required engineering data, and custom-designed modules cover all processes from system data management and change management to hierarchical software configuration management.

“eASEE is not only the backbone,” explained Dr. Beck, “it also has a nice front end to do requirements engineering and test data management, calibration data management, project planning, all kinds of things. I would describe it as an SAP for engineering, an integrated suite of
tools.”

eASEE is used today by MAN, Bosch, GM, Volvo, Porsche, Ford Research and others, and Vector is in discussions with several other potential customers and partners.

FlexRay and CAN

Applications of FlexRay, the safety-critical, high-bandwidth alternative to CAN for vehicle networks, are slowly rolling out in production vehicles. Even though BMW, Daimler, Audi and others have, or soon will have, FlexRay in vehicles on the road, the technology has not yet had a substantial impact on the demand for CAN products. CAN is well established and well understood by automotive engineers, and CAN is less expensive per node than FlexRay.

Dr. Beck believes FlexRay implementations will definitely increase, “But right now it is not widely expected that FlexRay will replace a lot of CAN nodes. Chassis is clearly switching from CAN to FlexRay, but those networks may have only about five to ten nodes.”

Three-Fourths of Audio Listening in the Car Is Broadcast Radio

A Nielsen Company study published in October 2009 found that broadcast radio was far and away the dominant car audio media among the participants observed for the report How U.S. Adults Use Radio and Other Forms of Audio.

The researchers directly observed participants in five major U.S. cities in the spring and fall of 2008 at home, work, in the car and other locations. The study sample was selected to provide a representative cross section in terms of demographics, but the data were not standardized or weighted to any external population parameters.

While broadcast radio captured 74.2% of in-car listening time, satellite radio accounted for just 5.5% of listening minutes.

In the near future, as 4G networks are rolled out, mobile devices that allow for streaming audio such as Internet radio will likely play a larger role. In this report, the use of mobile phones and smart phones was extremely limited and is not included in the analysis.

According to HybridCars.com, hybrid car sales in the U.S. declined 7.6% in 2009 compared with a 21.4% drop in the market for all vehicles. The Toyota Prius accounted for 48% of hybrid sales in 2009.
to launch in the next three fiscal years, $700 million of which will come in 2010.

Lear Corp.
2009 Net Sales: $9,739.6 million. The figure is a combination of the results for the first ten months of the year, including the period Lear was in bankruptcy, and the two months’ results for the post-bankruptcy “successor” company.

Change from 2008: down 28.2% primarily due to lower vehicle production in North America, and Europe where Lear generates 77% of its sales. Sales in the Seating segment, which accounts for 80% of total sales, dropped 27%; Electrical Power Management sales fell 32%.

2009 Net Income: $814.5 million, or 8.4% of sales compared with a loss of $690 million in 2008.

Outlook for 2010: Lear is forecasting sales in the range of $10.2 billion to $10.7 billion, or about 8% growth.

Lear filed for bankruptcy on July 7, 2009 and re-emerged November 9, 2009, having reduced its total debt by $2.8 billion to $972 million, and with a cash balance of $1.6 billion. Standard and Poor’s gives Lear a credit rating of B/positive.

The company has a net sales backlog of $1.4 billion through 2012; $800 million of that is electrical and electronic business; the remainder is in seating. In 2009 the Electrical Power Management segment accounted for 20% of total sales; Seating accounted for 80%.

Lear’s largest customers are GM and Ford. Lear content per vehicle in North America dropped 12% to $345 in 2009; content per vehicle in Europe dropped 16% to $293.

TRW Automotive
2009 Consolidated Sales: $11,614 million
Change from 2008: down 22.5% because of lower vehicle production primarily, and unfavorable currency effects.


Outlook for 2010: TRW expects growth in 2010 of approximately 6% to 11%, bringing sales in the range of $12.3 billion to $12.9 billion.

2009 Sales by Segment: Chassis Systems, 58.7%; Occupant Safety Systems, 24.9%; Electronics 5.1%; Automotive Components, 11.3%. Sales were lower in all segments compared with 2008; Electronics showed the biggest percentage decline at 32%. Electronics sales are primarily to OEMs and to TRW Chassis Systems for brake and steering applications. With the exception of Automotive Components, all the segments were profitable.

Europe accounted for 58% of sales; North America, 25%; Asia, 12%; and ROW, 5%.

The company noted that, while 2009 sales were helped by government incentives to stimulate car buying especially in the United States, and Europe, those programs were mainly geared toward smaller, fuel efficient cars where suppliers’ electrical/electronics content is reduced.

TRW reported $2.3 billion in long-term debt at year end, a decrease of $478 million from 2008. A public offering of 16.1 million shares in August 2009 raised $269 million.

In March 2009, Blackstone Group, the company’s largest shareholder, announced it is selling approximately 10 million shares of TRW stock, reducing its holdings from nearly 40% to 30%.

Visteon
Visteon has been in bankruptcy since May 28, 2009.

2009 Net Sales: $6,685 million
Change from 2008: down 30%


Sales by Segment: Climate, 38%; Electronics, 33%; Interiors, 29%. In 2009, sales in the Climate sector fell 19.1%; Electronics sales were down 33.7%; and Interiors declined 31.3%. All segments showed positive gross margins.

Ford Motor, the former parent of Visteon, remains its largest customer, accounting for 28% of sales. Nearly as large is Hyundai-Kia Automotive, accounting for 27% of sales. North America remains Visteon’s biggest market, generating 39% of sales; Europe accounted for 35%.

Of Visteon’s $562 million in incremental new business wins in 2009, 58% came from Asia Pacific. Visteon supplies the dealer add-on radio for the Tata Nano. Through a joint venture with Chinese automaker SAIC, Visteon supplies a new audio system and instrument cluster with two LCD displays on the Shanghai General Motors’ new Sail compact car for China. Visteon has a sales backlog of $496 million for 2010 through 2012.

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