



Join. Engage. Advance.



# OESA AUTOMOTIVE SUPPLIER BAROMETER™ Q4 2021

## CAPITAL MARKETS & INNOVATION

**MIKE JACKSON**

EXECUTIVE DIRECTOR, STRATEGY AND RESEARCH  
ORIGINAL EQUIPMENT SUPPLIERS ASSOCIATION

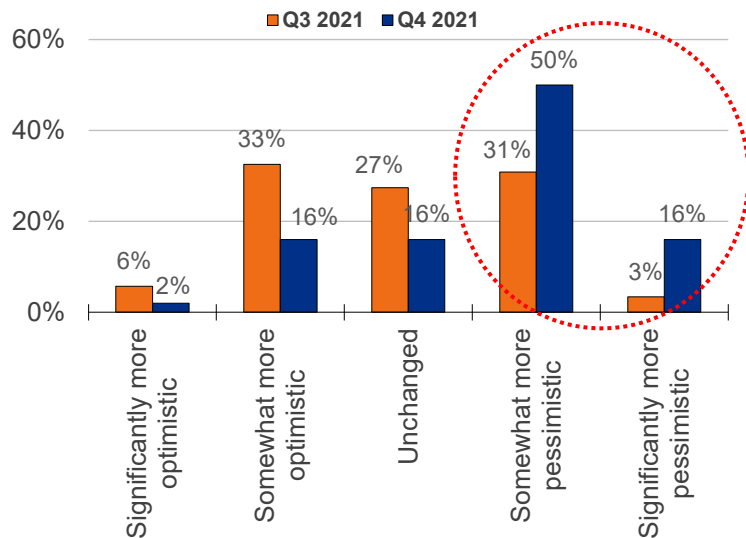
[MJACKSON@OESA.ORG](mailto:MJACKSON@OESA.ORG)

+1-248-430-5954

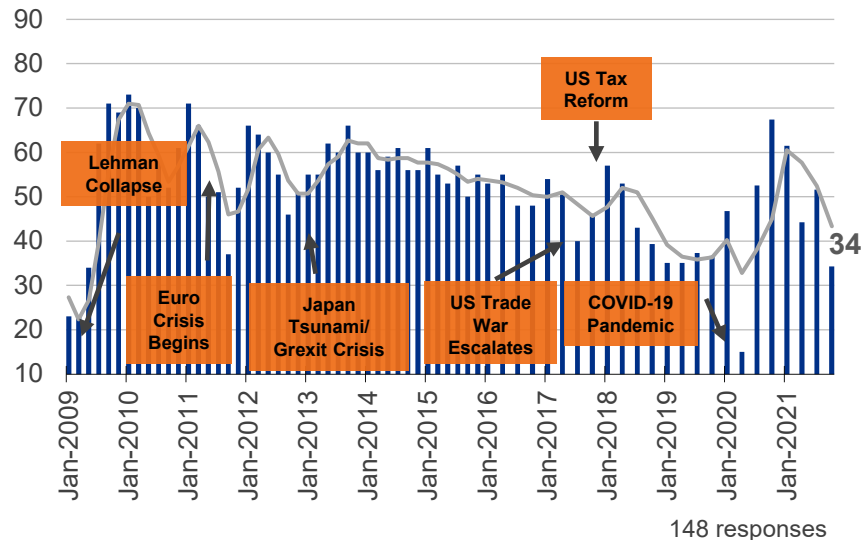
# OESA Supplier Barometer: Q4 2021 Results

*Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?*

Current Supplier Outlook (Share of Respondents)



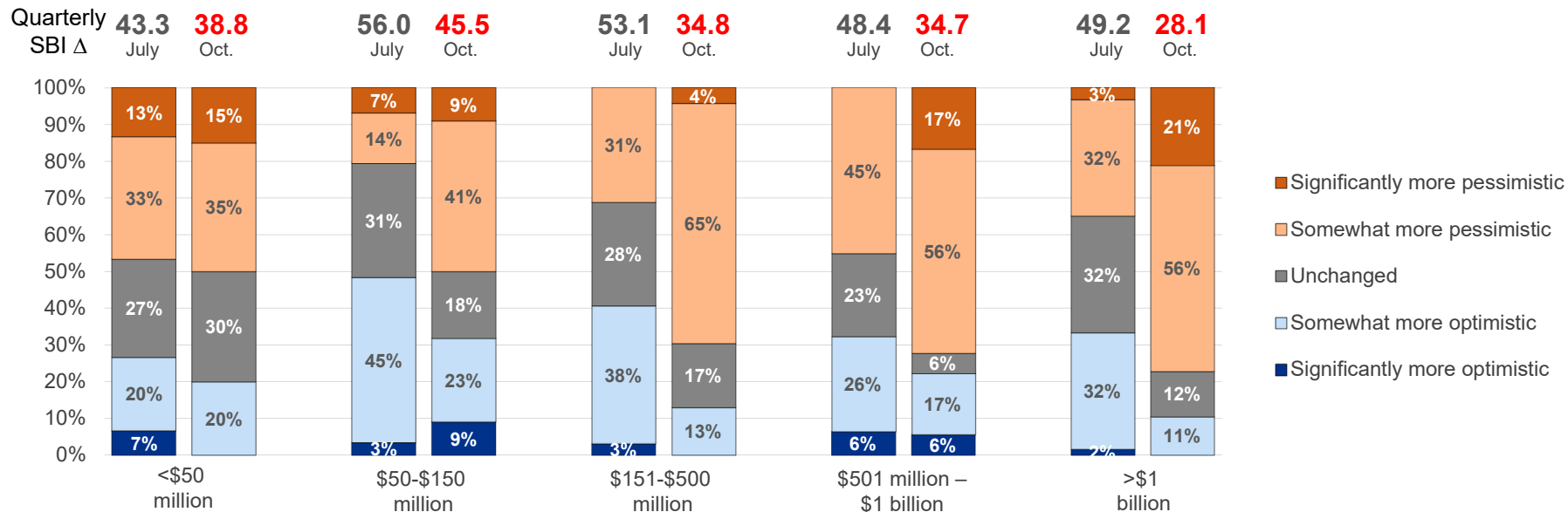
Supplier Barometer Index: (SBI and 6m Average)



The outlook for the fourth quarter rose into optimistic territory as production shutdowns due to supply chain shortages eased slightly, while sales performance of programs supplied deteriorated.

# OESA Supplier Barometer: Q4 2021 Results By Revenue

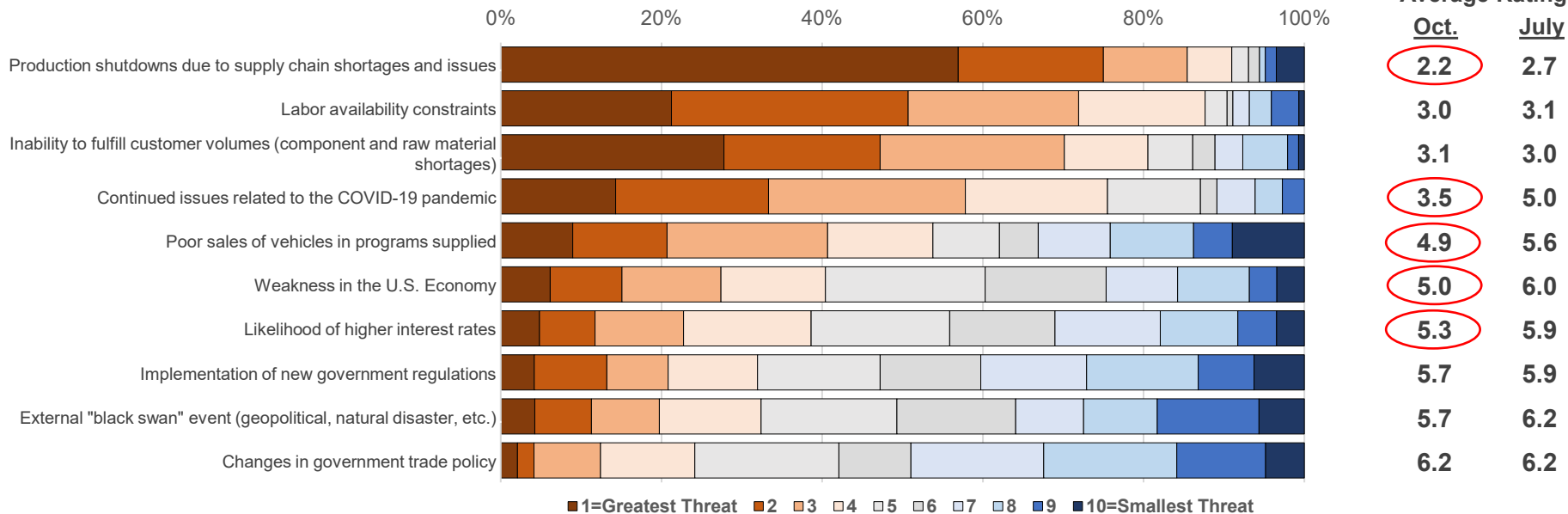
*Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?*



The outlook is pessimistic across firms of all revenue sizes, yet the outlook is most pessimistic for the largest suppliers.

# OESA Supplier Barometer: Industry Threats

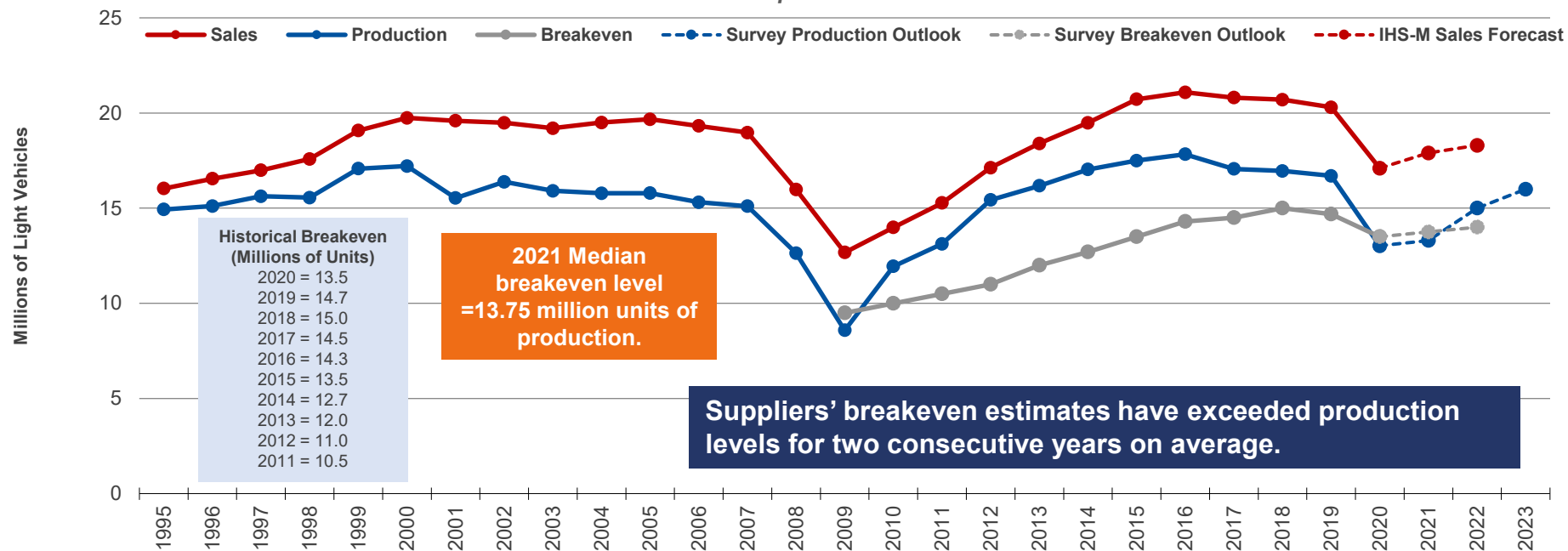
What are the greatest threats to the industry over the next 12 months?



Production shutdowns due to supply chain shortages, and labor availability are the top threats to the 12-month outlook. Suppliers are becoming increasingly concerned over sales of programs supplied.

# Production Planning: Breakeven and Year-End Estimates

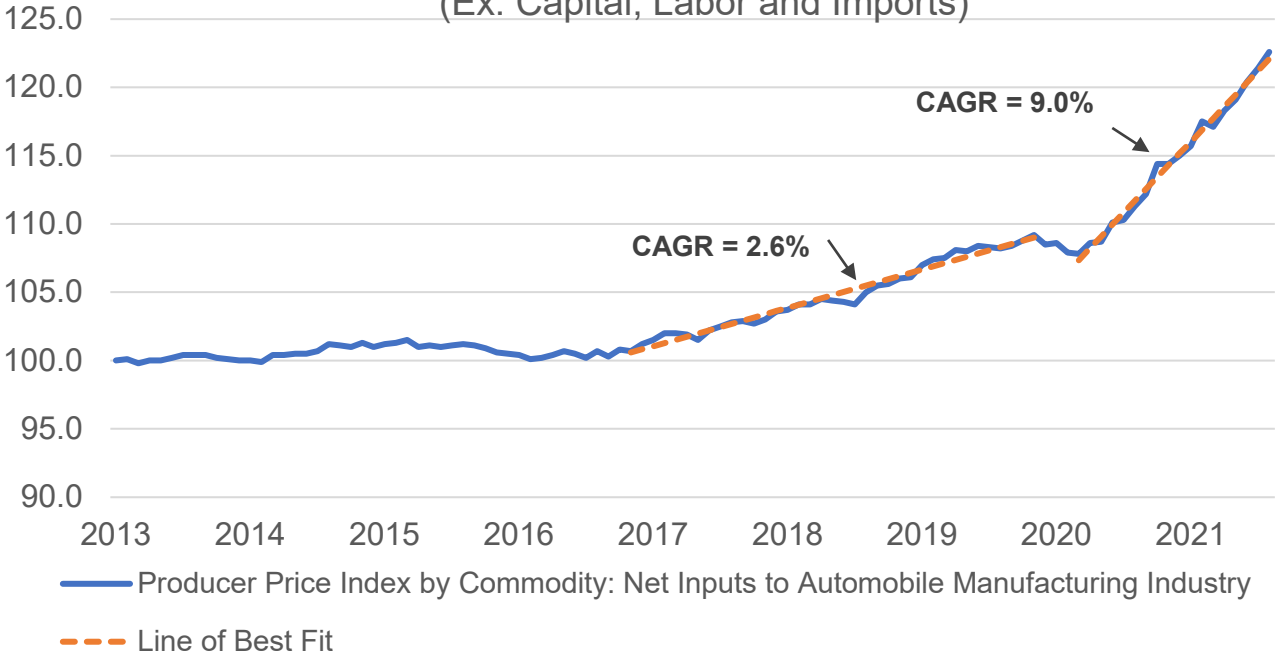
Considering North America light duty vehicle production, estimate the required 2021 industry volume needed to achieve breakeven in your North American operations?



Source: IHS Markit (History, Sales and Production); IHS Markit (Sales Forecast)

# U.S. Input Prices for Automobile Manufacturing

## Producer Price Index by Commodity: Net Inputs to Automobile Manufacturing Industry (Ex. Capital, Labor and Imports)

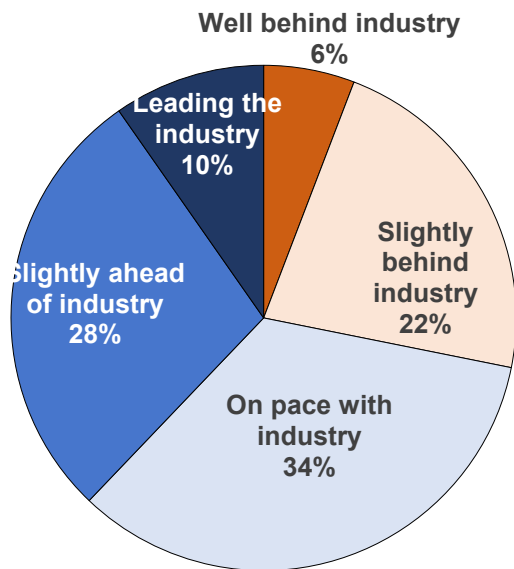


Source: U.S. Bureau of Labor Statistics, Author's Calculations - October 2021



# Innovation

Given the dynamic pace of industry change, describe your firm's pace of innovation.



What specific steps has your company taken to become an industry leader in innovation? (Leading or slightly ahead of industry)

- **Partnerships**
- **Stronger focus on systems, electronics and SW.** More aggressive pursuance of new technology with focus on BEV
- Expansion on a revolutionary technology initially patented in 2019 - evolving applications and uses.
- Created a separate department from R&D called Product Innovation
- Working to capitalize on new technology trends as an early adopter/early entrant as a supplier.
- Product development edge
- I believe we could be leading the industry when it comes to supporting OE's for prototype capabilities.
- **keep investing and ramping up engineering division**
- Diversification of business segments
- **Collaboration with Development Partners.**
- acquisitions
- Very, very good product innovation by our development team.
- **Investment in R&D, securing of Patents.**
- investigation in new technologies and materials
- better raw material usage
- Very heavily involved in developing technologies for the EV market.
- Leveraging suppliers, customers, universities

What specific steps has your company taken in order to increase its pace of innovation? (On pace or slightly/well behind industry)

- **Access to capital**
- Acquisition of technology companies to shift manufacturing focus. Current core business will become less important, therefore innovation is not given high priority.
- **Increase R&D capabilities**
- Structural changes
- As the switch to BEV, keeping R&D cost constant over next few years
- Hiring, more C-suite involvement
- Nothing same as before
- Changed our organizational structure to focus on New Product Development
- **Monthly meeting to develop new product lines and innovation of existing products**
- Current R&D spending is spent on engineering changes to accommodate alternate sourced semiconductors so this may continue into 2022.
- Acquisition of a smaller company which specialized in a "Product of interest," field, of which our company hadn't succeeded in self-developing
- Investing more in MES and new product development
- additional investment in machinery and tooling.
- **Major Increases in R&D & Innovation Spending**
- MPI Engineered Technologies, LLC
- Reorganization of R & D. Better strategic planning.
- Aligning with customers to identify opportunities for BEV, lighter weight products and sustainable products
- Need more capital

## Takeaways

- **Economy:** Strong demand yet shortages drive prices and input costs higher, inflation risks remain; key to manage cost recovery efforts
- **Strategy:** Current pressures contribute to low inventories, will usher in record demand & production outlook
- **Capex:** Transition to BEVs: boosts adoption yet may delay profits
- **Culture:** Resilient, Collaborative, Inventive, Humble, Curious
- **Flexibility:** Liquidity is key; balance 'Core' vs Emerging targets
- **Technology:** Policy supports diversification & partnering competency





Join. Engage. Advance.



# OESA AUTOMOTIVE SUPPLIER BAROMETER™ Q4 2021

## CAPITAL MARKETS & INNOVATION

**MIKE JACKSON**

EXECUTIVE DIRECTOR, STRATEGY AND RESEARCH  
ORIGINAL EQUIPMENT SUPPLIERS ASSOCIATION

[MJACKSON@OESA.ORG](mailto:MJACKSON@OESA.ORG)

+1-248-430-5954