

Saxony-Anhalt Your Business Location

January 2004



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Case Study BMB Steering Innovation



Case-Study BMB Steering Innovation GmbH

Key data of BMB Steering Innovation GmbH

BMB Steering Innovation GmbH

▶ Location	Schönebeck /Saxony Anhalt
▶ Industry	Automotive
▶ Product profile	Steering racks for steering units
▶ Turnover	16,52 Mio. € (2003)
▶ Employees	129 (31.12.2003)
▶ Established in	1999
▶ Special	JV of Mercedes Benz Lenkungen* and Bishop Technology Group, Australia



* Since Oktober 2003: ThyssenKrupp Presta SteerTec

Case-Study BMB Steering Innovation GmbH

Technology

The variable ratio (VR) rack is a key component of powersteering gears

Improving:

- ▶ Safety – Risk avoidance manoeuvres
- ▶ Comfort – Easy turnability of steering wheel
- ▶ Economy – Reduction of power supply

Process of production:

- ▶ High precision warm forging (Tools: 1.000 t screw press (process based on Bishop patents))
- ▶ High precision machining
- ▶ Hardening and levelling
- ▶ Grinding and micro finishing





Case-Study BMB Steering Innovation GmbH

BMB Steering Technology is a joint business of two experts of Automotive Steering Gear Technology

Bishop Technology Group
Sidney, Australia
Automotive Innovator

Mercedes-Benz Lenkungen*
Düsseldorf, Germany
Design, Manufacturing and
Sales of Steering Gear Technology

 **BISHOP** Bishop Technology Group Product Know How

 Mercedes-Benz Lenkungen GmbH Industrialization



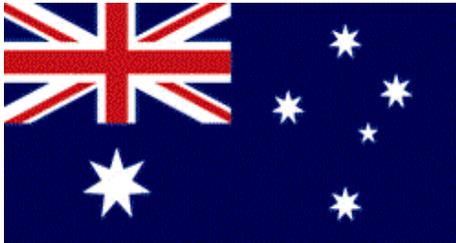
**BMB
Schöne-
beck
an der
Elbe**

* Since Oktober 2003: ThyssenKrupp Presta SteerTec

Case-Study BMB Steering Innovation GmbH

Requirements for Site Selection

Australian Partner



- ◀ World market cost standards
- ◀ Minimum capital expenditures
- ◀ No tax penalties, transparent taxation system
- ◀ Easy access to financial means, competitive interest rates

German Partner

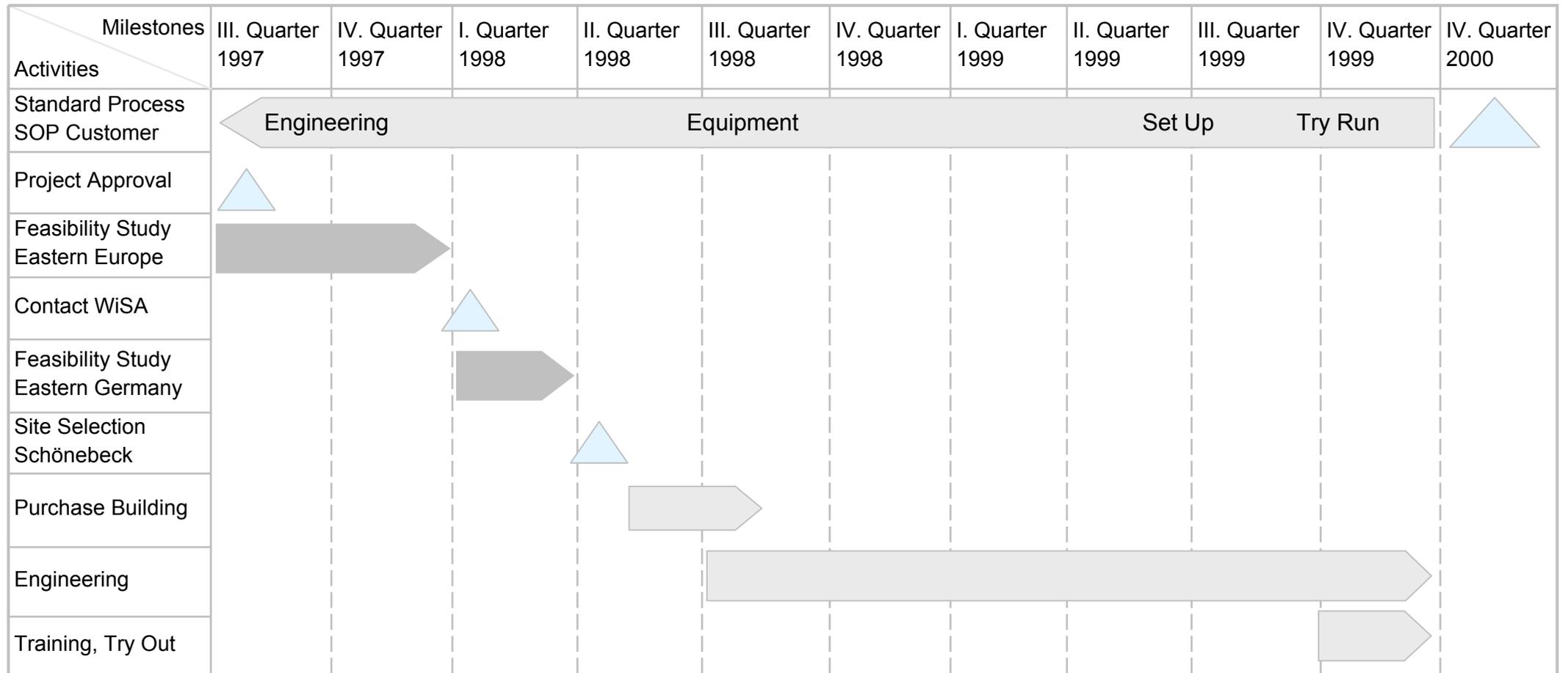


- ◀ Lean business concept
- ◀ Minimum project- and start up costs
- ◀ High skilled, fully motivated human resources
- ◀ Low complexity in project management and company setup
- ◀ Fully developed logistic- and supplier infrastructure



Case-Study BMB Steering Innovation GmbH

By investing in Eastern Germany , the project schedule could be shortened from 30 to 21 months.



Source: BMB Steering Innovation



Case-Study BMB Steering Innovation GmbH

Project Target Accomplishments

Key Data	Targets		Effective		%
Time to SOP	30	Month	21	Month	./ 30
Capital Expenditures	25,76	Mill. EUR	16,65	Mill. EUR	./ 35
Indirect Investment/Building	8,44	Mill. EUR	1.5	Mill. EUR	./ 88
Incentives (SME)	-		8.1	Mill EUR	-
Break Even	After 4	Years	2	Years	./ 50
Return on Investment (ROI)	After 7	Years	5	Years	./ 28

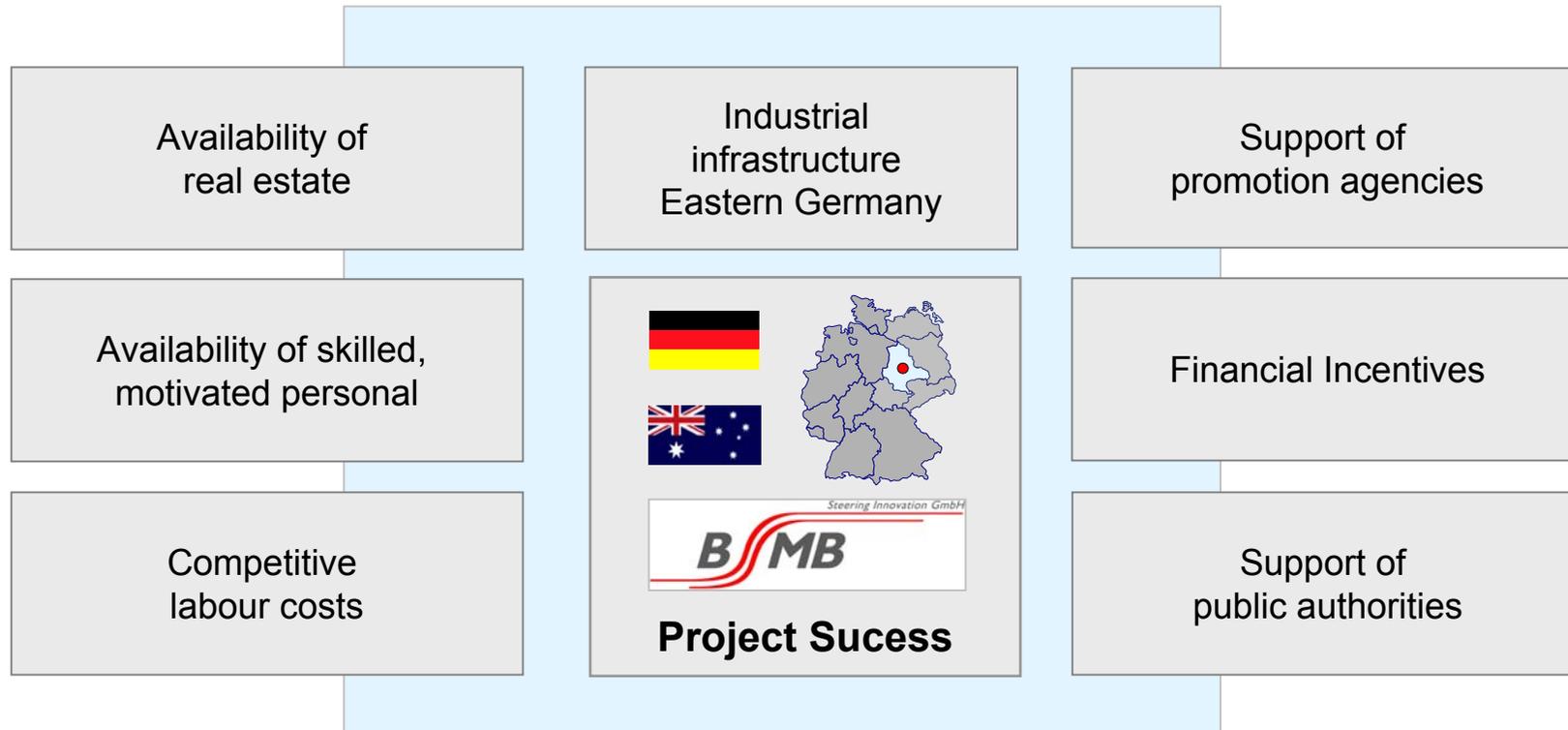
Outlook:

Due to market response and successful production setup, investment step II (2nd press, capacity 2.2 million Upy) was initiated in October 2000.



Case-Study BMB Steering Innovation GmbH

Contributions of Site Selection for Schönebeck to Project Success





Business Plan Optimisation



Business Plan Optimisation at State of Saxony-Anhalt

Impact of Location on Business Plan (Profit and Loss Statement, Cash Flow)

Revenues		Cost Parameters	
Cost of Sales	Production	Indirect Functions	
Standard Compensation	Direct Labour Costs ◁ Head Count ◁ Wages ◁ Productivity ◁ Performance ◁ Shifts ◁ Overtime	Indirect Labour Costs ◁ Head Count ◁ Core Functions ◁ Wages ◁ Business Concept ◁ Shifts ◁ Expatriates	
Standard Material	◁ Subsidies ◁ Inhouse Concept/Value Added ◁ Shifts	◁ Core Functions ◁ Business Concept ◁ Shifts ◁ Supply	
Depreciation	◁ Utilities ◁ Services (Maintenance, Tool Shop)	◁ Logistic Costs	
Manufacturing Expenses	◁ Start Up Costs ◁ Scrap	◁ Project Engineering	
Variants		◁ Business Model	
Sales Administration		◁ Core Functions/ Inhouse ◁ Head Count, Wages ◁ Expatriates	

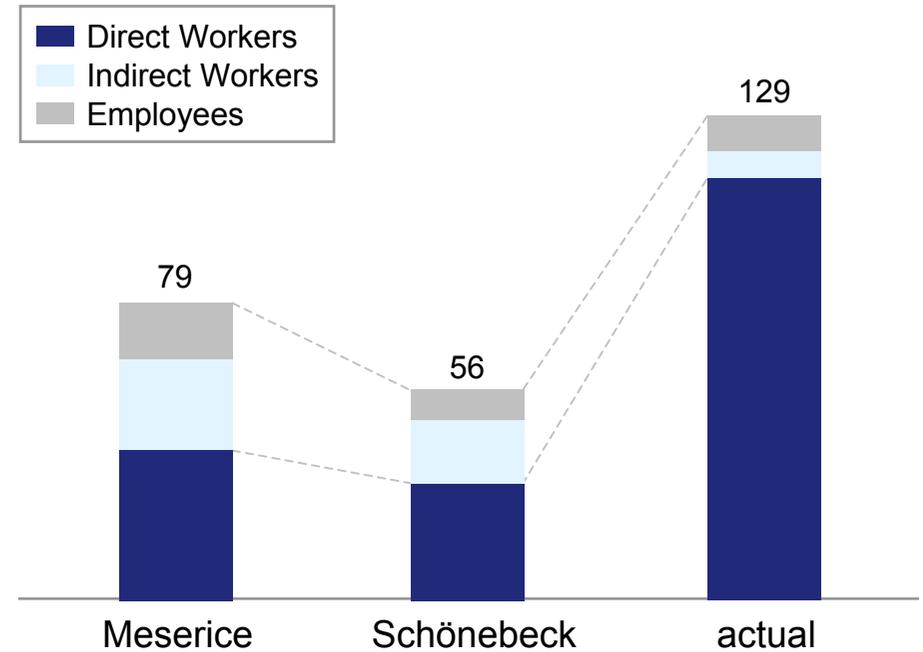




Business Plan Optimisation at State of Saxony-Anhalt

Head Count Situation at BMB

Business Plan	Meserice		Schönebeck		actual (12/03)	
		%		%		%
Direct Workers	40	51	31	56	112	87
Indirect Workers	24	30	17	30	7,5	6
Quality	6		3			
Tool Shop	10		8		3	
Maintenance	2		0		0	
Logistics	6		6		4,5	
Employees	15	19	8	14	9,5	7
Manager	1		1		1	
Secretary	1		1		1	
Administration	1		1		0	
Finance/ Contr.	2		1		2,5	
Human Res.	2		0		1	
P-Engineerg	2		1		1	
Q-Manager	0		0		1	
Supervisors	6		3		2	
Total	79	100	56	100	129	100

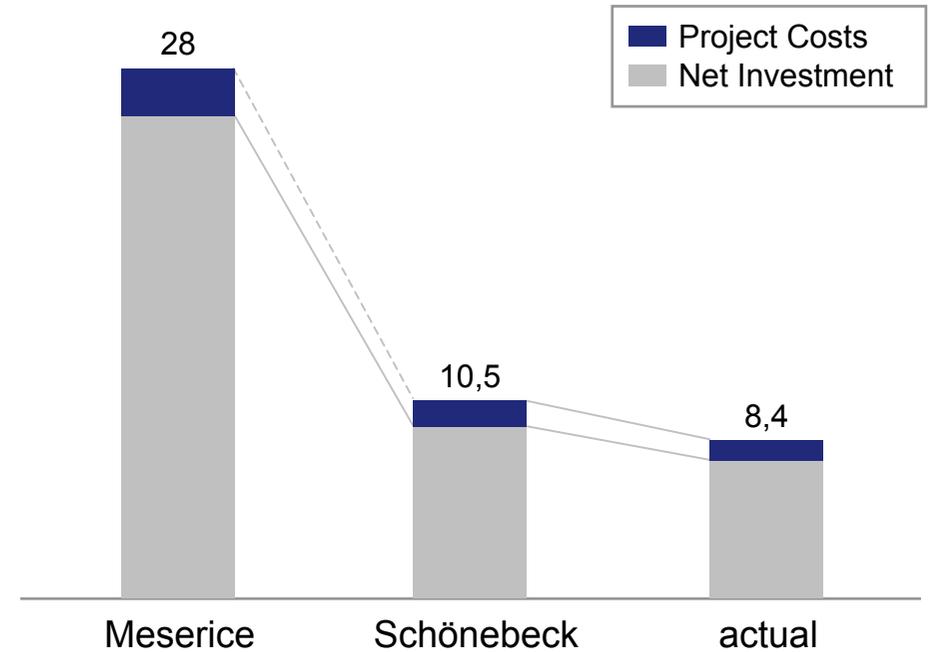


Production: k units/year		
Meserice	Schönebeck	Actual
920	920	1.800



Business Plan Optimisation at State of Saxony-Anhalt

Reduction of Capital Investments at BMB (in Mill. EUR)			
Business Plan	Meserice	Schönebeck	actual (12/03)
Land/ Building	3,07	1,02	0,53
Direct Investment	14,92	15,70	13,90
Indirect Investment	5,37	Incl.	1,02
Total Investment	23,36	16,72	15,45
Incentives	0	8,10	8,10
Net Investment	23,36	8,61	7,35
Start-Up Expenses Project Costs	2,40	1,46	1,20
Net Cash Outflow	25,76	10,08	8,55



* Costs for facility restoration



Summary



Business Plan Optimisation at State of Saxony-Anhalt

Key positions

- ◀ Low complexity in business establishment
- ◀ Excellent industrial infrastructure (Core functions)
- ◀ Short time to SOP
- ◀ Competitive ratio of direct/indirect workforce
- ◀ Low capital expenditures (ROI)



Your Partners in Saxony-Anhalt

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