



The OEM Parts Supply Chain

Presentation by the
Parts Committee

April 23, 2009



The OEM Parts Supply Chain

■ Stability of the OEMs

- ◆ All vehicle manufacturers are affected by the economic recession
- ◆ Chrysler and General Motors have received loans from the federal government
- ◆ All companies have cut production
- ◆ Most have announced lay-offs
- ◆ Vehicle sales under 10 million



The OEM Parts Supply Chain

- The OEMs report:
 - ◆ Parts availability from them is higher than ever
 - ◆ Initial fill rate: 95 – 96%
 - ◆ Final fill rate: 98 – 99%
 - ◆ Fewest backorders ever
- General Motors has over 500,000 parts active daily



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- Low sales of new vehicles is one reason why parts are so available
- Sheet metal in production is the same as parts production
- The dies move to tier one suppliers after new vehicle production runs end
- Gerstenslager is major Tier One supplier
 - ◆ Worthington Industries
 - ◆ Financially sound



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- All are closely monitoring the viability of their parts suppliers
- All the OEMs have contingency plans in place to insure continued parts availability to the collision industry
- \$5 billion in federal funds is going to parts suppliers
- All feel that the biggest issue for the parts supply chain is at the local level



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- Dealer health is the biggest issue
 - ◆ 21,200 dealers at end of 2007
 - ◆ 881 closed in 2008 (50% in last 3 mos.)
 - ◆ 1200 – 1500 to close in 2009
- New light vehicle sales
 - ◆ 16.1 million in 2007
 - ◆ 13.2 million in 2008
 - ◆ 8.5 – 9.0 million in 2009



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- Dealers are going out of business
- 5 - 10% are on COD
- Metropolitan areas are the hardest hit
- Chrysler, Ford and General Motors do want fewer dealers
- Less dealers, some abrupt bankruptcies and COD status can affect parts flow



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■ In conclusion:

- ◆ The NADA economist projects 11 million in new vehicle sales for 2009
- ◆ Federal monies to GMAC: 62% of loans approved in March
- ◆ We will monitor this situation
- ◆ A panel will be convened at our July meeting to update and cover this topic in depth