

Yazaki's Experience in Bulgaria

December 14, 2012
Yazaki Corporation

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Yazaki Group Overview

Introduction to Yazaki Group

- ◆ Founded in 1929 by Mr. Sadami Yazaki /
Incorporated in 1941
- ◆ Capital 3,191.5 Million JPY
- ◆ Annual Group Sales 15.0 bil USD (Jul 2011- Jun 2012)
- ◆ Features
 - 1) Unlisted company
 - 2) Private owned company
 - 3) Promote business worldwide

Yazaki Corporation

<JAPAN>

- Yazaki Parts Co., Ltd. Automotive Wire Harness Manufacture
- Yazaki Meter Co., Ltd. Automotive Instrumentation Manufacture
- Yazaki Energy System Corporation. Wire and cable sales, manufacture and R&D, General transportation system sales, manufacture and R&D, Gas equipment sales, manufacture and R&D, Air conditioning and solar heating equipment sales, manufacture and R&D

<OVERSEAS>

- Yazaki Europe Ltd.
- Yazaki North America, Inc.
- Other Operations Overseas

Corporate Policy



Automotive Business Products



Combination Meter



Wire Harness (Front End)



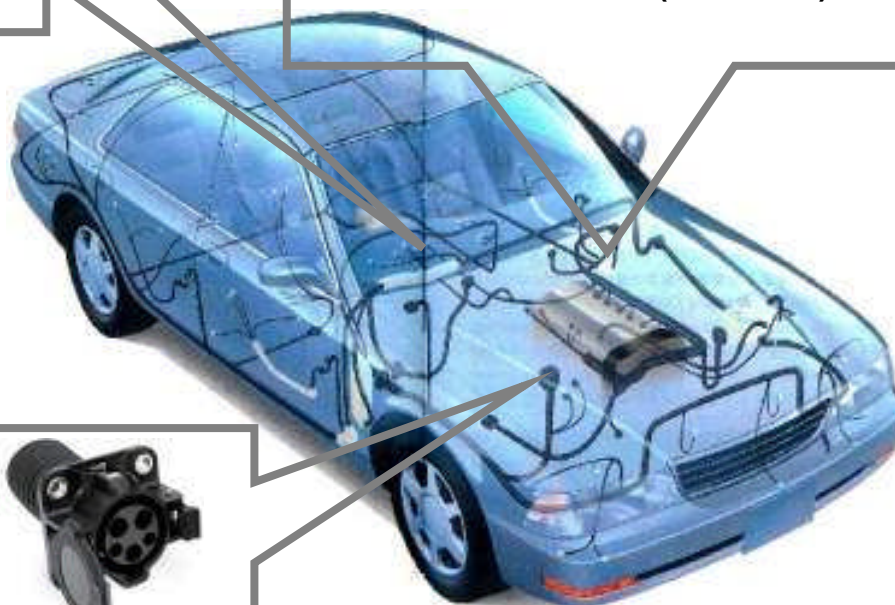
High Voltage Wire Harness



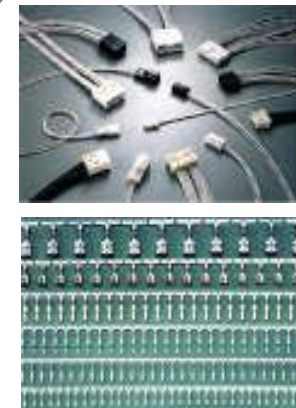
Infrastructure-side
AC Charging Connector
for EV/PHEV



Vehicle-side
AC Charging Inlet
for EV/PHEV



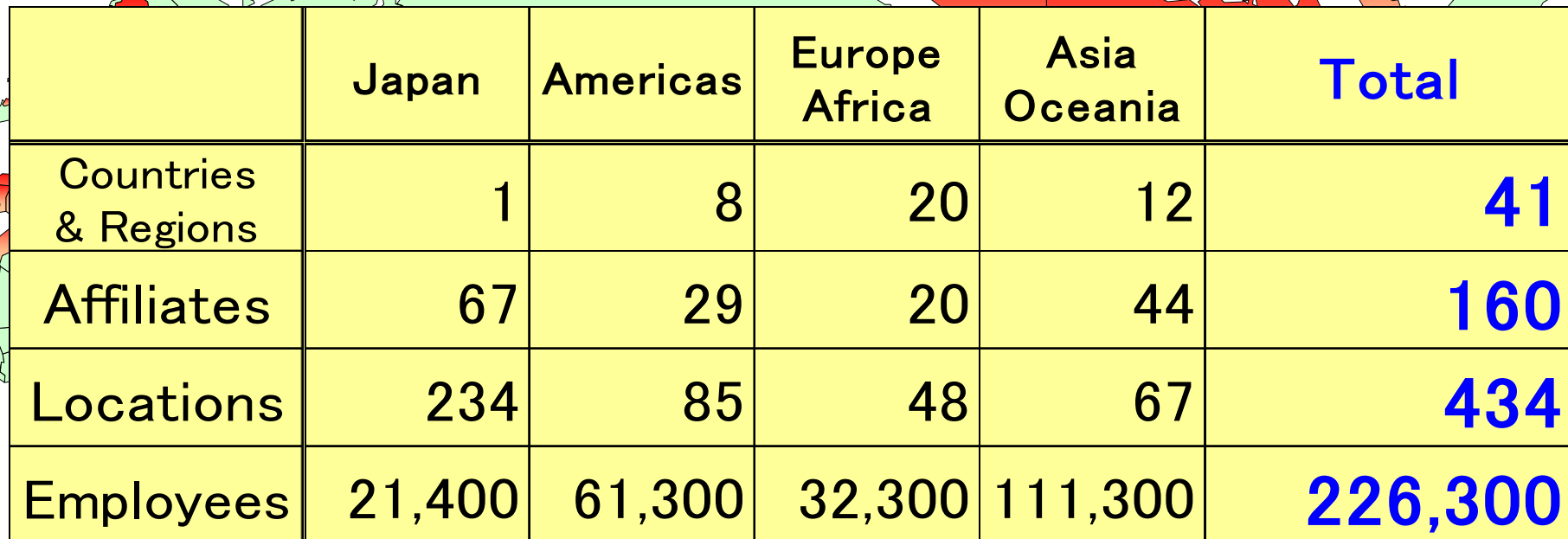
EV : Electric Vehicle
PHEV : Plug-in Hybrid Electric Vehicle



Connectors, Terminals

Yazaki Group Business Status

(As of Jun. 20, 2012)



	Japan	Americas	Europe Africa	Asia Oceania	Total
Countries & Regions	1	8	20	12	41
Affiliates	67	29	20	44	160
Locations	234	85	48	67	434
Employees	21,400	61,300	32,300	111,300	226,300

Yazaki Europe Overview

Automotive Affiliates in Europe & Africa

Affiliates : 19
Locations : 47

Function : ■ Sales, ● Production, ▲ R&D, ◆ Other *Multiple functions denoted by respective colors. (As of Jun. 30, 2012)



U.K.
1 Yazaki Europe Ltd. [YEL-HH - 14 bases]
2 YEL Newcastle [YEL-NC]
3 YEL Coventry [YEL-C]
4 YEL Derby [YEL-D]

Germany
▲ YEL Cologne [YEL-K]
6 YEL Frankfurt [YEL-F]
7 YEL Stuttgart [YEL-S]
8 YEL Wolfsburg [YEL-WB]
2 S-Y System Technologies Europe GmbH [SYST]
 (11 bases: Germany 4 bases, U.K., France 2 bases, Spain 2 bases, Turkey Rumania)

Belgium
9 ◆ YEL Belgium [YEL-BL]

France
10 YEL Paris [YEL-P]

Italy
11 YEL Turin [YEL-T]
3 Yazaki Automotive Products SRL [YAP - 2 bases]

Spain
12 YEL Barcelona [YEL-B]

Sweden
13 YEL Gothenburg [YEL-G]

Croatia
▲ YEL Zagreb [YEL-Z]

Slovakia
4 Yazaki Wiring Technologies Slovakia s.r.o. [YWTS]

Ukraine
5 Yazaki Ukraine LLC [YUL]

Portugal
6 Yazaki Saltano de Ovar Produtos Electricos, LDA. [YSE]
▲ Porto Technical Center [PTC]

Romania
7 S.C. Yazaki Romania SRL [YRL - 2 bases]
8 Yazaki Component Technology SRL [YCT - 2 bases]

Czech
9 Yazaki Wiring Technologies Czech s.r.o. [YWTC]

Lithuania
10 UAB Yazaki Wiring Technologies Lietuva [YWTL]

Bulgaria
11 Yazaki Bulgaria EOOD [YBE - 2 bases]

Poland
12 Yazaki Automotive Products Poland Spolka Z Ograniczona Odpowiedzialnoscia [YAP-P - 2 bases]

Turkey
13 Yazaki Otomotiv Yan Sanayi ve Ticaret A.S. [YOT - 3 bases]
14 Yazaki Wiring Technologies Turkiya Elektrik Sistemleri Sanayi ve Ticaret Limited Sirketi [YWTT]

Morocco
15 Yazaki Morocco S.A. [YMO]
16 Yazaki Kenitra S.A. [YMK]

Tunisia
17 Yazaki Tunisia SARL [YTU]
18 Yazaki Automotive Products Tunisia SARL [YAP-T]

South Africa
19 HESTO Harnesses (Proprietary) Ltd. [HESTO]

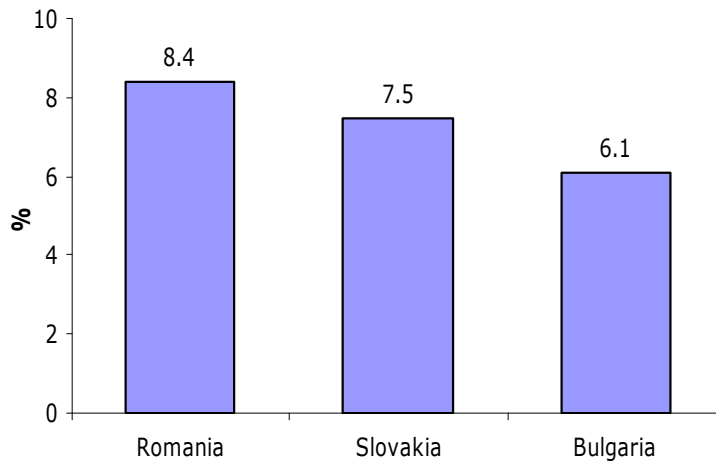
Yazaki Bulgaria Today



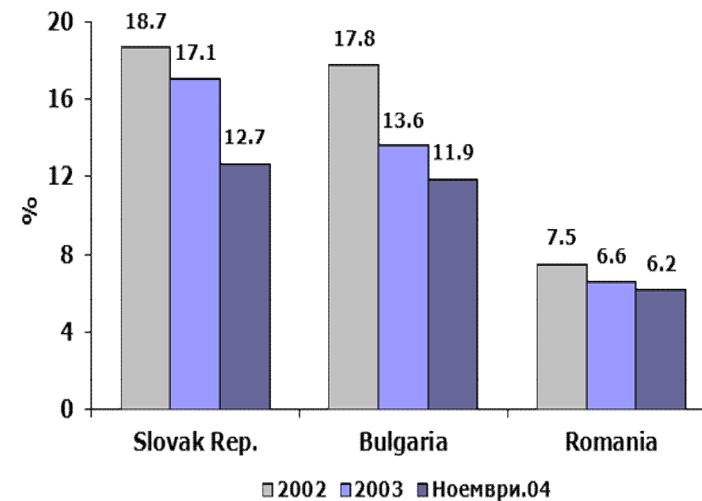
~~*expected acc. forecast~~

Why Bulgaria was chosen by Yazaki as an investor

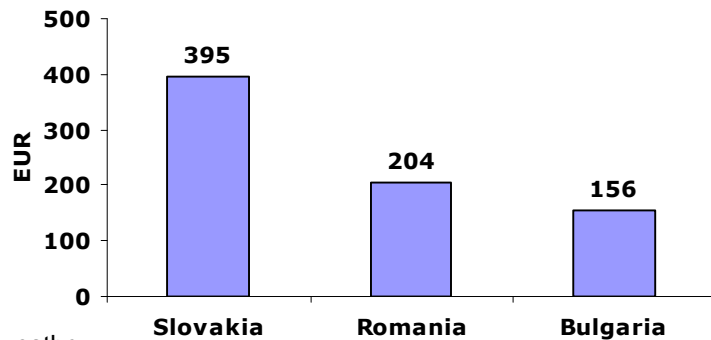
Inflation in 2004, average (%)



Unemployment rate (%)



Average gross monthly wage as of September 2004



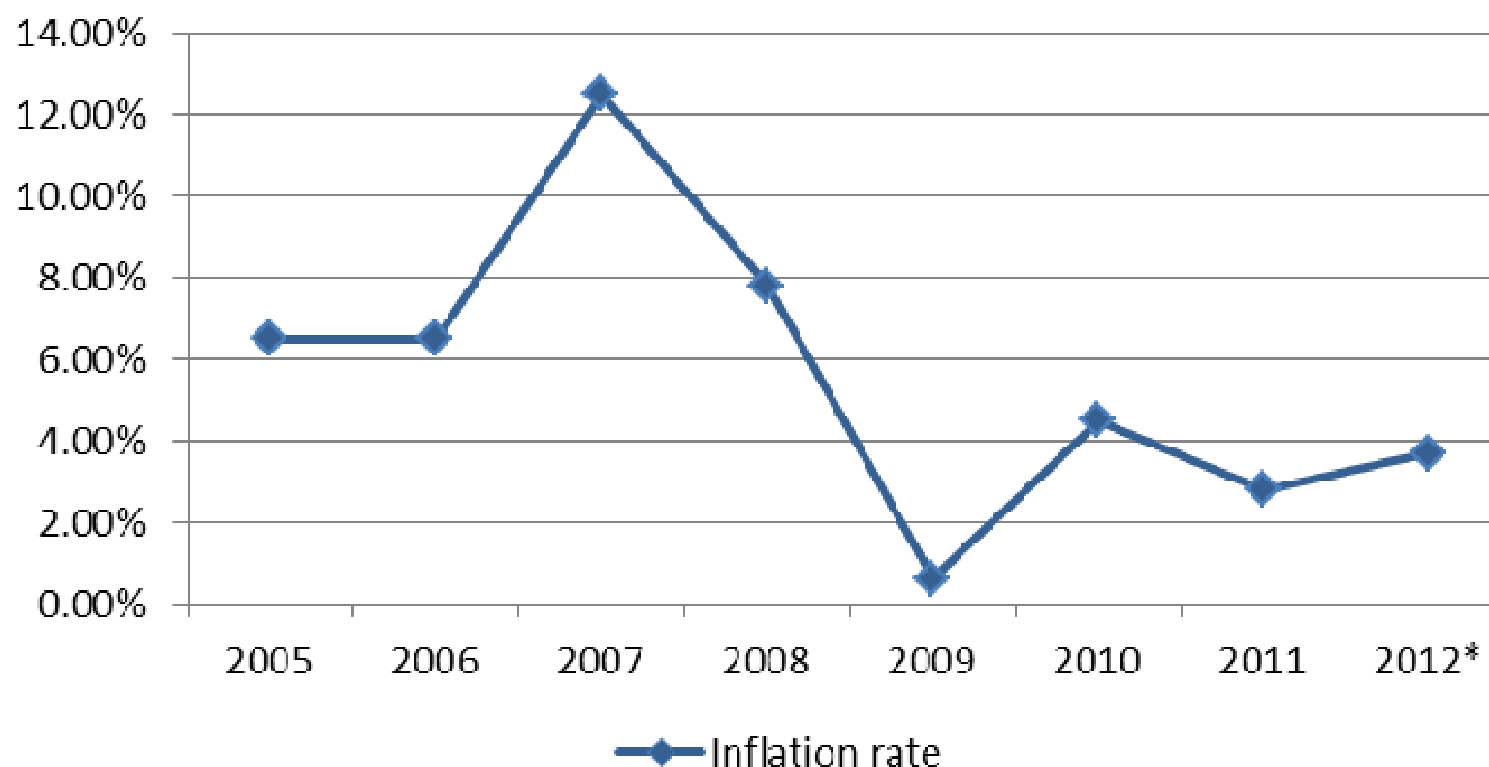
Source: investbg

Economic environment in Bulgaria - Inflation

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Inflation rate	4.00%	6.50%	6.50%	12.50%	7.80%	0.60%	4.50%	2.80%	3.70%

* first half of the year

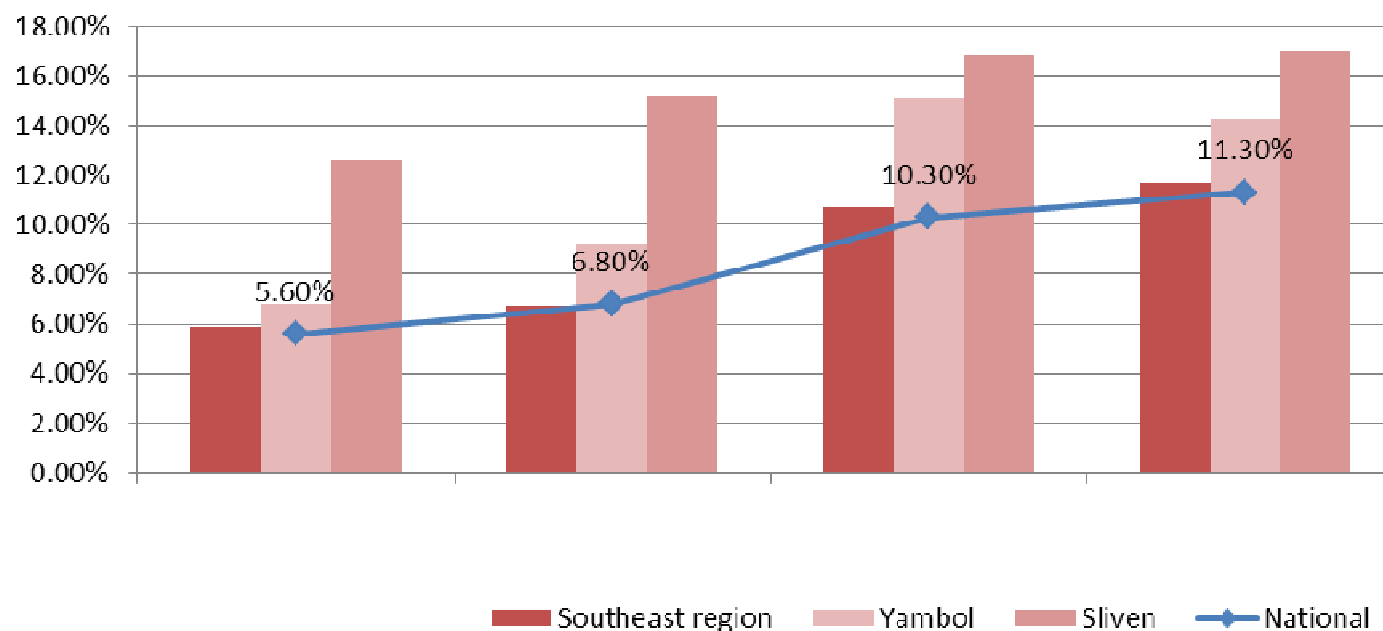
Inflation rate



Economic environment in Bulgaria – Unemployment rate

Unemployment in Southeast region vs. National

Period-Region	2008	2009	2010	2011
National	5.60%	6.80%	10.30%	11.30%
Southeast region	5.90%	6.70%	10.70%	11.70%
Yambol	6.80%	9.20%	15.10%	14.30%
Sliven	12.60%	15.20%	16.90%	17.00%

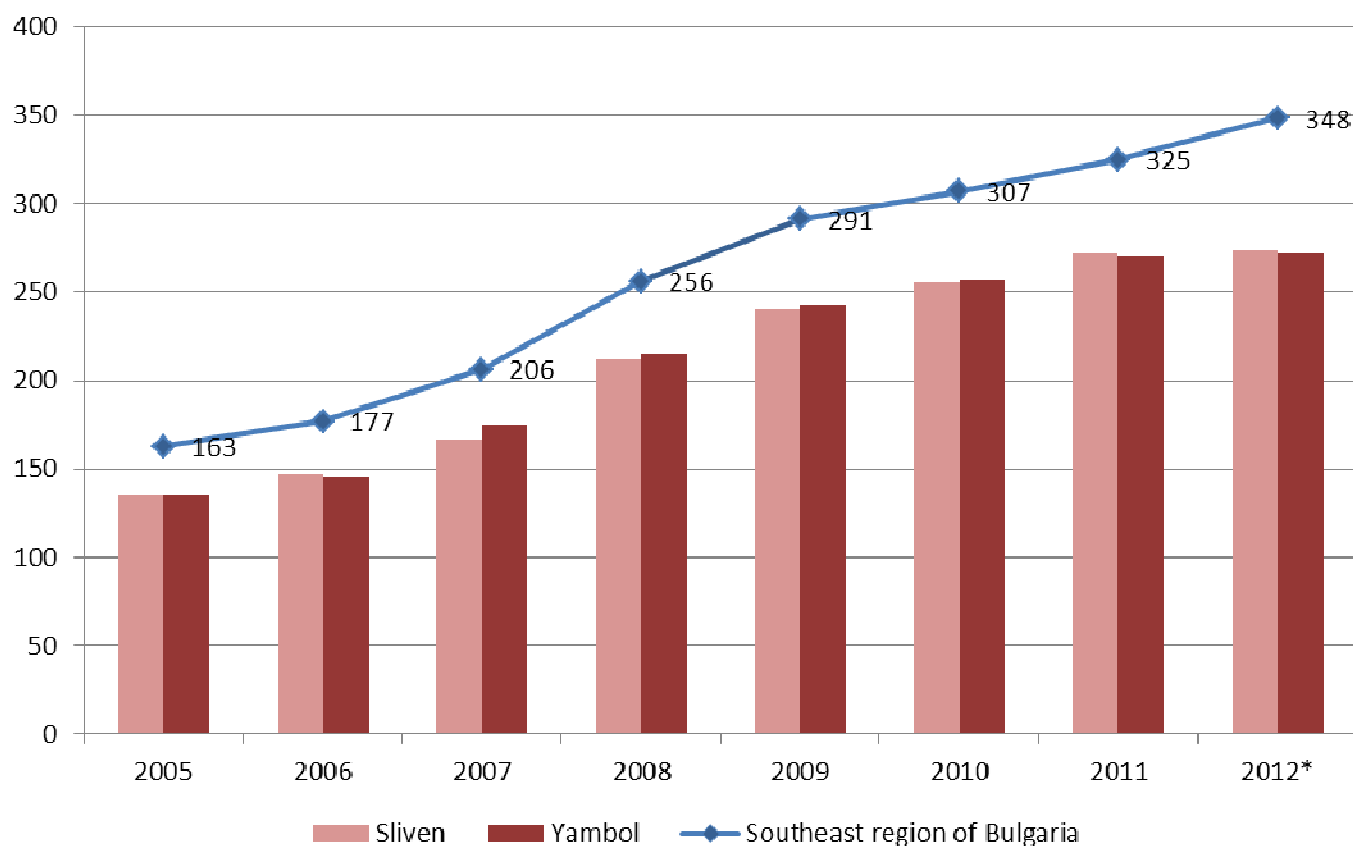


Economic environment in Bulgaria – Average salary

Average salary per month (EUR)

Region / Year	2005	2006	2007	2008	2009	2010	2011	2012*
Southeast region of Bulgaria	163	177	206	256	291	307	325	348
Sliven	135	147	166	212	241	256	272	274
Yambol	135	146	174	215	243	257	271	272

* first half of the year



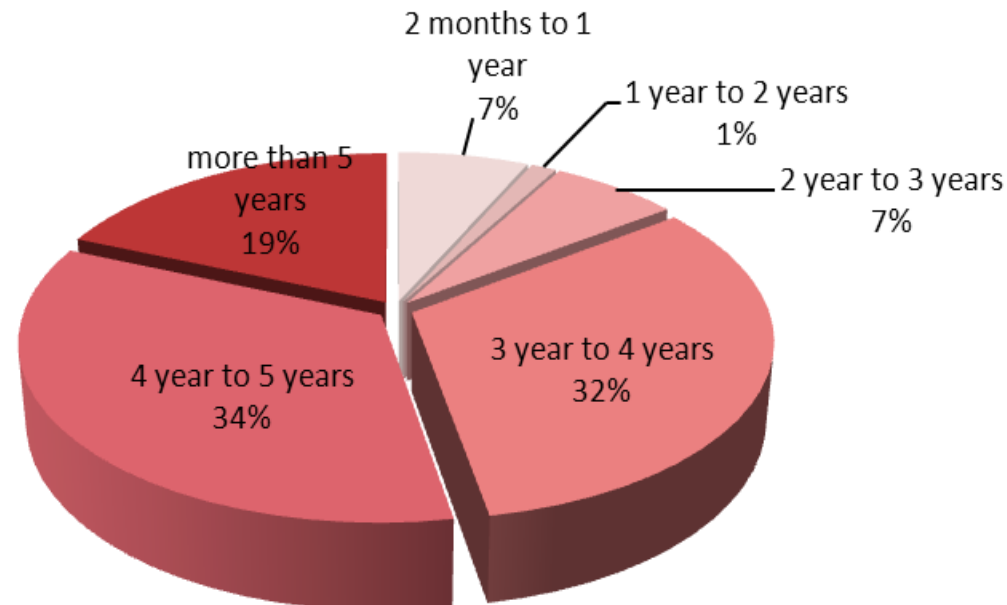
05/12/2012

YBE- Operational experience

Staff loyalty

Labour experience	2 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	more than 5 years
Employees	143	28	140	675	715	390

Labour experience of employees



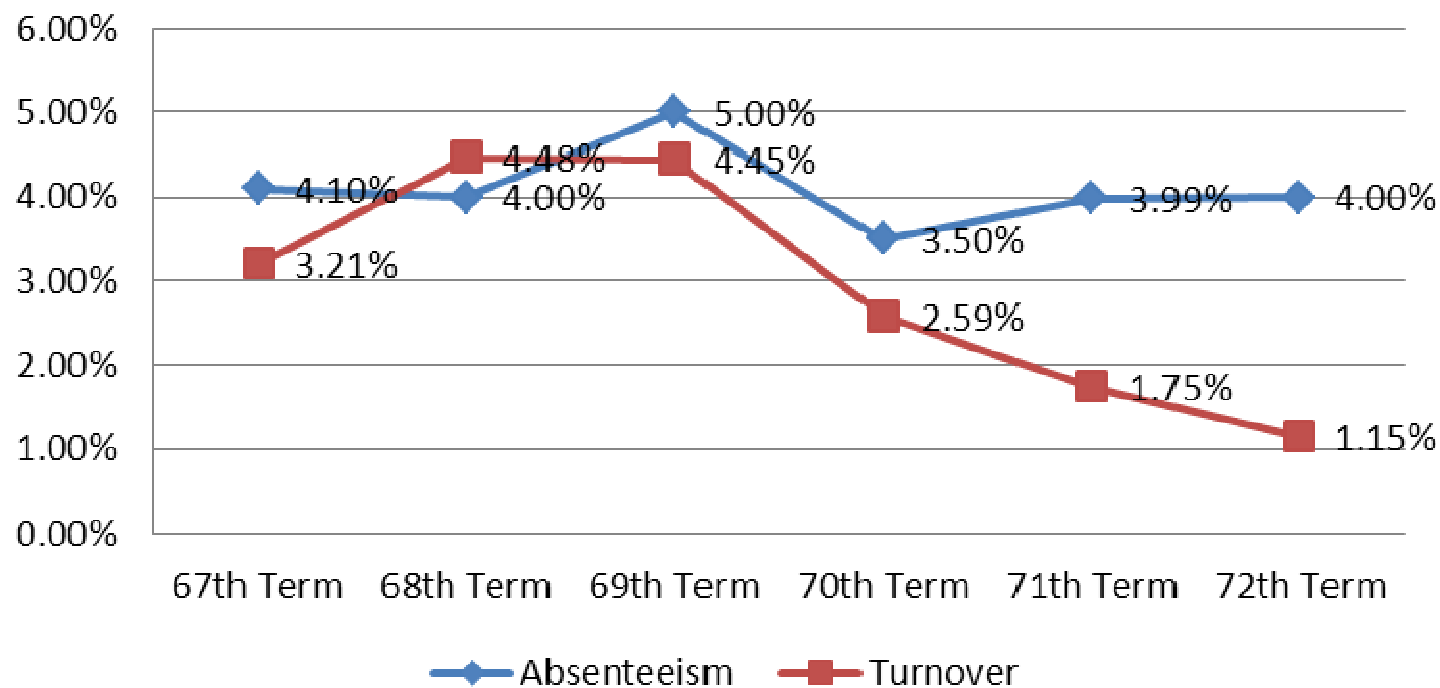
2091 total

YBE- Operational experience

YBE- Average Absenteeism & Turnover rate /year

Year	67th Term	68th Term	69th Term	70th Term	71th Term	72th Term
Absenteeism	4.10%	4.00%	5.00%	3.50%	3.99%	4.00%
Turnover	3.21%	4.48%	4.45%	2.59%	1.75%	1.15%

YBE-Absenteeism & Turnover rate



YBE Operational History

	YBE - Incorporate as commercial company	20th November 2006
	Pilot plant ready to move in	16th March 2007
	SOP first line (X84 PDB) in the new factory	11th December 2007
	ISO 14001:2004/BS OHSAS 18001:2007 Certification	15th October 2008
	ISO/TS 16949:2002 Certification	4th November 2008
	Subcontractor Zenon released by Renault	March 2009
	YBE awarded for Ford Transit Project	February 2010
	Decision for second factory in Bulgaria, Sliven	September 2011

Positive Experience with Government / Municipality support in Yambol

- ◆ **Excellent relationship with municipality**
- ◆ **Land fully developed with road connections and electricity, water, gas and sewage system provided at reasonable price**
- ◆ **Support to receive the necessary certificates and permissions on time**
- ◆ **Use of offices in the municipal building during start-up for free**
- ◆ **Pilot plant provided free of charge**
- ◆ **Hiring of first 1,000 people fast and easy**

Sliven Facility

Company name: Yazaki Bulgaria EOOD Sliven Branch Plant

Total area: 36.500 sqm

Total floor space: 12,000 sqm

Background:

New strategic project Ford was awarded to Yazaki. YBE is considered in YEL manufacturing location from the following reasons:

- 1) Ford dedicated other YEL plants are fully booked
- 2) Attractive production costs at YBE
- 3) Its advantageous location in Eastern Europe

Proximity to the customer plant with main share in Turkey

- 4) Strong YBE team with good project leading skills and potential



Positive opportunities for Yazaki in Bulgaria

- ◆ **The government supported actively our arrival in Bulgaria**
- ◆ **High educated young people are available and flexible enough to comply with the requirements of the labour market-> Especially valuable for middle management**
- ◆ **Significant improvement of the infrastructure during the last years (esp. highways and road connections)**
- ◆ **Representative variety of Airline companies on the Sofia International airport**

Negative environment / experience for Yazaki

Negative environment/experience:

- **Due to the high unemployment rate in the last years a lot of people are working abroad**
- **Younger people in the region have no big experience with industrial working behaviour**
- **The local authorities have financial difficulties to support foreign investors**

Countermeasures and action:

- **Creation of stable working environment in the region, attractive for the people to come back and to look for opportunity to work in Bulgaria**
- **YBE provides proper and sufficient training within the company; encourages the hiring process of people without experience but with big motivation to learn.**
- **YBE supports with documentation, knowledge and relationships the municipality staff to apply for some funds from EU**

Eventual threats for our future operations in Bulgaria

- ◆ Not big flexibility of the Bulgarian Labour law (in line with the requirements of the market situation)**
- ◆ Lack of entrepreneurial spirit in the government and local administration staff**
- ◆ Unexpected big increase of the utility costs**
- ◆ Long term inflation risks**

GLOBALLY THERE WHEREVER YOU ARE



**„Thank you for
your attention!“
Any questions?**