

Strong Sales Buoy 1Q TRW Earnings Report

LIVONIA, Mich. (AP) – TRW Automotive Holdings Corp., which makes brake, steering and safety systems, reported better-than-expected earnings for the first quarter as global auto sales grew and demand for its safety products increased.

TRW also raised its full year revenue guidance. Its shares rose \$3, or 5.4 percent, to \$58.50 in premarket trading late last week.

The Livonia-based auto supply company said its net income jumped 38 percent to \$281 million, or \$2.13 per share, compared with \$204 million, or \$1.61 per share, in the first quarter of 2010.

Revenue rose 15 percent to \$4.1 billion.

Adjusted for a gain on a business acquisition and charges for debt retirement and ending a service contract, TRW Automotive made \$2.21 per share, beating Wall Street's expectations.

Analysts polled by FactSet expected earnings of \$1.78 per share on revenue of \$3.96 billion.

CEO and Chairman John Plant said in a statement that the company is taking advantage of a strong market position and is profitably expanding into high-growth markets.

"We are confident TRW is positioned for long-term success given its growth prospects, consistent ability to generate substantial positive cash flow and its expand-

ing portfolio of innovative technologies," he said.

The company reduced its net debt by \$49 million since the end of 2010, cutting it to a historic low. The parts maker had \$1.76 billion in debt at the end of the quarter and just over \$1 billion in cash, for a net debt of \$719 million, its statement said.

Despite automaker production cuts due to parts shortages caused by the earthquake in Japan, TRW raised its 2011 North American auto production forecast from 12.7 million vehicles to 13 million. In Europe, the forecast rose from 18.7 million vehicles to 19.3 million.

The company said its forecast assumes that production lost in the second quarter will be made up in the second half of the year.

"Vehicle production remained robust through the first quarter of 2011; however, we are cautious in the near term due to supply chain disruptions caused by the earthquake in Japan," Plant said.

TRW raised its full-year revenue guidance to a range of \$15.7 billion to \$16 billion. In February it expected \$14.9 billion to \$15.3 billion. Second-quarter sales are expected to be about \$3.9 billion.

Analysts were expecting full-year revenue of \$15.54 billion. With Third World countries imposing new safety laws, TRW is said to have a bright global future.

Indy 500 May Seat First Chinese Race Car Driver

By MICHAEL MAROT
AP Sports Writer

INDIANAPOLIS (AP) – The Indianapolis 500 could have its first Chinese starter in the field for the race later this month, perhaps a precursor to IndyCar heading for a track in the world's most populous country.

Last week, IndyCar team owners Sam Schmidt and Jay Penske hired Ho-Pin Tung and gave him a shot to qualify for the world-famous race.

"Our goal is to have a very smooth (qualifying) week without any incidents, and it would be huge if he can qualify in the top 25," Schmidt said. "If we can keep him in the race all day, we think he'll be a top 15 or 16 guy."

It won't be easy. Forty-three driver-car combinations are already expected to vie for 33 starting spots in the May 29 race, and more drivers are likely to be added over the next 21/2 weeks.

Tung will be one of the least experienced drivers on the 2.5-mile track.

Though he has raced on European road courses, his first attempt at oval racing will come on a track best-known for its high speeds and tricky winds. Tung tested an Indy-

Car at Sebring last fall for the FAZZT team, which became part of Sam Schmidt Motorsports. That, too, is a road course.

But Schmidt, a former IndyCar driver, and Penske, the youngest son of racing icon Roger Penske, were impressed enough with Tung's performance they decided to give him a shot to make the series' marquee race. He will be driving the No. 8 car – one of three numbers considered lucky in China.

Sam Schmidt Motorsports will provide the sponsorship. Penske's team, Dragon Racing, will provide the car and the crew.

"We've had no problem taking people like Alex Lloyd, Pippa Mann or Jay Howard from there (European road courses) and getting them to go fast on ovals," Schmidt said. "But there's so much more to learn than going fast on race day."

And Tung's presence in an IndyCar could provide a huge win for China, too. In 2009, league officials started talking publicly about adding races in Brazil and China. Brazil, the home nation to drivers such as Helio Castroneves and Tony Kanaan, held its inaugural IndyCar race in 2010.

Auto industry Seeks Software Engineers

by Christine Snyder
Staff Reporter
Tech Center News

What skills will be needed as automotive technology shifts towards the design and manufacture of eco-friendly products?

"The six skills we need are software, software, software, systems engineers, battery technology and electrical engineers," said Bob Storc, executive director of Magna E-CAR systems.

Storc, who came to the new division of Magna after 30 years at GM, joined other industry and academic representatives to talk about the changing skill set in the new green environment at the "Driving Change: Greening the Automotive Workforce," May 4.

Storc said there is a shortage of people in those fields and called for government incentives for schools to develop programs. He said exposure to engineering careers in co-ops will be helpful as will more post-graduate programs in some of the green technologies like battery systems and electrical powertrains.

"If we don't grow (this workforce), the industry will go elsewhere," said Storc. "We've never had our cars developing with so many stakeholders."

Tony Norton, executive director of global automotive for Altair Engineering, said he sees a need for materials engineering especially in the area of developing sustainable materials to be used in automobiles. Norton said the goal is make 95 percent of automobile materials land-fill free by 2015.

Like Storc, Norton said systems engineers are needed as well. "Not coming in with preconceived ideas of where you are going," said Norton. "It's what the consumer wants, it's a consumer-driven industry." Consumers drive it to a

point, said Storc, reminding that if Henry Ford asked people what they wanted they would say "faster horses."

"Consumers don't know what they want," said Storc, who said the rapidly changing automobile technologies also means an industry that needs to think quicker on its feet.

"Things will be changing every couple of years. It will not be the life cycle we have now," said Storc. "Ibuds changed every month. The headaches or challenges to handle those changes can be daunting."

Two trends that are shaping the automobile industry are the increasingly dense "mega cities" and the aging population.

Christopher Borroni-Bird, director, advanced technology vehicle concepts for GM, said by 2030, 66 percent of the world's population is predicted to live in cities and by mid-

decade – for the first time in history – the number of people aged 65 or older will be more than those under five.

"We need to recognize those two trends and address them head on," said Borroni-Bird.

Storc agreed. "Mega cities will require new cars. We need alternatives... the alternative hasn't been identified and the consumer doesn't care... they just want it to do what it needs to do."

Borroni-Bird touted GM's EN-V concept as a viable alternative in dense cities because its small size and electric drive train addresses environmental, parking and congestion issues, while its connectivity addresses safety concerns. Because it is still a personal vehicle, drivers still have the freedom of movement and can personalize it to suit their tastes.

Whatever the alternative will be in the future, Borroni-Bird

said connectivity is something that will become increasingly important, eventually leading to autonomous driving, a boon to aging populations.

A skill set that cross-trains automotive with consumer electronics will be desirable going forward, said Borroni-Bird, to enable connectivity.

Storc said in this age of connectivity, it is interesting to speculate on the future of cars with the new generation, that isn't as enamored with car culture as preceding generations.

"Will the phone become an accessory to the car, or the car an accessory to the phone," asks Storc. "Young people aren't buying cars at a young age anymore because they are already connected. They text, the tweet. They don't need a car."

The event, held at the Ford Conference & Events Center, was sponsored by Center for Auto Research in Ann Arbor.



PHOTO: CHRISTINE SNYDER

The Chevrolet Volt drew the most interest of the cars on display at the Driving Change conference in Dearborn. The conference highlighted that as the automobile changes, so will the skill sets of its engineers and other automotive employees.

Saab Is Rescued by China's Hawtai Motor

By MALIN RISING
and ELAINE KURTENBACH
Associated Press

STOCKHOLM (AP) – A small, privately owned Chinese automaker last week saved Sweden's Saab Automobile from imminent collapse through an agreement to provide \$223 million in funds for the ailing brand.

Saab's owner Spyker Cars said Hawtai Motor Group will take an initial 30 percent stake in Spyker in the deal which also includes joint ventures on manufacturing, technology and distribution.

The agreement is the latest in a line of efforts by Saab to raise capital, but the first that would provide enough funds to keep the carmaker afloat mid-term. The automaker's production has been at a standstill since April 6 due to a lack of working capital, but on Monday it said it had secured short-term loans of \$88 million and aims to restart

production within a week.

Shares in Spyker, which bought Saab out of liquidation from General Motors Corp. in January 2010, rose 16 percent to 4.92 in Amsterdam on the news.

The deal is subject to approval from Chinese government agencies, the European Investment Bank and the Swedish National Debt Office, Spyker said.

Spyker CEO Victor Muller said he expects the approval from Chinese authorities in 6-12 weeks and does not anticipate any difficulties with the EIB clearance.

As a part of the deal with Hawtai, the Chinese company will invest 120 million for a 29.9 percent equity stake in Spyker and 30 million in a convertible loan with six months maturity.

The agreement means Sweden's two big car makers, both previously owned by U.S. companies, are now in Chinese hands. Last year Ford

Motor Co. sold Volvo to China's Geely for \$1.5 billion.

Saab, known for its aerodynamic sedans, struggled during the 10 years it was fully controlled by GM. Spyker has said it expects the carmaker to become profitable in 2012 and aims to ramp up production to about 100,000 cars a year.

So far, however, it has failed to meet targets. In 2010 it sold just under 32,000 Saabs, below its initial goal of 45,000, and Muller said the previous aim to sell 80,000 cars in 2011 is no longer feasible. The company sold 9,400 cars in the first quarter.

Muller said the deal with Hawtai means Saab has secured "the required midterm financing" and allows the company to "enter the Chinese car market and establish a technology partnership with a strong Chinese manufacturer."

He said Saab will initially export its 9-3, 9-4X and 9-5 models to China from the plant in Trollhattan, western Sweden, but in 2013 will start producing cars in China for the local market with the new 9-3 model.

Richard Zhang, vice president of Hawtai, said the deal with the "iconic" Saab brand will give his company access to innovative technologies and an international network which "would have taken us decades to build."

Hawtai, based in eastern China's Shandong province, is a relatively new automaker that parlayed a tie-up with Hyundai to build its market strength in China's fast-growing SUV segment. It also has licensed Italian engine technology and claims to have advanced know-how in clean diesel engines.

But Hawtai (pronounced whah-tie) lacks the scale of bigger domestic competitors such as Chery Automobile and Geely. It also has only recently begun making sedans.

Acquiring a ready-made platform and products for passenger cars is a key motivation for the investment in Saab, analysts say.

"Hawtai is taking a big risk there, but if Saab can enter the market quickly, maybe they can quickly turn the company around," said Yale Zhang, managing director of the independent consultancy AutoForesight in Shanghai.

"The first thing is to try to get access to the platform and technology and then to bring Saab directly to China, where it can find a large market," Zhang said.

However, Zhang Xin, an analyst with Shanghai Securities, cautioned that Saab isn't well-known in China and lacks a cache of big-name luxury brands.

"The Chinese don't know this brand – even less than Volvo. What is a famous and good brand for Chinese and foreigners is not the same. Chinese people like BMWs and Benz's," Zhang said.

"With growth in auto sales slowing significantly compared with recent years, competing in the mass, economy-segment of the market is not a very promising option, either," he added.

Spyker previously put forward plans to raise cash by selling its property to Russian businessman Vladimir Antonov and allowing him to become part-owner of Saab.

Last week, the Swedish Debt Office recommended the government allow Antonov to invest up to 30 million for a 29.9 percent stake in Spyker. The plans were stalled by conditions put forward by the EIB, but Muller didn't rule out they could be resolved at a later stage.

Elaine Kurtenbach reported from Shanghai. Toby Sterling in Amsterdam contributed to this report.

Supplier Autoliv Builds New Site To Serve China

DETROIT (AP) – Automotive safety system maker Autoliv Inc. said last week it has begun construction of a factory to make seat belts in Nanjing, China, replacing an existing plant in the city.

The first phase of the new plant will be around 710,000 square feet (66,000 square meters), about 50 percent larger than the current plant, the company said in a statement. It's expected to cost around \$10 million.

The existing plant makes seat belts for major vehicle companies in China including Shanghai Volkswagen, Shanghai General Motors, Dongfeng Peugeot Citroen, Chery, Geely and SAIC, Autoliv said.

'Simple Technology' Can Pave Way for CNG Use

by Christine Snyder
Staff Reporter
Tech Center News

It seems that while other alternative fuels have been plodding their way into market acceptance and development for years, compressed natural gas (CNG) has gained overnight attention.

Robert Lee, vice president of engine, electrified propulsion and advanced powertrain engineering for Chrysler Group, said the newfound focus on CNG is due to its newfound abundance in North America.

"We weren't flush with this fuel (previously)," said Lee at the 2011 SAE World Congress April 13. "With new technologies (we've found), the majority of it is in North America."

Its abundance, availability, environmental friendliness and the fact that it's home-grown make it attractive, as does its simple integration into existing powertrains.

"It's easy to do," said Lee. "You just change a few parts. It's simple technology."

Chrysler's partnership with Fiat has enabled it to learn from the European's automakers long history with CNG-powered vehicles, beginning during WWII when it devel-

oped CNG to deal with fuel restriction and embargoes.

More recently, Fiat explored the first passenger car fuel with CNG and it was on the market two years later.

"From 2001 to 2007, it grew from 20,000 to 130,000 vehicles," said Lee. "That's a large number of vehicles in a short time period."

It's a solution that could help the U.S., said Lee.

"We really need to stop sending money to parts of the world that don't like us," said Lee. "It's a strategic solution."

Dick Kauling, powertrain engineering manager for GM, said infrastructure has held up alternative fuels in the

past, and CNG is no different.

"We should do something different," said Kauling, who suggests making CNG home refueling a reality.

Besides infrastructure issues, storage improvement is another challenge with CNG as it takes four times the volume liquid fuels require.

Robert Bienenfeld, senior manager of environmental energy strategy for American Honda Motor Co., Inc. said although the Honda Civic CNG vehicle has been rated as the number one "Green Car," there are no incentives for consumers who adopt CNG as there are for other alternative automotive fuels.



GMC's Savana van is now available with the fueling option of CNG.