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KSPG and HASCO jointly announce:

Joint venture set up with Chinese partner

KSPG equips its aluminum castings business for the future

International first-tier auto-industry supplier KSPG AG, which belongs to the Rheinmetall Group, is strengthening its aluminum castings operations by entering into another partnership. Only last year, KSPG AG had announced that it was seeking a strategic partner for its Neckarsulm-based KS Aluminium-Technologie GmbH. The objective was, together with an internationally established company, to address globally the upbeat developments shaping up for this business.

This is why KSPG has set up a joint venture with HUAYU Automotive Systems Co., Ltd. (HASCO), a company whose majority shareholder is the Chinese SAIC Group. Each of the venturers holds a 50-percent stake in the company which shall be located in Neckarsulm/Germany. The deal is subject to approval by the respective antitrust and cartel authorities.

Ever since 1997, KSPG and HASCO have been very successfully cooperating in a Chinese joint venture for pistons. Moreover, further joint ventures have since then been founded such as in 2001 Kolbenschmidt Pierburg Shanghai Nonferrous Components (KPSNC) or most recently Pierburg Huayu Pump Technology. In fact, these 50/50 Chinese joint ventures, for which annual growth rates of up to 30 percent are anticipated for the coming years, generated aggregate sales of around €500 million and employed a workforce of 3,500 in 2013.

Says KSPG CEO Horst Binnig: "We are regarding the "Castings" business unit as an important component of our future corporate strategy and our aim is for the companies forming the joint venture together with HASCO to evolve into a foremost international manufacturer of vehicle components in aluminum castings over the years ahead. This objective will be achieved through the combination of existing production capacities in Germany and China as well as future expansion into other markets."

In view of the emerging growth in the market for components cast from aluminum alloys, the new alliance opens up further possibilities of expanding this business. The high-tech castings business will then be driven and managed globally together by two powerful partners. Investments and market entries will be jointly controlled by the two partners of this innovative provider to the car manufacturers.

The joint venture will be continuing to engage all employees presently working for KS Aluminium-Technologie GmbH and its subsidiaries. The total workforce will then be in the region of 900; sales in 2013 in this product sector totaled around €200 million.

To the joint venture KSPG is also contributing Werkzeugbau Walldürn GmbH, Walldürn, and its 50-percent stake in the joint venture KS ATAG TRIMET Guss GmbH, Harzgerode.

With an annual production of around 19 million cars, China is easily the world's biggest auto market. Reporting sales of €15.5 billion in 2013, HASCO is one of the biggest auto-industry suppliers within China besides having a global network of locations. As a subsidiary of Shanghai Automotive Group Company, Ltd. (SAIC Motor), the company has close market access to Shanghai Volkswagen and Shanghai GM as well as all the other leading automakers.

About KSPG

The KSPG Group, which belongs to the Rheinmetall Group, has annual sales of around €2.46 billion (2013) and ranks among the 100 biggest auto-industry suppliers worldwide. Just under 12,000 employees and 36 production plants in Europe, the Americas, Japan, India and China develop and manufacture components, modules and assemblies for the propulsion systems of present and future vehicles. As an established development partner of the global OEMs, for over a century the Group has been involved in the development and sustainable improvement of engines with a view to reducing emissions, fuel consumption, CO₂ and weight, as well as enhancing performance. This first-tier supplier, present on the international automotive markets, consists of three divisions: Hardparts, Mechatronics, and Aftermarket. Clustered under the Kolbenschmidt brand is KSPG's Hardparts division comprising car and commercial vehicle pistons, large-bore pistons, engine blocks, cylinder heads, and structural parts in aluminum. The division's business also includes other castings, plain bearings and continuous castings. The Pierburg brand covers KSPG's Mechatronics division: modules and assemblies for emission control, solenoid valves, actuators and valve train systems, oil, water and vacuum pumps for cars, trucks and offroad vehicles. Last but not least, the Aftermarket division under the Motorservice brand embraces global aftermarket business in the Group's and third-party products in over 130 countries.

About HASCO

Exchange-listed since 2009, Shanghai-based HUAYU Automotive Systems (HASCO) has been concentrating on the independent development, production and marketing of automotive components for a variety of OEMs. Its six core businesses cover metal forming & dies, interior & exterior trimming, electric and electronics parts, function parts, hot-worked parts and new-energy parts.

For 2013, HASCO reported sales of around €15.5 billion. The group has 9 international footprints, holds direct stakes in 31 companies and has over 215 branches. HUAYU Automotive Systems employs a workforce of 80,000 working in R&D, manufacturing and customer service in 19 provinces, cities and autonomous regions of China.

Inheriting the development strategy of "System design and modular delivery, independence with diversification, globalization in operation," HASCO closely keeps in step with the technology development trend of the automobile industry and primarily focuses on technical research and application related to such topics as "Energy Saving and Environment Protection," "Comfort and Convenience" and "Safety and Intelligent Protection," so as to provide products and services of high technical content, superior quality and cost advantages for automobile customers through strategic cooperation with globally leading parts and components suppliers.



HASCO President Zhang Haitao and KSPG CEO Horst Binnig (front r.) after the signing of the joint venture contract.

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