

Vendor Performance & Announcement January 2018

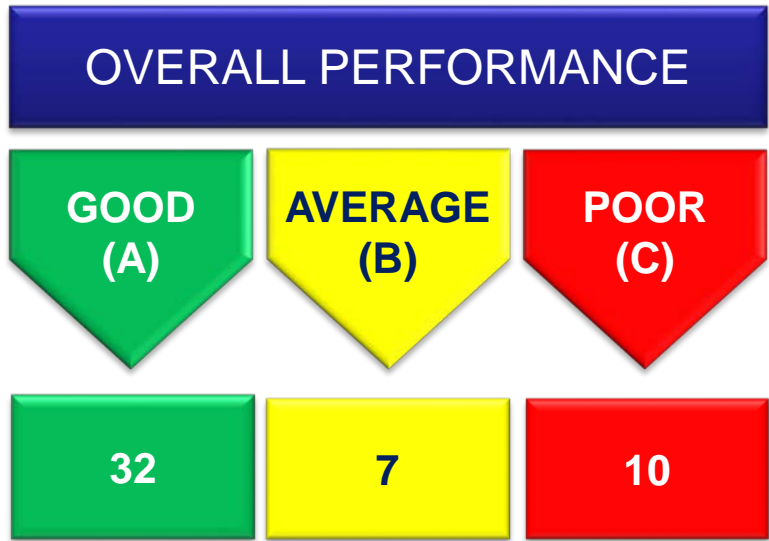
Mr. Sander Willems, Strategic Purchasing

Mrs. Sandra Voordeckers, Supplier Quality Assurance

Mr. Ted Witteveen, Supply Chain Management

Performance Jan 2018

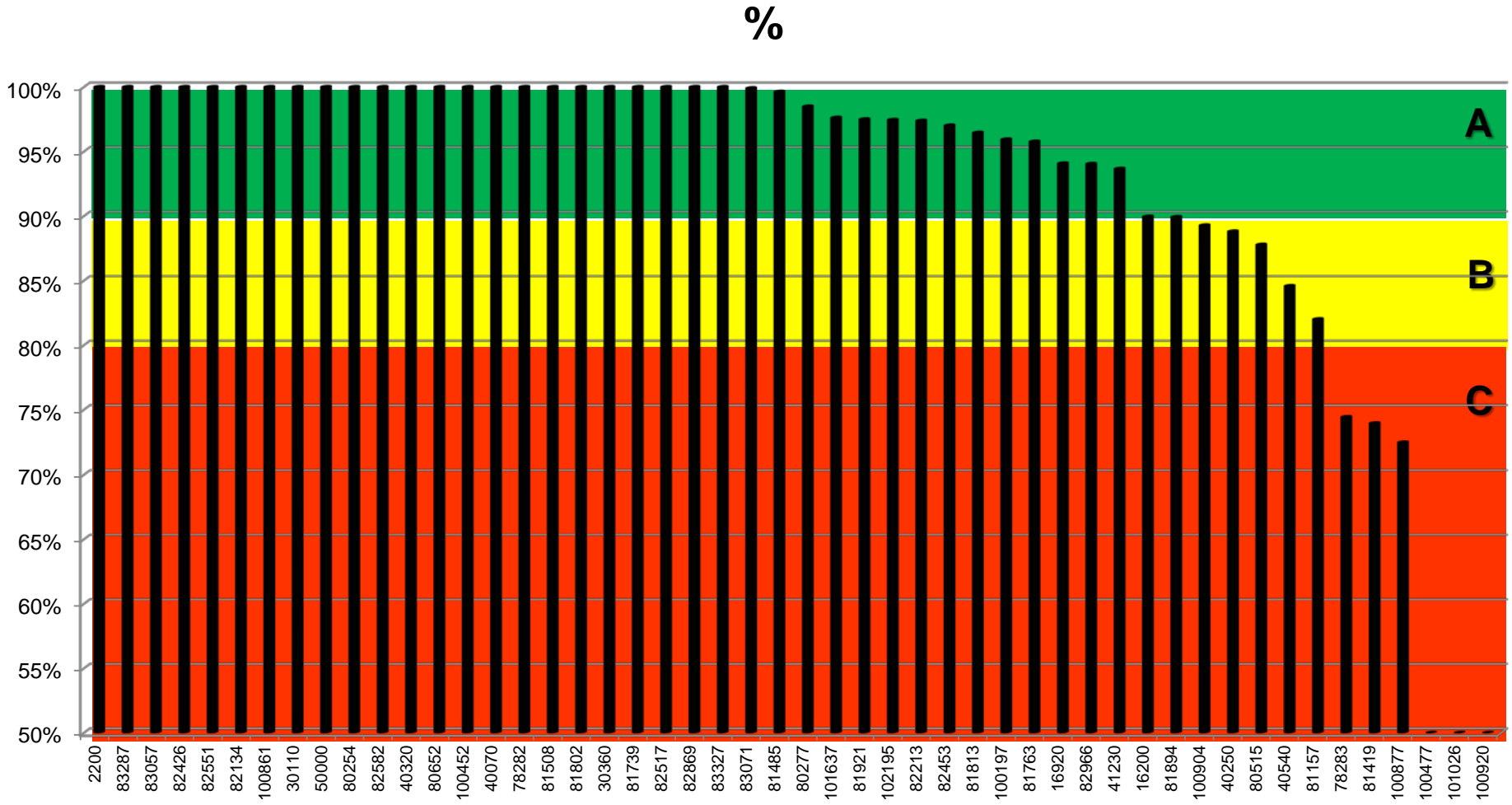
Total component
Vendors (for production)
49



TOP 4 VENDORS	BOTTOM 4 VENDORS
83287	101637
83057	100197
82426	82453
82551	78282

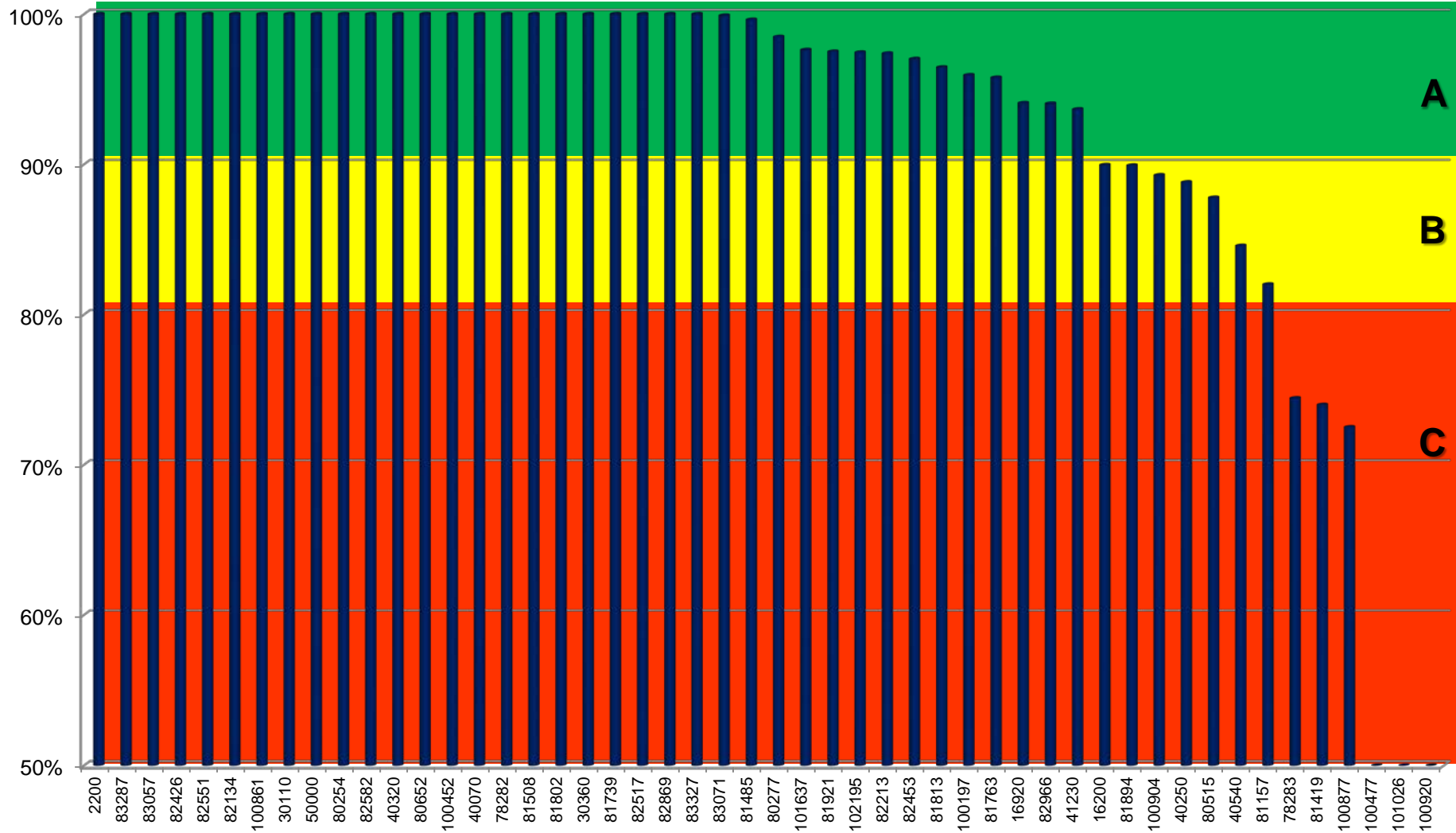
Logistical Clip Measurement

2018 cumulative total



Logistical Clip Measurement

January 2018

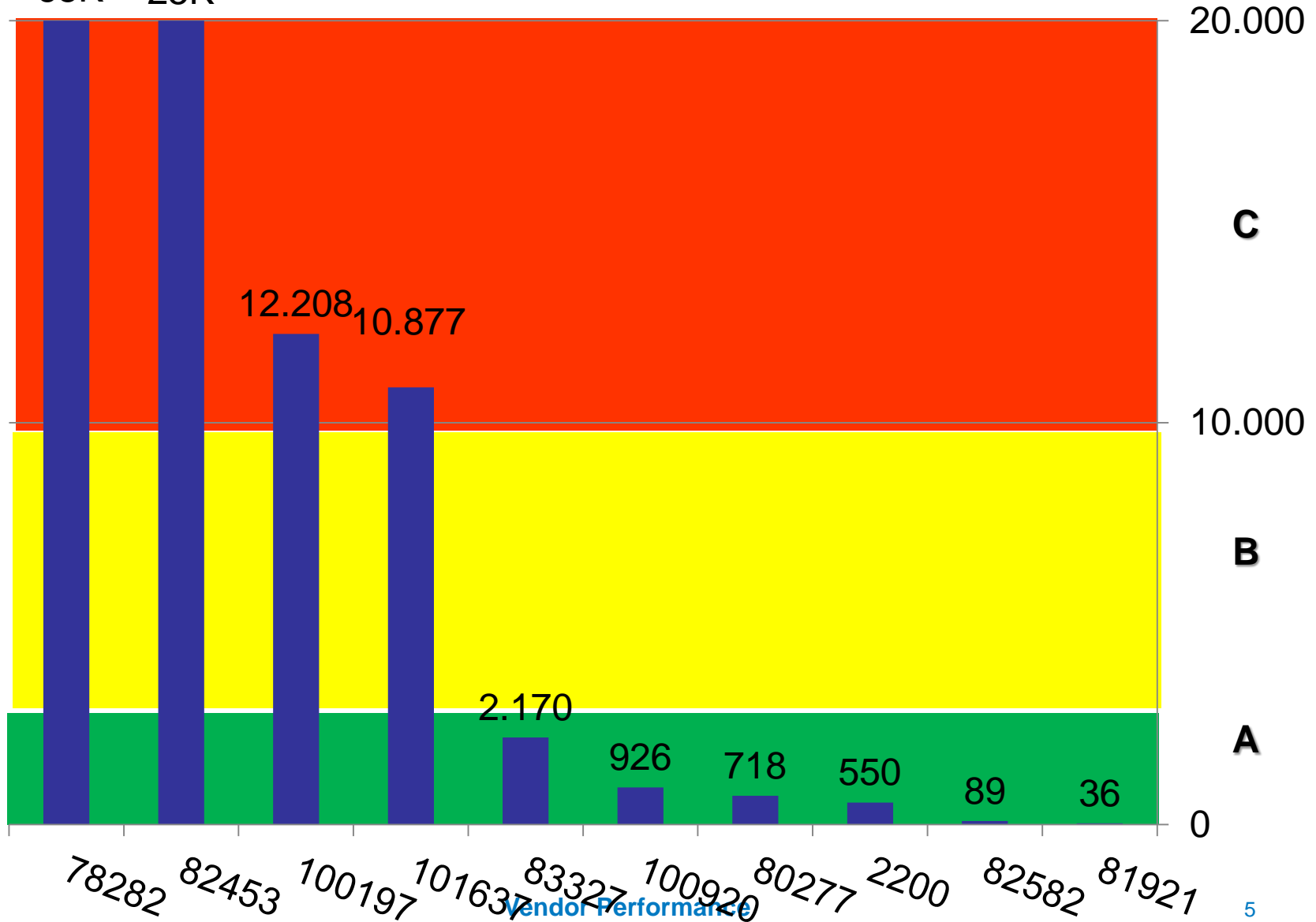


Quality Measurement

January 2018

PPM

65K 25K



Announcement : Red Vendors

- Supplier Improvement Programs to be continued:
 - 81419 for Clip performance- ongoing however no structural results yet
 - 101637 for QA performance

These Red Vendors will, together with Punch Powertrain Strategic Purchasing, investigate and present the **cause and counter measure report to Punch Powertrain Sint-Truiden**

Punch Powertrain opens new manufacturing site in Ningbo, China

- On February 7th, the inauguration of a new Chinese factory by Punch Powertrain takes place. This 100.000m² factory was completed in January after a record construction period of only 8 months. The factory is the second by Punch Powertrain in China and will house the production lines of the high volume VT3 CVT – a product that has been tried and tested over many years and has a highly standardized production process.
- Strong position in Chinese automotive market
 - The growth of the Chinese passenger vehicle market has been significantly slower in 2017, being only 1.4%. In contrast, Punch Powertrain has grown 75% in the same market during the same year, while serving most of the Chinese domestic brands.
Currently, Chinese independent brands account for 44% of the total passenger vehicle market. 39% within this group is equipped with automatic transmission, while 7% are CVTs. Within the JV brand segment a different picture emerges, where CVT share reaches as high as 22%. This showcases a large growth potential for CVTs in the independent brand segment as well. With growing city size and increasing traffic jams in mind, CVT offers the perfect combination of benefits: ease of use and smooth operation, fuel efficiency and reliability.

Punch Powertrain opens new manufacturing site in Ningbo, China

- Expansion to meet demand

- To satisfy the growing demand of the independent Chinese OEMs, Punch Powertrain enlarges its production capacity and related services. In 2017 the factory in Nanjing was relocated to a new site, covering over 130.000m². Next to new production lines, Nanjing factory also contains a R&D center, a test center and a test track.

With the launch of the new manufacturing site in Ningbo, Punch Powertrain will cover surrounding customers, allowing for a fast response. The factory will house the production lines for the tried and tested VT3, while new product launches will be initiated in Nanjing. As is the case with any new manufacturing facility, the quality and IP critical components will continue to be manufactured in headquarters in Belgium.

- Company perspective

- In 2017, the total historic production of CVT by Punch Powertrain topped 2 million. To put the number in perspective: over the entire year 2017 a total of 715.000 transmissions were produced. In 2018 a new product – VT5 – was first released on the market with the new Landwind Xiaoyao. This marked the beginning of a new series of product launches, many of which will take place later this year. Among the portfolio expansion, VT5 will be introduced in new variants, including 48V and P3-CVT PHEV solution (HS2). Additionally, in 2018 the company will introduce its first electric powertrain on the market.

Definition PPM

- PPM (Parts per million) is a measurement used by Punch Powertrain to measure quality performance.
- Definition: One PPM means one (defect) in a million or 1/1,000,000
- The Punch Powertrain rate for most automotive supplies is targeted at 25 PPM or 0.0025%. To calculate: For example, let's say you had 25 pieces defective in a shipment of 1,000 pieces. $25/1000 = .025$ or 2.5% defective. $.025 \times 1,000,000 = 25,000$ PPM.
- 2018 PPM target ≤ 25 PPM (or contractually agreed otherwise)

Definition CLIP

- CLIP (Confirmed Line Item Performance) is a measurement used by Punch Powertrain to measure delivery performance between the supplier and Punch Powertrain Sint-Truiden.
- Definition: The KPI measurement considers all deliveries in a specific month versus delivery due date when:
 - The delivery arrives within a 3 day window + and - of the requested date ; And if the received quantities are +/- 10% of the requested quantity. The CLIP target is currently defined > 90%.
- Starting 1 January 2018 The CLIP KPI will be sharpened in such a way that Punch Powertrain only accepts too early deliveries in a 3 day window, but not anymore too late deliveries (+3 days). CLIP target for 2018 is > 95%.

Punch Powertrain

