



Visteon Electronica Mexico – Carolinas Plant

Introduction

The Carolinas Plant is part of Visteon Electronica Mexico (VEM) which was established in 1986. As of the 4th quarter, 2009 VEM included two manufacturing sites (Saucito & Carolinas) and an engineering center, located in the city of Chihuahua – Chihuahua State in Mexico. The Carolinas Plant has final assembly operations for automotive electronic components and injection molding capability for instrument clusters parts. It is ranked among the top three global Visteon electronics plants for revenue and productivity.

The Carolinas plant encompasses an area of 82,000 square feet, of which 44,000 square feet is dedicated to the shop floor for the assembly and testing of electronic components. The total volume exceeds three million parts per year. Sales were close to \$350 million USD in 2011. Key customers include: Ford, Nissan, Honda, Jaguar/Land Rover and Volvo. Products are shipped to the U.S., Mexico, Europe and Asia. The plant has approximately 360 employees.

Products and Processes

The main products manufactured at Carolinas are instrument clusters, audio head units, satellite receivers (SDARS), climate control head units and display panels. Production processes are final assembly, software programming, final product auto testers and injection molding for selected parts. Processes are balanced between vertical integration and outsourcing. There are over 220 processes / equipments, effectively designed, managed and run by Carolinas personnel. Production principles are based on visual factory, “one-piece-flow” and pull systems.

Environment, Health & Safety

The Carolinas plant safety records are among the best in class, having had only two minor injuries in over five years and maintaining zero lost time case for over one year. Safety standards are not only monitored, but are part of daily behavior at all different levels. A program is in place called “Cruz Verde” where groups are recognized by their achievements in safety, and continuous improvement.

Energy conservation and environmental initiatives are part of the operating standard as well. Carolinas has specific initiatives to save at least ten percent per year on electrical energy usage. The plant is ranked in the top three Visteon electronics plants for energy efficiency and was recognized for its environmental standards when it won Mexico’s Clean Industry Award. The Carolinas plant is ISO 14001 certified and its last audit didn’t find any non-conformances. On June 20, 2012, the plant also received the OHSAS 18001:2007 certification.

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Visteon Corporation Profile

Vision and Culture

Visteon aspires to...Be the best in the world at partnering with our customers to provide innovative, high-quality products that deliver exceptional value.

Behavior is modeled in the “3C” approach – Customer, Culture and Cash Flow.

The Culture aspect is based on the following key operating principles and behaviors:

- *Act with integrity*
- *Respect others*
- *Put customer first*
- *Deliver on our commitments*
- *Work together and communicate*
- *Aggressively drive continuous improvement*

Corporate Offices

- North America: Van Buren Township, Mich. (U.S.)
- Asia Pacific: Shanghai, China
- Europe: Chelmsford, United Kingdom

Interim Chairman, and Interim Chief Executive Officer and President

Timothy D. Leuliette

Company Profile

- 2011 Revenue: \$7.53 billion USD
- Web Site: www.visteon.com
- Markets Served: Original equipment manufacturers
- Product Portfolio: Climate, Electronics and Interiors
- Number of Employees: Approximately 22,000
- 2012 Rankings:
 - Fortune 500 – 321
 - Barron’s 500 – 218
- Global Presence: Technical Centers, Customer Centers and Manufacturing Facilities in 28 countries
- Capabilities: Design, testing, engineering and manufacturing

Quality

- 81% improvement in customer PPM rejects from 2006 to Q1 2012, 2012 objective is a 20% improvement over 2011.
- 85% of products running at zero customer rejects in Q1 2012.
- TS 16949 re-certification in 2012 achieved with only two minor non-conformances, both of which have been resolved. Actual Certification is valid until August 2015.
- 95% in supplier PPM improvement from 2007 to Q1 2012.
- Continuous 6 Sigma programs implemented throughout the plant. There are two certified black belts and one candidate on site. These programs have doubled from 12 to 24 (2010 to 2011) with 20 more projects in the first six months of 2012.

Cost Productivity

- Over 50% improvement in total manufacturing cost as a percent of revenue from 2008 to 2011.
- Consistent year-over-year (YOY) improvement > 10% in employee and floor space productivity.
- Production scrapped was reduced three times, performing consistently < 0.1%, from 2008 to 2011.
- Nearly 50% improvement in inventory turns from 2009 to 2011.
- Total scrap levels are among the best-in-class in the industry (> 0.15%) for more than 3 years.

Delivery

- Zero customer disruptions, caused by material, quality or any other logistics issues over the last three years.
- 100% delivery “green” status scores for all OEM customers.
- Continuous improvement in premium freight shipment for inbound and outbound materials (>10% YOY).

Customer Satisfaction

- Achieved several awards beginning in 2006: *JD Powers for Audio Quality*, *Best Suppliers* from several OEMs, *Customer Energy Efficiency Awards*, also *Mexican Government Health and Safety* award. The latest award received among many others was the *2011 FORD Excellence Award for Customer Driven Six Sigma*.
- Customer recognition on lean manufacturing initiatives to cope with changing economic and lower volumes.
- Recognition letter from top customers directly to Visteon CEO, about the overall quality of products supplied by Carolinas Plant at vehicle operations and warranty.
- Zero customer spills, campaigns or special events in the last five years which includes new product launches.
- 100% approval on customer audits during the last five years, including “PSA” (Potential Supplier Assessment), for potential new business customers.
- The Carolinas Plant holds a strong market position by being one of the top five Tier 1 OEM suppliers for product commodities (audio and infotainment, climate control head units and instrument clusters).

Employee Morale

- Continual focus on *lean initiatives* training, with special programs for differing employee levels and departments.
- Lowest absenteeism and turnover levels (both below 2.5%) among Chihuahua city companies.
- Monthly recognition events focusing on safety, quality and extraordinary contributions.
- Company sponsored yearly campaigns have a high level of employee participation (e.g. blood donation in 2010, 2011 and 2012 with over 20% voluntary donors each year – received city recognition).
- No closed offices policy to ensure communication flow is at all levels in the organization, applying lean principles throughout the plant.
- Over the last 3 ½ years, the plant increased ideas per employee by 20 times.

Visteon Contacts:

- Carolinas Plant: Carlos Estrada, 52-614-4428144, cestrada@visteon.com
- Corporate Communications: David DeCoste, +1-734-710-5554, ddecoste@visteon.com