

## OPENING ADDRESS BY THE COMPANY DIRECTOR

### Ladies and Gentlemen,

It is with great pleasure that we can take advantage of this important occasion, the KTrade Fair in Düsseldorf, to present our company's results and potential. Also to meet our traditional business partners, establish new partnerships, and join you in searching for new opportunities for co-operation and entrepreneurial partnership.

Last year, our company, PLASTIKA a.s., completed its fiftieth year in the plastics industry. Since it was established, Plastika has become a renowned manufacturer in this demanding industrial sector. Quality, reliability, and particularly the flexibility in our approach to clients have become the keystones of our corporate culture. It is specifically due to these priorities that Plastika now holds a strong position as a supplier to exacting clients throughout this line of business, particularly the automotive and electronics industries, but also other sectors, too.

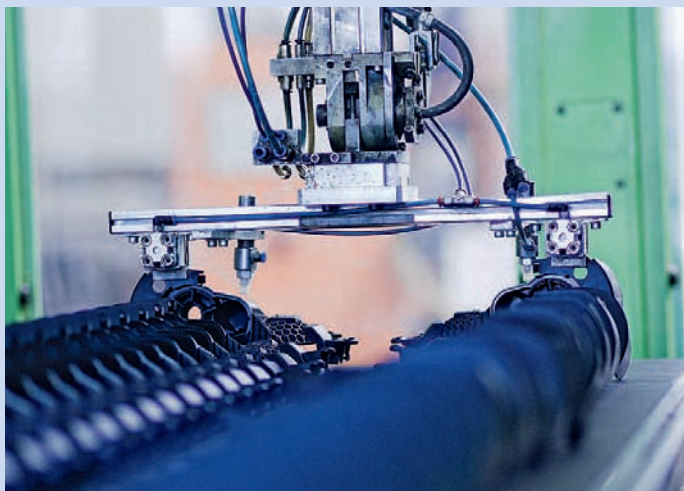
The year 2007 marks a turning point. The company is implementing an ambitious investment programme which will take it to a higher level in terms of quality and technology, and allow it to offer its clients products in a more complex form. This particularly applies to the pure pressing of transparent parts, which began at the end of August, and the implementation of a new paint shop, which will start up on a trial basis at the end of this year. At the same time, we are successfully building on our collaboration with our Asian partners in the development and production of injection moulds, for which quality and an attractive pricing policy are two of the basic conditions

for doing business in the injection moulding sector. We believe that the co-operative production of mould tools in China is a great opportunity for Plastika, and supplying these to our customers and other interested parties could be one of the segments into which we plan to diversify in the future. We also expect a sharp increase in the volume of the sophisticated assembled parts we supply for a variety of diverse products. The company also aims to ensure that the years of experience it has in running the logistics centre are applied outside the traditional sphere of computer keyboards and into other fields.

The year 2007 will also be an important one, as it marks the creation of the Plastika Group. This comprises, in addition to PLASTIKA a.s., its affiliate company Plastika SV s.r.o., specializing in the production of ventilators and road posts, as well as PLS Lakovna s.r.o., which will provide painting and other surface treatments for the group, and last but not least, Plastika Sainte-Savine in France, which is the first non-Czech member of the group and which has made the Plastika Group a truly international entrepreneurial organisation.

I am certain that you will find PLASTIKA a.s. an interesting partner; our employees are ready to apply their experience and take an active approach to resolving your problems and catering to your requirements.

Jan Pýcha MBA,  
General Director,  
PLASTIKA a.s., Kroměříž,  
Czech Republic



**From Injection Moulding through to comprehensive supplies**

SIEMENS VDO Automotive is the world's leading supplier of electronic, electrical and mechanical products for the automotive industry. It is a TIER 1 supplier of air-conditioning units, car radios and instrument panels.

Due to rapid growth and limited space available in the Siemens VDO plant in Brandýs nad Labem, it became necessary to transfer the production technology for the assembly and decoration of the front sections of glass-covered instrument panels to subcontractors. Plastika was chosen as one of the most experienced companies involved in processing plastics on the Czech market, with excellent references from supplying Siemens VDO.



**“Transfer of Welding” project**

The main aim of the “Transfer of Welding” project was broken down into stages:

- Training of technicians and production workers in the operation of SVDO welding lines
- Transfer of the first FABIA project (and after successful completion)
- Transfer of other welding lines for Polo, Octavia, T5, Superb, and Passat projects

**Main goals**

- Resolve the customer's problem
- Acquire and adopt new technology (ultrasound welding, and hot embossing)
- Increase turnover
- Transfer sound business relations to the partnership

**Quality**

Visual quality is monitored as one of the new quality parameters of the final product. In terms of the magnitude of these parameters, Plastika achieved its target very quickly. However, it was a very challenging task to learn to appraise our products through the eyes of the customer with regard to possible visual defects, which a layman might easily miss but not the trained eyes of the specialists in Siemens VDO. Here Plastika had to make use of its engineers, technicians, quality inspectors and operators to make that all important step of reconciling both the needs of the customer and our own technological capacity. The fact that this was successful can be shown, for example, by a graph depicting the internal scrap rate for the chosen project over the course of several months.

**Responsibility**

PLASTIKA a.s. has taken full responsibility for the entire transfer of the project. One of the main challenges was to achieve the requisite quality using the new technology. After successfully handling the FABIA project, the welding of panels for the VW POLO, VW PASSAT, SKODA OCTAVIA, SUPERB and T5 was also transferred to Plastika.

**Benefits of the project**

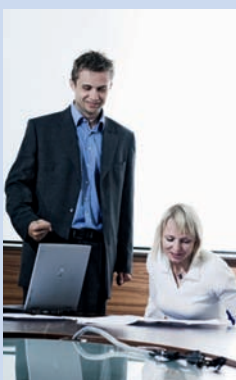
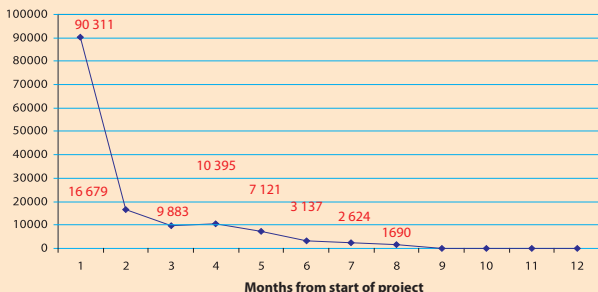
Plastika has proved itself fully competent in resolving the needs of the client. The “Transfer of Welding” project has seen it expand its product portfolio with additional services it can offer other customers. With the transfer of this project, besides high-quality supplies of welded components, SIEMENS VDO has freed up production space, which it uses for further assembly. This successful collaboration is also backed up by related projects such as the “Semi Cleanroom” and “Paint Shop”. At the last meeting in Plastika to discuss this matter, Mr. Walter, Purchasing Director for SVDO, said: “I am satisfied with the work Plastika is doing. Its team has done an excellent job for SIEMENS VDO.”

Plastika is currently welding plastic parts for 6 projects – welding instrument panel components. Its customer ppm is now around 30.

Monika Vrzalová, marketing



Internal ppm of product from start of production in Plastika



## STRATEGIC EXPANSION OF PLASTIKA

Plastika has long focused on the production of plastic components, an ever-increasing proportion of which is used in industrial and consumer products. It is not just the proportion of plastics that is rising, of course, but also the complexity of the processing and subsequent operations. At the same time, some parts of the operations and the responsibility are moving to the suppliers and towards the globalisation and modularisation of product platforms. Plastika has reacted to these trends by increasing emphasis on the development of its capacity to produce complex plastic modules and partially or fully functional units. For our customers we also serve as an integrated partner with full competence to supply the plastic modules which form the building blocks of their technology.

This development is also linked to the change in the structure of the group and the expansion of the company outside the Czech Republic: SPV Plast a.s., the holding company, decided to move the production of road posts and ventilators to

a separate company with a plant in Zdounky; we have expanded our production facilities in the Czech Republic with the addition of a clean environment for manufacturing transparent parts and we are building a paint shop. We have also acquired a production plant in Sainte-Savine (France) and are preparing to start up our subsidiary company in Mexico. With our long-term experience in producing components in Asia we are also able to serve key customers on a global scale. This expansion is particularly based on catering to these requirements.

Naturally, the development of the company brings with it a number of challenges. Nowadays we place emphasis on the competency, professionalism and openness of our team. In terms of trade and production, we now follow our motto of "Flexibility First" to the full.

Michal Nosek MBA,  
President of the Managing Board



## INTERVIEW

### An interview with Mr. Doug Bancroft, Business Development Director at Plastika group

#### What do you think are the strengths and weaknesses of Plastika Kroměříž?

There are a number of strengths. Obviously for Europe, Plastika is very well positioned to serve existing markets in Western Europe and emerging markets in Central and Eastern Europe. It has a long history of high quality, and good performance in customer service which makes it very attractive to industry, not only to the automotive trade, but to many industries where many other suppliers are struggling today, both from the performance and financial standpoints.

I think Plastika is well positioned for continuing growth not just organically for existing markets but also through Greenfield operations or possible mergers or acquisitions such as France. In addition, the industry is looking for highly confident, technically capable companies that can provide low cost products without jeopardising quality. I think technically Plastika clearly demonstrates a strong technical capability and an understanding of what customers and the market need by some of the new technologies already embraced, from nitrogen injection moulding to the clean room and painting line.

And at the same time I see the real strength is that the company is small enough, that it is very personal, almost family like.

Finally it is a very nimble company, able to move quickly, analysing situations easily, identifying opportunities and taking advantage of that. I think all around it is a well established organisation. Plastika is in a position today that can take advantage of growing opportunities around the world. I also believe that Plastika's people are working very hard to make a successful business. The peo-

ple of the company are really what make it. You can buy equipment, you can buy factories, but if you do not have committed people, you will not be successful.

#### What is the strategy for the Plastika group? Where do you see the group in a couple of years?

We see Plastika continually growing to serve existing and new emerging markets in Eastern Europe. We also see growth of the French operation and we are considering joint ventures in Spain or in that region.

We are working very hard right now to try to finalise a deal with several key customers to possibly launch a new facility in Mexico in 2008. And we think we need to be located in Asia somewhere in the next 24 months. Our customers are telling us they would like to have us in Asia. This is a great opportunity and it is very encouraging to have customers ask us to move forward to set up business in these regions. This is the direction in which we are going. I think in three to five years we will see Plastika double in size through natural organic growth and through new operations.

#### Doug Bancroft (46)

Mr. Doug Bancroft, Group Business Development Director at Plastika, joined Plastika recently, but has been actively involved for a longer time. He graduated from the University of Ontario in Economics. He lives in Canada and has extensive experience in the automotive industry in various positions with companies such as Magna, Siemens VDO and Sony. He is married, has 3 children and as he reminds us, his golden retriever is the fourth child. Most of his time he spends working. Some years he travels as much as 500 thousand kilometres a year on business. For the coming years, he is going to split his time between Mexico, North America, Europe and Asia. If he is not working he likes to sail.



## LATE NEWS RELEASES

### Paint shop for plastic parts

Plastika has started building a spraying line for painting plastic parts. The renowned German firm of Afotek, which specializes in painting plastics, was chosen to supply the technology. When designing the project, we applied the latest findings of this technology, particularly for painting interior parts, both for highly demanding applications for the automotive industry as well as for many other branches of industry. In this way Plastika is following the general trend of the market's needs as regards boosting the quality of plastic parts while offering a very wide range of options in terms of new designer concepts of the final products.

The spraying line will primarily be designed to use single or dual-component water-soluble paint systems, meaning that Plastika is also playing its

part in meeting the company's ecological commitments.

The spraying line will be installed in the new hall on the existing Plastika site. The hall must comply with very high requirements regarding the quality of the working environment so as to ensure that painted surfaces are of high quality, productivity is high, and scrap rates are kept to a minimum. The new building will also include a storage hall with a capacity of around 1500 pallets. The fittings and design of the store respects the storage requirements both for virgin parts as well as painted parts in an environment which will help to comply with the demanding quality specifications.

Investment in the spraying line is one of the steps in Plastika's strategy to become a comprehensive supplier of top-class plastic components.

### Semi Cleanroom

The grand opening of the Semi Cleanroom was held in Plastika on 30th August 2007, attended by prominent guests from SIEMENS VDO. This area is designed for the production of transparent parts which must comply with highly demanding visual specifications.

The photograph shows: front the left D. Bancroft, P. Kadeřávek, M. Ganguin, S. Šrámek, F. Walter, L. Korba, R. Skýpala, O. Grün, M. Nosek, C. Dress, S. Zbránek and M. Novotný.



## SUCCESS STORY

### Transfer of production

July saw the transfer of production from Plastika Sainte-Savine in France to Kroměříž. This involved the transfer of spraying equipment, and an assembly line with a large carousel and several special-purpose machines, where the rear light bulb holders for the Opel Corsa and Ford supplies are completed. The Plastika team, made up of five operators and two technicians, spent 13 days in France gaining experience so that as of 26.7.2007, when the assembly line was started up in Kroměříž, they were able to ensure that customers were supplied without any problems or delays.

We asked the production manager, Ing. Michal Novotný, how the transfer of assembly production had gone and what else was in store for us. "We had to resolve several technical and organizational matters, extend the 001 department, structurally reinforce the floor of the new site,

and train our operators to ensure that the transfer went smoothly. I greatly appreciate the flexibility and willingness shown by our employees, without whom we would not have achieved un-interrupted output to the end customer. I am very proud of them all. We have seen a positive reaction and the customer is satisfied with the new production programme in the Czech Republic; samples have been approved and Plastika has successfully undergone an audit. The success of the project as a whole is predominantly due to the speed at which the entire production was transferred, with no loss of quality.

We expect that further production will be transferred from Sainte-Savine, either more assembly or spraying. As a result we are now seriously considering transferring the assembly of the frontal parts of air-conditioning controls, which cannot be managed in France due to capacity restraints."

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- Expansion

**PLASTIKA**  
flexibility first

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