Research on China Automotive Seating Market, 2012-2017

(Sample)

Huidian Research

Publication Date: November 2012

4. Market Development of China Automotive Seating Industry

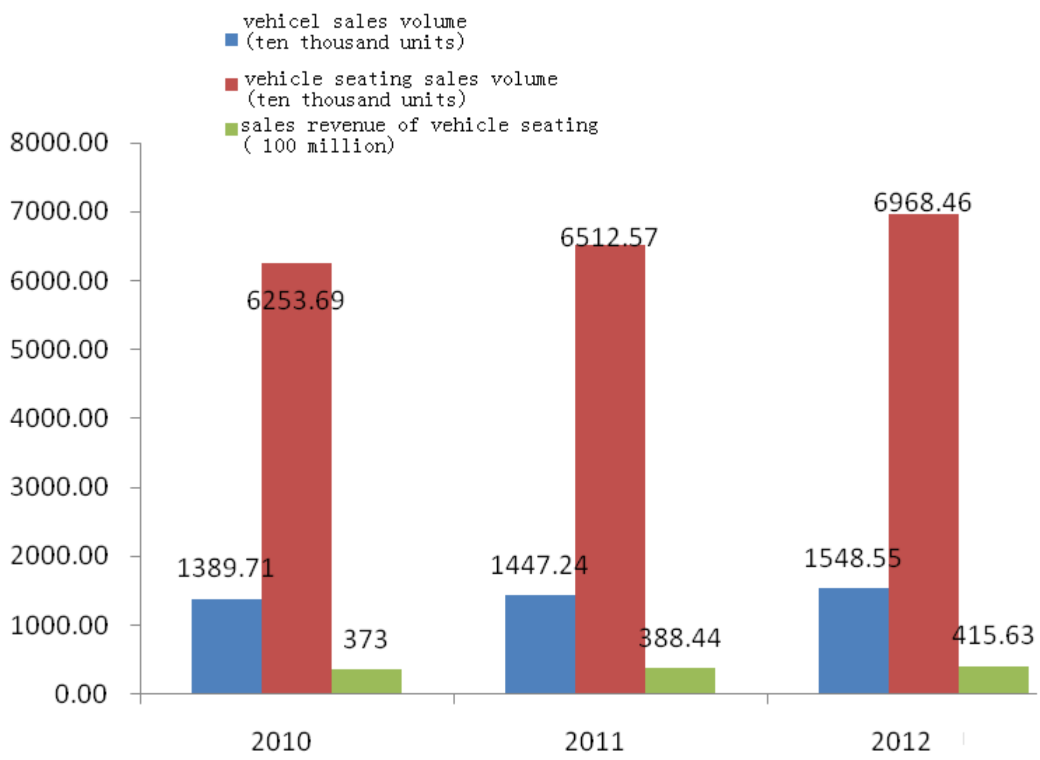
4.1 Market Status Quo

4.1.2 Market Capacity

As the essential part of car, vehicle seating market capacity has a significant linear relationship with the vehicle production. In recent years, with the continued growth of China auto output, the vehicle seating market is expanding.

China car sales volume continues to increase, which also drives the sales volume of vehicle seating and expands vehicle seating market scale. According to China Association of Automobile Manufacturers, China vehicle seating market scale was about CNY38.8 billion in 2011.

Fig.9 Market Situation of China Vehicle and Vehicle Seating, 2010-2012



Source: CAAM

With the improvement of living standards, the automotive consumer preferences will gradually upgrade. The functionality and comfort of the low-end car will be gradually strengthened. The vehicles in future will obey the rule that the low-end vehicle will be installed with the medium-grade equipment and the medium-end vehicle will be installed with high-grade equipment. Electric slide and electric recliner with higher price will be widely used in low-end car. Single-vehicle-use seating's price will continue to rise. The growth speed of vehicle seating is faster than that of entire-vehicle production and sale. The market space will be much broader.

8. The Development of Lear and JC in China

8.2 Johnson Controls

8.2.2 The Development of JC in China

In 2010, the Chinese vehicle market increased more than doubled, professional automotive trim business further strengthened the leader status in China; market share rose to 45%. Johnson Controls in China has more than 20 non-merge joint ventures and 47 factories, the number of employees in China is more than 20,000, the sales revenue reached $3.1 billion.

Fig. 24 JC's Joint Ventures, Main Products and Supporting Manufacturers in China

Company name		Company type	Main products	Supporting manufacturers
Shanghai YFJC	Shanghai Head Office	Joint venture	Seating and metal parts	SVW、SGM、FORD、Chrysler、Nissan
	Yantai Brance	filiale	seating	Provides matching limousine seating assembly for SGM, SVW, Guangzhou Feangshen, Yueda Kia
	Shenyang Branch	subsidiary	vehicle seating assembly and mechanical parts, headliner and other auto parts	Main customers: SGM(Shenyang) Beisheng
	Nanjing Branch	subsidiary	Seating assembly,	Provides supporting service for SV-new Passat, Santana 3000，Ford Fiesta and Iveco, Mazda J53, Roewe W5, MG5
	Yancheng Brance	subsidiary	seating	Provides vehicle seating for KIA
	Cixi Branch	filiale	foam	Guangzhou Fengshen
	Liuzhou Branch	subsidiary	Seating assembly	SGMW
Nanjing Jc Seating Covers		Joint venture	seating covers	Customers: North America Ford、GM, Chrysler,Nissan
Shanghai JC		Joint	electronics	Dongfeng Automobile

		venture		
Shanghai JC Automobile Metal Parts	Shanghai Head Office	Joint venture	Metal framework	supply Shanghai YFJC etc. seating assembly suppliers with seating framework, and exported abroad
	Wuhan Branch			
Hefei Yunhe JC			seating	Lear Yunhe
JC (Wuhu)			Inner trim	Chery
Zhejiang JC Heda		Joint venture	seating	Geely
Chongqing YFJC	Chongqing Branch	Joint venture	Seating and inner trim	Chang'an Ford、VOLVO、Changan Suzuki、Changan、Changan Peugeot
	Chengdu Branch	filiale		
	Shenzhen Branch	filiale		
Changchun Faway JC Auto Trims Co. Ltd	Changchun Head Office	Joint venture	Seating and inner trims	FAW-VW、FAW CarFAW Jiefang、Beijing-Daimler-Benz、and some overseas companies
	Chengdu Branch	filiale		FAW-VW
Changchun FAW Faway JC Auto Metal Components Co. Ltd		Joint venture	Metal framework	Changchun Faway JC Auto Trims Co. Ltd., FAW VW
Changchun Faway JC Auto Electronics Co. Ltd		Joint venture	electronics	FAW
Shenyang Jinbei JC		Joint venture	Seating, inner trim	Huachen Jinbei、Huachen Zhonghua and Liaoning SG
Beijing JC Part		Joint venture	Seating, inner trims	BBDC、Beijing Hyundai、Beiqi Foton
Guangzhou Dongfeng Jc Seating		Joint venture	seating	Dongfeng Nissan and Zhengzhou Nissan
Guangzhou JC Auto Trims		Joint venture	Inner trims	GAGC
Changsha GAGC JC		Joint venture	Inner trims	GAGC
Shanghai YFJC Vehicle Seating Mechanical Parts Co. Ltd.		Joint venture	seating	Provides comprehensive services for major domestic automakers

Source: JC, Huidian Research

Johnson Controls at present has wholly-owned factories, joint venture factories and manufacturing centers across the country. Here is some factory information:

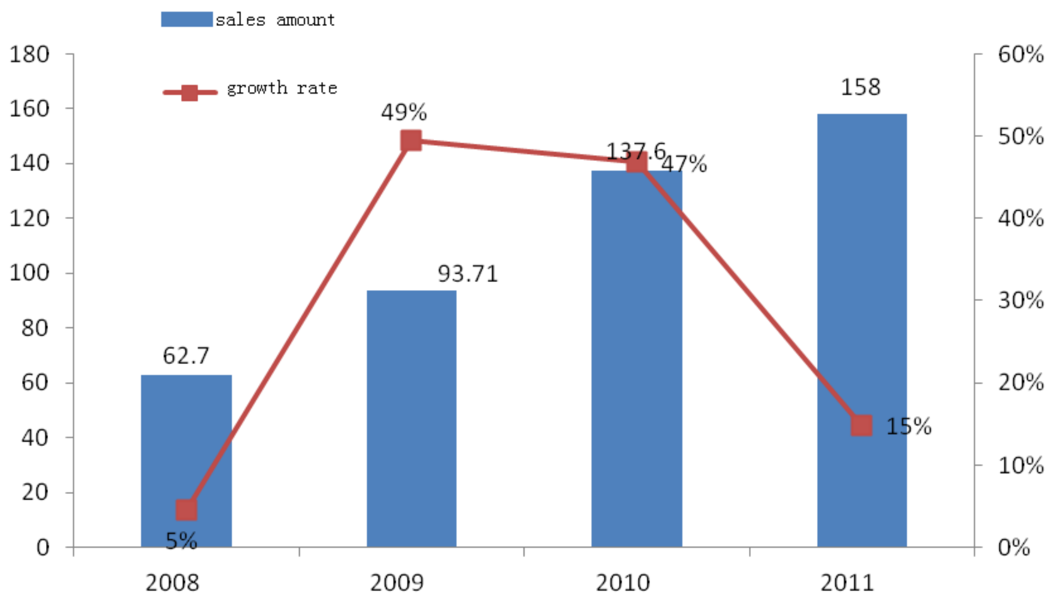
YFJC

Yanfeng JiangSen, founded in 1997 & invested by Yanfeng Visteon Automotive Trim Systems Co., LTD. (subordinate to SAIC Group HuaYu Vehicle SH: 600741) and the United States Johnson Controls International Co., LTD. (NYSE: JCI). Its headquarters is located in Shanghai Pudong Kangqiao industrial zone; it is the nation's largest supplier of vehicle seating.

The company has more than 350 professional engineers and nearly 10,000 staff. It has 31 production and R & D bases in 15 cities across the country, providing seating products and related technical support to 24 major domestic joint ventures and local entire-vehicle manufacturers.

2010 Yanfeng JiangSen achieved sales revenue of CNY13.76 billion; the export income was $226 million. The annual sales income was CNY15.8 billion in 2011, the export income was 226 million us dollars. The market share in domestic vehicle seating market is about 32%. Domestic main client: Shanghai GM, Shanghai Volkswagen, SHAC, Dongfeng Nissan, DYK etc. entire-vehicle manufacturers. Ai the same time, it also exports seating covers, machinery parts and other vehicle seating parts to Europe, the United States and Japan, etc.

Fig. 24 Sales of Shanghai YFJC, 2008-2011 (unit: hundred million CNY)



Source: Shanghai YFJC

Fig. 26 Export of Shanghai YFJC, 2008-2011 (unit: hundred million$)

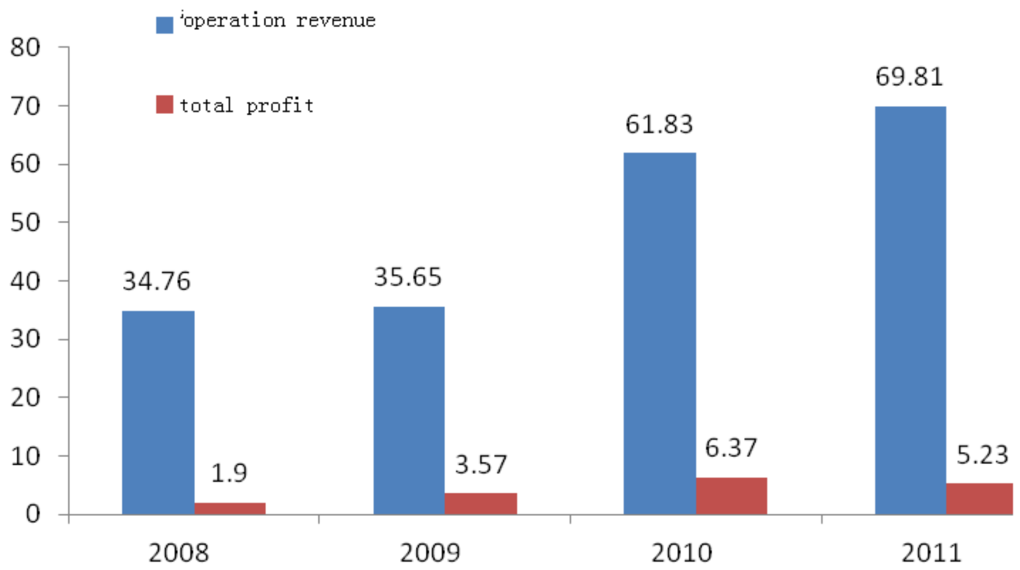
Source: Shanghai YFJC

Changchun FAW-Faway JC Automobile Components Co. Ltd.

Changchun FAW-Faway JC Automobile Components Co. Ltd. is invested by Changchun Faway co., LTD and Johnson Controls Asia Holdings co., LTD.; it is established in Changchun on December 11, 2007; the registered capital is 4.6 million dollars, shareholders each holds 50% share. The joint venture company initially registered in East South Street No. 1398, automobile industry development zone, Changchun. The company's main products are vehicle seating metal frame and parts, the main production process are welding process and assembly process.

The company’s operating income was CNY6.981 billion, total profit was CNY523 million. In the first half of 2012, its operating income was CNY3.669 billion, total profit was CNY248 million. At present, the company customers are mainly Changchun Faway JC Automobile Trims Co. Ltd., FAW-Volkswagen, FAW car, and it provides supporting service for FAW-Toyota and FAW-Jiefang.

Fig. 27 Operation Revenue of FAW-Faway, 2008-2011 (unit: hundred million CNY)



Source: Annual Report of FAW-Faway

Table of Contents