

## Performance

## ArvinMeritor struggles to make profit despite increased revenues

USA - ArvinMeritor, Inc of Troy, Michigan reported strong financial performance for its fiscal year ending September 2008: Sales from continuing operations rose 11% to USD7.2bn compared with fiscal year 2007, which, it attributed largely to strength in Europe and South America. However, due to a number of special cost items (restructuring) the business made a net net loss of USD101m.

Chairman, CEO and president, Chip McClure said: "We increased margins by 1.8 percentage points, before special items, in our Commercial Vehicle Systems business by sharpening operational performance in all regions, and we achieved our targeted savings of USD75 million in cost reductions through our global Performance Plus profit improvement programme."

"Although commercial and light vehicle volumes in North America were down dramatically from fiscal year 2007, we increased revenue from customers in Europe, South America and Asia Pacific. We also achieved our strategic objectives to grow our military business through an intense and dedicated focus on customer requirements for ArvinMeritor's drive train products. And, we successfully strengthened our aftermarket business through organic growth and two key acquisitions which position us for greater market penetration globally."

On the question of separation and sale of its Light Vehicle Systems business, McClure

said: "Declining global market and credit conditions are the primary factors that have led us to expand our options for separating the LVS business group, excluding the Wheels business located in South America and Mexico. After a comprehensive review of those options, we have determined that a sale will be our primary focus."

Commenting on priorities for fiscal year 2009, McClure said: "The work we did to strengthen the company in 2008 enables us to respond more quickly and efficiently to the deteriorating markets we are now anticipating in fiscal year 2009. We have defined five key priorities that we will diligently focus on this year." They are: "Accelerate restructuring and cost reductions; improve operational performance in all areas; complete the separation of the light vehicle business, excluding wheels; expand high-margin segments and strengthen our product and technology position."

ArvinMeritor's forecast for North American Class 8 truck production is in the range of 200,000 to 220,000 units in calendar year 2009, approximately the same as in 2008. The company's forecast for heavy and medium truck volumes in Western Europe is in the range of 400,000 to 450,000 units, down approximately 25% from fiscal year 2008.

ArvinMeritor expects the LVS business, except wheels, to be separated during 2009 and forecasts sales for fiscal year 2009 to be in the range of USD4.9bn to USD5.2bn.

## Product / Distribution

## BORPower lubricant now available in UK and Ireland

UK / Ireland - NanoBoron Ltd of London is the exclusive importer and distributor of BORPower products in the UK and Republic of Ireland.

BORPower is claimed to be a revolutionary engine lubricant or oil additive with nano-technology that delivers a 15% better fuel economy, improved engine power by up to 9%, lower oil temperatures by up to 30%, lower CO<sub>2</sub> emissions, reduced corrosion and friction and less engine wear.

According to Dr Mounir Adjrad, technical manager, NanoBoron Ltd, BORPower is the result of 15 years of research and is suitable for all four stroke engines running on petrol, diesel or LPG. Independent testing carried out by TÜV NORD technical inspection agency in Germany has validated the claims of the BORPower nano-technology.

BORPower is regarded as a nano-technology product; it has two active ingredients, Boron diamond powder and Nano Boron, which are extremely small particles that assist in drastically reducing friction and abrasion on metal surfaces within the engine. BORPower works by building up boron metal films in the engine which offer a long-lasting heat-resistant protection against engine friction and wear, as well as, it is claimed, increasing the engine power by up to 9%. Reduced friction thus not only improves performance but also reduces fuel consumption.

Adjrad states that there are no adverse effects on the engine as the active ingredients

boron diamond powder and nano boron are chemically inert. Adjrad also states that the difference between BORPower and existing lubricant products on the market, is its efficiency. He says: "The active ingredient nano boron has the lowest friction coefficient among popular solid lubricant additives. BORPower's working principle is physical and not chemical as is the case with most other lubricant additives."

How does BORPower work in the engine? Adjrad: "Under high pressure between two metal surfaces, the boron diamond crystals are pressed into the material to form a boron metal film. This film is diamond-hard and at the same time very slippery. The nano boron forms a low-friction solid lubricant film in between these films. Boron diamond crystals not integrated into the metal surface act as bearing balls, which further reduces friction and abrasion. The boron diamond crystals are five nanometres in diameter, which is one-hundredth the width of human hair!"

BORPower was tested initially in Turkey some eighteen months ago - where it is also manufactured as Turkey is one of the largest reserves of boron in the world - and then the product was launched in Germany towards the end of 2007. The UK is now one of fifteen countries, which includes France, Belgium and Holland, where the product BORPower is available - negotiations on distribution rights are underway in China, Russia and the USA.

## Initiative / Legislation

## EC drafts plan to encourage increased use of ITS

Belgium - The European Commission has drafted an Action Plan outlining specific details to encourage use of technologies such as in-vehicle navigation systems, tracking systems for trucks and buses and electronic toll collection, to make road transport, safer and reduce its impact on the environment.

The Commission's concept is primarily aimed at reducing traffic jams which, it estimates, causes costs equivalent to around 1% of EU GDP. The Commission also states that intelligent technologies could also save 10% of the cost congestion as well as substantially reduce the number of deaths on the roads each year. The Action Plan, which is to run from 2009 to 2014 states that digital maps should be updated more regularly. The Commission recognises that many of its proposals/actions are already in place or planned but their further development and uptake is being held back due to lack of a coordinated approach between local, regional and national programmes.

A Draft Directive, which is attached to the Action Plan and is yet to be agreed by the European Parliament and member states, is intended to ensure that new technologies work across borders, with rules on data protection and legal liability.

The Commission announced that a committee of experts from vehicle manufacturers, the telecoms industry, motorway operators and local authority is to be set up to discuss technical issues.

## Investment / Tele-communication

## MIRA developing Intelligent Transport Systems Centre

UK - MIRA Ltd of Nuneaton, an independent provider of product engineering, testing, research and certification, has announced that it has recently secured planning permission for what it considers to be Europe's first purpose-built intelligent transport systems development centre. MIRA states that, the centre is to be equipped with all the necessary apparatus - test tracks, communications infrastructure and roadside equipment - to reproduce the numerous telematics scenarios essential to ITS.

MIRA adds that with huge international pressure to ensure that existing commitments towards climate change and the reduction in road deaths are met, ITS is regarded as a robust enabling solution to these challenges. Furthermore, the European Commission (EC) has set out a draft action plan to actively encourage use of intelligent transportation telecommunication systems to actively improve safety and efficiency - see article in this issue.

The project represents an investment of EUR30m in five phases starting with a 'City Circuit' and 'Control Centre' due to open in 2010. As a consequence of extensive consultation, MIRA states that the Phase 1 City Circuit is to include a complex master junction and numerous other junctions, islands and traffic calming measures, as well as mock buildings. This road network is coupled with extensive communications and global positioning equipment. The purpose of the City Circuit is to recreate a real infra-structure and to learn how to improve management of traffic through the replication of real scenarios.