

26 October 2004

Company Announcements Office  
Australian Stock Exchange

## **FUTURIS AND JP MORGAN PARTNERS TO DRIVE GROWTH OF AIR INTERNATIONAL THERMAL OPERATIONS**

- JP Morgan Partners to take 65% stake
- Thermal Enterprise Value of \$275 million

Futuris Corporation today announced it has entered a partnership agreement with the global private equity firm JP Morgan Partners (JPMP) for equity participation in Air International's Global Thermal Systems operations.

Under the soon-to-be-finalised agreement, JP Morgan Partners will acquire a 65% interest in Global Thermal Systems, with the balance retained by Futuris.

Futuris Chief Executive Les Wozniczka said the involvement of JP Morgan Partners as principal shareholder would enable the Global Thermal Systems business to accelerate its global and Asian region growth strategies.

"We are delighted to have secured a partner of the calibre of JPMP who has a proven track record in building automotive businesses in Asian and international markets."

Mr. Andrew Liu, Chief Executive of JP Morgan Partners Asia said "we are looking forward to the opportunity to leverage our experience and global relationships to maximise the growth potential of Global Thermal Systems."

JPMP's recent experience and achievements includes its investment and development of Mando Corporation from a regional component producer to a global automotive component industry leader.

Mr Wozniczka said that the retention of a 35% interest will give Futuris shareholders ongoing participation in Global Thermal's next stage of growth. Revenue is expected to at least double over the next three years as already contracted customer programs in China and the US commence production.

The Global Thermal partnership will involve Air International's existing thermal operations in Australia, North America and China and will be managed by a joint Board of Directors appointed by JPMP and Futuris. Mr Steve Falconer, currently Executive General Manager Global Thermal will be the inaugural Chief Executive Officer of the new business.

The restructuring, which is subject to financing and third party approvals, was announced at Futuris Corporation's 2004 Annual General Meeting, held today in Adelaide.

The enterprise value placed on the Global Thermal operations is \$275 million and the sale of the 65% interest is expected to realise a profit before tax to Futuris of approximately \$90 million after costs and an unrealised gain of \$50 million on the remaining interest.

"This is the next, and logical, step in taking the Global Thermal System operations to the next level," Mr Wozniczka said.

"On the basis of existing contracts, the share of its business outside Australia is expected to rise from 64% to 86% over the next two years. The formation of this partnership recognises that the Global Thermal operations is overwhelmingly an international business and introduces a shareholder with global perspective and experience in the automotive sector.

Mr Wozniczka said that in the next 24 months the Global Thermal operations are scheduled to commence supply of at least four recently secured contracts, including the HVAC system for the VE Commodore in Australia, and three contracts for supply to General Motors in the US.

Mr Wozniczka said the profit generated by the transaction rewarded Futuris shareholders for the Company's persistence in building Air International.

"The Global Thermal operations currently account for around one-third of Air International's sales and net operating assets. The value accorded to the Thermal Operations by this transaction highlights the value and growth potential that has been built up within Air International."

It is anticipated the restructure will be finalised by the end of December this year. The transaction is expected to have a small positive impact on Futuris net profit at the group level in the 2005 financial year.

Global Thermal Systems in Australia will source its assembly activities from Air International's Interior Systems Division under a manufacturing services agreement. Employees at Air International's Edinburgh Parks, Golden Grove and Campbellfield facilities will remain under the employment of the Air International Interior Division.

The Global Thermal operations supply thermal systems, principally heating ventilation and cooling units (HVAC), climate control modules and power train cooling systems to a range of customers including General Motors Holden, Ford and Mitsubishi in Australia, General Motors in the US and Jinbei, Brilliance, Changan, Hainan, Ford and Iveco in China.



JPMP is a leading private equity organisation with approximately US\$13 billion in capital under management and global experience in over 30 automotive investments. Within Asia, JPMP manages a US\$1.1 billion buyout fund, the largest of its kind in the region. Recent Asian automotive investments include Mando Corporation of Korea and Rhythm Corporation of Japan.

JP Morgan Partners has been advised by Georgica Associates in this transaction.

Michael Sadlon  
Secretary

**Further comment:**

**Futuris:**

**Les Wozniczka**  
Chief Executive  
61 8 8425 4999

**JPMP:**

**James Tonkin**  
Managing Director, Gavin Anderson & Co.  
61 413 432 775

**Further information:**

Don Murchland  
Investor Relations Manager, Futuris Corporation  
Tel: 0439 300 932