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Steyr-Daimler-Puch AG - Archived 5/2001

Outlook

- In November 1998, Steyr-Daimler-Puch Spezialfahrzeug AG was put on the block
- Potential buyers include Rheinmetall and Krauss-Maffei of Germany
- Steyr-Daimler-Puch is being acquired by a consortium that is largely Austrian



Headquarters

Steyr-Daimler-Puch AG
PO Box 62
A-1010 Vienna Austria
Telephone: (43 1) 53 14 40
Web Site: <http://www.steyr.com>

Steyr-Daimler-Puch AG is the largest and oldest industrial firm in Austria. The firm was founded in 1864 and took its present form after World War II through growth and a series of mergers. Josef Werndl founded the primary predecessor of Steyr-Daimler-Puch AG, known as Josef und Franz Werndl & Companie, for the manufacture of firearms in 1864. Ferdinand Mannlicher, an engineer working for the firm, designed the first repeating rifle in 1886. Steyr Mannlicher rifle designs subsequently earned fame throughout the world.

The first automobile manufactured by Steyr was introduced in 1920. The Steyr firm merged in 1934 with Daimler-Puch; thereafter the company was known as Steyr-Daimler-Puch. Two years after the end of World War II, Steyr added trucks and farm equipment to the product range. By the end of the 1950s, the firm had begun production of tracked vehicles.

In mid-1998 a controlling interest (66.8 percent) of Steyr-Daimler-Puch AG was purchased by the Canadian company Magna International Inc, formerly a major shareholder. Magna designs, develops and manufactures automotive systems, assemblies and components and engineers and assembles complete vehicles, primarily for sale to original equipment manufacturers of cars and light trucks in North America, Europe, Mexico and South America.

Under its current owners, Steyr-Daimler-Puch is engaged primarily in the manufacture of vehicles and components for motor vehicles. A very small percent of Steyr-Daimler-Puch is focused on the military vehicle business through production, overhaul services and logistic support. The company also possesses automobile distributorships, automobile service and repair centers, foundries and machinery units.

Products of Steyr-Daimler-Puch include trucks, agriculture tractors, armored vehicles, buses, and powertrain equipment for vehicles. Apart from its production plants in Austria, the company has an extensive network of sales outlets and service points in Austria and abroad.

Structure and Personnel

Executive Board

Prof. Dipl.Ing. Dr. Rudolf Streicher
Chairman

Dipl.Ing. Rudolf Aita
Director
Dkfm. Dr. Alfred G. Koch
Director

Supervisory Board

Dr. Erich Hampel
Chairman
KR Herbert Lugmayr

Deputy Chairman
Dr. Adolph Bayer
Dr. Alarich Fenyves
Prof. DDr. Ernst Fiala
Ing. Dkfm. Vinzenz Hübl
Helmut Jell
Prof. Dr. Christian Nowotny
Dkfm. Dr. Claus J. Raidl
Hans Reisetbauer

Product Area

The Steyr-Daimler-Puch Group is an engineering, manufacturing and service group specializing in vehicles and firearms. The company manages its major business as follows (operations are wholly owned unless otherwise indicated by a percentage share of ownership):

- 1 Steyr-Daimler-Puch AG
 - 1.1 Steyr-Daimler-Puch Fahrzeugtechnik AG & Co KG (50%)
 - 1.1.1 Eurostar Automobilwerk GmbH & Co (50%)
 - 1.2 Steyr-Daimler-Puch Spezialfahrzeug AG & Co KG
 - 1.3 Steyr Mannlicher AG & Co KG

- 1.3.1 Suhler Jagd- und Sportwaffen GmbH (51%)
- 1.4 Steyr-Automobil-Vertriebs-GmbH

Within the Group, Steyr-Daimler-Puch Fahrzeugtechnik produces utility motor vehicles, and specializes in engineering and components for the same; Steyr-Daimler-Puch Spezialfahrzeug develops military vehicle technology; Steyr Mannlicher produces military and commercial rifles; and Steyr-Automobil-Vertriebs-GmbH and a few listed subsidiaries distribute passenger vehicles and small trucks in Austria under the Fiat and Lancia trademarks, while servicing and repairing the same.

Facilities

Only defense-related facilities are detailed below:

Steyr-Daimler-Puch AG, PO Box 62, A-1010 Vienna, Austria. Telephone: (43 1) 531 44 27 00. Steyr-Daimler-Puch's administrative and operational headquarters is located in Vienna at this address.

Steyr-Daimler-Puch Fahrzeugtechnik AG & Co KG, Liebenauer Hauptstrasse 317, PO Box 823, A-8011 Graz, Austria. This facility manufactures the Pinzgauer light truck.

Steyr-Daimler-Puch Spezialfahrzeug AG & Co KG, 2 Haidequerstrasse 3, PO Box 100, A-1111 Vienna, Austria. Web Site: <http://www.ssf.steyr.com> This operation produces wheeled and tracked armored vehicles.

Steyr Mannlicher AG & Co KG, Mannlicher Str 1, PO Box 1000, A-4400 Steyr, Austria. Mannlicher produces small arms, automatic and sniper rifles, light machine guns and hunting/sporting rifles.

Corporate Overview

Through the Steyr-Daimler-Puch Spezialfahrzeug subsidiary, the company produces light armored vehicles for use in the Austrian Federal Army as well as other armed forces worldwide. Yet, the company is involved in the production of motor vehicles of almost all classes and sizes in both commercial and military configurations. In addition, the firm produces military and sporting rifles.

New Products and Services

Kampfschuetzenpanzer 90. This is a tracked infantry fighting vehicle. This vehicle is being developed and

will be serially manufactured by the contracting team of Steyr-Daimler-Puch and Santa Barbara SA, Madrid, Spain. A joint venture company has been set up to issue contracts for international marketing. This firm is called ASCOD, with offices in Madrid, Spain. The major subcontractors include Empresa Nacional de Autocamiones SA-Pegaso, Empresa Nacional de Optica SA, INISEL/Equipos Eletronicos SA, Motoren -und Turbinen Union and Renk. The detail design of the base version of the Kampfschuetzenpanzer 90 is essentially complete, as is the fabrication of the first two prototypes. In early 1994, the vehicle was selected by

Spain to fill the Vehiculo de Combat de La Infanteria requirement. In March 1996, Spain placed an order for 144 of the vehicles, becoming the first production customer for the joint project between Santa Barbara and Steyr-Daimler-Puch. The contract is worth an estimated \$330 million and covers 123 fighting vehicles and 21 command vehicles; both will be designated Pizarro in Spanish Army service. The vehicles will be produced in Spain at Santa Barbara's Trubia plant. Austria is expected to order this vehicle in the near future.

Pandur. This is a wheeled armored vehicle family. The Pandur is being developed and manufactured by Steyr-Daimler-Puch. The Allison Transmission Division of General Motors Corporation and Zahnradfabrik Friedrichshafen are major subcontractors. In 1995, Austria ordered 68 vehicles worth Sch530 million.

As of late 1996, the production of the Pandur program was ongoing to address the initial Austrian order. Since these 68 vehicles are destined for Austria's United Nations-related operations, the Pandur is fairly certain to receive a significant exposure worldwide. This exposure is expected to result in at least two additional orders for the vehicle from the Austrian prime contractor in the outyears.

Plant Expansion/Organization Update

New Majority Owner. In January 1998, Magna International Inc signed a basic agreement with Creditanstalt AG to take over its 66.8 percent stake of Steyr-Daimler-Puch AG, including the 50 percent share of Steyr-Daimler-Puch Fahrzeugtechnik AG & Co KG. Steyr is seen as an ideal complement to the product range of Magna International, one of the leading sub-suppliers of the automotive industry worldwide. The deal was completed in June 1998.

Structural Changes. In 1996, Steyr converted Steyr-Daimler-Puch Fahrzeugtechnik AG, Steyr-Daimler-Puch Spezialfahrzeug AG and Steyr Mannlicher AG into limited partnership corporations (& Co KG).

Steyr Maschinenbau GmbH Absorbed. In January 1994, Steyr Maschinenbau GmbH was absorbed into Steyr-Daimler-Puch Spezialfahrzeug AG, the military vehicle arm of the company. The company stated that the merger was due to the strong interdependence between the two companies and the fact that they both occupied the same production site.

Mergers/Acquisitions/Divestitures

AFV Unit Up for Sale. In November 1998, Steyr-Daimler-Puch Spezialfahrzeug AG was put on the block. The move to sell the unit came shortly after new

owners, Magna International, took a controlling stake in the Austrian armored fighting vehicle manufacturer. Four potential bidders have emerged for the unit: the first is a management buyout which would allow the company to remain Austrian; second is Krauss-Maffei of Germany (which was recently merged with Wegmann); third is Germany's Rheinmetall which also owns MaK; and finally, US-based General Dynamics which has expressed an interest in the operation.

New Majority Owner. As mentioned above, in January 1998, Magna International Inc signed a basic agreement with Creditanstalt AG to take over its 66.8 percent stake of Steyr-Daimler-Puch AG and all of its 50 percent interest in Steyr-Daimler-Puch Fahrzeugtechnik AG and Co KG. The Canada-based Magna International designs, develops and manufactures automotive systems, assemblies and components primarily for sale to original equipment manufacturers of cars and light trucks in North America, Mexico and Europe. The deal closed in June 1998. The purchase price, approximately Cdn \$438 million, was paid entirely in cash.

Teaming/Competition/Joint Ventures

Armored Ground Mobility System. In early 1999, AV Technology, a General Dynamics company, was awarded a \$51 million AGMS contract from the US Army Tacom calling for the manufacture of Pandur 6x6 vehicles at AV's Missouri facility. The AGMS (Armored Ground Mobility System) contract team consists of General Dynamics Land Systems and Steyr-Daimler-Puch Spezialfahrzeug, along with AV Technology, which is also producing the Pandur for the Kuwait National Guard.

Daewoo. In August 1995, Steyr and Daewoo Heavy Industries of Korea became majority owners of Czech Republic military and civilian truck maker Avia Praha of Prague. The two companies had formed a consortium to buy Avia in 1994 when the Czech Privatization Ministry offered the state's 34 percent share of Avia for sale. Daewoo's buy of Avia is part of an overall move into the European automotive market. For Steyr, the purchase helps to secure a low-cost source of truck engines.

ASCOD. The Austrian-Spanish Cooperative Development (ASCOD) is an international marketing joint venture between Steyr-Daimler-Puch and Spain's Santa Barbara. ASCOD issues contracts and markets the Kampfschützenpanzer 90 (a.k.a. Pizarro). Offices are located in Vienna, Austria, and Madrid, Spain.

Chrysler. In October 1993, Steyr-Daimler-Puch Fahrzeugtechnik signed a contract with Chrysler Corporation on the development of a right-hand-drive

version of the Jeep Cherokee. Production of this model began in October 1994.

Volkswagen AG. The production of the Volkswagen four-wheel-drive Syncro transporter (T3 machine) ceased in 1991, through collaboration on other vehicle projects.

Mercedes-Benz AG. Mercedes-Benz G (Geländewagen) cross-country vehicles are manufactured under license by Steyr-Daimler-Puch Fahrzeugtechnik.

Fiat SpA. The Fiat Panda, a successful compact auto currently selling in Europe, will be developed into a 4x4 military variant. The basic Panda chassis will be used in the military vehicle, which will be codeveloped with Steyr-Daimler-Puch AG of Austria. The Italian military has ordered 15,000 examples of the new 4x4. The 4x4 military Panda will also be offered in a civil version, which will compete with the equivalent civilian vehicles such as the Suzuki Samurai mini-jeep. Steyr-Daimler-Puch also functions as a licensed Austrian importer of Fiat and Lancia passenger vehicles.

MAN AG. MAN Nutzfahrzeuge AG acquired 80 percent of the share capital of Steyr Nutzfahrzeuge AG (SNF),

the truck division of Steyr-Daimler-Puch AG of Austria. SNF was formerly a separate company under the ownership of Steyr-Daimler-Puch AG, which retains a 20 percent balance of the share capital. Steyr Nutzfahrzeuge continues to market Steyr products. The Austrian firm is also involved in the manufacture of parts and components for MAN, as well as assembly of MAN M 90 Series trucks.

Hellenic Vehicle Industry/Steyr-Hellas. Hellenic Vehicle Industry, Athens, Greece, has been manufacturing Steyr 14M14 (4x4) 8,000 kilogram trucks. The Steyr 680 M3 (6x6) 3,500 kilogram truck is also being produced at Steyr-Hellas SA, in Thessaloniki Greece. Earlier, the same Greek company had produced Steyr 680 M (4x4) 4,500 kilogram trucks.

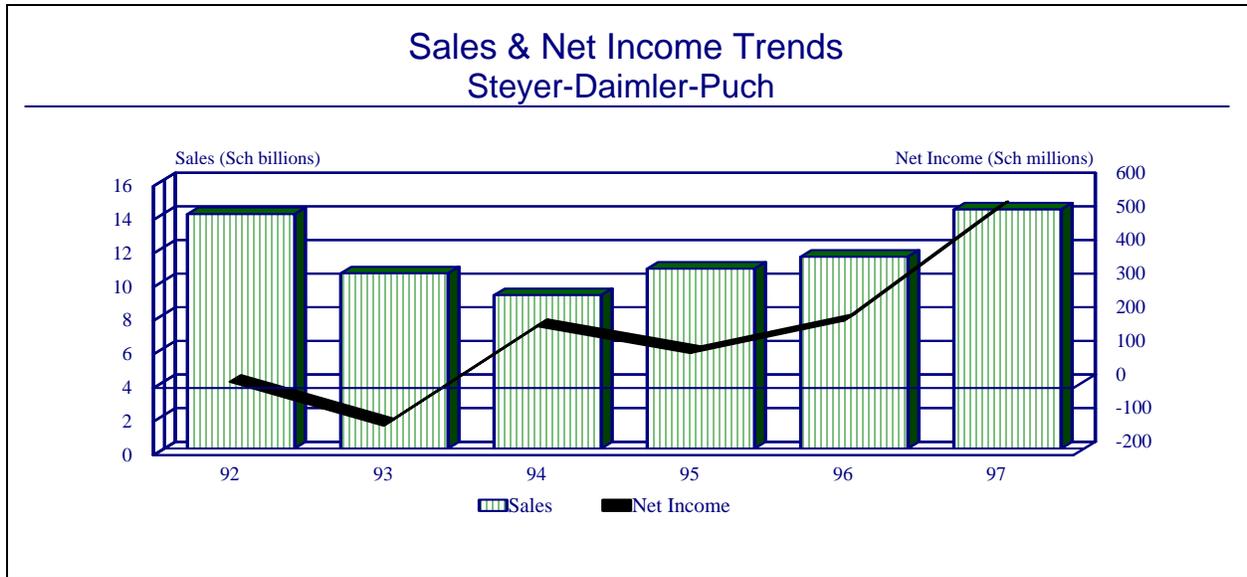
PRC Production. China is not only licensed to produce the Steyr 1291.280.4x4M (6,000 kilogram) truck, but is also manufacturing Steyr 1491.6x6M (10,700 kilogram) trucks.

Canadian Assembly. In 1988, the Canadian Urban Transportation Department reached a \$20 million agreement with Steyr for licensed production of heavy trucks.

Financial Results/Corporate Statistics

The Steyr-Daimler-Puch group reported turnover of Sch14.2 billion in 1997, compared to Sch11.4 billion in 1996. The company posted profit of Sch535 million for 1997, compared to Sch200 million in 1996. Latest year statistics are provided below. Following its acquisition by Magna, annual results have been unavailable. The US dollar figure in millions is translated as a 1997 average at the rate of US\$1 = Sch12.204.

Y/E December 31	1993	1994	1995	1996	1997	1997
(Sch millions)						US\$
Net Sales	10415	9119	10696	11401	14216	1165
Net Income	-112	184	104	200	535	44
R&D Expenditures	536	626	761	1187	1527	125



Note: Figures from 1992 are shown in the above graph to provide further comparison.

Industry Segments

A breakdown of Steyr-Daimler-Puch group's sales by major subsidiary company for 1993 - 1997 is given below.

SALES	1993	1994	1995	1996	1997
(Sch millions)					
Steyr-Daimler-Puch AG	2680	2588	3148	3774	3430
Steyr-Daimler-Puch Fahrzeugtechnik AG & Co. KG	3767	3439	4227	4843	7839
Steyr-Daimler-Puch Spezialfahrzeug AG & Co. KG	1244	504	467	925	1233
Steyr Landmaschinentechnik GmbH	1779	1525	1755	-	-
Steyr Maschinenbau GmbH	143	-	-	-	-
Steyr Mannlicher AG & Co. KG	327	264	219	202	244
Steyr Motorenteknik GmbH	12	51	71	130	107
Steyr-Automobil-Vertriebs-AG	2211	2614	2910	3278	3159
Steyr-Daimler-Puch (Schweiz) AG	228	196	210	198	183
Deutsche Steyr-Daimler-Puch GmbH	284	315	311	402	4
Suhler Jagd -und Sportwaffen GmbH	-	83	92	77	59
Other domestic companies	24	22	14	17	28
Eliminations	-2284	-2481	-2728	-2444	-2070
TOTAL	10415	9120	10696	11402	14216

Strategic Outlook

Steyr-Daimler-Puch Spezialfahrzeug AG, the only manufacturer of armored fighting vehicles in Austria, has been put up for sale. Its parent company, MAGNA Group, no longer wants to be involved in the defense industry.

apparently began the process of purchasing Steyr-Daimler-Puch Spezialfahrzeug. The ease with which the sale is being completed is virtual assurance that this change of hands will not affect the company's programs.

Following the company's late 1998 announcement to sell its AFV operations, a consortium of Austrian firms

Prime Award Summary

Information unavailable.

Program Activity

Business Interests. Steyr-Daimler-Puch AG is involved in the design, development, production, and/or provision of the following goods and services:

- Medium and heavy commercial vehicles
- Cross-country vehicles and four-wheel-drive transporters
- Parts and assemblies for Fiat and Lancia passenger cars
- Vehicle parts and assembly components for commercial vehicles
- Distribution, service and repair facilities for Fiat and Lancia
- Tractors and agriculture machinery
- Firearms for sporting and military/law enforcement applications
- Miscellaneous military equipment

Steyr-Daimler-Puch Fahrzeugtechnik

Steyr-Daimler-Puch Fahrzeugtechnik is involved primarily in assembly of high-mobility vehicles. These include the Steyr-designed Pinzgauer series of 1,500 kilogram (4x4) and 2,000 kilogram (6x6) trucks, which can be employed for carrying personnel, shelters and weapons, and are a point of focus for this particular business unit. Also of great importance is production of the successful Mercedes-Benz "G" and the Puch "G" all-terrain vehicles. The division does continue production of the Audi V8L (extended version).

Fahrzeugtechnik trucks include the 3,500 kilogram 6x6 680 M3; the 5,000 kilogram 4x4 12 M 18 and 12 M 21; the 6,000 kilogram 291.280.4x4M; the 8,000 kilogram 4x4 14M14; and the 10,700 kilogram 1491.6x6M. The company also produces tank transporters such as Steyr 1491.330.S34/6x6 and 3891/6x6 tractor trucks. The company is now offering the new "Noriker," which is a 4x4 light all-terrain vehicle available in 1,500 kilogram and 2,000 kilogram versions.

Fahrzeugtechnik also manufactures motor vehicles such as mopeds and the Häflinger all-terrain light vehicles. Prior to the close of production, the 700 AP (4x4) 555 kilogram Häflinger Light Vehicles had been sold to Indonesia, Italy, Nigeria, Sweden, and Switzerland. Within the two Graz units, Steyr-Daimler-Puch has a complete automobile manufacturing capability. This includes surface treatment, assembly, product design, machining, toolmaking, plastic molding, casting,

cutting, electrical cabling, welding, dipping, priming and painting. The company makes many vehicle parts and components, specializing in transfer cases, viscous couplings, front and rear axle differentials and axles themselves. These powertrain programs focus on the "hang-on systems" business to make conversion of series vehicles into all-wheel-drive vehicles. The engineering business line of the division supports development of all-wheel-drive conversions for such companies as Volkswagen, Fiat, Opel, and Chrysler.

Steyr-Daimler-Puch Spezialfahrzeug

Steyr-Daimler-Puch Spezialfahrzeug deals with armored military vehicles programs. The company's armored recovery vehicle, known as Greif, 4K 7FA, is in service with Austrian Armed Forces also has been exported to Argentina, Bolivia, Morocco and Nigeria. Further development of the same, known as 4KH 7DA-AVE, has been produced for Austrian Armed Forces. Recent activities include modernization and overhaul of vehicles for the Austrian Armed Forces. Specific products of this subsidiary are detailed below.

4K 7FA G127

This is a family of tracked vehicles for transport of personnel, command and control, ambulance use, transport of weapons, mortar carrier and multiple rocket launcher mounting. The production of the 4K 7FA G127 and its variants is presently dormant in Austria but can be resumed if new orders are received. The license-production program in Greece is also dormant following the completion of the latest order. The vehicle is in service with several export nations. A total of 692 4K 7FA G127 vehicles have been manufactured by all sources.

Jagdpanzer Sk 05

This light tank/tank destroyer was developed and is manufactured by Steyr-Daimler-Puch AG. This vehicle, nicknamed Kürassier, was developed in the mid-1960s by the old Saurer Werke, which was taken over in 1970 by Steyr-Daimler-Puch. The vehicle is based on a redesigned Saurer armored personnel carrier chassis. The serial manufacture of the tank is dormant but available for new orders; development continues.

Steyr Mannlicher

Steyr Mannlicher designs, develops and manufactures small arms and rifles. The major products of this group are the Steyr Arme Universal Gewehr (AUG) automatic weapon system and light support weapon, the Steyr Sniping Rifle (SSG), the Steyr UIT competition rifles designated UITs, and the Steyr-Match pistol. The unit also produces several models of sporting rifles and police guns.

Steyr Motorentechnik GmbH

Steyr Motorentechnik is the division responsible for the development and manufacture of engines. The current M 16 TCAM and M 1 motors are employed in both marine and land applications. Planned further development work of the M-1 for light commercial and all-terrain vehicles is progressing.

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