



Agenda

(source: Statement of the Institution of world Economics at the Kiel University)

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50 years. Still going strong. Stronger than ever. According to 2014 goal vs. actual, ESG has continued to outpace itself. So what can I do to help? Purpose of this document is to explain why and how I will expand ESG Germany and continue growing ESG Automotive in its homeland. As all successful companies where expansion is inevitable, my goal is to help broaden ESG's search into other engineering fields such as civil, medical, etc. I've already begun learning German for my October trip to ExpoReal, as the city of Detroit has formally requested me to roll the red carpet for any international investor interested in Detroit. If mayor Duggan has taken a gamble on sending me, I want to prove my worth as a valuable asset to ESG.



1 Automotive Industry in Germany

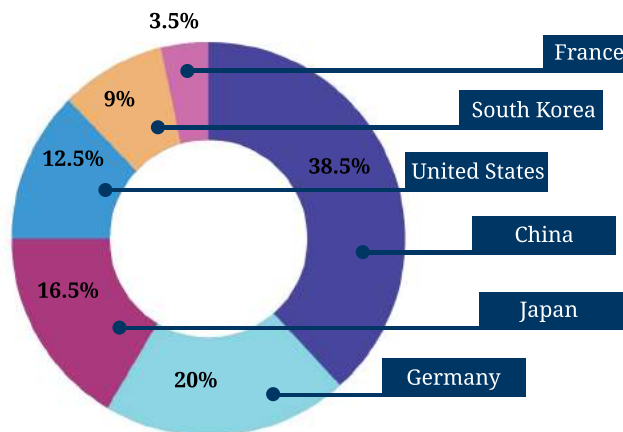
1.1 German sales figures compared to other nations

The world sales figures of the automotive business is still growing (~4% in 2014 and 2015) but recently most of the sales are made in China and India. Big losses in sales are seen in France and Italy (-42%; -29% in 2007- 2013).

Although it seems that the sales are decreasing in Europe and increasing in Asia, Germany's production volume remains consistently successful

Even better, the Euler Hermes special report on economic outlook is expecting a growth in the German automotive market of 3% for 2014 - 2015. The German export ratio in this business is approximately 77% on a long-time high and more component suppliers than ever are shifting towards the international market for a multitude of reasons.

For example, 20% of the Chinese automotive market shares are owned by German manufacturers.



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1.2 Germans spending in innovation

Another important aspect of a competitive company for any kind of technological invention is the quality of life within the workforce and spending in research and development. The business with the biggest spending on research and development in Germany is the automotive industry with around €27 billion. Furthermore, 93,000 employees are working in the field of research and development and around 10 patents are filed each day. Not only that, 56.9% of innovative activities of manufacturing firms in Germany are engaged in in-house R&D but also 21.2% are contracted-out (external) R&D.

1.3 Risks

To summarize the points mentioned above, the German automotive market is very sustainable due to the continuous growth, even during times of recession and depression in European countries. Not only because of the fact that German manufacturers are exporting most of their goods and therefore scatter their risks on the global market but also their spending in innovations always helps them create highly demanded technologic goods and services.

The image below shows the overall risks in the automotive sector





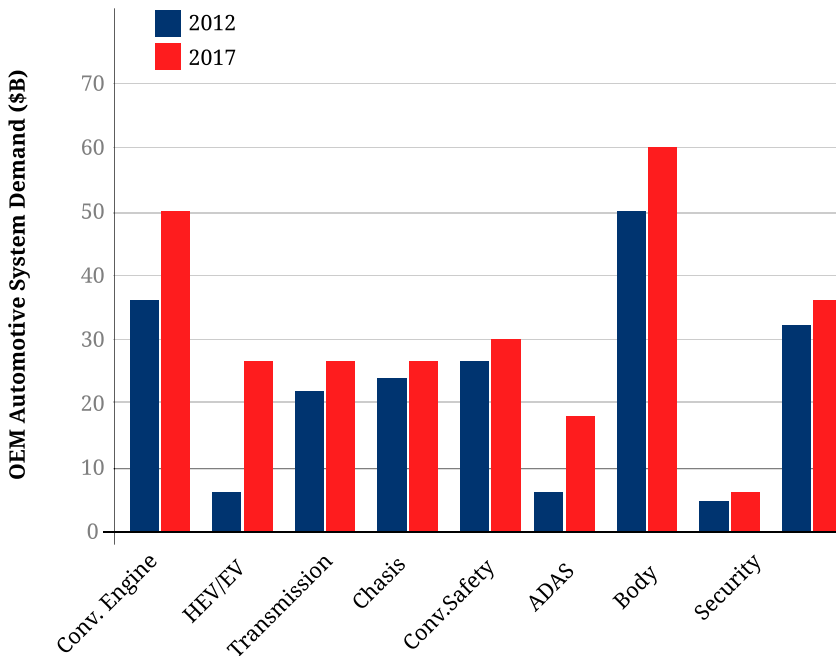
2 ESG

2.1 Spectrum of Service

With our headquarters in Furstenfeldbruck, ESG Elektroniksystem- und Logistik-GmbH has an excellent location for the distribution of automotive systems of all kinds. As seen in the Image of 1.3, Germany is one of the few countries in Europe which has a good outlook in the automotive section. The following stand out as some of the most important services ESG Automotive have for future changes in the German market.

2.1.1 Advanced Driver Assistance Systems & Embedded Software

Today, many cars are equipped with ADAS like automatic parking, blind spot monitor and adaptive cruise control. While these achievements are good, the future has huge potential outlook on the growing demand of said systems. Together with HEV/EV, ADAS is one of the fastest growing areas of automotive electronics according to A3PS' strategy analytics data.



As seen, the demand of conventional engines and the body is still the biggest one of original equipment manufacturer, and the demand of ADAS and HEV/ EV shows a growth of around 300%! This chart also includes the next service provided by ESG Automotive with an increasingly potential future.

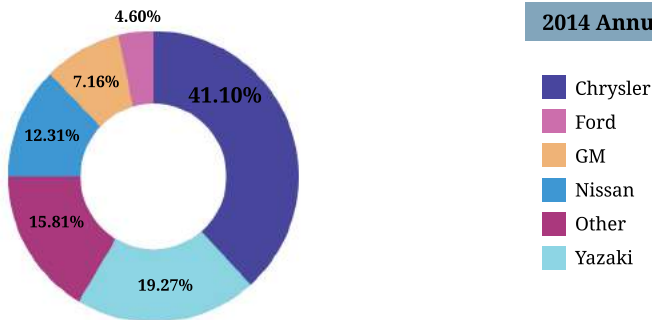
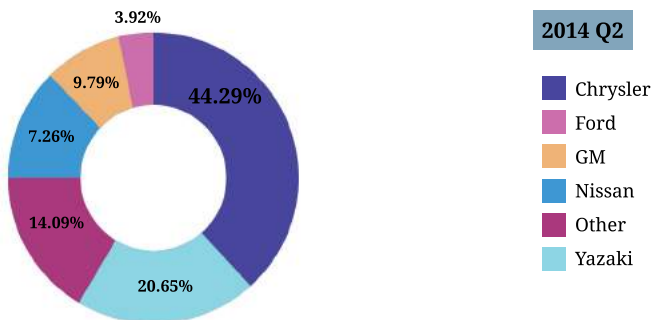


2.1.2 eMobility

As seen in the chart above, not only does ADAS have a growing demand on the automotive market, but Electric Vehicles (EV) and especially Hybrid Electric Vehicles (HEV) demand exponential investments over recent years. The German government has projected 1 million electric vehicles on the road by the end of 2020. To achieve this goal many changes were and are necessary. One step the German government took was to repeal the automobile tax for the next 10 years on electric vehicles if they are bought before the end of 2015. According to analysts of ABIresearch®, the number of electric vehicles will increase from 150,000 (2013) to 2.36 million (2020). Furthermore, due to heavy air pollution, the biggest market is located in Asia.

2.2 Customers

Another big aspect of the success of ESG concurrent with providing future-oriented services is the spending power of our customers. Looking into our future plans and past activities will provide information about the outlook of ESG Automotive as well. The following charts show the sales by customer of ESG Automotive and our decisions in 2014.



The sales made to Nissan increased the most in 2 quarters (+5.05%) followed by GM (+1.72%). Whereby the sales to Chrysler decreased by 3.19%.

2.2.1 Nissan 2014 was a weak year for the Japanese Yen, from which the domestic automotive industry has benefited most. In the third quarter, Nissans profit increased by 20.8% compared to the year before. This and the American Car-Boom of 2014 led to higher sales of one of ESG's customers.



This will lead to the conclusion that with the increase in the value of the Dollar with which the parity of Dollar and Euro are possible in a near future will lead to higher sales on the European market for automotive goods. Due to the already shown low risk in the automotive industry in Germany and the high export ratio, the possibility of more investments coming from America is big.

2.2.2 GM

ESG Automotive also highlights slightly increased sales figures for GM. In 2014, GM's worldwide sold vehicles increased from 9,722,000 (2013) to 9,925,000 (2014). In 2014, GMNA and GMIO together sold 500,000 more vehicles than the year before, according to their annual report. Sales figures show that the profit in 2014 increased by around 2% compared to 2013 although faulty ignition locks led to a product recall of 2.6 million vehicles with a looming scandal for GM. GM CEO Mary Barra is expecting a rise in profits in 2015 which as well shows how good GM is reacting during a most dire situation.

3 Conclusion

As stated before, ESG Automotive not only has an excellent foundation in Germany, with the low risks for the automotive business and with many companies contracting R&D out to design new technologies for their automobiles in important future markets such as China, we also have reliable customers who show sustainability even during hard times. Important to note the fact that the value of the American Dollar increasing against the Euro will lead to higher investment in German automotive companies with their state-of-the-art quality in engineering and the German government forcing the popularity of HEV and EV with low taxes and other future infrastructure plans until 2020. ESG Automotive's outlook in innovations and offered services is a very good one. ESG differentiates ourselves from contractors and staffing agencies by creating a relationship with companies with employees for project duration, not a constant time. ESG's potential customers at times may neglect to understand or refuse to believe our intent at first, and I want to make it my priority to differentiate ourselves from "contractors," and increase our family internationall