

IHS Automotive

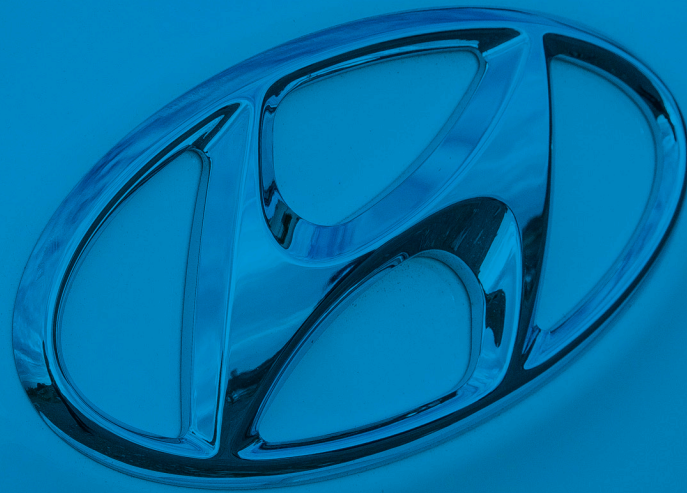
Supplying the OEMs

SupplierBusiness

Supplying Hyundai-Kia

2014 edition

supplierbusiness.com



Contents

Overview	6
Global market overview	6
Financial data	6
Hyundai Motor Group financial overview	7
Product strategy	8
Company history and strategy review	8
Major model programmes	9
Hyundai Avante	10
Kia Rio	11
Hyundai Verna.....	13
Hyundai Tucson	15
Hyundai Sonata	17
Kia Sportage	20
Hyundai Santa Fe	21
Kia Optima	23
Kia K3	25
Hyundai i30	26
Vehicle platforms	28
Platform strategy.....	28
Major platforms	29
1. HD - (inc. Hyundai Avante, Elantra, i30, ix35, Tucson; Kia Forte, Cerato, Cee'd, K3, Soul, Sportage).....	29
2. PB – (inc. Hyundai Accent, i20, Veloster; Kia Pride, Rio, Soul, Venga).....	30
3. NF/CM – (inc. Sonata, Santa Fe, Grandeur, i40; Kia Optima, Magentis, K4, K5, K7, Sorento).....	30
4. SA – (Hyundai i10, EON; Kia Morning, Picanto, Ray).....	31
5. AU – (Hyundai Porter; Kia Bongo, K-Series).....	32
6. J2/J3 – (Hyundai Avante, Elantra, Tiburon, Tucson; Kia Cerato, Sportage).....	33
7. TQ – (inc. Hyundai H1, i800, H350, Starex)	34
8. BH – (inc. Hyundai Equus, Genesis; Kia K9, K900, Quoris).....	34
9. GQ – (inc. Hyundai Entourage; Kia Carnival, Sedona)	35
10. FF – (Hyundai Atoz (also Atos), Santro; Kia Visto)	35
Component sharing.....	36
Volume planning	37
Production strategy.....	39
Production strategy overview	39
Manufacturing network.....	40
South Korea	41
United States	43
China	45
Czech Republic and Slovakia	46
Turkey	48

IHS™ Automotive – SupplierBusiness

Principal Author: Julian Buckley

COPYRIGHT NOTICE AND LEGAL DISCLAIMER

© 2014 IHS. No portion of this report may be reproduced, reused, or otherwise distributed in any form without prior written consent, with the exception of any internal client distribution as may be permitted in the license agreement between client and IHS. Content reproduced or redistributed with IHS permission must display IHS legal notices and attributions of authorship. The information contained herein is from sources considered reliable but its accuracy and completeness are not warranted, nor are the opinions and analyses which are based upon it, and to the extent permitted by law, IHS shall not be liable for any errors or omissions or any loss, damage or expense incurred by reliance on information or any statement contained herein. For more information, please contact IHS at customercare@ihs.com, +1 800 IHS CARE (from North American locations), or +44 (0) 1344 328 300 (from outside North America). All products, company names or other marks appearing in this publication are the trademarks and property of IHS or their respective owners.



India	49
Russia	49
Brazil	50
Internal supply network	52
Modularisation strategy.....	53
Supplier parks	54
Cluster of reference	55
Strategies for manufacturing efficiency	56
Purchasing strategy	58
Purchasing strategy overview.....	58
Levels of vertical integration and outsourcing	58
Purchasing organisation.....	59
Purchasing offices.....	59
Key purchasing personnel.....	61
Purchasing budget	61
Supplier selection	62
Supply base development	62
Major and strategic suppliers	62
Supplier evaluation criteria	64
Working with Hyundai Kia	65
North America.....	65
Europe	66
Global sourcing	67
Policy and plans	67
APAC	68
NAFTA	68
EMEA.....	69
LATAM	69
Pricing policy	71
Cost reduction strategies.....	71
Payment terms	71
Raw material price management.....	72
Quality management	74
Quality level	74
Quality management systems.....	74
Supplier integration into product development.....	75
Management of suppliers and sub-suppliers	75
Supplier awards	76
Technology	77
Technological positioning.....	77
Areas of focus	77
R&D spending.....	78
R&D organisation.....	78
Access to supplier technology and process development	80
Approach to alternative fuels, electrification and fuel cells	82
Special vehicle development.....	84

Interview	87
Jürgen Grimm, head of Powertrain Engineering at the Hyundai Motor Europe Technical Center	87
Supplier relationship survey	91
Introduction to the SuRe Index	91
Methodology	91
Executive summary	91
Performance review – Hyundai Kia	92
2014 SuRe survey results.....	93
Top of the ranking: Trust and future potential drive harmony.....	93
Middle of the ranking: OEMs push cost reduction	93
Bottom ranking: Cost overrules quality.....	94
Profit potential	95
Organization.....	96
Trust.....	96
Pursuit of excellence	96
Outlook	96
SuRe by region.....	97
North America	98
Europe	98
SuRe by company size	99
SWOT analysis – Hyundai Kia.....	100
Global footprint	101
Forward model programme.....	103
HYUNDAI	104
KIA	104
Hyundai Kia Vehicle Line-up by Brand/Global Nameplate	105
Major suppliers	117
Models.....	117

Figures

Figure 1: Global light vehicle sales, 2007–2013	6
Figure 2: The Pony was the first model developed internally by Hyundai	9
Figure 3: The Hyundai Avante shares its exterior styling with the Elantra.....	11
Figure 4: The Kia Rio 1.1 CRDi is capable of achieving 85g of CO₂ per kilometre.....	13
Figure 5: The latest Hyundai Accent is only available as either a saloon or five-door hatchback	15
Figure 6: A replacement for the second-gen Hyundai Tucson (pictured) is expected in 2015-'16	16
Figure 7: The VF Sonata was the pinnacle of Fluidic Sculpture design	18
Figure 8: The latest Hyundai Sonata is considered a full-size model in North America	19
Figure 9: The third-generation Kia Sportage was styled by former Audi designer Peter Schreyer.....	21
Figure 10: The tapering rear window design identifies this as the 2014 Hyundai Santa Fe Sport	22
Figure 11: The third-gen Kia Optima (pictured) could be replaced with a new model over 2015	24
Figure 12: Kia launched the first diesel version of the K3 in South Korea in 2013, using the 1.6-litre CRDi engine.....	25
Figure 13: Hyundai introduced the second-gen i30 in 2012	26
Figure 14: Hyundai launched the second-gen i10 in late 2013	32
Figure 15: The Kia K2700, pictured with a flatbed, is based on the AU platform	33
Figure 16: The rooftop photovoltaic array at the Hyundai Asan plant is described as the largest in South	

Korea 42

Figure 17: The assembly line at Hyundai Motor Manufacturing Alabama 44

Figure 18: Artist’s impression of third Kia plant in China – SOP production is scheduled for 2014..... 46

Figure 19: Kia Sportage leaving the assembly line at the plant in Zilina, Slovakia 47

Figure 20: The new i10 will make up most of the output at the Hyundai plant in Izmit, Turkey 48

Figure 21: Celebration of the 500,000th car produced at Hyundai Motors Russia, a Solaris saloon 50

Figure 22: Launch of the Brazil-only HB20 hatchback..... 51

Figure 23: The Namyang R&D centre 79

Figure 24: Hyundai America Technical Center in Ann Arbor, Michigan 80

Figure 25: Diagram of the diesel-electric Kia Optima T-Hybrid, unveiled at the 2014 Paris motor show..... 83

Figure 26: The Hyundai ix35 Fuel Cell in London 84

Figure 27: Gesture-based control technologies in the HCD-14 Genesis concept allow the interior to be decluttered 85

Figure 28: The Intrado (HED-9) concept was unveiled at the 2013 Geneva motor show 85

Figure 29: Unveiled in 2013, the Kia Cross GT concept has a hybrid powertrain and a third row of seating ... 86

Figure 30: SuRe Index – Top of the ranking 93

Figure 31: SuRe Index – Middle of the ranking..... 94

Figure 32: SuRe Index – Bottom of the ranking 95

Figure 33: SuRe Index – North America 98

Figure 34: SuRe Index – Europe 98

Figure 35: SuRe Index – Asia 99

Figure 36: Map for Hyundai Kia global assembly plant locations 101

Figure 37: The Kia GT4 Stinger concept featured carbon fibre wheels 103

Figure 38: Hyundai Kia forward model programme 105

Tables

Table 1: Key financial performance values for Hyundai Motor 6

Table 2: Global vehicle sales (2003–2023) by Strategic Group 8

Table 3: Hyundai Kia Top 10 best-selling models worldwide (by Sales brand, Global nameplate) 2008–2013–2018..... 9

Table 4: North American sales for Hyundai Accent, Kia Rio and segment competitors (2007–2017) 14

Table 5: Sales of the Hyundai Verna (by regional sales nameplates) 2007–2017 15

Table 6: Global sales for Hyundai Tucson, related models and segment competitors (2007–2017)..... 15

Table 7: Global sales for Hyundai Sonata, related models and segment competitors (2007–2017) 20

Table 8: Kia Sportage, Global sales (2010–2017) 21

Table 9: Global sales for Hyundai Santa Fe, related models and segment competitors (2007–2020)..... 23

Table 10: Hyundai Kia Global platform volumes (by Manufacturer group) 2008–2013–2018–2023 29

Table 11: Global sales for Hyundai Sonata, related models and segment competitors (2007–2017) 31

Table 12: Global sales for Hyundai i10, Kia Morning and segment competitors (2007 - 2020) 32

Table 13: North American sales for Hyundai Equus, Kia K900 and segment competitors (2009–2017) 35

Table 14: 2012 Hyundai i30 and Kia Cee’d supplier comparison sheet (from the IHS Who Supplies Whom database) 36

Table 15: Mexico production output (by Production brand) 2012–2017 39

Table 16: Hyundai Kia 2014 Global manufacturing footprint (by Production plant)..... 40

Table 17: PPG products used across Hyundai and Kia production (from the SupplierBusiness Who Supplies Whom database) 63

Table 18: BorgWarner parts used across Hyundai and Kia production (from the SupplierBusiness Who Supplies Whom database)..... 63

Table 19: Hyundai and Kia supplier relations survey performance (2006–2013) 92

Table 20: Automotive sales of SuRe Index survey repondents 99

Table 21: Hyundai-Kia SWOT Analysis 100

Table 22: Hyundai Kia brand production locations (by Country, production plant) 2013–2014 101

Table 23: Major suppliers to Hyundai and Kia (by model) 117