

LAVAL

SEMI-ANNUAL UPDATE

VOLUME 1 / ISSUE 2

BRIGHT FUTURE

Laval continues to pursue long term client contracts and prepares for direct tier Tool sourcing with our clients.

New Clients:

HANWHA

HEXION

ASHLEY INDUSTRIAL MOLDING

Direct Tier:

OLDCASTLE PRECAST

TELJIN/ CSP

FIDELITY



THE PAST 6 MONTHS IN REFLECTION

As the year comes to an end Laval has had our challenges on the political, economic landscapes. US currency keeping our Canadian dollar attractive, raw material prices skyrocketing 20 points with these changes, we are seeing the impact of company growth, customer and supplier relationships are being transformed, we are distancing ourselves from our competitors, We are living in times where pricing has become intense and lowering cost and becoming efficient needs to be the context of our conversations. The Wynne Liberal government has now changed employee, employer relations, these mandates make it increasingly difficult for companies to maintain their employee levels. The Ontario Safety regulations cause us carefully follow the laws or risk punishment.

"No matter how great the talent or efforts, some things just take time. You can't produce a baby in one month by getting nine women pregnant." Warren Buffet

WHERE DOES LAVAL STAND?

We, have experienced an eventful year. Laval has delivered what we promised to our customers and are well positioned to deliver on our plans for the year ahead. That fact distinguishes us, in part considerably, from our competitors. Our sales will reach \$12 million, we are right on track in reaching our sales targets, we are still trying to reduce the overhead costs. The steady stream of new work, steady flow of repairs and our Innovations parts production, including the robot cell, our workforce, remained the same, some moved on to other new adventures and we added some to our Laval family. We like to welcome all new members the past 6 months and encourage you to extend your hospitality in helping them adjust. We still have growth plans to hire 3 more apprentices, 2 more mold makers and 1 new program manager.

For the underperforming portions of our business, we have moved forward on restructuring and updated business plans. The first successes can already be seen.

We have noticeably improved our customer service and project management quality with dedicated structure and our quest to substantially reduced project-related net costs.



Our continued focus on new potential customers and customer loyalty is proving effective.

We have been successful at increasing our customer satisfaction, we continue to meet shorter lead times, regularly make on time tryouts, effective vacuum systems and the tools are going into first tryout complete!

LAVAL is still dedicated to developing our company culture. We need to increase our team spirit and develop personal responsibility – the ownership culture needs to be embraced, it will make your experiences here more meaningful and your work quality top notch.

Together we are constantly building a New LAVAL Image. Removing legacy obstacles to pave way for a brighter future.

Our continued participation by Laval and its employees in our United Way program have been comparable to other organizations 10 times our size. We ask again for you to consider joining your fellow contributors and create even a larger impact on those less fortunate than us. This turnaround is a key task for management.

We look to the future with confidence and a clear focus. This is a result of hard work and structural changes. It is all about the willingness and the ability to change and proactively adapt to the new situations, engage with increasingly fierce domestic and international competition.

As we move forward, we can't always please everyone. But in all our considerations, we always give priority to LAVAL. And in doing so our business will continue to grow even stronger.

THE NEXT CHAPTER

Furthermore, we have invested in our Innovations department, with the purchase of a new Boiler system. The moldmakers bay will receive a restructure with the addition of a new floor layout that includes a new crane and new saw. The main truck bay will also be receiving a new crane upgrade to replace the old and tired crane. CNC Department, is in negotiations for a new gundrill that will best accommodate the needs of our company. A potential upgrade to the depo mill is also in talks.

Sales and marketing dollars have also been spent to assist in developing new markets, customers and improving productivity. Proudly, we intend to invest around \$2.3 million in the plant and equipment, where we encourage our employees to actively participate in pushing our newly acquired technologies to their fullest, invite suppliers to participate in making our machines operate at the efficiencies they were designed for. We continually invest in research and development. These projects sometimes long and drawn out, allows us to be at the forefront of emerging material technologies as well as being a part of the new direction of automobile parts manufacturing. In addition, we will invest in sales, with new marketing materials, company branding and the design and launch of a new website.

THANK YOU

With this focus in mind, together we all have our eyes firmly focused on the goals of our company, our customers and each other. It gives me great pleasure to inform the employees they will receive a discretionary bonus, one we feel is well earned and deserved, one year ago we communicated the concept of employee participation, indicating how our employees directly participate in the company's profits with forethought, consistency and dedicated hard work, today we are showing you your efforts have not gone unnoticed.

Sincerely

Jonathon Azzopardi
President