



Central Europe Supply Chain



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Agenda



1. Central Europe – Supply Chain Approach
2. Production facility optimisation
3. World Class Operating Productivity
4. Industrial Capital Investment management
5. Procurement Savings
6. Quality and Food Safety
7. Environmental health and safety
8. Employee training and education

Supply Chain Modus Operandi



BEST & LOWEST COST PRODUCER & DELIVERER

- Rationalise (footprint) breweries & warehouses
- Gradually go for world class operating productivity
- Procurement saving programs – value engineering
- Sharing best practices + permanent benchmarking on all key processes



Supply Chain Approach

- Optimum number of Production and Warehouse sites with a prioritized investment approach (Footprint).
- Sharing Best Practices and permanent benchmarking to lead Continuous Improvement in;
 - World Class Operating productivity
 - Capital Investment Expenditure
 - Procurement saving Program
 - Quality and Food Safety
 - Environment Health and safety (EH&S)
 - Skills and training

Production Site Footprint - 2004



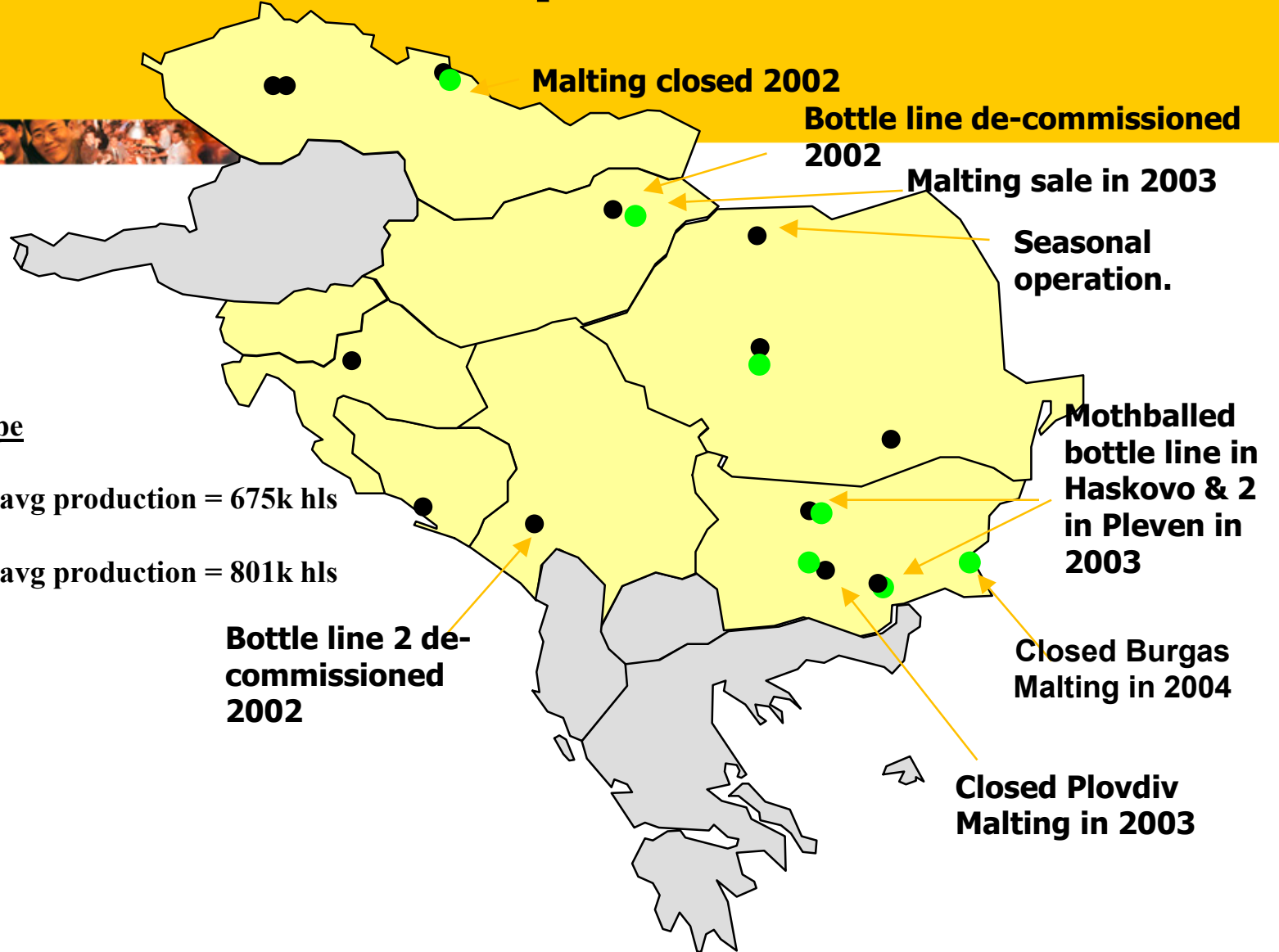
Sites

- Breweries
- Malting

The Supply Landscape

2000 – 14 breweries; avg production = 675k hls

2003 – 13 breweries; avg production = 801k hls



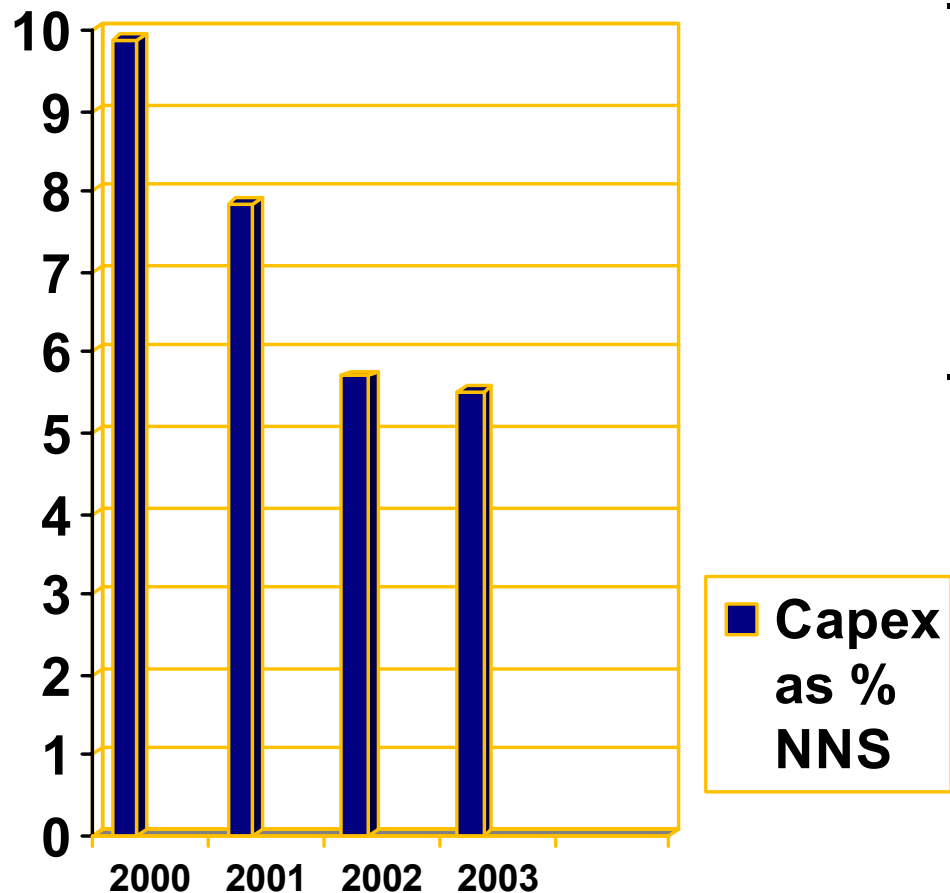
World Class Operating Productivity



Cost and efficiency improvements between 1995 and 2003

- 400% increase in Productivity (HLPMH)
- 110% reduction in water consumption
- 80% reduction in steam consumption
- 25% reduction in product loss
- 26% reduction in electricity consumption

Industrial Capital Investment Management; Investment reduction as percentage of Net sales



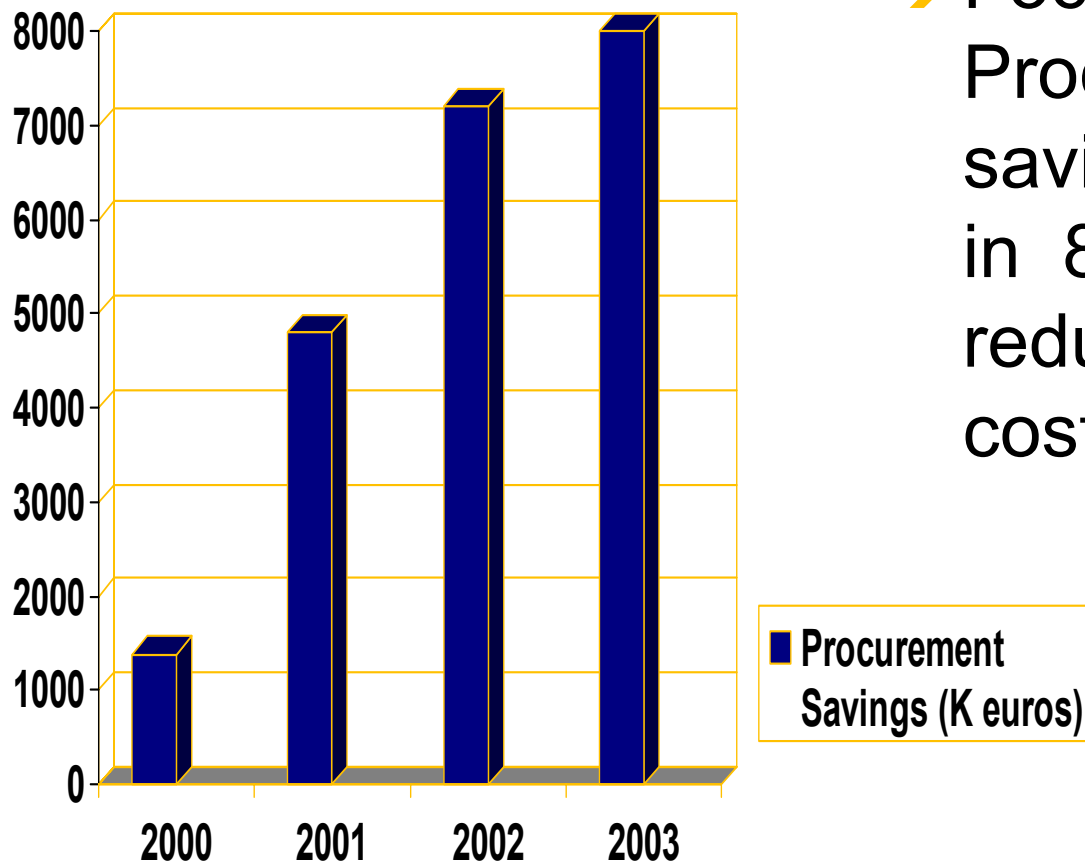
Reduced industrial capital investment by;

- optimizing the use of our Breweries and Depots.
- involving Procurement in the negotiating stage.

Key Capex projects;

- ➔ Pet lines in Hungary, Romania, S&M, Croatia.
- ➔ Brewhouse Hungary

Procurement Savings



→ Focus on Procurement savings has resulted in 8.0 mio Euro reduction of C.E. cost base vs 99.

Quality and Food Safety

“Consumer Comes First”



- Interbrew understands that the “consumer comes first” and there is a need to ensure that we produce a high quality safe product.
- ITW has one of the most comprehensive quality and food safety programs in the food industry.
- All breweries are audited and all beer is sampled and checked on a regular basis for quality and food safety.
- A quality index is used to compare and rate all breweries.
- Based on this index, breweries compete each year for two quality awards(one for best overall and one for most improved).
- This award helps keep quality in the forefront and helps ensure breweries benchmark and continuously improve.

Environment Health and Safety



- In 2001 ITW and C.E. initiated a program to improve EH&S in all the sites.
- By 2004 all C.E. sites will have an environmental program equivalent to ISO 14000 and also have a comprehensive Health and safety program.
- This will position the C.E. sites well to meet future regulatory issues.
- The sites are being audited in 2004 by an external firm (Lloyds Register) to determine if they have met the requirements.
- To-date 10 of the 13 sites have passed the audit and we expect the other 3 to meet the requirements by the end of 2004.

Employee training and education

“Preparing the leaders of tomorrow”



- A 3 year Supply chain management training program was implemented in 2001
- Students from University are hired and put in a training program to become the future Supply chain leaders for tomorrow
- Approximately 2 students/year/country are hired to embark on the training program.
- ITW invests for 2-3 years in each student before they are put into the management stream.
- This program will help ensure a sustained pool of qualified people to lead the company supply chain in the future
- Other Internal management training programs also underway (FLMT (front line management training and SOFB (School of fine brewing).
- Other misc. internal and external training programs are also in place.

Conclusion

'The Future of Supply Chain'



- Through benchmarking, measuring, training and performance management, we will continue the trend of reducing costs and optimizing the Operating sites.
- We recognize the need to continuously improve in quality, food safety and the regulatory environment and have embarked on programs to ensure we do so.
- The continual training and investment in our people will ensure that tomorrow we have the leaders in our company to ensure success in all areas of the Supply Chain.