

Category Road Map 2014-16

- Goals & Priorities -

Goals - Key Figures

- Price avg vs ICIS -10%
- Price agreements -3%
- Volume 60mT
- Order Req. Fulfillm. 95%
- Quality claims 0,01%
- Sustainability 100%

Category Strategies

- Increase competition
- Smarter distribution setup
- Take another step on prices
- Professionalism in supplier relations
- Improve our market knowledge
- Explore non-conventional purchasing
- Excellence in operations in team

Supplier B

COST & VOLUME
Continue the growth to ca 20 kT
Volume/price on 3 grades (Co1, Co2, Ra2)
Revise current commercial conditions

LOGISTIC & AVAILABILITY
Focus on PPCo2 to South Europe
Keep stock of PPRa2 (if Supplier C out)

QUALITY & SUSTAINABILITY
Secure Quality on PPRa2

-10,0%
20 mT

Supplier A

COST & VOLUME
Sharpen the prices already NOW!
Free negotiation or volume/FC discounts
Potential from the Joint Venture in ME

LOGISTIC & AVAILABILITY
Achieve more competitive TP cost
Reduce PPRa2 volume with supplier

QUALITY & SUSTAINABILITY
Speed up non-smelling PPRa
Secure Sustainability 100%

-9,0%
18 mT

Supplier D

COST & VOLUME
Lower price than Supplier A & B
Build on PPRa (only) above 10kT
Secure best price via formula on PPRa

LOGISTIC & AVAILABILITY
Supply for Product X in DE/IT

QUALITY & SUSTAINABILITY
Secure Sust. from beginning
Approved grade R&D

-9,0%
12 mT

Supplier C

COST & VOLUME
Keep PPRa business alive (3-5kT)
Build on potentially PPCo to S. Europe

LOGISTIC & AVAILABILITY
Secure continuous supply of PPRa

QUALITY & SUSTAINABILITY
Sustainability audit in Q1'14
Secure Q of the new material

-5,0%
3 mT

Supplier E

COST & VOLUME
Build on PPHo and PPCo
Offers best prices among all suppliers

LOGISTIC & AVAILABILITY
Local supply, few molders
Backup supplier of PPRa

QUALITY & SUSTAINABILITY
Secure Sustainability 100%
All grades qualified

-11,0%
5 mT

Prioritized Actions – Top 10

- All contracts on at least ICIS PP Low -10%
- Startup new supplier(s) from Europe
- Explore and start supply from Middle East
- Reduce transport (DDU price and CO2)
- Secure Sustainability with all suppliers
- Capacity planning (short- and long term)
- Shorten lead times from Suppliers A & B
- Improved technical support for molders
- Strategic annual supplier meetings
- Work closer to Product Development team

Volume (kT) & Price 2012-16

	12	13	14	15	16
<i>Volume Total</i>	45	50	58	68	80
Supplier A	37	25	18	20	25
Supplier B	3	20	20	25	25
Supplier C	5	3	3	0	0
Supplier D	0	1	12	15	20
Supplier E (new)	0	0	5	8	10
Spend in MEUR	60	65	76	91	100
Price (vs ICIS)	-11	-8	-10	-11	-12