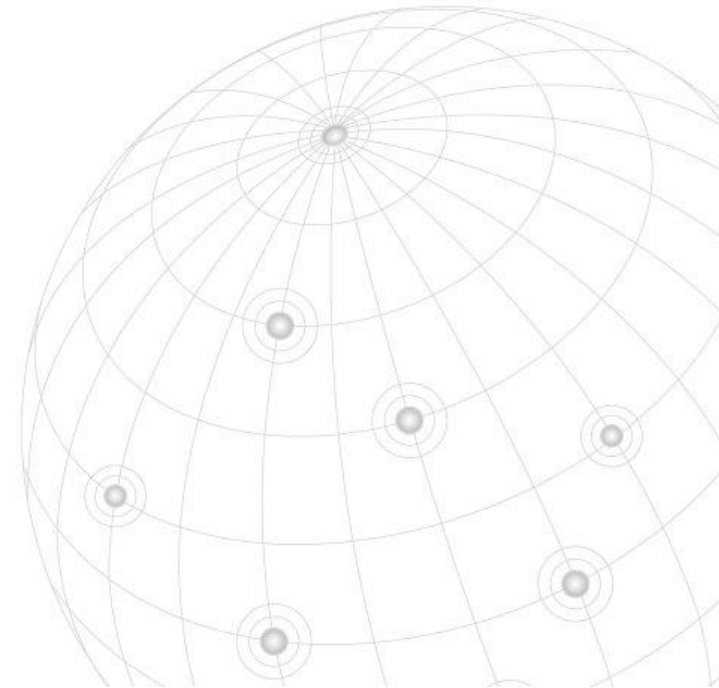




UKFoodCo Logistics Strategy Case Study 28th September 2010



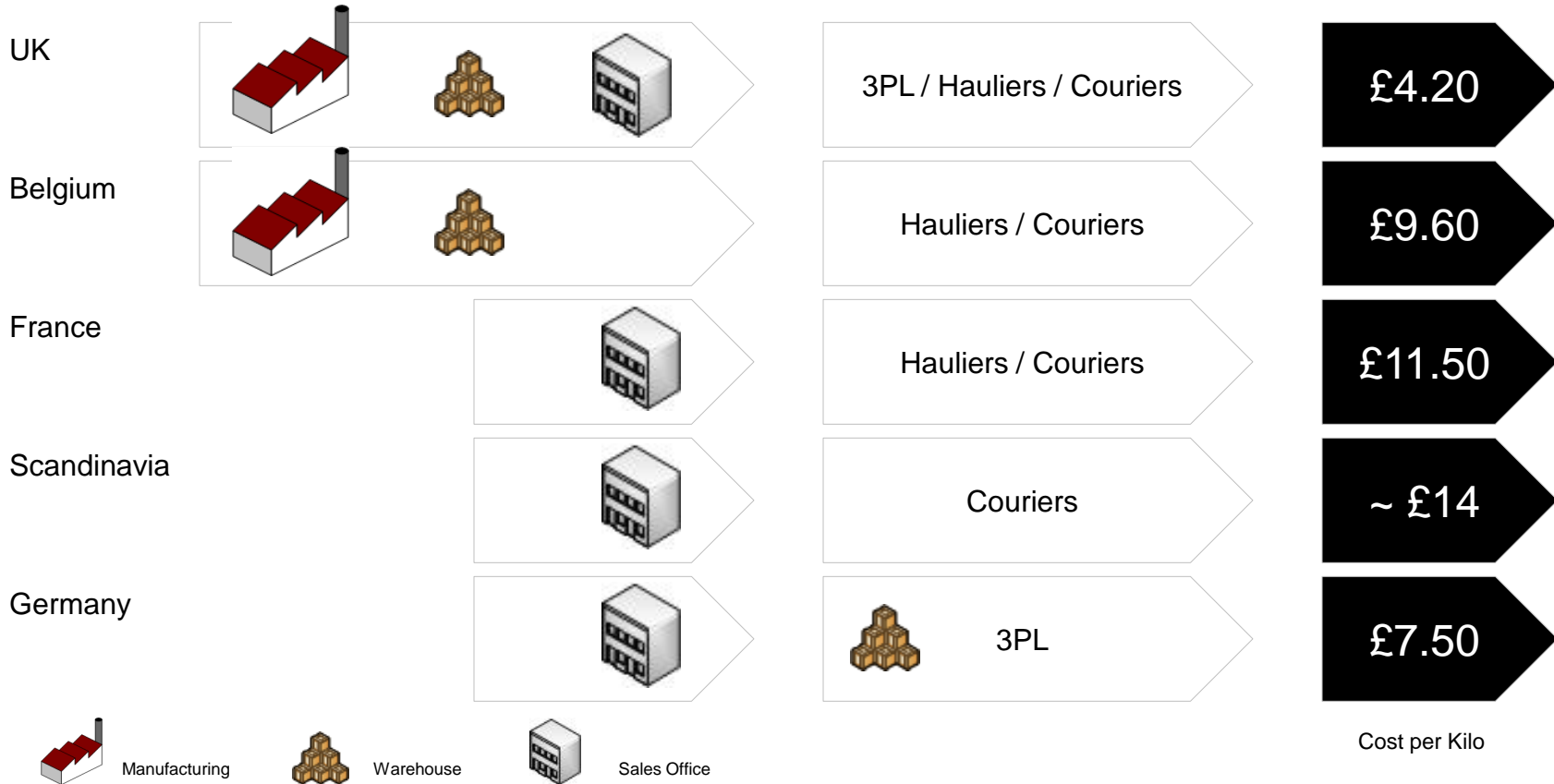
Background

- UK based food manufacturer,
- £50 Million per annum plc with rapid growth,
- UK and Belgium (acquisition) manufacturing site,
- New products,
- Business growing at double digit % figures,
- Focus on product development and NPI,
- Logistics not important.

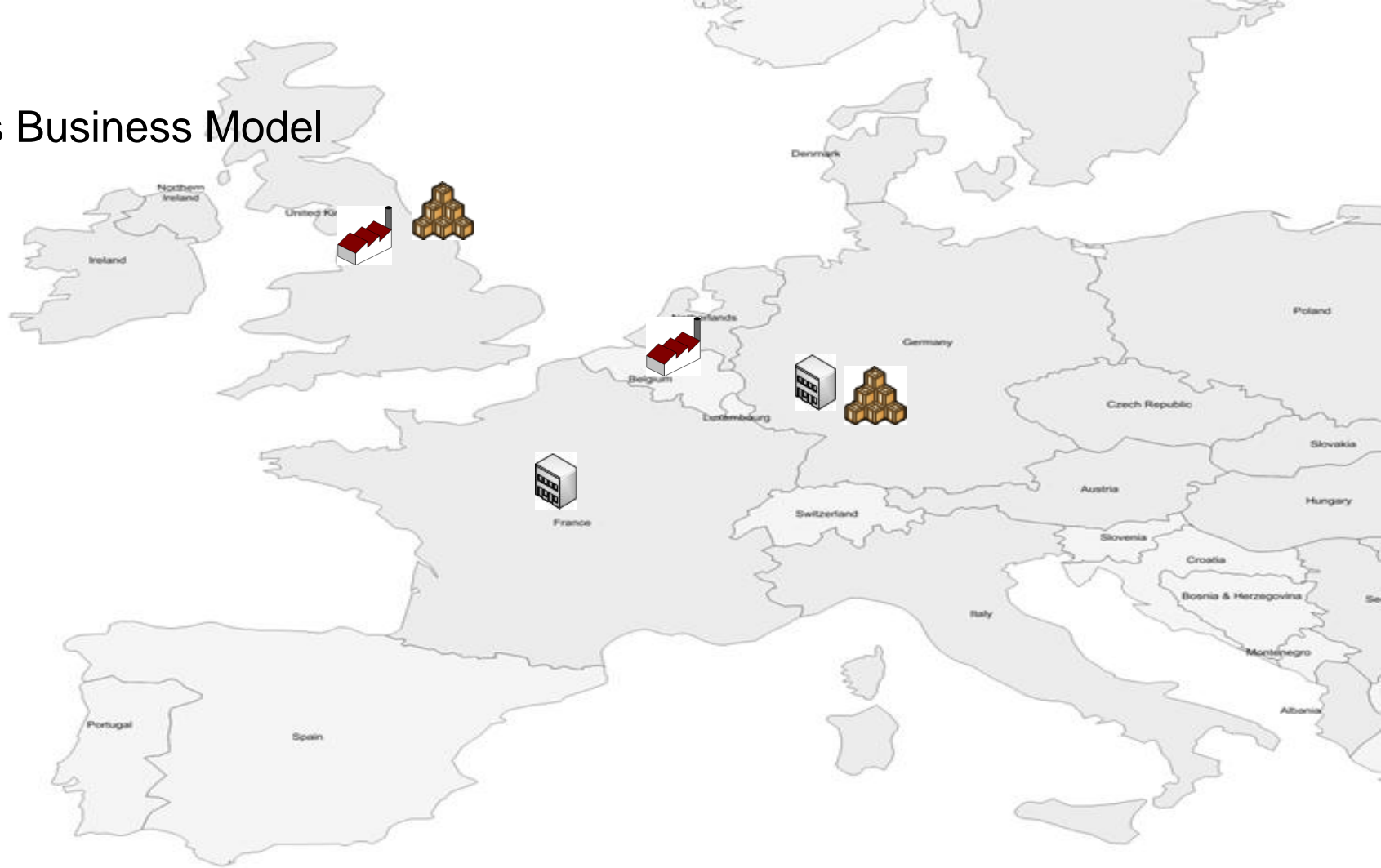
Context

1. Logistics and distribution is managed on a tactical and local basis across different markets,
2. Service level issues and concerns to varying degrees from all markets,
3. Poor communications, planning and management information do not support good decision making,
4. Everything to Everywhere model means cost to serve customers must be high,
5. Large number of couriers and logistics providers across markets,
6. Complexity of logistics need to be addressed,
7. Numerous overlaps and duplication of effort and resources across markets,
8. Key performance indicators for logistics performance and cost are not readily available,
9. Different market place dynamics,
10. Growth will be limited and sales lost due to logistics inefficiencies.

As Is Logistics Models (types)



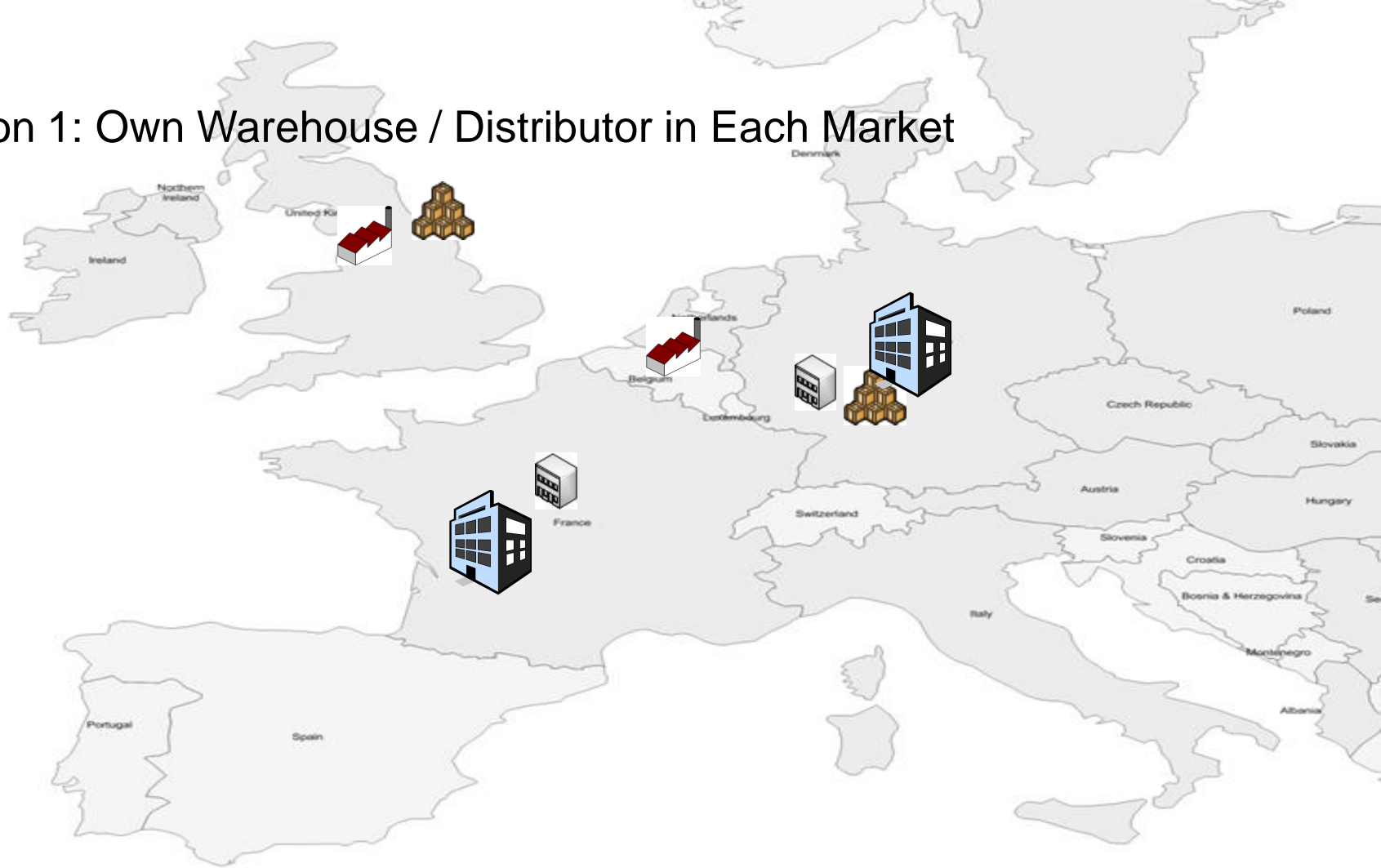
As Is Business Model



Options to Consider

1. Warehouse in each Territory? In / Out “sourced” basis?
2. Central European warehouse? In / Out “sourced” basis?
3. Distribution Partner?

Option 1: Own Warehouse / Distributor in Each Market

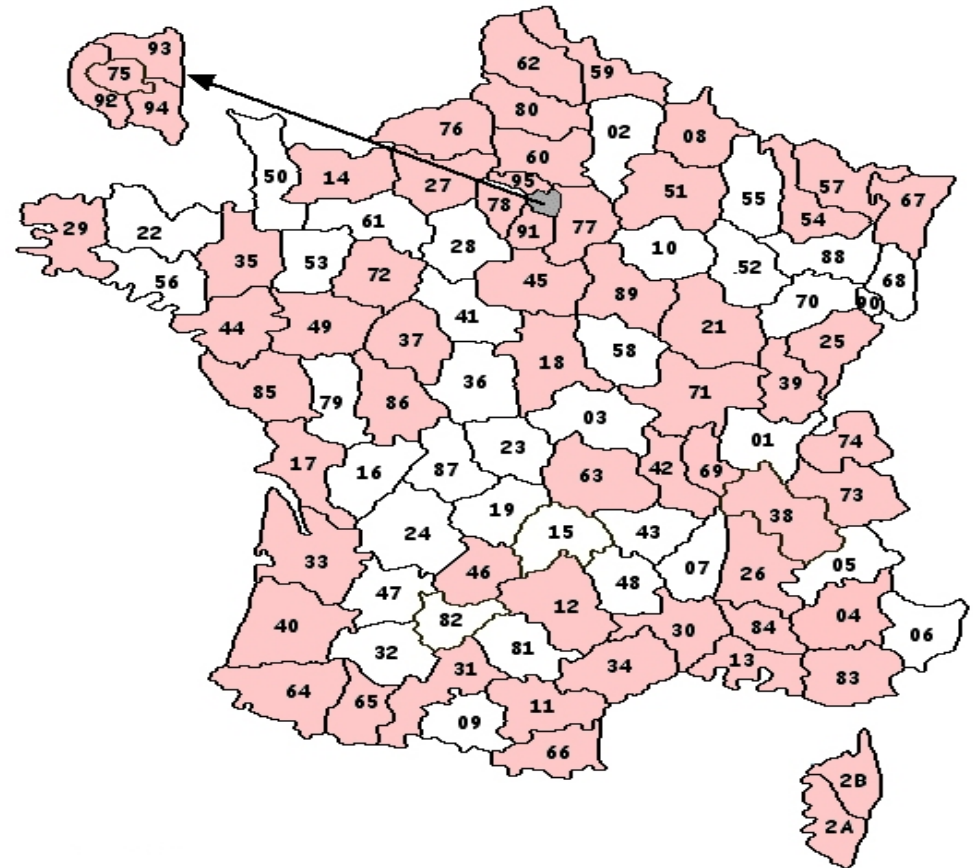


Option 2: Central European Warehouse



The problem with France!?

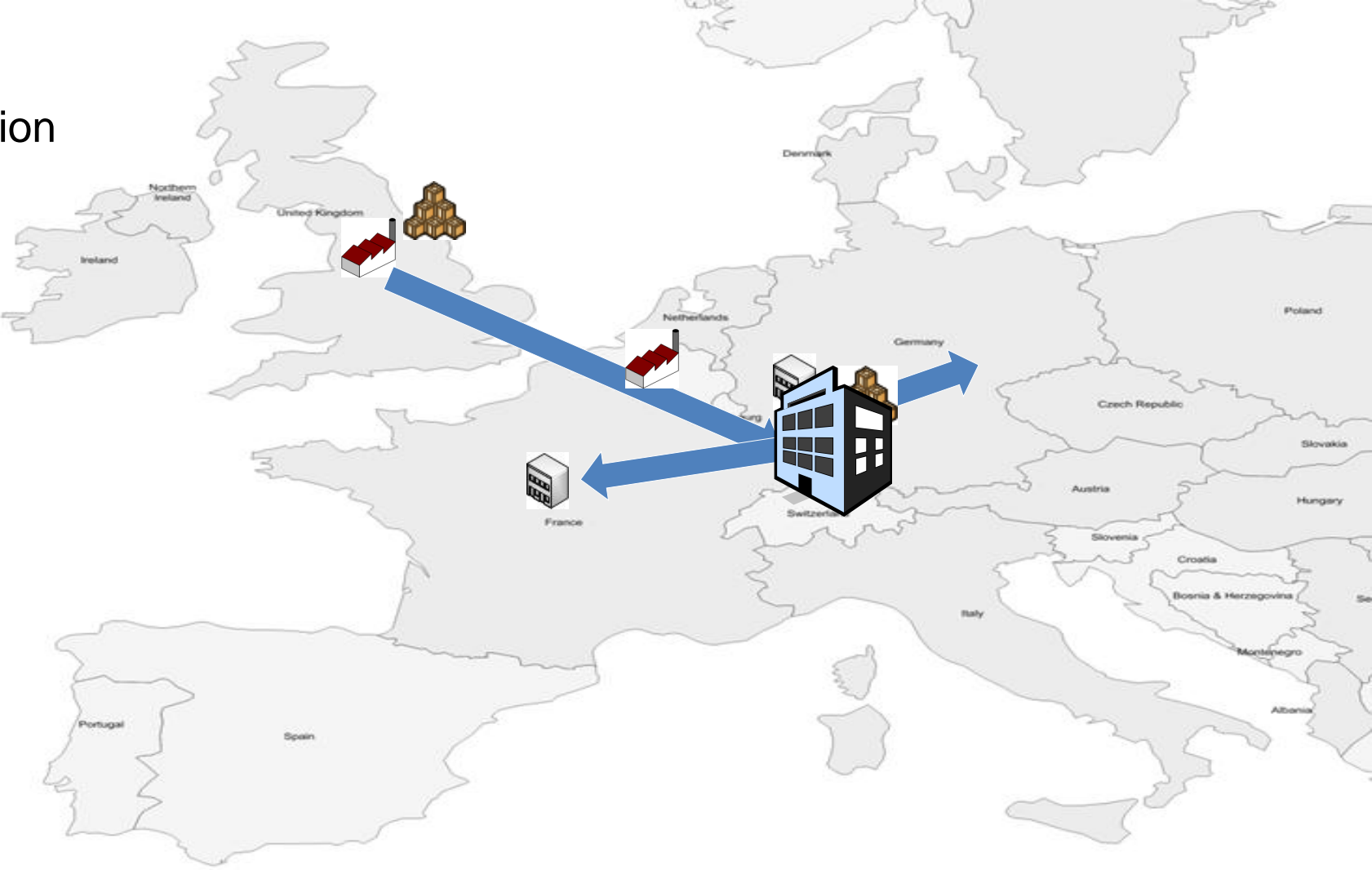
- Supplying to customers in 60 different “Departments”,
- 20% to Paris,
- 22 Tonnes of product,
- Product all supplied ex UK and Belgium.



Business Case

- Driven by improving performance and cost to Germany and France,
- Relationship in Germany with established 3PL,
- Considered alternative French 3PL in parallel,
 - Prices similar to existing cost per kilo,
- Strasbourg as a strategic location for LSP into France and Germany.

Solution



Solution: How to get products into France

- Existing German 3PL already receiving product for Germany plus Austria etc.
- Line haul product into Germany well established and performing well,
- Increased volume through single provider into Germany and then onward distribution to France,
- Immediate saving of £93k on today's volumes,
- Annual savings in 2015 based on growth projections equivalent to circa £200k