

# Material Logistics Update / Eastern Europe

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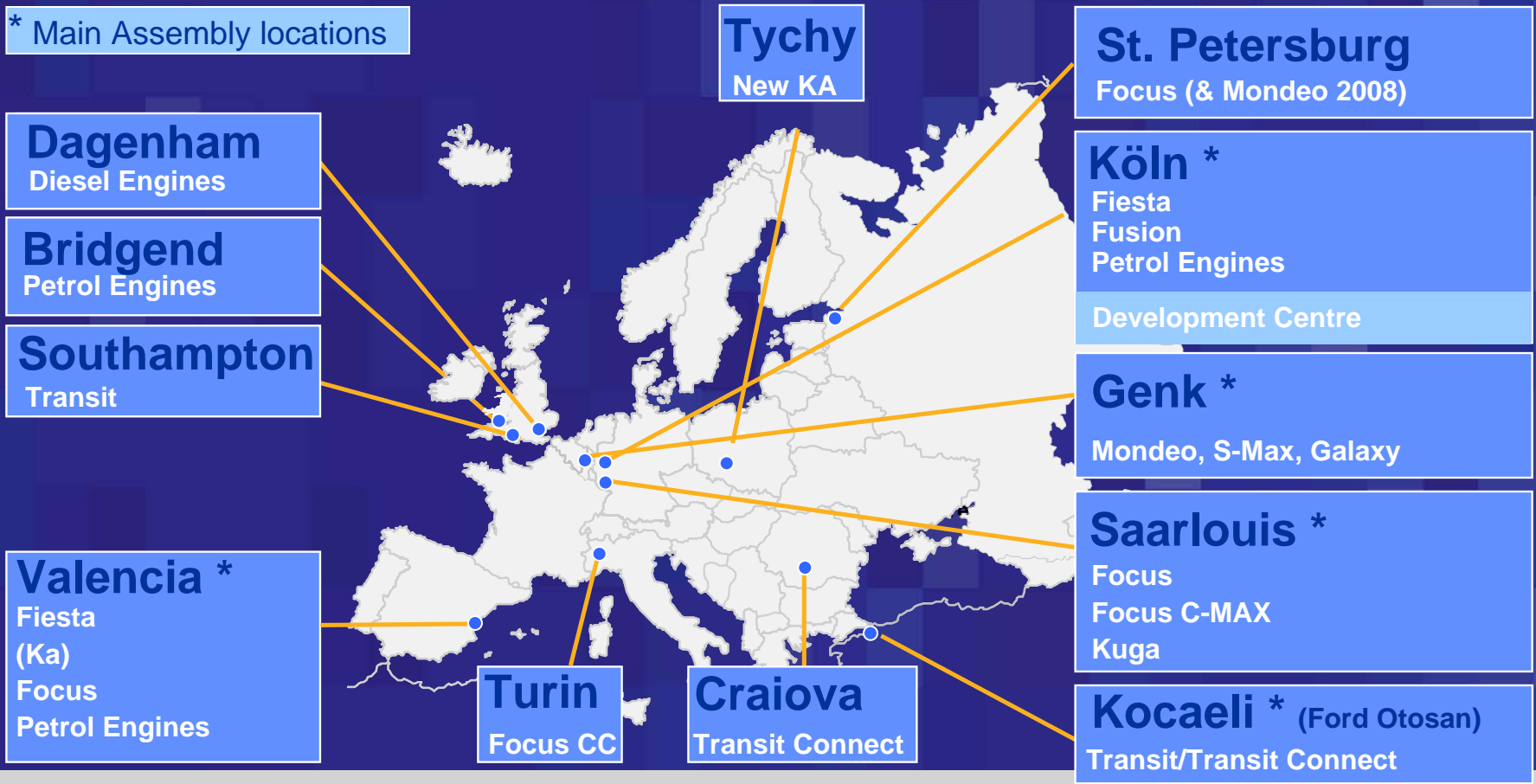
**Stephen Harley**  
**Director MP & L Ford of Europe**



Feel the difference



# Ford Main Manufacturing Locations in Europe



# Ford St. Petersburg (Vsevolozhsk) Plant



**Location:**

Vsevolozhsk, Leningrad Oblast

**Total Area / production area:**

26 hectares / 45 000 sq.m

**Investment:**

200 million US dollars

**Final product:**

Ford Focus 2 / launch of Focus 3

**Production output:**

75.000 vehicles a year by May 2008

**Production Forecast 2009:**

100.000 Focus & 25.000 Mondeo



# From Knock Down to Integrated Manufacturing Facility

Free order Fulfillment plant including:

- Body Shop
- Paint
- Final Assembly



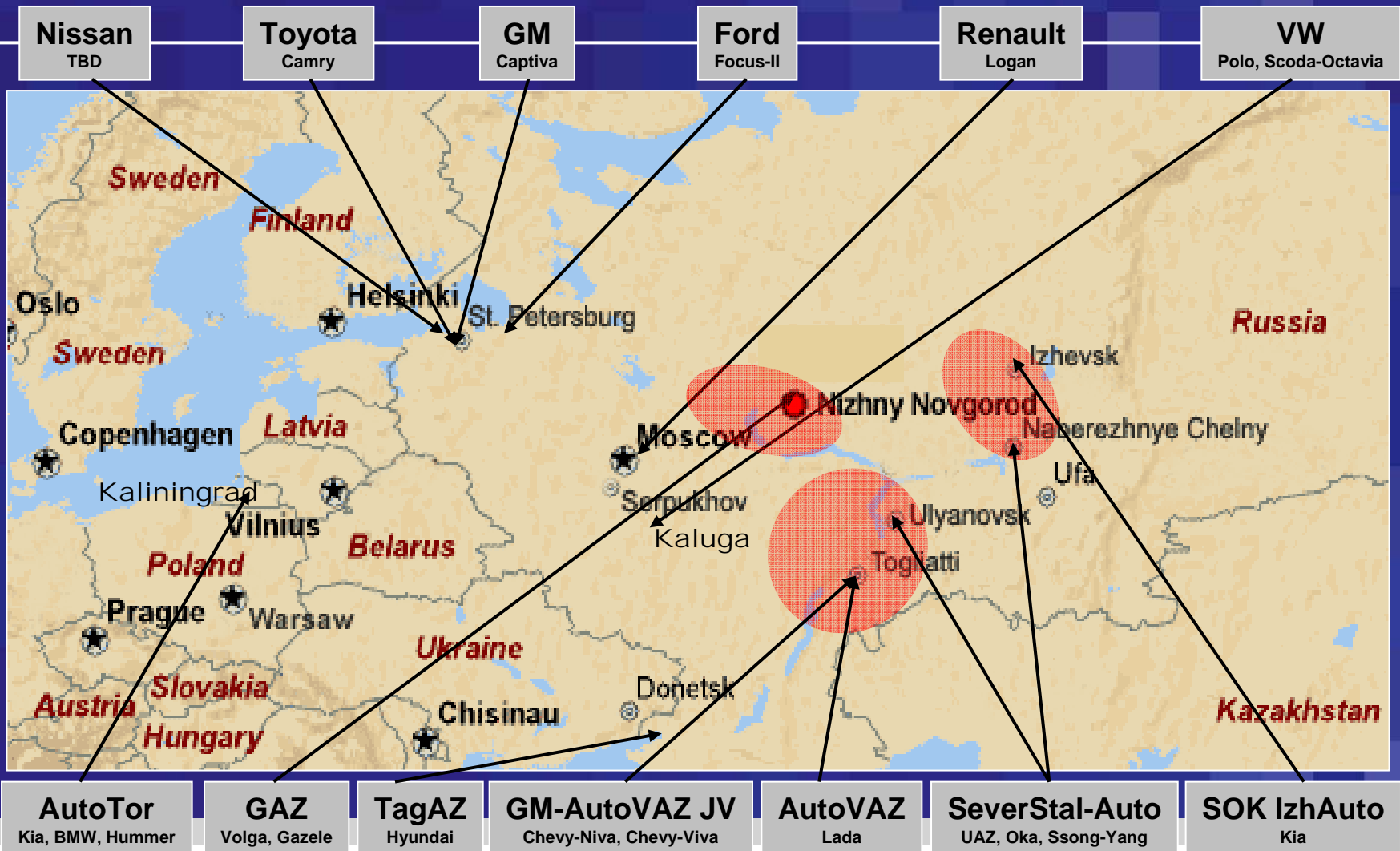
# Supply Base ex Western Europe via EDC



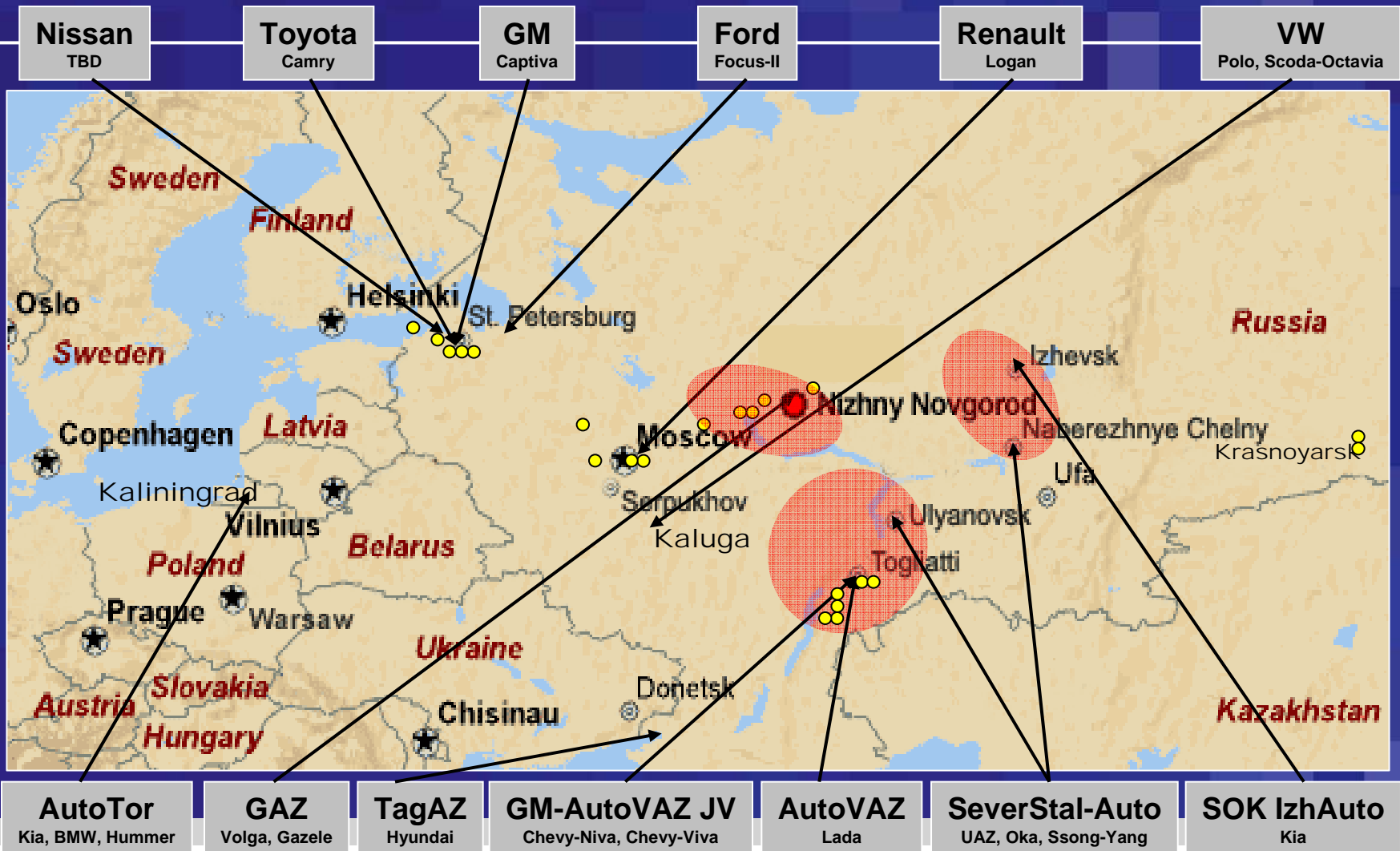
# St. Petersburg Area & Locations



# International OEM Footprint



# Current Ford local supplier footprint



# Localisation in Russia

- ✓ **Strategy is to source parts locally - required quality level mandatory**
- ✓ Parts already supplied locally include:
  - Seats
  - Glass
  - Carpets
  - Mud flaps
  - Floor mats
  - Headliner
  - Package tray
  - NVH materials
  - Plastic parts
- ✓ **Key drivers for localization:**
  - Tax & Customs regime
  - Favourable cost in Russia
  - Inbound transportation cost opportunity
  - Less complex inbound scenario



# Logistics Challenges

- Complex Supply Chain
  - Distance and transit times
  - Ocean transship coordination and berthing windows in port
  - Limited Rail service availability
  - Buffering at handover points
- Customs & Documentation issues
- Congestions and Road conditions
- Adverse weather conditions

Port approach



Unloading



Plant

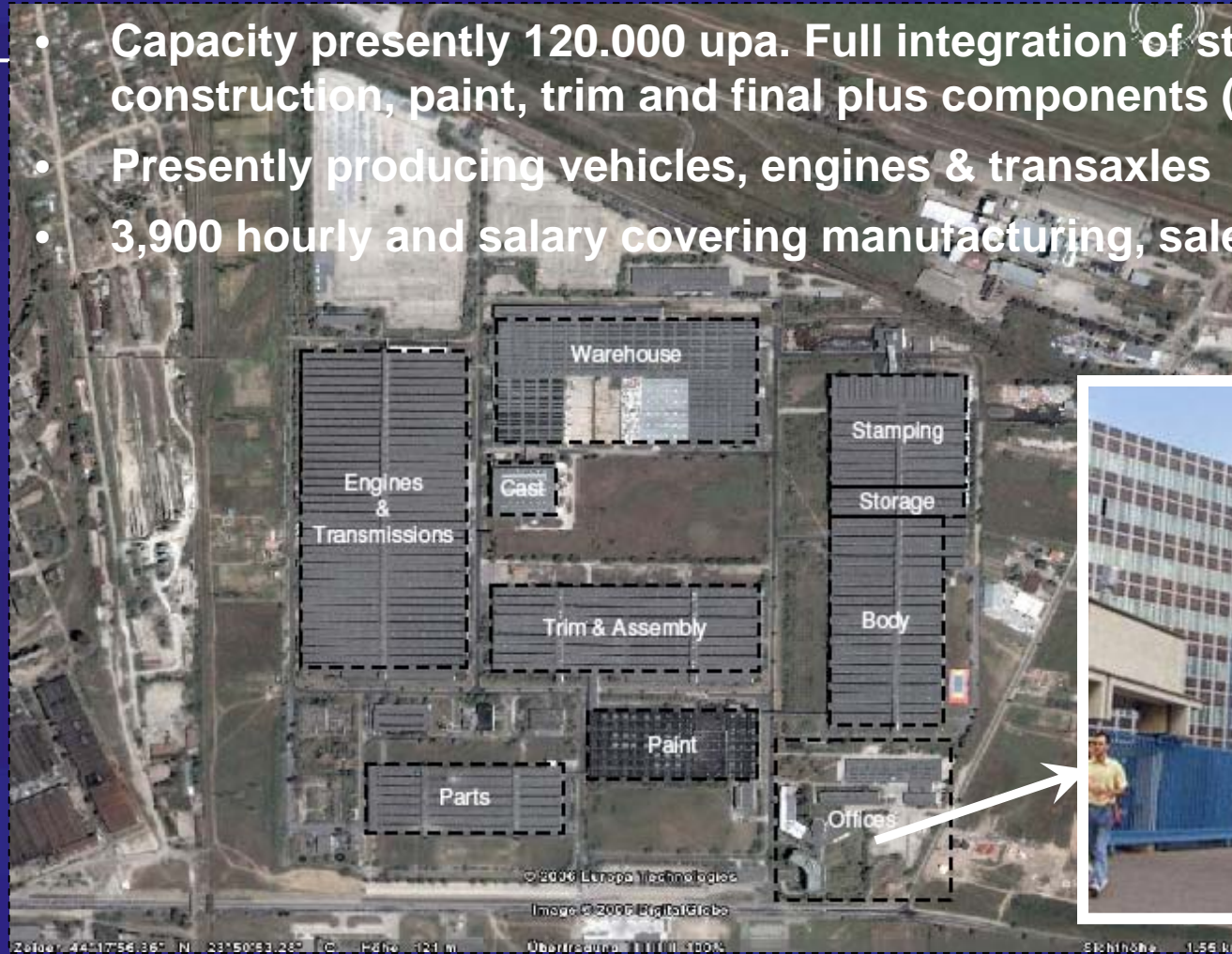


# Craiova Plant Location

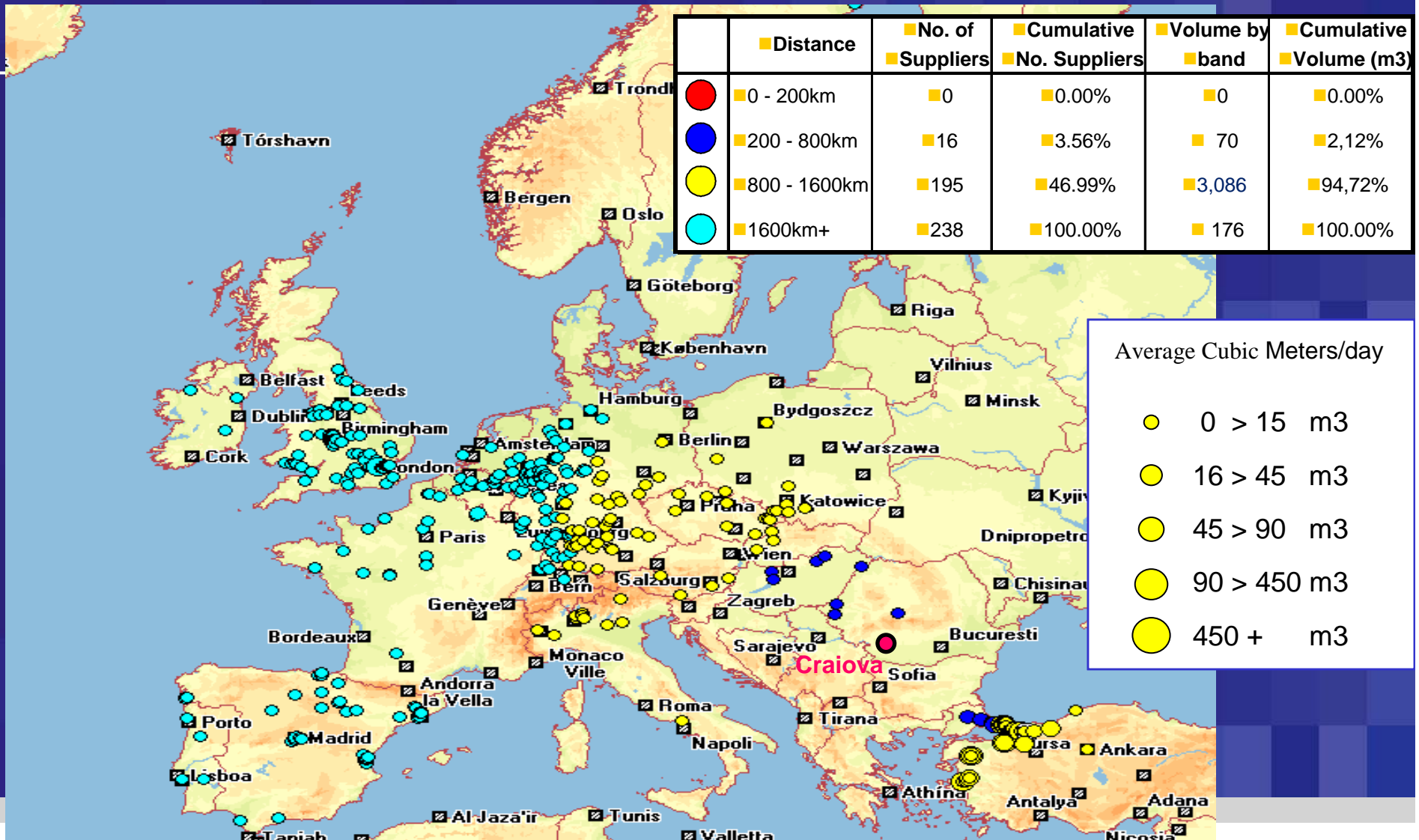


# Craiova Plant

- Capacity presently 120.000 upa. Full integration of stamping, body construction, paint, trim and final plus components (seats, bumpers, IPs)
- Presently producing vehicles, engines & transaxles
- 3,900 hourly and salary covering manufacturing, sales, service, and staffs



# Craiova V227 Supplier Footprint



# Inbound Material Flow

## overall business scenario / expectations

- J-I-T and “In-Sequence” supplies in combination with minimum inventories on/near site.
- Global supply base with increasing long distance suppliers, more complex routes and value chains
- Complexity through multi platform & global products
- Shortened life cycles, resulting in: churn for products, parts and supply base
- Customers expectation of transparency, tracking, reliable status information, reporting and data exchange across IT systems



# Waste in logistics

- Long distance haulage for imported and “local” sourced parts
- Waste identification and elimination mandatory
- Consider Environmental footprint urgently:
  - CO<sub>2</sub> emissions + Energy cost & consumption
    - larger Trailers
    - modern & maintained equipment
    - use of Rail Carriers / intermodal Transport



# Waste in logistics

- Unbalanced trade / empty runnings - prepositioning
- Low cube utilization
  - network design
  - engineered routes
  - regional Carrier collaboration
  - share Transportation & X-docks with other OEM
  - maximise FTL movements

