## Elemica’s Focus on Facility Management

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<tbody>
<tr>
<td><strong>1. Client Footprint</strong></td>
<td>• Global Manufacturing companies with multiple complex Industrial Facilities within regions/countries</td>
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<td><strong>2. Market Trends</strong></td>
<td>• Latest trends in the market help and enable Elemica customers have tighter and effective cost controls</td>
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<td><strong>3. Spend Type</strong></td>
<td>• Facilities Management is one of the highest spend categories within “Services” domain only 2nd to T&amp;L</td>
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<td><strong>4. Challenging category</strong></td>
<td>• Clients consider IFM challenging, the questions is when to go to IFM or to a Multi-Services model</td>
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<td><strong>5. Support Activity</strong></td>
<td>• Yearly, Elemica runs hundreds of projects in FM across industries and regions. Yearly spend above $270M</td>
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<td><strong>6. Project Types</strong></td>
<td>• Great potential area for collaboration, resulting in Aggregation/ Consortium buying</td>
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Members **can** discuss and collaborate on requirements and costs of **indirect goods and services** as long as those indirect goods and services:

- Do not Directly and appreciably affect the cost of production
- Do not Represent 15% or more of the market for those goods or services being discussed.

Members **cannot** discuss cost of **Direct Goods/Raw Materials and specialized CAPEX** except in limited circumstances approved by legal counsels.
Elemica’s Client Facilities in Europe

- Europe-wise location of clients
- Complex manufacturing facilities
- Different maturity of markets in Eastern and Western Europe
- Different strategy/challenges per region

**Western-Europe**
- Maturing markets for IFM
- Transfer of production to Eastern Europe
- Successful implementations of IFM

**Eastern Europe**
- Emerging Markets for IFM
- More investments, facilities
- Common locations of Elemica customers
Drivers for IFM Development

Drivers for IFM

- Subcontracting
- Clients want to Focus on core business
- Globalization
- Clients and Suppliers Consolidation
- Cost reduction

“Integrated Facilities Management is the method for large-scope, long-term, complex, multi-service provider transactions. The organization taking care about the integral delivery & Management of the facility services is under one contract and is responsible for the quality and cost of the services.”
IFM Market Development - Europe

1980’s
- Single Services

1990’s
- Multi-services

2000’s
- IFM

Stage 1
- Increased outsourcing

Stage 2
- Bundling of Services

Stage 3
- Integration of Services
- Performance Based contract
- Value added services

Risk transfer

Added value

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European FM Market: Country Development & Overview


Where is the facility located? How is the market maturity?
European IFM market is dominated by limited large enterprises
Locally more companies offer IFM solution
Many suppliers provide multi-services, but miss yet the IFM approach
Level of own operation vs. subcontracting differs among the suppliers
IFM Model

Source: ISS Company presentation

Improvement in each service area
Efficiency and service excellence

Synergies between service areas
Defining roles and cooperation

Synergies between customers
Know-How and Best Practices

Back office Synergies
Management and coordinating
Values and Challenges of IFM Outsourcing

**Value**
- Cost reduction
- Strategic focus
- Synergies of multiple services
- Efficiency
- Best practice access
- Financial risk by supplier

**Challenge**
- Right FM partner
- Sustainable
- HR Challenge
- Risk Management
- Cost Control
- Knowledge loss
Single supplier/Multi service/IFM: Strategies of optimization FM

HARD FM

SERVICES IN SCOPE

SOFT FM

WITHIN PLANT

WITHIN ORGANISATION

OUTSIDE ORGANISATION

PLANTS IN SCOPE

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**Elemica category knowledge:**

- Over 300 FM projects managed globally
- Spend: over 272 M$
- Average savings: 14%
- 50% of the projects in the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Projects</th>
<th>Average Spend</th>
<th>Average Savings</th>
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<tbody>
<tr>
<td>Janitorial Cleaning</td>
<td>52</td>
<td>2 M$</td>
<td>17%</td>
</tr>
<tr>
<td>Canteen Services</td>
<td>41</td>
<td>2 M$</td>
<td>20%</td>
</tr>
<tr>
<td>Security Services (personnel)</td>
<td>43</td>
<td>1 M$</td>
<td>16%</td>
</tr>
</tbody>
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- Several internal aggregation projects: multiple sites project within one or several Countries
- Nr of IFM projects is limited so far (<10 in Europe), but face more demands from customers
Successful approach and milestones

-> Risk mitigation

Current Status Understanding
- Requirements, Performance, Service, Operation, Cost
- Ownership creation

Define the sites in scope
- Regions of the site
- IFM Market maturity, complexity

Services in scope
- Hard Services
- Soft Services

Structured selection process
- Right RFQ
- Right market knowledge, Right suppliers

Right organization structure
- Define the responsibility of the supplier
- Budget, price structure, contract termination

Transition plan establishment
- Typical transition: 60-120 days
- Governance committee establishment

Supplier performance measurement
- Establish the correct KPIs
- Continuous feedback and improvements

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Elemica Support
Questions for discussion

• Top 3 Challenges with the FM category at your company?
  – To Implement or after initial implementation

• Have you already implemented Multi-services concept at any of your location/region? Top 3 immediate benefits?

• Have you already implemented IFM concept at any of your locations/region?

• If no, what was the reason?
  – See it as too risky? Not in the strategy? Not fit to profile? - Market/Suppliers conditions?

• In time of Economic crisis/downturn: IFM vs. Single supplier?
• Multi service of IFM?
• How to keep cost under control?
• How to select the right partner? Eastern European suppliers
• Critical SLA’s aspects and KPI used to manage the business?
Thank you and let’s share your views to empower your vision