

A+P Group Strategy - Extract

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Content

- 1. Market Trends**
- 2. Mission Statement**
- 3. Value Proposition**
- 4. Core Values**
- 5. Strategic Initiatives**

Market Trends

Regional shifts of customers and changes in the competitive field because of market consolidation are the main trends

The expected future market environment is characterized as follows

- Go East (China, Eastern Europe) for production – R+D and prototyping will remain in “old Europe”
- New fields of application will require minor changes to our product set, but 80% will still enjoy demand on a long term basis
- International customers will rationalize their own supply chain and therefore require an integrated full-assortment c-parts partner
- Consolidation in the European market, but the share which technical distributors have in the regional markets will hold relatively steady
- Smooth shift of standard business to electronic channels

Mission Statement (inside – out view)

Based on what we are and what we can do,
A+P aims to improve and extend its strengths and capabilities

We...

aim to be a **leading independent European technical distributor**

wish to position ourselves as an **engineering-driven, high-value, high-quality components distributor** by following and supporting the trends in innovation pursued by our clients and suppliers

deal with both **small and large business partners** in the same professional manner

stand for a **managed-business-risk approach** and do not focus on high-risk business areas

aim to attract and retain **qualified people** by continuously improving their capabilities and talents in line with the requirements of the market

aim to strengthen our relationship with **leading Universities in Europe and China** in order to be a recognized source for market and application knowledge

aim for **operational excellence** across our processes on a long-term basis

Value Proposition (outside – in view)

We can only deliver value to our customers and suppliers if we commit ourselves to ambitious objectives

We...

are an engineering-led technical distributor with in-depth, broad customer application knowledge

offer a broad range of standard as well as customized products

proactively serve European original equipment manufacturers across the globe

deliver through direct, indirect and e-sales channels

supply our standard products across Europe in 24-72 hours from order to delivery based on a highly integrated supply chain

share our expertise by publishing comprehensive catalogues and detailed technical specifications

Core Values

The aim of having values is to provide orientation and facilitate collaboration

The principal value of our corporate culture is:

FOLLOW GOOD SENSE AND REASON

Examples:

outstanding performance is positive and should be rewarded

mistakes are allowed and are the basis for a learning organization

new ideas should always be taken on board in an open-minded way

building teams, working across teams and across cultural differences
constitute an important driver for success

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Market - Geographical Reach

Description

- Install operations across Europe in selected strategic countries
- Acquire profitable businesses which have a very good cultural and product fit
- Try to buy – whenever possible – one company per cultural region
- Adapt the supply chain to the geographical network
- Build an efficient and adequate support structure



Expected Results

- Balanced business portfolio (regional spread)
- Competitive advantage as a technical distributor due to volume and regional presence
- Increased and sustainable business volume across Europe
- European-wide sales engineer and product application engineer network
- Safeguards A+P's overall position

Market - Long Term Customer & Supplier Retention

Second Source Strategy

Description

- A second or even third supplier must be contracted for every strategic product set
- Business volume per supplier must be managed
- We do not place first and second source suppliers in competition with each other

Expected Results

- A+P retains its position in delivering the strategic products to its customers
- A+P minimizes its risk of losing a given product assortment
- A+P strengthens its position in keeping up with market prices



Market - Long Term Customer & Supplier Retention Branding Strategy

Description

- Position the A+P brand in the European original equipment manufacturer (OEM) markets
- Position selected product brands in their segments
- Use a double branding strategy if appropriate by using well-known supplier brands

Expected Results

- A+P is able to substitute products/suppliers without losing sustainable business volume
- A+P is able to strengthen its own position vis-à-vis suppliers
- Adequate instrument for maintaining our market prices
- Brand recognition supports sustainable product demand

Market - Long Term Customer & Supplier Retention

Backwards Integration through Contract Manufacture Strategy

Description

- Build and/or retain a very close relationship with suppliers in carefully selected strategic product sets
- Sign binding agreements for these products to prevent direct distribution by suppliers
- Product/application ownership must be by A+P
- Backwards integration is necessary for strategic products for which a patent can be obtained and/or which are difficult to copy and which already deliver high volumes for A+P or this can be expected



Expected Results

- A+P acquires a unique selling position for some selected products
- Door opener for accessing new customers with these leading products
- Safeguards existing business driven by these products

Market - Long Term Customer & Supplier Retention Innovation Approach

Description

- Instil a culture of innovation (external and internal) into A+P
 - Capture and utilise innovation from
 - customers and market trends
 - suppliers
 - our internal knowledge
 - technology networks
- in order to transform ideas rapidly into results

Expected Results

- Enables A+P to improve its capabilities, processes and competitive advantage on a continuous basis
- Creates new value propositions and solutions which fit with customer requirements and future needs
- Enables the organization and its people to achieve their goals, keeps fresh ideas flowing and reinvigorates the company
- Faster and higher growth rate with existing and new targeted customer segments

Market - Long Term Customer & Supplier Retention

Multi-Channel Approach

Description

- Customers are able to buy through their preferred channel (direct, indirect, e-trading, franchise stores)
- Customers can send orders via the online shop in an electronic form
- Catalogue is available to everyone around the world
- Within a customer's company, the technical staff can use the web shop to obtain technical details – and order by themselves within the framework agreement

Expected Results

- Increases the convenience of buying from A+P
- Increases number of entry points per customer and higher market penetration
- Intensified and more competitive market cultivation
- Efficient processing of orders through a reduction of process interfaces
- The market/customer base is extended, with the catalogue globally available
- Business volume will increase owing to an extended customer base

People & Organization

People Development

Description

- The people development strategy consists mainly of the following measures:
 - Systematic and holistic people development process
 - Strengthen the teambuilding approach
 - Support the transformation process through active change management
 - Company-wide training and coaching programme
 - Continuous review and updating of salary and fringe benefit model



Expected Results

- Managed retention across A+P
- Supports high-performance behaviour
- Significant improvements in overall results
 - financial results
 - product and solution quality
 - enhancement of client satisfaction
- Attracts the right talents from the market
- Increases intellectual assets of A+P

Processes (SCM)

European Supply Chain

Description

- Implement an efficient supply chain in line with customer demands
- Strengthen competitive advantage by maximising availability through optimised and managed stockholding
- Build a network of regional but centrally managed logistic units
- Support global reach with strategic alliances
- Align IT systems to support efficient supply chain processes



Expected Results

- Improves availability through optimum inventory, which will reduce networking capital
- Improves customer service level
- Ensures delivery time and quality
- 24-72h delivery of standard products across Europe
- Reduction of overall supply chain costs