This leading Colombian company manufactures and distributes flat and galvanized steel materials primarily for construction and industrial applications. ACESCO's demand driven operating model reinforces its ongoing 50 year commitment to and focus on its customers helping it to maintain desired levels of operational excellence for business sustainability in the complex and extremely uncertain global steel landscape. Acesco, the trust that unites us. Edgar Polanco Ordoñez, Director Supply Chain of Acesco, will present.
Demand Driven Journey
Acesco Group

1 M Tons of steel Sold

14 Companies

2,500 Collaborators

10 Countries

ACESCO Colombia
204K Tons of steel Sold
2,500 Collaborators

ACESCO Colombia
>600 Employees

14 Companies

10 Countries
Sales 2018
MTS 85% - MTO 15%

Distribution Channel | 59%
Industry | 20%
Construction | 13%
Exports | 8%

204K Tn
Total
ACESCO
Supply Chain

Facilities

2 Manufacturing Sites
20 Production Lines
2 Distribution Centers

7 Suppliers Steel & Zinc

>600 Customers

42 Daily Trucks

Medellin
725 km
2 to 3 days

Cali
1260 km
3 to 4 days

Ipiales
1720 km
4 to 5 days

Distance from Bogotá
1000 km
2 to 3 days
• Family Owned Business
• 50 years [2020]
• Recognized leadership not only for volume
  – Leading on Innovation product / manufacturing processes
  – High Quality Product Recognition
  – Focus on Corporate Social Responsibility
  – Sustainability Report under GRI Standards
  – Industry contribution
  – Legacy and reputation
## Challenges 2015

<table>
<thead>
<tr>
<th>Market</th>
<th>Supply</th>
<th>Demand</th>
<th>Finance</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing needs</td>
<td>Worldwide Overcapacity [560MTn]</td>
<td>Demand Variability</td>
<td>Working Capital Increase</td>
<td>Higher Complexity</td>
</tr>
<tr>
<td>Intense Competition (Quality &amp; Price)</td>
<td>Intense Competition (Quality &amp; Price)</td>
<td>Delivery Time Decrease</td>
<td>Inventory Out of Balance</td>
<td>SKU Increase</td>
</tr>
<tr>
<td>Packaging Reduction</td>
<td>Climate Change</td>
<td>OTIF stuck in range of 60%-70%</td>
<td>Inventory Aging</td>
<td>Manufacturing Strategy misaligned [MTO/MTS]</td>
</tr>
<tr>
<td>US-CHINA Trade War</td>
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</tbody>
</table>
Complexity - VUCA
MANUFACTURING PROCESSES OVERVIEW

1. Hot Rolled Coil
2. Pickling
3. Cold Rolled Coil
4. Cold Rolling
5. Zinc Coated
6. Slitting
7. Slitted Coil
8. Profiling
9. Tubing Forming
10. Cut-to-length
11. Corrugated Forming
12. Corrugated Steel
13. Flat Steel
14. Steeldeck Forming
15. Steeldeck
16. Roofing Forming
17. Roofing
18. Painted Coils
19. Colour Coating
20. Colour Coating
21. Galvanize Coil

25 Days
**COMPLEXITY**

**Raw Material**
- 1 Hot Roll Coil
- 1 Hot Roll Coil Pickled

**Semi finished**
- 4 Cold Roll Coils
- 4 Galvanize Coils
- 4 Colour Coated Coils

**Finished Product**
- 22 Colour Coated Coils
- 115 Steel Roof
- 12 Slitted Coils

**Raw Materials**
- >200

**Semi Finished**
- >900

**SKU**
- >2500
VISION

Be the best alternative delivering reliable, sustainable and innovative solutions.
ACESCO EVOLUTION

HIGHER PURPOSE

We provide wellness and shape to everyday life and we make our continent strong.
Supply Chain Transformation

Stop firefighters

Adaptive Agile Aligned Supply Chain

Orchestration of processes

End to End visibility

Outstanding Customer Experience

The Dream "Kick Off 2016"- Best in Class Operations OTIF >98%

Smoothly Operations

New Capabilities

Update Operating Model

Digital Supply Chain Transformation
Solving problems in a systemic way

- Training all levels DDP, DDL, AS&OP
- Systemics workshops
- Change Management

- Logistics Operations Improvements
- SCOR-SCP
- DDMRP
- DDOM
- S&OP
- Customer Service as a part of SCM
- From Customer Service to Customer Experience VOC
- Order Management Emphasis

PEOPLE

CUSTOMER CENTRIC

PROCESSES

TECHNOLOGY

WMS • TMS • DDOM-WA
## Systemic Relevant Milestones

<table>
<thead>
<tr>
<th>Project or initiative</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<td>1Q</td>
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<td>Reengineering of Logistics Processes</td>
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<td>DDP Training [3]</td>
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<tr>
<td>Visit Carol Ptak</td>
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<tr>
<td>DDOM Proposal</td>
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<tr>
<td>Projects focused on flow</td>
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<td>Simulation</td>
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<td>Systemic Workshops DDOM</td>
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<td>DDL Training [5]</td>
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<td>DDOM Blue Print</td>
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<td>S&amp;OP Processes</td>
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<tr>
<td>Supply Chain Management - SCOR</td>
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<tr>
<td>DDOM-WA Blue Print</td>
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<tr>
<td>DDAE [6]</td>
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<tr>
<td>Supply Chain Planning - SCOR</td>
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<tr>
<td>Integration of customer service to SCM</td>
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<tr>
<td>Alignment of product portfolio and manufacturing strategy</td>
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<td>Buffers Construction Malambo</td>
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<td>Demand Planning Process</td>
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<tr>
<td>DDOM [ Distribution]</td>
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<td>TMS Deployment</td>
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<td>DDOM [ Manufacturing] Go Live</td>
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<td>ASTP</td>
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<td>New Proposal Delivery Time to Market</td>
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# DDOM Relevant Milestones

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- **Training DDOM**
Achievements so far

Participation of Delivery Time Windows

MTS Delivery Time Reduction 50%
OTIF and working capital evolution
OTIF MTS new market proposal
Since april 2019

- OTIF LEVEL RECORD 97%
- MTS CONSISTENT
MTS On Hand Inventory
Other Results

- Alignment of product portfolio with markets needs [MTS-MTO]
- S&OP Processes in road to maturation to become DDS&OP
- Spreadsheet removal
- Less transactionality

**E2E Visibility / Traceability**

- Comprehensive Buffer Management / Graphic tools useful
- Planning / Execution Processes Cycle Time improvements
- Customer Satisfaction VOC Congratulations
- In the road of AAA Supply Chain
- Responsive Supply Chain
Lessons / Success Factor

High Level Management Involvement, CEO became sponsor

Training, training & Training all levels

Systemic approach actions

Synergies with IT teams from the beginning and unique roundtable

Early change management approach

Follow-up meeting with weekly review

Assure data update for QAS environment

Full understanding of blueprint by functional and technical teams

Avoid delays between design and information system implementation
This leading Colombian company manufactures and distributes flat and
galvanized steel materials primarily for construction and industrial applications.
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