

Your Global Supply Chain & Manufacturing Footprint Strategy

Establishing Manufacturing & Sourcing in Poland...
the Why & the How

Tuesday, November 28th, 2023

11:00 AM EST

east  **west**®

a s s o c i a t e s

DRIVING COMPANY GROWTH IN CHINA, ASIA, MEXICO & CEE

Webinar Agenda

Webinar Agenda

Part 1: Brief Introduction of East West Associates

Housekeeping: Questions to the Speakers

Part 2: Webinar Series

Part 3: Introduction of Speakers

Part 4: Current Global Supply Chain & Distribution Situation

Part 5: Poland/Central Eastern European Overview

Part 6: Polish Market

Part 7: Case Study

Part 8: Q&A Discussion

Part 9: Contact EWA

EWA Company Profile

- Founded in 2005, EWA executives reside in 5 markets:
US, China, Southeast Asia, Mexico & Central Eastern Europe
- All EWA executives have held senior management positions with P&L responsibilities for western MNCs, including Briggs & Stratton (NYSE: BGG), Bechtel Corporation and Ashland, Inc. (NYSE: ASH)
- Leading provider of Supply Chain & Operational, Commercial & Risk Management implementation
- Extensive experience in numerous key industries:

Automotive	General Manufacturing	Durable Goods
Metal Fabrication	Consumer Goods	Filtration & Separation
Chemicals	Packaging	Electronics
Semiconductors	Food & Beverage	Medical Devices
Specialty Metals	Laboratory Equipment	Food Technology
Energy & Natural Gas	Industrial Textile & Apparel	Costings & Building Materials

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Webinar Series

Primary Issues for many companies are:

- Which countries are the right locations to establish a non-China supply chain base?
- Why?

With companies looking to develop regional supply chain bases, they are naturally looking to:

- Mexico for the US and North American markets
- Southeast Asia for regional market and China
- Central Eastern Europe for the European market

Webinar Series

Webinar Series

Focusing on China, Southeast Asia, Mexico & Central Eastern Europe

- Mexico – Supplier Id, Make vs. Buy Analysis & Site Selection
- China Plant Closures, Consolidations & Relocation
- Site Selection & Plant Relocations within China....Manufacturing In China For China
- Sourcing Electronics from China & Southeast Asia

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Introduction of Speakers

Dariusz Pielach:

- EWA Director of Poland/Central Eastern Europe
- Resides in Warsaw, Poland
- Former Project Manager/Director and Interim Manager for Western multinationals
- Primary focus in strategic and operational procurement, sourcing, and project management

Garvin Barker:

- Senior Vice President Supply Chain Operations, Weber, Inc.
- Leads the global operations team at Weber, Inc. focused on safety, manufacturing, quality, supply chain strategy and industrialization in supply chain
- Formerly Senior Vice President, Supply chain Global Manufacturing

Mark Plum - Moderator

- EWA Director
- Developed & relocated supply chain and manufacturing into Poland/Central Eastern Europe, Southeast Asia and China

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Current Global Supply Chain

Current State (China)

1. Global inflation driving increased costs of labor, raw materials, and finished goods
2. Ongoing costs Section 301 tariffs
3. Companies switching to “Near-Sourcing” strategies and away from dependence on China
4. Less relevant to companies with operations “in China, for China”
5. Geopolitical issues make manufacturing investment decisions more challenging than ever

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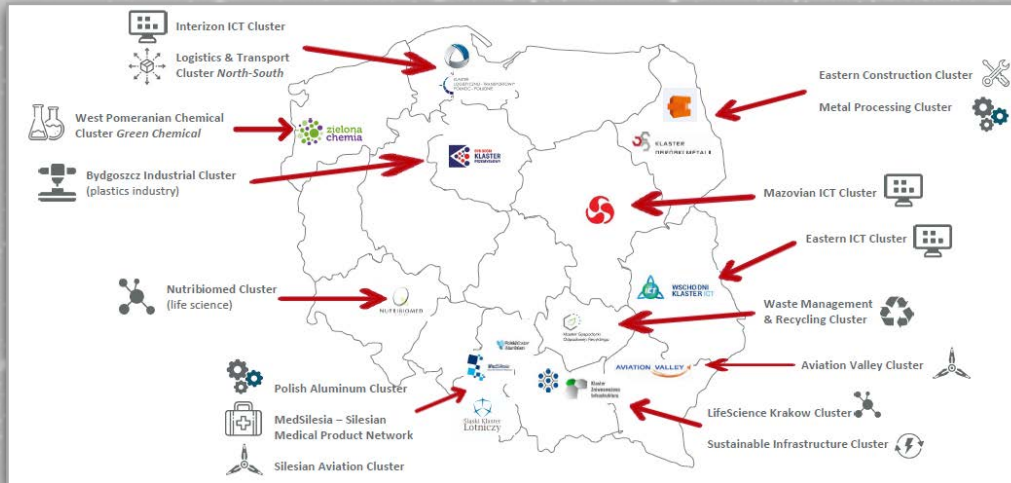
Part 7: Case Study

Part 8: Q&A Discussion

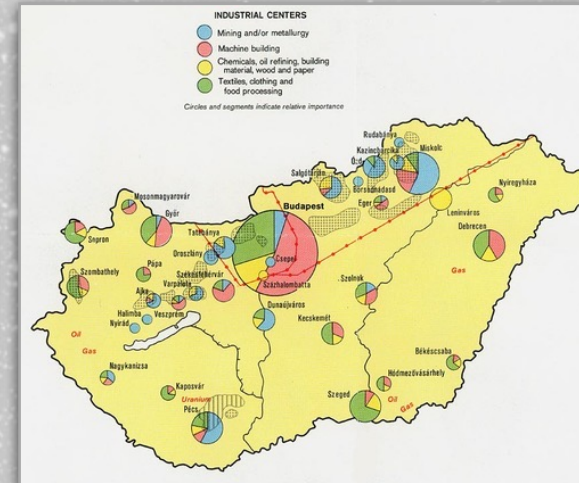
Part 9: Contact EWA

Central Eastern Europe - Diversified Manufacturing Expertise – Visegrád 4

Poland



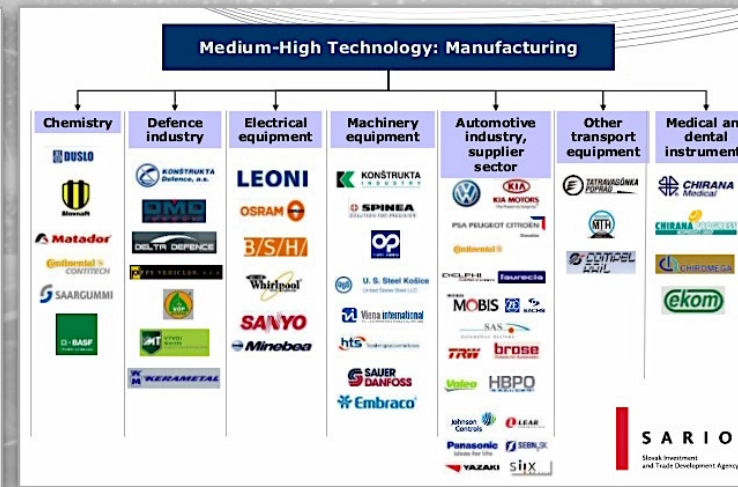
Hungary



Czech Republic

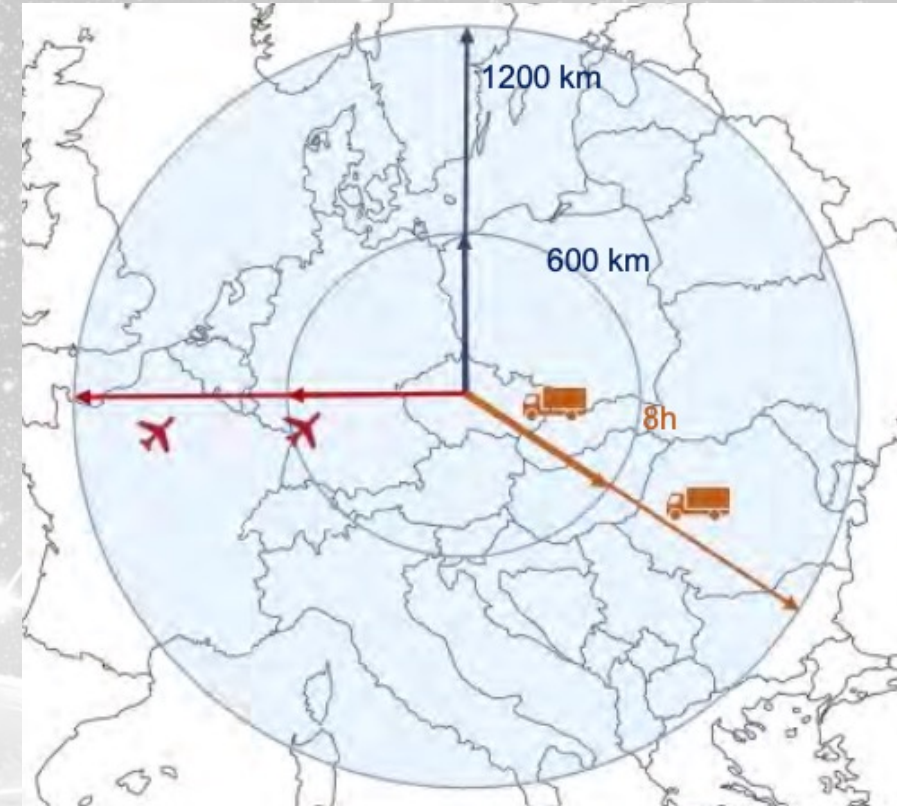


Slovakia



Fast Access to Western Europe

	Distance to Frankfurt	
	Miles	Driving Time (Hours)
Most CR	304	5
Ostrava CR	544	8.5
Bydgoszcz PL	566	9.5
Katowice PL	554	9
Miskolc HU	711	12
Kosice SK	725	12.5



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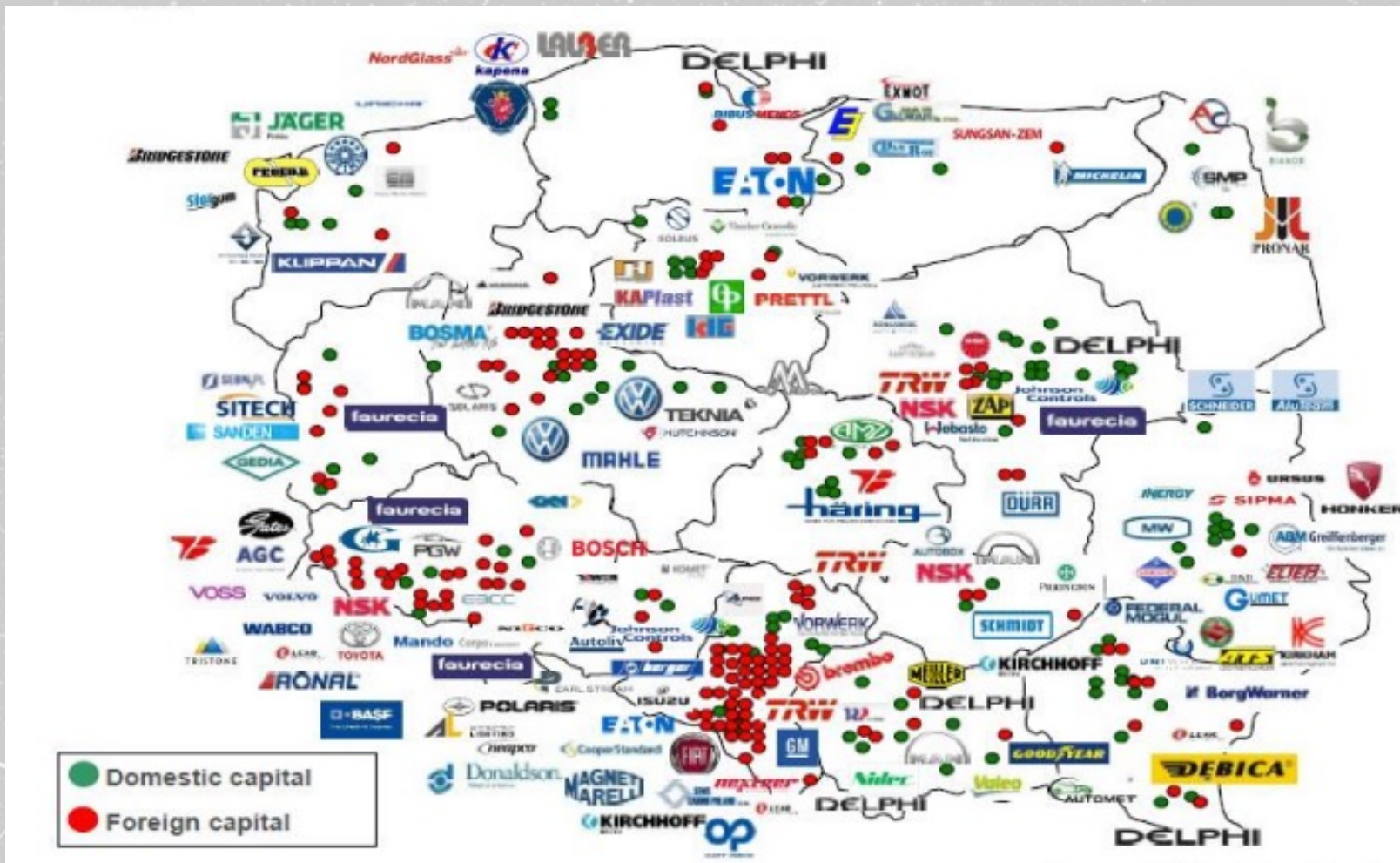
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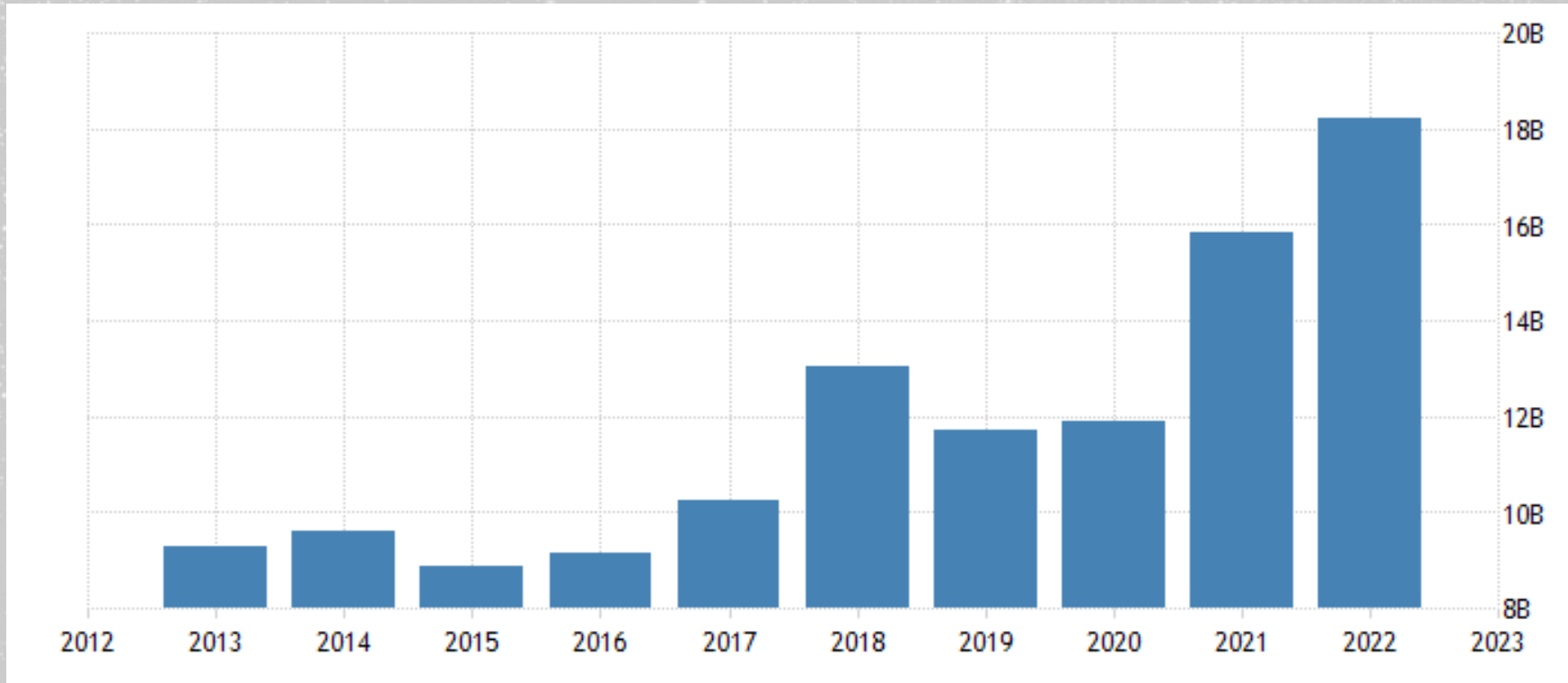
Main Automotive Suppliers in Poland



Source: PAIIZ, Automotive Suppliers, PIM

Poland Export of Plastics

Poland Exports of plastics was US \$18.22 Billion during 2022



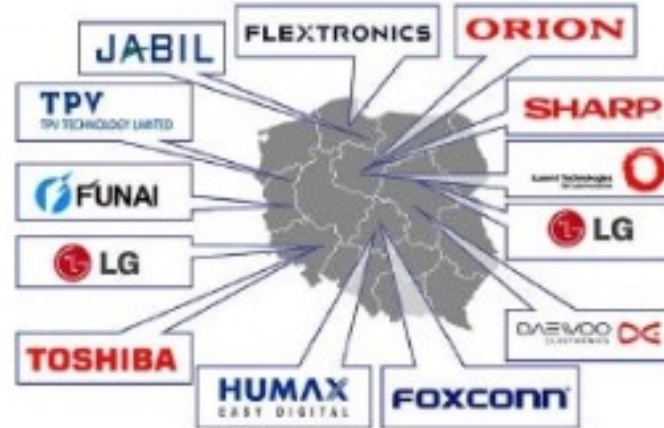
Source: COMTRADE, Tradingeconomics.com

Poland, Main Sectors

Domestic Appliances



Electronics

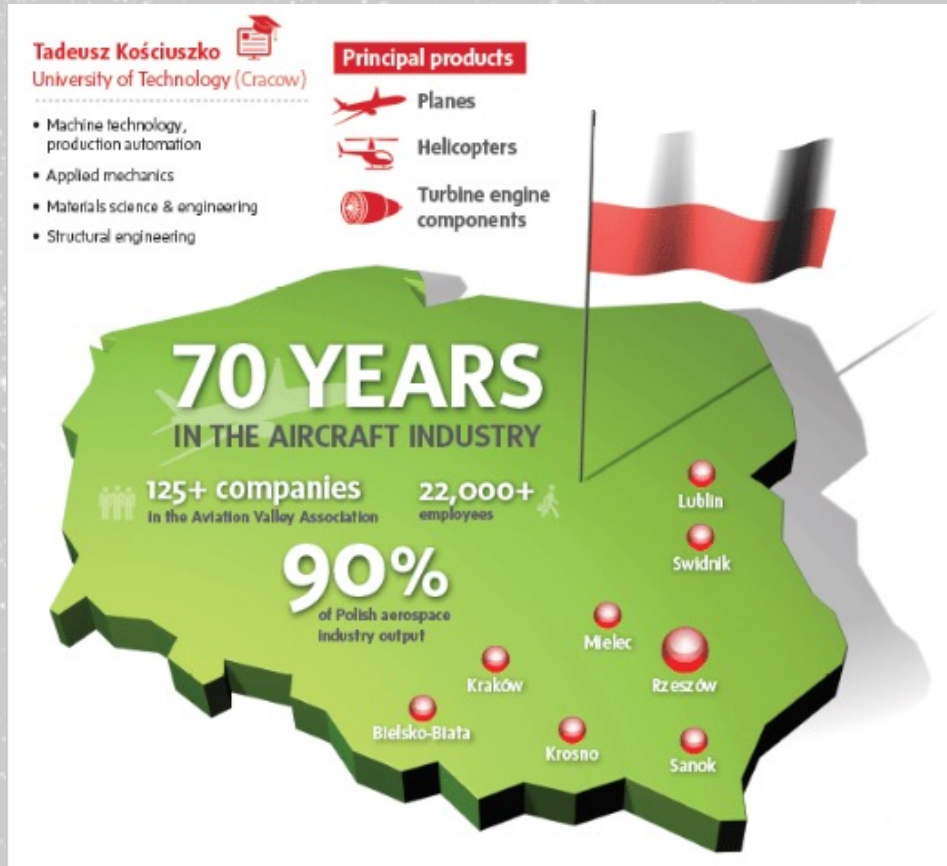


Machinery & Steel Industry



Source: COLUMDAE Business Development

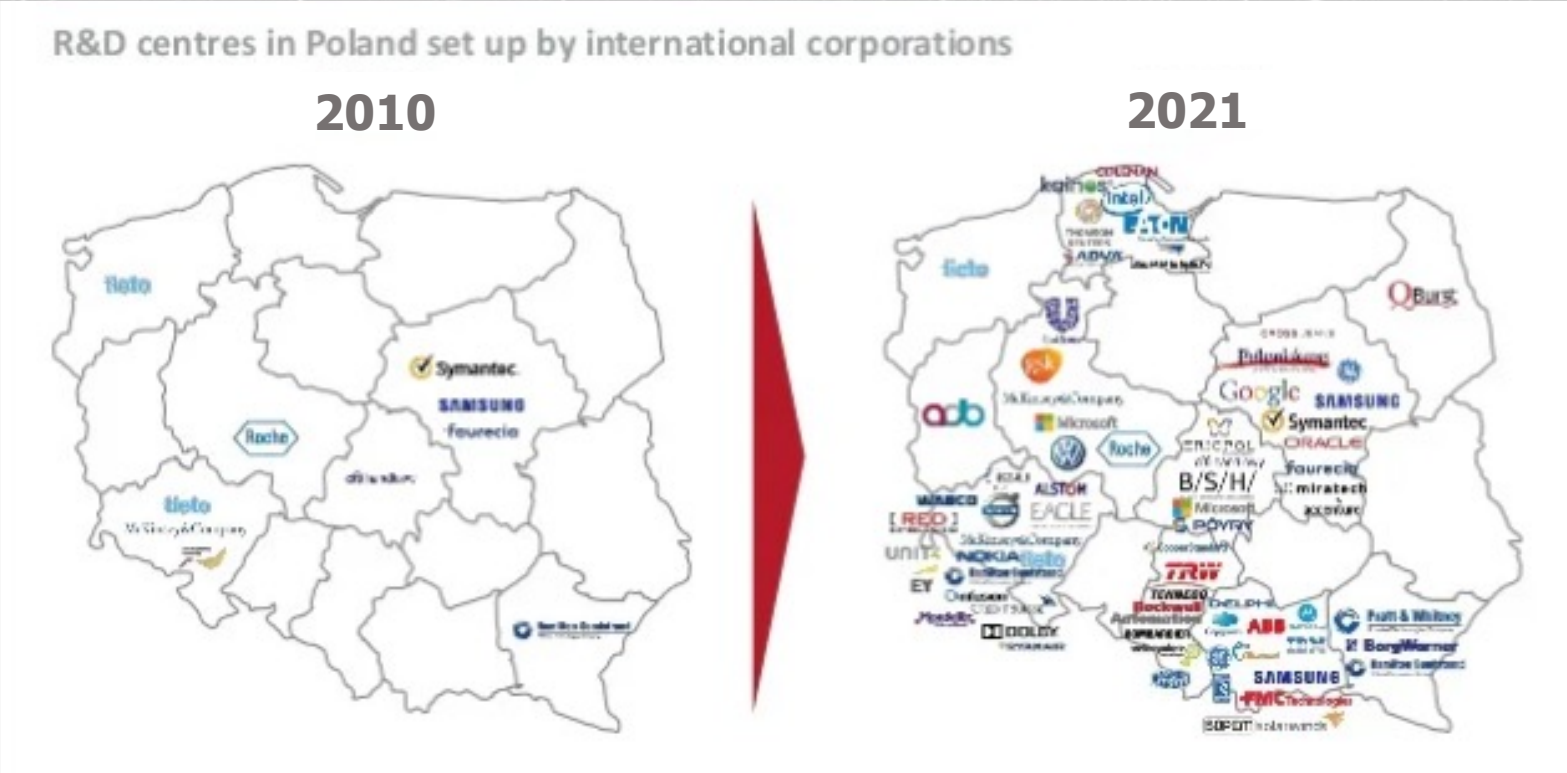
Aerospace



The Polish aerospace industry has seen consistent growth in recent years, due to increased demand for Polish manufactured goods overall, and specifically increased local demand for aviation goods due to investments in infrastructure and rising passenger numbers. 90% of the Polish aviation industry is in the Polish Aviation Valley in the southeastern part of the country, the Podkarpacie region, where a striving ecosystem of large multinational companies, along with more than 120 innovative small and midsize enterprises, scientific research centers, and educational and training facilities, has developed.

Source: Aerospace Manufacturing & Design

Global Technology Leaders Continue Investing in Poland



Source: Polish Development Fund- NOAH17 London, NOAH Conference Keynote

Executive Summary



4,1% GDP

The value of the investment by U.S. companies in Poland corresponds to 4.1% of the value of Poland's gross domestic product.

INVESTMENTS
26 bln USD

ASSETS
59 bln USD

#2

American companies are the second largest group of foreign investors in Poland.

The value of American investments in Poland is \$26 billion. The value of their assets is estimated at nearly \$59 billion.

48% investments in manufacturing



U.S. companies invest twice as much in services as in industrial production worldwide. In Poland, however, they have allocated almost half of their investments to manufacturing.

1 576 firms

Currently, there are 1,576 enterprises owned by American investors in Poland.

Source: American Companies in Poland, Capital for Development and Security. American Chambers of Commerce in Poland, June 2023

The top American firms in Poland in Categories

(data on 2021)



ASSETS

Warner Bros. Discovery, Inc
Amazon.com, Inc
General Electric Company
Whirlpool Corp
Pepsico, Inc
Raytheon Technologies Corporation
Procter & Gamble

Philip Morris International, Inc
Cargill, Inc
Whirlpool Corp
Pepsico, Inc
Mars Family
Amazon.com, Inc
General Electric Company



OPERATING REVENUE



EMPLOYMENT

Amazon.com, Inc
Citigroup
IBM
Lear Corp
Raytheon Technologies Corporation
General Electric Company
Whirlpool Corp
3M Company

Warner Bros. Discovery, Inc
Raytheon Technologies Corporation
Amazon.com, Inc
Procter & Gamble
3M Company
Commercial Metals Co
Pepsico, Inc



INVESTMENTS

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Case Study

Background

Client had mfg. operation in Spain to produce airport ground equipment such as luggage transport vehicles, plane tuggers, other airport type vehicles etc.

Issues were:

1. Uncompetitive labor costs (very labor-intensive process)
2. Not located near airports or production/component centers which was adding to freight cost
3. Airport Industry was moving to CEE with both airports and suppliers

Client Request

Client wanted to shed manufacturing costs and move to a contract manufacturing model

EWA was requested to locate potential contract manufacturing partners in CEE

EWA Action Taken

1. Best Potential candidates were in Eastern Poland, which had a strong history of off-road transportation equipment manufacturing (tractors, earth moving equipment etc.), competitive labor rates, good access to European markets.
2. Short listed 3 potential manufacturers, held visits at both potential contract manufacturers in Poland as well as client's facility in Spain.
3. Developed "term sheet" for guidance to eventual contract to be sure all parties understood responsibilities.
4. Selected 1 contract manufacturer and signed agreement, transferred technology, identified suppliers, production processes all presently being established.

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Q&A Discussion

- **Strategic**

1. Why are companies diversifying from China and leveraging Poland's Supply Chain & Manufacturing capabilities?
2. What metrics does a company use to determine what is the best country and site location?
3. What are the costs involved in diversifying supply chain & manufacturing?

- **Supply Chain & Manufacturing**

1. What questions should executives be asking in order to determine whether to diversify their supply chain & manufacturing?
2. How are US companies developing sourcing, contract manufacturing & manufacturing capabilities in Poland?
3. What industry sectors are finding sourcing & manufacturing success in Poland?
4. One quick question: I know that there are many auto components manufacturers in East European countries like Poland but what are the other reasonable product categories and industrial segments for sourcing or manufacturing in Poland?

Q&A Discussion

- **Site Selection & Governmental Incentive**

1. How to conduct Site Selection in Poland to establish Polish manufacturing site?
2. What financial & operational incentives does the Polish government provide to US companies to establish operations on leased or owned facilities?
3. How should our investment strategy be designed to best meet the Polish Investment goals?
4. Can you summarize the Polish/US trade relations and tariff policies?

- **Labor**

1. What is the availability & quality of local labor (production & engineering talent)?
2. I am really interested in labor cost and labor stability given the political, migratory, and other upheaval going on in the region. Where are the migrants going, staying, and is Poland friendly or not? Are they trying to utilize as an asset in manufacturing?

Contact Us

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