

# Supply and Logistics



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[www.newcrest.com.au](http://www.newcrest.com.au)



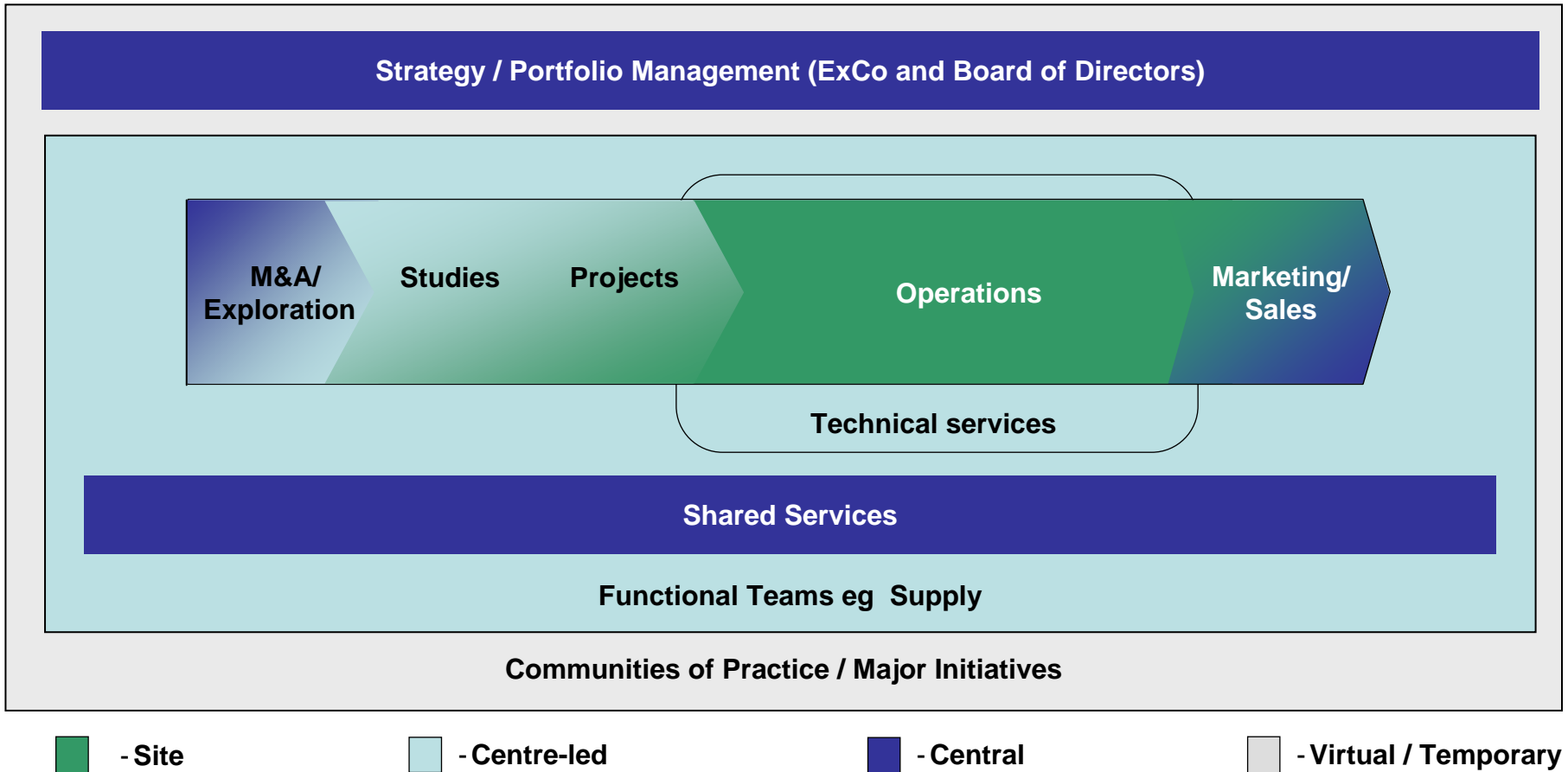
# Content

- Supply & Logistics - Organisation Fit
- Key Statistics
- Supply and Logistics Purpose and Strategic Approach
- Key Categories
- Market Conditions
- Key Areas of Focus/Opportunities

# Key Statistics

- Operational and Exploration Spend of approximately \$1,200m p.a
- Top 20 categories make up 80% of operational spend across 80 suppliers
- Current Project/Capital spend in excess of \$1,000m (FY09)
- Supplier Base of 3000—~60 common suppliers across sites(~65% spend)
- Supply Inventory Holdings of ~ \$80m (\$4m projects)
- Number of Purchase Orders Raised -6,000 per month
- Number of Stores Issues – 25,000 per month
- Number of Contracts (approx. 400)

# Relationship to Value Chain



# Supply and Logistics Purpose

## Supply & Logistics Purpose

To contribute to the production of low cost precious metals through supply and logistics solutions that deliver high levels of service, quality, innovation and value across total value chain.

### Strategic Sourcing

- Key Category Vendor Management
  - Contract Management
- Drive Supply Relationship Management

### Operational and Transactional

- Stores Operations
- Inventory Management
- Lower value site specific contracts
  - Procure to Pay Transactional
- Focus of Service Excellence to Sites

activities

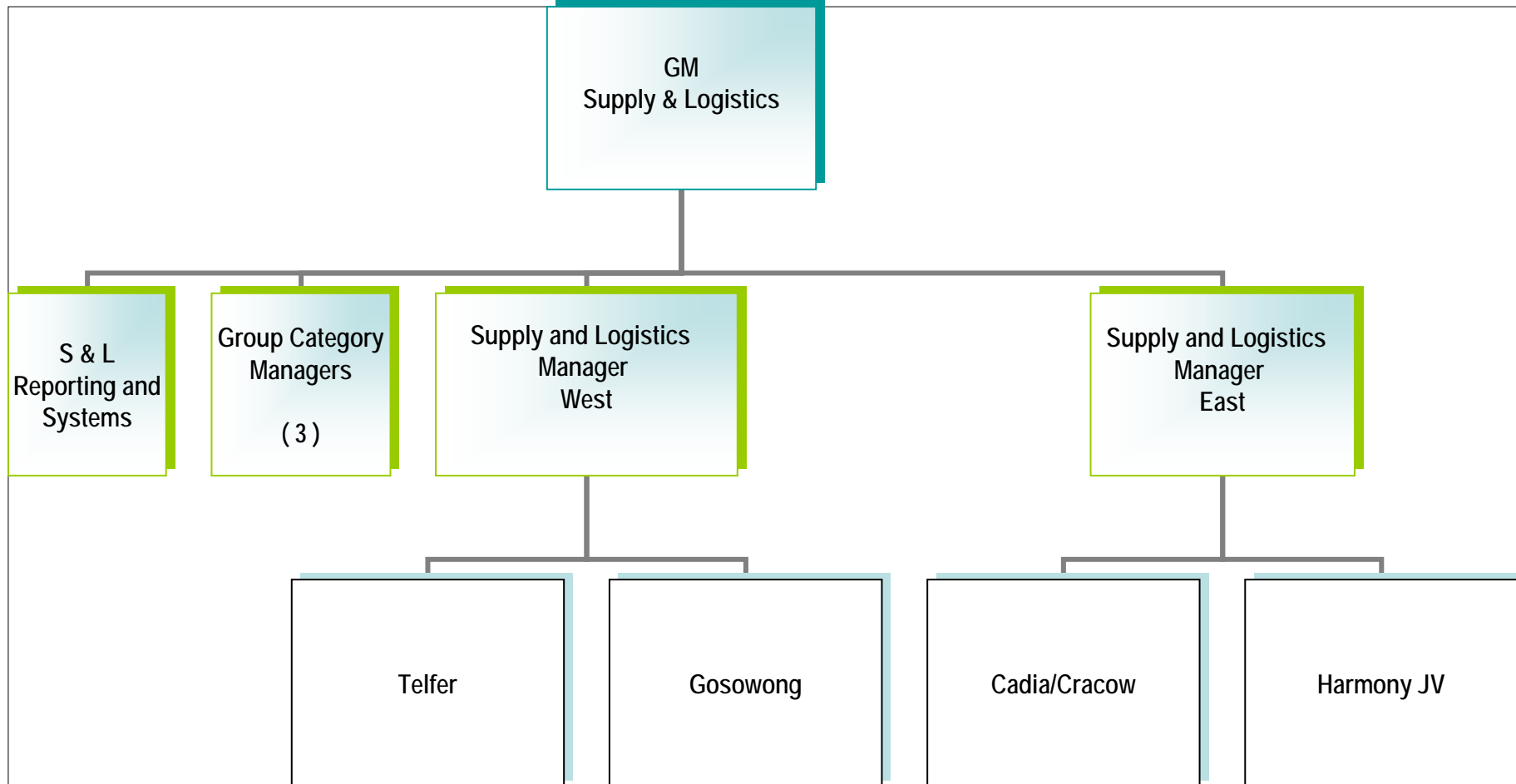
### Structure and People

Policies ,Processes, Tools and Templates

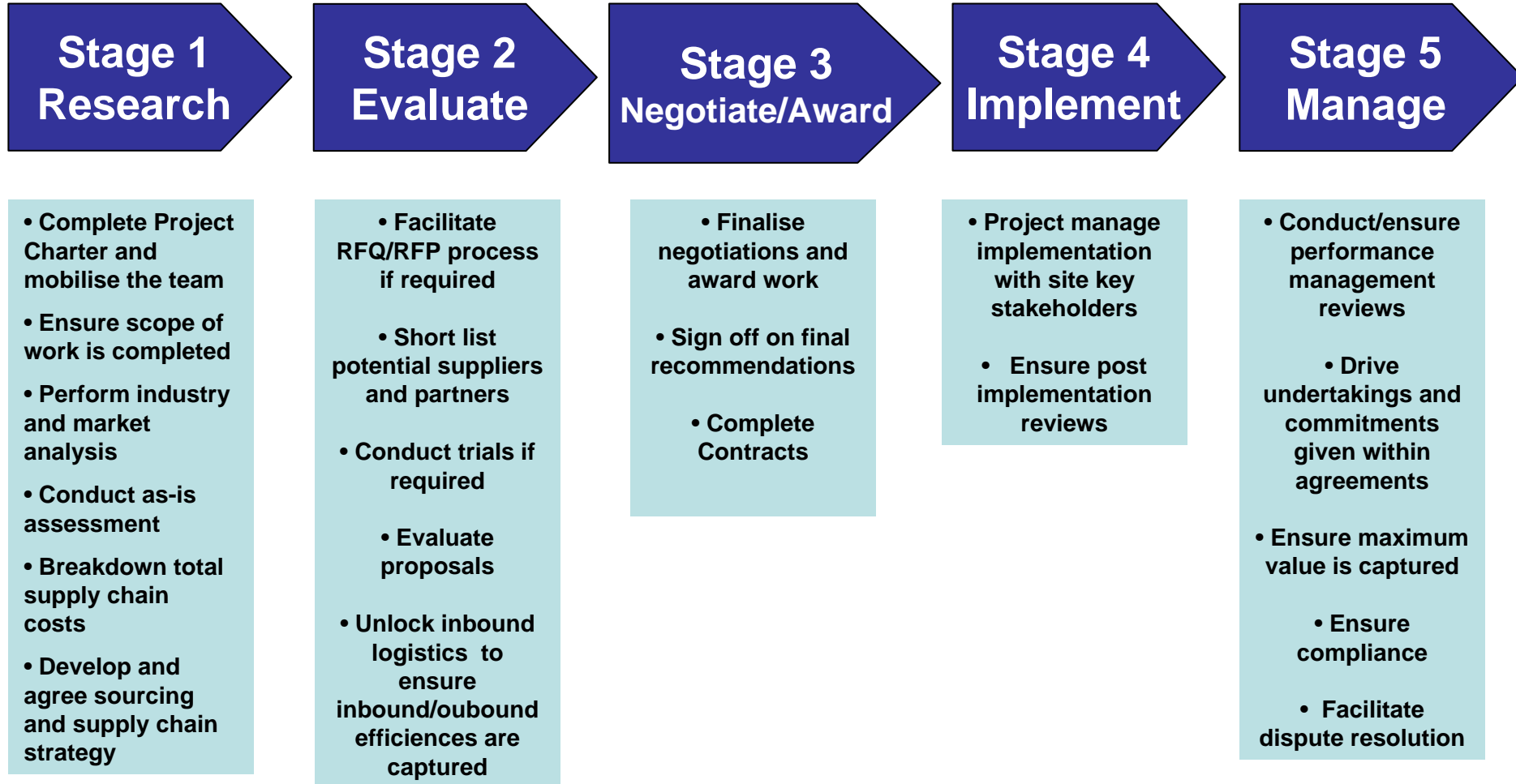
Systems and Information Management

enablers

# Supply & Logistics Organisation Design

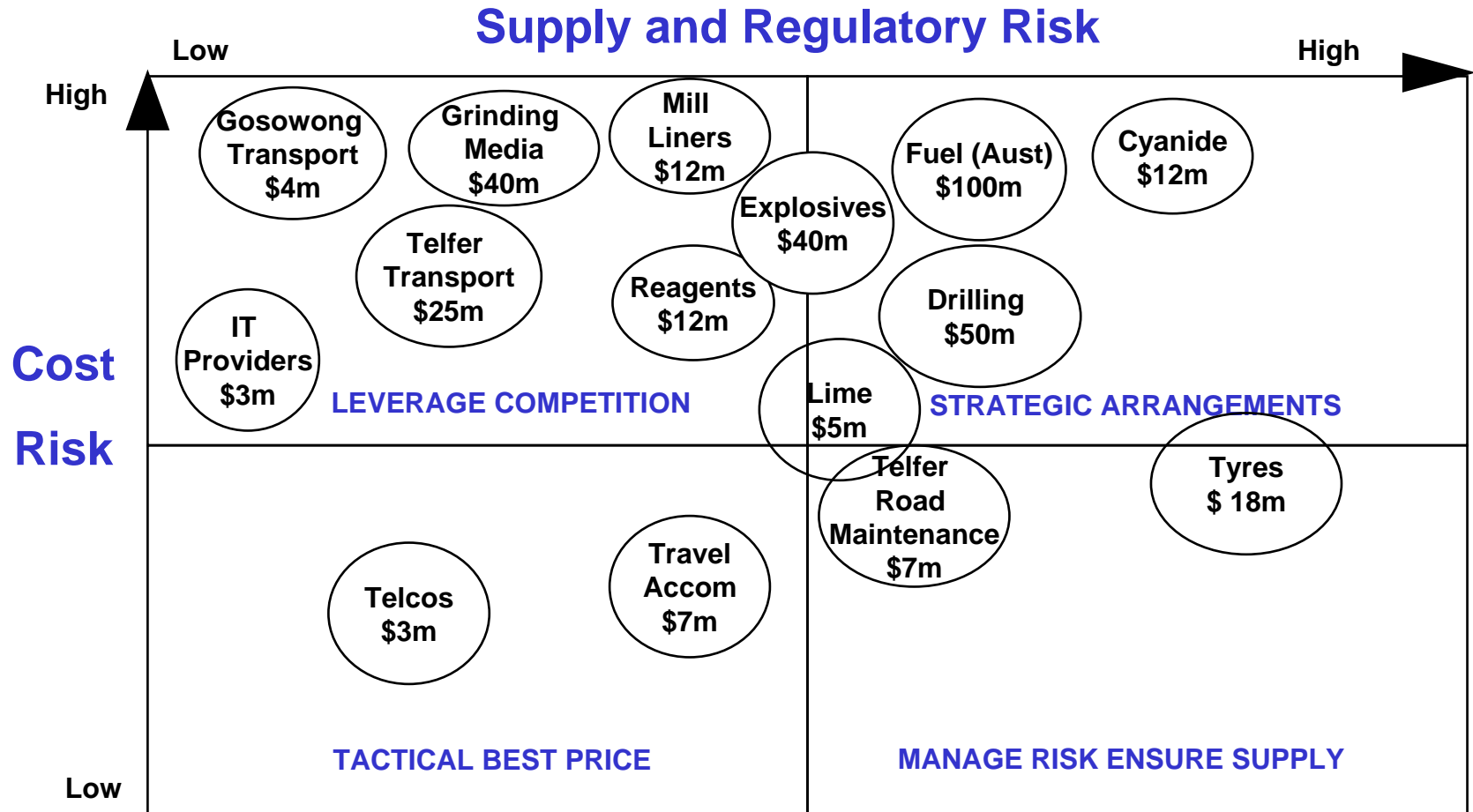


# Strategic Sourcing Process



# Supply & Logistics Major Category Reviews

EXAMPLE ONLY



# Market Conditions

- Key input commodities (eg oil, ammonia, steel base products and rubber) now dropping dramatically from historical highs
- Order books reducing and lead times shortening in some major capital related assets (eg drilling equipment, fixed and mobile plants)
- Strategic customers such as Newcrest important to many suppliers in this environment

# Key Areas of Focus/Opportunities

- Ensure contract commercial terms aligned during this downturn
- On going market monitoring to allow opportunistic spot buying for certain commodities and plant
- Contract options to ensure volumes for our growth projects
- Continue to reduce vendor lists, standardise purchasing
- Reduce invoice volume where possible
- Design and Implement one system across all sites
- Drive value through disciplined strategic sourcing process