



## **DIAGEO PARTNERS IDS TO OPEN S\$13 MILLION REGIONAL LOGISTICS HUB IN SINGAPORE**

***Innovative supply chain process the first of its kind for the beverage alcohol industry***

**10 October 2006, Singapore** – Diageo, the world’s leading premium beverage alcohol company, and the IDS Group, a premier Pan Asian provider of Integrated-Distribution and Logistics Services, today announced the opening of the S\$13 million Diageo Asia Pacific Logistics Hub at the IDS Group’s logistics facility in Singapore. This strategic partnership, which involves an innovative supply chain process – the first of its kind for the beverage alcohol industry in Asia – will handle all of Diageo’s Asia Pacific logistics requirements.

John Pollaers, managing director, Diageo Asia, commented: “Asia Pacific is a key growth market for Diageo. The setting-up and opening of our logistics hub in Singapore is a complete overhaul of Diageo’s Asia Pacific supply chain, maximising our efficiency whilst allowing us to be more flexible and responsive to meet the needs of a diverse and growing Asian market.

“We are extremely impressed by IDS Group’s capabilities, track record and their approach to our needs. They are an ideal partner for Diageo and we have found synergies in our corporate values and culture. Singapore’s many strengths – its infrastructure, skilled workforce and geographical location – made it the country of choice over its many competitors for managing the logistics side of our business in Asia.”

Ben Chang, Group Managing Director of IDS, added: “This regional hubbing service for Diageo demonstrates IDS’s strength in offering customised regional logistics and supply chain solutions to customers. Our state-of-the-art Automatic Storage and Retrieval System (ASRS) facility is ideally suited for quick-response hubbing and value-add regional supply chain services.

“The flexibility we are able to offer ensures that Diageo can respond rapidly to regional demand and future growth. We see this as the first stage in a long-term, successful relationship that will develop along with Diageo’s expansion in the region.”

At the official opening, Mr Lim Siong Guan, Chairman Singapore Economic Development Board, said: “Congratulations to Diageo on the opening of its regional logistics hub. Diageo’s decision to consolidate its regional management and logistics for the Asia Pacific region and site its regional distribution centre here is a boost to our aim of becoming the Supply Chain Management nerve centre of Asia.

“Already, more than half of the world’s top 25 third party logistics companies have set up significant operations in Singapore. Many of them have their regional solutions teams based here from which they launch new specialized logistics services for Asia Pacific. By partnering IDS Logistics, Diageo has leveraged on IDS’s operational excellence in managing this state-of-the-art logistics and warehousing facility.”

The new Diageo Asia Pacific Logistics Hub will be located at the IDS Group’s ASRS (Automated Storage and Retrieval System) facility in Tuas, one of Asia’s largest and most technologically advanced distribution facilities. Premium bottled product such as Johnnie Walker and Singleton will arrive at the centre from Europe and will then be labelled, packaged, and put through rigorous quality control checks before being distributed to the different markets including Korea, Australia and China.

Designed to grow in line with Diageo’s business, the centre will handle 3.5 million cases of Diageo beverages in its first year, growing to 6 million cases in 2007 and 8 million in subsequent years. When working at full capacity, the Diageo Asia Logistics Hub will involve the creation of approximately 80 jobs.

The Diageo Asia Pacific Logistics Hub makes use of the leading edge technologies available in the IDS Group’s Tuas facility, such as the advanced ASRS and digital imaging capabilities, as well as its customs-bonded area and temperature-controlled zones, to improve process efficiencies and ensure the quality of the products. As a result of the new Diageo facility, average product lead-times from production through to point-of-sale will be cut from eight to ten weeks down to one to three weeks.

The facility will store Diageo inventory to the value of S\$ 60 million and will complete the final market-specific labelling and packaging (known as postponement) at the last moment on bespoke, high-speed, semi-automated production lines. This will allow one-off initiatives – such as seasonal Diageo promotions in a single market – to be rolled out quickly and to a high standard. Postponement is a common supply chain process for the electronic industry and some parts of the Fast Moving Consumer Goods (FMCG) industry; however this will be the first supply chain of this type for the beverage alcohol industry.

Diageo will have a dedicated production hall for the automated labelling and finishing of its products, using equipment and operating processes tailored for the company.

Earlier in 2006, Diageo significantly upgraded its Singapore office to Asia regional hub status. The company's latest investment in Singapore illustrates Diageo's increasing commitment to the country as a key base for its rapidly expanding trade in Asia.

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