O.M.S. Capability Report and Market Outlook FY2013-2014

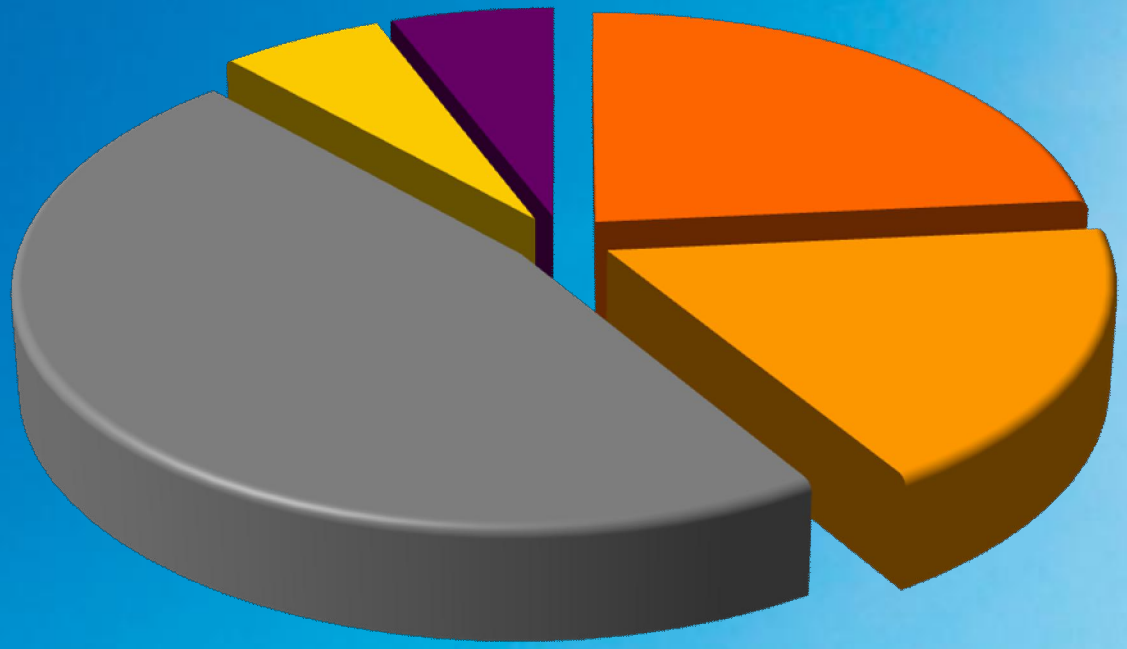
O.M.S. s.r.l. Italy
An Overview of Financial and Technical Information

AGENDA

- O.M.S. Capabilities & Lead Time
- Supplier Management & Price Trends
- Supply Cost Reduction
- Market Analysis
- Business Development
- Outlook for FY2013

SPLIT OF TECHNICAL RESOURCES

Production department nr of cnc resource



- 5 AXIS HIGH SPEED MILLING
- MULTITASKING DEPARTMENT
- TURNING / MILLING DEPARTMENT HP
- ROUGHT MACHINED PARTS
- SPECIAL OPERATIONS

O.M.S. CAPABILITIES: Production Department

Description of Department	No.	Application
5 AXIS HIGH SPEED MILLING 5 axis CNC machines, round table diameter 500mm, square table 900*750*500 (approx max size of pieces) Precision from 0.006 to 0.002mm	4	25% Racing 20% High-Vacuum 30% Transport 20% Aeronautics
MULTI-TASKING DEPARTMENT 7 or 9 axis CNC machines; one of this machines is comparable to two lathe machines and 1 5 axis mill. High tech applications: in a single application, we can obtain the same results as with 4 CNC machines (Lathe and Mill) Precision from 0.006	4	50% High-Vacuum 30% Transport 20% Racing
TURNING / MILLING DEPARTMENT HP 3 axis CNC machines; with these turning machines we can perform a milling operation during the Turning work phase	7	All fields of application
ROUGHT MACHINED PARTS 3 or 4 axis CNC machines; these are lower precision machines (about 0.01mm), but they are less expensive than high-precision machines, and usually the 1st and 2nd lathe phases do not require precise, and therefore more expensive machines	3	All fields of application
SPECIAL WORK PHASE AND PROTOTYPE Manual and automatic machine for special operations : Cylindrical Lapping - Prototype - Manual operation - Non-Destructive Testing	4	50% Prototype 35% Racing 15% Internal

O.M.S. CAPABILITIES: Quality Analysis & Mangement of Production Work Flow

Description of Department	Application
Quality Lab HP 1 One quality lab (temperature and humidity monitoring), equipped with: CNC measuring machine (continuous scanning) Max Precision 0.002mm CNC Optical Machine - Profile projectors Two very high-precision measuring machines: 0.0002mm Direct measuring 3d solid model	All fields of application
Quality Lab - Production Area At the center of the production area we have a CNC measuring machine, a work station to analyze data from production, materials purchasing, customer orders, drawings and specifications for product parts	All fields of application
Dimensional Instruments and Statistic analysis We have more than 300 instruments, subjet to periodically calibration, we have software resource to Analysis Statistic data , we apply **SIX SIGMA** Method, and we monitoring the **PROCESS CAPABILITY** and PROCESS PERFORMANCE	All fields of application
Data collection on production (with bar code system) & production work flow optimization 3 Work Stations and 3 people to record and analyze all data coming from: Purchasing Department, Production Department, incoming and outgoing material, it is given a unique identification bar code which follows the raw material throughout the production process	All fields of application

Lead Time Performance

Customers want to keep their inventory low

One of the most important rules in today's market is to keep inventory levels low. Our delivery department is organized to provide a rapid and efficient service.
To meet this demand, in 2010 we started to implement an automated and dynamic storage system so that the production work flow can be synchronized by the administration department
With two CNC dynamic storage and retrieval systems, we have cut delivery time by as much as 35%

Real time sync of customers order-production process-delivery notification

When we receive an order from a customer, our MRP software proceeds to sync the production department to schedule, on line, batch production of each part number, based on the latest release of drawings, applying the latest approved work cycle (especially for Aeronautic parts), and other specifications.

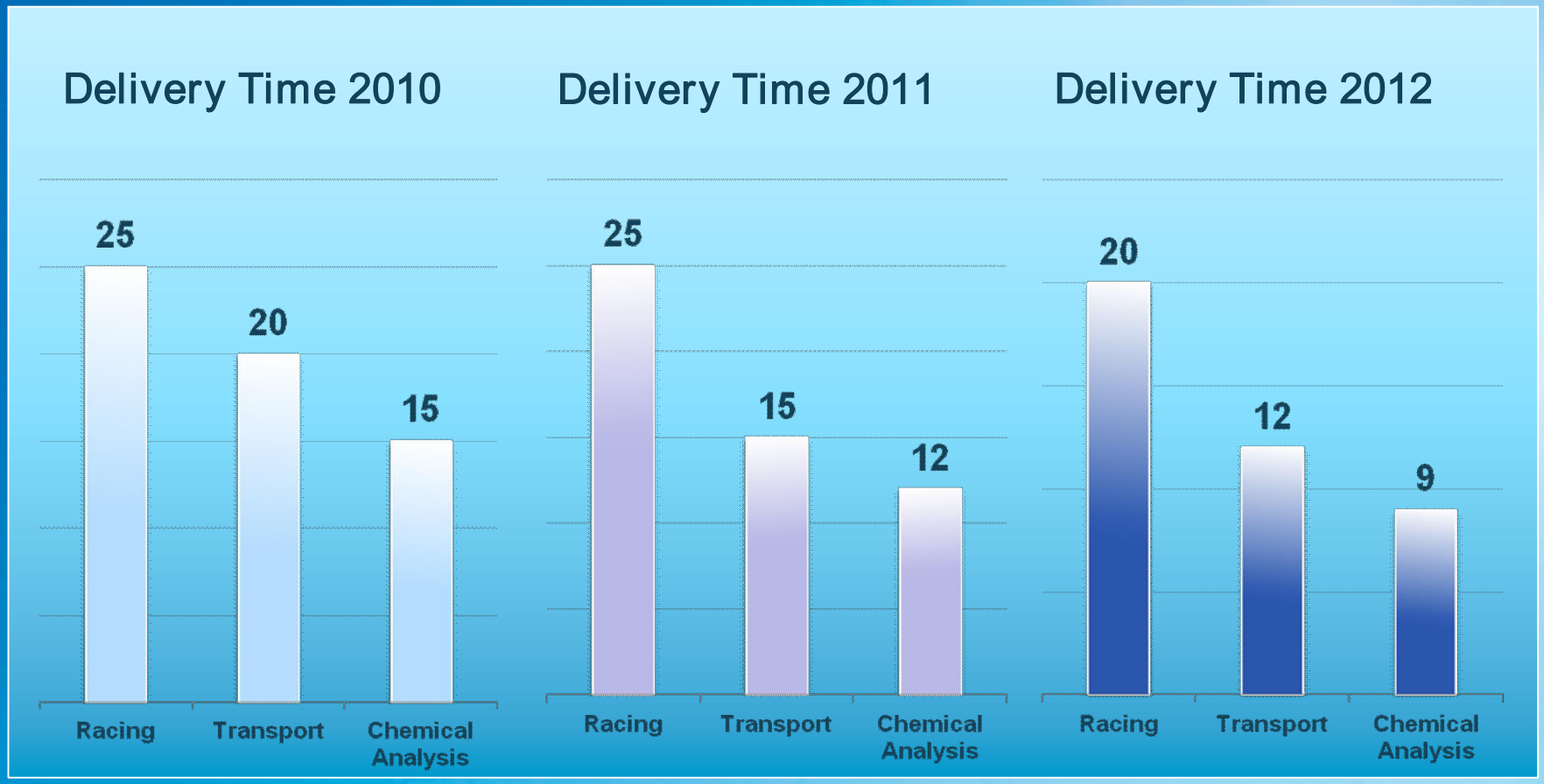
We periodically receive forecasts from our customers, we analyze these data and plan the purchase of raw material tools and all dedicated fixtures (to make sure we can meet the tight lead time required by customers).

We purchase raw materials from three selected suppliers, on an urgent or planned basis, and constantly measure their performance.

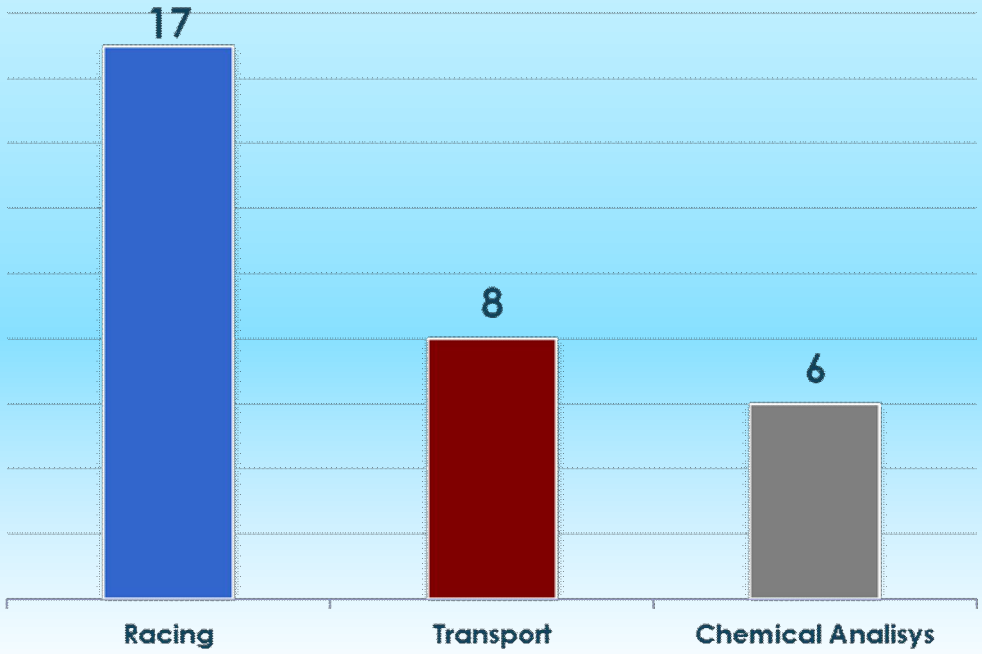
This system makes it possible for O.M.S. to obtain a lower price (about 2.5% reduction) for planned orders and receive urgent supplies within 2 working days when required, with no additional charge.

The multi-tasking process makes it possible to manufacture products in a single phase. This new application (in place since 2009) can reduce delivery time by more than 50% (because products that would normally require 4 work phases are ready for storage after just one work phase)

Delivery Time Performance (no. of days)



Delivery Time Performance with Multi Tasking Cycle FY2013 Outook



In Q4 FY2012 we have optimized a new high productivity multi tasking system including loading, processing and storage of finished products, making it possible to cut delivery time by up to 30%

Supplier Management & Price Trends

O.M.S. has chosen this system to manage strategic components and products

Market analysis and search for the most competitive brands of suppliers

At the end of each fiscal year, the purchasing department analyzes and measures (in terms of quality, price and service) performance of our strategic suppliers and approves new potential suppliers.
For example, in FY2012 our rod bars and square bars of Titanium Ti64Al, for aeronautic applications, were bought from a European German importer, saving about 15% .

Selection of preferred suppliers

In agreement and in co-operation with the production department, the purchasing department scans the best brands of suppliers for strategic products (e.g.: CNC Machines, Milling-Turning Tools, Clamp system, Tool Clamp, Measuring instruments, Software).
The purchasing department contacts the brand directly and tries to obtain supply directly from the manufacturer or its national importer as opposed to resellers.

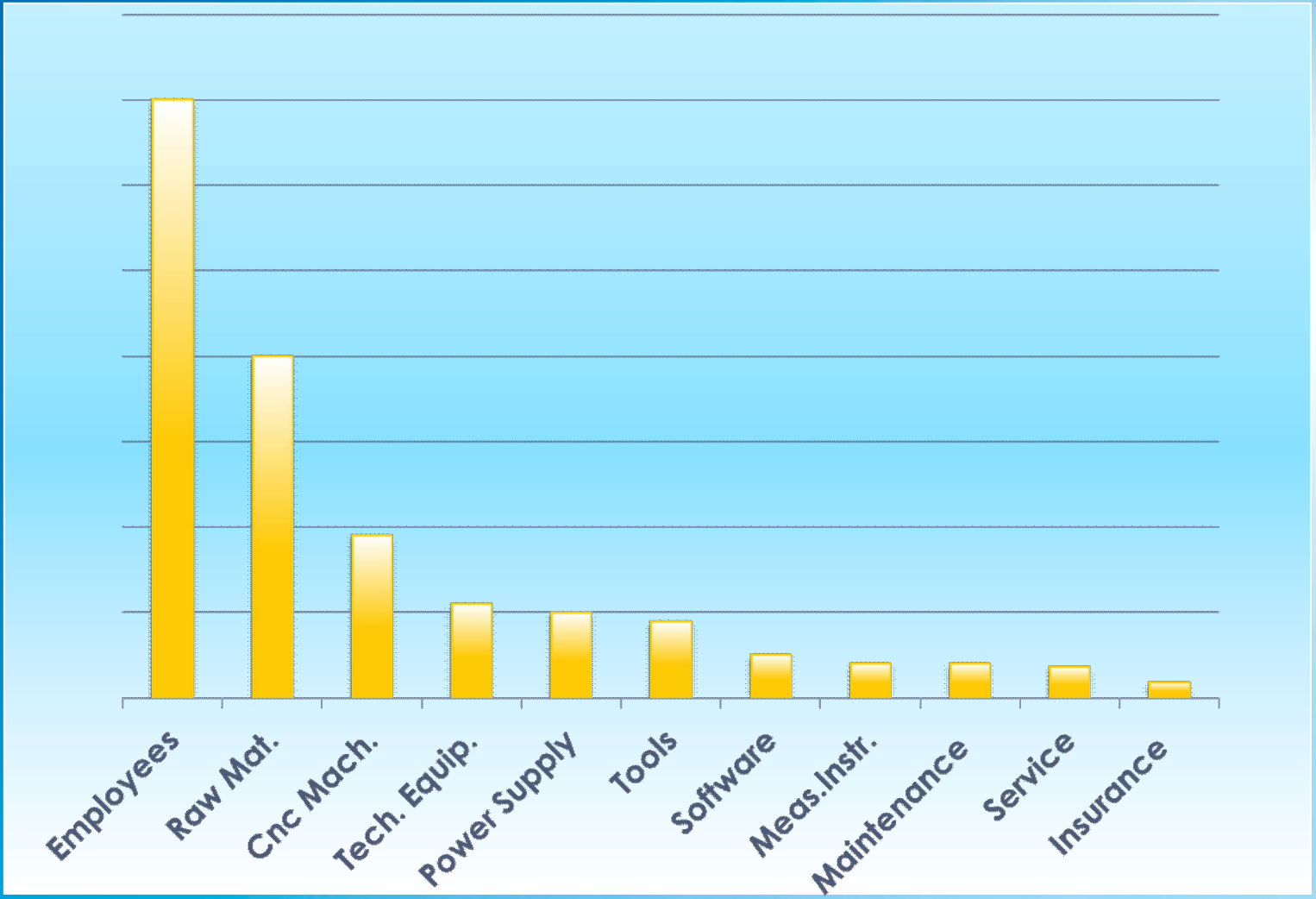
Sign a Co-operation Agreement with preferred suppliers

After selecting suppliers, the purchasing department makes a proposal for a CO-OPERATION AGREEMENT, to strengthen co-operation and possibly buy at preferential conditions (O.M.S. first asks a preferred supplier BEFORE going to a COMPETITOR and we show the supplier's product and brand on our WEB SITE; in exchange for this preferred suppliers give an extra cost reduction of about 8%)

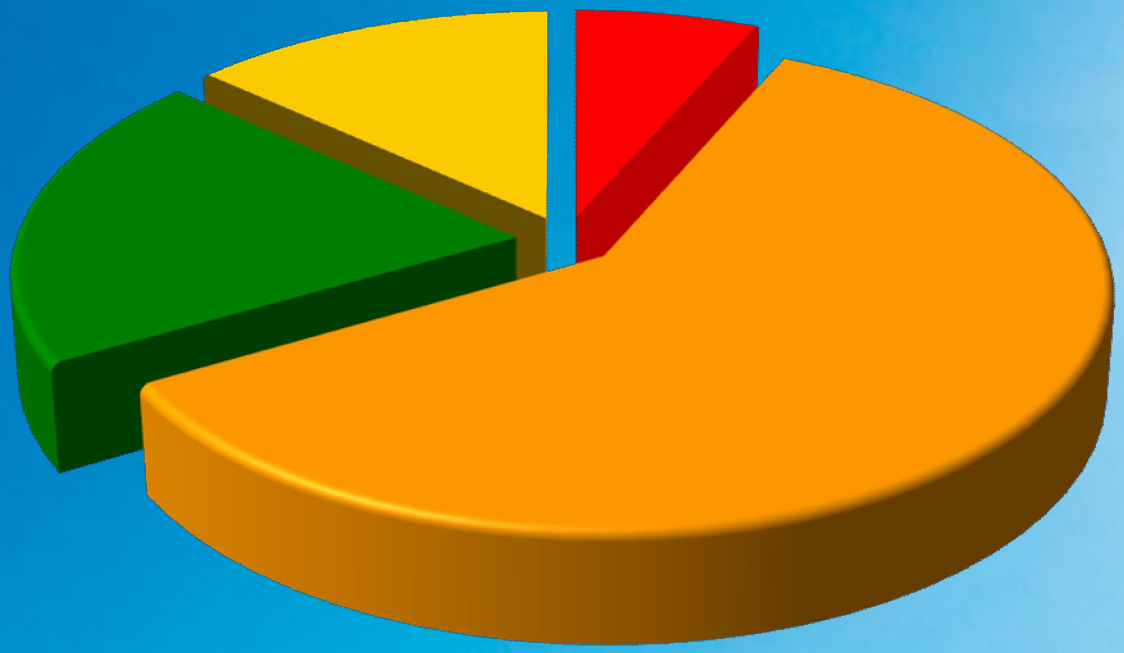
Sample Co-operation Agreement

Fy 2011- Contract for new 7 axis CNC machine with Mazak: Official Price: xxxx€ - Resellers best price xxxxx€- O.M.S. bought directly from MAZAK Europe at xxxx€ (save 12%), under a co-operation agreement Fy 2012 -2015 - SANDVIK COROMANT (world leader in milling and turning tools) accepted our agreement and applied an additional discount on official prices, from 5% to 7%(in FY 2012 the discount was 20%, in FY 2013 it will be 25%)

O.M.S. Cost of Supply in FY 2012



Market and Core business forecast FY 2013



O.M.S MISSION

WHAT CAN EXPECT A O.M.S. CUSTOMERS

QUALITY AND FLEXIBILITY

THE CONTINUOUS SEARCH FOR OPPORTUNITIES TO REDUCE COST TO OUR CORE CUSTOMER

LONG TERM PARTNERSHIP AGREEMENT, STABLE AND EFFICENT SERVICE TO TOTAL CUSTOMER SATISFACTION

USING THE LATEST TECHNOLOGY (HARDWARE AND SOFTWARE) AVAILABLE ON THE MARKET IN REFERENCE TO ENGINEERING OUR CUSTOMERS PRODUCT