International Titanium Association

Distribution Trends Panel

Monday 2nd October 2006
San Diego

David Hall, RTI International Metals, Inc.
What is Distribution?

“The transporting, merchandising and marketing of goods from producer to consumer”.
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or

A Supply Chain Mechanism
Titanium Industry Distribution Trends

- Stockist
- Service Centre
- Service Provider
Titanium Industry Distribution Trends

Value Added Processes
Distribution Critical Success Factors

End Users:

- Consolidate demand.
- Provide flexibility.
- Eliminate non-core & wasteful activities.
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Distributors:
- Service Capability.
- Inventory turns.
- Cost control.
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**End Users:**
- Consolidate demand.
- Provide flexibility.
- Eliminate non-core & wasteful activities.
$ Reduce total activity cost.

**Distributors:**
- Service Capability.
- Inventory turns.
- Cost control.
$ Profitability.
Inventory, a Weakness or Strength?
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- Excess inventory can act as a drag on the total market by
  - Allocating scarce capacity to unwanted products.
  - Exaggerating market shortages.
  - Consumes distributors cash limiting investment in needed inventory and processes.
Inventory, a Weakness or **Strength**?

- Accurate inventory management facilitates market growth by
  - Allocating scarce capacity to the right products at the right times i.e. eliminate speculation.
  - Reduces market shortages and excesses thereby reducing market cycles.
  - Ensures distributors cash provides the best returns for investment in the right inventory mix and processes.
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- Distribution provides the vital link between manufacturer and end user.
- It facilitates effective use of mill manufacturers capacities . . .
- and provides the right product at the right time, Just-in-Time, to the end user.
- Managing this Supply Chain effectively in partnership between mill and end user enables each party to focus on their core role in that supply chain.
Today’s Distribution Panel:

Mr Brett Paddock: Chief Operating Officer, Titanium Industries, Inc.

“Turn or Burn – A Study of Inventory Trends & Levels”

Mr Steve Grisdale: Head of Supply Chain, BAE Systems, M777A1 Howitzer

“A Prime Users View of Future Supply Chain Issues and Strategies"