

PROFILE OF CRAIOVA PLANT

Company Name: Eti European Food Industries- Craiova Plant

1. Organization Profile

1.1. ETI Group



Figure 1 - View of Eti Group Companies and Plants

Eti Group, with a total revenue of 1 billion \$/year (approx.), is one of the biggest food producers in Turkey. Eti Group produces, sales and distributes 314.600 tons of biscuits, cookies, crackers, cakes, breakfast products, frozen products, chocolate and chocolate bars annually.

Eti's sales and distribution organization reach up to 210.000 retail points. The international sales to 74 countries worldwide accounts for the 12% of annual sales. Eti employs 7.077 White- and Blue-collar workers in Eti Group.

The Group's performance consistently ranks it among the top 100 industrial establishments in Turkey and the last announced rank is 25th. Eti Group consists of 8 food production plants: the Biscuit Plant, Chocolate Plant, Cake Plant, Bozüyük Plant, Cracker Plant, Grain Processing Plant, Milk Products Plant and Romania (Craiova) Plant. In addition, Eti has a Machinery Plant. The Machinery Plant' purpose is to develop and adopt cutting edge technology in-house. Eti Marketing and Sales, located in İstanbul, serves the global marketing and sales activities of Eti.

1.2. Eti Group Organization

Eti implemented a new organization in Europe, in order to extend its export activities by the strategy of GLOBALIZATION.

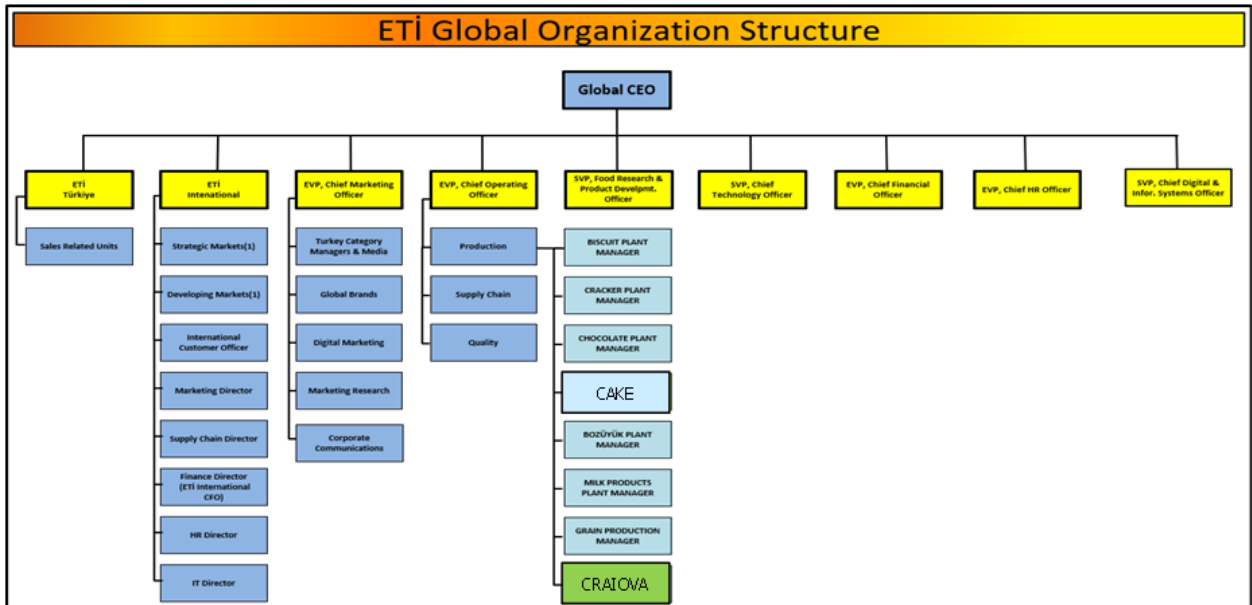


Figure 2 – Eti Group Organization Chart (2023)

1.3. Craiova Plant Profile

Craiova Plant has been established in Craiova, Romania, in 2016. The plant was the first green field project abroad. Craiova Plant covers an area of 76.800 m² in total. 24.703 m² is the closed area of the 4 production lines, with a production capacity of 31.500 tons/year. The Plant has 356 employees in total at the moment.



Figure 3 – Craiova Plant View

The plant's layout and structure consist of four main parts. There are 2 production halls and green field to install 3 more. At the beginning side of the production halls, we have a 3-floor section that includes dough preparation, semi-finished product production and raw material stock areas.

The warehouse's needs were solved inside of the 2nd production hall by using the MTO (Make to Order) method. There are another 6.000 m2 part of green field in front of the building to install a new warehouse on in the future.



Figure 4 – Craiova Plant Layout

1.3.1. Main Products

Craiova Plant has 97 SKU's. Our product range includes the 8 brands indicated below. All the products and SKU's are Tea Biscuits, Petit Beurre, Tutku, Eti Biscuits, Puf, Cin, Dare and Wafer.

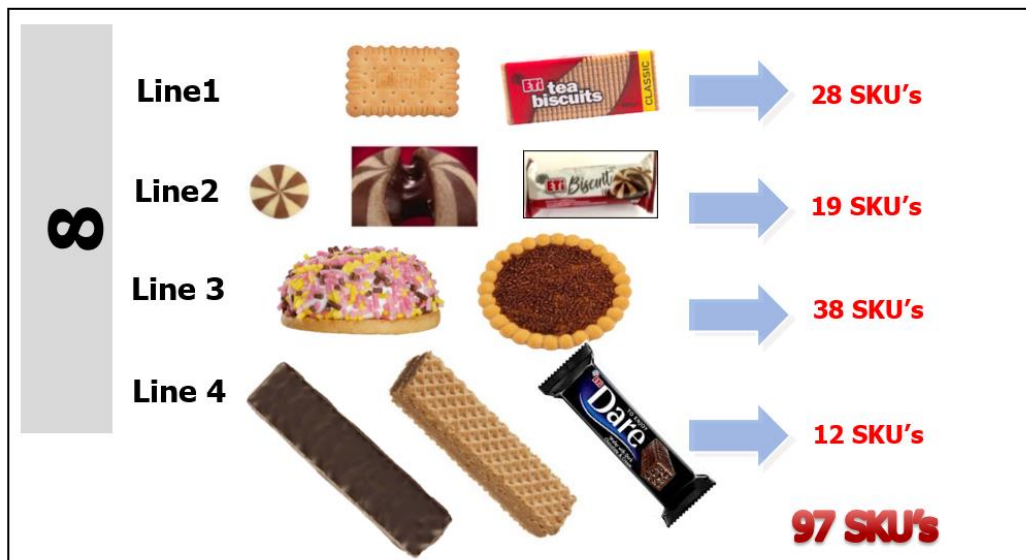


Figure 5 – Products of Craiova Plant

1.3.2. Production Flow

The production in Craiova Plant started with biscuits, on its first lines.

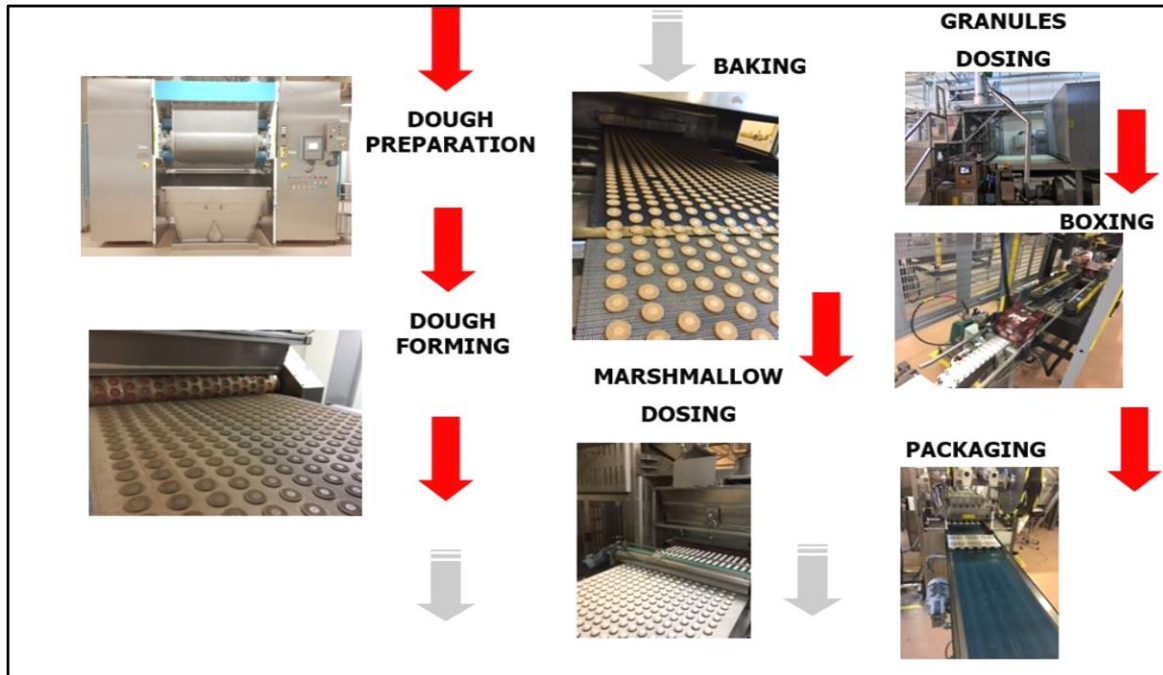


Figure 6 - Biscuit line production process

In 2023, a new line was installed, for producing wafers, due to the new Dare product release.



Figure 7 - Wafer line production process

2. Milestone on the Journey of Manufacturing Excellence

To explain our progress in time, we start with the construction step, back in 2014. The production process effectively started in May 2016, with Petit Beurre biscuits on Line 1.

The initial plan was to install 3 production lines in the 1st production hall and use the 2nd production hall as a warehouse. Line 1 was designed to produce Petit Beurre and crackers with shielded dough, while Line 2 was designed for "TUTKU"- biscuits with chocolate filling, one of the most successful brands in Turkey.

Line 3 was designed to produce a type of biscuit with marshmallow on top-"PUF" and another one with a layer of jelly on one side -"CIN", both covered in granules.

After the beginning in May 2016 with Petit Beurre, in June we continued with Puf on Line 3, followed by Tutku in December, on Line 2.

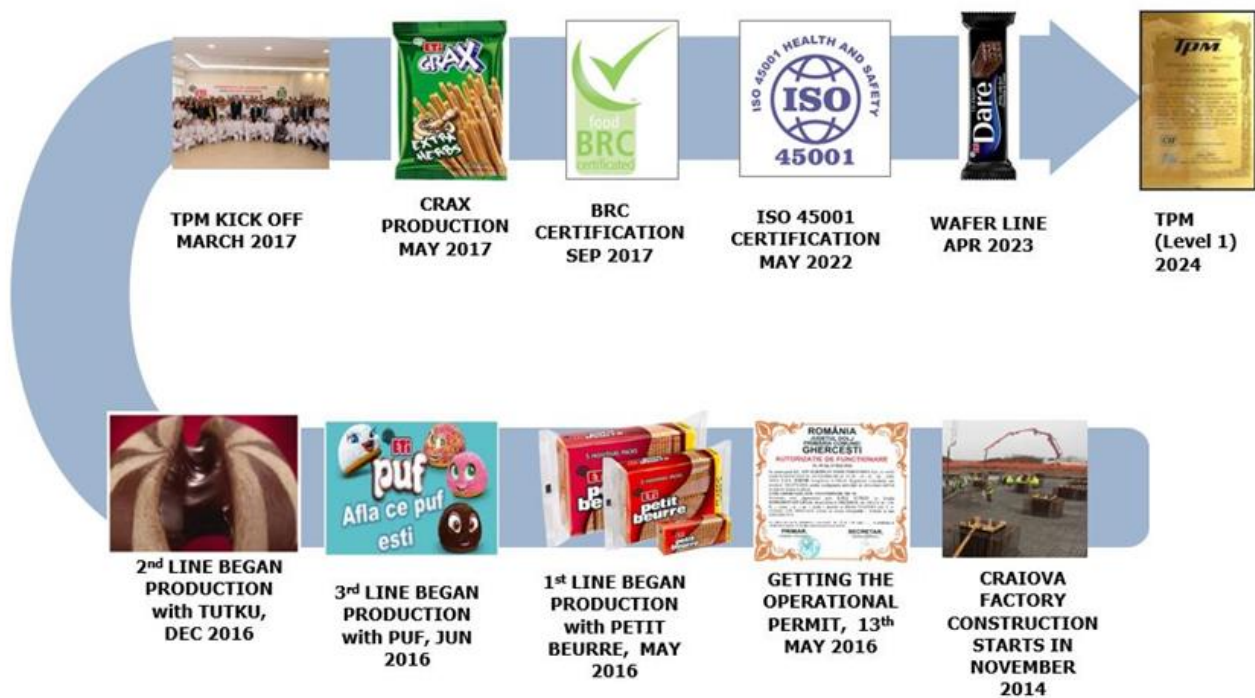


Figure 8 – Craiova Plant Chronological Progress

3. Benefits Achieved

3.1. TPM Effect from Overall Management viewpoint

When we have launched TPM, in 2016, we were looking for means to determine our people to fully engage in production as well as maintenance, through efficient inter-departmental collaborative attitude. TPM and JIPM' high potential led us to implement it in our company.

Over the years, TPM enabled us to achieve a Paradigm shift from the typical perceptions of who is responsible for maintenance. We maximized OEE (Overall Equipment Effectiveness) in all our lines. Together with all departments, we established a lean maintenance system for the entire life span of the equipment.

Our purpose was accomplished - involving every employee in this collaborative work process between all departments: engineering, operations, maintenance, environmental, purchasing, accounting, stores, safety, and human resources. The results of this common efforts are to be seen in our overall progress and development, which lead to taking even more steps further in this journey, which we will proudly follow under JIPM's guidance towards world class excellence.

3.2. Tangible Effects of TPM

Results	Way of Improvement	Unit	2017 (Starting TPM)	2023	Development Ratio (%)
Man.hour/ton	↓	INDEX	100	54	46
OLE	↑		100	143	43
Breakdowns	↓		100	90	10
Major Accidents	↓		100	100	0
Customer Complaints	↓		100	86	14
Unit Product Cost	↓		100	100	0
Rework	↓		100	51	49
Scrap	↓		100	58	42
Energy	↓		100	46	54

Figure 9 – Tangible Effects

4. Keys to our Manufacturing Excellence

ETI Way is the main philosophy for company management, and it gives guidance for ETI's industrial journey.

By this philosophy, we have constructed an integrated system, based on the value from the consumer point of view, while keeping up the increase in quality with the optimum costs and prices.

In the scope of this philosophy, we focused on the whole value chain, with all employees' participation which contains coordination of all the departments of ETI and suppliers.

In the scope of ETI Way, we focus on six main elements, which are Innovation, Value Creation, Respect for Environment and People, Operational Excellence, Accountability and Adaptation to Change.

We want to become a smiling organization with smiling people. Respect for Environment and People is very important in this sense.



Figure 10 - Eti Way

Above in figure 8. you will see the elements of Eti Way. They are attached to each other, making in combination the values of Eti. Looking deeper to these values that make up Eti Way, the values are described as follows:

INNOVATION: "Innovation in all areas" is the motto in ETI. This concept is divided into product and process innovation activities in participation of employees and even suppliers, which improve ETI's position in business and leads to increase our quality, profit and growth.

VALUE CREATION: Eti increases its competitiveness within the company to keep the high level of quality, profitability, and sustainability. The target is to maximize the value created, in which elimination of losses and non-value-added activities have utmost importance.

RESPECT FOR ENVIRONMENT AND PEOPLE: Eti is a smiling organisation with all employees and a leading company with environmental and social responsibility.

OPERATIONAL EXCELLENCE: The basic element of ETI Way is to increase our excellence in our operations by adapting the best-in-class methodologies in all our operations including, production, quality, safety, R&D, technology, logistics, purchasing and marketing & sales.

ACCOUNTABILITY: Accountability is an essential part of all activities performed in ETI, among all departments, employees, customers and suppliers.

ADAPTATION TO CHANGE: Eti is an adaptive company, that can flexibly adapt to volatile economic, social changes.

With these elements, we aim to create value continuously, while monitoring all trends about sector and items of business. In the following part, Eti Operation System will be explained in detail.

4.1 Craiova Plant Mission

Our Plant Mission is to increase competitiveness and lead the market with courageous applications, differentiating by **market driven innovations**. Eti is a worldwide known company with **high quality and innovative products** that emphasize indulgence.

The company pursues as well engaging in activities within society and environment, being **social responsibility** while continuously increasing the total shared value.

4.2. - ETI's TPM Policy

- To think differently and achieve **innovative results** by monitoring market and competition;
- To increase market share, profit and revenue with **innovative new products**;
- To implement a **value based** management approach focused on profitability of the brand;
- To develop and implement **operational excellence** in each function;
- To act regional in brand management and act locally in foreign markets, ensuring **sustainable and profitable growth**;
- To keep **highest level of confidence in product quality and brand**, regarding consumer perceptions;
- To prefer **environmentally responsible** solutions in all our activities and minimize our impact on environment;
- To **increase personal and professional development** level;
- To advance a positive **corporate culture** while maintaining **effective** corporate communication.

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