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A CALENDAR EVENT OF
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GULF PETROCHEMICALS
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الاتحاد الخليجي للبتروكيماويات والكيماويات

COLLABORATION FOR GROWTH: A CULTURAL TRANSFORMATION

10TH EDITION | 8 - 10 May 2018 | Dubai, UAE

Returnable Multi-use Plastic Pallets for GPCA members

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Content partner: McKinsey & Company

The current context

- Most GPCA members currently use one-way (single-use) wooden pallets for their material handling process.
- This represents over 10M wooden pallets per year.
- This is over **150'000 trees being killed annually**.
- GCC countries are not wood producers, hence the increased environmental impact of the wood being shipped to GCC to produce the pallets.
- Wooden pallets have several associated technical challenges in terms of strength, durability and hygiene requirement.
- At customer premises, wooden pallets are likely to be an inconvenience in terms of handling and residual value.
- It is a Paradox for GPCA members to be plastic producers and to be using wooden pallets.



What if?

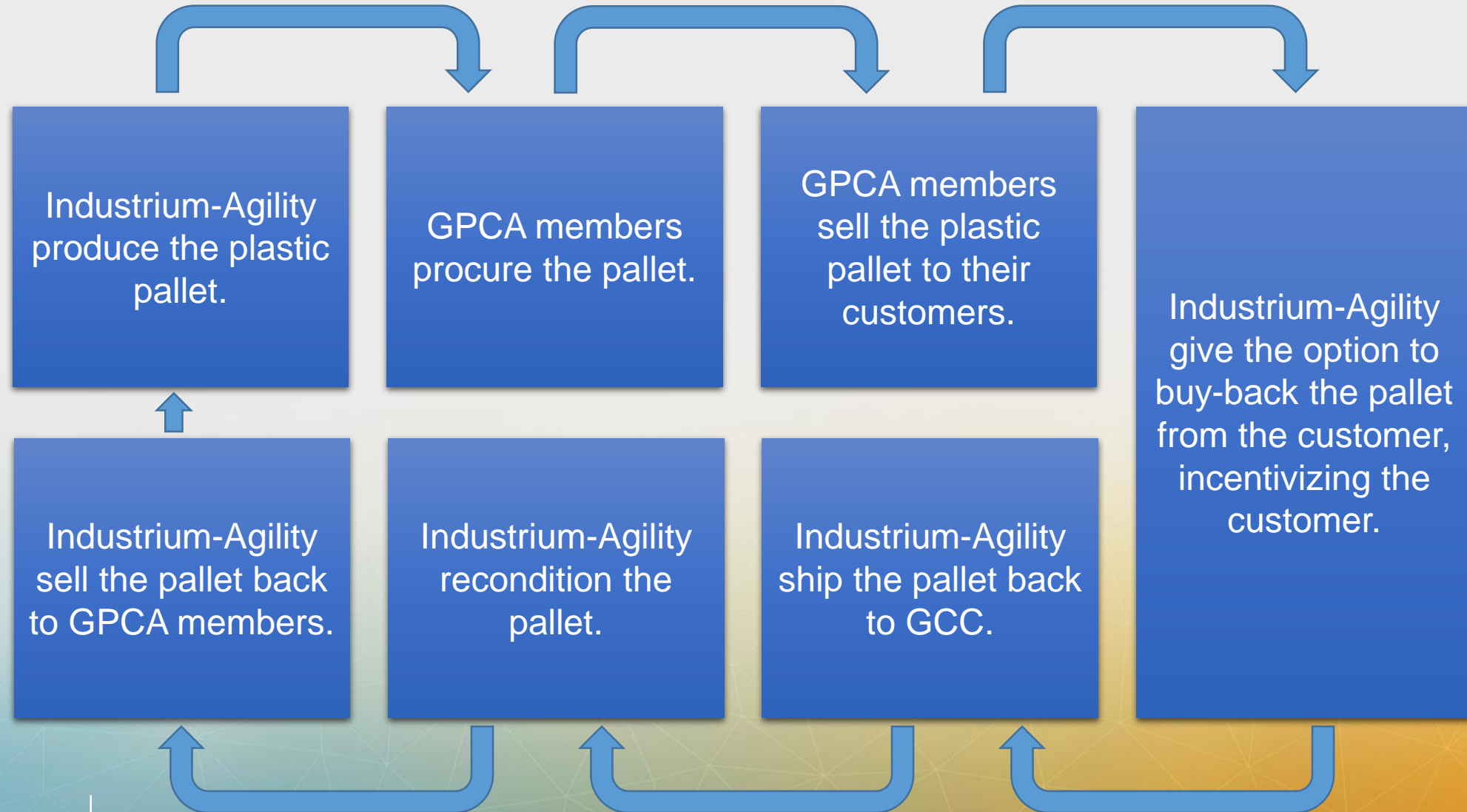
GPCA members use plastic pallets instead of wooden pallets, in a sustainable & eco-friendly manner...

AND

Save on the cost of wooden pallets.



The Solution: Single-use to multi-use



Example (for illustration purposes only)



- Assuming the cost of a wooden pallet is \$12.
- Assuming the cost of a returnable plastic pallet is \$42.
- GPCA member will procure the returnable plastic pallet for \$42, and will sell it to the customer for \$35, effectively incurring 7\$ for the pallet and saving \$5 compared to the cost of the wooden pallet ($\$12 - \$7 = \$5$ saving).
- The customer will have the option to sell the pallet back to Industrium-Agility for \$37, thus making a 2\$ profit per pallet.
- Industrium-Agility will bring the pallet back to GCC, recondition it, and sell it back to GPCA members for \$42.



The benefits of the Solution



- **For GPCA members:**
 - Cost saving.
 - No financial investment.
 - Eliminate the technical challenges associated with wooden pallets.
 - Reduce the environmental impact of operations.
- **For Customers:**
 - Material received on a rugged and clean pallet.
 - Peace-of-mind in handling the stock of pallets.



Road map: Target 2020



- We are ready to start working with interested GPCA members to complete the business case. The more interested members, the better economies of scale.
- Once the business case is approved by participating members, we can submit a proposal for a proof of concept, followed by a proposal for a contractual framework.
- Once the proof of concept is accepted, and the contractual framework is signed, we can start the implementation (12 to 24 months).





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Thank you

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