

***Supply Chain Integration
In Mexico***

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1. Establish a VMI Supplier Strategy



VMI stands for Vendor Management Inventory System, which is a strategy in which suppliers will deliver their goods to your company on a need-to-have basis with pre-determined schedules.

Under this system, the supplier uses a space within your manufacturing facility where they have shelves and just-in-time boxes to be filled according to your production rhythm.

If your supplier is already established in the region, they should have no problem to fulfill your request.

If they are not established in the region yet, they can start with a small warehouse and a truck to deliver their goods 2 to 3 times a day, as you require your operation to be lean.

It is recommended to consult an expert who helps you find the right talent pool for your operation to avoid an increase in your recruitment and operational costs.

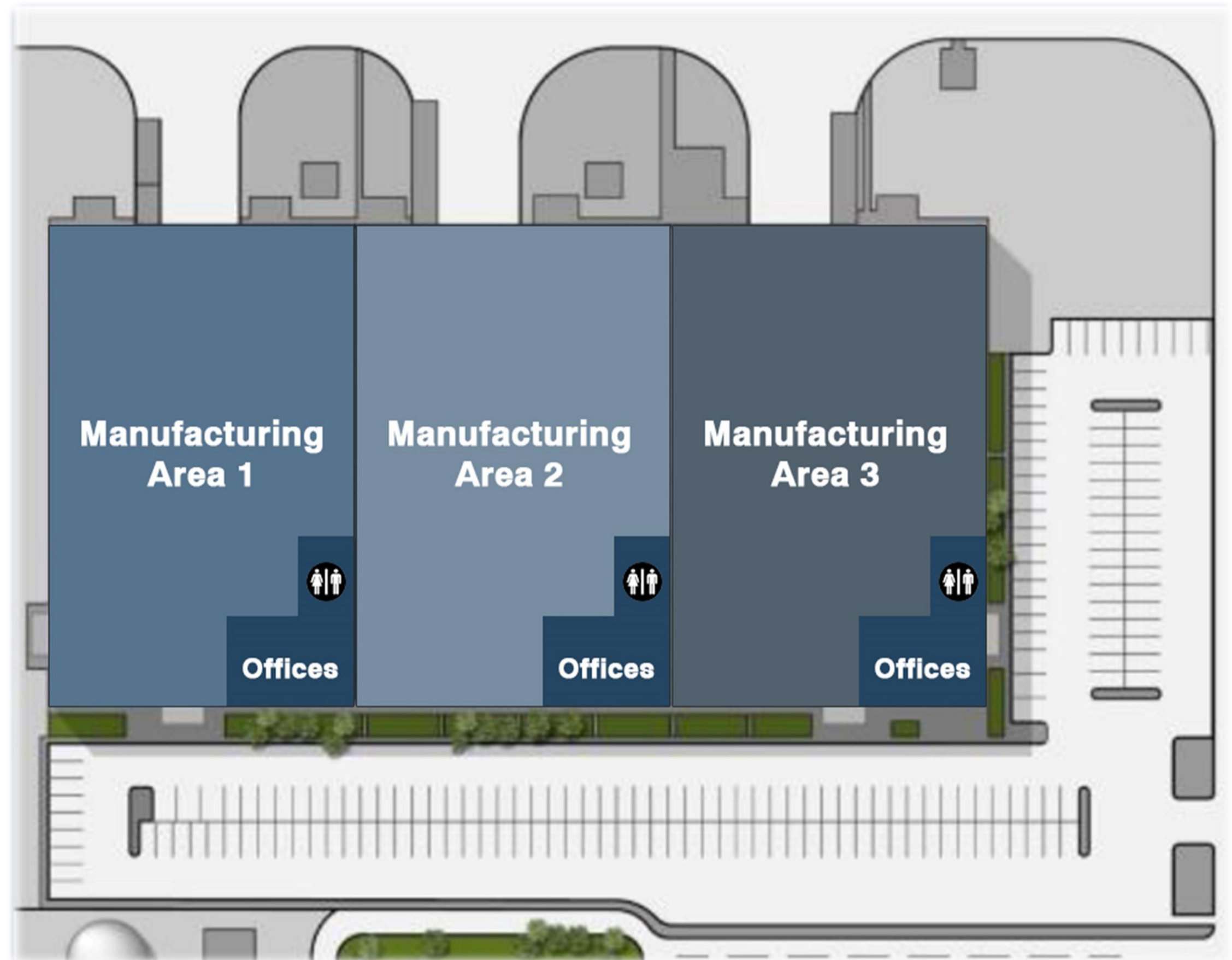
2. Get Support to Establish a Supplier Facility

Some manufacturers have requested assistance from soft-landing start-up facilitators, and real estate developers to get different suppliers under one roof to share expenses and make it easy for their suppliers to establish Just-In-Time assembly, kitting, labeling, and finishing operations.



- **Real estate space:** Starting from 5,000 Sq. Ft
- Freedom to start doing business in Mexico **without a legal entity**
- **Legal and operational permits:** Fast start in 9 weeks
- **Human resources:** Help to find and recruit your sales, distribution, and operations staff (starting from 5 employees)
- **Government Incentives:** Negotiation on technical training
- **Customs:** Help to get the maximum tariffs savings from the free trade agreements with over 40 countries for your imports and exports
- **Fiscal and accounting management:**
 - No VAT effect on cash flow
 - No Start or Exit Fees
 - No legal or administrative liabilities

1. Reception area
2. Infirmary
3. Meeting room
4. Equipped cafeteria and kitchen
5. 24/7 Security
6. Facility maintenance
7. Janitorial labor and supplies (general areas)
8. Hazardous material room
9. Aisles
10. Parking
11. Shelter staff
12. Consolidated shipments
13. Freight forwarding cost
14. Hook-up costs
15. NNN Shared
16. Management of operations

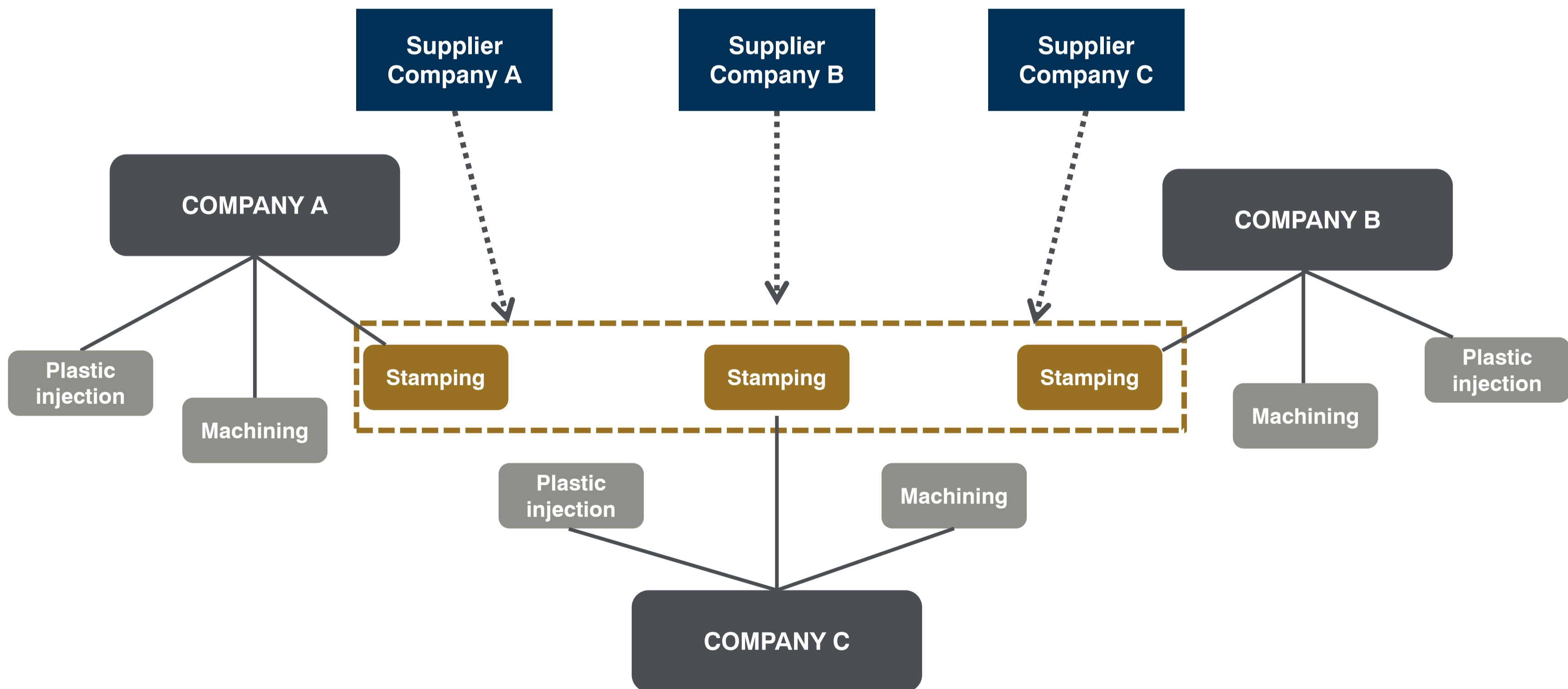


3. Get Support to Help Your Suppliers Grow

There are plenty of times in which the volume that you give to suppliers for your initial operations in Mexico will not justify that they start a distribution or assembly operation near your plant.

However, there are different manufacturers that face the same problem. So, in coordination with different industrial clusters and associations, we have integrated purchasing pools to make it attractive for foreign suppliers to start doing business in the region.

As the picture shows, different companies with similar needs get integrated to favor a supplier and negotiate volume benefits.





Mexico's Industrial Shelter Program

*Designed to make it easy for
your company to
start operations in Mexico*

By operating under American Industries® Shelter Program, you obtain the following benefits:

- Trouble-free access to operating in Mexico
- Allows you to focus 100% on your manufacturing operation
- Lower start-up cost than a stand-alone operation
- Quick start-up (in just 9 weeks)
- Minimal liability in fiscal, customs and human resources matters
- Minimum supervision required from headquarters for administrative functions
- Full compliance with Mexican laws and regulations
- Indirect purchasing: Maximize savings by taking advantage of our economies of scale
- On-going consulting services (human resources, fiscal and customs) included
- Robust IT platform
- ISO 9001-2015 certified

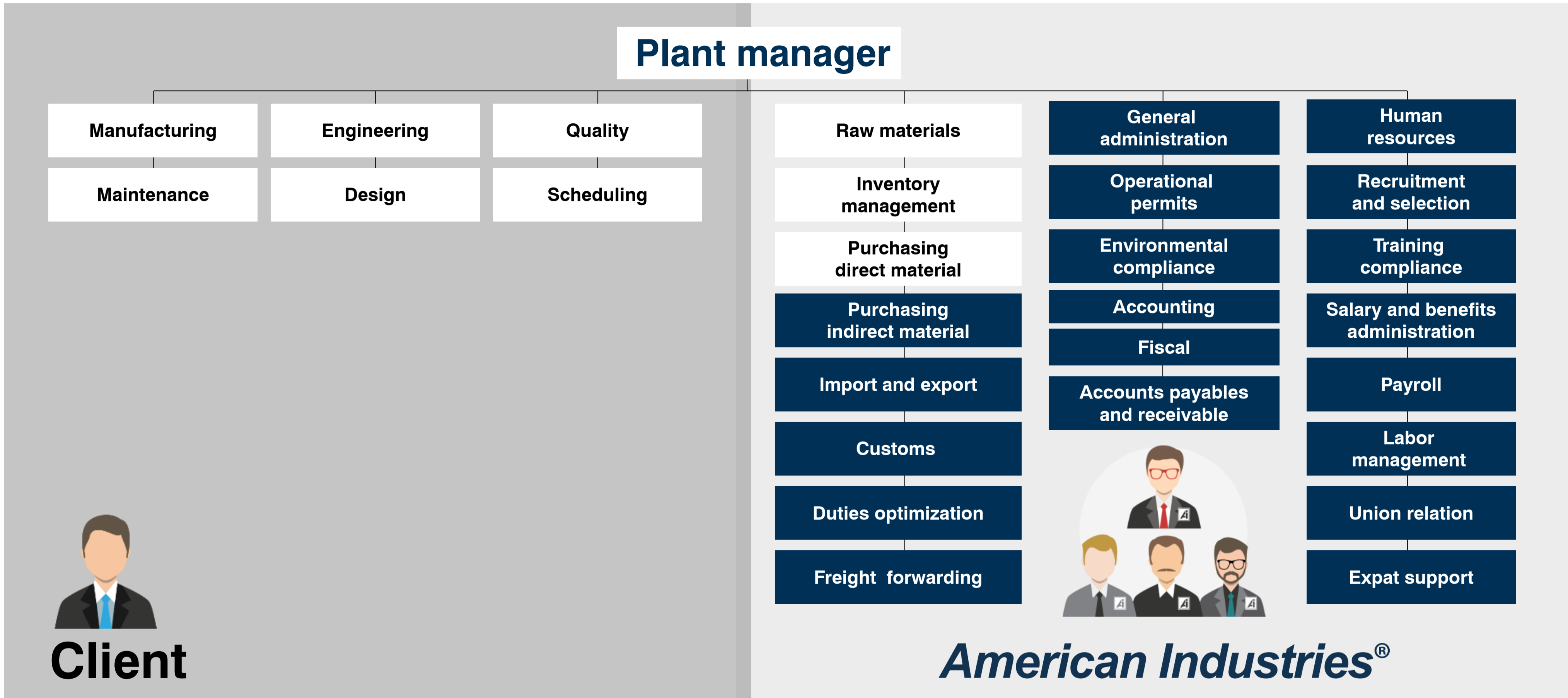
Amongst other benefits, the Shelter Program gives you the alternative to improve the total cost for your customers due to our free-trade agreements.

These are some of the legalities you will not have to worry about with the Shelter Program:

- Optimization and management of duties and taxes on raw materials, machinery, and equipment
- Customs clearance (northbound, southbound, and in-bond)
- Other Government Agencies permits, audits and certifications (FCC, FDA, USDA, HAZMAT)
- Freight forwarding
(Consolidating and warehousing)
- Mexican and US Customs Broker
- Customs software (required by law)
- Regulation compliance (permits)
- Adequate filling of legal documentation
- Labeling control system for equipment
- Proper reconciliation to save on duties
- Assistance to get certified by C-TPAT



The Shelter Program will help you by-pass all of these legalities so you can import and export your materials from your Mexican manufacturing plant.



In the white boxes of this diagram you can find the description of functions that you will be in charge in your new operation in Mexico, to meet your customers' needs. The blue boxes contain all the duties that a full Shelter Program cover.

One of the many advantages of this program, is that you will start operations in Mexico being entirely focused on sales, customer service, and production. You will not have to worry, nor face, any legal or administrative risks/liabilities on your start-up stage.



- ✓ You will get a tailored evaluation and roadmap to start operations in the regions that there might be potential for your business to grow in Mexico (like Chihuahua or Queretaro).
- ✓ You will get a tailored cost model where you will be able to compare the total cost of **your operation** per hour in each region.

- ✓ At this point we will coordinate business agendas in the selected regions for your operations in Mexico with industrial associations and clusters.
- ✓ As part of the agenda, you will be able to visit the Shelter's real estate facilities where you will be able to operate.
- ✓ Additionally, you will get a presentation of the different enabling services that you will get as part of the Incubator and you will be able to meet with government officials.

- ✓ At this stage you will get all permits for your operations.
- ✓ You will get your human resources hired and organized (including payroll management).
- ✓ You will get your machinery and equipment installed.
- ✓ You will get all your customs & logistics set up.
- ✓ You will get all paperwork and administrative tasks done so that you can start serving your clients from your new location.

You have already seen different types of costs that will have an impact on your distribution or manufacturing total operation cost. However, putting all the pieces together require more than just adding up numbers.

There might be a lot of hidden costs based on “small picture” assumptions, such as going to a certain location with the wrong type of skillset, suppliers, or infrastructure to support your operations or some differences in employees benefits depending on the region.

We suggest you get a **Complimentary Cost Model Simulation** where you can compare the total cost of doing business in key industrial regions in Mexico.

This cost model tailored to your project in Mexico, will include direct costs of:

- Direct and indirect labor
- Real estate and utilities
- Customs and Logistics
- Administrative, legal, and other indirect costs

Request yours at start@americanindustriesgroup.com



About American Industries Group

American Industries Group is a private Mexican company founded in 1976 which, through its Shelter Administrative Services and Industrial Real Estate, has contributed to the successful establishment of the manufacturing operations of more than 200 international companies in Mexico.

Value Proposition *“Why a Shelter?”*



We team up with the arriving company becoming their day-to-day administrative solution provider -human resources, accounting, fiscal, customs, logistics- so that our client can focus on key variables such as quality, productivity and on-time delivery.

We are present at all stages of your industrial business needs in Mexico:

Site Selection



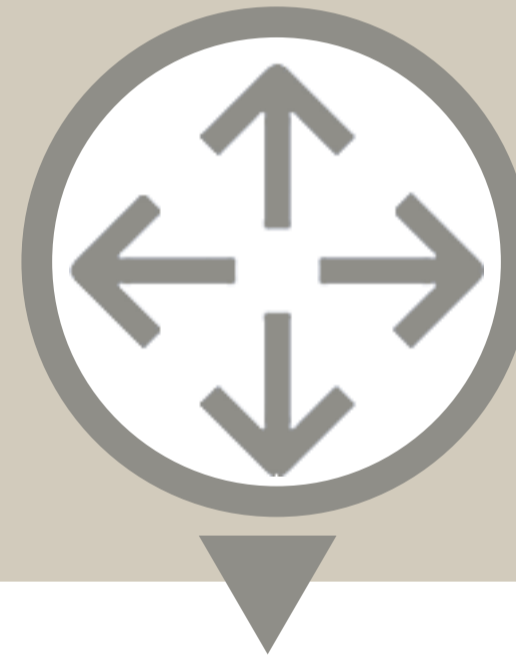
We help you find the right location for your operations in Mexico including the coordination of business agendas in different regions.

Start under a Shelter Program



We take care of all start up, legal, operational and environmental permits, human resources, customs, logistics, fiscal, accounting and all the administrative part of the business.

Expansion in other regions in Mexico



We help you grow your business by working together with industrial clusters and associations to promote your business in different regions in Mexico.

Supply chain divisions relocation



We help you to educate and relocate your foreign suppliers or other divisions near your operations in Mexico.

Aerospace

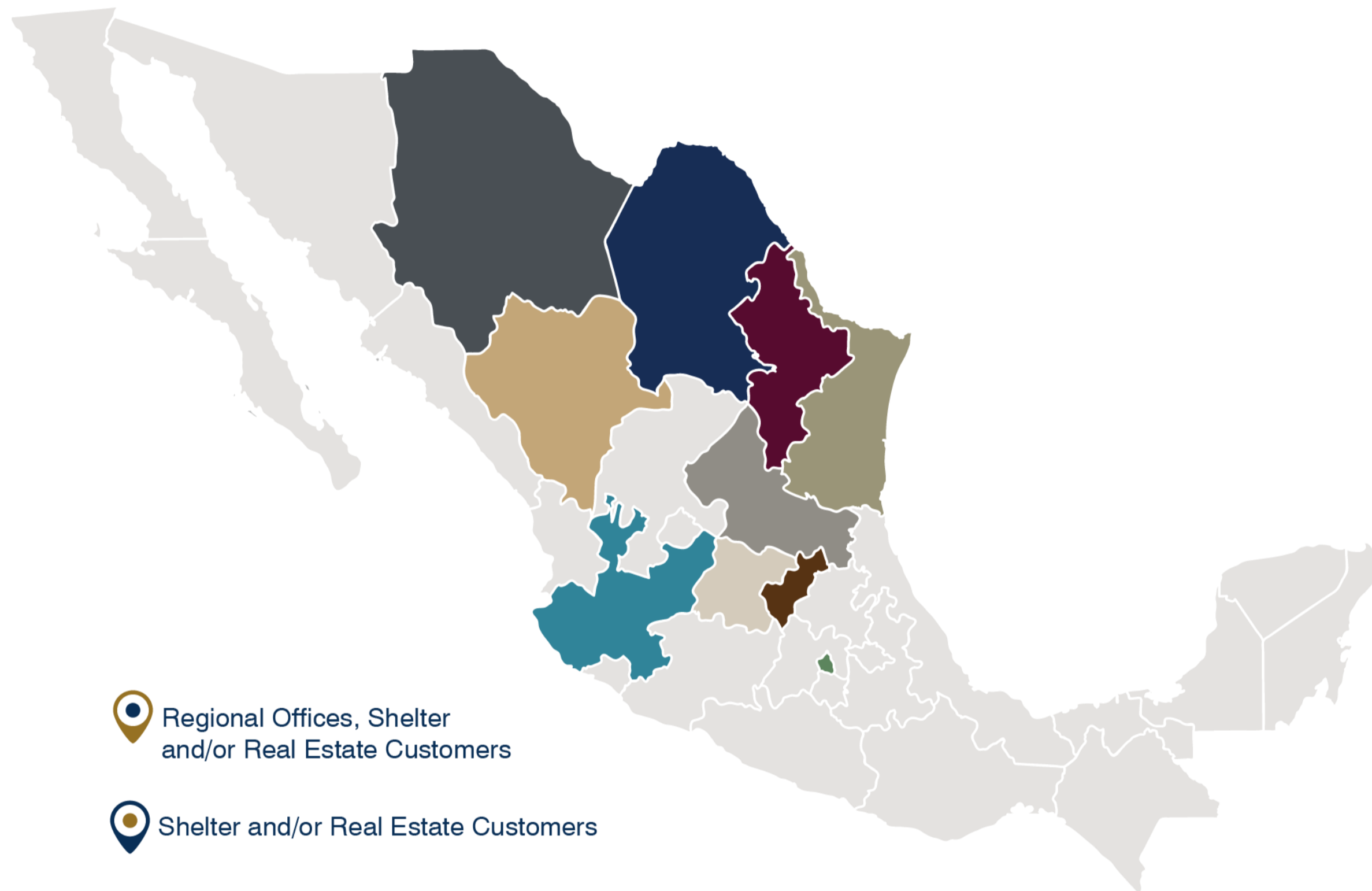


Automotive



Others





United States
 • El Paso
 • Laredo

Tamaulipas
 • Matamoros
 • Reynosa

Jalisco
 • Guadalajara

Chihuahua
 • Juarez
 • Chihuahua
 • Delicias
 • Camargo

Queretaro
 • Queretaro

San Luis Potosi
 • San Luis Potosi

Guanajuato
 • Silao

Mexico City
 • Mexico City

Nuevo Leon
 • Monterrey

Coahuila
 • Saltillo
 • Torreon

Durango
 • Gomez Palacio

Shelter and start-up services

- Over 16,000 headcount
- Over 30,000 trouble-free import and export transactions per year

Real Estate

- Over 13 million sq. ft. of developed and leased industrial space
- All our buildings are classified into Class A category
- 15 industrial parks

You can count on American Industries® expertise to start and maintain a successful operation by avoiding unnecessary problems and costly mistakes, while maximizing savings as much as possible.



American Industries[®]

Site Selection - Shelter Administrative Services - Industrial Real Estate

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