

Corona Crisis

# Stable Order Situation for Salzburger Aluminium Group

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Long-term supply contracts with OEMs provide economic stability for a leading supplier of fuel tanks for heavy vehicles - despite of shut downs of the SAG plants in Austria, France, Spain, the Netherlands, Sweden and Slovakia.



*With aluminum tanks for commercial vehicles, SAG serves the international automotive industry.*

*(Source: SAG)*

The Salzburger Aluminium Group (SAG), a manufacturer of aluminum tanks for commercial vehicles and producer of aluminum components, is strongly integrated into the international supply chains of OEMs, and therefore the shutdown on customer side also made it necessary to temporarily shut down the SAG plants in Austria, France, Spain, the Netherlands, Sweden and Slovakia. Only the sites in Mexico were not (yet) affected by the shutdown. The re-start of the production by the European OEMs is now also triggering the re-start of SAG. In close cooperation with customers, the plant in France has already been restarted. The other sites will follow at the beginning of May. Thanks to long-term supply agreements (LTAs) with the major global commercial vehicle manufacturers (including

Volvo, Scania, DAF), the order situation is stable and can be resumed immediately. This is a major advantage for the planning of SAG production capacities and for the successful re-start at all SAG locations.

Dr. Karin Exner-Wöhrer, CEO of SAG, comments: "As a Tier 1 supplier, we are closely integrated into the supply chains of the vehicle manufacturers. The **shutdown in the automotive industry** therefore hit us directly from mid-March. We had to deal with temporary closures and short-time working at all locations – except in Mexico. But now we re-start again. Thanks to close and constant exchange with our customers and suppliers, we are well prepared for the re-start, which has already been completed at our plant in France and will be made at all plants from May onwards.

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## **Long-Term Contracts as Security in Times of Crisis**

"We all know, the OEMs' supply chains are meticulously organized; we bring our tanks just-in-sequence – i.e. directly at the moment of installation – to the OEMs' production line. This is a logistical tour de force that we are well versed in and which gives us a significant market advantage as a supplier. We have been supplying many of our customers for decades thanks to this flexibility and our strategy of 'lobalization'. This means we act as a global player with a strong local footprint. Our customers have signed long-term contracts with us because of these advantages. Especially in times of crisis such as now, these contracts give us planning security and help us to continue the company without major cuts. Especially in the commercial vehicle sector, where we are the market leader with aluminum tanks, we are seeing positive signals that production will soon be back at full speed", Karin Exner-Wöhrer concludes.

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