



DEVELOPMENT OF THE SUPPLY CHAIN

October 14, 2020



ABOUT OCEAN GROUP

21

BUSINESS LOCATIONS AND OPERATION SITES

Quebec | Ontario | Alberta | British-Columbia
Jamaica | Dominican Republic

01

SHIPYARD

Ship building and repair

01

MULTIFUNCTIONAL WORKSHOP

Ship building and repair

±
900

EMPLOYEES

Carefully selected for their skills and determination to offer a swift and top quality service to Ocean's clients.

THE OCEAN FLEET

500 BARGES

30 WORK BOATS

37 TUGS

7 PILOT BOATS

6 DREDGES

and much more!



OUR SERVICES

Ocean Group owns the most important fleet of marine equipment in Eastern Canada and offers a wide range of complementary services in three main areas of activity.

NAVAL CONSTRUCTION AND REPAIR

1 shipyard

1 multifunctional workshop

Mobile team (24/7)

1 engineering team

1 floating dry dock

MARINE WORKS AND DREDGING

Over 500 barges

30 workboats

5 mechanical dredges

1 trailing suction hopper dredge

Modular floating wharves

TOWING AND NAVIGATION

37 tugs

7 pilot boats

1 integrated tug and barge unit

Salvage experts

18 strategic locations



OUR OPERATING SITES





NAVAL CONSTRUCTION
AND REPAIRS

OCEAN

OCEAN



NAVAL CONSTRUCTION AND REPAIR

This important sector of activities comprises three complementary entities, all supported by an experienced engineering team based in Québec.

OCEAN INDUSTRIES

- At Isle-aux-Coudres, Quebec

- Shipbuilding

- Repair

- Dry dock

OCEAN NAVAL AND INDUSTRIAL REPAIRS

- In the Port of Québec

- Ship repair

- Top side repair

- Industrial repair

FABRICATION NAVALE OCÉAN

- In the Port of Québec

- Assembly of steel components

- Industrial repair



SHIPYARD - ISLE-AUX-COUDRES

Since its acquisition in 1997, Ocean Industries shipyard on Isle-aux-Coudres has developed a significant expertise in naval construction and repair for small to medium tonnage ships with steel and aluminum hull.

The shipyard has built over **375 ships** and barges and completed more than 500 dry dockings.



ISO 9001:2015

BUREAU VERITAS
Certification





MULTIFUNCTIONAL WORKSHOP



Besides shipbuilding, Ocean Group performs ship and industrial repairs at its 1,450-m² multifunctional workshop sitting next to a 350-m long wharf in the Port of Québec. Approximately 50 employees work on all kinds of repairs. To better accommodate its clients, four mobile road units can travel throughout Eastern Canada whenever needed.

Repair services are available **24/7**. One supervisor and three welders are always on call in case of emergencies.

REPAIR SERVICE

The work area is divided into three separate workshops of different sizes, with various equipment to meet all kinds of needs.

Two of the workshops are equipped with overhead cranes: one 10-t and two 15-t combinable. One of the workshops is large and high enough to accommodate small to medium size ships.

In addition to the workshops, Ocean has a warehouse nearby to stock numerous material such as:

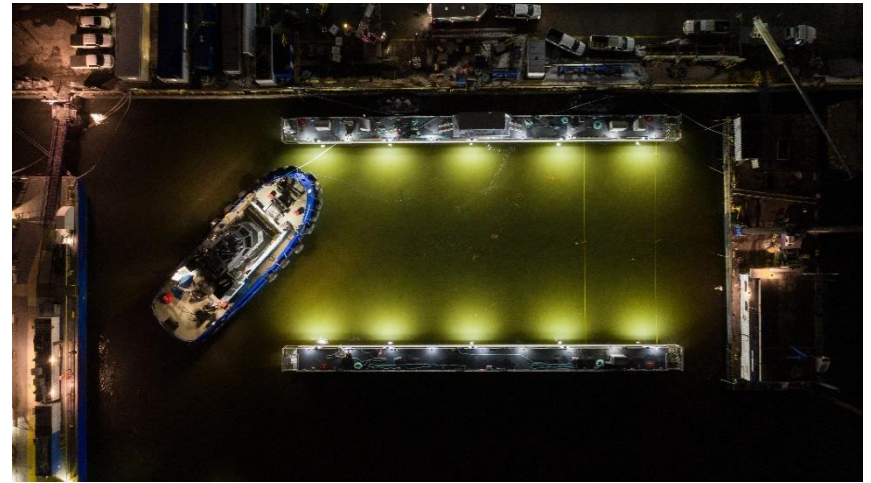
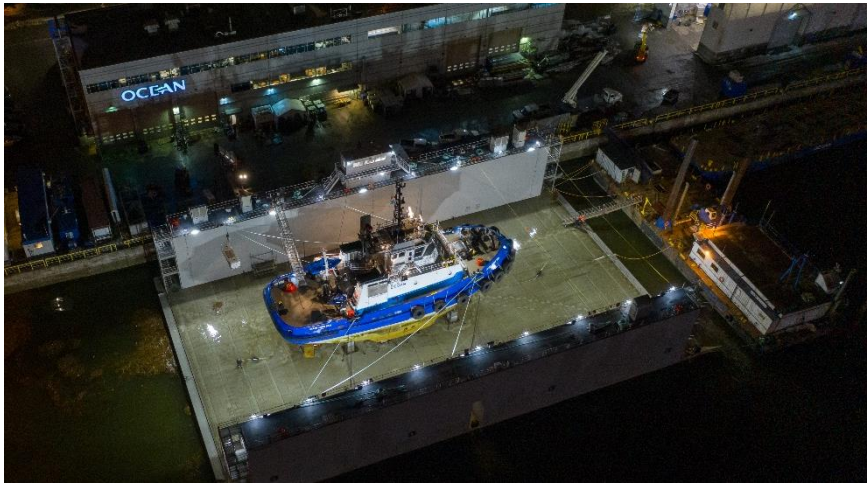
- Steel
- Mobile welding machines
- Concrete support blocs
- Air compressors
- Two forklifts (4 t and 10 t)
- Four boom trucks (25 t and 35 t)
- Equipment for rental such as:
 - Gangways (eight from 3 m to 15 m long)
 - Fenders (from 1.2 m to 4.5 m)



FLOATING DRY DOCK

A floating dry dock measuring 60.8 meters long (200 feet) and a lifting capacity of nearly 3,800 metric tons was completed in the fall of 2019 at the Bas-Caraquet yard, which was then operational. It was then towed to the Port of Quebec next to Ocean Group's multifunctional workshop.

It would be possible to build two more sections which would increase its lifting capacity of 4,000 additional metric tons and extend its length of 60 additional meters.



SUPPLY CHAIN

A black and white photograph of a boat's interior, viewed from above. The boat's hull is visible, and several items are scattered on the deck. In the upper center, there is a light-colored, textured hat. Below it, a pair of sunglasses with dark frames and light lenses lies on the deck. To the right, a dark jacket is partially visible, with the word "OCEAN" printed on the sleeve. The deck is made of a material with a distinct ribbed or woven texture. A large, semi-transparent blue overlay covers the left side of the image, featuring a thin white horizontal line above the text "SUPPLY CHAIN".

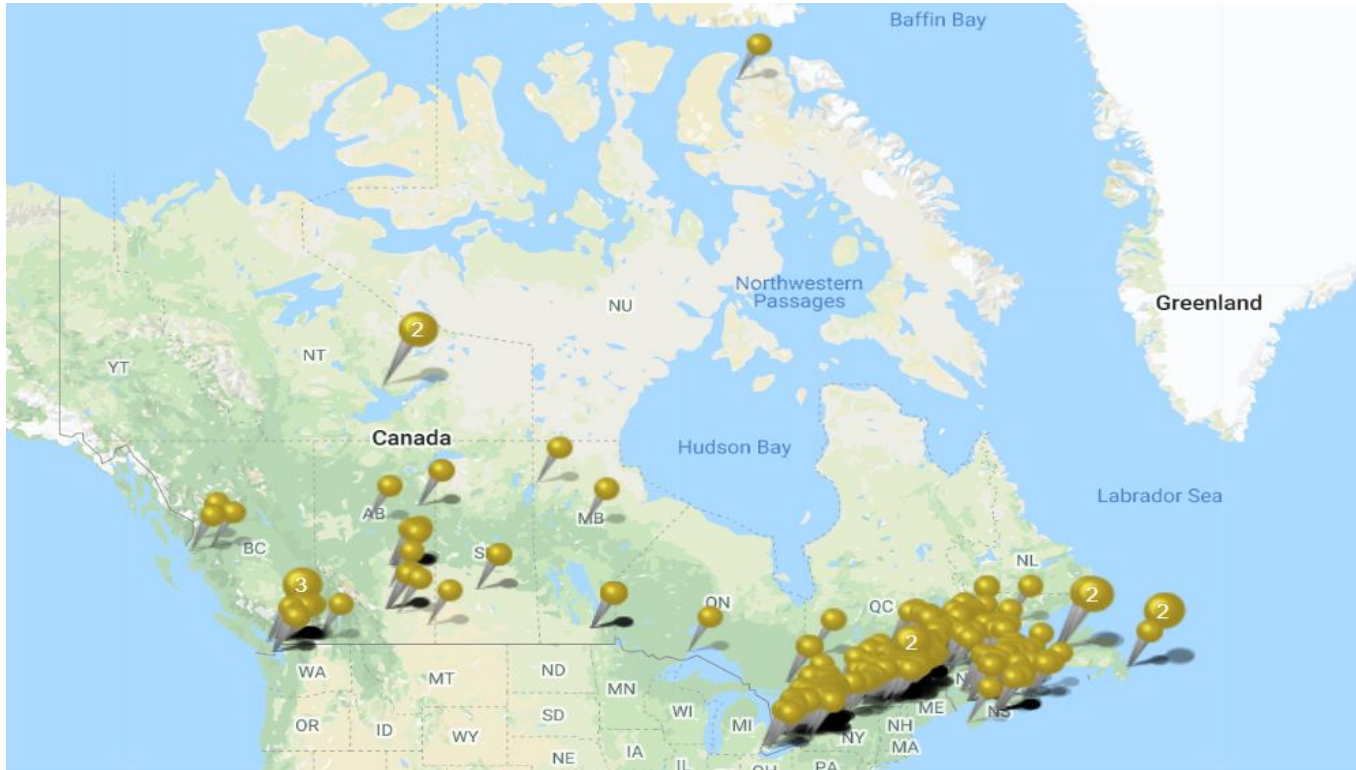


CONTEXT AND CURRENT POSITIONING

- Shipyard and workshops deal with:
 - Scarcity of skilled workers
 - Limited accessibility (Isle-aux-Coudres shipyard)
- Positioning on subcontracting:
 - Do we build or do we integrate?
 - As projects become more complex, subcontracting becomes more strategic.
- Current suppliers and partners across the country:
 - Number: 1,109
 - Spend:
 - CA\$76.2M (past 12 months)
 - 83% of our total spending
 - 15% YOY growth for the past 4 years

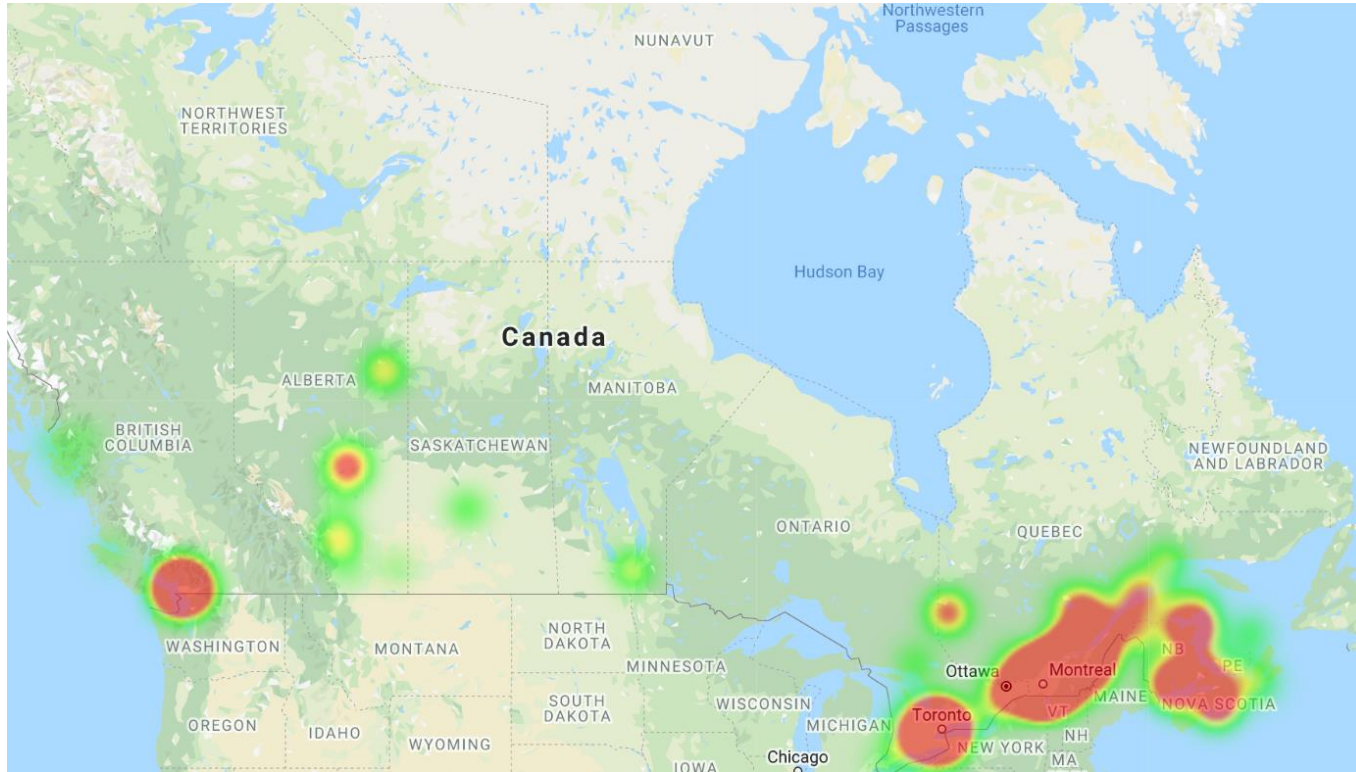


SUPPLIERS LOCATION - CANADA





PURCHASE VOLUME - CANADA



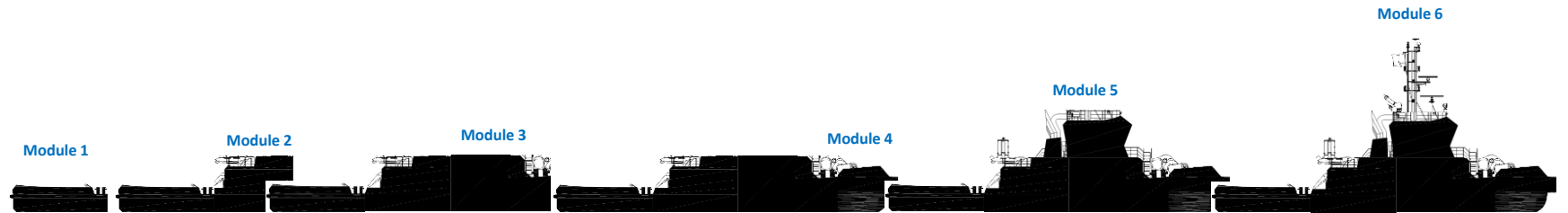
WHY DEVELOP OUTSOURCING?

- To focus on our strengths;
- To better control our costs;
- To limit our capital investment;
- To create a value chain.
- Implement a more efficient and strategic risk management.

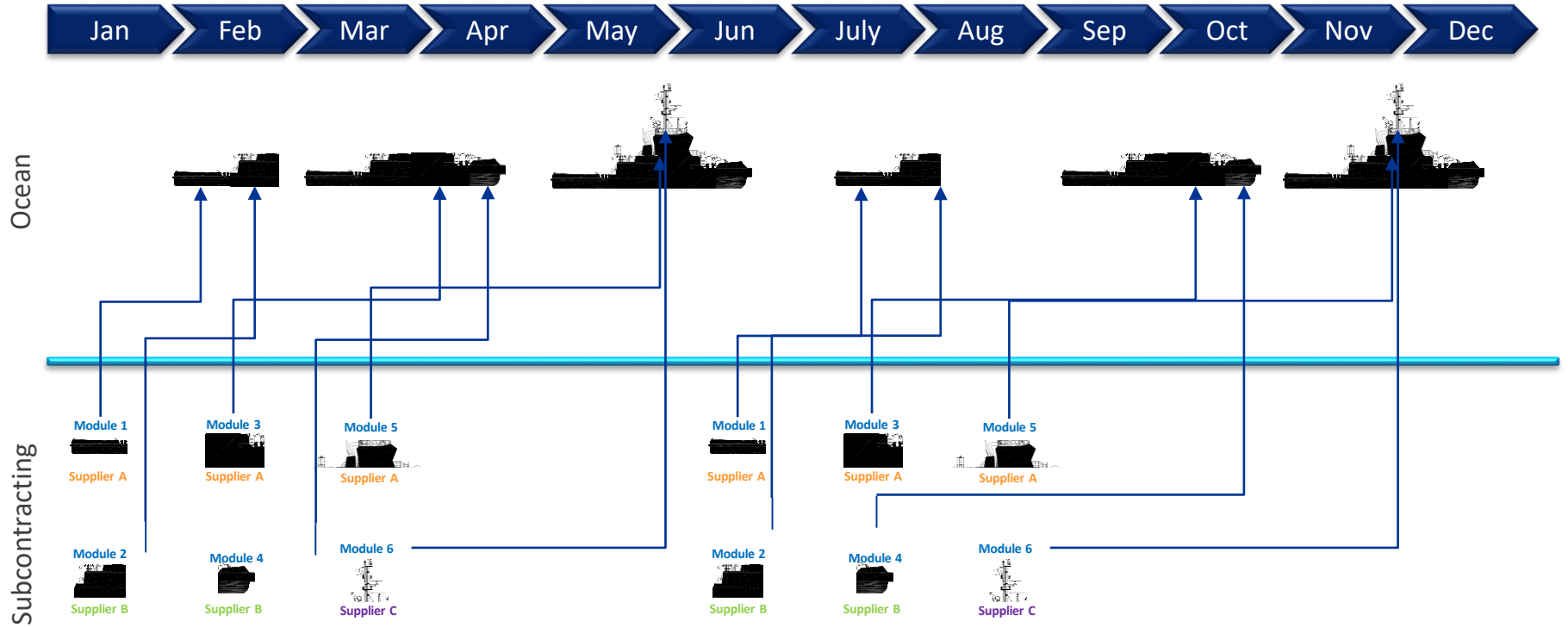




1. Construction



2. Integration





“MAKE OR BUY” METHOD

	Low (1 point)	Medium (3 points)	High (5 points)	Note	Importance (1=low to 3=high)	Total
Can we make it fast and deliver on time?				○ × ○ = ○		
Can we make it well?						
Do we want to continue to make it?						
Could we make something else?						
GRAND TOTAL (Out of 60 points)						



MAKE OR BUY DECISION MATRIX

Make	Combine	Buy
0 – 20 points Low risk	20 – 40 points Medium risk	40 – 60 points High risk
Consider to make it ourselves	Consider a combination strategy	Consider subcontracting or buying

CURRENT POSITIONING



Define the prerequisites

- Develop a mission and vision for subcontracting
- Align processes (bidding, engineering, production)
- Develop a portfolio of suppliers (RFI)



Define the decision-making model

- Core vs. non-core activities
- Qualitative and quantitative factors
- Analysis of production costs and comparison with total acquisition costs



Selection, Management, Control

- Selection and evaluation of suppliers
- Management of relationship with suppliers
- Key indicators, contracts, review of decision criteria



Reflections on Transformational Change

Subcontracting is not just continuous improvement, it is a transformational change.

At Ocean, we have some of the best workers who have been priding themselves in building ships from scratch for many years.

The moment we embark on the outsourcing journey, we must keep those workers in mind; they must be on board with the change if we want this to succeed.

When we make high impact decisions, we ensure we have buy-in, from the welder to the production director, because we build high, over the top quality products and we want to ensure we keep conveying that message to our workforce so we keep delivering products with the same high quality on a consistent basis.

OCEAN

THANK YOU!