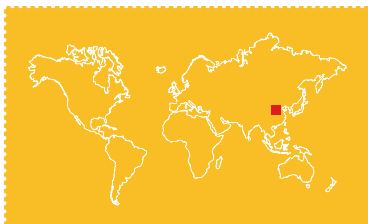




Beijing Pepsi.



WATER & CSD SECTOR

Beijing Pepsi

International PepsiCo Group

Beijing, China

>> shrinkwrapper

SMIFLEXI SK 600 F

>> Casepacker

SMIFLEXI WP 600



■ PepsiCo Inc.

With a turnover in 2008 of 43.2 billion USD and a net profit of over 5 billion, PepsiCo Inc. is one of the largest global groups in the food & beverages sector. The American multinational employs close to 185,000 people worldwide and its products are sold in almost 200 countries. The principal activities of the company include: Frito-Lav snacks, Pepsi-Cola beverages, Gatorade sport drinks, Tropicana fruit juices, Quaker food products.



PepsiCo

re-launches the conquest of China.

■ In late 2008 the American colossal of alcohol-free beverages announced it would invest a billion dollars in China over the next four years. This is the largest investment of the company in the Asian country in the last thirty years, in line with the strategy of aiming predominantly at emerging economies with a high level of growth, also in view of the falling consumption in many Western countries. The allocated amount will be invested above all in the hinterland and western area of China, to expand the production and research activity and to extend the sales network, developing new products targeted at the local market. The forecast is to create thousands of new jobs. In China PepsiCo and the partner companies already employ more than 22 thousand people.

■ **Development passes through growth in production and distribution capacity.**

The battle of PepsiCo to conquer the most populated market in the world aims at developing

a portfolio of important products on a local basis and, with new investments, to reach an elevated capacity of research and development.

This is a strategy, which requires a strong commitment from the supplier network of the American giant. Consequently, within the new production lines, it has become a priority for Pepsi to install machines which respond to the criteria of maximum efficiency, reduced costs and operating versatility, to ensure the greatest return on the initial investment. For almost a decade SMI has been the provider of PepsiCo in China, where fifteen machines have been installed for secondary packaging in shrink film and in corrugated cardboard cases using the wrap-around system. PepsiCo has also entrusted itself to the experience and technology of SMI for the recent provision of an SK 600 F shrinkwrapper for the Peking plant, dedicated to packaging PET bottles of 0,6 / 1,25 and 2 litres in film only.



BEIJING PEPSI

In an increasingly aggressive market, PepsiCo intends to increase its competitiveness, entrusting itself to companies capable of responding to the best expectations and ensuring an adequate service during the entire lifecycle of the purchased installations.

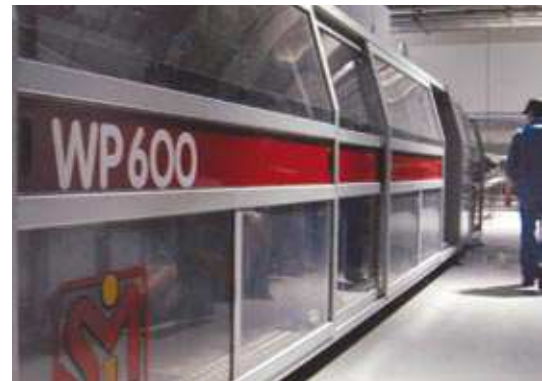
■ How to ensure excellent returns on initial investment.

Production efficiency, operating ease, technological innovation, excellent quality/price ratio of the installation: these are the main factors which have driven PepsiCo to consider SMI an ideal

supplier for the packaging machines to be added to the line of 36,000 bottles / hour at its Peking plant.

The SMI packaging machines are the result of an ongoing commitment by the "R&D" centre of the Italian company in the search for new solutions and in the development of new technologies to be able to produce machines characterised by greater productivity, reduced management costs, greater environmental compatibility, greater operating flexibility and contained global maintenance costs.

Through an accurate analysis of the life cycle of the product, the customer



■ PepsiCo and sustainable development

PepsiCo strongly believes in the economic development of China. In fact, the country also seems able to ensure good development prospects for the future: according to Euromonitor analysts the sales of flat soft drinks will grow this year (2009) by 16% while those of carbonated soft drinks will increase by 7% for a turnover which should reach 20 billion dollars.

The expansion projects of PepsiCo in China also include the commitment to support respect of the environment, above all in relation to local agriculture and conservation of natural resources, through the support of numerous programmes of local communities.

These efforts are part of the project entitled "Performance with Purpose" which is targeted at achieving economic and financial success without traumatic impacts on the society, involving the local community in different initiatives to save energy, protect water, etc.



obtains the maximum return on equity (ROE) in machines and installations. The SMI shrinkwrappers of the SK series are fully electronic, compact, modular and flexible machines and effectively respond to current needs to optimise production space, make frequent format changes and simplify the operations of use and management. For the automation of its machines, SMI uses the SERCOS interface communication bus, to control the axes and to acquire and pilot the I/O devices on the machine, greatly simplifying the control



system and increasing the performances and reliability of the machine.

Consequently, the SMI packaging machines become synonymous with elevated production yields, ease of use, simplification in the operations of installation and integration with other systems.



■ Over a century of history

Pepsi-Cola was set up in 1898 in a town in North Carolina, in the United States, where pharmacist, Caleb Bradham, tried to create a soft drink based on cola which was healthy, thirst quenching and an aid to digestion.

He succeeded with pepsin, the enzyme that facilitates digestion and which, though absent in what was known as Brad's drink, inspired the inventor with the name of the product, which would become famous worldwide: Pepsi-Cola. The phenomenal success of the soft drink drove Bradham to set up the Pepsi-Cola Company in 1903.

From the outset great importance was given to packaging and the consumer. In 1907 the attractive and practical bottle was created which confirmed the great success of Pepsi in half of the United States, with 250 bottling plants. Having consolidated production and distribution, the Pepsi-Cola Company began to conquer the other States of the Union, while since the Thirties it has expanded internationally to reach Latin America, Canada and even the Soviet Union. Subsequent years were marked by a process of worldwide expansion. In the Sixties PepsiCo became the second producer of soft drinks in the world. The company aspired to become spokesperson for the new American generation, giving itself a modern forward-looking image summarised in the slogan "Pepsi generation". In the Nineties, to confirm its leadership in the market of soft drinks, PepsiCo embarked on its mission to conquer China, Eastern Europe, Mexico and Argentina.



BEIJING PEPSI

- THE WORD TO THE CUSTOMER - Interview with Mr. Qi Ming-Jian, General Manager of Beijing Pepsi-Cola, Mr. Xu Wei-Xue, Production Manager of Beijing Pepsi-Cola and Mr. Mike White, Vice-Chairman and Chief Executive Officer of PepsiCo International.



Above: Mr. Qi Ming-Jian, General Manager of Beijing Pepsi Cola Beverage Co. Ltd.

On a worldwide scale PepsiCo is one of the key companies operating in the food & beverage sector. What has driven the company to increase its investments in China for the coming years?

“During the speech made on a recent journey to China, Mr. Mike White, Vice Chairman and Chief Executive Officer of PepsiCo International, underlined: «Peking, and more generally China, is a key market for the future development of our group». Mr. Mike White also added: «I am firmly convinced that the greatest

opportunity of growth for our industry lies in China.»

What role must a supplier play during this process of company growth?

“Pepsi has been present in China for 25 years. Through continuous developments it has become a highly successful operation within PepsiCo International. The sales volume of Pepsi Beverage Business in recent years has recorded an increase four times greater than that of the past and for 9 years running it has reached ever-higher records. As regards the beverage industry, Pepsi has opened 20 bottling plants in 20 cities in China and a plant of concentrates. Within the food industry, Pepsi owns four dedicated plants in China. PepsiCo China employs close to 10,000 employees, offering indirect employment opportunities to more than 1.5 million Chinese working in the supplier, distribution and service chain. Today, PepsiCo China owns more than 40 companies in the Country,

which are an investment equal to more than 1 billion dollars.»

What has driven Pepsi to add SMI packaging machines to its production lines?

“Set up in October 1988, Beijing Pepsi-Cola Beverage Co. is the first filling plant in Northern China to have been involved by investments made by PepsiCo International - responds Mr. Qi Ming-Jian (General Manager of Beijing Pepsi Cola Beverage Co. Ltd) - To increase the success of the entire commercial experience begun by PepsiCo Inc. and maintain its singular approach to marketing, Beijing Pepsi-Cola beverage Co. immediately began working to be able to offer local consumers high quality products and services. The first SMI shrinkwrapper, model SK 300 F, was installed in our company in 2006. It represented the first step to improving the line of products packaged in PET. Thanks to the productive success achieved in the Peking plant, and thanks to the ongoing performances and low maintenance costs of SMI machines, PepsiCo China has ascertained that the Italian manufacturer has been able to serve Pepsi as a qualified supplier of packaging machines.



Above: Mr. Xu Wei-Xue, Production Manager of Beijing Pepsi-Cola Beverage Co. Ltd with Mr. Joseph Chen; Sales Manager of SMI China.

Consequently, the other PepsiCo China plants have begun to install machines provided by SMI in their production lines: Changsha Pepsi-Cola Beverage Co. Ltd; Harbin Pepsi-Cola Beverage Co. Ltd; PepsiCo Beverages (Shenyang) limited; PepsiCo Beverage (Guangzhou) limited; Beijing Pepsi-Cola Beverage Co. Ltd; Changchun Pepsi-Cola Beverage Co. Ltd; Hangzhou Pepsi-Cola Beverage Co Ltd; Chengdu Pepsi-Cola Beverage Co. Ltd. The example has also been followed by other Pepsi bottling plants.

The Olympic games in Peking 2008 have created further opportunities to develop the packaging industry within the drinks market. In this regard, Beijing Pepsi-Cola Beverage has decided to purchase an SMI automatic wrap-around casepacker model WP 600, to

satisfy the new requests of the market: a market increasingly demanding and in search of products packed in packaging that is qualitatively higher than the standard. The new machine has been installed within the existing line for filling cans and has improved packaging in terms of format. The facts have shown that the excellent quality / price ratio of SMI products, together with the efficient support of local technicians of SMI China, have guaranteed the success of this new project.

With reference to the choices of purchases made in precedence, I can safely state that, against an increasingly aggressive competitive market, SMI, as qualified supplier, has been able to maintain consumption and maintenance costs at very low levels. These results have been reached thanks to reasonable prices, efficiency of the machines, extremely simplified format change operations and to the supply of modular spare parts. In short, these are the reasons why Beijing Pepsi-Cola beverage Co. Ltd has chosen SMI packaging machines. In 2009 we have also decided to purchase a new shrinkwrapper SK 800 from this company. It has been installed in a high speed filling line provided by Sidel to increase our production capacities.”

What role does the partnership with SMI play in the success of Pepsi in China?

“With the growth of consumption the demand for beverages is continuously on the rise - comments Mr. Xu Wei Xue (Production Manager of Beijing Pepsi Cola Beverage Co. Ltd) - It should also be underlined that in some metropolitan areas the products supplied must be able to satisfy higher qualitative levels. Compared with cardboard packaging, shrink film is more economical and offers excellent possibilities to market the product, as the image impressed on the printed film is able to attract the consumers' attention. In addition to this, on SMI SK and WP packaging machines the containers are grouped continuously in the format required, by an electronic grouping system. The machines are also equipped with an automatic format change system, while the film coil unit is electronically controlled by a brushless motor; this guarantees a consistent and perfect film tautness and greater precision in cutting operations. These technological innovations, unique in the sector, have allowed us, as final users, to make fast format and product changes doing away with downtimes. This aspect is of extreme importance, as it optimises the efficiency of the entire production line.”

How important is it for Pepsi that SMI are present in China with local staff?

“From the collaboration we have built over the years, we believe that SMI is truly an excellent partner - comments Mr. Xu Wei-Xue (Production Manager of Beijing Pepsi Cola Beverage Co. Ltd)- By taking a closer look at the current operating conditions, we can confirm that the SMI machines are extremely reliable. In fact, for the investments made in 2009 for the new high speed filling line, we carefully assessed all the sensitive factors for choosing the supplier. At the end we decided to purchase an SMI high-speed shrinkwrapper of the SK series, despite the fact that we had never used one in our production plants before. We confide in the strong points of the SMI packaging machines and expect them to offer a valid contribution to achieve maximum overall efficiency of the new line, thanks also to the possibility of realising many different formats.”

Smigroup in China ...available to the customer

In a context of increasingly widespread globalisation, Smigroup has opened numerous branches and representation offices in strategic markets to provide customers with “on-site” support and an increasingly efficient service.

The ongoing commitment to improve customer satisfaction has been the key factor which has driven SMI to open two representation offices in China in the large industrial centres of Nanjing and Guangzhou.

Highly skilled Chinese staff ensures top quality service in both sales and technical assistance for installing and maintaining SMI installations.

Competence, professionalism and helpfulness are the qualities of SMI China staff which are greatly appreciated by the Chinese customers, and which form the basis of the excellent sales figures reached by Smigroup in this important market.

Since 1996 SMI has installed almost 400 machines in China for secondary packaging and for stretch-blow moulding PET bottles.

Hence, to ensure a service at the height of such results, Smigroup has recently decided to increase the human resources to be employed in the technical assistance activities.

For years SMI has contributed with its hi-tech machinery to the process of modernisation of many bottling plants in China.

To date, Pepsi-Cola system worldwide has installed over 150 SMI automatic packaging machines, thirty of which are in Asia.

