

# PLANT & VEHICLE PURCHASING POLICY

## Introduction

In today’s competitive landscape, the company recognises the efficient management of plant and transport resources is crucial for maintaining operational excellence and meeting customer demands. Lynch Plant is committed to ensuring that our equipment and transport fleets are strategically aligned with market needs. This policy outlines our approach to purchasing and selling plant and transport equipment, emphasising proactive planning, inventory management, and responsive sales strategies.

## Statement of Intent

At Lynch Plant, our primary intent is to remain at the forefront of equipment management by anticipating and fulfilling customer needs. Our policy revolves around two core principles: proactive purchase of plant and transport equipment and agile sales strategies to manage fluctuations in demand. By keeping our core machinery and lorries on back order and having established sales outlets we aim to provide superior service to our clients while optimising our operational efficiency.

## Policy Aims

### Plant/Transport Purchasing Principles

**Proactive Purchasing:** We prioritise staying ahead of the curve in our equipment purchasing strategy. Our policy ensures that we always maintain core plant and vehicles on back order across all categories, allowing us to meet customer demands without delays.

### Data Driven Orders

Each year, we will place a substantial order for core plant and transport equipment by the end of September. This will be based on thorough market analysis and our best estimates of the following year’s plant hire demand.

### Transport Fleet Optimisation

Our transport purchasing decisions will be informed by a scientific calculation that compares the total current plant fleet to the total current transport fleet, ensuring an optimal balance between equipment and transportation capabilities.

### Plant/Transport Sales Principles

**Agility in Sales:** our Sales strategy is designed for flexibility We will rapidly sell core equipment as customer demand fluctuates, ensuring that we can capitalise on market conditions.

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Year Round Sales Outlets: We will maintain multiple outlets for plant sales throughout the year, aiming to achieve the best possible sale prices and reduce excess inventory.

**Yearly Cycle**

Annual Purchasing Schedule: We commit to placing a significant annual order for core plant and transport equipment by the end of September. This order will be informed by our projections for the upcoming year’s demands.

Seasonal Inventory Management: Recognising that the earthmoving season runs from April 2<sup>nd</sup> to October 30<sup>th</sup>, we must manage our inventory effectively during the off-peak months. We aim for a 20% reduction in overstocked items – specifically, 30t excavators and larger, D6 Dozers and larger, 30t dump trucks and larger – during the period from October 30<sup>th</sup> to November 30<sup>th</sup>.

**Project plant Sales and Purchasing Sept 2024**

Plant/Transport purchasing principle: Our policy is to always stay ahead of new equipment (plant and transport) purchasing for our core fleet so that we are always ahead of customer need. That means always having core machinery/lorries on back order for all categories.

Plant/Transport Sales Principle: As we are able to quickly buy core equipment for when customer demand increases; we want to just as quickly sell core equipment when customer demand increases. Our policy is to always have outlets for plant sales all year round at the best sale prices.

**Yearly Cycle**

Annual Plant/Transport Purchasing: We will always put in a large annual order for core plant/transport equipment by latest September every year. This is based on our best estimation of next year’s plant hire demand. Transport is ordered based on this estimation i.e. scientific calculation of total current plant fleet divided by total current transport fleet.

Seasonal equipment: Earthmoving season ends on 30<sup>th</sup> October and starts on April 2<sup>nd</sup>. That’s 5 months every year that we are overstocked with equipment. Mainly, 30t excavators and larger, D6 Dozers and larger, 30t dump trucks and larger. Therefore we need to significantly reduce these items for October 30<sup>th</sup> – November 30<sup>th</sup> over this period and then buy new for when the season starts. Is that 20% reduction or more of these items?

This is a shrink/expand model.

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Pre-Season Planning

After achieving the necessary inventory reduction, we will strategically plan for the purchase of new equipment in anticipation of the upcoming earthmoving season, ensuring our fleet is well- prepared to meet customer demands.

This policy will be reviewed annually or sooner to ensure its suitability. Where necessary it will be amended, reissued and communicated to all employees and organisations working our behalf, displayed at our offices and on our intranet and is available to defined interested parties.

*M Lynch* (MD)

*C Gill* (Plant Purchasing Director)

*S Bremner* (Fleet Director)

16<sup>th</sup> May 2025

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