

# An Introduction To Our Advisory Services



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## Monroy Petersen

Strategic Planning & Transaction Advisory Services

International Strategy Consulting Group, Inc.  
Proyectos Estratégicos S.A. de C.V.

USA  
425 Market Street  
22nd Floor  
San Francisco, CA 94105  
Tel. (415) 512-5233  
Fax. (415) 512-5234

MÉXICO  
Avenida San Jerónimo 240-14  
Jardines del Pedregal  
México, D.F. 01900  
Tel./Fax. (011) (5255) 5568-0856



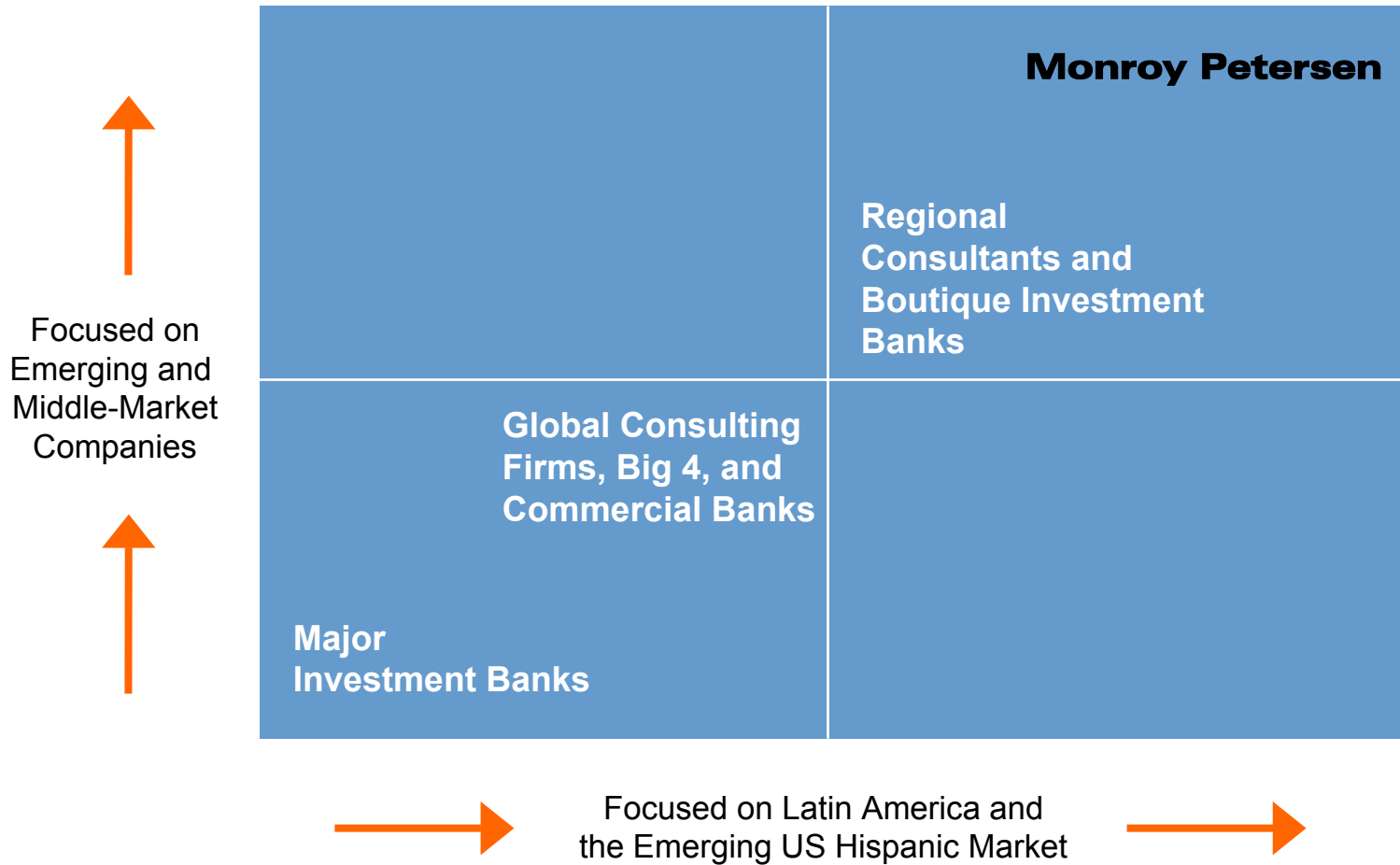
# I Overview

- ❑ **Monroy Petersen**, a boutique advisory firm, was founded in 1984 by the first Latin American Partner of McKinsey & Co.
- ❑ We have offices in the United States and Mexico.
- ❑ Over the years, we have worked in numerous engagements covering a wide range of industries.
- ❑ Our services are best suited for middle-market companies in acceleration and transition periods, and established firms that are looking to diversify operations or regain momentum by repositioning their core businesses.
- ❑ We add value to your company by helping you make better decisions on strategy, operations, mergers and acquisitions, technology and organization.
- ❑ We are prepared to share your risks by aligning a share of our compensation to the outcome of our services.

**Our objective, regardless of circumstances, is to enhance the value of your firm.**



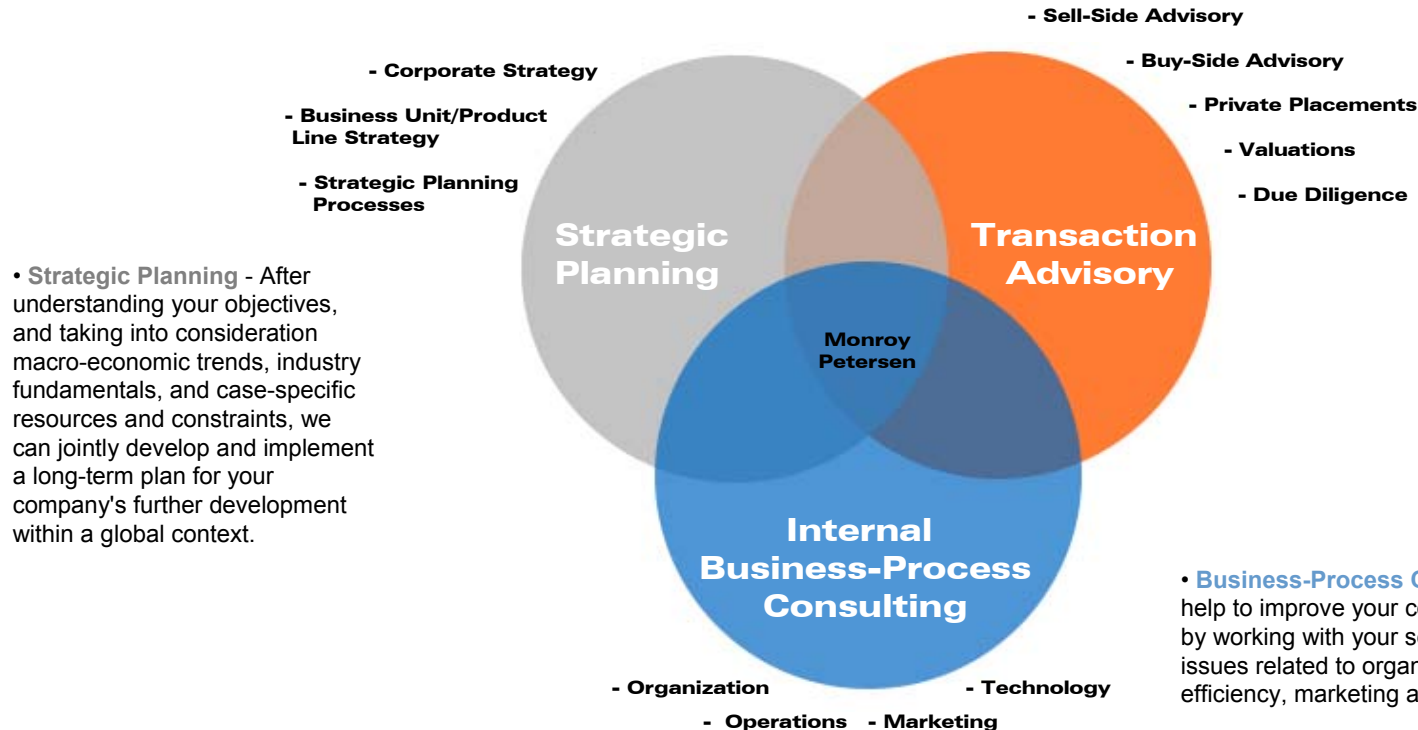
# I Positioning



# Scope of Services

**Monroy Petersen** offers integrated strategic planning, transaction advisory, and business consulting services in the US & Mexico.

- **Transaction Advisory** - Once a decision has been made to pursue an M&A transaction, or to tap the capital markets, we can assist you either as your advisor throughout the entire process or we can undertake an individual task such as a valuation or a due diligence.



- **Strategic Planning** - After understanding your objectives, and taking into consideration macro-economic trends, industry fundamentals, and case-specific resources and constraints, we can jointly develop and implement a long-term plan for your company's further development within a global context.

- **Business-Process Consulting** - We can help to improve your company's performance by working with your senior managers on issues related to organization, operations efficiency, marketing and technology.



# Strategic Planning Services

Success in today's business environment requires that a company's leaders have the ability to create a vision of the organization's future direction as well as the course it needs to get there. While various business improvement techniques (such as Total Quality Management and Re-engineering) are often extremely beneficial to the ongoing progress of a business, correct strategic focus remains the single most important element in a company's success.

**Monroy Petersen** can provide the tools and leadership required to obtain superior strategic results. Our dedicated team of consultants assists decision makers in determining the most appropriate course and direction of the enterprise and helps them to effectively and efficiently focus their resources in support of that course.

Our strategic planning services are divided as follows:



- Strategic Planning Process
- Corporate Strategy
- Business Unit/Product Line Strategy

We provide strategic planning services to companies of all sizes—from emerging, closely-held businesses to public, multinational corporations.



# I

# Strategic Planning Process

The preparation of a strategic plan is a multi-step process covering vision, mission, objectives, values, strategies, goals and programs.

## Framework Steps:

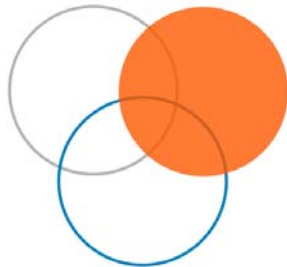
1. Assess existing strengths, weaknesses, opportunities & threats (SWOT)
2. Identify any additional/external resources available to the company
3. State clear mission/purpose statement for business
4. Identify set of corporate values and beliefs
5. Develop a vision of the business in 5 years
6. Set out key mid-term and long-term objectives
7. Identify key strategies for business and major functional areas
8. Simulate likely business performance based on SWOT and available resources
9. Assess likely future strengths, weaknesses, opportunities and threats
10. Review your vision and objectives based on probability of outcomes
11. Specify major goals achievable over the next 3 to 5 years
12. Define strategic action programs
13. Develop an action plan, identifying key milestones
14. Assign responsibilities and develop and incentive/accountability plan
15. Commit internal and external resources to strategy
16. Implement a continuous evaluation program



# Transaction Advisory Services

The **Monroy Petersen** Corporate Finance Group provides transaction advisory services to public and privately held companies across a wide range of industries. We assist clients in understanding and aligning financial strategy and business objectives with current industry dynamics and trends.

Our dedicated team of corporate finance professionals can assist on the execution of the following:



- Sell-Side Advisory
- Buy-Side Advisory
- Private Placements of Debt and Equity
- Valuations Services
- Transaction Due Diligence

We serve as primary financial advisor to a range of companies—from emerging, closely-held businesses to public, multinational corporations.



Acquisitions play a key role in a company's growth by broadening its lines of business and allowing it to access and expand into new markets. We assist clients in maximizing value through all phases of a transaction, including the following:

- Developing merger/acquisition criteria
- Matching acquisition criteria with specific target entities
- Contacting targets
- Establishing a value range for identified targets
- Conducting in-depth financial analysis to assess the economic impact of the transaction
- Structuring a transaction
- Conducting due diligence
- Negotiating and closing a transaction



Planning and executing a sale or divestiture of a company or division is a complex process. It requires both a financial and strategic knowledge of the industry and of how buyers evaluate acquisition opportunities. A sales transaction must be an intense, focused, competitive process managed by professionals.

**Monroy Petersen's** corporate finance professionals have the experience to advise on all steps in the process, including the following:

- Evaluating alternatives for liquidity and diversification
- Assessing potential market value
- Identifying and developing the strategic growth story
- Preparing a confidential information memorandum
- Identifying and contacting prospective purchasers
- Structuring a transaction
- Managing the due diligence process
- Negotiating and closing a transaction



# Fund Raising

The financing of major transactions has become increasingly complex. There are numerous options for sourcing growth capital, refinancing existing debt, recapitalizing a company's balance sheet, and realizing value, but not all of these options are right for every client.

We are able to provide creative and objective advice to meet the specific financial needs of our clients. In order to develop a strategy and choose the right option to ultimately realize shareholder value, we assist clients with the following:

- Evaluating capital market alternatives
- Determining the availability of capital, costs, and underwriting criteria
- Conceptualizing and analyzing alternative capital structures for a transaction
- Preparing financial analyses to evaluate the economic impact of a transaction
- Identifying ways to enhance both short- and long-term value
- Developing and implementing a plan to access capital
- Creating an ownership succession plan



# I Fund Raising (cont.)

Upon identifying the optimal mechanism, **Monroy Petersen** can assist clients in obtaining new capital from a wide array of private and institutional investors. The key is packaging and marketing your strengths while managing the risks to your business.

In accessing the private market, we assist clients with the following:

- Analyzing pricing, underwriting criteria, and structural issues
- Preparing a confidential information memorandum and/or offering documents
- Identifying and contacting prospective investors
- Delivering a compelling story
- Supervising due diligence
- Negotiating and closing a transaction



We utilize five approaches which are generally considered to be most meaningful for purposes of establishing value expectations. Each of these approaches is incorporated into the valuation analysis which will determine a reasonable range for the negotiations phase.

- Multiples Approach
- DCF Analysis
- Adjusted Present Value
- Synergistic Valuation
- Cost Approach

**Multiples Approach** - We identify comparable publicly-traded companies and recent comparable industry transactions (including IPOs, M&A deals, and VC and private equity investments) and use these to estimate the value of the Company. The market multiple approach may not be representative of achievable values due to the dynamics of the public markets and the fact that many industry comparables are private companies or subsidiaries of larger companies.

**Discounted Cash Flow (DCF) Analysis** - The DCF approach is typically most appropriate for valuing companies for purposes of private transactions. The DCF valuation utilizes operating projections that have been toned down for conservatism, and thus we interpret the resulting value conclusion as a potential "floor." In order to value the company for purposes of a sale, we would revisit management's projections to ascertain the most likely future cash flows that the Company will generate.

**Adjusted Present Value (APV)** - The DCF approach estimates the fair value of a business based upon the value of the cash flows that the business can be expected to generate over its life. This valuation technique also identifies the "value drivers" which support the business' future cash flows, and represents the "Floor Price" at which a financial acquiror, without the benefit of strategic advantages, should be willing to offer. Additionally, we will perform a leveraged transaction analysis to determine if the Company's targeted selling price can support sufficient debt and continue to produce returns required by financial acquirors. (This will also consider a MBO value.)

**Synergistic Valuation** - Using the "Floor Price" as a starting point, we will then compare the Company's operations with those of likely acquirors in an effort to identify and quantify potential cost savings, strategic benefits and other value enhancements. This step is vitally important since the Strategic Acquiror must be convinced that synergistic benefits will occur to justify paying an amount higher than the "Floor Price". As a result, having a proactive advisor who has assisted in identifying these synergistic benefits, and who can aggressively communicate these benefits to the Strategic Acquirors, is critical

**Cost Approach** - If the circumstances call for, we are also prepared to do a valuation based on a cost approach, which estimates the market value of all assets and liabilities held by the company. Liabilities are netted against assets to arrive at an indication of equity value. Replacement or reproduction cost is estimated and is reduced to reflect losses in value resulting from physical deterioration, and functional and economic obsolescence.



# Due Diligence

Before buying or selling a business, **Monroy Petersen** can help you analyze and validate critical information to assure that the proposed transaction is executed at a fair price and under appropriate terms. We devote particular attention to identifying and quantifying financial, operational, and legal risks involved in the proposed transaction that may affect your decision to move forward in the process.

## Why should I do a due diligence?

· **Buying a business** - As a buyer, you will assume certain business and financial risks that may not be completely eliminated by a purchase agreement. However, you can understand these risks, and take the necessary steps to mitigate them, by obtaining detailed knowledge of the target company before closing the transaction. Performing a comprehensive due diligence will help you not only to control these risks, but also to confirm that the price you offered for the business is in line with your understanding and expectations.

· **Selling a business** - As a seller, you may not be aware of the full value of your business, or you may have difficulty convincing a buyer of the synergies and future opportunities created by the proposed transaction. Performing a detailed due diligence may help you to enhance the value of your business and can improve your leverage during the negotiation process.



# I Due Diligence (cont.)

Because each acquisition is different and you may have specific concerns about the transaction, we tailor our due diligence services according to your needs. We are independent of the transaction; therefore, we can provide you with an objective perspective of the current and potential opportunities and risks. Our general examination and review includes the following areas:

<b>Documents:</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Corporate Documents</li><li><input type="checkbox"/> Financial Statements</li><li><input type="checkbox"/> Engineering Reports</li><li><input type="checkbox"/> Market Studies</li><li><input type="checkbox"/> Key Intangibles</li><li><input type="checkbox"/> Key Tangibles</li><li><input type="checkbox"/> Contracts</li></ul>	<b>Key Information From the Company's Management:</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Governance Information</li><li><input type="checkbox"/> Strategic Positioning</li><li><input type="checkbox"/> Financial Planning</li><li><input type="checkbox"/> Litigation Matters</li></ul>	<b>Key Information From Outside Sources:</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Market Research</li><li><input type="checkbox"/> Capital Structure</li><li><input type="checkbox"/> Lien Search</li><li><input type="checkbox"/> Creditor Check</li><li><input type="checkbox"/> Patent &amp; Trademark Search</li><li><input type="checkbox"/> Certificates of Good Standing</li><li><input type="checkbox"/> Title Documents</li><li><input type="checkbox"/> Real Property Appraisals</li></ul>
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We can conduct a full due diligence process or focus on a specific area such as finance and accounting, operations, markets and competition, and contingencies and liabilities.



# Key Strengths

## **Financial Advisor, Not a Broker**

Our Firm's reputation is one of a highly trusted financial advisor. We uphold that reputation by examining our clients' realistic alternatives, and working closely with them to choose the best course. We will only advise our clients to pursue transactions when it suits their best interests.

## **Objectivity and Independence**

Our professional reputation rests on our objectivity and independence. Our clients entrust us with the role of corporate finance advisor because they have confidence in our professionalism and business judgment. We generate ideas that respond to your needs because we do not sell "off the shelf" financial products or underwrite securities.

## **Confidentiality**

We establish relationships for the long-term. As a respected, independent, professional services firm, we are uniquely positioned to make discreet inquiries to capital sources without revealing a client's identity or impairing the value of the transaction.

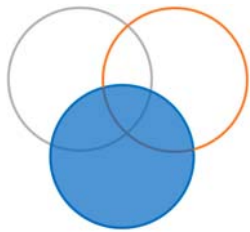


# I Business Consulting

The globalization trend that gained momentum in the 1990's, together with rapid changes in technology and a continued volatile state of the capital markets, has led to a period of uncertainty and vulnerability in the business world.

In an objective, independent, and non-disruptive manner, **Monroy Petersen** is looking forward to helping your company meet the challenges and seize the opportunities of the new marketplace. Our hands-on team will work together with your executives and senior managers to design and implement the specific plan and structure that your company needs to succeed. Our objective, regardless of circumstances, is to enhance the value of your firm.

Our business consulting services target the following functional areas of an organization:



- Operations
- Technology
- Marketing
- Organization

We provide consulting services to companies of all sizes—from emerging, closely-held businesses to public, multinational corporations.



# Business Consulting (cont.)

**Operations** - The forces at work in today's world present businesses with extraordinary opportunities to transform their operations. By leveraging the influence of globalization and technological innovation, your organization has the potential to gain unprecedented performance from each link in the value chain. **Monroy Petersen**, in coordination with industry leaders, can assist in the following areas:

- Customer Relationship Management (CRM)
- Enterprise Resource Planning (ERP)
- Supply Chain Management (SCM)
- Total Quality Management (TQM) and Reengineering
- Outsourcing

**Market Research/Strategy** - Knowing your product strengths and the characteristics of your targeted markets are key for your company's success. **Monroy Petersen**, in coordination with industry leaders, can assist with the following tasks:

- Industry research (primary and secondary)
- Competitive analysis
- Product feasibility studies
- Marketing strategy

**Technology** - State of the art information technologies and robust enterprise software applications are playing a major role in business transformation processes and allowing quantum leaps in productivity. The companies that adopt the new technologies are often able to define the new competitive standards and are poised to capture market share from late adopters. **Monroy Petersen**, in coordination with industry leaders, can assist in the following areas:

- IT System Infrastructure (hardware and software)
- Enterprise-wide applications (Front-Office, Back-Office and Supply Chain)
- Point Solutions

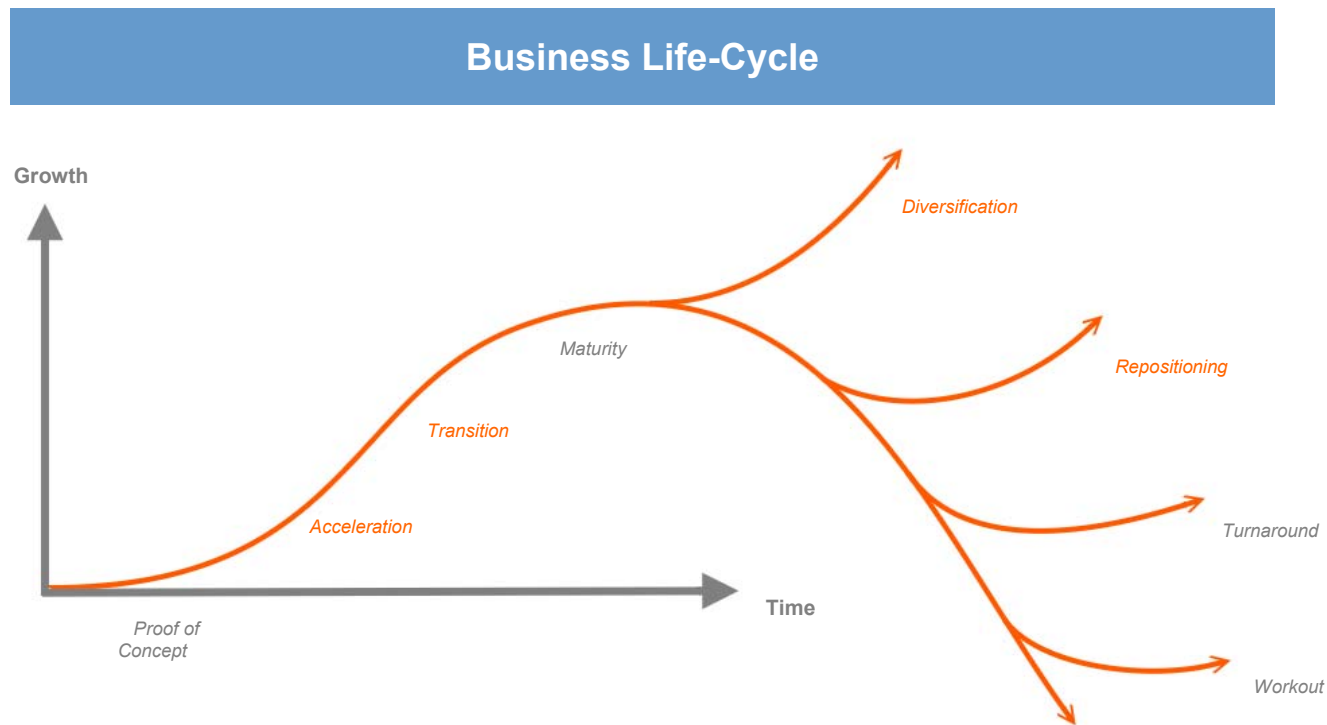
**Organization** - Providing a clear vision for a company is only the beginning of the process; management teams must also ensure that the organization is well prepared to bring that vision to fruition and that it is able to learn and adapt according to the ever-changing environment. Selecting an organizational structure and developing change-management systems are thus two of the most important processes a firm can undertake. **Monroy Petersen**, in coordination with industry leaders, can assist in:

- Developing a knowledge management system
- Identifying critical organizational factors
- Redesigning the organization according to internal and external factors
- Implementing performance measurements



# I Firm Focus

Our services are best suited for middle-market companies in acceleration and transition periods, and established firms that are looking to diversify operations or regain momentum by repositioning their core businesses.



# I Selected Client List

Company Name	Industry Sector
Accessories Marketing, Inc.	Liquid sealants & repair accessories
Aeropuerto Del Norte	Multimodal transportation
Amaze Entertainment	Software & IT services
Automotriz Queretaro	Automotive sales
Bankers Trust	Investment banking
Banpesca	Development banking
California Commerce Bank	Retail banking
Cementos Mexicanos	Cement & ready-mix products
Dafcsa	Re-bar & wire-rod distribution
Encompass Management Systems	Software & IT services
Especialidades Químicas Mexicanas	Chemical products
Grupo Cultural ICEL	Education services
Grupo Desc	Industrial Conglomerate
Hoteles Posada Real	Lodging
Hules Mexicanos	Rubber & derivatives
Integra Ingenieria	Software & IT services
Intellipage	Telecommunications
Lecuona Films	Film & entertainment
Marindustrias	Fishing & canning
Matalast International	Aluminum anodizing processes
Merck & Co.	Chemicals & pharmaceuticals
Operadora Ximax	Food & beverage
Planeta Network	Publishing
Primera Network	Television & cable
Rancho Verde	Food & beverage
Support for Online Services	Software & IT services
Transportación Marítima Mexicana	Multimodal Transportation
Universidad Chapultepec	Education services

