BAIN & COMPANY

Introducing Bain and the way we work

Presentation to FCEE-UCP

Lisbon, May 15, 2007
Why do companies hire Consultants?

Don’t consultants just borrow your watch to tell you the time?
Why do companies hire Consultants?

“They know more about the business than I do”
Why do companies hire Consultants?

“We don’t have the time or resources to focus on solving long-term problems”
Why do companies hire Consultants?

“They provide an external, objective perspective”
Why do companies hire Consultants?

“They have specialist skills that we don’t have in-house”
Agenda

• About Bain

• Case Work

• The Bain way
Bain’s business is helping make companies more valuable

- **We deliver results, not reports**
  - We focus on full potential improvements, not incremental change
  - We emphasize practical recommendations and how to make them happen
  - We celebrate impact, not intellectual elegance or activity
  - We operate with a sense of urgency

- **We measure our success by your results**
  - We align ourselves totally with our clients
  - We are open to aligned incentives and risk-sharing

- **We tell it like it is**
  - We listen hard, but are suspicious of received wisdom
  - Our True North values system emphasizes doing the right thing, not necessarily the easy thing
  - We aspire to clear, jargon-free communication

- **We have people you can work with**
  - Our work style is direct, practical and down-to-earth
  - We treat our clients as we would like to be treated
We measure our success by our clients' results

Bain clients outperform the market 4 to 1

Cumulative percentage change in share price

Note: Calculation and data attested to by PricewaterhouseCoopers through December 2006.
Bain helps PE funds realize superior returns - and is willing to align our interests with clients to do so.

Indexed net returns for 1996-2000 vintage funds
(As of 12/31/05)

We give practical advice

“I like the fact that Bain provides action oriented work where you can take it and implement it. And Bain people are not shy of implementing it themselves either.”

Nick Scheele
Former Chief Operating Officer
Ford Motor Company
"We knew by now that there were areas where we were making money, and areas where we weren't. But we hadn't yet evolved enough to know exactly where, company-wide, nor did we know the magnitude of the disparity. So we called Bain & Company, with whom we'd successfully worked before, to help us out again."

Michael Dell
Founder & Chairman
Dell Inc.
"The bottom line is equity investing in our business, so we don't give it away lightly... Bain adds enough value that it is appropriate. It makes our interests perfectly aligned."

Bill Price
Managing Partner
Texas Pacific Group
“Bain & Company have played a bigger role in the reforms at De Beers than is usual. I claim credit for appointing them. I said we must have Bain, because they’ll give us the more uncomfortable ride. They have given us an uncomfortable ride, but one that’s been fun as well. There's been a phenomenal momentum that has gathered pace.”

Gary Ralfe
Former Executive Director, De Beers
"Bain would not just present its clients with a report and walk out the door"
“Bain & Company impresses boardrooms with in-depth industry research, strategic advice and ingenious plans”
“Bain & Company is the elite of the already elite field of management consultants”
What the press says about Bain (4/4)

“One of the most successful firms in the business, with consistent double digit growth in both profits and revenue.”

“(Bain) has established (itself) as the leading adviser to the private-equity industry, and has ridden on the back of that booming business. Its traditional way of working is well suited to private equity firms.”

The Economist

“Bain consultants seem possessed by a mission to increase the “total economic value” of their clients. Like religious zealots, they single-mindedly dedicate themselves to improving their customer’s competitive position.”

Fortune

“In addition to its exceptional growth record, (Bain) distinguished itself from competitors like BCG and McKinsey with its notion of results-oriented, “relationship consulting.”

Harvard Business School

“Bain’s most distinguished feature is its approach to strategic planning. It believes success depends on combining elaborate planning, quick-on-the-draw opportunism and ruthless competitiveness.”

Business Week

“Within the industry, Bain has a force and presence.”

New York Times Magazine
Bain’s 3,700 employees work in 35 offices in every region of the world

- Since 1973 Bain consultants have worked with more than 3,600 major firms from every sector in every region of the world
- The knowledge and experience of each of us is shared by all of us
Bain works with clients across the full range of capabilities and industries.

### Capabilities

- **Customer Strategy & Marketing**
- **IT**
- **Organization / Change Mgmt**
- **Mergers & Acquisitions**
- **Strategy**
- **Performance Improvement**

**Percent of Bain's business**

### Industries

- **Other Industries**
  - Air Transportation
  - Healthcare
  - Private Equity (diligence)
  - Financial Services
  - Telecom / Media / Tech
  - Consumer Products/Retail
  - Industrial Goods & Services

**Percent of Bain’s business**

**Note:** IT and Org segments include revenue where IT and Org were secondary capabilities as well as those where they were primary.

This information is confidential and was prepared by Bain & Company solely for the use of our client; it is not to be relied on by any 3rd party without Bain's prior written consent.
In Portugal, Bain has been developing projects in multiple industries (I/II)

Examples of projects conducted in Portugal

<table>
<thead>
<tr>
<th>Energy</th>
<th>Financial &amp; Other Services</th>
<th>Private Equity</th>
<th>Consumer Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>• IPO support for grid company</td>
<td>• Decision-making support, opportunity assessment and potential operational deployment strategy for largest bank in adjacency growth via new asset class entry</td>
<td>• Commercial due diligence for a transaction in the beverages market</td>
<td>• Business unit growth strategy for the subsidiary of leading European multinational in the food sector</td>
</tr>
<tr>
<td>• Synergy assessment for merger in electricity and gas</td>
<td>• Strategy for the national federation of a specific sport</td>
<td>• Commercial due diligence in health clubs</td>
<td>• Analysis of specialty distribution channel</td>
</tr>
<tr>
<td>• Marketing strategy to capture additional customers in the gas sector</td>
<td></td>
<td>• Market entry strategy for the chemicals market</td>
<td>• Strategy for the milk market</td>
</tr>
<tr>
<td>• Country strategy for the utilities services’ market</td>
<td></td>
<td>• Market analysis and competitive positioning in furniture</td>
<td>• Analysis of the Portuguese coffee sector</td>
</tr>
</tbody>
</table>

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<tr>
<th>Distribution and Retail</th>
<th>Healthcare</th>
<th>Technology &amp; Telecom</th>
<th>Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Full potential for leading retail chain</td>
<td>• Corporate strategy for a start-up in biomedical research</td>
<td>• Portuguese telecoms market analysis, covering fixed, wireless and cable</td>
<td>• Portuguese airline distribution market assessment</td>
</tr>
<tr>
<td>• Customer management strategy for leading hyper and supermarket company in Portugal</td>
<td>• Strategic plan and viability analysis for a three-pronged entity comprising teaching hospital and biomedical research</td>
<td>• Fixed mobile substitution and convergence analysis</td>
<td>• Organizational design for a local subsidiary of worldwide leader in Global Distribution Systems</td>
</tr>
<tr>
<td>• Customer segmentation based upon purchasing patterns</td>
<td>• Partnership modelling assessment for major R&amp;D player</td>
<td>• Impact of MVNOs: 5 year scenario</td>
<td></td>
</tr>
<tr>
<td>• Definition of value proposition in pricing, promotion and category management</td>
<td></td>
<td>• Analysis of convergence in Telco and IT systems in the Enterprise market</td>
<td></td>
</tr>
</tbody>
</table>
Capability practice areas

Strategy

Customer Strategy & Marketing

Organization
Mergers & Acquisitions
Performance Improvement
Information Technology

Change Management
Bain is recognised as a great place to work

Die besten Arbeitgeber

Bain is recognised as a great place to work

The Best Firms to Work For, 2006

By News Staff | Published 10/26/2006 | Best Firms to Work For | News Briefings

Email to Friend | Print Article

(Oct. 26, 2006) - NEW YORK - Having surveyed more than 5000 consultants, Consulting Magazine found several firms that were earning high praise from their toughest critics: their own employees. Today, Consulting Magazine announced The Best Firms to Work For, 2006:

Bain & Company
McKinsey & Company
Point B
Boston Consulting Group
Monitor
Kurt Salmon Associates
Pitiglic Todd & McGrath
Mercer (Mercer Oliver Wyman, Mercer Management Consulting)
Diamond Management and Technology Consultants
Huron Consulting

Firms were scored by their employees’ responses to questions in six equally-weighted categories: Leadership, Compensation & Benefits, Culture, On the Job, Work/Life, and Career Development.

The November/December issue of Consulting Magazine contains the full rankings as well as breakouts by individual attribute.

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The skills we learn at Bain are unique and portable... positioning for success anywhere

“There were never a better group of people than those nine years at Bain. They were the highest quality people, the smartest people and the most fun people.”

Meg Whitman
President & CEO, eBay
“Most Powerful Woman in Business”, Fortune 2004
Agenda

• About Bain

• Case Work

• The Bain way
Bain’s focus on value-added consulting produces extraordinary results

- Relevant to the client
- Potentially great impact on earnings
- Gather current, accurate, primary data
- Conduct innovative analysis
- Provide practical and actionable solutions
- Mutual respect between client and Bain
- Shared goals
- Documented roadmap
- Link to client budgets
- Feedback to “right issues”

Right issues → Right answer → Organizational consensus → Execute → Impact: Earnings, Market Value
Case work overview

Potential client lead
Identify key issues/write proposal
Selling the case
Staffing the case
Workplan

Client development

Plan the work
Do the work
Assess the implications
Communicate the answer
Document the work

Client work

• Answer first
• Workplanning
• Blank slides

• Data gathering
• Analysis

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Answer first is supported by a logic tree structure

Introduction:

Key point:

Key line assertions:

Sub-assertions:

Evidence:

Answer first

- Situation
- Complication
- Question

Assertion 1

Assertion 2

Assertion 3
Example: answer first

**Question:**

What acquisition should Company X pursue?

**Answer:**

- **Growing faster than industry**
  - Why?
    - Large market share
    - Minimal industry competition

- **Financials are appealing**
  - Why?
    - Cash flow is positive
    - Earnings are strong

- **Easy to absorb**
  - Why?
    - Separate business
    - Managers remain
    - Processes are not complex
Workplanning improves productivity in three areas

**Planning**
- Identify key analytic tasks that will prove/disprove hypothesis
- Prioritize analytic tasks of pyramid/logic tree

**Progress/review**
- Ensure logic flow
- Identify strengths and weaknesses of the analysis
- Sort out key pieces of analysis vs. backup data
- Establish next steps

**Communication**
- Facilitate client signoff
- Focus analysis
- Allocate resources

- Provide clear answer/action implications
- Provide opportunities for “so what?” discussions with clients

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## Example: workplan

<table>
<thead>
<tr>
<th>Detailed Activities</th>
<th>Final Deadline</th>
<th>Weeks 1 2 3 4 5 6 7 8 9 10</th>
<th>Team Member Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong> Market overview: • Market characteristics • Competitor positioning</td>
<td>Week 4</td>
<td></td>
<td>Chris</td>
</tr>
<tr>
<td><strong>B</strong> Competitor Analysis • Market shares • Pricing • Profitability</td>
<td>Week 6</td>
<td></td>
<td>Paul</td>
</tr>
<tr>
<td><strong>C</strong> Customer analysis</td>
<td>Week 9</td>
<td></td>
<td>Jennifer</td>
</tr>
<tr>
<td><strong>D</strong> Synthesis</td>
<td>Week 11</td>
<td></td>
<td>All</td>
</tr>
</tbody>
</table>
Blank slides serve as a skeleton for a presentation

- Blanks serve several purposes
  - Develop initial hypothesis by generating a story supported by preliminary slides with incomplete data
  - Focus team’s analysis and data gathering on most important slides to prove or disprove the hypothesis
  - Prioritize work and further develop workplan around most critical slides to support the storyline/presentation

- Managers vary in their use of blank slides
  - Some script out an entire presentation at the beginning of the case
  - Others rely on the team to develop blanks for individual workstreams and subsequently integrate them into one master presentation
The blank slides should tell the story by clearly walking through the assertions

- Answer first tree

- Profits are declining

  - This is not due to costs, which have remained stable

- .. or prices, which have increased

- The source of profit decline is a reduction in market share. This is due to competitor A’s new product introduction

  etc.
Our data-driven approach tests the hypotheses and drives to a solution

• A significant piece of Bain’s value addition to clients is through surfacing new information and analyzing it to drive to an answer

- Clients often have large amounts of data that is not analyzed in a focused way. Without focus, senior management cannot make decisions

- Bain often discovers new sources of relevant data of which the client was previously unaware or had left untapped
Bain communicates the answer to the client through presentations

• Moving from an initial hypothesis to an answer and recommendations is the purpose of the team’s case work

• Answers take several forms, depending on the stage of the case and the audience
  - **Early internal presentations**: as simple as three or four hand drawn slides with a list of next steps
  - **Interim presentations**: relay how the work is being done and help to refine the hypothesis. Often positioned as working sessions where a preliminary answer and the supporting analysis begin to take shape as a storyline
  - **Final presentations**: communicate implications of the work, using a compelling storyline that confirms the answer. Vary in length depending on the client audience
Agenda

• About Bain

• Case Work

• The Bain way
Core Bain tools for cracking a case

Business definition

Strategic positioning
- ROS/RMS
- High Road/Low Road

4Cs

Cost
- Experience curve
- BDP
- RCP
- PLP
- Reengineering

Customers
- Customer segmentation
- Customer retention

Competitors
- Competitor analysis
- Competitor overviews

Capabilities
- Core capabilities

Example of Bain tools: