

THE KEYSTONE GROUP

Atlanta

Chicago

Dallas

**Company Overview and Focus on
Strategy and Operations Practice**



Keystone was founded in 1991 to bring an implementation focus to management consulting.

- ❖ During that time, we have helped over 150 clients achieve immediate and sustained improvements in operating profit, cash flow and revenue growth
- ❖ We are based in Chicago, but our client work takes us around the world
- ❖ We have three basic service offerings
 - » Operational turnaround
 - » Strategy and operations consulting
 - » M&A integration services



We believe three key principles have driven our success.

- ❖ Helping clients achieve tangible results
 - » Our top priority is implementation – over 75% of our work is execution
 - » Clients typically receive a 5-10X annual return on an investment in Keystone
 - » We collaborate with clients to ensure our results are long-lasting
- ❖ Singular focus on manufacturing and distribution companies
- ❖ The best teams
 - » On average, our consultants have fifteen years of experience
 - » Blend real-world experience and world-class consulting skills
 - » Recommendations are pragmatic and implementable

Clients have rewarded us by hiring us again – 90% of the time.

Our clients include a broad range of industries and types...



GDX AUTOMOTIVE



WELCOME TO
THE COOPER COMPANIES, INC



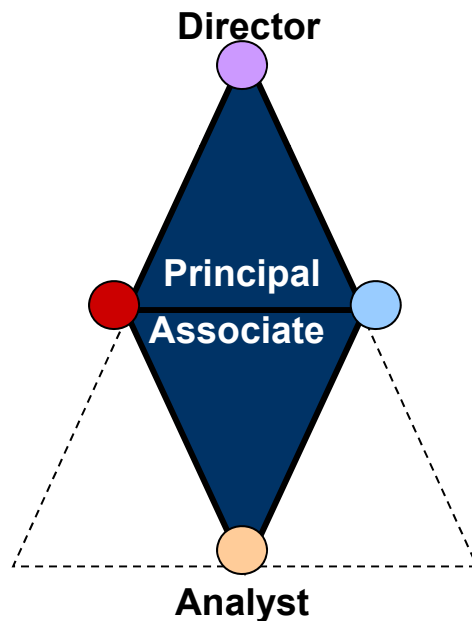
Our three service lines are complementary and share a common thread of focusing on execution.

	Focus	Expertise	Results
Operational Turnaround	<ul style="list-style-type: none"> • Generate cash flow • Stabilize operations and management • Position for growth 	<ul style="list-style-type: none"> • Fixers, not liquidators • Drive new practices • Broker cooperation with bank partner 	<ul style="list-style-type: none"> • Over 50 assignments, 90% have fully returned investment • TMA award
M&A Integration	<ul style="list-style-type: none"> • Seamless Day 1 transition • Accelerated synergy realization • Management and cultural integration 	<ul style="list-style-type: none"> • Operational diligence, planning and execution • Proprietary, web-delivered approach/tools • Called on to handle most challenging deals 	<ul style="list-style-type: none"> • Integrated over \$80B in transaction value • Clients exceed synergy model by 1.25X within two quarters • Continuity of baseline operations
Strategy and Operations	<ul style="list-style-type: none"> • Drive significant improvements in operating profit and cash flow • Implement strategies to drive profitable growth 	<ul style="list-style-type: none"> • Define and implement solutions that span multiple locations, cross company and organizational boundaries • Work often directly impacts client's customers 	<ul style="list-style-type: none"> • Margin and cash flow improvement for over 80 clients • Typically improve operating margins by 3-5 points

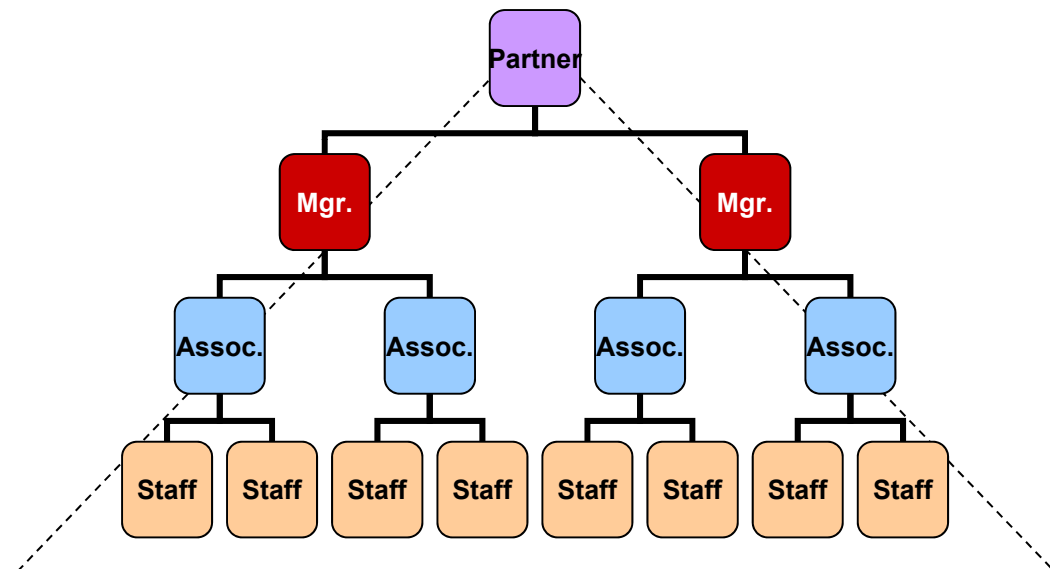
The turnaround work is typically with clients in the \$50MM - \$300MM range, while the others are with companies exceeding \$200MM.

Keystone has a different orientation than many other firms, utilizing smaller, more experienced teams...

Typical Keystone Team



Larger Firm Team



...resulting in better answers – and results – faster.

Keystone typically works with clients for three to twelve months to achieve results. We break the work into two phases...

Diagnostic/Plan (Weeks)

- Perform detailed assessment, including data analysis, interviews and site visits
- Identify and prioritize key areas for improvement
- Document expected financial impact, costs and resources for implementation
- Provide detailed implementation plans for the top three to five critical initiatives

Implementation (Months)

- Work with management to implement recommendations
- Ensure successful transfer of initiative ownership, implementation skills and process knowledge
- Monitor progress to ensure benefits are realized within allotted timeframe and resource commitments

...which provides a roadmap, with a handful of key initiatives, that can be implemented given the client's situation.



Typical Project Timeline

We will develop a detailed timeline together with key milestones as part of our formal proposal development process.

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>	<u>Week 4</u>	<u>Week 5</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
Management interviews	■			■				
Review of financial and operating metrics		■						
Operations assessment			■					
Customer interviews -(if applicable)			■					
Recommendation and plan development				■				
Steering team updates (informal)		▲		▲	▲			
Presentation of recommendations			▲		▲			
Implementation (phased)						▶		

The specific timeline will be determined based on the scope of the client's organization and the specific nature of the problems being addressed.

Our SOC practice has helped clients drive significant improvement in operating profit and cash flow. Clients typically hire us for issues that span multiple locations and cross organizational boundaries. Examples include:

- ❖ Revenue enhancement
 - » Market and product selection and mix
 - » Reliability and service levels
 - » Sales force effectiveness
- ❖ Cost and cash
 - » Reducing product and component complexity
 - » Efficiency – and effectiveness - of the end-to-end supply chain
 - » Realigning operations to meet changing market conditions
 - » Sales and operations planning to increase service levels
 - » Increasing practical capacity to reduce backlogs and improve customer service
 - » Increasing throughput and inventory velocity
- ❖ Organizational effectiveness
 - » Organization design and implementation
 - » Operations management and effectiveness

Working together, we can accelerate the time to benefit that a client would achieve on their own.



The examples below are representative of how we've helped clients achieve significant bottom-line improvement.

Client	Results
<p>Manufacturer of broadband electronic equipment</p> <p>- High cost position in consolidating market</p>	<p><u>Increased operating margin by 11 points with improved customer service levels</u></p> <ul style="list-style-type: none"> ❖ Defined and implemented global outsourcing strategy to move manufacturing to low cost country ❖ Developed organization structure to fit new business model
<p>Manufacturer of heat exchangers for OEM market</p> <p>- High growth creating backlogs and service issues</p>	<p><u>Revamped operating strategy to improve operating margins by 3 points</u></p> <ul style="list-style-type: none"> ❖ Developed and implemented plan to increase throughput through constrained resource, unlocking 29% of additional capacity ❖ Implemented Sales & Operations planning process across all facilities
<p>Manufacturer of electrical safety devices</p> <p>- Underperforming business unit due to excess fixed costs</p>	<p><u>Increased business unit operating margin by 10 points</u></p> <ul style="list-style-type: none"> ❖ Rationalized product set by 33%, exiting unprofitable lines ❖ Consolidated three facilities into one, driving ROS from (15%) to a positive ROS of 5% in year one ❖ All accomplished with no disruption to customer service levels
<p>Manufacturer of consumer fashion products</p> <p>- Stalled growth led to uncertain top-line strategy</p>	<p><u>Accelerated revenue growth while increasing operating margin</u></p> <ul style="list-style-type: none"> ❖ Defined and implemented plan to increase market penetration ❖ Implemented key account management process to drive new sales discipline
<p>Tier 2 Auto supplier</p> <p>- Low demand and raw material costs = 3 yrs of losses</p>	<p><u>Returned to break-even within 4 months; 6X EBITDA increase in year 1</u></p> <ul style="list-style-type: none"> ❖ Increased labor productivity and improved quality ❖ Reduced fixed overhead structure and revamped sales organization





THE KEYSTONE GROUP

Barry Dunne

300 N. LaSalle Street
Suite 4300
Chicago, IL 60654

Phone: 312.960.3640
Mobile: 630.251.2984

bdunne@thekeystonegroup.com

Pragmatic advice, relentless execution, superior results.

Atlanta ♦ **Chicago** ♦ **Dallas**

