

San José, Costa Rica, May 2017

To whom it may concern,

Grupo Empresarial de Supermercados S.A. is a proudly Costa Rican supermarket retailer with more than 10 years in the market. As owner of Peri, Dia Express, SuperCompro and Saretto brands, we serve our customers with a 63-store network across the country.

In the months of May through December 2016 we implemented project "Sincronizate", hand in hand with London Consulting Group. The focus was to increase profitability through the transformation of our Commercial, Operations, Logistics, Fresh Produce, Bakery, Meats and Expense Management processes.

The project has been of fundamental help in reaching our aim of substantially improving our company's results, helping us to turn around a sales decrease tendency and to improve our market share position in our highly competitive environment. This has been attained through the implementation of significant improvements:

Commercial Strategy

- Gross margin improvement (in durable goods **7.3%** / perishables **2.3%** annual projection) by changing the business model with our strategic partners.
- Redefinition of value proposition for our brands: Competitive Position, Pricing strategy and Category Management.

Operations:

- **19%** waste reduction of durable goods (with an economic impact of **USD 750 thousand**).
- **86%** reduction of slow moving inventory, through liquidation initiatives.
- Implementation of operational and governance models (to all hierarchical levels of the stores).

Fresh Produce, Meats and Bakery:

- **59%** reduction of product waste (from **1.7%** to **0.7%**).

Logistics:

- **41%** reduction in lost sales which represents a **2.2%** increase in overall sales.
- **16%** reduction of inventory days.

Expenses:

- Expense reductions totaling **USD 1.2 million**, by:
- **22%** cut in electricity expenditure.
- **14%** decrease in packing material costs.
- **9%** decrease in credit card processing fees, and recovery of unpaid commissions.
- **8%** reduction in rental cost of store facilities.

The project has produced benefits to date that amount to a **1.6 : 1 ROI**, with an annual projection of **5.6 : 1**.

Furthermore, the project has helped us redefine our organizational structure with a greater commercial focus and optimize the procedures that will support our growth plans.

I highly recommend London Consulting Group as a professional company, with an excellent methodology, and with a high focus on results.

Sincerely

Walter Westphal
CEO GESSA

