



GUACOLDA 2151
CASILLA 4, QUILICURA
SANTIAGO - CHILE
FONO: (56-2) 837 2200
FAX GCIA: (56-2) 624 2123
FAX OPE: (56-2) 624 2131
FAX ADM: (56-2) 624 3421
www.sigdopack.com

To whom it may concern:

In November 2010 we decided to hire London Consulting Group in order to optimize and improve the efficiency of Sigdopack's commodity chain within the operations in Chile and Argentina, as well as to implement a culture based on formal work systems and analysis of indicators for preventive and corrective decision-making.

After completing **Project Evolution (Proyecto Evolucion)** and thanks to the efforts of Sigdopack's employees at our Quilicura (Chile) and Campana (Argentina) plants, along with London Consulting personnel who provided a clear and effective methodological guide, the quantitative and qualitative results we set to achieve during these 7 months have been met on each of the work modules.

Among the most relevant outcomes achieved were:

MODULE: SHOP FLOOR / PRODUCTION CONTROL

- 23.5% improvement in Nylon line efficiency (Chile)
- 8% improvement in BMS line efficiency (Chile)
- 16% improvement in DMT line efficiency (Chile)
- 15% improvement in DMT line efficiency (Argentina)
- Implementation of methodology for auto certification within the 5s work philosophy.

MODULE: SHOP FLOOR / MAINTENANCE CONTROL

- Implementation of a preventive maintenance system making the most of all of the advantages of the SAP.
- Design of an annual-quarterly-monthly preventive maintenance plan
- Design and implementation of guidelines for each type of maintenance in order to improve their efficiency.
- Root-cause analysis of the failures to eliminate poor standards and build team's Life Sheet.

MODULE: COMMERCIAL

- Commercial segmentation according to our clients' profile.
- Increase in the assertiveness of the Forecast in Kg (Chile)
- Reduction of technical claims at the Campana plant (Argentina)
- Reduction in lost sales due to returns (Chile)

MODULE: PLANNING AND LOGISTICS

- A significant reduction of the Finished Products Inventories in each of the "status" not desired by our company, in Chile as well as in Argentina.
- Optimization of the platform management system obtaining a savings of approximately **\$200,000 USD** annually (Argentina and Chile).
- Reduction of demurrage (penalties for exceeding the agreed laytime when contracting vessels) equivalent to **\$180,000 USD** per year (Argentina and Chile).
- Reduction of external warehousing expenses equivalent to **\$550,000 USD** per year (Argentina and Chile).
- A significant reduction of the coverage of the most important raw materials for our business.
- A 28% increase in inventory reliability in Campana (Argentina).
- Increase of On Time In Full (OTIF) deliveries and an important improvement to the Lead Time for our company's strategic market (Chile).

MODULE: MANAGEMENT SKILLS

- Participation of **101** Managers, Leaders and Supervisors, in Argentina as well as in Chile, in the Management Skills Development seminars where individual and personalized coaching was provided to ensure the effective use of the management tools provided by the consulting firm.
- An average increase of **12%** in the importance our Managers, Leaders and Supervisors give to key factors in their daily management: Human Resources Management, Open to Changes, formal Work Systems, Indicators, Teamwork, among others.

These operative improvements equal to an accumulated return on investment (ROI) up to this point of **3.23 to 1**, and if the current trend is maintained, the annual projection will allow us to achieve a total ROI of **13.3 to 1**. In addition to the quantitative results, the evident cultural change our employees have gone through is remarkable, and this makes us feel optimistic that the organization's goals and objectives will be achieved in the short and long term.

Based on the aforementioned, we highly recommend **London Consulting Group** as a committed, extremely professional company, whose consultants are highly involved in the efforts to achieve the target goals and to create an excellent work relationship with the personnel of the company they are providing their services. Evidence of this is that we have already initiated two extensions with LCG in the Maintenance and Purchasing departments and we have recommended London Consulting Group to perform a diagnosis next month in another of the companies of our business group **SIGDO KOPPERS**.



Jose Ramón Aboitiz Domínguez
General Manager