



Agencias J.I. Cohen S.A.

PRODUCTOS FARMACEUTICOS Y QUIRURGICOS

Guatemala, March 2014

To whom it may concern:

Agencias J.I. Cohen is a Guatemalan company with over 60 years of experience that distributes high quality health and nutritional pharmaceutical products.

The company has operations in channels such as pharmacies, hospitals, supermarkets, convenience stores and state institutions ensuring coverage within the entire country with over 2,200 points of sale. It has over 24 commercial partners represented by International Research Pharmaceutical Companies.

From August 19 to October 08 of 2013 Agencias J.I. Cohen invited London Consulting Group to develop a study along with CID Gallup with the purpose of consolidating the business plan for the exclusive distribution of Abbott Nutrición. The study included a market analysis, the current status of Cohen's operations, the capacity to face future challenges in the exclusive distribution of Abbott Nutrición and the development of the strategy and operative plan for the successful execution of the established business projections.

The **specific objectives of the technical study** lead by London included:

- To identify the better practices of those laboratories with exclusive distribution strategies, as well as the exact impact on the business.
- To demonstrate the increasing business potential that can be achieved from the implementation of the strategy for Abbott Nutrición.
- To identify the operation of the components of the current logistics model and the capacity to strengthen it.
- To support the success stories and industry history regarding the units, sales values and margins of the success stories compared to Abbott Nutrición.

The **main studies developed** comparing other laboratories with exclusive distribution strategies were as follows:

- Positive sale impact even with a price increase strategy, improving product availability and an equality in sales channels.
- Positive impact on the volume of units sold and margin creating value throughout the chain.
- Impact on the concentration of products in a better quadrant of margin vs volume (Boston matrix) making each one attractive for the different channels and making laboratories profitable.
- Impact on client penetration (Cross-Selling Matrix) identifying the potential covered of the total of the portfolio per laboratory.



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- Impact on lost sale rate showing important and accurate reductions based on the exclusive distribution strategy and the joint work in planning and managing the supply chain.

During the presentation to Abbott's Senior Management on October 8, 2013, we were able to confirm that Agencias J.I Cohen is an advanced organization with a clear strategy of exclusive distribution for the market regulation and the successful execution of the potential goals that strengthen the supply chain and sustainably increase the sales.

Within the success stories we identified the accurate management of the value chain, as well as joint work from the strategy, planning and operation, resulting in significant increase in sales.


At the beginning of 2014, Abbott notified Agencias J.I Cohen's of the authorization to carry out the Strategic and Operative Plan proposed. Joint work sessions have started to set in motion the plan and formalize the following:

- Exclusive distribution of an important percentage of Abbott's product portfolio which represent the majority of Abbott Nutrición's sales in nutritional supplements.
- This exclusive distribution represents a significant increase of what Agencias JI Cohen already sold from Abbott, as well as sales from the private division.
- Readjustment of the value chain, restructuring margins and market prices and ensuring an increase of the value of the supply chain manufacturer-distributor-channel.

The project concluded successfully within the established timeframe, surpassing our expectations, thanks to the professionalism and commitment of the personnel from Agencias JI Cohen, CID Gallup and London.

Based on the aforementioned, it is our pleasure to recommend **London Consulting Group** as a professional and committed firm, which contributes in achieving tangible results in a short amount of time.

Sincerely,



Ing. Alberto Cohen
General Manager