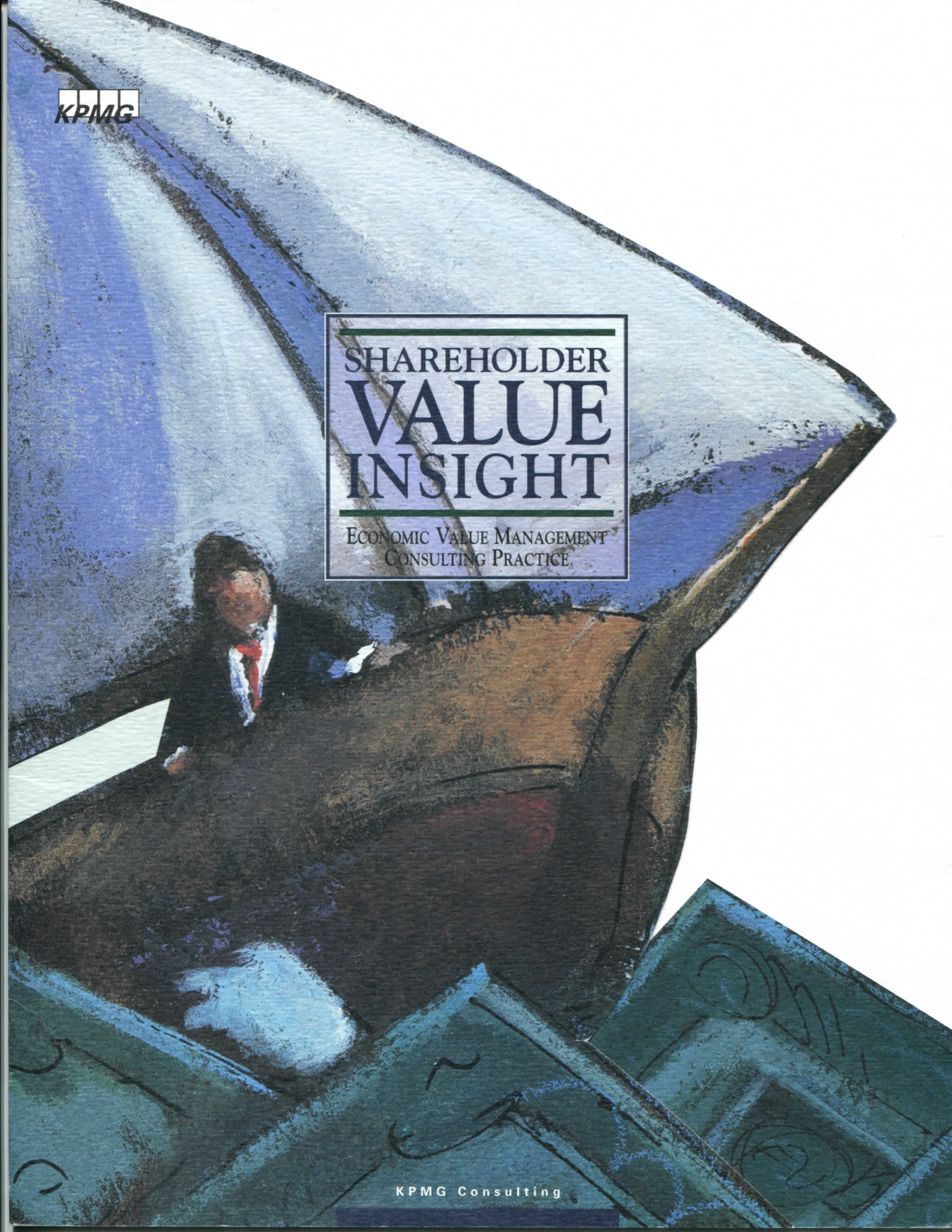




KPMG



SHAREHOLDER  
**VALUE  
INSIGHT**

ECONOMIC VALUE MANAGEMENT  
CONSULTING PRACTICE

KPMG Consulting



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# SHAREHOLDER VALUE INSIGHT

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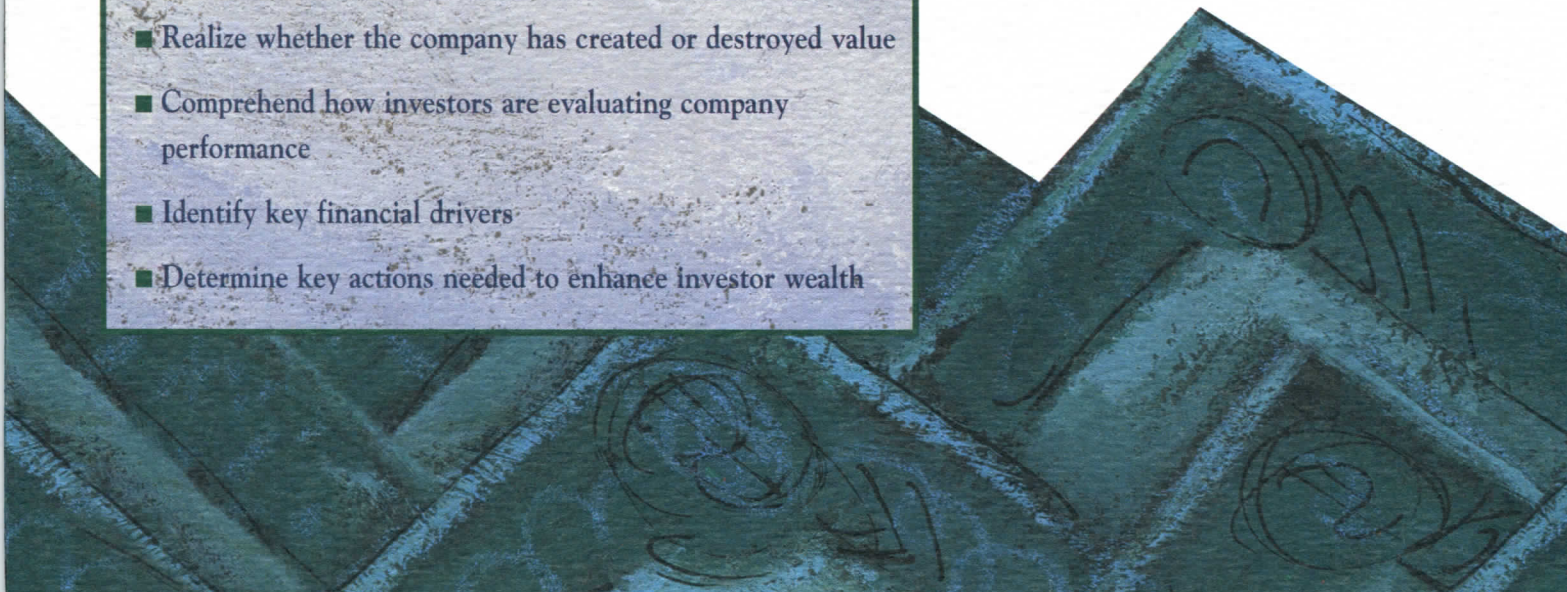
ECONOMIC VALUE MANAGEMENT  
CONSULTING PRACTICE

## IF THESE ISSUES ARE A HIGH PRIORITY TO YOU

- Has your company created value for your shareholders?
- How are you performing relative to your peers?
- How does the market evaluate your financial performance?
- What can you do to enhance investor wealth?

## SHAREHOLDER VALUE INSIGHT CAN PROVIDE ANSWERS

KPMG now offers a diagnostic consulting service, Shareholder Value Insight (SVI), which can provide critical insight into how a company can create sustainable shareholder value. SVI helps management to:

- Understand the essential principles of economic value creation
  - Realize whether the company has created or destroyed value
  - Comprehend how investors are evaluating company performance
  - Identify key financial drivers
  - Determine key actions needed to enhance investor wealth
- 
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## CREATING SHAREHOLDER VALUE

KPMG can provide answers to key shareholder value issues with a relatively quick and inexpensive financial analysis performed by its Economic Value Management (EVM) Consulting practice professionals.

Economic Value Management is an integrated approach to managing a business with the primary goal of maximizing its shareholder value.

## SHAREHOLDER VALUE INSIGHT

The SVI analysis provides critical guidance for measuring and creating shareholder value and helps management understand how investors evaluate their company's financial performance.

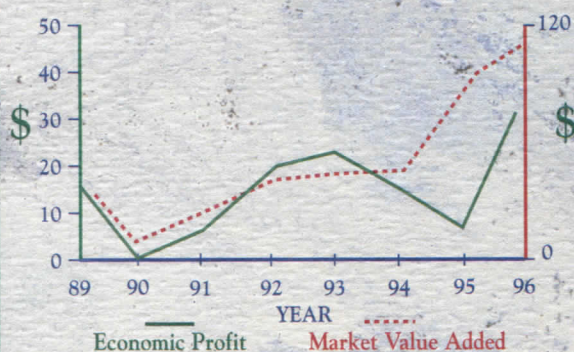
In particular, our EVM consultants will:

- Estimate your company's Cost of Capital
- Determine Economic Profit and Market Value Added\*
- Benchmark your company's performance against publicly traded peers\*
- Identify financial value drivers and compare to peer companies
- Prepare a customized report and discuss key issues with senior management

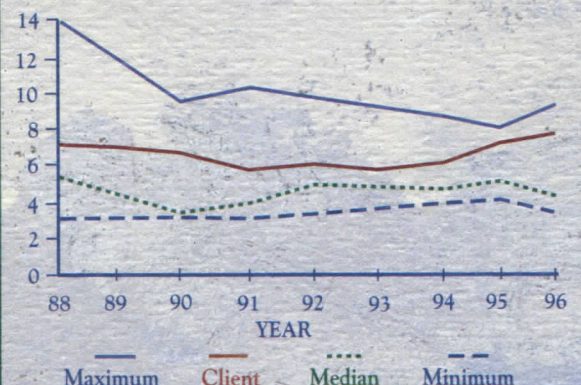
EVM is an integrated management approach to maximize the economic value of an organization.

### \* SAMPLE DELIVERABLES

#### ECONOMIC PROFIT AND MARKET VALUE ADDED



#### INDUSTRY BENCHMARKING-WORKING CAPITAL TURNOVER





## EP IS A MEASURE THAT CAN BE USED FOR:

- Strategic planning
- Analyzing new investment decisions
- Making pricing decisions
- Acquisition analysis
- Benchmarking against competitors
- Performance measurement
- Incentive compensation
- Shareholder communications

### BENEFITS OF IMPLEMENTING EVM

#### BEFORE:

- 1) No organized set of principles for managing the organization
- 2) Successful businesses and products starved of capital to subsidize failing ones
- 3) Projects are funded without considering the cost of the investment
- 4) Poor linkage between performance measurements, rewards, and shareholder value

#### AFTER:

- 1) EVM analysis provides a blueprint for optimizing business performance
- 2) Capital diverted from consistently negative EP areas to grow profitable businesses/products
- 3) The cost of capital is incorporated into all project proposals
- 4) Rewards directly linked to shareholder value creation

*EVM provides a framework to help management use capital to its maximum potential.*