

Basic Requirements for a Business and Strategic Plan for the Company and Potential Investors

Presented by

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Corporate Objective

Valuation Components

Value Drivers

Management Decisions

Shareholder Value

**Cash Flow from Operations
Intel. Property**

Discount Rate

Debt

**Value Growth
Duration**

**Sales Growth
Operating Profit
Margin
Tax Rate**

**Working Capital
Investment
Fixed Capital
Investment**

Cost of Capital

Operating

Investing

Financing



Fundamental Structure of the Business and Strategic Plan (1)

Provide Summary of Business and Strategic Plan: History of Company, Present Business and Future Growth

Describe Present Business of Company (Subsidiaries)

Describe Present and Future Competition, Present and Future Market Conditions, Pricing of Product and Services

Fundamental Structure of the Business and Strategic Plan (2)

Describe Present Corporate and Ownership Structure: Legal and Shareholding, Board of Directors

Discuss Business and Strategic Plan (including assumptions): What is the Business Strategy for Growth ? Profitability ? Market Share ? Service and Product Expansion ? Mergers and Acquisitions ? etc.

Present Financial Conditions [i.e., Balance Sheet, Cash Flow (3yrs. Back and 2 yrs. future), Present and Future Operating Budget (2 yrs.)—Describe what accounting standards the Company uses (IAS, GAAP, Russian, etc.)]

Fundamental Structure of the Business and Strategic Plan (3)

- Describe Intellectual Property Rights, if any, (patents, trade marks, etc.): History, R&D, Ownership, Legal Relationship to the Company (registration, etc.)
- Describe Requirements you seek from the Prospective Investor(s): Financial and/or Strategic (value added)
- Describe a Detailed Schedule of the use of Proceeds from the Investment you seek: How and over what time will you spend the investment funds?

Fundamental Structure of the Business and Strategic Plan (4)

Describe in Detail Future Financing Needs:
How much funding will you require in the future (2-3yrs.), Debt and/or Equity?

Describe Business, Political and Technology Risks:
What are the Business, Political Technology Risks to your Business and Strategic Plan (Risk(s) of used Assumptions for Planning)

Show a Valuation Analysis of the Company: What is the present value of your Company and what model have you used in reaching this valuation ? How will this value grow over the next 2-3 yrs. ? Return on Equity, Free Cash-flow ?

Fundamental Structure of the Business and Strategic Plan (5)

- Describe what the Potential Investor(s) shall receive for their Investment (i.e., Board Seat(s), Share Equity in %, Voting and Dividend Rights, Change in the Ustav, etc.)
- Describe Potential Exits for the Investor: This is important as many investors need to know your plans for their exit in 2-5 yrs.
- Describe Present Staff and their Qualifications: Short Biographies of key positions and staff

Fundamental Structure of the Business and Strategic Plan (6)

- Appendix: Include Charts, Graphs, News Articles about the Company, Management, Products and/or Services, References to Research reports about the Company and/or the Industry/Market

Time Required to Build the Plan

Depending upon the Company's staff qualifications, or use of consultants, it should take 6-8 weeks to Complete the Plan

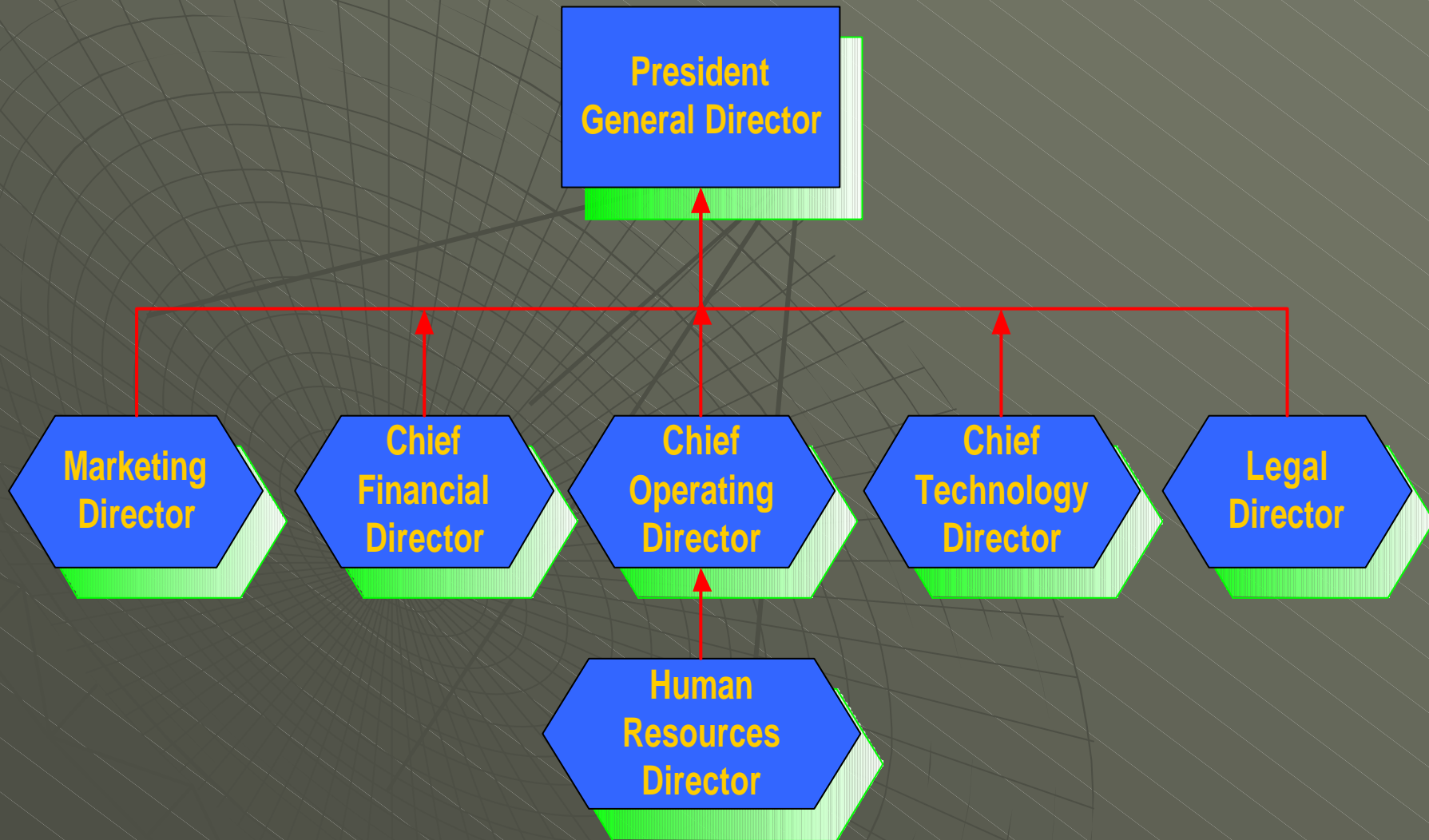
The items described in the previous slides are strongly recommended as they address important Investor requirements and show the Company's Professionalism

A good Business and Strategic Plan, with minimum of work, can easily be used as an Investment Memorandum

Key Points Investors/Creditors Look For

- Stable and Quality Cash-flow (with growth potential)
- Competitive and Growth oriented Business/ Strategic Plan (Market Share and Profit Margin)
- Reliable Client Base (with growth potential)
- Good Return on Equity/Free Cash-flow
- Management Qualifications and Efficiency
- Understanding of Industry
- Technological and/or Marketing Advantages
- Cost and Budget Structure Discipline
- Risk Sharing with Management
- Use of Qualified Consultants (Financial Advisors, Lawyers, Accountants, Bankers, etc.)
- A Viable Exit Strategy

Preferred Management Structure





Questions and Discussion