

Regional Case Studies

Grupo Difoto



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Managing Partner

The Company



- Second generation family-owned company – Kodak distributor in Guatemala
- Declining primary business in chemical photo development
- Management saw an opportunity to transition to a related, high value added business, and acquired Xerox Guatemala
- Clear turnaround in Guatemala ops led to a right of first refusal to acquire Xerox's Central America operations

The Consolidation



Factors for Success and Challenges



- **Factors needed for Success**
 - Motivated and aggressive management team – alignment is key
 - Clearly defined vision with regional buy-in
 - Constant follow up at senior level
- **Challenges**
 - Redefinition of corporate culture – individual roles, central vs. hub structure
 - Natural tension created in transition from family to multiple shareholder structure
 - Identification and follow up on due diligence items – can't be delegated to advisors and is a process, not an event

The Results



- Acquisitions take place 2002 – 2004
- Company sales increase by approx 275% over 2002-2005 period
- Synergies realized through centralization of financial and other senior roles
- Caribbean conglomerate buys majority stake in 2006
- Fund IRR 40%, 1.8x multiple in less than 2 years

Thank You

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