

A “tailored made” guidance for your Company in Mexico



August 2024

Team members



Arnaud Bozonnet
*Founder of T.Assessment
& Senior expert on Industrial field*

French engineer, Arnaud acceded to a general manager position at 32 years old in Mexico. He has developed high management and sales skills, obtained extended reliable network and deep knowledge on Mexican culture in the past 26 years.

Highly operational, he drove many projects and grew local Companies hiring hundreds of people, becoming expert in finances, management, human resources, ,supply-chain, purchasing, production and quality.



Jose Carlos Orozco
Corporate Lawyer

Partner at “Deforest Abogados”, one of the 10 largest law firms in Mexico, with more than 20 years of experience in business law and industrial real estate development, Jose Carlos provides all the legal foundations so that our clients can operate in complete security: due diligence, management of obtaining permits and concessions from local authorities. Jose Carlos is also a specialist in the design and implementation of work structures for workers and staff.



Salvador Gonzalez
HR, Public Accounting, Finances

26 years as a professional and 18 years as Companies owner in the human resources field, Salvador and his team work hand by hand with our clients in the installation and goals in human resources as headhunter.

Salvador also supports some of our customers as finance council and tax consultant.

In both segments, Salvador is committed to the management and administration of nearshoring in Mexico.

Our services

Scouting



- Find the **best place** in the **best city** according to your needs
- Local government support
- Supply Chain modeling
- **Business Plan, CAPEX, ROI confirmation**

Softlanding



- **Compliance:** full legal support to avoid any inconvenient
- Tenants' improvements
- Tax registration, banks, accountability set-up
- Union registration

Industrialization



- **Procedures / Quality** system construction
- Recruitment / Payroll
- **Coaching** on local management
- **Training** - Ramp-up

Reengineering



- **Diagnostic:** analysis of current problematic
- **New strategy proposal**
- **Reorganization:** remastering the governance
- **Focus team:** improving the task force.

Reliable partners & networking



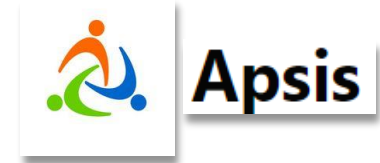
Local governments - States



Legal



Human Resources



Brokers – Real estate



TI's improvements



Chambers / Organizations



to mention a few...

Scouting

Find the best place in the best city for your operations



City selection

The cities are evaluated according to Customer's criteria :

- Life's quality - %
- Human resources - %
- Access / Logistic - %
- Economy - %
- Politics stability - %
- *Other* - %

We can support wherever the client wants to explore. We can advise according to customer's industry, the future supply chain, costs, sector knowledge, ...



Brief city description (example Monterrey)

5.3 millions habitants

Description

Monterrey is the 3rd largest city of the country, considered as a “young” town, originally producing raw materials such as steel, glass, now home appliance, automotive, food, ... Monterrey became very diversified in term of Industry.

This is also the main financial place of the country.

Advantages

- Proximity with the US border
- Professional people with good business culture
- Good universities

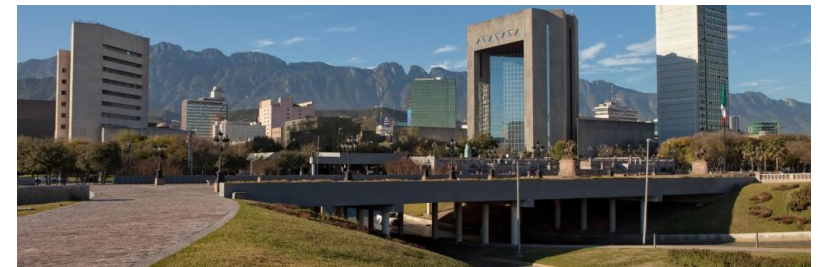
Disadvantages

- No other companies in the same domain of activity
- Few brown-field opportunities



Global city
evaluation

X / 5



Governments incentives comparison (example)



	State #1				State #2				State #3			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Cash reimbursement	493				176				147			
	\$ -	\$ 380	\$ 106	\$ 7	\$ 59	\$ 44	\$ 44	\$ 29	\$ 147	\$ -	\$ -	\$ -
Payroll tax incentive		\$ 86	\$ 18	\$ 7								
Investment incentive		\$ 294	\$ 88		\$ 59	\$ 44	\$ 44	\$ 29	\$ 147			
Max saving on expenses done	68				176				441			
	\$ 68	\$ -	\$ -	\$ -	\$ 176	\$ -	\$ -	\$ -	\$ 441	\$ -	\$ -	\$ -
Competitiveness & innovation courses (know-how transfer)	\$ 59				\$ 59				\$ 29			
Support on administrative process	\$ 9								\$ 118			
Training courses					\$ 118				0			
Scholarship for DL									\$ 118			
Special training for engineers and management									\$ 176			

State #1 proposes more direct financial support thanks to the concept of Investment & “Payroll incentive tax” which is a reimbursement not present in other states.

State #3 incentives more on training people.

New administrations in Oct24 will vote new incentives for each state.

Example of city evaluation



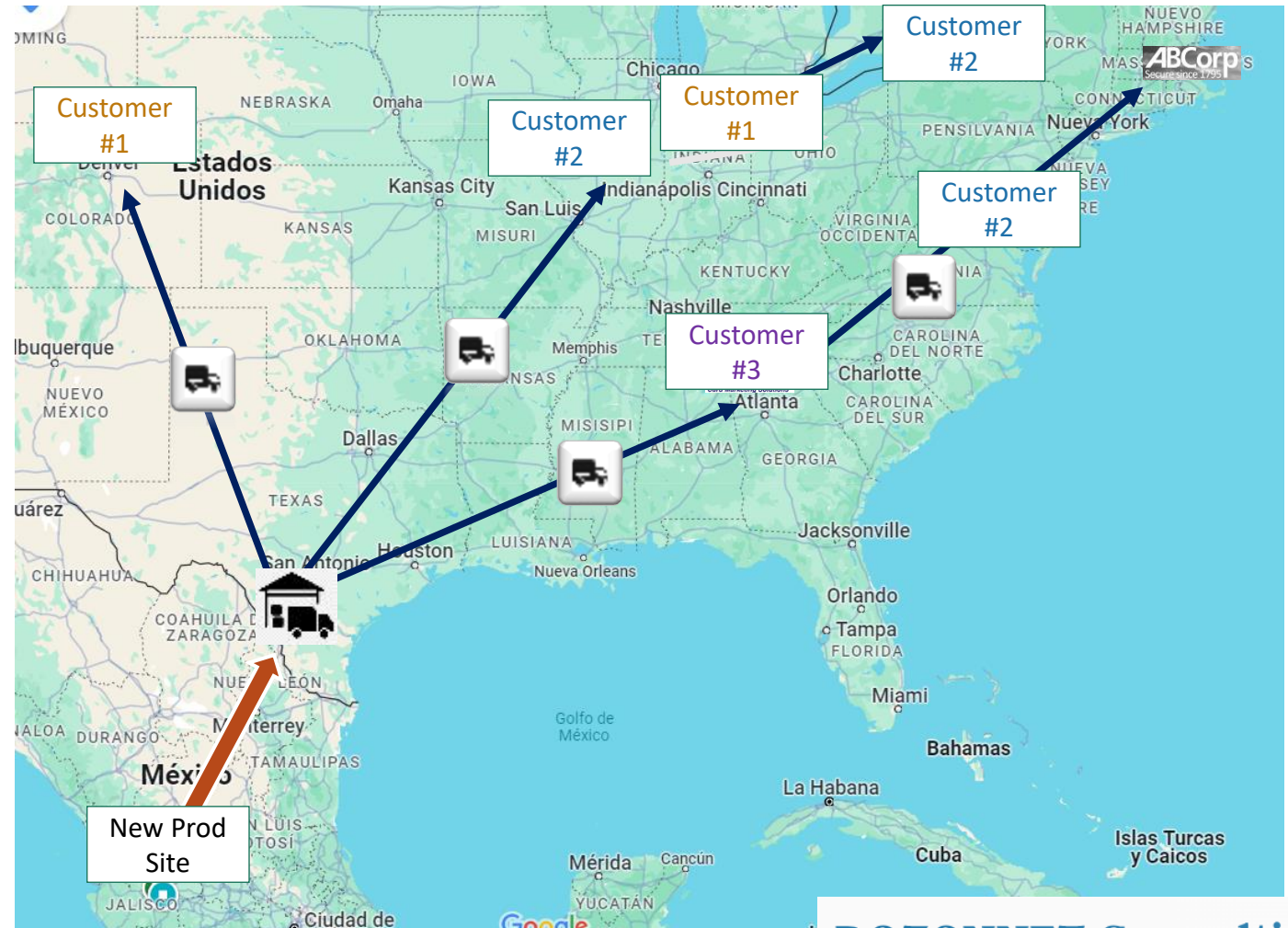
			City #1		City #2		City #3		City #4	
	Request	100%	Comment	Qual. 1-5	Comment	Qual. 1-5	Comment	Qual. 1-5	Comment	Qual. 1-5
Life's quality	23%									
	Security	9%		3		3		2		4
	Tourism / Culture	5%		2		5		2		4
Human Ressources	40%									
	Technical Skills	8%		3		5		2		4
	Worklabor turnover, ausentism	8%				5		2		1
Access / Logistic	14%									
	Acces flight from other countries, supply chain.	7%		5		5		4		4
Economy	24%									
	Sectors represented	8%		4		5		3		4
	Industrial maturity / Business culture	9%		5		5		3		4
Politics	8%									
	Stability of the state & Region	8%		3		3		5		5

City not recommended

"Challenger"
for cheap and having nice available buidlings

Supply chain model from Mexico (example)

- Delivery from Mexico would be 100% by truck, with the same lead time than air transportation from Asia, but 85% cheaper.
- XX Mexico will consolidate all orders from the customers, make a shipments every ~x days to Laredo, TX, USA. Then, the carrier will dispatch our products to your customers.
- This consolidation to cross the boarder will decrease your freight-out costs by x%.



CO₂ impact moving to Mexico (example)

Scenario 1 – from actual site to actual customers (plane or boat shipment)

Shipment from Asia	Destination	City	Region	QTY 2026	GW 2026 kg	Nb of shipments per year	Nb of shipments per year	shipment mode	% ship.	Nb of pallets per shipment	Total weight per year (kg)	Total CO ₂ (Teq.CO ₂)	
Customer #1	USA	City A	Massachusetts	85,000,000	235,292	63	63	air	100%	13	235,292	1,885.20	
Customer #2	USA	City B	Washington	44,333,333	177,235	33	6	air	19%	4	34,029	292.36	
							27	sea	81%	15	143,206	30.66	
Customer #3	Mexico	City C	Nuevo Leon	13,333,333	36,641	22	10	air	47%	3	17,148	139.01	
							12	sea	53%	3	19,493	4.10	
Customer #4	Mexico	City D	Chihuahua	65,000,000	136,136	27	9	air	32%	6	44,108	358.67	
							18	sea	68%	12	92,028	25.01	
Customer #5	Mexico	City E	Queretaro	6,833,333	25,391	10	7	air	66%	6	16,758	154.21	
							3	sea	34%	3	8,633	1.97	
										Total air	Total air	394,606	2,829.44
										Total sea	Total sea	287,712	61.74
										Total	Total	682,318	2,891.18

Scenario 2 – from city selected to customers (truck shipment)

Shipment from Guadalajara	To:	Nb of shipments per year	Approx #pallets per shipment	Weight per shipment	TeqCO ₂ per shipment	Total CO ₂
New Mexican plant	Customer #1	50	16	4705.83	0.95	47.5
	Customer #2	50	12	3544.69	0.9	45
	Customer #3	25	5	1465.65	0.54	13.5
	Customer #4	50	10	2722.73	0.7	35
	Customer #5	25	4	1015.63	0.035	0.875
TOTAL						141.88

The new location would divide by 20 the CO₂ impact versus actual situation

Site selection




We help on selecting the best site for your activity based on your criteria.

Site evaluation criteria	
Building, land & neighborhood	- %
Location* (inside the city)	- %
Rental cost	- %
Time to start operation	- %



Option 1

Rent \$ 79,228 Usd / month (for 12,189 sqm) – 6.5Usd/sqm



Description
Nicest industrial park for BTS, modern and secure.

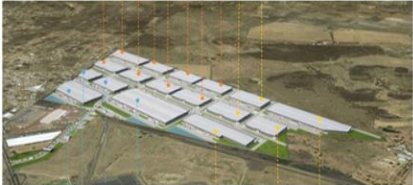
Global site evaluation
4.0

Advantages

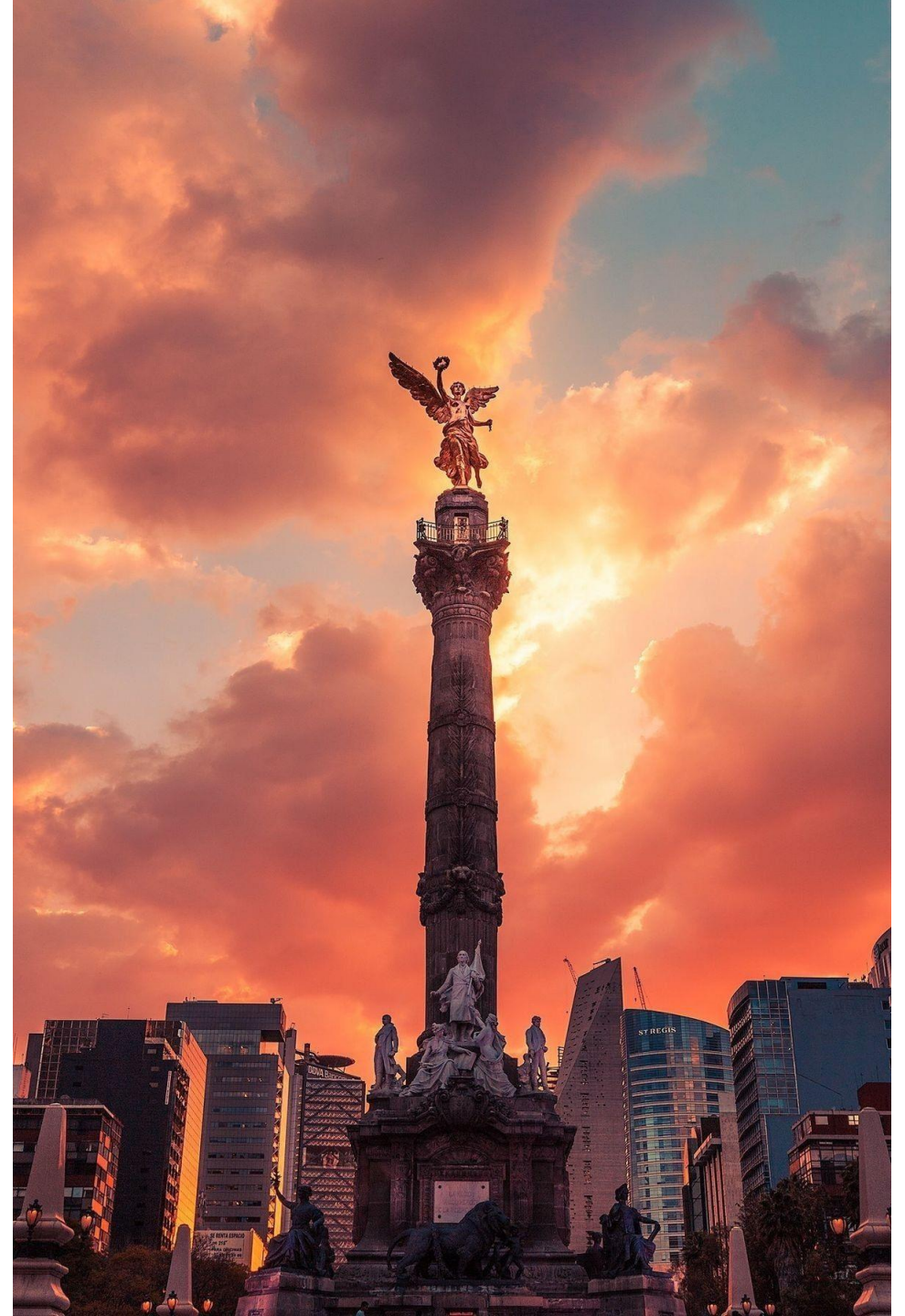
- BTS.
- Secured and well-equipped park

Disadvantages

- Land for minimum 24,326 sqm construction: they propose to build 12,000 sqm on 35,000sqm land, but to be extended at the double after 10 years contract.



Business model



Business plan confirmation – full P&L delivery

(example of incremental business impact)

	Existing buisness				Transfer plan				Incremental business				Total business Mexico			
	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Total Sales ⁽¹⁾	35,522	35,123	36,342	35,097	8,239	28,659	31,464	31,870	1,252	5,176	7,943	9,984	9,491	33,836	39,407	41,854
	11,367	11,239	11,629	11,231	356	5,897	6,980	7,400	21	354	419	444	378	6,251	7,399	7,844
Sales	24,155	23,884	24,712	23,866	7,883	22,762	24,484	24,470	1,231	4,822	7,524	9,540	9,114	27,584	32,008	34,010

Remaining buisness at original site			
2025	27,283	2026	6,464
2027	4,878	2028	3,227

473	1,366	1,469	1,468
473	1,366	1,469	1,468
170	1,513	3,694	5,133
115	578	891	1,471

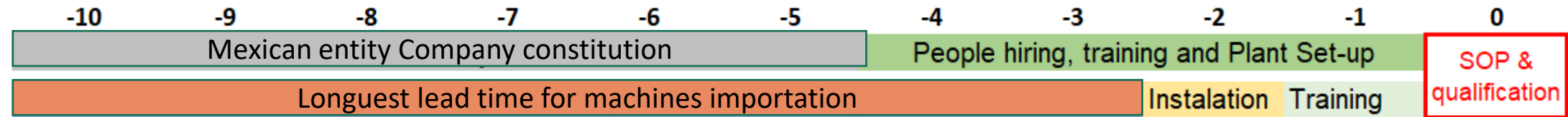
6% Incoterm prices improvement
 6% Volume increase
 New customer #1
 New customer #2

	Transfer plan from XXX (phase in)				Incremental business				TOTAL Business Mexico			
	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Sales	7,883	22,762	24,484	24,470	2,047	5,775	7,049	10,179	10,138	30,544	35,191	37,191
Material ⁽²⁾	(1,364)	(4,301)	(4,728)	(4,806)	(306)	(1,074)	(1,488)	(1,787)	(1,670)	(5,375)	(6,216)	(6,592)
Direct Labor ⁽²⁾	(1,392)	(3,169)	(3,301)	(3,025)	(340)	(1,150)	(1,771)	(2,080)	(1,732)	(4,319)	(5,072)	(5,105)
Var. Overhead ⁽²⁾	(1,026)	(3,405)	(3,697)	(3,717)	(242)	(994)	(1,432)	(1,746)	(1,268)	(4,399)	(4,859)	(5,463)
Contribution Margin	4,100	11,888	12,759	12,922	1,159	2,556	2,358	4,566	5,468	10,851	18,774	20,030
%tage of Sales wo chips	52%	52%	52%	53%	57%	44%	33%	45%	54%	54%	53%	54%
Fixed OH ⁽²⁾					(5,697)	(6,858)	(7,014)	(7,250)	(5,697)	(6,858)	(7,014)	(7,250)
Gross Margin					(4,538)	(4,302)	(4,656)	(2,684)	(229)	9,593	11,760	12,781
%tage of Sales wo chips					-222%	-19%	-19%	-26%	-2%	31%	33%	34%
Net Planned Cost ⁽³⁾					(1,261)	(1,446)	(1,332)	(1,323)	(1,261)	(1,446)	(1,332)	(1,323)
- Headcount					(965)	(1,101)	(1,149)	(1,218)	(965)	(1,101)	(1,149)	(1,218)
- of which Depreciation					(296)	(346)	(184)	(105)	(296)	(346)	(184)	(105)
Ebitda	4,100	11,888	12,759	12,922	(3,867)	(3,129)	(3,465)	(1,504)	442	10,765	12,951	
%tage of Sales wo chips	52%	52%	52%	53%	-189%	-54%	-49%	-15%	4.4%	35.2%		

Executive resume

CAPEX, ROI, surface occupation, timing...

Global timing



TO

CAPEX

	2024	2025	2026	2027	2028
Tenant improvements	USD 2,100	USD 550	USD 650	USD -	USD -
Clean room	USD 1,800	USD -	USD -	USD -	USD -
Lab	USD 400	USD -	USD 150	USD -	USD -
miscellaneous equipme	USD 375	USD 125	USD 50	USD 50	USD 50
IT	USD 400	USD 200	USD 100	USD 75	USD 75
Total building	USD 5,075	USD 875	USD 950	USD 125	USD 125
Production lines	# invest	# invest	# invest	# invest	# invest
Prod line A	1 USD 1,900	1 USD -	2 USD 1,900	2 USD -	2 USD -
Prod line B	0 USD -	1 USD 3,100	1 USD -	1 USD -	1 USD -
Prod line C	1 USD 1,750	2 USD 1,750	4 USD 3,500	6 USD 3,500	6 USD -
Utilities	USD 1,700	USD 600	USD 600	USD 300	USD 300
Total production	2 USD 5,350	4 USD 5,450	7 USD 6,000	9 USD 3,800	9 USD 300
TOTAL	USD 5,077	USD 879	USD 957	USD 134	USD 134
Rental	USD 170	USD 650	USD 805	USD 861	USD 922

Surface resume

sqm	2025	2026	2027	2028
Total shell assumption	8400			
Common area	2800			
Surface available for production	5600			
Activity #1 (5 lines)	938	1500	1725	1725
Activity #2	207	222	238	254
Total ground floor occupation	3945	4522	4763	4779
%occupation production	70%	81%	85%	85%

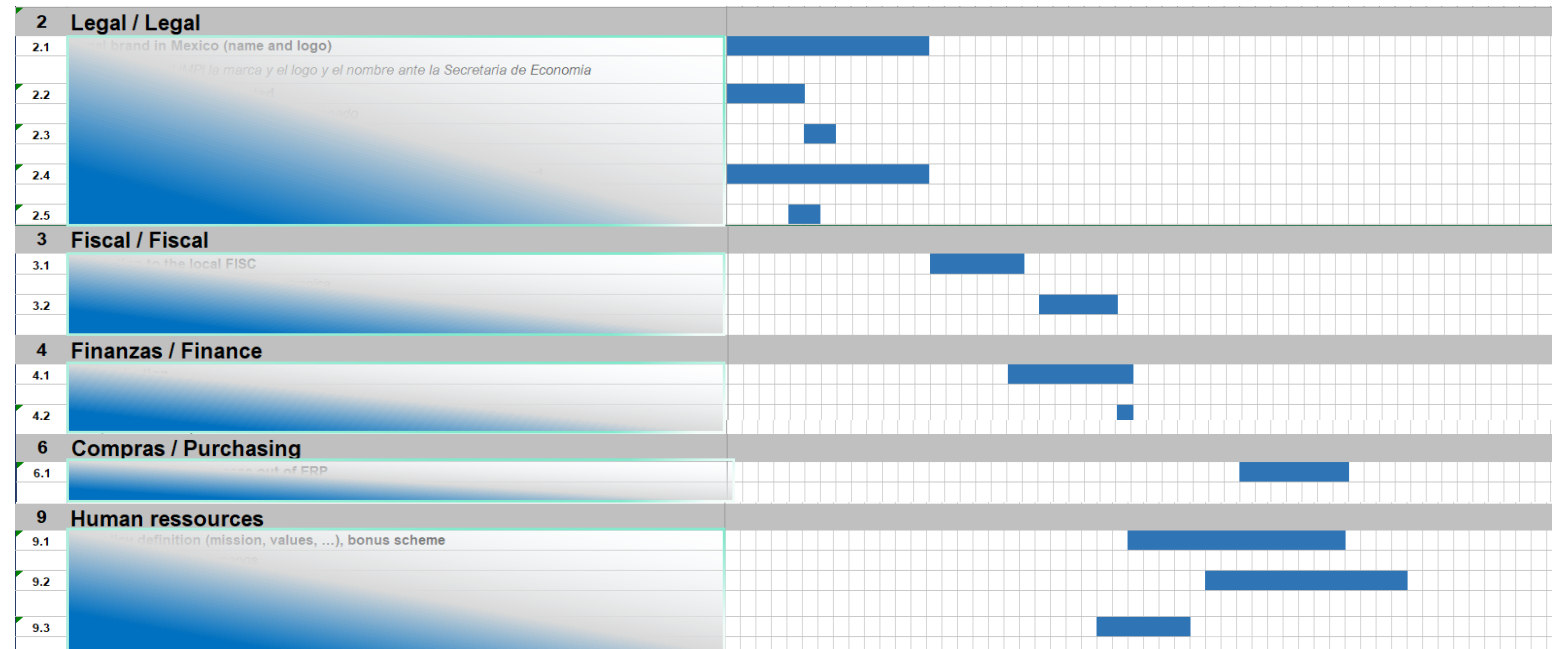


Activities development



BOZONNET Consulting can elaborate a plan of activities on all domains

- Legal
- Fiscal
- Finance
- Supply Chain
- Purchasing
- Communication
- Industrialization
- Human Resources
- Quality
- Production



Re-engineering



We help Companies to find a new breath



Businesses evolve in cycles: people and context change, and what worked yesterday is not necessarily a guarantee of success tomorrow. Strategies must be improved in order to maintain a competitive advantage.

It's easier sometime to observe from outside to give new ideas.

At **BOZONNET Consulting**, we offer a short assessment lasting a few days and interviews to identify what the issues could be and propose new strategies which we then translate into an action plan.

We advise and coach your team until the new way of working is integrated and functional.



Philosophy on how we make business

Core values



1. Because we have always been responsible for our own results, we act as if the company we advise were our own: our associates work as if they were part of your company's board of directors.
2. Our work is based on the **quality of the relationships**: human being is always at the center of our development strategies. We believe that the **most valuable asset** of your Company is **your people**.
3. Mexico is a wonderful country full of opportunities but also threats and challenges. Our consultants have a **multicultural** way of thinking, always **sincere, honest**, and work only with **reliable** partners, being **brave** with a **strong leadership**.

Success of your Company in Mexico
= Governance + Integration + liable networking

Thank you !



arnaud@bozonnetconsulting.com



+52 333 44 53 444