

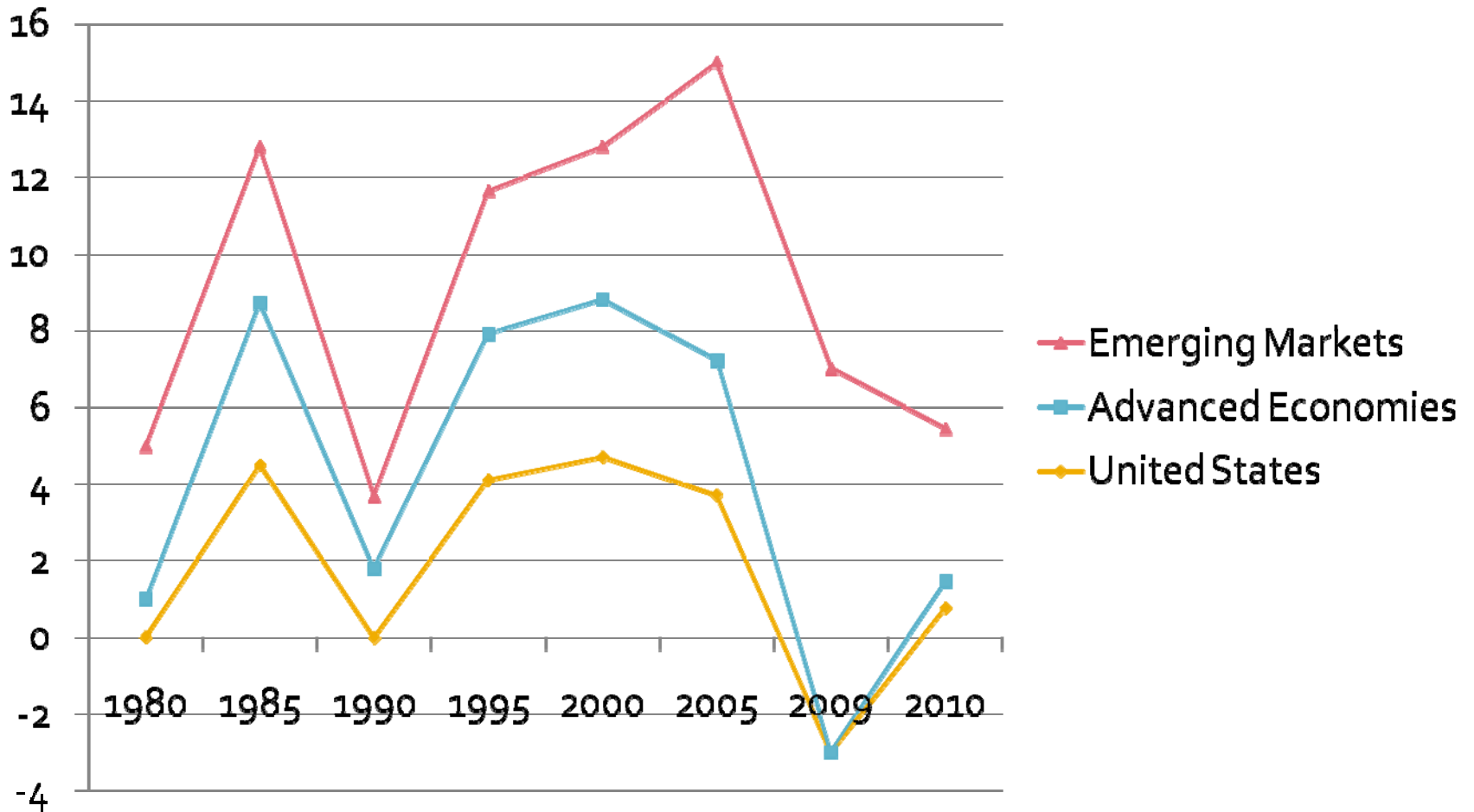
SMG 10X

Innovative 10X Business Solutions

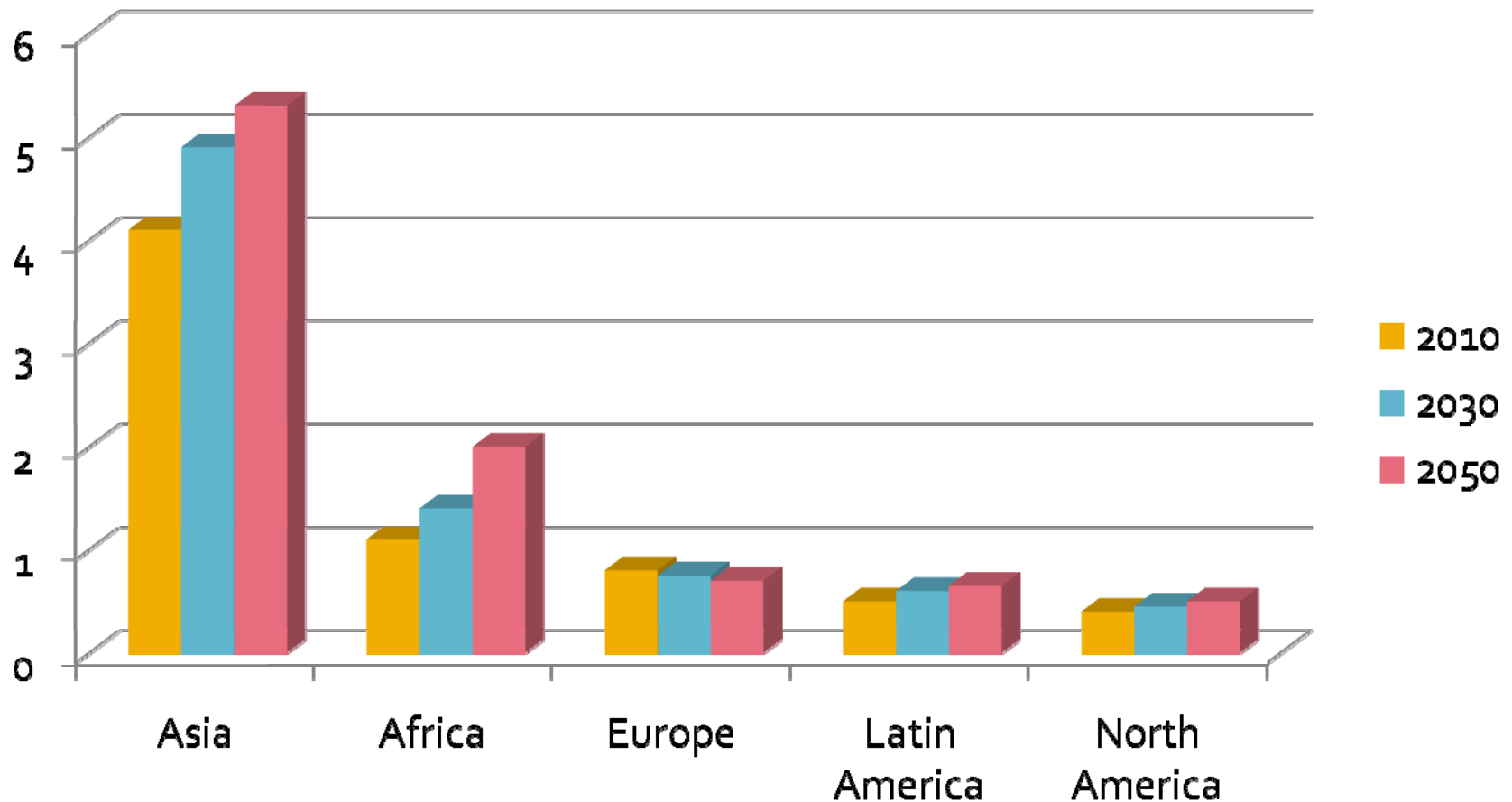
Market Dynamics & Industry Trends

A Macro Look at the Emerging Market Landscape

GDP % Change



Global Population Estimates



Top US Firms By Market Cap

■ Exxon Mobil	\$305B	
■ Microsoft	\$246B	
■ Wal Mart	\$202B	
■ Proctor & Gamble	\$179B	
■ Apple Inc.	\$178B	(moved to #3 in 2010)
■ Johnson & Johnson	\$173B	
■ Google	\$170B	
■ General Electric	\$168B	
■ IBM	\$161B	
■ JP Morgan Chase	\$155B	

Top Global Companies by Market Cap

Rank	Company	Market Cap	Country
1	Exxon Mobil Corporation	\$324,635	UNITED STATES
2	Industrial & Commercial Bank Of China Ltd	\$271,239	CHINA
3	Microsoft Corporation	\$266,096	UNITED STATES
4	Ezdan Real Estate Company	\$258,620	QATAR
5	BHP Billiton Limited	\$226,338	AUSTRALIA
6	PetroChina Co Ltd	\$225,292	CHINA
7	Apple Inc.	\$219,254	UNITED STATES
8	Wal-Mart Stores, Inc.	\$207,009	UNITED STATES
9	China Construction Bank Corp	\$206,635	CHINA
10	China Mobile Limited	\$205,109	HONG KONG
11	Berkshire Hathaway Inc.	\$199,329	UNITED STATES
12	General Electric Company	\$197,605	UNITED STATES
13	BHP Billiton PLC	\$195,735	UNITED KINGDOM
14	Bank of America Corporation	\$186,495	UNITED STATES
15	BP PLC	\$184,894	UNITED KINGDOM
16	Royal Dutch/Shell Group	\$184,886	NETHERLANDS
17	HSBC Holdings plc	\$184,828	UNITED KINGDOM
18	JPMorgan Chase & Co.	\$182,679	UNITED STATES
19	Procter & Gamble Co (The)	\$182,205	UNITED STATES
20	Google Inc.	\$180,292	UNITED STATES
21	Johnson & Johnson	\$179,261	UNITED STATES
22	Petroleo Brasileiro SA - PETROBRAS	\$174,246	BRAZIL
23	Nestle S.A.	\$171,823	SWITZERLAND
24	Wells Fargo & Company	\$167,338	UNITED STATES
25	International Business Machines Corporation	\$167,260	UNITED STATES
26	Chevron Corporation	\$159,664	UNITED STATES
27	AT&T Inc.	\$156,051	UNITED STATES
28	Cisco Systems Incorporated	\$152,302	UNITED STATES
29	Vale S.A	\$149,977	BRAZIL
30	Rio Tinto Limited	\$145,007	AUSTRALIA
31	Gazprom OAO	\$143,494	RUSSIAN FEDERATION
32	Bank of China Limited	\$143,309	CHINA
33	Roche Holding Aktiengesellschaft	\$140,875	SWITZERLAND
34	Pfizer Inc.	\$139,214	UNITED STATES
35	China Life Insurance Co Ltd	\$138,807	CHINA
36	Total SA	\$134,619	FRANCE
37	Oracle Corporation	\$131,149	UNITED STATES
38	Citigroup Inc.	\$129,570	UNITED STATES
39	Rio Tinto plc	\$129,337	UNITED KINGDOM
40	Hewlett-Packard Company	\$126,330	UNITED STATES
41	Coca-Cola Company (The)	\$125,837	UNITED STATES
42	Intel Corporation	\$124,566	UNITED STATES

New Terms & Trends Summary

- 'Disruptive Innovation' (coined by Harvard's C. Christensen) is term for new products with slashed prices and processes that radically change way they are made and delivered
- Acquisitions by emerging market multinationals
 - Focus on buying channels, brands and skills
- Diversified conglomerates forming in new markets and may have advantage—foreign brands not well known
 - Tata Group equates to 6% of India's GDP
- State owned companies pose opportunity & risk
- Infrastructure is challenge
- India logistics –key to rapid manufacturing expansion
- R&D and concept centers growing in China, India and other emerging markets once near exclusive to US, EU and Japan
- Average income China=\$3,500 & India \$1,000
- 'Frugal innovation' is making commodity products at much reduced cost and selling at lower prices to attract larger pool of customers

Change Agents

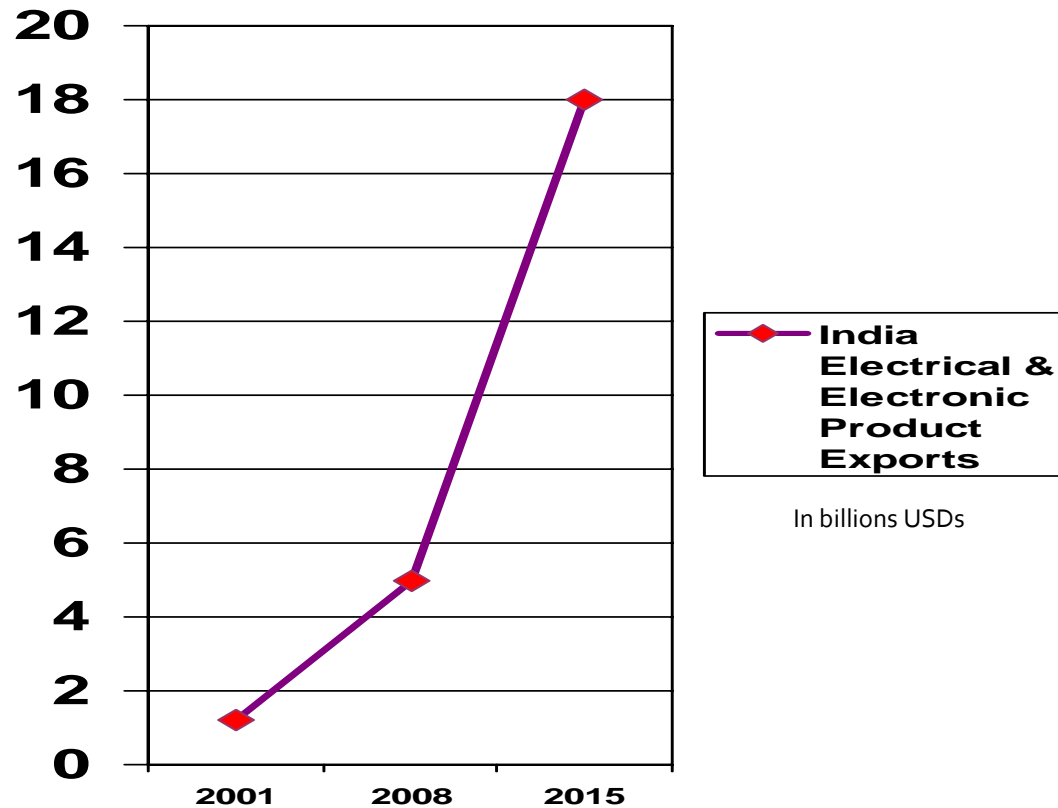
- Shift in innovation to outside US and Europe
- More R&D and scientific centers move to emerging markets (India, China, Brazil)
- BRICS: Brazil, Russia, India and China
- Western & emerging country firms must find a path to:
 - Prosper in booming markets
 - Learn how to appeal to non Gucci and Mercedes crowd
 - How do you sell to emerging middle class people in Bangalore, Shanghai and environs including suburbs
 - Means re-thinking everything from products to distribution systems

India & China

- 70% of new global wealth will come from emerging markets in next few years
- 40% will come from India and China (over 2.3 billion people or 1/3rd earth's population)
- Fortune 500 companies now have 98 R&D centers in China and 63 in India
- China graduates 75K people year in engineering and science and India 60K
- Engineering innovation following manufacturing to emerging markets
- Cisco East is now in Bangalore (2nd global Hq.)

Electronic Product Design & Manufacturing Opportunity

Design & manufacturing model offers prime growth opportunity for companies in India's electrical and electronic products segment.*



India electrical & electronic product exports forecast makes country among world's top 3 - 5 player @ 1.5% market share of global trade*

*(India Chamber of Commerce report 2008)

Brazil Highlights

- Population: Brazil is the sixth most populous country in the world after China, India, the United States, Indonesia and the Russian Federation. Its population is approximately 185 million, and is predominantly young: 62% of Brazilians are under 29 years of age. Brazil's rate of population growth, high throughout the early and mid-20th century, has decreased significantly since 1970, due largely to economic modernization and a dramatic urbanization process.
- Brazil's average population density is low compared to that of many other countries. Most people live on or near the Atlantic coast of the south-eastern and north-eastern states
- Brazil is a racially mixed country in which the majority of people have ancestors in more than one of the three main groups: white Europeans (mostly Portuguese); black Africans (mainly from the west of the continent); and the original indigenous Indian population.
- Top Firms
- Chief Resources
- Dynamics:
 - Brazil's top 20 multinationals more than doubled their foreign assets in single year (2006)

Top Firms in Brazil by Sales

Company	City/ State	Business Field	Sales (in billions USD)	Country
1 Petrobras	Rio de Janeiro,	RJ Petroleum and Energy	38,441 <u>1</u>	
2 BR Distribuidora	Rio de Janeiro,	RJ Wholesale (fuel)	10,567 <u>1</u>	
3 Telemar	Rio de Janeiro,	RJ Telecommunications	6,311 <u>2</u>	
4 Telefonica	São Paulo,	SP Telecommunications	5,699	Spain <u>2</u>
5 Ambev	São Paulo,	SP Beer and drinks	5,344	
6 Ipiranga	Rio de Janeiro,	RJ Wholesale (Fuel)	5,060	
7 Volkswagen	São Bernardo,	SP Automobiles	4,791	Germany
8 Shell	Rio de Janeiro,	RJ Wholesale (Fuel)	4,382	UK/Holland <u>3</u>
9 General Motors	São Caetano,	SP Automobiles	4,131	USA
10 Brasil Telecom	Brasilia,	DF Telecommunications	3,913 <u>2</u>	
11 Bunge Food	Gaspar,	SC Food and Drink	3,866	Argentina
12 Pão de Açúcar	São Paulo,	SP Retailer	3,858	
13 Vale do Rio Doce	Rio de Janeiro,	RJ Mining	3,628	
14 Carrefour	São Paulo,	SP Retailer	3,628	France
15 Brasken	Camaçari,	BA Petrochemical	3,345	
16 Esso	Rio de Janeiro,	RJ Wholesale (Fuel)	3,192	USA
17 Texaco	Rio de Janeiro,	RJ Wholesale (Fuel)	3,175	USA
18 Embratel	Rio de Janeiro,	RJ Telecommunication	3,167	Mexico <u>4</u>
19 Cargill	São Paulo,	SP Food and Drink	3,163	USA
20 Eletropaulo	São Paulo,	SP Utilities (Electricity)	3,056	
21 Nestle	São Paulo,	SP Food and Drink	2,916	Switzerland

Emerging Market Dynamics Report Card

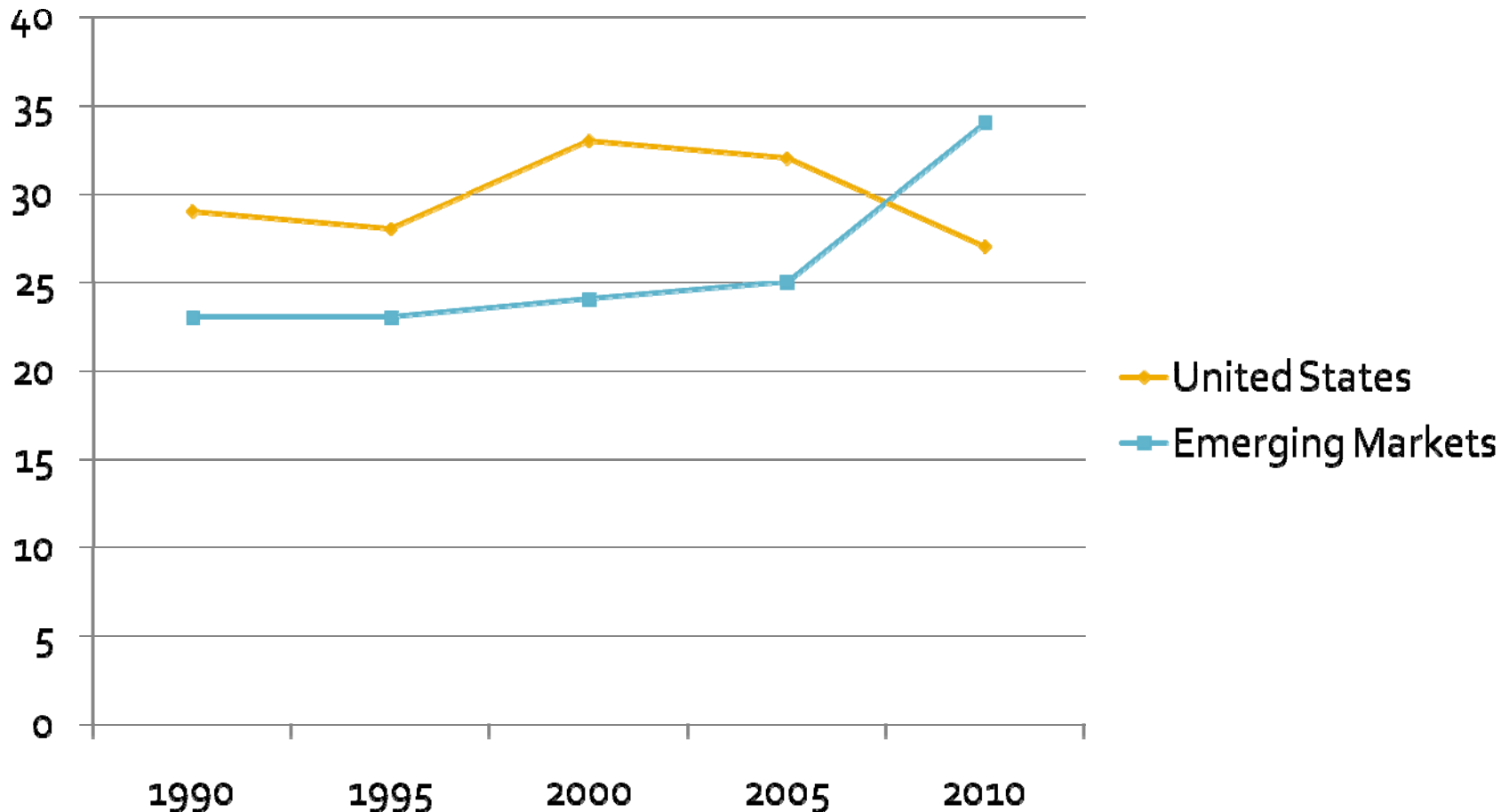
	China	Brazil	India
Ease of doing business	89	129	133
Starting a business	151	126	169
Dealing with construction permits	180	113	175
Employing Workers	140	138	104

- 2010 ranking on doing business out of 183 countries.
- High number = poor performance

Source: World Bank

Consumers of first resort

Consumer spending % of world total



Source: JP Morgan