

2019 milestones

Management Solutions continues to focus on profitable growth and is becoming increasingly international and more diversified from both an industry and a geographical perspective. Above all, Management Solutions has an outstanding portfolio of global and local clients who are leaders in their respective industries.





Sustainable Growth

Digital means we have to do things differently



Under the motto “Sustainable Growth”, Management Solutions organized its Yearly Meeting in July to review the Firm’s achievements after analyzing the international environment and to set goals for the next year. This section summarizes many of the ideas expressed during the Meeting.

We are facing major challenges, the world is transforming and doing so at great speed and in all areas. A change that we can say generates value for society in terms of life expectancy,

poverty reduction and eradication of illiteracy. This is because digitalization offers a virtual space on a global scale that facilitates the removal of physical barriers to growth.

Some good examples of this are changes in consumer habits, greater connectivity and access to information, an exponential increase in technological capabilities, the fact that data is seen as a source of value, and the possibilities offered by artificial intelligence.

Consequently, business models are also transforming. Companies are looking for innovative solutions, built in increasingly collaborative environments, that take advantage of technological disruption in order to make their processes more efficient, improve the customer experience and make the most of available information. Generating value through digital transformation is a clear challenge today.

But what really matters is that this creation of value should translate into sustainable growth; that is, growth that does not compromise future growth and even facilitates it.

Many companies rise strongly, but many also fade away. At least 50% of all the companies listed on the Standard & Poor's 500 Index will have changed within the next 10 years (and the five top companies on the list over the last ten years have been tech companies, when before there was only one). Relatively few companies are able to implement sustainable growth models.

Against this backdrop, many companies have relied on Management Solutions to transform their business models to the new digital environment and thereby achieve sustainable growth.

At Management Solutions we want to be protagonists of this gigantic change by doing the following: introducing the digital dimension in strategic thinking, redesigning governance and organizational structures (particularly those related to data and models) reviewing work culture and techniques to make them more agile and collaborative, promoting a greater focus on results, redefining business processes to improve the customer experience, redesigning operational processes to gain in efficiency and effectiveness, advancing in data management and models to strongly develop artificial intelligence, protecting information and systems from unwanted uses, redesigning systems architectures that incorporate new technologies, and developing mechanisms for monitoring and evaluating business digitalization levels.

All of this means we necessarily have to keep our value proposition permanently updated by intensifying our investment in Research and Development (to which we devote more than 10% of our turnover), advancing in industry specialization, further internationalizing our operations, and also reinforcing our commitment to talent, delivering excellence in recruitment (screening of some 200,000 candidates to cover 500 openings), investing in training (over 250,000 hours dedicated to training our professionals), promoting career development based on merit and managing teams under a "one team" vision.

We do this by always staying true to our principles, particularly in times of great change such as now, when science and technology need to work hand in hand with strong principles that help determine right (what is beneficial to society) from wrong (what is detrimental to society).

In 2019 we once again surpassed our qualitative and quantitative objectives for the year, growing in excess of what we had budgeted. Once more the Firm increased our market share, and did so in a way that is organic, diversified and sustained, irrespective of economic cycles while applying a management model that maximizes our potential, guarantees professional development for our people and creates the basis for sustained growth in the coming years.

We have continued to widen our scope of activity to cover new markets, as well as to consolidate our presence in countries in which we were already operating (we are now present in more than 40 countries across Europe, the Americas, Asia and Africa). All of our service lines have grown in a balanced way and we have also made important progress in industry diversification.

As a result, we have increased our presence in many of the organizations which we already collaborate with. By extending the provision of our services to new areas and business divisions, with industry diversification driven by our expansion into the distribution sector, we have continued to

increase our client base. This client base is composed of large multinationals, corporations and leading local entities to which we have added 100 new clients with strategic importance in their respective markets. Also during 2019, we further developed our relationship with regulators and supervisors in the markets in which we operate.

Such growth would not have been possible without the extraordinary team of professionals that make up our firm. A talented, committed team that has inherited a strong corporate culture based on a set of values that make a difference. A global, multicultural, multidisciplinary, fully integrated team that has grown from the base. A young, principled and responsible team capable of providing solutions to the challenges our clients bring to us.

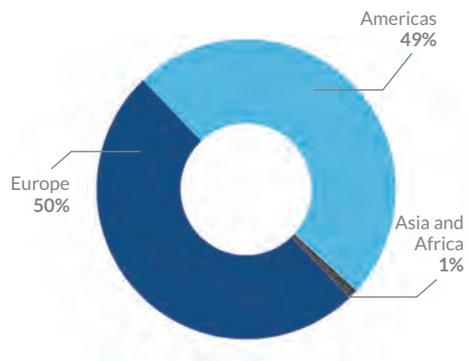
In short, we have again exceeded all of our goals in all of the regions in which we have a presence, in all of the industries in which we operate and in all of our service lines. We face the future with enthusiasm and confidence, with the firm purpose of helping our clients grow in a sustainable way.

Diversification

During 2019 we have continued to make progress in our diversification process:

- ▶ Achieving consistent growth in the Americas, Europe and Asia, and consolidating our activity in Africa.
- ▶ Intensifying our activity in all regulated industries, maintaining our leadership in Finance, gaining market share in Energy and becoming increasingly active in Telecommunications and Other industries.
- ▶ Expanding our client portfolio.
- ▶ Updating our solutions offer:
 - Strategy
 - Sales and marketing management
 - Management & financial information
 - Risk management and control
 - Governance, organization and processes
 - New technologies

Geographical diversification¹



Americas

- ▶ USA leads growth (+20%)
- ▶ Sustained two-digit growth in Latin America, with Brazil, Peru and Chile exceeding 25%
- ▶ Presence in 10 countries in Central America, with the opening of our Quito office in Ecuador

Europe

- ▶ Strong activity in the Spanish market and opening of our La Coruña office
- ▶ UK and Germany remain at the lead
- ▶ Our United Kingdom and Germany offices consolidate their leadership
- ▶ Our offices in France, Italy, Switzerland, Poland and Portugal took off with growth above 50%
- ▶ Recurring activity in the Nordic countries and the Netherlands, with the opening of new offices in Oslo and Amsterdam
- ▶ Continued growth in the rest of Europe

Asia

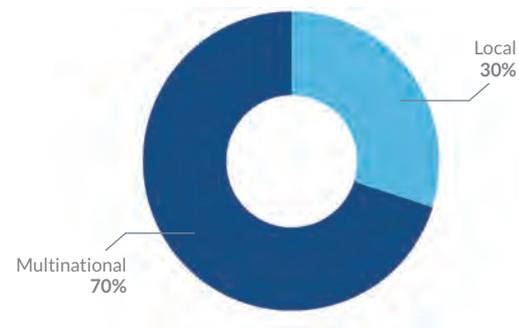
- ▶ Growth of our operations in Asia with our activity in Turkey and China continue to experience a strong momentum

Africa

- ▶ Increased presence and activity in Africa

¹measured in consulting hours

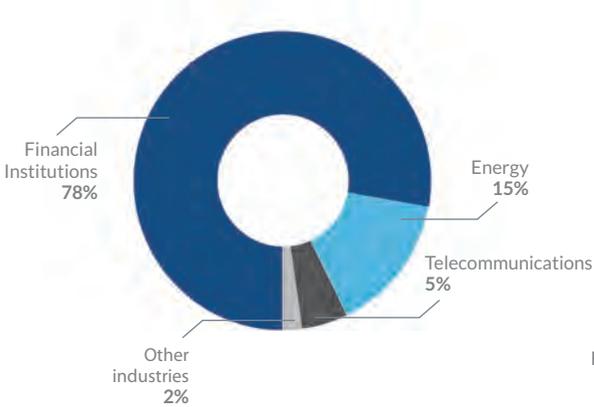
Client diversification¹



- ▶ Over 900 active clients
- ▶ More than 100 new clients:
 - across industries
 - across geographies
- ▶ Reinforced presence in leading clients:
 - global leaders
 - local leaders
- ▶ Stronger relationship with Regulators, Supervisors and International Organizations
- ▶ Reinforced relationship model with strategic suppliers

¹measured in consulting hours

Sector diversification¹



Finance

- ▶ Sustained growth (+5%) based on:
 - Greater specialization by business
 - Leadership in regulatory compliance (Basel III, TRIM, IFRS 9, Stress Test, etc.)
 - Leaders in Digital Transformation

Energy

- ▶ Strong growth of our operations (+35%) as a result of:
 - A broader client base
 - A broader service offering (based on digital transformation, artificial intelligence, agile, etc.)
 - Practice deployed in other countries (especially in the Americas)

Telecommunications

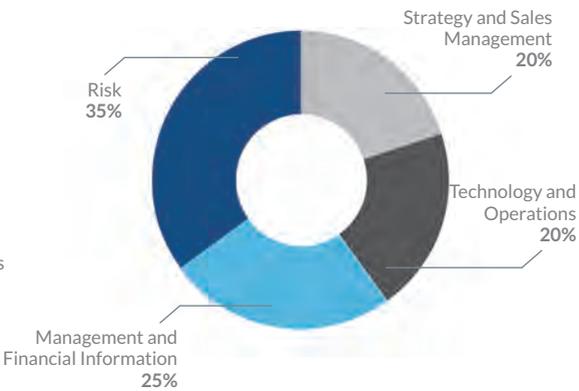
- ▶ Growth of operations (+6%) based on:
 - The addition of new clients
 - Wider range of services
 - Practice extended to other geographies

Other industries

- ▶ Increased activity in industries such as distribution, IT, aeronautics, manufacturing, services and education

¹measured in consulting hours

Diversification of solutions¹



- ▶ Over 1,800 projects (70% new) in all our core competencies:
 - New business models
 - Agile organizations
 - Process digitalization (customer experience, efficiency – RPA–)
 - Machine learning (artificial intelligence)
 - Data and model governance
 - Big Data and Blockchain architectures
 - Cybersecurity
 - Regulatory compliance (FRTB, NDD, IFRS 9/17, TRIM)

¹measured in consulting hours



“At Management Solutions we want to contribute to the sustainable growth of our clients in the digital age”

The transformation in which we are immersed is taking place at a great speed, and is also a deep, global transformation.

In this context it is especially important to help our clients to generate value and to translate it into a sustainable growth, meaning, that which does not compromise future growth and even facilitates it.

This means we need to understand the new competitive dynamics in depth, properly identify the problems our clients face, provide innovative solutions and actively collaborate in the management of change.

All this with the firm purpose of helping them generate value through the transformation of their business models in a way that is sustainable over time.

Marcos Izena
Partner at Management Solutions

Growth and innovation

Profitable growth

Our high internal organic growth levels guarantee a career progression model far superior to that of our competitors.

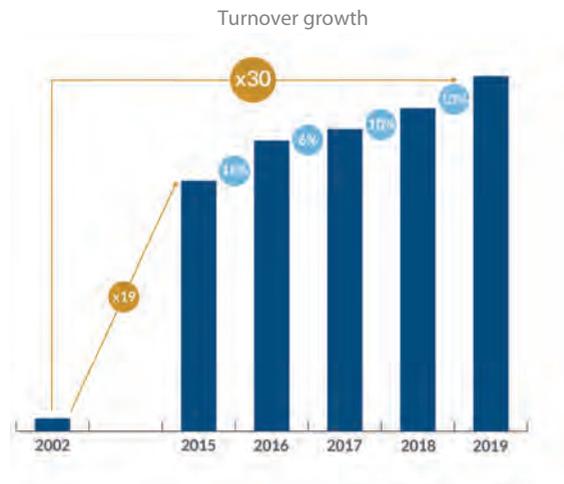
R&D&i innovation

Investing in R&D&i and training are key differentiating elements in our value proposition to the market.

Human Resources Management

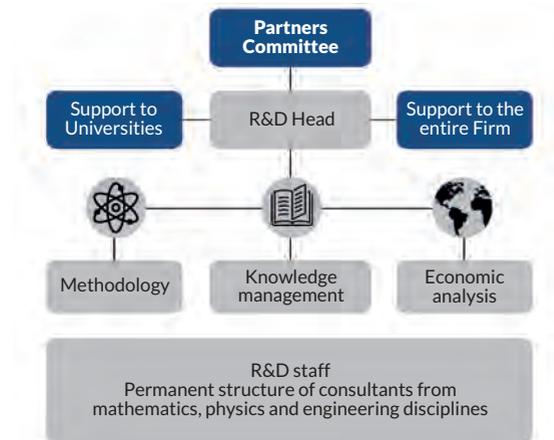
Our partnership model guarantees career progression that rewards individual merit for all our professionals.

Profitable growth



- ▶ Growth above 10%*
- ▶ Close to three million consulting hours
- ▶ Increasing share of our key markets
- ▶ Organic and diversified growth
 - All types of clients
 - All countries
 - All industries
 - All service lines
- ▶ Preserving profitability versus volume
- ▶ Proactively managing inventories, billing and accounts receivable
- ▶ Compliance with the Y20 strategic plan

R&D&i innovation

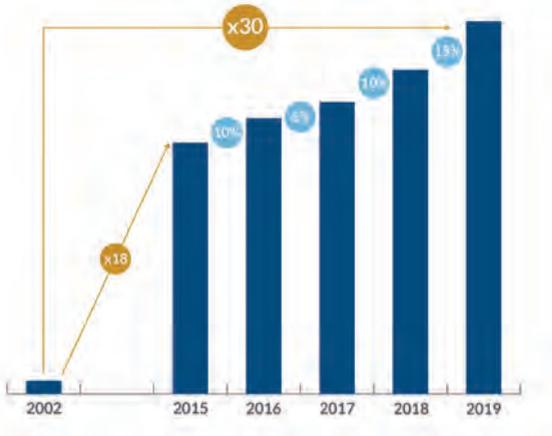


- ▶ Investment equivalent to 10% of the Firm's capacity
- ▶ Permanent structure composed of 50 professionals working in teams dealing with:
 - Methodology (Innovation)
 - Knowledge management (core competencies, regulations, benchmarks, publications, training, etc.)
 - Economic analysis
- ▶ Global coverage (all countries, industries and service lines)
- ▶ Regulatory hub in Frankfurt, seat of the ECB
- ▶ "Joint Ventures" with universities
- ▶ Global R&D Plan (more than 200 actions executed):
 - Methodology: creation of the iDanae Chair for Big Data and Analytics (UPM)
 - Development of prototypes (model generator)
 - Collaborations in Machine Learning and Deep Learning
 - Knowledge management:
 - Closely targeting of value propositions
 - Updated training plan (with a special focus on Big Data and Data Science)
 - Regulatory alerts service (through three channels: App, Web and Social Media)
 - Over 100 specialized publications (internal and external)
 - Economic analysis on 19 countries

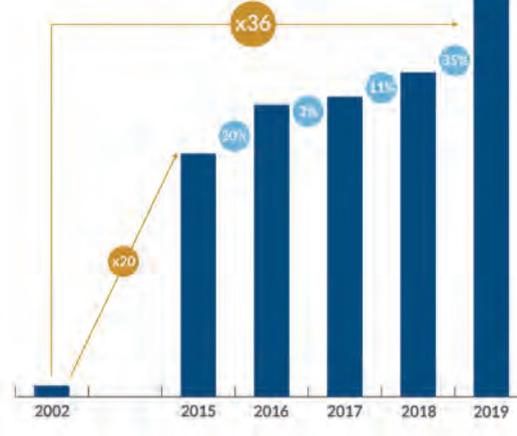
* Exceeding annual revenue of €275 million

Human Resources Management

Annual percentage increase in number of employees



Training hours



- ▶ Growing from the base, with over 500 recruits and 250 internships during the fiscal year
 - ▶ Merit-based promotion throughout the entire pyramid:
 - Top management reinforcement (10 new partners and 17 new directors)
 - Greater managerial capacity (85 new managers and supervisors)
 - Organic growth in the senior layer
 - ▶ Global pyramid management ("one team")
 - ▶ Excellence in recruitment (over 200,000 candidates analyzed)
 - ▶ Strengthening of University and Postgraduate links:
 - Presence in more than 350 European, American and Asian faculties
 - Over 250 collaboration agreements
 - Provision of training in several of the most prestigious universities in Europe and the Americas
 - ▶ Ongoing assessment process (with enhancement of management assessment programs)
 - ▶ Biannual mentoring program (aimed at aligning professionals' needs with the opportunities offered by the Firm)
- ▶ Emphasis on training:
 - Over 250,000 hours invested in training
 - Over 575 courses taught (80 new)
 - Continuously updated training plan:
 - Sixth intake of students for the Management Solutions – ICADE Business School Master's degree in Business Consulting in Spain
 - Third intake of students for the Monterrey Tech Diploma in Mexico
 - Advanced training program in partnership with INSPER in Brazil
 - New contents: Agile, Big Data, Data Science, etc.
 - External complement: focusing on the management team (CFA, FRM, PMP, CISA, ICAI-IC, etc.)

In 2019 we again exceeded the qualitative and quantitative objectives we set for ourselves

Communication and organizational flexibility

Communication

- ▶ Promoting the Management Solutions brand to our stakeholders.
- ▶ Sharing value-added content (specialized publications, regulatory analysis, economic outlook reports, etc.).
- ▶ Maintaining a presence in prestigious institutions for all our activity areas.
- ▶ Supporting the academic world through partnerships, internships and specialized courses.
- ▶ Acting as benefactors and sponsors in order to support culture, sports and the arts.
- ▶ Becoming involved with those most in need through community outreach initiatives within our scope of action.

Organizational flexibility

A fluid and continually adapting of organizational structure oriented towards value creation allows us to adequately respond to our high growth levels.

Communication



- ▶ New content on our corporate website and social media channels (with our debut on Instagram)
- ▶ Further specialist publications:
 - Publication of white paper "From Agile projects to Agile organizations"
 - Quarterly situational reports (64 reports)
 - Technical Notes and Regulatory Developments
- ▶ Enhanced presence in professional and supervisory forums
- ▶ More Social Action, patronage and sponsorship:
 - More than 40 community support activities organized by Management Solutions: Solidarity Summer, Solidarity Cinema, Solidarity Christmas, Charity race, blood donations, IT equipment donations, corporate volunteering, participation in charity sports events, etc.
- ▶ Partnerships with NGO's and foundations
- ▶ Joined the United Nations Global Compact
- ▶ More support to our Sports Clubs in in all our offices:
 - Over 1,000 participants in internal and external sports tournaments
 - Organization of new sports events: Charity race, MS golf tournament, seven-a-side soccer and paddle marathons, etc.

Organizational flexibility



- ▶ Enhanced internal corporate departments and functions:
 - Reinforced our corporate departments' international structure (HR IT, Compliance)
 - Stronger financial/tax management and control
 - Implemented IT transformation plan:
 - Platform migration (W10)
 - HR and Finance process digitalization
 - Information analysis using Big Data technology
 - Opening of new offices in La Coruña, Ámsterdam, Oslo and Quito, and expansion of our Madrid and Ciudad de México offices
- ▶ Global control function (Internal Audit, Quality Plan and Compliance):
 - Internal Audit and QA reports (yearly, half-yearly, quarterly and monthly)
 - External Audit of Financial Statements (consolidated and individual)
 - External certification on Processes (ISO 9001)
 - External certification on Cybersecurity (ISO 27001)
 - External certification on Criminal Compliance regarding crime prevention (UNE19601)
 - Ongoing staff training on corporate policies



“We have again exceeded all the goals we set for the year”

We try to do what we do best: serve our clients with excellence.

Once again, this year our results has been excellent, with growth above 10%.

The credit for this success undoubtedly goes to the extraordinary team of professionals that make up Management Solutions.

This includes a talented, multicultural (compromising more than 40 nationalities), young, well-trained, ethical, responsible,

and committed team with strong analytical and business profiles for the industries which they serve.

As our motto dictates, we have made things happen!

Ignacio Layo
Partner at Management Solutions



Teatro Real of Madrid, venue of our Yearly Meeting 2019