1. Argentina Investment Opportunity

2. Overview of the Investment & Trade Promotion Agency
## Argentina’s Value Proposition

### STRONG FUNDAMENTALS TO BECOME A REGIONAL ECONOMIC ENGINE

| Large and diversified economy | 3rd largest economy in LatAm, with a GDP of +U$ 500 Bn (after BR and MEX) |
| Wide natural resources availability | 8th largest country in the world, with 53% of arable land (13% developed) |
| High quality human resources | Strong labor force, renowned for its technical skills, creativity and versatility |
| Nationwide infrastructure coverage | Nationwide road & railroad systems (+35,000 km), 43 ports & 54 airports |
| Improving institutional framework | 30+ years of democratic governments |

- Large oil & gas (conventional and unconventional) and mineral reserves
- Abundant food, water and renewable energy resources (wind and solar)
- #1 in Latin America in Human Development and Education Indexes
- High literacy rate of 98% ~110,000 higher education graduates per year
- High connectivity, with 75% broadband and 141% mobile penetration
- Extensive energy coverage with natural gas pipelines and electricity grids
- Strategic relationships and bilateral treaties; G20, Mercosur, UNASUR
- Member of World Bank’s Int. Centre for Settlement of Investment Disputes
GENERAL INVESTMENT LEVELS

- Investment in Argentina is ~4-5 percentage points of GDP below other LatAm countries
  - It is estimated that an additional U$ 25 Bn/yr. is required

FOREIGN DIRECT INVESTMENT

- FDI in LatAm grew from ~U$28 Bn/year in the 90’s to ~U$126 Bn/year in the last five years (4.5x times)
  - Argentina’s share fell from 16% to 5%
An Agenda for Change is Underway

ARGENTINA FACES SHORT-TERM CHALLENGES THAT AFFECT COMPETITIVENESS...

<table>
<thead>
<tr>
<th>WEF Survey: Main Concerns for Argentina (% of total responses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
</tr>
<tr>
<td>FX Restrictions</td>
</tr>
<tr>
<td>Access to financing</td>
</tr>
<tr>
<td>Tax levels</td>
</tr>
<tr>
<td>Corruption</td>
</tr>
<tr>
<td>Govt. bureaucracy</td>
</tr>
<tr>
<td>Other concerns</td>
</tr>
</tbody>
</table>

...BUT THE NEW ADMINISTRATION IS ALREADY ADDRESSING THEM TO GET BACK ON TRACK

- Removal of capital/repatriation restrictions
- Free floating rate and recovery of int. reserves
- Negotiated and closed hold-out debt default to regain access to global capital and financial markets
- Inflation targeting to reach single-digit CPI in 4 years
- Removal of export taxes and import restrictions
- Creation of Investment & Trade Promotion Agency
  - New regulatory framework to promote investment via Public-Private Partnership (PPP)
  - 4-year plan to eliminate primary fiscal deficit (reduction of government subsidies and spend)
  - Re-launching of national bureau of statistics (Indec)

Country risk has already declined from 620bp in September 2015 to 380bp in April 2016
OVER U$170 BN OF INVESTMENTS HAVE BEEN IDENTIFIED ACROSS MULTIPLE SECTORS

<table>
<thead>
<tr>
<th>ENERGY &amp; MINING</th>
<th>INFRASTRUCTURE</th>
<th>AGribusiness</th>
<th>INDUSTRIAL GOODS</th>
<th>TECH &amp; SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;U$ 75 Bn</td>
<td>&gt;U$ 75 Bn</td>
<td>&gt;U$ 15 Bn</td>
<td>&gt;U$ 5 Bn</td>
<td>&gt;U$ 2 Bn</td>
</tr>
</tbody>
</table>

**ENERGY & MINING**
- Unconventional O&G (Shale & Tight) Fields and Infrastructure >20Bn
- 11GW of Hydro/Thermal Power plants, >20Bn
- Mining lithium, gold, copper, potash >15Bn
- 10GW of Renewable Energy >15Bn
- Petrochemical >6Bn

**INFRASTRUCTURE**
- ~25,000 Km of roads & highways >25Bn
- Water and Sewage infrastructure >20Bn
- ~10,000 km of railway freight lines >15Bn
- Real Estate & Housing developments >10Bn
- Cellular networks >5Bn
- Airports and ports >2Bn

**AGRIBUSINESS**
- Land development with irrigation (4M Ha) >8Bn
- Animal protein (beef, pork, poultry) >5Bn
- Forestry and pulp industry >2.5Bn
- Food industrialization >0.5Bn

**INDUSTRIAL GOODS**
- Automotive industry
- Food & Beverage
- Consumer products
- Electronics and technology products
- Machinery & Equipment
- Basic materials
- Textiles and fashion

**TECH & SERVICES**
- Professional services (BPO, call centers)
- Biotechnology
- Pharma
- Software development
- Tourism
- Health services
- Education services

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- Land development with irrigation (4M Ha) >8Bn
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- Tourism
- Health services
- Education services
ARGENTINA WILL BECOME AN ATTRACTIVE INVESTMENT DESTINATION

1. Sizeable and attractive market (domestic and regional)
2. Large availability of world class natural resources
3. Talented and affordable human capital
4. Opportunities and investment needs across most sectors
5. Strong economic and institutional recovery already in progress
6. Under-valued assets and under-leveraged private sector
7. Adequate infrastructure already in place, but much more underway
1. Argentina Investment Opportunity

2. Overview of the Investment & Trade Promotion Agency
Our Strategic Goals

THE AGENCY WAS CREATED IN EARLY 2016 TO PROMOTE INVESTMENT AND FOREIGN TRADE

OUR GOALS

1. Facilitate Argentina’s economic integration with the world
2. Promote job creation and economic development, while reducing poverty
3. Contribute to develop sustainable competitive advantages, focusing on high value-added economic activities

DELIVERY PLATFORM

INVESTOR SERVICING: Assist investors throughout the analysis, decision, development and execution phases of their projects

POLICY ADVOCACY: Work with ministries, congressmen and regulators to build an attractive regulatory framework for investors

TRADE PROMOTION: Help local companies expand their frontiers and establish themselves in international value chains
## Scope of Our Services

WE AIM TO HELP COMPANIES UNLOCK THEIR POTENTIAL, BOTH INSIDE AND OUTSIDE THE COUNTRY

High value-added services under a multi-disciplinary approach

<table>
<thead>
<tr>
<th>INVESTOR SERVICING</th>
<th>POLICY ADVOCACY</th>
<th>TRADE PROMOTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Engage with government entities to facilitate and fast-track processes</td>
<td>• Develop recommendations on regulatory reforms to simplify investment processes</td>
<td>• Perform company analysis and training to strengthen their exporting capabilities</td>
</tr>
<tr>
<td>• Develop ad-hoc analysis (on opportunities, regulations, etc.) for potential investors</td>
<td>• Support changes in laws and regulation that promote trade and investment and improve the business environment</td>
<td>• Plan, execute and evaluate trade fairs and business rounds</td>
</tr>
<tr>
<td>• Provide updated statistics and sector-specific information</td>
<td>• Advocate for new treaties and alliances that enhance international integration</td>
<td>• Market intelligence, profiling of markets and commercial trends</td>
</tr>
<tr>
<td>• Assist investors in conflict resolution throughout the investment lifetime</td>
<td>• Coordinate sector-specific promotion initiatives</td>
<td>• Create clusters of companies grouped by region or sector to increase their export potential</td>
</tr>
</tbody>
</table>

We provide an agile, professional, transparent, committed and results-oriented service to companies
Interaction with Business and Government Ecosystem

“BRIDGING THE GAP” BETWEEN PRIVATE AND PUBLIC SECTORS IS A KEY TO SUCCESS

STRATEGIC ISSUES
Sector-specific information, programs, regulatory framework

- Foreign Consultants
- Embassies & Consulates
- Financing Programs
- Ministries
- Secretariats
- Ministerial IPAs
- Regional Promotion Agencies
- Provinces
- Industry Chambers
- Strategic Partners
- Associations
- President/Chief of Staff
- Private, state-owned, & multilateral banks
- Big 4, management consultants

ADMINISTRATIVE ISSUES
Tax/legal paperwork, permits, approvals, registrations

- TAX
- LEGAL
- CAPITAL FLOWS
- PERMITS

We act as a single-point-of-contact for all investment projects, independently of their sectors and origins
Our Guiding Principles

WE HAVE SET HIGH GOALS FOR OUR AGENCY

1. Become a **strategic partner to companies** to invest and export to the world

2. **Facilitate investment processes** and improve general business climate

3. Create a **professional and collaborative** culture with focus on results

4. Promote the **highest ethical standards** in the entire ecosystem

5. Make **Argentina a better and more transparent place** to conduct business
EVENT HIGHLIGHTS

• “Argentina to the World”
  - Opportunity to learn about investment opportunities and plans from Government officials and Private sector senior executives
  - Focus on Infrastructure, Transport, Energy, Mining, Industry, Agribusiness, Innovation & Tech

• Three day event to be held in Q3-2016 in BA

• Expected attendance of 1,500+ renowned global leaders:
  - Thought leaders
  - Country and Global leaders
  - CEOs of large global and local companies
Argentina Investment & Trade Promotion Agency

Francisco Dedomenici
Director

fdedomenici@exportar.org.ar
1. Argentina Investment Opportunity

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3. Appendix
Macroeconomic Indicators

- Near 0% GDP growth in the last 4 years
- Consumption and inflation fueled by government expenditures
- Annual inflation levels of 25-35% due to strong monetary expansion
- In 2015 the primary deficit reached 5.8% of GDP, ~50% were energy subsidies
- Dual exchange rate as a consequence of restricted access to FX market
- Reserves fell from U$ 50 Bn in 2011 to U$ 25 Bn in 2015
## Our Core Competencies

**FIVE MAIN ASPECTS SHAPE OUR AGENCY’S SUCCESS CAPABILITIES**

| Empowered                      | • Clear Presidential mandate, reachable to all government entities  
|                               | • High frequency of interactions with the President and his Cabinet  
|                               | • High-level representation of two important ministries within our structure  
| Connected                     | • High-level relationship with all government entities  
|                               | • Influencing role with decision and policy makers  
|                               | • Wide access to information and sector-level opportunities  
| Autonomous                    | • Granted by the Agency’s governing structure and by-laws  
|                               | • High-level representation of both public and private sectors  
|                               | • Independent management team and processes  
| Qualified                     | • Strong track record with prestigious international companies  
|                               | • Multi-disciplinary and service-oriented professionals  
|                               | • Full alignment with strategic goals and ethical standards  
| Streamlined                   | • Internal processes designed to maximize efficiency and results  
|                               | • Adequate information and knowledge management systems  
|                               | • Clear mandates, roles, incentives and career development plans  

General Leverage Levels

- Low leverage levels across corporate, private and public sectors

### HOUSEHOLD DEBT

<table>
<thead>
<tr>
<th>Country</th>
<th>Debt as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>19%</td>
</tr>
<tr>
<td>Peru</td>
<td>29%</td>
</tr>
<tr>
<td>Colombia</td>
<td>30%</td>
</tr>
<tr>
<td>Brazil</td>
<td>38%</td>
</tr>
<tr>
<td>Chile</td>
<td>40%</td>
</tr>
<tr>
<td>Russia</td>
<td>45%</td>
</tr>
<tr>
<td>India</td>
<td>54%</td>
</tr>
<tr>
<td>China</td>
<td>65%</td>
</tr>
<tr>
<td>Germany</td>
<td>67%</td>
</tr>
<tr>
<td>Japan</td>
<td>86%</td>
</tr>
<tr>
<td>USA</td>
<td>86%</td>
</tr>
<tr>
<td>UK</td>
<td>121%</td>
</tr>
<tr>
<td>France</td>
<td>121%</td>
</tr>
</tbody>
</table>

### CORPORATE DEBT

<table>
<thead>
<tr>
<th>Country</th>
<th>Debt as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>7%</td>
</tr>
<tr>
<td>Argentina</td>
<td>7%</td>
</tr>
<tr>
<td>Colombia</td>
<td>15%</td>
</tr>
<tr>
<td>Brazil</td>
<td>21%</td>
</tr>
<tr>
<td>Chile</td>
<td>36%</td>
</tr>
<tr>
<td>India</td>
<td>9%</td>
</tr>
<tr>
<td>Germany</td>
<td>53%</td>
</tr>
<tr>
<td>France</td>
<td>55%</td>
</tr>
<tr>
<td>UK</td>
<td>74%</td>
</tr>
<tr>
<td>USA</td>
<td>81%</td>
</tr>
<tr>
<td>Japan</td>
<td>101%</td>
</tr>
</tbody>
</table>

### SOVEREIGN DEBT

<table>
<thead>
<tr>
<th>Country</th>
<th>Debt as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>18%</td>
</tr>
<tr>
<td>Peru</td>
<td>22%</td>
</tr>
<tr>
<td>Colombia</td>
<td>51%</td>
</tr>
<tr>
<td>Mexico</td>
<td>55%</td>
</tr>
<tr>
<td>Argentina</td>
<td>52%</td>
</tr>
<tr>
<td>Brazil</td>
<td>70%</td>
</tr>
<tr>
<td>Russia</td>
<td>20%</td>
</tr>
<tr>
<td>China</td>
<td>43%</td>
</tr>
<tr>
<td>India</td>
<td>65%</td>
</tr>
<tr>
<td>Germany</td>
<td>71%</td>
</tr>
<tr>
<td>UK</td>
<td>89%</td>
</tr>
<tr>
<td>France</td>
<td>97%</td>
</tr>
<tr>
<td>USA</td>
<td>105%</td>
</tr>
<tr>
<td>Japan</td>
<td>246%</td>
</tr>
</tbody>
</table>

Source: McKinsey Global Institute, BCRA, IMF
### Investment Opportunities in Selected Sectors

#### ENERGY
- Ambitious renewable energy mandate (10GW by 2025)
- Over 10GW of new baseload generation capacity and transmission infrastructure needed
- Largest shale oil/gas play outside USA (“Vaca Muerta”) with great production potential
- Large conventional oil and gas reserves
- Development of offshore and biofuels

#### INFRASTRUCTURE
- Construction and improvement of roads and highways
- Enhancement of freight and passenger railway networks
  - Economic integration of the North-Western part of the country (Plan Belgrano)
  - Metropolitan area transportation (bus, trains, stations and crossings)
  - Airports improvement

#### MINING
- Abundant mineral reserves with good mining grades: copper, gold, silver, potassium
- ~75% of potential mining surface unexplored
- High-purity lithium production in the “Lithium Triangle”

#### AGROBUSINESS
- Development of more than 4M Ha by artificial irrigation systems
- Great conditions for animal protein production: beef, pigs, chicken
  - Expansion of the forestry and cellulose, paper and wood industries
- Increased food industrialization
Energy: Attractive Renewables and Unconventional O&G markets under development

**POWER GENERATION: RENEWABLES TARGET OF 20% OF CONSUMPTION SHALL BE MET BY 2025**

- **Investments of U$15B needed** to meet renewables target
- **Great conditions for wind, solar, biomass and small hydro**
- **Government Commitment and Support:**
  - Competitive prices under guaranteed long term PPAs
  - Tax incentives (accelerated depreciation, levied import duties, etc)
  - Financing to renewable energy projects
- **>10GW of large baseload plants** (thermal/hydro) needed

**UNCONVENTIONAL O&G: “VACA MUERTA” PLAY HAS WORLD-SCALE POTENTIAL**

- **Argentina holds the world’s 2nd largest shale gas and 4th largest shale oil reserves**
- **Vaca Muerta** is the largest shale oil & gas play outside the US, with 4+ years of cumulative development
  - Area of 30,000 km² with ~300m of shale layer at ~3,500m of depth (with 3-5% of Total O&G Content)
  - JVs between YPF and Chevron, Dow, Pampa, Petronas

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Source: Ministry of Energy and Mining, EIA
**ROADS: IMPROVEMENT AND CONSTRUCTION OF HIGHWAYS**
- ~40% of roads currently are in poor conditions
- Only 2,800km of highways in place
- **Plan 2027:**
  - 11,400km of total highways
  - 13,000km of roads in good conditions
  - Investment of 28,000M USD needed

**RAIL FREIGHT: REHABILITATION OF THE ENTIRE NETWORK**
- Only 5% of freight is transported by railway (18M tones)
- **Plan 2027:**
  - 10,000 km of refurbished rails
  - 80-100M tones transported
  - Investment 15,000M USD needed

**AIRPORTS: MODERNIZATION & INCREASE OF FLIGHT USAGE**
- Growth by 2x of air traffic expected by 2020 (10M to 20M passengers)
- Greater international connections
- **Plan 2019:**
  - 14 airports modernized by 2019
  - Investments of USD 900M needed

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**Goal:** To develop infrastructure that benefits productive corridors, strengthens logistics networks, and creates strategic connectivity to promote investment and trade

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Source: Ministry of Transportation
**Mining:** Abundant reserves of Copper, Silver, Gold, Lithium and Potassium

**SIGNIFICANT MINING POTENTIAL WITH ~75% UNEXPLORED SURFACE**

- 750,000 Km² of high potential mining areas
- 183,000 Km² of granted mining rights
  - 25 advanced prospects
  - 14 production mines

**Legend:**
- Gold
- Copper
- Uranium
- Polymetallic
- Lithium
- Lead-Zinc
- Iron
- Prospective areas

**IMPORTANCE OPPORTUNITIES IN GOLD, SILVER, COPPER AND LITHIUM**

- ~75% of the mining surface remains unexplored
- As of 2016, no export taxes for mining products
- +US$15Bn needed to develop Copper, Silver, Gold, Lithium and Potassium opportunities

**WORLD RANKING**

<table>
<thead>
<tr>
<th>Mineral</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver</td>
<td>#14</td>
</tr>
<tr>
<td>Gold</td>
<td>#12</td>
</tr>
<tr>
<td>Copper</td>
<td>#4</td>
</tr>
<tr>
<td>Lithium</td>
<td>#3</td>
</tr>
</tbody>
</table>

Source: Ministry of Energy and Mining
**Agribusiness:** Opportunities in Irrigation, Cattle raising, Forestry/cellulose/paper and Food industrialization

ARGENTINA HAS EXCELLENT AGRICULTURE CONDITIONS AND FULL GOVERNMENT SUPPORT...

<table>
<thead>
<tr>
<th>2015 Argentine production</th>
<th>Investment: 8.000M USD</th>
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</thead>
<tbody>
<tr>
<td>59M tons production</td>
<td></td>
</tr>
<tr>
<td>1st soyoil exporter (6Mt)</td>
<td></td>
</tr>
<tr>
<td>2nd soymeal exporter (32Mt)</td>
<td></td>
</tr>
<tr>
<td>3rd bean exporter (12Mt)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>27M tons production</th>
<th>Investment: +10.000M USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd world exporter (17Mt)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2.8M Tons produced</th>
<th>Investment: 2.500M USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>11th meat exporter (265MT)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Development of more than 4M Ha with artificial irrigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle raising expansion– 10M heads, 200K swine and 1,5B poultry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expansion of the forestry and cellulose/paper industry, biomass energy and housing. Raw material: 4-5M m3/year</th>
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</thead>
<tbody>
<tr>
<td>Increased food industrialization (milling, wine, canned and frozen food)</td>
</tr>
</tbody>
</table>

• **Farming conditions:**
  - **Mild Climate** with abundant rainfall
  - **Rich soils** with low fertilizer needs
  - **Exceptional human resources**, long farming tradition
  - **High technology adoption** in crop genetics (>65% GMO)
  - **Unparalleled logistics** with 100% storage capacity

• **Government support:** one of the first measures adopted by President Macri’s administration was the elimination of export taxes to wheat, corn, meat and regional products

Source: Ministry of Agroindustry