Why Argentina?
October 2016
Argentina has strong fundamentals to become a regional economic engine

| Large and diversified ECONOMY | • 3rd largest economy in LatAm, GDP of USD 586 Bn  
| | • 2nd highest GDP per capita in PPP terms in the region, USD 22,500  
| | • ~43 Mn pop (~60% under 35); access to 300 Mn pop in Mercosur  |
| Vast availability of NATURAL RESOURCES | • 8th largest country in the world (2.8 Mn km²), with 53% of agricultural land  
| | • Abundant food, water and renewable energy resources  
| | • Large oil & gas and mineral reserves  |
| High quality HUMAN CAPITAL | • Qualified labor force, renowned for its technical skills, creativity & versatility  
| | • #1 in Latin America’s Indices of Human Development and Education  
| | • 98% literacy rate, ~110,000 higher education graduates per year  |
| NATIONAL INFRASTRUCTURE improvement underway | • Nationwide road & railroad systems (+35,000 km), 43 ports & 54 airports  
| | • High connectivity, with 75% broadband and 141% mobile penetration  
| | • Extensive natural gas pipeline and electricity grid coverage  |
Argentina has potential to capture USD 25 Bn/year+ in Foreign Direct Investment

Argentina has lagged behind its peers in capturing the strong FDI inflow growth in Latin America

Foreign Direct Investment (Avg. USD Bn/Year)

<table>
<thead>
<tr>
<th>Country</th>
<th>'08-'15</th>
<th>'90-'00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>27.4</td>
<td>12.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>9.4</td>
<td>6.0x</td>
</tr>
<tr>
<td>Chile</td>
<td>19.7</td>
<td>5.8x</td>
</tr>
<tr>
<td>Colombia</td>
<td>12.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Argentina</td>
<td>1.9</td>
<td>1.4x</td>
</tr>
<tr>
<td>Peru</td>
<td>8.2</td>
<td>5.4x</td>
</tr>
</tbody>
</table>

Now we have the opportunity to reach the level of FDI correspondent to the size of our economy

'08 - ’15 FDI/GDP (%, average)

<table>
<thead>
<tr>
<th>Country</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>8.4%</td>
</tr>
<tr>
<td>Peru</td>
<td>5.0%</td>
</tr>
<tr>
<td>Colombia</td>
<td>3.9%</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.4%</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.4%</td>
</tr>
<tr>
<td>Argentina</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Argentina's share of regional FDI flows fell from 16% to 4% between the 90s and the last 7 years

To reach the regional average, Argentina needs to capture USD 25 Bn a year in FDI flows

Source: World Bank, IMF
President Macri’s Administration has taken concrete steps to resolve investors’ concerns

**WEF Survey: Main Concerns for Argentina**
(share of total responses)

- **Inflation**: 18%
- **FX restrictions**: 17%
- **Access to financing**: 13%
- **Tax levels**: 11%
- **Corruption**: 11%
- **Government bureaucracy**: 6%
- **Other**: 24%

**Key reforms and initiatives**
- Instituted inflation targeting policy to reach single-digit CPI by 2018
- Removed capital controls and repatriation restrictions
- Floated exchange rate and recovered monetary reserves
- Resolved defaulted debt and regained access to global financial markets
- Removed export taxes and import restrictions
- Government e-platform for tenders and public accounts
- Created the Argentina Investment & Trade Promotion Agency
- New Public–Private Partnerships (PPP) regulatory framework
- Re–launched the National Statistics Bureau (INDEC)
- Established 4–year plan to eliminate the primary fiscal deficit

**Country risk declined more than 100bp (-22%) in 12 months** *
and recent public and corporate debt issuances have been oversubscribed by 4-7x**

* JPMorgan, Embi+ 08/31/15 = 584, Embi+ 08/31/16 = 454. **Includes the Federal Government, Buenos Aires Province and corporations such as Cablevision
Argentina’s macroeconomic indicators are projected to improve markedly beginning in 2017, making this an ideal moment to invest in the country.

**Argentina GDP is expected to rebound strongly in the next few years**

YoY GDP Growth (constant 2004 prices)

**According to IMF, Inflation is expected to decrease significantly, reaching single digits by 2020**

YoY Consumer Price Change

---

---

Argentina’s Central Bank has set more aggressive goals of 12-17% for 2017 and 8-12% for 2018, reaching 5% in 2019.

Sources: Historical – INDEC; Projections – IMF World Economic Outlook (October 2016)
Low levels of leverage at the household, corporate and government levels increase potential for investment and growth.

Household Debt - 2014 (% of GDP)

- Latin America
- Emerging Markets
- Developed World

Argentina households have significant room to borrow and increase spending.

Corporate Debt - 2014 (% of GDP)

- Argentina
- Brazil
- Chile
- Colombia
- France
- Germany
- India
- Japan
- UK
- USA

Argentine corporations have the lowest debt to GDP ratio in the world, increasing opportunity for leverage.

Sovereign Debt - 2015 (% of GDP)

- Argentina
- Brazil
- Chile
- Colombia
- France
- Germany
- India
- Japan
- UK
- USA

The government has ample room to borrow from capital markets to fund infrastructure projects.

Source: McKinsey Global Institute, BCRA, IMF
Argentina offers investment opportunities of more than USD 250 Bn

### Infrastructure
- Roads & highways: $48 Bn
- Water & sanitation: $22 Bn
- Education & health: $20 Bn
- Urban mobility: $17 Bn
- Freight rail: $15 Bn
- Real estate: $5 Bn
- Telco networks: $5 Bn
- Airports & ports: $3 Bn

### Energy & Mining
- Oil & Gas: $20 Bn+ (per year)
- Mining: $30 Bn+
- Renewable energy: $15 Bn
- Hydro power: $10 Bn
- Thermal power: $5 Bn
- Power grid: $5 Bn

### Agribusiness
- Irrigation: $18 Bn
- Animal protein (beef, pork, poultry): $5 Bn
- Forestry/Pulp: $2.5 Bn

### Manufacture/Industrial Goods
- Automotive industry
- Food & Beverage
- Consumer products
- Machinery & Equipment
- Basic materials

### Value Added Services
- Tourism
- Professional services
- Biotechnology
- Pharma
- Software development

Note: All values are in USD
Contribute to the creation of quality jobs and sustainable economic development by reinserting Argentina into the world, through investment and trade

- **Single point of contact** in the government for companies seeking to invest in Argentina
  - Become a **strategic partner** throughout the investment period
  - **Facilitate** investment processes and improve business climate
  - Promote the **highest ethical and professional standards**, making Argentina a better and more transparent place to conduct business
  - Unlock **SMEs and regional economies potential** to strategic international markets
The Agency facilitates investment processes throughout the business ecosystem

**Strategic issues**

*Sector-specific information, programs, regulatory framework*

- President/Chief of Staff
- Ministry of Foreign Affairs
- Ministries
- Industry Chambers
- Foreign Consultants
- Embassies & Consulates
- Regional Promotion Agencies
- Provinces
- Municipalities
- Private, state-owned, & multilateral banks
- Strategic Partners
- Associations
- Ministerial IPAs

**Administrative issues**

*Tax/legal paperwork, permits, registrations*

- **TAX**
  - (Images of organizations)
- **LEGAL**
  - (Images of organizations)
- **CAPITAL FLOWS**
  - (Images of organizations)
- **PERMITS**
  - (Images of organizations)

The Agency is a single-point-of-contact for investment projects, independently of sectors and origins.
welcome@invest.org.ar
Phone: +54 11 5239 4490
www.investandtrade.org.ar
InvestTradeARG