Why Argentina?

April 2018
ARGENTINA HAS STRONG FUNDAMENTALS

**LARGE AND DIVERSIFIED ECONOMY**
- 3rd largest GDP in LatAm, USD 629 Bn*
- 3rd highest GDP per capita (PPP), USD 20,700*
- ~43 Mn pop (~60% under 35). Access to 270 Mn pop in Mercosur

**VAST AVAILABILITY OF NATURAL RESOURCES**
- 8th largest country in the world, with 53% of agricultural land
- World top exporter of soybean, corn, lemon, lithium, amongst others
- Large oil & gas resources (2nd largest shale gas reservoir) and renewable energy, abundant water and mineral resources

**HIGH QUALITY HUMAN CAPITAL**
- Educated middle class and qualified labor force
- #1 in Latin America’s Human Capital Index and Know-How Subindex**
- #1 in Latin America in English Proficiency

**NATIONAL INFRASTRUCTURE IMPROVEMENT**
- Extended road & railroad systems, 43 ports & 54 airports
- Very ambitious infrastructure plan in execution
- Over USD 100 Bn investment plan in transport, telco, water and sanitation

Sources: * IMF  
** WEF (2017)
NORMALIZATION OF THE ECONOMY

Key reforms and initiatives

- No capital controls or repatriation restrictions
- Floated exchange rate and increasing monetary reserves
- Regained access to financial markets
- No export taxes and import restrictions
- Inflation targeting policy to reach single-digit
- 4-year plan to eliminate primary fiscal deficit
- Re-launched the National Statistics Bureau (INDEC)
- New Public - Private Partnership (PPP) law
- Transparency in tenders and public accounts

National productivity plan

- COST OF CAPITAL
- LABOR COSTS
- ENERGY & INFRASTRUCTURE
- INNOVATION & TECHNOLOGY
- TAX & FISCAL EFFICIENCY
- OPEN COMPETITION
- INSERTION TO THE WORLD
- EASE OF DOING BUSINESS
KEY MEASURES TO IMPROVE BUSINESS CLIMATE

IMPLEMENTED

• Public information Law
• Entrepreneurship Law
• Creation of simplified corporations (SAS)
• SME Promotion Law
• Labor Risk Law Modification
• Autoparts production law
• Bureaucratic simplification
• Tax reform

UPCOMING

• Transparency in public works law
• Antitrust Law amendment
• Capital Markets Law
• “First Job”
• Cultural Patronage
• Trade agreements with the European Union, Australia and Japan
**INDICATORS ARE IMPROVING MARKEDLY**

**Argentine GDP is growing sustainably**

YoY GDP Growth (constant 2004 prices)

![Graph showing YoY GDP growth from 2013 to 2022.](image)

- IMF forecast
- Ministry of Treasury

**Country risk has decreased significantly**

EMBI + 2014-2017

![Graph showing country risk decrease from 2014 to 2017.](image)

**Decreasing Inflation**

YoY Consumer Price Change

![Graph showing decreasing inflation from 2016 to 2022.](image)

**Strong plan in place to reduce the primary fiscal deficit**

Fiscal Target*

![Graph showing fiscal target reduction from 2016 to 2020.](image)

**Sources:**
* Ministry of Treasury
INVESTMENT IS BOOSTING GDP GROWTH AND THERE IS MUCH ROOM TO GROW THROUGH DEBT

GDP is growing boosted by investment

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>4%</td>
<td>14%</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>4%</td>
<td>16%</td>
</tr>
<tr>
<td>2018</td>
<td>4%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Debt ratios are the lowest in the region

<table>
<thead>
<tr>
<th>Country</th>
<th>Household Debt - 2016 (% of GDP)</th>
<th>Corporate Debt (non financial) - 2016 (% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>6%</td>
<td>19%</td>
</tr>
<tr>
<td>Mexico</td>
<td>16%</td>
<td>66%</td>
</tr>
<tr>
<td>Brazil</td>
<td>23%</td>
<td>57%</td>
</tr>
<tr>
<td>Chile</td>
<td>43%</td>
<td>68%</td>
</tr>
<tr>
<td>India</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>Russia</td>
<td>16%</td>
<td>44%</td>
</tr>
<tr>
<td>China</td>
<td>53%</td>
<td>44%</td>
</tr>
<tr>
<td>Germany</td>
<td>63%</td>
<td>88%</td>
</tr>
<tr>
<td>Japan</td>
<td>80%</td>
<td>68%</td>
</tr>
<tr>
<td>USA</td>
<td>211%</td>
<td>66%</td>
</tr>
<tr>
<td>UK</td>
<td>88%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Registered workers between Nov 2015 and Nov 2017: 2.7% growth

Argentine households have significant room to borrow and increase spending

Argentine corporations have very low debt to GDP ratio, increasing opportunity to leverage and invest

JOB GROWTH

+293k

GDP is growing boosted by investment

YoY growth

Q1 2017: 1%
Q2 2017: 3%
Q3 2017: 4%
Q4 2017: 4%
2018: 4%

GDP and Investment Growth: Argentina
ARGENTINA OFFERS DIVERSE ATTRACTIVE INVESTMENT OPPORTUNITIES OF MORE THAN USD 265 BN

<table>
<thead>
<tr>
<th>Category</th>
<th>USD Bn</th>
<th>Sub-Category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD Bn</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INFRASTRUCTURE</strong></td>
<td>140+</td>
<td>Roads &amp; highways 60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Railways 22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Water &amp; sanitation 22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Irrigation 18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telco networks 7+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Real Estate 5+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Urban mobility 4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Airports &amp; ports 3</td>
</tr>
<tr>
<td><strong>ENERGY &amp; MINING</strong></td>
<td>100+</td>
<td>Oil &amp; Gas 45+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mining 30+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hydro power 10</td>
</tr>
<tr>
<td><strong>AGRIBUSINESS</strong></td>
<td>13.5+</td>
<td>Animal protein 10+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Forestry / pulp 2.5+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Aquaculture 1</td>
</tr>
<tr>
<td><strong>MANUFACTURE / INDUSTRIAL GOODS</strong></td>
<td>10+</td>
<td>Automotive industry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Food &amp; Beverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consumer products</td>
</tr>
<tr>
<td><strong>VALUE ADDED SERVICES</strong></td>
<td>5+</td>
<td>Tourism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Professional services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Biotechnology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pharma</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Software development</td>
</tr>
</tbody>
</table>
The new PPP program developed an extensive pipeline in mining & energy, transport, communication & technology, and education, health and justice.

<table>
<thead>
<tr>
<th>MINING &amp; ENERGY</th>
<th>TRANSPORT, COMMUNICATION &amp; TECHNOLOGY</th>
<th>EDUCATION, HEALTH AND JUSTICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY EFFICIENCY</td>
<td>ELECTRICAL TRANSMISSION</td>
<td>HIGHWAYS AND SAFE ROUTES</td>
</tr>
<tr>
<td>Spare part LED luminaires Street lighting</td>
<td>Construction of new ultra high voltage transmission lines</td>
<td>Building, expansion, improvement, maintenance, exploitation, operation and financing of road corridors</td>
</tr>
<tr>
<td>National More than 3.000 km of lines</td>
<td>More than 2.800 km of highways and 4.000 km of safe routes</td>
<td>685km of tracks</td>
</tr>
<tr>
<td>18 months</td>
<td>33 months</td>
<td>36-60 months</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>Q1 2018</td>
<td>Q4 2017</td>
</tr>
</tbody>
</table>

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Water, Sanitation and Housing

<table>
<thead>
<tr>
<th>WATER DISTRIBUTION</th>
<th>SEWAGE</th>
<th>WATER TREATMENT PLANTS</th>
<th>PURIFICATIONS PLANTS</th>
<th>SLUDGE TREATMENT</th>
<th>IRRIGATION</th>
<th>HOUSING SOLUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of Río Subterráneo Norte and “Norte” pipelines</td>
<td>Improvements to the Tucuman and BA sewage system</td>
<td>Expansion of the Santa Fe water treatment plant</td>
<td>Construction of purification plants in BA and Rosario</td>
<td>Energy generation in wastewater treatment plant</td>
<td>Development of new areas of irrigation</td>
<td>Program of Development of Housing</td>
</tr>
<tr>
<td>2.6 Mn of beneficiaries</td>
<td>1 Mn of beneficiaries</td>
<td>520,000 of beneficiaries</td>
<td>2 Mn of beneficiaries</td>
<td>520,000 of beneficiaries</td>
<td>108,000 hectares</td>
<td>15,000 housing</td>
</tr>
<tr>
<td>60 months</td>
<td>36 months</td>
<td>24 months</td>
<td>24 months</td>
<td>24 months</td>
<td>24 months</td>
<td>36-48 months</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>Q2 2018</td>
<td>Q3 2018</td>
<td>Q1 2018</td>
<td>Q1 2018</td>
<td>Q1 2018</td>
<td>Q2 2018</td>
</tr>
</tbody>
</table>
The Agency was created to accelerate the process of inserting Argentina into the world.

Announced Investments (USD Bn)

- Transport and infrastructure: 1.8
- Health & services: 4.0
- Agribusiness: 4.8
- Renewable energy: 5.4
- Consumer goods & retail: 7.0
- Industrial goods: 7.9
- TMT: 10.1
- Mining: 10.1
- Real Estate & financial services: 11.1
- Power generation and transmission: 11.8
- Oil & gas: 43.2

Announced investments*:

- Total investments: 108.9
- Consumer goods & retail: 5.4
- Industrial goods: 11.8
- Renewable energy: 7.9
- Mining: 10.1
- Real Estate & financial services: 11.1
- Oil & gas: 43.2

# Projects:

- Total projects: 913
- Transport and infrastructure: 36
- Health & services: 70
- Agribusiness: 141
- Renewable energy: 85
- Consumer goods & retail: 113
- Industrial goods: 113
- TMT: 40
- Mining: 23
- Real Estate & financial services: 137
- Power generation and transmission: 64
- Oil & gas: 91

Our services:

- Identification of opportunities and location
- Networking
- Due diligence support
- Facilitation
- Improvement of business climate
- Aftercare

We promote the internationalization of Argentine companies and facilitate private investments in Argentina.

* From 12/11/15 to 04/04/2018. Only includes projects with declared investment amounts.
AGENDA

COUNTRY OVERVIEW AND STEPS TO IMPROVE BUSINESS CLIMATE

SELECTED SECTORS WITH INVESTMENT OPPORTUNITIES

Agribusiness
There are vast opportunities in irrigation, cattle, forestry & cellulose and food industrialization.

Argentina has excellent agriculture conditions and full government support.

### Argentina’s food production capacity (Million people)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5X</td>
<td>400</td>
<td>600</td>
</tr>
</tbody>
</table>

#### 2017 Argentine production

- 54 Mn tons production
- 1\textsuperscript{st} soy oil exporter (6 Mt)
- 2\textsuperscript{nd} soymeal exporter (32 Mt)
- 3\textsuperscript{rd} bean exporter (12 Mt)
- 37 Mn tons production
- 3\textsuperscript{rd} world exporter (25 Mt)
- 2.6 Mn Mn Tons produced
- 11\textsuperscript{th} meat exporter (210 Mt)

### 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.

### There are still many opportunities for further development

- Development of more than 4 Mn Ha with artificial irrigation
  - Potential investment: **USD 8 Bn**

- Cattle raising expansion – 10 Mn head, 200 K swine and 1,5 Bn poultry
  - Potential investment: **USD 10 Bn+**

- Expansion of the forestry and cellulose/paper industry, biomass energy and housing. Raw material: 4-5 Mn m3/year
  - Potential Investment: **USD 2.5 Bn**

- Potential and incentives to consolidate as a significant player and develop 300k tons of aquaculture.
  - Potential investment: **1 Bn+**

- Increased food industrialization (wine, canned and frozen food)
  - Potential investment: **USD 0.5 Bn+**
THERE IS A PLAN IN PLACE TO INCREASE GRAIN AND MEAT PRODUCTION IN 48% AND 30% BY 2025

**Grain production**

- **Estimated 48% increase by 2025**

**Key Challenges to increase crop production**
- Increase planted area
- Increase irrigated area (4MM Ha)
- Reduce bottlenecks
- Improve logistic costs

**Meat production**

- **+30%**

**Key Challenges to increase meat production**
- Reduce informality
- Reduce bottlenecks
- Open new markets
- Reduce Logistic costs

Source: Ministry of Agroindustry
There is more than 1,3 Mn ha of planted forest and a sustainable excess supply of 8-10 Mn m³/year

**Misiones**
More than 352,000 ha of fast growing plantations (85% coniferous, 3% eucalyptus)

**Corrientes**
Developed a vast area of fast growing plantations reaching 425,000 ha (73% coniferous, 27% eucalyptus)

**Entre Ríos**
- 154,000 ha of fast growing plantations (13% coniferous, 70% eucalyptus)
- High industrialization track record focused on first and second transformation

**Buenos Aires - Delta**
- 100,000 ha soft wood species (65% populus, 35% eucalyptus)
- Main local market for wood products

**Andean Patagonia**
- 98,000 ha of coniferous
- Large forestry potential

There is an attractive installed capacity for new investment projects

- 50 Mn ha of native forests with high quality wood
- 7 Mn m³ of raw material ready to be harvested
- 60% of production goes to sawmills and linerboards
- Remaining 40% to paper and pulp producing plants

**Production in 2016**

- 5.9 Mn Tons extracted
  - 65% of raw material used for production
- 3 Mn Tons extracted
  - 22% of raw material used for production

Source: Ministry of Agribusiness
Commercial forest plantations show one of the highest yielding areas in the world

- Both the private and public sector (through INTA) are working on genetic improvements and/or other silvicultural modifications that could further improve yield
- The high growth of plantations enables short rotations
  - **Argentina**: 20 years
  - New Zealand: 30 years
  - US South: 30 years
  - Canada: 80 years

Source: Poyry
There is a regional opportunity of 1.7 Mn Tons in kraft paper

**Latin American Kraftliner Supply and Demand Balance**

- **Region**
- **Brazil**
- **Mexico**
- **Argentina**
- **Ecuador**
- **Venezuela**
- **Chile**
- **Colombia**
- **Peru**

- **Source:** Poyry

- All countries in Latin America except Brazil rely on imports to meet kraft paper demand
- The growth of the retail sectors and technological advancements increase the potential applications for paper packaging assuring an **upward demand for the next years**
- Cost competitiveness from cheap raw material and vast land availability can replace higher-cost kraft paper imports from North America
AGENDA

COUNTRY OVERVIEW AND STEPS TO IMPROVE BUSINESS CLIMATE

SELECTED SECTORS WITH INVESTMENT OPPORTUNITIES

- Power generation & renewables
THERE IS A PLAN IN PLACE TO REACH ~55 GW OF INSTALLED CAPACITY BY 2025

**Power generation:** target of 22.5 GW additional generation for 2025

<table>
<thead>
<tr>
<th>Installed Capacity (GW)</th>
<th>Addtionall Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable</td>
<td>34</td>
</tr>
<tr>
<td>Nuclear</td>
<td>11</td>
</tr>
<tr>
<td>Hydro</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
</tr>
</tbody>
</table>

**Transmission:**
- By 2025 5,000 km of ultra high voltage transmission lines will be added to the 14,000 km current interconnected system

**Power Tenders:** Opportunities totaling an estimate of U$ 12 Bn

1. **Target: Turn simple cycles into combined cycles and co-generation projects**
   - Capacity to be called: ~1 GW
   - Estimated CAPEX to be awarded: ~U$ 1 Bn - (~U$ 4.5 Bn offered)

2. **Target Combined cycles and high efficiency thermal facilities**
   - To be launched: 1st Q 2018
   - Capacity to be called: 3GW
   - Estimated CAPEX: ~U$ 4-5Bn

3. **Target: Transmission lines - PPP**
   - To begin launching process: 1st Q 2018
   - Mid and High Voltage transmission lines (~3,000km)
   - Estimated CAPEX: ~U$ 3Bn

4. **Target: Renewable Energy projects**
   - ~1GW to be awarded annually
   - ~USD 15 Bn investments are needed to reach target
   - Excellent conditions for wind, solar, biomass and hydraulic power generation
RESULTS OF THE FIRST TWO TENDERS IN RENEWABLE AND THERMAL ENERGY WERE HEAVILY OVERSUBSCRIBED

Renewable Energy (RenovAr Rounds 1 and 1.5)

1 GW Capacity called for tender 123 Projects presented
x 6.3 Oversubscribed

A W A R D S

<table>
<thead>
<tr>
<th>Type</th>
<th>Projects</th>
<th>Capacity/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>22</td>
<td>1,472 MW / 5,827 MWh/yr</td>
</tr>
<tr>
<td>Solar PV</td>
<td>24</td>
<td>916 MW / 2,192 MWh/yr</td>
</tr>
<tr>
<td>Biogas</td>
<td>6</td>
<td>9 MW / 67 MWh/yr</td>
</tr>
<tr>
<td>Small Hydro</td>
<td>5</td>
<td>11 MW / 65 MWh/yr</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
<td>2,423 MW / 8,268 MWh/yr</td>
</tr>
</tbody>
</table>

Thermal Energy

- Auction initially contemplated increasing installed capacity by 1 GW, but ended up awarding 2.8 GW due to high demand

- Results:
  - Total of **2.8 GW** awarded
  - **6.6x** oversubscribed
  - **20%** offers coming from new players
  - Pricing ~**32%** cheaper than previous auction

For specific information on the Renewable Energy awarded projects, please see the RenovAr Brochure developed by the Undersecretariat of Renewable Energy, Ministry of Energy and Mines
RESULTS OF THE FIRST TWO TENDERS IN RENEWABLE AND THERMAL ENERGY WERE HEAVILY OVERSUBSCRIBED

Renewable Energy (RenovAr Round 2)

1,2 GW  Capacity called for tender  228  Projects presented
x 7.8  Oversubscribed

AWARDS

TOTAL AWARDED
66 Projects 1,408 MW

Wind  8 Projects 666 MW

Solar PV  12 Projects 556 MW

Biomass  14 Projects 117 MW

Biogas  23 Projects 43 MW

Small Hydro  9 Projects 21 MW

Phase 2

• Phase 2 was opened for new tenders of 600 MWs

• Invitation price (USD /MWh)
  • BM: 106,73
  • BG: 156,85
  • WIND: 40,27
  • SPV: 41,76
AGENDA

COUNTRY OVERVIEW AND STEPS TO IMPROVE BUSINESS CLIMATE

SELECTED SECTORS WITH INVESTMENT OPPORTUNITIES

Automotive Industry
AUTOMOTIVE INDUSTRY IS HIGHLY DEVELOPED

There are 10 manufacturing facilities

<table>
<thead>
<tr>
<th>Location</th>
<th>Manufacturers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Córdoba (Santa Fé)</td>
<td>GM</td>
</tr>
<tr>
<td>El Palomar (Buenos Aires)</td>
<td>Toyota, Honda</td>
</tr>
<tr>
<td>Rosario (Santa Fé)</td>
<td>Ford, VW</td>
</tr>
<tr>
<td></td>
<td>PSA Peugeot Citroën</td>
</tr>
<tr>
<td></td>
<td>IVECO</td>
</tr>
</tbody>
</table>

+ 500
Manufacturing Companies of auto-parts

Air conditioning systems, suspension systems, transmissions, braking and engine components, tires, batteries, oil and air filters, pumps, seats, etc.

PRODUCTION:
600,000 VEHICLES*

10% of the value added of the manufacturing industry
#22 world’s largest producer
#3 Latam’s largest producer
*Average production in the period 2013-2016

78,000 WORKERS

+ 150,000 in auto-parts manufacturers

REGIONAL MARKET:
3.7 M VEHICLES

(Average sales in Argentina and Brazil in the period 2013-2016)

EXPORT TO MORE THAN 15 COUNTRIES

ANNOUNCED INVESTMENTS
USD 2.2 Bn

Sources: ADEFA, ANFAVEA, OICA and Ministry of Labor
### USD 100 M
Productivity improvement in Pacheco and Córdoba facilities.

### USD 250 M
Improvements in Virrey del Pino facilities.

### USD 300 M
Productivity improvement in Zárate facilities

### USD 320 M

### USD 500 M
New exclusive platform and modernization of the facilities.

### USD 800 M
Development of a new platform for a pickup truck in joint venture with Mercedes (Nissan NP300 Frontier - Renault Alaskan - Mercedes Class X).

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**Announced Investments:** USD 2.2 Bn*

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*Since 12/11/2015
Sources: AAICI
THE NATIONAL GOVERNMENT HAS A PLAN IN PLACE FOR THE AUTOMOTIVE INDUSTRY

VISION

PRODUCTIVE COMPLEMENTARY WITH BRAZIL

SPECIALIZATION

NEW MARKETS DEVELOPMENT

KEY STEPS

Historical Agreement for the Automotive industry (Plan 1 millón)

Regime for the development and strengthening of autoparts manufacturing

New agreement with Brazil (extension of the FLEX regime)

↑ SCALE

↑ PRODUCTIVITY

↑ DEMAND OF LOCAL AUTO PARTS

↓ COST
PLAN “1 MILLON” IS AN AGREEMENT BETWEEN THE GOVERNMENT, UNIONS AND COMPANIES

<table>
<thead>
<tr>
<th>NATIONAL AND SUB-NATIONAL GOVERNMENTS</th>
<th>UNIONS</th>
<th>COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New regime for the development and strengthen of national autoparts manufacturing (with a focus on exclusive regional platforms)</td>
<td>• Strengthening R&amp;D capacities</td>
<td>• Suppliers development</td>
</tr>
<tr>
<td>• Review of the tariff structure</td>
<td>• Job training program</td>
<td>• Investment program in new projects</td>
</tr>
<tr>
<td>• Strengthen the National Institute of Industrial Technology Promotion</td>
<td>• Improve productivity</td>
<td>• Price maintenance at levels similar to comparable economies</td>
</tr>
<tr>
<td>• Training actions to improve quality and productivity (JICA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Optimize the regulatory framework (LCM, CHAS, patenting)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Follow-up to the agreement with Brazil (CAP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Promote access to widely used inputs at competitive prices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Opening of new markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Programs to develop new motorization technologies (hybrids, electric vehicles and biofuel, hydrogen)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### COMMITMENT

<table>
<thead>
<tr>
<th>PLAN 1 MILLÓN</th>
<th>2013-2016</th>
<th>2019</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNUAL PRODUCTION</strong></td>
<td>600 K</td>
<td>750 K</td>
<td>1 MN</td>
</tr>
<tr>
<td><strong>NATIONAL INTEGRATION LEVEL</strong></td>
<td>25%</td>
<td>35%</td>
<td>40%</td>
</tr>
<tr>
<td><strong>GENERATED EMPLOYMENT</strong></td>
<td>+ 30,000 JOB POSITIONS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEASURES APPLIED TO STRENGTHEN THE SECTOR

ELIMINATION OF EXPORT TAXES ON INDUSTRIAL PRODUCTS

INCREASE OF EXPORTS REFUNDS

NEW COMERCIAL AGREEMENT WITH COLOMBIA

LOW RATE CREDITS FOR PURCHASE OF VEHICLES MANUFACTURED LOCALY

REDUCTION OF IMPORT DUTIES TO NEW TECHNOLOGIES

---

Development and strengthening of autoparts manufacturing

Benefits

• Terminals and autoparts manufacturers

Requirements

• New Project and mayor restyling
• Existing projects: increase in productive capacity
• Promoted local integration with foreign suppliers
• Mercosur exclusive models

Benefits for investment

• Fiscal credit bonus of 7% over local purchases of molds and dies
• Exemption of imports taxes on molds and dies

Benefits for local component

• Fiscal credit bonus of up to 15% over local autoparts purchase value (local parts may include imported inputs)
• Potential bonus if forging and casting processes are integrated or “global” autopart manufacturers are developed

---

Fiscal benefits for Capital Investment

• New production lines imports regime: No import duty

• Used production lines imports regime: Reduced duty (6%)

• Used capital goods imports regime: permission to import re-furbished capital goods
THERE ARE CLEARLY MARKED OPPORTUNITIES BASED ON GLOBAL TRENDS AND THE COUNTRY’S CURRENT CAPACITY

Shortage of supply and increasing demand, product logistics barriers and the development of new technologies represents some of the gaps in the sector that need to be tackled.

Sources: ABCEB; ADEFA; Ministry of Production
There are major investment opportunities in the Vaca Muerta gas & oil reserves, off-shore potential and other mid stream opportunities

**"Vaca Muerta" (VM) play has world-scale potential**

- **Shale Oil Reserves** (Bill. Barrels): Russia 75, USA 58, China 32, Arg 27
- **Shale Gas Reserves** (Trill. Cubic feet): China 1,135, Arg 802, Algeria 707, Russia 665

- **Argentina holds the world’s 2nd largest shale gas and 4th largest shale oil technically recoverable reserves**
- **Vaca Muerta has 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 Organic Content). This is 2.5 times bigger than Eagle Ford
- **Infrastructure projects underway**
  - Train Bahia Blanca – Añelo (EPC/F/O) (U$ 500Mn est.)
  - Housing
  - Roads (National and provincial)
- **High VM gas price (framework)**
- **Estimated CapEx / year to develop VM: U$ 10-20 Bn**

**Off-shore’s great potential to be untapped**

- First tenders will be launched in the 2\textsuperscript{nd} half of 2017. The first area to be tendered will be the Austral Basin
- After that, one tender per year will be launched
- Input for future tenders: Analysis of interested 3\textsuperscript{rd} parties

**Mid stream opportunities**

- Main pipelines currently concessioned
- Idle capacity in main pipelines until 2019
- Expansion under analysis
- Companies targeted: EPC/EPCF
- Estimated Capex: U$ 3-4 Bn
- Gathering pipelines needed

* Area of 30,000 km² with ~300m of shale layer at ~3,500m of depth (with 3-5% of Total Organic Content). This is 2.5 times bigger than Eagle Ford
Gas-prone assets are fairly distributed amongst international, regional, and local players (YPF 22%, ExxonMobil 19%, Total 12%, Pampa Energía 12%, Wintershall 8%). Oil-prone ones are heavily concentrated by YPF (50+%).

Even though, drilling activity saw a decrease of at least 25% in 2016, throughout 2016 international major players have announced new pilot projects for 2017.

Besides being valued at a discount when compared to US shale plays, Vaca Muerta experienced limited M&A activity. Nevertheless, it is expected that changes in the industry’s legislation will boast M&A and JVs business.

Concession owners are looking for Financial and/or Technical partners. New developers have a good opportunity for exploration and exploitation through JOAs or JVs with existing players.

GyP Neuquen (Provincial company) has launched a tendering process for concessions in the dry gas area.

**Labor and Price agreement reached**

- **Participants**: Labor Unions, Government (National and Provincial) and Companies

- Modifications to the Vaca Muerta’s collective bargaining agreement (i.e.: labor costs and productivity will be improved by eliminating “taxi hours”, redefining the quantity of operators per well, reducing the so call “wind hours”, among others)

- Prices for unconventional (shale and tight) gas production in the Neuquen Basin will have an insured minimum between 2018 and 2021**:

<table>
<thead>
<tr>
<th>Year</th>
<th>Min insured [US$ / MBTU]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>7.5</td>
</tr>
<tr>
<td>2019</td>
<td>7.0</td>
</tr>
<tr>
<td>2020</td>
<td>6.5</td>
</tr>
<tr>
<td>2021</td>
<td>6.0</td>
</tr>
</tbody>
</table>

**In order to apply for this differential price, companies must be inscribed in the National Petroleum Companies Registry and must credit an specific investment plan**
Project Description

- G&P has divided the blocks into units of approx. 120 km² (29,640 acres)
- V Bidding Round Blocks: qualified interest parties will be invited to carry out G&G studies with open tenders every quarter
- Contractual System: JV with exploratory carry and exploitation royalties
- Other G&P available areas: qualified interested parties will be invited to carry out G&G studies with open tenders every quarter

Contract proposed terms for blocks of the V Bidding Round

- Standard AIPN model of Joint Venture Agreement adapted to comply with Argentina Law
- Working interest: contractor/s 90% - G&P 10%
- Exploration minimum work commitment 2 horizontal wells
- Exploitation period: 35 years + 10 years optional extension
- G&P investments in exploration to be covered in full by contractor with no make-up payment
- Development and exploitation costs: each company pays their Participating Interest share
- G&P has the option to exchange it Participating Interest (10%) for a 2.5% Overriding Royalty
- Applicable Law: Argentina
- Jursisdiction and Venue: Neuquén Province
COUNTRY OVERVIEW AND STEPS TO IMPROVE BUSINESS CLIMATE

SELECTED SECTORS WITH INVESTMENT OPPORTUNITIES

Infrastructure
Lessons Learnt

- Fostering short-term political agendas is detrimental to infrastructure investment and quality (maintenance)
- 100% public sector financed infrastructure projects lead to structural underinvestment and cost efficiency

Government Initiatives

- Fostering sustainable development through infrastructure is a priority
- Legal framework and long term secured financing schemes implemented

PPP Law approved in November 2016
- Regulatory decree published in February 2017

PPP Unit (Ministry of Finance) works with line Ministries on:
- Project design and structuring
- Feasibility studies
- Tender document preparation
- Promoting projects nationally and abroad

World Bank Group and IADB assistance for best practices

Streamlining project approval process with President’s Chief of Cabinet Office
### Argentine PPP law main characteristics

<table>
<thead>
<tr>
<th>Flexible legal structure</th>
<th>Modern financing schemes</th>
<th>Transparent PPP selection process</th>
<th>Enhanced protections to contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• May be structured through either incorporated or unincorporated JVs, and with flexible PPP contracts</td>
<td>• Broad choice of financing credit enhancement structures</td>
<td>• Public tender process to select the private counterparties</td>
<td>• Limited government intervention and prerogatives in the PPP regime and contracts:</td>
</tr>
<tr>
<td></td>
<td>• Government may have equity stakes in PPP-contractor companies</td>
<td>• Possibility of assignment of cash flows to repay financings</td>
<td>– Arbitration with limited appeal before judicial courts</td>
</tr>
<tr>
<td></td>
<td>• Public sector contributions: concessions, funds, collection rights, capital, tax reliefs, assets, guarantees</td>
<td>• Possibility of assignment of contractual position and creation of step-in rights in favor of lenders</td>
<td>– Technical panels to address controversies before formal disputes procedures</td>
</tr>
<tr>
<td></td>
<td>• Off-takers: PPP payments may come from end-users and/or public sector</td>
<td>• Use and creation of any type of security interests</td>
<td></td>
</tr>
</tbody>
</table>
In infrastructure, ambitious development plans for roads & highways, railways and airports

**Roads:** improvement and construction of roads & highways
- ~40% of roads are currently in poor conditions
- Only 2,800km of highways in place
- **Plan 2027:**
  - 11,400 km of total highways
  - 13,000 km of roads in good conditions
  - Investment of USD 28 Bn

**Freight rail:** rehabilitation of the entire network
- Only 5% of freight is transported by railway (18 Mn tones)
- Average speed of ~12-15 km/h
- **Plan 2027:**
  - 10,000 km of refurbished rails
  - 80-100 Mn tones transported
  - Investment of USD 15 Bn

**Airports:** modernization & increased flight usage
- Growth by 2x of air traffic expected by 2020 (10 Mn to 20 Mn passengers)
- Expanded international connections
- **Plan 2019:**
  - 14 airports modernized by 2019
  - Investments of USD 900 Mn

**Passenger rail:** new developments
- The Regional Express Network (RER) is a USD 8.5 Bn urban passenger investment

**Ports**
- Port of City of Buenos Aires bid

Source: Ministry of Transportation
COUNTRY OVERVIEW AND STEPS TO IMPROVE BUSINESS CLIMATE

SELECTED SECTORS WITH INVESTMENT OPPORTUNITIES

Mining
Great mining potential, with abundant reserves of lithium, copper, silver, gold and potassium

Significant mining potential with ~75% unexplored surface

- **750,000 Km²** of high potential mining areas
- **183,000 Km²** of already granted mining rights
  - 25 advanced prospects
  - 14 production mines
- ~65% of the mining surface remains unexplored
- No export taxes for mining products

Important opportunities in lithium, copper, silver and gold

- **USD 30 Bn+** needed to develop copper, silver, gold, lithium, potassium and other opportunities
- **There are 40+** projects with PEA and onward
- **There are 340+** projects in initial stages

Source: Ministry of Energy and Mining USGS
85 projects in early stages in several provinces

- 23 in Salta
- 17 in San Juan
- 11 in Catamarca
- 10 in La Rioja
- 8 in Mendoza
- 7 in Jujuy
- 6 in Neuquen
- 2 in Chubut
- 1 in La Pampa

<table>
<thead>
<tr>
<th>Advanced Projects</th>
<th>Company</th>
<th>Metals</th>
<th>Province</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agua Rica</td>
<td>Yamana Gold</td>
<td>Cu, Au, Mo, Ag</td>
<td>Catamarca</td>
<td>Feasability</td>
</tr>
<tr>
<td>El Pachón</td>
<td>Glencore</td>
<td>Cu, Mo, Ag</td>
<td>San Juan</td>
<td>Feasability</td>
</tr>
<tr>
<td>San Jorge</td>
<td>Solway Investment Ltd</td>
<td>Cu, Au</td>
<td>Mendoza</td>
<td>Pre-Feas.</td>
</tr>
<tr>
<td>Taca-Taca</td>
<td>First Quantum</td>
<td>Cu, Au, Mo, Ag</td>
<td>Salta</td>
<td>Feasability</td>
</tr>
<tr>
<td>Josemaría (las Vicuñas, Las Flechas)</td>
<td>NGEX Resources</td>
<td>Cu, Au, Ag</td>
<td>San Juan</td>
<td>PEA</td>
</tr>
<tr>
<td>Los Azules</td>
<td>McEwen Mining</td>
<td>Cu, Au, Ag</td>
<td>San Juan</td>
<td>PEA</td>
</tr>
<tr>
<td>El Altar</td>
<td>Stillwater Mining Corp.</td>
<td>Cu, Au</td>
<td>San Juan</td>
<td>Adv. Exp.</td>
</tr>
</tbody>
</table>

Our 7 projects in advanced stage are exploitable in the near future
3rd largest brine lithium resource, alongside Bolivia and Chile we form the lithium triangle

### JUJUY PROVINCE
1. LAQ. PULULOS (Dajin Resources)
2. LAQ. GUAYATAYO (Dajin Resources)
3. SALAR GRANDES (Delta Mutual Inc - Dajin Resources Corp - Rodinia Lithium - Orocobre Ltd. - South American Salar)
4. SALAR OLAROZ (Chicoana Ltd - Toyota - Tsho-Jerse)
5. SALAR CAUCHAR-OLAROZ (Lithium Americas - SQM)

### CATAMARCA PROVINCE
19. SAL DE VIDA (Galaxy Lithium)
20. SALAR DEL HOMBRE MUERTO (FMC - Galaxy)
21. LAGUNA VERDE (Neo Lithium)
22. SALAR DE ANTOFALLA (Bollard Argentina)
23. SALAR DE INCAHUASI (Peplinini Minerals)
24. SALAR DE ANTOFALLA (Albemarle)
25. TRES QUEBRADAS (Lixex)

### SALTA PROVINCE
6. SALAR DEL RINCON (Regent Resources Capital + Argoys Minerals Ltd. + Enrigi)
7. SALAR DE PULAR (Peplinini Minerals)
8. SALAR DE ROCITOS (Minera Salitrera SA - Locus Mineras S.A.)
9. SALAR DE PASTOS GRANDES (Ady resources - Enrigi group)
10. SALAR DE ARRIBO (Laminas Sudamericanas SA - Peplinini Minerals Ltd.)
11. SALAR DE POZUELOS (Posco)
12. SALAR DEL HOMBRE MUERTO (Everlight - Galaxy)
13. SALAR GRANDES (Dajin Resources)
14. SALAR DE LLULLALLACO-MARILANA (Ganfeng Lithium)
15. SALAR DE CENTENARIO-RATONES (Eramine Sudamecrica - Rodinia Lithium - Locus Mineras S.A)
16. SALAR DE TOULLAS (Minera Tresí)
17. SALAR DE RIO GRANDE (Ady Resources - Enrigi group (Lithium Exploration))
18. SALAR DE DIABLUROS (Alberdeen Int. - Potasio y Litio de Argentina S.A).
19. SALAR DE ARIZARO (Grosso - Gal)

There are 7 projects in pilot stage

<table>
<thead>
<tr>
<th>Company</th>
<th>Salar</th>
<th>Tn/yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orocobre Ltd. Toyota</td>
<td>S. Oloroz Cauchari</td>
<td>20k</td>
</tr>
<tr>
<td>FMC</td>
<td>S. Del Hombre Muerto</td>
<td>20k</td>
</tr>
<tr>
<td>Enirgi Group</td>
<td>S. Rincón</td>
<td>20k</td>
</tr>
<tr>
<td>Ganfeng Lithium</td>
<td>S. Llullaillaco</td>
<td>20k</td>
</tr>
<tr>
<td>Eramet / Eramine</td>
<td>S. Centanario</td>
<td>20k</td>
</tr>
<tr>
<td>SQM</td>
<td>S. Cauchari Oloroz</td>
<td>20k</td>
</tr>
<tr>
<td>Galaxy Resources Ltd.</td>
<td>S. Del Hombre Muerto</td>
<td>20k</td>
</tr>
</tbody>
</table>

**PROJECTS IN EARLY STAGES**
- 5 in Jujuy
- 15 in Salta
- 5 in Catamarca

3rd largest brine lithium resource, alongside Bolivia and Chile we form the lithium triangle
Knowledge Based Services
Knowledge Based Services has become the 2nd export industry in the country with more than USD 6 Bn exported in 2016(1)

Interannual exports variation rate for 1st quarter 2017 is (+)27%
KBS exports represent 10.4% of total exports of Argentina (2016)
The main export destination is USA (w/approximately 47% of total)

(1) INDEC-National Institute of Statistics and Census (Argentina). Agribusiness is the 1st exporting industry
Knowledge Based Services (KBS)

<table>
<thead>
<tr>
<th>Sub-sectors (USD Mn)</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business, professional &amp; technical services</td>
<td>4.257</td>
</tr>
<tr>
<td>Software &amp; IT services (TICs)</td>
<td>1.368</td>
</tr>
<tr>
<td>Other services (cultural, educational, audiovisual &amp; recreational)</td>
<td>402</td>
</tr>
<tr>
<td><strong>Total (exports)</strong></td>
<td><strong>6.027</strong></td>
</tr>
</tbody>
</table>

(+420K people) employed
1 out of 4 people that work in services industry, is **dedicated to exports**

- 43% Accountants, legals & consultants
- 13% Engineering (R + D)
- 27% IT
- 17% Audiovisual & advertising

- **29 of Top 100 Forbes Companies** develop services for overseas in Argentina
- Argentina accounts for **0.4%** of the **Global KBS market**
- **Largest exporter of MERCOSUR software** and **computer** services and **audiovisual** services
- Strong relevance of “**intra-firm**” **trade**, especially in technical and professional services

Source: Undersecretariat of Technology and Productive Services
Over 40 companies across different industries have established their shared service centers in Argentina.

- **PwC**: 650 employees providing accounting and consulting services, tax, ethics & compliance and cybersecurity (opened in 2010)
- **EY**: 1000 employees providing IT, tax & project management services (opened in 2012)
- **Accenture**: 2200 employees providing IT, software, business processes and accounting services (opened in 2005)
- **JPMorgan Chase**: 1000 employees providing IT, research, credit analysis and processing services (opened in 2014)
- **IBM**: 4000 employees providing IT, software, business processes and accounting services (opened in 2005)
- **ExxonMobil**: 1600 employees providing tax, procurement, accounting and payroll (opened in 2005)
- **Chevron**: 550 employees providing IT and accounting services (opened in 2006)
- **SAP**: 120 employees providing admin, procurement and billing services (opened in 2006)

We have become a hub for large companies’ shared service centers.

*NOT EXHAUSTIVE*
AGENDA

COUNTRY OVERVIEW AND STEPS TO IMPROVE BUSINESS CLIMATE

SELECTED SECTORS WITH INVESTMENT OPPORTUNITIES

TMT
The expansion of Telecommunications infrastructure in Argentina represents an investment opportunity of US$ 7+ Bn

<table>
<thead>
<tr>
<th>Opportunity Detail (USD Mn)</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Cell Coverage Expansion (Towers)</td>
<td>Opportunity to build a further 20 – 50K “neutral” cell towers to drastically improve network coverage and quality in Argentina</td>
</tr>
<tr>
<td><strong>2</strong> Data Centers</td>
<td>Opportunity to develop a regional hub for massive data centers in Argentina</td>
</tr>
<tr>
<td><strong>3</strong> FTTH (Artsat - Linked)</td>
<td>Opportunity for local telco providers to complement ARSAT’s fiber optic network connecting homes (last mile)</td>
</tr>
<tr>
<td><strong>4</strong> 4th / 5th Mobile Operator</td>
<td>Opportunity to create a 4th/5th National or Regional Mobile Network Operator</td>
</tr>
<tr>
<td><strong>5</strong> Federal Internet Network (REFEFO - ARSAT)</td>
<td>Opportunity to illuminate ARSAT’s fiber optic network to reach +1200 towns across the country</td>
</tr>
<tr>
<td><strong>6</strong> MVNOs</td>
<td>3 new players acquired MVNO licenses during the past year</td>
</tr>
</tbody>
</table>
The expansion of Argentina’s cellular coverage by installing a further 20 – 50K towers presents a USD 2 – 5 Bn investment opportunity

Project Description
- Opportunity encompasses construction of cell towers/sites
- Long term leases, typically 10+ years
- Opportunity for private investors, including dedicated cell tower builders/operators

Opportunity Background
- The National Government, through Decree 798/2016, aims to facilitate network deployment by providing state properties (AABE) for the installation of cell towers
- There is ample room for Neutral Infrastructure Operators to enter this market

USD 2-5 Bn
(USD 125K per site for 20-50K cell sites)

2x-4x Growth Potential

In Argentina there are approximately 16,000 active cell sites (mobile towers)

To ensure an acceptable quality of service, operators need to at least double to quadruple this number
AGENDA

COUNTRY OVERVIEW AND STEPS TO IMPROVE BUSINESS CLIMATE

SELECTED SECTORS WITH INVESTMENT OPPORTUNITIES

Real Estate
The government has begun an auctioning process for 10 assets in the City of Buenos Aires and 5 in the rest of the country during 2H 2017 and 2018.

The government has a pipeline of attractive strategically located land plots to develop more than 1.5 Mn m2 of GLA.

2H 2017 public auction of 4 of the 8 parcels of a unique core office area to develop total approx. 210K m2 of GLA premium office properties in the heart of the City of Buenos Aires.

**CAMPANA**
74,600 m2 of mix uses area

**MENDOZA**
192,600 m2 of mix uses area

**NEUQUEN**
87,700 m2 of residential area

**CITY OF BUENOS AIRES**

**TIRO FEDERAL / INNOVATION PARK**
570,00 m2 of mix uses area

**CATALINAS NORTE**
218,000 m2 of premium office GLA

*Expected 2018*

**AUCTION RESULTS**

Catalinas Norte 2 was divided in 7 parcels. Two parcels were auctioned during October 2017 Selling price approx. USD 40 MM each (each has an approx. GLA of 30/35 m2). Two more parcels will be auctioned on **December 14th, 2017**.
Constructible square meters and potential floor areas are merely indicative of the potentiality of the site. Definitive building parameters and codification will arise from Tender Documents. Renders serve only a purpose of illustration.
Sector agreements
The government is implementing agreements to increase productivity in key sectors (1/2)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Government</th>
<th>Private companies</th>
<th>Unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>• New developer loans at 17% fixed rate for up to 60 months</td>
<td>• New 100k residential units for households with income inferior to 8 times minimum wage with price reduction of ~10% (investment of USD ~10 Bn)</td>
<td>• Improve presentism ratios and labor productivity</td>
</tr>
<tr>
<td>Automotive</td>
<td>• Implement new auto parts Law</td>
<td>• Invest USD 5 Bn in next 2 years and increase 40% use of local auto parts</td>
<td>• Reduce absenteeism by 3%</td>
</tr>
<tr>
<td>Industry</td>
<td>• State sponsored mortgage credits and subsidies for first time buyers doubled to USD ~4 Bn</td>
<td>• Expand productive capacity</td>
<td>• Design employee training programs to ensure quality jobs</td>
</tr>
<tr>
<td></td>
<td>• Municipal and sales tax reduction</td>
<td>• Integrate and professionalize local suppliers</td>
<td>• Improve presentism ratios and labor productivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Boost new technologies (electric bikes)</td>
<td></td>
</tr>
<tr>
<td>Motorcycle</td>
<td>• Import tax reduction for unmounted motorcycles</td>
<td>• No worker dismissals or suspensions until 2020</td>
<td>• No adjustment for wages until 2020</td>
</tr>
<tr>
<td>Industry</td>
<td>• Provide technical support</td>
<td>• Adequate productive processes to reduce costs</td>
<td>• Improve presentism ratios and labor productivity</td>
</tr>
<tr>
<td></td>
<td>• Promote new la to reduce bureaucracy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic</td>
<td>• Gradually reduce sales taxes for electronic products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>• Export taxes and maritime transport costs reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Provincial taxes and port costs reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Only for the province of Tierra del Fuego</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The government is implementing agreements to increase productivity in key sectors (2/2)

<table>
<thead>
<tr>
<th>Government</th>
<th>Private companies</th>
<th>Unions</th>
</tr>
</thead>
</table>
| **Oil & Gas** | • National government guarantees minimum price for gas  
• Neuquén province not to increase taxes and will build infrastructure required for gas exploitation | • Invest minimum of USD 5 Bn in 1st year and USD 15 Bn in following ones | • Productivity improvements (adjustments in workers per well, working hours, night shifts, etc.) |
| **Renewable Energy** | • Tax and financing investment for productive investment, local suppliers and technological integration | • Create 2,000 new jobs within the Renovar 2 tendering round  
• Obtain quality certificates and increase productivity  
• Improve export capabilities | • Improve labor productivity  
• Create new training programs |
| **Textile & Leather Industries** | • Special treatment for industry workers through Repro Express program  
• Promote new law to increase formal employment | • Banks: new installment payment plan for consumers - 3 & 6 month zero interest payments for national products (financing ~400 Mn worth of monthly sales) | • Participation in round tables to work toward approval of new law |
| **Biotechnology** | • Major tax incentives by regulating the Biotech Law  
• Improve registration processes to shorten times and boost innovation | • Invest USD 670 Mn, creating 800 jobs  
• Increase exports, reaching USD 450 Mn in 2019 | |
Renewables
300+ GW potential in renewable energies distributed across different regions in the country

**BIOMASS**
- Wide availability of sugar cane bagasse and agricultural residue
- Significant forestry coverage and wood production in NE and south regions (eg. Tierra del Fuego)

**GEOTHERMAL**
- High quality geothermal resources located in the Central Andes region.
- The area hosts almost every basic geothermal element such as volcanoes, fumaroles, hot springs and geysers

**SOLAR**
- High solar radiation levels found in flat terrains with good altitude and low humidity levels
- High capacity factors for Solar PV

**MINI - HYDRO**
- Wide availability of mini-hydro projects with high capacity factors (over 50%)

**WIND**
- Year-round strong and stable winds reflected in capacity factors of 35%+
- Favorable terrain conditions (include rounded hills, open plains and extensive shoreline)
Argentina has the highest wind power potential in the region...

- Patagonia Region has very stable and strong winds throughout the entire year (with average winds of over 9m/s)
- Windfarms with capacity factors ranging from 35% to 50%

Selected Countries: Wind Capacity Factors (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Capacity Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arg</td>
<td>47</td>
</tr>
<tr>
<td>Uru</td>
<td>44</td>
</tr>
<tr>
<td>Per</td>
<td>37</td>
</tr>
<tr>
<td>Bra</td>
<td>35</td>
</tr>
<tr>
<td>Mex</td>
<td>20</td>
</tr>
<tr>
<td>Chi</td>
<td>33</td>
</tr>
<tr>
<td>USA</td>
<td>23</td>
</tr>
<tr>
<td>Ger</td>
<td>19</td>
</tr>
</tbody>
</table>

Argentina: Average Windspeed Map

CF Source: Project public data / BNEF; Map: Centro Regional de Energía Eólica
... and the highest solar power potential in South America

- Northern Region has exceptional radiation levels and terrain conditions, comparable to those in the Atacama desert in Chile
- PV capacity factors expected to range between 25% and 33% (with tracker)

**Selected Countries: Solar Capacity Factors (%)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Capacity Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mex</td>
<td>34</td>
</tr>
<tr>
<td>Arg</td>
<td>33</td>
</tr>
<tr>
<td>Chl</td>
<td>31</td>
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<tr>
<td>Bra</td>
<td>20</td>
</tr>
<tr>
<td>Per</td>
<td>20</td>
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<tr>
<td>Uru</td>
<td>16</td>
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<tr>
<td>Ger</td>
<td>17</td>
</tr>
<tr>
<td>Chi</td>
<td>15</td>
</tr>
<tr>
<td>Jpn</td>
<td>12</td>
</tr>
</tbody>
</table>

**Argentina: Average Solar Radiation Map**

CF Source: Project public data / BNEF; Map: National Renewable Energy Laboratory (NREL)
The government is implementing key reforms that foster entrepreneurship, software development and KBS (1/3)

Fast track company registration – SAS company

- Limited liability company
- Tax identification number (CUIT)
- Bank account
- Digital accounting ledgers
- Potential tax incentives

24 hs.

Tax incentives

Software law
60% reduction of Income Tax, 70% reduction in Social Security Contributions as a credit tax and no retention of VAT for software companies (in place until December 2019)

For investors
75% of any investment in a SAS company or SAS accredited investment fund will be tax-deductible for up to 10% of the investor’s annual profits (for less developed areas 85%)

Export tax reimbursement
2% - 2.5% refund of export revenues

Elimination of double taxation
Elimination of taxes imposed by other governments, already implemented with Brazil

Tax Reform
First comprehensive package in 30 years to amend central taxes
The government is implementing key reforms that foster entrepreneurship, software development and KBS (2/3)

Financing & government support

The Productive Transformation Plan assist companies that need to improve production processes, make a technological or scale leap, develop new products or reorient their production to other activities.

PAC Emprendedores offers subsidies of up to ARS 400k to entrepreneurs mentored by selected accelerators.

More than 30 tech poles and clusters to boost the development of the software industry.

Seed Fund was set up to support existing start-ups or projects with social or environmental impact, with 0% rate loans up to ARS 250k.

Through FONDCE (Fund for the Development of Venture Capital) will invest in start-ups and venture capital institutions.

- Financial assistance (including soft loans and non-reimbursable contributions) and technical support to 13 accelerator programs (10 technological & 3 science-based).
- Plan to co-create 10 new accelerators over the next year.

Legal framework for start-ups to raise funding by selling equity or offering convertible notes via online crowdfunding platforms.
The government is implementing key reforms that foster entrepreneurship, software development and KBS (3/3)

Training programs

“Plan 111 thousand” to develop 100,000 software programmers, 10,000 IT professionals & 1,000 entrepreneurs by 2021

Technical English training programs

The Ministry of Education is to implement a plan for students to switch careers without repeating courses (similar to European universities)

Labor Reform

• Fines from litigation will be collected by the Social Security Agency instead of the counterpart to reduce costs
• “Medical Commission” set up to reduce bias in labor accident trials

Government is implementing agreements with privates and unions in strategic sectors to boost productivity (currently 7 agreements – biotech, oil & gas, renewables, automotive, motorbikes, construction and textile)

Labor Inclusion Law will include condonation of accumulated debt and fines for unpaid workers’ contributions

• Workforce Integration Plan contributes with a subsidy of up to ARS 4,000 for each new unemployed hiring
• New tax reform will include the reduction of social security contributions
• New internship practice will grant a subsidy of ARS 3200 for hiring interns with an educational objective
We have become a hub for large companies’ shared service centers due to our well-known benefits.

**Ample supply of talented and English speaking workforce**
- 110k higher education graduates per year
- 1st in LatAm in terms of English proficiency (19th in the world)
- Excellent combination of aptitude & attitude
- 98% literacy rate countrywide
- Well proven ability to perform complex tasks
- Well known creativity and versality

**Located in a convenient time zone**
- Entire Americas and Europe within +/- 5 hours(1)

**Availability of high-quality affordable urban office space**
- Buenos Aires office space is cheaper than Rio de Janeiro, Sao Paulo, Bogota, Santiago and Mexico City
- Tax incentives exist for companies establishing in certain areas of Buenos Aires (e.g. new technology district)
- Free of natural disasters
- Buenos Aires is a cosmopolitan city with an unique cultural proposal in the region

(1) Differences can shift by +/- 1 hour during daylight savings time.
Approximately 90k international students come to study to Argentina each year\(^{(1)}\)

8 internationally ranked universities are located in or near Buenos Aires\(^{(1)}\)

Oldest University of the country is located in Cordoba city (founded in 1616)

3 out of 10 “mendocinos” are professional graduates

#1 Nobel Prizes in LatAm

---

\(^{(1)}\) QS University Rankings
Buenos Aires has become one of the main cities in LATAM to provide value added services.

### SMARTEST CITY

- **#1 in LATAM**

### OUTSOURCING DESTINATION

- Ranks **#10 in the world** - #1 Spanish speaking city

### INNOVATION CITY

- Ranks **#23 in the world** - #1 in LATAM

### MILENNIAL CITY

- **#1 in LATAM**

---

(1) According to “IESE Cities in Motion Strategies”
(2) Tholons 2017 Top 100 Outsourcing Destinations
(3) Innovation Cities™ Index 2016-2017 Americas
(4) According to “IESE Cities in Motion Strategies”
KBS target for 2020 is to create more than 80K quality jobs and reach USD 10 Bn Exports

(1) Productivity per employee (measured in revenues)
We can find many cases of success in Argentina spread across different industries.

Initiated operations in 2010

EXAMPLES

(1) EY expansion plans are confidential
We can find many cases of success in Argentina spread across different industries.

**EXAMPLES**

- **Accenture**
  - Plan 4000
  - FY17: 1335
  - FY15: 2054
  - FY14: 2269
  - FY05: 25
  - Initiated operations in 2005

- **J.P. Morgan**
  - Plan 2400
  - FY17: 349
  - FY16: 656
  - FY14: 180
  - FY09: 1335
  - Initiated operations in 2014

- IT Software
- Business Processes
- Accounting Services

- IT Software
- Research
- Credit analysis
- Processing services
OPPORTUNITY BACKGROUND

• Argentina possesses approximately 14,000 km high voltage (500 kV) transmission lines that connect the country from North to South and from East to West. The grid network also includes additional approximately 19,500 km mid voltage transmission lines.
• Argentina has set the goal of boosting clean energy consumption from current 2% to 8 % by the end of 2017, and to 20 % by 2025.
• Renewable energy auction program -designed to promote renewables- awarded approximately 5000 MW of new capacity.
• Additionally, thermal energy tendering process awarded another approximately 5000 MW of new capacity.
• Idle transmission capacity existing prior to the 2016 and 2017 renewable energy and thermal energy tendering processes has already been taken.
• Transmission lines tender goals:
  • Maintain system balance and stability and increase reach and capacity of the grid.
  • Reduce the infrastructure gap of Argentina by promoting the interaction between the public and private sectors through PPP contracts.
PUBLIC-PRIVATE PARTNERSHIP PROGRAM: HIGH VOLTAGE TRANSMISSION LINES

- 7 Projects; ~2,175 km; 500 kV; ~USD 2.2 Bn.
- Successive tenders to be launched throughout 2018, beginning 1st Q 2018.
- Efficient risks allocation between the private contractor and the State in order to lower the costs of the project.
- Tenders aimed at promoting partnership opportunities between national and international companies to undertake the works efficiently and according to high quality standards.
- Appropriate incentives to be set to allow local and international bidders to offer those products and services that, based on design, currency, term, risk profile and other features, they would be best positioned to provide.
- Contractual structure of the projects has been designed on the basis of the best PPP practices and project financing experiences in the region.
- Such structure aims to achieve –among others- the following goals:
  - Homogeneity, simplicity and transparency along the whole PPP program
  - Mitigating construction risks by issuing, on a quarterly basis and against construction milestones, transferable certificates for project financing. Each certificate will grant the final certificate holder an irrevocable, unconditional right to cash with a specific date for 15 years.
# Argentina’s High Voltage Transmission Lines Investment Opportunities

## PROJECTS PIPELINE

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>LEAT (km)</th>
<th>Estimated Investment (MM U$D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEAT RIO DIAMANTE/CHARLONE + ET CHARLONE</td>
<td>490</td>
<td>480</td>
</tr>
<tr>
<td>LEAT ATUCHA / BELGRANO II + ET BELGRANO II</td>
<td>35</td>
<td>80</td>
</tr>
<tr>
<td>LEAT BELGRANO II / SMITH + ET SMITH</td>
<td>100</td>
<td>170</td>
</tr>
<tr>
<td>LEAT ATUCHA II / PLOMER + ET PLOMER + DOBLE LEAT 35 km (anillo GBA)</td>
<td>130</td>
<td>190</td>
</tr>
<tr>
<td>LEAT CHARLONE / PLOMER</td>
<td>415</td>
<td>420</td>
</tr>
<tr>
<td>LEAT PTO MADRYN / CHOELE CHOEL + LEAT VIVORATÁ / PLOMER</td>
<td>705</td>
<td>600</td>
</tr>
<tr>
<td>LEAT RODEO / LA RIOJA SUR + ET RODEO + ET LA RIOJA SUR</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2175</strong></td>
<td><strong>2240</strong></td>
</tr>
</tbody>
</table>
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