

BUSINESS DEVELOPMENT – BRAZIL BACKGROUND

- ✓ World's 7th largest consumer and 3rd largest commodities producer;
- ✓ Main commodities exports: soybeans, iron ore, petroleum, sugar, chicken, corn, beef, and coffee;
- ✓ Ports Traffic - 998 million ton in 2016 and 1 billion ton in 2015. Currently 700 million ton;
- ✓ Newly elected Government with huge reforms in key areas of the Economy ex.: Fiscal, Pension Reforms;
- ✓ The navigable coastline of Brazil comprises 8,500 km, the 16th longest in the World;
- ✓ Inflation rate 3,75% in 2018 and is expected for 4,20% in 2019;
- ✓ According to IMF forecasts, the Brazilian economy will grow 2,5% in 2019;
- ✓ The right moment for investors in Brazil - allocate resources, understand business culture, identify opportunities, build relationships with Market and Government. Opportunities in different sectors of the Economy.
- ✓ Unprecedented growth expected in the coming 10 years. Focus in Commodities, Infrastructure, Health and Education.

BUSINESS DEVELOPMENT



Infrastructure and Construction;
Machinery and Equipment;
Agribusiness – Commodities, Livestock & Poultry;
Defense;
Tourism and Health Tourism;
Aerospace;
Energy;
Health - Medical

SYNERGIES



Automotive;
Biotechnology;
FMCG (fast-moving consumer goods);
Cosmetics;
Textile;
Pharmaceutical;

MOMENTUM – RELEVANT - LARGE INVESTMENT POTENTIAL

✓ **INFRASTRUCTURE**

- Participation in local tenders;
- Direct investment in Brazilian companies;
- Other

✓ **LIVESTOCK**

- Trading and Investment;

✓ **COMMODITIES**

- Trading and Investment;

✓ **INVESTMENTS / M&A**

- Machinery – new technology;
- Industrial park;
- Textile industry;
- Solar and Wind power;
- IT
- FMCG.

OVERVIEW

- ✓ Infrastructure, vital to enable the country's growth – 20 years to catch up;
- ✓ Opportunities for partnerships in Brazil. Brazilian Companies are eager to form partnerships for PPPs and other forms of associations;
- ✓ Direct Investment in Brazilian firms;
- ✓ Foreign construction companies and investors interested in joining the Chinese, European firms – i.e. power generation and distribution (Chinese) and airports (European) - homework ahead;
- ✓ Companies such as Zurich Airport, Fraport (Germany) and Egis (France) in Airports sector. Aena Desarrollo (Spain) in March auctions one of the winners.
- ✓ Basic Sanitation, Highways, Trains, Ports, Airports, Street Lighting and Hospitals represent prominent sectors;

INFRASTRUCTURE IN BRAZIL – POSITIVE OUTLOOK

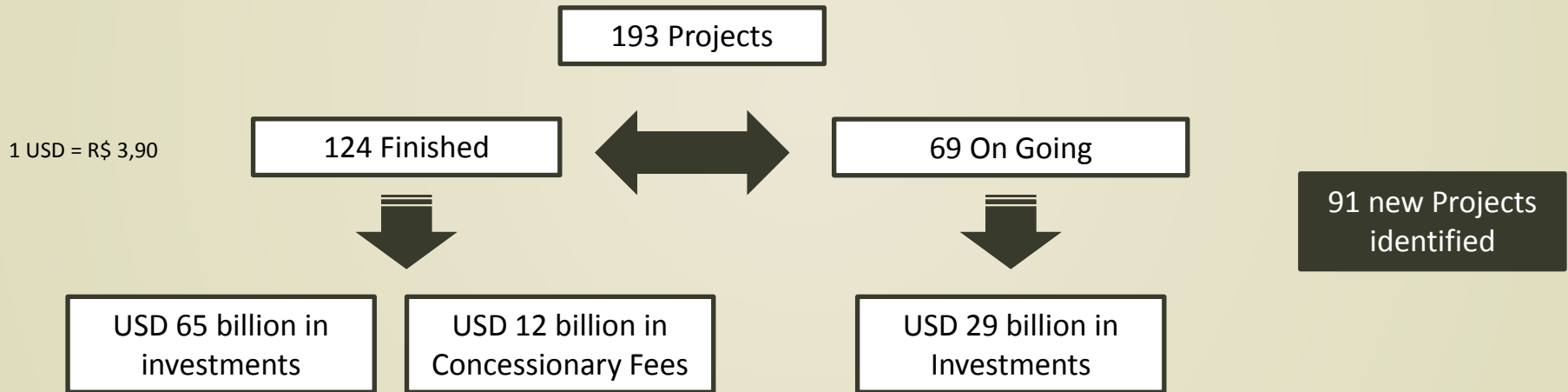
- ✓ “Projeto Crescer” (Project Growth) created in 2016 focuses on promoting the redesign of concessions in Brazil, brings in legal certainty and regulatory stability;
- ✓ Government to uphold Greenfield and Brownfield projects in the framework of Project Growth, in the areas of ports, highways, railroads, airports, with inclusion of new projects under the authority of subnational government units, such as States and Municipalities;
- ✓ The Ministry of Infrastructure, APEX and Ministry of Foreign Affairs expected to promote a series of international roadshows, to disclosure new projects portfolio to attract foreign investments;
- ✓ Point to note - Commodities full-cycle strategy - logistics allowing for larger storage capacity and volumes of exports;

INFRASTRUCTURE IN BRAZIL – POSITIVE OUTLOOK

- ✓ The new Government is committed to strong privatization agenda;
- ✓ During 2019, new infrastructure projects are expected. Priority should be Brownfield projects;
- ✓ The time to start research and initiate presence, contacts with private companies (construction, engineering and investors) and Government agencies;

PROJETO CRESCER BRIEF OVERVIEW

- ✓ PROJECT GROWTH or “Projeto Crescer” (the “Program”) since 2016, guides the Infrastructure strategic development - Investments Partnership Program (PPI).
- ✓ Initially 193 Projects were qualified for the Program and 91 new Projects currently in the pipeline, aiming at the new cycle from 2020 on.



- ✓ Out of 124 completed projects, 47 has foreign winning companies alone or in consortium with Brazilian companies;
- ✓ Potential ROI (8-10% of the investment)

GROWTH PROJECT BRIEF OVERVIEW (Feb/2019)

✓ Sample (from the 69) based on the current PPI portfolio, status;

PORTS - ON GOING PROJECTS	STATUS	DATE	COMMENT
Cellulose Terminal at the Port of Paranaguá-PR	Bidding Documents	2nd quarter 2019	Auction planned for 2nd quarter 2019; CAPEX, USD 22 million; Greenfield
Lease of Liquid Bulk in the Port of Santos-SP	Bidding Documents	2nd quarter 2019	Auction planned for 3rd quarter 2019; CAPEX USD 30 million; Brownfield
Lease of Containers in the Port of Suape-PE	TCU decision	----	Auction planned for 3rd quarter 2019; CAPEX USD 323 million; Greenfield
RAILROADS - ON GOING PROJECTS	STATUS	DATE	COMMENT
EF 170 - Ferrogrão Railroad (MT / PA)	Public Consultation	----	Auction planned for 4th quarter 2019; CAPEX, USD 3 billion; Greenfield
EF 334 - FIOL Railroad (BA)	Public Consultation	----	Auction planned for 4th quarter 2019; CAPEX, USD 804 million; Brownfield
EF 354 - Central West Integration - Concession	Studies	----	Auction planned for 2nd quarter 2019; CAPEX USD 697 million; Greenfield
ROADWAYS - ON GOING PROJECTS	STATUS	DATE	COMMENT
BR 364 / 365 - MG / GO	Bidding Docs	2nd quarter 2019	Auction planned for 2nd quarter 2019; CAPEX, USD 536 million; Brownfield
BR 101 - SC	Public Consultation	----	Auction planned for 3rd quarter 2019; CAPEX, USD 777 million; Brownfield
BR 153 / 282 / 470 - SC - Concession	Studies	----	Auction planned for 4th quarter 2019; CAPEX, USD 2 billion; Greenfield
BR 040 - RJ / MG	Studies	----	Auction planned for 4th quarter 2019; CAPEX USD 697 million; Brownfield
BR 116 (Dutra) - SP / RJ - Concession	Studies	----	Auction planned for 1st quarter 2020; CAPEX USD 3 billion; Brownfield
BR 040 / 116 - RJ	Studies	----	Auction planned for 1st quarter 2020; CAPEX USD 2 billion; Brownfield
BR 153 - GO/TO	Studies	----	Auction planned for 4th quarter 2019; CAPEX USD 1 billion; Brownfield
BR 364 - MT / RO	Studies	----	Auction planned for 4th quarter 2019; CAPEX USD 2 billion; Brownfield

GROWTH PROJECT BRIEF OVERVIEW (Feb/2019)

- ✓ Current portfolio of 91 potential identified after initial consults with the sectorial ministries:
 - ✓ Highways – 5;
 - ✓ Concessions;
 - ✓ Mining - 9;
 - ✓ Oil & Gas – 4;
 - ✓ 1 Pre-Salt Sharing;
 - ✓ 3 Exploratory Blocks and Sharing;
 - ✓ Power Transmission – 7 (1-2 Transmission Lines Auctions per year, in the next 4 years);
 - ✓ Railways – 6 - Concessions;
 - ✓ Port Terminals – 16 (4 Terminals in Santos, the largest Port in Latin America);
 - ✓ Airports - 44 (including Congonhas – CGH - São Paulo and Santos Dumont - SDU - Rio de Janeiro);

INFRASTRUCTURE ADDITIONAL OPPORTUNITIES OUTSIDE OF PPI – SAMPLE (Feb/2019)

PRIORITY PROJECTS - SP STATE GOVERNMENT	STATUS	DATE	COMMENT
Piracicabana - Panorama - Concession;	Bidding Docs	2nd quarter 2019	Publication of Bidding Notice on April, 30, CAPEX, USD 2 billion
Intercity Transport (São Paulo - Jundiaí - Campinas);	----	----	CAPEX, USD 1,4 billion
Metropolitan Train Lines	----	----	CAPEX, USD 950 million
Passengers Metropolitan and Intermunicipal transport	----	----	CAPEX, USD 2 billion
Subway, Line 15 - Operation and Maintenance	----	----	CAPEX, USD 1,4 billion
PRIORITY PROJECTS - SP CITY HALL GOVERNMENT	STATUS	DATE	COMMENT
6 City Parks (including Ibirapuera, most renowned park in São Paulo)	----	----	Estimated annual revenue of USD 56 million; Management and Operation
Interlagos Complex (International Race Track, F1 Standard)	----	----	Private Asset Exploitation
Street Light System	Public Consultation	2nd quarter 2019	PPP, Concession for modernization, expansion, operation and maintenance
PRIORITY PROJECTS - PI STATE GOVERNMENT	STATUS	DATE	COMMENT
Port of Luis Correia (Grains, Livecattle)	Market Consultation	----	Construction, Operation / Exploration; USD 64 million
Light Rail Vehicle	----	----	Public Services, Operation and Maintenance; USD 38 million
New Child / Juvenile Hospital	----	----	Construction, Provision of Equipment, Maintenance, Management; USD 33 million
Solid Waste Management	----	----	Segregation, Packaging, Collection, Treatment, Final Disposition; USD 3,8 million
Basic Sanitation	----	----	Improve and Expand services related to water supply, and treatment of sanitary sewage; USD 147 million

PROJETO CRESCER – PROJECT EXAMPLE

B.2 Name: STS 13A - Lease of Liquid Bulk in the Port of Santos-SP Auction planned for 3rd quarter, 2019

Description:

- Asset – Brownfield Project;
- Status – In progress;
- Type of Partnership – For Rent / Lease;
- Type of Initiative – State;
- FU (Federal Units) – State of São Paulo-SP;
- Capacity – 805 thousand ton / year;
- Investment CAPEX – USD 30 million;
- Agencies involved – ANTAQ, MTPA, EPL;
- Term (years) – 25;
- Award Criteria – Higher Grant Value;

Summary:

- Area STS 13A brownfield area within Port of Santos/SP destined for liquid bulks, with 38.398m² - currently inoperative.
- In addition to the existing tanks, the need for static capacity expansion. In total, the future lessee will have to establish in the terminal the minimum static capacity of 70,477m³, to meet the forecast demand for the project horizon.
- It is estimated that STS13A terminal will carry out 12 annual inventory turnovers, which will enable the dynamic capacity of 845,724m³/year (805,298 t/year).

PROJETO CRESCER – PROJECT EXAMPLE

A - Sector – Railroad

A.1 Name: EF 170 – MT / PA – Ferrogrão Railroad - Auction planned for 4th quarter, 2019

Description:

- Asset – Greenfield;
- Status – In progress;
- Type of Partnership – Common concession;
- Type of Initiative – State;
- FU (Federal Units) – States of Mato Grosso (MT) e Pará (PA);
- Capacity – 42 million ton;
- Demand – 13 million ton in the first year, 42 million in 2050;
- Base Date – 03/2015;
- Investment CAPEX – USD 3 billion;
- Term (years) – 65;
- Award Criteria – Best price offer for the concession (highest grant);
- Minimum Grant Fee – TBD;
- Estimated at: USD 3,208 billion

Summary:

- The EF-170 - to entrench new railway corridor of exports from Brazil through Arco Norte. The railroad is 1,142 kilometers long.
- A “Greenfield” project, including earthmoving, waterway structures and drainage, railway superstructure, complementary construction, special engineering structures, environmental compensation, expropriation, rail signaling systems and energy, railway equipment, offices and facilities, job site, engineering and rolling stock.
- Profile of participants: commodities trading companies – users of corridor.
- Inefficiencies today- more than 70% of crops from the state of Mato Grosso pass through the Santos Port (in the state of São Paulo), and Paranaguá Port (in the state of Paraná) – over 2,000 kilometers apart from the origin.

INÍCIO DO PROJETO FERROGRÃO

- ✓ Ferramenta e análise Drawing Arc
 - ✓ Demanda: Volume de Grãos – Projeção de volumes e crescimento por região
 - ✓ Oferta: Análise de rotas com a infraestrutura atual e futura (com e sem restrição de capacidade);
 - ✓ Custos logísticos: composição dos diferentes modais, transbordos e perdas
- **Resultados:** Escoamento de volumes, receitas, custo logístico total e competitividade dos corredores
 - **Granulometria e Alcance:**
 - 14 estados que totalizam 95% da exportação brasileira
 - 249 centroides originadores
 - 156 arcos logísticos (combinação de 16 portos com 5 modos de transporte intermodal);

249 x 156 = 38.844 rotas



Estados considerados



Modais



Hidro via



Ferro via



Rodo via

CARACTERÍSTICAS DA FERROVIA

- ✓ Concessão Miritituba a Lucas do Rio Verde
 - ✓ 1a fase – Miritituba a Sinop
 - ✓ 2a fase – Sinop a Lucas do Rio Verde
- ✓ Conecta a produção agrícola do Mato Grosso com os portos do norte do país
- ✓ Produtos transportados: soja, milho, fertilizantes e combustível.
- ✓ Capacidade: 58 milhões de toneladas/ano sentido
- ✓ Extensão:
 - ✓ 933 km até Sinop
 - ✓ 1110 km até Lucas do Rio Verde
- ✓ Investimento total: R\$ 12,7 bi (1ª fase)
- ✓ Concessão Vertical: projeto Greenfield com risco de demanda de 65 anos
- ✓ Ordenação de uso e ocupação do solo
- ✓ Redução de 1 MM de toneladas de CO2 emitidos na atmosfera por



FUNDING FOR INFRASTRUCTURE AND BUSINESS INVESTMENT

- ✓ Includes international investments
- ✓ Private Brazilian banks are resistant to long term funding. High costs/r
- ✓ Lines from:
 - ✓ BNDES (Brazilian Development Bank);
 - ✓ New Development Bank (NBD, known as the BRICS Bank);
 - ✓ World Bank;
 - ✓ Goldman Sachs and Credit Suisse have provided financing struct
 - ✓ KFW - Germany;
 - ✓ UK Export Finance;
 - ✓ Interamerican Development Bank
 - ✓ China
 - ✓ Other

- ✓ The volume of investments to eliminate the gaps in infrastructure in Brazil estimated at about USD 2,10 trillion from 2018 to 2030;



OVERVIEW

- ✓ World's third-largest exporter of agribusiness products with a massive capacity for expansion. Exports have doubled in the last five years, jumping from US\$ 20 billion to over US\$ 40 billion since 2000. Brazil exports a wide range of products to almost all countries;
- ✓ Brazil's competitiveness attracts worldwide attention and created major investment opportunities.
- ✓ The growing share of Brazilian agribusiness products in the global marketplace is due to a combination of factors: investments in research and technology,
 - ✧ vast tracts of arable land,
 - ✧ favorable climate,
 - ✧ entrepreneurial capacity, as well as heavy investment and regulation of product safety and quality;
 - ✧ consolidation of supply chains, including input suppliers, producers, processing plants, distributors and service providers;
- ✓ This area mainly accounts for the positive performance of the Brazilian economy, and shown higher GDP growth compared to other sectors;
- ✓ The way forward: investments in product quality, prioritizing international negotiations aimed at reducing protectionism for farm products.



✓ **BOVINES**

✧ Brazil's cattle herd of over 200 million is the world's largest 2004 – The largest exporter of beef. Exports to 140 markets - USD 3 billion.

✧ Success due to heavy investment in production technologies, and concerted efforts on the part of public and private sector organizations to improve animal-health and hygiene practices and upgrade processing facilities.

✧ Live cattle exports raising.



✧ Turkey - main destination of live cattle exported, responsible for 76% of the 2018 (Jan-Oct) USD total.

✧ Import USD 143 million in Livestock in 2017 (36% more than 2016). The 2018 period of Jan-Oct is 297% higher than the same period in 2017.

✧ Iraq and Jordan have doubled their imports from Brazil between 2016 and 2017. Lebanon and Egypt are also worth mentioning.

Main production areas

L.BITTAR PARTNERS

✓ SOY

✧ Soybean production - a major contributor to economic growth in the Agriculture sector in recent years. Now the second-largest producer, and the world leader in exports of products of the soy complex ,i.e. soybeans, crushed soy meal and oil;

✧ Soybeans are cultivated in 17 of Brazil's 27 states;

✓ COFFEE

✧ Brazilian coffee, famous throughout the world, was one of Brazil's earliest export products. Brazil remains the world's largest producer and exporter of coffee beans, and currently accounts for 40% of worldwide production.

✧ Coffee producers continually seeking excellence adding value at all stages of production.

Main production areas



Main production areas



L.BITTAR PARTNERS

✓ SUGAR AND ETHANOL

- ✧ Long history of sugar production and alcohol from sugar cane – 400 years;
- ✧ Alcohol exports have increased significantly in recent years, in response to growing international demand for ethanol fuel for use in motor vehicles;

Main production areas



✓ POULTRY

- ✧ The world's top exporter of chicken. It supplies almost half of the global market, and Brazilian chicken is sold in 140 countries. Chicken - success story of Brazilian agribusiness;
- ✧ Like in beef the industry works in partnership with farmers and promotes technical excellence throughout the various stages of the production process;

Main production areas



✓ **COTTON**

- ✧ One of the first crops to be commercially produced in Brazil. Cotton production underwent a boom in the 19th Century, when North-American supplies to British textile mills were disrupted by the American Civil War.
- ✧ Currently Brazilian cotton production is strong and competitive, and undergoing a revival.

Main production areas



L.BITTAR PARTNERS

✓ DAIRY

- ✧ Dairy farms play a significant role in Brazil's agribusiness sector.
- ✧ Major portion of Brazilian dairy farms are located in the Southeast region, milk production in all regions of Brazil, and growing most expressively in the Central West, due to grain production growth.
- ✧ Final consumer prices low;

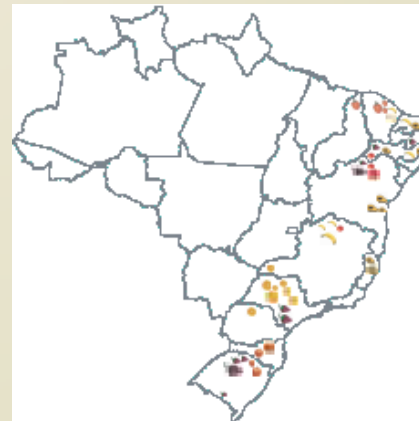
✓ FRUITS

- ✧ Favorable climate for the production of tropical, sub tropical, or temperate fruits.
- ✧ oranges, papaya, bananas, pineapples, avocados, cashew nuts, coconuts, cocoa, lemons, cashew, mangoes, apples, passion fruit, melons, guava, grapes, peaches, watermelons, persimmons and figs;

Main production areas



Main production areas

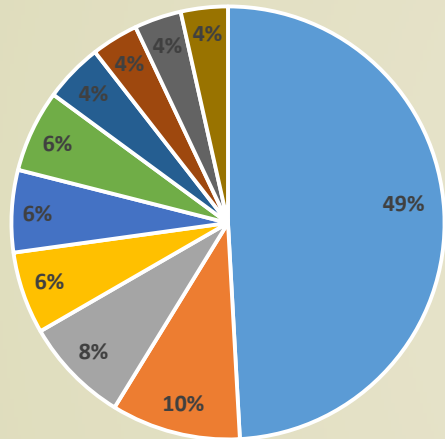


OVERVIEW

- ✓ Number of merger and acquisitions in Brazil in 2019 shall accelerate given the political scenario definition and the prospect of a resumption of the economy based on structural reforms, such as the Pension Reform.
- ✓ Expected growth of 15% with the liberal position demonstrated by the new government, compared 2018;
- ✓ In 2018 there was a 2% growth when compared to 2017 in merger and acquisitions;
- ✓ The prospect of reducing state presence and regulations considered pro-Market shall stimulate mergers and acquisitions with greater participation of foreign investors/companies;
- ✓ In the 1stQ of 2019 there were 174 transactions, a growth of 14% in comparison to the same period in 2018;
- ✓ Despite such growth, foreign capital decreased in 19% in the period.

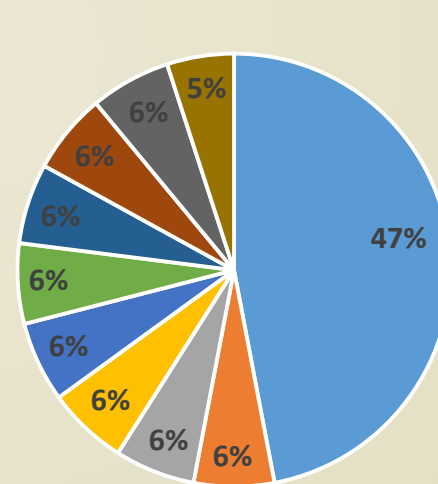
STATS

M&A Transactions - 1Q 2019



- IT
- Real State
- Financial
- Education
- Mining
- Public Services
- Construction
- Chemical
- Telecom
- Retail

Foreign Investors - 1Q 2019



- USA
- Argentina
- Canada
- Chile
- China
- Spain
- Mexico
- Singapore
- Switzerland
- Portugal

- ✓ **INFRASTRUCTURE**
 - Direct Investments, & Projects;
- ✓ **LIVESTOCK**
 - Trading and Investment;
- ✓ **COMMODITIES**
 - Fruits, Coffee and other Commodities –Trading and Investment;
- ✓ **ENERGY – FULL FLEX PLANT**
 - Industrial plants in the same site for simultaneous production of ethanol from corn and sugarcane;
 - The technology integration ensures the industrial complex to work continuously.
- ✓ **INVESTMENTS / M&A**
 - Numerous

BUSINESS DEVELOPMENT



International business development opportunities

Our focus is promoting business in Brazil, Turkey and adjacent countries, the Middle East and Latin America;

Tailor made solutions, deep knowledge of regional markets, political and economy scenarios and forecasts, regulatory and legal framework, business practices, logistics solutions and actions needed to implement successful business plans.

BUSINESS DEVELOPMENT

