




Peruvian economic outlook and investment opportunities

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Proinversión





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- A vertical red bar on the left side of the slide, consisting of a small square at the top and a larger rectangle below it.
- Our country: Peru
 - Economic perspectives
 - Investment environment
 - Investment perspectives
 - Infrastructure



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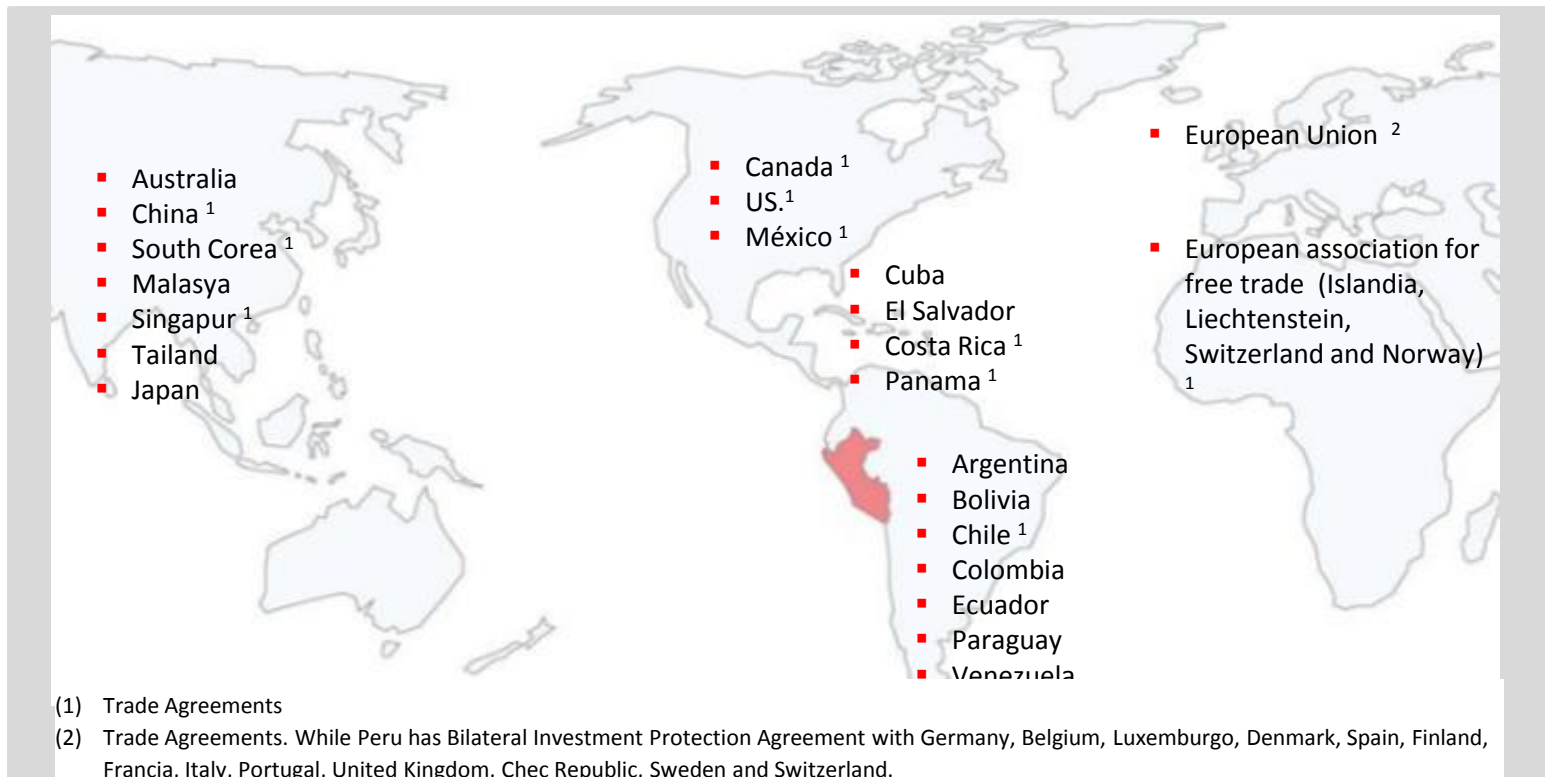
Peru: Geography



A growing economy connected to the world



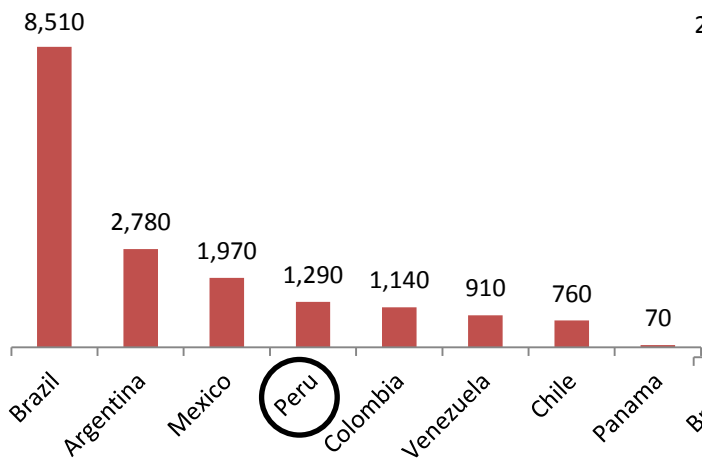
- Investment Protection Agreements and Free Trade Agreements with several countries.
- Tax agreements with: Brasil, Chile, Canada, South Corea, México y Switzerland.



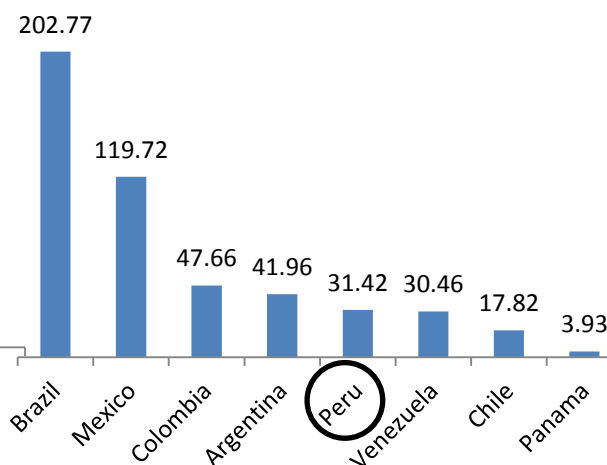
Key Indicators



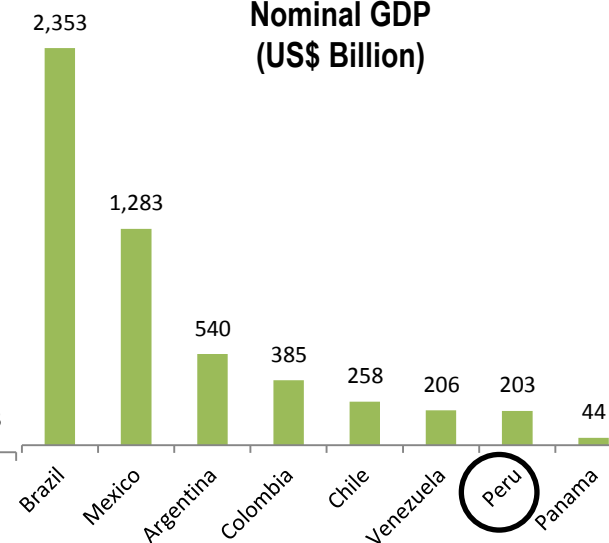
Extension in Latin America (Km2 Thousand)



Population (Million)



Nominal GDP (US\$ Billion)



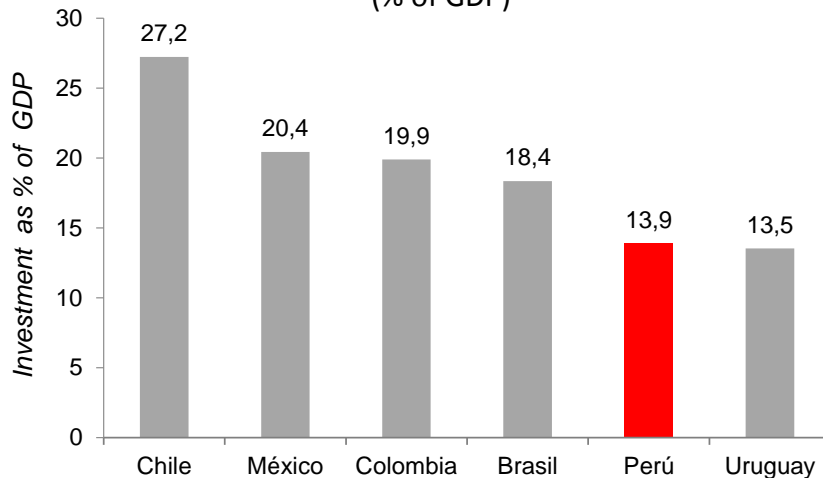
	Extension (Km2)	Population (2014) Millions	Nominal GDP (2014) (USD millions)
Brazil	8,510,000	202.769	2,353,025
Argentina	2,780,000	119.715	1,282,725
Mexico	1,970,000	47.662	540,164
Peru	1,290,000	41.961	384,901
Colombia	1,140,000	31.424	257,968
Venezuela	910,000	30.457	257,968
Chile	760,000	17.819	205,787
Panama	70,000	3.928	202,948
			43,784

Economic Model



Standing out among the biggest Latian American countries (LA6) including Brasil, Chile, Colombia, Mexico, and Uruguay

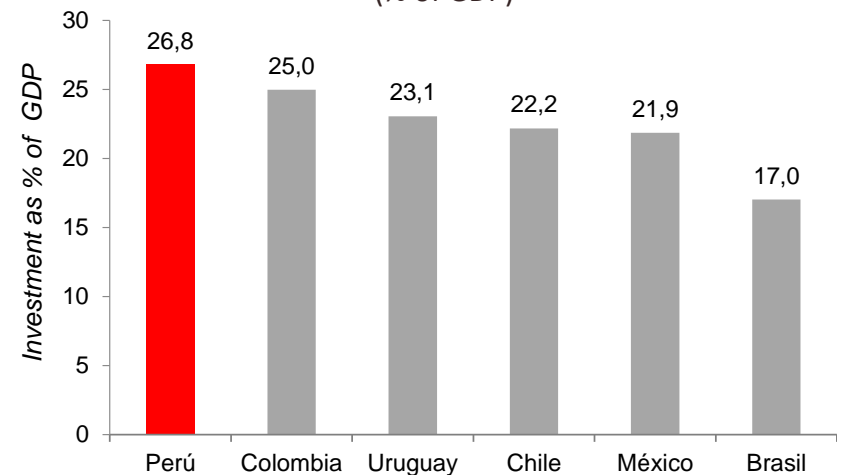
LA6¹: Total Investment 1990
(% of GDP)



Source: IMF



LA6¹: Total Investment 2014
(% of GDP)



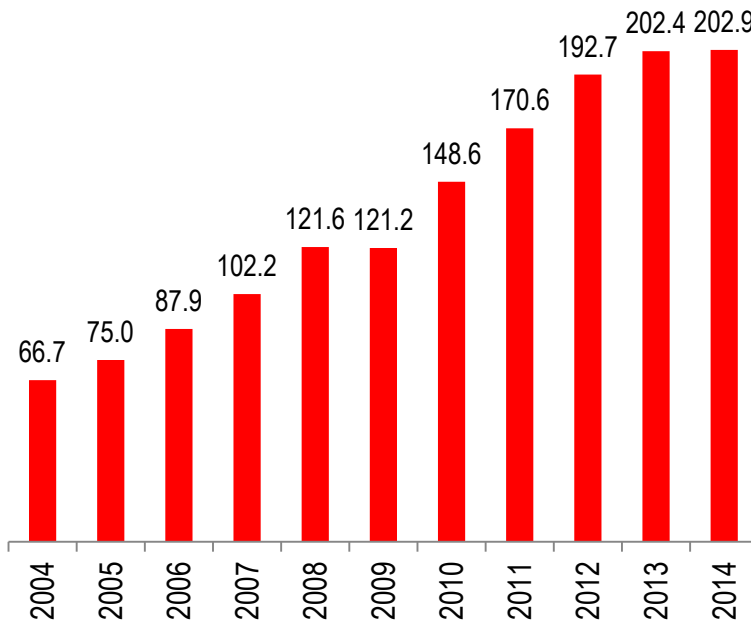
- Estructural reforms paid off: Market Economy.
- Private Investment is the main engine of GDP growth.
- Regional leader in Investments (Total Capital / GDP).

Growth Performance

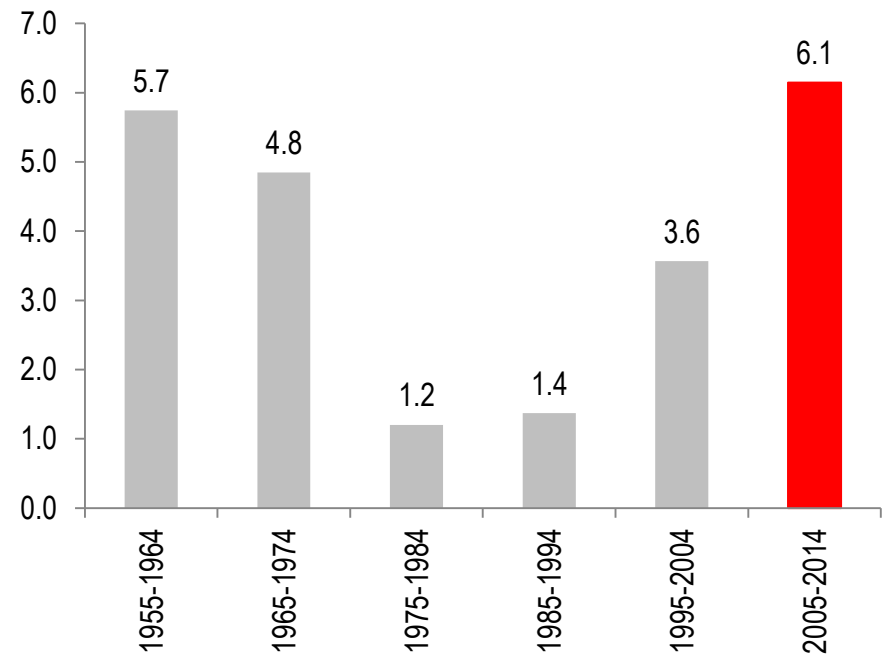


In the last 10 years Peruvian Economy has grown considerably

Nominal GDP, 2004-2014
(US\$ Billion)



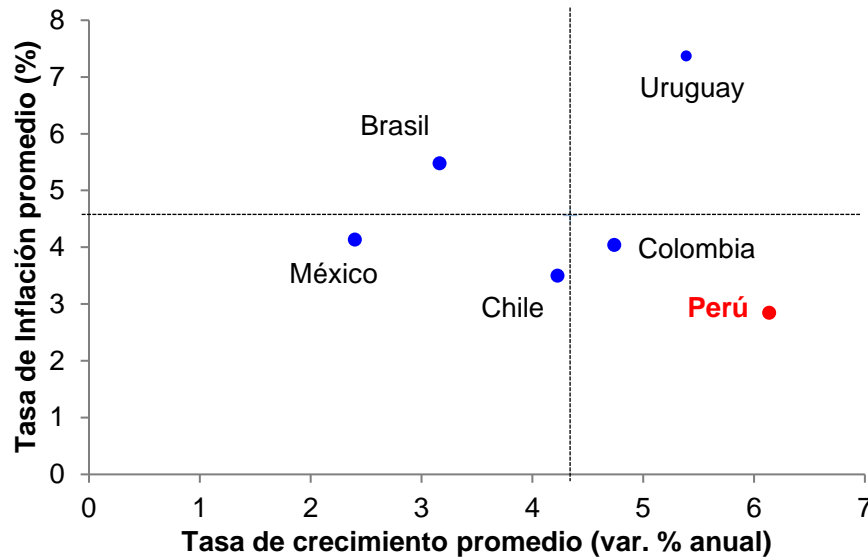
Real GDP
(Average annual % change)




Inflation and Growth



AL6: Inflation & Growth 2005-2014 ^{1/}
(Average)



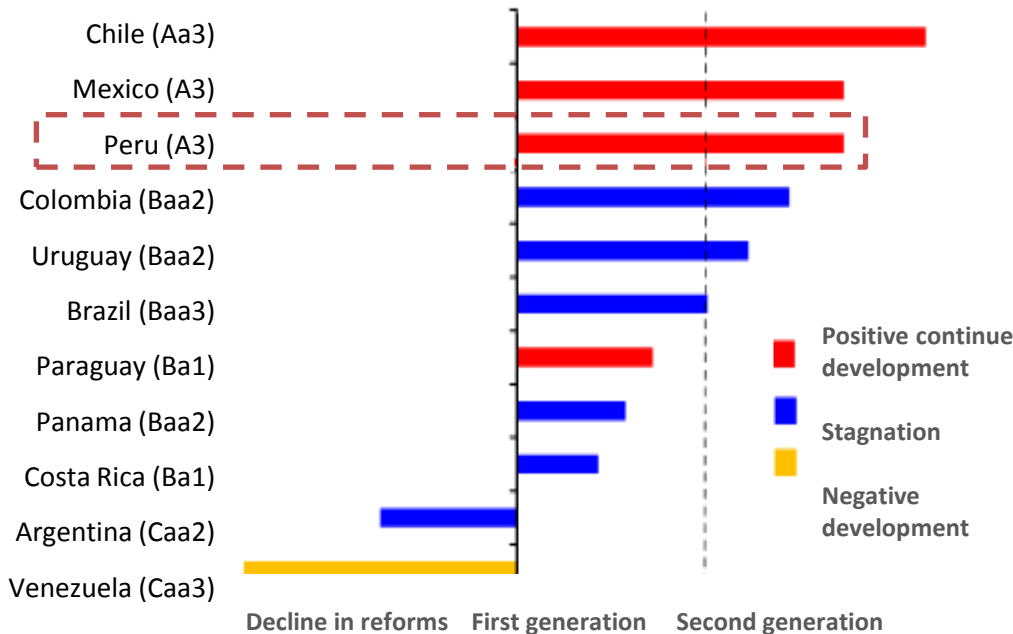


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Economic Perspectives



Moody's: Reform - progress & advances



*“Peru’s A3 sovereign rating reflects its long-standing track record of macroeconomic **stability, market-friendly policies and prudent fiscal management**”*

*“Peru’s fiscal strength is ‘Very High’ on account of its **low and affordable debt and prudent fiscal policy framework**”*

(Moody’s. August, 2015)

Risks we are facing in this environment

- Reduction of commodity prices and further troubles in China.
- Greater perception of risk in the región.
- Lower growth in the Euro zone, US and China.
- Potential spill over effects from the recent downgrade of Brazil.
- El Niño Southern Oscillation.

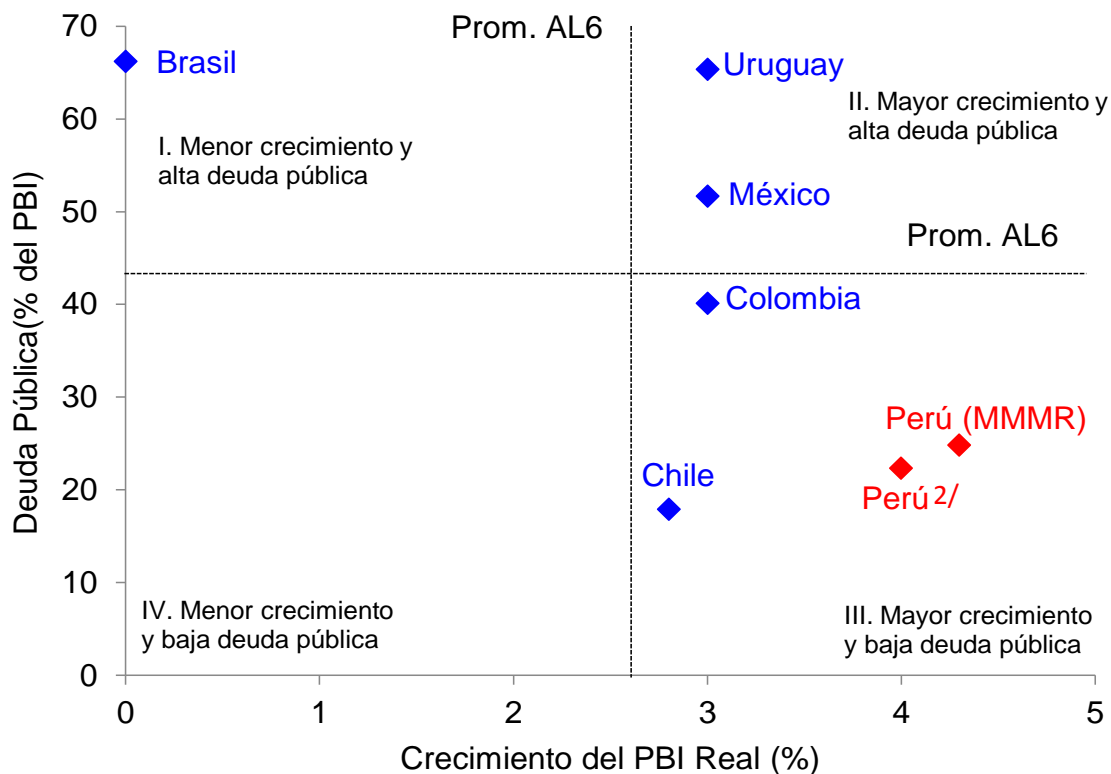
Our key strengths

- Fiscal strength.
- Resilient private consumption.
- Mega projects under execution.
- Capacity for public investments.
- Greater mining production.

Perspectives: Leveraging fiscal strength



AL6: Debt & Growth 2016^{1/}



1/. LA6: se refiere a los seis (6) países latinoamericanos que han adoptado un marco de metas explícitas de inflación y que han desarrollado más sus mercados de capitales. La lista incluye a: Brasil, Chile, Colombia, México, Perú y Uruguay. También son llamadas economías financieramente integradas. Estos países representan el 73% del PBI de América Latina y El Caribe. 2/ Para el crecimiento del PBI se considera la media del Consensus Forecasts y para el ratio de deuda pública el dato del Fiscal Monitor Abril 2015.

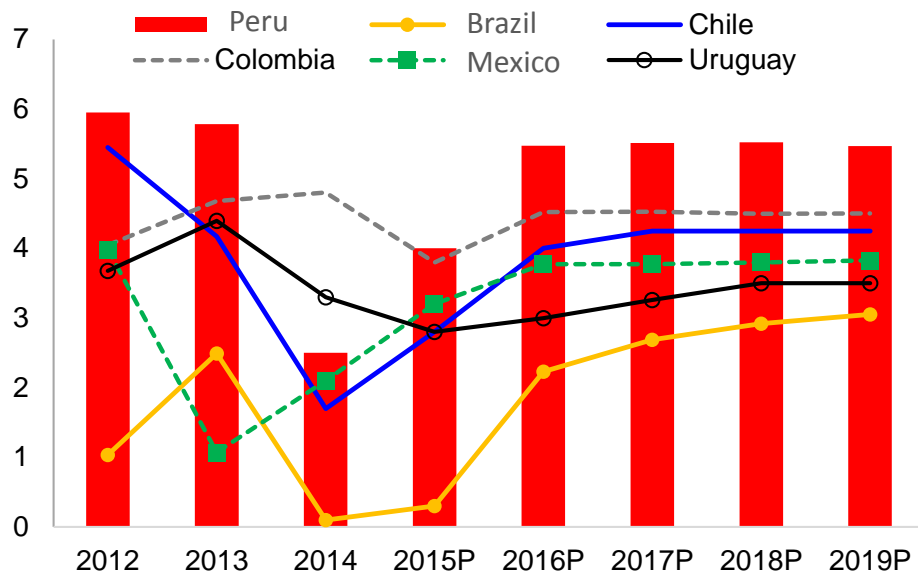
Fuente: Consensus Forecasts de agosto 2015, Fiscal Monitor Abril 2015 (FMI), MMMR 2016-2018 (MEF).

Economic Perspectives

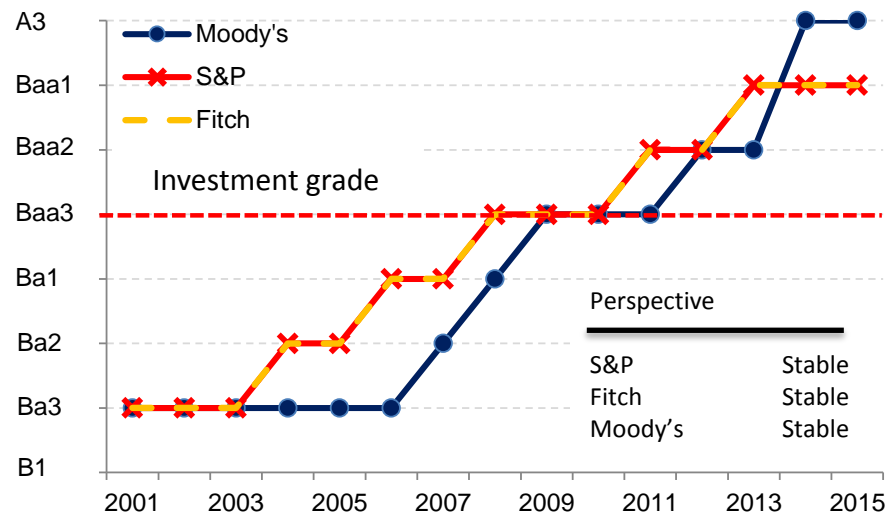


Despite of the ammendement in the forecasted economic growth rate in 2015, country perspectives are still positive

IMF: Forecast of GDP Growth rate
(% annual)



Peru: Sovereign rating
(LT debt in USD)




Political Environment: Presidential Elections Forecast



Las survey results	Keiko Fujimori	Pedro P. Kuczynski	Alan García	Alejandro Toledo
IPSOS - julio 2015	33%	15%	11%	8%
DATUM - agosto 2015	34%	17%	6%	3%
GFK – agosto 2015	33%	13%	6%	4%

- Candidates with major options **support a liberal economy model with favorable legal framework for investments.**



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Favorable legal framework



- Non discriminatory treatment of foreign investments
- Guarantees for Private Property
- A Market Economy that promotes free competition
- Legal stability agreements

Easiness for doing business and competitiveness



“35th in the Doing Business Ranking 2015”



Source: World Bank

“65th Global competitiveness report 2014”

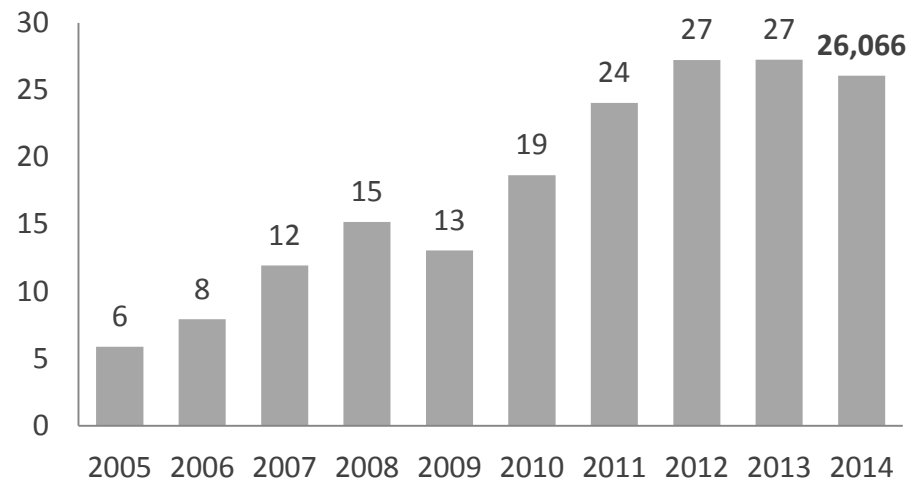
2014-2015	País	País	
1	Switzerland	19	Luxemburgo
2	Singapur	20	Malasya
3	United States	21	Austria
4	Germany	22	Australia
5	Finlandia	23	France
6	Japan	24	Arabia Saudí
7	Hong Kong	25	Irleland
8	Netherland	26	South Corea
9	United Kingdom	27	Israel
10	Sweden	28	China
11	Norway		
12	United Arab Emirates	33	Chile
13	Denmark	57	Brasil
14	Taiwan	61	Mexico
15	Canada	65	Peru
16	Qatar	66	Colombia
17	New Zeland	104	Argentina
18	Belgium	131	Venezuela

Source: WEF

Trade with Asian Economies (1)



Total Trade Peru-Asian Economies (US\$ Billion)

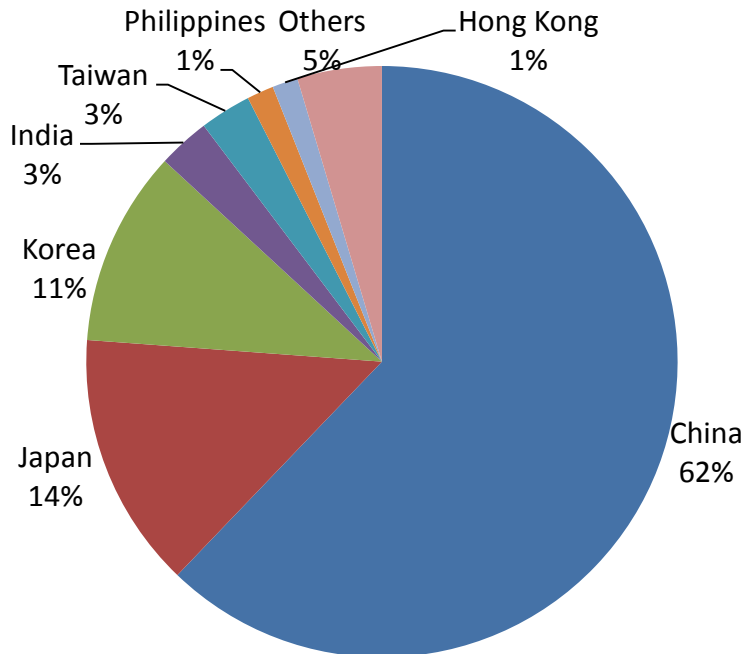


After the rebound in April and June, in the coming months it is expected that trade flows between Asia and Peru will keep similar to last years.

Trade with Asian Economies (2)

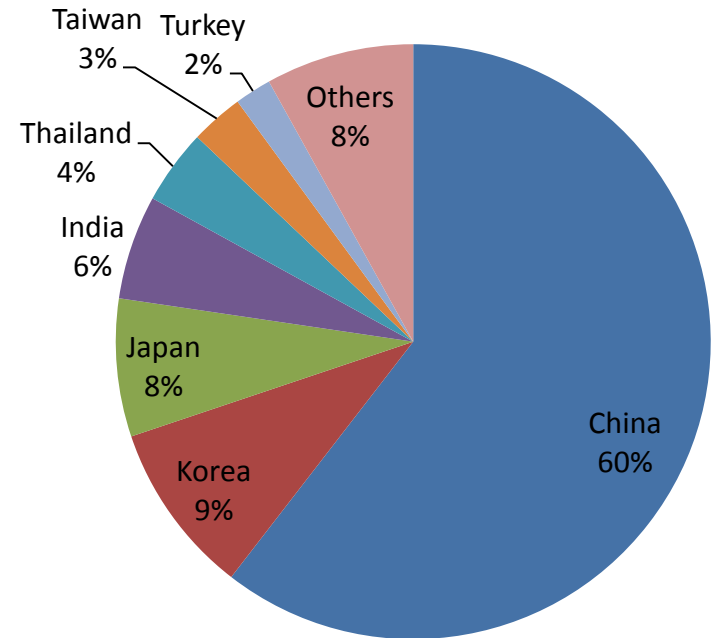


Peru's Main Buyers within Asian Economies (Percentage 2014)




Total 2014: US\$ 11,309 millions

Peru's Main Sellers within Asian Economies (Percentage 2014)



Total 2014: US\$ 14,756 millions



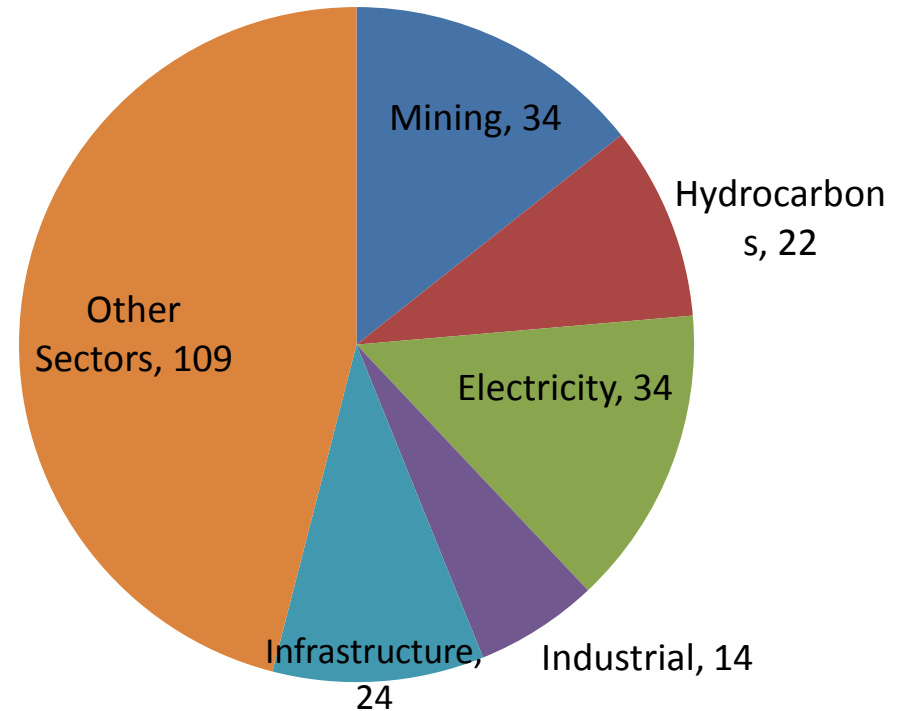
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...”US\$ 40bn worth of investment announced for 2015 and 2017”

Announced Private Investment by Sector 2015-2017 (US\$ Million)

	2015-2017 (US\$ Million)
Mining	14,408
Hydrocarbons	7,224
Electricity	4,617
Industrial	2,408
Infrastructure	4,057
Other Sectors	7,370
Total	40,084

Number of Projects

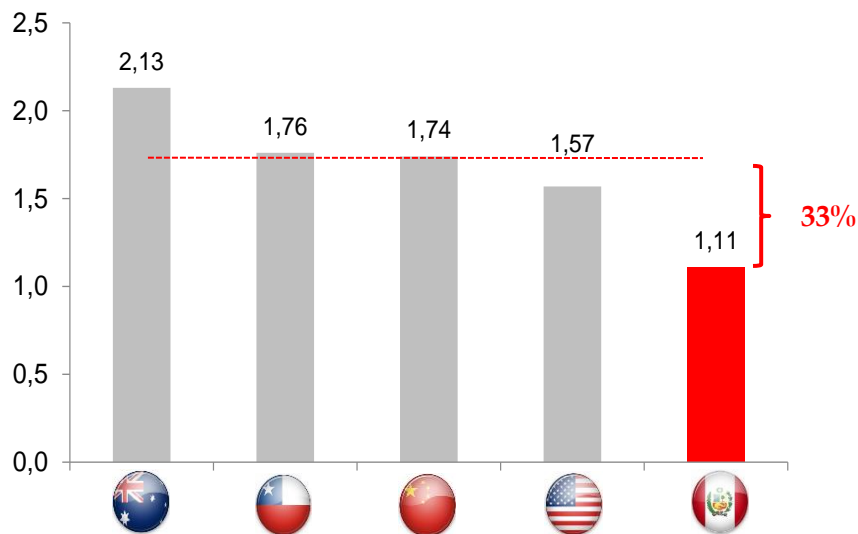


Mining: Greater Competitiveness

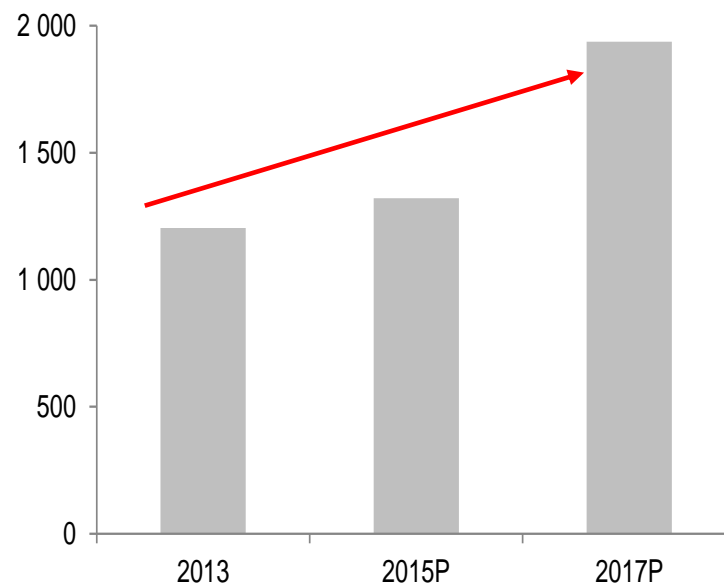


... "Our mines have lower cash costs" ...

Copper Cash Cost (US\$/lb)



Total registered and forecasted Copper Production to 2017 (Thousand TM)



Source: Cochilco, Osinergmin, Morgan Stanley Research.

^{1/} considers industrial customers or those which consumption is higher than 500 thousand KW per hour

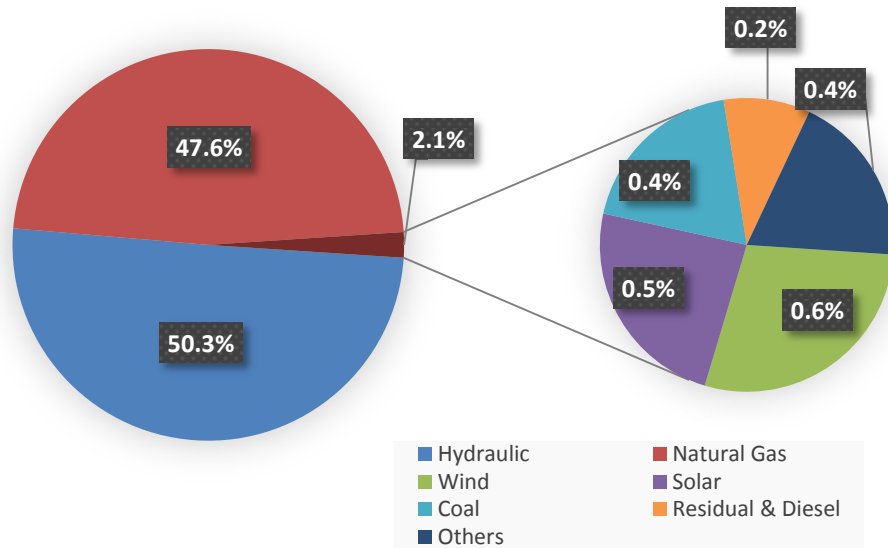
P: Proyectado.
Fuente: MINEM, MEF .

Energy: High potencial



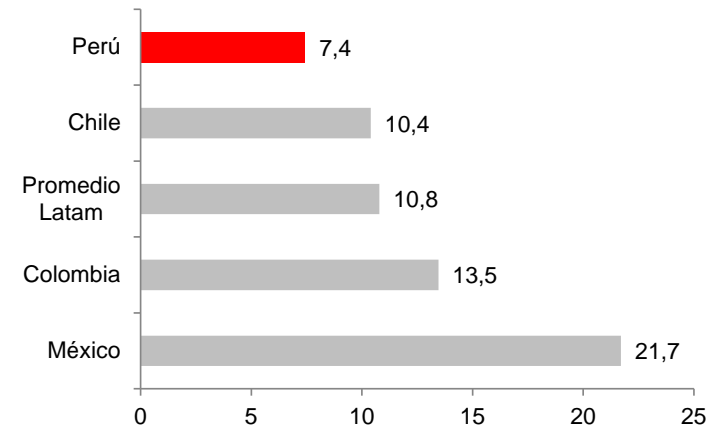
... **“Competitive pricing and potential for clean energy generation”** ...

Power Energy Production, by source



Electricity rates to Industrial customers

^{1/} (US\$/kWh)



Energy potential by source

Source	MW
Wind	22,000
Hydropower	69,000
Geothermal	3,000

Agribusiness: Booming sector (1)



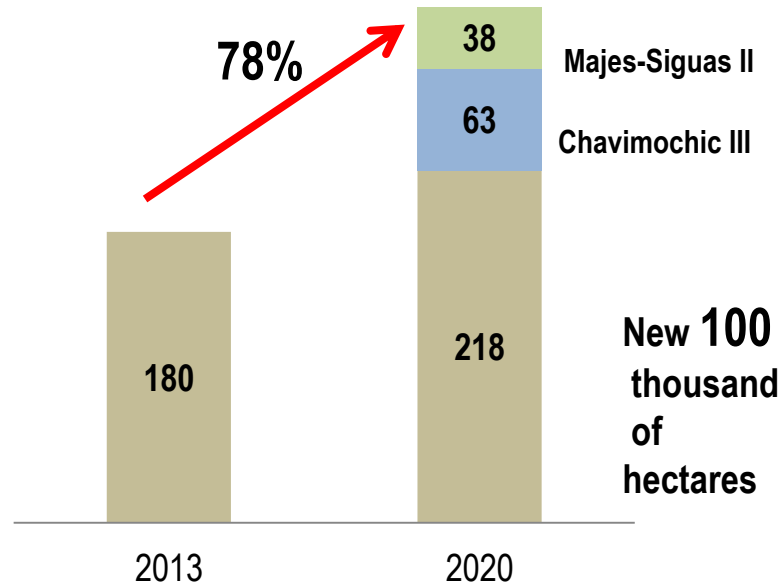
- *Highest standards of quality: Taste, color, aroma and consistency.*
- *Mangoes, table grapes, avocados, citrus, organic bananas, among others.*
- *counter-season and throughout the year production*



Agribusiness: Booming sector (2)



Area for modern agriculture
(thousand of hectares)



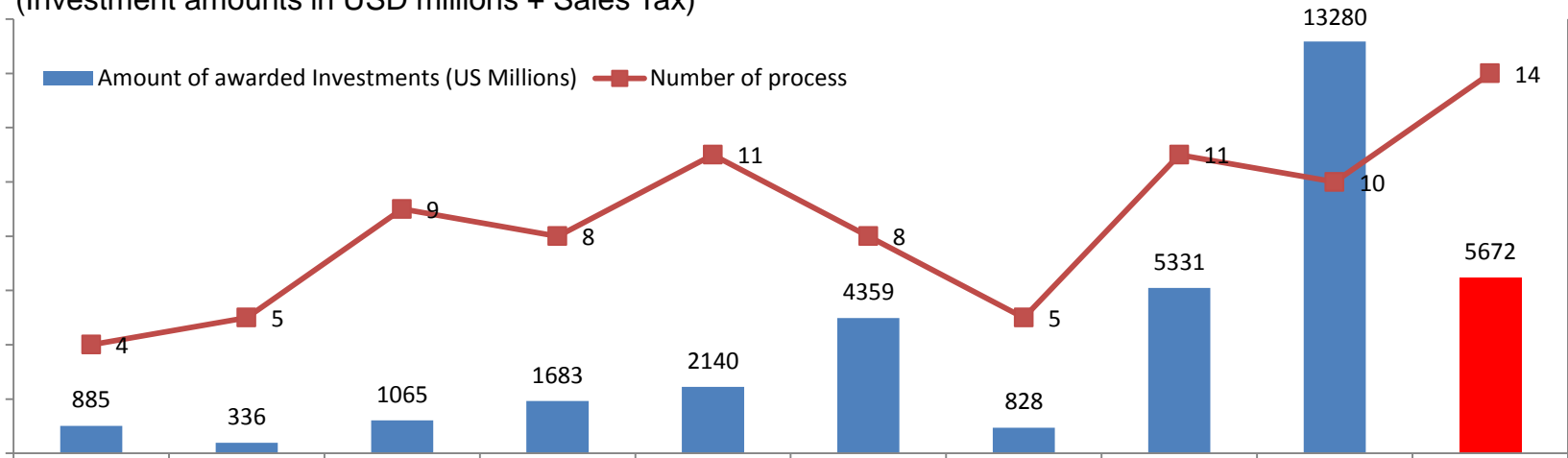
Infrastructure



- 28 APP projects worth USD 20 billion in the last 4 years
- 3 Mega projects include: Line 2 of the Lima Metro, South Gas Pipeline, International Airport of Chinchero Cusco.

APPs awarded by ProlInversión 2006-2015

(Investment amounts in USD millions + Sales Tax)





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Selected Projects 2015



Projects	Estimated Investment (USD million)	Estimated Award Date (2015)
<u>Main Works and Conduction of Drinking Water Supply for Lima</u>	600	Quarter IV
<u>Longitudinal de la Sierra Highway Section 4 / Section 5¹</u>	340	Quarter IV
<u>Liquid Petroleum Gas Supply System for Lima and Callao</u>	250	Quarter IV
<u>Quillabamba Thermal Power Plant</u>	180	Quarter IV

/1 To be awarded on 2016

Projects 2016



Projects	Estimated Investment (USD million)	Estimated Award Date in 2016
<u>Huancayo – Huancavelica Railway</u>	194	Quarter I
<u>Lima Peripheral Ring Road</u>	2,00	Quarter II
<u>San Gaban 3 Hydroelectric Power Plant</u>	437	Quarter II
<u>Lines 3 and 4¹ of the Metro Network of Lima and Callao</u>	5,00 (each)	Quarter III
<u>Three New High Complexity Hospital Centers</u>	400	2016
<u>Port Terminals</u>	-	2016

/1 To be awarded on 2017



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MAIN WORKS AND CONDUCTION OF DRINKING WATER SUPPLY FOR LIMA



CALLED



DBFO including:

- ✓ Re-enlargement of two dams
- ✓ 10 Km trans-andean tunnel
- ✓ New drinking water plant of 5 m³/s
- ✓ 40km pipeline
- ✓ Seven reservoirs
- ✓ 90km interconnection lines

Operation and maintenance of existing facilities:

- ✓ Water intake (12 m³/s)
- ✓ Drinking water plant (5 m³/s)
- ✓ 27km pipelines
- ✓ 4 compensation reservoirs (Storage volume: 23,000 m³)

Projects 2015

LIQUID PETROLEUM GAS SUPPLY SYSTEM FOR LIMA AND CALLAO



CALLED



- Design, construction, operation, financing and maintenance.
- LPG transport system of 200 km.
- Storage and Dispatch.

QUILLABAMBA THERMAL POWER PLANT



CALLED



- Design, financing, construction and operation.
- Length: 129 km approx.
- 200 MW.
- Beginning of operations: 2017.
- Energy to be incorporated to The National Electric Power Grid (SEIN)
- **Type of concession:** Self-sustained.
- **Estimated Investment:** US\$ 180 million.
- **Estimated date of award :** Q IV 2015

Projects 2015

HUANCAYO – HUANCAMELICA RAILWAY



CALLED



 *Central Railway*
 *Huancayo – Huancavelica Railway*
 *South Railway*

- Rehabilitation of 128 km of existing railways
- Civil Works:
 - Rolling stock,
 - Rehabilitation of 15 railway bridges,
 - Rehabilitation of 38 tunnels.
- **Type of concession:** Co- financed.
- **Estimated Investment:** US\$ 194 million.
- **Estimated date of award :** Q I 2016

Projects 2016

LIMA PERIPHERAL RING ROAD



**UNDER
EVALUATION**



- Private Co-financed Initiative
- Construction, operation and maintenance.
- 33 km of urban highway.
- **Estimated award date:** Quarter II 2016

— Peripheral Ring Trace

Projects 2016

SAN GABAN 3 HYDROELECTRIC POWER PLANT



UNDER
EVALUATION



Puno



- Self-sustaining Private Initiative.
- Design, construction, operation, financing and maintenance.
- Capacity: 205.8 MW.
- Production: 1,256 GWh/year.
- **Estimated award date:** Quarter II 2016

LINES 3 AND 4 OF THE METRO NETWORK OF LIMA AND CALLAO



Line 3

TO BE CALLED

Line 4



Lima and Callao

- Line 1: Under Operation
- Line 2: Under Construction

- DFBOT/ Co - financed.
- Two Independent Bidding Processes.
- 3.5 million of passengers (Lines 3 and 4).

	Line 3	Line 4
Length	32 Km	30 Km
Award	Quarter III 2016	2017

Projects 2016

THREE NEW HIGH COMPLEXITY HOSPITAL CENTERS - ESSALUD



TO BE CALLED



- Design, construction, equipment, operation and maintenance of 3 hospitals.
- Provision of complementary services.
- **Estimated Investment:** US\$ 400 million.
- **Estimated award date:** 2016

PORT TERMINALS



Under
evaluation

Salaverry



Chimbote



Ilo



- Private Self-sustaining Initiatives:

1. **Salaverry:** Modernizing and developing the Multipurpose Terminal Salaverry.

2. **Chimbote:** Design, financing, construction, operation and maintenance of a port container terminal.

3. **Ilo:** Development and operation of the Ilo Multipurpose Terminal Port.

- **Estimated award date: 2016**

Projects 2016