



Peru: A Great Investment Opportunity

September 2015

inPERÚ's Overview

"inPERU is a new non profit Peruvian association, supported by the Peruvian government and founded by the main business organizations of the Peruvian market. inPERU's actions will be based on the following principles: transparency, integration, honesty, accountability, respect and commitment to promote Peru, its country opportunities and its financial and capital markets among international investors."

Main Objectives

- Promote the growth of investment opportunities in Peru and the development of the Peruvian capital and financial markets by providing, on a regular basis and in a structured format, the following information to foreign investors:
 - Most relevant political developments.
 - Changes in fiscal and monetary policy
 - Market infrastructure and recent changes
 - Most important local projects / Issuers
- Introduce foreign investors to Peruvian participants and create a relevant platform of networking (issuers / brokers / market authorities), becoming the main promoter and communication channel for the interested parties



Structure Organization

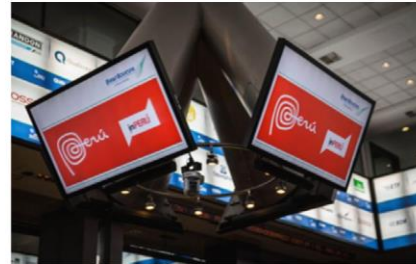
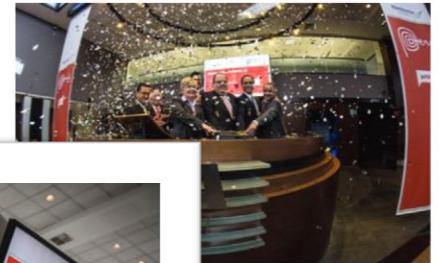
"The fact of being an association that joins up both private and government interests is what makes inPERU a great success in promoting our country."



Road Shows



Since our beginnings in 2012, we have managed to realize **8 Road Shows** in 15 cities around the world and brought Peru to the eyes of **over 6,500 investors**. Our Road Shows and our panel discussions are supported by leading figures of the business community in Peru, as well as by government personalities such as the Minister of Economics and Finance and the President of the Central Bank, among others.



Brazil Road Show 2015

The Pacific Alliance, a platform of economic integration

The Pacific Alliance is an initiative of regional integration compromised by Chile, Colombia, Mexico and Peru. It aims to drive further growth, development and competitiveness of the economies of its members.



		GDP (US\$) ⁽¹⁾	Inflation	GDP Growth ⁽²⁾
Chile		258 Bn	4.6%	2.3%
Colombia		378 Bn	3.7%	3.0%
Mexico		1,282 Bn	4.1%	2.5%
Peru		203 Bn	3.2%	3.1%

Pacific Alliance countries have an aggregate GDP of US\$ 2.2 trillion, which represents 37% of LatAm's GDP

(1) Current US dollars.
(2) 2015 Bloomberg Consensus Estimate
All Information as of 2014
Source: Bloomberg, Worldbank

Peru Mining Industry Overview

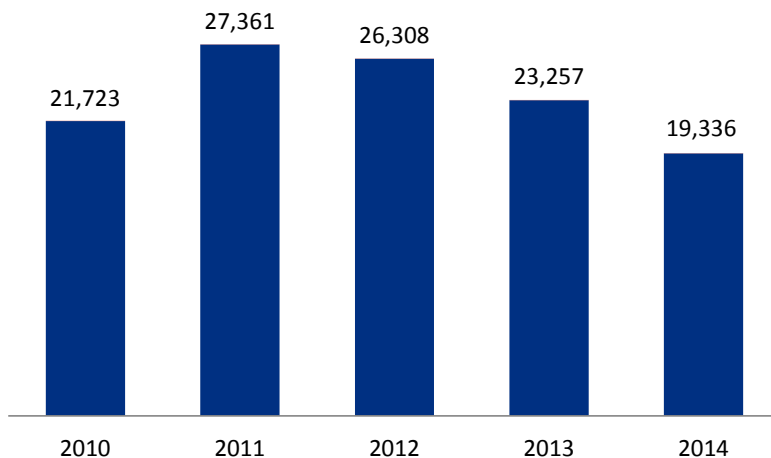
The Peruvian mining sector has a leading market position in Latin America and globally, recognized to have world-class assets with significant upside from future explorations and investments.

Market Overview

- The potential of the Peruvian mining is reflected in the production of gold, silver, lead, zinc and new resources of iron and tin
- Hundreds of projects and prospects for exploration
- From 51 projects comprising the MEM's portfolio, 35.90% have capital coming from China, 16.09% from Canada, 15.96% from USA and 6.86% from Peru

Peruvian Mining Exports Evolution

(US\$ in mm)



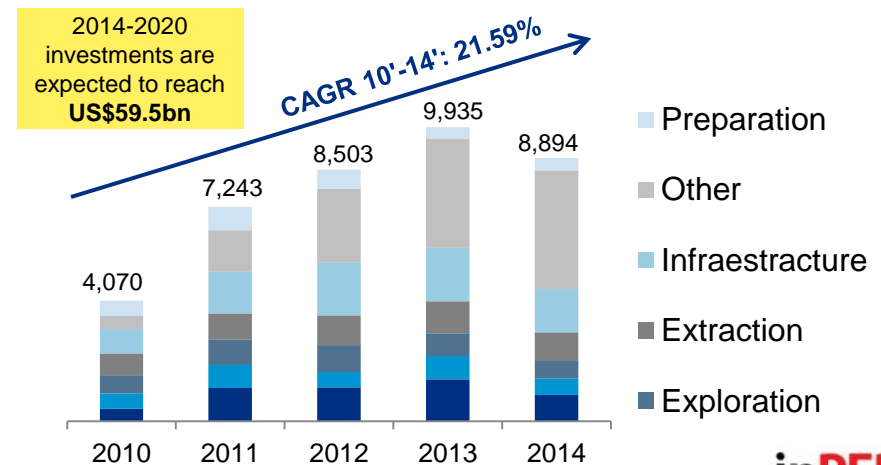
Source: MEM (Ministry of Energy and Mines), Sociedad Nacional de Minería, Petróleo y Energía

Peru: World leader in Mining Production

	World	LatAm	Industry Leader	Main Sponsor
Silver	2	1	Buena Ventura	BLACKROCK
Zinc	2	1	Compañía Minera Antamina	GLENCORE
Tin	3	1	MINSUR	BRECA
Lead	4	1	VOLCAN	De Romaña, Osterling, Letts and Picasso families
Gold	6	1	Yanacocha	NEWMONT
Copper	2	2	Compañía Minera Antamina	GLENCORE

Peruvian Mining Investments

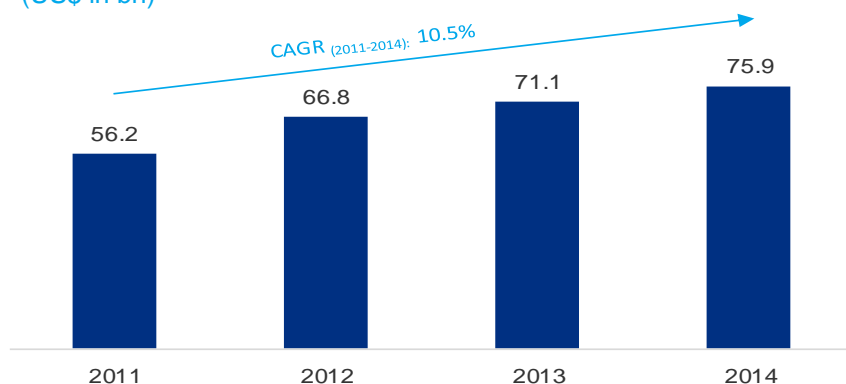
(US\$ in mm)



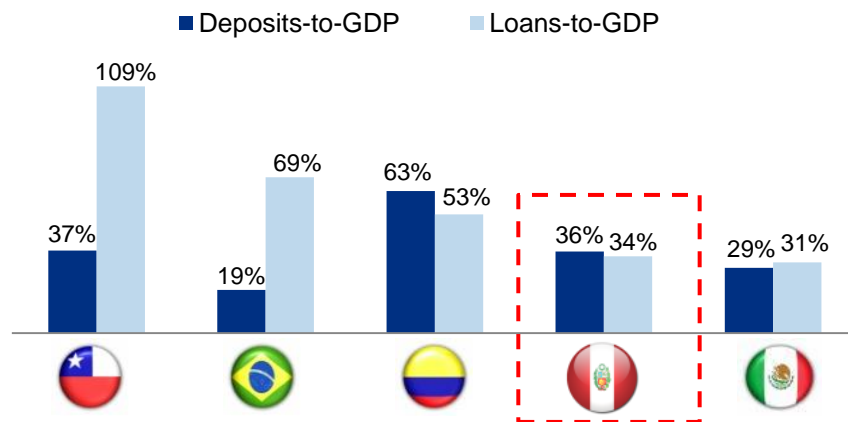
Peru FIG Industry Overview – Banks

Loan Growth '11-'14 (%)	NPL Ratio 2014 (%)	ROAE 2012 (%)	ROAE 2014 (%)	Total Cap. Ratio (%)	Commentary
35.1	2.47	22.4	19.7	14.1	Strong credit cycle with high loan growth, stable NPLs and strong profitability

Financial System Loans (US\$ in bn)



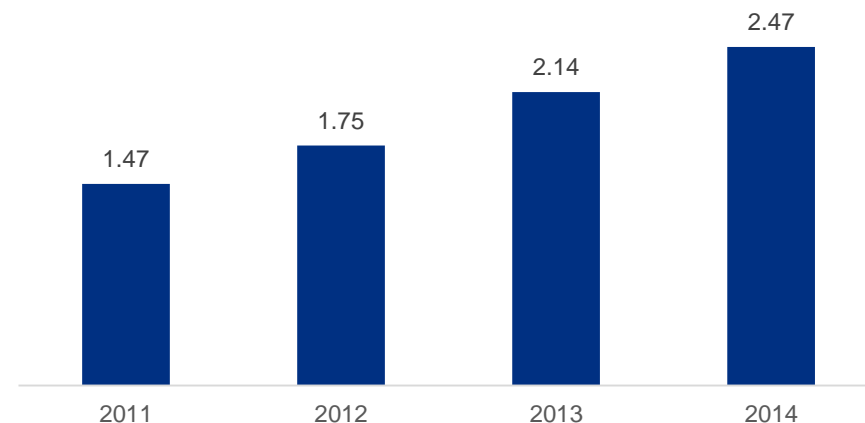
Loans & Deposits Penetration (2014) (as a % of GDP)



Financial System Overview

- Peru's banking system is comprised of 17 large commercial banks, accounting for ~85% of the financial system's assets, and 4 government-owned entities
- Peru has one of the world's most developed microfinance sectors; a host of small municipal and rural savings banks

Non-Performing Loans Ratio (% of Total Loans)



Peru Power Overview

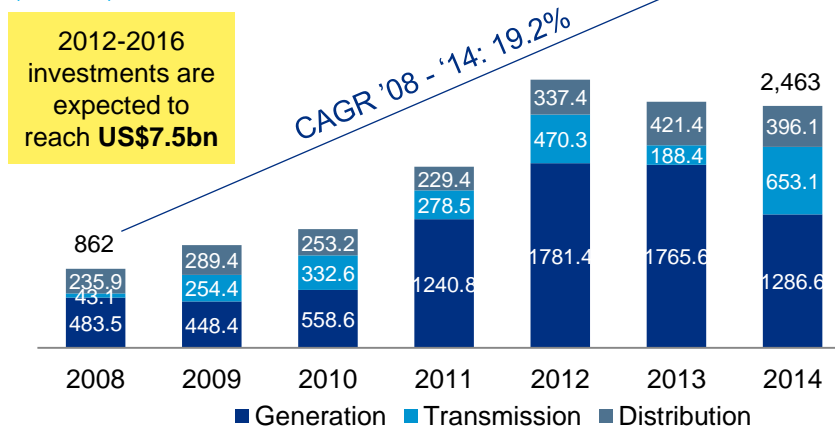
In the last years, the investments destined to power projects have soared mainly due to (i) increasing energy demand due to economic growth, (ii) incentive and support of the government, and (iii) regulated nature and stability of power industry.

Industry Overview

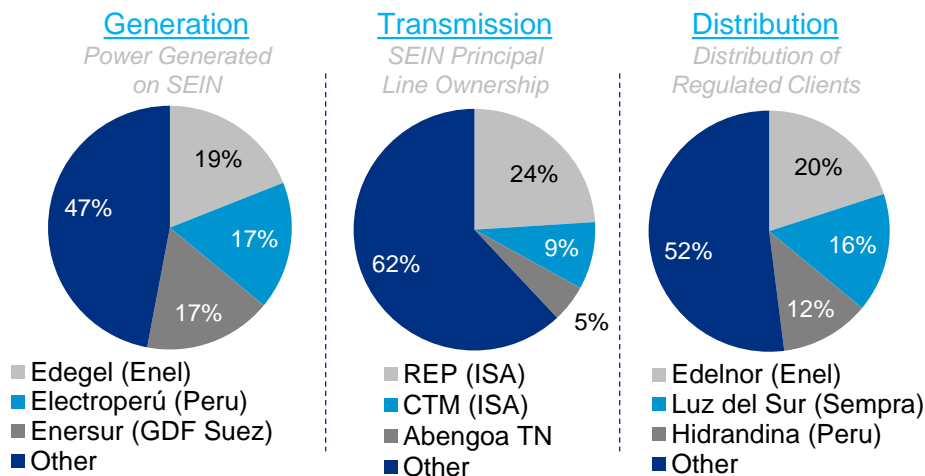
- The Peruvian power sector is divided into three sub-sectors, each comprising a different activity: Generation, Transmission and Distribution
- Throughout 2013-2018, electricity supply is expected to grow at an average annual rate of 9.7%
- On the other hand, the demand is expected to grow at a yearly rate of 9.6% for the same period.

Investments

(US\$mm)



Main Players

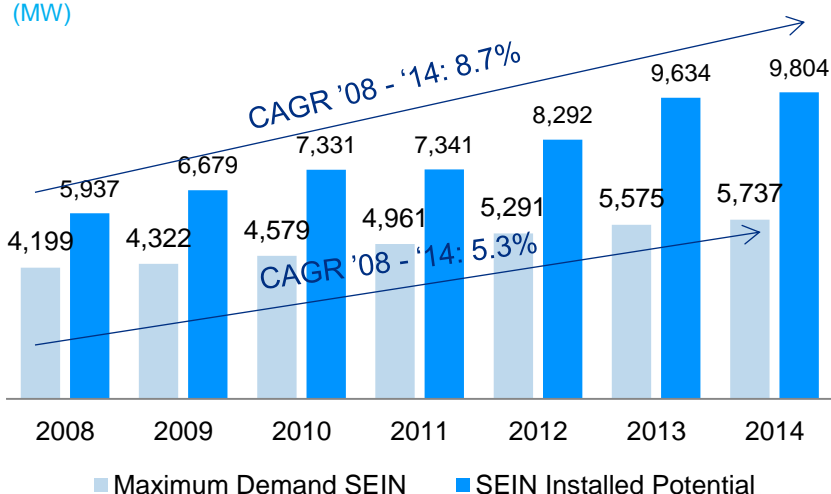


Main players as of December 2013 for Transmission and Distribution and 2014 for Generation
Source: MIMEM, COES, BCRP

(1) Sistema Eléctrico Interconectado Nacional (National Power Grid)

SEIN ⁽¹⁾ Installed Capacity and Max. Demand

(MW)



Peru Oil & Gas Overview








While oil production remained steady during the past years, natural gas and natural gas liquid have seen remarkable production growth with promising prospects for the upcoming years.

Market Overview

- The construction of the megaproject “Gasoducto del Sur” is already underway. The pipeline will travel more than 1,000 kms, from Cusco to the coastal province of Ilo.
- This year, Peru Petro announced that they will launch public bidding processes for 19 oil blocks.
- Throughout the next ten years, there is an expected project pipeline of US\$ 23 billion in the Oil & Gas sector.

Main Production Players

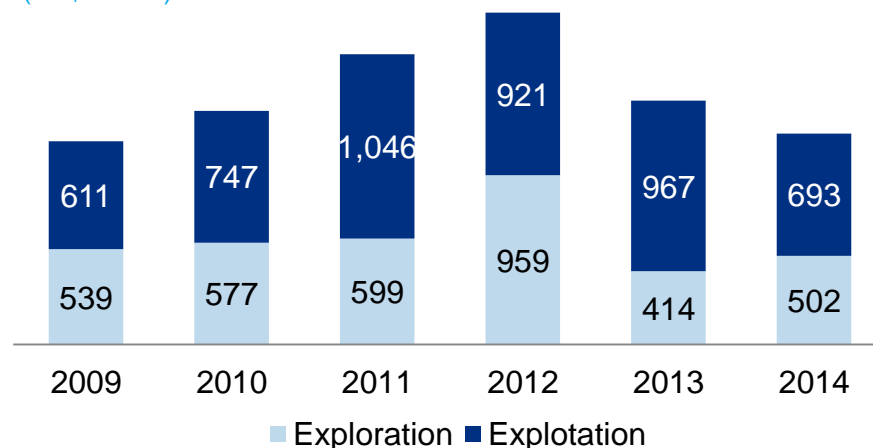
Sub-Sector Company (Market Share)

Oil	 pluspetrol (32.5%)  PETROBRAS (14.9%)  SAVIA PERU (15.4%)
Liquefied Natural Gas	 pluspetrol (92.4%)  REPSOL (4.3%)
Natural Gas	 pluspetrol (90.9%)  REPSOL (4.9%)

Main players as of December 2014
Source: MINEM, Peru-Petro and SNH

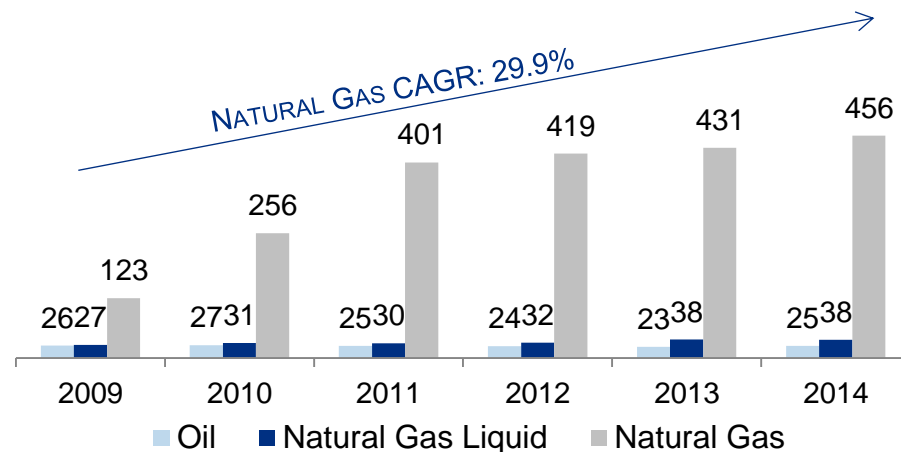
Investments

(US\$ in mm)



Liquid Hydrocarbons and Natural Gas Production

(Oil and Natural Gas Liquid - Barrels in mm; Natural Gas - cubic feet in bn)



Peru Construction Industry Overview

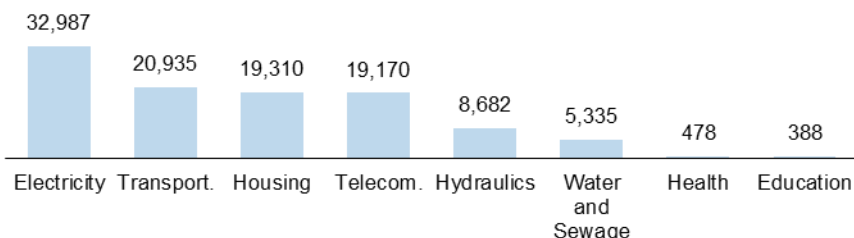
Construction sector is growing continuously, mainly due to an increase in the exploitation of rich minerals and hydrocarbons reserves and a significant gap in infrastructure.

Industry Overview

- Government appears to be continuing with plans to attract private investment into infrastructure through concessions
 - Improving rural electrification and access to water will drive industry value creation
- Peru's Minister of Housing, Construction and Sanitation believes that these areas may attract US\$45 bn in investment over the next 10 years

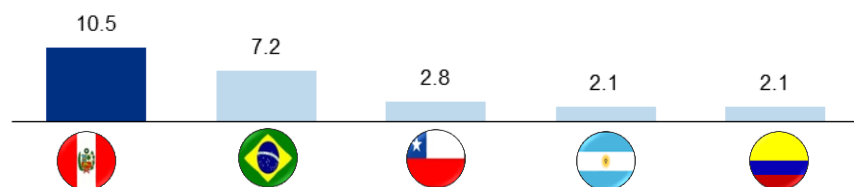
Peruvian Infrastructure Gap

(in US\$ mm as of '14)



LatAm Construction GDP Growth

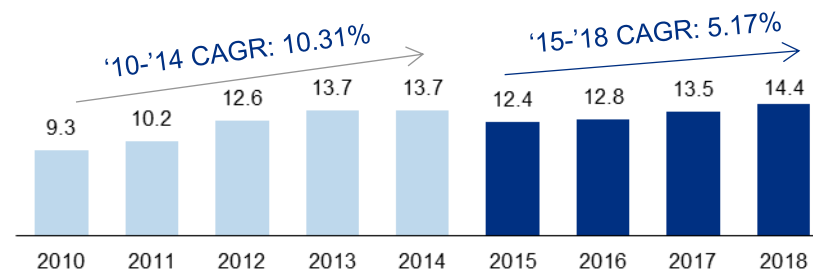
(Average '08 - '13 in %)



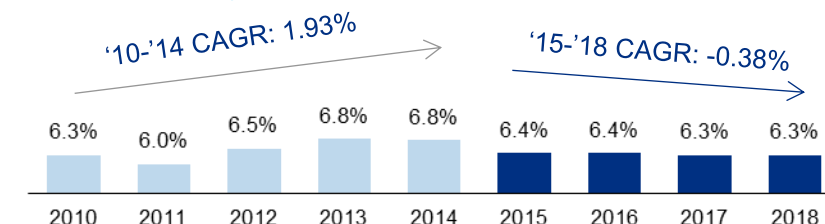
Source: Business Monitor and Euromonitor reports, Central Reserve Bank Peru / BCRP / Minister of Housing, Construction and Sanitation/ Peruvian Institute of Economy

Market Evolution Forecast

Construction Industry Value (US\$ bn)

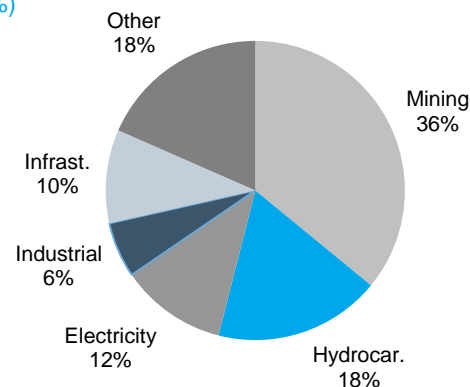


Construction Industry (% of GDP)



Expected Investment '15-'17

(%)



Peru expects **US\$ 40.1 bn** in investments throughout the 2015-2017 period

Fishmeal and Fish Oil Industry Overview

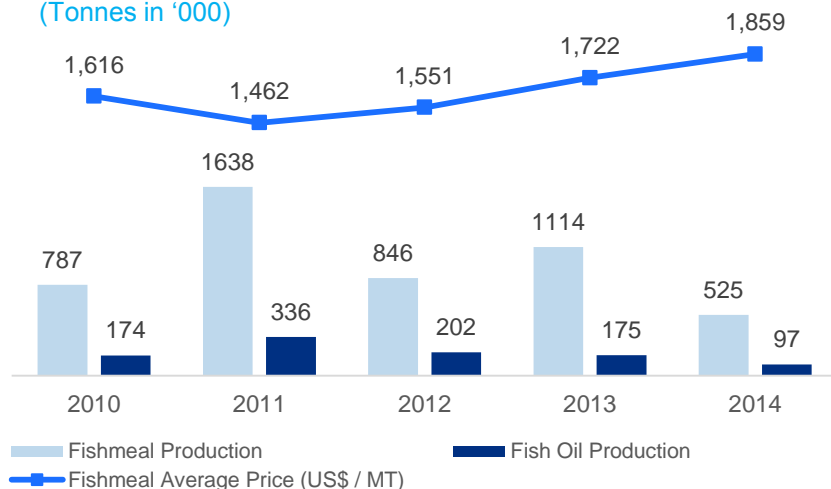
Positive supply & demand side dynamics, consolidation trends as well as the implementation of the Individual Transferable Quota ("ITQ") in Peru have blended together to create a positive outlook for the fishmeal industry.

Market Overview

- Peru is the #1 producer and exporter of fishmeal and fish oil in the world
- The demand for fishmeal and fish oil has continued to grow to sustain the world's aquaculture industry, which is especially important in Asian countries
- Implementation of ITQ has accelerated industry consolidation as companies attempt to purchase more quota boosting M&A activity

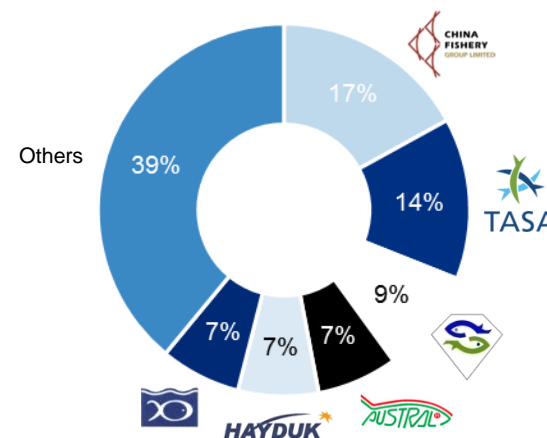
Peruvian Fishmeal Production Evolution

(Tonnes in '000)



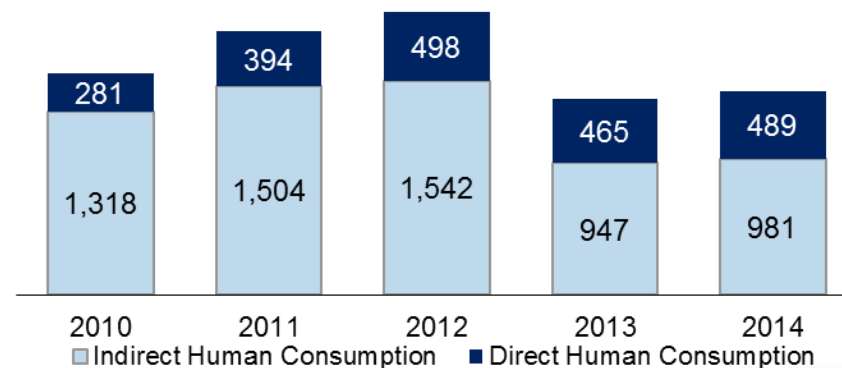
Source: INEI / PRODUCE, Bloomberg

Peruvian Market Share – Blended Quota (N/C + S) (2014 Season)



Human Consumption Exports

(Tonnes)



Peru Retail Industry Overview

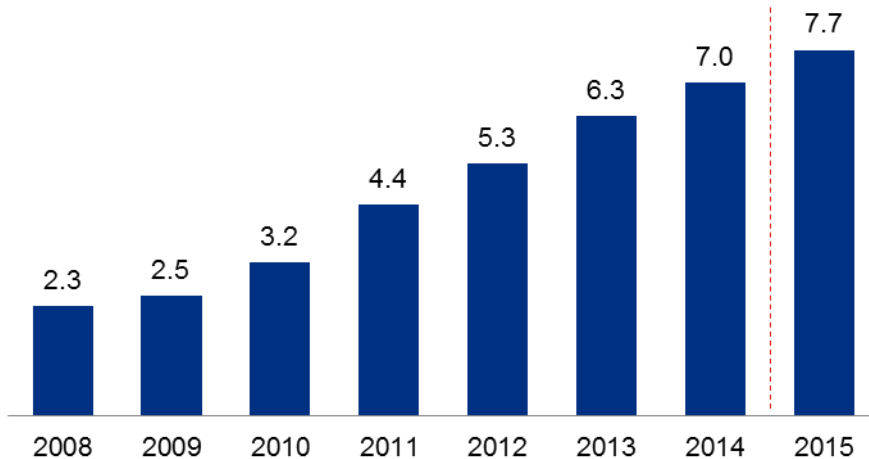
Formal retail under-penetration and middle-class higher disposable income are the main boosters for present and future growth in the retail industry in Peru.

Industry Overview

- Retailers are expected to intensively continue investing in Lima and in the provinces of Peru, as they perceive higher potential to increase their penetration compared to other countries in Latin America
- Middle-income consumers will continue to gain access to formal credit options and improve their access to higher-quality more expensive products

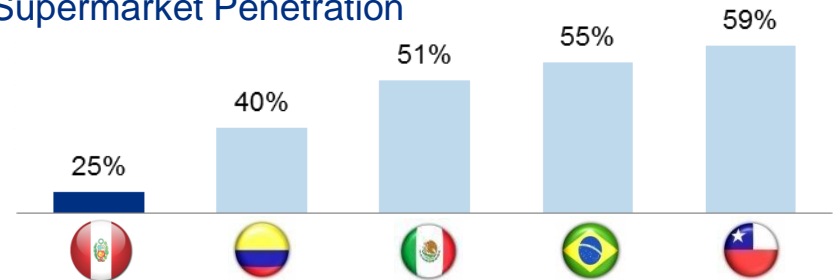
Shopping Malls – Total Sales

(US\$ in bn)

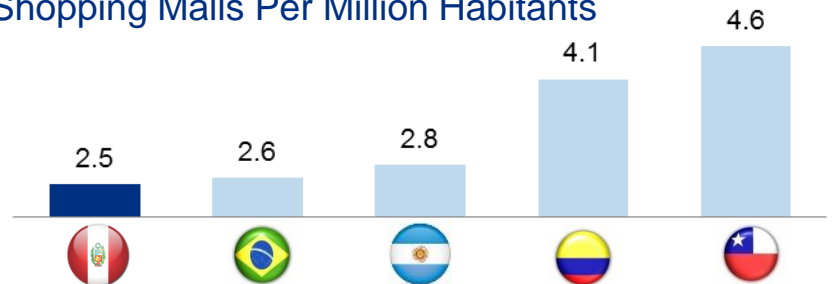


Source: Apoyo Consultoría, ACCEP

Supermarket Penetration

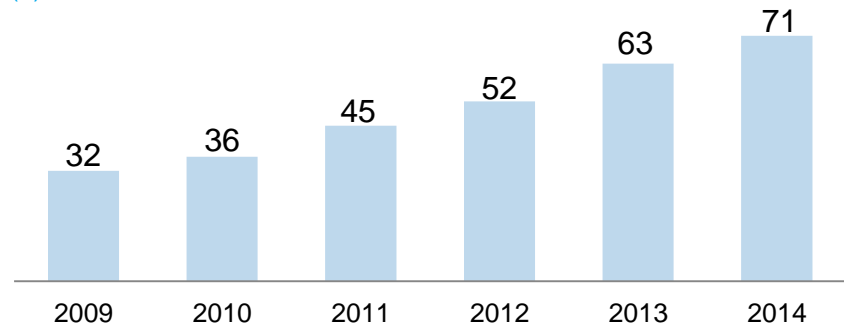


Shopping Malls Per Million Habitants



Shopping Malls Evolution

(#)



Final Remarks

Peruvian sectors are supported by strong indicators but there are also other reasons which guarantee that Peru will keep on growing on a healthy fashion for the next years.

Investors Confidence

- Private and Public investments above 20% of GDP for the past years is a number one driver for growth in the years to come

Infrastructure Gap

- It is well known that our infrastructure deficit, which is due to many decades of postponing investments in order to finance our short term needs, can and must be seen as a glass half full

Leverage Capacity

- The government of Peru is not only lowly leveraged but almost 50% of its debt is in local currency and with tenors in average above 13 years

Liquidity

- Peru's Central Bank has more than US\$60 bn in reserves which means more than 18 months worth of imports

Resources

- Peru is a rich country in terms of natural resources. Our vast territory provides us with minerals, gas, fishes, huge lands for plantations, amongst other resources

Internal Demand

- Peru's growth is not only a consequence of our exports but due to internal demand, clearly evidenced in the growth of our sectors

Population's Age

- More than 50% of the Peruvian population is below their 40's. This is a solid muscle which will help us driving growth for some decades



Peru: A Great Investment Opportunity

September 2015