



Why Invest In Colombia?

February 26th , 2013

Proexport is Colombia's entity in charge of the promotion of International Tourism, Foreign Direct Investment, and non-traditional exports

EXPORTS



INVESTMENT



TOURISM



Proexport's network: 28 offices around the world and 8 offices in Colombia



Colombia

1

After care services for established investors

2

Investment Climate – SIFAI

3

Coordination of FDI promotion with regions of Colombia

Colombia and Overseas

4

Tailor-made information requests

5

Coordination of site visits

6

Contacts with key entities in the public and private sector

Overseas

7

International Events and seminars.

Important multinationals around the world have selected Colombia as a strategic location for their expansion projects



In the process of constructing its most technologically advanced detergent plant worldwide.



2012



Expansion of its operations in Cartagena in order to double its production capacity of steel tubes for the oil and gas sector. (Over USD 200 million)



2012



Expansion of its production plant to assemble a new line of SUV for local market and exports, including Mexico. (USD 30 million)



2011



Acquisition of 20% of Drummond's thermal coal operations. The companies will work together to expand the mining area as well as rail and port facilities to lift production to 35 million tones in 2013. (USD 1.6 billion)



2011

Important multinationals around the world have selected Colombia as a strategic location for expansion



Establishment of one of its three Global Innovation Centers.
(USD 20 million)



2011



Opened a new global service center in Medellin.



2011



Creation of an industrial complex with 11 plants of different lines of building materials to supply the local market.
(USD 250 million)



2012



Construction of an stamping plant in Bogota that will have the capacity to produce 60.000 cars per year.
(USD 200 million)



2012



Acquired ESI de Colombia, a value added reseller of industrial electrical equipment and engineering services.



2011

Important PE funds around the world have selected Colombia as a strategic location for their activities



Is a company dedicated to management of real assets and private equity funds, focused mainly in the infrastructure, energy and real state sectors.



Is a company specialized in handling private equity funds. The firm makes mainly equity or quasi-equity investments in a diverse portfolio of infrastructure-related projects



Is a private equity firm focused on the luxury beachfront hotel and resort asset class. Brilla's target markets are South Florida, the Caribbean, Mexico, Central America, and Colombia.



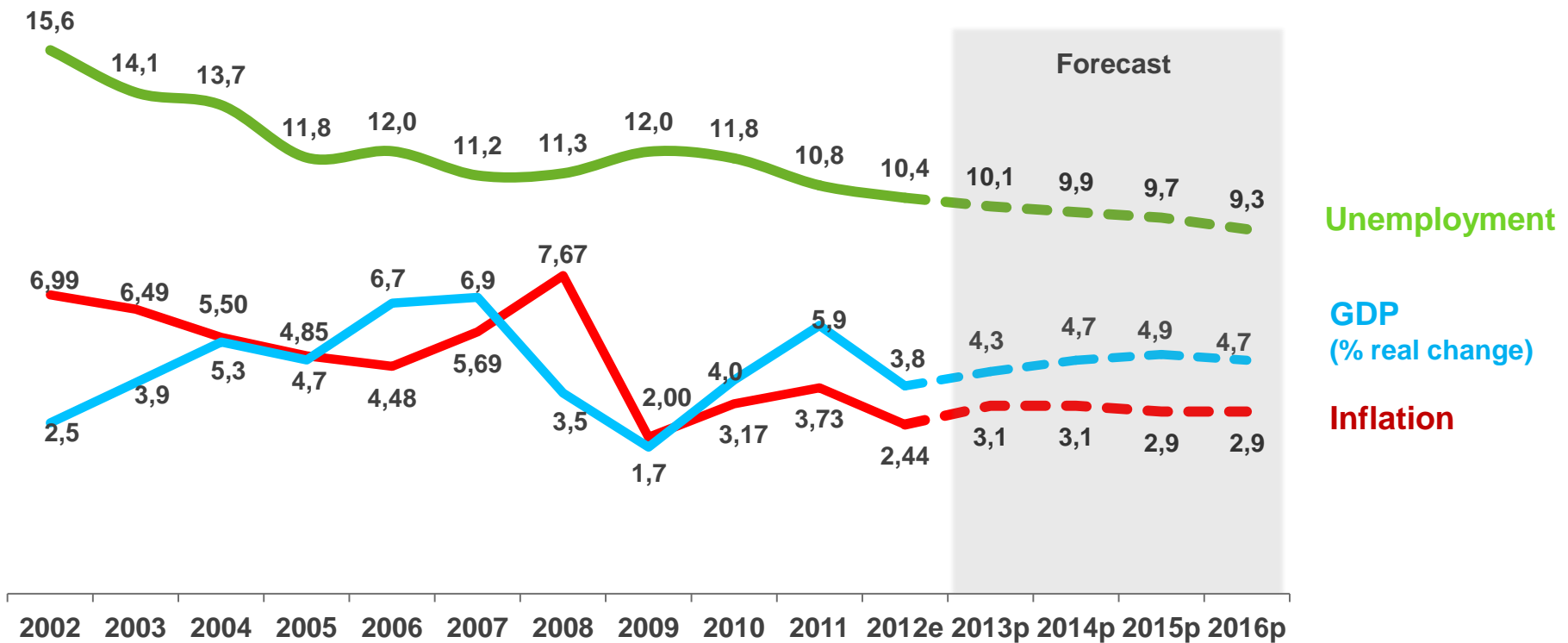
Is an investment assets management company focused on Latin America. During the last 15 years, Linzor has presence in 7 different countries with investments in 12 different industries.



The firm focuses on international buyouts, strategic repositioning opportunities and growth buyouts. Through its buyout programs, Advent has completed over 270 transactions in 35 countries.

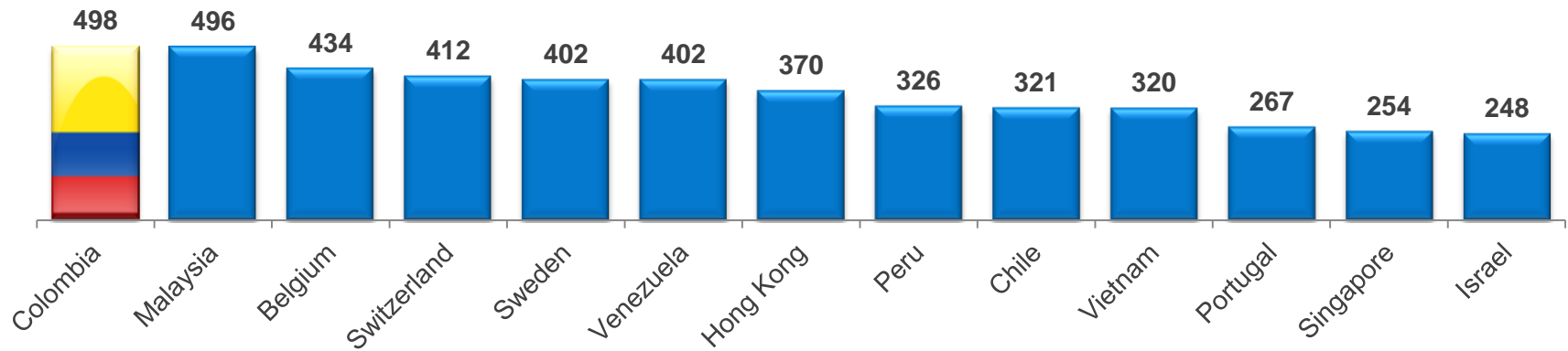
Macroeconomic stability and strong economic performance in the long run

**GDP, inflation and unemployment rate (%)
2002 – 2016p (Annual average)**

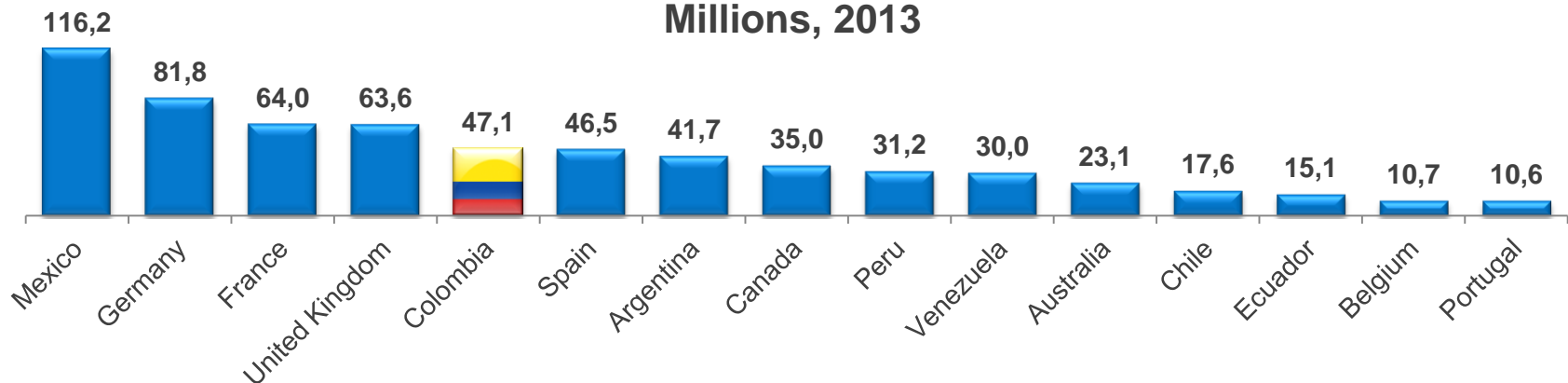


An attractive consumer market having one of the largest populations in Latin America

Nominal Gross Domestic Product at PPP US\$ billion, 2012*



Population Millions, 2013



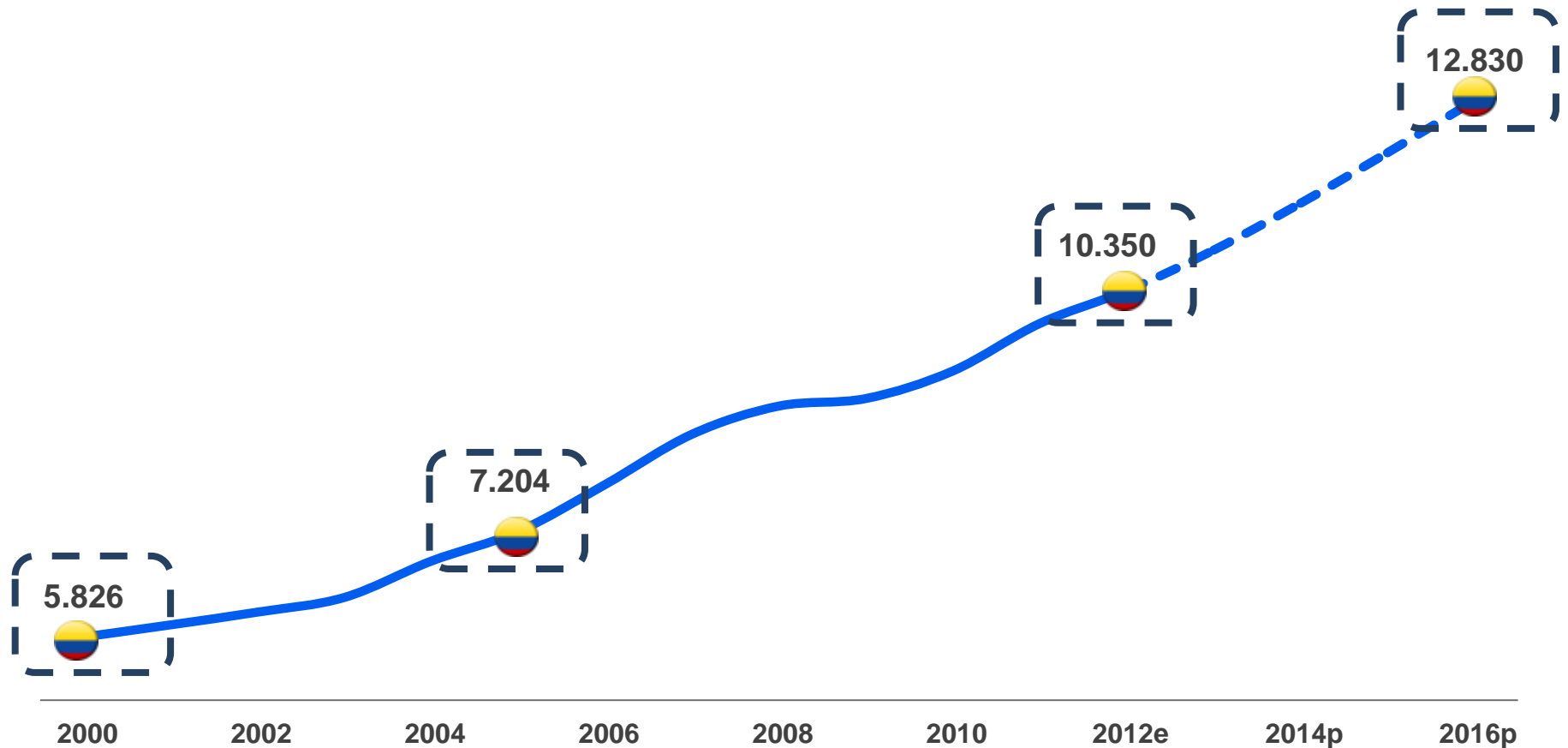
Source: DANE; EIU (Economist Intelligence Unit)

Note: PPP (Purchasing Power Parity)

*Estimated

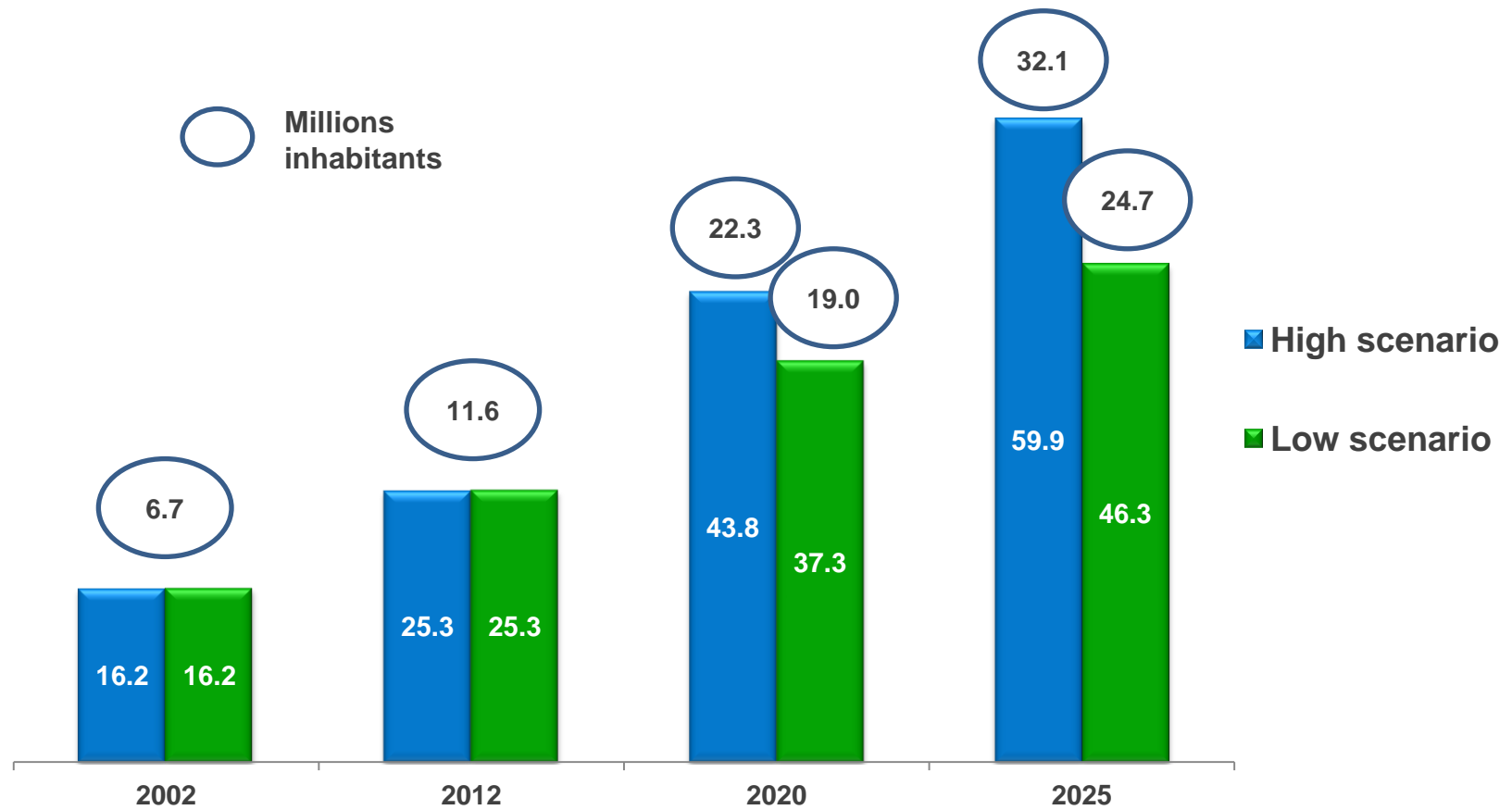
Colombia's GDP per capita has doubled in last decade

GDP per capita at PPP
US\$, 2000 – 2016p



A high growth of middle class in Colombia is expected

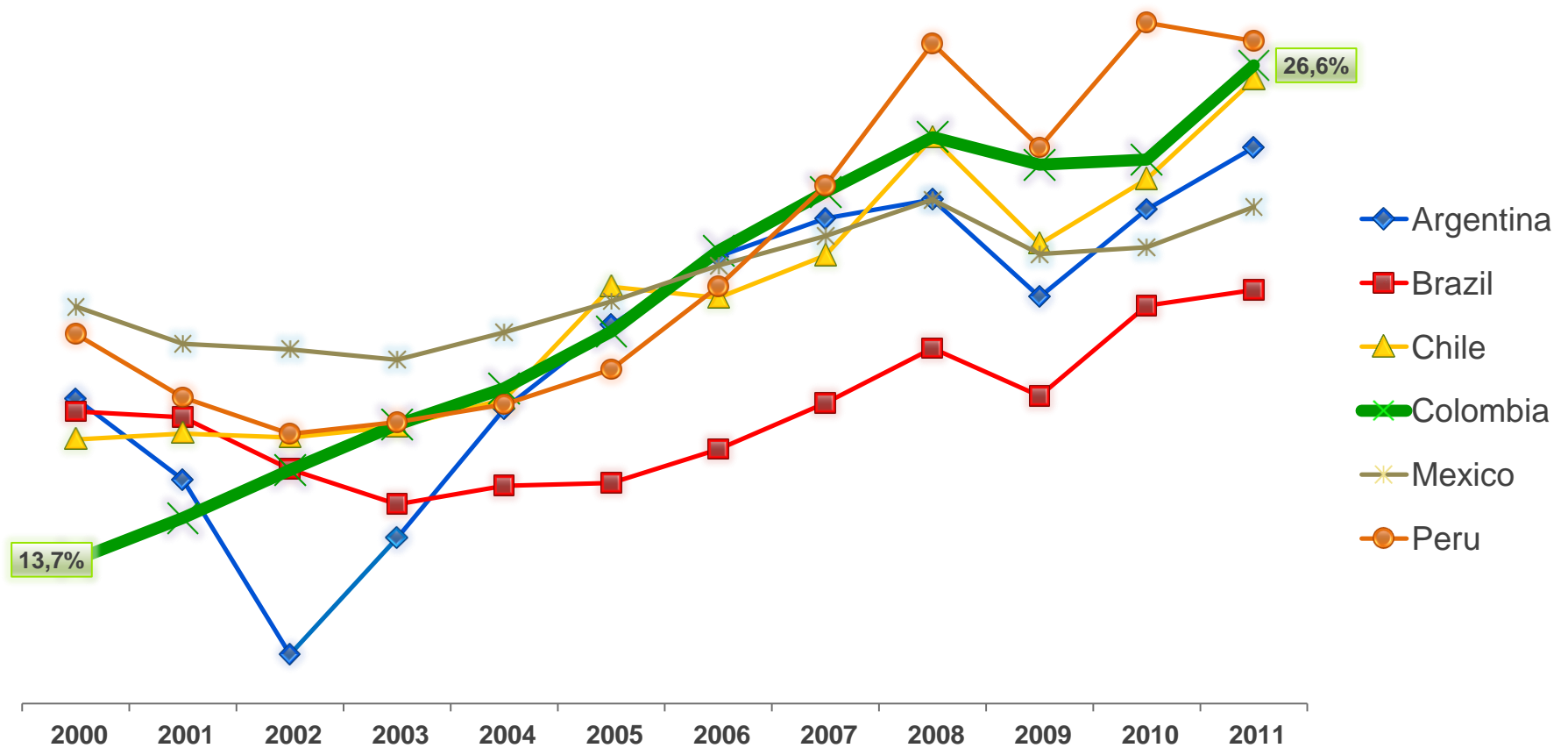
Evolution of middle class in Colombia Total share of population



Middle class: people who belong to families with monthly income among US\$ 1,054 to US\$ 4,329

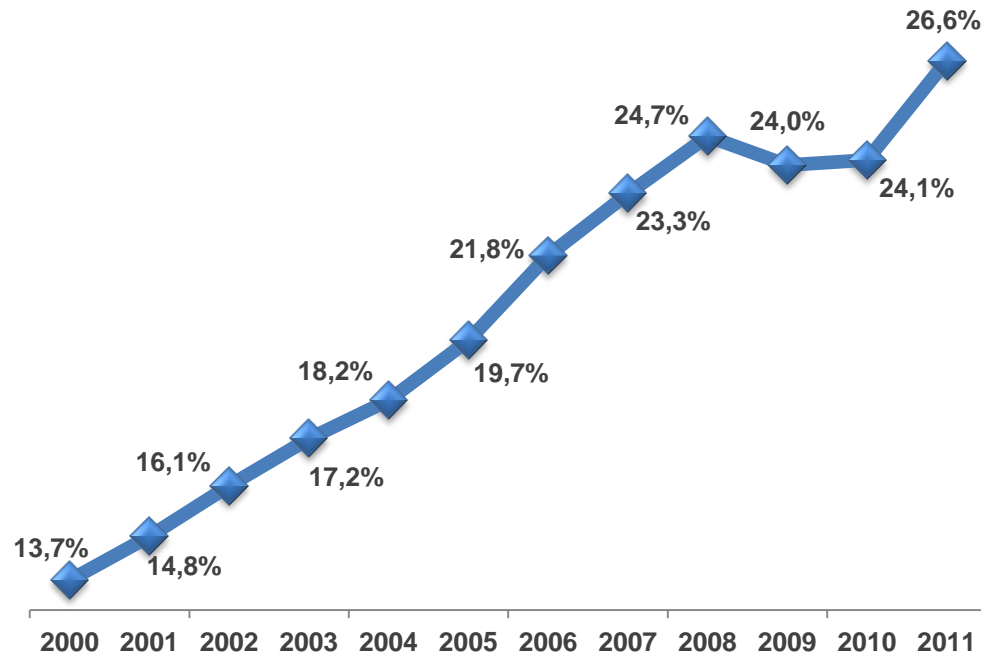
Investment as a share of GDP has almost doubled in the last decade

National investment as share of real GDP 2000 – 2011

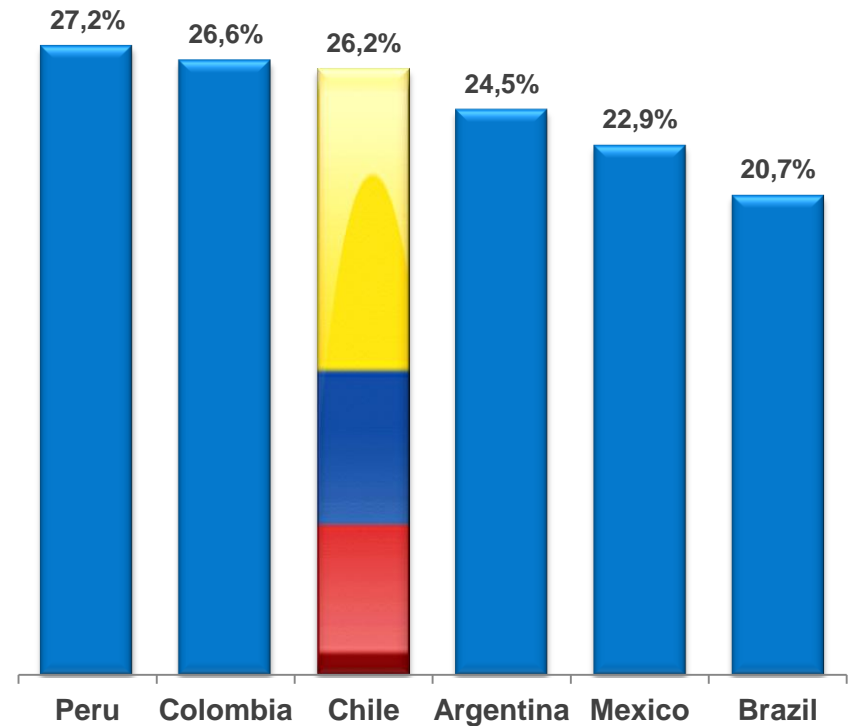


Colombia has one of most high investment rates as share of real GDP

Colombia's national investment as share of real GDP, 2000 - 2011



Investment as share of real GDP, 2011



The Colombian credit rating was raised to Investment Grade by top three risk-rating agencies

August 2012
**S&P upgrades
Colombia's
sovereign debt
outlook to positive**

“Effective
implementation of
recent fiscal reforms
could improve its debt
and interest burdens”–
S&P



Rating Agency	Term	Rating	Date	Outlook
	Long Term– Foreign Currency	BBB –	16 – Mar - 2011	Positive
	Short Term– Foreign Currency	A – 3	16 – Mar - 2011	
	Long Term– Local Currency	BBB +	5 – Mar - 2007	
	Short Term – Local Currency	A - 2	5 – Mar - 2007	
	Long Term– Foreign Currency	BBB –	22 – Jun - 2011	Stable
	Short Term– Foreign Currency	F – 3	22 – Jun - 2011	
	Long Term – Local Currency	BBB	22 – Jun - 2011	
	Long Term– Foreign Currency	Baa3	7– Feb - 2012	Stable

In 2011, three top risk-rating agencies upgraded Colombia's sovereign debt rating to investment grade, coinciding with the **excellent economic and financial period** that the country was facing:

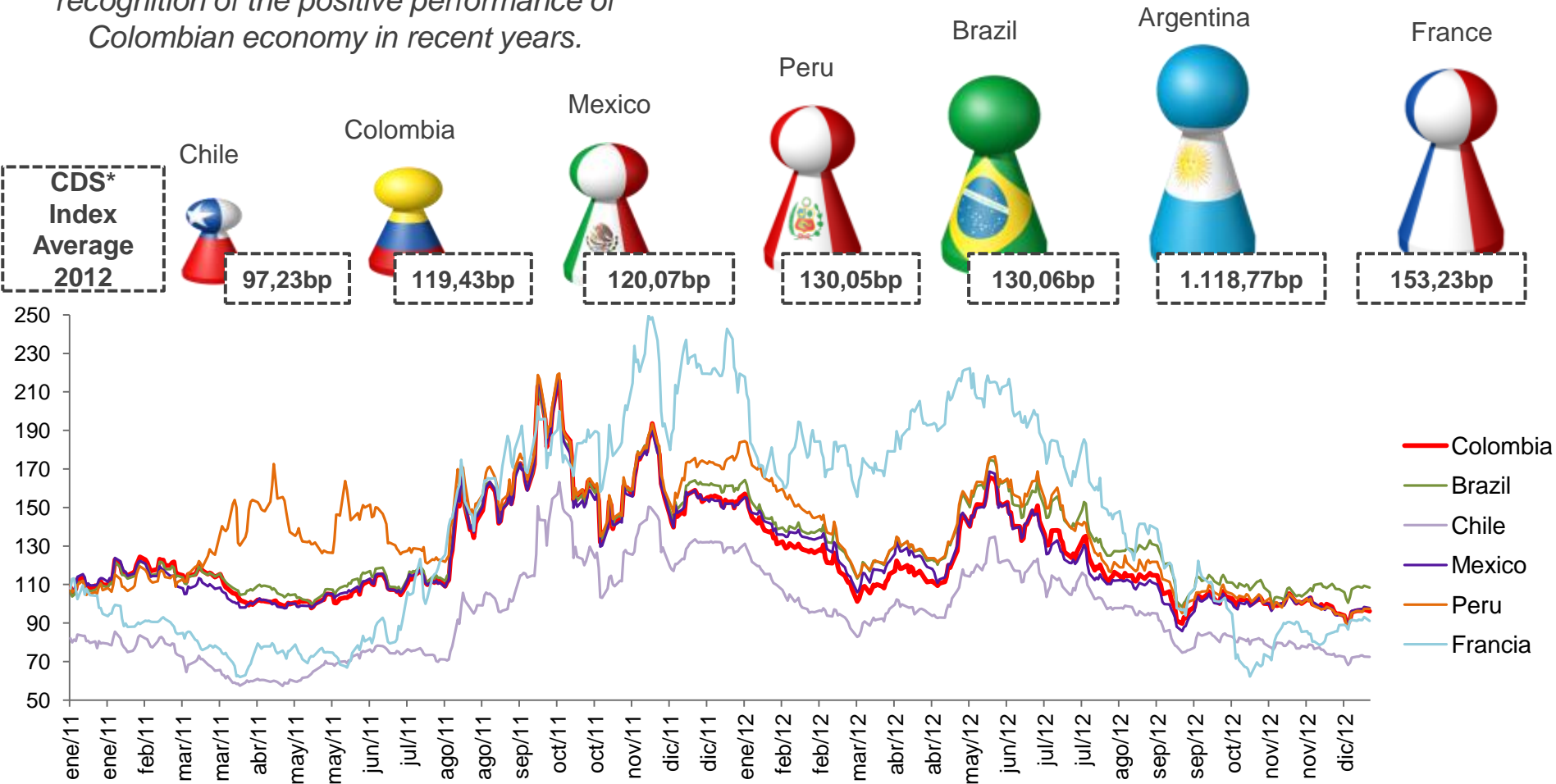
- ✓ A reduce in its vulnerability to external shocks
- ✓ Its historic fulfillment of obligations
- ✓ An increase in its macroeconomic confidence
- ✓ A true improvement in security policies

The risk perception of Colombia continues to improve and is one of the lowest in the region

The current low risk perception is a recognition of the positive performance of Colombian economy in recent years.



Higher Risk



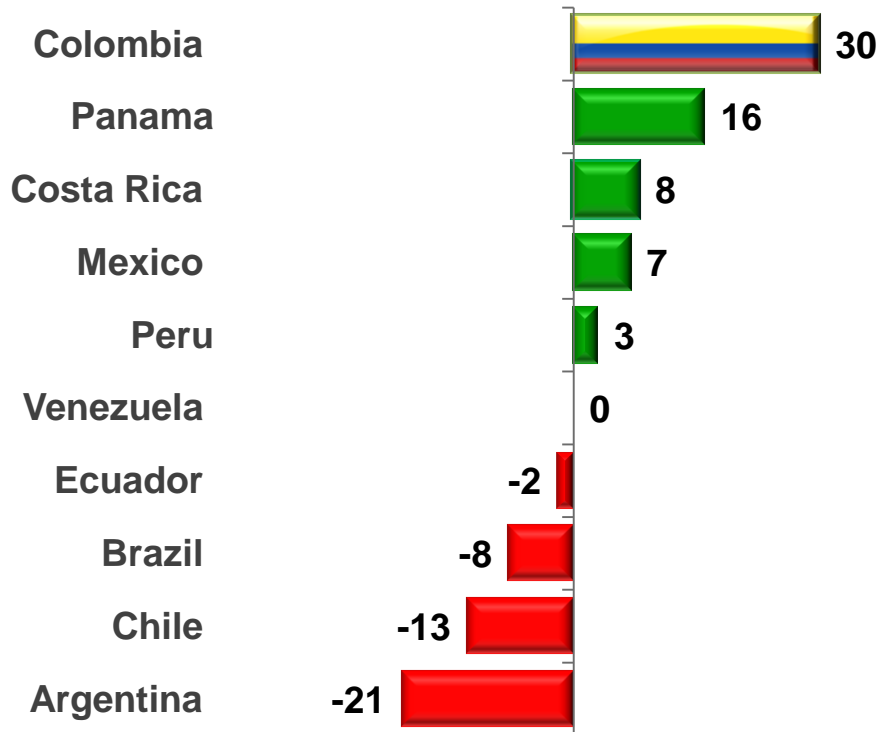
*Credit Default Swaps Index. Measures the difference between the interest rate paid over a Colombian bond in dollars abroad against the interest rate paid for a US bond. CDSA to December 31, 2012. The smaller the difference the lowest the risk in the country.

Colombia is the third business friendly country in the region



Doing Business Ranking** 2008 – 2013

Change in the number of positions



Ranking Doing Business*

País	2013
Chile	37
Peru	43
Colombia	45
Mexico	48
Panamá	61
Costa Rica	110
Argentina	124
Brazil	130
Ecuador	139
Venezuela	180



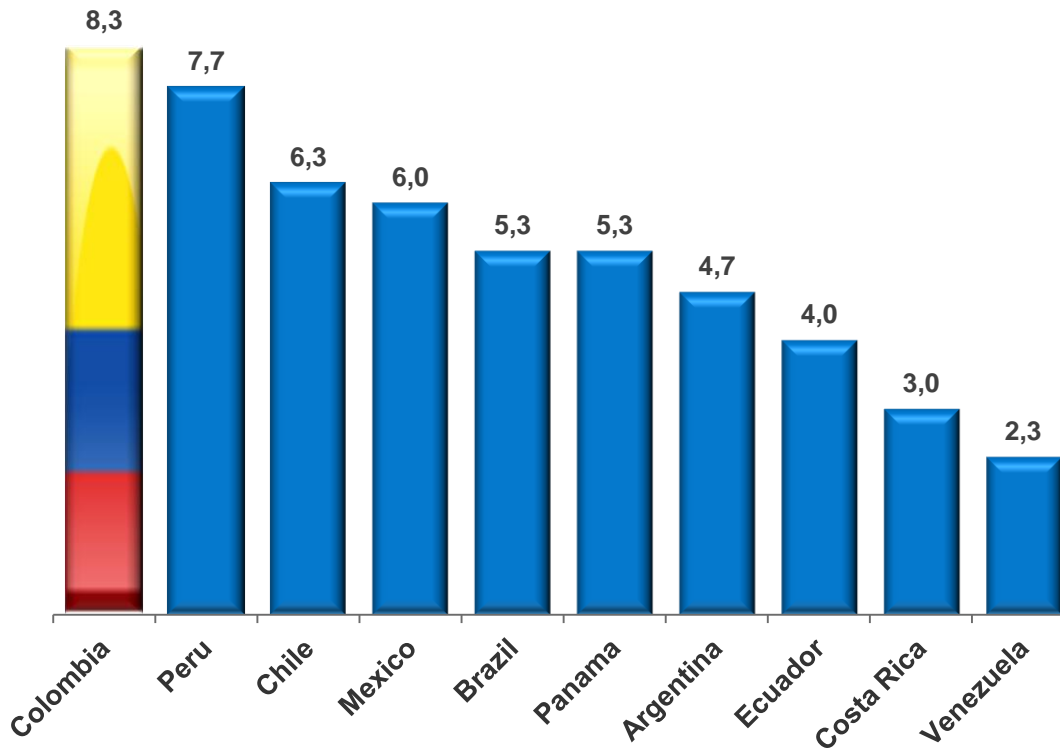
Source: Doing Business 2013 – World Bank

* Total countries: 185

** Positive numbers indicate improvements in business environment

Colombia is leader in terms of investor protection in the region

Investor Protection Index* Doing Business 2013



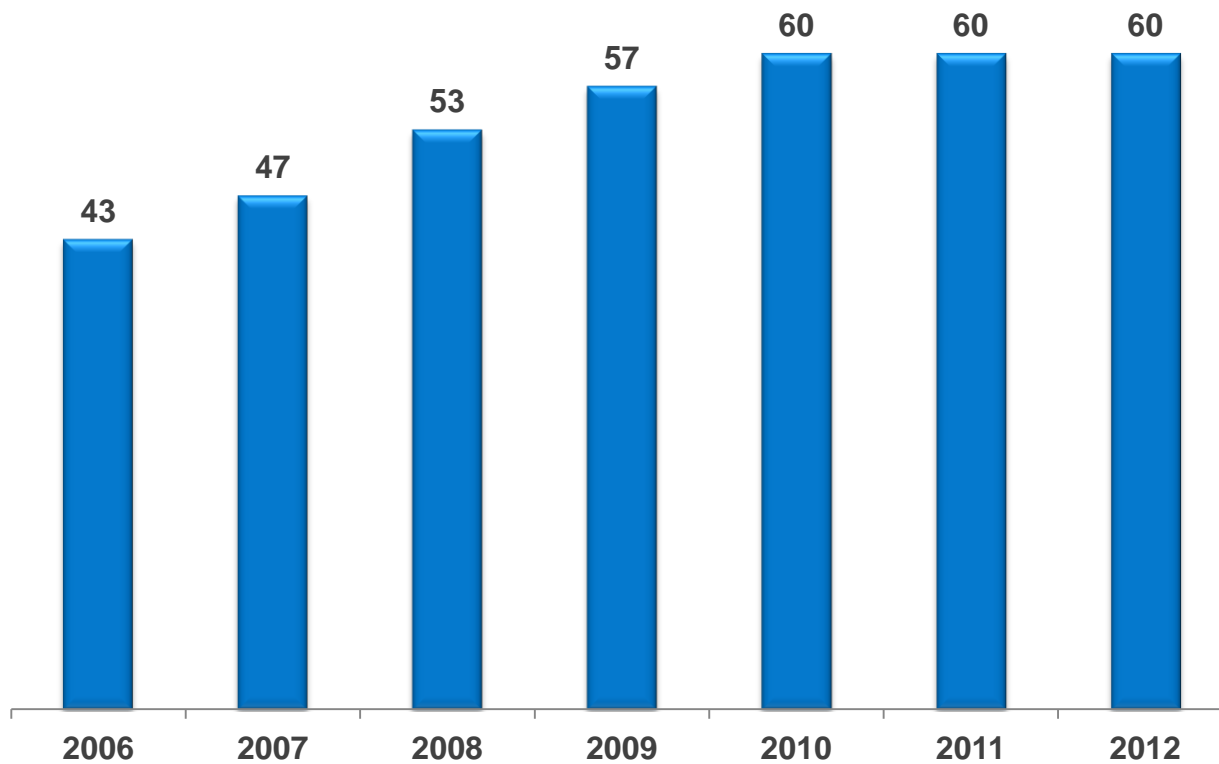
Ranking	Country
6	Colombia
13	Peru
32	Chile
49	Mexico
82	Brazil
82	Panama
117	Argentina
139	Ecuador
169	Costa Rica
181	Venezuela

Source: Doing Business 2013 – World Bank

* Index: 0-10 where 10 = best

Colombia has showed a steady improvement in its PE environment

Evolution of the score, 2006-2012*



Strengths:

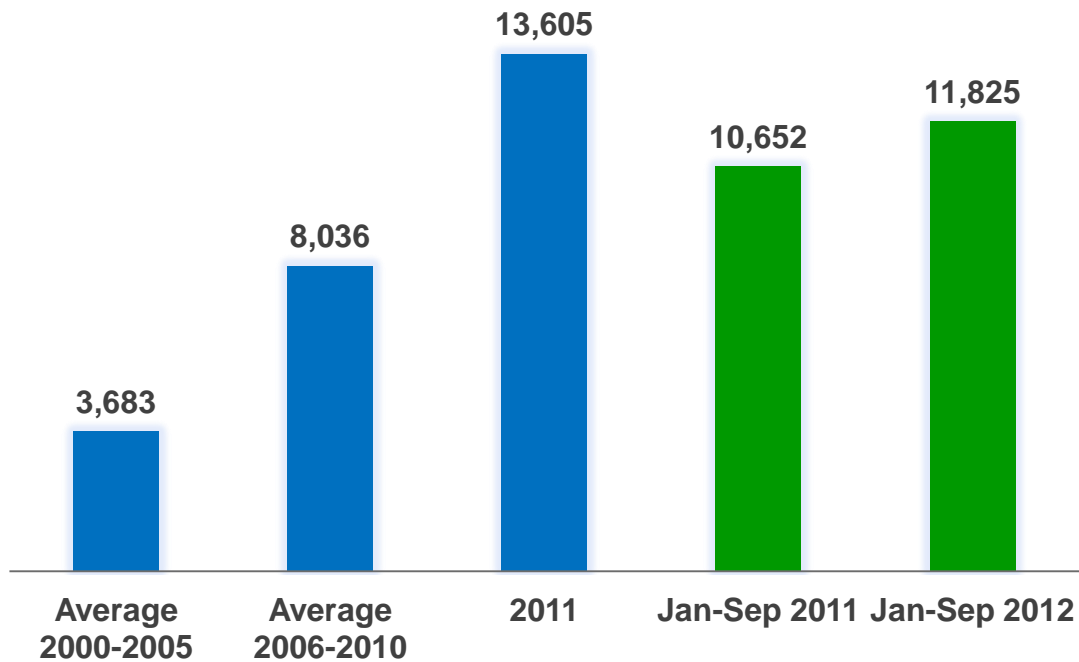
- Attractive regulatory framework for formation and management of private equity funds.
- Protection of minority shareholder rights
- Restrictions on local institutional investors investing in PE/VC
- Broad set of corporate governance standards.

Source: LAVCA 2012 Scorecard

* Score: 0-100 where 100 = best (strongest environment)

In 2012, Colombia will set a new record in FDI

Foreign Direct Investment US\$ Million, 2000 – 2012*



Main investing countries in Colombia, 2000 – 2011**



United States

- Accumulated US\$ 9,595 million
- 25.2% share



United Kingdom

- Accumulated US\$ 5,614 million
- 14.7% share



Spain

- Accumulated US\$ 3,431 million
- 9% share



Canada

- Accumulated US\$ 1,373 million
- 3.6% share

Source: Balance of Payments – Banco de la República.

* January – September 2012

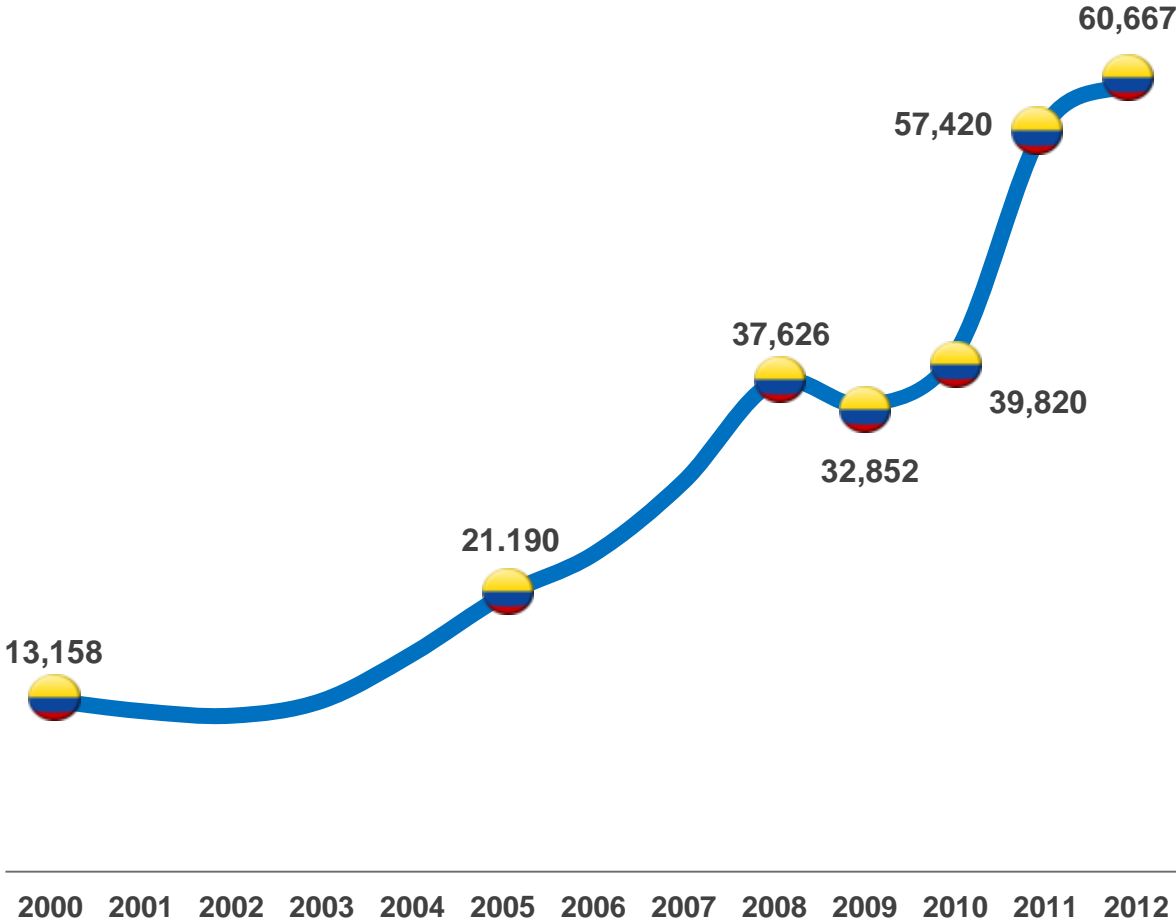
** Share of all countries with positive cumulative investment, without reinvested profits or investments in the oil sector. Accumulated value 2000 – 2011: US\$ 38,100 million

Variation 2011/2010: +100%

Note: the list of the top countries investing in Colombia does not include Panama, Anguilla, Virgin Islands and Bermudas.

Colombia shows remarkable export growth

Exports, 2000 – 2012 US\$ Million



Top export destinations 2012



United States

- US\$ 21,980 million
- 36.2% share



China

- US\$ 3,343 million
- 5.5% share



Spain

- US\$ 2,940 million
- 4.8% share



Venezuela

- US\$ 2,691 million
- 4.4% share



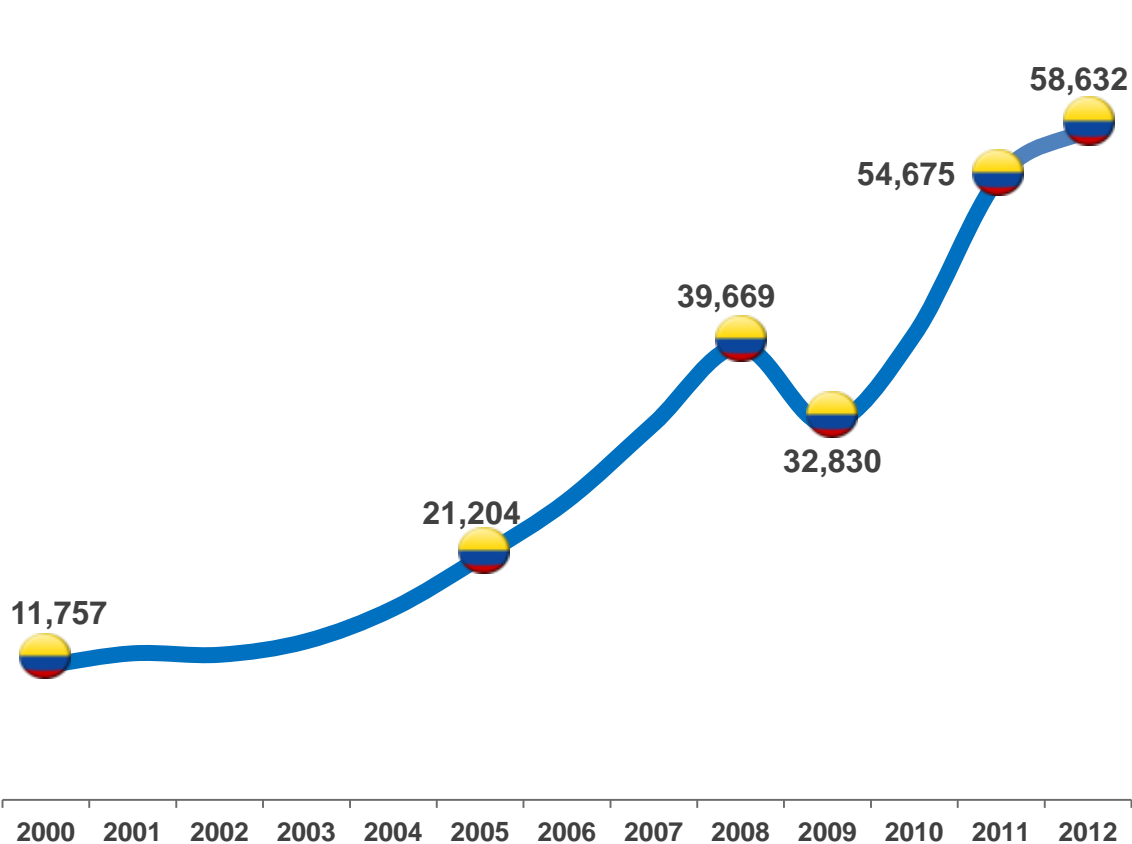
Holanda

- US\$ 2,503 million
- 4.1% share

Source: DANE
Variation 2012/2011: 5.7%

Imports also have increased rapidly

Imports, 2000 – 2012 US\$ Million



Top imports destinations 2012



United States

- US \$14,062 million
- 24% share



China

- US\$ 9,565 million
- 16% share



Mexico

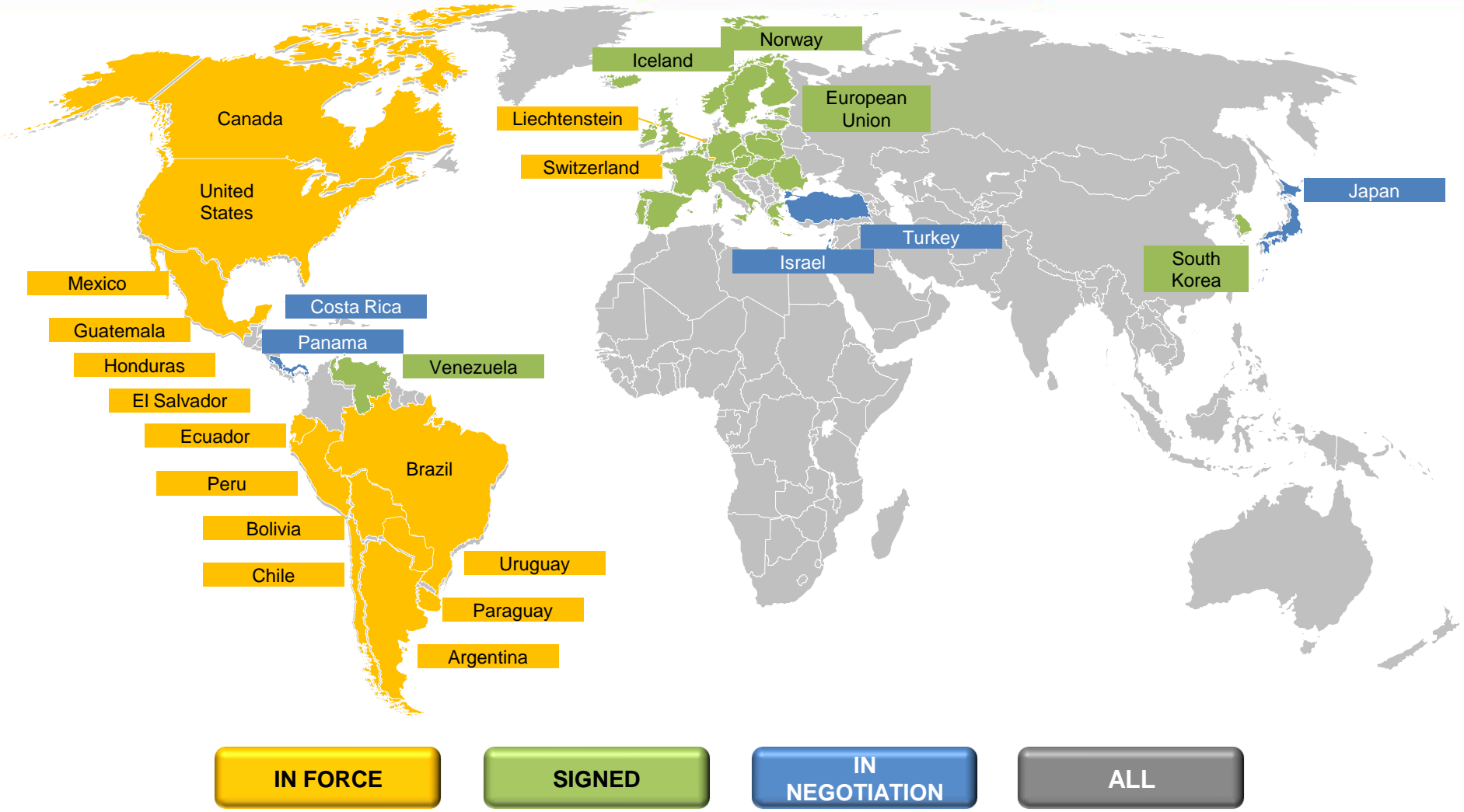
- US\$ 6,362 million
- 11% share



Brazil

- US\$ 2,796 million
- 4.8% share

Free Trade Agreements (FTA)



Fuente: Colombian Ministry of Commerce, Industry and Tourism. 2012.



33 All Free Trade Zones in Colombia

- ✓ Tax and customs benefits.
- ✓ No restriction on sales to the local market.
- ✓ Different types of FTZs suited to investors' needs.
- ✓ Approximately 30 Free Trade Zone Parks (multi-user) and 70 single-enterprise FTZs around the country.
- ✓ Close to 4 million square meters available to companies in FTZ parks around the country.
- ✓ Companies such as Unisys, GM, Kimberly Clark, Pepsi/Frito Lay and Convergies use Colombia's FTZ framework to operate.



AGRIBUSINESS



MINING



INNOVATION



INFRASTRUCTURE



HOUSING

Productive Transformation Program: A public - private partnership to strengthen and build *world class sectors*



16 Strategic Sectors

SERVICES



BPO & O



Software & IT



Health Tourism



Ecotourism



Electric energy and services

MANUFACTURING



Graphic Communications



Fashion System



Auto parts and Vehicles Industry



Cosmetics



Steel

AGRICULTURE



Chocolates and Candy



Cattle



Palm, Vegetable Oils and Biofuels



Shrimp farming



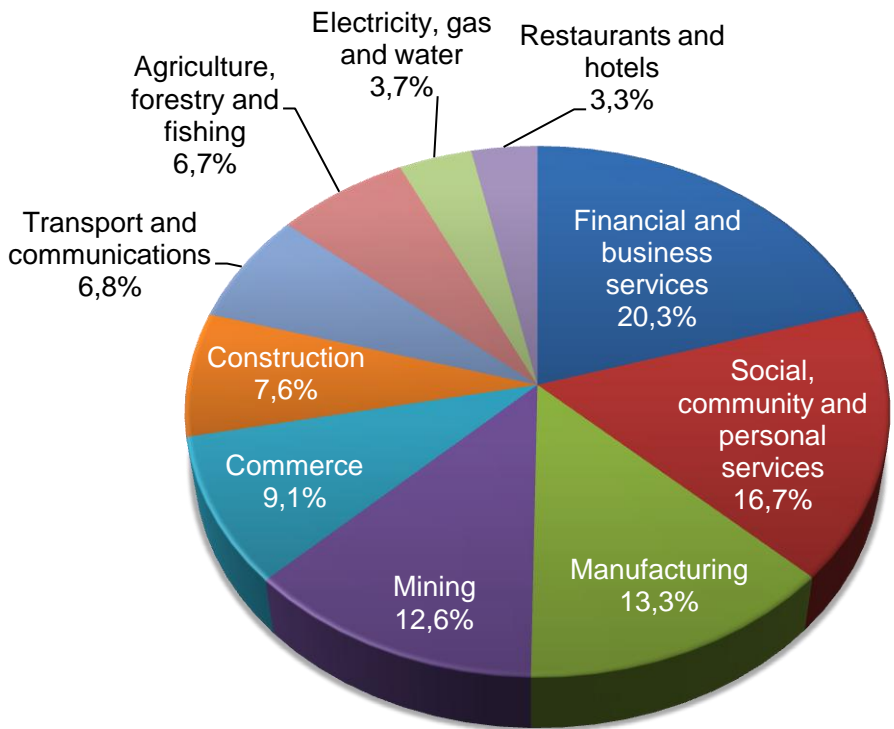
Dairy products



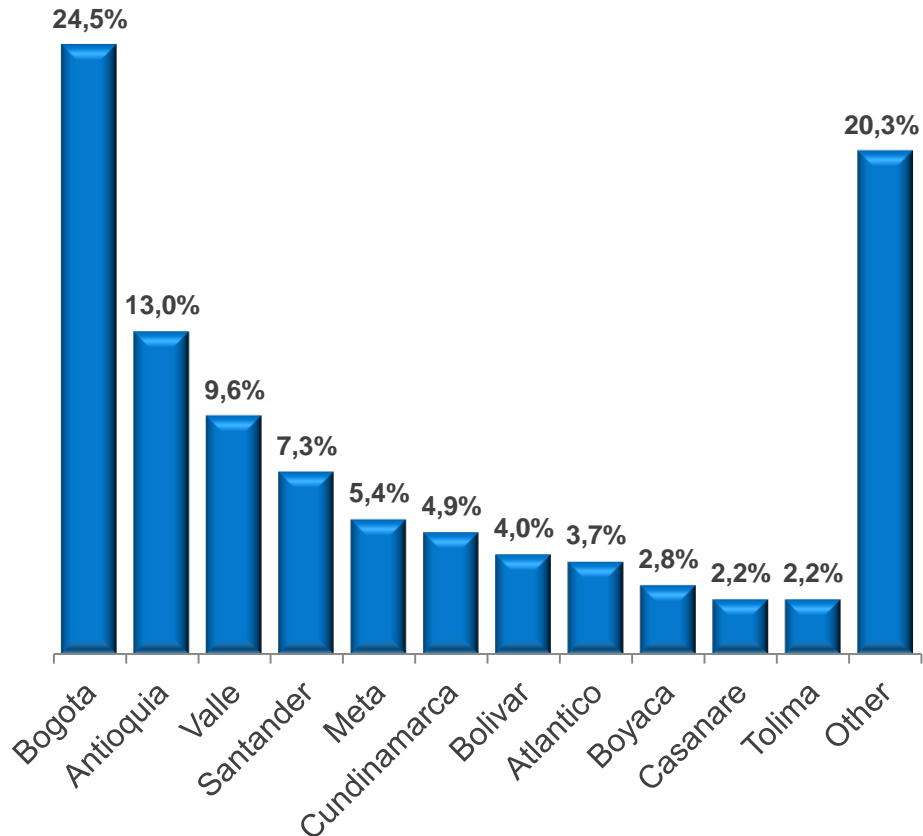
Horticulture

Colombia's GDP by sectors and regions

Colombia's GDP by sector*



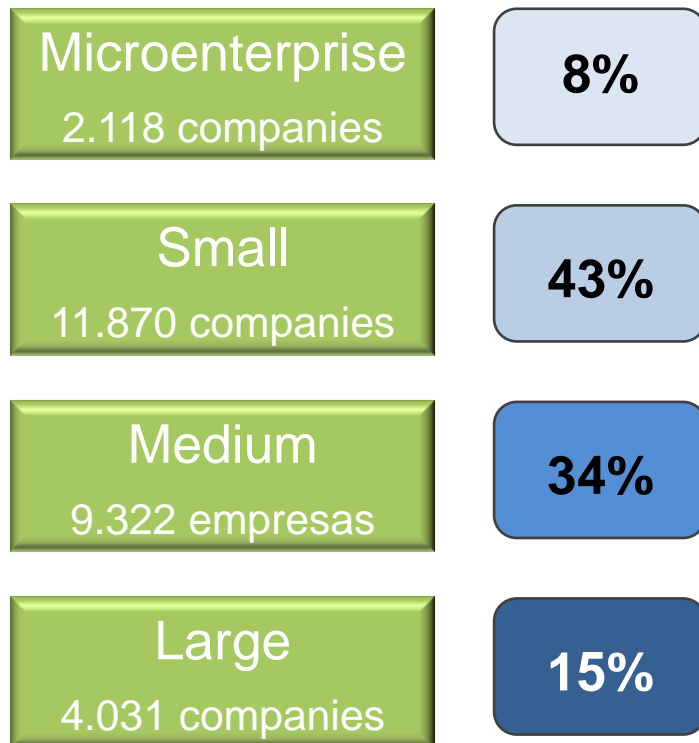
Colombia's GDP by region**



Source: DANE
 * Distribution in cumulative GDP. 3Q 2012
 ** GDP by region with data to 2011

In Colombia, organizational structure is based in small and medium-sized companies

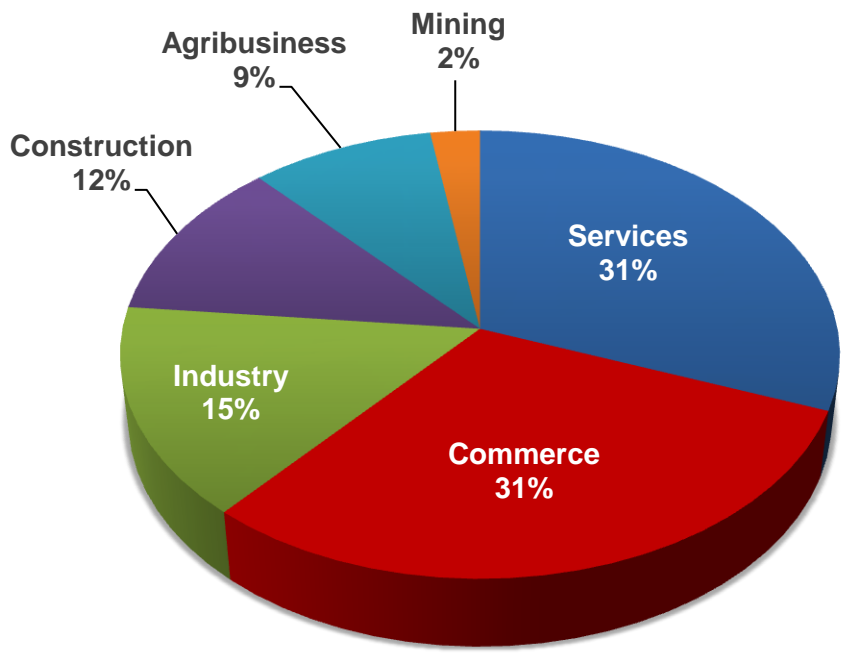
Organizational structure



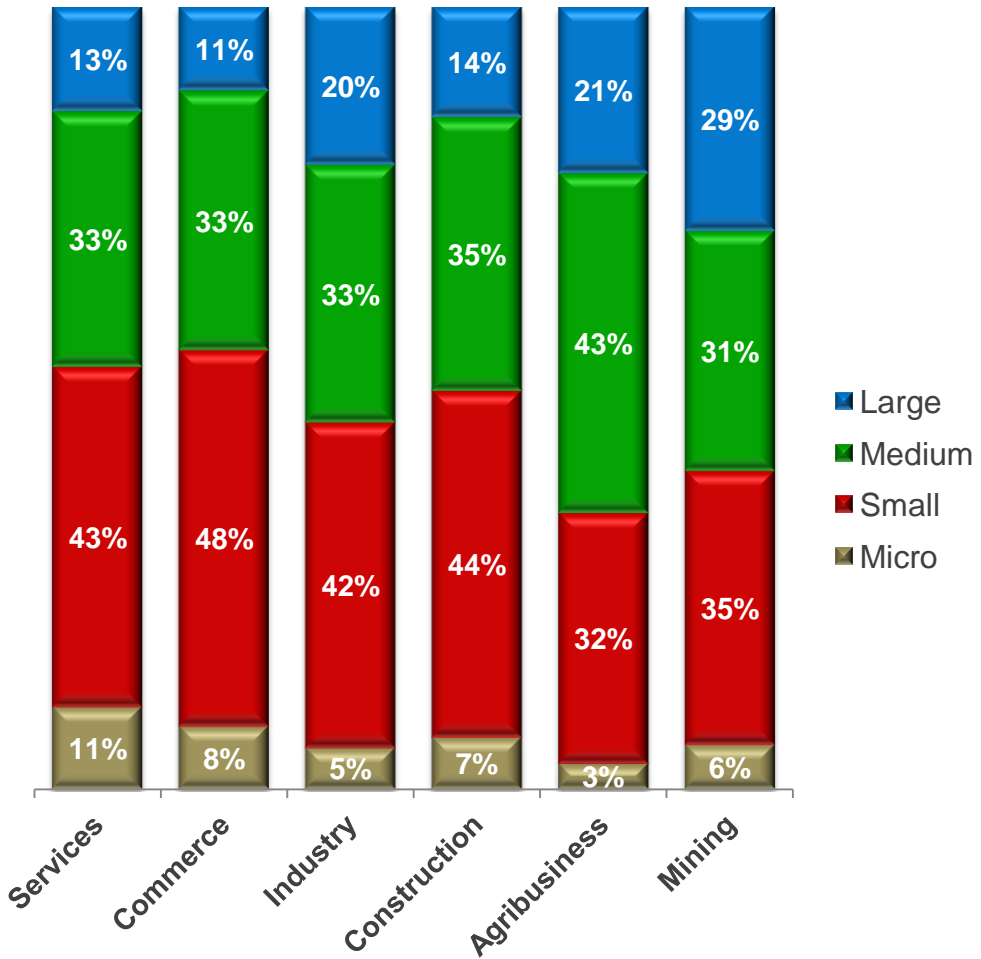
Company Size	Total assets in US\$
Microenterprise	≤ US\$ 163,911
Small	US\$ 163,912 ≤ US\$ 1,639,112
Medium	US\$ 1,639,113 ≤ US\$ 9,834,671
Large	> US\$ 9,834,671

27,341 companies in real sector with financial data reported to Supersociedades.

Companies by sector

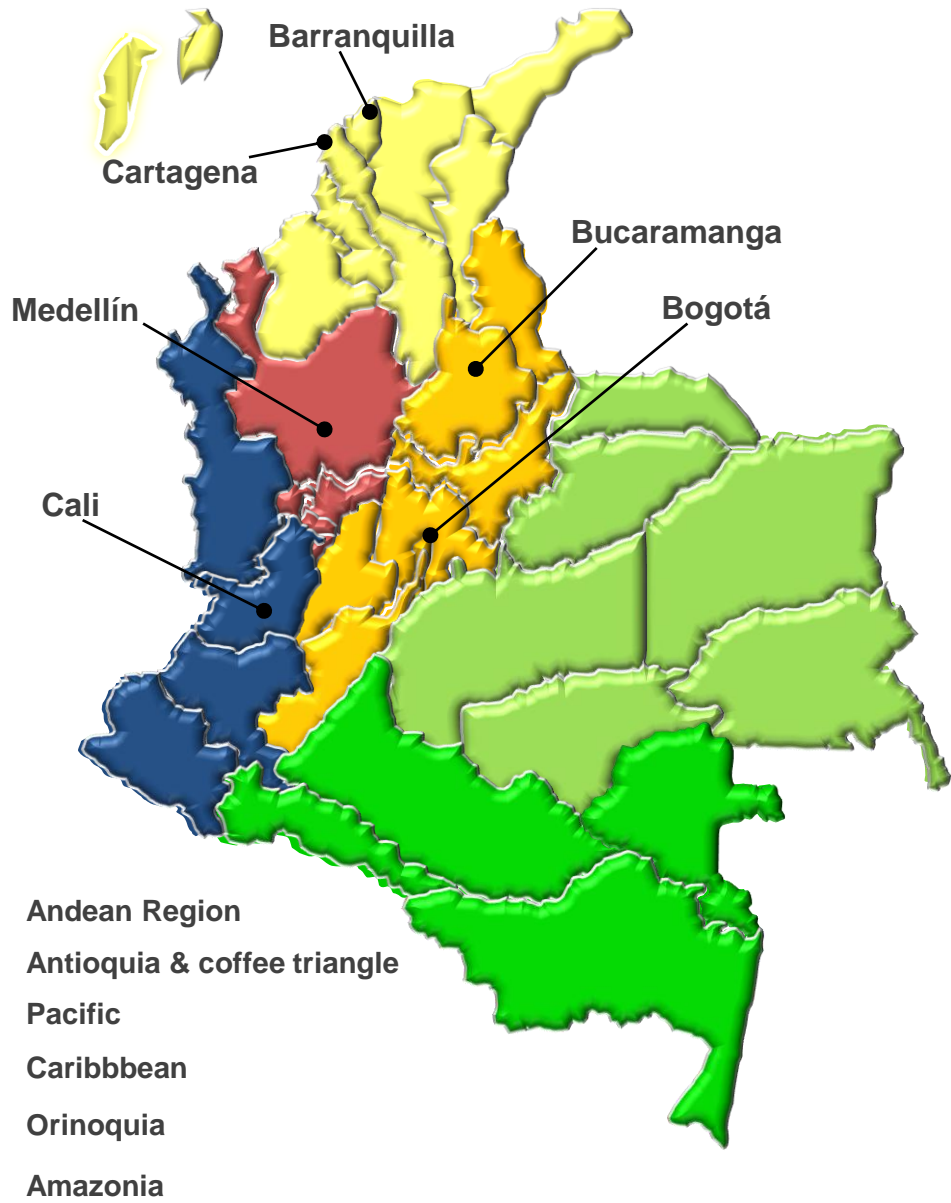


Distribution by company size



Source: BPR Benchmark, DANE and Byington
 * Total companies: 27,341

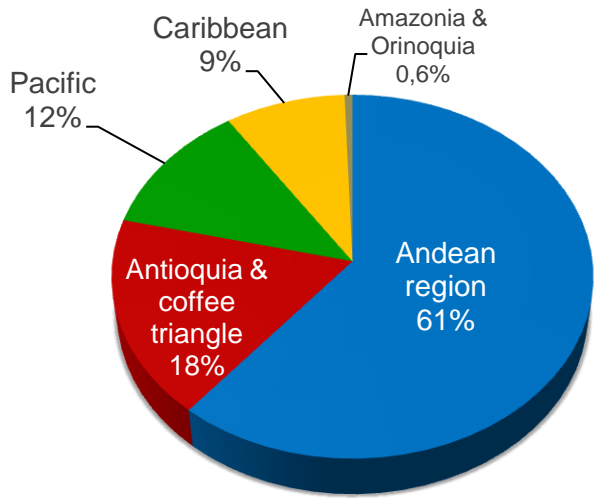
Businesses are mainly concentrated in the Andean Region



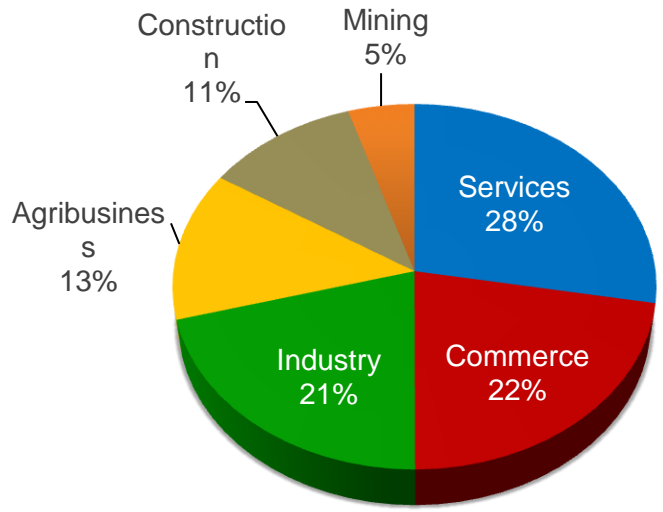
Share of total	Distribution by company size
65%	14% large – 78% SMEs
17%	16% large – 78% SMEs
9%	19% large – 74% SMEs
8%	16% large – 78% SMEs
1%	8% large – 87% SMEs
0,1%	5% large – 86% SMEs

Source: BPR Benchmark, DANE and Byington
* Total companies: 27,341

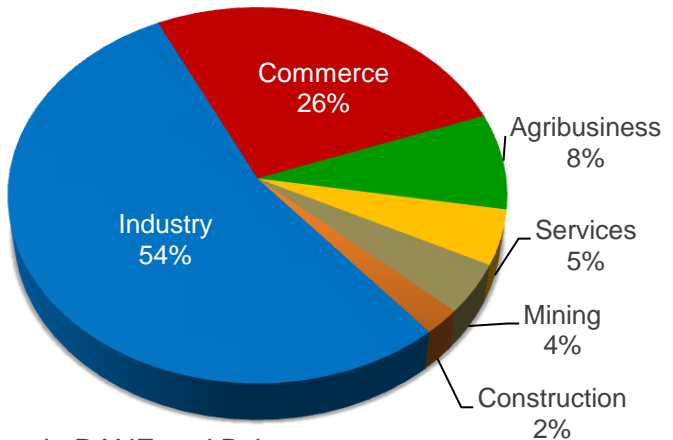
Large companies by region



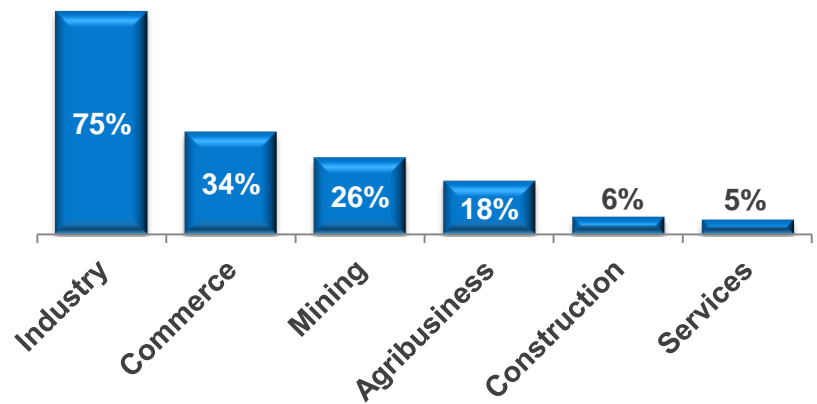
Large companies by sector



Large companies Exporters by sector

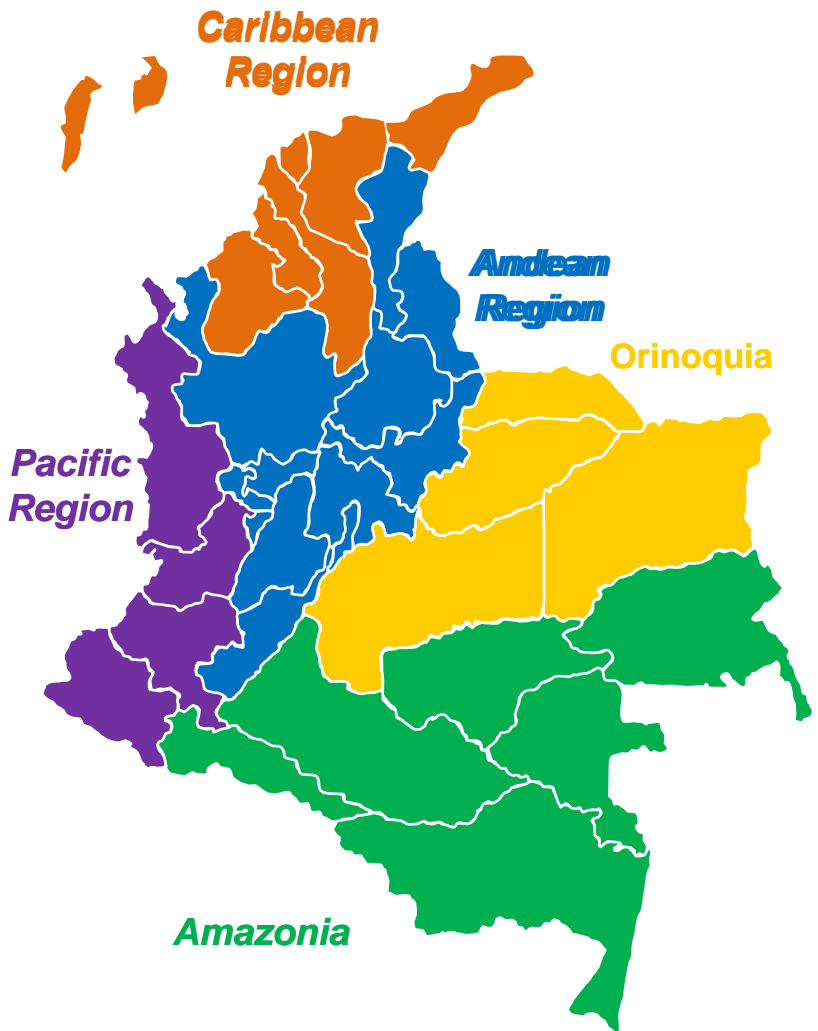


Exporters as percentage of total large companies



Source: BPR Benchmark, DANE and Byington
 # large companies: 4,031. Export companies: 1,163

A country with distinct regions and opportunities for investment



Caribbean Region

Caribbean Region: tourism, logistics, petrochemical cluster, construction materials, export platform to the Caribbean/Atlantic.

Andean Region

Andean Region: service outsourcing, high value-added manufacturing, hub to cover domestic market, specialized agro-industry.

Pacific Region

Pacific Region: agro-industry, manufacturing, logistics, biotechnology, export platform to the Pacific Rim.

Orinoquia Region

Orinoquia Region: agriculture, forestry, biofuels, hydrocarbons.

Amazon Region

Amazon Region: conservation, ecotourism (Leticia).

All regions

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