

A network diagram background consisting of a central node on the left with multiple lines radiating outwards to other nodes. The nodes are represented by small circles in various shades of blue and grey. The lines are thin and light blue, creating a web-like structure that spans the entire page.

BRAZIL:

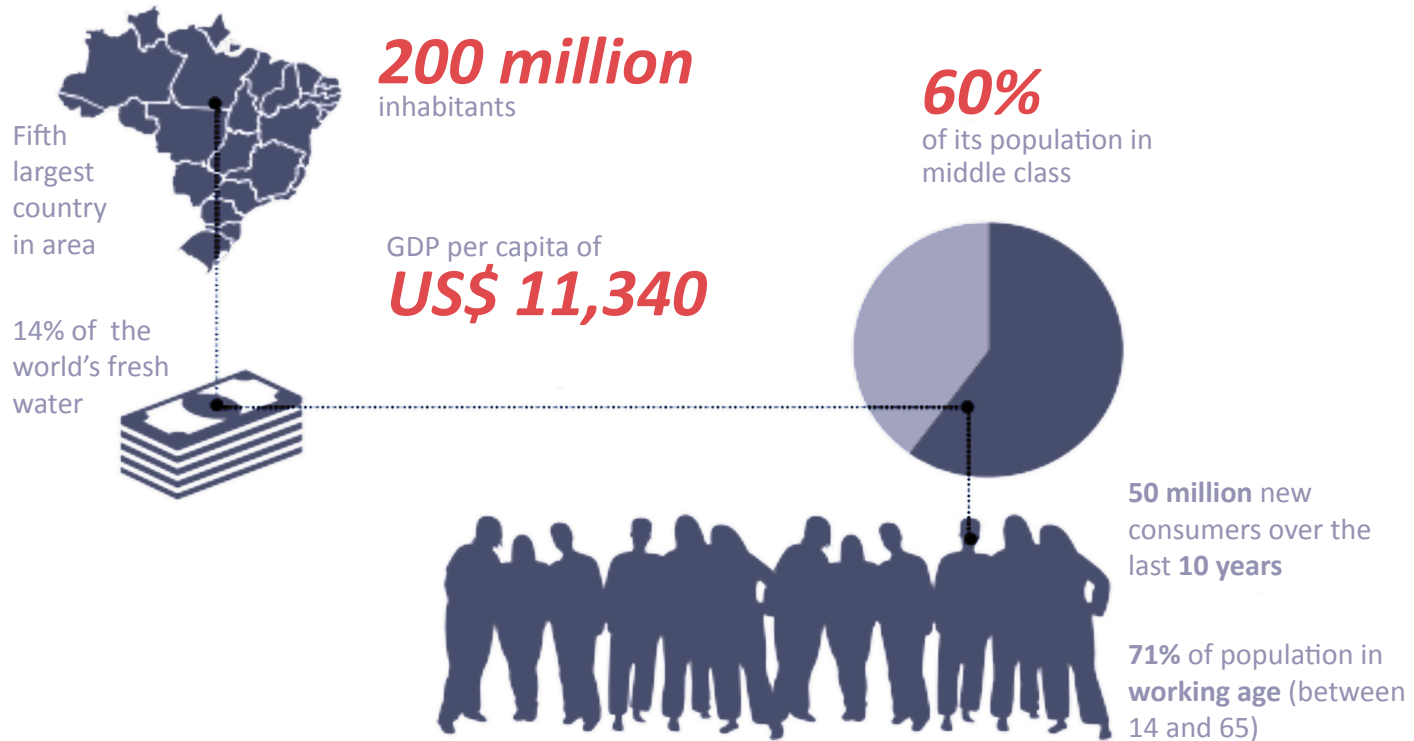
New frontiers
and investment
opportunities

Ministry of Planning
March 2015

BRAZIL IN THE GLOBAL ECONOMY

- World's 7th largest economy
- Strong and increasing consumer market
- Large and diversified productive sector
- Abundant natural resources
- Consolidated democracy
- Sound macroeconomic foundations

DOMESTIC MARKET: ONE OF THE MAIN DRIVERS OF GROWTH



Source: APEX/PricewaterhouseCoopers (PwC) - 2014, IBGE and Property UK.

PARTICIPATION IN THE MAIN MARKETS

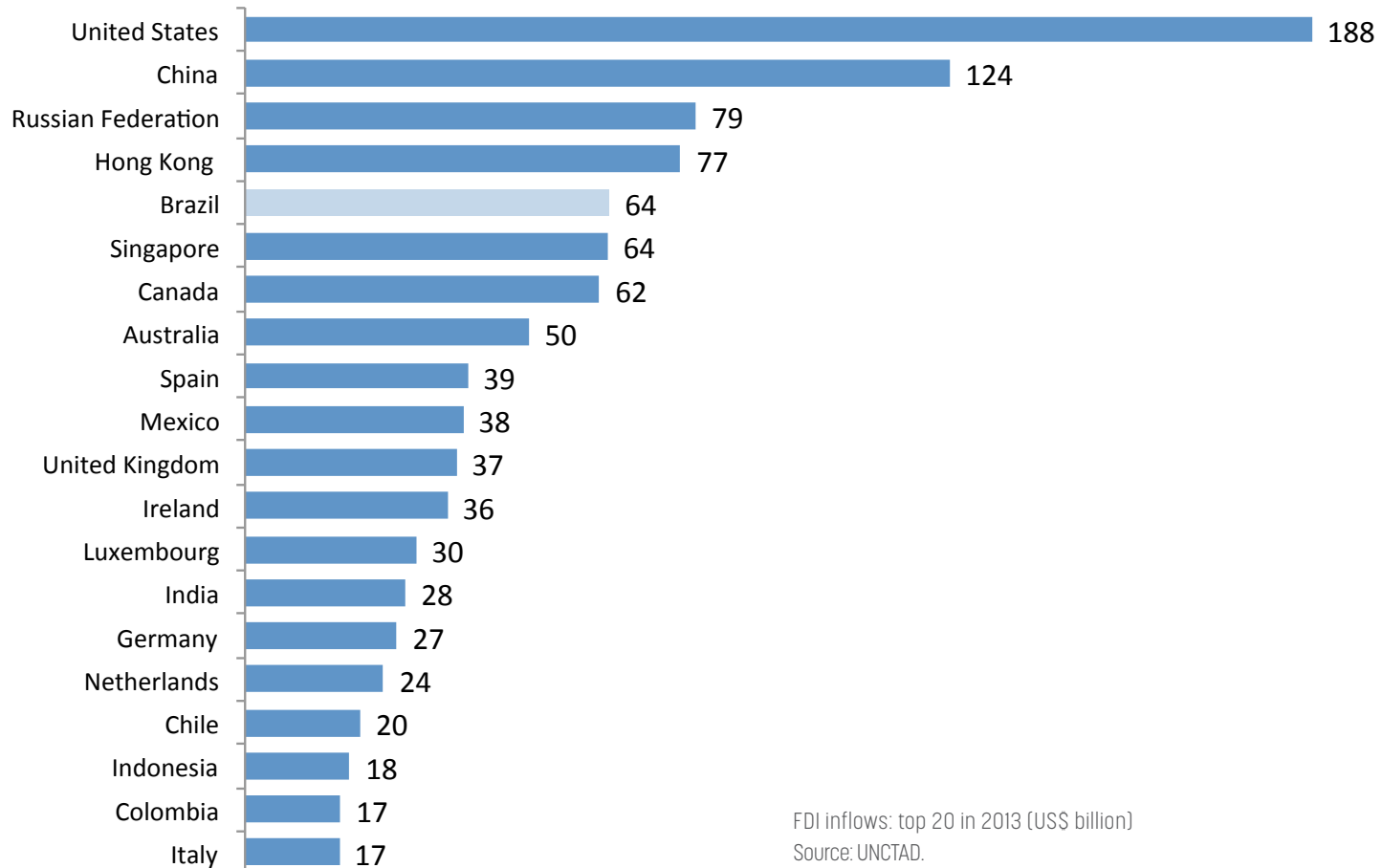


- ▶ 1st world's producer and exporter of sugar, coffee and orange juice
- ▶ 1st world's sugar cane ethanol producer
- ▶ 2nd producer and exporter of soybeans
- ▶ 3rd main aircraft manufacturer
- ▶ 3rd producer of corn, 2nd exporter
- ▶ 1st beef exporter
- ▶ 1st exporter of tobacco
- ▶ 5th exporter of cotton fiber
- ▶ 5th largest market for medical equipment
- ▶ 13th largest publisher of scientific articles

- ▶ 1st exporter of poultry meat
- ▶ 2nd producer and exporter of soybeans
- ▶ 3rd largest market for computers
- ▶ 3rd largest market and manufacturer of beer
- ▶ 4th in clean and renewable energy
- ▶ 4th main market for biodiesel
- ▶ 5th largest market for cell phones, automobiles and TVs
- ▶ 10th largest industrial producer
- ▶ Home to the world's 15th largest oil reserves

Source: APEX/PricewaterhouseCoopers (PwC) - 2014, and Property UK.

FOREIGN DIRECT INVESTMENT: BRAZIL IS AMONG THE TOP 5 NET FDI DESTINATIONS



FDI inflows: top 20 in 2013 (US\$ billion)
Source: UNCTAD.

SOUND MACROECONOMIC POLICY

SOLID FOUNDATIONS AND FINANCIAL STABILITY

The macroeconomic framework of Brazil has been the same for 15 years:

- Inflation target policy
- Floating exchange rate
- Fiscal policy that ensures debt sustainability

Macroeconomic and financial stability:

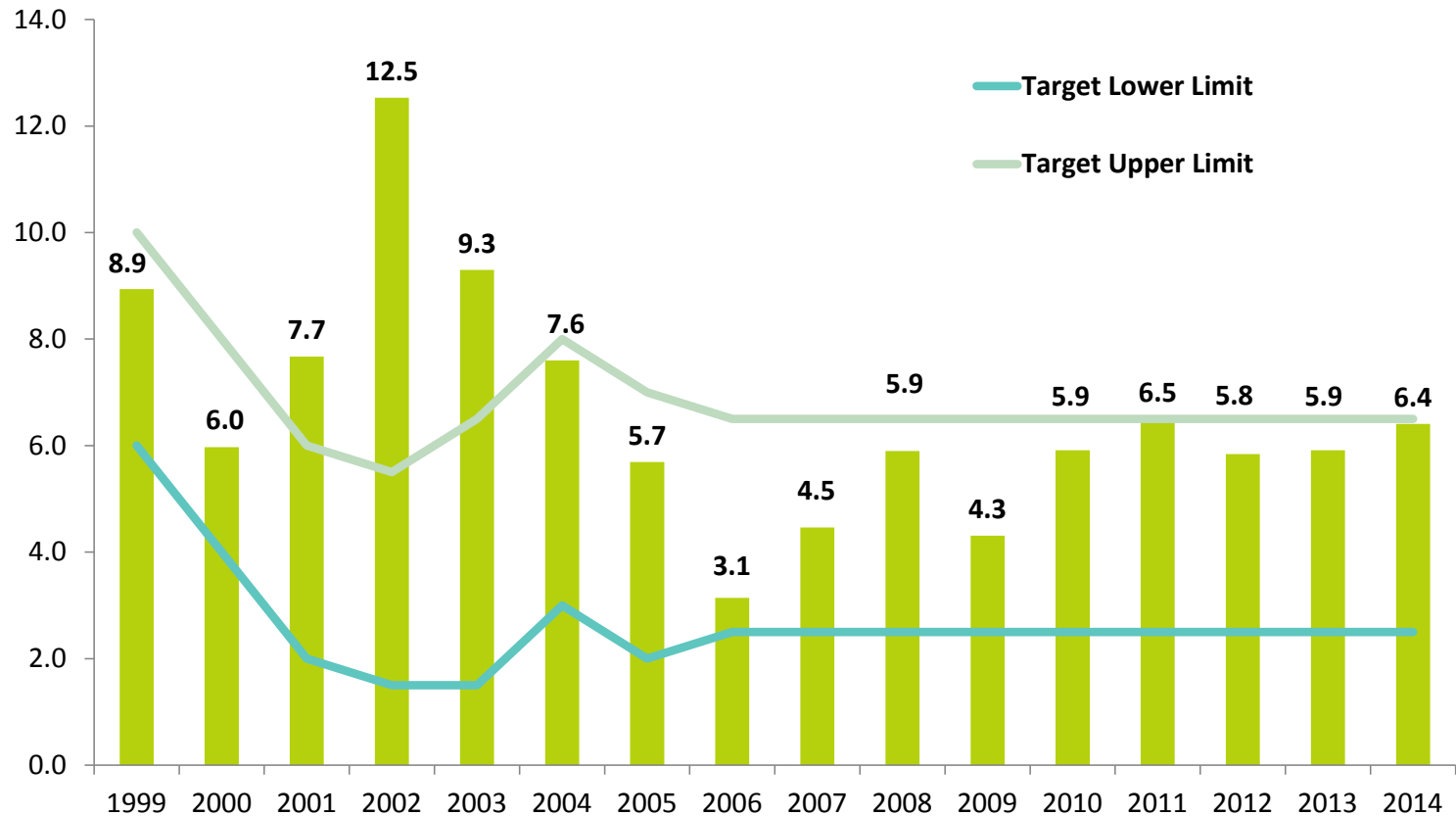
- Credit market with high potential of expansion
- Financial and social inclusion
- High level of international reserves (US\$ 370 Billion)
- Low external vulnerability (shift from large debtor for net external creditor)

MACROECONOMIC REBALANCE STRATEGY

- Brazil is in a transition cycle, after two decades of sustainable growth.
- New conditions of both domestic market and international economy led to the adoption of measures for macroeconomic rebalance:
 - ▶ Gradual and sustainable improvement of public accounts
 - ▶ Realignment of energy and others prices leading to more efficient allocation of resources in the economy

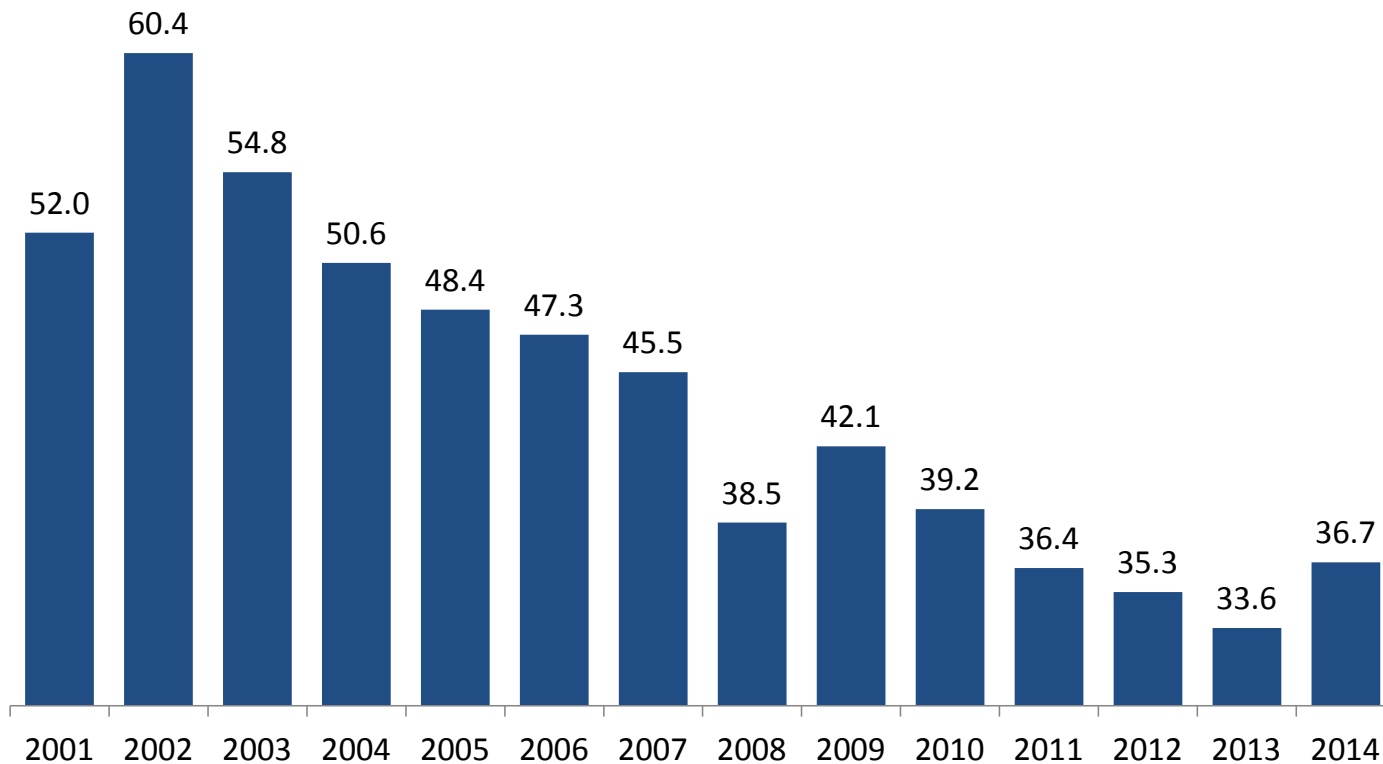
INFLATION TARGET POLICY

INFLATION TAMED WITHIN TARGET BANDS



Source: IBGE and Central Bank of Brazil.

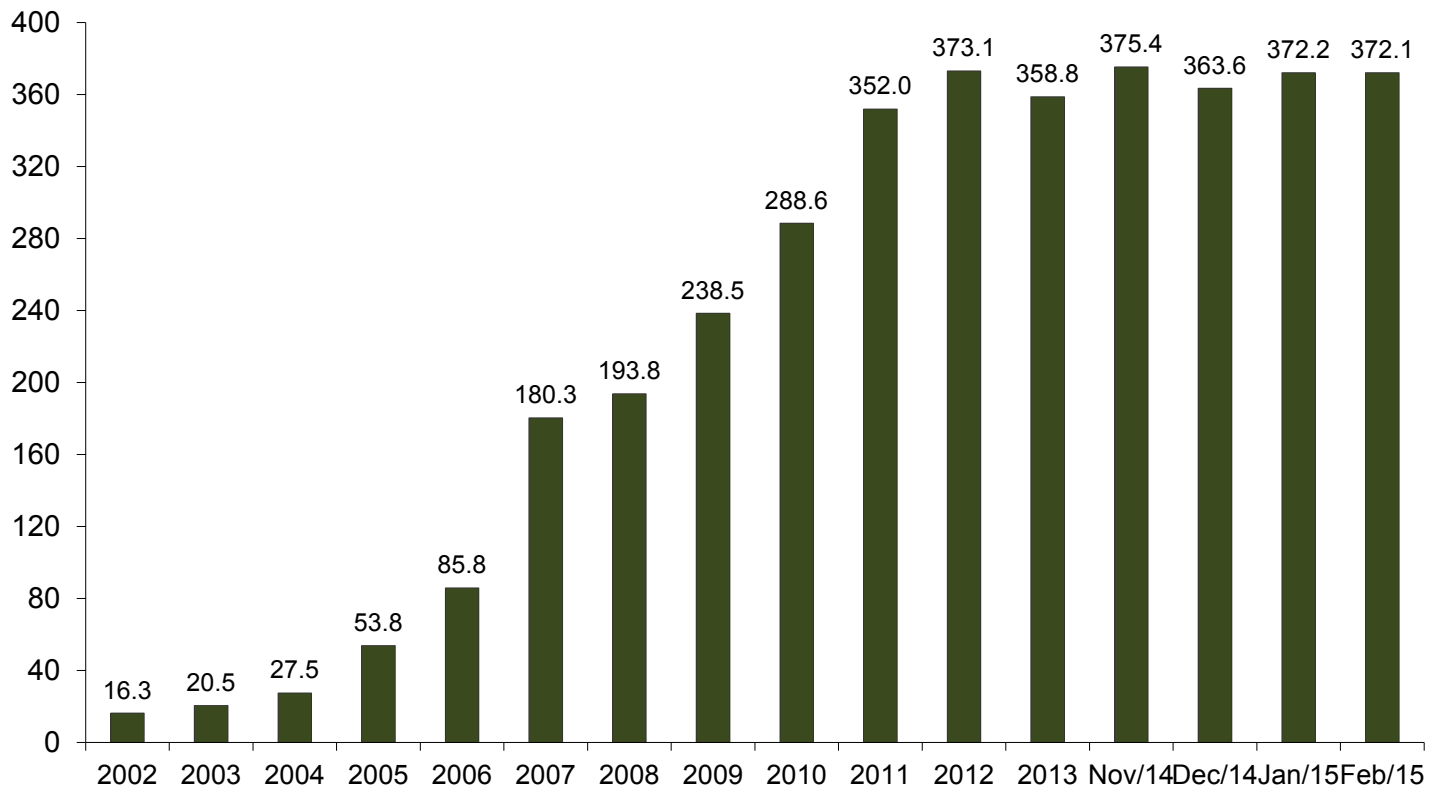
NET DEBT (AS % OF GDP) ON A DECLINING TREND



Source: Central Bank of Brazil and Ministry of Finance.

INTERNATIONAL RESERVES (IN US\$ BILLION)

CURRENT LEVEL ENSURES SUSTAINABILITY OF EXTERNAL SECTOR



Source: Central Bank of Brazil.

1. Excludes loans from IMF until December of 2005, when Brazil paid its debt.

NEW EXPANSION FRONTIERS



Domestic demand has been the drive of the Brazilian growth.

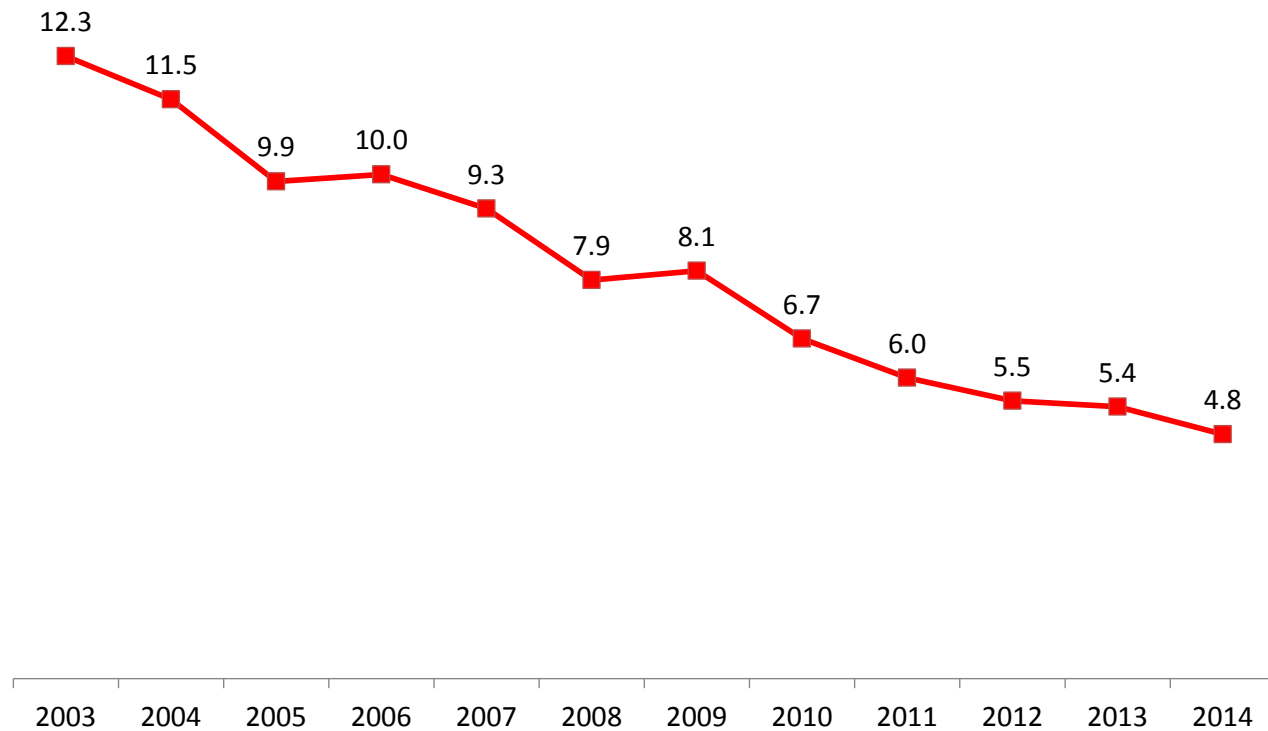
In the last 12 years, 20 million new jobs were created fostering real salary gains over 30%.

This dynamic has increased consumption, expanded production and fostered new investment opportunities.

A new phase has begun, creating great investment opportunities:

- Demand for more efficient infrastructure
- External attractiveness due to exchange rate depreciation
- Sustainable exploitation of natural resources
- More skilled and productive labor force

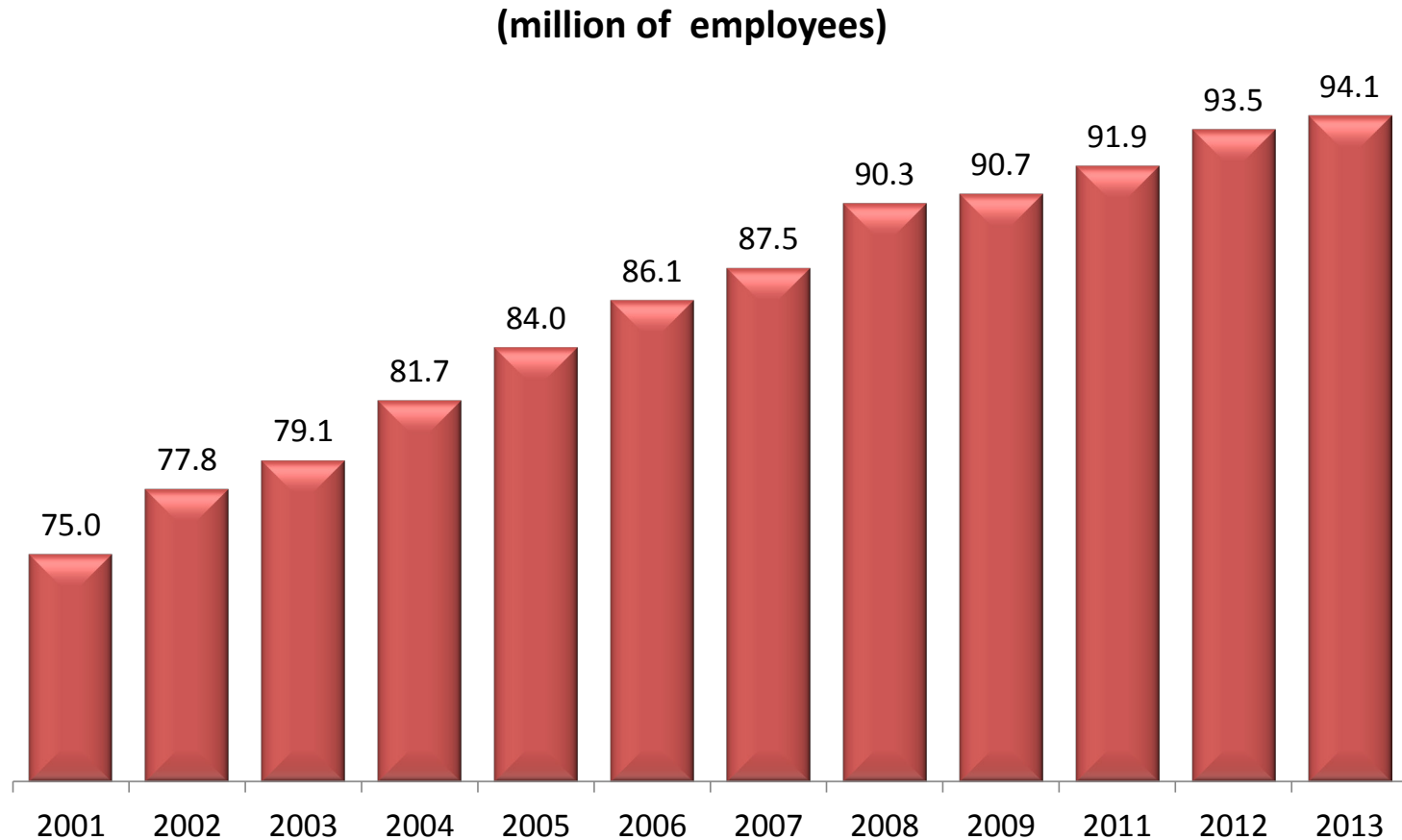
UNEMPLOYMENT RATE (%) ECONOMY IN FULL EMPLOYMENT



Source: PME/IBGE.

EMPLOYMENT GROWTH

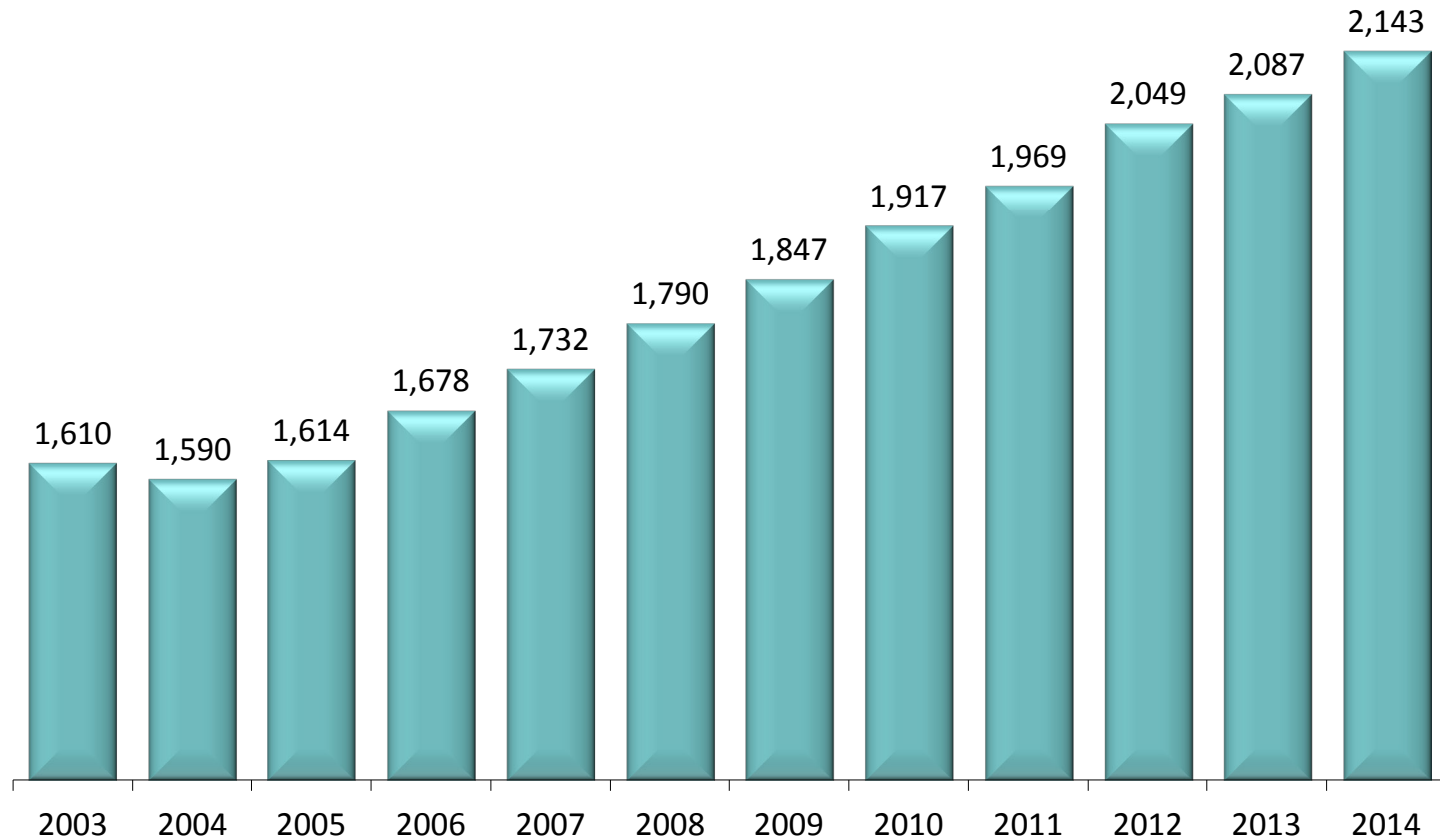
MORE THAN 19 MILLION NEW JOBS HAVE BEEN CREATED



Source: PNAD/IBGE.

LABOR EARNINGS

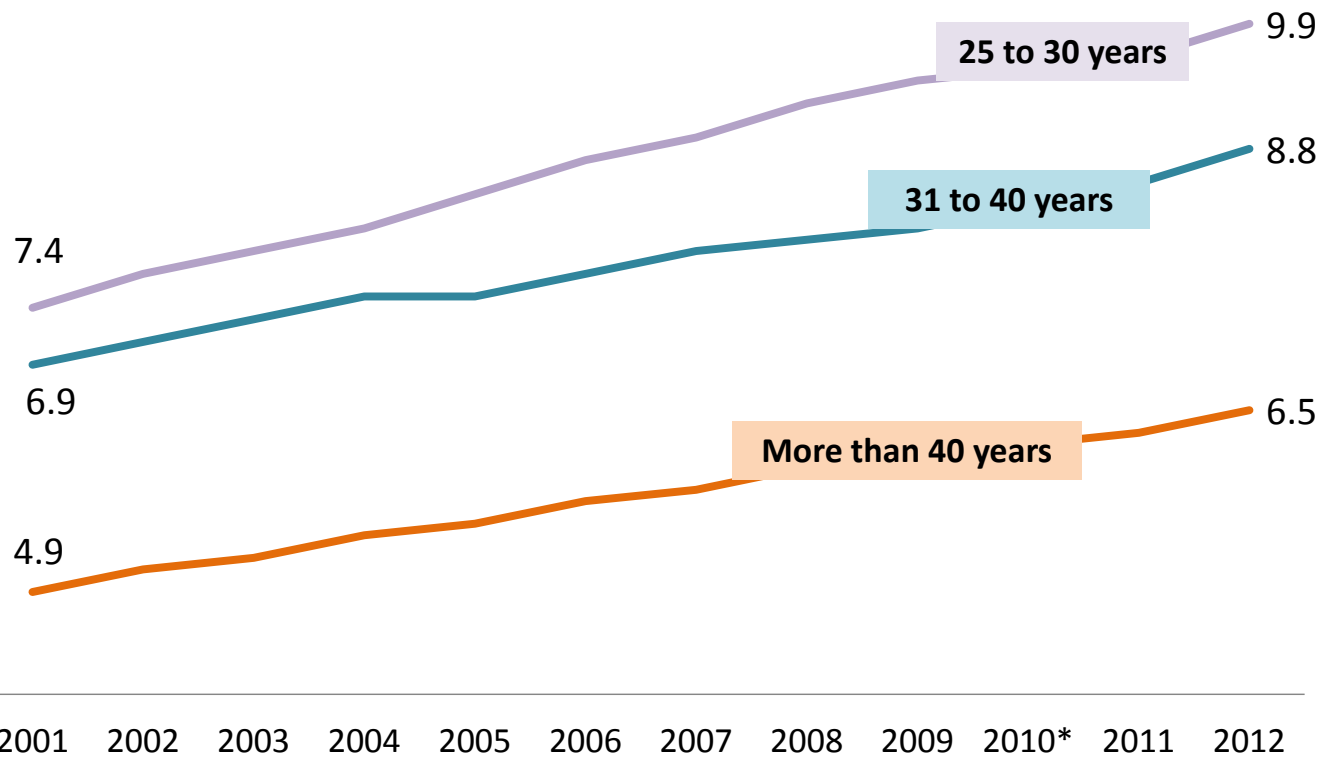
33% GROWTH BETWEEN 2003 AND 2014



(RS; deflated by INPC) Source: PME/IBGE.

AVERAGE SCHOOLING YEARS BY AGE GROUP

EDUCATIONAL LEVEL GROWS FOR ALL AGE GROUPS



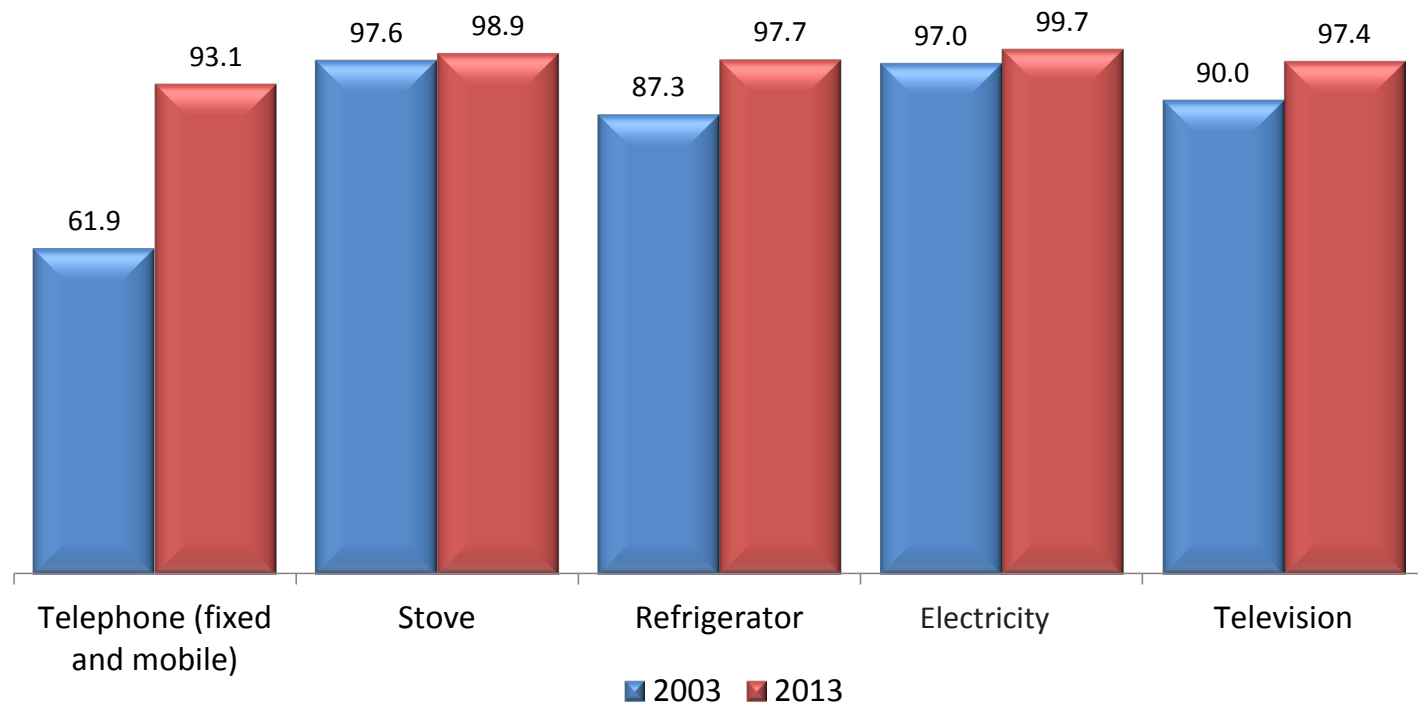
Note: Harmonized Data: Brazil, disregarding the Rural North.
*PNAD has not been collected in 2010, because of the IBGE census.
Source: PNAD/IBGE.

ACCESS TO HOME APPLIANCES

ALMOST UNIVERSAL LEVELS OF ACCESS



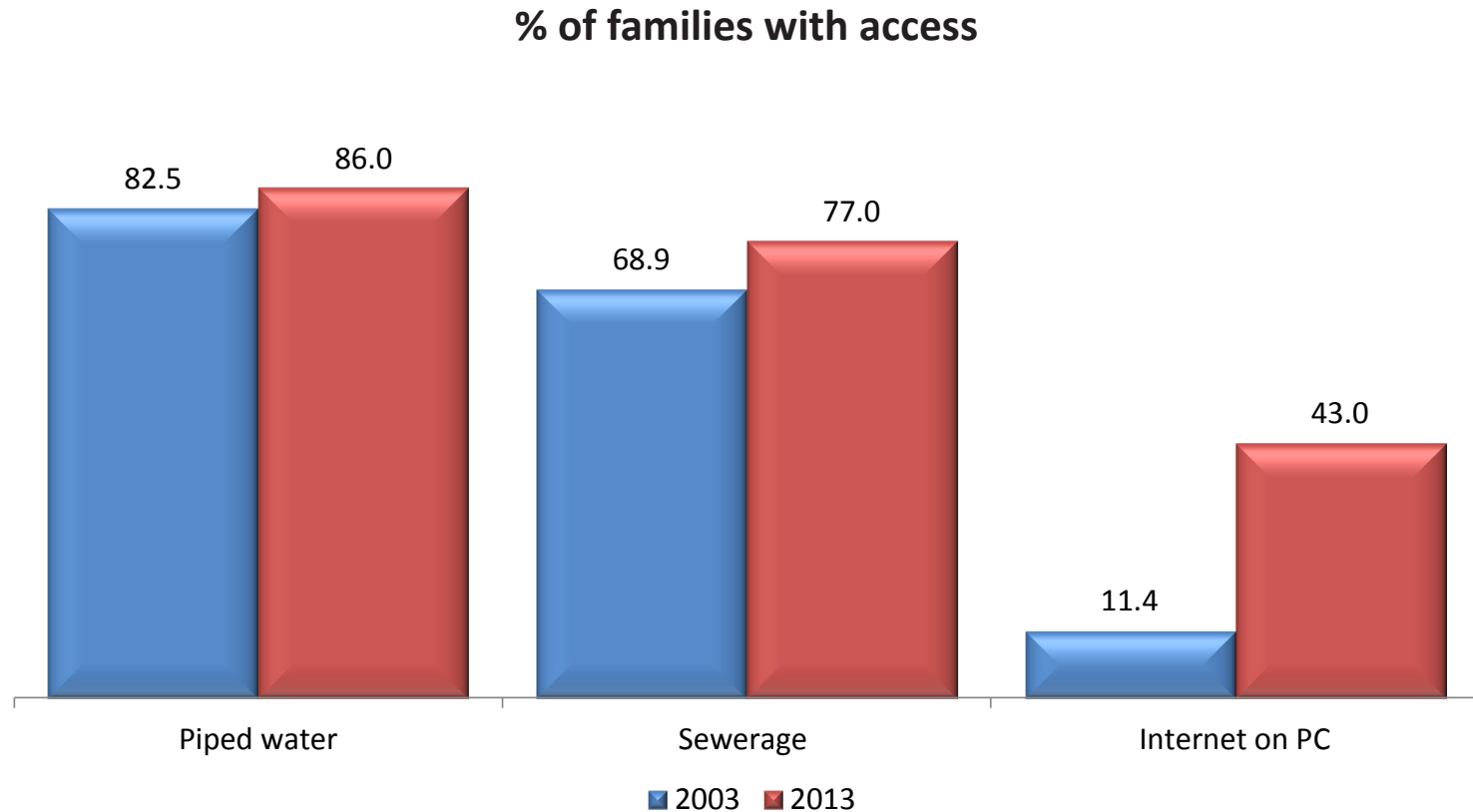
% of families with access



Source: PNAD/IBGE.

PUBLIC UTILITY SERVICES

THERE ARE GAPS IN SERVICE PROVISIONS, CREATING INVESTMENT OPPORTUNITIES



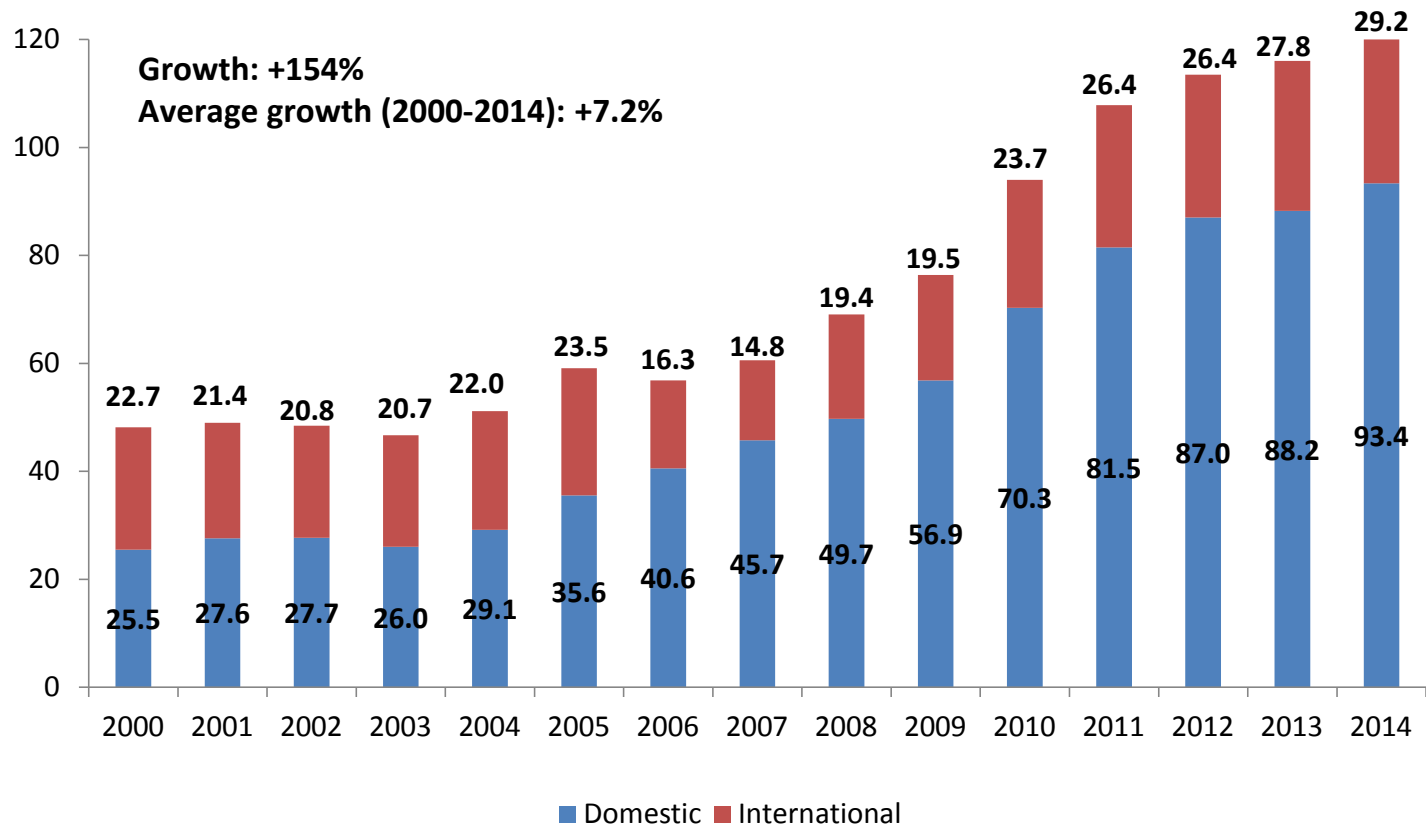
Source: PNAD/IBGE.

NUMBER OF PASSENGERS

BOOMING AIR FLIGHT MARKET



Million passenger (RPK*)



Source: ANAC.

* Indicator showing the number of passengers carried per kilometer.

AGRICULTURAL EXPANSION

IN THE LAST FEW YEARS PRODUCTION HAS INCREASED 72%
CREATING OPPORTUNITIES FOR INVESTMENTS IN LOGISTICS

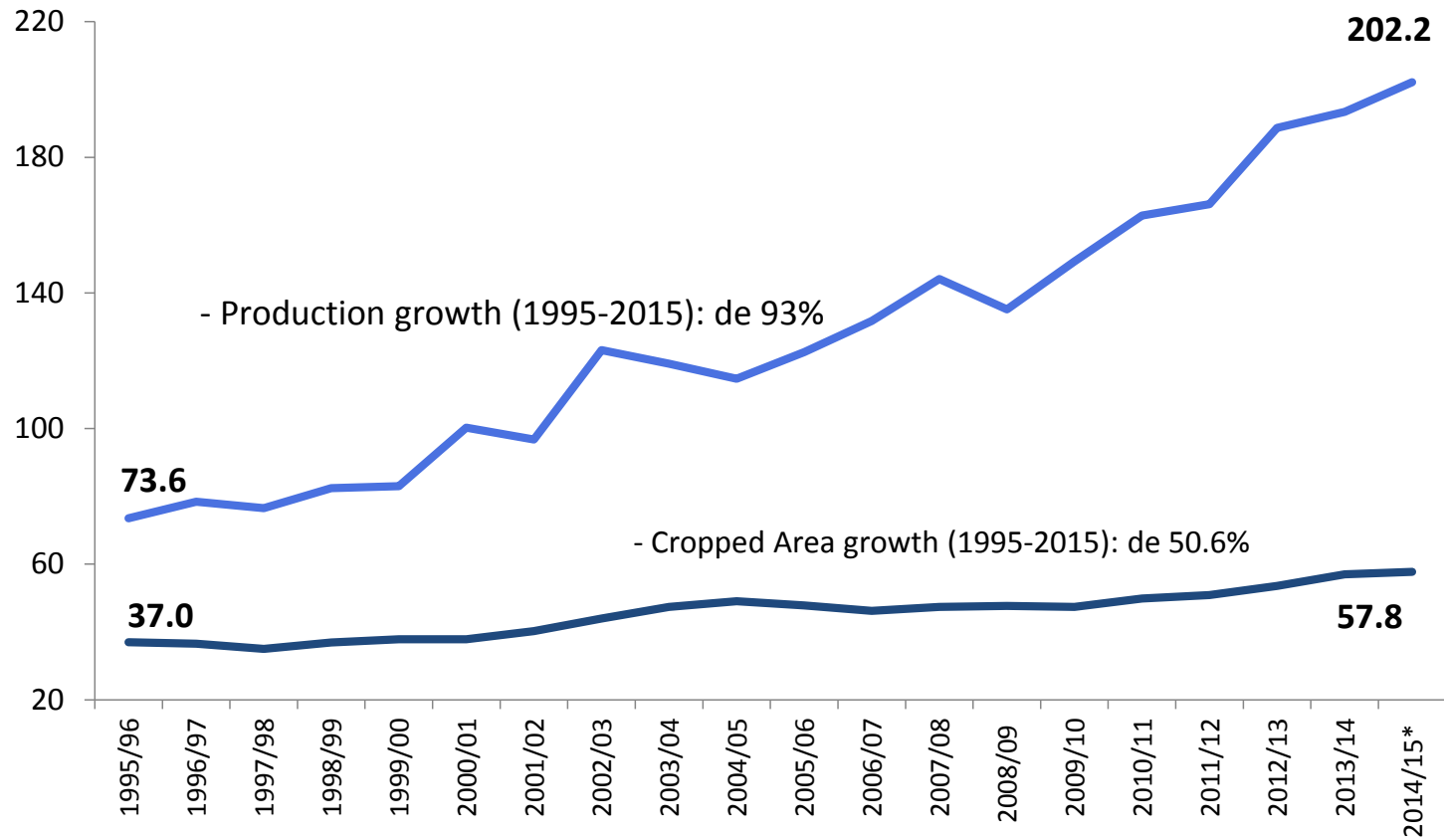
Agriculture - Grains Production (million of tons)

	2006	2007	2008	2010	2011	2013	2014	2015 ¹
Total Production	117.0	133.1	146.0	149.5	160.1	188.2	192.8	201.3
Soybeans	52.4	58.0	59.9	68.5	74.9	81.7	86.4	95.5
Corn	42.6	51.8	59.0	56.1	56.3	80.5	78.8	76.5
Rice	11.5	11.0	12.1	11.3	13.4	11.8	12.2	12.5
Wheat	2.5	4.1	5.9	6.0	5.7	5.7	6.2	7.4
Beans	3.4	3.2	3.5	3.2	3.5	2.9	3.2	3.4

Source: IBGE. 1. IBGE January forecast.

AGRICULTURAL EXPANSION

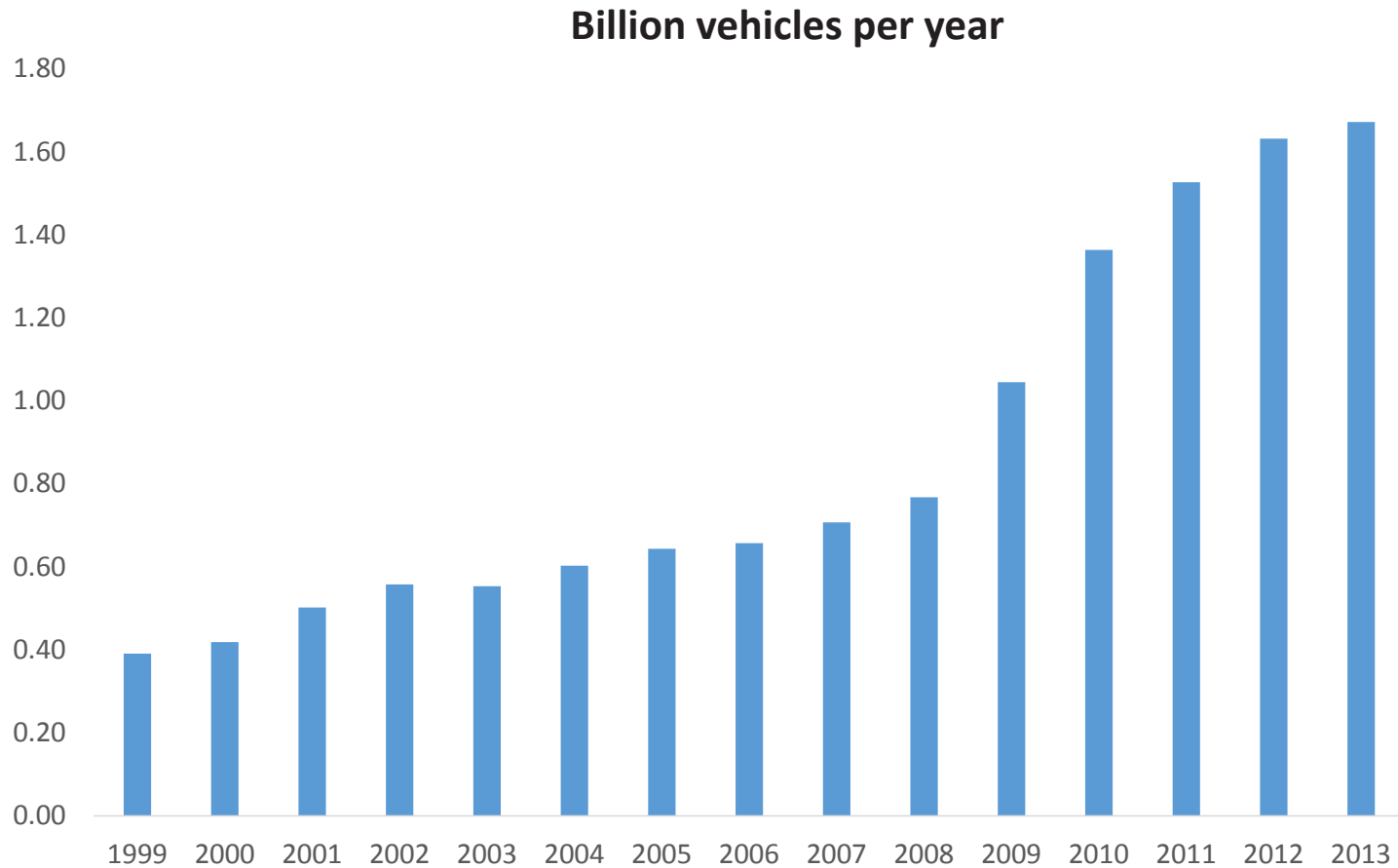
GROWTH ACHIEVED WITH PRODUCTIVITY GAINS



Source: CONAB. * Forecast

ROAD TRAFFIC

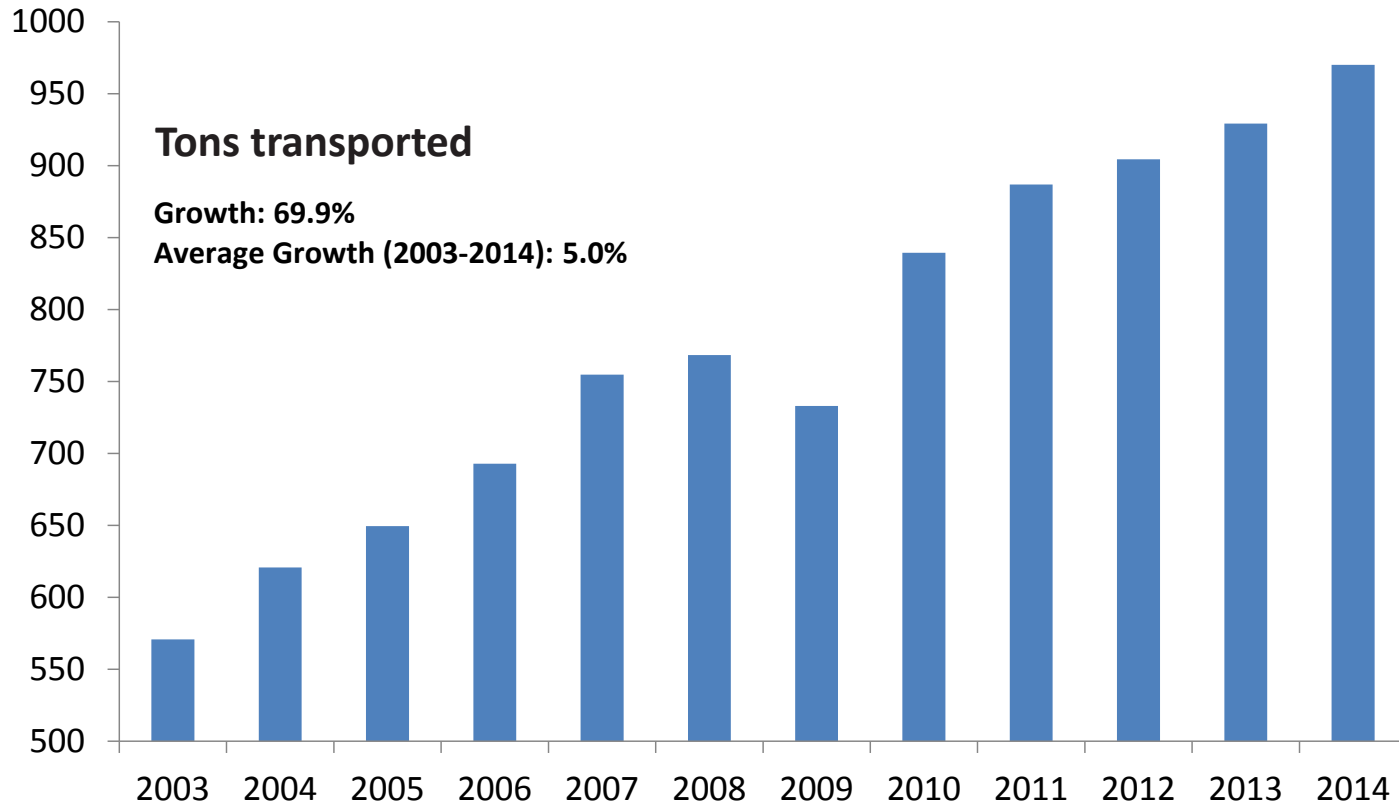
TOTAL VEHICLE TRAFFIC ON PRIVATE ROADS HAS GROWN 327% SINCE 1999



Source: ABCR.

CARGO TRANSPORTATION

ACCUMULATED GROWTH OF 69.9% SINCE 2003 REACHING
1 BILLION TON



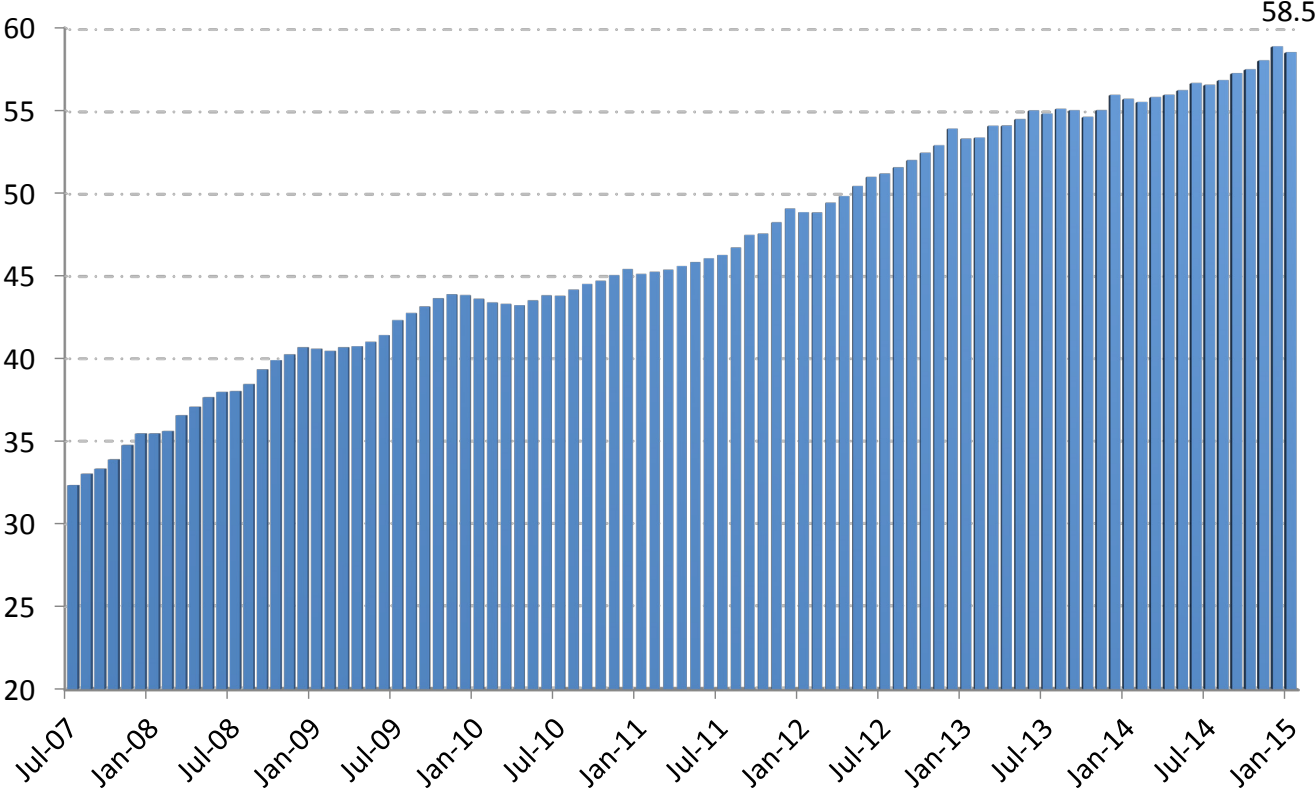
Source: ANTAQ.

LENDING MARKET GROWTH



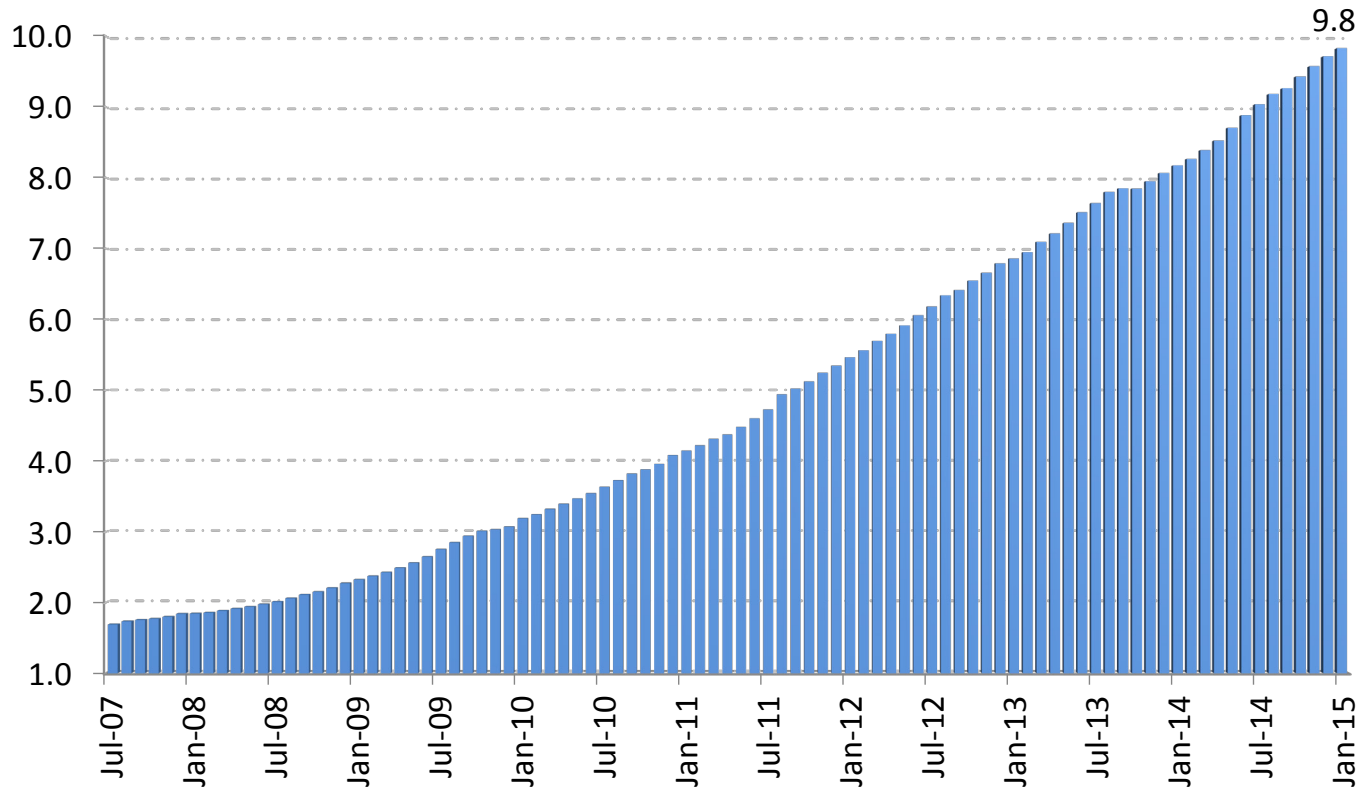
- IPO
- GDP/Credit
- Debentures
- Insurances
- Mortgage
- Long-term credit

CREDIT OPERATIONS (% GDP)



Source: Brazilian Central Bank.

MORTGAGE BALANCE (% GDP)



Source: Brazilian Central Bank.

CAPITAL AND FINANCIAL MARKET

MAIN SOURCES OF PRIMARY RESOURCES (R\$ MILLION)



	2011	2012	2013	2014
Equities	13,536	7,365	6,223	15,009
Private Equity Investment Fund - FIP	3,321	3,325	4,178	1,125
Private Bonds (Debentures)*	3,180	15,047	10,945	3,674
Mortgage Backed Securities - CRI	3,965	3,353	2,459	2,274
Real Estate Fund - FII	7,665	11,070	10,550	4,727
Collateralized Debt Obligation Investment Fund - FIDC	7,128	4,079	3,541	1,896

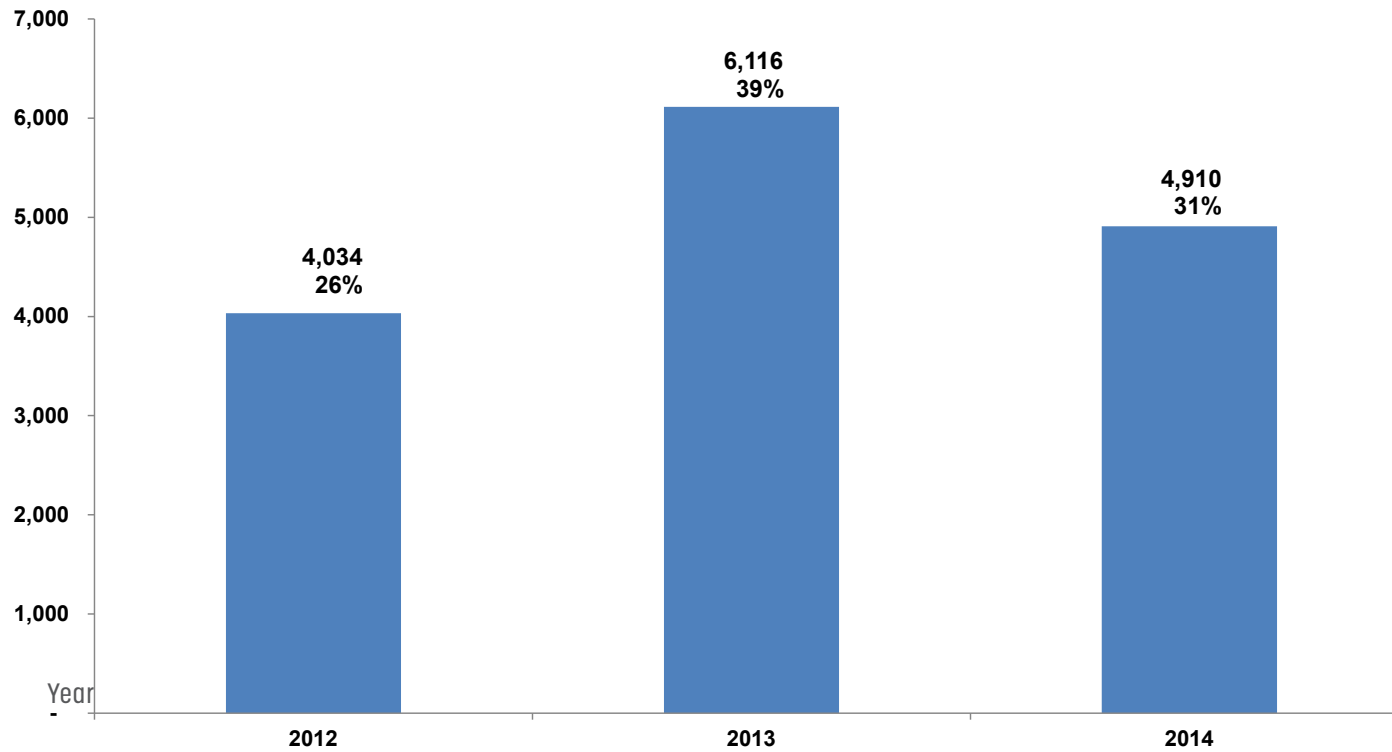
Source: CVM.

* Disregards funding by leasing corporations

PRIVATE BONDS ISSUANCE FOR INFRASTRUCTURE

TOTAL OF R\$ 15 BILLION ACCUMULATED SINCE 2012*

RS Million



*R\$ 551 million issued as of Feb/2015

INFRASTRUCTURE INVESTMENT

PROJECTS APPROVED (R\$ MILLIONS) POTENTIAL ISSUANCE OF PRIVATE BONDS

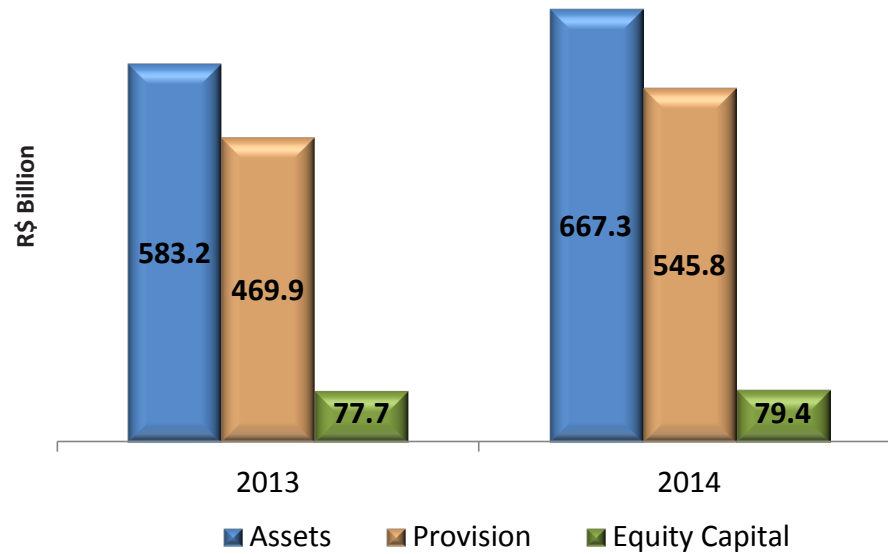
Hydroelectric Power Plant	66,832
Oil	30,000
Roads	20,967
Wind power	14,105
Airport	8,878
Railway	7,816
Oil pipeline	7,000
Thermal Electric Power Plant	5,235
Transmission Lines	4,746
Ports	2,750
Large Broad Band Data Transmission	2,405
Piped gas	2,034
TOTAL	172,767

Source: CVM - CETIP.

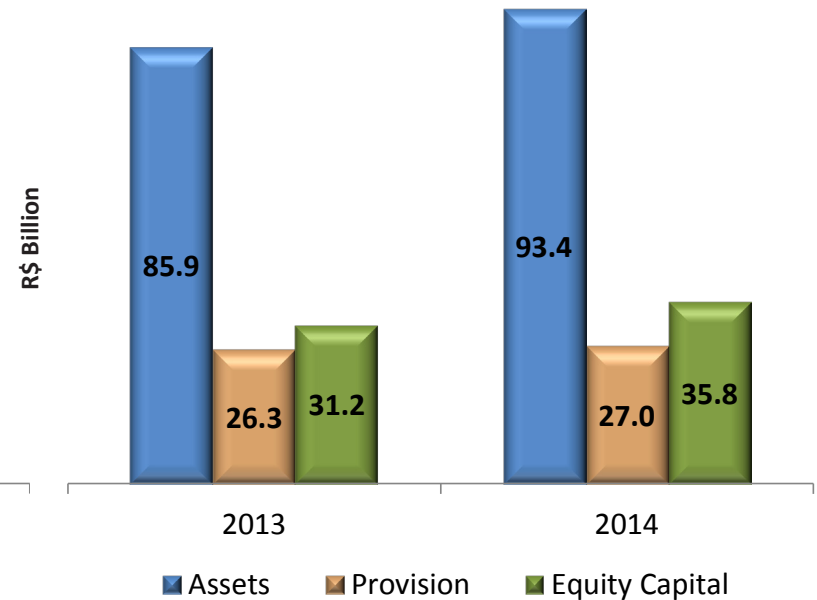
INSURANCE MARKET



Period of analysis: until December 2014
SUSEP data



Period of analysis: until the 3rd quarter of 2014
ANS Data



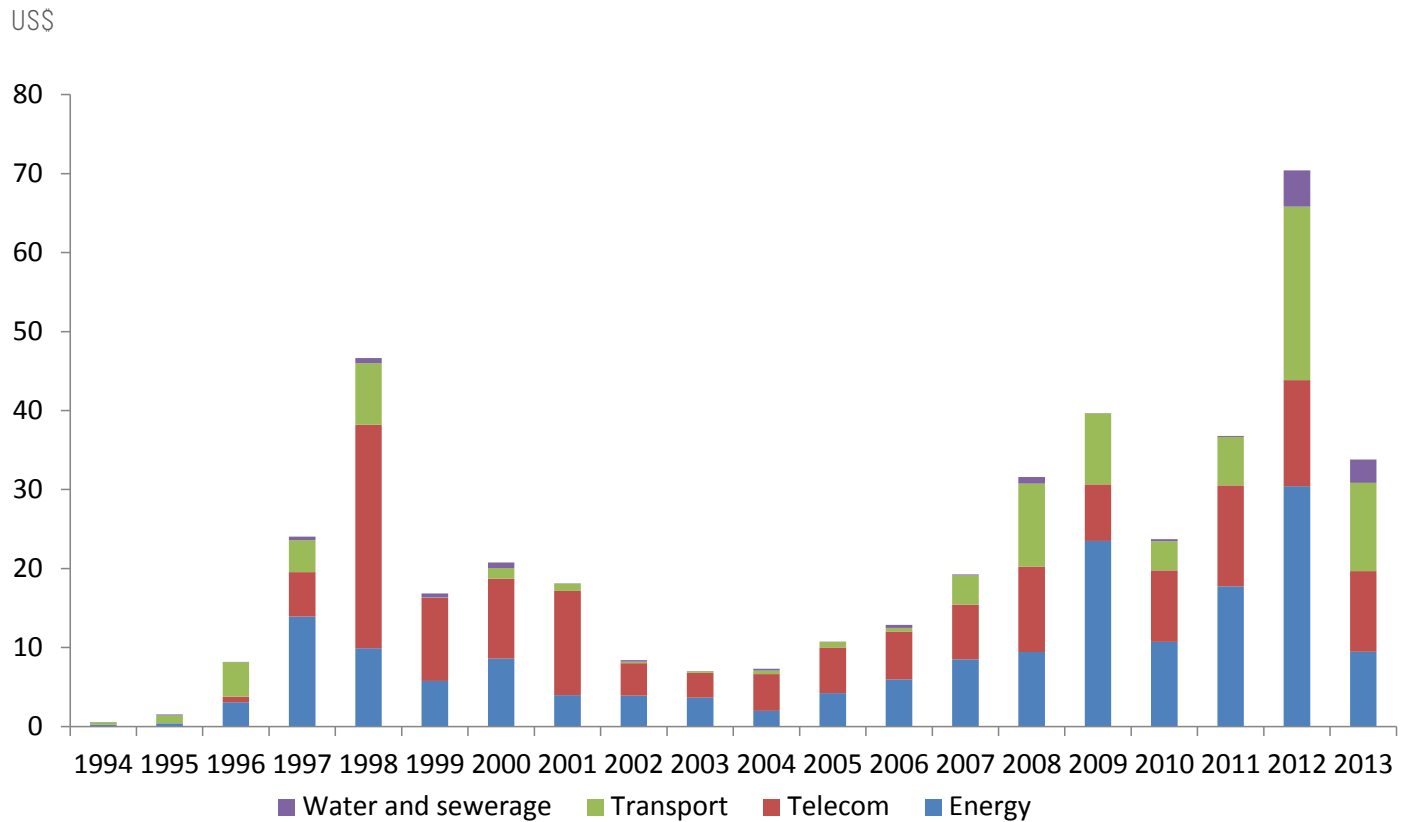
Assets, provision and equity capital y-o-y comparison

Sources:
DIOPS (ANS) - Extracted on 12/23/2014
SES (SUSEP) - Extracted on 02/10/2015

Note:
DIOPS (ANS) - Data until the 3rd quarter of 2014
SES (SUSEP) - Data until December 2014

PRIVATE INVESTMENT IN INFRASTRUCTURE

(US\$ BILLIONS, BY SECTOR)



Energy, telecom, transport, water and sewerage
– total investment commitments

Source: SEAE / MF / World Bank.

INFRASTRUCTURE OPPORTUNITIES

ROADS

New concessions:

- ▶ Rio-Niterói Bridge: auction held on 03/18/15
- ▶ 4 Procedures for Expression of Interest (PMIs) launched and expected to be auctioned until the end of this year
- ▶ New call for Expressions of Interest (PMIs) in the second half of 2015

Investments in existing concessions:

- ▶ 4th lane Porto Alegre/Canoas (RS)
- ▶ Duplication Rio/Petrópolis (RJ)
- ▶ New lane on the Serra das Araras (SP)

Public investment (7,002 km of works funded with the Federal Budget resources: 2,612 km of duplication / adjustment and 4,390 km of construction and paving)

INFRASTRUCTURE OPPORTUNITIES

RAILWAYS

- Three projects under analysis to be tendered in 2015
 - ▶ Lucas do Rio Verde/Campinorte (FICO)
 - ▶ Rio-Vitória
 - ▶ Palmas/Estrela D'Oeste (FNS)
- Six studies under way to be delivered in the 2nd and 3rd quarters and the possibility of being tendered in 2016 (e.g.: Sinop-Miritituba)
- Investments in existing concessions
- Transocean railway project (BRA/PER/CHI)

INFRASTRUCTURE OPPORTUNITIES

AIRPORTS, PORTS AND WATERWAYS

- New Airport concessions: Procedures for Expression of Interest (PMIs) for Salvador, Florianópolis and Porto Alegre

Ports:

- ▶ Call for new leases being analyzed by the Federal Audit Court (TCU)
 - ▶ Expansion of investments in Private Use Terminals (TUPs)
 - ▶ Renewal of existing leases
 - ▶ PMI for the concession of the access channel dredging
- PMI for the concession of Waterways

INFRASTRUCTURE OPPORTUNITIES

ENERGY

Electric Power

- ▶ Generation: auctions
 - Alternative Sources (biomass and wind) – auction date Apr/27/15
 - A-5, in the habilitation stage – auction date Apr/30/15
 - A-3 – auction date 07/24/15
 - Contracting of reserve energy – auction date 08/14/15
 - A-1, scheduled for the 2nd half of 2015
- ▶ Transmission: auctions
 - Scheduled for June/15 – 3,953 km, estimated investment: R\$ 4.4 billion
 - Scheduled for July – 2,878 km, estimated investment: R\$ 4.8 billion
 - Scheduled for September/15 – 3.586 km, estimated investment: R\$ 4.6 billion
- ▶ Micro and co-generation: capacity expansion

INFRASTRUCTURE CONCESSIONS GRANTED



- Roads:

- ▶ 4,874 Km granted on 6 road sections

- Airports:

- ▶ Guarulhos – São Paulo/SP
- ▶ Juscelino Kubitscheck – Brasília/DF
- ▶ Viracopos – Campinas/SP
- ▶ Galeão – Rio de Janeiro/RJ
- ▶ Confins – Belo Horizonte/MG

THE MINISTRY OF PLANNING IS COORDINATING THE NEW CONCESSIONS

- Further information available at the Ministry of Planning website:
www.planejamento.gov.br
- Or get in touch with the Ministry IR by e-mail:
assessoria.economica@planejamento.gov.br

Ministry of
Planning

