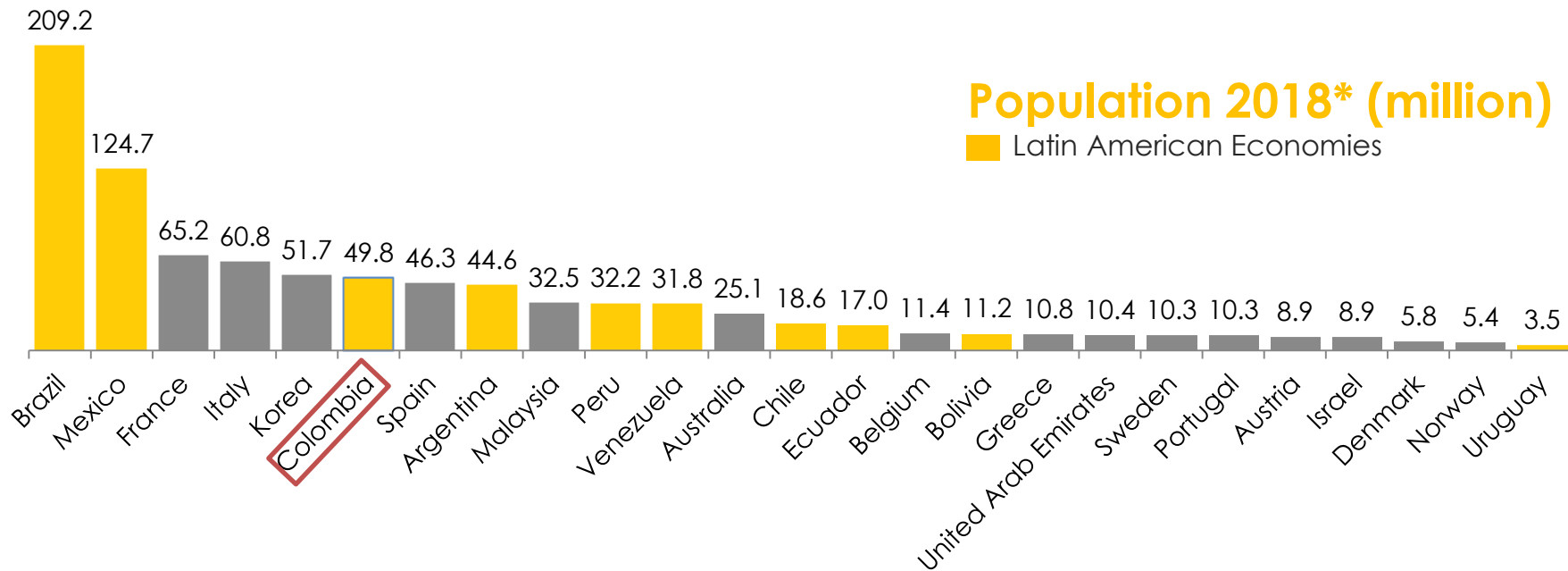


INVESTMENT ENVIRONMENT AND BUSINESS OPPORTUNITIES IN COLOMBIA

2018



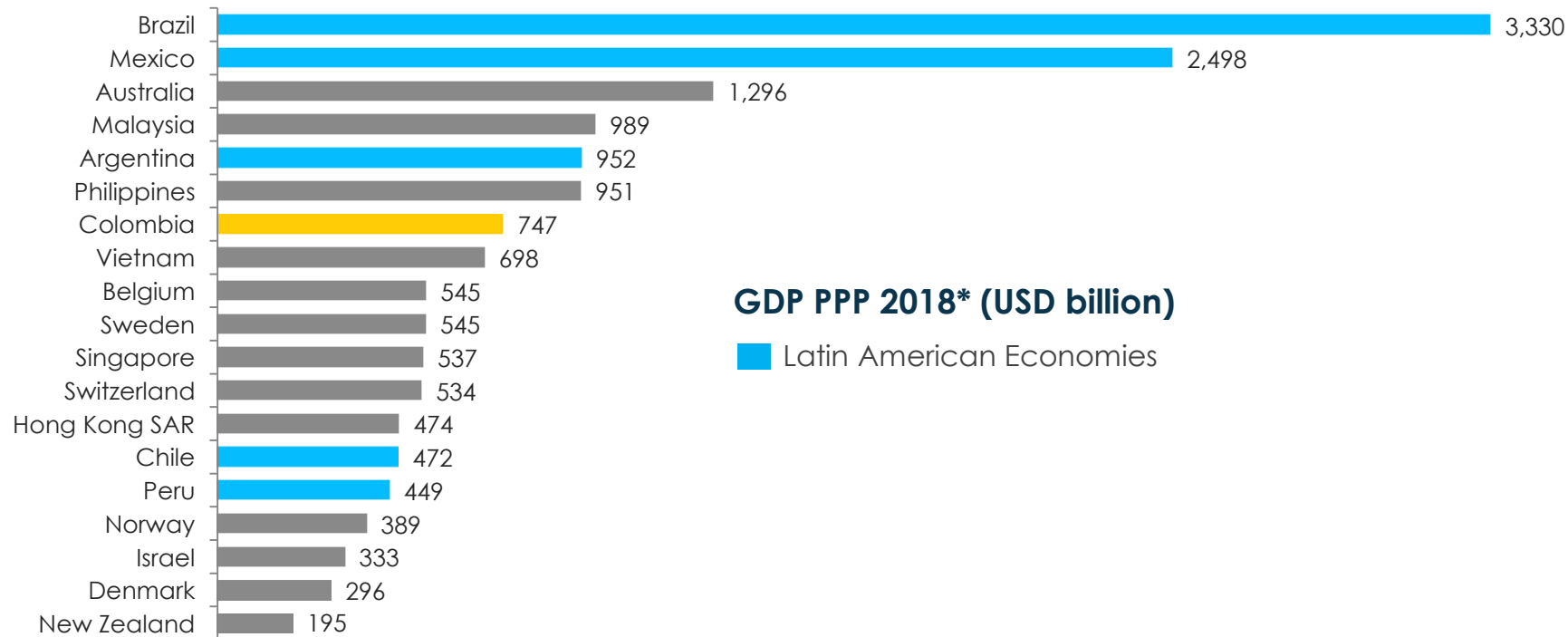
Colombia is the 28th most populated country in the world
and the 3rd in Latin America



Colombia is the **31th** largest economy in the world
and the **4th** in **Latin America**

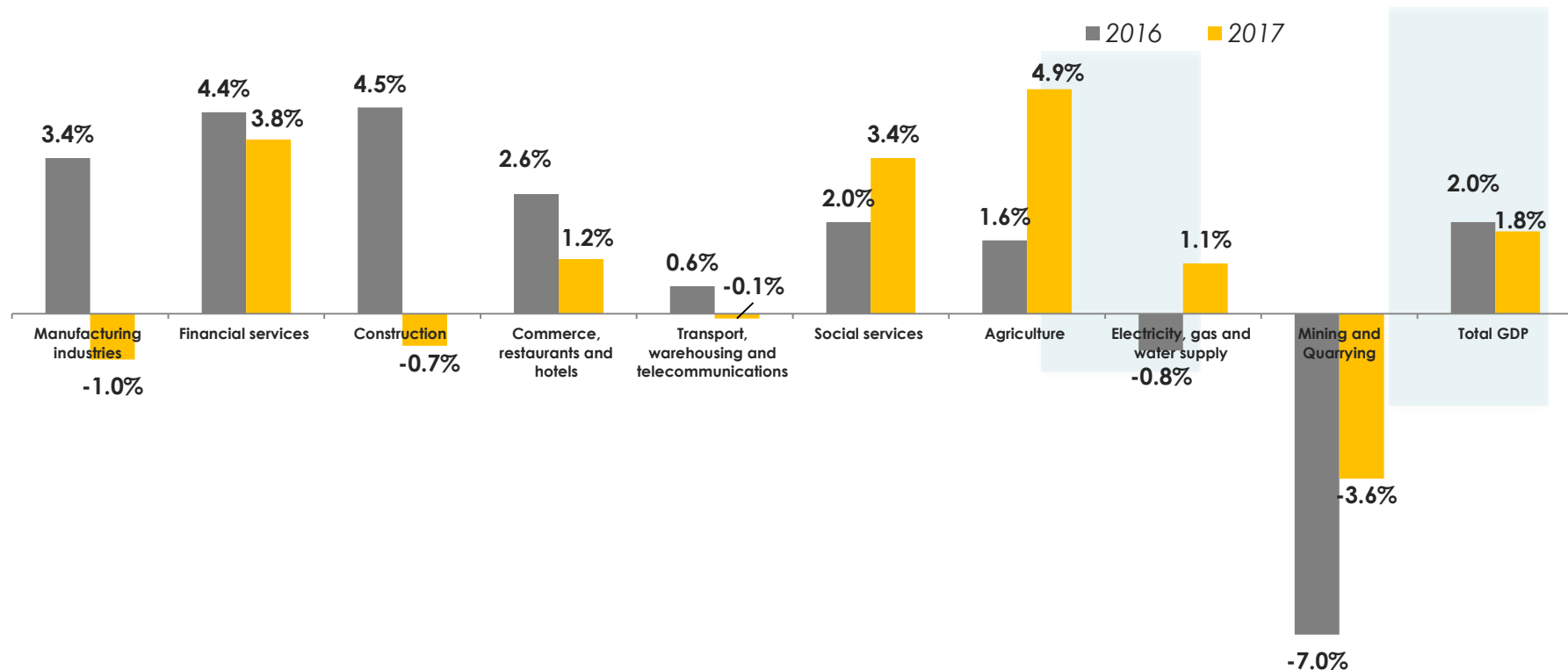


PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND



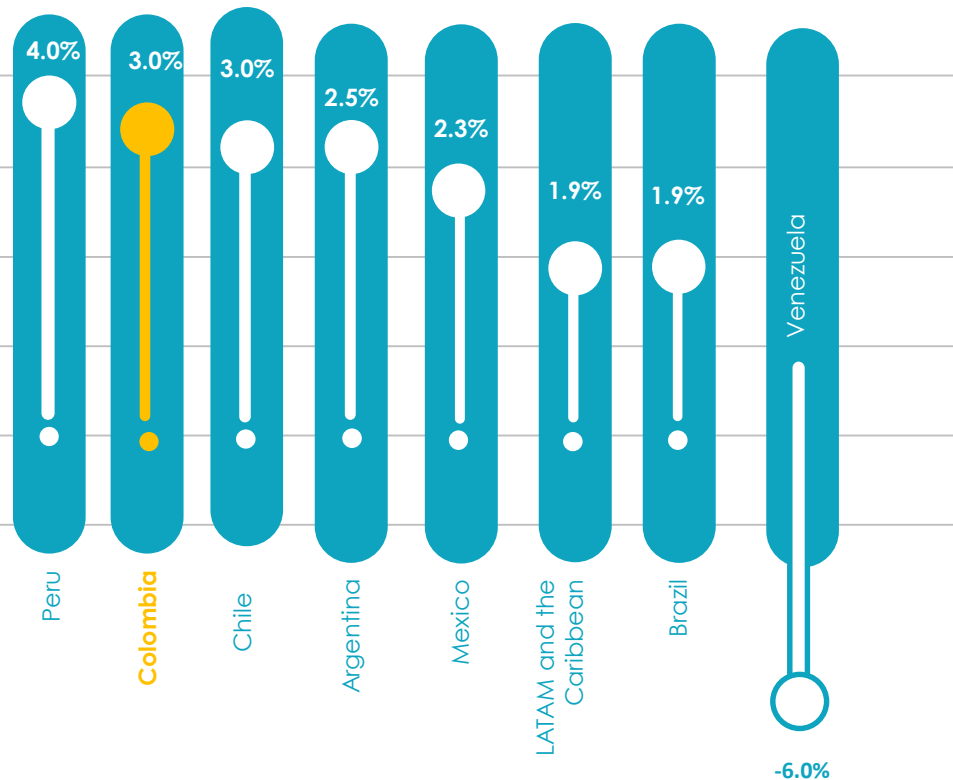
*Projections. Source: IMF, 2018

Dynamic growth driven by its agriculture and financial services



Gross Domestic Product

Estimated growth 2018



Colombia, **one of the top growing economies in 2018** among the largest Latin American countries

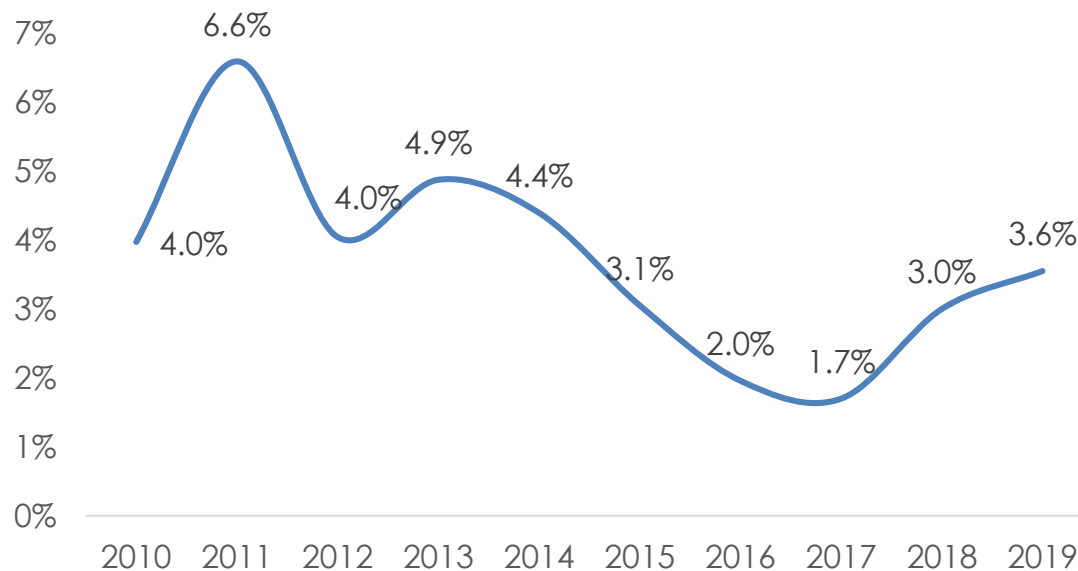
Source: IMF, 2018. In January 2018, the IMF has updated the GDP growth rate of the following economies: Colombia, Mexico, Chile, Peru and Brazil.



PROCOLOMBIA
EXPORTING TALENTS. ATTRACTING INVESTMENT. MANAGING RISK.

The Colombian economy is on the path of recovery and will expand by about 3-3.6% in 2018-2019

**GDP constant prices
(percent change, %)**

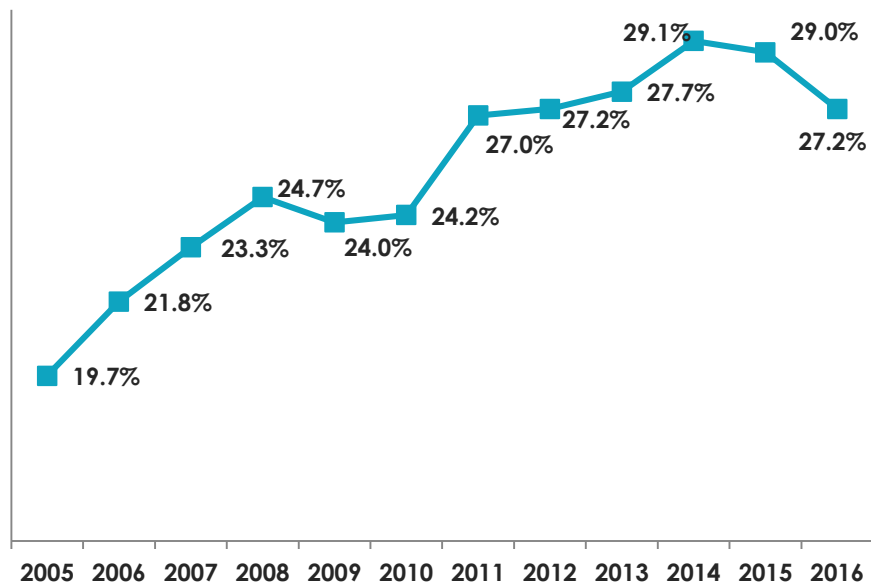


Source: IMF, WEO 2017, October. Update projection for 2018 in January 2018.

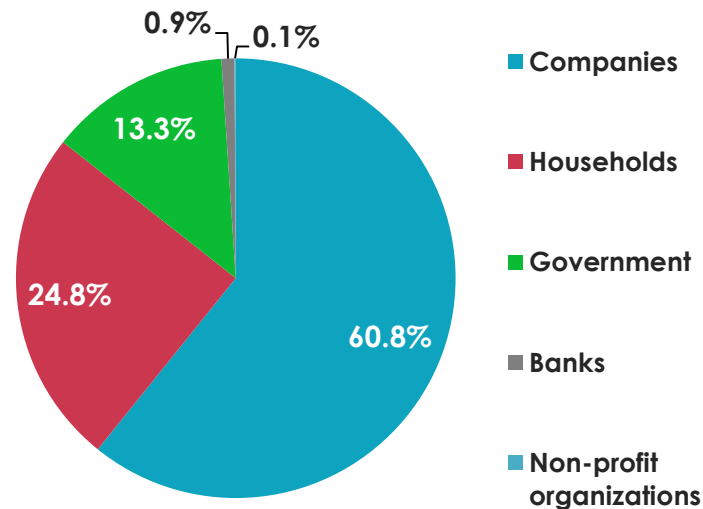
PROCOLOMBIA.CO

With a constant gross fixed capital formation, companies are the most willing to invest in fixed capital

Gross fixed capital formation (Investment as GDP %)



Investment sources 2015 (%)*

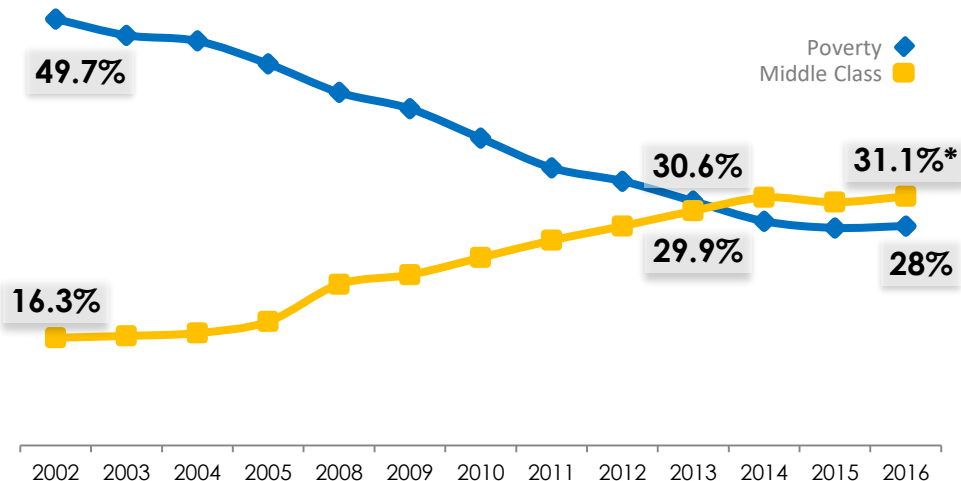


Gross fixed capital formation 2015
USD 52 billion

Remarkable reduction in poverty rates and a rapidly growing middle class

Percentage of people in poverty

2002 – 2016



Colombia has continuously decreased its poverty levels

Source: Poverty: National Administrative Department of Statistics – DANE
Middle class: The gained decade: the evolution of the middle class in Colombia between 2002 and 2011. Document CEDE # 50. Universidad de los Andes. And RADDAR for 2013 data.

*Middle class 2016: Estimates calculated by ProColombia

COLOMBIA, an investment grade country

	STANDARD & POOR S	FitchRatings	MOODY'S
Term	Long Term – Foreign currency	Long Term – Foreign currency	Long Term – Foreign currency
Rating	BBB-	BBB	Baa2

In July 2014, Moody's was the last rating agency in improving Colombia's rating due to two key drivers:

1. Positive growth forecast thanks to 4G infrastructure.
2. A sound fiscal management that will continue in the future.

In March 2017, Fitch Ratings* improved Colombia's rating outlook: from Negative into Stable.

Colombia is implementing the roadmap to become full member of the OECD

Colombia was officially invited on may 2013 to initiate the process to become full member of the **OECD**

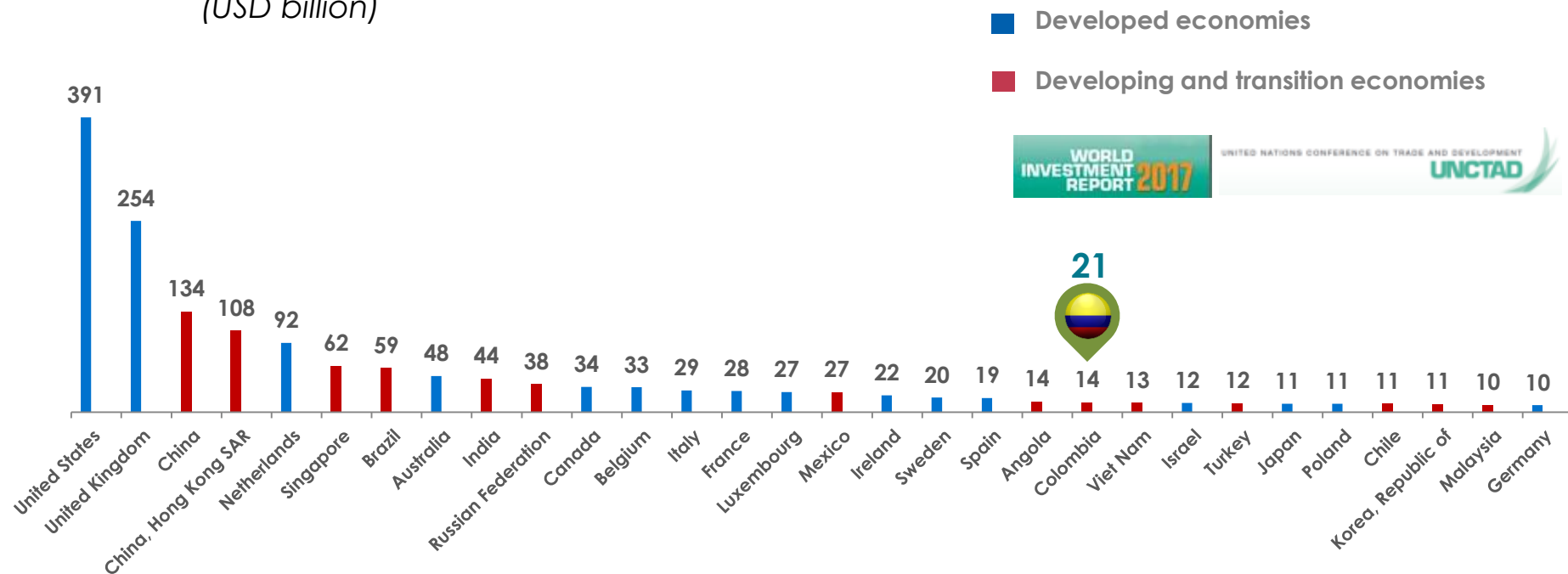
"The OECD investment policy review examines Colombia's achievements in developing an open and transparent investment regime and its efforts to reduce restrictions on international investment" -OECD

OECD already approved **21 out of 23 Colombian committees**

- Agriculture
- Competition
- Statistics
- Health
- Consumer policy
- Financial markets
- Scientific and Technological Policy
- Regulatory Policy
- Fiscal Affairs
- Fishing
- Education
- Territorial Development Policy
- Information, Computer and Communications Policy
- Working Group on Bribery in International Business Transactions
- Investment Corporate Governance

Colombia is part of the top 30 destinations for FDI

Top 30 host economies in 2016 (USD billion)



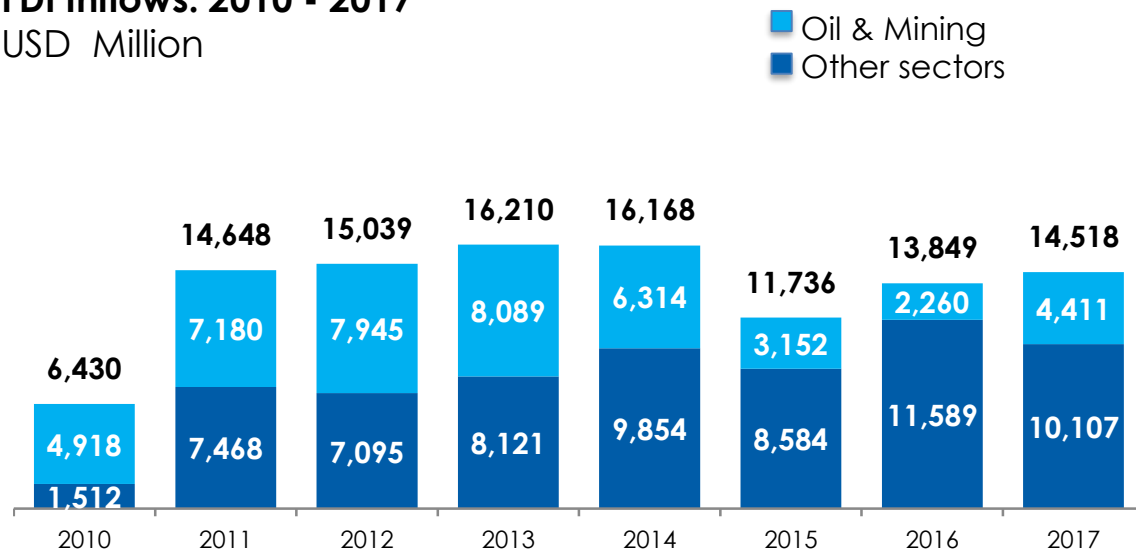


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EXPORTS THROUGH INVESTMENT COUNTRY BRAND

FDI has been largely driven by non-mining sectors over the last 2 years

FDI Inflows. 2010 - 2017

USD Million



Top Investing countries in Colombia

2000 – 2017



United States

- USD 33,856 million
- 20.5%



United Kingdom

- USD 19,699 million
- 12.2%



Spain

- USD 15,832 million
- 9.6%



Switzerland

- USD 10,157 million
- 6.2%

Source: Balance of Payments - Banco de la Republica.

Share of all countries with positive cumulative investment, The information includes reinvested profits or investments in the oil sector

Note: the list of the top countries investing in Colombia does not include Panama.

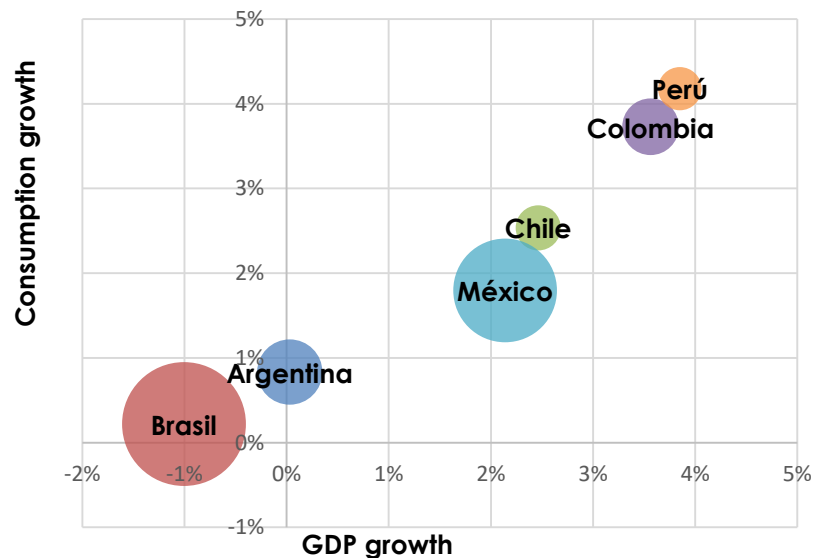


PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND

Colombia is leading a sustainable growth in the region

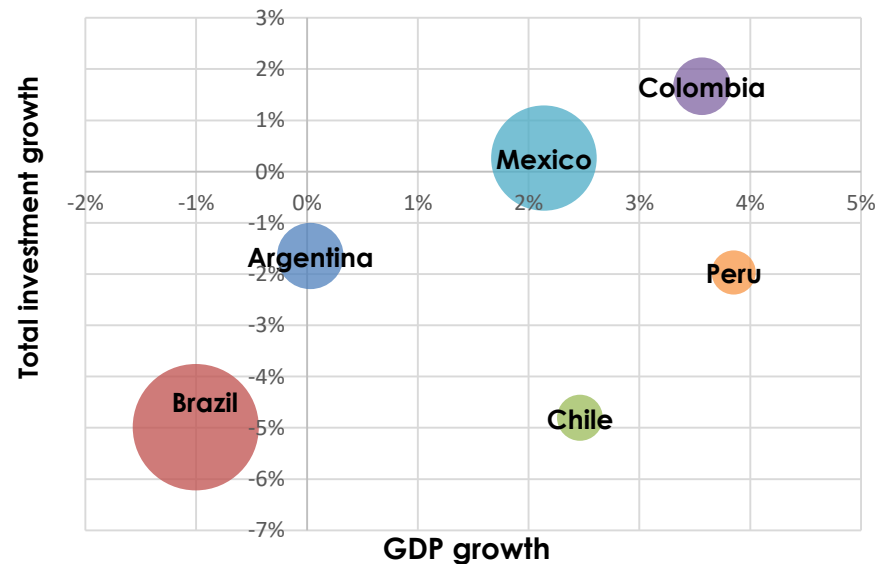
GDP growth vs. Consumption

2012-2016 - (%)



GDP growth vs. Investment

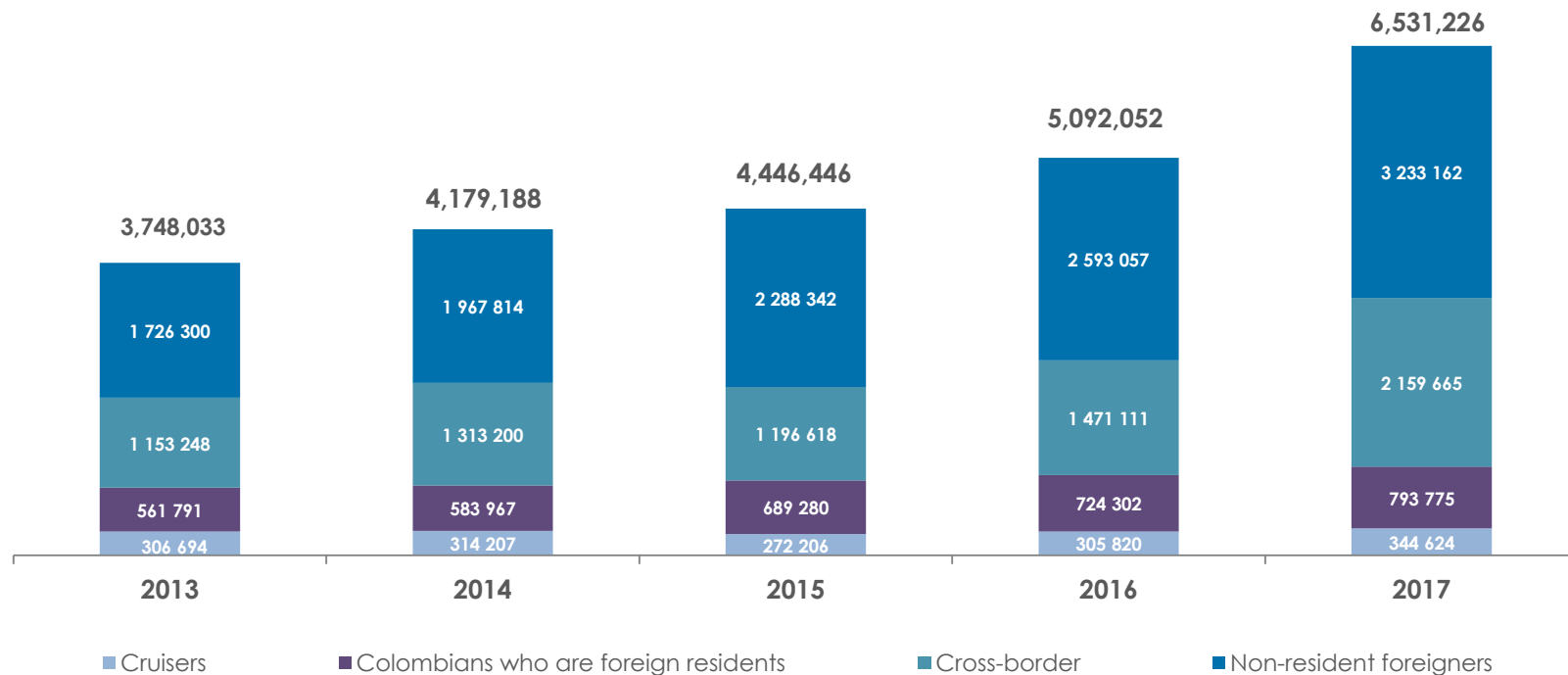
2012-2016 - (%)



Source: ProColombia based on World Bank data and Canadean Travel and Tourism. Bubble sizing corresponds to the size of the economy.

In 2017, receptive tourism grew 28,2% in comparison with 2016

International tourists arrival to Colombia 2012 – 2017



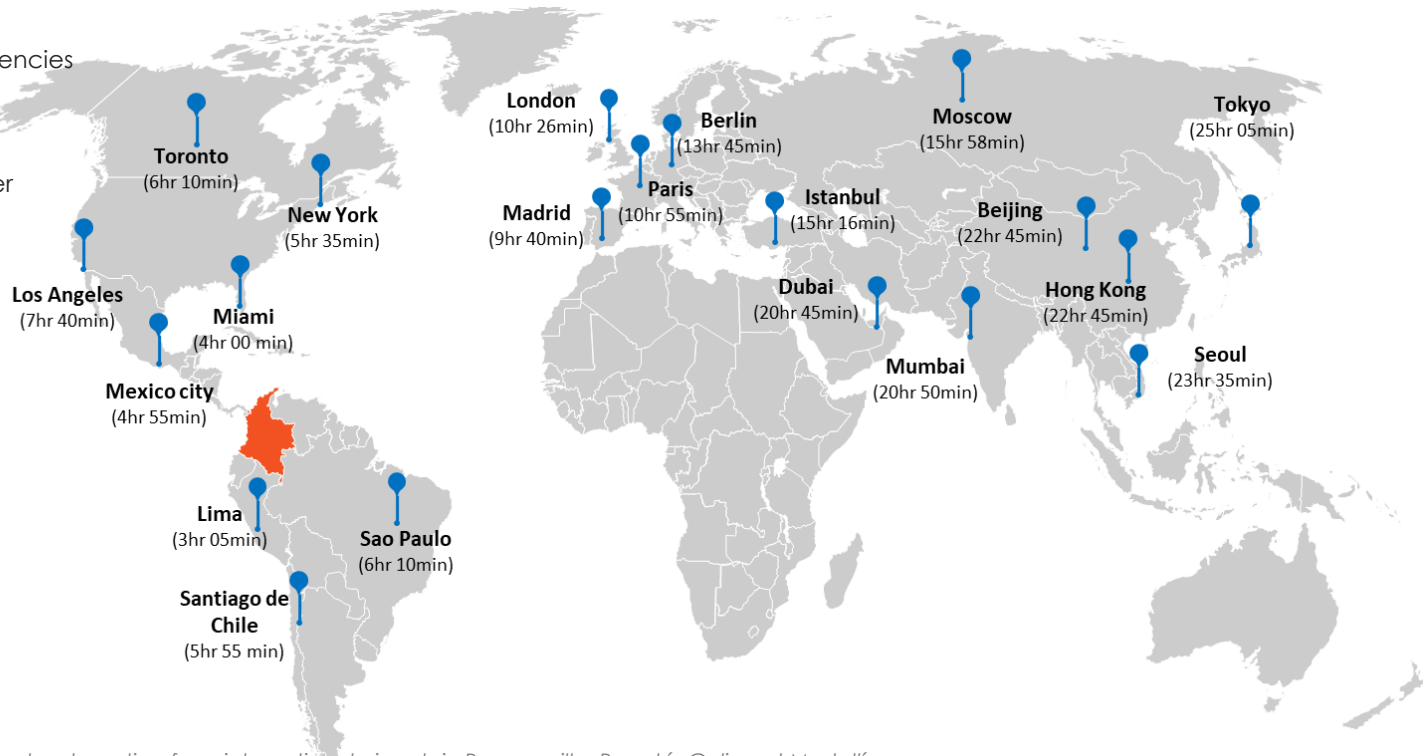
Colombia, less than 6 hours away by airplane from the main cities in the americas



PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND

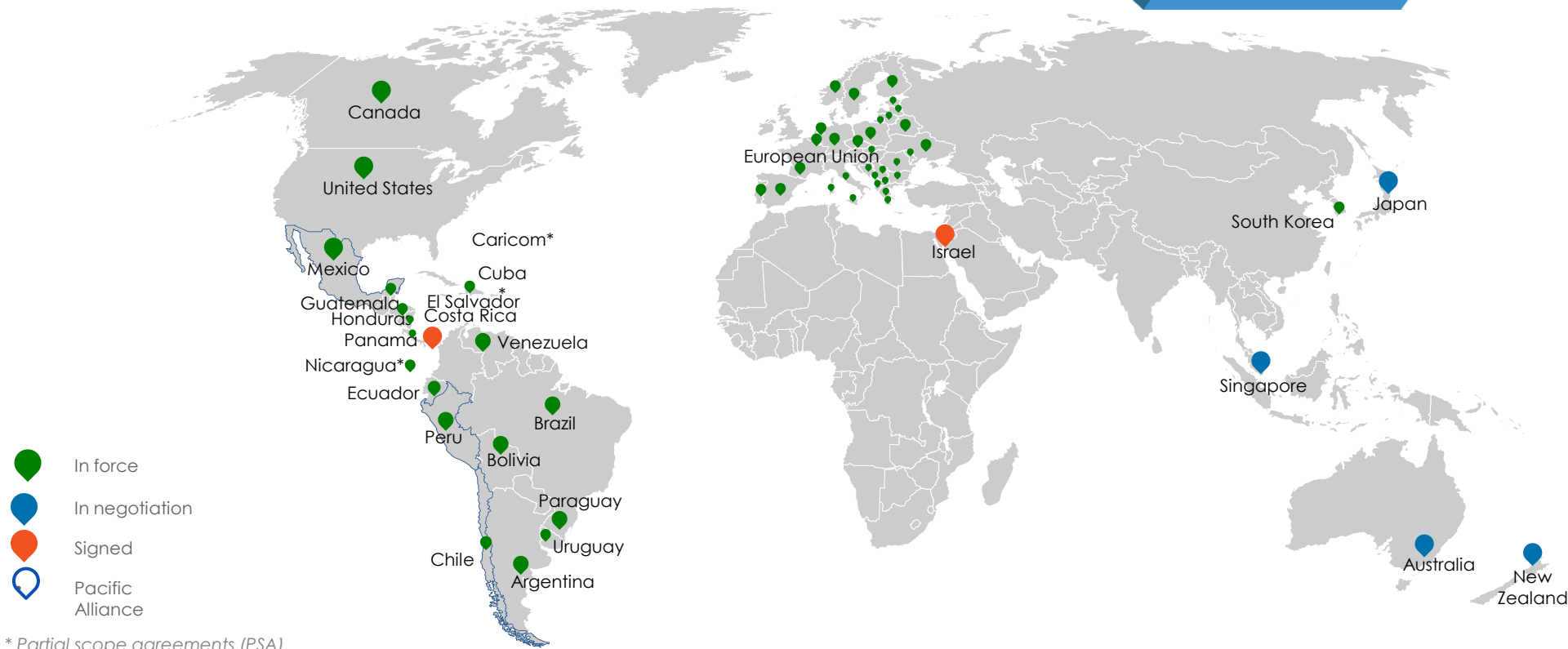
1,109 international direct frequencies per week.

More than **5,600** domestic frequencies per week



* This information takes into account the routes departing from international airports in Barranquilla, Bogotá, Cali, and Medellín.
Source: Routes and Tariffs - Tools for the Colombian Exporter, processed by ProColombia.

Colombia has access to 60 countries and more than 1.5 billion consumers through its network of trade agreements



* Partial scope agreements (PSA)
- - - Blue line shows Pacific Alliance's member countries others than Colombia –(Chile, Peru and Mexico).
- Source: Chamber of Commerce, Industry and Tourism, Colombia, 2017

The airport in Bogota is among the top airports in the world

According to Airhelp scores 2017, El Dorado International Airport is:

#1 in Latin America

#11 Worldwide



Colombia is one of the countries with the greatest potential for expansion in agricultural land



PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND



- Colombia, with multiple **thermal floors**, is able to **offer different agricultural products throughout the year.**



- Colombia ranked **10th worldwide and 1st in Latin America** in the **food sustainability index.**

- “**Plan Colombia Siembra**” seeks to **increase the agricultural production with 1,000,000 new hectares.**

- The **availability of water resources in Colombia is one of the highest in the world (FAO*)**



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EXPORTS THROUGH INVESTMENT COUNTRY BRAND

Reduced Income tax and VAT Exemptions allowing access to local market

No import duties. VAT exemption for goods sold from Colombia to FTZ.

Benefit from international trade agreements.

Free trade zones for different investor styles.

Allows sales to the local market.

Number of Special Standing
Single enterprise:

62

Total number
Free Trade
100

Number of permanent
Free Trade Zones

38



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EXPORTS TOURISM INVESTMENT COUNTRY BRAND

Colombia compared to...



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EXPORTS TOURISM INVESTMENT COUNTRY BRAND

Business Opportunities sample ...

Sectors with opportunity - Infrastructure: A major driver for growth

Some niches with opportunities:



Airports



Ports



Roads



Step railways



Fluvial National
plan

- ▣ **USD 900 million** in rehabilitation, expansion and modernization of **47 airports** (2015 – 2018).
- ▣ **The Fluvial National Plan** consists of 13 river projects with an investment of **USD 2,660 million**.
- ▣ Until 2021, **USD 17 billion will be invested** to increase road infrastructure:
 - 7,000 kms of highways**
 - 1,400 kms of double lane highways**
 - 141 tunnels**
 - 1,300 viaducts**
- ▣ **USD 1.8 billion** to improve the navigability of Magdalena river.
- ▣ **USD 53 million** investment to recover more than **990 kms of railways network**.

Sectors with opportunity - Infrastructure: A major drive for growth



PROCOLOMBIA
EXPORTS THROUGH INVESTMENT COUNTRY BRAND



Spain



In 2014, Iridium awarded two road concession projects in the government's "highway concession program (4G)". Those projects accounts 78Km.



Austria

STRABAG

Strabag will be in charge of 75 Km new highways, and the modernization of a 65 km section



Israel



Shikun & Binui awarded the project "Corredor Perimetral de Oriente de Cundinamarca = 153 km length "



China



HEC will build "The mar 2 highway" that will improve the logistic development at the northeast region of the country. Total project length 246 km.

Sectors with opportunity - **Energy:** A diversified source base and a pivotal location in the Americas

Colombia ranked first in Latin America and eighth in the world according to the “Energy Architecture Performance Index 2016”. WEF, 2016.

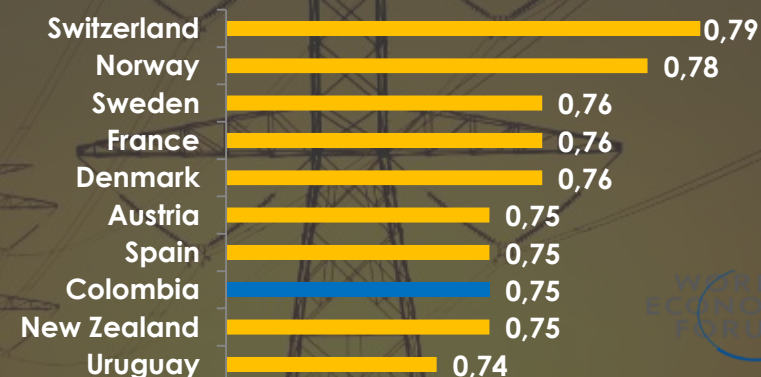
More than 200 power Generation projects registered in different stages: Installed capacity up to 7,000 MW*

Open public bids for power transmission projects in Colombia**

High potential in Biofuels and alternative energies

Projects focused **on renewable energy** will have special VAT exemptions, deduction from taxable income and customs exemptions – **Law 1715**

The Global Energy Architecture Performance Index 2016



Some niche opportunities



Thermal



Micro hydro



Solar



Wind



Biomass



Transmission network

Sectors with opportunity - **Energy:**

A diversified source base and a pivotal location in the Americas



Spain

endesa

Endesa, the subsidiary of the Italian group Enel, acquired participation in Emgesa and Betania power generation companies with 2,895 MW of installed capacity.



Italy

enel

Between 2017 and 2019, the Italian multinational Enel will invest about USD 561 million in energy projects in Colombia.



United States

AES

Colombian subsidiary of AES Corporation (Applied Energy Services). Chivor is one of the country's largest generator with a total effective installed capacity of 1,000 MW.



Germany

steag

The low-grade coal-fired power plant Termopaipa in Paipa (Colombia) was the first power plant abroad which was planned, financed and built by Steag.

Sectors with opportunity - Services

IT, BPO, ITO, Shared Services, Apps

Colombia is one **the three major providers** of IT services in the region.

- **The broadband connections increased** from 2.2 to 10.1 million between 2010 and 2015.
- In the next 4 years, **broadband connections will be triple** reaching 27 million connections.
- **Available labor force of more than 1,200,000 professionals** graduated in fields related to financial and value added shared service operations.
- VAT exemption for service exports.

Source: MinTic and IDC

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Some niches with **opportunities**



Cloud computing



Software development



Aggregated shared services centers for diverse industries



Big data



Innovation and development centers

Sectors of opportunity - Services IT, BPO, ITO, Shared Services, Apps



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EXPORTS YOUR INVESTMENT COUNTRY BRAND



United States



IBM opened its third Data Center in Colombia offering a processing power of 5 petabytes.

It's one of the most advanced centers for Cloud Computing and Big Data Analytics companies in the country.



Spain



It has two operations centers in Bogota where it manages a diversified portfolio of blue ribbon clients, with the capacity for up to a thousand positions.



United States



AT&T acquired DirecTV Colombia and it'll increase the telecoms offer Colombia through new services and packages.



Japan



Its BPO operation currently has more than 1,400 credit processes, customer service, and document management active positions.

Sectors with opportunity

Agribusiness

Some niche opportunities



Aquaculture



Cocoa



Cereals



Fruits and
vegetables



Meat



Processed food



Rubber



Biofuels



Forestry

Investment Opportunities

- Expansion of cultivated areas with a high global demand of agricultural products, construction of collection centers and assembly of processing plants (IQF, pulps, jams).
- Construction of cocoa processing plants for cocoa butter, cocoa liquor and chocolate products.
- Colombia has the fourth dairy herd and largest dairy production in the region, which guarantees easy access to raw materials for the subsequent transformation of dairy products.
- Build specialized industrial facilities to transform natural rubber into value-added elements.

Sectors of opportunity

Agribusiness



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EXPORTS YOUR INVESTMENT COUNTRY BRAND



United States



The American investment fund specialized in the agribusiness sector, invested in the company, Cacao de Colombia, by establishing a second production plant in Popayán.



Brazil



Brazilian company dedicated to the production and commercialization of beef, leather, live animals and its byproducts.

The company acquired freezers from Red Carnica S.A.S located in the department Cordoba.



Chile



Alliance between CCU and Postobon: Construction of a production plant with the aim of boosting the beer market sector through elaboration, commercialization and distribution of beer and non-alcoholic beverages based on malt.

Sectors with opportunity

Chemicals and Life Sciences



PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND

Some niche opportunities



Fertilizers



Natural ingredients
for cosmetics



Plastic Packaging

- Set up agrochemicals formulation and production plants to serve the growing local market.

Colombia is the second country in the region with the highest fertilizer consumption per hectare. In Latin America, Colombia is 5.5 times above the average.

- Set up research centers on development of cosmetics based on natural ingredients. Taking advantage of the Colombian biological and floristic diversity; and the tax incentives provided by the National Government for R&D projects.

The country has positioned itself as a hub for the production of cosmetics and toiletries at a regional level. It is the fourth manufacturing industry with the highest exports in the country.

- Assembly of plastic packaging production plants to meet the needs of the LAC region.

Colombia counts with high quality raw materials for packaging with highly technical control equipment.

A regional platform for manufacturing activities with remarkable productivity standards



The Netherlands and
United Kingdom



The new factory set up in Colombia is one of its three most modern factories in the world, thanks to its cutting-edge technology and ecofriendly facilities.



Norway



Started its production operations in 2013, after the acquisition of Abocol, the most important agrochemical company in Colombia.



India



The Indian group inaugurated a new production plant in Villa Rica (Cauca), from which it manufactures 180 million laminated plastic tubes for consumer products



United States



Inaugurated its new operations center in Antioquia to supply markets in Central America and the Andean region

Sectors of opportunity - Tourism Infrastructure, real estate and retail

Some niche opportunities



Nature &
Adventure



Wellness

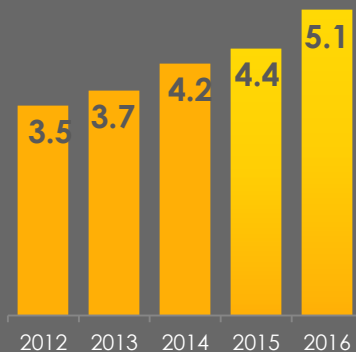


Entertainment



City Hotels

Inbound tourists* 2012 – 2015 (million of people)



*Inbound tourist includes: resident Colombians abroad, foreign non resident in Colombia, special cross borders, and cruise visitors.

Source: Migration Colombia and MinCIT. ProColombia calculations.

Investment Opportunities in:

- ▣ Colombia ranks 25th in the ICCA ranking (International Congress and Convention Association)
- ▣ Luxury and wellness hotels can take advantage of the Colombian biodiversity to offer high quality services.
- ▣ Corporate Tax Exemption for hotels with more than 61% of their building by December 2017
- ▣ VAT exemption for health tourism services

Sectors of opportunity

Tourism infrastructure, real estate and retail



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EXPORTS TOURISM INVESTMENT COUNTRY BRAND



United States



This American chain has 15 hotels in Colombia with more than 1,850 rooms



United Kingdom



Holiday Inn hotels opened in Bogota and Cartagena, totaling 331 rooms.



Spain



NH Hotels has 15 hotels in Colombia, with more than 1,600 rooms



Canada



This luxury chain has 2 hotels in Bogota with 126 rooms in the more exclusive locations in the city

Sectors with opportunity

Services Capital Funds

Colombia offers several benefits to invest in capital funds.

- ▣ Colombia was ranked fourth in Latin American and the Caribbean due to its favorable conditions for development of the PEF industry.
- ▣ 19 International General Partners in Colombia.
- ▣ Capital funds such as Advent International and Victoria Capital **have chosen the country as a hub to service other countries in the region**

Source: MinTic and IDC

Some niches with opportunity



Real Estate



Health



Banking



TIC



Biotechnology



Energy



Agribusiness



Infrastructure

Sectors with opportunity

Services Capital Funds



PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND



Canada

Brookfield

Investments mainly in the sectors of infrastructure, energy and real estate.

Investments in the Colombian power company SA as part of its expansion plan in the region.



United States



BRICAPITAL

Firm focused on investing in the category of hotel assets in Colombia.

Its largest investment in Colombia has been the Hyatt Regency Hotel in Cartagena.



United States

DARBY
PRIVATE EQUITY
FRANKLIN TEMPLETON
INVESTMENTS

Mainly infrastructure investments.

In Colombia its investments have been focused in companies such as Intertug and Ocesa.

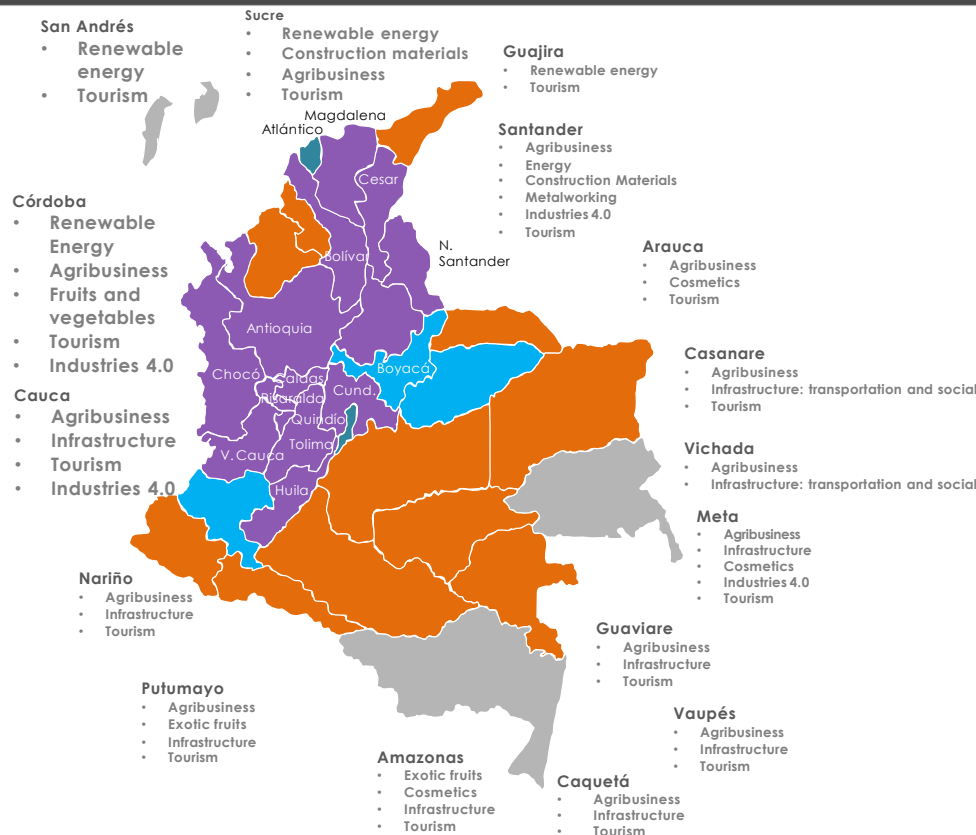
**Peace is bringing new
opportunities to Colombia**

A Greater Colombia- Postconflict

FDI promotion impact in regions- coverage



PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND



Existing agencies (15) New regions (11) Regions in process (3)

More regions, more opportunities, greater development

Management Strategy
(One stop shop, soft-landing, SIFAI, management incentives)

Exports and Tourism will benefit from peace

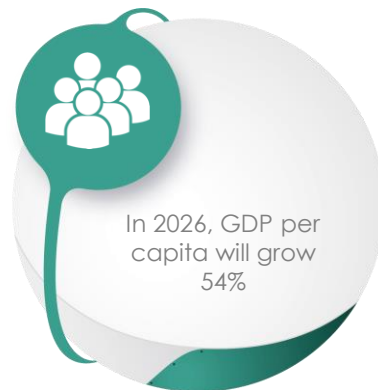
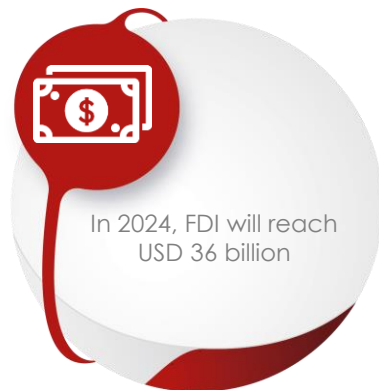
Exports are expected to grow 12% by 2024, reaching USD 61.4 billion

In 10 years, it is expected that tourism will double, reaching 8.8 million tourists, prioritizing former conflict zones:

- Sierra de la Macarena (Meta)
- Trek to Teyuna (The Lost City)
- Putumayo
- Urabá– El Darien (Antioquia – Chocó)

Peace will have a positive impact in the country's economy

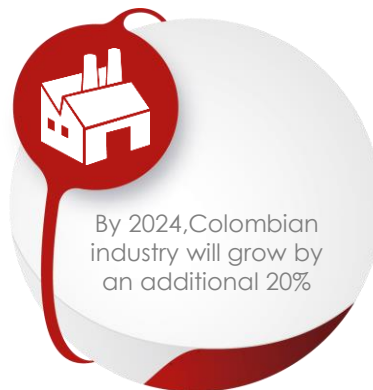
It's expected that...



Source: DNP Study. Analysis on 36 case studies on countries with a history of end of conflict and peace agreements.. *Exports plus imports ** Taking the year 2014 as a base

Peace will also bring a growing competitive Colombian industry

It's expected that...



Peace will also bring a growing competitive Colombian industry



ZOMAC

These are territories where special fiscal incentives were established for the companies that are located in the most affected areas by the armed conflict.

Companies that settle in these areas will receive a reduction in the income tax until 2027.



PDET

Development Programs with a Territorial Approach (PDET, in Spanish).

It is a planning and management instrument that aims to implement the sectoral plans and programs within the framework of the Integral Rural Reform (RRI, in Spanish) and the relevant measures established by the Final Peace Agreement, in 170 prioritized municipalities.

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ZIDRES

This law sets a new model of agricultural development, which allows the availability of land, where companies and agricultural workers, with or without land, are able to create production activities on a big scale. This allows them to maximize labor productivity and to reduce agricultural production costs.



PUBLIC PROJECTS INSTEAD OF TAXES

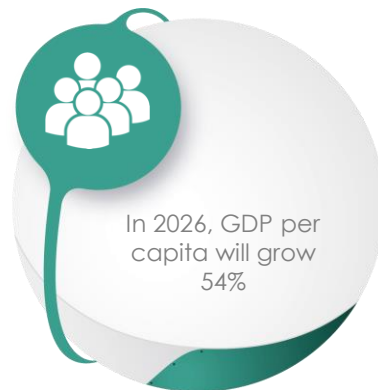
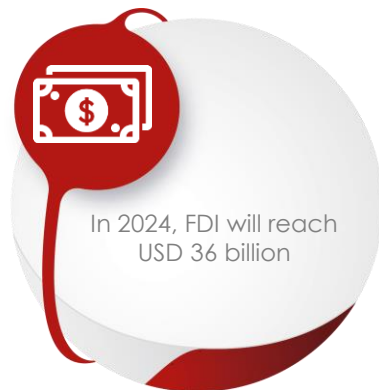
It allows corporations, with gross income equal to or greater than 33,610 TVU, To choose to pay up to 50% of their taxes through direct investment in projects of social importance or infrastructure, in the areas classified as ZOMAC

A large cargo ship is sailing on the ocean at sunset. The ship is silhouetted against the bright orange and yellow sky. The foreground is filled with the dark silhouettes of palm trees. The text "Peace is bringing new opportunities to Colombia" is overlaid in white.

Peace is bringing new
opportunities to Colombia

Peace will have a positive impact in the country's economy

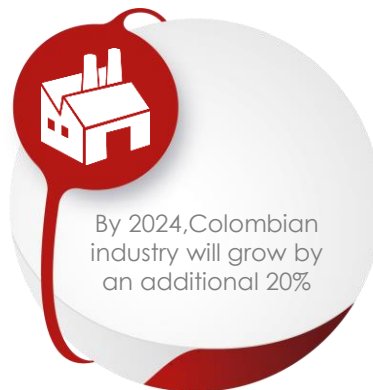
It's expected that...



Source: DNP Study. Analysis on 36 case studies on countries with a history of end of conflict and peace agreements.. *Exports plus imports ** Taking the year 2014 as a base

Peace will also bring a growing competitive Colombian industry

It's expected that...

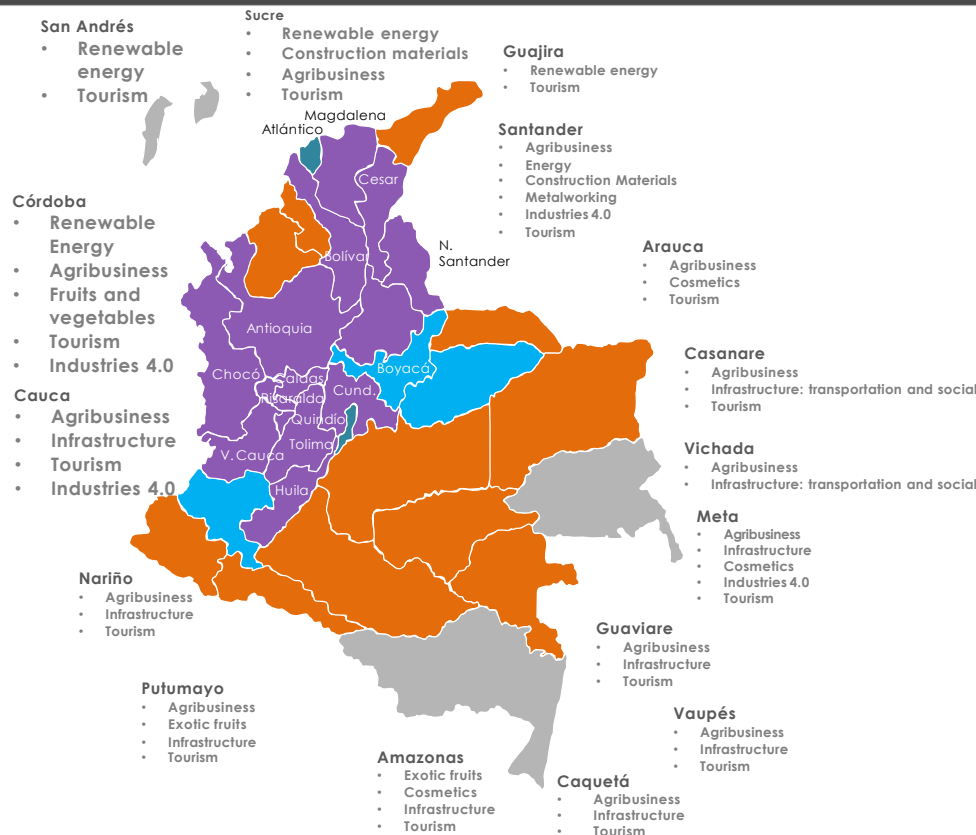


A Greater Colombia- Postconflict

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PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND



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EXPORTS TOURISM INVESTMENT COUNTRY BRAND

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PROCOLOMBIA is ready to assist you in assessing
investment opportunities

TAIKU PALDIES ΕΥΧΑΡΙΣΤΩ TANAN благодаря
SHUKRAN DANKE TERMA KASSIH DÍKY
GRATIAS 감사합니다 MATONDO MAAKE NANNI DIAKUIU
HVALA GRACIAS
TÄNAN DIAKUIU MERCI MOCHCHAKKERAM DIOLCH
SPASIBO дякую FALEMINDERIT

THANK YOU

הודות ASANTE CHOKRANE ESKERRAK MISAOTRA GRAZIE
谢谢 OBRIGADO ARIGATO VINAKA
SULPÁY SPASIBO
DIOLCH ACIU DIOLCH WELALIN TAK KÖSZÖNÖM
EKELE NGIYABONGA MATUR NUWUN KIITOS DZIĘKUJĘ