BRAZIL: BACK ON GROWTH TRACK AND INVESTMENT OPPORTUNITIES

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PLANNING, DEVELOPMENT AND MANAGEMENT

BRAZIL WITHIN THE WORLD ECONOMY

A GLOBAL POWERHOUSE

The largest economy in Latin America

The 9th largest GDP in the world (USD 1,8 trillion in 2016)

5TH LARGEST COUNTRY BY AREA (8 515 767 sq km)

5TH LARGEST POPULATION (208 MILLION)

GLOBAL DESTINATION FOR INVESTMENT

6th FDI host economy, averaging over USD 85 billion per year from 2010 to 2016

NET EXTERNAL CREDITOR

Brazil has accumulated substantial international reserves (USD 381 billion in 2017)

Reserves are more than enough to cover its total external debt

A RESILIENT MARKET WITH GREAT POTENTIAL

GDP GROWTH RATE OF 2.6% ON AVERAGE SINCE 2000.

GDP PER CAPITA OF USD 8,727

HIGH HUMAN DEVELOPMENT INDEX (0.754)

ACTIVE WORKING AGE POPULATION OF AROUND 70% (WORLD AVERAGE: 65%)

HIGH LEVEL OF FORMAL EDUCATION

Adults with advanced education: almost 20% of the total; with finishing secondary education: 50%

SHARP DECLINE IN POVERTY

Share of the population living in poverty (under USD 1.90/day): from over 30% (in the 1980s) to 4.3% in 2015.

A DIVERSIFIED ECONOMY WITH PLENTY OF NATURAL RESOURCES

A COMPETITIVE INDUSTRIAL SECTOR

Latin America's largest aerospace, automotive, oil and gas, mining, capital goods, medical equipment and chemical industries.

Host to many leading multinational manufacturers and world-class service industries.

A KEY PLAYER IN THE INTERNATIONAL MARKET

Among the top producers and exporters of commodities

Second-highest exporter of food (FAO 2015)

One of the top producers and exporters of ethanol biofuel.

Major producer and exporter of agricultural and mining products.

VAST NATURAL RESOURCES

One of the largest petroleum reserves

Over 43% of Brazil's energy matrix comprised of renewable sources

Hydroelectric power provides over 60% of Brazil's electricity needs.

Estimated to hold the biggest fresh water reserves in the world.

SOLID FOUNDATIONS AND FINANCIAL STABILITY

The Brazilian macroeconomic framework has been the same for nearly 2 decades

Inflation target
Floating exchange rate
Fiscal responsibility

Macroeconomic and financial stability

Credit market with high potential for expansion
Financial and social inclusion
High level of international reserves
Low external vulnerability (net external creditor)

ECONOMIC GROWTH PILARS

Structural Reforms

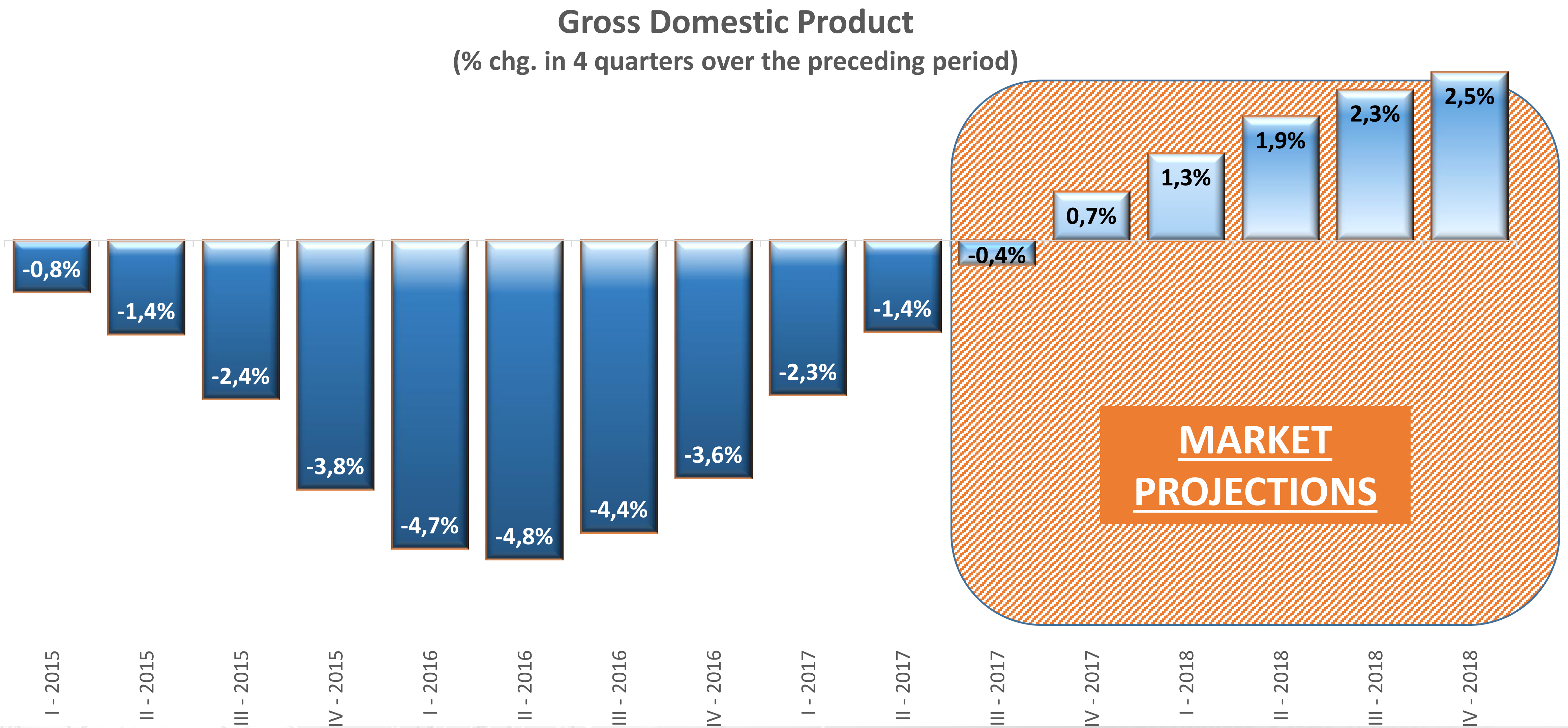
Refinement of the regulatory framework

Economic Growth

Public Management, Concessions and PPPs

Improvement of the business environment

CURRENT POLICIES SET THE PATH TO RECOVERY



Source: IBGE and BCB/FOCUS of Oct. 27th.

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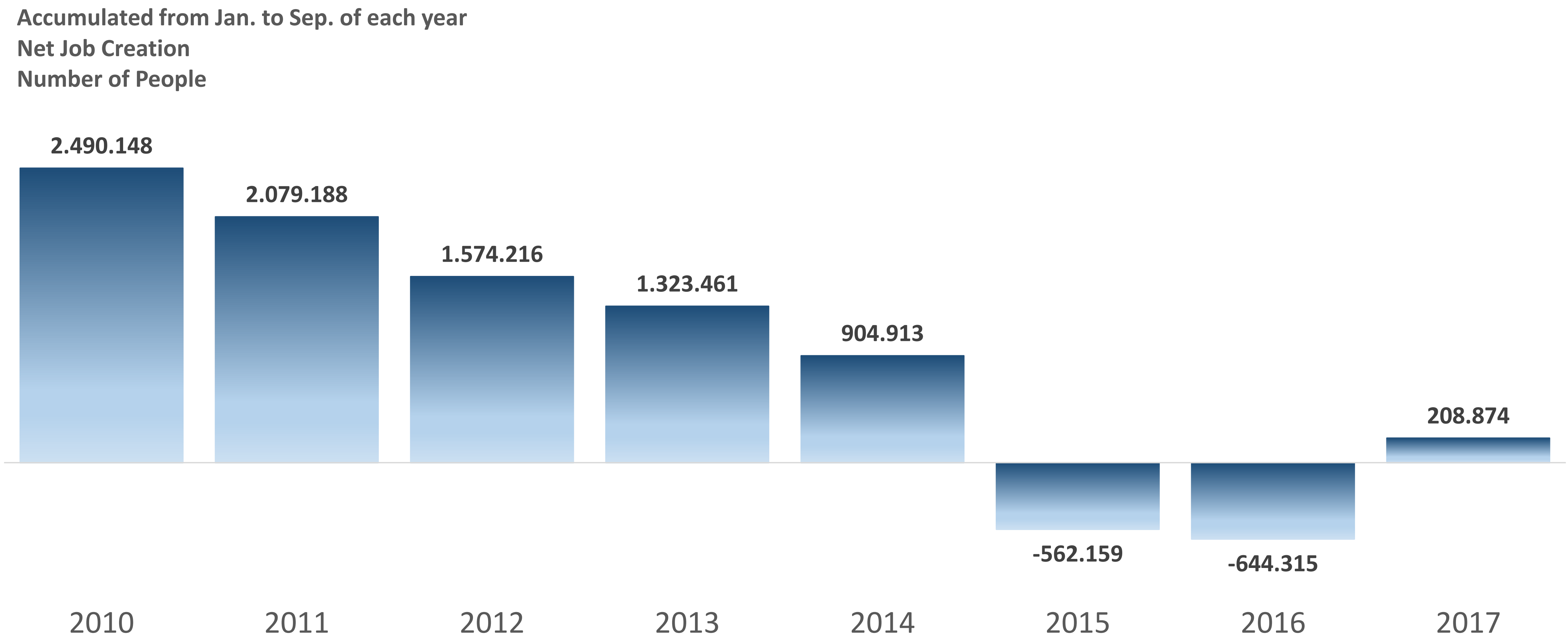
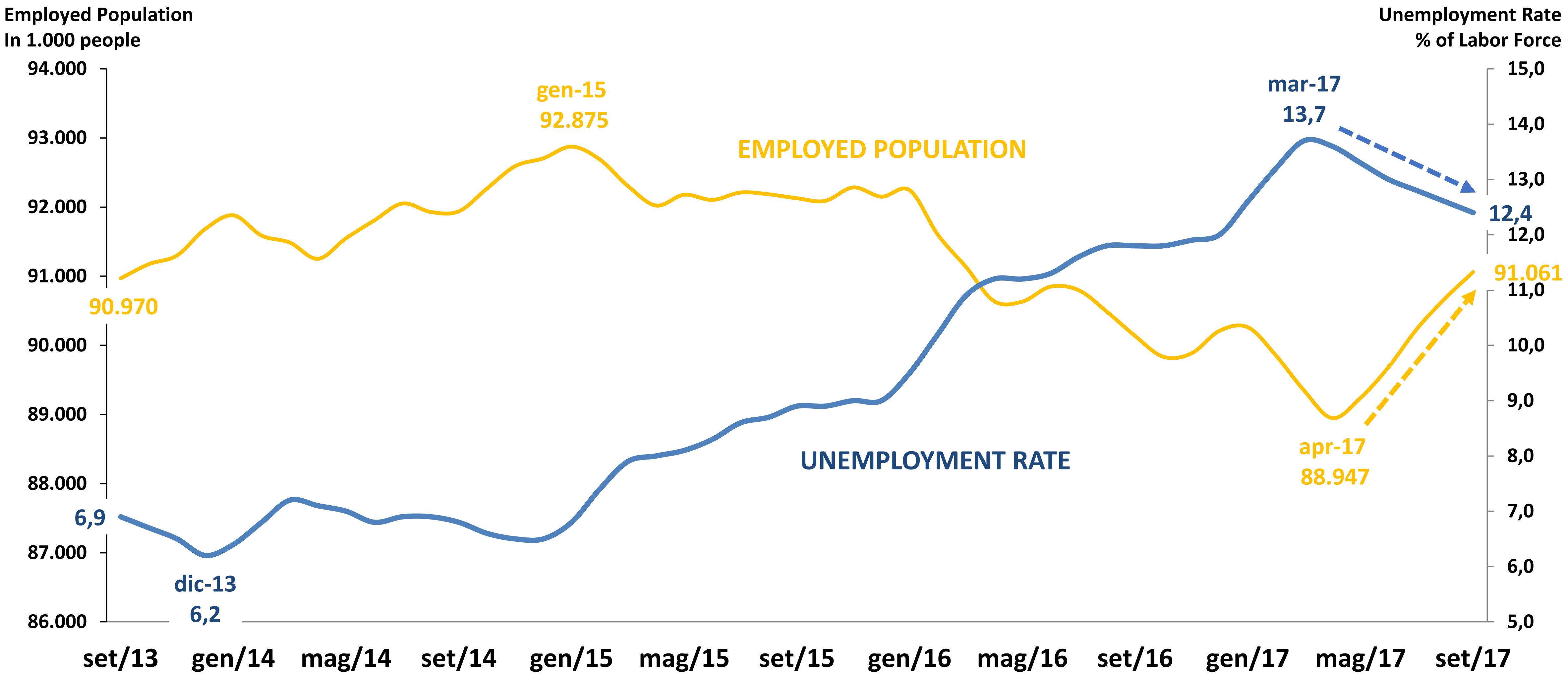
THE ECONOMY IS CREATING NEW JOBS



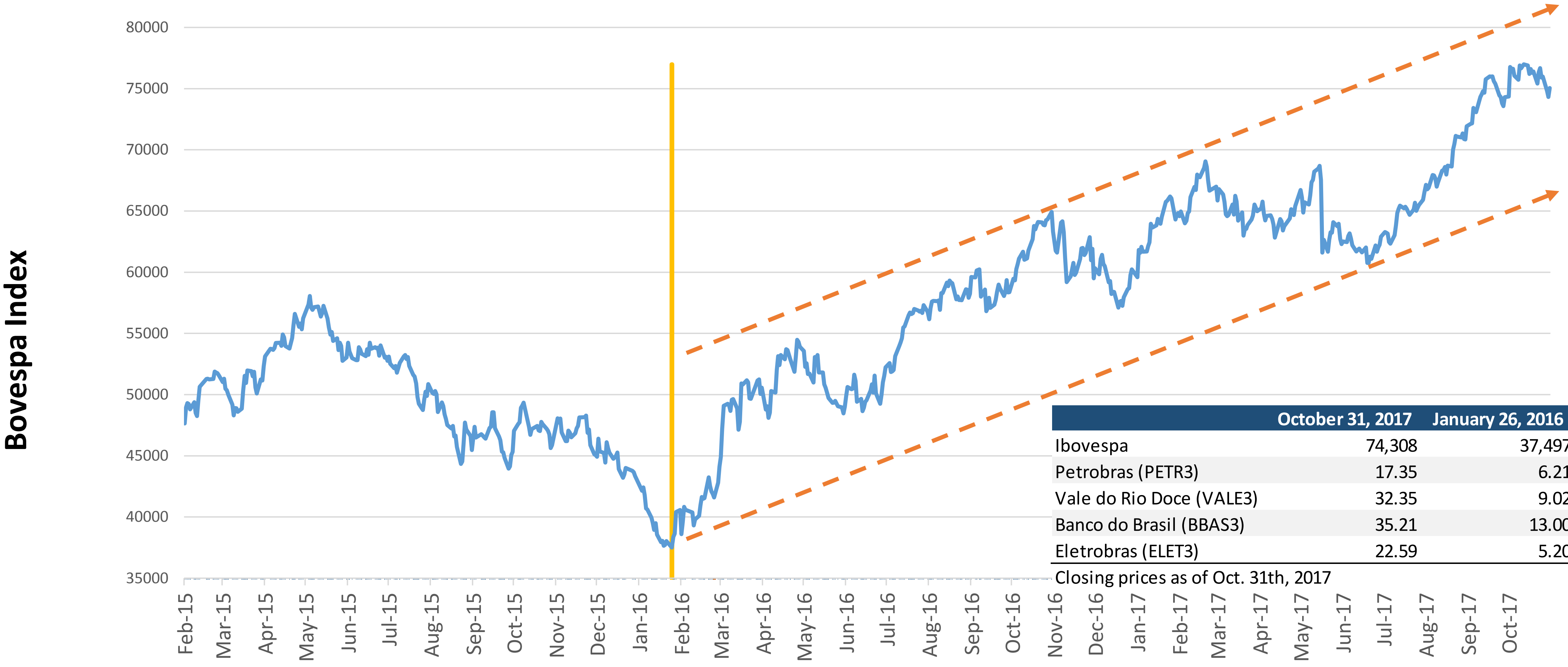
Source: MTE

LABOR MARKET ALREADY REFLECTS ECONOMIC RECOVERY



Source: IBGE/MP - PNADC

THE STOCK EXCHANGE IS AT RECORD HIGHS

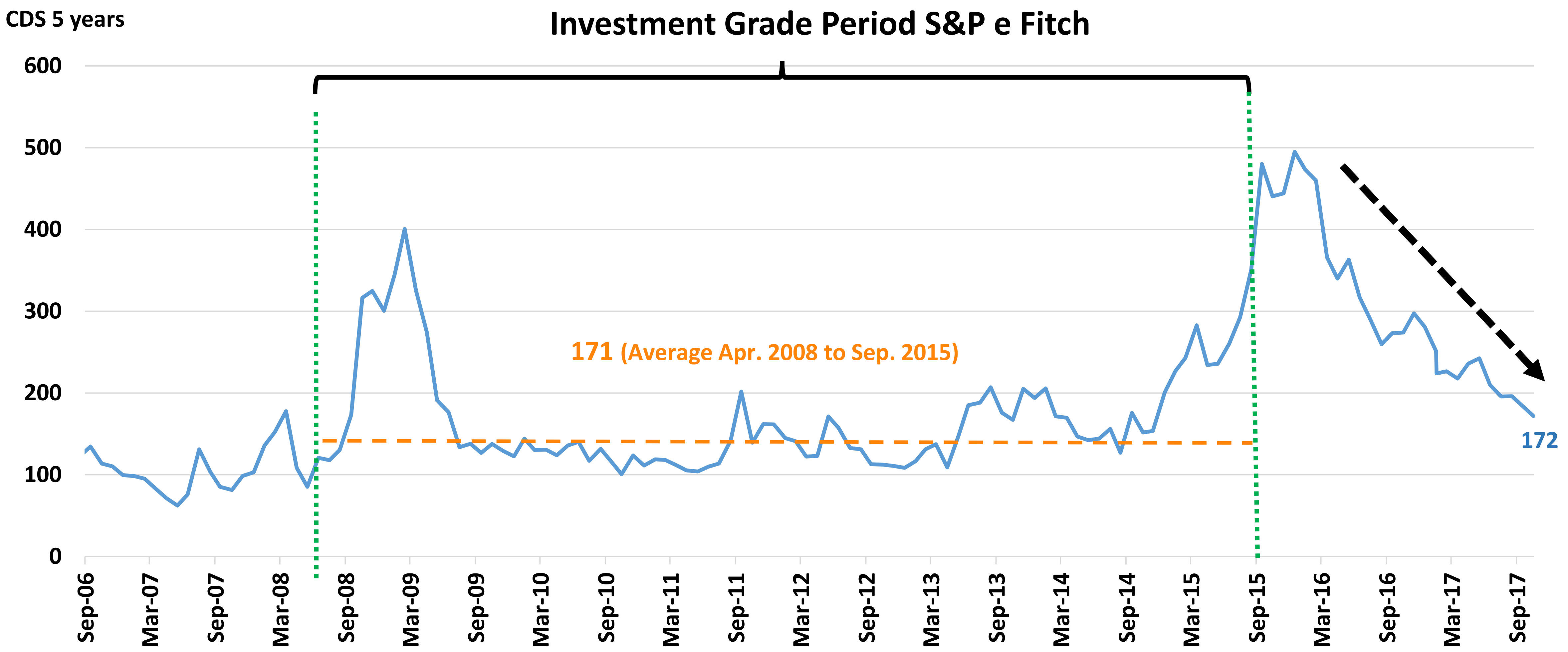


	October 31, 2017	January 26, 2016	Change %
Ibovespa	74,308	37,497	102,6%
Petrobras (PETR3)	17.35	6.21	175,4%
Vale do Rio Doce (VALE3)	32.35	9.02	261,8%
Banco do Brasil (BBAS3)	35.21	13.00	182,0%
Eletrobras (ELET3)	22.59	5.20	351,3%

Closing prices as of Oct. 31th, 2017

Source: Bloomberg

FOREIGN CONFIDENCE ON BRAZILIAN FUNDAMENTALS HAS IMPROVED



Source: Bloomberg

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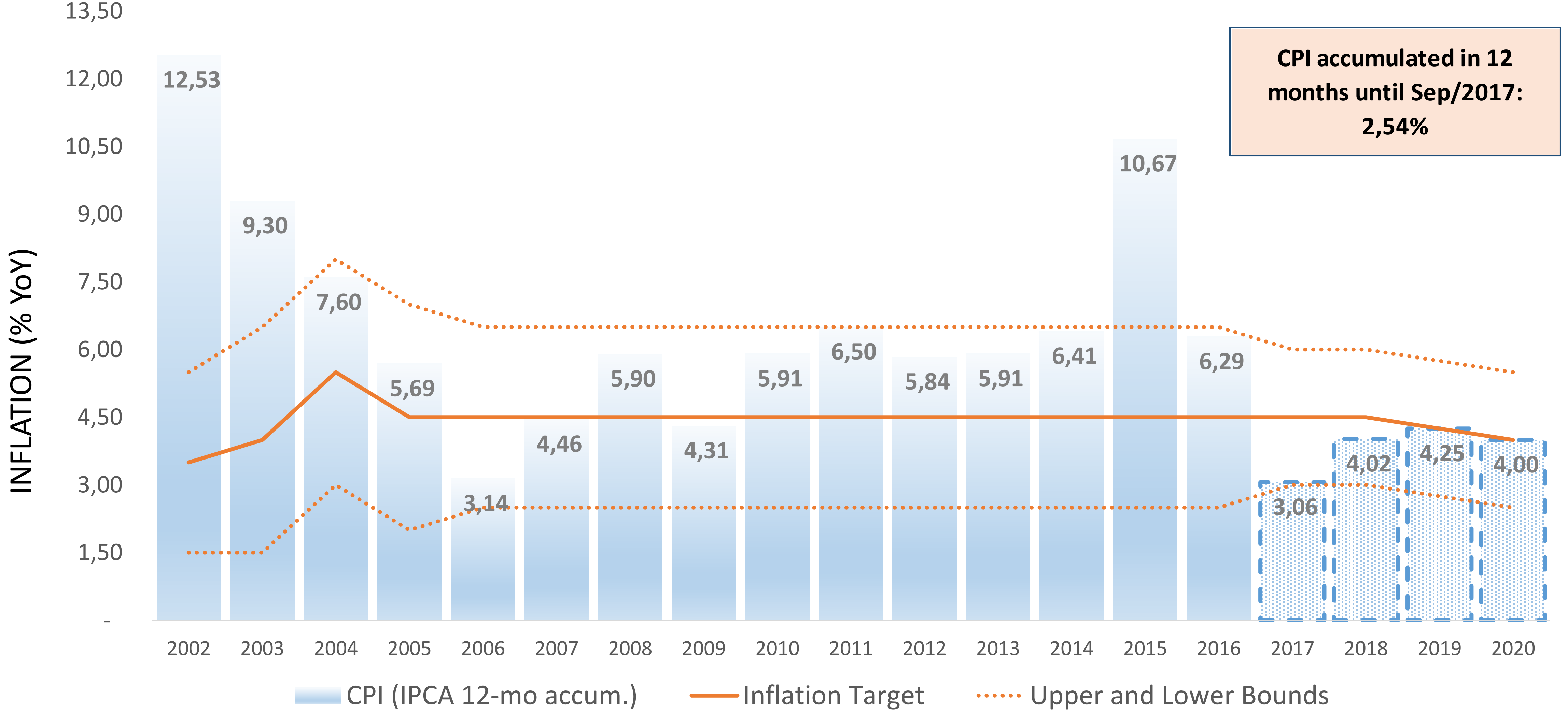
BRAZIL ADOPTED A SUCCESSFUL INFLATION TARGET REGIME



Source: IBGE (Brazilian Institute of Geography and Statistics) and BCB (Central Bank of Brazil).
2017-2020: BCB/Focus on Oct 27th, 2017

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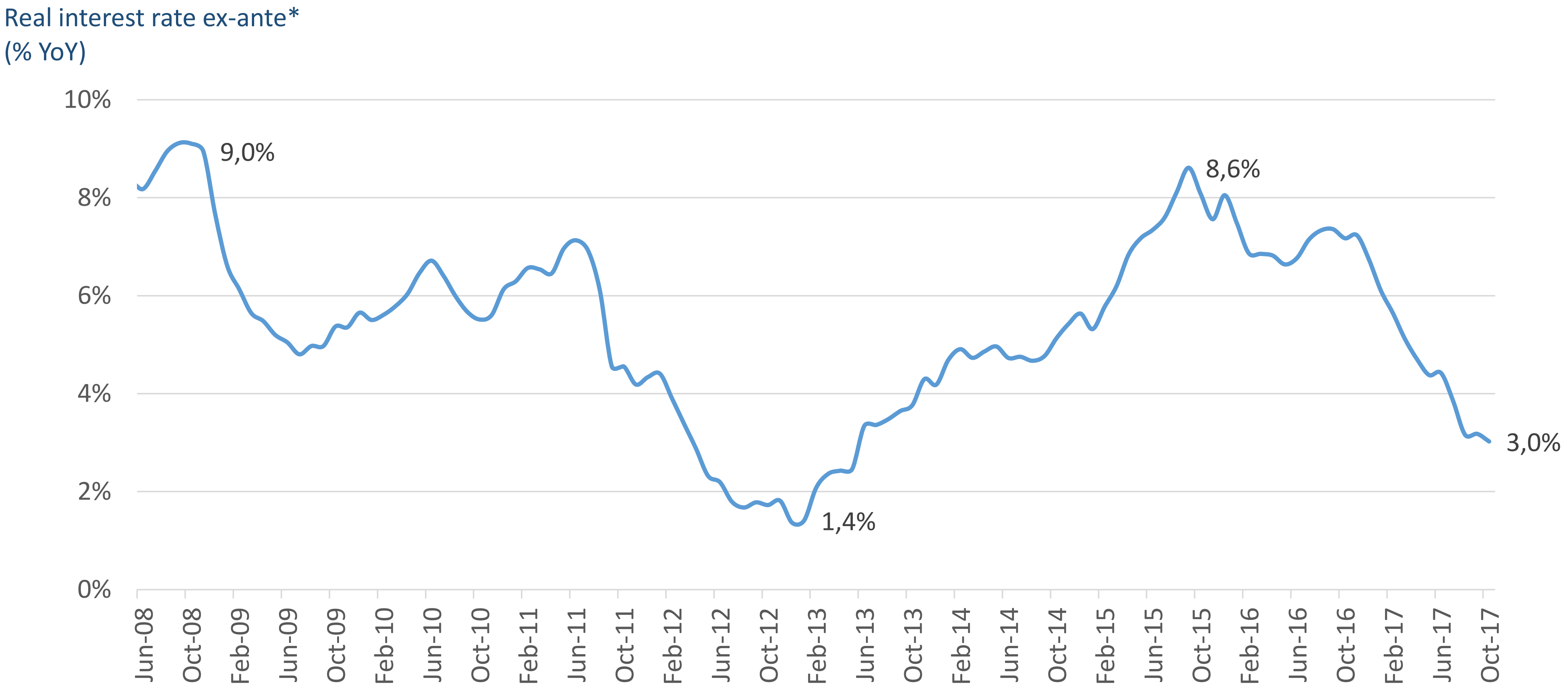
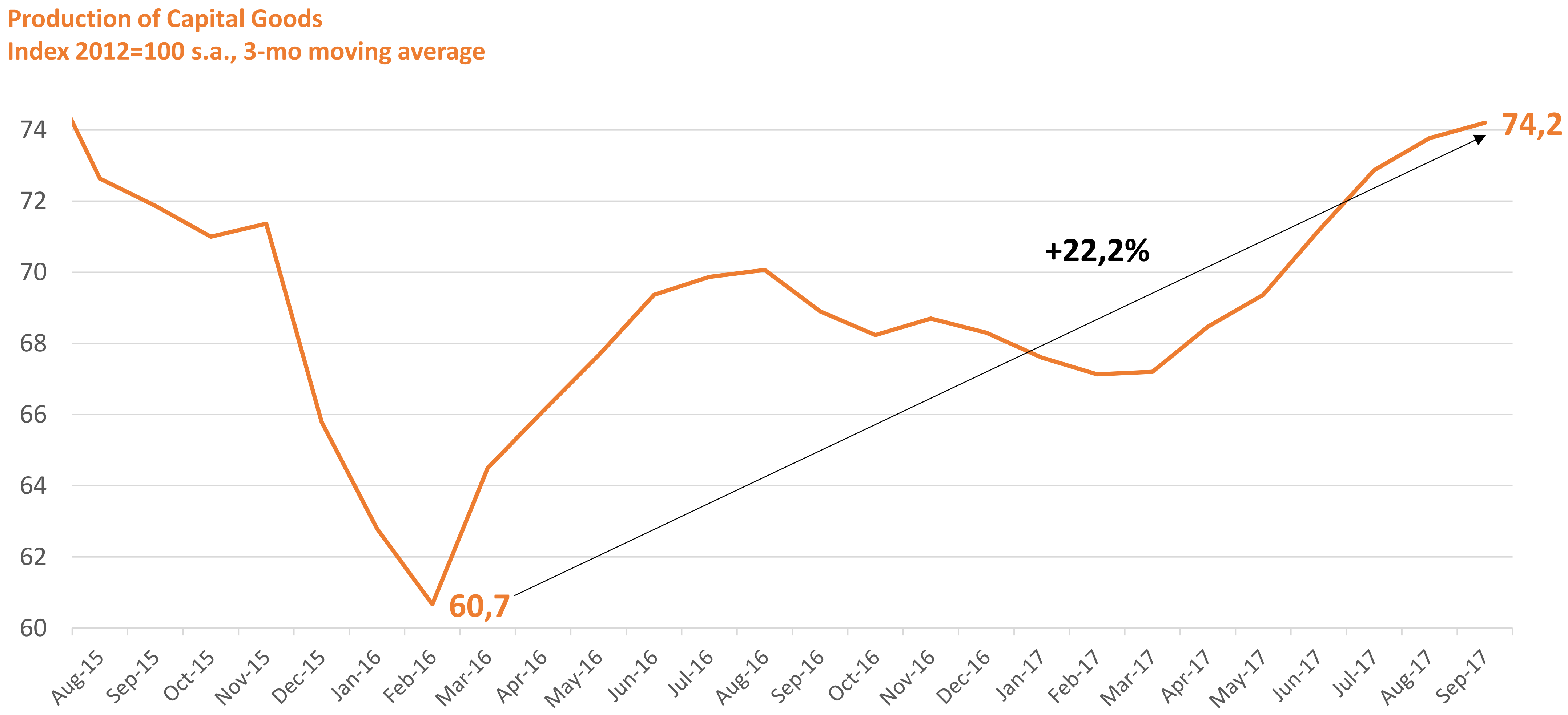
REAL INTEREST RATES ARE FALLING



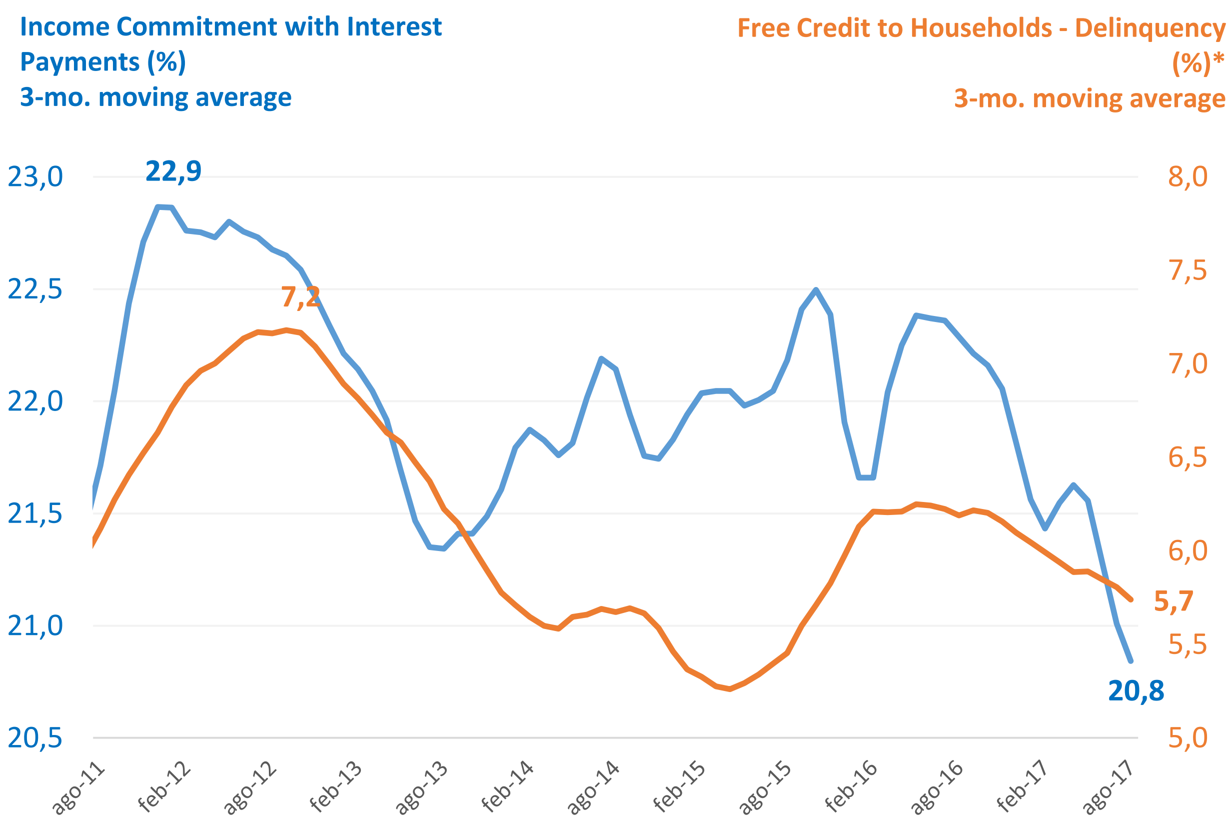
Source: Brazilian Central Bank - BCB
*** Swap DI-Pre of 360 days over expected IPCA inflation in 12 months**

PRODUCTION OF CAPITAL GOODS INDICATES INVESTMENT RECOVERY AHEAD

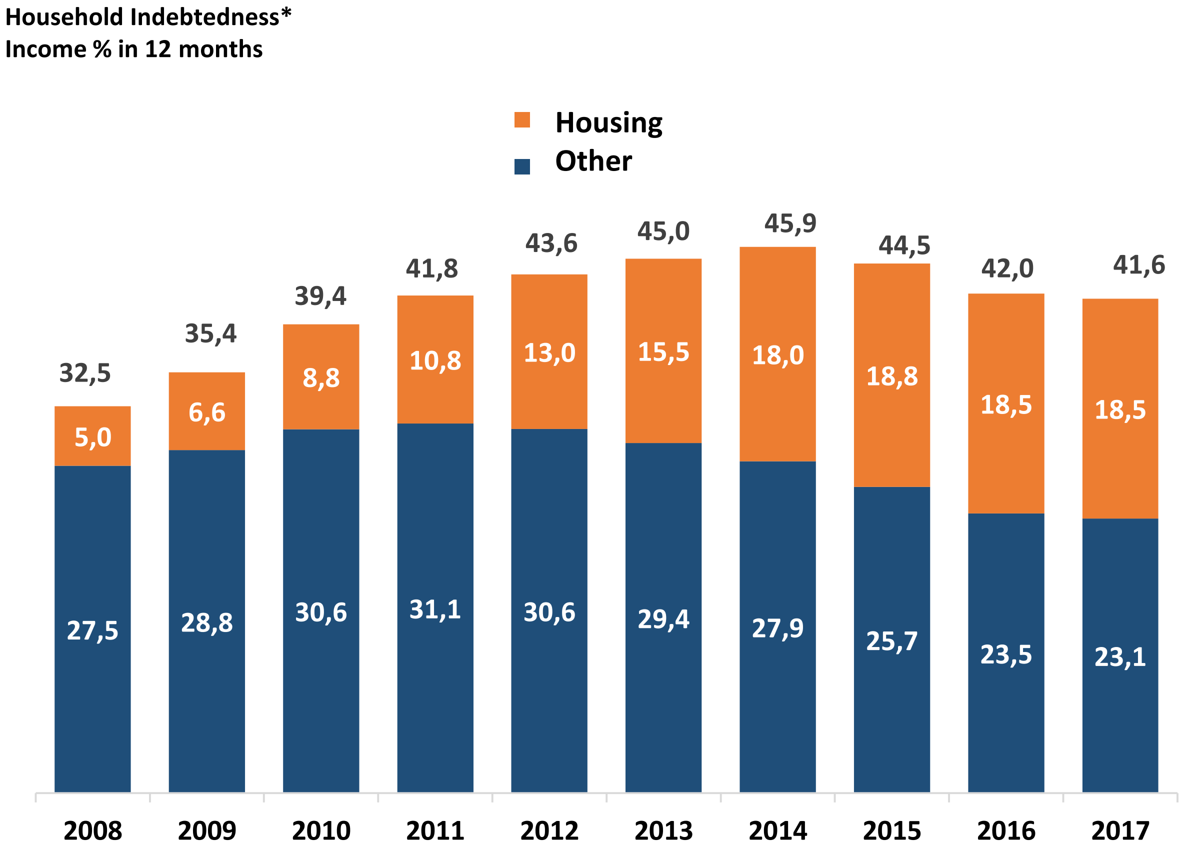


Source: IBGE

HOUSEHOLD CREDIT CONDITIONS HAVE IMPROVED

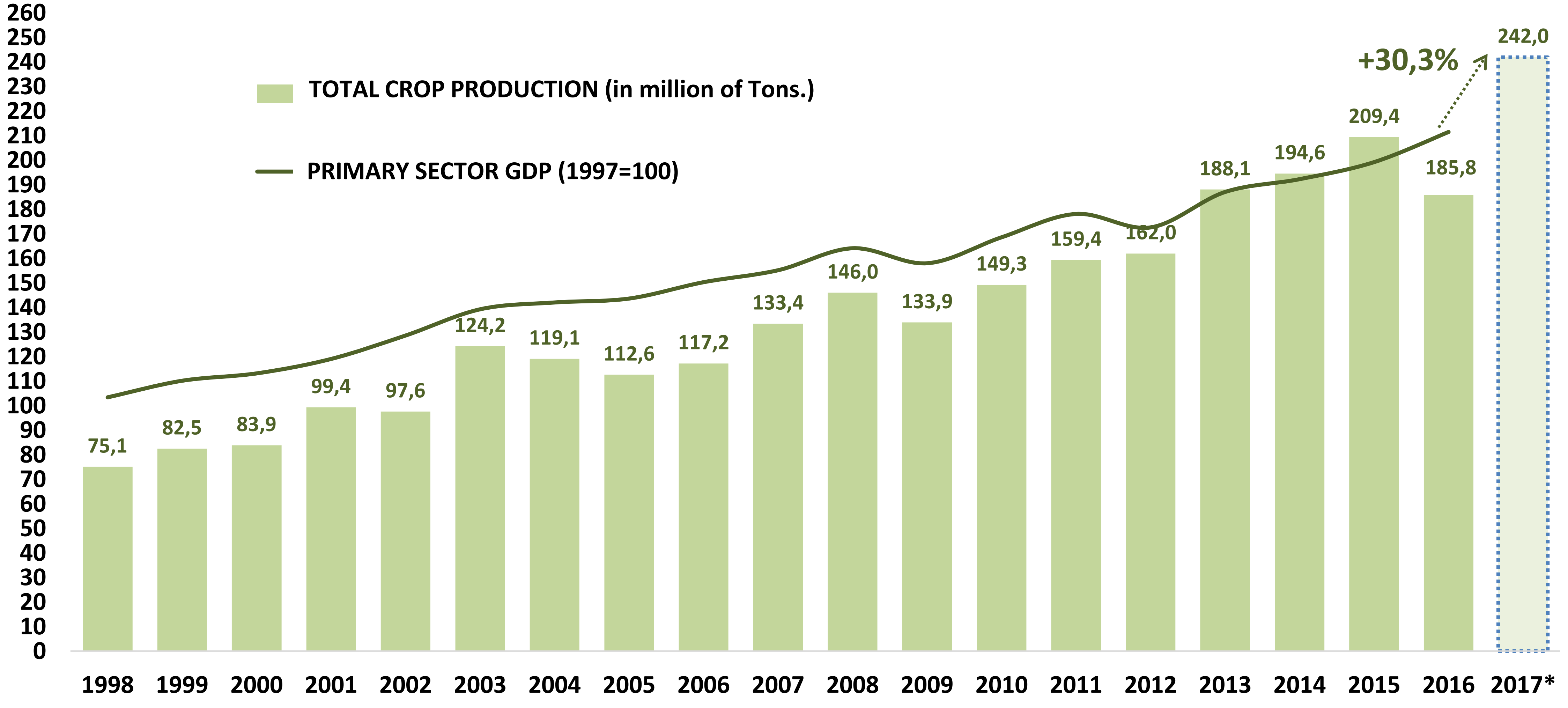


Source: BCB * With at least one payment delayed for more than 90 days.



Source: BCB *Indebtedness = ratio between the current value of household debt and the household income accumulated in the last twelve months.

IN 2017 BRAZIL CROP PRODUCTION WILL REACH ITS HISTORICAL MAXIMUM



Fonte: IBGE, LSPA Survey September 2017.

Elaboração: MPDG.

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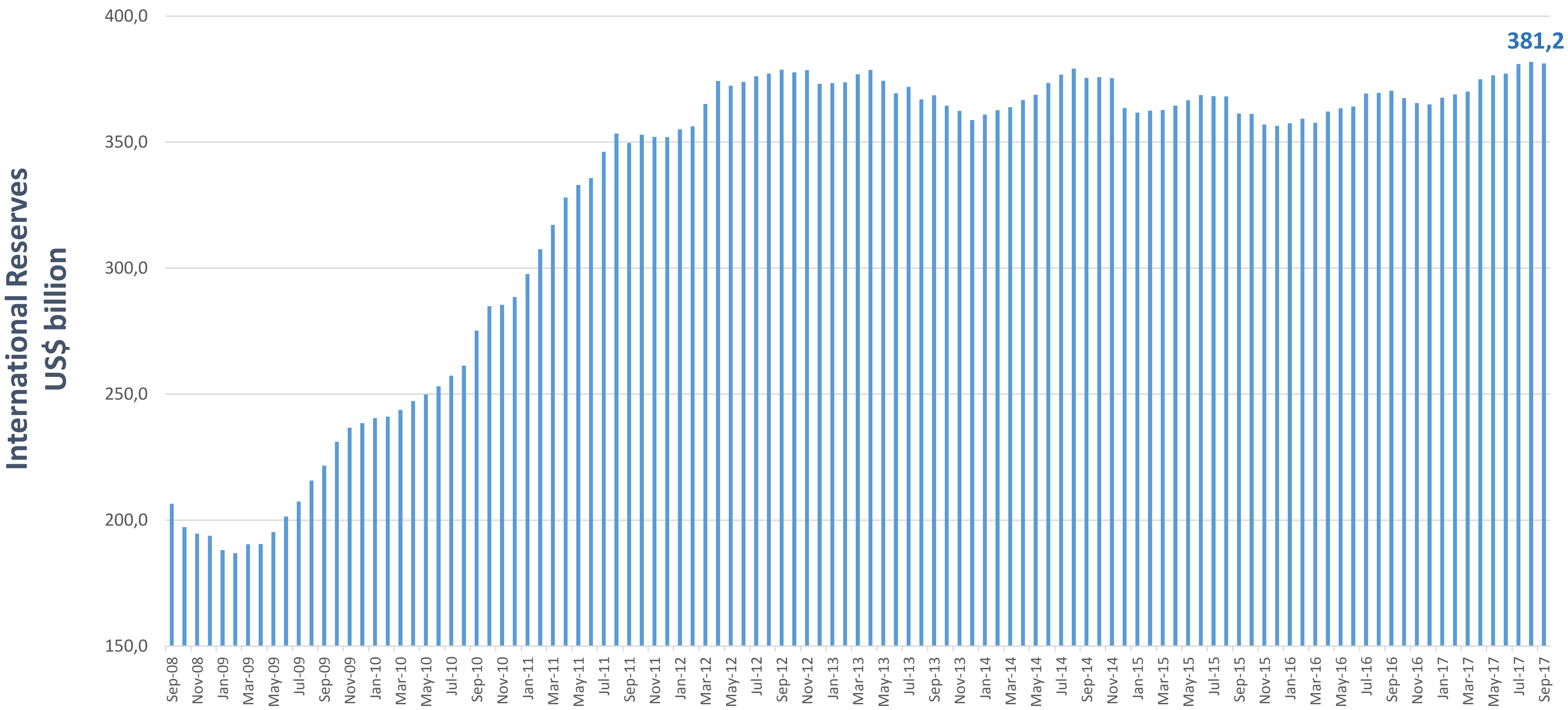
INTERNATIONAL RESERVES ARE STABLE FOR THE PAST 6 YEARS



Source: Brazilian Central Bank - BCB

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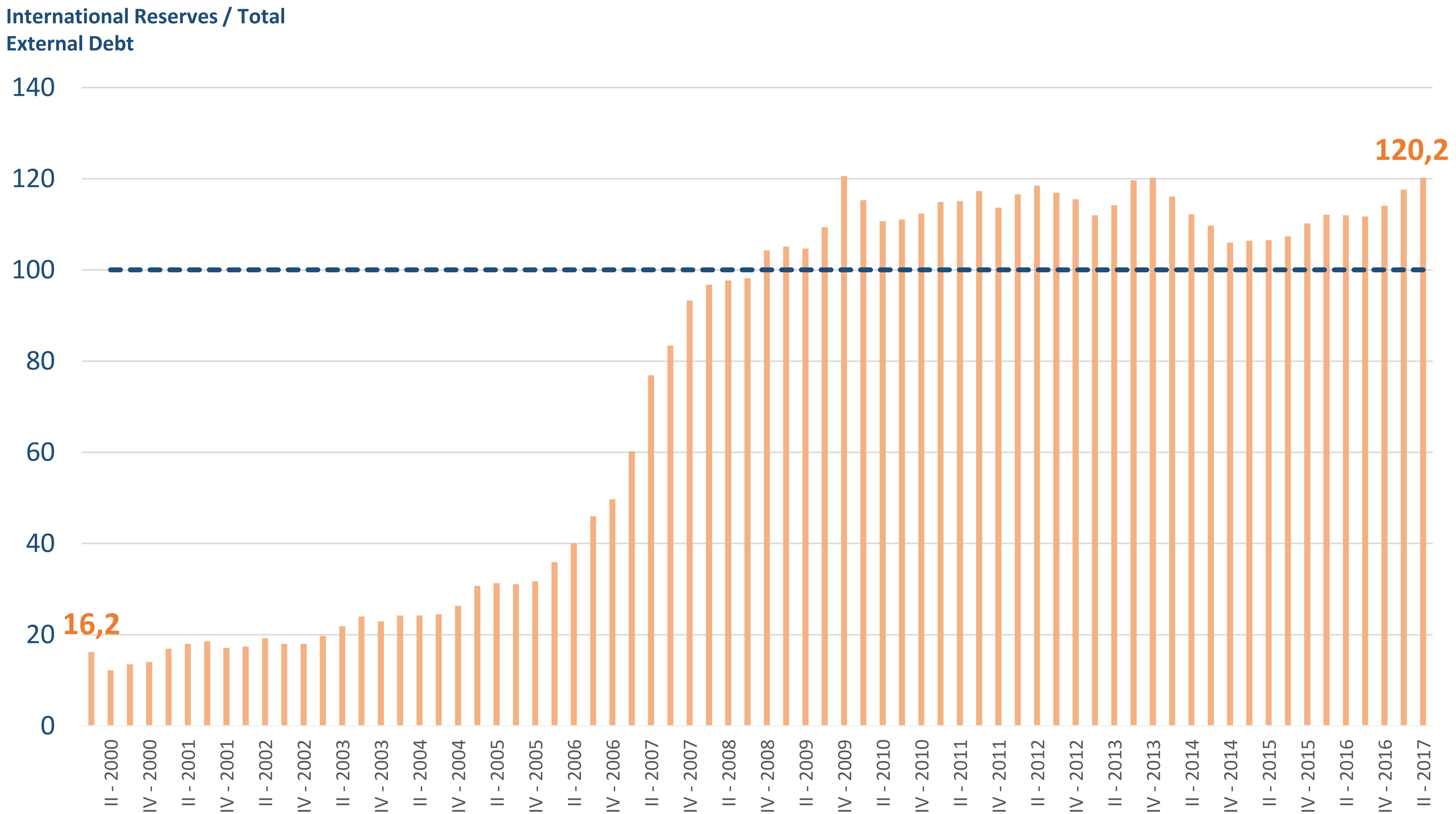
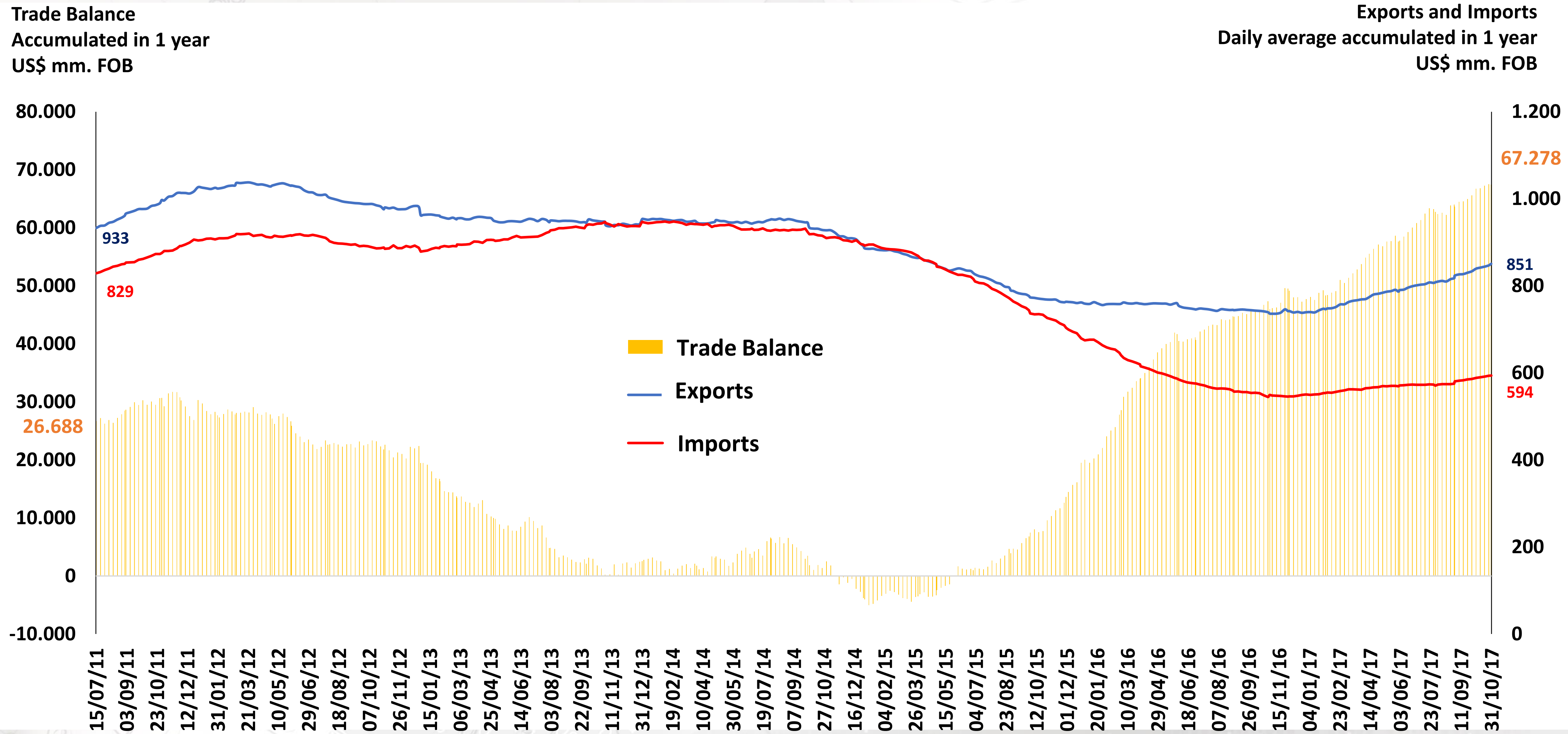
THE COUNTRY IS A NET CREDITOR



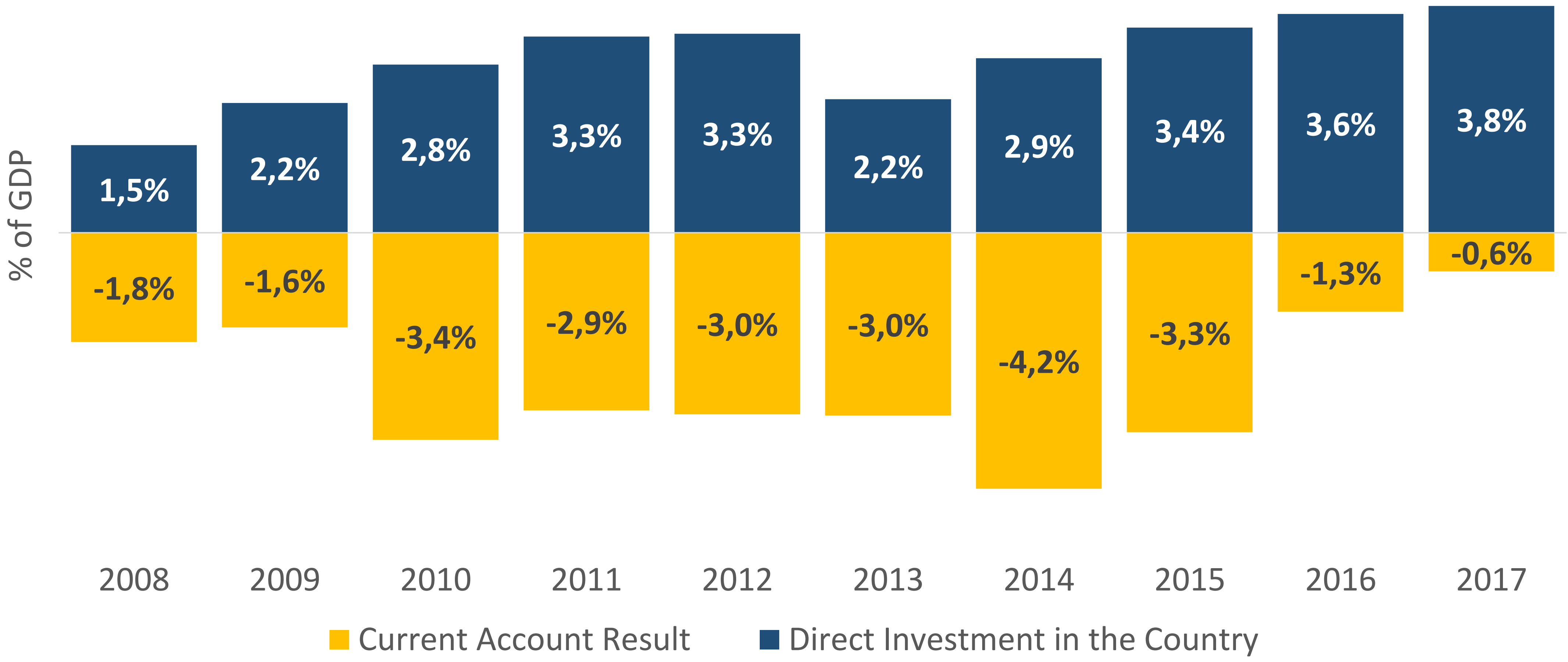
Source: Brazilian Central Bank - BCB

TRADE BALANCE IS AT RECORD HIGHS



Source: MDIC (Ministry of Industry, Trade and Development)

EXTERNAL FINANCING NEEDS FUNDED BY FDI WITH CONSIDERABLE LEEWAY



Source: Brazilian Central Bank - BCB

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PPI - INVESTMENTS, CONCESSIONS AND PRIVATIZATIONS

R$ 30 billion*
in signature bonuses

R$ 69 billion**
in expected investments
R$ 33,6 bi Airports, Electric Power and Port Terminals + R$ 35,4 bi Oil and Gas)

Oil and Gas

4th Marginal Fields Round	May 11th, 2017
14th Exploratory Blocks Bidding Round	Sept. 27th, 2017
2nd and 3rd Pre-Salt Production Sharing Bidding Rounds	Oct. 27th, 2017

Airports

Florianópolis, Fortaleza, Porto Alegre e Salvador	July 27th, 2017

Electric Power

Privatization of CELG-D	Feb. 14th, 2017
Hydroelectric Plant–Pery/SC	July 07th, 2017
Concession of 31 Transmission Lots	Aug. 11th, 2017
Concession of Hydroelectric Plants: São Simão, Jaguara, Miranda e Volta Grande	Sept. 29th, 2017

Port Terminals

Terminal of Salvador-Tecon	Nov. 16th, 2016
Terminal of Paranaguá-Fospar	Nov. 16th, 2016
Terminals STM 04 e 05 – Santarém	March 23th, 2017
Terminal of Santa Catarina–Tesc	July 27th, 2017
Wheat Terminal – RJ	Aug. 22th, 2017
Chemical Terminal of Aratu - Tequimar - Itaqui/MA	Aug. 22th, 2017

* US$ 9.4 billion and ** US$ 21.2 billion
(Exchange rate of 3.1912 BRL per USD, Oct. 2017 monthly average)

UNDERGOING PROJECTS

89

PPI Projects

R$ 103.8 billion*

in expected investments

Highways
8

4 Biddings
4 Studies

Railways
8

5 Renewals
3 Biddings

Electric Power
19

UHE - 1 Extension
11 Transmission Lots
6 Distributors
1 Privatization

Oil and gas
3

1 Pre-salt sharing
1 Exploration and Production
1 Marginal accumulation

Mining
4

Concession to exploitation of Mining areas

Airports
17

13 Concessions
4 Shareholding selling

Port Terminals
25

7 Renewals/ Rebalancing
17 Biddings
1 Expansion

COMAER
1

Public-Private Partnership (PPP)

Lottery
1

Concession of the right to exploit

Currency House
1

Privatization

Supply
2

CEASAMINAS
CASEMG
Privatization

* US$ 21.3 billion
(Exchange rate of 3.1912 BRL per USD, Oct. 2017 monthly average)

INVESTMENTS, CONCESSIONS AND PRIVATIZATION AGENDA

2017

- Dec. 10th, 2017: Auction - LOTEX
- Dec. 15th, 2017: Auction Notice - Norte Sul Railroad
- Dec. 27th, 2017: Auction Notice – South Integration Road (RIS)
- Public listing of BR Distribuidora
- 11 Transmission Lots

2018

- Energy Distribution Companies: AME, BV, CEAL, CEPISA, CERON and ELETROACRE.
- Oil: 4th Pre-Salt Production Sharing Bidding Round; 15th Exploratory Blocks Bidding Round; 5th landfield bidding round
- Privatization of Eletrobras
- Sale of shareholdings in airports

Memorandum of Understanding with Italy

- The MoU signed with Italy has generated very important synergies between the two countries, with sectorial meetings (energy, airports, ports, roads, etc.) being held periodically. A big seminar was held in November, 2016, with the participation of the Italian vice-minister for economic development and several Italian businessmen and businesswomen.

THANK YOU!

DYOGO HENRIQUE DE OLIVEIRA

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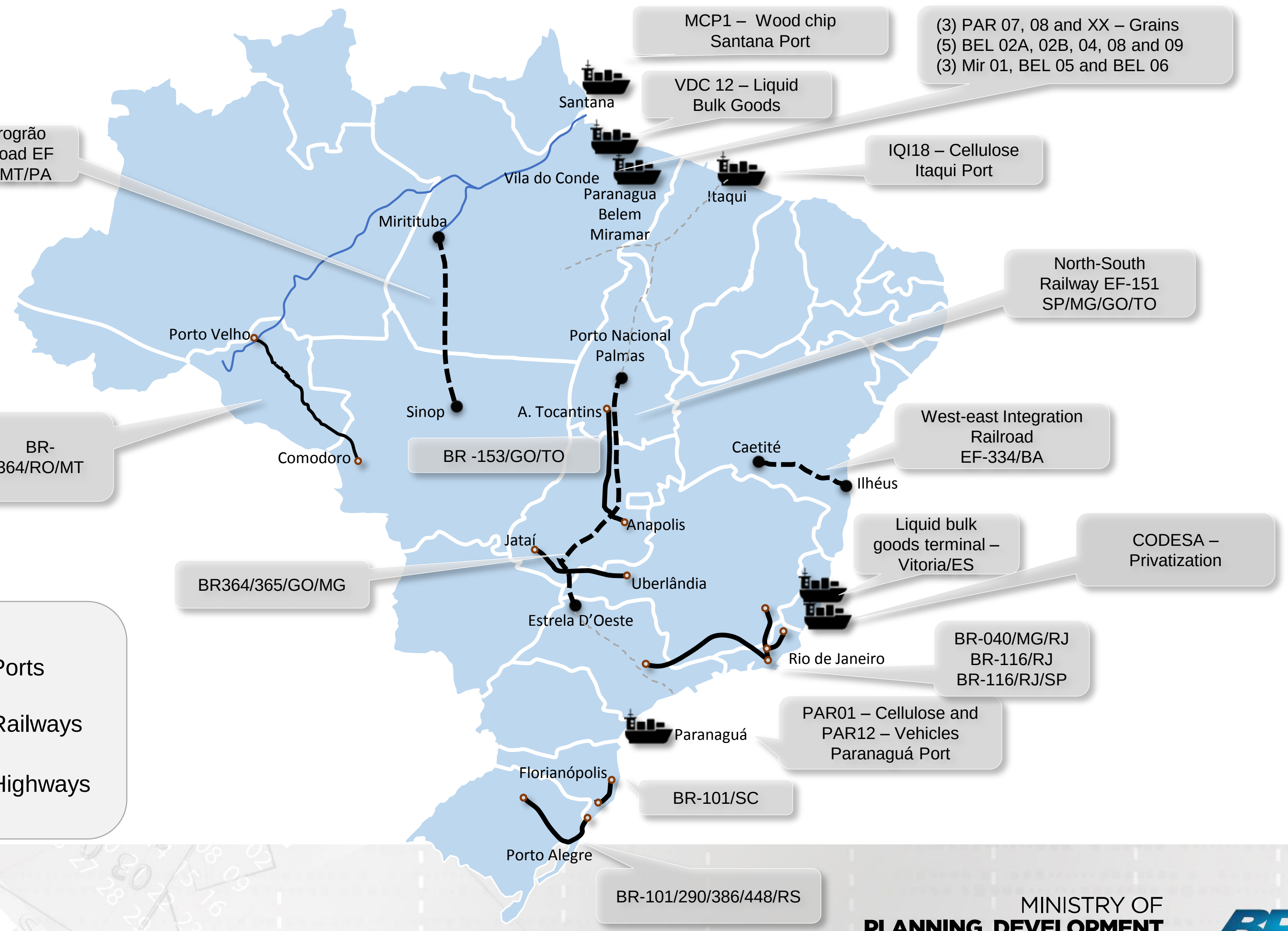
LOGISTICS PROJECTS THAT PROMOTE THE INTERCONNECTION BETWEEN IMPORTANT POLES AND CARGO FLOW

LOGISTICS

POWER

MINING

OIL & GAS



Ports

Railways

Highways

Source: PPI Secretariat.

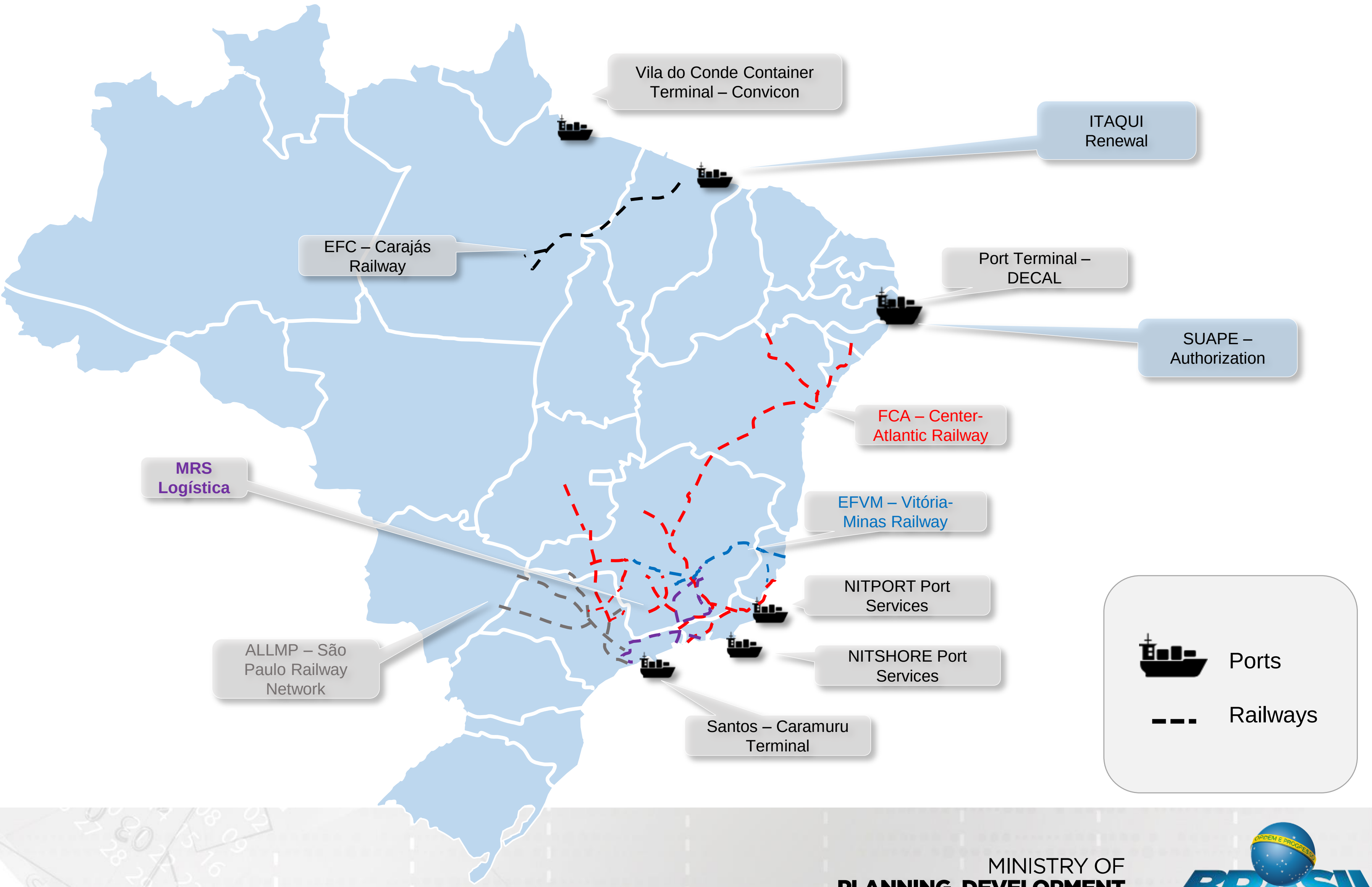
EXTENSIONS QUALIFIED IN PPI ARE INTENDED TO BOOST NEW INVESTMENTS AND TO IMPROVE PRODUCTION FLOW

LOGISTICS

POWER

MINING

OIL & GAS



Source: PPI Secretariat.

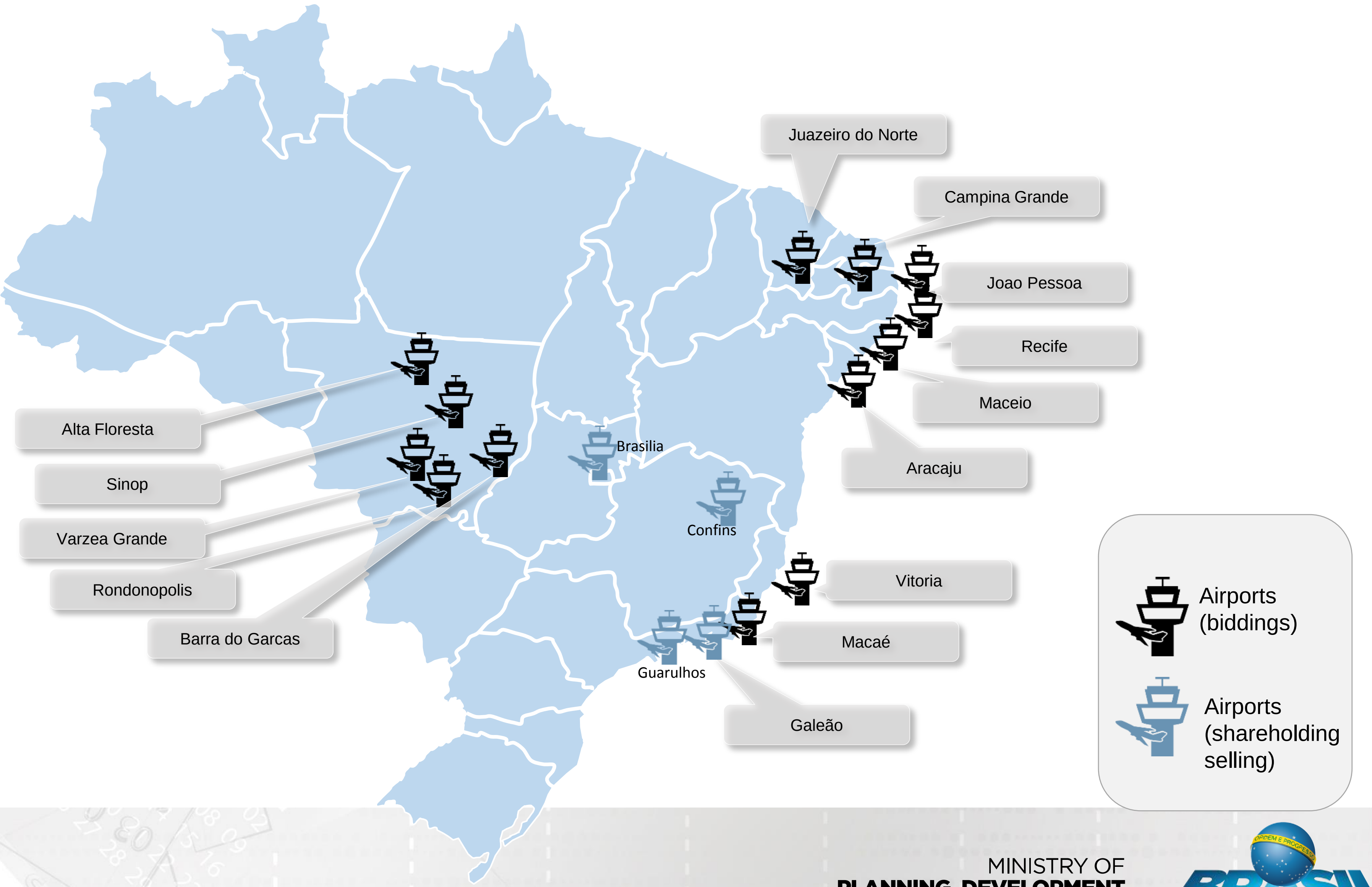
SEARCHING EFFICIENT SOLUTIONS TO IMPROVE THE AIRPORT INFRASTRUCTURE QUALITY

LOGISTICS

POWER

MINING

OIL & GAS



Source: PPI Secretariat.

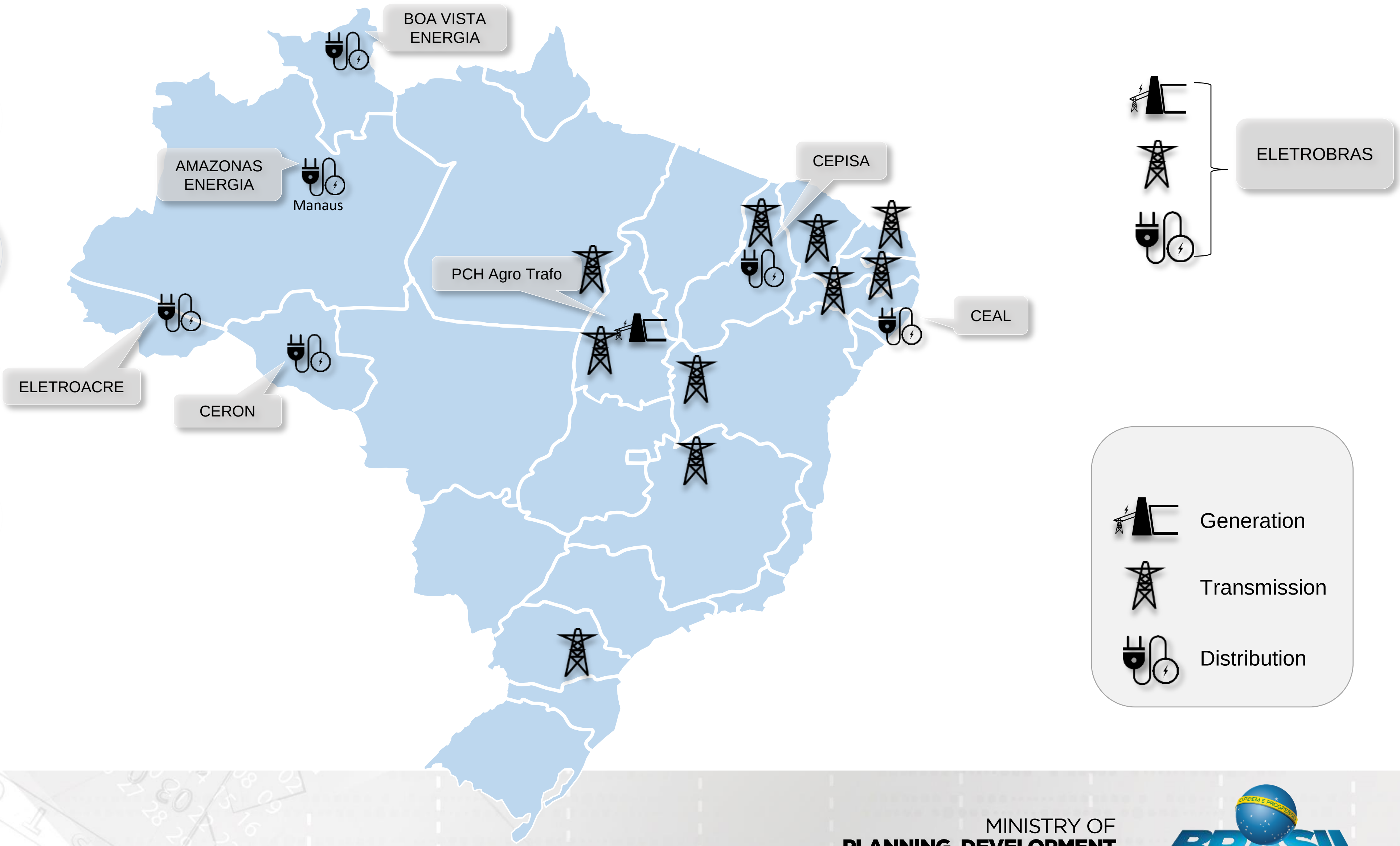
CONCESSION OF POWER PLANTS AND TRANSMISSION LINE & PRIVATIZATION OF A POWER UTILITY COMPANY

LOGISTICS

POWER

MINING

OIL & GAS



Source: PPI Secretariat.

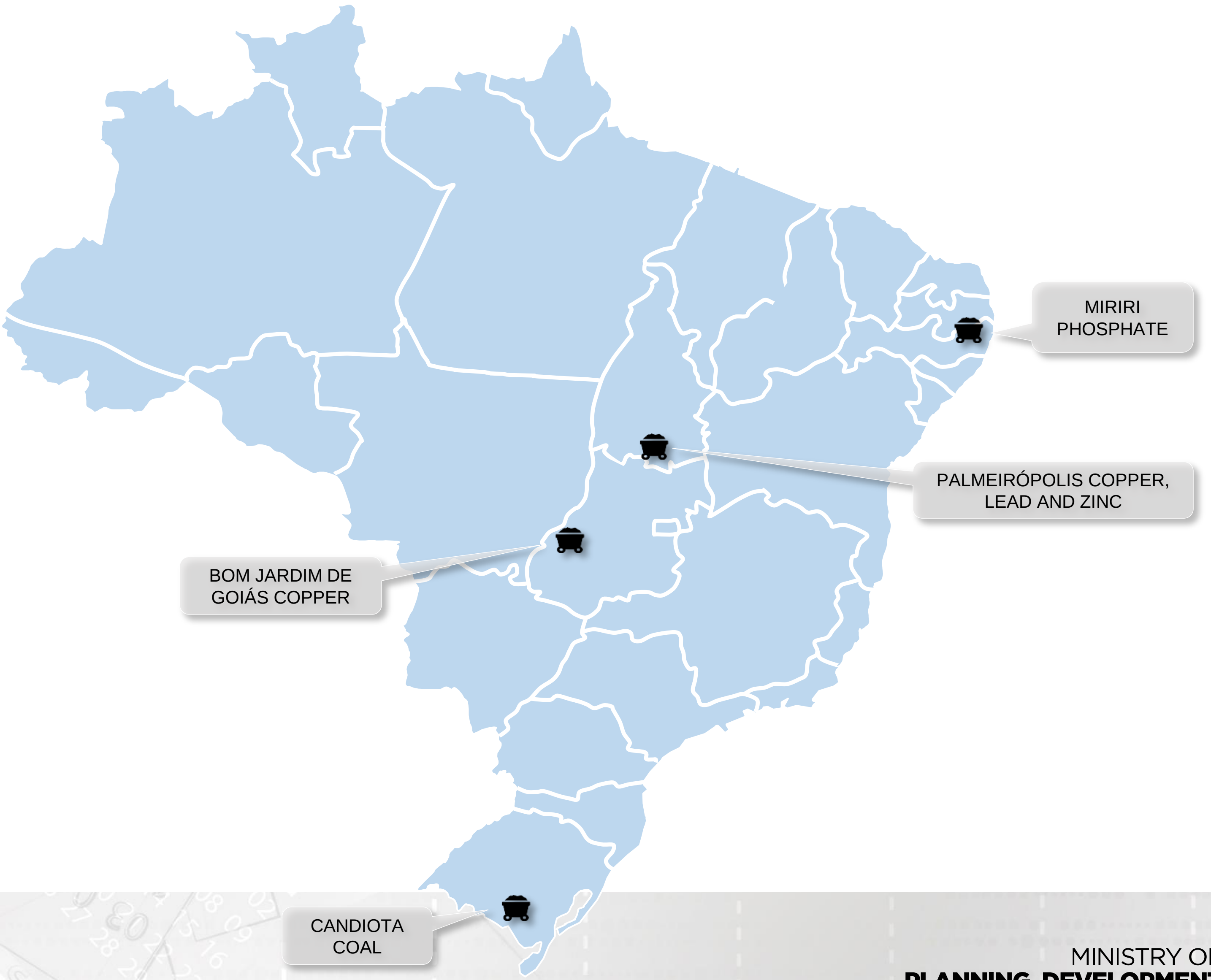
NEW SECTOR UNDER CONCESSIONS, MINING ALLOWS THE OPENING OF ATTRACTIVE INVESTMENT FRONTS

LOGISTICS

POWER

MINING

OIL & GAS



Source: PPI Secretariat.

PROJECTS THAT ARE STRONG DRIVERS OF THE ECONOMY, A SECTOR THAT REPRESENTS ALMOST 15% OF THE NATIONAL GDP

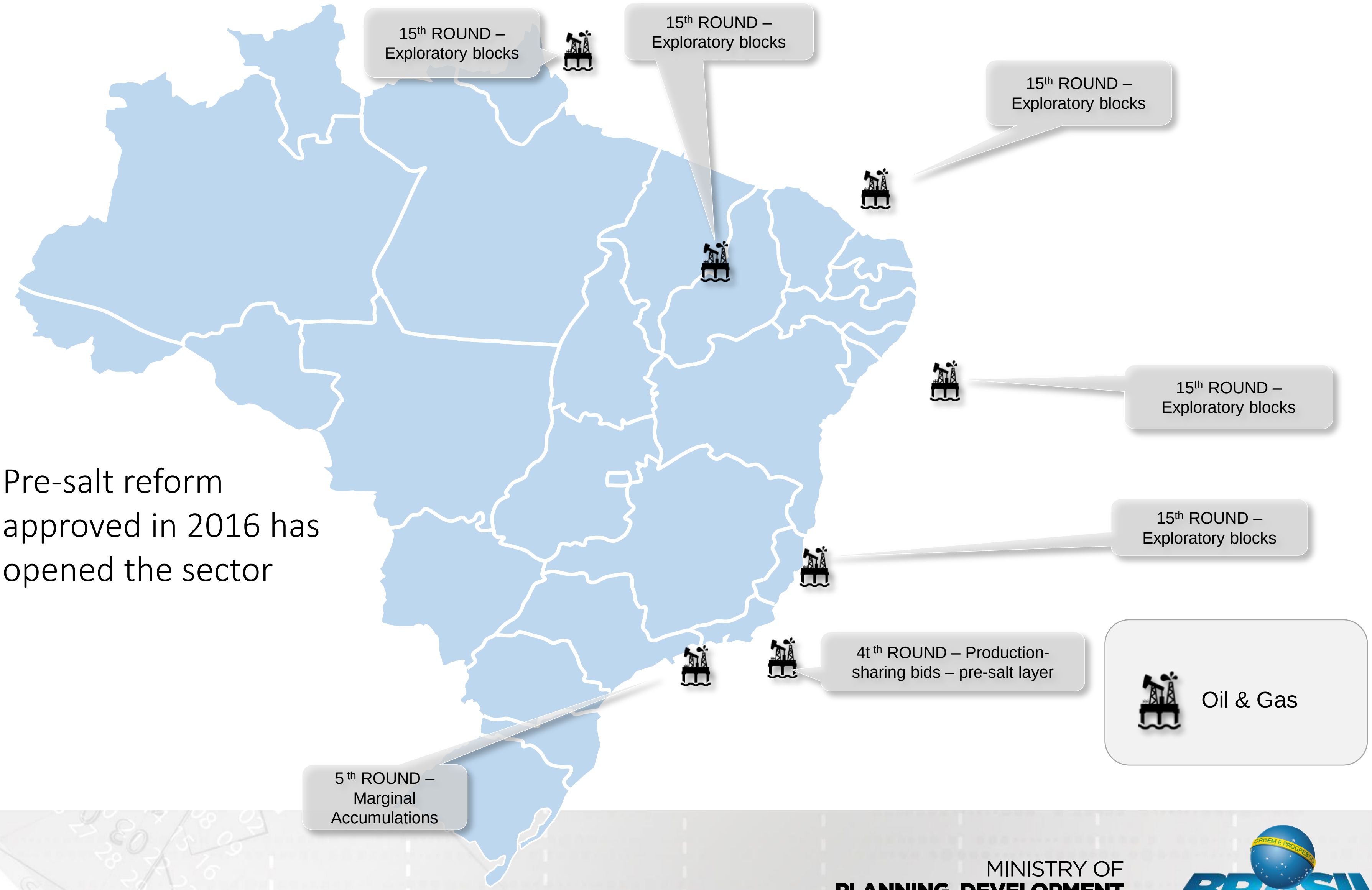
LOGISTICS

POWER

MINING

OIL & GAS

Pre-salt reform approved in 2016 has opened the sector



Source: PPI Secretariat.