



Latin America Infrastructure

May 2018



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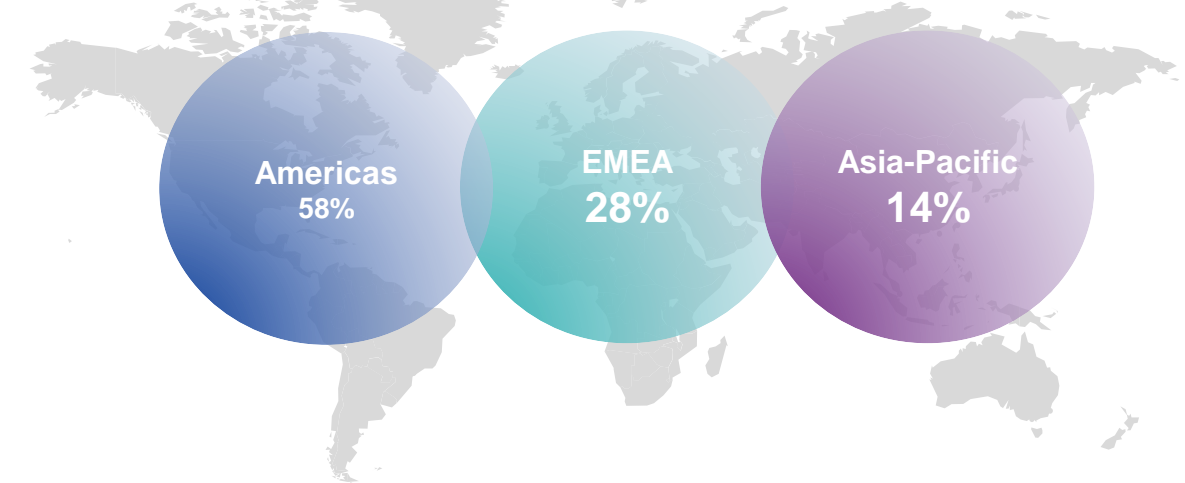
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BlackRock - Global Reach with Local Expertise

BlackRock brings Worldwide Asset Management Capabilities

- USD \$6.32 TRILLION** Largest asset manager by AUM
- 135+** Investment teams
- 12,000** Employees worldwide
- 48%** Of employees based outside the US
- 70+** Offices around the globe

Clients in 100+ Countries (% by AUM)



Source: BlackRock. Primary Investment Centers

BlackRock Latin America and Iberia (LAI) – Committed to the region since 1994



9 OFFICES¹

200+ EMPLOYEES²

\$136B LAI AUM²

\$105B BLK INVESTED IN LAI³

We are One BlackRock



Alpha	Equity	Fixed Income	Alternatives	Cash
Beta				
BlackRock Solutions	Aladdin Services	Green Package	Client Solutions	Financial Markets Advisory
Multi-Asset Strategies	iShares ETFs	Transition Management	Securities Lending	

¹ 6 regional offices and 3 Central Offices in New York, San Francisco and Miami

² AUM and employee count as of Dec 2017

³ BLK investment in LatAm and Iberian equity, government and corporate debt

Source: BlackRock

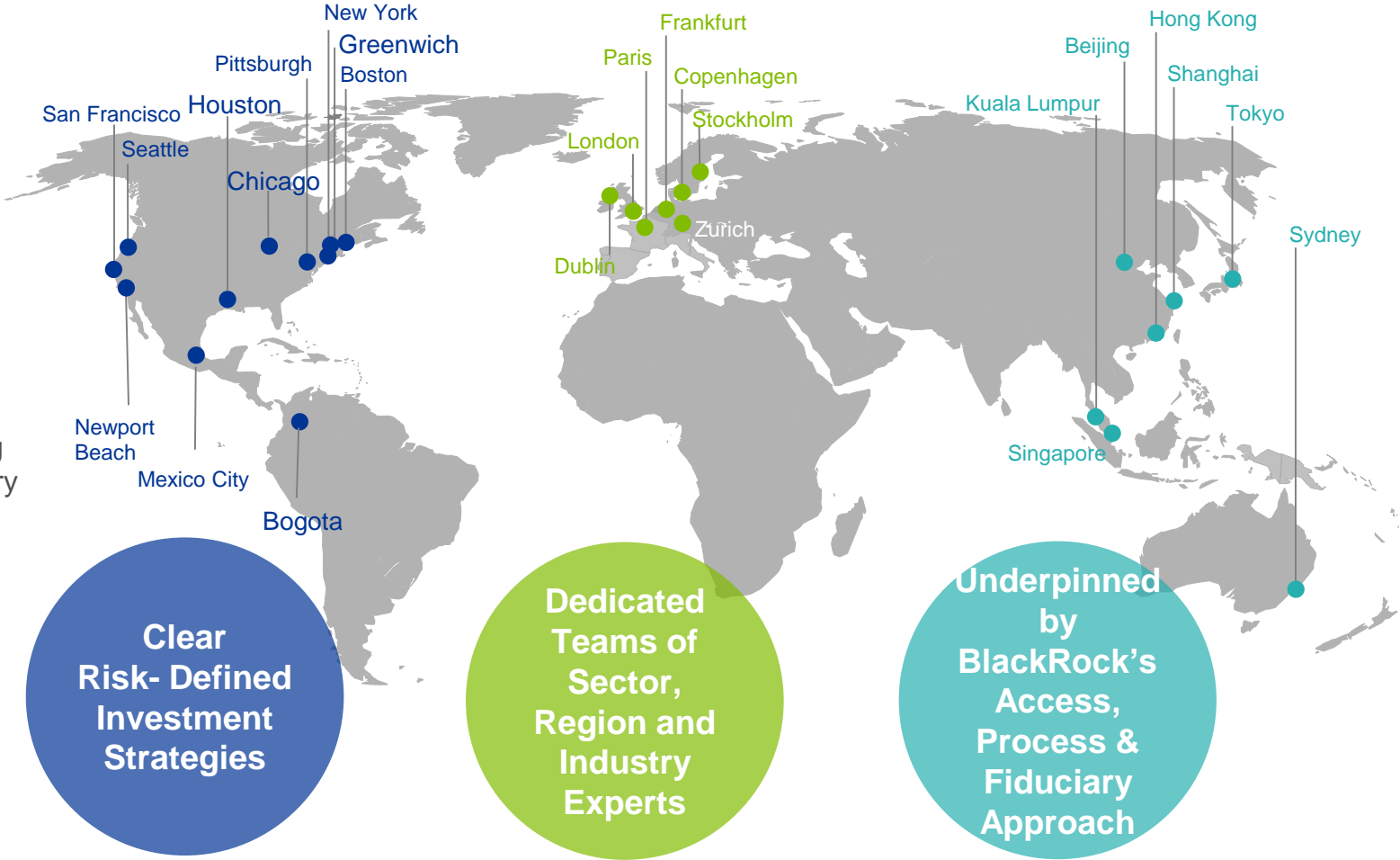
BlackRock Real Assets — Global reach with local expertise

360+ employees

25 offices

US\$41 billion in client assets including deployed and dry powder






800+ distinct investors

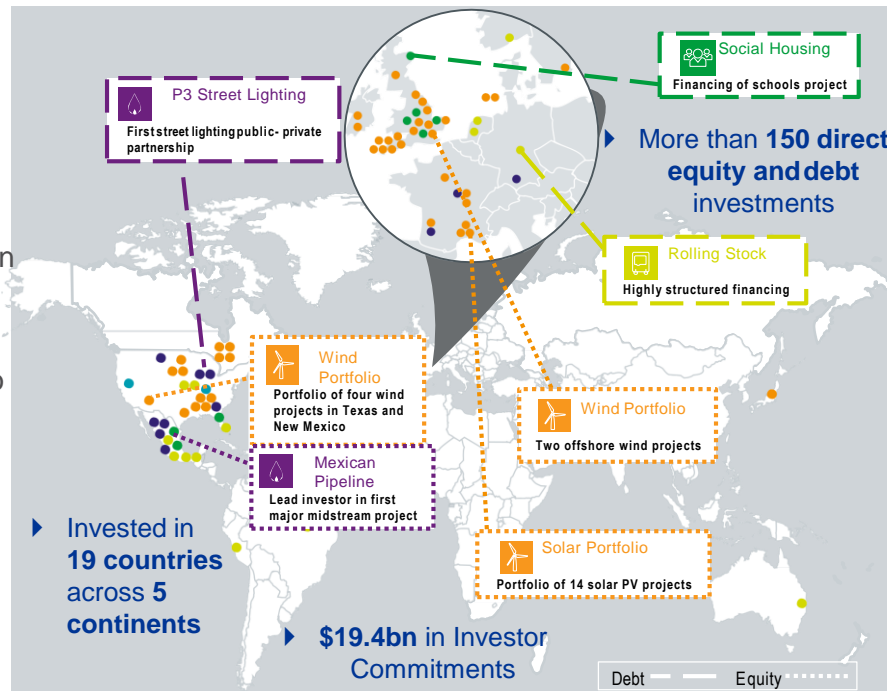


Source: BlackRock as of 31 December 2017

BlackRock Infrastructure – At a Glance

Global investment activity span across different sectors

-  **180+ wind and solar projects** globally, generating clean energy to over **6.5 million homes**
-  **US\$7.5bn of investments** in power generation and generation assets in 18 countries across 5 continents
-  **30,000km of gas pipelines** providing secure energy supply to manufacturers and households globally
-  Invested in **25 transport infrastructure** assets connecting cities, countries and regions across the world
-  More than US\$600 million of investments in **local schools, hospitals, social housing** and **student accommodation**



BlackRock Infrastructure – Over US\$19.4 billion AUM - 153 professionals

Infrastructure Executive Team – 41 Professionals

Debt	Equity			Indirect Equity
Global Infrastructure Debt US\$8.2 bn AUM 20 Professionals	Energy & Power US\$3.8 bn AUM 37 Professionals	Renewable Power US\$4.9 bn AUM 27 Professionals	Latin America US\$650 mm AUM 21 Professionals	Global Infrastructure Solutions US\$1.9 bn AUM ¹ 7 Professionals

Underpinned by BlackRock

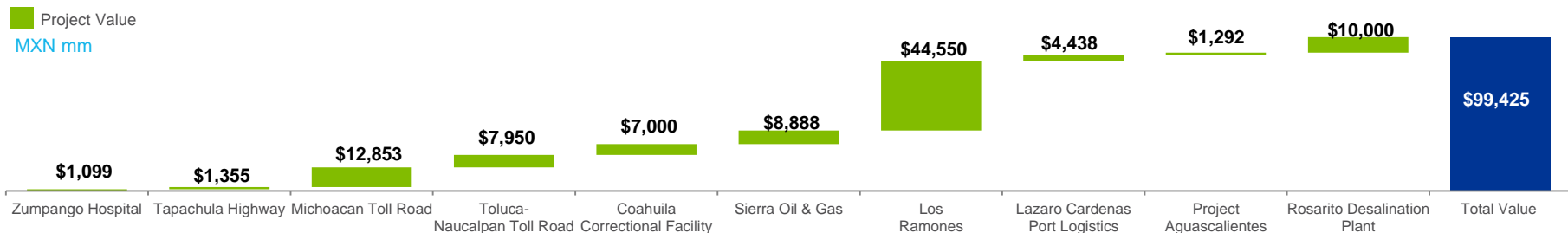
Global Investment Teams	Risk Analytics	BlackRock Solutions	BlackRock Investment Institute
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Up data as February 2018; bottom data as of December 2017; Risk Factors: It cannot be assumed that long-term contracts will be obtained in the future for existing projects or for new projects; Access to similar projects in the future are not guaranteed; Past Performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

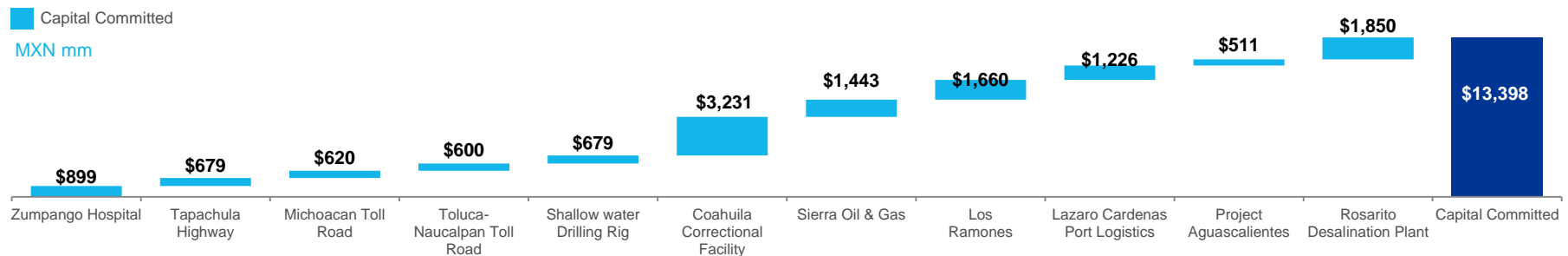
Track Record

Fund I (ICUADCK 10) and Fund II (ICUA2CK 14)

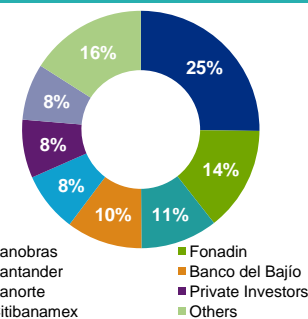
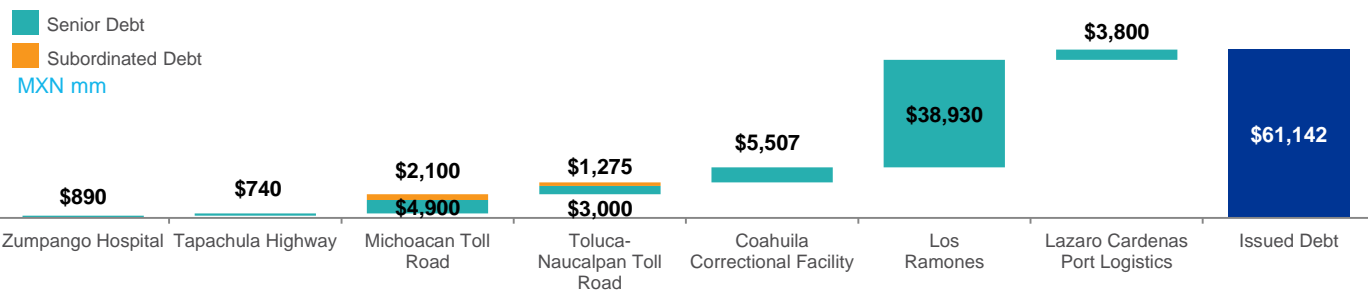
Management of Assets With a Total Value of ~MX\$99,425mm



Capital Committed: 100% Fund I & 89%² Fund II



MX\$61,142mm issued Debt, Through Mexico's Main Infrastructure Borrowers



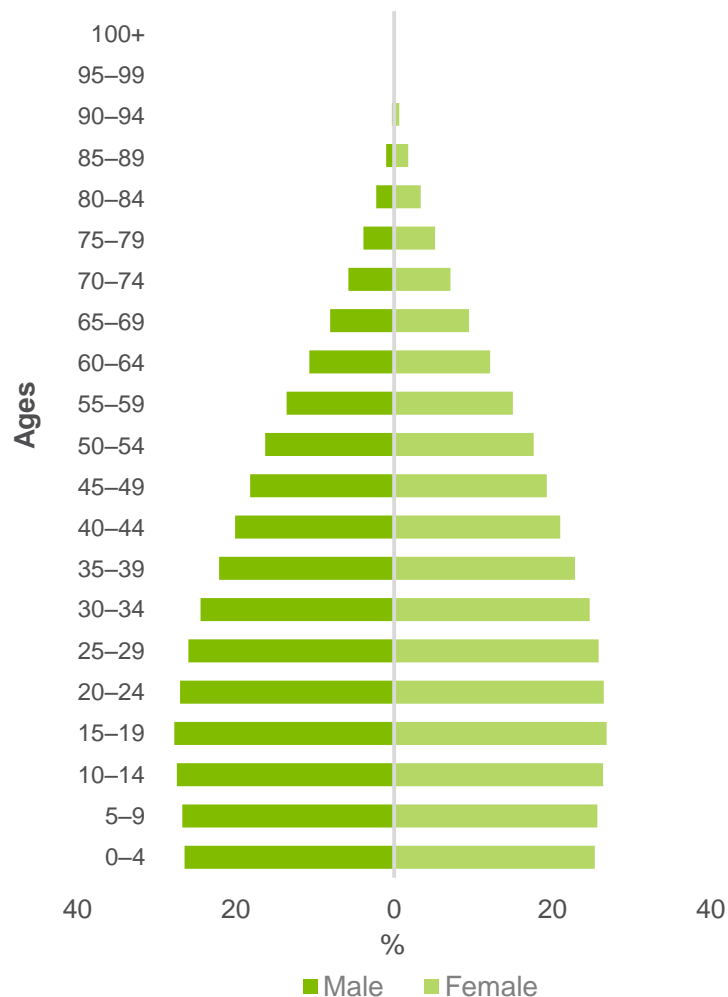
1. Information as of February 2018

2. Assumes commitment in TAG project (currently in closing process)

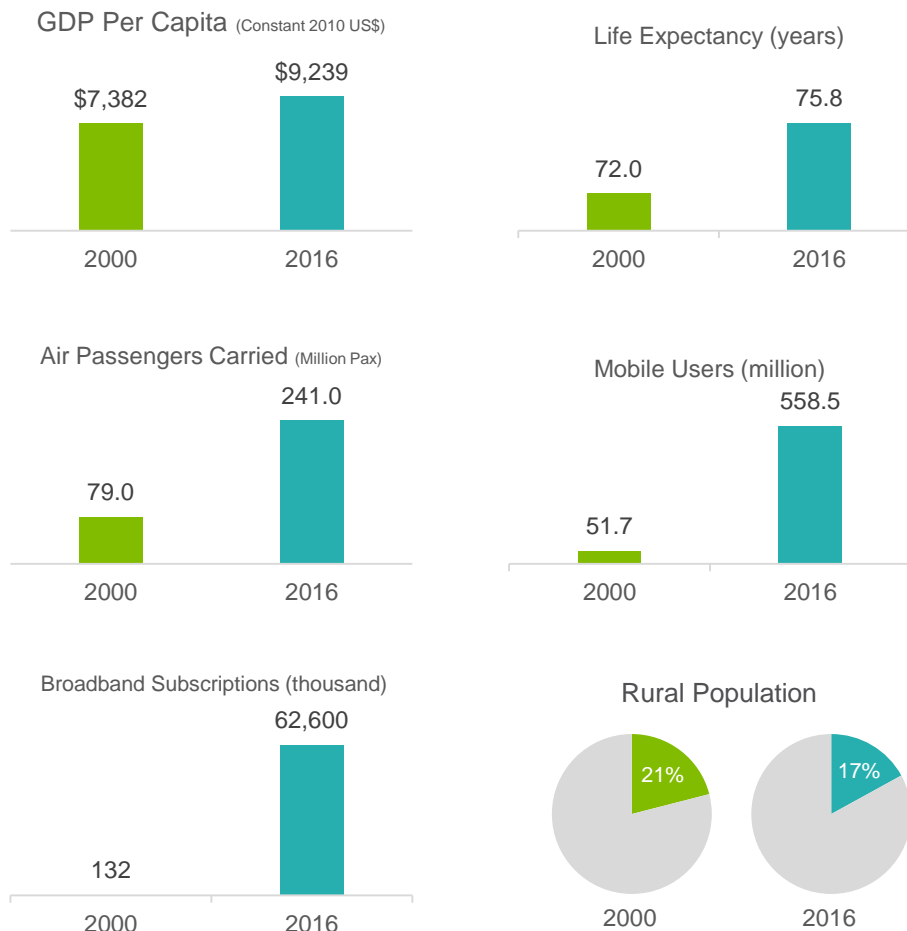
Latin America Market Assessment

Latin America – a Young Region Coming into Prosperity

Population Age Brackets



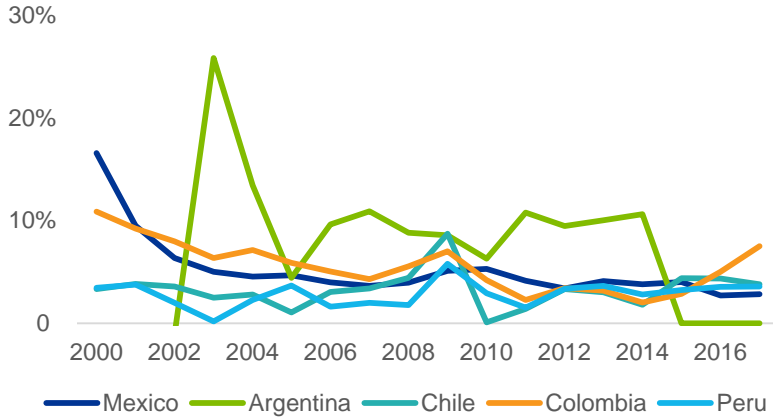
Key Development Indicators



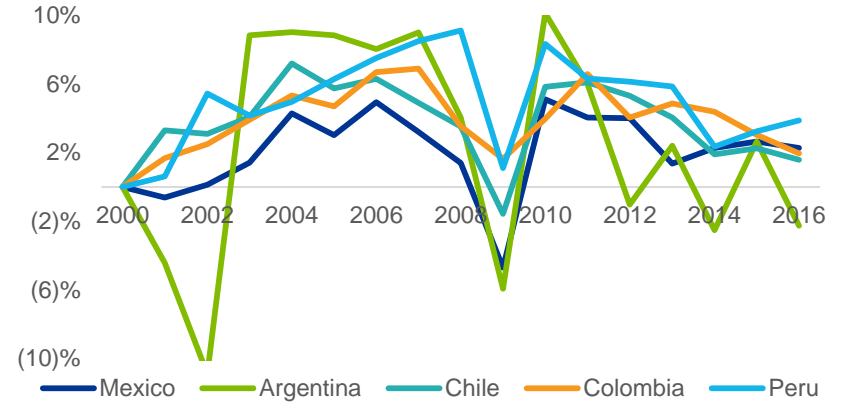
Source: INEGI, Index 100 - 2008, with information of U.S. Census Bureau; population in millions

Macroeconomics Also in Convergence

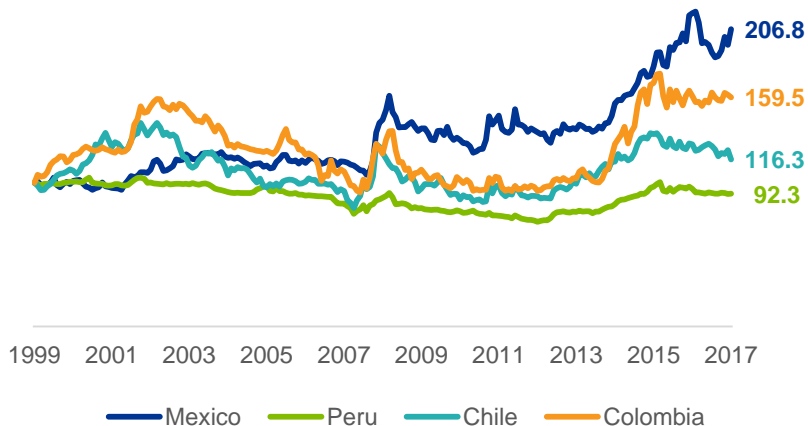
Inflation



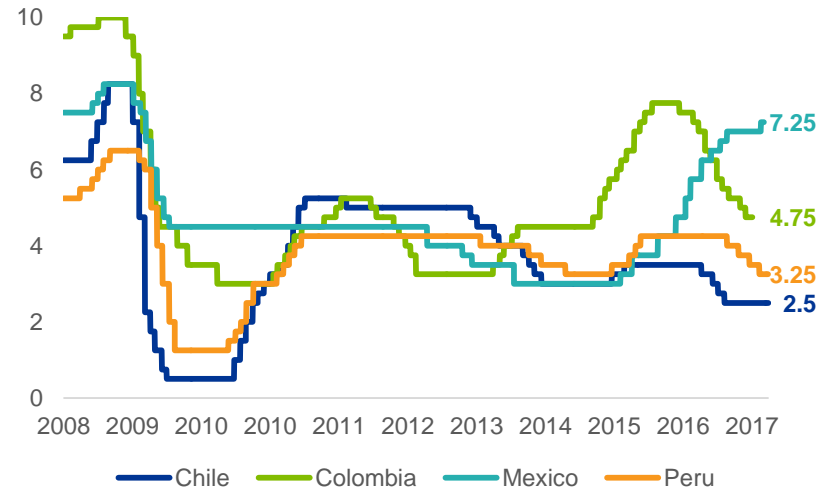
GDP Growth



F/X Index (1999=100)



Interest Rates (%)



Source: World Bank, as of December 2017; with data from Argentina, Chile, Colombia, Mexico and Peru; Bloomberg

Near term investment opportunity is uneven

Different themes and cycles in individual markets



Canada

- Impact of power prices
- Sustainability of recent real estate boom



United Kingdom

- Brexit watch on prices, volumes and flows
- Demand for secure income assets
- Two-speed market: London vs. the Rest
- High pricing for large headline investments
- Rise of alternative real estate sectors



United States

- Inflows of international capital
- Changing power generation mix
- Low energy prices
- RE Supply/demand in balance
- New construction on the horizon
- Impact of omni-channel retail
- Rise of alternative real estate sectors



Europe

- Large, liquid market with diverse deal flow
- Low rates
- Shifting demographics and rise of migration
- Rise of renewables and utility disruption
- Strong CBDs, weaker fringe



Asia

- Rising infrastructure volumes / falling real estate volumes
- China's direction
- Investors chasing hot cities
- Impact of low power prices in SE Asia
- Tourism

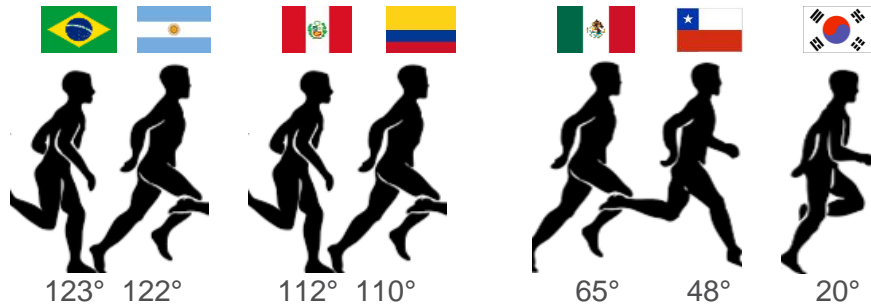


Latin America

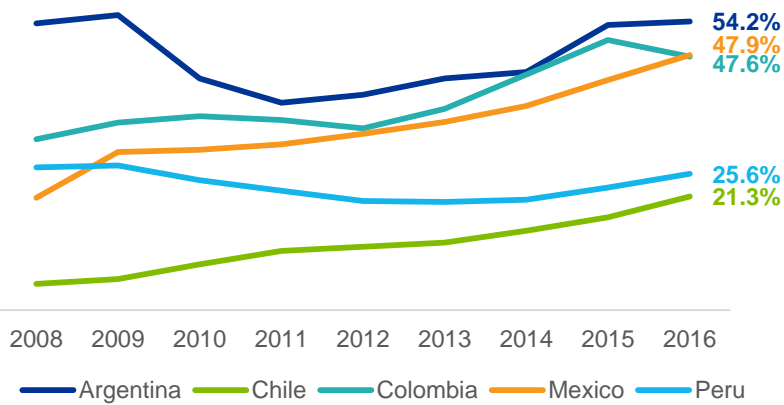
- Infrastructure investment as a fiscal tool
- National reforms driving energy sector liberalization
- Strong commitment to renewables
- Robust outlook on transportation
- Changing composition of off-takers

Latin America Infrastructure Lags – Economic Development

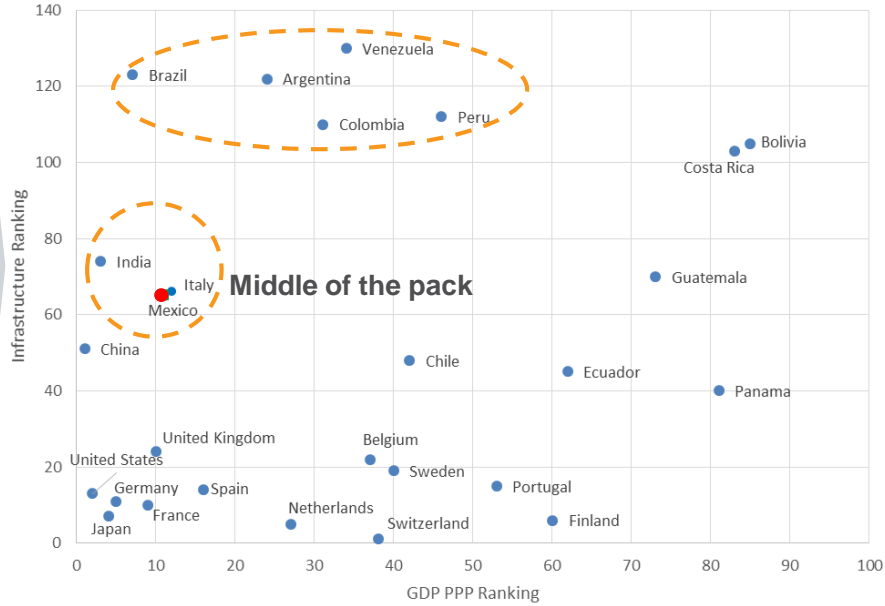
Infrastructure Quality Ranking 2016 (140 Countries) ¹



Debt as % of GDP ²



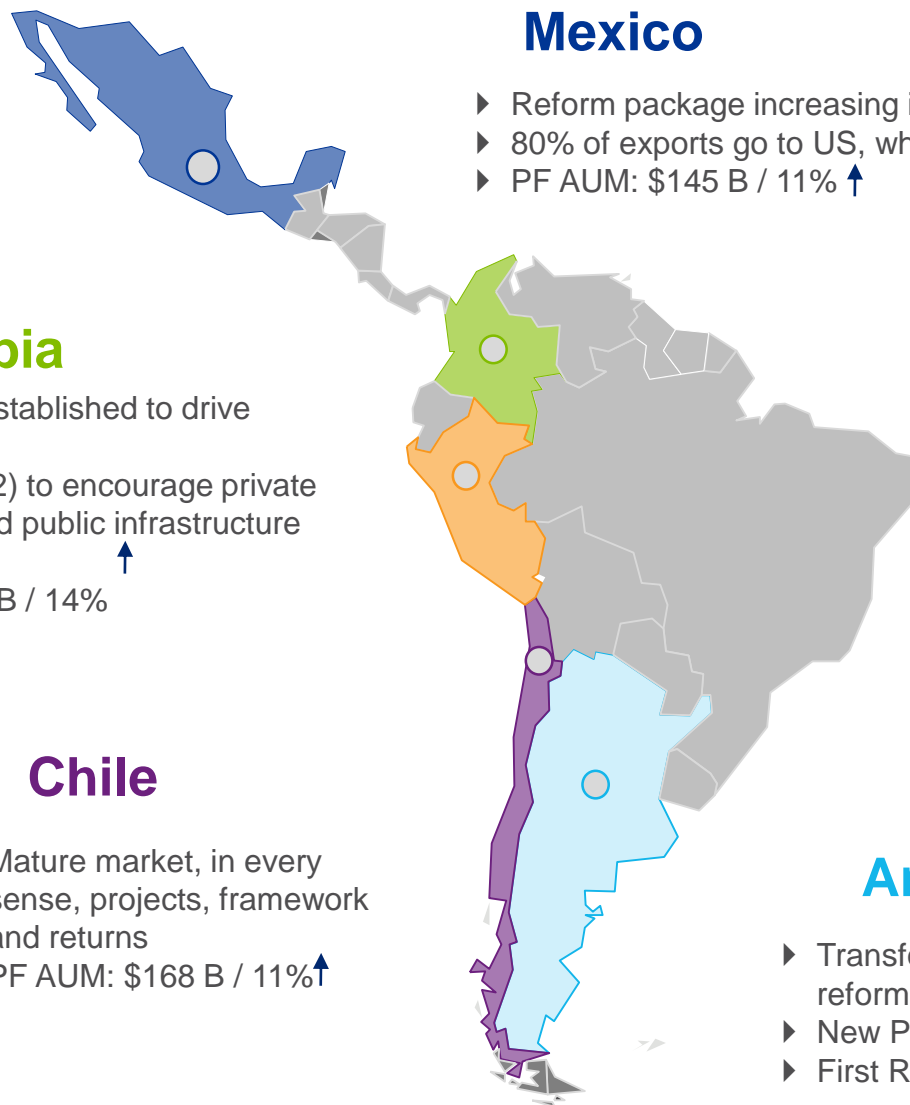
GDP per capita vs. Infrastructure ranking ³



- Marginal return on infrastructure higher than comparable countries
- Undercapitalized sectors provide opportunity for lower competition
- Potential to realize cap compressions in key investments

1. World Economic Forum Report Global Competitiveness Index 2006-2015
 2. Bloomberg
 3. Source: 2015-2016 Global Competitiveness Report, World Economic Forum: <http://reports.weforum.org/global-competitiveness-report-2015-2016/competitiveness-rankings/>

Time to look at Latin America – Again



Mexico

- ▶ Reform package increasing infrastructure project opportunities
- ▶ 80% of exports go to US, which represents 20% of imports.
- ▶ PF AUM: \$145 B / 11% ↑

Colombia

- ▶ 4G program established to drive investment
- ▶ PPP law (2012) to encourage private investment and public infrastructure initiatives
- ▶ PF AUM: \$66 B / 14% ↑

Peru

- ▶ New government in place
- ▶ Plan to invest \$35 B in infra
- ▶ PF AUM: \$40 B / 12% ↑

Chile

- ▶ Mature market, in every sense, projects, framework and returns
- ▶ PF AUM: \$168 B / 11% ↑

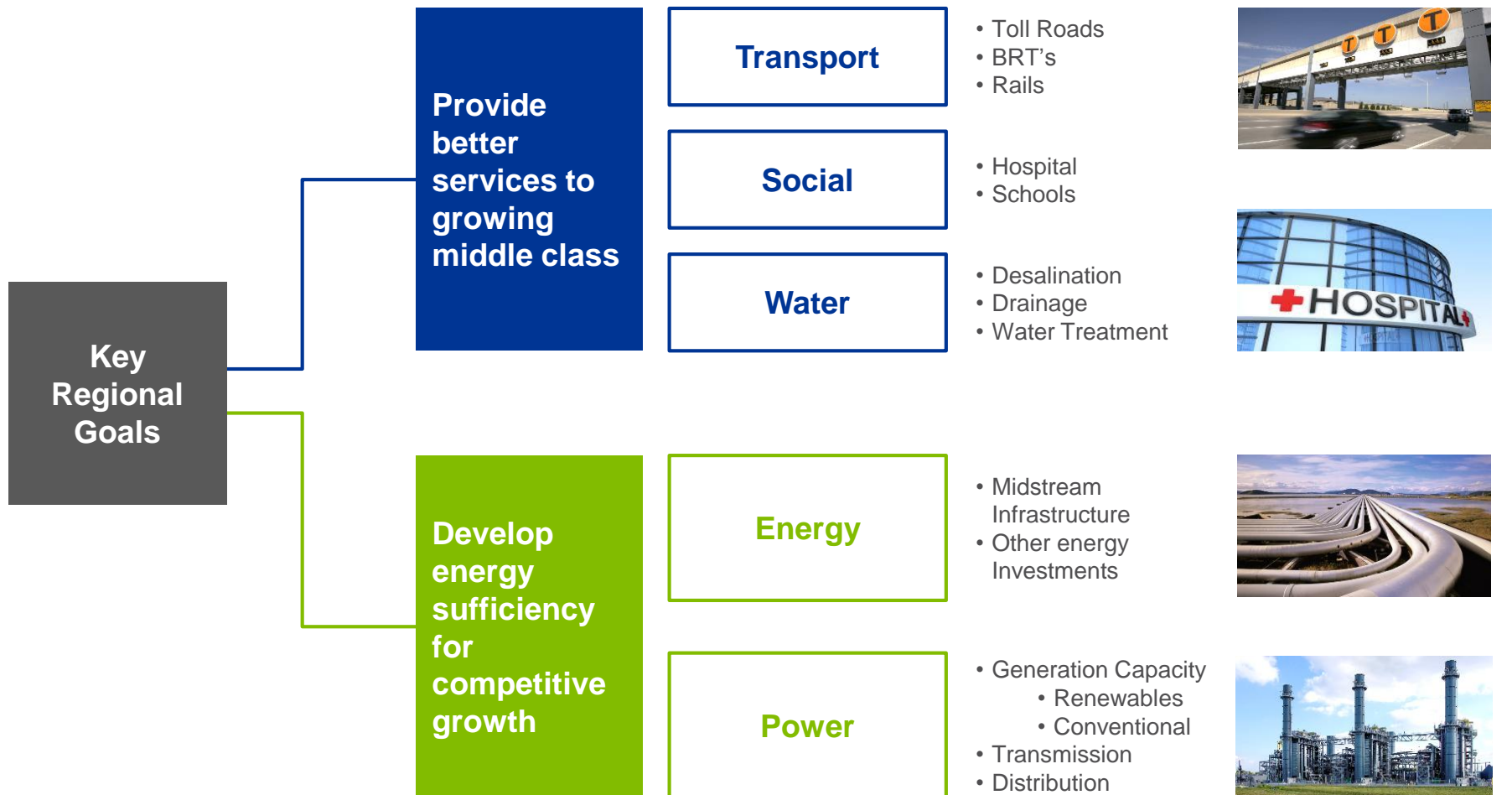
Argentina

- ▶ Transformational challenge – sustainability of reforms.
- ▶ New PPP law under congress approval
- ▶ First RP auction before year end, 2 GW

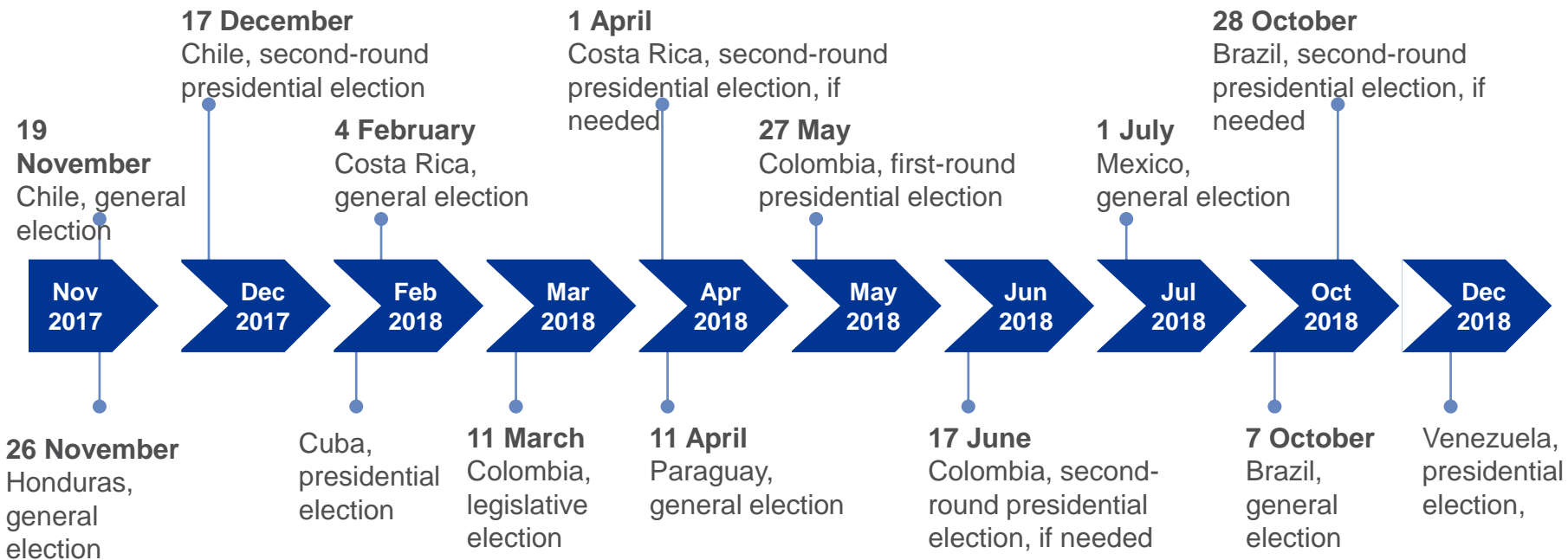
PF AUM projected growth 2016/2018 in local currency.

Infrastructure Opportunities in Latin America

Infrastructure Response



Latin America Elections 2017-2019



Source: The Economist

Appendix

Latin America Transport Infrastructure Outlook

Market Highlights



Mexico

- NPI 2013-2018, SCT to address 52 new roads by 2018
- 34 roads have been concluded by 2016:
 - MX\$117,000 mm invested
 - New ~1,800 km developed
- CAGR 8% cargo traffic



Argentina

- 2.7% GDP investment in Transport, Water and Social 2016-2030
- Highest quality assets expected to come to market in the next 2-3 years
- Opportunity for cap compression; currently undercapitalized sector
- Attractive execution risk profile – proven traffic and existing rights of way



Chile

- Effective transportation and port systems developed since program launched in 1992.
- 80+ project with close to \$20Bn investment.
- In coming years, in addition to some greenfield projects, bids are expected for second concessions and maintenance contracts.



Colombia

- Intermodal transportation needs identified at US\$72 billion
 - Roads: US\$63 billion
 - Airports: US\$5.6 billion
 - Rail: US\$3.5 billion
- Fluvial Transportation US\$3.0 billion



Peru

- Investment gap in transportation sector of US\$21 billion on near term opportunities (2016-2020)
- 10-year gap estimated at US\$58 billion
- Local construction companies involved in corruption scandals, open opportunities for international players

Investment Opportunities

- Transport Pipeline for the next 2-3 years:
 - MX\$11,100 mm in 2 Pemex Cargo ports
 - MX\$35,700 mm for Mexico City Urban Metro mobility
 - MX\$20,450 mm in 7 Federal PPP toll roads
- SCT, federal toll roads C&P PPPs for MX\$10,900 mm: : Queretaro-San Luis Potosí; Coatzacoahuila-Villahermosa; Matehuala-Salttillo; Pirámides-Tulancingo; Saltillo-MTY-Nvo. Laredo
- +11,000 km Highway Concessions Package - April of 2018
 - A. Buenos Aires-Azul-Bahía Blanca –US\$984 mm
 - B. B.Aires-Santa Rosa – US\$989 mm
 - C. Routes 9,11,34,193A,008 –US\$1,300 mm
 - D. B.Aires-Rosario-Santiago –US\$1,114 mm
- Renovacion integral FFCC Belgrano – 851 km
- \$1Bn in transport projects to be auctioned in 2018
 - Second concession Ruta 5 – US\$541 mm
 - Autopista Metropolitana Puerto Montt – US\$358 mm
 - G 21 broadening – US\$103 mm
- Corredor Perimetral del Sur – US\$1,000 mm
- Cartagena Airport – US\$1,000 mm
- El Dorado II Airport – US\$718 mm
- Puerto de Antioquia – US\$246 mm
- Magdalena River Navigability and Channeling Project
- Barranquilla Light Rail
- Anillo Vial Periférico Lima – US\$ 1,700 mm
- Longitudinal de la Sierra S4 and S5 – US\$464 mm
- Rehabilitation and Maintenance PPPs
- Salaverry Port modernization concession – US\$215 mm

Latin America Water Infrastructure Outlook

Market Highlights



Mexico

- Since 2012, 176 water treatment plants incorporated
- 5,645 l/s of installed capacity with a total investment of MX\$136,706 million
- 2013-2015 government invested MX\$5,586 mm to drainage and water treatment system
- MX\$18,404 mm investment in 11 water projects for next 3 years



Argentina

- Plan Nacional de Agua, 38 projects to provide Dams to Irrigation and Water Treatment Plants
- Approx 25% of addressable opportunity in the short term 2018-2021
- Support program from multilateral agencies in place US\$2.5 Bn



Chile

- Focus on universal coverage and waste water treatment in the past.
 - Privatization of water services in 1997 – 2007.
 - Waste water treatment reached 100% in 2013.
- Infrastructure required to support agriculture and mining in the future.



Colombia

- Water Transportation and Potabilization: US\$10 billion
- Waste water treatment: US\$5 billion



Peru

- Near Term (5-years) investment gap of US\$11.5 billion
- Main focus if current administration, with strong presence of global players

Investment Opportunities

- MX\$12,378 mm in 11 water Infrastructure projects for the next 3 years:
 - \$2,050 mm in 6 water supply projects (Delivery and PPP)
 - \$8,278 mm for 3 facility maintenance (Service Delivery)
 - \$2,050 mm in 2 water sanitation (Federal PPP)
- Acueduct Rio Norte y Rio subterraneo Norte
- Water purification plants in AMBA y Gran Rosario
- Water plant in Cd Santa Fe
- Modernization of sewerage system in San Miguel Tucuman
- 108k has nuevas de riego por desarrollar
- Three hydro projects to support agriculture.
 - Embalse Murallas Viejas - US\$132 mm
 - Embalse La Tranca - US\$169 mm
 - Embalse Los Angeles – US\$205 mm
- Radomiro Tomic (Codelco) Desalination Plant - US\$1,000 mm.
- Santa Marta Aqueduct
- Canoas Waste Water Treatment Plant
- Headworks for water supply to Lima
- Titicaca Lake water processing – US\$304 mm
- Amazon Waterway Concession –US\$204 mm

Latin America Social Infrastructure Outlook

Market Highlights



Mexico

- Mexico is 74 out of 138 in health and primary education, which is far behind its infrastructure position (57 out of 138)
- Mexican government will strengthen the medical care infrastructure through 7 IMSS and ISSSTE PPPs hospitals with a total \$11,000 investment and 1,344 new beds



Argentina

- Approximately 10% of addressable opportunity
- Relatively low penetration of specialized players – low competition



Chile

- In spite of Chile's successful experience with concessions, most health investments have been government funded in the past.
- However, since a few years ago, focus is starting to shift towards concessions given their superior actual performance and lower cost when compared to the State-run hospitals.
 - Hospital El Salvador, Felix Bulnes, etc...



Colombia

- Health US\$19.4 billion
- Education US\$3.9 billion
- Waste management US\$1.2 billion



Peru

- Short term investment requirements of US\$12 billion

Investment Opportunities

- MX\$8,376 mm in 6 new general hospitals:
 - Durango Hospital – \$1,127 mm
 - Torreón General Hospital – \$1,073 mm
 - Zona Oriente (Texcoco) Hospital – \$1,933 mm
 - Zona Norte Hospital – \$1,547 mm
 - Tampico General Hospital – \$1,341 mm
 - Acapulco General Hospital – \$1,355 mm

- LED Street Lighting PPP
- Hospital Agudos Isidoro Iriarte B.A.
- Hospital Agudos Lucío Menendez B.A.
- Hospital Pilar, Pilar, B.A.

- Hospital Clinico Universidad de Santiago

- 6 PPP's hospitals: Materno Infantil, Santa Clara, Simón Bolívar, Bosa, La Felicidad, Usme
- 7 Educational PPPs: Barranquilla, Medellín, Cartagena, Soacha, Ibaqué, Antioquía, Bogotá
- 8 Museum PPPs: Cartagena, Antioquía Villa de Leyva, Honda, Villa del Rosario, Popayán (2), & Ocaña

- Hospital de Niños y Adolescentes
- Hospital de Alta Complejidad de Chimbote – US\$110 mm
- Hospital de Alta Complejidad de Piura – US\$144 mm

Important notes

BlackRock's Long-Term Capital Markets Assumption Disclosures

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