



ARGENTINA
BUSINESS & INVESTMENT
FORUM

Investment forum
TRANSPORTATION
SEPTEMBER 2016



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TRANSPORTATION



AGENDA



LATIN AMERICA INFRASTRUCTURE OUTLOOK



TRANSPORTATION IN ARGENTINA



MINISTER GOALS AND PLANS



INVESTMENT OPPORTUNITIES



AGENDA

10 min. **Introduction**

Presented by Mauricio Janauskas, Partner, McKinsey & Company

20 min. **Minister's goals and plan**

Presented by Guillermo Dietrich, Minister of Transport

20 min. **Investment opportunities**

Presented by Manuela Lopez Menéndez (Obras), Javier Iguacel (Vialidad), Guillermo Fiad (ADIFSE) and Marcelo Orfila (SOFSE)

10 min. **Audience Q&A**

20 min. **Discussion Panel**

Panelists: Carlos Bacher (Techint Ingeniería y Construcción), Roberto Urquía (Aceitera General Deheza), Christoff Poppe (Jurca, United Airlines) and Julian Thomas (Hamburg Süd)

10 min. **Audience Q&A**



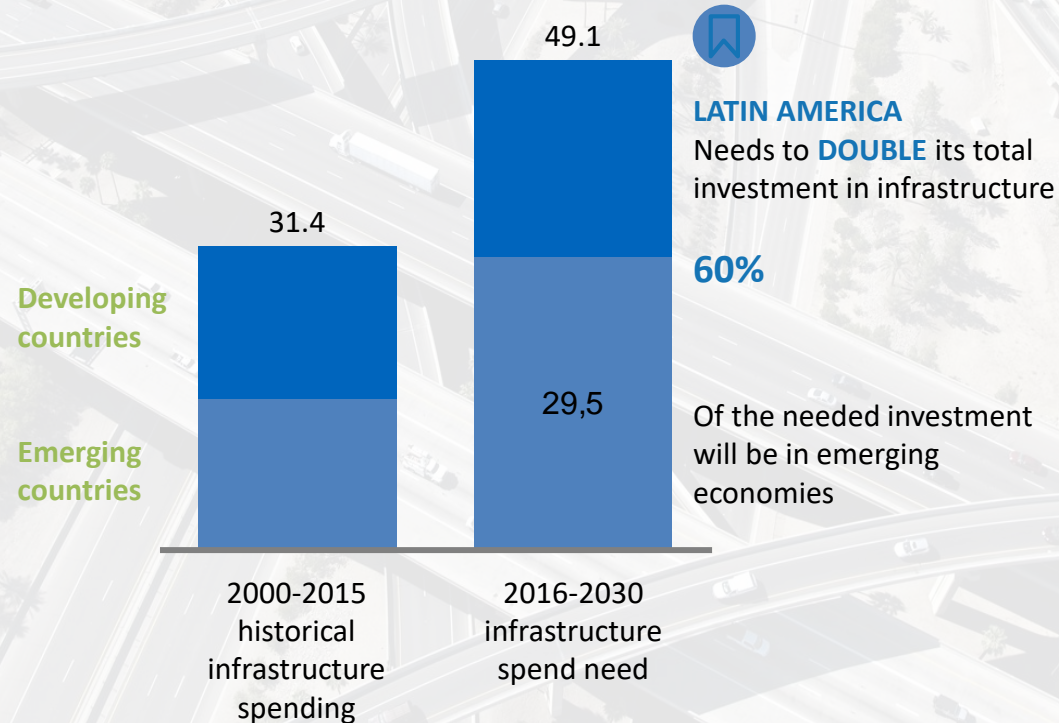
LATIN AMERICA INFRASTRUCTURE OUTLOOK



WE EXPECT A SIGNIFICANT SHIFT TOWARDS INFRASTRUCTURE INVESTMENT IN EMERGING COUNTRIES

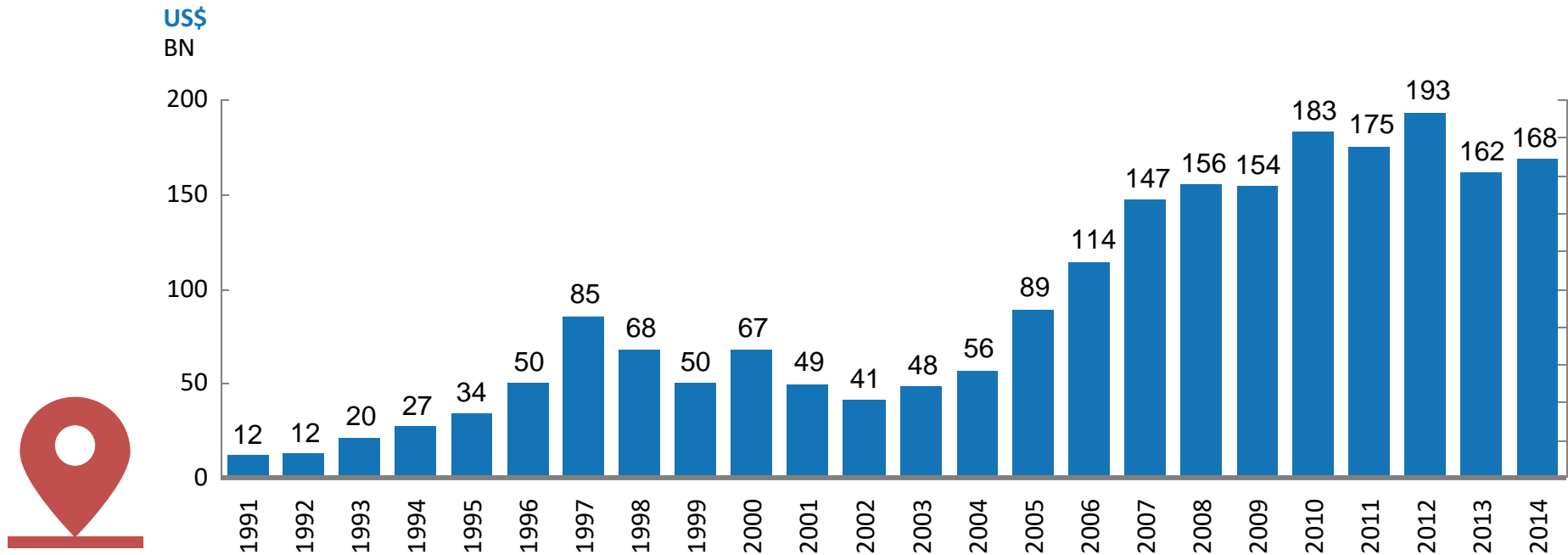
Infrastructure investment need until 2030

Real values at 2015 prices (US\$ trillion)



PRIVATE INVESTMENT IN INFRASTRUCTURE HAS SEEN A SIGNIFICANT RISE IN DEVELOPING COUNTRIES

Evolution of private investment transactions in 139 developing countries



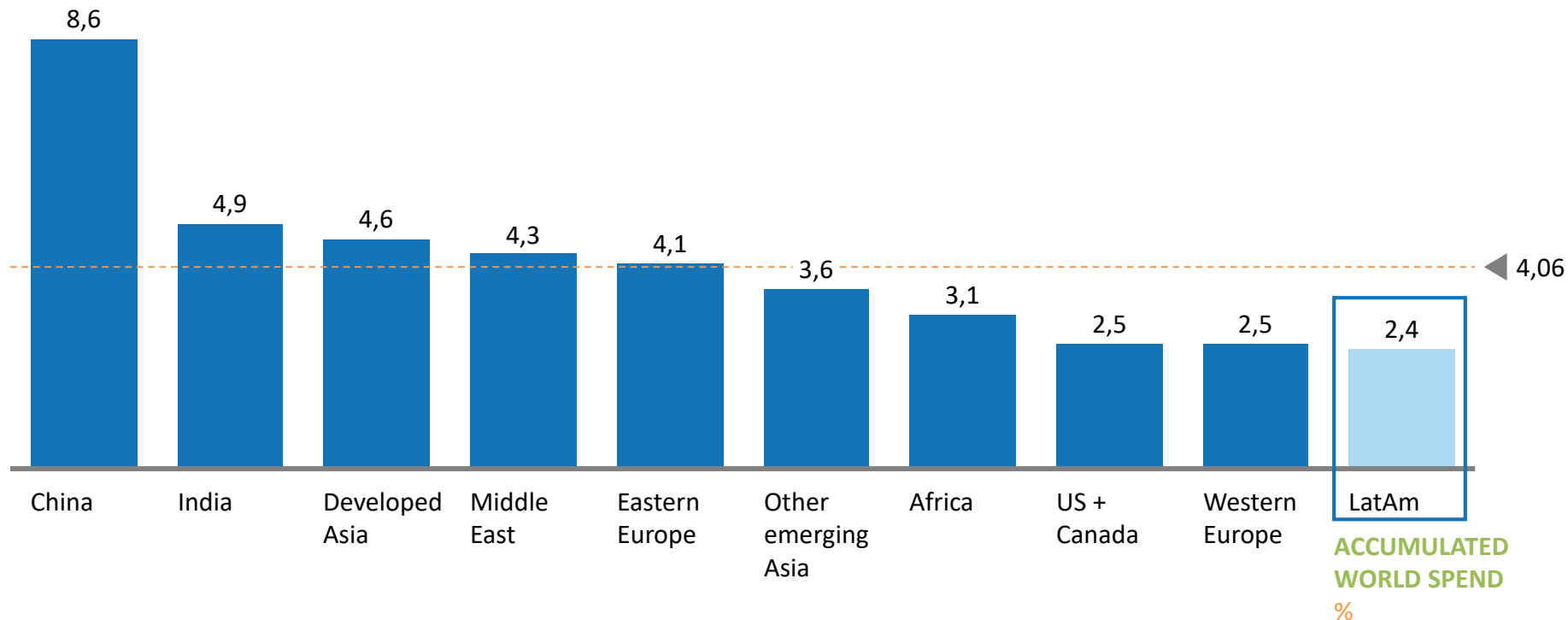
1 Projects from Energy (electricity generation, transmission, and distribution natural gas transmission and distribution), Telecommunications (fixed or mobile local telephony domestic long-distance telephony international long-distance telephony), Transport (airport runways and terminals railways (including fixed assets, freight, intercity passenger, and local passenger, toll roads, bridges, highways, and tunnels port infrastructure, superstructures, terminals, and channels), and Water (potable water generation and distribution sewerage collection and treatment) for 144 developing countries as classified by World Bank

2 Projects include management or lease contracts, concessions, greenfield projects, and divestitures

3 All under construction and operational projects are included

HISTORICALLY LATIN AMERICA INVESTED IN INFRASTRUCTURE BELOW GLOBAL AVERAGE

Amount spent on infrastructure, 1992–2013 average spend as % of GDP



1 Percentage of world GDP generated by the 75 countries in our analysis for 2013; 2 Includes Australia, Hong Kong, Japan, New Zealand and Singapore; 3 Includes Bangladesh, Indonesia, Malaysia, Pakistan, Philippines, Sri Lanka, Taiwan, Thailand and Vietnam

SOURCE: McKinsey ISS database



TRANSPORTATION IN ARGENTINA

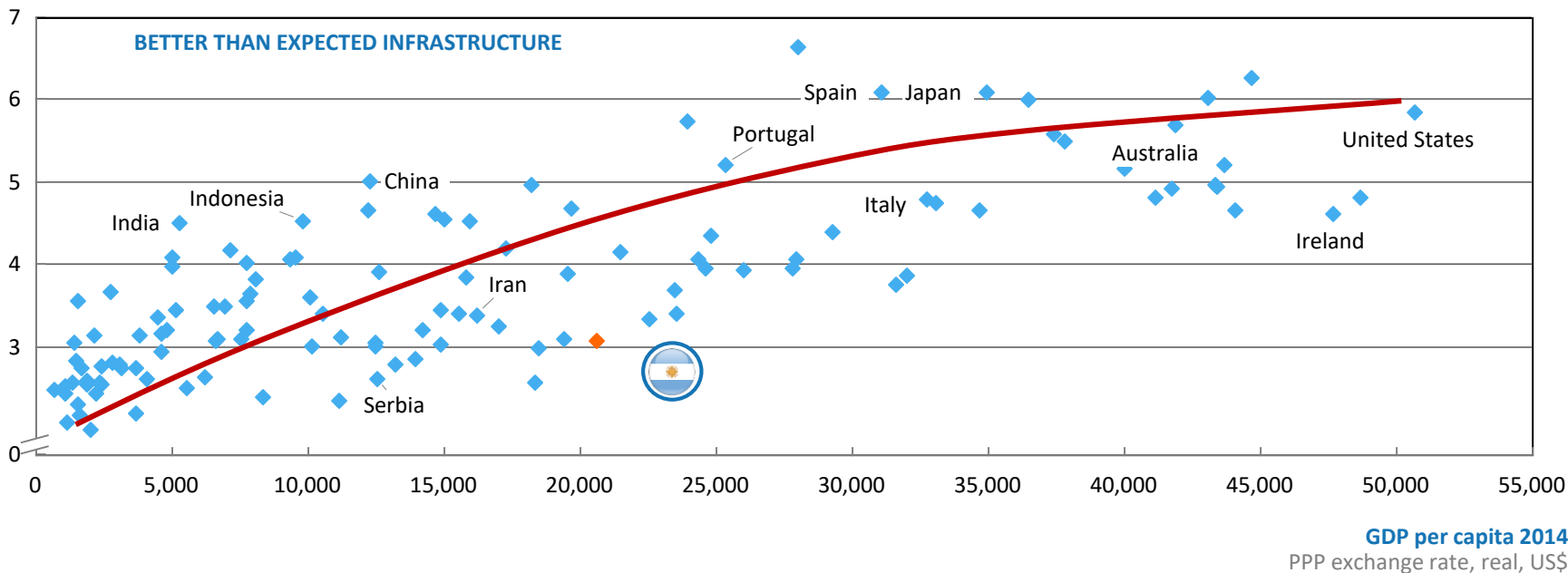


ARGENTINA HAS SIGNIFICANT OPPORTUNITIES TO IMPROVE ITS EXISTING TRANSPORT INFRASTRUCTURE

Transport infrastructure quality vs. GDP per capita for selected countries

Transport infrastructure

Index 2014 (higher is better)

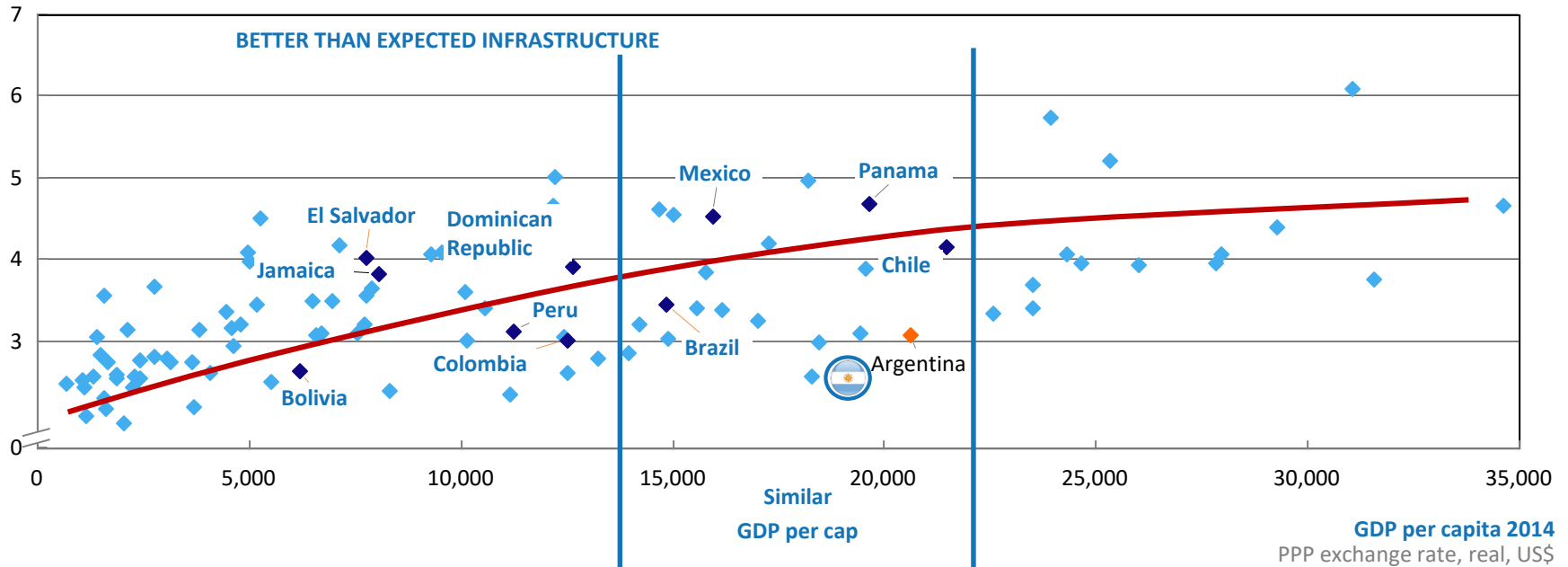


IN PARTICULAR WHEN IT IS COMPARED TO ITS PEERS IN THE REGION

Transport infrastructure quality vs. GDP per capita for selected countries

Transport infrastructure

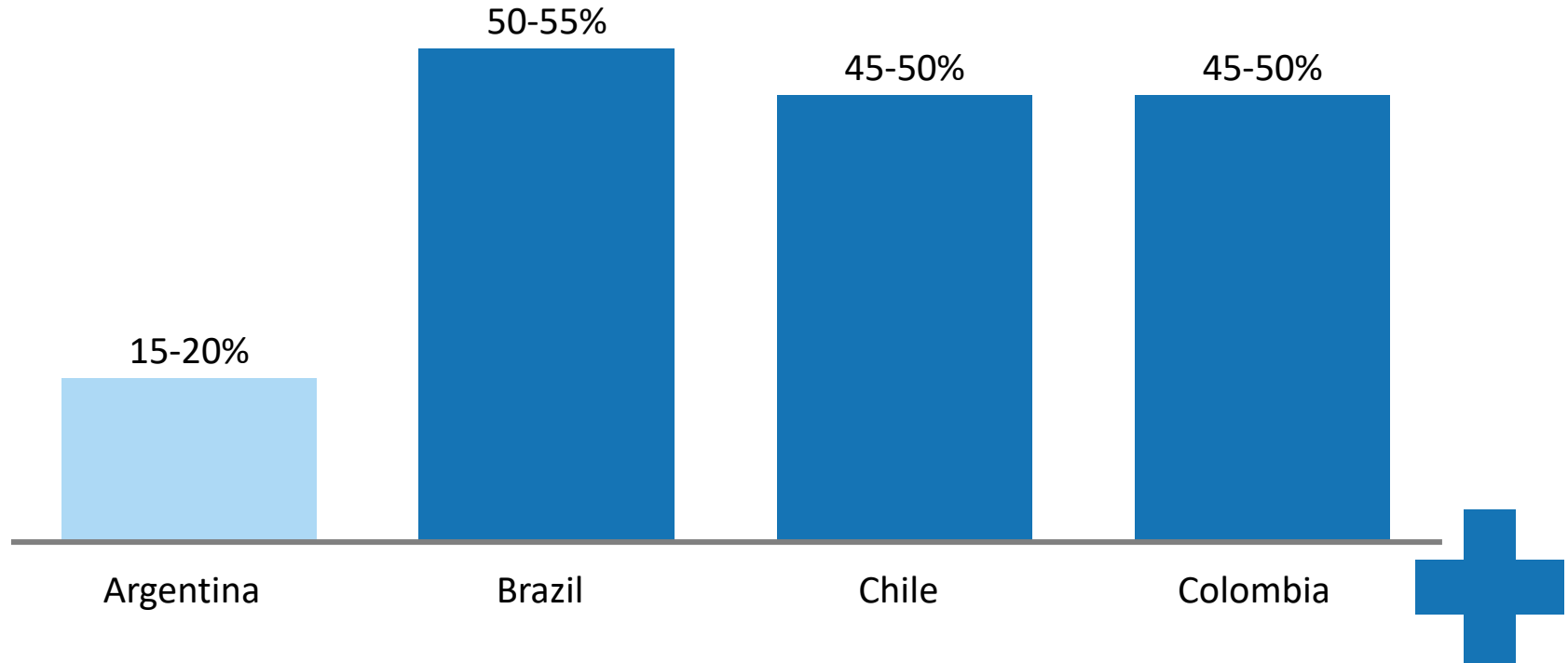
Index 2014 (higher is better)



PRIVATE INVESTMENT IN INFRASTRUCTURE HAS SIGNIFICANT SPACE TO GROW

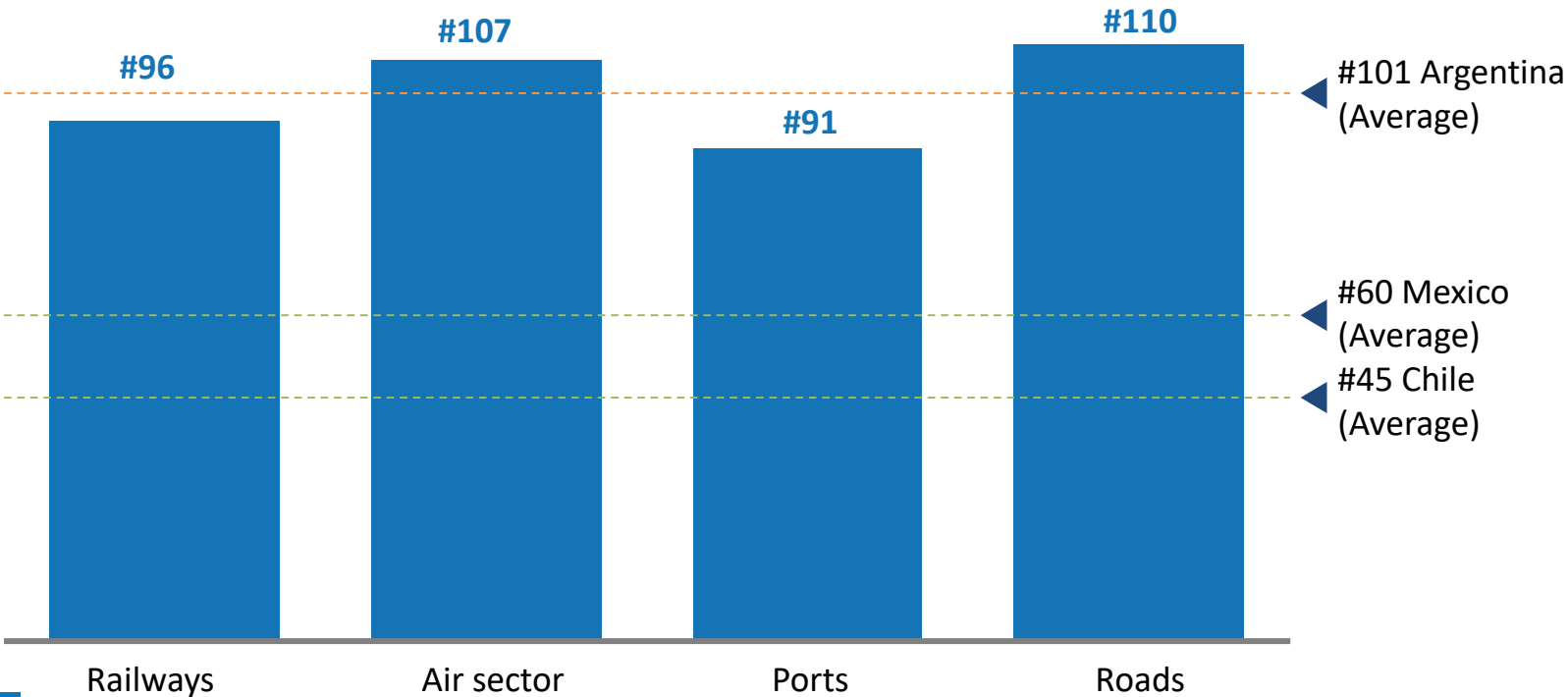
Average private infrastructure investment

By country, 2009-2012



ARGENTINA IS LAGGING BEHIND ACROSS THE DIFFERENT TRANSPORT SUB-SECTORS

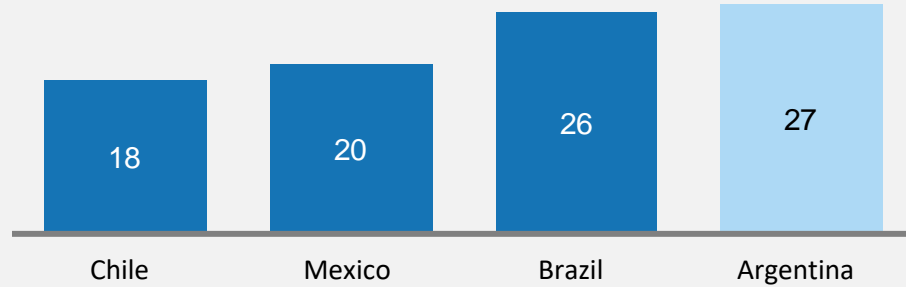
WEF global quality ranking (out of 140 countries)



ARGENTINA'S STARTING POINT

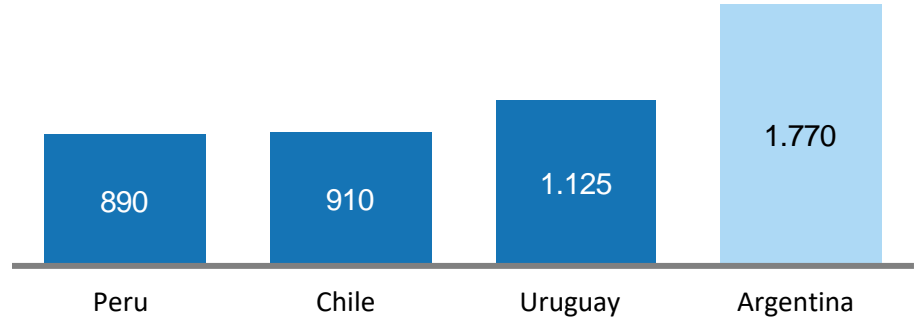
Highest logistics costs of the region

As a % of GDP



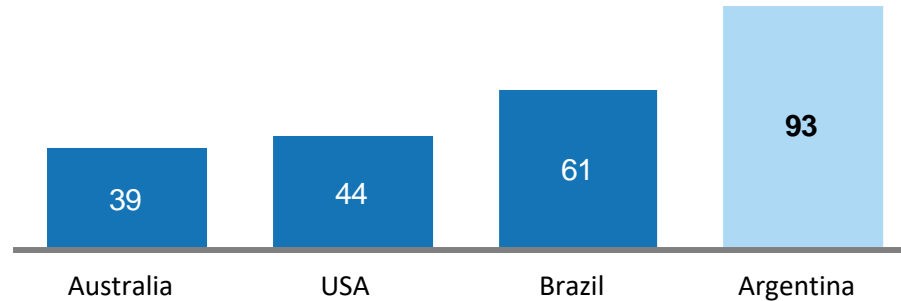
High cost of exports

US\$/TEU



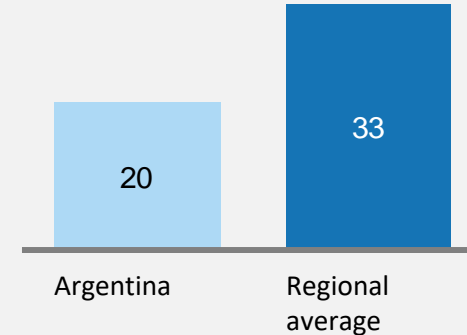
Freight transported in roads

As a % of total cargo



Limited domestic connectivity

Domestic passengers as a % of total population





MINISTER GOALS AND PLANS





OUR MISSION

Implement the most ambitious **infrastructure plan**
in the **history of the country**
fostering **growth and development.**



CHALLENGES ALONG ALL TRANSPORT ASSETS

ROADS



- 40% of the national road network is now in bad conditions with safety issues.
- More than 90% of cargo transported in roads.

FREIGHT RAIL



- 5% of total freight.
- Average speed: 15km/hour.

PORTS



- Infrastructure limitations to operate with large vessels.
- Ports lack proper access infrastructure.
- High tariffs.

AIR SECTOR



- Low domestic flight connectivity.
- Only 9M passengers annually.
- Room for improvement in safety and air traffic control.

URBAN MOBILITY



- Only 12M people use public transport.
- Lack of public transport in the country.
- Poor quality of rail transport.

STRATEGIC PILLARS



INFRASTRUCTURE

- Transform, modernize and develop current infrastructure.
- Improve competitiveness of regional economies.
- Enhance, extend the freight matrix and logistic to reduce cost.
- Include the private sector in investment partnerships.



CONNECTIVITY AND SAFETY

- Optimize safety in all possible ways and in all forms of transport.
- Improve national connectivity.



QUALITY AND SUSTENTABILITY

- Improve service quality and users well being.
- Promotion of more environmental friendly modes.
- Increase of energy efficiency and operational effectiveness.
- Promote private initiative rewarding innovation.

OUR PLAN FOR 2016 - 2019

	ROADS	FREIGHT RAIL	PORTS	AIR SECTOR	URBAN MOBILITY
INFRASTRUCTURE CONNECTIVITY AND SAFETY QUALITY AND SUSTAINABILITY	US\$ 12,500 M. 2,800 km of new highways. 4,000 km of safe roads. 13,000 km of paving. Implementation of a fleet renewal plan.	US\$ 4,400 M for recovered network. Incorporate 107 locomotives and 3,500 wagons.	US\$ 1,500 M Buenos Aires ports. US\$ 425 M investment nation wide. Energy efficiency strategy in Buenos Aires port.	US\$ 1,200 M for investment in 17 national airports. US\$ 122 M investment in Air Traffic Service. Operational and energy efficiency plan (PBN). Renewable energy program for airports.	US\$ 10,300 M in rail plan Metropolitan Area. US\$ 2,000 M in RER. US\$ 2,300 M in Sarmiento's undergrounding. US\$ 1,400 M in new rolling stock. US\$ 816 M automatic train stop and modern signalization. US\$ 335 M in BRT systems. US\$ 200 M in paving public transit corridors.
GOALS 2019	Reduction of fatal and severe injury traffic in all the roads of the country.	Increasing by 50% current freight figures by 2019.	Reduced time and increased predictability along national waterways.	Double the number of domestic passengers: from 10 M in 2014 to 20 M by 2019.	Improve the quality of public transport to promote modal shift.

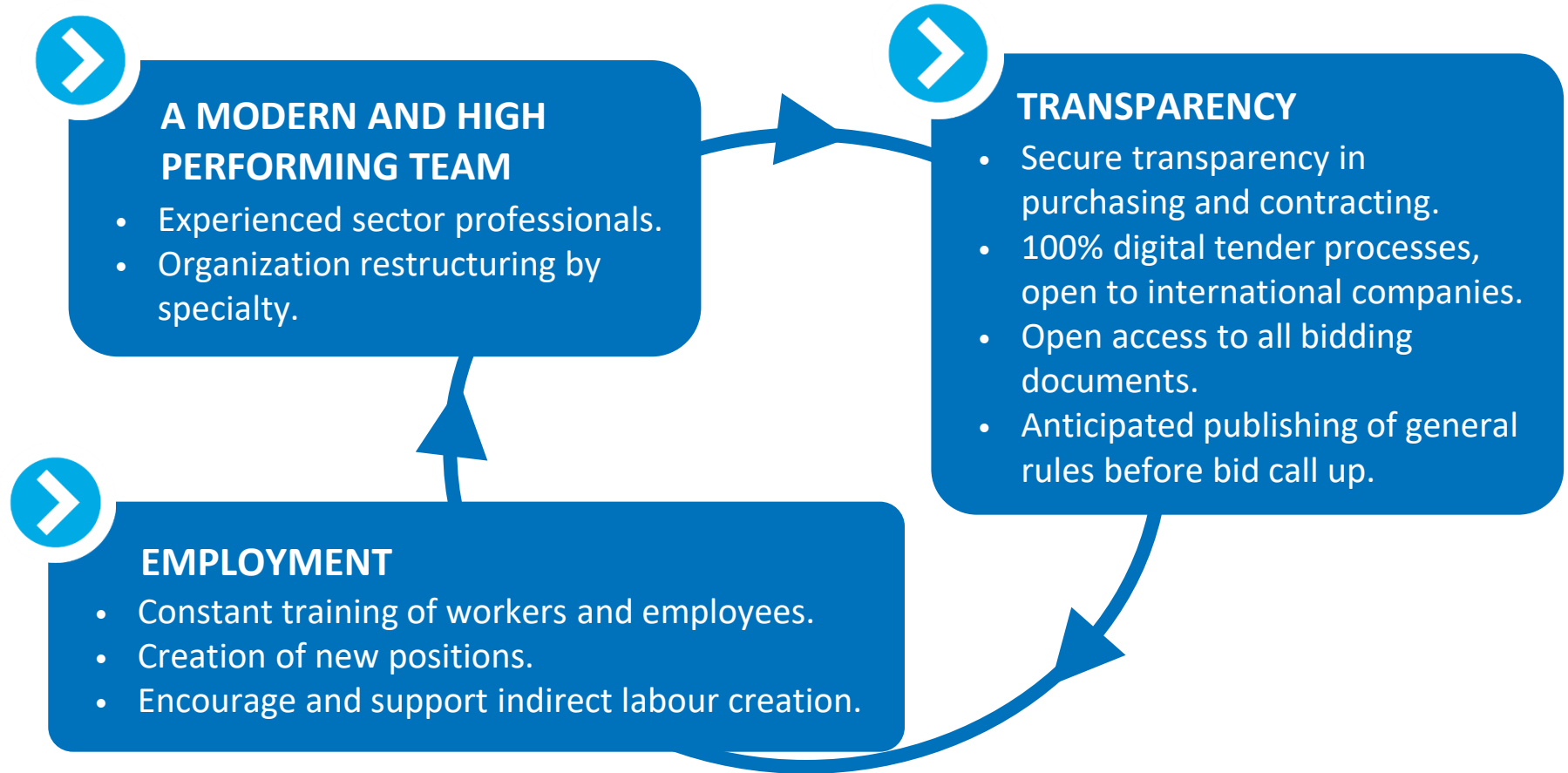
OUR PLAN FOR 2016-2019

	ROADS	FREIGHT RAIL	PORTS	AIR SECTOR	URBAN MOBILITY
INFRASTRUCTURE					US\$ 14,000 M in rail plan Metropolitan Area.
CONNECTIVITY AND SAFETY	US\$ 12,500 M 2,800 km of new highways. 4,000 km of safe roads. 13,000 km of paving.	US\$ 4,400 M for recovered network.	US\$ 1,500 M Buenos Aires ports. US\$ 425 M investment nation wide.	US\$ 900 M for investment in 17 national airports. US\$ 122 M investment in Air Traffic Service.	US\$ 2,000 M in RER. US\$ 2,300 M in Sarmiento's undergrounding. US\$ 1,400 M in new rolling stock. US\$ 816 M automatic train stop and modern signalization.
QUALITY AND SUSTAINABILITY	Implementation of a fleet renewal plan.	Incorporate 107 locomotives and 3,500 wagons.	Energy efficiency strategy in Buenos Aires port.	Operational and energy efficiency plan (PBN). Renewable energy program for airports.	US\$ 335 in BRT systems. US\$ 200 M in paving public transit corridors.
GOALS 2019	Reduction of fatal and severe injury traffic in all the roads of the country.	Increasing by 50% current freight figures by 2019.	Reduced time and increased predictability along national waterways.	Double the number of domestic passengers: from 10 M in 2014 to 20 M by 2019.	Improve the quality of public transport to promote modal shift .

An aerial photograph showing a large-scale bridge construction project in an urban environment. The bridge structure is composed of several long, parallel concrete beams supported by large, cylindrical concrete piers. Construction workers in orange safety gear are visible on the bridge deck, and various construction materials and equipment are scattered around the site. The surrounding area includes city streets with cars, a bus, and buildings, some of which are partially obscured by the construction site. A blue text box is overlaid on the center of the image.

**OUR MOST RELEVANT
ACHIEVEMENTS IN 9 MONTHS**

¿HOW ARE WE DOING THIS?



¿WHAT DO WE NEED?



CONSTRUCTION COMPANIES

- Undergrounding works.
- Tunneling.
- Dredging of rivers.



EQUIPMENT PROVIDERS

- Railway equipment, automatic signalization installations.
- Port machinery.
- Airport utilities and equipment.



FISCALIZATION COMPANIES

- Control of executive project.
- Fiscalization of works execution.
- Provisional and final work reception.



GEOTECHNICAL, HYDRAULIC AND OTHER STUDIES

- Civil engineering.
- Detail/design engineering.
- Work support.





INVESTMENT OPPORTUNITIES



INVESTMENT OPPORTUNITIES



Guillermo Fiad

President,
Administración de
Infraestructuras
Ferroviarias
Sociedad del Estado



Javier Iguacel

Administrador
General, Dirección
Nacional de Vialidad



Marcelo Orfila

President, Operadora
Ferroviaria Sociedad
del Estado



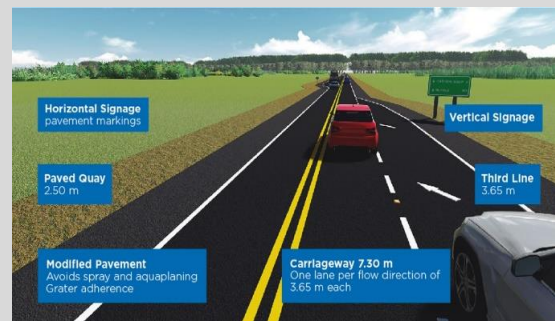
**Manuela López
Menéndez**

Secretaria de Obras,
Ministry of
Transportation

ROADS

Investment opportunities

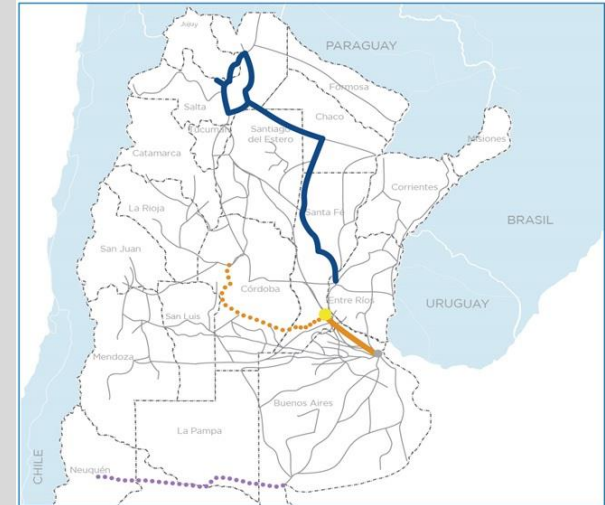
- Total investment 2016-2019: US\$ 12,500 M
 - ▶ 2,800 km new motorways
 - ▶ 4,000 km safe roads
 - ▶ 13,000 km paving
 - ▶ 1,030 works
 - ▶ 250 new projects
- On-going **tender processes**:
 - ▶ Long term construction plan (US\$ 28 Bn until 2028).
 - ▶ New Highways.
 - ▶ National Road 3 US\$ 261 M (Sep/Dec '16).
 - ▶ National Road 40 US\$ 266 M (Oct/Nov '16).
 - ▶ National Road 34 US\$ 106 M (Oct/Nov '16).
 - ▶ National Road 5 US\$ 110 M (Nov '16).
 - ▶ National Road 9 US\$ 173 M (Nov '16).
 - ▶ National Road 19 US\$ 500 M (Sept '16).
 - ▶ National Road 7 US\$ 180 M (Oct'16).



FREIGHT RAIL

Investment opportunities

- Total investment 2016-2019: US\$ 4,400 M
 - ▶ Core network: 1,711 km
 - ▶ Secondary network: 564 km
 - ▶ Lightweight improvement: 1,385 km
- On-going **tender processes**:
 - ▶ Complete renewal of the Belgrano Cargas line, comprising 1,000 km of new tracks and accessory infrastructure US\$ 920 M (Sept 2016, March 2017).
 - ▶ Complete Renewal of San Martin freight line US\$ 1,600 M (2017).
 - ▶ Complete Renewal of Urquiza freight line US\$ 950 M (2017).



NARROW GAUGE	
—	LINE BELGRANO
WIDE GAUGE	
—	LINE MITRE
—	LINE ROCA
•••••	LINE IN CONSTRUCTION
—	LINE COMPLETED

URBAN MOBILITY

Investment opportunities

- Total investment 2016-2019: US\$ 10,325 M
 - ▶ Regional Express Rail (RER)
 - ▶ Sarmiento's undergrounding: US\$ 3,000 M
 - ▶ Buenos Aires viaducts: US\$ 500 M
 - ▶ Roca's electrification: US\$ 500 M
- On-going **tender processes**:
 - ▶ Undergrounding of the Sarmiento line US\$ 3,000 M (Oct '16).
 - ▶ New rolling stock for the Metropolitan Area of Buenos Aires US\$ 4,100 M (Oct/Nov '16).
 - ▶ Constitucion Underground Station - Regional Express Network US\$ 260 M (Sep/Oct '16).
 - ▶ Obelisco Central Station - Regional Express Network US\$ 960 M (2017).
 - ▶ Belgrano Norte line complete renovation US\$ 53 M (Oct '16).
 - ▶ Modernization of Retiro Station, including track layout US\$ 113 M (Nov '16).
 - ▶ 3 new rail viaducts in the city of Buenos Aires, US\$ 500 M (Sep/Oct '16).
 - ▶ 3 new BRTs US\$ 66 M.



AIR SECTOR

Investment opportunities

- Total investment 2016-2019: US\$ 1,200 M
 - ▶ 17 airports renovated for 2019.
 - ▶ Double de number of domestic passengers: 10 M in 2014 to 20 M by 2019.
 - ▶ More safety and security.
 - ▶ More routes and frequencies.
- On going **tender processes**:
 - ▶ Complete renovation of Ezeiza International Airport US\$ 253 M (Sep/Oct '16).
 - ▶ Renewal of Aeroparque, metropolitan airport US\$ 93 M (Sep/Oct '16; 2017).
 - ▶ Iguazú Airport modernization US\$ 35 M (Sep/Nov '16).
 - ▶ Jujuy Airport modernization US\$ 40 M (2017).
 - ▶ New Air Traffic Control equipment US\$ 121 M (2016/2017).



PORTS

Investment opportunities

- Total investment 2016-2019: US\$ 425 M
 - ▶ Buenos Aires Port: the most important container terminals of Argentina can handle in total 1.5 million TEUs.
 - ▶ Risk reduction of accidents, stranding and delays in the waterway.
- On-going **tender processes**:
 - ▶ Modernization of the container terminal in Buenos Aires US\$ 1,500 M (1st sem 2017).
 - ▶ New Itá Ibaté port in the province of Corrientes US\$ 18 M (Sep/Oct '16).
 - ▶ Rosario port access infrastructure US\$ 300 M (2017).
 - ▶ Modernization of Ushuaia port US\$ 18 M (Sep/Oct '16).
 - ▶ Extension of docking infrastructure in Puerto Madryn, Chubut US\$ 35 M (2017).



DISCUSSION PANEL



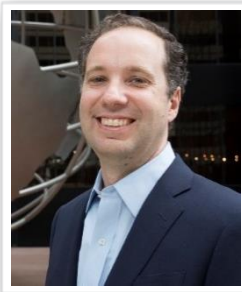
Roberto Urquía

Aceitera General
Deheza, CEO



Carlos Bacher

Techint Engineering
and Construction,
CEO



Christoff Poppe

United Airlines,
Country Manager,
JURCA, President.



Julian Thomas

Hamburg Süd,
Regional CEO

THANK YOU

www.transporte.gob.ar



Ministerio de Transporte
Presidencia de la Nación