



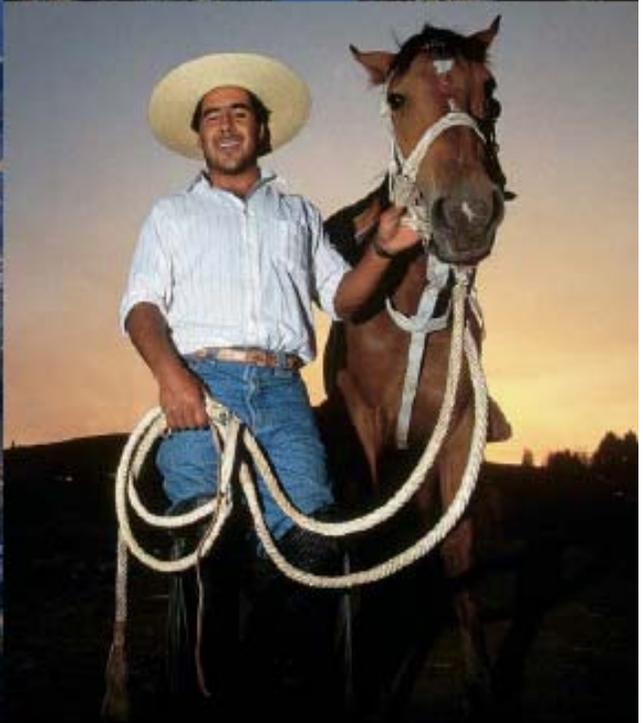
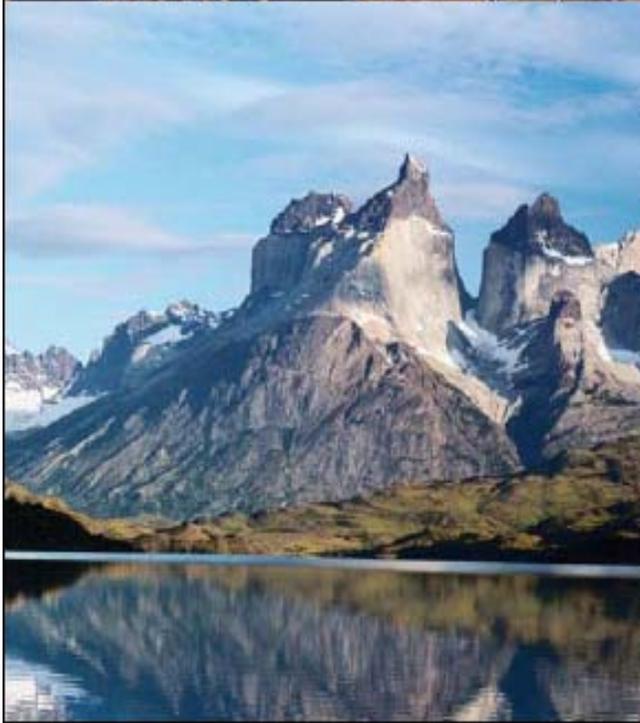
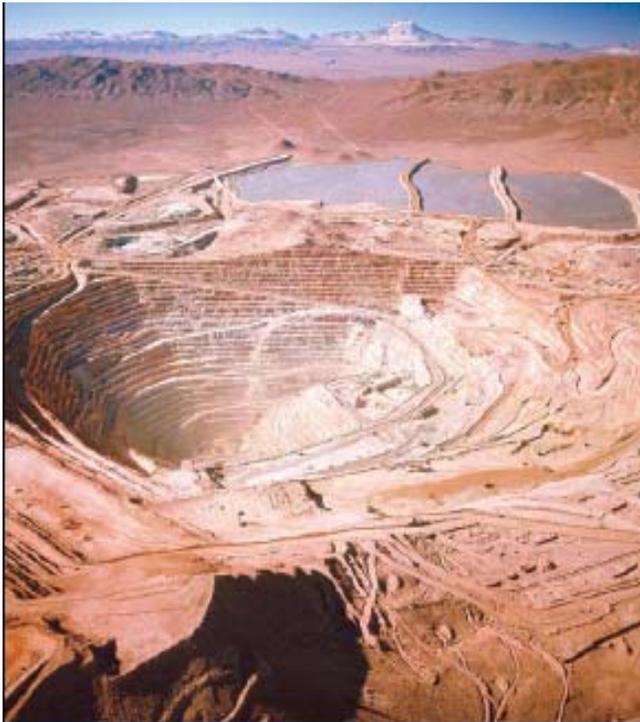
Investment & Business Opportunities in Chile

Arturo Puga

**Area Manager Germany and Nordic Countries
Chilean Economic Development Agency (CORFO)**

Luxembourg, 3rd October 2011

InvestChile
CORFO





Agenda

1. **CORFO: Chilean Economic Development Agency**
2. **InvestChile: Chilean Investment Promotion**
3. **Investment Opportunities**
4. **Offshoring and InvestChile's Agenda**



1. CORFO

Budget 2011: USD\$ 860 MM

Local Offices: 15

International Representatives: 6

1.1 CORFO's Strategic Plan

CORFO's Mission

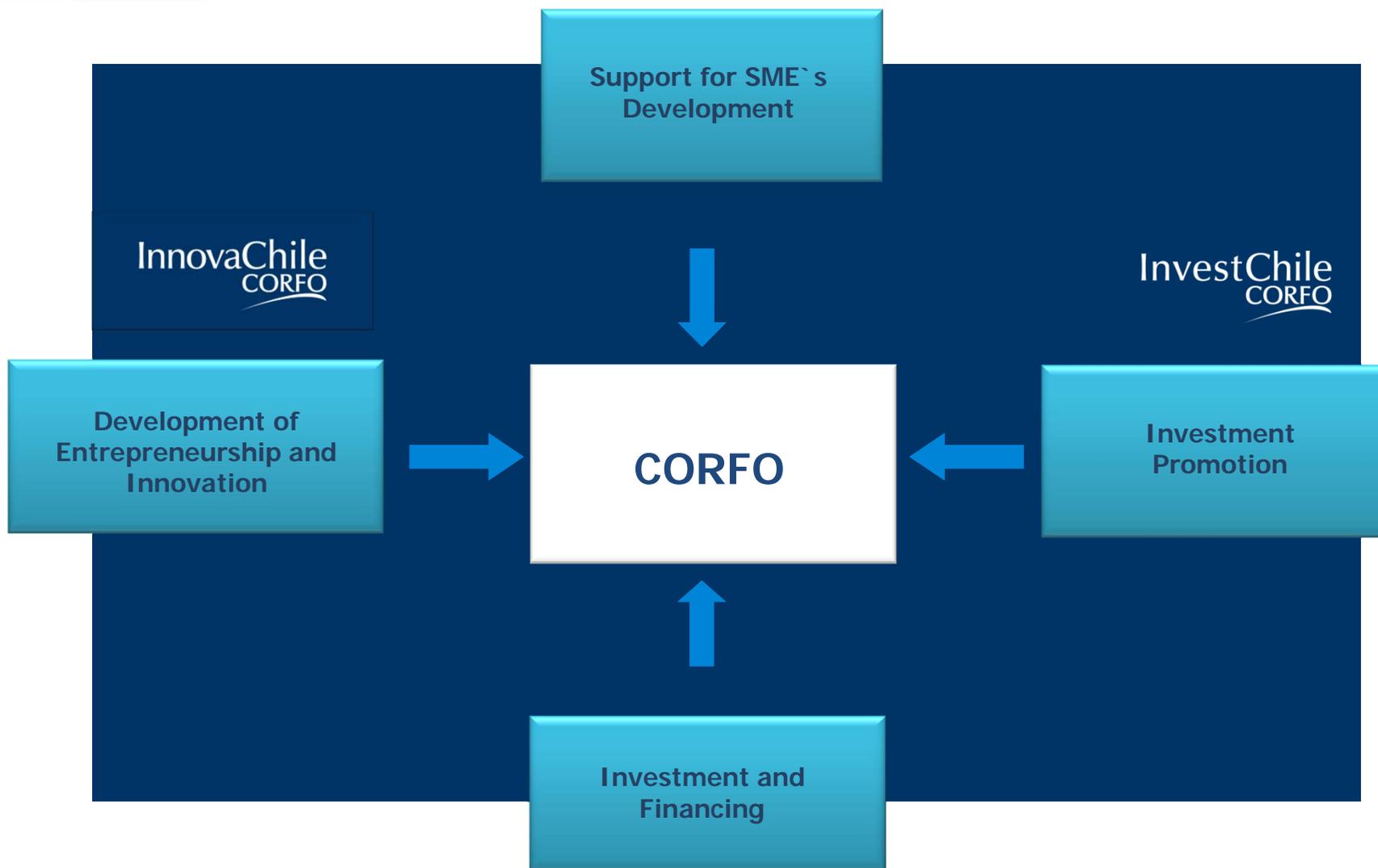
To promote entrepreneurship and innovation in order to improve Chile's productivity and achieve a position of global leadership in competitiveness.

CORFO's Vision for the Future

To become a world class agency that promotes entrepreneurship and innovation accelerating the development of the country and contributing to the creation of more opportunities for all Chilean people.



1.2 CORFO's Strategic Areas





2. INVESTCHILE

InvestChile Supports

Through its InvestChile division, CORFO supports domestic & foreign investors that wish to develop projects in Chile.

We offer services & incentives to investors to facilitate investment projects:

- 1) Evaluation
- 2) Installation
- 3) Materialization

Information Services

- ✓ Provision of relevant information for investment projects (country, regional, and sector).
- ✓ Investor enquiry and request management

Investment Facilitation Services

- ✓ Access to business networks and public services.
- ✓ Assistance in searching and selecting the best location.
- ✓ Assistance in the search of financing.
- ✓ Assistance in the search of potential partners or identification of suppliers, in the case of companies that need to guarantee their supply necessities.
- ✓ Support throughout the different stages of the investment materialization process.

InvestChile's Investment Support Instruments:

- ✓ Expert assistance in the identification of the mix of investment incentives and the operation of InvestChile and other institutions.
 - Co-financing of Pre-Investment Studies
 - Incentives for projects in extreme zones and zones with productive lag.
 - Incentives for technological projects.
 - Other instruments.

After-sales Services:

- ✓ Incentives for future expansions and incentives for new investment projects.
- ✓ Delivery of information regarding other productivity promotion and innovation instruments.



Gobierno de Chile

InvestChile Network

Local Network

International InvestChile Offices

15 branches throughout Chile

• Promotion of Regional Opportunities

• Services for Local & Foreign Investors



- United States
- Spain
- Italy
- Germany
- Nordic Countries
- China

   New Openings



Gobierno
de Chile

MAP OF INVESTMENT SUPPORT INSTRUMENTS Administrated by Corfo

PRE-INVESTMENT STAGE

Pre-Feasibility
Studies

INVESTMENT STAGE

Technological
Investment

Investment in
Opportunity Zones

Working Capital &
Investment Guarantees

OPERATION STAGE

- 20.241 Law
- Entrepreneurial
Innovation

Entrepreneurial
Development

Foreign Trade
Guarantees



PRE - INVESTMENT STAGE

Pre-feasibility studies

- **Minimum Investment** app. US\$164.000
- **Coverage:** 40% of pre-investment studies, up to US\$47.000

INVESTMENT STAGE

Technological Investment

- **Minimum Investment** = app. US\$560.000
- **Coverage:** 15% of the project with a max. of US\$2.000.000

Opportunity Zones

Extreme Zones: Región de Arica y Parinacota, Región de Aysén, Región de Magallanes, Province of Palena in Región de Los Lagos

Productive Lag Zones: Regiones de Maule, Bío Bío & Araucanía. Province of Valparaíso, Province of San Antonio & the counties of Quilpué & Villa Alemana from the Province of Marga Marga (Región de Valparaíso); the Province of Colchagua (Región del Libertador Bernardo O'Higgins).

Minimum Investment = app. US\$28.000

Coverage: Co-financing up to app. US\$ 94.000



Tax Exemptions



Arica Plan. First Category Tax Exemption up to: 30% (investment in fixed assets) in Arica province; 40% (investment in construction and real state property) in Parinacota province; 40% (investment in property intended to tourism projects) in Arica province. All of them from the Arica and Parinacota Region.

Austral Plan. Regions of Aysén del General Carlos Ibañez del Campo; Magallanes and Antártica Chilena; and Palena province from Los Lagos Region: First Category Tax Exemption up to 32% of the investment in fixed assets.

Laws Navarino and Tierra del Fuego. 20% allowance over net sales (within the country); and First Category Tax Exemption (until 2035) respectively, in Porvenir and Primavera provinces, both from Magallanes and Antártica Region.

DL 889. Regions of Arica and Parinacota; Tarapacá; Aysén del General Carlos Ibañez del Campo; Magallanes y Antártica Chilena; and Chiloé and Palena provinces (from Los Lagos Region): Human Resource Bonus 17% minimum wage per person.

3.- Investment Opportunities

Suppliers for the Mining Industry

Chile is a world-class player.

The industry's operational expenditures in 2009 exceeded US\$ 13 billion, and in LatAm added up to over US\$ 42 billion.

In 2017, investment in the industry is projected at US\$ 50 billion.

Investment Opportunities:

- ✓ Maintenance, engineering, logistics, telecommunications, automation & control services.



Food Industry

Chile is one of the most competitive food ecosystems with Mediterranean climate in the world (sanitary barriers off season, costs).

Investment Opportunities:

- ✓ Fruit Agricultural Industry;
- ✓ Wine Industry and grape sub-products;
- ✓ Olive Industry;
- ✓ Meat and Dairy sub-products;
- ✓ Salmon Industry;
- ✓ Food Ancillary Industries;
- ✓ Elaborated Foods;
- ✓ Biotechnology applied to the Food Industry.



Off Shoring

In Chile there are over 400 companies in the industry that export more than U.S. \$1 billion per year.

Investment Opportunities:

- ✓ Shares services centers;
- ✓ Customer contact centers;
- ✓ ICT expert solution centers;
- ✓ Software development centers;
- ✓ High-tech repair centers;
- ✓ Business intelligence;
- ✓ Financial analysis.



Biotechnology

It is a sector with a high growth potential. Over 200 institutions dedicated to biotechnology development.

Investment Opportunities:

- ✓ Biotech applied to primary cultivation;
- ✓ aquaculture & livestock;
- ✓ Industrial applications;
- ✓ Life Sciences.



Manufacturing & Assembly

Export-oriented fabrication & integration of parts & components.

Investment Opportunities:

- ✓ Metallurgical Industry
- ✓ Electronics Industry
- ✓ Astronomy's Ancillary Industry.
- ✓ Ancillary Industry for Renewable Energies.
- ✓ Others





4. Offshoring

Value Proposition

Chile is one of the most competitive locations, as for stability, infrastructure and Human Capital (A.T. Kearney 2010, World Economic Forum, Economist Intelligence Unit).

Having grown over the last years, the Offshoring industry faces a positive outlook. With over 400 companies, Chile exported over US 840 million in 2008.

CORFO has endorsed the development of this emerging industry for two main reasons:

- ✓ Job creation, mostly qualified ones, connected to an expanding and arousing industry.
- ✓ Technology Transfer and Good Practice that the sector brings to the local value chain.

Offshoring has established as a global trend from American and European companies, which looks to open their centres in the most effective locations, worldwide. This industry is growing over 30% a year.

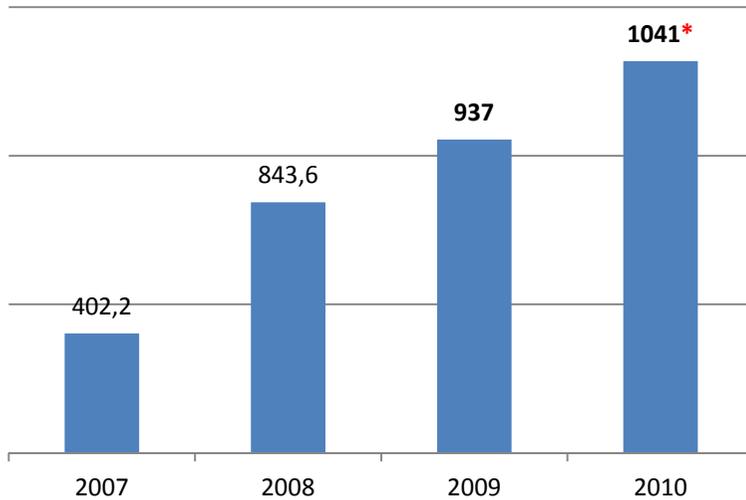
US and Europe are the main demanding countries for Offshore, having India and Eastern Europe as foremost suppliers. Recently, LATAM has been getting attraction from the markets, as a new emerging player.

InvestChile's Investment Attraction Program looks to foreseen the Country's position as best location in LATAM for Shared Services Centres, with a special focus on aggregated value ones.



Chile's Offshoring Industry is growing faster than any other industry in the country

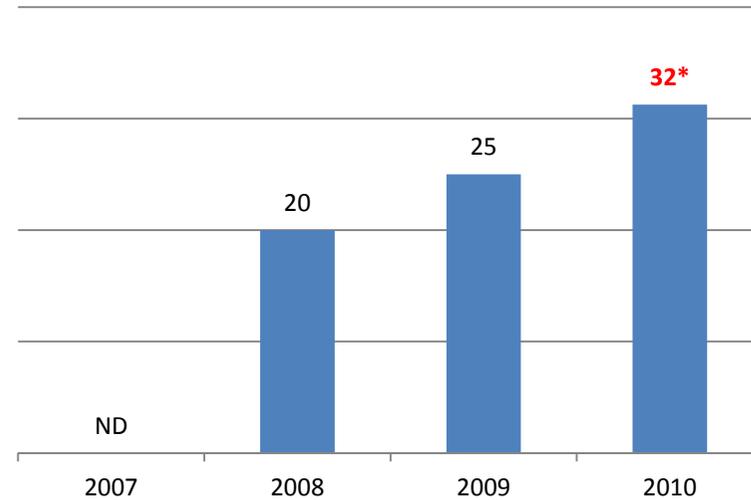
Exports 2007-2010
USD Millions



Offshoring Exports (IDC 2009)

2007 Base Line (Foro Innovación)
2008 IDC
2009 a 2011 CORFO projection

Employment 2007-2010
FTE (thousands)



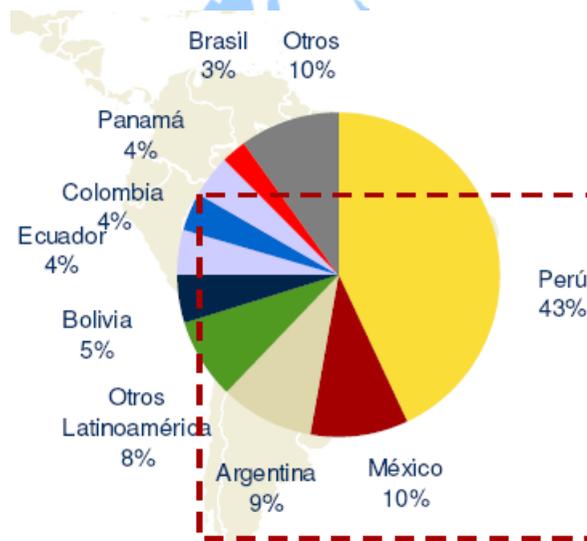
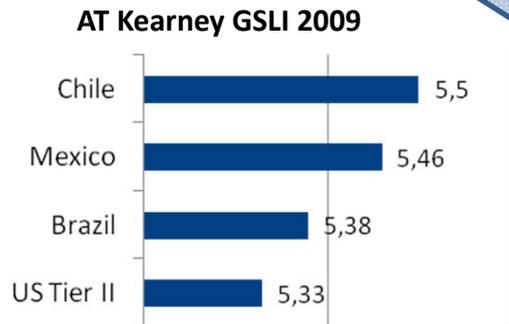
Offshoring Employment (IDC 2009)

2008 IDC
2009 a 2010 CORFO Projection

Exports



- Offshoring 2010 = US\$ 280 billiones (Boston Consulting Group)
- BPO 2008 = US\$ 115 billones (Tholons)



What are we exporting?

Chile's Offshoring Exports
2008 (USD M)



- IPO
- KPO
- BPO
- ITO

Grupo	US\$M	%
Research and Development Services	\$97,3	100,0%
New Product Development Services	\$0	0,0%
Total	\$97,3	100,0%

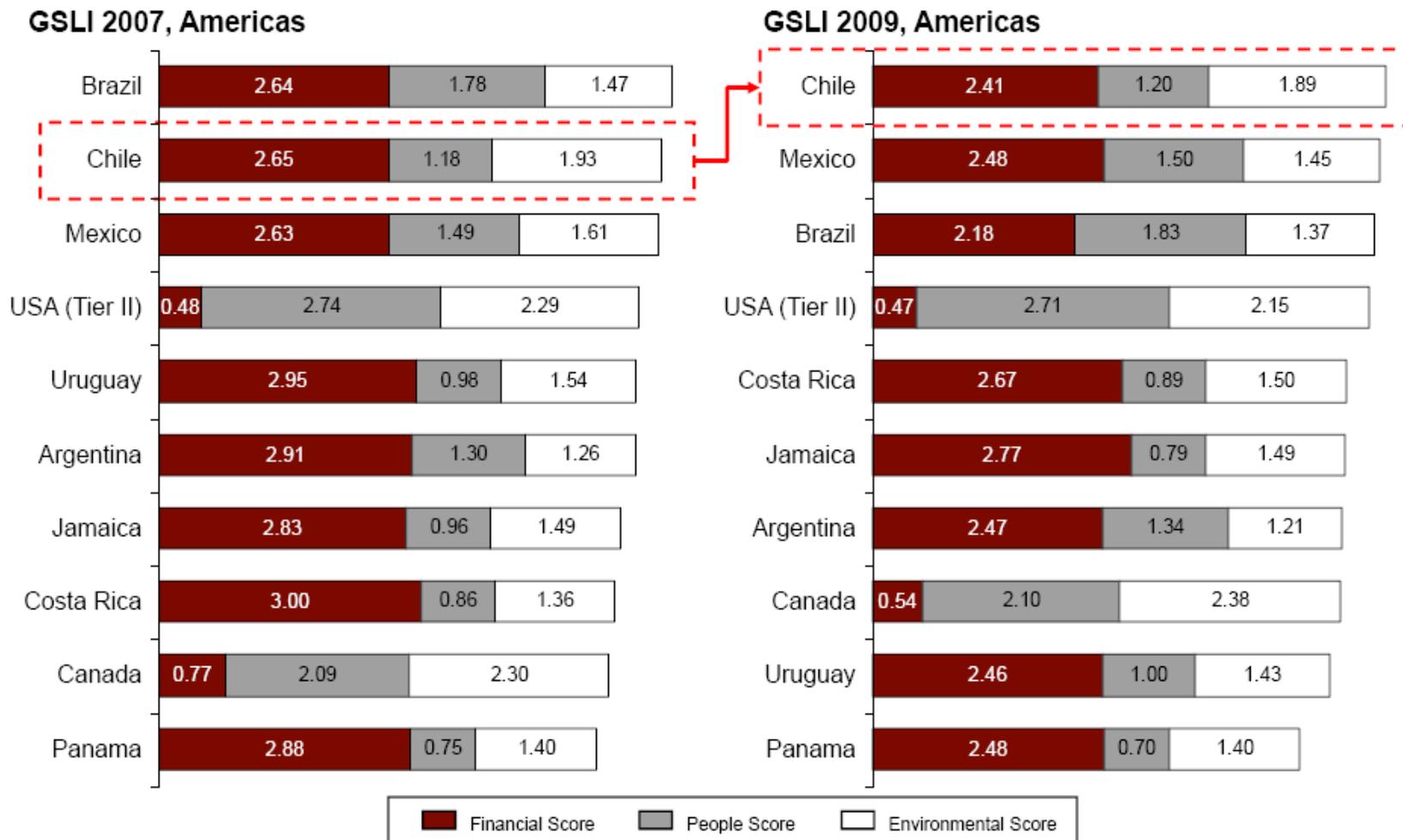
Grupo	US\$M	%
Business Services	\$43,7	11,6%
Digital Media & Content	\$34,7	9,2%
Engineering Services	\$275,6	73,0%
Financial Services	\$23,7	6,3%
Medical Services	\$0,1	0,0%
Total	\$377,7	100,0%

Grupo	US\$M	%
Horizontals	\$154,1	77,5%
Verticals	\$44,8	22,5%
Total	\$198,9	100,0%

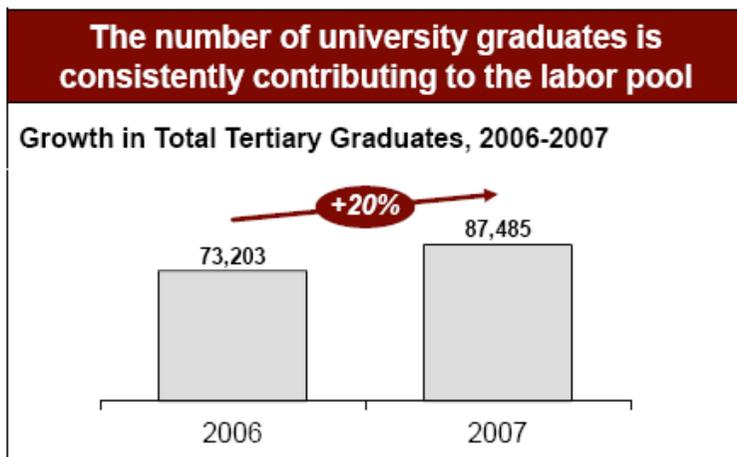
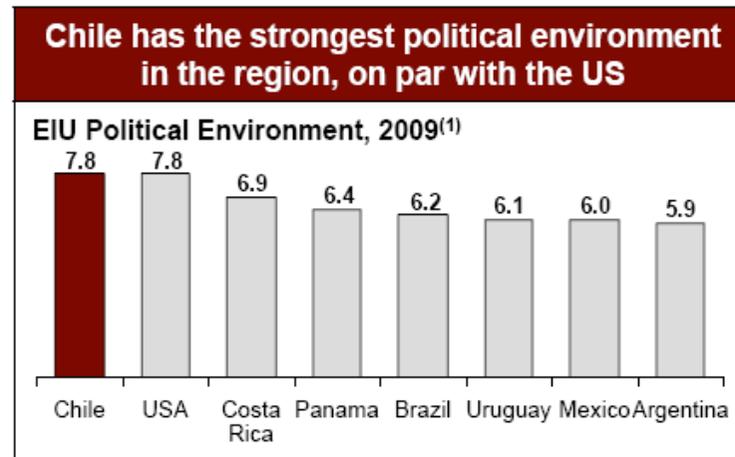
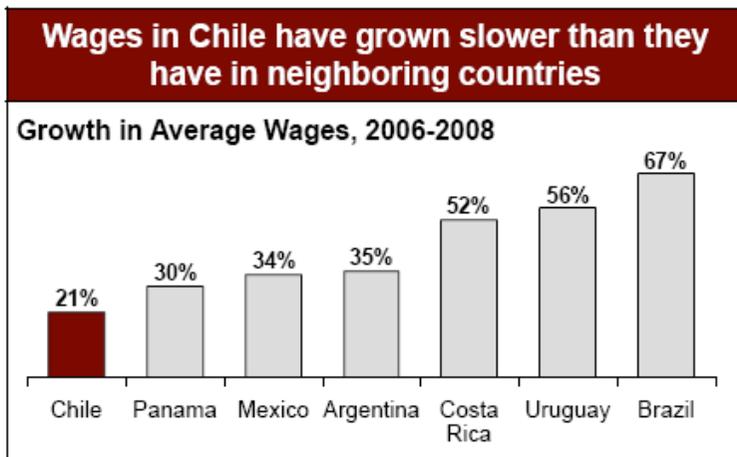
Grupo	US\$	%
Application/SW Outsourcing	\$130,9	77,1%
IT Consulting	\$30,6	18,0%
IT Infrastructure	\$8,2	4,8%
Total	\$169,7	100,0%

- KPO – Engineering Svcs (32,7%)
- BPO – Horizontals (18,3%)
- ITO – App./SW Outsourcing (15,5%)

We know that Talent Arbitrage plus Political Stability are key to our success



Salaries and prices trend stable and steady



Note: ⁽¹⁾Scores range from 1 to 10, where 10 = high; ⁽²⁾Intellectual property protection measures are 1 = weak and not enforced, 7 = strong and enforced
 Source: EIU, UNESCO, World Economic Forum Global Competitiveness Report, A.T. Kearney analysis



Typical Salaries in Offshore Facilities

Shared Services	Engineering	Customer Support
<ul style="list-style-type: none">• Operations Manager US \$ 55.000• PTP Manager US\$ 33.000• Analyst US \$ 17.000	<ul style="list-style-type: none">• Project Manager \$ 60.000• Subject Matter Specialist \$ 45.000• Project Engineer \$ 35.000	<ul style="list-style-type: none">• Callcenter Manager US\$ 50.000• Team Leader US\$ 20.000• Agent US\$ 10.000

2010 Gross salaries, Source: Adecco, PWC Corfo survey.



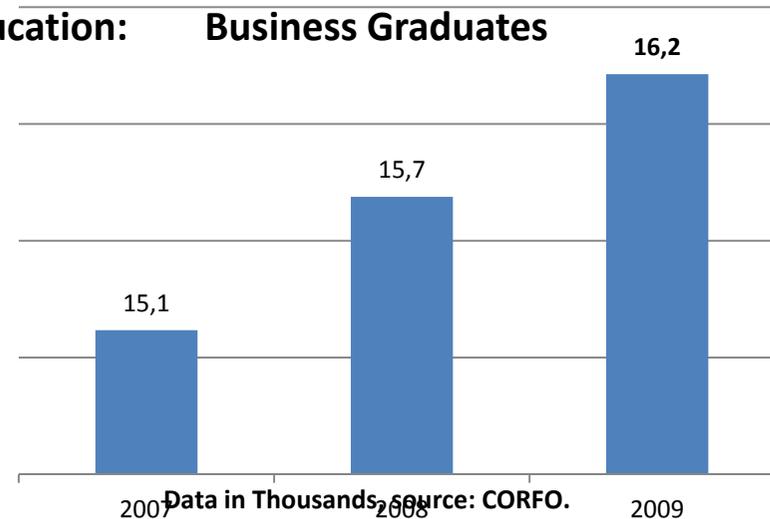
Shared Services

Environment:

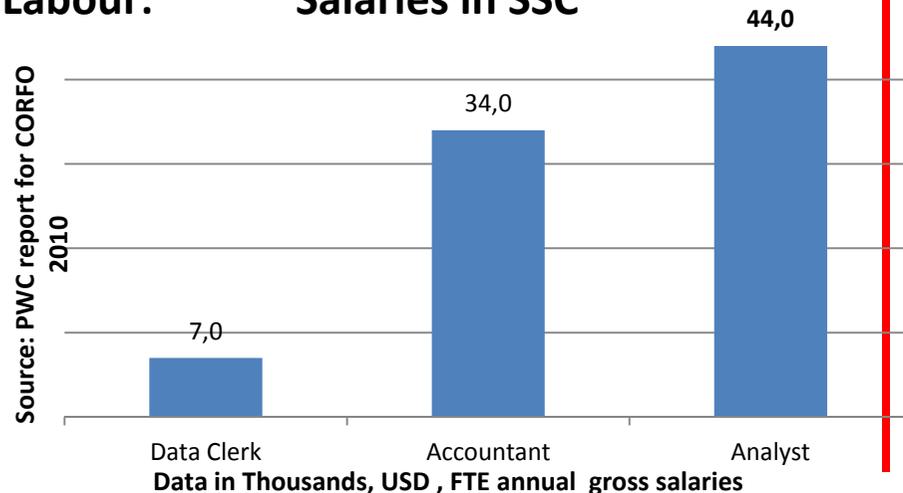
Shared Services Centres in Chile have specialized around Finance & Accounting, servicing LATAM, US and EUROPE. Such centres have IFRS capable professionals with strong finance foundations.

Lately, HR has emerged as an exiting opportunity for international companies.

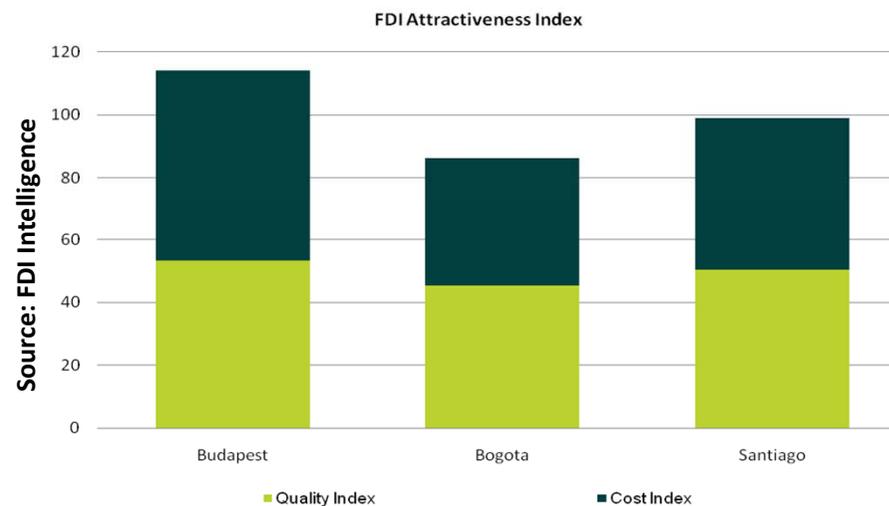
Education: Business Graduates



Labour: Salaries in SSC



Quality & Cost:



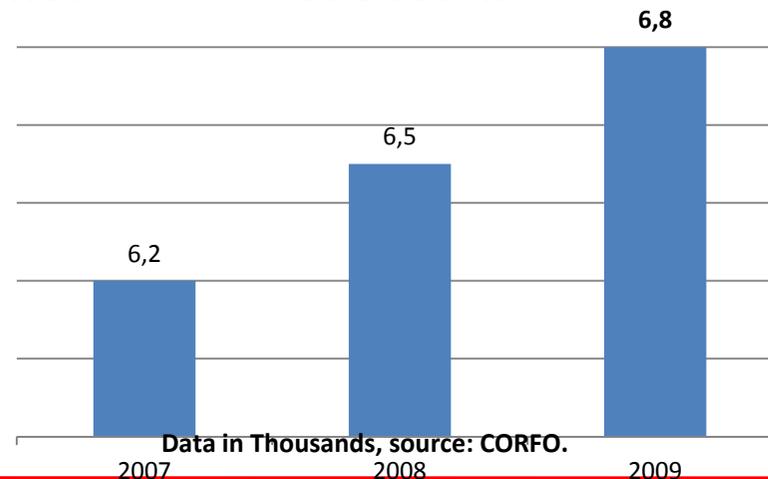


Financial Services

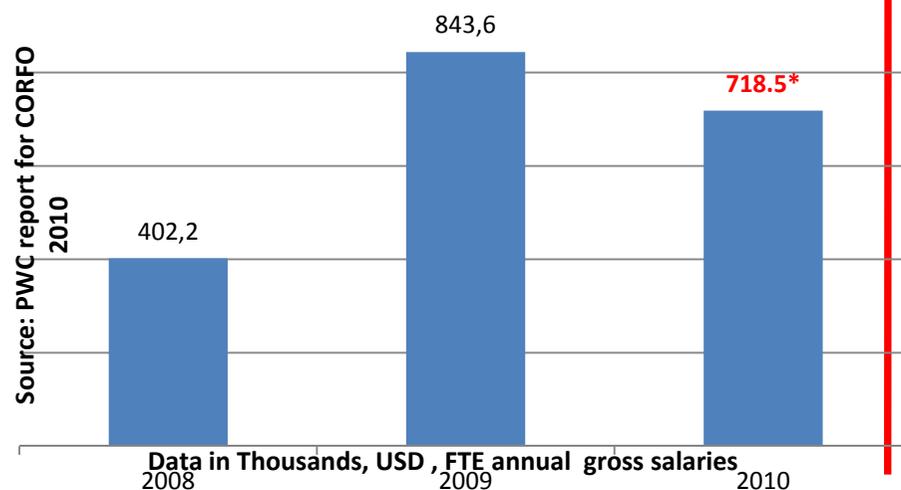
Environment:

A recognized hub for analytics in the south cone, no wonder why the Equifax R&D centre is in Chile. An outstanding training that blends math, finance, research and critical thinking guarantees a continuous provision of talented analyst to properly serve the emerging markets in a new developing LATAM

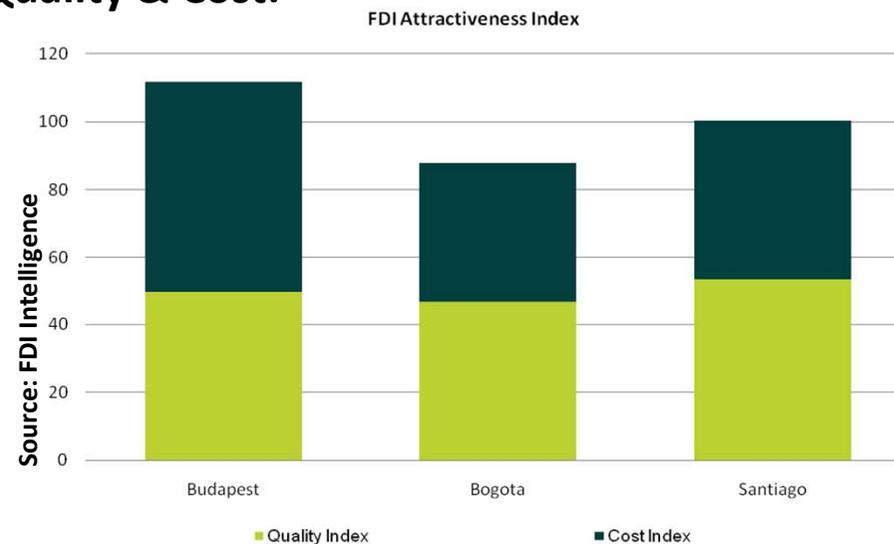
Education: Finance Graduates



Labour: Salaries in Financial Services



Quality & Cost:



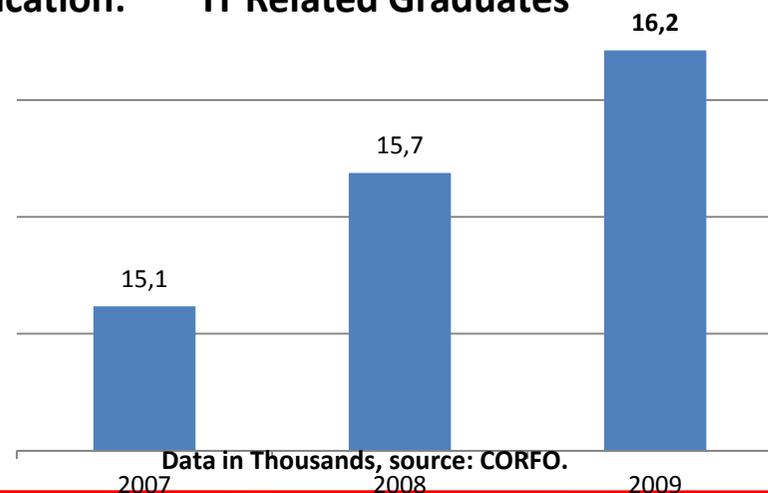


IT Services

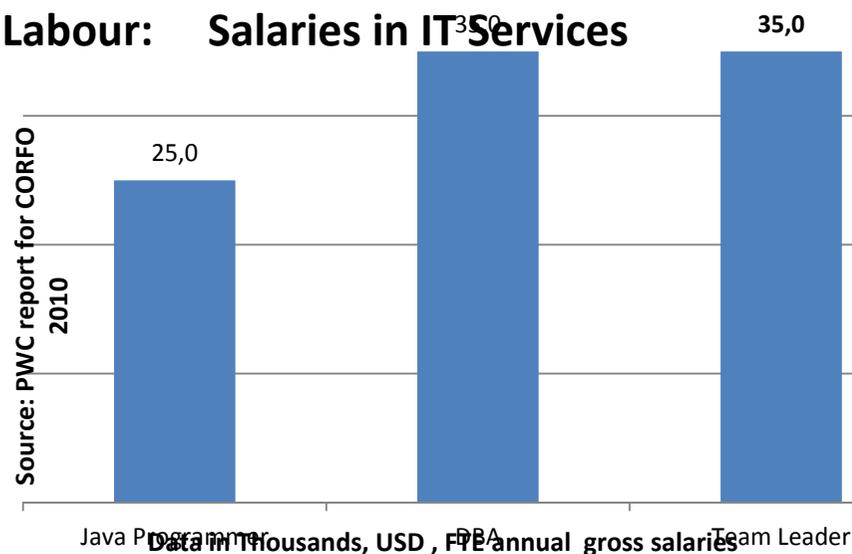
Environment:

The Offshoring IT Industry has grown side by side to the Banking industry, in a mutual benefit relation that makes value on the unique abilities of the labour force. A new wave of R&D and Excellence centres has brought companies like McAfee, IBM or Oracle Financial Services over the past year.

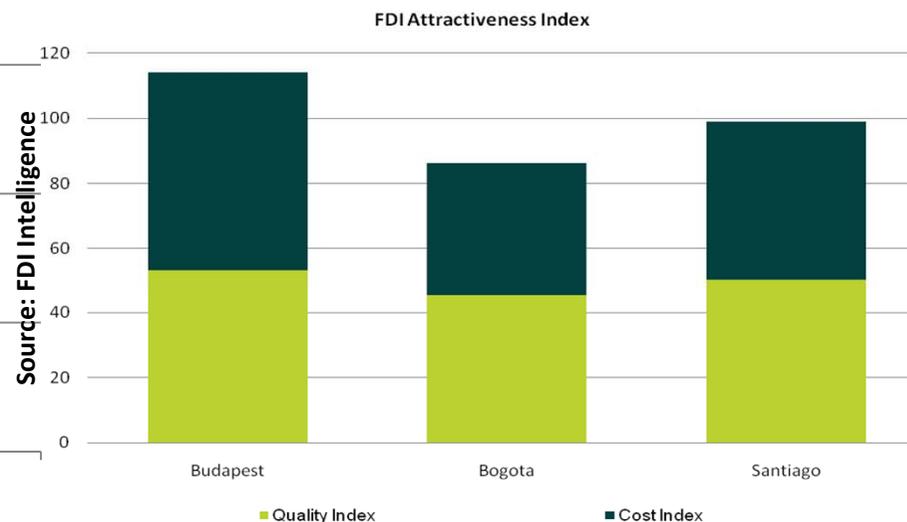
Education: IT Related Graduates



Labour: Salaries in IT Services



Quality & Cost:



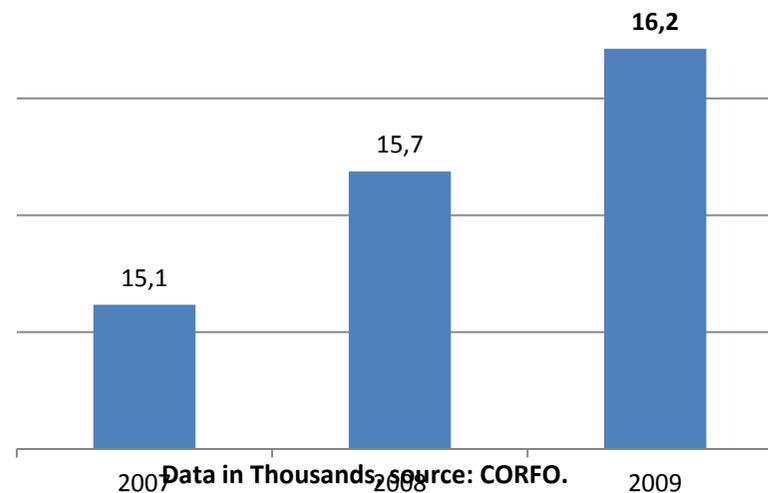


Engineering Services

Environment:

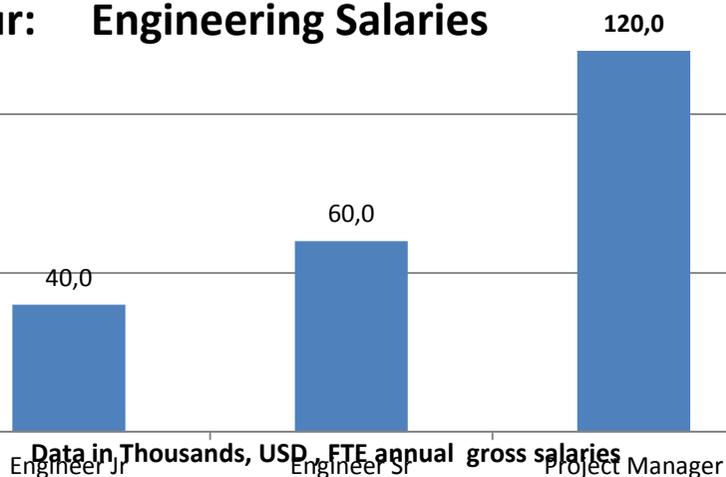
The well known Chilean mining industry would not exist without the brilliant and dedicated professionals we have. But Chilean engineers are not only related to mines, with a long tradition in heavy duty works and a proven record of seismic proof buildings they are suit to the task

Education: Engineering Graduates

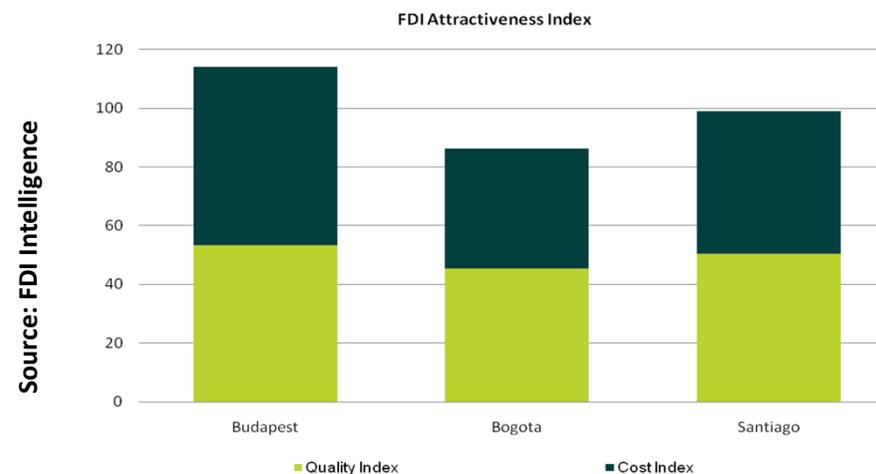


Labour: Engineering Salaries

Source: PWC report for CORFO 2010



Quality & Cost:





Sourcing that counts

LATAM hub for IT operations

Getting Spanish speaking support for Latin-American customer base, IT support for non standard critical applications. And all of these within a stable country, with trustable law and Banking related talent and competitive cost.

The Opportunity:

During their location assessment Santander got the support of a highly specialized team that walked the line with client until outcome was a certain bet.

The Solution

Santander's centre has been in operation since 2006, with over 1000 employees it is one of the biggest banking ITO centres in Chile. Since it was necessary to train most of the new employees in the Santander Core Banking Operation, CORFO assigned a one year training grant for all the new employees, to help Santander be up and running in the shortest period of time.



Business continuity from Chile

JP Morgan, Keeping up and running from Chile

The Challenge:

Business Continuity based in a global network of centres, that are fully operated by JP Morgan and require around the clock support for mission critical operations.

BUM! Financial crisis! Now do the same for half the cost.

The Opportunity:

JP Morgan is a well known brand in Chile which attracts premium professionals in a demanding environment. It is such a magnet, that professionals from Argentina and Brazil have moved to Chile for a position.

The Solution

JP Morgan's Chile BAI Centre was the first organization inside the bank allowed to increase headcount. Today the centre controls and operates systems around the globe, at a third of the cost an equivalent JP Morgan operation in the US.

Since the centre is fully operated in English, CORFO assigned a training grant for all the new employees, to help JP Morgan solve the gap in language skills.

Welcome to the first International Offshoring Forum in Chile. We are pleased to invite companies with a global attitude to visit Chile and be a part of the economic success of our country. The seminar is organized to offer valuable information regarding many opportunities that Chile offers for the development of your global delivery model. The Forum activities include visits to best performing centers in the country, as well as day trips to nearby cities. Take a glance of the trend in shared services and centers of excellence. We are waiting for you!

Business Opportunities



Shared Services



Financial Services



IT Services



Engineering Services

**InvestChile's
Offshoring Program**

InvestChile's Offshoring Program is working to promote Chile as a premium Offshore destination through the Americas and for the world. With a special emphasis on bringing technology related investment, we have been supporting companies such as Capgemini, Experian or McAfee to develop their Offshore centers in Chile.

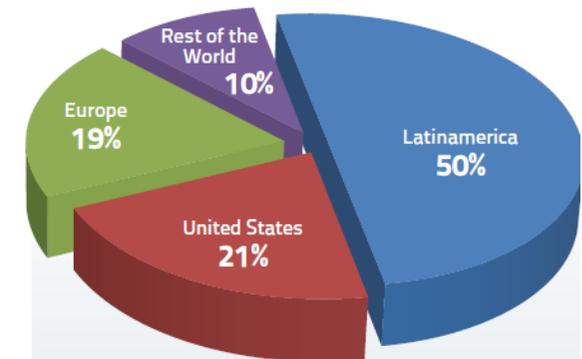
With exciting results, the Offshore industry has exported over three billion USD since 2008, making this one of the fastest growing industries in the country. By late 2010, over 30.000 workers were employed, in a valuable mixture of cultures, origins and languages. Of the 430 companies exporting services, 129 are foreign and in 2008 these companies have exported over USD 500 million

Why Do Business in Chile?

"It is a high growth industry and we are one of the largest players. Our plan is to grow to about 2,500 or 3,000 people"

Chile Country Manager, EVALUESERVE

Chile's Offshoring Exports



According to volume of exports.
Source: Offshoring Observatory 2008, IDC.

If you would like to attend to this event, InvestChile can provide a courtesy invitation:

1st Internation Offshoring Forum

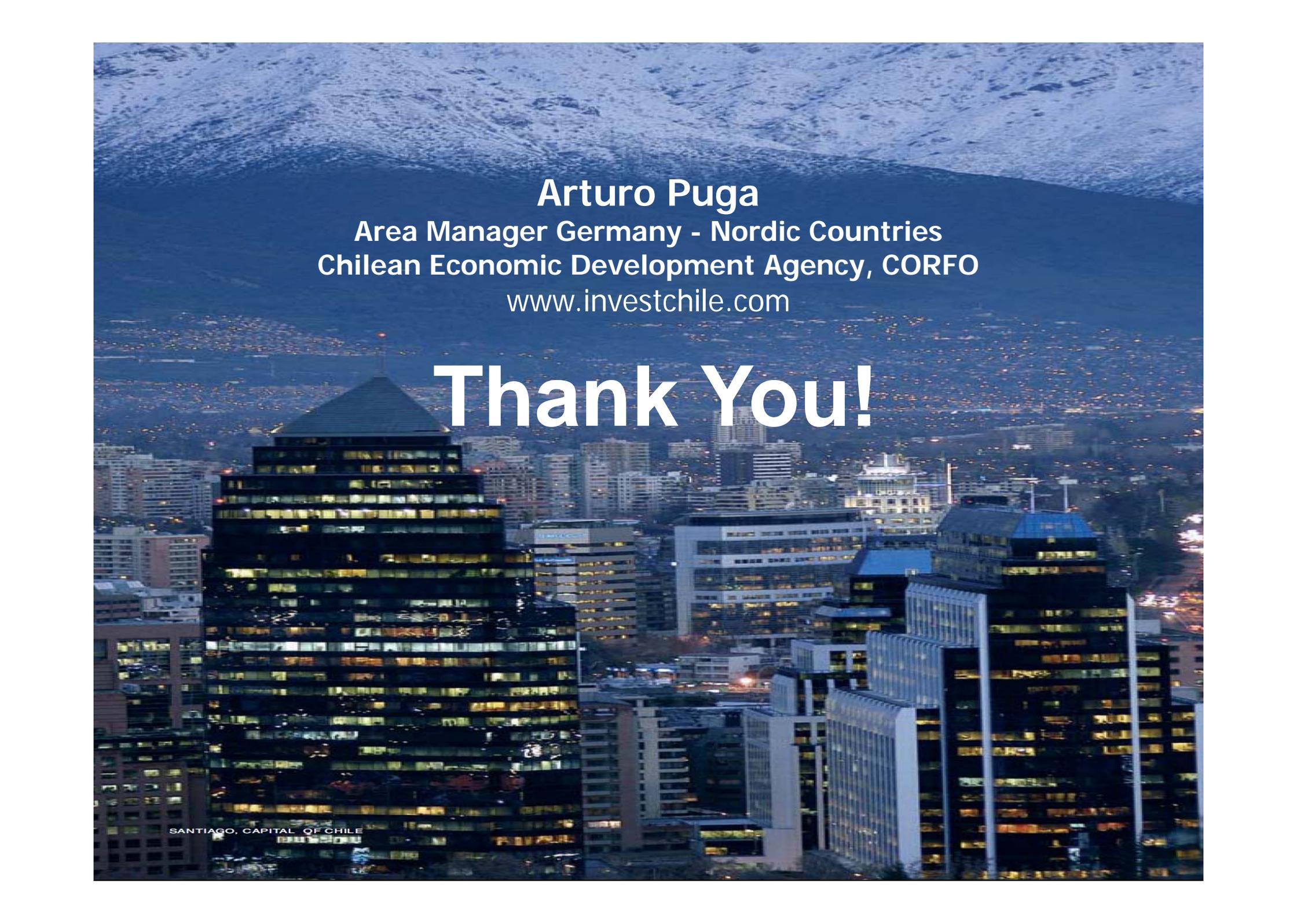
14-17th November 2011

www.investchile.com/offshoringforum

InvestChile Events 2011

Month	Date	Sector	Activity	Place
October 2011	17-20	Suppliers for Mining Industry	Suppliers for Mining Industry Forum	Santiago and Regions
November 2011	14-17	Global Services Industry (Off-Shoring)	Global Services Forum	Santiago and Regions

Date	Sector	Activity	Place
Sept. 30 - Oct. 04	Suppliers for Mining Industry	Suppliers for Mining Industry Forum	Santiago and Regions
Oct. 28 – Nov. 01	Off-Shoring	Global Services Forum	Santiago and Regions
Jun 10-14	Food Industry	Alimentaryary Forum	Santiago



Arturo Puga
Area Manager Germany - Nordic Countries
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Thank You!