
THE CARLYLE GROUP

GLOBAL PRIVATE EQUITY

The opportunity of private markets in Latin America and Peru

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September 2012



Agenda

Private Equity Market in Latin America

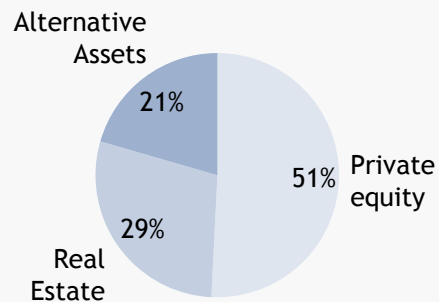
Brazilian Case

Implications to Peru

Carlyle is one of the largest and most global PE player in the world

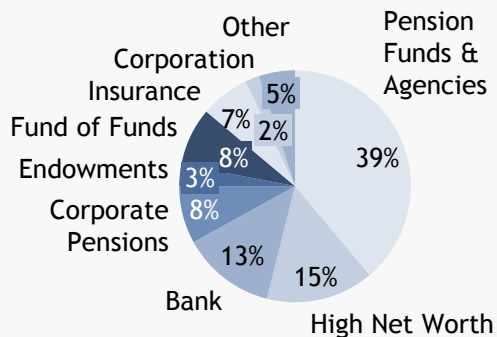
Largest AUM and broad investors base

Assets under management



- US\$147 billion of AuM*
- US\$76.0 billion invested in over 1,000 companies and real estate projects
- More than 167 active portfolio companies

Investors base



- 1,400 investors from 72 countries

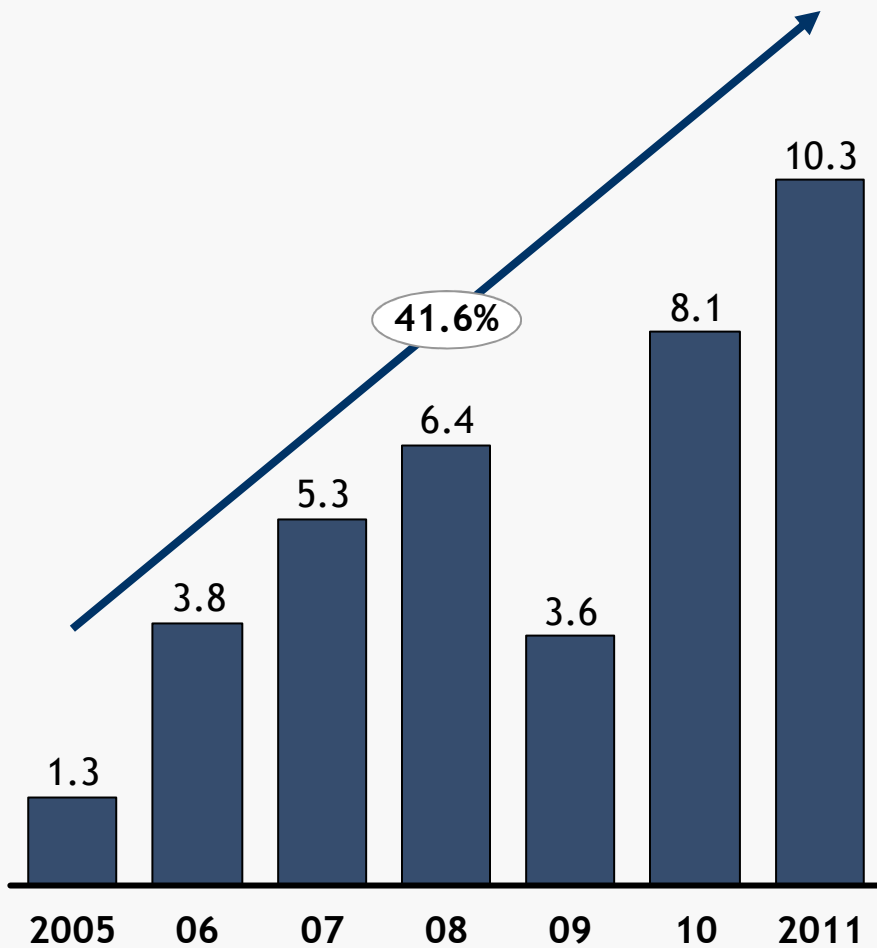
Global franchise



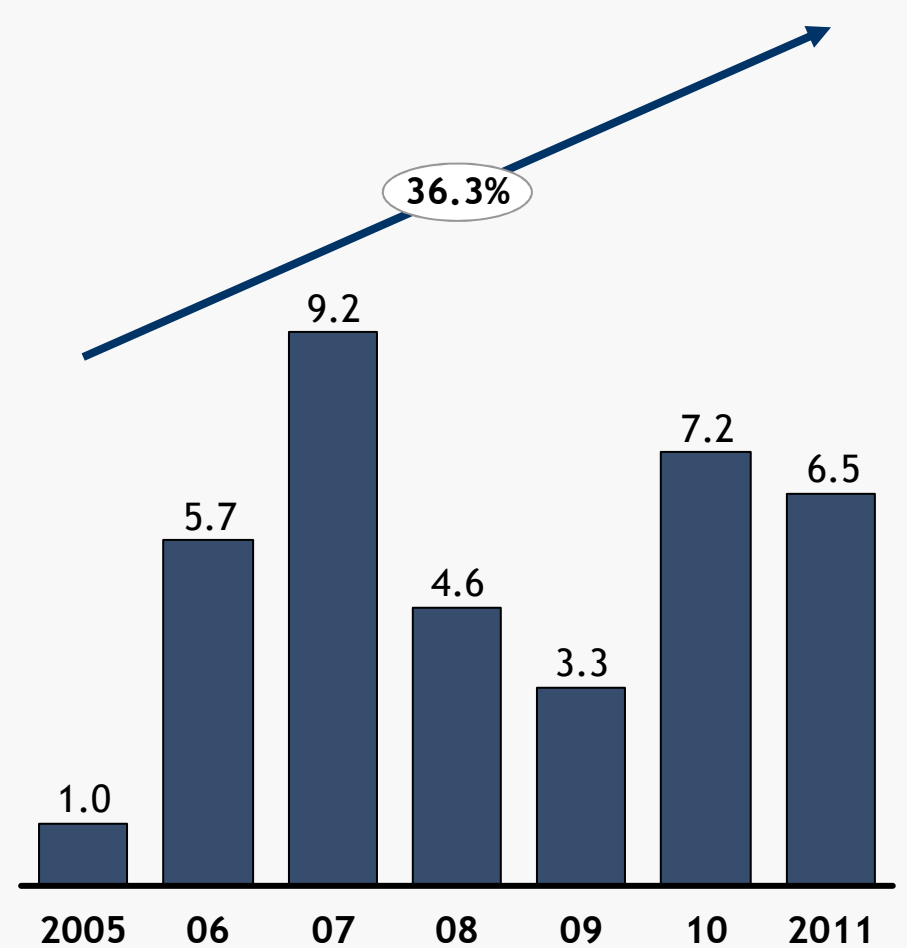
- 34 offices, 21 countries
- More than 600 investment professionals

Private Equity has clearly evolved in Latin America in the last years

Fundraising (US\$ Bi)

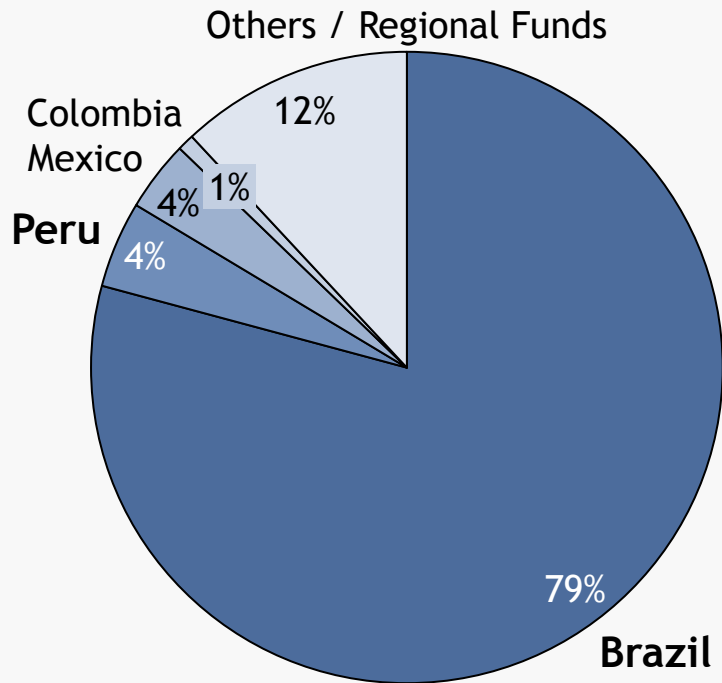


Investments (US\$ Bi)

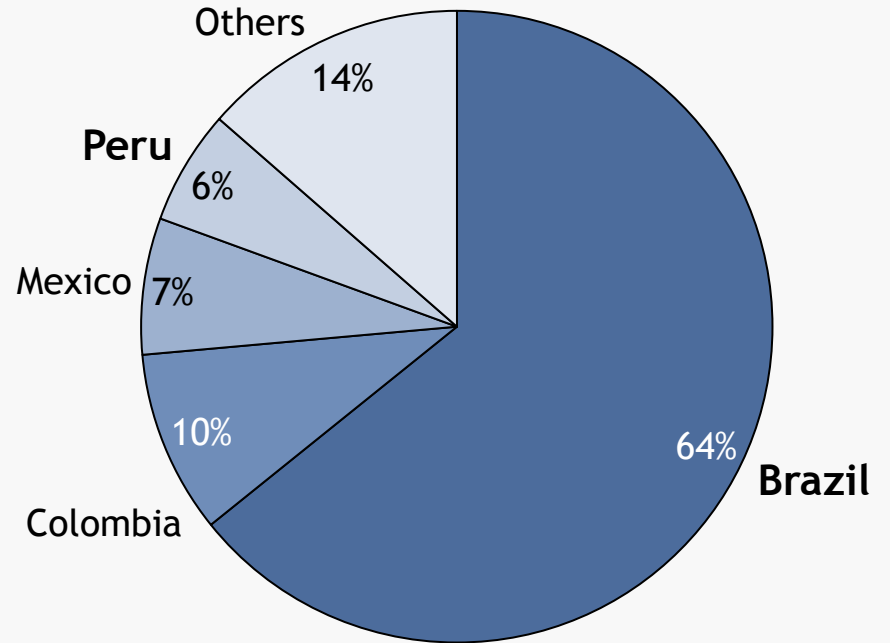


Brazil is the most representative player in the region, and accounted for 79% of the fundraising and 64% of the investments in 2011

Fundraising (US\$ Bi)



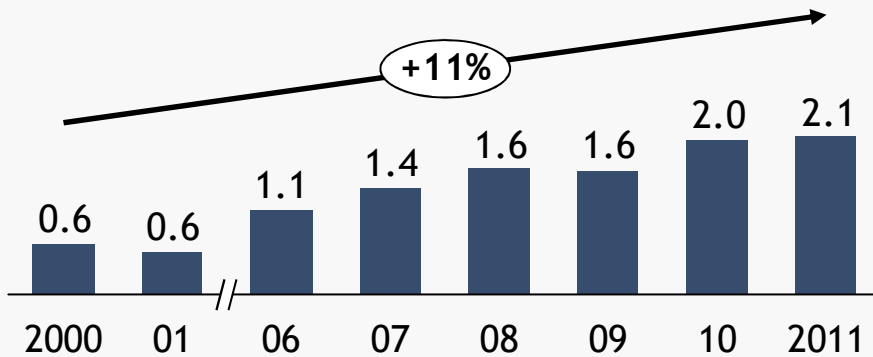
Investments (US\$ Bi)



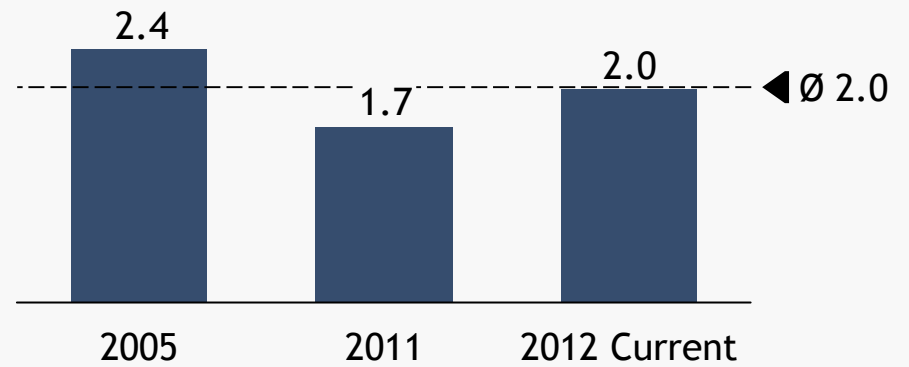
Several factors have contributed to the evolution of the PE market in Brazil

A. Economic Growth and Stability

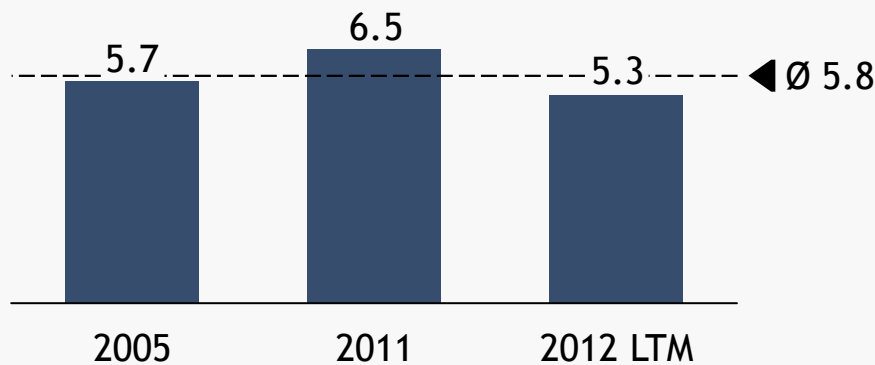
GDP (US\$ Bi / Growth CAGR in %)



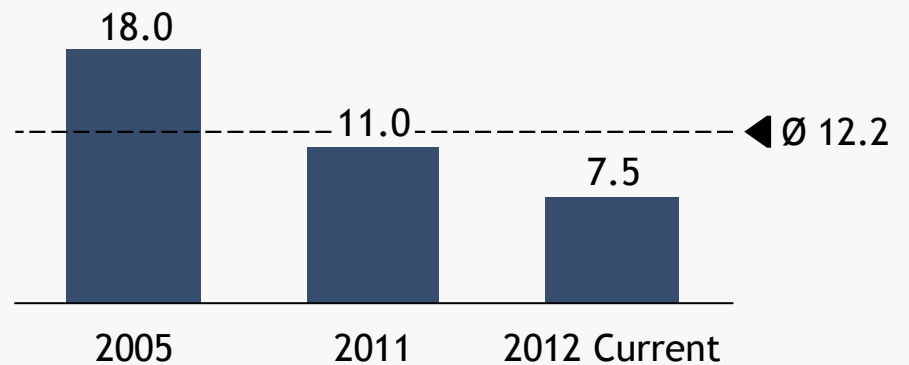
Currency (R\$ /US\$)



Inflation (%)



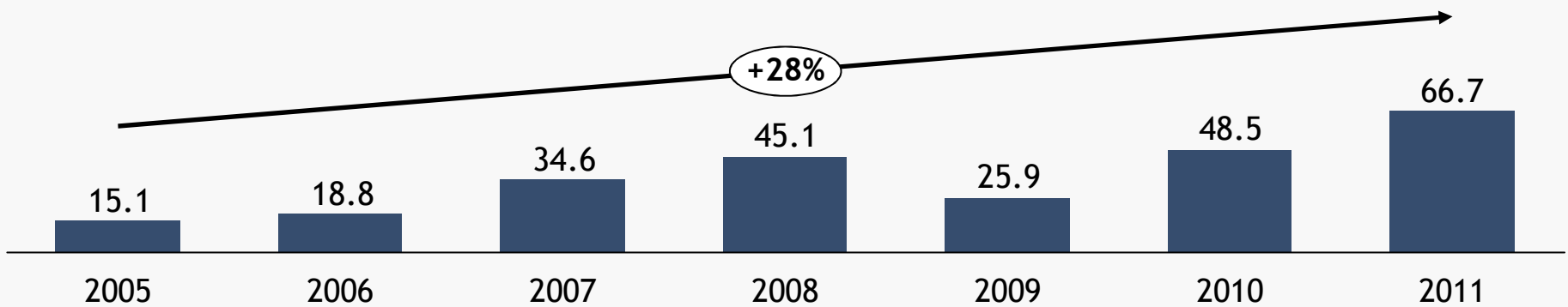
Interest Rates (%)



Several factors have contributed to the evolution of the PE market in Brazil (cont'd)

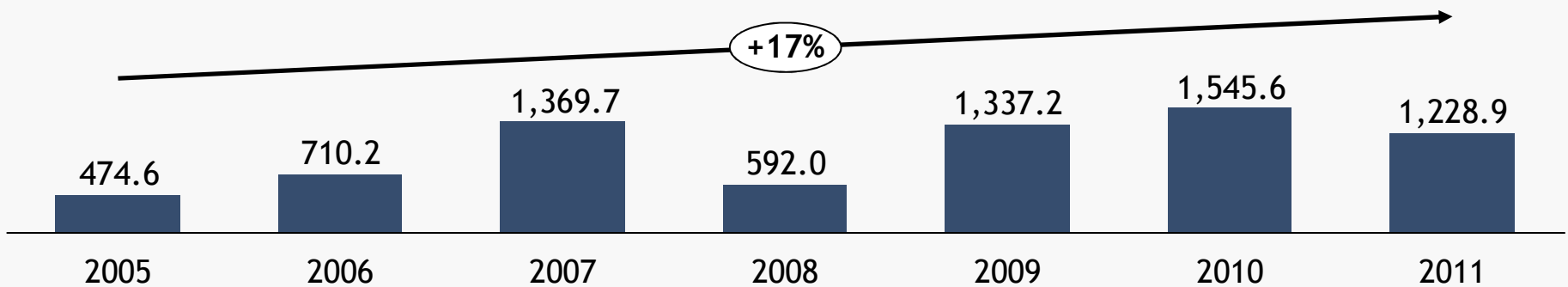
B. Attraction of Foreign Investments

FDI (US\$ Bi / Growth CAGR in %)



C. Development of Capital Markets

Bovespa Market Capitalization (US\$ Bi / Growth CAGR in %)

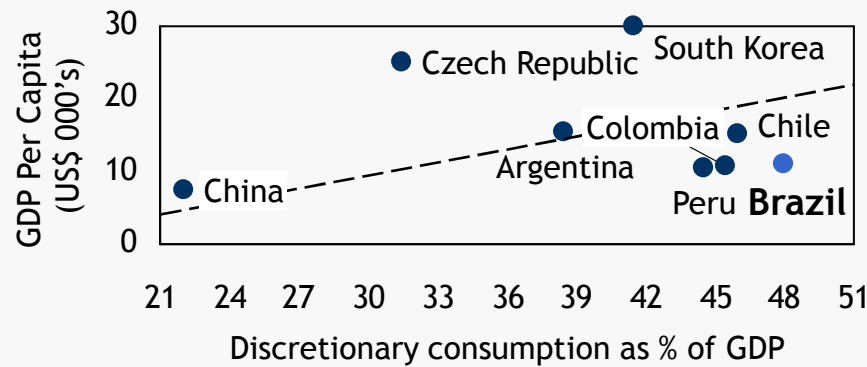


Brazilian Case

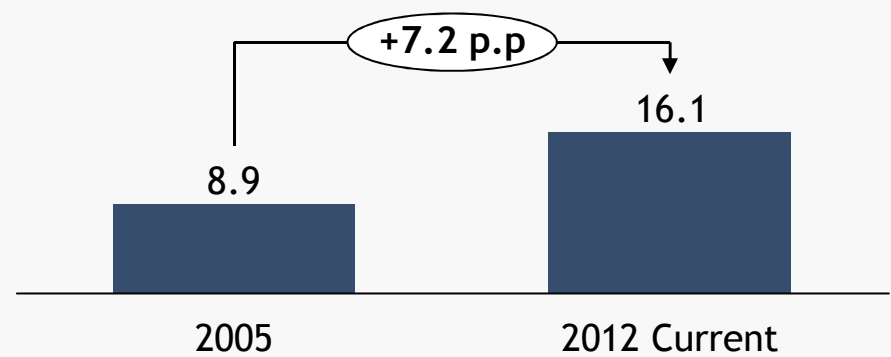
Several factors have contributed to the evolution of the PE market in Brazil (cont'd)

D. Strong Consumption Patterns

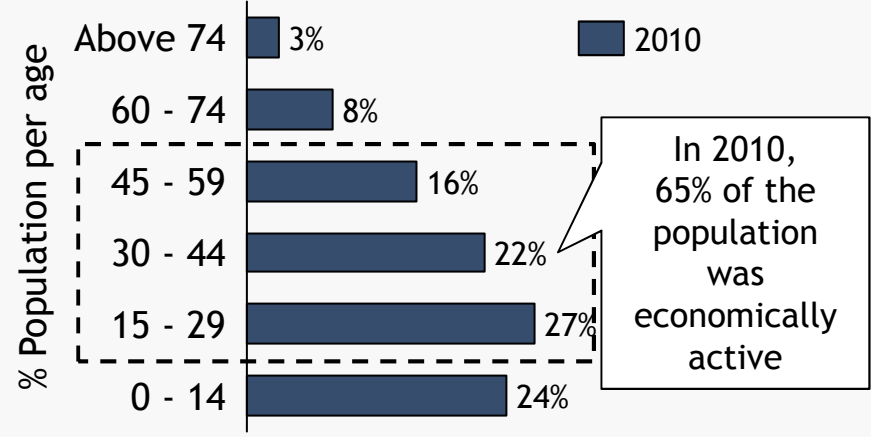
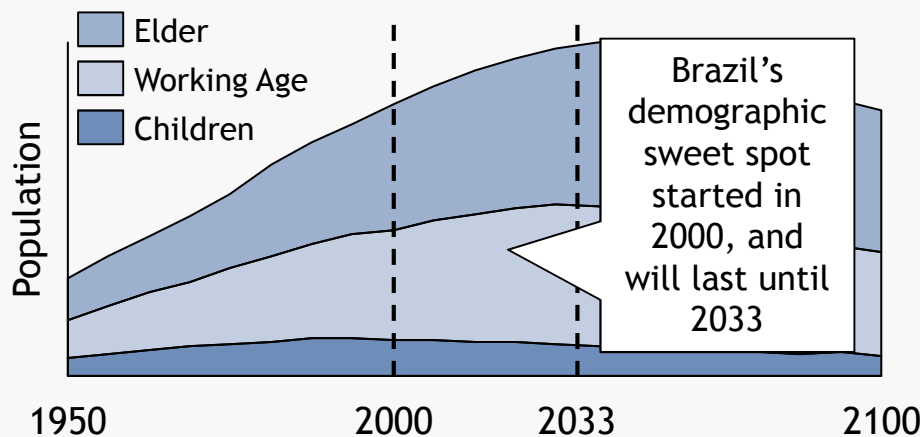
Tendency to Consume



Consumer Credit (% of GDP)



Demographic Profile (conceptual, % of Brazilian population)



Several factors have contributed to the evolution of the PE market in Brazil (cont'd)

E. Local Institutional Investors Support the Asset Class

Pension Funds

AUM (US\$ Bi)



80



30



25



8

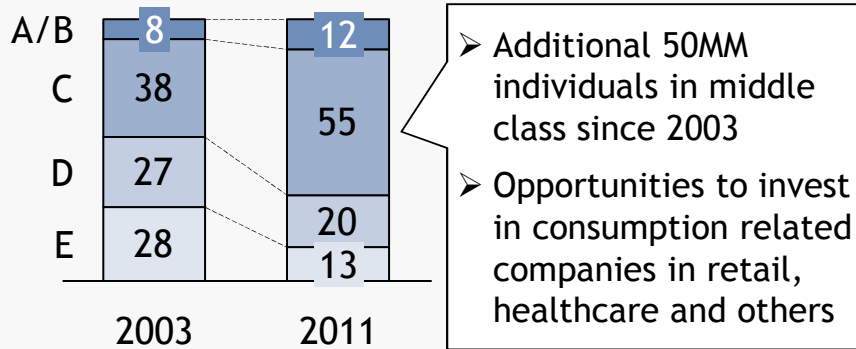
- Pension funds were great supporters of the PE Industry in Brasil
- The top 5 pension funds in Brazil currently hold an exposure of US\$ 5 Bi in illiquid assets

Brazilian Case

Main investment themes in the Brazilian market

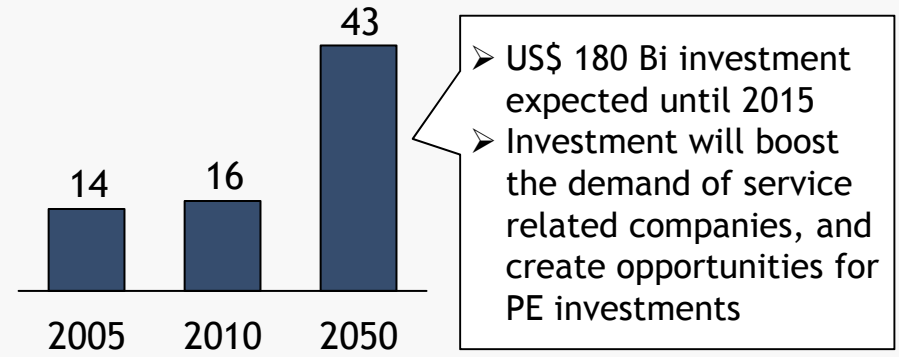
Consumption by Ascending Middle Class

Social Classes (% of total)



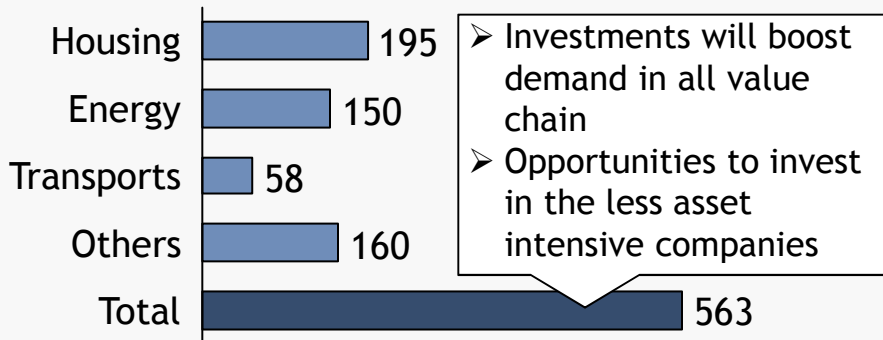
Investments in Oil & Gas

Oil Reserves (Bi barrel oil equivalent)



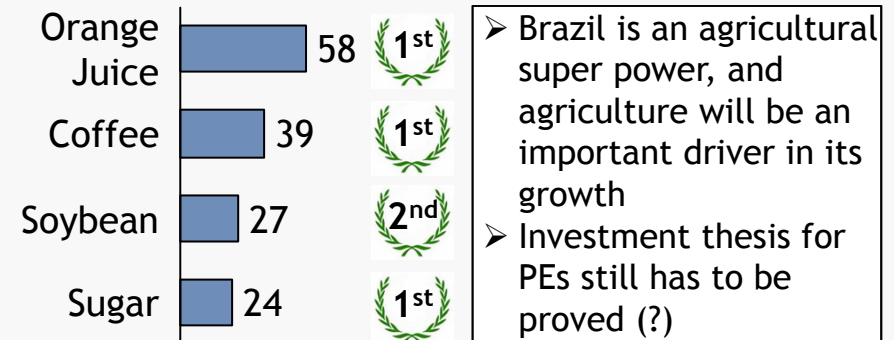
Investments in Infrastructure

Investments until 2015 (US\$ Bi)















Development of Agribusiness

Global market share (%) and position




Brazilian Case

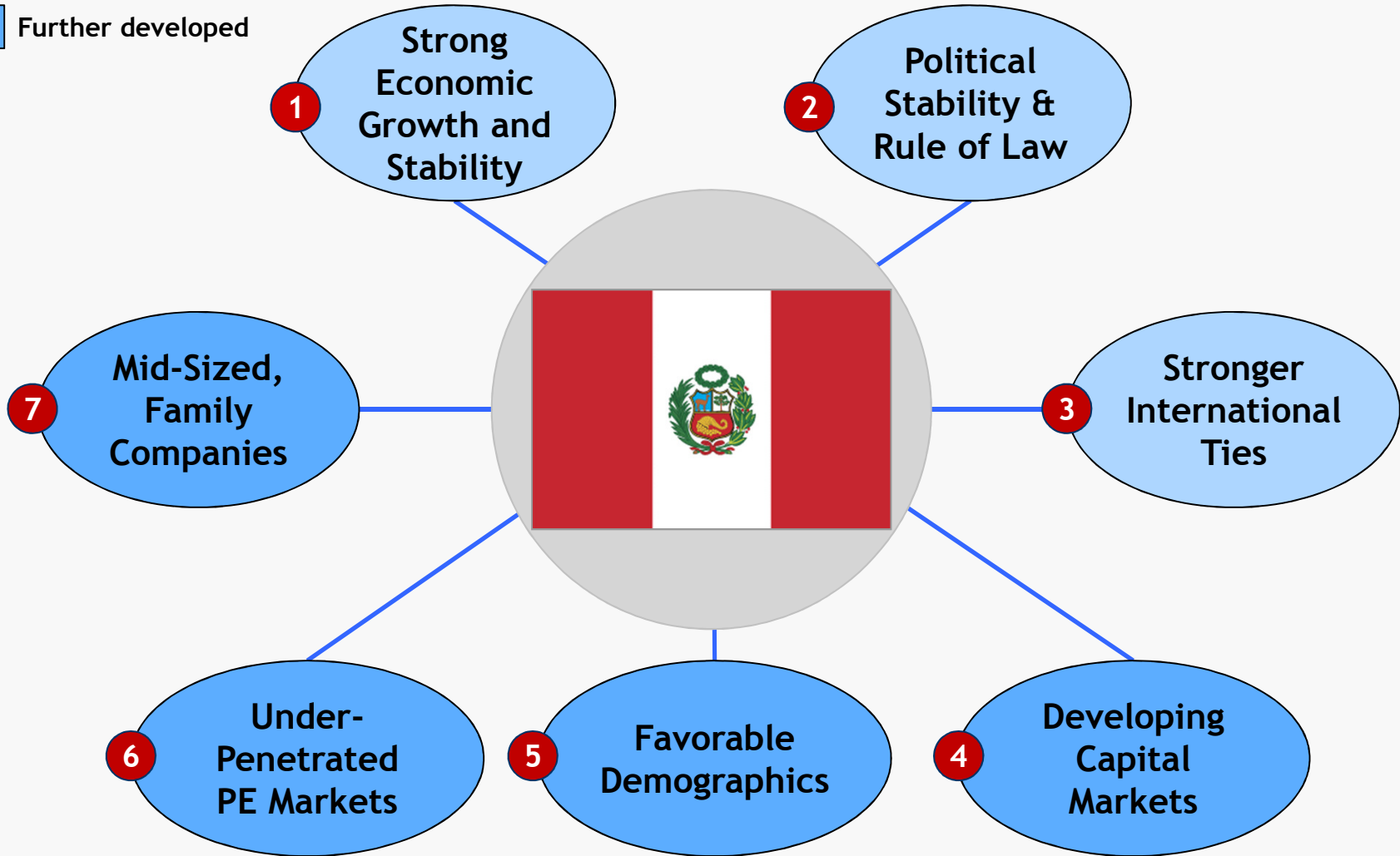
CSABF portfolio was designed to benefit from the main trends of the Brazilian market

Investment (US\$ MM)	Sector	3 yrs (09-11) Revenues CAGR (%) / Main Trends
 	<ul style="list-style-type: none"> ➤ #1 Tourism operator 	<ul style="list-style-type: none"> ➤ 36% CAGR in Revenues ➤ Travel is one of the middle class' main aspirational goods
 	<ul style="list-style-type: none"> ➤ #1 Healthcare benefits provider 	<ul style="list-style-type: none"> ➤ 49% CAGR in Revenues ➤ Benefit from under penetration of healthcare in Brazil
 	<ul style="list-style-type: none"> ➤ Leading apparel retailer and manufacturer 	<ul style="list-style-type: none"> ➤ 11% CAGR in Revenues ➤ Benefit from increase in discretionary spending
 	<ul style="list-style-type: none"> ➤ #1 Toys retailer chain 	<ul style="list-style-type: none"> ➤ 22% CAGR in Revenues ➤ Benefit of resilience, under penetration and favorable demographics of the market
 	<ul style="list-style-type: none"> ➤ Leading equipment rental company 	<ul style="list-style-type: none"> ➤ 21% CAGR in Revenues ➤ Play on the booming infrastructure sector in Brazil
 	<ul style="list-style-type: none"> ➤ #1 Specialty furniture Retailer 	<ul style="list-style-type: none"> ➤ 17% CAGR in Revenues ➤ Benefit from ascension of middle class and real estate boom

* Includes acquisition debt

Attractiveness for PE investments in Peru resembles recent developments in Brazil

 Further developed

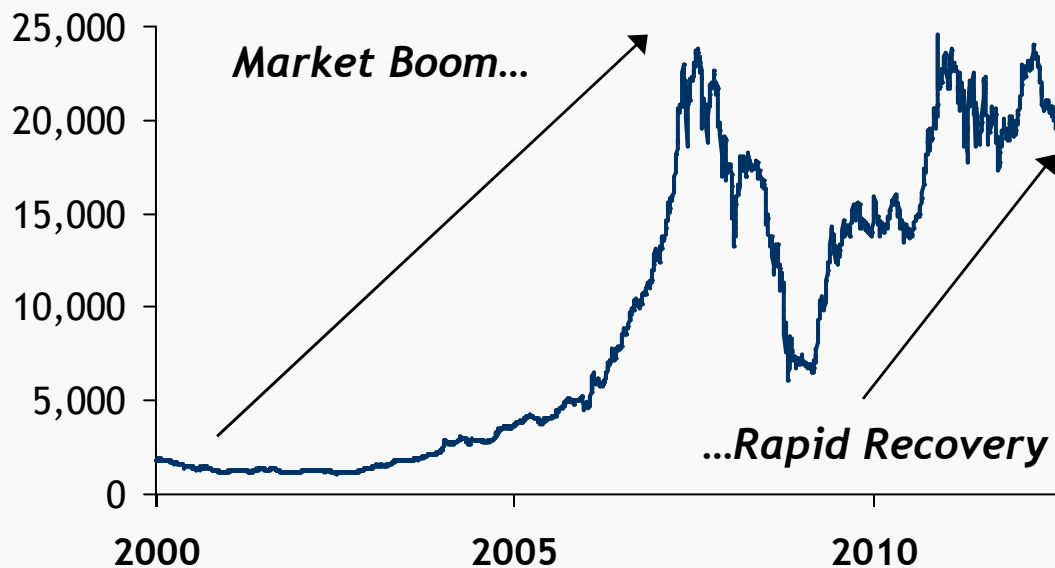


Implications for Peru

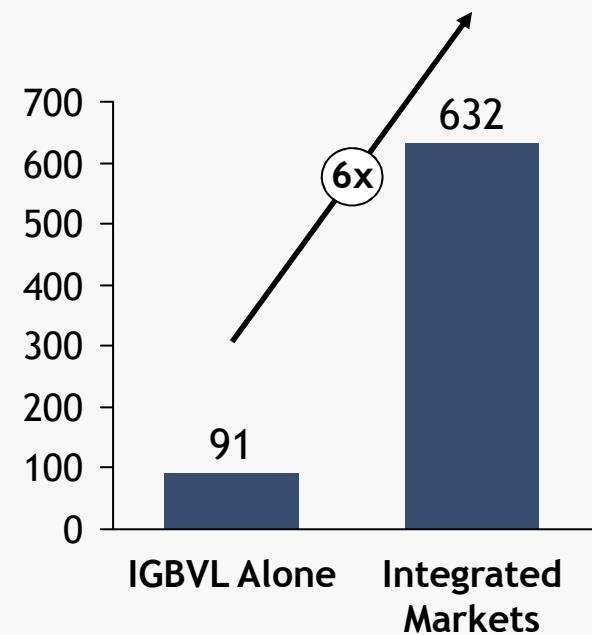
4 Peruvian stock market exchange is developing, and integration through MILA will impact liquidity

- The Peruvian stock market has regained momentum since 2008
- Ongoing market integration with Colombia & Chile will greatly improve market depth

Peru IGBVL Index Performance



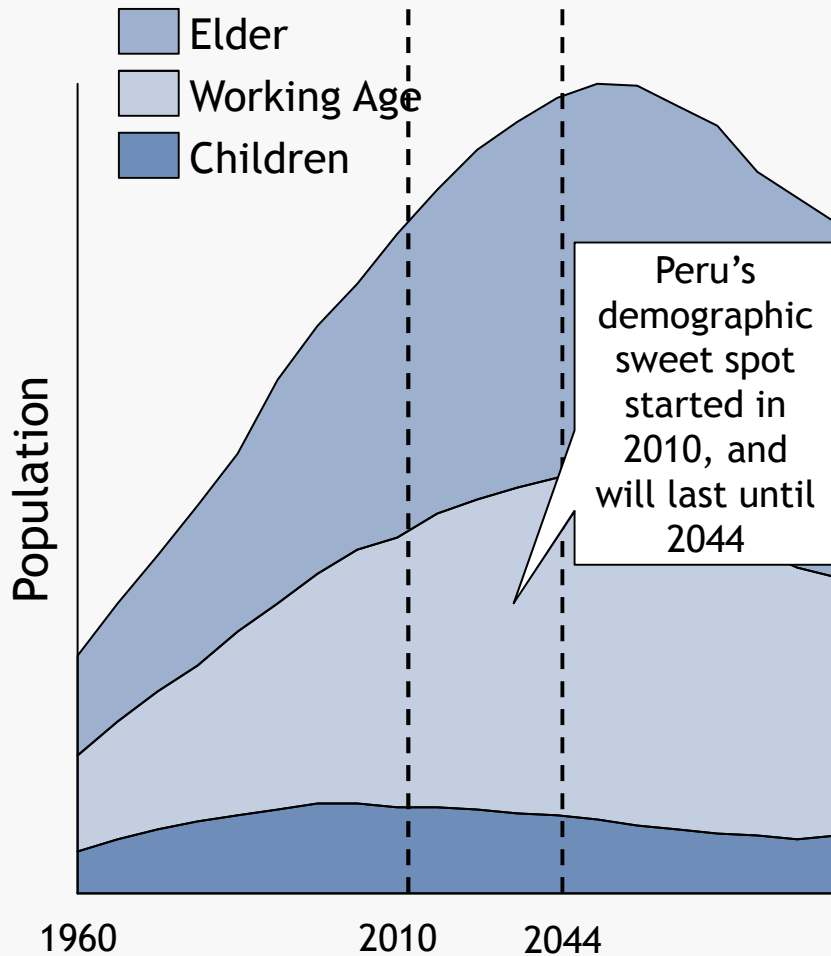
Comparative Market Cap (US\$ Bi)



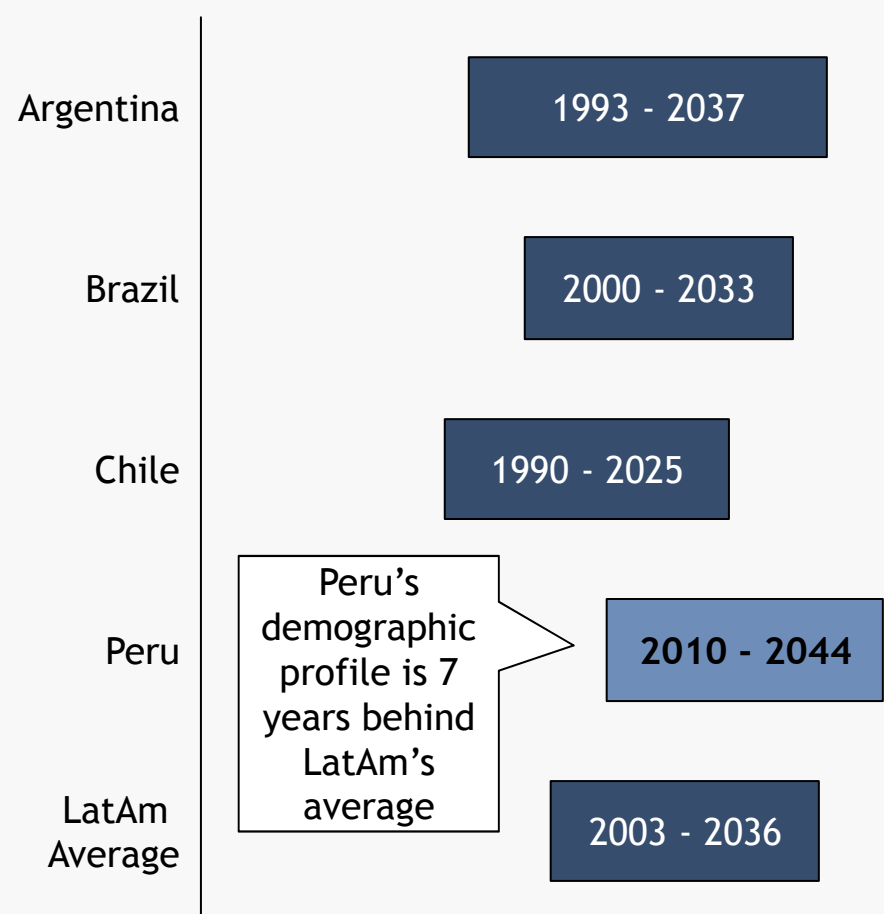
Implications for Peru

5 Peru just entered its demographic sweet spot, which will bring structural changes to its consumption trends

Demographic Profile



Positioning vs. Latin America



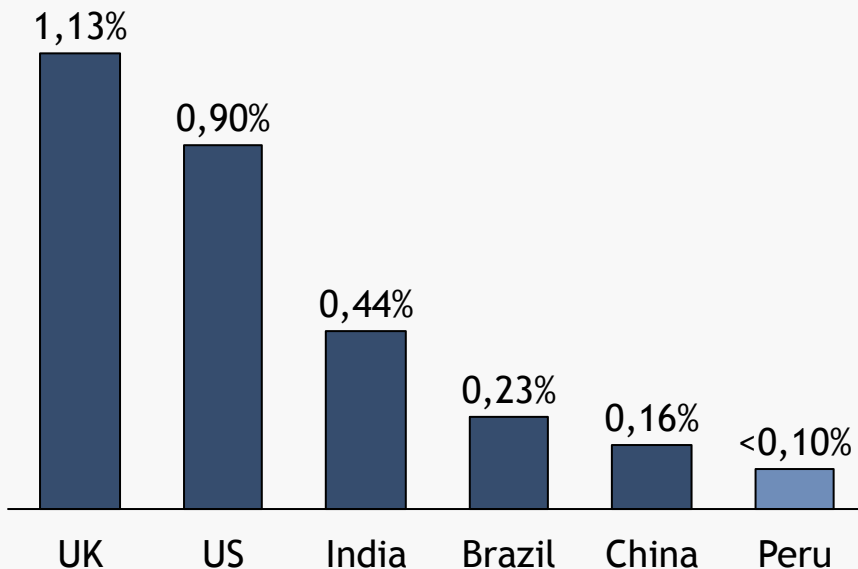
Implications for Peru

6/7 Private Equity market is underpenetrated when compared to other countries, and family companies play a key role in the economy

Market Penetration

- Underpenetrated market for PE
- Significant capacity for future pension fund commitments

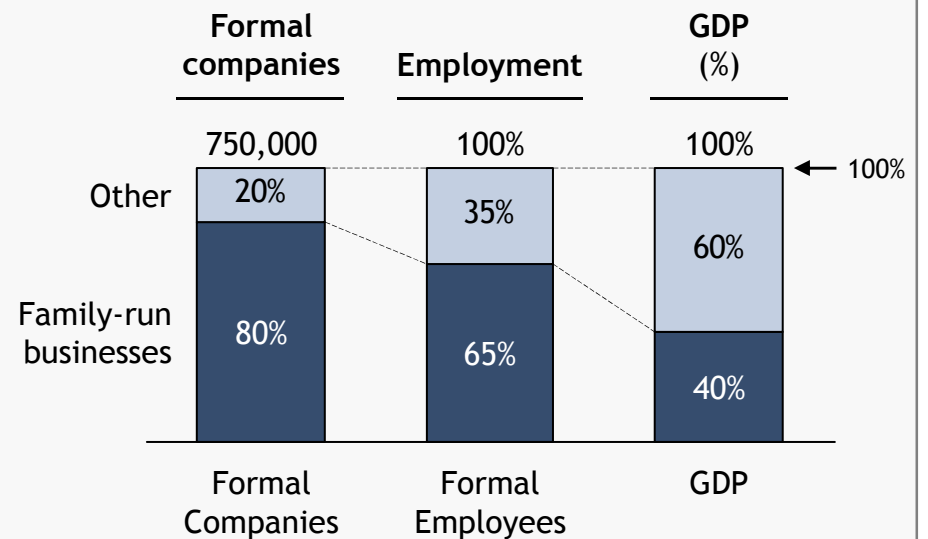
PE Penetration (PE Investments / GDP, 2010)



Relevance of Family Businesses

- Many of Peru’s domestic industries are populated by small / medium-sized, family-owned companies
- Unique opportunities for growth oriented investments

Importance of Family Businesses to Peru’s Economy (2010)



Implications for Peru

Main investment themes in the Peruvian market

Consumption by Ascending Middle Class

Social Classes (MM of individuals)

A/B	17	23
C	29	33
D	35	30
E	19	14
	2004	2010

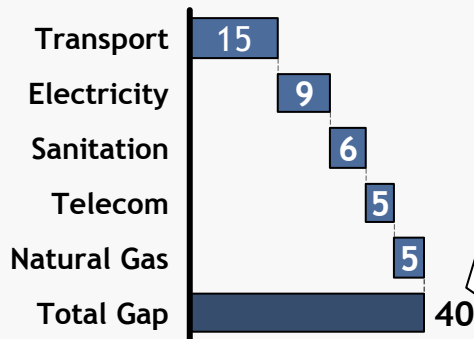
- Additional 4MM individuals in middle class since 2004
- Opportunities to invest in consumption related companies in education, healthcare and others

Investments in Mining

- Peru is one of the leading mining economies of the world
- There are currently 45 active mining projects in Peru, with US\$ 50.7 Bi of planned investments
- Services for mining operations will present interesting investment opportunities
 - Logistics, machinery, technical support and others

Investments in Infrastructure

Infrastructure Gap (US\$)



- Infrastructure gap estimated in US\$ 40 Bi
- Investments will increase demand and create opportunities for PEs in services related companies

Development of Agribusiness

- Opportunities for consolidation across the forest value chain and for business expansion
- Investments in high value crops with consolidated demand from China, US, and Europe
 - Grapes, mango, avocado, asparagus, cacao, coffee, organic/certificated products

Conclusions

- Private Equity market faced a strong development in Latin America in the last years
- Brasil is currently one of the major destinations in the region due to its strong macro-economic performance and consumption perspectives
- Peru has become one of the most attractive economies of the region, and has many similarities to the Brazilian story
 - Strong macroeconomic and consumption perspectives
 - Private equity, as an asset class, is underpenetrated
 - Less competition than mature markets
- Carlyle believes it is the right time to invest in Peru, and is the only major global player with local presence