

Moderator: Rebecca Moudry
September 19, 2016
1:00 pm ET

Coordinator: Thank you for standing by. At this time your lines have been placed on listen-only until we open for questions and answers. To ask a question you may press Star 1 on your touch-tone phone. Please be advised today's conference is being recorded. If you have any objections you may disconnect at this time. I would now like to turn the conference over to Ms. Rebecca Moudry. Please go ahead.

Rebecca Moudry: Hi. Thank you so much (Laura) and welcome everyone to our call this afternoon on SelectUSA Brazil Roadshow. My name again is Rebecca Moudry. I'm based here in SelectUSA in Washington DC and I'm joined by my colleague in São Paulo, Brazil Andre Leal.

I'm going to give a couple of brief opening remarks and some background. And then I'm going to turn it over to Andre. I hope that all of you have the presentation in front of you. If you didn't receive the presentation and you don't have it open you can email me and I'll try to send it over to you ASAP. My email is Rebecca -- R-E-B-E-C-C-A.moudry -- M like Mary, O-U, D like David, R-Y@trade.gov.

So moving on to Slide 2 really quick the dates and locations of the 2016 Brazil Roadshow are listed here. It's going to be December 5 through the

ninth to São Paulo, Curitiba, and Porto Alegre. This is going to be the second Brazil Roadshow building off 2015. In 2014 there was a stop in Brazil on the South America Roadshow. So we have some great experience and Andre is going to go through in more detail kind of what happened in 2015 as well as the specifics on the logistics for each one of these locations.

On Slide 3 we're going to go through the agenda. So we've done the intro. Andre is going to talk a little bit about the Brazil market as well as the details of each location and we'll open it up for Q&A. I did want to mention that this is a call directed at US economic development organizations. If you (unintelligible) as a service provider or a Brazilian firm feel free to listen I think the information will be useful but we do have separate information about registration and participation options for you. And Andre Leal will be your best point of contact to gather more information.

So moving on to Slide 5, a little bit about SelectUSA for background so we are the federal program to facilitate investment in the United States and promote the United States around the world. Our primary clients are companies and US economic development organizations. And we provide a set of services directly at these two client base. We are located in the US Department of Commerce and the International Trade Administration within that. We have - we're based here in DC but we're represented through our commercial service offices around the world and also in the United States.

Moving on to the next slide, this is Slide 6 now the roadshow goals. So why do we put these on? We have a great opportunity to take advantage of growing markets and strong markets in the United States sorry around the world to promote the United States. And we really want to provide the opportunity to US economic development organizations to meet potential investors to promote your own location. The roadshows are organized as a series of

seminars in different cities in a market or in a series of markets. We bring the partners together. We bring the clients together. We promote the United States. And we offer the platform to US economic development organizations to promote your own location.

And with that I'm going to - on Slide 7 you can see a little bit about my colleague Andre Leal. He joined SelectUSA over a year ago has a lot of great experience in FDI attraction, and national promotion and had been a huge asset to our team. He led the Brazil Roadshow last year and did a phenomenal job. And we're looking forward to a very, very successful event this year in 2016. So with that Andre I'll turn it over to you.

Andre Leal: Thank you Rebecca. Thank you all for joining us today for this call. It's really a pleasure to talk again about the Brazil market and how can we better assist your economic development organization in promoting our unique (unintelligible) the Brazil market.

So on Slide 9 where it says Brazil at a Glance I would like to talk briefly about the Brazil market. So first thing that we have to bear in mind is that Brazil is as big as the US continental territory so you're talking about a continental country with a large dimension and a very diversified industrial park and a segmentation of its GDP.

So Brazil as I said is the fifth largest world economy in the world. These numbers are, you know, moving from fifth to sixth, seven to sometimes eight. But Brazil is within the top ten major economies in the world. Right now Brazil faces an economic downturn so currently the Brazilian GDP downsized almost 4% based on the 2014 GDP and that's a concern for the local markets and the domestic market. But for internationalization of companies and

expansion global - globally we see that there is a huge increase of companies willing to do business abroad.

And why these companies are willing to do business abroad? So when you start considering the development of business in Brazil the openness of companies their own outreach in global market these companies they are actually very new to globalization. These companies start doing business abroad in the early 90s and evolved from that point. And now they are really considering to open subsidiaries abroad, to consolidate the operations and of course grow from that point onward.

So Brazilian companies for over five years they are putting a lot of effort to start understanding how they can bring FDI to other markets and also support their local operations. And that's a movement that had been very supportive not only by ourselves by other, you know, agencies trying to attract FDI but also by the Brazilian government itself.

So we work closely with Apex-Brazil for those of you that are not familiar with Apex they are the trading and investment promotion agency from the Brazilian government. We work together with Apex because Apex itself see that there is a huge potential for Brazilian companies to invest in the US market and not only do business in the US market but from the US start operating globally all their subsidiaries throughout the world.

So that's the scenario for internationalization. Of course the Brazilian GDP composition as it said here it's very diversified. So the industry represents almost 1/4 of what comes out of Brazil. And that's what we are trying to outreach throughout this roadshow.

So just to give a sense when you take a look at this map or if you go back to Slide Number 3 where you had the bigger map you see that São Paulo, Curitiba and Porto Alegre they are located in the South part of Brazil very close to Argentina, Uruguay and Paraguay so why we're going back to these regions because and São Paulo, Curitiba and Porto Alegre is where you find the major clusters for manufacturing and advanced manufacturing in Brazil.

So if you start thinking where, you know, is (unintelligible) located in Brazil its nearby São Paulo. If you think about Positivo which is a major hardware IT hardware maker in Brazil they are located around Curitiba. If you think about Tramontina which makes silverware in the US as well a Brazilian company that makes silverware in the US they are around Porto Alegre, Garibaldi tool maker they around Porto Alegre. So these are the areas in the country where you have the well-developed sectors for advanced manufacturing but also the places where you see innovation growing up in these markets here.

So the majority of IT start off in Brazil, the major innovative companies in the country they are coming out of universities, tech parks within these areas. So just to give a sense of what's going on. And of course as you talk about Brazil there is a lot of concerns and doubts about what's going on in the political scenario. So right now we have a new president which was - which took office basically a month ago. And now they're implementing a series of measures to create more stability for the business sector to develop business in here so there's a lot of discussions around new measures that the government will take place to facilitate doing business in this market. But (unintelligible) both apex and also the ministry for Commerce in Brazil to expand operations of Brazilian companies abroad is still the same. So they are putting all lot of (unintelligible) support to Brazilian companies both to export and also to invest abroad.

Going through data about FDI from Brazil into the US, Brazil represents one of the top 15 countries that are, you know, quickly increasing their investments in the US. Brazil has a very significant position in terms of, you know, stock if stock already invested in the US market. So just to give a sense Brazil has a total of almost let's say \$23 billion in the US which is twice the size of China and India. So Brazil is very, you know, way ahead of the curve when you start comparing to other emerging markets.

It's the major source of FDI from the South America. And most importantly Brazilian companies are in the US generating jobs, high qualified jobs and also exporting from the US market that's a very important point. So Brazilian companies they are really interesting to the US market because they will receive a premium mark on their products. So they are really looking forward to that in the US market to become a premium company.

One of the major examples that it has is JBS which invested in the US pork and swine and poultry market to acquire the necessary marks to enter the European market. So they couldn't export from Brazil to the European market but now they can through the US subsidiary. So there's a lot of a number of Brazilian companies which are not just looking for the domestic market in the US but also to service and to improve their products in the US markets to service other countries. So it's a very significant investment that they are doing in the US market.

Following that on Slide Number 11 where it says, Announced Investment Approaches from Brazil. You can have a sense of what sort of investment where the investments are going to the US and other countries when it comes out of the states that will be visiting throughout this roadshow. But most importantly we had to consider that investment from Brazil they range from A to Z what do I mean by that?

So we have startup companies like (Udimedico) invest in the state of Texas. So it's a startup company dealing with treating (unintelligible) that invests in the state of Texas to improve their products. We have companies dealing with the smart grid which are small companies investing in other states. We have major companies from Brazil like (Brodcaim) investing in the state of Pennsylvania.

We have companies like Eurofarma which is a pharmaceutical company major pharmaceutical company in the market here investing in the state of Minnesota. So investments from Brazil they range from very small companies, they range from service, they range from advanced manufacturing up to multinationals investing in several different sectors.

So it's pretty diverse. And it's all across the board down here. So investments are coming out not only from São Paulo but also from other states. But what we are trying to present here when they see that we are going to the state of Paraná where Curitiba sits, São Paulo and Rio Grande (unintelligible) is that we are trying to outreach the major states that invest in the US market. So if you consider just these three names here we are talking more than 60% of the Brazilian investment going to the US market. These states are the main sources of investments in the US market coming out of Brazil.

And Slide Number 12 we can see where these investments go. So as I mentioned Brazilian companies invest in the US market they are investing all over the place. So of course Florida is one of the major markets for ourselves here. There is a huge link with the state of Florida.

Brazil also plays a significant role in that support coming out of the state of Florida but not only Florida we see a lot of investments going through all

different states here. So we had North Carolina, we had cases was South Carolina, Maryland, New York, California so all over the places you can find Brazilian companies. So if you go out to Alabama for example you can find Fras-le which is a breaking pad manufacture (unintelligible) in the US market and not only servicing only the truck manufacturers but also exports their goods to other countries like Canada and Mexico for example.

If you go to Georgia we have a very well-known Brazilian IT company Stefanini (unintelligible) which will generate more than 400 jobs. If you go to New York you have the main financial institutions established there. So there are Brazilian companies all over the place in the US market. And these companies they are open for business in all sectors in all states because they really want to facilitate the entry in a new market and also to understand how can they better benefit from doing business in a very competitive country to prove their facility in the Brazilian market? So when you come to Brazil firstly you come across with companies that are suitable for your region and that a great ad for any deals that are considering attracting investments from South America.

Here just to give a sense in the next slide announced investment project for Brazil by industry sector. So you can see that it's pretty diversified as I mentioned but IT is still plays a significant role in that front. Just to give a sense in the previous editions of the roadshows in Brazil we outreach more than 500 companies. I'm not talking about call techs you have more than 500 call techs in each of these roadshows but in terms of company's individual companies that do not repeat we had more than 500 companies attending the event.

Twenty-four percent of those companies they were IT companies. Second sector customer good so if you are used to Tramontina we have a lot of

companies that are similar to Tramontina that are willing to do business in the US. And third sector metal mechanics, electronics, automation and control.

So those are the main areas coming from Brazil. And they are basically the same ones as we find here in this spreadsheet with sectors, you know, divide of my projects announced. But of course if your state, if your region, if your city is looking for a different sector we had companies attending our roadshows from the shipbuilding industry, from the automotive, from the renewable energy, mining, iron, gas and others. So it's pretty diversified. And certainly there will be a stopover in Brazil during the roadshow that will facilitate introductions with companies that have what you are looking for down here.

So just to give a sense in the Slide Number 14 if I'm not wrong you'll find two examples here from JBS and Garibaldi which are the main companies for Brazil invest in the US but apart from those of course we have Embraer, we have others, we have Sabo which is an auto part manufacture. So you have a significant amount of Brazilian companies already investing in the US.

And the best part of this is that the Brazilian companies they are trying to bring their Brazilian suppliers the US market. So if we look here and figure it out it's not Gerdau (unintelligible). You are going to the state of (unintelligible) because the suppliers from Gerdau are being asked to invest in the US market now.

And (unintelligible) has already invested a lot in the state of Florida. They have some other small facilities within the country but now they are trying to bring their Brazilian suppliers to invest in the US market. So there is a huge potential not only work with the major players but also with their major suppliers in this market here. Companies that sometimes we are not used to

they are not so famous as these one but companies that have a few projects who entered the US market as well.

And then talking about the Brazil Roadshow, for the Brazil Roadshow just to give you some background is build up on our expertise and experience from the South American Roadshow in 2014 and the Brazil Roadshow in 2015. What we try to do at these roadshows? We try to bring to the table information so that we can help Brazilian companies understand what is needed from them to invest in the US market.

We try to bring networking. So we try to match both EDOs, their interests, and also the interest of the Brazilian audience trying to present to the Brazilian audience what are the best opportunities for them to invest in the US market and who will be helpful to help them in this role? So basically we try to service our clients both the US clients as EDOs and both the Brazilian clients as companies bringing to the table what is needed for both sides.

So the roadshow happens in a format where we have half day seminars, networking opportunities and promotion in marketing opportunities for the EDOs itself. We try to bring it during the half-day seminar information that we come across every single day from Brazilian companies asking us how to invest in the US market, what are the benefits and, et cetera, so all sort of questions that are gathered throughout the year we try to bring together experts that will help us to address those questions. Will help us to form the Brazilian companies what they need to do.

And when I mean what they need to do it's very important that we are talking about two countries that have very different ways of doing business. So for example some EDO might come across a Brazilian company a decision maker from a Brazilian company that doesn't have a business plan and for an

American that's something that freaks the person out. For the Brazilian business it's the way around. So the business planning freaks the person out.

So we bring these experts together so that we can inform, we can help them understand what they need to do and also who will help them out to make it work. For the EDOs will help you well to understand how the Brazilian market works and what is expected from a Brazilian company when you reach out to one of them and you talk to one of them. So this update seminars we bring experts and EDOs together to present the main aspects of the doing business in the US.

We have panels during this half day seminars in each of the cities where not only the experts but we've also invited EDOs to come on stage to talk about certain aspects of doing business in the US market. For those of you have attended the summit, the summit is the role model for this roadshow. And we try to make it very similar when we s discussions.

Going ahead for Slide Number 17 where it says 2015 Brazil Roadshow. So just to give a sense of what we did last year during the 2015 Roadshow we had stopovers in the cities of Rio de Janeiro, São Paulo and Belo Horizonte. So those are cities which are within the major cities in terms of population but also have a very interesting industrial park so we should talk about Rio.

Rio is very strong in oil and gas but not only oil and gas but biotech as well. São Paulo is very diversified. So you have all sorts of industries within the state of São Paulo. And it's our major stopover. So just to give a sense in Rio last year we had more than 140 attendees in our half day seminar and if São Paulo has had almost 260 people attending the seminar here. In Belo Horizonte it was very similar to Rio.

So as I mentioned we had the half day seminar where, you know, we present information. We bring the main aspects to the table. Decision makers from Brazil they really understand what they need to do. And in the following the half day seminar we have opportunities for networking during lunch sessions, brunch session sometimes. But most importantly we have them prearranged matchmaking sessions for EDOs with Brazilian companies. And that's the most important part of it.

We put a lot of thought to qualify the audience for our events. So when we start these calls to promote the roadshow and then we follow this call with individual calls we really want to understand what your region is trying to achieve in this market. We really want to understand what are your goals in the Brazilian market because based on that we'll start recruiting companies - inviting Brazilian companies to come to our event. It's not just a room full of people it's a room full of qualified people. It's a room qualified - with qualified companies willing to invest in the US.

So based on that qualification we have a good match of who should be meeting with who. So bring the matchmaking session based on your interest, the interest of your region, your state, your city and based on the interest of Brazilian companies we try to match our company you're - the companies and EDOs so that it can benefit of meeting with someone that is really a potential prospect in your area.

And that's the most important part of it. So each EDO last year they had an average amount of 12 to 14 in Rio and Belo it's large for meeting during the matchmaking session. That number can go a bit higher in São Paulo because as I said São Paulo is stopover is considerably larger than the others. It's easier just to make, you know, even better for EDOs we will be opening some

additional slots so that you'll know your number of meetings at least in São Paulo can go up to, you know, more than 20 meeting in one single day.

Those are, you know, (unintelligible) softcore it's the first introduction companies and EDOs have the chance to briefly meet and start discussions towards, you know, facilitating investments in the US. But it's a qualified session. So you can really outreach to qualified companies in one single, you know, stop, you know, so it's a boutique it's a one stop shop.

Following three slide oh sorry following three slides Number 18 I would like to talk about an itinerary for this year. So the roadshow will start on December 5. We'll have a late afternoon and welcome session briefing session basically where I bring to the table the main topics that you need to be aware before going out to Brazilian companies.

The way that we should address some questions and what questions should you be getting back from Brazilian companies? So Brazilians are very particular market. During our roadshows more than 80% of the attendees are CEOs and presidents of groups even though if it's a small company or a multinational that's the regular audience that with gather during our event.

Even though we are talking about presidents and CEOs sometimes they do not have in the back of their minds the major - the best questions for the EDOs. It doesn't necessarily mean that these guys are not suitable they are not ready to invest in the US market but sometimes they have a team behind them working together to put that to put it a best plan to invest in the US market.

So during the session on December 5 which is a Monday I'll be talking to you about the cultural aspects of dealing with Brazilian company and how should we approach them and what they will be coming up to us with questions. On

the evening of that day so December 5 we'll have a (unintelligible) executive's reception here in São Paulo.

So in São Paulo congregates a major number of Brazilian multinationals and major companies will have a very qualified reception. It's not a huge thing. We are talking about the reception that we will have up to 100 attendees. So we are talking about 60 to 70 (unintelligible) attending this reception.

And you have the (unintelligible) network with decision makers from the major Brazilian companies. And not only major Brazilian companies but companies that have projects to invest in the US companies that are investing abroad. So that's the major opportunity that you have to get to know who's out there within the major Brazilian companies.

After that we'll have the roadshow going to the seminars in São Paulo, Curitiba, Puerto Alegre. So in each of the cities we have the morning seminars followed by a networking lunch. And in the afternoon have the one on one matchmaking session. So as you saying was responsible to recognize all of the logistics so the, you know, original two participants to inform what are the best locations for you to stay? What are the flights that you need to book? How should you get around the city? We'll be offering transportation ground transportation in each of the cities for the whole group. But we'll be, you know, responsible to take care of you down here in Brazil so that you can make use of your time wisely to outreach the companies.

Going through Slide Number 19 our goal very briefly around these numbers here but São Paulo why we are coming back to São Paulo. It's the third time we're coming to São Paulo. And we always have new clients coming up to us in the city of São Paulo. Why because just the city of São Paulo represents almost 12% of the Brazilian GDP. It's a huge city. We are talking about, you

know, just the city of São Paulo have almost 12 million people the greater area has almost 22 million people. So there is a lot of opportunity here that are opportunities within all sectors so it's pretty diversified.

If you ask about Embraer it's not located in the city of São Paulo but they are located, you know, an hour away from the city. If you talk about the major Brazilian pharmaceutical companies they are headquartered here. So that's why we're organizing the roadshow once more in the city of São Paulo.

Slide Number 20 we are going to Curitiba. Why Curitiba? That's not so usual city for trade missions but that's a very interesting. I have been down to Curitiba to organize seminars twice over the last 12 months and there is always a new audience coming to the table. Curitiba has very strong agricultural sector. But not only agricultural there is a growing pharmaceutical and IT sector in the city. One of the major and best Brazilian universities for technology locating the state of Paraná so there is a lot of, you know, going on in this state here.

Again a nation and before but we have Positivo Informática the major hardware IT major in Brazil. They are located down there. And not only Positivo we have a lot of suppliers, technology companies so there is a lot of potential in this area. It's one of the things that is growing the most in terms of, you know, internationalization. Of course the companies they starting to pass through Argentina, Chile, Paraguay, et cetera, but the second stage is always going to the US market so that's why they're going now to Curitiba.

And last but not least Porto Alegre. Porto Alegre is one of the strongest industrial has one of the strongest industrial parks in Brazil. We are not just talking about Gerdau, we are not just talking about Tramontina but we are

talking although companies like Marcopolo for those that are not used to, Marcopolo is the major bus manufacturer in the world.

We are talking about Frasil which as I mentioned is already establishing the state of Alabama and a huge amount of metal mechanic companies. There are some suppliers from major groups down here in Brazil not only in the metal mechanics and advanced manufacturing but also the chemical sector is pretty strong as we have one of the most developed petrochemical cluster in the state of - or in the state (unintelligible) by Puerto Alegre.

So the benefit for you as I mentioned you have a full week of opportunity to outreach with companies. A qualified (unintelligible) in all of the cities in all the events that will be organizing. We are not just filling out rooms with a lot of people. We are bringing prospects for the table. We are here to help EDOs to attract investments to your regions. So we put a lot of effort together to qualify who comes to our activities.

You have received this presentation so here is, you know, basically what you'll be facing if you travel down from Brazil. We look at the participation for two people per EDO. Of course that's what gives you the chance to have, you know, individual slots for each of the discussions so that you can even enhance the number of meetings that you have in each of the cities. And of course we prepare brochures and official catalogs for participants so that, you know, we can have information in Portuguese to be distributed for - during each of the activities.

Registration number - Slide Number 23 so cost for EDO subsidized, SelectUSA subsidize the cost for EDOs to participate in these activities. Registration until October 3 will be \$2000 US dollars. That includes all the costs for participating in the event except by travel, lodging, (unintelligible)

and other personal expenses. We can of course give an estimate of those expenses for each of you guys so if you had to put up a budget to have a decision on that front of course we can help you out.

After that time the registration will go up to \$2800 basically because the cost will increase as well so of course this is all devoted to cover the costs of the participation. And then of course, you know, top seats. Language is a huge barrier in Brazil. So even when you come across a CEO of a company sometimes he has very limited English and that doesn't necessarily mean that a company is not suitable. As I mentioned sometimes you do have a huge team backing him up which are fluent in English but therefore (unintelligible) present out in Portuguese Brazilian Portuguese Spanish doesn't work in Brazil always Portuguese.

Don't be generic. If you are trying to reach out to a specific cluster we can help you out. We are here to address which clusters will be available in each of those cities. And we have a very qualified registration process. So if before a week before the event you want to get to know who are the best prospects who are the companies that you want to reach out too? Who are the sectors that you really want to talk to we can help you out with that.

Relationships come first in Brazil. So be prepared to have chit chats with companies down here. Be prepared for the cultural awareness training that I'll be giving on Monday before the event comes up. That's very important so that you know you can really be prepared to address, you know, the questions that you have for your customers but also to bridge with him.

As we mentioned service providers may also participate. So for marketing partners, partner's should - I can provide you for the information you have my

email on Slide Number 26. And now I would open this session for questions to the operator that will give you the instructions for it.

Coordinator: Thank you.

Andre Leal: Thank you.

Coordinator: And at this time if you would like to ask a question please press Star followed by 1 on your touch-tone phone. You'll be prompted to record your name for proper registration. Your name is required to introduce your question. Once again if you have a question please press Star 1 and record your name clearly when prompted. One moment please. Once again as a reminder if you have a question please press Star 1 and record your name when prompted. We currently have no questions.

Rebecca Moudry: Okay. Well thank you very much (Laura). Thank you, Andre. Again this will - this has been recorded. And so we're going to find a place on our Web site to put it up and everyone who registered for the event will also send out the recording. Please be - feel free to be in touch with Andre or me Rebecca with any follow-up questions and we hope to hear from you or see you very soon. Thank you very much.

Coordinator: Thank you. This does conclude today's conference. We do thank you for your participation. You may disconnect your lines at this time.

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