

INSIDE MEXICO'S PE MARKET



Significant growth
in fundraising and deal activity.

Increasing number of
local GPs with demonstrated track record.

Robust workforce with
increasing purchasing power.

PE & VC IN MEXICO AT A GLANCE

OVER
US **\$16**
BILLION
ASSETS UNDER MANAGEMENT
(PE + VC + RE + INFRASTRUCTURE)

47
PE funds

35
AFILIATES



OVERVIEW OF THE PRIVATE EQUITY AND VENTURE CAPITAL INDUSTRY IN MEXICO

SEPTEMBER 2013

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EXECUTIVE SUMMARY

1.- Over the past twelve years ('00-'12), the Private Equity Industry in Mexico has grown significantly:

- Cumulative capital commitments of ~US\$15.4 billion
- GPs operating in Mexico increased ninefold reaching 71 managers

2.- *Successful PE backed companies in Mexico have grown significantly:

- Revenue growth of 4.50x
- EBITDA growth of 5.79x
- Employment growth of 2.08x
- Ten IPOs from 2004 - 2013

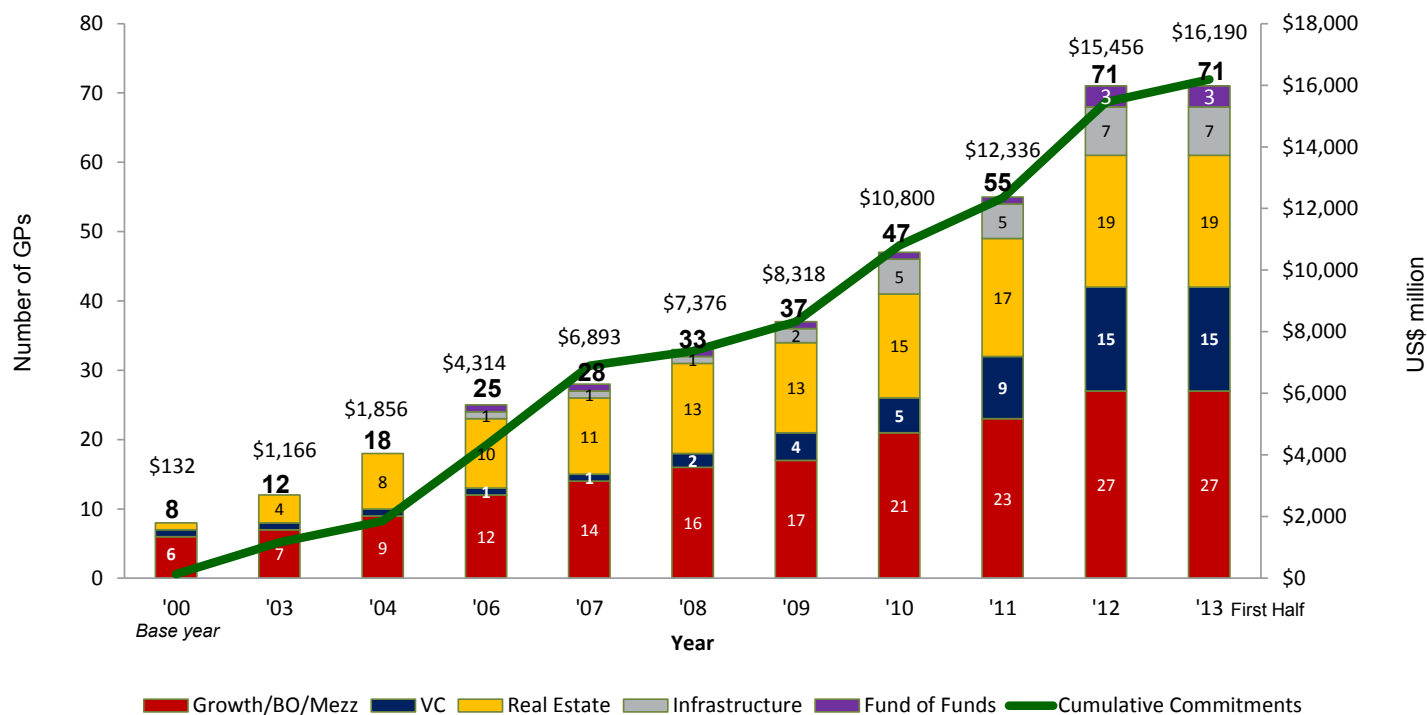
3.- Looking forward, Mexico's favorable economic foundations, access to deal flow, and policies and regulations yield significant opportunities for the PE Industry

Source: AMEXCAP.

*KPMG - AMEXCAP Impact Research Study. Sample of successful investments made between 1997 and 2007 for which information was available.

Mexico's PE Industry has raised over US\$15.4 billion over past twelve years

Evolution of GPs and Capital Committed to Mexico



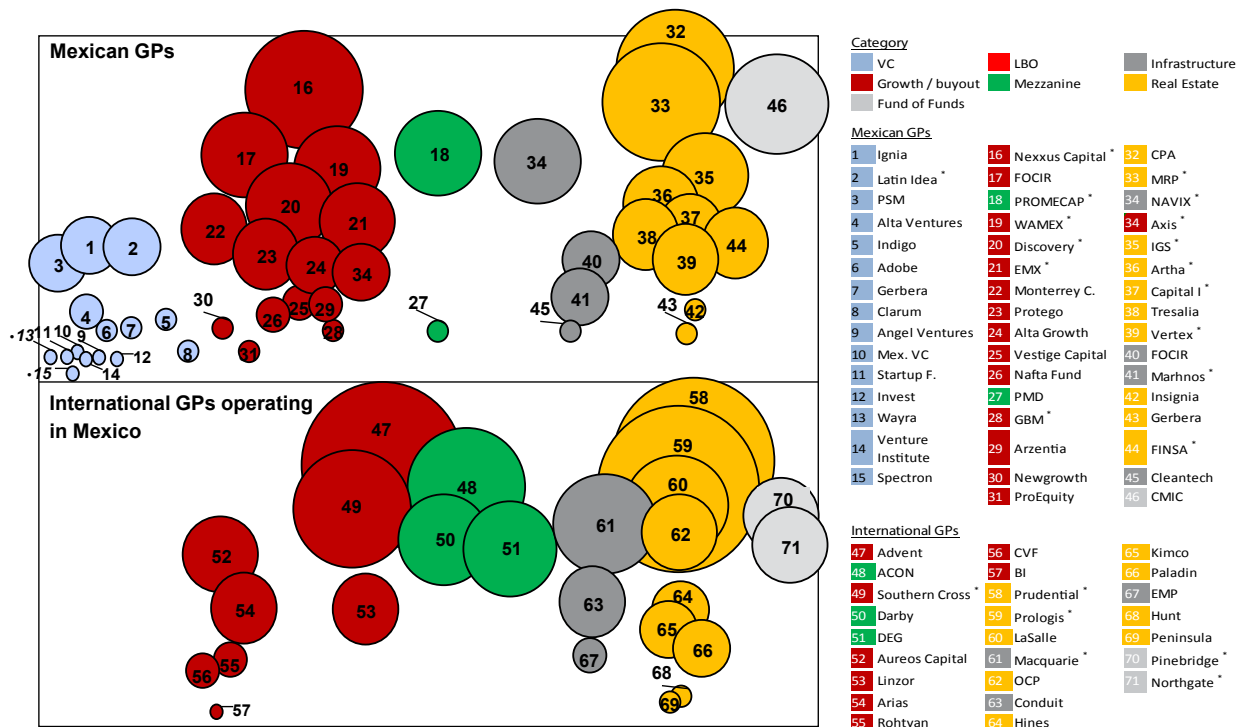
Source: AMEXCAP, July 2013

OVERVIEW OF THE PRIVATE EQUITY AND VENTURE CAPITAL INDUSTRY IN MEXICO

SEPTEMBER 2013

EVOLUTION & INDUSTRY PROFILE

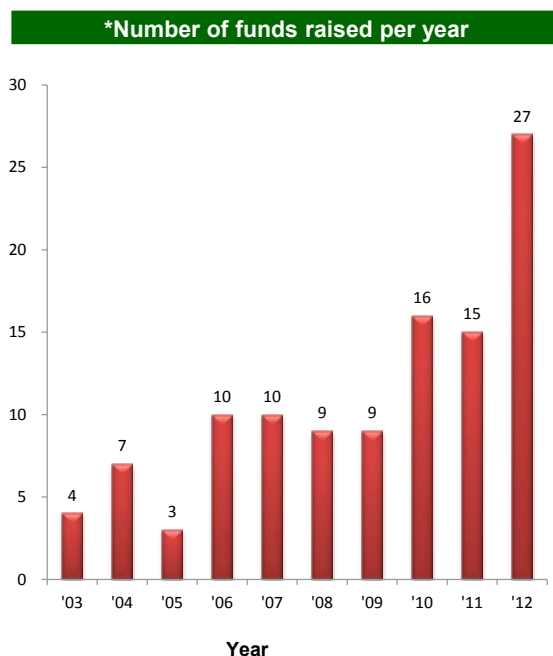
Universe of GPs operating in Mexico covers diverse strategies; most focus on Real Estate and Growth Equity



Source: AMEXCAP, December 31, 2012, bubble size illustrates capital commitments to Mexico.

* GPs that have raised capital through local Pension Funds

Fundraising by GPs in Mexico

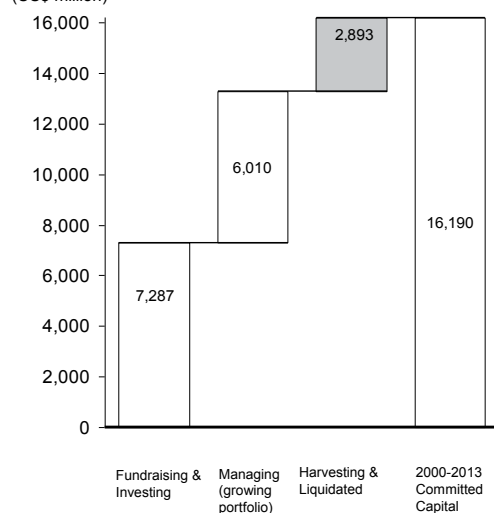


Source: AMEXCAP. *Based on fund's final closing date, includes open funds with at least one closing July, 2013.

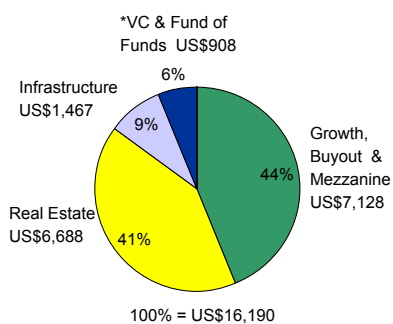
EVOLUTION & INDUSTRY PROFILE

Fundraising by GPs in Mexico

Commitments by Fund Stage
 (US\$ million)



Concentration of Capital by Fund Strategy

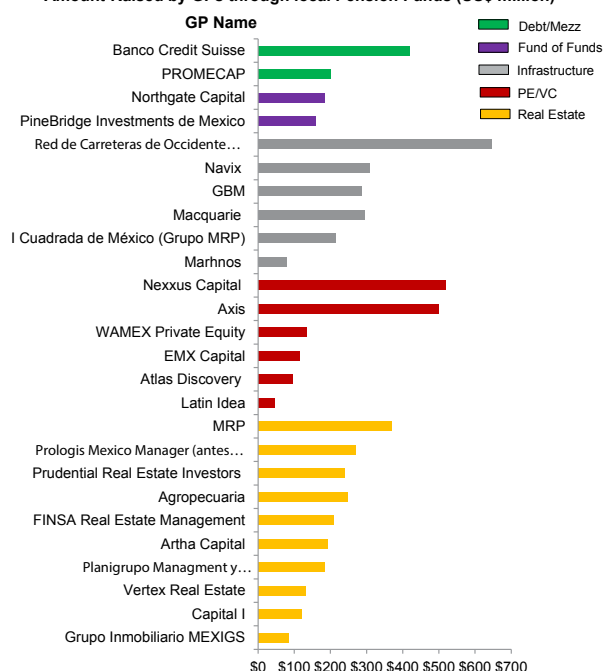


Source: AMEXCAP. *Represents US\$516 commitments allocated to VC and US\$392 allocated to Fund of Funds (uncommitted capital).

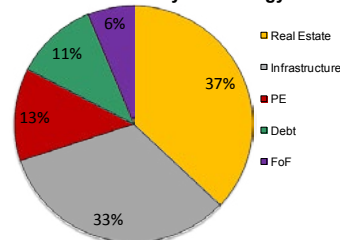
Mexican Pension Funds have been active players in the local PE Market

Local Pension Funds as Major LPs

Amount Raised by GPs through local Pension Funds (US\$ million)



Share of Pension Funds' Commitments by GP Strategy



- The Mexican Bolsa and regulators developed a new vehicle for private equity, infrastructure and real estate (CKDs).
- Starting in 2009, local pension funds, which are the most important institutional investors in the industry worldwide, have committed over US\$6 billion to twenty eight funds.
- Pension funds increased participation in public equity markets contributing to an increase on the number of IPOs and the liquidity of the markets.

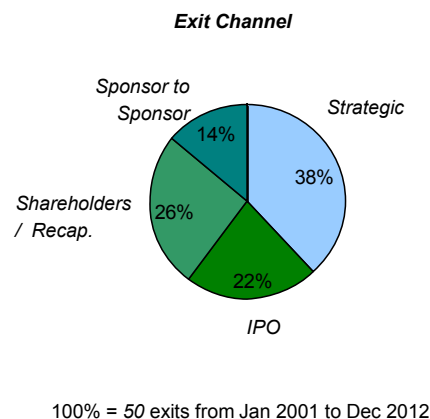
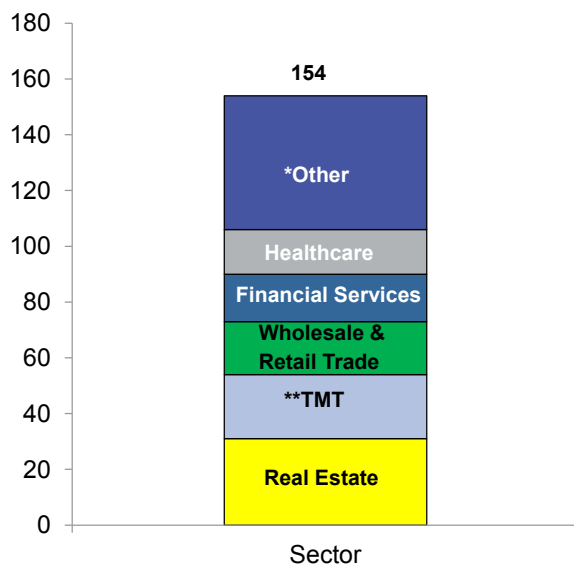
Source: CONSAR, BMV

Note: Graph shows all CKDs issued including a 2008 CKD (Agropecuaria) and two debt CKDs.

EVOLUTION & INDUSTRY PROFILE

From 2001 to 2012 Investments were concentrated in four main sectors...
... while the main exit strategy was a strategic sale

Number of Transactions
(2001- 2012)



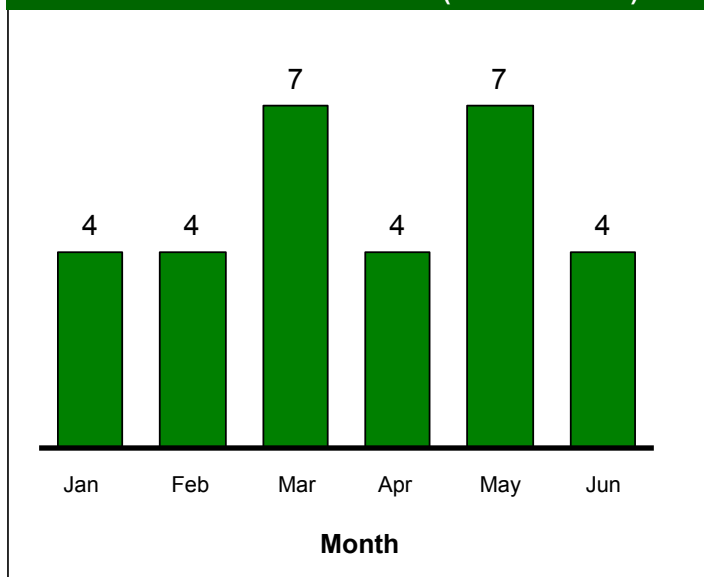
Source: AMEXCAP

*Other Sectors: Transportation & Logistics, Business Services, Infrastructure, Manufacturing, Services

**TMT: Technology, Media & Telecoms

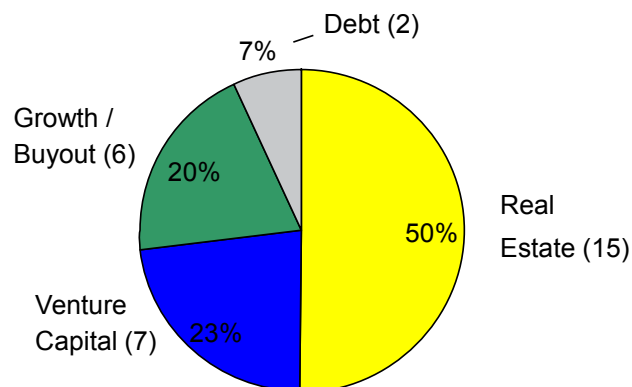
Private Equity Investments in Mexico First Half 2013

Investments – First half 2013 (# transactions)



Investments by fund strategy – First half 2013 (%)

100% = 30 investment transactions



Number in parenthesis denotes total transactions

Source: BMV, AMEXCAP, July, 2013.

EVOLUTION & INDUSTRY PROFILE

Investments First Half 2013 - List of Sponsored Companies

#	Announced or Transaction Date	Target Asset	Sector	GP Name	Value of Transaction (US\$million)
1	01/01/13	FINAE	Financial Services	Adobe Capital	NA
2	01/25/13	Proyecto Comercial Saltillo, Coahuila	Real Estate	MRP	\$9.3
3	01/29/13	Procesa Chiapas	Wholesale & Retail Trade	IGNIA	\$8.2
4	01/31/13	Medix	Healthcare	Wamex Private Equity	\$32.0
5	02/08/13	Inmueble para sector automotriz	Real Estate	FINSA	\$24.4
6	02/22/13	Grupo Educativo Cead	Education	Newgrowth Fund	NA
7	02/22/13	Desarrollo Residencial Cuajimalpa, DF.	Real Estate	Vertex	NA
8	02/25/13	Integra Arrenda	Financial Services	Beamonte Investments	NA
9	03/04/13	Inversión sector automotriz	Real Estate	FINSA	\$18.0
10	03/05/13	Hotel de Negocios Cd. México	Real Estate	Vertex	NA
11	03/11/13	Proyecto Comercial Oaxaca	Real Estate	Planigrupo	\$37.1
12	03/11/13	Proyecto Comercial Puebla	Real Estate	Planigrupo	\$8.2
13	03/12/13	Ondore	TMT	Alta Ventures Mexico	\$1.5
14	03/15/13	Inmueble "Dearborn"	Real Estate	IGS Group	\$6.8
15	03/19/13	Servicios Petroleros Oro Negro	Infrastructure	Axis	\$200.0
16	04/15/13	Real Estate Program in Guadalajara	Real Estate	Gerbera Capital & Vertex	NA
17	04/18/13	Empresa de Energía	Infrastructure	Credit Suisse	\$21.0
18	04/25/13	Assured Labor	Business Services	Capital Indigo	\$5.5
19	04/26/13	Proyecto "Hitchi"	Real Estate	IGS Group	NA
20	05/07/13	Salud Facil	Healthcare	Venture Partners	NA
21	05/09/13	Proyecto Comercial Mazatlán, Sinaloa	Real Estate	MRP	\$6.2
22	05/16/13	Quimicompuestos	Manufacturing	CVC (through Univar)	NA
23	05/20/13	Adquisición Centros Comerciales	Real Estate	Planigrupo	\$254.5
24	05/21/13	Proyecto Dai Dong "Samsung"	Real Estate	IGS Group	NA
25	05/30/13	Proyecto Comercial Tapachula, Chiapas	Real Estate	MRP	\$6.4
26	05/31/13	Hotel Four Seasons Cd. México	Real Estate	Vertex	NA
27	06/07/13	Empresa de Comercio	Wholesale & Retail Trade	Credit Suisse	\$20.4
28	06/10/13	ID90T	Business Services	Gerbera Capital	NA
29	06/25/13	Ánima Estudios	TMT	Latin Idea	NA
30	06/28/13	Kua Mex Foods	Wholesale & Retail Trade	Wamex Private Equity	\$20.0

Source: BMV, AMEXCAP, July, 2013. Value of transaction if disclosed / available in Ps. converted to USD at monthly average exchange rate published by Diario de Mexico.

Notable Exits – Last Quarter 2012 & First Half 2013

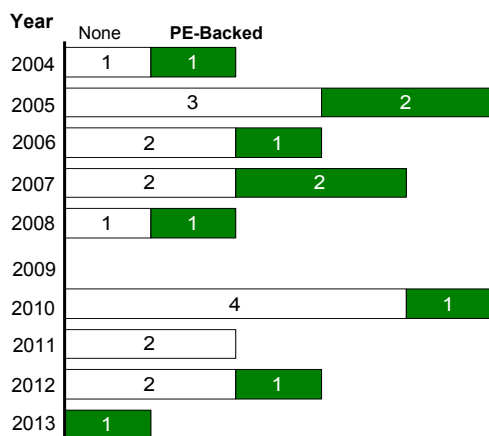
Investment Year	Target Asset	Sector	GP Name	Exit Date / Announced	Exit Type	Buyer
2007	Credito Real	Financial Services	Nexus Capital	10/17/12	IPO	
2010	InverCap	Financial Services	ACON Investments	12/14/12	PE Fund	Advent International
2010	Hoteles City Express	Real Estate	Wamex Private Equity	6/14/13	IPO	
*2005-2008	Portafolio MRP (Apolo) 49 commercial assets	Real Estate	MRP	7/15/13	Strategic	Fibra Uno
2010	Axo	Wholesale & Retail Trade	Evercore Mexico Capital Partners	**1H – 2013	Strategic	Alsea

Source: BMV, AMEXCAP, July, 2013. *Fund I (2005), Fund II and Fund III (2008). ** Partial exit

HIGHLIGHTS OF THE MEXICAN PE MARKET

PE firms in Mexico have backed over one third of the IPOs on the Stock Exchange (BMV)

Number of IPOs in Mexico (2004-2013)



IPOs backed by PE in Mexico



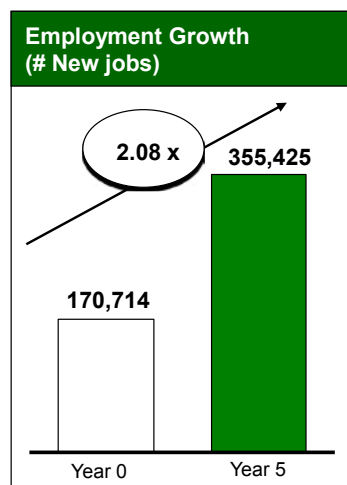
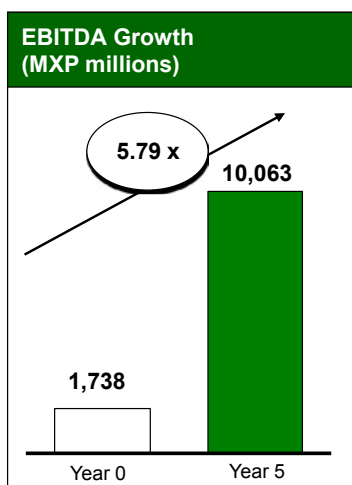
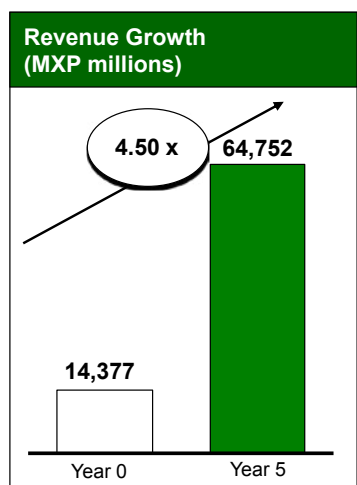
· Ten IPOs in Mexico (from 2004 – 2013) were backed by private equity players.

· Recent IPOs backed by PE (2007-2013) include Sports World, Genomma Lab, Financiera Independencia, Crédito Real and Hoteles City Express.

Source: CONSAR, BMV. *IPOs in Mexico defined as first time public offerings by firms that have not issued equity in the public markets worldwide.

PE firms in Mexico have added significant value to sponsored companies

Successful PE backed companies were able to grow EBITDA at a CAGR of 42.08% over an average holding period of 5 years.



□ Before PE support
■ After

Source: KPMG – AMEXCAP Impact Research Study: "An Analysis of 17 success cases in Mexico".

Multiples calculated using information of 12 companies for which information was available (investments made between 1997 and 2007).

HIGHLIGHTS OF THE MEXICAN PE MARKET

Investors active in Mexico (non-exhaustive list)



OVERVIEW OF THE PRIVATE EQUITY AND VENTURE CAPITAL INDUSTRY IN MEXICO

SEPTEMBER 2013

MEXICO VS. LAT-AM & TOP EMERGING MARKETS

Mexico is well positioned to close the PE penetration gap vs. Lat-Am peers: the country has a robust population profile and solid economic fundamentals

Driver	Mexico	Brazil	Chile	Colombia	Peru
Strength of Market: Size & Population	• Median Age: 27.4 • Population: 116 million • Literacy rate: 86.1%	• Median Age: 29.6 • Population: 201 million • Literacy rate: 88.6%	• Median Age: 32.8 • Population: 17 million • Literacy rate: 95.7%	• Median Age: 28.3 • Population: 45 million • Literacy rate: 90.4%	• Median Age: 26.5 • Population: 30 million • Literacy rate: 92.9%
Economic Strength: GDP & Inflation	• Unemployment: 5.0% • GDP-capita: 10,007 • GDP growth: 4.0% • Inflation (annual): 3.6%	• Unemployment: 6.2% • GDP-capita: 12,064 • GDP growth: 1.3% • Inflation (annual): 5.5%	• Unemployment: 6.4% • GDP-capita: 15,583 • GDP growth: 5.0% • Inflation (annual): 2.80%	• Unemployment: 10.3% • GDP-capita: 7,988 • GDP growth: 4.30% • Inflation (annual): 3.2%	• Unemployment: 7.7% • GDP-capita: 6,710 • GDP growth: 6.0% • Inflation (annual): 3.6%
Strength of Trade	• Export (US\$b): 370 • Import (US\$b): 379 • External Debt (US\$b): 125 • Ext. Debt / Exports: 34%	• Export (US\$b): 242 • Import (US\$b): 238 • External Debt (US\$b): 405 • Ext. Debt / Exports: 167%	• Export (US\$b): 83 • Import (US\$b): 70 • External Debt (US\$b): 102 • Ext. Debt / Exports: 122%	• Export (US\$b): 59 • Import (US\$b): 55 • External Debt (US\$b): 73 • Ext. Debt / Exports: 122%	• Export (US\$b): 47 • Import (US\$b): 41 • External Debt (US\$b): 38 • Ext. Debt / Exports: 82%
Fiscal Prudence	• Debt (US\$b): 411 • Revenues (US\$b): 276 • Reserves (US\$b): 163 • Debt / GDP: 35.4% • Reserves / Debt: 40%	• Debt (US\$b): 1,331 • Revenues (US\$b): 950 • Reserves (US\$b): 371 • Debt / GDP: 54.9% • Reserves / Debt: 28%	• Debt (US\$b): 27 • Revenues (US\$b): 60 • Reserves (US\$b): 42 • Debt / GDP: 10% • Reserves / Debt: 159%	• Debt (US\$b): 146 • Revenues (US\$b): 100 • Reserves (US\$b): 34 • Debt / GDP: 40.2% • Reserves / Debt: 24%	• Debt (US\$b): 36 • Revenues (US\$b): 41 • Reserves (US\$b): 61 • Debt / GDP: 18.3% • Reserves / Debt: 167%
Ease of Doing Business Ranking	• Starting Business: 36 • Enforcing Contracts: 76 • Resolving insolvency: 26 • Trading cross borders: 61 • Protecting investors: 49	• Starting Bus.: 121 • Enforcing Cont.: 116 • Resolving insolvency: 143 • Trading cross borders: 123 • Protecting investors: 82	• Starting Business: 32 • Enforcing Contracts: 70 • Resolving insolvency: 98 • Trading cross borders: 48 • Protecting investors: 32	• Starting Business: 61 • Enforcing Contracts: 154 • Resolving insolvency: 21 • Trading cross borders: 91 • Protecting investors: 6	• Starting Business: 60 • Enforcing Contracts: 115 • Resolving insolvency: 106 • Trading cross borders: 60 • Protecting investors: 13
Technological Strength	• Internet user (per 1,000 people): 362 • High tech exports (% of manufactured exp.): 16.9% • Fixed & cell phone subs. (per 1,000): 990	• Internet user (per 1,000 people): 450 • High tech exports (% of manufactured exp.): 11.2% • Fixed & cell phone subs. (per 1,000): 1450	• Internet user (per 1,000 people): 539 • High tech exports (% of manufactured exp.): 5.4 • Fixed & cell phone subs. (per 1,000): 1,490	• Internet user (per 1,000 people): 404 • High tech exports (% of manufactured exp.): 5.0 • Fixed & cell phone subs. (per 1,000): 1,130	• Internet user (per 1,000 people): 365 • High tech exports (% of manufactured exp.): 6.5 • Fixed & cell phone subs. (per 1,000): 1,210
*Private Equity Penetration	• Annual investments (US\$m): 684 • PE investments % of GDP: 0.06	• Annual investments (US\$m): 5,657 • PE investments % of GDP: 0.23	• Annual investments (US\$m): 398 • PE investments % of GDP: 0.15	• Annual investments (US\$m): 413 • PE investments % of GDP: 0.11	• Annual investments (US\$m): 269 • PE investments % of GDP: 0.13

Country Comparative Analysis Code



Mexico vs. Top Emerging Market Economies

Driver	Mexico	China	India	Russia	Turkey
Strength of Market: Size & Population	• Median Age: 27.4 • Population: 116 million • Literacy rate: 86.1%	• Median Age: 35.9 • Population: 1.34 billion • Literacy rate: 92.2%	• Median Age: 26.5 • Population: 1.2 billion • Literacy rate: 61.0%	• Median Age: 38.8 • Population: 138 million • Literacy rate: 99.6%	• Median Age: 28.8 • Population: 80 million • Literacy rate: 87.4%
Economic Strength: GDP & Inflation	• Unemployment: 5.0% • GDP-capita: 10,007 • GDP growth: 4.0% • Inflation (annual): 3.6%	• Unemployment: 6.5% • GDP-capita: 6,120 • GDP growth: 7.8% • Inflation (annual): 2.6%	• Unemployment: 9.9% • GDP-capita: 1,616 • GDP growth: 6.5% • Inflation (annual): 9.20%	• Unemployment: 5.7% • GDP-capita: 14,868 • GDP growth: 3.4% • Inflation (annual): 5.1%	• Unemployment: 9.0% • GDP-capita: 9,820 • GDP growth: 3.0% • Inflation (annual): 9.1%
Strength of Trade	• Export (US\$b): 370 • Import (US\$b): 379 • External Debt (US\$b): 125 • Ext. Debt / Exports: 34%	• Export (US\$b): 2 • Import (US\$b): 1.8 • External Debt (US\$b): 770 • Ext. Debt / Exports: 38%	• Export (US\$b): 309 • Import (US\$b): 500 • External Debt (US\$b): 299 • Ext. Debt / Exports: 97%	• Export (US\$b): 530 • Import (US\$b): 335 • External Debt (US\$b): 565 • Ext. Debt / Exports: 107%	• Export (US\$b): 154 • Import (US\$b): 225 • External Debt (US\$b): 331 • Ext. Debt / Exports: 215%
Fiscal Prudence	• Debt (US\$b): 411 • Revenues (US\$b): 276 • Reserves (US\$b): 163 • Debt / GDP: 35.4% • Reserves / Debt: 40%	• Debt (US\$b): 2,618 • Rev. (US\$b): 1,866 • Reserves (US\$b): 3,312 • Debt / GDP: 31.7% • Reserves / Debt: 126%	• Debt (US\$b): 1,010 • Revenues (US\$b): 227 • Reserves (US\$b): 287 • Debt / GDP: 51.9% • Reserves / Debt: 28%	• Debt (US\$b): 250 • Rev. (US\$b): 424 • Reserves (US\$b): 537 • Debt / GDP: 12.2% • Reserves / Debt: 215%	• Debt (US\$b): 316 • Rev. (US\$b): 177 • Reserves (US\$b): 93 • Debt / GDP: 40.4% • Reserves / Debt: 30%
Ease of Doing Business Ranking	• Starting Business: 36 • Enforcing Contracts: 76 • Resolving insolvency: 26 • Trading cross borders: 61 • Protecting investors: 49	• Starting Bus.: 115 • Enforcing Cont.: 19 • Resolving insolvency: 82 • Trading cross borders: 68 • Protecting investors: 100	• Starting Bus.: 173 • Enforcing Cont.: 184 • Resolving insolvency: 116 • Trading cross borders: 127 • Protecting investors: 49	• Starting Bus.: 112 • Enforcing Cont.: 11 • Resolving insolvency: 53 • Trading cross borders: 162 • Protecting investors: 117	• Starting Business: 71 • Enforcing Contracts: 40 • Resolving insolvency: 124 • Trading cross borders: 78 • Protecting investors: 70
Technological Strength	• Internet user (per 1,000 people): 362 • High tech exports (% of manufactured exp.): 16.9% • Fixed & cell phone subs. (per 1,000): 990	• Internet user (per 1,000 people): 384 • High tech exports (% of manufactured exp.): 27.5% • Fixed & cell phone subs. (per 1,000): 940	• Internet user (per 1,000 people): 101 • High tech exports (% of manufactured exp.): 7.2% • Fixed & cell phone subs. (per 1,000): 750	• Internet user (per 1,000 people): 493 • High tech exports (% of manufactured exp.): 8.8% • Fixed & cell phone subs. (per 1,000): 2,100	• Internet user (per 1,000 people): 421 • High tech exports (% of manufactured exp.): 1.9 • Fixed & cell phone subs. (per 1,000): 1,100
**Private Equity Penetration	• Annual investments (US\$m): 684 • PE investments % of GDP: 0.06	• Annual investments (US\$m): 10,529 • PE investments % of GDP: 0.14	• Annual investments (US\$m): 6,172 • PE investments % of GDP: 0.37	• Annual investments (US\$m): 1,579 • PE investments % of GDP: 0.09	• Annual investments (US\$m): 765 • PE investments % of GDP: 0.10

Country Comparative Analysis Code



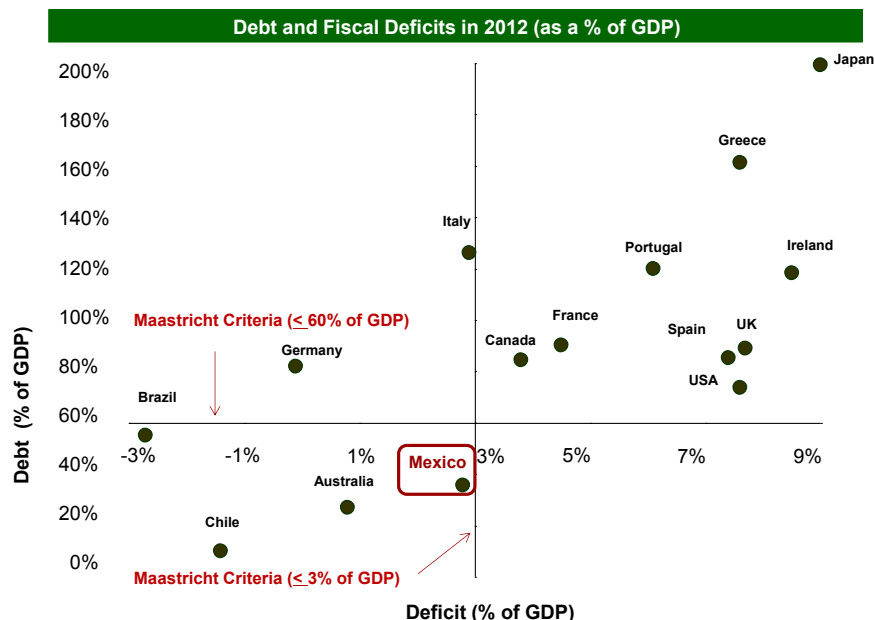
• GDP per capita in US\$ at official exchange rate.

• Literacy rate: % of population age 15+

Source: The World Bank (WB) & IFC 2013 Doing Business in a More Transparent World, CIA World Factbook, *2013 LAVCA Industry Data (which shows PE investments for 2012), **EMPEA 2012 Investments Report, except for Mexico which uses 2013 LAVCA Industry Data, AMEXCAP Analysis

OPPORTUNITIES MOVING FORWARD

Mexico's fiscal prudence & strengthening of monetary policies have placed the country as one of the few in a favorable situation in terms of debt & fiscal deficit



Source: CIA World Factbook, SHCP

Mexico poised to continue expanding in a sustainable manner

Underlying Mexico's growth

- **2nd Country with most trade agreements:** Mexico has 12 free trade agreements yielding preferential relations with 49 countries. Manufacturing exports have grown 28 times in past 25 years.
- **Mexico gaining traction internationally, specifically vs. China on international trade with the USA.**
- **Strong employment recovery and significant growth in private consumption.**
- **Robust and growing workforce:** 115,000 engineers graduate annually; Mexico has 116 million inhabitants with median age of 27 years. It is estimated that the workforce, currently at 47 million people, will grow to 60 million by 2030 with a reduced dependency rate.

Strong Employment Recovery in Mexico (Total Employment 2007 = 100)



US Imports from selected countries (% of total), 1990 – E2018

Year	1990	2000	2012	2018
Mexico	6.1	11.2	12.3	16.0
China	3.1	8.2	17.9	15.8
Canada	18.4	19.0	14.4	13.9
Japan	18.1	12.0	5.5	5.4

Average Manufacturing Unit Labor Cost Mexico vs. China

Year	2000	2005	2011
Mexico	1.6	2.0	2.6
China	0.5	1.8	2.5

Estimated working age population % Change, 2010 – E2035



Source: Economist Intelligence Unit, US Department of Commerce UN Population Division (2011), INEGI (Mexico), SHCP, Bloomberg

ABOUT AMEXCAP

AMEXCAP is a non-profit whose mission is to foster the development of the private equity industry in Mexico.

The association was created in 2003 and currently represents 47 venture capital/private equity firms that actively invest in Mexico and 35 affiliated advisory services companies involved in the areas of corporate law, tax advisory, financial services, and consulting.

AMEXCAP's members have over US\$10 billion in assets under management and invest in a broad range of sectors such as real estate, media and telecoms, wholesale and retail trade, financial services, healthcare, transportation, business services, infrastructure, and manufacturing.

Board Members

Arturo J. Saval - President (Nexus Capital)
Antonio Ruiz-Galindo (IGS Group)
René Fernández (Newgrowth Fund)
Alex Rossi (Latin Idea)
Luis Solórzano (Advent International)
José Antonio Contreras (Wamex)
Scott McDonough (Alta Growth Capital)
Miguel Olea (The Abraaj Group)
César Pérez Barnés (Southern Cross)
Federico Antoní (Venture Partners)
Jerónimo Gerard (MRP)
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