



Meeting of the Working Group on South American Rail Integration

Radisson Victoria Plaza

Montevideo, Uruguay

July 13, 2017




Ferrovía Transamericana

Connecting South America

PROJECT OBJECTIVES

- This presentation introduces the development plan for a **strategic concept of a major logistics project integrating the existing corridor crossing South America** coast to coast from the **Atlantic** to the **Pacific** oceans.
- The main target is to **promote efficient regional and global logistics connecting the largest producing regions of Brazil** with the **consumer markets** through **multimodal** inland and port terminals using **E-logistics** concept.
- The main objective is to **revamp the existing railway, Malha Oeste** crossing the States of Sao Paulo and Mato Grosso do Sul in Brazil, connecting with **Ferroviana Oriental** in Bolivia.

January **2017**

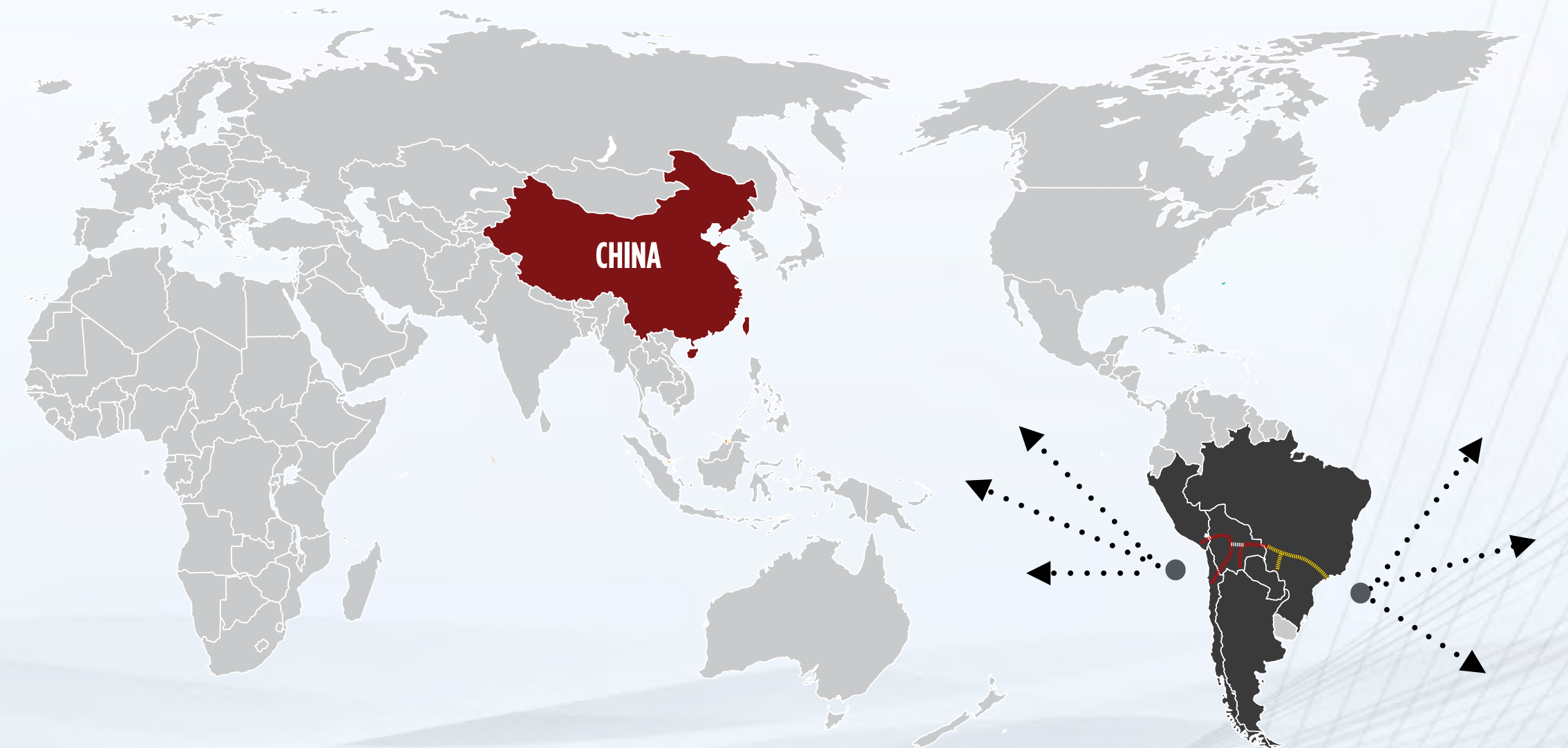


INTEGRATED STRUCTURING PROJECT

CONNECTING ATLANTIC AND PACIFIC OCEANS THROUGH EXISTING RAILWAYS

STRATEGIC OPPORTUNITY

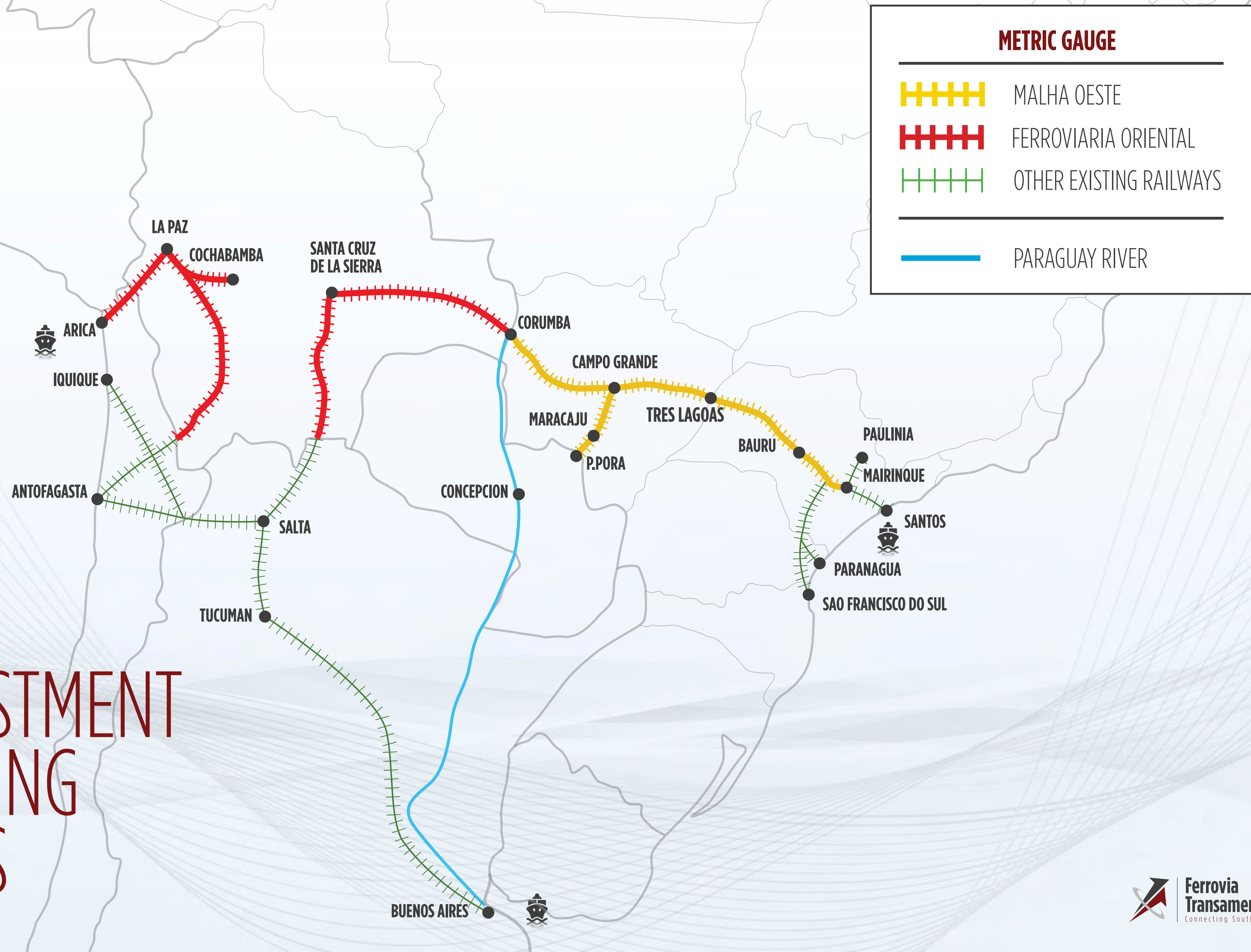
INCREASING COMPETITIVENESS DEVELOPING THE OUTFLOW OF COMMODITIES AND GOODS FROM SOUTH AMERICA



**RAILWAYS
ALREADY
CONNECTED
IN METRIC
GAUGE**

CONNECTING TWO OCEANS

LOWEST INVESTMENT AMONG EXISTING ALTERNATIVES



**POTENTIAL
STRATEGIC
CONNECTIONS**
UNPRECEDENTED
INTEGRATED
VISION

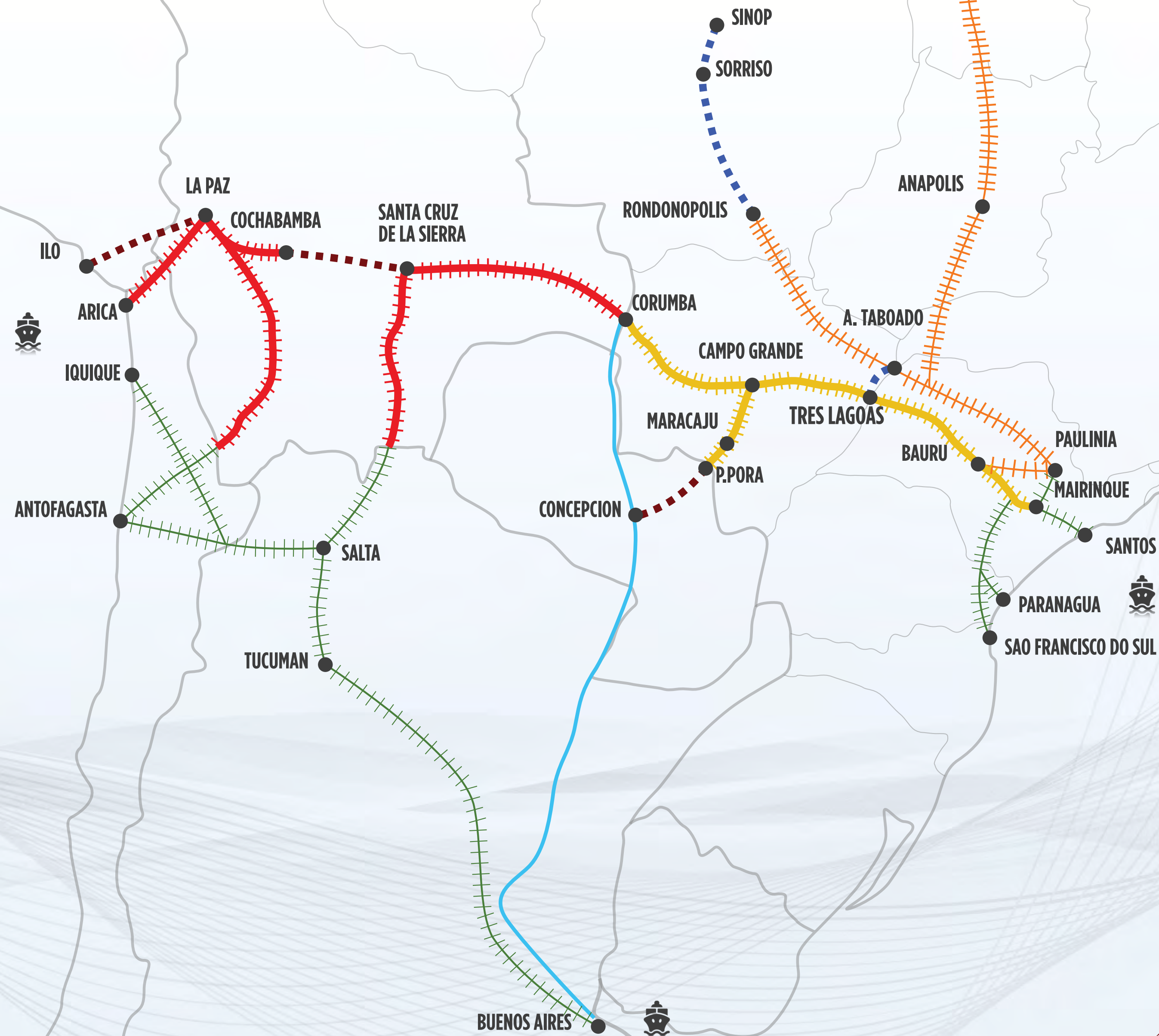
METRIC GAUGE

- MALHA OESTE
- FERROVIARIA ORIENTAL
- OTHER EXISTING RAILWAYS
- CONNECTION PROJECT

LARGE GAUGE

- OTHER EXISTING RAILWAYS
- CONNECTION PROJECT

OPTIMIZATION OF THE EXISTING INFRASTRUCTURE



MALHA OESTE

THE HEART OF FERROVIA TRANSAMERICANA

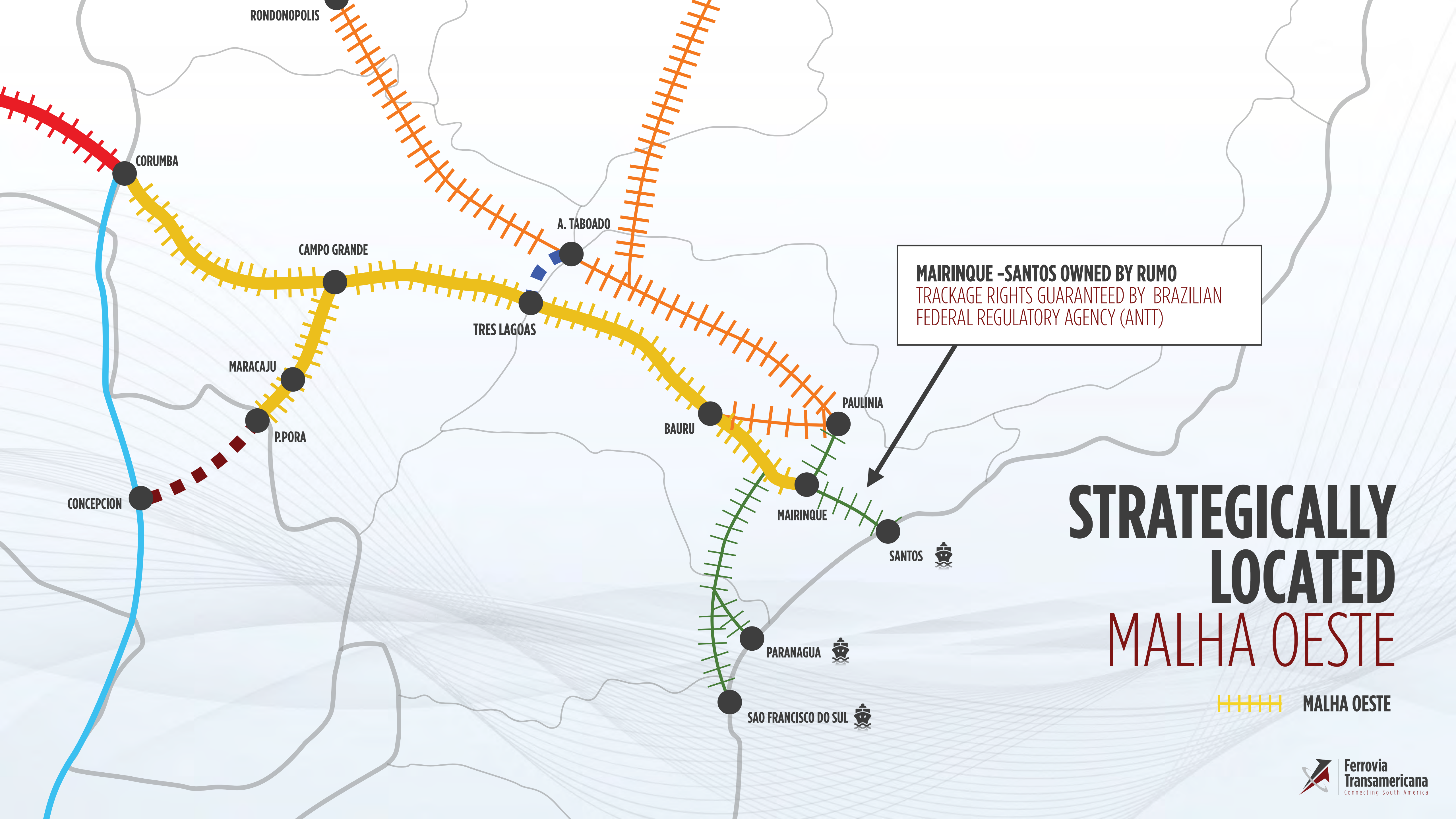
HISTORY

- CONSTRUCTION BEGAN IN 1915 AND COMPLETED IN 1952
- **NO** MAJOR INFRASTRUCTURE **UPDATES SINCE** ITS INCEPTION
- **LAST ACQUISITION** OF **ROLLING STOCK** IN THE **1970'S**
- **2015 RUMO ACQUIRED** MALHA OESTE AND STARTED TO DEVELOP A **LONG TERM INTEGRATED SOLUTION**

KEY FACTS

- **LARGE POTENTIAL** TO **CREATE VALUE** BY ENHANCING **COMPETITIVENESS**
- **LOW INVESTMENT** IN RELATION TO POTENTIAL OF **REVENUE GENERATION***
- MODERNIZATION PROCESS **RAPIDLY ACHIEVABLE**
- **EXISTING RAILWAY** MEANS NO NEED OF **ENVIRONMENT APPROVAL** AND **EXPROPRIATION PROCESSES***.

* PRE-FEASIBILITY STUDY PERFORMED BY  / 2016



MAIRINQUE - SANTOS OWNED BY RUMO
TRACKAGE RIGHTS GUARANTEED BY BRAZILIAN
FEDERAL REGULATORY AGENCY (ANTT)

STRATEGICALLY LOCATED MALHA OESTE

++++ MALHA OESTE

PARTNERSHIP GATHERING COMPETENCES

RUMO HAS **IDENTIFIED** A NEED FOR **SYNERGISTIC PARTNERSHIPS** ALIGNED WITH THE CONCEPT OF **INTEGRATED STRUCTURING VIEW**, JOINING **COMPETENCES** AND MOVING FORWARD WITH **STUDIES** AND **PLANS**.

FERROVIARIA ORIENTAL

- **BOLIVIAN RAILWAY COMPANY** - **100% PRIVATE** CAPITAL AND CONTROL
- OWNER OF **FERROVIARIA ORIENTAL** AND **FERROVIARIA ANDINA**
- THE COMPANY HAS **GOVERNMENT SUPPORT** FROM **BOLIVIA, PERU** AND **PARAGUAY** TO DEVELOP THIS PROJECT



TRANSFESA

- WAS RESPONSIBLE FOR **MANAGING** MALHA OESTE BEFORE ITS CONCESSION IN 1996,
- ACHIEVED THE **BEST PERFORMANCE** IN NATIONAL STANDARDS FOR METRIC GAUGE
- **NATIONALLY RECOGNIZED EXPERTISE** IN RAILWAY AND ROLLING STOCK **MAINTENANCE**



HUB INTERMODAL TRES LAGOAS

- COMPANY WITH VAST EXPERIENCE IN **INTEGRATED LOGISTICS OPERATIONS** WITH **INLAND** AND **PORT TERMINALS**.
- HAS **HIGH VALUED ASSETS** FOR THIS PROJECT. LOCATED IN TWO STRATEGIC POINTS (**SANTOS** AND **TRES LAGOAS**)
- EXTENSIVE **EXPERIENCE** IN INBOUND AND OUTBOUND **LOGISTICS**
- DIRECT BUSINESS TIES TO THE LARGEST REGION OF **SOYA PRODUCTION**

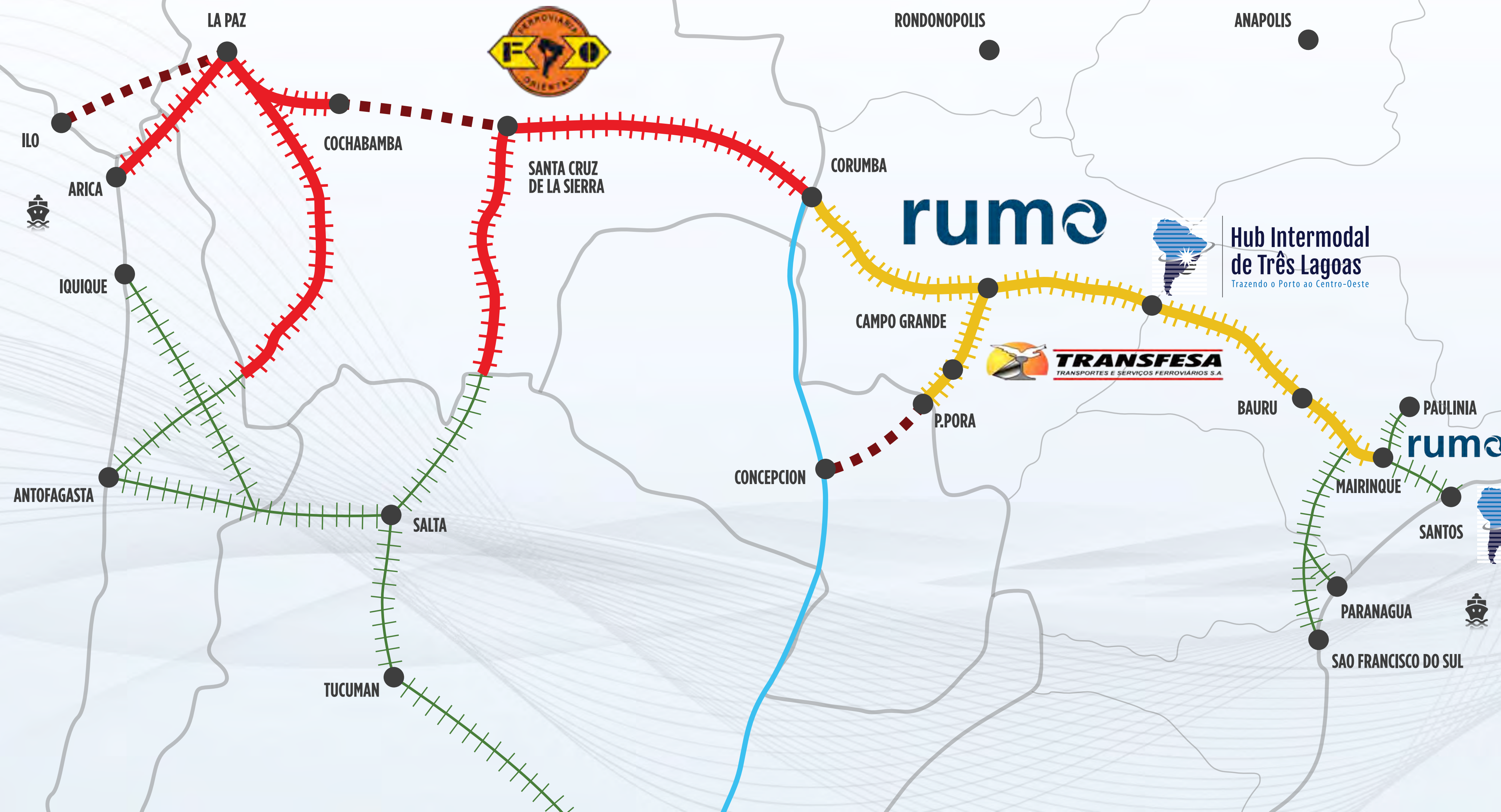


RUMO

- RECENTLY **ACQUIRED AMERICA LATIN LOGISTICS** AND ITS **RAILWAYS CONCESSIONS**
- FIGURING AMONG **RUMO'S CONCESSIONS** ARE THE **MAIRINQUE SANTOS** TRACK, **SANTOS RONDONOPOLIS** AND **SOUTHERN CONNECTIONS** TO **PARANAGUA** AND **S.FRANCISCO DO SUL PORTS**
- GREAT **EXPERTISE** IN **REGULATORY MARKS** AND FEDERAL GOVERNMENT NEGOTIATIONS
- MAJORITY OWNED SUBSIDIARY OF **COSAN**



GATHERING COMPETENCES



STRATEGICALLY LOCATED CONNECTING PRODUCING REGIONS

CORUMBA REGION

- AMONG WORLD'S LARGEST **HIGH QUALITY "LAMP" IRON ORE** RESOURCES
- LOCATED IN THE BORDER WITH BOLIVIA AND PARAGUAY RIVER

CAMPO GRANDE REGION

- GREAT **POTENTIAL OF FUEL TRANSPORTATION** FROM PAULINIA TO CAMPO GRANDE AND RETURNING ETHANOL AND BIODIESEL TO PAULINIA
- **MARACAJU** REGION IS ONE OF THE **LARGEST GRAIN PRODUCERS** IN **BRAZIL**

TRES LAGOAS REGION

- HIGHLY **INDUSTRIALIZED REGION** WITH GREAT DEMAND FOR **CONTAINER TRANSPORT**
- **LARGEST CELLULOSE** PRODUCING REGION IN THE **WORLD**
- PETROBRÁS NITROGENATED FERTILIZER PLANT 90% CONCLUDED (**UFN3**) CREATING A NATIONAL **FERTILIZER** AND **GRAINS HUB**
- LARGEST **DISTRIBUTION CENTER** OF THE BIGGEST **ANIMAL PROTEIN** COMPANY IN THE WORLD (**JBS**)

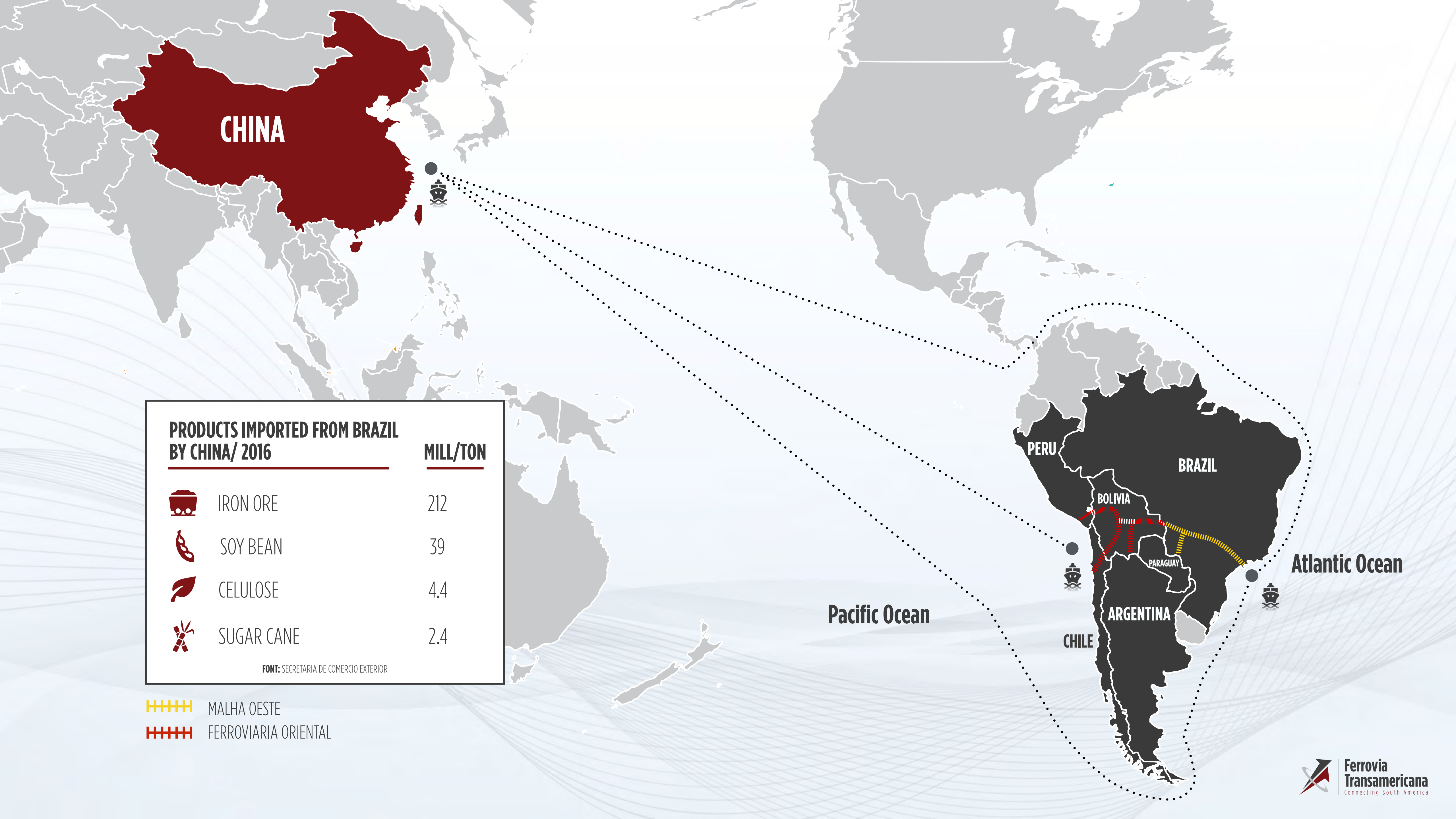
SAO PAULO STATE REGION

- LARGEST **SUGAR CANE** PRODUCER REGION IN THE WORLD
- **SANTOS PORT** BIGGEST IN LATIN AMERICA, NUMBER ONE IN GRAINS, SUGAR, CELLULOSE AND CONTAINER TRANSPORTATION
- LATIN AMERICA'S **HIGHEST GDP**
- BRASIL'S **MOST DEVELOPED** STATE
- LARGEST **INDUSTRIAL COMPLEX** IN LATIN AMERICA

STRATEGICALLY LOCATED CONNECTING PRODUCING REGIONS







**SHORTENING
DISTANCES**
INCREASING
COMMERCE





**PRODUCTS IMPORTED FROM BRAZIL
BY CHINA/ 2016**

MILL/TON

	IRON ORE	212
	SOY BEAN	39
	CELULOSE	4.4
	SUGAR CANE	2.4

FONT: SECRETARIA DE COMERCIO EXTERIOR

-  MALHA OESTE
-  FERROVIARIA ORIENTAL



STRATEGIC PARTNERSHIP OPPORTUNITY FOR CHINA

STRATEGIC ASSET

WITH GUARANTEED ACCESS TO AGRICULTURAL AND MINERAL COMMODITIES

MP TRADE PARTNERSHIP GATHERING COMPETENCES



- DIRECT ACCESS TO CHINESE COMPANIES AND INVESTMENT
- PROVEN TRACK RECORD IN INFRASTRUCTURE PROJECTS
- OVER 40 YEARS EXPERIENCE IN SINO BRAZILIAN RELATIONS

++++ MALHA OESTE
++++ FERROVIARIA ORIENTAL

OPPORTUNITY TO CHINESE COMPANIES
SERVICES - ROLING STOCK - TECHNOLOGY
EPC - INVESTMENT - COMMODITIES

Atlantic Ocean

Pacific Ocean



**Ferrovia
Transamericana**
Connecting South America

WORK IN PROGRESS

CONTACTS



- Daniel Rossi
daniel.rossi@valorostrategio.com



**Hub Intermodal
de Três Lagoas**
Trazendo o Porto ao Centro-Oeste

- Jose Guilherme Sartori
jgsartori@gmail.com



TRANSFESA
TRANSPORTES E SERVIÇOS FERROVIÁRIOS S.A.

- Prof. Luiz Antonio Sola
transfesa@uol.com.br



- Christian Sandke
christian.sandke@fo.com.bo



- Pete Moreira Leite
pete@mptrade.com.br



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