



**The Puerto Rico Chamber of Commerce
Birling Capital, BDO Puerto Rico, LLC and El Nuevo Día present:**



Wednesday, February 26, 2020

Sheraton Puerto Rico Hotel & Casino in San Juan, Puerto Rico
Conference: 8:00am-5:45pm /Networking Cocktail: 6:00pm-7:30pm

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➤ Puerto Rico Conference 2020

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Puerto Rico Conference History



The 2006 PR Conference “Investment for Development”
was an outstanding success for the
Puerto Chamber of Commerce and its first-ever
investment conference showcasing the advantages that Puerto Rico
has to offer to investors.

Puerto Rico Conference History



Puerto Rico Conference 2006

Puerto Rico Conference History



The 2008 PR Conference “Investment for Growth” was the most significant economic event the Puerto Chamber of Commerce celebrated in the Island. Hundreds of domestic and foreign investors participated in the event.

Puerto Rico Conference History



Puerto Rico Conference 2008

Puerto Rico Conference History



The 2010 PR Conference “Entrepreneurship for Growth”
was the leading macro-economic and
investor event in Puerto Rico.

Puerto Rico Conference History



Puerto Rico Conference 2010



PUERTO RICO

CONFERENCE 2020

Empowering Investment

When and Where

- **VIP Dinner:**
 - Tuesday evening, February 25, 2020
- **PR Conference 2020 "Empowering Investment"**
 - Wednesday, February 26, 2020
 - Conference: 7:30 AM – 5:45 PM
 - Networking Cocktail: 6:00 PM – 7:30 PM
- **At The Sheraton Puerto Rico Hotel & Casino**

Why Empowering Investment

Empowering Investment

- The region is in dire need for a change in Business Paradigm in terms of the way regional and global economies interact with each other.
- This Conference may very well set the stage for a thriving and robust sustainable regional economy that will create wealth, well-paying jobs, and quality of life for Puerto Rico and the Region.

Empowering Investment

- The **Puerto Rico Conference 2020** will also serve to attract new industries and investors to Puerto Rico where we have the human talent, the business environment and the track record to build success.
- We also see this event as an opportunity for local entrepreneurs to learn and interface with their counterparts from abroad at the same time that we present the advantages of doing business in Puerto Rico.

Conference Program

Main Topics

- Puerto Rico Economic Update
- High Impact Entrepreneurial Development in Puerto Rico
- Ambassadors of Exporting Knowledge
- Top Entrepreneurial Sectors
- From María to the Earthquakes: Puerto Rico Facing Nature's Wrath
- Entrepreneurship Impact on Higher Education
- Keynote Luncheon – Leading Change in Times of Crisis and Beyond

Main Topics

- **Reinventing the Family Business in Puerto Rico**
- **High Impact Entrepreneurship in Puerto Rico**
- **Access to Capital: Puerto Rico's Home-Grown Banks Lead the Way**
- **Transforming Puerto Rico: A Discussion with U.S. Governors**

Conference Program

- The event conferences and panels will also highlight Puerto Rico's competitive advantages, investment climate and new opportunities of investing in Puerto Rico.
- In addition, some of the panels will be on how to access capital in an era of limited institutional liquidity and others will provide investors with insight into Puerto Rico's global competitiveness.
- CEOs from different sectors will be sharing their experiences, and experts from the public and private sectors will be discussing the investment opportunities available in Puerto Rico.

Conference Program

➤ Keynote Speakers include:



Dr. Scott S. Cowen
President Emeritus and
Distinguished University
Chair, Tulane University



**Dr. Jorge Haddock
Acevedo**
President, University
of Puerto Rico



**Mr. Morgan M.
"Mac" Schuessler**
CEO, Evertec, Inc.



Mr. José J. Villamil
Chairman of the
Board & CEO of
Estudios Técnicos



Governor of
New York State
Andrew M. Cuomo



U.S. Senator and Former
Governor of Florida
Rick Scot

Conference Program



Highlights of the Conference include a Keynote on Leading Change in Times of Crisis and Beyond with **Dr. Scott S. Cowen**, President of Tulane University, a Conversation on Sectorial Strategies with CEO's of Puerto Rican companies and a Conversation on High Impact Entrepreneurship in Puerto Rico with the Presidents of the most important Universities in Puerto Rico.



In addition, Governor of New York State **Andrew M. Cuomo** and U.S. Senator and Former Governor of Florida **Rick Scott** have been also invited to express their views on the transformation of Puerto Rico.

Members of the PR Conference 2020 Committee

➤ Chairman & Founder

Francisco Rodriguez-Castro

CEO of Birling Capitol Advisors, LLC

➤ Co-Chairman

Mr. Gabriel Hernández, CPA

Managing Partner of BDO Puerto Rico

➤ Product Manager

Sandra González

Director of Marketing & Sales,
Puerto Rico Chamber of Commerce

➤ Finance Director

Sharon Ferrer

Director of Accounting & Finance
Puerto Rico Chamber of Commerce

➤ **Mr. José E. Ledesma Fuentes**

President & Chairman of the Board
Puerto Rico Chamber of Commerce

➤ **Mr. Miguel L. Vargas**

Executive Director & CEO
Puerto Rico Chamber of Commerce

Members of the PR Conference 2020 Committee

- **Mr. Luis Torres Llompart**
Partner of BDO Puerto Rico
- **Dr. Jorge Haddock Acevedo**
President of the University of Puerto Rico
- **Dr. Ubaldo M. Córdova Figueroa**
Executive Vice-President of the University of Puerto Rico
- **Mrs. Lucienne Gigante**
Founder of LuGi, LLC

Puerto Rico's Value Proposition

Strong Foundation for Economic Growth

Solid base for building the future economy



➤ **Puerto Rico already possesses many enticing characteristics for attracting new investment:**

- Benefits Under U.S. Jurisdiction/ Laws
- Advantageous Tax and Cost Structure
- Favorable Location and Demographics
- Life Science Industry Leader
- World Class Amenities

Favorable Location - Geography

Strategic location – bridge between North America, Europe and Latin America



Favorable Location - Geography

Intrinsic appeal

➤ **Attractive environment to re-locate and visit:**

- Ideal climate: average temperature 83°F in winter, 85°F in summer
- Diverse terrain: coastline, central mountains, only rain forest under U.S. National Forest Service
- Beaches ranked among best in the world

➤ **Ample natural resources**



Favorable Location - Geography

Intrinsic appeal

- 100% digital switching telecommunications network
- Fiber optic cable throughout island
- One of the most efficient financial infrastructures in the hemisphere: 564 branches; 1,334 automatic teller machines; and 44,308 points of sale
- Port of San Juan: One of the busiest container ports in the western hemisphere
- 40 shipping lines providing service to 80 domestic and foreign ports
- Urban train system



- Robust airports that serve as the gateway to the Caribbean and have more than 4,300 local and international flights per month island-wide
- Comprehensive highway system that ensures no point is more than 2 hours from seaport or airport
- Natural gas pipeline nearly complete – will reduce energy costs in near term

Benefits Under U.S. Jurisdiction/Laws

Best legal protection for business

- **U.S. Constitutional and Legal Protection**
- **U.S. Currency and Banking System**
- **U.S. Intellectual Property Protection**
- **U.S. Federal Court Presence**
- **Located within U.S. Customs Borders**
- **Participation in U.S. Trade Agreements**
- **Access to U.S. Federal Funds and Grants for Infrastructure, Social Programs, Education, Research, and more.**

Advantageous Tax and Cost Structure

A unique value proposition for multinational companies

➤ Foreign Tax Structure

- No federal income tax
- Controlled Foreign Corporation (CFC) treatment
- Flexibility to develop local tax incentive laws

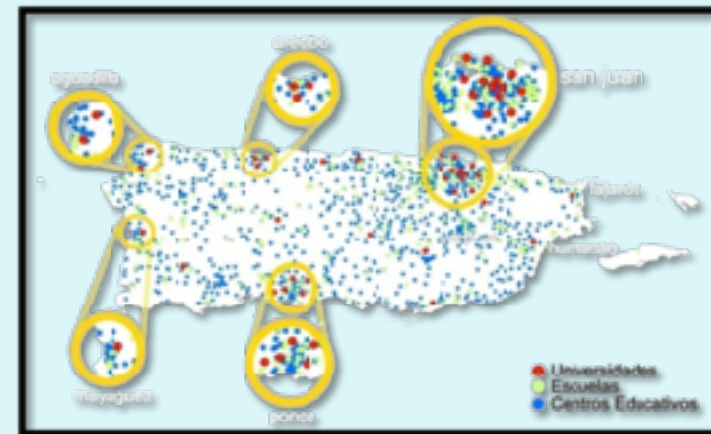
➤ Cost competitiveness relative the U.S.

- Average cost of business in PR is 10.9% lower than national average
- San Juan is the least expensive large U.S. city to do business

Skilled Workforce

Highly-educated workforce and outstanding university system

- Two of the twenty largest undergraduate engineering programs in the United States
- Over 23,000 higher education degrees per year
- Over 9,000 graduates per year in science, engineering, and technical degrees
- Three medical schools with U.S. accreditation all conducting NIH and NSF funded research.
- Broad local expertise in manufacturing, science and research, finance and law, and engineering and construction
- Bilingual population



Sophisticated Industries

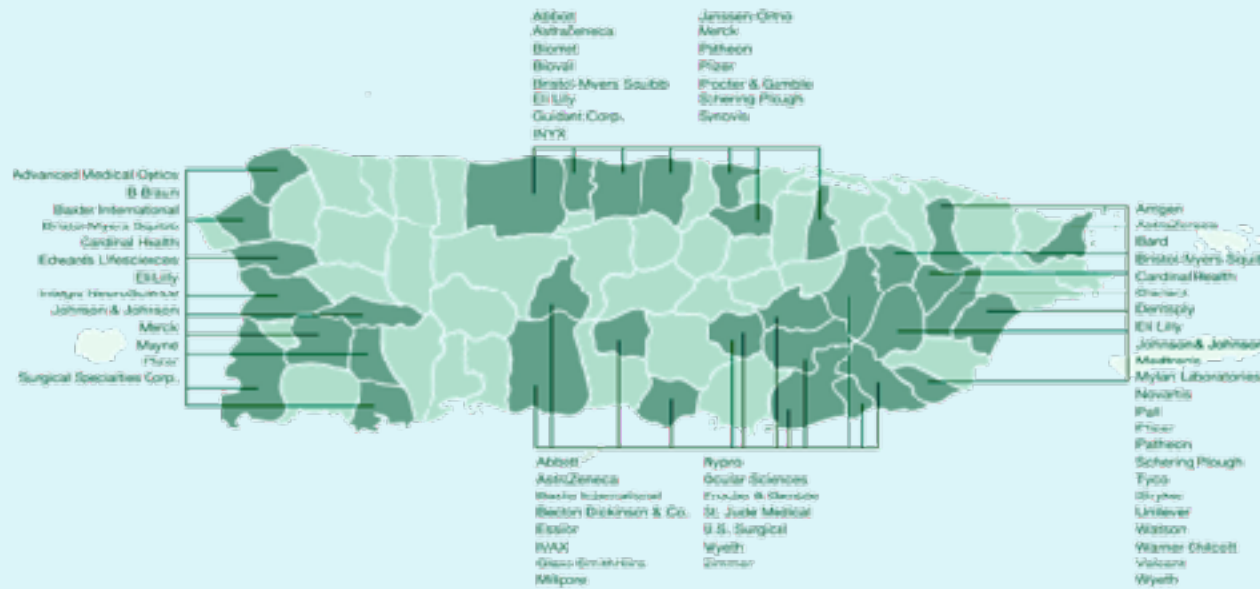
Manufacturing

Manufacturing the products of tomorrow

- Center for complex, high-tech goods manufacturing that requires specialized skill sets
- Leveraging and integrating science, technology, and R&D focus with the manufacturing sector
- Excellence in target industries:
 - Chemical and biological drug development
 - Biotech and medical devices
 - Aerospace and communications components
 - Renewable energy technologies

Life Science Industry Leader

More than 50% of the Fortune 100 companies have operations on the Island



- Thirteen of the top 20 blockbuster prescription drugs
- Six of the top 10 biologics
- Half of all pacemakers and defibrillators sold in the US
- Continuing pharmaceutical investment: \$4 billion in last 5 years

Our Life Science Capabilities and Industrial Ecosystem

- More than 38,000 direct jobs in the Life Sciences Industry, accounting for 8% of total U.S. employment in this sector.
- Over 100,000 indirect jobs serving the Life Sciences community in such areas as construction, project management, validations and commissioning, packaging, raw materials, financial and legal services, and others.

Our Life Science Capabilities and Industrial Ecosystem

- Workforce with significant expertise in GMP's, process development, automation, quality control/assurance, FDA and EMEA regulatory compliance, packaging, warehousing, and others.
- One of only four U.S. jurisdictions considered specialized in three bioscience sub sectors (Drugs and Pharmaceuticals, Medical Devices and Equipments, and Research).

World Class Amenities

Tourism

Puerto Rico as the destination of choice in the Caribbean

➤ Improving service and quality

➤ Diversification

- Offerings that cater to the needs of all travelers: economy, mid-market, and luxury/five-star category properties
- Complementary product offerings: timeshares, vacation clubs, condo hotels, rental management, and branded residential
- Regional offerings beyond the San Juan Metropolitan area

➤ Expansion of target markets

- Increase in domestic and international air travel routes
- Increase home port and port of call cruises, and pre and post visits
- Niche markets, e.g. medical tourism, sports and aquatic tourism, and eco tourism and gaming



BIRLING
CAPITAL ADVISORS, LLC

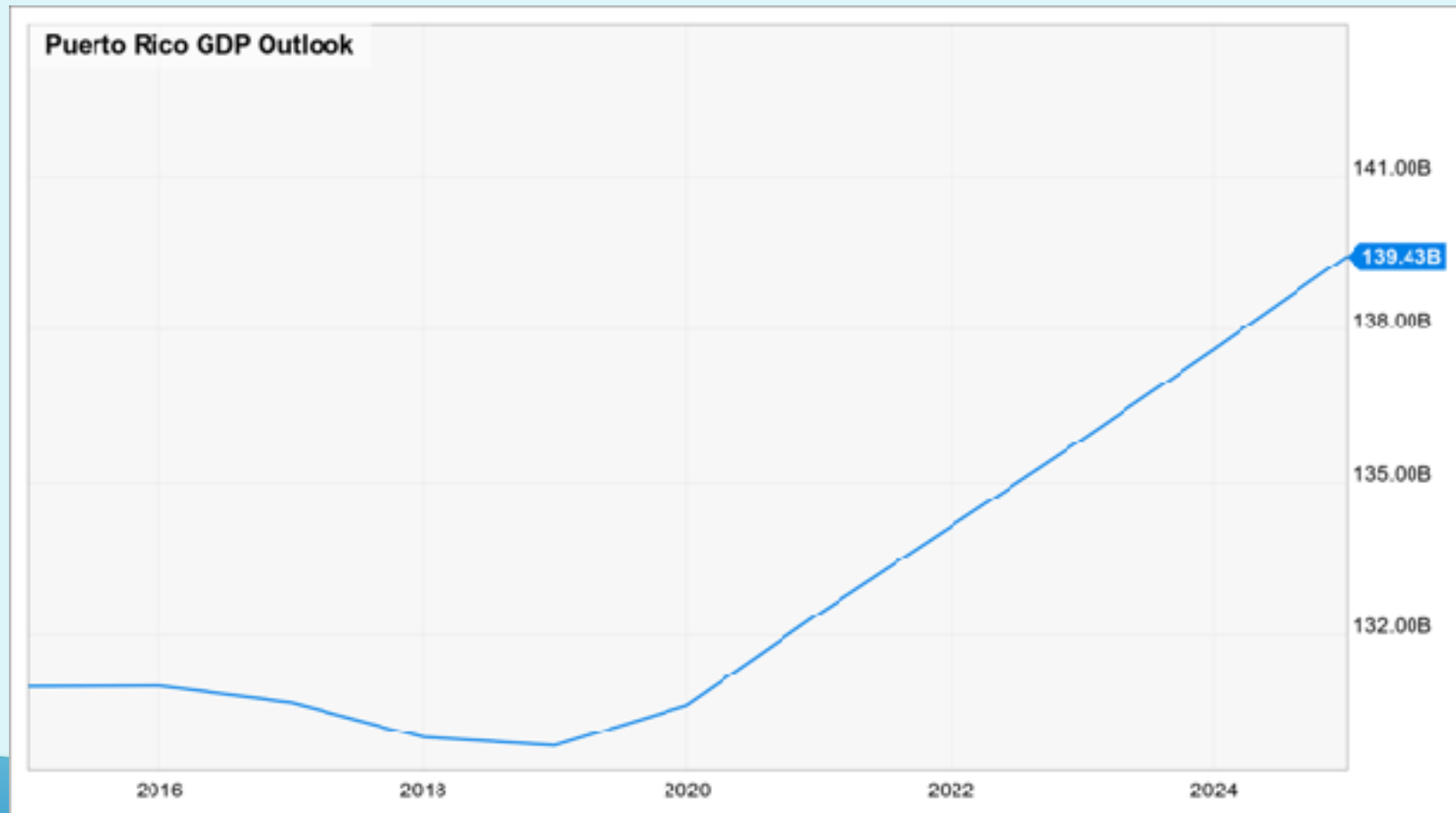
Economic Update

About Birling Capital

Birling Capital is a leading corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations, and their owners in identifying and resolving organizational finance-related issues. We use a holistic approach to both assets and liabilities sides with integrated business, personal, family needs and objectives. Over the past two decades, our firm's principals have advised on more than hundreds of transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

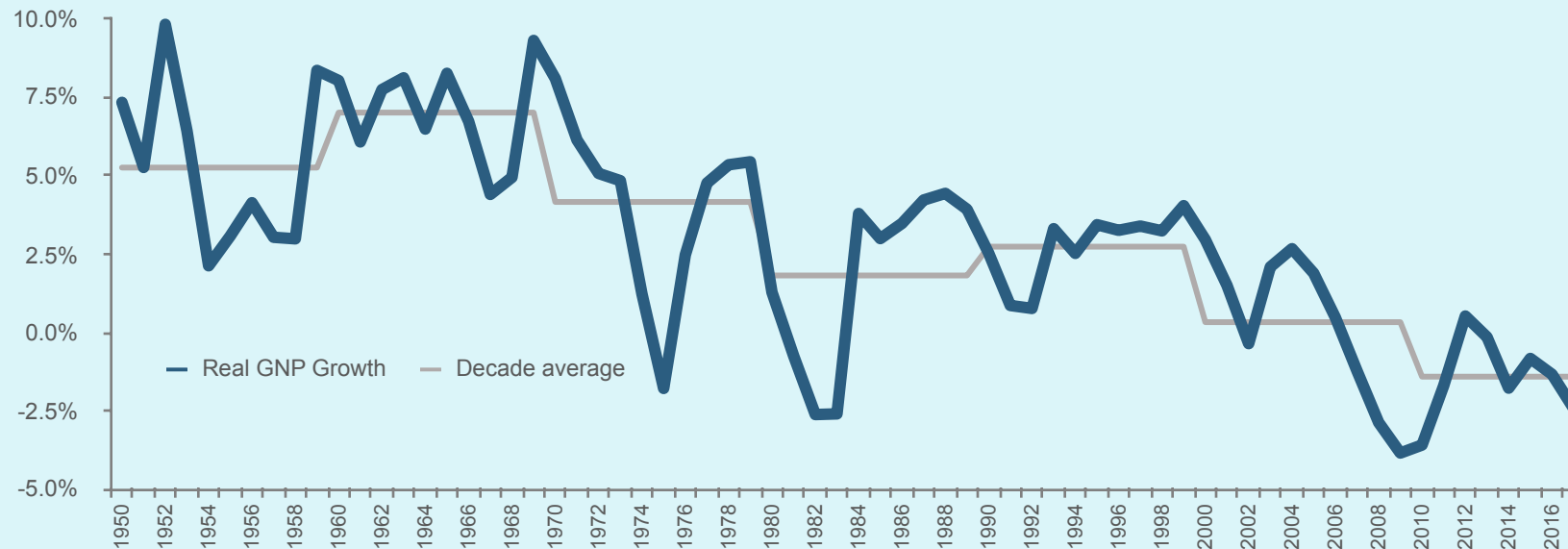
You have particular problems. We provide long term solutions. Doing the right thing at the right time.

Puerto Rico GDP Outlook



Long Term Trends

- Although attention has been focused on post María reconstruction, Puerto Rico's economy has underperformed for decades and the reconstruction effort entails reversing the long term trend reflected in this graph.



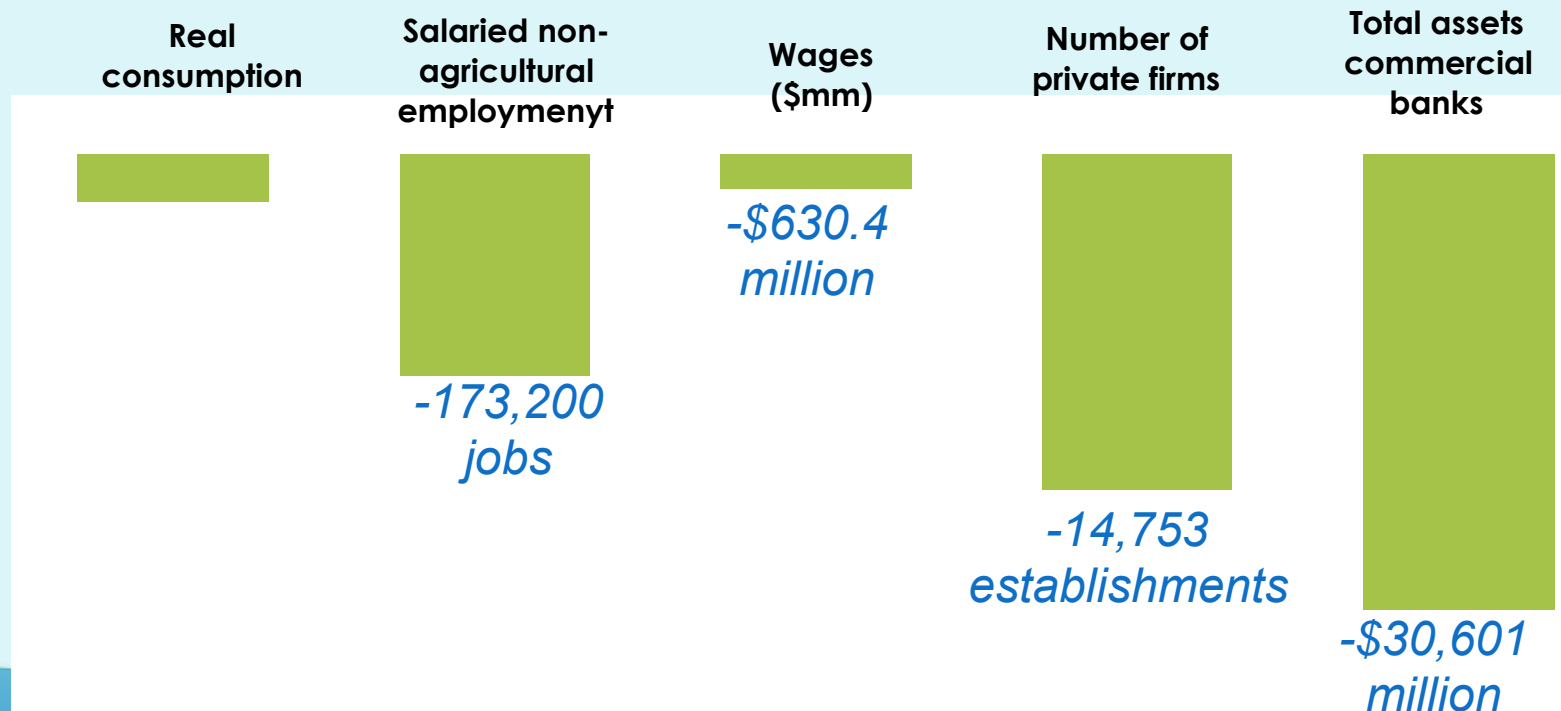
Consequences of Recent Economic Trends

Selected indicators: change 2010-17

- Puerto Rico's economy is substantially smaller than it was in 2006, when the most recent economic contraction trend began. The impacts are reflected in the graph below.



GNP
-17.6%



Source: PR Planning Board, OCFI & American Community Survey 5-year estimates 2016 [Tabla B25079].

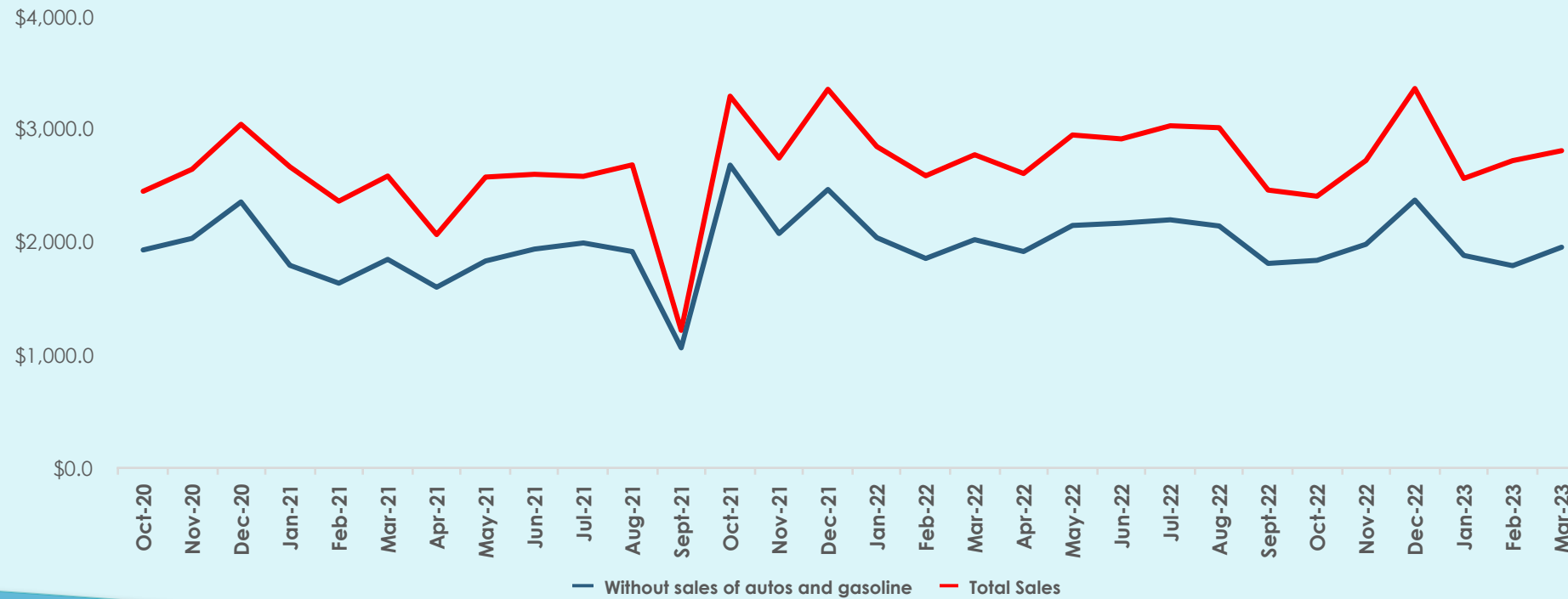
- Federal and local funds for reconstruction will determine short term growth of real GNP and other aggregate indicators. Investment in construction will return to 2004 – 2005 levels which will have positive impacts on employment.
- We are convinced that PRPB estimate for fiscal 2018, -4.7% seriously underestimates economic growth that year since it is not compatible with the behavior of the indicators in the next slides.

Real GNP Growth: Historic and Forecasts

	Historic							Forecasts			
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GNP (Total)	0.5%	-0.1%	-1.8%	-0.8%	-1.6%	-3.0%	-4.7%	1.7%	1.9%	2.0%	2.1%
Personal Consumption	2.4%	1.7%	-3.1%	-2.6%	-2.8%	-0.4%	1.1%	1.2%	1.3%	1.5%	1.6%
Government Expenditures	1.3%	-2.1%	7.4%	-10.5%	-3.8%	2.9%	-2.9%	-1.0%	1.1%	1.5%	1.4%
Gross Domestic Investment	5.8%	-8.9%	-6.0%	0.4%	-7.9%	-2.8%	11.1%	10.4%	11.5%	11.9%	14.6%
Construction	15.6%	-14.8%	-16.7%	-4.4%	-16.9%	-12.9%	-4.2%	9.4%	24.9%	29.6%	39.7%
Public	19.0%	-19.8%	-26.4%	-8.4%	-34.8%	-17.5%	1.2%	17.8%	49.2%	52.4%	65.4%
Private	11.7%	-8.8%	-6.3%	-1.1%	-3.1%	-10.5%	-6.9%	5.0%	10.6%	11.4%	11.7%
Exports	-6.6%	-2.0%	-2.1%	3.8%	3.1%	-4.1%	-0.9%	3.3%	2.8%	2.1%	1.9%
Imports	-0.9%	-0.9%	-2.2%	-1.4%	-1.3%	-0.8%	3.4%	2.7%	2.9%	2.9%	3.3%

Sources: PR Planning Board (2019). 2018 Statistical Appendix [Table 3]. Estimates by Estudios Técnicos, Inc. (November 2019).

Retail Sales
October 2016 - March 2019

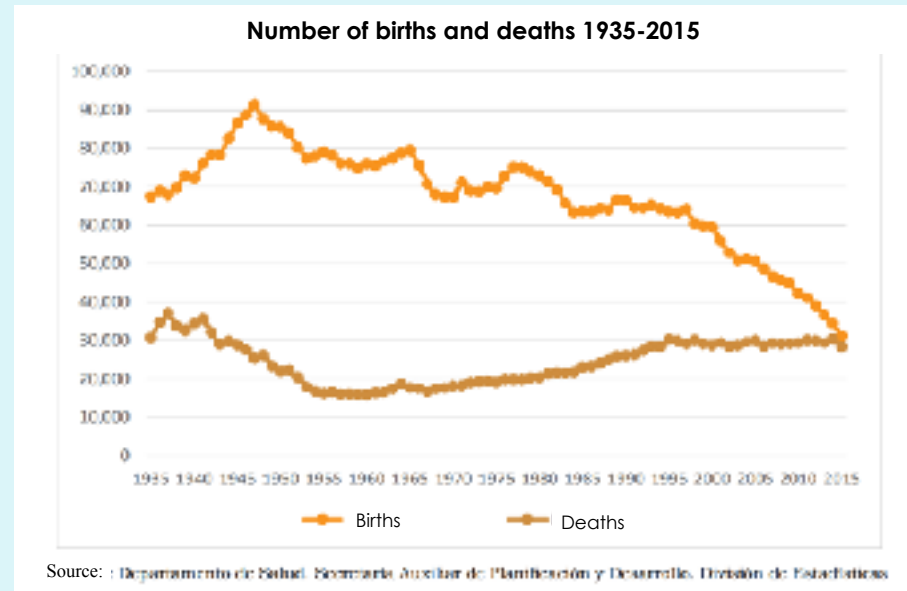


Source: P.R. Trade and Export Company (2019). Infoventas.

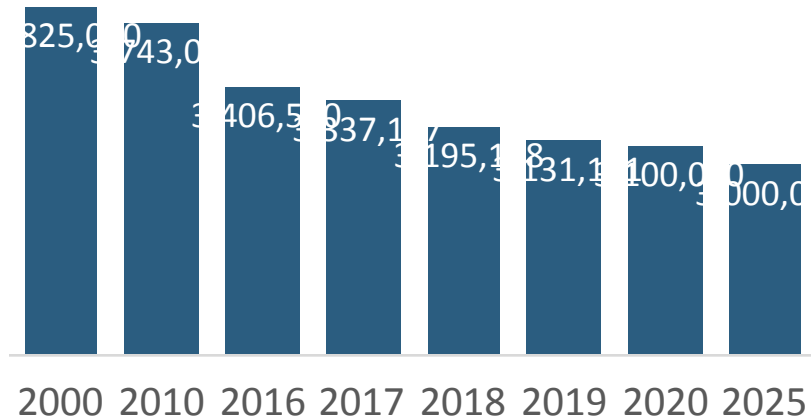
* Excluding the following sectors: Gas stations and Convenience stores, and Fuel distributors

Loss of Population

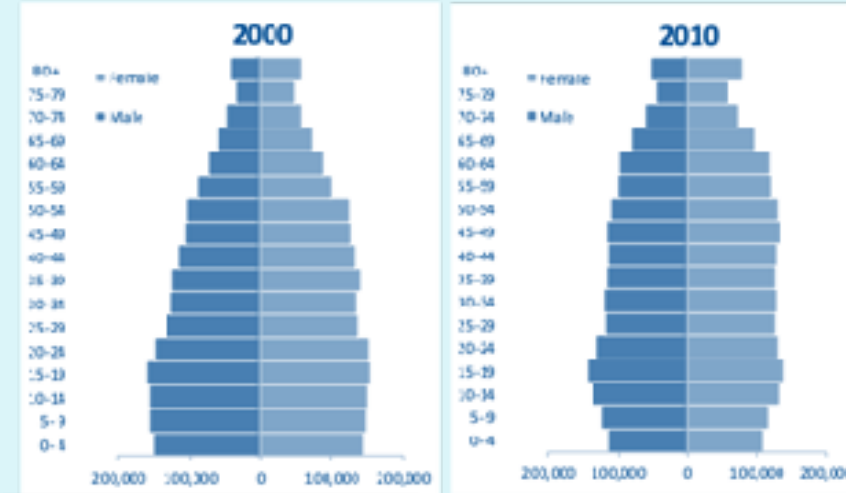
- The loss of population is not only due to outmigration but to a rapidly falling birth rate.
- In 2015, for the first time, the number of deaths exceeded the number of births.

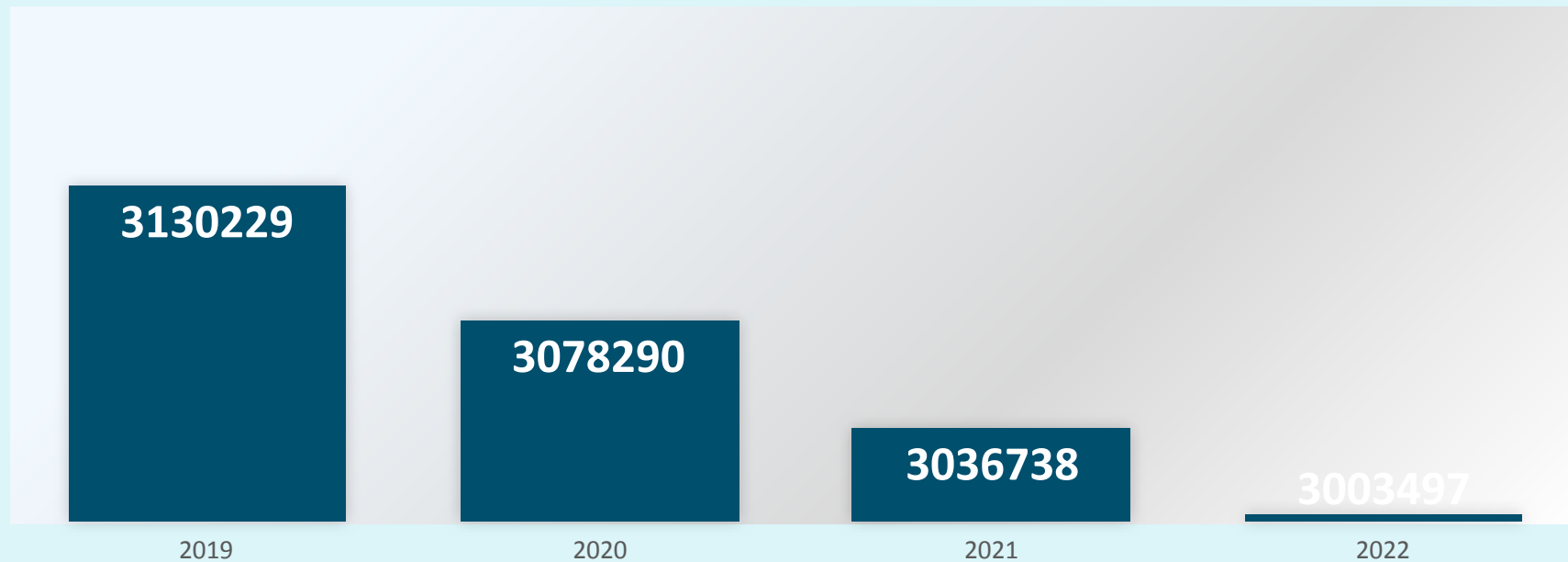


A Smaller and Older Population



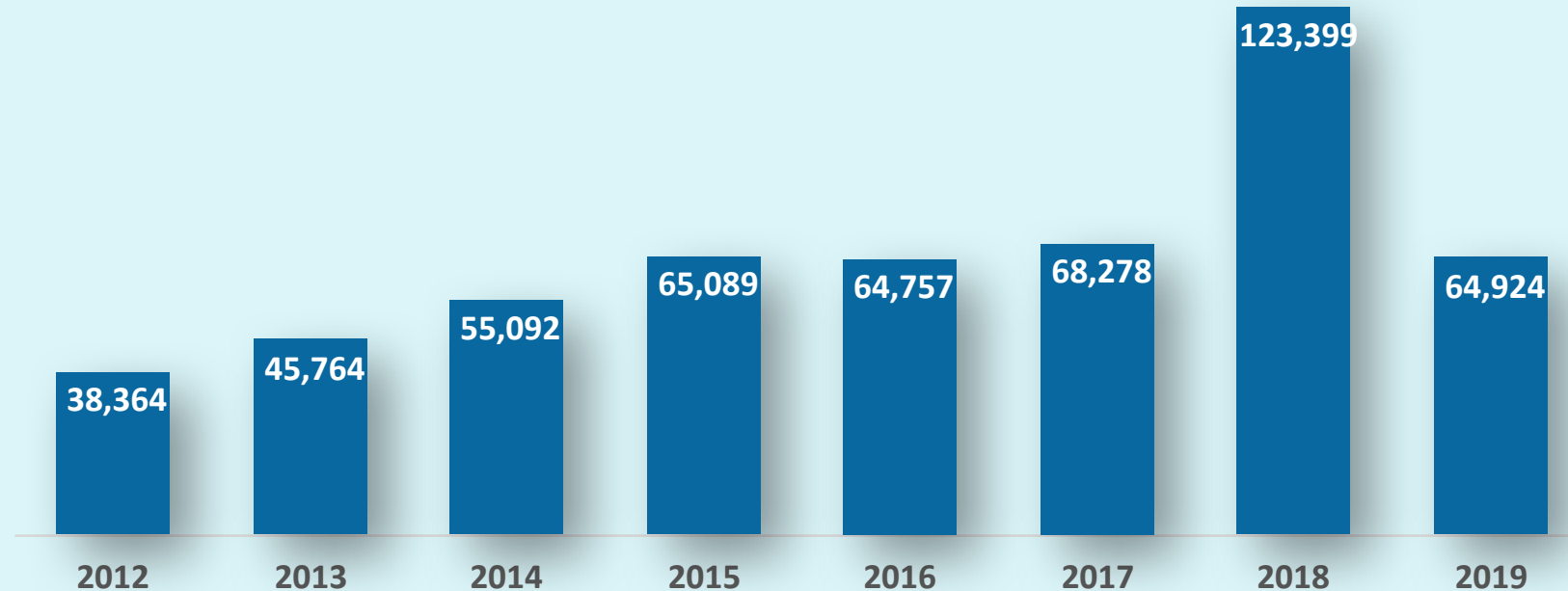
By 2025 the population pyramid will be inverted, and this goes against the assumptions underlying pension planning in previous decades and the design of many social services.





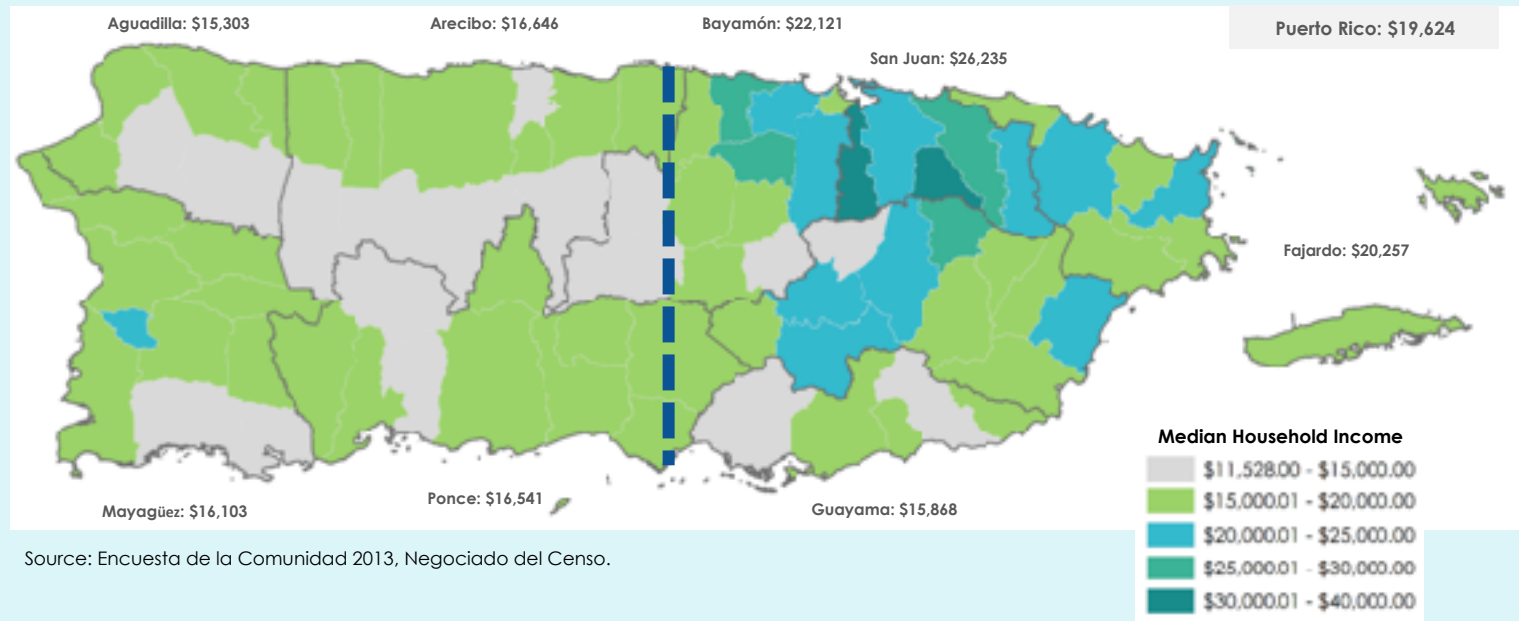
Source: Estudios Técnicos, Inc.

- The average net migration for the past three years has been around 60,000+; this is the difference between outward and inward migration. Estudios Técnicos, Inc forecasts migration for 2019 at almost 65,000.



Source: Estudios Técnicos Inc.

Median Household Income by Municipality and Region

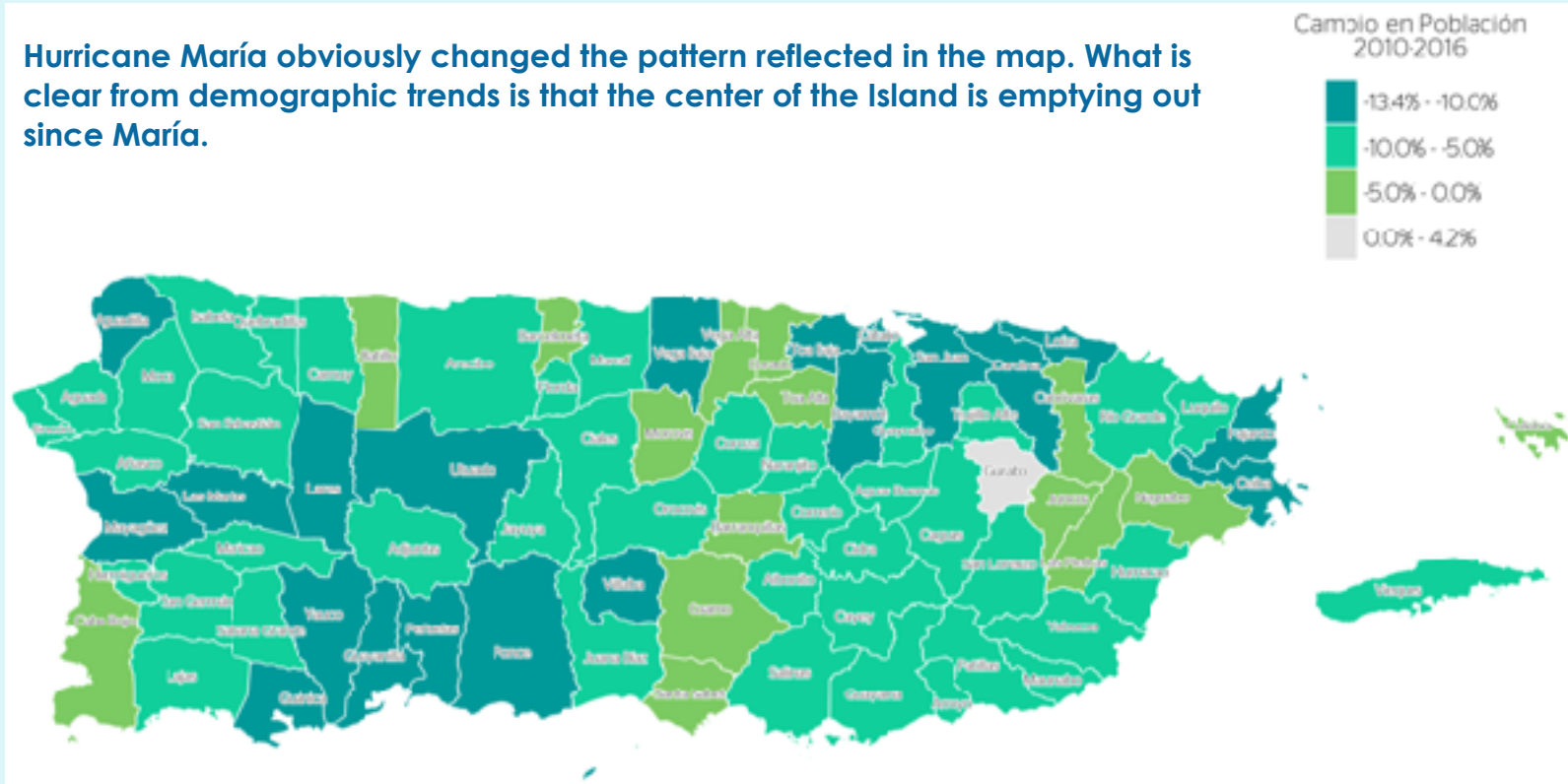


Source: Encuesta de la Comunidad 2013, Negociado del Censo.

West of the imaginary line is a very different
Rico from the eastern side.

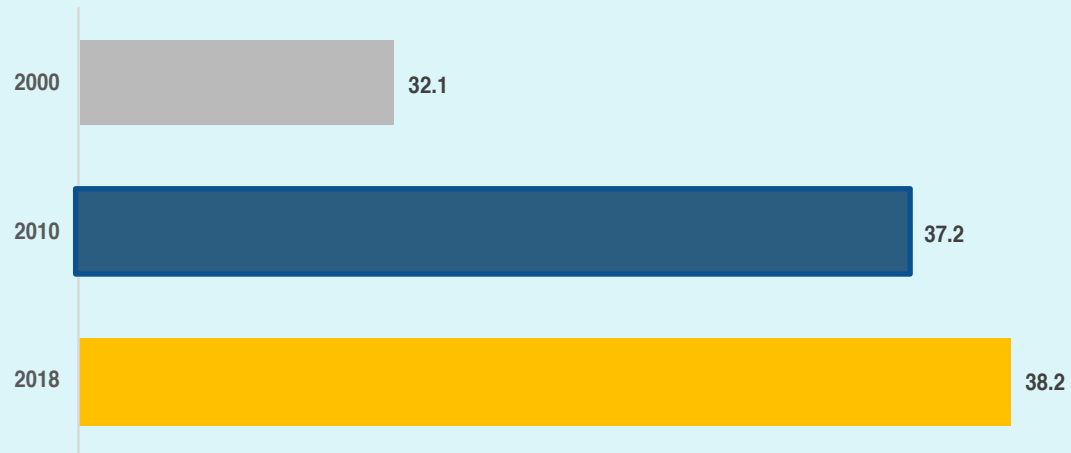
Puerto

Hurricane María obviously changed the pattern reflected in the map. What is clear from demographic trends is that the center of the Island is emptying out since María.



Puerto Rico Median Age

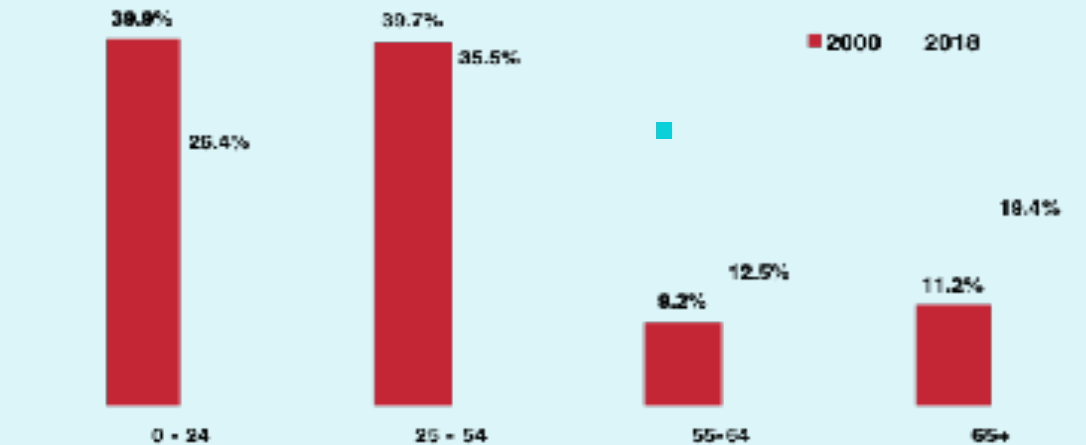
2000, 2010 & 2018



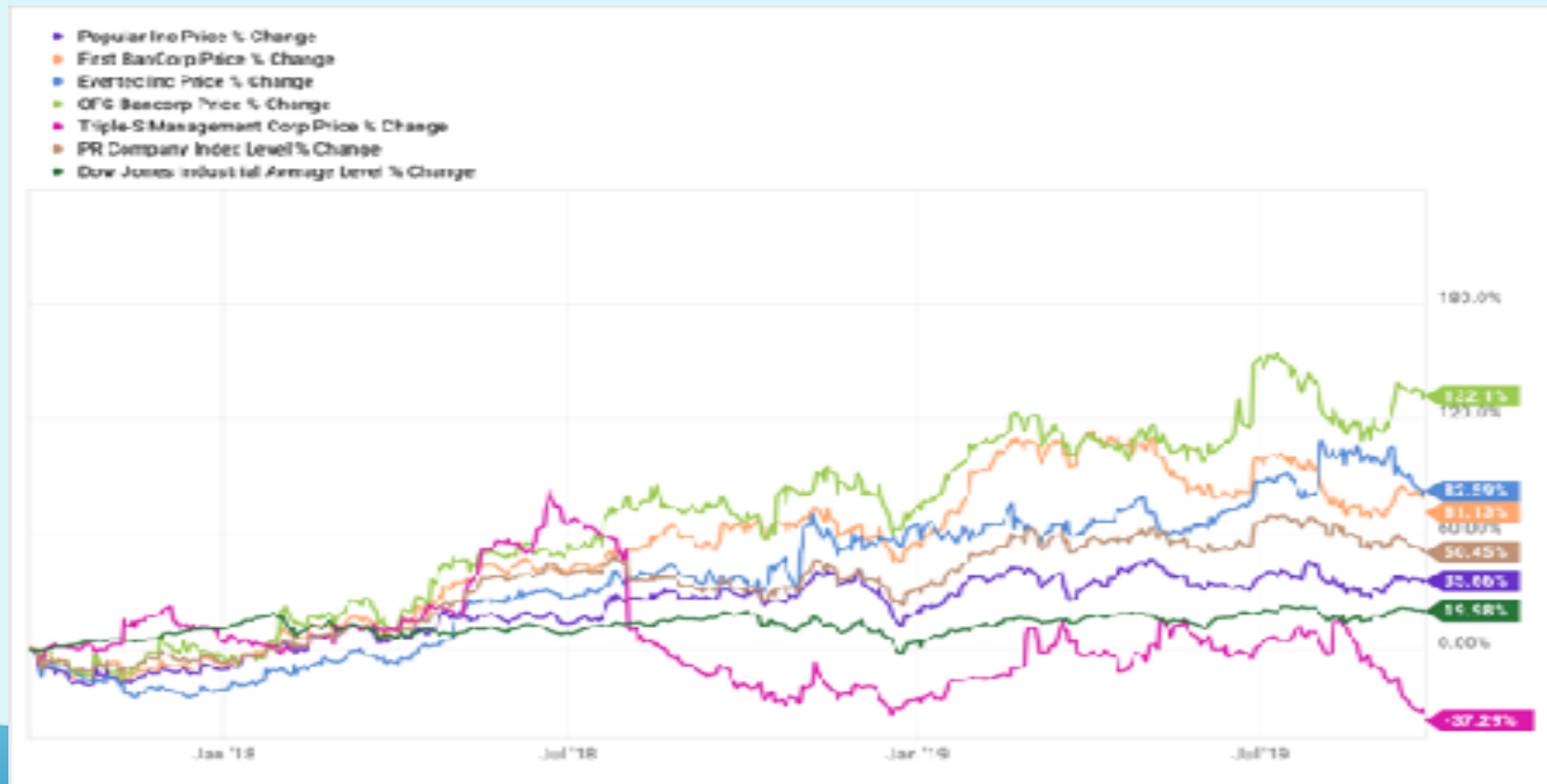
Source: U.S. Census Bureau (2019). *2000 Census* [Table p13]; *Population Estimates* [PEPAGESEX].

Share of Population by Age Groups

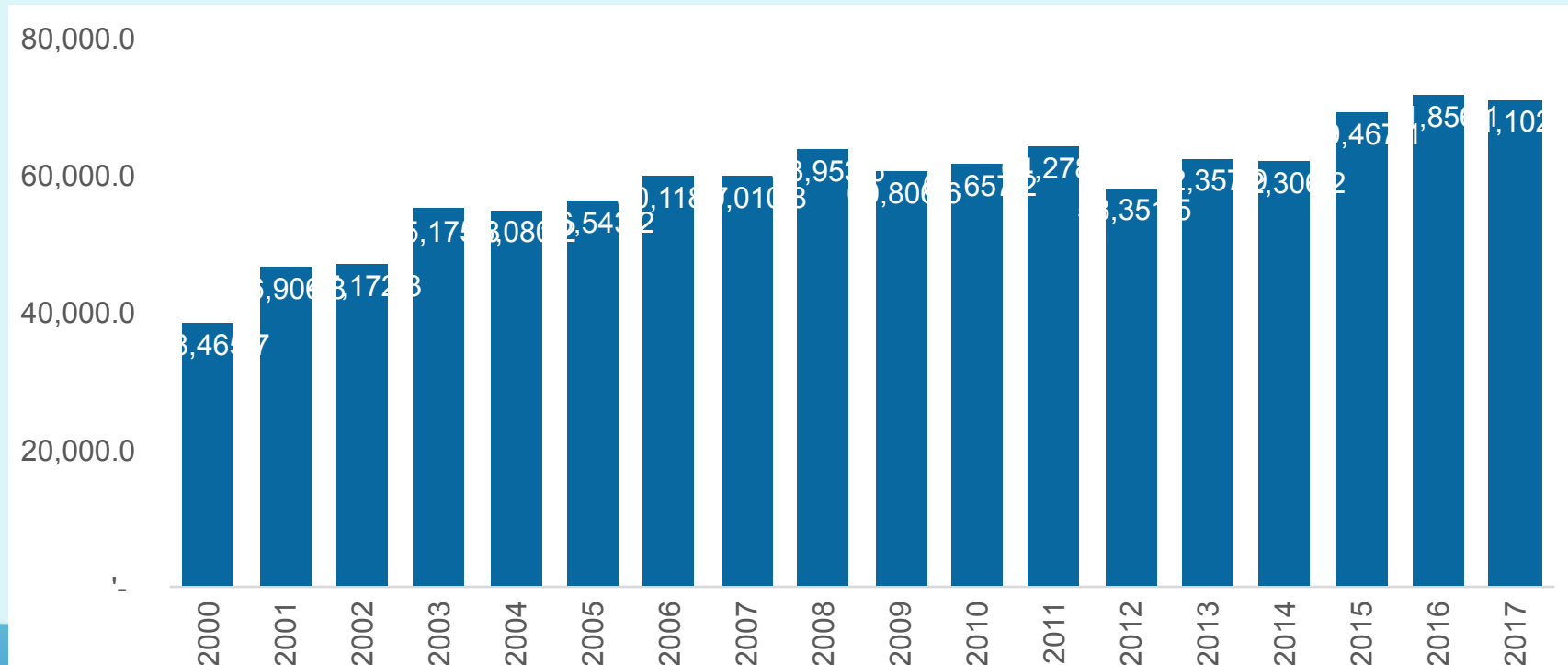
2000 & 2018



Source: U.S. Census Bureau (2015). *Population Estimates* [PEPAGESEX].

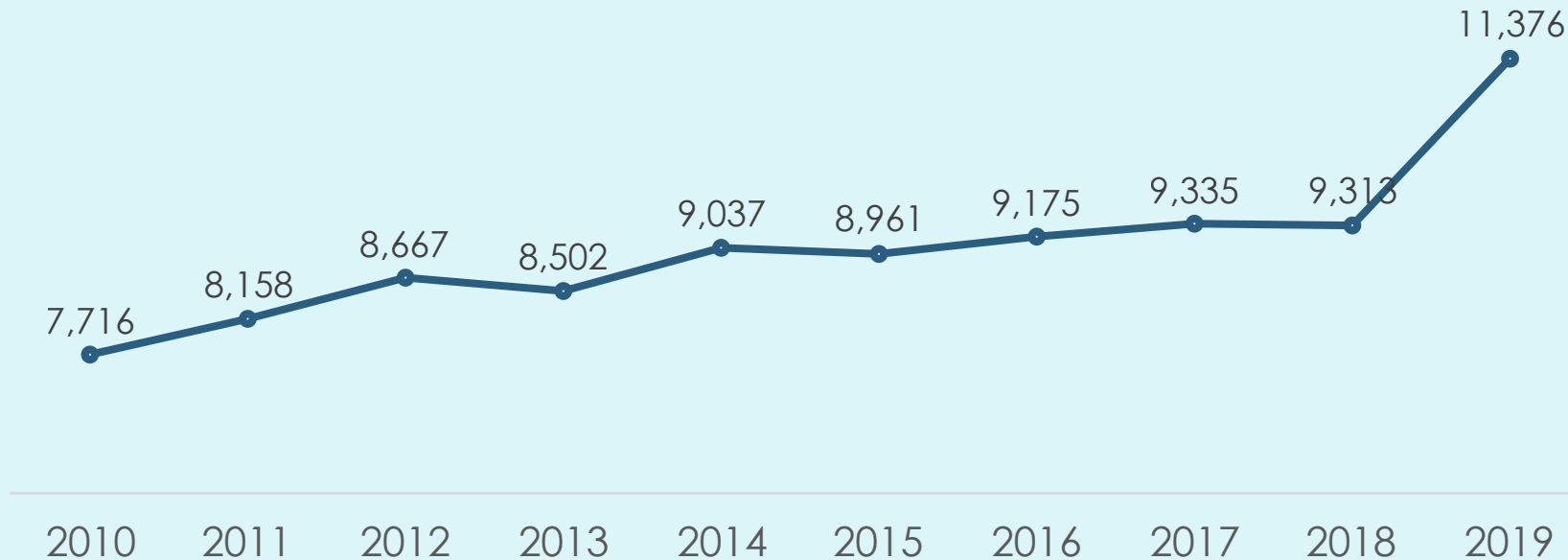


A small, open economy such as ours must necessarily stimulate exports if it wants to spur growth



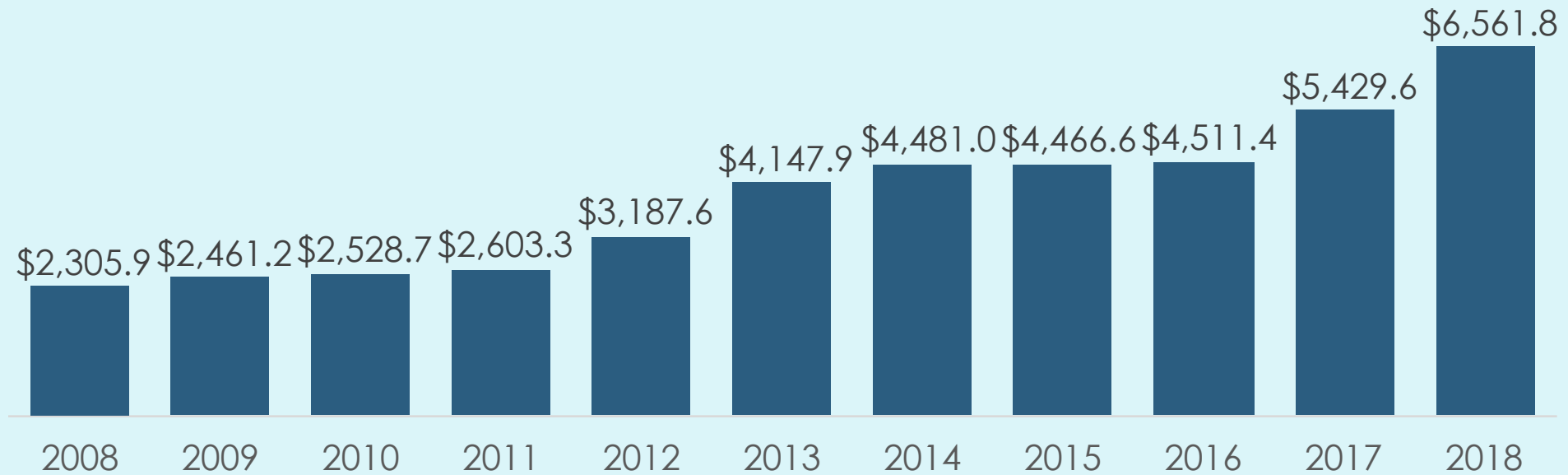
General Fund Net Revenues

General Fund Net Revenues (millions)
2010-2019



Source: P.R. Department of Treasury (2019). *Statistics and Revenues*.

Federal Transfers





THANK YOU!

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