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# REHAU IN ARGENTINA

Celebrating more than twenty years of sustained growth

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# A BRIEF OVERVIEW OF REHAU

We provide Unlimited Polymer Solutions to the world

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# As a polymer specialist REHAU is a leading supplier in the divisions of:



## CONSTRUCTION

Key topics:

Energy efficiency, water management, infrastructure and renewable energies.



## AUTOMOTIVE

Key topics:

Lightweight construction, alternative drive concepts and new mobility approaches.



## INDUSTRY

Key topics: Product and design solutions for the furniture industry, developments for the hose, profile and domestic appliance sectors.

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# ARGENTINA

A land of opportunities and contradictions

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## Argentina in brief

- Argentina is the world's eighth largest country in terms of area
- Its terrain includes part of the Andes mountain range, swamps, the plains of the Pampas and a long coastline
- Argentina benefits from rich natural resources, with a geological and climatic situation particularly suitable for developing forestry, agriculture, livestock farming, mining and fisheries. It also boasts of large petroleum, gas, lithium and uranium reserves.

## 12 years of populist government under the Kirchner family

- The Kirchner´s (Cristina and her late husband Néstor) governed the country during 2003-2015 as a contemporary spin of the “Peronismo” (of Juan and Eva Perón), defined by strong nationalism, the concentration of power and populist, social welfare programs as a vehicle to gain loyalty from voters. It was a government that prioritized internal consumption.
- The first Kirchnerist government enjoyed years of very strong growth due to **high prices of commodities** (especially soybean). The government then raised salaries, undertook public spending initiatives (including spending the money of retirement accounts), and granting huge subsidies in gas, electricity and public transport.
- In 2009/2010, commodity-prices started to decline. Without adequate revenue to finance public investment, Kirchner´s economic model plunged Argentina into deep public debt, and **the economy stopped growing**.

## 12 years of populist government under the Kirchner family

- Currency controls were established: government reduced the amount of dollars anyone could buy or transfer abroad. This led to a black market to buy or sell dollars. The breach between them reached up to 60%
- Export fees for commodities were extremely high (35% for soybean, the main grain cultivated in Argentina)
- Import restrictions made it almost impossible for international companies to operate in the country
- Not helping were the Kirchner administration's fights with foreign creditors (which discouraged foreign investors), attempts to submit the independent judiciary system to political demands and confrontation with other countries (including close neighbors in South America).
- Corruption: Cristina Kirchner's declared personal wealth stands at USD 13.8 million, up from USD 500,000 when the couple first entered national politics. She must deal now with several accusations, including money laundering

## 2015 elections: A political turning point

- President Mauricio Macri (a conservative businessman and former Mayor of the City of Buenos Aires) won elections (end 2015) with a new coalition party (*Cambiamos* – “Lets Change”). This was unexpected and a real shock for peronists
- The campaign`s strategy consisted of one-on-one approach with strong support on social media and the involvement of middle and high class sectors (historically far away from political issues). People started calling friends and acquaintances to convince about voting Macri –and stating that a change was possible. This included massive volunteering both for campaigning and for monitoring elections to avoid corruption during vote-counting procedures
- Most of the members of Mr. Macri´s cabinet come from the corporate world (former top executives of JP Morgan Chase, Deutsche Bank, Shell, Telecom Argentina, General Motors, pension funds, among others.)



# The big question: can Argentina really emerge?

Although enthusiasm is high, the tasks are difficult:

- Reduce inflation (700% during the past 10 years)
- Reduce Fiscal Deficit of 7% of GDP
- Encourage foreign investment
- Enable new job opportunities within the private sector
- Return to export markets
- Improve infrastructure deficit along the country (roads and railroads drastically deteriorated)
- Improve competitiveness
- Restore Energy self-sufficiency
- Update public education and state-funded health care

## First measures of the new government

The new administration quickly adopted several measures to gain confidence in the markets:

- Lifted currency controls (allowing the peso to float freely)
- Eliminated export fees on agricultural products such as wheat, beef and corn, and reduced them on soybeans
- End of import restrictions
- Cut subsidies that had made utility bills (gas, electricity, water) among the cheapest in the world
- Cut personal income taxes
- Declared of energy emergency until 2017
- Restored Argentina's discredited statistics agency (to recover knowledge of real situation and gain confidence from investors)
- Announced the payment of USD 4.65 billion to four hedge funds in a deal to put an end to almost 15 years of legal battles that had the country cut off from global financial markets

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## The REHAU business in Argentina – an introduction

- Many international companies (including REHAU direct competitors) have left the country during the past decade. The financial crisis, combined with corruption and absurd norms, drove away investments
- Despite this, REHAU managed to continue growing in Argentina
- REHAU premium products are very well-esteemed, and there is still more market-share to gain and new products to introduce within the country
- Although the complex reality of the country might have scared many, Argentine businessmen are extremely resilient to working in unstable contexts. Everyone remembers a crisis and they are always confident that –sooner or later- they will emerge, once again, and continue doing business in Argentina



## More than 20 years in Argentina

- REHAU began its operations in Argentina in 1994, and grew steadily in the country and in the region
- The headquarters of REHAU are located in a 13,000 square meters property in Martinez (province of Buenos Aires)
- The sales office also serves customers from Bolivia, Paraguay and Uruguay
- The management team is responsible for the business in South America



## Industrial production in the city of Rosario

Rosario is the third most important city of Argentina

Stage 1: Applications for domestic and commercial cooling industry

Stage 2: PVC profiles for windows

Stage 3: New plant



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# REHAU PRODUCTS IN ARGENTINA

We deliver unlimited polymer solutions into diverse industries

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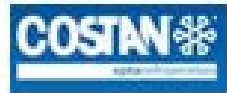
# Applications for domestic & commercial cooling appliances

We provide seals and gaskets to the main players in the market



Electrolux

SIAM



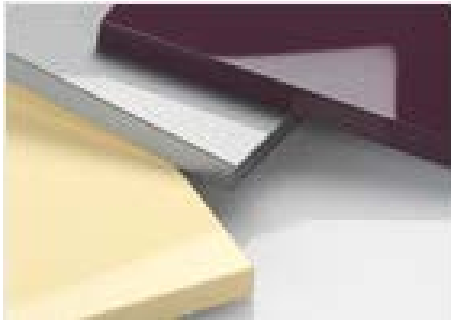
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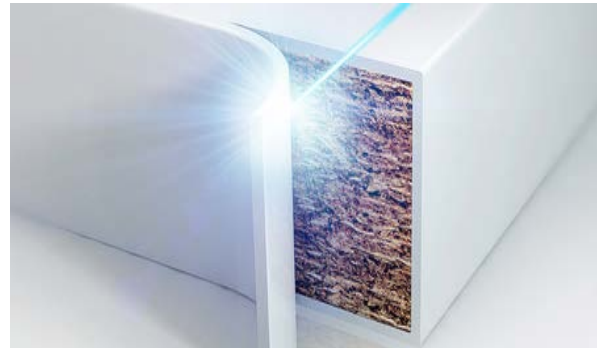


# Furniture Solutions

More than 500 points-of-sale commercialize REHAU products



Surfaces



Edging solutions



Decking systems



Plinth profiles



Tambour doors



Vast range of Hettich hardware—drawers, runner systems, hinges, etc.

## Furniture Solutions: an innovative approach (*The buena concept*)

- The business model is based on the **diversification of products** for the Furniture market
- Twenty years ago, REHAU decided provide a wider range of products (including traded products) as well as a service focus:



Traded products



Service focus  
(Confection Center in Bs. As.)

This business model has been implemented successfully in most locations of South America and worldwide

# Window Solutions

Significant growth in the past years: more than 100 window fabricators



Sofitel Cardales Resort, province of Buenos Aires



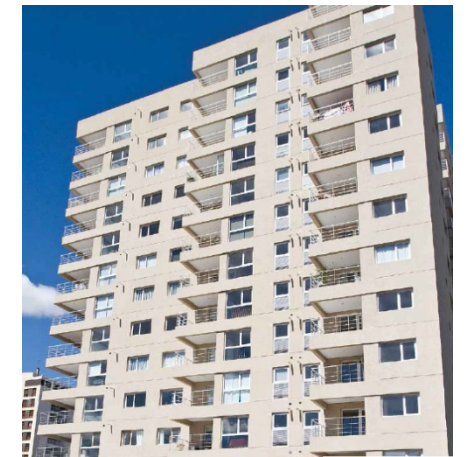
Private house in province of Buenos Aires



Esplendor Hotel, City of Buenos Aires



Private house and Vizion Suites Apart Hotel in Cariló, a Beach Village located 400 km from the city of Buenos Aires



Apartment building in Buenos Aires

# Energy-Efficient Building Solutions

Innovative solutions for heating and plumbing systems



Madero Center Complex Building, Puerto Madero, city of Buenos Aires



Huemul Hotel, Bariloche, Patagonia, province of Río Negro



Puerto Pañuelo, Bariloche



Form Complex Building, Rosario, province of Santa Fe



Maral Complex, city of Mar del Plata (400 km from Bs As City)

# Hoses for different applications and industries

Garden hoses & accesories and pipes for all types of machinery



Garden Hoses & Accesories



Wine Industry



Dairy Industry



Food Industry



Wood Industry



Pharmaceutical Industry



Domestic Appliances



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# OPARGEN: A COMPANY FROM THE REHAU GROUP

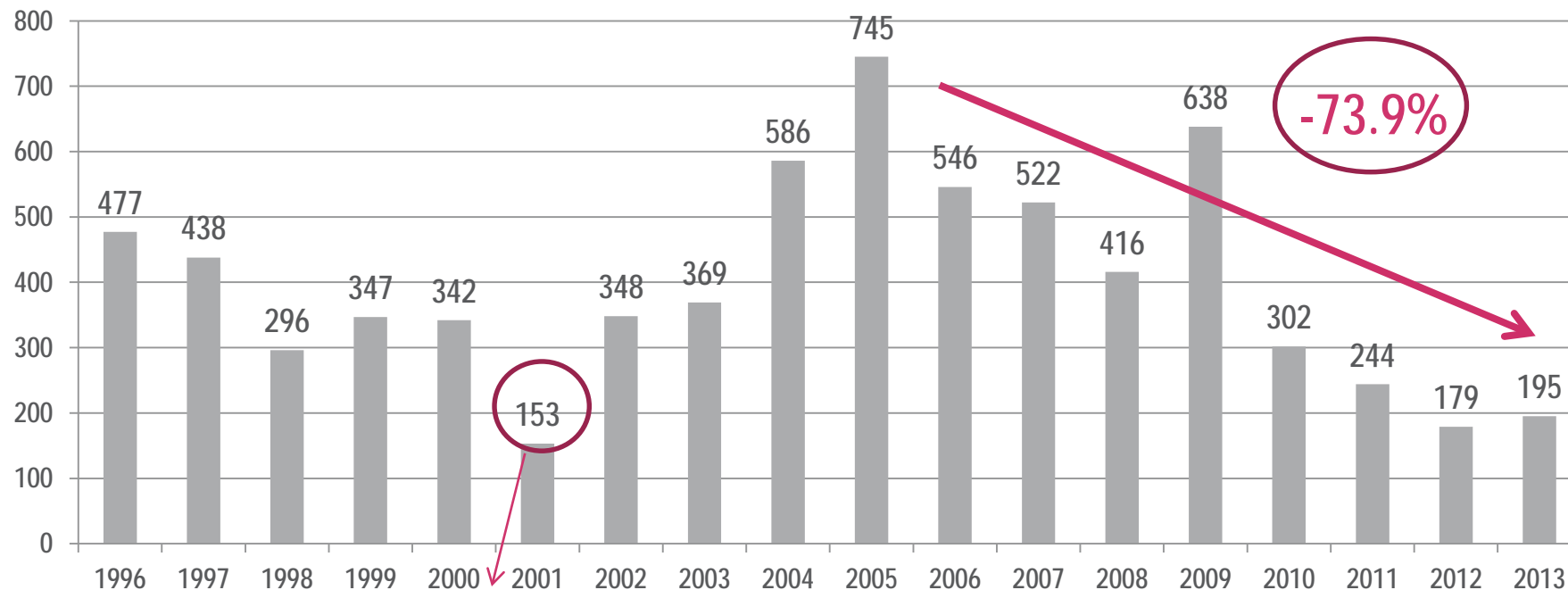
Investment in agricultural and breeding services

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# Livestock farming in Argentina

Cattle breeding and fattening is one of the pillars of Argentine economy: the country has 50 million livestock, the annual meat production reaches 2.7 million Tons and the internal consumption of beef is of 60kg per person/year. 10% of Beef production is destined to exports

Beef exports in Argentina 1996-2013  
(in Thousands of Tons)



Export markets closed  
(Aftosa – Food & Mouth Disease)

- 2005 marked an exports-record
- The decrease during the following years responds to Mrs. Kirchner's restrictions to beef exports (high export rates)
- The new administration has cut-off restrictions and has promised to encourage beef exports

## OPARGEN: Agricultural and Livestock Production

- OPARGEN began its operations in 1975. It owns 10,000 hectares located in the most productive and expensive area of Argentina (province of Buenos Aires). Within that zone, the best livestock for export is produced (Aberdeen Angus race)
- The main activity consists of Cattle breeding and fattening, a key activity in Argentine economy (the country has 50 million livestock).

### Current agricultural production:

- 600 ha. Soybean: 2.100 tons
- 300 ha. Sunflower: 700 tons
- 400 ha. Corn: 4.000 tons

### Livestock production:

- Cow-calf production: 6.000 (cows for breeding) / Herd value: USD 5.000.000.-
- Produced calves: 4.700 animals
- Beef production: 3.000 animals, annual flesh net production: 750 ton.
- Establecimiento San Patricio registered as exporter in SENASA (governmental office)



## New project: Investment in medicine herbs and essential oils

- OPARGEN shares the innovative inspiration that surrounds REHAU. This vision lead to investing in new products rather than concentrating only in commodities
- In 2010 the company developed an experimental form of cultivation of **medicinal herbs** and extraction of **essential oils**, due to the growing demand of these products in Europe.
- These products are sold within the farmaceutical, food and cosmetic industries.
- OPARGEN invested USD 1,100,000 in the development of cultivation of herbs and in a distillation plant for essential oils
- **The company is one of the biggest producers of herbs in the world**

## OPARGEN in images



Fattening of cattle

## OPARGEN in images



Fennel



Parsley



Corn cultivation

## OPARGEN in images



Processing plant for herbs



Herbs drying plant

For more information, please visit  
[www.rehau.com.ar](http://www.rehau.com.ar)