

First Ranking of Argentine multinationals finds diversified successes in internationalization

ProsperAr and VCC release the first ever ranking of Argentine outward investors.

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Buenos Aires and New York:

ProsperAr, Argentina's Investment Development Agency, and the Vale Columbia Center on Sustainable International Investment (VCC), a joint undertaking of Columbia Law School and The Earth Institute at Columbia University in New York, are releasing the results of the first ever survey of *outward* investors today.¹ The survey is part of a long-term study of the rapid global expansion of multinational enterprises (MNEs) from emerging markets. The results released today focus on Argentine MNEs in particular. The present survey, conducted in 2009, covers the period 2006-2008.

The report includes a ranking of Argentine multinationals based on their foreign assets (see table 1 below). The 19 MNEs listed held over USD 19 billion in foreign assets in 2008. Techint Group, which ranked first, accounted for somewhat over USD 17 billion and Arcor followed with nearly USD 500 million in foreign assets in 2008. Combined, the 19 companies included in the survey registered foreign sales of around USD 21 billion in 2008 and employed 42,400 workers abroad. In 2007, Argentina was the 15th largest outward investor in terms of FDI stock among emerging markets and the 25th largest in terms of outward FDI flows, well below the BRIC countries.² Argentine companies' overseas investments were primarily in basic metal products, food products, pharmaceuticals, and crop and animal production. The rest range over a number of industries, including civil engineering, computer and electronic products, chemicals, IT services, waste collection and disposal, and R&D activities. These varied successes in internationalization suggest that there is room for many other Argentine firms to spread their wings, even if they are small by international standards.

To date the impact of the international economic crisis on Argentine OFDI has been moderate. Following a rise of 27% in 2007, foreign assets of the 19 MNEs in the ranking experienced a slight decline of 2% in 2008. At the aggregate level, Argentine OFDI flows contracted 10% in 2008, but were up 14% during the first quarter of 2009. However, the international financial crisis and the global economic downturn, with the resulting credit crunch and financial restrictions, could have a greater impact over the course of the year.

¹ ProsperAr's team responsible for the research and preparation of this ranking and report included Beatriz Nofal, Luciana Pagani, Cecilia Nahón, María Eugenia Donadille, and Carolina Fernández. Team members Juan Savino and Nicolas Nowosad contributed to the gathering and processing of the data.

² Ranking based on United Nations Conference on Trade and Development (UNCTAD), *World Investment Report, 2008* (New York and Geneva: United Nations, 2008).

Argentine companies stand out among their peers from other developing countries as pioneers in outward foreign direct investment (OFDI), with examples that date back to the end of the 19th century and the beginning of the 20th century. The early experiences of companies such as Alpargatas, Bunge & Born, Siam Di Tella, Quilmes, and Aguila-Saint paved the way for other Argentine MNEs like Techint, YPF (the national oil company), Perez Companac, Arcor, Bagó, and Impsa, among many others. Although many of these companies remain international players, some of them were sold to foreign investors during the 1990s and early 2000s.³ The ranking released today thus includes both Argentine MNEs with a long tradition of investing abroad and companies whose internationalization is more recent.

Table 1 ranks 19 Argentine multinationals—firms with head offices in Argentina that have management control over at least one foreign affiliate in another country—by their *foreign* assets. As not all candidate companies responded to the survey and reliable public information was not always available, the 19 firms listed below cannot be described as *the largest* outward investors from Argentina. However, they are certainly *among* the largest. In collective terms, the companies selected are representative of how Argentine corporations have evolved to acquire an international dimension over the past few years.

The main findings of the survey include the following:

The 19 listed⁴ Argentine MNEs together had USD 19 billion⁵ in assets abroad in 2008 (table 1), about USD 21 billion in foreign sales⁶ and 42,400 foreign employees (table 2).⁷ Their assets, sales and employees abroad increased by 25%, 68% and 19%, respectively, between 2006 and 2008 (table 2). The largest concentration of foreign affiliates was in South America (201 affiliates), representing 64% of all foreign affiliates.

The Techint Group represented 91% of the total amount of foreign assets held by the 19 companies surveyed. Arcor ranked second and accounted for 3% of total foreign assets. The combined foreign assets of the 19 firms represented 68% of the USD 28 billion in foreign stock held by Argentine companies in 2008 (annex figure 7).⁸

³ Out of the companies mentioned, Alpargatas, Quilmes, YPF and the oil and derivatives components of Perez Companac were sold to foreign investors; Aguila-Saint was sold to a national MNE (Arcor); and Siam Di Tella has gone out of business. Techint, Arcor, Bagó and Impsa remain Argentine MNEs and are included in the present ranking. Bunge & Born went through a significant process of restructuring in the 1990s and does not exist any longer as Bunge & Born. It is now mainly an international company based in the United States.

⁴ ProsperAr conducted several rounds of surveys with the largest Argentine MNEs. In addition, extensive research was done from publicly available data to determine levels of foreign assets. While the initial goal of this survey was to create a ranking of 20 companies, 19 are included in this first annual report. We expect future rankings to be more comprehensive and to include a larger number of companies.

⁵ The following Argentine Peso/US Dollar exchange rates, based on the rates of the International Monetary Fund (<http://www.imf.org>) at the end of each year, were used throughout for asset values: 3.45 (2008); 3.15 (2007); 3.06 (2006). For sales values, the following annual average exchange rates, based on the rates of the Argentine Central Bank, were used: 3.16 (2008); 3.11 (2007); 3.07 (2006).

⁶ Foreign sales are sales of foreign affiliates and exclude exports from headquarters in Argentina. However, since inter-company sales are not counted as exports, some part of foreign sales may be exports passing through.

⁷ The corporations included are, for the most part, economic holdings that consolidate information pertaining to a number of legally independent companies linked by common capital ownership and strategic decision-making. Given the methodology of this project, the data included in the report may differ from figures published in the companies' annual reports as the report includes information on assets, sales and employees of firms controlled both locally and abroad which may not be consolidated in a single balance sheet.

⁸ The high share level is partly due to the fact that the figures for outward FDI stock and foreign assets of the firms listed in the ranking are not entirely comparable. In particular, the estimate of foreign assets published by UNCTAD (shown in annex figure 7), which is based on Argentina's balance-of-payment figures, only includes a portion of the foreign assets corresponding to the Techint Group, given its Italian-Argentine origin. In this survey, the total sum of the Group's foreign assets is taken into consideration, as the criterion of nationality established by this project's methodology is the location for strategic decision-making, which is in Argentina.

Profile of the 19 firms on the list:

- **Growth of foreign assets.** Foreign assets increased by 25% between 2006 and 2008 to USD 19 billion (table 2). The growth was the result of a rise of 27% in external assets in 2007, which was followed by a slight decline of 2% in 2008, most probably due to the global crisis. Foreign employment followed a similar growth pattern, increasing by 22% in 2007, and then dropping slightly in 2008 to 42,400 persons. Growth in assets and employment within Argentina in 2008 offset the decline in assets and employment abroad, resulting in a net increase in total assets and employment during the same period.
- **Foreign sales expansion.** Foreign sales grew 26% in 2007 and 33% in 2008 to reach a figure of just over USD 21 billion. Total sales also increased over this period, although at a slightly slower rate than foreign sales.

Rank	Name	Industry	Foreign assets
1	Techint Group ^a	Conglomerate	17,406
2	Arcor S.A.I.C.	Food products	491
3	IMPESA ^b	Machinery and equipment	300
4	Bagó Group ^c	Pharmaceuticals	192
5	Molinos Rio de la Plata S.A.	Food products	190
6	Los Grobo Group	Crop and animal production	175
7	Cresud	Crop and animal production	68
8	Roemmers	Pharmaceuticals	58
9	TECNA	Specialized construction activities	50
10	Iecsa S.A.	Civil engineering	50
11	S.A. San Miguel A.G.I.C.I.	Food products	23
12	BGH	Computer and electronic products	15
13	CLISA ^d	Waste collection & disposal activities	8
14	Petroquímica Rio Tercero S.A.	Chemicals	8
15	Assa Group	IT Services	7
16	Plastar Group	Rubber and plastics products	5
17	Sancor Coop. Unidas Ltda.	Food products	3
18	Havanna ^e	Food and beverage service activities	2
19	Bio Sidus ^f	Scientific research and development	1
Total			19,052

Source: ProsperAr - Vale Columbia Center survey of Argentine multinationals.

^a The Techint Group was created *ad hoc* to comply with the project's methodological requirements according to which "a group or conglomerate of companies is considered as a single enterprise". For the purpose of this ranking, the Techint Group is comprised of four companies: Tenaris, Terniun, Techint Compañía Técnica Internacional and Tecpetrol (see Box 1 for more details).

^b Company belonging to the Pescarmona Group, although only data specific to IMPESA (the group's flagship company) was available.

^c Includes information on Biogénesis Bagó, a leading pharmaceutical firm specialized in animal health with foreign affiliates in six countries and USD 11 million in foreign assets in 2008.

^d The company is also active in civil engineering and land transport services.

^e While Havanna is a food producer, its internationalization process is based on the food and beverage service business. (Food production is still located in Argentina.)

^f Company belonging to the Sidus Group, although only data specific to Bio Sidus was available.

- **Key drivers.** According to the companies surveyed, the primary motive driving their internationalization process has been the search for new markets or the preservation of existing ones. Argentine companies have also been making efficiency-seeking investments abroad, in order

to benefit from economies of scale and/or risk diversification. In some cases, the drivers for investment are certain competitive advantages, such as a favorable cost scenario, highly qualified human resources, or the companies' ability to meet international quality standards.

- **High concentration.** The first position in the ranking—representing 91% of total foreign assets controlled by the 19 companies included in the survey—is held by the Techint Group. The conglomerate includes two companies of international stature—Tenaris and Ternium—both global leaders in the steel manufacturing sector with a network of production centers all over the world. Arcor, in second place, is one of the leading global candy exporters and has most of its production facilities in Latin America, although it has a global presence as the world's largest hard candy producer.

Box 1. The Techint Group

Techint is a group of companies, all sharing an original philosophy, present in over 100 countries with global earnings of around USD 26 billion. For the purpose of this ranking, the figures for Techint Group are derived from those four companies: Tenaris, Ternium, Tecpetrol, and Techint Ingeniería & Construcción. Together, they account for almost 80% of the conglomerate's global earnings.

Consolidated figures for Techint Group in this report have been calculated for statistical purposes only and are based on information provided by each of the companies mentioned above. While the four companies have the same main stakeholders and decision makers, their financial statements are presented separately. The Techint Group was created *ad hoc* to comply with the project's methodological requirements, according to which "a group or conglomerate of companies is considered as a single enterprise".

The four companies mentioned above are managed from Argentina and are the components of the Group that have made the most progress in their internationalization process. (Data on the remaining 20% was not available.) The main areas of business are the manufacturing of steel pipes (Tenaris), of flat and long steel products (Ternium), engineering and construction (Techint Ingeniería & Construcción), and energy (Tecpetrol). Ternium has the highest number of foreign affiliates, 53 in 16 countries, followed by Tenaris (26 foreign affiliates in 14 countries), Tecpetrol (three foreign affiliates in three countries) and Techint Ingeniería & Construcción (four foreign affiliates in four countries). It is also worth highlighting that Tenaris and Ternium were the main drivers behind the Techint Group's strong global presence over the last two decades.

Details on local and foreign assets, sales and employment for each of the four companies are presented in the table below.

Box table 1. Key variables for Techint Group's companies included in the ranking, 2008 (USD million and number of employees)

Name	Assets		Sales		Employment	
	Foreign	Total	Foreign	Total	Foreign	Total
Tenaris S.A.	13,589	15,101	11,012	12,132	17,150	23,873
Ternium S.A.	3,790	4,835	6,131	8,465	10,042	15,651
Tecpetrol	23	414	0	346	0	425
Techint Cía. Técnica Int.	4	300	5	359	0	7,564
Total	17,406	20,651	17,148	21,302	27,192	47,513

Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

- **Value of foreign assets.** Foreign assets and sales as a percentage of the total assets and sales of these companies were about 66% and 68%, respectively, in 2008, whereas foreign employment was 37% of total employment (table 2). Excluding Techint Group, foreign assets and sales as a percentage of the total assets and sales were 20% and 40%, respectively, in 2008, whereas foreign employment accounted for 22% of total employment.
- **Modest size.** In size, Argentine multinationals clearly lagged behind some of their emerging-market counterparts, with the noticeable exception of the Techint Group. Only this conglomerate had over USD 10 billion in foreign assets in 2008 and employed a significant number of people abroad (over 20,000) (Annex Table 1).
- **Roots of the internationalization process.** OFDI has gone through various phases in Argentina. The beginnings of the internationalization process of most of the companies included in this ranking range over a 40-year period (annex figure 1). Techint Group stands out here, with its internationalization beginning as early as 1947. Two other companies (Grupo Bagó and Clisa) opened their first major affiliates abroad during the 1970s; three more did so during the 1980s. Most of the companies surveyed began their process of internationalization in the past two decades: four in the 1990s and another nine since 2000.
- **Foreign affiliates.** The 19 companies on the list have 315 foreign affiliates in 42 countries. The Techint Group has 86 foreign affiliates in 27 countries, mainly in North America. Havana follows with 66 foreign affiliates (mostly branches) in eight host countries; Los Grobo Group with 30 foreign affiliates (mostly sales offices) in three host countries; Arcor, with 27 foreign affiliates in 16 countries; and Bagó Group, with 26 foreign affiliates in 20 countries (annex table 1).

Variable	2006	2007	2008	% Change 2006-2008
Assets				
Foreign	15,239	19,407	19,052	25
Total	18,027	27,268	28,978	31
Share of foreign in total (%)	69%	71%	66%	
Sales				
Foreign	12,546	15,793	21,081	68
Total	18,649	24,344	31,080	66
Share of foreign in total (%)	67%	65%	68%	
Employment				
Foreign	35,769	43,589	42,437	19
Total	92,514	113,916	115,631	25
Share of foreign in total (%)	39%	38%	37%	

Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

- **Distribution by industry.** The companies on the list are from 14 different industries (annex figure 2). In terms of foreign assets, the Techint conglomerate is the most prominent as it represents 91% of the total sum of foreign assets, mostly corresponding to the basic metal products sector. Second and third places are held by food products (4%) and machinery and equipment (2%). In terms of *numbers* of firms, food production is the leading industry, represented by four out of the 19 companies, followed by the pharmaceuticals sector and crop and animal production each represented with two companies. It should also be noted that 11 out of the 19 companies are involved in manufacturing, although some of them have branched out into other industries or into activities linked to the services sector.

- **Geographic distribution of foreign affiliates.** The 315 affiliates are mostly concentrated in South America (64%) and North America (17%), followed by Europe (8%) and Central America (7%), as indicated by the Regionality Index (annex table 2) and shown on the map of foreign affiliates (annex figure 3). Within South America, there is a concentration of affiliates in the countries neighboring Argentina: Brazil (34% of South American affiliates), Uruguay (16%), Chile (16%), Paraguay (6%) and Bolivia (5%).
- **Distribution by region and industry.** The geographic distribution of the foreign affiliates of the 19 Argentine MNEs varies from sector to sector (annex figure 4). The Techint conglomerate shows the largest concentration of foreign affiliates in North America (59%) and Europe (21%), while food products and machinery and equipment are largely concentrated in South America (81% and 86%, respectively). Unlike global multinationals, the Argentine MNEs from the pharmaceuticals industry hold most of their assets in South and North America (59% and 36%, respectively).
- **Multinationality Index.** The Multinationality Index ranking the main variables held abroad again places the Techint Group in the first position (annex table 1). However, unlike the foreign assets ranking, the top five in this one include TECNA, an infrastructure services company, the ASSA Group which provides software and IT services, and the Los Grobo Group, a crop and animal production company. The pharmaceuticals leader Bagó Group is included in the top five of both rankings.
- **Private capital.** None of the companies on the list is a state-owned enterprise. Indeed, the state owns no equity in any of these firms.
- **Capital markets.** Of the 19 companies selected, seven were listed on the Buenos Aires Stock Exchange and two companies were listed on at least one Argentine Board of Trade. One is also listed on the New York Stock Exchange, one on the NASDAQ, one on the Mexico Stock Exchange, one on the Luxembourg Stock Exchange and one on the Milan Stock Exchange. Eleven of the companies are unlisted, being privately held.
- **Localization.** The head offices of 12 of the companies on the list selected are located in the city of Buenos Aires (annex figure 5), while the rest are based in the provinces of Buenos Aires (4), Mendoza (1), Santa Fe (1) and Tucuman (1).
- **Local management.** The top management of the companies on the list is mostly local, with 81% of the directors and 79% of the managers being of Argentine nationality. Based on data from five companies, foreign directors and top management are predominantly Brazilian (44%), followed by Italian and Mexican (19% each), Uruguayan (13%) and Chilean (6%).
- **Official languages.** The official language of 13 of the 19 selected companies is Spanish, while six companies use at least one other official language (three use Portuguese, two use English and one uses Portuguese and English).
- **Top mergers and acquisitions.** The most significant M&A operation by value carried out by an Argentine MNE in the last three years was Ternium's purchase of 100% of the Mexican steel producer Grupo IMSA in 2007 for USD 1.7 billion (annex table 3).
- **Top greenfield investment announcements.** The headline announcements of investments abroad by Argentine companies in 2008 include investments made by Techint Group for over USD 6.6 billion in Mexico and IMPSA's investments in the energy generation sector in several South American countries (Brazil, Venezuela and Ecuador) and in Vietnam, totaling USD 2 billion (annex table 4).

The big picture

Argentine firms have led the way in OFDI among developing countries, with examples that date back to the end of the 19th century and the beginning of the 20th century. Companies like *Alpargatas*, *Bunge & Born*, *Siam Di Tella*, *Quilmes* and *Aguila-Saint* stand out as OFDI pioneers in Latin America. The trend continued into the 1970s, as Argentine firms were involved in the first wave of corporate internationalization from developing countries. However, in the 1980s, this involvement tailed off as the foreign debt crisis and ensuing macroeconomic volatility in Latin America, in general, and in Argentina, in particular, reduced the investment capacity of Argentine MNEs and resulted in fewer business opportunities in the region. Therefore, Argentine and Latin American companies played a lesser role in the new wave of internationalization carried out by MNEs from other emerging markets, mostly Asian economies. Publicly owned oil companies were the only exception to this trend in Latin America.

The situation shifted once more in the 1990s as a result of both international and domestic factors. At the international level, high liquidity for emerging markets prevailed until the Asian financial crisis in 1997 and the Russian debt moratorium in 1998. In Argentina, stabilization, growth and reform promoted trade and financial openness, an overvaluation of the domestic currency in relation to the US dollar and the consolidation of key business groups. As a consequence, OFDI rose rapidly from very low levels in the 1980s to reach a peak in 1997 (USD 3.6 billion), falling gradually afterwards. On average, yearly OFDI flows were of USD 1.6 billion during the period 1992-2000 (annex figure 6). Other main Latin American economies underwent a similar process of international expansion.

During the nineties, inward foreign direct investment (IFDI) also increased significantly, to an annual average of USD 7.1 billion during the period 1990-2000. The high volume can be attributed in part to the broad privatization process in Argentina in the 1990s, which brought in considerable amounts of FDI. Annual inflows net of privatizations were only USD 4.6 billion during the period 1990-2000.

The 2001-2002 crisis brought about a brief interruption of both inward and outward investment flows. By 2003, OFDI had resumed and, over the next four years, reached an annual average of USD 1.3 billion. In 2008, FDI outflows were US\$1.4 billion, higher than the average for the entire period but down 10% from 2007. Argentina continues, however, to be a net recipient of FDI. Inflows have grown faster than OFDI, reaching an annual average of USD 6.1 billion in the period of 2004-2008, surpassing average annual flows net of privatizations during the 1990s.⁹

As a result of the increase in outward flows, the OFDI stock rose from about USD 6 billion in 1990 to USD 21 billion in 2000 and reached nearly USD 27 billion in 2007 (annex figure 7). This stock level places Argentina among the leading outward investing countries in Latin America, below Brazil and Mexico, and close to Chile. In 2007, Argentina ranked 15th among emerging markets in foreign stock and 25th in OFDI flows.

Argentine companies investing abroad usually locate first in other Latin American countries, a strategy also employed by other Latin American companies as they expand abroad. The two primary modes of entry into foreign markets are acquisition and joint ventures with local partners.

Conclusions

There are three broad observations that may be made about the material presented in this report. First, while international economic conditions have been important determinants of OFDI trends—particularly financial conditions—Argentina's own economic cycle has also had a role in shaping OFDI patterns, as reflected in the pro-cyclical behavior of Argentine outward investment flows through the years. In addition, the exchange rate played a role in OFDI flows, mainly during the 1990s when currency overvaluation facilitated outward investment.

⁹ ProsperAr, "Reporte de Inversión 2008", December 2008 and OECD, "Investment policies and economic crises: Lessons from the past" (Paris: OECD, April 2009).

Second, Argentina has not formulated specific policies or instruments to offer financial support to outward investors. Hence, for the most part, companies have financed their international investments with debt or equity in international markets or with reinvested earnings. A lack of long-term financing and past macroeconomic volatility have been limiting factors in the growth and international expansion of Argentine companies. Particularly, Argentine companies have a much smaller access to domestic credit relative to companies in other countries in the region (such as Brazil and Chile in South America).

Finally, regionalization as a first step in internationalization has not been a random choice for MNEs in either Argentina or Latin America more generally. It comes out of a broader strategy that builds on trade integration within Latin America and MERCOSUR. Trade agreements in the region in general, and MERCOSUR in particular, not only aim to promote greater trade flows between Latin American countries, but also to facilitate the internationalization of local companies and enhance the ability of these countries to face the challenges and secure the benefits of globalization. In this broader strategy, the region is the natural platform from which companies can launch themselves into the world.

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Emerging Markets Global Players Project

The ProsperAr-Vale Columbia Center ranking of Argentine multinational enterprises was conducted in the framework of the Emerging Market Global Players Project, a collaborative effort led by the Vale Columbia Center on Sustainable International Investment. It brings together researchers on FDI from leading institutions in emerging markets to generate annual ranking lists of emerging market MNEs. For further information visit www.vcc.columbia.edu, or contact vcc@law.columbia.edu.

ProsperAr

ProsperAr is Argentina's Investment Development Agency. Its mission is to attract foreign direct investment and develop domestic investment to contribute to Argentina's competitiveness and sustainable growth with equity. ProsperAr's four main objectives are: to attract and generate investment; to offer investors a unified one-stop facilitation system with personalized professional services throughout the investment process; to optimize the business environment by identifying and tackling possible obstacles to investing locally; and to promote the growth and internationalization of Argentine firms, fostering their vocation for entrepreneurship and innovation, and encouraging their overall competitiveness. For more information, please visit www.prosperar.gov.ar, or contact info@prosperar.gov.ar

Vale Columbia Center on Sustainable International Investment

The Vale Columbia Center on Sustainable International Investment (VCC), headed by Dr. Karl P. Sauvart, is a joint undertaking of the Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to FDI in the global economy, paying special attention to the sustainability dimension of this investment, VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law. Its objectives are to analyze important, topical and policy-oriented issues related to FDI, develop and disseminate practical approaches and solutions, and provide students with a challenging learning environment. For more information, see www.vcc.columbia.edu.

Annex table 1. Ranking of the 19 Argentine MNEs listed, key variables, 2008 (USD million and number of employees)

Ranking		Name	Industry	Assets ^h		Sales ⁱ		Employment		Multinationality Index (%)	N° of foreign affiliates	N° of host countries
By foreign assets	By multinationality index ^a			Foreign	Total	Foreign	Total	Foreign	Total			
1	1	Techint Group ^b	Conglomerate	17,406	20,651	17,148	21,302	27,192	47,513	74	86	27
2	6	Arcor S.A.I.C.	Food products	491	1,341	846	2,259	7,192	20,416	36	27	16
3	7	IMPESA ^c	Machinery and Equipment	300	919	138	483	2,167	5,619	33	11	11
4	5	Bagó Group ^d	Pharmaceuticals	192	555	329	713	2,776	6,106	42	26	20
5	8	Molinos Rio de la Plata S.A.	Food products	190	1,075	2,038	2,534	60	4,593	33	15	8
6	4	Los Grobo Group	Crop and Animal Production	175	343	210	588	499	1,014	45	30	3
7	16	Cresud	Crop and Animal Production	68	1,582	13	167	1	391	4	5	5
8	10	Roemmers	Pharmaceuticals	58	367	33	388	728	2,758	17	3	3
9	2	TECNA	Specialized construction activities	50	57	65	92	313	827	66	9	8
10	14	Iecsa S.A.	Civil Engineering	50	439	22	285	18	2,128	7	10	6
11	11	S.A. San Miguel A.G.I.C.I.	Food products	23	187	17	198	249	1,215	14	9	2
12	9	BGH	Computer and Electronic products	15	232	160	421	269	1,377	21	5	4
13	17	CLISA ^e	Waste collection & Disposal activities	8	599	3	597	300	15,000	1	4	4
14	15	Petroquímica Rio Tercero S.A.	Chemicals	8	91	11	153	6	336	6	1	1
15	3	Assa Group	IT Services	7	25	31	48	500	920	48	5	5
16	13	Plastar Group	Rubber and Plastics products	5	52	6	94	25	547	7	1	1
17	18	Sancor Coop. Unidas Ltda.	Food products	3	381	7	666	42	3,773	1	1	1
18	12	Havanna ^f	Food and beverage service activities	2	45	3	52	100	870	7	66	8
19	19	Bio Sidus ^g	Scientific research and development	1	38	0	38	0	228	1	1	1
Total				19,052	28,978	21,081	31,080	42,437	115,631		315	42

Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

^a The Multinationality Index is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment.

^b For the purpose of this ranking, the Techint Group is comprised of four companies: Tenaris, Terniun, Techint Compañía Técnica Internacional and Tecpetrol (see Box 1 for more details).

^c Company belonging to the Pescarmona Group, although only data specific to IMPESA (the group's flagship company) was available.

^d Includes information on Biogénesis Bagó, a leading pharmaceutical firm specialized in animal health with foreign affiliates in six countries and USD 11 million in foreign assets in 2008.

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^f While Havanna is a food producer, its internationalization process is based on the food and beverage service business (food production is still located in Argentina).

^g Company belonging to the Sidus Group, although only data specific to Bio Sidus was available.

^h The following Argentine Peso/US Dollar exchange rate, based on the rate of the International Monetary Fund at the end of the year, was used for 2008: 3.45.

ⁱ The following Argentine Peso/US Dollar exchange rate, based on the average annual rates of the Argentine Central Bank, was used for 2008: 3.16.

Annex Table 2. The listed Argentine MNEs: Regionality Index,^a 2008

Company	South America	North America	Europe	Central America	Asia	South-Eastern Asia and Oceania	Middle East and Africa
Techint Group	29	45	14	10	1	-	-
Arcor S.A.I.C.	67	15	11	-	4	4	-
IMPESA	45	9	-	-	27	-	18
Bagó Group	50	8	4	31	8	-	-
Molinos Rio de la Plata	60	13	27	-	-	-	-
Los Grobo Group	100	-	-	-	-	-	-
Cresud	80	20	-	-	-	-	-
Roemmers	100	-	-	-	-	-	-
TECNA	67	18	11	-	-	-	-
Iecsa S.A.	70	-	20	10	-	-	-
S.A. San Miguel A.G.I.C.I.	67	-	-	-	-	33	-
BGH	100	-	-	-	-	-	-
CLISA	100	-	-	-	-	-	-
Petroquímica Rio Tercero S.A.	100	-	-	-	-	-	-
Assa Group	40	40	20	-	-	-	-
Plastar Group	-	100	-	-	-	-	-
Sancor Coop. Unidas Ltda.	100	-	-	-	-	-	-
Havanna	94	-	1	5	-	-	-
Bio Sidus	-	100	-	-	-	-	-

Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

^a The Regionality Index is calculated by dividing the number of a firm's foreign affiliates in a particular region of the world by its total number of foreign affiliates and multiplying the result by 100.

Annex Table 3. Top Argentine outward M&A transactions, 2006-2008

Rank	Date	Acquirer name	Target name	Target industry	Target country	Deal value (USD million)	% of shares acquired
1	06/12/06	Tenaris SA	Maverick Tube Corp	Materials	United States	3,096	100%
2	02/12/07	Tenaris SA	Hydril Co LP	Energy and Power	United States	2,212	100%
3	04/30/07	Ternium SA	Grupo Imsa SA	Materials	Mexico	1,727	100%
4	05/02/07	Ternium S.A.	IMSA	Basic Metals products	Mexico	1,700	100%
5	06/24/08	Grupo Los Grobo SA	Sementes Selecta	Consumer Staples	Brazil	455	90%
6	10/12/06	Bemberg Investments SA	Empresas La Polar S.A.	Retail	Chile	160	20%
7	05/31/07	Forestadora Tapebicua SA	FANAPEL	Materials	Uruguay	45	55%
8	06/14/07	Forestadora Tapebicua SA	FANAPEL	Materials	Uruguay	24	26%
9	01/22/08	Mercadolibre Inc	Classified Media Group Inc	Retail	Panama	19	100%
10	07/08/08	Grupo Los Grobo SA	Ceagro Business	Consumer Staples	Brazil	16	40%
11	10/22/08	Molinos Rio de la Plata SA	Cia Alimenticia de los Andes	Consumer Staples	Chile	13	49%
12	07/25/08	Agrometal SA	Fankhauser SA	Consumer Products and Services	Brazil	5	60%

Source: ProsperAr and Thomson Financial (courtesy U.S. Chinese Services Group, Deloitte LLP).

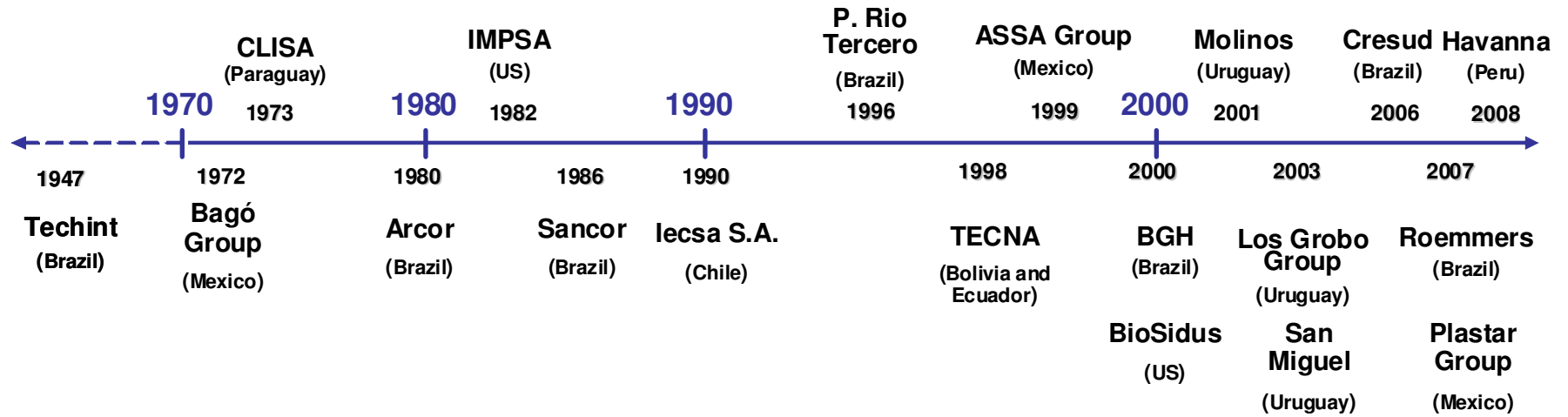
Annex Table 4. Announced Argentine outward greenfield investments, 2006-2008

Date	Company name	Destination country	Sector	Value (USD million)
09/03/08	Techint Group ^a	Mexico	Steel	6,600
08/25/08	IMPISA	Brazil	Energy	750
01/21/08	IMPISA	Venezuela	Energy	520
02/08/08	IMPISA	Ecuador	Energy	480
10/01/08	IMPISA	Vietnam	Energy	250
10/10/07	José Cartellone S.A.	Jamaica	Civil engineering	99
10/10/07	José Cartellone S.A.	Bahamas	Civil engineering	90
09/19/07	Atanor S.C.A.	Brazil	Chemical products	80
09/15/07	Arcor	Mexico	Food products	60
10/12/07	Ocasa	South-East Asia	Courier activities	60
07/11/07	Tenaris S.A.	Mexico	Steel	50
10/23/08	Oil Fox	Paraguay	Biofuels	50
07/17/08	Cubecorp-Byte Tech	Jordania	IT Services	50
10/18/08	Tenaris S.A.	China	Steel	35
11/16/07	IMPISA	Brazil	Energy	30
12/18/08	Consultatio	Uruguay	Construction	30
11/21/08	Cresud	Bolivia - Paraguay	Crop and animal production	n/a

Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

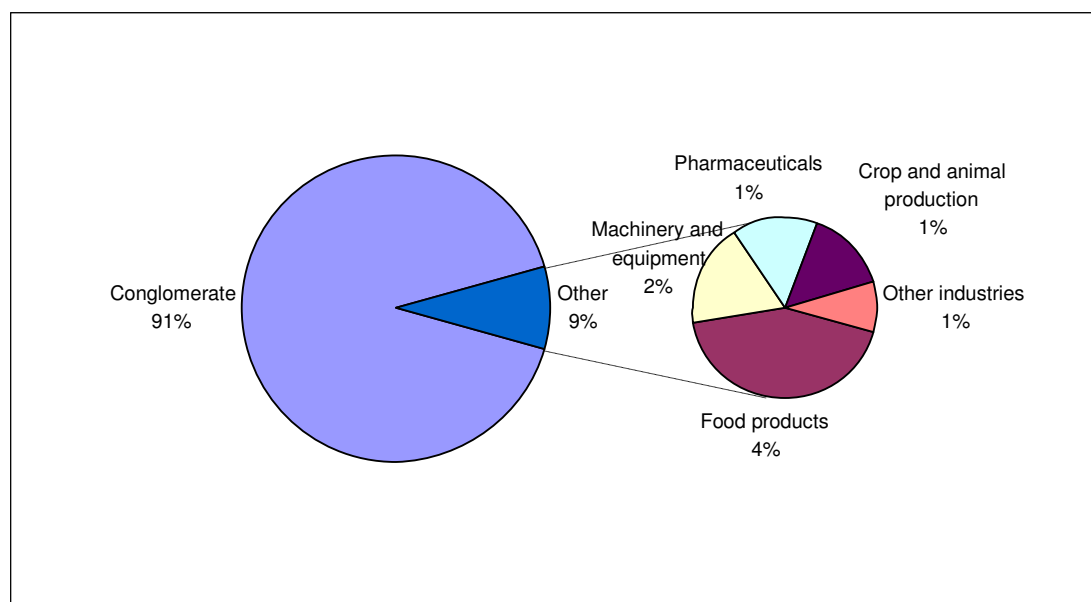
^a Out of the USD 6,600 million in greenfield investments announced by Techint Group, around USD 2,600 million are for Tenaris to increase production of seamless tubes (USD 1,600 million to build a plant in Veracruz and USD 1,000 million for the development of a mining project regarding iron reserves in the western states of Colima, Jalisco and Michoacán). The remaining amount corresponds to other long-term investments (5-year horizon) by Tenaris and Ternium for which detailed information was not available.

Annex Figure 1. Timeline tracking the opening of the first major foreign affiliate by each of the listed companies



Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

Annex Figure 2. Breakdown of the foreign assets of the Argentine MNEs listed, by main industry, 2008

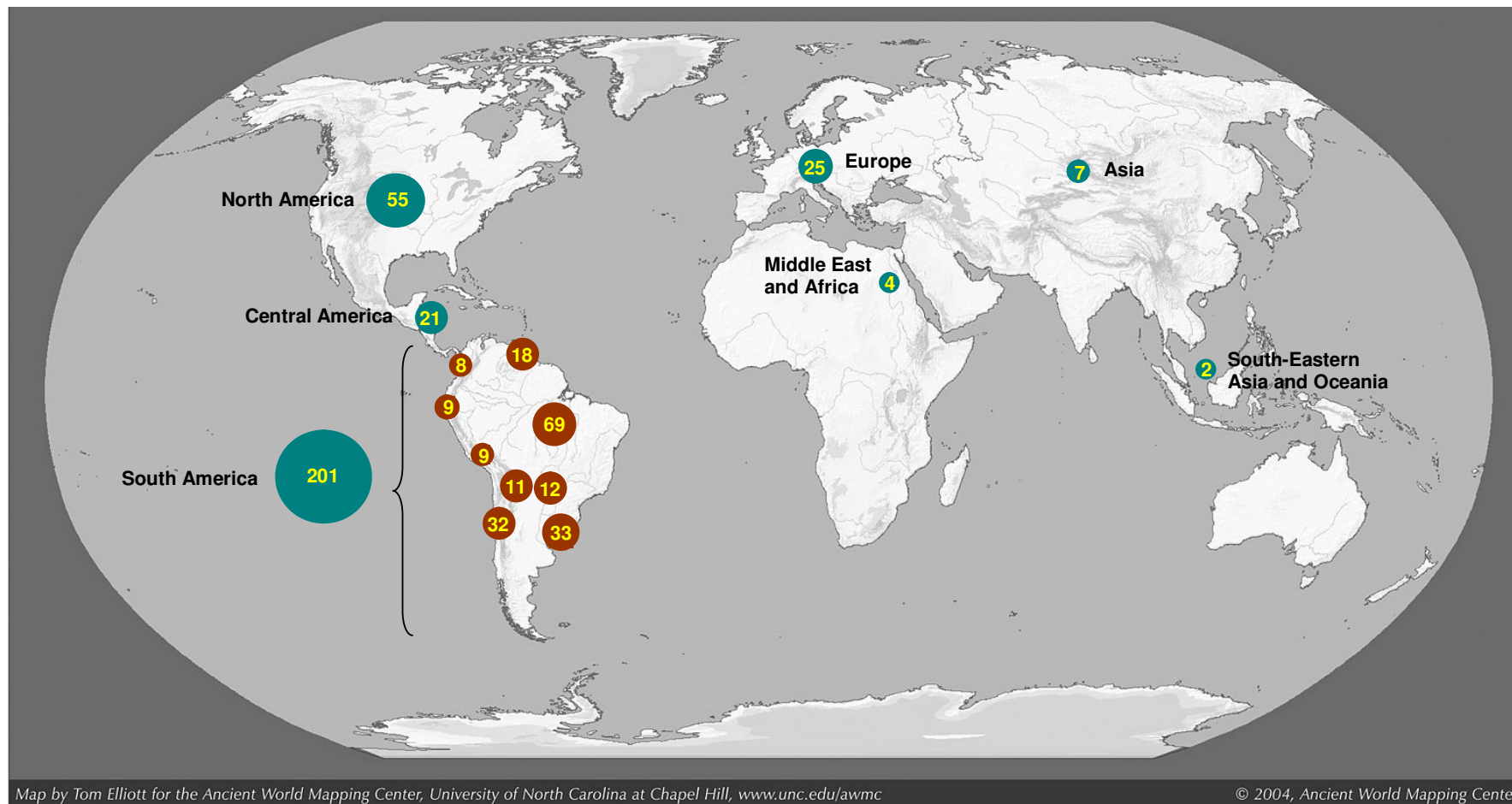


N°	Industry	Foreign assets (USD millions)	Number of companies	Companies
1	Conglomerate ^a	17,406	1	Techint Group
2	Food products	708	4	Arcor S.A.I.C., Molinos Rio de la Plata S.A., S.A. San Miguel A.G.I.C.I., Sancor Coop. Unidas Ltda.
3	Machinery and equipment	300	1	IMPESA
4	Pharmaceuticals	250	2	Grupo Bagó, Roemmers
5	Crop and animal production	243	2	Cresud, Grupo Los Grobo
6	Civil engineering	50	1	Iecsa S.A.
7	Specialized construction activities	50	1	TECNA
8	Computer and electronic products	15	1	BGH
9	Waste collection & disposal activities	8	1	CLISA
10	Chemicals	8	1	Petroquímica Rio Tercero S.A.
11	IT Services	7	1	Grupo Assa
12	Rubber and plastics products	5	1	Grupo Plastar
13	Scientific research and development	1	1	Bio Sidus
14	Food and beverage service activities	2	1	Havanna
	Total	19,052	19	

Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

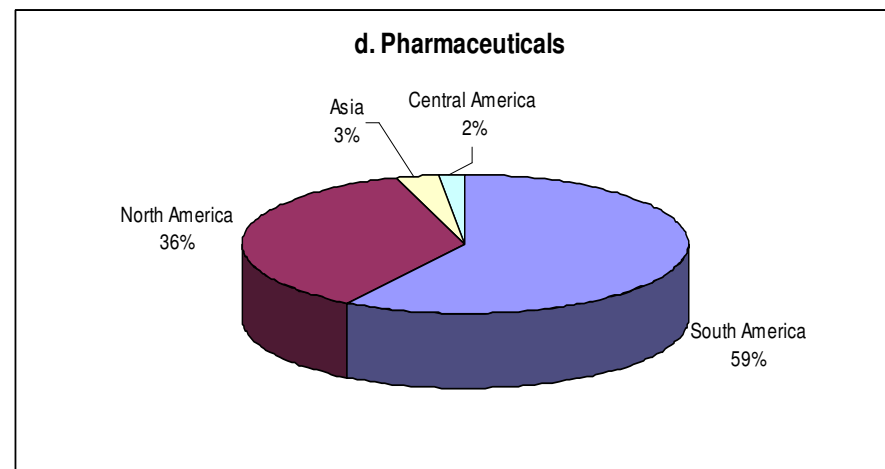
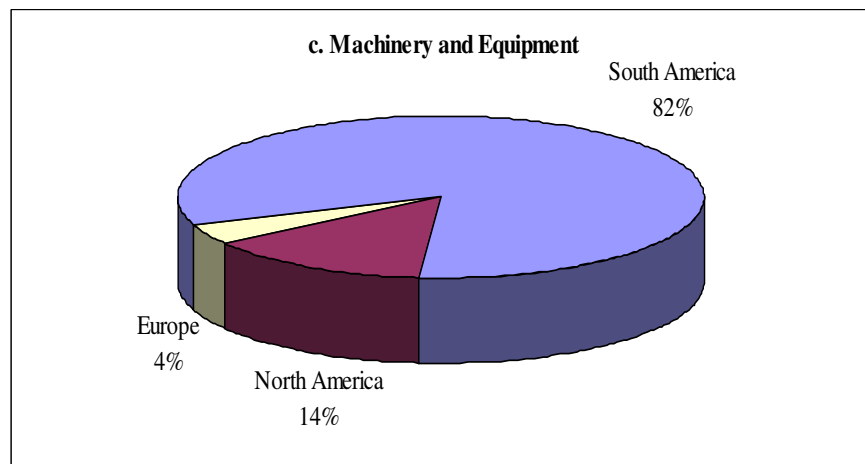
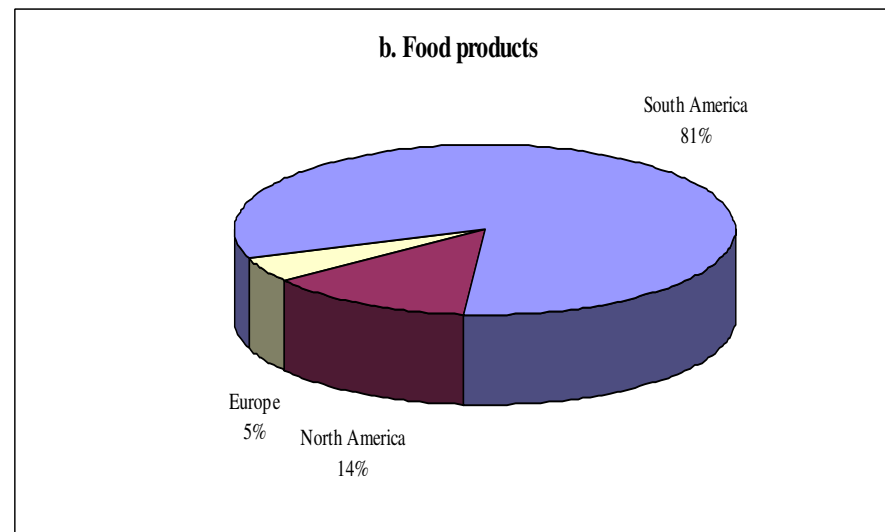
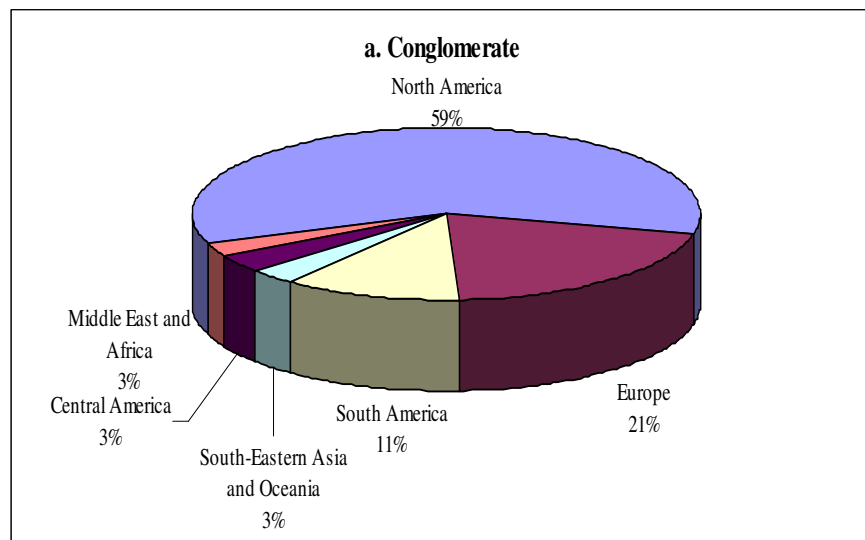
^a Mainly basic metal products.

**Annex Figure 3. Foreign affiliates of the listed Argentine multinationals, by region, 2008
(number of affiliates)**



Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

**Annex Figure 4. Geographic distribution of the assets of the listed Argentine MNEs, by main industry, 2008
(Percentage of foreign affiliates)**



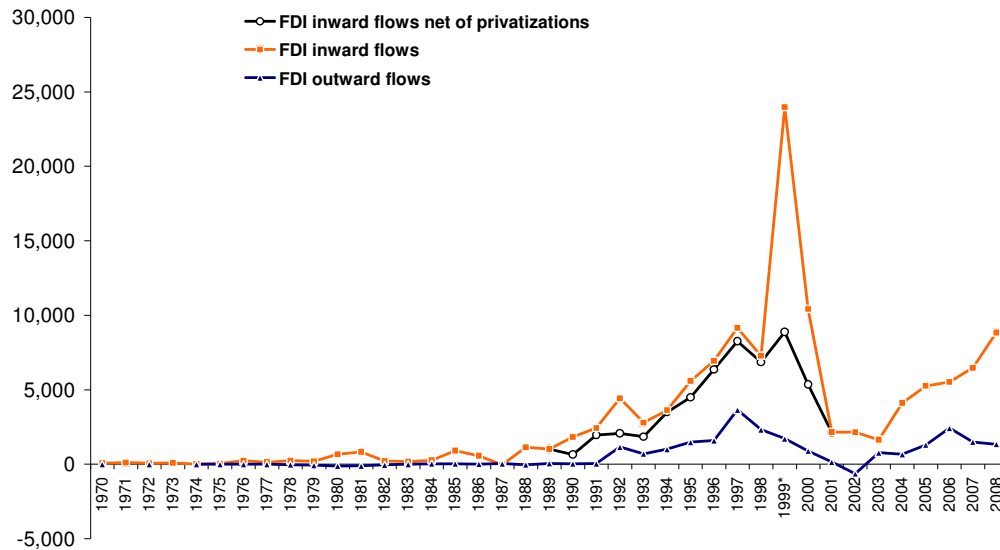
Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

Annex Figure 5. Head office locations of the 19 selected Argentine multinationals, 2008



Source: ProsperAr - Vale Columbia Center Survey of Argentine multinationals.

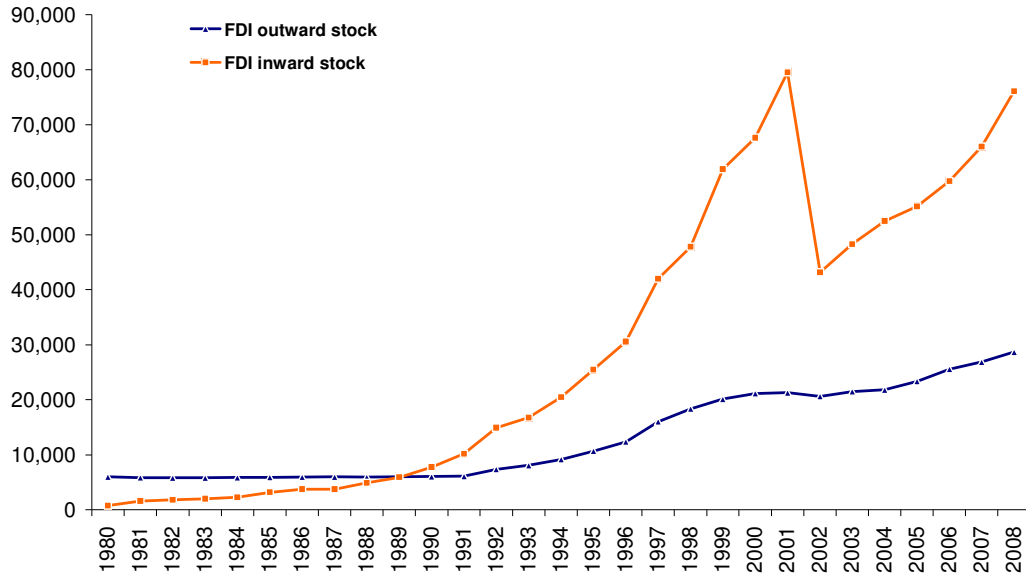
Annex Figure 6. FDI inward and outward flows to and from Argentina, 1980-2008 ^a
(USD million)



Source: Data from United Nations Conference on Trade and Development (UNCTAD), *World Investment Report, 2008* (New York and Geneva: United Nations, 2008), except for data on 2006-2008 flows and flows net of privatizations, which are from Argentina's balance-of-payment statements (National Direction of International Accounts, June 2009).

^a The exceptional level of inflows in 1999 resulted from the acquisition of the Argentine oil company YPF by Repsol for a total of USD15 billion.

Annex Figure 7. Inward and outward FDI stock, 1980-2008 ^a
(USD million)



Source: United Nations Conference on Trade and Development (UNCTAD), *World Investment Report, 2008* (New York and Geneva: United Nations, 2008), except for 2008 figures, which are from Argentina's balance-of-payment statements (National Direction of International Accounts, June 2009).

^a Figures for outward FDI stock and foreign assets of the firms listed in the ranking are not entirely comparable. In particular, the estimate of foreign assets published by UNCTAD (based on Argentina's balance-of-payment figures) only includes a portion of the foreign assets corresponding to the Techint Group, given its Italian-Argentine origin. In this survey, the total sum of the Group's foreign assets is taken into consideration as the criterion of nationality established by this project's methodology is location for strategic decision-making, which is Argentina.