

República Oriental del Uruguay

Investor Presentation

February 2023



Ministerio
de Economía
y Finanzas

Cardenal Copete Rojo (*Paroaria Coronata*)
Photo credit: Leonardo Colistro.

Key Credit Highlights of URUGUAY



I Predictable and prudent macroeconomic framework with fiscally-responsible policies.

II Advancing structural reforms focused on longer-term development goals and fiscal solvency.

III Reliable destination for investment and regional hub:

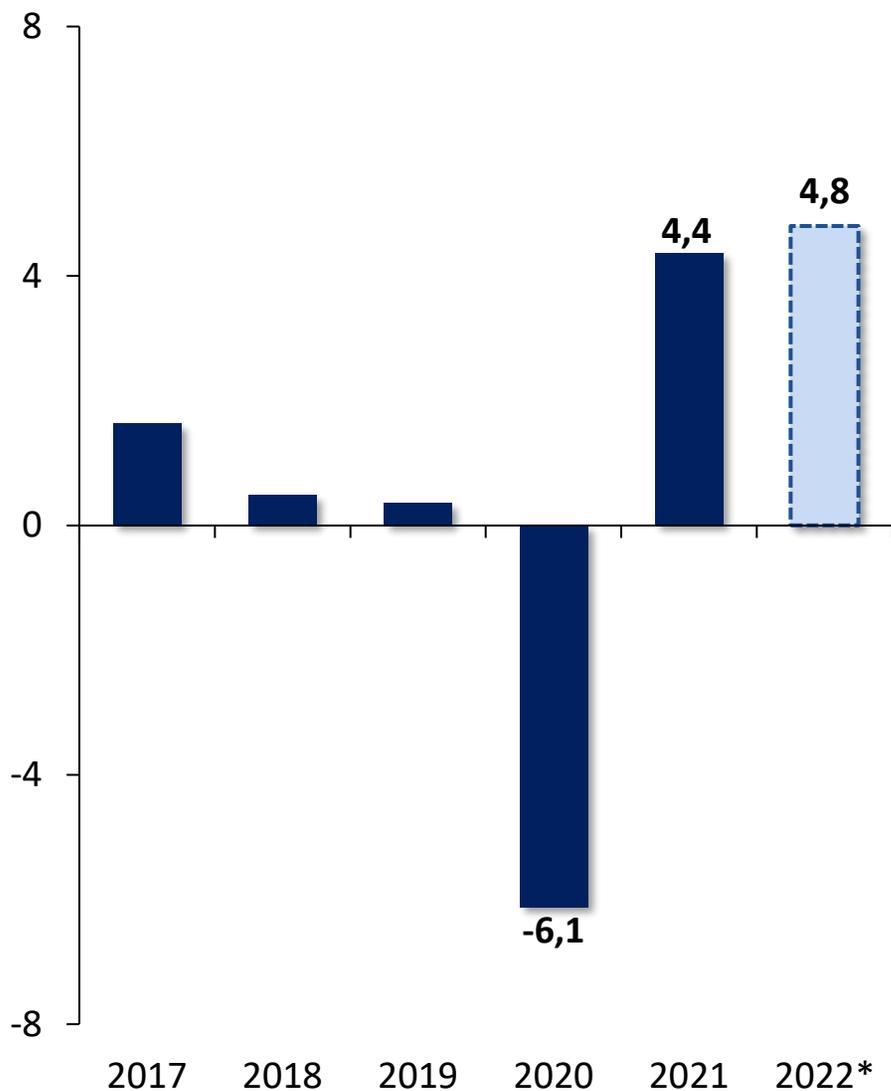
- ✓ **SAFE** *Long-standing political and institutional stability, social cohesion and low country risk.*
- ✓ **MARKET-FRIENDLY** *Investor-friendly policies and regulations, respect for rule of law and trade openness.*
- ✓ **ATTRACTIVE** *Broad tax incentives for investment projects, sustainable business opportunities and innovation.*

Strong economic rebound continued in 2022...



Annual real GDP change ⁽¹⁾

(In %)



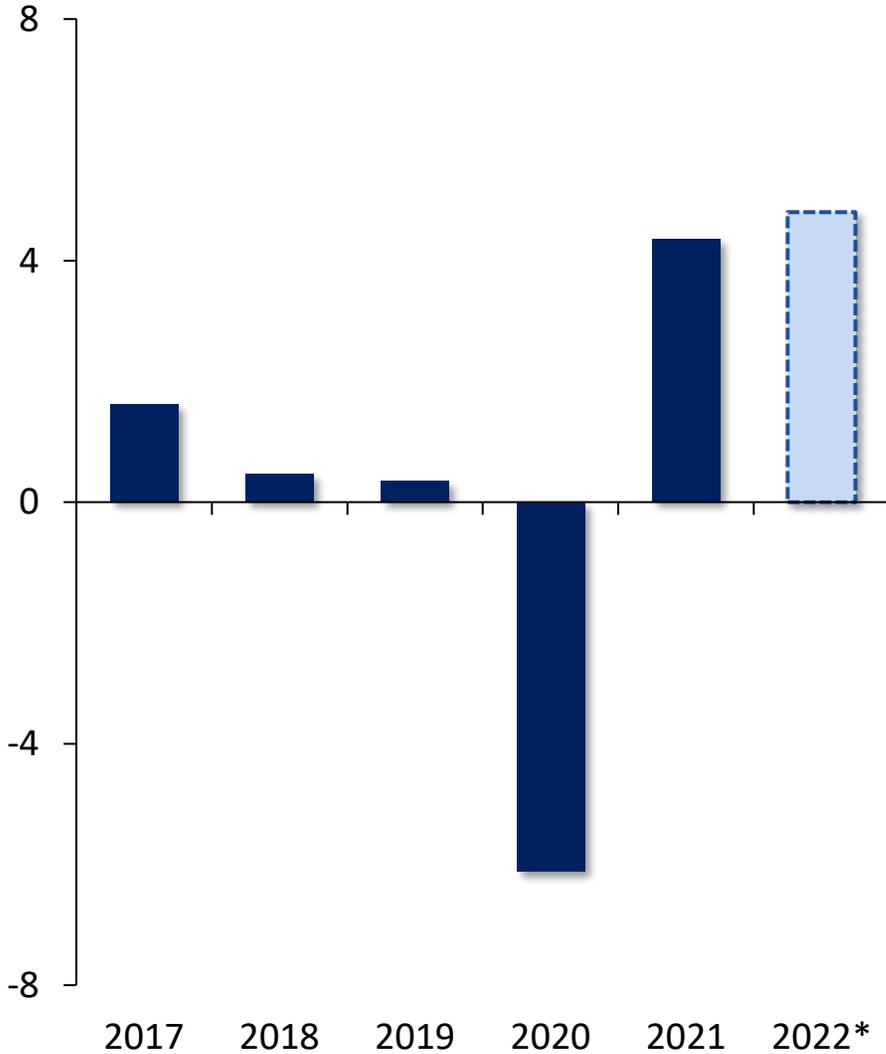
(1) Source: Central Bank of Uruguay. 2022 corresponds to Ministry of Economy and Finance official projections as of January 2023.



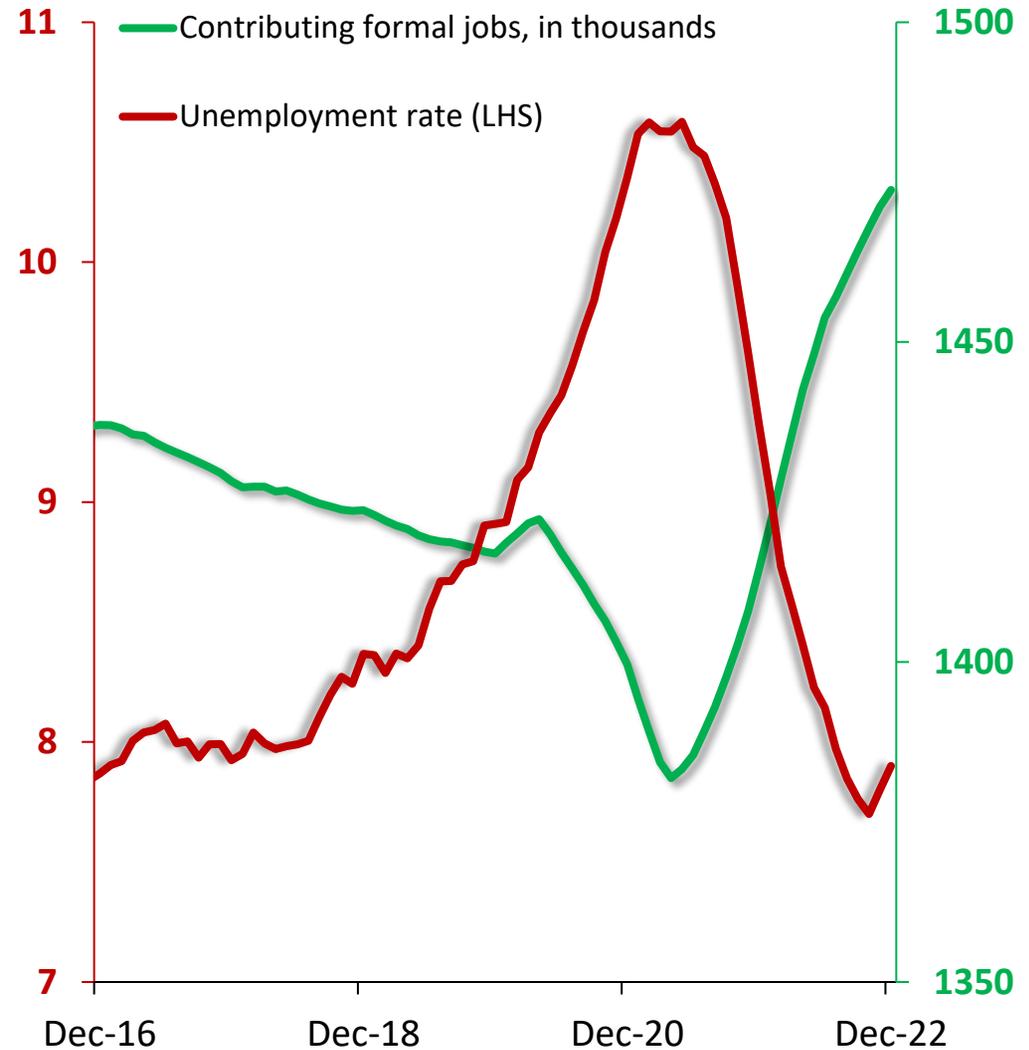
... reflected in a recovering labour market and higher degree of formalization.



Annual real GDP change ⁽¹⁾
(In %)



Formal Employment and Unemployment rate ⁽²⁾
(Average of last 12 months, in %)



(1) Source: Central Bank of Uruguay and MEF.

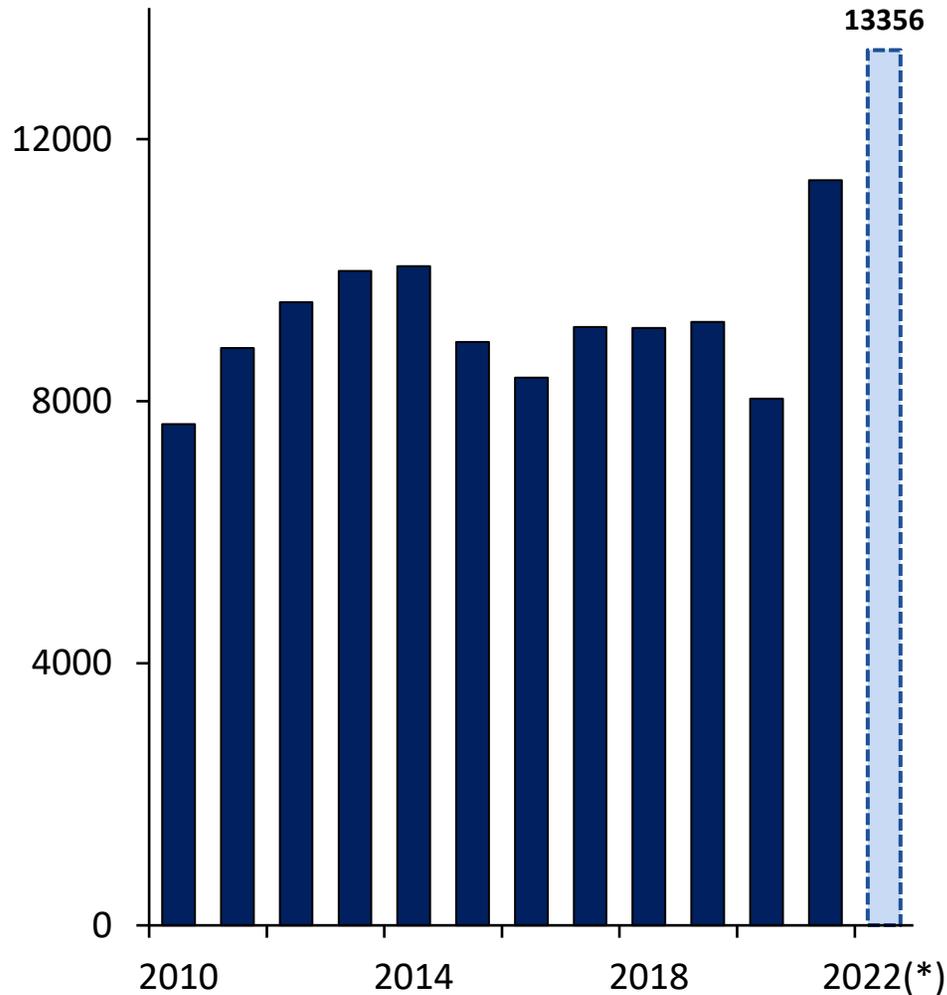
(2) Source: National Institute of Statistics and BPS, Social Security Bank.

Goods exports hit record high in 2022 on the back of higher commodity prices and strong agricultural production.



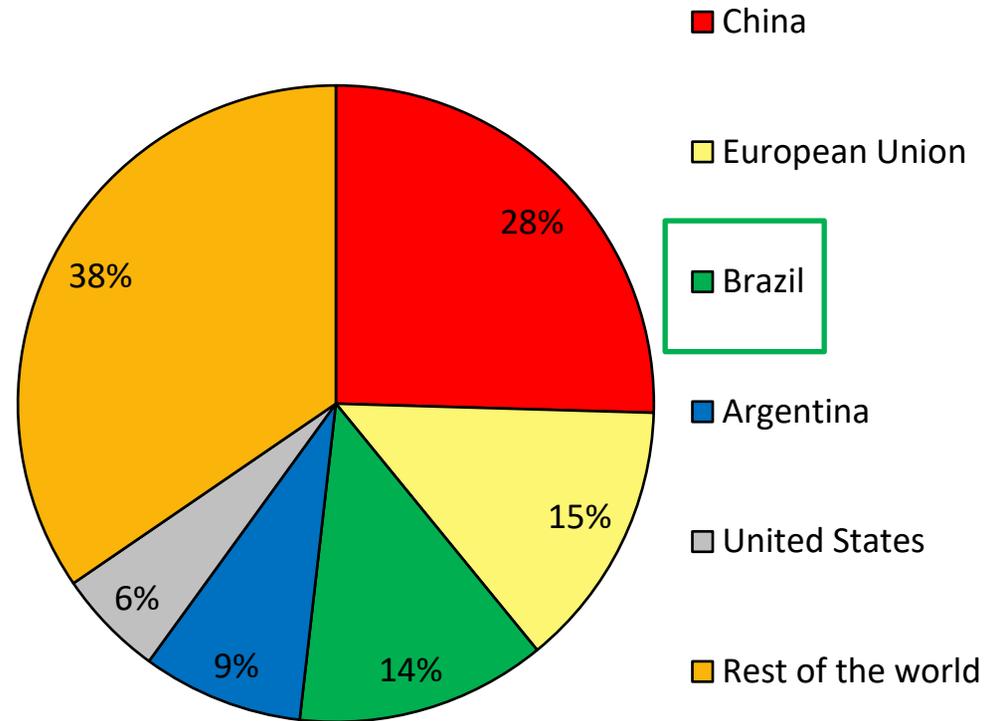
Export of goods

(Annual, in millions of FOB USD)



Export of goods by destination

(% in total of exports, 2022)

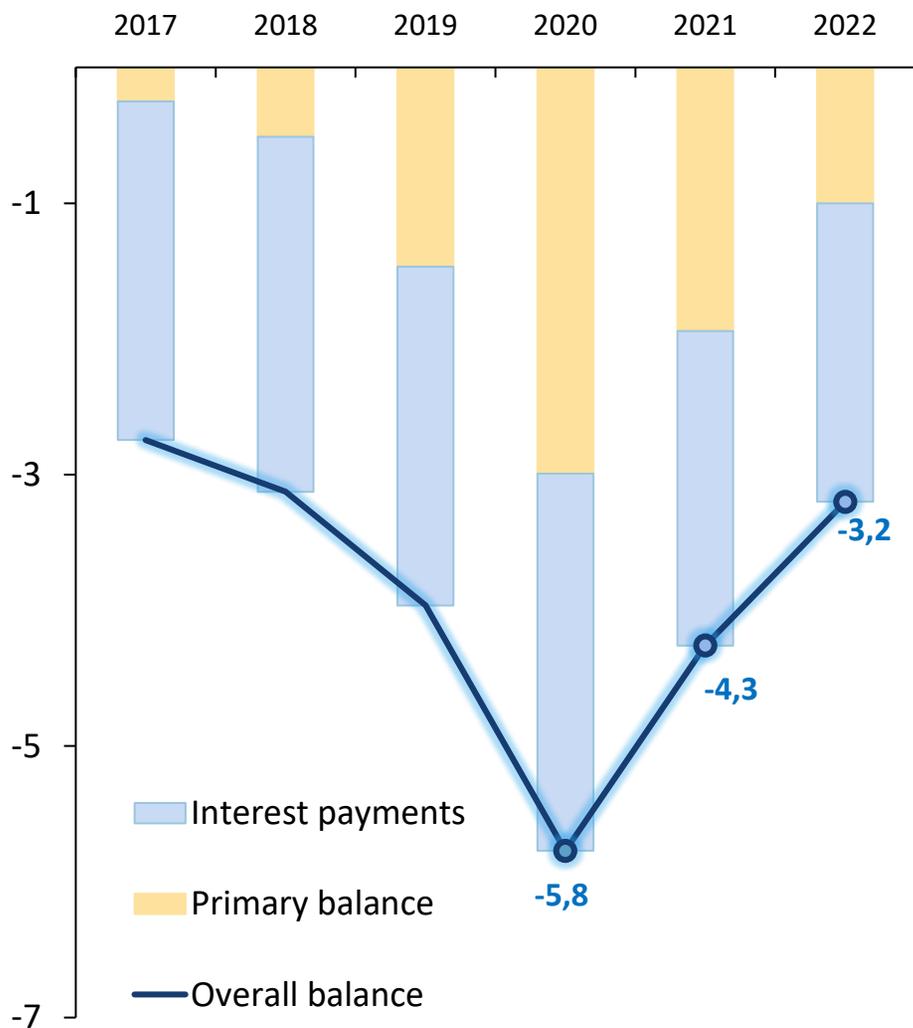


Prudent macroeconomic policies based on disciplined public finances and delivering on fiscal rule targets....



Central Government`s fiscal balance ⁽¹⁾

(In % of GDP)



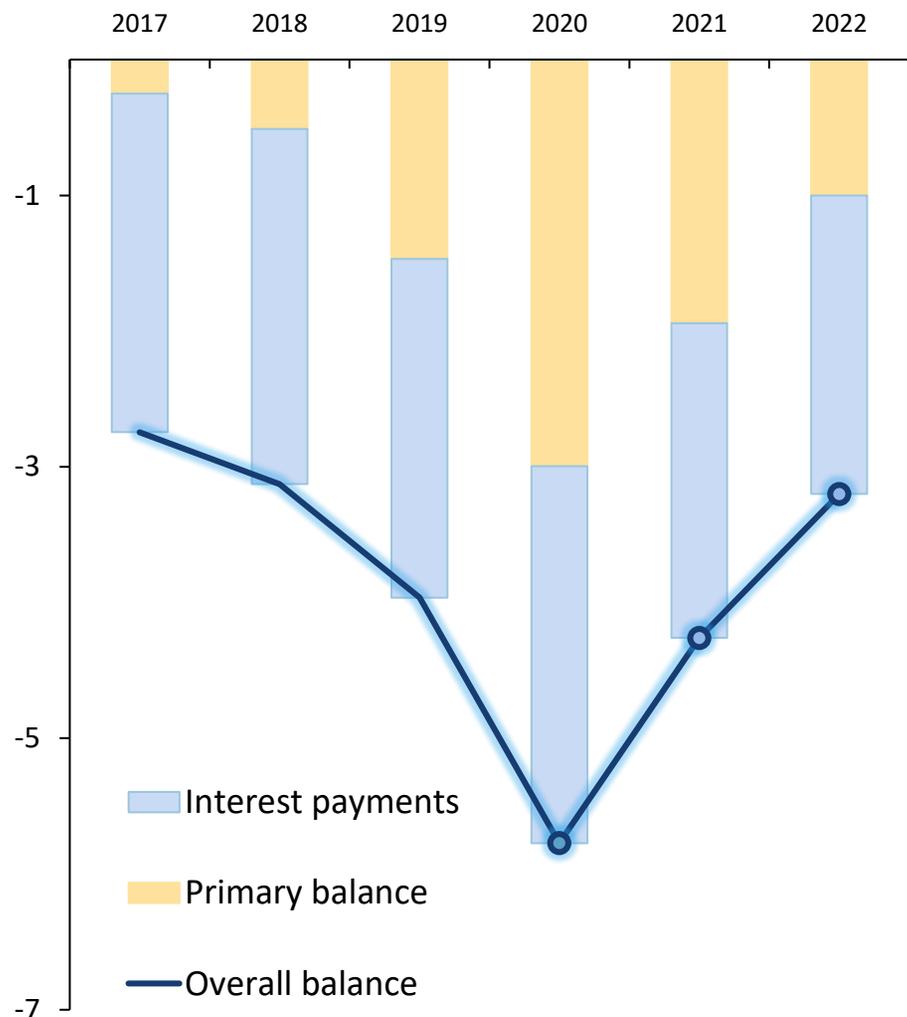
1) Source: Ministry of Economy and Finance of Uruguay. (1) Does not Include extraordinary inflows to the Social Security Trust Fund.

... and Central Bank's monetary policy focused on bring inflation down within the target band.



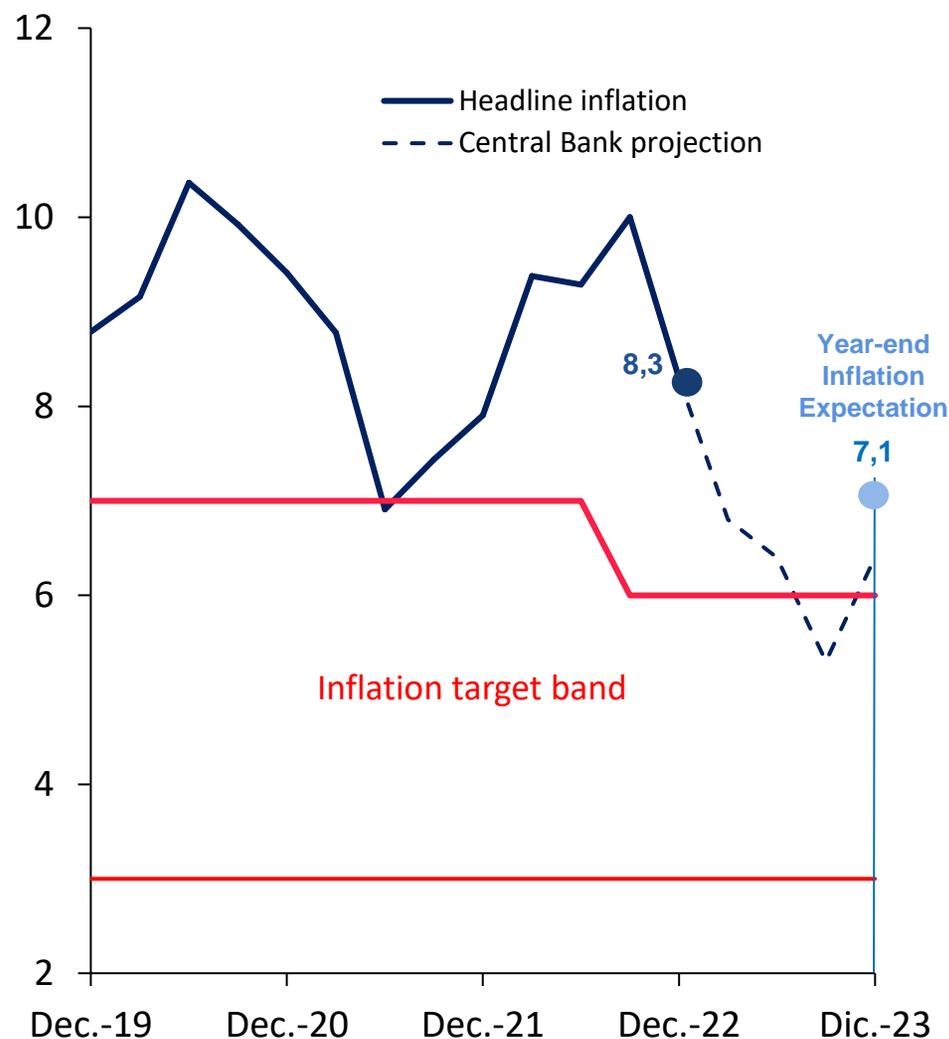
Central Government's fiscal balance ⁽¹⁾

(In % of GDP)



Central Bank's projected inflation path and inflation expectations ⁽²⁾

(YoY, in %)



1) Source: Ministry of Economy and Finance of Uruguay. (1) Does not include extraordinary inflows to the Social Security Trust Fund.

(2) Source: Central Bank of Uruguay, Quarterly forecasts of the baseline scenario of the Central Bank as of December 2022. Median inflation expectations based on Central Bank's market survey as of December 2022.



Fiscal Framework: Rules and Institutions

Social Security Reform

Educational Reform

Commercial integration and free trade

Mainstreaming environmental considerations into economic policies and sovereign financing

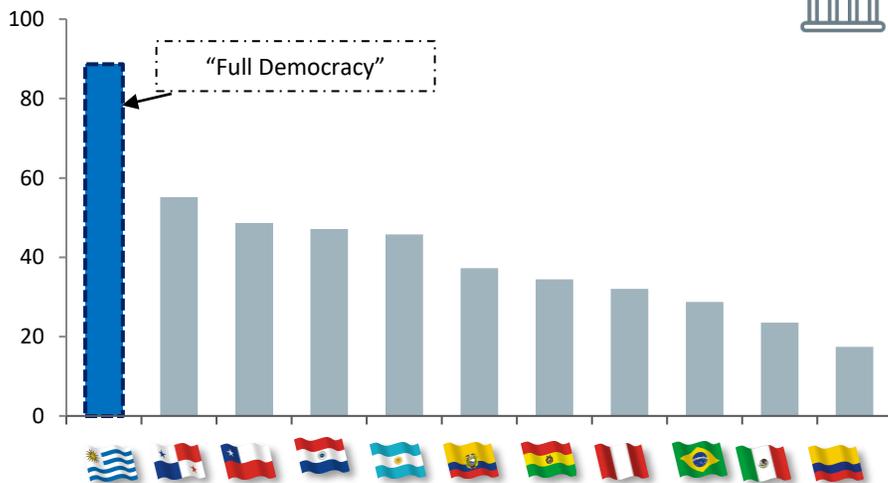
Uruguay is a bastion of institutional, political and social stability in LatAm, ranking alongside most developed nations.



SAFE

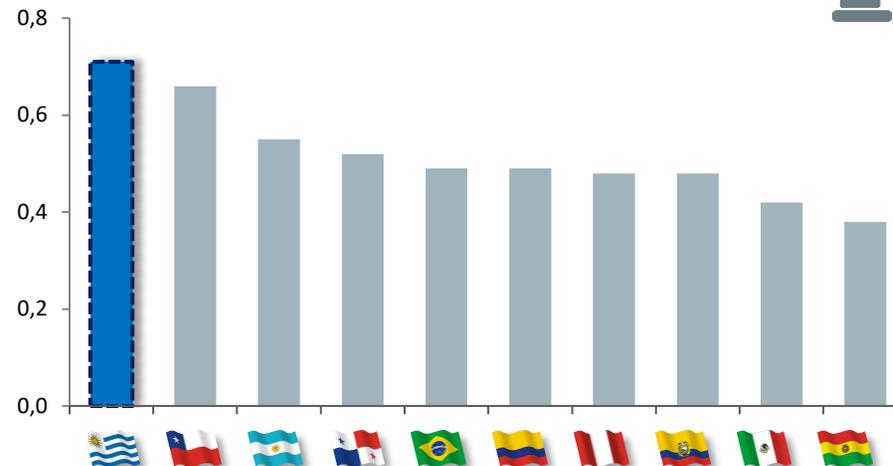
Political Stability and Democracy (1)

(Percentile rank, year 2021)



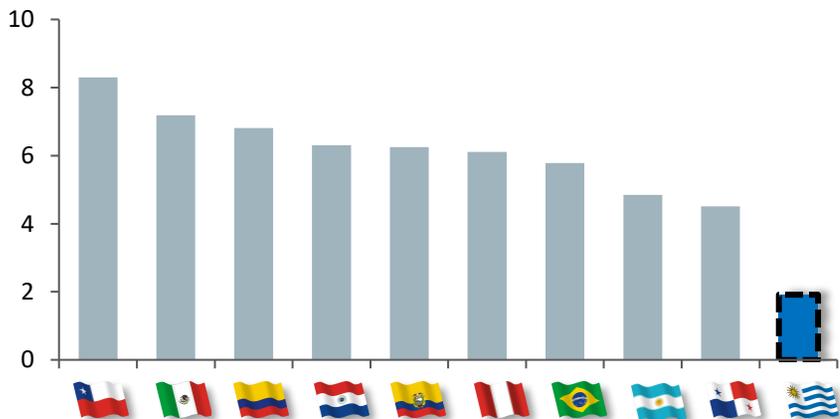
Adherence to the Rule of Law (2)

(Numerical score out of 1, year 2022)



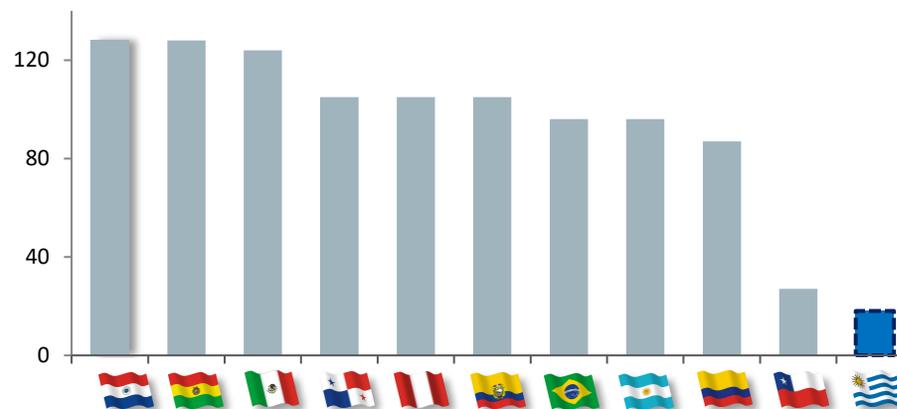
Civil Unrest (3)

(Index out of 10, first quarter of 2020)



Corruption Perception (4)

(Rank, year 2021)



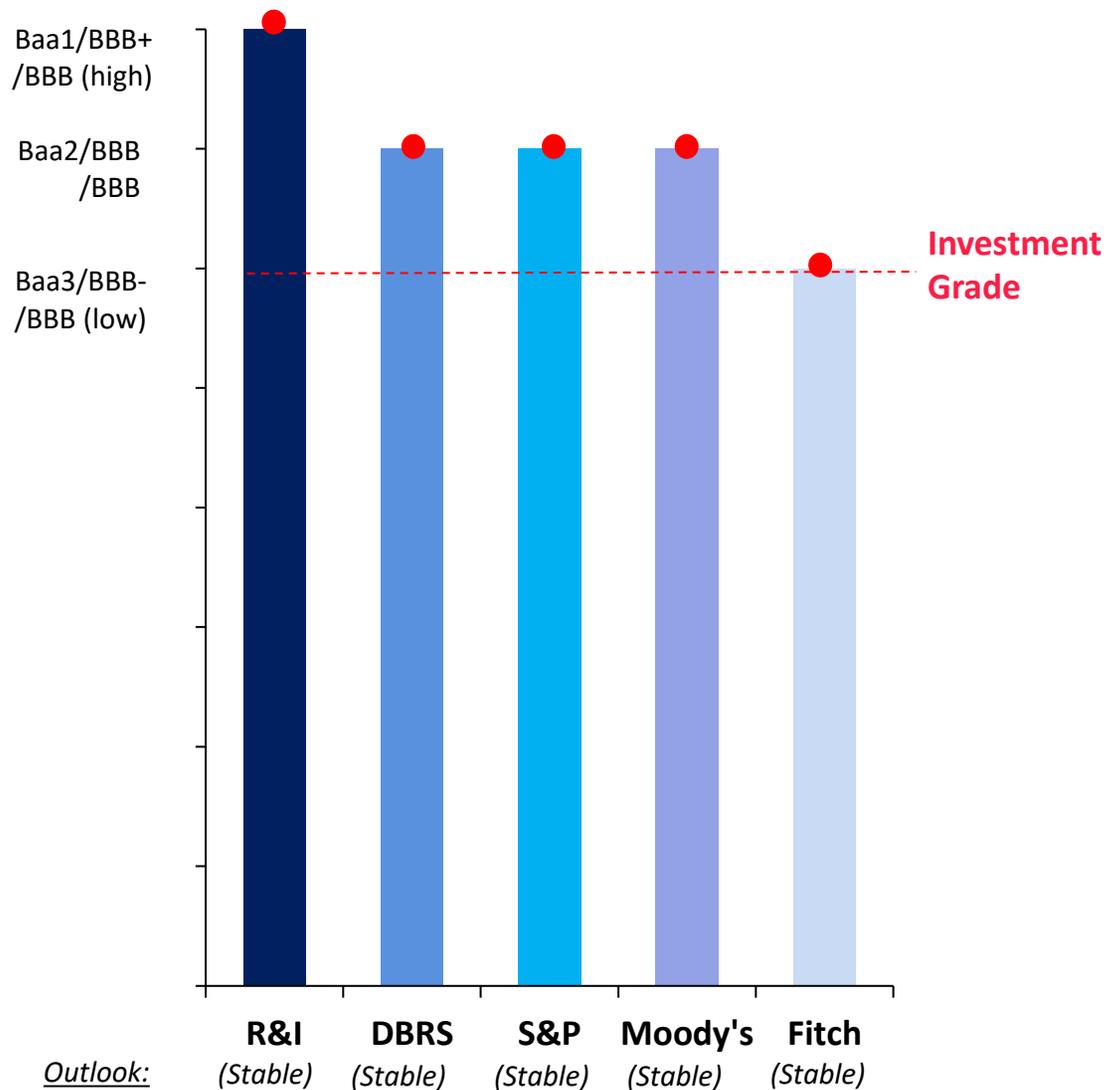
(1) Source: Worldwide Governance Indicators, World Bank (2021) and The Economist Intelligence Unit (2022).

(2) Source: World Justice Project (2022).

(3) Source: Verisk Maplecroft (2020).

(4) Source: Transparency International (2022).

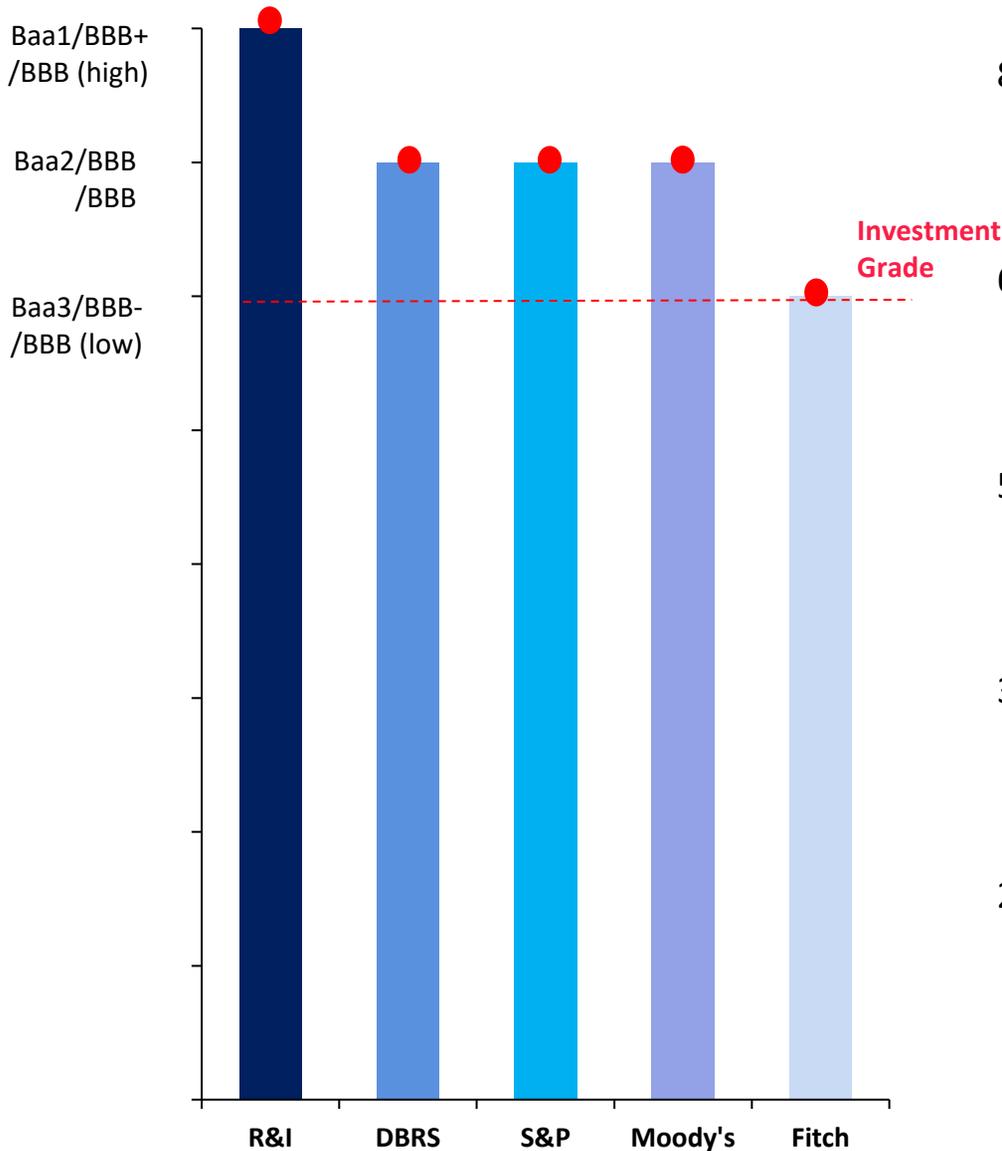
Uruguay is an investment-grade country...

Uruguay's sovereign credit ratings ⁽¹⁾

(1) Source: Moody's, S&P, R&I, DBRS-Morningstar and Fitch.

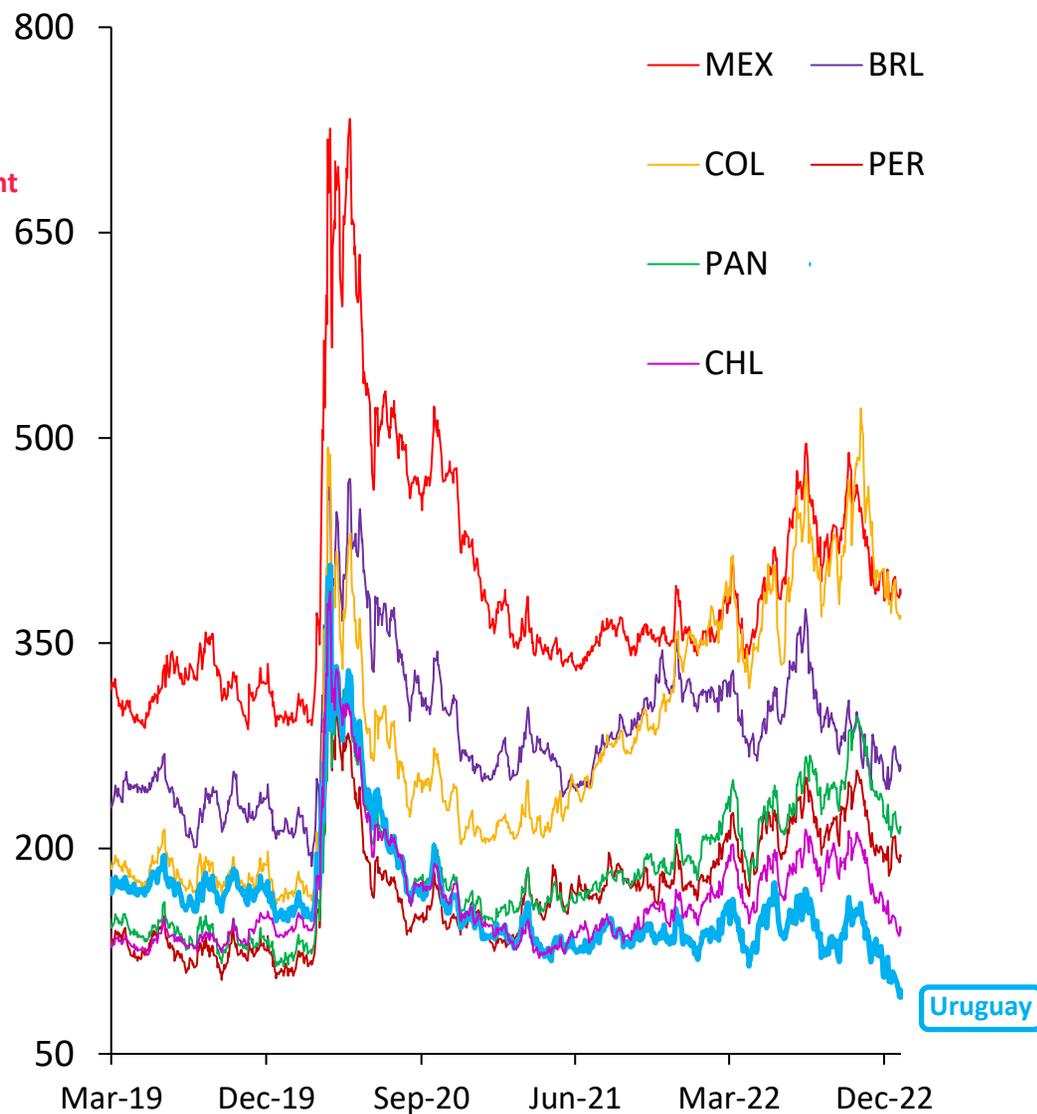


Uruguay's sovereign credit ratings ⁽¹⁾



Sovereign risk premia ⁽²⁾

(EMBI spread, in bps. As of December 31, 2022)



Uruguay

(1) Source: Moody's, S&P, R&I, DBRS-Morningstar and Fitch

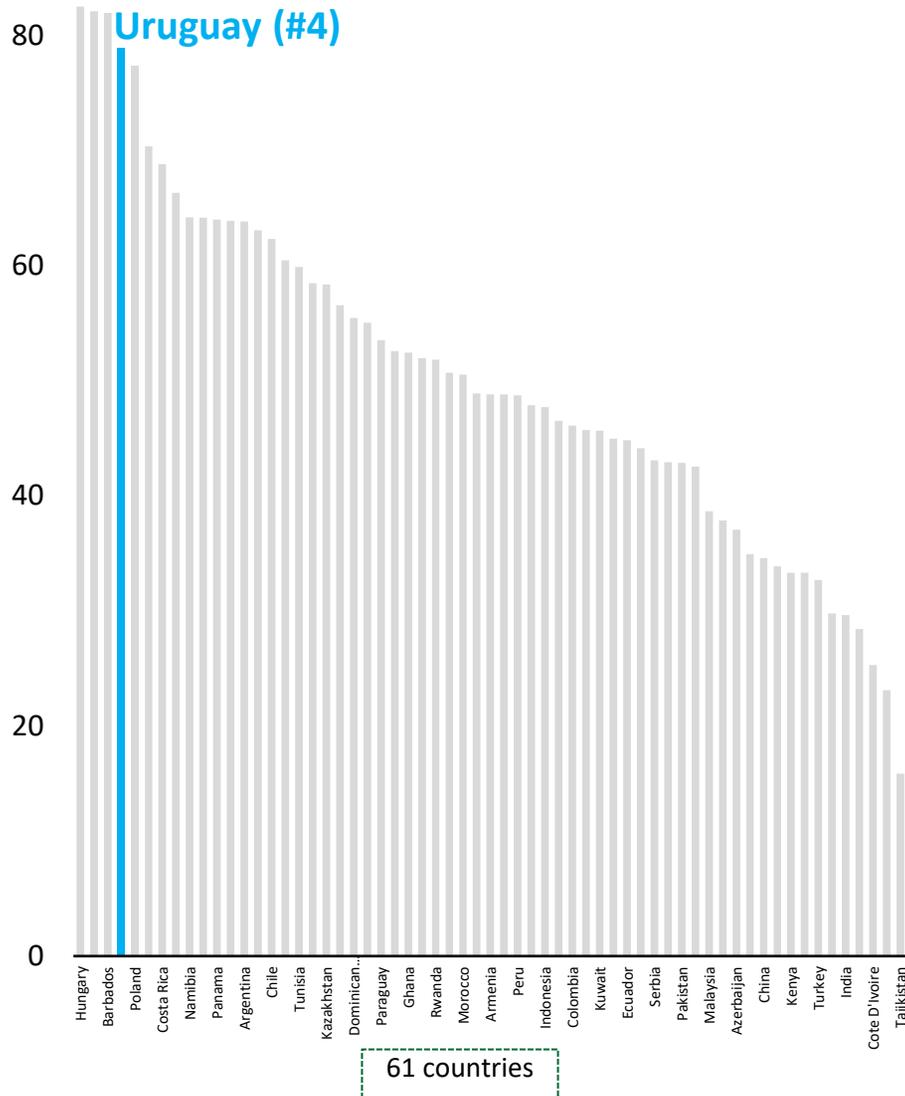
(2) Source: Bloomberg

Uruguay is among the top global performers on ESG fundamentals...



Emerging markets' ESG Score

(Index, 100 = best performance; as of end-December, 2022)



Source: J.P. Morgan Chase & Co. using data from RepRisk, Sustainalytics and Climate Bonds Initiative .

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III

... and according to Euromoney (2022), is “the most reliable country in LATAM to invest in”, which is reflected in large FDI inflows.

SAFE

Emerging markets' ESG Score

(Index, 100 = best performance; as of end-December, 2022)

Uruguay (#4)

61 countries

Country	ESG Score (approx.)
Hungary	85
Barbados	82
Poland	78
Costa Rica	75
Namibia	72
Panama	70
Argentina	68
Chile	65
Tunisia	62
Kazakhstan	60
Dominican Republic	58
Paraguay	55
Ghana	52
Rwanda	50
Morocco	48
Armenia	45
Peru	42
Indonesia	40
Colombia	38
Kuwait	35
Ecuador	32
Serbia	30
Pakistan	28
Malaysia	25
Azerbaijan	22
China	20
Kenya	18
Turkey	15
India	12
Cote D'Ivoire	10
Tajikistan	8

Euromoney country risk ranking, 2022

Uruguay ranked #1 as “the safest country in Latin America to invest in”.

FDI net capital inflows ⁽²⁾

(Rolling 4-quarters, in % of GDP)

Quarter	FDI net capital inflows (% of GDP)
2016Q4	-3.2
2017Q1	-3.3
2017Q2	-3.1
2017Q3	-3.0
2017Q4	-3.2
2018Q1	-2.8
2018Q2	-2.0
2018Q3	-1.5
2018Q4	-1.2
2019Q1	-0.5
2019Q2	0.5
2019Q3	1.5
2019Q4	2.2
2020Q1	0.5
2020Q2	1.0
2020Q3	1.8
2020Q4	3.8
2021Q1	3.5
2021Q2	2.8
2021Q3	3.0
2021Q4	3.0
2022Q1	3.0
2022Q2	3.0
2022Q3	4.35

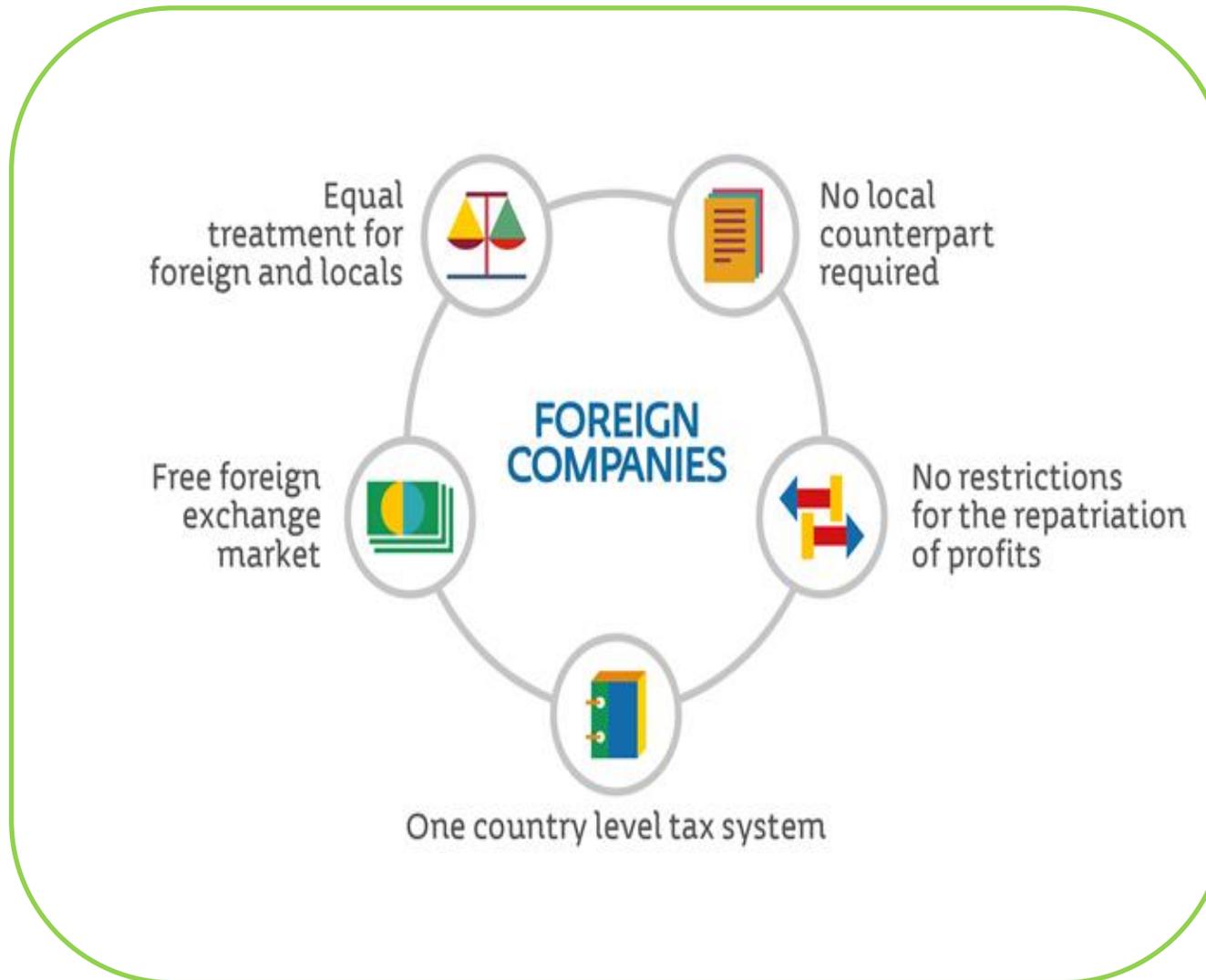
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Uruguay offers a favorable environment and financial freedom for doing business.



Broad tax incentives for domestic and foreign investment projects...

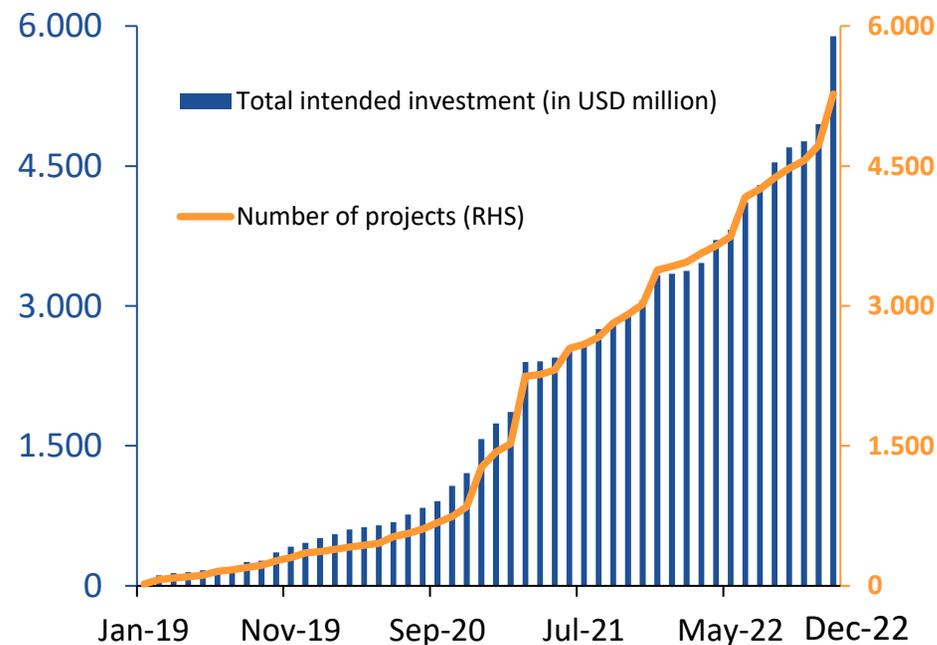


New tax breaks for big-ticket construction projects, social housing and clean energy

- ✓ Recent changes to the **General Investment Promotion Regime (COMAP)** providing more tax incentives encouraging employment creation (housing, offices and urbanization construction) and clean energy technologies.

Investment projects presented under COMAP regime ⁽¹⁾

(Cumulative since beginning of 2019)



- Uruguay grants **several incentives to different types of activities**, from industrial to commercial and service activities performed in the country.
- Main incentive schemes available in the country are provided for by the **Investment Promotion Law, free zones, free port and free airport schemes, public-private partnership agreements, industrial parks and temporary admission.**

... and recent launch of an Innovation Hub program to strengthen entrepreneurial ecosystem in tech industry and sustainable production.



III



ATTRACTIVE

Program is focused on **strengthening the entrepreneurial ecosystem** along three vectors:

- **Deep-Tech** (big data, the internet of things, cybersecurity and fintech).
- **Green-Tech** (renewable energy, circular economy, electromobility and green hydrogen).
- **Bio-Tech** (life sciences and agri-business).

For that purposes, it envisages:

- Developing "**venture builders**" and "**innovation campus**" to promote the development or establishment of **high-tech companies** in the country.
- Strategies and policies for the promotion, development and attraction of **human talent**.



**República Oriental
del Uruguay**

THANK YOU