Good morning, I’d like to thank Daniele for the invitation to this important meeting and for giving me the possibility to share with you some information about our region and our company.

Let me talk about the frame of our picture (IMAGEN DEL CUADRO), let me talk about our macroeconomy as a first step.

From 2005 – 2014 the region has lived its golden years marked by a high price in our commodities and some populist governments who increased the income of poor people. This situation generated a rise in the GDP (5% was the avg in this decade) and of course an increase in private consumption. As a consequence the demand of new sales square meters and remodelling has soared significantly. Just to give you an idea this was the increase of square meter of sales area in the main countries of the region. INCLUIR ALGUN DATO DE LOS MILLONES DE METROS CUADRADOS QUE SE CONSTRUYERON DESDE 2005-2014)

In 2014, as you perfectly know commodity prices have plummeted as you can see in the visual. On the contrary as I mentioned before our GDP in the region has fallen down 27% if we measured in USD. Brazil has suffered a bit more and its economy dropped by almost 40%. Some international agencies foresee a recovery of the region in the next five years of an average rate of 1.5 or 2% which is not bad but would not allow us to recover the GDP level existing before the crisis.

Therefore we are going through a new and different period based on an oversupply of products and a natural impoverishment of the people. IMAGEN DE LA REGION PBI PER CAPITA (actualizado), PERSONAS POR METRO CUADRADO VER ILACAD.

What are the main retailers doing? First of all, who are the main retailers in our region? Let me introduce them to you.

IMAGEN DE LOS PRINCIPALES RETAILERS Y LA CONCENTRACION.

Key regional retailers are targeting their investments in new stores both in small formats (soft discount) (IMAGEN DE DIA% Y ALGUN OTRO) and in some super and hypermarkets at low investment level (CHANGO MAS), as wholesalers. On the other hand, they are focusing remodeling in hyper and supermarkets. So to GRAFICAR this situation, as you can see in the visual, retailers will increase their turnovers increasing the sales area in these formats, and remodellings these formats (GRAFICA CON EL CRECIMIENTO DE LAS TIENDAS SOBRE LA VARIABLE SERVICIO/PRECIO Y LA DE PEQUEÑA A GRANDE).

How is the arena in where we play?

Most important players are: Arneg, Hussman, Eletrofrio, Frigite, Excal, De Rigo Weston and others minors from Europe (SLIDES DE LA COMPETENCIA COMO GENNARO).

**ARNEG** has a different strategy depending on the country. In Argentina they started up the production of continuous panels for buildings, and they continue to offer cabinets (designed in Argentina) and some installations based on price. In Chile they opened a commercial office and they are looking for a partner to make the installation, therefore in this country like in Peru, they offer only cabinets, Argentina and Brazilian cabinets at very low price and Italian products are very competitive. In Brazil, they have a factory and offer a turn-key solution. In Colombia they have a factory which produce panels, packs and complete the turn-key with Italian products. Lastly in Panama they have a commercial office to attend the Central America country offering Italian cabinets and in some cases turn-key solution from Italy.

**HUSSMAN** is focused only in Chile especially for Wal Mart taking advantage of the relationship with Wal Mart in US. They are offering some cabinets (in the full glass doors NT and LT they are very competitive with a high quality product), installations and some after sales services only for Wal Mart.

**ELETROFRIO** after the devaluation of the local currency in Brazil, real, of more than 50% its became very competitive. In some countries like Paraguay and Peru where they found good partners to make installations, Eletrofrio offers a complete solution at very competitive price and reasonable quality especially in the installations of Glycol.

**FRIGITE**: Chinese products at low price with ex distributor of Arneg in Peru.

**WESTON** leader in Colombia, offering a complete solujtion from products to installation after sales and some concepts.

**DE RIGO:** very competitive price supporting its strategy in the “Made in Italy” at low price. They kept a share in Chile and Ecuador in both offering a solution.

Naturally, in the new battlefield, prices remain the key to define the operations. However, some new variables are starting to come up. Energy saving: The change from a populist to a right-wing government in Argentina resulted, for instance, in the elimination of some subsidies and the increase in energy bills of more than 200%. Ecology is another concern for some retailers worried about the effects of the new regulations and the increase in the cost of Freon gases. Moreover, main retailers still prefer the acquisition of turn key, requiring in the recent years a maintenance service for 2 years after start up. Lastly and as it is the case with some mature markets for premium stores some key retailers are requiring some assistance in the design of new concepts (FOTO DE IMS IN COTO).

To define our strategy we evaluated with our sales force the weight of these variables now and in the near future. As you can see in the visual for example in Argentina, today the main demands are price, delivery terms, turn key supply, keeping the service and commercial assistance. Now I can add that energy saving is another important demand. Sales force also analyzed the future of customers requirements and some variables will become more important for instance xxxxxxx. Comparing our performance against our main competitor’s we identified some areas where we will be able to grab opportunities such as after sales, concept. We made the same analysis for all the main countries and some small ones. We define and believe that the only way to get away from the price struggle is creating value through service. So in most of the countries of our region, the idea is to add value, therefore we think of our business model has to move from only supplying products to providing a complete solution. We define 4 steps as you can see in the visual.

What is our starting point in the main countries in the region (except for Brazil) and some small ones we are targeting at?

The main actions to be implemented in the next five years, will be create a Service Unit in Buenos Aires, which will be in charge of the supplying of spare parts, providing maintenance service, telemonitoring, ……. Colombia we are analyzing two alternatives start up a branch to provide commerce, installations and logistic or joint venture with Weston the leader of the market.

Peru and Chile, pasado el period de restricciones legales, we will set a Service Unit like in Argentina.

In to small countries, Paraguay, we are analyzing the start up of the Epta’ branch to commerce, installations and logistic and in Dominican Republic we are analyzing the idea of a joint venture to became our current offer of product into a turn key solution.

Another action to be analized is the

To support our strategy we will update our offer range of cabinets according to Epta’ Group strategy focusing also in plug in for small formats. Like in France and Spain the idea is to start up with the concept line. Finally, continuing with the introduction of transcritical system of CO2 in all the countries where we operate. Finally, the sales processes should be aligned with the tools of Epta Group.

Our idea is to reach this aim in 2020 achieving 70 million Euros of turnover.