



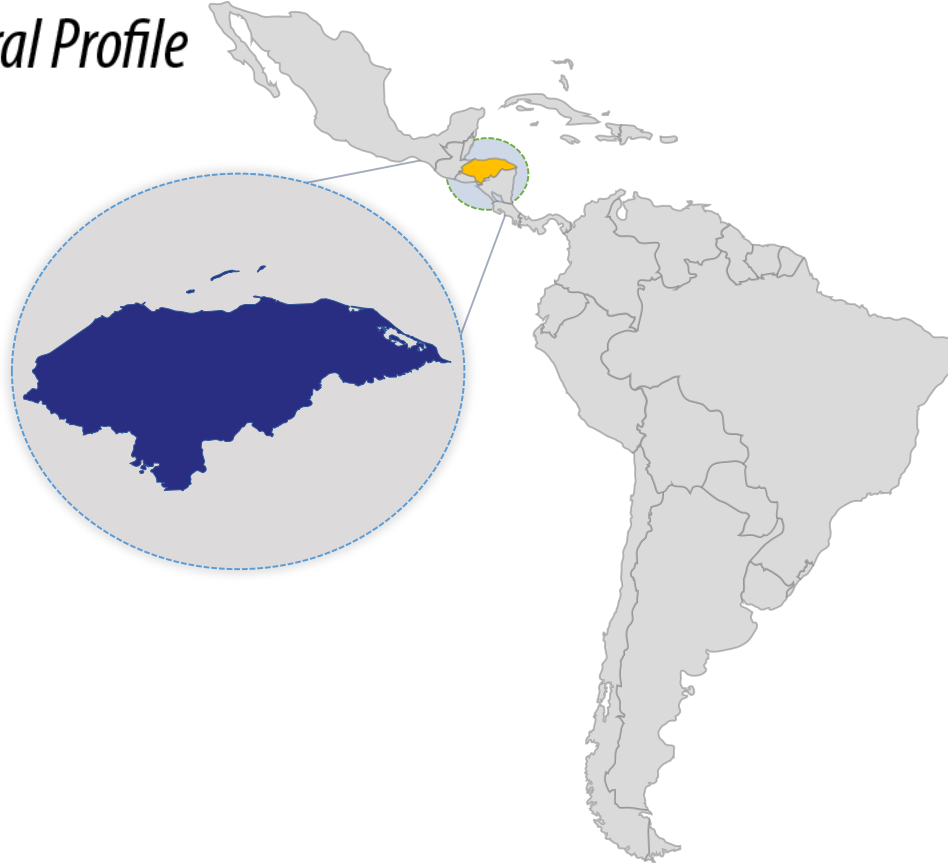
Think Smart, Think Honduras

HONDURAS
20  **20**
OUR VISION FOR DEVELOPMENT




HONDURAS

General Profile




POPULATION
9.0 million


ALPHABETIZATION RATE
85.1%


GDP (EST. 2017)
\$22.98 billion

MOODY'S
B1 STABLE

S&P Global
BB-

LANGUAGE

SPANISH



ENGLISH
WIDELY SPOKEN

CURRENCY

LEMPIRA



FREE
ACCESS TO USD
AND OTHER
CURRENCY

EXCHANGE RATE

L. 24.0534
= \$1.00



OCT. 9, 2018

MONETARY POLICY

5.50%



ANNUAL INFLATION
RATE

Est. 4%



2018



WHO WE ARE

For investors, Honduras 20/20 promotes the investment opportunities to foster employment.

Honduras 20|20 is a public-private partnership that connects investors with opportunities.



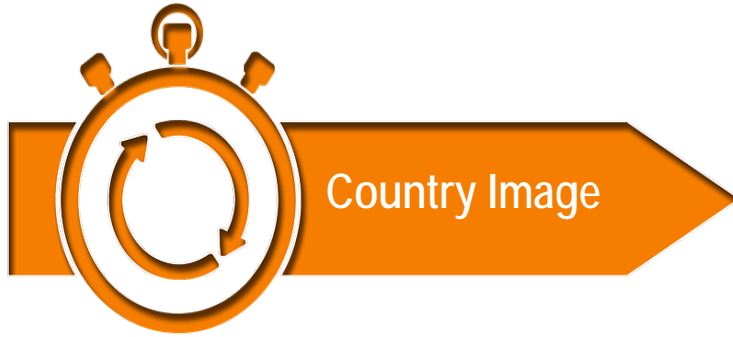
Honduras 20|20 guarantee fast and dynamic up to date service to ease the investing process.

We generate growth through investment and employment.





SECTORS



- Energy and Logistic Infrastructure
- Productive Capacity and Education
- Government Efficiency
- Complementary Markets

TOURISM

TEXTILE AND APPAREL

LIGHT MANUFACTURING

BPO/ITO

AGRIBUSINESS

SOCIAL HOUSING



STRATEGIC POSITION



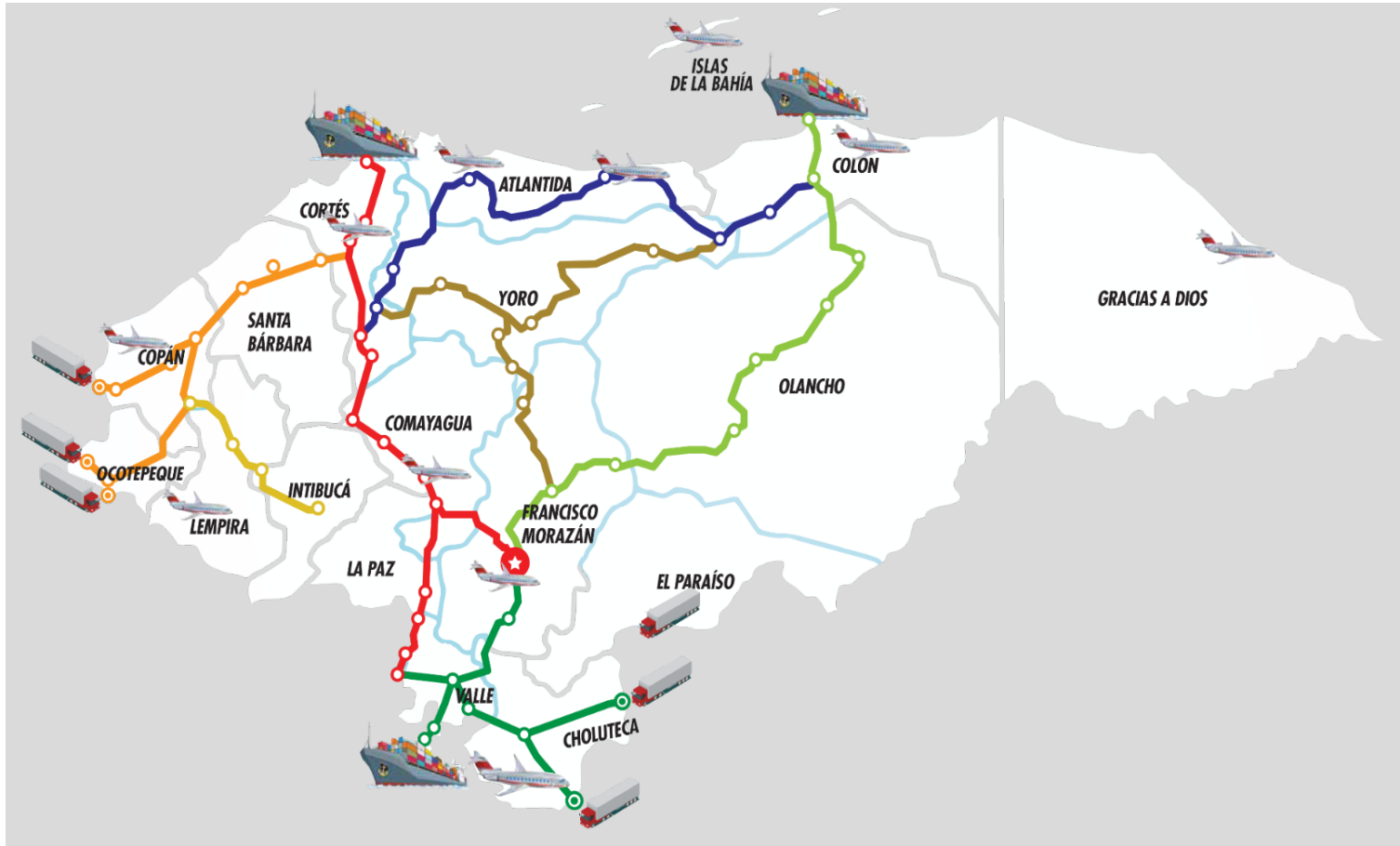
Travel time from Honduras to USA, is approximately 2 hours by plane and 2 days by ship.








International Airlines in operation:





- American Airlines
- United
- Copa Airlines
- Delta
- Avianca
- Aeromexico
- Spirit
- Air Europa
- Cayman Airways



CONNECTIVITY



-  **PACIFIC CORRIDOR**
-  **LOGISTICS CORRIDOR**
-  **AGRICULTURAL CORRIDOR**
-  **LENCA CORRIDOR**
-  **CENTRAL CORRIDOR**
-  **OCCIDENTAL CORRIDOR**
-  **TOURISTIC CORRIDOR**

-  **PORT**
-  **AIRPORT**
-  **CONTAINER PARK**
-  **CAPITAL CITY**



FREE TRADE AGREEMENTS

HONDURAS HAS ACCESS TO

1500
MILLION
CONSUMERS

40
COUNTRIES

THROUGH ITS
10 FREE
TRADE AGREEMENTS





ATTRACTIVE COSTS

COST OF INDUSTRIAL ELECTRICITY

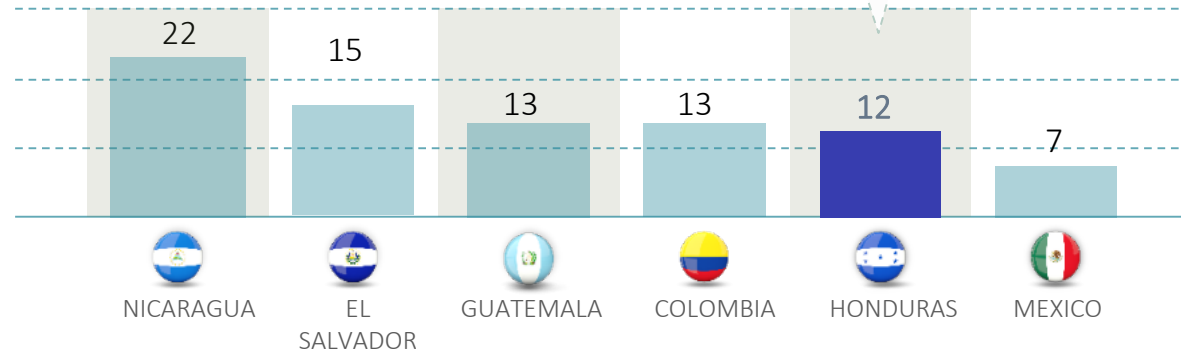
 CENTS (USD)
PER KWh

THE COST OF ELECTRICITY



IS COMPETITIVE
IN THE REGION

Honduras offers the possibility of **direct electric energy sale**, through which costs of **~US\$0.07 - 0.12/KWh** are attainable

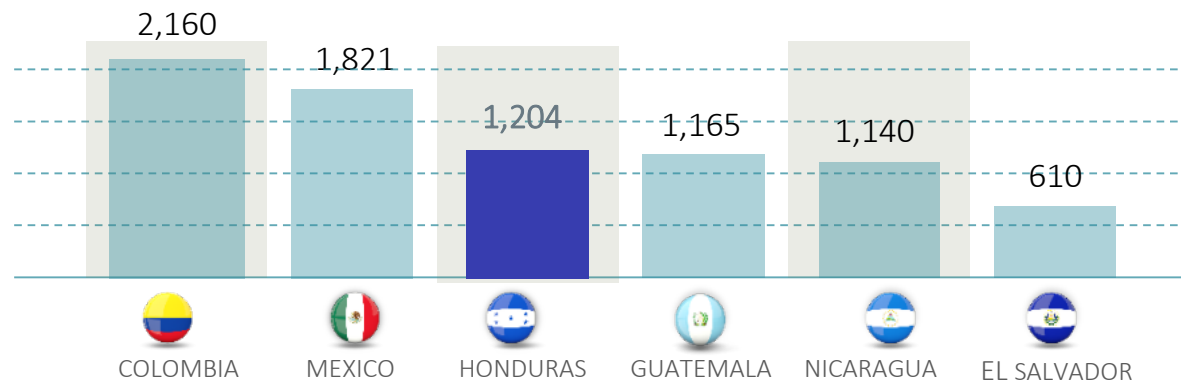


COST TO EXPORT PER CONTAINER IN USD

THE COST OF EXPORTS

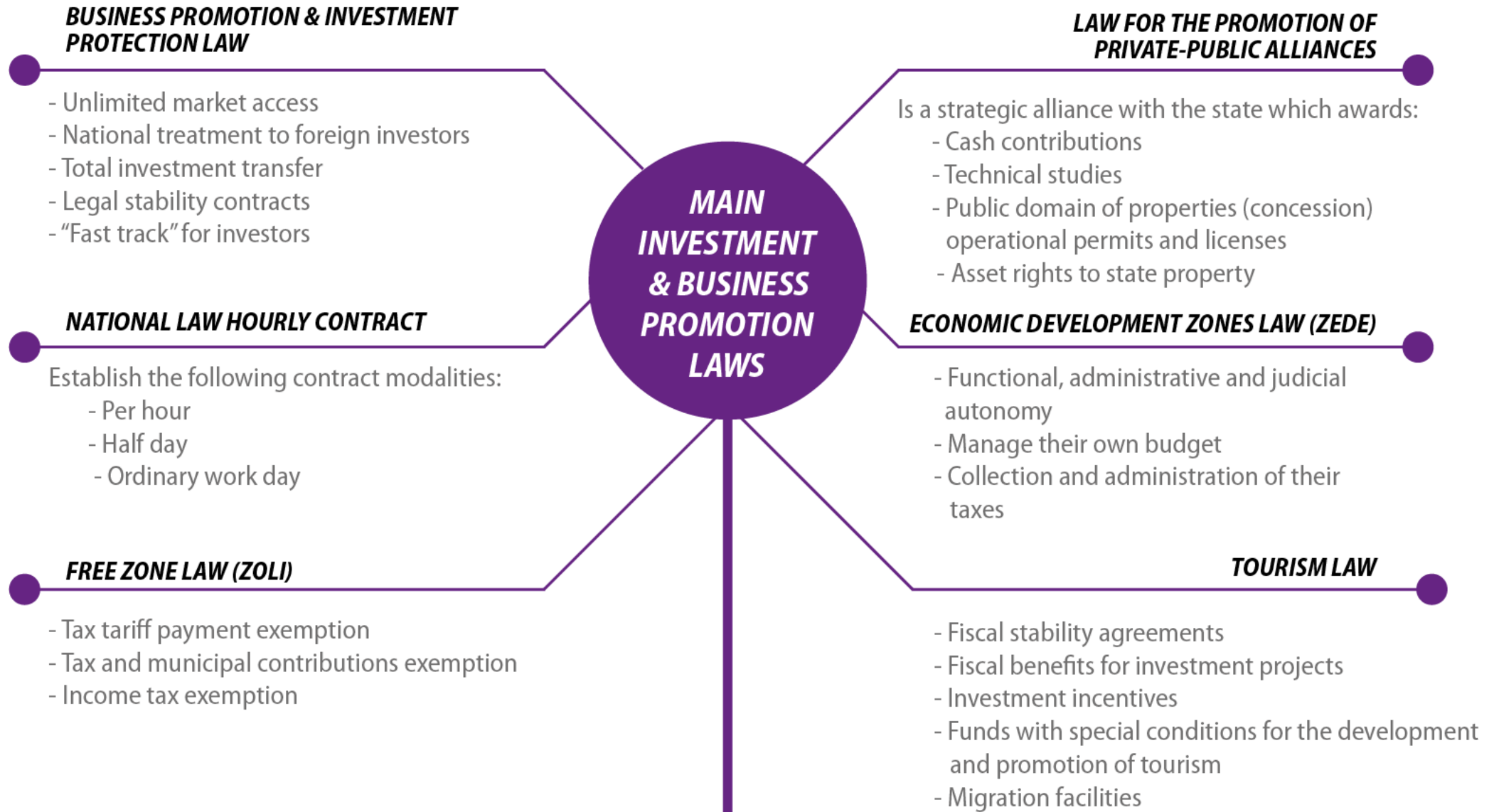


IS COMPETITIVE
IN THE REGION





LEGAL FRAMEWORK





FISCAL INCENTIVES



IMPORTS DUTIES EXEMPT

SALES TAX EXEMPT

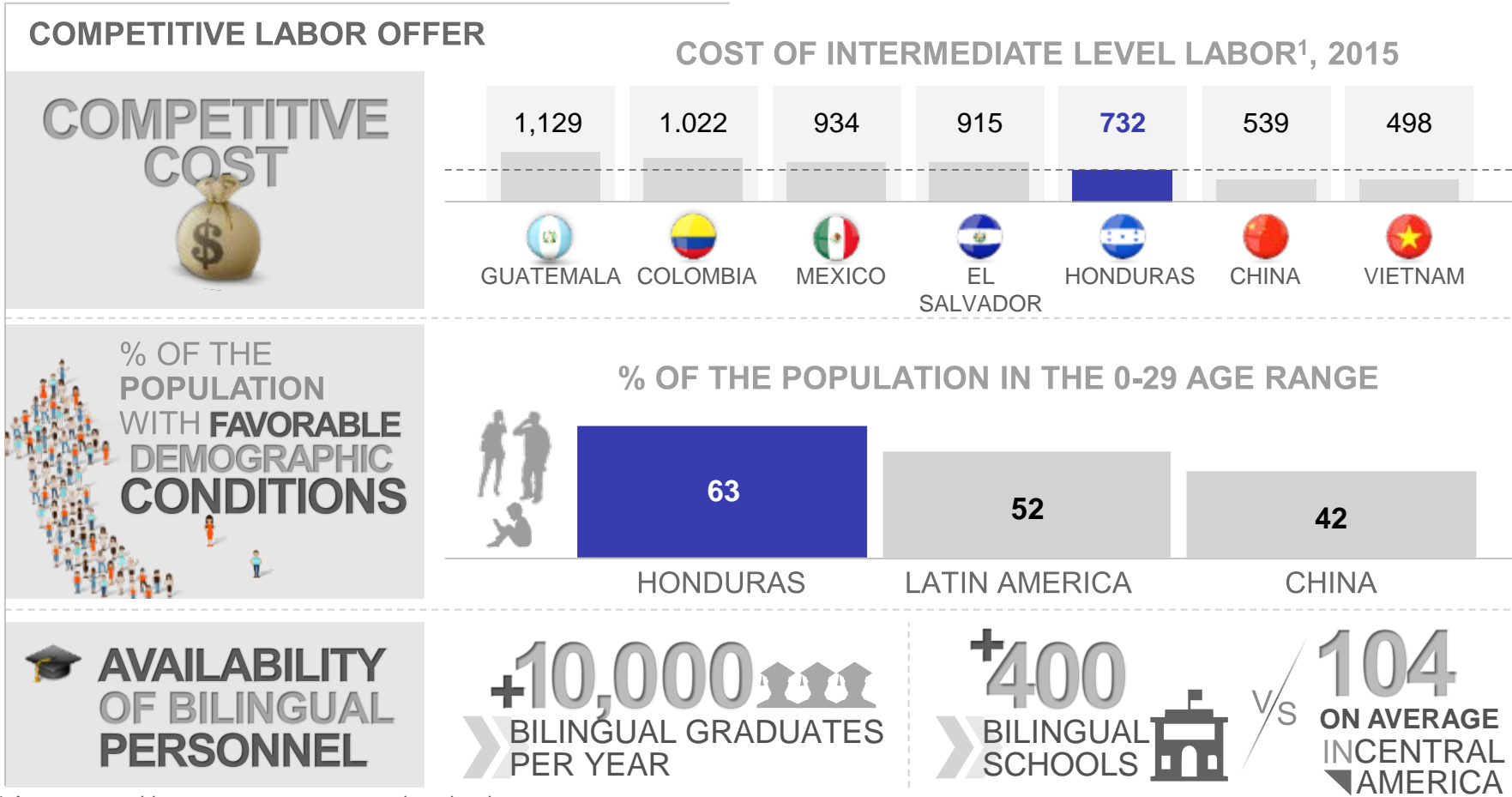
PROPERTY TAX EXEMPT

TAX EXEMPTION ON UTILITIES

*RIGHT TO REPATRIATE
100% OF THE CURRENCIES*



FISCAL INCENTIVES



¹ Average monthly wages per country at analysts level

DID YOU KNOW HONDURAS IS...?



TEXTILE AND APPAREL



*Cotton
T-Shirts*

#1

EXPORTER
TO THE USA

#5

EXPORTER IN
THE WORLD



FLEECE

#2

EXPORTER
TO THE USA



TOURISM



ACCESS TO
THE
2ND

LARGEST
CORAL REEF



MAIN MAYAN
CITIES & HEART
OF MAYAN ART



OUTSOURCING SERVICES

& BPO
ITO
SERVICES

ONE OF THE
MOST
DYNAMIC
MARKETS



7%



ANNUAL GROWTH
FOR EXPORTS IN THE
LAST 5 YEARS (VS. 4%
GLOBAL)



LIGHT MANUFACTURING



WIRE HARNESSES

9

EXPORTER
IN THE
AMERICAS



Fresh Tilapia

* **1** EXPORTER IN
LATIN AMERICA



Palm Oil

* **2** EXPORTER
IN LATAM



Coffee

* **5** EXPORTER IN
THE WORLD²



Cigars

* **7** EXPORTER IN
THE WORLD



Banana

* **4** EXPORTER
TO THE USA



Frozen Shrimp

* **4** EXPORTER IN
THE AMERICAS

1 Fresh, chilled tilapia fillets 2 Exports normalized by country area (per sq. km)



OUR VALUE PROPOSITION IN AGRIBUSINESS IS BASED ON 4 PILLARS



WE WILL BE
THE REGIONAL
BENCHMARK IN
PRODUCTIVITY
OF HIGH YIELD
CROPS



- 

1 SOLID VALUE CHAINS OF
CACAO, COFFEE,
PALM, DAIRY PRODUCTS /BEEF
- 

2 SMALL FARMERS WITH
HIGHER SCOPE EFFECTIVENESS
- 

3 AGILE PROCESSES
AND COMPETITIVE TAXES
- 4** SUSTAINABLE
FOREST MANAGEMENT 



MINIMUM WAGES IN HONDURAS WITH EFFECT FROM 01-01-2018 TO 31-12-2018

Industry	Firm size	Minimum Wage per Hour	Minimum Wage per Day	Minimum Wage per Month
Agriculture, Forestry, Fishing and Hunting	Firm size 1-10 employees	\$ 1.07	\$ 8.53	\$ 255.84
	Firm size 11-50 employees	\$ 1.12	\$ 8.98	\$ 269.28
	Firm size 51-150 employees	\$ 1.17	\$ 9.36	\$ 280.93
	Firm size 151 or more employees	\$ 1.24	\$ 9.95	\$ 298.58

Last update: 16-01-2018

Currency: 1 USD = 23.83 HNL (Lempira)



FOOD LAWS AND REGULATIONS

National Plant, Animal Health and Food Safety Service (SENASA).



- The Honduran Government (GOH) main regulatory agency responsible for food and agricultural imports and exports is the National Plant, Animal Health and Food Safety Service (SENASA). SENASA **establishes regulations, procedures, and oversees compliance regarding plant and animal health, and food safety of agricultural products.**

SENASA is governed through the Phytosanitary and Zoosanitary Law (Congressional Decree 157-94, modified via Decree 344-2005) and its implementing regulations. SENASA issues import permits for plant, animal, processed, consumer ready food products, agricultural chemicals, veterinary products, and inputs used in food processing for human or animal consumption that enter Honduras.




The GOH created a new Sanitary Regulation Agency (Agencia de Regulación Sanitaria – ARSA). ARSA




On May 19, 2017, **ARSA** was created through Decree PCM-032-2017 as a decentralized agency, with **legal status, technical, and administrative independence**. ARSA oversees supervision, review, control, surveillance and inspection of products sold at the retail and wholesale level. ARSA verifies the product and the establishment's compliance with sanitary regulations. ARSA grants, renews, modifies, suspends or cancels licenses, sanitary registrations, and other sanitary authorization for the products listed.



OUR VALUE PROPOSITION IN TOURISM IS BASED ON 5 PILLARS



**PREFERRED
CARIBBEAN
DESTINATION**



1



ACCESS TO THE SECOND
LARGEST CORAL BARRIER
REEF IN THE WORLD



2

EXOTIC
LANDSCAPES IN THE
BAY ISLANDS



3

ONE OF THE MOST IMPORTANT
MAYAN CITIES



4



PRIVILEGED LOCATION
WITH ACCESS TO
KEY TOURISM MARKETS

5

YOUNG AND BILINGUAL
LABOR FORCE





INTEGRAL PLAN FOR THE TOURISM SECTOR

Enablers

1 Connectivity



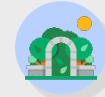
2 Benefits to private investment



3 Hotel infrastructure and urbanization



4 Entertainment infrastructure



5 Security and Legality



6 Talented Human Resource



7 Destination marketing and promotion





TOURISM LAW

Competitiveness requirements:

- Capital availability for investment
- Long-term return guarantee
- Legal stability
- Transparent and expeditious process

Tourism Law

Developer and Investor needs

- Financial returns
- Key enablers development, including mixed promotion procedures
- Government support
- Compensation for investment risk
- Master plan set up

The law includes key benefits to improve competitiveness, such as:

- Investment incentives
- Funds with special conditions for the development and promotion of tourism
- Migration facilities



THE NEW TOURISM PROMOTION LAW INCLUDES

- **Equal treatment to investors for any company size**
- **Project portfolios throughout the country**
- **Fiscal stability agreements**
- **Fiscal benefits for investment projects**
- **Natural or legal person investment incentives**
- **Land and air transportation projects**
- **Potential investment trusts**
- **Tourism Promotion Investment Fund (FITUR)**
- **Special permits for municipal taxes**
- **Obligations**
- **Sanctions regime**



THE TOURISM PROMOTION LAW INCLUDES




TAX EXEMPTIONS

<ul style="list-style-type: none">Income taxNet assets taxOther fees	15 years
<ul style="list-style-type: none">Income tax on contracts during the development phase of a project. Examples: Feasibility studies, engineering, construction and monitoring contracts	5 years
<ul style="list-style-type: none">Commercial premises of goods and services sale tax	10 years
<ul style="list-style-type: none">Custom Law for the importation of machinery and equipment application benefits	
<ul style="list-style-type: none">Exemption from taxes and tariff rates. (Does not include electronic services, security or modernization)	



2020 VISION

“Position Honduras as the leader in the Americas (from #2 to #11) in textile exports and one of the mayor exporters to the USA (from #7 to #52) and Europe (from #65 to #253) through a textile hub with world class talent that pushes the frontier of knowledge in textile sustainable development”

- 
- 1 Currently Mexico
 - 2 Currently Mexico (#5) and India (#6)
 - 3 Currently Thailand, with ~1bn USD



LEADING APPAREL
COMPANIES ARE ALREADY
DOING BUSINESS IN HONDURAS





HONDURAS
OTEXA IMPORTS INTO US YEAR-TO-DATE DATA
TEXTILE & APPAREL PRODUCER
#6 IN THE WORLD – USA Import Volume



HONDURAS

6 World Ranking – USA Import Volume SME's



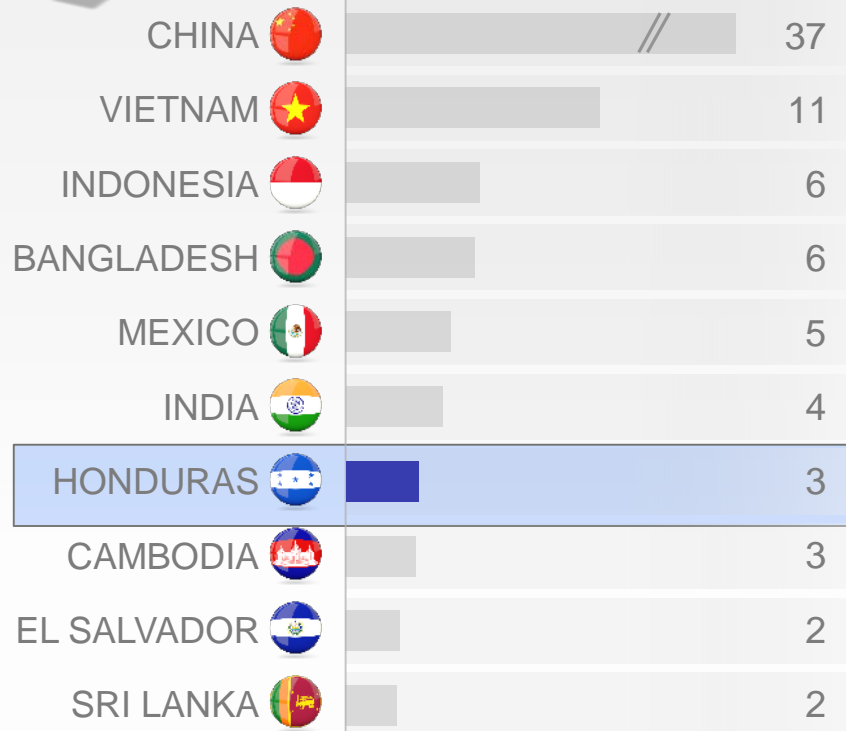
- # 1 (O) – Cotton Hosiery
- # 1 (O) - Men's and Boy's Cotton Knit Shirts
- # 1 (O) - Men's and Boy's MMF Knit Shirts
- # 2 (O), # 1 (WH) - Men's and Boy's MMF Knit Shirts
- # 4 (O), # 2 (WH) - Women's and Girl's Cotton Knit Shirts
- # 4 (O), # 2(WH) - Cotton Underwear



HONDURAS IS ALREADY A LEADING TEXTILE & APPAREL PRODUCER IN THE WORLD



EXPORTS TO THE US IN TERMS OF CURRENCY % OF US IMPORTS (2016)



HONDURAS' MAIN MARKET DESTINATIONS % OF HONDURAS TEXTILE & APPAREL EXPORTS 2016



HONDURAS' MAIN PRODUCT EXPORTS % OF HONDURAS TEXTILE EXPORTS 2016





18
Industrial
Parks



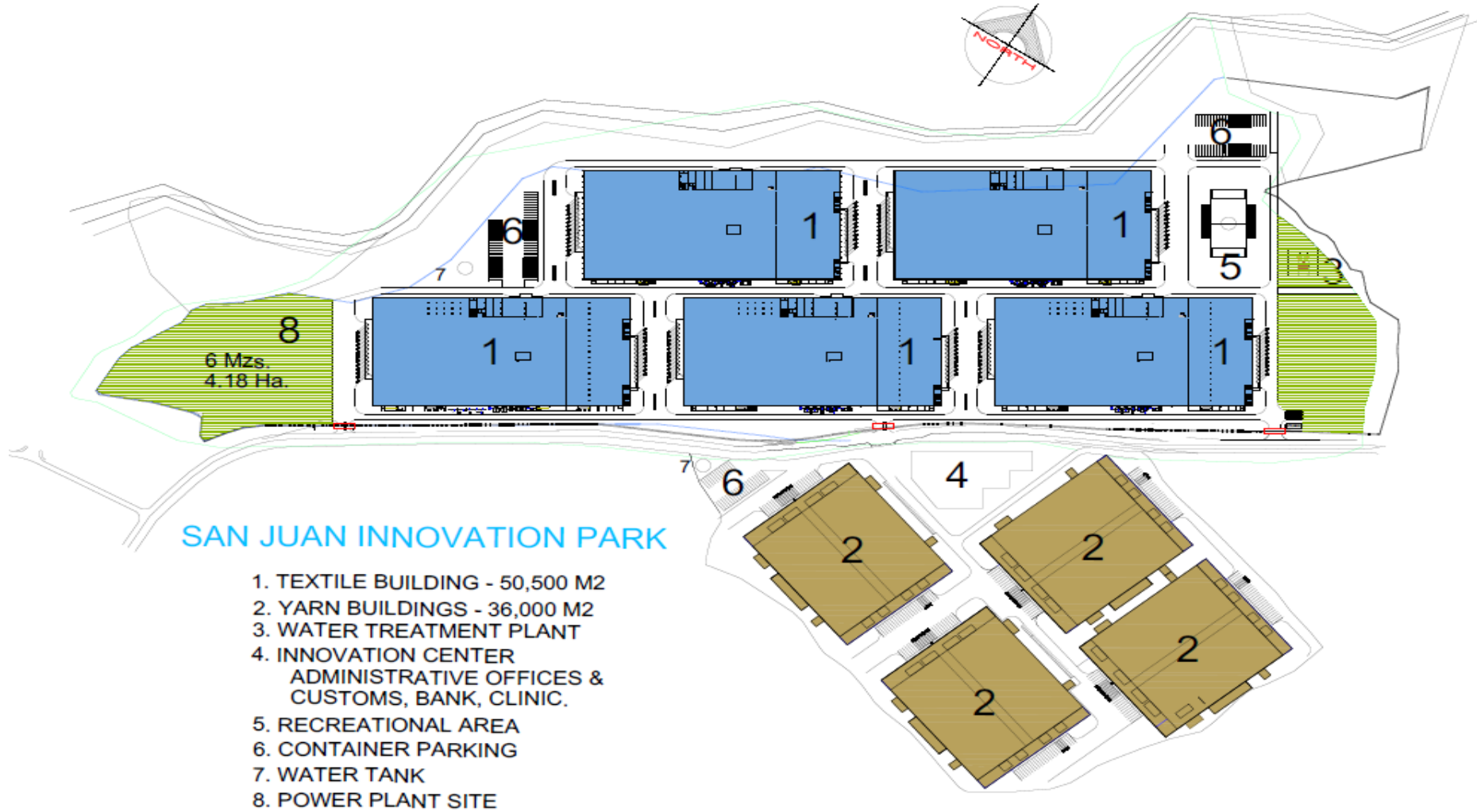
1,800,000 m²
Of construction

INFRASTRUCTURE THAT SUPPORTS INVESTMENT

**INDUSTRIAL
PARKS**



LARGEST TEXTILE COMPLEX IN LATIN AMERICA



BPO/ITO



Key Players Have Already Set in Honduras



2020
VISION

“Fastest growing business services hub powered by a unique pool of young bilingual talent”.



We Promote BPO/ITO Growth Based in 4 Key Pillars

- 1**  **TALENT**
4.1 MM PEOPLE BETWEEN 15-35 YEARS OLD 
- 2**  **COST**
ELECTRICITY, RENT AND SALARY AMONG THE LOWEST IN THE REGION
- 3**  **ATTRACTIVE INCENTIVES**
TAX EXEMPTION, LEARNING INCENTIVES, HOURLY CONTRACT
- 4**  **TALENT PIPELINE**
+2000 TECH GRADS PER YEAR
+100,000 STUDENTS ENROLLED IN HIGH SCHOOL

Companies can gain many benefits from our privileged location



	Honduras	Offshoring
Proximity	Comparable time zone GMT - 6	Situated in different time zone
Travel Time/Cost	Less than 6 hours	More than 20 hours
Skills	Growing pool	Large pool, favors working for large companies
Cost	High cost efficiency	Lower cost efficiency
Infrastructure	Scalable	Robust due to high demand
Size	Low saturation	High saturation
Capability	High capability to handle boutique projects	High capability to handle large projects
Communication	High cultural affinity and customs	Challenging due to distance and cultural affinity
Service	Multiple services	Large number of services and verticals
Linguistics	Share linguistics similarities due to the high number of bilingual schools. Neutral accent	Accent is predominant



2020 VISION



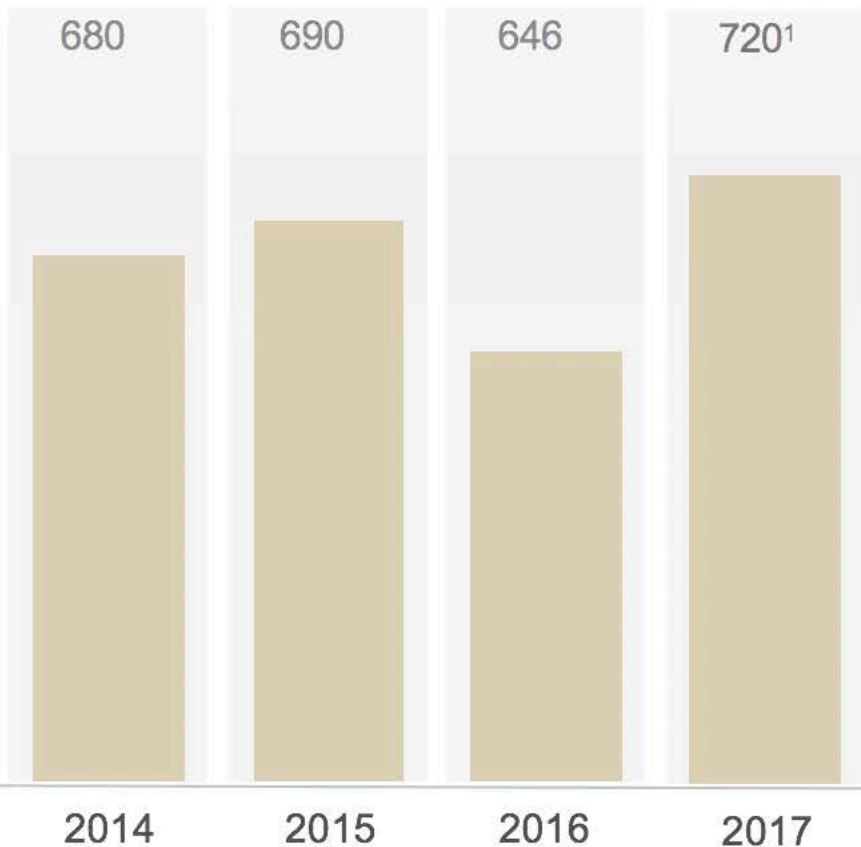
“Position Honduras as the most dynamic and efficient auto part & electric equipment cluster in the continent and preferred supplier to largest OEMs in the region”



LIGHT MANUFACTURING IS ONE OF THE MOST DYNAMIC SECTORS AND ITS IN ROUTE OF BECOMING A CENTRAL AMERICAN LEADER

LIGHT MANUFACTURING EXPORTS

USD MM



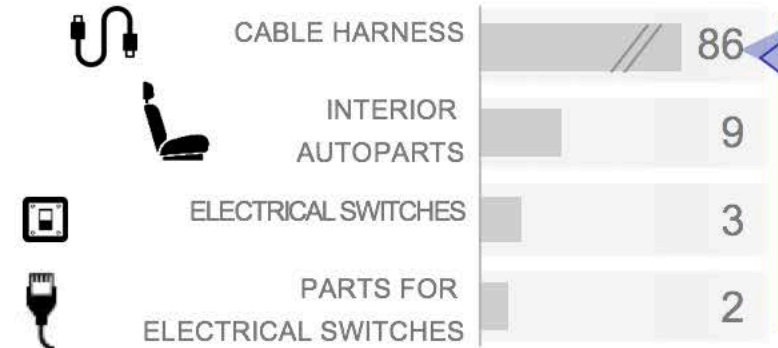
HONDURAS MAIN DESTINY MARKETS

% HONDURAS INTERMEDIATE MANUFACTURE EXPORTS, 2014



HONDURAS MAIN EXPORT PRODUCTS

% HONDURAS INTERMEDIATE MANUFACTURE EXPORTS, 2014



DELPHI
WORLD'S MOST PROFITABLE PLANT



OUR VALUE PROPOSITION IS BASED ON 3 PILLARS



WE ARE LEADERS IN
**INTERMEDIATE
MANUFACTURING**



**LEAR CORPORATION: RECEIVES
GLOBAL CONTINUOUS
IMPROVEMENT AWARD**

1 **QUICK TURNAROUND TIME
PROVIDES A CONVENIENT RESPONSE
TO THE LATEST SUPPLY CHAIN TRENDS**



2 **GLOBALY COMPETITIVE
PRODUCTION COSTS**



3 **YOUNG AND BILINGUAL
WORK FORCE**



2020 VISION

“Contribute to the diminishing of the quantitative and qualitative housing deficit through the construction of 50,000 new social houses or more for the families that have a household income up to 4 minimum wages”

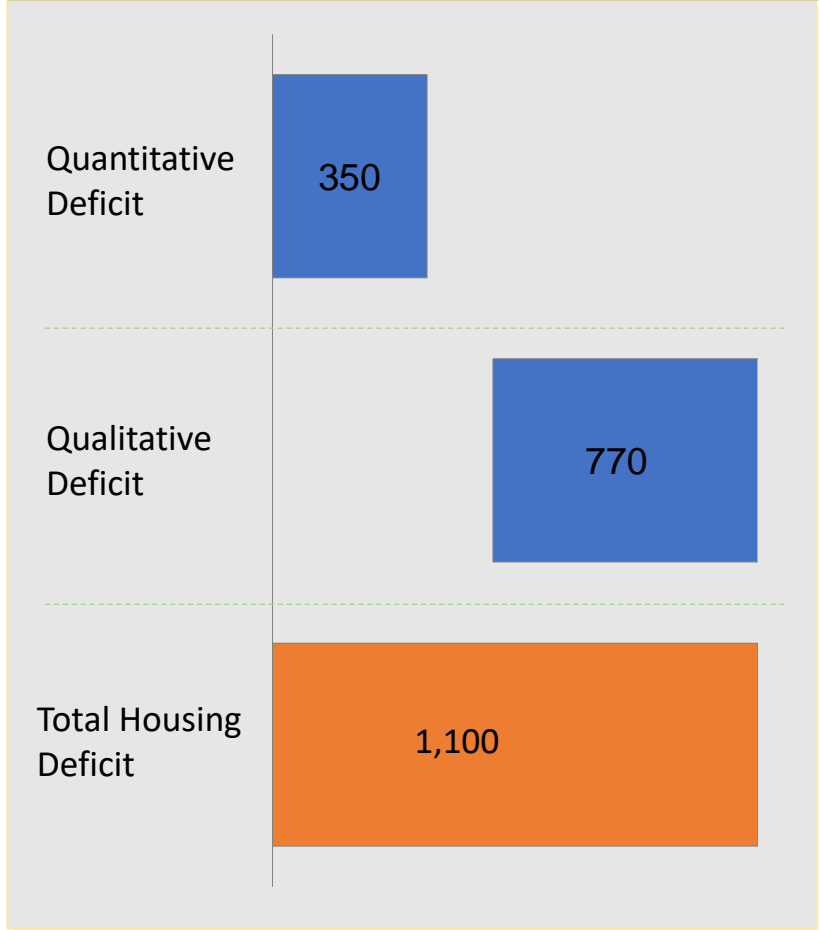
SOCIAL HOUSING





HONDURAS 20|20 IS AIMING TO CLOSE THE HOUSING DEFICIT GAP BY A LARGE PERCENTAGE

Housing Deficit in Honduras Thousands of Houses



Poverty and Housing Conditions in Honduras

68.2% of the population is considered to live Poverty; 44.6% of those live in extreme Poverty conditions.

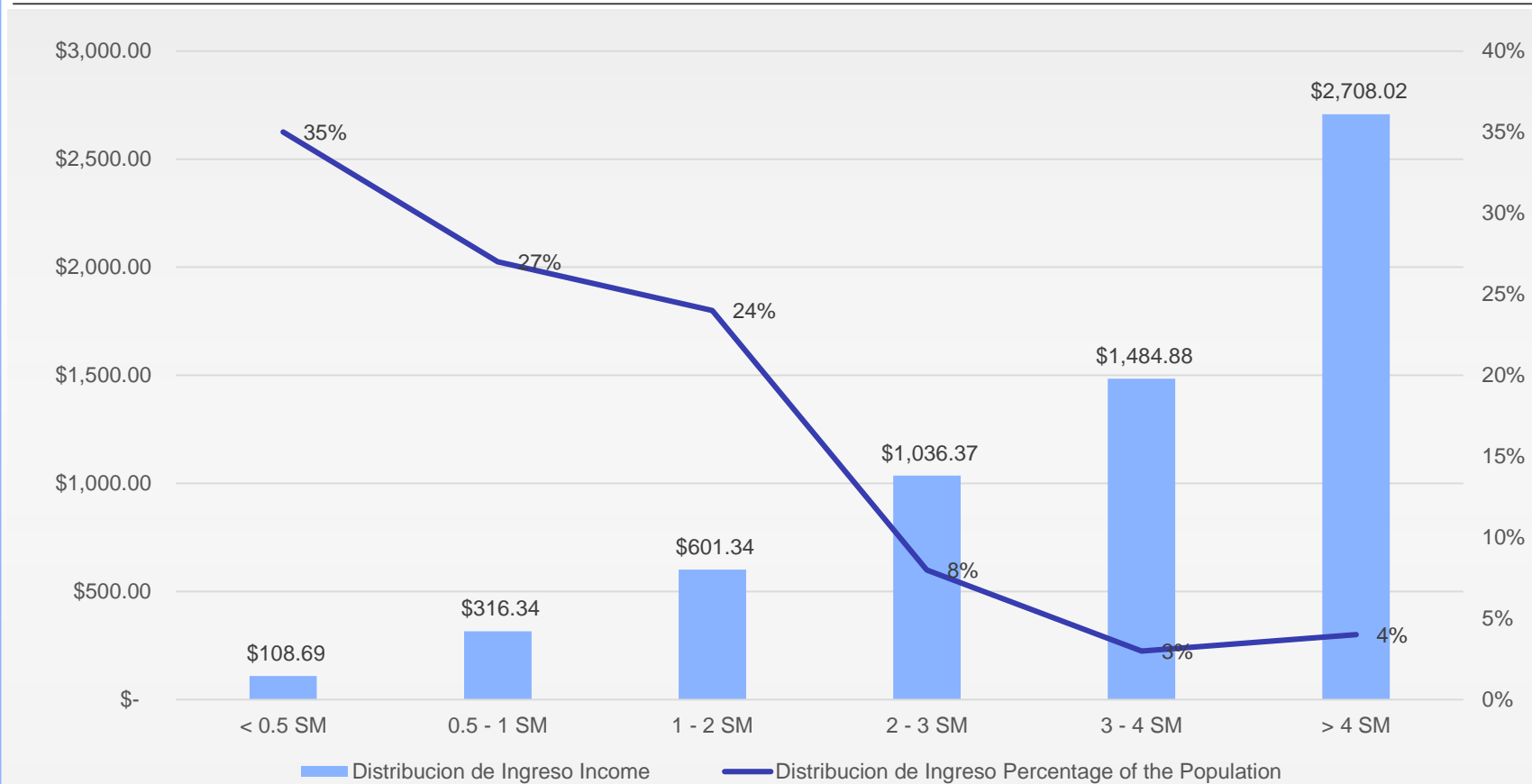
- 8% of the homes are considered to live in overcrowding conditions.
- 14% of the homes do not have Access to water and electricity.
- 38% of the homes in the rural area do not have access to electricity.

The Interamerican Development Bank states that the housing deficit in Honduras is estimated to be 57%, which 30% is considered quantitative deficit. And 70% represents the qualitative deficit, houses that require some type of improvement.



OPPORTUNITY IN THE HOUSING MARKET

Income Distribution for the Honduran Population



- More than **94%** of the Honduran population has an income of **3 or less minimum wages per month**, which means the majority of the Hondurans can be benefited with the government subsidy and can apply for the purchase of a social home.



What is considered a Social House?

- The National Housing Department (**CONVIVIENDA**) states that any house under the cost of **\$ 33,400.00** that fulfills all the standards and requirements is considered a social house.
- **CONVIVIENDA** is the institution responsible to regulate the social housing policies.
- **CONVIVIENDA** offers a diverse numbers of programs and incentives that motivate the supply and demand in the sector:
 - “Bono Vida Mejor” Program (Demand)
 - Contribution, Bonus and Credit Program ABC (Demand)
 - Middle Class Program (Demand)
 - **Financial Support for the Developer (AFD) - (Supply)**



Market Potential



- It is estimated that only in the textile sector there are 145,000 employees.
 - 115,000 in the North Region
 - 35,000 in the Central and South Region

Incentive to the Consumer



- The subsidies given by the government increases the amount of people that can access the purchase of a house, creating a great demand in the market.

Financial Support for the Developer



- The **AFD** program and the **\$ 3,780** given as an advance payment of the subsidy is used as seed money by the investor.

Different Options for the Projects



- The addition of an incentive for the multi-familiar projects creates demand in the market for different kinds of projects including apartment towers and typical horizontal housing projects.



Honduras 20/20

The right partner for investors





INVESTMENT PROJECTS



60,000 new Jobs registered during 2018

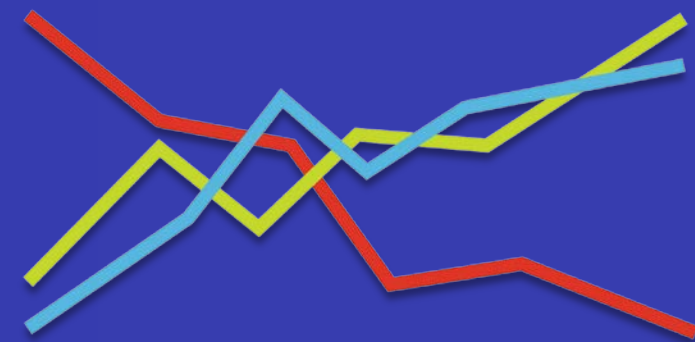


LNG ENERGY COST REDUCTION STRATEGY

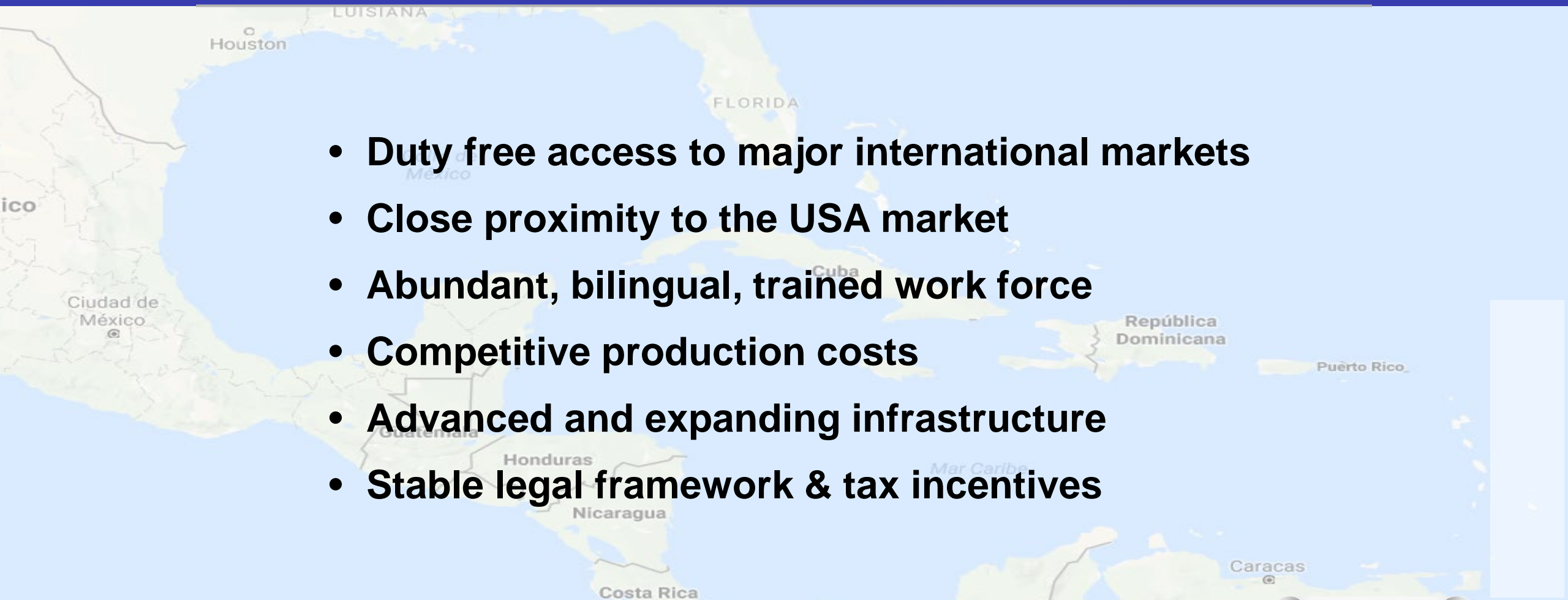


WHY HONDURAS?

BUSINESS OPPORTUNITIES



- **Duty free access to major international markets**
- **Close proximity to the USA market**
- **Abundant, bilingual, trained work force**
- **Competitive production costs**
- **Advanced and expanding infrastructure**
- **Stable legal framework & tax incentives**





THANKS

HONDURAS
20  **20**
OUR VISION FOR DEVELOPMENT

Peter Fleming

CEO Honduras 20/20

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