

BRAZIL

Making its mark on the global stage

Part II of a special report on how business-friendly Brazil keeps wowing investors.



Latin America's economic powerhouse, Brazil, is enjoying unprecedented growth and success despite the global financial crisis as political and economic stability generate an attractive and rewarding climate for foreign investors.

Under the leadership of dynamic and charismatic President Luiz Inácio Lula da Silva, Brazil has opened its doors to foreign direct investment (FDI) with both medium- and long-term opportunities in key sectors like health, ICT, retail, energy, and infrastructure.

Large agricultural, mining, manufacturing, and service sectors are also fueling Brazil's economic engine, with this prosperity flowing down through the economy to create a fast-growing middle class with rapidly increasing purchasing power. This robust growth and socioeconomic development are benefiting growing numbers of the nation's 180 million people, with products such as coffee, ethanol, aircraft, automobiles, and textiles bringing in huge export revenues.

Importantly, the flow of goods is not all one way, with investors seeking excellent returns flocking to Brazil to help generate FDI of more than U.S.\$200 billion in 2008.

With a deserved reputation as a top tourism destination, thanks to its wonderful climate, beautiful beaches, and magnificent tropical rainforests, Brazil will receive millions of sports fans when it hosts the 2014 soccer World Cup and the 2016 Olympic Games.

The award of hosting rights for the world's two showcase sporting events is further evidence of the excellent and continued progress made by Brazil as it looks to become a major force on the global commercial, industrial, and political scene.

Nowhere is this more apparent than in the country's banking and financial services sector, which is now one of the world's largest and most advanced. A winning combination of solid foundations, strong regulatory frameworks, and an effective Central Bank has enabled Brazil to overcome the global downturn better than most nations. One of the sector's top performers, Bradesco boasts over U.S.\$280



Marisa's modern and attractive stores offer fashion at affordable prices.

billion in total assets and more than 40 million customers across Latin America and beyond. Part of the group's outstanding success is due to the excellent performance of subsidiary Scopus Tecnologia which has revolutionized the group's hi-tech operations.

Bradesco was the first bank on the continent to offer Internet banking and its 10.6 million website users now generate up to 4.6 million transactions daily. "We have the most extensive private-sector branch and service networks in Brazil, which enables us to reach a diverse client base," says Candido Leonelli, executive director and managing officer at Bradesco and CEO of Scopus Tecnologia. "Bradesco's success is the result of an efficient combination of talent, systems, and technology. Innovation and a pioneering spirit are key in the consolidation of Bradesco's culture."

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Another leading player in the national and international financial services industry, Banco BVA has activities across the board, including commercial and investment banking. The company has maintained a rapid pace of growth despite difficult market conditions and continues to offer investors and customers a wide selection of services. "Our main competitive advantages are our specialization and

in the industrial engineering services market. The company has operations in fields such as oil and gas, petrochemicals, energy generation, ironworks, paper and cellulose, metallurgy, construction, and industrial maintenance. "Brazil is a country of opportunities and an excellent place in which to invest," says UTC CEO Ricardo Ribeiro Pessôa. "We have grown significantly since 1998 and are continuing to invest and expand. In the U.S. we are going to work with Petrobras, and in Argentina we are going to work offshore. We are also working in Angola."



"SCAC is the leader in cement foundation solutions, thanks to its cutting-edge technology and quality control management."

Angelo Vecchi, President, SCAC

highly qualified staff," says Banco BVA CEO and director Benedito Ivo Lodo Filho. "The financial sector still has plenty of potential for growth and development."

Helping these banking giants succeed in a competitive marketplace is financial sector executive recruitment specialist FESA, which also enjoys a partnership with a leading global search organization. Based in São Paulo and with offices in Rio de Janeiro and Curitiba, FESA provides services to many other industries too, through exclusive recruiting centers and programs. "In the last 14 years we have placed 700 executives in Brazil, a third of which were at CEO level," says Alfredo José Assumpção, FESA CEO and managing partner. "We have grown 1,000% in the past five years and have 85,000 executives on our database."

With a population of nearly 200 million, vast distances between cities, rural areas that produce agricultural products, and an offshore oil and gas sector, Brazil faces a major challenge to construct new infrastructure to underpin economic growth.

Serving various companies in a myriad of sectors, UTC Engenharia is one of Brazil's largest integrated management system providers

Hi-tech companies continue to thrive

With interests and operations in the civil engineering, infrastructure, transportation, ICT, and energy sectors, SCAC delivers a prestigious portfolio of world-class cement foundation solutions for major projects including roads, bridges, and ports. The company offers a range of hi-tech cement solutions to residential and commercial construction projects using its decades of experience operating more than 12,000 foundation sites and supplying a million precast concrete piles. "SCAC has been working in the foundations market for almost 40 years," says president Angelo Vecchi. "We are the leader in our field thanks to our cutting-edge technology and quality control management. Brazil is a huge country. Many production sites are a long way from the coast, and the rail network is very small. A large amount of investment is needed to improve transport infrastructure."

Offering a complete range of services and operations across the Brazilian railway sector, T'rans has interests in areas such as signaling, control, telecommunications, auxiliary systems, automatic fare-collection, energy, and rolling stock. The firm's expertise and technology provide modern solutions for the refurbishment and production of passenger cars, and it is currently producing 150 rail cars that will run on the São Paulo metro system.

Meanwhile, with a philosophy of entrepreneurial development through solid partnerships, leading foundation and containment group Costa Fortuna has enjoyed solid growth, thanks to its advanced engineering techniques. Specialist engineers and geologists form the bulk of the firm's talented workforce. "We don't just focus on construction works, but also special projects like ports," says director Aldo Corda. The company recently increased its area of operations

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by moving into the river and sea works sector as well. It is open to partnering with external players. "We already have partnerships in the U.S., but we are looking for more," director Riccardo Baratta says.

It is not just tangible infrastructure that Brazil is committed to developing, however. The country's ICT sector has mushroomed in recent years as heavy investment in new hardware and software technology revitalizes the industry.

A leading provider of IT services for infrastructure, outsourcing, performance, and management, Cimcorp is one of the largest and most successful IT integrators in Brazil. Founded in 1988, the São Paulo-based company develops various IT projects and solutions for firms in the ICT, finance, government, education, industrial, energy, and oil markets. Cimcorp provides up-to-date monitoring through the use of the latest technology, with its portfolio of clients including major financial institutions and utility companies.

The IT infrastructural giant, which counts half of Brazil's utility companies among its clients, opened a state-of-the-art operations center last year that has strengthened its business model strategy and laid the foundations for future success. "We are having a good year despite the global downturn and are well positioned for future

year for the past decade and is confident that this positive trend will continue as Brazil strengthens its presence in global markets.

The company has dozens of major clients and delivers IT management solutions to more than 1,000 sites remotely through the use of the latest technologies and systems. "By maintaining longevity with our clients, we guarantee operational excellence and incredible

"Oi is committed to innovation and is very customer-oriented. As Brazil grows, so shall we, by keeping up with the changes in technology."

Luiz Eduardo Falco, President and CEO, Oi



growth," says Francisco Ricardo Blagevitch, new business director and Latin America president. His colleague Oswaldo Brancaglione, processes director and Latin America vice-president, echoes that view, adding: "We offer attractive cost benefits and a guarantee to provide the best quality at the best price. We have six ISO 2000 certificates which illustrate the quality of the first-class services we deliver."

Residential customers and government agencies are also benefiting from the wave of developments in the ICT market. Spearheading this innovation drive is telecoms giant Oi—Brazil's largest telecoms operator in terms of revenue. The country's first integrated telecom firm offers an enviable range of cutting-edge ICT products and services, including fixed and mobile phone lines, and fast broadband Internet.

By combining first-class services and streamlined operations, Oi has gained a strong foothold in the lucrative ICT sector and is poised for future growth. "The Brazilian telecoms market has grown considerably since it was privatized a decade ago and has received investments of some U.S.\$80 billion," says Oi president and CEO, Luiz Eduardo Falco. "Oi is committed to innovation and is very customer-oriented. As Brazil grows, so shall we, by keeping up with all the changes in technology."

"Bradesco's success is the result of an efficient combination of talent, systems, and technology."

Candido Leonelli, Executive Director, Bradesco and CEO, Scopus

growth," says Cimcorp president, Tadeu Vani Fucci. "In 2007, we grew 70%, in 2008 we grew 20%, and we have strong expectations for 2009. These expectations, and the development of projects for important clients, have fortified our image. We have sent the market a strong message that Cimcorp is an important player—one that is now one of Brazil's top 500 companies."

A key provider of help-desk services to major corporations such as Toyota and Dupont, Asyst Sudamérica has grown 20% year-on-

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In the meantime, Brazil's retail sector has benefited more than any other from the increased purchasing power of the expanding middle class. In such a cosmopolitan and fashion-conscious nation—São Paulo Fashion Week is now up there with London, Paris, New York, and Milan—the clothing retail segment has undergone massive changes with glittering new malls offering the latest national and international designs that compete with the smaller chains and independent stores.

Homegrown fashion success

One of the country's most successful clothing retailers, and the proud owner of the leading Marisa fashion brand, Lojas Marisa operates more than 200 remodeled stores that sell a wide range of affordable lifestyle apparel, lingerie, and beachwear.

Founded in São Paulo in 1948, the family-run retail giant's core customers are women aged 20-35 in the middle-to-lower income bracket. The best-selling Marisa brand is recognized as young, modern, and sexy, while the firm also sells men's and children's apparel, as well as home textiles. This winning formula of colorful fashion and appealing retail outlets is supported by an attractive website with more than a million registered users. The company's customers also benefit from a range of credit solutions, such as Marisa's own private label credit card, held by more than 12 million shoppers.

With its catchy "Designed by Women for Women" slogan, Marisa has a solid commitment to quality, price, marketing, and customer



Marisa exploits visual merchandising techniques to boost sales.

As part of its ambitious expansion drive, the retail giant embarked on a successful high-profile nationwide advertising campaign and through advanced computer software has identified potential sites for 170 new stores. A key competitive advantage is the company's strong network of strategically located distribution centers and a streamlined supply chain. It also boasts a strict quality control system, with many of its suppliers signed up to a program that sees apparel arrive at warehouses already inspected, ironed, and on hangers, with price labels and security devices attached.

One of the key ingredients of Marisa's impressive growth is a substantial investment in visual merchandising that boosts the sale of complementary items, together with well-decorated stores that offer shoppers a pleasant environment. Marisa pioneered the "Freshness Concept" which features the renewal of products on a daily basis. "Marisa has loyal customers but we must always fight for our brand, nurture it, and grow it," Goldfarb says. "We can't relax by thinking we are the best—we have to respect our competitors and anticipate their moves. Our philosophy is to always look at each store as if it were our only one. The trick of the retail segment is to be ahead of your competitors. You need to meet your customers' requirements and be a creator, not just a copier."



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Marcio Goldfarb, CEO, Lojas Marisa



service, and is perfectly placed to capitalize on the middle class's increased spending strength. "Marisa is the largest seller of intimate fashion in Brazil and has the widest coverage in the segment," says CEO, Marcio Goldfarb. "Marisa is a lively and feminine company that decides what it wants very quickly as illustrated by its decision-making power, which is quick and sharp."

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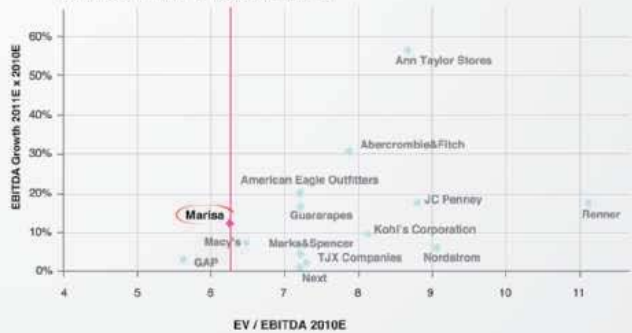


marisa

A TRACK RECORD OF SUCCESS.



Marisa is the 2nd cheapest company in the Retail Apparent Segment when compared to its global peers



Source: Bloomberg (estimate and stock quotation). Companies (net debt for EV calculator). Date August 13, 2009.

* Note: Marisa's operating and financial information for 2007 and 2008 include all the changes in accounting practices established by Law 11638/07, while the information for 2004, 2005 and 2006 does not include these changes.

Health care gets the private treatment

Medical tourism has a healthy outlook, thanks to innovative private health-care providers.

Brazil's private health sector is developing and expanding at one of the fastest rates in the world, thanks to a growing middle class that prefers to place its medical care in private hands.

And while domestic demand for medical care and services continue to surge, the country is also benefiting from growing

Founded in 1992, Grupo Vita specializes in the planning, setting up, and management of medical-hospital units, with the firm's integrated network of hospitals present in cities like Florianópolis, Curitiba, and Volta Redonda. The group has extensive experience and a workforce whose vision and knowledge enables institutions to

country's second key center of medical excellence and innovation. One of the region's top providers of medical care, Hospital Moinhos de Vento specializes in oncology, cardiology, neurology, and neurosurgery treatments. A winning combination of high-end technology and first-class patient care has helped the hospital generate annual net revenues of U.S.\$102 million. "We are among the best in the world and were the first hospital in this part of Brazil to be certified by the Joint Commission International," says CEO João Polanczyk. "This coveted accreditation acknowledges the quality of the world-class health care we offer, and gives overseas visitors further reassurance as it shows we are internationally recognized for our superb standards and high quality services."

A philanthropic institution and world health center of excellence, Hospital Alemão Oswaldo Cruz was founded 112 years ago and remains one of Brazil's best known providers of outstanding medical care. The hospital, which specializes in oncology and cardiology, assistance to the elderly, and digestive and vascular diseases, is spending



"We showcase our products at industry events around the world and now have representatives in several different countries."

Marlene Schmidt, President, Fanem

numbers of health tourists from the U.S., Canada, Europe, and beyond, who are chasing the best high quality care at reasonable cost.

In addition, with the government particularly keen on promoting investment in science, technology, and research and development, FDI opportunities exist across the entire spectrum of medical services, ranging from hospitals and health clinics, to innovative new drugs and treatments.

use the most advanced organizational, administrative, and quality management techniques. "We deliver very high quality services and offer foreign patients the best treatment in the best hospitals at a fraction of the cost they would pay back in their own country," says Grupo Vita president and CEO, Edson Gomes dos Santos.

While São Paulo state is home to Brazil's largest cluster of hospitals and health clinics, the southern state of Porto Alegre is the

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around U.S.\$58 million on a series of major projects that includes new buildings and equipment. Oswaldo Cruz has enjoyed double-digit revenue growth over the past few years and recently posted annual net revenues of U.S.\$115 million.

“We have been chosen as the reference hospital for important personalities during their trips to Brazil,” says CEO, José Henrique do Prado Fay. “Our global vision goes beyond the concept of what health tourism is usually based on.”

Hospital chairman Karlheinz Pohlmann, adds: “We attend 70,000 patients a year and have partnerships with three German hospitals. We are also starting to work with patients from Chile and Argentina, and have major plans to expand our presence in domestic and international markets.”

Serving an aging population

Specializing in making medications for cardiological and rheumatological conditions, as well as diabetes and clinical depression, French pharmaceutical company Servier boasts a state-of-the-art U.S.\$46 million production plant in Rio de Janeiro.

“The Brazilian population is getting older so there is a greater need for the treatments we specialize in,” explains Servier Brazil general director Varso Toppjian. “We sell 14 medicines in Brazil and are aiming to launch an innovative new product every year until 2012. This includes a breakthrough treatment for depression that will change the way the condition is dealt with.”

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Meanwhile, a pioneer in the design and manufacture of baby-oriented medical equipment since its foundation in 1924, Fanem is a conceptual company whose life-saving products are present in hospitals and clinics across Brazil and 90 countries around the world. As the industry leader, Fanem produces 95% of the country’s total incubator and neo-natal sector exports, and has interests in laboratories, diagnostic, and bio-safety sectors.

With its headquarters in São Paulo state and 300 employees, Fanem is also the name behind the best-selling Panda brand of baby products. Of the 450 incubators in the region’s top 15 private maternity hospitals and a leading public hospital, some 99% were produced by Fanem.

“We showcase our innovative products at industry events around the world and now have representatives in several countries,” says Fanem president, Marlene Schmidt Rodrigues, whose grandfather founded the company in 1924. “I am very happy with our success in overseas markets and delighted to say that our products are being used in the great luxury hospitals of Dubai.”

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