

Mexico: The Aztec Tiger hunts fresh investment

With a 2013 FDI target of \$40 billion, Mexico is enticing investors from the U.S. and beyond

Boasting a vibrant economy and strategic geographical position, Mexico is attracting record amounts of foreign direct investment (FDI) and spending vast sums on massive infrastructure works and socioeconomic projects. With low inflation, institutional strength, talented labor force and Reciprocal Investment Promotion and Protection Agreements that offer investors stronger protection, the ambitious country of 112 million people is poised to attract record FDI this year.

In May, U.S. President Barack Obama traveled to Mexico to discuss the many bilateral, regional and global issues that link the two countries. Talks focused on issues like economic competitiveness and ways to boost the existing \$500 billion of bilateral trade.

"Mexico is undergoing a process of internal transformation and our goal is to unlock the economic potential of our country," says President Enrique Peña Nieto. "Mexico has optimum conditions for investment. We anticipate that 2013 will be when Mexico attracts a record amount of FDI, perhaps \$35-\$40 billion, the highest in the recent history of our country."

Robust financial sector

The banking and financial services industry is one of the fastest growing sectors in Mexico as local and international companies look to take advantage of rising incomes and the wealth of business opportunities such positive factors create.

Based in Mexico City, the banking and finance sector has flourished thanks to the policies of Mayor Miguel Ángel Mancera. "We are a city that is leader in innovation and knowledge and a benchmark for finance and innovation," he says. This success has been achieved against a backdrop of honesty, transparency and integrity thanks to Manuel Jiménez Guzmán, the city's executive director of communications.

A 100% Mexican institution that consists of a stockbroker, money exchange, leasing, insurance and bank, Grupo Financiero Interacciones provides a plethora of financial services for its discerning clients. Run by CEO Carlos Hank Gonzalez, who started in the family business at the tender age of 21, the group has seen its profits, portfolio and assets grow exponentially under his leadership within the last decade, and is set to soar even higher in the future.

The dynamic entrepreneur takes up the

story: "When the challenge started, I had the good fortune to be quite young. When you are young and face a new project, you take it with an enthusiasm and energy that, I think, is what made us grow and took us to where we are now.

"When we made the first presentation to show our goals for the future—this was just after I had been made CEO in 2000—we were sure they were real and possible. Today I know those figures were for many seen as the unattainable goals and dreams of a young newcomer to a senior position, but fortunately we have been reviewing those numbers and goals and they have not only been met, but have been improved.

"Indeed they have. Today, the group's loan portfolio is U.S.\$4.3 billion, its profits are around U.S.\$107 million and its assets are U.S.\$11 billion. The market value is around \$1.2 billion and rising. When Hank came to post, the loan portfolio was U.S.\$90 million, assets were U.S.\$150 million and the market value only U.S.\$7 million.

"I can categorically say that growth has become part of our DNA," he says. "We are agile, aggressive, we like to excel and get new challenges that make us grow every day as a team and as a company.

"I think Mexico is experiencing a unique moment and you need to know how to exploit it. We are led by an extraordinary team: the new government of Enrique Peña Nieto. For us, as Group Financiero Interacciones and the Hermes Group, we are excited about the growth that is occurring in our country. We are fortunate to be present in some niches that today are poorly attended, yet which have an impressive growth potential.

"We see the number of people using banking services is very low, and we see a specific number of states and municipalities with access to financing is very low and that is one of our main niches. There is huge penetration potential in both those areas. Another niche would be infrastructure, both in terms of funding and as part of the construction.

"The new government has announced it will reinvest 5% of GDP in infrastructure in order to keep Mexico competitive. We know very clearly when and how to grow and participate in that niche. This is the advantage of being serious, mature and well positioned. I am very proud of what we have achieved in recent years. Only



Mexican President Enrique Peña Nieto hosted his U.S. counterpart Barack Obama in May

when I stop to check the numbers do I really believe them because they never fail to impress me. I learnt early on to surround myself with the best team. As an entrepreneur, I hope to keep contributing to the growth of my country and to the growth of GFI."

Powerful ICT hub

Mexico's rapidly-expanding IT industry now employs more than 625,000 workers and is widely regarded as one of the best investment destinations for software projects in the whole of Latin America. Recognized as an Endeavor company, with operations in Chile, Colombia, Mexico, and the U.S., a growing presence in Brazil, and a staff of more than 1,300 professionals, Intellego is looking forward to becoming the leader in information solutions, technology, and consulting services in Latin America by 2015. With their annual growth rate above the market average, and a 20% share in Mexico, Chile, and Colombia, Intellego has undeniably helped thousands of companies improve the way they do business since 1999.

For vice-president Felipe Labbé, a former Hewlett-Packard executive, the proposition of joining a local firm, after 18 years with a multinational company, was unquestionably a great opportunity.

"When I met Eduardo Graniello, the founder of Intellego, I knew we were making the right decision. The knowledge and experience I had in the Latin American, Mexican, and U.S. markets would become a great asset to Intellego," Labbé says. "I had true confidence that with the proper vision and management, we would build something big. I decided to stop collecting payroll and to start paying payroll—it has been quite an experience!" Since making the decision five years ago, Intellego has exponentially risen in the market.

"We managed to grow during a time of crisis," the Chilean-born Labbé says. "This was due to our commitment to work with customers on making the right decisions. Also, counting with predictive scenarios allowed us to find our way through such crisis and transform it into an opportunity. In Latin America, because we found a niche market with talented multinational consultants of information technologies, we focused on information management technologies.

Although Intellego is technologically agnostic, when it comes to SAP and Oracle, we are exceptional. In 2011, we decided to narrow in on geographic growth rather than portfolio growth; that became our greatest distinction among other significant multinational companies that offer a wide range of solutions. Additionally, our approach helps customers reduce their costs due to our near-shore model, without compromising quality. Bottom line, in order to achieve our goal, we always provide the best available solutions and enhance our customers' performance capabilities through the proper application of information technologies.

"We are always on the crest of a wave of innovation, in particular those technologies that are considered part of today's "perfect storm", where the combination of mobile computing, social business, advanced analytics, Big Data and cloud computing collide. Our goal is to offer new solutions that add value to small and large companies, and we will continue doing so to increase our current positive results."

Intellego opened an office in Miami around two years ago, and it is from here that projects mainly in Florida and New York are being coordinated.

Like many other countries, Mexico's security situation has been well documented but the public and private sector are making progress in the fight against crime and President Peña Nieto has identified the issue as a key priority. As specialized security consultants, CadMex mainly works for state governments, banks and some of the largest companies in Mexico. The firm is focused on preventative measures and has compiled a vast database of crime-related statistics and its data collection model is second-to-none.

"Almost the entire banking system hires our services," says Luis Gurza, director general of CadMex. "We work for almost every single leading company in Mexico and some smaller ones as well. If you know how criminals operate you can take measures and reduce your level of risk.

"When you go to a country and need security, the best thing is to use a local company because they know how to move in that country and it's much easier to identify a risk and implement measures to prevent happen crime happening to your firm."

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Providing top-level security for all companies, in all sectors and all parts of the country, CadMex is the go-to name for security advice. Trusted by some of the largest institutions in Mexico, including banks and government, we'll help identify the security risks for your company and ensure you have it covered.

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Investment hotspot offers golden rewards

Mexico offers lucrative FDI openings in a wide range of fast-growing sectors

With rich soil and a favorable climate ideal for growing crops, Mexico is a leading producer of agricultural goods for domestic and foreign consumption.

Formed in 1969, Agroindustrias del Norte is a leading and innovative business group of agricultural industry, with complete solutions for farms and a highly efficient logistics network both nationally and internationally.

Based in Sinaloa state, the agricultural technology development firm helps Mexican growers cultivate their crops and increase their harvests through the efficient and specialized machinery.

"We now focus on sustainable agriculture through the elimination or reduction of pesticides and the use of high technology in food production," explains Agroindustrias del Norte director general, Marco E. Ojeda Elias.

"We seek out the technologies and integrate them to create synergies. We are the only ones with the ability to have a protocol with a comprehensive solution and are the leaders in agribusiness."

One major challenge facing Mexico is the securing of natural gas as the country has to import supplies from the U.S. to meet its energy needs.

Juan Acra, president of the Energy Commission of COPARMEX, comments: "We are strengthening regulatory bodies, introducing reforms and modernizing the energy sector's assets so it has competitive production costs."

Founded in 1971, the Instituto Americano Cultural S.C. provides quality teaching and educational prestige through intellectual, cultural, technological and social training that will improve Mexican students' overall development.

"The philosophy of the institution is that students should be happy within it," explains Rector Rubén Ángel Manríquez Salas. "We are growing ... and want to extend to different parts of Mexico. If we could create an alliance to bring education to expats in the U.S. that would be great."

Tourism generated 9% of Mexico's GDP in 2012 as 23 million international visitors and 178 million domestic travelers generated more than \$11 billion and provided direct employment to 2.5 million people.

Situated on the famous Paseo de la Refor-



Instituto Americano Cultural S.C.

www.institutoamericano.com.mx

ma where the city's tourist, financial, commercial and artistic worlds collide, Plaza Suites Mexico City is an intimate and exclusive place to spend short or long stays.

"Our 29 rooms have a wonderful balance," says director Jaime Levy. "If you stay one night or six months you'll be fine. It's silent, secure and exclusive."

A leading figure in sectors like healthcare, media and finance, Grupo Empresarial Ángeles employs nearly 30,000 people and is a major player in the tourism industry via its "Camino Real" chain of luxury hotels and popular Quinta Real and Real Inn brands.

Boasting a mix of city hotels geared towards the corporate traveler, beach resorts aimed at vacationers and luxury hotels in gorgeous colonial and historic cities, Grupo Empresarial Ángeles is an experienced player in the fast-growing sector and is eager to explore mutually-beneficial projects with foreign investors.

Group director general, Olegario Vázquez Aldir, states: "We are open to establishing joint ventures with foreign capital. As the U.S.

and Europe start looking at Mexico, seeking local partners who know the terrain, to make intelligent joint ventures, we are ideally placed to be their strategic local partner.

"Mexico has the capacity to produce at a very good quality at much lower cost and we can serve as an exports platform."

With a population of more than 112 million, Mexico's healthcare industry provides plenty of potential for investors wishing to develop important segments such as medical provision and pharmaceutical solutions. Medix is a leading provider of preventative medicines aimed at combating obesity and currently has around a 40% share of the market. By encouraging people to eat less, exercise more and make lifestyle changes, Medix is spearheading the national fight against obesity-related illnesses such as diabetes and hypertension.

Medix CEO Carlos López Patán, says: "The figures on obesity here are terrible: 40% of the population has a weight problem and 30% an obesity problem. The country is currently number one in the world for childhood obesity."

"The most important aspect is the diagnosis because each case is specific and requires specific treatment."

Carlos López Patán
Medix CEO



Plaza Suites, Mexico City by JL Consulting

"Medix has the broadest portfolio of products and we are migrating from a pharmaceutical company to a business solutions platform against obesity. We integrate parts like genetics, diet, exercise, family environment and psychology. The most important aspect is the diagnosis because each case is specific and requires specific treatment."

The result of an historic union between two companies, Randall Laboratories is a successful and expanding provider of generic medicines to pharmacies and promotes a strategy that concentrates on quality rather than quantity.

The firm is seeking partnerships with foreign investors as it looks to grow its reach and move into more competitive pharmaceutical products.

"The profit on a generic product is good and the image as well. Manufacturing for established companies and market leaders is a real pride for us," states Randall Labs corporate director, Rodrigo Iturralde.

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Obesity is among the top five causes of death in the world.

At least 2.8 million adults die every year because they are obese or overweight.

At Medix, we know that tackling the problem of obesity is an opportunity to prevent illnesses, such as hypertension and diabetes.

Because of this, we offer alternatives doctors can use to treat their patients effectively and holistically and so reduce complications.

To prevent is to live.

Get in touch with us, It's possible that we have an option for you.



⁽¹⁾ Worldwide obesity has nearly doubled since 1980.
 · In 2008, More than 1 billion adults, aged 20 and over, were overweight.
 · 35% of adults aged 20 and over were overweight in 2008, and 11% were obese.
 · 65% of the world's population live in countries where overweight and obesity kills more people than underweight.
 · More than 40 million children under the age of five were overweight in 2011.
 · Obesity is preventable.
 (WHO, 2012)

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