

LAVCA's Annual Summit in Belo Horizonte

Highlighting Competitive Sectors in Latin America and
the Caribbean

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Highlighting Competitive Sectors

Selected Sectors

- Oil & Gas Sector in Colombia
 - Colombian Investment in Hydrocarbons Fund – Fund managed by LAEFM Colombia S.A.
- Death Care Industry – 2 profitable investments by LAEF I already exited.
 - Jardines del Tiempo S.A. de C.V., México. (US\$ 24,1 million)
 - Parque del Sendero S.A., Chile. (US\$ 25,0 million)

Colombian Investment in Hydrocarbons Fund



What is the Fund

- The **Fund's** objective is to seek capital appreciation through investments in joint venture contracts with specialized operators for the exploration and production of hydrocarbons in “minor fields” in Colombia.
- The **Fund** although backed and partly supported by the State Oil Company, ECOPETROL, is owned mainly by private investors.
- First Closing: June 30, 2005.
- Final Closing: February 28, 2006.
- Committed Resources: US\$61.8 million

Why now

- Positive growth of the Colombian economy for the last three years and positive expectations.
- The security policy implemented in the last three years has reduced public order problems.
- Recent regulatory changes motivate investment of private capital in the hydrocarbons sector.
- 94% of petroleum fields in Colombia have reserves of less than 200 million barrels*.
- Minor Fields are not as attractive to major oil companies, but constitute a profitable business opportunity for other kind of investors.
- Attractive petroleum prices.

- The **Fund** invests in minor E&P projects in Colombia.
- The **Fund** invests in projects through association contracts with specialized companies in E&P, many of which are currently operating in Colombia.
- Through shareholders' agreements and participation in project committees, the **Fund** has a say in key decisions regarding projects.
- Not less than 50% nor more than 70% in exploration; balance in production.
- Selected operators and proximity to existing facilities.

Investment Portfolio

Portafolio de Inversiones - Participacion Fondo (sin Impuesto de Renta; Tasa de Descuento: 8%)										
Evaluacion sin Riesgo										
Numero del Proy	Seleccion	TIR %	VPN KUS\$	VP Inv KUS\$	Payout Años	Inv R/go KUS\$	Tiempo FLs, Años	Inv Corr KUS\$	Prob Ex %	Reservas MBIs
2	1	240%	15.999	4.422	0,56	2.680	5	4.561	100%	1,9
3	1	369%	13.683	2.540	0,37	1.626	4	2.614	100%	1,5
4	1	285%	10.574	2.276	0,44	1.580	5	2.332	100%	1,2
21	1	603%	35.556	3.378	0,26	2.024	7	3.487	100%	4,5
27	1	143%	9.934	3.136	0,74	2.250	9	3.207	100%	2,2
29	1	182%	13.034	3.672	0,69	2.320	7	3.780	100%	4,5
30	1	194%	18.836	4.382	0,62	2.960	10	4.496	100%	3,5
Seleccion		273%	117.615	23.807	0,54	15.440	7	24.476	100%	19,3
Total 30 Proyectos		209%	549.748	139.578	0,91	57.650	11	146.484	100%	374,1
Evaluacion con Riesgo										
Numero del Proy	Proy Sel	TIR %	VPN KUS\$	VP Inv KUS\$	Payout Años	Inv R/go KUS\$	Tiempo FLs, Años	Inv Corr KUS\$	Prob Ex %	Reservas MBIs
2	1	70%	11.022	9.399	1,26	2.680	5	4.561	35%	1,9
3	1	173%	12.058	4.166	0,61	1.626	4	2.614	50%	1,5
4	1	83%	7.640	5.211	1,02	1.580	5	2.332	35%	1,2
21	1	199%	31.797	7.137	0,55	2.024	7	3.487	35%	4,5
27	1	78%	8.434	4.636	1,16	2.250	9	3.207	60%	2,2
29	1	80%	10.520	6.185	1,22	2.320	7	3.780	48%	4,5
30	1	154%	18.141	5.077	0,71	2.960	10	4.496	81%	3,5
Seleccion		116%	99.612	41.810	0,96	15.440	7	24.476	45%	19,3
Total 30 Proyectos		23%	220.745	468.580	16,30	57.830	11	146.484	16%	374,1
Evaluacion Metodo EMV										
Numero del Proy	Proy Sel	TIR %	VPN KUS\$	VP Inv KUS\$	Payout Años	Inv R/go KUS\$	Tiempo FLs, Años	Inv Corr KUS\$	Prob Ex %	Reservas MBIs
2	1	70%	3.858	4.422	ND	2.680	5	4.561	35%	1,9
3	1	173%	6.029	2.540	ND	1.626	4	2.614	50%	1,5
4	1	83%	2.674	2.276	ND	1.580	5	2.332	35%	1,2
21	1	199%	11.129	3.378	ND	2.024	7	3.487	35%	4,5
27	1	78%	5.060	3.136	ND	2.250	9	3.207	60%	2,2
29	1	80%	5.050	3.672	ND	2.320	7	3.780	48%	4,5
30	1	154%	14.694	4.382	ND	2.960	10	4.496	81%	3,5
Seleccion		118%	48.494	23.807	0,00	15.440	7	24.476	45%	19,3
Total 30 Proyectos		50%	82.401	139.578	0,00	57.830	11	146.484	16%	374,1

“La información aquí contenida corresponde simplemente a unas proyecciones para efectos de ilustración y no pueden interpretarse como estimaciones anticipadas de los resultados del Fondo, ni garantía por parte de la Fiduciaria ni del Administrador Profesional del Fondo sobre los resultados para los inversionistas. Toda la información aquí contenida está sujeta a los establecido en el numeral 2.2. de la cláusula Segunda del Reglamento del Fondo”.

Death Care Industry



Jardines del Tiempo S.A. de C.V.

INTRODUCTION

- Jardines del Tiempo is an example of a successful exit in a difficult environment.
- When the investment was made, the death-care industry in the U.S. was buoyant although Mexico's economy was stagnant. Subsequently, the U.S. death care industry valuations collapsed.
- In addition to the usual complications, Jardines was difficult to sell due to a lack of understanding of the death-care industry, particularly Mexico's, where most sales are "pre-need". Further, there are differences between U.S. GAAP and Mexican GAAP.
- Our experience shows that to exit reasonably well, it is also necessary to buy reasonably well and to enhance well.

Jardines del Tiempo S.A. de C.V.

HIGHLIGHTS

Business:	Leading death-care industry provider in Mexico
Year Incorporated:	1974 (predecessor company)
LAEF's Partners:	Two brothers from a well regarded Mexican family (the "Brothers").
Headquarters:	Torreon, Mexico
Employees:	1996: 705 employees plus 850 independent sales people. 2003: 1489 employees plus 1,197 independent sales people.
Investment by LAEF:	US\$24.13 million
Exit Proceeds including Dividends:	US\$83.70 million
Date of Investment:	1996, 1998
Date of Sale:	2003
LAEF Ownership:	44.9%
Other Ownership:	The Brothers (51%); Friends of the Brothers (4%)
Return to LAEF:	IRR > 20% p.a. net of taxes
Buyers:	The Brothers

Jardines del Tiempo S.A. de C.V.

HIGHLIGHTS (Continued)

- Use of Proceeds: To fund acquisitions of funeral homes and cemeteries; to pay down debt; and to repurchase certain minority shareholder's interests.

	<u>1996</u>	<u>2003</u>	<u>Growth</u> (Times)	<u>CAGR</u> (%)
•Funeral and burial services performed:	10,858	37,603	3.46	19.4
•Sales	US\$16.7 million	US\$ 89.6 million	5.37	21.7
•EBITDA	US\$ 2.6 million	US\$ 38.5 million	14.81	47.0
•Net income	US\$ 3.9 million	US\$ 28.0 million	7.18	32.5
•Net bank debt (12/95)	US\$ 6.0 million	US\$ 8.6 million	1.43	5.3
•Net worth (12/95)	US\$26.0 million	US\$ 195.1 million	7.50	33.4

Jardines del Tiempo S.A. de C.V.

HIGHLIGHTS (Continued)

- Growth was both organic and through acquisitions
- During the course of LAEF's investment, 22 acquisitions (including cemeteries and funeral homes) were completed.
- These involved 11 independent competitors and 3 land parcels which were quickly and successfully integrated into the Company's disciplined and efficient operations.
- The most significant acquisition was Gayosso which completed a 4 year growth cycle for Jardines during which it had already doubled its size.
- By the time of the exit, Jardines owned and operated 22 cemeteries including 2 mausoleums, and 21 funeral homes in the largest and most developed cities throughout Mexico.

Thank You

