

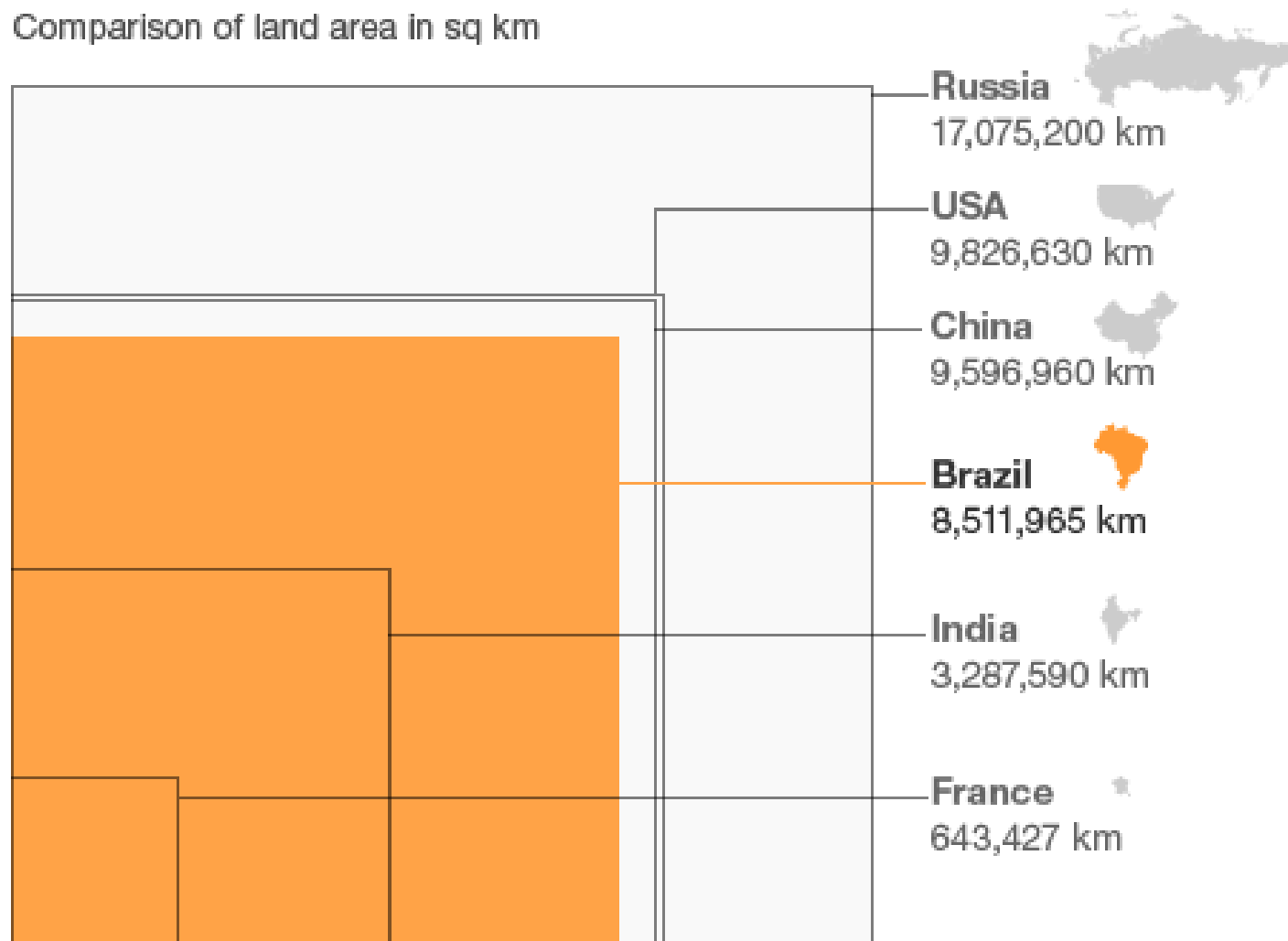


edlp
estação da luz
participações

November 2013

Land area

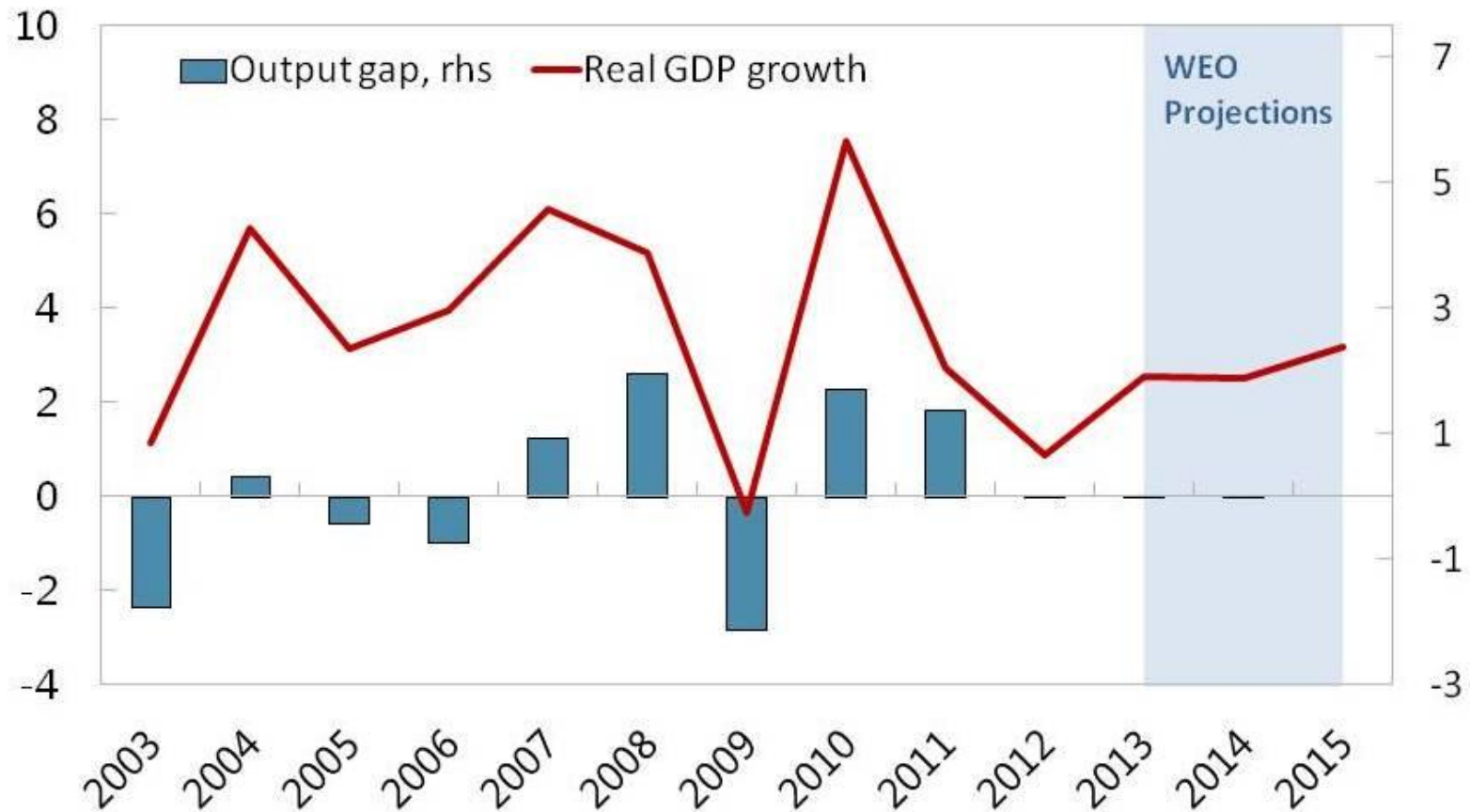
Comparison of land area in sq km



Source: Globalfirepower.com

Brazil GDP

**Annual real GDP growth and output gap
historical values and WEO forecasts, in pct**



Sources: IBGE and IMF Staff estimates

Scenario

BRAZIL INVESTMENT 2010-13

Sectors	\$ billion	% of total	% of GDP/year
Electricity	92	33.6	0.7
Telecommunication	67	24.5	0.5
Sanitation	39	14.2	0.3
Railways	29	10.6	0.2
Highways	33	12	0.3
Ports	14	5.1	0.1
Infrastructure	274	100	2.2

Shows planned investment by Brazil in infrastructure up to 2013 in billions of dollars.

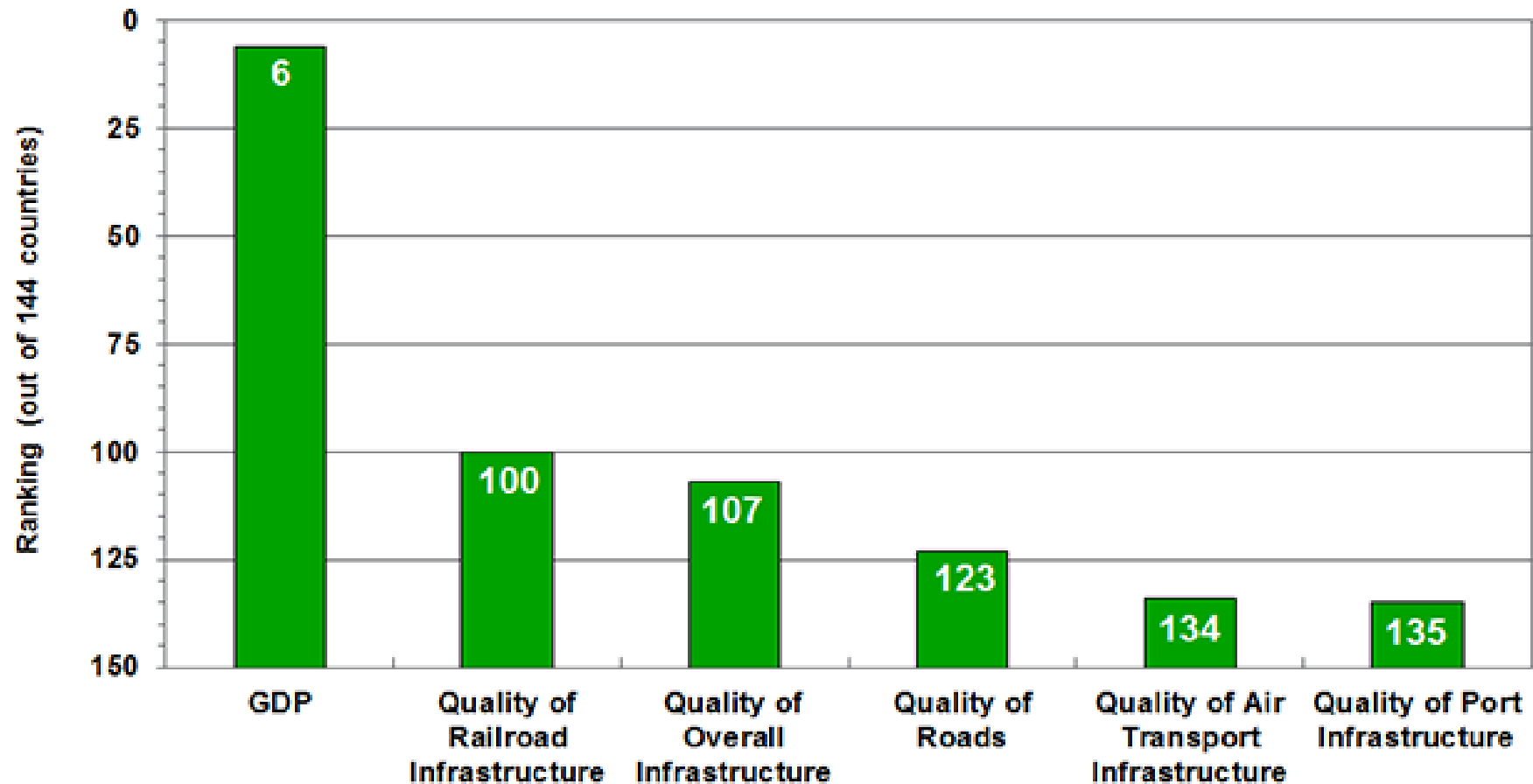
Source: World Bank and PPIAF, PPI Project Database

Brazilian Logistic Waste

5% of GDP
US\$ 100 bi/year

GDP vs. Infra quality

Figure 1 – Brazil's GDP and Infrastructure Quality Rankings (inverted scale, 2012)



Source(s): World Economic Forum and MAPI

Brazilian Logistic Moment

Transport Matrix

Railroads



43%

Roads



32%

Waterways



25%



25%



58%



17%

Without
ore

10%

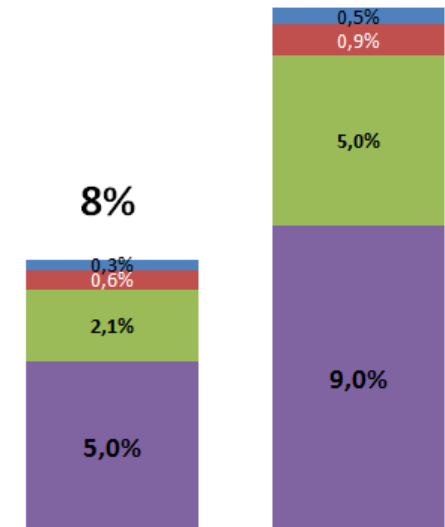
71%

19%

Logistic (%GDP)



15%



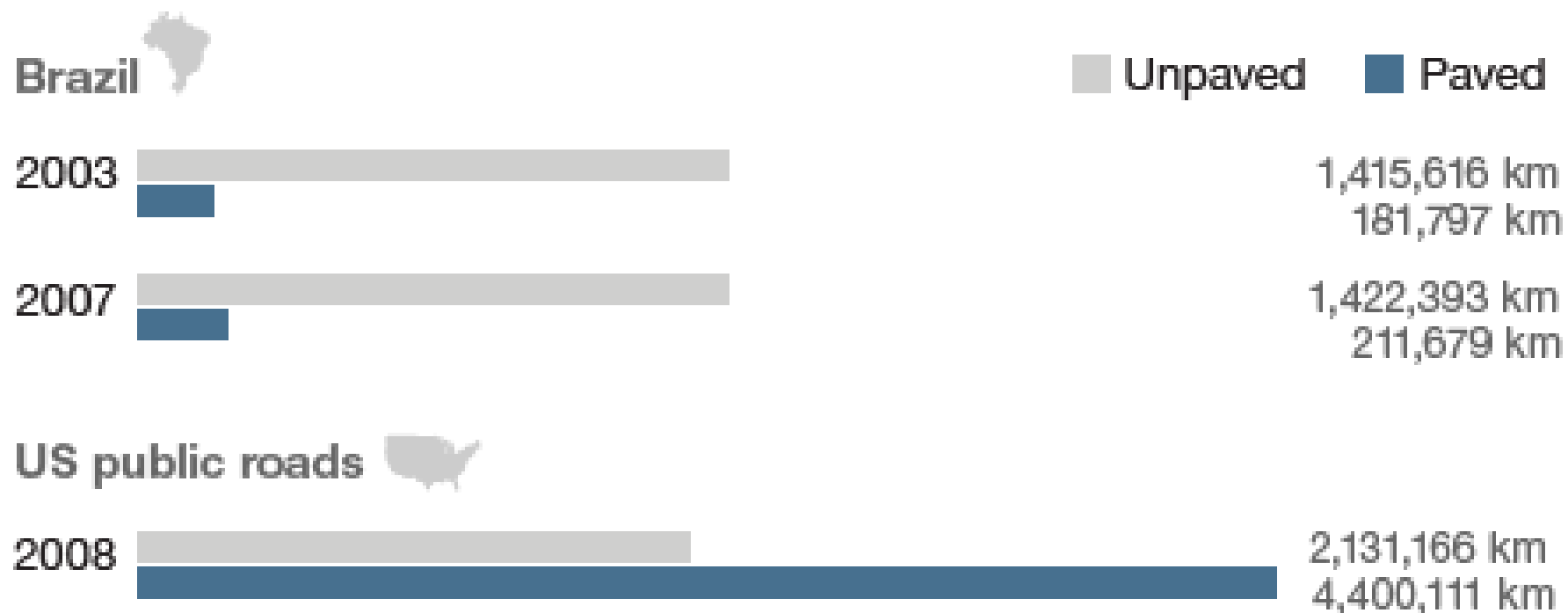
- Overhead
- Warehouse
- Stock
- Transport

Ports



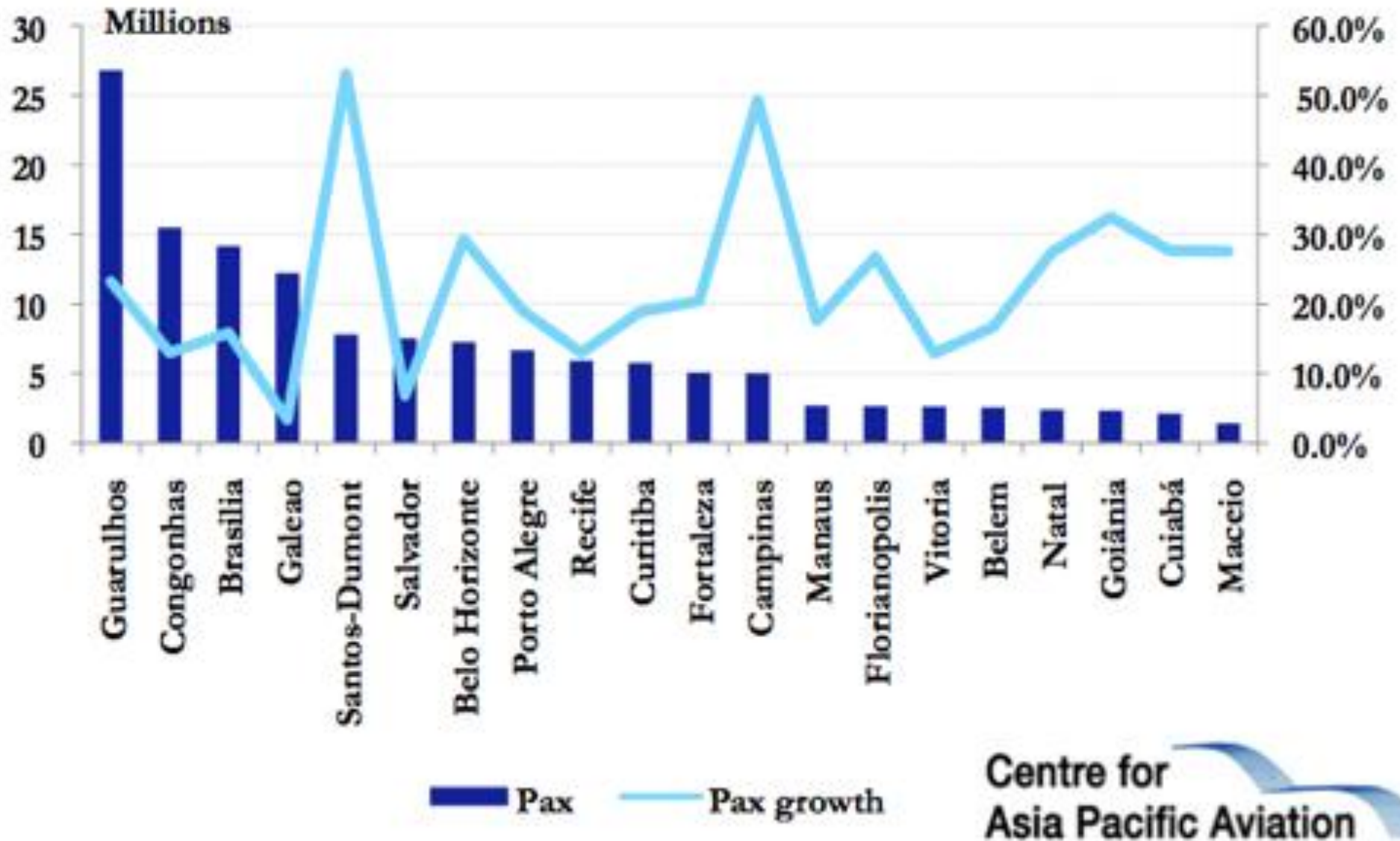
Roads

Roads comparison, km



Source: Federal Highway Administration/ Brazilian government

Airports

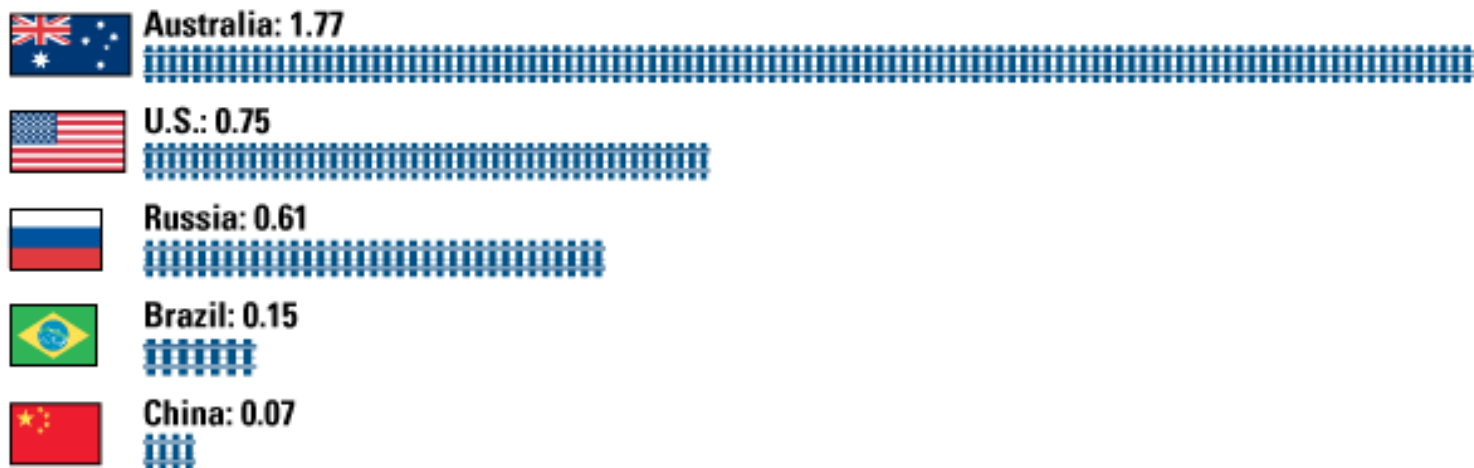


Railroads

Total Rail Length (Kilometers)



Kilometers of Rail Per 1,000 Persons

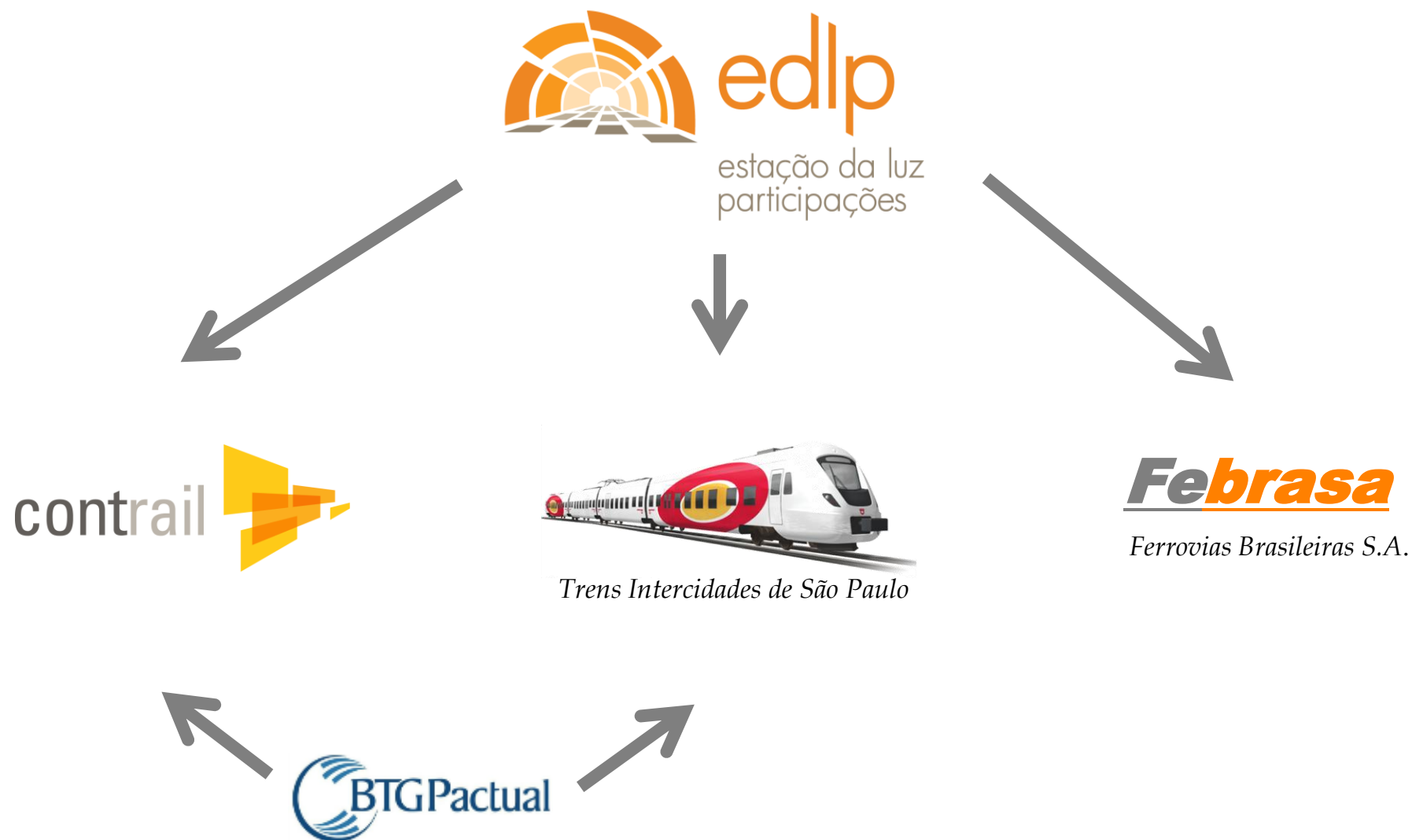


Source: U.S. Global Investors

Our focus:

EDLP is an entirely devoted company, specialized in developing transformational logistics projects. Our role is either as a consultant firm or as an investor and always includes several steps of a project, from planning up to execution. The goals are the continuous search for high operational performance, profit and sustainability.

EDLP – What we do in Logistics



EDLP – Institutional Approach and Reputation



INTERNATIONAL UNION
OF RAILWAYS

Internacional Union of Railways

Guilherme Quintella - Chairman Latin America

- » Founded in 1922 in Paris
- » Promote rail transport mode
- » Promote operational interoperability between railways
- » Operation Regulation and Standards and Equipment Certification

1 million de km

80 million pass/day = 30 billion/year

30 million tons/day = 11 billion/year

7 million direct employees

95% world rail network

4 times world population



Guilherme Quintella – 1990 Railman of the Year



Fast Intercity Trains

Development Agency

Guilherme Quintella - President

Promoteing and articulating the implamentation of fast intercity trains in Brazil



ALSTOM

MITSUBI & CO., LTD.

PÖYRY
Engineering balanced sustainability



BOMBARDIER

GRUPO ESTRUTURAL

PROGEN

CONSTRAN

ISOLUX CORSÁN
PROJETOS E INSTALAÇÕES



TIISA

invepar



EDLP – Structuring Logistic Businesses

- Rail Freight
- Rail Passenger
- Ports
- Waterways
- Intermodal

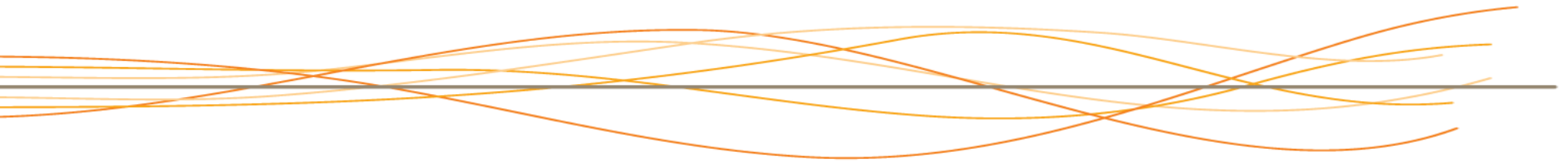


EDLP – What we do in Logistics

- Company start up
- Business Development
- Greenfield Projects
- Business Modeling
- Logistics Real Estate
- Merge & Acquisitions
- Public RFP
- Advisory



On going Projects

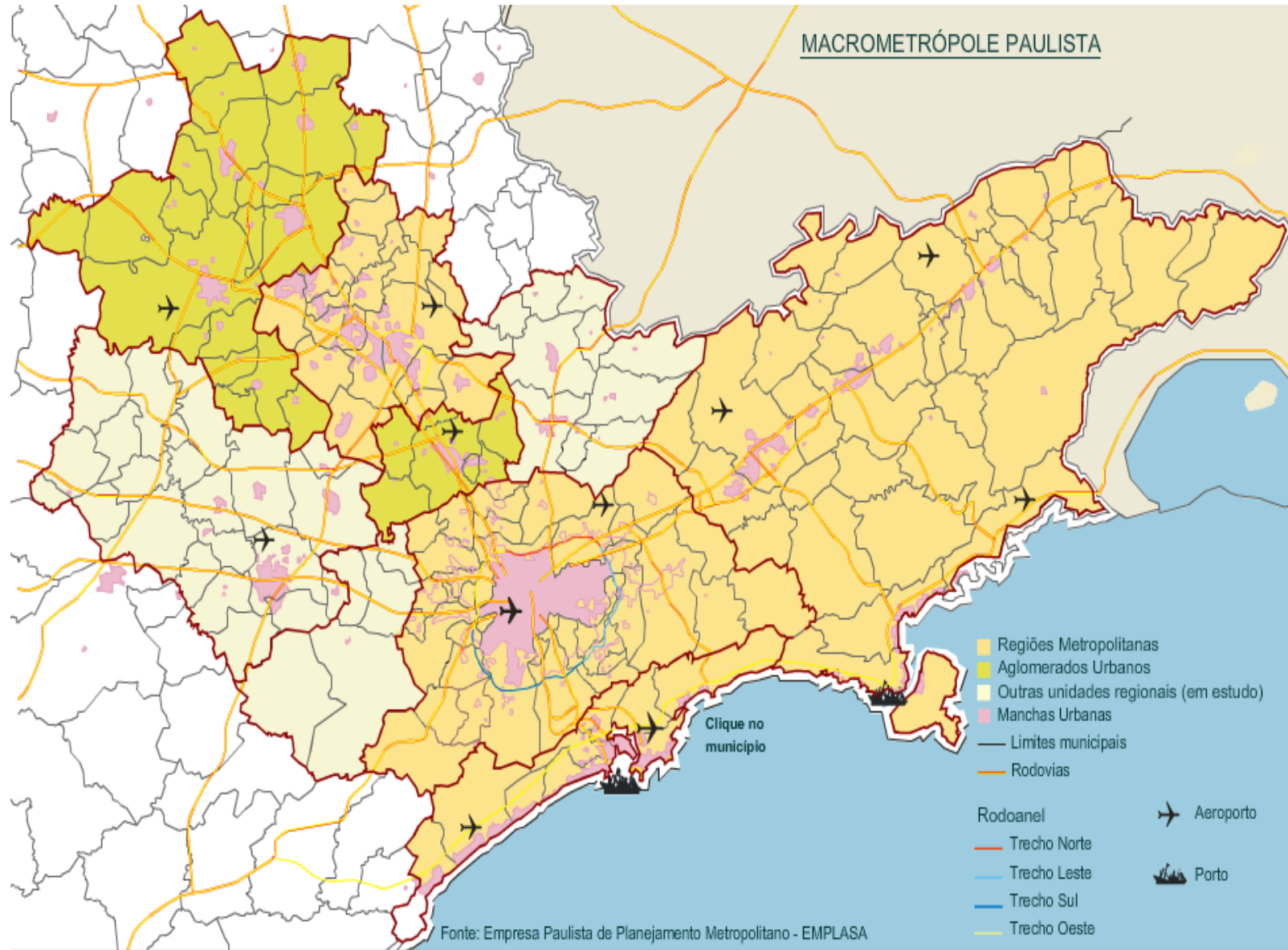




Trens **Intercidades**

Trens Intercidades

The Trens Intercidades (Intercity Trains) is a 450km passenger project, that EDLP presented to São Paulo State Govern trough a request for proposal (RFP). Besides its intrinsic importance the project post sound numbers across the board.



Influence Area Daily Highway Trips

Trips from/to RMSP (people)	Vehicle		Total	Population 2010
	Car	Van / Bus		
Santos	56.346	54.332	110.678	1.423.368
Sorocaba	35.217	36.147	71.364	1.093.980
Jundiaí	56.817	48.733	105.550	674.877
Campinas	48.841	19.572	68.413	2.163.016
São José dos Campos	28.994	31.098	60.092	931.236
Total	226.215	189.882	416.097	6.286.477

Source: STM – Trens Regionais – Considerações Preliminares e IBGE

**São Paulo state fleet doubled in 10 years,
from 10,5 million vehicles in 2000 to 20,5 vehicles em 2010.**

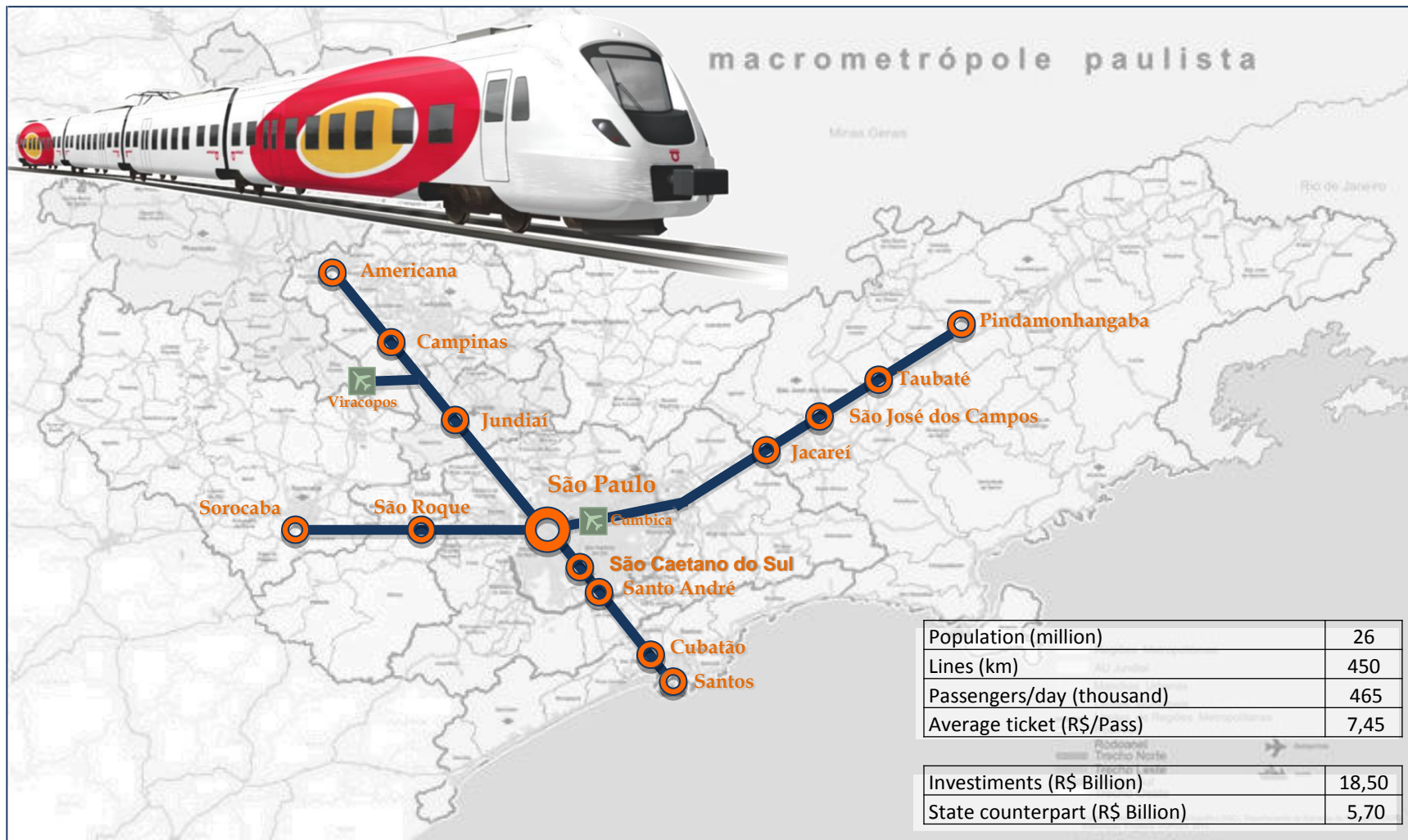


- With moderate economy, growth transport demand will double in 20 years.
- This will happen much earlier if economy grows faster.
- At all cases, highways systems around São Paulo Metropolis will be saturated on the short term.

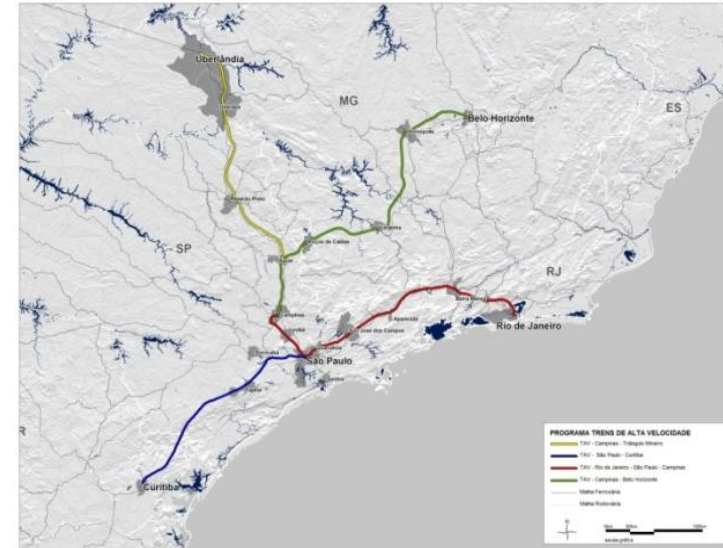


Trens Intercidades

Proposed System

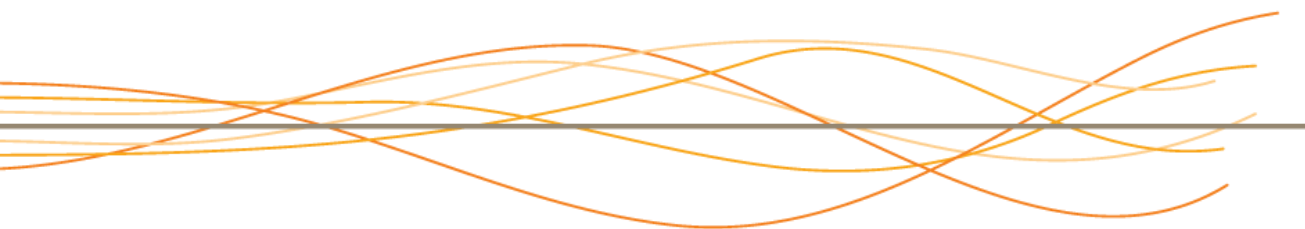


- Intercity Trains
- 2 corridors
 - North – South (Americana – Santos)
 - East – West (Pindamonhangaba – Sorocaba)
- HUB at São Paulo integrated with Metro, CPTM and TAV (high speed)
- Max Speed – 160 km/h
- Commercial Average Speed – 120 km/h
- Seated trips
- Economic and Executive Classe
- Wi-Fi
- Express and Stopping Services
- Stations integrated with urban tissue



Mapa do Transporte Metropolitano - 2017 Metropolitan Transport Network





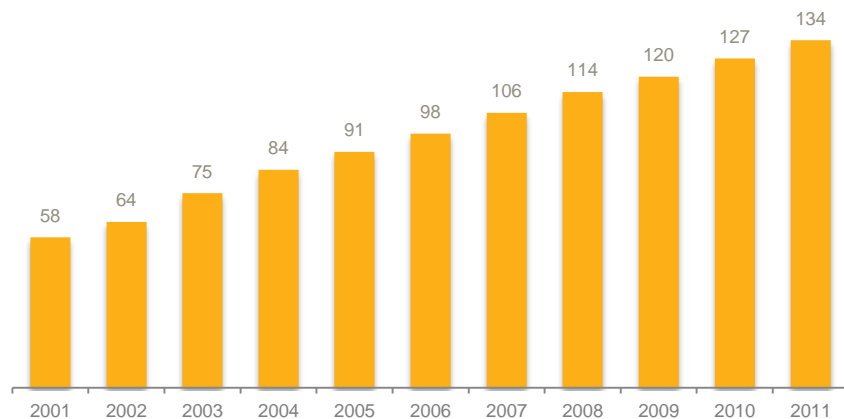
MISSION STATEMENT

Contrail is a logistic company that aims at transforming the transportation model in Santos Port area by enabling large scale transportation of containers through double stack railcars, and value-added and competitive logistics services

2. Introduction and Market

Container market in Brazil

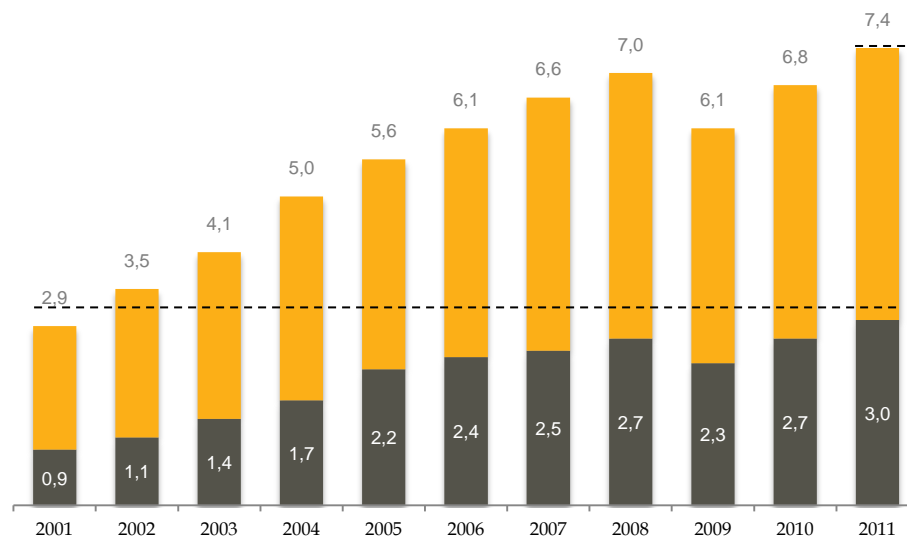
World



- World trade via shipping containers have grown significantly in recent years Aumento de 130% em 10 anos
- 130% increase in the last 10 years

Source: Global Insight, Inc. World Trade Service

Brazil



The Port of Santos is expected to double in size over the next 6 years

- Increase 155% in the last 10 years
- Increase 233% in the last 10 years

Porto de Santos

Source: ANTAQ, CODESP e Louis Berger Internave

2. Introduction and Market Port of Santos

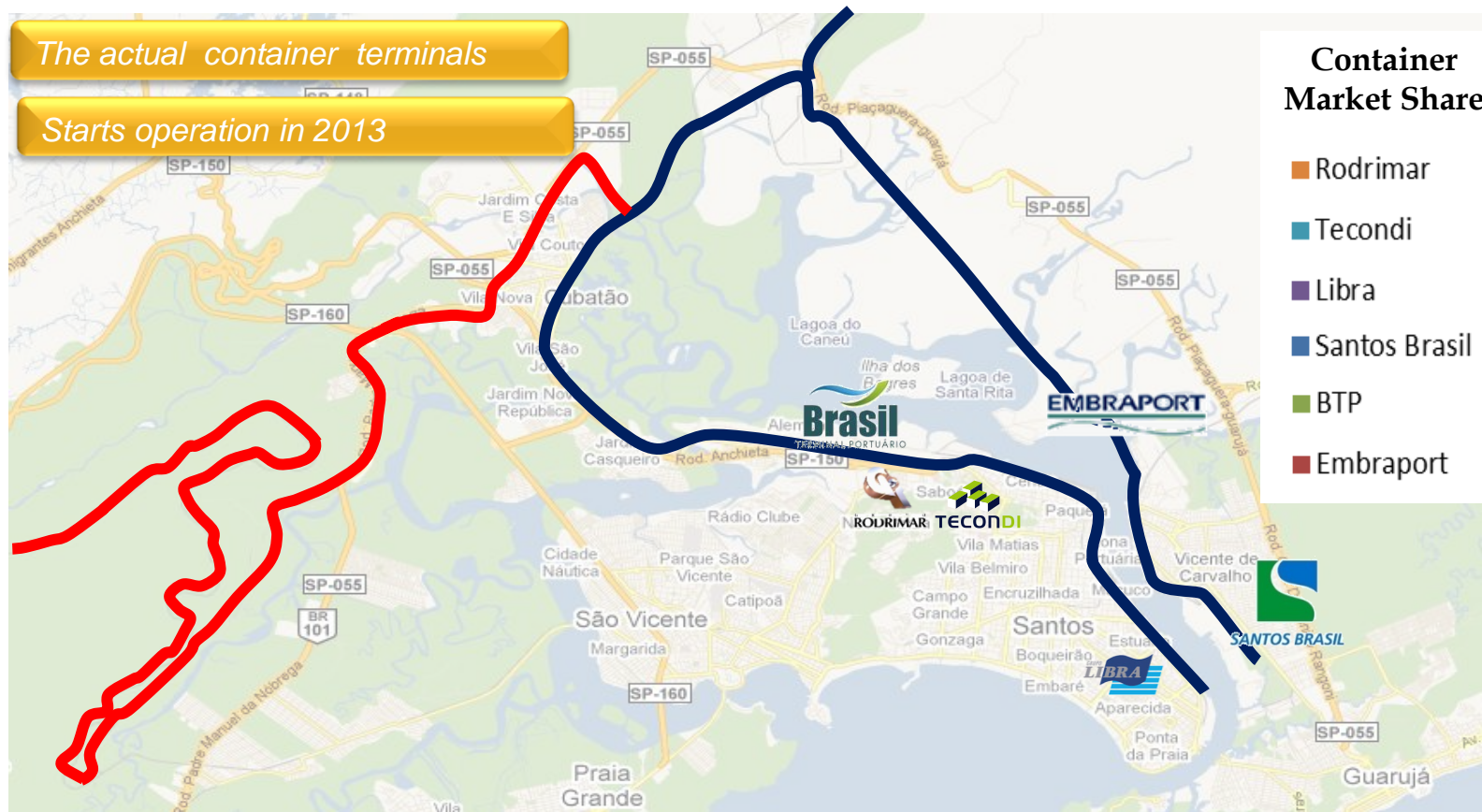
Port of Santos

- The main port in South America
- 100 million tones per year
- 31 million tones in container – 2,9 Milion Teus
- Represents 40% of the containers handled in Brazil



The actual container terminals

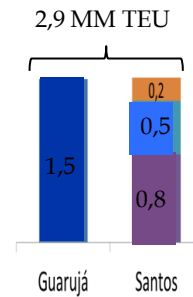
Starts operation in 2013



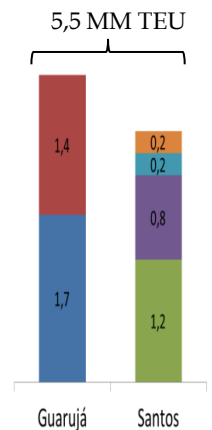
Container Market Share



2011



2017

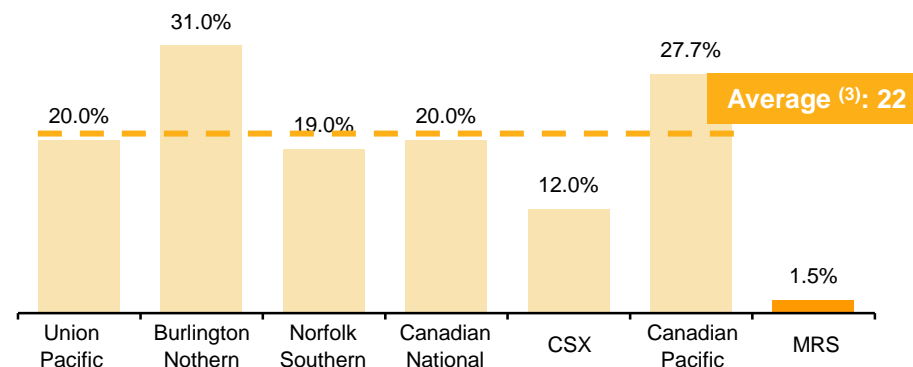


2. Introduction and Market

Intermodal - Comparative analysis Brazil and USA

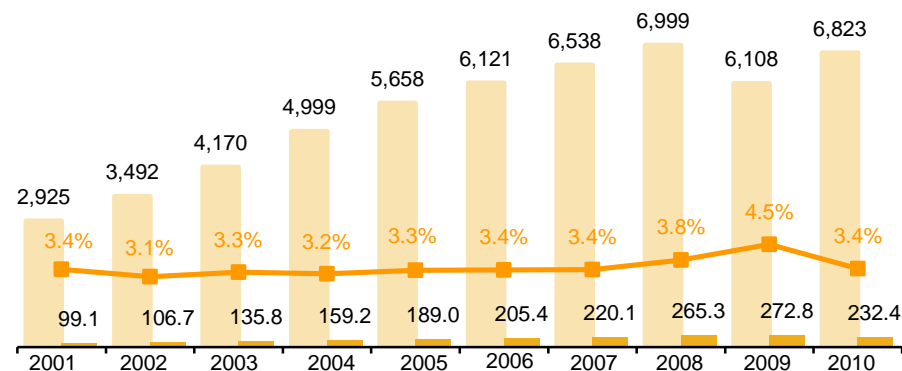
World

- Port Terminals are interconnected to receive the flow of containers via railway
- Container transportation are a representative portion of railway revenues



Brasil

- The railroad has been unable to increase its significance in container logistics, representing only 3.4% in 2010
- The increase of railroad participation in container transportation necessarily involves supplying the Port of Santos



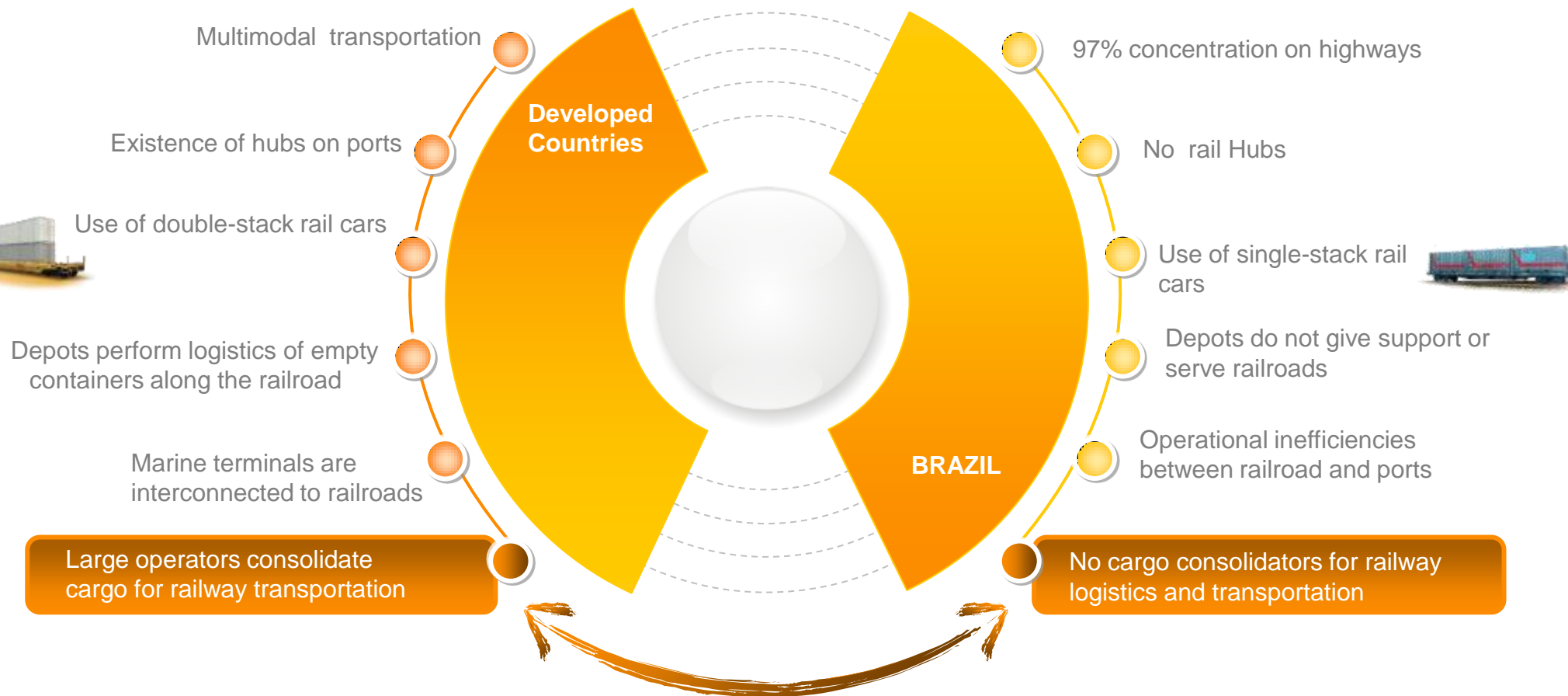
(1) Fonte: AAR - American Association Railroad and Annual Reports.

(2) 29 Fonte: ANTF, ANTAQ and Codesp.

(3) Média não inclui MRS.

2. Introduction and Market

Intermodal - Comparative analysis Brazil and USA



2. Introduction and Market

Santos Port Access – Lack of Infrastructure

Porto de Santos: complete chaos

"Port of Santos should experience a period of total chaos from April to October, which will extend to all roads linking the Planalto to the access routes and within the port range. This is the drainage period of grain harvest and sugar ... With the harvest of grains, the forecast of the Sindicato das Empresas de Transporte de Carga do Litoral Paulista (Sindisan) is that there will be over 15 000 trucks moving a day on local roads, when the flow is typically 10 to 11 thousand. "

Revista Portos e Navios, April 25, 2011

Main bottleneck is the lack of access to ports

"According to former Minister of Ports, Pedro Brito, the lack of access to Brazilian ports is the main bottleneck to boost exports ... an example is the Port of Santos, responsible for most of the volume transported in and out of Brazil... But how can we think of a circulation of 15 000 trucks per day, which by 2014 will increase to 45 thousand trucks a day?, he questions. He points out that the only viable solution is the improvement of the railway and waterway.

" Revista Portos e Navios, March 22, 2011



Interview - We must change the transportation matrix

"The capacity of some ports will double, as is the case of Santos, when referring to containers ... What is required in order to avoid a queue of ships on the Brazilian coast is the facilitation of access to the pier, through massive investments in roads, railways and waterways. Therefore, using European countries which are champion in logistics infrastructure, such as Germany, Sweden, Netherlands and Luxembourg as example, it is possible to conclude that Brazil needs to direct resources to ensure the intermodal transportation."

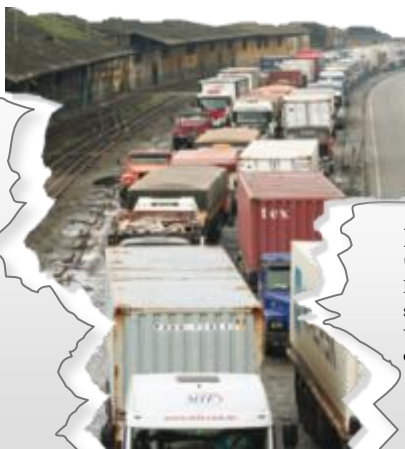
Econômico, April 14, 2011

Brasil

Port suffers from a 'chronic' disease

"The Port of Santos broke the record of cargo transportation in August ... The landmark, which should be celebrated ..., drew attention to an increasingly serious situation: a chronic problem of infrastructure. In the Santos channel, ships queue up waiting for a place to dock on one of the terminals, the traffic on highways and in the city is hell because of the accumulation of trucks trying to load or unload their cargo."

Rede Anhanguera de Notícias, October 10, 2010



1

Mission

2

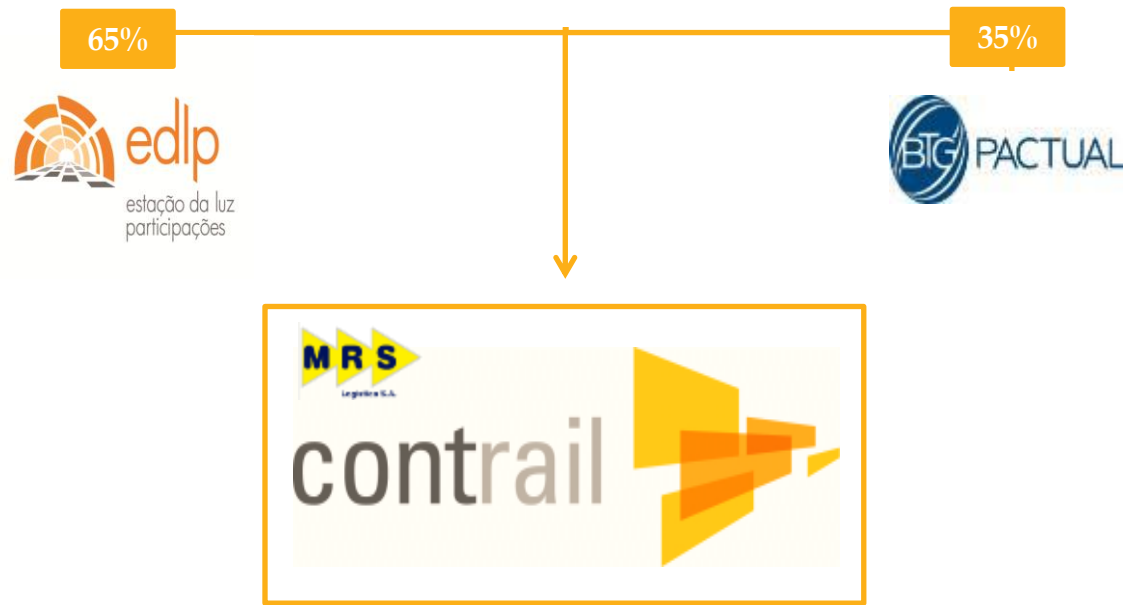
Market

3

Contrail

3. Contrail Logística S/A

- Together, EDLP and MRS conceived a logistic model that will change container transportation in Brazil's most developed region, by efficiently and sustainably crossing Serra do Mar, the natural barrier between the Planalto Paulista and Santos Port.
- In November 2010 emerged Contrail Logística S/A
- In 2012, BTG Pactual became a partner of Contrail



3. Contrail Logística S/A MRS Logística

- 1.643 km of railway ; 55% of the Brazilian GDP ;



A new logistics concepts

DOUBLE-STACK RAILCAR

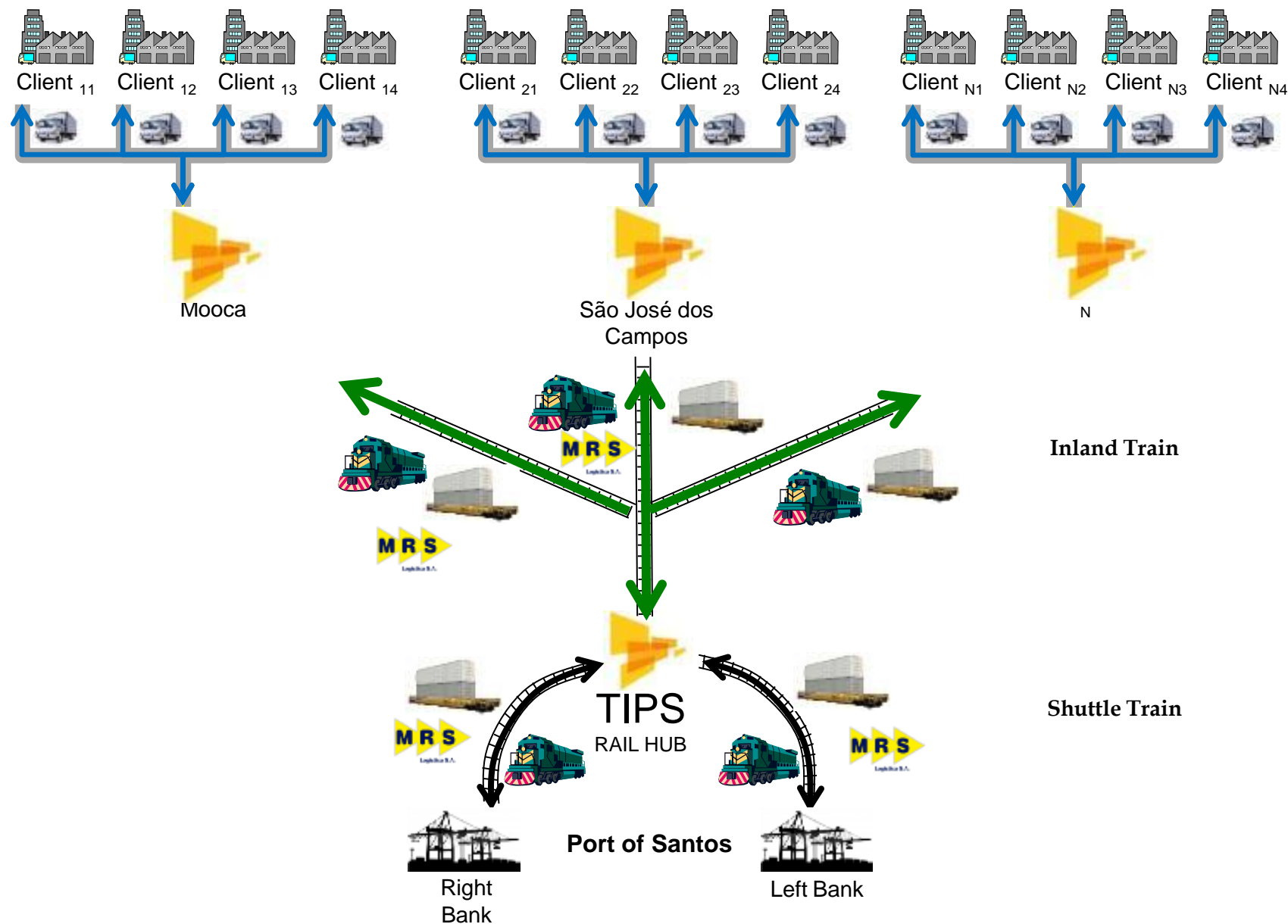


RAIL HUB

TIPS – Intermodal Terminal of Santos Port



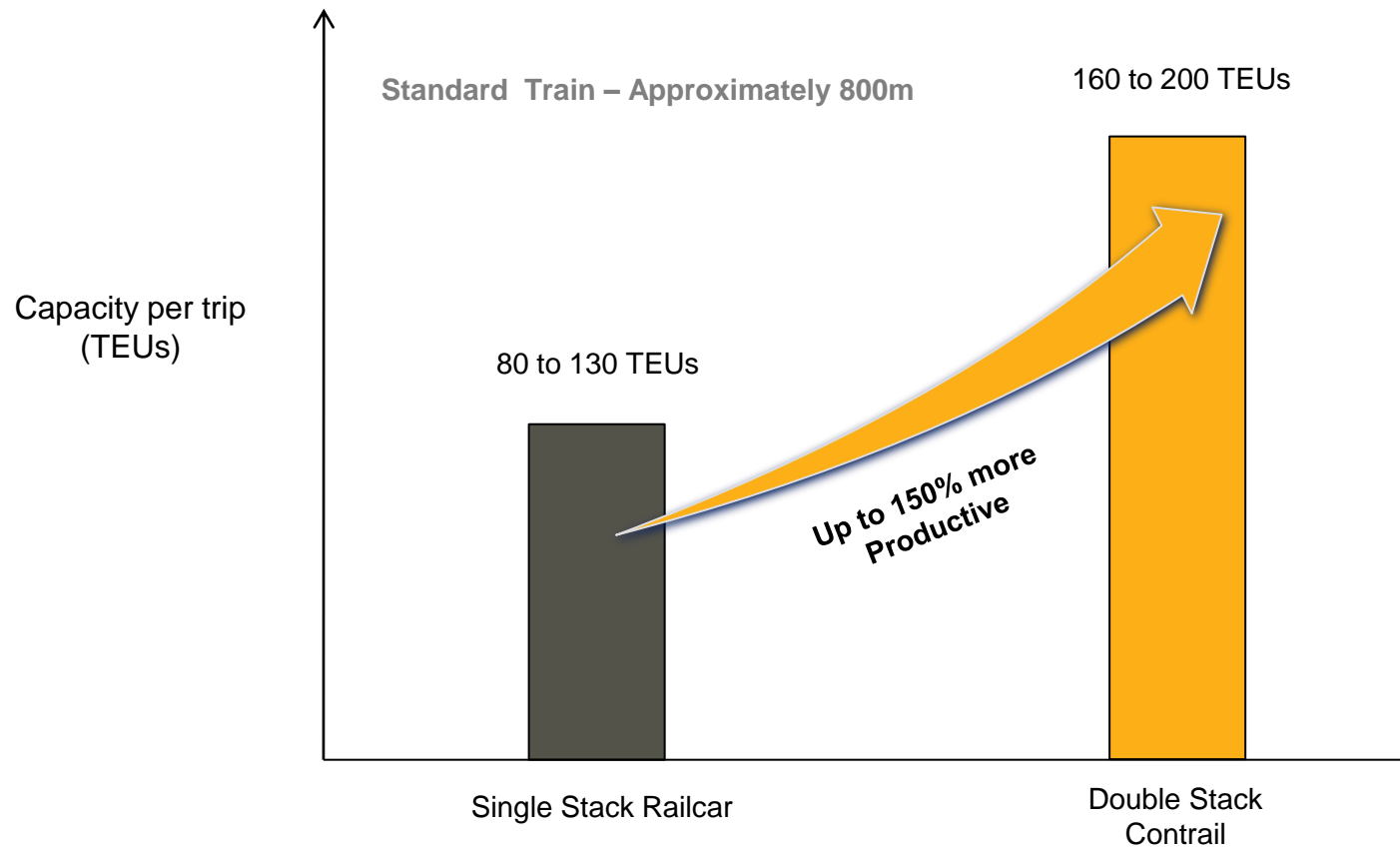
3. Contrail Logística S/A Operation concept



3. Contrail Logística S/A

Double Stak Railcar

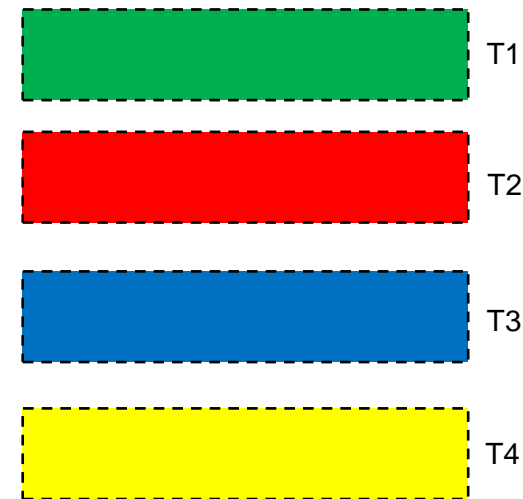
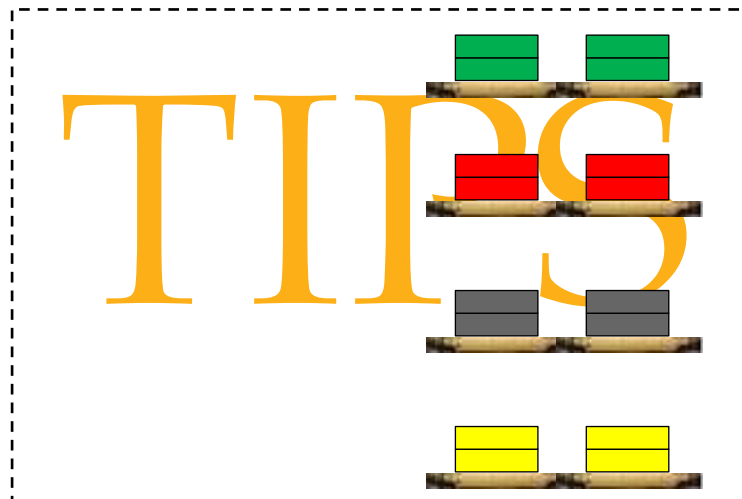
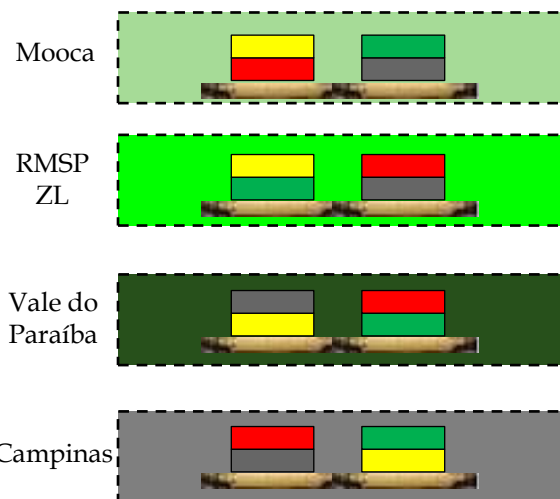
More capacity, the same space



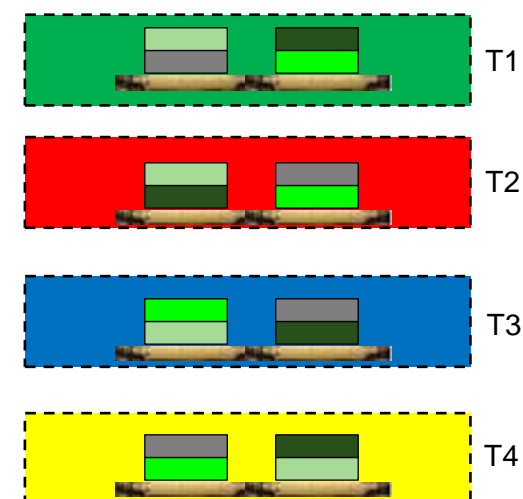
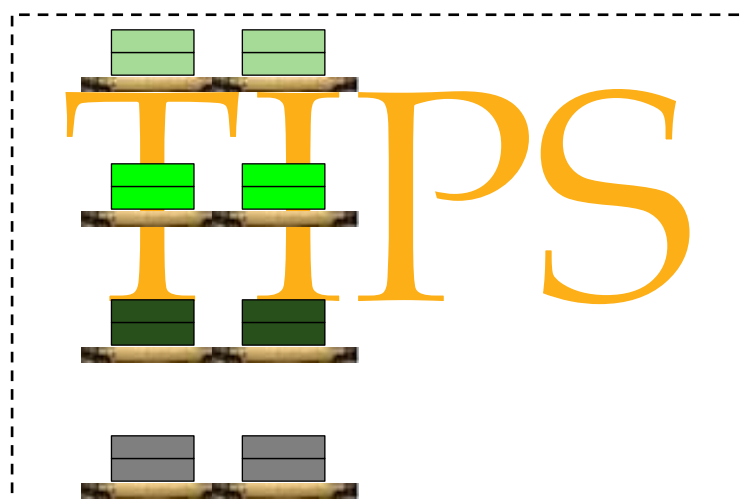
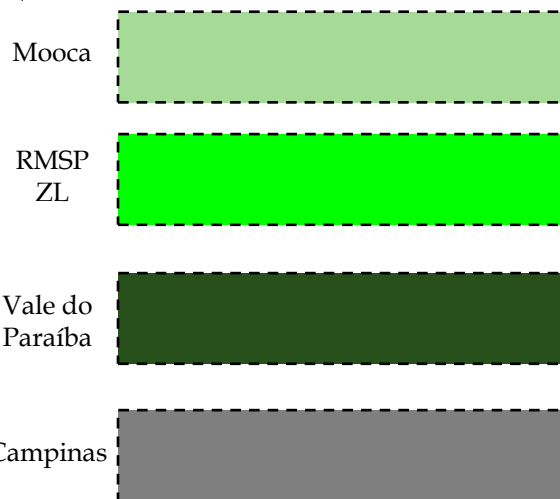
Inland

Export

Martime Terminal



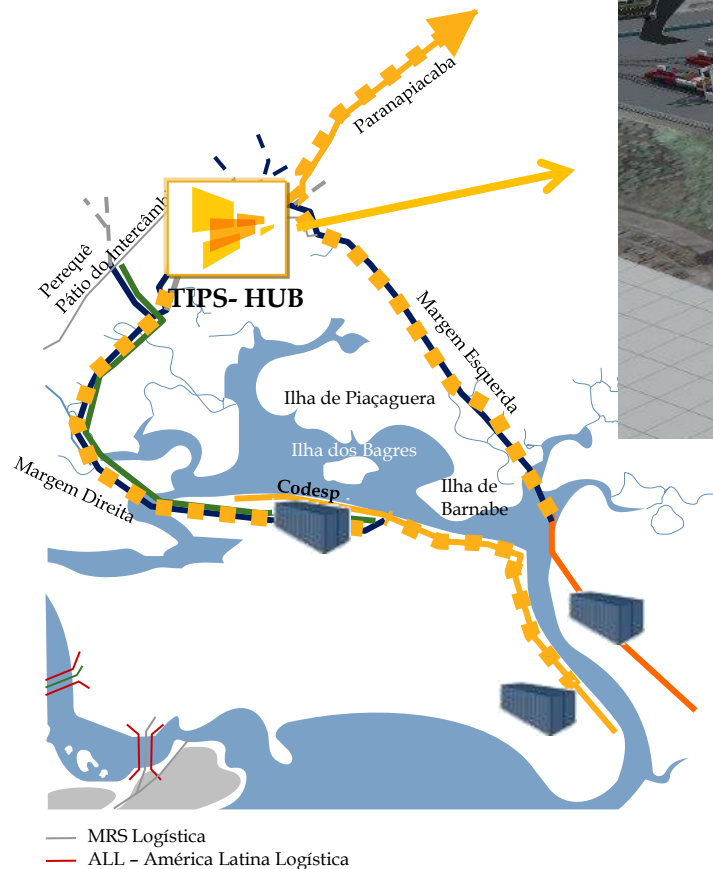
Import



3. Contrail Logística S/A

TIPS – Terminal Intermodal do Porto de Santos

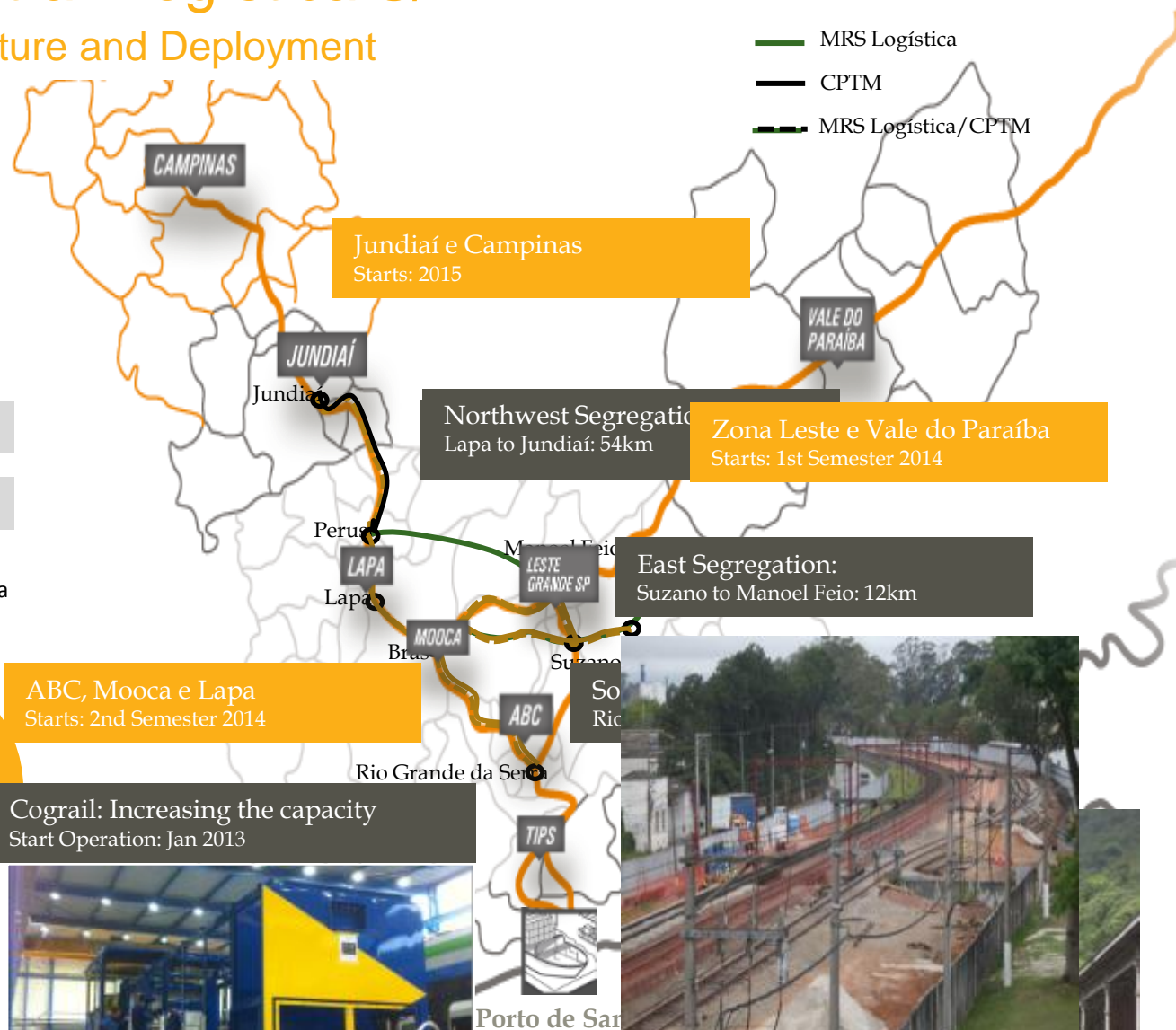
More capacity, the same rail assets



Capacity: 1,2 MM TEUS/YEAR
Area: 300.000m²

TIPS - Santos Port Railway HUB's strategic location allows the regulation of the flow of containers and serves both banks of the Port

3. Contrail Logística S/A Infrastructure and Deployment



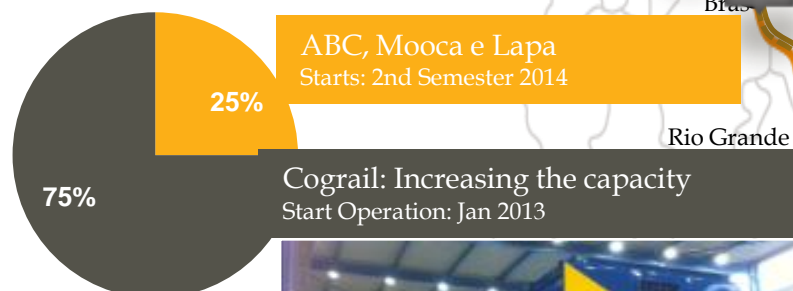
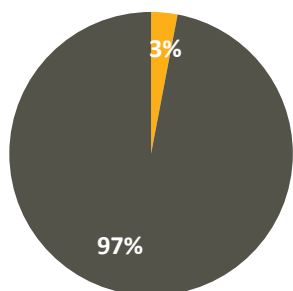
Port of Santos - Market Share

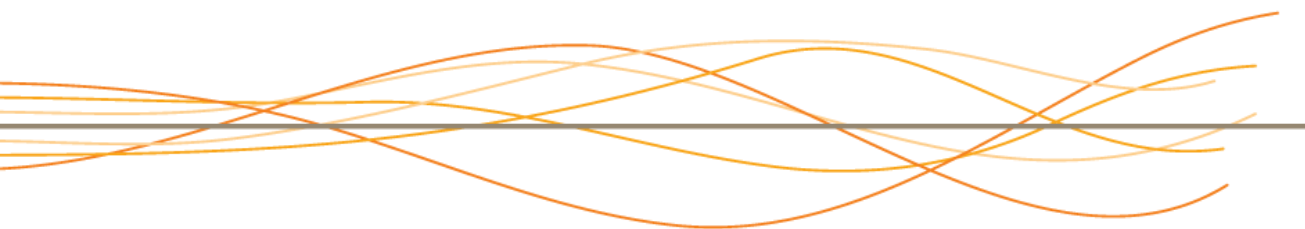
2010

2017

■ Ferrovia ■ Rodovia

■ Ferrovia ■ Rodovia





Febrasa

Ferrovias Brasileiras S.A.

Febrasa

In the new cargo railway Brazilian model EDLP, in partnership with leading private sector players, is contributing alongside the Federal Govern to establish the new set of rules.

PNLF – National Railroad Logistics Plan



Nova Etapa

Restabelecer a capacidade de planejamento integrado do sistema de transportes



Integração entre rodovias, ferrovias, hidrovias, portos e aeroportos



Articulação com as cadeias produtivas



Empresa de Planejamento e Logística - EPL

Investimentos em Ferrovias

91

Bilhões

10 mil km

56 bilhões

Investimento em 5 anos

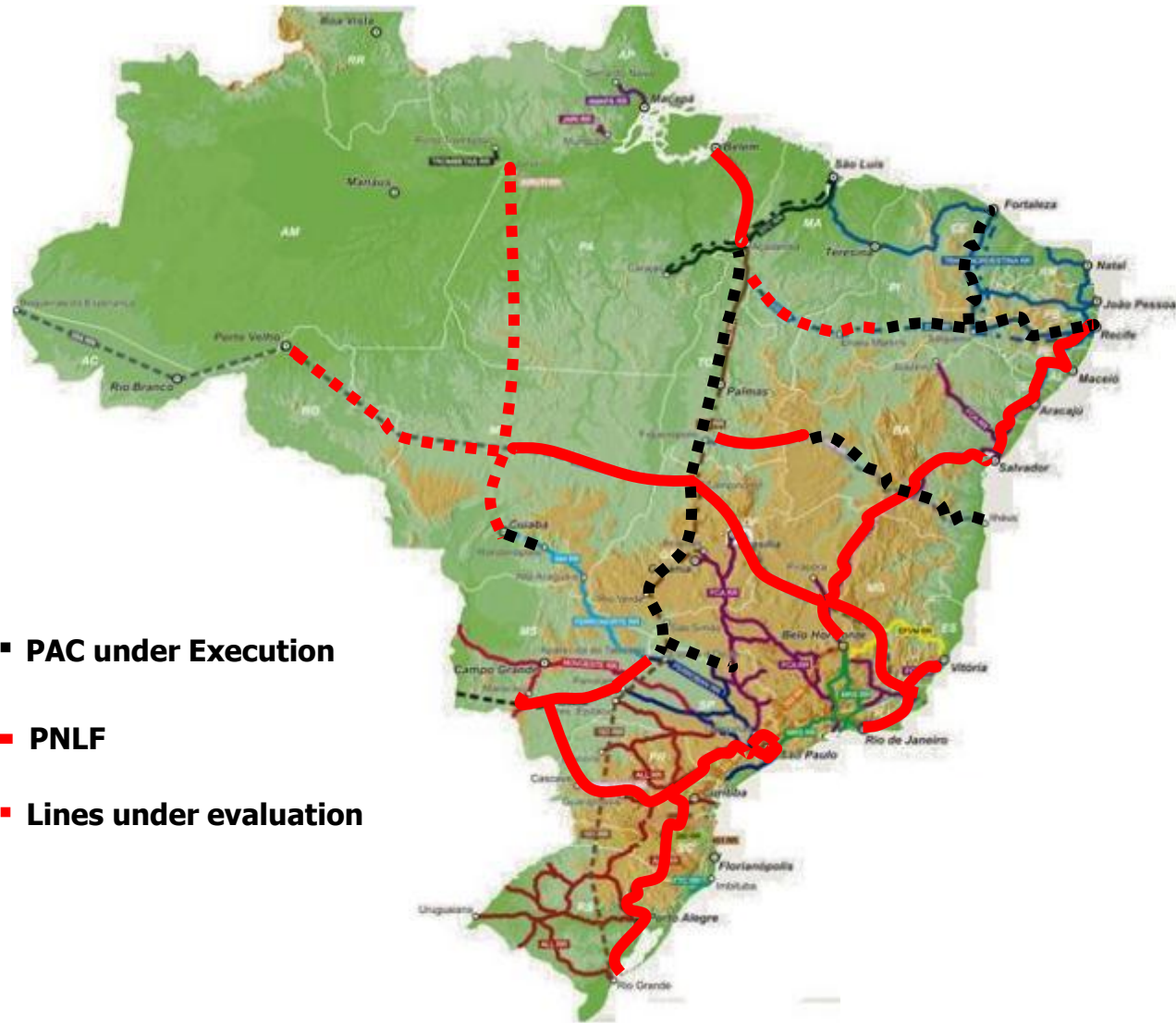
35 bilhões

Investimento em 25 anos

■■■■■ PAC under Execution

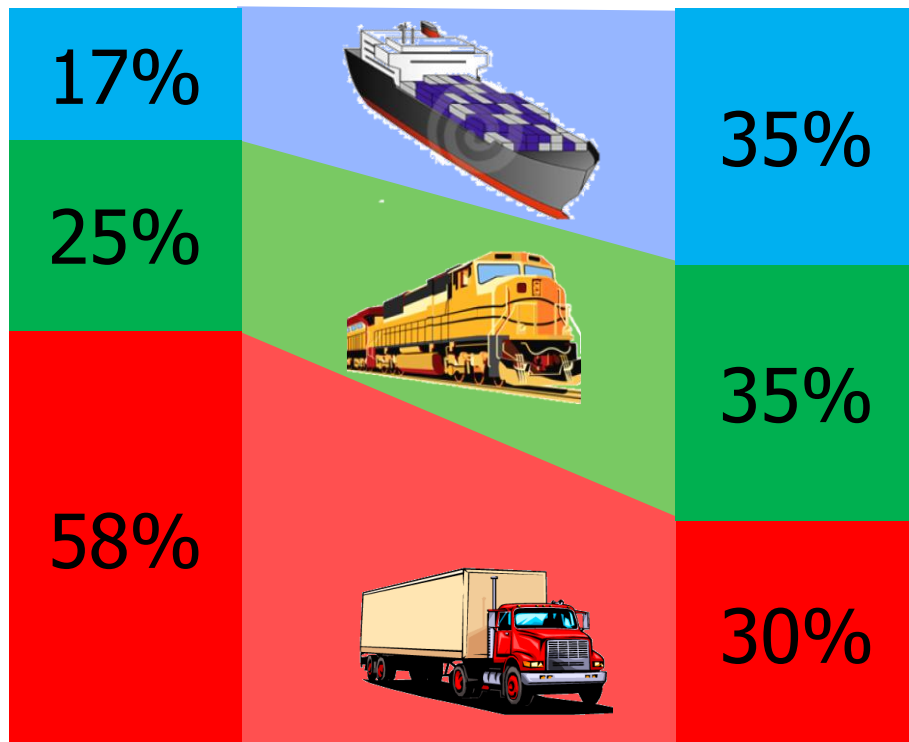
— PNLF

■■■■■ Lines under evaluation



How to materialize?

Rebalancing the Transport Matrix



**Planning and
systemic vision
EPL**

**New regulation
EPL**

**Public Funding
BNDES**

**Private Equity and
Management**

New Regulation

“Open Access” Model

Infrastructure Manager (GIF)

- Concession Model
- Builds permanent way
- Maintenance of Permanent Way
- Manages traffic control
- Financed by BNDES
- Full capacity sold to Valec



Operators

- Buy capacity from Valec
- Invest in rolling stock
- Train operation
- Sell freight transportation to final customers



Existing
Concessionary

Independent
Operator

Cargo owner



New Regulation

“Open Access” Model



- Interests: TJLP + 1%
- Grace Period: up to 5 anos
- Amortization: up to 25 anos
- Leverage: 65% to 80%

VALEC

Engenharia, Construções e Ferrovias S.A.

- Buy 100% of GIF's capacity
- Bidding to sell capacity
- Guarantees trains' right of passage




Existing
Concessionary

Independent
Operator

Cargo owner





Febrasa
will be a big Train Independent Operator (OFI),
supported by cargo owners, based on a high
operational efficiency and with low structural
cost model, aiming to reduce drastically the
transport costs with high service levels

Introduction – Institutional Presentation

Main activities

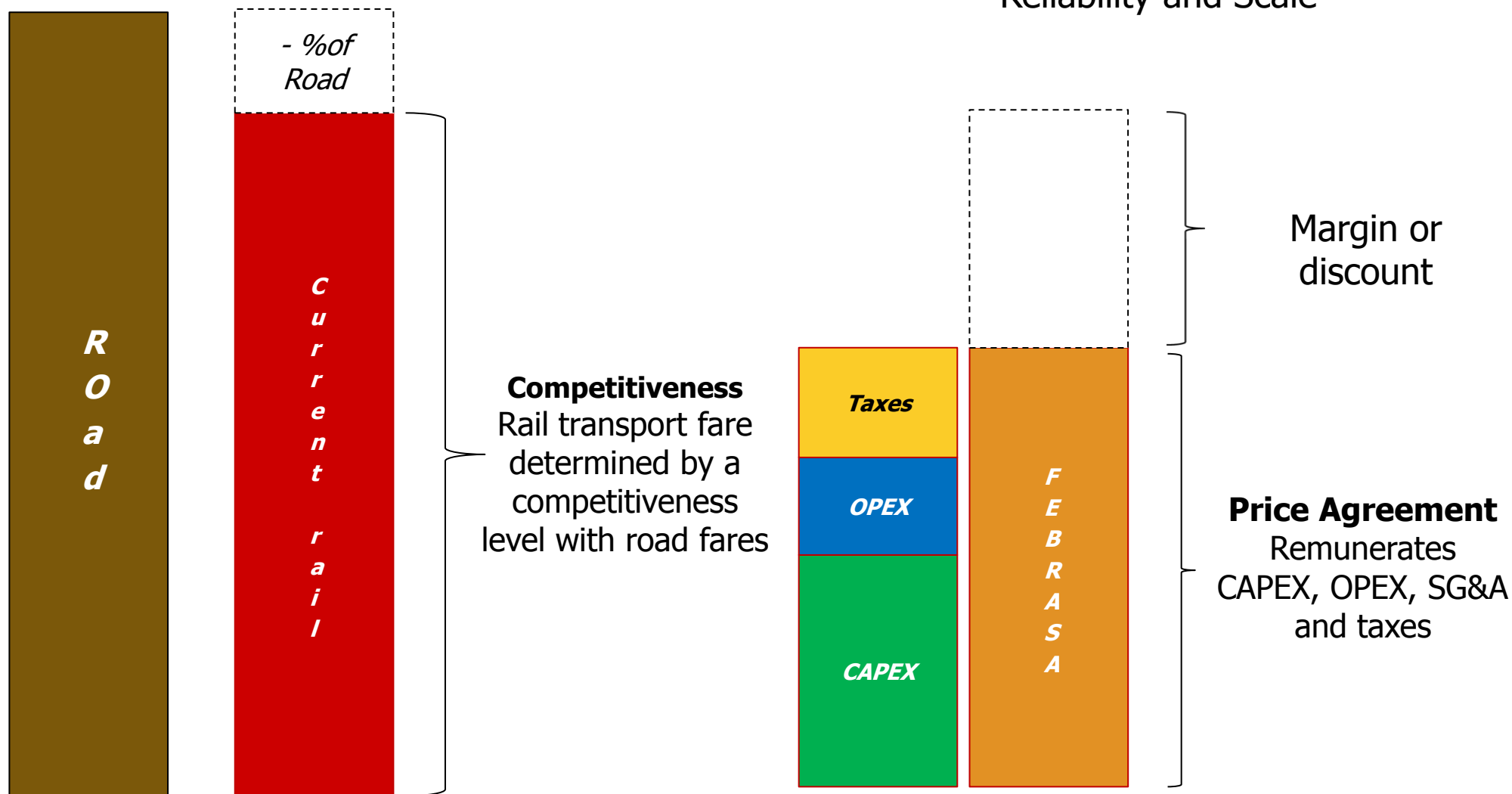
- Operate its own trains with its own freight
- Operate its own trains with third parties' freight
- Deal and purchase rail freights from other companies

Business Model

Transport fares

Key success factors:

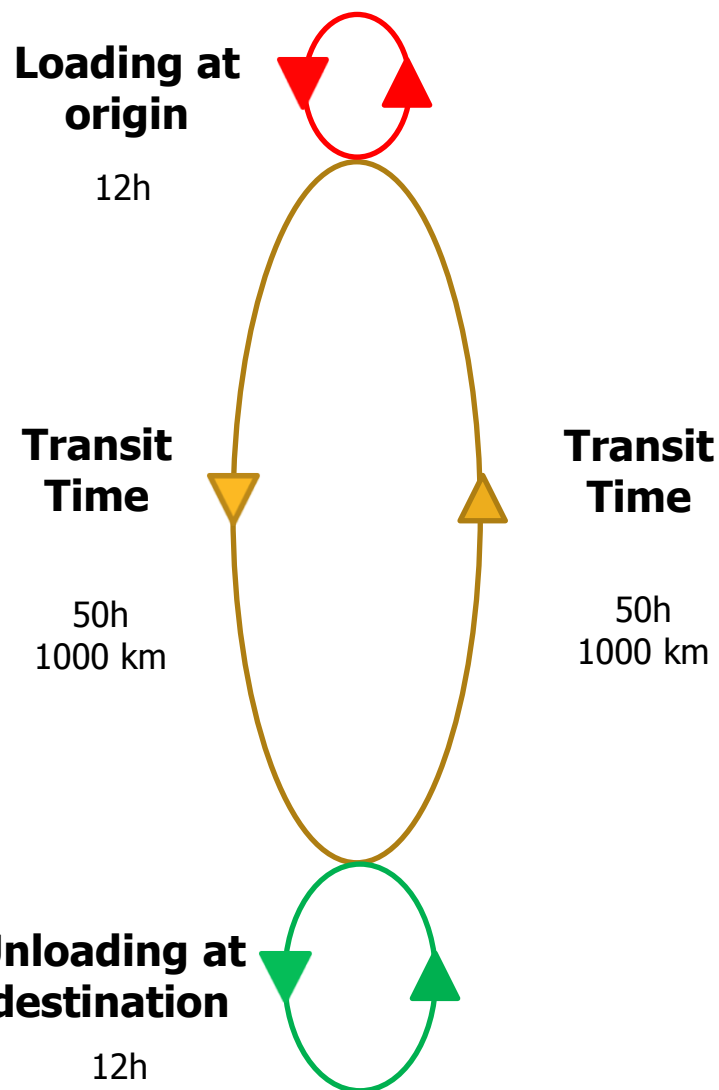
Reliability and Scale



Introduction – Institutional Presentation

Fleet

Train cycle = 124h = 5,2 dias



Unit train

3 locomotives



80 railcars



Illustrative

Cycle Capacity

$80 \text{ railc} \times 90 \text{ ton/railc} \times 1000 \text{ km} = 7200 \text{ KTKm}$

Annual Capacity

$7200 \text{ ton/cycle} \times 360/5,2 \text{ cycles/year}$
= 501.677 KTKm/year



Thank you

Comercial Quintella



MS

ESTADO DE SÃO PAULO

MG

RJ

PR



Loading



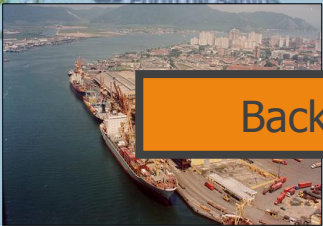
Transshipment



Waterway inland transport



Rail Transport



Back

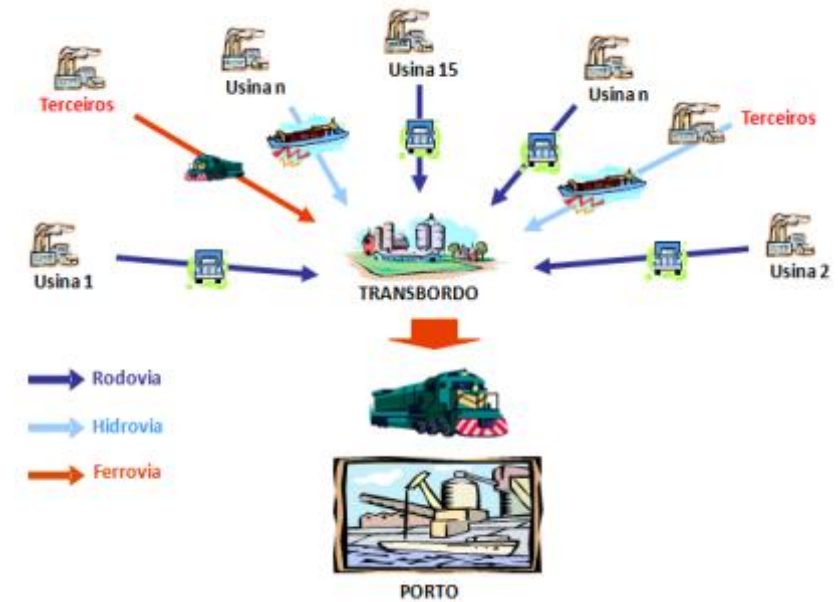
Rodovias Federais	Rodovias Estaduais	Ferrovias
Duplicadas	Duplicadas	Hidrovias
Em Duplicação	Em Duplicação	Portos
Pavimentadas	Pavimentadas	Aeroporto Intern.
Em Pavimentação	Em Pavimentação	Aeroporto Nac.
Implantadas	Implantadas	
Em Lito Natural	Em Lito Natural	
Planejadas	Planejadas	

Rumo Logística



Reordering logistics of sugar exports with significant cost reductions.

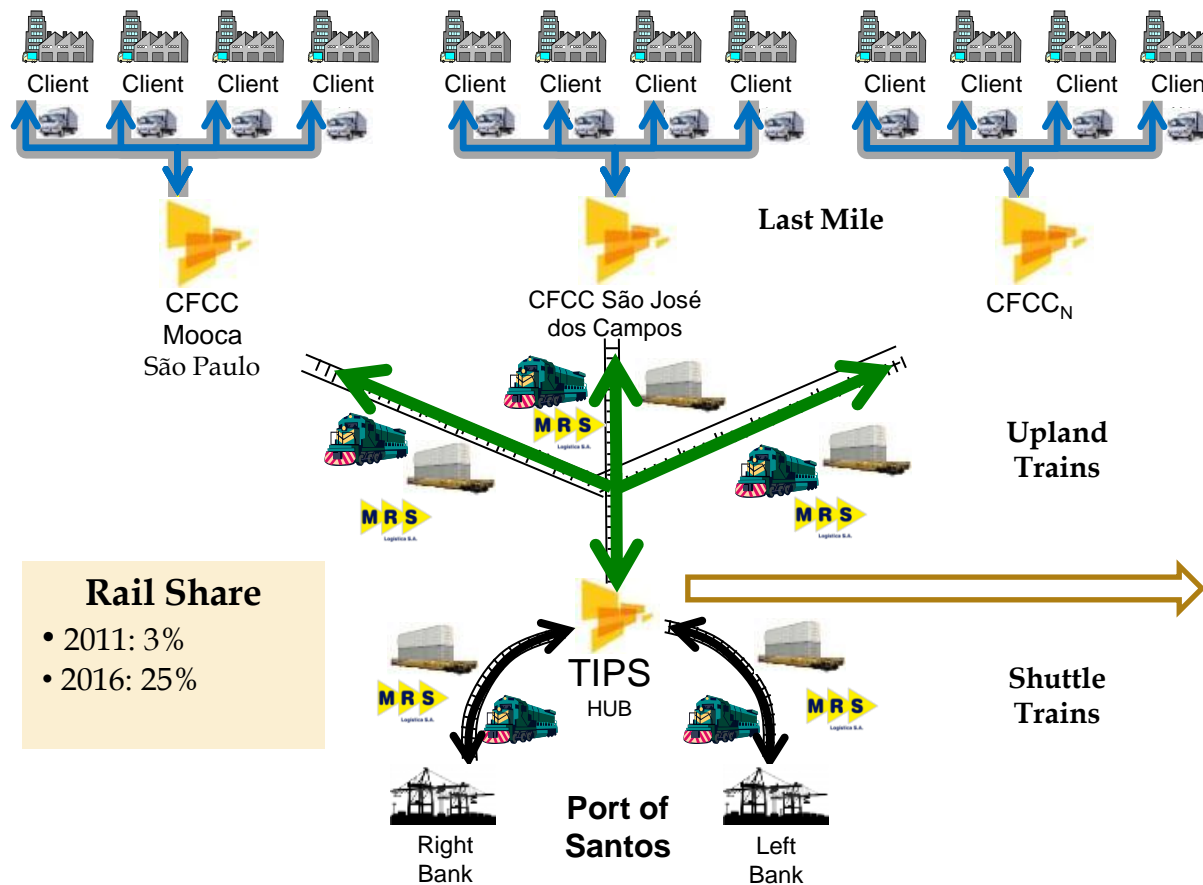
- Volume: 13 million tons/year;
- ALL/Rumo Logística Contract 17+30 years;
- Investment (CAPEX): R\$ 1,2 billion:
 - Rolling Stock R\$ 435 MM;
 - Permanent Way: R\$ 524MM;
 - Terminals: R\$ 314 MM.



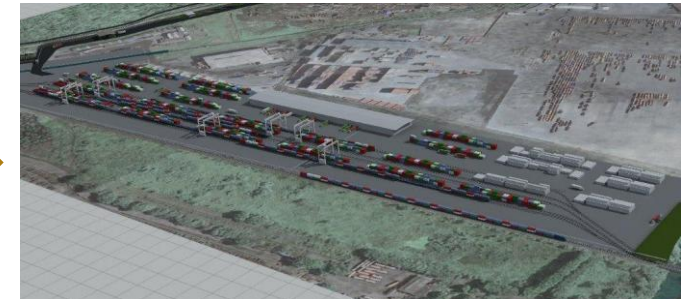
Contrail



"Door to door" logistics solution based upon a Hub in Santos Port Area (**TIPS - Intermodal Terminal of the Port of Santos**) and a network of intermodal facilities (**CFCC - Central Rail Cargo Consolidation**), linked by rail to the port of Santos, using **double-stack railcars**



Double Stack Rail Transport



TIPS - Port of Santos Rail HUB

Rail Share

- 2011: 3%
- 2016: 25%

Back

FIC=TAVBrasil



Investment Fund Structure, with financial resources for TAV Brasil HS Project and creation of other funds for real estate associated opportunities investments along Rio de Janeiro – São Paulo – Campinas HS Alignment



Back

TEVAL – Terminal Valongo



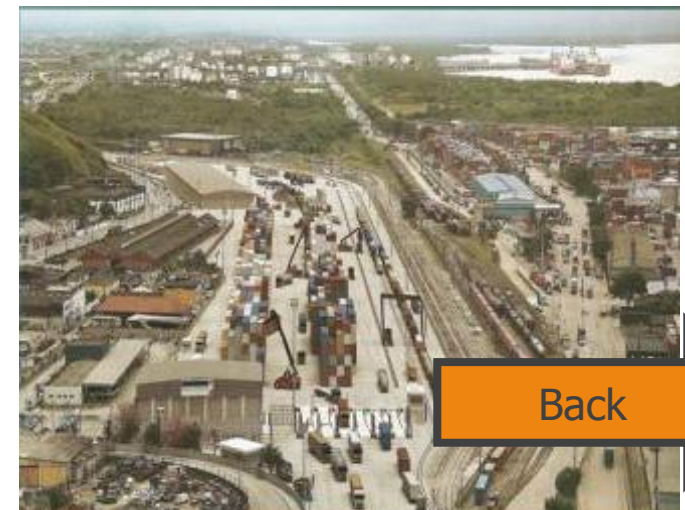
Intermodality in container and general cargo logistics, offering additional capacity to the Port of Santos

- Increase of logistic competitiveness and reliability;
- 140.000 m² area;
- Business Net Revenue of R\$ 280 million.

Before



After



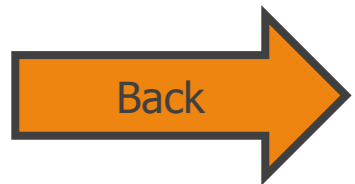
Back

Brasil Ferrovias Acquisition



Main Operational Synergies

- Biggest company on commodity logistic sector
- Logistic Operator for industrial cargo
- Optimized capital structure
- Professional Team
- Shareholders Stocks Liquidity
- Main financial figures combined



TEG – Terminal de Exportação do Guarujá



Increase of logistic competitiveness with TEG – Grains
Export Terminal at Santos Port with 48.000 m² area and
R\$ 220 million investments.



- Higher logistic chain **reliability**
- Long term growth on a sustainable basis
- Strategic Partnership with logistic operators

