

Argentina - Outperforming Expectations

With its GDP topping \$600bn, according to the World Bank, Argentina is one of the largest economies in the Americas. It is also one of the fastest-growing, having racked up 10.4% growth in 2021 and 5.2% in 2022, despite global headwinds.

"Against the forecasts of many, we have managed to meet the economic objectives that we had set for ourselves," said President Alberto Fernandez in his New Year address in 2023. "We are working on putting the fiscal accounts in order and we have managed to ensure that our deficit does not exceed the number we had programmed. We were able to do it in a booming economy that has allowed our gross domestic product to end up growing well above 5%. In the year that is ending we will have registered a record of investments and exports."

Fernandez added that employment in the private sector has grown by 4.1% since he came to office in 2019. The government plays an active role in supporting businesses, including SMEs, as Fernandez has emphasised.



Alberto Fernández
President of Argentina

The World Bank underlines Argentina's vast economic potential, including "extraordinarily fertile lands", lithium and gas reserves, and potential for renewable energy. The country is a major food producer with large-scale crop and livestock industries, and is one of the world's leading producers of agricultural goods including beef, soy, maize, and lemons. The Bank also notes particular potential in manufacturing and innovative services in high tech industries. Indeed, the government is targeting \$10bn in tech exports for 2023. The country is already Latin America's top software exporter, and has more than 40 software hubs and 500 software companies.

A 2017 "Law of Entrepreneurs" further strengthened Argentina's investment environment for start-ups. It created fast-track online registration for businesses, and established a fund for venture capital development while providing financial and technical assistance for 13 accelerators, including three focused on science-based ventures. The law also introduced new tax incentives for investors in start-ups and venture capital institutions, and enabled start-ups to sell equity and convertible notes via crowdfunding. Further reforms in 2022 strengthen incentives for investment in knowledge economy exports.

The growth of the tech industry, among others, speaks to Argentina's highly-educated, skilled workforce. Around 40% of the workforce has tertiary education, according to the OECD, and the government is committed to strengthening education, at the heart of its mission.

"Societal wealth no longer lies in silver, gold, oil or copper, or in soybeans or wheat, it lies in knowledge," Fernandez said. "We have to invest heavily in know-how, because that is where the wealth of the future lies."

Grupo Financiero Galicia

At the heart of Argentina's economy

"Endowed with extraordinary fertile lands, gas, and lithium reserves, and has great potential for renewable energy", in the World Bank's words, Argentina's economy has recovered more quickly from the covid-19 crisis than expected, growing by a remarkable 10.4% in 2021. In 2022 the GDP expanded more than 5% but due to a severe drought we are estimating a contraction for this year. With a GDP of around \$610bn, it is one of Latin America's biggest economies, and one of the most promising emerging markets globally. Growth is supported by banks that are "highly liquid and well capitalised", according to the Economist Intelligence Unit, despite macroeconomic headwinds including inflation. In the short term there are difficulties to overcome but the prospects for the medium term are impressive.

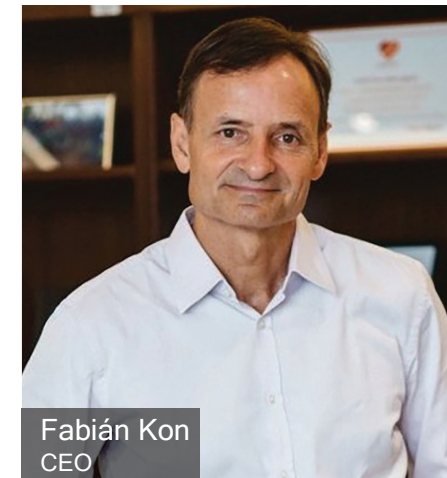
Grupo Financiero Galicia is one of the top players in the industry. The financial services holding company's largest business is Banco Galicia, the country's biggest private commercial bank. The bank ranks first in Argentina on its net promoter score - a measure of customer satisfaction and loyalty based on the likelihood of users of a service recommending it to others.

"Service quality is one of the main things that makes us the bank of choice," says Fabián Kon, Grupo Financiero Galicia's CEO. "Secondly, digitalisation - we provide everything in order for you and your business to operate quickly. Thirdly, geographical distribution - we are in every province and city in Argentina. If you come to do business in Argentina, Galicia is going to be in every part of the country no matter where you go; we reach our clients on a local level."

Banco Galicia was the first Argentinian bank to adopt fintech as a means of digital transformation, and continues to seek new areas of cooperation with fintechs as the financial sector changes with trends such as open banking, embracing the dynamism that has been unleashed. During the covid pandemic, the group accelerated its digitalisation, both internally and externally, including in client communications. Already, 99% of financial transactions are digital.

Grupo Financiero Galicia will leverage these strengths to continue to build its market share. It has developed a number of verticals to offer targeted services to growing sectors, including Nave, an offering for small shops and other commercial enterprises which allows them to collect payments from a wide range of payment types, including credit cards and e-wallets.

In agribusiness, Banco Galicia offers a vertical called Nera, which allows agricultural producers to finance all their needs for a growing season, with repayment after



Fabián Kon
CEO

the harvest; farmers are able to pay with their produce. By supporting Argentinian farmers, the bank is helping the country's broader socio-economic development.

"Agribusiness is the most dynamic sector in Argentina," says Kon. "It is an export-oriented sector that earns dollars for the country, and the Nera platform is growing very quickly."

Kon sees huge potential in a range of other sectors, including energy, oil and gas, lithium mining, and knowledge-intensive industries such as software development and financial services. The Galicia CEO says that Argentina can become a centre providing such services across the globe, given the right regulatory conditions.

Grupo Financiero Galicia will play a leading role in financing these developing industries, further diversifying its asset base. International investors can also participate in this growth story, as the group is listed on both the Buenos Aires Stock Exchange and the US-based Nasdaq. Kon says that everything is in place for Galicia to take advantage of the

huge untapped potential in financial services, including in underdeveloped products such as mortgages and long-term loans. Banco Galicia's strong brand will be a considerable advantage, as will its existing vast and loyal client base. So will the group's timeless values, which align ever more closely with the demands of modern consumers, businesses, and investors.

"We have a purpose as a company: to improve the day to day of more people in Argentina," says Kon. "Day to day our clients use Galicia to pay in a restaurant or send money to their kids; we're very much involved in our clients' everyday lives. Sustainability and the environment are also rooted in our values. We produce zero carbon, and we don't give credit to companies which are not environmentally responsible. And we have enormous participation in social activities in Argentina. During the pandemic we donated to more than 50 hospitals, and we have thousands of students attending university on Grupo Galicia scholarships."

The group's commitment to the communities in which it operates remains at the core of its business. As important, going forward, is its confidence in Argentina's future.

"We always argue that Argentina is a great place to come and invest," says Kon. "The financial sector in Argentina is attractive because it can be four, five, six times bigger than it is now, there's room to grow - and that's an opportunity. Globalisation is going to continue, and Argentina is a country that is open all the time. The business community is forward-looking. The conditions are here; the economy could grow at 4-5% annually in the coming years. There are going to be a lot of opportunities for value creation and business in Argentina."

GDM - The world's preferred choice for high yields

With a GDP of approximately USD 490 billion, according to the World Bank, Argentina is one of the largest economies in Latin America, with its vast natural resources, lithium reserves, and fertile lands indicating significant potential for future growth.

Argentina is amongst the world's leading food exporters and one of the largest soybean producers in Latin America. In 2019, Argentina's agricultural sector represented 6.1% of its GDP - double the global average - according to the OECD, and in October 2020, Argentina became the first country to approve the use of drought-resistant genetically modified wheat.

Founded in 1982, GDM is a multinational company focused on plant breeding and the world's leading supplier of soybean genetics. GDM's germplasm is responsible for about 40% of the global soybean production, and the company operates 15 breeding stations worldwide - 7 in Brazil, 4 in the USA, 3 in Argentina, and 1 in Europe.

"My father started the business in 1982, and when he retired in December 2021, I took over as CEO. Last year, we laid out concrete plans for what we want to do, step by step, going forward, and a new management methodology. This year, we're implementing them," says GDM's CEO, Ignacio Bartolomé. GDM currently occupies 40% of the global market share for soybean genetics and 70-80% of the market share in the larger South American countries.



Ignacio Bartolomé
CEO

Having cornered this market, GDM is now seeking to diversify into corn, sunflower, and wheat, backed by an extensive R&D focus - GDM reinvests 20% of its profits into R&D. Approximately 85% of GDM's business is

conducted overseas, and the company is eyeing further expansion into GMO-accepting countries. GDM's ongoing projects cover South Africa, China, the USA - with its high-yield soybean genetics brand, DONMARIO - and Europe. GDM also plans to open a sunflower breeding station in France. "Within ten years, at least half of GDM's business will be outside South America, and we're confident we can compete with the strongest international players. We have the talent, the resources, and the ambition," says Bartolomé.

GDM is looking for more global distributors for its products and is open to partnerships with breeding companies seeking to benefit from advanced technology, such as GDM's harness of CRISPR gene-editing technology. GDM can rapidly bring new technologies to market, and its alignment with sustainability and the alternative meat and biofuel markets makes it the ideal candidate for collaboration. In 2022, GDM became the first company to obtain approval in South America for a drought-tolerant gene-edited soybean and has since launched the digital biology company Traitology to focus on gene discovery.

For Bartolomé, GDM's success highlights Argentina as one of the world's most accessible places to grow produce. "Argentina is one of the most untapped countries in the world and has the potential to be one of the fastest-growing countries in the world," he says.

