



República Oriental del Uruguay

Investor Presentation

February 2025





Uruguay at a Glance



REPÚBLICA ORIENTAL DEL URUGUAY	
POPULATION (MILLION PEOPLE)	3.5
TOTAL SURFACE (Km ²)	176,215
GDP (BILLIONS OF USD, 2024)*	80.34
GDP PER CAPITA (USD, 2024)*	22,957
LIFE EXPECTANCY (YEARS)	78.3
ADULT LITERACY RATE (%)	99.1

Sources: IMG, Central Bank of Uruguay, National Statistics Institute, Panamerican Health Organization.







(*) Preliminary. Data for 2024 is based on the estimated nominal GDP for 2024Q4. Official annual figures for GDP for 2024 will be released by the Central Bank in March 2025.

Foundations of Economic Policy, Political Stability and Social Cohesion



- Track-record of institutional stability and orderly government transitions, reflecting the broadly cohesive nature of Uruguay's political class.
- High levels of social spending and a broad social safety net.
- Predictable and prudent macroeconomic framework with fiscally-responsible policies.
- Effective monetary policy that has brought down inflation and anchored inflation expectations.
- Market-friendly and attractive destination for foreign direct investment.
- Advances in impactful structural reforms focused on increasing potential growth and ensuring fiscal solvency.

Standing in LatAm Rankings

 <p>#1</p> <p>Political Stability ⁽¹⁾</p>	 <p>#1</p> <p>Democratic Strength ⁽²⁾</p>
 <p>#1</p> <p>Rule of Law ⁽³⁾</p>	 <p>#1</p> <p>Social Mobility ⁽⁴⁾</p>
 <p>#1</p> <p>Civil Liberties ⁽⁵⁾</p>	 <p>#1</p> <p>Lowest Corruption ⁽⁶⁾</p>

Sources: (1) Worldwide Governance Indicators, World Bank 2023; (2) Economist Intelligence Unit, 2023; (3) World Justice Project, 2024; (4) World Economic Forum, 2022; (5) Freedom House, 2023; (6) Transparency International, 2023.

Structure of Uruguay's Total Exports in 2024



Composition of Exports of Goods and Services⁽¹⁾
(In % of total)



(1) Source : Uruguay XXI based on the National Customs and Free Zones Directorate and the Central Bank of Uruguay.

Key Credit Updates



1

Economic activity rebounded in 2024, and real GDP is expected to grow above trend in 2025.

2

After four consecutive years of meeting the three pillars of the Fiscal Rule, 2024 marks the first year in which two of the pillars were not achieved.

3

Faster than expected disinflation in 2024, reverting inflation to the target band.

4

Lower current account deficit amid more subdued FDI inflows, and large international reserve buffers.

5

The Government has passed structural and fiscally conservative reforms, including on the social security system.

6

Resilient sovereign debt structure and conservative debt management strategies.

7

Uruguay is among the top performers on ESG fundamentals across EM countries and has the lowest country risk in LATAM.

1

Economic activity rebounded in 2024, and real GDP is expected to grow above trend in 2025

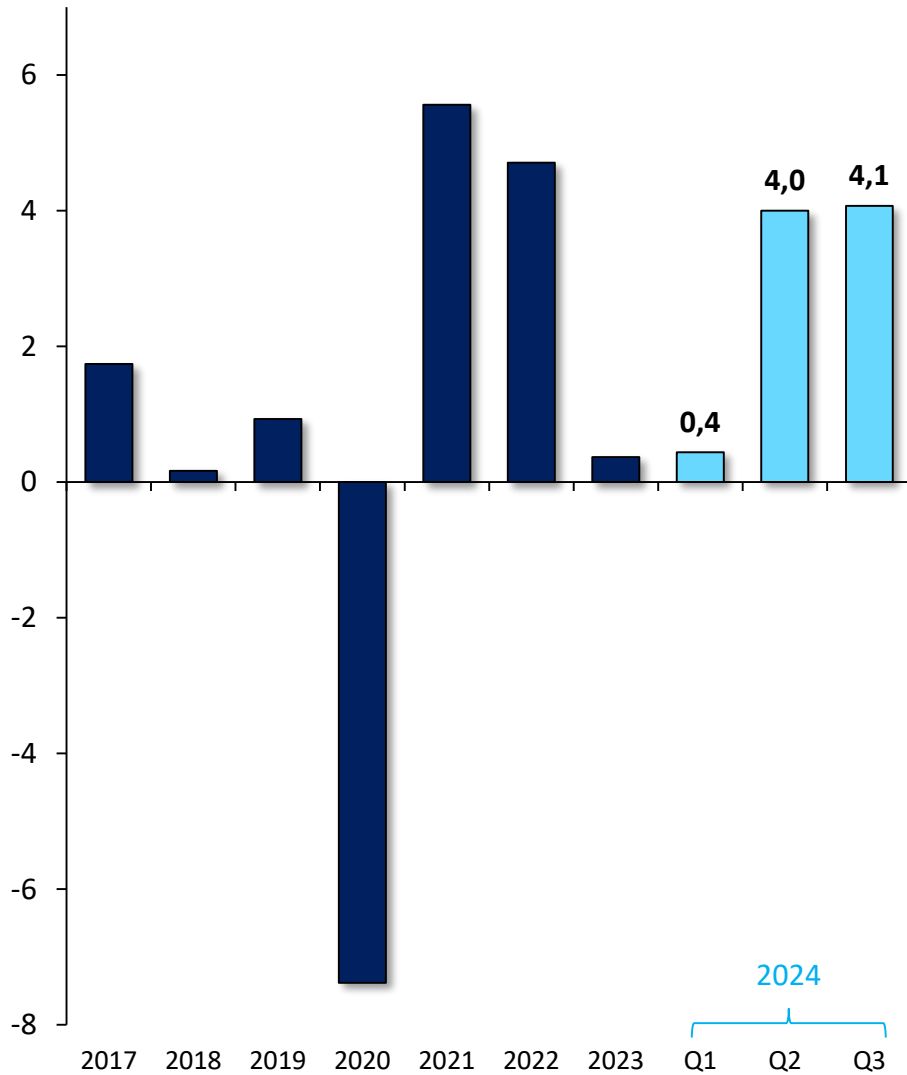


After a severe drought in 2023, economic activity rebounded in 2024 driven by electricity generation, industrial production and tourism activity.



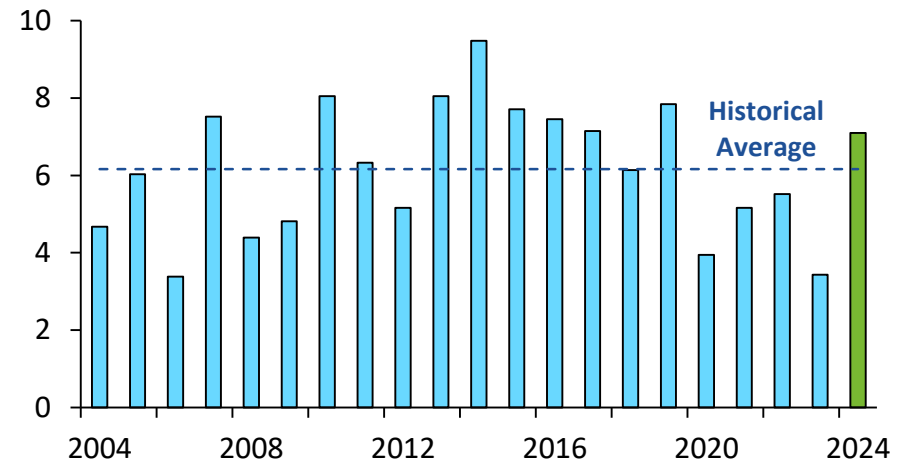
Annual real GDP change ⁽¹⁾

(YoY, in %)



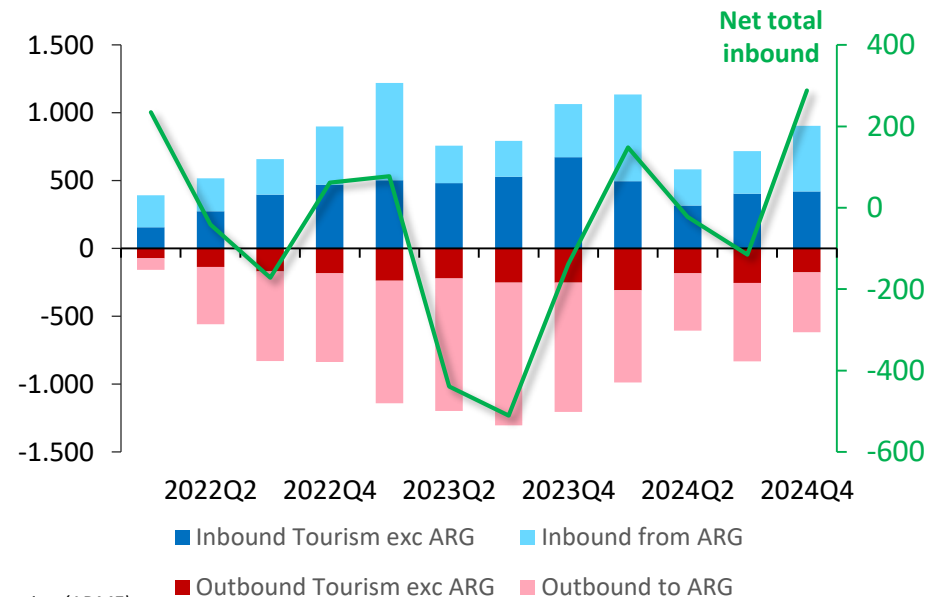
Uruguay's hydraulic electricity generation ⁽²⁾

(in thousands of GWh, annual)



Net Tourism Flows ⁽³⁾

(in thousands of tourists, quarterly)



(1) Source: Central Bank of Uruguay.

(2) Source: National Administration of Power Plants and Electrical Transmissions (UTE) and Uruguayan Electric Market Administration (ADME). The historical average was calculated for the period 2004-2024.

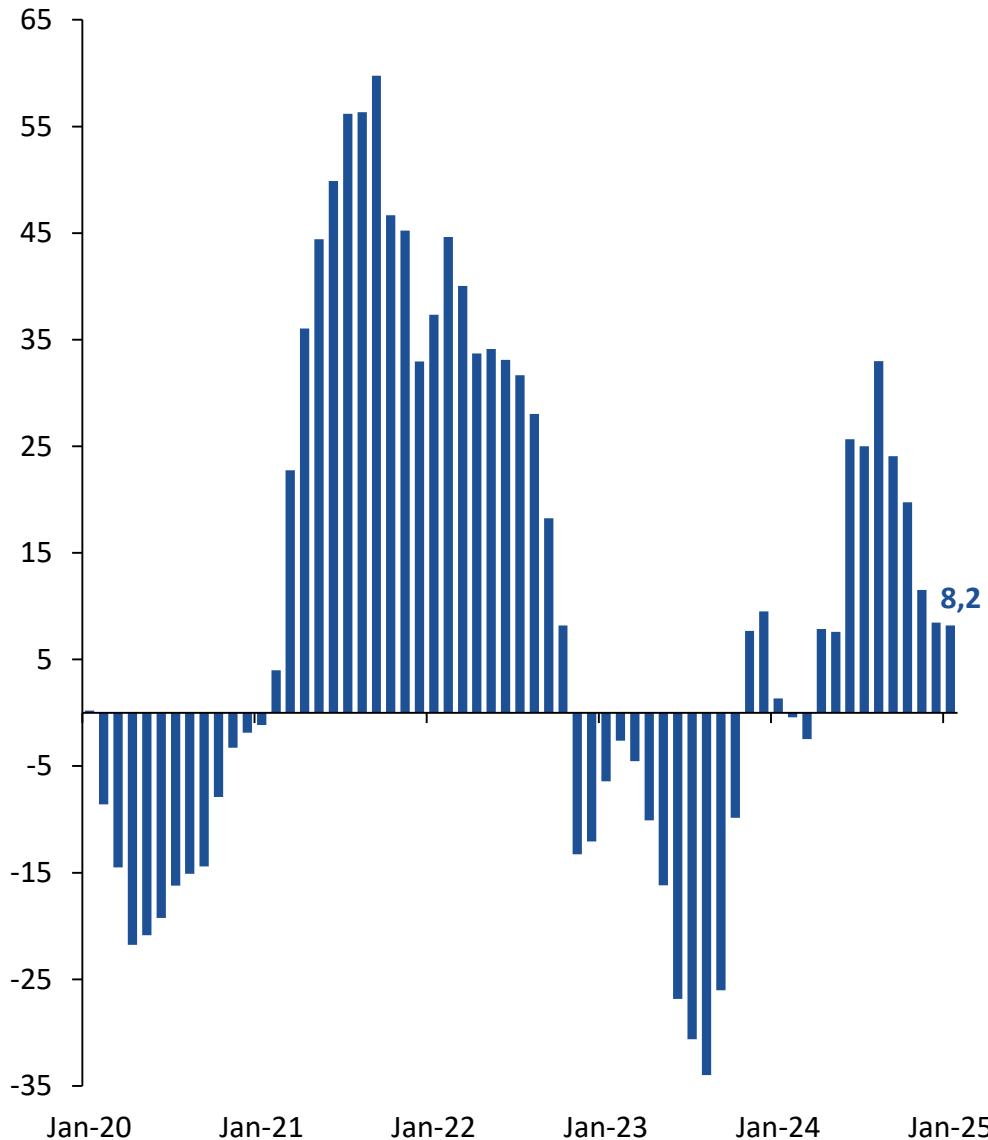
(3) Source: Ministry of Tourism.

In parallel, the normalization of agricultural production and the recovery in exported goods also boosted overall economic activity in 2024.



Value of exported goods ⁽¹⁾

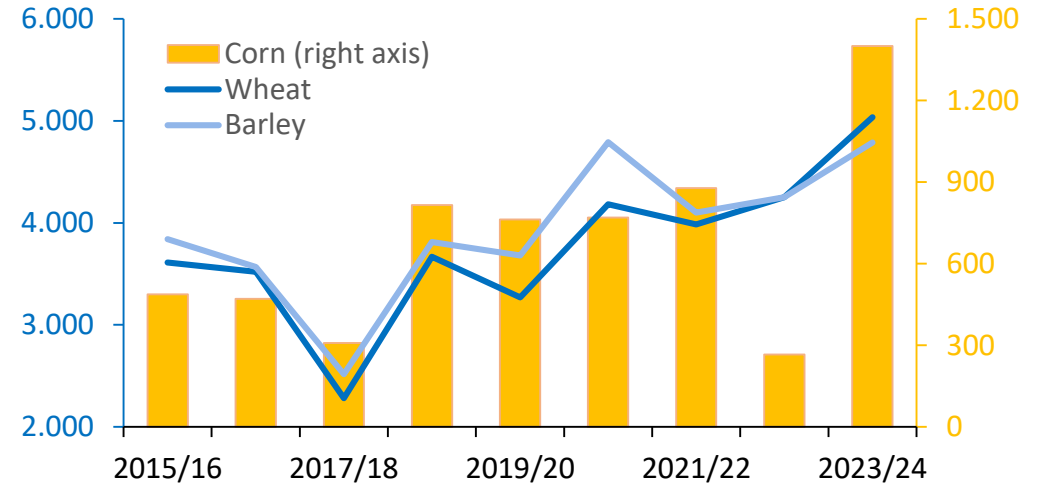
(Three-month moving average of YoY change, in %)



Winter crops ⁽²⁾

Yield (Kg/Ha)

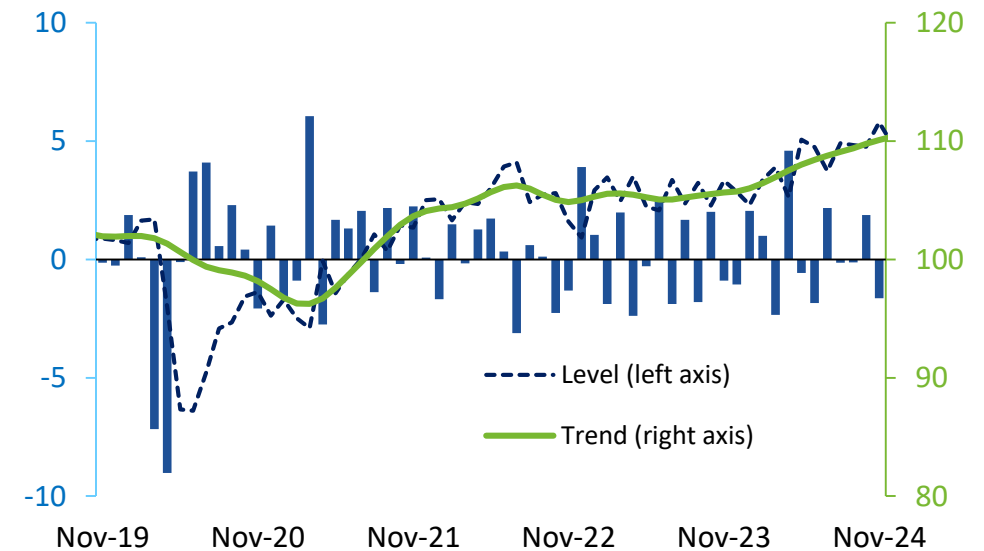
Production (in thousands of Tons)



Monthly Economic Activity Indicator ⁽³⁾

(in seasonally adjusted terms)

MoM, in %



(1) Source: Uruguay XXI. Includes exports from Free Trade Zones.

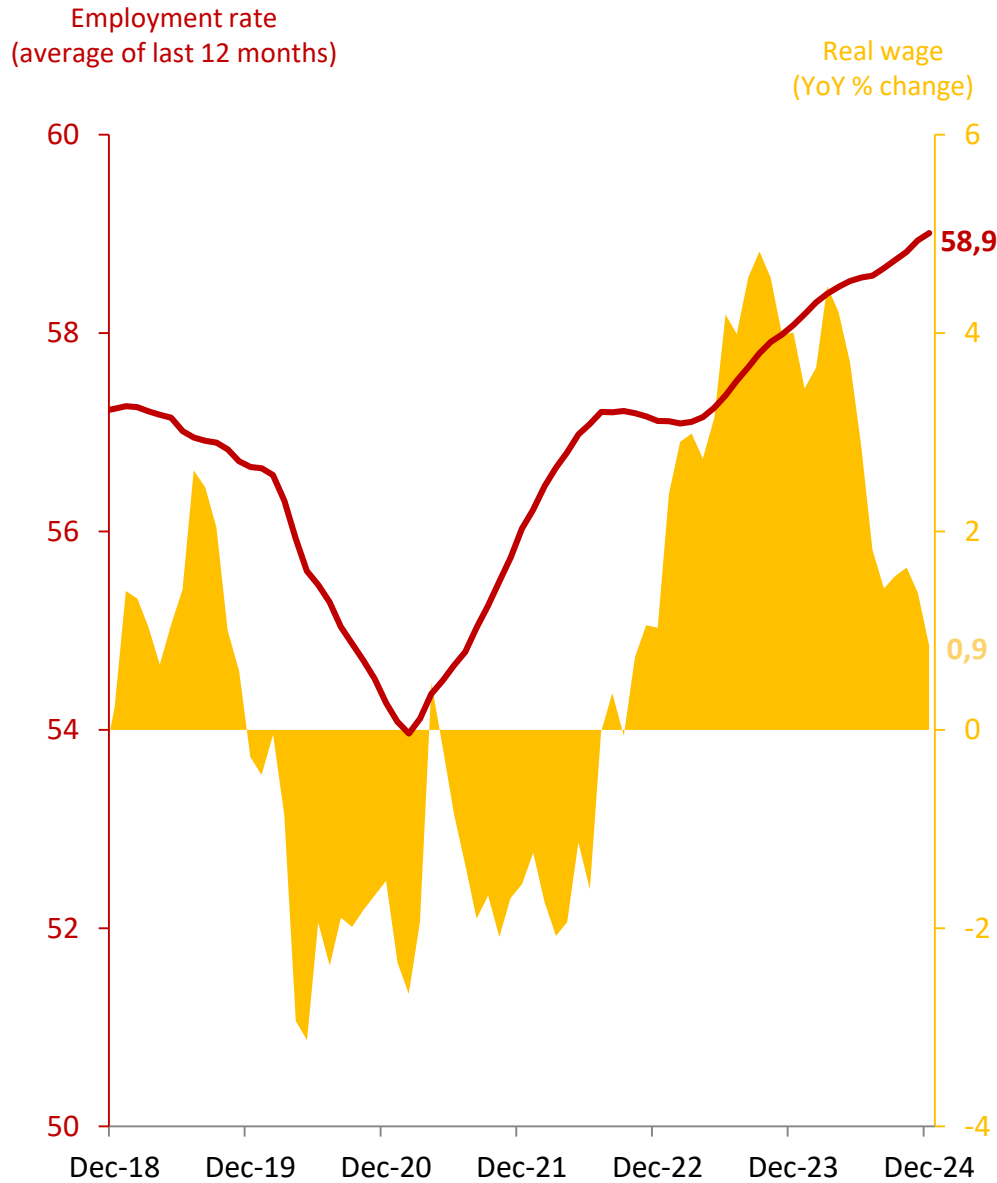
(2) Source: Agricultural Statistics Office (DIEA) of the Ministry of Livestock, Agriculture and Fisheries.

(3) Source: Central Bank of Uruguay.

A strong labor market, reflected in an upturn in real income growth and employment, are expected to continue to power private consumption and consumer confidence, with smaller leakages to Argentina.

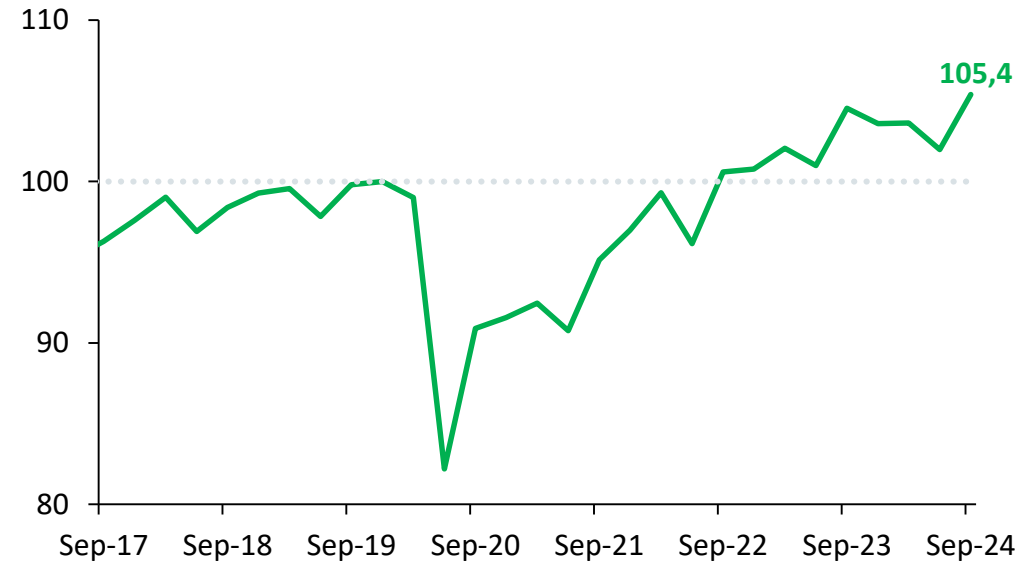


Employment and real wages ⁽¹⁾

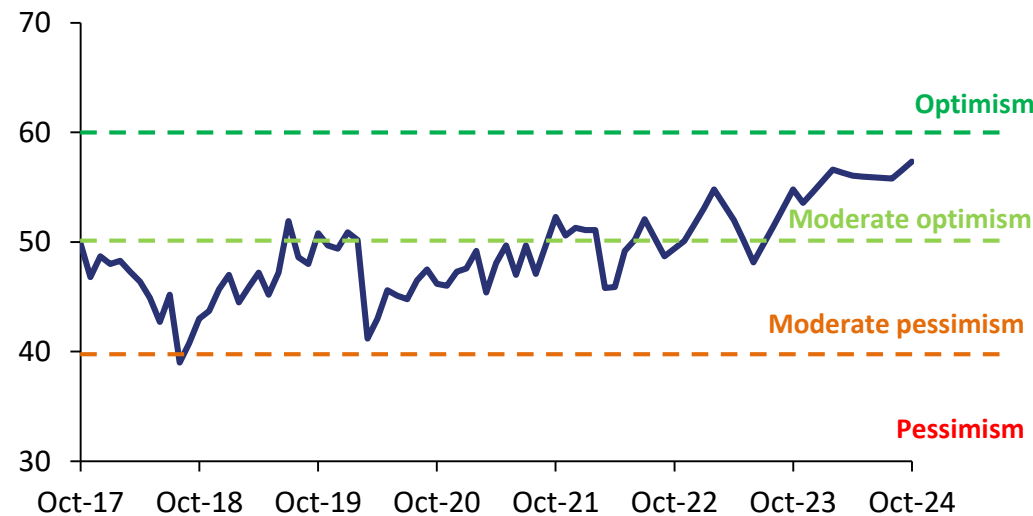


Household consumption ⁽²⁾

(Index base 2019 Q4 = 100)



Consumer confidence index ⁽³⁾



(1) Source: National Institute of Statistics.

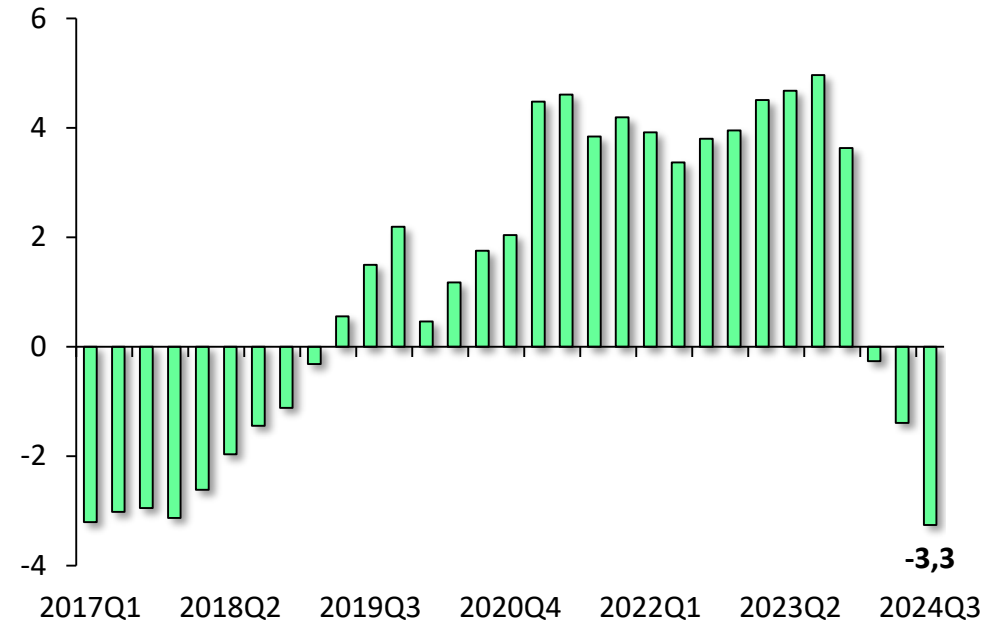
(2) Source: Central Bank of Uruguay.

(3) Source: Equipos Consultores.

After a strong increase in FDI inflows through 2023, there was a marked reversal in 2024 tied to cross-border financial flows between affiliate companies; the business environment remains strong and conducive to domestic and foreign investment.

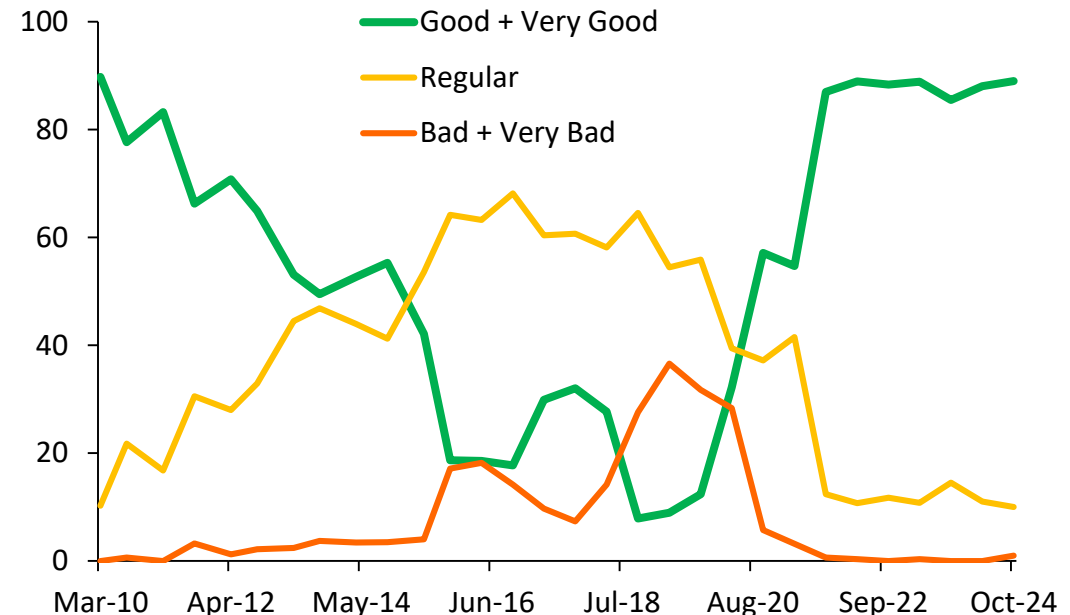


FDI net capital inflows (1)
(Rolling 4-quarters, in % of GDP)



- Starting in 2024Q1, resident subsidiary companies significantly reduced their stock of financial liabilities with their parent and/or companies abroad within the same economic group.
- These cross-border financial flows between related companies are registered in the FDI statistics of the Balance of Payments. In this case, it is reflected as lower gross FDI inflows into Uruguay. For more information, please see the latest quarterly BOP *report of the Central Bank* [here](#) (in Spanish).

Assessment of Business Environment in Uruguay (2)
(In % of total answers)



- In December 2024, **ANCAP** signed an MoU with **HIF Global** to implement an ambitious green H2 and synthetic fuels project in Paysandú. The intended investment, estimated at USD 6 billion, aims at producing 700,000 tons per year of renewable fuels.
- In August 2024, **Google**, announced the construction of a **Data Center** in Canelones. This project, which is expected to be completed in 2027, will represent an estimated investment of approximately USD 850 million.

(1) Source: Central Bank of Uruguay.

(2) Source: EXANTE Consultancy.

After four consecutive years of meeting the three fiscal pillars, 2024 marks the first year in which two of them were not achieved

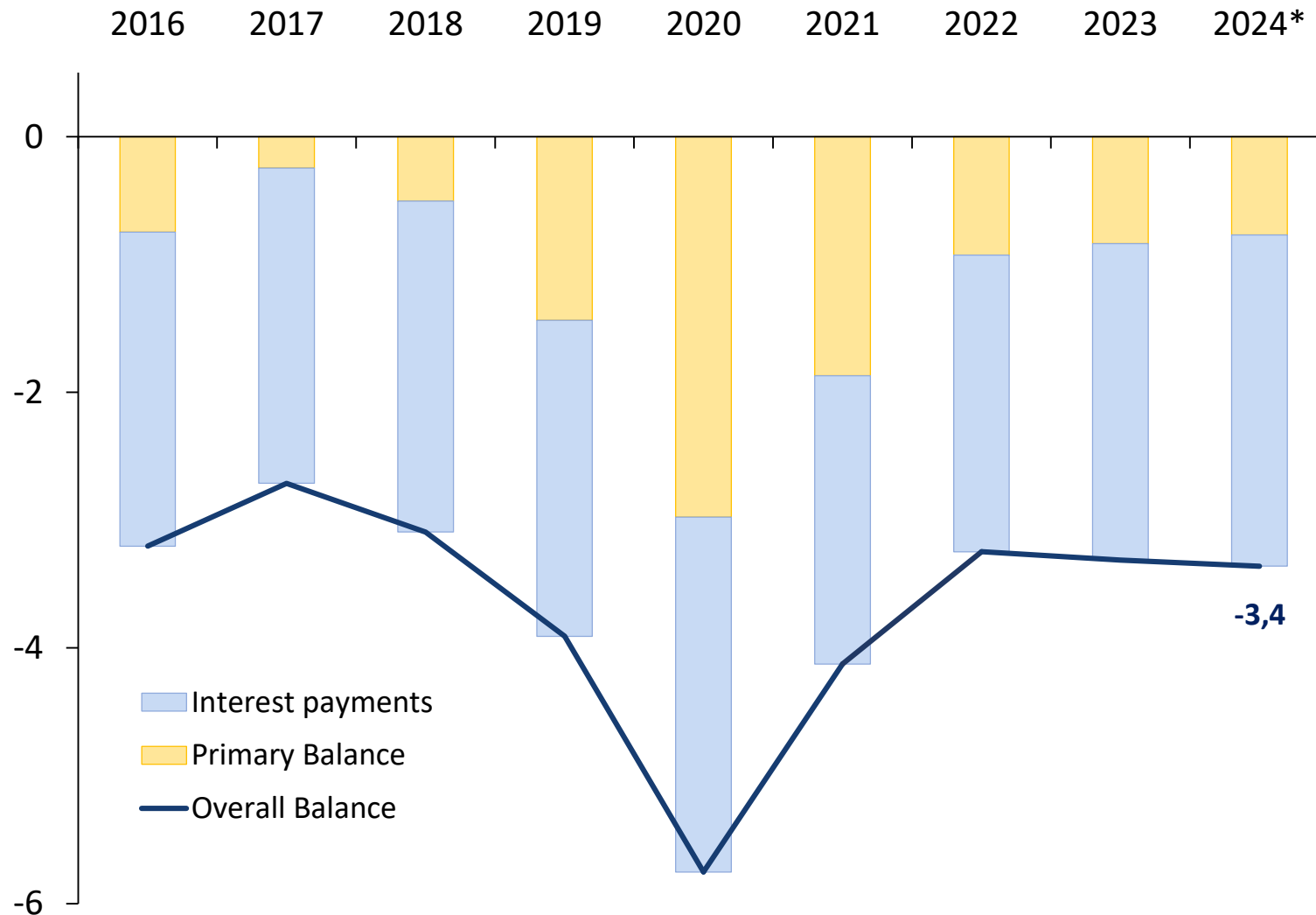


The headline fiscal deficit for 2024 was broadly in line with the latest projection in the Annual Budget Review.



Central Government's headline fiscal balance ⁽¹⁾

(In % of GDP)



(1) Source: Ministry of Economy and Finance of Uruguay and Central Bank of Uruguay. Does not include extraordinary inflows to the Social Security Trust Fund.

(*) Preliminary. Data for 2024 is based on the estimated nominal GDP for 2024Q4. Official annual figures for GDP for 2024 will be released by the Central Bank in March 2025.

In the first four years of the current administration (2020 to 2023), the three pillars of the Fiscal Rule were achieved.



Indicative target on structural fiscal balance, to account for business cycle fluctuations and one-off/temporary spending and revenue items.

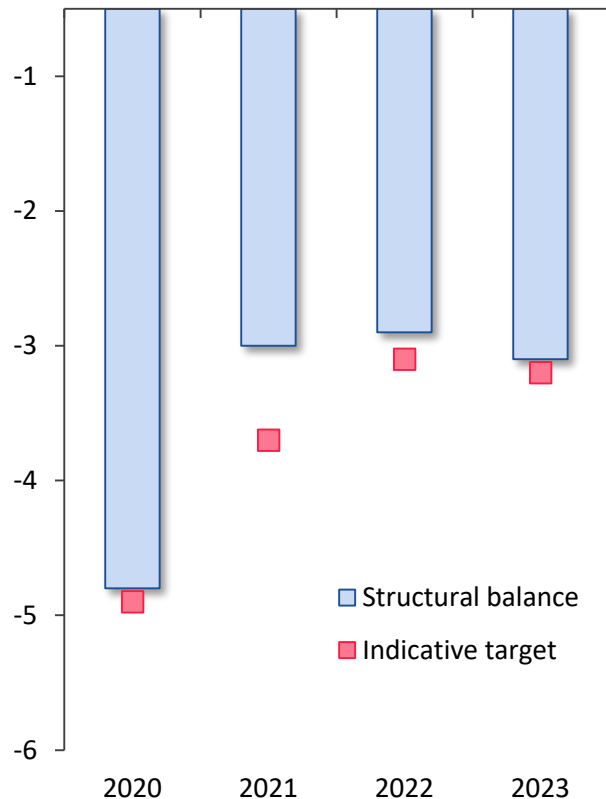


Indicative target cap on real growth in primary expenditure in line with estimated potential real GDP growth

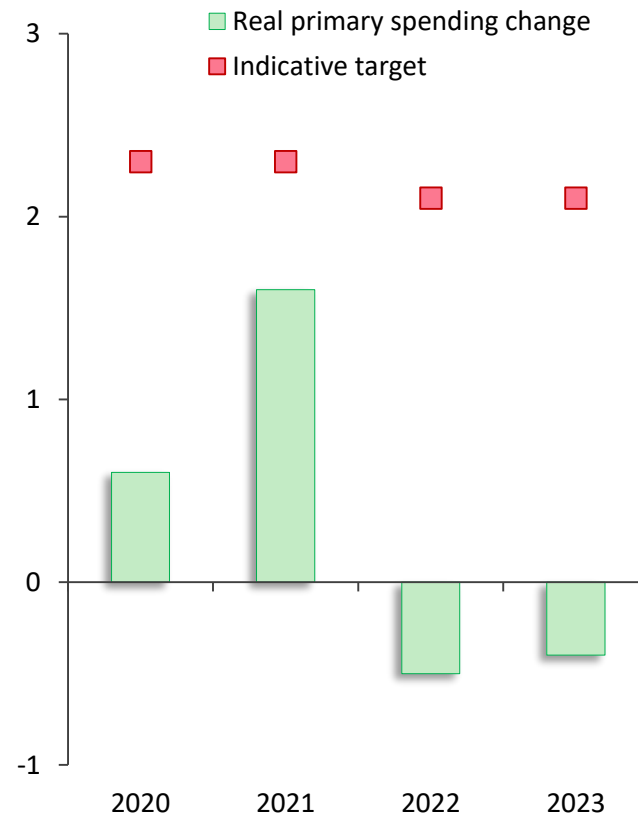


Legally binding maximum level of annual net indebtedness in dollar amount.

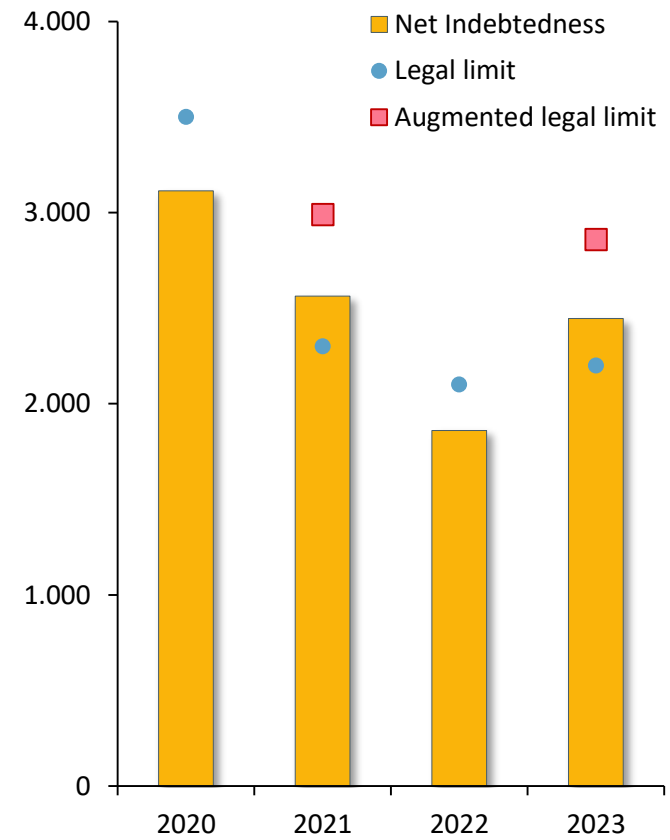
Structural balance ^{(1) (2)}
(In % of GDP)



Primary spending
(Annual real change, in %)



Net indebtedness ⁽³⁾
(USD mm)



Source: Ministry of Economy and Finance of Uruguay, based on targets set in the annual Accountability Law approved by Congress in 2023.





(1) Structural balance refers to the fiscal outcome adjusted for fiscal items impacted by economic cycle fluctuations and one-off/temporary spending and/or revenues. The ratio to GDP is calculated using the nominal GDP series and forecast for 2023 by MEF as of end-February 2024 and submitted to the Fiscal Advisory Committee (FAC), at the time of evaluating the achievement of the pillar of the fiscal rule (see [Report on the Calculation of the Structural Result as of February 29th, 2024](#)). The annual GDP number for 2023 was officially published by the Central Bank by end-March 2024, which included revisions to the historical series from 2018 onwards.

(2) Historical series of structural balance were revised and corrected retrospectively from 2023, standardizing criteria.

(3) For 2023, the legal net indebtedness cap was increased from USD 2,200 million to USD 2,860 million invoking the use of the legal escape clause in the fiscal rule, due to the water deficit emergency. Government Net Indebtedness is defined as gross indebtedness (bond market issuance and disbursed loans) net of amortizations of market debt and loans, and the change in Central Government's financial assets, during the fiscal year.

A significant change in relative prices and lower-than-expected inflation led to lower nominal tax revenues and higher expenditures in real terms, making it difficult to attain the indicative targets in 2024.



	 Targets	Actual Values for 2024⁽⁴⁾
 Structural fiscal deficit <i>(percent of GDP)⁽¹⁾</i>	2.9%	3.7%^(*)
 Change in primary expenditure <i>(annual real percent change)⁽²⁾</i>	2.8%	4.7%
 Legal limit on maximum annual Government Net Indebtedness⁽³⁾	2,990 MM USD⁽⁵⁾	2,644 MM USD

Source: Ministry of Economy and Finance of Uruguay.

(*) Preliminary. Data for 2024 is based on the estimated nominal GDP for 2024Q4. Official annual figures for GDP for 2024 will be released by the Central Bank in March 2025.

(1) Structural balance refers to the fiscal outcome adjusted for fiscal items impacted by economic cycle fluctuations and one-off/temporary spending and/or revenues.

(2) Potential real GDP growth rate for 2024 (i.e., the indicative cap for real primary spending growth) is estimated at 2.8% by the independent Committee of Experts.

(3) Government Net Indebtedness is defined as gross indebtedness (bond market issuance and disbursed loans) net of amortizations of market debt and loans, and the change in Central Government's financial assets, during the fiscal year.

(4) On February 18th, 2025, the Ministry of Economy and Finance presented the Fiscal Report corresponding to the fiscal year 2024 (see [here](#), available in Spanish).

(5) The Government invoked the legal safeguard clause in December 2024, increasing the limit by up 30% (from USD 2.3 billion to USD 2.99 billion).

Significant deceleration of inflation, which has reverted to the target band, and contained inflation expectations



Monetary policy focused on reducing inflation and anchoring inflation expectations within the target band



I

Commitment to lower inflation as overriding objective

II

Short-term interest rate as policy instrument under inflation targeting regime

III

Enhanced transparency in communication

IV

Free-floating exchange rate

V

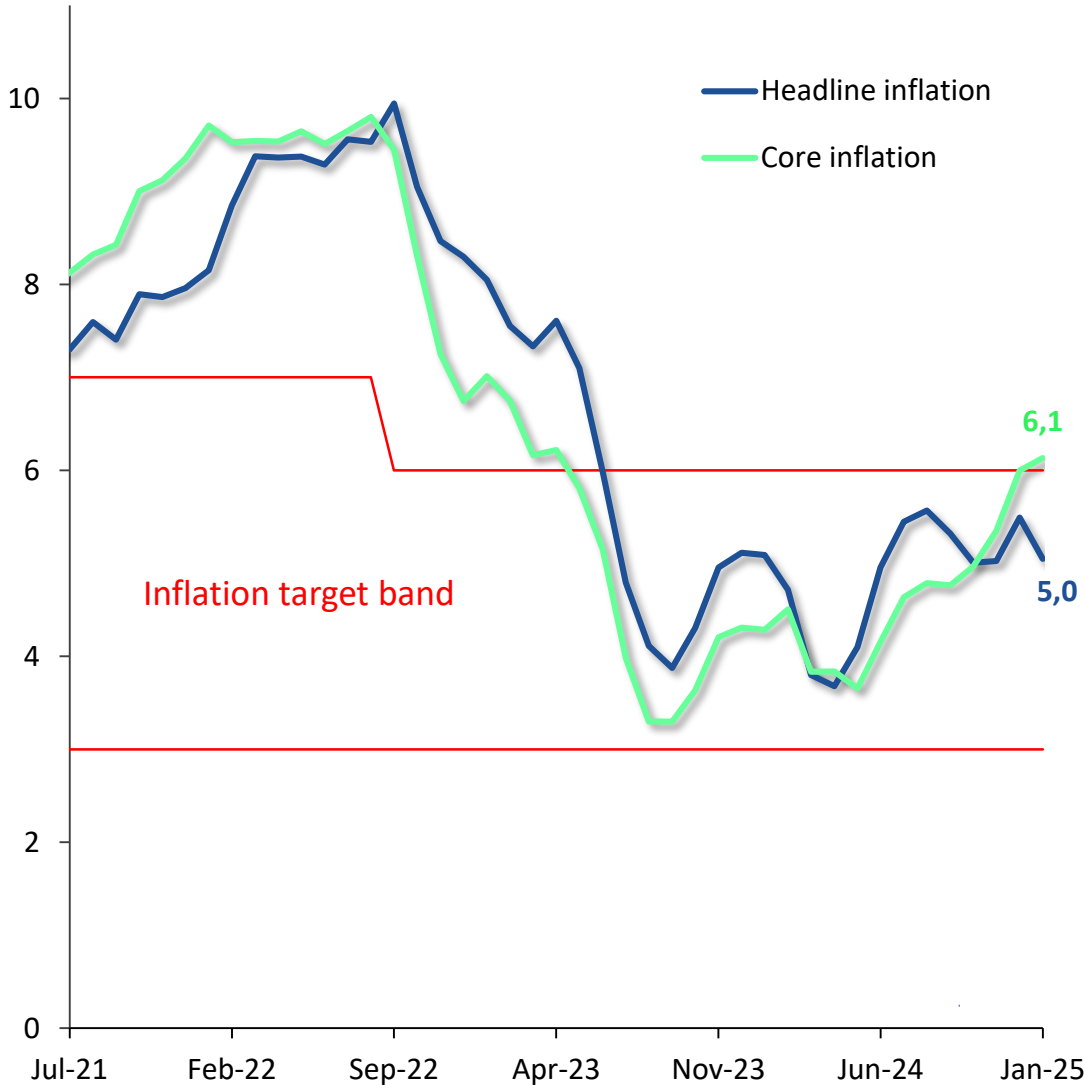
Policies for financial de-dollarization

In January 2025 headline inflation remained within the target range for the twentieth consecutive month, yet core inflation slightly exceeded the target ceiling.



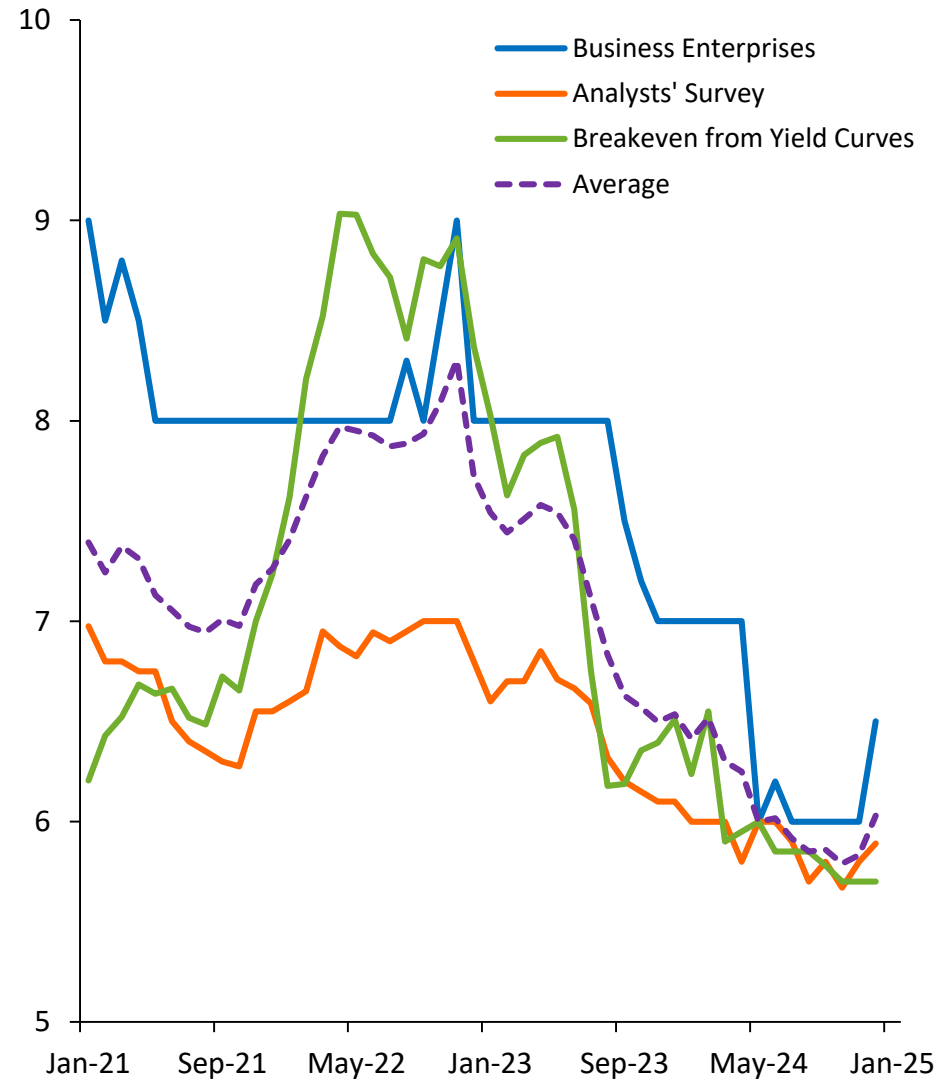
Headline and Core inflation ⁽¹⁾

(YoY, in %)



Inflation expectations ⁽²⁾

(24-month ahead, median, in %)



(1) Source: National Institute of Statistics and Central Bank of Uruguay

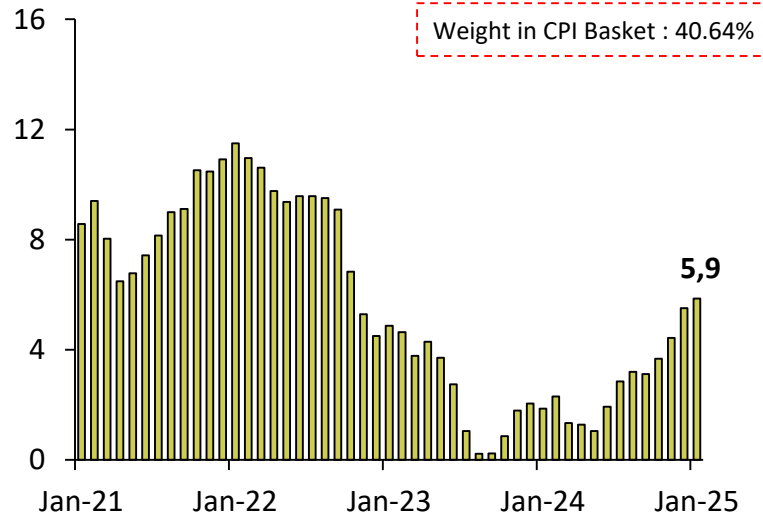
(2) Source: Central Bank of Uruguay and National Institute of Statistics.

The recent peso depreciation has led to a rise in tradable inflation component, while non-tradable prices remained stable.



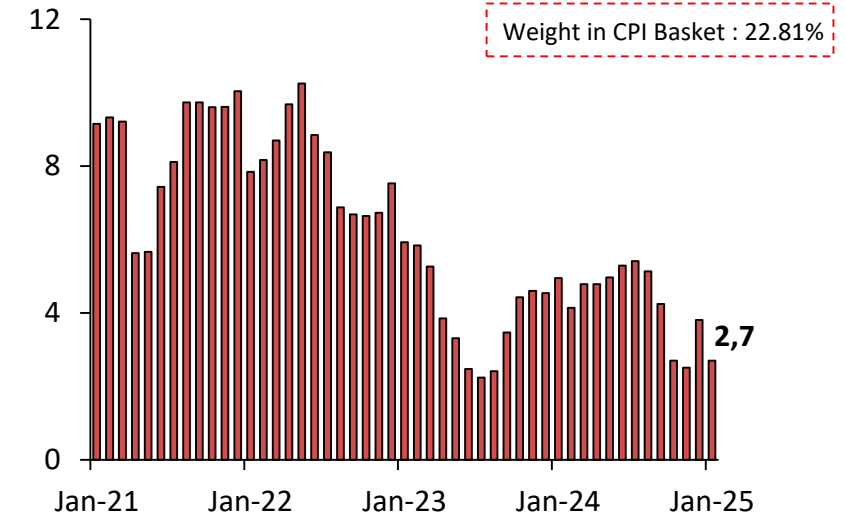
Tradable inflation ⁽¹⁾

(YoY, in %)



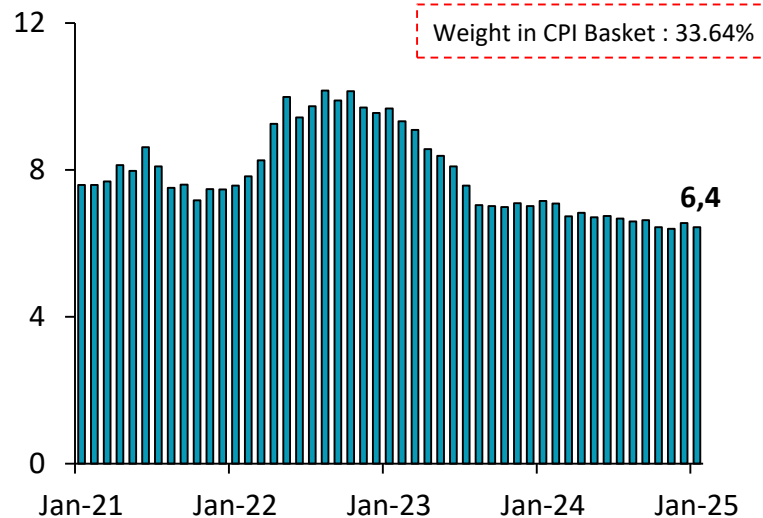
Administered prices inflation ⁽¹⁾

(YoY, in %)



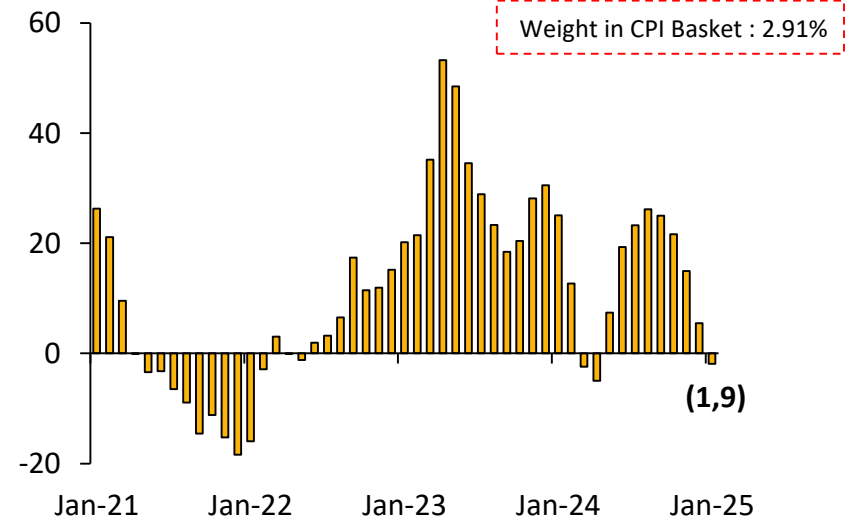
Non-tradable inflation ⁽¹⁾

(YoY, in %)



Fruits and vegetables inflation ⁽¹⁾

(YoY, in %)

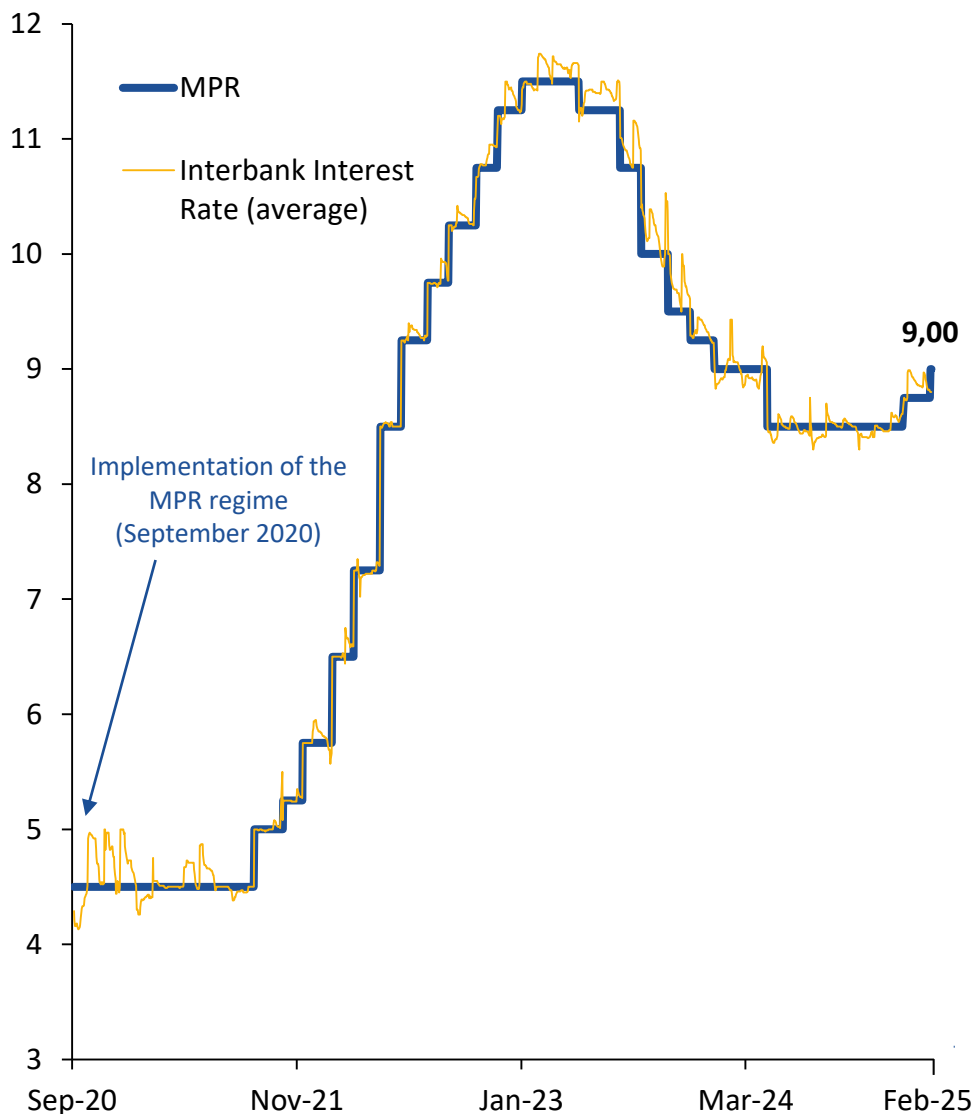


(1) Source: Central Bank of Uruguay.

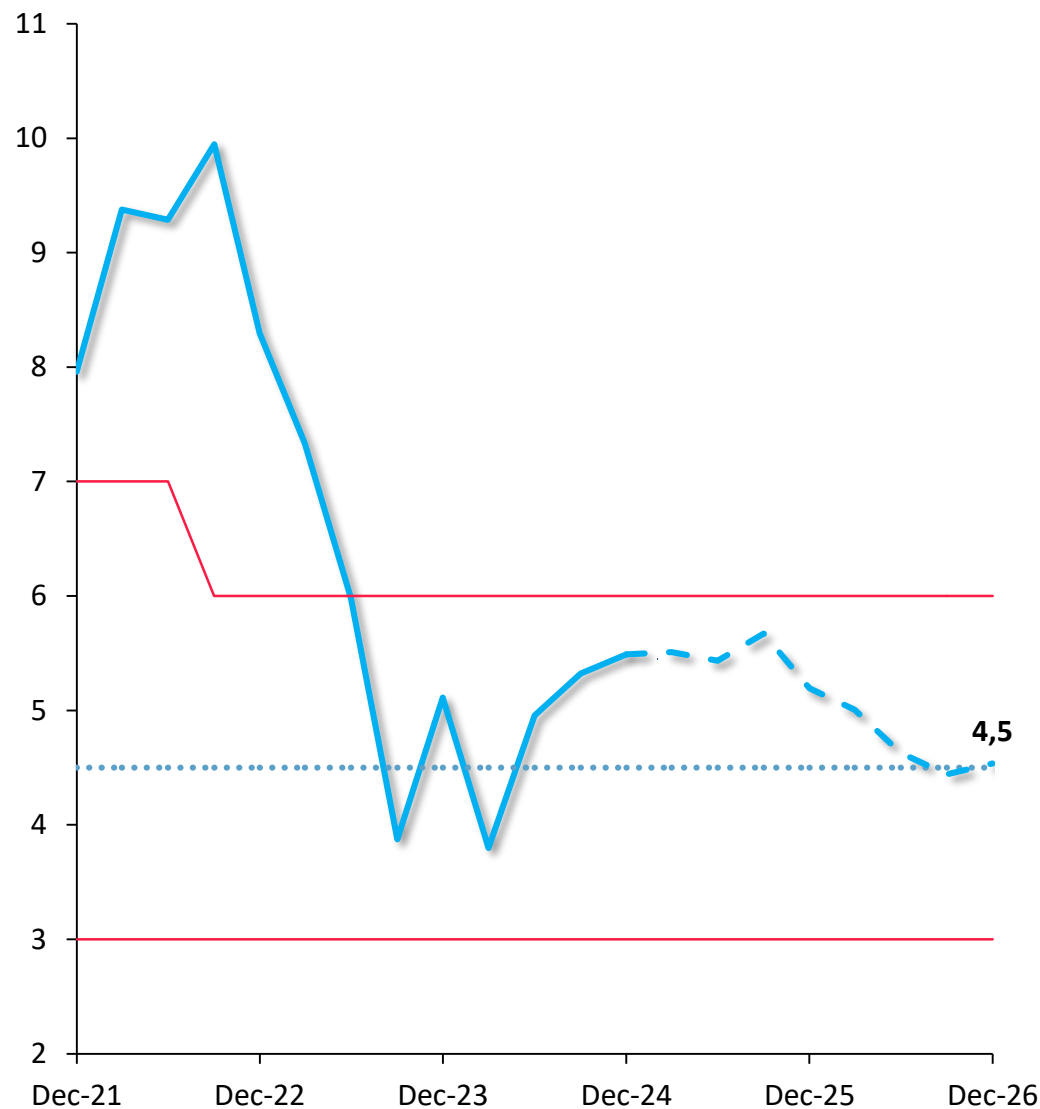
Central Bank reacted by hiking the reference rate by a total of 50bps (in December 2024 and February 2025) to 9.00%; projected inflation path within target band over the forecast horizon.



Monetary Policy Rate (MPR) and interbank interest rate (1)
(In %)



Central Bank's projected inflation path (2)
(YoY in %, quarterly frequency)



(1) Source: Central Bank of Uruguay. Before September 2020, the monetary policy instrument was growth in M1 monetary aggregate.

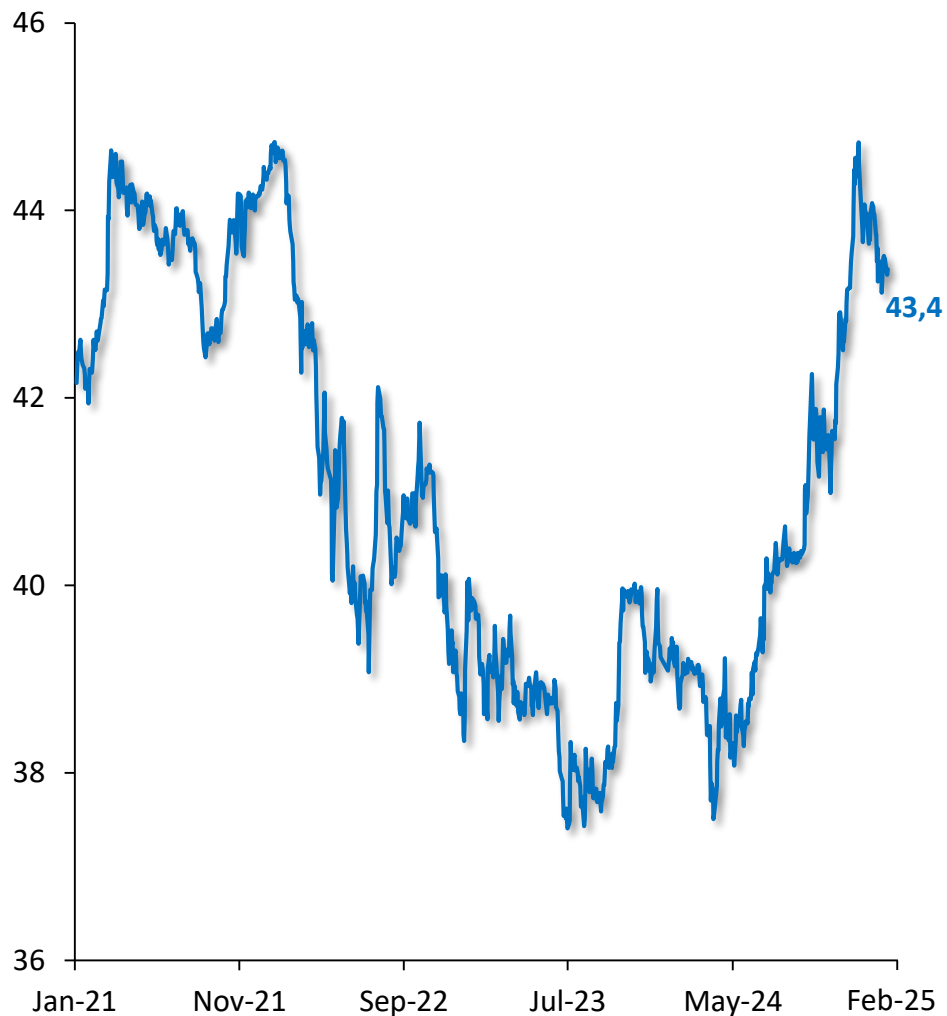
(2) Source: Central Bank of Uruguay.

Exchange rate flexibility continues to help the economy adjust to evolving regional and global conditions.



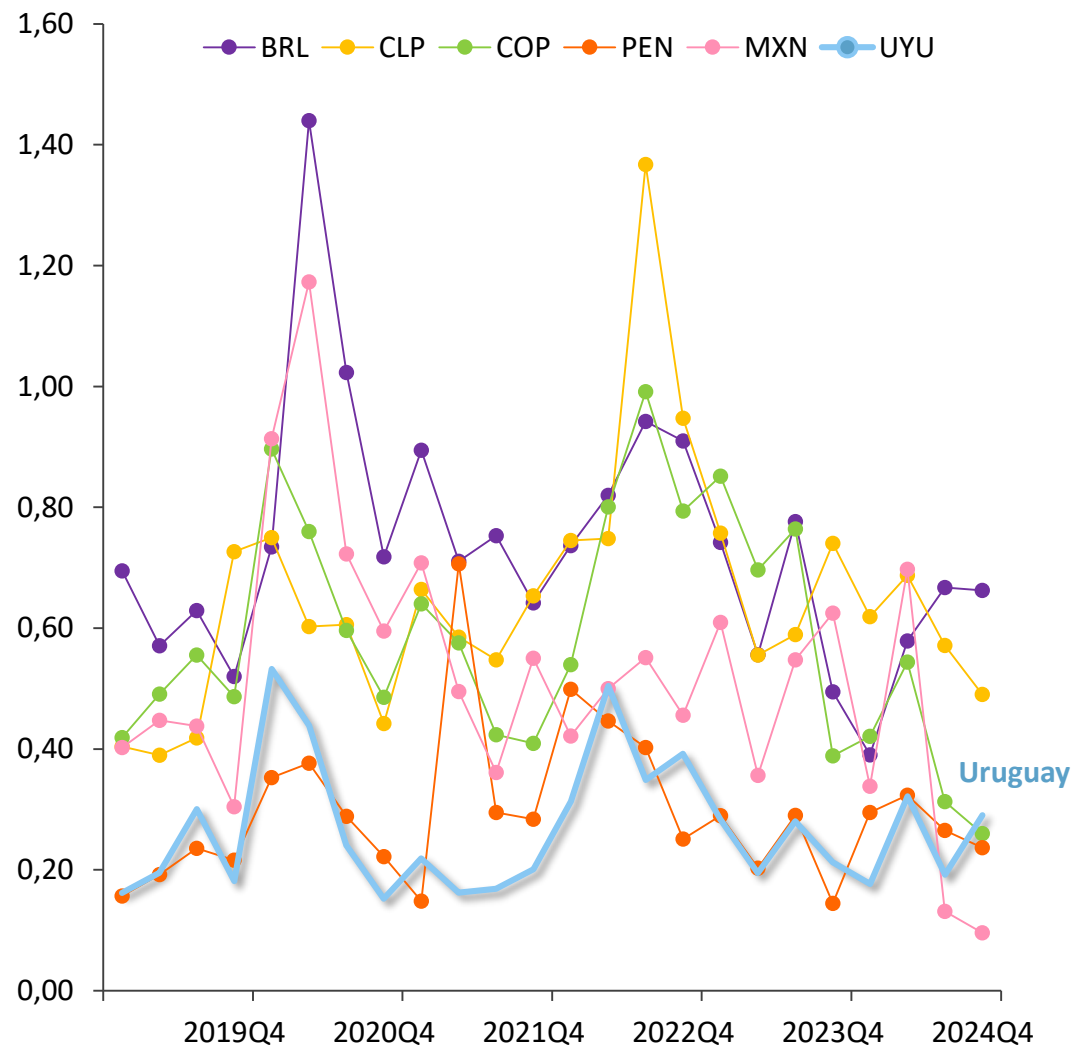
Nominal exchange rate ⁽¹⁾

(Uruguayan pesos per dollar, daily, as of February 12th, 2025)



Nominal exchange volatility in LatAm ⁽²⁾

(Quarterly average of the absolute value of daily percent changes)



(1) Source: Central Bank of Uruguay.

(2) Source: MEF calculations based on Bloomberg. Regional and country specific information is as aggregated or reported, as applicable. Each such country information may be calculated differently and aggregated by each respective source using various methodologies. Accordingly, this comparison is for illustrative purposes only and we do not purport assert that the above information is actually comparable.

Lower current account deficit amid more subdued FDI inflows, and large international reserve buffers

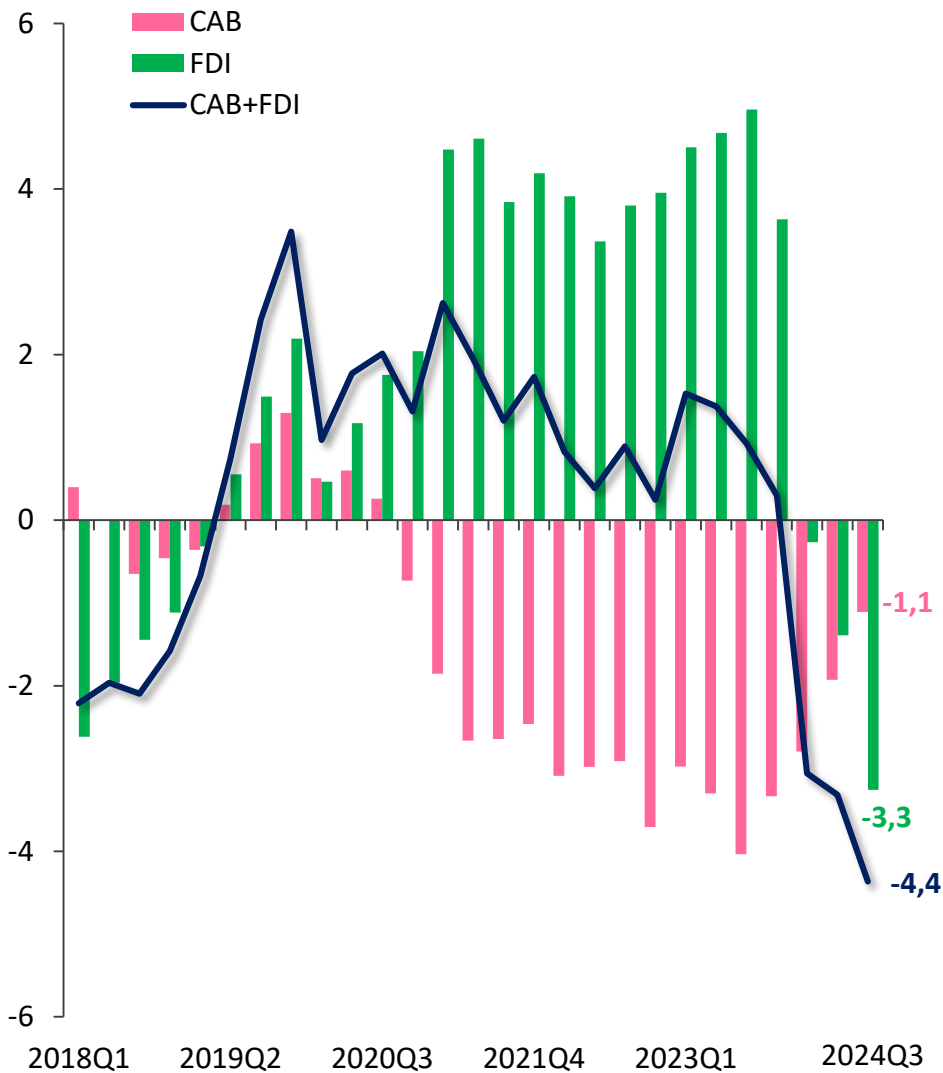


Lower current account deficit amid improving trade balance and subdued FDI inflows.



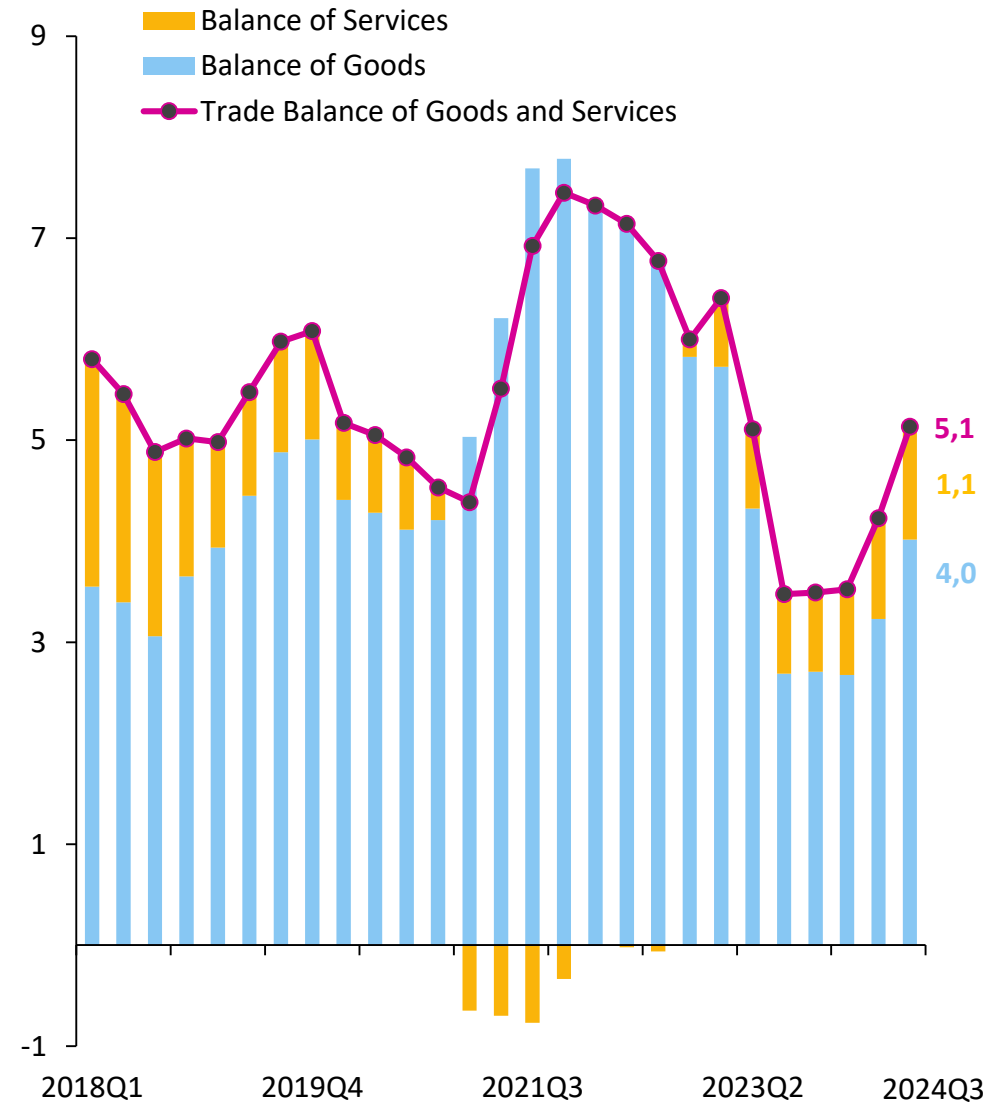
Current account balance and FDI ⁽¹⁾

(Rolling 4-quarters, in % of GDP)



Goods and services balances ⁽¹⁾

(Rolling 4-quarters, in % of GDP)



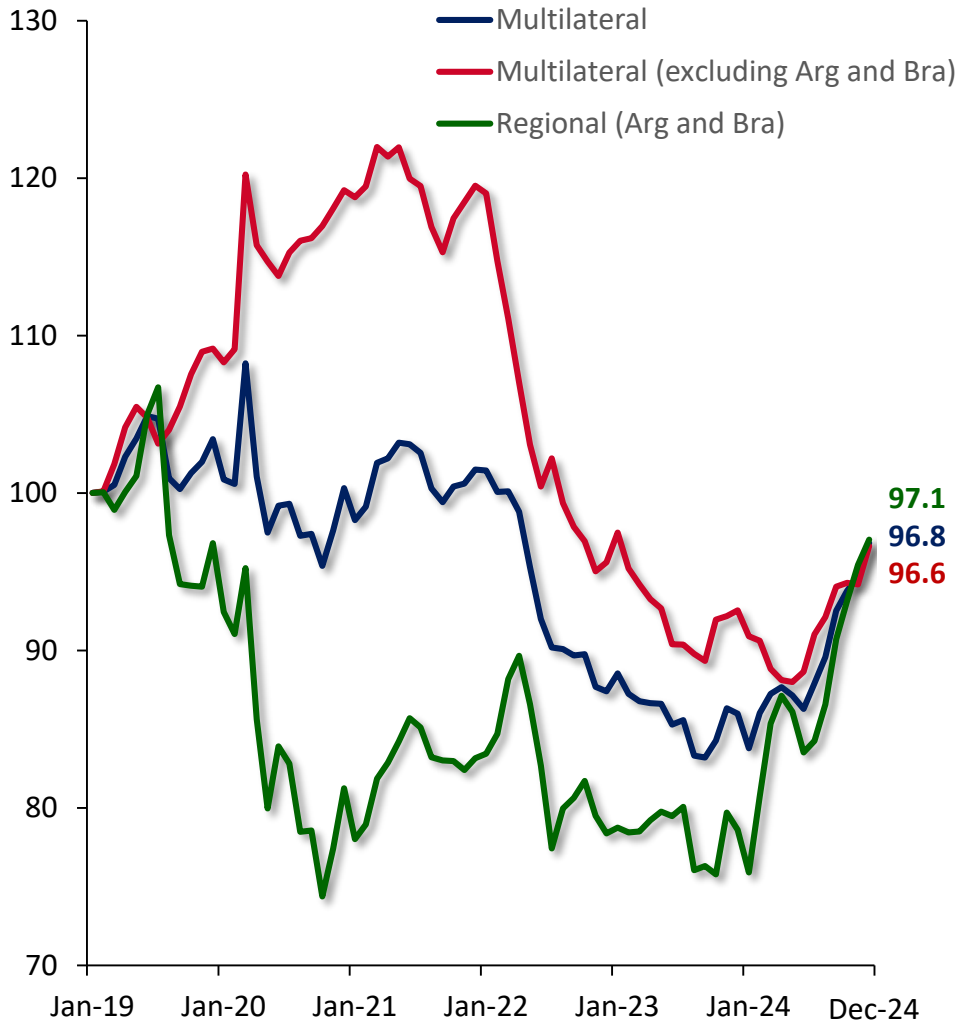
(1) Source: Central Bank of Uruguay.

Changes in relative prices increased competitiveness in the last quarter of 2024, in particular with the region. Large international reserve buffers are a significant external backstop.



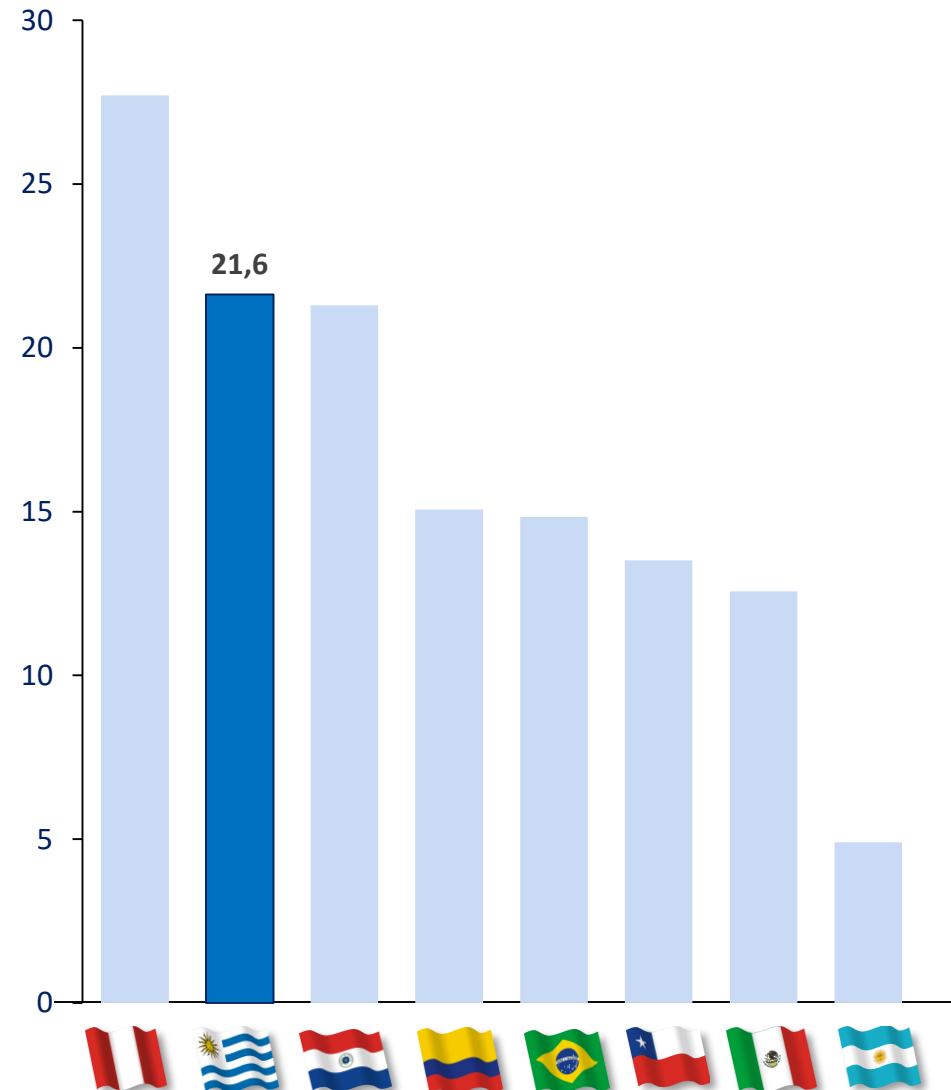
Real Effective Exchange Rate of Uruguay ⁽¹⁾

(Index base 100 = Jan 2019)



International reserves in Latam ⁽²⁾

(In % of GDP, as of end of December 2024)



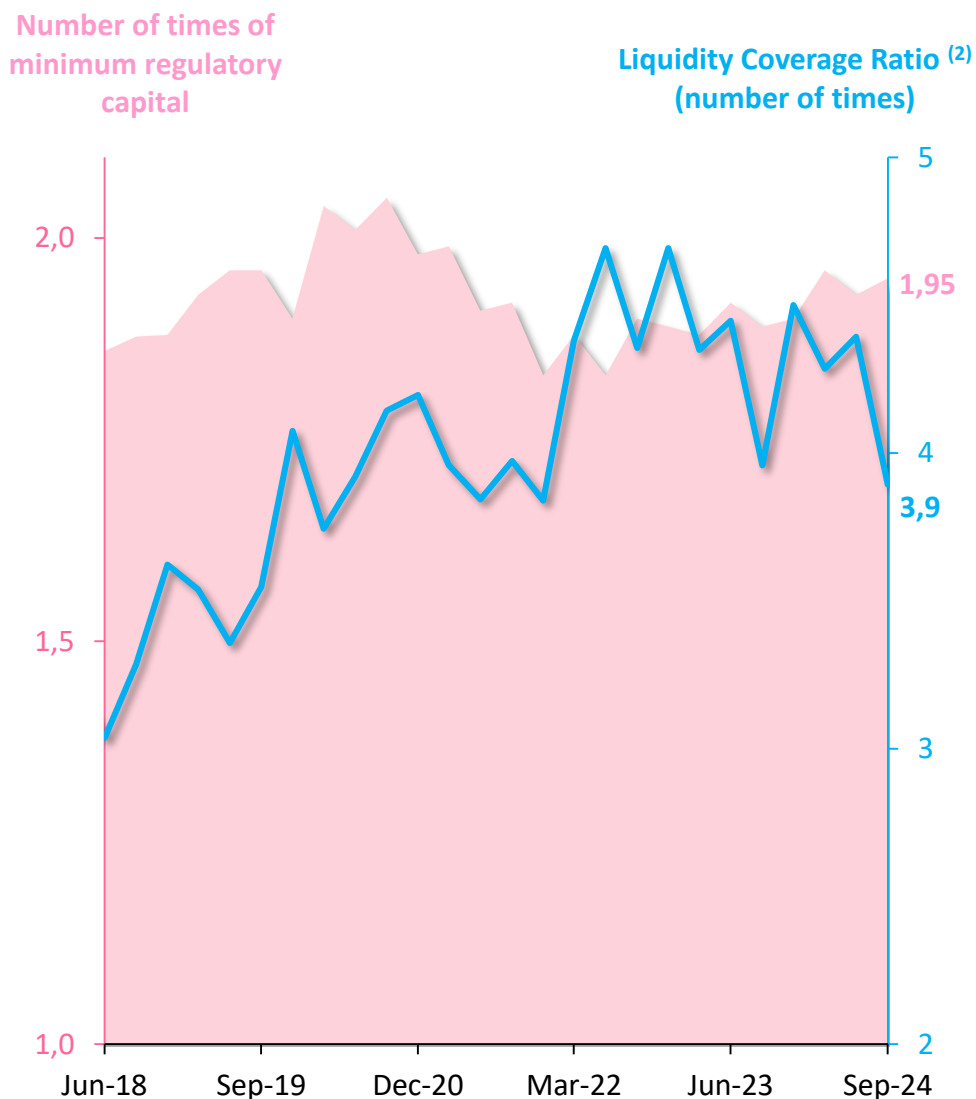
(1) Source: Central Bank of Uruguay.

(2) Source: International Monetary Fund, except for Uruguay, where international reserves correspond to data from Central Bank of Uruguay. The nominal GDP in US dollars corresponds to 2024, based on WEO projections as of October 2024 except for Uruguay where nominal GDP correspond to projection of Ministry of Economy and Finances as of December 2024. Regional and country specific information is as aggregated or reported, as applicable. Each such country information may be calculated differently and aggregated by each respective source using various methodologies. Accordingly, this comparison is for illustrative purposes only and we do not purport assert that the above information is actually comparable.

Banking sector remains well-capitalized and with high liquidity levels, although still with high deposit dollarization.



Solvency and liquidity of the banking system ⁽¹⁾



Dollarization of deposits and loans of the banking system ⁽¹⁾

(Annual average to the non-financial sector, % of total)



⁽¹⁾ Source: Quarterly reports of the Financial System published by the Central Bank of Uruguay.

⁽²⁾ LCR reflects the institution's ability to cover its net liquidity outflows in a specific currency during a stress period. In this case, corresponds to the foreign currency liquidity position.

The Government has passed structural and fiscally conservative reforms, including the social security reform



Government forges ahead with structural and fiscally-conservative reforms: “keeping the high-beam headlights on”.



Enhanced Fiscal and Monetary Frameworks: Rules and Institutions

Social Security Reform

Education

Innovation and Digital Transformation

Commercial integration and Free Trade

Mainstreaming environmental considerations into economic policies and sovereign financing

Social Security reform focused on long-term fiscal sustainability and improving equity of the pension system

- ✓ **Necessary:** given challenging demographic trends, intra and intergenerational justice, sustainability, and system fragmentation.
- ✓ **Gradual:** retirement age increases gradually, starting from individuals born in 1973 onwards.
- ✓ **Fairer:** sustains elevated levels of coverage. The “Supplementary Solidarity” program ensures a minimum income in old age.
- ✓ **Sustainable:** covers future pension expenditures.

Presidential and congressional elections were held in 2024.



- **Presidential and parliamentary elections were held.** Elections in Uruguay were held in October 2024 (first-round) and November 2024 (run-off). Voters chose President and Vice-president, for a five-year period, starting March 1st, 2025. They also chose Congress (30 senators, and 99 deputies), with a new five-year period starting February 15th, 2025.
 - Mr. Yamandú Orsi (Partido Frente Amplio) was elected President after garnering 49,8% of the votes. Mr. Álvaro Delgado (from the incumbent Partido Nacional), obtained 46,7% of the votes.
 - The Partido Frente Amplio obtained the majority of seats in the Senate chamber.
- **A plebiscite for reforming the social security system was not approved.** The proposed reform sought to overturn the Social Security reform passed by Congress in 2023 and, more broadly, dismantle the two-tier system in place since 1996. It did not reach the 50% plus one valid votes, and was thus not approved.

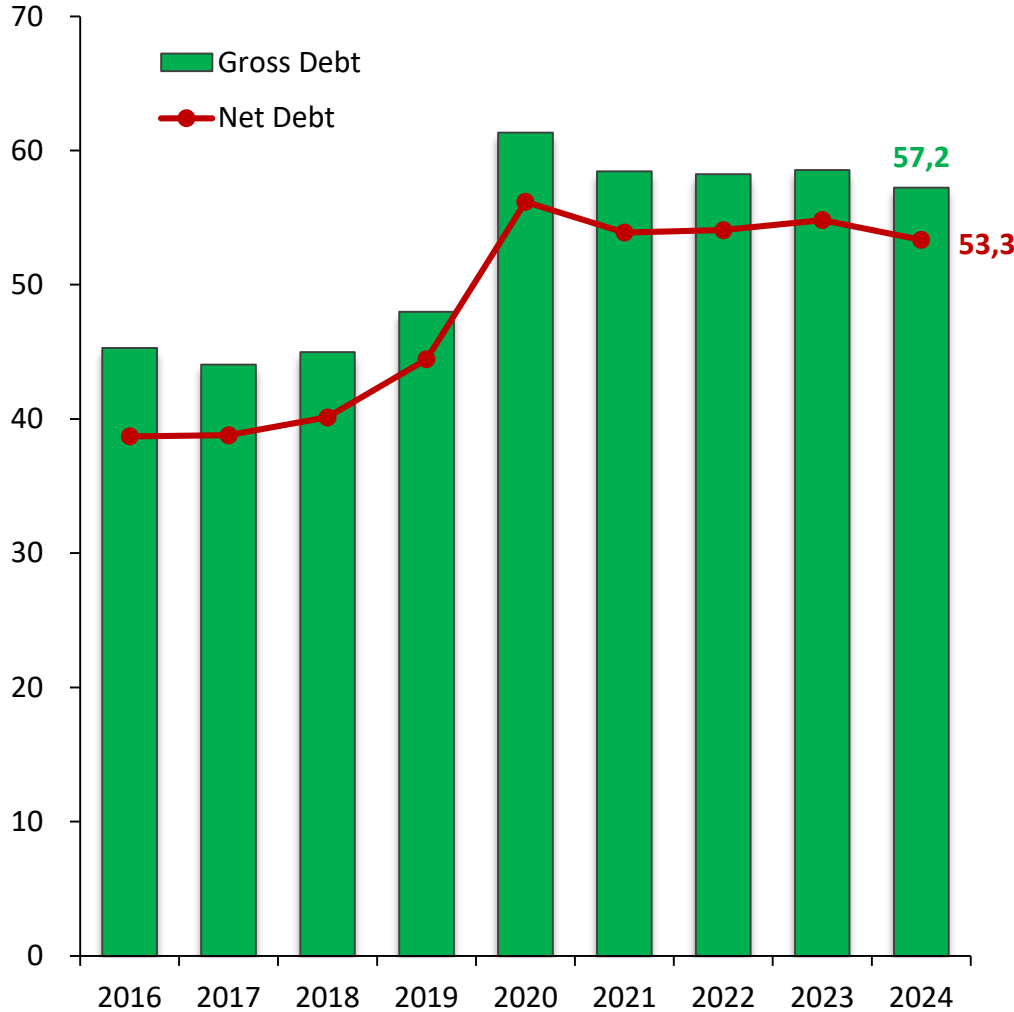
Resilient debt structure and conservative debt management strategies



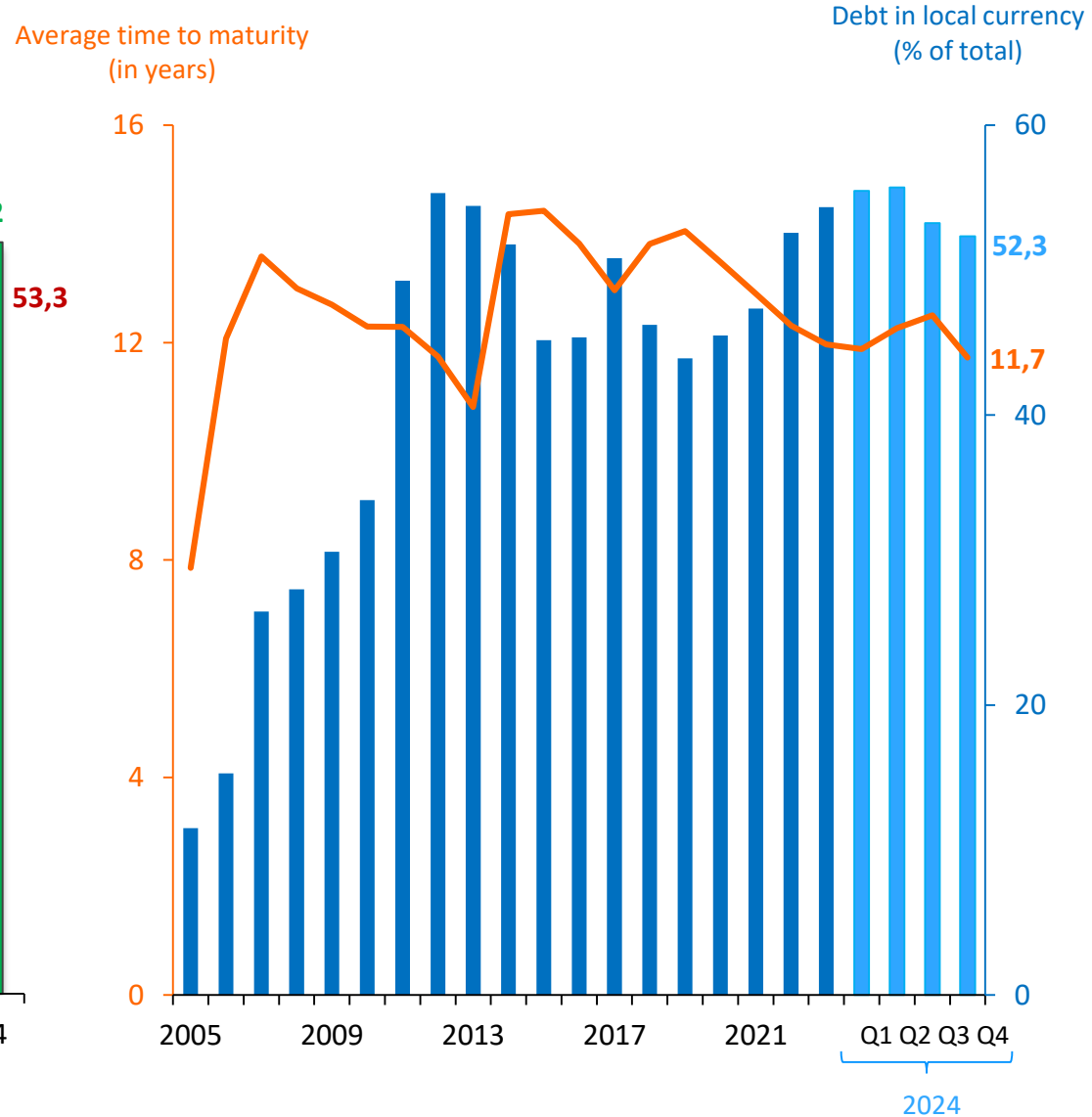
Debt stock to GDP has stabilized, as debt management strategies and relative price effects have driven the share of local currency debt, a key credit metric.



Gross and net debt stock of the Central Government ⁽¹⁾
(As of end-period, in % of GDP)



Currency and maturity composition of debt ⁽¹⁾
(As of end-period)



⁽¹⁾ Source: Ministry of Economy and Finance of Uruguay.

*) Preliminary: data for 2024 is based on the estimated nominal GDP for 2024Q4. Official annual figures for GDP for 2024Q4 will be released by the Central Bank in March 2025.

Cornerstones of the sovereign debt management strategy in bond markets



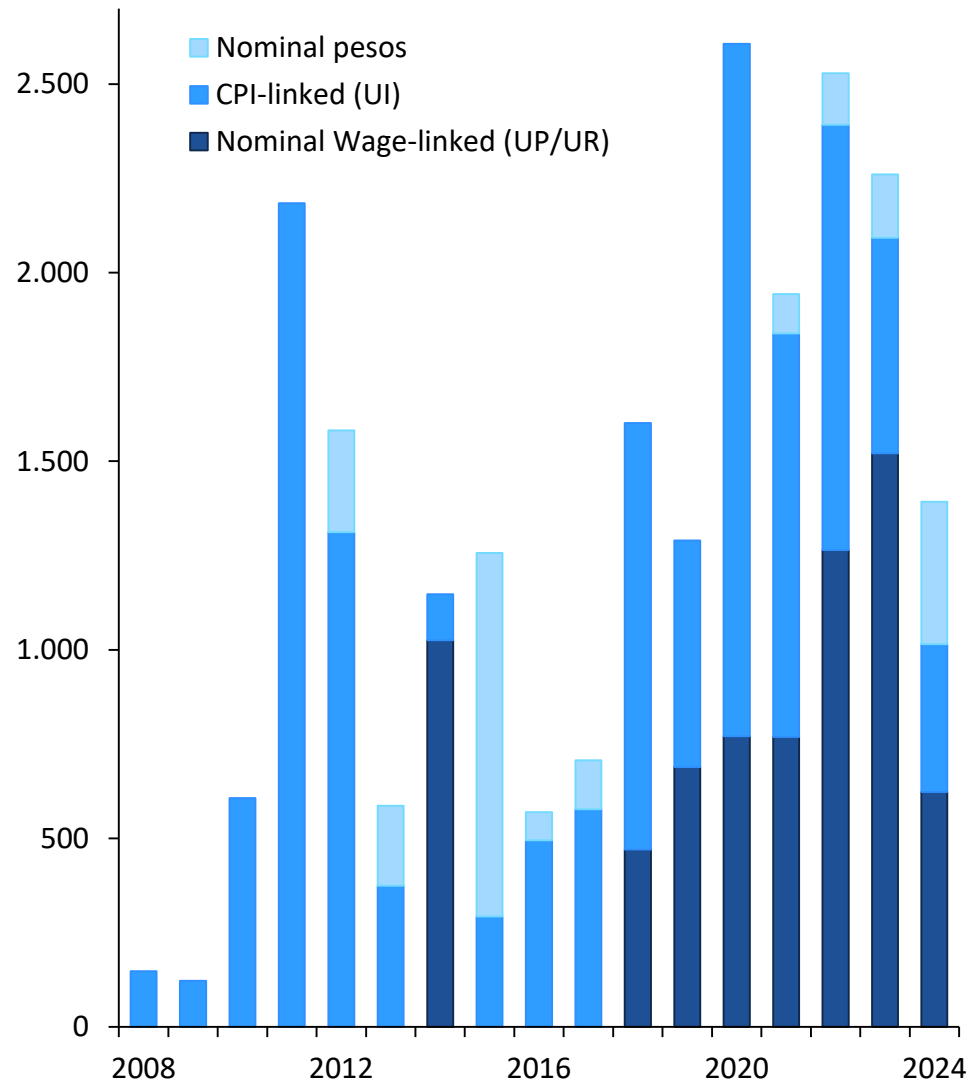
- Continue to develop domestic markets in local currency. In particular, the government recently published its regular semi-annual issuance calendar, auctioning nominal fixed-rate, CPI-linked and wage-linked Treasury Notes, across different maturities.
- Seek a balanced currency composition of international debt issuance in terms of local and foreign currency issuance, while continuing to build a large and diverse investor base.
- Keep refinancing risk low through liability management operations, both in domestic and external markets.
- Promote the functioning of Uruguay's secondary external bond markets. Encourage market-making activities by banks and other financial intermediaries, while promoting price transparency in secondary markets, to foster the liquidity of Uruguay's local currency and dollar bond curves.

Significant increase in local currency financing in domestic and international markets.



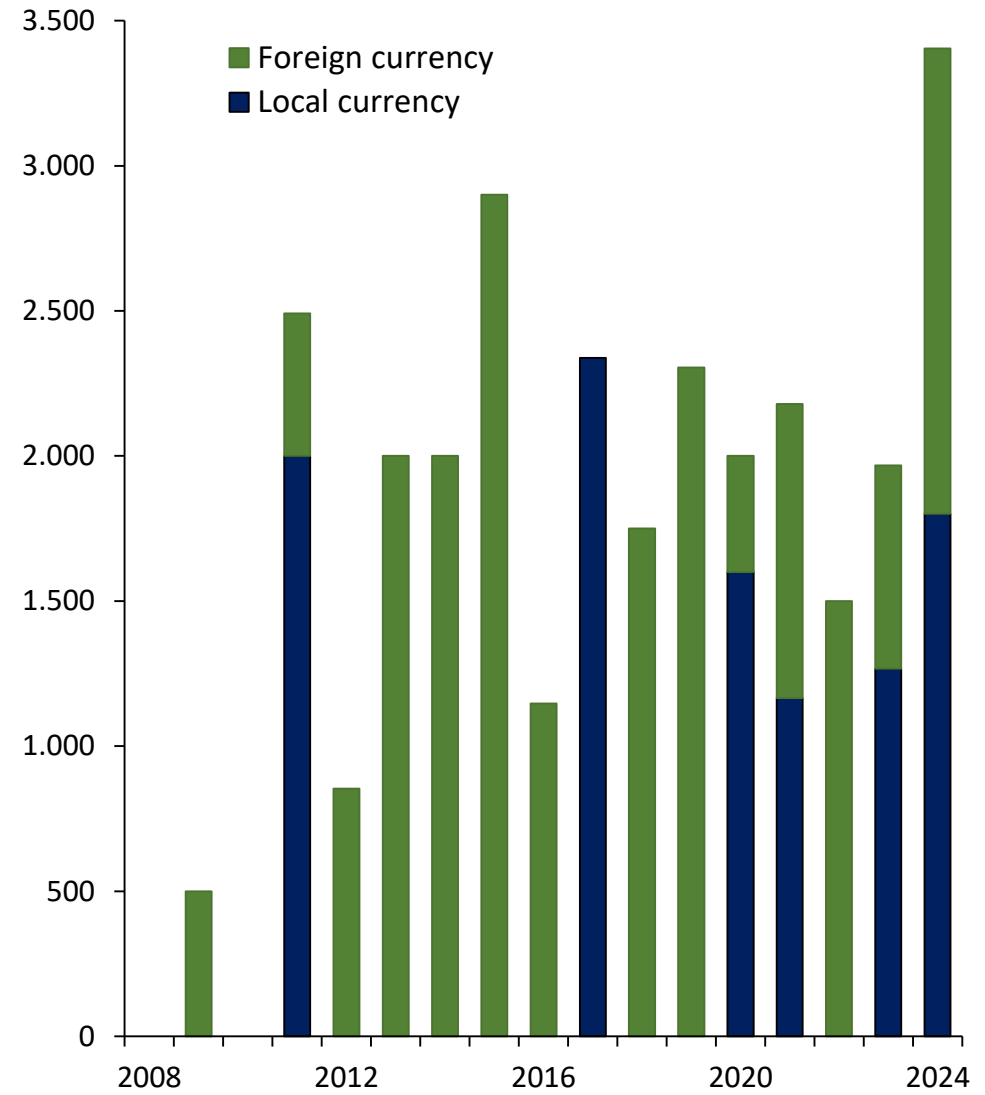
Domestic issuances, by type of local currency

(in millions of USD-equivalent)



International issuances, by currency

(in millions of USD)



(1) Source: Ministry of Economy and Finance of Uruguay.

7

Uruguay is among the top performers on ESG fundamentals across EM countries and has the lowest country risk spread in LATAM

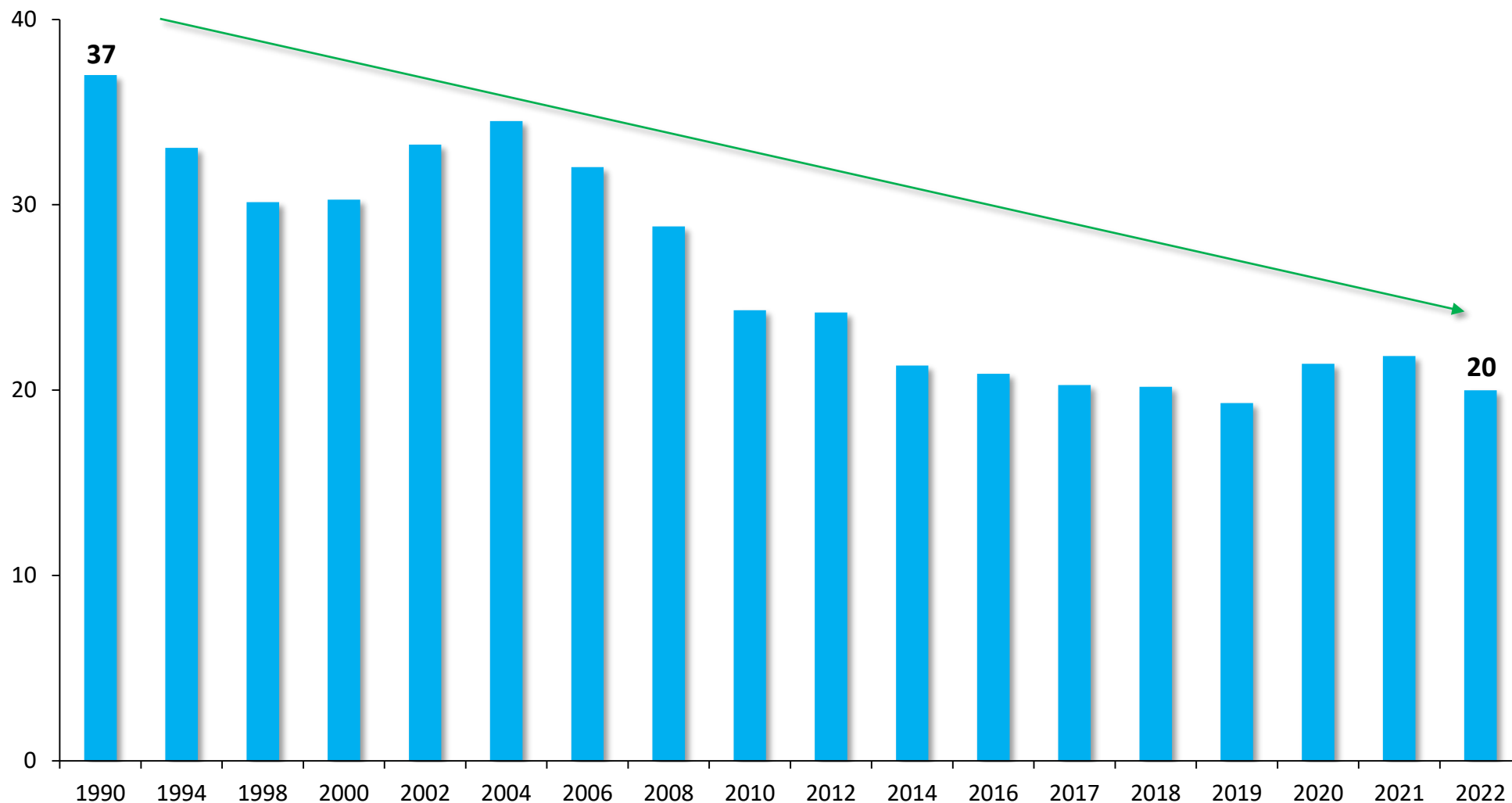


Uruguay has made steady progress over the last three decades on environmentally-friendly policies and decarbonization of economic activities.



Intensity of Gross Greenhouse Gas Emissions in the Uruguayan Economy

Total GreenHouse Gas emissions as a share of real GDP



Source: Second Annual Report of the Sovereign Sustainability-Linked Bond of Uruguay (May, 2024).

Note: For the period 1990-2021, data is for years with official National Inventory of GHG emissions, while data for 2022 was estimated for the second SSLB Annual Report.

Uruguay's electricity generation matrix mostly runs on renewable resources, with steady growth in wind and solar energy in the last decade.



In Latin America and Caribbean



Energy Transition Index (1)

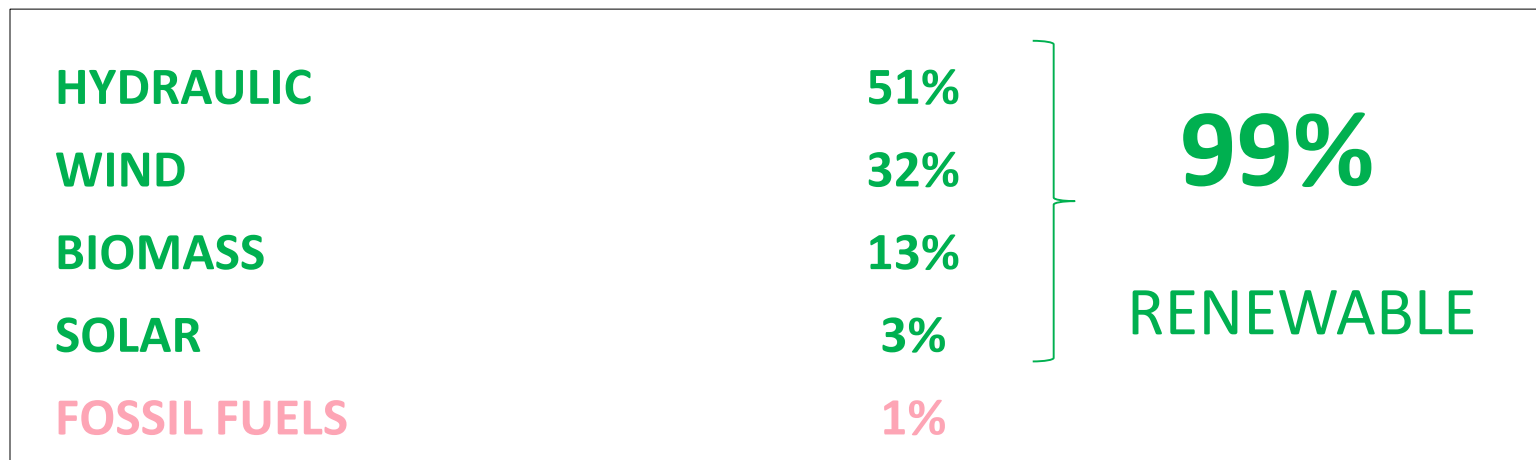
#2



The Green Future Index (2)

#2

Share of Electricity Generation in 2024, by Source*:



Source: Ministry of Industry, Energy and Mining.

*Last 12 months, through October 2024.

(1) Source: World Economic Forum, 2023.

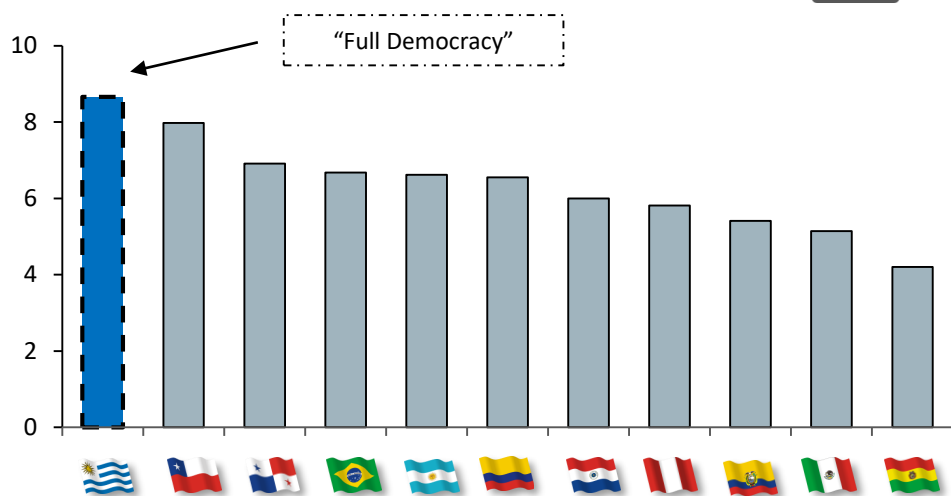
(2) Source: MIT Technology Review, 2023.

Uruguay is a bastion of institutional, political and social stability in LatAm, ranking alongside most developed nations.



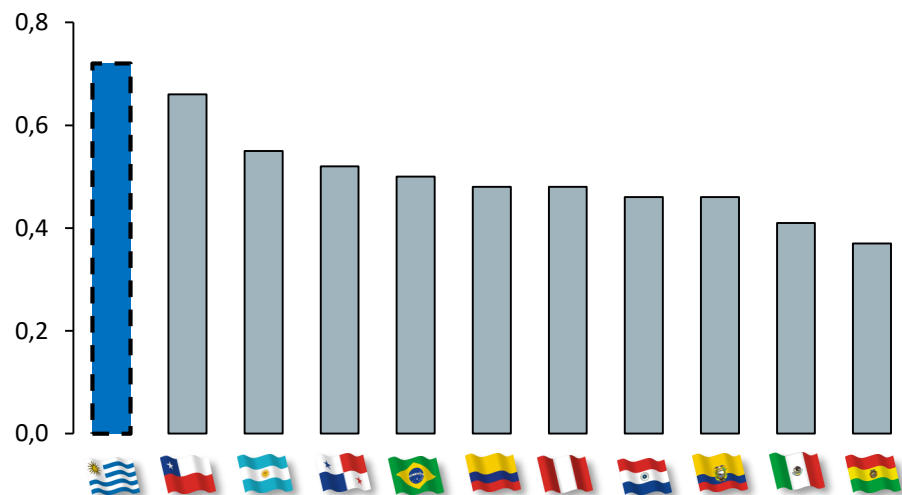
Democracy Index (1)

(Rank)



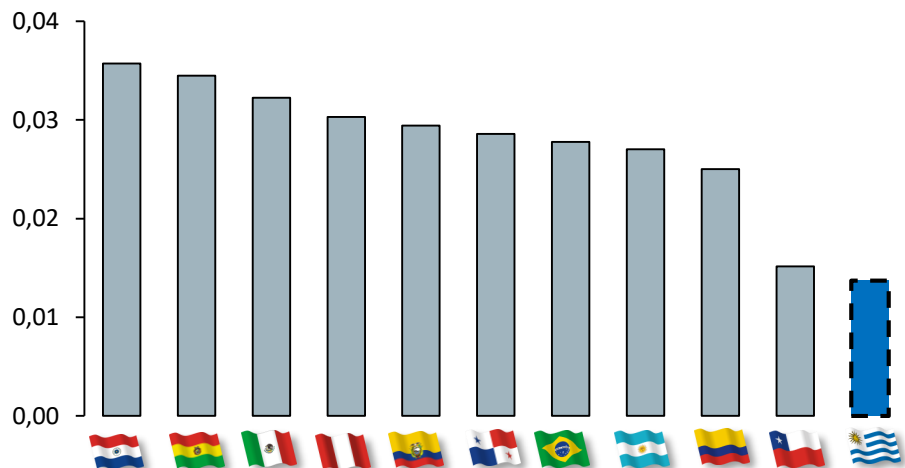
Adherence to the Rule of Law (2)

(Numerical score out of 1)



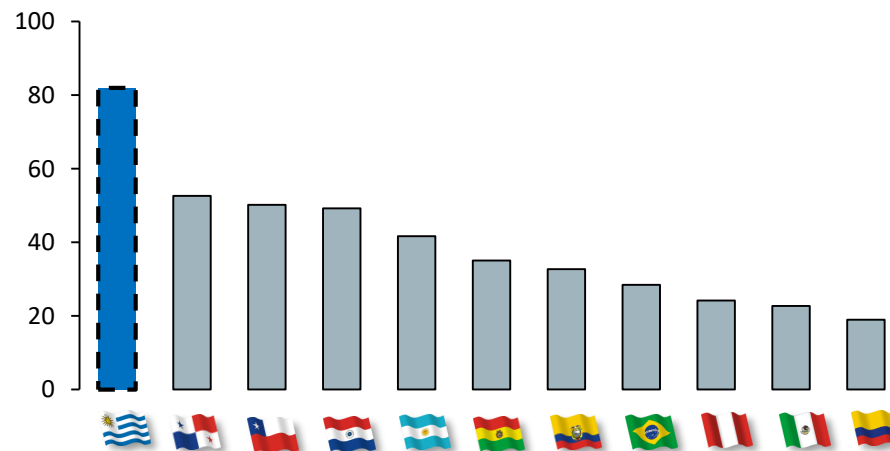
Corruption Perceptions Index (3)

(Inverse of the index, which is out of 100)



Political Stability and Absence of Violence/Terrorism (4)

(Percentile rank)



(1) Source: World Population Review (2023).

(2) Source: World Justice Project (2024).

(3) Source: Transparency International (2023). It was calculated as the inverse of the index.

(4) Source: Worldwide Governance Indicators (2023). World Bank.

As a result of this progress, three of the five rating agencies now place Uruguay at its highest credit rating ever, and the country is among the top global performers on ESG fundamentals in emerging markets.



Evolution of Uruguay's sovereign credit ratings ⁽¹⁾

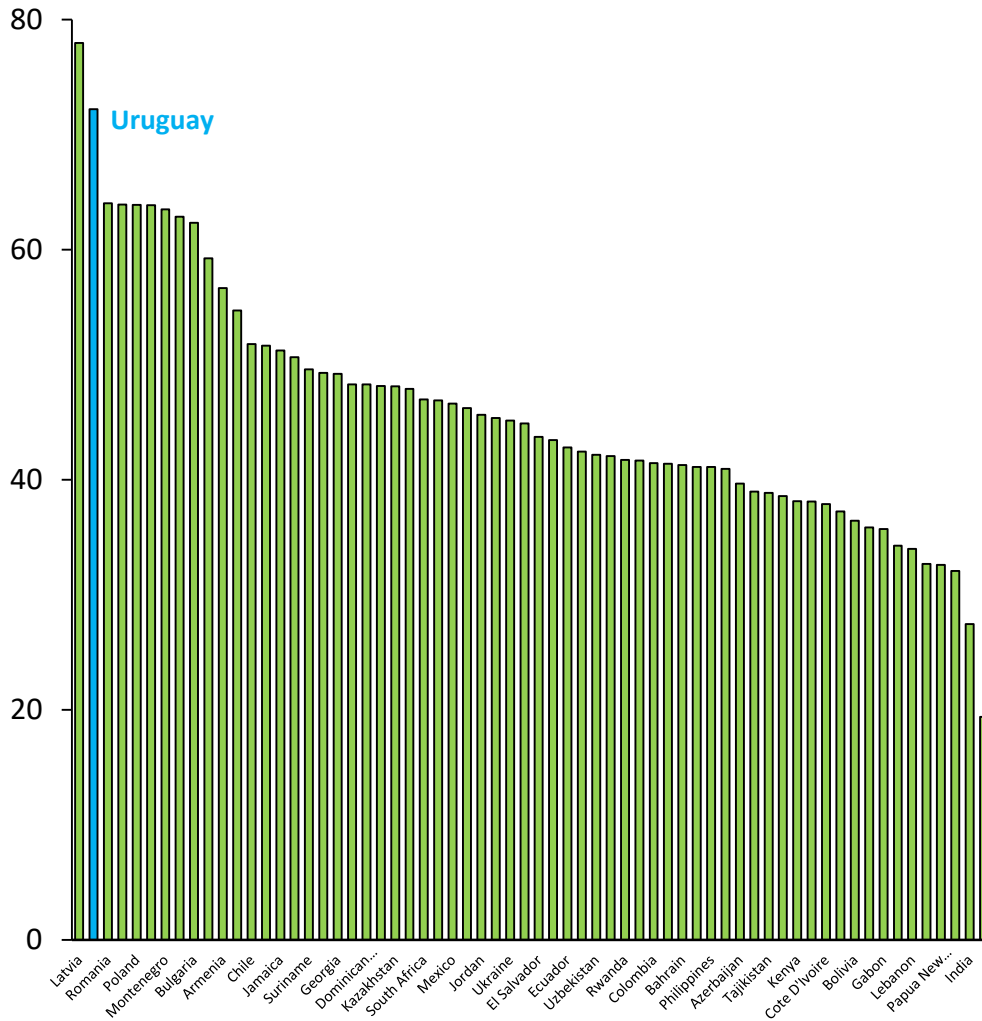
(As of end-January 2025)

Year	S&P	Moody's	Fitch	DBRS	R&I
2025	BBB+	Baa1	BBB	BBB	BBB+
2024	BBB+	Baa1	BBB	BBB	BBB+
2023	BBB+	Baa2	BBB	BBB	BBB+
2022	BBB	Baa2	BBB-	BBB	BBB+
2021	BBB	Baa2	BBB-	BBB (low)	BBB
2020	BBB	Baa2	BBB-	BBB (low)	BBB

- Indicates an upgrade in the rating level.
- Indicates an improvement in the rating outlook.

Emerging Markets' ESG Score ⁽²⁾

(Index, 100 = best performance; as of end-January 2025)



1) Source: Moody's, S&P, R&I, DBRS-Morningstar and Fitch. Agency ratings are not a recommendation to buy, sell or hold any security, and they may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating, as each agency has different evaluation criteria. In the case of Moody's, a Baa1 rating is equivalent to BBB+.

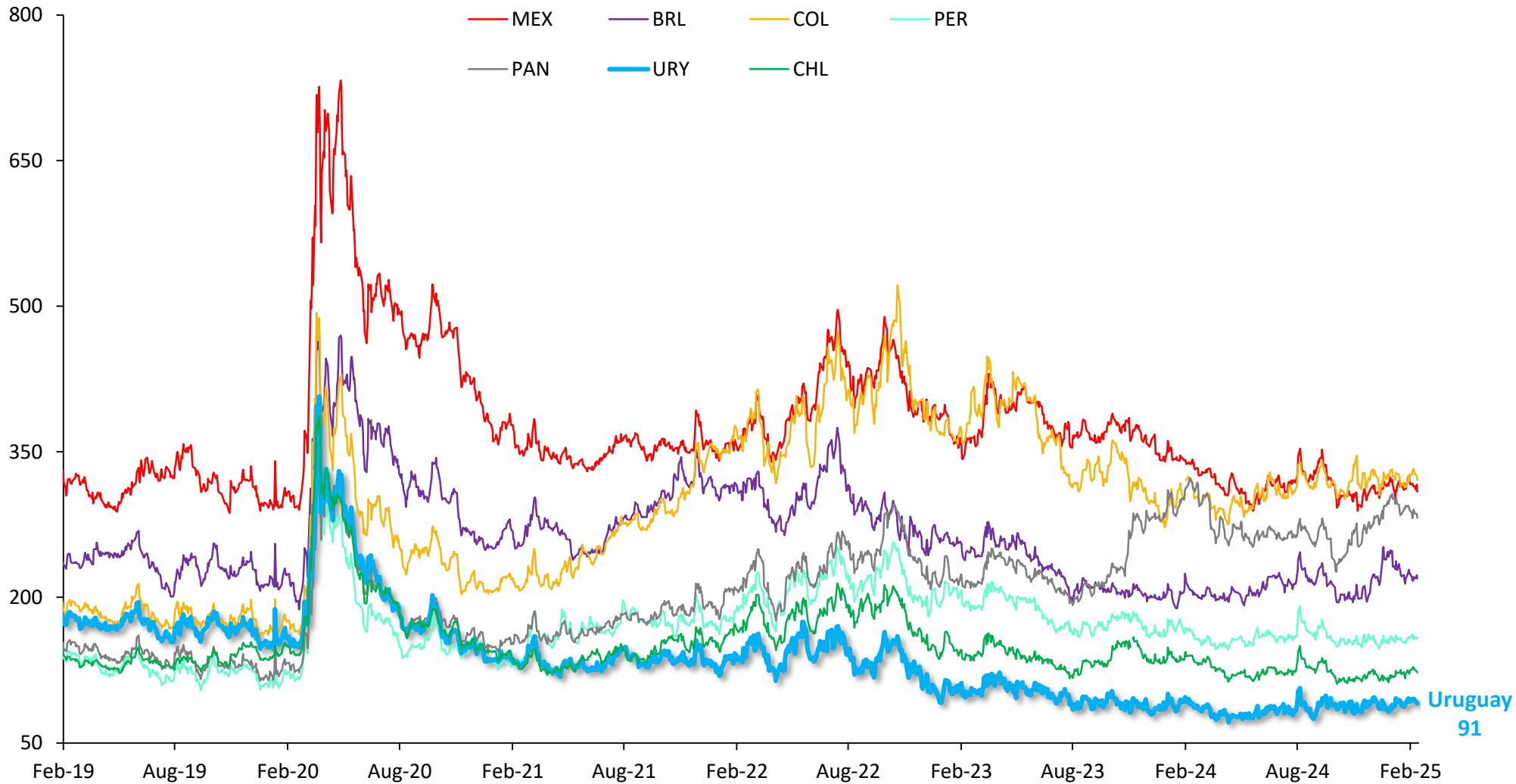
2) Source: J.P. Morgan Chase & Co. using data from Verisk Maplecroft, Sustainalytics and Climate Bonds Initiative.

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Uruguay has the lowest sovereign risk premia in Latin America, and close to its lowest value on record.



Sovereign risk premia in LATAM ⁽¹⁾
(EMBI spread, in bps; as of February 12th, 2025)



1) Source: Bloomberg.

Regional and country-specific information is aggregated or reported, as applicable. Each country's information may be calculated differently and aggregated by each source using various methodologies. Accordingly, this comparison is for illustrative purposes only and we do not purport to assert that the above information is actually comparable.



**República Oriental
del Uruguay**

THANK YOU