



Softlanding *in Mexico*

Agenda

1. Global challenges facing manufacturers
2. Why Mexico?
3. Models to operate in Mexico
4. The shelter concept and benefits
5. ***American Industries***[®] corporate introduction
6. Site Location Options

Global challenges facing manufacturers

**CHANGE
IS HERE
TO STAY**

Companies are looking for business continuity and long-term-solutions!



RESILIENT SUPPLY CHAINS
Planning for a disruptive world

- From trade barriers and political unrest
- To climate change events
- Rising manufacturing Costs in China
- The threat of pandemics
- Labor shortages and aging workforce
- Customer demands for local Supply
- Costs increases: Managing Asian Supply Chain

Is Mexico an alternative?



12th
**Largest
Economy
GDP**

17% of GDP is in the
Mfg. Industry



10th
**Exporter
Country
EXPORTS**

+ \$490 B USD
2% of Total world
exports

90% exports are in the
Mfg. Industry



9th
**Largest
Recipient
FDI**

+ 29 B USD
(2020)

+12 B USD
(1S 2021)



11th
**Most
Populated
TALENT AVAILABILITY**

8th
**Most graduated
Engineers**

+ 126 M Inhabitants
(2020)

Average 29 years old
EAP: +75 M Inhabitants

Is Mexico an alternative?

A trusted Partner / Improved trade relations



- Open to foreign investment
- USMCA and many other Free Trade Agreements
- Similar Business culture to United States
- Shared border with the United States
- Integrated with North American Economy
- Lower costs than China

How to Manufacture in Mexico?

The easiest way

Reduce Risks

Optimize Costs

Accelerate Start-Up

<i>MODEL</i>	<i>Liability</i>	<i>Control</i>	<i>Investment</i>
<i>Sub-contract</i>	▼ <i>Low</i>	✗ <i>No</i>	▼ <i>Low</i>
<i>Joint Venture</i>	<i>Shared</i>	<i>Shared</i>	<i>Shared</i>
<i>Acquisition</i>	▲ <i>High</i>	✓ <i>Yes</i>	▲ <i>High</i>
<i>Incorporation</i>	▲ <i>High</i>	✓ <i>Yes</i>	▲ <i>High</i>
<i>Shelter</i>	▼ <i>Low</i>	✓ <i>Yes</i>	▼ <i>Low</i>

Shelter VS Corporation

WHAT GATEWAY SHOULD YOU USE?

	<i>Corporation</i>	<i>Shelter</i>
<i>Permanent Establishment</i>	Yes	No
<i>Corporate Tax</i>	Yes	Yes
<i>Employer of Record</i>	Yes	No
<i>Importer of Record</i>	Yes	No
<i>Direct Liability</i>	Yes	No
<i>Own Property</i>	Yes	No
<i>Control of Operation</i>	Yes	Yes
<i>IMMEX</i>	Yes	Yes
<i>Non-IMMEX</i>	Yes	No
<i>Legal Structure</i>	Incorporation	Contract

The Shelter Company

*The easiest way of
doing Business in Mexico*



The shelter is a modality of the **Mexican IMMEX*** program that allows foreign companies to have **distribution or manufacturing operations in Mexico** without the need to incorporate a local legal entity thru a Shelter Services provider.

* Decree for the Promotion of the Manufacturing, Maquila and Export Service Industry

About **American Industries**[®]

American Industries[®] is a private Mexican company that has helped over 200 international companies to successfully start up and grow their distribution and manufacturing operations throughout Mexico since 1976 through our 2 Business Units:



Shelter Services

Administrative support
for your operation



Industrial Real Estate

Ideal space solutions

Who to partner within Mexico



Clients: +56



HC: +17,000 employees



Industrial Parks: 16



Buildings: +130 / 15 M ft²
Tenants: +150



Trade transactions (yr):
+30,000 trouble-free

Some of our Clients



Our Role as Facilitator

“To support you with the information and guidance required throughout the decision-making process of your Mexico’s project”.



Site Selection

The best location for your project



Business case Cost Model

How much would it cost you to operate in Mexico



Shelter Program

Administrative support & legal compliance



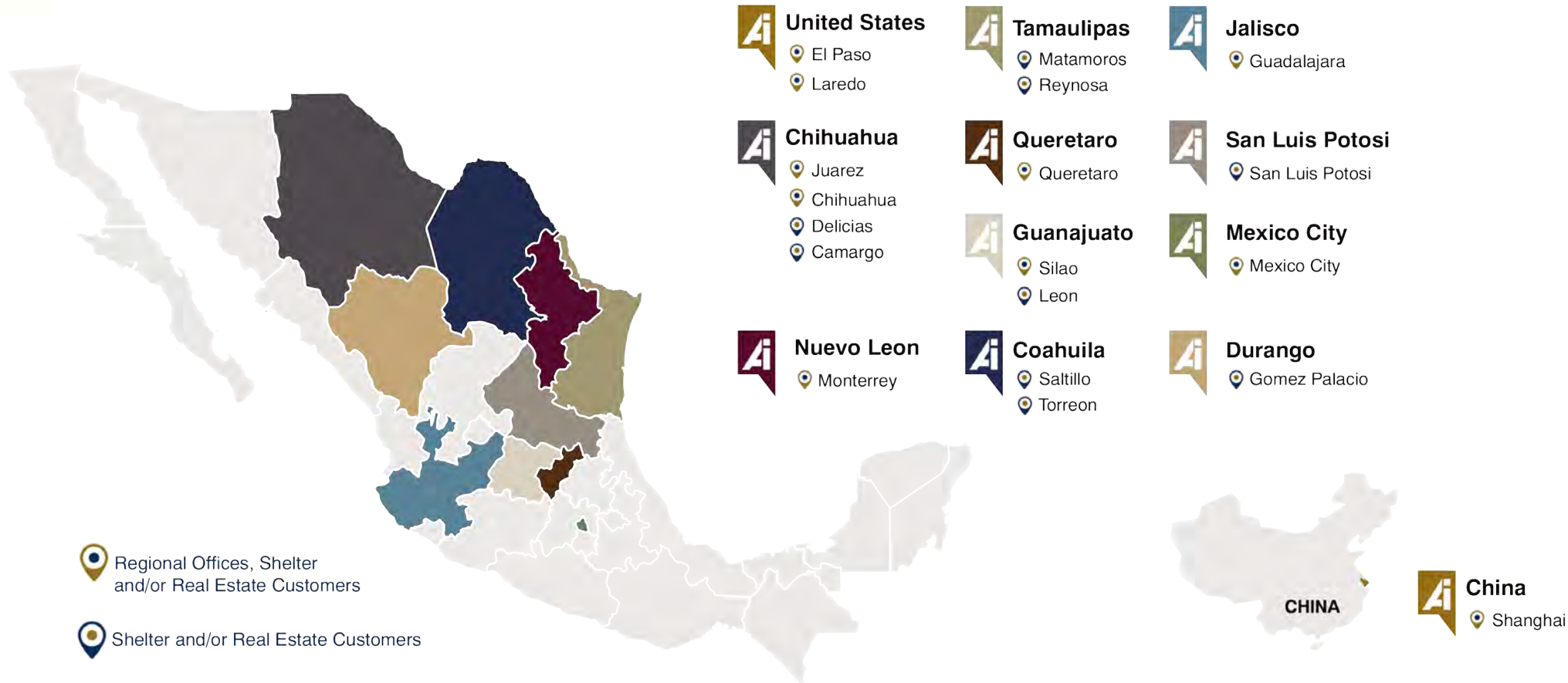
Industrial Real Estate

Space solutions (inventory and BTS)

Complimentary services

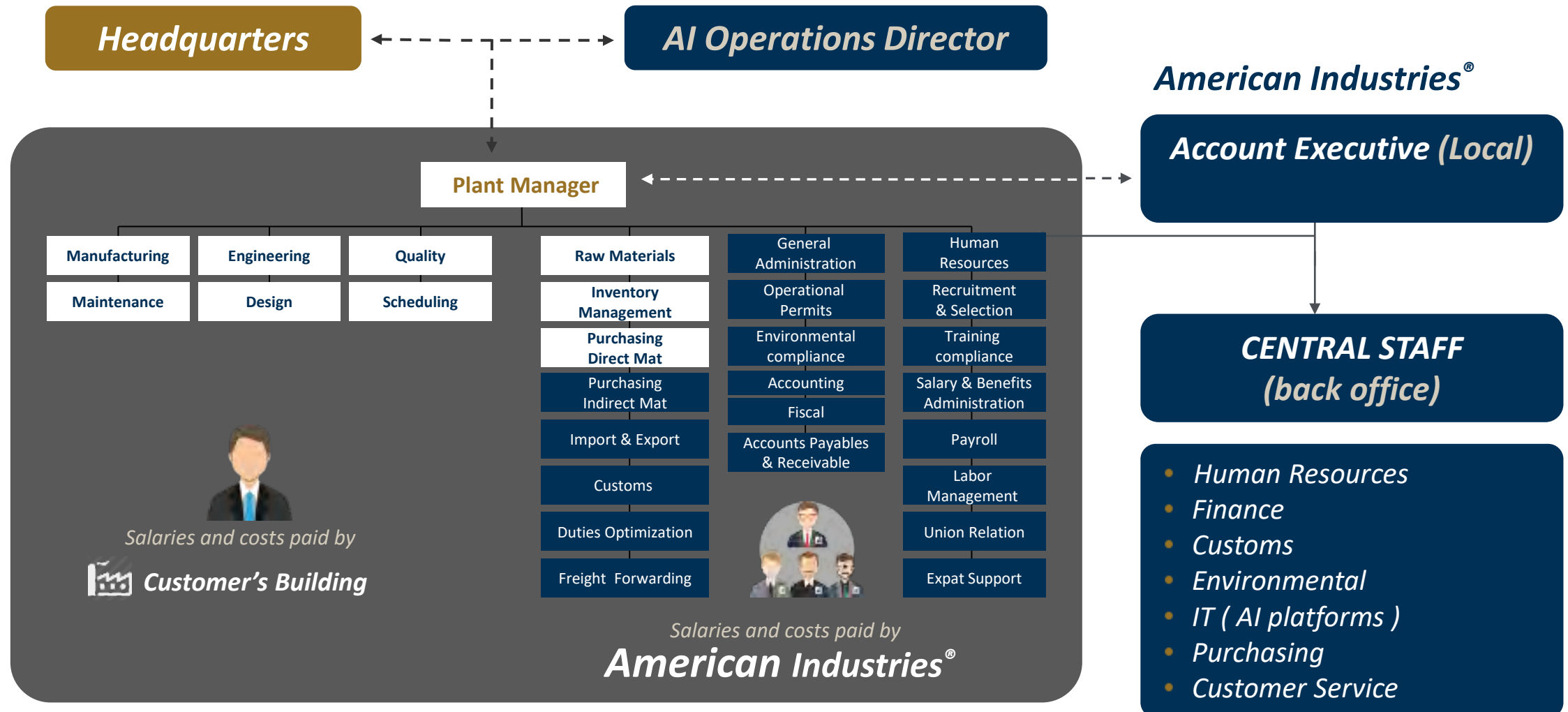
Our Locations

Presence in the most important industrial cities in Mexico



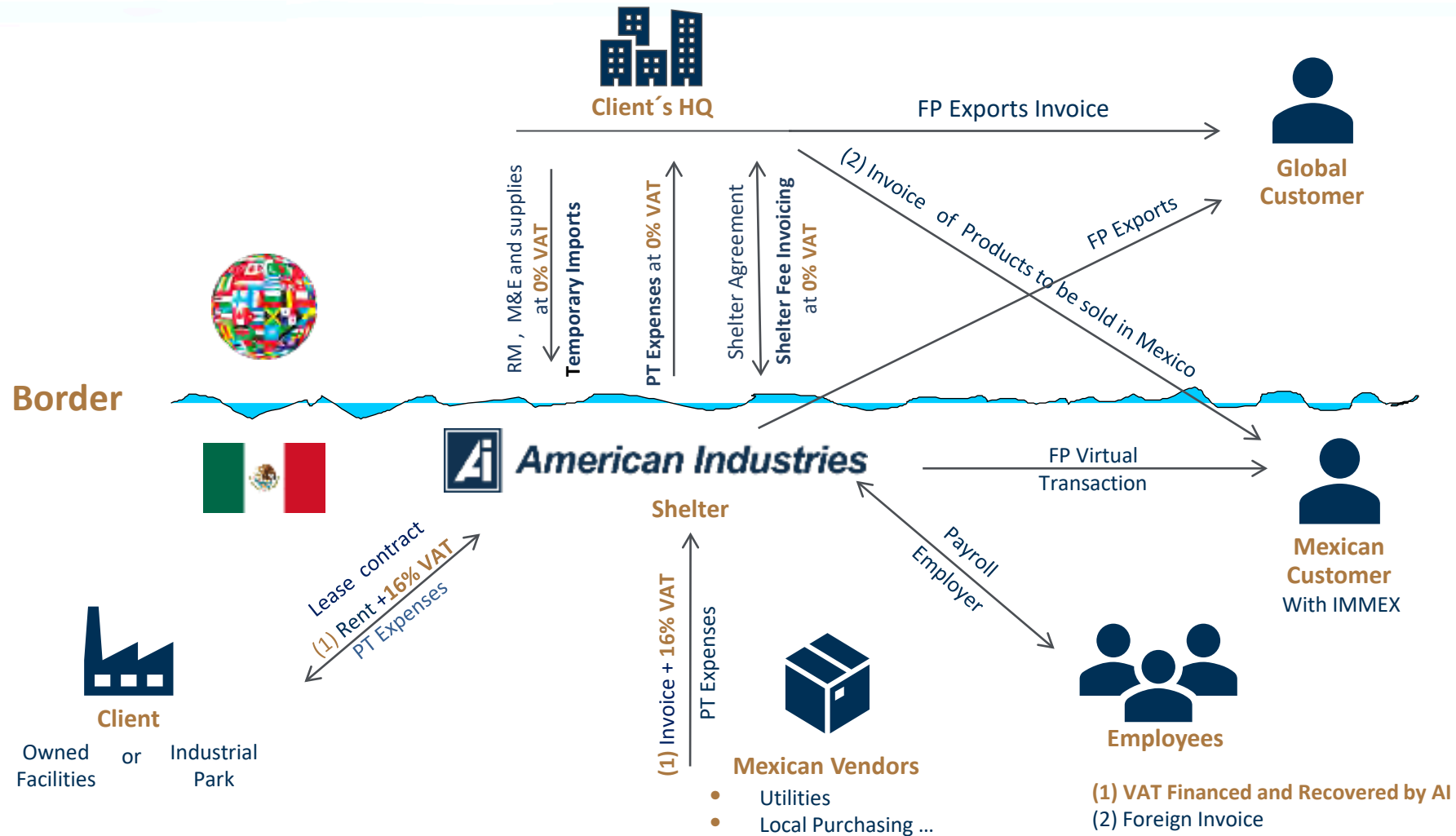
Shelter

Organizational Chart



Shelter not-incorporated model

How it works?



Shelter Program

Main Benefits



Quick start-up



Expert Assistance from day one



**Reduced Mexican Legal or
Regulatory Exposure**



**Option to transition to
incorporation**



Lower Investment and Operating Cost



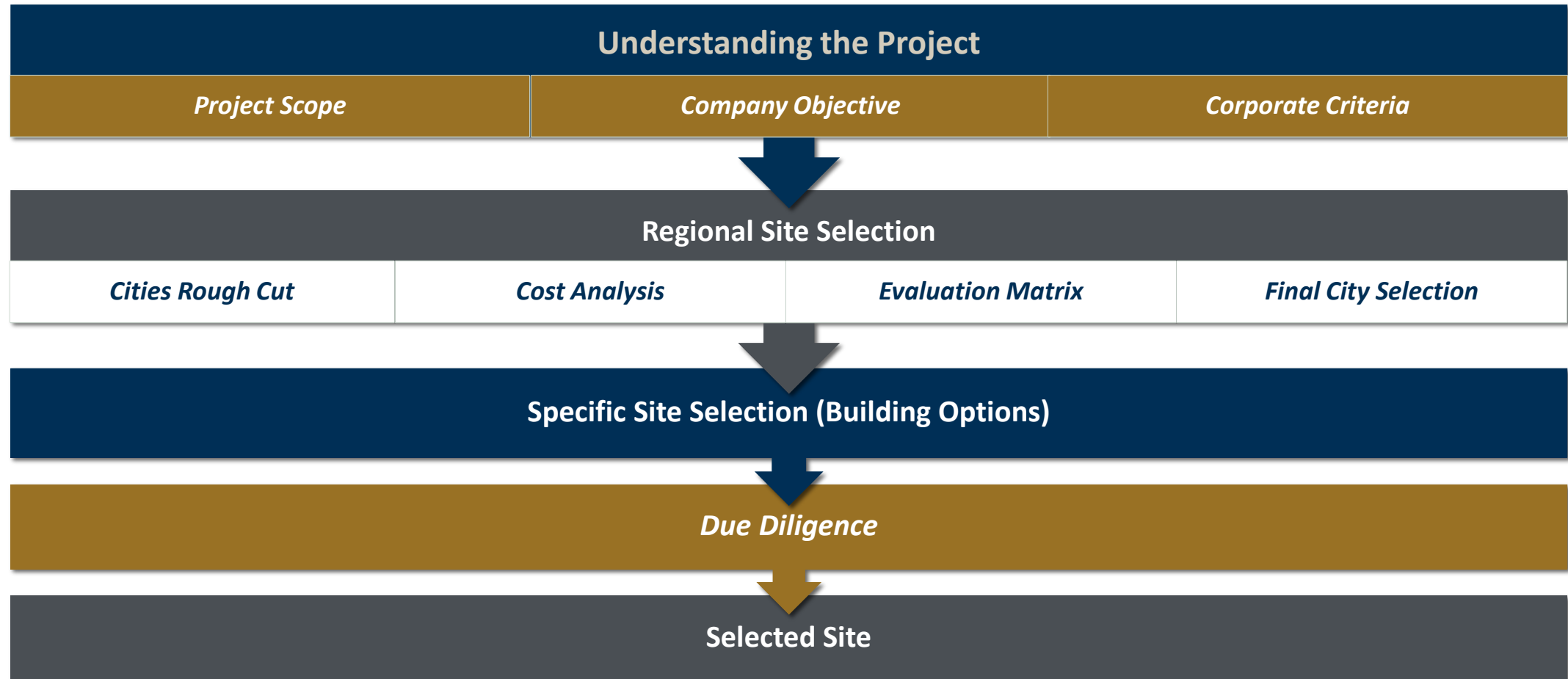
Economies of Scale



**Complete Control of Production
Related Activities**

Where in Mexico?

Site Selection process



Understanding your project

Needs and characteristics



Company Objective: Why Mexico?

- Cost reduction, Proximity to Customer(s), Logistics, Suppliers....

Project Scope: What?

- Product, Facility Size, Volumes, Equipment, Headcount & Skills, Utilities & Consumption, Raw Material(s), Supply Base, Customer(s)...

Corporate Criteria

- Time Frame
- Buy or Lease
- Existing or Build-To-Suit Facility
- Project Confidentiality / Company Exposure
- City Profile
 - Border, interior, big, small.
- Expat Quality of life
- Outside or Inside Industrial Park
- Curb Appeal



Factors to consider

In a Site Selection

Support to go through the complete site selection framework to help you find the most cost effective location for your operation.

- ***Business Environment***
- ***Labor***
- ***Demographics***
- ***Academic Infrastructure***
- ***Quality of Life***
- ***Political Environment***
- ***Geography & Climate***
- ***Accessibility***
- ***Supply Base***
- ***Infrastructure***