

# Mergers and Acquisitions in LatAm: Evolution and prospects

May, 2024

These materials are intended to supplement a discussion with L.E.K. Consulting. These perspectives will, therefore, only be meaningful to those in attendance. The contents of the materials are confidential and subject to obligations of non-disclosure. Your attention is drawn to the full disclaimer contained in this document.

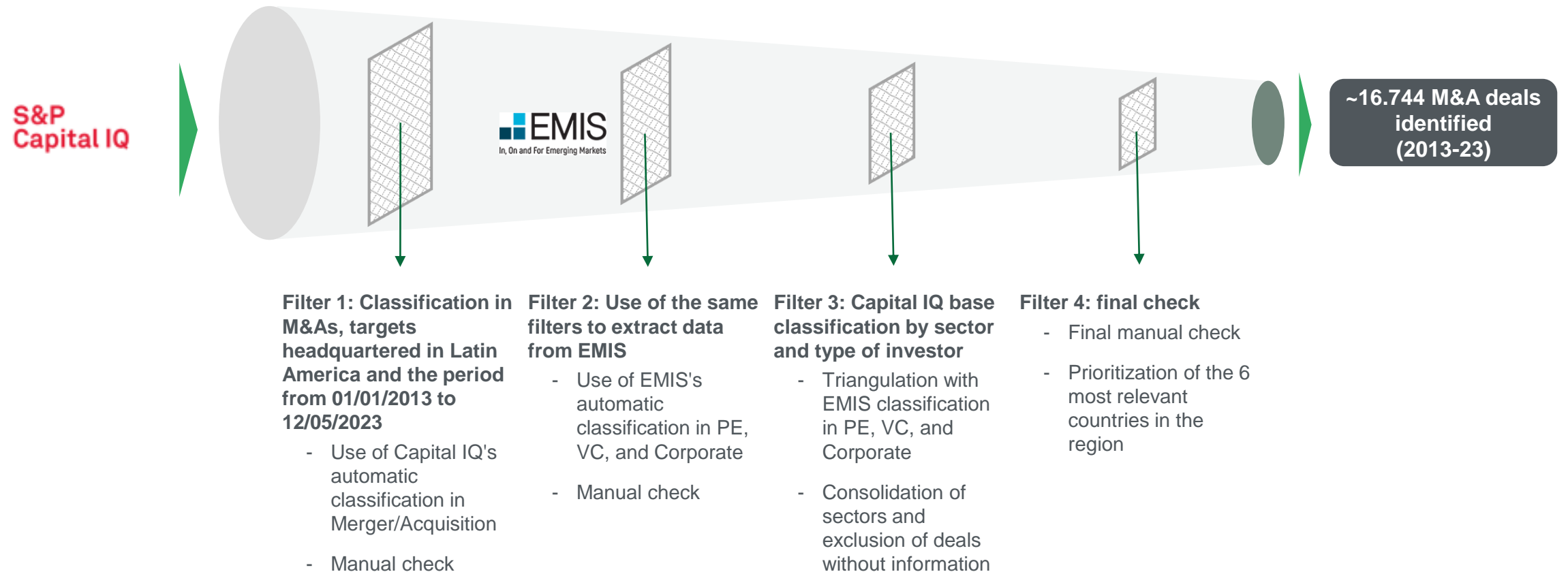


## Agenda

- **Introduction**
- Overview of M&A in LatAm

# This study is based on ~17K M&A transactions conducted over the last 10 years, utilizing the data resources from S&P Capital IQ and EMIS

## Method of classifying M&As



## Agenda

- Introduction
- **Overview of M&A in LatAm**
  - Brazil
  - Mexico
  - Other LatAm countries

# Number of M&A transactions in LatAm has been impacted by region's growth slowdown and political turmoil, with Brazil leading transactions and a focus on the technology sector

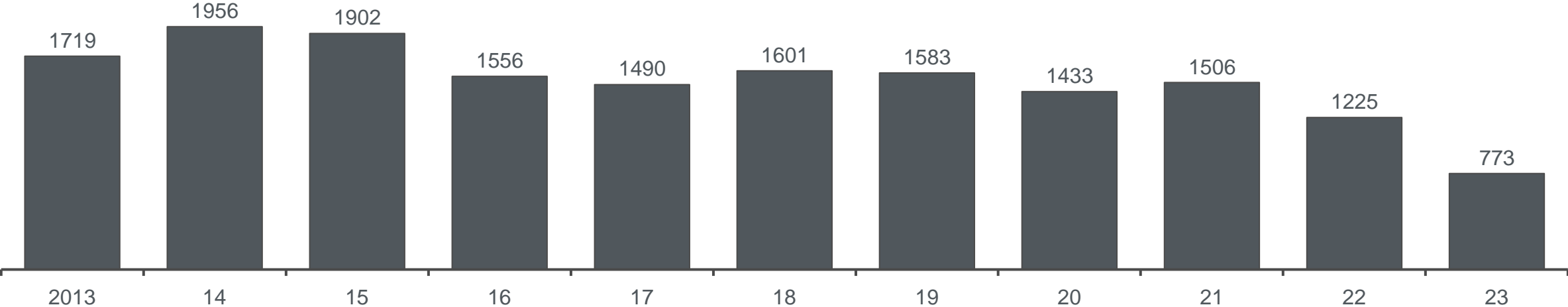
- **The number of M&A transactions in LatAm has been stable** through 2013-2021 (similar to the region's GDP growth), however has suffered a significant slowdown in 2022-23 mainly caused by four critical issues: (i) **credit restrictions in Brazil** caused by the collapse of Lojas Americanas, (ii) **sector specific issues** (iii) **higher interest rates** and (iv) **geopolitical tensions** within and outside LatAm
  - Since 2016, the number of deals has remained stable at ~1500 per year. In 2023 however, it reached the lowest number in the last decade (~770 transactions)
- **Brazil has consistently been the most relevant country with 35-55% of the region's transactions throughout the years**, followed by Mexico with 10-15%
  - Argentina, Colombia and Chile share the third place throughout the years
  - In 2020, Brazil reached a peak ~55% of transactions, given the increase in M&A activity in the country while other countries struggled due to COVID
- **TMT (Technology, Media and Telecommunications) was the leading sector in transaction volume in 2023**, including however these several smaller sized, VC focused deals (~40% smaller vs. market average)
  - Technology is the most significant propellant segment of TMT, as companies look to acquire technology companies to increase business' competitiveness and funds search for high value, disruptive opportunities
- **After TMT, Oil, Gas, Energy and Mining (15%), Industrial and Chemical Products (12%) and Consumer goods (12%) were the prevalent sectors for M&A in 2023** – these are usually **higher value deals** and a mix of **corporate and PE transactions**
- **Corporate M&A was the most representative type of transaction** in LatAm M&A activity in 2023 (70% of transactions), however it has lost significant share over the past decade (-15 p.p. vs. 2013) as **Venture Capital gained significant relevance** (21% of transactions, +13 p.p. vs. 2013)
  - PE currently represents 9% of transactions and has seen a more modest growth compared to VC (+3 p.p. vs. 2013)

Looking forward, we are **positive about the prospects for 2024**. Many of the challenges faced in 2023 are getting addressed during 2024, (i) interest rates are going down, (ii) credit restrictions are easing and (iii) key sectors are getting in shape

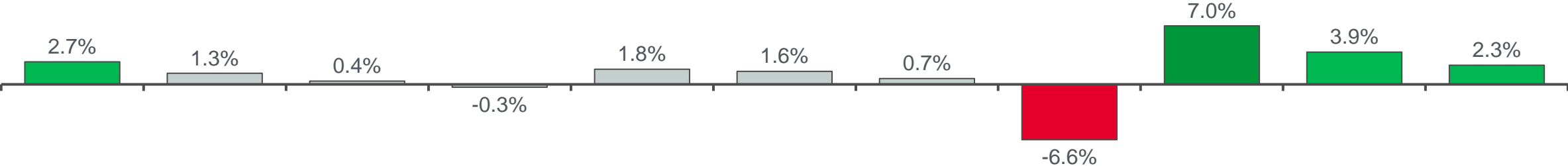
**We believe 2024 will be a better year than 2023, although probably below the overall 10-year trend**

**Number of M&A transactions has been stable through 2013-2021 (similar to region's GDP growth), however has suffered a significant slowdown in 2022-23 given increased market volatility**

**Number of M&As**  
(2013-23<sup>1</sup>), Thousands of transactions



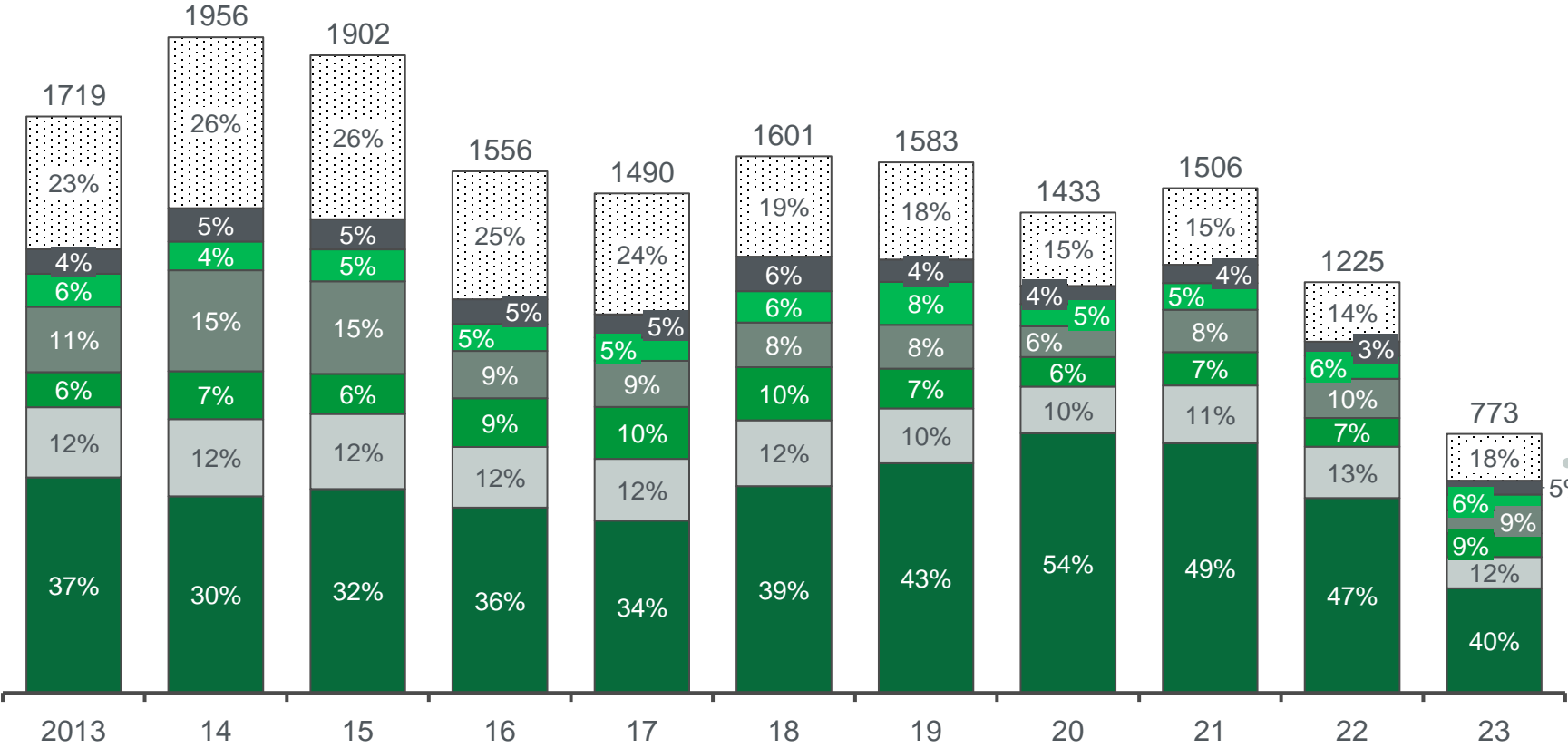
**GDP annual growth**  
(2013-23<sup>1</sup>), YoY growth



Notes: 1) Updated on 3 December 2023; 2) World Bank estimate of region's GDP growth published in October 2023  
Source: World Bank, Capital IQ, L.E.K. research and analysis

# Brazil has consistently been the most relevant country, representing 35-55% of all transactions throughout the years; Mexico is the second most representative country with 10-15% of all transactions

Number of M&As, by country (2023<sup>1</sup>), Number of transactions



	CAGR (2013-23)	CAGR (2021-23)
Brazil	-7.0%	-35.3%
Mexico	-7.7%	-26.1%
Argentina	-4.0%	-16.3%
Chile	-9.9%	-26.0%
Colombia	-7.1%	-23.4%
Peru	-5.7%	-12.9%
Others	-9.9%	-21.8%

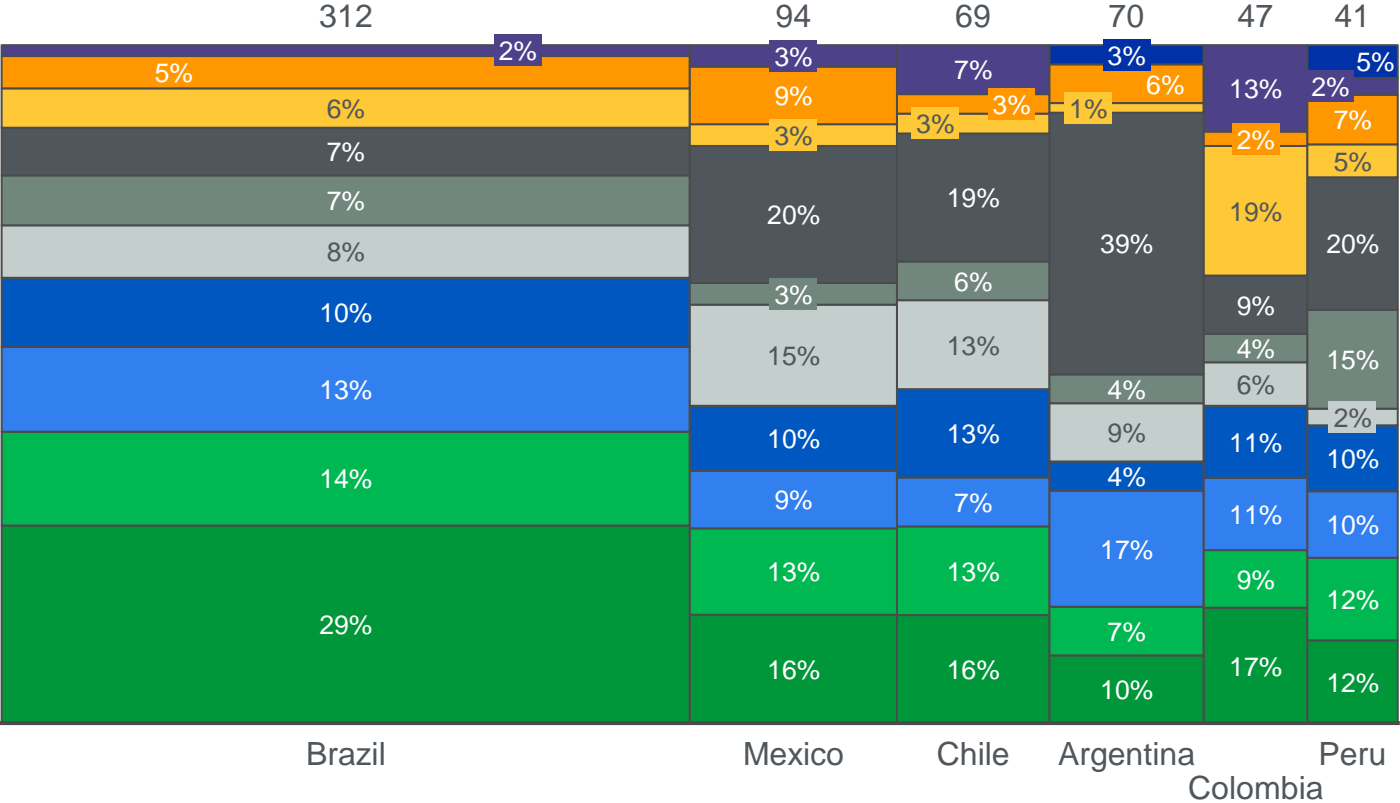
In 2023, the total of deals for the 6 main countries is 633

Notes: 1) Updated on 3 December 2023  
Source: Capital IQ, L.E.K. research and analysis

# TMT was the leading sector in transaction volume in 2023, however these are usually smaller sized deals; Oil, Gas, Energy & Mining and Industrial & Chemical Products are prominent higher value deals

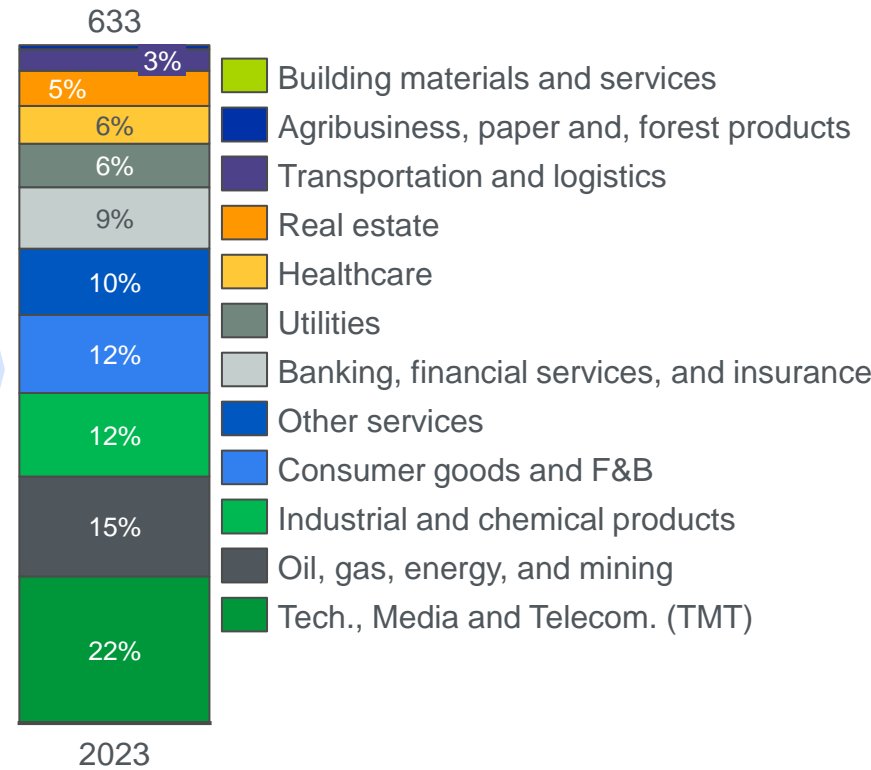
M&As LatAm, by country and industrial sector (2023<sup>1</sup>)

Number of transactions



Total transactions by industrial sector (2023)

Number of transactions



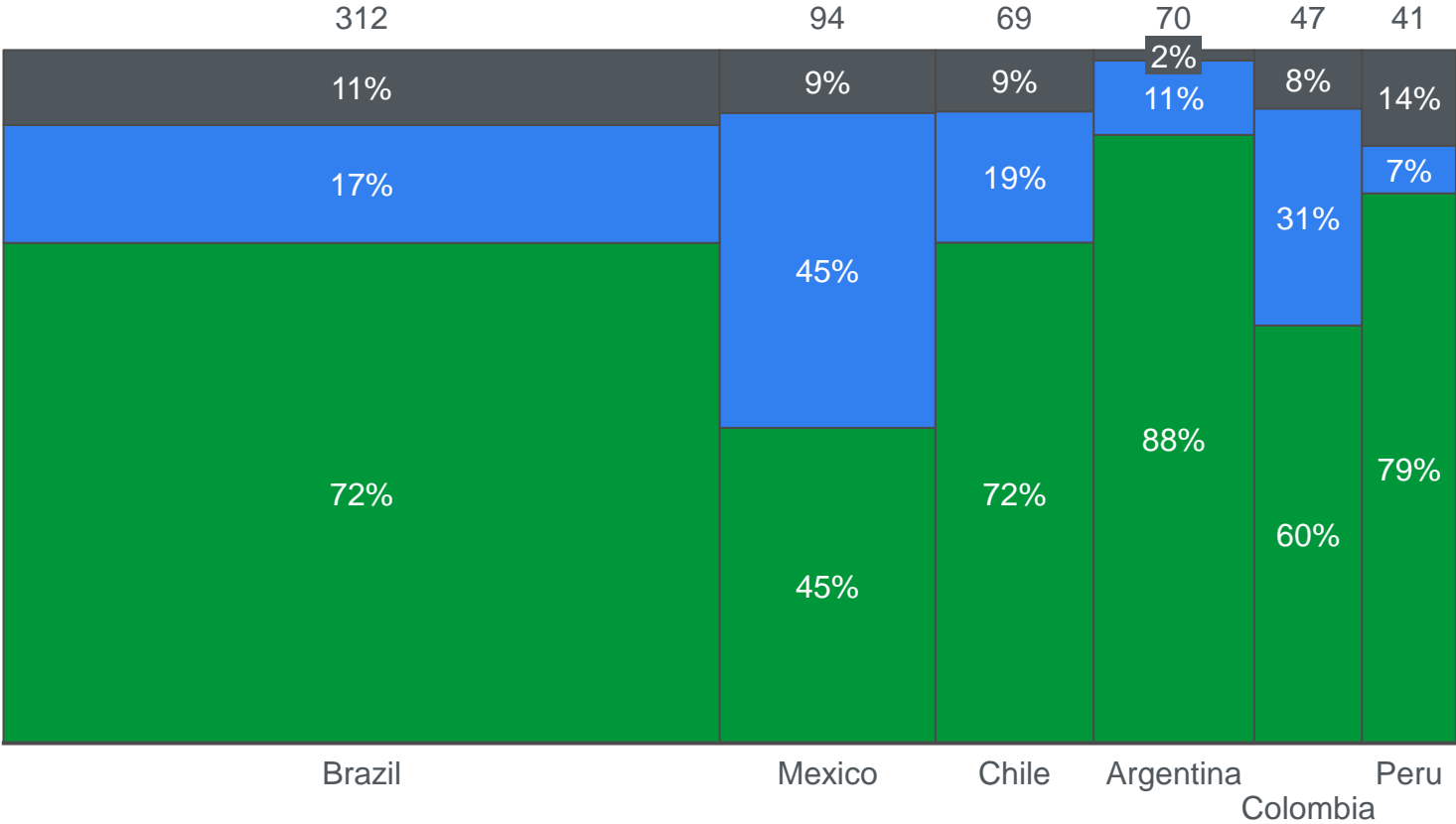
Notes: 1) Updated on 3 December 2023; 2) Includes services such as education, hotels, private security, laboratories, consultancy, leisure, and entertainment  
Source: Capital IQ, L.E.K. research and analysis



# Corporate transactions are still very dominant in Latam; Mexico and Colombia surprise by the importance of VC deals

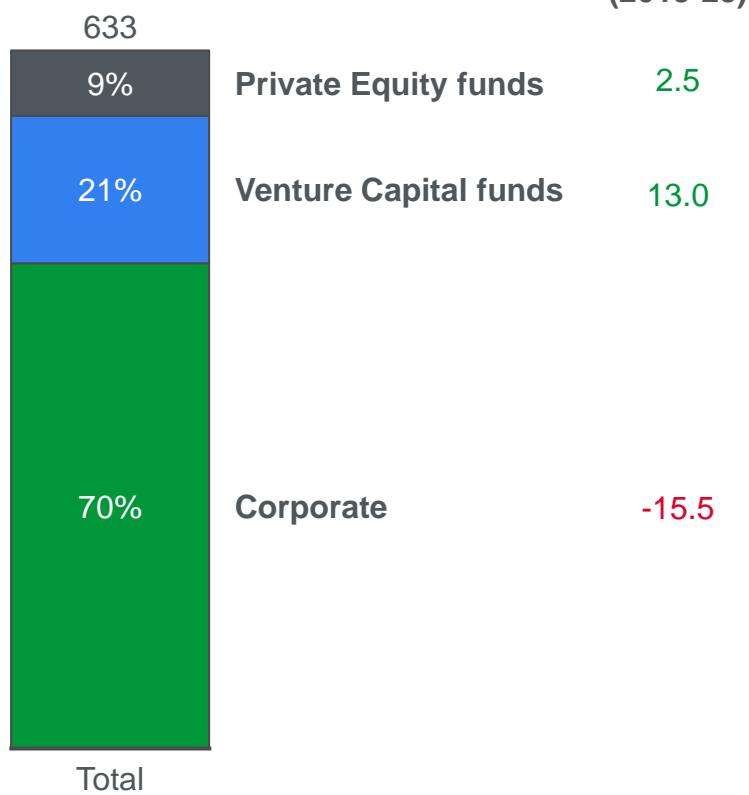
M&As LatAm, by country and type of transaction (2023<sup>1</sup>)

Number of transactions



Total transactions by type (2023)

Number of transactions



Notes: 1) Updated on 3 December 2023  
Source: Capital IQ, L.E.K. research and analysis

## Agenda

- Introduction
- Overview of M&A in LatAm
  - **Brazil**
  - Mexico
  - Other LatAm countries

# M&A transactions in Brazil reached its peak in 2020-2021, driven by TMT, healthcare and real state sectors and increased participation of PE and VC funds; however, market has since slowed down

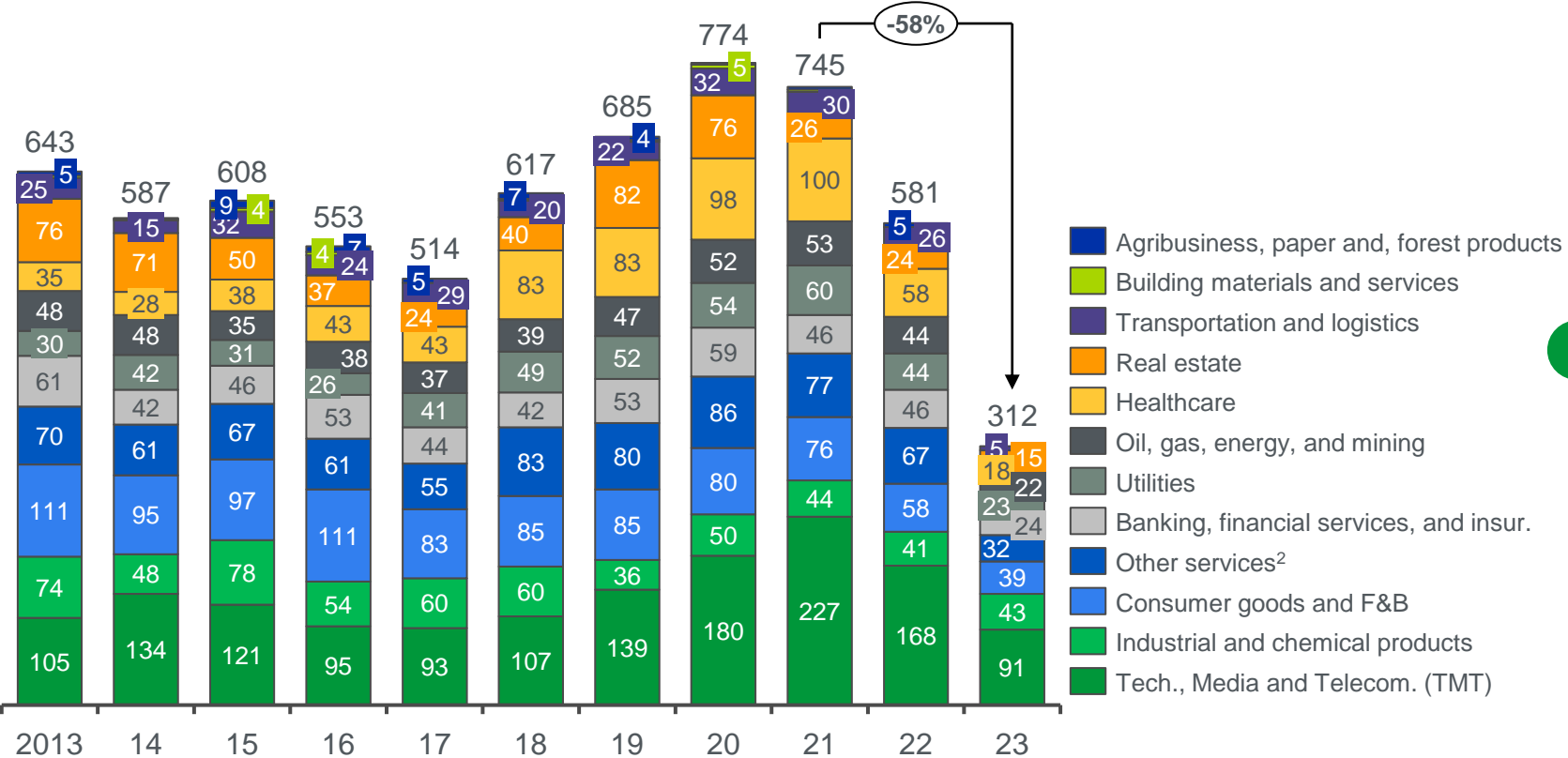


- **Volume of M&A transactions in Brazil reached its peak in 2020-2021**, after an upwards trajectory since 2018, driven by heightened confidence due to perceptions of diminishing country risk and positive economic trends
- **TMT, healthcare and real state were the key sectors driving** this growth, while other sectors remained stable
  - TMT saw a 116% growth in transactions in 2021 vs. 2013 (+122 deals) while healthcare increased 185% (+65 deals)
  - Real state fluctuated significantly over the past decade, but reached its peak in 2019-20
- **In 2022-2023 there was a downturn in transaction volume – reaching its lowest volume in a decade –** driven by inflation, interest rates and supply chain challenges and sector specific impacts in Technology and Healthcare
  - Healthcare dropped from 100 deals in 2021 to 18 in 2023 impacted by the aftermath of Covid, which pressured payers and as result the whole remaining of the value chain. Large corporates that were strong acquirers during the previous years, had to take a break in 2023 to improve their results before getting back to additional acquisitions
- **Tech., Media and Telecom. (TMT)** has been the most **relevant sector** for M&A in Brazil since 2016, and sustained its position in 2023, representing **30% of all transactions**; however, despite the great volume, these are usually lower value transactions
- **In 2023, Industrial and chemical products showed to be a more resilient sector and became the second most relevant sector**, averaging at 40-50 deals since 2020
- **Corporate transactions have lost significant share** (-12 p.p.) in the past decade as investment funds gained relevance
  - Venture Capital played a key role in the 2020-21 market boom, and has maintained its share in volume, despite an absolute reduction in number of transactions
  - PE has been steadily gaining importance over the years, reaching its peak in 2021, when it represented 14% of transactions; however in the past two years, high-interest rates hindered PE involvement, reducing its share in -3 p.p.
- **Despite a challenging year for M&A, there are still relevant deals carried out by PE, VC and corporate transactions** (*non-exhaustive*)
  - Corporate: Manara Minerals' acquisition of a minority stake on Vale's energy transition metals business; Minerva's acquisition of 16 Marfrig's slaughtering plants; and Glencore's acquisition of minority stakes on MRN and Alunorte
  - PE: Patria's investments on Atakadão Atakarejo and Credit Suisse's real estate fund; Mubadala investments on Bluefit and CLN concession; Bain Capital investments on Fogo de Chão and Bionexo; and BTG Pactual investments on OPY Health and Eucatex
  - VC: QI Tech's Series B, Nomad's Series C; Mottu's Series B, and Daki's Series C and D

# Volume of M&As in Brazil was on a growth trajectory in 2018-21, driven by TMT, healthcare and real state, however suffered a sharp drop in 2023 reaching its lowest levels in a decade

## M&As Brazil, by industrial sector (2013-23<sup>1</sup>)

Number of transactions



## Highlights

- **Transactions embarked on a growth trajectory** in 2018-21 of 6% per year
  - Market reached its peak in 2020, despite COVID impacts on GDP
- **TMT, healthcare and real state were the key sectors driving** this growth, while other sectors remained stable
  - TMT saw a 116% growth in transactions in 2021 vs. 2013 (+122 deals) while healthcare increased 185% (+65 deals)
  - Real state fluctuated significantly over the past decade, but reached its peak in 2019-20
- **However, in 2023 there was a sharp drop in transactions**, with the TMT and healthcare sectors being severely impacted – reaching its lowest levels in the decade

Notes: 1) Updated on 3 December 2023; 2) Includes services such as education, hotels, private security, laboratories, consultancy, leisure, and entertainment  
 Source: Capital IQ, Bloomberg, Valor Econômico, L.E.K. research and analysis

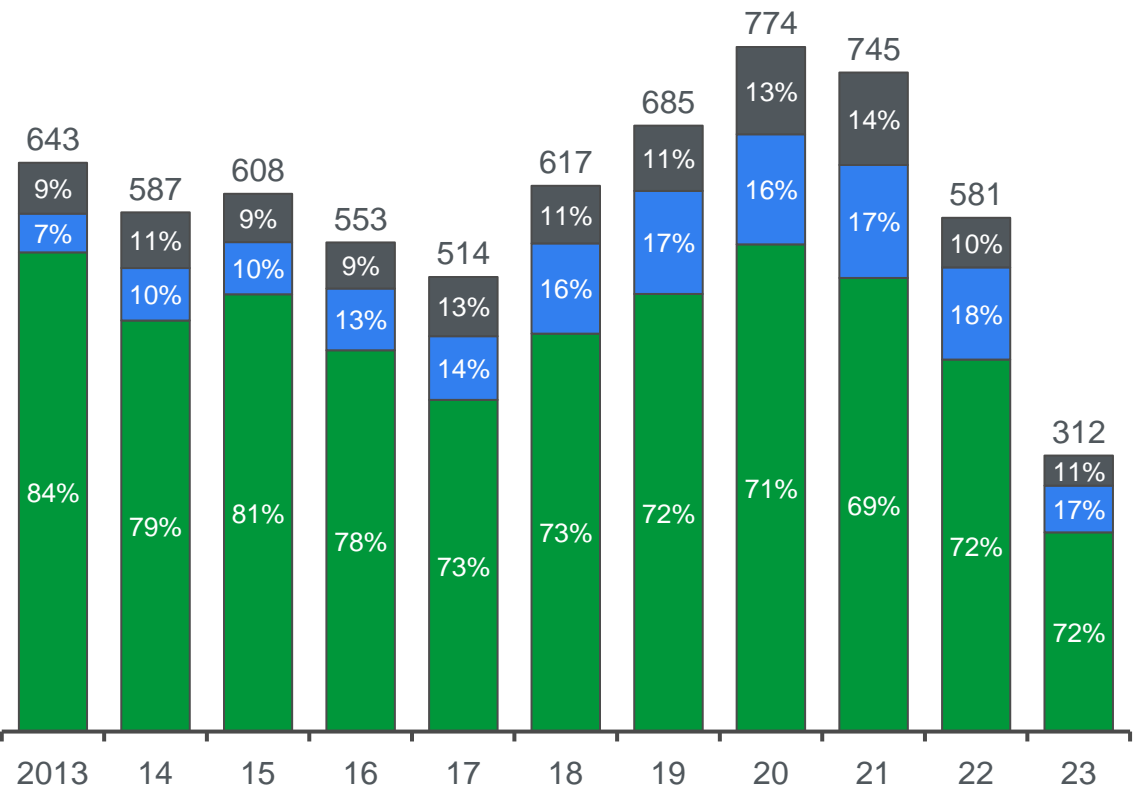


# Private Equity funds have steadily expanded their presence in the Brazilian market, while corporate transactions have lost significant share over the last decade



M&As Brazil, by type of transaction (2013-23<sup>1</sup>)

Number of transactions



### Highlights

- PE has been steadily gaining importance over the years, reaching its peak in 2021, when it represented 14% of transactions
- In the past two years, high-interest rates hindered PE involvement, reducing its share in -3 p.p.
- VC gained significant relevance over the past decade (+10 p.p.), reaching 16-18% share in the 2019-2022 period
- In 2020-21, there was a sharp increase in VC investments as investors looked to more attractive returns vs. low interest rates
- Corporate transactions have lost significant share (-12 p.p.) in the past decade as investment funds gained relevance

	Δ percentage points	
	(2013-23)	(2021-23)
PE funds	+2	-3
VC funds	+10	0
Corporate	-12	+3

Notes: 1) Updated on 3 December 2023  
Source: Capital IQ, L.E.K. research and analysis



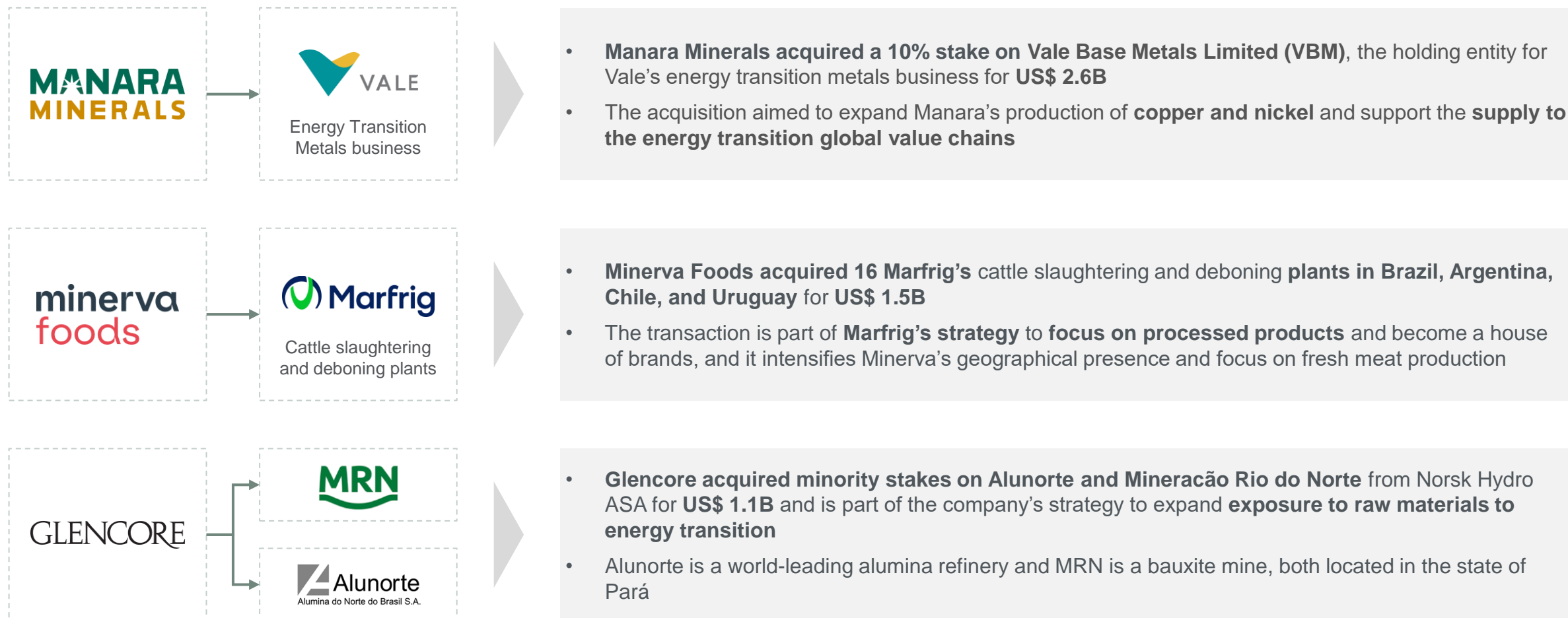
# The largest corporate M&As in Brazil in 2023 show the importance of sectors related to natural resources ...

Overview of M&A in LatAm

Brazil



## Examples of M&As between companies in 2023:



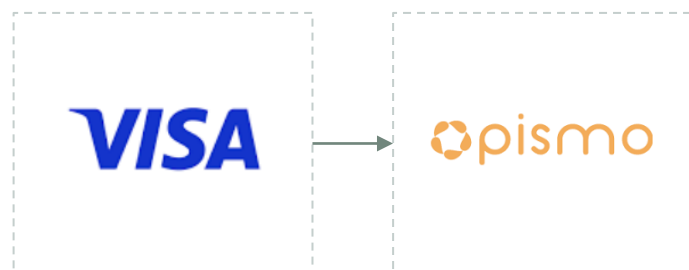
Source: Capital IQ, EMIS, L.E.K. research and analysis

## ... Yet relevant transactions of the year also occurred in Food & Beverages and in the Finance sectors, mainly featuring international buyers

Overview of M&A in LatAm

Brazil

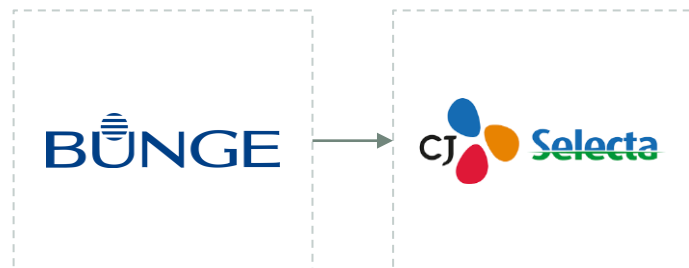
### Examples of M&As between companies in 2023:



- **Visa has purchased the Brazilian fintech company Pismo for an ~R\$ 5B**, a startup which in 2021 secured ~R\$500M in funding from Softbank and Amazon, along with the venture capital company Accel
- The acquisition by Visa introduces banking processing solutions and enables the issuance of debit, prepaid, credit, and corporate cards via APIs developed for cloud-based environments



- **Nestlé has acquired the business operations of Grupo CRM**, which includes the chocolate labels Copenhagen and Brasil Cacau, and the Kop Koffee café network, **with the transaction assessed at ~R\$ 4B**
- **Nestlé aims to grow threefold by 2026 through the launch of 2,000 new franchise outlets**; as of the acquisition date, the Group maintained 1,110 locations, having introduced 500 in the preceding year under a vigorous expansion strategy



- Bunge struck a deal with CJ CheilJedang Corporation to take over **CJ Selecta in Brazil**, a business specializing in the processing and production of concentrated soy protein, **with the transaction priced at ~R\$ 1.8B**
- **Brazil plays a pivotal role in Bunge's growth strategy**, and the CJ Selecta in Brazil has captured Bunge's attention during a period of substantial improvement in soy processing margins

Source: Capital IQ, EMIS, L.E.K. research and analysis

15 | Confidential | Draft

*Other relevant deals include: Klabin's acquisition of Arauco's operation in the state of Paraná; and Liberty Seguros' personal and small commercial business acquisition in Brazil, Chile, Colombia, and Ecuador by HDI international*

**LEK**™

# Even with fewer deals in 2023, Private Equity funds carried out transactions of substantial worth in multiple industries such as technology, infrastructure, and consumer products



## Examples of PE investments in 2023:

**PÁTRIA**

- Acquisition of control of the **wholesale network Atacadão Atakarejo** for ~R\$ 700M
- The target is the **largest wholesaler in the state of Bahia** and Pátria aims to become the **largest supermarket group in Brazil**
- Acquisition of **Credit Suisse's real estate fund division** for ~R\$ 650M
- Under the arrangement with UBS, Pátria assumes control of 8 property funds, encompassing around 900,000 investors, **in a segment previously eyed by Private Equity industry**

**BainCapital**

- FOGO DE CHÃO**
  - Bain Capital, a US-based Private Equity fund, has purchased the Brazilian steakhouse franchise **Fogo de Chão** for ~R\$ 5Bi
  - The chain has ~50-70 locations in various countries and the PE's goal is to **accelerate its growth and expansion**
- bionexo**
  - Acquisition of the **Brazilian healthtech Bionexo** for ~R\$ 100M
  - This emerging company creates and oversees digital platforms for medical supply procurement, planning to allocate the funds to natural expansion and strategic buyouts

**MUBADALA**

- Acquisition of 51% of the shares of Bluefit** valued at ~R\$ 464M
- Competing directly with Smart Fit**, Bluefit operates a budget-friendly gym chain with about 133 sites in Brazil and roughly 330,000 members
- Attainment of the CLN concession**, encompassing a toll highway along Bahia's northern shoreline, under an agreement extending to 2050
- The deal was made with the Brazilian infrastructure company Invepar, for debt restructuring purposes valued at ~R\$ 205M

**btgpactual**

- OPY health**
  - Acquisition of Opy Health through the sale from the IG4 Capital fund, which will remain as the controller
  - Opy Health is focused on the acquisition of hospital assets**, currently operating 3 hospitals, one in partnership with Hospital Albert Einstein (~1000 beds)
- eucatex**
  - Securing a 33% stake in Eucatex at the cost of ~R\$ 260 million**, known for its production and distribution of ceiling and insulation products

Headquartered in Abu Dhabi, it aims to invest ~R\$5Bi in Brazil per year and was one of the most active in terms of acquisition volume in 2023

Source: Capital IQ, EMIS, Valor Econômico, L.E.K. research and analysis

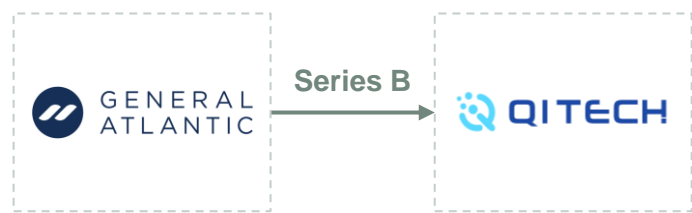
Other relevant deals include: CVC Partners investment in Delly's; Warburg Pincus R\$ 150M new investment in portfolio company Superlógica



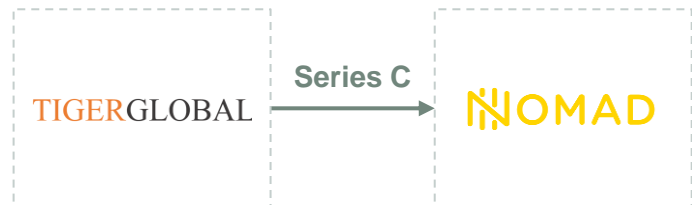


# Large investments by venture capitalists in Brazil were diversified across sectors and maturity levels, with the rounds being mostly led by international funds

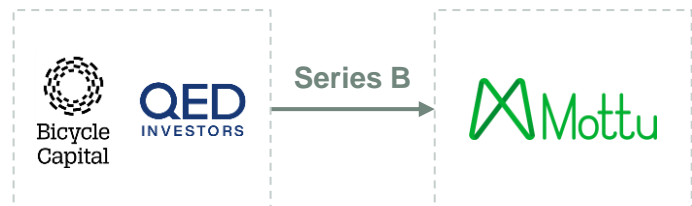
## Examples of VC investments in 2023:



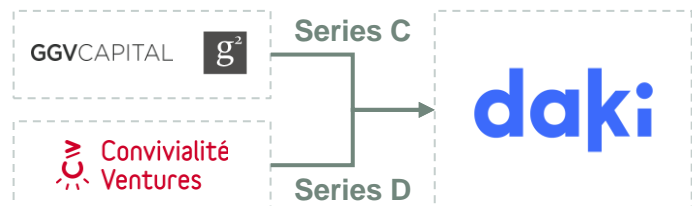
- **QI Tech**, a **fintech** that offers BaaS, CaaS, anti-fraud, and infrastructure to business, raised **R\$ 1B** in a **Series B** round led by **General Atlantic**
- The company expect to use the capital to **pursue M&A opportunities** within the finance sector



- **Nomad**, a **fintech** that offers bank account and investment services in the US to Brazilians, secured a **Series B** of **~R\$ 300M** led by **Tiger Global Management**
- **Development and launch of new products** is the use of proceeds expected by the company



- The **motorcycle rental company Mottu** closed a **Series C** funding of **R\$ 250M** co-led by **QED Investors** and **Bicycle Capital**
- Expected use of proceeds is to **expand internationally and make operational improvements**



- The digital supermarket startup **Daki** raised both a **Series C** and a **Series D** in **2023** of **R\$ 250M** each
- **Series C** was led by **GGV Capital** and **G Squared** while **Convivialité Ventures**, investment firm of **Pernod Ricard**, led the **Series D**

Note: Does not include non-leader investors of the round  
Source: Capital IQ, EMIS, Valor Econômico, L.E.K. research and analysis

Other relevant deals include: *Digibee's Series B; Tractian's Series B; and Gringo's Series C*

## Agenda

- Introduction
- Overview of M&A in LatAm
  - Brazil
  - **Mexico**
  - Other LatAm countries

# In Mexico, VC funds had a more prominent position in the last two years, however scenario was challenging in 2023 following local and U.S. economic outlook

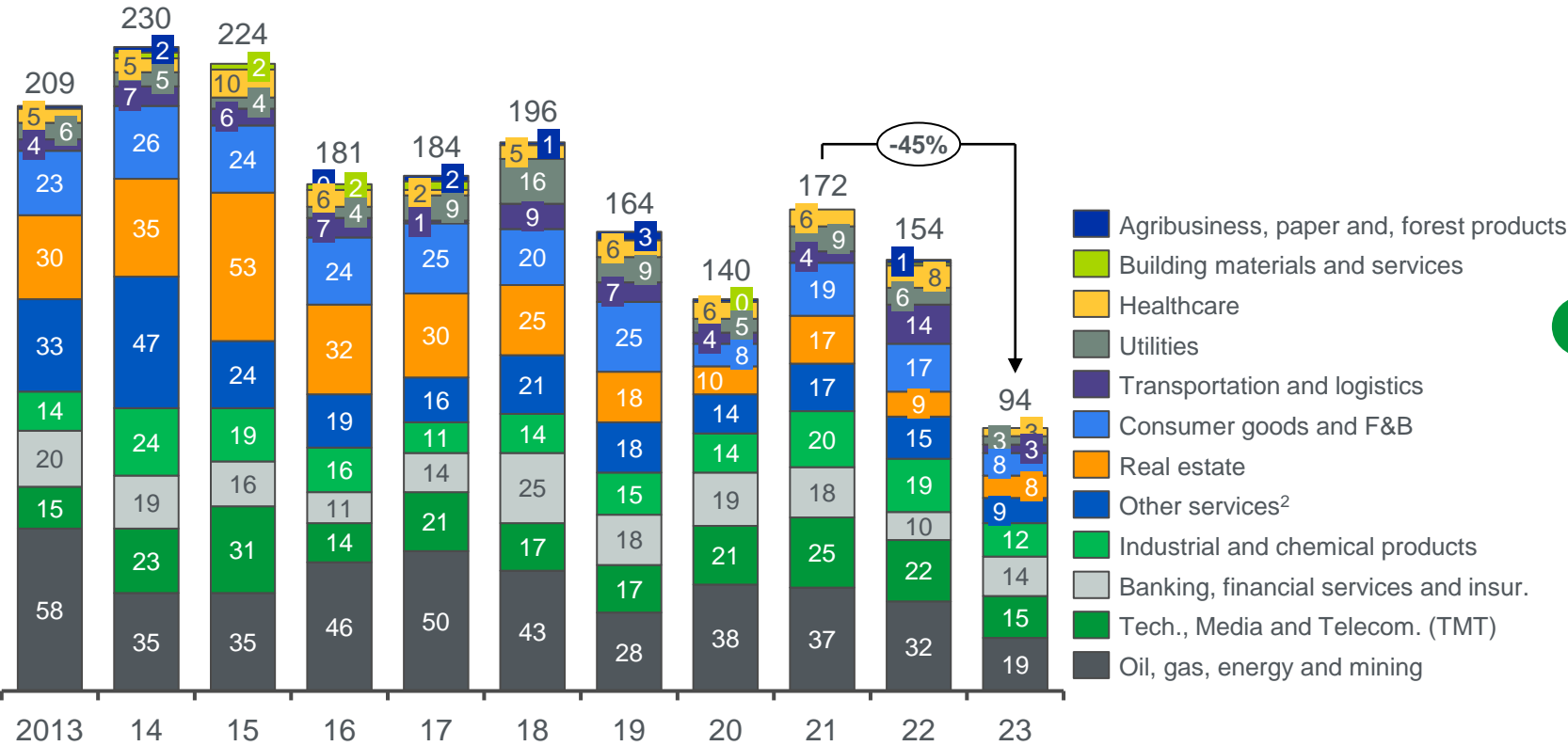


- **Volume of M&A transactions in Mexico reached its peak in 2014-2015**, driven by real estate, TMT and services sector; but reduced in 2016-17 as these growth sectors dropped and relationship with U.S. was facing challenges (Trump election)
  - **U.S. economic outlook and relationship is one of the main drivers of investments** in the region
- **COVID had a significant impact on transactions in 2020**, specially in the consumer goods / F&B sector whereas oil, gas, energy, mining and TMT were more resilient
- **2023 registered the lowest volume in a decade, impacting all sectors** as region is highly driven by international investors, which makes it vulnerable to global economic headwinds
- **Oil, gas, energy and mining sector was the most relevant sector for M&A in Mexico in 2023**, maintaining its historical position as a leader
  - **Mexico's relevance in metals and mining sector globally** (especially in metals like silver) reflects in a larger M&A activity in the sector
- **Corporate transactions have been losing significant over the decade** (-45 p.p. vs. 2013), as investments funds have been gaining space
  - **Venture Capital funds have gaining significant in the past two years**, sharing the position of the leading transaction type with corporate transactions in 2023
  - **Investment funds still struggle with complex market environment, restricted capital availability, and regulatory uncertainties**, and relevance these types of investors fluctuate over the years
- **Despite a challenging year for M&A, there are still relevant deals carried out by PE, VC and corporate investors**
  - Corporate: Grupo Carso's acquisition of PetroBal Operaciones Upstream and a minority stake on Talos Energy; Flo Network acquisition of American Tower fiber business in Mexico; and MAPFRE's acquisition of Insignia Life
  - PE: DHS Ventures' investment on Grupo SILMEX; General Atlantic's investment on MAC Hospitales; and Accel-KKR's investments on Pegaso Tecnologia and Indicium Solutions
  - VC: Clara's Series B led by GGV Capital; Albo's Series C led by Morpheus; Kapital's Series B led by Tribe Capital; and Zubale's Series a LED by QED Investors

# Similar to Brazil, 2023 registered Mexico's lowest M&A volume in a decade, while reaching its peak in 2014-2015 driven by real estate, TMT and services

## M&As Mexico, by industrial sector (2013-23<sup>1</sup>)

Number of transactions



## Highlights

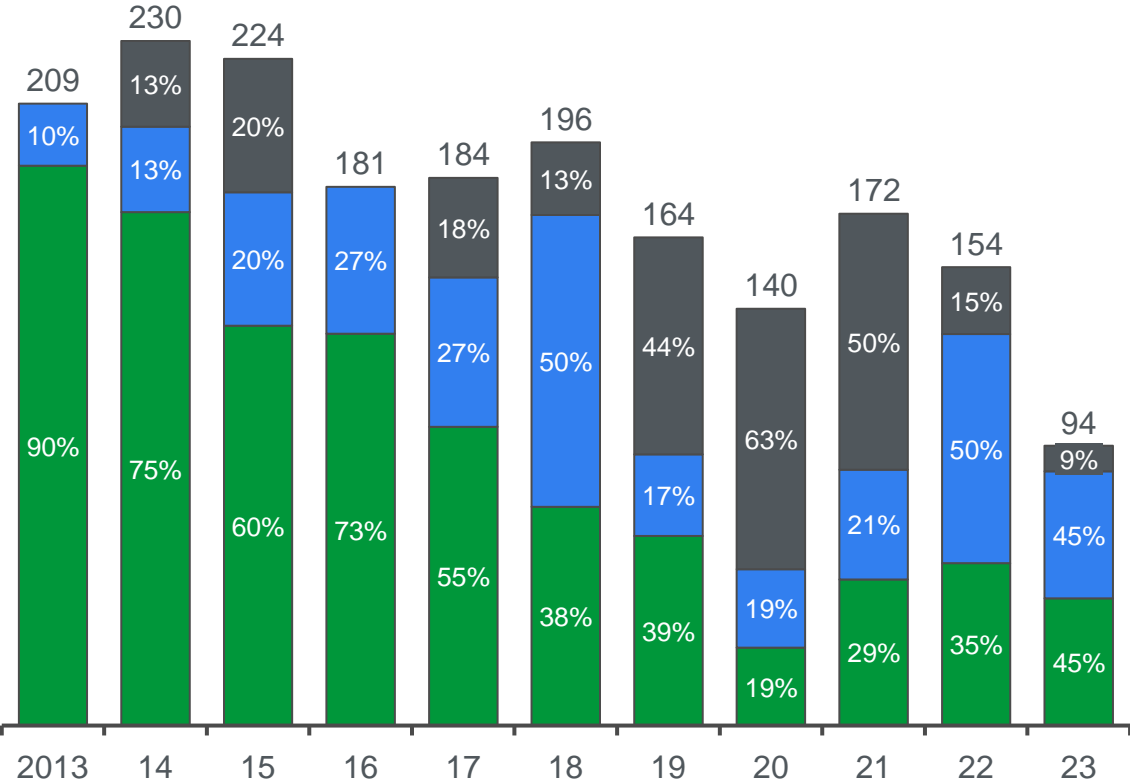
- Oil, gas, energy and mining has consistently been the most significant sector (despite drop in 2019)
- Volume of transactions reached its peak in 2014-2015, driven by real estate, TMT and services
- In 2016-2017, number of transactions reduced as these growth sectors dropped and relationship with U.S. was facing challenges (Trump election)
- COVID had a significant impact on transactions, specially in the consumer goods and F&B sector whereas oil, gas, energy, mining and TMT were more resilient
- 2023 registered the lowest volume in a decade, impacting all sectors; region is highly driven by international investors, which makes it vulnerable to global economic headwinds

Notes: 1) Updated on 5 December 2023; 2) Includes services such as education, hotels, private security, laboratories, consultancy, leisure, and entertainment  
 Source: Capital IQ, L.E.K. research and analysis

# Despite increased prominence in 2023, corporate transactions have decreased in share in recent years; PE and VC funds have grown significantly but face now challenges to complete investment cycles

## M&As Mexico, by type of investor (2013-23<sup>1</sup>)

Number of transactions



	CAGR (2013-23)	CAGR (2021-23)
PE funds	+9	-41
VC funds	+35	+24
Corporate	-45	-16

### Highlights

- Despite showing significant relevance from 2019 to 2021 PE activity in Mexico faces challenges as its ecosystem matures and completes initial cycles, a stage already achieved by markets like Brazil
- Challenges include a complex environment market conditions for exits, regulatory uncertainty, and limited fundraising sources
- Despite the decline in 2023, VC investments have significantly increased, with technology-driven companies securing substantial capital from both local and international investors
- However, VC funds face regulatory and market immaturity challenges similar to those faced by PEs
- Historically, transactions between companies diminished in importance as the market shifted towards an increased volume of deals involving PE and VC funds
- In 2023, these transactions stood out due to the global economic recession, high interest rates, and a shortage of capital for fund investments

Notes: 1) Updated on 5 December 2023  
Source: Capital IQ, EMIS, L.E.K. research and analysis

# The relevant corporate transactions in Mexico were diversified across different sectors; however, the oil and gas sector stood out in terms of transaction size

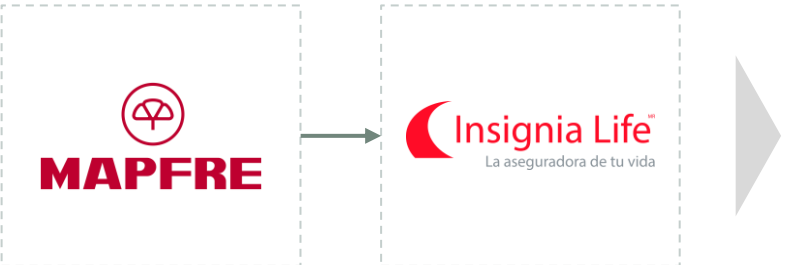
 **Examples of M&As between companies in 2023:**



- **Grupo Carso**, a Mexican industrial conglomerate, **acquired 49.9% stake in Talos Energy’s Mexico subsidiary for ~US\$ 125M** in September 2023
- In December, Grupo Carso continued acquisition in the sector by **buying PetroBal Operaciones Upstream operations in the Ichalkil & Pokoch fields for US\$ 530M**



- **Flo Networks** has **completed the acquisition of American Tower’s fiber operation in Mexico for ~US\$ 250M** in the company’s aim to **increase Flo’s network reliability and reach**
- American Tower’s fiber business, know as **redIT**, is present in over **40 cities in Mexico** and has **long footprints in the metro** of the country



- **MAPFRE** has **acquired the Mexican life insurance company Insignia Life for US\$ 96M**, absorbing a 2M clients’ life insurance base and ~US\$ 100M in premiums
- The acquisition is part of **MAPFRE’s strategy to expand its life insurance operations in LatAm and a enlarge the product suite in Mexico** working jointly with Insignia

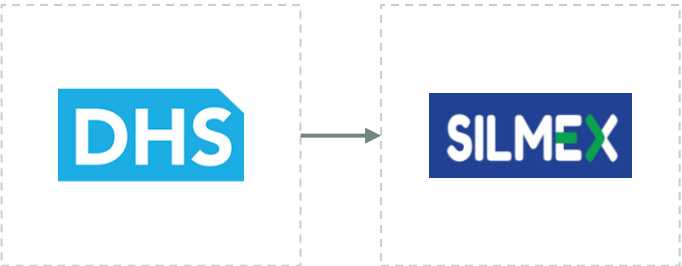
Source: Capital IQ, EMIS, L.E.K. research and analysis  
22 | Confidential | Draft

*Other relevant deals include: Kapital’s acquisition of Banco Autofin for US\$ 50M*

# PE investments in Mexico in 2023 were led by international funds with various strategies and sector focuses



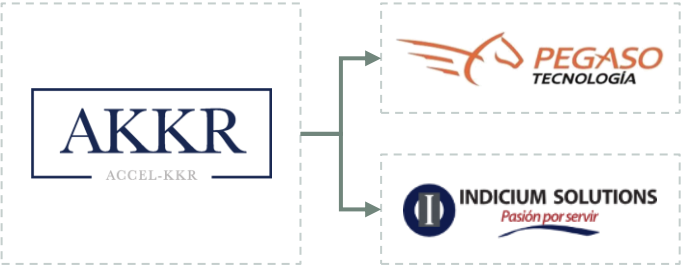
## Examples of PE investments in 2023:



- **DHS Ventures acquired** Mexico's integrated pharmaceutical company, **Grupo SILMEX**, for **US\$750M**, marking the fund's first investment in the country
- **Grupo SILMEX produces and markets over-the-counter (OTC) branded generic and private-label pharmaceuticals** in six modern production facilities, including three FDA-approved plants with U.S. export capability



- **General Atlantic announced a US\$160M investment in MAC Hospitales**, one of the largest hospital providers in the country, for a **minority stake close to 20%** of the company
- **MAC Hospitales expects to invest in infrastructure, technology, deepening of offerings, and in the expansion of its operations** - currently, it operates 20 hospitals, and plans to include the opening of greenfield hospitals



- **Accel-KKR expanded its LatAm portfolio** through the **acquisition** of two Mexican e-invoicing and tax compliance software companies: **Pegaso Tecnología** and **Indicium Solutions** for an **undisclosed value**
- The fund also acquired **Facture**, based in Colombia, to establish a **unified platform for e-invoicing and digital compliance leadership in LatAm**

Notes: 1) Transaction also include Continental Grain Company and Cultiva Aqua  
 Source: Capital IQ, EMIS, L.E.K. research and analysis

Other relevant deals include: Equity Group Investments and Castle Harlan's acquisition of Baja Aqua Farms for US\$ 203M<sup>1</sup>; and Bocel's acquisition of Grupo Solufi



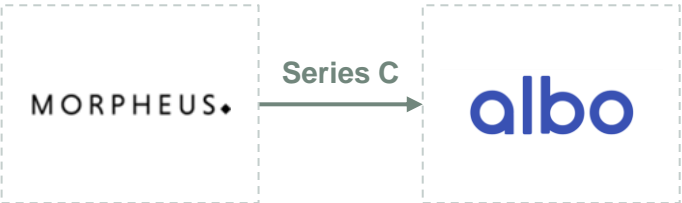
# Largest venture capital rounds in Mexico in 2023 predominantly targeted fintechs and companies with operations across Latin America



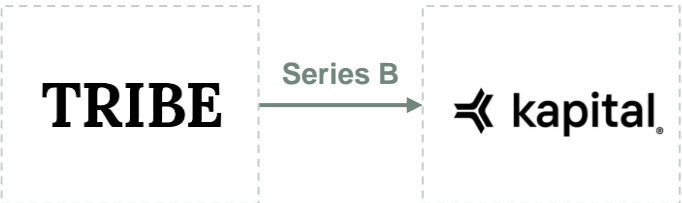
## Examples of VC investments in 2023:



- **Clara**, a Mexican fintech that offers expense management and corporate cards in Mexico, Brazil, and Colombia, raised a **US\$ 60M Series C** round led by **GGV Capital**
- The use of proceeds include **hiring of engineers and development of new products**



- **Mexican digital bank Albo** secured a **US\$ 40M Series C** funding round led by **Morpheus Ventures**
- **Albo expects to achieve the break-even by 2024**, through the **expansion of its product portfolio**, that includes a mobile banking app, a banking account and a Mastercard debit card



- **Kapital**, a **banking and tech platform** that offers SMEs enterprise technology, closed a **US\$ 40M Series B** round led by **Tribe Capital**
- Company use of proceeds is to invest in the platform to **expand reach in LatAm and broaden product offerings**



- The e-commerce startup **Zubale** secured a **Series A extension of US\$ 25M** led by **QED Investors** after a **US\$ 40 Series A** in 2022
- It offers a marketplace to connect gig workers with retailers and warehouses, as well as logistics and a software to companies and **expect to use the raised capital to grow in Brazil and Mexico**

Note: Does not include non-leader investors of the round  
 Source: Capital IQ, EMIS, Valor Económico, L.E.K. research and analysis

*Other relevant deals include: Nexus US\$ 20M Series C round led by Valor Capital Group; and Yalo Series C US\$ 20M extension led by Glisco Partners*





## Agenda

- Introduction
- Overview of M&A in LatAm
  - Brazil
  - Mexico
  - **Other LatAm countries**

## Volume of transactions has also decrease in other countries, with sectors linked to natural resources being the main sectors for activity



Overview of M&A in LatAm

Other LatAm countries

- **Volume of M&A transactions has decreased in all the countries from 2021 onwards**, as an unfavorable economic perspective hindered investment decisions
  - **Global economic stagnation and geopolitical conflicts** have also impacted these countries, as foreign capital is a relevant aspect of M&A movements
  - **The Covid-19 pandemic impacted M&A activity in 2020** in all the countries of the section, and apart from Peru, economies **have bounced back**, with number of deals recovering in **2021**
  - The **political uncertainties** in these countries have also **played an important role in M&A activity**, especially in 2019, when the Argentinian presidential election and the constitutional crisis in Peru diminished investments in those countries
  - **Colombia** has a **potential healthcare reform**, that impacted the recent number of deals and could be an obstacle moving forward.
- **Sectors linked to natural resources are the main sectors for M&A activity in these countries**, yet other sectors has been growing in relevance
  - **Mining sector** is the most **representative sector in Peru**, which is a global leader in copper and silver production
  - In **Argentina**, the **mining sector has stood out as global demand of lithium has risen** in recent years, even though oil and gas is still relevant
  - **Colombia** has seen an **increase** in number of transactions from **healthcare, TMT, and consumer goods** combined with a **decrease in deals from sectors linked to natural resources**, the historical leading sector
- **Corporate account for most of the transactions**, but VC has gained relevance in the region in the past 2-3 years
  - **Colombia's startup and entrepreneurship ecosystem stands out** compared to the other countries of the section, leading to a **larger relevance of VC investments** in the country (20-40% since 2020)
  - **In Chile**, VC has maintained a 15-30% relevance since 2018 as PE has been limited to up to ~15%
  - **In Argentina**, Corporate has remained 70-90% of the number of transactions given macroeconomic dynamics that hinder PE and VC involvement
  - **In Peru**, Corporate has also steadily remained 70-90% of transactions with limited PE and VC involvement

# In Colombia, the relevance of transactions in the oil, gas, energy, and mining sector has been diluted over the years; healthcare, TMT, consumer goods, and F&B have gained relevance in the same period

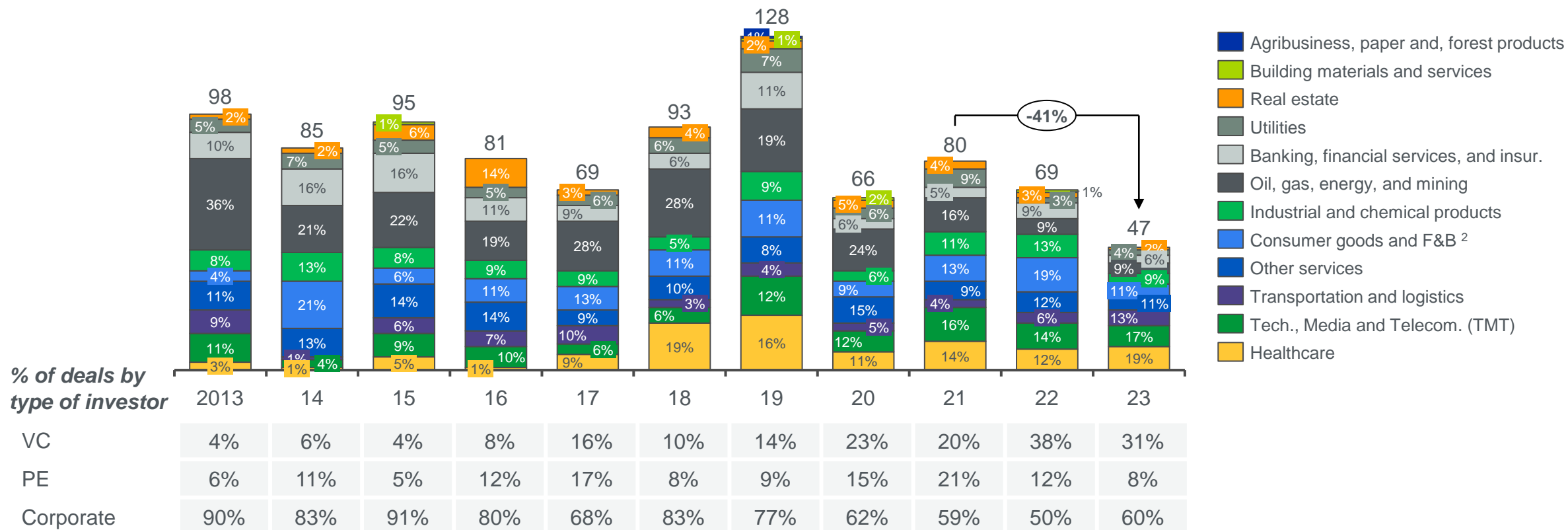
Overview of M&A in LatAm

Other LatAm countries

## M&As Colombia, by industrial sector

(2013-23<sup>1</sup>)

Number of transactions



Notes: 1) Updated on 5 December 2023  
Source: Capital IQ, L.E.K. research and analysis

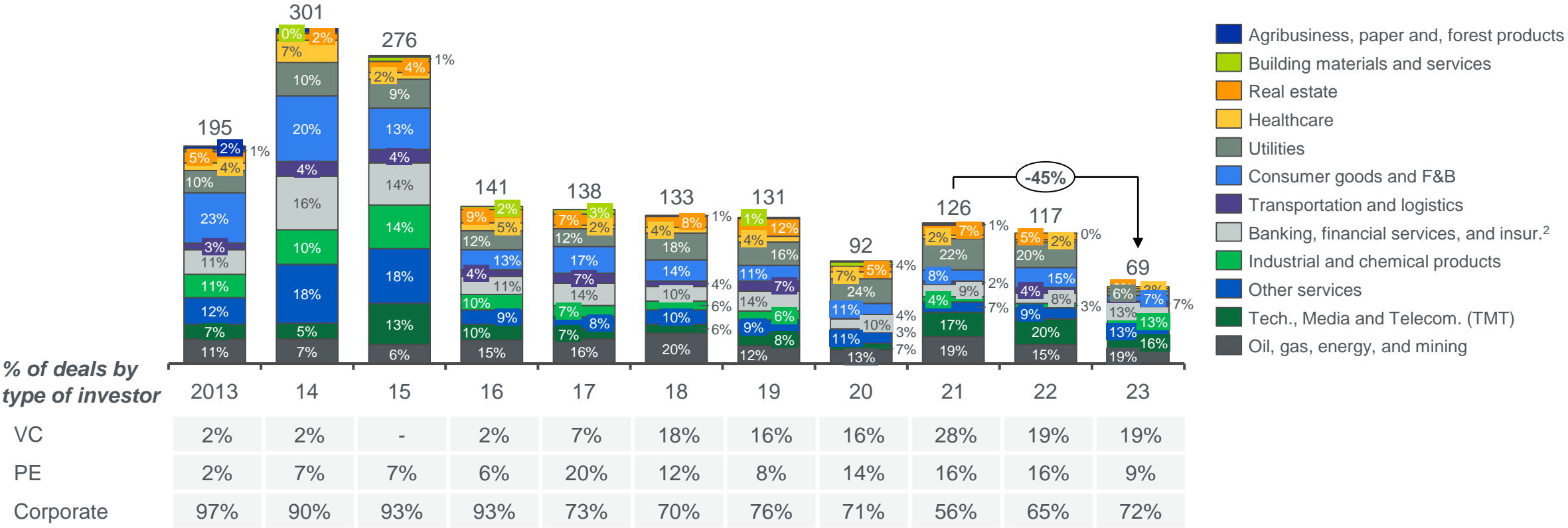
# Chile has seen a decrease in M&A activity between 2013 and 2023, yet sectors like TMT, services, and energy demonstrated resilience; PE and VC have gained significance in the M&A landscape

Overview of M&A in LatAm

Other LatAm countries

## M&As Chile, by industrial sector (2013-23<sup>1</sup>)

Number of transactions



Notes: 1) Updated on 5 December 2023  
Source: Capital IQ, L.E.K. research and analysis

# Oil, gas, energy, and mining stand out as the predominant sectors in the Argentina's M&A landscape, serving as the main driver of growth between 2013 and 2018

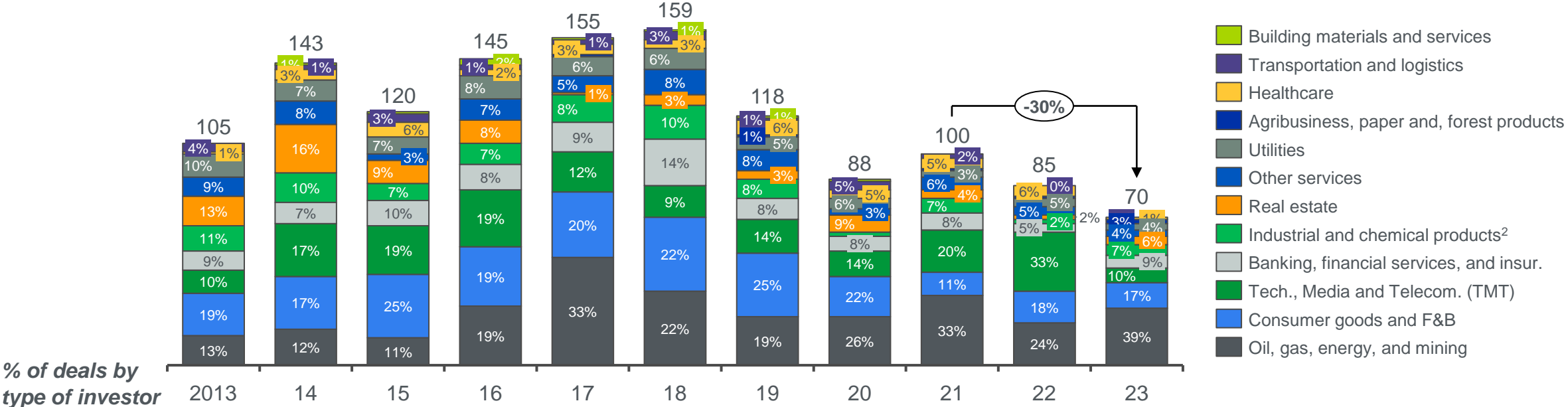


Overview of M&A in LatAm

Other LatAm countries

## M&As Argentina, by industrial sector (2013-23<sup>1</sup>)

Number of transactions



% of deals by type of investor	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
VC	5%	4%	5%	2%	8%	10%	7%	7%	11%	29%	11%
PE	4%	8%	5%	4%	7%	4%	5%	14%	13%	4%	2%
Corporate	92%	88%	91%	94%	85%	86%	88%	78%	76%	67%	88%

Notes: 1) Updated on 5 December 2023  
Source: Capital IQ, L.E.K. research and analysis



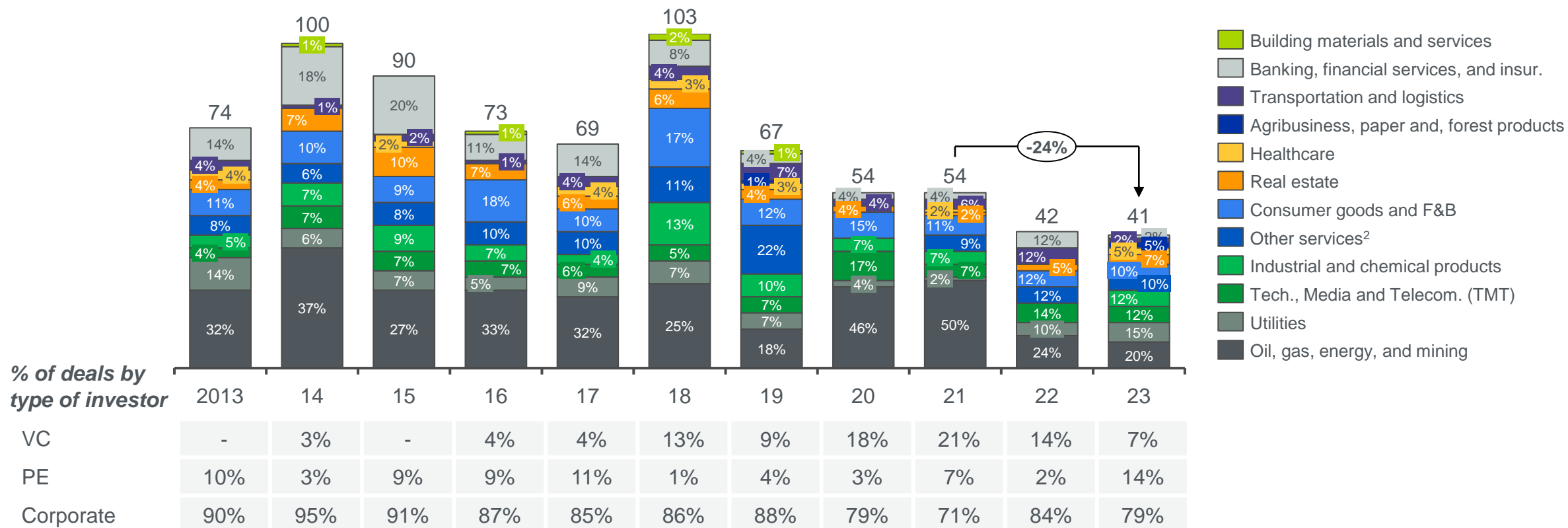
# In Peru, the oil, gas, energy, and mining sector showed resilience and relevance in the period between 2013 and 2023; TMT gained importance, especially from the beginning of the Covid-19 pandemic

Overview of M&A in LatAm

Other LatAm countries

## M&As Peru, by industrial sector (2013-23<sup>1</sup>)

Number of transactions



Notes: 1) Updated on 5 December 2023  
Source: Capital IQ, L.E.K. research and analysis

## Maurício França is a partner at L.E.K. in the São Paulo office, with extensive experience in M&As in Latin America

Introduction



### Maurício França Partner, São Paulo

- **Maurício França is a Director in L.E.K.'s São Paulo office.** He has around 25 years' experience in consultancy, working on corporate strategy and mergers and acquisitions transactions
- **He started his strategy consulting career in Madrid in 1999;** he worked for around 10 years in Spain and Mexico, and then lived for 5 years in the United Arab Emirates, where he worked for a **PE fund and later for a sovereign wealth fund.** After that, he returned to Brazil as one L.E.K.'s partners for LatAm
- **Maurício has participated in more than 100 mergers and acquisitions during his career,** acting on some occasions as a consultant and on others as an investor; he has experience with transactions of different sizes and complexities. **He has in-depth knowledge of the Brazilian private equity market,** including its participants and their investment strategies
- **Maurício has a degree in Computer Engineering from Unicamp in Brazil and an MBA from MIT Sloan in Boston.** He was also awarded merit-based scholarships from the Estudar Foundation and the Ling Institute in Brazil. Mauricio has 2 children, and in his spare time he enjoys reading (psychology, history), running, meditation and kite-surfing



+55 11 9 5493-1036



m.franca@lek.com

## Disclaimer

This document is to provide information and is for illustration purposes only. Accordingly, it must be considered in the context and purpose for which it has been prepared and must be kept confidential.

This document cannot be relied upon by any recipient. In accepting it, you agree that L.E.K. Consulting LLC and its affiliates, members, directors, officers, employees and agents neither owe nor accept any duty or responsibility or liability to you or any third party, whether in contract, tort (including negligence) or breach of statutory duty or otherwise, howsoever arising, in connection with or arising from this presentation or the use you or any third party make of it. L.E.K. shall not be liable to you or any third party in respect of any loss, damage or expense of whatsoever nature which is caused by your or any third party's reliance on or for any use you or any third party may choose to make of the presentation, which you accept is at your or their own risk.

This report is based on information available at the time this report was prepared and on certain assumptions, including, but not limited to, assumptions regarding future events, developments and uncertainties, and contains "forward-looking statements" (statements that may include, without limitation, statements about projected market opportunities, strategies, competition, expected activities and expenditures, and at times may be identified by the use of words such as "may," "could," "should," "would," "project," "believe," "anticipate," "expect," "plan," "estimate," "forecast," "potential," "intend," "continue" and variations of these words or comparable words).

L.E.K. is not able to predict future events, developments and uncertainties. Consequently, any of the forward-looking statements contained in this report may prove to be incorrect or incomplete, and actual results could differ materially from those projected or estimated in this report. L.E.K. undertakes no obligation to update any forward-looking statements for revisions or changes after the date of this report, and L.E.K. makes no representation or warranty that any of the projections or estimates in this report will be realized. Nothing contained herein is, or should be relied upon as, a promise or representation as to the future.