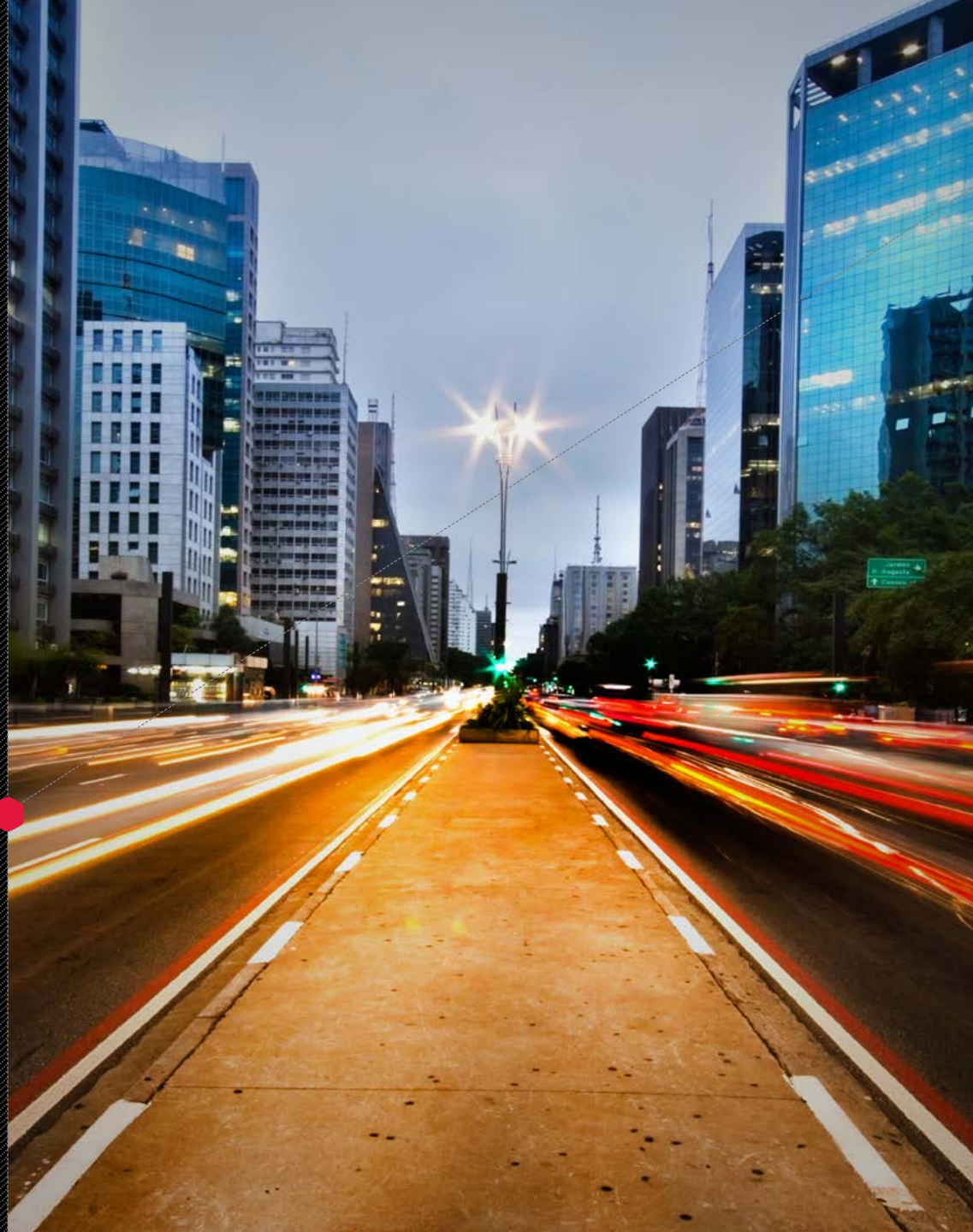


Deal Trends in Latin America

March 2016



Enhancements

The S&P Capital IQ platform reinforces its **private company data with public debt information across key countries in Latin America**. It is a comprehensive database of standardized and comparable financial data.

[Send us an e-mail](#) to learn more about this exciting initiative.

Deal Trends in Latin America

<input type="checkbox"/> Deal Activity Latin America.....	4
<input type="checkbox"/> Deal Volume & Values By Country.....	5
<input type="checkbox"/> Top 10 Deals.....	6
<input type="checkbox"/> Deal Volume & Values By Sector.....	7-8
<input type="checkbox"/> Cross Border Deal Analysis.....	9-10
<input type="checkbox"/> Key Metrics On Select Countries.....	12
<input type="checkbox"/> Financials Spotlight.....	13

[Sign up](#) to receive Deal Trends in Latin America directly to your inbox.



Deal Trends in Latin America is a publication brought to you by S&P Global Market Intelligence that explores the regional deal environment in Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador Mexico, Panama, Peru, and Uruguay and provides high-level statistical benchmarks. Except where otherwise noted, deal activity analyzed in this report covers the period from 1/1/13-12/31/15.

KEY HIGHLIGHTS:

- Deal Volume over the calendar year of 2015 decreased slightly (3.4%). In contrast, deal value decreased significantly (46.6%) from the previous calendar year in 2014
- Brazil remains the leader of deal activity in comparison to the other major countries in the region. In 2015, Brazilian targets were represented in six of the top 10 deals
- Deal values in 2015 year-over-year (YoY) fell dramatically in the materials and telecom space, while deal volume in the telecom space has nearly doubled over that same time frame
- 45% of the total deals done in 2015 in Latin America were intra-regional versus foreign, non- Latin American buyers
- Brazil's Sovereign Long-term foreign currency rating dropped from BB+ to BB. Argentina's S&P sovereign long term foreign currency credit rating is given as default although its local currency rating improved one notch to B- (as of February 2016).

CONTRIBUTORS:

Brandon Newland
bnewland@spcapitaliq.com
Market Development
Private Equity
S&P Capital IQ

Sam Blackman
sblackman@spcapitaliq.com
Market Development
Application Specialist
S&P Capital IQ

*Data pulled for this report is as of January 4, 2016 and excludes all asset/product target types. For more information on our methodologies, please e-mail marketobservations@spcapitaliq.com.

DEAL ACTIVITY IN LATIN AMERICA

OVERALL DECREASE IN VALUE ACROSS THE REGION

Deal Volume over the calendar year of 2015 decreased slightly (3.4%). In contrast, deal value decreased significantly (46.6%) from the previous calendar year in 2014. The number of headline deals was lower in 2015 YOY. In 2014, there were 17 deals over 1+ billion dollars (USD). In 2015, only 9 deals were greater than 1+ billion dollars (USD), half those in 2014. This trickled down to the rest of the M&A activity, as valuations were lower from the banner year in 2014.

The criteria used in our analysis were M&A and private placement activity over the last 5 years in select Latin American countries. We then applied various lenses for country, industry, and cross border activity. Our analysis finished with a high level overview of the macro environment in Latin America. Expanding on the macro environment we took a look at the high level assessment of banks in these selected countries.

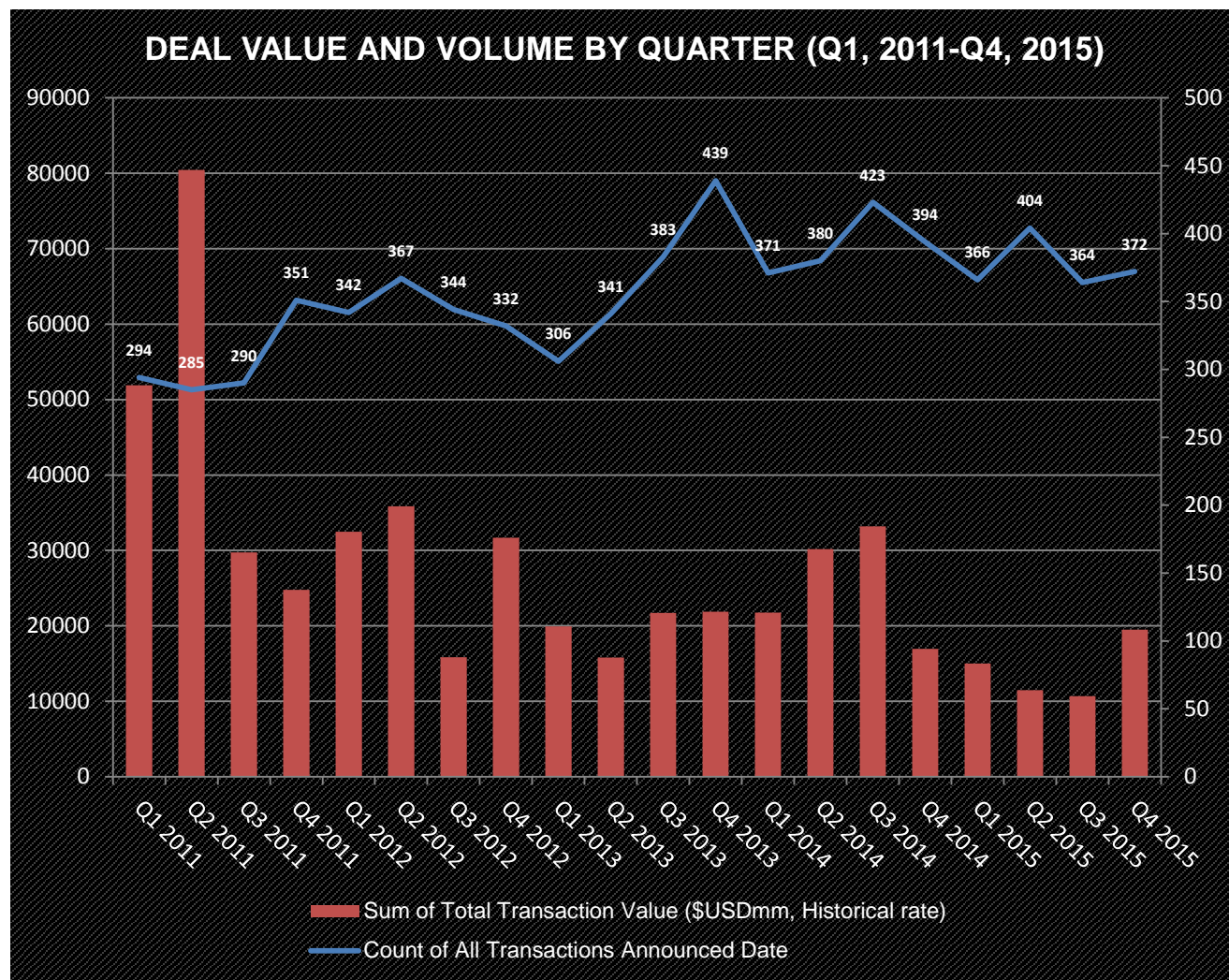
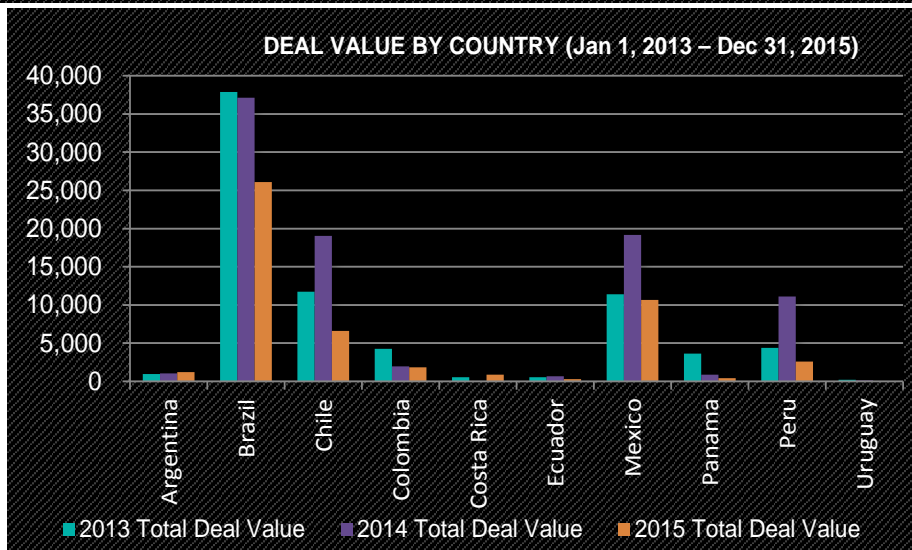


Chart includes closed and announced transactions with both disclosed and undisclosed values. Source: S&P Capital IQ, data as of January 4, 2016.

Chart also includes closed and announced transactions with disclosed values. Values in \$USDmm, historical rate. Source: S&P Capital IQ, data as of January 4, 2016.

DEAL ACTIVITY IN LATIN AMERICA: Y-o-Y TRENDS BY COUNTRY



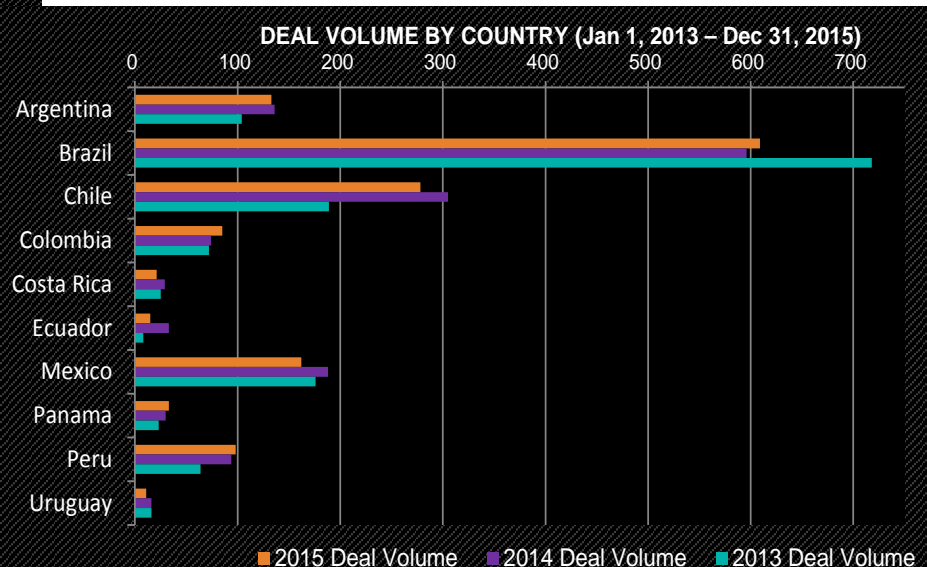
To contrast, in Chile the overall value and volume declined in 2015. With a relatively small change in volume, only 9% from 2014, the deal value decreased by 65%. In 2014, Chile had five deals over 1+ billion (USD) and versus one deal in 2015. This was Antofagasta's acquisition of Compania Minera Zaldivar (who owns a large copper mine in Chile). Similarly, while volume in Brazil went up in 2015, the overall value of these deals decreased. Despite the majority of deals in the region still represented by targets in Brazil, these deals are much smaller than those in 2014. A good example of this is the Global Village Telecom deal in 2014 that was larger than the total of the top six deals in Brazil during 2015.

COUNTRY HIGHLIGHTS

With the overall value decreasing in the region, all countries had a decrease from 2014 except Argentina and Costa Rica. The largest decreases of deal value to note are Chile, Mexico, and Peru. Despite the political transition in Argentina in the latter half of 2015, deal value remained consistent with previous years.

In Costa Rica, the large change in deal value is driven off of the pending acquisition of Globeleq Mesoamerica Energy by SunEdison Inc. This deal represents 96% of the 2015 calendar year total deal value.

Source: S&P Capital IQ, data as of January 4, 2016. Values in \$USDmm, historical rate.



2015 Deal Volume 2014 Deal Volume 2013 Deal Volume

M&A ACTIVITY IN LATIN AMERICA: TOP DEALS (ANNOUNCED & CLOSED)

Announced Date	Closed Date	Target/Issuer	Headquarters	Primary Industry (Target)	Buyers/Investors	Buyer Country	Total Transaction Value (\$USDmm.)	Implied Enterprise Value/EBITDA (x)	Implied Enterprise Value/Revenues (x)	Implied Enterprise Value/	Implied Equity Value/LTM Net Income (x)	Percent Acquired
November 13, 2015	-	CETIP S.A. - Mercados Organizados (BOVESPA:CTIP3)	Brazil	Asset Management and Custody Banks	BM&FBOVESPA S.A. (BOVESPA:BVMF3)	Brazil	2,987	14.9	9.4	16.0	20.8	100
February 23, 2015	October 16, 2015	Souza Cruz S.A.	Brazil	Tobacco	British American Tobacco Americas Prestacao de Servicos Ltda.	Brazil	2,532	17.2	6.5	18.3	24.5	25
October 1, 2015	-	Representaciones e Investigaciones Medicas, S.A. de C.V.	Mexico	Pharmaceuticals	Teva Pharmaceutical Industries Limited (NYSE:TEVA)	Israel	2,300	-	10.1	-	-	100
February 26, 2015	-	BR Properties S.A. (BOVESPA:BRPR3)	Brazil	Real Estate Operating Companies	BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	2,253	7.8	7.5	7.8	10.1	85
January 28, 2015	January 6, 2016	Controladora Comercial Mexicana SAB DE CV (BMV:COMERCI UBC)	Mexico	Hypermarkets and Super Centers	Tiendas Soriana, S.A. De C.V.	Mexico	2,179	8.7	0.8	12.1	18.5	96
December 11, 2015	-	BR Properties S.A. (BOVESPA:BRPR3)	Brazil	Real Estate Operating Companies	GP Real Properties II C, LLC	United States	1,672	13.7	9.8	13.7	-	63
July 31, 2015	-	Gasoductos de Chihuahua, S. de R.L. de C.V.	Mexico	Oil and Gas Storage and Transportation	Infraestructura Energética Nova, S.A.B. de C.V. (BMV:IENOVAA*)	Mexico	1,495	-	-	-	-	50
May 28, 2015	May 28, 2015	Rede D'Or São Luiz S.A.	Brazil	Healthcare Facilities	GIC Pte. Ltd.	Singapore	1,037	-	-	-	-	-
July 30, 2015	December 1, 2015	Compania Minera Zaldivar S.A.	Chile	Diversified Metals and Mining	Antofagasta plc (LSE:ANTO)	United Kingdom	1,005	-	-	-	-	50
February 9, 2015	-	Somos Educação S.A. (BOVESPA:SEDU3)	Brazil	Education Services	Tarpon Investimentos, Private Equity Arm	Brazil	996	12.0	2.9	15.7	65.8	59

DEAL HIGHLIGHTS:

Brazil still remains the leader of deal activity in comparison to the other major countries in the region. In 2015, Brazilian targets were represented in six of the top 10 deals. Teva Pharmaceutical's acquisition of Representaciones e Investigaciones was the largest Pharma deal over the last three years.

Table includes closed and announced M&A deals only. Percent acquired is noted for each transaction, and transaction values are (\$USDmm, historical rate.) Data is sorted by total transaction value. Source: S&P Capital IQ, data as of January 4, 2016.

DEAL ACTIVITY IN LATIN AMERICA: SECTOR TRENDS Y-o-Y

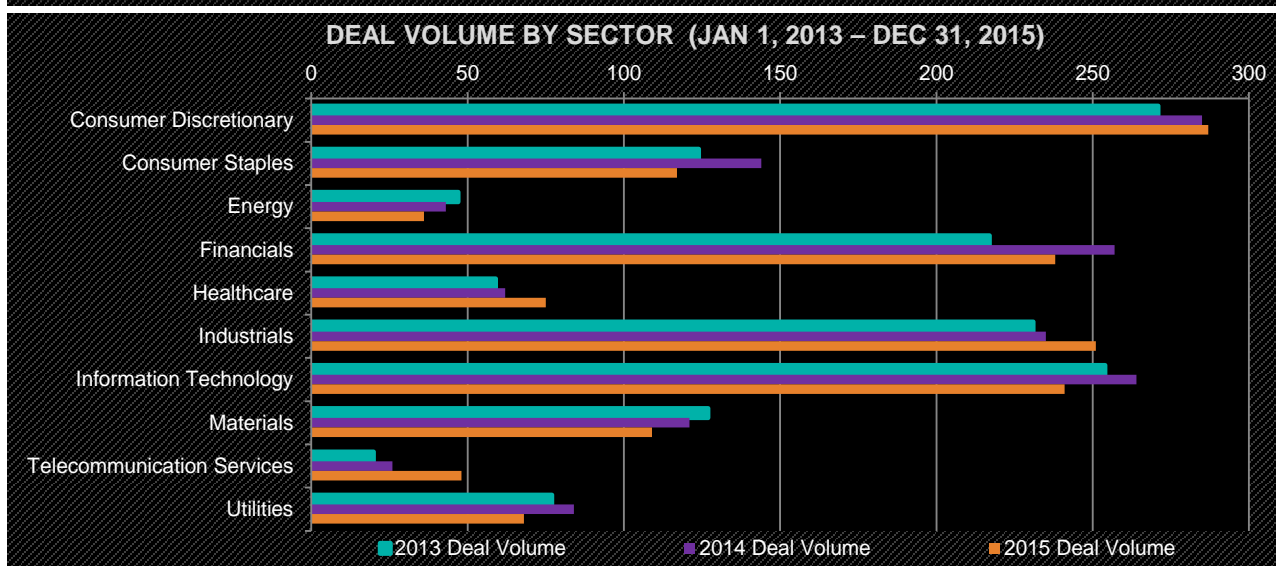
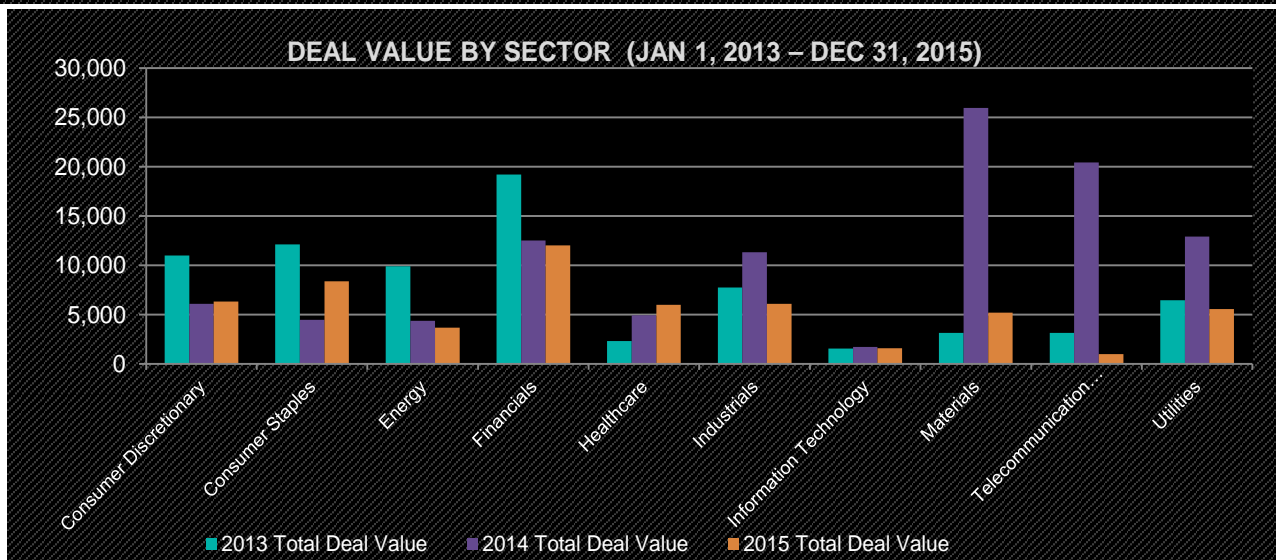
SECTOR HIGHLIGHTS

Deal values in 2015 YoY fell dramatically in the materials and telecom space, while deal volume in the telecom space has nearly doubled over that same time frame.

Deal value decreased across the board with the healthcare sector as the only exception to this trend. The 2.3 billion USD Teva Pharma acquisition in 2015 accounts for more than one third of the total deal value in the respective sector. In the healthcare space, the deal value compound annual growth rate (CAGR) between 2013-2015 was 61% while the deal volume equivalent was 12%.

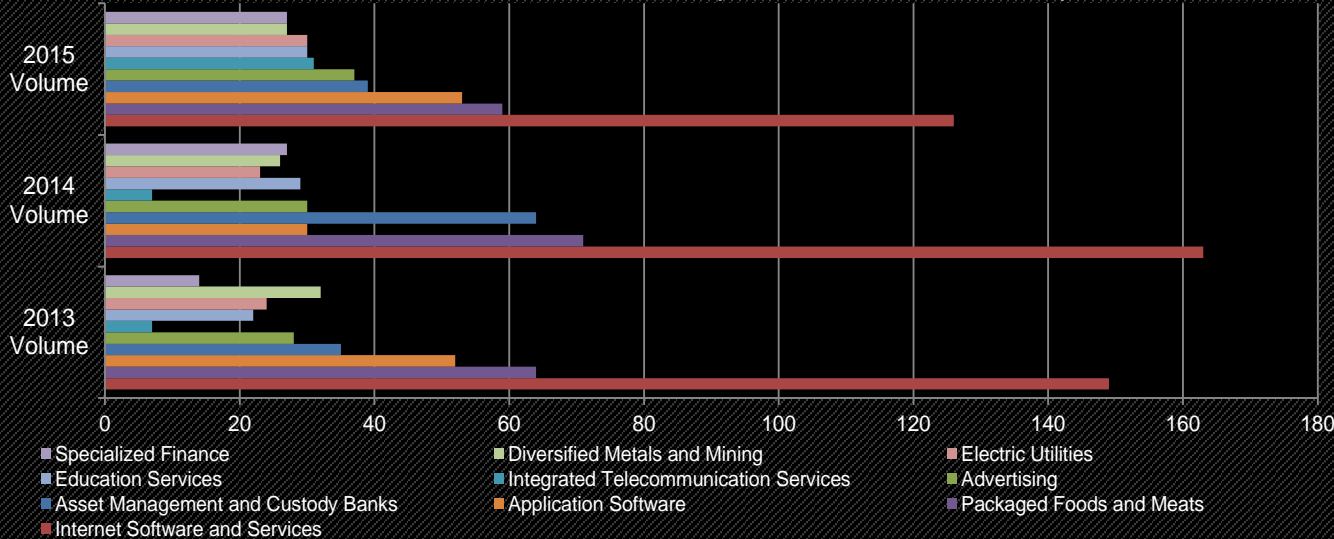
Declining deal activity in Chile and Brazil contributed to the steep fall in total deal value in both the materials and utilities sectors. Both countries' declining deal activity additionally impacted the total number of deals in these sectors.

Source: S&P Capital IQ, data as of January 4, 2016.
Values in \$USDmm, historical rate.



DEAL ACTIVITY IN LATIN AMERICA: Y-o-Y BY LARGEST SUBSECTOR

DEAL VOLUME BY PRIMARY INDUSTRY (JAN 1, 2013 – DEC 31, 2015)

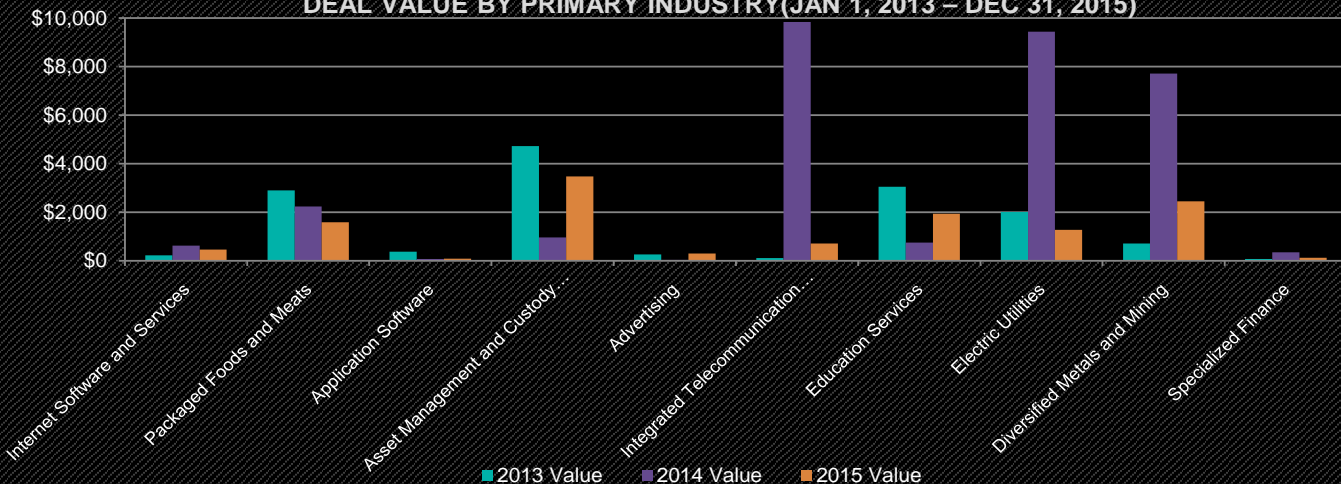


SUBSECTOR HIGHLIGHTS

Looking at primary industries grouped by the largest number of deals in 2015, the deal volume dropped noticeably in the internet software and services subsector over the 2013-2015 period. Furthermore, deal value in the internet software and services space saw a 44% CAGR over 2013-2015, while the 2015 YoY growth fell 25%.

Integrated telecom deal value contributed to the large drop in the overall sector in 2015. In contrast, there were 3x the number of deals in 2015 versus 2014. Deals were much smaller in 2015 as they represented 7% of 2014's total.

DEAL VALUE BY PRIMARY INDUSTRY (JAN 1, 2013 – DEC 31, 2015)



Charts include closed and announced transactions with both disclosed and undisclosed values. Source: S&P Capital IQ, data as of January 4, 2016. Charts also include closed and announced transactions with disclosed values. Values in \$USDmm, historical rate. Source: S&P Capital IQ, data as of January 4, 2016.

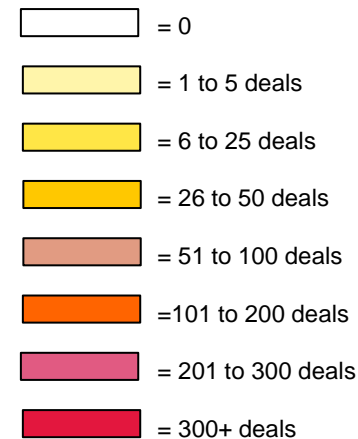
DEAL ACTIVITY IN LATIN AMERICA: CROSS BORDER INTRAREGIONAL DEALS

REGIONAL ACTIVITY HIGHLIGHTS (DEALS ACROSS LATIN AMERICA)

45% of the total deals done in 2015 in Latin America were intra-regional versus foreign, non- Latin American buyers. Given the data, Uruguay is investing into other Latin American countries and not itself, while countries like Colombia, Chile and Brazil continue to show strong intra-regional deal activity.

CURRENT YEAR: LATIN AMERICA BUYERS INTO LATIN AMERICA TARGETS (January 1st 2013 – December 31st, 2015)

Deal Volume Key:



TARGET COUNTRY	BUYER COUNTRIES							
	Argentina	Brazil	Chile	Colombia	Mexico	Peru	Uruguay	
Argentina								
Brazil								
Chile								
Colombia								
Mexico								
Peru								
Uruguay								

DEAL ACTIVITY IN LATIN AMERICA: CROSS BORDER DEAL COUNT

TOP TWO FOREIGN INVESTORS (DEAL VOLUME INTO LATIN AMERICA TARGETS) (Jan 1, 2015 – Dec 31, 2015)



WHO'S BUYING INTO LATIN AMERICA AND IN WHICH SECTORS?

Brazil represents 18% of total deals done while Chile stands at 10% of the total. In terms of non-Latin American investors, the United States accounted for 10% of the total number of deals. In general, driving the total deal volume are transactions in the Information Technology (IT) space across the countries denoted to the left. Foreign investors are also showing interest in consumer discretionary targets, such as Spanish buyers in Mexico. In 2015, despite the decrease in materials transactions, foreign investors are still pursuing companies in the Andean region.

- Canada
- France
- Spain
- United States
- United Kingdom











Source: S&P Capital IQ, data as of January 4, 2016. Numbers represent deal volume in that sector.

Latin America Key Metrics & Financials Sector Analysis

KEY METRICS BY COUNTRY

REGIONAL ACTIVITY HIGHLIGHTS (DEALS ACROSS LATIN AMERICA)

Below are select macro indicators for our subset of Latin American countries. We've included S&P long-term foreign currency credit ratings among our list. In terms of economic health, Chile has the strongest credit outlook in the region. Brazil's GDP represents the largest economy in Latin America. Brazil's sovereign long-term foreign currency rating dropped from BB+ to BB. While Argentina's S&P sovereign long term foreign currency credit rating is given as default it's local currency rating improved one notch to B- (as of February 2016). Each country is running a current account deficit.

COUNTRY										
S&P Sovereign Rating Long-Term foreign currency	SD	BB	AA-	BBB	BB	B	BBB+	BBB	BBB+	BBB
S&P Sovereign Rating Long-term local currency	B-	BBB-	AA	BBB+	BB	B	A	BBB	A-	BBB
Real GDP (in local currency)	\$888.2B	\$1,209.6B	\$118.9B	\$531.5B	\$2633.6B	\$69.3B	\$14,124B	\$31.4B	\$479.6B	\$684.4B
2015 GDP Growth Rate (%)	1.80	(3.70)	2.10	2.90	2.70	0.20	2.50	5.80	2.70	2.20
2016 GDP Growth Rate (%) (Est.)	0.30	(3.10)	2.30	2.60	3.80	(0.80)	2.60	5.50	3.60	2.30
Unemployment Rate (%)	7.6%	9.5%	6.3%	9.1%	8.7%	4.8%	4.3%	4.5%	6.1%	7.4%
Current Account Balance	(8.52)	(69.07)	(2.89)	(17.42)	(2.26)	(2.50)	(30.79)	(3.63)	(6.91)	(2.33)
Budget Balance/ GDP%	(5.20)	(10.50)	(3.20)	(2.20)	(5.90)	(4.70)	(3.40)	(2.50)	(1.00)	(3.20)

*Source: S&P Capital IQ, data as of January 4, 2016. Latest available quarterly data in \$bns. Credit ratings are provided by S&P Ratings Services, which is analytically and editorially independent from any other analytical group at McGraw Hill Financial. An obligor rated 'SD' (selective default) or 'D' is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms.

FINANCIALS SECTOR SNAPSHOT: BY COUNTRY

Banking SECTOR HIGHLIGHTS:

In our high level banking analysis we utilized SNL Financial industry specific financials aggregated for each country when available. We have analyzed at a high level the calendar years of 2013-2015.

The sample set of countries had a decrease in bank assets in 2015 with the exception of Peru and Ecuador. In a majority of cases the decrease in assets were driven by a decrease in bank loans. Some banks were limited in their lending capacity given the decrease in bank deposits. To compensate, in some cases you can see the banks in Brazil and Argentina increased interest rates. Argentina's net interest margin increased from 5.8% in 2014 up to 6.5% in 2015. Brazil's net interest margin increased as well from 4.2% in 2014 up to almost 5% in 2015. Conversely Chile, Mexico and Peru had flat net interest margins.

Bank credit quality in 2015 in countries such as Mexico, Peru, Ecuador, and Chile remained relatively stable. Banks in Brazil and Argentina show the widest bank loans to deposits ratios.

Country Name	2015							
	Bank Assets (\$M)	Bank Loans (\$M)	Bank Deposits (\$M)	Net Interest Income (\$M)	Net Interest Margin (%)	Bank Loans/ Bank Assets (%)	Bank Loans/ Bank Deposits (%)	
Argentina	102,298.0	69,923.0	61,893.0	6,604.0	6.50	68.40	113.00	
Brazil	2,041,120.0	904,706.0	653,282.0	100,165.0	4.90	44.30	138.50	
Chile	225,897.0	152,844.0	142,969.0	6,613.0	2.90	67.70	106.90	
Colombia	215,964.0	134,615.0	120,187.0	8,568.0	4.00	62.30	112.00	
Ecuador	36,900.0	20,872.0	30,397.0	1,804.0	4.90	56.60	68.70	
Mexico	568,467.0	251,385.0	249,727.0	25,805.0	4.50	44.20	100.70	
Peru	107,617.0	74,286.0	73,381.0	5,814.0	5.40	69.00	101.20	

Country Name	2014							
	Bank Assets (\$M)	Bank Loans (\$M)	Bank Deposits (\$M)	Net Interest Income (\$M)	Net Interest Margin (%)	Bank Loans/ Bank Assets (%)	Bank Loans/ Bank Deposits (%)	
Argentina	110,507.0	71,789.0	67,456.0	6,412.0	5.80	65.00	106.40	
Brazil	2,553,332.0	1,122,393.0	778,211.0	108,419.0	4.20	44.00	144.20	
Chile	228,069.0	154,314.0	140,846.0	6,624.0	2.90	67.70	109.60	
Colombia	228,846.0	141,318.0	134,770.0	9,641.0	4.20	61.80	104.90	
Ecuador	35,285.0	18,973.0	28,468.0	1,692.0	4.80	53.80	66.60	
Mexico	575,941.0	254,690.0	253,726.0	26,021.0	4.50	44.20	100.40	
Peru	102,096.0	67,473.0	66,768.0	5,483.0	5.40	66.10	101.10	

Country Name	2013							
	Bank Assets (\$M)	Bank Loans (\$M)	Bank Deposits (\$M)	Net Interest Income (\$M)	Net Interest Margin (%)	Bank Loans/ Bank Assets (%)	Bank Loans/ Bank Deposits (%)	
Argentina	124,700.0	77,025.0	77,467.0	6,506.0	5.20	61.80	99.40	
Brazil	2,653,772.0	1,145,544.0	758,575.0	110,380.0	4.20	43.20	151.00	
Chile	241,985.0	168,351.0	149,860.0	6,905.0	2.90	69.60	112.30	
Colombia	253,672.0	153,496.0	154,166.0	10,978.0	4.30	60.50	99.60	
Ecuador	32,617.0	17,128.0	25,763.0	1,590.0	4.90	52.50	66.50	
Mexico	590,921.0	261,315.0	255,341.0	26,139.0	4.40	44.20	102.30	
Peru	94,834.0	60,062.0	60,063.0	5,187.0	5.50	63.30	100.00	

Source: SNL Financial & The Economist Intelligence Unit Ltd. Data is available on SNL Financial as of February 1, 2016. Whilst every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this information. The Economist Intelligence Unit Ltd. is not an affiliate of S&P Global Market Intelligence and the data presented represents its own views and opinions, which are not necessarily the views of S&P Global Market Intelligence.

The information in this publication was aggregated using data from S&P Capital IQ and SNL Financial. [Request a trial](#) of the powerful S&P Capital IQ platform and access the data behind the insights.

S&P Capital IQ introduced private company financials for **Brazil** to its comprehensive database of standardized and comparable financial data for public and private companies. With the addition of timely, transparent, and comparable financial data for up to 9,000 Brazilian private companies, combined with our powerful analytics, S&P Capital IQ gives you the power to assess risk and uncover opportunities that others may not even see—in Brazil and across the globe.

100%
Coverage of
Brazilian Public
Companies

Access Data on
Over
1,000,000
Public & Private
Transactions



Financials on
9,000 of the
Largest Brazilian
Privately-Owned
Companies

*As of October 2015

[Sign up](#) to receive Deal Trends in Latin America directly to your inbox.

**+
SUBSCRIBE
HERE**

To learn more, click [here](#).

CONTACT US

Andean Region
Barbara Johnson Montenegro
212-438-5693
bjohnson@spcapitaliq.com

Brazil
Pedro Arlant
+55 11 3818 0935
parlant@spcapitaliq.com

Mexico
Juan Carlos Perez Macias
+5255-5081-4510
jmacias@spcapitaliq.com

All Regions
marketobservations@spcapitaliq.com

ADDITIONAL CONTRIBUTORS
Jaymi Cuisia
Jaymi.cuisia@spcapitaliq.com

Copyright © 2016 by S&P Global Market Intelligence. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an “as is” basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P Global Market Intelligence's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. While S&P Global Market Intelligence has obtained information from sources it believes to be reliable, S&P Global Market Intelligence does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

S&P GLOBAL
MARKET
INTELLIGENCE