

# Deloitte.



**M&A in Latin America**  
Americas region  
Americas Financial Advisory  
14<sup>th</sup> Edition – October 2019

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# Executive summary

In 2018-19, M&A activity in Latin America was driven by privatization of state-owned companies, rise in consumption, reforms undertaken by governments, and decrease in benchmark rates in Latin American countries. The Energy, Resources, and Industrials (ER&I) industry attracted a large portion of the investment by value (USD58 billion), followed by Financial Services Industry (FSI) with USD49 billion. Brazil witnessed the highest number of deals (984), worth USD64 billion, among all the countries in Latin America.<sup>1-7</sup>



## M&A trends in Latin America

- M&A activity in Latin America is expected to be influenced **by privatization of state-owned companies in Brazil, reforms undertaken by the government and decrease in benchmark rates.**<sup>2</sup>
- In addition, **increase in remittances to Mexico, competitive plan unveiled by government in Peru, and estimated rise in private consumption in Colombia** might also attract the investors.<sup>2-7</sup>
- The new pension reform in Chile is **expected to increase the pension amount** by levying a new employer contribution.<sup>4</sup>
- Colombia is advancing its **relations with many Asian countries, including China**, to attract investments in a variety of sectors.<sup>5</sup>



## Geographies

- In 2018-19, the **majority of M&A activity** in Latin America was **intra-regional both in terms of value and volume**, with economies such as **Brazil, Chile, and Mexico** being the **top investor countries.**<sup>1</sup>
- Outside the region, **North America (United States), Europe (France and Italy), and Asia (China and Japan)** were the **top investors** by value. Contribution from countries in Africa / Middle East was about 1.0%.<sup>1</sup>



## Industries

- In 2018-19, **ER&I** registered the highest M&A activity with deals worth **USD 58 billion.**<sup>1</sup>
- **FSI** recorded **447 deals** worth **USD 49 billion** over the same period.<sup>1</sup>
- **In Consumer (CNSR), Brazil and Chile recorded the highest M&A activity** in 2018-19, contributing to more than 50% of the deals by value.<sup>1</sup>
- In TMT, **Software and IT consulting** witnessed the majority of the deals at about 43%.<sup>1</sup>
- In **Life Sciences Health Care (LSHC)**, the M&A volume was driven by Health care Provider & Services and Pharmaceuticals.<sup>1</sup>



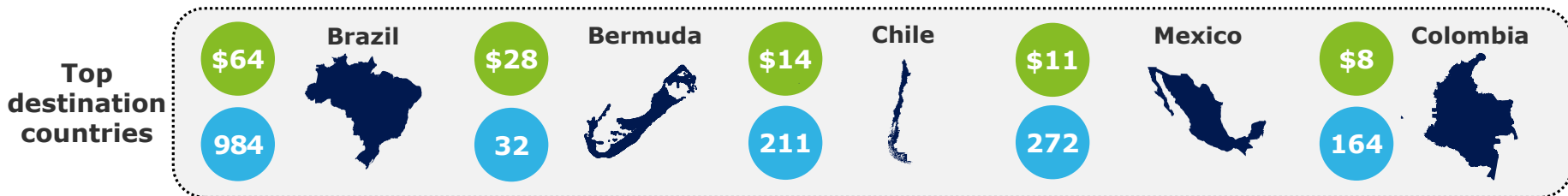
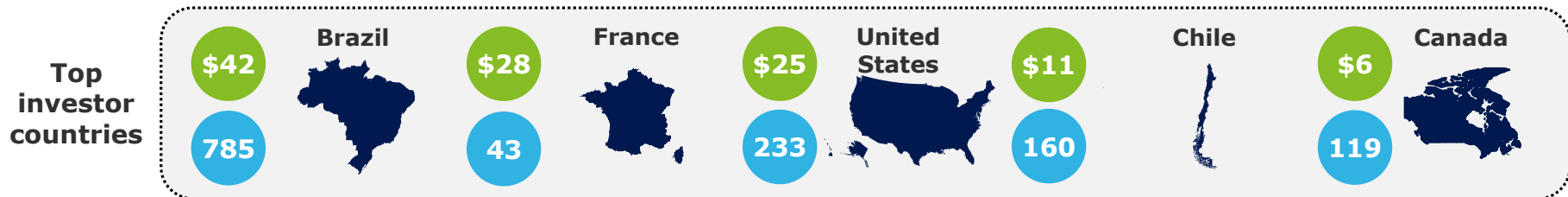
## Challenges

- **Resignation of finance minister of Mexico over differences with the current president** may have an adverse effect on investor sentiments.<sup>3</sup>
- **Ratings downgrade for Mexico, policy paralysis in Chile and Colombia, and increased awareness of political effects on mining** may affect the investment climate.<sup>2,4,5</sup>
- The **upcoming elections in Argentina** in October 2019, may keep the potential investors at bay due to political instability.<sup>7</sup>

Refer to "Sources" section for citations.

# 2018-2019 M&A snapshot<sup>1</sup>

Latin America's M&A deal inflow between January 1, 2018 and August 31, 2019 totaled 2,189 deals worth USD152.3 billion<sup>1</sup>



● Value (US billion) ● Volume of deals

# Top deals in 2018-2019<sup>1</sup>

<b>Target</b>	<b>Target industry</b>	<b>Acquirer</b>	<b>Acquirer industry</b>	<b>Value of transaction (in US million)</b>
<b>XL Group Ltd</b>	Financial Services Industry (FSI)	<b>AXA SA</b>	Financial Services Industry (FSI)	15,129
<b>Fibria Celulose SA</b>	Energy, Resources and Industrials (ER&I)	<b>Suzano Papel e Celulose SA</b>	Energy, Resources and Industrials (ER&I)	10,286
<b>Transportadora Associada</b>	Energy, Resources and Industrials (ER&I)	<b>Investor Group</b>	Financial Services Industry (FSI)	8,682
<b>Validus Holdings Ltd</b>	Financial Services Industry (FSI)	<b>American International Group</b>	Financial Services Industry (FSI)	5,565
<b>Embraer Sa-Coml Aviation Bus</b>	Energy, Resources and Industrials (ER&I)	<b>Boeing Co</b>	Energy, Resources and Industrials (ER&I)	4,200
<b>Sociedad Quimica Y Minera De</b>	Energy, Resources and Industrials (ER&I)	<b>Inversiones TLC SpA</b>	Financial Services Industry (FSI)	4,066
<b>Banco Santander (Mexico) SA</b>	Financial Services Industry (FSI)	<b>Banco Santander SA</b>	Financial Services Industry (FSI)	2,865
<b>Aspen Ins Hldg Ltd</b>	Financial Services Industry (FSI)	<b>Apollo Global Management LLC</b>	Financial Services Industry (FSI)	2,552
<b>Undisclosed Fiber Optics Hldg</b>	Technology, Media & Telecom (TMT)	<b>Enel X Intl Srl</b>	Energy, Resources and Industrials (ER&I)	2,448
<b>Eletropaulo Eletricidade</b>	Energy, Resources and Industrials (ER&I)	<b>Enel Brasil Investimentos</b>	Financial Services Industry (FSI)	1,861

# Macroeconomic indicators<sup>8</sup>

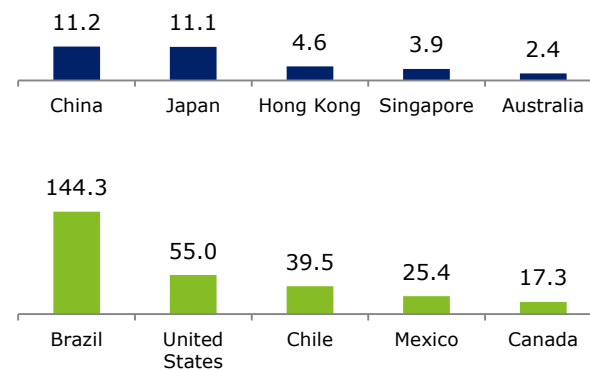
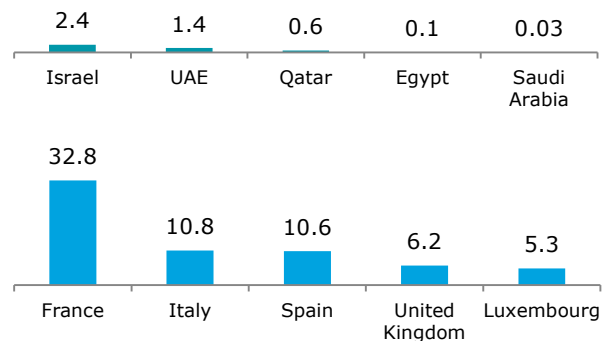
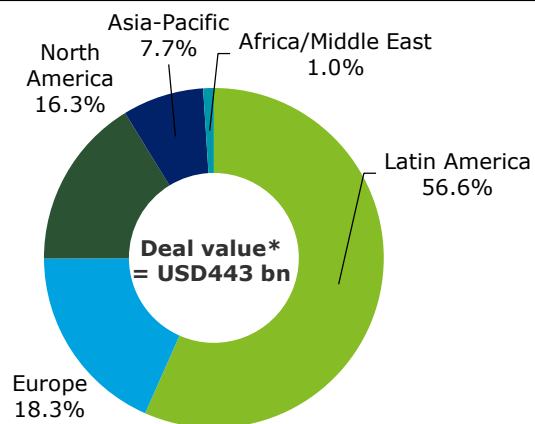
2019 macroeconomic indicators (Forecast)							
Country	Nominal GDP (US billion)	Real GDP change per annum (%)	GDP per head (USD)	Inward FDI flow/GDP (%)	Exchange rate LCU:USD	Consumer prices (% change per annum)	Lending interest rate (%)
<b>Argentina</b>	434.0	-2.9	9,691.2	2.2	70.5	53.4	65.6
<b>Brazil</b>	1,902.0	0.8	9,028.9	4.8	3.7	3.8	36.0
<b>Chile</b>	311.6	2.6	16,441.1	2.3	681.8	2.3	5.5
<b>Colombia</b>	314.9	3.1	6,255.7	4.1	3,410.1	3.5	11.9
<b>Mexico</b>	1,277.0	0.3	10,006.7	2.4	20.1	3.6	8.4
<b>Peru</b>	234.1	3.0	7,161.3	2.6	3.4	2.2	14.6

# Geographical M&A activity

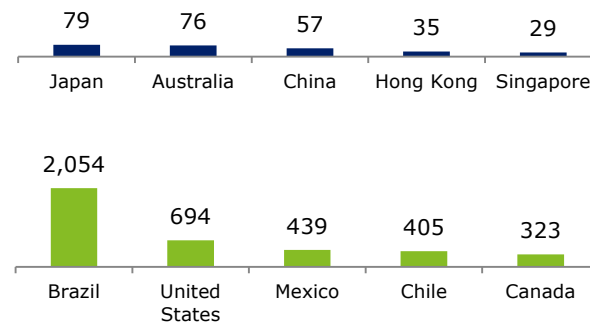
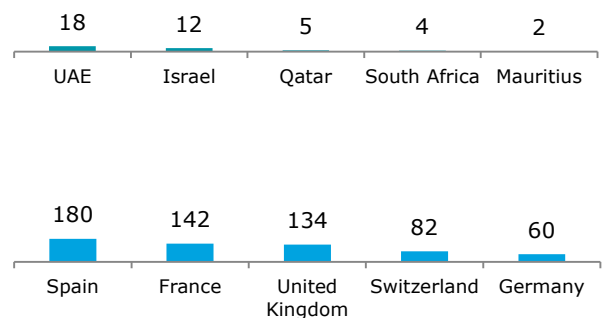
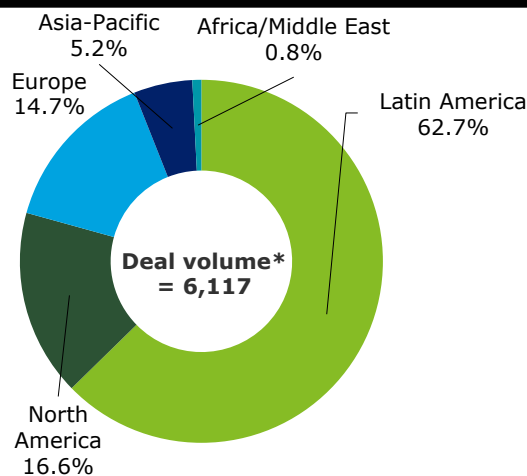
# Intra-regional deals hold a majority portion of the M&A pie in Latin America<sup>1</sup>

In intra-regional deals, Brazil remains the lead acquirer both in terms of value and volume. In inter-regional deals, North America and Europe are the biggest investors in the region<sup>1</sup>

## Top acquirer nations by deal value (2015-19) in USD billion<sup>1</sup>



## Top acquirer nations by deal volume (2015-19)<sup>1</sup>



\*Excluding 141 deals worth USD2.2 billion for which the acquirer nation is not disclosed

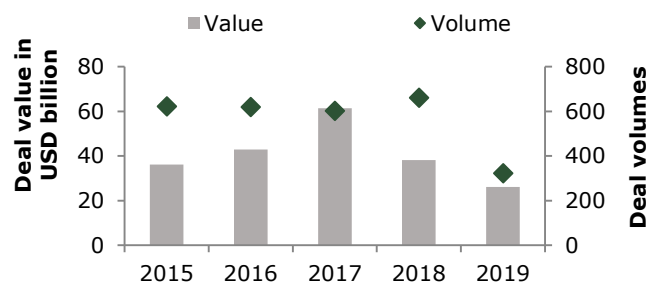




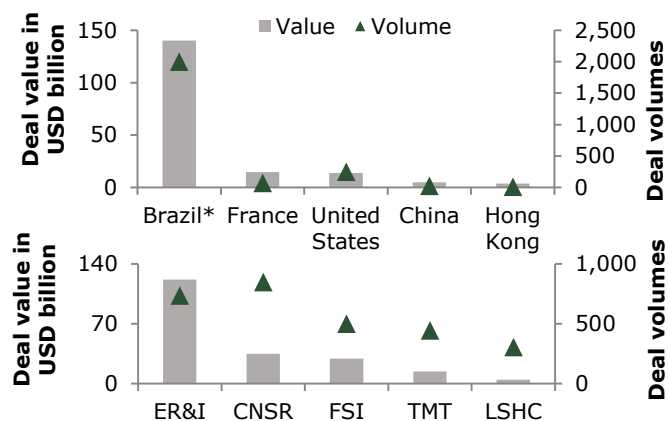
# Economic and tax reforms, along with privatization of public companies, might have a positive impact on investor sentiment

The reforms are further supported by the reduction in benchmark rates. Conversely, the drop in food sector exports and adverse international coverage of forest fires in Brazil might negatively affect the investment sentiment in Brazil<sup>2,9,10,11,12</sup>

## M&A deals in Brazil 2015-19<sup>1</sup>



## M&A deals in Brazil by investor country and target industry (2015-19)<sup>1</sup>



\*Note: China Three Gorges Corp acquired ANNEL-Hydropower Concession for USD3.7 billion through its Brazil based subsidiary China Three Gorges Brasil. hence investor country considered is Brazil

## Possible favorable factors for M&A



- Pension reforms:** The government's **pension reform bill is still in discussion** in the Senate, which the passing of the bill is fundamental for investor risk perception. The reform is estimated to bring savings of R800bn (USD200 billion) over the next decade.<sup>2,9</sup>
- Tax Reforms:** The government has proposed tax reforms aimed at **unifying three federal taxes (IPI, Cofins, and PIS), into a single value-added tax (VAT)**. Also, the proposals include **reduction of corporate tax** into one state tax (ICMS) and one municipal tax (ISS). **The bill is expected to enter congressional committee by October 2019.**<sup>2,10</sup>
- Economic freedom bill:** In August 2019, the **bill was passed by the lower house** and is pending approval in senate (upper house). The bill is **aimed at promoting start-ups and small business** and is inline with the government development agenda.<sup>2</sup>
- Interest rate cut:** The Banco Central do Brasil (Central bank) **reduced the benchmark rates 5.5%** and it's expected to continue to decrease until the end of the year. This was induced by weak economy, spare production capacity, and expectation of controlled rate of inflation.<sup>2,11</sup>
- Privatization of state-owned business:** The government is **planning to privatize Eletrobras, a state-owned energy company** along with other government entities in sewerage, gas distribution, and postal services. The **driving factor behind this is to reduce Brazil's high public debt/GDP ratio which currently stands at 79% of GDP.**<sup>2</sup>

## Possible unfavorable factors for M&A

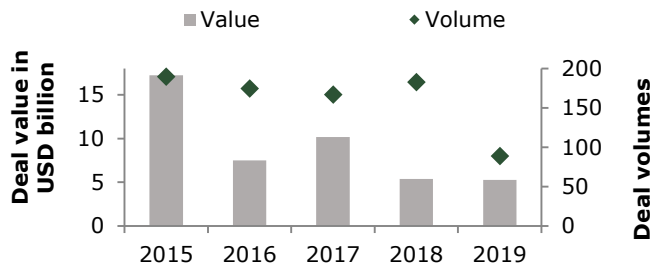
- Weak environmental policies:** The recent **incidents of deforestations and forest clearing fires** in the Amazon rain forest had adverse effects on Brazil's international relations. As a result of this, **France and Ireland have declared to block the trade deals between EU and Mercosur** (South American trade bloc consisting of Brazil, Argentina, Uruguay, and Paraguay).<sup>2</sup>
- Falling exports:** Food sector exports have **fallen by 8% year-on-year in first eight months of 2019** totaling at USD50.9 billion. **Soya exports which form the major part of food exports have fallen by 12% year-on-year** for first eight months due to weak demand in China.<sup>12</sup>



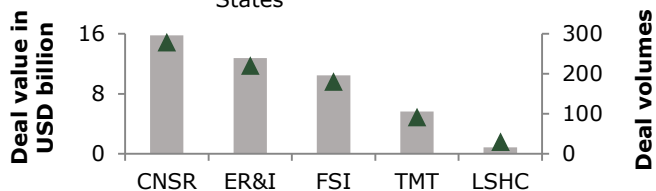
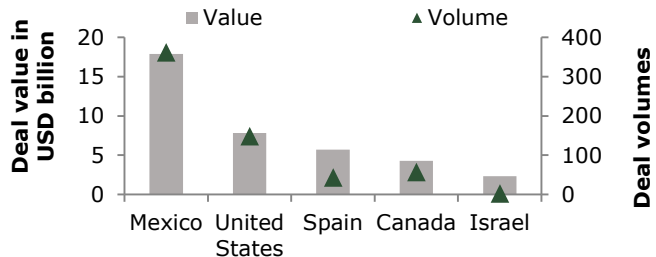
# Economic uncertainties arising due to resignation of finance minister and ratings downgrade might turn the investors cautious

Also, currency fluctuations due to trade war with the United States may discourage investors in Mexico. On the contrary, rise in remittances, new trade agreement, and rise in current account might improve investment climate<sup>3,13,14,15</sup>

## M&A deals in Mexico 2015-19<sup>1</sup>



## M&A deals in Mexico by investor country and target industry (2015-19)<sup>1</sup>



## Possible favorable factors for M&A



- Inflation:** The inflation is expected to drop to **3.5% by 2023 from 3.9% in June 2019**, due to reduction in oil prices. Also, nominal increase in wages and ample production capacity might prevent domestic demand growth from exerting substantial pressure on prices.<sup>3</sup>
- Remittances:** During the first six months of 2019, **the average remittance payment was USD321, which is higher than USD319** last year. This remittance is a major source of income for low income families in Mexico and is estimated to increase consumption.<sup>3</sup>
- Current account surplus:** Mexico posted its **largest current account surplus of USD5.1 billion or 1.6% of GDP** in the second quarter. This is due to robust foreign trade with the United States.<sup>13</sup>
- New trade agreement:** In June 2019, the **Mexican senate approved a new free trade agreement with the United States and Canada**. With this, Mexico became the first of the three countries to earn legislative approval for US-Mexico-Canada (USMCA) agreement.<sup>14</sup>

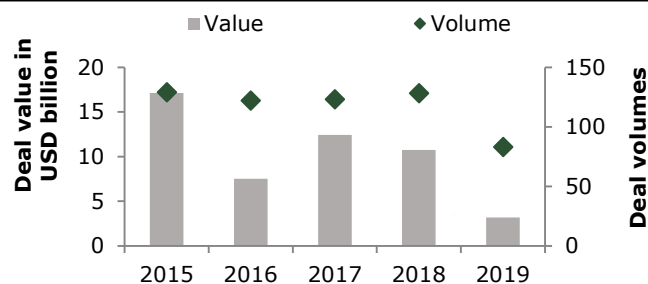
## Possible unfavorable factors for M&A

- Resignation of Foreign Minister:** In July 2019, the **finance minister of Mexico, Carlos Urzúa, resigned due to the differences with leftist President Andrés Manuel López Obrador**. This development might hamper the investor's confidence in the country.<sup>3</sup>
- Ratings downgrade:** In June 2019, **Fitch downgraded the nation's sovereign debt rating** citing risks posed by the heavily indebted oil company and trade tensions. **The rating has been cut to BBB.**<sup>3</sup>
- Currency fluctuation:** The Mexican **currency is experiencing high volatility due to the possibility of tariffs from the United States**, Mexico's biggest trade partner. Going forward, the peso is expected to depreciate in real terms as the export earnings are hit by a US slowdown and uncertainty ahead of the US election.<sup>3,15</sup>
- Fall in Gross fixed investment:** The gross fixed investment, a measure of spending on machinery, equipment, and new construction **fell 7.4% in May 2019 as compared to the same month last year**. This is due to the decline in construction sector.<sup>16</sup>

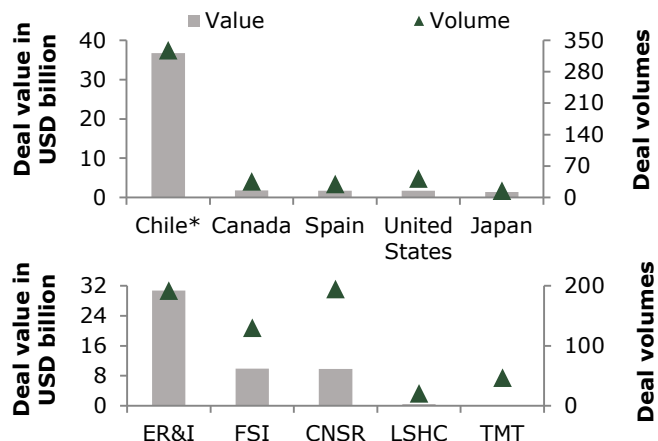
# Chile is increasing spend on infrastructure and pushing investment in lithium production in an effort to kick-start the economy

The economy may likely also receive a push by the new pension reform, investment in data centers, and stimulus package announced by the government. However, the policy paralysis in government and expectation of lower GDP growth may hamper the investor confidence in the economy<sup>4,17,18,19,20,21,22</sup>

## M&A deals in Chile 2015-19<sup>1</sup>



## M&A deals in Chile by investor country and target industry (2015-19)<sup>1</sup>



\*Note: 1) Tianqi Lithium Corporation acquired 24% in Sociedad Química y Minera De Chile S.A. for USD4.1 billion through its Chile based subsidiary Inversiones TLC SpA, hence investor country considered is Chile. For SEC filing go to this link <https://www.sec.gov/Archives/edgar/data/865477/000119312518342890/d667270dsc13da.htm>

2) UnitedHealth Group Inc acquired Banmedica SA for USD2.7 billion through its Chile based subsidiary Bordeaux Hldg Spa, hence investor country considered is Chile. For details please refer to <https://www.reuters.com/article/us-banmedica-m-a-unitedhealth/unitedhealth-to-buy-chiles-banmedica-for-2-8-billion-idUSKBN1EG1M1>

## Possible favorable factors for M&A

- **Infrastructure program:** In June 2019, the government announced plans to undertake a **USD4 billion infrastructure program** which includes work on highways, airports, and reservoirs.<sup>17</sup>
- **Lithium production:** In June 2019, the **Chilean government announced plans to double the production of Lithium** to 230,000 tones per annum by 2023. This may likely be achieved by **pushing the investment from both public and private players**.<sup>18</sup>
- **Pension reform:** In June 2019, the government obtained broader approval from lawmakers for its **pension reform** plans after confirming that funds collected under a new pension contribution may likely not be managed by existing pension fund managers.<sup>4</sup>
- **Data centers:** Technology companies have announced **plans to build data centers in Chile**. A tech company reportedly **plans to invest USD100 million** over the next five years and another tech company has **plans to build a USD200 million data center** facility. These investments might provide a boost to the public cloud market.<sup>19,20</sup>
- **Stimulus package:** In August 2019, the government announced a **USD600 million stimulus package to kick-start the economy**. The funds is expected to be inducted into road construction, subsidized housing, health care, and water projects through 2020.<sup>21</sup>

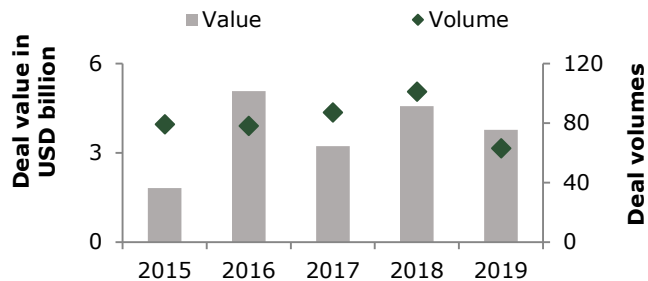
## Possible unfavorable factors for M&A

- **Policy paralysis:** : The present government is of the centreright Chile Vamos (CV) coalition and **lacks a majority in the Congress**. Hence, it is anticipated that the **government may likely face challenges to enact its reform agenda**, thus denting business confidence.<sup>4</sup>
- **GDP growth:** Chile is estimated to post **GDP growth of 3.2% in 2019, down from a previous estimate of 3.5% in April**. This is due to **forecast of slump in copper prices and a fall in global commerce**. The average **copper price for 2019 is expected to come at USD2.85 per pound, down from a previous estimate of USD3 per pound**.<sup>22</sup>

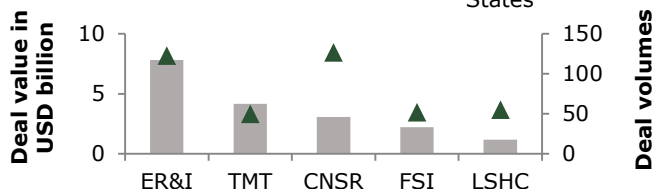
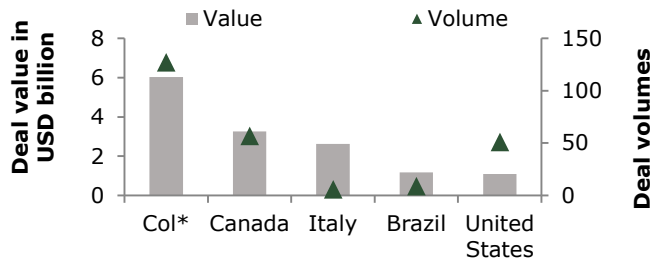
# Despite consumption growth, foreign relations, and investor summits, lower estimated GDP growth may deter investors

Oil block auctions and privatization measures are anticipated to generate funds for the government to be invested in other sectors. However, the policy paralysis arising out government's minority position may turn investors cautious<sup>5,23,24,25,26,27,28</sup>

## M&A deals in Colombia 2015-19<sup>1</sup>



## M&A deals in Colombia by investor country and target industry (2015-19)<sup>1</sup>



\* Colombia

## Possible favorable factors for M&A

- Private consumption:** Private consumption is **estimated to rise in the 2019-23 period, growing on an average by 3.4% annually.** This might be supported by higher consumer purchasing power as inflationary pressures subside along with lower interest rates.<sup>5</sup>
- Foreign relations:** Colombia is **advancing its relations with Asian countries, particularly China.** In July 2019, **12 agreements were signed between the two countries in different fields** which includes transportation, e-commerce, trade, and 5G technology.<sup>5,23</sup>
- Investor summit:** Colombia is **hosting an investor summit in October 2019.** This is in addition to the **"Colombia inside out"** hosted in London in June 2019. The purpose of these summits is **to attract investment in a range of sectors including infrastructure, tourism, energy, and agribusiness.**<sup>24,25</sup>
- Oil block auctions:** In June 2019, the **government granted oil contracts for ten blocks.** This is anticipated to **bring in investment of about USD1.5 billion and add about a billion barrels of oil to the country's reserves.**<sup>26</sup>
- Privatization:** The government is expected to **divest stake in low profit companies to raise about USD1.9 billion per year.** The funds generated are planned to be invested in sectors which include **infrastructure, clean energy, education, and health care.**<sup>27</sup>

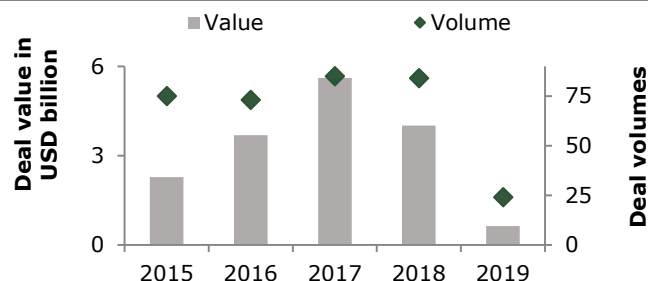
## Possible unfavorable factors for M&A

- GDP growth:** In July 2019, the **central bank of Colombia lowered the estimated GDP growth** to between 3.2% and 3.3% for 2020. This is due to lower external demand and internal consumption. Also, this is **lower than the government's estimate of 3.6% and central bank's projection of 3.5%.**<sup>28</sup>
- Policy paralysis:** President Iván Duque Márquez is **facing difficulties in passing policy agenda** in the Congress, due to his **government's minority position** in the legislature.<sup>5</sup>

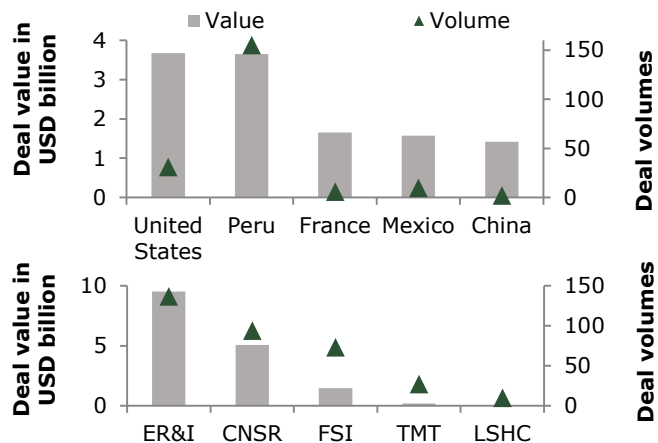
# Initiatives by the government may improve competitiveness and may transform Peru into a favorable investment destination

Record FDI investment in the April-June quarter, expected rise in GDP growth, and organizing investor summits may make Peru an attractive investment destination. This is despite slowdown in the mining sector, political uncertainty, and fall in copper exports<sup>6,29,30,31</sup>

## M&A deals in Peru 2015-19<sup>1</sup>



## M&A deals in Peru by investor country and target industry (2015-19)<sup>1</sup>



## Possible favorable factors for M&A



- National competitiveness plan:** The government **unveiled a new competitiveness and productivity plan** in July 2019 to **improve the infrastructure, human resource, and the overall economic environment** in the country. The plan prioritizes nine areas of policymaking and setting up of technical committees for strategy development.<sup>6</sup>
- FDI investment:** FDI investment for **April-June was at USD3.09 billion**, which is the highest figure in last 16 quarters. Out of this, **USD1.56 billion went in mining and another USD849 million were for financial services**.<sup>29</sup>
- GDP growth:** The Real GDP growth **is forecasted to rise from an estimated 3.0% in 2019 to 4.3% in 2023, growing at an average rate of 3.7% in this period**. The growth may likely be further supported by an **expected fall in non-financial public-sector deficit** from 2% of GDP in 2019 to 0.5% of GDP by 2023.<sup>6</sup>
- Investor summit:** The **Peru services summit 2019** attracted over **USD160 million in investment**. Through this, the **government aims to make Peru a regional export hub for services sector**.<sup>30</sup>

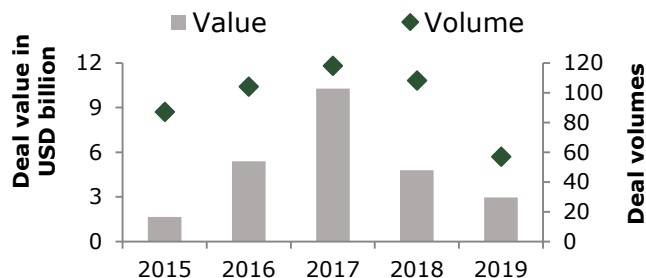
## Possible unfavorable factors for M&A

- Social impact of mining:** **Protest by locals against mining operations** citing economic and environmental issues have dampened the investor sentiments in this sector. The **Consejo de Minería (CM, the mining council) in August 2019 suspended the permit for a USD1.4 billion copper mining project** in Tia Maria for 120 days. Similar protests have happened in the Moquegua region against Quellaveco copper mining operations worth USD 5.3 billion.<sup>6</sup>
- Political Uncertainty:** The Legislative and Executive continue their political confrontation. On September 30, 2019, the **Government has declared the dissolution of the Congress**, while the **Congress has presented an impeachment to the President**.<sup>6</sup>
- Fall in copper exports:** For the January to June 2019 period, **copper exports have fallen by 12.9% year-on-year to USD6.6 billion**. Copper exports account 50.2% of all mining exports. The overall mining exports are also down by 11.1% year-on-year due to weak international demand and lower metal prices.<sup>31</sup>

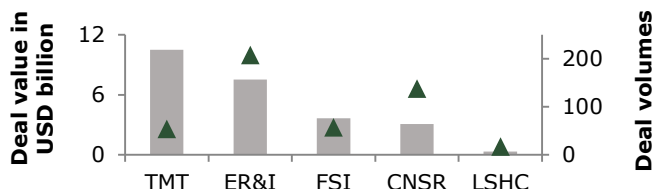
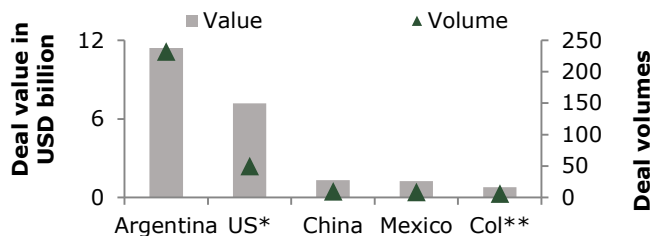
## Various measures are being taken by the government to revive the economy, which may lead to investment opportunities.

The expected drop in inflation and the government focus of solving the country's energy problems is expected to reinforce the measures being taken. However, the threat of default on the USD57 billion loan package from IMF and the uncertainty arising due to upcoming elections may keep the investors cautious<sup>7,32,33,34,35,36</sup>

### M&A deals in Argentina 2015-19<sup>1</sup>



### M&A deals in Argentina by investor country and target industry (2015-19)<sup>1</sup>



\*United States  
\*\*Colombia

### Possible favorable factors for M&A

- Measures** the government of Argentina has taken **to reactivate the economy** to minimize the economic downturn that has occurred since the August primary elections:<sup>7,32,33</sup>
  - Currency control: Imposed till the end of 2019** to stabilize the financial markets, as the economy faces a deepening economic crisis.<sup>7,32</sup>
  - Increase Minimum wage:** The government has **decided to increase the minimum wage by 35% by December 2019** in three installments to keep consumer spending from worsening. The wages are expected to rise from the current ARS12,500 (USD215) to a final amount of ARS16,875 per month after the three payments.<sup>33</sup>
  - Control Inflation:** The consumer price inflation is **projected to decrease from about 53.4% in 2019 to about 22% in 2023**. This might come from improvements in domestic supply and enhanced regulatory environment for agriculture.<sup>7</sup>
- 4.0 Industry Regulatory Benefits:** In May 2019, the Argentine Senate **approved the 'Knowledge-based Industry Law'**. The law is aimed **at promoting investment in the technology-driven sector** to double the number of jobs and generate USD15 billion from exports by 2030.<sup>34</sup>
- Nuclear power:** The government has **signed a letter of intent with China's National Energy Administration**. The new 1,700 MW plant in Buenos Aires province is aimed at meeting Argentina's energy needs. The **deal also includes a USD10 billion loan from ICBC** that covers 85% of the plant's construction costs.<sup>35</sup>

### Possible unfavorable factors for M&A

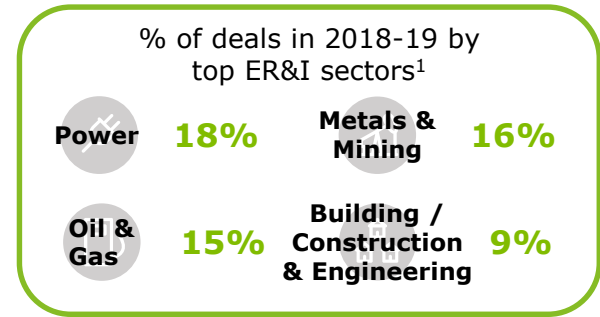
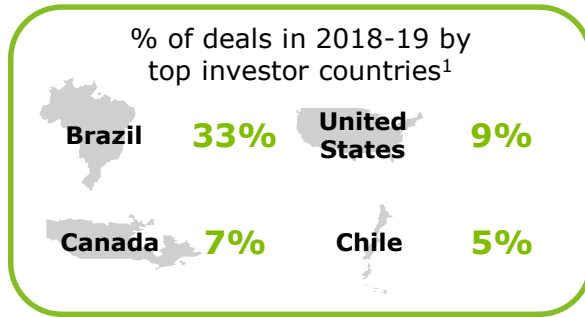
- Restriction of foreign currency purchases:** The government currency controls imposed till the end of 2019 may be unfavorable in the short term.<sup>7,32</sup>
- Upcoming elections:** The **uncertainty of the October 2019** has raised the concerns of potential investors in Argentina. The ruling government has negotiated support from other parties by **inviting Peronist party's Miguel Pichetto to become his Vice-Presidential candidate**. This might erode investor's sentiments in the short term.<sup>7</sup>
- Loan default:** The recent **drop in value of peso and rise in borrowing cost** has fueled investor's concern that the country may default on the **USD57 billion loan taken from IMF** in 2018.<sup>36</sup>

# **M&A activity across industries**

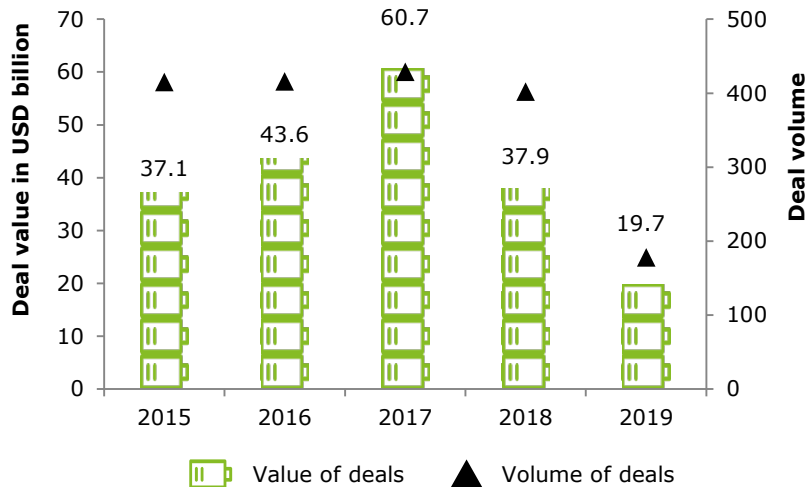


In the ER&I industry, power, mining, and oil & gas contributed about half of the deals; Brazil registered the highest M&A activity

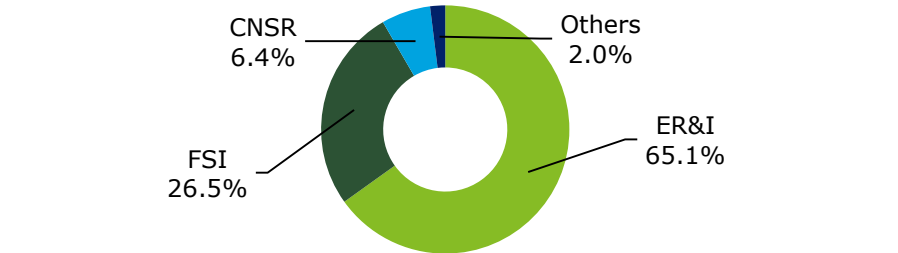
Though the prospects for mining sector in Latin America remains promising, greater awareness about the environmental impacts and lower than expected copper prices may deter investors from the sector. Moreover, the state-run oil companies might face increased challenges due to fall in output and shale gas boom in the United States<sup>6,37,38</sup>



**M&A Deals in ER&I from 2015 -19<sup>1</sup>**



**M&A deals by acquirer industry from 2015 -19<sup>1</sup>**



Industry*	Value of transaction (US billion)	Number of transactions
ER&I	122.3	1,198
FSI	72.6	488
CNSR	4.1	118
LSHC, GPS, TMT	0.11	36

\*Industry definitions on slide 30

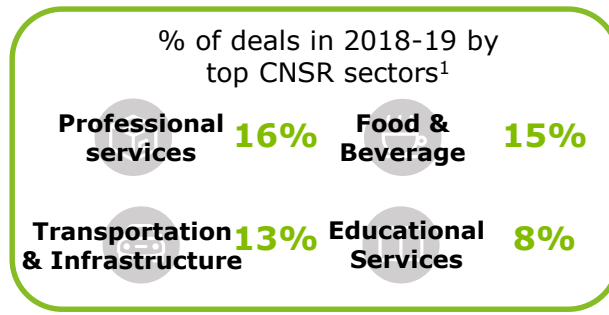
Refer to "Sources" section for citations.



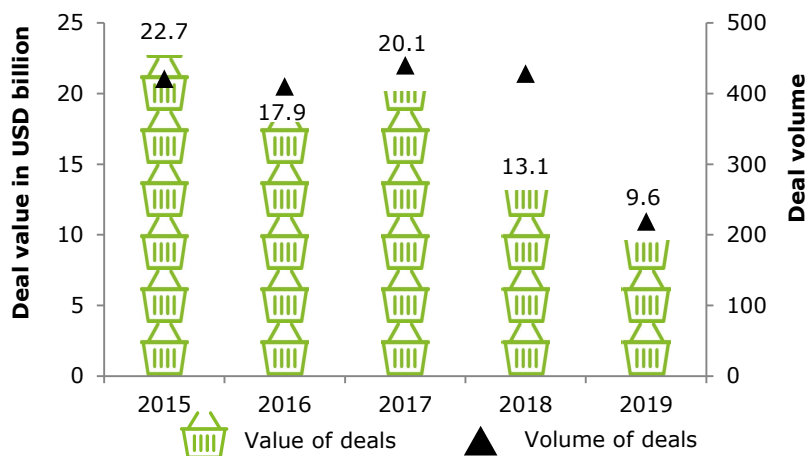


# With 42% of total deals, Brazil attracted the highest deal volume driven by growth in population and a rising middle class

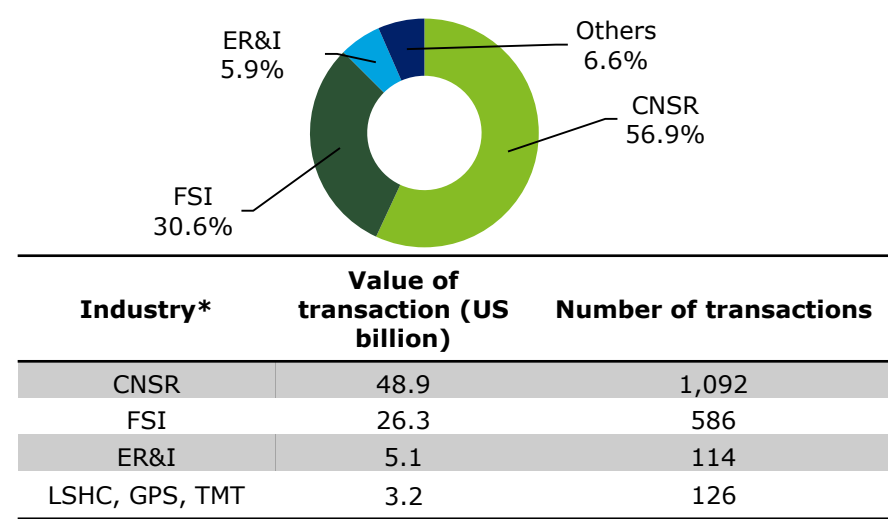
The proposed pension bill and tax bill in Brazil is expected to give a push to the consumer spending in the region. These may likely be further supported by reduction in benchmark rates in Brazil along with the expected drop in inflation in Mexico and Argentina<sup>2,3,7</sup>



## M&A Deals in CNSR from 2015 -19<sup>1</sup>



## M&A deals by acquirer industry from 2015 -19<sup>1</sup>



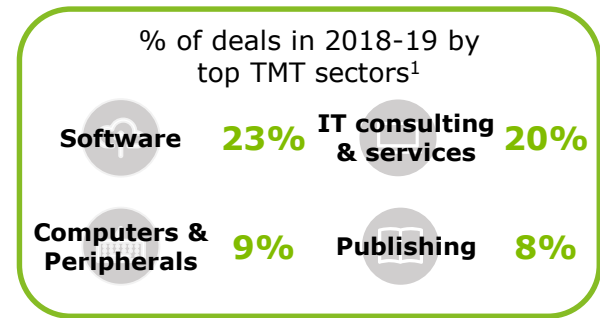
\*Industry definitions on slide 30

Refer to "Sources" section for citations.

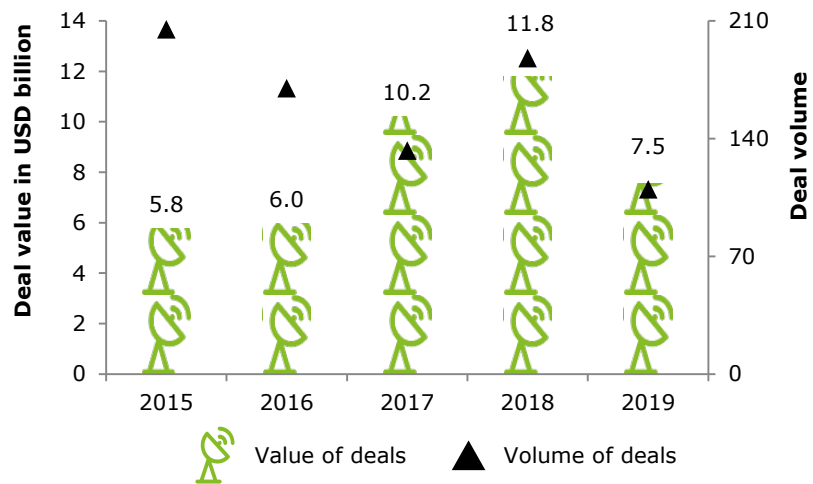


# A combination of skilled workforce and low cost of operation is attracting IT consulting & services companies to the region

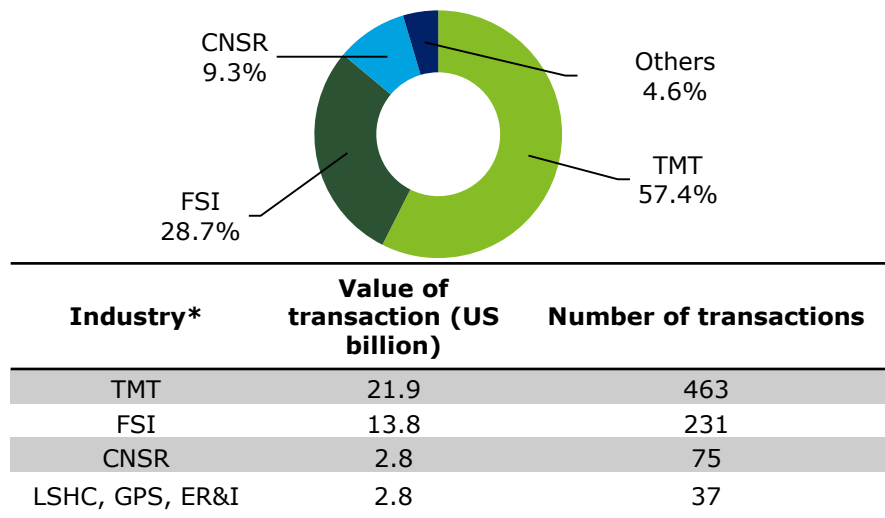
The introduction of 5G technology is one of the major factors attracting companies to the region. In August 2019, Huawei announced an USD800 million plant in Brazil to respond to expected demand following Brazil's first 5G spectrum auction.<sup>39,40</sup>



## M&A Deals in TMT from 2015 -19<sup>1</sup>



## M&A deals by acquirer industry from 2015 -19<sup>1</sup>



\*Industry definitions on slide 30

Refer to "Sources" section for citations.

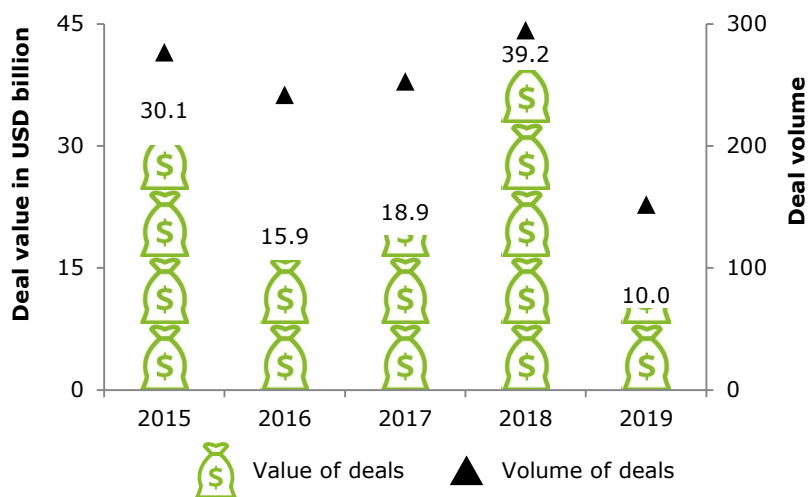


# Latin America continued the robust M&A activity in FSI driven by investor interest in the region's startup ecosystem

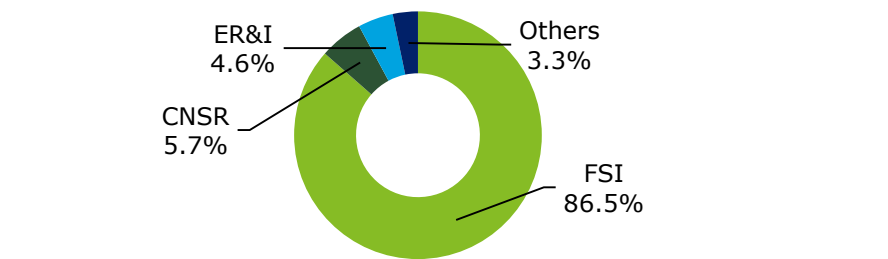
Growing demand for digital banking solutions with growing internet penetration has resulted in increased demand for fintech companies. These companies are emerging as an alternative to traditional banking by offering financials solutions including lending, and attracting big investors to the region<sup>41,42</sup>



## M&A Deals in FSI from 2015 -19<sup>1</sup>



## M&A deals by acquirer industry from 2015 -19<sup>1</sup>



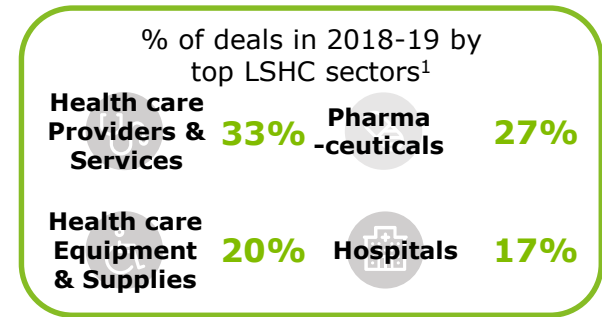
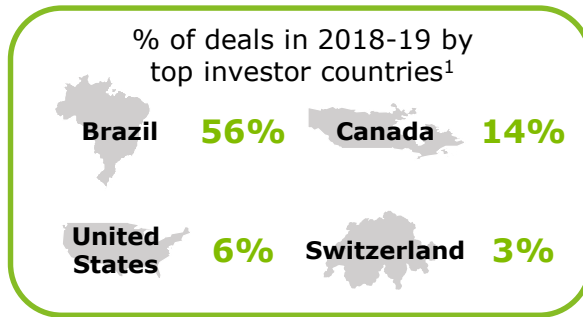
Industry*	Value of transaction (US billion)	Number of transactions
FSI	105.2	1,054
CNSR	1.8	69
ER&I	2.9	56
LSHC, GPS, TMT	4.3	40

\*Industry definitions on slide 30

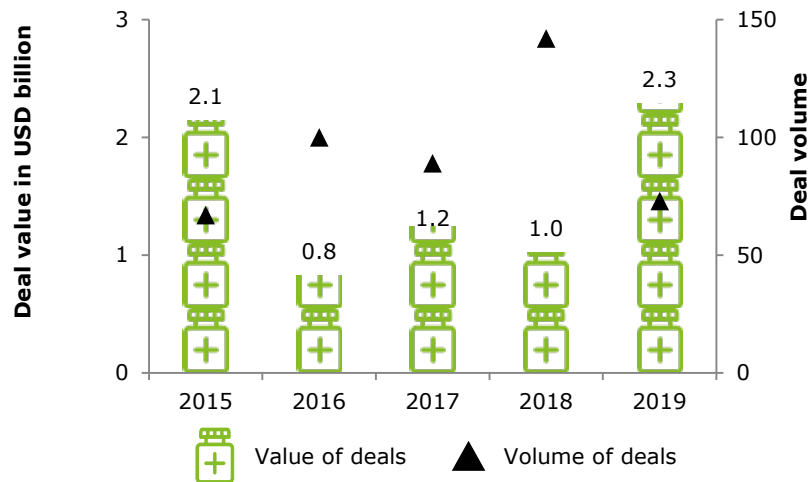


# The outlook for LSHC remains positive due to adoption of newer technologies such as telemedicine and Internet-of-Things (IoT)

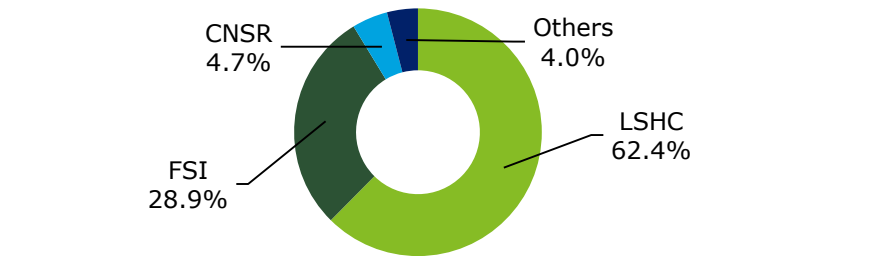
Health care providers and services dominated the deals in the LSHC sector in Latin America. By country, Brazil and Colombia dominate with about 80% of the deals by volume. According to a study, the health care sector in Brazil is anticipated to witness an increased investment in the IoT technologies to enhance clinical decision making<sup>43,44</sup>



## M&A Deals in LSHC from 2015 -19<sup>1</sup>



## M&A deals by acquirer industry from 2015 -19<sup>1</sup>



Industry*	Value of transaction (US billion)	Number of transactions
LSHC	3.6	294
FSI	3.7	136
CNSR	0.01	22
ER&I, GPS, TMT	0.25	19

\*Industry definitions on slide 30

Refer to "Sources" section for citations.

# Perspectives

# Perspectives

Deloitte produces original and informative articles that leverage the spectrum of our experience and knowledge throughout our global network. Listed below are recent pieces that provide insights for businesses on events and trends in the Americas region.

## [The Future of the Deal](#)

Explore key trends that Deloitte expects will likely impact the global M&A market in 2019 and beyond. The report outlines the opportunities and challenges that these themes present to companies in search of growth. It is aimed at decision makers involved at any stage of the M&A lifecycle.

## [The state of the deal: M&A trends 2019](#)

Deloitte's 6<sup>th</sup> annual in-depth look at M&A activity. [The Deloitte M&A trends report](#) looks at M&A activity by surveying more than 1,000 executives at corporations and private equity firms about the current year and their expectations for the next 12 months.

## [Market Consolidation Outlook – Investment strategies and merger & acquisition activity](#)

Deloitte Brazil presents the results of its survey that tackles its challenging local M&A market. The survey, led by Deloitte Brazil's Corporate Finance Advisory practice, presents the opinions of top executives from 221 companies operating in several industry segments. [Read more](#) about how M&As have become an alternative to organic growth in Brazil, the expectations for the M&A market in the next two years, and experiences and challenges for closing deals in Brazil.

## [Mexico Mergers and Acquisitions What's ahead: The potential impact of the new US administration](#)

This report explores what the uncertainty around NAFTA and new US domestic policies might mean for cross-border investment and M&A. [Read more](#) about the potential impact on Mexico's key sectors, including manufacturing, agriculture, energy, telecommunications, and financial services.

## [Argentina - A Destination for Investment?](#)

New government initiatives aim to make the country healthier and more open to foreign investors. This report looks at how a new influx of foreign investors has helped accelerate Argentina's deal flow to date and how an even greater wave of interest is likely to develop in the years to come. [Read more](#) about how an improved economy could buoy all sectors.

## [Wall Street Journal \(WSJ\) CFO Journal: How to Address FCPA Risks in Emerging Market M&A Deals](#)

Gain [additional insights](#) around considerations for addressing FCPA risks in this piece based on the article [M&A in emerging markets: A fresh look at successor liability associated with the Foreign Corrupt Practices Act](#).

## [Human Capital Considerations in Cross-border Deals](#)

Acquiring an overseas company may open up new markets and business opportunities. However, foreign companies may also require a number of unique human capital considerations that may impact deal value. [Read more](#) about the impact of these key human capital considerations.

## [Acquisition Due Diligence Bribery & Corruption Risk](#)

Buyers that are considering an acquisition usually encounter a competitive and time-sensitive diligence process focused on assessing the target's performance key risks. [Learn more](#) about how a buyer's failure to adequately consider bribery and corruption risk may lead to the purchase of an overvalued company and serious collateral consequences.

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# Sources and presentation notes

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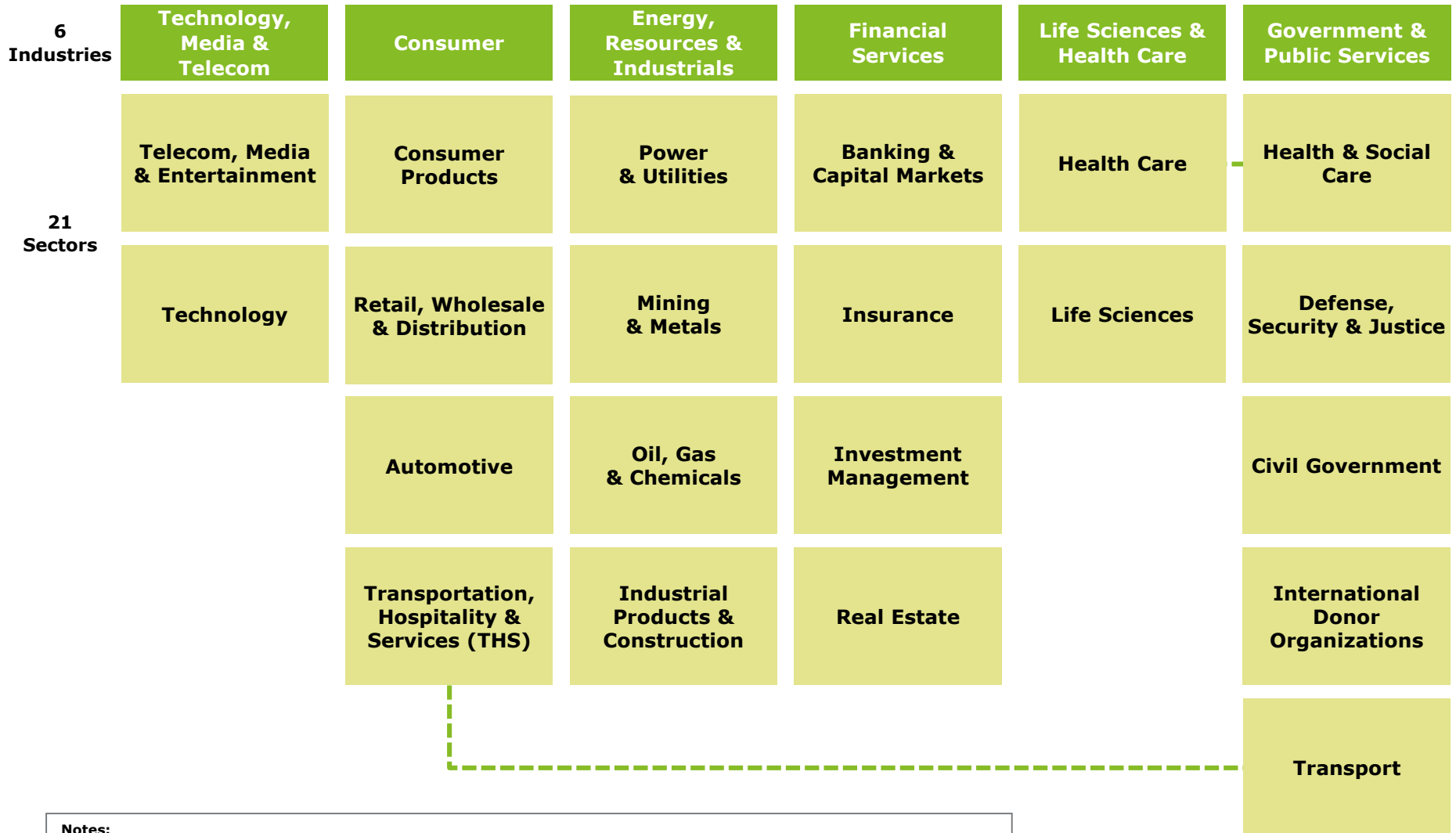
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# Presentation notes

## **For purposes of this presentation:**

- Latin America includes Mexico and countries in Central America and South America.
- The Latin American target companies have been classified based on the dominant geography of the target company in Latin America.
- The region and country of the acquirer have been determined based on the acquiring entity.
- “Cross-border inbound M&A” refers to M&A deals where the acquirer is from non-Latin American countries and the dominant geography of the target company is Latin America.
- Completed and pending deals have been considered in the data presented. Abandoned deals have not been considered.

# New industry alignment



**Notes:**

- Digital platform organizations will remain within sectors but are specifically supported as a segment
- Health & Social Care as a separate sector with operational integration with Private Health Care
- Transport as separate sector with operational integration with Private Transportation subsector in THS



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