

**Deloitte.**



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

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# Executive summary

M&A activity in Latin America in 2018-19 was driven by privatization of state-owned firms, cross-border trade deals and rise in disposable income. The Energy, Resources and Industrials (ER&I) industry attracted a large portion of the investment by value (~USD53 billion)<sup>1</sup>, followed by Financial Services Industry (FSI) with USD45 billion. Brazil witnessed the highest number of deals (824)<sup>1</sup>, worth USD55 billion<sup>1</sup>, among all the Latin American countries<sup>1</sup>.



## M&A trends in Latin America

- M&A activity in Latin America is expected to pick up as a result of **political stability, cross-border trade agreements, and reformist policies**. The **resource-rich** advantage of many Latin American countries is expected to drive investments in the oil & gas and mining sectors.<sup>2-6</sup>
- **Brazil remains an attractive investment destination** owing to political stability, overhaul of pension system, and auction of state-owned oil blocks. However, the **drop in GDP in Q1 2019 may affect sentiments**.<sup>2</sup>
- Chile is **strengthening ties with countries in Asia and Americas** and **focusing on renewable energy** to attract investment.<sup>4</sup>



## Industries

- In 2018-19, **ER&I** registered the highest M&A activity with deals worth **~USD 53 billion**.<sup>1</sup>
- **FSI** recorded **384 deals** worth **~USD 45 billion** over the same period.<sup>1</sup>
- Brazil and Mexico recorded the highest M&A activity in consumer (CNSR), which was **primarily driven by the growth in disposable income**.<sup>1</sup>
- Technology, Media & Telecom (TMT) M&A was mainly **driven by IT outsourcing, adoption of 4G, and Internet-of-Things (IoT)**.<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>



## Geographies

- In 2018-19, the **majority of M&A activity** in Latin America was **intra-regional**, with economies such as **Brazil, Chile, and Mexico** being the **top investor countries by value**.<sup>1</sup>
- Outside the region, North America (especially the **United States**), **Europe (France and Italy)**, and **Asia (China and Japan)** were the **top investors** by value in Latin America. Firms from these economies are looking to **capture investment opportunities** in developing countries in Latin America.<sup>1</sup>

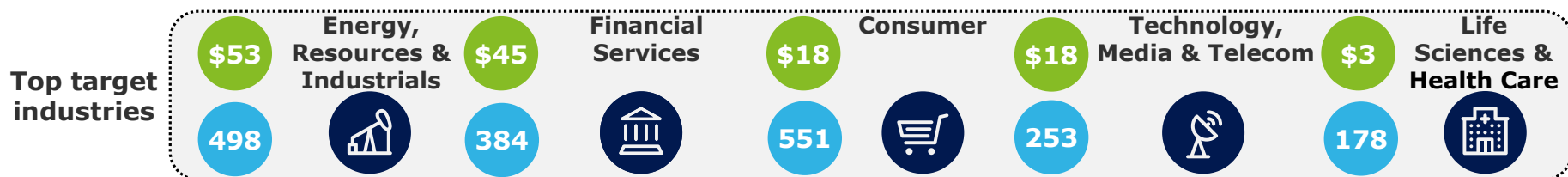
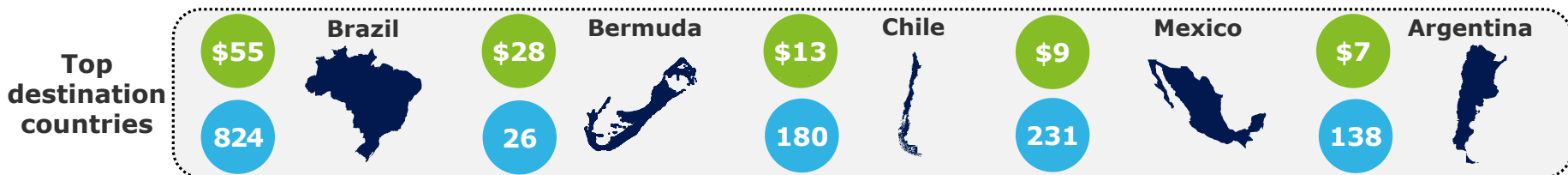


## Challenges

- **Overdependence on commodities, and volatile oil and commodity prices** could restrain M&A activity in Latin America.<sup>2-7</sup>
- Uncertainty in decisions related to the **United States Mexico Canada Agreement (USMCA)** may affect investors confidence.<sup>3</sup>
- Concerns over the **debt sustainability and capacity constraints of PEMEX**, Mexico's national oil company. This is **also negatively impacting the sovereign risk of the country**.<sup>3</sup>

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

Latin America's M&A deal inflow between January 1, 2018 and May 31, 2019 totaled 1,865 deals worth USD136.1 billion<sup>1</sup>



● Value (USD billion) ● Volume of deals

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

Target	Target industry	Acquirer	Acquirer industry	Value of transaction (in USD million)
<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)	8,600
<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>

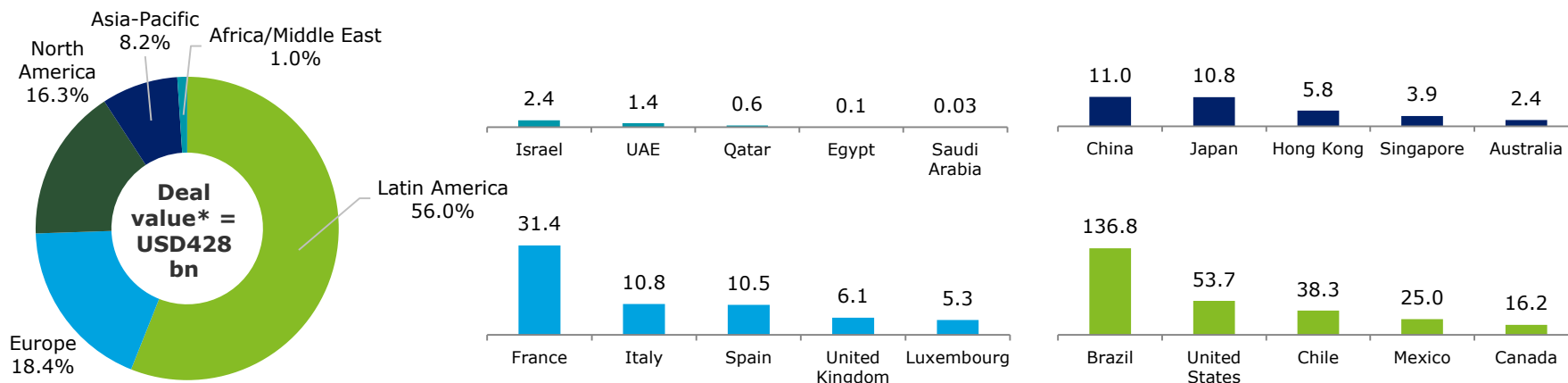
2019 macroeconomic indicators (forecast)							
Country	Nominal GDP (USD billion)	Real GDP change per annum (%)	GDP per head (USD)	Inward FDI flow/GDP (%)	Exchange rate LCU:USD	Consumer prices (% change per annum)	Lending interest rate (%)
<b>Argentina</b>	460.1	-1.1	10,201.6	2.4	52.2	49.2	56.4
<b>Brazil</b>	1,865.0	1.0	8,853.1	4.9	3.8	4.0	36.3
<b>Chile</b>	315.5	3.0	17,204.5	2.3	653.2	2.1	5.5
<b>Colombia</b>	331.1	3.1	6,641.6	3.8	3,099.2	3.1	12.3
<b>Mexico</b>	1,296.0	1.4	9,792.2	2.5	19.6	4.2	8.4
<b>Peru</b>	236.5	3.7	7,256.2	2.6	3.3	2.2	15.4

# Geographical M&A activity

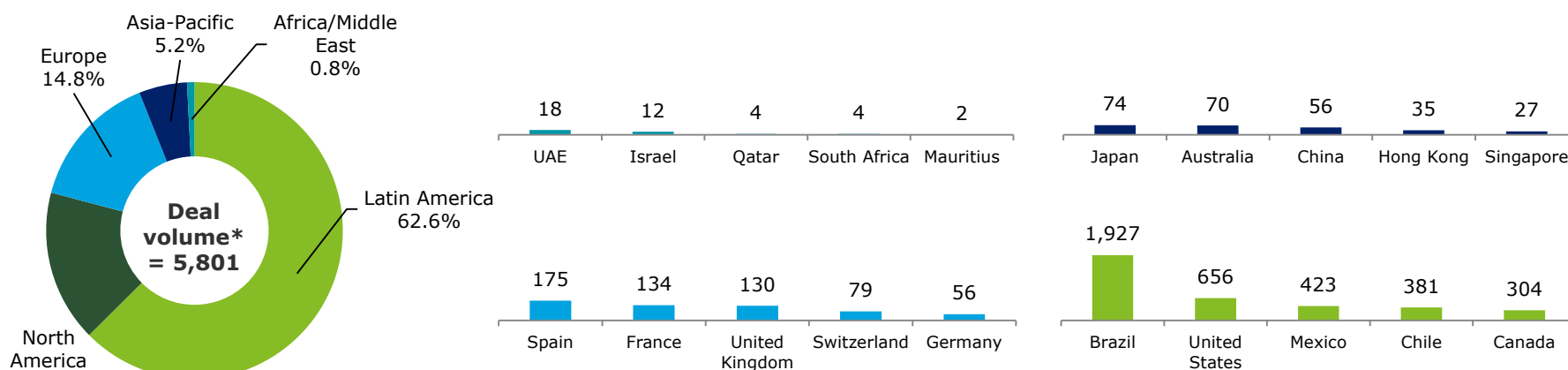
# Intra-regional deals hold a significant portion of the M&A pie in Latin America<sup>1</sup>

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 130 deals for which the acquirer nation is not disclosed

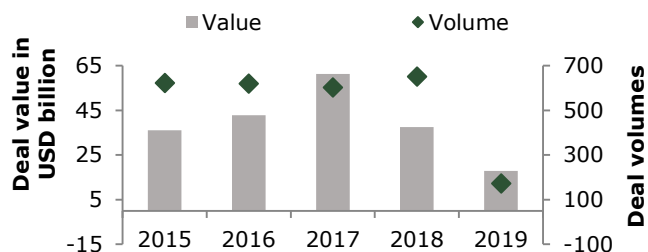




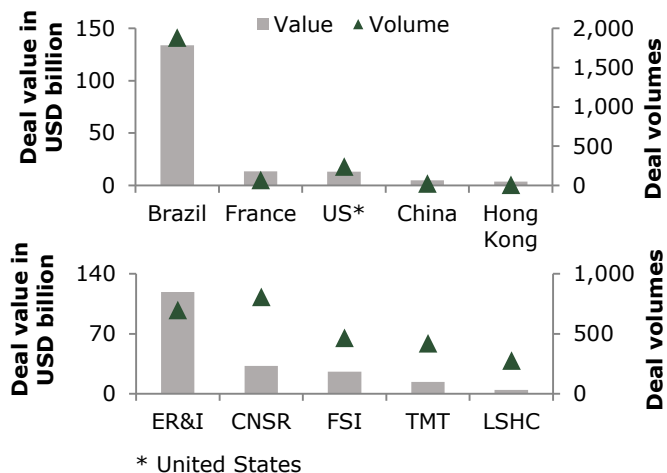
# Brazil aims to cut public debt through privatization of state owned firms and overhaul of the national pension system

The above may be further supported by sustained political stability and auction of state-owned oil blocks. The cost of cross-border trade is also expected to reduce as the country is looking to make its currency fully convertible. However, investors may turn cautious due to weakening of the economy<sup>2,9,10,11,12,13,14</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>



## Possible favorable factors for M&A



- **Political stability:** The election of President Jair Bolsonaro in January 2019, concluded a period of political uncertainty that has been a bottleneck for private sector investment.<sup>2</sup>
- **Pension Bill:** The government proposed a new pension bill, which in April 2019, was voted as constitutional by the congressional committee. The bill aims to reduce pension payment by USD260 billion over the next 10 years and improve investor confidence by arresting the rise in the public debt/GDP ratio.<sup>2,9</sup>
- **Oil block auction:** The government has planned further oil block auctions by the end of 2019 with an aim to develop its upstream assets. This is part of the effort by President Jair Bolsonaro to attract investor interest in the energy sector.<sup>10</sup>
- **Privatization:** The new government under President Jair Bolsonaro is promoting privatization of state-owned enterprises in major sectors such as oil & gas, aviation, ports, railways and minerals. This is expected to attract inbound investment and is estimated to bring in USD214 billion in investment.<sup>2,11</sup>
- **Fully convertible currency:** Brazil's Central Bank is expected to present a bill proposing to make its currency, the real, fully convertible within two to three years. This is expected to lower the cost of cross-border trade and investment.<sup>12</sup>

## Possible unfavorable factors for M&A

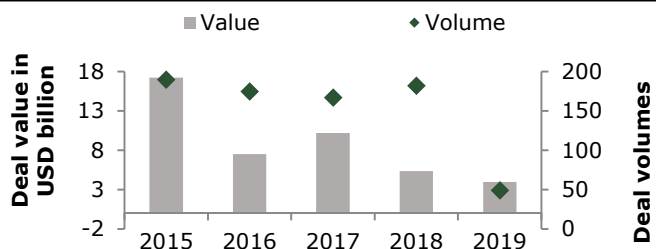
- **Economic fundamentals:** The economy of Brazil shrank by 0.2% in Q1 2019 as compared to the previous quarter. Indeed, economic indicators from April and May 2019, such as consumer confidence, bank lending and export data, point to the risk of another recession. This can weaken the investor confidence in the economy.<sup>13</sup>
- **Inflation:** In April 2019, the annual consumer price inflation rose to 4.9%, which is above the central bank's year-end target of 4.25%. This can be attributed to the increase in price of food and drink, transportation, and health and personal care goods. The rise in inflation may erode the spending power of consumers.<sup>14</sup>



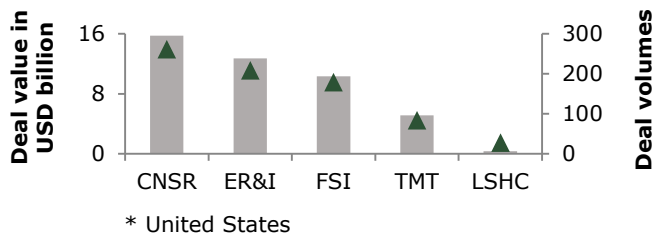
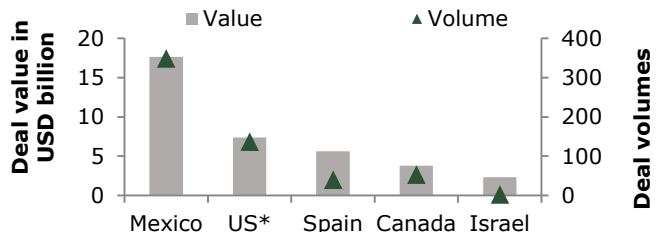
# Economic uncertainties and volatility in Mexico's currency as a result of trade concerns are expected to deter investors

Also, lowering of sovereign debt ratings by Fitch is anticipated to discourage investors in Mexico. However, this is expected to be offset by the rise in consumer demand, drop in inflation, and increase in inbound Foreign Direct Investment (FDI) from its North American trade partners<sup>3,15,16,17,18</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>



\* United States

## Possible favorable factors for M&A



- **Political stability:** Since taking charge in December 2018, President Andrés Manuel López Obrador has **continued to focus on expanding social spending and fighting corruption**, in line with the campaign promises. He has also expanded labor rights.<sup>3</sup>
- **Consumer demand:** Consumer spending is witnessing an upswing in 2019 due to a fall in inflation and a tighter labor market. **Household spending is expected to rise from USD351 in 2018 to USD467 by 2023.**<sup>15</sup>
- **Inflation:** The inflation is expected to drop to **3.8% in 2019-23 from 4.4% in April 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>
- **FDI:** FDI inflows are **estimated to average USD34.4 billion in 2019-23** as compared to USD31.6 billion in 2018. **In the first quarter of 2019, Mexico received more than USD10 billion in FDI.**<sup>3,16</sup>

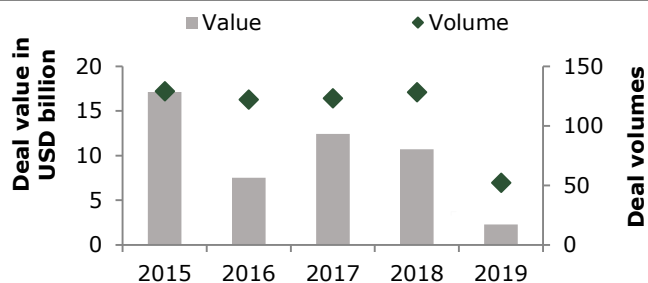
## Possible unfavorable factors for M&A

- **Ratings downgrade:** In June 2019, **Fitch Ratings lowered Mexico's sovereign debt rating from BBB+ to BBB**, as a result of the deteriorating credit profile at state oil company PEMEX. Following this, the company has also been downgraded to junk status. **This was the second downgrade in five months.**<sup>17,18</sup>
- **GDP growth:** Mexico's **economy shrank in the first quarter of 2019**. The decline is attributed to a slump in services and industrial activity. In April 2019, the **International Monetary Fund (IMF) lowered Mexico's 2019 growth outlook to 1.6% from 2.1%**, citing the government's policy direction and cancellation of infrastructure projects as factors.<sup>19,20</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. **In May 2019, the peso witnessed the biggest drop in seven months.** This is because US President Donald Trump ramped up pressure to set tariffs.<sup>3,21</sup>

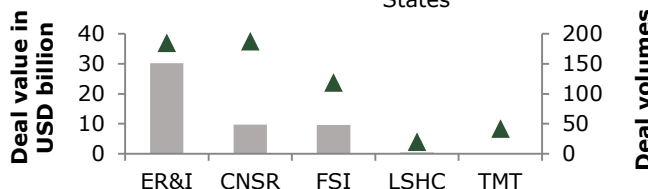
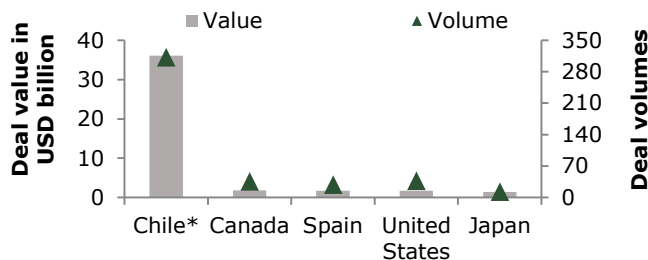
# Chile is strengthening ties with countries in Asia and the Americas, and is focusing on renewable energy to attract investment

Chile's consumer demand outlook also remains positive. Also, the country holds the world's largest reserves of lithium, the demand for which is expected to remain strong due to transition to electric vehicles<sup>4,22,23,24,25,26</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: Tianqi Lithium Corporation acquired 24% in Sociedad Quimica y Minera De Chile S.A. for USD 4.1 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>

## Possible favorable factors for M&A

- **International relations:** Apart from traditional relations with the US and other Latin American countries, **Chile is strengthening its ties with Asia, particularly with China and India**, to accelerate economic growth and investment. In April 2019, Chile signed a Memorandum of Understanding (MoU) with India in the field of mining.<sup>4,22</sup>
- **Consumer demand:** The consumer demand outlook remains broadly positive with a forecast of 3.5% real consumption growth for 2019. This is supported by a revival in consumer confidence, improvement in the labor market, and stable inflation.<sup>23</sup>
- **Sector focus: Infrastructure** and also being an oil importer, the government is focusing on renewable energy by providing tax incentives for investors. Also, in April 2019, the government announced closure of eight coal-fired power stations over the next five years as part of a plan to switch entirely to renewable energy by 2040.<sup>4,24</sup>
- **Lithium reserves: Chile holds the world's largest reserve of lithium.** The country is looking to attract investment in refining and manufacturing plants. In Mejillones, northern Chile, Samsung SDI and Posco are planning to jointly develop a facility to make chemical components used in batteries.<sup>25,26</sup>
- **Political environment:** Chile's Congress has been divided following the elections in November 2017, with no coalition holding the majority in the upper or lower house. The center-left coalition in opposition is supporting the reform agenda on an ad hoc basis. This may delay policymaking in the event of a gridlock.<sup>4</sup>

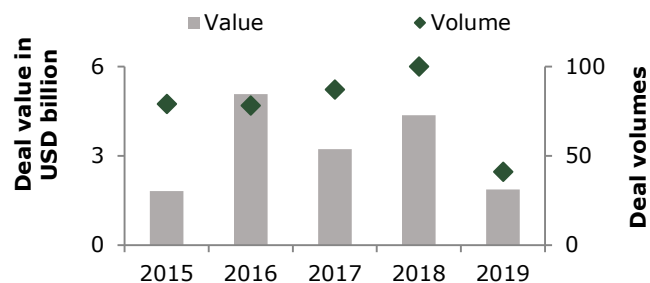
## Possible unfavorable factors for M&A

- **Mining production: Copper production in Chile dropped to its lowest in a decade** in the first quarter of 2019, due to operational issues, heavy rains and falling ore grades. This is expected to dent investor sentiment as minerals (mainly copper) account for about 50% of exports.<sup>4,27</sup>

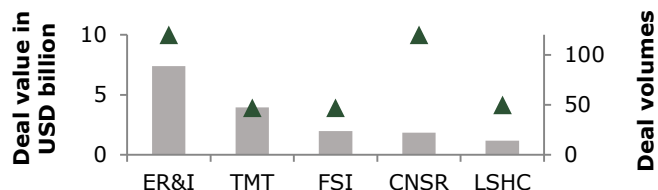
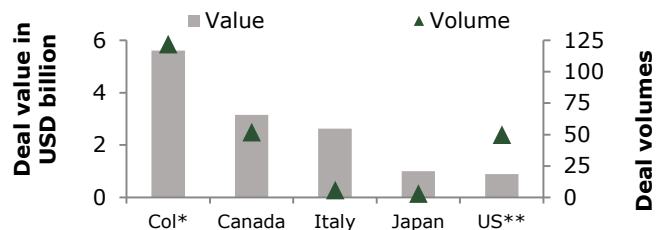
# M&A may receive a boost because of privatization of state-owned companies, ratings upgrade by Moody's, and growth in mining

Privatization and oil block auctions are expected to reduce the fiscal deficit. Additionally, growth in the mining sector on the back of a strong project pipeline is expected to lift GDP growth from 2.7% in 2018 to an average of 3.4% in 2021-23<sup>5,28,29,30,31</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

\*\* United States

## Possible favorable factors for M&A

- **Ratings upgrade:** In May 2019, **Moody's changed the outlook on the Government of Colombia to stable from negative.** The key drivers for this change are recovering economic activity and fiscal consolidation.<sup>28</sup>
- **Privatization:** The government is **undertaking privatization of state-owned companies in order to meet the fiscal deficit target.** The government is **expected to sell 8.5% of Ecopetrol**, the state-owned oil company. It also **initiated the process to sell its USD2.7 billion stake in electric utility Interconexion Electrica SA.**<sup>5,29</sup>
- **Fiscal deficit:** Due to government reforms such as privatization, non-financial public-sector (NFPS) **fiscal deficit is expected to narrow from 2.3% of GDP in 2019 to 1.6% by 2023.** Additionally, the **NFPS debt/GDP ratio is expected to decline to 54.4% by 2023**, after peaking to 56.6% in 2020.<sup>5</sup>
- **Oil block auctions:** For increased investment in the oil and gas sector, **the government is auctioning 20 production areas.** In the auction held in June 2019, the government received bids for 11 oil exploration blocks by seven countries. **Colombia expects to receive USD1.5 billion in oil investment in 2019** from this round of bidding.<sup>30</sup>
- **Mining sector:** Colombia's **mining sector is expected to post growth**, supported by competitive operating costs and a strong gold project pipeline. The industry value is estimated to **grow from USD6.4 billion in 2019 to USD8.8 billion by 2028.** **Coal is expected to remain the dominant mineral** with 73% of the industry value, due to the presence of major international miners.<sup>31</sup>

## Possible unfavorable factors for M&A

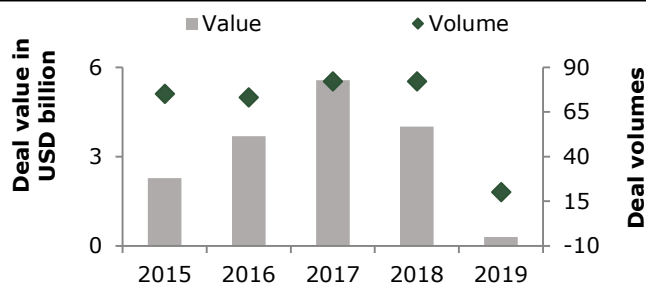
- **Migrants:** Till June 2019, **Colombia had absorbed about 1.3 million migrants from Venezuela.** The estimated **cost to state to tackle the migration problem is USD1.5 billion** and the **expected decrease in Colombia's gross domestic product is 0.5% per year.**<sup>32</sup>



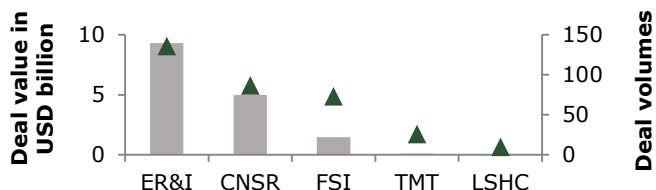
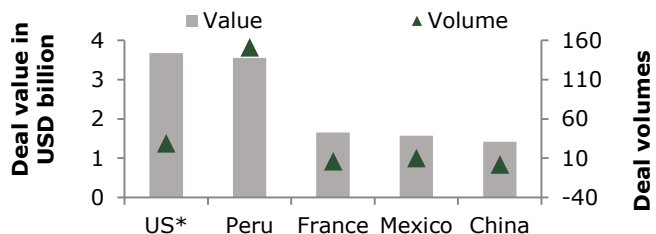
# Trade agreements with the UK and Asia, along with initiatives taken by the government, are expected to improve M&A activity

Peru continues to make progress in establishing a good trading network with large economies like China and the UK, which, in turn, assists the business expansion. The influx of immigrants from Venezuela is expected to negatively affect the GDP of Peru<sup>6,33,34,35,36,37</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>



\* United States

## Possible favorable factors for M&A



- Policy trend:** The focus of **government is centered on reforms** that include anti-graft measures, promoting competition, infrastructure development, modernization, and fiscal consolidation. In June 2019, the **government won a confidence vote in the Congress as part of the effort to pass anti-corruption measures.**<sup>6,33</sup>
- Free trade agreement:** Peru **signed a free trade agreement with the UK** to ensure the continuity of trade flow. Under this agreement, **tariff preferences for Peru to enter the British market will be maintained once the UK exits the European Union.** Peruvian exports to the United Kingdom amounted to over USD700 million in 2018.<sup>34</sup>
- Belt and Road Initiative:** The country is expected to **join China's Belt and Road initiative.** In 2017, China was Peru's top export destination, with a total value of USD11.7 billion in exports. China was also Peru's top importer with a value of USD8.75 billion. By 2022, **China is expected to invest USD10 billion in Peru in energy, mining, telecommunications, construction and finance.**<sup>35</sup>
- Fiscal deficit:** The fiscal deficit is expected to narrow as the **government gradually dials down fiscal stimulus and a stronger economy increases revenue.** The non-financial public-sector deficit is estimated to narrow from 2% of GDP in 2019 to 0.5% by 2023.<sup>6</sup>

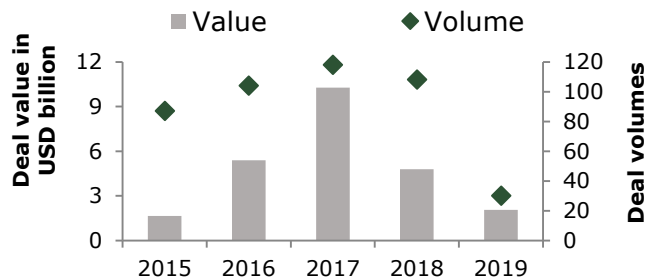
## Possible unfavorable factors for M&A

- Migrants:** Till May 2019, **Peru had absorbed about 0.7 million migrants from Venezuela.** This is **estimated to increase to 1.4 million by the end of 2019.** In April 2018, it is reported that the unemployment in Lima, the nation capital where 85% of the Venezuelan refugees have relocated, reached 8.1%, an eight-year high. To mitigate the impact, **starting June 15, 2019, Venezuelans will be required to enter Peru with a passport and visa** issued at the country's consulate in Caracas.<sup>36,37</sup>
- A new **anti-monopoly law** (represión de conductas anticompetitivas) was introduced, however the terms are still unclear, so uncertainty of how anti-monopoly laws are going to be ruled may affect foreign investment.<sup>6</sup>

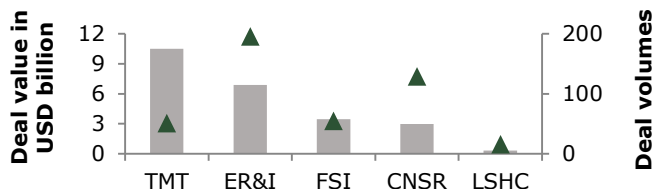
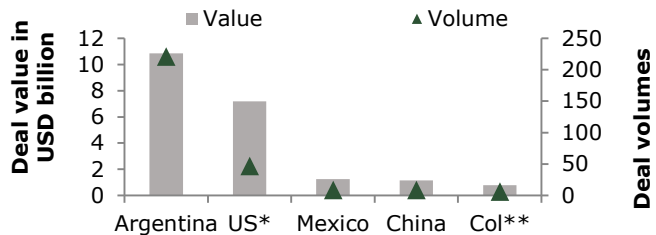
## Argentina displays optimism now that the currency has been stabilized after undergoing a recent crisis with high inflation<sup>7</sup>

The economy has benefited from the support from the USD56 billion loan package from IMF and the partnership framework from the World Bank. The recent announcement of the official presidential formula for this years elections brought calm to the markets. The government's focus on renewable energy is also expected to attract investment<sup>7,38,39,40,41,42,43</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

- IMF financing:** In April 2019, **IMF ratified the third review of Argentina's economic progress** under a major financing deal agreed in 2018, **unlocking USD10.8 billion tranche of funds**. As part of this deal, Argentina's leadership committed to tighter monetary policies and austerity measures to rein in public sector debt and reduce fiscal deficit.<sup>7,38,39</sup>
- Argentina Country Partnership Framework (CPF):** In April 2019, the **World Bank Group endorsed a new framework** which is focused on working with Argentina to reduce poverty through **sustainable, private-sector led growth**. The estimated financing is of USD1 billion per year for public sector and USD500 million per year for private sector.<sup>40</sup>
- Knowledge law:** Following the **approval of the Knowledge Economy Law** on May 22, 2019, with 49 senate votes, Argentine tech startups have much to gain. Beginning in January 2020, this new policy will override and expand the Software Law to attract more investments, create jobs, and increase exports.<sup>7</sup>
- Renewable energy:** In 2017, the government launched a renewable energy bidding program called **RenovAr with an aim to produce 20 percent of electricity from renewable sources by 2025**. In April 2019, the government launched the fourth round of bidding. The previous three rounds **attracted an investment of USD5 billion**.<sup>41,42</sup>

### Possible unfavorable factors for M&A

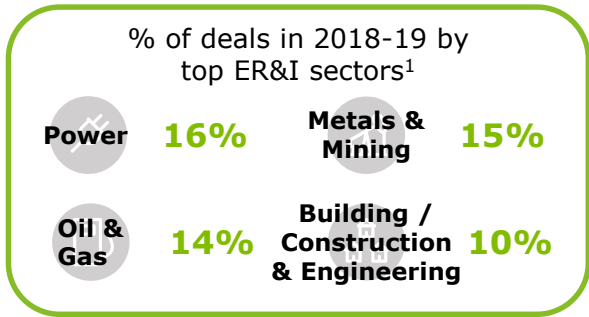
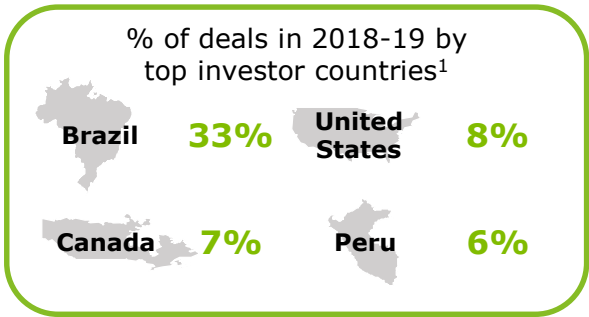
- Industrial output:** In March 2019, **Argentina's industrial output slid 13.4%** as compared to the same month in 2018. This fall in output was the **11th straight month of declines since the middle of 2018** when the economy was hit by a debt crisis.<sup>43</sup>
- Consumer confidence:** Consumer confidence is expected to remain low as a **result of high rate of inflation and currency depreciation** which has severely eroded spending power. The focus of purchase may remain on essential items over non-essential ones.<sup>44,45</sup>
- Upcoming elections:** The **October 2019 elections** have a certain level of **uncertainty** regarding their **outcome** as it's anticipated the opposition parties may lead the obstruction of key policy decisions. The ruling government has negotiated support for other parties, offering the vice-presidency to old school Peronist Miguel Pichetto. This could erode investor sentiments in the short term.<sup>7</sup>

# **M&A activity across industries**

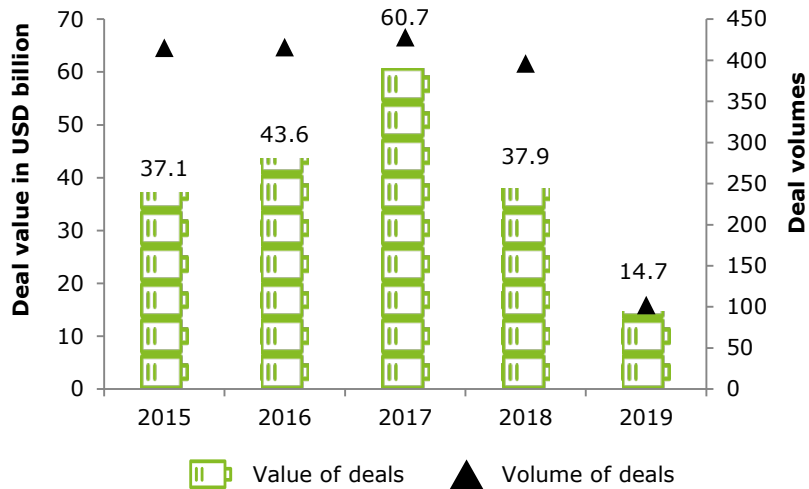


# In the ER&I industry, Brazil registered the highest M&A activity; power, mining, and oil & gas contributing close to half of the deals

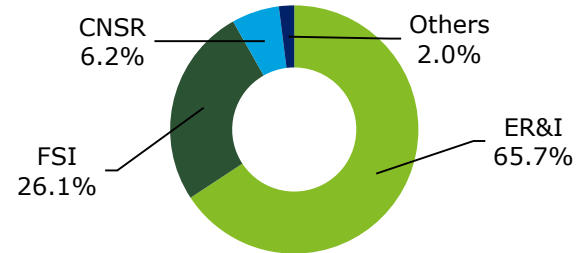
The outlook on oil & gas production remains positive over the long term. The sector is expected to be dominated by state-owned companies in Latin America. Brazil's share of Latin America's crude market is expected to rise to 36% by 2023 from 31% in 2018<sup>1,46</sup>



## 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 (USD billion)	Number of transactions
ER&I	118.9	1,155
FSI	71.2	458
CNSR	3.8	109
Others*	0.11	35

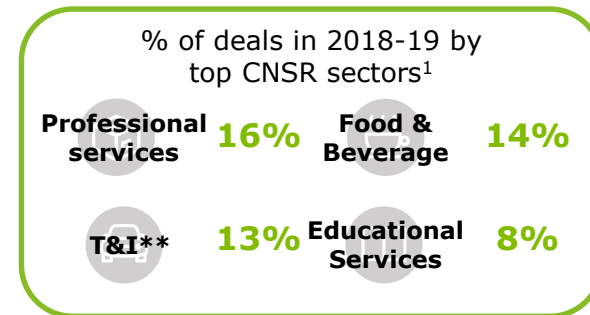
\*Others include LSHC, GPS, and TMT



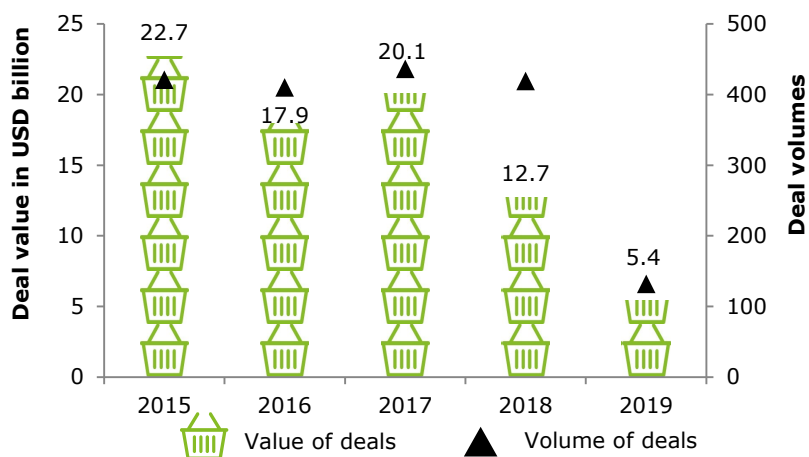


# With 42% of total deals, Brazil attracted the highest deal volume driven by an increase in population and a growing middle class

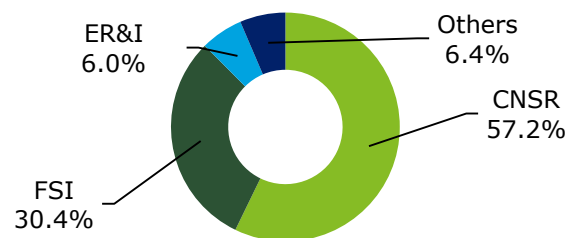
Brazil has a positive outlook for consumer spending over 2019-23, led by an increase in disposable income from USD12,863+ in 2019 to USD14,258+ in 2023. Real household spending is estimated to come in at 2.4% in 2019 and steadily rise to 3.8% in 2023<sup>1,47</sup>



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



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



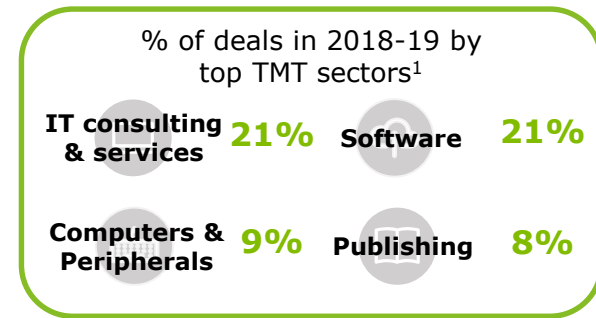
Industry	Value of transaction (USD billion)	Number of transactions
CNSR	47.1	1,040
FSI	24.4	552
ER&I	4.2	109
Others*	3.1	117

\*Others include LSHC, GPS, and TMT  
 \*\* Transportation & Infrastructure  
 +Exchange rate as of June 12, 2019

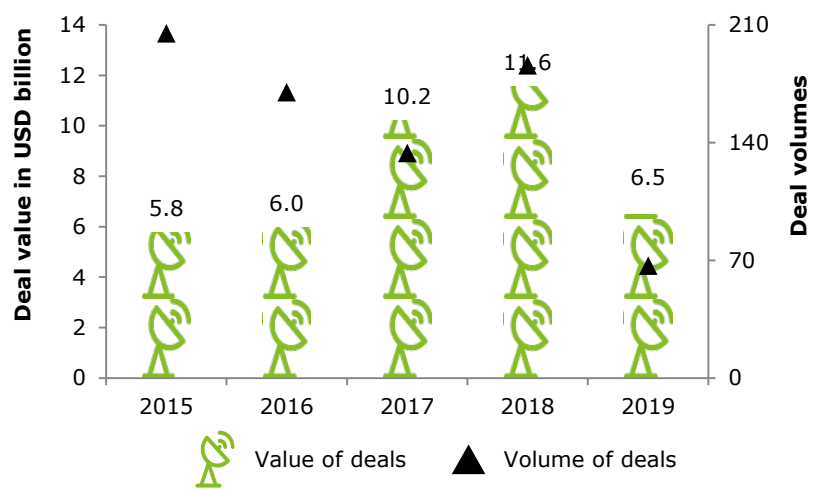


# A combination of skilled workforce and low cost of operation is attracting IT consulting & services companies to the region

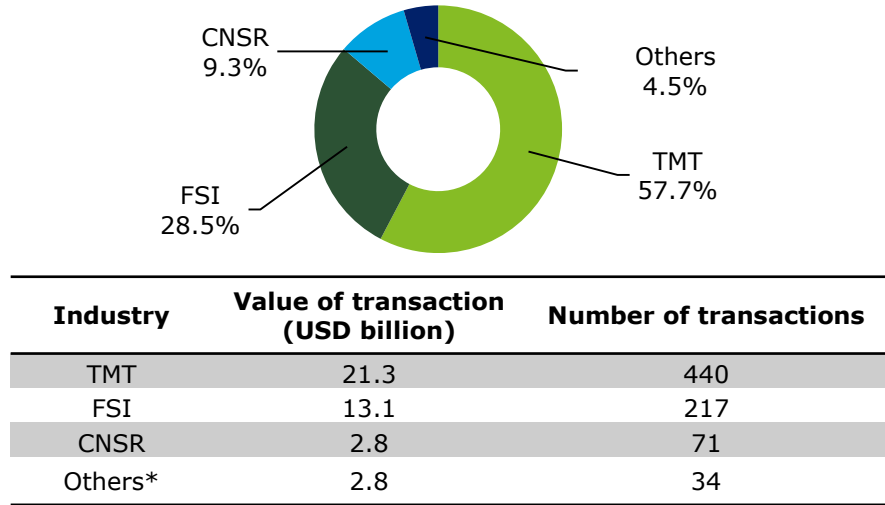
This sector is further supported by growth in the telecom industry, which is moving toward wireless broadband and over-the-top applications from wireline technology. Further, policy initiatives encourage the adoption of cloud computing and IoT in financial services and manufacturing<sup>48,49</sup>



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



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



\*Others include LSHC, GPS, and ER&I

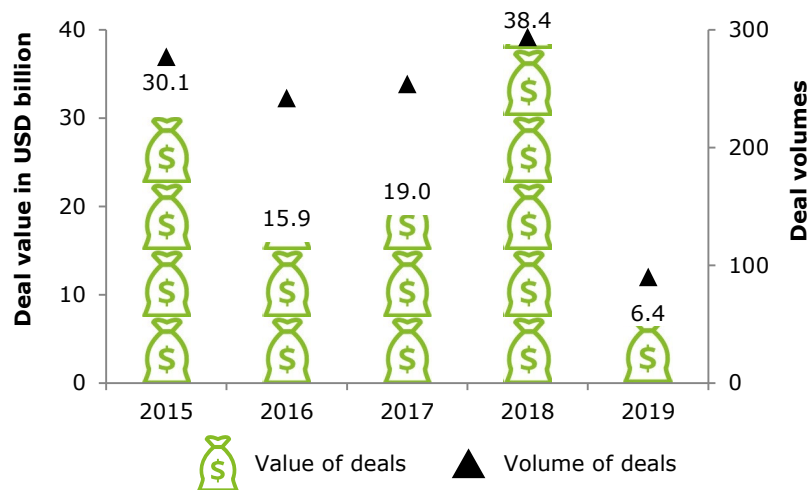


# Latin America continued the robust M&A activity in FSI driven by increased financial inclusion and adoption of financial technology

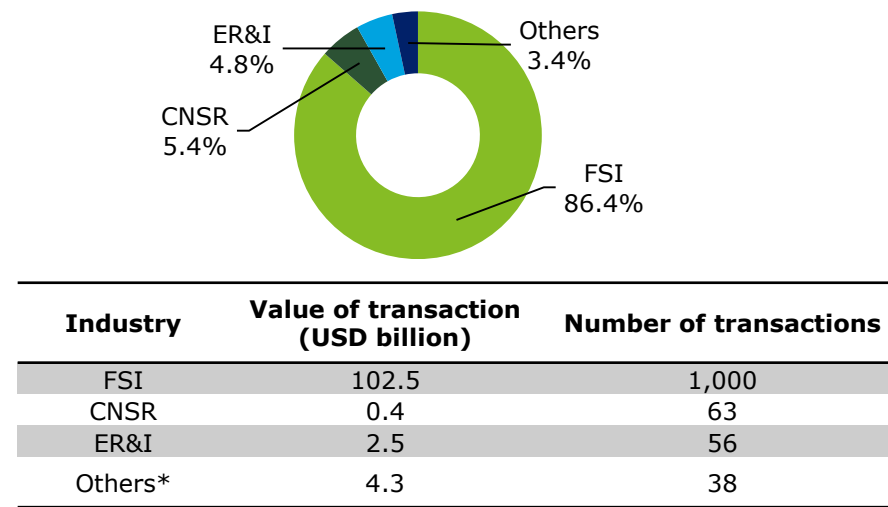
Brazil (149 deals) and Mexico (61 deals) were the top destination countries for M&A in 2018-19. Disposable income in Brazil is anticipated to pick up in the medium term; this is expected to provide support to the growth of insurance and overall financial services industry<sup>1,47,50</sup>



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



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



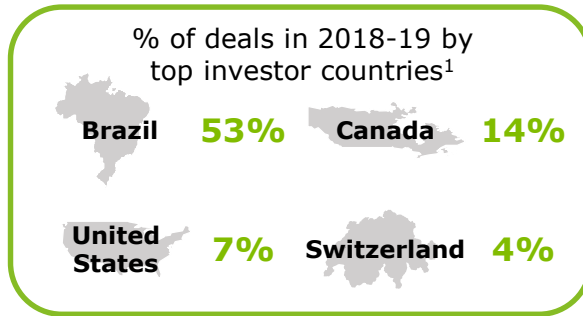
Industry	Value of transaction (USD billion)	Number of transactions
FSI	102.5	1,000
CNSR	0.4	63
ER&I	2.5	56
Others*	4.3	38

\*Others include LSHC, GPS, and TMT

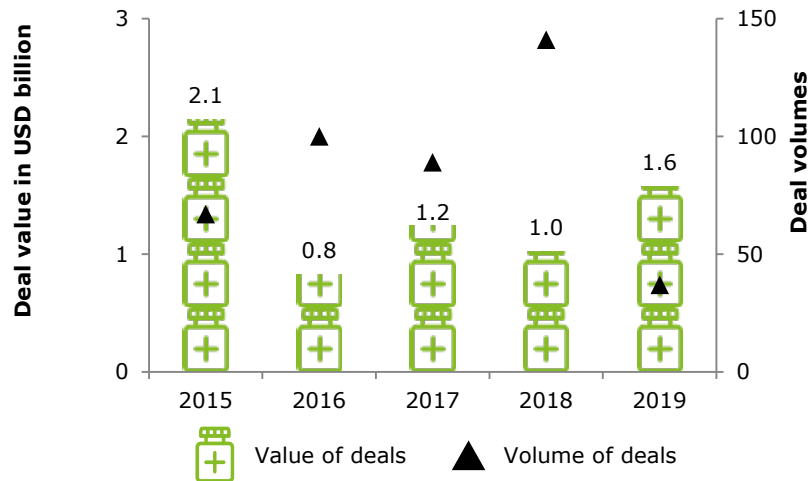


# LSHC industry is expected to attract investments in 2019-22 due to improved access to health care and rising demand for medicines

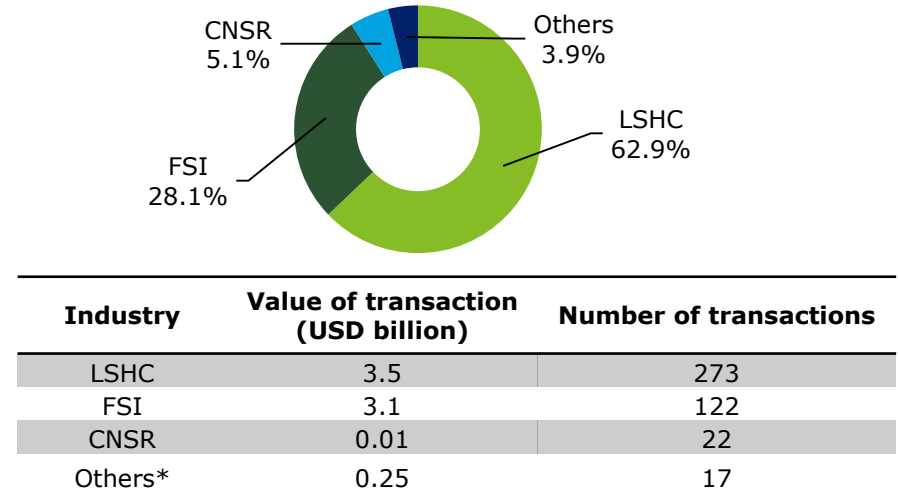
The pharmaceutical and health care market is expected to grow as a result of a growing middle class, rise in chronic diseases, and better access to health care. The spending on health care in Latin America is expected to rise from USD427 billion in 2018 to USD522 billion in 2023<sup>51,52</sup>



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



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



\*Others include ER&I, GPS, and TMT

# 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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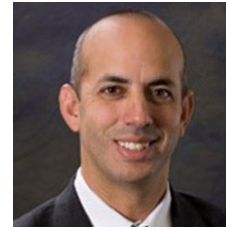
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# Presentation notes

## **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

<b>6 Industries</b>	<b>Technology, Media &amp; Telecom</b>	<b>Consumer</b>	<b>Energy, Resources &amp; Industrials</b>	<b>Financial Services</b>	<b>Life Sciences &amp; Health Care</b>	<b>Government &amp; Public Services</b>
	<b>Telecom, Media &amp; Entertainment</b>	<b>Consumer Products</b>	<b>Power &amp; Utilities</b>	<b>Banking &amp; Capital Markets</b>	<b>Health Care</b>	<b>Health &amp; Social Care</b>
<b>21 Sectors</b>	<b>Technology</b>	<b>Retail, Wholesale &amp; Distribution</b>	<b>Mining &amp; Metals</b>	<b>Insurance</b>	<b>Life Sciences</b>	<b>Defense, Security &amp; Justice</b>
		<b>Automotive</b>	<b>Oil, Gas &amp; Chemicals</b>	<b>Investment Management</b>		<b>Civil Government</b>
		<b>Transportation, Hospitality &amp; Services (THS)</b>	<b>Industrial Products &amp; Construction</b>	<b>Real Estate</b>		<b>International Donor Organizations</b>
						<b>Transport</b>

**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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