

KROLL

Brazil Transactions

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Industry Insights

Winter 2024



Executive Summary

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1,400 M&A transactions were registered in Brazil in 2023, a 9.3% decrease in the number of announced transactions.



2023 period registered 22 follow-ons, raising over BRL 32 billion (+USD 6.4 bn). For the second consecutive year, there were no IPOs.



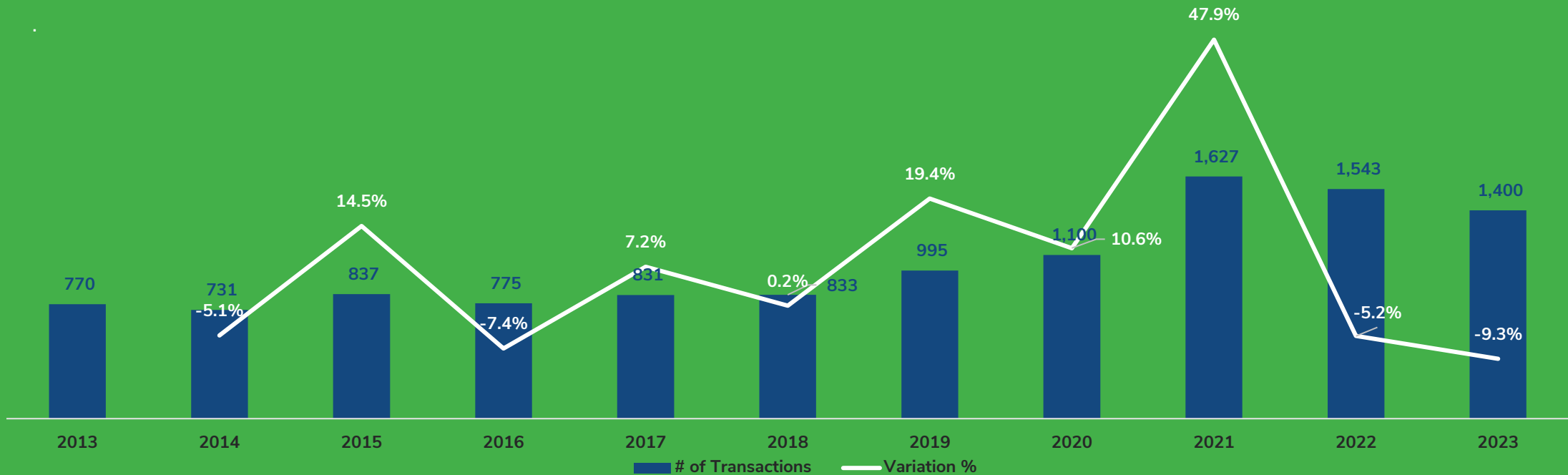
Total market capitalization of the Brazilian Stock Exchange (Bovespa) as of December 31, 2023, was over USD 874 bn.

M&A Market Overview

Overview

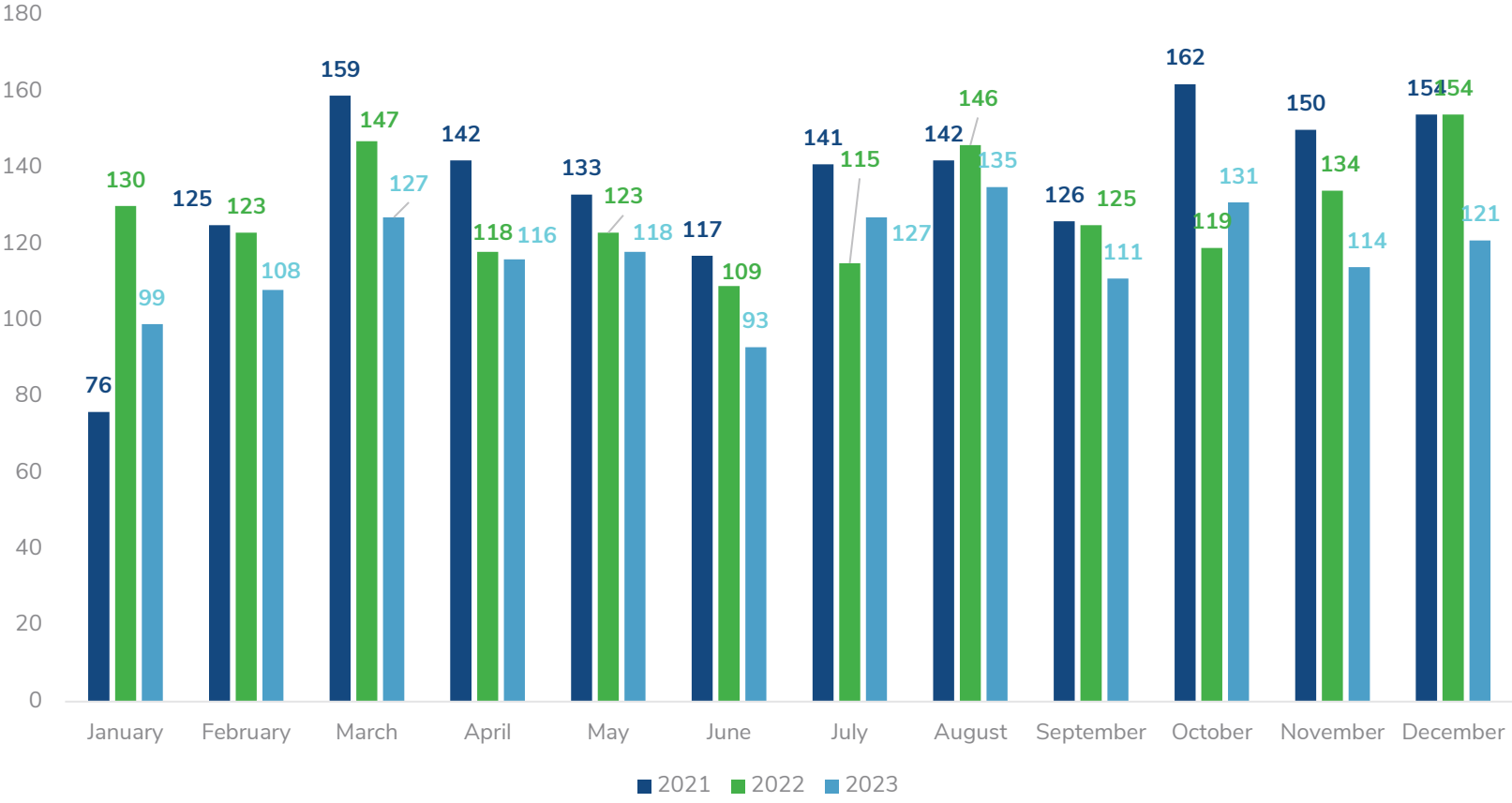
In 2023, volume in Brazil M&A activity declined to 1,400 total transactions, representing a 9.3% decrease compared to the same period in 2022. Sectors that were more active included financial / insurance, technology, energy and equipment, and food and beverage.

Brazil also experienced declining public offerings in 2023 - IPOs (0) and follow-ons (22) – so M&A activity should be poised to take advantage and show strength in the coming years.

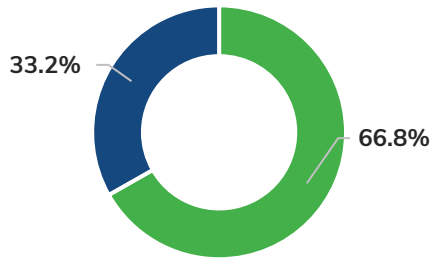


M&A Market Overview, Continued

Number of Announced Deals (Jan-Dec)



By Number of Announced Deals (December 31, 2023)



Strategic vs. Financial Buyer

Source: Kroll market research as of December 31, 2023

Strategic Buyers Selected Transactions

natura & co
Aēsop

L'ORÉAL

In April 2023, L'Oreal, Brazilian company in personal care products, has reached an agreement to acquire Aesop (Natura & Co). The deal was closed for around USD 2.5 bn.



ENGINE NO.1

In July 2023, Vale [NYSE:VALE], a Brazilian miner, has signed a binding agreement to sell 10% stake of Vale Base Metals Limited to Manara Minerals, a joint venture between Ma'aden (Saudi Arabia) and PIF, and an additional 3% to Engine No. 1, for a total of USD 3.4 bn.

Marfrig

Minerva Foods

In August 2023, Marfrig [BVMF:MRFG3], the Brazilian food company, has reached an agreement to sell certain cattle and lamb slaughtering units in South America to Brazilian peer Minerva [BVMF:BEEF3]. The agreement implies an estimated total enterprise value of USD 1.5 bn.

BoaVista

EQUIFAX

In February 2023, Equifax Inc. [NYSE:EFX] announced an agreement to acquire Boa Vista Serviços [BOAS3:SAO], the second-largest credit bureau in Brazil. The agreement implies an estimated total enterprise value of USD 596 mn

DARLING
INGREDIENTS

GELNEX
THE GELATIN SPECIALISTS

In October 2023, Darling Ingredients Inc (NYSE: DAR), an Irving, Texas-based provider of rendering, recycling and recovery services and solutions to the food industry, has reached an agreement to acquire Gelnex, a Brazil-based leading global producer of collagen products for approximately USD 1.2 bn in cash

Nabiax

actis

In March 2023, PE firm Actis LLP acquired 100% of the capital of DHF, the holding company that controls Nabiax's portfolio of data centers in Latin America, in a deal valued in USD 500 mn.

Kopenhagen

Nestlé

In September 2023, Nestle has reached an agreement to acquire Kopenhagen, a Brazilian producer of chocolates, for around USD 605 mn

TAG

Caisse de dépôt et placement du Québec

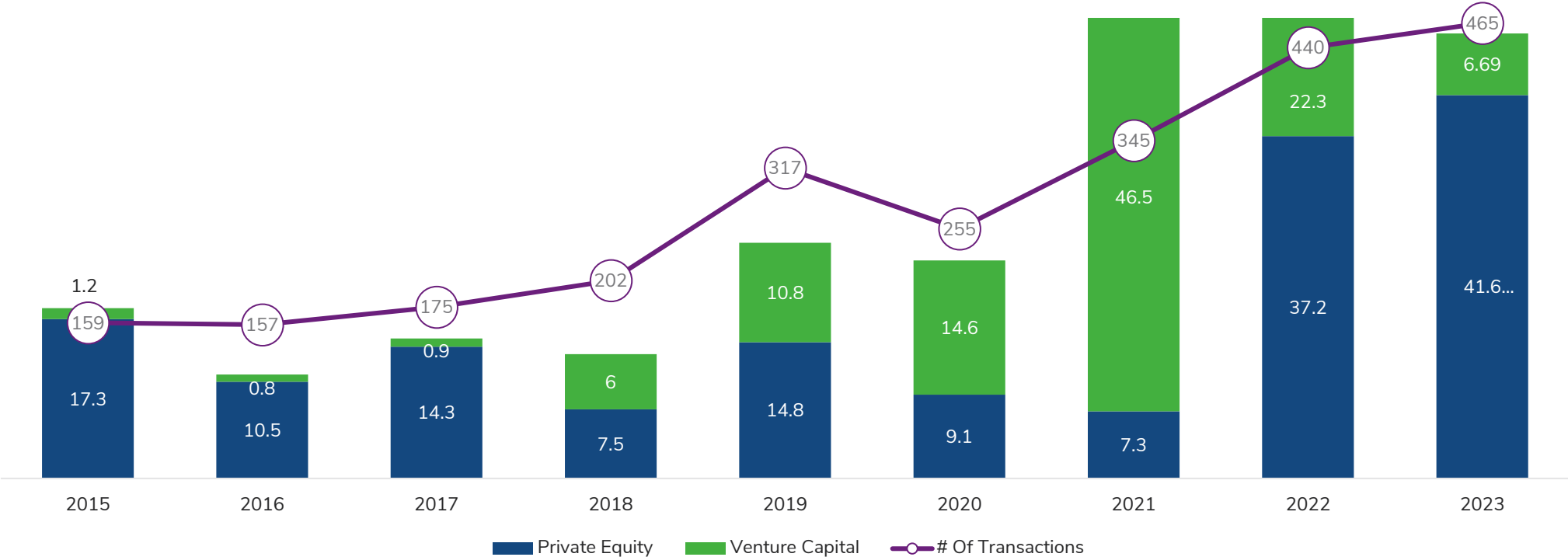
In December 2023, Engie Brasil Energia [BVMF:EGIE3] has sold 15% of its shares in Transportadora Associada de Gás [TAG] to Caisse de dépôt et placement du Québec [CDPQ], a Canadian institutional investor for around USD 800 mn

Sources: S&P Global Market Intelligence and Mergermarket
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Private Equity and Venture Capital


In 2023, financial investors completed approximately BRL 50 bn in transactions in Brazil, with VCs significantly outperforming PEs investment. In 2023, financial sponsors were present in 33.2% of the transactions, with investments of BRL 98.2 billion.

Investments and No. of Deals per year (BRL bn)





Source: ABVCAP


Financial Buyers Selected Transactions



In May 2023, Talanx Group [ETR:TLX], a German insurance group, acquired the businesses in Brazil, Chile, Colombia and Ecuador from Liberty Mutual Insurance Inc., a Boston, Massachusetts-based insurance giant, for USD 1.48 bn.


In August 2023, Abcuro, a Newton, MA-based clinical stage biotechnology company, has secured USD 155mn in an oversubscribed Series B financing co-led by Redmile Group and Bain Capital Life Sciences and Eurofarma Laboratorios S.A.







In March 2023, Pismo Solucoes Tecnologicas, a venture capital-backed Brazilian cloud-native core banking and payments platform, has received a USD 1.4 bn acquisition offer from Visa [NYSE:V].






In August 2023, Bain Capital acquired 100% of Fogo de Chão, Brazilian food retail operation for an enterprise value of USD 1.1 bn.

In June 2023, ACG Acquisition Company Limited [LSE:ACG], a special purpose acquisition company (SPAC), announced that it is to acquire the Atlantic Nickel mine and the Mineração Vale Verde copper mine in Serrote for an enterprise value of USD 1 bn.

In September 2023, JOKR, a grocery and retail delivery company, has raised USD 50mn in a Series D funding round at USD 800mn in post-money valuation by Pernod Ricard S.A. and others.

In December 2023, UnitedHealth Group, owner of Amil, agreed to sell the health plan operator to businessman José Seripieri Filho, who founded Qualicorp, but later left the company in 2019. The operation totaled USD 2.2 bn.

José Seripieri



In November 2023, Apollo Global Management-backed Starboard Partners, a Brazil-based asset manager, reached an agreement to acquire AB Concessões, a Brazil-based Infrastructure and toll road operator. The transaction is valued at USD 719.2 mn.



Sources: S&P Global Market Intelligence and Mergermarket
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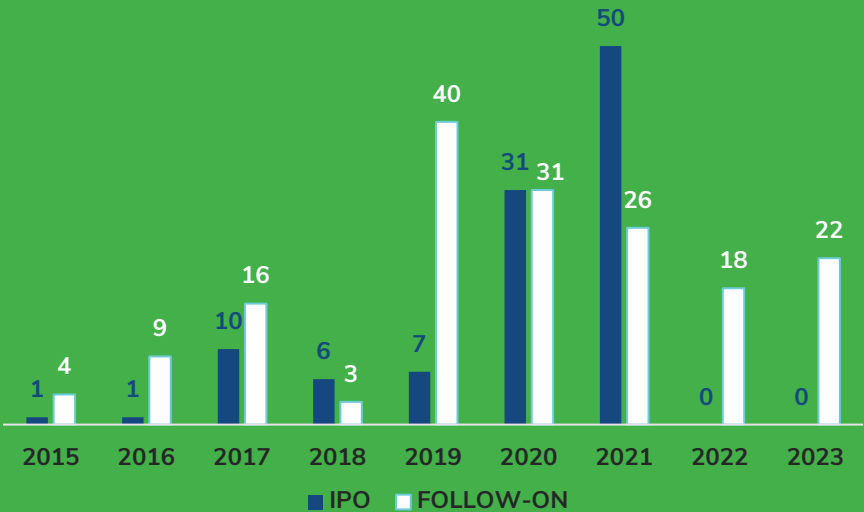
Equities Activity

Overview

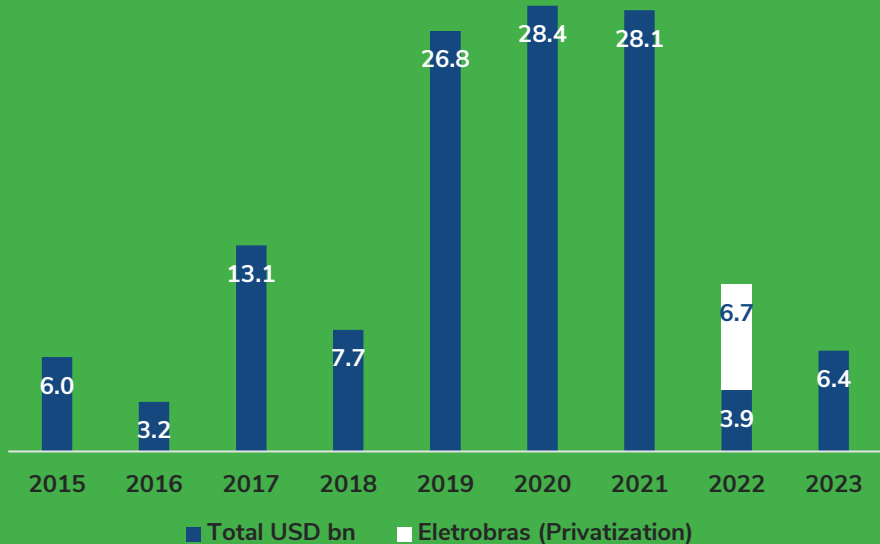
Activities in the capital market in 2023 remained at the same level as 2022, with only 22 follow-ons totaling BRL 32 bn. Since January 2022, Brazil capital markets has had no IPO's.

The inflation in Brazil (measured by Índice de Preços ao Consumidor Amplo [IPCA]) reached an accumulated 4.62% in 2023. Brazil's Central Bank (BACEN) started a review and the country's basic interest rate (named SELIC) was reviewed to 11.75% on December 31, 2023 after sitting at 13.75% since the end of 2022. Market expectations are 9.0% by end of 2024. Fitch Ratings confirmed Brazil's sovereign rating at "BB", with a stable outlook.

Number of IPOs and Follow-Ons (Brazilian Companies)



IPOs and Follow-Ons Funds Raised (USD bn)



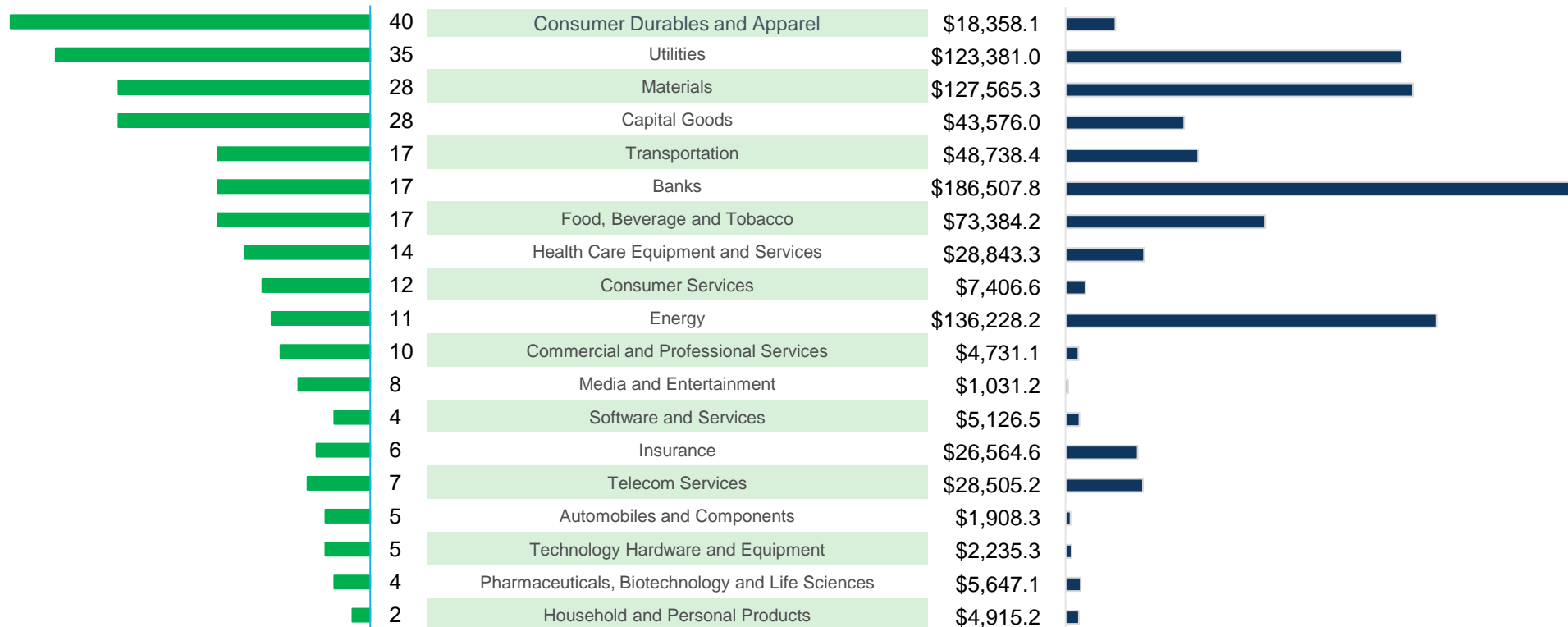
Sources: Company press releases, B3 (Bovespa) and S&P Global Market Intelligence as of December 2023
The IPOs do not include Brazilian Depository Receipts (BDR).

Listed Brazilian Companies

As of December 31, 2023, there were 270 Brazilian companies listed on B3 (Brazilian stock exchange). With no recent new listings (no IPOs in 2022 and 2023), the exchange experienced considerable sector diversification. The consumer durables and apparel sector accounts for the highest number of companies (40 companies) but only 2.1% of the total market capitalization. Utilities (35 companies) account for 14.1% of the total market capitalization, followed by materials (28 companies), accounting for 14.6%.

Number of Companies

Market Cap (US\$ bn)



Ibovespa/B3 Key Sectors EBITDA Valuation Multiples

Ibovespa/B3 Key Sectors EBITDA Valuation Multiples

Ibovespa/B3 Key Sectors EBITDA Valuation Multiples

Health care: 11.2x

IT/ Related Services: 4.8x

Utilities: 6.8x

Industrials: 10.7x

Education: 8.5x

As of January 16 2024
Source : Capital IQ
Considers only positive EV/EBITDA multiples

Brazil B3: Top 10 Companies by Market Capitalization

Company Name	Incorporation	Industry Group	Market Capitalization (USD mn)	% of 52-Week High	Price to LTM Earnings Multiples
Petróleo Brasileiro S.A. - Petrobras (BOVESPA:PETR4)	Brazil	Materials	\$84.602,93	36,34	3,65x
Vale S.A. (BOVESPA:VALE3)	Brazil	Energy	\$75.754,59	114,39	6,68x
Ambev S.A. (BOVESPA:ABEV3)	Brazil	Food, Beverage and Tobacco	\$46.677,70	18,78	14,33x
Itaú Unibanco Holding S.A. (BOVESPA:ITUB4)	Brazil	Banks	\$46.608,87	32,61	10,24x
Banco Bradesco S.A. (BOVESPA:BBDC4)	Brazil	Banks	\$36.168,06	23,91	13,26x
WEG S.A. (BOVESPA:WEGE3)	Brazil	Capital Goods	\$26.264,20	42,26	28,85x
Banco BTG Pactual S.A. (BOVESPA:BPAC3)	Brazil	Diversified Financials	\$23.140,79	22,36	0,00x
Banco Santander (Brasil) S.A. (BOVESPA:SANB4)	Brazil	Banks	\$23.043,42	22,32	11,93x
Banco do Brasil S.A. (BOVESPA:BBAS3)	Brazil	Banks	\$20.370,13	40,36	4,65x
Itaúsa - Investimentos Itaú SA (BOVESPA:ITSA4)	Brazil	Diversified Financials	\$17.004,31	9,85	7,49x

Sources: CVM filings, company press releases and S&P Global Market Intelligence as of December 31, 2023

Brazil: 2023 Follow-Ons

Company Name	Industry Classification	Date	Value (USD Million)
Assaí	Food Retailers	March 20, 2023	812.8
Hapvida	Med Hosp Serv. Anal and Diagnostics	April 14, 2023	211.8
Dasa	Med Hosp Serv. Anal and Diagnostics	April 20, 2023	334.7
Orizon	Water Utilities	May 2, 2023	73.9
Smart Fit	Sports	May 31, 2023	118.3
Oncoclínicas	Med Hosp Serv. Anal and Diagnostics	June 22, 2023	179.4
CVC Brasil	Travel and Tourism	June 26, 2023	110.0
Localiza	Car rental	June 28, 2023	900.0
Vamos	Car rental	June 30, 2023	260.5
Direcional	Real State	June 29, 2023	89.5
Hidroviás	Marine and Water Transport	July 12, 2023	91.9

Sources: S&P Global Market Intelligence and B3 as of Dec 31, 2023

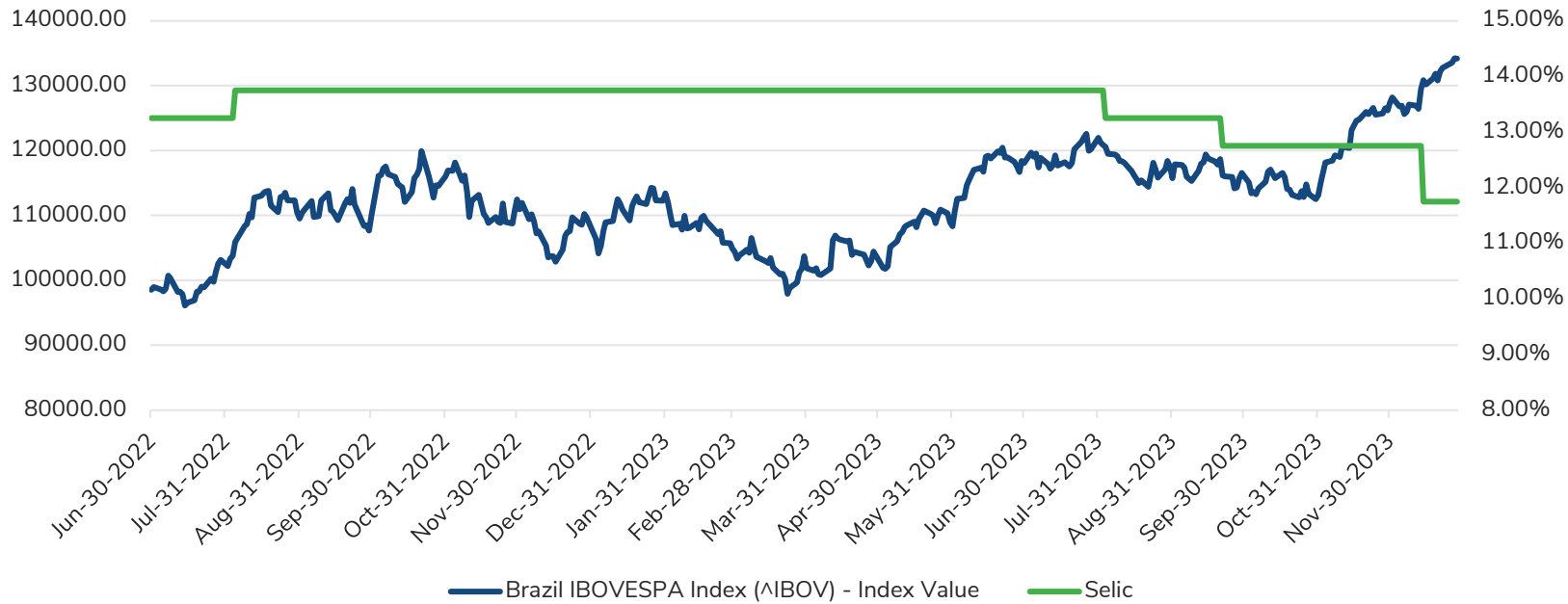
Brazil: 2023 Follow-Ons (contd.)

Company Name	Industry Classification	Date	Value (USD Million)
MRV	Real Estate	July 13, 2023	207.1
BRF	Meat Poultry and Others	July 14, 2023	1,117.9
Viveo	Health and Retail and Distribution	August 1, 2023	256.2
Copel	Electric Utilities	August 8, 2023	1,042.6
Tenda	Real Estate	September 4, 2023	47.6
Casas Bahia	Electronics and Household Appliance	September 13, 2023	126.6
BR Partners	Financial Intermediaries	September 26, 2023	43.1
Ambibar	Water Utilities	October 31, 2023	146.5
Metal Leve	Transportation Equipment	October 31, 2023	82.1
Aeris	Machinery and Equipment	November 30, 2023	81.4
Infracomm	Software and Services	December 14, 2023	80.9
		Total	6,423.8

Sources: S&P Global Market Intelligence and B3 as of Dec 31, 2023

Ibovespa and Brazil Basic Interest Rate

IBOVESPA X SELIC (Interest Base Rate)



Index	Dec-22	Dec-23	Δ%
Brazil Ibovespa	106.376	134.193	26.2%

Index	Dec-22	Dec-23	Δ%
Interest Base Rate	13.25%	11.75%	-2%

52-Week	Ibov Points
High	134.193
Low	97.926
Δ%	37%

52-Week	Ibov Points
High	13.75%
Low	11.75%
Δ%	-2%

Ibovespa 2023 Review and Some Key Facts

Period	Selected Comments			# of	R\$ to 1 US\$	%Var.			
	Month	2022	LTM				FY 2023		
Dec-23	5,38%		28,82%	28,82%	. Brazil Basic Interest base rate (SELIC) reduced by 1 point to 11.75% . Fitch Ratings confirmed Brazil's sovereign rating at 'BB', with a stable outlook. . The 5-year CDS (Credit Default Swap) fell to 136.4 basis points and reached the lowest level for the indicator since March 2020, when it was 132	IPO: none F-ons: 1 M&A: 121	4,85	-1,22%	
Nov-23	12,50%		15,50%	19,70%		IPO: none F-ons: 3 M&A: 114	4,91	-6,48%	
Oct-23	-2,90%		-3,23%	6,36%		IPO: none F-ons: None M&A: 131	5,25	5,00%	
Sep-23	0,71%		5,92%	6,22%		. Brazil Basic Interest base rate (SELIC) reduced by 0.5 points to 12.75%	IPO: none F-ons: 3 M&A: 111	5,00	2,04%
Aug-23	-5,09%		5,68%	5,48%		. Brazil Basic Interest base rate (SELIC) reduced by 0.5 points to 13.25%	IPO: none F-ons: 2 M&A: 135	4,90	1,66%

Sources: XP inc./Ibovespa/B3/Kroll Analysis

Ibovespa 2023 Review and Some Key Facts

Period	Selected Comments			# of	BRL to 1 US\$	%Var.		
	Month	2022	LTM				FY 2023	
jul/23	3,27%		11,34%	11,12%	. Tax Reform Congress approval (subject to Senate and President Lula review) . Arcabouço Fiscal Senate approval (subject to Congress review and tax rates definition) . Agency risk Fitch upgrades Brazil to BB and 19 companies (including Petrobras, Sabesp, Cesp, Comgás, MRS Logística, Energisa Minas Rio, Energisa Paraíba, Energisa Sergipe, Aché, TAG, Rumo, Localiza, Engie Brasil, Rede D'or, Energisa, Taesa, BR Malls and Allupar . +30 companies announced plans to list/ follow-ons for Q3/Q4 and early 2024. . Brazil Basic Interest base rate (SELIC) expected to be reduced to 13.25% in early August	IPO: none F-ons: 3 M&A: 127	4,82	-1,83%
jun/23	9,00%		14,46%	7,61%	. Current inflation and inflationary expectations are subsiding	IPO: none F-ons: 4 M&A: 93	4,91	-0,61%
mai/23	3,74%		9,94%	-1,28%	. Data about good performance of the Agribusiness and Food & Beverages sectors	IPO: none F-ons: 1 M&A: 118	4,94	-6,62%
abr/23	2,50%		-6,21%	-4,83%	. Arcabouço Fiscal improving discussions and submission to Congress are positive news and indicate potential improvement in the primary results.	IPO: none F-ons: 3 M&A: 116	5,29	1,34%
mar/23	-2,91%		-5,56%	-7,16%		IPO: none F-ons: 1 M&A: 127	5,22	2,15%
fev/23	-7,49%		-12,56%	-4,38%	. Turbulente beginning of new Lula government - review of some recent reforms and discussions about fiscal deficit.	IPO: none F-ons: 0 M&A: 108	5,11	-3,77%
jan/23	3,37%		0,26%	3,37%	. President Lula takes office for a 4 years period (his third term)	IPO: none F-ons: 0 M&A: 99	5,31	0,19%
dez/22	-2,45%	4,69%	4,69%		. President Lula wins second round of Brazilian Presidential elections (over President Bolsonaro)	IPO: none F-ons: 0 M&A: 154	5,30	0,38%

Brazil by the Numbers

	2017	2018	2019	2020	2021	2022	2023	2024P
Inflation IPCA (%) Median	2,9%	3,7%	4,3%	4,5%	10,1%	5,8%	4,6%	3,6%
Exchange Rate EOP (BRL/USD)	3,31	3,88	4,03	5,19	5,57	5,28	4,86	4,90
Nominal Interest Rate SELIC (%) EOP	7,00%	6,50%	4,50%	2,00%	9,25%	13,75%	11,75%	9,00%
Nominal GDP (USD bn)	2.063	1.916	1.872	1.475	1.670	1.951	2.172	2.351
Real GDP Growth (% – Market prices)	1,3%	1,8%	1,2%	-3,3%	4,8%	3,0%	2,9%	1,8%
Trade Balance (USD bn)	56	47	35	50	61	62	99	80
Direct Investments (% GDP)	3,3%	4,1%	3,7%	3,0%	2,8%	4,7%	3,2%	3,0%
International Reserves (USD bn)	382	387	367	356	362	325	330	340
Gross Public Debt (% GDP)	73,7%	75,3%	74,4%	86,9%	77,3%	71,7%	74,4%	77,2%
Primary Result (% GDP)	-1,7%	-1,5%	-0,8%	-9,2%	0,7%	1,2%	-2,3%	-0,8%
Unemployment – IBGE % EOP	12,5%	12,3%	11,7%	14,8%	11,7%	8,5%	8,0%	8,0%

Definitions:
 BRL: Brazilian Real (currency unit)
 EOP: End of period
 IBGE: Brazilian Institute of Geography and Statistics
 IPCA : Brazilian inflation index
 SELIC: Sistema Especial de Liquidação e Custódia (Brazilian basic interest rate)

(*): Projected
 Sources: Itaú BBA Projeção Macro July 2023, XP Investimentos December 2022, IMF, Bloomberg and Bacen

Selected Kroll Brazil Corporate Finance Transactions



companies of



have been acquired by



Duff & Phelps served as exclusive financial advisor to Grupo JD



February, 2020



Protect, Restore and Maximize Value

Corporate Finance team advised



in its financing and debt restructuring negotiations

Duff & Phelps served as exclusive financial advisor to Multicoisas

May, 2020




Duff & Phelps act as the Judicial Administrator and Sell Side Advisor to the Thermal Management Division of Arlington Industries Group to Cartesian Capital Group.

Company revenues are +€150 million, with operations in Brazil, China, Germany, France, the UK and the US.




A KRÖLL BUSINESS

February 2021



A company of



has been acquired by




An investment of the controlling shareholders of Marfrig S.A.

Duff & Phelps served as exclusive financial advisor to Grupo JD



September 2020



Duff & Phelps served as the exclusive financial advisor to Gualapack Brasil on the Acquisition of Teruel Embalagens.



Gualapack is the world leader in pre-made spouted pouches and a global player in the flexible packaging industry. Gualapack is headquartered in Italy, has manufacturing sites worldwide to attend clients in the food, pharma/ medicals, cosmetics/ beauty, homecare and industrial sectors.

With two factories and +50 years of operation, Teruel has a leading position in flexographic printing and packaging in Brazil. Innovation, ethics and sustainability are drivers of Teruel businesses.






A KRÖLL BUSINESS

September 2021

Duff & Phelps served as the lead financial advisor to Piemonte Holding on the Acquisition of Five Data Centers of OI S.A. - Em Recuperação Judicial in Brazil. Operations are in São Paulo, Brasília, Curitiba and Porto Alegre, and attend large telco companies and financial institutions.

A KRÖLL BUSINESS

March, 2021





Project Saturn

Duff & Phelps, A Kroll Business, served as the financial advisor to Piemonte Holding in their transaction with Goldman Sachs to expand its Data Centers operations in Brazil. Platform of this investment is the acquisition of OI S.A. Data Centers, completed in March 2021 by Piemonte Holding.




A KRÖLL BUSINESS

July 2021

Kroll Corporate Finance team served as the exclusive financial advisor to Nitrosul Indústria e Comércio de Explosivos Ltda. in their transaction with Austin Powder Company.

The Companies are traditional manufacturers of explosives and initiation systems for industrial blasting operations.

Nitrosul was founded in 2004 and is a market leader in Brazil. Austin Powder is one of the oldest manufacturers of explosives in the world, serving today the American, European and Asian markets.



January 2022




Kroll Brazil Corporate Finance team served as the exclusive financial advisor to Viajanet in their transaction with Despegar.

Viajanet is a leading online travel agency in Brazil. Founded in 2009 the Company sells airline tickets, pre-assembled travel packages, hotel stays, travel insurance, and other facilities linked to tourism.

Despegar.com (NYSE: DESP) is the leading online travel company in Latin America. Operating across 20 countries, Despegar provides a broad suite of travel products. The Company owns and operates Despegar, its global brand, and Decolar, its Brazilian brand.



June 2022




Kroll Brazil Corporate Finance team served as the exclusive financial advisor to JARM Participações Ltda., controlling shareholder of Importadora TV Lar Ltda. ("TV Lar"), in their transaction involving the sale of a shareholding of Yamaha Motor da Amazônia Ltda. to Yamaha Motor do Brasil Ltda.

TV Lar has partnered in Brazil with Yamaha Group for more than 40 years, building and expanding industrial and services operations of Yamaha's motorbikes, nautical vehicles, and outboard motors. TV Lar will continue to be a dealer of Yamaha Group products in the north region of Brazil.



November 2022



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