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Mid-Market M&A Pipelines Fill Up

By Taina Rosa

Mid-market M&A shops focused on Latin America are getting more mandates this year as the region proves its economic resilience, according to bankers from IMAP-affiliated shops in Brazil, Mexico and Argentina.

Dimitri Abudi, MD of IGC Partners in Brazil, tells *Latin Finance* that mandates at his shop are up 100% so far this year, compared to the first half of 2009.

Mexico-based Serficor partner Gabriel Millan is also seeing more deal activity this year, saying that some deals that had stalled in previous years are active again.

Mario Zaffarana, MD at Argentina's Mario Hugo Azulay & Associates, is also seeing mandates that were put on hold during 2008-09 come back to life. "In 2009 we had about 20 mandates of which only 2 or 3 were active. This year we have about the same number of mandates, but now they are all active," he explains, adding that the mandates are mostly on the sell side. In Argentina, Zaffarana says there is interest from European and US-based companies to buy local export-oriented companies.

The other 2 shops say they have a combination of buy and sell businesses. "On the buy-side we see increasing client appetite for cross-border deals between Mexico and the US," Millan says, adding that Mexico-based mid-market companies with revenues of around \$300m are looking for good assets in the US they can integrate into their companies. They are seeking targets with around \$25m in revenue.

In Brazil, Abudi says sellers are benefitting from very high valuations. "A company that sells for 5-6x Ebitda in the US will sell for 9-10x Ebitda in Brazil," he explains. Even despite high valuations, Abudi says there is plenty of interest in Brazilian assets from European, Chinese and US-based buyers. Mid-market M&A advisors do deals for targets with \$50m-\$200m in revenue.