Deloitte.

M&A in Latin America

Americas region

Americas Financial Advisory

11th Edition – December 2018

Contents

Executive summary

The M&A activity in Latin America in 2017–18 was driven by stabilizing macroeconomic conditions, substantial investments, rising government support, and increasing consumption. The Energy, Resources & Industrials industry attracted many of the investments (USD 92 billion)[1] in 2017–18 because of the abundance of natural resources in the region. Brazil witnessed the highest number of deals (744)[1] and accounted for significant investments (USD 70 billion)[1] owing to its reviving economy and vast consumer base.

M&A trends in Latin America

- In 2018, M&A activity in Latin America was driven by improving **economic growth, increasing consumption and private investments.**
- **Low interest rates along with increasing disposable income and government reforms** further stimulated M&A activity in the region.[2-7]
- **The CPTPP (The Comprehensive and Progressive Agreement for Trans-Pacific Partnership)** may demonstrate to be a facilitator for M&A activity in Latin America. [2-7]
- Peru's trade liberalization and bilateral deals may result into greater M&A inclusion.[6]
- Mexico's rising GDP growth, low wages, a relatively skilled workforce and deep integration in the US value chain has encouraged investment in this region.[3]

Industries

- Over 2017-18, **Energy, Resources & Industrials** (ER&I) registered the highest M&A activity (deals worth **~USD 92 billion**).[1]
- **Consumer** (CNSR) recorded deals worth **~USD 30 billion** over 2017-18, owing to a rise in the disposable income.[7]
- Brazil and Mexico recorded the highest M&A activity in Financial Services, which was primarily driven by the growth in the insurance sector.[1,32]
- Growth in Technology, Media, and Telecommunications (TMT) was mainly attributable to IT development.[20,21]
- The Life Science Healthcare (LSHC) sector is expected to benefit from the rising demand for medicines and regulatory advancements.[23,24]

Geographies

- In 2017-18, the **majority of M&A activity** in Latin America was **intra-regional**, with economies such as **Brazil, the United Sates, and Mexico** being the **top investors, whereas, Brazil, Mexico, and Chile were top investor destinations**.[1]
- Outside the region, North America (especially the **United States**) and **Europe** (countries such as France and Spain) **were the top investors** in Latin America's inter-regional deals.[1]

Challenges

- **Overdependence on commodities** such as copper, and **volatile oil and commodity prices** could restrain M&A activity in Latin America.[2-7]
- **Corruption** combined with low educational levels and the lack of adequate infrastructure could also dampen investor confidence, resulting in low M&A activity in the region.[2-7]
- Uncertainty in decisions related to the **United States Mexico Canada Agreement (USMCA)** may hamper investors confidence.[2-7]

Refer to "Sources" section for citations.

2018 includes data from January 1st, 2017 to October 31st, 2018

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2017-2018 M&A snapshot[1]

Latin America's M&A deal inflow between January 1, 2017 and October 31, 2018 totaled 2,292 deals worth USD 198.3 billion.

Top investor countries

	Brazil	United States	Mexico	Chile	Canada
Value (USD bn)	$70	$24	$9	$19	$7
Volume of deals	744	249	166	160	140

Top destination countries

	Brazil	Mexico	Chile	Argentina	Colombia
Value (USD bn)	$93	$14	$20	$15	$6
Volume of deals	974	307	221	198	147

Top target industries

	Energy, Resources & Industrials	Consumer	Financial Services	Technology Media Telecom	Life Sciences & HealthCare
Value (USD bn)	$85	$46	$55	$10	$2
Volume of deals	695	718	448	256	173

Top investor companies

	Vale SA	AXA SA	Suzano Papel e Celulose SA	Investor Group	Telecom Argentina SA
Value (USD bn)	$21	$15	$11	$10	$6
Volume of deals	1	1	2	119	2

Value (USD bn) Volume of deals

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Refer to "Sources" section for citations.

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Top deals in 2017-2018[1]

Target	Target industry	Acquirer	Acquirer industry	Value of transaction (in USD million)
Valepar SA	Energy, Resources and Industrials(ER&I)	**Vale SA**	Energy, Resources and Industrials(ER&I)	20,957
XL Group Ltd	Financial Services Industry (FSI)	**AXA SA**	Financial Services Industry (FSI)	15,129
Fibria Celulose SA	Energy, Resources and Industrials(ER&I)	**Suzano Papel e Celulose SA**	Energy, Resources and Industrials(ER&I)	10,673
Cablevision SA	Technology, Media And Telecom (TMT)	**Telecom Argentina SA**	Technology, Media And Telecom (TMT)	5,874
Validus Holdings Ltd	Financial Services Industry (FSI)	**American International Group**	Financial Services Industry (FSI)	5,565
Sociedad Quimica Y Minera De	Energy, Resources and Industrials(ER&I)	**Inversiones TLC SpA**	Financial Services Industry (FSI)	4,066
Embraer Sa-Coml Aviation Bus	Consumer (CSNR)	**Boeing Co**	Consumer (CSNR)	3,799
Eldorado Brasil Celulose SA	Energy, Resources and Industrials(ER&I)	**CA Investment Brazil SA**	Financial Services Industry (FSI)	3,599
Banco Bilbao Vizcaya	Financial Services Industry (FSI)	**Nova Scotia Inversiones Ltda**	Financial Services Industry (FSI)	3,099
Banmedica SA	Financial Services Industry (FSI)	**Bordeaux Hldg Spa**	Life Sciences and Health Care (LSHC)	2,699

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Refer to "Sources" section for citations.

1 2018 includes data from January 1st, 2017 to October 31st, 2018

Macroeconomic indicators[25]

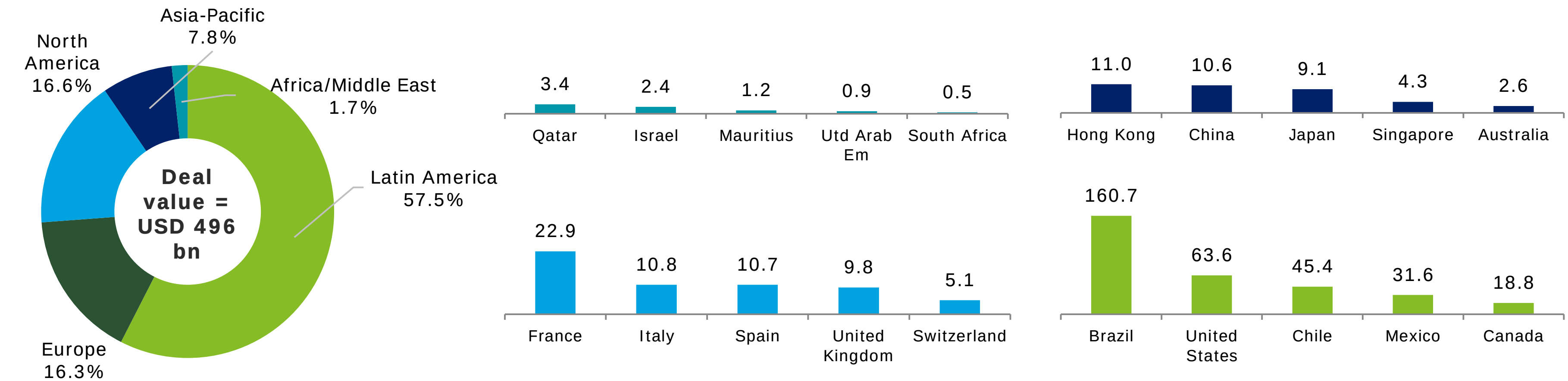
2018 macroeconomic indicators (forecast)							
Country	**Nominal GDP (USD billion)**	**Real GDP change per annum (%)**	**GDP per head (USD)**	**Inward FDI flow/GDP (%)**	**Exchange rate LCU:USD**	**Consumer prices (% change per annum)**	**Lending interest rate (%)**
Argentina	438.5	-2.2	9,812	1.8	41.54	33.7	45.2
Brazil	1,847.0	1.2	8,829	3.6	3.90	3.7	38.8
Chile	299.7	3.9	16,471	4.7	676.90	2.5	5.0
Colombia	336.4	2.7	6,801	4.4	3,126.50	3.3	12.3
Mexico	1,224.0	2.2	9,361	2.4	19.21	4.9	8.1
Peru	228.2	4.1	7,081	3.2	3.3	1.4	15.1

Geographical M&A activity

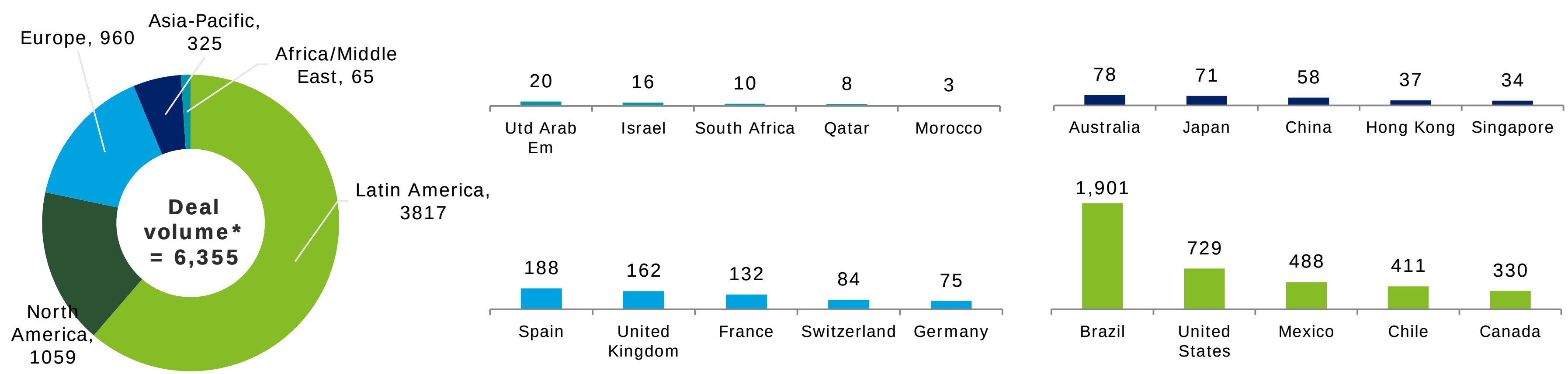
Intra-regional deals hold a significant portion of the M&A pie in Latin America

North America and Europe lead the pack in inter-regional deals. Brazil remains the lead acquirer both in terms of value and volume.

Top acquirer nations by deal value (2014-18) in USD billion[1]



Top acquirer nations by deal volume (2014-18)[1]



*It includes 129 deals for which the acquirer nation is not disclosed.

Refer to "Sources" section for citations.

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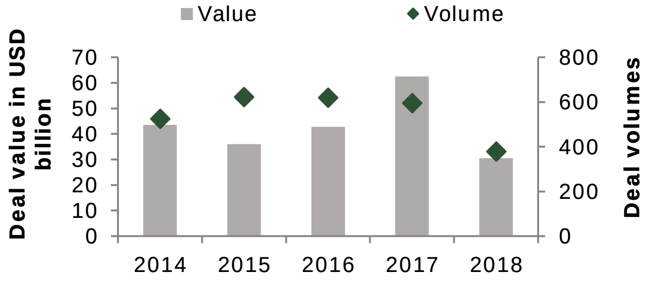
2018 includes data from January 1st, 2017 to October 31st, 2018

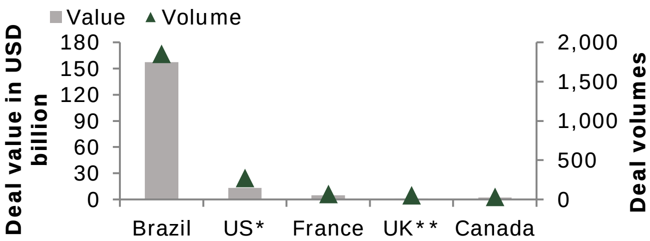
Brazil could remain one of Latin America's most attractive investment destinations if structural reforms are implemented

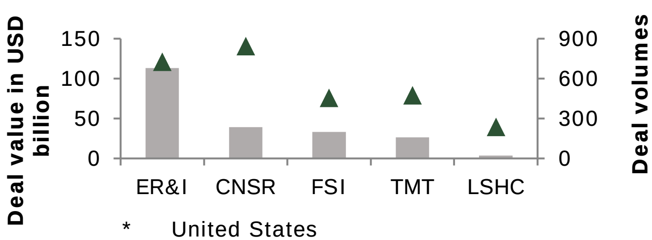
Brazil remains on a sustainable path with stable inflation, expansionary monetary policy, and labor reforms. These factors have attributed to the GDP growth by 0.2% from April 2018 to June 2018 on a quarter on quarter basis, ahead of the Presidential elections.[2,8]

M&A deals in Brazil 2014-18[1]



M&A deals in Brazil by investor country and target industry (2014-18)[1]





* United States
** United Kingdom

Possible favorable factors for M&A

- Brazil continues to be on an economic recovery path as it picks up momentum in consumption activities. Significant steps have been undertaken to stimulate the economy, such as or including fiscal reforms for more capital inflows, better revenue performance, and unemployment rate control among others.[2]
  - As Brazil's economy is gaining momentum, **expansionary monetary policy** (lower policy interest rates) has improved consumer demand with 0.8% YoY growth and is expected to further drive credit demand. The Brazil central bank also kept policy rates unchanged at **6.5%** to keep inflation at bay and stimulate demand. These measures may lead Brazil towards becoming favorable destination amongst foreign investors.[1]
  - The outgoing government had an agenda for 15 bills, which included **privatization** of Electrobas, an electric utility company and tax simplification, all of which may favor investments.[3]
  - Open policies related to developing Brazil's pre-salt oil reserves may attract investments in downstream and upstream operations. International oil players participated in the auction of blocks in October 2017 and more auctions are expected to be held in the coming year.[2]
  - As for overseas investments, China's outbound M&A may increase as Asian countries look to expand their presence in Latin America. This is evident from China's investment in the Brazilian oil and gas market in 2017.[8]

Possible unfavorable factors for M&A

- **Political uncertainty** continues to prevail in Brazil, which has delayed fundamental reforms, without which the profitability for the immediate future will likely be affected by protectionism, a burdensome tax regime and infrastructure barriers. This may lead to loss of investor confidence worldwide.[2]
- Brazil has been an influx target of the **Venezuelan migration crisis**, hosting more than 82,000 immigrants so far. Potential social unrest, logistical and financial challenges may result in Brazil being an undesirable M&A investment destination.[2]

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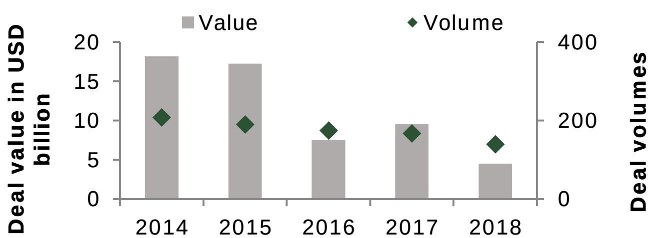
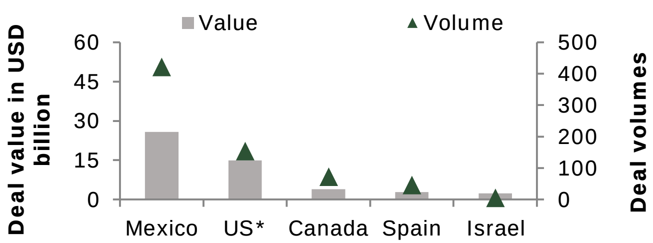
Post presidency election, the Mexican economy signals growth supported by the recent US, Mexico, Canada agreement on trade

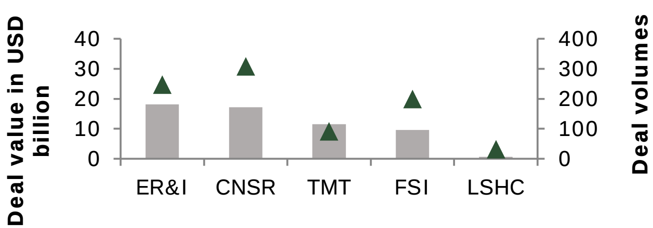
The economic activity growth rate stands at 2.8% (highest since April 2017) with all three supply-side sectors expanding. Annual consumer price inflation mounts to 5%, however projections come near 3.7% for 2019-23. These positive outlooks appeared after the election of President Mr. López Obrador in July 2018.[3,10]

M&A deals in Mexico 2014-18[1]



M&A deals in Mexico by investor country and target industry (2014-18)[1]





* United States

Possible favorable factors for M&A

- The **United States Mexico Canada Agreement (USMCA)** has been recently signed and may demonstrate to be substantially effective for Mexico in terms of expanding intra-regional trade. Mr. Obrador will also maintain ties with the Pacific Alliance which includes Chile, Peru, Colombia to further enhance business.[3]
- **Export-oriented manufacturing** remains threatened by any protectionist measures from the US, but its longer-term prospects remain good, given low wages, a relatively skilled workforce and deep integration into US value chains. Even if USMCA is not ratified by all three governments, Mexico may likely still hold these advantages.[3]
- Mr. Obrador plans to make Mexico self-sufficient in oil by inducing investments into Pemex, the state oil company, and building a USD8 billion refinery.[2]
- The Mexican state of Oaxaca could receive nearly **USD1 billion in investments in renewable energy projects**[9]. Mexico plans to increase its renewable energy source mix to 30% by 2030 from nearly 10% in 2015.[9]
- Mexico became the **first member to ratify CPTPP** (The Comprehensive and Progressive Agreement for Trans-Pacific Partnership) with an aim to surge its export to CPTPP members.[3]

Possible unfavorable factors for M&A

- The new administration has **suspended oil and gas auctions** to assess the impact of past auctions. Also, to lift production capacity it is evaluating the feasibility of a new large capital injection policy into the Mexican state-owned petroleum company.[3]
- In October the partially completed USD13 billion **airport project** outside Mexico City was cancelled.[3]
- Weak public investment, dependence on imports, high poverty levels (46.25% of the population in 2014) corruption, poor education outcomes, low levels of banking penetration, and high levels of informal employment may adversely **impact economic growth**.[3]

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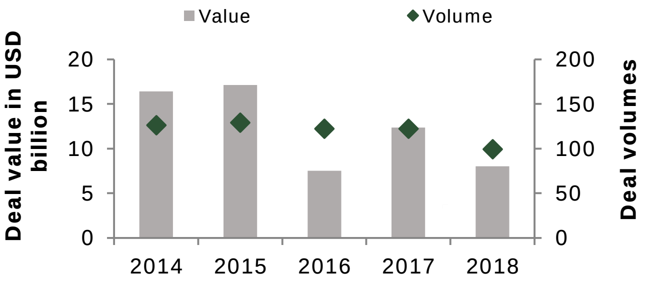
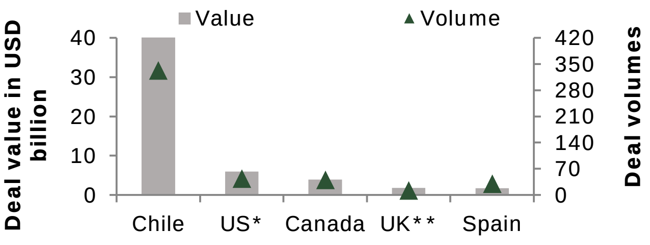
Chile's recovering economic fundamentals may contribute to positive investor sentiments and may boost M&A activity

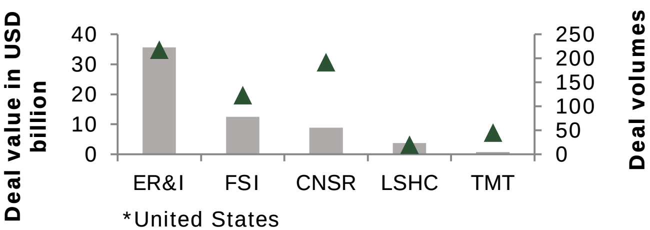
Chile's GDP growth, which is estimated to be 3.9% in 2018, may favor foreign investments. Rising copper prices combined with market confidence on Piñera government may support inward Foreign Direct Investment (FDI).[3]

M&A deals in Chile 2014-18[1]



M&A deals in Chile by investor country and target industry (2014-18)[1]





*United States
**United Kingdom

Possible favorable factors for M&A

- Economic activity in Chile is expected to grow, backed by stable international copper demand, and improved business confidence under a Chile Vamos (CV) government The EIU forecasts a real GDP growth rate of 3.9% in 2018, which is higher than that in 2017 (1.6%).[4]
- Chile is the largest producer of copper in the world and the sector plays an important role in Chile's economy. Rising copper prices and increased demand from China in 2018 may narrow the current-account deficit to 1.2% of GDP by 2021, push exports and boost investments.[4]
- The Piñera government has introduced a draft **tax reform**, which will seek to make the tax code simpler and fairer, particularly for small and medium enterprises.[4]
- New incentives for entrepreneurship and innovation by the government place a greater emphasis on infrastructure. Public investment plans will aim to improve inter-urban transport nationwide, boost the percentage of paved roads, and increase the rural presence of fibre-optic and wireless internet. All these measures may lead to greater ease for doing business in Chile.[4]
- **Increased Foreign Direct Investment-** Chile's deep, open financial system will support high debt and equity investment inflows in the medium term. Foreign exchange reserves are forecasted to rise to USD 51.1 billion by end-2022.[4]

Possible unfavorable factors for M&A

- Chile's Congress has been divided following the elections in November 2017, with no coalition holding the majority in the upper or lower house. This may delay policymaking in the event of a gridlock.[4]
- Chile, an oil importer, suffers from high costs and vulnerability to energy shortages; further tax incentives for investors in renewables are likely, and the Piñera administration is likely to continue the controversial use of hydroelectric power in southern Chile. Also, the Peso may remain vulnerable to shifts in global risk sentiment and ongoing US monetary tightening.[4]

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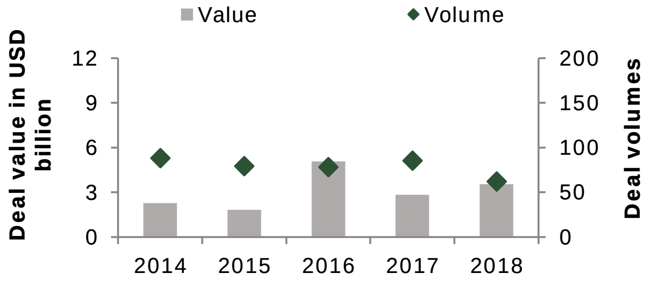
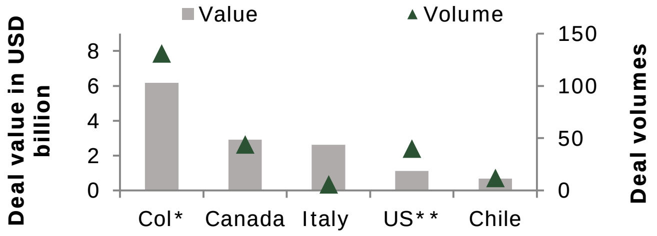
Higher ease of doing business ranking, infrastructure investment and rising oil prices, may propel M&A activity in Colombia

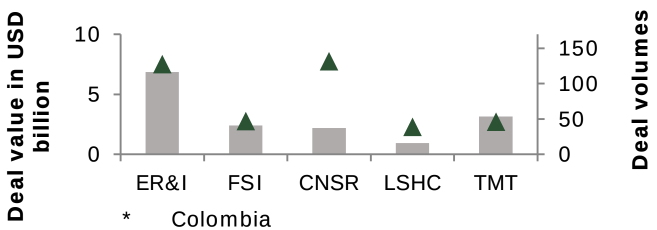
Under the new Duque government, market-friendly reforms are expected, which—combined with low inflation and rising consumption growth—should set the path for stable FDI with 4.2% of GDP annually in 2019-2023.[5,10,26]

M&A deals in Colombia 2014-18[1]



M&A deals in Colombia by investor country and target industry (2014-18)[1]





* Colombia
** United States

Possible favorable factors for M&A

- According to the EIU, Colombia's GDP is expected to grow to **2.7% by 2018**, from **1.8% in 2017**. This may be attributed to lower interest rates, recovering commodity prices, increased real wages, and low inflation. Growth is expected to continue in the coming years at **an annual average rate of 3.5% from 2021 to 2023**.[5]
- The 2019 budget will focus on economic reactivation measures and will include incentives for minerals and hydrocarbons exploration and for infrastructure projects, and tax breaks for investments in innovation. All these areas provide M&A growth opportunities.[5]
- In terms of the ease of starting a business, Colombia leaped 31 places to **65 out of 190** economies in the World Bank's 2019 Doing Business report. This can be attributed to the fact that Colombia does not require minimum paid-in capital to start business.[26]
- **Tax reforms and higher oil prices** will help to reduce the non-financial public sector (NFPS) deficit to 1.1% of GDP in 2023, down from an estimated 1.9% in 2018.[5]
- The next government is expected to deepen ties with Peru, Chile and Mexico under the Pacific Alliance, a trade and integration pact, and will strive to reinforce ties with countries with which Colombia has free-trade agreements, including Canada, the US, South Korea and the EU.[5]
- **Private consumption growth** may trend upward in 2019-23 with an average of 3.3% annually due to lower interest rates, better access to credit, higher real wages and infrastructure investment.[5]

Possible unfavorable factors for M&A

- Despite cutting diplomatic ties with Venezuela, Colombia has been an influx target of the **migration crisis**, hosting more than 200,000 immigrants so far. Potential social unrest, logistical and financial challenges may result in Colombia as an undesirable M&A investment destination.[4]
- **Corruption** is a significant problem in Colombia, which raises the costs of doing business. The World Economic Forum cited corruption as the second-biggest hindrance to business in the country, after paying taxes.[10]

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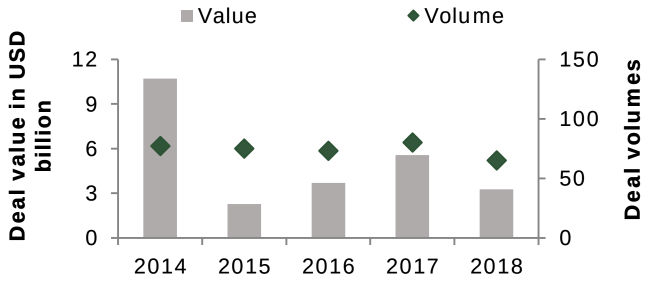
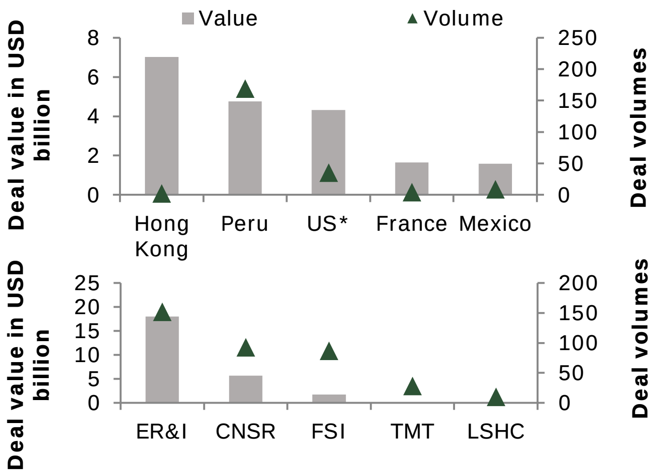
Growth in Peru's trade liberalization, stable inflation, and rising consumption may help improve M&A activity

Peru continues to make significant progress in establishing a good trading network with large economies which, in turn, assists the business expansion across regions. GDP growth rate outlook remains stable around 4% for 2019-2023 with inflation (1.1%) remaining within the targets of 1-3%.[5,11,26]

M&A deals in Peru 2014-18[1]



M&A deals in Peru by investor country and target industry (2014-18)[1]



*United States

Possible favorable factors for M&A

- Consumption is estimated to rise to **3.4%** and fixed investment to **5.6%,** in line with the political tranquility.[6]
- Peru continues to support regional integration efforts, such as the Pacific Alliance, an economic trade pact that also includes Chile, Colombia and Mexico. It also holds membership in the Trans-Atlantic Partnership along with 17 bilateral deals with almost all of the largest economies in the world.[6]
- The government plans to promote economic growth by expediting reconstruction efforts and has already transferred funds of US$1.9bn to regional governments. The Vizcarra administration has also strengthened mechanisms for firms under investigation for alleged corruption to continue operations. These measures can provide a pathway towards easier business growth.[6]
- Peru ranks at **68 out of 190** economies in the World Bank's 2019 Doing Business report.[26]

Possible unfavorable factors for M&A

- The ongoing **trade war between China and the US** may hamper GDP growth since both of these countries are Peru's two largest trade and investment partners. Due to this, the trade surplus may narrow down to 2% of GDP from previously projected 2.4% of GDP.[5]
- Peru's manufacturing sector is also facing constraints resulting from external competition, fluctuations in global demand, and the lack of skilled labor. Poor education quality, infrastructure constraints, weak institutions and capacity issues are other factors that could hamper investment decisions.[6,11]

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Refer to "Sources" section for citations.

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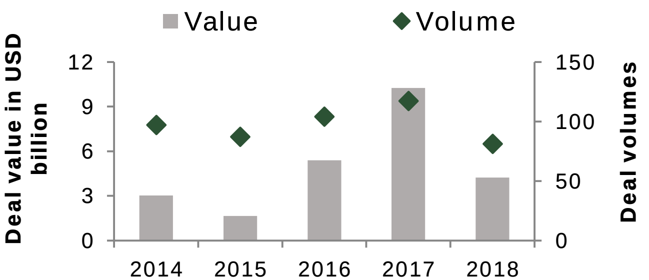
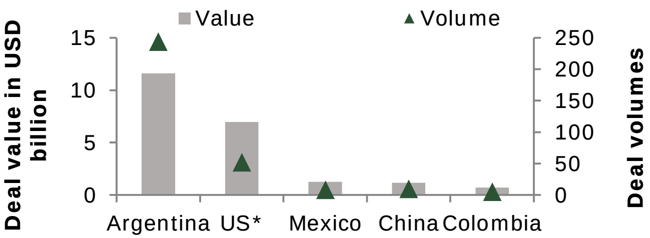
Rise in government spending, ongoing structural reforms and infrastructure development may boost investments in Argentina

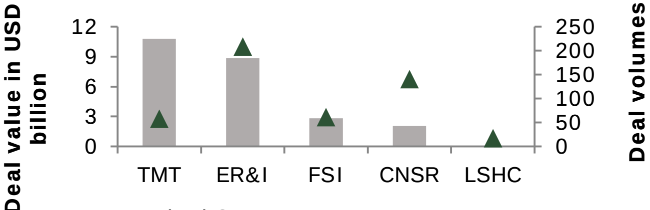
President Mauricio Macri's efforts to narrow the fiscal deficit may strengthen investor confidence in the government's credibility; however, the investments in public infrastructure projects are likely to suffer in 2018, as an outcome of the contracting fiscal deficit.[7,12,13]

M&A deals in Argentina 2014-18[1]



M&A deals in Argentina by investor country and target industry (2014-18)[1]





* United States

Possible favorable factors for M&A

- Argentina's Export-oriented sector is likely to propel economic growth in 2019.[12]
  - As China seeks to diversify its soybean sources, Argentina is likely to benefit from this move by securing an agreement to export soybean to China.[12]
- As the fiscal deficit continues to narrow, it will boost consumer and business confidence in government's credibility.[13]
  - This will likely propel construction activity, leading to faster FDI and fixed investment growth rates.[13]

Possible unfavorable factors for M&A

- According to EIU Argentina's GDP is expected to contract by **2.2%** in 2018.[7]
  - President Mauricio Macri's administration's aggressive macroeconomic adjustment plans to drastically narrow the nation's fiscal deficit is expected to keep the economy in recession through 2019.[12]
  - In Q318, the construction activity began to slump due to government's constant effort to eliminate fiscal deficit by 2019.[12]
  - Poor business sentiments due to tighter financing conditions, higher import costs for materials and uncertainty over market conditions are expected to suppress private sector investment over the near term.[14]
- Administration's decision to rollback energy and transport subsidies will likely lead to further decline in consumer spending in 2018.[12]
- In 2017, Argentina saw the most severe drought in 30 years. This is expected to impact the agricultural output of 2018, especially the harvests of soybeans and maize.[7]
- The peso may continue to depreciate in nominal terms during 2018-22, which might have a negative effect on investor sentiments.[7]

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M&A activity across industries

Brazil registered the highest M&A activity in the ER&I industry; investments were primarily driven by the metals & mining sectors

Latin America is hosting the highest number of licensing rounds in its history this year. Investments in the mining sector are forecasted to grow from USD 18 billion in 2017 to USD 19.5 billion in 2021 as Brazil overhauls mining sector regulations in a bid to attract investments.[15,16]

% of deals 2017-2018 by top destination countries[1]

- Brazil 38%
- Mexico 13%
- Chile 11%
- Argentina 11%

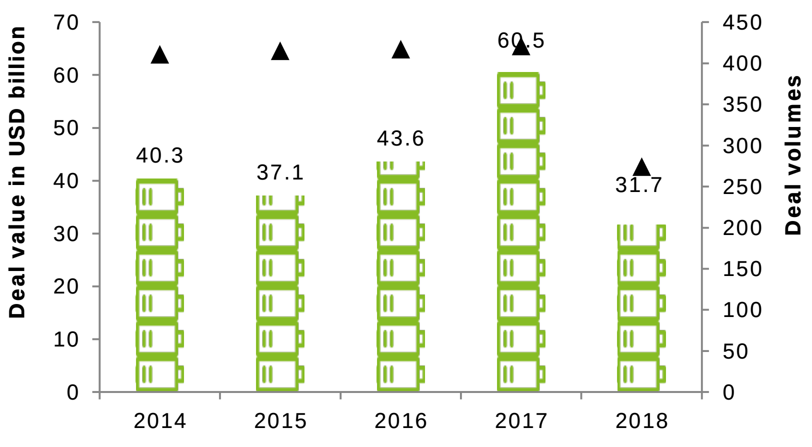
% of deals 2017-2018 by top investor countries[1]

- Brazil 24%
- Canada 12%
- United States 9%
- Chile 7%

% of deals 2017-2018 by top E&R sectors[1]

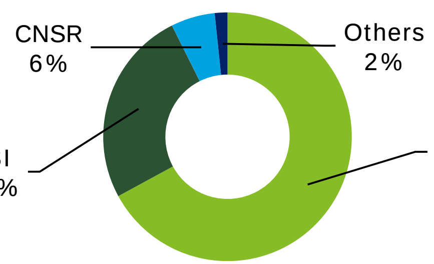
- Metals & Mining 25%
- Oil & Gas 14%
- Power 13%
- Chemicals 8%

M&A Deals in ER&I from 2014 -18[1]



*Others include LSHC, GPS, and TMT

M&A deals by acquirer industry from 2014 -18[1]



Industry	Value of transaction (USD billion)	Number of transactions
ER&I	139.57	1,300
FSI	70.96	495
CNSR	2.58	111
Others*	0.15	32

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Brazil continues to attract the majority of investments in CNSR, driven by a growing population and rising private consumption

Political uncertainty amidst general elections, along with commerce disruption due to a 10-day long trucker strike, which hampered business and consumer sentiments. However, Brazil's cyclical recovery is expected to resume in 2019, as real GDP and private consumption are forecasted to rise by 2.5% and 3.0% respectively, from 1.6% and 2.2% in 2018.[1,18,19]

% of deals 2017-2018 by top destination countries[1]

- Brazil 43%
- Mexico 16%
- Chile 10%
- Argentina 7%

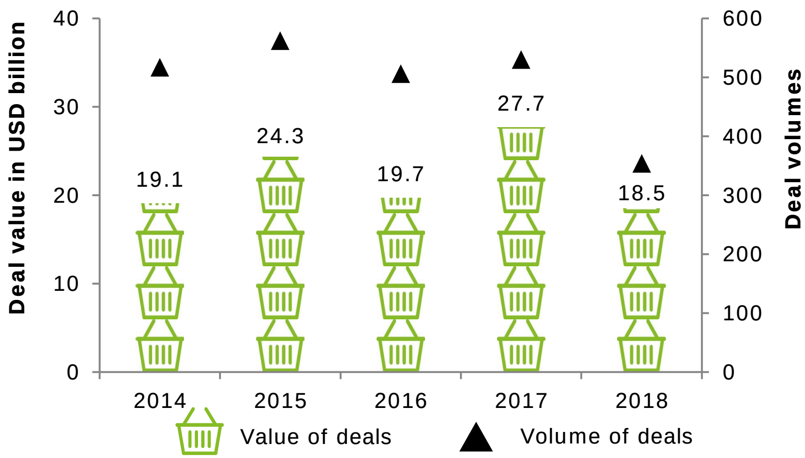
% of deals 2017-2018 by top investor countries[1]

- Brazil 29%
- United States 12%
- Mexico 10%
- Chile 7%

% of deals 2017-2018 by top C&IP sectors[1]

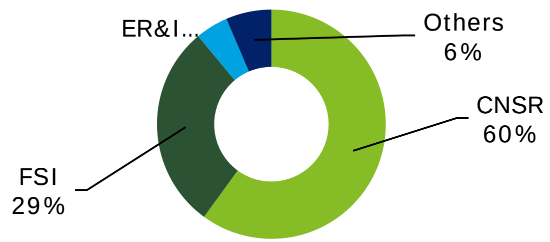
- Food & Beverage 17%
- Professional Services 11%
- T&I** 14%
- Agriculture & Livestock 8%

M&A Deals in CNSR from 2014-18[1]



** Transportation & Infrastructure
*Others include LSHC, GPS, and TMT

M&A deals by acquirer industry from 2014-18[1]



Industry	Value of transaction (USD billion)	Number of transactions
CNSR	64.7	1,482
FSI	27.5	714
ER&I	6.2	114
Others*	11.0	159

 Click for contents page

Refer to "Sources" section for citations.
2018 includes data from January 1st, 2017 to October 31st, 2018

The TMT sector is expected to recover gradually, after the sharp decline it experienced in 2015–16

Brazil experienced an improved regulatory environment combined with higher level and scale of TMT development. The nation offers strong opportunities in the IT markets with IoT technology in focus. The telecommunication sector is also recovering from a depression and is expected to witness growth with higher mobile subscriptions.[20,21]

% of deals 2017-2018 by top destination countries[1]

- Brazil **56%**
- Mexico **11%**
- Argentina **7%**
- Colombia **5%**

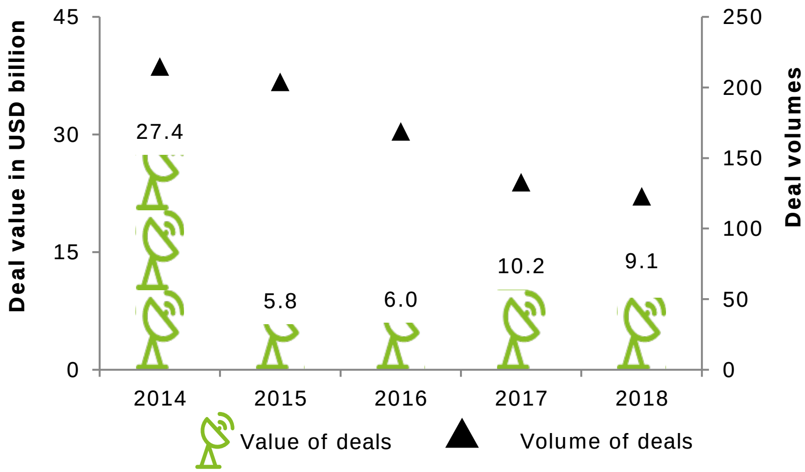
% of deals 2017-2018 by top investor countries[1]

- Brazil **37%**
- United States **20%**
- Mexico **4%**
- United Kingdom **4%**

% of deals 2017-2018 by top TMT sectors[1]

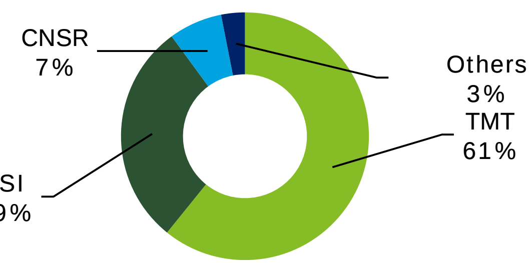
- IT consulting & services **18%**
- Software **15%**
- Advertising & Marketing **11%**
- Telecom Services **8%**

M&A Deals in TMT from 2014-18[1]



*Others include LSHC, GPS, and TMT

M&A deals by acquirer industry from 2014 -18[1]



Industry	Value of transaction (USD billion)	Number of transactions
TMT	35.87	511
FSI	16.83	242
CNSR	3.07	61
Others*	2.64	29

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Refer to "Sources" section for citations.

2018 includes data from January 1st, 2017 to October 31st, 2018

M&A activity in the FSI sector is expected to rise

Brazil (169 deals) and Mexico (83 deals) are driving the M&A activity in FSI industry. The industry was underpinned by the insurance sector, especially in Brazil, driven by growth of the middle class and retirement-age population.[1,22]

% of deals 2017-2018 by top destination countries[1]

Brazil 38%
Mexico 16%
Chile 10%
Peru 7%

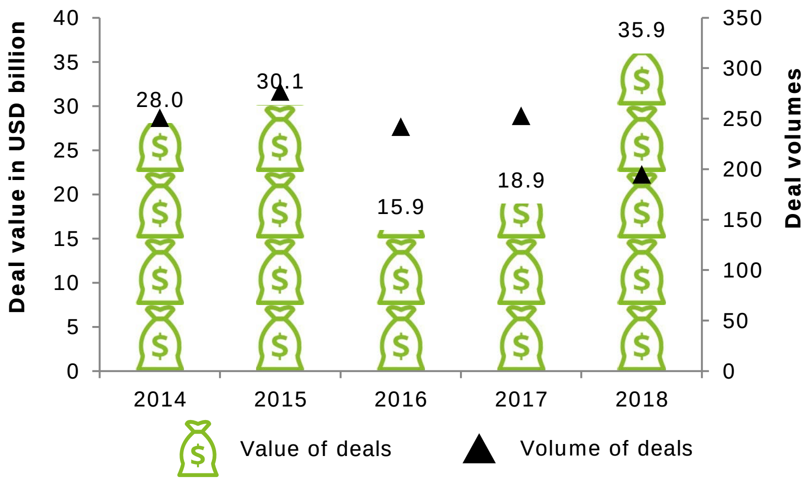
% of deals 2017-2018 by top investor countries[1]

Brazil 30%
Mexico 11%
United States 10%
Chile 9%

% of deals 2017-2018 by top FSI sectors[1]

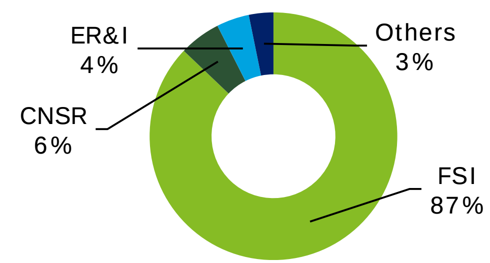
Other financials 22%
Insurance 17%
Non residential 16%
Banks 9%

M&A Deals in FSI from 2014-18[1]



*Others include LSHC, GPS, and TMT

M&A deals by acquirer industry from 2014 -18[1]



Industry	Value of transaction (USD billion)	Number of transactions
FSI	120.63	1,061
CNSR	0.71	66
ER&I	3.21	52
Others*	4.39	39

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Refer to "Sources" section for citations.

2018 includes data from January 1st, 2017 to October 31st, 2018

LSHC industry will likely attract more investments in 2018-22, due to rising demand for medicines and regulatory advancements

Brazil expects to witness growth in pharmaceutical sales and healthcare spending at 6.4% and 4.3%, respectively during 2018-22, driven by a boost in the central government budget. Mexico's medical equipment sector is expected to grow by 33% by 2020, to USD 6.5 billion from USD 4.9 billion in 2015, which will further pave the way for investments in the country.[23,24]

% of deals 2017-2018 by top destination countries[1]

Brazil	**61%**
Mexico	**10%**
Colombia	**8%**
Chile	**5%**

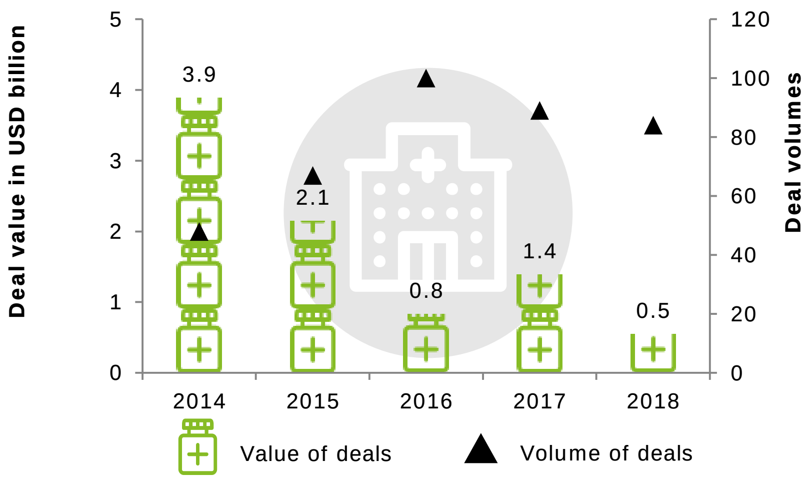
% of deals 2017-2018 by top investor countries[1]

Brazil	**48%**
United States	**11%**
Canada	**5%**
France	**4%**

% of deals 2017-2018 by top LSHC sectors[1]

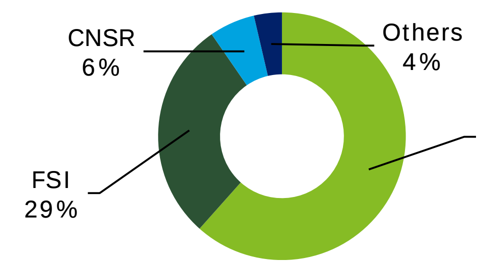
Pharma -ceuticals	**27%**
Healthcare Equipment & Supplies	**25%**
Healthcare Providers & Services	**23%**
Hospitals	**21%**

M&A Deals in LSHC from 2014-18[1]



*Others include ER&I, GPS, and TMT

M&A deals by acquirer industry from 2014 -2018[1]



Industry	Value of transaction (USD billion)	Number of transactions
LSHC	5.82	237
FSI	2.82	112
CNSR	0.01	23
Others*	0.14	16

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Refer to "Sources" section for citations.

2018 includes data from January 1st, 2017 to October 31st, 2018

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, previously known as The Deloitte M&A Index, explores the latest trends that are likely to disrupt the global M&A market in 2018 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 2018
Deloitte's annual comprehensive 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. The results of our fifth survey point to strong deal activity ahead. Nearly 70 percent of executives at US-headquartered corporations and 76 percent of leaders at domestic-based private equity firms say deal flow may increase in the next 12 months. Further, there is virtually unanimous sentiment that deal size may increase, if not stay the same, compared with deals brokered in 2017.

Seizing sell-side M&A opportunities in Brazil
Although 2017 M&A deal activity in Brazil may have been slowed, in part, by the country's unsettled political and economic conditions; in recent months there have been clear signs that M&A activity—including divestitures—is resuming and has the potential to strengthen in 2018.

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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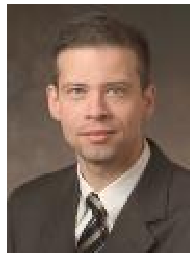

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Sources and presentation notes

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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 from the location of the ultimate parent.
- “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

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

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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