M&A in Latin America

Americas region
Americas Financial Advisory
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Contents

Executive summary

The majority of M&A deals in Latin America during 2016* have been intra-regional. Industries such as Energy & Resources (E&R), Consumer Business (CB), and Technology, Media, Telecommunication (TMT) attracted many large investments. Abundant reserves of natural resources along with government's initiatives to boost investment may drive the M&A activity in the region. However, challenging macroeconomic conditions, weak commodity prices, and high corruption levels may act as a deterrent.

M&A trends in Latin America

- M&A activity in Latin America remained subdued in 2016* primarily due to weak economic growth. Many of the Latin American countries are dependent on oil & gas and mining sector for growth. Therefore, weak oil and commodity markets have affected M&A activity in the region.[1,2,3,4,5,6]
- Depreciation of the local currency, mainly in Brazil and Argentina, has made the assets and companies in these countries more attractive for foreign investors.[1,6]
- Reforms and initiatives implemented by the governments in Mexico, Chile, Peru and Argentina could attract private investment and further drive M&A activity in the region.[1,2,3,4,5,6]

Industries

- The E&R industry observed the highest M&A activity in 2016* with ~USD14.6 billion in deal value. Ample reserves of oil and natural resources in the region coupled with the government reforms in mining sector could attract large investments in Latin America and drive M&A activity. [1,2,3,4,5,6]
- The emerging middle class, vast domestic market of Brazil and Mexico, and improving access to credit may help drive M&A activity in consumer facing industries such as CB and TMT. [1,2,3,4,5,6]

Geographies

- The majority of M&A activity in the region is intra-regional, with bigger economies, such as Brazil, Chile, and Mexico, being top investors in the region.[7]
- North America (especially the United States) and Europe (mainly countries, including Spain, the United Kingdom, and the Netherlands) have led cross-border M&A activity in Latin America as companies from these economies look to capture investment opportunities in developing markets.[7]

Challenges

- Despite implementing reforms and attractive valuation of assets for foreign investors, weak macroeconomic conditions, overdependence on commodities for growth, and falling oil and commodity prices continue to negatively impact the M&A activity in Latin America. [1,2,3,4,5,6]
- Political uncertainty, poor institutional environment, insufficient infrastructure, weak judiciary system, rising inflation, and growing corruption, may deter investors and dampen deal activity in certain Latin American markets. [1,2,3,4,5,6]

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Refer to "Sources" appendix for citations.
*2016 data is from 1 January 2016 to 31 August 2016

2015-2016* M&A snapshot[7]

Latin America M&A deal in-flow totaled 2,141 deals worth USD132.2 billion between January 1, 2015 and August 31, 2016

Value (USD bn) · Volume of deals

Top Investor Countries

	Brazil	Chile	Mexico	United States	Italy
Value (USD bn)	$36	$16	$12	$12	$7
Volume of deals	617	121	181	234	18

Top Destination Countries

	Brazil	Chile	Mexico	Bermuda	Colombia
Value (USD bn)	$51	$23	$21	$16	$5
Volume of deals	939	199	303	35	130

Top Target Industries

	Energy and Resources	Consumer Business	Financial Services	Technology Media Telecom	Manufacturing
Value (USD bn)	$46	$30	$29	$9	$7
Volume of deals	395	499	267	328	294

Top Investor Companies

	Investor Group	Exor SpA	Banco Bradesco SA	China Three Gorges Brasil	British American Tobacco
Value (USD bn)	$8	$7	$5	$4	$3
Volume of deals	125	1	3	2	1

Top deals in 2015-2016*[7]

Target	Target industry	Acquirer	Acquirer industry	Value of transaction (in USD million)
PartnerRe Ltd	Financial Services Industry (FSI)	EXOR SpA	Financial Services Industry (FSI)	6,715
Enersis SA-Chilean Power	Energy and Resources (E&R)	Shareholders	Financial Services Industry (FSI)	6,571
HSBC Bk Brasil SA Banco	Financial Services Industry (FSI)	Banco Bradesco SA	Financial Services Industry (FSI)	4,636
ANNEL-Hydropower Concession(2)	Energy and Resources (E&R)	China Three Gorges Brasil	Energy and Resources (E&R)	3,775
Endesa-Latin America Business	Energy and Resources (E&R)	Shareholders	Financial Services Industry (FSI)	3,506
Souza Cruz SA	Consumer Business (CB)	British American Tobacco	Consumer Business (CB)	2,947
CETIP SA-Mercados Organizados	Financial Services Industry (FSI)	BM&F Bovespa Bolsa de Valores	Financial Services Industry (FSI)	2,593
Sirius International Insurance	Financial Services Industry (FSI)	OrCM International Holding Pte	Financial Services Industry (FSI)	2,592
Petrobras-Block BM-S-8	Energy and Resources (E&R)	Statoil Brasil Oleo e Gas Ltda	Energy and Resources (E&R)	2,500
Rimsa Laboratorios	Consumer Business (CB)	Teva Pharmaceutical Industries	Consumer Business (CB)	2,294

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Macroeconomic indicators[8]

2016 macroeconomic indicators (estimated)							
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 (%)**
Brazil	1,808.0	(3.0)	8,774.5	3.2	3.5	8.4	47.4
Mexico	1,042.0	2.0	8,102.0	2.6	18.3	2.7	4.2
Chile	246.6	1.6	13,600.4	7.3	674.6	4.1	6.1
Colombia	284.3	2.0	5,843.8	4.2	3,048.0	8.0	14.5
Peru	198.4	3.8	6,306.5	4.1	3.3	3.4	16.1
Argentina	524.7	(1.2)	12,037.6	1.8	14.9	42.7	32.2

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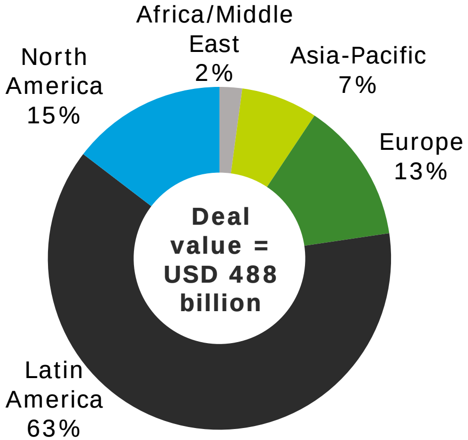
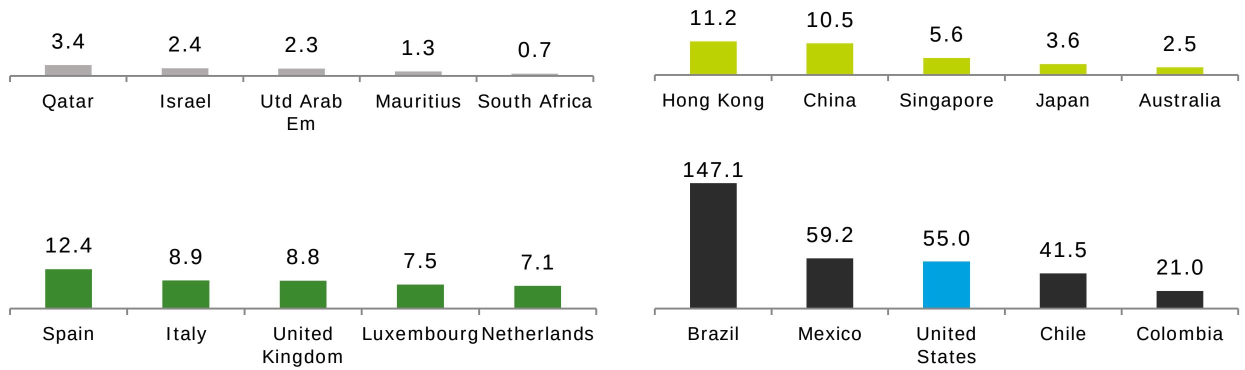
Refer to “Sources” appendix for citations.

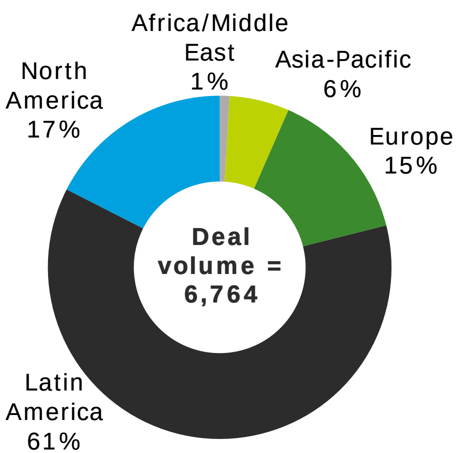
Geographical M&A activity

Intra-regional deals drove most M&A activity: North America and Europe lead in inter-regional deals[7]

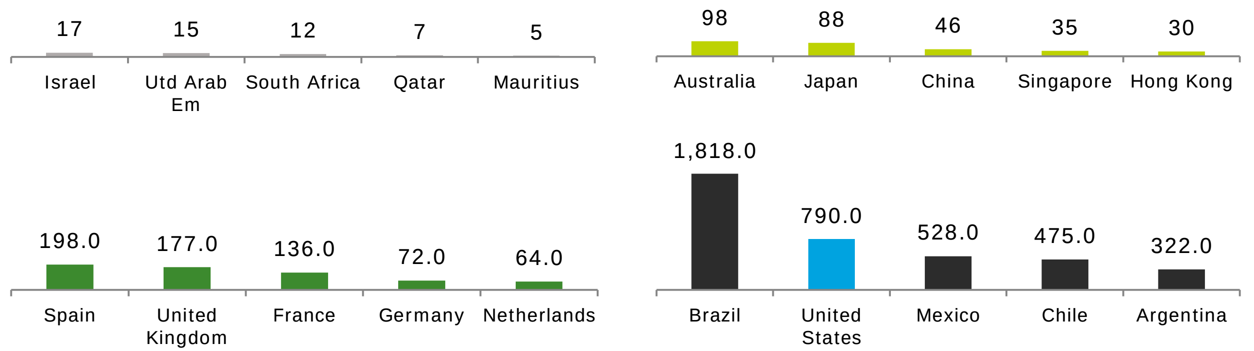


Top acquirer nations by deal value (2012-16*) in USD billion[7]





Top acquirer nations by deal volume (2012-16*)[7]



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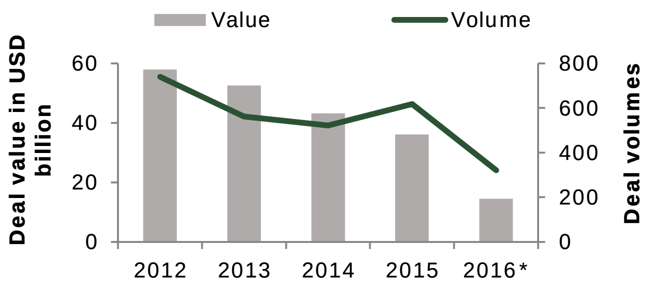
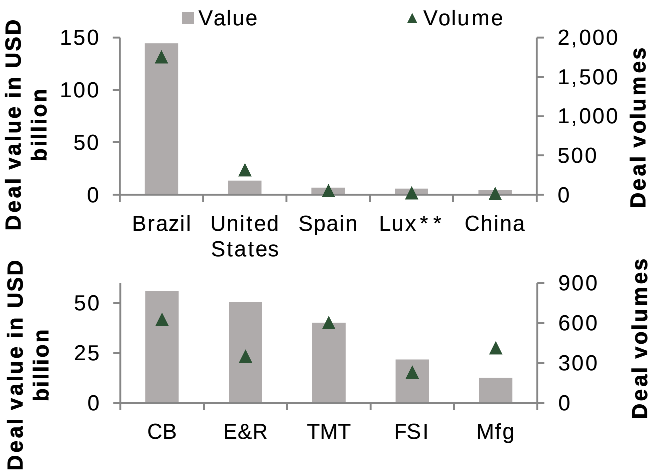
Brazil's political instability and weak macroeconomic fundamentals hurt investment activity in 2015 and 2016

Brazil's vast domestic market, ample natural resources, and attractive asset prices resulting from currency depreciation have supported M&A activities in the past. However, a projected decline in GDP growth rate, downgrading by major credit rating agencies, and perception of growing corruption may impede future investments.

M&A deals in Brazil 2012-16[7]



M&A deals in Brazil by investor country and target industry (2012-16)[7]



** Luxembourg

M&A favorable factors

- The Senate's decision to put suspended President Dilma Rousseff on an impeachment trial is expected to resolve the current political crisis to some extent. This may improve investor sentiments and could drive M&A.[1,9]
- The Economist Intelligence Unit (EIU) predicts a gradual weakening of the Real till 2020 (R4 : USD1.0), thus making Brazilian assets and companies more attractive to foreign investors.[1]
- The Brazilian Central Bank placed the Selic policy interest rate at 14.15%. Favorable credit terms could trigger intra-Brazilian deals.[1]
- Moreover, investors continue to see long-term potential in Brazil, due to its vast domestic consumer market and ample natural resources.[10]

M&A unfavorable factors

- Corruption issues, such as the situation in the oil and gas sector, may not only impact investments in the oil and gas sector, but could also impact infrastructure investments if major construction companies begin to withdraw from the sector.[7]
- Political instability and interventionist policies by Dilma Rousseff's government pushed Brazil into its deepest recession in the last 80 years. Brazil's GDP declined by 3.8% in 2015, and the EIU expects it to slide further by 3% in 2016.[1,11]
- The EIU also predicts that the services sector (~70 percent of GDP) may not recover in the medium term, as they can be impaired by low productivity, tight labor market, and skill shortages.[1]
- As a further blow, major credit rating agencies (S&P, Fitch, and Moody's) have downgraded Brazil to junk. This could adversely influence M&A activities.[10]

Refer to "Sources" appendix for citations.
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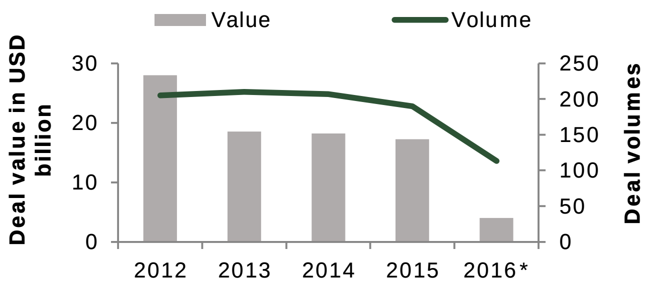
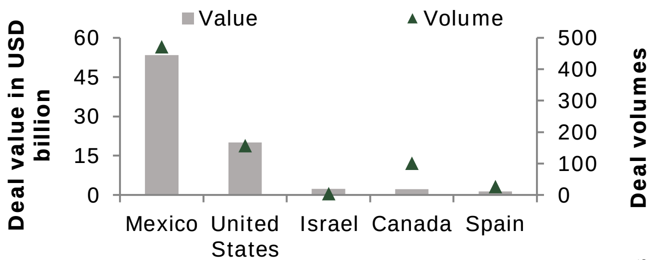
Mexico's efforts to implement structural reforms may drive M&A activity

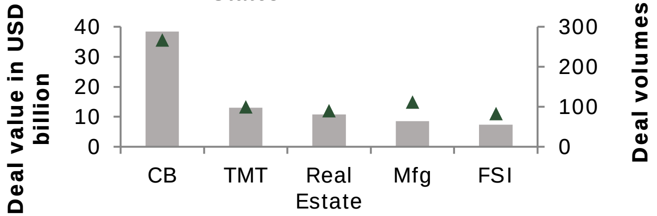
Mexico's growing consumer spending, shrinking wage gap with China, privileged access to the US, and reforms across telecom and energy sectors may support M&A activity. This, however, could be offset by rising corruption, growing drug-related violence, currency volatility and potential reforms in trade agreements by the incoming US administration.

M&A deals in Mexico 2012-16[7]



M&A deals in Mexico by investor country and target industry (2012-16)[7]





M&A favorable factors

- The Mexican government is focused on implementing the structural reforms passed in 2013-14. Additionally, Mexico also enjoys abundant international reverses and two-year flexible credit line of USD88 billion with the International Monetary Fund (IMF).[2]
- The reforms in the telecom and energy sectors have so far been successful in encouraging foreign investment and bringing new entrants into the market. [2]
- The shrinking gap in wages compared with China and close proximity to the US could result in increased private investment and M&A activity in the manufacturing sector. [2]
- The emerging middle class, low inflation, vibrant consumer spending, and rise in credit could boost the aggregate demand and drive M&A growth in various consumer-facing industries. [2]

M&A unfavorable factors

- Slow GDP growth compared to the last decade and a less competitive market may dampen investor confidence. EIU revised its GDP growth estimate to 2% in 2016 from 2.4%, followed by 2.5% in 2017. [2]
- The Central Bank increased the policy rate by 50 basis points (to 4.25%) in June 2016 to avoid inflationary pressures rising due to a weak Peso. Peso volatility could further bring about a modest rise of policy rate in the medium term. [2]
- The government is not expected to lift taxes over the remainder of the term till 2018. This could negatively influence M&A activities in Mexico.[2]
- Implementing structural reforms amidst rising corruption and crime remains a challenge. The EIU believes that the government lacks a clear strategy to tackle corruption in security forces, drug-related violence, and other policing issues. [2]

Refer to "Sources" appendix for citations.
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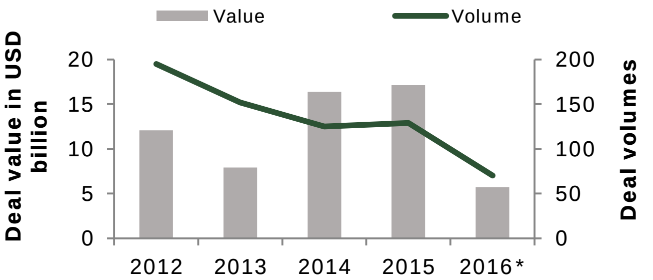
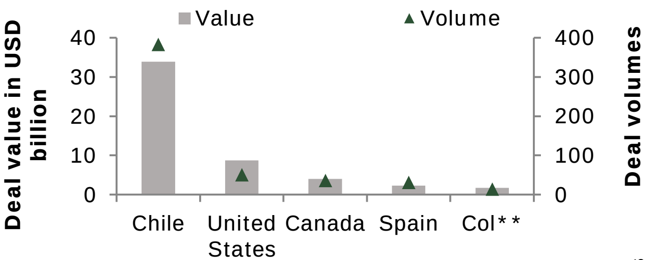
Chile's mining and energy sector dominates investments due to an abundance of natural resources

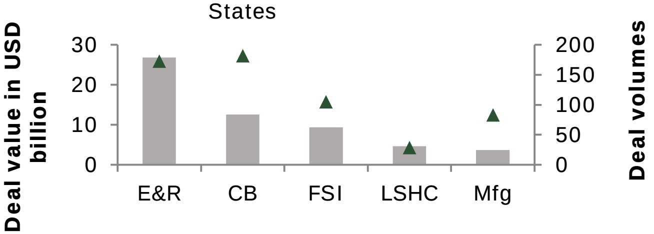
While the government's commitment to renewable energy deployment and initiatives to reduce barriers for foreign investment in the mining sector may boost M&A activities, declining copper prices and disorganized design & implementation of reforms may restrict overall growth.

M&A deals in Chile 2012-16[7]



M&A deals in Chile by investor country and target industry (2012-16)[7]





** Colombia

M&A favorable factors

- Solid economic fundamentals, open investment regime, recovering private consumption, and large network of free-trade agreements are likely to boost investment and support M&A activities in Chile.[3]
- The government, through reforms in the energy sector, encourages investment in renewable energy. This could further drive M&A activity in the energy sector. EIU predicts that the government's target to draw 20% of energy requirements from renewable sources could be achieved by 2020 (11.5% in 2015).[3]
- The government's initiatives to reduce barriers to foreign investment in the mining sector may attract investments and encourage M&A activity.[12]
- The public-private infrastructure fund of USD9 billion set up by the government in 2016, focuses on developing road and urban transport. This fund could drive investments in the infrastructure segment.[3]
- The country's expanding role as the regional business and financial hub in Latin America bodes well for M&A activity in the region.[3]

M&A unfavorable factors

- The EIU predicts that GDP will grow only by 1.6% in 2016 due to weak prices of copper, the country's leading export commodity, presenting downside risks. Weaker copper export has further resulted in the tightening of fiscal policy.[3]
  - Falling prices of copper could result in declining foreign direct investment (FDI) as mining accounts for a large portion of the FDI inflows; Mining attracted 45.9% of total FDI inflow during 2009–2014. [3,13]
- Weak economic and revenue growth are restricting the implementation of the government's reforms. Moreover, arbitrary design and implementation of reforms has hurt business and consumer confidence.[3]
- The government's plan to raise corporate tax by 2017 may further impact the M&A activity.[3]
- Impending presidential elections in 2017 may shake up the political scenario of Chile as it could delay clearances and approvals of M&A deals.[3]
- Recent Municipal elections, which resulted in the government loss of significant and emblematic municipalities, may force the government to concentrate its efforts on next year's presidential election and many actions may be driven by the political agenda rather than on trying to bring the country back onto a path to higher growth.[3]

Refer to "Sources" appendix for citations.
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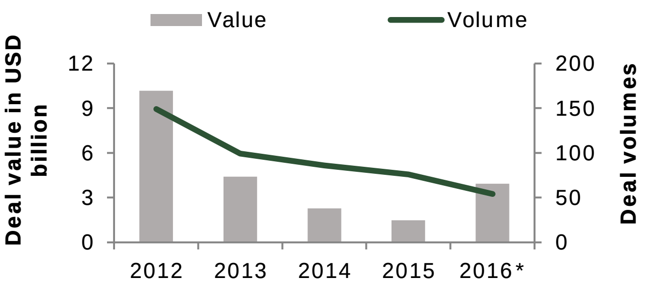
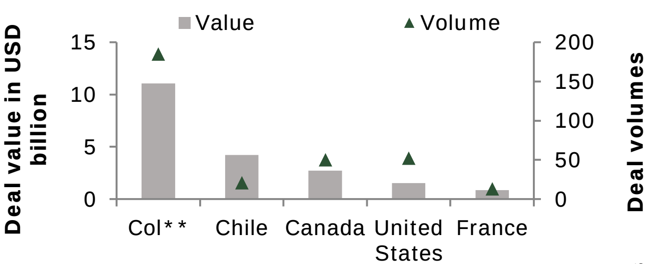
Colombia's peace deal with the rebels and efforts to boost investment could support the growth of M&A activities

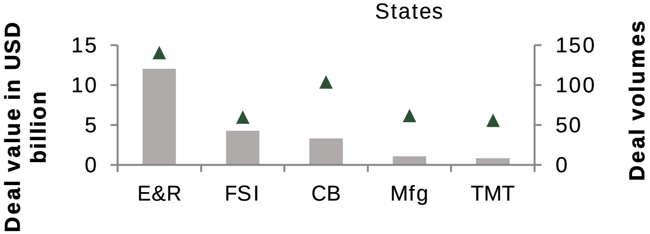
The peace deal with rebels could help strengthen administration, improve consumer confidence, and boost private investment in the long term. Government's efforts to improve business climate could also support M&A activity. However, high inflation, tax increases, and rising interest rates could present challenges in attracting investments.

M&A deals in Colombia 2012-16[7]



M&A deals in Colombia by investor country and target industry (2012-16)[7]





** Colombia

M&A favorable factors

- In November 2016, the Colombian government and the revolutionary armed forces of Colombia (FARC) produced a new peace accord. When approved, this deal is likely to improve security, consumer confidence, domestic consumption, and boost investments.[4]
- According to Colombia's planning department, this deal could triple the FDI inflow to USD36 billion and boost its annual economic growth to 5.9%. [14]
- The government's efforts to improve economic ties in the region through 'The Pacific Alliance' and reinforcing ties with the network of Free Trade Agreements (FTAs), specifically with the US, EU, and Asian countries, may bolster trade.[4]
- The administration also aims to improve the business climate by minimizing bureaucratic obstacles, improving efficiency and reducing labor formalities.[4]
- Colombia also launched a USD6.7 billion development plan in 2015 that facilitates private investment in infrastructure, offers incentives for investments in exploration activities, and provides tax breaks for investments in innovation.[4]

M&A unfavorable factors

- Lower oil prices and weaker demand for commodities in China may hurt the GDP growth of Colombia. EIU predicts the GDP to grow by 2% in 2016 (3.1% in 2015). [4,14]
- The El Nino weather pattern and truckers' strike in June-July disrupted food prices and pushed annual inflation to 9%. In response to this, the Central Bank raised the rate by 25 basis points to 7.7%, a 325 basis points rise since September 2015. Tightening of monetary policy due to high inflation could hamper M&A activities in the short and medium terms. [4]
- In October, the government presented the tax reform package to the Congress, which included a 3-point increase in value-added tax and simplification of the corporate income tax regime.[4]
- Increases in taxes, high inflation, and higher import prices could dampen private consumption and restrict M&A activities in consumer-facing sectors.[4]

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Refer to "Sources" appendix for citations.
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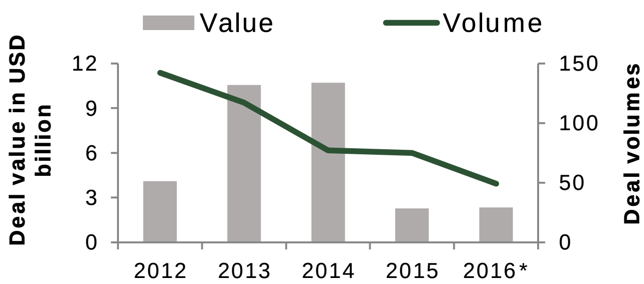
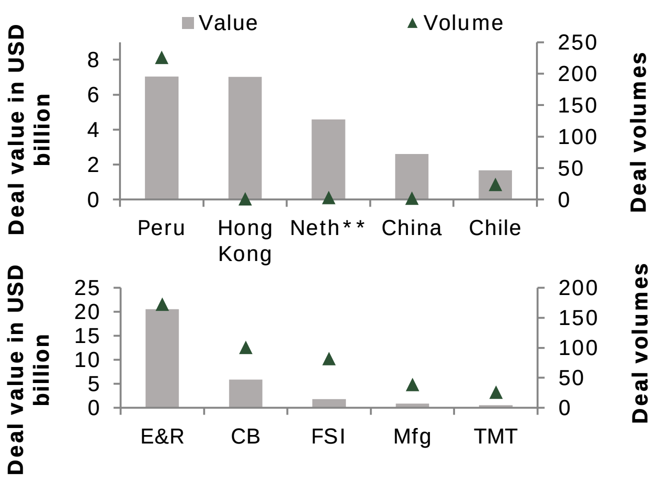
Peru's capital inflow dropped due to declining commodity prices and heavy dependence on weak Chinese market for exports

Decreasing demand from China, coupled with declining commodities prices, may affect overall M&A activity in Peru. Additionally, social unrest across mines, and widespread corruption could hurt investor sentiments. Yet, new government initiatives to improve business climate may significantly boost private investments.

M&A deals in Peru 2012-16[7]



M&A deals in Peru by investor country and target industry (2012-16)[7]



** Netherlands

M&A favorable factors

- The new government in Peru focuses on improving infrastructure, education, and healthcare, and has suggested cuts in corporate tax and value-added tax.[5]
- The EIU raised its 2016 GDP growth estimate from 3.7% to 3.8% as it expects support from public investments in infrastructure and private investments in mining. The government has also taken initiatives to promote growth through public-private partnerships, which could attract greater private investments.[15]
- Peru's attractive legislative and fiscal framework has made the country one of the preferred FDI destinations. EIU expects the FDI inflow to increase from USD7 billion in 2015 to USD9 billion in 2017 and USD11 billion in 2020.[10]
- Peru also retains sound financing supply from domestic and international markets, indicating fiscal stability. This could also boost foreign investments.[5]
- Increased access to credit, rising incomes and the government's efforts to boost private consumption could support demand growth and attract investment in sectors such as banking, retail, tourism and real estate.[5]

M&A unfavorable factors

- Declining prices of commodities like copper in the international market and slowdown in China–Peru's principal trading partner, could hamper exports and affect the overall trade balance.[5]
- Peru's dependence on mining sector for growth, and periodic social conflicts related to major mining investments could affect investor sentiment.[5]
- Moreover, poor institutional environment, inadequate infrastructure, and rigid labor market may further limit growth and affect capital inflow.[5]
- Finally, weakness in the judiciary system, perceived police corruption, growing urban crime, and illicit drug productions threaten M&A activity.[5]

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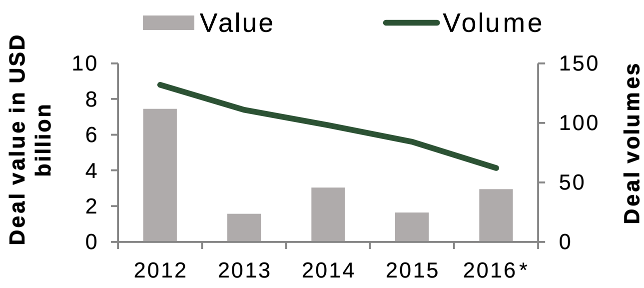
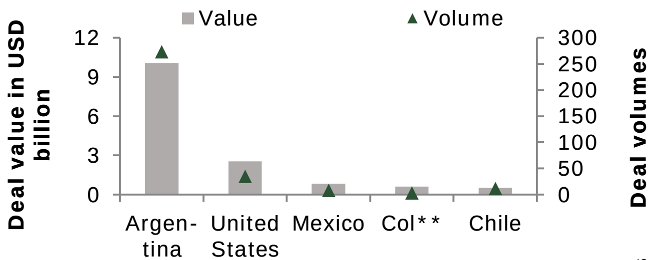
Argentina's pro-business government policies could attract large investments

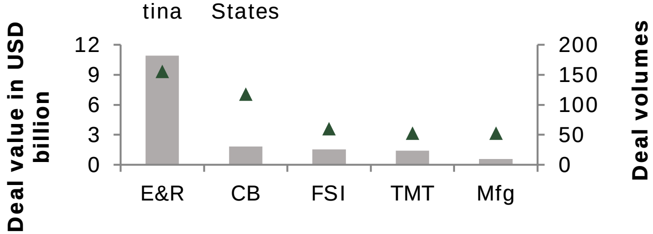
Optimism in the newly elected government and vast reserves of natural resources may support the growth of M&A activity in the country. However, issues in implementing reforms, rising interest rates due to high inflation, and lowering of large subsidies could offset the growth momentum.

M&A deals in Argentina 2012-16[7]



M&A deals in Argentina by investor country and target industry (2012-16)[7]





** Colombia

M&A favorable factors

- The new government formed in December 2015 appears to be open to free market perspective with pro-business focus. This could boost the M&A activities in Argentina.[16]
- After coming to power, the government removed foreign exchange controls that resulted in devaluation of Peso (local currency) by 30%. This could make Argentine companies and assets more attractive for foreign investors.[14]
- Argentina successfully ended its 13-year default through an agreement with holdout creditors. Existing default resulted in access to fresh international credit and improvement in credit rating.[14,17]
- Opening up of the economy may create opportunities for M&A across sectors:[16]
  - **Oil & Gas:** Immense growth potential in the sector due to significant shale reserves could attract investments in upstream and oil field services[16]
  - **Mining:** Vast reserves of natural resources may boost private investment[16]
  - **Agribusiness:** Reducing agricultural export duties may draw investment throughout the agribusiness value chain[6,16]
  - **Banking:** Lower credit penetration and opportunities for offering new products/services could boost M&A[16]

M&A unfavorable factors

- Tightening of monetary policy, rising inflation, and cutting down energy and transport subsidies could affect the aggregate consumer demand and further restrict investments in consumer-facing sectors.[6]
- The EIU predicts that the government will face challenges in implementing reforms which will, in turn, reduce the pace of strengthening bureaucracy, controlling corruption, improving judiciary, and enhancing the effectiveness of reforms.[6]

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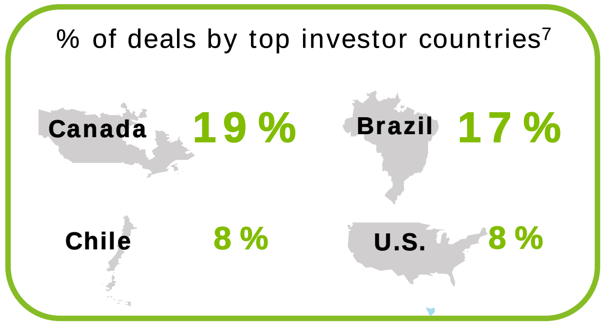
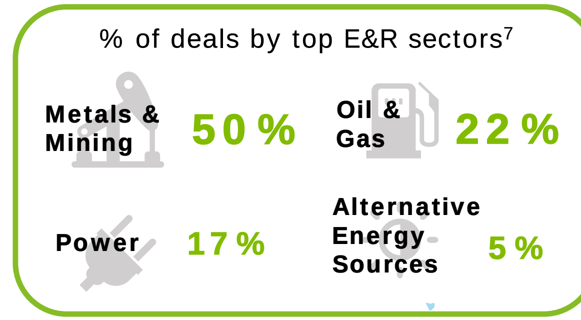
M&A activity across industries

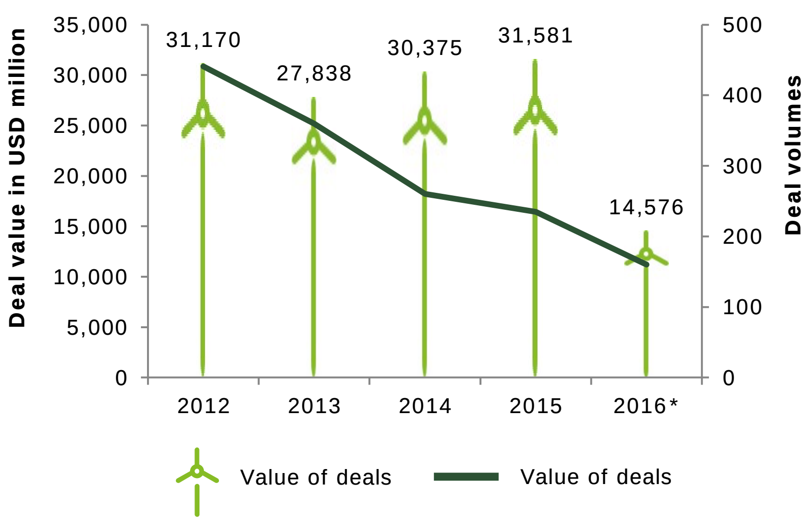
Metal and mining segment observed significant M&A activity in the Energy and Resources (E&R) industry

The vast reserves of natural resources across the region coupled with key reforms by the governments in Chile, Peru, and Mexico helped drive M&A activity in E&R. However, falling oil prices and a weak commodity market may have weakened the capital inflow.

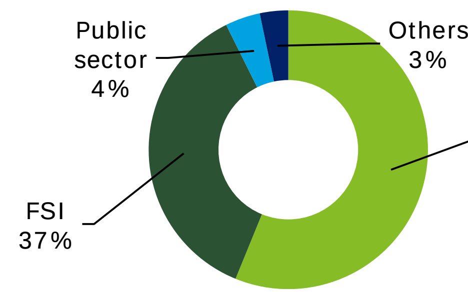




M&A Deals in E&R from 2012-16[7]



M&A deals by acquirer industry from 2012-2016[7]



Industry	Value of transaction (USD million)	Number of transactions
E&R	76,130	1012
FSI	49,458	344
Public sector	5,494	10
Others	4,458	95

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Deals in the Food and Beverages (F&B) segment dominated the M&A activity in the Consumer Business (CB) industry

F&B sector has the maximum volume of M&A deals in the CB industry. A growing middle class with a larger disposable income helped contribute to consumerism in the larger economies such as Brazil and Mexico. However, rising inflation in Colombia and Argentina and negative GDP growth rate in Brazil may act as a deterrent in 2017.

% of deals by top destination countries[7]

- **Brazil** 38%
- **Mexico** 16%
- **Chile** 11%
- **Argentina** 7%

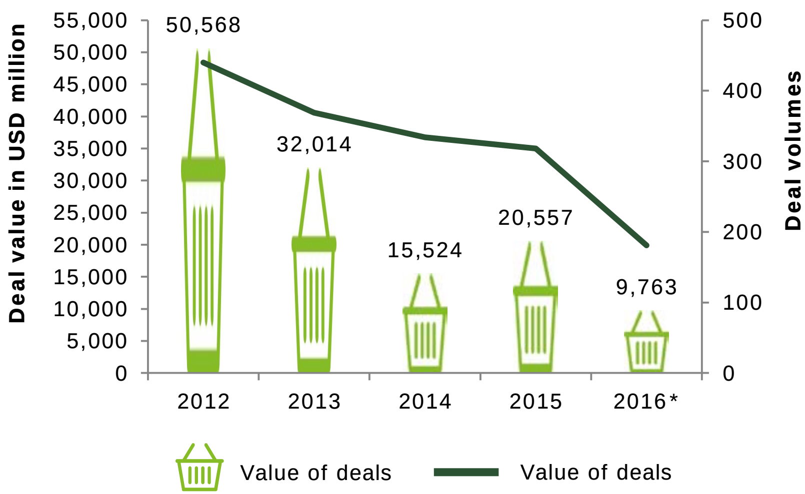
% of deals by top investor countries[7]

- **Brazil** 27%
- **Mexico** 12%
- **U.S.** 9%
- **Chile** 8%

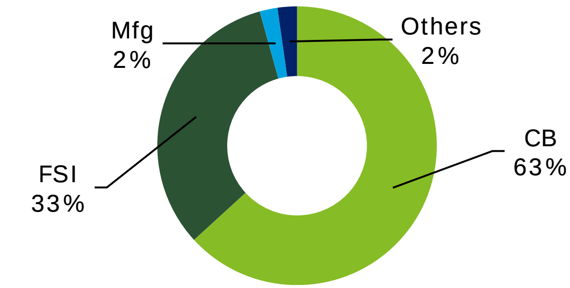
% of deals by top CB sectors[7]

- **F&B** 23%
- **Transportation** 18%
- **Hotels** 9%
- **F&B Retailing** 8%

M&A Deals in CB from 2012-16[7]



M&A deals by acquirer industry from 2012-2016[7]



Industry	Value of transaction (USD million)	Number of transactions
CB	81,164	886
FSI	41,732	492
MFG	2,643	65
Others	2,887	199

Refer to "Sources" appendix for citations.
*2016 data is from 1 January 2016 to 31 August 2016

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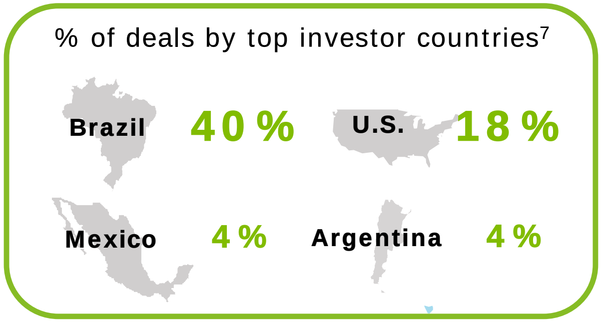
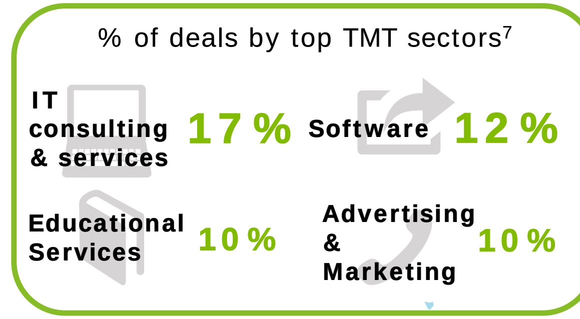
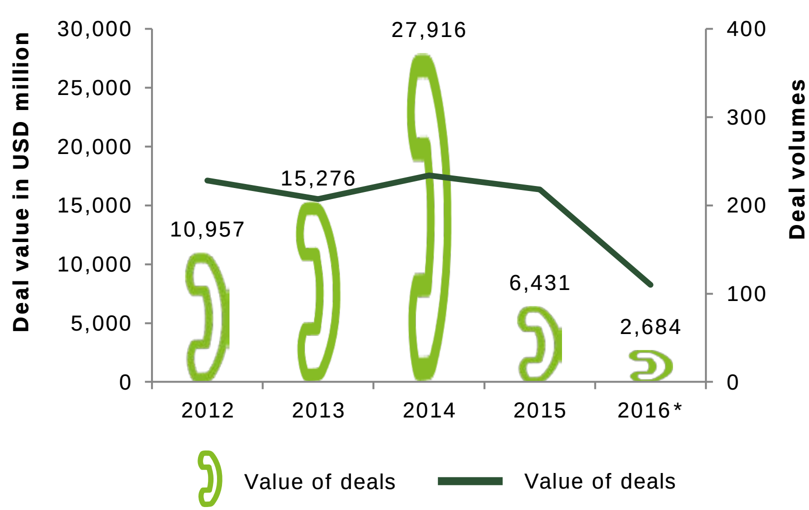
Intra-region deals bolstered most M&A activity in the Telecommunications, Media, Technology (TMT) industry

Deals in Brazil dominated the overall M&A activity in the TMT industry. The increased adoption of smartphones, expansion of 4G/LTE networks and depreciation of the local currency in Brazil may have attracted private investors. However, economic stagnation, rising inflation, and regulatory uncertainty in the region may have restricted the M&A activity in 2015-2016*.

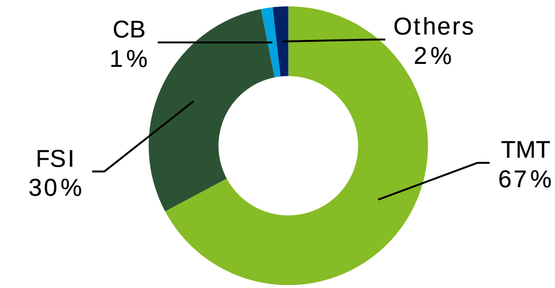




M&A Deals in TMT from 2012-16[7]



M&A deals by acquirer industry from 2012-2016[7]



Industry	Value of transaction (USD million)	Number of transactions
TMT	42,510	658
FSI	18,768	258
CB	858	20
Others	1,127	61

 Click for contents page

Refer to "Sources" appendix for citations.
*2016 data is from 1 January 2016 to 31 August 2016

Financial services industry (FSI) recorded consistent growth in M&A deals during 2012-2015

Deals in Insurance and Financial Technology (FinTech) helped propel M&A activities in 2015. Growing middle class and rising income could result in growing demand and drive M&A in the Insurance segment. Also, adoption of technology by financial institutions could further bolster M&A growth. However, economic stagnation in the region may offset the momentum.

% of deals by top destination countries[7]

Brazil	27%	Chile	12%
Mexico	10%	Peru	10%

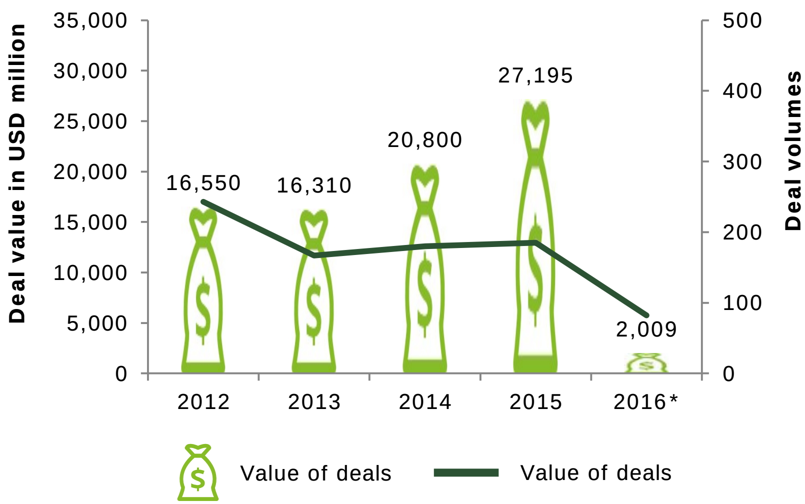
% of deals by top investor countries[7]

Brazil	21%	U.S.	11%
Chile	10%	Peru	7%

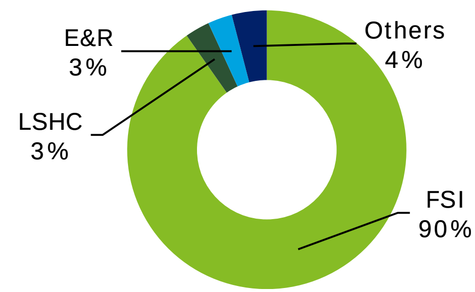
% of deals by top FSI sectors[7]

Other financials	27%	Insurance	25%
Banks	14%	Asset Management	11%

M&A Deals in FSI from 2012-16[7]



M&A deals by acquirer industry from 2012-2016[7]



Industry	Value of transaction (USD million)	Number of transactions
FSI	74,802	731
LSHC	2,370	11
E&R	2,340	25
Others	3,351	90

Refer to "Sources" appendix for citations.
*2016 data is from 1 January 2016 to 31 August 2016

Higher capital inflows owing to weaker currency may boost Manufacturing (MFG) sector investments

Brazil and Mexico continue to be the top destination countries in manufacturing M&A activities. A shrinking wage gap compared to China and proximity to the U.S. could further boost M&A activity in Mexico. However, potential reforms on trade agreements by the incoming US administration may impact certain industry sectors. Favorable asset prices owing to currency fluctuations may further help attract more foreign investors into the industry.

% of deals by top destination countries[7]

- Brazil 50%
- Mexico 13%
- Chile 10%
- Colombia 7%

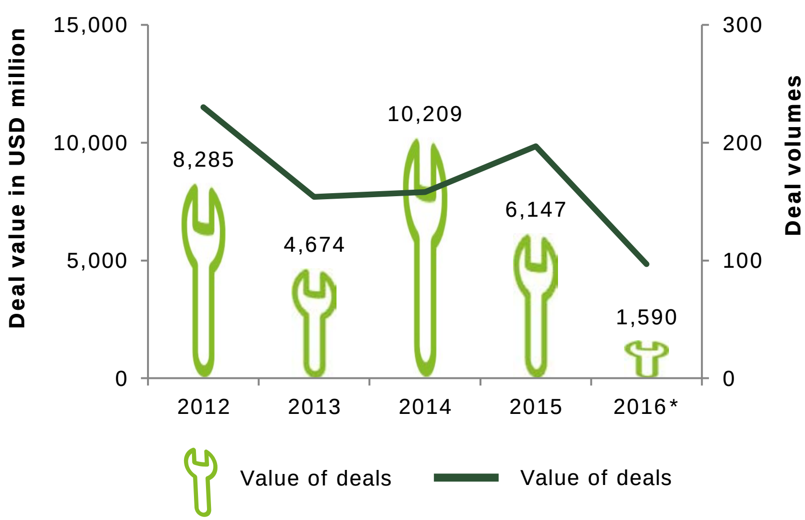
% of deals by top investor countries[7]

- Brazil 22%
- U.S. 15%
- Mexico 7%
- Chile 6%

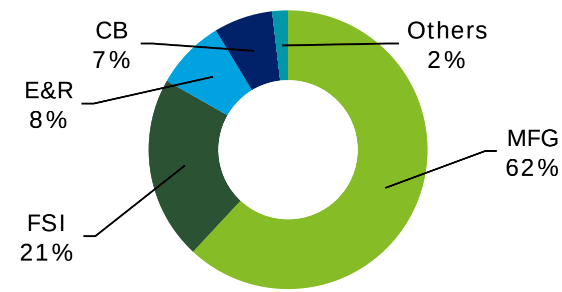
% of deals by top MFG sectors[7]

- Chemicals 21%
- Building / Construction & Engineering 18%
- Other Industries 12%
- Machinery 11%

M&A Deals in MFG from 2012-16[7]



M&A deals by acquirer industry from 2012-2016[7]



Industry	Value of transaction (USD million)	Number of transactions
MFG	19,141	505
FSI	6,580	168
E&R	2,512	42
CB	2,103	74
Others	571	47

 Click for contents page

Refer to "Sources" appendix for citations.
*2016 data is from 1 January 2016 to 31 August 2016

Brazil, Mexico, and Chile remained the most attractive destinations for M&A activity in the Life Sciences Healthcare (LSHC) sector

The deals in healthcare equipment and pharmaceuticals dominated M&A activity in the LSCH industry. The vast domestic market combined with growing demand for healthcare helped attract investors in Brazil. Despite the slowdown in consolidation since 2012, the rise in healthcare spending by the growing middle class may boost M&A in LSHC industry.

% of deals by top destination countries[7]

- Brazil 56%
- Mexico 12%
- Chile 9%
- Colombia 6%

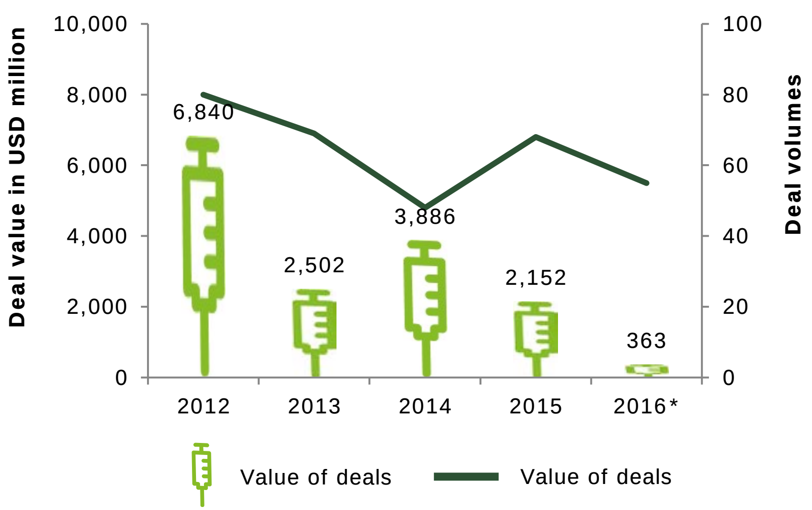
% of deals by top investor countries[7]

- Brazil 41%
- U.S. 13%
- Chile 7%
- France 5%

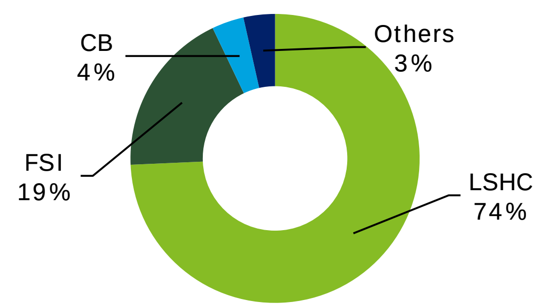
% of deals by top FSI sectors[7]

- Healthcare Equipment & Supplies 30%
- Pharma-ceuticals 30%
- Hospitals 20%
- Healthcare Providers & Services (HMOs) 17%

M&A Deals in FSI from 2012-16[7]



M&A deals by acquirer industry from 2012-2016[7]



Industry	Value of transaction (USD million)	Number of transactions
LSHC	11,697	217
FSI	3,476	85
C&IP	564	10
Others	553	17

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Refer to “Sources” appendix for citations.
*2016 data is from 1 January 2016 to 31 August 2016

Perspectives

Perspectives

Deloitte produces original and informative articles drawn from experiences throughout our professional services organization. Listed below are recent pieces which provide insights for businesses about events and trends in the Americas region.

In the wake of the Panama Papers: A guide for multinational corporations[18]
The Panama Papers have brought business interactions with offshore holding companies to the forefront. Learn how companies are assessing whether any corruption or fraud exists within their operations and how they can implement policies, procedures, and controls to mitigate risk.

M&A trends report 2016 - Is last year's record pace sustainable?[19]
Coming off a record year for mergers and acquisitions (M&A), an overwhelming majority of executives at US corporations and private equity firms forecast that deal activity will stay strong or even ramp up. What M&A trends are driving their optimism? What factors could potentially put the brakes on? Deloitte Advisory’s third annual trends report asks M&A leaders for their predictions. We surveyed nearly 2,300 executives at US companies and private equity firms to gauge their expectations, experiences, and plans for mergers and acquisitions in the coming year. While the sentiment and outlook for M&A activity remain favorable, a number of potential obstacles emerged in our third annual M&A trends report.

Wall Street Journal (WSJ) CFO Journal: How to Address FCPA Risks in Emerging Market M&A Deals[20]
Gain additional insights about how to address 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[21]
Acquiring an overseas company can open up new markets and business opportunities. However, foreign companies may also require a number of unique human capital considerations that can impact deal value. Read more about the impact of these key human capital considerations.

Acquisition Due Diligence Bribery & Corruption Risk[22]
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.

Market Consolidation Outlook – Investment strategies and merger & acquisition activity[23]
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.

Refer to “Sources” appendix for citations.
*2016 data is from 1 January 2016 to 31 August 2016

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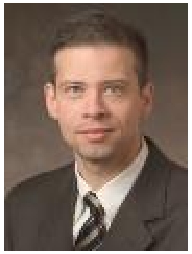

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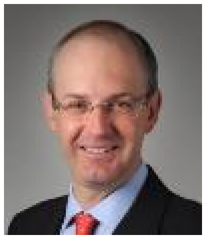
Americas Region Leadership – Corporate Finance

Americas region



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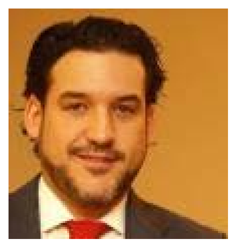

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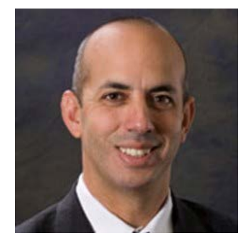

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Appendix

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Presentation Notes

For purposes of this presentation:

- Latin America includes Mexico and countries in Central America and South America.

- 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, intended, and pending deals have been considered in the data presented. Abandoned deals have not been considered.

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