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His job is to untie knots

By Graziella Valenti

At the table with Valor – Pércio de Souza

Engineer of complex financial projects, he does billions in business with lots of attention to what is said, in fact, to words and gestures.

Pércio de Souza enters the room at Estáter's head office, his investment boutique, where we waited to have lunch with him. There, in the so called "creation room" where ideas for large mergers and acquisitions were born, there is no meeting table, only a long light-colored sofa shaped like an "L", armchairs and pillows in shades of orange and green. Pércio refused to have lunch in a restaurant because he considers "too much exposure" to be photographed in public.

After brief greetings, he does not wait for questions, as is his custom, and explains immediately what we will eat. "It will be a simple meal," he says rubbing his hands. Beef with pepper sauce, röstie potatoes, asparagus and rice with raisins. To start, a leafy salad with artichokes. The choice is from someone who considers himself absolutely carnivorous. "Fish, only if mandatory."

The caterer Mazzô França Pinto, responsible together with Tucça Lobo for the dinners at his house, is who organized everything. "She does not usually serve only three people, but she made an exception. She did what I asked how I would do it. I enjoy cooking. But I decided that I would not cook for the interview. Too much conflict."

In the exclusive segment of the financial markets in which he acts, Pércio is known to be a "tractor". He considers the passion with which he conducts negotiations as the main reason for this perception, marked by an assertive and incisive way to express himself.

The lack of shyness to say what he thinks, without limitation which can be interpreted as lacking refinement, is powered by his strong and deep voice and by the pleasure of using language correctly, including marking errors and without abbreviations. Pércio speaks plainly. He avoids technical expressions or in English – as is common in financial markets. He is one of those cases where the voice is the face of its owner.

Although he loves to cook, especially in his country home in Ibiúna, where he finds refuge almost every weekend with his family, Pércio says he is not a "chef", only a cook. He practically never studied, except for making dough for breads and pizzas. The taste for the kitchen came when he was still a child, around seven years old. He would wake up early and, before going to school, would bake a cake.

While he speaks, his assistant Diana delicately interrupts and brings his cellular phone, explaining that he must leave and respond. A rare case in times of excessive connectivity, Pércio does not take his cellular phone to meetings. But outside them it is always on, "like pediatricians." There are rare

exceptions, such as the lunch hour at home with his children, two boys who are ten and nine years old and one girl who is almost four.

Shortly after he returns we move to the floor above. Lunch will be served in an ample room occupied by two tables, one with ten seats and another with six. The photographer Silvia Costanti asks that the subject sits facing the light from the window with a view to Juscelino Kubitschek Avenue, a premium address for offices in São Paulo.

Far from the windows of famous restaurants, several heavyweight executives and businesspeople have shared the table with Pércio. Weeks before this article, people from beef packer Minerva had dinner there several times while they assembled final details for the merger of their bovine unit with BRF – which resulted from the union between Perdigão and Sadia and which, since April, has had businessman Abilio Diniz, founder of Pão de Açúcar, heading its board of directors. Estáter represented BRF.

For many years Pércio was known as “Abilio’s banker”. It was he who conducted, in addition to the arrival of Casino in 1999 and the subsequent sale in 2005, the acquisition of Ponto Frio and the surprising purchase of Casas Bahia, both in 2009. Together the transaction with the group totaled R\$9 billion.

Estáter was a type of military base during the Franco-Brazilian attempt to combine Pão de Açúcar and Carrefour two years and a half ago. From this episode emerged the visceral relationship between Abilio and Jean-Charles Naouri, owner of Casino.

Critics made in 2011 to the retail tycoon affected Pércio, classified as the “mentor” of the transaction. Today he does not shy away from the subject: “I consider the transaction a failure and I am responsible for that. But, as I tell my children, he who does not know how to lose does not know how to win.” He admits the flop, but recalls that the negotiation with Carrefour was a success. The deal did not occur because they could not convince Casino that it was good. “It was something correct that went wrong.”

The friendship with Abilio continues. But it was not Pércio who negotiated the definitive exit from the control of Pão de Açúcar in September. “Lately we have seen each other little. I am focused on new projects and Abilio is very involved in BRF. Despite having very distinct and strong personalities, Abilio and I complement each other a lot in negotiations. We are in tune.”

It was Pércio’s interest in challenges – one of the reasons people thought in his infancy that he would be a scientist – which allowed him to design operations that would untie the knots of the petrochemical sector. He joined three buyers – Grupo Ultra leading, adding resources with Braskem and Petrobras – to buy the Ipirangas. He also conducted the negotiations between Unipar and Petrobras for the formation of Quattor, later sold to Braskem. Final figure: R\$23 billion.

Another R\$19 billion passed by his hands with the combination of Aracruz and Votorantim Celulose e Papel (VCP). The operation more than doubled in value after Aracruz went bankrupt with foreign exchange derivatives during the 2008 crisis.

Besides being large, the negotiations conducted by Pécio tend to have their own distinct dynamic. With the acquisition of Ponto Frio, for example, he ignored the company's sales timeline, a process managed from New York by Goldman Sachs, and closed the deal in a weekend. Everyone thought Magazine Luiza was the favorite for the deal. This, without mentioning the ingenious shareholding structures. Not rarely, they were controversial in proportion to the size of the transaction. Minority shareholders did not always come out satisfied. Pécio does not deny this. He says that he does whatever is possible to get the best deal for his client within the rules.

When the salad is served, after the rearrangement of seats to attend to the photographer's request, Pécio is on a roll, detailing his childhood in the countryside of Paraná.

Second out of five children of the judge Eli Rodrigues de Souza and the sanitarian nurse Therezinha Freire Rodrigues de Souza, he lived his first 14 years in six cities before settling in Curitiba, thanks to his father's profession. There in the capital he studied mechanics at a technical school while living with an aunt. It was amidst clamps and drills that he saw that his future was not in industry.

The childhood in small cities, the constant changes and the fact that he is the only son in a large family, in Pécio's view, defined his personality. "Family intimacy marked me a lot. The moves united our family even more." They were ludic times in his memory. The future negotiator, with a tough-guy reputation, created games for himself and conducted scientific and musical experiments to entertain his sisters. But he denies being considered a loner. "I had friends, of course, like any child."

It is understood that it is from there that his reserved style originated, driven to the home and not social events. He dedicates all his time outside Estáter to his family. Besides accompanying his children to school daily, he avoids business lunches. The children always join him in international trips, even business trips.

In his adult life, it was a greater challenge than constant changes that solidified his family relationship. Then his first son was two years old and the second seven months old, his wife discovered she had an aggressive breast cancer. After the experience, whenever he can, he talks fastidiously about the subject. He believes that a big part of the challenge is dealing with the fear.

He reveals emotionally when recalling how his father framed and gave him as gift when he turned 40 the piece of paper with his "first contract". It was a list of problems to which Dr. Eli required solutions to allow his son to travel to Rio de Janeiro with his middle school graduating class. He did not want the celebratory trip disrupted the test to enter the technical school, even though the trip was organized by Pécio.

Memories of his youth evidence how the rigidity of his education consolidated his way of being. Pécio does not do differently with his children. The older boys should make their beds. And before breakfast they need to solve one math problem. "Besides discipline, this brings us together. When it doesn't happen, they complain. They enjoy learning."

The pleasure to face challenges, besides learning, was developed well with Pécio by Dr. Eli, who graduated as a historian and philosopher. He says that he became tougher with himself beyond the

education at home at around eight years old – age with which he already played piano, guitar, and recited poems. But his parents do not know how to explain how that came about.

I read articles from Mario Henrique Simonsen while in school. The future minister wrote as an engineer and economist. It was then that he decided what course of study to pursue. He saw a path that contemplated his knack for mathematics and physics, and offered a versatile path, including office work. He dropped his technical course and changed to the so called “terceirão” – school plus preparatory program – in the only year of private schooling of his life.

Pércio comments that he can talk endlessly about physics, cinema and construction because of what he calls “leftovers from the civil engineer.”

When he entered university, he judged himself owner of his own life. This is why he wanted to make a plan. So, at 17 years of age, first at the beach and then at his family’s farm, he organized his future – the next 20 years. The larger goal was to find professional fulfillment. “I wasn’t yet sure how. But I never had doubt that it would require work.”

He also decided that he would only get married at 40 years old and that he would travel the world beforehand. As a result of planning or coincidence, he did marry Eleonora Antici at around this age. She was president of brokerage Icatu, acquired by BBA bank, where Pércio worked at the time. “I did the deal just to marry her,” he jokes. Eleonora is a partner at Estáter since it was founded.

The fact that he does not like to “build relationships and go to parties and other,” he believes, collaborates a bit to his reputation of arrogance. “I always believed that what matters in business is the capability to generate and create things, ideas and solutions, not relationships.”

In an ever more informal world, Pércio does not dispose of his secretary’s help to make calls. It is Diana who checks whether the negotiator can talk. It is a matter of time management. He wants an integral dedication to what he does. This is the reason why he cuts his own, and few hairs, with a machine at home.

The rice with raisins is served, to be added to the dish of beef, potatoes and asparagus. “This rice is an exaggeration as we already have potatoes. They are two carbohydrates. Mazzô did not want to make them. But, as I enjoy rice with raisins so much, I exaggerate a bit,” he says, changing and re-engaging the subject without prior notice.

Pércio finds greater pleasures in each step of a negotiation, including the handling not to lose control of conversations. “We have declined jobs where we did not control the negotiation. In a fragmented discussion the question is not if, but when mistakes will occur.”

If in the kitchen Pércio is not a “chef”, in the conduct of business he avoids modesty: he is a “dealmaker” – in English. Different from a trivial negotiator he sees opportunities and, together with his team, designs an exit and offers to clients. Sometimes he looks for companies before they look for him. He explains that he invests a lot of time – “never spends time” – in understanding what is important for each party involved in the deal. This is why his team does not manage more than six projects at once.

When he created Estáter, it was because he saw the big “dealmakers” disappearing, swallowed by investment banks. One dream is to see his office doing transactions around the world. To be global. Today he has a unit in London. For now, “it is more to feel and learn” than to originate business. And he confesses that he tries to avoid speaking of wishes. “If I talk about that, I’ll be institutionalized,” he jokes.

Wherever it is, he likes to work with sensibilities and build the puzzle over what each party really wants in a transaction. “Life is a theater. Nobody talks about what they really think. Otherwise, they would all be dead, arrested, or institutionalized. This is why I always worry about reading what is behind words and gestures.”

In Pércio’s passionate eye, the science of negotiation has also lessons in physics. “The static friction coefficient is greater than the kinetic.” In practice: it is harder to get something moving than to promote its acceleration, that is, the harder part is to start. The other is Newton’s Third Law: “every action has a reaction.” The lack of empathy for those involved can cause a transaction to stop for an inadequate reason.

Dessert arrives, baked banana with caramel sauce and vanilla ice cream. Again, without the need to ask, Pércio explains: “This is the dessert because I love banana.”

Despite his precocious focus, Pércio did not follow a linear path until becoming a dealmaker. He joined the financial services industry with a construction helmet, literally. It was in his fourth year of college, during the internship at João Fortes Engenharia, during the construction of Citibank’s headquarter in Curitiba.

He heard of two trainee openings, but the applications for the job had ended. He tracked the coordinator of the process and sent a letter, using the admiration that he had for the construction project, to explain his desire to join the bank. Luckily, the responsible party was also an engineer and became curious. It was 1984. This is how he conquered the opportunity to do his sole study in business administration in his life: 60 days in Pittsburgh, USA. He stayed with Citibank until 1992.

Does he miss, perhaps, not having done an MBA at the Massachusetts Institute of Technology, or Harvard, Chicago, or something similar, as is almost mandatory between high profile executives in the financial services markets? The answer is “no” because what he does “is a science that is not in a book.” “Besides, there are two ways of learning, through courses or self-study. I prefer the latter.”

Because he judges books “necessary but insufficient,” Pércio defends more focus on intimacy in raising his children. It is the civil engineer that states this who, to complement his construction internship salary, gave private classes in physics, mathematics and Portuguese. “Essential in this competitive world is not to study for tests, but for life.” The grade is a consequence. He also thinks that way about money. Financial success is a consequence of professional fulfillment. “The contrary results in frustration and false happiness.”

In 1990, after a purposely introspective trip to cold Russia – “it had to be in winter and during communist times” – he decided it was time to change. Two years later he accepted an invitation from BBA, a bank at the time with \$28 million in equity, to open their Porto Alegre branch, where he was

living while working for Citibank. He wanted to “grow together.” In the following year he would come to São Paulo coordinate the commercial restructuring, and he would not leave anymore. It was over ten years until reaching Estáter in January 2003.

But it was at BBA, even before the first transactions, that he discovered the professional fulfillment sought since he was 17 years old. He followed through readings of Businessweek the revolutions that Michael Milken did with corporations (companies without a controlling shareholder, with high free float) in the United States. He left BBA and took with him as minority shareholders, besides Eleonora, then already his wife, André Assumpção and Gustavo Lima.

The first coffee is done. From the table we move to the couch in the same room. We still need to explore Pércio's side as a manager. Together with BNDES and Unipar, Estáter's investment management arm bought two and a half years ago Tecsis, wind turbine blade manufacturer based in Sorocaba, in the interior of São Paulo. It also owns the Curitiba-based developer Dapo and the insurance broker TRR Securitas.

Since then he dedicates up to 40% of his time to Tecsis. And he likes it. Together with playing the piano, sports and cinema, this work “helps to oxygenate the mind.” To restructure the company, almost bankrupt due to the same derivatives as Aracruz and disorganized management, was almost relaxing. “For someone who likes to work, carrying rocks during rest is a pleasure.”

As a manager, he does not believe in Warren Buffett's investment rule – to choose idiot-proof businesses. “The idiot will find a way to bankrupt any company. What is important is to create a company with a DNA that expels idiots,” he says fearless of denying the lesson from the Sage of Omaha.

Pércio is moved by challenges and pressure. When the interview is almost over, already during the second coffee, he says that he likes to start Estáter with no cash each year. None of the comfort of having investments cover fixed costs. “It is necessary for the culture to feel pressure. The same that I had when I received monthly allowances,” he says, recalling when he got his first internship and told his father that, starting then onwards, he would be self-sufficient and, except for school, would not want an allowance.

“The national anthem is beautiful, but the phrase ‘lying eternally in a splendid cradle’ bothers me. Sometimes I think this remains in the collective unconscious of Brazilians,” he says. When the subject is the country, he also sees reasons for worry, especially in the virtual paralysis of the infrastructure sector. “I'm convinced that liberalism, the minimum state, is as utopic as communism or the state's hegemony in the economy.”

We live in a dispute between extremes, he believes. The problem, he says, is that infrastructure demands conciliation between the private and public sectors. “The market alone does not develop, in fact, in any country. And without dialogue, without a middle way, we are struggling.”

Before leaving, he jokes about his reputation: “I'm a sweet person.”

Free translation from the original article as posted on the Portuguese section of our website.

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http://estater.com.br/sites/default/files/valorseuoficio_0.pdf