

BRAZIL BOUTIQUE - Creating a Niche

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Estáter

The most recent awards period was not especially active for specialist intermediaries in Brazil, with the big banks taking a very large share of the domestic M&A transactions. But Estáter, founded in 2003 by a group led by Périco de Souza, has worked on its fair share of deals over the qualifying period.

These included a \$450 million capitalization for Tecsis, a maker of wind turbine blades, that brought in investors such as Unipar, Bradesco's Bradespar investment fund and Estáter's own investment fund.

In December of 2010, it advised Brazilian internet service provider UOL on an expansion that took it into Colombia. UOL spent 720 million reais to buy Diveo Broadband networks. Diveo provides broadband and hosting services in the Brazilian and Colombian markets.

The shop also advised Grupo Talent when it was acquired in October 2010 by French PR firm Publicis Groupe for an estimated \$110 million.

Estáter's biggest deal, however, is one that won't count in the league tables, at least not yet. Long advisor to Grupo Pão de Açúcar (GPA), it worked on GPA's bid for the Brazilian assets of Carrefour in a controversial three-way battle that took place during the middle of 2011.

French retailer Carrefour had hoped to merge its Brazilian assets with GPA to create a €30 billion revenue company.

Carrefour's rival Casino, however, had been increasing its stake in the supermarket operator, and has the ability to gain full control of the retailer this year through an existing purchase agreement with GPA's chairman Abilio Diniz.

The deal collapsed when BNDES withdrew its support after being criticized for interfering too much in the private sector. Casino still planned a takeover as of late 2011, and no matter which company ends up with GPA, a deal this year is sure to generate business for Estáter, which claimed its spot among the major players working on GPA's 2009 Globex buy and its 2010 merger with Casas Bahia.

Cultivating more relationships with large players will be key in the Brazilian market going forward. Competition should only increase further at all ends of the spectrum.

For instance, Plural Capital made a move for Banco Modal, estimated at \$75 million, which was abandoned on a technicality in November. However, the shop is looking for alternatives, after hiring investment banking veterans and ex-BTG Pactual partners Evandro Pereira and Pedro Guimaraes. LF

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