

Publicis negotiates acquisition of part of Talent

The French group, third largest in the world, should end up holding less than half the shares and keep current management

French communication group Publicis seems willing to invade the Brazilian market. Three weeks after announcing the purchase of Rio Grande do Sul-based agency A2G, the publicity giant is negotiating the acquisition of part of Talent, the agency. The total value of the company is estimated around US\$200 million.

According to sources close to the agencies, Publicis would acquire less than half of the capital of Talent. The majority of shares and the control of the agency would continue in the hands of the current controllers, who would also retain management. Additionally, the valuation of US\$200 million can rise in the next years, depending on the performance of the agency. The transaction is close to being completed and can be announced in the next two weeks.

If it is confirmed, the French company, third place globally in the sector, will surpass WPP's position, first place, who also expressed interest for Talent. WPP and Talent had opened negotiations approximately one month ago.

WPP and Publicis submitted their offers to Talent, but the proposal by WPP was superior to that of its competitor.

Partnership. Together, Publicis and Talent would announce in the beginning of September the creation of a joint venture that would explore the Brazilian advertisement market eyeing the World Cup in 2014 and the Olympic Games in 2016.

Estado tried to obtain yesterday the view of the agency's directors in Paris. According to the director of external communication, Peggy Nahmany, the group does not comment on speculation "so not to stimulate comments in the markets and press." "We neither confirm, nor negate."

The availability of Julio Ribeiro, largest shareholder of Talent, to entertain offers from multinational groups for his company has two primary motivations, according to sources connected to the company.

For Talent, in addition to the capital injection, the transaction would be the opportunity to join forces with a company with 45 thousand employees and a global presence, a trend in the sector.

Emerging. For Publicis, this would be the chance to compete in an emerging market on equal footing to WPP, first place in publicity in Brazil, through brands such as Ogilvy, Y&R and JWT. Furthermore, the French would arrive in the country incorporating accounts such as Embratel, Timberland, Sony, and Santander.

The negotiations are being conducted by the department of mergers and acquisitions at Publicis and WPP, and for Talent by the advisor Estáter.

The potential conclusion of the deal will confirm the determination of Publicis to increase its presence in the Brazilian market, where it already maintains a network of 750 professionals.

In the start of August, Publicis had already acquired the agency A2G, in Porto Alegre. "Although the global rate of investments in marketing has dropped strongly in 2009, Brazil continues to be considered one of the most promising publicity markets in the world," informed Publicis, in a note, at the time of the announcement.

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

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http://estater.com.br/news/talent_20100827_estado_de_s%20_paulo_b14.pdf