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Emerging Market M&A Activities Brazil – BTG Pactual’s IPO heavily oversubscribed

22 April 2012 - As I wrote in recent blogs on Brazil’s M&A activity, the country shows no signs of cooling down:

- “Latin America in Asset Management – Quantifying the Opportunities for Brazil and the region”
- “Brazil takes the lead: Net cash flows, M&A, Joint Ventures and Latin America Opportunities”



Andre Esteves, BTG Pactual

Now BTG Pactual and André Esteves are said to gather over \$6.5 billion in the IPO – or three times more than originally targeted. According to Bloomberg, this would give BTG a valuation of 30 billion reais (or 3.5 times book value). BTG plans to close the books Monday instead of Tuesday, to have more time to go through the numbers and then price the units in Sao Paulo on Tuesday and Amsterdam on Thursday. Industry observers joke that the BTG in Pactual stands for “better than Goldman”, because the 160+ partners at the firm will go home with over \$75 million each (some \$25 million more than Goldman in 1999).



JC Flowers

High profile investors like the Agnelli family (Fiat/Ferrari), the Rothschilds, or NY based PE firm JC Flowers are set to win big after investing close to \$2 billion in BTG Pactual in late 2010.

BTG might repeat the offering later in 2012. As reported by the FT, the deal prospectus showed a “meritocratic partnership” for senior executives to sustain leadership as the transition to public markets occurs. Partners according to the FT cannot sell shares in the public markets (they can, however, trade with each other at book value).

Group investors for the stake sold in late 2010 also included high profile names such as SWFs in Singapore, China and Abu Dhabi, who are expected to hold on to their positions.

All of this is excellent PR for both Brazil and BTG Pactual.

For a more in-depth analysis on Latin America and Brazil, including historical assets and cash flows by asset class, manager and product, please refer to my **State of the Industry Latin America book** or Strategic Insight's **Latin America cash flow database**.