



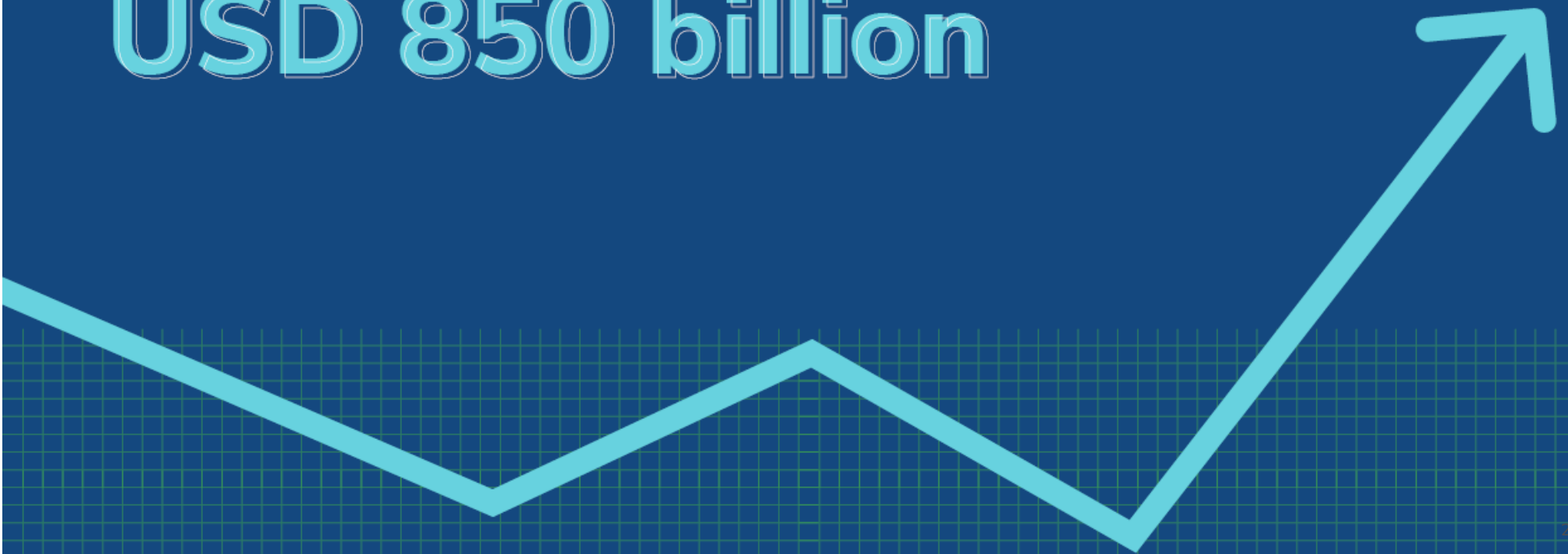
Brazil Transactions Insights

Winter 2023



**Brazilian stock exchange (BOVESPA)
total market capitalization as of
December 2022 was over**

USD 850 billion



Follow-ons raised **+BRL 55 billion**
(+USD 11 billion) in 2022.

Eletrobras Privatization, using a follow
-on structure, was responsible for
BRL 33.6 billion (USD 6.7 billion).

***Brazil's capital markets have**
4.6 million individual investors,
a 15% increase over 2021.

*November 21, 2022

1,543

1,543

1,543

M&A transactions were registered in Brazil in 2022. A similar number of transactions were registered in 2021, consolidating an all-time record high.

Overview

BRAZIL BY THE NUMBERS



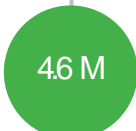
As of December 2022, Brazilian stock exchange (BOVESPA) companies had a **total market capitalization of over USD 850.7 billion (bn)**.



After a record-breaking year in 2021 with 76 deals (IPOs and follow-ons) and +BRL 120 bn (+USD 28 bn), transacted, registered **18 follow-ons** in 2022 at B3, Bovespa. There were no IPOs.



Follow-ons raised **+BRL 55 billion (+USD 11 billion)** in 2022. **Eletrobras (Energy Company) Privatization**, using a follow-on structure, was responsible for BRL 33.6 billion (USD 6.7 billion).



Brazil's capital markets have **4.6 million individual investors** (November 21, 2022), a +15% increase over 2021.

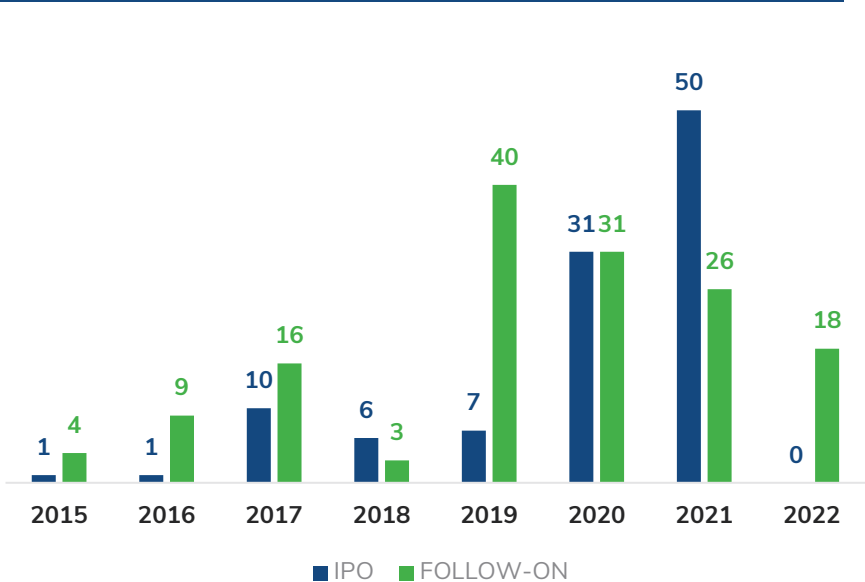


1,543 M&A *transactions were registered in Brazil in 2022. A similar number of transactions was registered in 2021, consolidating an all-time record high.

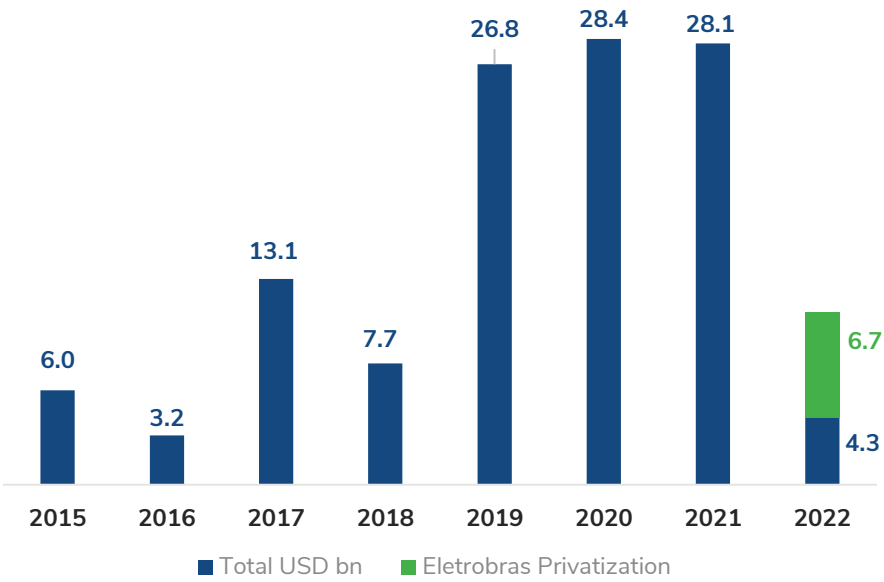
Equities Activity

Unlike the IPOs and follow-ons that took place in 2021, capital markets activities have slowed down in 2022, with only 18 follow-ons totaling BRL +55 bn (+USD 11 bn). There were no IPOs in Brazil in the period.

Number of IPOs (Brazilian companies)



IPOs Funds Raised (USD bn)



Sources: Company press releases, B3 (Bovespa) and S&P Global Market Intelligence as of December 2022
The IPOs do not include Brazilian Depository Receipts (BDR)

Eletrobras Privatization

Eletrobras (Bovespa:ELET6), the largest company in the electric sector in Latin America, was privatized on June 13, 2022, a great milestone for the Bolsonaro government. The offer was fixed at a price of BRL 42.00 per share, with approximate proceeds of BRL 33.7 bn.

The Guarantee Fund for Length of Service (also known as FGTS) was of paramount importance for the shares placed on the market, since it was the first opportunity in a long time for workers to seek greater profitability for their “frozen” money.

By being privatized, Eletrobras is no longer controlled by the government and becomes a corporate company that has several shareholders, none of whom have more than 50% of the control, with a board and direction defined by the council formed by the shareholders.

The expectation is for operational changes, capital allocation costs and an improvement in profitability, making Eletrobras an important name in energy transition with greater investments, mostly in sustainable and renewable energy sources.

ELETROBRAS



52-Week Price	(BRL)
High Price	56.12
Low Price	29.12
Average Price	42.62



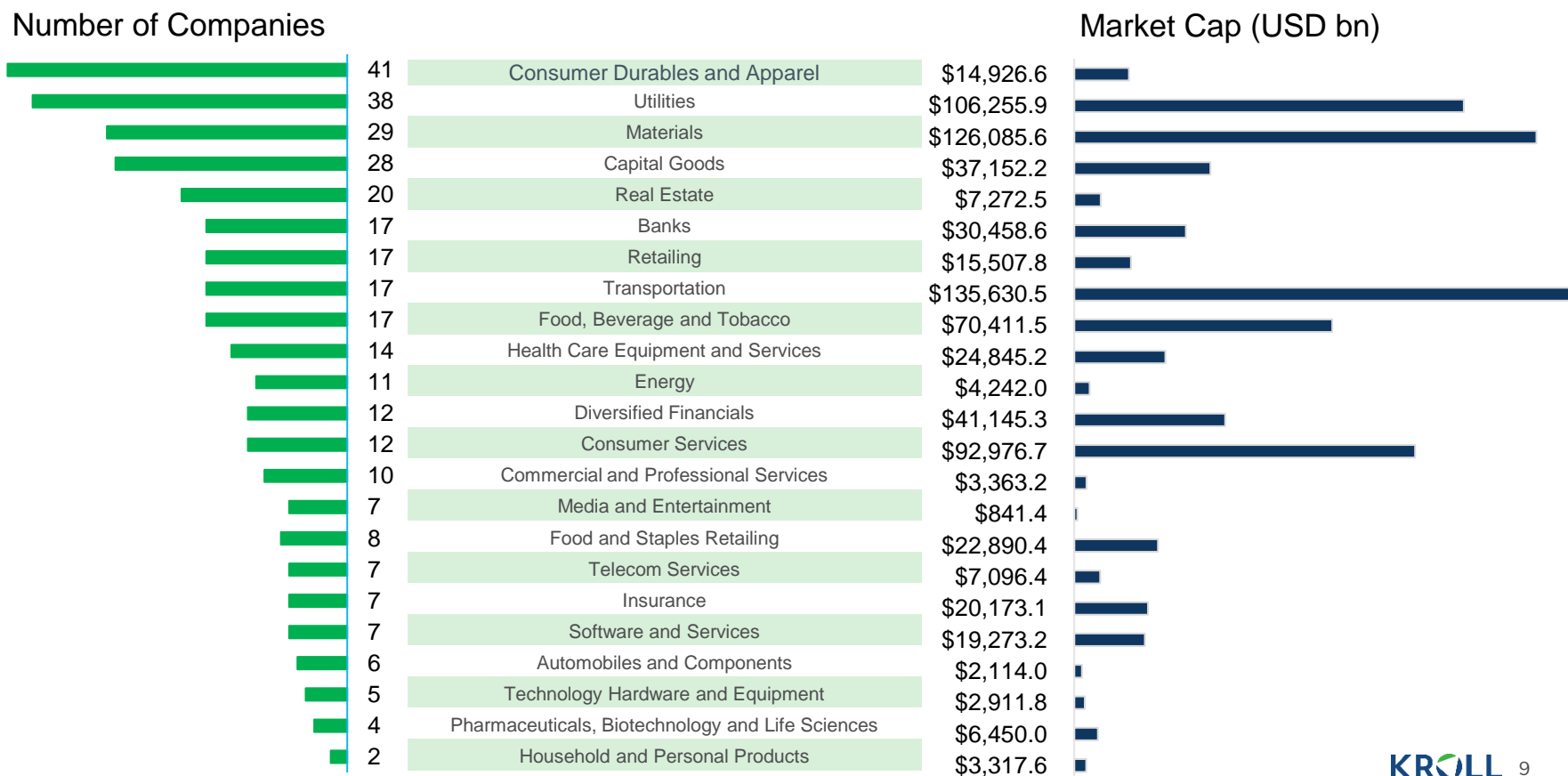
Date	Company Name	Ticker	Incorporation	Industry Group	Gross Proceeds (BRL mn)	Offer Price 13/06/22 (BRL)	Offer Price 07/12/22 (BRL)	Δ%	Market Capitalization (BRL mn)	Price to LTM Earnings Multiple
06/13/2022	Centrais Elétricas Brasileiras	BOVESPA:ELET6	Brazil	Electric Utilities	\$40.132,66	\$39.38	\$46.84	18%	\$57,965.07	10.63x

Sources: Comissão de Valores Mobiliários (CVM), Infomoney, the Securities and Exchange Commission of Brazil, company press releases and S&P Global Market Intelligence as of December 2022

Listed Brazilian Companies

As of December 10, 2022, there were 336 Brazilian companies listed on B3. With recent new listings (at a record level in 2021), the exchange experienced considerable sector diversification. The consumer durables and apparel sector accounts for the highest number of companies (41 companies), but only 1.8% of the total market capitalization. Utilities (38 companies) account for 13.3% of the total market capitalization, followed by materials (29 companies), accounting for 15.8%.

Summary of Listed Companies



Brazil B3: Top 10 Companies by Market Capitalization

Company Name	Incorporation	Industry Group	Market Capitalization (USD mn)	% of 52-Week High	Price to LTM Earnings Multiples
Vale S.A. (BOVESPA:VALE3)	Brazil	Energy	\$96,773.85	115.12	4.20x
Petróleo Brasileiro S.A. - Petrobras (BOVESPA:PETR4)	Brazil	Materials	\$70,748.68	31.75	1.91x
Ambev S.A. (BOVESPA:ABEV3)	Brazil	Food, Beverage and Tobacco	\$51,415.79	18.88	19.44x
Itaú Unibanco Holding S.A. (BOVESPA:ITUB4)	Brazil	Banks	\$51,394.75	34.21	8.90x
Banco Bradesco S.A. (BOVESPA:BBDC4)	Brazil	Banks	\$41,644.13	25.46	6.20x
WEG S.A. (BOVESPA:WEGE3)	Brazil	Capital Goods	\$31,032.63	46.84	41.11x
Banco Santander (Brasil) S.A. (BOVESPA:SANB4)	Brazil	Capital Goods	\$28,890.86	24.99	7.14x
Banco BTG Pactual S.A. (BOVESPA:BPAC3)	Brazil	Diversified Financials	\$28,807.03	24.38	19.10x
Rede D'Or São Luiz S.A. (BOVESPA:RDOR3)	Brazil	Health Care Equipment and Services	\$25,672.85	75.89	44.37x
Magazine Luiza S.A. (BOVESPA:MGLU3)	Brazil	Retailing	\$24,176.39	28.13	NM

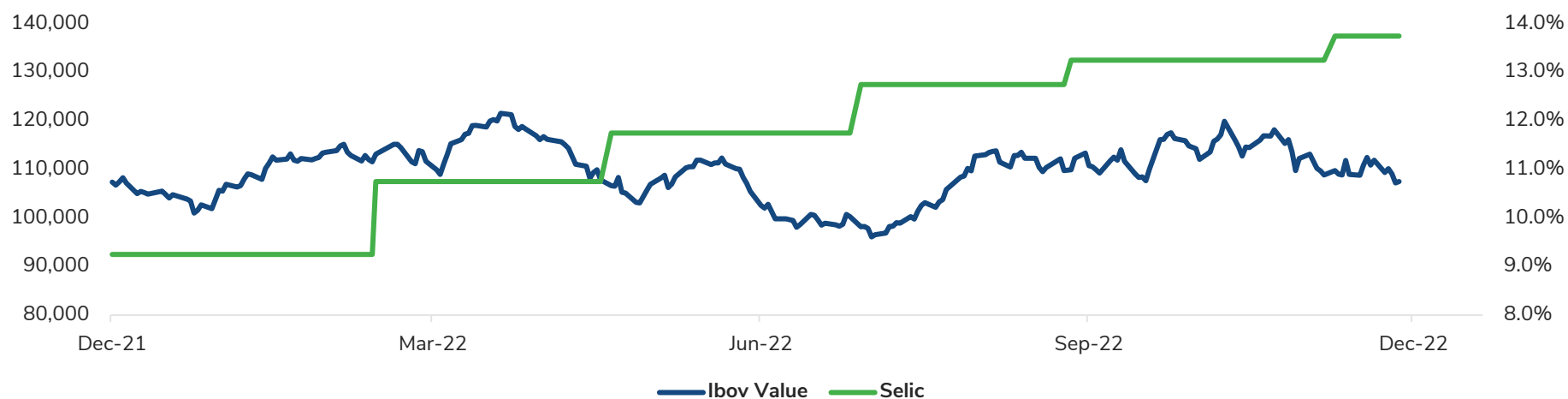
Brazil: Follow – Ons

Company Name	Industry Classification	Date	Value (USD Million)
BR PARTNERS	Financial	27/01/22	1,059
ALPAGARTAS	Footwear	24/02/22	488,236
BRF SA ¹	Meat, Poultry and Others	03/02/22	1,018,387
AREZZO CO	Apparel, Fabric and Footwear	07/02/22	157,578
EQUATORIAL	Electric Utilities	10/02/22	534,017
3TENTOS	Agriculture	02/02/22	906
WDC NETWORKS	Software And Services	14/02/22	881
ALLIED	Electronics And Household Appliance	28/03/22	1,338
FRAS-LE	Road Material	11/04/22	133,843
CBA	Metalic Minerals	11/04/22	190,347
ENEVA	Electric Utilities	08/04/22	804,921
ELETROBRAS	Electric Utilities	13/06/2022	6,601,244
PETRORECSA	Exploration, Refining And Distribution	13/06/22	201,508
CVC BRASIL	Travel And Tourism	17/06/22	77,145
IRBBRASIL RE	Reinsurance	27/06/22	232,171
VAMOS	Car rental	05/09/22	122,745
IGUATEMI S.A.	Real Estate	23/09/22	139,333
ASSAÍ S.A..	Hypermarkets and Super Centers	30/11/2022	507,628
Total			11,213,294

IBOVESPA and Base Rate

Main Brazilian Index – IBOVESPA (LTM)

IBOVESPA X SELIC (Interest Base Rate)



Index	Dec-21	Dec-22	Δ%
Brazil Ibovespa	107.383	105.343	-1.9%

Index	Dec-21	Dec-22	Δ%
Interest Base Rate	9.25%	13.75%	4.5%

52-Week	Ibov Points
High	121.570
Low	96.120
Δ%	26.5%

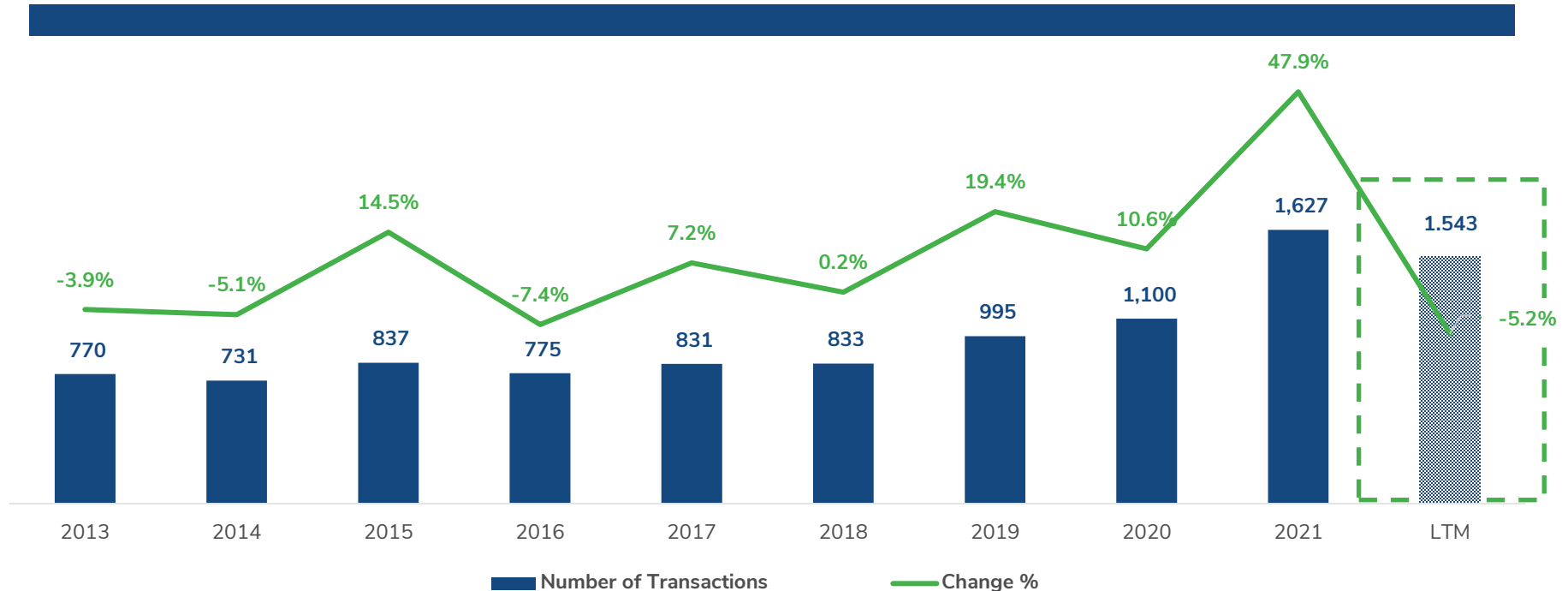
52-Week	Ibov Points
High	13.75%
Low	9.25%
Δ%	4.5%

Sources: S&P Global Market Intelligence as of December 2022
 XP inc. Projections (IBOVESPA)

M&A Activity

M&A Activity in Brazil in 2022 reached a volume of 1,543* transactions (based on Kroll market research), representing a 5.2% decrease compared to the same period in 2021. The sectors with the highest representation are technology, financial institutions and energy. The decrease is due to conservatism, also, cash preservation returned to the main agenda of investors, in a context of greater investments selection with the basic interest rate in Brazil of 13.75% — and without a reduction bias in the medium term.

As IPOs (0) and follow-ons (17) have decreased offers in 2022, M&A activity has taken advantage of this scenario and should remain strong, but with significant challenges from the political scenario.



Sources: (1) Mergermarket, Blog Fusões e Aquisições, Kroll research
 * LTM = Jan-Dec 2022 (Considering December forecast of transactions)

Top 25 M&A Transactions in Brazil 2022

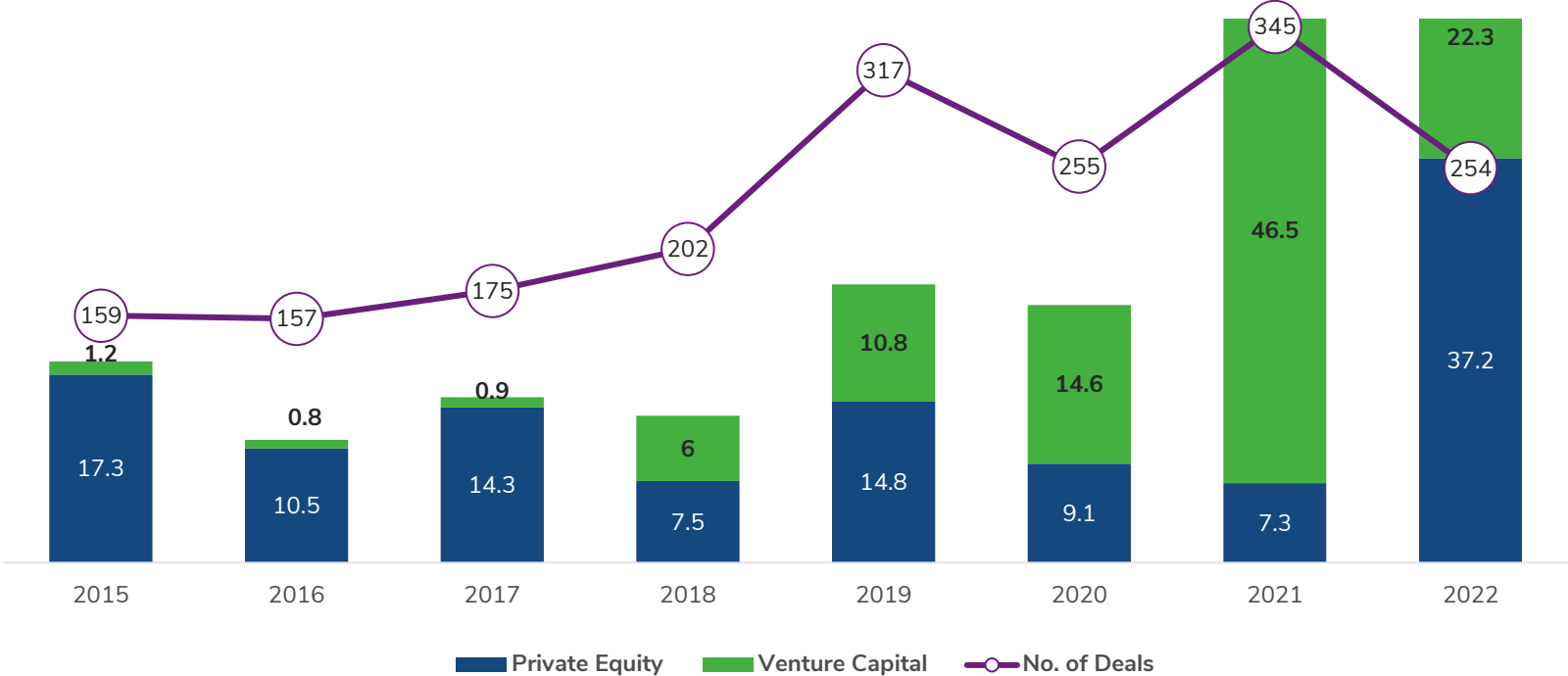
Ranking	Date	Target	Buyer	Industry Classification	Transactions Value BRL million	Transactions Value U\$ million
1	19/08/2022	iFood S/A	Naspers Limited	Food and Beverage	\$28,363.64	\$5,454.55
2	25/08/2022	Grupo DiAx	Grupo Financial	Financial Institutions	\$25,480.00	\$4,900.00
3	10/10/2022	Vale S.A.	Cosan S.A. Industria e Comercio	Mining	\$22,000.00	\$4,230.77
4	18/02/2022	Tigre SA	Advent International Corporation	Construction	\$13,500.00	\$2,596.15
5	28/07/2022	Companhia Siderurgica do Pecem	ArcelorMittal SA	Steel	\$11,220.00	\$2,157.69
6	13/05/2022	Atlas Renewable Energy	Global Infrastructure Partners, LLC	Energy	\$10,000.00	\$1,923.08
7	13/12/2022	Odata	Aligned	Data Centers	\$10,000.00	\$1,876.17
8	01/06/2022	Celse – Centrais Eletricas de Sergipe S.A.	ENEVA S.A.	Energy	\$6,100.00	\$1,173.08
9	26/11/2022	Newave Energia	Gerdau Next Ventures, NW Capital	Energy	\$4,500.00	\$865.38
10	31/07/2022	Esperanza Transmissora de Energia S.A.	Grupo Energia Bogota SA ESP	Energy	\$4,300.00	\$826.92
11	05/07/2022	Companhia de Concessoes Rodoviaras	Votorantim S.A., Itausa - Investimentos Itau SA	Construction	\$4,100.00	\$788.46
12	20/09/2022	Grupo TorreSur (2,600 towers)	SBA Communications Corporation	IT and Equipment	\$3,800.00	\$730.77

Top 25 M&A Transactions in Brazil 2022

Ranking	Data	Target	Buyer	Industry Classification	Transactions Value BRL milion	Transactions Value U\$ milion
13	03/06/2022	Localiza-Unidas assets	Advent International Corporation, Brookfield Asset Management Inc.	Financial Institutions	\$3,672.50	\$706.25
14	24/02/2022	Sul America SA	Rede D'Or Sao Luiz S.A.	Health and Equipment	\$3,116.65	\$599.36
15	26/10/2022	Casa dos Ventos Energias Renovaveis S.A.	TotalEnergies S.A.	Energy	\$3,016.00	\$580.00
16	01/01/2022	Banco Modal	XP Inc.	Financial Institutions	\$2,955.90	\$568.44
17	05/05/2022	FASA Group	Darling Ingredients Inc.	Food and Beverage	\$2,800.00	\$538.46
18	30/06/2022	Merger: Instituto Hermes Pardini S.A. And Fleury S.A.	Merger: Instituto Hermes Pardini S.A. And Fleury S.A.	Health and Equipment	\$2,500.00	\$480.77
19	25/11/2022	V.tal	Canada Pension Plan Investment Board	IT and Equipment	\$2,500.00	\$480.77
20	23/05/2022	PetroChoice	Cosan S.A. Industria e Comercio	Chemical Products	\$2,395.00	\$460.58
21	16/09/2022	Engie Brasil (Pampa Sul Thermoelectric Power Plant)	Grafito Fundo de Investimento em Participacoes Multiestratégia	Energy	\$2,200.00	\$423.08
22	09/08/2022	Ventos do Araripe I wind farm, Cassino (wind power plant), Caetes (wind power plant)	AES Brasil	Energy	\$2,000.00	\$384.62
23	16/11/2021	Facily	Luxor Capital Group, LP, Tiger Global Management	Telecommunication Services	\$1,903.20	\$366.00
24	11/10/2022	Ventos de Santo Antônio	Galp Energia	Energy	\$1,900.00	\$365.38
25	06/10/2022	Aventura ,Santa Rosa & Mundo Novo	Cia Paranaense de Energia (Copel), Cia Paranaense de Energia (Copel)	Energy	\$1,800.00	\$346.15
Total					\$167,122.89	\$33,822.88

Private Equity and Venture Capital Activity

Investments and No. of Deals per Year (BRL bn)



Source: ABVCAP
Investments and No. Of Deals per year 2022: Jan to Sep period

Private Equity and Venture Capital Activity

Ranking	Invested Company	Investment in BRL Million	Management Fund
1	Winity	\$8,800.00	Pátria Investimentos
2	Ifood/Movile	\$7,800.00	Prosus
3	Empreendimentos Imob. (RJ, SP, BSB)	\$5,900.00	Brookfield Asset Management
4	Ouro Verde	\$3,570.00	Brookfield Asset Management
5	Riacho da Serra Energia	\$3,500.00	Exus Brasil Investimentos
6	Usina Termelétrica Pampa Sul	\$2,200.00	Perfin Investimento / Starboard
7	Usinas Hidrelétricas	\$1,730.00	Pátria Investimentos
8	Creditas	\$1,430.00	Fidelity / Actyus / Greentrail Capital / QED Investors / Softbank / Kaszek Ventures
9	Tigre	\$1,350.00	Advent International
10	Highline/Lemvig/ 8 mil torres da Oi	\$1,088.00	DigitalBridge
11	Velvet	\$1,050.00	Yolo Investments
12	Hidrelétrica da EDP	\$800.00	Victory Hill Cpital Partners / Paraty Energia
13	Omega Energia	\$770.00	Actis

Private Equity and Venture Capital Activity

Ranking	Invested Company	Investment in BRL Million	Management Fund
14	Evino	\$650.00	Vinci Partners
15	Dock	\$561.00	Lightrock / Silver Lake Waterman / Riverwood Capital / Viking Global Investors / Sunley House Capital
16	Solides	\$530.00	Warburg Pincus
17	XP Inc	\$520.00	General Atlantic
18	Sol Fácil	\$510.00	Qed Investors / Softbank / Valor Capital / VEF
19	Gupy	\$500.00	Softbank / Riverwood / Endeavor Catalyst / Oria Capital / Maya Capital
20	Flash	\$500.00	Battery Ventures / Whale Rock / Tencent / Tiger Global / GFC / Citius
21	Unico	\$500.00	Goldman Sachs / General Atlantic / Softbank
22	CLI (Corredor Logística e Infraestruturs)	\$500.00	Macquarie Asset Management
23	Omega Geração	\$485.70	Actis
24	Semantix	\$479.40	Innova Capital / Crescera Investimentos
25	Origo Energia	\$460.00	Augment Infrastructure
Total		\$46,184.10	

Brazil by the Numbers

	2016	2017	2018	2019	2020	2021	2022P	2023P
Inflation IPCA (%) Median	6.3	2.9	3.7	4.3	4.5	10.1	5.8	5.0
Exchange Rate EOP (BRL/USD)	3.26	3.31	3.88	4.03	5.19	5.57	5.25	5.50
Nominal Interest Rate SELIC (%) EOP	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.0
Nominal GDP (USD bn)	1,88	2,06	1,92	1,88	1,44	1,61*	1,87	1,96
Real GDP Growth (% – Market prices)	(3.3)	1.3	1.8	1.2	(3.9)	4.6	2.2	0.5
Trade Balance (USD bn)	40.0	56.0	47.0	35.0	50.0	61.0	57.0	61.0
Direct Investments (% GDP)	4.1	3.3	4.1	3.7	3.0	2.8	3.6	3.0
International Reserves (USD bn)	372	382	387	367	356	362	330	330
Gross Public Debt (% GDP)	69.9	73.7	75.3	74.3	88.8	80.3	80.6	84.5
Primary Result (% GDP)	(2.5)	(1.7)	(1.5)	(0.8)	(9.4)	0.7	1.1	(1.5)
Unemployment – IBGE % EOP	12.8	12.5	12.4	11.8	15.0	11.9	8.6	9.3

Definitions:

BRL: Brazilian Real (currency unit)

EOP: End of period

IBGE: Brazilian Institute of Geography and Statistics

IPCA: Brazilian inflation index

SELIC: Sistema Especial de Liquidação e Custódia (Brazilian basic interest rate)

(*): Projected

Sources: Itaú BBA Projeção Macro June 2022, XP Investimentos December 2022, IMF, Bloomberg and Bacen


Selected Kroll Brazil Corporate Finance Transactions




companies of



have been acquired by



Duff & Phelps served as exclusive financial advisor to Grupo JD



February, 2020

DUFF & PHELPS
Protect, Restore and Maximize Value

Corporate Finance team advised



in its financing and debt restructuring negotiations

Duff & Phelps served as exclusive financial advisor to Multicoisas

May, 2020




Duff & Phelps act as the Judicial Administrator and Sell Side Advisor to the Thermal Management Division of Arlington Industries Group to Cartesian Capital Group.

Company revenues are +€150 million, with operations in Brazil, China, Germany, France, the UK and the US.



DUFF & PHELPS
A KROLL BUSINESS

February 2021



A company of



has been acquired by




An investment of the controlling shareholders of Marfrig S.A.

Duff & Phelps served as exclusive financial advisor to Grupo JD



September 2020



Duff & Phelps served as the exclusive financial advisor to Gualapack Brasil on the Acquisition of Teruel Embalagens.



Gualapack is the world leader in pre-made spouted pouches and a global player in the flexible packaging industry. Gualapack is headquartered in Italy, has manufacturing sites worldwide to attend clients in the food, pharma/medicals, cosmetics/ beauty, homecare and industrial sectors.

With two factories and +50 years of operation, Teruel has a leading position in flexographic printing and packaging in Brazil. Innovation, ethics and sustainability are drivers of Teruel businesses.




DUFF & PHELPS
A KROLL BUSINESS

September 2021





Duff & Phelps served as the lead financial advisor to Piemonte Holding on the Acquisition of Five Data Centers of Oi S.A. - Em Recuperação Judicial in Brazil. Operations are in São Paulo, Brasília, Curitiba and Porto Alegre, and attend large telco companies and financial institutions.




DUFF & PHELPS
A KROLL BUSINESS

March, 2021

Project Stars

Duff & Phelps served as the financial advisor to Piemonte Holding on the Acquisition of Globo Comunicação e Participações S.A. Data Centers (Tier III) in Brazil.



DUFF & PHELPS
A KROLL BUSINESS

July, 2021




Project Saturn

Duff & Phelps, A Kroll Business, served as the financial advisor to Piemonte Holding in their transaction with Goldman Sachs to expand its Data Centers operations in Brazil. Platform of this investment is the acquisition of Oi S.A. Data Centers, completed in March 2021 by Piemonte Holding.



DUFF & PHELPS
A KROLL BUSINESS

July 2021




Kroll Corporate Finance team served as the exclusive financial advisor to Nitrosul Indústria e Comércio de Explosivos Ltda. in their transaction with Austin Powder Company.

The Companies are traditional manufacturers of explosives and initiation systems for industrial blasting operations.

Nitrosul was founded in 2004 and is a market leader in Brazil. Austin Powder is one of the oldest manufacturers of explosives in the world, serving today the American, European and Asian markets.




January 2022




Kroll Brazil Corporate Finance team served as the exclusive financial advisor to Viajanet in their transaction with Despegar.

Viajanet is a leading online travel agency in Brazil. Founded in 2009 the Company sells airline tickets, pre-assembled travel packages, hotel stays, travel insurance, and other facilities linked to tourism.

Despegar.com (NYSE: DESP) is the leading online travel company in Latin America. Operating across 20 countries, Despegar provides a broad suite of travel products. The Company owns and operates Despegar, its global brand, and Decolar, its Brazilian brand.



June 2022

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