

MIXED PROSPECTS IN LATIN AMERICA WITH MEXICO LEADING THE M&A RACE

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Biggest M&A deals in Latin America in 2015					
Value	Country	Bidder	Bidder legal advisers	Target	Target legal advisers
€5.2bn	Brazil	Banco Bradesco	Clifford Chance; Lefosse Advogados	HSBC Bank Brasil - Banco Multiplo	
€2.6bn	Brazil	British American Tobacco	Ulhoa Canto, Rezende e Guerra - Advogados; Advising FA: Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados	Souza Cruz (24.74% Stake)	
€2.3bn	Mexico	Teva Pharmaceutical Industries	Greenberg Traurig	Representaciones e Investigaciones Médicas	Robles Miaja Abogados; Skadden Arps Slate Meagher & Flom

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Low costs in the 'highly competitive' country mean it is a great place to invest, according to lawyers, who also identify significant opportunities in Colombia and Chile

Mexico is expected to be the scene of many of the most significant M&A deals in 2016, with considerable activity expected due to anticipated growth in sectors such as tourism and exports. Data released by Mergermarket shows that seven of the 20 biggest M&A deals in Latin America in the last 12 months took place in Mexico. These included the \$2.3 billion acquisition of Mexico-based Representaciones e Investigaciones Médicas (RIMSA) by Teva Pharmaceutical. Law firms Skadden Arps Slate Meagher & Flom and Robles Miaja advised the sellers while Greenberg Traurig acted for Teva. Other sectors in Mexico where there was a significant level of M&A activity in the last year were telecommunications, energy and mining, and consumer goods.

"Mexico will remain a great country to invest in, with drivers such as tourism, exports and remittances on the up or at least maintained," according to Daniel del Rio, senior partner at Mexican law firm Basham. "The costs are low and competitiveness remains high."

Deep recession

In contrast, Brazil, the region's largest economy, is suffering from a deep recession and its downturn is set to affect other countries in Latin America. However, seven of the region's largest M&A deals took place in Brazil in 2015. These included HSBC's \$5.2 billion sale of its Brazilian assets to rival bank Bradesco, which was Latin America's biggest deal overall. Linklaters and Pinheiro Guimarães acted

for the sellers while Bradesco instructed Clifford Chance and Lefosse. No Colombian transactions registered in the top 20 M&A deals tables in 2014 and 2015. However, two of the region's biggest cross-border acquisitions in 2015 had Colombian buyers: Almacenes Exito's \$1,5 billion acquisition of a 18 per cent stake in Companhia Brasileira de Distribuicao in Brazil and Empresas Publicas de Medellin's \$960 million purchase of Aguas de Antofagasta in Chile.

Martin Acero, the Colombia-based co-chair of Philippi Prietocarrizosa & Uriá says there are significant opportunities for investors in Colombia, particularly in infrastructure, despite the fact that 2015 was a challenging year for Colombia and the wider region and that this is anticipated to continue to be the case in 2016. He adds: "Other areas, such as real estate and agribusiness are also likely to grow if the peace agreements are signed this year."

There were three Chilean deals in the top 20 ranking in 2015. The biggest acquisition was in the mining sector: Antofagasta's \$1 billion purchase of a 50 per cent stake in Compañía Minera Zaldivar from Barrick Gold. Law firms Carey in Chile and Davies Ward Phillips & Vineberg in Canada acted for the sellers while the buyers instructed Bofill Mir & Alvarez Jana in Chile and Cassels Brock & Blackwell in Canada.

Note of caution

Jaime Carey, managing partner at Carey in Chile, is cautious in his outlook for 2016: "Demand for commodities remains low and copper prices at the current low level will take a toll on the Chilean economy. On the other hand, with many sectors and assets in Chile becoming more attractive to foreign investors because of their low prices, we expect more M&A deals led by international buyers." Juan Francisco Gutiérrez, co-chair of Philippi Prietocarrizosa & Uriá in Chile, added that despite the overall economic outlook remaining challenging, new tax and labour regulations "will generate plenty of legal work and the market is set to remain stable."