

Citigroup Brazil's Ex-Top Investment Banker to Hire 55 at New M&A Outfit

By Joao Oliveira - Sep 12, 2010

BR Advisory Partners Participacoes SA, a consulting firm founded by Ricardo Lacerda, former head of Citigroup Inc.'s investment banking unit in Brazil, plans to more than double its team to rank among the four largest in the country in mergers and acquisitions by 2012.

BR Partners will expand its workforce to 90 people from the current 35, Lacerda said in a Sept. 8 interview in Sao Paulo. The company was involved in transactions totaling 11 billion reais (\$6.4 billion) this year, the last one as an advisor to Hospital e Maternidade Sao Luiz, which was bought by Rede D'Or.

"We did 11 M&A transactions this year," said Lacerda, who ran Goldman Sachs Group Inc.'s business in Brazil for four years before joining Citigroup in 2005. "We want an average of 20 deals every year and we want to be among the top four in the country."

The number of mergers and acquisitions in Brazil this year may top a record, according to Bruno Amaral, M&A coordinator at the Brazilian Association of Capital Markets and an executive in the same area at Banco BTG Pactual SA.

This year, there were 349 deals in Brazil, totaling 141.6 billion reais, according to Bloomberg data. That tops the 140 billion reais in 354 deals in 2009. The record in 2008 was 506 deals, with a value of 142.8 billion reais.

Lacerda, 42, left Goldman Sachs in August 2005 as the New York-based firm attempted to combine with Banco Pactual SA, then Brazil's second-biggest stock underwriter. Under Lacerda, Goldman ranked as Brazil's top merger adviser for three years. At Citigroup, Lacerda helped the bank rise from 14th place in 2005, with two deals, to number 7, with 13 M&A transactions, by the time he left in 2009, according to data compiled by Bloomberg.

Equity, Bond Sales

BR Partners, which ranks No. 8 in M&A by number of deals in Brazil this year, plans to hire 25 people in 2010 and another 30 in 2011, said Lacerda, who is the company's chief executive officer.

BR Partners advised Carlyle Group on the acquisition of Grupo Qualicorp, a Brazilian health plan administrator, which was announced July 19. Magazine Luiza SA also hired BR Partners to buy Lojas Maia that month. BR Partners is currently working on 25 M&A deals, Lacerda said.

The company this month plans to file a request to Brazil's central bank to operate as a financial institution. That would allow it to expand into equity and bond sales, he said.

BR Partners raised 250 million reais from local investors for a private equity fund.

"We don't want to take control of companies," Lacerda said. "We want to enter as minority shareholders and act as financial director or have a position on the board."

Microeconomic Reforms

All industries linked to the domestic economy in Brazil are attracting foreign investors, Lacerda said, adding that regulatory issues in some businesses are holding back mergers and acquisitions.

"In the health sector, you have to get permission for foreigners to buy stakes," Lacerda said. "In sectors that are dependent on government concessions, such as energy, roads and sanitation, you have to specify how those concessions will be renewed. I have no doubt more money will come in as soon as the new government works on these microeconomic reforms."

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