

Latin America M&A and Joint Ventures

Sullivan & Cromwell has been involved in mergers, acquisitions, dispositions and joint ventures ranging from industry-transforming megadeals to intricate matters that are smaller in scope but challenging by nature.

Whether representing clients based in the region on important acquisitions and sales of assets or assisting clients from around the globe with in-bound, strategic investments, S&C provides sophisticated advice that draws on diverse, global experience.

M&A

The Firm's lawyers take a thoughtful and proactive approach to structuring deals and driving negotiations. S&C lawyers are well-versed in the variety of regulatory and legal compliance issues that may arise in cross-border transactions. The Firm also works closely with local counsel to address the local regulatory issues in relevant jurisdictions.

This approach and the Firm's long-standing commitment to the region, has placed S&C at the top of the Latin America M&A legal league tables for more than 10 years.

Joint Ventures

The value of the Firm's advice is often demonstrated throughout the life of a joint venture, drawing on a strong understanding of critical foreign investment concerns; the parties' long- and short-term objectives; and their regulatory, tax and strategic considerations.

Regional and Client Diversity

The Firm's Latin America M&A and joint venture experience spans myriad industries, including:

- financial services,
- mining and metals,
- oil and gas,
- healthcare,
- insurance,
- cement and construction,
- airline,
- infrastructure,
- consumer products,
- manufacturing, and
- telecommunications.

SELECTED REPRESENTATIONS

Recent Latin America M&A experience includes representations of:

- **TheNotCompany, Inc.** (Chile) in its joint venture with The Kraft Heinz Company (U.S.)
- **Sumitomo Metal Mining** (Japan) and Sumitomo Corporation (Japan) in the up to \$2.2 billion sale of their collective 45% interest in Sierra Gorda Copper S.C.M. (Chile) to South32 (Australia)
- **N&P Holdings, L.P.** (U.S.), a vehicle indirectly owned by the former CEO of Softbank Group International (Japan), Marcelo Claire, in

PRACTICES & CAPABILITIES

Latin America

Latin America M&A and Joint Ventures

Latin America Capital Markets and Financing

Latin America Project Development and Finance

Latin America Sovereign Finance

Latin America Financial Services

Latin America Dispute Resolution

Latin America Estates and Personal

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the sale of its interest in the Major League Soccer team Inter Miami F.C. (U.S.) to the team's existing co-owners, Jorge Mas, Jose Mas and David Beckham

- **AT&T Inc.** (U.S.) in its sale of Vrio Corp. (U.S.) to Grupo Werthein (Argentina)
- **Grupo Carrefour Brasil** in connection with its approximately \$1.2 billion pending acquisition of Grupo BIG Brasil SA from Advent International and Walmart.
- **SoftBank Group International** (Japan), through its SoftBank Latin America Fund (U.S.), in the \$100 million Series B funding round of Habi (Colombia), the largest funding round ever raised by a woman-led Latin American company and the largest Series B for a start-up headquartered in Colombia
- **Delta Air Lines** in its strategic partnership with LATAM Airlines Group and Delta's \$1.9 billion investment for a 20 percent stake in LATAM.
- **Grupo de Inversiones Suramericana** (Grupo SURA) in connection with La Caisse de dépôt et placement du Québec's (CDPQ) announced acquisition, subject to regulatory approval, of a strategic minority interest in Grupo SURA's subsidiary SURA Asset Management, one of Latin America's leading financial institutions with \$135 billion in assets under management, from sellers Bancolombia and Grupo Wiese.
- **Enfoca** in connection with its portfolio company Grupo Aúna's agreement to acquire Grupo Empresarial Las Américas.
- **Minsur** in its sale of a 40 percent stake in Cumbres Andinas, its subsidiary that owns Marcobre and the Mina Justa copper project, to Alxar Internacional, a subsidiary of Empresas Copec, in a transaction valued at \$200 million.
- **PointState Capital** in its \$105 million acquisition of the Sheraton Buenos Aires Hotel and Convention Center, the Park Tower Hotel and adjacent development property located in Buenos Aires, Argentina, from Marriott International, Inc.
- **Canada Pension Plan Investment Board (CPPIB)**, as a member of a consortium led by Brookfield Infrastructure, in its \$1.3 billion sale of its approximately 27.8 percent interest in ETC Transmission Holdings, the parent company of Transelec, to China Southern Power Grid.
- Goldman Sachs as financial adviser to **Avon Products** in its \$3.7 billion acquisition by Natura.
- BofA Securities, Inc. as financial adviser to **Red de Carreteras de Occidente (RCO)** in connection with the definitive agreement among RCO, affiliates of Goldman Sachs Infrastructure Partners (GSIP) and a consortium formed by Abertis Infraestructuras, S.A. (Abertis) and an affiliate of GIC Private Limited's (GIC) under which Abertis and an affiliate of GIC will acquire the 70% stake in RCO owned by affiliates of GSIP.
- Bank of America Merrill Lynch as financial adviser to **Sempra Energy** in its agreement to sell its equity interests in its Peruvian businesses, including its 83.6 percent stake in Luz del Sur S.A.A., to China Yangtze Power International (Hongkong) Co., Limited for \$3.59 billion in cash; and as financial adviser to Sempra Energy in its agreement to sell its equity interests in its Chilean businesses,

including its 100 percent stake in Chilquinta Energía S.A., to State Grid International Development Limited for \$2.23 billion in cash.

- **Bank of America Merrill Lynch** as financial adviser to **Kenon Holdings Ltd.** in connection with its wholly owned subsidiary Inkia Energy Limited's agreement to sell all of its Latin American and Caribbean businesses for cash consideration of \$1.177 billion to I Squared Capital.
- **BP** in its announced agreement with Bidas Corporation to form a new, integrated energy company, Pan American Energy Group, which will be the largest privately owned integrated energy company operating in Argentina.
- **A consortium** led by China Three Gorges, including Hubei Energy Group, ACE Investment Fund II LP and CNIC, in its \$1.39 billion acquisition of Empresa de Generación Huallaga from Odebrecht Energía del Perú and Odebrecht Energía.

The transaction was honored as "Banking and Finance Deal of the Year" by *Latin Lawyer* and "Impact Deal of the Year" at *International Tax Review Americas 2019 Awards*.

- **Fiat Chrysler Automobiles** in its \$234 million pending sale of its global cast iron automotive components business to Tupy.
- **Grupo Argos** in the COP 407 billion sale of its 50 percent stake in the port operator Compañía de Puertos Asociados (Compas) to West Street Infrastructure Partners III, an investment fund managed by Goldman Sachs.
- **State Grid International Development Limited** in its acquisition, in a negotiated initial sale and follow on tender offer, of a 94.8 percent stake in CPFL Energia S.A. from Camargo Corrêa S.A., several Brazilian pension funds and other shareholders for a total enterprise value of approximately \$13 billion.

The Financial Times named the deal a "Standout" for "Innovation in Legal Expertise: Managing Complexity and Scale" in 2017.

- **CIC Capital Corporation**, as a member of a consortium led by Brookfield Infrastructure and Brookfield Asset Management, in its \$5.2 billion acquisition of a 90 percent ownership interest in Nova Transportadora do Sudeste from Petróleo Brasileiro.

The deal was named "Private Equity Deal of the Year" by *Latin Lawyer* in 2018 and "Latin American Midstream Oil & Gas Deal of the Year" by *IJGlobal* and "Global M&A Deal of the Year: Latin America" by *The American Lawyer* in 2017.

- **Ternium** with antitrust merger clearance in connection with its acquisition of ThyssenKrupp Companhia Siderurgica do Atlantico; and in U.S. antitrust matters in connection with its \$3.2 billion acquisition of Grupo Imsa.
- **AT&T** in its \$2.5 billion acquisition of Iusacell and \$1.875 billion acquisition of Nextel Mexico. In connection with these acquisitions, AT&T announced its plans to create the first-ever North American Mobile Service area, covering more than 400 million customers in Mexico and the United States in a single network.
- **AT&T** as stakeholder in América Móvil in both its \$25.7 billion acquisition of Carso Global Telecom and in its \$6.4 billion acquisition of Telmex Internacional.

The Carso Global Telecom acquisition is one of the

largest-announced M&A transactions in Latin America.

- **Maaji** in its combination with SEAFOLLY, a portfolio company of *L Catterton's* Asian arm, *L Catterton Asia*, under which *L Catterton Asia* is now the controlling shareholder of the combined business – creating the world's largest independent swimwear and beach lifestyle business.
- **Canada Pension Plan Investment Board (CPPIB)** in a series of transactions pursuant to which it acquired substantial minority stake in *Transportadora de Gas del Perú*.
- **Transportadora de Gas del Sur S.A. (TGS)** in *Grupo Inversor Petroquímica S.L., WST S.A. and PCT LLC's* mandatory tender offer for the acquisition of up to a total of 194,651,345 book-entry Class B shares of common stock representing up to a total of 24.5% of the capital stock of TGS.
- **PointState Capital LP** through its Argentina-focused fund, *PointArgentum Master Fund LP*, in its acquisition of a minority interest in *Plaza Logística Argentina LLC*.
- **Anglo American** in its sale of its 70 percent interest in the *Amapá* iron ore operation in Brazil to *Zamin Ferrous Limited*.
- **Bancolombia** in its \$2.2 billion acquisition of *HSBC Bank (Panama)* and its subsidiaries.

This was the largest-ever acquisition by a Colombian company outside of the country.

- **Bankia** in its approximately \$947 million sale of its subsidiary, *City National Bank of Florida*, to *Banco de Crédito e Inversiones*.

This transaction marks the first time that a Chilean bank has purchased a U.S. bank and was recognized as "South America Deal of the Year" by *M&A Atlas* and "Outbound Investment Deal of the Year" by *Latin Lawyer*.

- **AIG** in the sale of 100 percent of its subsidiaries operating in *El Salvador, Guatemala, Honduras and Panama* to *Grupo ASSA* for an undisclosed sum.
- **UnitedHealth Group** in its \$4.9 billion acquisition of 90 percent of *Amil Participações*.

This transaction represented the largest Brazilian acquisition by a U.S. company. *The American Lawyer* named it "Global M&A Deal of the Year: Brazil."

- **LAN Airlines** in its approximately \$3.4 billion combination with *TAM*, creating *LATAM Airlines Group*.

The transaction created the largest airline in Latin America and the second-largest in the world by market capitalization. It was awarded *IFLR Americas* and *Latin Lawyer* "M&A Deal of the Year" and *The American Lawyer* "Global Deal of the Year: Latin America." It was commended by the *Financial Times* in its "Innovative Lawyers" report.

- **LATAM Airlines Group** in its subscription agreement providing for *Qatar Airways* to acquire up to 10 percent of *LATAM's* total shares, which will be acquired in connection with a capital increase.
- **Cementos Argos** in connection with its subsidiary *Argos USA*

LLC's definitive agreement with HeidelbergCement AG, through its subsidiaries Essroc Corp. and Lehigh Hanson, Inc., to acquire its Martinsburg, West Virginia cement plant and eight related terminals for \$660 million.

- **Cementos Argos** in its acquisition of Lafarge's 53 percent stake in Lafarge Cementos, a Honduran cement company, for €232 million (reflecting a total enterprise value of €435 million).
 - **Bayer** in its €5.9 billion agreement to sell selected Crop Science businesses to BASF, including the transfer of intellectual property, facilities and employees in Brazil.
 - **BBVA** in the individual sales of its pension funds in Chile, Colombia, Mexico, Peru and Panama, for a combined value of approximately \$4 billion. The sales included the \$2 billion sale of its approximately 64.3 percent interest in Chilean pension fund administrator Administradora de Fondos de Pensiones Provida to MetLife; the \$490 million sale of its operations in Panama to Grupo Aval; the \$530 million sale of its Colombian pension fund administrator, BBVA Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías, to Sociedad Administradora de Fondos de Pensiones y Cesantías, Porvenir; and the \$1.74 billion sale of its Mexican pension fund administrator, Afore Bancomer, to Afore XXI Banorte.
 - **Ally Financial** in the \$4.2 billion sale of its international operations, including in Brazil, Mexico, Colombia and Chile, and in the \$865 million sale of its Mexican property and casualty insurance business conducted by ABA Seguros and certain related entities to ACE.
 - **Anglo American** in its complex and pathbreaking \$5.5 billion acquisition of IronX (renamed Anglo Ferrous Brazil) from MMX Mineração e Metálicos, through a spin-off of IronX from MMX, including an initial acquisition from controlling shareholders of IronX and a subsequent public tender offer to its remaining shareholders, and in the sale of its 70 percent interest in the Amapá iron ore operation in Brazil to Zamin Ferrous.
 - **Mitsui & Co.** in its acquisition of a 30 percent interest in Gestamp Automoción's North and South America operations.
 - **ING Groep** in the \$3.8 billion sale of its Latin American pensions, life insurance and investment management operations to Grupo de Inversiones Suramericana.
- The transaction was the largest foreign acquisition by a Colombian company. It was awarded *Latin Lawyer's* "M&A Deal of the Year."
- **CPPIB** in its acquisition of a significant minority stake in five major Chilean toll roads from Atlantia.
 - **CST Mining Group** in its \$505 million acquisition by Minsur of a 70 percent stake of Marcobre.
 - **Rio Tinto** in the \$1.2 billion sale of its 23 Alcan Packaging Food Americas flexible packaging facilities in Argentina, Brazil, Mexico, the United States, Canada and New Zealand to Bemis.
 - **The Royal Bank of Scotland** in the sale of substantially all of the assets and liabilities of its Argentine operations to Banco Comafi and in the sale of its Chilean and Colombian banking operations to Scotiabank.
 - **Anheuser-Busch InBev NV/SA** in its \$20.1 billion acquisition of the

remaining stake it does not already own in Grupo Modelo; as parent of Grupo Modelo in the \$2.9 billion sale of Compañía Cervecería de Coahuila to Constellation Brands; and in connection with Constellation Brands' \$600 million acquisition of a brewery operation from Grupo Modelo.

The acquisition of Grupo Modelo was the largest M&A deal in Latin America in 2013 and one of the largest-ever in the region.

- **InBev** in its \$60.8 billion acquisition of Anheuser-Busch.

This transaction resulted in the creation of the world's largest brewer and one of the world's top-five consumer products companies by uniting the maker of Budweiser and Michelob with the producer of Stella Artois, Bass and Brahma. It is the largest-ever U.S. acquisition by a non-U.S. company.

- **Interbrew** in connection with its \$11.4 billion business combination with Ambev in 2004, creating InBev.

This deal was awarded *Euromoney's* "Latin America: Best M&A Deal."

Recent Latin America joint ventures experience includes representations of:

- **GBM Infraestructura and Goldman Sachs Infrastructure Partners** in the acquisition of all of the equity interest of Oak Creek, a Marubeni subsidiary, in the Tres Mesas wind project under development in Mexico. Named "Latin America Wind Deal of the Year" by *IJ Global*.
- **Antofagasta** in its various joint ventures with Marubeni, including the \$350 million acquisition by Marubeni of a 30 percent interest in Minera Antucoya and the \$1.4 billion sale to Marubeni of a 30 percent interest in each of Minera Esperanza, a greenfield copper-gold mining project, and Minera El Tesoro, which owns and operates an existing open-pit copper mine.
- **Sumitomo Metal Mining and Sumitomo** in their acquisition of a 45 percent stake in the Sierra Gorda copper-molybdenum project in Chile.
- **Nippon Steel** in its \$350 million joint venture with Ternium for the manufacturing and sale of hot-dip galvanized and galvanized steel sheets to serve the Mexican automobile market.
- **AIG** in the restructuring of its joint venture operations in Brazil with Unibanco.
- **AIG** in the \$170 million sale of its interests in El Pacífico Vida Compañía de Seguros y Reaseguros and El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros to its joint venture partners, Credicorp and Grupo Crédito.

This was the largest insurance M&A transaction in the history of Peru.

- **Mitsui & Co.** in its acquisition from Vale of a noncontrolling stake in a phosphorus ore project being developed by Vale in the Bayóvar area of Peru's Piura province and the entry into a joint venture with Vale and The Mosaic Company. The transaction valued the Bayóvar project at \$1.1 billion, with a wholly owned subsidiary of Mitsui purchasing 25 percent of the project for \$275 million.

As reported by the involved parties, the transaction represents the

first time that a Japanese company has acquired an economic interest in phosphorus deposits.

- **China Minmetals** in its 50/50 joint venture with Codelco, establishing Copper Partners Investment Company.
- **Fiat** in its strategic alliance with Chrysler, whereby Fiat will provide distribution access to Latin America for Chrysler products and Chrysler will potentially produce vehicles based on Fiat's platforms at assembly plants and an engine factory in Mexico.