

Contact:

James Stranko, LAVCA

jstranko@lavca.org / 1.646.315.6737



Latin American Deal Activity Continues at Record Pace, Mid-Market Heats Up

LAVCA Releases Mid-Year PE/VC Data for Latin America & Special Report on Mid-Market Activity

New York, September 6, 2012 –Deal activity in Latin America surged in the first half of 2012, according to data released today by the Latin American Private Equity and Venture Capital Association (LAVCA), reflecting how firms across the region are utilizing ‘dry powder’ from last year’s record fundraising cycle. In the first half of the year, firms closed 90 deals across Latin America, representing a 38% increase from 1H2011.

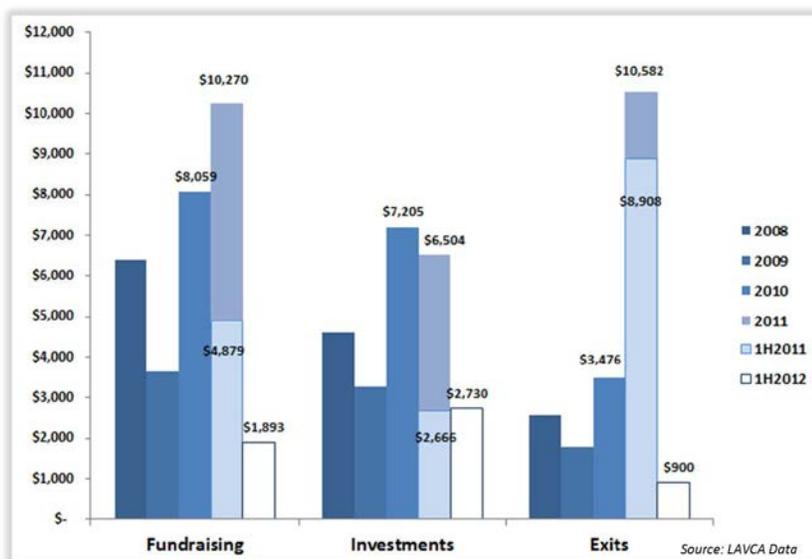
A total of US\$2.7bn was committed to new investments, representing only a small increase - 2% - from the previous year. This points to a trend in smaller and mid-market deals, with the quantity of deals at amounts lower than US\$50m doubling from 22 in 1H2011 to 42 in the first half of 2012.

The pace of fundraising slowed from 2011, with US\$1.9bn raised across the region in the first half of 2012 versus a record US\$4.9bn in the first six months of 2011. Despite the decrease, LAVCA data shows a market with a number of new entrants and a significant diversification in fund sizes, including a US\$850m regional fund raised by Victoria Capital Partners. Of the US\$1.9bn total, regional funds accounted for US\$1.05bn and a further US\$850m came from funds directed towards Brazil.

Exit activity reflected 13 divestments for a total of US\$1bn, and reflects a decrease from a very active exit market in 2011.

Commenting on the data, LAVCA’s Executive Director Cate Ambrose said: “This mid-year data demonstrates that PE investors are working to deploy the capital committed to new funds in 2010-2011. The surge in mid-market activity represents a more mature industry with more experienced managers looking beyond larger targets. At the same time, investors are looking for better returns across a wider spectrum sectors and sizes.”

Trends on Fundraising, Investments and Exits



of

The majority (90%) of the overall deal activity took place in the region’s two largest economies. Brazil, as in previous years, dominated with 82% of the total invested and 57% of the number deals. Mexico, however, has seen record investor interest, comprising 8% of total invested and 10% of deals done in Latin America. Capital committed to new investments in Mexico grew by 171% (US\$228m v. US\$84m) between 1H2011 and 1H2012, with 9 deals closed, as compared to 5 deals during the same period last year.

LAVCA’s mid-year data also shows strong interest in the Venture Capital and IT space, with almost 40 new media, Internet, and e-commerce deals closed in the first half of the year alone.

About the Latin American Private Equity and Venture Capital Association

The Latin American Private Equity and Venture Capital Association (LAVCA) is a not-for-profit membership organization dedicated to supporting the growth of the private equity and venture capital industry in Latin America and the Caribbean. LAVCA's membership is comprised of over 150 firms, from leading global investment firms active in the region to local fund managers from Mexico to Argentina. Member firms control assets in excess of \$50 billion, directed at capitalizing and growing Latin American businesses. In addition to the support of its member firms, LAVCA research and programs are made possible thanks to an ongoing core commitment from the Multilateral Investment Fund (MIF/FOMIN) and the Andean Development Bank (CAF). Visit www.lavca.org for more information.