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# Highlighting Competitive Sectors in Latin America and the Caribbean

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# Firm Profile



- A Global Private Equity Fund Manager Focused on Emerging Markets - \$475m of committed capital under management in 21 funds
- \$308m of new funds under management planned in the next 18 months
- Invested in 176 transactions in the emerging markets since 1989
- An global infrastructure with strong local market intelligence
- 50+ Institutional investors

# Homebuilding

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- Targets growing need by all socio-economic levels
- Driven by demographic trends
  - Rising local income levels
  - Aging population in developed markets seeking to relocate to region
  - Capturing a piece of \$3 Bn Salvadorian remittance flows
- Benefits from dollarization of economy and (still) relatively low interest rates
- Security concerns and cost benefits make the gated community the choice of most new homebuyers
- Other industries benefiting from similar trends – tourism, infrastructure

# Avance Ingenieros, El Salvador



- ACAF invested \$4m in the expansion of Avance Ingenieros ('Avance') in 2004.
- Avance is the leading homebuilder in El Salvador, targeting the mid-high income segments of the market.
- The Company is a family owned business with a husband/wife management team.
- Company approached Aureos following 2001 earthquakes

## Results to date

- Company has benefited post earthquakes, with sales rising over 200% from 2001 lows
- Dollarization and increased banking liquidity have made construction and mortgage financing widely available
- Company sells 25-50% of its homes to Salvadorians living abroad
- ACAF has more than recovered its initial investment amount, while retaining its original equity position in the Company

# Services to local regional market

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- Growing economies mean growing service and product needs:
  - Partly driven by tourism and retirees bringing capital to the region
  - Regional integration already well advanced
  - Passage of CAFTA should accelerate integration and bring more foreign investment
- Regional players looking to increase their footprint to maintain growth prospects and realize economies of scale
- Other industries benefiting from similar trends – fast moving consumer goods, logistics, retail

# Grupo Difoto, Guatemala (regional)



XEROX

- ACAF invested \$5m for a minority stake in Difoto
- Used to acquire Central America base, including Xerox's Guatemala, El Salvador, Panama and Costa Rican operations
- Company was a family owned business that was presented with a Right of First Refusal on Xerox's Central America operations

## Results

- The Company increased its sales by over 200% over two years by adding the Xerox business
- ACAF sold its equity stake to a leading Caribbean player looking to enter the Central America region in February
- Investment IRR was 40%, with a 1.8x cash multiple.



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