

# Innovation in Brazil: A quick review VC/PE Industry

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# Agenda

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- Venture Capital/ Private Equity Industry Development
- Opportunities & Challenges

## VC/ PE Industry in Brazil is rapidly growing

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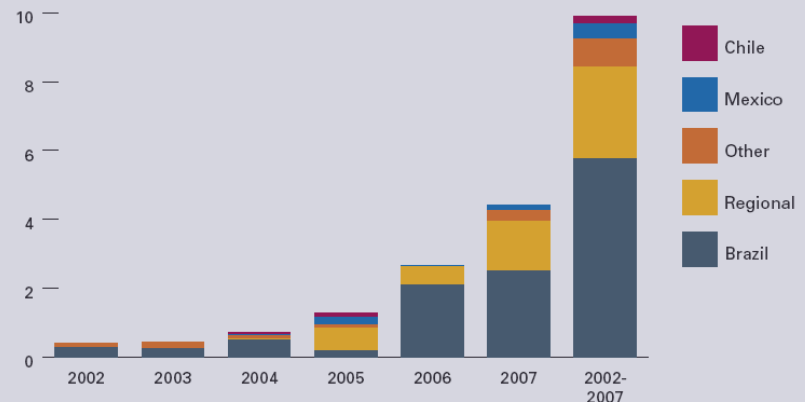
- Favorable macroeconomic environment promoting sustainable growth cycle...
  - Monetary stability; Interest rates continue to drop
  - Internacional reserves at all time high (US \$190 bi)
  - Consumer Credit expansion
  - Brasil reaches Investment Grade
  - Brasil becoming reference in renewable energy and major oil exporter
- ... Driving impressive VC/ PE activity

# VC/ PE market activity

- Brazil leads fund-raising in LatAm
- Capital markets have experienced significant development in past 3 years
  - 64 IPOs in 2007; ~100 IPOs in past 3 years
    - About half being VC-PE backed
  - All time high M&A activity
    - 718 in 2007 vs. 389 in 2005
  - VC/PE backed companies are active deal makers
    - Around 15% of M&A activity
  - BMF-Bovespa becomes one of largest markets in the world

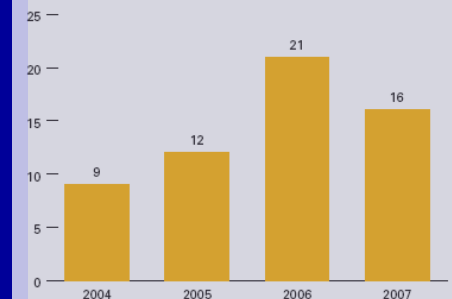
PE Funds Raised 2002-2007

(USD Billions)



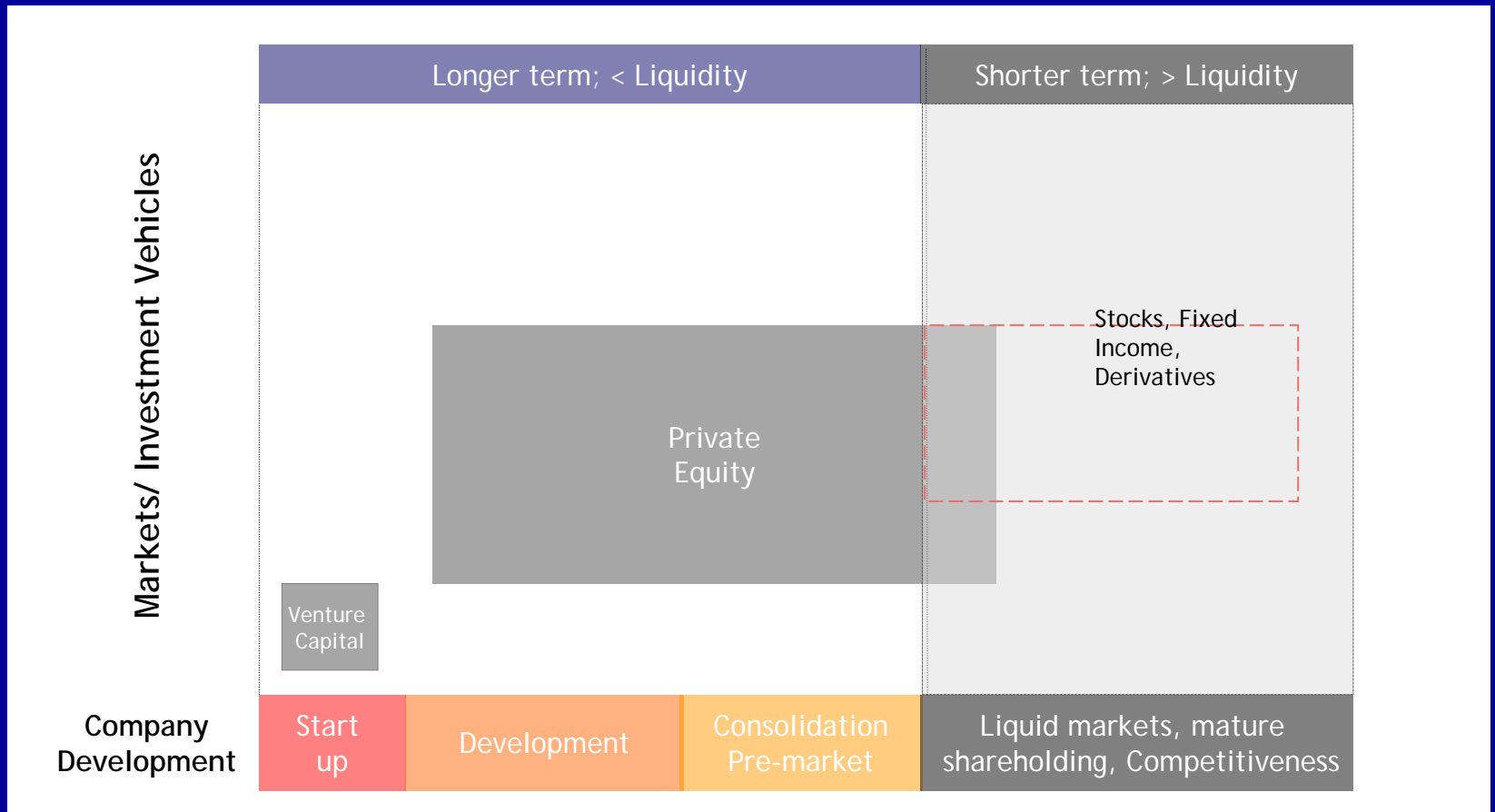
Source: EMPEA

Number of PE-backed Public Offerings

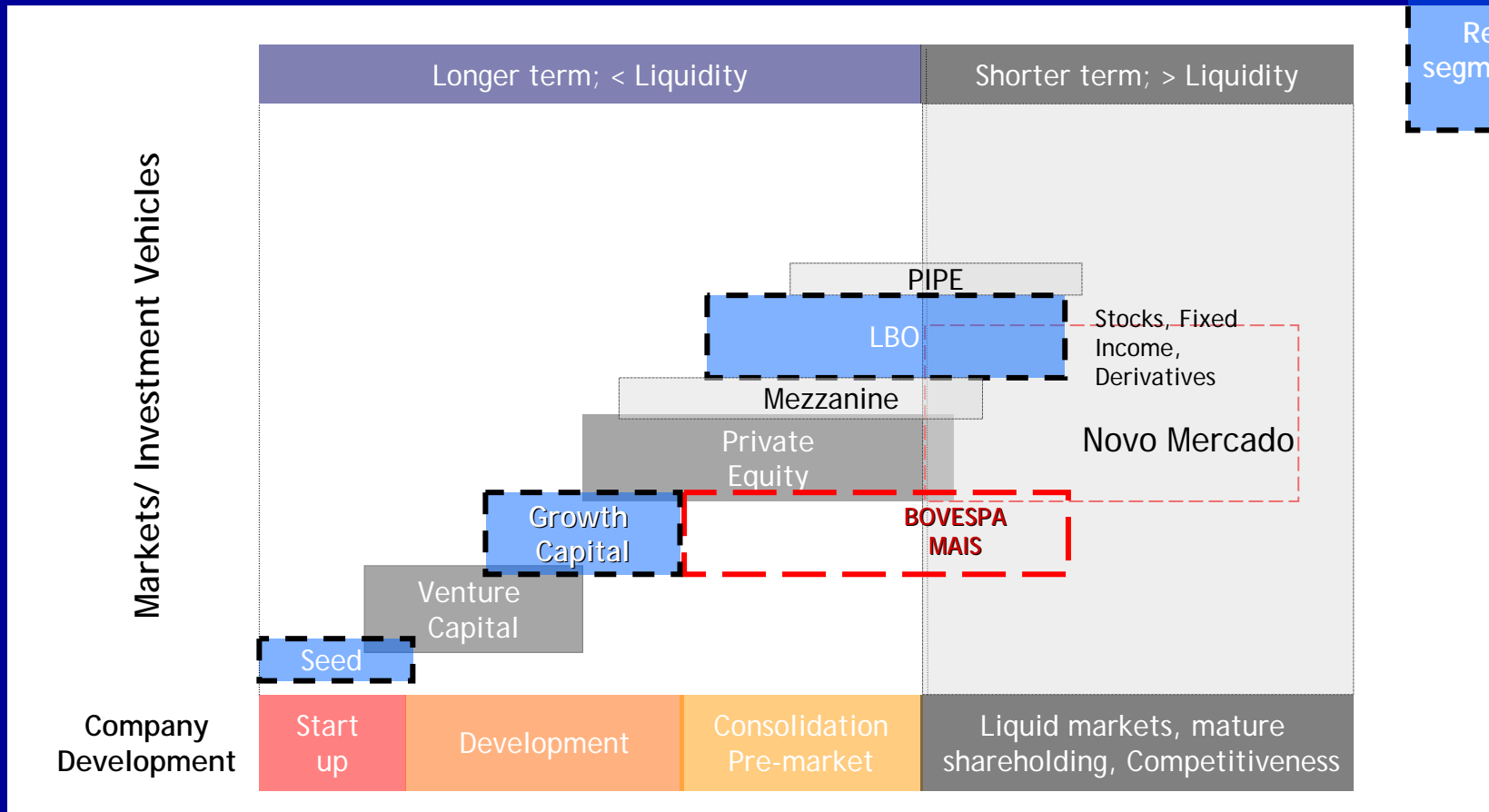


Source: ABVCAP, Bovespa.

# The VC/ PE industry 10 years ago



# The Funding continuum continues to develop



## The VC/PE Market continues to develop

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- New Seed Funds/ Programs
  - Inovar Semente (FINEP), CRIATEC (BNDES)
- Bovespa Mais (access market) becomes viable exit means for younger companies
  - Feeder for the Novo Mercado
- International *Secondary players* starting to set up shop
- *Investment Grade* opens new doors
  - Higher capital availability; lower cost of capital
  - “real economy” investments

# Opportunities & Challenges

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## Opportunities:

- Partner with local VC firms
- Attractive valuations for earlier stage opportunities
- Higher IT investments/ GDP than China, India or Russia
- Leadership in renewable energy
- Large market

## Challenges:

- Early stage funding
- Doing Business in Brazil
  - Ease of setting up businesses
  - Cost of running businesses
  - Etc.
- Ecosystem preparedness
  - Angels
  - Serial entrepreneurs

# Q & A

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Trank You!

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