

PINHEIRONETO
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Landscape and M&A Opportunities in the Brazilian
Infrastructure Market

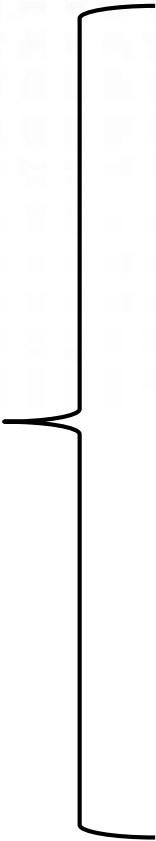
Infrastructure Forum - 2016

Brazil-Canada Chamber of Commerce

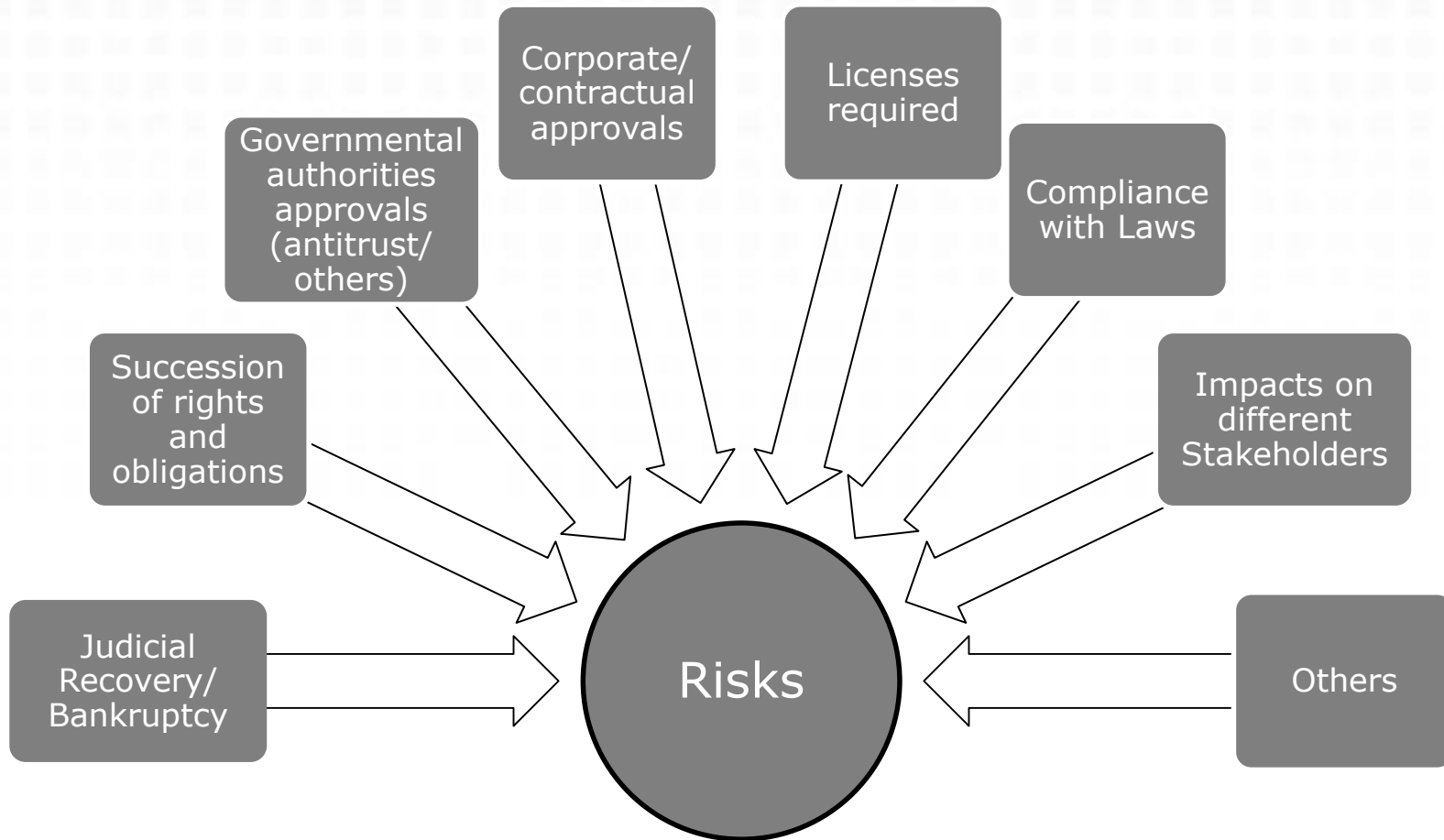
April 29, 2016

Potential Investment Scenarios in the Brazilian Infrastructure Market

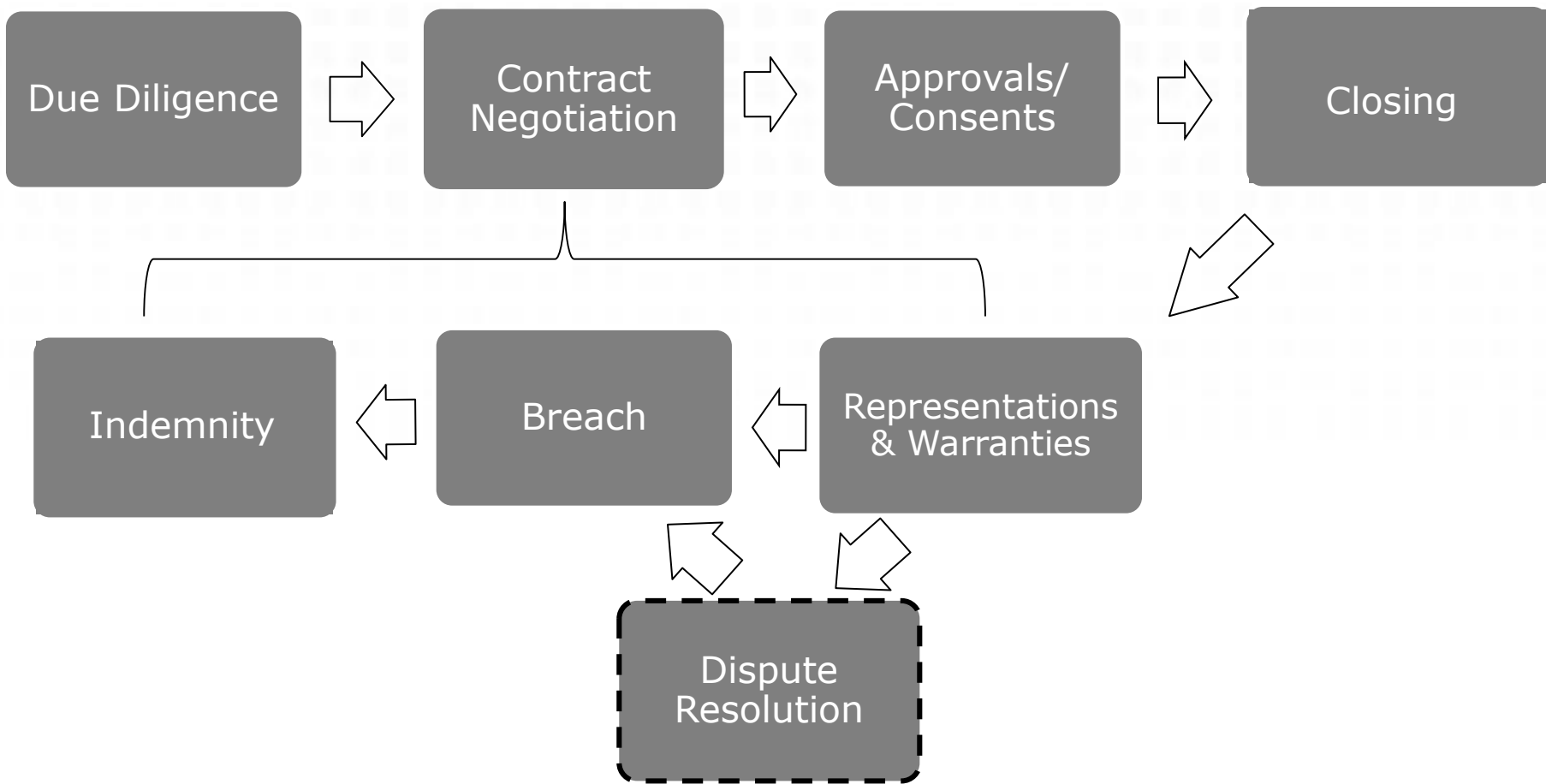
“Brazil: A Land of the Future” (Title of Book by Stefan Zweig in 1941)

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- Divestment programs (mixed-capital and private companies);
 - Debt Restructuring - conversion of credits into equity; purchase of individual production unit;
 - Very few restrictions on foreign capital – civil aviation, for example
 - New Concessions (airports, rail, ports, electric sector, oil and gas sector, mining, others) – recent change in specific bidding auction rules in the infrastructure sector to facilitate the participation of foreign companies

Risks to be mitigated



Mergers & Acquisitions – Typical Flow Chart



Mergers & Acquisitions

- Due Diligence
 - Company/Transaction
 - Incorporation;
 - Shares;
 - Compliance;
 - Others.
 - Project
 - Regulatory;
 - Assets;
 - Licenses;
 - Others.
 - Seller
 - Credit worthiness;
 - Compliance;
 - Others.

Mergers & Acquisitions

- Representations & Warranties
 - Incorporation and Existence
 - Capacity and authority
 - No violation
 - Compliance with Laws, permits and licenses
 - Ownership of shares
 - Capital Stock
 - Judicial and administrative proceedings/Litigation
 - Governmental approvals and third party consents for the transaction
 - Insurance
 - Labor, tax and environmental matters
 - Transactions with related parties
 - Material contracts
 - Compliance
 - Accounts/Financial Statements
 - Others

Mergers & Acquisitions

- Indemnities
 - Breach of Representations and Warranties;
 - Breach of Contract;
 - Special Indemnities;
 - Caps;
 - Survival Periods;
 - Exclusions;
 - Guarantees.

Mergers & Acquisitions

- What is new in the current scenario?
 - Context of the Sale (debt reorganization, liquidity issue, reputation issue, exit strategy);
 - Additional stakeholders (other creditors, unions/workers, courts, governmental authorities);
 - Succession OR Protections regarding Tax, Labor, Environmental and Compliance liabilities?;
 - Survival of the Seller (which size?; same controlling shareholder?; capacity to pay contractual indemnities?).

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