

## Sempra charges up Mexico

Equity markets showed further signs of life heading into the second quarter, with a busy run from Brazil set to match a heavy start to the year by top Mexican issuers in the first quarter.

**Sempra Energy's IEnova** spin-off raised 7.41 billion pesos (\$596 million) with an IPO landing at the top of its price range.

The Mexican unit of Sempra Energy is seen as having a strong foothold in the country's gas distribution and electricity generation sectors, allowing it to benefit from reforms from the new administration.

"The story [of Sempra] is the distribution assets and larger pipelines," says Mark Barnett, equity analyst at Morningstar. "They are in a plum position to bid and self-build because they have a significant presence in the country."

Fibra real estate trusts drew further interest, and more deals are expected this year.

Mexico's **Fibra Inn** raised 3.81 billion pesos in its IPO, landing at the midpoint of the range. The fund is focused on international hotel chains serving city-to-city business travelers.

**Prudential Real Estate Investors** followed with a 9.52 billion peso IPO for the **Terrafina Mexican** real estate trust, which came at the bottom of the range. The trust initially contains 132 industrial properties and 14 assets in development throughout Mexico.

In Chile, **Enersis** put the finishing touches on a \$6.02 billion-equivalent equity capital raise that got nearly 100% participation. The deal had become controversial last year when parent **Endesa** announced it would contribute assets rather than cash. Yet it went smoothly once regulators, minority investors and the company agreed on a valuation for these assets. An ADS portion accounted for \$625 million.

**Moller y Pérez-Cotapos (MPC)** raised \$89 million-equivalent in an IPO in late March, less than the construction company and real estate developer was targeting. In Colombia, **Cementos Argos** was scheduled to hit the market for a follow-on that could raise more than \$1 billion-equivalent. Books are due to close on May 8.

## Brazilians rev up

The pipeline filled in April with Brazilian issuers eager to make up for a disappointing 2012.

Mall operator **Multiplan** raised 705 million reais (\$351 million) in a follow-on that conceded a miniscule discount and used its full over-allotment options. **Multiplus**, the mileage rewards program of Brazilian airline TAM, had to pull its equity follow-on.

**Biosev**, the sugar, ethanol and bioenergy unit of **Louis Dreyfus Commodities**, made up for a pulled IPO last year by raising 805 million reais in its second attempt.

The issuer sweetened the deal, offering put options for investors to sell their shares back at the same price, plus inflation, next year. It is the first time a put option has been offered in a Brazilian equity deal.

Gol carved out its frequent-flyer program **Smiles** with a 1.13 billion real IPO, which came in the bottom half of the price range.

The deal was said to be multiple times subscribed, thanks to a 400 million real commitment from private equity firm General Atlantic.

Banco do Brasil survived an April hiccup to the carve-out of its **BB Seguridade** insurance business, to raise 11.48 billion reais, making it the region's largest IPO since 2009.

The deal was priced near the top of the range and used full over-allotment capacity. Regulators had earlier suspended the deal after a Banco do Brasil broker violated marketing rules.

Brazil's **Alupar Investimento** also joined the IPO rush, raising 851 million reais at the bottom of the range.

**Educação Abril** sold a 585 million real (\$290 million) follow-on, giving up just a 1.9% discount. The educational arm of the Grupo Abril media conglomerate sold 3.1 million primary units, and 9.9 million secondary units at 45 reais each.

Also in April, **Brazil Hospitality Group** priced a 370 million real follow-on at a 4% discount.

Heading into the end of April issuers including **Votorantim Cimentos** were also preparing equity offerings. **LF**

### ECM rank by volume, year to April 26

Brazilians step up

Rank	Bookrunner	Value \$m	# Deals
1	Itaú	2,312	11
2	Credit Suisse	2,243	14
3	BTG Pactual	2,124	14
4	Citi	1,566	5
5	Santander	1,392	7
6	Bradesco	1,097	8
7	JPMorgan	926	4
8	Banco do Brasil	773	3
9	Banco Votorantim SA	662	2
10	Brasil Plural	631	1
	<b>Total</b>	<b>17,923</b>	<b>32</b>

Source: Dealogic

### Banks the best managed

Brazil Stars index components with the highest proportion of management value

Rank by M&E rating	Stars Index Components	M&E Sustainable Management Rating
1	Itaú	AAA+
2	Bicbanco	AAA
3	Bradesco	BBB+
4	Bovespa BMF	BB
5	Natura	BB-
6	Fibria	B
7	CPFL	B
8	CEMIG	B-
9	Pao de Acucar	B-
10	Embraer	CCC+

Source: Management & Excellence