

NEWSLETTER

November 2020

November 3, 2020

September had Highest Average Daily Sales of Year; E-Commerce Grew 57%

Average daily sales in Brazil reached R\$29.5 billion in September, the highest level in the year, according to the Secretariat of Federal Revenue's bulletin that analyzes electronic invoices. The value is 10.2% higher than in August and 20% higher than in September 2019. Year-to-date, sales are already 4.7% higher, in real terms, compared with the same period in 2019. September is the fifth month of sales growth, after the strong fall that occurred in the first months of the covid-19 pandemic. Electronic invoices capture sales between companies, mainly between medium and large ones, as well as e-commerce. E-commerce sales grew 57.2% in September compared with the same month in 2019.

Source: *Valor International*

<http://www.valor.com.br/international>

November 3, 2020

Pandemic Boosted Mergers and Acquisitions

There were 687 mergers and acquisitions in Brazil between January and September, an increase of 34% compared to the average for the same period in the last five years and of 12% compared to 2019. Many of these transactions were driven by the pandemic, according to research by professional services firm PwC Brasil. In September alone, 92 transactions were announced, 10% more than in the same month of 2019. According to Leonardo Dell'Oso, partner of PwC Brasil, companies affected by the pandemic, with revenue and capital losses, had to make strategic moves to leave the crisis behind. But according to the executive, the number of merger and acquisitions has been growing since 2018, with the expectation of closing 2020 at more than a 1,000, a record for the country.

Source: *Valor International*

<http://www.valor.com.br/international>

November 3, 2020

Minerva's Jv In China to Import \$600m In Five Years

Minerva Foods, South America's largest beef exporter, has signed a non-binding memorandum of understanding with Chinese conglomerate Greenland to create a joint venture to import and distribute meat in the Asian country. There are still some bureaucratic requirements for the agreement to come into effect, but the partnership has the potential to be more successful than Minerva's joint venture in China with Joey Foods, a project that had the same purpose but did not take off. According to a source familiar with the talks, Greenland will offer an existing structure, something Joey didn't. "This could bring forward Minerva's business plan by two years," the source says. China is the main export market for both Brazil and Minerva. Controlled by the Shanghai government, Greenland estimates that in the next two years imports through the partnership will exceed 4 billion yuan (about \$600 million). In five years, the figure could reach 10 billion yuan (\$1.5 billion). The Chinese group's goal is to make the business the main distribution center for imported meat in the country. Minerva declined to comment.

Source: *Valor International*

<http://www.valor.com.br/international>

November 10, 2020

A Constellation of Nanosatellites Will Help Brazilian Farmers

A 100% national initiative aims to create a constellation of nanosatellites in Earth's orbit and offer services to disseminate and democratize in Brazil precision agriculture, which is still expensive for a considerable number of farmers. Visiona, a joint venture between Telebrás and Embraer, intends to deliver options to at a lower cost and greater efficiency than the technologies currently available. The main applications will be monitoring and evaluation of areas by images and the collection of data from climate and pest field sensors. The nanosatellite is the size of a shoe box, weighs 12 kg and is capable of circling the Earth 16 times a day on a flight 600 km from the ground. "It's a comet, small and with a lot of built-in capacity", says João Paulo Campos, Visiona's CEO.

Source: *Valor International*

<http://www.valor.com.br/international>

November 11, 2020

Brazil Wins Dispute About Chicken Exports to Indonesia At Wto

Brazil won at the World Trade Organization (WTO) on Tuesday another dispute against import barriers on chicken meat imposed by Indonesia. In 2017, the organization had already determined

that Indonesia should take action to open its market to chicken produced in Brazil, including by accepting the international health certificate. The request was ignored by Jakarta. “Indonesia is an important market, with more than 250 million people, mostly Muslims, and with an increasing consumption per capita. As a major producer and exporter, Brazil remains open to collaborating with food security in this important market, complementing local production. We hope that Indonesia will fulfill its obligations as a WTO member country,” said Ricardo Santin, president of the Brazilian Animal Protein Association (ABPA), in a note.

Source: *Valor International*

<http://www.valor.com.br/international>

November 11, 2020

Ibovespa’s Market Cap Rises R\$390bn in November

Ibovespa companies have increased market capitalization by R\$389,3 billion this month in only six trading sessions, a survey by Valor Data shows. The increase — to R\$3.72 trillion Tuesday from R\$3.33 trillion on October 30 — has been pushed by the better risk perception after Joe Biden’s victory in the US and positive results of coronavirus vaccines’ trials. Petrobras saw the greatest jump, of R\$57 billion, helped by high international prices of oil. Banks’ market capitalization also rose substantially — a combined R\$114.1 billion.

Source: *Valor International*

<http://www.valor.com.br/international>

November 12, 2020

Coffee Exports Had Record Volume in October

Brazil exported 4.1 million 60-kilo bags of coffee in October, an increase of 11.5% compared to the same month in 2019. The volume was a record from October and the best monthly performance this year. Revenues grew 8.5% to \$510 million but the average price per bag dropped 2.7%, according to exporters’ trade group Cecafé. Total exports from January to October reached 35 million bags, an increase of 1.9% compared to the same period in 2019.

Source: *Valor International*

<http://www.valor.com.br/international>

November 17, 2020

Aura Minerals to Duplicate Operations By 2025

Aura Minerals, which raised R\$790 million in its IPO, is now getting off the drawing board plans to duplicate operations around the world by 2025. The company owns mines in Brazil, United States, Mexico and Honduras and plans to invest R\$1.5 billion in five years — two-thirds of that here. CEO Rodrigo Barbosa says Brazil will receive larger injections for two projects that should start operating in 2022 and 2023 — Almas, in Tocantins, and Matupá, in Mato Grosso. The complex the company operates now has a lifespan of four years and will be expanded. “We managed to reduce costs and expand production in Brazil, going to 100,000 ounces [of gold] this year from 65,000,” he says.

Source: *Valor International*

<http://www.valor.com.br/international>

November 17, 2020

Triple Play Expects to Raise Up To R\$200m After Dropping IPO

The broadband Internet connection provider Triple Play Participações wasted no time after dropping an IPO in October because of the market situation. CEO Gilbert Minionis told Valor the expansion plan for Conexão Fibra brand has been reviewed, new sources of funding have been evaluated and the expansion project through acquisitions is expected to be executed within one to three months. Triple Play decided to resort to a private offering with investors or convertible financial instruments and now intends to raise between R\$100 million and R\$200 million instead of R\$1.3 billion. The plan is to buy six companies already in the phase of due diligence. Triple Play posted revenue of R\$174 million in the first half, up 10%. The profit was R\$7.7 million, down 14,6%. EBITDA increased by 33,3% year over year. In 2019, consolidated net income was R\$318,5 million. The group is organized in four clusters in the states of Ceará, Rio Grande do Norte, Paraíba and Bahia, in addition to the interior of São Paulo and Minas Gerais, with a 7,500-kilometer fiber-optic network.

Source: *Valor International*

<http://www.valor.com.br/international>

November 17, 2020

BNDES Sales More Vale Stocks and Pockets R\$2.5bn

The Brazilian Development Bank (BNDES) sold Monday 40 million Vale shares in a block operation on the stock exchange that totaled R\$2.54 billion. Morgan Stanley was the main bank in the purchase,

according to sources close to the transaction. Even after the sale, BNDES still has around 2.32% of the mining company's total capital. Valor found out that BNDES still has 121 million Vale shares. This number includes 117 million shares that were part of the shareholders' agreement between the members of the mining company's control block and another 4 million shares that were not linked to the agreement. The agreement expired on the 9th of this month and the shares linked to the document were free for sale, but the BNDES has not yet disposed of them.

Source: *Valor International*

<http://www.valor.com.br/international>

November 19, 2020

GPA to Expand Digital Operation to Compete with E-Commerce Leaders

GPA, owner of supermarket chains Pão de Açúcar, Extra and Assaí, is accelerating its digital initiatives in 2021. The company is going to start offering logistic services to retailers in its marketplace and will launch a digital wallet. The move comes after e-commerce leaders like B2W, Magazine Luiza, Amazon and Mercado Libre sold more during the pandemic than supermarkets. Magazine Luiza said recently that the food segment is the one with most growth in the company and that it is already stocking supermarket items in its stores to fulfill online orders.

Source: *Valor International*

<http://www.valor.com.br/international>

November 23, 2020

Issuance of Stocks Exceeds R\$101bn in 2020

The Brazilian capital market is in an atypical year and not because of the pandemic. The volume raised through stock issuance further expanded this month the record reached in October, data from exchange B3 and Anbima, the association of securities firms, show. Capital raising through equities surpassed R\$101 billion in 2020, which means it exceeds in R\$11.4 billion the volume obtained in full 2019. Excluding 2010, when Petrobras raised R\$120 billion in a one-off event, variable income emissions in 2020 also exceed R\$100 billion for the first time. A decade ago, apart from the oil company's transaction, the Brazilian companies raised just under R\$30 billion in the domestic stock market. This year's figure will grow even more as Rede D'Or's IPO, which is in the pricing stage, should raise R\$12 billion.

Source: *Valor International*

<http://www.valor.com.br/international>

November 25, 2020

Enel To Invest €5bn in Renewable Power Generation in Brazil by 2023

Enel plans to invest more than €5 billion in Brazil between 2021 and 2023, mainly in opportunities in the renewable power generation and distribution segments. The amount, presented Tuesday in the annual meeting with investors, accounts for nearly half of what the Italian group expects to inject in all Latin America — it also operates in Argentina, Chile, Peru and Colombia. CEO Francesco Starace says the company sees room to expand in distribution in the country despite the relevant footprint it already has. The executive says Enel will actively study any asset put on sale. “Not all biddings will be interesting, either because of the position [of the distributor] in the country or the seller’s unrealistic expectation,” he said. The company has been rumored as a potential contender in the bidding of Companhia Energética de Brasília’s (CEB) power distributor, scheduled for December 4. The pipeline of privatizations also includes a concessionaire of Rio Grande do Sul-based state-owned CEEE and Amapá-based CEA.

Source: *Valor International*

<http://www.valor.com.br/international>