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## DealMaker Q&A

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# TTR DealMaker Q&A with UNE Asesores Financieros Partner Eduardo Peláez

[Eduardo Peláez](#) is Partner of [UNE Asesores Financieros](#), an M&A advisory boutique focused in Latin America Small/Mid-Market. Eduardo Peláez has conducted many transactions in diverse sectors including tourism, chemicals, real estate and agriculture. Previously Eduardo was associate of *Miranda & Amado Abogados* and *Hernández & Cía. Abogados*. Also, worked in *Lindley*.

He is Lawyer from *Pontificia Universidad Católica del Perú* and holds a MSc Management from *Alliance Manchester Business School*.



Eduardo Peláez

**TTR: What's your general outlook for the M&A market in Latin American this year, and specifically, in Peru?**

**EP:** *We believe the Latin American M&A market is experiencing a quite dynamic phase. Notwithstanding, the*

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*In the region there are markets like Venezuela, a country with enormous potential but absolutely isolated, but also the case of Chile, a nation with very stable economy and government, but with less opportunities for high returns. Also, there are some up-and-coming countries like Paraguay that has established favorable market conditions through a pro-investment regulatory and tax set of rules.*

*The case of Peru is very particular. Despite of the political turbulence and the scandals of corruption, the economy is stable and the National Central Bank maintains its growth's projections around 4%. The last two years have been marked by iconic transactions led by strategic investors pursuing market consolidation, such as the acquisition of the pharmacy chain MiFarma by Intercorp and the recent acquisition of Intradevco by Alicorp.*

**TTR: What are the primary factors influencing M&A decisions in the current economic climate? How do these economic fluctuations affect investment priorities?**

*EP: In the last decade, Peru has grown consistently. Even though the pace slowed since 2014, the Peruvian market maintains healthy indexes and presents opportunities for high returns, making it one of the most attractive markets in Latin America.*

*Likewise, the Private Equity industry is taking more prominence in Peru, generating more dynamism in M&A activity. Global funds like Advent and Carlyle are already active investors in the Peruvian market. Also, there are other relevant players specialized in the mid-market such as HIG, L Catterton, Southern Cross and Victoria Capital Partners, that are exploring opportunities in Peru.*

*From the sell-side standpoint, the political instability could make some businesses owners' deciding to sell. Also, the new M&A regulation that will go into effect next year could accelerate the velocity of transactions and increase the volume of deals in the following months.*

**TTR: What is the state of the capital market in Perú? How has the country evolved in this respect in recent years? What is your forecast for the near-term?**

*EP: Peruvian capital market is still in an embryonic stage, characterized by low activity and hardly influenced by a few institutional investors. The exclusion of Credicorp from the FTSE Emerging Markets index is symptomatic.*

*There are some significant efforts of developing the MAV (capital market for mid-size companies with less than S/. 350MM of annual revenue), but the results are modest, with just 13 listed companies since its inception in 2013.*

*In this context, the recent creation of FIRBIs and FIBRAs, vehicles that have similarities with the American REITs, could represent a great opportunity to attract retail investors and increase the activity and liquidity of*

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**TTR: How difficult is it for corporates to access financing from local financial institutions in the current environment? What are the main barriers? How is financing structured?**

EP: *We have experienced a significant evolution in the volume of Peruvian companies accessing to the banking system in the past few years, going from 25% in 2014 to 40% in 2018, according to ASBANC.*

*The big challenge is the inclusion of the majority of small and medium enterprises that currently have very few options. The fintech market represents a very interesting alternative for this type of businesses, particularly in the way of factoring platforms.*

*Also, the increasing presence of foreign debt funds, especially Chilean, are becoming key participants, even in the small-and-mid size market. For example, recently we helped our client Llaxta Inmobiliaria y Constructora to obtain a US\$ 10.5MM loan from Volcom Capital Chile for a real estate project in Piura, part of the social program "Techo Propio".*

**TTR: Finally, we would like you to share with us your opinions and forecasts about the opening of the Peruvian market with other countries**

EP: *The Peru market presents many opportunities for all types of international investors, from strategic regional players to family offices and private equity and debt funds.*

*Beyond the usual M&A activity in the mining sector, we see interesting opportunities of consolidation in the agricultural business. For example, there is the case of Hortifrut that became the leading berry producer in the world after the acquisition of El Rocío. Likewise, last year we had the opportunity to advise the British trader Wealmoor and Limones Piuranos in the acquisition of the mango and avocado's exporter Sunshine. Also, recently we led the sale of the mango's exporter Dominus to the Peruvian-Danish joint venture Danper.*

*On the other hand, the real estate market still presents superiors return rates compared with other countries in Latin America, attracting global and regional real estate funds.*

*Finally, considering the current development of modern retail, we believe Peru represents an interesting possibility for regional companies dedicated to services related with cold chain and specialized storage.*

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