

Market Update

IT Services & Software

in Latin America

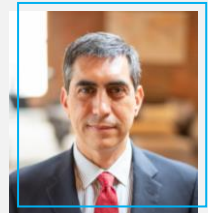
- 1 Market Overview
- 2 Sector Snapshot
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Latin America's technology sector continues in the great tendency started in 2020. The region continues proving that it is a very effective nearshore center for the Americas as far as IT services, but also capable of product development and innovation.

First-quarter of 2022 presented similar M&A year-over-year when compared to that quarter of 2021, with 219 total deals completed. Transactions took place across several verticals, most notably in Financial Services, B2B, B2C, and Healthcare. The majority of transactions took place in Brazil, followed by Mexico, Colombia, and Chile.

FinTech continues to be the leading sector in LATAM in terms of M&A deals motorized because of a low bancarization population compared to developed economies. During this last quarter, the Fintech industry represented the +70% of the M&A deals in the region totalizing +\$3b of investments.

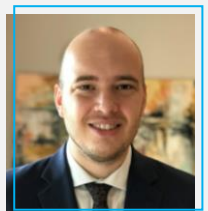
Sector Coverage Team



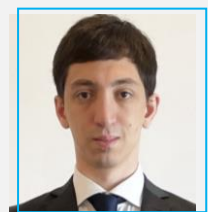
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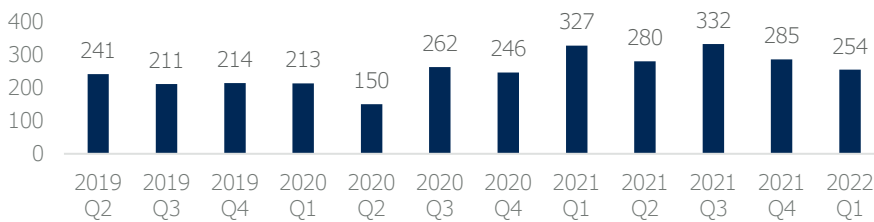


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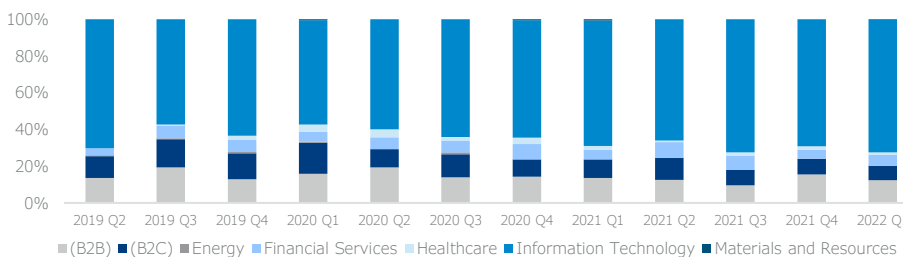


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of M&A Deals in Latin America - IT Services



Breakdown per Industry of LATAM Deals



7MA has completed important M&A transactions for companies with outsourced operations and / or delivery centers in Latin America and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Horacio Yenaropulos, Kevin Postigo, Alejo Vidal, & Tomas Adduci if you would like to learn more about the landscape in Latin America.

Dextra Technologies Acquired by Deloitte



Deloitte acquired Dextra Technologies to extend its offerings to accelerate the digital transformation from standalone products into smart connected platforms and greatly expand the organization's product and software engineering capabilities.

Based in Mexico, Dextra Technologies designs, builds, and tests embedded software solutions that enable companies worldwide to rapidly innovate and develop smart, connected products. More than 350 seasoned product and software engineers, who will now join Deloitte Consulting, drive competitive advantage for their clients with an agile approach to engineering the future of business.

Date: January 31

Deal Type: M&A

Target HQ: Mexico

Atonit Acquired by Salesforce



Salesforce.com (NYSE: CRM) acquired Atonit to increase its online marketplace management functionality.

Atonit is a provider of marketplace services based in Sao Paulo. The company offers cloud-based and integrable SAAS solutions for centralized information management along with digital consulting as well as training services, thereby helping clients increase their visibility cost-effectively.

Date: February 02

Deal Type: M&A

Target HQ: Brazil

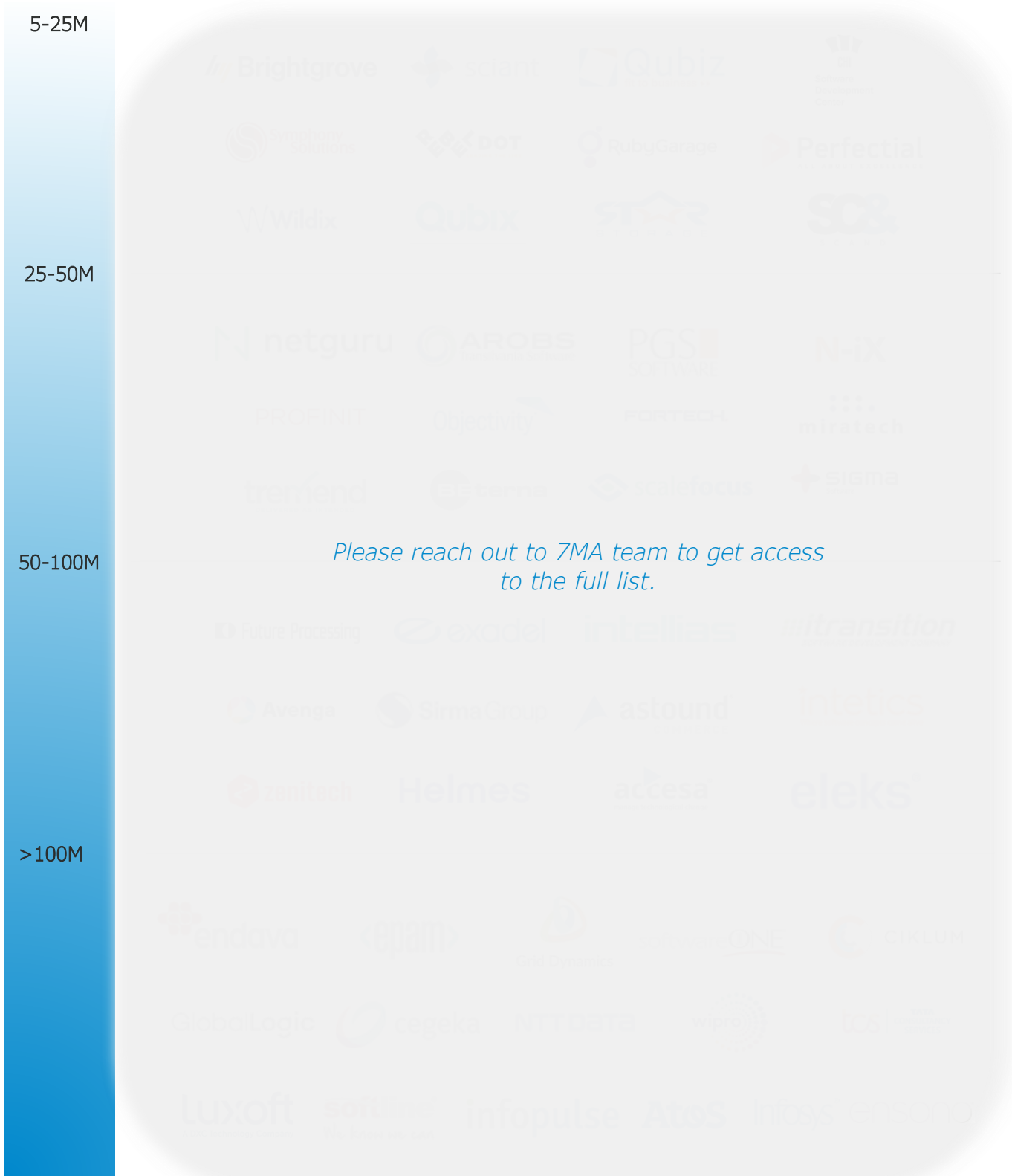
Most Active M&A Subsectors in Q1 2022 in Latin America

IT Consulting &
Outsourcing

Business &
Productivity
Software

Media &
Information
Services

Annual Revenue, USD

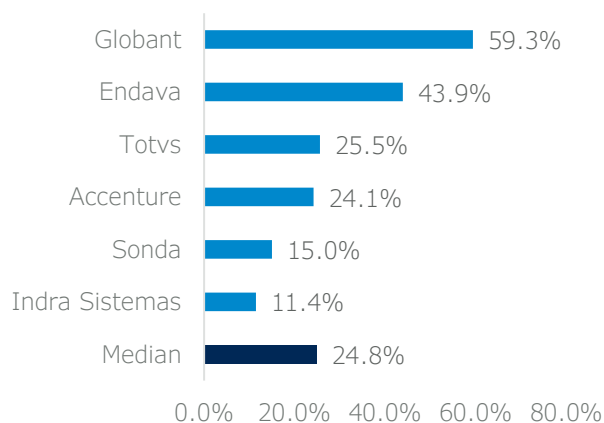


Publicly-traded IT Services & Software Companies – Latin America – Q1 2022

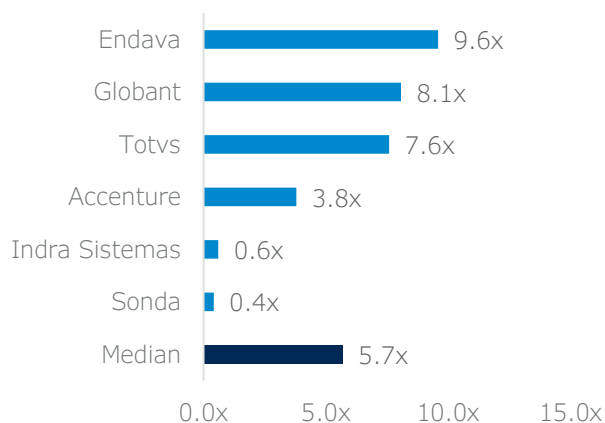
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	214,440	9,415	56,695	24.1%	32.3%	16.6%	3.8x	22.8x	699,000	81
Globant	10,449	300	1,297	59.3%	38.2%	23.1%	8.1x	34.9x	23,526	55
Endava	7,256	163	758	43.9%	34.2%	21.5%	9.6x	44.6x	9,712	78
Totvs	4,578	#N/A	604	25.5%	68.3%	#N/A	7.6x	#N/A	10,000	60
Indra Sistemas	2,398	401	4,008	11.4%	30.5%	10.0%	0.6x	6.0x	50,539	79
Sonda	493	153	1,180	15.0%	17.5%	12.9%	0.4x	3.2x	13,486	88
Average	39,936	2,086	10,757	29.9%	36.8%	16.8%	5.0x	22.3x	134,377	74
Median	5,917	300	1,239	24.8%	33.3%	16.6%	5.7x	22.8x	18,506	79

share price as of 01Apr22

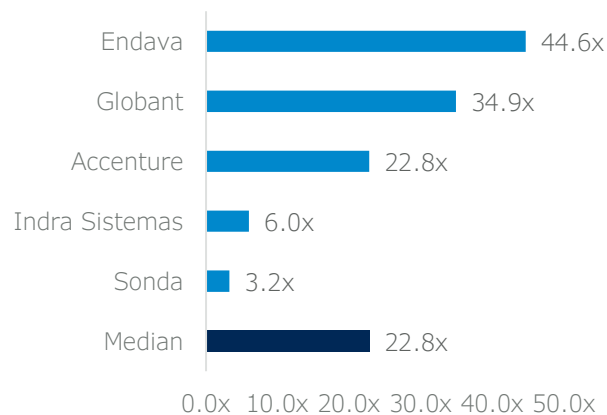
Rev Growth YoY



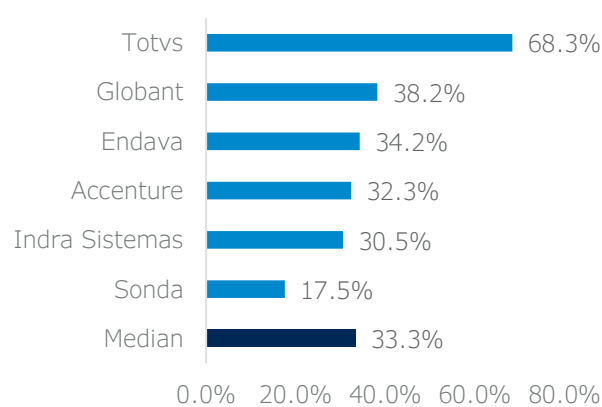
TEV / Rev X



TEV / EBITDA X



Gross Margin %



Q1 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
18 March 2022	 entel	 EQUINIX	Provider of telecommunication services dedicated to reducing the digital divide in the communities. The company offers mobile, voice, internet services and related portability equipment to individuals, households, and consumers.
12 January 2022	 FIBRECO®	 KKR	Operator of fiber-to-the-home (FTTH) network across Colombia. The company utilizes technology to deliver broadband connection speed faster than other conventional networks, providing clients access to telework, telehealth and virtual education, with improved speed and coverage
13 January 2022	 ideal	 Itaú	Operator of a brokerage firm intended to provide innovative services in the financial intermediation market. The company's platform provides technologies for institutional investors and develops them to optimize their trading flows, it acts as an intermediary for acquiring securities listed on the stock exchange and also provides relevant market data for financial investors, enabling investors and traders to execute their investments and trades in a digitalized process with zero human intervention making them gain an efficient and inexpensive experience.
04 January 2022	 NewCON software	 singia	Developer of accounting and business management software designed to solve the business challenges of the consortium market. The company offers a range of consortium management tools which includes accounts payable and receivable management, e-commerce management, equity and asset control, data comparison and tools support, enabling consortium managers to ensure business continuity at all stages of administration.
24 February 2022	 BBR	 evertec	Provider of specialized technological services intended for retail companies. The company offers specialized consulting services in the different areas of retail such as points of sale, means of payment, treasury, stock control, replacement, integration, logistics, eCommerce and B2B, ensuring clients technological solutions to solve various business problems.

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions

 
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anexinet


 
Globant

