

# Invest Corporate Finance – IMAP's New Member Firm in Portugal



*IMAP welcomes Invest Corporate Finance as its exclusive corporate finance partner for M&A activities in Portugal. IMAP Senior Writer, Claire Smedley, sat down with Gonçalo Vaz Botelho, Managing Partner and CEO at Invest Corporate Finance to talk about his 25-year career in banking and what led to the creation of newly formed Invest Corporate Finance little over a year ago*

## **FOUNDATIONS FOR A SUCCESSFUL CAREER IN BANKING SPANNING 25 YEARS AND NUMEROUS COUNTRIES**

You could say that during my career, which began in 1989 as a Corporate Banking Analyst at Banco Português do Atlântico, I have worked for pretty much most of the Portuguese banks. Following several subsequent roles in investment and corporate banking, I joined Chemical Bank (later acquired by Chase), in 1996. I would say this was quite a key move, as it was when I was first introduced to a bank and colleagues that would go on to be intertwined throughout the rest of my career.

In 2000, Chemical Bank Portugal, was acquired by Caixa Geral de Depósitos - the largest Portuguese financial group and though state owned, on a path to a more dynamic and independent management. There I became a Board member and Executive Director, responsible for corporate clients, project finance and capital markets and began forming relationships with companies and clients across the globe.

## **FIRST ROW SEAT DURING THE BRAZIL BOOM**

At the time, Caixa Geral was the 2nd largest shareholder of Unibanco. As

Head of the Portuguese desk there, as well as a member of the investment banking committee, it was here that I did some of the most representative transactions of my career. We're talking about the end of the 90's, Brazil was in a boom; the market had opened, there was significant privatization and extremely active Portuguese and Spanish buyers. I probably spent 1-2 weeks a month there, for nearly 6 years, involved in the Portuguese expansion in Brazil and some of the key privatizations, including EDP electricity, Aguas de Portugal, Portugal Telecom, Brisa and Galp.

There was also the advisory to Embraer, who bought the first company outside of Brazil; a maintenance and overhaul company in Portugal, plus investments in 2 assembly factories for the Embraer 190 series. Subsequently, there followed the sale of Jeronimo Martins supermarkets in São Paulo to Pão e Açúcar group, along with several transactions with the telecom company Vivo and the acquisition of Oi by Portugal Telecom. Between 2000 and 2010, I was awarded 3 Deals of the Year by Euromoney Awards Latin America, all for project advisory and infrastructure deals, not M&A.

**U-TURN IN THE PORTUGUESE MARKET AND CHALLENGING TIMES FOR BANKS**

Portugal was an early mover, one of the first European countries to do project finance and aggressive infrastructure projects. At that time we had access to lots of funding to do underwritings and closed a significant number of landmark infrastructure deals, in Latin America, the US and Europe. In 2009/2010 however, Portugal was facing a slowdown and the banking industry changed 180 degrees and went from the North, to the South Pole, rapidly. We were forced to adapt to a new environment – we no longer had a balance sheet and unlimited funding and were facing difficult restrictions, forced

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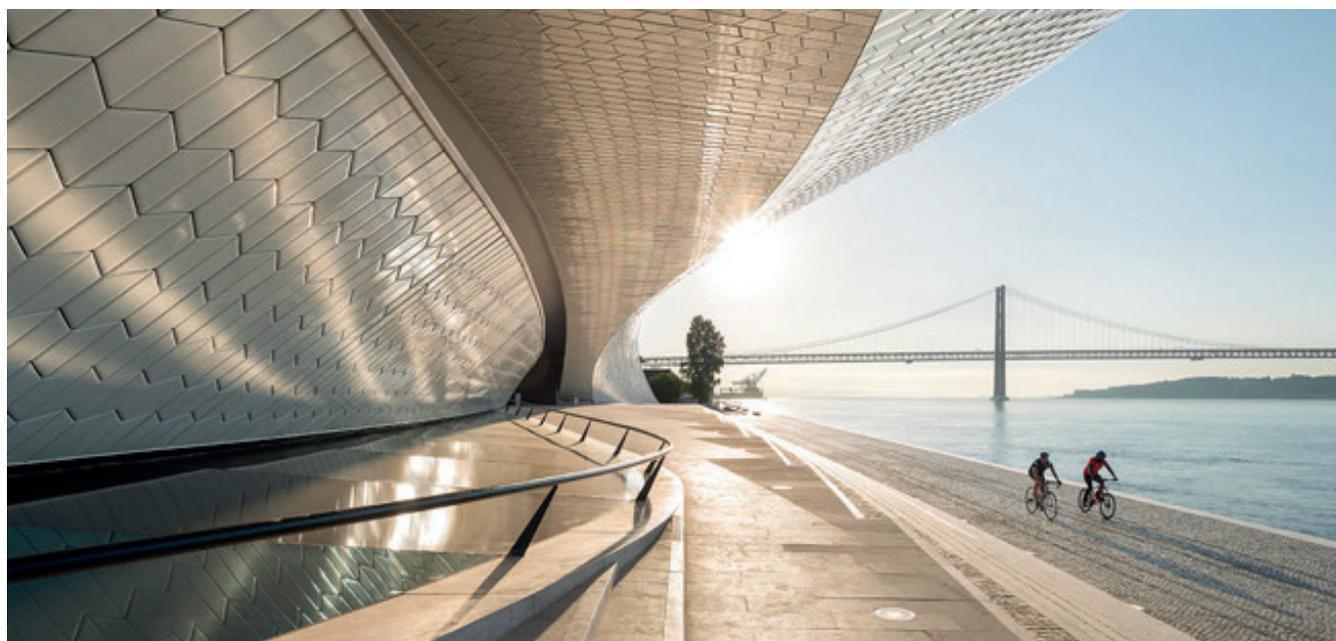
to divert from infrastructure portfolios. It was clear that you couldn't be a single line banker and needed to have lines in corporate finance, M&A and capital markets, etc.

I remained at Caixa Geral until 2012, during which time, together with Caja Madrid, we set up a project finance advisory company, Corporación InterAmericana de Inversiones (CIFI), in Costa Rica and Washington DC. During my frequent visits to DC, I built close relationships with multilateral institutions including IADB, WorldBank and IFC. This was an important move as even today, I still leverage these large networks for big financing projects in the developing world. Country risk protection is only awarded if you have financial loan backing from multilaterals, which is crucial in Latin America and Africa, so these relationships are key.

**THE BIRTH OF INVEST CORPORATE FINANCE**

At the end of 2013, after nearly a year dedicated to the restructuring of Portuguese bank BANIF, I moved to Banco Finantia, a full-line, privately owned Portuguese investment bank. As VP of the Executive Committee, I closed 2 of my largest M&A deals; the €500 million acquisition of Luz Saude by Fosun and in 2016, the €350 million acquisition of the largest port operator in Portugal, Tertir, by Turkish Yilport Group.

In 2017/2018, new regulations in the financial sector were causing limitations to those with a classic approach to investment banking within a bank. It was clear we needed to adapt, disrupt the business model and create an entity owned not only by the bank, but also by the management



team and with a clear, aligned strategy. With my business partner Pedro Benites, (Managing Partner of Invest Corporate Finance) and the Finantia team, we exited Finantia and partnered with Banco Invest, one of the premier Portuguese banks serving the mid-cap sector, whom we already knew very well. In fact, they were colleagues I'd known for 25 years, from university and at Chemical Bank.

From there, everything happened quite quickly. Our proposal for a new business line was approved and on 8 March 2018, we began business as Invest Corporate Finance and are now fully incorporated as part of Banco Invest. Banco Invest remains majority shareholders, with Partners owning 30% equity. We operate 2 business lines; capital markets and advisory services, i.e. a complete investment banking service.

#### **OLD FISCAL MODEL LIMITING PORTUGAL'S BOUTIQUE FIRMS**

Today, PE firms, pension funds and insurance companies are the most aggressive lenders and it's essential that

you have access to these financiers, which we do. Old regulations and lending models in Portugal in effect means that direct loans from foreign entities to Portugal are tax inefficient, due to the charges and stamp taxes. Therefore, it is necessary to use securities and as such, a banking license is required. We are different to many boutique firms that don't have the expertise or capacity to perform the agency of loans, unlike us, which is why clients tend to prefer us.

#### **PROSPERING IN THE INFRASTRUCTURE SECTOR AND THE INTRICACIES OF THE PORTUGUESE MARKET**

There is a wealth of opportunity in the infrastructure sector, which has already led many PE funds to convert to Infracunds. Able to invest aggressively, with money readily available due to low interest rates, it yields good rewards as it's essentially based on a steady, low risk model. This presents a big opportunity for IMAP with its substantial experience and expertise across the globe in successful infrastructure M&A – we

ourselves dedicate 40-50% of our attention to infrastructure deals.

In Portugal, everything is pretty much for sale and in the past we have been involved in the arranging and structuring of a large number of infrastructure concessions. We have relationships with the banks and the shareholders and know the business model. We tend to act for the most part, on the buy-side – many companies in Portugal simply don't want anyone to know they are for sale, due to the problems this can cause both internally and externally – so players tend not to give sell-side mandates.

In a typical deal, we work on the buy-side with the seller. Once we've identified their assets, we begin sourcing possible investors. It's a challenging market, as we need to find the most aggressive buyer and move fast as at the end of the day, a deal is only profitable if it is closed – there are no rewards on deals not signed. Furthermore, in Portugal you can't be just a single line banker, you have to play the whole piano; corporate finance, M&A, capital markets, etc.



**A POSITIVE 12 MONTHS, STRONG PIPELINE, GLOBAL OPPORTUNITIES AND NEW PARTNERSHIPS BEING FORMED**

We've just celebrated our first year in business and I can safely say that we are definitely on the right track. Our pipeline is very strong and we are currently working on several interesting and important mandates which we expect to come to fruition in the following months.

Though we specialize in infrastructure, this is by no means our only industry of expertise, having deal experience in Utilities, Transportation, Health-Care, Distribution, Industrials, Shipping, Media, Food & Beverage and the Telecoms sectors.

In my opinion, it is important to organize your business by sector, as opposed to by geography. The business model remains the same and as long as you have a deep understanding of the business and a proven track record, you can replicate success across geographies. I believe therein lies a big opportunity for IMAP for

an infrastructure funds team. Several of the IMAP members have vast expertise and proven track records in energy, roads, water & sewage, ports, railroads, ports and airports, etc. at a global level, which can be leveraged to close M&A deals with Infra Funds.

**JOINING IMAP – THE IMPORTANCE OF A PROVEN TRACK RECORD, ALONG WITH GLOBAL EXPERTISE**

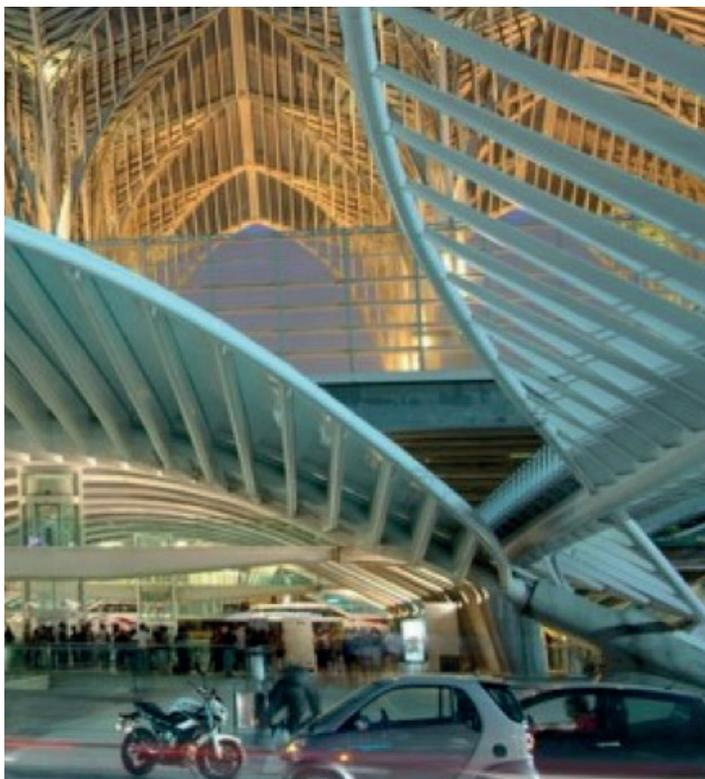
IMAP is very important for Invest Corporate Finance, because it is crucial that we look beyond Portugal and establish new relationships that ensure we are well connected across the world. IMAP can help us reach new geographies and we bring 25 years of experience and access to clients and assets, as well as financiers and funds. Our track record proves to clients that not only do we know and have a deep understanding of the business, but that we are able to advise on and arrange access to funds and get finance concessions.

Since joining IMAP, we have already connected and collaborating with IMAP

colleagues in Chile, Germany, Morocco, Peru, Spain and the IMAP China Desk. At the end of the day, clients and funds have no nationality and regardless of language, culture and size, with the combination of global reach and local presence, along with our personal relations, we are able to follow the clients – wherever they may be.



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**STRONG VALUES AND ALWAYS LOOKING FOR A NEW CHALLENGE**

When not working, Gonçalo runs a foundation, Fundação dos Botelhos de Nossa Senhora da Vida, started by his grandfather back in 1952. Committed to 'social impact', it runs a multitude of programs, offering scholarships and schools for preschoolers, as well as initiatives for social integration. As well as providing funds for entrepreneurs, it also boasts its own museum.

An avid sailor, he's been sailing the waves since he was just 5 years old. He holds several significant championship titles, including that of Portuguese National Yachting Champion, which he has won on several occasions. On dry land he enjoys cycling, having taken on some tough challenges, including a stage in The Tour de France, Giro d'Italia and Vuelta a España, climbing several of the tallest mountains in Europe.