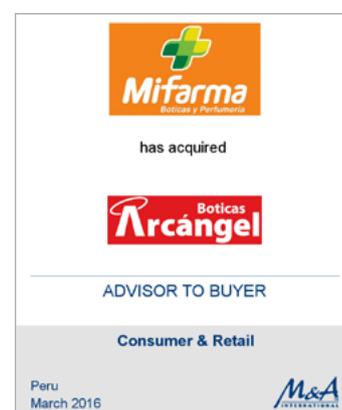


## Consolidation in the Retail Pharmaceutical Industry in Peru

### Deal snapshot

- The Peruvian holding group Quicorp, through its subsidiary Mifarma S.A.C. (Mifarma), has acquired Albis S.A., which owns Boticas Arcangel.
- Boticas Arcangel is dedicated to the retail sale and distribution of pharmaceutical products. Ranked the third most important player in the local retail pharmaceutical industry, Boticas Arcangel has 344 points of sale throughout Peru.
- Mifarma is the retail pharmaceutical company of Quicorp, a diversified holding present in six Latin American countries. Quicorp is the second most important player in the retail pharmaceutical industry in Peru, with 640 retail stores involved in the manufacturing, sale and distribution of pharmaceuticals, as well as being the representative for other consumer goods and marketing services.



### Client comments



**Edmundo Yañez**, CEO, Mifarma, Peru

“The strategic logic behind the acquisition of Boticas Arcangel was to consolidate our second place in the retail pharmaceutical industry. With other relevant regional competitors at the table, it was strategically necessary for Mifarma to win this transaction.”

### Our role in the transaction

- M&A International Inc.’s member firm in Peru acted as the exclusive financial advisor to the buyer in this transaction.
- The team assisted Mifarma in the valuation of Boticas Arcangel and in the identification and quantification of potential industry and company specific synergies in a combined retail and pharmaceutical distribution operation.
- M&A International Inc.’s advisors also played a key role in the negotiations by strategically reaching out to Boticas Arcangel’s shareholders and main executives to understand and incorporate their interests and concerns in Mifarma’s final decision and offer.
- This deal once again demonstrates M&A International Inc.’s expertise in carrying out industry shifting transactions.

## Market trends and deal drivers

- **Industry consolidation:** In the past decade, Mifarma and Inkafarma, both industry leaders, have based their strategy on consolidating their Peruvian market strength through acquisitions and store openings.
- **Geographic diversification:** Lima, Peru's capital and commercial hub, has experienced an oversupply of drugstores, sometimes with up to three or four stores per corner. One of the competitors' main strategies was to expand their nationwide reach by increasing their store openings in other regions of the country.
- **High potential for growth:** The Peruvian modern channel retail pharmaceutical market still has outstanding potential for growth. Per capita, drugstore sales in 2014 were US\$54, considerably lower than their regional neighbors Colombia with US\$90 and Chile with US\$226.
- **Shifting format trends:** A decade ago, many drug sales were through small, family-owned, traditional and local drugstores. Nowadays, consumers have changed their preferences to a more sophisticated drugstore service mainly due to the strong expansion of drugstore chains.

## M&A valuation aspects

- Boticas Arcangel's business was predominantly divided into the retail and distribution of pharmaceuticals. Our Peruvian team's valuation and multiple analyses took into consideration this distinction to obtain a more representative value.
- The final sales multiple was aligned with recent Latin American and worldwide transactions, as well as with current market trading multiples.

## Industry expertise within M&A International Inc.



**Eduardo Campos**, Partner, M&A International Inc., Peru

Eduardo has more than 20 years of experience in finance. In the last eight years, he has completed more than 30 transactions in the consumer and retail, healthcare, construction and engineering, and financial sectors, as well as in many other industries in Peru and other Latin American countries.

## M&A International's teams have closed 160 deals in Consumer & Retail in the last 5 years



Established in 1985, M&A International Inc. offers the unparalleled, global resources of over 650 M&A professionals operating in every major financial center of the world. Our specialist teams cover every industry sector and advise clients on acquisitions, divestitures and financing. We have closed over 1,400 transactions totaling more than US\$75 billion in transaction value in the past five years. [www.mergers.net](http://www.mergers.net)