

BM&FBOVESPA

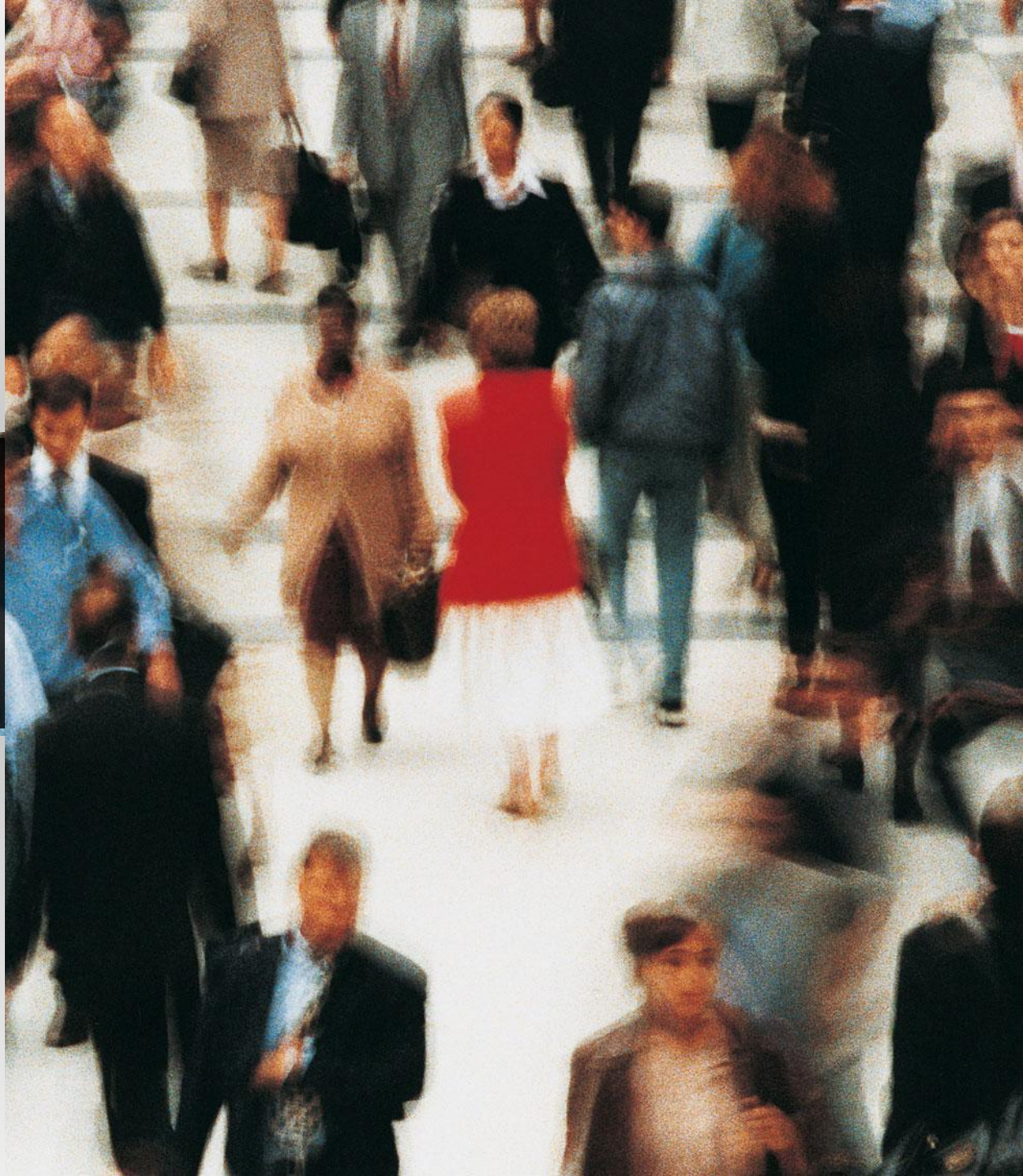
A Nova Bolsa



The Brazilian Capital Market: recent developments and trends

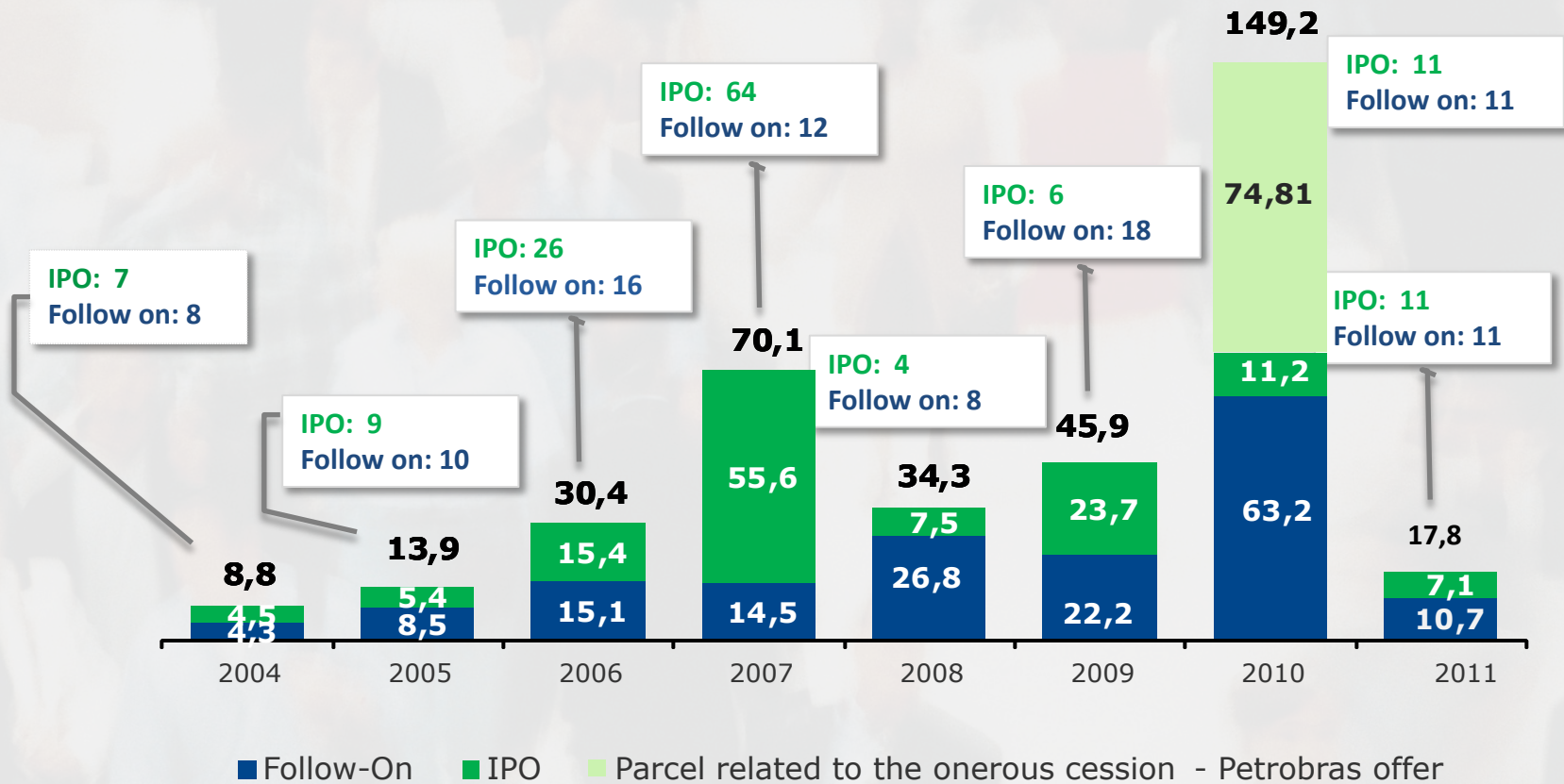
Cristiana Pereira

Feb-9-12



The Brazilian exchange has become one of the top capital raising markets...

Capital raised by share issues (BRL billion)



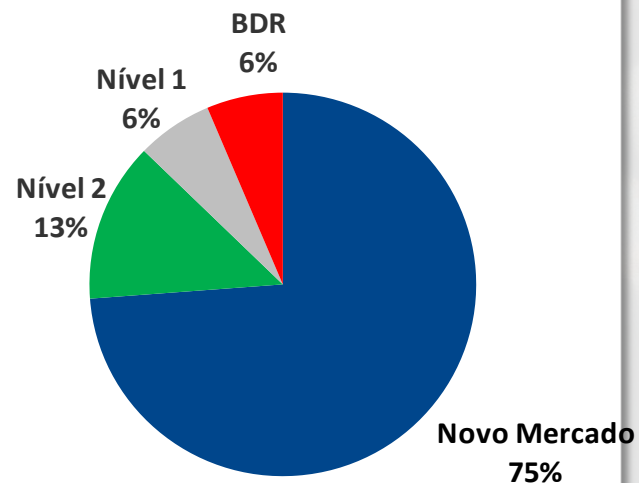
Source: BM&FBOVESPA.

2010 – Petrobrás – biggest public offering in the world: in Brazil

... built with a creation of special Corporate Governance segments

- Goal: reduce the distance between the regulation and the necessity to protect investors
- Main requirements of Novo Mercado:
 - Requirements of Corporate Governance: shareholders rights, transparency and supply of mandatory information
 - Adhesion to Market Arbitration Chamber to solve corporate conflicts
 - Requirement to listing maintenance
- Novo Mercado is a private initiative, based on the self-regulation power of the Exchange, in order to improve the quality of public companies and the credibility of capital market
- **It creates a receptive environment for public offerings**

IPOs by Listing Segment*



*Data from 2004 to July-07-2011.

Corporate Governance Index compared to IBOVESPA

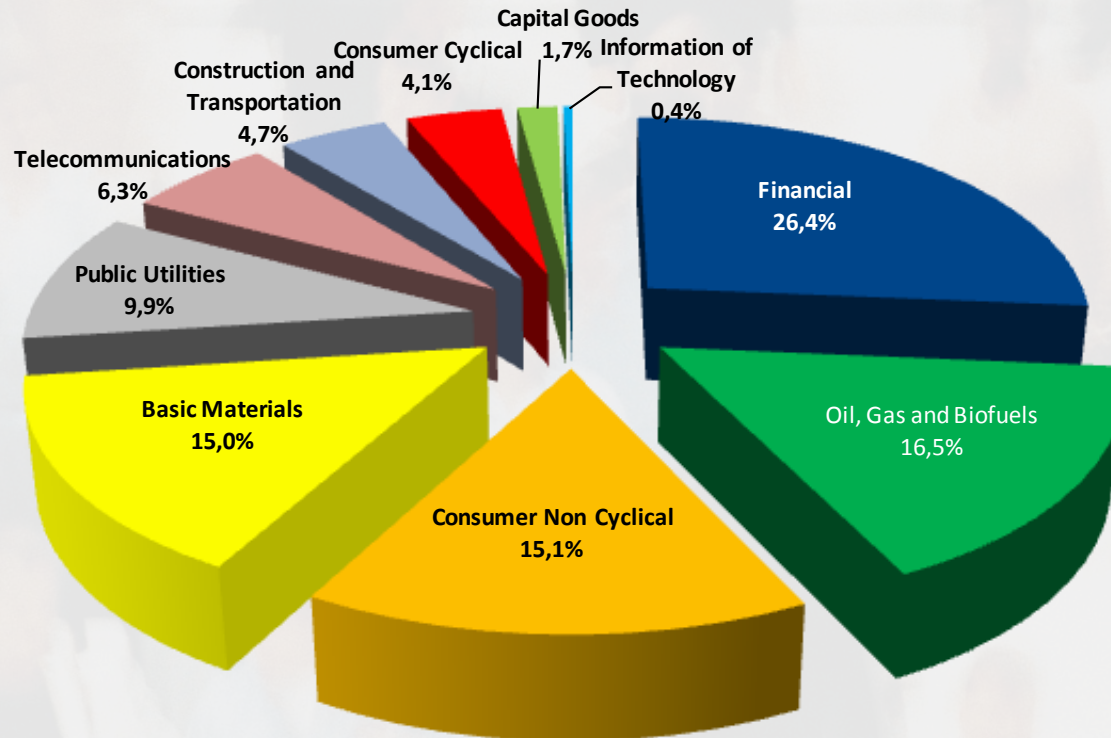


(Base 1.000 - desde 25/06/2001) – fonte: BM&FBOVESPA

Índices	IGC	IBOV
Jun/2011	-2,32%	-3,43%
Em 2011	-7,08%	-9,96%
Desde 2001	+608,90%	329,77%

Broader range of sectors

% of the market capitalization – January/12

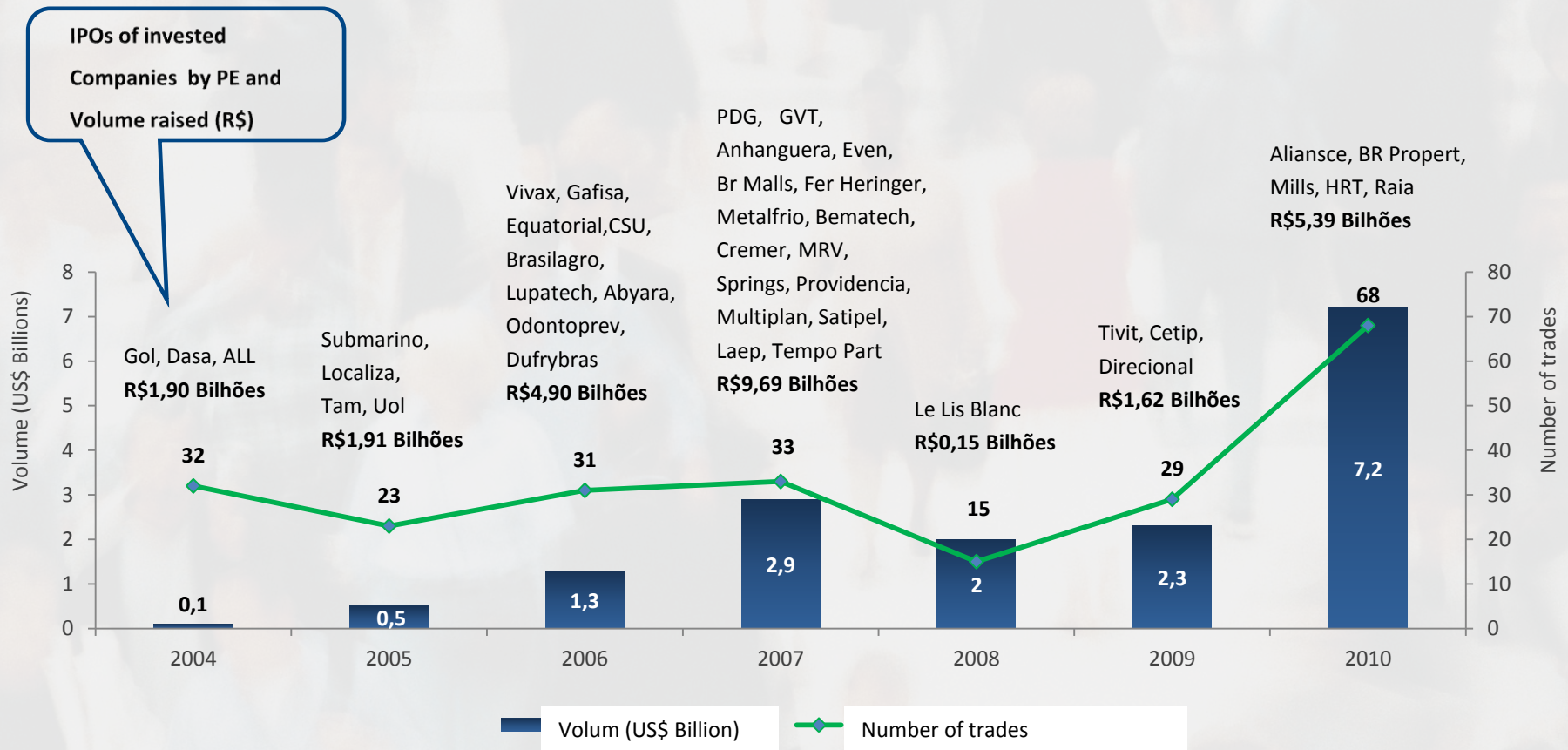


Sector Indexes

- TelecomSector Index – ITEL
- Electric Power Index – IEE
- Industrial Sector Index – INDX
- Consumption Index – ICON
- Real Estate Index – IMOB
- Financial Index – IFNC

New sectors (since 2004): car rental, information technology, toll roads and highways, pharmaceutical products, agriculture, sugar and alcohol, residential building construction, property agency, education services, medical services and stock exchange

Growing Private Equity Industry in Brazil



Source: Veja and Advent International

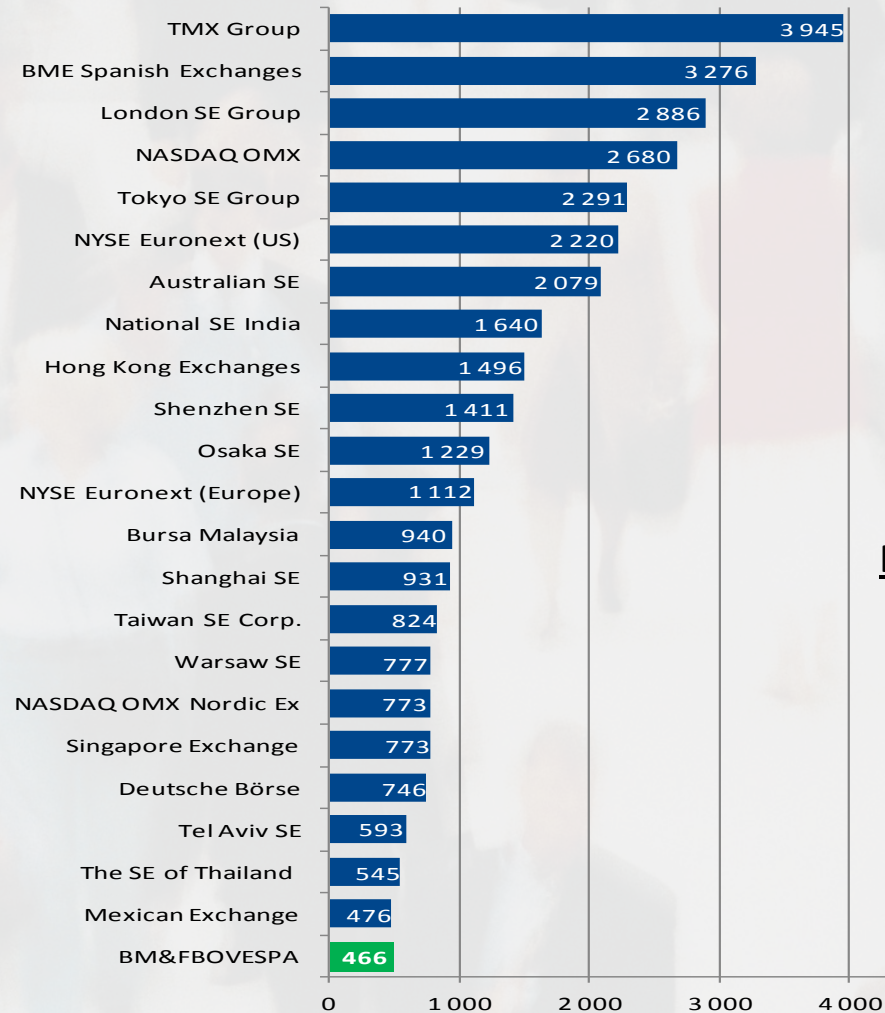
Notes: 2010: excluding investments out of Brazil (Burger King negotiation)

2007: excluding US\$ 2,4 billions from investments on real estate sector and not private equity

Negotiations without released value were not considered at volume, but were counted in the number of trades

But we still have a lot of things to be accomplished...

Number of listed companies in Stock Markets – 2011



Ranking WFE

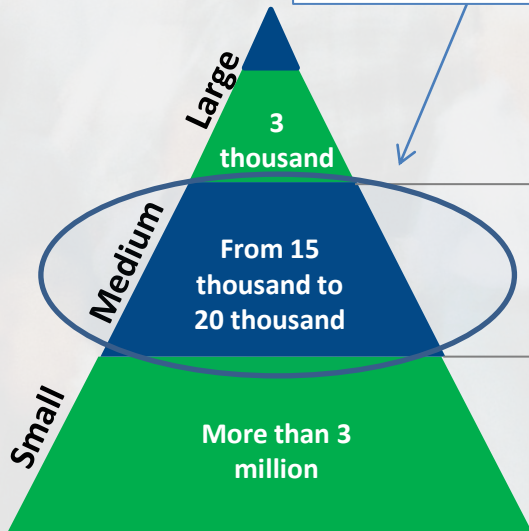
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Opportunities in the Brazilian Capital Market...

Number of companies by size



Segment have been developed with a EDUCATIONAL presence.



- More than 1,000 employees
- Annual sales over BRL 400 million

- 250–1,000 employees
- Annual sales between BRL 20m-400m

- Up to 250 employees
- Annual sales below BRL 20 million

BM&FBOVESPA initiatives with partners promoting lectures on IPOs in those some Brazilians cities



BM&FBOVESPA works to provide access to SME Companies...



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Characteristics of
companies seeking
gradual access to the
market

Alternative for a great number of companies, for all sizes and with gradual strategy in regard to access to the capital markets

BM&FBOVESPA's Strategy

Reach out to companies in all maturity levels



BM&FBOVESPA's Strategy – examples

Highlight small and medium companies



Ranking 2010

1.000 companies with annual revenue between R\$ 62,3 million and R\$ 230 million in 2009.



Ranking 2011

2.000 companies with annual revenues between R\$ 18 million and R\$ 300 million in 2010

BM&FBOVESPA's Strategy – examples

Connecting Companies to Investors – Pre-IPO Stage

FINEP* Agreement with BM&FBOVESPA

Meetings among investors and companies that could possibly make an IPO or receive VC / PE investments

- Scope of the event: coaching of hired consultant in structuring the business plan of non listed companies. Executives from those companies will be trained to make presentation to institutional investors, banks, brokers and managers of venture capital
- Realized in November 8th 2011 with participation of 4 companies
- Presence: 55 people
 - 18 representing investors
 - 29 representing banks and brokers
 - 7 others representing (non listed companies and audit firms)

* Research and Project Financing, also known as the Brazilian Innovation Agency, is a publicly owned company subordinated to the Ministry of Science and Technology – MCT



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