

VENTURE EQUITY LATIN AMERICA

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Exits

First Data International to Acquire Argencard from Exxel

Electronic transaction and payment company **First Data International** signed an agreement to acquire **Argencard**, a leading payment processor in Argentina and Uruguay. Although the terms of the agreement were not disclosed, the sale price is estimated to be around \$250 million. First Data International is part of credit card processing company **First Data Corp**, the world's largest electronic and payment services processor.

Argencard is headquartered in Buenos Aires, Argentina and has contracts with over 70 local banks to issue and process credit card transactions. The company offers payment-processing support for credit, debit, private label and prepaid cards and is also an acquirer of **MasterCard**, **Maestro** and **JCB** in Argentina and Uruguay.

The **Exxel Group** acquired Argencard in 1995 from **Banca Nazionale del Lavoro** for \$140 million. Despite the economic crisis of 2001 and 2002, Argencard continued to post positive results. The company has seen its growth skyrocket in recent years, with improvements in the local economy and increased consumption.

With the acquisition of Argencard, First Data will expand its operations in Latin America with the goal of becoming the regional leader, according to **Peter Harrington**, the head of First Data International's Latin American operations. The company has offices in Brazil, Mexico, Puerto Rico and Costa Rica and also owns

Panamanian Processing Center **Procesa**. First Data will also target the Chilean, Peruvian and Bolivian markets.

According to local media reports, **JP Morgan** brokered the sale of Argencard. The acquisition is subject to approval by the relevant authorities and is expected to be completed by the end of the fourth quarter.

The sale of Argencard is the most recent deal involving a former Exxel Group portfolio company. After having a portfolio of 73 companies in the late 1990s, Exxel's empire has dwindled down to the single digits.

Exxel has been operating in the region since 1991 and is a pioneer in the private equity industry in Latin America. Exxel-managed funds have bought and sold more companies than any other private equity manager in the region. Despite financial difficulties since the 2001 devaluation, Exxel has sold over 60 of its portfolio companies at a profit. In 2000, Exxel sold supermarket chain **Norte** to **Carrefour** at a 60% IRR and sold regional electricity distribution company **Endersa**, a holding company for the three electricity distribution companies serving the provinces of San Luis, Salta and La Rioja, to **GPU International** for \$435 million, nine times the original investment capital.

In February of 2006, Exxel increased its stake in boat manufacturing company **Compañía de Barcos**. -E.J. □