



DRT ALLIANCE

The Foreign Capital Compass: Why Brazil has become a Value Haven for M&A

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The global geopolitical landscape and uncertainties stemming from the Trump administration are prompting a drastic reallocation of global portfolios, and the Brazilian Mergers and Acquisitions (M&A) market is a direct beneficiary of this flight to emerging markets. The recent surge in foreign participation in Brazilian M&As—rising from 31% to an impressive 41% of total transaction volume in 2025, totaling BRL 110 billion—is no statistical anomaly. It is a strategic repositioning of capital in search of resilient assets.

Let's be brutal in our analysis: international capital is not coming to Brazil out of altruism or merely for its domestic consumption potential. It arrives because local assets, when viewed through the lens of hard currencies, are priced at attractive discounts and, crucially, generate real cash flow in sectors where global players need backing. Infrastructure, energy transition (renewables and strategic mining, such as rare earths), and technology are the preferred targets.

Recent mega-deals, such as the sale of CBA to Chinalco and Rio Tinto (BRL 4.7 billion) and Warburg Pincus's USD 1 billion investment in Global Eggs, are just the tip of an iceberg for a movement that has only just begun. The composition of this flow has also shifted. The shares of European (36.7%) and Asian (34%) investors have significantly surpassed the North American share. This diversified appetite means that competition for high-quality Brazilian assets will intensify. However, the true barrier to entry is not price, but the legal and regulatory complexity of our market. For foreign investors (Buy-Side), the challenge is operating in an environment where hidden tax and labor liabilities, along with foreign exchange and regulatory hurdles, can destroy an asset's valuation overnight.

The "translation" of local risk into global governance standards is what makes a deal viable. For Brazilian shareholders and founders (Sell-Side), the window is open to monetize the business in Dollars or Euros, but it will require strong "sell-side readiness." Those without impeccable governance and compliance will be left watching the capital pass them by. In a cross-border transaction environment, corporate engineering does not accept amateurism.

It's important to structure the operation to protect the foreign investor's return and maximize the local seller's liquidity while navigating Central Bank and antitrust requirements smoothly. International liquidity has arrived; however, it only lands where the legal architecture provides absolute security.