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Kenneth
Thursday, 28th December
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All smiles for dental IPO

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OdontoPrev, a dental health maintenance organisation based in São Paulo, has made an initial public offering worth 454 million reais (US\$210 million). The deal closed on 30 November.

TMG Capital Partners, a private equity fund manager from São Paulo, arranged the share offer through its investment vehicle Mariscal LLC. TMG used the deal to reduce its stake in OdontoPrev, selling some 45 per cent of the company as part of the secondary offering, and reducing its holding to 16 per cent.

Pedro Whitaker de Souza Dias of [Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados](#) says that the deal represents "an excellent case for the history of private equity investment in Brazil."

Kenneth Schwartz, managing partner at private equity boutique Schwartz Law Firm LLC, which advised TMG, adds that the deal "vindicates the thesis that the best private equity managers can add to an investee company. It is also a further success for the Brazilian capital markets and the Brazilian private equity industry."

This is the latest in a spate of IPOs in Brazil. The Brazilian securities commission (CVM) says that Brazilian companies have raised 25.32 billion reais (US\$11.82 billion) through primary and secondary share offerings so far this year, which is more than double the entire 2005 total of 11 billion reais.

Comments Jaime Mercado, a partner at [Simpson Thacher & Bartlett LLP](#): "The political stability that has characterised the country's recent history has created a safe environment for foreign direct investment and made the various companies that have come to market in recent years very attractive to non-Brazilian investors."

OdontoPrev offered a total of 16.2 million common shares, 5.78 million of which were sold in a primary offering, with the remaining 10.42 million going in a secondary offer.

The common shares were listed on the Novo Mercado section of the São Paulo stock exchange (Bovespa), and sold to the public in Brazil, and to qualified institutional buyers in the US and elsewhere. Under the rigorous Novo Mercado rules, a company must sell at least a 25 per cent stake in its business - as well as making a 100 per cent offering of common, and not preferred, shares.

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OdontoPrev is the leading Brazilian dental-services provider. It reportedly has over 3,500 corporate clients - or a 17.5 per cent share of the market. Says Mercado: "There is significant growth potential for dentistry in Brazil, as the population becomes more established and dental care services are in greater demand."

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UBS Investment Bank and Itaú BBA underwrote the deal.

Counsel to OdontoPrev and TMG

- In-house counsel - Ana Teresa Marino Galvão

Brazil

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Partners João Ricardo de Azevedo Ribeiro, Sergio Spinelli Silva Jr and Carlos Barbosa Mello, and associates Maria Fernanda Fondora, Raphaela Tércia Barbosa de Vasconcelos, Bruno Muffo Rangel Pereira, João Ricardo de Azevedo Ribeiro, Pedro Whitaker de Souza Dias and Fernanda Nardy

and

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Partner Kenneth Schwartz, of counsel Philip Kahn, associate Jeffrey Cassin and foreign associate Mariana Marques Romani

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Counsel to UBS Investment Bank and Itaú BBA

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