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Votorantim buys Lafarge's Cimpor shares

Brazil's largest cement producer Votorantim Cimentos is buying Lafarge's stake in Cimpor, a move that could thwart Brazilian rival CSN's bid for the Portuguese company.

The deal was announced on 3 February for an undisclosed amount, and will see Votorantim swap cement assets in Brazil for Lafarge's 17 per cent share in the Lisbon-based cement maker. Votorantim is also entering into a shareholders agreement with Portuguese state-owned bank Caixa Geral de Depósitos, which has a stake in Cimpor, stipulating that both will give each other the right of first refusal if they decide to sell, and keep Cimpor as a publicly traded company based in Portugal.

Votorantim was represented by Portuguese firm Campos Ferreira, Sá Carneiro e Associados, and also retained Brazilian firm Demarest e Almeida Advogados and US firm White & Case LLP for the transaction.

Lafarge, the world's biggest cement conglomerate, retained Cleary Gottlieb Steen & Hamilton LLP and **Pinheiro Neto Advogados** for the transaction, while Caixa received advice on capital markets from Linklaters in Lisbon.

"The deal is complex because it was structured as an asset swap," says Campos Ferreira managing partner Fernando Campos Ferreira. "It's interesting because it was completed during a mandatory all-share offer made by the Brazilian company CSN for Cimpor."

Demarest partner Paulo Rocha described the deal as a "very complex and fast-paced negotiation".

In December the Rio-based steelmaker CSN offered US\$5.5 billion for Cimpor, which was rejected by the company as too low. However, according to Portugal's security regulator CMVM, CSN's offer is valid until 17 February.

Brazilian construction company Camargo Corrêa has also been vying for Cimpor, though it withdrew from the bidding war on 1 February, after CMVM said it breached takeover rules.

Last week CSN said that it will issue up to US\$ 5.3 billion of notes to finance its offer, while Banco Espirito Santo, which has been advising CSN, is expected to offer a bridge loan. In December Votorantim made a US\$540 million bond issuance to raise funds in part to acquire Cimpor, as well as financing its purchase of shares in Argentina's Cementos Avellaneda and Uruguay's Cementos Artigas.

Counsel to Votorantim

- General counsel Alex D'Ambrosio

Portugal

- Campos Ferreira, Sá Carneiro e Associados
- Partners Fernando Campos Ferreira, Martim Morgado and Maria Castelos

Brazil

- Demarest e Almeida Advogados

Partners Altamiro Boscoli, Paulo Rocha, Luiz Felipe Ferraz, Thiago Giantomassi and Plinio Yoshiyasu

International

- White & Case LLP

Counsel to Lafarge

- Uria Menendez
- Partner Carlos Costa Andrade, counsel Ana Sá Couto and associate Catarina Gonçalves de Oliveira

International

- Cleary Gottlieb Steen & Hamilton LLP

Partners Pierre-Yves Chabert, Gilles Entraygues and Gamal Abouali and associates Monica Kays, Haykel Hajjaji, Abdallah Simaika and Kimberly Murphy

Brazil

- **Pinheiro Neto Advogados**
- **Partner Ricardo S. Russo and associates Thiago Bonini and Flávio Veitzman**

Counsel to Caixa Geral de Depósitos

- Linklaters

Partner António Soares