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Grupo Linx to acquire in Argentina and Chile after deals in Brazil; IPO planned for 2013 or 2014, shareholder says

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Grupo Linx, a privately-held Brazil-based software and IT services company, seeks opportunities in Brazil, Chile and Argentina, and plans an IPO for 2013, shareholder Nercio Fernandes said.

Grupo Linx has acquired four companies in Brazil since 2008. Two of those deals were concluded last month, CSI Comercio Solucoes Inteligentes and Intercommerce Retail Software. Formata and Quadrant were acquired in 2009 and 2008, respectively. The company spent BRL 100m (USD 54.2m) for these deals combined, according to a company statement.

The CSI acquisition was closed after Grupo Linx sold in January a 21.7% stake to the state-owned development bank BNDES Participacoes, for an undisclosed amount.

Grupo Linx's three shareholders plan to list the company in 2013 or 2014, Fernandes said. "We will do it undoubtedly. All of our work here is for an IPO." The company plans to increase its annual revenue to BRL 300m before the IPO, said Fernandes, who is also Grupo Linx's development director.

With BRL 130m in revenues in 2009, Grupo Linx has four business units: software, logistics, telecommunications and Fast Fashion, a logistics division focused on fashion companies.

The company is specialized in IT systems for retail companies, like software for point of sales (POS) and network infrastructure for shopping malls. "This industry is growing dramatically in Brazil, and we have 60% of the malls as our clients," Fernandes said.

Grupo Linx's M&A strategy is to acquire companies specialized in software for retail businesses. "There is no limitation of size, besides our pocket. We can acquire a BRL 3m company if it does have good technology," Fernandes said.

Grupo Linx hired an advisor to look for opportunities in Chile and Argentina, which Fernandes declined to name. However, the company will hire another advisor as talks with targets advance, he said.

by Max Gonzales in Sao Paulo