IGUAKO CAPITAL · Case study

Cerro Aldama Laboratorios

A sell-side mandate for a sterile injectables plant in Mexico, taken to nineteen parties and signed at US$184 million eleven months after appointment.

YEAR	SECTOR	DIVISION
2021	Pharmaceuticals	Investment Banking

JURISDICTION
Mexico

Situation

Cerro Aldama Laboratorios ran three plants in Mexico and wanted to sell one of them. The site in question filled sterile injectables for the domestic hospital market and for two export markets. It had passed every inspection since 2013. It also consumed a third of group capital expenditure and served none of the owner's growth plans.

An earlier attempt to sell the plant had closed without a signed agreement. The material given to bidders described the site and not the licence position, and the two parties that reached diligence withdrew when they found that four of the product authorisations sat with the parent company rather than with the plant entity.

Approach

The firm was appointed in February 2021. Investment Banking commits no capital in this division, so the work was defined narrowly: establish what a buyer would actually receive, fix what could be fixed before a bidder saw it, and run a process that did not depend on any single party staying interested to the end.

Four months went into the perimeter. The four authorisations held by the parent were transferred to the plant entity before marketing began. Eight years of inspection findings and batch-release records were assembled into one dossier. A supply agreement was drafted so that a buyer could keep filling the parent's products for three years after completion.

Nineteen parties were approached. Six visited the site and three submitted binding offers: two regional fillers and one distributor moving into manufacturing. The firm advised the owner to accept the second-highest offer, because it carried no financing condition and no price adjustment tied to the following year of volumes.

Outcome

The transaction signed in January 2022 at US$184 million, eleven months after appointment, and completed in May once the change of control had been cleared in both export markets. The supply agreement ran to its full term. Neither side claimed a price adjustment and no indemnity was called.

The mandate paid a fee of US$3.9 million. It also opened a relationship. The same owner asked the firm to review two contract manufacturing sites in 2023, and the Mexico City office has advised on three further transactions in the sector since. Investment Banking has run eleven sell-side mandates in pharmaceuticals since 2019.

Figures

Measure	Value
Transaction value	US$184 million
Parties approached	19
Appointment to signing	11 months

Colophon