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THE MARKET DYNAMICS BRAZILIAN HIGHER EDUCATION: AN OVER VIEW OF MERGERS AND ACQUISITIONS BETWEEN 2005 AND 2014

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ABSTRACT

This work deals with the processes of mergers and acquisitions (M&A) in the educational market of higher education in Brazil, exclusively between 2005 and 2014. Such an approach is justified in relation to the large volume of this type of event related to higher education institutions (HEIs) moving towards a process of consolidation in the industry. The purpose of this study is to establish an overview of the main mergers and acquisitions in Brazilian higher education educational market, typifying the size of higher education institutions, the geographic location and the profile of the acquired HEIs. This is demonstrated through the sample comprised 103 mergers and acquisitions events that occurred between the 8 largest purchasers. The analysis proved that the buyers have fondness for HEI College type, with businesses below 4000 students and with concept of General Courses Index (IGC) 3 and located in the South or Southeast of the country.

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INTRODUCTION

The volume of M&A in the Brazilian higher education has particularly movement the sector. Since 2005 when the first acquisition was announced, the number of transactions involving HEIs of all Brazil has not stopped growing. This growth has promoted an intense change in the higher education sector with regard to processes of professionalization of management of these HEIs, as well as in the fierce competition for student. This paper analyzes the volume of M&A involving Brazilian HEIs between 2005 and 2014. In this period of great transformations is possible to realize the entries of international groups acquiring national HEIs. This is interesting because, in the higher education market, the presence of these large groups had not been established before 2005. In this sense, this job interested in drawing a profile of HEIs acquired between 2005 and 2014 with regard to transaction volume, size, location and academic performance. Although this work is concentrated in the HEIs, there were other M&A linked to basic education as well as vocational,

language and free courses. It is important to note that the market has changed profoundly with these events and the trend is that these transactions has been intensified in the next years. Know the profile of the HEI acquired can assist in better understanding of the future of M&A movement in the educational sector of higher education. According to Berkovitch and Narayanan (1993), there are three reasons for an M&A event:

- **Synergy** – happens by virtue of the economic gains that may result, since the resources of both organizations will be contributing to the result;
- **Agency** – suggests that the result of the acquirer management will take place at the expense of the shareholders of the acquirer;
- **Overconfidence** – when there is an error of evaluation by a manager believing that the M&A is a big deal, even though they do not have all the information for decision-making.

Seth, Song and Petit (2000) consider some factors that encourage an M&A event. Are cited for them the economies of scale and scope, operational efficiency and synergy.

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Demonstrate there is value creation through economies of scale and scope, for operational efficiency and market power in operations made with related firms. With high competitiveness, M&A became strategies for survival and maintenance on the market. They can minimize transaction costs, economies of scale and scope, increase in income, as well as consolidation. Camargos and Barbosa (2015) explain merger as one of the methods in which a company can acquire another and the acquisition exists when is performed the purchase of shares or assets (by means of money, stock or security). The negotiation can be performed through a private purchase offer of the administration of the target company or even a takeover bid. Such events can be seen as an attempt to deal with the dynamism of the market. In the face of constant challenges, such a choice can make the organizations more efficient, expansion and market consolidation, integration and internationalization.

The corporate world has been practicing for some time the process or operation of M&A. Such transactions are carried out involving significant amounts in monetary terms. Many companies end up completely changing its strategy, and even control your environment. Data show that this practice has grown in recent years in view of the large and rapid changes in technologies, economies of scale and scope, new industries and opportunities, globalization, among others. The advantages of this practice can be seen in the contribution to reduce bankruptcies, increased efficiency, more safety to investors and better efficiency. However, there is a discussion of this practice involving the issue of monopoly. It is important to mention that in the case of horizontal M&A, the goal of the organization is to be able to compete better on the market and thus increase their presence. The vertical M&A the goal is often to reduce costs by merging of aspects that give advantage to one side to the other, as absorption of technology, logistics or purchasing costs, etc. Although this type of practice, as already mentioned, has shown growth, it presents the so-called waves, in which certain times become very heated and happen many M&A, and at other times, there is a slowdown. This happens even in certain market niches that are high and so encourages its executives to realize opportunities to seize the moment. Another aspect is to take advantage of the fall in the value of shares of a particular organization. You can highlight in this sense some waves that occurred, as in the beginning of the last century, in which oil companies, steel and mining made several horizontal mergers. A second wave occurred from the years 20 and this was vertical, because they were companies in the client-vendor type. There is also the wave in the years 60 in organizations of various different niches or unrelated practiced M&A. The 80s present another wave, very different from what was until then known: acquiring or merging with company that had poor performance, in order to resell later. So, in this operation, sought to recover the operational capacity and make debt payment via operating cash flow. Another wave happens in 90 years in order to increase competitiveness and thus to become a globalized company. Important to remember the technological changes that have occurred as never before, especially the internet, computer networks and software. From 2004 can observe the last wave, which presents a consolidation of technology companies and the participation of companies with investment funds. There is no doubt that for a company practicing M&As, need to be sure that she will add economic value to the acquired. Therefore, you need a synergy between them; it will be necessary to review the assets and applies them (assets of

two organizations) in the best possible way. This should result in better revenue (increase), market expansion, new products, new customers and new opportunities. In addition, you can get cost reductions, with a view to the new assets. In an M&A process, it is important that there is value creation. To this end, it is vital that there is synergy, which is when the value of the new combined firm is greater than the sum of each of the Parties observed in isolation. This synergistic process can be observed when it improves resource utilization, for example, generating better opportunities. In addition, can be observed changes in operational processes that can result in economy. In this way, one can understand that M&A with related companies tend to have a great synergy in relation to operational aspects. It is concluded that M&A generate economies of scale, would increase the size of the company. This implies better use of human resources, logistics, operational. Also benefits from economies of scope in order to be able to assist the Organization to produce new goods and services with reduced cost, as these were already related to the above. However, logically, such aspects are not guaranteed for any M&A you have a deep evaluation to realize the gains that may occur and to identify the hazards and risks. A study of corporate restructuring must Figure out if the disposals (divestiture) create wealth. In General, one can see that by the actions of the company.

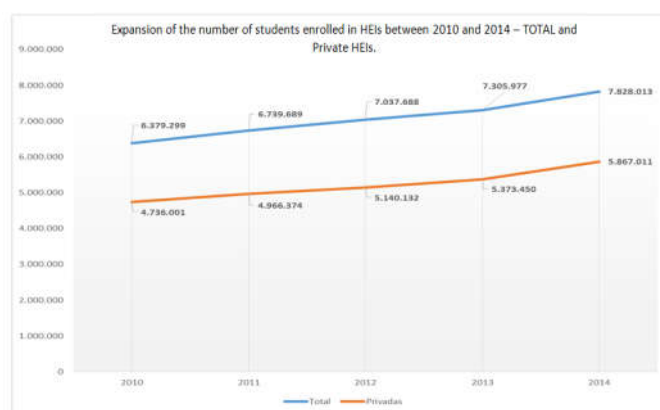


Figure 1. Expansion of the number of students enrolled in HEIs between 2010 and 2014 – TOTAL and Private HEIs. Adapted INEP (2014) and INEP (2015)

To complement, Copeland, Lemgruber and Mayers (1987) conducted a study of events in which the sample used was with cases of failures in disposals. The cumulative return for the series of announcements about the operation is approximately two times greater than the estimated on the date of the initial announcement. Thus, it can be concluded that the disposals have been instituted to create wealth. Another important issue is that although get a good margin of success because of the ads, the initial gains decrease when the sales are completed. Thus, asset transfers are crucial to create wealth. Thus, an organization that intends to carry out a process of M&A in the international scope needs to take into account and recognize what has in technological terms, intangible assets, marketing and structure. In addition, must take into account aspects that sometimes are not as noted as the culture of the country and their market – these characteristics need to be taken into account. In addition, the political and social situation can assist in making decisions about the type of Globalization that if you want to. In line with previous articles, you can see the reason to point out that this process regularly adds value, both in the context of acquiring assets or create a new structure from scratch. The DCE (2015) divides the Brazilian HEIs in public

or private. Public educational HEIs are maintained by the Government in 3 formats, which are: (1) Federal, (2) State or (3) Municipal. Are financed by the State and do not charge tuition or monthly fee.

The private HEIs are administered by individuals or legal entities governed by private law, with or without profit purpose. Private HEIs without profit purpose are:

- **Community**, including in your organization maintains the community representatives;
- **Confessional**, that meet particular confessional and ideological orientation; and
- **Charities**, which provide services to the population, in character to complement to the activities of the State.

With respect to the administrative aspect of the HEIs (both public and private) can be of 3 types, as DCE (2015), citing the law of Guidelines and Bases of education:

1. **University**: multidisciplinary academic institution. Has institutionalized and intellectual production presents minimum requirements for academic degree (one-third of masters and doctors) and faculty workload (a third in full regime). Has the autonomy to create courses and academic and administrative headquarters, to issue diplomas, attach resumes and number of slots, enter into contracts, agreements and covenants;
2. **University Center**: Can have one or more areas of knowledge and shows no requirement of institutionalized research.
3. **College**: is considered an HEI which has no autonomy to confer titles and diplomas, being dependent on that a University that perform these records. Can be also another type of HEIs that would be an organic unit of a University.

Ex.: Faculdade de Direito da Universidade Federal de Pernambuco.

According to the data of the INEP (2015), participated in the National Examination performance of students (ENADE), a total of 1,753 private HEI in 2014. Of these, 69.5% obtained 3 concept on evaluation (the concepts range from 1 to 5, 5 being the highest score). Other 14% obtained 4 concept and only 0.6% obtained 5 concept. Among those who have had reviews below the expected quality, are the remaining 16%. Thus, it is possible to notice a concentration of HEIs on track 3, with this style of organization that mostly compete with those same arguments related to quality and to acquire the minimum level required. Therefore, the market is formed by competitors that offer pretty much the same type of service that can be replaced easily. Currently, 89.5% of private HEIs are colleges. These have a smaller feature and act with courses that are more traditional. This favors the kind of existing market, because they have a lot of similarity in the conduct of business.

There is an interesting consideration in relation to the market in question:

"The neoliberal Governments – of FHC to Lula da Silva – not only kept the default dependent on higher education, but offered its deepening, as part of the bourgeois strategy to deal with the structural crisis of capitalism." (Vale, 2008). According to the CM (2015), the current Brazilian financial-

economic scenario has been gradually affected by the international crisis. This has generated an effect also in the educational market. In this way, educational groups, publicly traded or not need to rethink their strategies and consider in this sense the possibility of an M&A process. The numbers of events in this market were quite impressive, with a participation of foreign organizations, thus, educational majors:

Kroton Educacional, Laureate Group, Estácio Participações, Ânima/GAEC and SER Educacional. The target of these Consolidators are the HEIs that meet the class C and D, and the motivators for this are: gain in scale, brand building and survival. Such M&A events have gained strong momentum with the creation of governmental incentives to University credit and expansion of social programs.

"This process of consolidation of the private higher education has promoted a turnaround, suffering several changes. The trend is that, although smaller in volume and speed, mergers, acquisitions and the formation of educational networks continue to set the tone to the already popular Brazilian private higher education market" (CM, 2015).

The Brazilian higher education educational market presents as a characteristic the large number of private HEIs. This can be seen by the census numbers in higher education of 2014 (INEP, 2015). According to this study, there is in Brazil a total of 2,368 HEIs, with 87.4% of these are private HEIs. The geographical distribution of private HEIs in Brazil, according to the INEP (2015), reveals that nearly half (47.3%) are in the Southeast, and the State of São Paulo with the largest number (502 HEI). Next, the northeastern region appears with 18.6%, followed closely by the South, which owns 17.5% of the HEI. The Midwest region has 10.6% and the northern region the other 6%. Enrollment, according to the INEP (2015), also features a high concentration to the private HEIs. In 2014, 7,828,013 students were enrolled in higher education (6,486,171 in undergraduate presential and 1,341,842 in undergraduate distance), and 75% (5,867,011) of this total are of students enrolled in private HEIs. The same is true in relation to students graduating and entering. That same year, 1,027,092 students completed higher education and 3,110,848 joined HEI students. Of these, 76.4% of seniors and 82.3% of new entrants are from private HEIs. In addition, it is possible to realize that this kind of market presented an expansion from 2010 to 2014. The increasing number of entrants can prove this in this period, as shown in Figure 1. On average, an annual growth of 5% and a cumulative total of order growth of 23%. If they are isolated figures only to private HEIs, it is realized in the same period a cumulative growth of 24%, and an average growth of about 6%. The reason of this growth goes through incentive policy adopted by the federal Government, which expanded the student financing and also the University for all Program (ProUni) that offer scholarships and partial scholarships.

MATERIALS AND METHODS

This article uses the bibliographical research in the sense of location and consultation of various sources of information published. It is also characteristic of this research the General or specific data collection regarding a theme providing instrumental and analytical material to any other type of research, but also running out on herself.

Table 1. M&A Laureate institution. Source: CM (2015)

Ano	Adquirida	Laureate				
		UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2005	Anhembi Morumbi	SP	59	-	-	-
2007	Business School São Paulo	SP	-	-	-	-
2007	Universidade Potiguar	RN	-	-	-	-
2007	Faculdade dos Guararapes	PE	-	-	-	-
2007	Faculdade Potiguar da Paraíba	PB	-	-	-	-
2008	Centro Universitário do Norte	AM	-	-	-	-
2008	Escola Sup. de Adm., Direito e Economia	RS	-	-	-	-
2010	Centro Universitário Herminio da Silveira	RJ	90	9.000.000,00	8.181,82	1.100
2010	Universidade Salvador	BA	100	100.000.000,00	6.622,52	15.100
2010	Centro Universitário Ritter dos Reis	RS	100	50.000.000,00	7.692,31	6.500
2013	Anhembi Morumbi	SP	41	> 400.000.000,00	-	30.000
2013	Centro Universitário das Fac. Metrop. Unidas	SP	100	1.000.000.000,00	15.000,00	-
2014	Faculdade Rio-grandense	RS	100	-	-	3.000
TOTAL				1.159.000.000,00		55.700

Table 2. M&A of the institution Anhanguera. Source: CM (2015)

Ano	Adquirida	Anhanguera				
		UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2007	Centro Hispano-Brasileiro de Cultura AS - UNIBERO	SP	100	15.967.214,00	5.913,78	2.700
2007	União Fênix de Educação e Cultura FAFEB e ISEFEB	SP	100	6.500.000,00	3.421,05	1.900
2007	Oeste Organização de Ens. Superior e Tecnologia - FIZO	SP	100	18.200.000,00	4.365,56	4.169
2007	Faculdade Atlântico Sul	RS	100	16.840.000,00	5.806,90	2.900
2007	Uniderp - CESUP - UNAES	MS	100	206.800.000,00	5.500,00	37.600
2008	Faculdades Planalto	RS	100	10.286.500,00	4.114,60	2.500
2008	Faculdade de Negócios e TI - FACNET	DF	100	20.480.000,00	5.535,14	3.700
2008	IESVILLE	SC	100	30.000.000,00	5.263,16	5.700
2008	FRIS	SP	100	3.500.000,00	2.333,33	1.500
2008	FABRAI	MG	100	10.360.000,00	5.180,00	2.000
2008	FAENAC	SP	100	34.000.000,00	5.666,67	6.000
2008	CESUR - FACSUL	MS	100	13.671.786,60	4.882,78	2.800
2008	FASERT - Faculdade de Sertãozinho	SP	100	2.550.000,00	4.784,24	533
2008	Faculdade JK	DF	100	31.300.002,20	5.905,66	5.300
2008	Faculdade Santa Terezinha	DF	100	5.299.120,00	5.134,81	1.032
2008	Faculdade Taboão da Serra	SP	100	32.550.000,00	6.027,78	5.400
2008	Faculdade Kantun	RS	100	2.300.000,00	-	-
2010	Centro Universitário Plínio Leite	RJ	100	56.972.735,25	7.709,44	7.390
2011	Faculdade Uirapuru e Instituto Manchester Paulista	SP	100	5.069.000,00	3.359,18	1.509
2011	Faculdade de Ciências e Tecnologia de Brasília	DF	100	2.200.000,00	-	-
2011	Faculdade Anchieta	SP	100	74.800.000,00	6.131,15	12.200
2011	Faculdades Integradas Torricelli	SP	100	38.998.576,13	6.018,30	6.480
2011	Faculdade Metropolitana de Belo Horizonte	MG	100	40.278.000,00	6.011,64	6.700
2011	Uniban	SP, PR e SC	100	1.021.200.000,00	16.210,53	55.100
2013	Instituto Excelência	BA	100	18.000.000,00	5.806,00	3.100
TOTAL				1.718.122.934,18		178.213

In gathering information for the formulation of the study, we decided to survey secondary data M&A reports on the educational sector of higher education (CM, 2015), in addition to researches on the gates of the Ministry of education (MEC, 2016).

RESULTS AND DISCUSSION

As a way of highlighting the M&A in the higher education market in Brazil, will be presented separately transactions that occurred by the eight main actors in volume of negotiations in this scenario: Laureate Group, Anhanguera, Estácio, Kroton, SEB, SerEducativa, Cruzeiro do Sul and Anima Educação. Of these actors, just the Laureate has international origin and Anhanguera, Estacio, Serand Anima have traded in the Brazilian stock exchange. The Laureate took place between 2005 and 2014, 13 M&A events. Of these, 5 events have complete information about the percentage acquired and the amount paid.

So, in these events, were paid about of R\$1,159 billion for HEIs located in the States of the Southeast, Northeast, North and South of Brazil. This organization, in 2013, received a contribution of the International Finance Corporation of R \$150 million. Such numbers can be observed in the Table 1. The Anhanguera held between 2007 and 2014, 25 M&A events. Of these, 23 events have complete information about the percentage purchased, amount paid and the number of students. According to Table 2, were paid more than R\$1,718 billion for HEIs located in the States of the Southeast, South, Midwest, and Northeast. Such M&A have accumulated more than 178,000 students. Estacio took place between 2007 and 2014, 23 M&A events. Of these, 22 events have complete information. More than R \$ 1.034 billion were paid for HEIs located in the States of the Southeast, South, North, Northeast and the Federal District. Still, there was an international acquisition, which occurred in Paraguay. The events did more than 100,000 students involved, as is evident in Table 3.

Table 3. M&A of the institution Status. Source: CM (2015)

Ano	Adquirida	Estácio				
		UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2007	Centro Universitário Radial	PR	100	56.677.500,00	5.247,92	10.800
2008	Faculdade Interlagos	SP	100	6.295.500,00	4.612,09	1.365
2008	Faculdade Europan	SP	100	8.352.000,00	5.693,25	1.467
2008	Faculdade Brasília de São Paulo	SP	100	2.234.526,00	3.385,65	660
2008	Faculdade Magister	SP	100	4.342.600,00	3.853,24	1.127
2008	Universidad de la Integración de las Américas - UNIDA	Paraguai	100	2.400.000,00	1.102,94	2.176
2008	SESAP, SESAL, SESSE, UNEC	Diversos	100	15.100.000,00	1.566,23	9.641
2008	UNIRADIAL - FAMEC, IESC, FMI	SP	100	10.228.000,00	3.200,00	3.215
2010	Faculdade Atual da Amazônia	RR	100	20.000.000,00	4.444,44	4.500
2011	Faculdade de Natal	RN	100	12.500.000,00	5.208,33	2.400
2011	Faculdade da Academia Brasileira de Educação e Cultura	RJ	100	-	-	-
2011	Faculdade de Excelência Educacional do RN	RN	100	22.000.000,00	6.567,16	3.350
2012	Faculdade Seama	AP	100	21.720.000,00	7.898,00	2.750
2012	União Luiz Educacional	MA	100	28.000.000,00	7.000,00	4.000
2012	Faculdade de Tecnologia Ibratec de João Pessoa	PB	100	2.750.000,00	5.500,00	500
2012	Faculdades Riograndenses	RS	100	9.320.000,00	8.473,00	1.100
2012	Faculdade de Tecnologia do Uniuol	PB	100	1.725.000,00	5.750,00	300
2013	Faculdade de Ciências Sociais e Tecnológicas - Facitec	DF	100	29.000.000,00	8.055,56	3.600
2013	Faculdade ASSESC	SC	100	5.800.000,00	6.338,80	915
2013	Uniseb	SP	100	615.318.088,06	16.280,00	37.800
2014	Instituto de Estudos Superiores da Amazônia	PA	100	80.000.000,00	17.777,78	4.500
2014	Faculdade Literatus	AM	100	48.000.000,00	10.000,00	4.800
2014	Centro de Ensino Unificado de Teresina	PI	100	33.000.000,00	8.918,00	3.700
TOTAL				1.034.763.214,06		104.666

Table 4. M&A of Kroton Institution. Source: CM (2015)

Ano	Adquirida	Kroton				
		UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2007	Faculdade Pitágoras de Divinópolis	MG	80	7.164.000,00	2.310,97	3.100
2007	União Capixaba de Ensino Superior - CESV/UCES - Pitágoras	ES	100	2.000.000,00	3.636,36	550
2007	UMEP - Pitágoras	PR	100	18.000.000,00	5.840,36	3.082
2008	Faculdade JAPI - INED - Pitágoras	SP	100	5.250.000,00	5.555,56	945
2008	Faculdades FIPAG - Pitágoras	ES	100	4.600.000,00	3.833,33	1.200
2008	UniMINAS - Pitágoras	MG	100	22.000.000,00	6.057,27	3.632
2008	SUESC - Pitágoras	RJ	100	31.500.000,00	9.000,00	3.500
2008	Unilinhars - Pitágoras	ES	100	15.000.000,00	5.889,28	2.547
2008	Faculdade CBTA - INED	SP	100	3.587.200,00	4.472,82	802
2008	CEPEO - INED	PR	100	400.000,00	-	-
2008	Faculdade Teixeira de Freitas - Pitágoras	BA	100	8.200.000,00	5.125,00	1.600
2010	Grupo IUNI - UNIC, UNIME, FAMA, UNIRON - Pitágoras	MT, AP, MS	100	270.000.000,00	6.428,57	42.000
2011	Faculdade Atenas Maranhense	MA	100	31.600.000,00	6.311,16	5.007
2011	Faculdade Educacional de Ponta Grossa	PR	100	7.850.000,00	5.282,64	1.486
2011	Faculdade de Soriso	MT	100	7.000.000,00	5.376,34	1.302
2011	Universidade Norte do Paraná - UNOPAR	PR	100	1.300.000.000,00	8.024,69	162.000
2012	Centro Universitário Cândido Rondon	MS	100	22.000.000,00	4.021,94	5.470
2012	Uniassevi	SC	100	510.000.000,00	5.916,47	86.200
TOTAL				2.266.151.200,00		324.423

Kroton took place between 2007 and 2012, 18 M&A events. Of these, 17 events have complete information, as organizations B and c. If observed the table 4, more than R\$2,266 billion were paid for HEIs located in all regions of Brazil, with the exception of the Federal District. More than 320,000 students have been involved in these processes. SEB took place between 2007 and 2008, three events of M&A. This comprised more than R\$108 million in the States of Bahia, Minas Gerais and Paraná and comprised more than 118,000 students, as can be seen in table 5. This organization was bought by Pearson-English company – in 2010, for more than R\$900 million. The SER Educational Organization held six M&A between 2013 and 2014. This comprised a payment of more than R\$370 million and more than 30000 students. All events took place with HEIs in the Northeast, with the exception of an acquisition that occurred in the Southeast.

Table 6 shows all information about the events that occurred. The Cruzeiro do Sul held 3 M&A between 2008 and 2013 and sold 37% of your control to the ACTIS for about R\$180 million. Its operations took place with HEIs of São Paulo and the Federal District. The table 7 still shows that all purchases were 100%. The Ânima Group held five M&A between 2009 and 2014 and received a \$100 million contribution from Investments BR in the year 2012. Of the 4 events known, were investments of R\$1, 5 billion and involved more than 100.000 students. The Table 8 two acquisitions of the same acquired in different periods. In the face of such data, it is possible to realize that the eight studied are buyers, focus 18% of the market among the private HEIs, which represents today, a number of more than 1 million students. Figure 2 shows the *Market Share* of this consolidator group. Is notorious even the participation of groups of foreign investors who have taken

Table 4. M&A of Kroton Institution. Source: CM (2015)

SEB						
Ano	Adquirida	UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2007	Instituto de Ensino Superior de Salvador - Itaigara	BA	100	4.200.000,00	3.661,73	1.147
2007	Faculdade Metropolitana	MG	100	10.000.000,00	3.703,70	2.700
2008	Grupo Dom Bosco	PR	93	94.546.443,00	822,14	115.000
TOTAL				108.746.443,00		118.847

Table 5. M&A of the institution SEB. Source: CM (2015)

SEB						
Ano	Adquirida	UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2007	Instituto de Ensino Superior de Salvador - Itaigara	BA	100	4.200.000,00	3.661,73	1.147
2007	Faculdade Metropolitana	MG	100	10.000.000,00	3.703,70	2.700
2008	Grupo Dom Bosco	PR	93	94.546.443,00	822,14	115.000
TOTAL				108.746.443,00		118.847

Table 6. M&A of BEING educational. Source: CM (2015)

SER Educacional						
Ano	Adquirida	UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2013	Faculdade Decisão / Joaquim Nabuco	PE	100	3.380.000,00	5.160,31	655
2013	Faculdade Juvêncio Terra	BA	100	5.000.000,00	9.433,96	530
2014	Faculdade Anglo Líder	PE	100	2.100.000,00	6.000,00	350
2014	UNESPA e ISES	PA	10	151.200.000,00	12.393,44	12.200
2014	Faculdade Santa Emília	PE	100	9.500.000,00	6.466,67	1.500
2014	Universidade de Guarulhos	SP	100	199.080.000,00	10.878,00	18.300
TOTAL				370.260.000,00		33.535

Table 7. M&A of Cruzeiro do Sul. Source: CM (2015)

Cruzeiro do Sul						
Ano	Adquirida	UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2008	Centro Universitário do Distrito Federal	DF	100			7.000
2012	Universidade Cidade de São Paulo - UNICID	SP	100			15.000
2013	Universidade de Franca - Unifran	SP	100	120.000.000,00	6.315,79	19.000
TOTAL				120.000.000,00		41.000

Table 8 - M&A of Ânima Group. Source: CM (2015)

Ânima						
Ano	Adquirida	UF	% Aquisição	FV (R\$)	FV Alunos (R\$)	Alunos
2009	Centro Universitário de Belo Horizonte - UNIBH	MG	100			15.000
2014	Universidade São Judas Tadeu	SP	100	320.000.000,00	11.228,07	28.500
2013	HSM Educação		50	50.000.000,00		
2014	HSM Educação		50	39.200.000,00		
2014	Centro Universitário Jorge Amado e Universidade Veiga de Almeida	RJ, BA	100	1.140.000.000,00	20.542,09	55.619
TOTAL				1.549.200.000,00		99.119

advantage of the opportunity to participate in a fragmented market (76.6% of private HEIs has up to 2,000 students) and with strong investment return rates (CM, 2015). The largest foreign investment fund was Advent Fund, which bought part of Kroton in 2010. In this same year, the European Group Pearson acquired the SEB in a transaction of over R\$900 million. In 2013, the Laureate Group received \$150 million contribution of the IFC.

Even in 2013, there was the largest merger to date in the market – Kroton and Anhangüera have teamed up in April and became one of the largest in the world with an estimated market value of 21,287 R\$ billion. With the analysis of the information of M&A, it is possible to trace a profile of acquired. To analyze the full set of events can see, the HEIs purchase target are located with great prevalence in the State of São Paulo (representing 29% of the total). Secondly, the States of Minas Gerais, Rio Grande do Sul and Paraná (with 7% each of them) are tied. Therefore, it is a clear preference for South and Southeast regions, because they represent together 62% of the total M&A. Another analysis to be observed is the size of the acquired HEIs. Highlights this information by typing between the organizations below 2,000 students, between 2,001 and 4,000 between 4,001 and 8,000, between 8,001 and 16,000, between 16,000 and 32,000 and over 32,000 students. The preference of the purchasers are HEIs under 2,000 students. Adding the below 4,000 students, are totaled 57% of HEIs. In examining the question of quality influences whether or not the purchase, it is possible to conclude that the preference is for HEIs that have note 3 in General Courses Index (IGC) which is measured through the

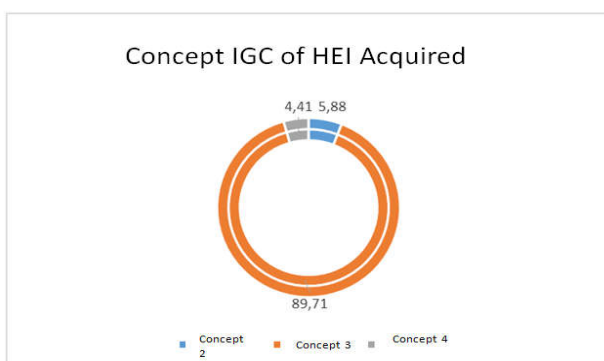


Figure 2. Concept IGC of HEI Acquired. Source: INEP (2015)

ENADE. It is still perceived that there is no effort in improving this concept by the HEIs purchasers, because in the vast majority of cases this index has not changed after the acquisition. Figure 2 shows the percentage of purchases of HEIs in accordance with its concept of IGC. It has not been possible to verify in all cases, because some HEIs, at the time of your purchase had not yet defined concept. In this way, almost 90% of the acquired have the minimum quality concept. Finally, it is possible to present the total volume of transactions of the eight that remained at the cottage of the Consolidators more of: R \$8.3 billion.

Conclusion

This job interested to know if it was possible to trace a profile of HEIs acquired before the large volume of M&A present in the Brazilian market between 2005 and 2014. It has been shown that there was a significant change in the higher education sector with the presence of Consolidators that today are about 18 percent of the market. To answer the research question, we can say that the average profile of HEI acquired in this period presents the College type, with businesses below 4000 students, with concept of IGC 3 and located in the South or Southeast of the country. We can say that the M&A process has brought significant contributions to the educational market with regard to the increase of students, competition and professionalization of management of HEIs. This contribution, however, does not cover or reaches the qualitative aspect, because there were no significant improvements in the indices of quality of the acquired HEIs. This work contributes to the better understanding of the profile of HEIs target of acquisition process in the higher education sector. It is suggested that acquiring HEIs may be based on this article for future acquisitions. Important to note that this study requires a greater deepening in other aspects inherent to the processes of M&A as, for example, issues related to synergy, intangible assets and internationalization processes.

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