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Brazil's Modern Logistics Seeks Up to \$200 Million in New Investments



Gerald Lee, Modern's chief executive and co-founder. PHOTO: MODERN LOGISTICS

By **Luis Garcia**

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Modern Logistics, a Brazilian company backed by private-equity firm DXA Investments, is seeking up to \$200 million in new investments as it looks to expand its presence in the Brazilian market.

The logistics company in the fall hired investment bank Evercore Inc. to search for new investors, said Gerald Lee, Modern's chief executive and co-founder. Modern plans to use the capital to buy more cargo planes and build additional distribution centers, which in turn will enable the company to draw new customers, according to Mr. Lee.

"It's really to expand the platform and to bring on additional clients that are in the pipeline," said Mr. Lee, who helped found Brazilian airline Azul Linhas Aéreas Brasileiras SA and worked as a vice president at JetBlue Airways Corp.

Based in Jundiaí, in Brazil's São Paulo state, Modern provides storage-management, distribution and air-and-land transportation services to Brazilian businesses operating in

sectors such as agribusiness, cosmetics, pharmaceutical and smartphone manufacturing. The company, which began its activities in 2014, today operates four cargo planes and counts five distribution centers throughout the country, Mr. Lee said. It has about 100 customers, including motorcycle manufacturer Harley-Davidson Inc. and medical-device maker Boston Scientific Corp.

DXA initially backed Modern in 2014 with a \$30 million equity investment from its first fund, said DXA Chief Executive Oscar Decotelli, who co-founded the São Paulo firm in 2012. DXA in the following years invested an additional \$30 million in Modern, this time through debt, from a co-investment pool, Mr. Decotelli said. The firm is the largest investor in Modern.

Besides Mr. Lee, other individual investors in Modern are John Owen, previously the chief financial officer of JetBlue; and Norman Liu, the former chief executive of GE Capital Aviation Services.

Modern is launching its capital-increase effort at a time when Brazil's new government, which took power this month, is planning to implement reforms aimed at bolstering economic growth and improve the country's poor infrastructure.

Modern is looking for new investors to bring not only capital but additional expertise to help the company expand, Messrs. Lee and Decotelli said. They added that the new investors could include other private-equity firms.

"I would prefer to have smart money," Mr. Lee said.

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