

'BIG THREE' SPANISH LAW FIRMS RETURNING TO GROWTH

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Announcement of Cuatrecasas' results confirms Spain's major firms are growing again due to foreign investor interest in the country's energy, real estate and telecoms sectors

Cuatrecasas, Gonçalves Pereira recently became the last of the "Big Three" Spanish law firms to announce its 2014 results and, in doing so, confirmed that all of the country's legal market heavyweights have returned to growth.

Cuatrecasas announced that the firm's 2014 billings increased by almost three per cent to €255.4 million, a new record for the firm. The firm's corporate and commercial practice contributed the largest share of revenue with 35.4 per cent, while the tax practice contributed 32.1 per cent. The litigation practice contributed 22.6 per cent of the total, with the labour and employment practice responsible for 9.9 per cent.

The firm also reported that inbound activity grew five per cent compared to 2013, with international billings representing 19.5 per cent of the firm's total billings in 2014.

Cuatrecasas senior partner Rafael Fontana attributed the growth in revenue to increased interest from foreign investors in the Spanish energy, infrastructure, real estate, telecommunications and distribution sectors. In addition, Fontana said referral business had continued to increase due to the

success of its European network, which includes relationships with leading law firms in Italy, France and Germany – namely Chiomenti, Gide Loyrette Nouel and Gleiss Lutz respectively. Cuatrecasas claimed there were “hardly any changes” in its workforce in 2014, ending the year with 1,472 staff – including 957 lawyers and 206 partners.

2015 growth target

Fontana added that the firm was targeting 4.5 per cent growth in 2015 in part due to IMF forecasts anticipating a two per cent increase in Spanish GDP. Cuatrecasas - which has appointed Jorge Badía as managing partner - is planning to recruit 80 new lawyers in 2015 across all practice areas, while work on its new Barcelona headquarters in the 22@ district is expected to be completed in 2016. Meanwhile, the firm also plans to open a Beijing office later this year – it already has an office in Shanghai, which opened in 2007.



Uría Menéndez and Garrigues – the other two of the big three Spanish firms – also confirmed revenue increases in 2014. Uría Menéndez announced record annual revenues of €192.1 million, up 3.6 per cent on the previous year, while Garrigues confirmed a more modest increase of 1.3 per cent to €335.6 million.

Uría Menéndez confirmed major expansion plans in 2014 when it acquired a 30 per cent stake in a new firm created as a result of merger between two of its “best friends” in Latin America – Chile-based Philippi, Yrarrázaval, Pulido & Brunner and Prietocarrizosa of Colombia. The combined revenue of the two Latin American firms that joined forces was around €40m. Following the announcement of the merger, the new firm, Philippi, Prietocarrizosa & Uría, began operations on 1 January this year. With regard to expected growth at Uría in 2015, a law firm spokeswoman said the firm believed it was too early in the year to “anticipate a growth figure”.

A recent ranking of leading M&A lawyers in Spain placed Uría managing partner Luis de Carlos Bertrán in the top spot due to the fact he had advised on transactions totalling almost €15 billion in 2014. The firm had two other partners in the top ten – fourth placed Jaime de San Román (€10.9 billion) and Víctor Viana (€9.9 billion), who was in seventh position.

Last year, when Garrigues announced its results for the financial year ending 31 August 2014, it reported that revenue per lawyer had grown by six per cent, while the corporate department’s billings had increased by nearly eight per cent. Fernando Vives, executive chairman and managing partner of Garrigues, said at the time that the figures signalled a “return to positive results, and we are confident this will be the trend going forward”. Garrigues also confirmed it would change its financial year from 1 September to 31 August, moving to 1 January to 31 December, to better adapt to “Spanish market practices and the financial years of the firm’s clients, while aligning the financial year-ends of the practices operating in Latin America”.

A spokesman for the fourth largest Spanish law firm, Gómez Acebo & Pombo, said the firm’s 2014 results were imminent, but they were not available when Iberian Lawyer went to press. The firm’s 2013 revenue was reported as €60.7 million.

Cuatrecasas’ Fontana said he believed it was crucial that managing partners were open about their firms’ financial results. He added: “Communication is important for the team – inside the firm, we have 1,600 stakeholders. We want to be very transparent with our people.” IL

Rate of growth at major Spanish law firms

	2014 Revenue	2014 Growth Rate
Uría Menéndez	€192.1m	3.6%
Cuatrecasas, Gonçalves Pereira	€255.4m	2.9%
Garrigues	€335.6m	1.3%