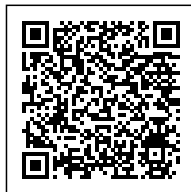


# INDUSTRIAL AND CHEMICAL SECTOR DEALS SUSTAINING M&A OPTIMISM

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## **Iberia remains attractive to foreign investors, say corporate lawyers, who remain buoyant about the year ahead**

M&A lawyers remain optimistic about deal flow as investor interest in Iberia remains strong with a number of M&A transactions having been completed in the industrial and chemicals sector. Notable deals included Israel's Frutarom Industries acquiring Nutrafur, Imtech Novocalor being acquired by Springwater Capital of Switzerland, and Tecnoexpress being sold to Germany's Intimus International. "In general, there is a strong interest in Spain due to the opportunities created by the recent economic downturn in all economic sectors and the activity is related to consolidation," says Fernando de las Cuevas, corporate partner at Gómez-Acebo & Pombo. Corporate lawyers in general remain positive about the next year. Francisco Aldavero, a partner at Araoz & Rueda in Madrid, says that the general consensus is that Spanish GDP will grow by more than 2.9 per cent in 2015, driven by the depreciation of the euro against the main currencies since September 2014, the good performance of the Spanish trade and financial balances, and lower oil prices.

"There is no doubt that Spain has regained its attractiveness to foreign and local investors and everybody is confident that this favourable investment environment will go on for at least another year," Aldavero says. "In our experience, most economic sectors are benefiting from the investors' appetite and the stabilisation of valuations."

### **Reactivated market**

KPMG corporate partner Carlos Marin says there has been a significant reactivation of the M&A market since 2013, which was, in his view, the low point for deals after a number of years where few significant transactions were closed. He continues: "We expect this trend to consolidate in the next few years due to the new and rationalised Spanish economic environment, which makes our country very attractive for investors as compared to other EU jurisdictions."

Deal lawyers observe that traditional corporate investors have been augmented by private equity funds as well as sovereign wealth funds from the Middle East, US and Nordic countries. "In our experience, most inbound transactions have been closed by private equity, investment and pension funds, while outbound deals have been mainly undertaken by industrial players, like Telefónica-O2 and Repsol-Talisman," Marin remarks. "There is no specific country gathering the majority of the transactions, but, as usual, US, Australian and Canadian investors are currently the most active by number and volume of Spanish deals."

Lawyers, however, sound a note of caution about the year ahead. De las Cuevas warns that there could be "some inertia in the months to come", adding that the current international economic environment casts doubt regarding the level of M&A in 2016.

### **Political uncertainty**

Aldavero claims that, considering current dealflow and the number of transactions in the pipeline, the mood is positive with regard to the outlook for deal activity in Q4 2015 and 2016. However, he adds the caveat that pre-financial crisis levels of M&A activity are unlikely. "There are both domestic and international political and financial uncertainties that may impact on the weak economy recovery and consequently M&A activity," he adds.

Cuatrecasas, Gonçalves Pereira partner Víctor Xercavins says: "If the economic current stability is not severally impacted by external factors, such as the crisis in China, I am optimistic."

Clifford Chance partner Javier García de Enterría adds: "After having seen deep adjustments made to our economy during the crisis, my perception is that the country has emerged strongly."

Duarte Schmidt Lino, partner at PLMJ, the only Portuguese law firm to appear in Mergermarket's ranking of the top 15 Iberian legal advisers by volume (see table), says: "The Portuguese market is growing and attracting interest from a range of international players, and this has opened the way for a larger number of M&A and private equity deals over the coming years."

## Top Iberia legal advisers from 1 Jan – 16 Sept 2015 by volume

Q1-Q3 2015	Q1-Q3 2014	Company Name	Value (US\$m)	No of Deals
1	1	Cuatrecasas, Gonçalves Pereira	3,458	40
2	2	Uría Menéndez	7,339	29
3	3	Garrigues	2,453	28
4	7	Linklaters	26,042	20
5	11	Baker & McKenzie	19,190	16
6	8	KPMG Abogados	3,129	16
7	10	Deloitte Legal	1,096	16
8	12	Allen & Overy	5,550	13
9	16	Gómez-Acebo & Pombo Abogados	361	13
10	4	DLA Piper	1,091	11
11	6	Freshfields Bruckhaus Deringer	20,690	9
12	5	Clifford Chance	2,773	8
13	9	PwC legal	168	8
14	19	PLMJ - Sociedade de Advogados	776	7
15	24	Jones Day	228	7

Source : Mergermarket