

INVESTORS NOW TARGETING SUCCESSFUL COMPANIES - DELOITTE ABOGADOS

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In recent years, investors in Spain were largely purchasing distressed companies but now they want to become partners in businesses that are flourishing

The outlook of corporate clients in Spain has changed in that they now want to invest in companies that are successful, whereas before they sought divestments in distressed companies or companies facing commercial, operational or financial problems, according to Javier Menor, partner at Deloitte Abogados.

He adds that, previously, investors were often one of the last options for companies in severe financial trouble, but today investors are viewed more as partners in businesses that are aiming to be successful. "We are returning to the pre-crisis situation," Menor points out.

In the current year, there has been a revival in M&A transactions in the Spanish market, according to Menor. He says there are a number of reasons for this including the recovering economy, increased

confidence on the part of local and international investors, banks increasingly offering credit to companies and a "greater critical mass" of investment.

Menor says that financial institutions, after the concentration which took place in the Spanish financial sector, are returning to their core business – financial activity – and are therefore divesting part of their portfolios creating new M&A opportunities for law firms. Meanwhile, other investors such as venture capitalists or investment funds have more money to invest. Menor explains that such funds sometimes invest in other funds and therefore multiply the amount of equity investment available.

In addition, there is increased confidence among foreign investors in Spain. "A few years ago it was low and now it is much greater," Menor says. "We are now seeing a tendency toward foreign investment activity, and this can be observed in the increase in enquiries from different foreign sectors."

Equity funds now have significant involvement in M&A transactions in Spain, so there are opportunities for corporate lawyers to offer clients both legal and business advisory services, according to Menor.