

INVESTORS TARGETING MULTIPLE COMPANIES IN ONE SECTOR MUST BE WARY OF ANTITRUST LAWS - BDO ABOGADOS

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Investors now looking for longer-term investments rather than merely eyeing quick sales – but controlling a large stake in similar business could alert competition authorities

Investors are targeting longer-term investments in Iberia, but a trend for buying businesses that operate in the same sector could lead to infringements of antitrust laws, warns Miguel Pelayo Muñoz, partner at BDO Abogados in Barcelona.

"Investors are no longer willing to buy something and then sell immediately afterwards," he says. "The duration of investments in Spain is much longer as investors are now thinking much more long-term." Pelayo Muñoz adds that this trend is due to investors being more "mature" and wanting to get the most out of the investment itself and not just the act of buying or selling. "Gone are the days where investment funds or ordinary companies were willing to just see what's out there, just because they were going to sell it in a few months," he says. "Now they have decided where to put their money and know what they are looking for."

This trend means investors are often looking to grow in markets where they already operate, says Pelayo Muñoz. "There is a definite trend of investors wanting to own similar businesses," he says.

"They just don't feel like investing in areas they don't know." And while it is unlikely that a real estate investor will start looking into the pharma sector, if the target could potentially complement the existing business, investors will consider assets in other sectors. "Obviously within areas of business there are always innovations – for example, I wouldn't be surprised if someone in real estate started a new business in leisure or hotels," says Pelayo Muñoz. "But these sectors are very much connected, so investors are still targeting new businesses of which they have an understanding." However, in cases where companies buy similar businesses, there is the risk of having a position in the market that is too dominant, Pelayo Muñoz explains. "Controlling too big a stake in similar businesses will definitely keep antitrust lawyers busy."