

LEVERAGED BUYOUTS REMAIN POPULAR IN THE SPANISH MARKET - RAMÓN Y CAJAL

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Traditional lending structures such as leveraged buyouts (LBOs) remain popular in the Spanish market despite the rise of direct lending, according to Amado Giménez Bono, partner at Ramón y Cajal.

Direct lending by funds is becoming an increasingly important aspect of Spanish finance, with unitranche deals, in particular, being in high demand, says Giménez Bono. There are also other lending structures being offered by direct lenders, which are much less complex than, say, subordinate or mezzanine debt. While direct lending is often more costly for clients, its flexibility attracts small and medium-sized companies.

However, Giménez Bono believes that direct lending is not so much a substitute for bank lending as a complement to more traditional types of lending such as leveraged buyouts, which are still very much in demand, he says. "LBOs have experienced a strong return as market conditions improve and banks have surplus liquidity," Giménez Bono explains. The renewable energy sector, particularly wind farms and photovoltaic plants, is one of the industries that is providing significant opportunities for traditional lenders, he adds. "There has been a lot of activity in the wind and photovoltaic sectors

– for example, we recently advised on the financing of several projects in the Canary Islands following the government’s public tender for 450 MW in 2016, while a new tender was announced at the end of 2017.”

Meanwhile, banks and financial institutions continue to engage in the sale of non-performing loan portfolios, and law firms are investing in the development of structures that enable the more efficient management of such disposals – technology has a key role to play in the handling of such deals, says Giménez Bono.