M&A LAWYERS OPTIMISTIC AS US AND CHINESE INVESTORS TARGET SPAIN

Posted on 23/02/2017

Top 15 Spanish law firms in 2016 by deal count

Rank		Firm	2016		
2016	2015	Company Name	Value ($m)	Deal Count	Deal count Change
1	1	Cuatrecasas	6,439	64	0
2	3	Garrigues	19,648	63	6
3	2	Uría Menéndez	19,938	46	-14
4	7	PwC Legal	3,99	4	11
5	4	Deloitte Legal	10,333	35	-5
6	9	Clifford Chance	5,729	29	5
7	8	Linklaters	19,772	25	1
8	11	Pérez-Llorca	5,437	24	4
9	10	Allen & Overy	11,482	21	-1
10	6	Baker McKenzie	7,255	21	-10
11	18	King & Wood Mallesons	1,568	15	5
12	22	CMS	2,891	14	6
13	5	KPMG Abogados	1,142	14	-18
14	13	DLA Piper	7,512	13	-3
15	12	Gómez-Acebo & Pombo	480	13	-5

Source: Mergermarket report: Global and regional M&A: Q1-Q4 2016

Category: Archive

Spanish mid-market private equity firms also seeking to complete deals, as well as funds using convertible bonds, warrants and 'unitranche' loans

Spain's M&A market became more active in the second half of 2016 – once the country finally managed to form a government – and lawyers anticipate that the current level of deal flow will continue in the coming year, with US and Chinese investors among those targeting Spanish assets. "In the first half of 2016, dealmakers seemed determined to take time to assess the political landscape," says Fernando Torrente, partner in the Madrid office of Allen & Overy, which advised on 21 Spanish deals with a total value of $11.5 billion in the last year, according to Mergermarket data (see box). "However, in the second half of the year, with a government in place, it was very active." Political uncertainty did not slow down deals activity, but rather impacted on the type of M&A transactions that took place, according to Julio Lujambio, partner at Pérez-Llorca. "It's true we saw fewer mega deals but there was a tremendously active middle market, despite a good number of global and local challenges." Major deals in the last year in Spain included the €6.6 billion merger of Siemens wind business with Gamesa – Siemens advisers included Linklaters and Freshfields

Bruckhaus Deringer, while Gamesa instructed Uría Menéndez and CMS.
There was M&A activity in a large number of sectors in the last year, according to Stephen Hess, partner at Uría Menéndez. “Despite challenging prevailing conditions we found M&A activity, both inbound and outbound, across a wide range of sectors,” he says. Among the industries in which significant deals took place were the financial, technology, retail, health, life sciences and TMT sectors. However, in addition to energy and infrastructure, the sector where the most activity occurred was real estate. “It [real estate] is responsible for driving the M&A market again,” says Javier Villasante, partner at Cuatrecasas, Gonçalves Pereira, who attributes the increased activity to the success of SOCIMIS (the Spanish version of real estate investment trusts).
Spain is now capturing the attention of a range of investors, including Spanish mid-market private equity houses as well as international investors, especially from Asia, according to Lujambio. Meanwhile, lawyers also highlight particular interest from US & Chinese investors. Ignacio Echenagusia, partner at Deloitte Legal, says that, in addition to investors that focus on distressed assets, there is also interest from “big/mid-market corporates seeking synergies and an increase in their operations in Spain, as well as financial investors”.

Brexit to benefit Spain?

New players, including US funds – which are substantially different from traditional banks, and use products such as convertible bonds, warrants and ‘unitranche’ loans – are now entering the Spanish market, says Javier Gómez, head of legal M&A at PwC - the law firm ranked fourth by deal count in Iberia in 2016 having handled 42 deals with a total value of $4 billion. He adds: “It means law firms need to be ready to offer value-added services related to non-traditional loans.” Meanwhile, Echenagusia predicts an increase in private equity deals as well as an increase in “public M&A deals” due to more stability in the capital markets. He adds: “We are also confident that the political and economic uncertainty created by Brexit and the Trump administration will cause investors to invest in other jurisdictions [including Spain],” he says.