

M&A LAWYERS REMAIN OPTIMISTIC DESPITE DEAL SLUMP

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Top Iberia legal advisers from 1 Jan to 20 May 2015 by volume			
Ranking	Firm	YTD 2015	
YTD 2015		Value (\$m)	Deal Count
1	Linklaters	18.479	11
2	Cuatrecasas, Gonçalves Pereira	285	11
3	Uría Menéndez	5.194	10
4	Allen & Overy	4.786	9
5	Gómez-Acebo & Pombo Abogados	73	7

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Iberian deals dropped by more than a third in the first quarter of 2015, with pre-election nerves cited as possible factor

Despite new data suggesting that the Iberian M&A market is slowing down, transactional lawyers remain optimistic, though they concede that, with elections taking place this year, investors could be more restrained than usual. According to Mergermarket data, there were 63 deals in the first quarter of 2015, down 35 percent on the Q1 2014 tally of 97. Meanwhile, total deal value for Q1 2015 the period stood at €7.5 billion, down from €21.3 billion in the corresponding period the previous year. Íñigo del Val, a partner at Allen & Overy in Madrid, observes that the M&A markets remain very busy, even though data shows the “fever pitch” of activity seen in 2014 has subsided, possibly indicating that “it’s taking longer for deals to complete”. He adds: “Generally in Europe and the UK the market – buoyed up by better economic fundamentals, the ready availability of corporate cash and excellent access to equity and debt financing – saw a raft of important transformational deals in Q1.” Del Val continues: “We’re seeing some very significant strategic deals at the moment, which are, by their nature, complex to structure and close.”

Indeed, international megamergers like Telefonica’s sale of 02 to Hutchison Whampoa and Banco de Sabadell’s purchase of TSB, have boosted confidence. Meanwhile, there have also been some significant cross-border deals involving Latin American entities – for example, Alfa, the Mexican-based conglomerate acquiring 45.5 percent of the share capital of Campofrio, and Autobuses de Oriente, the Mexico-based bus transportation company acquiring Avanza Agrupacion para el Transporte.

Linklaters, Herbert Smith Freehills and Baker & McKenzie take the top three spots in the “deals by value” table, with Uría Menéndez the only Spanish firm to feature in the top 10. However, Iberian heavyweights fare better in the volume tables – Linklaters was ranked first, but Cuatrecasas,

Gonçalves Pereira (second), Uria (third), Gómez-Acebo & Pombo (fifth) and Garrigues (sixth) also made the top 10.

There are indications that Spanish firms are doing better in the mid-market M&A segment. Lawyers say deals are being driven by local private equity players and big corporates investing and divesting in the Spanish mid-market at good prices.

Javier Carvajal, partner at Cuatrecasas, says mid-market, smaller value, M&A deals are increasing.

"The good news is that mid-market, which was severely damaged because of the economic crisis, is recovering as well," he adds. "Larger companies led the trend, and the banking restructuring process is almost over, meaning that they are again able to lend money."

Lawyers are positive about the year ahead, suggesting an uptick in other transactional work, such as capital markets. Even so, the upcoming general election may still cause some uncertainty. "In any election year there may be a lull in investment," says Miguel Bermúdez de Castro, partner at Jones Day. "Potential investors are not so much swayed by movements in governments where it concerns private companies – there could be some reticence in the energy sector because of previous regulatory changes but we have not detected any as of yet."