

# MAINTAINING CONFIDENCE IN SPAIN - ROCA JUNYENT

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## **Those investors able to take a more objective and longer-term look at the Spanish economy continue to see investment opportunities**

Despite the negative press that currently typifies much of the international media's coverage of Spain, there are still positive aspects to the economy, asserts Joan Roca, Managing Partner of Roca Junyent.

"Even though the newspapers may bring us daily news about the increasingly challenging situation we face, the fact of the matter is that, from the viewpoint of our own desks, we are still seeing a lot of business activity and that includes calls from foreign investors about potential deals."

Indeed, according to Thomson Reuters' Q3 figures for 2011, the volume of announced deals in Spain has remained relatively stable. There were 867 announced transactions for the first nine months of 2011, down only three percent on 2010. The number of completed deals, however, dipped by ten percent to 669 which indicates that there is a clear time lag in terms of finalising M&A transactions. "Investors are inevitably now more reserved about embarking on M&A deals and the demand is for a much deeper investigation of targets, which obviously requires more legal work, says Roca. "And even with such analysis a deal may not always materialise. There is greater pressure on Directors to

justify investment decisions."

Even so, Roca believes that the outlook for M&A is not as negative as it may be presented. Many Spanish investors are sitting on large amounts of equity and there are still attractive assets likely to come to market. Such a scenario presents particular opportunities for private equity funds. Thomson's figures also show that global private equity M&A was up 17 percent over 2010. As such, Roca thinks that the wider business markets will retain confidence in Spain. "Private equity houses have undoubtedly been quiet these past two years, but many have lately disinvested and are looking at where they can expand next," he concludes. "General partners know the economy is not going to be like this forever."