

PÉREZ-LLORCA, CUATRECASAS AND URÍA ADVISE ON ITP AERO ACQUISITION FOR €1.7BN

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Pérez-Llorca has advised SAPA on its participation in a consortium along with Bain Capital,

advised by Cuatrecasas, purchasing Spain's aircraft engine manufacturer ITP Aero for €1.7 billion from Rolls-Royce, advised by Uría Menéndez



Rolls-Royce has announced that it has signed a definitive agreement to sell 100% of ITP Aero to Bain Capital Private Equity, which is leading a consortium of investors, for approximately €1.7 billion. The consortium includes interests to be held by Spanish co-investors SAPA and JB Capital.

The proposed sale is a key element of Rolls-Royce's disposal programme, announced on 27 August 2020, to raise proceeds of at least £2.0 billion, and is consistent with the company's strategy of reducing capital intensity while maintaining a key long-term strategic supply relationship. Rolls-Royce will receive total cash proceeds (excluding any cash retained by Rolls-Royce) of approximately €1.7 billion, which will be used to help rebuild the Rolls-Royce balance sheet, in support of the company's medium-term ambition to return to an investment-grade credit profile. The proposed sale values ITP Aero at an enterprise value of approximately €1.8 billion. The transaction has been approved by the Board of Rolls-Royce and the consortium members and is subject to certain closing conditions, including customary regulatory clearances. It is expected to close in the first half of 2022.

The consortium's vision for an independent ITP Aero is to invest in growing the company's products, regions and customers and further enhance its status as a Spanish national champion. ITP Aero's partnership with Bain Capital and the consortium will allow it to further drive its strategy to be a pioneer of new technologies and world-class manufacturing enabled by a highly skilled workforce. This strategy will see ITP Aero maintain and grow its position as a leading supplier of critical engine components to key civil aviation and defence aircraft platforms, further diversifying its customer base and supporting the next generation of aircraft, including in sustainable and low carbon technologies.

Rolls-Royce, the Bain Capital-led consortium and ITP Aero are pleased with their discussions with the Spanish and Basque governments about this transaction. The consortium led by Bain Capital supports the maintenance of jobs as well as the company's future growth. Bain Capital is also open to negotiating the incorporation of further Spanish and Basque industrial partners in the consortium, representing up to 30% of the equity, until the end of June 2022.

Pérez-Llorca advised Sapa with a team formed by Corporate partners Francisco Iso (pictured left) and Pedro Marques da Gama (pictured right), along with Corporate lawyer Pablo Hontoria.

Cuatrecasas advised Bain Capital with partners Javier Villasante and Javier Martí-Fluxá, along with

associates Jesús García Aparicio and Elena García Martín, together with a Foreign Investments team.

On the other hand, Uría Menéndez advised Rolls-Royce with a team that included London office partners Juan Carlos Machuca and Blanca Arlabán and Madrid office partners Manuel Vélez and Manuel Echenique, among others.