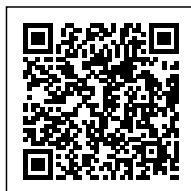


# VOLUME OUTSHINES VALUE FOR SPANISH M&A

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## **Spain remains the worst performing EU transactional centre in the first half-year, but the lack of premium M&A masks a robust flow of deals**

While the value of Spanish M&A deals may be decreasing, the volume of work is increasing, and is up on 2012 levels.

According to figures published by Thomson Reuters, the volume of transactions in Spain (408 deals) is well ahead of Italy (300).

However, the 26 percent fall so far this year is much more than the 13.3 percent drop noted in Italy. Conversely, compared to Q1 2013, Spain's deal count in Q2 2013 actually showed an 8.2 percent increase, making it the only Western European centre to post an uptake in deals this year.

M&A in Spain was valued at \$22.7bn in Q2 2013. This makes it the smallest European market, behind Italy's \$27.1bn. It is also the biggest faller in percentage terms since Q2 2012, down 45.7 percent. Italy was actually the best-performing European centre, posting an 18.7 percent rise in value on 2012. This indicates a lack of high-end Spanish work and it is little surprise that no domestic firms

appeared in the overall European M&A legal adviser tables.

The figures may, on the face of it, appear bad news for the market, but Spain still has larger average deal sizes than France (\$34.9m) and the Nordics (\$34m) – the average Spanish deal is valued at \$55.6m.

The country's largest four firms were the most active this year. Uría Menéndez topped the volume tables with 17 mandates, closely followed by Cuatrecasas, Gonçalves Pereira with 15, Garrigues with 14 and Gómez-Acebo & Pombo with 13. In contrast, only one international law firm reached double-digits, with Clifford Chance securing 10 mandates.

Federico Roig, M&A and Corporate Director at Cuatrecasas, says that it has generally been the case that volume has remained stable but there have been fewer high-end transactions.

"This has been due to the decrease in the valuation of Spanish companies, which has fuelled the small and mid-market deals, as well as the long-standing lack of liquidity to finance premium deals. I expect activity in the mid-sized market to continue at a decent pace," says Roig.

To underscore the point, international players dominated the value table despite the smaller number of deals. Clifford Chance topped the table with \$5.5bn, followed by Linklaters with \$5.1bn, Sullivan & Cromwell (which does not have a Madrid office) with \$3.7bn and Freshfields Bruckhaus Deringer on \$3.6bn.

International firms appear to be concentrating on the smaller amount of larger value cross-border work, where the bulk of the transaction is often outside of Spain. Indeed, 11 of the top 25 firms by value worked on just one deal.

A prime example is New York giant Skadden Arps Slate Meagher & Flom and the Chilean firm Prieto y Cía. They made the top 10 by picking up a role acting for MetLife on its \$2bn purchase of a 64.3 percent stake of Chile-based pension fund AFP Provida. The Spanish angle was that the seller was BBVA, which was represented by Sullivan & Cromwell.

The best-placed Spanish firm was Uría Menéndez, which was fifth with \$3.2bn, a 4.6 percent increase on last year. Its biggest rivals, Garrigues and Cuatrecasas, fell back from first and second in Q2 2012 to 11th and 12th respectively.

The pair worked on deals worth \$1.8bn and \$1.2bn respectively. Gómez-Acebo & Pombo, meanwhile, came 20th with a portfolio valued at \$683.7m.