

may regard advising start-ups “not only in a strict business perspective but also as having a social responsibility element”. She adds: “Advising on seed stage start up is a particularly good opportunity to be seized by young people in law firms and also a good way to engage them.” Da Cruz Almeida says that Portugal needs to “treasure its entrepreneurial capacity, which is largely media-driven not revenue driven”. She continues: “We’ve witnessed some very good deals involving German investors – a lot of companies in Portugal began as start-ups.” If, foreign investment slows down, Portuguese entrepreneurs will face a challenge, according to Jardim. “Their [entrepreneurs’] challenge will be how to raise money – there is a lot of expectation placed on

crowdfunding and this will be very interesting,” he says.

The Portuguese M&A market has undergone a significant revival in the view of Martim Anahory, partner at Serra Lopes, Cortes Martins. “In the third quarter of this year, the volume of deals doubled – there was around €4 billion of business and it was mostly classic M&A,” he says. Soares says that, whereas in the past, M&A was largely taking place in “distressed situations, but now private equity funds are selling to other private equity funds”. However, future developments in the market are difficult to predict, says Uría Menéndez partner Francisco Brito e Abreu. “There’s a conjunction of several factors, there is interest from foreign investors and still a lot of restructuring going on, but at this point the political

situation is somewhat uncertain,” he says.

Law firms are under pressure with regard to rates, says Soares. He adds: “The model has changed, clients want law firms to share risk, while there are fixed-fee caps – it’s difficult to increase fees.” Santos Vitor adds: “We have more work, we are generating more revenue, but margins have not increased in a relevant way – we won’t be going back to billable hours, and now there are more detailed letters of engagement.” According to Da Cruz Almeida, law firms need to talk to clients at an early stage about the “planning of resource-intensive projects such as due diligence, and ask them what they want and measure the product being provided”. She adds: “There needs to be more of a focus on project management, we

Spain: What are the biggest opportunities for law firms in corporate and M&A?

“Major opportunities are found in the industrial sector. The improving Spanish economy and conditions in the credit market have encouraged traditional domestic investors.”

Gracia Sainz, partner, CMS Albiñana & Suárez de Lezo

“The capital markets sector – a number of IPOs which are expected to take place early next year, as well as various high-end private M&A.”

Julio Lujambio, partner, Pérez-Llorca

“Real Estate is still a booming industry, as well as any connected with financial institutions restructuring.”

David Ramírez, partner, PwC Tax & Legal Services

“Corporate transactions related to the real estate sector have been very active and are likely to remain so.”

Emilio Prieto, partner, Ecija

“The reactivation of the private equity (PE) sector. It is not enough to be a corporate law firm, PE deals have their own peculiarities and if you do not have specialists, the deal could fail.”

Roberto Pomares, partner, King & Wood Mallesons

“The biggest opportunity nowadays in the corporate and M&A sector is being sector specialised. Companies increasing value specialised legal advice, especially on M&A deals in regulated sectors.”

Lourdes Ayala, partner, Bird & Bird

“The resurgence of Private Equity is a fact and the new regulation for venture capital and private equity entities provides new opportunities and diverse pathways for creating SME venture capital and private equity firms, with a view to financing small and medium companies to alleviate their reliance on bank financing.”

Ángel García, partner, Osborne Clarke

“There are sectors that remain clear targets - telecom, IT, real estate and healthcare attract attention. Also, food businesses are quite popular now.”

José Antonio Sánchez-Dafos, partner, DLA Piper

“Foreign investors are definitely driving the industry at this stage, mainly concentrating on real estate opportunities – three out of every four euros invested comes from abroad.”

Francisco R. Aldavero, partner, Araoz & Rueda

“Taking part in due diligence work. In this type of work, multidisciplinary firms have a clear advantage because they provide full due diligence services involving legal, labour, tax, financial, and commercial aspects.”

Álvaro Marco, director, BDO Abogados y Asesores Tributarios

“Foreign investment and the internationalisation of companies is remarkable and we notice opportunities in areas such as energy, real estate, finance and tourism.”

Adolf Rousaud, managing partner, RCD-Rousaud Costas Duran

“New markets have emerged, mainly in Latin America – Cuba, Colombia and Chile are seen as interesting places for investment.”

Guillermo Gastón de Iriarte García-Ormaechea, partner, AC&G Asesores Legales

“The health sector, pharma and new technologies have seen the greatest benefits from the economic recovery, although market players are becoming more opportunistic.”

Fernando Fuster-Fabra Toapanta, associate, Fuster-Fabra Abogados

“Increasingly demanding clients – this represents a great opportunity for firms that provide high value-added support.”

Guillermo Medina, partner, GTA Villamagna

“Sectors like health, energy, IT/IP, and industrial are again attractive to investors.”

Julio Veloso, partner, Broseta

Mid-market M&A deals driving Spanish recovery

Spain is experiencing a surge in newly incorporated companies with many such businesses keen to buy assets in the country as well as expand their businesses abroad

A dramatic increase in mid-market M&A activity in Spain has been a key factor in the recovery of the market for transactional work, according to Francisco Aldavero, a partner at Araoz & Rueda in Madrid. He adds that the beginning of 2015 was very busy, but that, since then, activity has surged to even greater heights in the second half of the year, with the result that there is a promising pipeline of work for 2016.

Not only have a significant number of new companies been established in Spain, these new companies are also in acquisition mode, according to Aldavero. "Around 80 per cent of our corporate practice focuses on advising mid-sized clients on mid-sized deals, usually valued at between €50 million to €300 million, and we are seeing a lot of activity," he says. Foreign expansion is high on companies' agendas. "I personally have never seen so many newly incorporated companies in Spain, many of which are now looking at buying assets in the country as well as expanding their businesses abroad."

Assets now reasonably priced

Fellow partner Pedro Rueda points out that, though mid-market M&A is playing a significant role in the economic recovery, it may not always be apparent because of the media focus on the operations of the large listed companies. "The news does not always hit the headlines because it is the small and medium-sized companies that are expanding, but it is fair to say that certain areas, such as Madrid, the north, and north-west of the country, are seeing activity increase."

One of the explanations for this trend is that the price of assets has remained reasonable, with the result that stable prices are creating an environment that is encouraging more mid-market transactions, Rueda says. "When it comes to acquiring companies, it was the case that the asking price of an asset could be some eight times the rate of EBITDA (earnings before interest, taxes, depreciation and amortisation)," he remarks. "Nowadays, this ranges from between five to 7.5 times EBITDA, which represents much better value and leads to more reasonable prices." He adds that this is good news for the year ahead as it

creates more stability.

Companies want 'lock box' deals

Meanwhile, Rueda says companies are taking a more professional approach to due diligence regarding assets in the sense that they are including "lock box" mechanisms, for example, in order to adjust the price of an asset on completion of a transaction due to concerns about possible escalating costs.

Aldavero says one effect of the improving market conditions is that there has been a gradual change in the nature of the instructions law firms are receiving. Corporate matters such as shareholder agreements or joint venture structures are giving way to transactional work, such as mergers, acquisitions and disposals.

Aldavero adds that there has been M&A activity in a wide range of industry sectors. "We are seeing more deals across all business streams, including energy, transport, agriculture, IT, consumer and industry," he says. "This is resulting in more consolidation too, with Spanish bus companies and water operators, for example, starting to converge their businesses."

Radical political agenda?

However, maintaining the current levels of stability in the context of political uncertainty, is an area of concern. The 2015 Spanish general election is scheduled for shortly before Christmas, specifically 20 December. "The general election means there is big question regarding stability," Rueda says. He adds that there are concerns that there could be a dramatic change in Spanish politics. "Smaller political parties may have more say, so a more radical agenda could potentially be pursued – if the parties of the left are given power, for instance, then it will be interesting to see the impact on business confidence."

Aldavero says stability is key to Spain's future economic prospects and expresses concern that investors may be deterred from investing in the country if there is major political change. "Stability must be maintained and it is vital to continue with the political and economic changes to keep the Spanish economy growing," he concludes. "We do not want to take a step back and shake confidence in the recovery."



Francisco Aldavero



Francisco Aldavero, Araoz & Rueda

Address:	Paseo de la Castellana 164, 28046 Madrid		
Tel:	+34 91 319 02 33	Fax:	+34 91 319 13 50
Email:	aldavero@araozyrueda.com	Web:	www.araozyrueda.com
Main practice areas:	Corporate, M&A and Private Equity		



Pedro Rueda, Araoz & Rueda

Address: Paseo de la Castellana 164, 28046 Madrid
Tel: +34 91 319 02 33 **Fax:** +34 91 319 13 50
Email: rueda@araozyrueda.com **Web:** www.araozyrueda.com
Main practice areas: Corporate & M&A and Private Equity