

## INTERVIEW



**Carlos Peña**

Partner at  
**CMS Albiñana &  
Suárez de Lezo**

**1. As we are eight months into 2016, some conclusions can already be made with a certain guarantee. How would you describe the trends in the M&A market in Spain so far this year and how do you see the rest of the year playing out?**

In my opinion, last year was a strong year for M&A and the start of this year was no different. With regards to now, I wouldn't say that things have come to a complete standstill, although they are certainly slowing down. This could be due to several factors, including some more local issues such as political instability in Spain which is driving a lack of necessary reforms. Furthermore, such uncertainty is leading to a cut in growth which has a profound impact on M&A activity in Spain. By adding international factors to the mix such as deceleration in the large Eurozone countries and the Brexit issue, we are left with a wave of uncertainty which affects not only growth, but M&A activity as well.

***"I wouldn't say that things have come to a complete standstill, although they are certainly slowing down"***

**2. This year has seen a drop in the number of billion Euro transactions in comparison with previous years. Why do you think that is? Should it provide cause for concern in the market?**

Aside from the reasons I have already mentioned, in the case of Spain we must also remember that last year large groups such as Telefónica, Repsol, Cellnex, Grifols and Banco Sabadell concluded big-money deals. However, the political unrest I mentioned and its obvious consequences do not provide great motivation to kick start such multi-million Euro investments.

**3. Given your involvement, we must mention the transaction concluded in April 2016 between Acciona Windpower and Nordex enabling the creation of an international wind energy alliance. Do you think that the renewable energy sector, in particular wind energy, will become even more prevalent in our country over the coming years? Which other sectors are showing growth potential?**

Renewable energy has been a key feature of the country's economy recently, primarily in a positive manner due to the way in which its development has turned us into an international leader in the sector, and secondly, albeit negatively, because of the large cuts suffered by energy installations as confirmed by the courts of late.

Despite everything, leading operators remain interested in strengthening the sector by purchasing assets at a low price. As Spain needs to foster renewable energy in order to fulfil its green commitments in 2020, we will continue to support key changes in the sector in the future. The Fintech sector is being called upon to revolutionise the financial markets in the coming years, especially after the Brexit. Therefore, we expect to see large growth and key transactions in this area which should contribute to reshaping the financial domain.

***"Leading operators remain interested in strengthening the sector by purchasing assets at a low price"***

**4. Throughout your career you have been involved in advising on countless transactions between Spanish and foreign entities. Which elements most drive a foreign investor's interest in owning a stake in Spanish enterprises?**

Foreign investors' reasons for investing in Spain are those akin to every type of investment, i.e. the expectation of carrying out good business. Our country currently offers a great motive: it is cheap for investors, which generates strong opportunities. Historically, reasons have been somewhat diverse, such as solvency, competition and growth potential. The market comprises over 40 million consumers and 60 million tourists. Our economy is open and has very few restrictions with regards to foreign investment. I also think that, as a particular feature, Spain has served as an entry point into Latin America for some investors. If anything, our legislation may be accused of being too bureaucratic.

***"Spain has served as an entry point into Latin America for some investors."***

**5. Based on your role as a lawyer and board member of listed and unlisted companies, do you think that Spanish companies have less appeal with regards to the acquisition of companies? Do you think that they believe more in organic growth as opposed to inorganic growth outside of our borders?**

I believe that Spanish companies have been looking to international growth for a while. I'll reiterate what I said earlier in question 2, although at the same time we cannot forget the term "conquerors" perhaps used in a negative manner towards our companies in Latin America. However, our companies are also purchasing in other markets, and it is self-evident how our largest enterprises have made the UK one of their favourites. For example, entities such as Telefónica, Iberdrola, Banco Santander, Sabadell and Ferrovial all have a presence there, hence their current concern regarding the Brexit is understandable.