



# DESTINATION...

*Despite concerns over the euro and the debt problems facing some EU members, Germany is expected to see a continuation of M&A activity in 2011. Once again, the industrials sector is likely to dominate with VW's acquisition of Porsche set to be the first quarter's largest transaction.*

The knock-on effect of this deal, and rationalisation elsewhere in the sector, will mean further consolidation in the components sector as suppliers anticipate a squeeze from fewer customers. Similar dynamics will affect Germany's once dominant energy sector, while the banking sector should also be active as further spending on new technology could force some smaller banks to merge.

Two other companies to watch next year are infrastructure group Hochtief and MAN, the German truck maker. Hochtief is expected to start a dual-track process to either float or sell its airports concessions arm to try and boost its value and thwart a lowball bid by Spanish group ACS. Meanwhile, MAN is in talks with Sweden's Scania over a possible tie-up. In contrast, Spain, which started 2010 strongly, saw M&A activity weaken as the year progressed as debt worries overshadowed the market. However, restructured M&A is expected to be a recurring theme in 2011, while Spanish companies are increasingly looking outside their own economy to fulfill their growth ambitions. Telefonica's move to acquire a controlling stake in Vivo, Brazil's largest mobile phone company was one of the biggest transactions of the year.

This deal typified the extent to which Brazil is now being targeted by foreign investors. It is rich in natural resources and has a growing and affluent population. China invested heavily in Brazil last year snapping up assets in steel, iron ore and energy. Agriculture is seen as ripe for consolidation with more production being devoted to ethanol, the world's leading bio-fuel. The country is fast-emerging as a "powerhouse economy" and dealmakers see further takeover and investment activity in 2011.

*“Over the next 12 months, Acquisition International will be travelling the globe, visiting the rising stars of M&A.”*

This month, with our passport ready and suitcase packed... AI visits Spain and Brazil.

meyerylustenberger

Meyerylustenberger  
Dr. Alexander Vogel

Address

Grabenstrasse 25  
CH-6340 Baar/Zug

Tel. +41 41 768 11 11

Fax. +41 41 768 11 12

Web. [www.meyerylustenberger.ch](http://www.meyerylustenberger.ch)

Email. [A.Vogel@meyerylustenberger.ch](mailto:A.Vogel@meyerylustenberger.ch)



# SPANISH FLAIR

*Acquisition International's Charlotte Abbott speaks to Julio Veloso, partner at Broseta Abogados about the innovative full service law firm oriented to quality and the success of its clients.*



*Julio Veloso, responsible for the corporate finance/private investment funds area and also responsible for the international relationships of the law firm.*

Broseta Abogados was founded in 1975 by the chaired professor in commercial law and state councillor Manuel Broseta pont and re-founded in 1995 Broseta Abogados is today a nationally renowned Spanish firm with more than 90 lawyers (including its 14 partners) two offices (Madrid and Valencia).

The firm combines specialization in traditional areas of legal practice with the constant incorporation of new areas related to business activities and public administrations, for which it provides comprehensive legal services. The firm advises the leading companies in the principal sectors of the economy.

Since its inception, the firm has been characterised by its total involvement and commitment to the quality of the services provided to its clients. Broseta Abogados is a member of the Spanish Venture Capital Association (Ascri) and the European Private Equity and Venture Capital Association (EVCA), and cover a wide range of areas within the private investment funds group.

*What gives you an advantage over local and global competitors in your areas of expertise?*

*“I believe our main advantage is our expertise and track record which I believe is difficult to find in Spain. We have been in the market for a long time and we are known to almost all players because we have worked for almost all of them.”*

“We know the best (private funds) law firms/teams in the western world and we are free to work with them (not being committed to network as the global competitors are) which allows us to pick the best in every country and to get better prices than others.”

*Have there been any notable deals (size, complexity, duration, etc.) that you've been involved in recently?*

“We have been involved in a very complex deal this year related to the acquisition by a private equity entity of a majority stake in two Spanish companies. The economics of the deal were really complex and not easy to handle.”

“We have also been involved in another very interesting deal in Tunisia; the acquisition of a minority stake in a Tunisian company by a Spanish private equity entity.”

“Due to the different laws and to the restrictions on foreign investments in Tunisia it has also been a very interesting transaction.”

“We have also represented an UK private equity entity in two investments in two Spanish IP/IT companies. Due to the object of the companies and to the reorganisation of the UK fund both deals were really interesting.”

*Has the recession affected any core industries in Spain?*

“Absolutely. We have seen major construction/real estate/ companies & developers going into bankruptcy, the merger of all savings banks, an incredible number of companies disappearing, etc. Besides, credit is very scarce.”

*Spain's public debt ratio is amongst the lowest in Europe, what is the nation doing differently to countries with high debt ratios?*

*“I believe that comes from the recent past. We have lived in a booming economy for the last 15-18 years and we have received a lot of European funds. Besides, and until recently (due to our difficult economic situation and to the lack of budgetary positive results), the government made the appropriate decisions to keep it low.”*

*This year we have seen the return of the large deal in Spain; will we see more of these deals in the future?*

“Maybe, but I do not believe that many large deals take place during next year. Credit is not going to be easy to get (and/or to get it under reasonable conditions).”

*We slowly recover from the economic downturn; do you have any predictions for 2011, in terms of demand in Spain?*

“I wish I am proved to be wrong (really) but I am afraid 2011 is not going to be an easy year in Spain (it could be even worst than this year).

“Unemployment rate may even grow next year in Spain and some reforms will have to be adopted by the government in case we do not want to be rescued. So again, I am afraid 2011 is going to be a tough year in Spain.”

## Contact details

**JULIO VELOSO**  
**BROSETA ABOGADOS**

Calle Fernando el Santo,  
15 -2º (28101)  
Madrid.  
Spain

Tel.  
34 91 432 41 44  
Email.  
jveloso@broseta.com  
Web.  
www.broseta.com