

The continuing power to make deals

Even in the midst of the current economic crisis, and fragility of many business sectors, with the right motivation deals can still be done, say Vanda Cascão and Sofia Barata of Vieira de Almeida (VdA).

The €1.2bn acquisition last November of Babcock & Brown's (B&B) entire Portuguese wind farm portfolio by a private equity consortium led by Magnum capital demonstrates not only the continuing attraction of renewable energy assets, and the maturity of Iberia's private equity industry, but also that deals can still be done in the most testing of circumstances, says Vanda Cascão, co-head of the firm's Projects, Energy and Natural Resources practice.

"This was a transaction that from the outset saw multiple bidders, investors, financiers and legal teams. From a deal and finance perspective it was completed in the darkest days of last year, but which nonetheless saw 25% of the country's entire wind farm portfolio change ownership."

The Iberwind consortium – majority led by Lisbon's Magnum Capital alongside Multipower, Espírito Santo Capital, ECS - Venture Capital, Gotan SGPS, MADRE SGPS and FJORD – was ultimately selected by B&B after an initial bidding phase to acquire its Portuguese subsidiary Enersis. The acquisition was Portugal's largest-ever private equity transaction and the consortium was advised by Vieira de Almeida.

"While intense at times, the deal sends out a positive signal not only of the continuing attraction of Portuguese assets – many of Europe's major energy companies presented rival bids – but also the ability of parties to overcome what may be significant difficulties when there is the motivation to do so," adds corporate lawyer, Sofia Barata, who worked alongside partners Paulo Olavo Cunha and Pedro Cassiano Santos.

Vieira de Almeida took responsibility for assembling the initial and subsequent bid proposal, due diligence and regulatory aspects, corporate governance matters, the shareholder's agreements and acquisition finance and refinancing of the wind farm production projects already in operation.

Motivation

"Even with the number of parties involved, and the depth of negotiations required, the parties remained consistently focused on seeing things through to the end, which

was crucial for the success of the project" adds Cascão.

Despite the long gestation period of the transaction and the length of the bidding process and depth of due diligence required, it was the last few weeks of the negotiations – finalising the finance – that presented the transaction with potentially the major stumbling point, they note.

"We always knew that this would be a challenge, and would require a strong commitment from both the bidders and the lenders, but the closing stages of the deal coincided with banks collapsing in the US and being nationalised across Europe. It was a very intense period," says Cascão.

A consortium of banks including Banco Bilbao Vizcaya Argentaria (BBVA), Banco Espírito Santo de Investimento, Caixa Geral de Depositos and Millennium BCP, provided finance for the transaction, advised by Morais Leitão, Galvão Teles, Soares da Silva. Linklaters provided the English law advice.

The scale of the deal, notes Cascão, helps to reinforce however the continuing attraction of Iberia's renewable energy assets and energy sector. "We are seeing demand for renewable energy assets across Europe, but clearly the continued strong support and commitment of the European Union and Portuguese government to the sector is a major factor in its strength and attraction. The only direction in which demand is heading is forwards."

But the transaction also demonstrates the increasing ambition of Iberian investors, says Barata. The Iberwind consortium was comprised largely of Spanish and Portuguese private equity and finance houses – in the face of the clear issues the private equity sector faces and prevailing sentiment against highly leveraged deals.

"The deal was very rewarding – for the size and scale of the transaction, the successful management of all the parties involved, and for the intensity of the closing period and ability to finalise the deal in a very testing time. Perhaps the clearest message the transaction sends out is that deals can still be done," concludes Cascão.



Vanda Cascão



Sofia Barata

Incluso en medio de la situación actual, una motivación adecuada fomenta operaciones que todavía pueden realizarse, afirman Vanda Cascão y Sofia Barata, de Vieira de Almeida.

La adquisición por 1.200 millones de euros de Babcock & Brown's (B&B), una empresa eólica portuguesa, por parte de un consorcio de capital riesgo liderado por Magnum Capital, demuestra no sólo la atracción que siguen ejerciendo las empresas de activos renovables y la madurez del sector de capital riesgo en la Península Ibérica, sino también que las transacciones pueden seguir produciéndose aun en las condiciones más desafiantes.