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## M&A - Switzerland

Continuing with our Legal Focus on Mergers and Acquisitions, *Lawyer Monthly* speaks to Andreas Rötheli, Partner, Head of Corporate and M&A / Real Estate at Lenz & Staehelin, Switzerland's largest law firm. Here, Andreas talks to us about the Swiss M&A market and its current trends, and his work within this large practice area.

Lenz & Staehelin enjoys a leading position in domestic and cross-border private and public M&A transactions, and is party to many of Switzerland's most important corporate deals. Around 70 partners and associates form the country's strongest Corporate and M&A practice group.



**What is the current state of the M&A market in your jurisdiction?**

Switzerland's M&A market remained stable in 2011. Indeed, the total number of announced deals is nearly unchanged compared to the previous year. That being said, the total disclosed deal volume decreased in Q3 2011 compared to Q2 2011, while remaining fairly constant when compared to the same period in 2010.



**What are the current trends in the market across all sectors?**

In September 2011, the Swiss State Secretariat for Economic Affairs forecast 2011 and 2012 GDP growth at 1.9% and 0.9% respectively. The reasons for the downward predictions are the continued strength of the Swiss francs and the still ongoing European debt crisis. However, the recently established floor on the CHF/€ exchange rate will most likely stabilize inbound M&A activity in Switzerland due to the reduced risk of further Euro exchange rate depreciation when negotiation M&A deals denominated in Swiss francs.

Also, private equity showed signs of increased activity. Switzerland is a typical SME market. Leveraged buy-outs with a size of less than € 50m accounted for approximately 65% of the total deal volume. The transactions of that size can be rather easily financed as opposed to the larger M&A transactions.

Finally, many corporations have spent the last years focusing on reducing costs and financial risks and thus dispose of large liquid means for acquisitions and start focusing again on growth through M&A rather than survival in a volatile market. The same is basically true for many buy-out/in funds which were prudent in the last few years and now have to make investments given the time cycle of their funds

Given the particulars of the Swiss market, there is currently a strong consolidation exercise ongoing in the



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(private) banking sector and among the Swiss luxury watch component suppliers as well as for some still privately and family held watch businesses.

**Q** What would you advise companies who are looking to merge with businesses in your country?

Structuring and executing cross-border transactions are still rather complex from a legal, tax and regulatory viewpoint. It is thus important to obtain at an early stage appropriate advice in all relevant areas. Also, only very few Swiss law firms are in a position to advise a client on all main areas. Furthermore, L&S is equally present in Zurich and the Lake Geneva region and controls a healthy portion of the market in Geneva. This is a salient point because many of the top end firms have a limited presence in Geneva, if any at all.

**Q** What, if any, legislative progressions do you see for mergers and acquisitions that will affect your country?

Switzerland is currently undergoing a rather large amendment of its corporate, accounting and audit laws. The timeline and the content of such revisions are not yet clear, but further details should be known in August 2012.

**Q** Please detail any other points you feel are relevant.

In response to the complex requirements of domestic and international mergers and acquisitions and the many areas of law involved, the M&A practice group brings together the knowledge, skills and experience of different practice areas to form focused teams for specific transactions. The team has ample experience in structuring M&A transactions and working with private equity investments.

Recent examples of our (Geneva) M&A practice include, among others, (i) assisting Barclays Private Equity ("BPE") acquiring a majority shareholding of the

fine chemical specialist CU Chemie UETIKON GmbH ("CU UETIKON") based in Lahr, Germany, (ii) assisting Deutsche Börse taking full control of electronic derivatives exchange Eurex by buying out co-owner SIX Group of Switzerland, or (iii) advising International Volant Limited, Hong Kong, a wholly owned subsidiary of China Haidian, a company listed on the Hong Kong Stock Exchange, acquiring Eterna AG Uhrenfabrik, from F.A. Porsche Beteiligungen AG, Salzburg, Austria. **LM**

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