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TOP
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Italian Law Firms to The Rescue

After years, the top five positions in the 2016 (9M) ranking for legal advisory are occupied by domestic institutions. Americans nearly disappeared and English...

by Gabriele Ventura

In a context that has seen leading Italian law firms return to the fore in M&A and capital market transactions, ousting big British and American players, the legal advisory market is still full of opportunities for both more well-established firms with dozens or hundreds of professionals, and medium-sized firms. «2016 was another good year for us, with growth in revenues close to double figures,» told **Francesco Gianni**, managing partner of one of the majors, to Lombard. The rankings by number and value of transactions, drawn up by Dealogic for the first 9 months of 2016, highlight a phenomenon that had already been underway for at least 12 months. But it had been years since the first five positions had been held by just Italian firms, whilst leading names, including Clifford Chance, Linklaters, Allen & Overy, Freshfields, and Cleary Gottlieb saw a drop in the value of their transactions of 60-80%. This trend is due to at least two variables. First of all the flow of new foreign investments into Italy, which has been attracting investors since 2014, and was boosted even further last year by Italian professionals, who have always been particularly skilled at getting themselves noticed and appreciated by foreign groups. Secondly, lots of the Italian companies operating on

Top legal firms by value of deals in 2016 (9M)

Ranking 2016	Ranking 2015	Legal Firm	Amt \$ mn	Deal n.	Ch% 1Y
1	13	Chiomenti Studio Legale	11,973	36	14.0
2	26	Gatti Pavesi Bianchi	10,991	29	82.5
3	4	Gianni, Origoni, Grippo, Cappelli	8,589	39	48.3
4	17	Studio Lombardi Molinari Segni	8,392	12	15.2
5	7	BonelliErede	4,669	19	-62.8
6	6	Clifford Chance	4,604	8	-63.4
7	5	Pedersoli Studio Legale	4,554	25	-69.5
8	-	Studio Marchetti	4,17	1	-
9	2	Freshfields Bruckhaus Deringer	3,917	9	-80.7
10	1	Allen & Overy	3,4	6	-84.2
11	59	Nctm Studio Legale	3,04	33	316.4
12	8	Cleary Gottlieb Steen & Hamilton	2,988	9	-74.6
13	87	Hogan Lovells International	2,891	5	2,39
14	27	Gattai Minoli Agostinelli	2,859	22	-48.1
15	28	Slaughter and May	2,831	1	-44.7

Top legal firms by value of deals in 2016 (9M)

Ranking 2016	Ranking 2015	Legal Firm	Amt \$ mn	Deal n.	Ch% 1Y
1	1	Gianni, Origoni, Grippo, Cappelli	8,589	39	-1
2	2	Chiomenti Studio Legale	11,973	36	-4
3	3	Nctm Studio Legale	3,04	33	6
4	5	Gatti Pavesi Bianchi	10,991	29	6
5	6	Pedersoli Studio Legale	4,554	25	3
6	11	Gattai Minoli Agostinelli & Partners	2,859	22	7
7	4	BonelliErede	4,669	19	-5
8	23	White & Case	1,259	16	9
9	12	Linklaters	1,304	14	1
10	7	DLA Piper	1,898	13	-6
11	10	Studio Legale Lombardi Molinari Segni	8,392	12	-3
12	8	Legance Avvocati Associati	2,252	12	-4
13	16	Baker & McKenzie	653	12	1
14	29	Orrick Herrington & Sutcliffe	737	11	6
15	43	CMS	312	11	7

Source Mergermarket

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international markets have enlisted the help of Italian firms, including for their transactions abroad, which have been significant over the last 18 months. With this advantageous combination, the professionals led by Francesco Gianni, the managing and founding partner of Studio GOP, Chiomenti, Nctm, and **Gatti Pavesi Bianchi** have taken leadership of the Italian market, leaving their colleagues at BonelliErede in

their wake, grappling with a partial restructuring of their firms. A partial exception to the trend came with the arrival on the scene of a new firm, Dentons, led by managing partner Federico Sutti, who, after leaving DLA Pipers, threw himself into the challenge of launching this new brand on the Italian market, using the fact that he had the biggest network of lawyers in the world behind him to his advantage.

In just over 12 months, in October 2015, Sutti managed to secure 14 new partners and 58 professionals, allowing him to cover almost all areas of business to offer a full service in Corporate M&A, Real Estate, Tax, Litigation, Employment, Administrative Law, Banking & Finance, and Restructuring. And in its first year of activity, the American firm set itself apart in a number of Real Estate, Corporate M&A and Finance transactions, assisting Equita, among other things, in carrying out the first Private Debt transaction in Italy, the Lameplast bond.

The leadership of Italian firms has also been boosted by the sectors involved in the biggest M&A transactions over the last 12 months in Italy: banking, sports, publishing, fashion, food and real estate. From the merger between Banco Popolare and BPM, the first transaction to be carried out under the reform of cooperative banks, to the establishment of the Atlante Fund in the banking

sector. Then there's the arrival of the Chinese, who purchased Inter Milan and A.C. Milan in sport, the takeover bid by Cairo Communication of RCS, the Espresso-Itedi merger and the transfer of Bompiani from Mondadori to Giunti in the world of publishing. Moreover, in the fashion industry, the stand-out transaction was the merger between Yoox and Net-A-Porter, which gave rise to an independent global group with an aggregate net revenue of approximately €1.3 billion. This was a rare example of an Italian company attracting a foreign one to it, with the resulting company remaining listed on the Italian market. Turning to the food sector, the most important deal in recent months was the acquisition of Birra Peroni by



From left: Francesco Gianni, managing partner of the named law firm which scored number one by number of deals in 2016 and third by value of deals, +48% over the past year.

Federico Sutti is the managing partners of Dentons, the American firm making its debut on the Italian market. In less than one year reached a good market share

Luigi Arturo Bianchi, named partner of **Gattai, Pavesi, Bianchi**, the firm that scored the second best performance (+82%) in 2016



Stefano Simontacchi (left), 45, was reappointed last May as the co-managing partner and spokesperson of Bonelli Erede for three years. Above, Michele Carpinelli, managing partner with Chiomenti

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Japanese company Asahi, a transaction that formed part of a deal worth €100 billion overall. These transactions were led by Lombardi Molinari for the BPM-Banco Popolare merger, Gianni Origoni Grippo Cappelli with Chinese investors for the acquisition of A.C. Milan, and BonelliErede and Chinese investors for the takeover of Inter Milan, Cairo Communication's takeover of RCS and in assisting the Italian Ministry for the Treasury to establish the Atlante Fund. Chiomenti and Clifford Chance worked on the Saipem billion-dollar bond, whilst Gatti Pavesi Bianchi assisted Yoox in its merger with Net-A-Porter, and Allen & Overy, Freshfields and Hogan Lovells provided legal assistance in the acquisition of Birra Peroni by Asahi.

Among the top ten law firms in terms of value of transactions carried out in the first three quarters of this year, the only ones to have increased their activity were Chiomenti (up 14%) in first place, Gatti Pavesi Bianchi in second place, having leapt up (by 82.5%), and Lombardi Molinari Segni, which, on 1 January, will break away from its name partner, Ugo Molinari, in fourth place with an increase of 15.2%. Also worth mentioning is the exponential growth of Nctm (+316.4%).

BUSINESS ON BANKING

With regard to M&A growth prospects over the coming months, business lawyers point to the banking sector as that with the greatest margins for development. Indeed, the sector has been given new drive by the reform of cooperative banks, despite the recent obstacles thrown up by the judiciary, which has amended the Consolidated Banking Law to introduce a limit on assets for banks to which the special rules for cooperative banks apply. "The credit sector is currently in great turmoil as a result of recent events and amendments to legislation",

Graduated with honors in 1992 from the Università degli Studi di Milano and admitted to the Milan Bar in 1995, Stefano Valerio specializes in M&A transactions, advising on the drafting of share purchase agreements and shareholders' agreements as well as in relation to demergers and



private equity transactions. He renders advice to clients on capital markets and various corporate law matters. He also specializes in assisting large group companies in financial distress, advising on their restructuring and pre-bankruptcy activities. He has been on the board of directors of several listed companies and financial entities. He was also the co-author of the book "Tecniche di Private Equity"

Deal Focus/Yoox-Net-a-porter

One of the most exceptional deals of the last 12 months or so was the merger between the Italian e-commerce platform Yoox and its number one competitor, the English Net-a-Porter. It was actually a reverse takeover of the London-based company by its Italian rival, completed in October 2015, with support from the Gatti Pavesi Bianchi law firm on the Italian side. The deal led to the creation of the global leader in luxury e-commerce and set its overall value at more than €2.8 bn. «The merger was complex due to its cross-border nature, with two businesses run under different legal systems coming together», noted Stefano Valerio, the partner of the law firm in charge of the deal, who has been a member of the board at Yoox

since 2006 and therefore also served as the main coordinator of the entire deal. The Italian company took over a foreign business and successfully accomplished its goal of keeping the merged entity on the Italian Stock Exchange and the registered office in Italy. Compagnie Financière Richemont had a majority stake in Net-a-Porter and now owns approximately 50% of the shares in the new business. In order to preserve its status as a public company following the arrival of this significant new shareholder, Yoox created a number of different categories of shares and

specific bylaws to restrict Richemont's participation in the governance of the newly founded Ynap. At the helm of the new group as CEO is Federico Marchetti, the founder of Yoox and the great business mind behind the operation. Valerio was made the Vice-Chairman and the role as the Chairman was given to Raffaello Napoleone, one of the most prominent exponents of Italian fashion worldwide. In addition to establishing the governance framework, Gatti Pavesi Bianchi's corporate law team helped to define incentive plans for the management that reflect the new business and its development plans, while also providing assistance with matters relating to financial markets law, especially with regard to tender offers and antitrust rules. At the end of November the Ynap announced a new step ahead: a jv with Symphony Investments, an entity controlled by Mohamed Alabbar, to create the Middle East's leader for online luxury retail.

Team: Stefano Valerio, Franco Barucci, Vanessa Sobrero, Rossella Pappagallo and Flaminia Fossati

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pointed out Giuseppe Lombardi, who successfully handled the legal side of the BPM-Banco Popolare merger, "and one of the biggest problems has been the first-time application of this new law". "The merger in question fell into a new and unique legislative context, without any precedent to refer back to, so problems arose from the need to comply with the indications of the Supervisory Authorities, European ones in particular, throughout the entire merger process", explained Lombardi. According to the lawyer and founder of Studio Lombardi Molinari Segni, which, with 12 transactions in 2016, saw the value of the transactions it had concluded increase by 15%, the recovery of the M&A sector of the last two years has been consolidated in recent months, also thanks to the notable liquidity of the market. "Things could continue to improve, also bearing in mind the interest of foreign investors in Italy and the various small and medium-sized Italian companies that lead their respective niche markets", concluded Lombardi.

Also important in the Banking sector was the establishment, in April 2016, of the Atlante Fund, with the aim of ensuring successful increases in the capital requested by the supervisory authorities from banks that face market difficulties, and encouraging the transfer of stress in the system, acting as a back-up stop facility. BonelliErede took care of all the legal aspects of the structuring of the fund, focusing on identifying a legal structure that would allow the transaction to take place under specific legislative limits. "More specifically, we had to identify a tool we could use that would not, on the one hand, be qualified as one exercising management and coordination over the target banks, or as the parent company of a banking group; on the other hand, and as a result, it wasn't necessary to consolidate the financial and economic data of the targets", explained Gianpiero Succi, the partner at the firm who took care of the corporate aspects of the deal. "Identifying the vehicle, the drafting

of all the legislative and contractual documentation, the various direct exchanges with the supervisory authorities, or rather the ECB, the central bank of Italy and CONSOB, were the important aspects of our work", said Succi, who coordinated the team that worked on the deal, which founder Sergio Erede was also a member of.

WILL PE COME BACK?

Over the months to come, Francesco Gianni is focusing on private equity funds, which "have gone back to being a very active part of M&A transactions, including in our country". "Italy", states Gianni, "still holds some very interesting investment opportunities for buy & build transactions, participating in the consolidation

"Recently, we have seen particular interest, above all from foreign investors, in the Real Estate and Information Technology"

processes underway in several sectors in Europe. As opposed to the past, the M&A market has lately stood out with its few deals of great size". "Recently, moreover, we have seen particular interest, above all from foreign investors, in the Real Estate and Information Technology sectors", continues Gianni, "the prospects for the M&A market are also stable for 2017, a year in which we expect to carry out more cross-border transactions than we did this year". Of the same opinion, with regard to private equity funds, is Gianfranco Veneziano, a partner at BonelliErede. "We expect to see growing interest from private equity funds and foreign investors looking to acquire certain quality Italian companies that are

currently not promoted or need investments to be re-launched or to move forward with international expansion plans", he asserts.

The other name partner of Gop, Roberto Cappelli, is instead still at the side of Chinese investors in the acquisition of A.C. Milan. "The number and complex structures of the stakeholders involved have certainly helped to make even the legal aspects of the acquisition particularly complex", explains Cappelli, "the complexities caused by the involvement of different jurisdictions were indeed just one component of the transaction, which was characterized by intense negotiations with significant legal consequences". With regard to the future prospects of the sports sector in M&A transactions, according to Cappelli, "the process of industrialization" of sports has become unstoppable, driven also by increasing rigor and attention to the economic-financial aspects of management dynamics. This very trend has made the business increasingly attractive to many investors, who are enticed by the potential that lies in the use of sports brands. It is for this reason, for example, that the big clubs are turning increasingly to investment banks and big law firms for qualified support in advisory terms, with the aim of both becoming more transparent to the market and attractive to potential investors. So we can expect further developments in the M&A sector in the near future".

THE BIG GAME

As for the possibility that there are still Asian investors out there wishing to get a piece of the Italian sports sector, according to Stefano Micheli, a partner at BonelliErede who advised Chinese investors in the acquisition of Inter Milan, "with foreign investors who aren't familiar with Italy, it's particularly important that the lawyer helping them knows how to assume a proactive role and can help them navigate the Italian legislative system, acting not only as an external consultant, but as a business

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partner and sometimes a cultural mediator as well. In this regard, a solid partnership with all the Chinese advisors of the client and particularly with the Chinese lawyer is essential". In the Asahi transaction, on the other hand, Allen & Overy assisted Asahi Group Holdings in the acquisition from Anheuser-Busch InBev of the groups Birra Peroni S.r.l., Koninklijke Grolsch NV, and Meantime Brewing Company Limited, for an enterprise value of over €2.5 billion. The transaction took place in the wider context of the €112-billion acquisition of SABMiller plc by Anheuser-Busch InBev. The team at the British law firm was headed up by corporate partner Paolo Ghiglione. "The transaction presented a serious of challenges," explains Ghiglione, "the first being that this was our client's first acquisition in Italy, and they generally had no significant experience of other recent acquisitions in Europe. In such cases, the lawyers' first job is to bring the two cultures together and explain to the client how to manage the defining aspects and any difficulties associated with the Italian context, before discussing the terms and conditions of a contract. Secondly, we had to perform a very painstaking due diligence to help the client negotiate the transaction with the best possible outcome. The technical aspects we needed to analyse, from a legal point of view, concerned the share structure of Peroni in particular, along with intellectual property, authorization and employment issues". "Thirdly", continues Ghiglione, "this was a competitive auction arising from a bigger transaction, with the resulting obligation to make the deal work in a short space of time without any slip-ups: indeed, the outcome of the merger between Anheuser-Busch and SABMiller depended on this transaction, a deal worth more than €100 billion dollars. Moreover, we had to respect the agreements entered into with the antitrust authorities, without risking the procedure dragging on for months". With regard instead to the legislation governing M&A transactions, in Ghiglione's opinion, "since 2004, with the Vietti reform, we have been able to count on the increased flexibility of our corporate law system. When foreign investors ask us if they need to use vehicles or foreign laws (e.g. of Luxembourg, the UK or the Netherlands) to structure acquisitions in Italy today, we're almost always able to say no. In many cases, even Italian laws on specialist subjects surprise foreign buyers with their flexibility and speed: in Italy, when you purchase a company, trade union consultation procedures don't leave room for manipulation. In fact, it is an informative procedure that is over in 25 days, without the option of vetoes".