

# Corporate Transactions and M&As SPECIAL REPORT

## Legal firms field requests from all sectors in time of flux

BY ARLENE HARRIS

The landscape of the business world is ever changing as the continual flow of peaks and troughs determines the trajectory of transactions. Indeed, the past few years have seen a series of unprecedented global events which have impacted on business across all sectors, leading to a heightened rate of corporate transactions.

So far this year, during Q1 and Q2, transactional activity has remained consistent and is likely to continue for the remainder of 2022, with legal firms specialising in corporate transactions along with mergers and acquisitions reporting a steady flow of requests for legal advice from various sectors of industry, with some areas more affected than others.

David Brangam, corporate and

M&A partner at Simmons & Simmons, has a wealth of experience in corporate transactions and says the first half of this year showed high levels of M&A activity which have been driven by a number of key factors.

"While both the Irish and the global M&A picture is far more complicated than it was in Q4 2021, the first six months of 2022 have seen continuing and strong levels of M&A activity," he said. "There remains a healthy supply of capital for M&A, PE investors' pockets remain deep, and many businesses still have strong cash flows and balance sheets."

Emma Cafferky, partner and head of corporate section at Crowley Millar Solicitors, says while all sectors have been impacted due to the combined effects of Brexit, the pandemic and the war in Ukraine, those seeing a higher level of transactional and pipeline activ-

ity are in technology, pharma and renewables. And the firm, which has offices in Dublin and Limerick, is on hand to advise.

"Investment work is consistent, likely reflecting the scale of private equity money to be deployed, and the corporate team are advising on a number of active investments," she said.

With any activity of this kind, financing options are always a key priority and Cafferky says much of this is coming from indigenous sources.

"We still see the Irish domestic banks continuing to play a key role in providing acquisition finance, especially in the mid-market private M&A sector and private equity increasing in significance as a provider of acquisition financing which is attractive for business owners looking to exit and those seeking investment for expansion," she said. "In the mid-

sector, we are also seeing transactions being structured with elements of private equity and traditional bank funding."

Catherine Collins, head of Credit Review, says that there is likely to be a "significant upswing" in the level of debt restructuring by SMEs and their banks in 2022 as business adapts to the new trading conditions, as well as requests for additional credit for working capital as businesses get back to growth.

"For many of the businesses who use our service, the Covid pandemic led to major disruption, with lockdowns impacting trade and businesses having to hit the 'pause' button in terms of sales and production," she said.

"In order to conserve cash for the uncertain future, they may have availed of bank payment, Revenue warehousing, and government supports, as well as seeking addi-

tional merchant credit and reductions in rent and other large costs."

While the first half of this year was busy with corporate transactions, the remainder of 2022 looks set to continue on the same trajectory and keeping up to date with the latest regulations and requirements is essential.

And Mark Jordan, chief strategy officer with Skillnet Ireland, says that in order to ensure best practice, it is important for companies to ensure their staff are continuously upskilling to keep up with current requirements and any changes to legislation.

"People are a critical component within any organisation and gaining a highly skilled workforce is always going to be a major focus of merger negotiation and integration assessment," he said.

"Many acquirers see the joining of two companies as an opportunity to upgrade their talent pool.

However, while the benefits are clear, there are core challenges present in the shape of developing a plan for the retention of key staff, and also in the selection and appointment philosophy of any new employees."

Jordan says that retaining staff in a merger or acquisition situation is important from the standpoint of managing disruption and anxiety as well as ensuring that standards and performance expectations continue to be met.

"Developing an internal talent culture for embracing and thriving in circumstances of change is a key area of leadership and executive competence - which will be critical as the organisation navigates its pathway through transformation," he said. "This cultural directive should be cascaded throughout the organisation in the form of harmonised skill development initiatives, such as customer re-

lationship management, product development, service differentiation identification, value proposition development and competitor analysis.

"It is of paramount importance that employees within the newly formed organisation quickly follow a singular functional and cultural pathway."

With this in mind, Catherine Collins says it is important for businesses to seek advice where necessary in the near term.

"In the latter half of 2022, businesses will need to unwind many of the concessions or temporary supports and make arrangements to pay the built-up legacy debts owed," she said. "Credit Review's team of credit/bank debt experts is available to help all SMEs, sole traders and farm businesses who are having difficulty getting new funding or debt restructuring from their banks."

## Crowley Millar reports lively Q1 and Q2 following record 2021 for M&A

The law firm's corporate team handles mostly mid-market work, with deal values ranging from €2 million to €50 million. **Arlene Harris** reports

Established more than 30 years ago, Crowley Millar Solicitors LLP has a proven track record of excellence, offering a wealth of advice to its clients across the entire spectrum of corporate transactions including mergers, acquisitions, disposals, reorganisations and restructuring. The 40-strong team also has a wealth of knowledge in joint ventures and equity/multi-source financings and investments.

With offices in both Dublin and Limerick, the firm advises clients across the country. Emma Cafferky, partner and head of corporate section, says that business has been brisk for the

first half of the year, with many companies seeking their services to assist with



Emma Cafferky, partner and head of corporate section, Crowley Millar Solicitors

corporate transactions.

"Q1 and Q2 of 2022 have been consistently busy in terms of corporate transactional work," she said. "This comes on the back of a very busy 18 months for our corporate team, reflecting the fact that 2021 was a record year for M&A activity in the Irish market."

The activity on the desks of the Crowley Millar corporate team is mostly focused on the mid-market, with typical total deal values on the desk ranging from €2-3 million up to €45-50 million.

"Consolidation in the insurance broker market in Ireland led to the number of insurance M&A deals being in the high teens we understand for 2021, making it one of the most active sub-sectors for M&A in 2021. Our corporate team completed a number of these transactions on the sell side over the past year," Cafferky said.

The team at Crowley Millar has also just completed a significant share sale and property transaction in the nursing and care home sector, one of a number of similar nursing home transactions they have advised on in the past couple of years, reflecting the continued consolidation of nursing and care home sectors across Europe.

The corporate section boss says these successes can be attributed to the talent and expertise of the team, which comprises of eight partners, ten solicitors, 14 support staff and a team of trainees.

"We consistently punch above our weight on transactional work, regularly finding ourselves on the opposite side to Ireland's top ten law firms," she said. "We combine our significant transactional skills with expertise from our colleagues on our banking, property, employment and dispute resolution teams."

"We have a dedicated China department and India department which specialise in providing services to clients based in China, India and elsewhere who are interested in doing business in Ireland. And for a firm of our size, we are unique in Ireland in having UK, US, China and India dual-qualified lawyers working with us as we serve a wide range of clients in Ireland and internationally through our membership of the Mackrell international group of some 90+ law firms.

no doubt bring challenges for business and the economy - perhaps more than the last 12 months, with further impacts being felt from the war in Ukraine, inflation and higher prices, increased energy costs, supply chain pressure, etc.

"But what we are seeing in some current transactions is a slight slowdown rather than stoppage, so we anticipate it may take a slightly longer time to get certain deals over the line for the second half of this year, given the uncertainty that comes with the current geopolitical challenges.

"We also believe it likely that we will see some more distressed activity this year once the real effects of the removal of pandemic economic supports are felt."

Indeed, the legal expert says, continuing global events mean demand for transactional services remains strong.

"We anticipate the consolidation in the insurance broker sector to continue," she said. "We are seeing business owners evaluate exit options which they may not have done, due to the uncertainty caused by world events."

"As a firm, we are optimistic, as out of uncertainty and challenges for us and our clients also come opportunities, so we look forward to a very active year ahead as we have ambitious growth plans for the future."

As the pandemic has shown us, it is impossible to predict exactly what lies ahead, but Cafferky says while the current trajectory will remain somewhat consistent for the remainder of the year, good legal advice is always a wise precaution.

"We have not yet seen the anticipated increase in demand for distressed restructuring work, although we expect this may change a little in the second half of 2022 and early 2023, with business failure levels slowly but steadily increasing and the number of SME liquidations having increased by a significant percentage in Q2 2022 vs Q1 2022," she said.

"Business owners are facing a raft of challenges on the back of a tumultuous couple of years for all industries: rising inflation, interest rates, energy costs, removal of the governmental pandemic supports, etc. Our advice would be for companies to identify the headwinds, be pragmatic, consult with their advisors and take appropriate action."

"The level of non-distressed internal group restructurings remains consistent for us, as many client companies have had the chance to pause somewhat over the last couple of years and plan for the future. Our advice for these clients is always to plan well, execute meticulously and ensure you have the right advisory team in place."



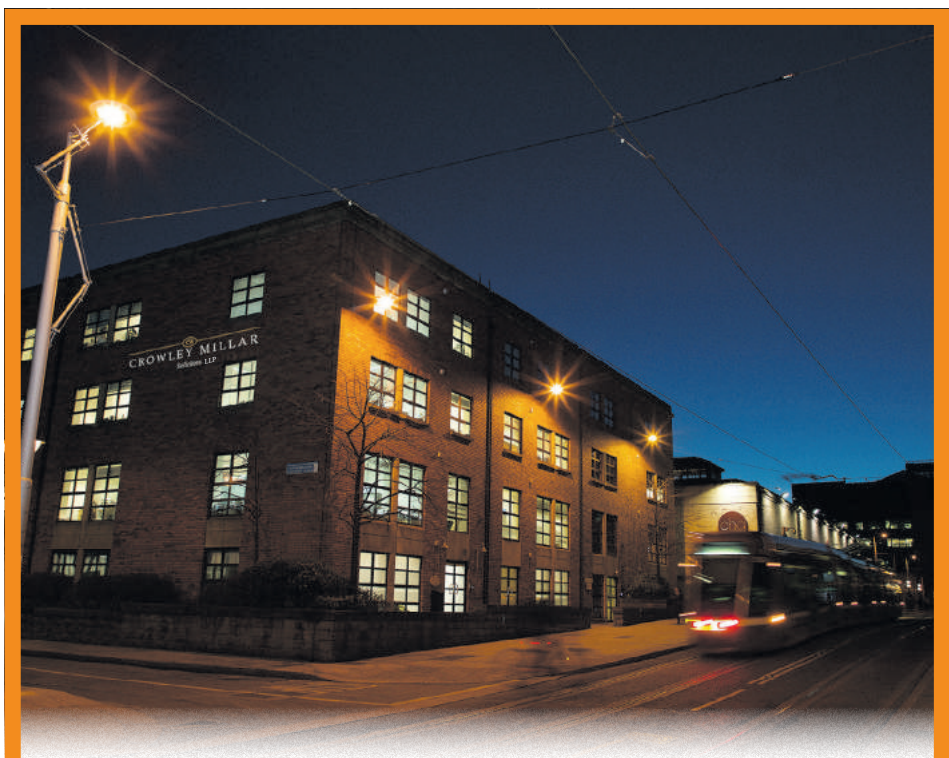
**Cafferky and her colleagues are cautiously optimistic about business for the rest of this year**

"And we are particularly proud to have been appointed as the official legal advisors to Paralympics Ireland until December 2024 and provide legal advice to Paralympics Ireland across several areas."

Cafferky says she and her colleagues are cautiously optimistic about business for the rest of this year.

"In terms of FDI, Ireland remains high on the league tables of most attractive investment destinations, and we are seeing increased interest from our Chinese and Indian clients investing in and seeking to invest in Ireland, particularly in the pharma and renewable energy sectors," she said.

"The next 12 months will



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To discuss how we can help you or your business and to learn more about our corporate and commercial service, contact **Emma Cafferky (Partner and Head of Corporate)**

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