KLC | PROFILE OF ATHENIAN PRACTICE

A UNIQUE GREEK OFFERING

Pioneering a local merger to create the first 'corporate legal vehicle', KLC is investing in domestic PPPs and aiming to maintain annual revenues of €7m

BY ED THORNTON

KLC, Athens office

WITH Continental Europe's recession clouds looming over Greece, one of the country's largest and most expansive independent law firms has been thinking hard about how it can weather the economic storm.

"For the time being the recession in Greece is more psychological. We haven't yet faced the lay offs in Spain, France or Germany or the closing down of companies," says deputy managing partner **Thanos Karvelis** of independent firm KLC.

"But we do expect the recession will become bigger during the second and third trimesters of the year."

With corporate and M&A work drying up and the country's legacy shipping work sharply reduced, a key focus for the firm during hard economic times is to capitalize on the increase in projects work resulting from the Greek Government's plans to increase public expenditure in order to stimulate development.

"Given the overall economic environment and the state's more aggressive role in the economy, we are focusing on PPPs which are a new field for the Greek economy," Mr Karvelis explains. "This requires a combination of expertise in project finance and finance generally as well as expertise in public law."

The firm is therefore looking to beef up its already strong capability in both projects and public law, the latter area strengthened in 2006 by a merger with the practice Yiannis Z. Drosos & Associates.

Closely related to its projects work is the firm's noted energy practice, headed by **Thomas Lamnidis**, and described by Mr Karvelis as "one of the biggest departments in terms of turnover and visibility". The practice has built up a strong track record advising the Greek Government, the European Union and Eastern European and Central Asian Governments, along with private practice clients. It includes among its client list Halivourgiki, Greece's largest steel mill, which it recently advised on developing a combined cycle gas-turbine fired power plant.

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While projects and energy form a core part of its recession strategy, KLC is no niche firm, having built up a diverse range of practice areas since it was formed in 2000 by the merger of three independent practices headed by **G.D. Kallimopoulos**, **Kostas Loukopoulos** and **Aristides Chiotellis**. The firm's management team is now headed up by managing partner **Kostas Loukopoulos**.

Mr Karvelis believes the formation of KLC created a unique offering in Greece's legal market.

"It was the first and perhaps only real merger of three different independent offices into one in order to create a corporate legal vehicle that was able to develop," he says.

"The Greek legal market is dominated by big law offices belonging to one or two people who have been together forever, often second or third generation," he adds.

Mr Karvelis describes KLC's structure as "totally different" to the traditional Greek models, more akin to firms in the U.S. and United Kingdom. For example, equity is spread much more evenly around the firm's 12 partners than is the case at most Greek firms, with no single partner holding more than a 16 per cent stake.

KLC also stands out from other independent Greek law firms for its international clients and reach. Recent in-bound work for the flagship energy practice included representing Italian energy company Edison in negotiations with Hellenic Petroleum, the biggest Greek hydrocarbon conglomerate and electricity trader and producer, for a joint venture valued at €1.5bn. The firm also advises French cement and construction giant Lafarge on tax, labour and public law issues.

While the majority of its lawyers (45-50 fee earners) work from the Athens head office, the firm has operated offices in Brussels and Bucharest since 2004 and in Sofia from 2005. It recently made the head of its Romanian office, **Mariana Voicu**, a firm-wide partner. The promotion, according to Mr Karvelis, made KLC the first Greek law firm with a non-Greek partner.

The Bulgaria office's clients include Greek companies embarking on ventures in Romania, such as construction company Ellaktor which it advised on the acquisition of a majority stake in a Romanian transport company and Cypriot Correa Holdings which it acted for on the merger by absorption of two of its subsidiaries in Romania. The firm's Sofia office, meanwhile, has also capitalized on Greek clients' foreign expansion, for example advising chemicals company Neochimiki in an open tender procedure for the concession of a port in northern Bulgaria.

KLC's foreign offices have seen steady revenue growth, a trend Mr Karvelis acknowledges will be difficult to maintain in the tough times ahead.

"Bulgaria and Romania we expect to be heavily affected by recession," he says, but adds that in the long run "we would not realistically expect that they continue to increase their turnover year on year."

Indeed, Mr Karvelis is confident that KLC can maintain its profitability during the downturn. The final turnover figure for 2008 is expected to total approximately €7m, about the same level as the previous year.

KLC
law firm

Established	2000
Offices	Athens, Brussels, Bucharest, Sofia
Total fee earners	75 (including 12 partners)
Turnover	€7m (expected, 2008)
RPL*	€93,333

*Revenue per lawyer

"With the worldwide situation, it is very difficult to make longer-term projections, but I wouldn't expect any decrease and I'd expect to maintain turnover," he says.

The firm also claims it is confident it will not have to resort to the kind of redundancies seen in the U.S. and U.K. in order to cut costs. One reason for this, says Mr Karvelis, is that different practice areas are more inter-related, meaning that corporate lawyers are able to adapt easily to counter-cyclical work such as insolvency and restructuring.

"A lawyer doing corporate work is good enough to do restructuring," he says. "We are shifting people to other fields without affecting the quality of work."

Furthermore, Mr Karvelis is adamant the economic downturn will not thwart the firm's ongoing expansion plans. It is negotiating the opening of one, or perhaps two, further offices this year and is currently in talks with a non-Greek firm based outside the European Union about an alliance that could result in a merger.

Whatever the short term trials that KLC faces, Mr Karvelis is confident of the firm's long term health.

"If one considers the age of the partners, most of us are in our late 30s or early 40s, which is the most productive period for a lawyer," he notes. "I do believe that once the current difficulties are put behind us, perhaps in a couple of years, we will increase significantly." TLI