



Oaklins



Consolidation of growth strategy in the grocery retail chain market in Croatia

DEAL FLASH | CONSUMER & RETAIL, PRIVATE EQUITY | NOVEMBER 2022

DEAL SNAPSHOT

Lonia Trgovina, the leading retail chain in the smaller, convenience format category, has been acquired by Studenac, the fastest-growing retail chain in Croatia.

Lonia has a retail network of more than 300 stores (80 of them owned by the Jaram family) and a turnover of over US\$110 million. More than 30% of the stores operate within the Zagreb metropolitan area, where Studenac has had a limited presence to date.

Studenac is the fastest-growing pure-play proximity grocery chain in Croatia and is backed by Enterprise Investors, a PE fund from Poland. Enterprise Investors acquired the chain in August 2018 when it had just over 380 stores. Studenac subsequently integrated five large add-ons.

This acquisition will complement Studenac's geographic coverage and transform the company into a fully fledged nationwide player, and the one with the highest number of stores.

“In June 2022, we completed the sale process of Lonja Trgovina, and we would like to thank all our partners who we collaborated with for many years, as well as all of our employees with whom we jointly built Lonja over many decades. Special thanks go to Oaklins, our advisor who managed the whole process. Without their tremendous experience and professional leadership we would not have been able to get through the many challenges we faced at crucial moments of this complex sale process.”

KRSTE JARAM
OWNER
LONJA TRGOVINA
CROATIA

OAKLINS PLAYED A PIVOTAL ROLE IN ARRANGING THIS DEAL

Oaklins' team in Croatia acted as the exclusive sell-side advisor to the Jaram family, the owners of Lonja. Before the transaction all stores owned by the Jaram family were carved out into a separate real estate company with which long-term lease agreements were concluded, thus securing a new revenue stream for the family.



MARKET TRENDS & DEAL DRIVERS

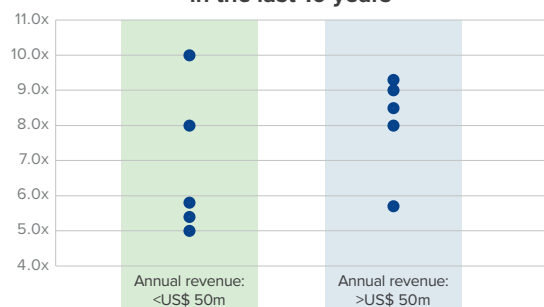
The FMCG retail market in Croatia is subject to fierce competition, and characterized by a relatively high degree of concentration and the presence of large international chains. The concentration trend is a consistent one and the market attracts the keen focus of international PEs, such as Enterprise Investors, MidEuropa Partners and CVC Capital Partners.

Common consolidation targets are family-owned proximity chains that have reached the limit of their expansion potential, mostly in a limited regional area, with annual sales of up to US\$100 million.

M&A VALUATION ASPECTS

Between 2017 and 2021, the total Croatian retail market average EBITDA margin was 6.6%. Valuations in this market have a wide bracket and an EV/EBITDA multiple range of 5–10x.

Selected transactions in C&R in Croatia in the last 10 years



Source: Oaklins Croatia internal market intelligence

TALK TO OUR ADVISORS



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Joško has extensive experience in cross-border acquisitions, having worked on numerous transactions across various sectors. Currently focused on the food & beverage, consumer & retail and energy sectors, notable clients he has worked with most recently include Kraš, Podravka, Atlantic Group, Gavrilović and Crodux.

Željko has extensive experience from leading numerous cross-border acquisitions, divestitures, restructurings, capital raisings and various other corporate finance projects. He is particularly focused on the consumer & retail sector, with notable clients including Fortenova, Pemo, Olival, Lonia, Podravka and Badel.

Bruno has worked on numerous sell-side transactions across various sectors, especially in the retail and beauty segments. Most recently, he advised on the sale of Pemo, the most profitable retail chain in Croatia, to Studenac, Croatia's fastest-growing retail chain.

"We are happy to be part of this consolidation trend. We have played an important role in more than a dozen sell-side transactions, totaling over US\$500 million and more than 650 stores. It was a pleasure in this case to support the Jaram family."

**JOŠKO VUČETIĆ, MANAGING PARTNER
OAKLINS, CROATIA**

**OAKLINS HAS CLOSED 747 DEALS IN
CONSUMER & RETAIL**

United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 850+ financial advisory professionals in 45 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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