



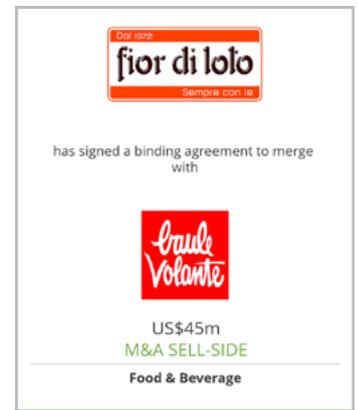
FOOD & BEVERAGE

Deal flash, November 2017

CREATING A LEADING ITALIAN HEALTHY FOOD DISTRIBUTOR

Deal snapshot

- Fior di Loto Srl has signed an agreement to merge with Baule Volante Srl. The combined entity will generate revenues of over US\$80 million in the healthy and organic food distribution business.
- Based in Turin, Italy, Fior di Loto is an organic food distributor currently present in approximately 5,500 healthy food specialized stores, herbalists and pharmacies with over 2,000 SKUs. In 2016, the company generated approximately US\$30 million in revenues.
- Baule Volante, based in Bologna, is one of the main Italian players in organic food. It has more than 5,600 organic products, of which more than 500 are their own brand. Baule Volante is part of the EcorNaturaSi group and generated revenues of US\$54 million in 2016.



What our client and their new partner said



Roberto Maschio, Chairman and main shareholder, Fior di Loto Srl, Italy

“Oaklins’ Italian team was definitively the right choice. It was a pleasure to work with them. They were highly professional as well as aligned with the ambitious and challenging goals of this extraordinary operation.”



Roberto Zanoni, Managing Director, EcorNaturaSi, Italy

“Post-merger, Baule Volante and Fior di Loto will continue to operate as autonomous brands, although some parts of the business will be reorganized to take advantage of IT and administrative synergies.”

Our role in the transaction

Oaklins’ team in Italy acted as the exclusive advisor to Fior de Loto throughout the entire process and coordinated all activities aimed at defining and completing the transaction.



Market trends and deal drivers

- The healthy and organic food industry is very “hot” regarding growth trends and M&A activity. Consolidation is expected despite the high valuation multiples.
- Italy is the second largest exporter of healthy and organic food in the world, with US\$2.2 billion in annual exports and +16% versus YAG, only exceeded by the USA (US\$2.8 billion) and followed by the Netherlands (US\$1 billion). Since 2008, the Italian market has grown 121% in domestic sales and 408% in exports.
- Supermarkets are starting to cater for the demand for organic products, which puts specialized organic food chains under pressure. Therefore, sizeable players such as EcorNaturaSi, which also supply organic food retailers via their private label brands, are starting to consider the acquisition of organic food retail chains or distributors to secure their market position.
- The entry of large chains will put pressure on margins and prices for specialists and distributors who have enjoyed a favorable position in the past.

M&A valuation aspects

- On average, M&A deals have double-digit EBITDA multiples: organic food distributors may vary from x10–x12 EBITDA, while producers are priced even higher at x14–x18.
- The same high multiples apply to public players active in the industry, such as Ki Group in Italy (trading at x12) and Wessanen in the Netherlands (trading at x24).
- These valuations are expected to remain stable or even to increase due to the pace of the industry’s growth.

Oaklins industry specialists



✉ **Davide E. Milano**, Partner, Oaklins, Italy

“This merger will result in a wider geographical footprint and will optimize the logistics of both companies, increasing scouting capabilities to identify new healthy food and organic products for the consumer.”



✉ **Marco A. Vismara**, Partner, Food & Beverage Specialist, Italy

Marco has extensive experience in the food & beverage industry, especially in the healthy food sector. He advised Sanpellegrino on the sale of its Recoaro and SanBernardo mineral water brands, businesses and assets to Refresco, the listed Dutch beverage group, and Gruppo Montecristo, a fast-growing Italian mineral water and soft drinks player, respectively. He also advised on the sale of Preziosi Food, a savory and sweet snacks producer, to the Italian private equity firms Vertis and Hat via a leveraged management buy-out. Marco has served on the board of directors of several Italian food companies.

OAKLINS HAS CLOSED 91 DEALS IN FOOD & BEVERAGE IN THE LAST FIVE YEARS

Oaklins is the world’s most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.