



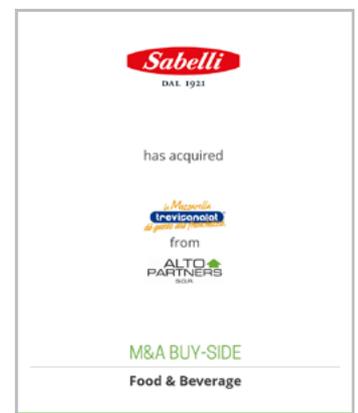
## FOOD & BEVERAGE

Deal flash, November 2016

## A GAME-CHANGER IN THE ITALIAN DAIRY BUSINESS

### Deal snapshot

- Sabelli SpA has acquired Trevisanalat SpA from Alto Partners S.G.R.
- Trevisanalat SpA is a leading Italian dairy company active in the production of private label and its own branded mozzarella cheese products. In 2015, the company posted a turnover of approximately US\$55 million and an EBITDA in the region of US\$5 million.
- The Italian private equity fund Alto Partners S.G.R. acquired a significant majority stake in the company in 2011, and at the beginning of 2016 decided to start divesting its stake.
- Sabelli SpA is an Italian family-owned dairy company active in the production of mozzarella cheese, ricotta, mascarpone and other cheese products, mainly through its own brands. In 2015, the company had a turnover of approximately US\$76 million and a US\$9 million EBITDA. This acquisition will strengthen the company's strategic position by completing its product portfolio, penetrating new distribution channels, increasing its overall production capacity and accessing new supply sources for raw materials.



### What our client said



**Simone Mariani and Angelo Galeati**, CEOs, Sabelli SpA, Italy

"This was a great achievement for our company as well as for the Italian food & beverage industry as a whole. Following years of continuous organic growth, such an important acquisition is an opportunity for us to strengthen our strategic position in Italy and it allows us to face international markets from a stronger platform. The acquisition of Trevisanalat is the first step in our build-up strategy aimed at consolidating the industry at an international level. Oaklins' team in Italy will be the natural M&A partner for our company. We appreciated the high level of professionalism and their hard work. As a family-owned company, we were not used to dealing with private equity players, and Oaklins' team brought significant added value to the project. We have greatly enjoyed working with them and plan to continue this fruitful collaboration in the future."



## Our role in the transaction

Oaklins' team in Italy advised the buyer throughout the process, from the analysis of the opportunity and the negotiations with the seller up to the closing. The team also advised on the debt by raising the required acquisition financing from a pool of Italian banks on behalf of the client.

## Market trends and deal drivers

- The Italian mozzarella cheese industry is quite concentrated at the highest level (the top four players own 39% of the market share) and highly competitive. There is a big jump in size between the larger and smaller players. Private labels have around 10% of the market share, mainly through retailer chains.
- Regarding the competitive arena, large- and mid-sized companies predominantly leverage on marketing activities, such as onsite promotions, brand advertising, product innovations and distribution capillarity, while small companies limit their competition to price, geographic variables and, in most cases, acting as "purely artisanal players" in the industry to protect their respective niches.
- As happens in many other segments in the food & beverage industry, value for money is very important. The balance between the need for a growing industrialization of the business and the continuous quality increase required by consumers plays a key role. Furthermore, top retail chains have a greater bargaining power than small retailers.
- Italy is a leading country in the mozzarella cheese production industry, with an estimated total value of US\$1.9 billion in 2016. Only 20% of total production is exported. The main export markets are France, Belgium, the UK and Switzerland. Shelf life plays a significant role in distribution to foreign markets. Local producers are developing solutions to extend it to address new emerging markets, such as the Gulf area and South East Asia, where demand is growing rapidly.

*Source: Cerved-Databank*

## M&A valuation aspects

The target was valued at a double-digit multiple of its last fiscal year EBIT. It is a common expectation of entrepreneurs active in the Italian branded food manufacturing industry to expect turnover multiples in the region of x0.8-x1.0 as the "food made in Italy" sector is becoming a preferred destination for investors not only from Italy and Europe. Further economics of the transaction are confidential. Following lengthy negotiations, the valuation matched the investment return requested by the selling private equity fund and the assets value estimated by the buyer.

## Oaklins industry specialist



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

"In Italy, the food & beverage industry is a 'hot spot' for local and foreign investors. The quality of Italian food and the brand awareness of local players are expanding abroad, and we see an increasing demand for investment opportunities from international investors. We expect an increasing pace of M&A deals and consolidation as many of the local players are still suffering size constraints despite being leaders in their respective niches."

# OAKLINS HAS CLOSED 88 DEALS IN FOOD & BEVERAGE IN THE LAST FIVE YEARS

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