



Hunting The Cash Cows

But, somewhat ironically, it seems that only **cash-strapped** companies, the likes of **Yomo**, or some of their units, as in the case of **Fin.Part.** and **Parmalat**, are on the shelf for sale. However, investing in **turnarounds** in Italy is a risky business. No wonder that deal flow hit a five-year low

In the first half of 2003 the same number of transactions as the period January-June 2002 (148), a five-year low, reached the closing. here are a lot of due diligence processes underway, but only few of them get finalized. Companies' accounts are often worse than what appears at a first glance and buyers hesitate." The words of a partner at a major accountant firm reflect the atmosphere that reigns nowadays between private equity funds and target companies. "It is a sort of spirit of the times," explains **Fabio Sattin**, chairman of Private Equity Partners. "After the downturn, everybody is much more cautious." This has slowed down the pace of negotiations. For instance only on 22 October the saga of gardening machinery producer

GGP was over, as its controlling shareholder UBS Capital accepted the proposal of the Abn Amro. The team headed by **Antonio Corbani** put Eur 550 mn on the platter for Europe's largest producer of lawn mowing tractors. The leading brands are expensive because they exploit their scarcity value. On the other side of the coin, only cash-strapped companies seem to be looking for the intervention of financial investors. One of the targets is **Yomo**, the yogurt producer controlled by the Vesely family, after trying to sell its cheese brands **Pettinicchio** and **Merlo** in the summer, might now put stakes of the capital of the main group on the market. The aim is to raise some cash to face a tense financial situation, which is maturing shortly.

While lending banks (which already conceded a delay) are putting pressure on the management, the group is looking for financial partners, after the negotiations with **Granarolo** and **Auricchio**, which were interested in buying **Merlo** and **Pettinicchio**, are taking too long. **Yomo**, which turned over EUR 301 mn but posted a loss of EUR 9 mn in 2002, could be an interesting transaction especially for big funds, since the price might be high. The hot favorite should be **BC Partners**. **Yomo** would be indeed an ideal add-on for **Galbani**, the company the fund advised by **Alberto Tazartes** bought last year. In the same food sector, **Parmalat** could spin-off its cake-and-biscuits division, including brands like **Mister Day** and **Grisbi** in order