

There Is Still Gold For The Taking In Italy

Some funds have cashed up to 70% IRR in recent transactions. International operators are finalizing acquisitions in the most promising sectors. The country confirms itself as one of Europe's most lucrative markets

Bank of America Private Equity, headed in Italy by **Carlo Mammola**, and Merrill Lynch Global Private Equity, bought N&W Global Vending from the UK private equity group Compass Partners, by offering



Carlo Mammola

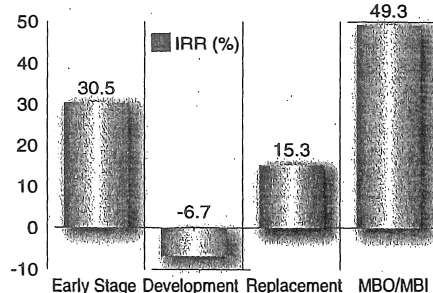
EUR 600 mn. After the fairly recent purchase of Denmark's Wittenborg, N&W, based near Bergamo in northern Italy, has become one of the European leaders in the sector of snack vending machines for factories. The two financial investors, each holding a 49% stake, while

management holds the remaining 2%, paid 8.5 times Ebitda in the transaction. The aim is to exit the company through an IPO or a trade sale in the next few years, after accomplishing a growth process. "North America and the Far East are our next targets," explains Mammola. Abn Amro Capital, steered in Italy by CEO **Antonio Corbani**, took control of Bianchi vending, another player in the vending machines sector, paying 8 times GOM – EUR 11.5 mn in 2004. In the same industry, Quadrivio and San Paolo IMI Private Equity, headed respectively by **Massimo Vitale** and

Leone Sibani, posted a 65% IRR on the sale of Argenta, 18 months after the initial investment, to a consortium formed by Advent International and PM & Partners. International investors not only are paying more and more attention to this industry, which is still very fragmented and offers opportunities for build-up processes. They also highlight that in Italy returns are still higher compared to the UK. MPS Venture, headed by Lapo Salvadori, struck a 70% IRR selling 49% of steel company Palini & Pertoli to Russian industrial buyer Evraz for EUR 57 mn, nearly

seven times the original investment, over a five-year period, from the sale of 38% of Blu Vacanze, a tour operator, which is now 62% controlled by Investitori Associati. Aksia also posted an IRR of 40%, cashing a gross 3.5 times cash return on the 2002 investment, when the firm headed by **Nicola Emanuele** and **Marco Rayneri** sold the pump producer Pompe Gabbioneta to the UK engineering group Weir for EUR 100 mn. "Over the past three years the company expanded its staff numbers from 160 to 240 and secured top clients such as BP and Exxon," explains Emanuele. Finally, worthy of note is the 30% IRR posted by Alto Partners, the fund headed by **Stefano Scarpis**, in the sale of its 25% stake in leather accessories producer Piquadro to BNL Investire Impresa. The deal's total equity value was EUR 33 mn, i.e. 2.5x the original investment.

What the Business Yields*



*Avg. Returns on Italian private equity acquisitions in 2004
Source: KPMG - AIFI Survey

two years after investment Barclays Capital, with **Emanuele Cairo** at the helm of the Italian team, made around