

ABN AMRO Capital closes Finder buyout

Transaction

In a busy month, ABN AMRO Capital acquired a 70% stake in Finder, a manufacturer of centrifugal and vacuum pumps and filters. The institutional investors present in the selling newco will control the remaining stake. The enterprise value of this deal is approximately €70-80m, according to industry sources. Centrobanca and Banca Popolare Vicentina were the mandated lead arrangers for the debt. In an unusual move, it is understood that the banks kept around 50% of that financing on its books.

The acquaintance of business and the new backer is not recent. The company was one of the targets analysed by the investors in 2005, when the firm was close to acquiring pump manufacturer business Pompe Gabbioneta – which was eventually sold to Scottish sector player Weir. Ezio Vergani, CEO of Finder then decided to sell Finder in 2007. Since there was a relationship already in place, exclusivity was offered to ABN AMRO Capital. Attractions of the business included the buoyancy of its market niche and steady growth, particularly in the oil and gas segment.

“Finder has the potential to act as a consolidator in a fragmented market and this represents a further opportunity to create value for all shareholders,” says Antonio Corbani, chief executive at the Milan office of ABN AMRO Capital. That said, the business plan will include the strengthening of the spare parts side of the business, as well as backing the company through add-on acquisitions of smaller players in Europe.

According to the investors, the company’s market niche is highly fragmented. It was mentioned that large multinational groups active in the oil & gas sector – namely Nuovo Pignone, a subsidiary of GE – generates a turnover comparable to Finder’s. Additionally, such large players regularly buy pumps also from third party, independent producers, therefore offering an important source of business for Finder.

Company

Finder Group was founded in 1952 as a manufacturer of centrifugal pumps for industrial, agricultural and civil applications. In the decades following its inception, it diversified its activity into specific product lines for heating and air conditioning, as well as more technically advanced products for the oil & gas industry. These include centrifugal pumps for chemical and petrochemical applications.

In 1985, Finder started an acquisition programme that increased its turnover while widening the products range and the industries served. New products include filters, volumetric pumps and industrial flow-meters, as well as vacuum, peristaltic and piston pumps, dosing and mixing systems. These acquisitions were supported also by two private equity funds as minority shareholders (Sofipa in 1992 and 3i in 1998).

The group operates two factories in Italy and one in France. Last year it established a joint venture in China to produce water pumps. The partnership is aimed at reducing manufacturing costs on certain pump ranges, as well as tapping into the Asian water pumps market. Finder Group employs approximately 300 staff worldwide. The forecast revenue for 2007 is around €65m, which represents an increase of almost 20% compared with 2006’s figures. Most of Finder’s turnover is generated by pumps used for petrochemical applications. Its current EBITDA margin sits at approximately 15%.

People

Ferdinando Gelosa and Giuseppe Boi of ABN AMRO Capital led the transaction. The current CEO Ezio Vergani will retain his position.

ITALY

SBO

Finder

Value	€70-80m (enterprise value)
Sector	Industrial machinery
Founded	1952
Turnover	€65m
Staff	c300

The acquisition of Finder is the third deal of 2007 for ABN AMRO Capital in Italy. It follows the sale of the minority stake in Dayco Europe, carried out in June and the sale of GGP. (see page 28)

Data generated by Incisive Media's
PRIVATE EQUITY
INSIGHT
For more information contact
luca.sonzogni@incisivemedia.com