




## MERGERMARKET

Epta studies target dossiers, focuses on Eastern Europe and Asia

 Proprietary Intelligence

- will mandate a financial advisor once identifies a target
- could consider Milan listing to fund large deal

**Epta**, a private, Italian multinational commercial refrigeration specialist, intends to grow via acquisitions and is actively studying a series of target dossiers, CEO Marco Nocivelli said.

EUR 800m-revenue Epta has no specific timeframe for closing a deal, but wants to reach EUR 1bn revenue within the next three years by acquiring competitors, Nocivelli said. Targets will be valued on average at 5-7x EBITDA, with EUR 20m-EUR 60m revenues in Europe and Asia, and EUR 50m-EUR 100m in the US, he said.

Management is in charge of scouting M&A opportunities, and usually mandates a financial advisor once it identifies the right candidate, he said.

Target suggestions would also be welcome, he said, adding that Epta has long-term relationships with M&A advisors including **Mediobanca**, **Unicredit**, **Studio Caretti & Associati**, **PwC** and **Deloitte**, he said, and on the legal side, with **Studio BonelliErede**.

Epta is seeking targets across Europe, mainly in Eastern Europe, but also in existing markets including Germany, France, the UK and Spain, where M&A will allow Epta to further consolidate its presence, Nocivelli said.

In 2015, Epta bought Danish refrigeration company **Knudsen Kølring**, which turns over EUR 20m-EUR 25m a year. In 2014 it bought UK-based installation and maintenance company **Cold Service Group**, in order to further penetrate southern England.

Outside Europe, the focus is on Asia, where the refrigeration industry is still fragmented compared to the US, Nocivelli said, and very attractive due to the great number of potential takeover candidates in the region.

In contrast to the US market, which is dominated by **Husmann**, owned by **Panasonic**, and **Hill Phoenix**, owned by **Dover**, there are lots of potential targets active across emerging markets like South East Asia, he said. In December 2016, Epta bought the remainder of Singapore-based partner **VSD Engineering Enterprises**, giving it total control of the company. Epta's aim is to faster develop the group's business, and to clearly express its interest in the region.

Management is also opportunistic about buying in Brazil, Nocivelli said, but in this case is not carving out M&A opportunities, due to the country's stagnant economy.

Epta can fund its M&A campaign using in-house cash, he said, recalling that in March 2016, the company issued a EUR 20m bond in the US. In 2015, Epta's turnover was EUR 767m, up 15.7% on 2014, with EBITDA of EUR 61.5m, he said. Exports accounted for 85% of overall sales.

Management does not intend to open the company's capital, Nocivelli said, but in case of a large acquisition will seriously consider a listing on the Milan Stock Exchange.

The Nocivelli family holds an 80% stake in Epta, and the Triglio-Godino family the remaining stake, but the company is largely run by its management, he said.

In 2015, Epta was certified by the Italian stock exchange's Elite programme, which helps SMEs prepare for listing or investment from financial sponsors.

Besides Husmann and Hill Phoenix, Epta's competitors are US-based **Carrier**, Italy's **Arneg**, Austria's **Hauser**, Sweden's **Beijer Ref**, China's **Haier** and Japan's **Nakano-Reiki**.

by Micaela Osella in Milan

Ritaglio stampa  
Testata: mergermarket.com  
Data: 18 Gennaio 2017