

IPO candidate Epta working on around 10 M&A processes – chairman

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Epta, the private Italian refrigeration machinery producer, is pursuing an ambitious inorganic growth agenda and has received approaches from private bidders as it prepares for an IPO, Marco Nocivelli, the company's chairman and CEO, told this news service.

It has around 10 targets at an NDA stage in various degrees of talks and due diligence, and some more advanced, he said. It is analysing a wider list of 200 companies, he added.

Bolt-on targets have a revenue of around EUR 20m while strategic ones have around EUR 100m in turnover, he added.

“We have enough firepower for sizable deals,” he said.

On 18 July, Epta signed a deal to create a commercial refrigeration joint venture with German company **Viessmann Refrigeration Solutions** (VRS), according to a release.

The JV includes all of VRS' commercial refrigeration activities in Germany, Poland, Czech Republic, Slovakia, Denmark, Finland, Sweden, Norway, the Baltics, and Epta's activities in Germany, Poland, Denmark, Finland, and Norway.

VRS will own 30% of the joint venture, with Epta owning the remaining 70%. The new joint venture will have consolidated revenues of more than EUR 400m and over 1600 employees.

The deal should be closed by the end of the year if it goes through the relevant antitrust approval; Epta does not expect significant regulatory hurdles beyond what could amount to simple remediations.

The local market is fragmented and features several competitors, Nocivelli explained. He said the deal also showed the power of cooperating among private families to create synergies and value for shareholders and stakeholders.

Epta still sees room for further consolidation and has a pipeline of deals that keeps expanding, he said. Since 2004, the company has grown through organic and inorganic growth and has closed 17 acquisitions, he said.

IPO on ice for now

It is still determined to pursue an IPO, but it does not think market conditions are right now to pursue a listing, he said. It also predicts it will be busy with the closing of the JV until the end of the year, meaning the option could be explored again in 2024, he said.

Epta has received sale interest from private equity sponsors, family offices and other interested parties such as strategic investors, he said.

Nocivelli added that Epta has always been open to discussions and has entertained informal early meetings to explore options, however, nothing has been decided. It does not exclude other possibilities, but the IPO is the preferred option.

“We would never say no to a dialogue because it is fair to keep in touch with potential investors and monitor relevant options,” Nocivelli said.

Well-developed relationships could also result in an anchor or cornerstone investment at the time of the IPO, he added.

The company recorded in 2022 nearly EUR 1.4bn in revenue and EUR 123m in adjusted EBITDA, as well as net debt of EUR 170m. It has capex of EUR 31m and EUR 23m invested in R&D. In 2023 Epta has also received EUR 50m from the European Bank of Investments for its digitisation efforts.

by Cristiano Dalla Bona