



## Epta Announced Joint Venture with Germany's Viessmann Refrigeration Solutions



The Epta transaction had been underwritten as part of a so-called “shelf contract,” which provided for the possibility of placing additional bond issues up to a total amount of \$120 million. The bonds matured last March. The issue was intended to finance the international growth of the group, which in fact has continued its strategy of growth through acquisitions in subsequent years.

Epta spa, the Italian commercial refrigeration group led by Marco Nocivelli, announced an agreement with Germany's Viessmann Refrigeration Solutions (VRS) group, founded in 1917 and controlled by the Viessmann family, to establish a joint venture that will create the new leader in commercial refrigeration in central and northern Europe.

In fact, within the new joint venture all of VRS's commercial refrigeration activities in Germany, Poland, the Czech Republic, Slovakia, Denmark, Finland, Sweden, Norway, and the Baltic countries, and Epta's activities are limited to Germany, Poland, Denmark, Finland, and Norway, will come together. The new company will have consolidated sales of more than €400 million and more than 1,600 employees.

Epta's business activities in Western Europe, Southern Europe, the Middle East, Latin America, the United States, Asia-Pacific, and Oceania are not affected by the joint venture agreement. Likewise, the transaction does not include VRS's life science, hospital, and industrial cleanroom, and cold storage businesses. VRS's production plant in Hof, Germany, the related sales companies, and Viessmann Technologies will remain fully owned by the Viessmann Group.

The shareholding structure of the joint venture will reflect the governance of the joint venture: Epta will own 70 percent of the joint venture, while VRS will own 30 percent. Upon closing, expected in the fourth quarter of 2023, Epta will fully consolidate the company into its group balance sheet.

Read more about Epta and the new joint venture created with Viessmann Refrigeration Solutions and find the latest business news of the day with the Born2Invest mobile app.

**Epta was assisted in the transaction by Mediobanca as financial advisor and Chiomenti as legal advisor**

VRS chose DC Advisory as the financial advisor and Schalast as the legal advisor as part of the deal.

It is unclear whether this deal will alter the listing plans that had been back on the table for Epta Group, after the first rumors about the listing project spread in October 2021 ( and an initial slowdown due to the geopolitical situation. Meanwhile, according to reports by Il Sole 24 Ore in recent days, Epta is reportedly being courted by some private equity funds.

Marco Nocivelli, president and CEO of Epta Group, commented, "Today marks the beginning of a lasting partnership and a joint path that will further strengthen our positioning in the Central and Northern European markets. With Viessman Refrigeration Solutions, we not only share a wealth of experience in commercial refrigeration but a set of goals and values, matured in our common history and tradition as a family business.

Leading this new joint venture is an important new step in our strategy of consolidating our status as a global player in the industry through increased production capacity and a strengthened international presence. In the context of the green and digital transition, building relationships and enhancing networking logic is a key part of generating a sustainable future. This joint venture is a perfect representation of our strategy and our desire to continue to invest in the future of the group, in all areas in which we operate."

Frank Winters, CEO of VRS, added, "The joint venture with Epta will create ideal conditions for long-term profitable growth in a highly competitive market by uniting two market leaders in a future-oriented partnership. Epta and Viessmann Refrigeration Solutions are both committed to making a positive impact on the environment with solutions that help preserve the planet. We combine the best of both worlds: cutting-edge, highly energy-efficient solutions with scale and manufacturing power. This combination will enable unprecedented geographic coverage in Europe, benefiting both local and international customers. Together, we co-create the best prospect for our customers, our employees, and future generations."

Epta, 80 percent controlled by the Nocivelli family and 20 percent owned by the Triglio Godino family, closed its 2022 consolidated financial statements with net revenues of €1.36 billion, up 14 percent from €1.2 billion in 2021) and significantly above pre-Covid-19 levels, an adjusted Ebitda of €123 million (down from €136 million), and with an Ebitda margin of 9 percent down from 2021. Net income, at €50 million, was also down from 58 million in 2021, as a result of large increases in material procurement, energy, and logistics costs faced in 2022. Net financial debt at the end of 2022 was €170 million, up as a result of the increase in working capital and inventory, aimed at dealing optimally with supply chain disruptions. However, the Group's financial structure remains extremely solid, with a ratio of NFP to Ebitda of 1.4 times and 44.1 percent to shareholders' equity.

Speaking of debt, in March 2016 Epta had placed in private placement a €20 million minibond that was fully subscribed by the U.S. insurance giant Prudential through its subsidiary Pricoa Capital Group.

The Epta transaction had been underwritten as part of a so-called “shelf contract,” which provided for the possibility of placing additional bond issues up to a total amount of \$120 million or equivalent amount in euros. The bonds matured last March. The issue was intended to finance the international growth of the group, which in fact has continued its strategy of growth through acquisitions in subsequent years.

The last one announced was in December 2021 and involved Portugal’s Eurocold and 90 percent of Epta Suomi in Finland, while in August of the same year, it secured Chilean commercial refrigeration group Sociedad Ingeniería y Mantención VPP Limitada.

In December 2019, however, it had taken over Linus Eco sp.z.o.o. in Poland, a long-standing partner of the group active in the design, installation, and after-sales service of refrigeration systems, including with natural CO2 refrigerant, for the food retail segment. In March of the same year, Epta had also taken over Kysor Warren, the third-largest U.S. manufacturer of refrigerated display cases and commercial refrigeration equipment, which has been in business for more than 135 years.

In 2018, Epta bought DAAS in Romania, while in September 2017 it announced the acquisition of three partner companies specializing in distribution, installation, and services for retail, food&beverage, and Ho.re.ca: precisely Libre in Poland, King Richard Shop System in the Philippines, and Portanuova in Chile and Peru. The three 2017 acquisitions followed that in July 2015 of Denmark’s Knudsen Køling, which specializes in the design, installation, and maintenance of turnkey, CO2 refrigeration systems. Previously, the Epta group had acquired England’s Cold Service in 2014 and Italy’s Iarp (owned by the Triglio Godino family) in 2013.