

# Natexis Cape SGR SpA

€45m

## Investors

Cape Natexis Private Equity Fund, managed by Natexis Cape SGR SpA, has completed the €45m management buyout of Phoenix International SpA. Cape invested €9.3m to take a 46% stake, while Fondamenta, managed by State Street Global Investments, contributed around €1m for a minority interest. The entry multiple for Cape was around 5x EBITDA. The vendor consists of several families, all of whom have reduced their shareholdings in the company but have remained in the capital structure. Cape sourced the opportunity through its portfolio company Trevisan Cometel. The deal was signed in July and is expected to close in December.

## Debt structure

Banca Monte dei Paschi di Siena provided a €10m of senior debt for the buyout, as well as additional debt lines which will be used to pay earnouts in 2006 and to provide further financing in the future to support new acquisitions.

## Company

Phoenix specializes in the manufacture of dies for aluminium extrusion. The group also comprises a plastics division and real estate assets, although the extrusion die division will be the sole activity of Phoenix following the spin-off of these assets. In 2004, the die business registered turnover of €48m with EBITDA of €9.6m and sales for 2005 are expected to reach €50m. Phoenix is the market leader in Italy and Spain with a market share of 28% in Europe by volume. Phoenix's die business has two facilities in Lombardy, as well as a further four production units in Spain, Greece, Australia and Argentina. According to Marco Vismara of Natexis Cape, there are a lot of opportunities for consolidation within the sector, particularly amongst the smaller independent players and the internal workshops of major extruding companies, which are being sold off. In terms of the sector, Phoenix expects the European market to maintain a low but stable growth, while the usage of aluminium profiles is set to grow in China and Russia. Phoenix is currently entering the Chinese market through a joint venture with Trevisan Cometel, an Italian listed company active in machinery for aluminium extrusion and coating, and Asia Aluminium, the largest Chinese aluminium extruder. The new facilities will be operational by March 2006, with capex of €13m expected over the next three years.

## People

Marco Vismara led the transaction supported by Paolo Righetto and Michele Dugnani. Vismara, Righetto and Guido de Vecchi will take places on the board of Phoenix. Lorenzo Fé is the founder and main shareholder of Phoenix. Gianluigi Fé and Roberto Rusticelli are the two CEOs of Phoenix.

## Advisers

**Equity** – Marena Bonvicini Aghina e Ludernani (*Legal*); **Inside Partners** (*Commercial due diligence*); **PricewaterhouseCoopers** (*Financial and fiscal due diligence*).

**Vendor** – Biscozzi e Nobili (*Legal*).

## Sector analysis

Natexis Cape used the strategic advisory firm Inside Partners to carry out the commercial due diligence. This process included a market overview, which shows that extrusion consumption worldwide has grown at a rate of 2.5% a year between 1999-2005, while forecasts for the period until 2010 are expected to reach 3.4% a year. Europe accounts for almost 30% of the market with a growth rate in line with the world market, while China and Russia have some of the highest predicted yearly growth rates for the period 1999-2010 reaching 7.0% and 4.4% respectively.

According to Salvatore Bellomo of Inside Partners, demand for extruded aluminium has traditionally come from the building and construction industries but it is now becoming more widely used in the transport industry (automotive, railways trucks, airplanes). 'This is factor that will benefit Phoenix, as these dies are usually of a better quality, and consequently require high-quality producers,' says Bellomo.

## Phoenix International SpA

Location	Brescia
Sector	Engineering fabricators
Founded	1972
Turnover	€48m
Staff	400

## DAT datapoints

- Since February 2004, CNPEF has invested in 10 companies: Olivotto Industries, Screen Service, Deltamed, Meccanica Veneta, Icos, Cla, Eltra, Sogespa, Luxi and Phoenix

- Prior to this fund, Cape invested in 13 lower mid-market companies in Northern Italy  
Data generated by Incisive Media's

**Deal Analysis Tool**

For more information contact:  
victor.robinson@incisivemedia.com

Many extruders used to manufacture their own dies, but more and more they are externalizing such activity to independent die manufacturers like Phoenix. In Europe this trend is consolidated, but in countries like China and Russia the captive market still accounts for 50-70% of the market. However, the quality of in house production is usually lower and the strong belief is that as the emerging markets mature, the local extruders will begin to outsource their dies production, and Phoenix will be a natural candidate.

### Luxy SLR

Location	Vicenza
Sector	Furnishings & floor coverings
Staff	30

## Natexis Cape SGR SpA, Fondamenta

€7.8m

### Investors

Cape Natexis Private Equity Fund, managed by Natexis Cape SGR SpA, has completed a €7.8m buyout of Luxy SLR. The acquisition was financed with €3m of equity provided by Cape, together with co-investor Fondamenta. Cape and Fondamenta took an 80% stake in Luxy and the management team acquired the remaining 20% interest. The entry multiple for Cape was 4.3x EBITDA. Luxy was sold by an investment fund managed by the Swiss Bank Banca Arner, and Cape sourced the opportunity through the independent advisor Investment Service. Cape had exclusivity from the beginning and the deal was signed on 29 July following negotiations lasting two months.

### Debt structure

Centrobanca provided a €4.8m senior debt loan to finance the transaction.

### Company

Luxy SLR specializes in the manufacture of office seating for the medium-high end of the market with its own trademark and design. Based near Vicenza, the company expects 2005 sales of €10.5m with EBITDA of €2m. Guido de Vecchi of Natexis Cape says that it was attracted to Luxy because of the strong management team, which improved results by moving the company's activities away from the manufacture of other furniture brands and towards the supply of its own products. The company also operates in a niche market with higher profit margin levels than other furniture manufacturers, making it an attractive investment. Cape expects the European market to experience steady growth of about 2% per year and plans to increase Luxy's export share to around 50%. Luxy's principal clients are currently in the UK and Portugal but it aims to explore opportunities in the US as well as Eastern Europe and Russia. Cape also plans to increase revenues in the contract segment, which includes direct sales to hotel chains and large corporations.

### People

Guido De Vecchi and Emanuela Trezzi led the deal and will take seats on the board of Luxy.

### Advisers

**Equity** – Marena Bonvicini Aghina e Luderngani (*Legal*); Deloitte (*Financial due diligence*).

**Vendor** – Investment Service (*Corporate finance*).

## SPAIN

### La Sirena

Location	Barcelona
Sector	Food processors
Founded	1984
Turnover	€140m

## 3i

n/d

### Investors

3i has agreed to acquire 100% of the frozen food supplier La Sirena in a deal totalling an estimated €150m. The transaction is still awaiting approval from the Spanish monopolies commission. The vendors include the original founders, Ramona Solé and Josep Cernuda, and Agrolimen, the Spanish supplier of consumer products, which invested in the company in 2000. La Sirena was sold through an auction organised by AZ Capital. Other participants were thought to include Vista Capital and the French company Picard.

### Debt structure

Rabobank provided the acquisition financing for the transaction. The exact amount has not been disclosed.