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Fecs Partecipazioni to start scouting targets in 2017 - founder



Proprietary Intelligence

Story

- Germany and emerging markets of interest
- Investor supportive of acquisitive plans could be considered
- Milan listing seen as potential scenario in three years

Fecs Partecipazioni, an Italian aluminium recycling and manufacturing firm, will start exploring acquisitions from 2017, chairman and founder Olivo Foglieni said.

The company will be receptive to advisory calls suggesting potential targets, he added.

Acquisitions are aimed at building new synergies, increasing market share, enlarging client base and finding new sourcing channels, Foglieni said.

Targets ranging from semi-finished to final aluminium product manufacturers that can be easily integrated into any of its divisions will be considered.

Established in 1999 as an aluminium recycler, Fecs has extended and implemented a vertical structure of its activities through the years, from aluminium ingots production to aluminium radiators manufacturing, the chairman said.

Aluminium recyclers and ingot producers will be sought in Germany, whereas targets producing radiators could be scouted in emerging markets, he said. Fecs could also evaluate targets among distribution companies with international networks.

The company could consider targets within a wide turnover range, he said without providing a specific size. Smaller bolt-ons could be financed with internal cash resources, whereas Fecs will explore its financing options for potential transformational deals, Foglieni said.

An investor that can provide fresh capital, either strategic or financial, could be considered as long as they have a long-term view on the investment, he said.

The Foglieni family, sole owner of Fecs, could consider selling a minority stake, but will retain the majority as it wants to maintain its grip over the company.

Foglieni declined to give a valuation for Fecs, but said sector multiples are in the 8x-10x EBITDA range.

Fecs had turnover of EUR 200m in 2015, Foglieni said, without providing other financials.

An alternative scenario would be a stock exchange listing in Milan in three years' time. Fecs is informally evaluating such an option and will look into it more deeply during its Elite time. Last April, it entered Borsa Italiana's Elite programme that provides support to small and mid-sized firms wanting to explore new ways of expanding.

Foglieni pointed to peer **Zehnder** [SWX:ZEHN] as a potential future comparable. Other privately owned rivals are **Gruppo Fondital**, **Raffmetal** and **Intals**, he said.

Fecs is currently aiming to complete a greenfield project, a new industrial plant to produce patented semi-finished products from aluminium scrap. The project has been developed over the past eight months, with a total investment of EUR 15m, Foglieni said. It should break-even by the end of 2016, he added.

The company has invested an annual average of EUR 20m to EUR 25m in R&D and machinery maintenance.

Headquartered in Verdellino, near Bergamo, Fecs Partecipazioni has three main activity segments operating via several subsidiaries: **Stemin** and **Services Lazio** recycle aluminium; **Imt Italia** and **As Metal Com Srl Romania** produce aluminium ingots for the automotive and appliances sectors; and **Radiatori 2000** and **Al-tech** manufacture aluminium radiators for domestic heating.

by Valentina Caiazzo in Milan

Source	Proprietary Intelligence
Value	EUR 200m (turnover in 2015)
Stake Value	between 10% and 29% inclusive