

Achieving an optimal **succession** for a family-owned company

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DEAL SNAPSHOT

Stadtmühle Schenk AG, one of the top three flour mills in Switzerland, has been acquired by Kowema AG, a group of companies owned by a number of Swiss pension funds.

Stadtmühle Schenk is a family-owned company founded in 1844. It produces a wide range of quality flours for the most demanding clients. As part of their succession plan, the owners decided to sell their shares to a long-term investor that will guarantee the continued existence of the company in the future.

Kowema is a group of companies owned by a number of Swiss pension funds, which offers pension funds in Switzerland a unique investment opportunity in unlisted Swiss SMEs. Currently, the Kowema Group consists of five groups of companies: CabTec AG, Ceramaret SA, Diametal Invest AG, KKS Ultraschall AG and Nova Werke AG. In total, the companies employ more than 1,800 people and generated a turnover of US\$217 million in 2019.

In the context of Kowema's growth strategy, this expansion with a first-stage food processing company represents an important diversification from its current industrial and technological focus. Kowema is pursuing a long-term investment strategy and will continue Stadtmühle Schenk's operations with the same spirit and all of its employees.

OAKLINS FOUND THE BEST PARTNER FOR A LONG-TERM SOLUTION THAT ENABLES THE CONTINUITY OF THIS FAMILY-OWNED COMPANY

Oaklins' team in Switzerland supported the owners of Stadtmühle Schenk AG during the entire sale process as exclusive M&A advisors. This included identifying and approaching potential buyers, as well as negotiations with several parties and support up to the signing and closing of the transaction.

“In addition to their individualized consulting approach and professional support, we were also impressed by Oaklins’ reach, which enabled us to find suitable interested parties outside our environment.”

STEFAN SCHENK
CHAIRMAN
STADTMÜHLE SCHENK AG
SWITZERLAND



MARKET TRENDS & DEAL DRIVERS

The Swiss food market is on the move. The entry of German discounters, as well as the rise in shopping tourism, has increased the pressure on the prices of food products in Switzerland. Companies in the first stage of food processing are therefore facing higher pressure on margins. This situation is further intensified by the dominance of the largest Swiss retailers, Migros and Coop.

Stadtmühle Schenk has found a successful way to position itself optimally in this demanding market environment. As a producer of an essential food product, the company is very crisis-resistant, which has been confirmed during the current coronavirus pandemic.

M&A VALUATION ASPECTS

Financial details of the transaction have not been disclosed. However, the company attracted interest from both financial and strategic investors.

Key drivers of the interest and valuation were the company's strong market position, its stable business, a strong margin profile, as well as its long successful history. The interest of various investors led to a competitive process and ensured that an attractive multiple was achieved for the business.

TALK TO OUR ADVISORS

JÜRG STUCKER

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Jürg has extensive experience in M&A and corporate finance. Blue-chip clients he has advised recently include Bucher, Bühler, Goldbach, Gleason, Migros, Novartis, Oerlikon, Sonova, Stäubli, Straumann and Swisscom.

JENS RUTTEN

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Jens has advised numerous clients in the food and beverage industry in M&A, corporate finance and valuations. His experience ranges from servicing bakeries, food ingredients, confectionery, fruit and vegetables to convenience and functional food traders and producers. Clients include mid-sized businesses, such as Deliciel, Bischofszell Nahrungsmittel, Lüchinger + Schmid, olo marzipan and GEISER agro.com.



“Stadtmühle Schenk is one of the countless companies that have been doing an excellent job in providing essential goods for decades without being widely known to the public. The coronavirus crisis shows us how important such companies are and we are glad that we have found a long-term oriented and trustworthy investor in Kowema.”

JÜRG STUCKER
PARTNER
OAKLINS, SWITZERLAND

OAKLINS HAS CLOSED 403 DEALS IN FOOD & BEVERAGE

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

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