



FOOD & BEVERAGE

Deal flash, September 2018

EUROPEAN BISCUIT MANUFACTURER EXPANDS INTO SPAIN

Deal snapshot

- Biscuit International, a portfolio company of Qualium Investissement, has acquired Arluy S.L.U.
- Biscuit International is one of Europe's main players in the private label sweet biscuit market. The company owns Groupe Poult in France, Banketgroep and Stroopwafel & Co in the Netherlands, A&W Feinbackwaren in Germany and NFF in the UK. Biscuit International produces 130,000 tons of biscuits and waffles annually in 14 factories in Europe. In 2017, it generated sales of US\$455 million.
- Founded in 1988 by Arturo and Javier San Juan, Arluy is a Spanish family-owned company that manufactures and distributes biscuits and chocolate products. Its brands include Arluy, Reglero, Río Zahor and Flora. It has grown exponentially in recent years, with a turnover of approximately US\$47 million in 2017. Arluy has invested US\$23 million in its plant in the Rioja region over the past five years.
- After the merger between Poult and Banketgroep and the creation of a pan-European platform in the private label space with a strong presence in Benelux and Northern Europe, Biscuit International needed to better balance the group's expansion in Southern Europe. Due to the current economic recovery in Spain, the size of the sweet biscuit market and its consolidated situation, this was the perfect time to acquire a complementary Spanish player.



What our client said



Giampaolo Schiratti, CEO, Biscuit International, France

"The Spanish sweet biscuit market represents a real growth opportunity for Biscuit International. Arluy has solid experience in the production and distribution of sweet biscuits in Spain, and the company is an excellent complement to our group in terms of geography and product lines.

This acquisition strengthens Biscuit International's position as one of Europe's leading producers of private label sweet biscuits and develops our partnership with our main European and Spanish customers."



Our role in the transaction

Oaklins' team in France advised Qualium Investissement and Biscuit International in this transaction, suggesting several European targets and focusing afterwards on the Spanish market.

Market trends and deal drivers

- The European biscuit market is becoming more globalized as consumption habits align across several markets, from cookies to breakfast biscuits. The main players are driving this consolidation.
- In Spain, GDP confirms its outstanding growth compared to other European countries: +3.1% in 2017, with +2.9% forecast for 2018 (source: BBVA Research).
- White label brands have grown their market share due to the recent economic crisis. Arluy enjoys a particularly robust white label strategic position, and Biscuit International wanted to secure its dominance in this specific area.

M&A valuation aspects

- Companies in the sweet biscuit market are usually valued according to their size, their performance (growth and profitability) and their business model.
- From small private label to large brand players, valuations range from 8x to 12x EBITDA.
- Although transaction financials have not been disclosed, Arluy's valuation was in line with this range.

Oaklins industry specialist



✉ **Philippe Hermant**, Senior Advisor, Food & Beverage Specialist, Oaklins, France

Philippe has over 30 years of investment banking and financial advisory experience, with extensive expertise in the food and beverage sector. He has advised many French and international clients on M&A transactions in all food and beverage areas, including soft drinks, mineral water, alcoholic beverages, healthy food complements, aromas and natural ingredients, and chilled and frozen ready-to-eat products. These include the sales of Teisseire Syrups to Fruité Group, Grands Saloirs Saint Nicolas to Loste Group, the double acquisition by French poultry leader LDC of Arrivé and MARIE, the sale of healthy food complements and cosmetics producer OENOBIOLE to multinational Sanofi, the acquisition of Ajinomoto Sweeteners Europe by HYET Sweet and the acquisition of Swedish Oat Fiber AB by NATUREX, among others.

"We are very proud to have supported Biscuit International in this transaction, which offers them an important foothold to expand into the booming Spanish market."

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Oaklins is the world's most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.