

# Food industry merger financing

## Aim of the transaction

- Proceeds will be used to **acquire two competitors** thus **significantly** improve market position and margins.

Issue size	4 000 000
Currency	EUR
Maturity	5 years
Coupon rate	Fixed 8 % p.a.
Payment frequency	Annual / Semi-annual

## Description

- **Second biggest player** looking for funding for acquisition of first and third biggest players in the same **food producing** industry. Second biggest player is working on the horizontal integration as well.
- Acquisition price for both companies is **5,5M EUR**.
- Company **committed to pay 1,5M EUR** from **own resources** for the rest issues bonds.
- Transaction due date is expected in **September 2018**.
- Exact maturity date and payment frequency depends on **agreement with investors**.
- Acquisition contains also of agreement **Input Supply Agreement** under good terms.

## Competitive advantage

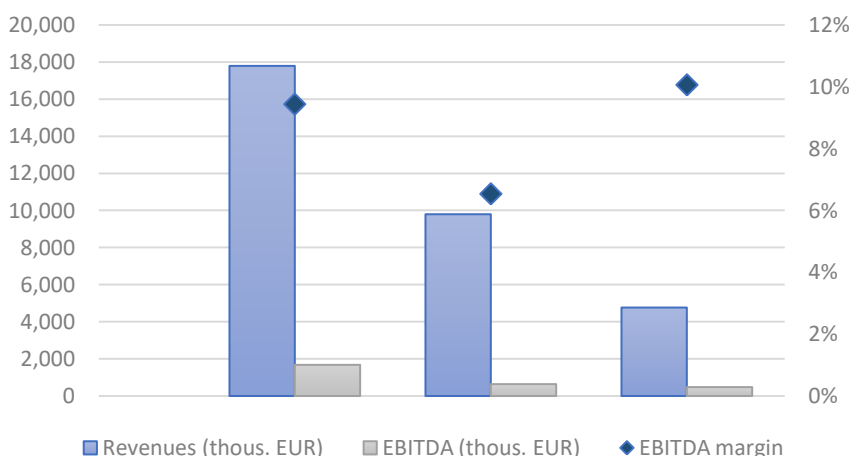
- Enthusiastic and proactive **management team** that the acquired companies are lacking.
- **Renovated production plant** as opposed to underinvested plants of competitors.
- Particular segment is **expected to converge (+30%)** in prices to Western Europe



## Market environment

- Market fragmented into **few big** countrywide producers and plenty of little local producers.
- Despite country's membership in EU, international trade does **not pose a big threat** even though the company would have over **60 % of the market under control**.
- Company wants to upgrade production and focus on **higher quality** goods, thus expects **higher margins**.
- Strategy reflects **shifting consumer preferences** to healthier and high-quality food.

Benchmarking 3 biggest players



## Contact



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