

Food service and distribution company PROHOGA acquired by Rieker Investment

Deal Highlights

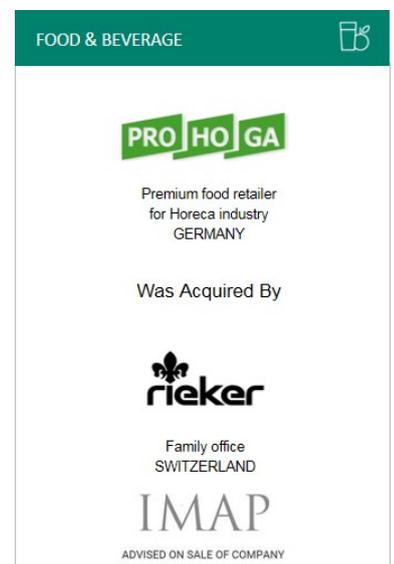
- PROHOGA Group is the leading food wholesale and direct delivery company in Southwestern Germany, with a strong focus on hotels and restaurants. It operates two Cash & Carry stores, as well as its own delivery fleet and employs approximately 230 staff.
- The owners of PROHOGA were looking for a sustainable solution to secure their succession, whilst remaining connected to the business as minority shareholders and advisory board members.
- Rieker Investment is owned by the Rieker family, well-known for its shoe brand of the same name. It is an independent private investor, with a long-term approach and will enable PROHOGA to sustain and expand its position in the German HoReCa wholesale and food service delivery market.

Market Outlook

- Food distribution can be divided in Cash & Carry and direct delivery. While C&C shows high degrees of consolidation and stagnation in most European markets, direct delivery is still growing, characterized by strong competition.
- Food distributors need to offer value to clients beyond a timely delivery: the depth and breadth of the product offering, as well as tailored and innovative advice and service remain key success factors. In addition, the digitalization of all processes throughout the value chain could change the ordering behavior of professional customers over time.
- M&A activity in the sector is driven mainly by the objective of achieving greater economies of scale, strengthening direct delivery services and optimizing product offering and client reach. The most active strategic consolidators in Europe in recent years have been Metro, Transgourmet and Bidcorp.
- Family-owned businesses with an unsolved succession can benefit from a high level of interest from strategic, as well as independent value investors.

Valuation Summary

- Recent transactions in Germany have been priced at approximately 7x – 10x EBITDA, depending on sustainable profitability, growth prospects and strategic fit.
- Current average multiples (2018e) of an international Food Retail and Distribution peer group of listed companies including AxFood, BidCorp, Carrefour, Sainsbury's, Delhaize, Sligro and Sysco are:
EV/ Sales: 0.5x EV/EBITDA: 8.7x EV/EBIT: 13.7x
- The implied average EBITDA growth 2018/2019 of the peer group is approximately 6.9%.



IMAP Approach

- The shareholders of PROHOGA were exclusively advised by IMAP Germany, who prepared the sale of business and gauged the interest of potential buyers through a targeted market approach.
- The investor short list focused on independent financial and private investors, with the exception of a few selected strategic investors in Germany and from abroad. IMAP partners in Europe and the US supported the deal with their sector insights and investors contacts.
- Following a competitive process, the transaction was signed within 3 months of commencing the market approach. The financial and strategic outcome of the transaction reflects PROHOGA’s attractive marketing position, as well as the long-standing stable track record of the business.

Client Comment

Julia and Holger Lauffer, sellers of PROHOGA:

“We are very pleased with the succession solution that IMAP has helped us achieve for our company. The IMAP team prepared and managed the transaction in a very professional way, tailored to our aspirations, and has provided sound judgement as well as high dedication throughout the whole process.”

IMAP Transaction Advisors

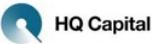


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IMAP has closed 38 deals in the Food & Beverage sector since 2015

FOOD & BEVERAGE 	FOOD & BEVERAGE 	FOOD & BEVERAGE 	FOOD & BEVERAGE 	FOOD & BEVERAGE 
 HQ Capital Acquired Majority Control of Business Operations  IMAP <small>ADVISED ON SALE OF COMPANY</small>	 CEREA PARTENAIRE Acquired 100% of Business Operations  IMAP <small>ADVISED ON SALE OF COMPANY</small>	 Bidfood Acquired 100% of Business Operations  IMAP <small>ADVISED ON PURCHASE OF COMPANY</small>	 quench Acquired Selected Assets of Seller's Business  IMAP <small>ADVISED ON SALE OF COMPANY</small>	 PERMIRA Acquired 100% of Business Operations  IMAP <small>ADVISED ON PURCHASE OF COMPANY</small>

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