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Plastica Alfa seeks funds to finance acquisition

Plastica Alfa is in talks and has signed a non-disclosure agreement to buy a European company, Head of Strategic Development Josephine Pace said. Plastica Alfa is an Italian manufacturer of pipes and components for the irrigation, hydraulics and thermo hydraulics arena. It is owned by the Pace family and has revenues of around EUR 16m.

A financial advisor to assist the company in its M&A activity will be appointed by year-end, Pace said, adding that Plastica Alfa is already in contact with several advisors. At the moment the company works with the Italian consultancy firm Vedogreen and its network, she added. The acquisition candidate is a non-Italian company with revenues of around EUR 15m, Pace said, adding that the deal would allow Plastica Alfa to expand in the Latin American market. The objective is to acquire 100% of the candidate, although in different stages, she said. Options on the table to finance the deal and the company's future growth strategy include a financing round worth EUR 10m, followed by an IPO, the executive said.

To raise the EUR 10m, Plastica Alfa is considering a mix of mini-bond and pre-IPO equity investment, the executive said. For the mini bond, the company is already in talks with a potential partner. For the equity investment, *Mergermarket* reported in October 2013 that the company was in talks with PE house Idea Capital and the Fondo Italiano di Investimento; at the moment, the executive said, Plastica Alfa has contact with other parties.

The financing round would precede a listing at the AIM in Milan that could take place at the end of 2015 or beginning of 2016, the executive said, without providing additional details. Plastica Alfa aims to double its revenues in about five years' time but an acquisition would allow the company to reach its objective in less than two years, the executive said. She mentioned that the company's average organic revenue growth is around 6%.

Plastica Alfa, headquartered in Italy, has a direct presence in Morocco, Shanghai and Dubai. The company expects its future growth to be mainly driven by an expansion abroad, Pace said. In its previous interview with *Mergermarket*, Pace named the following companies among Plastica Alfa's competitors: **Georg Fischer** (Switzerland), **Nupigeco** (Italy), **Irritec** (Italy), **Netafin** (Israel) and **Plasson** (Israel) and **The Toro Company** (Bloomington, MN).

by Laura Larghi

Bidder: Plastica Alfa Srl

Consultant: VedoGreen S.r.l.

Other: Idea Capital Funds sgr spa, Fondo italiano di investimento per le PMI

Target:	Plastica Alfa Srl
Source :	Proprietary Intelligence
Size :	50m < (USD)
Value :	22 m USD (revenues)
Stake Value :	100%