



Fintyre opportunistic in considering tactical acquisitions in Italy

Fintyre, an Italian tyre distributor backed by BlueGem Capital Partners, could make tactical acquisitions, CEO Mauro Pessi said.

The Italian market is highly fragmented and offers consolidation opportunities, Pessi said, noting that Fintyre is accustomed to exploring the market without advisory help, hiring consultants for due diligence only. EUR 260m-turnover Fintyre has a long-term relationship with Deloitte, he added.

Management will be busy integrating Fintyre's two last acquisitions over the next 12-18 months, he said. In May, the company bought Italian rival Franco Gomme, and in December it bought Tyre Retail, the retail arm of tire distributor Pneusmarket, from tire retreading firm Marangoni Group. Restructuring Fintyre to include these two deals is the priority, Pessi said, but noted that Fintyre remains opportunistic regarding further acquisition targets.

The company is receptive to both advisory pitches suggesting M&A candidates and direct approaches from targets, he said.

Ideally, Fintyre would look at mid-sized Italian companies with EUR 30m-EUR 60m turnover, operating in its core activities, Pessi said, noting that it is the biggest company in Italy in its sector. Its acquisition strategy is not to become a giant in the sector, but to reinforce its business activities and diversify its services.

Tyre distribution specialists would be interesting targets, with, for example, a consolidated network of distribution channels in Europe, or a strong competence in a specific market niche, which was the case with Tyre Retail.

Acquisitions will be financed using a combination of cash and debt, Pessi said. In September 2015, the company issued a EUR 55m bond, which was arranged by GSO

Capital Partners.

Around the same time, the company received around EUR 40m-EUR 60m of cofinancing, structured by GSO, the investment arm of Blackstone, and Intesa Sanpaolo. Fintyre's financial advisor on the deal was Marlborough Partners and its legal advisor, White & Case. Linklaters was legal advisor to GSO. The proceeds were earmarked to finance M&A and consolidation of the domestic market, Pessi said.

Fintyre's 2015 EBITDA was EUR 14.2m. This year, taking into account its last two acquisitions, Fintyre should clock revenues of more than EUR 400m with EBITDA around EUR 23m-EUR 24m, Pessi said. He forecast 2018 sales of more than EUR 400m with EBITDA margins of 5.8-5.9%.

Fintyre competes in its space with German rival Delticom, Dutch tyres importers Inter-Sprint Van den Ban and Kwik, and UK-based BITS (British and International Tyre Supplies).





In July 2015, private equity firm BlueGem Capital Partners boosted its stake in Fintyre to 90% from its previous 32.7%, acquiring the 38.6% holding of PE firm Synergo, as well as stakes held by some of Fintyre's original shareholders. The financial terms of this transaction were not disclosed. Investment fund Orobica retains 7% of Fintyre and 3% is owned by the Saioni family.

Listing is an attractive option for every company, but does not represent a concrete exit option for BlueGem, Pessi said. The fund's large majority in Fintyre would make other strategic options, such as a sale, more attractive than an IPO in case of a hypothetical exit.

BlueGem did not respond to requests for comment.

