

### **GPI seeks advisor to scout M&A opportunities in England**

GPI, the privately held Italian IT services company specialising in the health sector, is eager to make a series of strategic acquisitions, Chief Executive Officer and Chairman Fausto Manzana said. Management intends to hire an advisor to help it find suitable targets.

The first deal will be done in Chile, Manzana said, adding that GPI is conducting a due diligence for acquiring a Chilean company operating in its niche. Closing is expected by the summer, he said, without providing further details.

Management is actively scouting other M&A opportunities, he added, recalling the company's expertise in making acquisitions. In December 2014, its subsidiary, SPID, acquired the majority of Ried, a German company specialised in the automation applied to pharmacies. GPI was advised by Paul Hastings.

In October 2014, GPI bought the Prevention and Veterinary activities of Senigallia-based company Logics. In May 2014, the company acquired a 49% stake of Sferacarta, a provider of IT solutions for the food safety and veterinary sectors, with the help of Studio Mora.

Acquisitions will play a crucial role in the company's expansion in the near future, Manzana noted. Management would evaluate the purchase of medium-sized companies active in its core business, he said. The executive pointed to England as a particular region of interest, saying that acquisitions there could strengthen GPI's core businesses. Primary takeover candidates would be English companies with a turnover of EUR 5m-EUR 40m, Manzana said. England could act as a bridge to our expansion to all the Commonwealth countries, he said. Ideal targets would be English IT services companies active in the health sector with consolidated International activities.

GPI would also be acquisitive in Italy, Manzana said, noting that on the domestic market preferred targets would be IT companies servicing the health sector, with a turnover ranging between EUR 10m-EUR 12m. The sector is consolidating, Manzana explained. Sector players are looking for acquisitions to help them gain more competitiveness and to provide a complete set of services, he said. Inexpensive valuations, around 4-6x EBITDA, are also a driving force in Italy, he continued.

The group has sufficient resources to target acquisitions. In 2014, the company generated turnover of EUR 75m with an EBITDA margin of 16.9%, Manzana said. Last year, exports accounted for the 5% of the company's sales, he said. GPI's core markets are Eastern Europe, Poland and Hungary. This year, GPI projects turnover of EUR 100m with EBITDA of 17%. He said that thanks to internationalisation, GPI would be able to push exports to 30% in a short time.

Proceeds of the January 2014 sale of a 10.5% stake for EUR 7.5m to private equity firm Orizzonte would be invested in acquisitions, he noted. In the Orizzonte transaction, as previously reported, GPI received legal advice from Studio Mora and financial advice from Finanziaria Internazionale Securitisation Group, while BNP Paribas Securities Services acted as

bank agent. For Orizzonte, Studio Legale Pedersoli e Associati acted as legal advisor, while KPMG and Netconsulting were financial advisors. In December 2013, the company listed a EUR 12m minibond due 2017 on the Extramot PRO, the professional segment of the Milan Stock Exchange dedicated to debt instruments.

Established in 1998 by the entrepreneur Fausto Manzana, the company is 89.5% owned by his family. The family owners do not intend to list the company in the medium term, the CEO stated. GPI is now run by its second generation, Manzana said, noting that Sergio, the older of his two sons, is working in the group, in charge of all the North East business, while Dario is finishing university studies.

GPI has 1,394 employees and projects that it will hire around 200 people this year. GPI is based in Trento.

by Micaela Osella