



Poland's clear market leader in Jaffa cakes and in private label cookies for health-conscious consumers.

Investor: **Resource Partners**

Industry: **Food manufacturing**

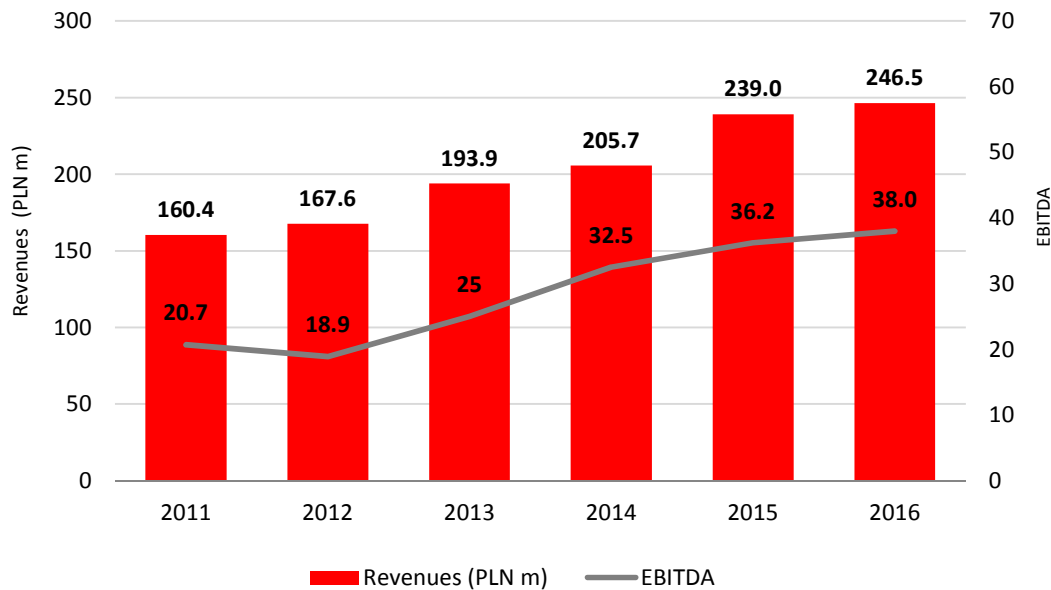
Year of investment: **2012**

Year of exit: **2017**

## Company

At the time of its acquisition by Resource Partners, Delicpol was a local leader in the manufacturing of private label Jaffa cakes in Poland. Since then, the company has become Poland's clear market leader in Jaffa cakes (90%+ market share) and a significant player in this sub-segment across the European Union. Delicpol has also expanded its product portfolio and become leader in private label cookies for health-conscious consumers and #2 player in private label gingerbread. The company operates three modern, efficient and flexible production plants with a capacity of up to 67,000 tonnes annually.

## Growth



## Main objectives of funding

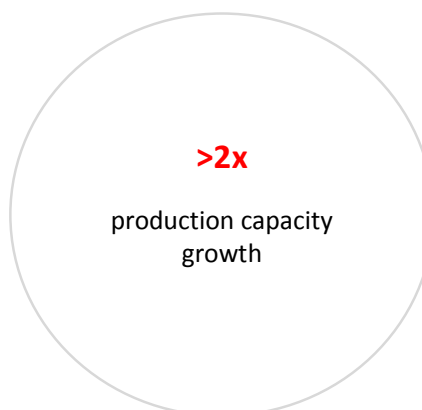
---

- > Support succession in a family business by buying it out from 4 brothers and turning it into a professionally run mid-sized corporation that attracts managerial talent from large international competitors.
- > Explore the growth prospects of private label manufacturing through product expansion to limit Delicpol's dependence on Jaffa cakes.
- > Support growth in export markets to limit dependence on key clients.
- > Continue improving production efficiency.
- > Finance the ambitious capital expenditure program.
- > Increase the efficiency of the domestic distribution model.

## Achievements of the company

---

- > Production capacity more than doubled from c. 30,000 in 2012 to 67,000 tonnes in 2016.
- > The product portfolio was expanded successfully and dependence on Jaffa cakes came down from 72% of sales in 2012 to 55% of sales in 2016.
- > Export sales doubled since 2012 and accounted for 34% of sales in 2016.



## Value added by PE/VC fund

---

- > A non-core, EBITDA-neutral subsidiary was divested within 6 months of the investment.
- > Two add-ons (2013 and 2015) burdened by financial liquidity problems following over-investment were successfully acquired and integrated. By providing liquidity and making use of synergies we significantly improved their performance. Both add-ons had been Delicpol's direct competitors in Jaffa cakes and their acquisition helped improve the company's margin. Chojecki, the second acquisition target, also contributed expertise in manufacturing American cookies and biscuits with fillings.
- > Sales and EBITDA grew from PLN167.6m and PLN18.9m in 2012 to PLN246.5m and PLN38m in 2016, respectively.

- > The product portfolio was expanded both through establishing an R&D department and by acquiring add-ons with relevant product know-how. Delicpol developed a promising pipeline of new products with strong potential to penetrate other private label categories, e.g. cereal cookies, American cookies, gingerbread. Some of these, e.g. cereal (breakfast) cookies and gingerbread, were introduced to leading discounters.
- > An ESOP program was introduced to align the interests of the key managers with the company.
- > Cash generation: in mid-2015 we carried out dividend recap, which returned c. 70% of investment costs. Delicpol's strong financial performance allowed us to pay out dividend in the second half of 2016.
- > The exit transaction was nominated to CEE Deal of the Year Award by Real Deals.