



Over a period of five years and under the ownership of Abris, Mykogen developed dynamically from a mid-sized business into CEE's leading substrate producer, both in terms of volume and quality.

Investor: **Abris Capital Partners**

Industry: **Manufacturing/Agriculture**

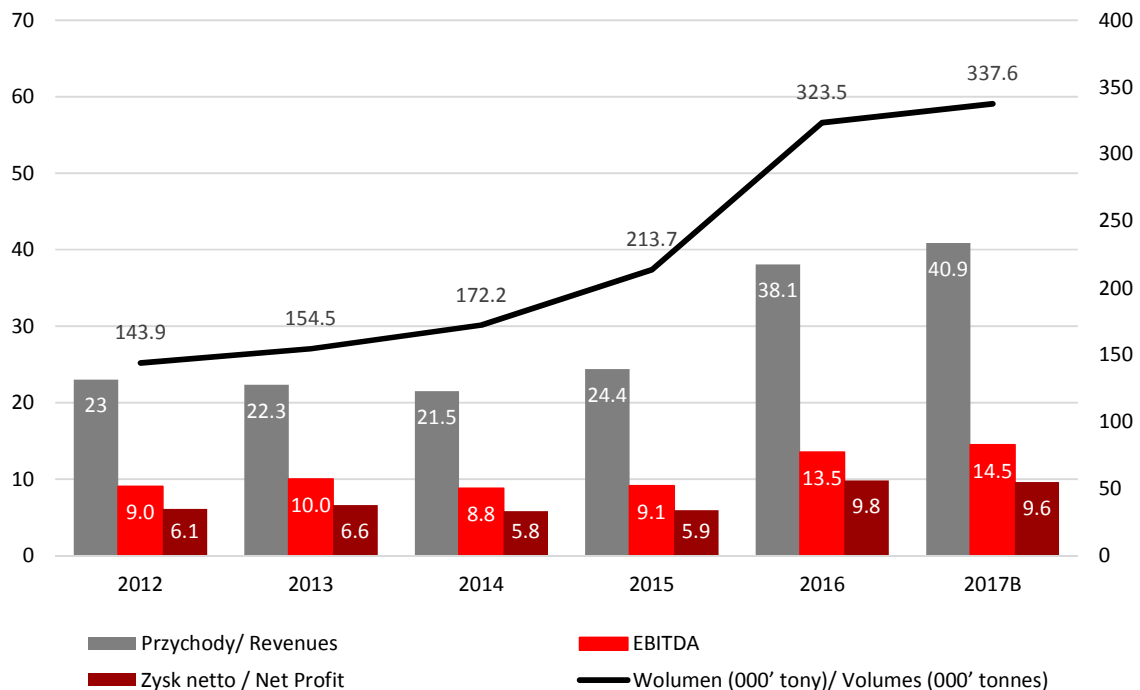
Year of investment: **2012**

Year of exit: **2017**

Company

Mykogen is one of the largest CEE-based producers of substrate for growing white button mushrooms. The company is recognized for its superior product that ensures consistently high, stable mushroom yields for clients. Mykogen operates four modern production facilities in Poland and Ukraine with a combined output capacity of approximately 350,000 tonnes annually.

Growth



Main objectives of funding

Investment Rationale

- > **The top two European markets in the mushroom industry:**
 - Poland – the largest mushroom producer in Europe,
 - Ukraine – the most dynamically developing market for mushrooms
- > **Industry trends in Europe:** favourable further development of both regional markets, as mushroom production continued to shift from Western to Eastern Europe as a result of competitive labour costs, modern production base and service flexibility
- > **Attractive segment:** substrate production is by far the most attractive segment in the mushroom production value chain, characterized by the highest barriers to entry (both capex and technology) as well as high margins and strong market concentration
- > **Growth potential:** Mykogen's established market position and high margins provided an excellent platform for further growth in the CEE region
- > **Well-regarded entrepreneur:** quality leadership with long experience and in-depth knowledge of the industry and scale of the business provide a solid base for further expansion
- > **Industry consolidation:** market relatively concentrated (c.12 players) compared to clients' market (1,000+), but providing potential for further consolidation

Achievements of the company

Mykogen's growth strategy was based on three pillars:

- expansion of existing production capacity,
- market consolidation,
- maintenance of quality leadership

The company:

- > **Completed investment programme in new plants and production lines** that allowed it to secure a strategic position in the market
- > **Built a multilayer management structure, introducing high-quality management standards**
- > **Executed sizeable bolt-on acquisition (Fungis):** built scale and spread geographical footprint, successfully introduced dual-brand market positioning and modern marketing practice
- > **Increased volumes** 3x in Poland and by 50% in Ukraine
- > **Increased market share** – from 10% to 22% in Poland, from 40% to 60% in Ukraine
- > **Converted a local player into the third biggest substrate producer in Europe**

**10 % EBITDA
CAGR**

2012–2017

**10 % Net
Profit CAGR**

2012–2017

**18 % Volume
CAGR**

2012–2017

Value added by PE/VC fund

Value Creation

> **Business expansion:**

- Expansion of the Karszew (Poland) plant from 60kt Phase 3 annual capacity at entry to 115kt Phase 3 annual capacity within 20 months
- Installation of the compost blocking/packaging line in Karszew (Poland)
- Launch of in-house mycelium production in Villya (Ukraine), covering the plant' entire demand and significantly reducing the costs of this raw material
- Construction of a second production plant in Uman (Ukraine) with 45kt Phase 2/3 annual capacity

> **Mergers & Acquisitions:**

- Successful acquisition process of Fungis, a direct competitor in Poland with over 100kt Phase 3 annual capacity
- Market share more than doubled compared to entry

> **Business Professionalization:**

- Two new management board members (CEO and CFO) and an independent supervisory board member appointed
- Very strong financial controlling team built from scratch; detailed financial reporting introduced
- Corporate governance strengthened
- ERP software introduced
- Logotype changed and new PR strategy introduced