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'We must be ambitious,' said Simone Arnaboldi, CEO of Arcadia. 'We consider this sector very fragmented, so we believe there is the opportunity to consolidate the market.' Photo: Arcadia

## Italian PE fund has big plans for seafood following its first acquisition in the sector

Arcadia SGR snapped up salmon smoker Starlaks Italia in February with plans to double its revenues to €30 million over the next five years -- and it is already planning further potential add-on acquisitions.

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By [Dominic Welling](#) [✉](#) [🔔](#)

Milan-based private equity fund Arcadia SGR acquired 100 percent of the Italian salmon smoker Starlaks Italia on Feb. 16 for an undisclosed price, marking its first investment in the seafood space.



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Arcadia is a manager of private equity funds focused primarily on Italian small to medium size enterprises (SMEs) in the lower-mid market. It typically looks for investment opportunities in companies with revenues of between €10 million (\$12.1 million) and €50 million (\$60.6 million).

The group is currently investing its second fund, which has a total commitment of €80 million (\$97 million), subscribed by institutional investors.

The investment firm has a "generalist approach" in terms of the sectors in which it invests, and does not consider itself a specialist in the food sector. "We usually prefer investment opportunities where we can identify clear growth potential," Simone Arnaboldi, CEO of Arcadia told **IntraFish**.

"And for many reasons we identified in Starlaks a solid opportunity to continue the growth of the company, which has been very successful over the last nine years."

Located in the Piedmont region of Northern Italy, Starlaks is a family business founded in 2012. It generated more than €16 million (\$19.4 million) in revenue in the year ending June 2020, and is on track to deliver around €18 million (\$21.8 million) in revenue in its current financial year.

The company is focused on salmon processing, particularly smoked salmon, and serves some of the major retailers in Italy, including Esselunga, Conad, Unes, with a 50/50 split between its own brand products and private label business.



Since buying out the owners, Arcadia has already put in place a new management team to fuel future growth. Arcadia has no plans to expand the business internationally because there still "are clear growth opportunities in our country," said Arnaboldi.

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As a private equity company, Arcadia will be looking to exit Starlaks in three to five years' time, Arnaboldi said, and over that time plans to double its revenues to around €30 million (\$36.4 million).

To do that will involve investing in expansion of production capacity, add-on acquisitions, and new product lines and species, said Arnaboldi.

"We believe the current facility is able to support total revenues of not more €22 million (\$26.7 million) to €23 million (\$27.9 million), so we are thinking about expansion of the facility or moving into a new facility," he said.

"Also we would like to enlarge the product portfolio of the company with new production lines, for example introducing fresh products, and we need space to open that."

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Arcadia is ambitious and also sees a potential for consolidation within the wider seafood processing sector in Italy.

“We must be ambitious,” said Arnaboldi. “We consider this sector very fragmented, so we believe there is the opportunity to consolidate the market.”

As a result, the fund is eyeing potential add-on acquisitions of smaller competitors, and wants to use Starlaks as a platform to enlarge the product portfolio.

“There is a long list of companies operating in fish processing ... we could also consider different species other salmon so the growth strategy can be supported not only by organic growth but also by some selected acquisitions.”

The consumption of salmon is becoming more popular in general but particularly in Italy, said Arnaboldi, where the per capita consumption is lower than other EU countries.

Consumption of smoked salmon in Italy is less than half of what it is in France for example, “so there is good space to grow”, and salmon in general is on an upward trajectory due to its sustainability and health credentials compared with other meat products.

In addition, the large retail chains in Italy actively promote salmon products in their stores because they can generate solid margins, “so there is an economic interest from large retailers to give more space to the product category,” said Arnaboldi.

In Italy the salmon market can be divided in two, with lower-cost products imported from processors in Eastern Europe, and the higher-end products from local processors in Italy.

As an artisanal smoker, Starlaks occupies the higher end of the salmon market, selling its products at a premium.

“We don’t want to see the company competing with lower-quality products, it is not designed to be competitive with this low-cost product,” said Arnaboldi.

Currently there are less than a handful of companies in Italy of similar size that could be considered competitors to Starlaks, but there is not a clear leader in the market and not a clear brand, “which is something we are hoping to change,” said Arnaboldi. [\(Copyright\)](#)

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