

Flexstone Invests in Two Deals in US and Europe

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Flexstone Partners has demonstrated the strength of its global investment platform by taking equity stakes in companies in Europe and the US. The companies, Pastas Gallo, a food producer based in Spain and Stable Group, a consumer brand agency headquartered in Minneapolis, have both proved themselves resistant to cycles and have weathered the pandemic well.

Flexstone, a co-investment specialist, has committed €6.3m and reserved a significant amount of additional capital to support the next phase of growth of Pastas Gallo. Flexstone took a \$10m equity stake in Stable Group, which will allow the agency to grow organically and by acquisition.

Pastas Gallo was founded by a Spanish entrepreneur and has become the market leader in Spain for the dry pasta market. It also sells pasta sauces, flours and breadcrumb and is currently expanding into the ethnic chilled foods market to tap growing demand for chilled ready-meals.

The company, which has been family-run since 1946, will transition to a professional management structure, which has been agreed with the lead investor ProA and co-investors such as Flexstone.

Zélie Saint-Zéby, an investment director in Flexstone's Geneva office, says: *"Pastas Gallo is a classic hidden gem with great production facilities and high*

cashflow generation, but also the potential to add plenty of value. It is a family business where management can be strengthened and where there are multiple levers of value creation including the development of the brand and launch of new categories, sometimes through acquisitions."

The founding family will retain a minority shares of the business.

Stable Group is a multi-channel consumer brand agency providing marketing and analytics support. Its client roster includes Walmart, the leading brick and mortar retailer in the US, Amazon, the eCommerce giant, and Target, an S&P 500-listed grocer and retailer.

"We liked the types of products Stable Group worked with," says Christopher Hopkins, a New York-based investment associate at Flexstone. *"These include consumer essentials like food and beverage, but also personal care products whose sales have actually increased during the pandemic."*

The e-marketing capabilities of Stable Group will help predominantly physical retailers among its client base to develop fully-fledged e-commerce strategies .

Both deals meet Flexstone's criteria of only investing alongside private equity firms in transactions that firmly represent "**sweetspot**" opportunities for these firms. That is, where the investor has a specific proven skillset, thus mitigating the risk of an underperforming or failed deal.

In the case of the Pastas Gallo deal, ProA, the lead investor, has experience both in the sector and in managing portfolio companies through economic downturn. *"We think the underlying market for Pastas Gallo is resilient,"* says Saint-Zéby, *"but we also were attracted by a lead investor which had a good track record during the previous crisis."*

In fact, the excellent reputation of ProA created stiff competition for co-investment on the Pastas deal. *"ProA selected us as partners primarily because*

of the quality of our relations with them over a number of years,” says Saint-Zéby.

Likewise, the acquisition of Stable Group was in the sweetspot of Growth Catalyst Partners, the lead investor. *“GCP has a lot of experience with high-growth companies and with marketing strategies,”* says Hopkins.

Both deals have strong exit potential, either to financial sponsors or to large competitors. As essentially local players, the companies can grow organically and by acquisition to become attractive to continental and global competitors.

For further reading:

- [Flexstone Partners wins USD100m private equity mandate with Hostplus](#)
- [Flexstone Partners Appoints New Head of Secondary Investments](#)
- [Flexstone Partners Sweet Spot Proprietary Framework](#)
- [Flexstone's Co-Investment Framework](#)

About Flexstone Partners (“Flexstone”)

Flexstone is a leading investment solutions provider in private assets with a global reach and local footprints in New York, Paris, Geneva, and Singapore. It specializes in the selection of private equity, private debt, real estate, and infrastructure fund managers for investment by Flexstone’s clients.

Flexstone manages primary and secondary investments as well as co-investments.

Flexstone’s expertise is distinguished by a high flexibility in building customized portfolios that are tailored to the unique needs and constraints of each investor whether institutional or private individual. Flexstone offers a large range of services, from advising on private assets portfolio construction to the management of fully discretionary separate accounts and funds of funds.

Flexstone, with more than 40 professionals, manages or advises \$8.1 billion. It is a majority owned subsidiary of Natixis Investment Managers, one of the largest investment managers worldwide.*

Further information: www.flexstonepartners.com

** Source: Flexstone Partners at 08/31/2020. Assets under management and advisory made*

up of commitments for closed-end private placement funds, and sum of Net Asset Value and unfunded commitments otherwise.

Flexstone Partners

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