

Business Case: SCM Acquisition & €5M Industrial Expansion Plan

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◆ Executive Summary

Alu Ferri is acquiring **Société Champenoise de Mécanique (SCM)**, a precision machining company with a 30-year track record in high-quality steel components. Cofisys is advising on both the acquisition and a **€5 million capital raise** to modernise SCM's equipment and scale production for demanding European clients in rail, defence, and energy.

📌 Key Highlights:

- €1.3M revenue in 2023, €71K net profit = stable and profitable growth.
- Production assets are outdated : modernisation is essential to unlock new contracts and efficiency.
- SCM is a strategic fit with Alu Ferri’s shift toward integrated **aluminium-steel capabilities**.

◆ Investment Rationale

Why SCM?

Strategic Dimension	Insight
Market Fit	SCM serves high-value, small-series industrial clients. Demand is rising for local, agile manufacturing.
Client Base	Key accounts like Kadant Lamort and Eurofence show strong project-based activity with high margins.
Know-how	Deep mechanical expertise, process flexibility, and a loyal operator team.
Industrial Synergies	Cross-selling, shared sourcing, and reduced overhead through integration with Alu Ferri.

📊 Financial Snapshot

Metric (2023)	Value	Comment
Revenue	€1.3M	Flat vs 2022; stable post-Covid rebound
Net Profit	€71K	Healthy margin for small industrial firm
Adjusted EBITDA	~€95K	After normalisation (bonus catch-ups & provisions)
CNC Fleet Value	€120K	Indicates need for immediate investment
Working Capital Need	€120K buffer	Due to high WIP and long payment cycles

⚠️ 2022–2023 growth was driven partly by opportunistic orders. **Long-term client visibility must be secured.**

🔧 Use of Funds – €5M Capital Raise

Allocation	Amount	Purpose
CNC & Machinery Upgrades	€3.0M	Replace aging equipment, enable smart-factory transition
Working Capital Buffer	€1.0M	Smooth operations during scale-up
Commercial Relaunch	€0.5M	New branding, CRM tools, target sectors (rail, energy, defense)
Legal & Transaction Fees	€0.5M	Deal structuring, M&A support, regulatory

Targeting **industrial investors**, ESG funds (energy efficiency, re-industrialisation), and family offices.

📈 Investor Returns

Factor	Target
Revenue Growth	2x in 5 years
EBITDA Margin	>12% post-investment
Exit Strategy	Strategic acquisition or dividend recap by 2030
IRR Target	≥15% net of fees

✅ **Key Upside:** consolidation with Alu Ferri brings immediate operational leverage and cross-selling routes.

⚠️ **Key Risk:** legacy equipment delays delivery precision without urgent reinvestment.

Cofisys Role

Cofisys acts as a strategic advisor for the entire operation:

-  Full financial, operational, and legal due diligence on SCM
-  EBITDA normalisation & forecasting for valuation and financing
-  Structuring of a hybrid equity-debt financing plan
-  Investor outreach & transaction support until closing

Conclusion

SCM + Alu Ferri = an agile, upgraded European industrial champion.

This business case aligns with EU industrial resilience priorities and answers growing demand for local, responsive suppliers in complex manufacturing chains. With €5M in targeted investment, SCM will be reborn as a modern precision hub, ready for the next decade.