

Illy buys 'Charlie and the Chocolate Factory' chocolatier

Italian coffee dynasty scoops up storied UK confectioner, attracted by 'super premium'

The deal will give Illy better distribution for its products via Prestat's sales network in the UK, US and Australia © Alamy/Getty

Rachel Sanderson in Milan MARCH 15, 2019

Prestat, the UK chocolatier said to be an inspiration for Roald Dahl's book *Charlie and the Chocolate Factory*, has been bought by Italian coffee and chocolate dynasty Illy.

Riccardo Illy, president of Gruppo Illy, the division of the Italian family company that already owns chocolatier Domori and Dammann Frères teas, said he had been wooing Prestat for two years. Mr Illy, who is one of the third generation of the family, said the attraction of Prestat, which is a supplier to the UK royal family, was its chocolate truffles in particular.

"Where Domori goes from bean to chocolate, Prestat goes from chocolate to truffles. It is perfectly integrated," Mr Illy said in an interview. "We have a similar approach philosophically. Both companies are looking at producing and selling super premium products," he added.

While the value of the acquisition is undisclosed, Domori made €18.3m last year in sales, of which half came from chocolate. Prestat made £7m of sales.

Domori was due to turn a net profit this year, said Mr Illy, after breaking even at the operating level last year. Prestat is expected to return to profit soon after a costly failure to enter the coffee shop business.

The plan is for Prestat's former owner Bill Keeling, who learnt about the cocoa business as a Financial Times west Africa correspondent, to remain as manager. Prestat's historic shop in Piccadilly, London, will also remain within the business.

The deal comes as consumer demand for luxury chocolate and food in general is on the rise. Some bankers have also anticipated an increase in takeovers of UK companies as a consequence of the weakness of the pound because of Brexit.

Mr Illy said he was convinced he wanted Prestat because of the "perfect integration with Domori". "But let's say the good situation we find with the low sterling right now is giving us the final push," he added.

Prestat would benefit from Domori as a source of prized Criollo "aromatic" cocoa, considered

the top quality for chocolate making, said Mr Illy. “There will be a further improvement in quality at Prestat,” he added.

The deal will also give Illy better distribution for its products via Prestat’s sales network in the UK, US and Australia. The move echoes the acquisition by Ferrero, the Italian owner of Nutella, of the UK’s Thorntons in 2015 for £112m. That deal gave Ferrero wider UK distribution for its Kinder chocolate.

Illy was founded in the northern Italian city of Trieste in 1933 and [remains determinedly family-owned](#), although it struck a deal last year to partner with multinational JAB to produce [Illy coffee capsules](#).

Andrea Illy is in charge of the bigger coffee business, which made about €500m in revenues last year, and is also head of the Italian luxury goods lobby Altagamma. Anna Illy is responsible for Illy’s relationships with growers of the Arabica beans used for the group’s espresso coffee.

Riccardo Illy said the long-term objective was for Gruppo Illy, which includes Illy’s chocolate, tea, jams and wine businesses, to reach €200m of revenues and then to reinvest the free cash flow to expand further into vineyards. Illy currently owns the Tuscan winery Mastrojanni. “The wine sector has huge potential but it is capital intensive,” he said.

Another area of interest was an acquisition in the cakes and biscuits business, he added.

This article has been corrected to say that Domori made €18.3m in sales last year and is due to break even at net level this year, not Gruppo Illy; Riccardo Illy is also not the eldest sibling and the Prestat sales figures have been corrected from €s to £s.