

Top Brands to determine Neutral DF business path following acquisition

Top Brands International will begin to discuss how best to structure the operations of Neutral Duty Free in the coming weeks following its acquisition.

The Panamanian company finalised a takeover of the Uruguayan duty free player last week in a significant development for South America's duty free industry.

In an interview confirming the completion of the transaction, Top Brands International President Danny Yohoros told *TRBusiness*: In the next two weeks we are going to sit down with both teams and start looking at the best way to run the business. This transaction was very confidential. Most of the teams weren't aware of this. It is a case of working and putting synergies together to push and grow again.



Danny Yohoros, President, Top Brands International.

URIOSTE 'TO INFLUENCE EXPANSION'

All of Neutral's existing management team will stay on the Board, *TRBusiness* can confirm, with CEO and experienced industry executive Enrique Urioste understood to be important to Top Brands' future growth plans, although no specific information was shared when this publication enquired.

Enrique is a very talented person with a lot of capacity, Yohoros replied. My intention is for him not only to help us in our plan [for Neutral] but also to help us expand Top Brands in the region. Top Brands still has a lot of potential to grow. It is a big transaction for us and positions us as a leading company in the region."

Separately, *TRBusiness* has reached out to Enrique Urioste at Neutral for his comments on the acquisition and will aim to bring you any updates accordingly.



Top Brands to determine Neutral DF business path following acquisition

A Luryx store in Panama.

The acquisition of Neutral, which runs shops on the Brazil/Uruguay border in the cities of Rivera (*home to its flagship Melancia Mall*), Artigas, Aceguá, Rio Branco, Chuy, and Bella Union on the Argentinian/Uruguay/Brazil border, means the Top Brands group now operates more than 80 stores throughout Latin American and the Caribbean and commands a retail presence of more than 200,000sq ft.

All of Neutral Duty Free's stores will be branded 'Neutral by Luryx', reflecting Top Brands' new retail fascia. Neutral also owns the Gap franchise in Uruguay and Paraguay.

For its part, Top Brands already runs shops in 13 other countries (*aside Neutral's in Uruguay*) including Panama, Belize, El Salvador, Chile, Cuba, St. Thomas, Tortola, French Guiana, Colombia, Costa Rica, Bahamas, Paraguay and the US.



Neutral Duty Free store at the Melancia Mall in Rivera, Uruguay.

'SOPHISTICATED TRANSACTION'

TRBusiness has learned the acquisition, a process lasting seven months, was 'a sophisticated one with many angles, according to Yohoros, chiefly due to Neutral's ownership by private equity firm JH Partners.

There were financial institutions involved and we had to bring a lot of them to the table to make it work, commented Yohoros.

"At the same time, it is a big company with more than 400 employees and they have the Gap franchise. We had to move many things around to make it happen.

The deal offers useful synergies for both sides. For Top Brands, it will open up average location footprints of between 2,000sq m to 3,000sq m in addition to a broader brand assortment – something Yohoros says is entirely new and experience-forming when it comes to management.

On the other hand, Neutral will benefit even more from the strong supplier relationships forged by Top Brands over many years of business.

It is also extremely timely given duty free operators have been given the green light open shops on Brazil's border and hopes for a healthy rebound in the country's economic fortunes persist.

Marketing-wise, when you have a chain of presence in 14 countries it gives added value, commented Yohoros. The customers will know original products, good assortments and customer service.

Of course, this is a big cake to swallow [but] we have the capacity to do so. It won't be too long before we're able to manage the separation and quickly continue growing and expanding in the rest of Latin America and the Caribbean.

Top Brands to determine Neutral DF business path following acquisition

More images to follow

TRB BUSINESS