

HERE FOOD PROCESSORS CAN FIND BOUNTIFUL GROWTH



CAROLINAS GATEWAY PARTNERSHIP

NUTKAO'S TASTE FOR QUALITY MAKES NASH COUNTY A WINNING DESTINATION

By Lawrence Bivins



Italy's love affair with sweet treats began 800 years ago when Venetian merchants acquired sugarcane farms in what today is Lebanon. The story's latest chapter has brought opportunity to Rocky Mount in the form of Nutkao S.r.l.'s 100,000-sq.-ft. production facility at Whitaker Business & Industry Center. The company's plant there makes nut butters laced with chocolate and other sweet flavors.

"We started out as a very small company producing hazelnut spread," explains Davide Braidà, president of Nutkao USA. Braidà's father, Giuseppe, established the parent company in 1982 in the Cuneo province of northern Italy. Still privately held, Nutkao exceeded 120 million euros (nearly \$130 million) in sales in 2016. Its products are sold to consumers as toppings and dipping packs that contain breadsticks for easy snacking. Nutkao supplies spreads for private-label buyers such as Kroger and Aldi supermarkets, and its buyers also include other food processors. "Our product goes into cookies, cakes, croissants – even ice cream," Braidà says.

Nearly half the company's product is consumed outside of Italy, and that's where Nutkao's Rocky Mount operations come into play. In 2012, an emerging taste for Nutkao spreads in North America prompted discussion of a second plant, one closer to markets in Canada, Mexico and the U.S. The Braidà family worked with an Italian site selection consultant to explore potential locations in Georgia, Kentucky and the Carolinas. In late 2013, they announced their selection of Rocky Mount for the plant, an investment potentially worth \$74 million.

"Here we made a facility that is a mirror of the one we have in Italy -- the same machinery, the same technology, the same product," Braidà says.

Rocky Mount's convenience to the company's growing markets was central to Nutkao's choice. "Logistically, this is a good place," Braida says. "We are exactly in the middle." With raw materials coming in from abroad – mainly hazelnuts from Turkey – easy access to the Port of Norfolk was a consideration. Placing its North American location in the Eastern Time Zone means the plant shares half its work day with that of its

European headquarters. "We have all the morning we can deal with Italy," he says.

Labor costs are comparable to what the company is used to paying in Italy, an important consideration given that Nutkao's primary competitors are also European companies. The firm is benefiting from a \$210,000 One North Carolina Fund grant as it fills out its workforce, and Nash Community College is providing about \$60,000 in free customized employee training. "They provide all our training," Braida says. New hires undertake instruction in safety, hygiene, equipment operation and other topics. They are also taught the metric system, the international measures Nutkao uses to monitor and manage volume and temperature. "It's a mindset we teach and refresh all our employees on," he says.

The company's Rocky Mount site employed 30 workers as of early 2017. Braida expects that number to grow as Nutkao cultivates more North American demand for its products. Its spreads are already found on the shelves of Safeway and Harris-Teeter and other grocery retailers. "We are also looking for growth in food service," Braida says. "That can be a big business in the U.S."

And the company's Rocky Mount facility has room to grow. "We designed the building so that they can expand it easily to another 50,000 square feet," says Leigh Ballance, partner at MidAtlantic Lease and Development, which developed the one-time spec building and later upfitted it to meet Nutkao's unique needs. Ballance says the company knew exactly what it wanted in a facility, which made readying the building move quickly. "The company and its engineers had a really good idea of what they needed," Ballance says. Effort went into creating temperature controlled rooms, installing insulated paneling and raising a section of the ceiling to accommodate the company's tall storage tanks. "It is a showcase for a food-grade processing facility," Ballance says of the building. "They focus on the quality of their product, and that's what sets the company apart."

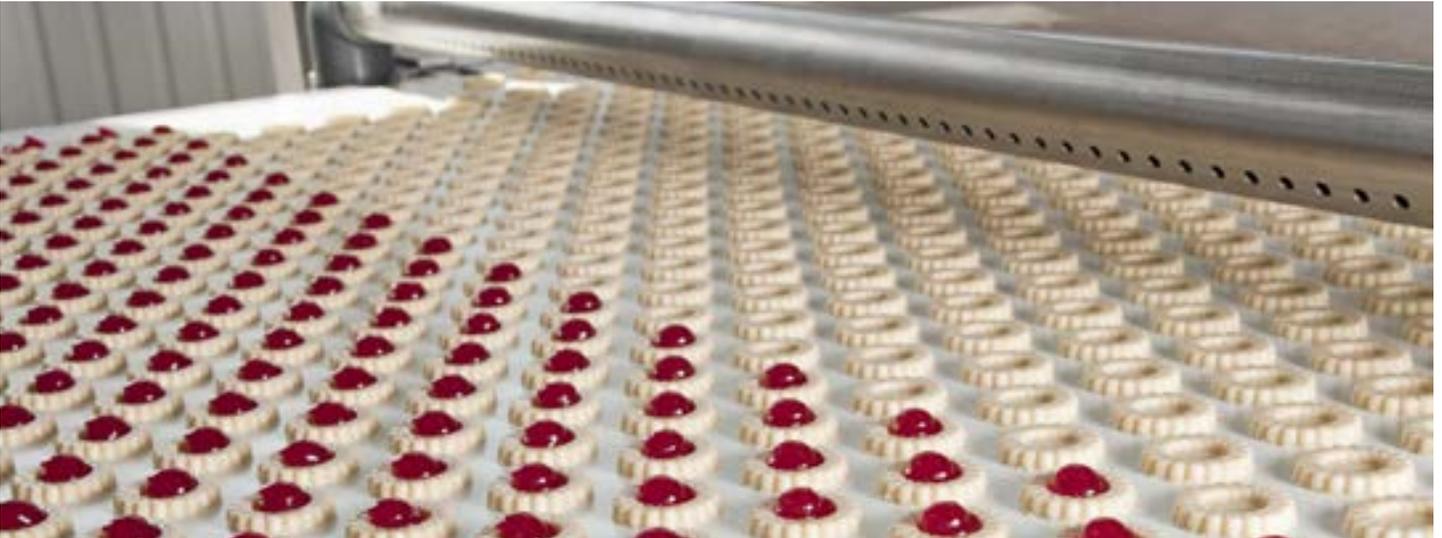
Speculative buildings speed the ramp-up of arriving manufacturers from the location decision to ribbon cutting, explains Robby Davis, chairman of the Nash County Board of Commissioners. "We were successful with Nutkao because we had a building that met the specifications they needed," says Davis, who helps lead the county's economic development efforts. "Every industry seems to be in a hurry to get their plant open," he says. In the case of Nutkao, Nash County had a fully developed industrial park that was already home to major food names like Poppies and Cheesecake Factory, as well as a large shell building awaiting occupancy. "That took maybe as much as a year off their build-out," Davis says.

Local leaders were pivotal in Nutkao's decision to base its North American operations in Nash County, Braida says. "The Carolinas Gateway Partnership was a big help to us," he says, leading the company not just to the building but also to MidAtlantic as a potential real estate partner. "This was a big step for us," he says.

Nutkao brought several key employees from Italy, including Braida's wife, Barbara, who works as the company's quality assurance manager. The personal transition from northern Italy to eastern North Carolina hasn't been difficult. "We're used to the country, not cities," he says. "We love the weather in North Carolina. It's quiet and it's a nice place to live." He also enjoys having access to Raleigh's cultural amenities, which are less than an hour away by car. The couple takes in ballet, opera and theater performances

THE SWEET SPOT

By Lawrence Bivins



Sometimes site selection decisions are not as complicated as you might think. Case in point: Guiseppe Braida, founder of NutKäo, a Ferraro Italy-based manufacturer of a popular private label hazelnut spread.

Mr. Braida took a different route to finding the ideal site for his company's US headquarters and manufacturing facility. He began his search by taking out a map of the Eastern United States, tracing his finger down I-95 from New York City, and stopping roughly halfway down.

"Giusto Qui," he said in Italian. "Questo è el posto."

"Right here," he said. "That's the spot."

And that's how NutKäo made the decision to establish their new facility in the Whitaker Business & Industry Center; a 120-acre business park on the outskirts of Rocky Mount, NC, a tenth of a mile from I-95 and within a day's drive of more than half the US population.

NutKäo is part of a growing 'food cluster' of companies drawn to Nash and Edgecombe counties in the last decade, including Tyson's Foods, The Cheesecake Factory Bakery, Poppie's International, Carolina Innovative Food Ingredients and Butterfield's Traditional candy Company, to name just a few. In fact, within a 30-mile radius of Rocky Mount, there are at least a dozen food processing companies, half of which are engaged in the business of satisfying America's sweet tooth.

What's made this area of North Carolina such a sweet spot for these types of companies? It's a variety of factors, including a superior road network, favorable tax rates, highly motivated employees, and a plethora

of attractive incentives from state and local governments, along with the Golden Leaf Foundation, a private non-profit funded by the federal tobacco settlement.

On top of that, the region just landed the CSX Intermodal Hub, a \$272 million regional container hub dubbed the Carolina Connector, which will speed freight from trucks and trains to destinations up and down the East Coast and across the country.

“Speed to market is the name of the game in the 21st Century,” says Norris Tolson, president and CEO of the Carolinas Gateway Partnership, a public-private industrial recruitment agency that promotes economic development in Edgecombe and Nash counties. “And when this facility comes on line in 2018, it will make it even more advantageous for manufacturing companies to locate here.”

Even before CSX announcement, manufacturing companies enjoyed distinct logistical advantages by locating in Edgecombe and Nash counties, according to Bobby Davis, CFO for Poppie’s International Rocky Mount plant, which produces private label confectionaries like eclairs and coconut marrons for Costco, Sam’s Club, Krogers and others of that stripe, to the tune of \$50 million in annual revenues.

Asked why the company decided to locate in the Whitaker Business & Industry Center, his first response was just one word: “I-95.”

“Being on 95 speeds up the whole chain, start to finish, from trucking in raw ingredients to shipping out our finished products,” he said. Then he elaborated. “But it’s not just 95; you’ve also got 646 West, which is Interstate quality all the way to Raleigh, and a good rail line, too, which is going to get better with CSX.”

The bottom line is this: If you’re thinking of relocating or expanding your food processing operations, take a lesson from Guisippe Braida: Just take out a map and pick the sweet spot of the Twin Counties region.



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