

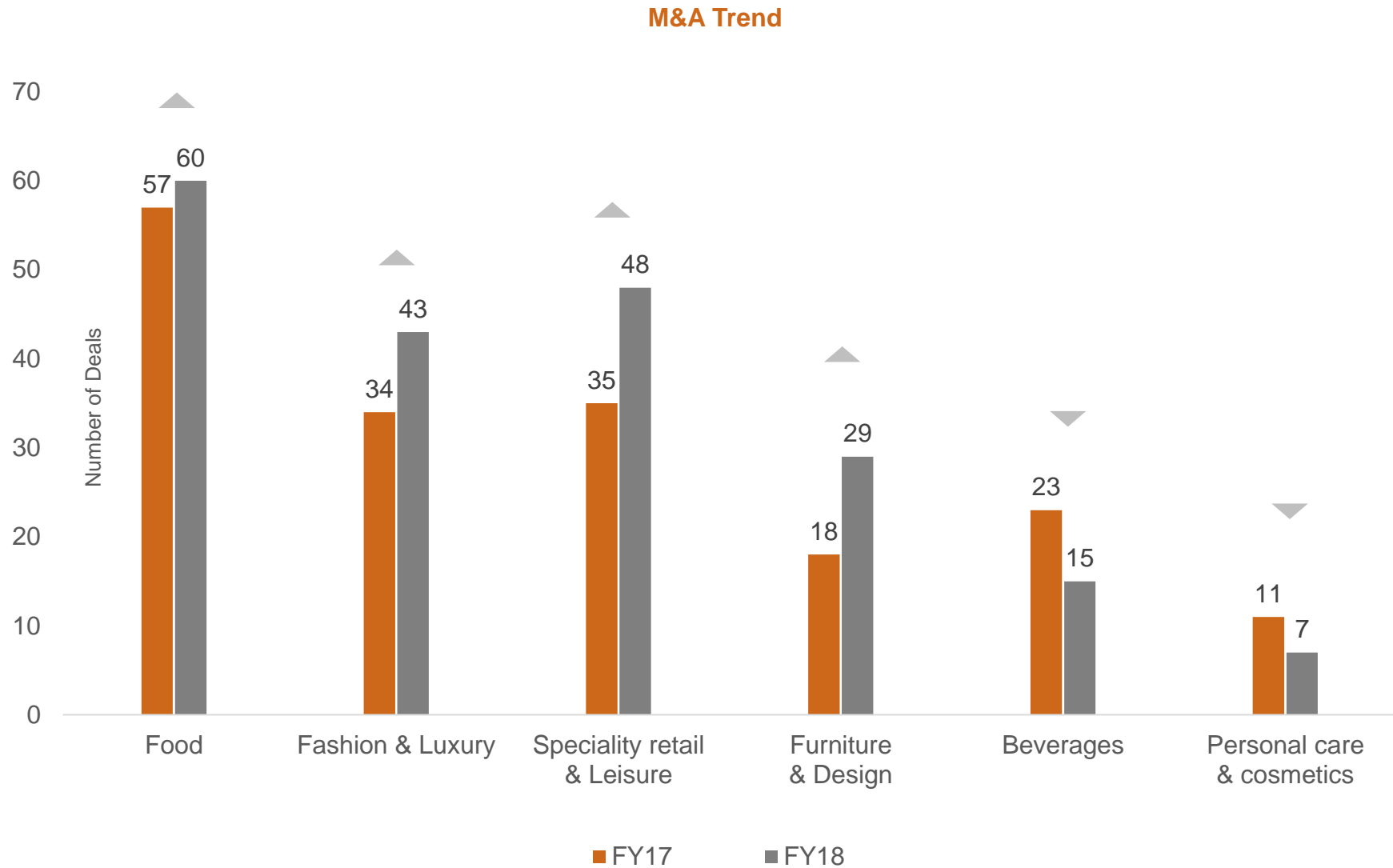


Consumer Market

Italy | M&A Trends | 2018

www.pwc.com/it

Despite the fear of a slowdown in M&A activity, more than 200 deals (including 5 IPOs) have been announced in the Consumer segment in 2018 (vs. 178 in 2017), with Food sector always leading the statistic in numbers



Financial investors were particularly active with 91 deals announced in 2018 (vs. 54 in 2017), but with a lower average size (average target revenues of €79m in 2018 vs. €115m in 2017)

Number of deals by investor type








Strategic investors

111 vs. 124 in 2017



Financial investors

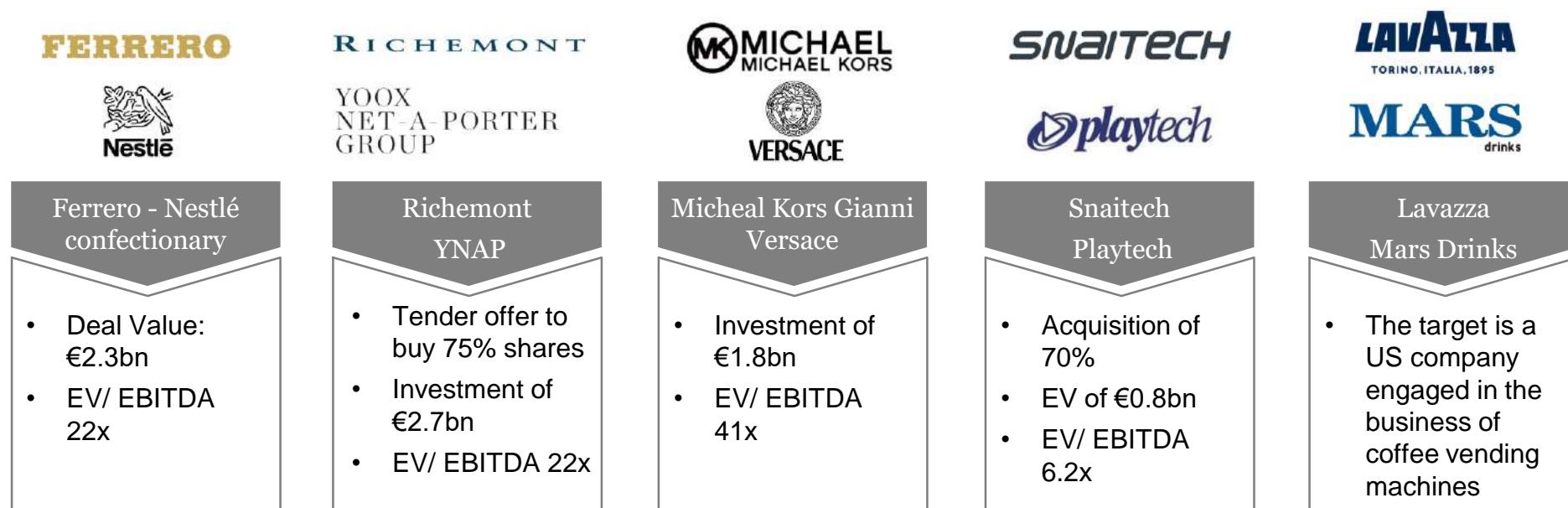
91 vs. 54 in 2017

	Deals by segment for strategic investors	Deals by segment for financial investors
 Food	41 vs. 42	19 vs. 15
 Beverages	9 vs. 20	6 vs. 3
 Personal care & Cosmetics	5 vs. 5	2 vs. 6
 Fashion & Luxury	20 vs. 22	23 vs. 12
 Furniture & Design	7 vs. 14	22 vs. 4
 Specialty retail and Leisure	29 vs. 21	19 vs. 14

58 of the 118 Domestic deals involved financial investors. The decrease in the number of Outbound transactions is due to the focus of Corporates on the domestic market.
5 large cross border corporate deals have been announced in 2018

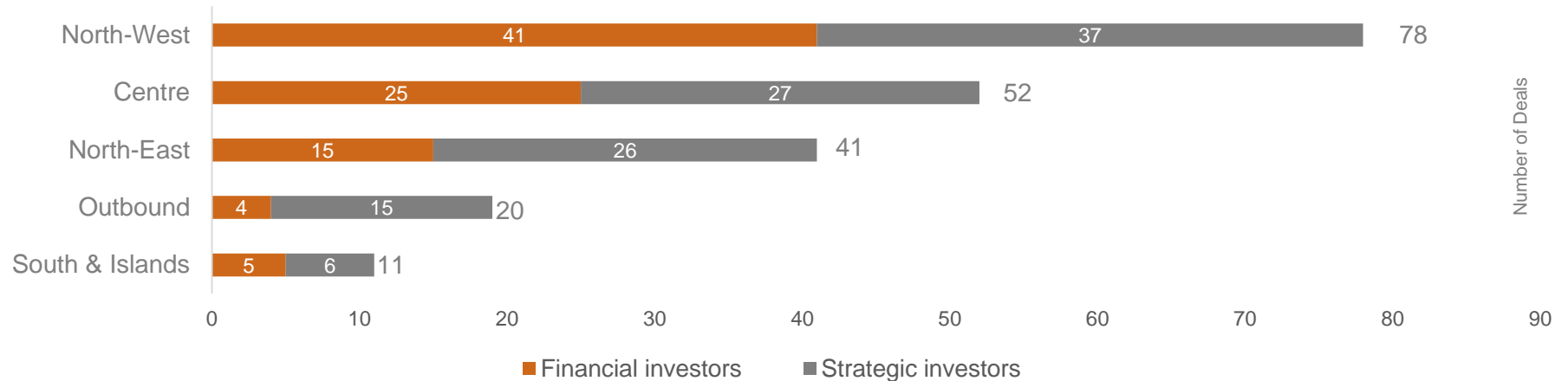


Most important cross border deals



The vast majority of targets of Consumer deals announced in 2018 are based in North-western Italy, followed by Central Italy

Number of deals by area and investor type



Top 5 Regions



51
deals in
Lombardy

30
deals in
Veneto

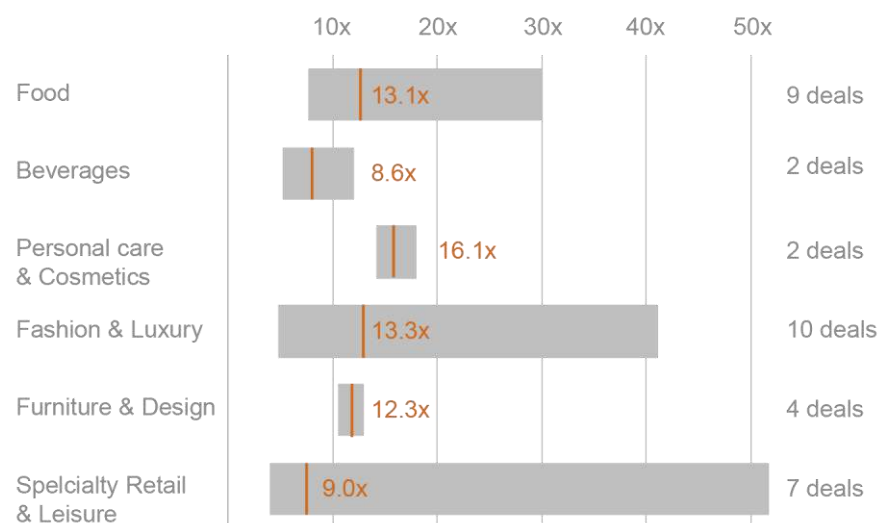
26
deals in
Emilia-Romagna

23
deals in
Piedmont

12
deals in
Tuscany

Transactions occurred in 2018 confirmed the rising trend in multiple, with a smoothed average EV/ EBITDA ratio in the range of 9x-16x, however with a high variance across sub sectors

EV/EBITDA transactions multiples by segment*



Average EV/EBITDA multiples by investor type*

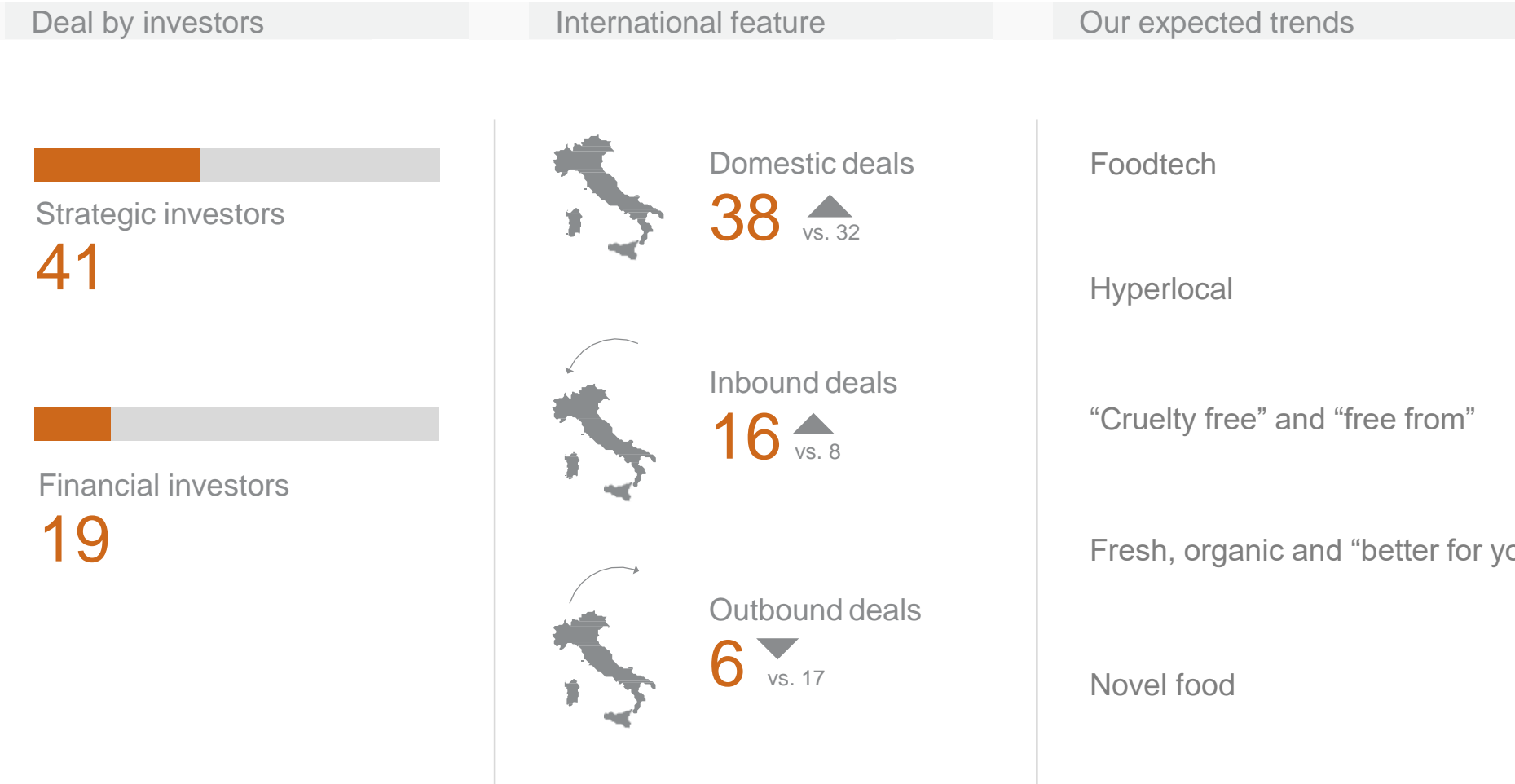


(*) Multiple related to the transaction involving Versace is excluded

Food



Food confirmed its attractiveness for M&A, with 60 deal announced in 2018 (vs. 57 in 2017) and “made in Italy” still very attractive for foreign investors



Beverages



The Beverages segment saw 15 deals in 2018 (vs. 23 in 2017). Most sizeable transactions were in the Wine & Spirits and in the Coffee segments

Deal by investors



Strategic investors

9



Financial investors

6

International feature



Domestic deals

9 vs. 10



Inbound deals

4 vs. 7



Outbound deals

2 vs. 6

Our expected trends

International expansion

(Ultra)premium Wine and Sparkling Wine

Consolidation in the Coffee sector

Soft drinks: target offering excellence

Decline in consumption of beer

A collection of various makeup brushes, including large powder brushes, smaller foundation brushes, and a red sponge applicator, are arranged in a dark, ornate, perforated metal holder. The background is softly blurred, showing hints of a vanity or makeup counter with other cosmetic products. The lighting is warm and focused on the brushes, creating a professional and artistic atmosphere.

Personal Care & Cosmetics

7 deals were recorded in Personal Care & Cosmetics segment in 2018 (vs. 11 in 2017), which were largely international (only 2 domestic)

Deal by investors



Strategic investors

5



Financial investors

2

International feature



Domestic deals

2 vs. 7



Inbound deals

4 vs 4



Outbound deals

1 vs. 0

Our expected trends

Major corporates acquiring niche and innovative brands

Private Equity interest

Green and Bio/Organic

Cannabis based cosmetics

Increase in e-commerce



Fashion
& Luxury

Italian Fashion & Luxury segment continued to show its allure in the M&A market with 43 deals recorded in 2018 (vs. 34 in 2017), with a nearly equal balance between domestic and international deals

Deal by investors



Strategic investors

20



Financial investors

23

International feature



Domestic deals

22 vs. 13 ▲



Inbound deals

14 vs 13 ▲



Outbound deals

7 vs. 8 ▼

Our expected trends

Diversification process

Interest in athleisure and sportswear

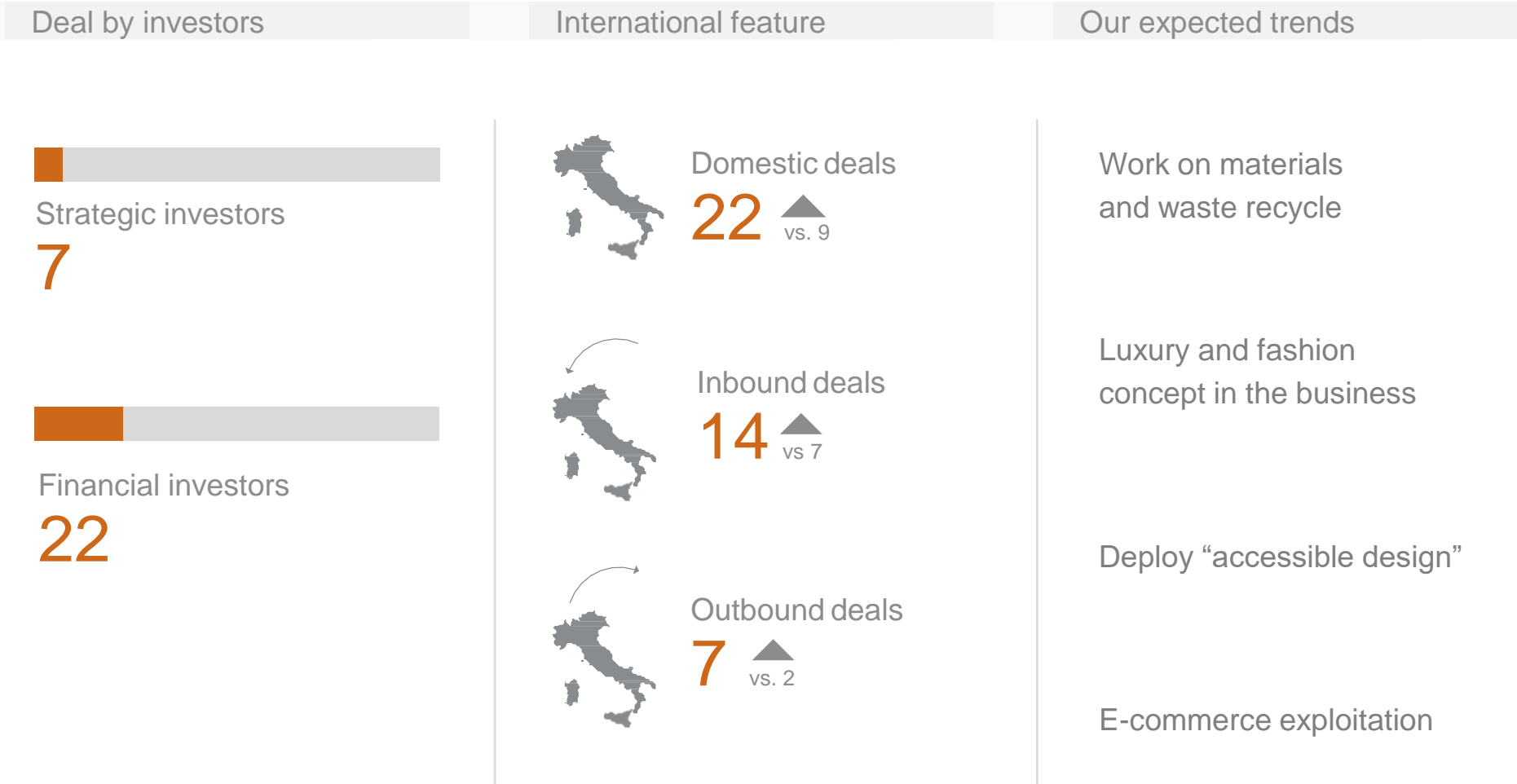
Vertical integration

Private Equity interest



Furniture & Design

Financial investors are leading M&A transactions in the Furniture & Design segment, with 22 deals on a total of 29 in 2018 (vs. 18 in 2017)



A photograph of a restaurant table set for a meal. In the foreground, there are several wine glasses, some containing white wine, and a water glass. A hand with red nail polish is visible on the right side, holding a white plate. The background is softly blurred, showing more of the table and a warm, ambient light from a candle or lamp. The text "Specialty Retail & Leisure" is overlaid on the image in a white serif font on an orange background.

Specialty Retail
& Leisure

Specialty retail witnessed 19 deals, with restaurants and casual dining chains remaining on the menu of Private Equity. Leisure witnessed 29 deals, with Travel & Hospitality confirming the positive trend shown in prior year

Deal by investors



Strategic investors

29



Financial investors

19

International feature



Domestic deals

27 ▲
vs. 22



Inbound deals

14 ▲
vs 11



Outbound deals

3 ▲
vs. 2

Our expected trends

Slow down in the food service due to Sundays' closures

New formats of food retail chains and contamination with high cuisine

Difficulties in the gaming sector due to changes in tax legislation

Food and Wine tourism offers untapped opportunities

