

## M & A NEWSLETTER APRIL 2020

Our report contains the transactions completed over the last months, indicating a quite dynamic M&A market, with high volumes in the food industry and an intense activity of Private equity funds.

Is this just a postcard from “yesterday world”? It is too early to assess the impact of the pandemic on the M&A market, but no doubt it will be quite heavy.

Drop in revenues and profitability of many companies will create a valuation issue, a delay in pending negotiations and high mortality rate for the deals before signing.

The acquisitive attitude of many strategic buyers will be negatively affected. The excellent years behind us made us forget that M&A is indeed cyclical and volatile when hit by sudden shocks.

However once the general lockdown will be over (or at least mitigated), industries such as TMT, software, healthcare, business services and food brands will quickly recover. On the contrary, retail, transports, construction, automotive and sports & leisure will heavily suffer and show low levels of M&A activity.

M&A multiples will decline, but not sharply. Even more than on multiples, price discussions will be focused on the profitability figure to be taken as a reference. Sellers will have it difficult to accept 2020 as the reference year and negotiations will involve forecast on 2021 and 2022.

Earn outs, sellers’ reinvestment schemes and vendors’ loan will prove very useful to fill price gaps and will be more frequent than in the past years.

We also foresee a high number of minority transactions to solve undercapitalization issues and to take advantage of good build up opportunities.

In terms of time horizon, we can predict still acceptable M&A volumes until end of June, thanks to the deals announced before the virus outbreak in Europe and now between signing and closing.

Second half of 2020 will be presumably difficult with low volumes and number of transactions and a high amount of debt restructuring projects.

According to our rough estimate, Italian M&A market in 2020 could amount to no more than 25-30 billion Euro, with a very low number of mega-deals (a few were already signed and announced) and plenty of smaller transactions.

First quarter of 2021 will register a recovery, which will be stronger in the second quarter.

To summarize, impact of COVID 19 on M&A market will be strong, but will not affect all industries in the same way.

2021 will see again good volumes, even higher than 2019, and will register a strong consolidation trend in many industries.

Therefore, let’s be patient and stay optimistic for the medium and long term!

## SUMMARY

### FASHION AND LUXURY:

Alpha Private Equity – A.M.F. Snaps  
Bloom – Furla  
Mandarin Capital – Eurmoda  
Mittel – Ciesse Piumini  
Permira – Golden Goose  
Spactiv – Betty Blue

### TEXTILE BRANDS AND APPARELS:

Ethica Global Investments – Lanificio dell’Olivo

### HOUSEHOLD PRODUCTS:

Oriente Partners and Indigo Capital – Virosac

### GAMING:

Apollo Management – Gamenet Group

### FURNITURE, HOMEWARE AND INTERIOR DESIGN:

Made in Italy – MOHD  
Oakley Capital – Alessi  
Progressio – Interni

### PAPER AND PUBLISHING:

Cartiere Carrara – Carind and CRC  
Fedrigoni – Ritrama

### FOOD AND BEVERAGE:

AromataGroup – IPAM  
Bouvard – Forneria Gusparo  
Casa della Piada CRM – Gastone  
Dolciaria Acquaviva – Milanopane  
Ergon Capital Partners – Dolciaria Acquaviva  
Made in Italy– Prosit  
Mandarin Capital Partners – Neronobile  
Mandarin Capital Partners – Daroma  
Mir Capital – Cioccolatitaliani  
Panealba – Artebianca  
Platinum Equity – Farnese Vini  
Progressio – Damiano  
Progressio – Polenghi Food  
Private shareholders – Sfoglia Torino  
Riello Investimenti – Foodness  
Rigamonti – Brianza Salumi  
San Remo Macaroni Group – Pastificio di Chiavenna

### INDUSTRIAL MANUFACTURING AND COMPONENTS:

Emmeti – Zecchetti  
Ethica Global Investments – Resitape  
Interpump – Reggiana Riduttori  
NB Reinassance Partners and NB Aurora – Rino Mastrotto Group  
Platinum – De Wave  
Sun European Partners – Vetriere Riunite

### LOGISTIC AND TRANSPORT:

NB Aurora – PHSE

### MACHINERY AND ENGINEERING:

Ambienta – Amutec  
DeA Capital – Turatti  
DexKo – Safim  
Quadrivio – Rototech  
Salcef Group – Coget Impianti  
SITI B&T Group – Diatex

### PACKAGING:

Arcadia – Grafiche Favillini  
Green Arrow – Poplast  
Finlogic – STAF

### PACKAGING MACHINES:

Fabbri Group – Ca.Ve.Co.

### UTILITIES AND ENERGY:

Antas – Energy Wave

### METALWORKING:

Xenon Private Equity – C.B.G. Acciai

### MEDICAL AND HEALTHCARE:

Aksia Group – Primo Group and Oasi Medica

### CHEMICALS, COSMETICS AND PHARMACEUTICALS:

Advent – Industria Chimica Emiliana  
FSI – Kedrion  
Italmobiliare – Officina Farmaceutica di Profumo  
Santa Maria Novella  
Made in Italy – Rougj  
Neopharmed Gentili – MDM  
Sodalis – ESI

### ICT, MEDIA AND COMMUNICATION:

Investcorp – Vivaticket  
LIST – IT Software  
Retelit – Brennercom  
TXT e-solutions – Assioma  
Xenon Private Equity – Impresoft

### INFRASTRUCTURES:

F2i and EI Towers – Persidera

### SERVICES:

Argos Wityu - Sicura  
CDP Equity – SIA  
Quadrivio – Nabucco