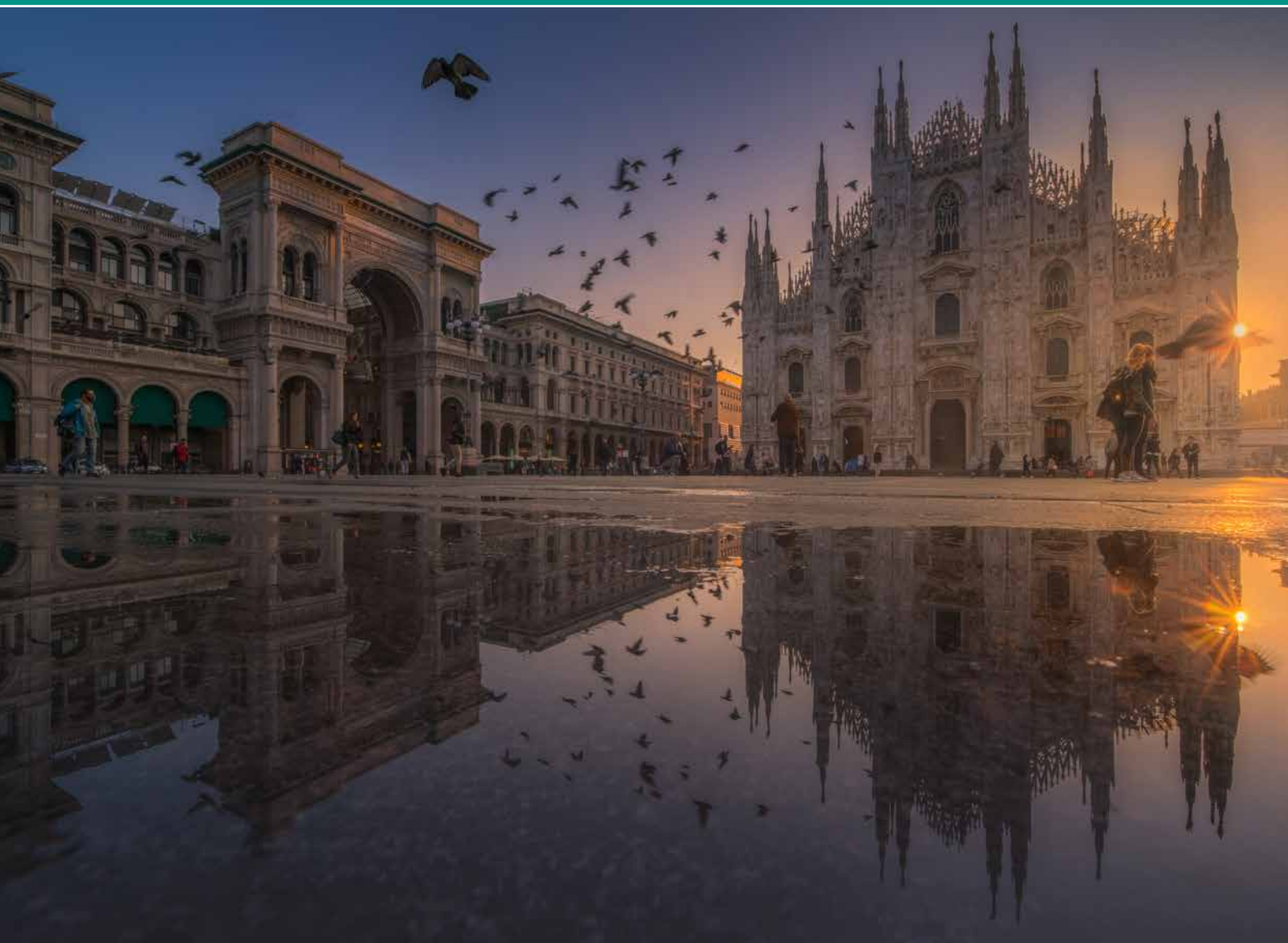


# The calm after the storm

Italian M&A and PE activity in 2023



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Gatti Pavesi Bianchi Ludovici is an independent full-service law firm. We offer clients a one-stop shop in a single, central point of contact representing a benchmark in carrying out and seeing through complex corporate and structured finance transactions in Italy.

We have offices in Milan, Rome and London. We offer unparalleled multi-jurisdictional transactional, regulatory and advisory practices and have extensive experience in delivering high-level assistance in all areas of civil, commercial and corporate law, as well as in international and domestic tax advice, offering cutting-edge and sophisticated solutions.

# The market settles after period of hyperactivity

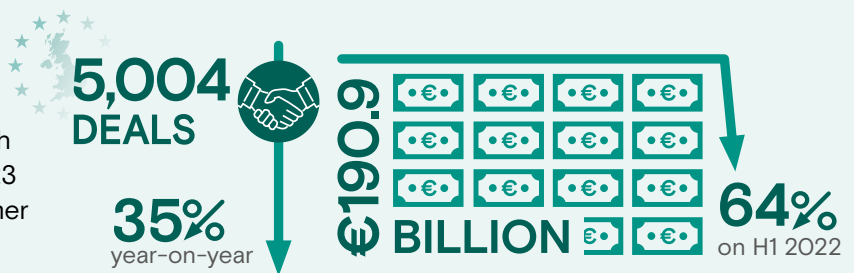
## Volume and value slows, as expected

There have been 433 M&A transactions in Italy thus far in 2023, down 30% year-on-year (H1 2022 saw 615 transactions). With a total of €11.6bn in H1 2023, value was down 86% on H1 2022's unprecedented total of €81.7bn.



## European M&A activity is also down

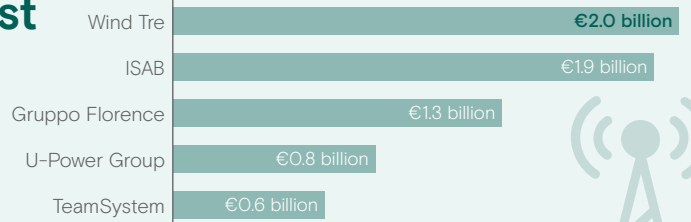
The EU and UK saw a decrease both in terms of volume and value in 2023 YTD compared to H1 2022, the former falling 35% to 5,004 deals and the latter down 64% to €190.9bn.



## Telecoms land the biggest deal

The largest deal in Italy so far in 2023 was the €2bn acquisition of a majority stake in mobile and fixed network operator Wind Tre by Swedish investment firm EQT.

### Largest deals in Italy 2023

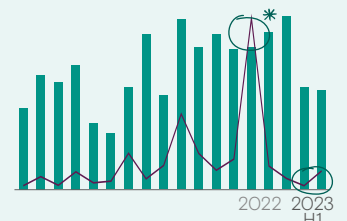


## PE investment holds its breath

There has been €6.9bn in PE deal activity in Italy in H1 2023, down 88% on H1 2022, which saw €59.8bn in total deal value (though much of that was down to one deal).



\*Driven primarily by one single deal H1 2022 **€42.7bn**



# Foreword

Following a year of intense deal activity, Italy's M&A market slowed notably in the first half of 2023, with deal volume and value declining year-on-year. A material softening in transaction value that emerged in the final quarter of 2022 has continued into this year, with acquirers downsizing their investments.

This follows debt financing becoming more expensive than at any time in the past decade, due to the European Central Bank's (ECB) efforts to tame inflation by raising interest rates. Prices were already rising at the start of last year, only to be exacerbated by the invasion of Ukraine and its short-term impact on energy costs.

Despite these headwinds, there have been some encouraging signs recently. The Italian central bank estimates that the country's economy returned to modest growth in Q1 after a 0.1% contraction in the final quarter of 2022. Exports, which represent 32% of Italy's GDP, have been performing well. Outbound trade reached a record high of €625bn last year, a rise of 20% that outpaced both Germany and France.

Men's fashion exports, for which Italy is internationally renowned, put in an even stronger performance, rising by 24.7% last year, according to the Confindustria Study Centre for Sistema Moda Italia.

This upturn in activity has not been limited to the fashion sector. Italy's central bank reported that exports to China hit a monthly record of €3bn in February, a 62% gain year-on-year. This appears to have been the result of a temporary spike in demand for generic drug (ursodeoxycholic acid) as a speculative COVID-19 treatment. Even so, Asia's largest economy has been growing strongly after lifting its COVID-19 measures at the end of 2022 and this has the potential to support trade going forward and could provide a fillip for Italian M&A flow.



The Italian government sees exports as essential for unlocking growth. A comprehensive plan to bolster outgoing trade – the Pact for Export – was launched in December 2020 to promote activity by providing financial assistance to businesses and streamlining the export process. These measures, aimed at strengthening the "Made in Italy" brand and enhancing the country's competitiveness on the global stage, appear to be bearing fruit.

Another positive aspect is the falling cost of energy since its eye-watering peak in August last year. This should filter through to lower inflation in due course, reducing input costs for northern Italy's vast manufacturing sector, which is a hive of M&A activity.

A recalibration of the macroeconomy to more familiar conditions will be welcome news, providing a degree of much needed certainty and bringing acquirer and vendor expectations closer together. This normalisation has not yet come to pass – recent data show that inflation has been running hot, with an increase as recently as April – but hopefully it is only a matter of time before conditions stabilise, not only in Italy but across the rest of Europe.

# The Italian M&A market in focus

The number of M&A transactions in Italy totalled 433 in the first half of 2023, a 30% decline compared with the same period in 2022. The value of these deals also fell, by 86% to €11.6bn. However, it is important to remember that the decline in year-on-year value during this period is mostly a function of a single deal, Atlantia, which inflated deal value in Q2 2022 to its highest quarterly level on record. Studio Legale Gatti Pavesi Bianchi Ludovici advised Edizione on the deal.

There has also been a softening of market activity due to Russia's invasion of Ukraine in 2022 and

**€11.6**  
BILLION

The total value of Italian M&A deals in H1 2023 – down 86% compared with the same period in 2022

there is little indication that the war will end any time soon. This squeezed energy prices severely last year, contributing to inflationary pressures that were already showing. Although economic uncertainty persists in most developed markets, this surge in energy costs has since reversed, which is a cause for cautious optimism.

The decline in M&A activity is also being felt across Europe. The EU and the UK both experienced similar decreases in terms of deal volume and value. The former is down 35% year-on-year to 5,004 deals while

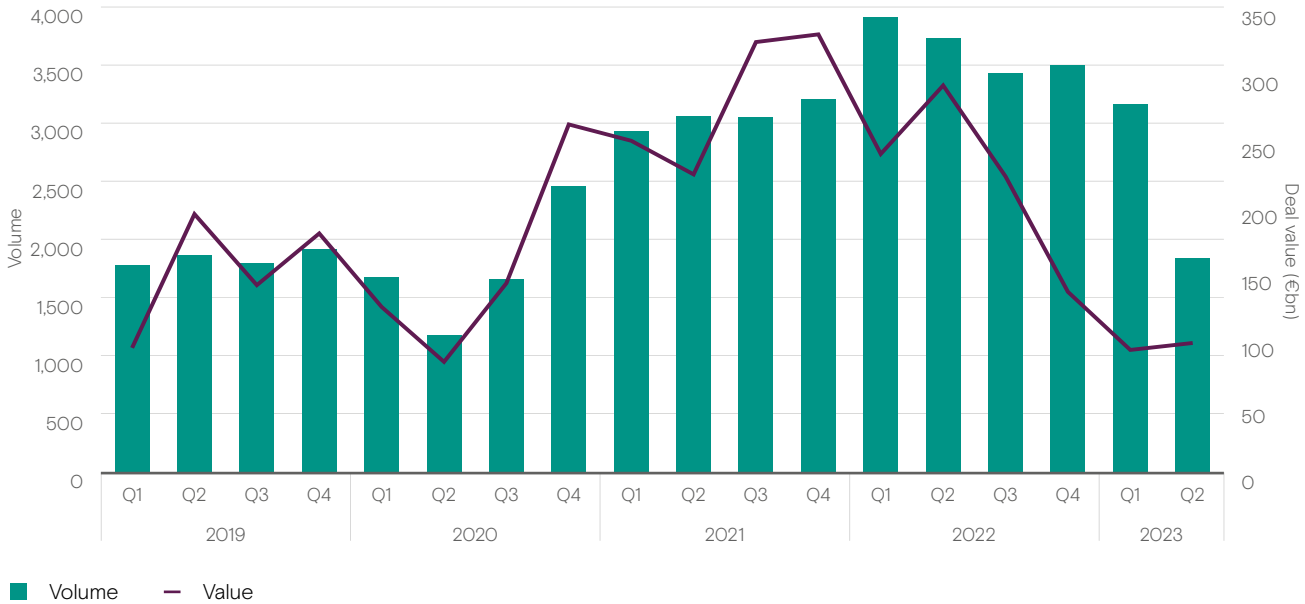
the latter dropped 64% to €190.9bn in aggregate value compared to H1 2022.

Italian growth has slowed, weighing on confidence, but it has not yet entered a recession, as is being seen in Germany. The International Monetary Fund has forecast that Italy's GDP will expand at a rate of 0.7% in 2023. According to the Italian National Institute of Statistics (Istat), inflation rose to 8.2% in April, up from 7.6% in March. This is the highest rate since 1986, but it should begin to fall as the decline in energy prices since mid-2022 filters through the economy.

## ITALIAN M&A BY YEAR, 2019-2023 YTD



## EU PLUS UK M&A BY YEAR, 2019–2023 YTD



### TOP M&A DEALS IN ITALY IN 2023

The Ukraine conflict has put a new focus on the security of energy supplies, and this has been a key driver of M&A activity, across both traditional and renewables segments. The €1.9bn acquisition of ISAB by Trafigura Beheer and GOI Energy is one of the largest of the year so far. ISAB is one of the largest crude oil refineries in Italy, with a capacity of 320,000 barrels per day, while Trafigura is a global commodity trader and the world's second-largest independent oil trader. It has a strong presence in the refining and trading of crude. The deal is highly strategic for both parties, Trafigura gaining a foothold in the Italian refining market and ISAB tapping access to a global trading network.

Another sizeable energy-related deal involved Igefi, a 380MWp solar renewable energy project acquired by EOS Investment Management Limited for €400m. The PV projects

are in Sardinia, Apulia and Sicily and, once completed, will meet the energy needs of more than 200,000 households. Part of the projects are expected to be completed as early as this year. Italy aims to produce 30% of its total energy consumption and 55% of its electricity generation from renewables by 2030. Solar is the fastest growing source of renewables in the country, which is the third largest PV market in Europe after Germany and Spain.

### A RARE ITALIAN SPAC

Deals involving special purpose acquisition companies (SPACs) are relatively rare in Italy and the largest of these tend to involve US sponsors listing businesses on stock exchanges back home. However, Sicily by Car (SbC) combined with Industry Stars of Italy 4 in May 2023, in a transaction valuing the car rental company's equity at €298.3m and will see it listed on the Euronext Growth Milan segment in July. The company has

12,500 vehicles, posted €160.9m in revenues and €68.6m EBITDA in 2022. Studio Legale Gatti Pavesi Bianchi Ludovici advised the SPAC sponsor on the deal.

The last Italian SPAC deal prior to SbC was family-owned fashion business Ermenegildo Zegna, which listed on the New York Stock Exchange in December 2021 following a de-SPAC with Investindustrial Acquisition Corp, a SPAC launched by Investindustrial, one of the country's most renowned PE firms. That deal gave Zegna an enterprise value of \$3.1bn.

Meanwhile, Milan-headquartered space company D-Orbit was on track to float on the Nasdaq last year via a SPAC deal, but the plans were scrapped in August. SPACs have become less popular since record capital was raised on US markets in 2021. However, SbC demonstrates that, for the right company, these vehicles still offer a viable fast-track route to public markets.



## TOP 10 DEALS IN 2023

| Announced date | Target company   | Sector                     | Bidder company  | Bidder dominant country | Deal value €(m) |
|----------------|--|----------------------------|---|-------------------------|-----------------|
| 12/05/23       | Wind Tre S.p.A. (Network Infrastructure Assets) (60% Stake)              | TMT                        | EQT AB  | Sweden                  | 2,040           |
| 09/01/23       | ISAB S.r.l. (100% Stake)   | Industrials & chemicals    | Trafigura Beheer BV; G.O.I. Energy Ltd  | Cyprus                  | 1,869           |
| 25/05/23       | Gruppo Florence S.p.A.   | Consumer                   | Permira Ltd; VAM Investments Group s.p.a.   | United Kingdom          | 1,300           |
| 05/05/23       | U-Power Group S.p.A. (100% Stake)  | Consumer                   | NB Private Equity Partners Ltd; Style Capital SGR S.p.A.; NB Renaissance Partners; Franco Uzzeni (Private Individual) | Italy                   | 800             |
| 19/05/23       | TeamSystem S.p.A.  | TMT                        | Silver Lake Group LLC   | USA                     | 600             |
| 06/03/23       | Igefi Srl (380MWp solar renewable energy projects in Italy) (100% Stake) | Energy, mining & utilities | EOS Investment Management Limited   | United Kingdom          | 400             |
| 29/05/23       | Vera Vita S.p.A. (65% Stake); Vera Assicurazioni S.p.A. (65% Stake)      | Financial services         | Banco BPM S.p.A.  | Italy                   | 393             |
| 05/04/23       | MinervaHub Spa (75% Stake)   | Business services          | San Quirico S.r.l.  | Italy                   | 375             |
| 02/03/23       | Intesa Sanpaolo Rbm Salute S.p.A. (26.2% Stake)                          | Financial services         | Intesa Sanpaolo   | Italy                   | 360             |
| 01/02/23       | ABB E-mobility S.p.A. (12% Stake)  | Energy, mining & utilities | General Atlantic LLC; Porsche Automobil Holding SE; GIC Pte Ltd; Just Climate LLP                                     | Germany                 | 326             |



# Sector watch: Industrials & chemicals, TMT and consumer

The industrials and chemicals (I&C) sector continues to dominate the Italian M&A landscape as measured by deal volume, accounting for 26% of the total in 2022-2023 and matching its share during the preceding 2020-2021 period.

On the value side, the transportation sector has taken the lead, but this was driven primarily by the mammoth Atlantia transaction, amounting to €42.7bn and pushing the sector's value share from just 1% in 2020-2021 to 39% in 2022-2023.

The I&C sector was in second place, contributing 14% of the total in 2022-2023, up from 9% in the previous period. However, the €2.4bn recorded in the sector in H1 2023 YTD – the majority of which came from the €1.9bn acquisition of ISAB – represents a 64% decline on the €6.9bn registered by the sector in H1 2022.

There has been a clear preference for mid-market acquisitions in the I&C sector recently, a function of more challenging debt financing markets.

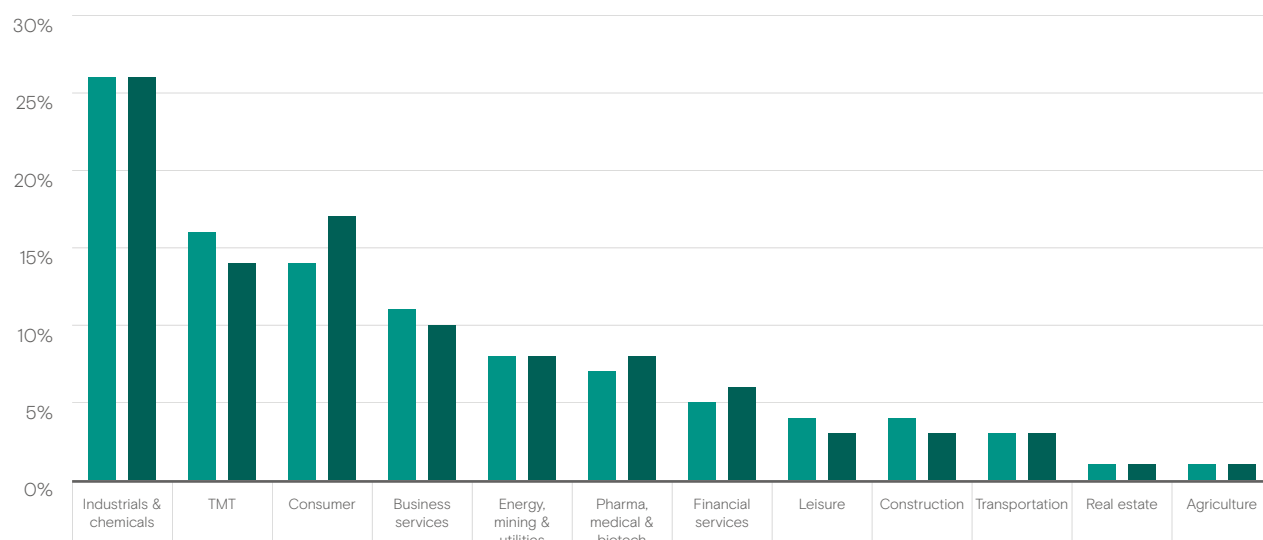
## 26%

Percentage share of total M&A deal value for the I&C sector in 2022-2023

Behind ISAB as the second biggest I&C play was Canadian investment holding company Aimia and Paladin Private Equity's €226m acquisition of Giovanni Bozzetto, an ESG-focused chemicals manufacturer. The number of deals in the Italian I&C sector also decreased year-on-year, from 158 in H1 2022 to 115 in H1 2023.

This tracks closely with the performance of the sector in the EU and the UK, where I&C deal value in H1 2023 amounted to €30.6bn, a 49% decrease

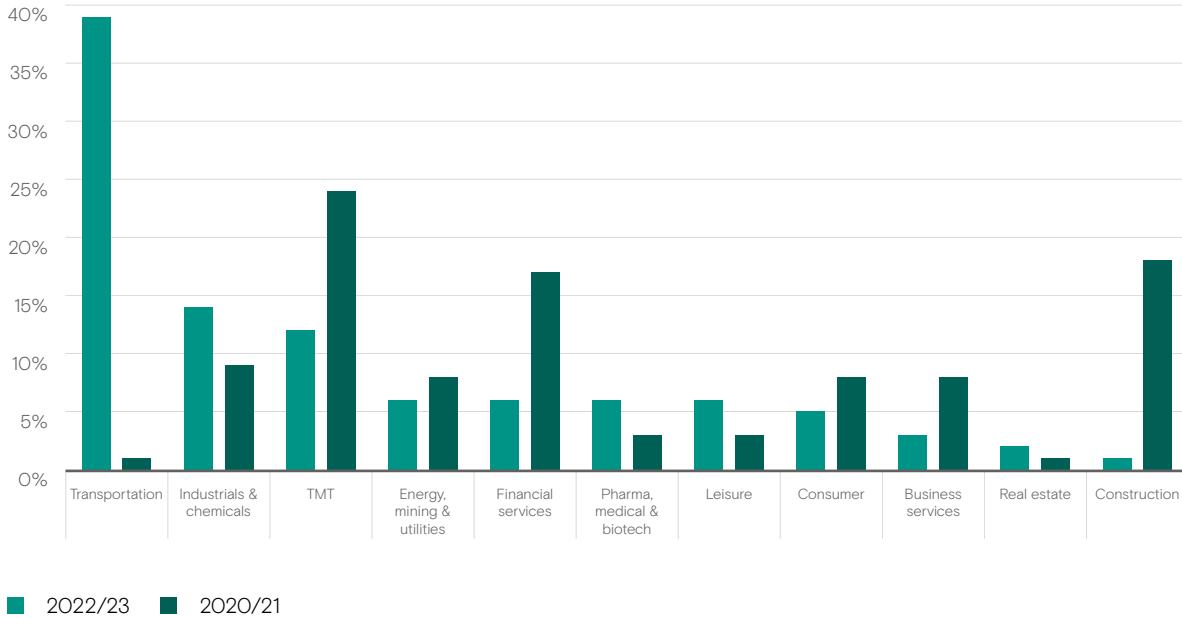
## M&A DEAL VOLUME, SPLIT BY SECTOR, 2020-2023 YTD



■ 2022/23 ■ 2020/21



## M&A DEAL VALUE, SPLIT BY SECTOR, 2020-2023 YTD



compared to H1 2022. Volume in the region also declined by 24% across the region, with a total of 843 deals recorded in the first half of 2023, versus 1,105 deals in H1 2022 (down 24% year-on-year).

### TECHNOLOGY MAKES ITS PRESENCE FELT

The technology, media and telecommunications (TMT) sector has overtaken the consumer sector, as measured by deal volume. It is the second most active industry for M&A in the country after I&C, with a 16% share of all transactions in 2022-2023 – an increase of two percentage points on the previous period. At the same time, deal value has fallen by half from 24% of the total Italian market in 2020-2021 to just 12%.

Enterprise software and training provider TeamSystem has been particularly active in H1 2023. The company was the subject of a

€600m minority investment by Silver Lake Partners in May, as fellow US PE firm Hellman & Friedman sold the stake and remained as the majority shareholder. Hellman invested in the business in 2016 and sold its position to one of its successor funds in 2021.

TeamSystem was itself responsible for one of the largest TMT deals this year when it acquired email and marketing suite MailUp for €70m in an all-cash deal. The transaction involved several subsidiaries, including customer data business ContactLab, as well as Spanish and Danish email marketing platforms Acumbamail and Globase. TeamSystem sees the deal as highly complementary to the core accounting, payroll and business management software it provides to small and medium-sized enterprises.

The fact that the €70m MailUp acquisition registers among the top TMT deals this year is testament to just how steeply deal value in the

sector has fallen recently, the tech space having seen heavy valuation drawdowns over the past 18 months.

However, the TMT sector as a whole could see a major boost in value as KKR and a consortium created by CDP and Macquarie have proposed competing offers for the purchase of Telecom Italia's landline grid. The terms of the two bids have not yet been disclosed, but the size of the asset (the main fiber and copper network in Italy) indicates that it would represent one of the most important strategic asset acquisitions ever completed in Europe. The Italian government may have a say on any deal, as it can use its "golden powers" as to strategic assets such as TIM's network.

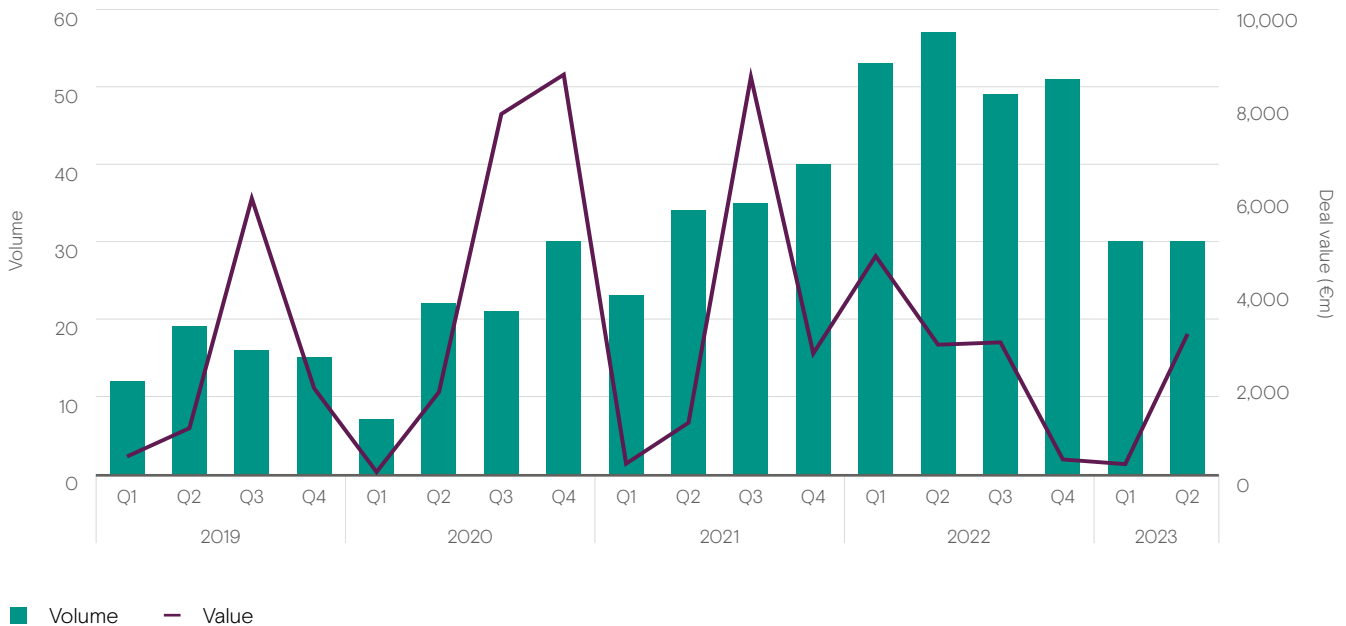
### THE CONSUMER SECTOR REMAINS ACTIVE

It's a similar story for the consumer sector, which was the third leading sector by volume after TMT but

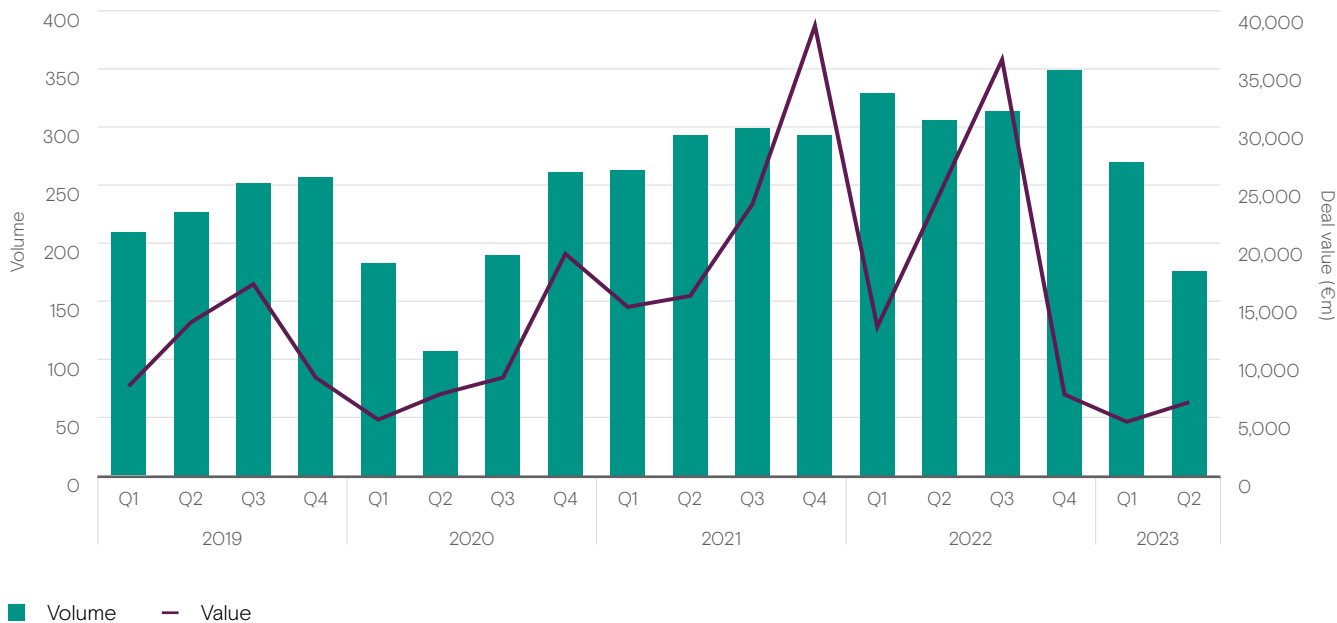
ITALY M&A TRENDS - INDUSTRIAL & CHEMICALS SECTOR, 2019-2023 YTD



ITALY M&A TRENDS - TMT SECTOR, 2019-2023 YTD



## ITALY M&A TRENDS – CONSUMER SECTOR, 2019–2023 YTD



has fallen from fifth to eighth place measured by value. In 2022–2023, consumer deals represented 14% of all deal volume, down from 17% in 2020–2021. However, these constituted just 5% of total M&A value in the most recent period.

Italy is synonymous with high-end fashion, and this can often be seen influencing M&A. By far the largest consumer deal in H1 was UK PE firm Permira’s €1.3bn buyout of Gruppo Florence, a clothing manufacturing hub. The business, which comprises 26 companies making clothing and accessories, shoes and leather goods for luxury brands, was founded in 2020 by VAM Investments, the PE firm of former Bulgari CEO Francesco

Trapani, who will stay on as Gruppo Florence’s chairman. The company is seeking to further consolidate the fragmented industry.

According to a recent Bain & Co report, the Italian luxury goods market is worth an estimated €80bn and is growing at 5% a year, thanks to the increasing affluence of consumers in emerging markets such as China, India and the Middle East, as well as the rising popularity of online shopping, which is climbing at a rate of 20% annually in the luxury goods segment.

By far the largest consumer deal in H1 was UK PE firm Permira’s €1bn buyout of Gruppo Florence, a clothing manufacturing hub.

# Are Italian take privates on the horizon?

Last year's take private of Atlantia by Blackstone and the Benetton family's investment vehicle Edizione was the largest in Italy's history and brought the total value of public-to-private (P2P) deals to €42.8bn in 2022. Atlantia was responsible for almost all this value, the next largest of last year's P2Ps being worth €345m – laser systems producer Prima Industrie delisting from the Borsa Italia in a deal with Femto Technologies, a portfolio company of Alpha Private Equity and Peninsula funds.

This year has proven to be relatively active for take privates in Italy, with four deals already announced in H1 2023, versus three P2Ps in all of 2022. The TMT sector takes the top spot this year, with the buyout of digital marketing and advisory services provider Digital360 by existing management and Three Hills Capital Partners, in a deal valued at €124.7m. Three Hills Capital Partners is set to invest up to €64m in the transaction through its Capital Solutions IV fund, using a mix of preferred capital, loan and equity instruments. Digital360 originally listed on the Euronext Growth segment of Borsa Italiana in 2017.

The fourth deal on the P2P list for 2023 saw Quadrivio & Pambianco acquire apparel company COVER50, which trades under the jeans brand PT Torino, for €59m via its €300m Made in Italy Fund, a vehicle that specialised in targeting Italian companies in the affordable luxury market in sectors



such as fashion, accessories and lifestyle products. The fund has now been fully drawn down.

The acquisition aims to leverage synergies with Quadrivio & Pambianco's existing portfolio company Dondup, acquired in 2021 from L Catterton, a buyout firm founded by LVMH owner and French billionaire Bernard Arnault. Quadrivio & Pambianco has launched its Lifestyle Fund 2 with a €500m target and will add new geographies to its strategy alongside Italy. In addition to the country's swathe of industrial companies, the luxury industry and Italy's reputation for prestigious design and craftsmanship continues to provide ample deal flow for PE – and the stock market could carry on contributing to this pipeline in the coming months.

These family-run businesses are characterised by their niche products and refined production techniques honed over generations. The expertise and specialisation of Italian companies give them a

competitive edge, enabling them to deliver high-quality products at premium prices, resulting in strong market positions and attractive profit margins. However, they often require ongoing investment to remain competitive, creating an opening for PE firms to scale them up with capital and strategic support.

Forthcoming P2P activity could also be supported by the fact that Italian companies trading on the public market look comparatively undervalued. The FTSE Italia All Share Index recorded a monthly price-to-earnings ratio of 9.8 in May 2023 compared with a FTSE All-World Index P/E ratio of 16.8 as at 30 April. The Euronext Growth Milan, the segment of the Borsa Italiana on which COVER50 was listed before its recent take private, had 196 constituent companies as of March 2023 with a total market cap of approximately €2.5bn. Mid-market and lower mid-market PE funds will be eyeing the exchange for further potential opportunities, even if a deal on the scale of Atlantia does not happen any time soon.

# Private equity activity in focus

PE deal value is down in H1 2023 – there was €6.9bn in PE deals versus €59.8bn in H1 2022, a fall of 88% – but year-on-year comparisons are severely skewed by last year’s outlier acquisition of Atlantia. It’s important to take this into account for a true picture of year-to-date activity.

Volume has in fact been relatively robust this year, with 80 deals. This is in line with pre-pandemic figures, suggesting that activity has returned to baseline. In Western Europe, PE deal volume lost momentum as early as Q3 last year. Italy was still going strong at this time, with volume activity reaching its highest level on record in Q4 2022 before dropping back down at the start of the year.

## TOP PRIVATE EQUITY DEALS IN 2023

The bifurcation between value and volume in recent months is a function of the megadeal market slowing as debt capital markets work through a challenging, risk-off period that has made large-cap sponsored deals tough to finance. This is true of most PE markets and Italy is no exception.

The largest PE deal of the year thus far was also the biggest M&A deal in Italy to date. Sweden’s EQT bought a 60% stake in telco Wind Tre’s network infrastructure assets for just over €2bn, with its parent CK Hutchison, a Hong Kong conglomerate, staying on as a 40% minority shareholder. Permira’s aforementioned €1.3bn buyout of Gruppo Florence was another major sponsor-led deal.

**€6.9**  
BILLION

The total value of Italian PE deals in H1 2023 – down 88% compared with the same period in 2022

Sustainability has been a recurring theme of some of the biggest PE transactions in H1 2023, including the acquisition of solar project Igefi by EOS Investment Management for €400m. A diverse consortium also acquired a 12% stake in electric vehicle (EV) charging infrastructure developer ABB E-mobility for €326m. Investors included US growth capital firm General Atlantic’s BeyondNetZero fund, Singapore’s sovereign wealth fund GIC, Generation Investment Management’s climate fund, and Porsche Automobil Holding, the core shareholder of Volkswagen and Porsche. This was the second and final pre-IPO private share placement in ABB, as it gears up for a flotation after pulling those plans last year amid heightened stock market volatility.

## ITALIAN PRIVATE EQUITY DEAL ACTIVITY BY YEAR, 2019–2023 YTD





## TOP 10 PRIVATE EQUITY BUYOUTS IN 2023 YTD

| Announced date | Target company   | Sector                     | Bidder company  | Bidder dominant country | Deal value €(m) |
|----------------|--|----------------------------|---|-------------------------|-----------------|
| 12/05/23       | Wind Tre S.p.A. (Network Infrastructure Assets) (60% Stake)              | TMT                        | EQT AB  | Sweden                  | 2,040           |
| 25/05/23       | Gruppo Florence S.p.A.   | Consumer                   | Permira Ltd; VAM Investments Group S.p.A.   | United Kingdom          | 1,300           |
| 05/05/23       | U-Power Group S.p.A. (100% Stake)  | Consumer                   | NB Private Equity Partners Ltd; Style Capital SGR S.p.A.; NB Renaissance Partners; Franco Uzzeni (Private Individual) | Italy                   | 800             |
| 19/05/23       | TeamSystem S.p.A.  | TMT                        | Silver Lake Group LLC   | USA                     | 600             |
| 06/03/23       | Igefi Srl (380MWp solar renewable energy projects in Italy) (100% Stake) | Energy, mining & utilities | EOS Investment Management Limited   | United Kingdom          | 400             |
| 05/04/23       | MinervaHub S.p.A. (75% Stake)  | Business services          | San Quirico S.r.l.  | Italy                   | 375             |
| 01/02/23       | ABB E-mobility S.p.A. (12% Stake)  | Energy, mining & utilities | General Atlantic LLC; Porsche Automobil Holding SE; GIC Pte Ltd; Just Climate LLP                                     | Germany                 | 326             |
| 31/03/23       | Granarolo S.p.A. (24% Stake)   | Consumer                   | Granlatte Societa Cooperativa Agricola a.r.l.; Fondazione Enpaia; Patrimonio Rilancio - National Strategic Fund       | Italy                   | 160             |
| 19/05/23       | Digital360 S.p.A. (100% Stake)   | TMT                        | Existing Management; Three Hills Capital Partners LLP   | Italy                   | 125             |
| 26/04/23       | Bancomat S.p.A.  | TMT                        | FSI SGR S.p.A.  | Italy                   | 100             |

Although first announced in Q4 last year, the reinvestment by Ardian alongside incoming investor NB Renaissance, an Italian PE fund manager, into Neopharmed closed in March and the deal is highly characteristic of the local market. The transaction valued the cardiovascular and neurological therapies specialist at €1.1bn, making it the biggest play of H2 2022. The deal is definitively Italian, the company having been founded in 1972 by the Del Bono family, who remain as shareholders alongside their sponsors. Italy's rich ecosystem of family-owned, highly competitive businesses continues to offer a deep pool of deal flow for PE funds. Studio Legale Gatti Pavesi Bianchi Ludovici represented NB Renaissance on this investment.

### SECTOR BY SECTOR

I&C has generated more deal volume over 2022-2023 than any other sector, accounting for 27% of all PE deals. This performance has held consistently over the past three years, reflecting Italy's large and well-developed industrial base, the country being the second biggest manufacturing country in Europe.

Second to I&C is the consumer sector, which accounts for 17% of overall PE deal volume in the most recent period, a steep fall on its 25% share in 2020-2021. The inflationary conditions that have defined the past two years have made investors selective in the consumer bets they are making, with a preference for non-discretionary products or

companies whose discretionary products and services have strong defensive moats that continue to draw customers despite the cost-of-living crisis.

Thanks to last year's landmark Atlantia deal, transportation was far and away the largest sector for deal value in 2022-2023. The sector claimed 56% of transacted value during the period, up from 0% in the previous period. Given the profile of Italy's manufacturing-led economy, I&C unsurprisingly continues to be a stalwart contributor to total PE value, responsible for 10% of the market in 2022-2023, matching 2020-2021.

# Outlook

There is no getting away from the fact that last year was a challenge for dealmakers. Inflation, rising interest rates and geopolitical tensions gave investors cause to be increasingly cautious as the year progressed. That continues to be the state of play in the first half of 2023. There is no end in sight to the war in Ukraine and rates continue to rise – and yet the M&A market in Italy is persevering despite these less than accommodating conditions.

There may be some light at the end of the tunnel on interest rates. In its most recent monetary policy decision, the ECB said it expects to continue raising rates “gradually” in the coming months as it closely monitors economic indicators and inflation. In May, the central bank slowed the pace at which it increased its main deposit rate, by 25bps to 3.25%. A final hike could come as soon as July. Recent inflation data in Italy is a concern, but the EU has said it expects this to moderate to 6.1% this year on the back of falling energy prices, with a further decline to 2.9% anticipated in 2024.

Dealmakers have demonstrated remarkable resilience considering the context in which they are operating. The quality of companies available to acquirers in Italy should mean that deal volume remains stable and consistent with pre-pandemic levels. Deal value is likely to remain under

pressure, though, as debt financing for large cap leveraged buyouts is scarce.

Italy’s pedigree in all things luxury continues to produce deal flow and stories published by Mergermarket in the past six months regarding companies coming to market show 76 reports involving consumer targets, demonstrating the staying power of the sector. The stalwart I&C sector is also lining up to be active, with 54 “company for sale” stories to its name.

Following these two mainstay industries is TMT with 25 forthcoming deal reports, financial services (21), and EMU and business services (17 each). The energy sector has recently produced several sizeable transactions and Italy’s position as one of Western Europe’s foremost renewables markets means it is opportunistically aligned to benefit from arguably the predominant investment theme of the decade.

No doubt the composition of deals parties will look very different in the months ahead than they once did. In March, the government exercised its recently amended Golden Power law to block Dutch cloud services provider company Nebius from investing in local competitor Tecnologia Intelligente, over concerns relating to the buyer’s funding ties to Russian search engine business Yandex.

## 76

The number of consumer sector ‘company for sale’ stories published so far in 2023

This is the first time the administration of prime minister Giorgia Meloni has used the regulation to veto a deal in an industry deemed to be of strategic importance, which covers TMT, energy, banking and healthcare.

Geopolitics have become more than just background noise, they are actively influencing M&A markets, bringing cross-border activity under closer scrutiny than ever before.

|                            |    |
|----------------------------|----|
| Consumer                   | 76 |
| Industrials & chemicals    | 54 |
| TMT                        | 25 |
| Financial services         | 21 |
| Business services          | 17 |
| Energy, mining & utilities | 17 |
| Leisure                    | 12 |
| Pharma, medical & biotech  | 10 |
| Construction               | 8  |
| Transportation             | 6  |

NB: Data above is based on Mergermarket data for “company for sale” stories published between 1/12/2022 and 7/6/2023

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