



# ***Retail & Consumer Italy M&A Trends | 2017***

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## Methodology

Reported deals have been sourced from Mergermarket website based on the date of announcement. Revenues and EBITDA have been sourced from the latest financial statements available on public databases (AIDA, Orbis, Cerved) and are referred to the individual accounts (unconsolidated) of the target entity, except where otherwise stated. Revenues and EBITDA are available respectively for 81% and 69% of deals. Deal value is not indicated since in most cases not publicly available.



## Glossary

**Domestic deals** are those with both Italian acquirer and target. Add-ons of Private Equity Italian portfolio companies are always considered domestic deals. **Inbound deals** involve a foreign acquirer and an Italian target. **Outbound deals** involve an Italian acquirer and a foreign target.

Deals announced by **financial investors** include Private Equity, SPAC (listed Special Purpose Acquisition Company), family offices, financial holdings and acquisitions made by Private Equity portfolio companies. Deals announced by **strategic investors** include corporates and individuals.

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# Executive Summary

## 178 deals announced in Retail & Consumer in 2017, with appetite still growing in 2018

2017 M&A activity was booming in the Retail & Consumer sector, with both investments of international Private Equity firms in Italian targets and significant strategic moves by a number of large Italian corporates.

The most relevant **corporate** transactions include the merger of **Luxottica** with the French player **Essilor**, the US acquisitions of Fannie May Confections Brands and Ferrara Candy by **Ferrero**, various foreign acquisitions from **Lavazza**, **Campari** and **Zanetti**.

Both domestic and international **Private Equity** houses continued to show strong interest in Retail & Consumer Italian targets, with Carlyle investing in **Golden Goose** (luxury sneakers) and **Irca** (producer of bakery/ice-cream ingredients); CVC acquiring **Leading Luxury Group**, holding of perfumery chains, through Douglas and **Concerie Pasubio**, premium leather producer; Permira investing in **La Piadineria** (casual dining chains); Italmobiliare acquiring a minority stake in **Tecnica** (technical footwear).

Overall, the deals announced by strategic investors represented 70% of the total in terms of number, but only 53% in terms of target revenues, excluding the Luxottica/Essilor merger.

Generally speaking, while strategic investors were more active in **Food & Beverages** (with 62 deals announced out of 124 by strategic investors), financial sponsors were more focused on **Fashion & Luxury**, **Specialty Retail & Leisure** (26 deals announced out of 54 by financial investors).

**Inbound deals** doubled the number of outbound ones (58 vs 29), confirming the strong appeal of Italian targets for foreign investors. Among the other EU countries, China was the most active followed by US. **Chinese** investors appeared to be more interested in brands belonging both to the Fashion & Luxury and to the Entertainment segments, rather than other sectors. **Buccellati**, **Caruso**, **Mr. and Mrs. Italy**, **AC Milan** are the most relevant deals involving the Chinese buyers.

Appetite for Retail & Consumer continued to be strong also in January 2018, with another major deal being announced by **Ferrero** (the \$2.8bn acquisition of Nestlé US confectionary business), the minority investment of Idea Taste of Italy in Casa Vinicola **Botter** (wine), the acquisition of **Cellular Line** (accessories for smartphones) by the SPAC Crescita Holding.

Additional fuel in the sector is expected from:

- the **12 SPAC** that have stopped funding and have a two-year time since the listing date to complete an acquisition (3 SPAC deals on Retail & Consumer targets completed in 2017 on 5 SPAC deals announced); and
- **tax incentives** on IPOs of small and medium-sized companies.

This report seeks to draw the trends emanating from the transactions announced in the Retail & Consumer sector in 2017, by segment, and involving one or more Italian party (as target and/or acquirer). We aim to give more details on 2018 transactions and trends in the next issue.

Enjoy your reading,



**Emanuela Pettenò**  
*PwC Deals – Transaction Services Partner*  
*Italy Retail & Consumer Deals Leader*

# At a glance – Number of deals

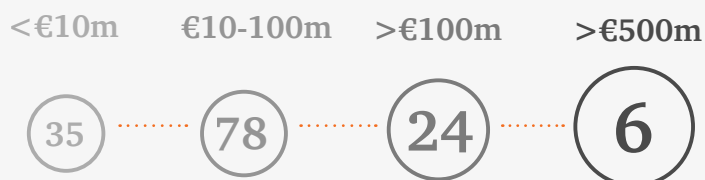
## Number of deals by segment



## International features



## Number of deals where target revenue is...



## Of which advised by PwC

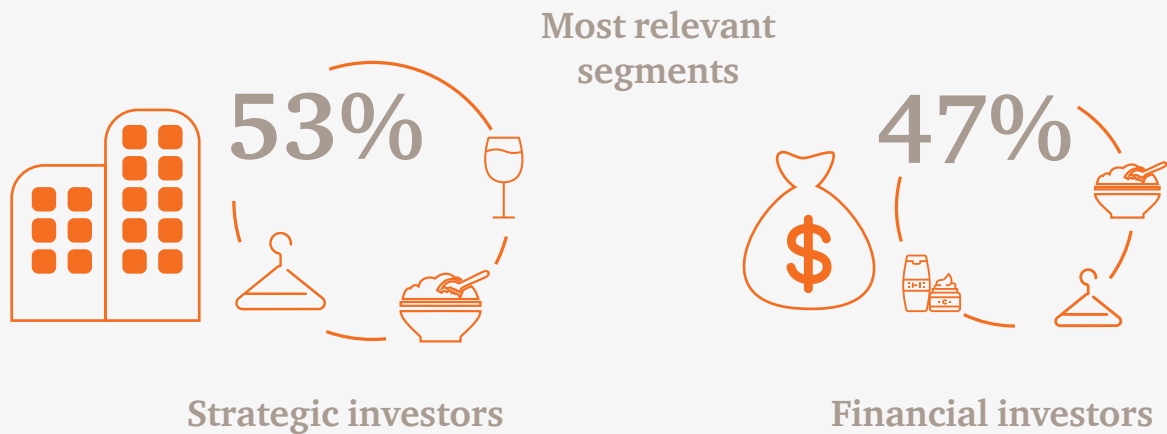


# At a glance – Target and Bidder

## Number of deals by investor type



## Deals by target revenues\* and investor type

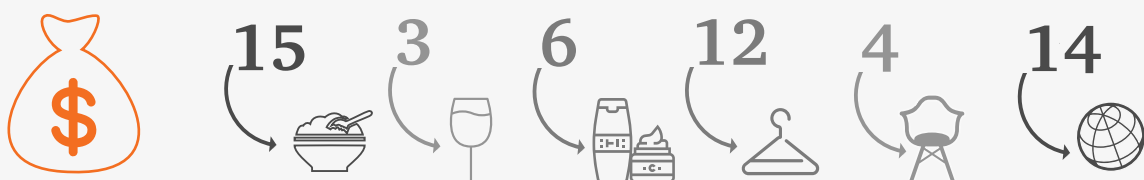


\* Not considering Luxottica/Essilor merger

## Deals by segment for strategic investors



## Deals by segment for financial investors





***“Italian food tastes better  
and investors are hungry”***



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# Food

by Elena Borghi, Alberto Zanatta and Matteo Gubitta

**Food was a very attractive segment for M&A, with 57 deals announced in 2017. This year was marked by 32 domestic deals, 17 inbound deals involving international Private Equity firms and corporates, and 8 outbound deals, with domestic corporates expanding in Europe and the Americas.**

## **'Made in Italy' attracts foreign investors**

The significant number of inbound transactions (17) reflects the interest in the quality of 'Made in Italy' products. Indeed the two most relevant deals of the Food segment were closed by international players: the acquisition of **Irca**, a provider of ingredients and base food products for pastry making, baking and ice-cream retailing (€520m deal value) by the US-based Private Equity firm Carlyle, and the acquisition of **Acetum**, an Italian company producing balsamic vinegar by the listed UK-based Group Associated British Foods (€350m deal value). While Irca is still predominantly an Italian business with strong potential for international expansion, Acetum operates in a niche of excellence with a worldwide customer base.

## **Large players strengthen their global presence**

**Parmalat** (Lactalis Group) pursued its international expansion, strengthening its position in the Central-South American markets, with the acquisitions of the US-based company Karoun Dairies and other Chile-based companies. **Granarolo** continued to be very acquisitive widening its portfolio with the Greek company Quality Brands International and the Brazilian Allfood, along with the investment in the Italian company Venchiaredo. These deals will allow to strengthen the position of the Italian Groups in international markets, to generate synergies in the dairy food market and an increasing products portfolio. **Ferrero** announced the acquisitions of **Fannie May Confections Brands**, a US-based manufacturer and retailer of gourmet chocolates, fudges and candies, and **Ferrara Candy**, US third-largest candy producer, with the aim of exploiting the growth opportunities in the American market, enlarging its brand portfolio.

## **M&A activity mirrors ongoing trends**

There were 5 deals in the growing Organic and Health segment, including the acquisition of Diète-tic by **Valsoia** to meet the growing demand for reducing sugar in diets, and of **Nutrilinea** by White Bridge Investments. Pet Food sector has seen strong growth with Agrifarma, **Arcaplanet** chain belonging to the Private Equity firm Permira, further expanding its network with the add-ons of Mondial Pet Distribution and Country Shop, and **Agras Delic** (producer of premium pet food) attracting foreign investor (the Belgian Private Equity NXMH BVBA, wholly owned by the South Korean corporation NXM). **Nestlé** has been focusing on core strategic activities by divesting certain assets (e.g. sale of its Italian frozen brands La Valle degli Orti, Mare fresco, Surgela to the listed Germany-based Frosta and sale of the Italian Buitoni fresh pasta and sauces plant to Pastificio Rana).

## **Food retailers**

Apart from the transactions on pet food chains, the most relevant retail deals were the buy-back of the minority stake in Supermercati **Il Gigante** by Panizza family and the acquisition of the retail chain **DI.MAR.** (Sapore di Mare brand), specialised in frozen fish, by the Private Equity firm Edmond de Rothschild.

## **'And appetite comes with eating': our expected trends**

- Strong interest for **premium food brands**, with potential for growth from both Private Equity and foreign corporates.
- Further **consolidation** from Italian corporates, backed by Private Equity, in profitable niches, such as ingredients.
- **Frozen food/Filled pasta/Ready condiments** might attract interest due to the trend of progressive replacement of fresh-/home-made food, with ready meals in both Horeca and private consumption.
- **Organic/Bio/Dietetic products** are expected to attract a growing interest due to the emerging dietary requirements (gluten-free, lactose free) and a healthy and environment-friendly style of eating.
- Strong interest from large foreign corporates in entering the Italian **modern trade segment**, with acquisitions of medium/large distribution chains.

## Main deals in Food – 2017

Period	Target	Country	Activity	Acquiror	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
<b>Agri-business</b>								
Feb-17	Societa Bonifiche Sarde S.p.A.	IT	Agriculture, Crop cultivation	Bonifiche Ferraresi S.p.A.	IT	Corporate	6	5
Nov-17	S.I.S. Societa Italiana Sementi S.p.A.	IT	Agriculture, Crop cultivation	Bonifiche Ferraresi S.p.A.	IT	Corporate (41%)	41	n.a.
<b>Food processing</b>								
Jan-17	Molino Oleificio Manzoni S.r.l.	IT	Oil producer	The Organic Factory S.r.l.	ITA	Corporate	n.a.	n.a.
Jan-17	Dok Dall'Ava S.r.l.	IT	Ham producer	Loste Tradi-France	FR	Corporate	9	n.a.
Jan-17	Italian Fresh Foods S.p.A.	IT	Baked goods	Emmi AG	CH	Corporate	20	n.a.
Jan-17	Taste Italy S.r.l.	IT	Gluten-free and diet food	Fond. Cassa di Risp. di Carpi S.p.A and Others	IT	Financial Investor	0.2	(0.5)
Feb-17	Caplac Societa Cooperativa Agricola	IT	Dairy products	3A Assegnatari Associati Arborea S.Coop.Agr. P.A.	IT	Corporate	13	n.a.
Feb-17	Generale Conserve S.p.A.	IT	Canned fish products	Adolfo Valsecchi	IT	Private Investor (26%)	155	10
Mar-17	Gastronomia Somasca S.r.l.	IT	Ready-to-eat meals	Multicatering S.p.A. (Fera Srl; Bootes Srl)	IT	Corporate	4	1
Mar-17	Diete-tic	IT	Food additives/ ingredients	Valsoia S.p.A.	IT	Corporate	5	n.a.
Mar-17	La Vaquita, Kumey operations and others	RCH	Dairy products	Parmalat S.p.A.	IT	Corporate	95	n.a.
Apr-17	Quality Brands International S.A.	GR	Dairy products	Granarolo S.p.A.	IT	Corporate	20	n.a.
Apr-17	Sfoggia Torino S.r.l.	IT	Baked goods	Unigrains SA	FR	Private Equity (30%)	11	2
Apr-17	Idea Quick S.r.l.	IT	Baked goods	Sfoggia Torino S.r.l.	IT	Private Equity add on	11	1
Apr-17	Righi S.r.l.	IT	Frozen and chilled foods	Sfoggia Torino S.r.l.	IT	Private Equity add on	7	1
Apr-17	Dolciaria Val d' Enza S.p.A.	IT	Baked goods	Valeo Foods Group Limited	IRL	Private Equity add on	18	4
May-17	Industria Alimentare Ferraro S.r.l.	IT	Pasta and ready-meals	Europe Capital Partners VI	LU	Private Equity (80%)	30	4
May-17	Ro.Mar. S.r.l. (Semenzato)	IT	Baked goods	Alto Partners SGR S.p.A.	IT	Private Equity (70%)	18	4
May-17	Grandi Pastai Italiani S.p.A.	IT	Fresh filled pasta	Pastificio Di Martino Gaetano & F. Lli SpA	IT	Corporate (67%)	52	2
May-17	ECB S.r.l.	IT	Pet food	SARIA SE & Co. KG	DE	Corporate	55	6
May-17	Karoun Dairies, Inc.	US	Dairy products	Parmalat S.p.A.	IT	Corporate	52	n.a.
May-17	Fannie May Confections Brands, Inc.	US	Gourmet chocolate, fudges and candies	Ferrero S.p.A.	IT	Corporate	n.a.	n.a.
May-17	Gianni Pan S.p.A.	IT	Baked goods	Caterline S.p.A.	IT	Corporate	n.a.	n.a.
May-17	Herbarium ZAGR	HR	Food ingredients	Everton S.p.A.	IT	Corporate (51%)	n.a.	n.a.
Jun-17	Agras Delic S.p.A.	IT	Pet food	NXMH BVBA	BE	Private Equity	86	7
Jun-17	Irca S.p.A. *	IT	Pastry-making, baking and ice-cream retailing	The Carlyle Group	US	Private Equity (80%)	251	40
Jun-17	Nestle Italiana S.p.A. (Frozen brands)	IT	Frozen and chilled foods	Frosta AG	DE	Corporate	n.a.	n.a.
Jun-17	Montalbano Industria Agroalimentare S.p.A.	IT	Seasonal food in jar	Oxy Capital; Attestor Capital LLP and Others	PTR	Private Equity (51%)	16	1
Jun-17	Sapori e Gusto Italiani S.r.l.	IT	Ready-made meals	Piatti Freschi Italia S.p.A.	IT	Corporate	22	(1)

Period	Target	Country	Activity	Acquiror	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
Jun-17	D'Orsogna Dolciaria S.r.l.	IT	Baked goods	Barry Callebaut AG	CH	Corporate (60%)	52	5
Jun-17	Nutrilinea S.r.l.	IT	Health supplement	White Bridge Investments S.p.A.	IT	Private Equity	33	5
Jun-17	Apicoltura Piana SPA	IT	Honey producer	Naturalia Ingredients S.r.l.	IT	Investment Holding Company (30%)	20	2
Jul-17	Pharmanutra	IT	Health supplement	Listing	IT	SPAC	33	n.a.
Aug-17	Amedei S.r.l.	IT	Sugar and confectionery	Ferrarelle S.p.A.	IT	Corporate	3	(1)
Aug-17	Dali S.p.A.	IT	Baked goods	LGT European Capital Ltd	UK	Private Equity	10	0.2
Sep-17	Acetum S.r.l. *	IT	Condiments	Associated British Foods Plc	UK	Corporate	103	31
Sep-17	Geovita Functional Ingredients, S.r.l.	IT	Agriculture	Ebro Foods SA	ES	Corporate (52%)	15	2
Sep-17	Cirio De Rica S.p.A.	IT	Fresh products	Cons. Casalasco Del Pomodoro Soc. Agr. Coop.	IT	Corporate	n.a.	n.a.
Sep-17	Cloetta Italy S.r.l. (Sperlari, Salla, Dietorelle, Galatine)	IT	Sugar and confectionery	Katjes International GmbH & Co. KG	DE	Corporate	158	10
Sep-17	Venchiaredo S.p.A.	IT	Dairy products	Granarolo S.p.A.	IT	Corporate (24%)	20	2
Oct-17	Fjord SpA	IT	Smoked salmon	Agroittica Lombarda	IT	Corporate	13	(3)
Oct-17	Ferrara Candy Company	US	Candy manufacturer	Ferrero S.p.A.	IT	Corporate	815	n.a.
Nov-17	Modacor Italiana S.r.l.	IT	Food additives/ ingredients	Optima S.r.l.	IT	Corporate	50	3
Nov-17	Consorzio Padano Ortofrutticolo Soc. Agr. Coop	IT	Fresh products (tomatoes)	Mutti S.p.A.	IT	Corporate	70	(25)
Dec-17	Cascine Emiliane S.p.A.	IT	Dairy products	Gennario Auricchio S.p.A.	IT	Corporate (90%)	45	1
Dec-17	Nestle Italiana S.p.A. (Buitoni plant)	IT	Fresh pasta and sauces	Pastificio Rana S.p.A.	IT	Corporate	n.a.	n.a.
<b>Food retail</b>								
Feb-17	Orsero S.p.A.	IT	Food distributor	Listing on AIM	IT	SPAC	338	26
Mar-17	Allfood Importacao E Exportacao Ltda.	BR	Distributors (gastronomic foods)	Granarolo S.p.A.	IT	Corporate (60%)	4	n.a.
Jul-17	Galandi & C. S.p.A.	IT	Food distributor	Orsero S.p.A.	IT	Corporate (50%)	n.a.	n.a.
Aug-17	D.I.MAR. S.r.l. (Sapore di Mare)	IT	Retail chain of frozen fish	Edmond de Rothschild Investment Partners, S.A.S.	FR	Private Equity	80	7
Sept-17	Gruppo Argenta S.p.A.*	IT	Distributors (beverage vending machines)	Selecta Management AG	CH	Corporate	208	47
Sept-17	Supermercati Il Gigante SpA	IT	Food supermarket chain	Giancarlo Panizza	IT	Private Investor (25%)	1,105	45
Sept-17	Itaus Pty Ltd; Fresco Gourmet Pty Ltd	AUS	Distributors (fresh food)	Inalca Food & Beverage S.r.l.	IT	Corporate (40%)	n.a.	n.a.
Sept-17	IL Fior Di Loto S.r.l.	IT	Distributors (organic foods)	Baule Volante S.p.A.	IT	Corporate	28	1
Oct-17	Country Shop SaS	IT	Pet food stores	Agrifarma SpA (Arcaplanet)	IT	Corporate	n.a.	n.a.
Nov-17	Alvigel S.r.l.	IT	Frozen and chilled foods	Ch&F Bertolini S.r.l.	IT	Corporate	n.a.	n.a.
Nov-17	Mondial Pet Distribution SpA	IT	Pet food stores	Agrifarma SpA (Arcaplanet)	IT	Corporate	50	4

\* Consolidated financial report

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# Beverages

by Domenico Creanza

**The Beverages segment faced considerable M&A activity in 2017, with 23 deals over the year. Most deals involved the Wine & Spirits segment (12), although the most relevant transactions were in coffee (2 deals totaling c. €300m deal value).**

**Domestic deals** represent the majority of transactions (10), however there are 7 **cross-border deals** completed by Italian corporates (**Lavazza, Campari, Zanetti, Antinori**) and 6 by foreign corporates and Private Equity. The most relevant Private Equity transactions include the minority investment in **Caffitaly** by the financial holding of the Belgian family pertaining to Albert Frère and the acquisition of the 33% of **Lurisia** by Idea – Taste of Italy.

## **‘Another very good year’: our expected trends**

- **International expansion** will drive Italian corporates’ acquisitions for: (i) premium products and (ii) new markets. This is to reinforce their positioning among the global sector leaders.
- **(Ultra)-premium Wine & Spirits** brands will attract interest from both Private Equity funds and luxury players aiming at portfolio diversification.
- **Coffee sector** will encompass a consolidation across Italy and Europe, to create profitable players with larger scale.
- **Organic/Bio** drinks will grow rapidly in both domestic and foreign markets.



## Main deals in Beverages – 2017

Period	Target	Country	Activity	Acquiror	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
<b>Coffee</b>								
May-17	Kicking Horse Coffee Co. Ltd.	CDN	Brewing and roasting organic coffee	Luigi Lavazza SpA	IT	Corporate (80%)	n.a.	n.a.
Sep-17	Espresso Service Proximate	FR	Coffee vending machines and associated	Luigi Lavazza SpA	IT	Corporate (74%)	37	2
Sep-17	Caffitaly System SpA *	IT	Production and sale of coffee capsules/ machines	CNP Albert Frere - Compagnie Nationale A Portefeuille	BE	Private Equity (49%)	134	42
Sep-17	PT Caswells Indonesia	RI	Coffee products	Massimo Zanetti	IT	Corporate	n.a.	n.a.
Oct-17	Nims SpA	IT	Distribution and sale of coffee pods/ machines	Luigi Lavazza SpA	IT	Corporate (80%)	105	14
Dec-17	Seattle Espresso Machine Co.	US	Manufacturer of hand-crafted coffee machines	Gruppo Cimbali SpA	IT	Corporate (80%)	11	n.a.
<b>Soft Drinks &amp; Beers</b>								
Jan-17	Acque Minerali Srl - Lurisia	IT	Production of mineral water and soft drinks	Idea Capital Funds S.G.R. SpA	IT	Private Equity (33%)	20	5
Jul-17	Birradamare Sarl	IT	Italy-based brewery	Molson Coors Brewing Company	US	Corporate	1	0.1
Oct-17	Holy Industries Srl	IT	Wellness drinks	Marzotto Family	IT	Corporate (50%)	0.01	(0.2)
Oct-17	Campari-Milano SpA/ Terme Di Crodo	IT	Lemonsoda business	Royal Unibrew	DK	Corporate	33	n.a.
Oct-17	HIBU	IT	Production of craft beers	Heineken	IT	Corporate	1	0.01
<b>Wine &amp; Spirits</b>								
Feb-17	Ruggeri & C. SpA	IT	Prosecco	Rotkaeppchen-Mumm Sektkellereien Gmbh	DE	Corporate	13	2
Feb-17	Bulldog London Dry Gin	UK	Premium gin	Davide Campari-Milano SpA	IT	Corporate	11	n.a.
Feb-17	La Versa Viticoltori dal 1905 SpA	IT	Wine	Cavit s.c.; Terre d'Oltrepò	IT	Corporate	n.a.	n.a.
Jul-17	Distilleria D.E.T.A. Srl	IT	Spirits and liqueurs	Distillerie Mazzari SpA	IT	Corporate	5	n.a.
Jul-17	Poggio Antico Srl	IT	Wine	Atlasinvest	BE	Private Equity	3	2
Jul-17	Azienda Agricola Ca Maiol	IT	Wine	Santa Margherita SpA	IT	Corporate	n.a.	n.a.
Jul-17	Tenuta Garetto	IT	Wine	Poderi Gianni Gagliardo	IT	Corporate	n.a.	n.a.
Jul-17	Haras de Pirque	RCH	Vineyards and produces wine	Marchesi Antinori SpA	IT	Corporate	n.a.	n.a.
Aug-17	Mesa s.a.s. di Enrica Luigia Fontana	IT	Vineyards and produces wine	Santa Margherita SpA	IT	Corporate	n.a.	n.a.
Sep-17	Castello Di San Donato In Perano	IT	Wine and olive oil	Marchesi De' Frescobaldi SpA	IT	Corporate	n.a.	n.a.
Nov-17	Villa Massa Srl	IT	Lemon-based spirit	Diego Zamora SA	ES	Corporate (49%)	7	0,5
Dec-17	Bisquit Dubouche Et Cie	FR	Cognac	Davide Campari-Milano SpA	IT	Corporate	19	(0.9)

\* Consolidated financial report

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# Personal Care & Cosmetics

by Elena Borghi

**The Personal Care & Cosmetic segment is an attractive sector with 11 deals closed in 2017. This year was marked by 7 domestic and 4 inbound deals.**

**Midsized companies are encouraged to internalisation and consolidation through M&A**

The Italian cosmetics segment is highly fragmented, with midsized enterprises of excellence reinvigorated by international acquisitions to attack the global markets and gain synergies or turning to Private Equity, with the aim of recovering resources to support its expansion plans.

**Douglas** expanded in Italy with the acquisition of Leading Luxury Group (managing the perfumery chains Limoni and La Gardenia). The combined group is the largest leading player in the Italian beauty sector.

Through Bionike and Lycia acquisitions **Sodalis** gained market shares and entered into the pharmacy channel.

Alto Partners minority stake acquisition of **Tricobiotos** is aimed to support the company's international expansion.

**Intercos** (a leading player in the make up and skin care scene) and **Cosmint** (a major manufacturer of skin, haircare and body care) have built a synergic partnership.

**Contract manufacturers sub-sector is very attractive for financial investors**

Italy is a leader in this segment. Contract manufacturers registered a strong track record of organic growth and constant investment in research and development projects to increase their potential for formulation development and thereby gaining an edge over their competitors. White Bridge Investments acquired a minority stake in **Ancorotti Cosmetics** to further promote innovation.

**Demand for natural/bio and niche products is increasing**

This trend is driven by increased consumer preference for products with a known and 'bio' origin. **Maeco Group** took control of Rougj brand, a high-performing and high-quality naturally derived dermo-cosmetic products for pharmacies.

**Mirato** acquired 100% of an Italian leading company in the natural and bio personal care segment with the brand 'I Provenzali'. **BlueGem** acquired a 70% stake in Dr Vranjes Firenze for its unique quality and range of in-house developed scents.

**A 'good-looking' future: our expected trends**

- Consolidation, diversification and expansion: The Personal Care & Cosmetics sector and more specifically, the **natural products** channel will continue to be dynamic in 2018.
- **Specialty cosmetics retailers** will progressively replace individual stores.
- **Pharmacies** will change their business model due to the partial liberalisation of the segment.

## Main deals in Personal Care & Cosmetics – 2017

Period	Target	Country	Activity	Acquiror	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
<b>Retailers</b>								
Nov-17	Leading Luxury Group S.r.l.*	IT	Cosmetics and perfumes retailer	Douglas Holding AG (CVC)	DE	Private Equity add on	370	1
Nov-17	Unix*	IT	Cosmetics and perfumes retailer	Vallesi	DE	Corporate	24	2
<b>Contract manufacturers</b>								
Jan-17	Ancorotti Cosmetics S.p.A.	IT	Makeup manufacturer	White Bridge Investments S.p.A.	IT	Private Equity (30%)	72	10
Jun-17	Cosmint S.p.A.	IT	Perfumes and skincare manufacturer	Intercos S.p.A.	IT	Private Equity add-on	140	14
Oct-17	Intercos S.p.A.	IT	Makeup manufacturer	Ontario Teachers' Pension Plan	CDN	Private Equity (21%)	449	62
<b>Brands manufacturers</b>								
Jan-17	Artsana S.p.A. (Lycia operations)	IT	Hygiene and beauty products	Sodalco S.r.l.	IT	Corporate	30	n.a.
Apr-17	Icim International S.p.A. (Bionike)	IT	Dermocosmetic products	Gruppo Sodalis Srl	IT	Corporate	72	19
Jun-17	Tricobiotos S.p.A.	IT	Hair care products	Alto Partners SGR S.p.A.; Daniele Selleri (Private investor)	IT	Private Equity (72%)	21	4
Jul-17	Dr. Vranjes S.r.l.	IT	Perfumed furnishing accessories	BlueGem Capital Partners LLP	UK	Private Equity (70%)	11	4
Sep-17	Gianasso Group	IT	Natural cosmetics	Mirato S.p.A.	IT	Corporate	19	1
Nov-17	Laboratorio alla Borsa S.r.l. (Rougj)	IT	Dermocosmetic natural products	Maeco Group Srl	IT	Corporate	13	1

\* Consolidated financial report





***“Fashion is still in vogue with Private Equity and foreign large corporates”***



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# Fashion & Luxury

by Aida Di Spiezio Sardo and Alessandro Vitali

## Italy is still a thriving market for M&A in the Fashion & Luxury space, with 34 deals in 2017.

A significant amount of deals involved **Private Equity houses** (12 transactions). This trend confirms the historical strong appeal of Italian mid-sized fashion brands for financial investors.

Overall, 76% of all finalised transactions resulted in the acquisition of a stake higher than 50%. Following the international trend, the M&A activity in Italy involved companies operating mainly in the **Athleisure, sportswear and technical apparel** sectors (i.e. Golden Goose, Mr. & Mrs. Italy, Tecnica Group, Stone Island and La Sportiva). **Eyewear** was particularly hot, with 3 deals including the Luxottica/ Essilor merger.

**Cross-border deals** (operations involving foreign buyers or targets) represent the majority of transactions (21 deals over 34), which, among others, include the acquisition of **Golden Goose** (luxury sneakers) by Carlyle, the acquisition of Caruso by Fosun (Chinese Private Equity) and the merger between **Luxottica** and **Essilor** (the latter being the largest deal of the year).

## 'The show must go on': our expected trends

- Fashion & Luxury will likely continue to be attractive for **financial and overseas** investors (principally from China and US).
- **Athleisure** and **technical apparel** will continue to grow and attract interest.
- **Succession issues** – A number of important fashion brands are still privately owned and affected by succession issues.
- **Go public** – In 2018, a number of Italian fashion brands could go public, encouraged by the tax incentives.



# Main deals in Fashion & Luxury – 2017

Period	Target	Country	Activity	Acquiror	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
<b>Athleisure, sportswear and technical apparel</b>								
Jan-17	Sportswear Company S.p.A. (Stone Island)	IT	Sportswear	Temasek Holdings Pte Ltd	SGP	Private Equity (30%)	106	20
Feb-17	Golden Goose SpA*	IT	Sneaker manufacturer	The Carlyle Group	US	Private Equity (30%)	100	30
Jul-17	Outdoor Broker	DE	Sportswear e-retailer	Sportler AG	IT	Corporate	n.a.	n.a.
Aug-17	Tecnica Group S.p.A. (Moon Boot)	IT	Technical footwear	Italmobiliare s.p.a.	IT	Private Equity (40%)	341	27
Nov-17	La Sportiva S.p.A.	IT	Technical footwear	Lorenzo Delladio (Private Investor)	IT	Private Investor (49%)	93	12
Oct-17	Duemmei Srl (Mr & Mrs Italy)	IT	Parka Producer	Hony Capital Co., Ltd.	CHINA	Private Equity (30%)	36	12
<b>Classic and casualwear</b>								
Apr-17	Forte_forte	IT	Casualwear	STYLE CAPITAL SGR S.p.A.	IT	Private Equity (51%)	14	2
May-17	Boglioli SpA (Boglioli)	IT	Classic menswear	PHI Asset Management Partners, SGEIC, S.A.	ES	Private Equity (98%)	23	(8)
Jun-17	Super Rifle SpA	IT	Casualwear	Kora Investments SA	CH	Private Equity (44%)	21	n.a.
Jun-17	Perugia	RU	Boutique network	Brunello Cucinelli	IT	Corporate (62%)	n.a.	n.a.
Jul-17	John Richmond	IT	Casualwear	Arav Fashion	IT	Corporate (83%)	n.a.	n.a.
Sept-17	Costume National S.p.A.	IT	Casualwear	Versatile	JA	Corporate	6	n.a.
Sept-17	Blauer USA	US	Casualwear	FGF Industry S.P.A.	IT	Corporate (50%)	n.a.	n.a.
Oct-17	Raffaele Caruso S.p.A.	IT	Classic menswear	Fosun International Limited	CHINA	Private Equity (35%)	48	(3)
Dec-17	Alanui S.r.l. (Alanui)	IT	Luxury knitwear	New Guards Group S.p.A.	IT	Corporate (49%)	2	1
Dec-17	Betty Blue	IT	Women fashionwear	Elisabetta Franchi	IT	Buy Back (25%)	102	20
<b>Shoes &amp; accessories</b>								
Jan-17	Luxtottica Group S.p.A.*	IT	Eyewear	Essilor International SA	FR	Corporate	9,086	1,858
Jan-17	Marcolin S.p.A.	IT	Eyewear	LVMH	FR	Corporate (10%)	442	46
Jan-17	Oticas Carol S.A.	BR	Optical chains	Luxtottica Group S.p.A.	IT	Corporate (100%)	200	n.a.
Apr-17	Lanificio Fratelli Cerruti	IT	Textile	Brandamour s.p.a	IT	Corporate*	46	(2)
Jun-17	Simonetta SpA	IT	Childrenwear	ISA s.p.a.	IT	Corporate (100%)	33	(2)
Jun-17	MH-Way	IT	Suit case producer	GUT Edizioni	IT	Corporate	1	0,3
Jul-17	Sebago, Inc.	US	Casual shoes	BasicNet S.p.A.	IT	Corporate (100%)	n.a.	n.a.
Sept-17	Stefano Serapian Srl	IT	Manufacturer of luxury bags	Compagnie Financiere Richemont SA	CH	Corporate (100%)	5	(3)
Mar-17	Contemporary Bags & Accessories Srl (G. Chiarini)	IT	Manufacturer of luxury bags	21 Partners S.p.A.	IT	Private Equity (70%)	35	7
Mar-17	Erich Rohde	DE	Shoes manufacturer	Inblu Group	IT	Corporate	n.a.	n.a.
Jul-17	Charlotte Olympia	UK	Shoes maker	Onward Luxury	IT	Corporate	20	(5)
<b>Other (e-commerce, luxury manufacturer and jewellery)</b>								
Feb-17	Evolve Service	CH	E-commerce website	Giglio	IT	Corporate	49	1
Aug-17	Groupalia	IT	E-retailer	Epipoli	IT	Corporate	4	0.5
May-17	Selleria Pariani	IT	Luxury horse saddle and accessories	Private Investors	IT	Corporate (100%)	n.a.	n.a.
Jun-17	Conceria Pasubio SPA*	IT	Automotive luxury leather	CVC Capital Partners Limited	UK	Private Equity (90%)	278	30
Jun-17	Acquafil S.p.A. (SPAC)	IT	Synthetic fibre	Space3 S.p.A. (listed in Dec-17)	IT	SPAC	482	62
Nov-17	Scamosceria del Brenta	IT	Luxury tannery	ISA TanTec	CHINA	Corporate	5	(0.04)
Aug-17	Buccellati Holding Italia S.p.A.	IT	Hard luxury jewellery	Gansu Gangtai Holding (Group) Co., Ltd.	CHINA	Private Equity (85%)	41	(2)

\* Consolidated financial reported



# Furniture & Design

by Francesco Terenzi and Maria Teresa Ceglia

**Italian and European furniture and appliance operators are the most active M&A players across all the sub-sectors, with 18 deals addressing the industry consolidation over a wide range of sub-sectors, including industrial and interior design, ceramics, car design, iconic brands.**

**Corporate players leading M&A activities in the Furniture & Design industry**

The increasing level of competition, together with the generational renewal and the higher investments in operational technologies (Factory 4.0) encouraged a process of the Furniture & Design industry consolidation, with the aim of conquering a vertical offer and a diversification of products.

The acquisitions of **Zanotta, MA/U Studios, Permasteelisa, Rubinetterie Cristina, Axo Light** are all examples of key players' aggregation, focused on vertical integration and

deployment of operational synergies and efficiencies.

Private Equity firms (**Vetroelite, Elios Ceramica, Ceramica Cielo, Cenacchi**) had investments to finance the growth of niche operators or promote a consolidation of the sector aggregating different brands.

**Ceramic and electrical home appliances are the most active sub-sectors**

Ceramic and electrical home appliances business experienced a strong increase in investments in new technologies to enhance quality of products and face the competitive pressure of the Asian players. The trend resulted from the increasing attention on 'green and sustainable' building materials and the expansion of home automation technological devices (i.e. intelligent and connected home equipment such as dishwashers, cleaners, ovens, etc.).

**The three 'must to grow': our expected trends**

- International expansion.
- Focus on the 'monobrand' business model.
- Deploy the Factory 4.0 and incorporate the 'Internet of things' in home life and equipment.

## Main deals in Furniture & Design – 2017

Period	Target	Country	Activity	Acquirer	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
Jan-17	Emilceramica S.p.A.	IT	Building materials/DIY/ Garden	Marazzi Group S.p.A., Mohawk Industries, Inc.	IT -US	Corporate	144	107
Feb-17	Zanotta S.p.A.	IT	Office and household furniture	Tecno S.p.A.	IT	Corporate	18	0.4
Feb-17	MA/U Studio ApS	DK	Furniture	De Padova S.r.l.	IT	Corporate	n.a.	n.a.
May-17	Vetroelite S.p.A.	IT	Packaging	LBO France	FR	Private Equity	17	4
Jun-17	Steelco S.p.A.	IT	Medical electrical equipment & serv.	Miele & Cie KG	DE	Corporate	58	8
Jun-17	Ceramica Cielo S.p.A.	IT	Ceramics	Mittel S.p.A.	IT	Private Equity	18	4
Jul-17	Best S.p.A.	IT-US	Electrical appliances	Electrolux AB	SE	Corporate	44	(2)
Jul-17	Piscine Laghetto	IT	Swimming pools	Fluidra S.A.	ES	Corporate	7	0.3
Jul-17	STEFRA S.r.l.	IT	Artisanal wood furniture	UPM Modena S.p.A.	IT	Corporate	2	0.2
Jul-17	Elios Ceramica S.p.A.	IT	Ceramics	Mandarin Capital Partners	IT	Private Equity	13	1
Aug-17	Permasteelisa S.p.A.*	IT	Curtain walls and interior systems contractor	Grandland Holdings Group Limited	CHINA	Corporate	305	(27)
Sep-17	Cenacchi International S.r.l.	IT	Office and household furniture	Italian Design Brands S.p.A	IT	Private Equity	21	3
Sep-17	Cristina S.r.l.	IT	Taps	Caleffi S.p.A.	IT	Corporate	4	0.3
Oct-17	Ceramiche Serra S.p.A.	IT	Ceramics	Victoria PLC	UK	Corporate	28	11
Oct-17	Eighteen Sound S.r.l.	IT	Systems and components for automotive	B&C Speakers S.p.A.	IT	Corporate	19	1
Nov-17	Wall&Deco S.r.l.	IT	Wallcovering	WallVision AB	SE	Corporate	7	2
Nov-17	Axo Light S.r.l	IT	Household electrical appliances	Italiana Illuminazione	IT	Corporate	6	0.4
Dec-17	Sistmalux Inc.	CDN	Electrical appliances	iGuzzini illuminazione S.p.A.	IT	Corporate	n.a.	n.a.

\* Consolidated financial report



# Specialty Retail & Leisure

by Francesco Terenzi, Alessandro Vitali and Maria Teresa Ceglia

**Specialty Retail attracted 10 deals (6 of which backed by financial sponsors), while corporate players were more active in Leisure segment (17 out of 25).**

**Fast restaurants, casual dining and dental chains attracting Private Equity investors**

Italian casual dining has been characterised by strong dynamism, large competition and a wide variety of offers. In 2017, casual dining operators experienced a boost in revenues and clients, returning the investments in stores network expansion and sustaining the changed demand and consumption trends.

Private Equity houses have been driving this process, attracted by high returns and the scalability of the business.

The most relevant deal announced in 2017 was the acquisition of **La Piadineria** by the UK fund Permira. The visibility of Italian fast restaurant chains in foreign markets is higher and the challenge for Private Equity investors is now to export the brand format promoting original Italian Thigher and food experience abroad.

Italian dental chains are deeply involved in the concentration process in place all over the European market. The largest deal in this segment announced in

2017 was the acquisition of **DentalPro**, an Italian leading dental services provider, by BC Partners.

This sector is expected to be a thriving market for M&A also in 2018, with the established chains (**Care Dent e DentalPro**) growing through acquisitions.

**Big foreign players entering the Italian Entertainment market**

Entertainment and Media companies are facing a big transformation in technology, particularly in the 'digital world', driven by globalisation and technological evolution. CEOs are focusing on growing their business acquisitions, partnerships and expansion of core capabilities, and this trend is visible in the number and importance of deals done over 2017. The Italian football sector has been targeted by Chinese investors (announced deals include **AC Milan and Parma Football Club**).

**M&A activity in Travels & Hospitality led by the Italian Government and turnaround investors**

The dynamic M&A trend in the Travels & Hospitality segment saw the increasing presence and by international groups. At the same time, the Italian Government, as well as Private Equity and turnaround investors focused their attention on the sector, willing to relaunch Italian operators, creating hotel chains and sustaining the attractiveness of Italy as a safe place to visit for tourists, rich in culture and history.

## Main deals in Specialty Retail – 2017

Period	Target	Country	Activity	Acquiror	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
<b>Restaurant chains:</b>								
May-17	Juicebar S.r.l.	IT	Restaurants/Pubs	Cremonini S.p.A., Chef Express S.p.A.	IT	Corporate	8	(3)
Mar-17	Zushi Italia S.p.A.	IT	Restaurants/Pubs	DVR Capital, Investinfood	IT	Private Equity	5	1
Sep-17	Eataly Brasil	IT-BR	Restaurants/Pubs, Supermarkets	L Catterton	US	Private Equity	n.a.	n.a.
Oct-17	America Graffiti Franchising S.r.l.	IT	Restaurants/Pubs	CIGIERRE S.p.A.	IT	Private Equity	7	3
Dec-17	Gruppo La Piadineria S.r.l.	IT	Restaurants/Pubs	Permira Advisers LLP	UK	Private Equity	39	12
<b>Specialty retailers:</b>								
Jan-17	MiniSom, AudioNova SA	PTR	Chemists/health	Amplifon S.p.A.	IT	Corporate	13	0.3
Mar-17	Dentalcoop S.r.l.	IT	Dental care services	Curaeos B.V.	NL	Corporate	n.a.	n.a.
Jul-17	DentalPro*	IT	Dental clinics	BC Partners	UK	Private Equity	82	9
Aug-17	Progetto Dentale Apollonia S.r.l.	IT	Dental clinics	Swiss smile Schweiz AG	CH	Corporate	3	0.2
2017	Various Independent dental clinics	IT	Dental clinics	Care Dent	IT	Private Equity add on	n.a.	n.a.

\* Consolidated financial reported

## Main deals in Leisure – 2017

Period	Target	Country	Activity	Acquiror	Country	Type	Revenues FY16 (€m)	EBITDA FY16 (€m)
<b>Entertainment:</b>								
Jan-17	Nori Games Service S.r.l.	IT	Betting	Codere SA	ES-IT	Corporate	n.a.	n.a.
Apr-17	AC Milan S.p.A.	IT	Football	Sino-Europe Sports Investment Management Changxing Co.Ltd.	CHINA	Financial Investor	224	(0.3)
Apr-17	Andreoli S.p.A. (21 Stores)	IT	House appliances retailers	Unieuro S.p.A.	IT	Corporate	101	3
Jun-17	Parma Football Club S.p.A.	IT	Football	Jiang Lizhang (Private Investor), Desports Group	CHINA	Corporate	0.7	(2)
Jun-17	Malaspina Sporting Club ASD	IT	Sporting club	David Lloyd Leisure Limited	UK	Corporate	n.a.	n.a.
Jul-17	Iven S.p.A	IT	Media houses, TV broadcast	Rainbow S.r.l.	IT	Corporate	0.1	(0.1)
Jul-17	RCS Gaming S.r.l.	IT	Betting	SportPesa	KEN	Corporate	2.0	n.a.
Jul-17	Prenatal Retail Group	IT	Toys	Artsana S.p.A.	IT	Corporate	842	19
Jul-17	Giocoplast Natale S.p.A	IT	Toys	Giochi Preziosi S.p.A.	IT	Corporate	12	(4)
Sep-17	Giochi Preziosi S.p.A.*	IT	Toys	Multy family office - VTB	IT	Private Equity	502	50
Sep-17	Vertigo S.r.l	IT	Live entertainment	CTS Eventim AG & Co. KGaA	DE	Corporate	12	(1)
Oct-17	Euronics Italia S.p.A.	IT	House appliances retailers	Unieuro S.p.A.	IT	Corporate	240	1
Nov-17	Edenlandia	IT	Amusement park	Gcr Outsider Holding S.r.l.	IT	Corporate	n.a.	n.a.
Nov-17	F&P Group S.r.l.	IT	Advertising	CTS Eventim AG & Co. KGaA	DE	Corporate	87	0.7
<b>Travels &amp; Hospitality:</b>								
Feb-17	H.n.h. Hotels & Resorts S.p.A.	IT	Hotel	Groupe Siparex	IT	Private Equity	10	0.6
Feb-17	Settemari S.r.l.	IT	Tour operator	Uvet S.p.A	IT	Corporate	0.9	0.1
Feb-17	Holding Travel System S.r.l.	IT	Tour operator	Lastminute.com group N.V.	NL	Corporate	n.a.	n.a.
Mar-17	Alpitour S.p.A.	IT	Tour operator	Tamburi Investment Partners S.p.A.	IT	Private Equity	1,142	32
Apr-17	Boscolo Group	IT	Hotel	Varde Partners, Inc.	IT	Financial Investor	180	33
Aug-17	Hotelturist S.p.A.	IT	Resort	Cassa depositi e Prestiti S.p.A.	IT	Financial Investor	32	1
Aug-17	The Bauers Venezia	IT	Hotel	Elliott Mgmt. Corp., Blue Skye Sarl	IT	Financial Investor	24	4
Oct-17	Triposo, Inc.	NL	Travel/ E-commerce app	Musement S.p.A.	IT	Corporate	n.a.	n.a.
Nov-17	Valtur (Marilleva, Pila and Ostuni resorts)	IT	Resort	Cassa depositi e Prestiti S.p.A.	IT	Financial Investor	76	(38)
Nov-17	Hotel Ferrara	IT	Hotel	Uappala Hotels S.r.l	IT	Corporate	1	0.2
Dec-17	Sestriere S.p.A.	IT	Resort	TH Resorts	IT	Corporate	25	8

\*Consolidated financial reported



***“The show must go on...”***



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# Our FY17 Retail & Consumer credentials

*PwC Deals thanks its clients for their continued trust*

## *Food, Beverages and Personal Care deals*

- Disposal of **IRCA** by **ARDIAN**
- Acquisition of **LA VAGUITA, LACTEOS DEL SUR, KUMEY** by **PARMALAT**
- Disposal of **ARGENTA** by **MOTION EQUITY PARTNERS**
- Acquisition of **AGRAS PET FOODS** by **NXMH**
- Acquisition of **VENCHIAREDO** by **GRANAROLO**
- Acquisition of **KAROUN** by **PARMALAT**
- Acquisition of **DOLCIARIA VALDENZA** by **VALEO FOODS**
- Acquisition of **CLOETTA** by **KATJES INTERNATIONAL**
- Acquisition of **GRANDI PASTAI ITALIANI** by **PASTIFICIO DI MARTINO**
- Acquisition of **BUTTONI PLANT** by **RANA**
- Listing of **ORSERO** through **GLENALTA SPAC**
- Acquisition of **ACETUM** (underbidder)
- Acquisition of **KICKING HORSE COFFEE** by **LAVAZZA**
- Acquisition of **CAFFITALY** (underbidder)
- Acquisition of a minority stake in **LURISIA** by **IDEA**
- Acquisition of **HIBU** by **HEINEKEN**
- Sale of **TRICOBOTOS** to **ALTO PARTNERS SGR**
- Acquisition of **LYCIA** (underbidder)
- Acquisition of **I PROVENZALI** by **MIRATO**

## *Fashion & Luxury, Furniture & Design, Specialty Retail and Leisure deals*

- Minority investment of **HONY CAPITAL** in **MR&MRS ITALY**
- Minority investment of **ITALMOBILIARE** in **TECNICA**
- Disposal of **GOLDEN GOOSE DELUXE BRAND** by **ERGON CAPITAL**
- Acquisition of **PASUBIO LEATHER** by **CVC CAPITAL PARTNERS**
- Acquisition of **OTICAS | CAROL** by **LUXOTTICA**
- Acquisition of **SERAPIAN MILANO** by **RICHEMONT**
- Acquisition of **BUCCELLATI** (underbidder)
- Post Deal Services after **L CATTERTON** acquisition of **PINARELLO**
- Pre-Deal preparation and operational improvement before the disposal of **BALLY** by **JAB LUXURY**
- Acquisition of 50% of **PRÉNATAL RETAIL GROUP** by **ARTSANA S.p.A.**
- Acquisition of a number of dental clinics by **CARE DENT**
- Acquisition of **DENTALPRO** by **BC PARTNERS**
- Acquisition of **DENTALCOOP** by **CURAEOS B.V.**
- Acquisition of **MALASPINA SPORTING CLUB** by **DAVID LLOYD LEISURE**
- Disposal of **VETROELITE** by **GRADIENTE SGR**
- Acquisition of **F&P** by **CTS EVENTIM**

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# *PwC Deals – Retail & Consumer practice*

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Dedicated professional in Italy



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5 segments: Food & Beverages, Personal Care & Cosmetics, Fashion & Luxury, Furniture & Design and Specialty Retail & Leisure



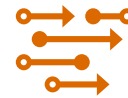
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Strong relationships with PwC global Retail & Consumer network and sector specialists



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Multidisciplinary and integrated approach (Financial, Strategy, Operations, Corporate Finance, Crisis, M&A Tax)



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Direct relationships with the main investors and Private Equity houses, both Italian and international



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Presence in the most relevant transactions





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