



Industrial Manufacturing & Automotive

Italy | M&A Trends | 2018

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Methodology

Reported deals have been sourced from **Mergermarket** based on the date of announcement both for 2017 and 2018. Revenues and EBITDA have been sourced from the latest financial statements available on public databases (AIDA, Orbis and 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 73% of 2018 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.

When referring to regional clusters: **North East** includes Friuli Venezia Giulia, Trentino – Alto Adige and Veneto; **North West** accounts for Liguria, Lombardy, Aosta Valley and Piedmont, **Centre** refers to Emilia-Romagna, Lazio, Marche, Umbria and Tuscany, whilst **South & Islands** refers to Abruzzo, Calabria, Campania, Apulia, Molise, Basilicata, Sardinia and Sicily.

VCiD stands for Value Creation in Deals, a PwC go-to-market strategy delivering a new approach to M&A.

Executive Summary

Despite volatility and uncertainty in the markets, IM&A is still the sector with the highest number of M&A transactions in 2018 with 370 deals announced

M&A is still a strategic tool to scale technological abilities and know-how.

Despite the challenges of reshaping business models without compromising quality that industrial players are facing, business confidence is still strong.

As stated in the PwC 22nd Annual Global CEO Survey (2018) threats like over-regulation and geopolitical uncertainty are today's main restraining factors for capital expenditure and M&A growth.

For IM&A volatility and political uncertainty have impacted M&A activity in Italy last year by 15%, as the C-Suite has taken a wait-and-see approach especially in Industrial Services (-37% compared to 2017) and Transportation & Logistics (-43%).

IM&A is still dominated by deals engaged with **strategic investors (76% of total deals)**, with a continuous concentration trend in **Construction (+25% deals announced)**.

The Automotive sub-sector is still the most sought after by Financial investors as per last year (34% of announced deals were closed by financial investors).

Automotive is the most active sub-sector for cross-border activities, with 58% inbound and 15% outbound deals. **Industrial Automation & Electronics** follow with 54% inbound and 11% outbound deals, while **Chemicals & Materials** show a stronger balance of foreign interest in Italian know-how and Italian players' willingness to enhance their presence abroad, with 32% of inbound and 30% of outbound transactions.

Most of the **Italian targets** of M&A activity in 2018 are concentrated in **North-West (34%)**, Centre (25%) and North-East (18%), with Lombardy and Emilia-Romagna being the most active regions with 95 and 52 deals announced respectively.

Regarding cross-border deals, geographical proximity seems still to be a key enabler for M&A activities in the IM&A sector. With **EMEA making up 64% of outbound targets and 58% of inbound bidders**. Despite this, a number of key cross-border deals still involve the Americas (26% outbound; 25% inbound) and APAC (10% outbound, 17% inbound); including mega-deals like **Magneti Marelli acquired by Calsonic Kansei Corporation**.

The predominant foreign counterpart for cross-border activity in 2018 was the USA, both for inbound (23%) and outbound deals (19%).

The IM&A deal making arena is fueled, also in 2018, by the hunt for synergies and market share gain. As the concentration trends pressure companies and the hype for digitalisation grows also diversification is becoming a strong deal rationale lever.

With this report we aim to provide an outlook on the deals dynamics in the Industrial Manufacturing & Automotive arena. Considering the complexity of IM&A We have defined 7 sub-sectors, in which we have represented key trends.

We sincerely hope this can be a valuable read and look forward to providing further details in 2019.

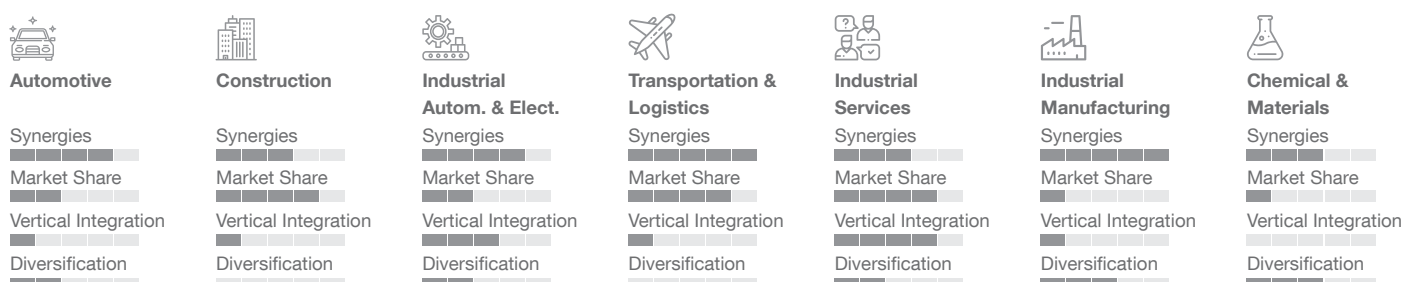


Max Lehmann

PwC Deals – Value Creation
in Deals Partner Italy

Industrial Manufacturing &
Automotive Deals Leader

Deal rationales by sub-sector



At a glance 2018 vs 2017 – Number of deals

IM&A announced deals

370 in 2018 vs. **434** in 2017 ▼

Number of deals by sub-sector (# of Deals FY17 vs FY18)

Automotive



33 ▼
vs. 34

Construction



35 ▲
vs. 28

Industrial automation & Electronics



35 =
vs. 35

Transportation & Logistics



20 ▼
vs. 35

Industrial Services



41 ▼
vs. 65

Industrial Manufacturing



169 ▼
vs. 197

Chemical & materials



37 ▼
vs. 40

Compared to 2017 ▲ ▼ =

2018 deals announcement distribution by quarter

Quarter	Number of deals	% of deals
Q1	81	22%
Q2	119	32%
Q3	99	27%
Q4	71	19%

Number of deals where target revenue is...

	Number of deals*
<10m	79
€10-100m	174
>100m	45
€100-500m	22
>500m	7

*Target's revenues not disclosed for 43 out of the 370 announced deals in 2018

At a glance 2018 vs 2017 – Deals by Geographies

Geographical feature 2017 on 2018



45%



Domestic concentration
of sub-sector by
regional clusters



36%



2018 Inbound trend
EMEA 58%
AMERICAS 25%
APAC 17%

Inbound most active sector 2018

39% 14% 14%



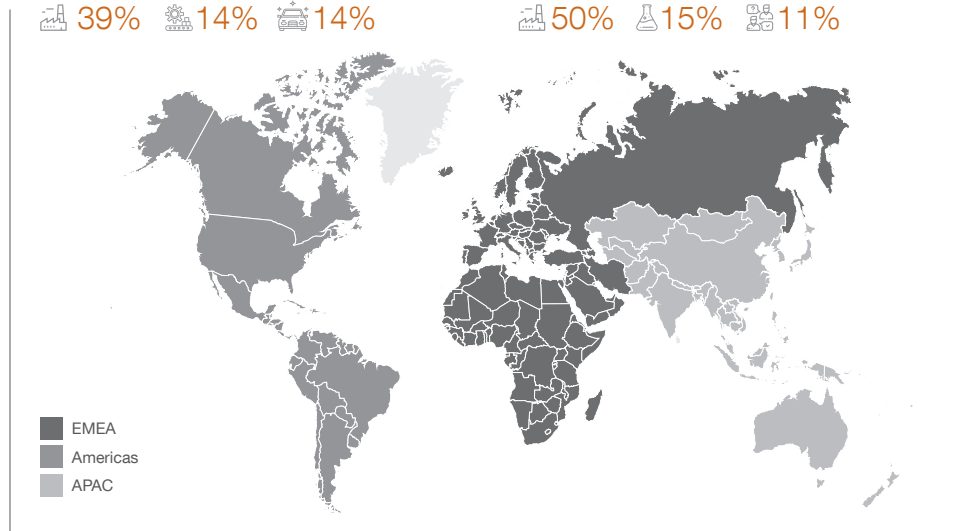
19%



2018 Outbound trend
EMEA 64%
AMERICAS 26%
APAC 10%

Outbound most active sector 2018

50% 15% 11%



Subsector	Centre	North-East	North-West	Outbound	South & Islands	Total	Total %
Automotive	10	2	14	5	2	33	8.9%
Construction	9	8	8	7	3	35	9.5%
Industrial automation & Electronics	11	5	14	4	1	35	9.5%
Industrial Manufacturing	39	36	55	36	3	169	45.7%
Industrial Services	10	7	15	8	1	41	11.1%
Transportation & Logistics	6	4	7	1	2	20	5.4%
Chemical & materials	6	4	14	11	2	37	10%
Grand Total	91	66	127	72	14	370	100%

Compared to 2017 ▲ ▼ =

At a glance 2018 vs 2017 – Target and Bidder

Number of deals by investor type



Strategic investor

280 ▼
vs. 350



Financial Investor

90 ▲
vs. 84

Most relevant sub-sector by investor type



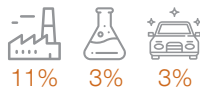
Strategic investor

76% ▼
vs. 81%



Financial Investor








24% ▲
vs. 19%










Compared to 2017 ▲ ▼ =

 Automotive  Construction  Industrial Automotive & Electronics  Transportation & Logistics
 Industrial Services  Industrial Manufacturing  Chemical & Materials

Deals by investor type and sub-sector

Strategic investor	Number of deals 2018 vs. 2017
 Automotive	22 vs. 22 =
 Construction	26 vs. 24 ▲
 Industrial automation & Electronics	28 vs. 31 ▼
 Transportation & Logistics	14 vs. 28 ▼
 Industrial Services	33 vs. 51 ▼
 Industrial Manufacturing	130 vs. 161 ▼
 Chemical & materials	27 vs. 33 ▼

Financial investor	Number of deals 2018 vs. 2017
 Automotive	11 vs. 12 ▼
 Construction	9 vs. 4 ▲
 Industrial automation & Electronics	7 vs. 4 ▲
 Transportation & Logistics	6 vs. 7 ▼
 Industrial Services	8 vs. 14 ▼
 Industrial Manufacturing	39 vs. 36 ▲
 Chemical & materials	10 vs. 7 ▲

* Percentage of Strategic/Financial Investors over the total of each subsector





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The industrial world
remains strong with steady
and robust multiples

Overview on Industrial Manufacturing & Automotive pricing multiples

by Antonio Dosa

In 2018, multiples in the IM&A space were steady high

According to publicly-available data, in terms of reported implied EV/EBITDA multiples (not the actual ones calculated on adjusted current EBITDA), the transactions completed in 2018 expressed values fluctuating in the 10x-12x range, though with significant variance across sub-sectors and segments. This evidence confirmed a buoyant market driven by substantial liquidity and investment appetite both by strategic and institutional investors.

Worth to mention that higher multiples were paid in the **Transportation & Logistics** and the **Construction** sub-sectors. On the other side, lower multiples have been recorded in **Chemicals & Materials** and **Automotive**.

Strategic vs financial investors

No substantial asymmetries were observed in the reported implied multiples paid by strategic and institutional investors.

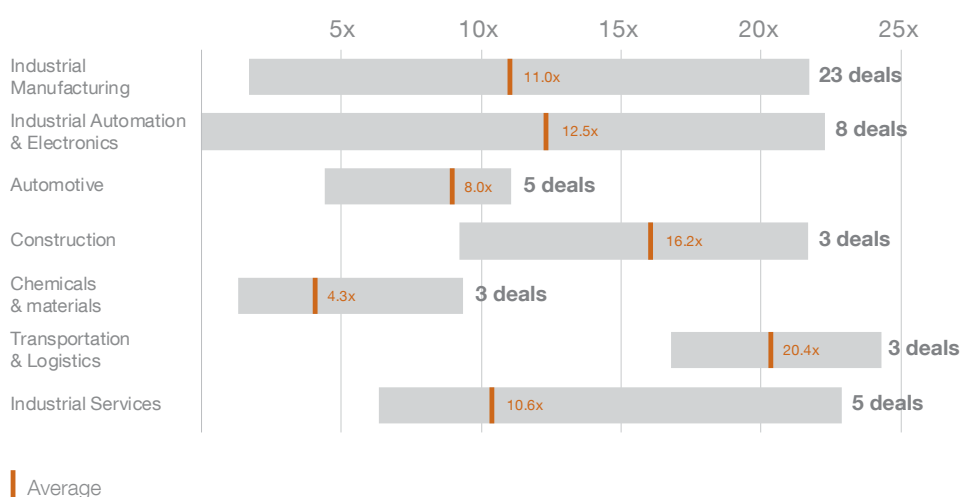
In terms of average size, trade buyers closed deals with EVs orbiting around €1.5b, while the average deal size of financial sponsors was around €400m, confirming the Italian IMA space in the Mid-Market M&A.

Italian companies keep their strong appeal for international investors

Inbound transaction recorded higher multiples compared to outbound and domestic deals with EV/EBITDA multiples floating in the region of **11-12x**, compared to **10.8x** and **10.6x** for outbound and domestic transactions respectively.

This reflects the strong appeal of Italian IMA M&A opportunities for the international investors, driven by the quality of the Italian products, the interconnections of the Italian IMA companies in the global value-chains (with Germany and Asia), underpinned by healthy financial profile.

2018 Transaction Multiples



Methodological notes

Due to the limited information for many transactions, this analysis covers a sample of 50 transactions announced in 2018 (14% in terms of number of deals and 58% based on revenues of the Target available). Multiples calculated based on:

- Announced Enterprise Value, alternatively, estimated based on the announced equity value and the last reported net debt;
- Reported 2017 EBITDA (as per FY17 financial statements).

Given the above, many distortions can affect the results and no reliance is advised.

Disclaimer

This analysis is a mere illustrative high-level review based on publicly available information and cannot be interpreted or construed as a professional valuation or opinion about business valuation metrics. PwC accepts no liability of any kind and disclaims all responsibility for the consequences of any person acting or refraining from acting in reliance on this analysis.

* Calculated as the ratio between Enterprise Value (where disclosed) and 2017 EBITDA



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Automotive – Strategic and
Financial Investors are stepping
on the gas

Automotive

by Nicola Anzivino and Francesco Bruzzo

With 33 deals announced in 2018, vs. 34 deals in 2017, the automotive sub-sector confirmed its stable position in the M&A landscape. Last year was marked by 9 domestic deals, 19 inbound deals and 5 outbound deals confirming the continuing foreign interest in the Italian Automotive sub-sector and know-how.

Executive Summary

Global Automotive M&A had a strong year. Values are approaching record highs, valuation multiples have increased and average deal size has grown. Concerns over global growth, rising interest rates, tariffs and trade continue to weigh on boardrooms and deal makers, making it difficult to see around the next curve. The number of deals has been trending down in Q2 and Q3, however, we believe this is more of a speed bump than a predictive trend.

For Italy the outlook is also positive. The M&A scenario in 2018 has been very active both for strategic and financial investors acting as consolidator on the market.

A balanced race for deal making

2018 was characterised by a steady number of deals with strategic partners and a light decrease in financial investors compared to 2017. In any case private Equity investors are still playing an important role in large deals. The Bain Capital-owned Fintyre Group, with its add-on acquisition of Reifen Krieg GmbH, is an example of how buy-and-build strategies with PE support can act as consolidator forces on the market.

Corporate acquirers, on the other hand, have pursued product portfolio complementarities. Carlo Gnutti Group's acquisition of TCG Unitech, Austrian high pressure die caster and injection moulding player, has followed such a growth rationale.

Concentrate to unleash potential

Overall the automotive sub-sector represents a significant portion of deal value in the Italian M&A landscape, despite a relatively low number of deals, considering the dimension of certain targets (e.g. Magneti Marelli).

In recent years we have seen a continuous concentration in automotive components segment to allow

manufacturers to focus on value-adding technologies and streamline production in the whole of the value chain. M&A activity in the SME sub-sector acted according to various strategic rationales, with strong emphasis on those targets focusing on product excellence and with leading positions in niche segments.

Non-core asset divestiture continues to be a theme

In Italy as well as in Europe and North America, automotive companies continue to look for opportunities to divest non-core assets in order to free up cash and liquidity for investments in tomorrow's technology.

We expect to see further investments in technologies (electric, connected, and autonomous).





Such a trend, combined with the still thriving consolidation process in the components segment, is playing a major role on a global scale. Calsonic Kansei Corporation, the Japanese group owned by the private equity KKR, acquired Magneti Marelli, a diversified parts maker belonging to FCA Group, making this mega-deal (€6.2B deal value) one of the most emblematic transactions of 2018.

Our expected trend for 2019

Consolidation and product diversification, mainly within the Parts and Components Manufacturers and the Retail and Wholesale segments will continue to be drivers of M&A activity on a global scale.

Despite international trade and political uncertainties, the Automotive sub-sector is experiencing significant shifts in technologies (electric, light weighting and connectivity) that are likely to foster future M&A activity both at a domestic and an international level.

What moves the market / deal rationales:

Synergies					
Market Share					
Vertical Integration					
Diversification					

Main deals in Automotive 2018

Period	Target	Country	Macro Region	Region	Activity
15/11/2018	Breda Racing S.r.l.	Italy	North-East	Veneto	Automotive components
08/10/2018	Marval Srl	Italy	North-West	Piedmont	Automotive components
01/08/2018	Selmat Automotive S.p.A.	Italy	North-West	Piedmont	Automotive components
30/07/2018	Max Tyre S.r.l.	Italy	Centre	Lazio	Automotive components
21/06/2018	Mea Srl	Italy	North-West	Piedmont	Automotive components,Other metal products
11/05/2018	Brugola OEB Industriale S.p.A.	Italy	North-West	Lombardy	Automotive components
07/05/2018	Genfin Srl	Italy	South&Islands	Campania	Automotive components
16/04/2018	La Genovese Gomme SpA	Italy	South&Islands	Sardinia	Automotive components
30/10/2018	TCG Unitech AG	Austria	Outbound	Abroad	Automotive components,Other metal products
14/06/2018	Reifen Krieg GmbH	Germany	Outbound	Abroad	Automotive components
23/04/2018	Adler Pelzer Group	Germany	Outbound	Abroad	Automotive components
12/12/2018	Industria Italiana Autobus SpA	Italy	Centre	Emilia-Romagna	Automotive components
04/12/2018	Tecno Meccanica Imola Spa	Italy	Centre	Emilia-Romagna	Automotive components,Industrial equipment
26/11/2018	Vaber Industriale S.p.a.	Italy	North-West	Piedmont	Automotive components,Household electrical appliances
03/10/2018	Moto Morini s.r.l.	Italy	North-West	Lombardy	Vehicle manufacturing
30/08/2018	Gianetti Ruote S.r.l.	Italy	North-West	Lombardy	Automotive components
27/08/2018	TM Performance	Italy	Centre	Emilia-Romagna	Automotive components,Engineering services
12/06/2018	Pitteri Violini SpA	Italy	North-West	Lombardy	Automotive components
04/06/2018	STLA s.r.l.	Italy	Centre	Tuscany	Automotive components
22/05/2018	Brain Bee AG	Italy	Centre	Emilia-Romagna	Automotive components
30/04/2018	Anteo S.p.A	Italy	Centre	Emilia-Romagna	Automotive components,Industrial equipment
16/03/2018	V.Orlandi S.p.A	Italy	North-West	Lombardy	Automotive components
12/03/2018	Werther International S.p.A.	Italy	Centre	Emilia-Romagna	Automotive components,Pumps and compressors
06/03/2018	Raico S.r.l.	Italy	Centre	Emilia-Romagna	Automotive components
07/02/2018	Brabant Alucast Italy, site Verres	Italy	North-West	Aosta Valley	Automotive components
14/02/2018	Industrie Saleri Italo SpA	Italy	North-West	Lombardy	Automotive components
21/11/2018	Luoyang Jingshan Hydraulic Pressure Complement Co., Ltd	China	Outbound	Abroad	Automotive components
01/07/2018	Auto Sport Engineering Limited	United Kingdom	Outbound	Abroad	Automotive components,Industrial equipment and machinery
05/11/2018	Faital S.p.A	Italy	North-West	Lombardy	Automotive components,Household electrical appliances
22/10/2018	Magneti Marelli S.p.A.	Italy	North-West	Lombardy	Automotive components
31/07/2018	CBE s.r.l.	Italy	North-East	Trentino-Alto Adige	Automotive components
23/07/2018	Sicam srl	Italy	Centre	Emilia-Romagna	Automotive components,Industrial equipment
28/06/2018	Olsa S.p.a	Italy	North-West	Piedmont	Automotive components

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Tatuus Racing S.p.a.	Italy	PE add on (75% Stake)	3.8	0.3
Fondo Italiano d'Investimento SGR S.p.A.; HAT Orizzonte SGR Spa	Italy	Venture Capital/PE (69.5% Stake)	74.2	16.2
SAPA S.p.A	Italy	Corporate	49.0	9.0
Univergomma spA	Italy	Corporate (69% Stake)	32.9	0.9
Tecnomeccanica S.P.A.	Italy	PE add on	6.0	1.0
Management Vehicle	Italy	Venture Capital/PE (15.8% Stake)	126.4	11.2
Autodis Italia Holding Srl	Italy	Corporate	0.3	-0.1
Fintyre S.p.A.	Italy	Corporate	11.7	n.a.
Gnutti Carlo SpA	Italy	Corporate	220.0	n.a.
Fintyre S.p.A.	Italy	PE add on	330.0	n.a.
FSI SGR S.p.A.	Italy	Venture Capital/PE (28% Stake)	1,410.0	132.0
Karsan Otomotiv	Turkey	Corporate (65% Stake)	56.6	1.7
Artega GmbH	Germany	Corporate	15.6	1.8
Shamrock International Fastener LLC	USA	Corporate	13.4	0.9
Zhejiang Zhongneng Industry Group Co., Ltd.	China	Corporate	1.0	-2.0
Quantum Capital Partners AG	Germany	Venture Capital/PE	58.0	-6.0
Meti Holding Sarl	Luxembourg	Investment Holding Company (35%)	4.0	0.3
Tirsan Kardan AS	Turkey	Corporate	11.4	0.2
Lippert Components, Inc.	USA	Corporate	18.0	3.0
MAHLE GmbH	Germany	Corporate (60%)	23.0	3.0
Woodbine Manufacturing Co. Inc.	USA	Corporate (40% Stake)	24.0	2.0
SAF Holland SA	Germany	Corporate (70%)	24.0	5.0
Stargate Capital GmbH	Germany	Venture Capital/PE	72.0	6.0
Kramp Groep B.V.	Netherlands	Corporate	12.8	0.5
Shiloh Industries Inc.	USA	Corporate	53.0	-0.3
Quaestio Capital SGR S.p.A.; Saleri family	Italy	Venture Capital/PE	169.0	17.6
MITA Oleodinamica SpA	Italy	Corporate	n.a.	n.a.
Marval Srl	Italy	Corporate	n.a.	n.a.
Alpine Electronics, Inc.	Japan	Corporate (19.9% Stake)	32.7	3.1
Calsonic Kansei Corporation	Japan	Corporate	8,169.0	901.0
DexKo Global, Inc.	USA	Corporate	17.6	4.1
Stargate Capital GmbH	Germany	Venture Capital/PE	39.2	2.7
Magna International Inc	Canada	Corporate	281.3	24.0



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Fusing chemicals knowhow
and digitalisation may be
the balanced mixture to spark
this industry

Chemicals & Materials

by Monia Giustozzi and Francesco Bruzzo

With 37 deals announced in 2018, vs. 40 in 2017, the chemical sub-sector continues to be robust in terms of presence of M&A activity . Last year was marked by 14 domestic, 12 inbound and 11 outbound deals showing a strong activity for Italian players in the local territory and a balance a interest between local & international risets.

Executive Summary

M&A activities, specialty products and the blooming of innovation are keeping up the momentum in the Chemicals sub-sector. Some chemical companies have begun to rethink their growth strategies, benefitting from M&A activities, digital products and services and facing the challenge of “deglobalisation”. Petrochemicals, Agrochemicals and construction chemicals segments make up more than 50% of the Italian deals in the sub-sector. The slight reduction in deals announced vs. previous year is lower compared to the overall decrease in the Industrial manufacturing and automotive industry, with Chemicals & Materials representing the second most active sub-sector in outbound deals, making up 15% of the transactions announced in 2018.

Digital path is reinforcing the acquirer interest

We are witnessing a continuous presence of acquisitions carried out by strategic investors (2018 counting for 73% while in 2017 were 83% of the deal announced). Companies are divesting and integrating in order to review their business model, finally engage in more seamless operations and a new digital path. M&A activity continues to play a major role in defining international growth strategies as well as the research of product portfolio complementarities. Italian players, whom are leading in high value-added niche markets, have consolidated their international presence by tackling high-prospect growth geographies. Clear example in 2018 has been the acquisition of Invista polyamide 6 fibers activities in APAC by the Italian Group Aquafil.

Most active segment

Petrochemicals , Agrochemicals and specialty chemicals are the most important segments within the sub-sector dynamics.

The M&A scenario has witnessed Italmatch Chemicals on the spotlight. The Italian Group has strengthened its international presence with 3 significant foreign acquisitions looking at China with Changzou Jiayou Chemical, UK with BWA Water.

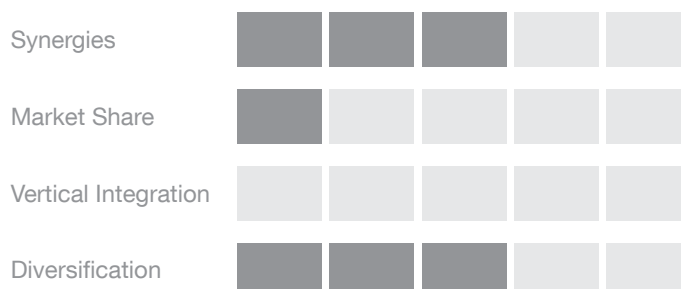
Additives and North America with Afton Chemical. Furthermore the Group has been acquired by Bain Capital in March for approximately €700M, making the Genoa-based acquisition the biggest chemicals Italian M&A transaction in 2018 considering both outbound and inbound. Overall domestic deals are characterised by an average target revenue dimension that is less than half compared to cross-border deals, indicating a consolidation process of smaller local players in Italy.

Global trend and 2019 outlook

The global chemicals industry has faced many challenges over the years including declining margins, product commoditisation, expanding competition in developing countries and customers demanding more at lower prices. However, the chemicals industry may soon be given a break and perhaps even see the first signs of a tipping point.

Whilst last year the Italian M&A activity was still led by large players focused on “international consolidation” and “international/diversification” growth rationales, several M&A deals in the chemical industry involved mid-sized companies buying some of the non-core assets of the past mega-companies or being strategic deals ensuring either top and bottom – line synergies. We expect domestic deals to continue the focus on consolidation of smaller players, while cross-border deals to be more and more focused on value creation through exploitation of technological innovations, digitalisation and synergies.

What moves the market / deal rationales:



Main deals in Chemicals & Materials 2018

Period	Target	Country	Macro Region	Region	Activity
06/12/2018	LBA Srl	Italy	North-East	Veneto	Paints and chemicals
23/11/2018	Farbe S.p.A.	Italy	North-East	Friuli-Venezia Giulia	Paints and chemicals
31/10/2018	Gruppo Mossi Ghisolfi (Italian bio assets)	Italy	North-West	Piedmont	Petrochemicals- base,Petrochemicals-derivatives,Speciality-other
02/10/2018	Societa Italiana Prodotti Chimici E Per Lagricoltura Milano SpA	Italy	North-West	Lombardy	Agrochemicals
11/09/2018	Castello Italia Srl	Italy	North-West	Lombardy	Petrochemicals- derivatives,Industrial equipment and machinery
29/08/2018	Bioscreen Technologies, S.r.l	Italy	Centre	Emilia-Romagna	Agrochemicals
25/07/2018	Grabi Chemical SpA	Italy	North-West	Lombardy	Commodity chemicals (non-petrochemical)
11/05/2018	Nocoat SpA	Italy	Centre	Emilia-Romagna	Construction chemicals, Industrial equipment and machinery
19/04/2018	Fili & Forme Srl	Italy	Centre	Emilia-Romagna	Construction chemicals
30/03/2018	Manucor SpA	Italy	South&Islands	Campania	Petrochemicals- derivatives
02/02/2018	Made Black S.r.l.	Italy	North-West	Lombardy	Paints and chemicals
19/01/2018	Industrie Chimiche Forestali S.p.A.	Italy	North-West	Lombardy	Speciality-other
31/07/2018	Baerlocher France SASU	France	Outbound	Abroad	Specialities - intermediates,Speciality-other
02/07/2018	Tecnopol Sistemas SL	Spain	Outbound	Abroad	Construction chemicals
23/04/2018	Kalexsyn, Inc.	USA	Outbound	Abroad	Fine chemicals- pharmaceuticals
07/03/2018	Changzou Jiayou Chemical Co.	China	Outbound	Abroad	Commodity chemicals (non-petrochemical)
14/02/2018	Cimentolit	Brazil	Outbound	Abroad	Construction chemicals,Speciality-other
13/12/2018	Bluclad s.r.l.	Italy	Centre	Tuscany	Other services,Paints and chemicals,Speciality-other
22/11/2018	Gnosis S.p.A.	Italy	North-West	Lombardy	Agricultural/animal biotechnology,Industrial biotechnology
27/09/2018	Manuli Stretch S.p.A.	Italy	North-West	Lombardy	Petrochemicals- derivatives
09/07/2018	Politec S.r.l.	Italy	Centre	Emilia-Romagna	Petrochemicals- base
05/07/2018	F.LLI MAZZON S.p.A	Italy	North-East	Veneto	Speciality-other
26/06/2018	Synthesis Chimica Srl	Italy	North-West	Lombardy	Industrial gases
07/06/2018	Colorificio Zetagi Srl	Italy	North-East	Veneto	Paints and chemicals
16/05/2018	Pavoni&C S.p.a.	Italy	South&Islands	Sicily	Agrochemicals
06/08/2018	Comftech S.r.l.	Italy	North-West	Lombardy	Biotechnology related research,Clothes
12/06/2018	Sofbey SA	Switzerland	Outbound	Abroad	Agrochemicals
30/05/2018	U-Coat	USA	Outbound	Abroad	Agrochemicals
11/01/2018	San.Eco.Vit srl	Italy	North-West	Lombardy	Cosmetic/care chemicals
10/12/2018	BWA Water Additives	United Kingdom	Outbound	Abroad	Inorganic chemicals,Water, sewage and other systems
27/04/2018	Afton Chemical Corporation (metalworking fluid business)	USA	Outbound	Abroad	Fine chemicals- other,Specialities - intermediates
23/04/2018	Unicolour Polymer Technology Sdn Bhd	Malaysia	Outbound	Abroad	Speciality-other
05/02/2018	Invista (Asia/Pacific Polyamide 6 BCF Fibre business)	China	Outbound	Abroad	Speciality-other
17/10/2018	VinyLoop Ferrara SpA	Italy	Centre	Emilia-Romagna	Petrochemicals- derivatives
28/09/2018	Mesgo S.p.A.	Italy	North-West	Lombardy	Speciality-other
28/06/2018	Italmatch Chemicals S.p.A.	Italy	North-West	Liguria	Fine chemicals- other,Petrochemicals- base,Petrochemicals-derivatives,Specialities - intermediates,Speciality-other
26/06/2018	Ruredil SpA	Italy	North-West	Lombardy	Construction chemicals,Other heavyside materials

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Napoleon Abrasives S.p.a.	Italy	Corporate (50% Stake)	10.4	0.9
F.I.D.E.A. SPA	Italy	Corporate	11.4	1.2
Versalis S.p.A.	Italy	Corporate	n.a.	n.a.
Oxon Italia SpA	Italy	Corporate	81.5	14.0
Arcadia Sgr SpA	Italy	Venture Capital/PE	17.0	3.0
Balchem Italia SRL	Italy	Corporate	5.3	1.1
Valagro SpA	Italy	Corporate	12.0	1.0
Surfaces Technological Abrasives S.p.A.	Italy	Corporate	6.0	4.0
Mapei S.p.A.	Italy	Corporate	9.0	5.0
Pillarstone Italy Spa	Italy	Investment fund	141.0	2.0
A.M.F. Spa	Italy	PE add on	10.0	3.0
EPS Equita PEP SPAC S.p.A.	Italy	SPAC	79.0	9.0
Sintesi e Ricerca SpA	Italy	Corporate	145.0	n.a.
Mapei S.p.A.	Italy	Corporate	20.0	n.a.
Dipharma Francis S.r.l.	Italy	Corporate	n.a.	n.a.
Italmatch Chemicals S.p.A.	Italy	PE add on	n.a.	n.a.
Kerakoll S.p.a.	Italy	Corporate	15.0	n.a.
LBO France	France	Venture Capital/PE	21.2	4.3
Lesaffre et Compagnie, SA	France	Corporate	100.1	33.7
Oxy Capital – Sociedade Gestora de Fundos de Capital de Risco, S.A.	Portugal	Venture Capital/PE	280.0	9.0
Eco-Bat Technologies plc	United Kingdom	Corporate	4.0	0.5
Huettenes-Albertus Chemische Werke GmbH	Germany	Corporate	33.0	3.0
Rosehope Limited	United Kingdom	Corporate	30.0	2.0
Tambour Ltd.	Israel	Corporate	15.0	1.7
Sociedad Quimica y Minera S.A.	Chile	Corporate (50% Stake)	15.0	0.5
Principia SGR	Italy	Venture Capital/PE	0.1	0.0
Societa Italiana Prodotti Chimici E Per Lagricoltura Milano SpA	Italy	Corporate	n.a.	n.a.
Maire Tecnimont SpA	Italy	Corporate (50% Stake)	n.a.	n.a.
Assietta Private Equity SGR S.p.A.	Italy	Venture Capital/PE	6.6	1.1
Italmatch Chemicals S.p.A.	Italy	Corporate	n.a.	n.a.
Italmatch Chemicals S.p.A.	Italy	Corporate	n.a.	n.a.
Vamp Tech Malaysia	Italy	Corporate	10.0	n.a.
Aquafil S.p.A.	Italy	Corporate	57.5	n.a.
Benvic Europe SAS	France	Corporate	1.4	-2.1
HEXPOL AB	Sweden	Corporate (80% Stake)	64.0	11.4
Bain Capital LLC	USA	Venture Capital/PE	342.5	53.0
CHRYSO SAS	France	Corporate	n.a.	n.a.



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A strong market concentration is still driving M&A activities in the Construction sub-sector

Construction

by Michele Peduzzi and Ivan Bergamo

With 35 deals announced in 2018 the Construction sub-sector is gathering confidence compared to the 28 deals finalised in 2017.

Last year was marked by 17 domestic, 11 inbound and 7 outbound deals; confirming the strong in-country concentration that we have been witnessing in recent years.

Executive Summary

Construction counted 35 announced transactions in 2018 (+25% compared to 2017), equal to 9% of the total market. In terms of value, the sub-sector collected more than €9 billion in revenues among its targets. This was driven by two significant transactions announced: the acquisitions of Abertis Infraestructuras S.A. by a consortium with Atlantia, ACS and Hochtief and the potential acquisition of Astaldi SpA by Salini Impregilo (still ongoing and uncertain).

Long-term positive economic fundamentals show no sign of weakening and are fueling a Construction rebound in Italy. Given the crisis affecting the industry (proven by the insolvency procedures of major players such as Astaldi SpA, Condotte SpA, Grandi Lavori Fincosit SpA, etc.) there have been a lot of transactions among the sub-sector and we foresee a strong rebound in M&A activity and in particular in distress M&A going forward.

North-West Italian concentration is set in stone

In 2018, the Construction sub-sector has been characterised by acquisitions from Italian corporates, representing more than 2/3 of the number of the acquirers active in 2018.

The majority of the deals targeted SMEs, characterised by specific know-how and expertise in strategic subsectors. Among the 28 Italian targets, 8 were from North West (Lombardy and Piedmont), 8 from North East, 9 from the Centre and 3 from the South & Islands.

Heavy Construction and Cement are the hefty deals maker

In terms of number of deals in 2018, the main segment in this category are targets carrying out Construction /

Heavy construction services (12 deals, 34%), followed by producers and distributors of Cement, Concrete and other heavyside materials (14%) and lightside materials (14%). Manufacturers of pre-fabricated buildings and systems account for 9%, while the other categories are under 6% (≤ 2 deals).

Starting the year on a high


















During Q1 and Q2, the construction sub-sector was booming, realising most of its 2018 deals in this period. Average target revenue size in 2018 was €396 million, a value heavily boosted by the deals of Abertis and Astaldi. Removing these 2 deals decreases the average target revenue to €35 million, confirming the prevalence of transactions involving SMEs.

The main driver remains a strong market concentration confirmed by the robust presence of strategic investors acquisition: 26 deals in 2018 and 24 announcement in 2017. Moreover, the Construction Materials Manufacturing category has contributed to reduce deal volume last year due to delayed infrastructure spending and rising material costs.

Our expected trend for 2019

Despite headwinds caused by global trade tension and increasing interest rates, cash-rich corporations with strategic rationales are likely to drive deal activity into 2019. In particular, given the financial troubles that have affected top players in the industry, we expect a strong wave of consolidation that will be driven by large Italian and International corporates.

What moves the market / deal rationales:

Synergies					
Market Share					
Vertical Integration					
Diversification					

Main deals in Construction 2018

Period	Target	Country	Macro Region	Region	Activity
30/11/2018	CREW - Cremonesi Workshop S.r.l.	Italy	North-West	Lombardy	Heavy construction,Consulting services
26/10/2018	Gazzotti S.p.A	Italy	Centre	Emilia-Romagna	Parquet manufacturer
22/10/2018	GLF Construction Corporation	Italy	Centre	Lazio	Construction services
22/10/2018	Seli Overseas S.p.A	Italy	Centre	Lazio	Construction services
30/08/2018	Reguitti S.p.a.	Italy	North-West	Lombardy	PVC Windows
25/07/2018	Gruppo Giplast Srl (Business unit)	Italy	South&Islands	Abruzzo	Other lightside materials,Plastics
23/07/2018	Gibus SpA	Italy	North-East	Veneto	Building suppliers (trade),Other lightside materials,Plastics
28/06/2018	Impresa Percassi SpA	Italy	North-West	Lombardy	Construction services,Heavy construction
14/06/2018	Oberosler Srl	Italy	North-East	Trentino-Alto Adige	Construction services,Heavy construction
03/06/2018	Maddaloni Cementi S.r.l.	Italy	Centre	Lazio	Cement,Concrete
17/04/2018	Societa di Biotecnologie S.p.A.	Italy	North-West	Piedmont	Construction services
17/04/2018	Selettra SpA	Italy	South&Islands	Basilicata	Heavy construction,Energy conservation related
08/03/2018	Tassullo Materiali S.p.A.	Italy	North-East	Trentino-Alto Adige	Aggregates,Cement,Concrete,Other heavyside materials
06/02/2018	City Green Light S.r.l.	Italy	North-East	Veneto	Business products,Construction services
31/01/2018	Campisa Srl	Italy	North-West	Lombardy	PVC Windows
23/01/2018	Bellitalia Srl	Italy	North-East	Veneto	Cement,Concrete,Manufacture of pre fabricated buildings and system
05/04/2018	Fabbrica LLC	USA	Outbound	Abroad	Construction services
23/03/2018	Abertis Infraestructuras, S.A.	Spain	Outbound	Abroad	Airports,Construction services,Engineering services,Freight and other transportation services,Heavy construction,Mobile/satellite network equipment,Other services
19/01/2018	Astaldi Construction Corporation	USA	Outbound	Abroad	Construction services,Heavy construction
21/12/2018	Limonta Sport SpA	Italy	North-West	Lombardy	Manufacture of pre fabricated buildings and system
03/08/2018	Nuova Argo Finanziaria S.p.A.	Italy	North-West	Piedmont	Heavy construction
01/08/2018	Ylda Group S.p.a	Italy	Centre	Tuscany	Manufacture of pre fabricated buildings and system
01/08/2018	Guarto S.r.l.	Italy	North-West	Piedmont	Plastics
18/06/2018	Sangalli Vetro Manfredonia S.p.A. ; Sangalli Vetro Satinato s.r.l.; Sangalli Vetro Magnetronico s.r.l.	Italy	South&Islands	Apulia	Glass,Glass,Glass
28/05/2018	City Green Light S.r.l.	Italy	North-East	Veneto	Business products,Construction services
16/05/2018	Astaldi SpA	Italy	Centre	Lazio	Construction services,Heavy construction
19/03/2018	Logli Massimo S.p.A.	Italy	Centre	Tuscany	Glass,Other lightside materials
16/01/2018	Index s.p.a.	Italy	North-East	Veneto	Construction chemicals,Plastics
15/01/2018	Industrie Pica Spa	Italy	Centre	Marche	Other lightside materials
31/01/2018	Ecocel S.r.l.	Italy	North-East	Friuli-Venezia Giulia	Manufacture of pre fabricated buildings and system
06/09/2018	Brennand Cimentos S.A.	Brazil	Outbound	Abroad	Cement
26/07/2018	Comfica	Spain	Outbound	Abroad	Heavy construction,Other services
27/02/2018	Prokuwa Kunststoff GmbH	Germany	Outbound	Abroad	Plastics
14/02/2018	Lehigh White Cement Company LLC	USA	Outbound	Abroad	Cement,Distributors
20/07/2018	Tecno Imac SpA	Italy	Centre	Lazio	Building suppliers (trade),Other lightside materials

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Italferr S.p.A.	Italy	Corporate (80% Stake)	7.8	1.1
Gazzotti S.p.A (Employees)	Italy	Corporate	n.a.	n.a.
Salini Impregilo S.p.A	Italy	Corporate	n.a.	n.a.
Salini Impregilo S.p.A	Italy	Corporate	44.2	-1.1
Giesse S.p.A.	Italy	Corporate	8.0	0.6
Vertis SGR SpA	Italy	Venture Capital/PE	n.a.	n.a.
Terra Holding Srl	Italy	Corporate (25.67% Stake)	32.6	4.7
Polifin SpA	Italy	Investment Holding Company (40%)	68.0	2.0
Pessina Costruzioni s.p.a.	Italy	Corporate	4.0	0.4
Colacem S.p.A.	Italy	Corporate	n.a.	n.a.
Gruppo Ersel	Italy	Investment fund	3.0	2.0
Fondo Italiano per l'Efficienza Energetica SGR S.p.A.	Italy	Investment fund	5.0	3.0
Miniera San Romedio Srl	Italy	Corporate	n.a.	n.a.
Fondo Italiano per l'Efficienza Energetica SGR S.p.A.	Italy	Investment fund	5.0	1.0
BMP Group	Italy	Corporate	8.0	0.4
Metalco Srl	Italy	Corporate (65%)	5.0	0.4
Somec S.p.A.	Italy	Corporate	25.0	n.a.
Consortium formed by ACS S.A., Atlantia SpA and Hochtief AG	Italy	Corporate (consortium)	5,323.0	3,480.0
Simest S.p.A.	Italy	Venture Capital/PE (34% Stake)	n.a.	n.a.
Sports & Leisure Group NV	Belgium	Corporate	43.3	13.1
Ardian	France	Venture Capital/PE (40% Stake)	n.a.	n.a.
Alchemy Partners LLP	United Kingdom	Venture Capital/PE	50.0	9.0
Armacell International GmbH	Germany	Corporate	6.0	1.0
Trakya Cam Sanayii A.S.	Turkey	Corporate	n.a.	n.a.
Marguerite Adviser S.A.; Fondo Italiano per l'Efficienza Energetica SGR S.p.A.	Luxembourg	Investment fund	5.0	1.0
IHI Corporation	Japan	Corporate (18.2% Stake)	3,061.0	366.4
Compagnie de Saint-Gobain SA	France	Corporate	15.0	5.0
Sika AG	Switzerland	Corporate	98.0	10.0
Terreal Italia S.r.l.	France	Corporate	24.0	0.1
Ylda Group S.p.a	Italy	Corporate	n.a.	n.a.
Buzzi Unicem SpA	Italy	Corporate (50% Stake)	141.7	23.2
Undisclosed bidder	Italy	Corporate	n.a.	n.a.
dott.gallina s.r.l.	Italy	Corporate	n.a.	n.a.
CEMEX, Inc.; Aalborg Cement Company Inc	Italy	Corporate (51% Stake)	130.0	22.7
Renolit AG	Germany	Corporate	n.a.	n.a.

A photograph of a modern industrial manufacturing environment. Two bright orange robotic arms are positioned on a complex system of grey metal tracks and rails. The background is a dark, textured wall. The scene is well-lit, highlighting the precision engineering of the machinery.

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AI and robotics are becoming
a tangible support for delivering
smart factories and freeing up
engineers thinking time

Industrial Automation & Electronics

by Antonio Dosa

With 35 announced deals, while not dominant, the Industrial Automation space confirms its important role in the Italian M&A landscape. In 2018 this sub-sector saw 12 domestic, 19 inbound and 4 outbound deals, with clear leadership by strategic investor seeking niche competences and synergies.

Executive Summary

With the 4th global industrial revolution in progress, most players in the industrial landscape are looking to streamline their production systems, increase product quality and improve efficiency. Industry 4.0, Smart Factories, Artificial Intelligence, Robotics, Internet-Of-Things, Shopfloor Digitisation and Machine Sensors are all examples of how global manufacturers are shifting operating models and moving into the digital era. Deal size in this sub-sector is rather small (average target revenues of c.€30M), and is driven by inbound deals. The momentum is still strong, despite the slow-down in public incentives for automation capex, because Italy is a prolific territory with interesting emerging companies with strong competences in specific applications.

The players

Strategic investors – either large global corporations looking for niche competences or Italian mid-sized enterprises seeking critical mass and vertical or horizontal integration – were, and still are, the key actors in this theatre covering for 80% of the deal announced. Financial investors with a focus on the industrial space invested in companies with promising technologies or that have the potential to become niche market leaders.


















Most active segment

Though segmentation in this space is more than a fuzzy concept, industrial sensors and control equipment were the most active segment attracting the interest of trade buyers.

2019 outlook

There is still a big need for the transformation of manufacturing data into valuable information for the “digital factory”. Big data combined with analytics and critical thinking are the skill sets most wanted by manufacturers, who will not easily attract the new generations without a refreshing and flexible value proposition. Change management and avoidance of “old school” management may be the triggers to most small-medium manufacturers’ success in 2019. With the notable exception of some large opportunities, the deal flow will continue to be focused on small-medium enterprises with specific know-how than can be sublimated into a larger global organisation and scale.

What moves the market / deal rationales:

Synergies					
Market Share					
Vertical Integration					
Diversification					

Main deals in Industrial Automation & Electronics 2018

Period	Target	Country	Macro Region	Region	Activity
10/12/2018	Image S S.p.A.	Italy	North-West	Lombardy	Machine vision systems
27/11/2018	Emmeti Group	Italy	Centre	Emilia-Romagna	Process control equipment
05/11/2018	Alfa Trafili Srl	Italy	North-West	Lombardy	Fibre optics and electric cabling
04/07/2018	Uteco Converting S.p.A.	Italy	North-East	Veneto	Business products,Industrial equipment and machinery,Packaging products and systems
29/06/2018	PEGO srl	Italy	North-East	Veneto	Electrical components
28/06/2018	Elettrosystem s.r.l.	Italy	North-West	Piedmont	Industrial measurement and sensing equipment,Process control equipment,Robotics
21/06/2018	EDIF S.p.A (Apulia-based business unit)	Italy	South&Islands	Apulia	Batteries and Power supplies,Electrical components
11/06/2018	ACM Srl	Italy	Centre	Lazio	Process control equipment,Security & safety systems
09/05/2018	Italiana Macchi SRL	Italy	North-West	Lombardy	Industrial measurement and sensing equipment
09/05/2018	Sadel SpA	Italy	Centre	Emilia-Romagna	Electrical components
13/04/2018	Octo Telematics S.p.A.	Italy	Centre	Lazio	Industrial measurement and sensing equipment
31/01/2018	Sea Vision S.r.l	Italy	North-West	Lombardy	Machine vision systems
13/04/2018	Abode Systems, Inc.	USA	Outbound	Abroad	Electrical components,Security & safety systems
19/03/2018	Huggenberger AG	Switzerland	Outbound	Abroad	Industrial measurement and sensing equipment
08/11/2018	DANI Instruments S.p.A. (Gas chromatography and mass spectrometry branch)	Italy	North-West	Lombardy	Analytical and scientific instrumentation
20/09/2018	Gimatic S.r.l.	Italy	North-West	Lombardy	Electrical components,Industrial measurement and sensing equipment
13/08/2018	OCM srl	Italy	Centre	Emilia-Romagna	Machine vision systems,Process control equipment
03/08/2018	Convert Italia Spa	Italy	Centre	Lazio	Industrial measurement and sensing equipment
06/07/2018	Metallurgica Bresciana SpA	Italy	North-West	Lombardy	Cable equipment,Fibre optics and electric cabling
26/06/2018	ANTIL SpA	Italy	North-West	Lombardy	Industrial measurement and sensing equipment,Machine vision systems,Robotics
28/05/2018	INCAS S.p.A.	Italy	North-West	Piedmont	Industrial equipment and machinery,Industrial measurement and sensing equipment
23/05/2018	Parcol S.p.A.*	Italy	North-West	Lombardy	Process control equipment
29/03/2018	AC.MO S.p.A.	Italy	North-East	Veneto	Process control equipment
26/03/2018	Ve.Ma.C. Srl	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery,Robotics
08/03/2018	Prisma Impianti S.p.A.	Italy	North-West	Piedmont	Industrial measurement and sensing equipment,Numeric and computerised control of machine tools,Process control equipment
22/02/2018	Nuova Procond Elettronica S.R.L.	Italy	North-East	Veneto	Electrical components
16/02/2018	Nuova Ciba SpA	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery,Process control equipment
12/02/2018	Masterwood S.p.A	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery,Numeric and computerised control of machine tools
22/01/2018	Sacmi Imola S.C. (End-of-line automation and logistics operations)	Italy	Centre	Emilia-Romagna	Freight and other transportation services,Process control equipment,Robotics
05/03/2018	Nitere Industria de Produtos Eletronicos Ltda.	Brazil	Outbound	Abroad	Electrical components
08/02/2018	Nikon Metrology NV (Coordinate Measuring Machines business)	Belgium	Outbound	Abroad	Industrial measurement and sensing equipment
19/12/2018	Comecer S.p.A.	Italy	Centre	Emilia-Romagna	Industrial measurement and sensing equipment,Medical equipment & services,Robotics
20/11/2018	Oleodinamica Marchesini Srl	Italy	North-West	Lombardy	Process control equipment
09/10/2018	Watertech S.p.A. Water meters	Italy	North-West	Piedmont	Industrial measurement and sensing equipment
13/09/2018	Siap+Micros S.r.l	Italy	North-East	Veneto	Analytical and scientific instrumentation,Industrial measurement and sensing equipment

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Ambienta Sgr SpA	Italy	Venture Capital/PE (79% Stake)	26.9	3.0
Xenon Private Equity S.a.r.l.	Italy	Venture Capital/PE	130.0	n.a.
Icel SCpA	Italy	Corporate	56.4	4.7
NB Renaissance Partners	Italy	Venture Capital/PE (81% Stake)	122.4	13.6
Castel S.r.l.	Italy	Corporate	11.1	2.8
Marposs S.p.A.	Italy	Corporate	7.9	1.2
Sonepar Italia SpA	Italy	Corporate	20.0	n.a.
Nice S.p.A.	Italy	Corporate	17.0	0.7
Custom SPA	Italy	Corporate	6.9	-0.6
Almaviva Technologies Srl	Italy	Corporate (84.05% Stake)	6.3	0.7
Management Vehicle	Italy	Venture Capital/PE (20% Stake)	n.a.	n.a.
Marchesini Group S.p.A.	Italy	Corporate (48% Stake)	32.0	17.2
Nice S.p.A.	Italy	Corporate (75% Stake)	6.2	n.a.
Sisgeo S.r.l.	Italy	Corporate	n.a.	n.a.
PerkinElmer, Inc	USA	Corporate	n.a.	n.a.
Barnes Group Inc.	USA	Corporate	42.0	17.5
Material Handling Systems, Inc.	USA	PE add on	15.3	0.9
Valmont Industries, Inc.	USA	Corporate (75% Stake)	29.5	6.9
Sterlite Technologies S.p.A	India	Corporate	48.5	7.7
Bystronic Laser AG	Switzerland	Corporate (70% Stake)	18.0	1.9
SSI SCHAEFER GmbH	Germany	Corporate	40.3	3.9
KOSO Italy S.r.l.	Japan	Corporate	33.4	n.a.
AVK Holding A/S	Denmark	Corporate (60% Stake)	9.1	0.6
The Middleby Corporation	USA	Corporate	12.5	1.4
Eisvogel Group AG	Switzerland	Venture Capital/PE	25.0	5.0
Shenzhen H&T Intelligent Control Co., Ltd.	China	Corporate (55% Stake)	n.a.	n.a.
Zeppelin Systems GmbH	Germany	Corporate	13.7	1.8
GuangZhou KDT Machinery Co., Ltd.	China	Corporate (75% Stake)	23.2	1.3
Robopac SPA	San Marino	Corporate	n.a.	n.a.
Custom SPA	Italy	Corporate (75% Stake)	n.a.	n.a.
ASF Metrology s.r.l.	Italy	Corporate	n.a.	n.a.
ATS Automation Tooling Systems Inc	Canada	Corporate	59.1	5.1
AUCTUS Capital Partners AG	Germany	Venture Capital/PE	15.2	3.8
Arad Ltd	Israel	Corporate (60% Stake)	20.2	3.5
SANLIEN Technology Corp; OSMOS Group SA	France	Corporate	7.1	0.7



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The industrial world is taking its makeover more seriously than expected

Industrial Manufacturing

By Nicola Anzivino and Michele Biscaglia

With 169 deals announced in 2018 (vs. 197 in 2017) the Industrial Manufacturing sub-sector is embracing a wait-and-see approach to M&A, due to political turbulence and to certain regulatory changes introduced. Overall, digital transformation to enhance efficiency and quality is still the key challenge manufacturers are facing.

Executive Summary

A slow down in the industrial world is being witnessed around the globe for 2018. In Italy, a number of important regulatory changes were ongoing, affecting tax, duties, energy consumption among others. For the Italian players being compliant with GDPR and preparing for electronic invoicing throughout the value chain were not clear and easy task as a matter of fact, the second half of the year has been less active than the first (80 vs 89 deals closed). Thus numerous potential buyers have embraced a wait-and-see approach, delaying investment until the geo-political situation was more clear and less risky, both at national and international level.

Seeking know-how and technology upgrade

The industrial market is still appealing mostly for strategic, rather than for financial investors. Last year data confirms that the research of synergies and industrial partnerships were the fastest and safest ways to increase know-how, to transfer technological abilities and to enlarge the range offered to the market. 23% of deals were closed by PE Houses, which still recognise the value embedded in industrial assets and into their future potential.

Smaller players making the most noise

Industrial Equipment and Packaging are the most active segments, with 75 and 31 deals announced in 2018 respectively, out of a total of 169 deals completed. Synergies and technological transfer are the key deal rationales given that 55 deals in Industrial Equipment and 23 in Packaging were closed by Corporate players, looking for market expansion, diversification and vertical integration.

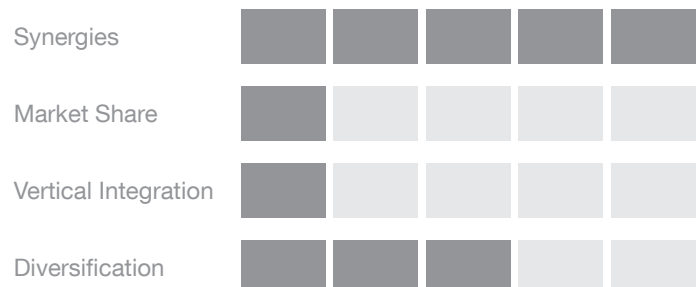
Attracting and engaging talent is the new challenge

A growing number of players are looking for more agile and digitalised suppliers, customers, strategic investors: advanced technologies and connectivity, such as IoT, are finally hitting the industrial market, modifying the investment profile of many manufacturers. The low attractiveness that this market has on STEM students is demanding a proactive approach in communication and story telling, otherwise the expected digital renovation is going to flounder. The defence of key value drivers of the industry, such as quality, needs to be ensured throughout the digitalisation process. New talents have to embrace the root of the company core-business and are challenged to provide for an upgrade.

2019 Outlook

Focus on quality and a more user friendly approach (digital/on time delivery) are the main drivers for manufacturers. Industrial players have to become more active in sharing real time business information with their customers and suppliers, in mining operational data into valuable information and in switching towards digitalisation to increase efficiency. One key element is to exploit the IoT potential, abandoning their fragmented ICT architecture, full of customised add-on designed in the past, to quickly fix minor problems, which have now become the dirt on the road to success ahead.

What moves the market / deal rationales:



Main deals in Industrial Manufacturing 2018

Period	Target	Country	Macro Region	Region	Activity
21/12/2018	Scatolificio Cartotecnica MG2 S.r.l.	Italy	North-East	Veneto	Packaging products and systems
19/12/2018	Barikell SRL	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
19/12/2018	Mix S.r.l.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
19/12/2018	Fonderie di Montorso SpA	Italy	North-East	Veneto	Iron and steel production
17/12/2018	Semperflex Roiter S.r.l.	Italy	North-East	Veneto	Industrial equipment and machinery
11/12/2018	Hydro Holding S.p.A.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
01/12/2018	Inglass S.p.A.	Italy	North-East	Veneto	Industrial equipment and machinery
28/11/2018	Logiudice Forni S.r.l.	Italy	North-East	Veneto	Industrial equipment and machinery
28/11/2018	Mimac Italia S.r.l.	Italy	North-East	Veneto	Industrial equipment and machinery
23/11/2018	Recuperator S.p.A.	Italy	North-West	Lombardy	Ventilation/heating/air conditioning
10/11/2018	La Murrina s.p.a. *	Italy	North-West	Lombardy	Office and household furniture,Packaging products and systems
06/11/2018	Camoga S.p.A.	Italy	North-West	Lombardy	Industrial equipment and machinery
29/10/2018	GIA S.p.a.	Italy	North-West	Piedmont	Hardware and plumbing supplies
26/10/2018	Cartiera di Bosco Marengo S.p.A.	Italy	North-West	Piedmont	Pulp and paper
25/10/2018	Primax Srl	Italy	North-East	Friuli-Venezia Giulia	Refrigeration equipment,Ventilation/heating/air conditioning
25/10/2018	Grafiche Pizzi Srl	Italy	North-West	Lombardy	Printing and binding
23/10/2018	Cantiere del Pardo S.p.A.	Italy	Centre	Emilia-Romagna	Ship Building and parts
15/10/2018	Vgv Srl	Italy	North-West	Lombardy	Hardware and plumbing supplies,Industrial equipment and machinery
02/10/2018	C.I.B. Unigas S.p.A.	Italy	North-East	Veneto	Industrial equipment and machinery
26/09/2018	Ferretto Group SpA	Italy	North-East	Veneto	Industrial equipment and machinery,Industrial Services
20/09/2018	MMH S.r.l.	Italy	Centre	Lazio	Hardware and plumbing supplies
19/09/2018	Perini Navi Group S.p.a.	Italy	Centre	Tuscany	Ship Building and parts
17/09/2018	Imecon Engineering S.r.l.	Italy	North-West	Lombardy	Industrial equipment and machinery,Other metal products
13/09/2018	Gruppo DAB S.p.A.	Italy	Centre	Lazio	Security & safety systems
07/08/2018	Eurofilter S.P.A.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
02/08/2018	Reca Group SpA	Italy	Centre	Emilia-Romagna	Packaging products and systems,Printing and binding
01/08/2018	Grafiche Bramucci s.r.l.	Italy	North-West	Lombardy	Packaging products and systems,Printing and binding
01/08/2018	LUMSON S.p.A	Italy	North-West	Lombardy	Packaging products and systems,Personal care
31/07/2018	System Ceramics	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
26/07/2018	San Lorenzo Spa	Italy	North-West	Liguria	Ship Building and parts

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Leaderform S.p.A.	Italy	Corporate	12.3	2.4
Gianfranco Padovani (Private Investor); Route Capital Partners SRL; Vittorio Cereghini (Private Investor)	Italy	Venture Capital/PE	10.0	2.0
Assietta Private Equity SGR S.p.A.	Italy	Venture Capital/PE (70% Stake)	10.1	1.9
Fondo Italiano d'Investimento SGR S.p.A.	Italy	Venture Capital/PE (70% Stake)	80.3	11.5
Matec Group Srl	Italy	Corporate	7.5	0.7
NB Renaissance Partners	Italy	Venture Capital/PE	51.0	10.1
Hinglass SpA	Italy	Corporate (30% Stake)	161.9	33.9
Tecnopool SpA	Italy	Corporate	15.5	1.8
Tecnopool SpA	Italy	Corporate	8.9	4.0
Carel Industries SpA	Italy	Corporate	16.4	1.7
Andrea Scarparo (Private Investor); Fabiana De Angelis (Private Investor)	Italy	Private investor	6.6	-2.1
Comelz S.p.A.	Italy	PE add on	10.0	1.5
Ethica Global Investments S.p.A.	Italy	Venture Capital/PE	7.7	2.7
Benfante S.p.A.	Italy	Corporate	38.8	6.0
Somec S.p.A.	Italy	Corporate (60% Stake)	6.1	-0.1
Petrone Group s.r.l.	Italy	Corporate (80% Stake)	12.6	2.4
Fabio Planamente (Private Investor); Luigi Servidati (Private Investor)	Italy	Private investor	23.4	1.7
Sbe Varvit S.p.A.	Italy	Corporate (68% Stake)	52.5	5.4
Friulia Veneto Sviluppo S.G.R. S.p.a.	Italy	Venture Capital/PE (30% Stake)	26.3	3.6
3F Immobiliare S.r.l.; Errepi 2018 S.r.l.	Italy	Corporate (40% Stake)	35.0	2.6
Torneria P.M.S. S.R.L.	Italy	Corporate	n.a.	n.a.
Tabacchi Family (Private Investor)	Italy	Private investor (25.5% Stake)	35.9	-11.2
Voilap Holding Srl	Italy	Corporate (70% Stake)	24.0	7.1
A consortium of investors led by Dr. Maddalena Nocivelli	Italy	Private investor	0.5	0.1
Sacmi Imola S.C.	Italy	Corporate (80% Stake)	23.8	4.1
Mainetti Group	Italy	Corporate	14.5	0.6
Isem Group	Italy	Corporate	32.5	3.2
FSI SGR S.p.A.	Italy	Venture Capital/PE (35% Stake)	78.1	14.2
Coesia S.p.A.	Italy	Corporate (60% Stake)	6.6	0.7
Massimo Perotti (Private Investor)	Italy	Private investor	251.1	19.1

Main deals in Industrial Manufacturing 2018

Period	Target	Country	Macro Region	Region	Activity
lug-18	Industria Cartaria Pieretti SpA	Italy	Centre	Tuscany	Pulp and paper
24/07/2018	Valbormida S.p.a.	Italy	North-West	Piedmont	Iron and steel production
24/07/2018	Doseuro Srl	Italy	North-West	Lombardy	Industrial equipment and machinery,Pumps and compressors
24/07/2018	Iseo Serrature s.p.a.	Italy	North-West	Lombardy	Security & safety systems
24/07/2018	Comas Tobacco Machinery	Italy	North-East	Veneto	Industrial equipment and machinery,Tobacco
19/07/2018	Valery Glass s.r.l.	Italy	North-West	Lombardy	Packaging products and systems
18/07/2018	Dresser Italia S.r.l.	Italy	South&Islands	Campania	Industrial equipment and machinery
04/07/2018	engo Srl	Italy	North-East	Trentino-Alto Adige	Industrial equipment and machinery
03/07/2018	Carton Pack Srl	Italy	South&Islands	Apulia	Packaging products and systems
02/07/2018	Ceccotti Collezioni	Italy	Centre	Tuscany	Furniture,Office and household furniture
29/06/2018	Coldline Srl	Italy	North-East	Veneto	Refrigeration equipment
14/06/2018	Ferrosider SpA	Italy	North-West	Lombardy	Iron and steel production
08/06/2018	Schmucker S.r.l.	Italy	North-East	Friuli-Venezia Giulia	Industrial equipment and machinery
07/06/2018	Interpack S.p.a.	Italy	Centre	Tuscany	Packaging products and systems
07/06/2018	MF Inox S.r.l.	Italy	North-West	Lombardy	Other metal products
07/06/2018	Novero S.p.A	Italy	North-West	Piedmont	Iron and steel production
giu-18	Lediberg S.p.A	Italy	North-West	Lombardy	Manufacture and supply of other consumer products,Printing and binding,Publishing,Pulp and paper
02/06/2018	Sotemapack Srl	Italy	Centre	Emilia-Romagna	Packaging products and systems
28/05/2018	Ciemme s.r.l.	Italy	North-West	Lombardy	Industrial equipment and machinery,Packaging products and systems,Robotics
28/05/2018	Gruppo Cordenons Spa	Italy	North-West	Lombardy	Pulp and paper
17/05/2018	Westport Fuel Systems (CNG compressor business)	Italy	North-West	Piedmont	Industrial equipment and machinery
14/05/2018	Cartiere Paolo Pigna S.p.A.	Italy	North-West	Lombardy	Printing and binding,Pulp and paper
08/05/2018	Evoqua Water Technologies S.r.l.	Italy	North-West	Lombardy	Water, sewage and other systems
03/05/2018	Green Box Srl	Italy	North-East	Veneto	Refrigeration equipment
02/05/2018	Nuovo Istituto Italiano d'Arti Grafiche S.p.a.	Italy	North-West	Lombardy	Printing and binding
02/05/2018	Tirelli Srl	Italy	North-West	Lombardy	Packaging products and systems
30/04/2018	Turbosol Produzione SpA	Italy	North-East	Veneto	Industrial equipment and machinery
27/04/2018	Impiantinox Srl	Italy	North-East	Veneto	Industrial equipment and machinery
23/04/2018	Tissue Machinery Company	Italy	Centre	Emilia-Romagna	Packaging products and systems
19/04/2018	Tecnopool SpA	Italy	North-East	Veneto	Industrial equipment and machinery

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Cartiera dell'Adda S.r.l.	Italy	Corporate	55.6	6.0
Rostagno family	Italy	Corporate	67.0	10.5
FPZ SpA	Italy	Corporate	6.5	1.2
Italmobiliare s.p.a.	Italy	Venture Capital/PE (40% Stake)	143.5	17.8
Coesia S.p.A.	Italy	Corporate (70% Stake)	210.0	56.0
Vetroelite S.p.A.	Italy	Corporate	7.4	0.7
Pietro Fiorentini S.p.a	Italy	Corporate	363.4	-3.0
TechnoAlpin AG	Italy	Corporate (60% Stake)	9.7	0.8
21 Invest	Italy	Venture Capital/PE (80% Stake)	80.0	10.7
Poltrona Frau S.p.A.	Italy	Corporate	6.5	0.6
Gradiente SGR S.p.A.	Italy	Venture Capital/PE	19.6	4.2
ORI Martin S.p.A.	Italy	Corporate	117.0	3.1
Marchesini Group S.p.A.	Italy	Corporate	10.5	0.5
GPACK S.p.a.	Italy	Corporate	11.4	-0.5
Vimi Fasteners S.p.A	Italy	Corporate	6.4	3.2
Marcegaglia SpA	Italy	Corporate (80% Stake)	17.8	0.6
Arti Grafiche Johnson S.p.A.	Italy	Corporate (84% Stake)	144.6	8.9
Aetna Group SPA	Italy	Corporate (60% Stake)	7.0	-1.2
IMA S.p.A.	Italy	Corporate (70% Stake)	11.2	2.7
Fedrigoni Group	Italy	PE add on	117.7	11.5
Snam SpA	Italy	Corporate	n.a.	n.a.
Gruppo Buffetti S.p.A.	Italy	Corporate (40% Stake)	29.4	0.4
GIOTTO WATER S.r.l.	Italy	Corporate	0.5	-0.7
Frigel Firenze SpA	Italy	Corporate	15.8	1.5
Elcograf S.p.A.	Italy	Corporate	56.7	-0.8
AROL S.P.A.	Italy	Corporate (60% Stake)	6.5	0.3
Management Vehicle	Italy	Venture Capital/PE	9.0	0.4
TMCI PADOVAN S.p.A.	Italy	Corporate	8.1	1.4
IMA S.p.A.	Italy	Corporate (82.5% Stake)	70.9	n.a.
Xenon Private Equity S.a.r.l.	Italy	Venture Capital/PE (60% Stake)	62.4	14.2

Main deals in Industrial Manufacturing 2018

Period	Target	Country	Macro Region	Region	Activity
18/04/2018	DA-TOR SpA	Italy	North-West	Lombardy	Hardware and plumbing supplies
16/04/2018	ADR s.r.l.	Italy	Centre	Lazio	Industrial equipment and machinery
16/04/2018	Guala Closures SpA	Italy	North-West	Piedmont	Bottling/ canning,Packaging products and systems
10/04/2018	FDT Srl	Italy	North-West	Lombardy	Industrial equipment and machinery,Pollution and recycling related
19/03/2018	Iseo Serrature s.p.a.	Italy	North-West	Lombardy	Security & safety systems
15/03/2018	HPF Group s.r.l	Italy	North-East	Friuli-Venezia Giulia	Other metal products
14/03/2018	Chiavette Unificate SpA	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
06/03/2018	I.F.A.P. Spa	Italy	North-East	Friuli-Venezia Giulia	Packaging products and systems
01/03/2018	Uni Gasket S.r.l.	Italy	North-West	Lombardy	Automotive components,Industrial equipment and machinery
28/02/2018	Chiorino Technology SpA	Italy	North-West	Piedmont	Textiles
26/02/2018	Fucine Film Solutions S.r.l.	Italy	North-West	Lombardy	Packaging products and systems
11/02/2018	BM S.p.A.	Italy	North-West	Lombardy	Industrial equipment and machinery
02/02/2018	Figros S.r.l.	Italy	Centre	Tuscany	Other metal products
30/01/2018	Spraytech S.R.L.	Italy	North-East	Veneto	Industrial equipment and machinery
11/01/2018	Fiocchi Munizioni SpA	Italy	North-West	Lombardy	Other ordnance
13/12/2018	United Closures and Plastics Limited	United Kingdom	Outbound	Abroad	Packaging products and systems
11/12/2018	Fluinox Procesos S.L.	Spain	Outbound	Abroad	Industrial equipment and machinery
03/12/2018	O&K Antriebstechnik GmbH	Germany	Outbound	Abroad	Industrial equipment and machinery
03/12/2018	HygroMatik GmbH	Germany	Outbound	Abroad	Industrial equipment and machinery
26/11/2018	Diversified Machine Systems LLC	USA	Outbound	Abroad	Industrial equipment and machinery,Numeric and computerised control of machine tools
05/11/2018	Bandas Industriales SA	Argentina	Outbound	Abroad	Industrial equipment and machinery
12/10/2018	DAAS International Group	Romania	Outbound	Abroad	Refrigeration equipment
25/09/2018	Tecna, S.L.	Spain	Outbound	Abroad	Ventilation/heating/air conditioning
09/08/2018	Brodogradiliste Viktor Lenac d.d.	Croatia	Outbound	Abroad	Ship Building and parts
07/08/2018	Grupo Detector	Spain	Outbound	Abroad	Security & safety systems
05/07/2018	Technoglas Produktions GmbH	Austria	Outbound	Abroad	Automotive components,Glass,Packaging products and systems
03/07/2018	Barcelona Cartonboard S.A.U.	Spain	Outbound	Abroad	Packaging products and systems,Pulp and paper
27/06/2018	Zyklus Heat Transfer Inc	USA	Outbound	Abroad	Ventilation/heating/air conditioning
19/06/2018	Techni Waterjet Pty Ltd	Australia	Outbound	Abroad	Application software products,Industrial equipment and machinery,Software development
15/06/2018	Ace Pump Corporation	USA	Outbound	Abroad	Pumps and compressors

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Technoprobe SpA	Italy	Corporate	39.0	6.2
CFT S.p.A.	Italy	Corporate (75% Stake)	23.5	1.6
Peninsula Capital S.a.R.L.; Space4 S.r.l.	Italy	Investment fund (81.22% Stake)	534.8	109.6
Culligan Italiana SpA	Italy	Corporate	0.6	0.1
Facchinetti Family	Italy	Private investor (40% Stake)	143.5	17.8
NORD Holding Unternehmensbeteiligungsgesellschaft mbH; Gradiente SGR S.p.A.	Italy	Venture Capital/PE	18.2	4.6
Nadella Srl	Italy	PE add on	9.6	1.0
Garda Plast SpA	Italy	PE add on	27.3	3.0
Palladio Finanziaria S.p.A.	Italy	Venture Capital/PE	28.0	2.3
Arcadia Sgr SpA	Italy	Venture Capital/PE	29.7	3.2
Trentino Sviluppo Spa; Eriplast SpA	Italy	Corporate	24.8	0.2
Beta Utensili S.P.A	Italy	Private investor	18.8	2.5
A.M.F. Spa	Italy	PE add on	15.6	5.1
Finint & Partners S.r.l.	Italy	Venture Capital/PE (70% Stake)	9.2	2.4
Charme Capital Partners SGR S.p.A.	Italy	Venture Capital/PE (60% Stake)	143.6	12.5
Guala Closures SpA	Italy	Corporate	54.5	n.a.
Interpump Group S.p.A.	Italy	Corporate	n.a.	n.a.
Bonfiglioli Riduttori S.p.A.	Italy	Corporate (45% Stake)	n.a.	n.a.
Carel Industries SpA	Italy	Corporate	13.0	4.1
Scm Group SpA	Italy	Corporate	30.0	n.a.
Megadyne S.p.A	Italy	PE add on (90% Stake)	n.a.	n.a.
Epta S.p.A.	Italy	Corporate (90% Stake)	40.0	n.a.
Sabiana S.p.A.	Italy	Corporate	12.5	n.a.
Palumbo Group SpA	Italy	Corporate (59.48% Stake)	69.0	14.6
Viasat Group S.p.A.	Italy	Corporate	n.a.	n.a.
Cerve S.p.A.	Italy	Corporate	15.0	n.a.
Reno De Medici S.p.A.	Italy	Corporate	n.a.	n.a.
LU-VE S.p.A.	Italy	Corporate	9.1	1.5
Gmm S.p.A.	Italy	PE add on	18.2	n.a.
Annovi Reverberi SpA	Italy	Corporate (95% Stake)	n.a.	n.a.

Main deals in Industrial Manufacturing 2018

Period	Target	Country	Macro Region	Region	Activity
17/05/2018	Tritron GmbH ; Atlantic Zeiser GmbH (Card personalization systems and packaging business segments)	Germany	Outbound	Abroad	Business products, Packaging products and systems, Paints and chemicals, Printing and binding
16/05/2018	Virojanglor Sarl	France	Outbound	Abroad	Packaging products and systems
07/05/2018	Pacon Corporation	USA	Outbound	Abroad	Packaging products and systems, Pulp and paper
01/05/2018	Clays Ltd.	United Kingdom	Outbound	Abroad	Printing and binding
25/04/2018	Barloworld Limited (Iberian equipment business)	Spain	Outbound	Abroad	Industrial equipment and machinery, Rental and leasing
24/04/2018	Blair-HSM Inc	USA	Outbound	Abroad	Aerospace, Defence aircraft and parts manufacture
16/04/2018	Pourtier; Setic	France	Outbound	Abroad	Fibre optics and electric cabling, Industrial equipment and machinery, Iron and steel production
09/04/2018	Cuki Alfatec sp. Z o.o.	Poland	Outbound	Abroad	Packaging products and systems
13/01/2018	Manufacturas Inplast S.A.	Spain	Outbound	Abroad	Packaging products and systems
26/10/2018	CastFutura SpA	Italy	North-West	Lombardy	Industrial equipment and machinery, Ventilation/heating/air conditioning
25/10/2018	Alta Metal srl	Italy	North-West	Lombardy	Industrial equipment and machinery
17/10/2018	PET Engineering S.r.l.	Italy	North-East	Veneto	Packaging products and systems
17/10/2018	Rhoss S.p.a.	Italy	North-East	Friuli-Venezia Giulia	Ventilation/heating/air conditioning
02/10/2018	SPM Drink Systems s.r.l.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
27/09/2018	VRV S.p.A.	Italy	North-West	Lombardy	Industrial equipment and machinery
01/08/2018	Farina Presse S.r.l.	Italy	North-West	Lombardy	Industrial equipment and machinery
31/07/2018	Effer S.p.A.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
27/07/2018	Rollon S.p.A.	Italy	North-West	Lombardy	Industrial equipment and machinery
26/07/2018	Galileo Tp Process Equipment S.r.l.	Italy	Centre	Tuscany	Industrial equipment and machinery, Ventilation/heating/air conditioning
11/07/2018	Diatec SRL	Italy	South&Islands	Abruzzo	Industrial equipment and machinery, Personal care
05/07/2018	Megadyne S.p.A	Italy	North-West	Piedmont	Industrial equipment and machinery, Petrochemicals- derivatives
03/07/2018	Nuceria Adesivi s.r.l	Italy	North-West	Lombardy	Packaging products and systems
03/07/2018	Cipriani PHE S.r.l.	Italy	North-East	Veneto	Industrial equipment and machinery, Ventilation/heating/air conditioning
03/07/2018	CIMA S.r.l.	Italy	Centre	Emilia-Romagna	Pumps and compressors, Ventilation/heating/air conditioning
22/06/2018	Apros s.r.l	Italy	North-East	Veneto	Ventilation/heating/air conditioning
19/06/2018	BT ITALIA SRL	Italy	North-East	Veneto	Industrial equipment and machinery
15/06/2018	Forniture Nautiche Italiane srl	Italy	Centre	Tuscany	Ship Building and parts
13/06/2018	Novimpianti Drying Technology S.r.l.	Italy	Centre	Tuscany	Industrial equipment and machinery, Ventilation/heating/air conditioning
12/06/2018	Induplast SpA	Italy	North-West	Lombardy	Packaging products and systems
08/06/2018	Finver S.P.A	Italy	North-East	Veneto	Office and household furniture

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Coesia S.p.A.	Italy	Corporate (51% Stake)	n.a.	n.a.
Pusterla 1880 S.P.A.	Italy	Corporate (51% Stake)	n.a.	n.a.
Dixon Ticonderoga Company	Italy	Corporate	212.0	33.5
Elcograf S.p.A.	Italy	Corporate	87.1	n.a.
Tesa S.p.A.	Italy	Corporate	-17.5	n.a.
Magnaghi Aeronautica S.p.A.; Three Hills Capital Partners LLP	Italy	Corporate/PE	61.7	n.a.
Sampsistemi S.r.l.	Italy	Corporate	50.0	n.a.
Cuki Cofresco S.p.A.	Italy	Corporate (50% Stake)	n.a.	n.a.
CDS Srl	Italy	PE add on	27.0	5.5
Robertshaw Controls Company	USA	PE add on	48.3	4.8
METALLUM Group (Schweiz) AG	Switzerland	Corporate (50% Stake)	48.8	0.5
Sidel S.A.	France	Corporate	7.1	1.7
NIBE Industrier AB	Sweden	Corporate (55% Stake)	68.0	3.4
Electrolux AB	Sweden	Corporate	27.5	3.7
Chart Industries, Inc.	USA	Corporate	n.a.	n.a.
Schuler AG	Germany	Corporate	19.5	2.3
Hydrauliska Industri AB	Sweden	Corporate	71.1	7.4
The Timken Company	USA	Corporate	94.7	25.6
The Burke Porter Group	USA	Corporate	13.0	3.5
Andritz AG	Austria	Corporate (70% Stake)	40.0	6.0
Partners Group Holding AG	Switzerland	Venture Capital/PE, Management	298.9	55.8
All4Labels Group GmbH	Germany	Corporate	62.8	7.1
Groupe SFPI S.A.	France	Corporate	9.8	1.1
Nidec Corporation	Japan	Corporate	13.4	2.2
Groupe Joncoux	France	PE add on	8.5	0.8
ZWEIWEG International GmbH & Co. KG	Germany	Corporate	n.a.	n.a.
Alliance Marine SAS	France	Corporate	9.7	1.3
Andritz AG	Austria	Corporate	11.3	0.2
Europe Capital Partners VI	Luxembourg	Investment fund	14.2	3.7
Jack Sewing Machine Co., Ltd.	China	Corporate	11.5	1.0

Main deals in Industrial Manufacturing 2018

Period	Target	Country	Macro Region	Region	Activity
08/06/2018	VI.BE.MAC. S.p.A	Italy	North-East	Veneto	Industrial equipment and machinery
04/06/2018	Clamp s.r.l.	Italy	North-West	Lombardy	Industrial equipment and machinery,Other metal products
04/06/2018	New System S.r.l.	Italy	North-East	Friuli-Venezia Giulia	Ship Building and parts
29/05/2018	C.M.I. Group	Italy	Centre	Emilia-Romagna	Other metal products
25/05/2018	Lafert SpA	Italy	North-East	Veneto	Industrial equipment and machinery
23/05/2018	Pibiplast S.p.A.	Italy	Centre	Emilia-Romagna	Packaging products and systems
18/05/2018	Acciaierie e Ferriere di Piombino S.p.A	Italy	Centre	Tuscany	Iron and steel production
18/05/2018	GSI Lucchini S.p.A	Italy	Centre	Tuscany	Iron and steel production
09/05/2018	Arbo S.p.A	Italy	Centre	Marche	Ventilation/heating/air conditioning
03/05/2018	Nadella Srl	Italy	North-West	Lombardy	Industrial equipment and machinery
24/04/2018	Magex SRL	Italy	North-East	Veneto	Industrial equipment and machinery
23/04/2018	Tecnosistem s.n.c. di Veschetti Walter & C.	Italy	North-West	Lombardy	Industrial equipment and machinery
04/04/2018	Alfa Laval AB (commercial tubular heat exchanger business)	Italy	North-East	Veneto	Refrigeration equipment,Ventilation/heating/air conditioning
03/04/2018	Firex srl	Italy	North-East	Veneto	Industrial equipment and machinery
20/03/2018	TTM Laser S.p.A.	Italy	North-West	Lombardy	Industrial equipment and machinery
01/03/2018	Halex Holding GmbH	Italy	North-West	Lombardy	Industrial equipment and machinery
28/02/2018	Nicotra Gebhardt S.p.A.	Italy	North-West	Lombardy	Ventilation/heating/air conditioning
19/02/2018	Faster S.p.A.	Italy	North-West	Lombardy	Industrial equipment and machinery
11/01/2018	SAT S.P.A.	Italy	North-East	Veneto	Industrial equipment and machinery
09/01/2018	E.B.I. Group SpA	Italy	North-East	Veneto	Industrial equipment and machinery
02/01/2018	ECM S.p.A.	Italy	Centre	Tuscany	Rail stock and parts
05/04/2018	Petroncini Impianti S.p.A	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery,Process control equipment
28/02/2018	Cinti S.r.l.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
27/02/2018	CFT S.p.A.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
16/02/2018	La Bottega Dell'Artigiano Di Roberto Bitali E C. SAS	Italy	Centre	Emilia-Romagna	Packaging products and systems
12/02/2018	Ideal Standard International BVBA (Roccasecca production site)	Italy	Centre	Lazio	Hardware and plumbing supplies,Other lightside materials
04/02/2018	Officina CMC S.r.l.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
12/01/2018	Brenta P.C.M. Spa	Italy	North-East	Veneto	Automotive components
15/10/2018	Clabo Pacific Holding Limited	China	Outbound	Abroad	Refrigeration equipment
14/08/2018	Hatfil Tekstil Isletmeleri A.s	Turkey	Outbound	Abroad	Textiles

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Jack Sewing Machine Co., Ltd.	China	Corporate (30% Stake)	13.1	1.7
Ideal Clamp Products, Inc.	USA	PE add on	8.7	1.0
Trident Maritime Systems, LLC	USA	Corporate	n.a.	n.a.
Guangdong SACA Precision Manufacturing Co., Ltd.	China	Corporate	n.a.	n.a.
Sumitomo Heavy Industries, Ltd.	Japan	Corporate	137.7	15.2
L Catterton; Ambienta Sgr SpA	USA	Venture Capital/PE	70.0	15.0
JSW Steel Ltd.	India	Corporate	99.4	-31.4
JSW Steel Ltd.	India	Corporate (69.27% stake)	40.2	0.8
Luxempart SA; Giubergia Family	Luxembourg	Venture Capital/PE	54.4	5.9
Intermediate Capital Group Plc	United Kingdom	Venture Capital/PE, Management	70.0	16.0
Hangzhou Zhongya Machinery Co., Ltd.	China	Corporate	2.6	0.6
Provisur Technologies, Inc.	USA	Corporate	n.a.	n.a.
Bitzer SE	Germany	Corporate	12.3	n.a.
The Middleby Corporation	USA	Corporate	16.5	4.2
Bystronic Laser AG	Switzerland	Corporate	13.8	-0.1
Bencis Capital Partners BV	Netherlands	Venture Capital/PE	n.a.	n.a.
Regal Beloit Corporation	USA	Corporate	170.0	21.9
Helios Technologies	USA	Corporate	105.0	28.9
Gema Switzerland GmbH	Switzerland	Corporate	15.0	3.8
Descours & Cabaud S.A.	France	Corporate	21.3	0.5
Progress Rail Services Corporation	USA	Corporate	96.0	16.1
GIMA TT S.p.A.	Italy	Corporate (31% Stake)	14.0	3.0
AxFlow S.r.l.	Italy	Corporate	2.2	0.1
Glenalta (SPAC)	Italy	SPAC	206.8	19.2
Chimar S.p.A.	Italy	Corporate	n.a.	n.a.
Saxa Gres Public Limited Company	Italy	Corporate	n.a.	n.a.
Sacmi Imola S.C.	Italy	Corporate	19.5	0.2
Veneto Sviluppo S.p.A.	Italy	Investment fund	3.9	n.a.
Clabo SpA	Italy	Corporate (46% Stake)	n.a.	n.a.
Marco Verzotti (Private investor); Alberto Verzotti (Private investor)	Italy	Private investor (49% Stake)	n.a.	n.a.

Main deals in Industrial Manufacturing 2018

Period	Target	Country	Macro Region	Region	Activity
16/07/2018	Okida Elektronik Tic. Ltd. Sti.	Turkey	Outbound	Abroad	Industrial equipment and machinery
12/07/2018	Challenge Power Transmission Limited	United Kingdom	Outbound	Abroad	Industrial equipment and machinery
07/05/2018	Packaging Del Sur, S.L.	Spain	Outbound	Abroad	Packaging products and systems
17/04/2018	MHD Werkzeugmaschinen GmbH – MHD Maschinenservice GmbH	Germany	Outbound	Abroad	Industrial equipment and machinery, Industrial Services
20/03/2018	Vanners Ties Limited	United Kingdom	Outbound	Abroad	Textiles
07/03/2018	FJE Plastic Development Limited	United Kingdom	Outbound	Abroad	Industrial equipment and machinery
27/02/2018	Thomson Aerospace & Defense	USA	Outbound	Abroad	Aerospace, Defence aircraft and parts manufacture, Industrial equipment and machinery
22/02/2018	Howard McCray, LLC	USA	Outbound	Abroad	Industrial equipment and machinery, Ventilation/heating/air conditioning
19/02/2018	Active Metals Limited	United Kingdom	Outbound	Abroad	Aluminium raw material production
02/02/2018	STX France SA	France	Outbound	Abroad	Ship Building and parts
19/11/2018	Plastic Srl	Italy	Centre	Emilia-Romagna	Packaging products and systems
05/11/2018	Mascioni S.p.A. (hospitality business)	Italy	North-West	Lombardy	Textiles
29/10/2018	Ansaldo STS SpA	Italy	North-West	Liguria	Rail stock and parts, Railways
27/09/2018	Olivotto Glass Technologies S.p.A.	Italy	North-West	Piedmont	Glass, Industrial equipment and machinery
13/09/2018	F.G. Europe Italia SpA	Italy	North-West	Lombardy	Ventilation/heating/air conditioning
25/07/2018	Antipanic SRL	Italy	Centre	Emilia-Romagna	Security & safety systems
12/07/2018	Cuki Group S.p.A.	Italy	North-West	Piedmont	Packaging products and systems
09/07/2018	COROB S.p.A.	Italy	Centre	Emilia-Romagna	Industrial equipment and machinery
04/07/2018	KLARCO s.r.l.	Italy	North-East	Friuli-Venezia Giulia	Other metal products

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Sabaf SpA	Italy	Corporate	14.1	n.a.
Megadyne S.p.A.	Italy	Corporate	n.a.	n.a.
CFT S.p.A.	Italy	Corporate (51% Stake)	n.a.	n.a.
FFG Europe S.P.A.	Italy	Corporate	n.a.	n.a.
E. Marinella Srl Of Luigi And Maurizio Marinella	Italy	Corporate (10% Stake)	n.a.	n.a.
Celli S.p.A.	Italy	Corporate	n.a.	n.a.
UmbraGroup S.p.A.	Italy	Corporate	n.a.	n.a.
Clabo SpA	Italy	Corporate (51% Stake)	n.a.	n.a.
Fluorsid S.p.A.	Italy	Corporate	n.a.	n.a.
Fincantieri Cantieri Navali Italiani Spa	Italy	Corporate (50% Stake)	n.a.	n.a.
TriMas Corporation	USA	Corporate	10.6	2.8
Standard Textile Co., Inc	USA	Corporate	n.a.	n.a.
Hitachi, Ltd.	Japan	Corporate (49.23% Stake)	1.361.0	123.0
China Glass Holdings Limited	China	Corporate	27.6	1.9
Fujitsu General Ltd.	Japan	Corporate (51% Stake)	24.4	0.2
DOM Security	France	Corporate (73.87% Stake)	6.9	0.6
Melitta Group Management GmbH & Co. KG	Germany	Corporate	198.0	18.5
Ardian	France	Venture Capital/PE	86.6	9.2
T&S Brass and Bronze Works, Inc.	USA	Corporate	7.8	0.4

An aerial, high-angle photograph of a city streetcar (trolley) traveling along a set of tracks. The streetcar is silver and white, moving diagonally from the upper left towards the lower right. To the right of the tracks is a multi-story brick building with many windows. The tracks curve and cross in various directions, creating a complex pattern of lines. The overall scene is urban and industrial.

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Expected perk up as
M&A gets industrious

Industrial Services

by Paolo Anfossi and William Torre

With 41 deals announced in 2018, the Industrial Services sub-sector is characterised by the highest percentage of deals involving Corporate buyers (80%). Last year marks 24 domestic, 9 inbound and 8 outbound deals.

Executive Summary

M&A activity in the Industrial Services sub-sector has seen a slowdown compared to the previous year's trend (65 deals recorded in 2017).

Deals have taken an increasingly strategic path with corporates cherry picking their targets with the aim of consolidating their position in the market.

There is a clear geographic fragmentation with the North-West being the top performer while the South & Islands drag behind in terms of deal count.

Strategic investors have been the leading actors in the play

In line with the global trend, corporate players took the lead in 2018 completing 80% of total deals compared to 20% performed by financial investors. This pattern is in line with 2017 figures where strategic investors accounted for 78% of deal count.

Domestic deals represent the majority of transactions with 24 deals finalised during the year. The Italian inbound M&A accounts for a fifth of the deal count with the majority of the target companies located in central Italy, in the regions of Lazio and Emilia-Romagna. This demonstrates the appeal of Italian mid-cap companies. Foreign buyers are increasingly recognising the value of Italian companies, especially in the Industrial Services sub-sector where they show their strength in terms of differentiated engineering skills, know-how and advanced technologies. In most cases foreign strategic investors are seeking to acquire new technology or know-how from their target in order to gain strength and capabilities they don't possess already, like the SELI Technologies deal, a company that designs and manufactures tunnel boring machines, acquired in November by TunnelPro, company born from the JV between the South African Master Drilling and Ghella. Although inbound transactions showed a significant weighting on M&A activity in 2018, they still experienced a drop from 2017 (9 deals vs 22 recorded in 2017).

The consolidating wave

The consolidation process that the Business Support Service segment is experiencing, represented one of the drivers in M&A activity in this industry sub-sector both in terms of deal volume (10 deals completed in 2018) and deal value where the acquisition of CCA International, a leading French player in customer engagement, by Comdata was by far the largest deal in 2018.

Consolidation in the utilities segment was also demonstrated by a number of domestic deals. Edison acquired the majority stake in Zephro, an Italian operator in the energy efficiency sector and provider of integrated energy management solutions.

The defence segment was also a significant contributor in terms of deal value with the acquisition of the outstanding stake of Vitrociset by Leonardo.

Last year trend and 2019 outlook

The ongoing strategic consolidation process together with efforts to fill the knowledge gap by adding new technologies to companies' portfolios have set the path for M&A activity in 2018, and despite the slow down registered, deals activity is expected to perk up again in 2019.

Strong appreciation of the proven Italian know-how and engineering skills is likely to continue to drive M&A activity in 2019. Further consolidation of domestic corporates is likely to continue in 2019.

The Industrial Services sub-sector is expected to benefit from increased capital expenditure for maintenance of highly regulated companies that need to comply with regulations.

What moves the market / deal rationales:

Synergies					
Market Share					
Vertical Integration					
Diversification					

Main deals in Industrial Services 2018

Period	Target	Country	Macro Region	Region	Activity
22/11/2018	Spencer Contract S.p.A.	Italy	North-West	Liguria	Industrial Services
31/10/2018	BeDimensional Srl	Italy	North-West	Liguria	Industrial Services
17/10/2018	San Germano Srl	Italy	North-West	Piedmont	Pollution and recycling related
07/08/2018	Vitrociset SpA	Italy	Centre	Lazio	Training and developing equipment for defence, space and transportation segments
31/07/2018	Stop & Go srl	Italy	North-West	Lombardy	Distributors
31/07/2018	Comat Servizi Energetici S.p.A.	Italy	North-West	Lombardy	Consulting services (excl. IT consulting),Other services
06/07/2018	Felsilab S.r.l.	Italy	Centre	Emilia-Romagna	Consulting services (excl. IT consulting),Pollution and recycling related
06/07/2018	Blulink S.r.l.	Italy	Centre	Emilia-Romagna	Application software products
06/07/2018	Yousave Spa	Italy	North-West	Lombardy	Consulting services (excl. IT consulting)
04/07/2018	Guerrato S.P.A.	Italy	North-East	Veneto	Business support services
03/07/2018	Centro Risorse S.r.l.	Italy	North-East	Veneto	Pollution and recycling related
25/06/2018	Bauciweb S.r.l. (big data business analysis and media monitoring business unit)	Italy	North-West	Lombardy	Application software products,Other services
21/06/2018	Galileo Network SpA	Italy	North-East	Veneto	Application software products,IT consulting
02/05/2018	Laboratorio Castaldo s.r.l.	Italy	South&Islands	Campania	Other services
11/01/2018	Gruppo Servizi Associati SpA	Italy	North-East	Friuli-Venezia Giulia	Business support services,Other services
09/07/2018	EnerNex	USA	Outbound	Abroad	Consulting services (excl. IT consulting),Engineering services
29/06/2018	Lavazza Australia OCS Pty Limited	Australia	Outbound	Abroad	Distributors
30/05/2018	Intramex GmbH	Germany	Outbound	Abroad	Distributors,Importers and wholesalers
30/04/2018	IsoCool Ltd	United Kingdom	Outbound	Abroad	Industrial Services,Refrigeration equipment
18/12/2018	Westpole S.p.A.	Italy	Centre	Lazio	Application software products
05/11/2018	SELI Technologies s.r.l.	Italy	Centre	Lazio	Business support services,Other services
31/07/2018	Co.lme Srl	Italy	Centre	Emilia-Romagna	Distributors,Electrical components
08/06/2018	Vinco S.R.L	Italy	North-East	Veneto	Distributors,Importers and wholesalers
01/06/2018	EcoEridania Srl	Italy	North-West	Liguria	Pollution and recycling related,Water, sewage and other systems
10/04/2018	Remedia TSR Srl	Italy	North-West	Lombardy	Consulting services (excl. IT consulting)
08/03/2018	Demm SpA	Italy	Centre	Emilia-Romagna	Engineering services,Industrial Services
12/01/2018	Arista & Partners Information Engineering Consulting s.r.l.	Italy	Centre	Lazio	Consulting services (excl. IT consulting)
13/09/2018	Sae Scientifica Srl	Italy	North-West	Lombardy	Application software products,Other services
04/08/2018	Gruppo PSC S.p.A.	Italy	Centre	Lazio	Engineering services
28/05/2018	Zephyro S.p.A.	Italy	North-West	Lombardy	Energy conservation related,Other services
29/03/2018	Agenzia Italia SpA	Italy	North-East	Veneto	Business support services
28/03/2018	Gruppo Green Power S.p.A.	Italy	North-East	Veneto	Alternative energy,Engineering services
06/02/2018	Esapro S.r.l.	Italy	North-West	Lombardy	Alternative energy,Business support services
02/02/2018	Newton Management Innovation SpA	Italy	North-West	Lombardy	Consulting services (excl. IT consulting),Educational & Training Services
01/02/2018	Studio Form S.r.l	Italy	North-West	Lombardy	Business support services,Other services
01/02/2018	Consult Data Srl	Italy	North-West	Piedmont	Business support services
26/09/2018	Wonderflow B.V.	Netherlands	Outbound	Abroad	Business support services
26/09/2018	LuxTrust S.A.	Luxembourg	Outbound	Abroad	Business support services,Other services
07/08/2018	Ambra Solutions	Brazil	Outbound	Abroad	Engineering services
30/03/2018	CCA International SA	France	Outbound	Abroad	Business support services,Consulting services (excl. IT consulting)
06/07/2018	Officine CST S.P.A.	Italy	Centre	Lazio	Business support services,Consulting services (excl. IT consulting),Other services

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
De Wave S.r.l.	Italy	Corporate	44.1	5.7
Gruppo Pellan	Italy	Corporate	0.1	0.1
Iren S.p.A.	Italy	Corporate	74.0	4.0
Leonardo SpA	Italy	Corporate (98.54% Stake)	155.9	13.4
Gruppo Argenta s.p.a.	Italy	Corporate	8.0	1.0
Fondo Italiano per l'Efficienza Energetica SGR S.p.A.	Italy	Investment fund	31.8	2.6
Leochimica Srl	Italy	Corporate	1.1	-0.1
Marposs S.p.A.	Italy	Corporate	3.8	0.8
Enel S.p.A.	Italy	Corporate	28.5	1.1
Xela SpA	Italy	Corporate (51% Stake)	84.7	17.5
Viscolube S.r.l.	Italy	Corporate (70% Stake)	30.0	2.7
Cerved Group S.p.A.	Italy	Corporate	n.a.	n.a.
Corvallis S.p.A.	Italy	Corporate	6.7	1.3
Gruppo Lifebrain	Italy	Corporate	0.9	-0.2
Armonia SGR SPA	Italy	Venture Capital/PE (68.5% Stake)	69.0	11.7
CESI S.p.A.	Italy	Corporate	n.a.	n.a.
Luigi Lavazza S.p.A.	Italy	Corporate	n.a.	n.a.
USCO SpA	Italy	Corporate	n.a.	n.a.
Eurochiller S.r.l	Italy	Corporate	n.a.	n.a.
LIVIA Corporate Development SE	Germany	Investment fund	n.a.	n.a.
TunnelPro	South Africa	Corporate	22.5	-0.3
Materiale Elettrico Firenze Srl	Germany	Corporate	16.5	1.2
Jack Sewing Machine Co., Ltd.	China	Corporate (95% Stake)	9.4	0.8
iCON Infrastructure LLP	United Kingdom	Venture Capital/PE	145.0	26.1
INTERSEROH Austria GmbH	Austria	Corporate (40% Stake)	24.2	0.8
Certina Holding AG	Germany	Corporate	n.a.	n.a.
erwin, Inc.	USA	Corporate	0.8	0.1
Ing. Ferrari SpA	Italy	Corporate (75% Stake)	10.9	0.2
Fincantieri Cantieri Navali Italiani Spa	Italy	Corporate (10% Stake)	71.1	15.4
Edison S.p.A.	Italy	Corporate	64.4	15.4
Gruppo MutuiOnline S.p.A.	Italy	Corporate (50% Stake)	25.5	6.4
Christian Barzazi (Private Investor); David Barzazi (Private Investor)	Italy	Private investor (51% Stake)	7.2	0.2
L&B Capital S.p.A.	Italy	Investment fund	6.1	0.3
Management Vehicle	Italy	Venture Capital/PE	5.1	0.6
Step S.p.A.	Italy	Corporate	2.8	1.0
F2A S.r.l.	Italy	Corporate	2.8	0.4
P101 srl	Italy	Venture Capital/PE	n.a.	n.a.
Infocert SpA	Italy	Corporate (50% Stake)	10.7	1.1
Protom Group SpA	Italy	Corporate	n.a.	n.a.
Comdata S.p.A.	Italy	Corporate	164.0	n.a.
Cerberus Capital Management, L.P.	USA	Venture Capital/PE (57% Stake)	11.7	2.6

An aerial night photograph of a bustling port. The scene is illuminated by bright artificial lights, creating a high-contrast environment. In the foreground, numerous stacks of colorful shipping containers (red, blue, green, and yellow) are neatly arranged in rows. Several large gantry cranes are positioned along the waterfront, their long jibs extending over the water. A large cargo ship is docked at the pier, its deck and superstructure visible. The water reflects the lights from the port, creating a shimmering effect. The overall atmosphere is one of intense industrial activity.

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All at sea: investors
target the big fish

Transportation & Logistics

by Michele Biscaglia and Maddalena Angeloni

Despite the diminishing trend of deals announced in 2018 (20 vs. 35 of 2017), the Transportation & Logistics sub-sector shows a significant presence of big targets. Last year was marked by 8 domestic deals, 11 inbound deals and 1 outbound deal. Overall sea freight concentration is still driving the bustle.

Executive Summary

Italian market is following the international trends in terms of Transportation & Logistics. Business is good and demand is growing, however uncertainty and complexity are reshaping the M&A environment, as a number of changes in regulation with USA and UK have slowed down the M&A activity compared to 2017. Being concentration driven, 70% of the 2018 deals are carried out by strategic investors. The deal rationale therefore always tends to be more focussed on achieving synergies to share the burden of fixed costs.

Sea carrier concentration is still the biggest catch

As per 2017 trend last year continued the wave of market concentration ongoing. 2018 was marked by almost 50% of deals in the sea freight segment. The ocean freight consolidation is due to carriers' financial struggle. Price war and heavy competition on lines are still the main obstacle for growth combined with a not-so-booming global trade. All in all, ocean freight is still characterised by an overcapacity, and an unsustainable structure, both fixed cost-related and rising variable costs-related to canal tolls.

Waiting for smoother waters

Last year showed a lower activity, as Europe and the custom duty with the USA have been marked by a wave of uncertainty. Most players in Transportation & Logistics have gained a wait-and-see approach to avoid capital expenditure in times of vulnerability, uncertainty, complexity and ambiguity. For instance this can be seen in less stocks gathered for import/export around UK, due to Brexit foggy outline in timings and implementation. Despite the lack of risk takers, the world

of Transportation & Logistics, ocean freight aside, can still boost business confidence due to a growing trend and demand.

Our expected trend for 2019 and future years





















The International Maritime Organisation (IMO) will enforce a new 0.5% global sulphur cap on fuel content from January 1st 2020, lowering from the present 3.5% limit. The global fuel sulphur cap is part of the IMO's response to heightening environmental concerns, contributed in part by harmful emissions from ships.

Most carriers will have to enforce changes starting from Q4 2019 implementing scrubber technology to clean the ships emission or equip their fleet with new fuel emission. All in all, we can expect a rise of transportation cost of 10% globally, increasing the financial pressure for carriers. This will likely lead to a greater and quicker consolidation.

Belt & Rails new silk road, China working to increase rail links between Asia and Europe will bring disruption in the market positioning of both trucks and sea freight carriers, being positioned as cheaper and quicker.

Asia is also increasing its technology knowledge in terms of logistics allowing greater data visibility which will definitely affect 3rd and 4th logistics providers. If private companies can manage through technology part of their services, such as customs and export/import bureaucracy, a typical door to door offering would result in just a more expensive option with no added value.

What moves the market / deal rationales:

Synergies					
Market Share					
Vertical Integration					
Diversification					

Main deals in Transportation & Logistics 2018

Period	Target	Country	Macro Region	Region	Activity
10/10/2018	Blue City s.r.l.	Italy	North-East	Trentino-Alto Adige	Freight and other transportation services
31/07/2018	Capieci Navigazione SpA	Italy	South&Islands	Campania	Shipping
18/05/2018	Bas Group SpA	Italy	North-East	Veneto	Freight and other transportation services
04/05/2018	Tecnoservice s.r.l.	Italy	North-West	Lombardy	Freight and other transportation services,Shipping
23/03/2018	Gesmar S.p.A.	Italy	Centre	Emilia-Romagna	Shipping
09/01/2018	Mazzocco Srl	Italy	Centre	Emilia-Romagna	Freight and other transportation services
02/03/2018	Getlink S.E.	France	Outbound	Abroad	Freight and other transportation services,Shipping
02/07/2018	Airport Handling SpA	Italy	North-West	Lombardy	Airports,Business support services
06/06/2018	Saga Italia S.p.A.	Italy	North-West	Lombardy	Freight and other transportation services,Shipping
18/05/2018	Piombino Logistics S.p.A	Italy	Centre	Tuscany	Other transportation services
04/05/2018	Gruppo Marconi (frozen foods logistics platform in Fidenza and Ascoli Piceno)	Italy	Centre	Emilia-Romagna	Freight and other transportation services
03/05/2018	Sirio S.p.A.	Italy	North-West	Lombardy	Airlines
20/04/2018	Augustea Atlantica & York capital management (16 Vessels)	Italy	North-West	Lombardy	Shipping
07/03/2018	Traconf S.r.l.	Italy	North-East	Veneto	Freight and other transportation services
11/02/2018	Nuovo Trasporto Viaggiatori SpA	Italy	Centre	Lazio	Railways
31/08/2018	Trieste Adriatic Maritime Initiatives Srl	Italy	North-East	Friuli-Venezia Giulia	Shipping
21/06/2018	Farma Logistica S.r.l.	Italy	South&Islands	Campania	Drug supply,Freight and other transportation services
30/09/2018	Easybox Self Storage S.r.l.	Italy	North-West	Lombardy	Freight and other transportation services
25/09/2018	Nuovo Trasporto Viaggiatori SpA	Italy	Centre	Lazio	Railways
26/07/2018	Corporacion America Italia S.p.A.	Italy	North-West	Lombardy	Airports

Acquiror	Country	Type	Revenues FY17 (€m)	EBITDA FY17 (€m)
Trasporti Romagna S.p.a.	Italy	PE add on	28.6	3.7
Rimorchiatori Mediterranei S.p.A.	Italy	Corporate	15.8	6.8
Bracchi S.r.l.	Italy	PE add on	30.0	n.a.
Fratelli Cosulich S.p.A.	Italy	Corporate (50% Stake)	28.1	1.0
Rimorchiatori Riuniti S.p.A.	Italy	Corporate (50% Stake)	39.2	15.9
Italtrans S.p.A.	Italy	Corporate	34.2	0.6
Atlantia SpA	Italy	Corporate (15.49% Stake)	1,140.0	526.0
Dnata	United Arab Emirates	Corporate (40% Stake)	114.0	10.3
Kerry Logistics Network Limited	Hong Kong	Corporate	34.8	1.7
JSW Steel Ltd.	India	Corporate	3.3	-4.2
Stef SA	France	Corporate	28.2	2.8
FlairJet Ltd.	United Kingdom	Corporate (80% Stake)	n.a.	n.a.
Star Bulk Carriers Corp.	Greece	Corporate	n.a.	n.a.
Nippon Express Co., Ltd.	Japan	Corporate	57.5	5.9
Global Infrastructure Partners	USA	Venture Capital/PE	414.9	142.0
MSC Crociere S.p.A.	Italy	Corporate (36.7% Stake)	n.a.	n.a.
Bomi Italia S.p.A.	Italy	Corporate	5.0	0.6
Angelo, Gordon & Co.; BCN Capital Partners S.R.L.	USA	Venture Capital/PE	7.3	2.8
Allianz SE	Germany	Investment fund (11.5% Stake)	414.9	142.0
Investment Corporation of Dubai	United Arab Emirates	Investment fund (25% Stake)	134.1	25.3

An aerial, top-down view of a large, modern office atrium. The floor is made of light-colored square tiles. Numerous people are scattered throughout the space, many of whom are sitting at small, round, white tables. Some people are standing and talking, while others are seated in groups. The lighting is bright and even. In the upper right corner, there are glass railings and a staircase. The overall atmosphere is one of a busy, open-plan office environment.

A world of deals

2018 deals by geography

Top 5 Regions



95
deals in **Lombardy**

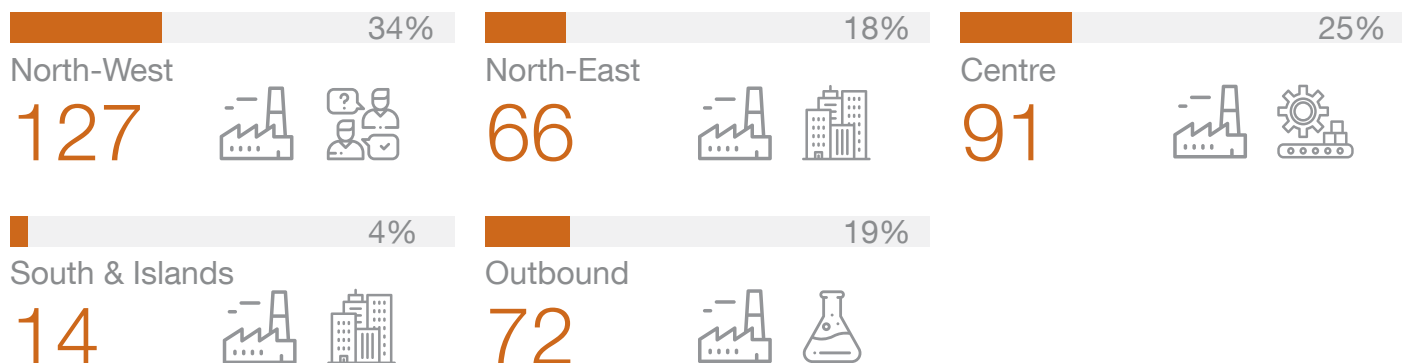
25
deals in **Piedmont**

52
deals in **Emilia Romagna**

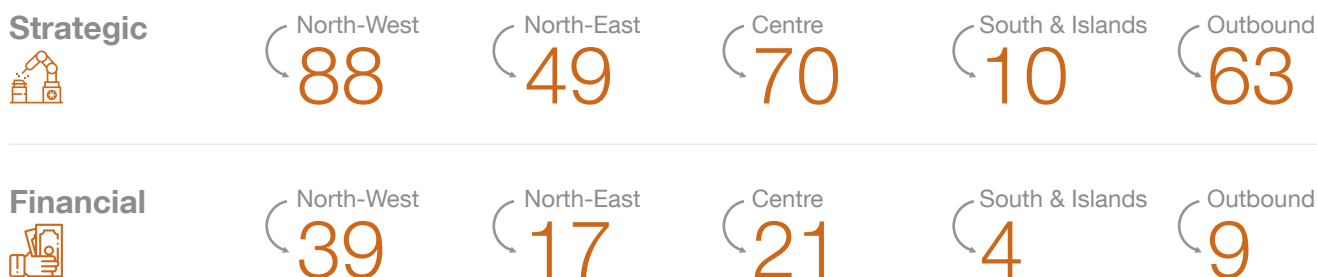
21
deals in **Lazio**

50
deals in **Veneto**

Deals by macro-region and relative main sub-sectors



Deals by macro-region and investor type



Deals by geography

by Max Lehmann and Maddalena Angeloni

The vast majority of Italian IM&A deals targets are concentrated in North-Western Italy (127) and Central Italy (91), covering 73% of total transactions on local players.

Outbound IM&A investments represent 19% of total deal number, with Chemicals & Materials being the most active sub-sector.

& Electronics (14), Automotive (14) and Chemicals & Materials (14). The deal of the year took place in Lombardy with **Japanese Calsonic Kansei Corporation** acquiring the €8.1B revenues **Magneti Marelli**, clustering this event as a mega-deal in the automotive components segment. Liguria played an important role being the arena of another “Asian” deal. **Hitachi acquired 49.23% share of Ansaldo STS** counting for €1.3B target revenues.

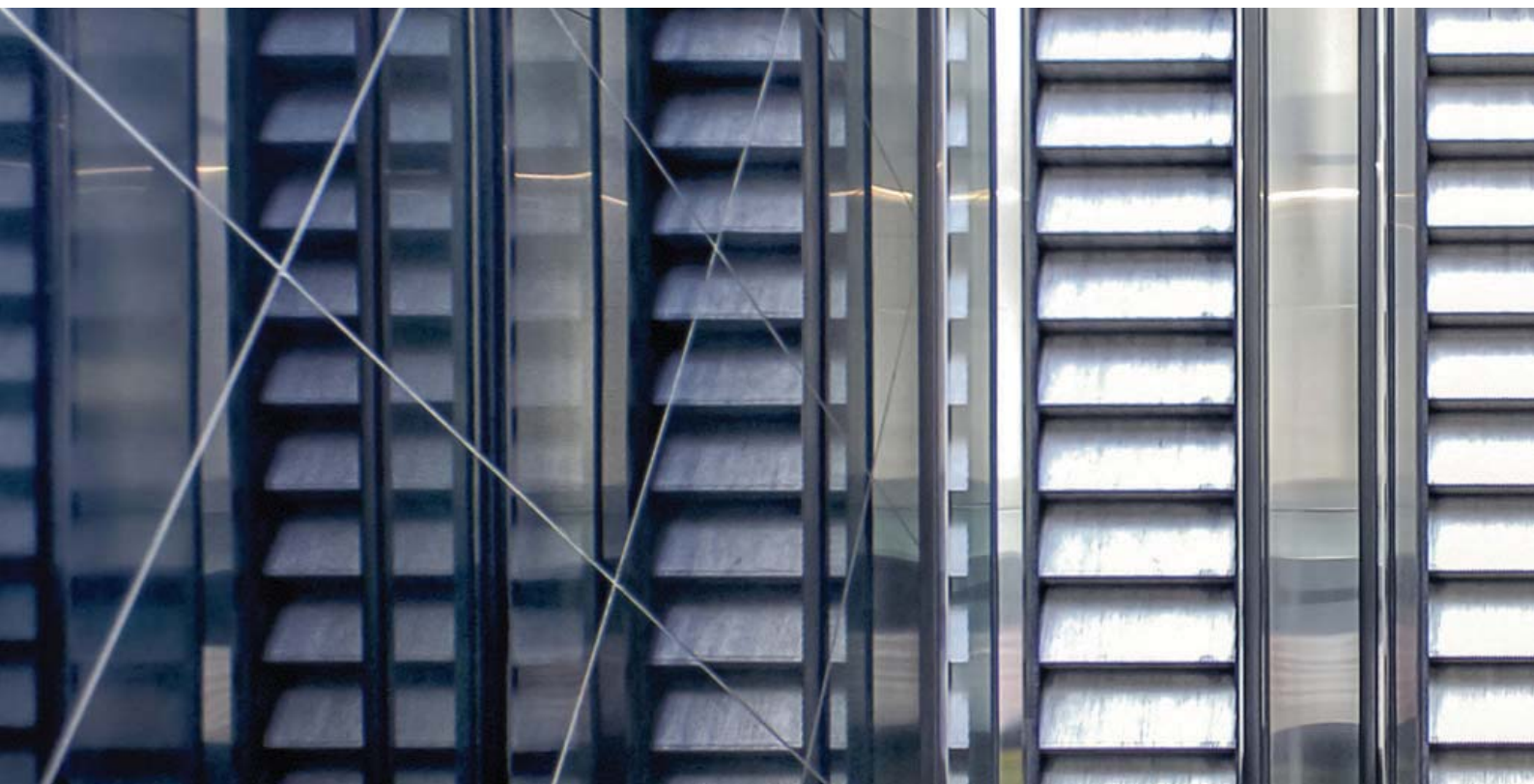
North-West

The lion's share in terms of number of deals goes to the North-Western Italy, with 127 announced transactions, representing c. 34% of total deals (370). Lombardy led the pack with 95 deals, followed by Piedmont which trailed behind with 52 announced deals.

Targets based in the North-Western Italy attracted 55 international (40 strategic and 15 financial investors) and 72 domestic buyers (48 strategic and 24 financial investors). Besides domestic buyers the most active overseas acquirers are from USA (14 deals) while in EMEA the most active is Germany with 8 acquisition in Italy. This region is dominated by Industrial Manufacturing (55 deals), followed by Industrial Services (15), Industrial Automation

Centre

Central Italy saw 91 announced IM&A deals (c. 25% of the total), with Emilia-Romagna accounting 52, followed by Lazio (21). Deals announced in Central Italy attracted 49 international (36 strategic and 13 financial investors) and 42 domestic buyers (34 strategic and 8 financial investors). Main inbound activity generated by US buyers (12 deals), Germany (10 deals) followed by France with 8 deals. The acquisition of 18% shares of construction player **Astaldi S.p.A from IHI Corporation** from Japan, was one of the significant cross-border deals announced in this region in 2018.



North-East

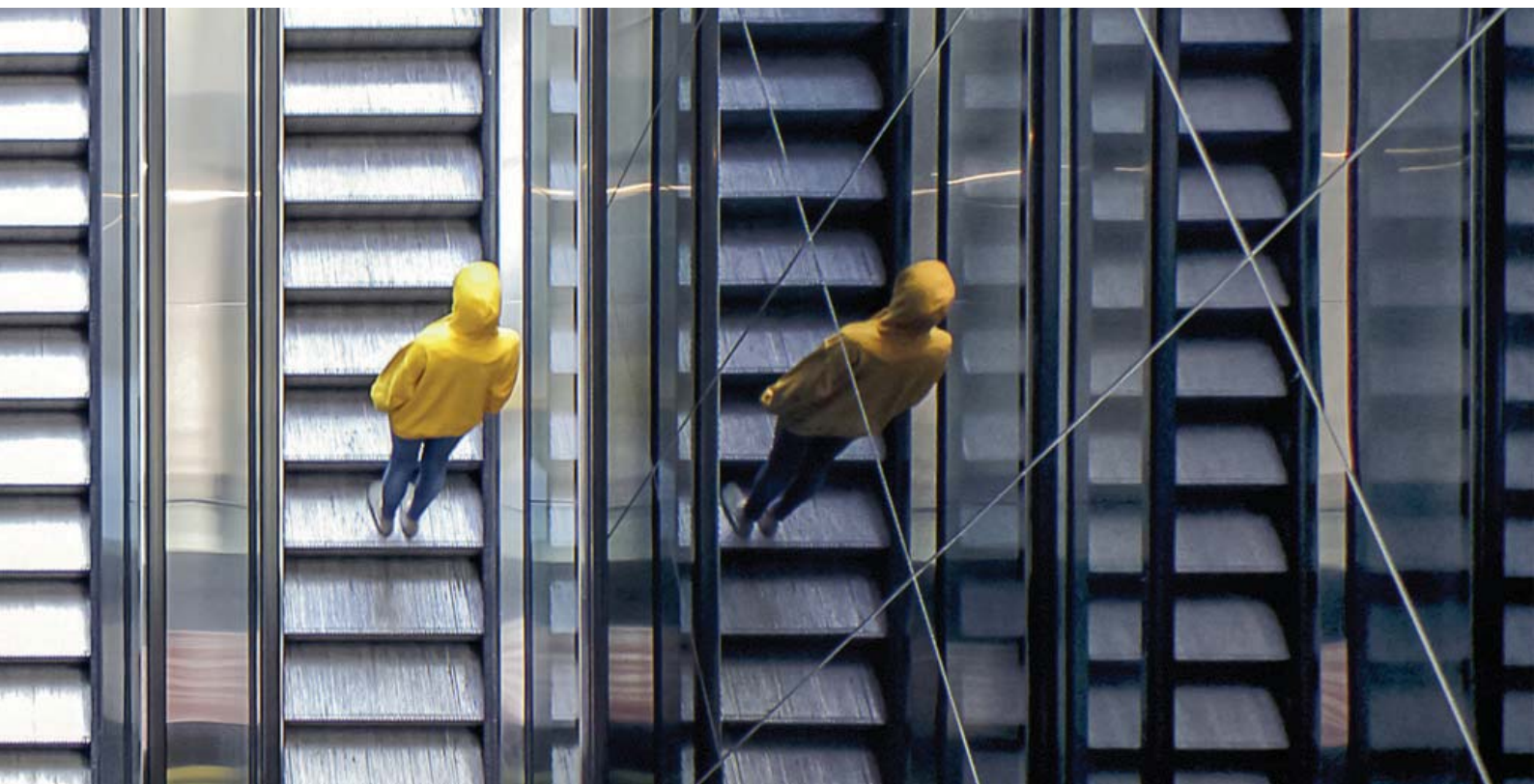
The North-East of Italy contributed 66 announced deals, 18% of the total, with Veneto being the 3rd region in terms of number of deals (50), followed by Friuli-Venezia Giulia (11). Deals announced in North Eastern regions attracted 25 international (23 strategic and 2 financial investors) and 41 domestic buyers (26 strategic and 15 financial investors). In terms of inbound transactions, the region received an homogeneous interest from overseas (China 5 and USA 4 deals) and EMEA (France 5 and Germany 3). Most of the deals involved targets in the Industrial Manufacturing sub-sector (36) and Construction (8). Among the most relevant transactions we highlight the acquisition of 70% of the share capital of **Comas Tobacco Machinery** (€210M revenues) by **Coesia**.

Outbound

72 outbound deals were announced in 2018, 63 of which from strategic investors. The most active sub-sector in this geography is Chemicals & Materials with 10 deals. The largest deals announced were: the €5.3B acquisition of the South American **Abertis Infraestructuras** by the consortium formed by **ACS S.A., Atlantia SpA and Hochtief AG**; and in Automotive the acquisition of the German **Adler Pelzer Group** by **FSI SGR**. Outbound investments are concentrated in EMEA 64%, Americas 26%, followed by APAC 10%. China represents only 6% of outbound deals.

South & Islands

South & Islands hosted 14 announced deals, 4% of the total. Deals were mainly concentrated in Campania (6) Apulia (3) and Abruzzo (2). Last year foreign interest came from Austria, Turkey and Chile. Most relevant transactions took place in Campania: the acquisition of industrial equipment machinery **Dresser Italia** by **Pietro Fiorentini**.



A high-contrast, low-key photograph of an industrial interior. A person is sitting on a light-colored wooden floor, looking up. A large, dark, L-shaped object hangs from the ceiling. To the left, a curved glass structure is visible. The scene is dramatically lit, with strong shadows and highlights.

Maximize returns with Value Creation in Deals approach

#beyondthedeals

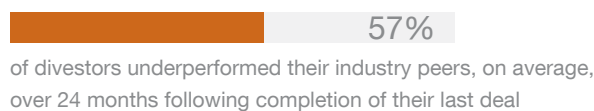
We need to rethink Value Creation in Deals

by Cristiano Valpolini and Raffaele Cestari

Dealmakers are under increasing pressure to deliver more value from each deal they do

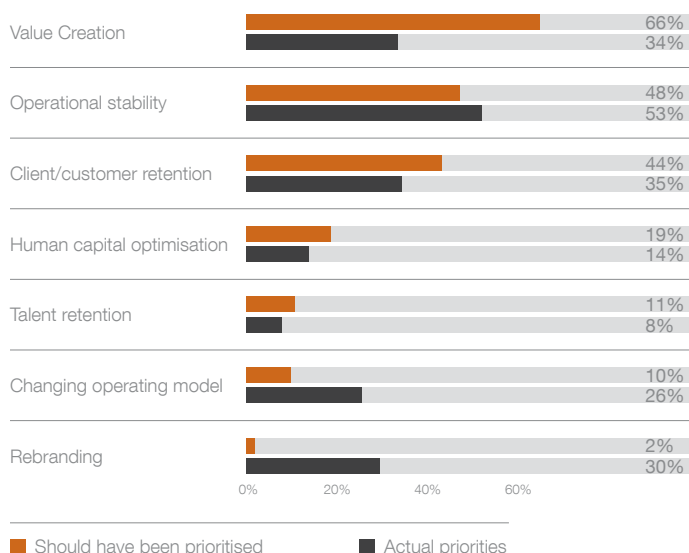
To make the task harder, turbulence in global stock markets is creating uncertainty around valuations, while companies are wrestling with challenges such as keeping up with technological change or moving at speed into new and untested markets.

Our conversations with corporate executives, collected through a Survey with 600 senior corporate executives show that many acquisitions and divestments don't maximize value.



Instead companies that genuinely prioritise value creation early on – rather than assume it will happen as a natural consequence of the actions they take as the transaction proceeds – have a better track record of maximising value in a deal.

What were your priorities on Day One and what should they have been?



The approach to the Value creation sits around 3 pillars

Stay true to the strategic intent:

- Broader portfolio strategy rather than opportunistic deals
- Direct correlation between value creation and investments in post deal integration

Be clear on all the elements of a comprehensive value creation plan:

- Technology plan
- Synergy plan
- Integration plan
- Working capital
- Tax and legal structure

Put culture at the heart of the deal:

- Keeping people and cultural aspects upfront in planning is fundamental.
- Wide engagement and communication of the value creation plan will help retain and build buy-in from key personnel.

Failing to plan for cultural change will significantly undermine the value created.

Value creation in Italian Industrial Manufacturing & Automotive Market

As mentioned in the Automotive sub-sector of this report, Fintyre Group's intensive acquisition strategy aimed at reshuffling the price-takers cards in the tyre industry (2 deals in 2018). Fintyre is becoming the concentrator of tyre distributors, who were until now positioned as price takers and suffered a high inventory risk. The acquisitions have led to a shift in the thinking of Fintyre's management to actively seek out better value in the market. This is a perfect example of how to successfully implement a value creation journey where the initial outlook did not seem favourable.

Fedrigoni's acquisition represents a clear example of how Bain Capital appreciates Value Creation strategies. In the paper industry Fedrigoni is a gem for diversification: mixing brands, high-end products and combining the converting business. The Value Creation journey thought out by the company is in perfect synchrony with Bain Capital ideas of buy-and-build. The PE has therefore played a key role in boosting a visionary growth with dedicated add-ons in the paper (see Cordenons) and converting businesses. There is much to expect from strategic and financial investors so in tune.



Data Analytics – a structured approach to Deals & Big Data

Data Analytics in Deals

by Francesco Terenzi

Explosive growth of data, a great hunger for information and availability of more powerful technologies are fueling increased expectations of data usage and the rise of Analytics in Deals.

Businesses are producing more data from new and diverse sources. Volumes of both structured and unstructured data is sky-rocketing in the digital universe, doubling every two years.

In this Deals landscape, investors are expecting greater transparency and more granular insight is required together with greater substantiation of the equity story. Also Management is expected to understand and leverage all of their data with faster and more precise responses.

The Italian D&A team is expert in finance, deals and analytics, has unique skill-set and leverages on four Global Center of Excellence and the PwC D&A International network. We have a distinctive combination of core skills and deep expertise placing us at the intersection of commercial, financial and technical specialisms.

We utilize a wide range of advanced analytical and visualisation tools and techniques to answer our clients' difficult questions, deliver insight and support key investment decisions.

Industrial Manufacturing & Automotive industry experience

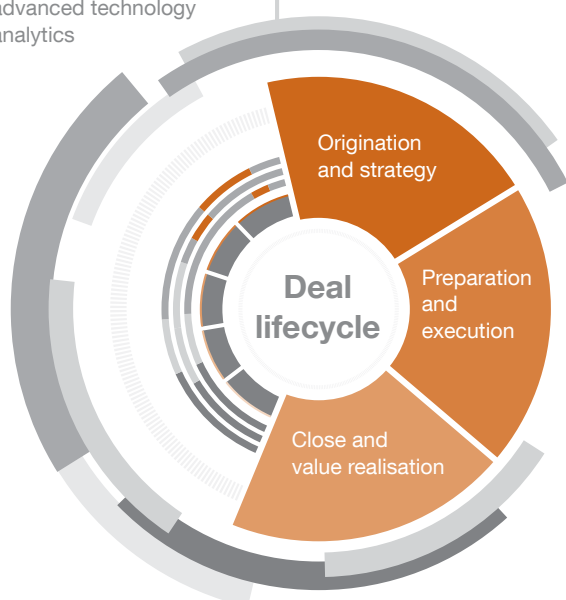
In the Industrial Products arena, data volumes are huge and continue to accelerate rapidly. This trend is increasing the need of investors and management to better understand the value and gain insight to take decisions swiftly, accurately and with confidence.

We assist our clients throughout the Deal continuum by performing analytics of revenues, costs, and KPI's. Our interactive tools are user friendly and allow a quicker understanding of value drivers and integration in any business plan model.

We also utilise a range of tools to perform predictive analysis, in-depth analysis on main aspects: product portfolio and customer base, target's sales pipeline, cross-selling opportunities and many more. We are fully equipped to deliver a wide range of customized Analytics and will drive you through your Big data nightmares.

Deal Analytics

Combining deal experience and advanced technology and analytics



Benefits

Real-time intelligence

Interactive insights visualized at deal speed

One holistic approach

Granular business performance analytics from a common data model

Value capture

Proprietary technology and analytics to realize your strategy

Clarity and confidence

Actionable, trustworthy advice from deep deal and industry experience



Our Industrial Manufacturing & Automotive Team

Industrial Manufacturing & Automotive Italian team

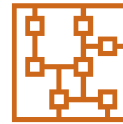
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Dedicated professionals in Italy



7

7 sub-sectors: Automotive, Chemicals & Materials, Construction, Industrial Automation & Electronics, Industrial Services, Industrial Manufacturing, Transportation & Logistics



Strong relationships with PwC global Industrial Manufacturing & Automotive network and sub-sector specialists



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



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



Presence in the most relevant transactions

