#1 Global M&A
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Global M&A Intelligence Report

The Italian private equity market – how does it compare to the UK and US markets?

"There's a real difference in market terms between the small/mid-market Italian deals and the larger Italian deals where there's more of an international influence."

Gabriele Arcuri

Private equity came relatively late to Italy. It had to overcome a hostile banking system, but it's been making up for lost time. In 2022, 14.6% of Europe's aggregate deal value in the private equity market was in Italy.

The Italian market is dominated by small and medium-sized, mainly family-owned, companies. PE has traditionally focused on industrials and chemicals, telecommunication, media and technology, and consumer. But in 2022 leisure and financial services also emerged as top sectors by value. Business services, and energy, mining and utilities were top sectors for volume.

Most deals are domestic – Italian buyer, Italian seller and Italian HQed target. But the larger PE transactions tend to involve buyers based outside Italy – mostly UK, US, French, German and Swiss. This has affected deal terms.

But some things are common to all Italian deals. And they might surprise non-Italian bidders. A good example is how parties have to behave when entering into a binding agreement. Unlike in the UK and the US, in Italy parties have to act in in good faith during negotiations. If the deal breaks down, the party acting in bad faith might have to pay damages.

The UK influence is easy to see in the spread of locked box mechanisms in large cap international deals. Though US bidders still try to keep to completion accounts based on net cash/debt and working capital adjustments.

The US influence is stronger in warranties, which are often repeated at closing. And like in the US, disclosure tends to be specific disclosures on selected topics rather than general disclosure of the whole virtual data room content.

W&I is increasingly common as it removes some of the frictions of a transaction. And in Italy indemnification obligations – except those that come from breach of the fundamental warranties – are commonly structured with a liability capped up to the entire value of the consideration. The amount is limited with *de minimis* and baskets. And time is limited to up to five years from the closing date. These indemnities are commonly secured, in addition to retentions and holdbacks like in the US, with bank guarantees.

Deal highlights:

- **Falck Renewables** on the EUR1 billion joint venture with **BlueFloat Energy** for the development of offshore wind projects in Italy
- **Palace Resorts** on the acquisition of 75% of the **Baglioni Group** with an option to acquire the remaining 25%
- **Xyence Capital** on the sale of **Rigenerand** to **Evotec** for EUR23 million
- **Lynx**, backed by private equity firm FSI, on the acquisition of 60% of **PIC Servizi per l'Informatica**
- **Equitix Fund**, through its controlled entity Equitix Bioenergy, on the purchase of 100% of Enerfarm and the purchase by the relevant minority shareholders of 49% of **Società Agricola Sant'Elena, Società Agricola Fertilfarm** and **Società Agricola San Daniele**
- **Alstom** in the sale of the V300 Business to **Hitachi**
- **TSG Group** on the acquisition of **Ranzato Impianti Group**, including Ranzato Impianti and ED Impianti
- **Prosit** in connection with the acquisition of 100% of **Casa Vinicola Caldirola**
- **Big Language** in the acquisition of **Lawlinguists** and its subsidiaries in Germany and Spain
- **Berlin Packaging** on the acquisition of 100% of the shares of **Panvetri**