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**Fashion & Luxury
Private Equity and Investors Survey 2024**

Global Report

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Preface

In 2022 and 2023, the F&L sector has been grappling with major macroeconomic and geopolitical challenges, given persistent international conflicts, inflationary policies and China's growing influence. Despite this, there have been large growth trajectories compared to the pre-pandemic period, both in terms of sales and margins.







In 2024, a sense of uncertainty persists among fashion industry leaders, even though less influence from external phenomena is expected on the market. The most worrying factor is the China's slowdown, a strategically fundamental geography for the entire F&L market. In this context, companies are asked to identify areas of potential value and activate new engines for performance improvement.

These market trends are already being incorporated into the current strategies of global investors in the F&L sector. These investors are responding to rapid market changes more effectively and promptly by leveraging M&A activities.

In order to analyze and measure market trends and expectations on M&A activities, **Deloitte** is ready to launch **the ninth edition of the "Global Fashion & Luxury Private Equity and Investors Survey"**.



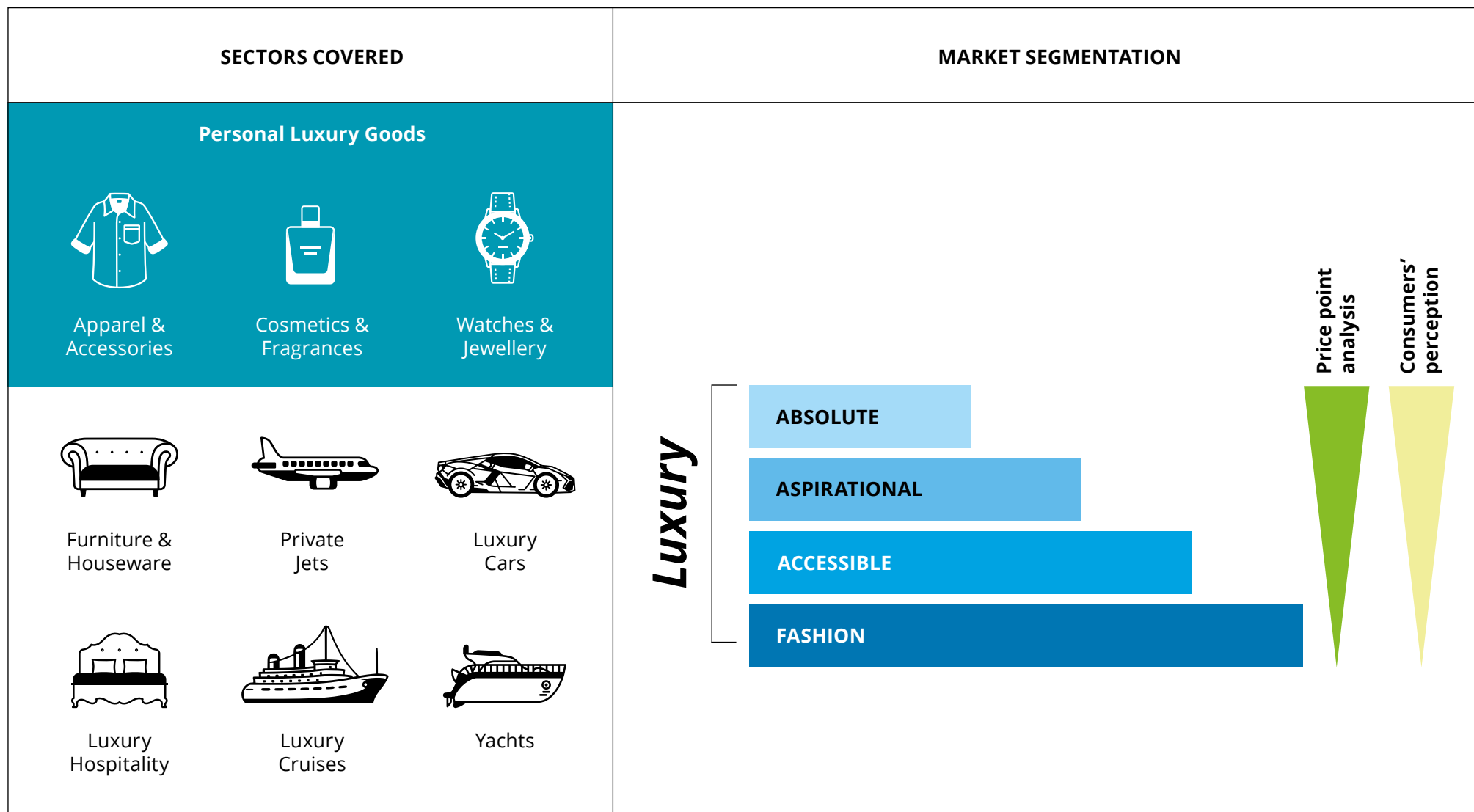
Methodology and Contents

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	<ul style="list-style-type: none">• Macro-economic context• Sales and margins performance by sector• Insights on Luxury market trends for the upcoming year		<ul style="list-style-type: none">• Size of M&A deals by F&L sector• Target company profiles• Investor profiles• Analysis of global deals		<ul style="list-style-type: none">• F&L market outlook and macro uncertainty impact• Exit and investment strategies in 2023• Investors’ current portfolio of F&L assets	
GEO SCOPE						
DATA SOURCE	<ul style="list-style-type: none">• Companies’ annual financial reports and presentations• Interviews with C-level industry experts• Deloitte expertise		<ul style="list-style-type: none">• News and reports from major media providers• Investor press releases• Company press releases		<ul style="list-style-type: none">• Online survey based on Computer Assisted Web Interviewing (CAWI)• Interviews with Private Equity funds’ top management	
	<div>PRIMARY DATA LEVEL</div> 		<div>PRIMARY DATA LEVEL</div> 		<div>PRIMARY DATA LEVEL</div> 	
REMARKS	THE INVESTORS’ SURVEY TARGETED SENIOR MEMBERS WITHIN PRIVATE EQUITY FUNDS, WITH A SUBSTANTIAL KNOWLEDGE OF THE F&L INDUSTRY					



Fashion & Luxury Sector Coverage

The study considers nine sectors of the F&L industry, of which three are Personal Luxury Goods



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Business Performance of F&L Industry

Macro-economic context

Despite global financial well-being has recovered after the pandemic thanks to easing inflation, there is still a theme of uncertainty among Consumers, resulting in a prolonged weakness in the discretionary goods category average that suggests a lack of spending confidence among global consumers.

While European and Americans consumers are more oriented in spending in Food & Beverage, in Middle East and APAC Clothing and accessories splurge purchases are preferred.

Fashion & Luxury industry perspective

Considering a selected panel of 114 players, operating in the Luxury industry, the global market was valued almost \$1,121bn in 2023 in terms of sales (37% of which belonging to PLG sectors). Luxury sectors showed a positive sales trend compared to pre-pandemic levels, recording almost a double-digit growth for both Personal Luxury Goods and other luxury sectors (respectively with a CAGR 19-23 of +11.1% and +9.8%).

In terms of marginality, Luxury sectors present more than proportional growth (EBITDA CAGR 19-23 +12.2% vs. Sales CAGR 19-22 +10.3%) mainly trailed by Yachting, Furniture & Houseware and Personal Luxury Goods. In 2023 average EBITDA Margin % is 20.1%, with Personal Luxury Goods outperforming other Luxury sectors (29.2% vs. 14.7% respectively). Apparel & Accessories represent the best-in-class sector in terms of marginality (~36%), while Private Jets present the lowest values (between ~10%). Despite the historical positive Trend compared to 2019, both PLG and other Luxury sector present a negative path in 2023 in terms of EBITDA Margin %, presenting respectively -0.5 pp and -0.2pp compared to previous year performances.



A photograph of a modern interior space featuring several large, teardrop-shaped pendant lights in a warm orange or copper finish. The lights are suspended from thin black cords against a neutral, light-colored wall. The lighting is soft and ambient, creating a sophisticated and minimalist atmosphere.

Insights on key market trends for the luxury industry

Main trends that luxury companies are looking at include:

- Shift in consumer aesthetic preferences, passing from a colorful and irreverent aesthetic to «quiet» luxury, favoring Companies that focus on iconic, timeless items;
- Consumers are Boost of ad hoc strategies to reach younger generations, highly investing in IT and digital solution, considering that Gen Y, Z and Alpha will represent nearly 85% of global purchases by 2030;
- Luxury is opting for a pricing strategy based on exclusivity, product scarcity, and the concept of limited edition, even though the continuous use of the price lever limits further increases and contribute to a market slowdown;
- Consumers increasingly seek luxury services and experiences, fostering the growth of companies that have the opportunity and vision to invest in these issues.



M&A Deal Monitor 2023

2023 Global M&A deal overview

In 2023, as expected after a couple of years of rebound, the Fashion & Luxury industry registered a significant increase in M&A deals. In 2023 the number of M&A deals were #358, registering an increase of +66 deals in comparison to the previous year. Personal Luxury Goods deals increased (+17 deals vs 2022) with Apparel & Accessories (29% of total) showing a slight increase with +28 deals, followed by Cosmetics & Fragrances (6% of total), that suffer a reduction in the number of deals (-8), together with Watches & Jewellery (5% of total) decreasing by -3.

M&A deal volumes highlighted a positive performance in Hotels (+46), Cars (+15), Yachts (+13) and Restaurants (+1) segments compared to 2022. Private Jets (-1) and Cruises (-2) experienced a slight decrease compared to 2022.

The largest deals were recorded in the Cars industry, with an average value of \$2,009m. On the other side the PLG and F&L weighted average deal value drop respectively to \$434m and \$274m in 2023.

Asia Pacific showed the highest increase of Fashion & Luxury deals (+30) while the only decreasing geography is Rest of World (-5).

Following previous trends, 2023 has been a slow year for fashion sector listings which registered a decrease of 1 IPO compared to 2022. After last year's

similar performance, IPO experienced a downturn counting 2 listings in the F&L sector, due to sustained macroeconomic and geopolitical conditions.

Top deals in 2023

In 2023, transactions were driven by Hotels, Cars, Apparel & Accessories and Cosmetics & Fragrances sectors:

- Wyndham Hotels and Resorts Inc. by Choice Hotels International Inc. (~\$8.0bn for 100%)
- Capri Holdings Ltd. by Tapestry Inc. (~\$6.9bn for 100%)
- Lotus Tech by L Catterton Asia Acquisition Corp. (~\$5.6bn for 100%)
- Orange Square Co Ltd. (Creed) by Kering SA (~\$3.9bn for 100%)

M&A features and strategies

Among the M&A deals completed, the largest number of bidders were Financial Investors (51%), with an increase of #33 vs 2022, whilst Strategic Investors represented 49% of total bidders, showing an increase in the number of deals of #31.

In addition, the majority of acquisitions being carried out through buyouts and consolidations (respectively 36% and 42% of the total).





Private Equity and Investors Survey 2024

Macro-economic uncertainty and sector resilience from investor's perspective

Deloitte's recent survey reveals investor perceptions on the F&L market, noting significant concern over China's economic slowdown, with 68% citing a high impact. In contrast, conflicts in the Middle East are seen as less impactful. In addition, emerging innovations and technologies like generative AI are likely influencing strategic adjustments within the industry. Despite these challenges, sectors such as Cosmetics & Fragrances and Watches & Jewelry are considered resilient, with investors planning to maintain or increase their Fashion & Luxury investments by 2024. This indicates a strategic shift towards more stable sectors capable of weathering economic and geopolitical uncertainties.

As already confirmed in the previous year, Personal Luxury Goods is still one of the most attractive sector for investors.

More than a half of investor (60%) want to invest in small-sized companies and 33% of them are interested in medium-sized firms.

100% of investors forecast an Internal Rate of Return from new investments up to 30%.

2024 investment strategy

In 2024, 83% of funds are considering investing in a F&L asset, with a high interest particularly towards Apparel & Accessories manufacturing (30%), Cosmetics & Fragrances (26%), Furniture (19%), and Apparel & Accessories retail (11%).

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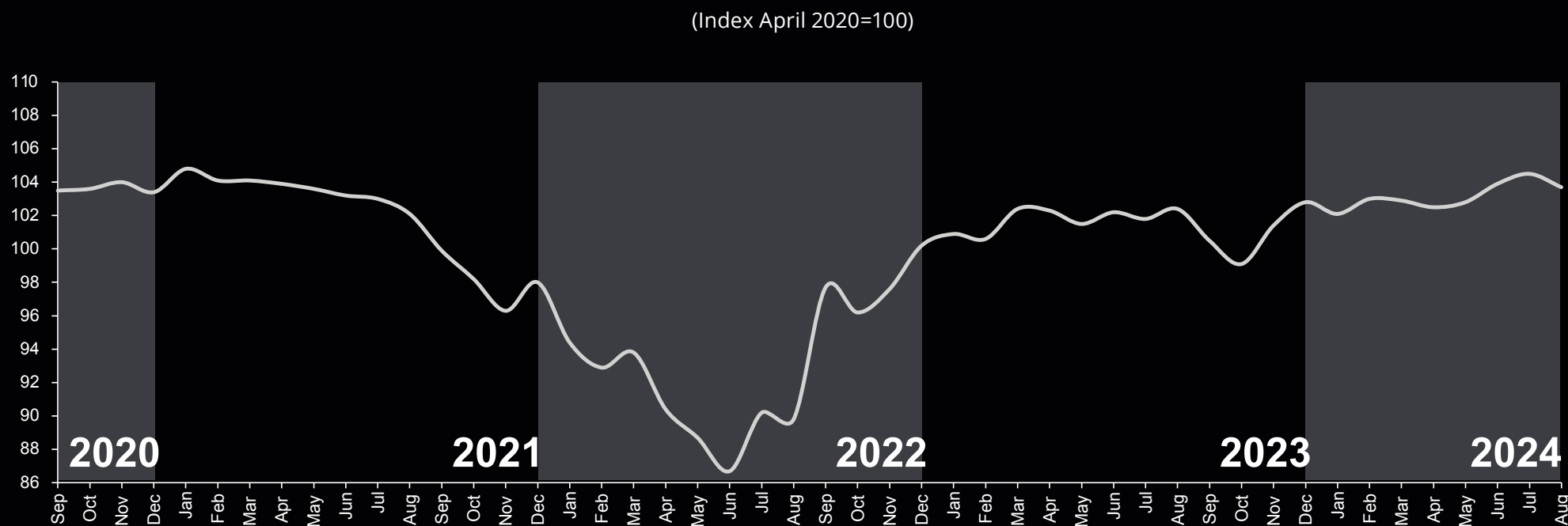




Macro-economic context: Financial Well-Being Index

Despite in Q3 2024 global financial well-being sentiment has slowly returned to pre-pandemic levels, there is still a theme of uncertainty among consumers...

Global Financial Well-Being Index¹ evolution



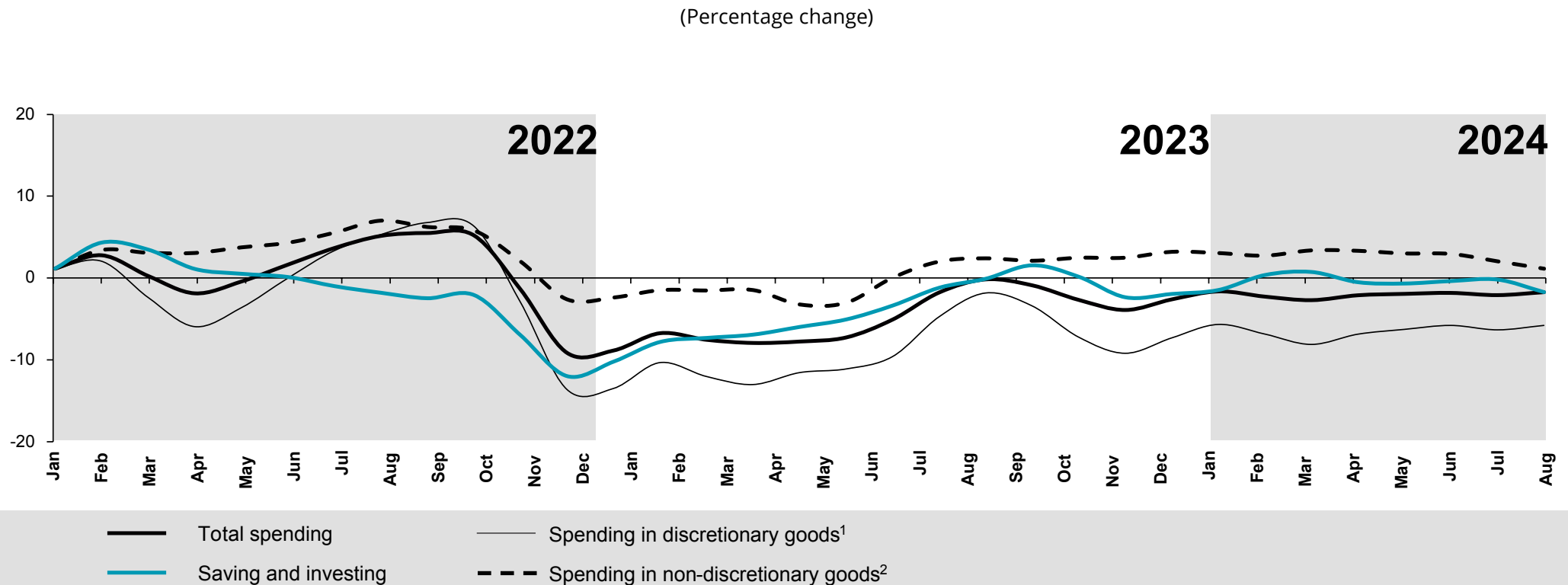
Notes: (1) Deloitte's financial well-being index (FWBI) captures changes in how consumers are feeling about their present-day financial health and future financial security / Source: Deloitte ConsumerSignals, updated in August 2024



Spending intention Index

...Resulting in a prolonged weakness in the discretionary goods category average that suggests a lack of spending confidence among global consumers.

Spending intention Index evolution



Notes: (1) Discretionary purchases are optional goods and services that are not essential for survival but can be chosen based on personal preferences or desires;
(2) Non-discretionary purchases refer to goods and services that are essential for survival or basic needs, such as food, housing, healthcare, and utilities / Source: Deloitte ConsumerSignals, updated in August 2024

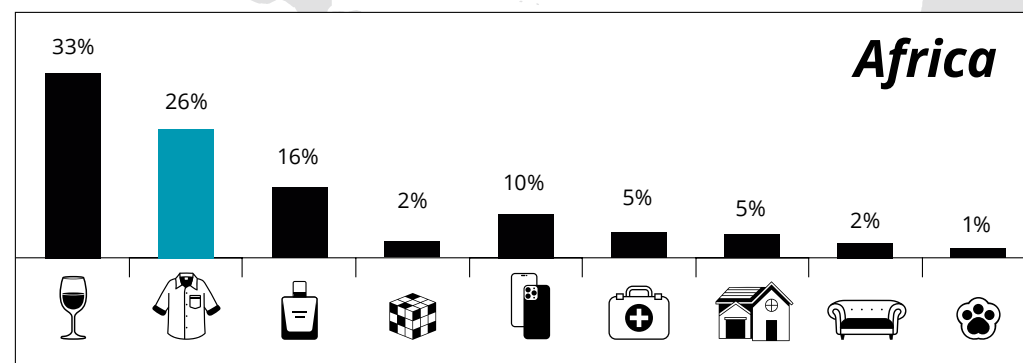
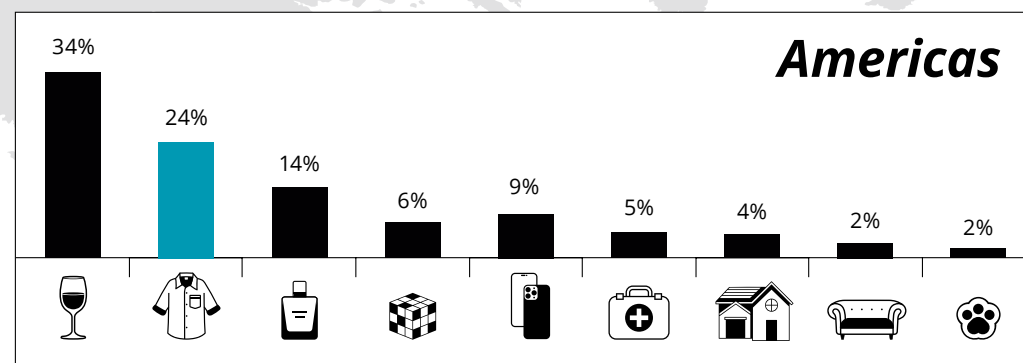


Splurge Purchases

Despite economic uncertainties, global consumers rate the clothing category as one of the top two in which to make splurge purchases.

Drivers of joy purchases

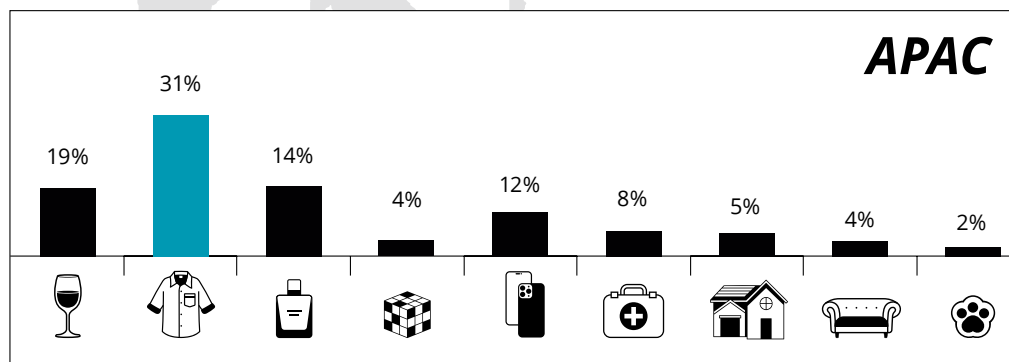
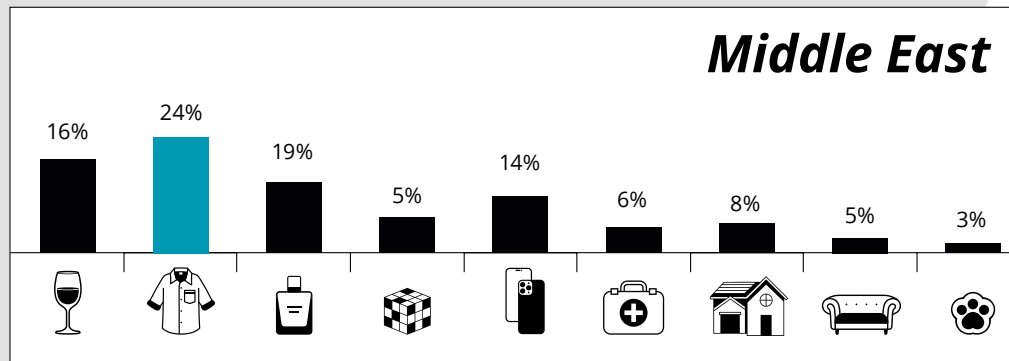
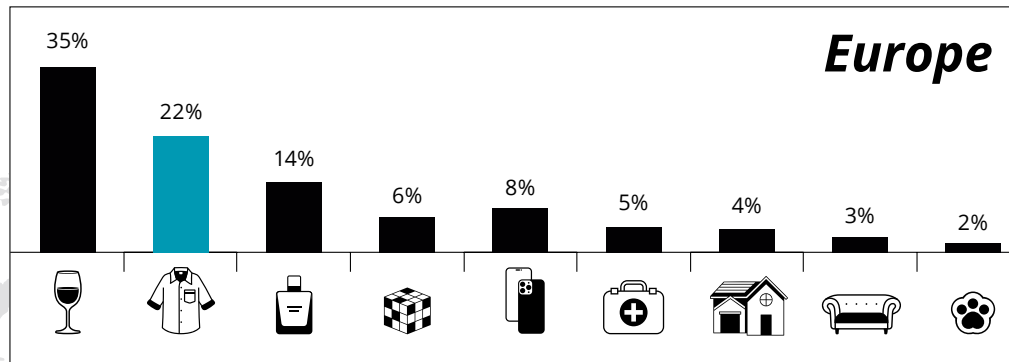
1. Comforting
2. Relaxing
3. Practical or useful
4. Satisfy a personal passion





Splurge Purchases by Region and Product category

(Percentage of consumers making expensive purchases by product category)



Food & Beverage



Clothing & Accessories



Personal care



Toys & Hobbies



Electronics



Health & Wellness



Home & Kitchen



Household goods



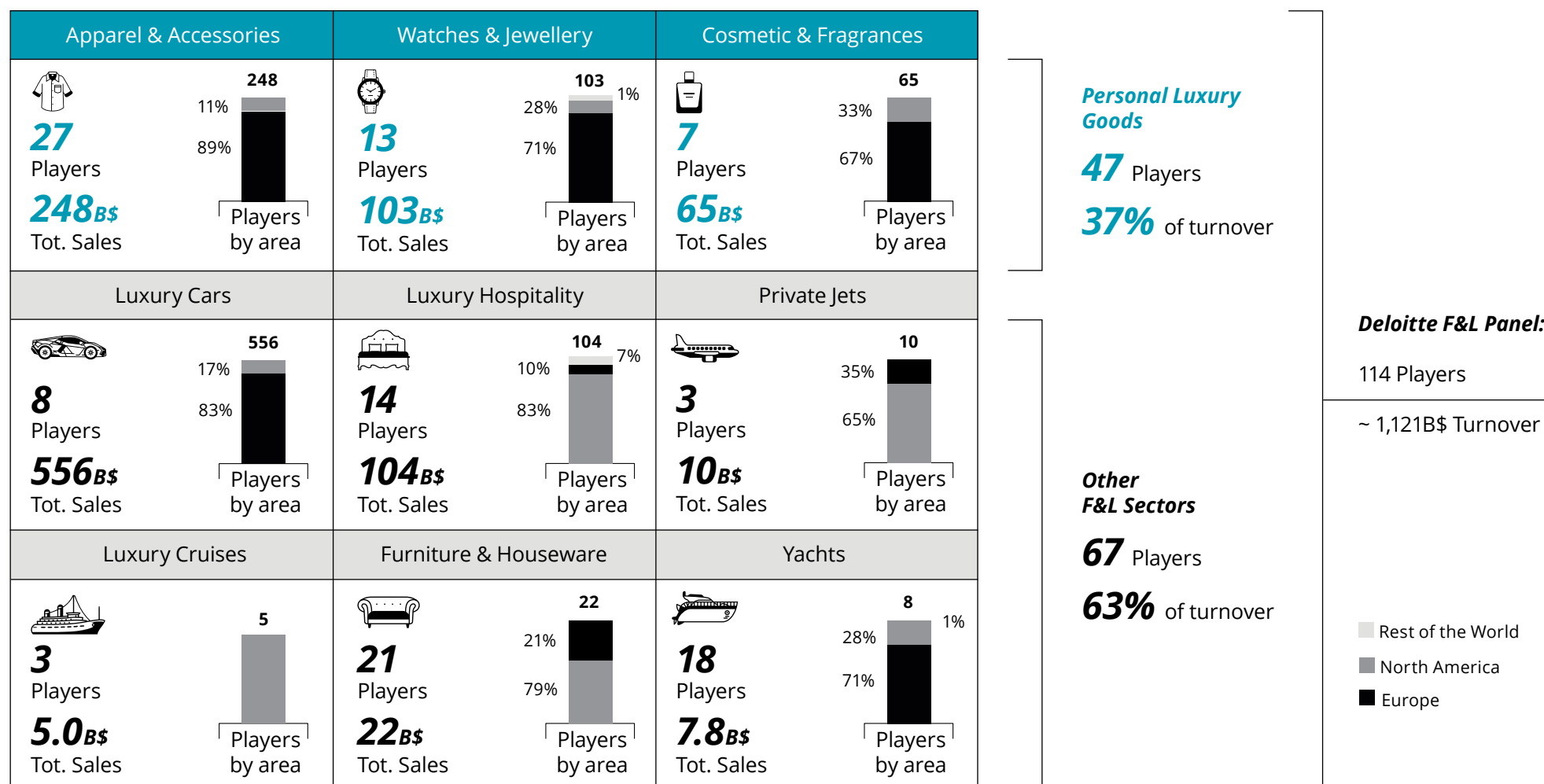
Pet





Market insights: Deloitte Fashion & Luxury panel in 2023

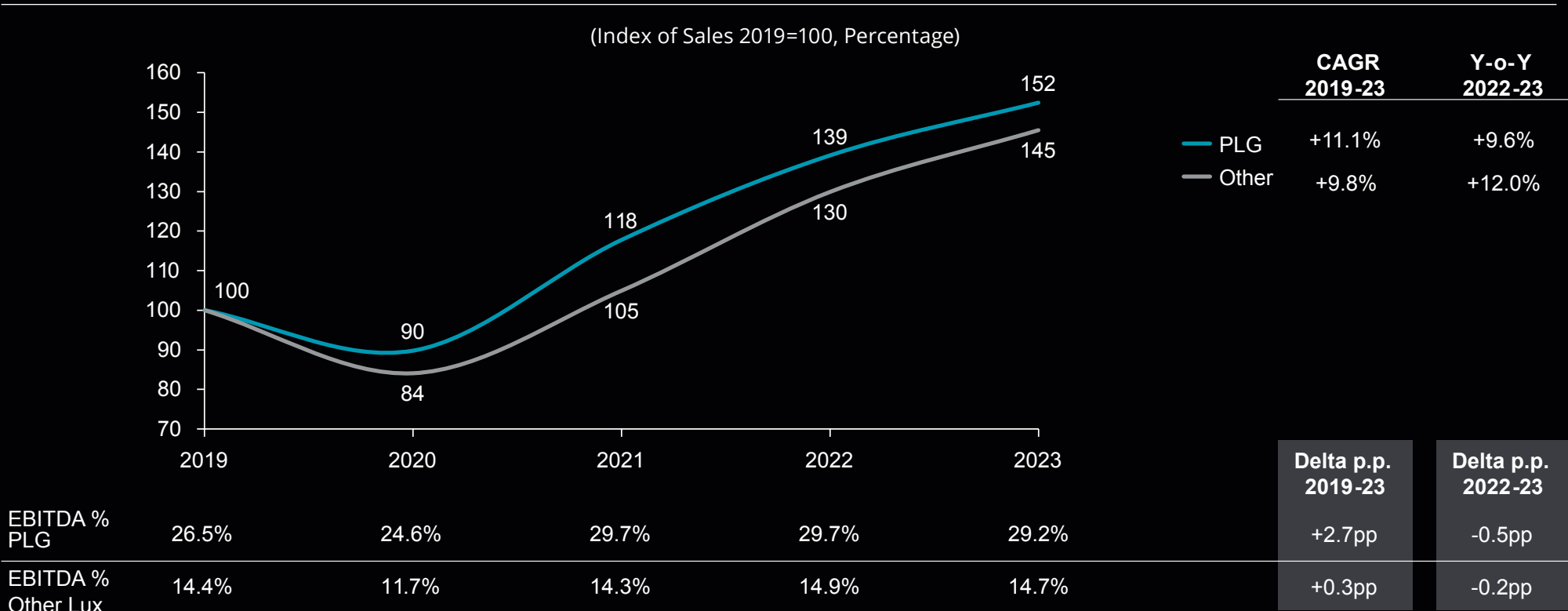
The Fashion & Luxury industry business performance analysis was conducted on a panel of 114 companies, totaling almost 1,121B\$ of sales in FY2023.



Sales performance 2019-23

Personal Luxury Goods show a positive growth in terms of Sales (+11.1% CAGR 2019-23) and EBITDA% (+2.7 p.p. 2019-23), while Other luxury sectors are growing slightly less (+9.8% CAGR 2019-23). In terms of EBITDA%, the luxury market shows a negative trend, both for PLG (-0.5pp vs 2022) and Other luxury sectors (-0.2 p.p. vs 2022).

2019-23 F&L Sales Index evolution



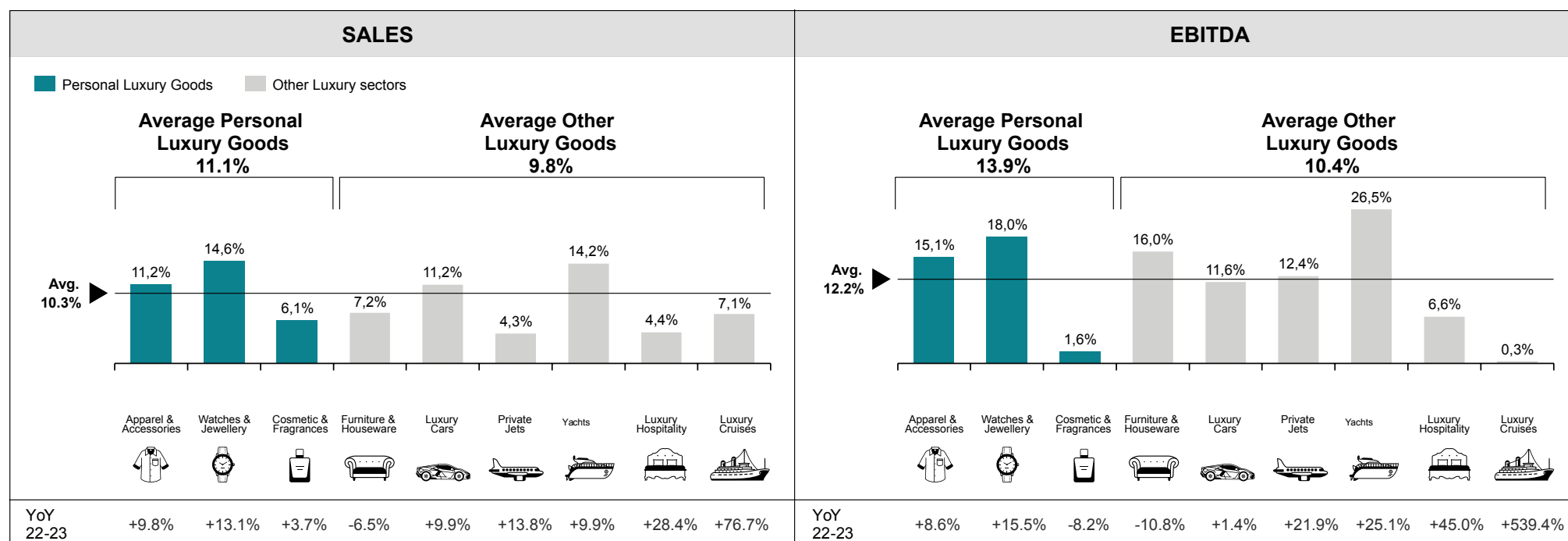
Notes: Values reported at constant exchange rate / Source: Elaboration on Company Financial



Financials performance evolution

Luxury sectors sales show an average double-digit growth (+10.3%) compared to pre-pandemic values, with an even higher increase on the average EBITDA Margin% (+12.2%).

Financials growth by Sector - CAGR 19-23

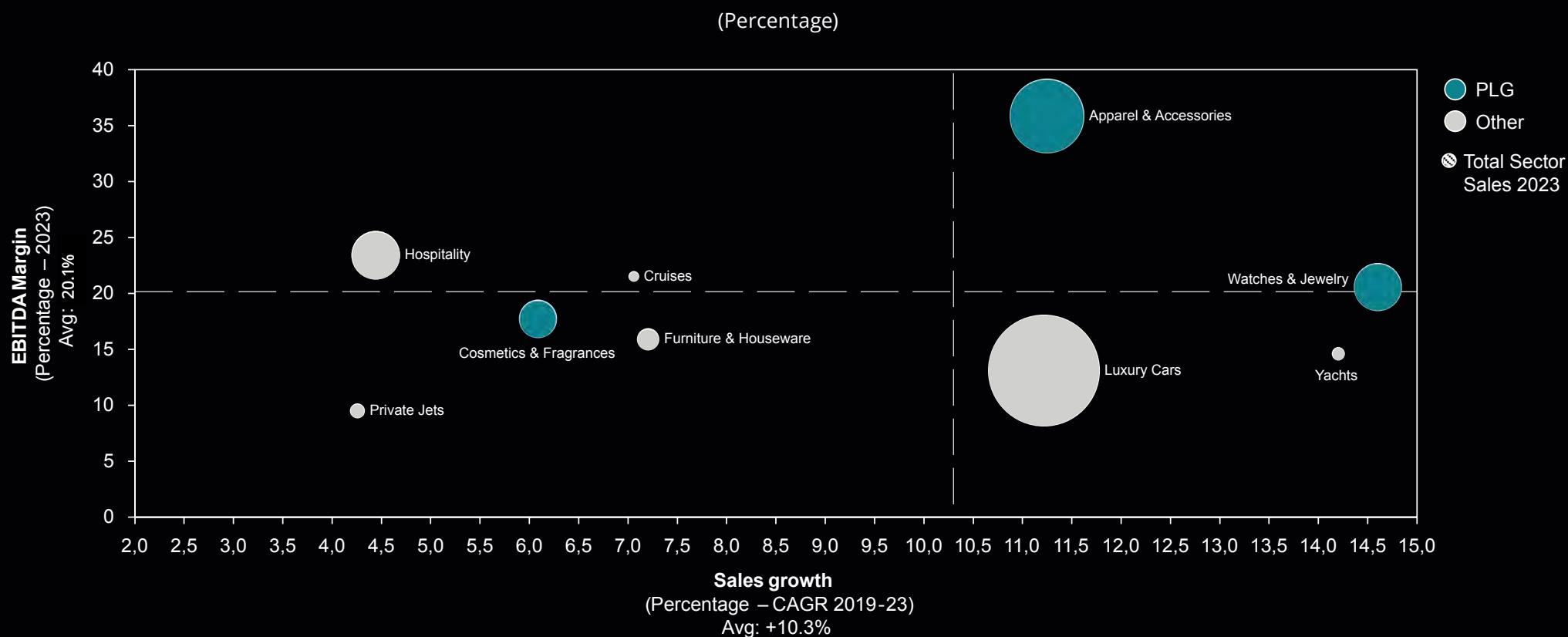




Business performance analysis 2019-23

Every sector shows growing sales 2019-23, recovering from Covid-19 impact; Apparel & Accessories is the best performer in terms of marginality, while in terms of sales growth Watches & Jewelry shows the highest value, followed by Yachting, Apparel & Accessories and Luxury Cars.

F&L Sectors business performance map 2023



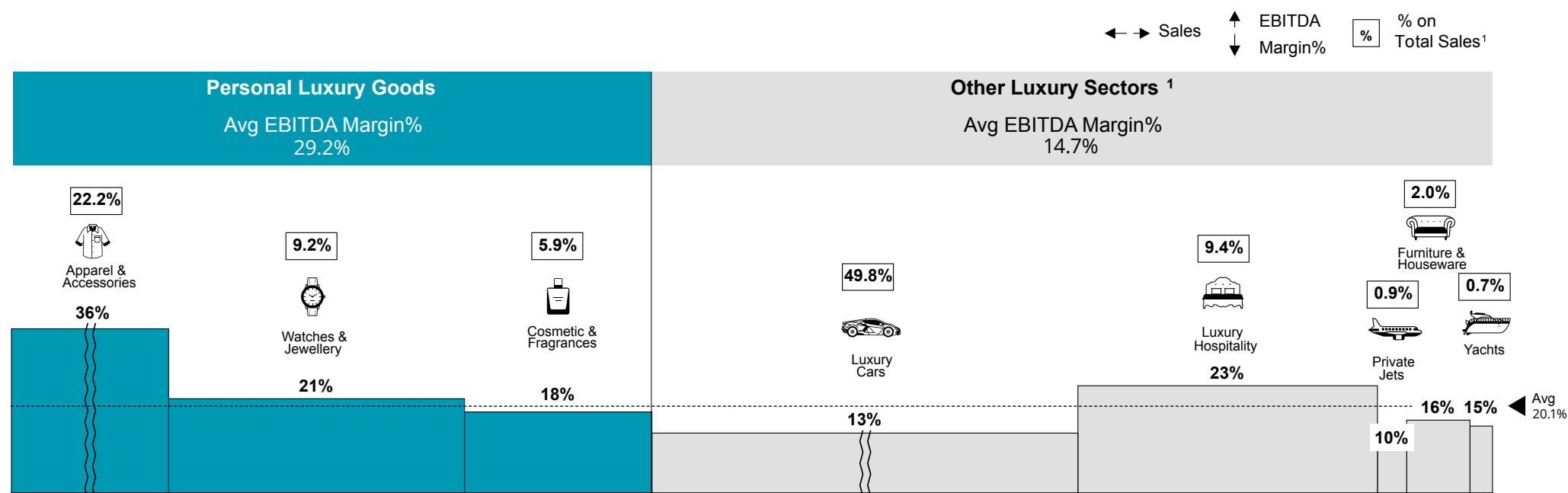


2023 financial performance

Average EBITDA margin in Luxury Sectors is 20.1% in 2023 (+2.2 p.p. vs 2019), with Apparel & Accessories (35.9%) outperforming the overall industry. Private Jets presents the lowest marginality (~10%).

2023 Profit Pool by Sector

(Percentage)



Notes: Values reported at constant exchange rate; (1) Cruise sector excluded / Source: Elaboration on Company Financial Report data










Key market trends

Luxury market is facing major changes and challenges for what concerns customers preferences, rising markets, price pressure and new offerings.

Top 5 trends affecting the luxury market

«Quiet» Luxury	Rise of China and younger generations	«D2C» and Digitalization	Pricing strategy	«Experiential» Luxury
				
<ul style="list-style-type: none"> •Post-covid, the luxury market experienced a shift in aesthetic preferences, moving from a colorful and irreverent aesthetic to «quiet» luxury •Companies that focus on iconic, timeless items that remain in demand across seasons are set to benefit 	<ul style="list-style-type: none"> •Despite its recent slowdown, Mainland China is set to overtake the Americas and Europe to become the biggest luxury market globally (24-26% of purchases by 2030) •Gen Y, Z and Alpha to represent nearly 85% of global purchases by 2030 	<ul style="list-style-type: none"> •By 2030, mono-brand stores and online are expected to become the leading channels for luxury purchases (60-66% market share) •To support future growth, companies are investing in more robust IT and data infrastructure 	<ul style="list-style-type: none"> •Luxury is opting for a pricing strategy based on exclusivity, product scarcity, and the concept of limited edition •However, price lever has been used so extensively that it has hit a ceiling, limiting further increases and contributing to a market slowdown 	<ul style="list-style-type: none"> •Companies with the budget and vision to invest in and create service ecosystems and engaging experiences around their products are thriving •Conversely, those without these resources are struggling to keep pace

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Fashion & Luxury M&A deals

Overview of deals in 2023 by Sector

	<div>292 Deals in 2022</div> <div>→</div> <div>358 Deals in 2023</div>		<div>+66 Deals</div>
Sector	2022	2023	Growth
 Apparel & Accessories	77	105	+28
 Hotels	98	144	+46
 Watches & Jewellery	20	17	-3
 Cosmetics & Fragrances	29	21	-8
 Furniture	36	13	-23
 Private Jets	9	8	-1
 Yachts	3	16	+13
 Cars	9	24	+15
 Cruises	2	-	-2
 Restaurants	9	10	+1

Note: the analysis considers both closed and announced deals during 2023
Source: Elaboration on Deloitte intelligence data



Fashion & Luxury M&A deals

Top Luxury Deals of 2023

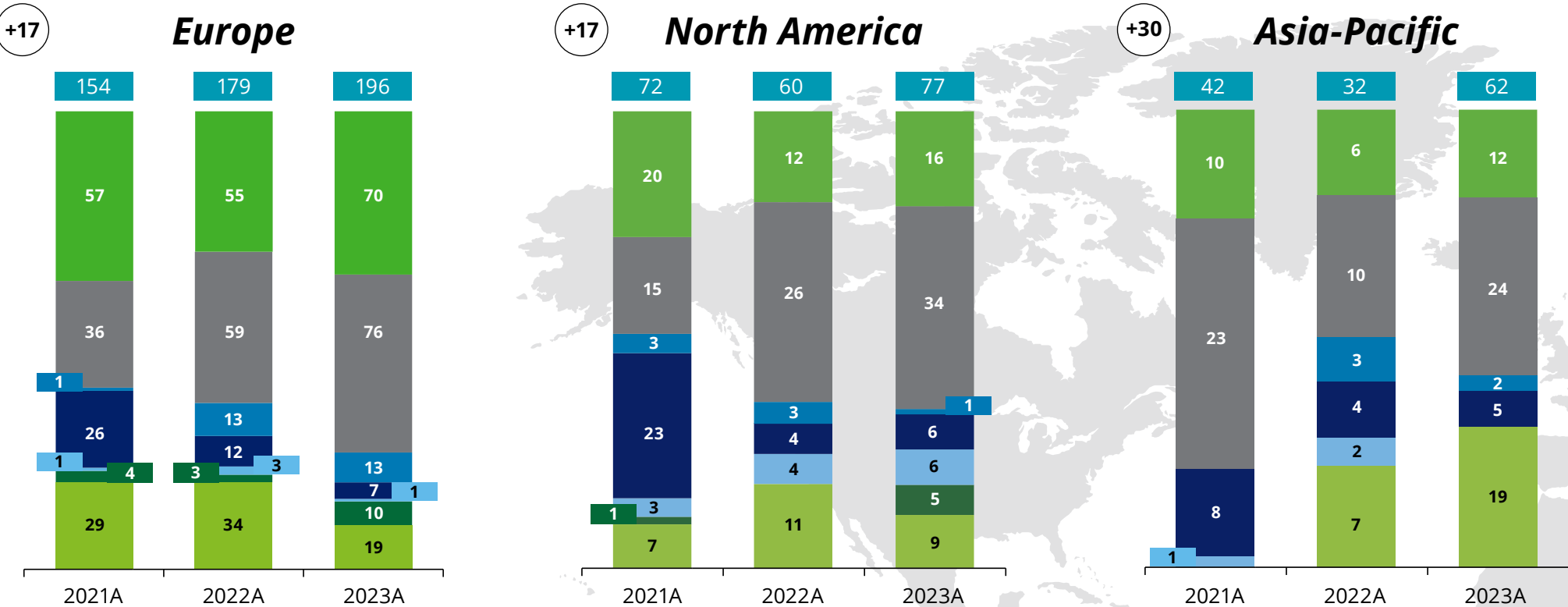
		TARGET	BIDDER	STAKE	DEAL VALUE (\$M)
October		Wyndham Hotels & Resorts Inc	Choice Hotels International Inc	100%	7,977
August		Capri Holdings Ltd	Tapestry Inc	100%	6,891
January		Lotus Tech	L Catterton Asia Acquisition Corp	100%	5,596
June		Orange Square Co Ltd. (Creed)	Kering SA	100%	3,863
August		China Evergrande New Energy Vehicle Group Ltd	China Evergrande Group; Hui Ka Yan (Private Individual); DING Yumei (Private Individual)	24%	2,700
August		Emeis Holdings Pty Ltd. (Aesop)	L'Oreal SA	100%	2,624
December		NIO Inc	The Emirate of Abu Dhabi; CYVN Holdings LLC	15%	2,230
September		Wheels Up Experience Inc	Delta Air Lines Inc; Cox Enterprises Inc; Certares LP; Knighthood Capital Management LLC	96%	2,029
July		Valentino Fashion Group SpA	Kering SA	30%	1,876
May		Gruppo Florence SpA	Permira Ltd; VAM Investments Group s.p.a.	100%	1,185
August		Fogo de Chao Inc	Bain Capital LP; Bain Capital Private Equity LP	100%	1,110
August		Zimmermann Wear Pty Ltd	Advent International Corp	n.a.	986
February		Diplomat Beach Resort	Trinity Investments LLC; Credit Suisse Asset Management LLC	100%	848
June		JW Marriott San Antonio Hill Country Resort & Spa	Ryman Hospitality Properties Inc	100%	827
June		SBGC (Parfums de Marly and INITIO Parfums Privés)	Advent International Corp	100%	700

Note: the analysis considers both closed and announced deals during 2023 / Source: Elaboration on Deloitte intelligence data



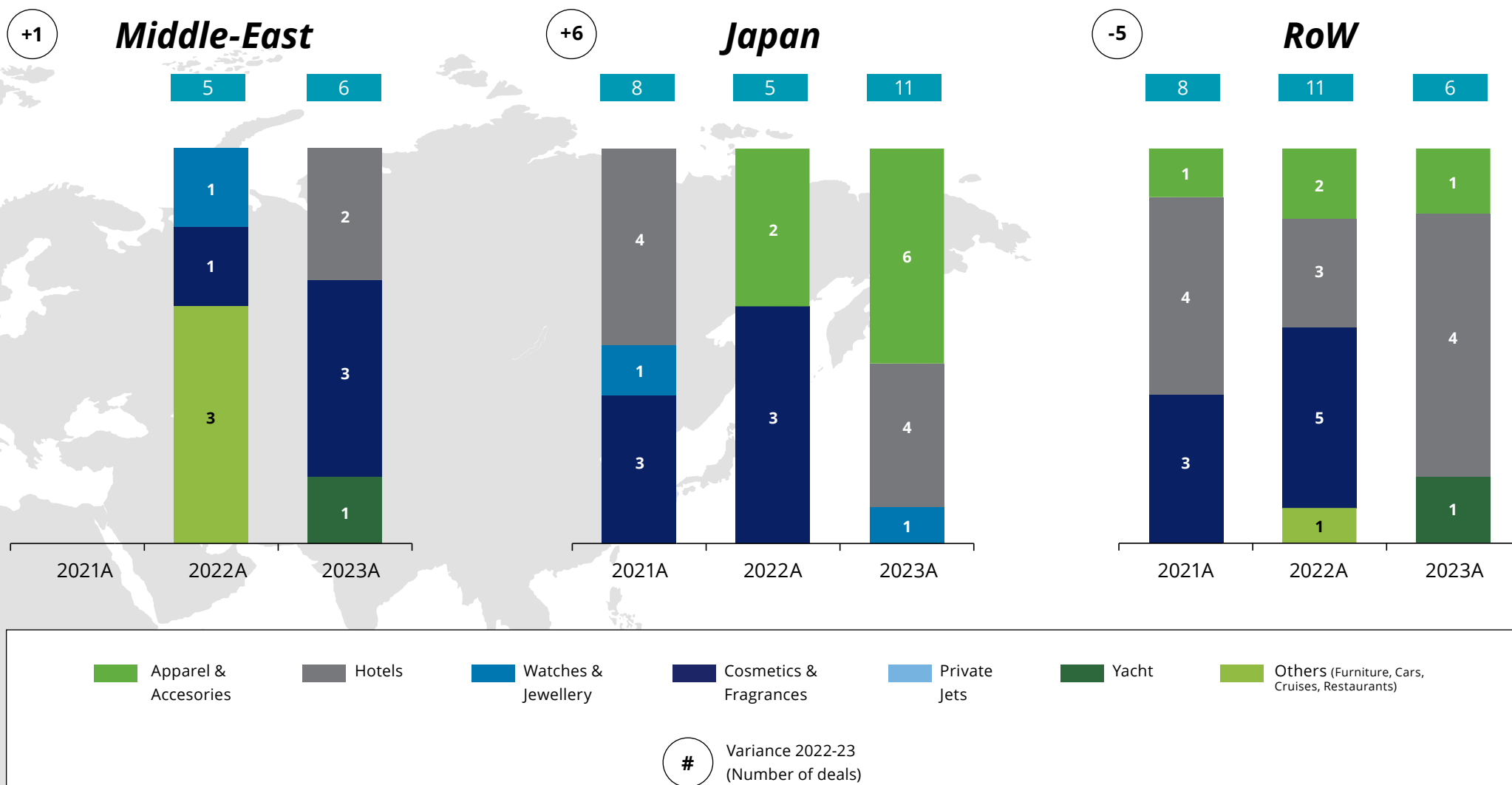
M&A deals by region and sector 2023

Overview of deals in 2023 by Region



Key Findings:

Asia-Pacific showed the highest increase of Fashion & Luxury deals in 2023 with 30 more deals. The other regions registered a slight increase in the number of deals, such as North America (+17), Europe (+17), Japan (+6) and Middle East (+1). Luxury Hotel and Apparel & Accessories deals were substantial drivers of M&A activity globally in 2023.



Source: Elaboration on Deloitte intelligence data

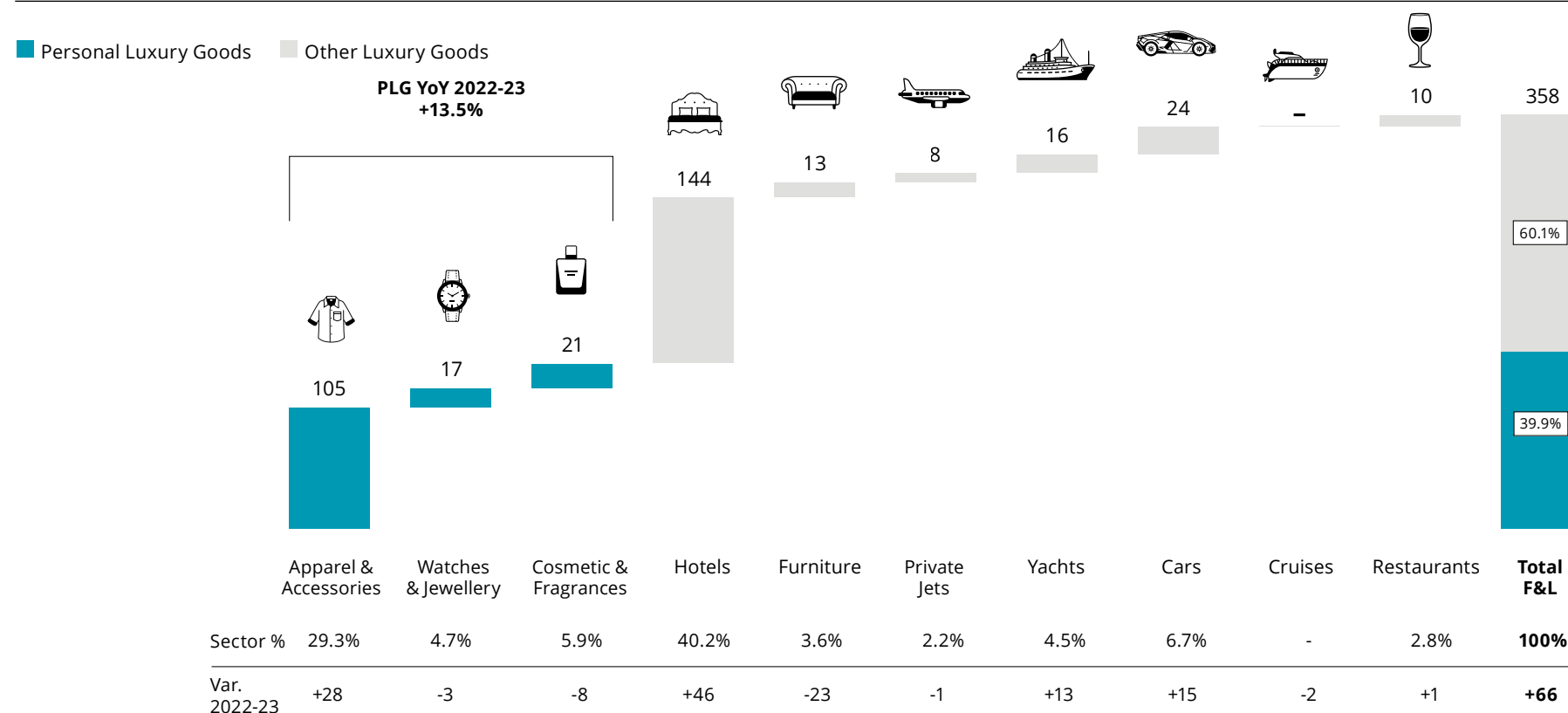




Size of main M&A deals

The F&L industry has continued to be a fertile one with a slight increase in transactions in 2023 (358) compared to 292 M&A deals in 2022, showing an increase of 22.6%. Personal Luxury Goods (+13.5% YoY) represented about 39.9% of all deals.

Overview of deals in 2023 by sector



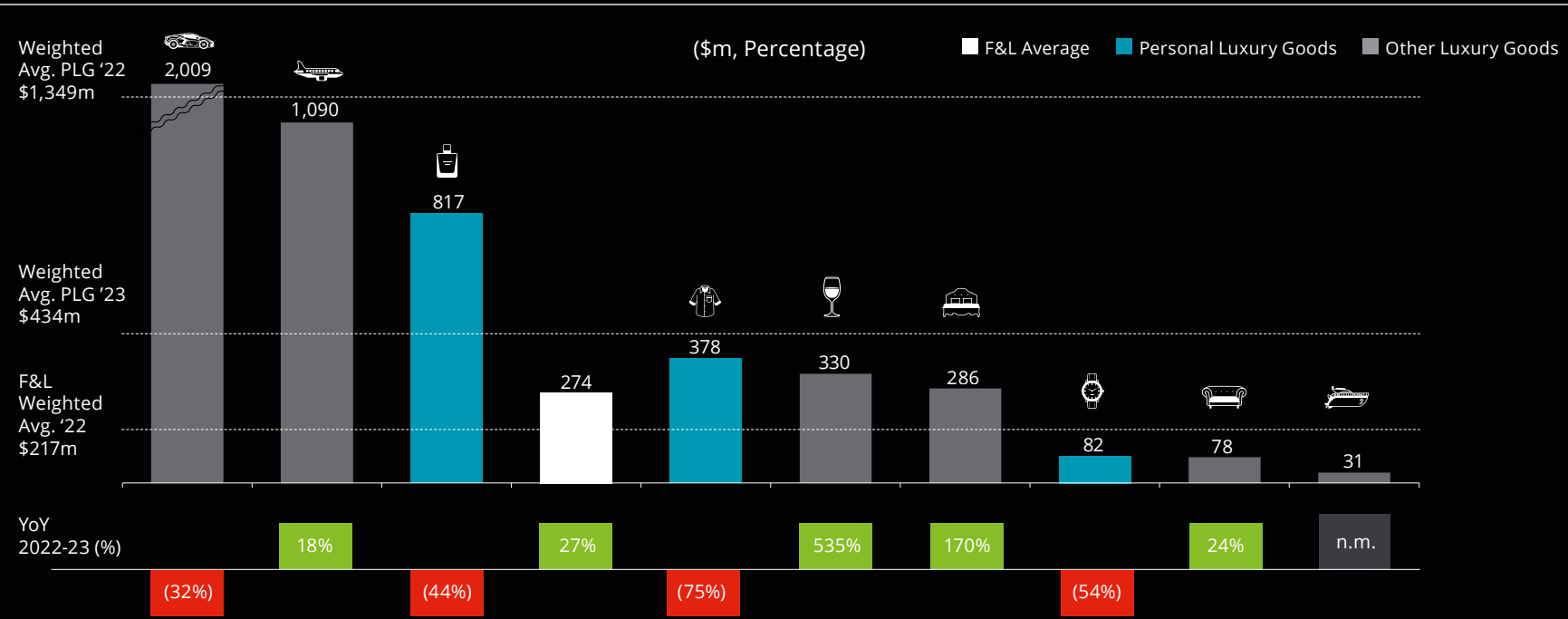
Key Findings:

Similarly to 2022, the Hotels sector confirms itself as the most attractive one to investors during 2023, becoming the top gainer in terms of deals number (#144, +46 vs 2022), while Furniture sector shows the worst performance with a significant drop of #23 deals, compared to 2023. Apparel & Accessories, Cars and Yachts segments have registered an increase respectively by #28, #15 and #13 deals compared to 2022. On the other hand, Cosmetics & Fragrances, Watches & Jewellery and Private Jets sectors fell by #8, #3 and #1, respectively. Restaurants slightly increased by #1, and Cruises slightly decreased by #2.

Average value of main deals by sector

Deals related to the Cars sector were the largest in 2023 with an average value of \$2,009m, followed by Private Jets and Cosmetics & Fragrances with an average value of \$1,090m and \$817m, respectively. By contrast, the Yachts sector showed the smallest average deal value (\$31m). The PLG's average deal value in 2023 was \$434m.

Average value per deal in 2023 – Breakdown by sector



Key Findings:

Cars saw their average deal value fall by -32% in 2023, still remaining the sector with the highest average value per deal. Private Jets industries show a rise, reaching an average value of \$1,090m in 2023 (vs \$923m in 2022). Restaurants and Hotels industries experienced an exponential rise compared to 2022, showing an increase respectively of 535% and 170% with an average value of \$330m and \$286m. Apparel & Accessories, Watches & Jewellery and Cosmetics & Fragrances witnessed a reduction in the average deal value vs the previous year by -75%, -54% and -44%, respectively.

Note: the average deal value has been calculated based upon data of disclosed transactions / Source: Elaboration on Deloitte intelligence data

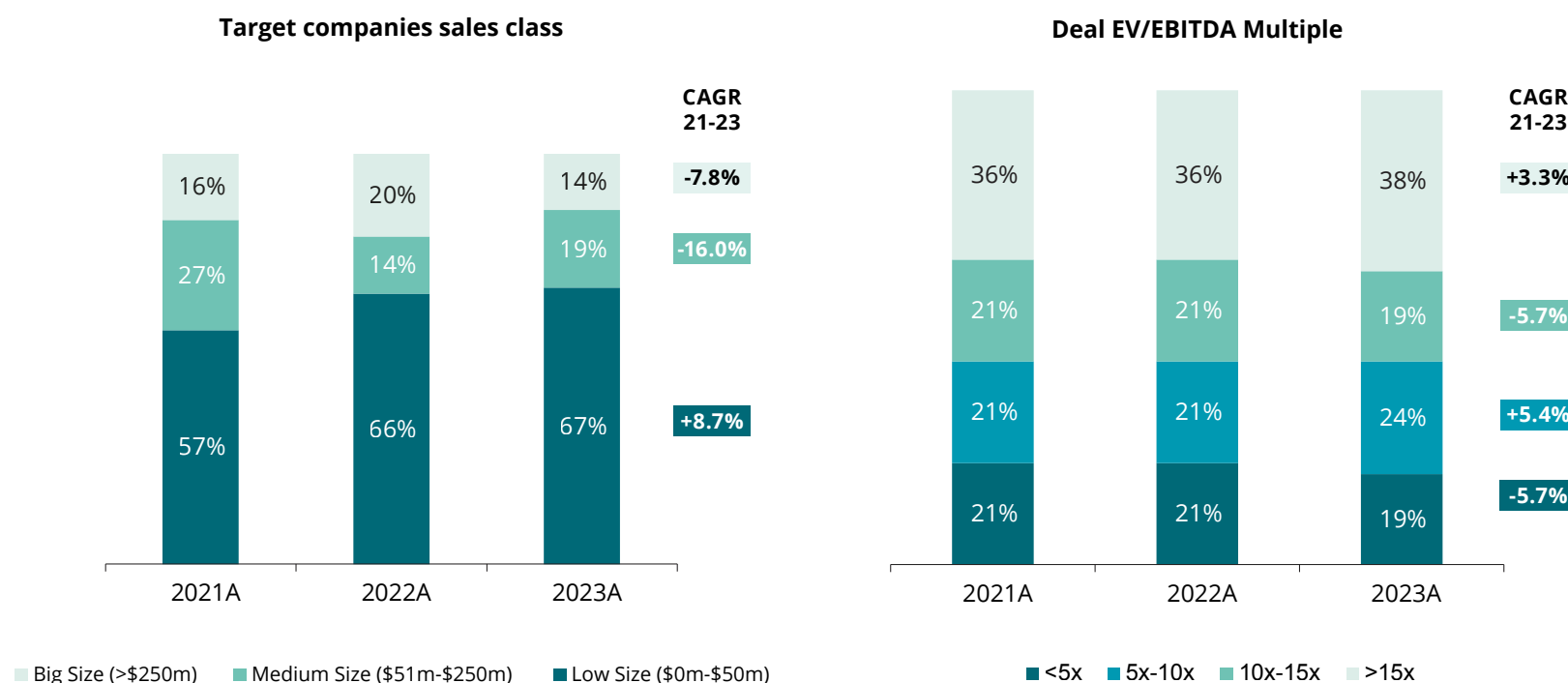


Target company features

Analysing the CAGR of 2021-2023, the average size of targeted companies decreased, as those of Low size (+8.7 pts) gained ground at the expenses of bigger and Medium firms. On the other hand, an increase in high EV/EBITDA multiple categories of >15x and 5x-10x is registered (36% of deals in 2022 vs 38% in 2023), at the expense of <5x and 10x-15x group.

Target company features - Sales Class and Multiples

(Percentage, Enterprise Value - EV/EBITDA multiples)



Key Findings:

In 2023, investors were still oriented towards lower-size firms (\$0-\$50m), which accounted for 67% of deals in the year, recording an increase in comparison to 2022 (66%). Since 2021, there has been a decrease in deals involving players in the Medium and Big Size market, \$51-\$250m and >\$250m, respectively by -16.0% CAGR 21-23 and -19.2% CAGR 21-23. Deals involving multiples of 5x-10x times the EBITDA increased by 3 pts during the last year. Conversely, there was a slight increase in deals positioned on EBITDA multiples higher than 15x times. Deals with EBITDA multiples between 10x and 15x as well as <5x fell by 2 pts during 2023.

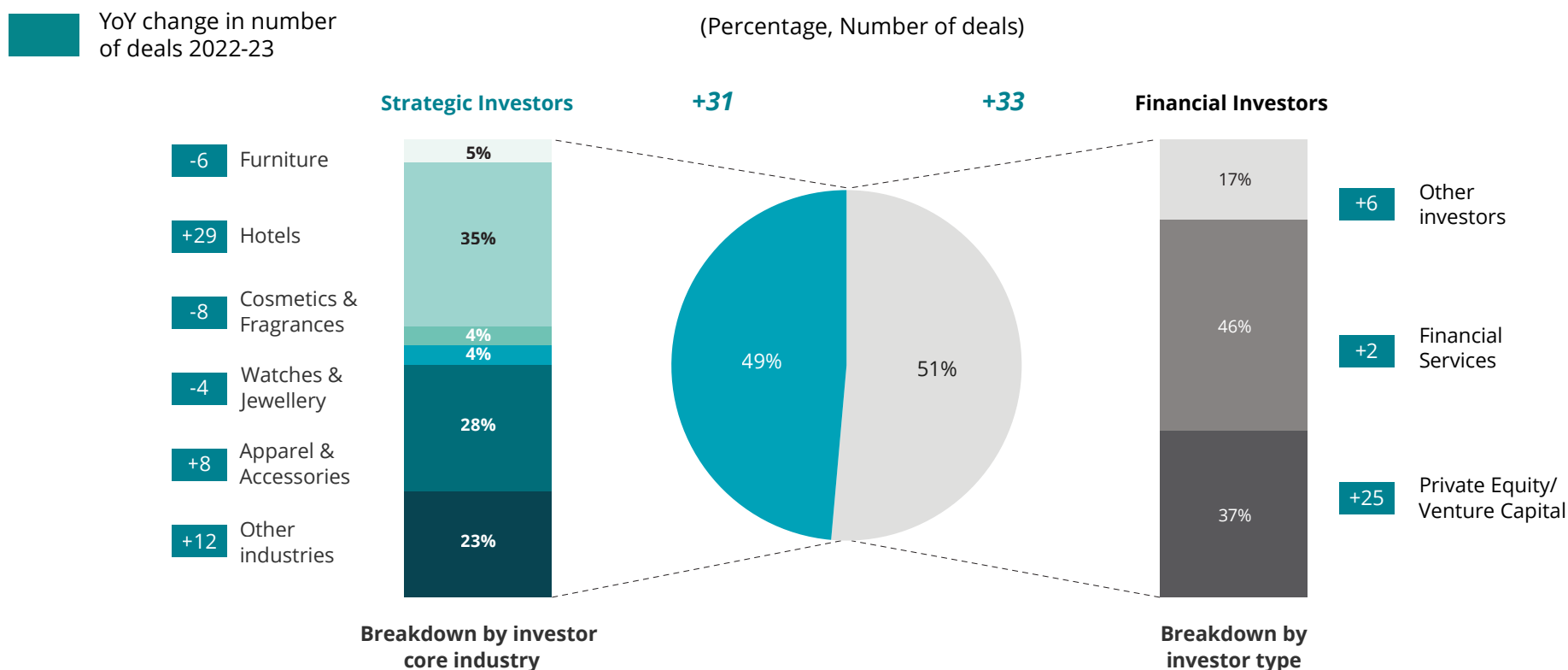




Investor profiles

The majority of bidders were Financial Investors, of which 46% being Financial Services. On the other hand, the largest part (63%) of Strategic Investors belonged to Apparel & Accessories and Hotels sectors.

Main bidders' profile



Key Findings:

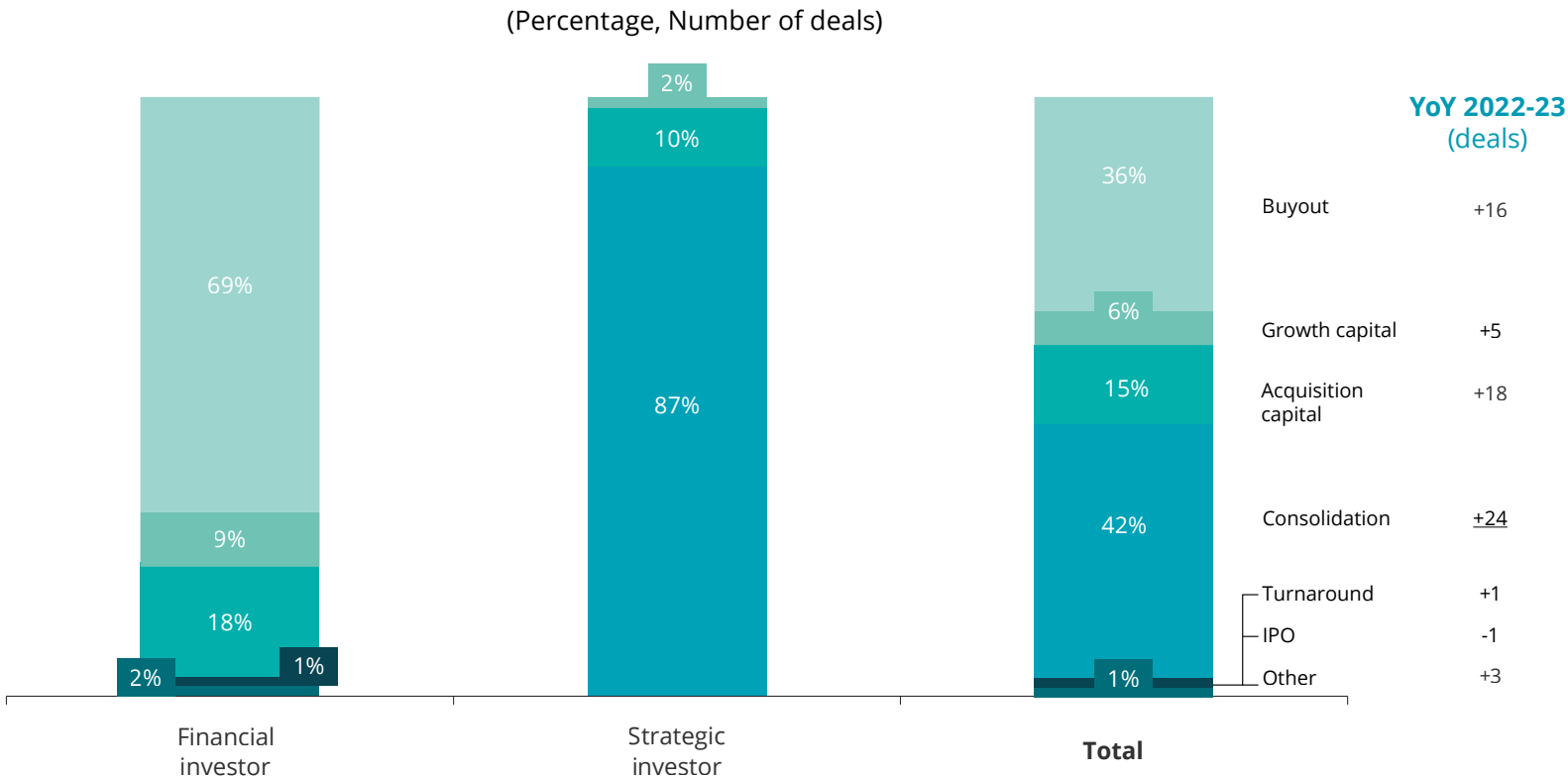
Deals conducted by strategic investors, mainly operating in the Apparel & Accessories, Hotels and Other industries, represent 86% of deals. Most of the financial investors' contribution comes from Financial Services (46%).



Portfolio exit strategies

The majority of acquisitions were carried out through buyouts and consolidations (36% and 42% of the total, respectively).

Investment strategies by bidder type



Key Findings:

There was a growth in investments through Consolidation (+24 deals), Acquisition capital (+18) and Buyout (+16), while Growth capital and Turnaround investments slightly increased (+5 and +1 deals respectively). Company valuations were depressed due to interest rate increases and weak equity prices, which affected many companies' prospective IPO plans. As a result, IPO activities decreased compared to 2022 by #1.



Bidders' investment stake

In 2023, majority stake deals declined to 89%, due to a 1-point decrease in the Personal Luxury Goods sector and to a 3-point decrease in other luxury sectors, such as Hotels and Cars.

Investment stakes by sector



PERSONAL LUXURY SECTORS

86% Majority

-1%pts (change 22-23)

OTHER LUXURY SECTORS

92% Majority

-3%pts (change 22-23)

TOTAL LUXURY SECTORS

89% Majority

-2%pts (change 22-23)

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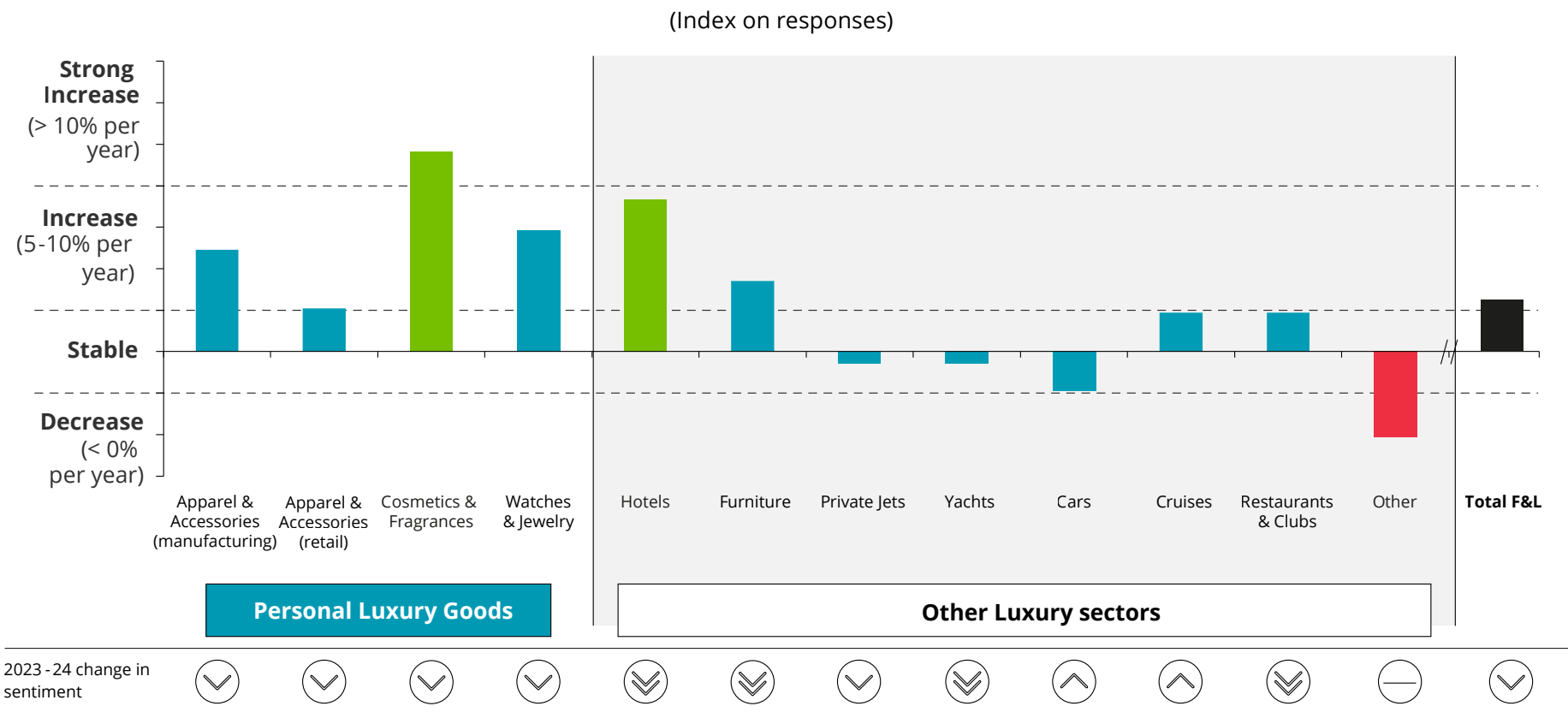




Market Outlook: Key trends by sector – Investors perspective

Investors' feeling about F&L market trends for the next 3 years is to expect an increase in the Personal Luxury Goods sectors among others. In particular, Cosmetics & Fragrances, Watches & Jewelry, and Hotels are predicted to be the best performing sectors. By contrary, Private Jets, Yachts and Cars are forecasted to be the worst performing sectors over the period

Expected F&L market trends for the next 3 years – Breakdown by sector

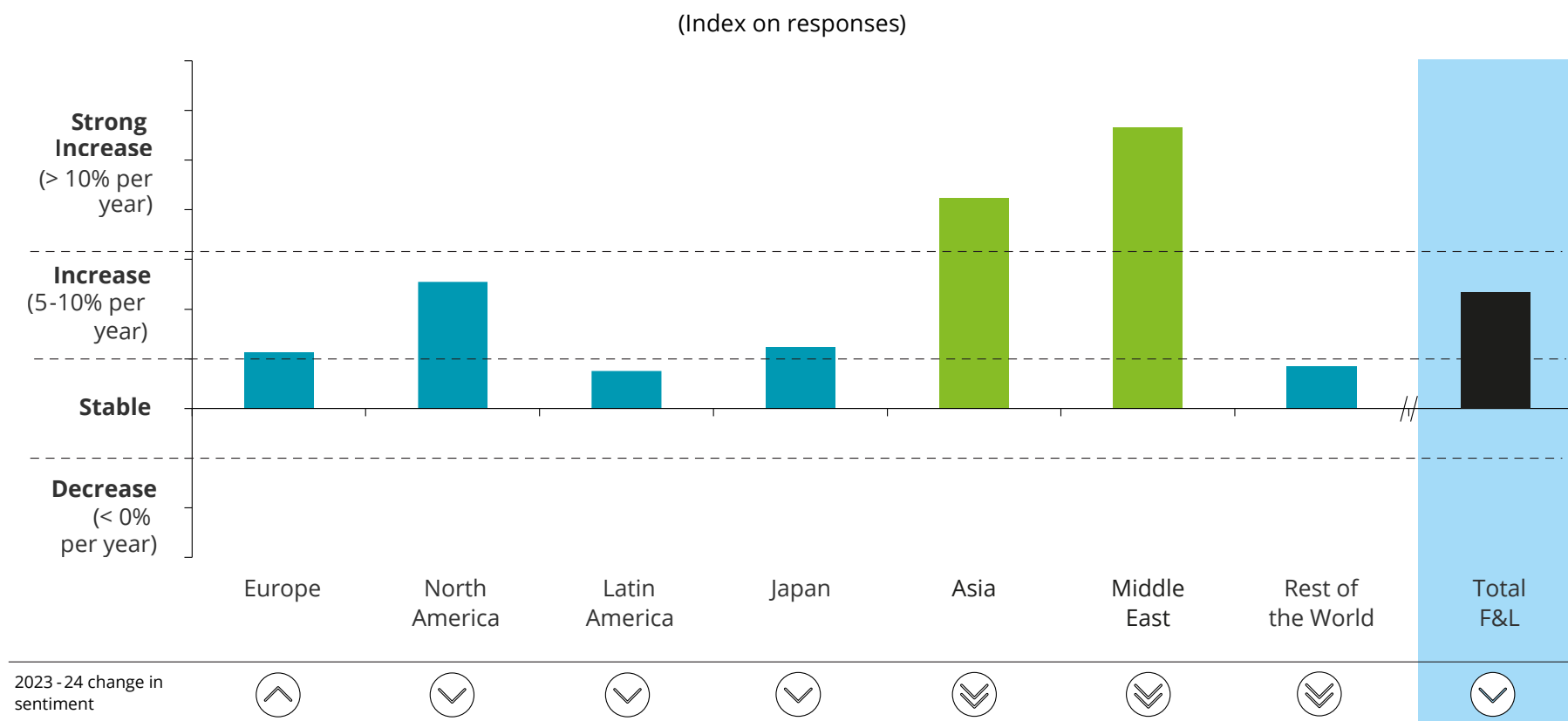




Key trends by geographical area - Investors perspective

All the regions are forecast to see a positive trend over the next 3 years. In particular, investors foresee an increase of the F&L sectors in Asia and Middle East. Despite remaining positive, expectations have overall decreased compared to the last survey.

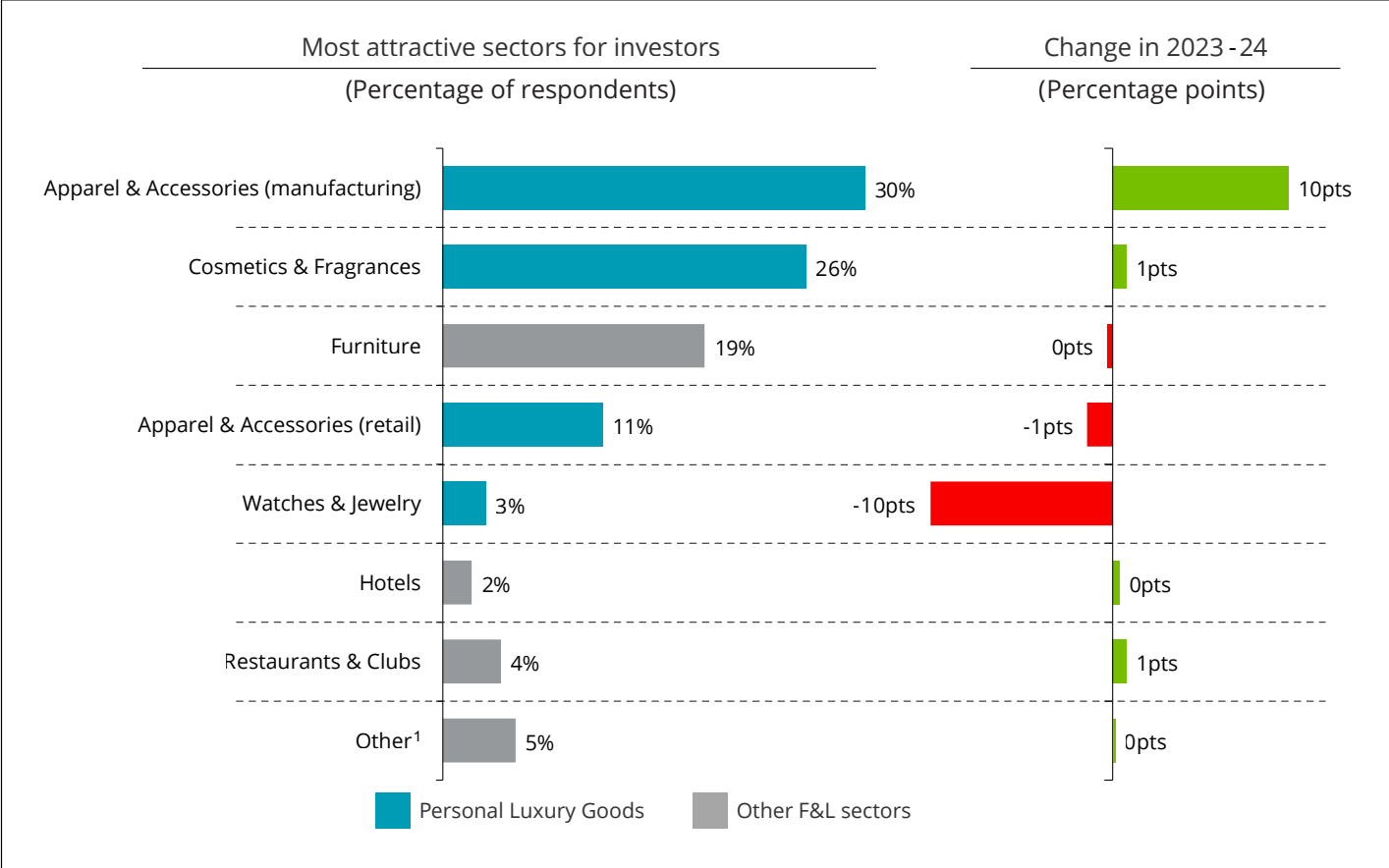
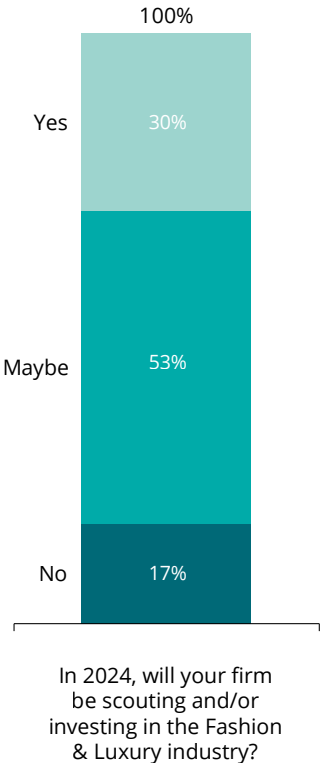
Expected F&L market trends for the next 3 years – Breakdown by region





Expected new investments in 2024

In 2024, 83% of survey respondents could be interested in investing in Fashion & Luxury sectors. Personal Luxury Goods and Furniture are the most attractive sectors, with Apparel & Accessories (manufacturing) being the most outstanding one.



Key Findings:

Sectors considered to be the most attractive from survey respondents are: Apparel & Accessories – manufacturing (30%), Cosmetics & Fragrances (26%), Furniture (19%), and Apparel and Accessories – retail (11%). Interest across sectors is changing compared to last year: Apparel & Accessories – manufacturing shows an increase of +10pts. On the other hand, Watches & Jewelry showed a severe decline of -10pts compared to the previous year.

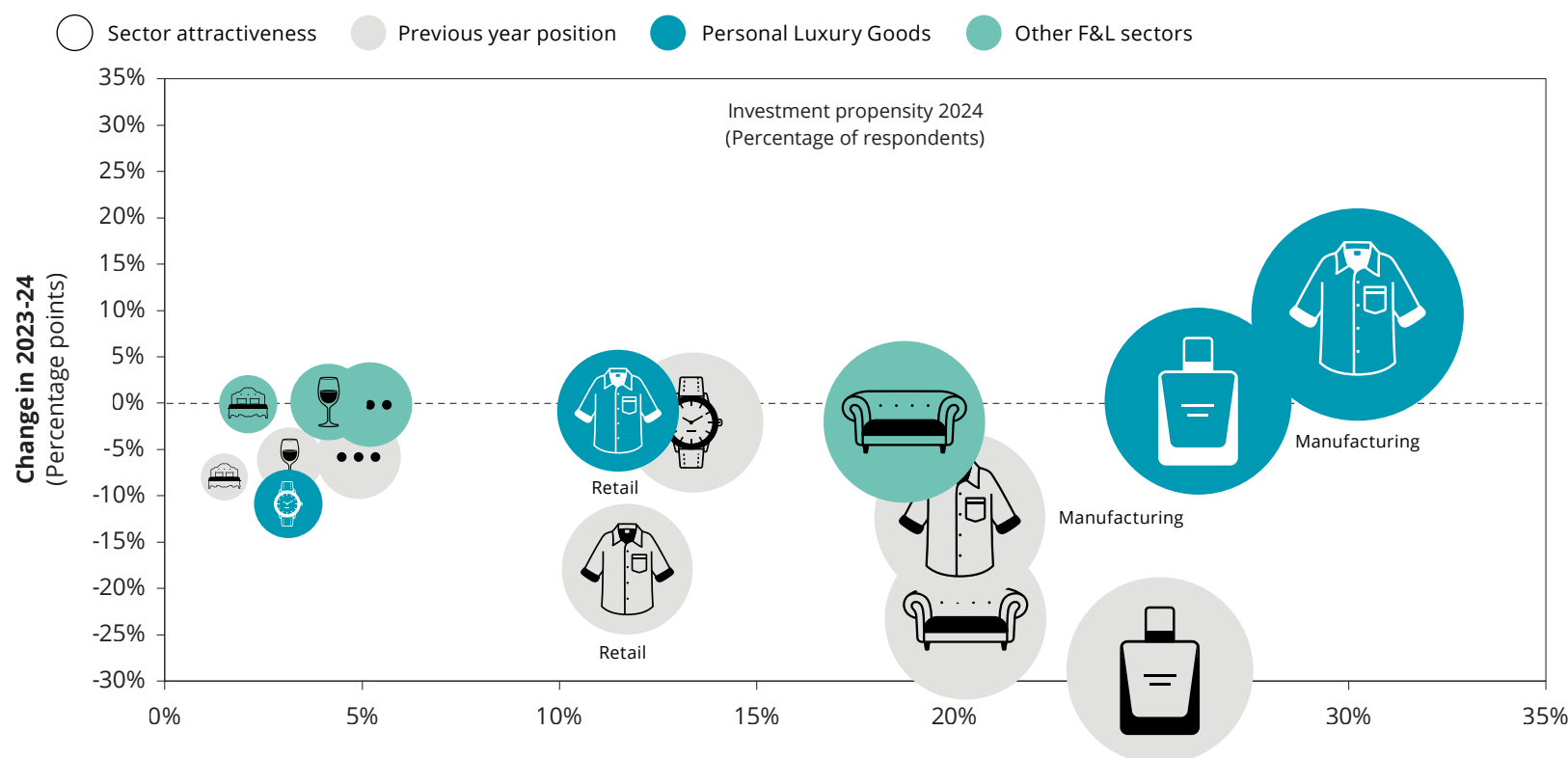
Notes: 1) Other includes Private Jets, Cruises, Yachts and Cars / Source: Elaboration on Deloitte survey



F&L sector attractiveness

In 2024, Apparel & Accessories – Manufacturing and Cosmetics & Fragrances will be the most attractive F&L sectors, aligning with investors' sentiment of the previous year.

Map of investor attraction in F&L sectors



Key Findings:

Apparel & Accessories - Manufacturing and Cosmetics & Fragrances are the most attractive sectors according to investors. Compared to the previous year, on average, investment propensity remained more or less the same.

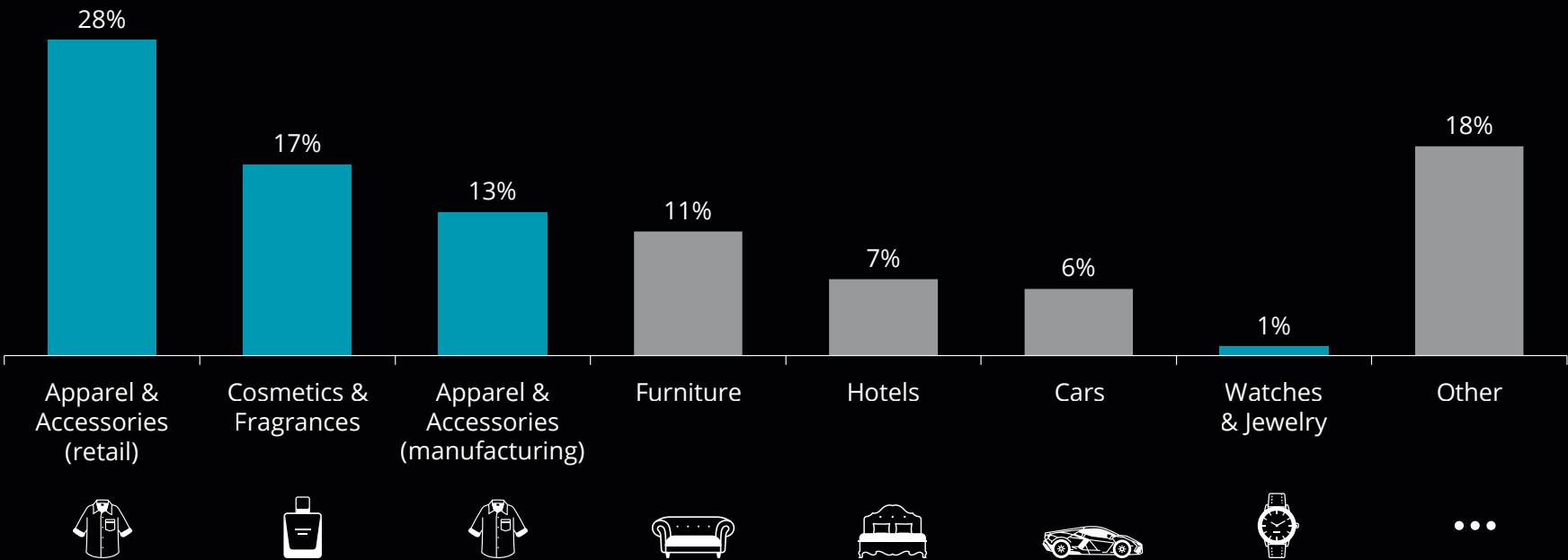


ESG impact on F&L sectors

The F&L industries which are better keeping up with ESG innovations are those included in Personal Luxury Goods: Apparel & Accessories and Cosmetics & Fragrances , based on respondents' view.

Main F&L sectors keeping up with ESG innovations

(Multiple choice question)



Key Findings:

With the aim of finding new ways to connect with their customers, F&L companies are reinventing themselves: one of the pillars on which these companies are building their relaunch is sustainability. The main sectors that invest in ESG innovations are: Apparel & Accessories (both manufacturing and retail 41%), and Cosmetics & Fragrances (17%) , Furniture (11%) and Hotels (7%).

Note: 1) Other includes Restaurants & Clubs, Yachts, Cruises and Private Jets / Source: Elaboration on Deloitte survey



ESG adoptions in F&L industry

The F&L industry continues to increase adoption of ESG innovations. The most significant being Circular Economy, Social Responsibility, and Energy Efficiency. The ESG innovation gaining the least interest is Corporate Governance.

Most adopted ESG innovations in F&L sectors

(Multiple choice question)



Key Findings:

Circular Economy, Social Responsibility and Energy Efficiency are the most adopted with 23%, 21% and 19% of preferences, respectively.



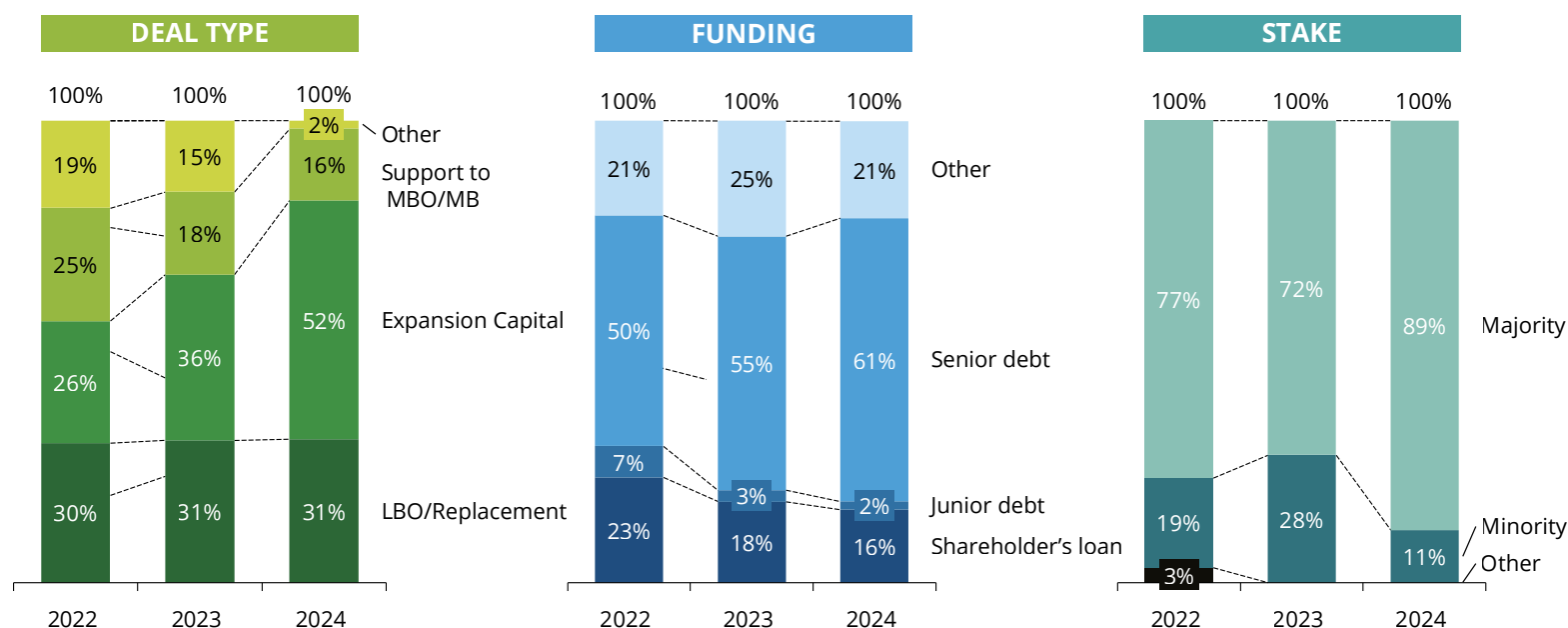


Main features of the M&A deal

The most employed deal structures for new F&L investments is Expansion Capital and LBO/Replacement, funded principally by Senior debt (61%). Investors' preferred way to invest remains to acquire a majority stake (89%).

Structure of the new F&L investment deals

(Percentage of respondents)



Key Findings:

The deal strategies preferred by investors to make new investments are Expansion Capital (52%), followed by LBO/Replacement (31%) and Support to MBO/MB (16%). Senior debt remains one of the most used sources of funds (61%), increasing by 6pts compared to the previous year, while Shareholders' loan financing remains mostly stable (16%). The largest part of deals take place with the acquisition of a majority stake (89%) and only 11% of them are closed with the purchase of a minority stake.



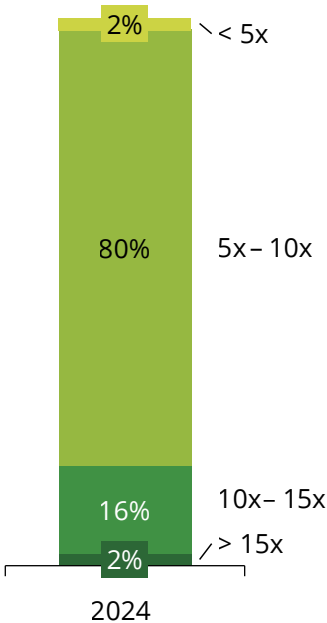
Main expectations of the M&A deal

The most expected EV/EBITDA multiple is between 5x and 10x, primarily adhering to a trend of No Change. The Ebitda Margin expectations for new F&L deals also adheres to a trend of No Change.

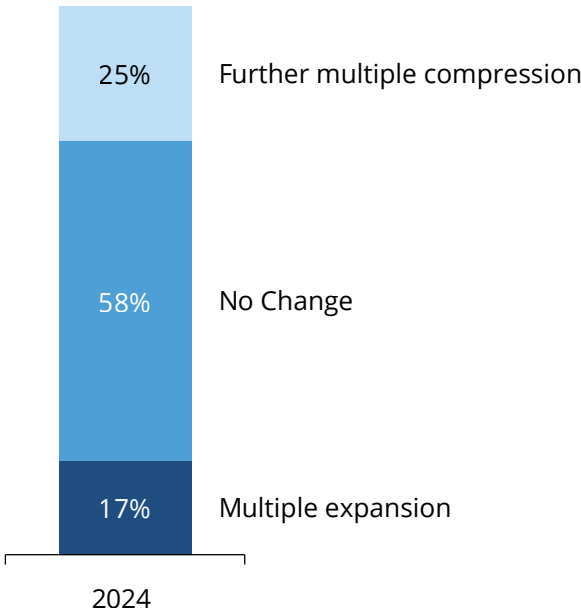
Expectations of the new F&L investment deals

(Percentage of respondents)

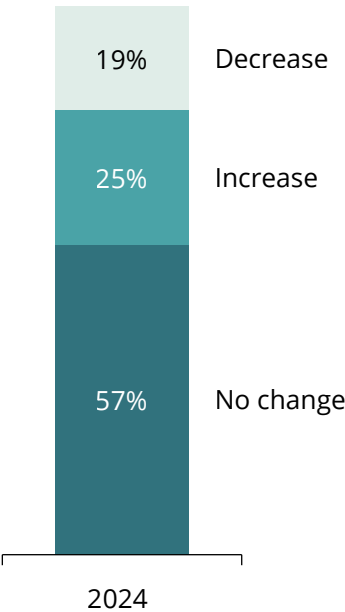
EV / EBITDA multiple



Multiple trends



EBITDA margin



Key Findings:

The most expected EV / EBITDA multiple is 5x-10x (80%) followed by 10x-15x (16%). Multiple trends for 2024 are largely expected to remain the same according to 58% of respondents, followed by further multiple compression (25%), and multiple expansion (17%). In terms of EBITDA margins, similarly to multiples, 57% of respondents expect no change, followed by an increase (25%) and decrease (19%).

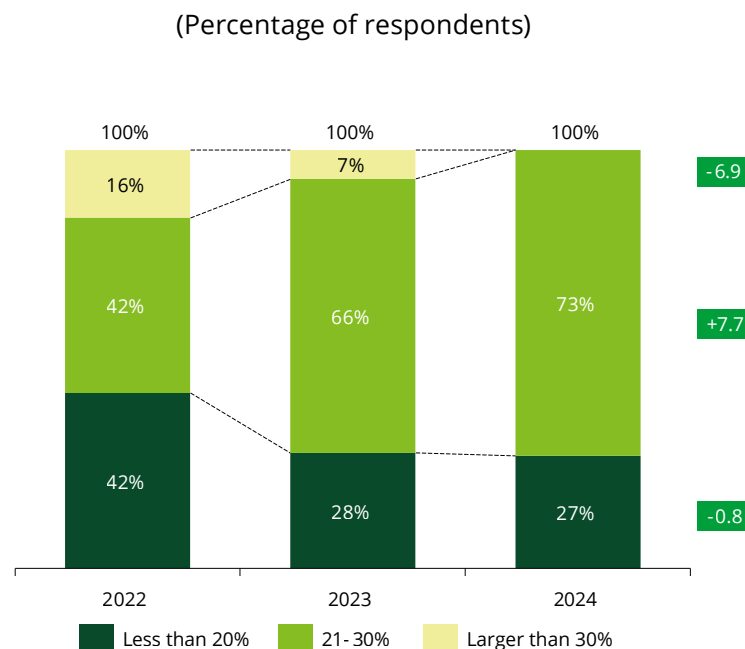
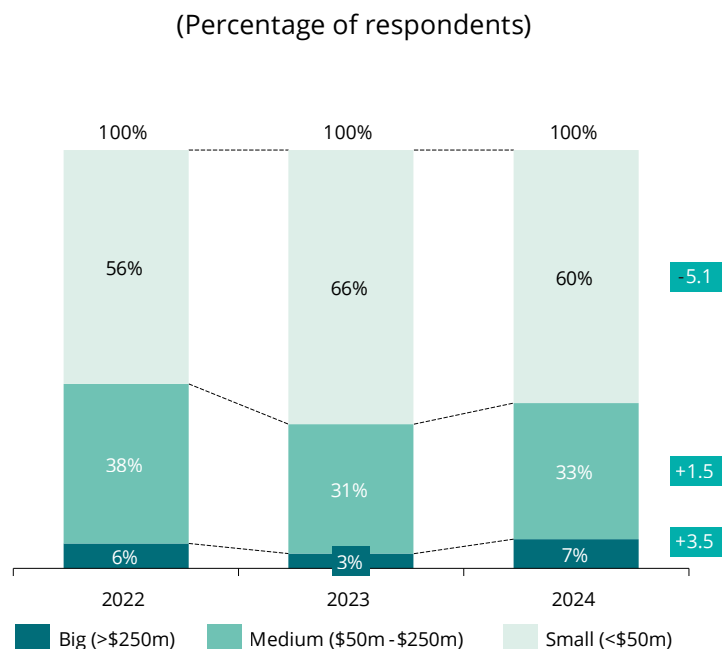


Size and expected returns of potential investment in F&L

More than a half of investors 60% are willing to invest in small (<\$50m) companies, even though 33% of them have become highly interested in medium (\$50m-\$250m) sized firms (+1.5 pts). 73% of investors foresee that the Internal Rate of Return from new investments will be between 21-30% and 27% less than 20%.

Average sales of potential target companies

Internal Rate of Return (IRR) expected from new F&L investments



Key Findings:

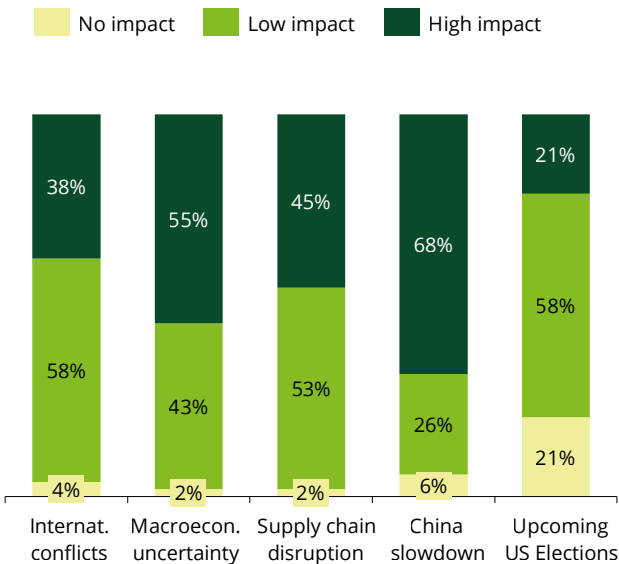
The majority of investors want to invest in small sized firms, even if they decreased to 60% (-5.1 pts vs 2023). As well as those willing to invest in firms with sales >\$250m (-3.5 pts vs 2023). Otherwise, investors wishing to invest in medium sized companies have grown up to 33% (+1.5 pts vs 2023). On average, investors expect an IRR from their investments of 21-30% (73%) followed by an IRR less than 20% (27%).



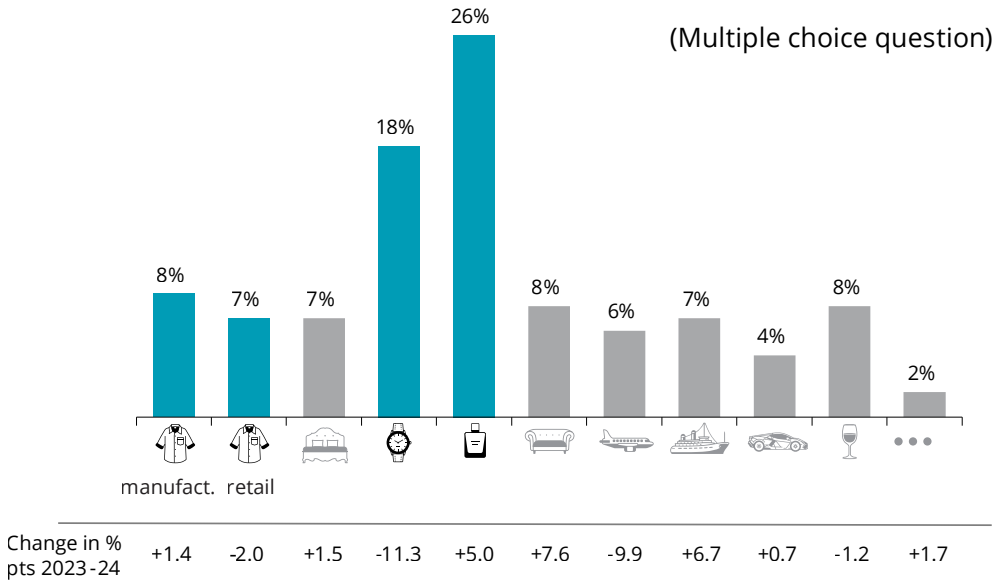
Environmental characteristics for the F&L portfolio

Responses suggest that a China Slowdown as well as Macroeconomic uncertainty are the biggest factors impacting the F&L industry, with Upcoming US Elections and International conflict being the least threatening factors. The Cosmetics & Fragrances and Watches & Jewelry sectors are considered to be the most resilient.

Macro-economic factors impacts on F&L industry



F&L sector resilience in current macro-economic environment



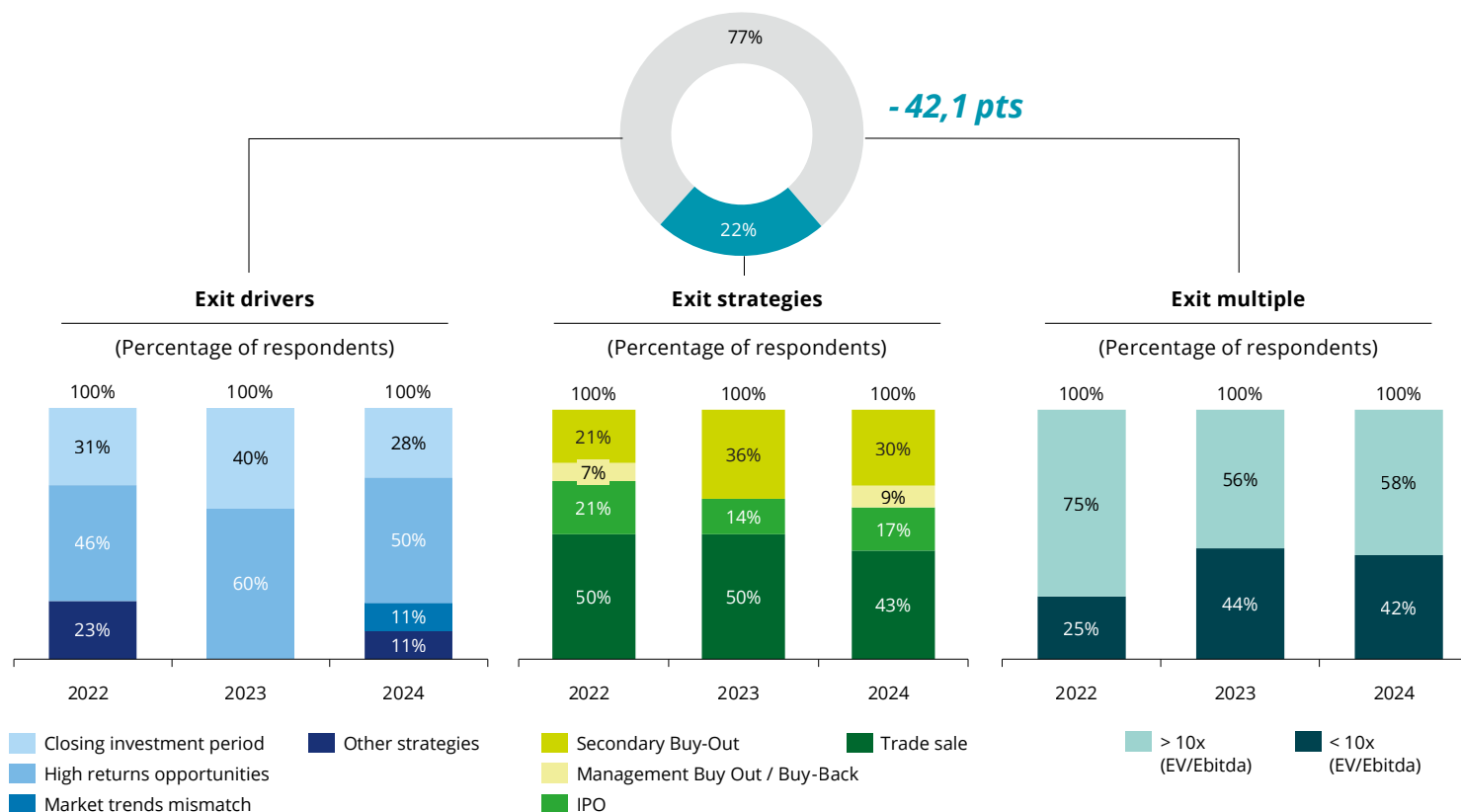
Key Findings:

The primary macro-economic factors thought to significantly impact the industry are china slowdown (68% high impact), and macroeconomic uncertainty (55% high impact). Supply chain disruption (53% low impact) and international conflict (38% low impact) are considered to have lesser impacts. The upcoming US elections are thought to have the least impact (58% low impact). In terms of sector resilience, fragrances & cosmetics (26%) along with watches & jewelry (18%) are believed to be the most resilient, seeing an increase of 5.0 pts and a decrease of 11.3 pts respectively



Funds' F&L exit strategy for 2024

Funds considering divesting a F&L asset in 2024 represent 22%, showing a decrease of 42.1 pts compared to 2023. The main exit drivers are High returns opportunities (50%) and Closing investment period (28%), while the main exit strategy will be Trade Sale (43%). However, an increasing portion of investors consider IPO (17%). The majority of respondents (58%) expect an exit EV/EBITDA multiple higher than 10x.



Key Findings:

22% of funds participating in the survey questionnaire are going to divest at least one asset of their F&L portfolio, a raise of +42.1 pts compared to the previous year. In 2024, the main exit driver is High returns opportunity (50%) showing an decrease of -10 pts respect to 2023. Trade Sale will continue to be the most used exit strategy (43%), although IPO (17%) will register an increase respectively by +3 pts. On the other hand, Secondary buyouts drop by 6 pts to 30%. The majority of respondents (58%) expect an exit EV/EBITDA multiple higher than 10x.





Impact of disruptive technologies

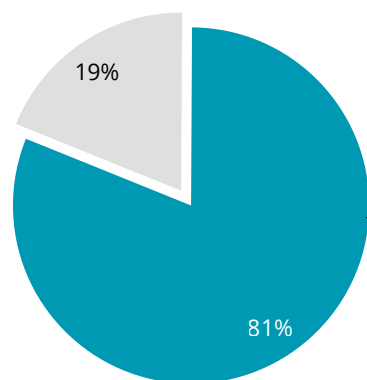
Disruptive technologies in Fashion & Luxury

In 2024, 81% of survey participants might invest in disruptive technologies in order to benefit from potential synergies, showing an increase of +15 pts compared to 2023. As the previous year, Artificial intelligence, Big Data and IoT will have the largest impact on investors' portfolio.

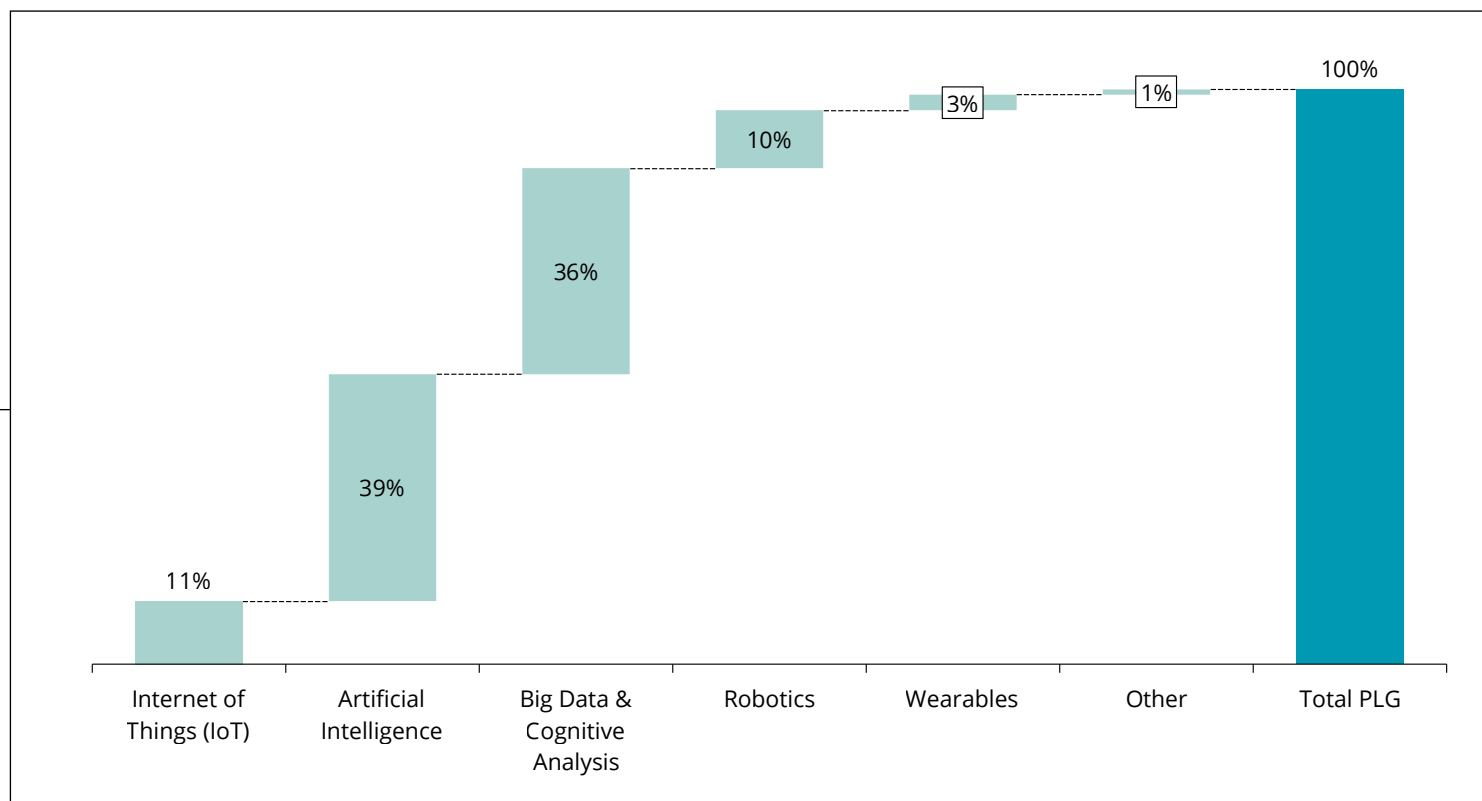
Impact of Disruptive Technology based on Portfolio Type

(Percentage of respondents)

Fund likelihood of Investment in Disruptive Technologies firms
(Percentage)



Will probably invest in disruptive technologies





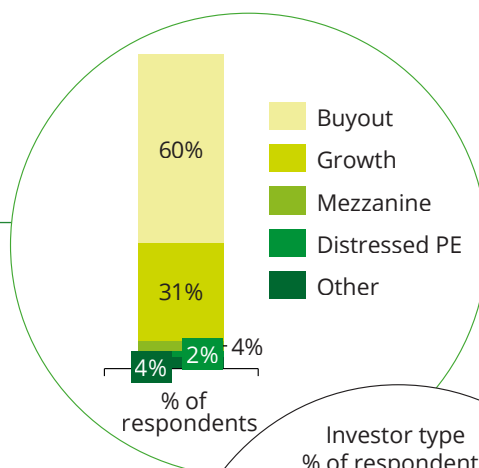
Profile of survey respondents

Funds' key features

The majority of respondents, corresponding to 85% of the total, are part of Private Equity Funds, whose strategic approach is mainly based on buyouts (60%) in the Industrial (22%) and Fashion & Luxury (18%) sectors. 53% of PE Funds own net assets between \$100 - \$500m.

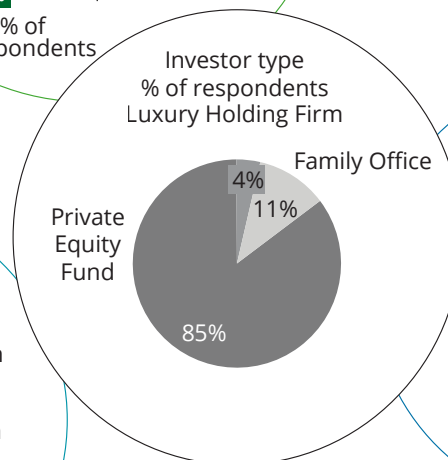
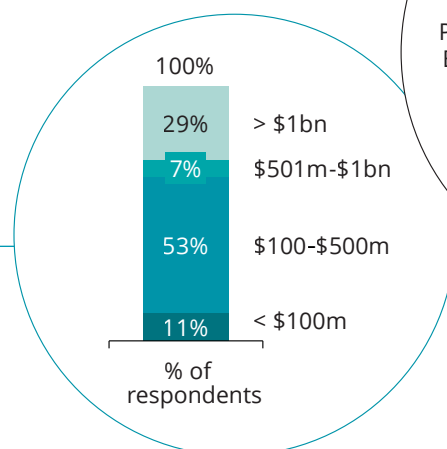
Fund strategy

The main strategic approaches of the involved funds are: Buyout (60%) and Growth (31%) strategies



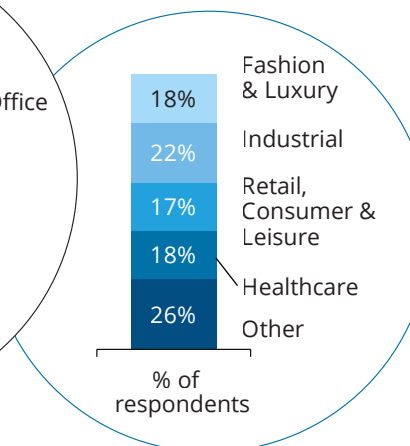
Fund net assets

53% of respondents to the survey have net assets between \$100-\$500m, while 29% of them have net assets greater than \$1bn and 11% have full net assets lesser than \$100m



Fund core industries

The main core industries performed in investors' portfolio are: Industrial (22%) F&L (18%), Healthcare (18%), and Retail, Consumer & Leisure (17%)

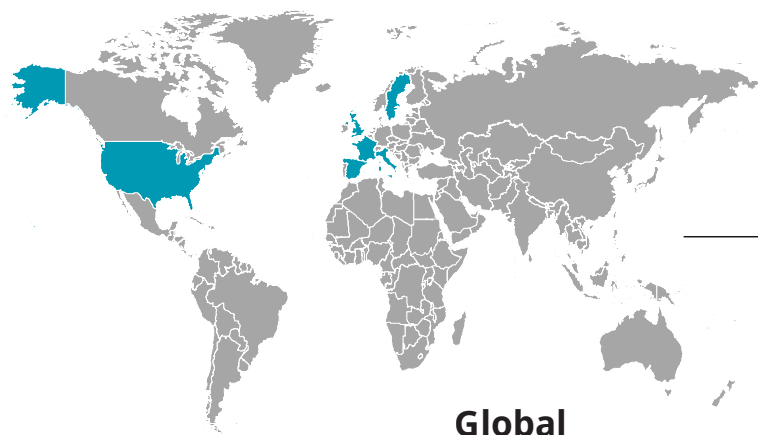




Profile of survey respondents

The survey participants' role correspond for 67% to Managing director/Partner, 13% to Director/ Principal and 13% to Investment manager.

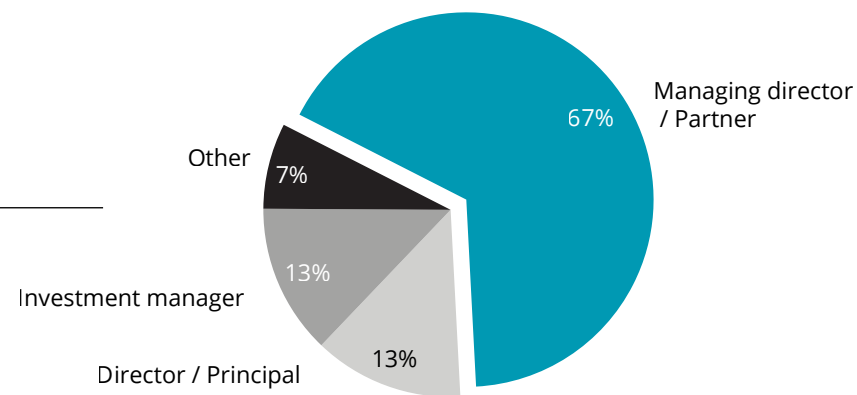
Respondents' locations



Main countries

Respondents' roles

(Percentage of respondents)

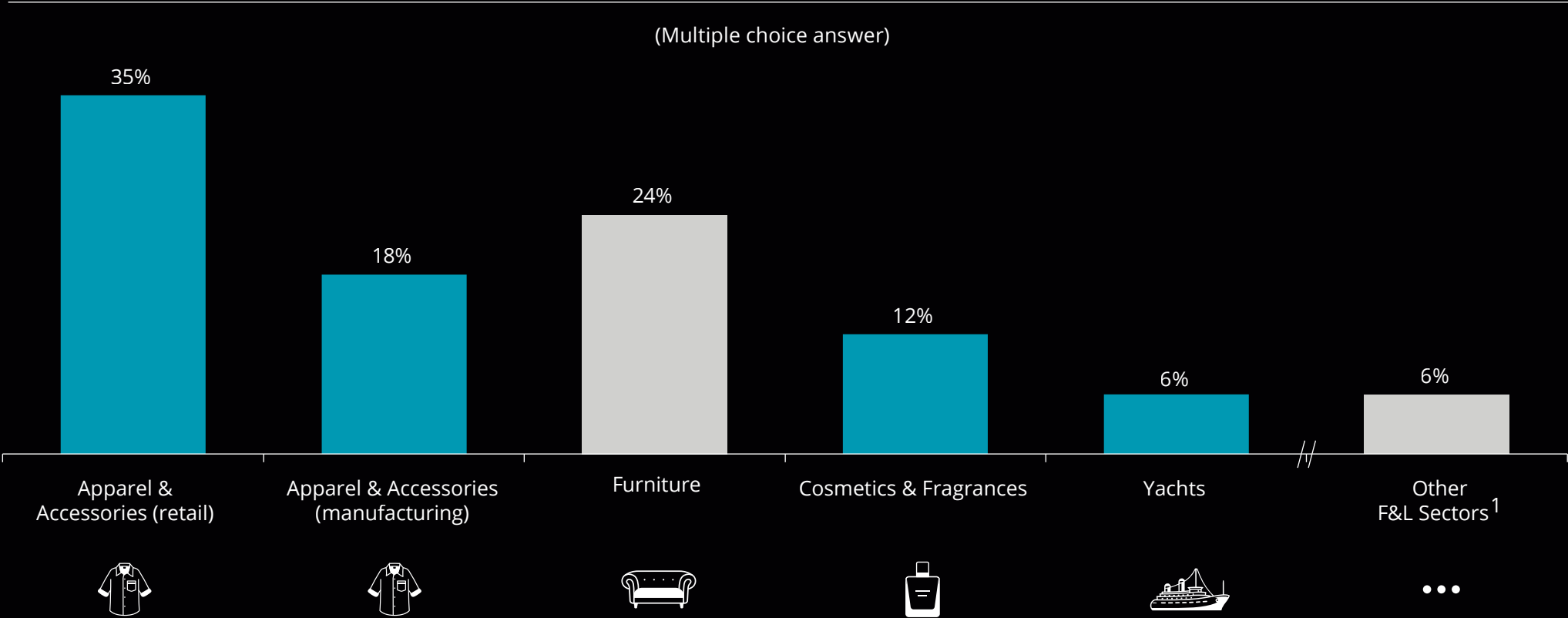




Funds' current F&L portfolio: main sectors

The main F&L assets held by investors are Apparel & Accessories (53%) including both retail and manufacturing companies, Furniture (24%), Cosmetics & Fragrances and Yachts (both 18%).

Main F&L assets managed by investors

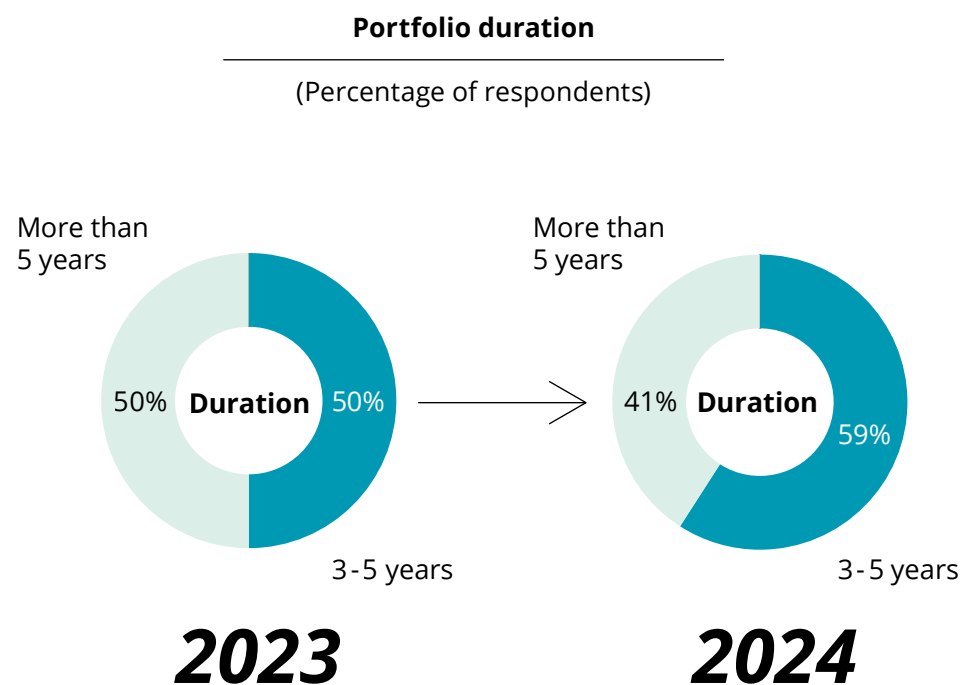
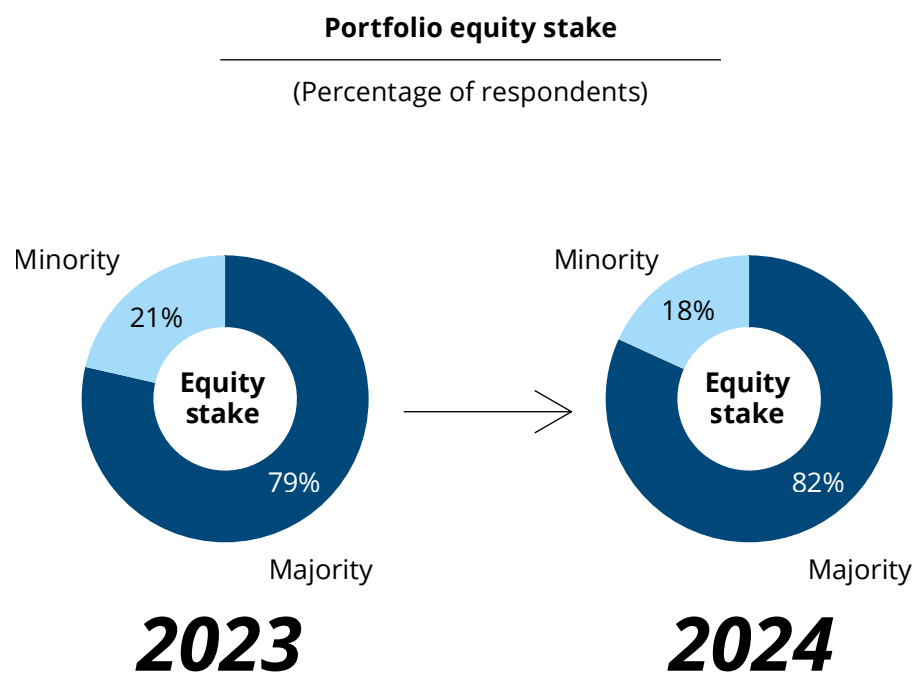




Funds' current F&L portfolio: structure

As in 2023, a Majority continues to be the overwhelmingly chosen equity stake, accounting for 82% in 2024 (+3 p.p.). In 2024, 3-5 years is the preferable duration for a F&L asset (+9 p.p.).

41% of investors have a Fashion & Luxury asset in their portfolio



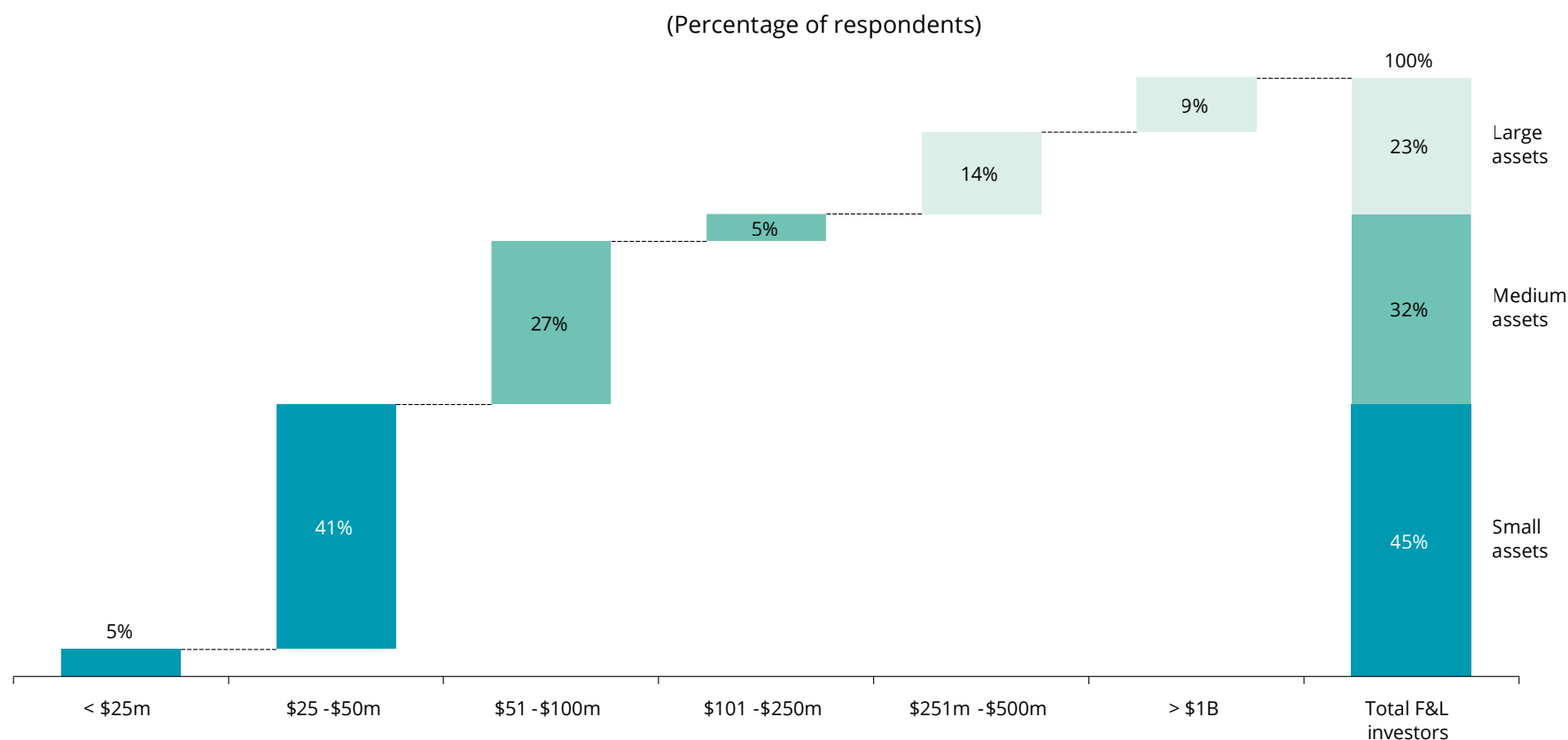




Funds' current F&L portfolio: average asset size

45% of survey participants have in portfolio F&L assets with an average turnover which is less than \$50m, while 32% of them have medium-sized assets (\$51-\$250m) and the remaining 23% have large-sized assets (>\$1b).

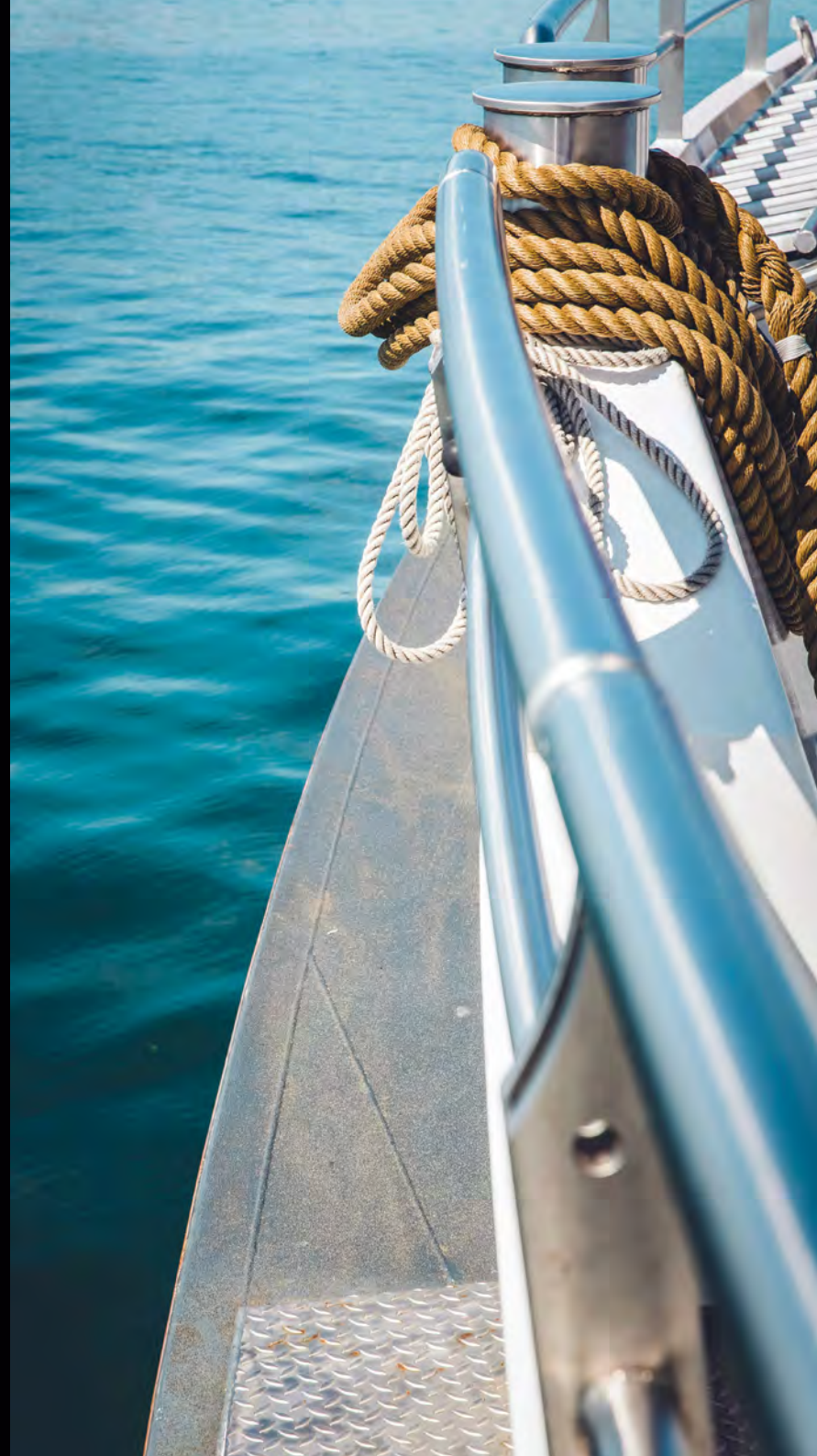
Average turnover of F&L assets in investors' portfolio



Glossary

Main terms and abbreviations

Personal Luxury Goods	Personal Luxury Goods include the following sectors: Apparel & Accessories, Cosmetics & Fragrances and Watches & Jewelry
AuM	Acronym for Assets Under Management
CAGR	Acronym for Compound Annual Growth Rate
F&L	Abbreviation for Fashion & Luxury
IRR	Acronym for Internal Rate of Return
PE	Acronym for Private Equity
PLG	Acronym for Personal Luxury Goods
RoW	Acronym for Rest of the World





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