

PRESS RELEASE

Grafiche Favillini, owned by Arcadia and the Favillini brothers, buys 100% of the share capital of Idea Grafica from the Pettinari family, who re-invest in Favillini Group.

Milan, 9th July 2020

Grafiche Favillini S.r.l. ("**Grafiche Favillini**") and Idea Grafica S.r.l. ("**Idea Grafica**", Grafiche Favillini and Idea Grafica together, the "**Favillini Group**"), leading companies in the secondary packaging in Italy for the pharmaceutical and nutraceutical sector, announce a strategic partnership to create a key player in the production and development of cardboard boxes and leaflets for the main pharmaceutical companies in Italy.

Grafiche Favillini, whose majority shareholder is Arcadia SGR S.p.A. ("**Arcadia**") together with a group of industrial investors, and also participated with a 40% stake by Eugenio and Alberto Favillini, has acquired 100% of Idea Grafica from the Pettinari family, with Laura Pettinari re-investing in Favillini Group.

Idea Grafica, situated in the Milan district, was founded in 2003 and, thanks to Franco Pettinari and his daughters Laura and Alessandra, has experienced a growth of revenues which allowed the company to become one of the main producers of cardboard boxes and leaflets for the pharmaceutical sector in Italy. In 2019 the company generated revenues of Euro 12 million, with an EBITDA margin over 15%.

The new Favillini Group, with over Euro 25 million revenues, about 130 employees, three production sites (of which one fully dedicated to the production of leaflets), close to the main Italian pharmaceutical districts in Lombardy, Tuscany and Lazio, will be able to support the growth of the main Italian pharmaceutical and nutraceutical companies.

Laura Pettinari, main shareholder of Idea Grafica, will be confirmed as CEO of Idea Grafica and become Director of the holding.

Eugenio Favillini, CEO of the holding Favillini Pharmaceutical Packaging Group, will be CEO of the Favillini Group and will manage the integration process, while Alberto Favillini will be Chairman of Idea Grafica, supporting the industrial integration with Grafiche Favillini.

Laura Pettinari commented: "Idea Grafica has reached excellent economic and industrial results over the last years. I think Grafiche Favillini represents an ideal partner to support a further growth in such a dynamic and demanding market. The combination of the two companies, both with a significant story of growth, will allow the new group to keep on investing in the future, thanks to its increasing size, always with a keen eye on sustainability and environment. The involvement of my family and my direct investment in the share capital of Favillini Group, show our commitment to the project and our trust in the future results".

Eugenio Favillini said: "Idea Grafica shows interesting results, with a high level of customers base, totally complementary with those of Grafiche Favillini and with modern production plants. Through this partnership, Grafiche Favillini can almost double its current Euro 13,5 million revenues and can enter the leaflets sector, keeping its quality and safety standards. Favillini Group will have the industrial and commercial strength to support the main pharmaceutical and nutraceutical players, which are facing an important growth and require increasing quality standards".

Alessandro Grassi, *Director* of Arcadia, who managed the acquisition process, said: “With the combination of the two companies, we have created a new industrial specialist, representing one of the leading suppliers for the Italian pharmaceutical and nutraceutical companies. In a fragmented sector, Favillini Group can represent a hub for a further industrial consolidation”.

Ethica Corporate Finance (Giorgio Carere and Nicoletta Rabiolo) acted as financial advisor.

The other advisors involved in the deal are:

For Grafiche Favillini

- Fineurop Soditic (debt advisor): Umberto Zanuso, Francesco Panizza, Maria Pia Biguzzi;
- NCTM (legal advisor): Matteo Trapani, Laura Elena Cinquini and Martina Villa;
- Studio Russo De Rosa Associati (deal structure, legal and fiscal due diligence): Leo De Rosa, Gianmarco Di Stasio, Alberto Greco, Alessandro Manico, Alessandro Manias, Andrea Massaccesi, Francesco Belletti and Lucia Uguccioni.
- KPMG (financial due diligence): Lorenzo Brusa, Luca David.

For Idea Grafica

- Pavia e Ansaldo (legal advisor): Alberto Bianco, Nicoletta Botta.

For the financing of the transaction Credit Agricole Italia and UBI Banca have been involved, with the support of Simmons & Simmons (legal advisor): Davide D’Affronto, Maria Ilaria Griffo.

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Arcadia (www.arcadiasgr.it) is an independent asset management company authorised by the Bank of Italy. Arcadia is specialised in investments in the Italian non-listed SME companies. The investment team has a cumulated experience of over 80 years in the private equity sector and is supported by a group of first class senior managers, who have run successful business (“**Business Partners**”).

Arcadia has an industrial approach: portfolio companies are managed through an active presence in the BoD and with a significant support in the growth processes.

The first fund raised by Arcadia (Arcadia Small Cap) with a total commitment of Euro 53 million, has completed 4 investments and 3 exits, distributing more than the amount drawn by the investors.

In 2017 Arcadia has raised its second private equity fund, Arcadia Small Cap II (“**ASCII**”), with a total commitment of Euro 80 million. ASCII has been subscribed by institutional Italian and foreign investors, among which there is the European Investment Fund. ASCII has completed 3 investments: (i) 100% of the share capital of Chiorino Technology S.p.A., a company established in Biella in early 1980’s, specialised in the finishing of leather for the luxury segment of the leather goods industry; (ii) 75% of the share capital of Castello Italia S.p.A., leading extrusion plastic tubes manufacturer, focused on the automotive and industrial equipment markets and (iii) 51% of Grafiche Favillini S.r.l., leader company in the production of secondary packaging for pharmaceutical and nutraceutical companies.

ASC II mainly focuses on acquisitions of SME as defined by the European Commission (maximum 250 employees, revenues lower than Euro 50 million or balance sheet not higher than Euro 43 million), with a keen eye on ESG compliant investments,

with no or limited use of leverage for the acquisition. The value creation is based on the strategic focus, the professionalisation and the growth of the companies.

Arcadia is partner of the Italian Stock Exchange through Elite, a programme which supports exclusive SME to facilitate their access to capital markets, their relationships with the financial system, and their internationalisation projects (www.elite.borsaitaliana.it).

For further information

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