Deloitte.

Fashion & Luxury Private Equity and Investors Survey 2019

Global report

Contents

Preface

During 2018, Fashion & Luxury (F&L) grabbed the attention of PE funds and Investors. Some have raised special vehicles to be on top of trends and to recognise the best assets in the industry.

Valuations have grown high and this has shone the spotlight on the F&L industry, despite market challenges such as disruptive technologies and new competitive landscapes.

PE funds and Investors have faced increasing competition from strategic buyers, that pursue strong buy-and-build strategies to consolidate their businesses and to survive market transformation. Competition has also extended geographically, with increased interest from Asia and Middle East.

In this context, global investors interested in the Fashion & Luxury industry are reviewing their expectations and strategies for the next years.

In order to analyse and measure market trends and expectations on M&A activities, Deloitte has launched the fourth edition of the "**Global Fashion & Luxury Private Equity and Investors Survey**".

Methodology and contents

The study considers more than ten sectors of the F&L industry, of which three are Personal Luxury Goods.

	M&A Deal Monitor 2018	Private Equity and Investors Survey 2019
Contents	• Size of M&A deals by F&L sector • Target company profiles • Investor profiles • Analysis of global deals	• F&L market outlook • Exit and investment strategies in 2019 • Investors' current portfolio of F&L assets
Geo Scope	 Global	 Global
Data source	• News and reports from major media providers • Investor press releases • Company press releases Primary data level: ◐	• Online survey based on Computer Assisted Web Interviewing (CAWI) • Interviews with Private Equity funds top management Primary data level: ●
Remarks	• The survey targeted senior members within investment funds, with a substantial knowledge of the F&L industry	

○ Full secondary data ● Full primary data ⬚ New sector

Sectors covered

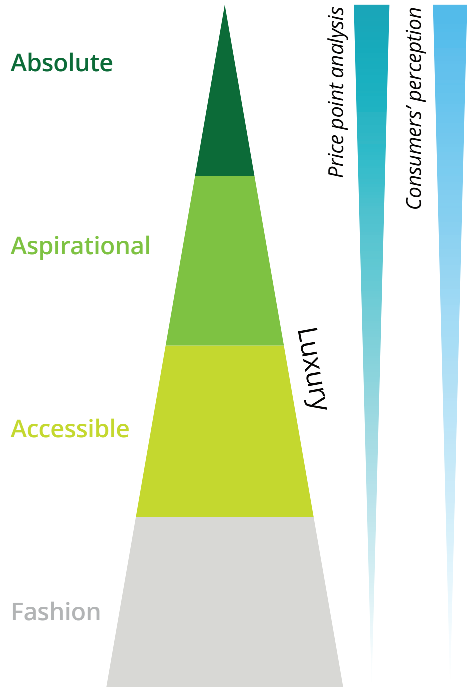
Personal Luxury Goods

- Apparel & Accessories
- Cosmetics & Fragrances
- Watches & Jewellery

Other sectors:

- Furniture
- Private Jets
- Yachts
- Luxury Cars
- Electric Cars (new sector)
- Luxury Hotels
- Luxury Cruises
- Luxury Restaurants (new sector)
- Digital Luxury Goods

Market segmentation

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Key takeaways

M&A Deal Monitor 2018

2018 Global M&A deal overview

The Fashion & Luxury industry proved to be fertile soil for M&A activities with #265 deals registered in 2018, presenting a significant increase of #47 deals compared to the previous year. Personal Luxury Goods deals have increased (+11 deals versus 2017) with Cosmetics & Fragrances (17% of total) growing by #16 deals, while both Watches & Jewellery (11%) and Apparel & Accessories (28%) decreased by #1 and #4 deals respectively. The Hotels sector, which represents 28% of total, was the best segment in terms of deals growth with respect to the previous year, increasing by #29. M&A deals volumes in other sectors increased, with activity in Cruises (+3 deals), Restaurant & Pubs (+3) and Yachts (+1) growing compared to the previous year. The average deal value has shown flat at $233m in 2018, with just a $3m increase from 2017.

M&A deals in Europe strongly increased (+41 deals), whilst North America and Asia-Pacific remained flat.

Luxury Automotive deals were present only in China during 2018, driven by the very active electric car's industry.

Top deals in 2018

Acquisitions in **Automotive, Hotels and Apparel & Accessories** sectors drove numbers in 2018:

- Beijing Electric Vehicle Ltd. by BAIC BluePark New Energy Technology Ltd. (~3.6B$ for 100%)
- Belmond Ltd. by LVMH (~3.3B$ for 100%)
- Gianni Versace SpA by Michael Kors Holdings Limited (~2.1B$ for 100%)

Other relevant acquisitions in 2018 involved **Cruises, Yachts and Furniture** companies:

- Silversea Cruises Ltd. By Royal Caribbean Cruises Ltd. (~1.5B$ for 67%)
- Boat Holdings, LLC by Polaris Industries Inc. (~717M$ for 100%)
- Ekornes ASA by Qumei Investment AS (~700M$ for 100%)

M&A features and strategies

Of the M&A deals completed, 56% were carried out by Strategic investors (vs.47% in 2017), with a strong increase in 2018 in terms of number of deals compared to 2017 (+42 deals). Financial investors, involved in 44% of the total, increased only slightly the number of deals (+5 YoY).

Strategic sellers were involved in 57% of the transactions (vs.63% in 2017). Generally, bidders' investments focused on a buyout strategy (38% of the times, +3 deals vs.2017).

Private Equity and Investors Survey 2019

Fashion & Luxury market outlook

Within its Private Equity Survey, Deloitte focuses on understanding investors' perceptions of the potential growth in the F&L market in coming years. The consensus view is that major players in Personal Luxury Goods (PLG) are projected to achieve 1.1 times their 2018 sales index by 2021 (~ +4% CAGR 2018-21), while other Luxury sectors are expected to achieve 1.2 times their value (~ +6% CAGR 2018-21).

Within the next three years, investors forecast that the F&L industry will continue to grow by 5-10% annually. Digital Luxury Goods, Cosmetics & Fragrances and Furniture are projected to outperform strongly, growing by more than 10% per year. Apparel & Accessories, Hotels and Restaurants are consolidating (with expected annual growth of 5-10%). A decrease is expected in Cars and Private Jets, while Yachts, Jewellery and Selective Retailing are forecast to stay flat.

Investors' positive consensus regarding both Asia and the Middle East has continued in 2019 as the forecast continues to see these regions stimulating the growth of the F&L industry. Expectations for North America are positive (5-10% annual growth), but sentiment has decreased compared to 2018. Finally, sentiment regarding Europe, Latin America and Japan has changed compared to the previous year, but the regions are forecast to develop relatively stable.

2019 exit strategy

The report considers potential strategies investors will undertake in 2019 to enhance or disinvest their Fashion & Luxury portfolios. About 43% of funds are considering divesting an F&L asset in 2019, resulting in an increase from the previous year (+8.2 percentage points). Generally, an investor's exit is motivated by an opportunity for high returns, the closing of the investment period, market trends mismatches or concerns related to the shrinking of multiples.

2019 investment strategy

70% of funds are considering investing in an F&L asset in 2019, with notable interest rising in: Apparel & Accessories (where 79% intend to invest), Cosmetics & Fragrances (79%), Furniture (57%), Watches & Jewellery (36%), Selective Retailing (29%).

Interest across categories is increasing compared to previous year, mostly noticeable at Selective Retailing and Cosmetics & Fragrances. Interest however in Digital Luxury Goods decreases, despite positive market growth expectations.

Both current investors and newcomers are more attracted to consolidated sectors within the F&L industry (such as Apparel & Accessories and Cosmetics & Fragrances) where market knowledge is widespread. Newcomers seem more interested in experiential luxury.

With respect to 2018, the continuous consolidation of the F&L industry is moving investments towards smaller-sized companies (+10 percentage points), where investors plan to boost performance by implementing internationalization, performance improvement and digital strategy design (which grew by 20 percentage points). Digital disruptions, such as Artificial Intelligence (AI), Robotics and Big Data & Analytics enable companies to keep pace with the virtual customers; given that, luxury companies are seeking for digital startup/companies to exploit synergies. Digital penetration will lead to physical disruption; the classical store will inevitably change from point of sales to point of touch.

The consensus is that forecast returns will range from 21 to 30%.

According to respondents in 2019, 43% will probably invest in disruptive technologies in order to benefit from potential synergies. Internet of Things, Big Data & Analytics and Artificial intelligence will have the largest impact on investors' portfolios according to respondents in 2019.

M&A Deal Monitor 2018

Fashion & Luxury M&A deals

Overview of deals in 2018 by sector

218[1] Deals in 2017 → 265 Deals in 2018 || +47 Deals

Sector (● Personal Luxury Goods (PLG))	2017	2018	Growth
Apparel & Accessories	77	73	-4
Hotels	46	75	+29
Watches & Jewellery	29	28	-1
Cosmetics & Fragrances	28	44	+16
Furniture	17	14	-3
Private Jets	10	9	-1
Yachts	7	8	+1
Cars (including Electric Cars)	2	6	+4
Cruises	1	4	+3
Restaurants	1	4	+3

Top luxury deals of 2018

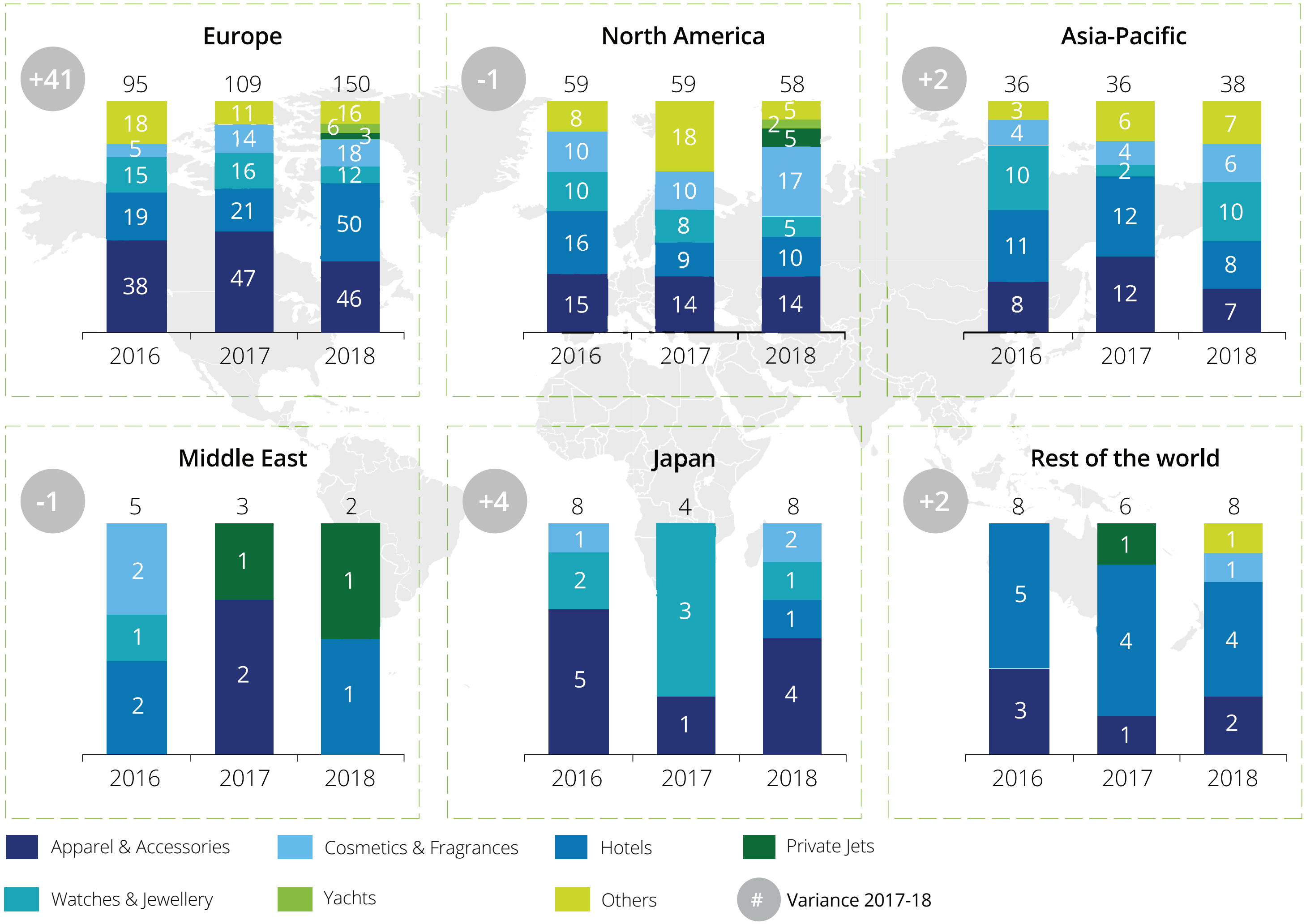
Month	Target	Bidder	Value ($m)
Jul.	Beijing Electric Vehicle	BAIC BluePark New Energy Technology	3,620
Dec.	Belmond Ltd.	LVMH Group	3,310
Oct.	NH Hotel Group SA	Minor International Public Company	3,207
Dec.	Gianni Versace SpA	Michael Kors	2,162
Jul.	Silversea Cruises Ltd.	Royal Caribbean Cruises	1,513
May	Wyndham European Vacation Rentals	Platinum Equity	1,231
Jul.	Boat Holdings, LLC	Polaris Industries	717
Aug.	Ekornes ASA	Qumei Investment	702
Aug.	Guangzhou Xiaopeng Motors Technology	Primavera Capital Group	595
Oct.	Perry Ellis International	George Feldenkreis	541
Jun.	Byton	Contemporary Amperex Technology	501
Aug.	ShangHai YouXia Motors Co., Ltd.	Gezhi Asset Management	357
Nov.[2]	Nox Bellcow Cosmetics	Fujian Green Pine	343
Nov.	Zhejiang Leapmotor Technology	Shanghai Electric Group Company Limited	298
Apr.	VF Corporation (Nautica brand business)	Authentic Brands Group	278

Notes: 1) 2017 adjusted for changes in perimeter; 2) Still pending
The analysis considers both closed and announced deals during 2018
Source: Elaboration on Deloitte intelligence data

M&A deals by region and sector

Overview of deals in 2018 by region

(number of deals)



Source: Elaboration on Deloitte intelligence data

Key findings

Europe was the **only region** which saw a significant **increase of Fashion & Luxury deals in 2018**, with **41 more** deals, driven by an increase in the Hotel business.

North America and **Middle East** presented a **lower number of deals** with respect to 2017.

Luxury Hotel and Apparel deals were **present** in **all major regions**, and were notable **drivers** of **M&A activity** globally in **2018.**

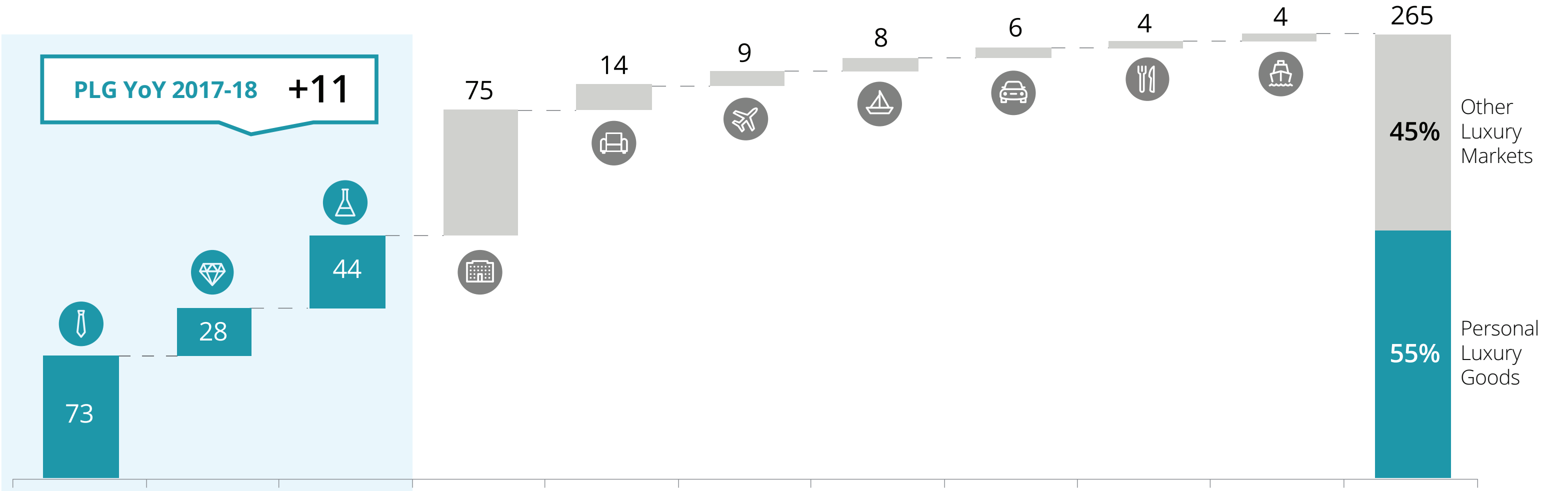
Asia-Pacific presented a **slight increase** in **F&L deals** since **2017**, thanks to the Watches & Jewellery segment.

Size of main M&A deals

The F&L soil has been fertile with 265 M&A deals in 2018, showing a 22% increase from 2017. Personal Luxury Goods (+8% YoY) represent 55% of all deals.

Number of deals in 2018 - Breakdown by sector

(number of deals, percentage)



	Apparel & Accessories	Watches & Jewellery	Cosmetics & Fragrances	Hotels	Furniture	Private Jets	Yachts	Cars	Restaurants	Cruises	**Total F&L**
Sector breakdown	27.5%	10.6%	16.6%	28.3%	5.3%	3.4%	3.0%	2.3%	1.5%	1.5%	**100%**
Var. # deals 2017-18	-4	-1	+16	+29	-3	-1	+1	+4	+3	+3	**+47**

Source: Elaboration on Deloitte intelligence data

Key findings

Cosmetics registered #16 deals more compared to 2017.

Apparel and Watches & Jewellery deals decreased by #4 and #1 respectively.

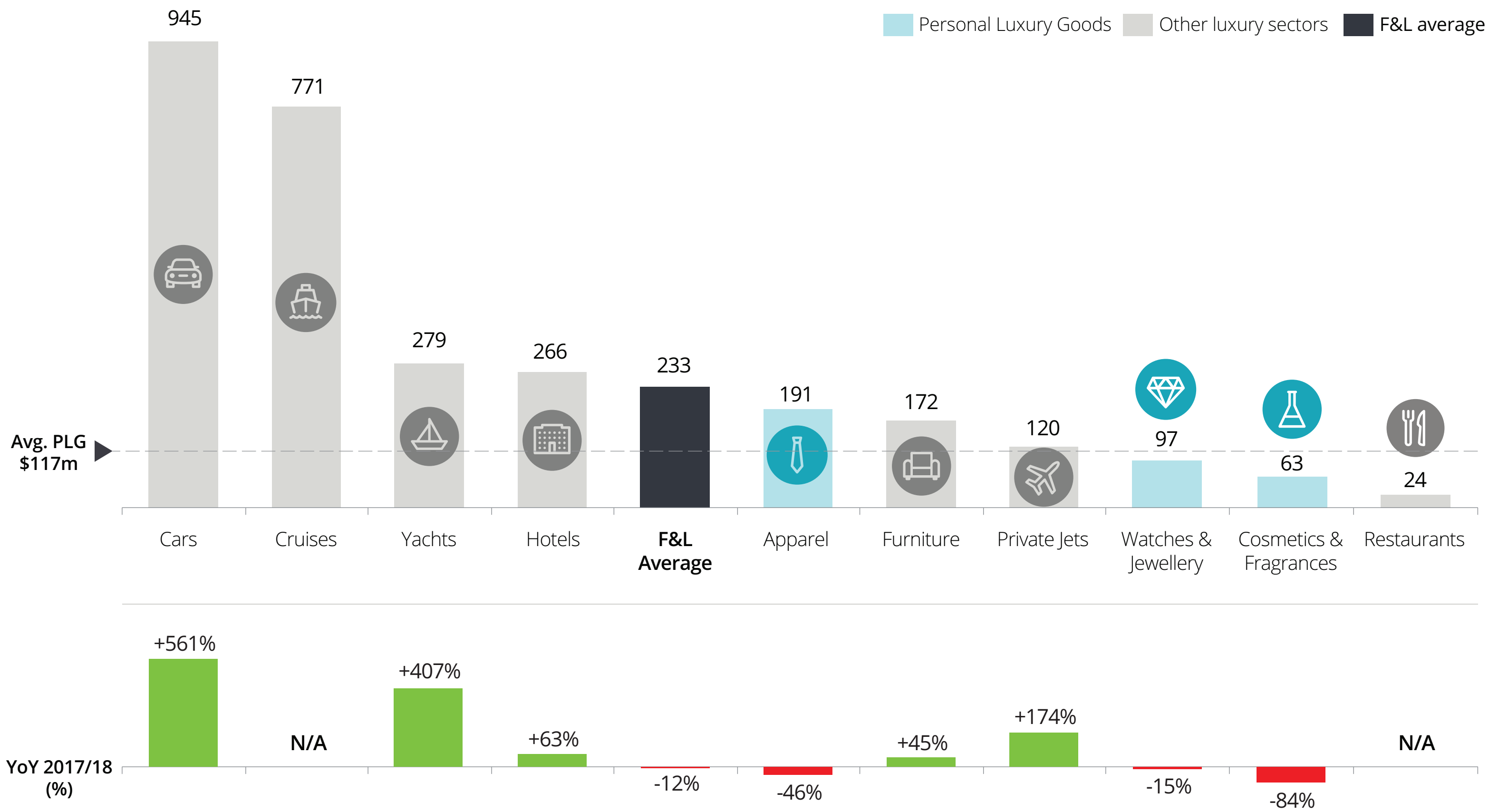
The Hotel sector has become more attractive to investors during 2018, becoming the top gainer in terms of deal number (+29).

Average value of main deals by sector

Deals related to the Cars industry were the largest in 2018 with an average value of $945m (#6 deals).
The average deal value of PLG's in 2018 was $117m.

Average value per deal in 2018 – Breakdown by sector

($m, percentage)



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

Key findings

Cosmetics and Apparel saw their average deal value fall in 2018.

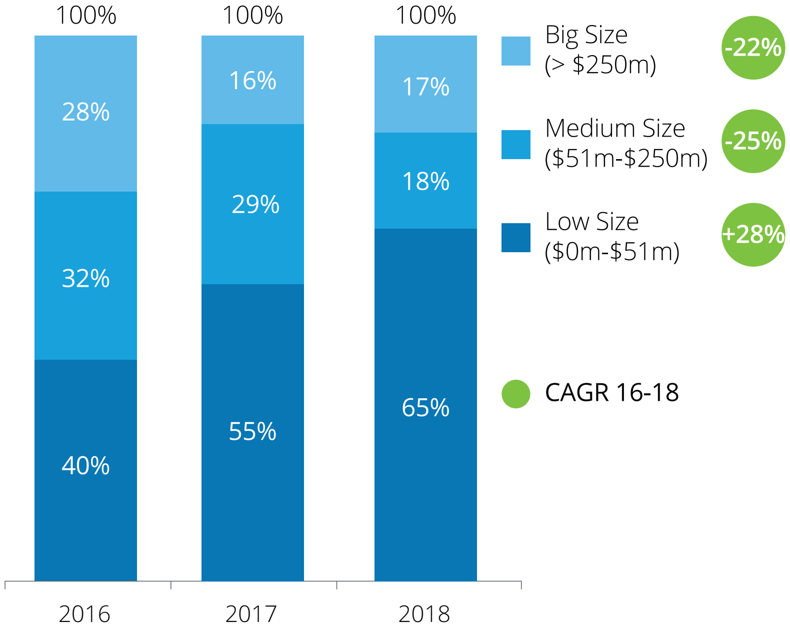
Automotive (+561% YoY), Yachts (+407%), Private Jets (+174%), Hotels (+63%) and Furniture (+45%) recorded remarkable increases.

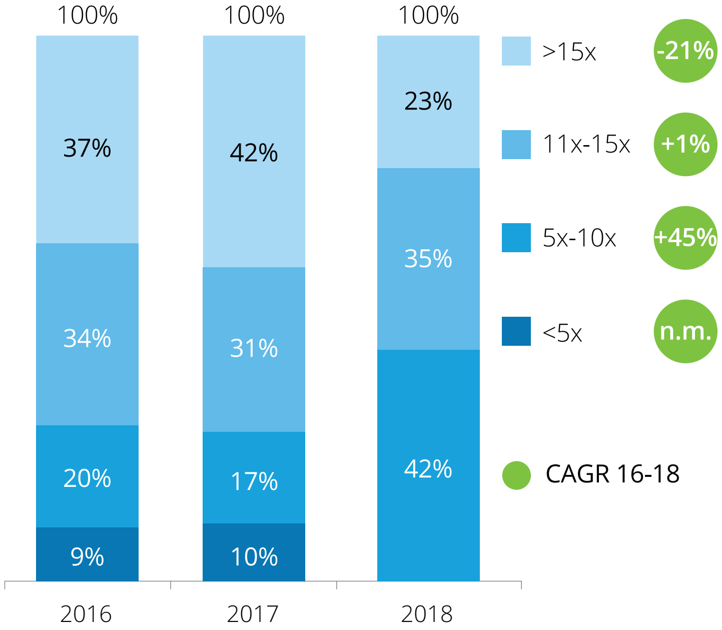
Target company features

Compared to the previous year, funds increased the number of deals related to smaller sized firms, delivering lower average multiple, with a significant increase of the 5-10x EV/EBITDA multiple (42% of deals in 2018, vs. 17% in 2017).

Target company features - Sales class and multiples

(percentage, enterprise value - EV/EBITDA multiples)





Key findings

In 2018, investors were mostly oriented towards lower-sized firms ($0-$50m) which accounted for 65% of deals in the year, compared to 55% in 2017.

There was a marked decrease in deals involving players in the Medium Size market, between $51m and $250m, by 11% (-25% CAGR 2016-18).

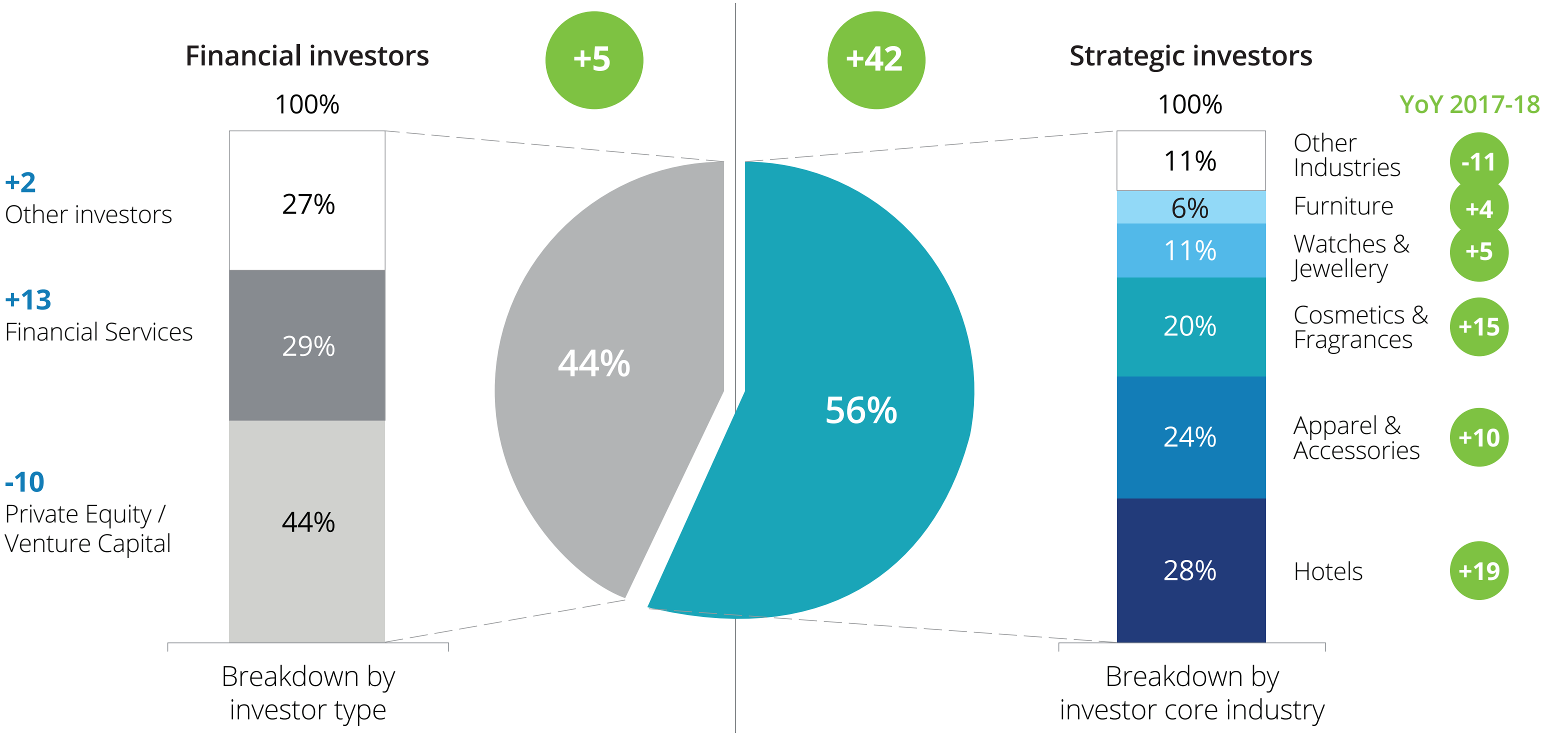
Deals involving multiples superior to 15 times the EBITDA decreased, while there was an increase in deals positioned on EBITDA multiples of both 5-10x and 11-15x.

Note: The target sales class has been calculated for all companies with financial data which is publicly available
Source: Elaboration on Deloitte intelligence data

Investor profiles

Financial investors were 44% of total bidders with Private Equity/Venture Capital representing 44% of them, while the majority of Strategic investors (51%) were involved in an Apparel & Accessories or Hotels related deal in 2018.

Main bidders' profile
(percentage, number of deals)



Source: Elaboration on Deloitte intelligence data

Key findings

Deals conducted by Strategic investors, mainly operating in the Apparel & Accessories, Hotels and Cosmetics & Fragrances sectors, represent 72% of total deals.

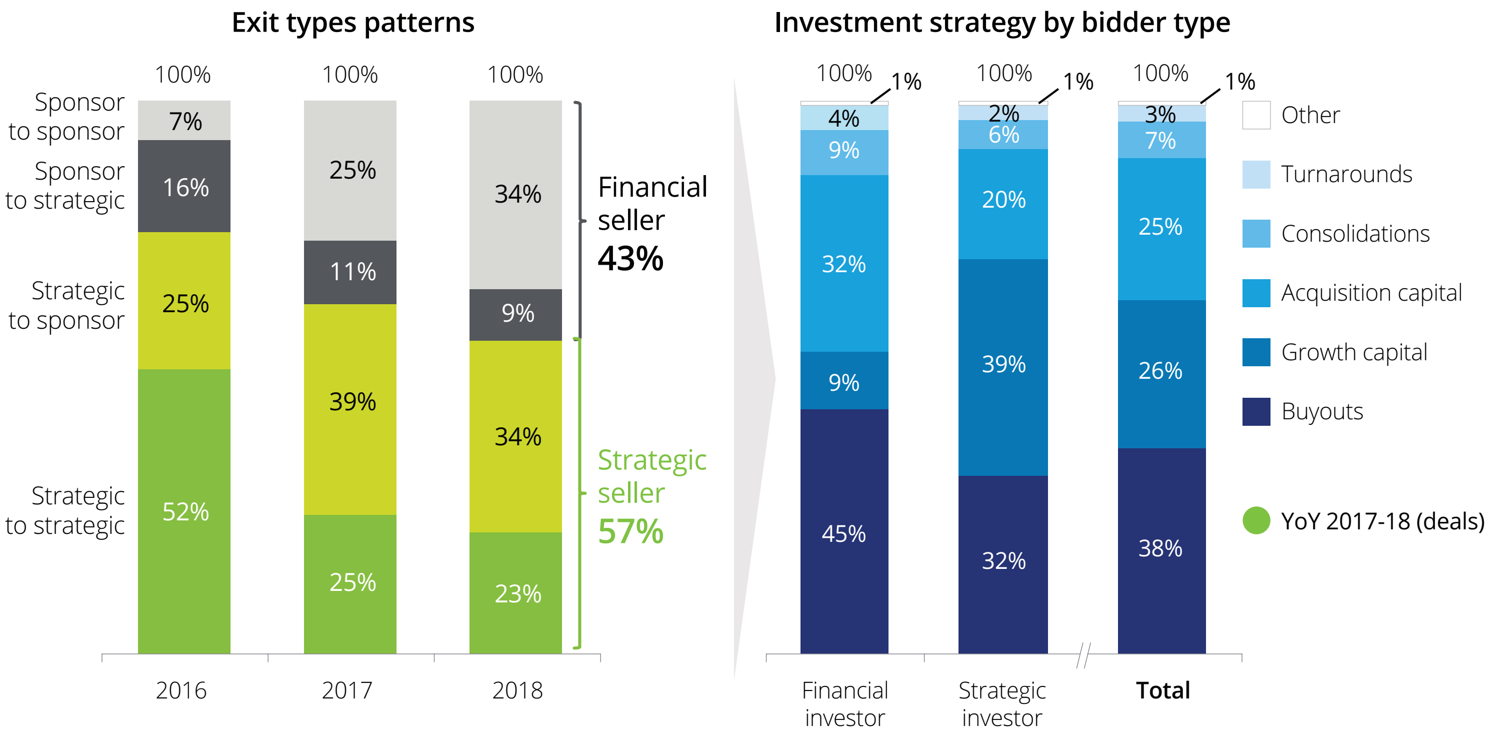
The growth in the number of deals with respect to the previous year was mostly driven by Strategic investors (+42 deals).

Portfolio exit strategies

In 2018 there has been an increase in financial sellers (43% vs 36% of 2017), with the most significant part of the acquisitions carried out through buyouts (38% of total, +3 deals YoY).

Exit types vs investment strategies

(percentage, number of deals)



Note: The deal strategy analysis has been performed based upon data of disclosed transactions
Source: Elaboration on Deloitte intelligence data

Key findings

There was a slight decrease in M&A operations carried out by "strategic" sellers in 2018 (57% vs. 64% in 2017). Furthermore, the exit patterns of Financial investors increased from 36% in 2017 to 43% in 2018.

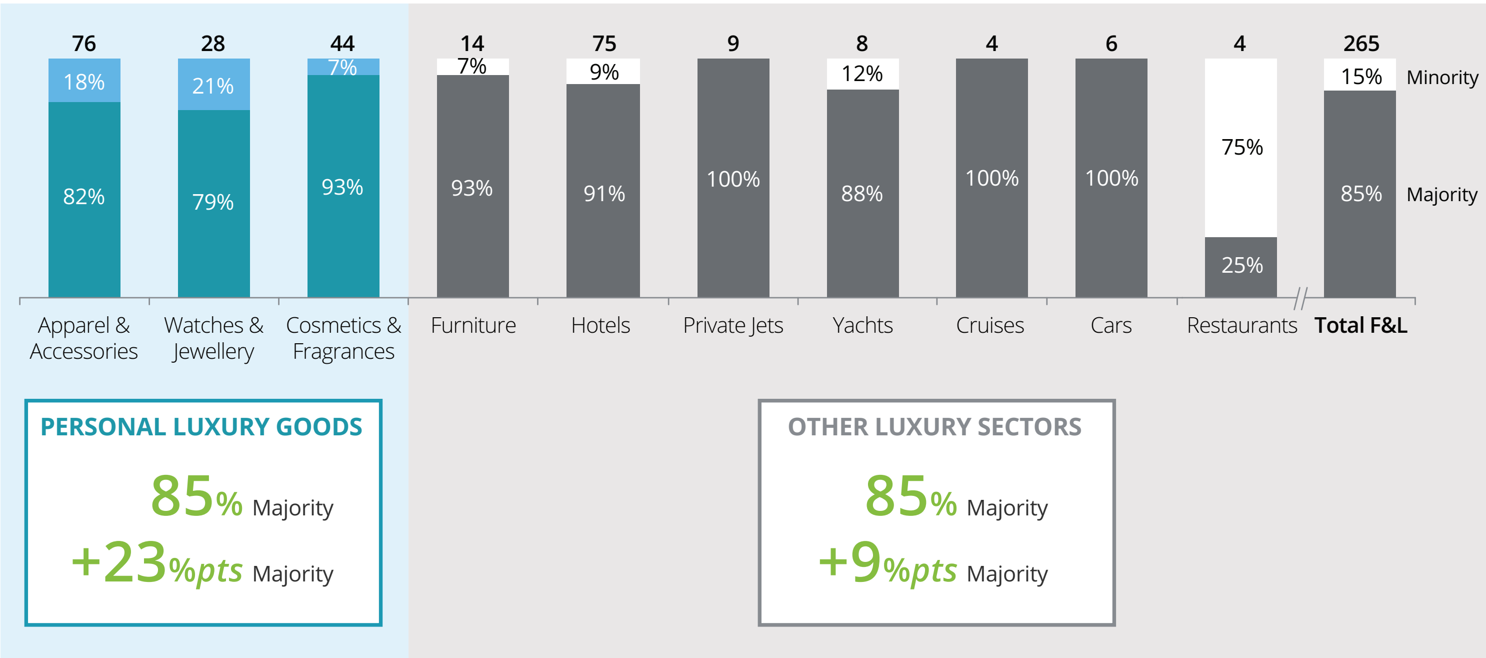
There was a strong growth in investments through Consolidation (+58 deals) and Growth Capital (+24), reflecting the higher number of deals carried out by Strategic investors.

Bidders' investment stake

Majority stake in the Personal Luxury Goods deals increased by 23% points reaching 85% in 2018, consistently with both the Other luxury sectors (85%) and the Total F&L (85%). The remarkable 19% growth (85% vs. 66% in 2017) was driven by a larger percentage of Strategic investors.

Investment stakes by sector

(percentage)



Note: Undisclosed investment stakes deals have been excluded from the analysis
Source: Elaboration on Deloitte intelligence data

Private Equity and Investors Survey 2019

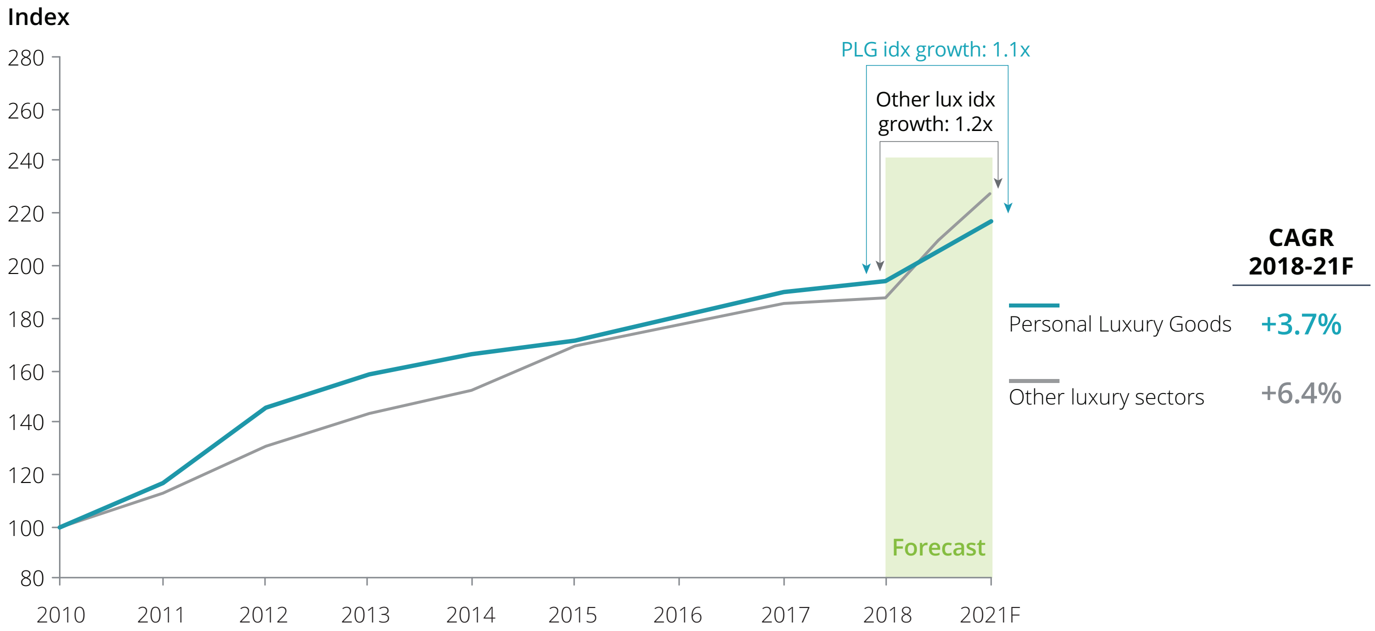
Fashion & Luxury market outlook

Market outlook: rising sales forecast

Investors expect PLG top players to achieve 1.1 times the 2018 sales index by 2021 (~4% 18-21 CAGR). Other luxury sectors are expected to be at 1.2 times the 2018 value (~6% 18-21 CAGR).

2018-21 F&L sales index outlook

(index on sales 2010=100)



Note: Values reported at constant exchange rates
Source: Elaboration on Company Financial Report data and Deloitte survey

Market outlook: trend by F&L sector

In the next three years investors expect a sound growth in the Cosmetics & Fragrances, Furniture and Digital Luxury Goods industries, confirming last year's trend. A solid, but more limited growth is also expected in Hotels, Restaurants and Apparel & Accessories industries, while investors forecast Cars and Private Jets as shrinking. Yachts, Watches & Jewellery and Selective Retailing are expected to remain stable.

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

(index on responses)

Source: Elaboration on Deloitte survey

Key findings

Private Equity funds expect the F&L industry to grow by around 5-10% annually in the next three years, confirming last year's sentiment.

The main sectors that will drive this growth are Cosmetics & Fragrances, Digital Luxury Goods and Furniture, with growth rates higher than 10%. A slower but positive trend is predicted for Apparel & Accessories and "out-of-home experiences": Luxury Hotels and Restaurants (between 5-10% annually). Yachts, Watches & Jewellery and Selective Retailing remain stable.

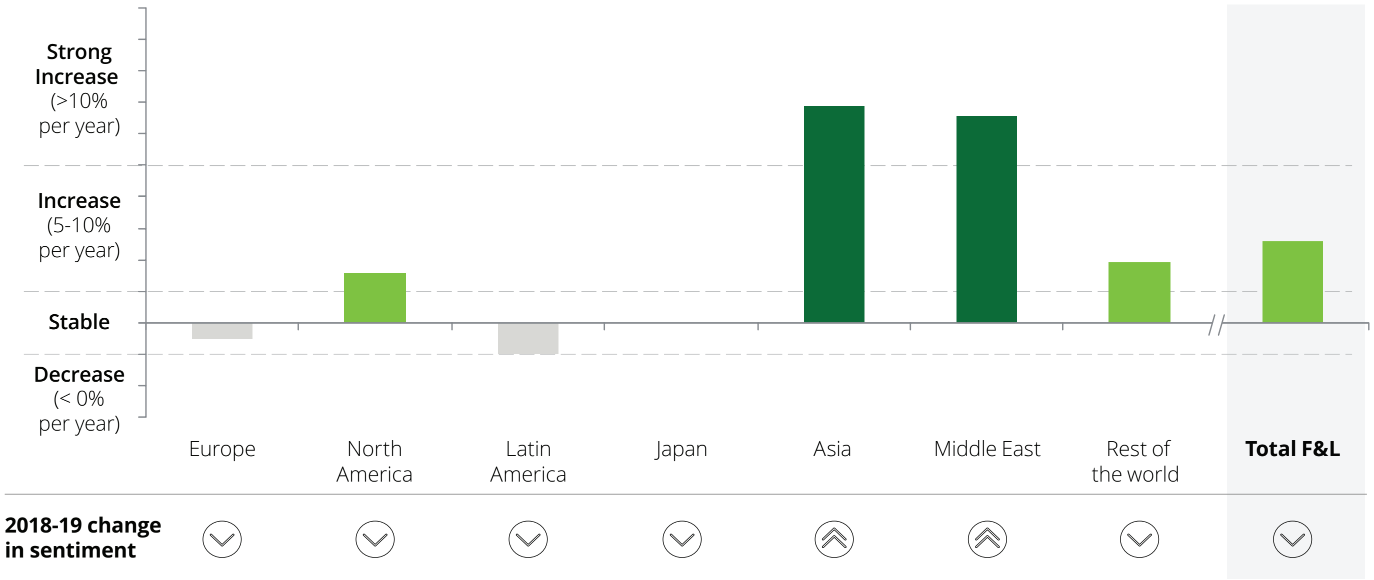
Forecasts are less favorable for Cars and Private Jets, where the market is expected to decline.

Market outlook: trend by geographical area

Investors expect the Asian and the Middle Eastern areas to stimulate growth of the F&L industry. Investments in Europe, Latin America and Japan are forecast to remain stable.

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

(index on responses)



Source: Elaboration on Deloitte survey

Key findings

Asia and the Middle East Fashion & Luxury markets will drive the industry's growth in the coming three years, with growth rates which might exceed 10% on an annual base.

North America is expected to have a small increase, even though a change in sentiment by investors. European, Latin American and Japanese markets are forecast to be stable.

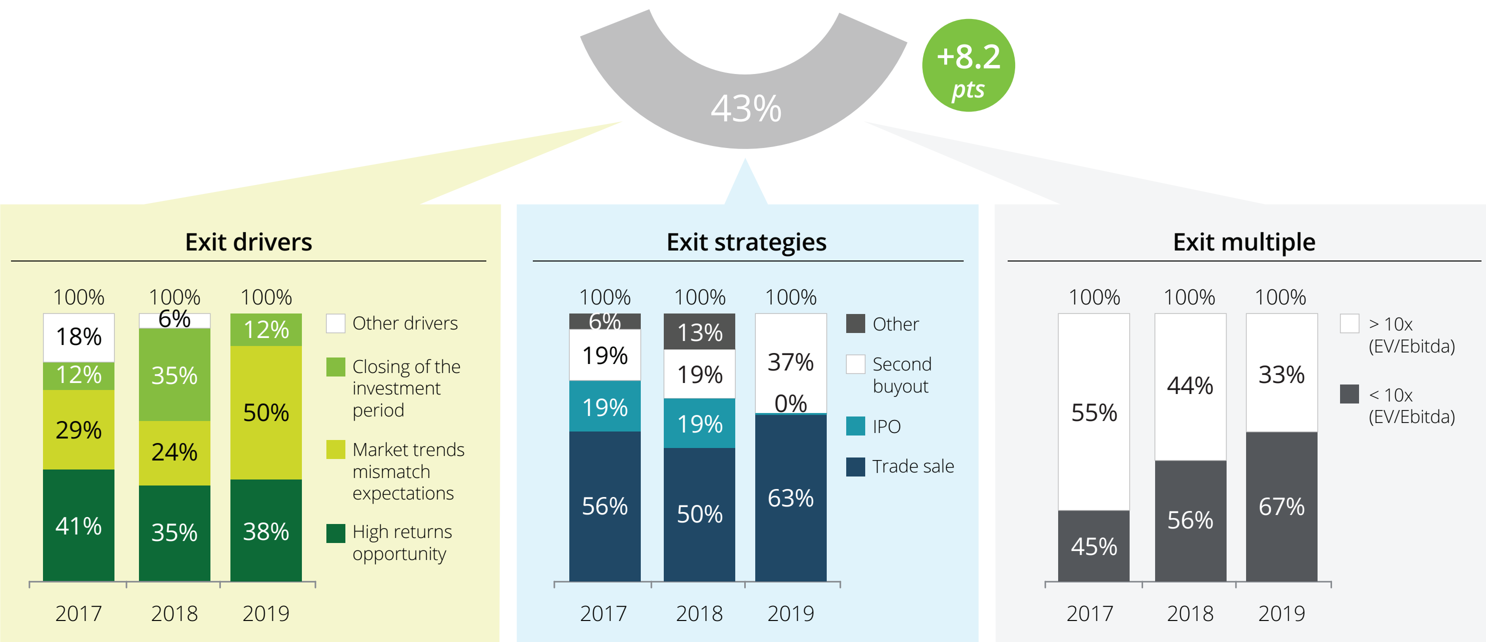
2019 Exit and Investment Strategy

Funds' F&L exit strategy for 2019

Funds considering divesting an F&L asset in 2019 are increasing in number (+8.2 pts). The main drivers of exit are the prospect of high returns and market trends mismatches, which are affecting smaller multiples expected by investors.

Funds that are going to divest at least one asset in 2019

(percentage of respondents)



Source: Elaboration on Deloitte survey

Key findings

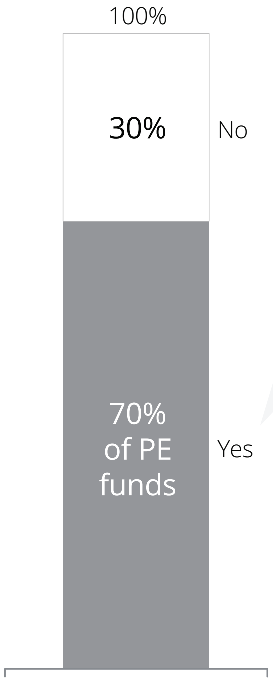
43% of funds participating in the survey project at least one disinvestment within their F&L portfolio, an increase compared to the results of the survey carried out last year (+8.2 percentage points).

The main drivers that will influence exits will be: Market trends mismatches (50%) and High returns opportunity (38%).

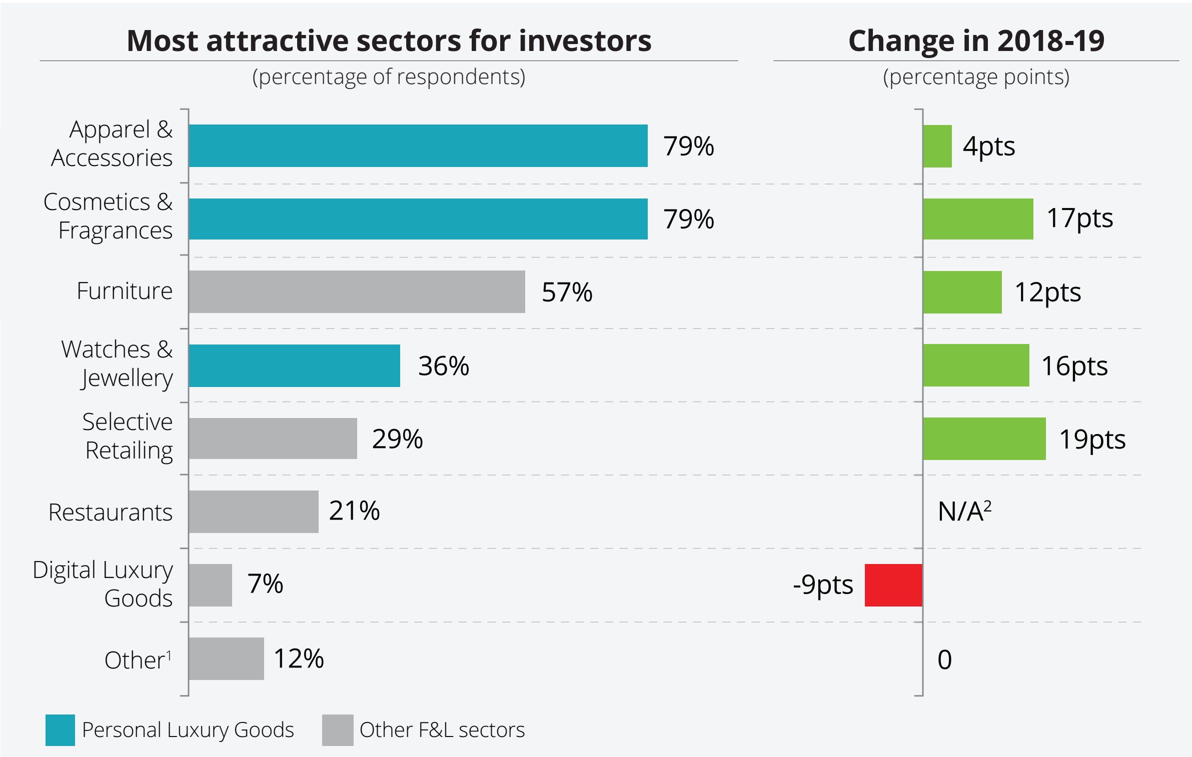
In 63% of cases, the exit will be completed through operations of trade sales, in which 33% of investors will pay an EBITDA multiple higher than 10x, a further decrease compared to 2018's expectations when 44% expected multiples greater than 10x.

Expected new investments in 2019

Personal Luxury Goods remain the most attractive sectors for investors, with Apparel & Accessories and Cosmetics & Fragrances becoming even more prominent. Investments in Digital Luxury Goods are expected to decrease.



Will your fund acquire an F&L asset in 2019?



Key findings

The sectors considered to be most attractive based on survey respondents are: Apparel & Accessories (79%), Cosmetics & Fragrances (79%), Furniture (57%) and Watches & Jewellery (36%). Interest across sectors is increasing compared to last year, particularly in Selective Retailing, which went up by 19 percentage points.

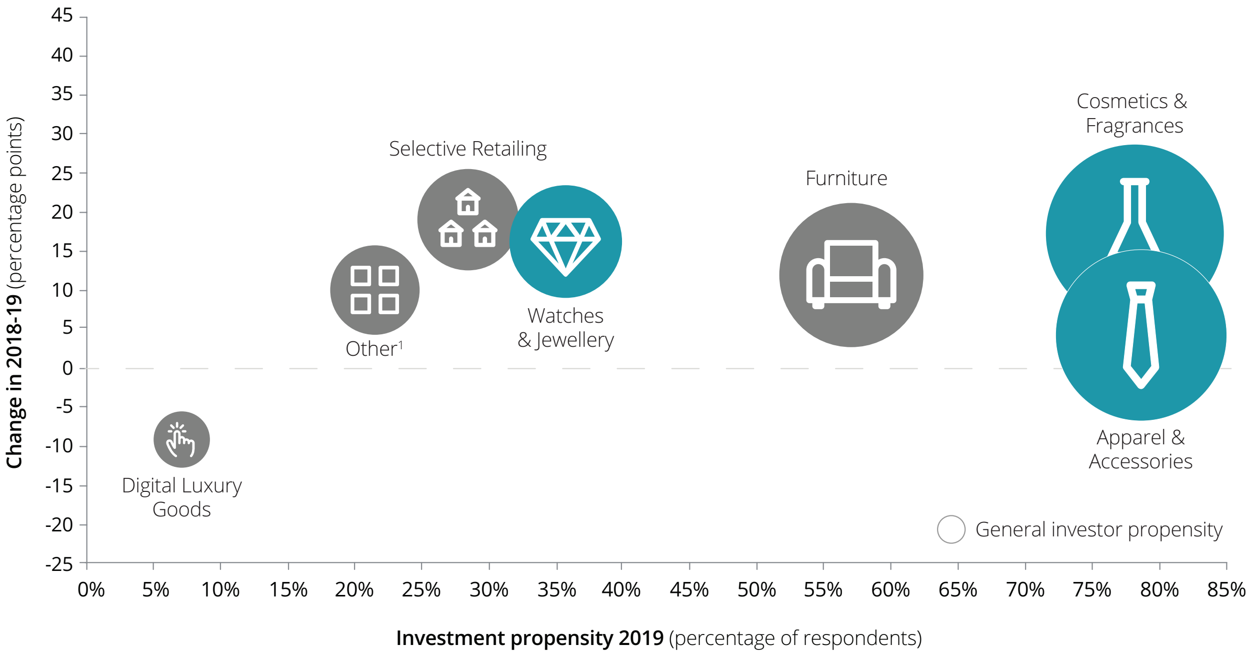
Digital Luxury Goods on the other hand (7%) declined by 9 percentage points.

Notes: 1) Other includes Hotels, Private Jets, Cruises, Yachts and Cars; 2) Restaurants was not included in last year's survey
Source: Elaboration on Deloitte survey

F&L sector attractiveness

Both Apparel & Accessories and Cosmetics & Fragrances are remarkably attractive to investors. Furniture has shown a notable increase since previous years, remaining a star sector for potential investments in the coming year.

Map of investor attraction in F&L sectors



Note: 1) Other includes Hotels, Private Jets, Cruises, Yachts and Cars (note that Restaurants was not included in last year's survey)
Source: Elaboration on Deloitte survey

Key findings

The Digital Luxury Goods sector seems to attract less investors compared to last year, resulting in a negative delta from last year's result.

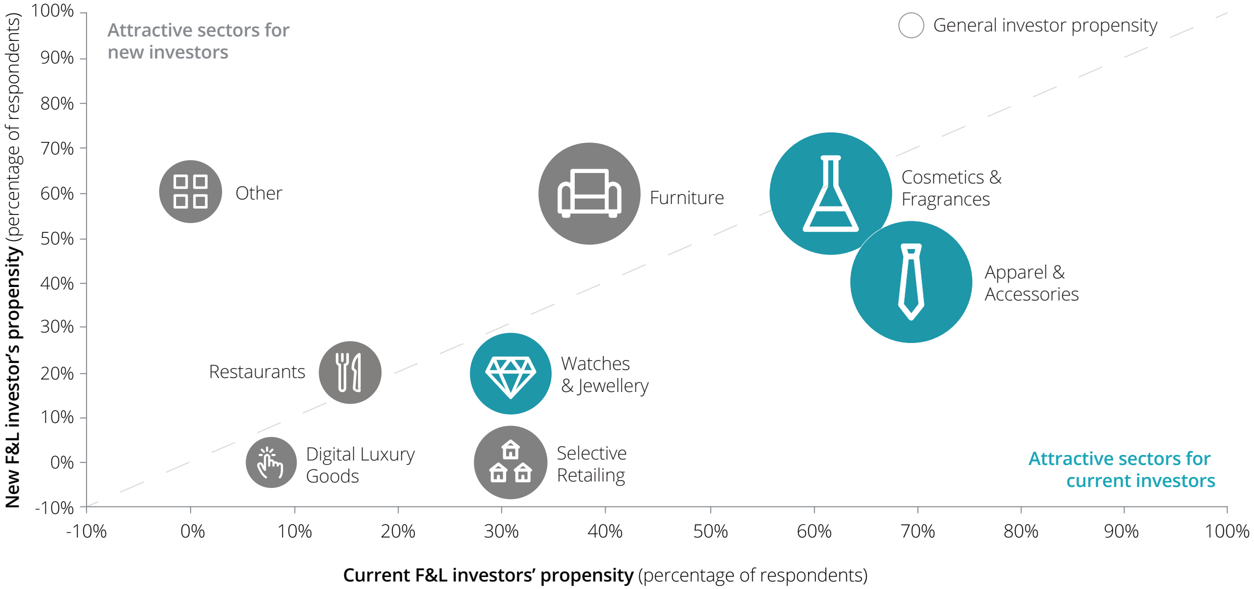
Apparel & Accessories, as well as Cosmetics & Fragrances are the two sectors that remain the primary choice for investors, attracted by higher margin performances.

Both sectors represent around 80% of the investment propensity in 2019.

Sector attractiveness: current vs potential investors

Both current and new F&L investors are willing to invest in consolidated sectors such as Cosmetics & Fragrances and Apparel & Accessories. Even though newcomers seem attracted also by other segments such as Hotels, Cars and Cruises.

Map of investor attraction in F&L sectors – Current vs potential investors



Source: Elaboration on Deloitte survey

Key findings

As the most established sectors, Cosmetics & Fragrances and Apparel & Accessories remain the main target for all investors.

Furniture has become a highly attractive sector for potential investors in 2019, in line with previous year's trend.

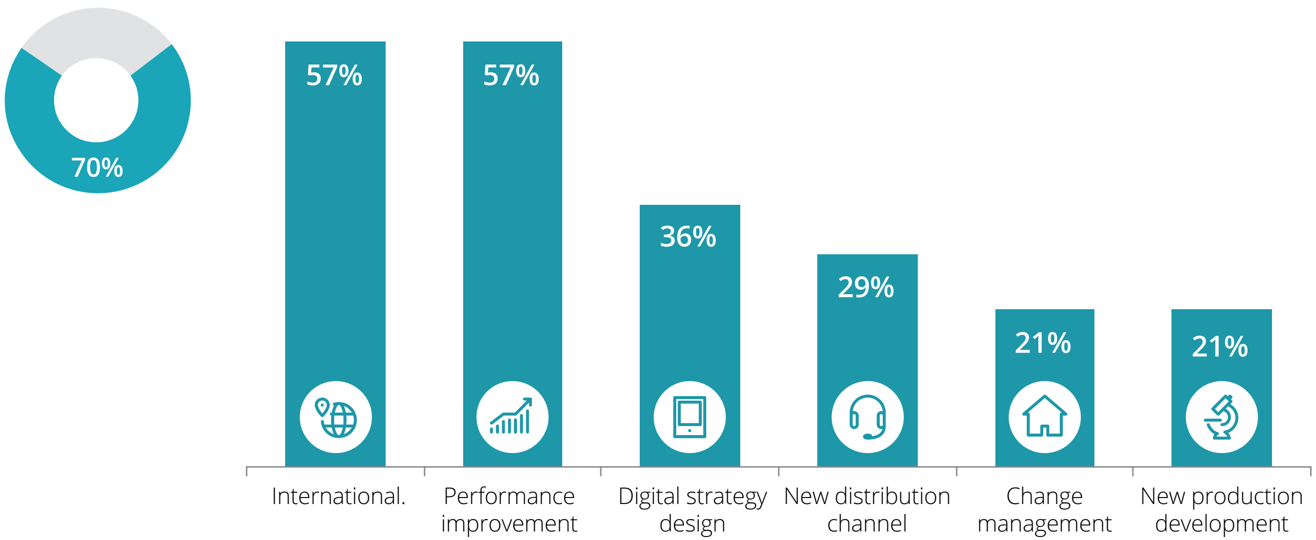
New investors especially target experiential segments such as Hotels, Cars and Cruises.

Growth strategies for the F&L portfolio

Internationalization and Performance improvement are the key strategic investment drivers for 2019. Digitalization is becoming prominent as well, and shows the highest change in sentiment from the previous year.

Main adopted strategic drivers for the F&L portfolio

(percentage of respondents)



Change in % pts 2018-19	International.	Performance improvement	Digital strategy design	New distribution channel	Change management	New production development
	+14	+17	+20	+4	-16	-0.4

Source: Elaboration on Deloitte survey

Key findings

Internationalization and Performance improvement are now the main strategic levers (57%) adopted by F&L investors to grow their asset value.

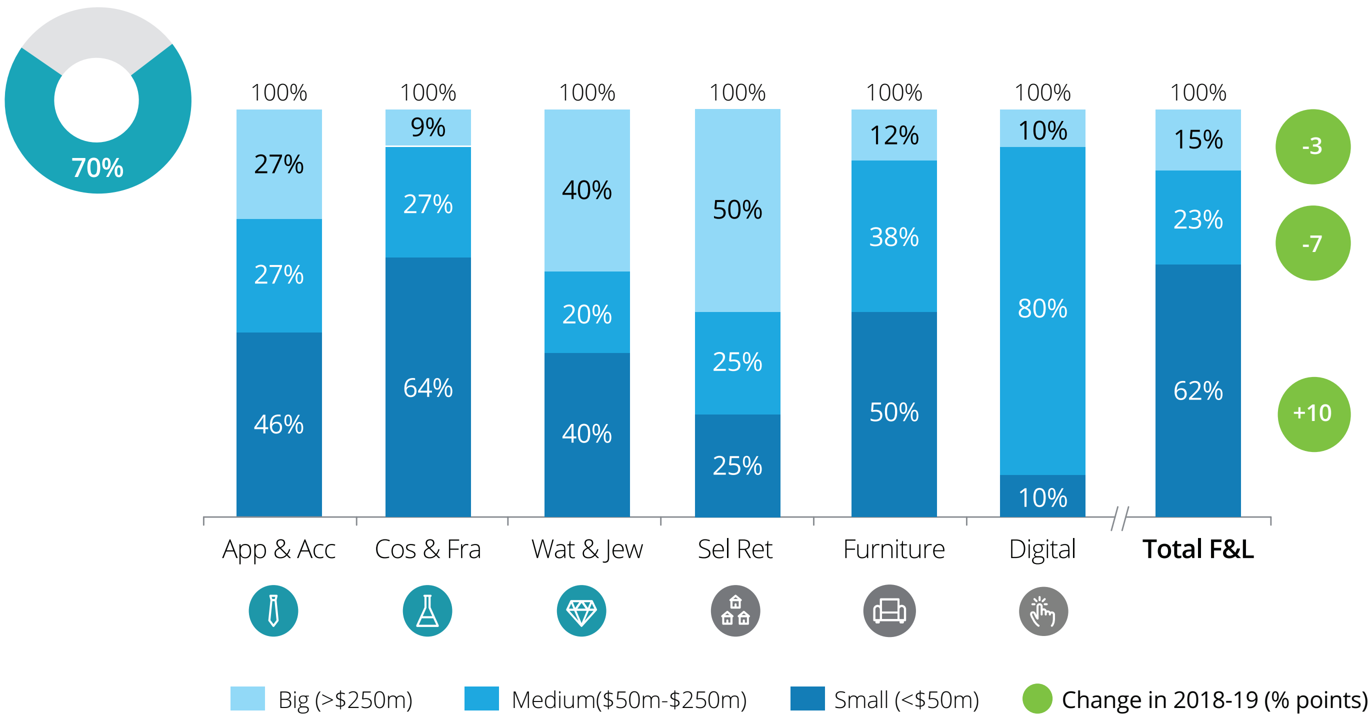
Digital strategy design (36%) is becoming a relevant topic for F&L companies seeking faster growth, synergies opportunities and to pursue an omni-channel strategy (+20pts with respect to 2018). New technologies will further enrich shopping experience and connectivity: mobile and beyond.

Size of potential investment in F&L

The F&L industry is polarizing on investors looking to acquire small sized firms. Compared to last year the expected investment in small sized companies still has the highest share (+10pp) while the interest in medium-large companies is decreasing.

Average sales of potential target companies

(percentage of respondents)



Key findings

Investors are typically attracted by small (62%) and medium-sized (23%) businesses.

Investments in 2019 oriented towards medium and larger sized companies have declined, in favour of small sized companies.

Target companies in Apparel & Accessories, Cosmetics & Fragrances, Watches & Jewellery and Furniture tend to be smaller (<$50m), while Selective Retailing and Digital tend to be medium and large sized (>$50m).

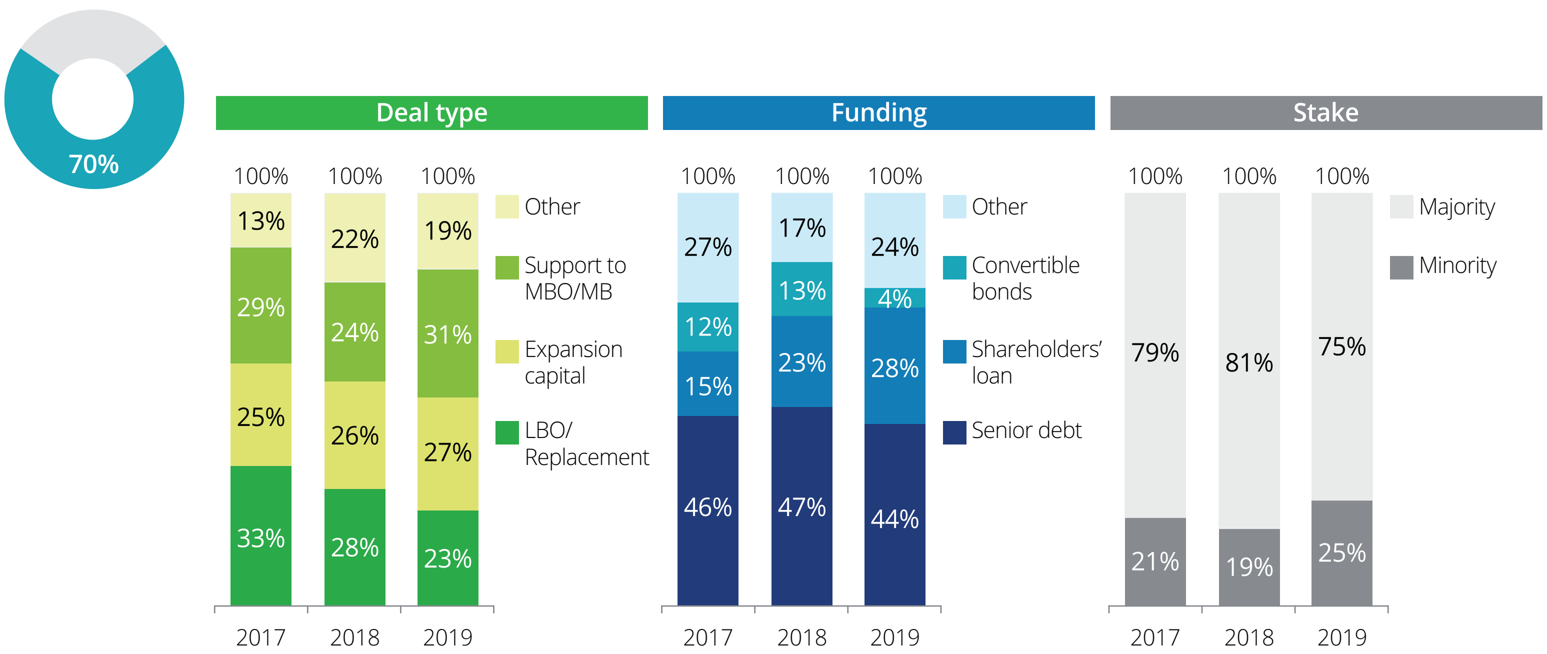
Source: Elaboration on Deloitte survey

Main features of the M&A deal

The preferred deal strategies are Management Buyout (MBO), Expansion capital and Leverage Buyout (LBO). They are financed mostly through senior debt, aimed at acquiring a majority stake in the targeted companies, although the percentage of minority stakes grew (from 19% to 25%) since 2018.

Structure of the new F&L investment deals

(percentage of respondents)



Source: Elaboration on Deloitte survey

Key findings

The main deal strategies adopted by investors in 2019 are: Support to the MBO (31%), Expansion capital (27%) and LBO/Replacement (23%).

Operations financed through Shareholders' loan have been increasing (28%). Senior debt has remained one of the most used sources (44%) even if experienced a slight decrease since last year (-3pp).

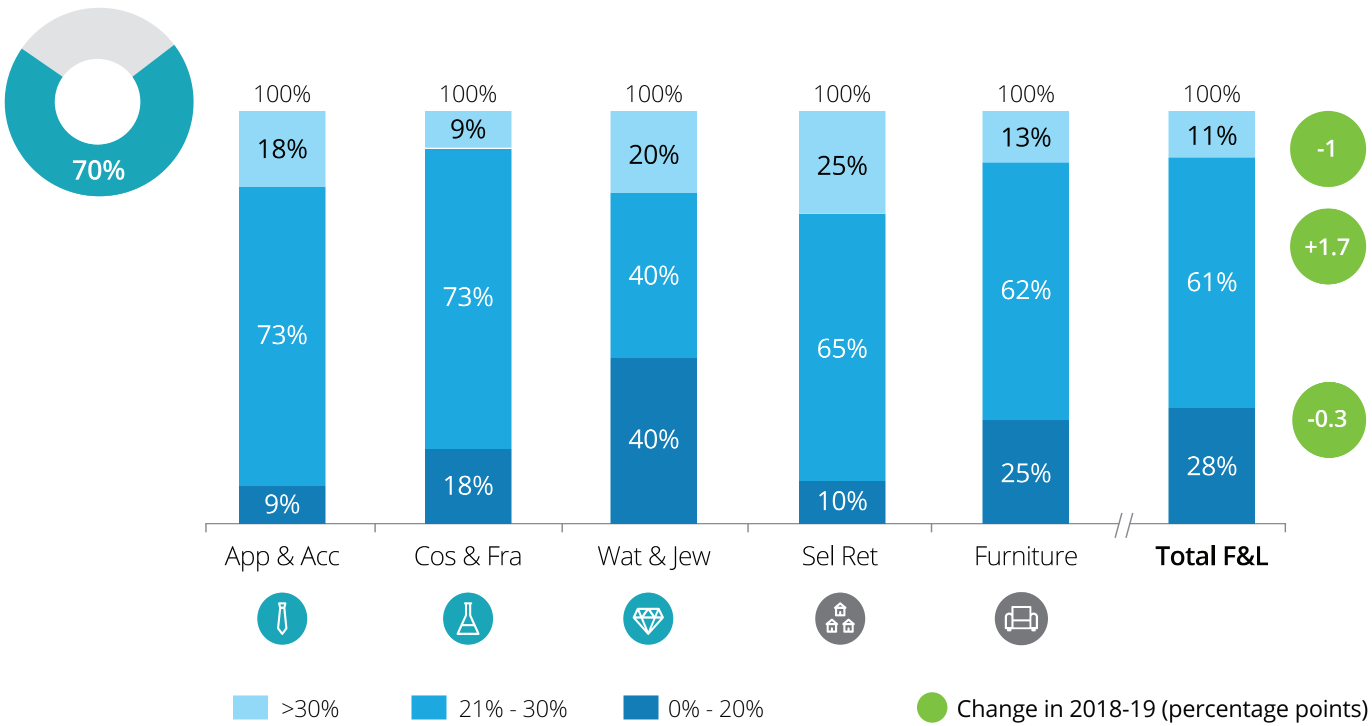
Most deals focus on acquisitions of majority stakes, even if minority stakes share has increased.

Return expected from new investments

On average, investors forecast rates of return from their assets ranging from 21% to 30%, while 11% forecast a higher performance (>30%); Apparel & Accessories and Selective Retailing industries are expected to guarantee highest IRR.

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

(percentage of respondents)



Source: Elaboration on Deloitte survey

Key findings

On average, funds expect an IRR from their investments ranging from 21% to 30%, while 11% forecast a higher performance (>30%).

Lower expected rates of return for Watches & Jewellery do not play a major role in investors' strategies, due to the lower volatility of this segment.

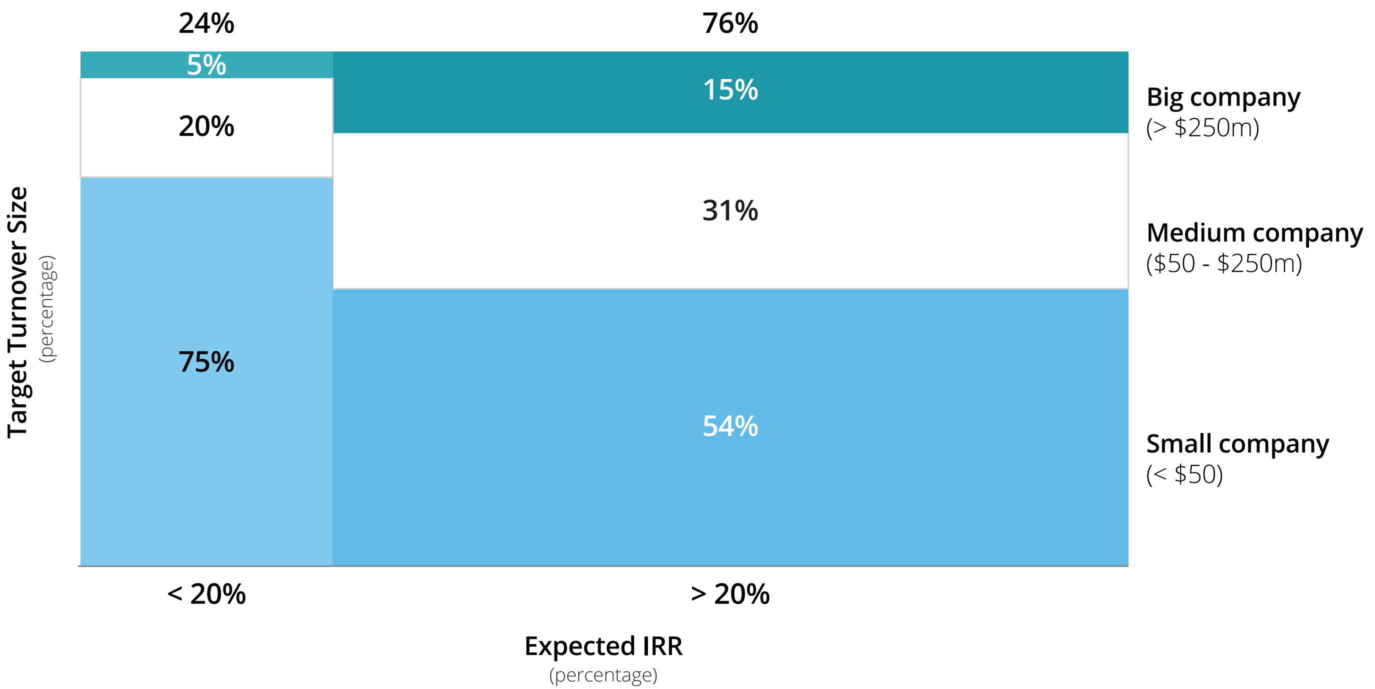
Apparel & Accessories and Selective Retailing are expected to guarantee investors a higher IRR.

Return expected from new investments

Respondents confirm the existence of a correlation between a target firm's size and the expected rate of return from investment. A return greater than 20% is more likely from small and medium-sized companies.

IRR expected from new F&L investments – Breakdown by target company size

(percentage)



Source: Elaboration on Deloitte survey

Key findings

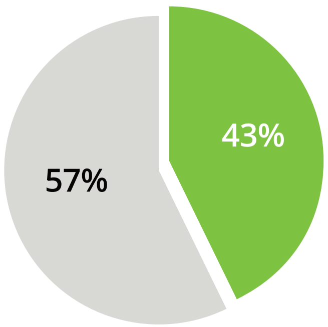
76% of investors expect an IRR >20%, causing also a high competition in investing in the F&L sector for the incoming years.

Disruptive technologies in Fashion & Luxury

43% of respondents will probably invest in disruptive technologies in order to benefit from potential synergies and pursue an omni-channel strategy. Internet of Things will have the largest impact on investors' portfolios according to respondents in 2019, followed by Big Data & Analytics and Artificial Intelligence.

Fund likelihood of Investment in disruptive technologies firms

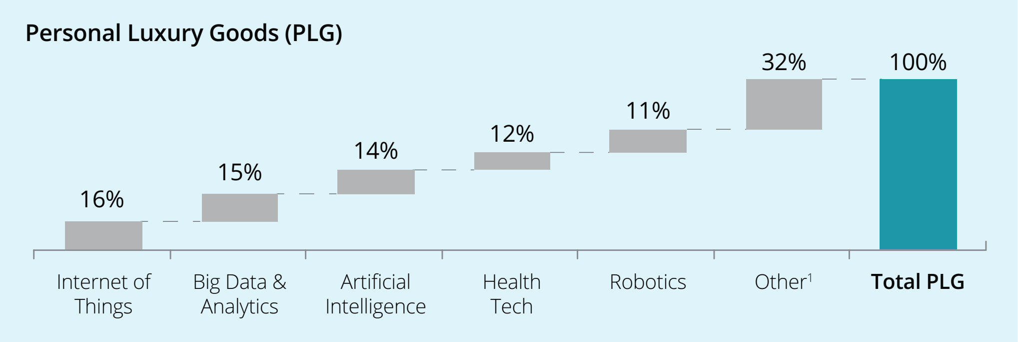
(percentage)

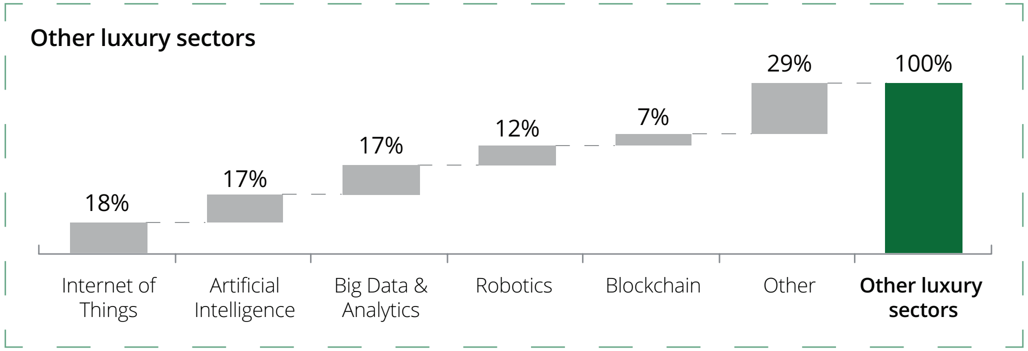


Will probably invest in disruptive technologies

Impact of disruptive technology based on portfolio type

(percentage)





Key findings

The disruptive technologies considered to be of most impact on portfolios relevant to Personal Luxury goods are: Internet of Things (16%), Big Data & Analytics (15%), Artificial Intelligence (14%), Healthtech (12%) and Robotics (11%).

Considering other luxury sectors, the main disruptive technologies perceived by F&L investors are: Internet of Things (18%), Artificial Intelligence (17%), Big Data & Analytics (17%), Robotics (12%) and Blockchain (7%).

Note: 1) Other includes wearables, fintech and others
Source: Elaboration on Deloitte survey

Profile of survey respondents

Funds' key features

90% of survey participants are small-medium Private Equity Funds. In 11% of cases, they hold a portfolio of net assets greater than $1bn.

Fund strategy

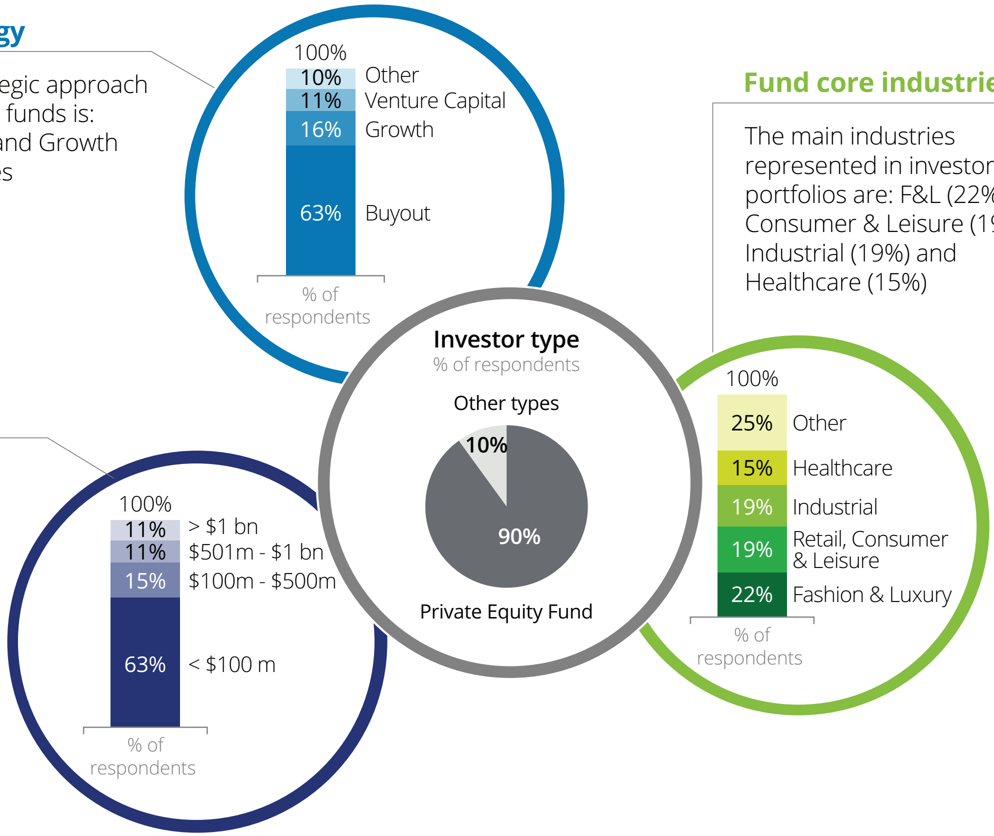
The main strategic approach of the involved funds is: Buyout (63%) and Growth (16%) strategies

Fund core industries

The main industries represented in investors' portfolios are: F&L (22%), Retail, Consumer & Leisure (19%), Industrial (19%) and Healthcare (15%)

Fund net assets

63% of funds participating in the survey have net assets ranging less than $100m, while 11% have full net assets greater than $1bn

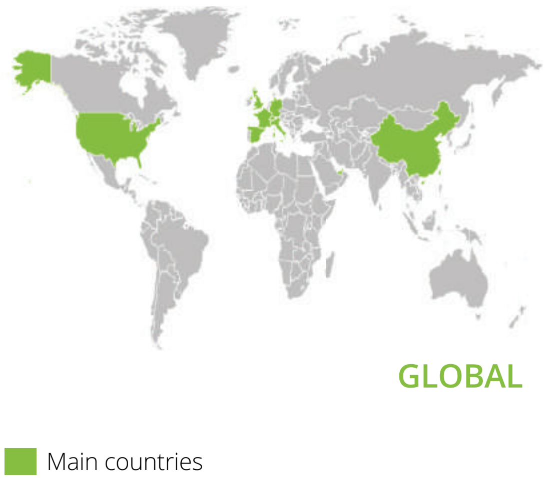


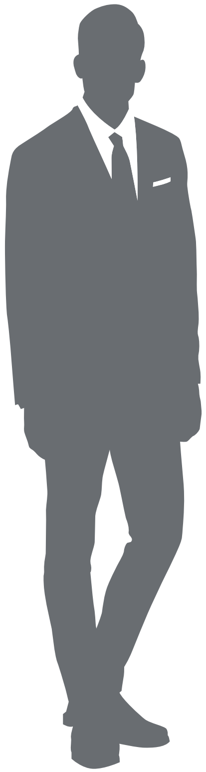
Note: 1) Other investors: family offices, luxury holdings and sovereign wealth funds
Source: Elaboration on Deloitte survey

Profile of survey respondents

Respondents are mainly Managing Director/Partner or Investment Managers.

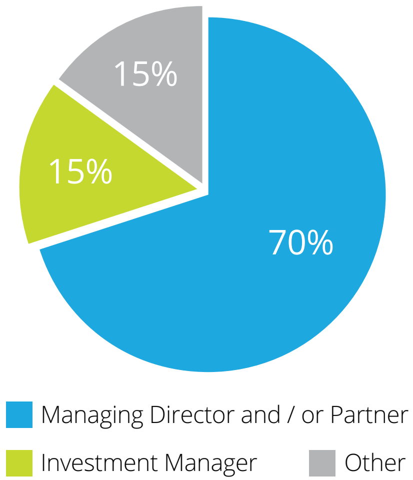
RESPONDENTS' LOCATIONS





RESPONDENTS' ROLES

(percentage of respondents)



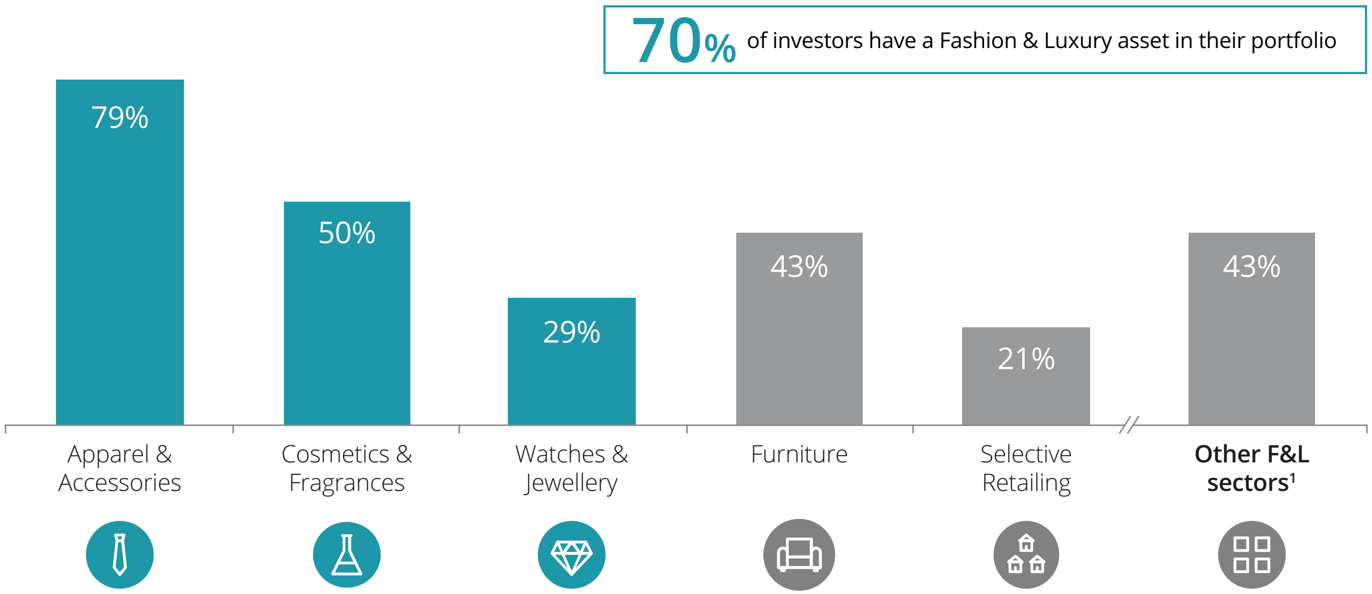
Source: Elaboration on Deloitte survey

Funds' current F&L portfolio: main sectors

Investors mainly manage assets in Apparel & Accessories (79%) and Cosmetics & Fragrances (50%), Furniture (43%), Watches & Jewellery (29%) and Selective Retailing (21%).

Main F&L assets managed by investors

(percentage of respondents)

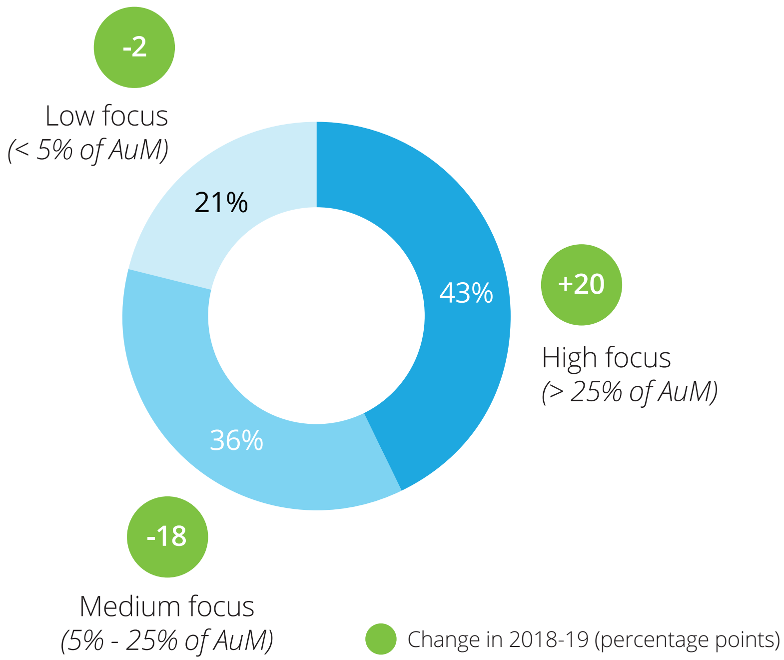


Note: 1) "Other F&L sectors" includes mainly: Digital Luxury Goods, Hotels, Yachts and Cars
Source: Elaboration on Deloitte survey

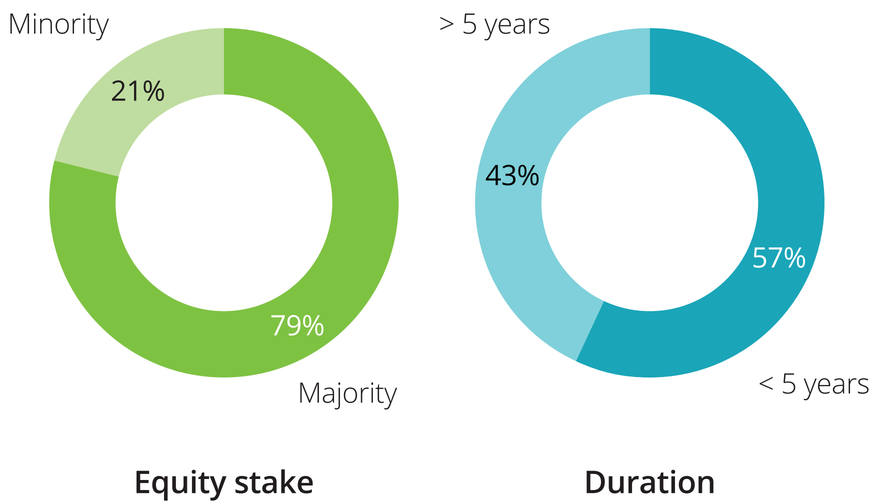
Funds' current F&L portfolio: structure

43% of current F&L investors focus 25% or more of their overall portfolio on the F&L industry. Investors usually hold their F&L assets for less than 5 years, mostly with a majority stake (79%).

Portfolio focus in F&L industry
(percentage of respondents)



Portfolio equity stake and duration
(percentage of respondents)



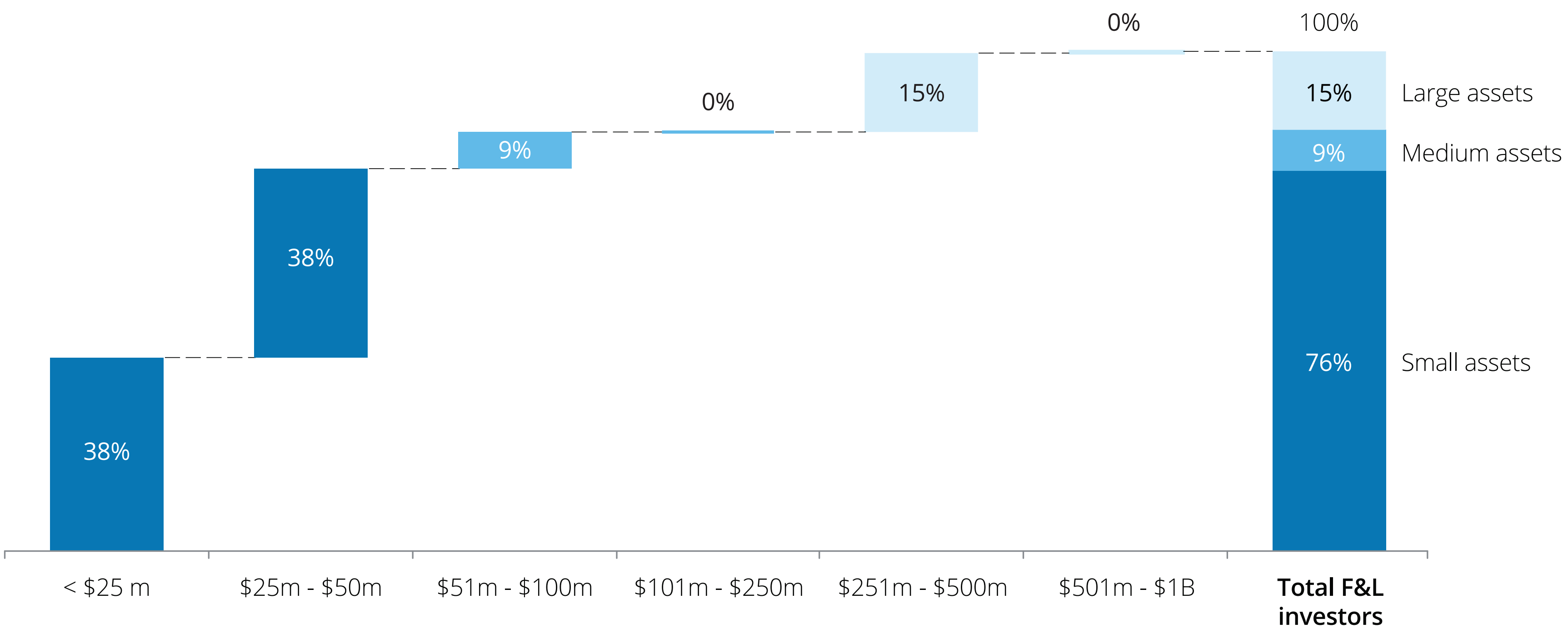
70% of investors have a Fashion & Luxury asset in their portfolio

Source: Elaboration on Deloitte survey

Funds' current F&L portfolio: average asset size

76% of respondents have assets with an average turnover which is less than $50m. Large-sized assets (>$250m) represent 15% of the average portfolio.

Average turnover of F&L assets in investors' portfolio
(percentage of respondents)



Source: Elaboration on Deloitte survey

Glossary

Main terms and abbreviations

Personal Luxury Goods	Personal Luxury Goods include the following sectors: Apparel & Accessories, Cosmetics & Fragrances and Watches & Jewellery
App&Acc	Abbreviation for Apparel & Accessories
AuM	Acronym for Assets Under Management
CAGR	Acronym for Compound Annual Growth Rate
Cos&Fra	Abbreviation for Cosmetics & Fragrances
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
Sel Ret	Abbreviation for Selective Retailing
Wat&Jew	Abbreviation for Watches & Jewellery

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