Dondup on acquisition hunt in ‘affordable luxury’ segment

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Summary

- Targets mid-sized Italian brands in the same segment

- Dondup expands retail footprint, opening new stores

- New stores also planned for stablemate PT Torino

Dondup, the Italian clothing label, is actively seeking acquisition targets in the affordable luxury segment, Managing Partner Mauro Grange at sponsor Quadrivio told *Mergermarket*.

With help from Quadrivio, Dondup is scouting candidates in the space that align with its own fashion proposition, said Grange, who is also the CEO of the Quadrivio-owned fashion hub that comprises Dondup, Rosantica, and 120% Lino.

Ideal targets are mid-sized Italian companies operating in the same market, with strong brands that embody 'Made in Italy' quality, and offer fresh, high-end collections, he said. They will typically generate between EUR 40m and EUR 50m in revenue, he added.

Dondup has not yet identified market opportunities, said, adding that the market "is in a delicate phase, in which being an acquirer is good because you buy at good prices," he said.

The company can fund M&A with in-house cash, he said, pointing to its financial stability. In 2024, Dondup recorded a EUR 66m turnover with a 28% EBITDA margin, he noted.

Dondup's international sales are robust, and it generates 60% of its turnover abroad, particularly in Germany and the Nordic markets, while Italy accounts for the remaining 40%, he said.

In parallel with its M&A strategy, Dondup is expanding its retail footprint. It has opened new stores in Rome and Verona this year, Grange said.

For fellow casualwear brand PT Torino, which Quadrivio acquired in 2023, new openings are planned in Verona, Milan, and Rome, he said.

The Made in Italy fund, a private equity fund managed by Quadrivio and Pambianco, acquired Dondup from PE firm L Catterton. Financial terms were not disclosed. Dondup generated EUR 14.2m EBITDA on EUR 52.6m revenues in 2020.

There is still work to do for the company, and a premature exit is unlikely, Grange said. In a separate interview, Quadrivio's CEO and co-founder Walter Ricciotti agreed, adding that Dondup is not yet on an exit path.

"This could have been the year for an exit, but we are not in a hurry," Ricciotti said. The sponsor prefers more favourable conditions to optimise valuation, he said, adding that it has already had a very successful exit from the Made In Italy fund with Autry.

"At the moment, we are more buyers than sellers," Ricciotti said.

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