

Ittierre SpA Gets Funding

by Andrew Roberts

MILAN — Ittierre SpA has secured itself a lifeline.

After entering administration earlier this month, the production and licensing unit of IT Holding SpA said Wednesday it had obtained a 30 million euro, or \$38.3 million, line of credit from five Italian banks.

“The new financial resources will allow Ittierre to reactivate its industrial and commercial activities in the spirit of safeguarding its day-to-day operations,” Ittierre said.

The company, which employs 772 people and accounts for around two-thirds of IT Holding’s revenues, operates under license the Just Cavalli, VJC Versace, Versace Sport, C’N’C Costume National and Galliano labels, although the business ground to a standstill earlier this month after running out of cash. It still owes licensors royalties.

The Italian government appointed three administrators for Ittierre on Feb. 12 and tasked them with restructuring the company “in a way that allows it to grow again.”

However, Roberto Cavalli, whose Just Cavalli label is Ittierre’s biggest revenue generator, is growing dissatisfied with the situation, according to sources, and canceled the Just Cavalli runway show this week. Instead, he has opted for a presentation of 15 outfits at the label’s showroom on Thursday at 3 p.m.

“The difficult Ittierre situation leaves me with no guarantee and no certainty that my young line will be as avant-garde as always,” Cavalli said Monday. The license expires in 2010.

IT Holding, which also owns the Gianfranco Ferré, Malo and Extè brands, has warned it could follow its subsidiary into administration and has sent out a dossier to potential investors hoping to solicit bids for part or all of the group. A European fund is already eyeing knitwear label Malo, while Change Capital Partners has renewed its interest in Ferré, IT Holding’s marquee label, according to sources. Meanwhile Doha, Qatar-based fund Abu Issa Holding told an Italian newspaper earlier this month it too could be interested in Ferré.

IT Holding has been struggling to service net debts, which, as of Sept. 30, totaled 295.4 million euros, or \$376.7 million, which includes a 185 million euro, or \$235.9 million, bond due 2012. When Ittierre entered administration, it triggered a clause allowing bondholders to call for immediate repayment.

Dollar figures were converted at average exchange rates for the period to which they refer.