

Just Cavalli Extends License With Ittierre SpA

by Andrew Roberts

MILAN — Roberto Cavalli has signed a new [five-year license with Ittierre](#) SpA for his Just Cavalli label.

The deal, confirming a report in WWD on Friday, covers production and distribution for Just Cavalli men's and women's apparel, shoes and accessories. It runs through the fall-winter 2014 collections and cancels outstanding financial obligations tied to the previous agreement, both parties said Monday. The contract is subject to government and court approval.

The renewal marks a U-turn for Cavalli, who blamed Ittierre for having to call off Just Cavalli's fall-winter runway show in February, citing delays, substandard production and 20 million euros, or \$26.5 million, in unpaid royalties. At the time, Cavalli said he was talking to other potential partners, including Renzo Rosso's Staff International, and could even take Just Cavalli's production in-house. Cavalli's remarks led Ittierre to threaten legal action.

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

Cavalli said Monday his young line had been suffering from "just a bit of a fever" and "seasonal ills" and would return to the runway with the spring-summer 2010 collections.

"Now [Just Cavalli] is very healthy and very strong," he said. "It will very much upset those who were hoping for the worse."

The deal is expected to strengthen Cavalli's position in negotiations with Clessidra SGR SpA. He is in talks with the private equity firm to sell a 20 percent stake in his namesake fashion company. The designer met representatives from the fund last Tuesday, when they laid out what he described as an "interesting plan."

In addition, the new pact signals a turning point for Ittierre, which filed for the Italian equivalent of Chapter 11 bankruptcy protection in February after running out of cash. Just Cavalli is the biggest license for Isernia, Molise, Italy-based Ittierre, generating 2007 revenues of about 240 million euros, or \$329 million, and is highly profitable. Ittierre's other licenses include C'N'C Costume National, Galliano, VJC Versace and Versace Sport. Ittierre employs 772 people.

"The agreement with Cavalli confirms Ittierre's great international value and operational capability," said Ittierre's administrators, Andrea Ciccoli, Stanislao Chimenti, and Roberto Spada. "We are very pleased to be able to renew the partnership with a brand of such enormous global renown, great commercial success and development potential as Just Cavalli. In moments like the present, the market needs the positive energy and creativity that the designer and the maison have always been able to represent."

Sources credited Ittierre's de facto chief executive officer Ciccoli, a former partner at consultancy firm Bain & Co., with convincing Cavalli that Ittierre was best-placed to build Just Cavalli globally. Just Cavalli generates an estimated 70 percent of revenue in Italy and the rest of Europe. The new deal includes a worldwide marketing and communications plan.

The license extension is the second major achievement for the administrators, who secured a 30 million euro, or \$39.7 million, line of credit from five Italian banks at the end of February, allowing Ittierre to restart its engines and continue day-to-day operations.

With Cavalli on board, the administrators are expected to step up efforts to renew agreements with other licensors before addressing Ittierre's parent company, IT Holding SpA.

IT Holding, which owns the Gianfranco Ferré, Malo and Extè brands, followed its production and licensing unit into administration at the end of February.