

BUSINESS

New Luxury Production Pole Established in Italy

● Called Florence SpA, it has acquired three leading apparel producers, and is chaired by former Bulgari and LVMH executive Francesco Trapani.

“This is a beautiful project for the country and the industry, which is very much fragmented. Here it is united.”

FRANCESCO TRAPANI, VAM INVESTMENTS

BY LUISA ZARGANI

MILAN – There’s a new luxury production pole in Italy, named after one of the country’s most famous and beautiful cities: Florence.

Behind it stands one of the country’s most respected businessmen: Francesco Trapani, the main shareholder and newly appointed chairman of VAM Investments.

The private equity fund, together with **Fondo Italiano** d’Investimento, has established Florence SpA, acquiring three storied Italian manufacturers that have long worked for major international brands: Giuntini SpA, Ciemmecci Fashion Srl and Mely’s Maglieria Srl, all based in Tuscany.

“These companies complement each other, they are not competitors – they are three legs of the same table,” Trapani said in an interview with WWD. “This is only the beginning of this industrial project. We have already identified other companies that can become part of Florence – one is specialized in jersey and the other in denim. We will rapidly expand this integrated platform,” touted Trapani, who was also nominated chairman of Florence.

Florence did not take over these companies because they were in any kind of difficulty, explained Trapani. “They are profitable and three examples of technical excellence,” he explained, adding that this is a project that predates the COVID-19 pandemic.

Florence will ensure the highest levels of business sustainability, protecting brands from any kind of reputational risk, he continued. “We strongly believe that Florence can today represent an efficient response to the needs of fashion companies looking for quality, organizational efficiency, attention to sustainability and a more solid financing.”

Giuntini, founded in Pisa in 1957, is a leader in the production of outerwear; Ciemmecci Fashion, founded in Empoli in 1993, specializes in the production of leather clothing, and Mely’s Maglieria, founded in Arezzo in 1956, is a knitwear specialist.

The companies are also a point of reference in the creative phase for designers from all over the world, who “rely on know-how and research capabilities on new materials, technologies, colors and trends while designing their collections,” contended Trapani, who is a former Bulgari and LVMH Moët Hennessy Louis Vuitton executive. He resigned from the Tiffany & Co. board in November, shortly after LVMH struck the now-uncertain deal to buy Tiffany & Co. for \$16.2 billion.

Asked to comment on the fact that companies such as Chanel continue to buy and bring a number of their producers in-house, and how this compares with the Florence project, Trapani said the luxury market is extremely diversified. “True, some brands have a verticalized structure, but not many want that and to operate fully on their own. With Florence we offer not only production but also skills, materials, manufacturing solutions and archives. We can plan the collections together with the brands. Florence is not only an executor but also a consultancy.”

He said “many family companies that do not have financial issues are looking at entering this kind of club. They realize that there are huge brands in this market to compete with. To be alone is increasingly more difficult, and Florence is a first step.”

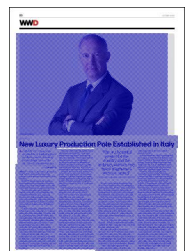
Attila Kiss was named chief executive officer of Florence. “I always tell him that his name is a label,” said Trapani with a chuckle, praising Kiss for his experience and knowledge of supply chains. Kiss started his career in consultancy at Value Partners, and in the luxury arena held the role of head of supply chain at Balenciaga, before being tapped as ceo of Ermanno Scervino.

“He is very right for this position,” said Trapani. “He has worked with the families [behind the three companies just acquired] for nine months already.”

Florence will reach an estimated turnover of about 150 million euros by the end of 2020 and count 700 employees.

A showroom is slated to open in Milan and provide designers the opportunity to access the archive of the group’s products, covering more than 50 years of the history of fashion.

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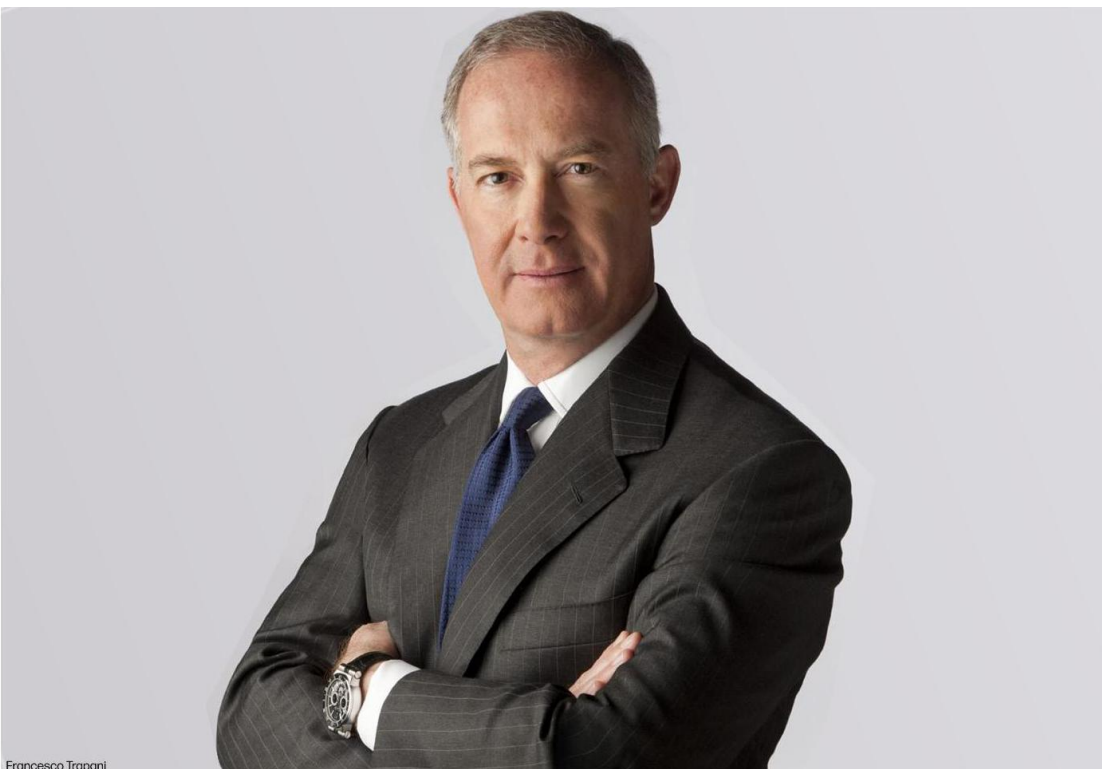
much fragmented. Here it is united,” claimed Trapani.

VAM Investments, which is participated in by Tages, is specialized in buyouts and growth capital. It has investments in solar energy, in optical chain Demenego and Trapani let slip that an additional deal is expected on Wednesday. He also heads hedge fund Bluebell Capital Partners.

Florence will have 100 percent ownership of the Giuntini, Ciemme Fashion and Mely’s Maglieria, and will be 65 percent controlled by the consortium led by VAM Investments and **Fondo Italiano d’Investimento** (through **Fondo Italiano Consolidamento e Crescita**).

The remaining 35 percent stake will be controlled by the founding families of the three companies and their representatives will maintain their roles at the operational leadership level, reporting to Kiss. Italmobiliare, which controls Clessidra and in August took a majority stake in Officina Profumo Farmaceutica di Santa Maria Novella, also is participating in the investing consortium.

Fondo Italiano d’Investimento SGR, the main institutional private equity investor in Italy, was created in 2010 on the initiative of the Italian Ministry of Economy and Finance, and its shareholders include CDP Equity, Intesa Sanpaolo, Unicredit, Abi and Confindustria. The main goal of **Fondo Italiano** is to help grow the Italian economy by managing closed-ended funds. CDP, or Cassa Depositi e Prestiti, is a company controlled by the Italian Ministry of Economy and Finance, and it has recently agreed to support the international growth and product innovation of Diesel parent OTB and the contemporary Liu Jo brand with 50 million and 15 million euros of funding, respectively.



Francesco Trapani