

‘Made in Italy’ Brands Need Size to Survive, FSI’s Chief Says

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28 janvier 2021

[Tamagnini sees scope for combinations among Italian companies](#)

• [Missoni investor is focused on relaunching the fashion house](#)



Maurizio Tamagnini

Photographer: Marco Bertorello/AFP/Getty Images

Italian fashion companies need to strengthen their capital structures and many should look to join forces in order to compete in the future, Maurizio Tamagnini, chief executive officer of private equity firm FSI, which owns a stake in [Missoni SpA](#), said in an interview.

“The pandemic makes it crystal clear: size, as well as product and market diversification, is no longer a luxury, it’s a must,” said Tamagnini, whose company, controlled by its management, is 39% owned by state-backed lender Cassa Depositi e Prestiti SpA.

Small luxury companies are mired in a cycle of “less cash flow, lower revenue, and slower international growth,” Tamagnini said in an interview. “Brand value is worth nothing if there is no economic sustainability.”

As a road map out of that impasse, Tamagnini pointed to Moncler SpA's December acquisition of rival upscale sportswear maker Stone Island.

“Managers should follow the path taken by Moncler’s Remo Ruffini with Stone Island,” Tamagnini said. Italian brands “need to put the long-term financial sustainability of their companies first, and be ready to sacrifice controlling stakes.”

Wake-up Call

Sales figures during the pandemic may focus minds. Total revenue in 2020 for Italian textile, fashion and accessories companies is expected to fall nearly 30%, a loss of nearly 30 billion euros, according to business lobby Confindustria Moda.

“The wake-up call for Italian companies will come with 2020 financial reports,” Tamagnini said.

Though speculation has swirled around Italy’s top independent luxury companies since Salvatore Ferragamo SpA shook up its board on Jan. 20, Tamagnini said he doesn’t see scope for deals where “someone simply acquires someone else,” suggesting that the Moncler model of opening up to more potential stakeholders could work better.

“There are so many companies in Italy with annual sales between 500 million and 1 billion euros that could be involved in this process,” Tamagnini said. FSI manages closed-end private equity fund FSI I, with about 1.4 billion euros (\$1.7 billion) in capital raised to date. It owns 41% of Italian fashion house Missoni.

While Tamagnini acknowledged that a 2013 project to build a “common house” to pool minority stakes in top Italian luxury brands had been a failure, he said he might consider joining in “if another operator at some point managed to attract the best of ‘Made in Italy’ under the same roof.”

In the meantime, he said FSI is focusing on relaunching Missoni and is helping management invest in digital and international expansion, with a potential stock-market listing further down the road.