

DECEMBER 7, 2020

# Italy's Moncler adds Stone Island to collection in \$1.4 billion deal

By [Claudia Cristoferi](#), [Silvia Aloisi](#)

MILAN (Reuters) - Down jacket maker Moncler is buying smaller Italian high-end streetwear and fashion brand Stone Island in a 1.15 billion euro (\$1.4 billion) deal which could signal an intention to consolidate rather than be acquired.



FILE PHOTO: A model presents a creation from the Moncler Autumn/Winter 2020 collection during Milan Fashion Week in Milan, Italy February 19, 2020.

REUTERS/Alessandro Garofalo/File Photo

Moncler, which has become a luxury industry darling in recent years after a makeover under Chief Executive Remo Ruffini, has long been regarded by the market as a potential takeover target by large overseas players.

And as high-end brands have come under intense pressure with the crisis triggered by the coronavirus pandemic decimating demand and exposing the sector's reliance on Chinese tourists, they are being forced to find new ways to gain customers.

"It is the right moment, because at such a difficult time it underscores the resilience of Italy," Moncler Chief Executive Remo Ruffini told a call with analysts on Monday.

A person close to the deal said it could mark the first step towards the creation of an Italian luxury hub in an industry dominated by French luxury conglomerates LVMH and Kering, which have snapped up a string of family-owned Italian labels in recent years.

Monday's share-and-cash acquisition of Stone Island, Moncler's first-ever purchase, was seen by Bernstein analyst Luca Solca as a "Chapter 2" for the puff jacket maker, heralding the possible creation of a multi-brand group.

The Moncler brand was created in 1952 in a village in the mountains near Grenoble, focusing on highland sports clothing. Ruffini bought the then-struggling label in 2003 and transformed its puffer jackets into luxury status symbols.

Moncler, which Ruffini listed in 2013, has a market value of 11 billion euros and last year had sales of 1.6 billion euros, before a big downturn caused by the pandemic.

Stone Island's high-end streetwear and sporty style is popular with generation Z shoppers who are seen driving future growth in the luxury sector. It is known in Italy and Europe but lacks a presence in the key Chinese market and in the United States.

Chinese consumers are forecast to account for almost half of global luxury goods purchases by 2025.

The label, which has a lower entry point than Moncler, has seen double-digit revenue growth in recent years and expects a 1% rise in sales to almost 240 million euros in 2020 - no small feat in a year

when global luxury goods sales are expected to fall by 23% on average.

“It reminds me a lot of what Moncler was 10 years ago, I believe it has great potential to grow,” said Ruffini, who aims to double Stone Island’s sales in 5 years.

Shares in Moncler were up 4% in Milan at 1220 GMT after the announcement of the agreement, which will see Moncler buy just over 50% of outerwear brand Stone Island from owner and CEO Carlo Rivetti and a further 19.9% from other family members.

Moncler will pay half in cash and half in its own shares for Stone Island, giving the Rivetti family 10.7 million new Moncler shares at a set price of 37.51 euros per share.

It then aims to buy the remaining 30% held by Singapore’s state investor Temasek, which owns a small stake in Moncler.

The deal is expected to close by the first half of 2021.

Moncler was advised by Citi and Stone Island by Rothschild.

(\$1 = 0.8249 euros)

Additional reporting by Giulia Segreti in Rome; Editing by Alexander Smith and Bernadette Baum