

Sanctioned Russian Bank Makes Moves on Italian Roberto Cavalli Fashion House

By [The Moscow Times](#)

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Participants attend the VTB Capital "Russia Calling!" Investment Forum in Moscow.

VTB Capital, the investment arm of sanctioned Russian lender VTB Bank, has made a cash payment to secure a deal to buy most of Italian fashion house Roberto Cavalli before the end of November, two sources familiar with the situation said.

VTB Capital will buy a 70 percent stake in the Florentine company known for its colorful animal prints, which is valued at 400 million euros (\$510 million), one of the sources said, adding that the cash payment was for up to 20 million euros (\$25 million).

The sources said VTB Capital, run by Italian banker Riccardo Orcel, brother of UBS's head of investment banking Andrea Orcel, was raising funds from a consortium of international investors to seal the deal quickly, before any further sanctions over Russia's role in Ukraine.

They said the cash payment strengthened the chances of the deal's success because VTB

Capital would lose its money if it pulled out.

But the transaction could still fail in the event of another round of international sanctions over Ukraine, or if trading with Moscow worsens, one of the sources said.

Another source, who could not be named because the talks are private, said the deal was already legally binding.

Representatives at VTB and Cavalli declined to comment.

Italian Deals

VTB wants to buy the fashion house to tap into growth markets such as Russia, the Middle East — where its opulent gowns and sand-blasted jeans have proved popular — as well as making inroads into Asia, where demand has yet to take off.

The 73-year old Italian designer, known as "King Leopard" for his animal prints, confirmed plans to sell the business during Milan Fashion Week last month.

"It is like selling a small piece of myself. It's not a very easy thing to do," he told reporters. Cavalli is set to retain a 30 percent stake in the company he founded in the 1960s.

Previous attempts to sell a majority stake in the business, including one with private equity firm Permira, had so far failed to meet a price tag based on a multiple of at least 18 times earnings before interest, tax, depreciation and amortization (EBITDA) of 25 million euros (\$32 million).

Russian interest in Italian assets, including luxury goods, fashion and food, has increased in recent months as Italy shows signs of emerging from its longest recession in 70 years.

VTB Capital bought 9 percent of Milan-based M&A advisory firm Eidos Partners in January in a bid to help Russian companies grab investment opportunities in Italy.

It is unclear whether VTB Capital's deal for Cavalli could also involve financial backing from an alliance of Russian billionaires that have set their sights on Italian companies.

Russia's top oil producer Rosneft acquired an indirect stake in tire maker Pirelli earlier this year, leaving three Rosneft executives and Andrey Kostin, the chairman of VTB Bank's management board, as directors on the board of the Italian company.

Meanwhile vodka tycoon Roustam Tariko purchased Italian winemaker Gancia in 2013. The Russian conglomerate Renova Group, owned by Viktor Vekselberg, took control of data specialist Octo Telematics in February.

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