

## A new framework for Mosaic

*In total, five fashion chains from the insolvent British fashion group have changed hands. The future of Principles remains uncertain.*

**Aurora Fashions** is the new name behind the four fashion chains Karen Millen, Oasis, Coast and Warehouse, which were saved immediately after their former parent, the British Mosaic Fashion Group became insolvent. The Icelandic investment group Baugur, which recently collapsed, had a 49% stake in Mosaic. Mosaic's main creditor, Icelandic Kaupthing Bank, and Mosaic's management led by chief executive Derek Lovelock, took over the four fashion chains in what is termed a "pre-pack administration process", in which in the sale of parts of an insolvent company is agreed upon before the administrator comes in. Kaupthing Bank, where Mosaic Fashion has liabilities worth around £ 450m (€ 520m), has swapped approximately 90% of the group's credit for a stake in Aurora, whilst the management holds a 10% interest.

**The four brands** will continue to have a common infrastructure, sharing key functions in a move to keep costs to a minimum and to optimise operational synergies. Together, the chains employ 8700 staff worldwide, 7861 of whom work in the UK. The group operates from 1377 stores in 45 countries. Whilst the shoe chains of Shoe Studio Group have been bought out of



Coast, Karen Millen, Warehouse and Oasis have been taken over by newly established Aurora Fashions.

administration by shoe chain Dune, administrator Deloitte is still searching for a solution for Mosaic's other insolvent womenswear chain Principles. The department store group Debenhams, which already operates Principles concessions at its stores is said to have expressed an interest in a takeover. It is unclear whether Debenhams would focus solely on the concessions or whether it would continue to operate the 100 Principles stores.

## Record year for Adidas

*The German sporting goods company has introduced savings, but will sustain investment.*

**Adidas** has imposed a hiring freeze but is not planning any redundancies beyond the measures decided last autumn for US subsidiary Reebok. These steps could lead to savings of tens of millions of Euros in each division, states CEO Herbert Hainer. No cut-backs are in the pipeline for store expansion and marketing, for which 13% of sales revenues have once again been put aside. Investments are again expected to total € 300m to € 400m.



**The 2008 financial year** recorded a 5% rise in sales to € 10.79bn. The Adidas brand contributed by posting a 10% improvement to € 7.8bn with TaylorMade-adidas Golf witnessing a 1% rise to € 812m; Reebok's revenues suffered an 8% fall to € 2.15bn. Profit climbed 16% to € 642m. Whereas sales in North America tumbled 14% to € 2.52bn, revenues in Europe rose 7% to € 4.66bn, increasing 18% in Asia to € 2.66bn and 36% in Latin America to € 893m.

The brand with the three stripes made the biggest contribution to growth.

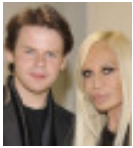
## Green merges Bhs and Arcadia

British entrepreneur Philip Green (right) is placing his department



store chain Bhs under the wing of his fashion group Arcadia Group Limited. This step will mean that Bhs will be operated in the same way as the other Arcadia brands which include Topshop, Dorothy Perkins and Miss Selfridge. Areas such as logistics, real estate and finance will be **consolidated**.

## Christopher Kane designs for Versus



The budding British designer Christopher Kane (left) has created bags, shoes and jewellery for Versus, the young collection by Versace. The Italian luxury goods company recently announced its intention to establish the line with a **new partner**, the Italian Facchini Group, along with self-operated stores. 20 Versus stores are scheduled to open by 2011.

## Crocs appoints John Duerden as CEO

The US company specialising in clothing and clogs made of Croslite has appointed John Duerden (below) to the role of **president** and CEO. The former Reebok head will succeed Rob Snyder on 16 March, when the latter switches to the supervisory board. Under Duerden's leadership, the product spectrum is to be extended and international expansion pushed forward.



## Ittierre to take action against Cavalli

The insolvent IT Holding subsidiary intends to **take action** against licensing partner Roberto Cavalli (below). The decision to cancel the Just Cavalli fashion show at the Milan shows was "one-sided und unjustified, gravely damaging its image," the administrators declared. This, they say, is also proven by the fact that the shows by other Ittierre brands had gone ahead.



## Diesel extends home collection

Fans of the Italian fashion label can look forward to splashing out on Diesel sofas, armchairs and lamps. The brand established by Renzo Rosso has concluded **licensing agreements** with Italian furniture maker Moroso and Italian lampmaker Foscarini. The first collection will be unveiled in April. Diesel has been making home textiles with Zucchi since 2008.



## Milan's darlings

*The crisis inspires creativity*

The Milan Fashion Week unites glamour with discipline. The designers are defying the crisis by showing collections that are brimming with exciting ideas. Sculpted dresses, voluminous coats, masculine shapes and extravagant fabrics – pure and utter luxury. Milan's fashion gods: Roberto Rimondi and Tommaso Aquilano for Ferré. The collections: a rush of silk, velvet and satin. Suits and jackets with broadly padded pagoda shoulders for confident turbo women. Shimmering and glossy in the non-colour black. The line is dominant even with Prada: Sharply tailored coats and dresses lend the models an almost military look. Delicate meets rough. Also in the case of Bottega Veneta. The women look almost like Greek goddesses. La dolce vita despite the recession.



From left to right: Prada, Bottega Veneta, Gianfranco Ferré, Rimondi.

## In depth

The Milan-based fashion group IT Holding is so far the most prolific victim of the economic crisis in Italy. The insolvency of both IT Holding and its subsidiary Ittierre, which specialises in licences for luxury collections, has put more than 1800 jobs at risk. However, Italy's fashion industry can now hope for a **helping hand** from the state. The Italian minister for economic development, Claudio Scajola, will table in mid-March a set of initial **measures** to support the fashion sector. Scajola has already conferred with delegates from the fabric and clothing, footwear and eyewear industry as well as with representatives from the leather goods sector, enabling him to appreciate the problems currently facing enterprises. "The government

intends to support a sector that is central both to the 'Made in Italy' portfolio and the entire Italian economy, implementing the support



"The sector has an urgent need for support," states SMI's president Michele Tronconi.

measures as quickly as possible, in much the same way as we have done in other economic sectors," the minister declared. The fashion sector is a **major player**, recording total sales of around €70bn with an export share of 50%. It also provides jobs for around 800,000 people and encompasses approximately 30,000 companies. The meeting was attended not only by industry delegates but also by representatives of the unions and other ministries. Michele Tronconi, president of SMI, the Italian textile and fashion industry federation, praised the minister's presence and stressed that the sector had an "urgent need" for support. Thus, there is a great **necessity** to secure access to loans, to stimulate consumption and to cut costs.