



# Valentino in Talks With Banks as Luxury Drop Prompts Debt Breach

(Bloomberg) -- Valentino SpA is in talks with creditors after a slowdown in demand for luxury goods battered its results, leading the fashion house to breach the terms of its debt, according to people familiar with the matter.

The Italian company, owned by Qatar's Mayhoola for Investments and Kering SA, is seeking relief on its covenants after its debt-to-earnings ratio surpassed the threshold set in its credit agreement, said the people, who spoke on the condition of anonymity because the deliberations are private.

Valentino has been hurt by a global luxury downturn, fueled by economic uncertainty and rising tariffs, that has led consumers to curb spending on high-end goods. The design house, known for its Rosso Valentino crimson, first breached its covenants in December, the people said, but performance has worsened with a significant deterioration in earnings during the first half of 2025.

The bulk of the Valentino's debt is made up by a €530 million (\$619 million) financing provided last year by a pool of banks including Intesa Sanpaolo SpA, Banca Monte dei Paschi di Siena SpA, Banco BPM SpA and BNP Paribas SA, according to corporate filings seen by Bloomberg. The contract, signed in July 2024, said that Valentino had to stay below a specified net debt-to-earnings ratio, to be tested every six months, said the documents.

Valentino, Mayhoola and Kering didn't respond to requests for comment. Intesa, Banca Monte dei Paschi and Banco BPM declined to comment, while BNP Paribas didn't respond.

## Falling Profit

Gucci owner Kering bought an initial 30% stake in Valentino in 2023, and this month extended an option to buy the rest from Mayhoola until 2029.

Kering's investment was seen as a way to reduce its exposure to Gucci, which accounts for most of its profit and has struggled in recent years.

However, the design house reported a 2.8% drop in revenue to €1.31 billion in 2024, while Ebitda fell 21% to €248 million, according to a Valentino statement in April. The decline was attributed to a reduction in wholesale revenue and a slowdown in European and Chinese markets.

A report by consulting firm Bain & Co. in June projected a contraction in the sector of between 2% and 5% this year.

Including leasing liabilities, Valentino's net debt stood at €1.08 billion as of Dec. 31.

Valentino has also undergone management and design changes over the past 18 months, bringing in Riccardo Bellini as chief executive officer at the start of September.

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