

BUSINESS

Pattern Group Building Hub of Luxury Fashion Engineering

- A leader in pattern-making and 3D prototyping, the group is eyeing additional acquisitions in building the Italian hub.

BY LUISA ZARGANI

MILAN – Pattern Group is creating the Italian Hub of Luxury Fashion Engineering – and it has only just begun, according to chief executive officer Luca Sburlati.

In March last year, just as the pandemic was starting to spread in Italy, Pattern finalized the closing of the acquisition of knitwear specialist S.M.T. (Società Manifattura Tessile) in Reggio Emilia, which joined Roscini Atelier, one of the most important Italian companies in pattern-making and development of women's collections for main international luxury international brands, based in Italy's Umbria region and acquired in 2017.

Pattern itself, founded in 2000 by Fulvio Botto and Francesco Martorella, is a leader in pattern-making, engineering, grading, prototyping and production for the most prestigious luxury brands, and has been publicly listed on AIM, the Italian Stock Exchange's program dedicated to small and medium-size companies, since 2019.

In this global scenario, size matters, Sburlati said.

"You can only survive if your company is big enough to be competitive and respond to the market needs. Our three companies also help us face the

business hurdles, depending on the circumstances." The executive said Pattern, which is based outside Turin in the town of Collegno, is eyeing additional acquisitions in other segments and categories "for additional synergies and with the goal to expand this pole of excellence. United, we are stronger."

Pattern has for years invested in new technologies applied to pattern-making, such as advanced CAD software for 3D prototyping. "When we started back in 2018, people said we were crazy," Sburlati said smiling, noting that, despite the consequences of the COVID-19 pandemic, its impact accelerated the growth of this business in particular.

The first dedicated digital team was created in 2019 and 3D now represents one of the most important strategic investments for the company. "We use the most advanced fashion prototyping software program, which allows us to bring to life virtual models by replicating our 2D CAD patterns into a 3D platform – a key tool for clients," Sburlati explained. Thanks to 3D prototyping, Pattern can simulate any kind of garment, from sportswear to formalwear, customizing patterns with specific measurements, colors, fabrics and static or dynamic avatar poses.

The acquisition of S.M.T. was farsighted, while it stemmed from the understanding that Pattern needed to expand its expertise in working with wool, cotton and technical fabrics, with knitwear. "We realized that the easy comfort segment would grow and it would include knits – a trend that

accelerated during the pandemic and the lockdowns," Sburlati said. The acquisition was made with the funds generated by the public listing, avoiding piling up any debt. "We had a bit of luck and a bit of vision," Sburlati said modestly.

Last February, the board approved the acquisition of an additional 29 percent of S.M.T., already controlled through a 51 percent stake, bringing the total to 80 percent, and closed in early March.

S.M.T. had an asset in particular that drew Pattern's interest – it's more than 100 weaving machines employing both the Japanese Shima Seiki and the German Stoll technology. "Many companies have one or the other, but seldom both," contended Sburlati, who joined Pattern nine years ago.

Technology helps to limit waste and fabric leftovers, which is a priority for Sburlati. "I am tired of all this greenwashing and the abuse of the word sustainability. Ecology is a serious issue," he affirmed.

To wit, Sburlati proudly said Pattern published its first Sustainability Report back in 2015 and that it was the first Italian company to join the UNFCCC's Fashion for Global Climate Action initiative as a signatory to the Fashion Industry Charter for Climate Action. In 2019, it achieved the ESG Rating with the international organization CDP to certify its path toward carbon neutrality. By 2023, Pattern's aim is to become carbon neutral by using renewable energy and increasing efficiency and energy savings and to achieve a 30 percent reduction in

greenhouse gas emissions. Its photovoltaic system was completed in May last year and Sburlati said Pattern has also just doubled its geothermal system.

The pandemic did not stop or postpone the company's planned strategic investments and Pattern showed resilience last year, posting sales of 53.9 million euros, only a 3.2 percent decrease compared with 55.7 million euros in 2019.

Net profit was down 21 percent to 3 million euros compared with 3.8 million euros in 2019, and earnings before interest, taxes depreciation and amortization decreased 8.4 percent to 5.4 million euros compared with 5.9 million euros in the previous year.

Sales outside Italy represented 68.6 percent of the total. Possibly also a consequence of the pandemic, local clients upped their share, as Italy now represents 31.4 percent of revenues, compared with 12 percent in 2019.

Sburlati declined to provide details about the brands Pattern works with for privacy reasons, but said they were the international labels "seen on the main runways in New York, London, Milan and Paris." He admitted, however, that major Italian companies "that have Italian owners," have their own prototyping services in-house "[For foreign brands,] these are costs that are variable and can be optimized with a faster and more efficient organization that we can provide."

Pattern also aims at training the younger generations locally. "We want to help grow the manufacturing districts," Sburlati said. Accordingly, S.M.T. and Roscini remain headquartered where they were founded. "This is an industrial project, not a financial one," Sburlati said.

Pattern employs 280 people and "three times as much in outside laboratories," he added.

Other investments include the realization of a digital warehouse that will be able to stock 13,000 finished designs.



An example of Pattern's 3D engineering.