

Christofle SA

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Details:

Private Company

Incorporated: 1930

Sales: EUR 113.8 million (\$105 million) (2000 est.)

NAIC: 3322 Cutlery and Handtool Manufacturing; 332211 Cutlery and Flatware (Except Precious) Manufacturing; 339912 Silverware and Hollowware Manufacturing; 327112 Vitreous China, Fine Earthenware, and Other Pottery Product Manufacturing

Company Perspectives:

Thanks to a selective distribution system, Christofle today unites all the means needed to become an international luxury brand: a young and imaginative team; a recapitalization assured by Maurizio Borletti; the brand's inarguable legitimacy in all areas of table service; a worldwide notoriety; an image of quality products; an international retail distribution network under the Pavillon Christofle name; a powerful industrial base both in France and internationally.

Key Dates:

1793: Christofle family establishes jewelry business.

1830: Charles Christofle takes over business.

1842: Firm buys exclusive rights to electroplating patent.

1845: Company establishes manufacturing facility.

1863: Henri Bouilhet introduces galvanizing technique.

1926: Company is listed on Paris Stock Exchange.

1930: Business incorporates as Christofle SA.

1950: Christofle opens production and distribution subsidiary in Buenos Aires.

1974: Company opens production and distribution subsidiary in Brazil.

1980: Firm attempts diversification into Christofle-branded watches and jewelry.

1993: Maurizio Borletti takes over company operations.

1997: Christian Lacroix designs new company line.

2001: Christian Dior is commissioned for new designs.

Company History:

Christofle SA commands respect worldwide for its luxury table service products, including the company's traditional silverware lines and extending to include nearly all items found on and around the well-to-do dining table, including porcelain dishes and linen napkins and tablecloths. Founded in 1830, Christofle remains under the guidance--and ownership--of the founding family, now represented by Maurizio Borletti. Christofle operates manufacturing facilities in France and Brazil, as well as its own retail distribution network, including 75 Pavillon Christofle retail stores and 400 Christofle in-store boutiques placed in larger department stores and home decoration and related specialty shops.

Christofle has always been known for its innovative designs and its willingness to commission new designs from noted artists and designers. After producing a line of table service designed by Christian Lacroix in the late 1990s, Christofle has turned to Christian Dior for a new series of designs beginning in 2001.

Christofle, formerly listed on the Paris stock exchange, was taken private in 1998 as Borletti and the company's other major shareholders agreed to assume 100 percent ownership of Christofle into a new holding company, Luxury Brand Development, created in Luxembourg and intended to allow the group to invest in other luxury goods companies without compromising the Christofle name. Borletti, seconded by CEO Thierry Fritsch, hopes to build the company, which posted an estimated EUR 113.8 million in sales in 2000, into a strong rival for such larger competitors as Tiffany and Waterford.

Luxury Pioneer in the 19th Century

The Christofle family began their manufacturing career as makers of sequins and jewelry components at the end of the 18th century. The family soon extended their production to include such diverse products as mother-of-pearl and gold buttons, silver-threaded cloth, epaulettes for French army officers' uniforms, as well as jewelry. The Christofle name was already associated with a certain degree of innovation, as the family was awarded a number of patents during the early years of the 19th century. Among the family's businesses was a jewelry workshop located in Paris's Marais quarter. Sales by the end of the 1820s reached FFr 300,000.

The start of Christofle's worldwide fame came in 1830, when Charles Christofle, then 25, took over as head of the Marais enterprise. Charles Christofle was backed by his elder sister Rosine, who had married Joseph Bouilhet, a wealthy French notable. With the far older Bouilhet's

wealth, Christofle began to expand his company. From the start, Christofle looked toward the international arena. Among the company's commissions were the crown for Queen Ranavallo of Madagascar and a series of ceremonial swords produced for customers throughout Latin America. By the end of his first decade as head of the family firm, Christofle had driven sales to more than FFr 2 million.

The company continued to manufacture its traditional range of products. The death of Joseph Bouilhet in 1837 left his widow Rosine Christofle-Bouilhet in charge of the family's fortunes. Charles Christofle himself became part of that fortune when his older sister persuaded her daughter to marry her much older uncle. Rosine Bouilhet's other child, Henri, just seven years old at the time of his father's death, was to play a still more central role in the development of the family empire.

In the 1840s Charles Christofle led the family business into a new direction that was to establish the company's name worldwide. In 1842, Christofle acquired the exclusive rights to exploit a series of patents held by Count Henri de Ruolz and British goldsmiths Georges and Richard Elkington. The patents detailed a method of silver- and gold-plating using electrolysis--a radical departure from traditional silver- and gold-plating methods, which used mercury and were both time-consuming and highly toxic.

By 1845, Christofle had opened a manufacturing facility dedicated to the new plating techniques, placing the whole of the family business's future on the success or failure of this new endeavor. Christofle's factory marked one of the first uses of electricity as a production tool. Christofle's technique enabled the plating of a wider variety of objects than ever before, and permitted the application of plating to more common--and less expensive--metals. At the beginning, however, Christofle preferred to establish a reputation for high-quality, limiting his activities to plating works created by other gold and silversmiths.

Yet Christofle found few customers for his plating techniques. Indeed, the company was quickly confronted by a growing number of counterfeit products. Backed by the Bouilhet fortune, Christofle successfully defended his exclusive patent rights before the French tribunals. Christofle also began adding a trademark to his products, a guarantee to his customers of the quality of the silver used for his plated objects. Christofle had already established the company's silver plating to a far higher percentage--92.5 percent--of silver than his competitors. Meanwhile, unable to find commissions for his plating technique, Christofle decided to launch the family into the production of its own line of products.

In 1846, Christofle extended his factory's production to include a variety of objects, especially related to table service. In this, Christofle seemed to have captured the spirit of the times, as a rising class of French bourgeoisie began to aspire to similar luxuries as the country's fading nobility. The so-called 'arts de la table' suddenly became part of the required dining room furnishings. Christofle offered the new middle-class silverware and table service with the same

commitment to quality but far less expensive than traditionally crafted silver items. Before long, the Christofle name became something of a generic name for silver-plate.

The company received a strong boost when Christofle became the official provider of table service for King Louis-Philippe and the entire House of Orléans. In 1850, the company received a new and important benefactor when Louis-Napoléon Bonaparte commissioned Christofle to produce a table service for the Palais de l'Elysée. Christofle's relationship with Bonaparte continued after the later became known as Emperor Napoleon III. Christofle's official titles of 'Goldsmith to the King' and the 'Emperor's Provider' provided the company with the foundation with which to achieve a new international expansion. **Founding a factory in Karlsruhe, Germany**, the company began providing such foreign dignitaries as the Kaiser of Germany and the royal households of the Austro-Hungarian Empire, the Ottoman Empire, and the Tsar of Russia.

Christofle also proved to have a strong commercial sense. Hiring a dedicated sales staff, Christofle arranged a number of contracts with retailers worldwide. In exchange for giving a merchant the exclusive right to sell Christofle's products in a particular town, Christofle claimed space in the merchant's street-side shop windows--while the retailer agreed to carry only Christofle's line of table service in his shop. At this time, Christofle also established the Pavillon Christofle retail store in Paris.

Charles Christofle was joined by nephew/brother-in-law Henri Bouilhet in 1852. The new generation--Henri Bouilhet took over the business when *Christofle died in 1863*--expanded the company's business and firmly established the business's industrial approach to luxury goods, a departure from the traditional artisan-based industry of the time. Bouilhet was not only a shrewd businessman, but an astute engineer; working with Hermann von Jacobi, of Saint Petersburg, he invented a new method of plating not only silver and gold, but bronze, copper, and other metals as well. The new method, called galvanizing, permitted Christofle to begin producing more monumental works. Among the company's most notable productions were the gold-plated bronze winged statues at the Opéra Garnier in Paris, the railroad car for Pope Pius IX, and a ten-meter tall statue for the Notre Dame de la Garde church of Marseilles.

Changing Fortunes in the 20th Century

The period leading up to World War I represented something of a peak for the Christofle name. The collapse of a great deal of Europe's royalty after the war and the Soviet revolution saw the company lose a large portion of its business. Seeking capital, the company listed on the Paris stock exchange in 1926. Yet the company was soon after hit hard by the Depression, which helped to wipe out much of its remaining customer base. Regrouped under Tony Bouilhet, Henri Bouilhet's grandson, the company shut down its German factory and other foreign operations and transferred all of its manufacturing operations to its Saint Denis, Paris factory.

One of the more fortuitous decisions made by Tony Bouilhet was his marriage to Carla Borletti, a member of a wealthy Milan-based family. In 1930, Christofle was reincorporated as a public limited company, becoming Christofle SA and taking on the Borletti family as major shareholders and important financial backers into the next century. Carla Borletti was not merely a source of new capital for the company, she also proved inspirational in building a new generation of Christofle renown.

Borletti brought in a whole new breed of designers, calling upon many of the Art Deco period's great names to recreate the Christofle image. At the same time, Borletti helped establish a new retail concept for the brand, using the Pavillon Christofle name established by Charles Christofle in the mid-1800s. The company began opening its first foreign branches of the Pavillon Christofle retail chain. The Borletti family's sponsorship enabled Christofle to convince its banks to provide new investment capital. By the dawn of World War II, the company had put its financial problems behind it.

If the war years presented a new interruption to Christofle's growth, the great economic expansion of the postwar period helped the company achieve a new scale of international expansion. Now led by Albert Bouilhet and his brothers Henri and Marc, Christofle once again began expanding its manufacturing capacity, opening manufacturing and distribution subsidiaries, including production and distribution subsidiary *Sadoga, launched in Buenos Aires, Argentina, in 1950*. Other subsidiaries followed, in the United States, Italy, Belgium, and Germany, culminating in the creation of a new Brazilian manufacturing and distribution subsidiary, *Pataria Universal SA Brasil, in 1974*. The company once again succeeded in establishing an international reputation for its high quality, luxury products. At the same time, Christofle maintained its market leadership in France, where the company represented more than 50 percent of the market.

Sixth Generation for the 21st Century

Christofle remained a profitable company through the high-flying 1980s. Yet the company's attempt to diversify during the decade nearly brought it disaster. Christofle attempted to join the rising brand label awareness of the period by attaching its name to a variety of products, including a line of wristwatches and jewelry. At the same time, the company continued to produce its core product line of highly priced dining table products, such as a \$30,000 tea service and similarly priced place settings. The collapse of the world economy at the end of the 1980s caught the company short. By the beginning of the 1990s, Christofle saw its sales shrink and its profits slip into the red. The company attempted to restructure, cutting out more than 150 jobs, adding to its burdens with some FFr 50 million in restructuring costs. By 1992, the company's losses had topped FFr 39.5 million for the year and its level of short-term debt had topped FFr 200 million--a heavy load for a company with just FFr 620 million in sales.

Christofle once again looked to its Italian benefactors. In 1993, Albert Bouilhet tapped first cousin Maurizio Borletti to take over leadership of the flagging family-controlled company. Borletti, then only 26 years old, had already proved himself in business. At the age of 18, Borletti had borrowed \$20,000 from his father, who ran a company manufacturing clocks for automobile dashboards, and started his own construction business. After his father's death four years later, Borletti took over his family's business, while also managing the Borletti family's investment portfolio.

Borletti agreed to step over to Christofle, paying \$10 million to acquire a 55 percent stake in the company. Borletti then set to work restructuring the company, including imposing new cutbacks on its staff. The most important change Borletti made to the company was a refocus on the company's core tableware production, shedding attempts to diversify into other product categories.

Christofle instead diversified within its core business, adding new lines of products to expand the company's production to include the wider range of table service items, such as porcelain serving dishes, china, and table linens. Rather than simply attaching its label to products produced by licensed manufacturers, Christofle now brought control of its diversified range in-house, guaranteeing the same commitment to quality the company brought to its table service.

Borletti boosted the company's advertising budget, adopting modern-style publicity campaigns for a company that had long relied primarily on its world-renowned name. The company also launched new designs, once again turning to outside artists. Such was the case with a line of table service designed by Christian Lacroix, launched in 1997.

On the retail side, Christofle began stepping up the opening of new Pavillon Christofle stores, entering new markets around the world. By the end of the century, the company operated 75 retail stores and had placed Christofle boutiques in another 400 stores, giving it retail representation in 120 countries. The company's retail customers also were more likely to find something to buy--no matter the budget. Taking a page from far-larger rival Tiffany, Christofle launched new lines of more democratically priced products--such as \$40 chopsticks— accompany its continued production of high-end silver- and gold-plated products.

Christofle's return to profits and sales growth was aided by new financial trends in the 1990s. The booming economies in a number of Asian markets had created new classes of luxury goods shoppers. At the same time, Christofle benefitted from the strong economic recovery in the United States— well as from the sudden explosion of so-called 'Internet millionaires.' The new ranks of nouveaux riches quickly turned to Christofle for their silverware needs.

By the end of 2000, Maurizio Borletti had given Christofle a new future. The company's sales had seen steady growth in the late 1990s, topping FFr 750 million (EUR 113 million) in 2000. Borletti's control of the company had also become more solid. In 1998, Borletti led the

company's other major investors—primarily other family members—in the creation of a holding company registered in Luxembourg, Luxury Brand Development (LBD), which took 100 percent control of Christofle, removing it from the stock market. LBD represented a new vehicle with which to achieve Christofle's continued interest in diversifying into the wider luxury goods arena; this time, however, the Christofle name was placed in safekeeping as the group explored acquisitions of other brand names.

Christofle entered the new century in good economic health and with strong growth prospects. In 2001, the company commissioned a new line of designs from famed Parisian fashion leader Christian Dior, a move certain to increase Christofle's position in the world tableware market. Meanwhile, Maurizio Borletti continued to expand his vision of the company's future. As he told *Forbes*, 'We want to be the Gucci ... the Hermes of our business.' After 170 years and a place in world history, Christofle seemed to have recaptured its youth.

Principal Subsidiaries: Argenteria Christofle spa (Italy); Pavillon Christofle.

Principal Competitors: Brown-Forman Corporation; Corning Incorporated; Guy Degrenne SA; International Cutlery, Ltd.; Lifetime Hoan Corporation; Mikasa, Inc.; Noritake Co., Limited; Oneida Ltd.; Royal Doulton plc; Swiss Army Brands, Inc.; Taittinger S.A.; Waterford Wedgwood plc; WKI Holding Company, Inc.