Ermenegildo Zegna revenues jump 50% in H1

By Dominique Muret • October 22, 2021

Ermenegildo Zegna has had a buoyant first half of the year, posting a 49.9% revenue growth to reach €603 million in H1 2021. Above all, the Italian luxury group specialised in very high-end menswear has returned to profitability, improving from a loss of €87.75 million as of June 30 2020 to a net income of €32.28 million a year later.

After a year and a half in the pandemic’s grip, in H1 the Zegna group recorded again a positive EBIT result, which stood at €66.8 million, equivalent to 11.1% of total sales, as opposed to the operational loss of €51.9 million recorded a year earlier. These results are explained by a return to normal operations following the virus’ decline worldwide, and were achieved despite rising logistics and raw materials costs, an increase in marketing investment.
worldwide, and were achieved despite rising logistics and raw materials costs, an increase in marketing investment and the return to standard labour charges for the group’s workforce.

Ermenegildo Zegna’s net financial indebtedness grew from €6.7 million as of December 31 2020 to €73.3 million six months later. As the group has pointed out, last year it donated €4.48 million to charities in Italy and elsewhere to support initiatives related to Covid-19, of which €4.45 million in the first half of the year. Moreover, it has continued to invest in its production organisation in Italy, buying a 40% stake in Italian weaver Filati Biagioli Modesto in June.

The group’s sales increased in all regions except Japan, where they decreased by 9.1% in H1 due to a decline in tourism and the health protection measures introduced. Sales notably grew by 63.2% in Asia Pacific, Zegna’s main market, and boomed in Greater China, where they were up by 81.1%. China accounts for nearly half of the group’s total revenue, and its growth spurt was prompted by the repatriation of an increasing amount of Chinese luxury expenditure, and by Zegna’s strong local presence over the last 30 years. The group has recently opened two new stores in Shanghai.

Although affected by temporary store closures and restricted tourist flows between January and June, Zegna’s sales increased by 37.9% over H1 2020 in Europe, the group’s second market after Asia. Italy in particular performed outstandingly, posting a 65.2% increase. The U.S., which accounts for approximately the same revenue share as Italy, grew by 28.9% in H1, driving the group in North America (where sales grew 26.8%) and accelerating in Q2, while sales in Latin America nearly doubled.

For the Piedmont-based group, which announced in August that it intends to apply for a NYSE listing, the acquisition of U.S. label Thom Browne in August 2018 is proving invaluable, as its contribution to the group is growing. Thom Browne more than doubled its sales in H1, growing 125% from a revenue of €63.2 million as of June 30 2020 to one of €142.6 million a year later. The Ermenegildo Zegna label recorded instead a revenue of €465.9 million in H1, up 36.1% over the same period last year.

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