Ermenegildo Zegna makes rapid progress towards NYSE listing

By Dominique Muret - 8 December 2021

The forthcoming NYSE listing of Ermenegildo Zegna is already looking to be a triumph. The Italian luxury group specialised in textiles and high-end menswear was originally set to list on Wall Street in November, but had to push back its market flotation to the end of December due to the growing demand for stock options. An increasing number of investment funds and other investors are interested in the operation, as well as luxury industry players like Prada’s CEO Patrizio Bertelli.

In July, the Piedmont-based group heralded its intention to list on the stock market “later this year” by means of a Spac (Special purpose acquisition company). A Spac is a sort of empty shell, a company with no operational activity, created to raise funds on the stock exchange to facilitate and accelerate a company’s entry on the financial market. To do so, Ermenegildo Zegna teamed up with Italian investment fund Investindustrial, led by Andrea Bonomi, setting up a Spac called Investindustrial Acquisition Corporation (IIAC).

In a press release, Zegna and IIAC stated they have struck a deal “with major investors and other [entities],” whose names they did not disclose, resulting in additional private investment in publicly traded shares worth $125 million “in order to meet the majority of demand.” This type of operation is called PIPE (private investment in public equity), and enables a company to issue shares, for the investment funds that are interested, at a price that is usually a little below market price, making it possible to raise capital more rapidly.

Since its creation for the Zegna listing, IIAC has raised funds worth $402.5 million in total. IIAC has convened an extraordinary AGM on December 15 to approve the new business combination. At the end of the AGM, IIAC will be dissolved and Ermenegildo Zegna will be floated on the New York Stock Exchange, trading with the ticker symbol ZGN.
Once the listing will be completed, Ermenegildo Zegna “will be valued at $3.2 billion,” approximately €2.8 billion, including fresh financial resources worth $880 million (€768 million). The Zegna family will still hold a controlling stake of 62%, while Investindustrial will hold an 11% stake and floating stock is expected to account for 27% of the capital. Of the fresh finance raised by Zegna, $403 million come from IIAC, $225 million have been made available directly by Investindustrial, and the remaining $250 million have been raised via a PIPE.

Ermenegildo Zegna was founded in 1910 in Trivero, near Biella, in the heart of Piedmont’s wool production district. It started out as a textile manufacturer before diversifying into luxury menswear, and over the course of the years has become a globally recognised label. In 2018, Zegna acquired a majority stake in US luxury label Thom Browne, whose revenue has since doubled.

Ahead of the listing, the group has maintained its name as Ermenegildo Zegna but has redesigned the logo, which now consists of two horizontal bands in vicuña beige with a black central band between them, not unlike the Parisian underground tickets of old. It has also changed the name of its main line, designed by Alessandro Sartori, which is now simply Zegna.

At the end of 2020, the group was present in 80 countries via 296 directly operated monobrand stores. For 2021, the group expects to reach sales levels approximating those of 2019, when China accounted for a third of its revenue. The NYSE listing is set to enable Zegna to expand further on the global market, while also strengthening its organisation via acquisitions.
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