Ermenegildo Zegna has reported strong 2021 results and confirmed its outlook for the current year after beating its own expectations, with low-teens revenue growth and continued improvement in profit on an adjusted EBIT basis.

It also said its One Brand strategy is “in full swing” and Thom Browne “maintains strong momentum”.

It’s all good news for the group, which is the first Italian luxury fashion house to be listed on the New York Stock Exchange.

So, what were the numbers for last year? The company — which listed on the stock exchange only in December after a merger with a US ‘blank cheque’ company — reported adjusted EBIT of €149 million. That was up from €20 million in 2020 and €107 million in 2019.

But it made a reported loss for the year of just under €128 million, albeit with an adjusted profit of €75 million. The reported loss a year earlier was €46.5 million and in 2019 it made a profit of €25.4 million.
That came about because, in the latest year, it saw costs of €205 million, "mostly non-cash accounting adjustments, related to the December 2021 Business Combination". That referenced the aforementioned deal between the company and Investindustrial Acquisition Corp.

The group had already reported its sales figures back in February, but to reiterate, revenues rose 27% year on year to €1.292 billion. That was down only 2% on their level in 2019.

By brand, adjusted EBIT for Zegna was €111 million and as a percentage of revenues, it was 10.7% compared to 7.8% in 2019. This was driven by “better sales mix, cost efficiencies and positive operating leverage”. Sales had risen 33% to €847.3 million, but were 8% below the 2019 level.

For Thom Browne, adjusted EBIT was €38 million, more than double the €16 million in 2019. Compared to 2020, adjusted EBIT in 2021 grew 31%. As a percentage of revenues, adjusted EBIT was 14.4%, down slightly from 16.1% in 2020.

Thom Browne sales at €263.3 million, were up 64% compared to 2019 and 47% over 2020. But the strength in its top line was partly offset, “as expected, by an increase in costs driven by higher volumes and growth-related expenses, including costs for expanding the direct-to-consumer store network and investments to improve central administrative functions and processes”.

Chairman and CEO Gildo Zegna called 2021 “an epic year” for the group and said “the Zegna brand continues to strengthen its position as a global leader in the luxury industry”.

He added that the continued focus on luxury leisurewear – at around 50% of the brand’s revenues – has been
He added that the continued focus on luxury leisurewear – at around 50% of the brand's revenues – has been enhanced by the One Brand strategy and by a further increase in pricing in-season.

Its focus “has proven to be successful with both recurring and new customers”, he explained.

And as well as “the strength shown by our namesake brand”, he highlighted the “growth of Thom Browne, and the significant appeal this iconic brand has among younger consumers around the world”.

He added that the company is ahead of plan for the current year “and [we] remain positive about our growth in 2022”.

He’s “particularly excited to see our US and UAE business continue to grow while our business in Europe continues to see a post-lockdown rebound. We remain vigilant, but our 2021 results and our flexibility give me confidence that we are on the right track to reaching the targets set out in our Plan last year and the group’s longer-term ambitions even sooner than we anticipated.”

As a final note, he pointed out that he’s “deeply saddened by the tragic events in Ukraine” and that the group joined forces with the Camera Nazionale della Moda Italiana and provided a significant donation to the United Nations High Commissioner for Refugees at the onset of the tragedy. It also committed to integrate 30 Ukrainian refugees in its factories beginning this month.

By Sandra Halliday