Ermenegildo Zegna soars in Q1, driven by USA

By Dominique Muret - 6 May 2022

Ermenegildo Zegna has started off the year in style. The Italian luxury group specialised in high-end menswear, recently listed on the New York Stock Exchange, recorded a 25.4% growth in Q1 2022, generating a revenue of €377.6 million. The group's leading brand, Zegna, posted a remarkable performance, while sales on the North American market skyrocketed, growing by over 85%.
The Zegna label, helmed with verve by Creative Director Alessandro Sartori and now focused only on one main line, recorded a revenue of €224 million between January and March 2022, thanks especially to the success of its high-end leisurewear and footwear, as well as to a strong rebound of its bespoke business, whose revenue increased by 22.1% compared to the same period a year earlier.

The group’s US label Thom Browne, which recently showed in New York, generated a revenue of €98.1 million (up by 22.3%) in Q1, when sales for its womenswear collection exceeded those of the men’s one. Ermenegildo Zegna’s fabric manufacturing business was also buoyant in Q1, its revenue growing by 64.6% to €30.2 million thanks to “sustained demand,” as the Italian group indicated in a press release.

In the first three months of 2022, sales for the Zegna group increased across all regions, although they recorded a marked slow-down in Asia-Pacific, which accounted for nearly half of total revenue with €174.8 million, up by only 4.5%. Growth was especially weak on the Chinese market, up by 0.3% to €141.9 million, penalised by store closures and extensive lockdowns in many cities, among them Shanghai.

North America, with a revenue of €61.8 million, equivalent to an 85.1% rise, was the most dynamic market. In the USA, the group’s sales rose by a remarkable 97.2% to €56.9 million, while Latin America grew by 89.1%, generating a revenue of €5.6 million. Europe posted solid growth, with notable performances by France and the UK. In the latter, Ermenegildo Zegna’s sales rose by an exceptional 111% to €10.9 million, while in Italy they grew by 33.1%, to €64 million. The EMEA region as a whole generated a revenue of €134.4 million, equivalent to a 38.9% increase.

But these positive results must not divert attention from the fact that the market remains volatile, as noted by CEO Gildo Zegna: “Over the course of 2021, the Zegna Group achieved a number of milestones. The year was off to a good start and is now looking more challenging due to the combination of geopolitical, economic and health-related uncertainties. Both our brands are coping well in the face of these increased challenges, and we will continue to execute our strategic objectives.”

The group prudently indicated that, “assuming no further deterioration or geographic extension of the war in Ukraine, a normalization of the COVID-19 pandemic in Greater China before the summer, and no other unforeseen events,” it is forecasting a modest growth in revenue in 2022, and an improvement in its adjusted earnings. Ermenegildo Zegna has organised an investor day on May 17, an opportunity for the group to brief investors on its strategy and plans, and set forth its sustainable development objectives.

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