



BUSINESS

Giorgio Armani's Investments for Growth Dent 2024 Bottom Line

- The designer, chairman and CEO of his fashion group prioritizes strategic investments in flagship projects, e-commerce and luxury positioning to secure the brand's future.

BY LUISA ZARGANI

MILAN — Giorgio Armani keeps his eyes on the prize.

While acknowledging sales and profitability of his namesake fashion group decreased in 2024, the designer, who also holds the role of chairman and chief executive officer, said the performance was dented by the investments he felt were necessary for long-term success.

"During 2024, while well aware of the market slowdown already evident in the second half of 2023 and of the many challenges arising from the international context, I continued to operate with an eye to the future," said Armani on Wednesday. "It is with this in mind that I chose in any case to invest in projects of great symbolic and practical significance, which are fundamental to the future of the company."

Indeed, the Armani Group last year invested 332 million euros, almost double the 168.5 million euros channeled in 2023, and almost three times the average yearly investments in the previous years.

For example, Armani last year unveiled the building on Madison Avenue in New York and Palazzo Armani, the prestigious headquarters in Paris on Rue François 1er. The mega Emporio Armani store in Milan was renovated and, in addition, the group insourced its e-commerce management.

"I am convinced that pursuing consistency and continuity and avoiding the pursuit of immediate gains is the best strategy to ensure long-term success. Thanks to this approach, in an increasingly complex and competitive global

environment, I am proud to say that we have maintained the group's independence and stability," continued Armani, who has long voiced his desire to keep the company independent. "I am confident that the current market difficulties and international tensions will ease in the near future."

In 2024, group revenues decreased 6 percent to 2.3 billion euros compared with 2.44 billion euros in the previous year. At constant exchange rates sales were down 5 percent.

Impacted by temporary closures for renovation works, the retail network reported a 3 percent decrease in sales.

Armani touted his company's "solid and prudent management, further confirming the group's solidity," viewing the results as positive in light of the international macroeconomic and geopolitical context, the ongoing tensions and high uncertainty, and despite the slowdown in the fashion and luxury sector.

"We opted for 'moderate' pricing policies, with increases below the rate of inflation, and for distribution focused on quality rather than quantity, as demonstrated by the stability in the number of stores, with no pressure on new openings and very selective approach," said Giuseppe Marsocci, deputy managing director and chief commercial officer of the group. "Ultimately, the decision was to prioritize product quality and the customer experience, even at the cost of sacrificing margins in the short term, in the conviction that this choice will make





us more competitive when the market returns to growth.”

To be sure, the extraordinary investments impacted the bottom line as net profit before tax amounted to 74.5 million euros, falling 66.8 percent compared with 224.5 million euros in 2023. Earnings before interest, taxes, depreciation and amortization dropped 24 percent to 398 million euros compared with 523 million euros in 2023.

Operating profit totaled 67 million euros, down almost 69 percent from 215 million euros in the previous year, reflecting the mid-single-digit decline in sales and at the same time a 2.5 percent increase in operating costs as the group committed to strengthen the company’s organizational and financial foundation to reinforce the brand’s positioning in the luxury sector.

All the investments were self-financed, including the significant property acquisitions, denting the net cash position, which amounted to 569.7 million euros at the end of 2024 compared with 945.6 million euros at the end of 2023.

The designer, who will turn 91 on July 11, did not take his final bow at his Giorgio Armani and Emporio Armani spring 2026 menswear shows in Milan last month – both praised by retailers – as he was recovering at home from an ailment. Leo Dell’Orco, head of menswear design, did the honors in his stead. Armani is gearing up to present his Privé collection in Paris during couture week and is planning celebrations in September to mark the 50th anniversary of his company.

In 2024, by geographic markets, Europe represented 49 percent of total sales, aligned with the previous year. Americas accounted for 22 percent, up from 21 percent in 2023, while Asia-Pacific decreased to represent around 19 percent from 21 percent, reflecting the slowdown of the Chinese market in particular.

In October last year, Armani unveiled his namesake brand’s spring 2025 collection at the Park Avenue Armory, timing the show

to celebrate the opening of his company’s new building at 760 Madison Avenue, on the corner of East 65th Street, completed in partnership with SL Green Realty Corp., Manhattan’s leading office landlord.

The building was entirely redesigned to include residential units, the new Giorgio Armani and Armani/Casa boutiques, and an Armani/Ristorante.

Armani and SL Green collaborated with New York-based architecture studio Cookfox Architects on the design of the building, which spans more than 97,200 square feet and 12 floors.

The designer has steadily and gradually grown the Armani Casa business, formally established in 2000 and now present in 29 countries with about 40 stores around the world in leading cities from Milan and Paris to Tokyo. In addition to the residences he has been developing around the world, from Miami to Manila and Istanbul, further building his design world, an Armani Hotel will rise in Diriyah, a 300-year-old site located a 15-minute drive from Riyadh, in the Kingdom of Saudi Arabia, which is expected to be completed in 2026.

Separately, on Wednesday Armani revealed that, after debuting their first chapter for fall 2024, he was pairing with Kith to unveil a new collection, dubbed “Estate,” which means summer in Italian, a double entendre with the English word for property.

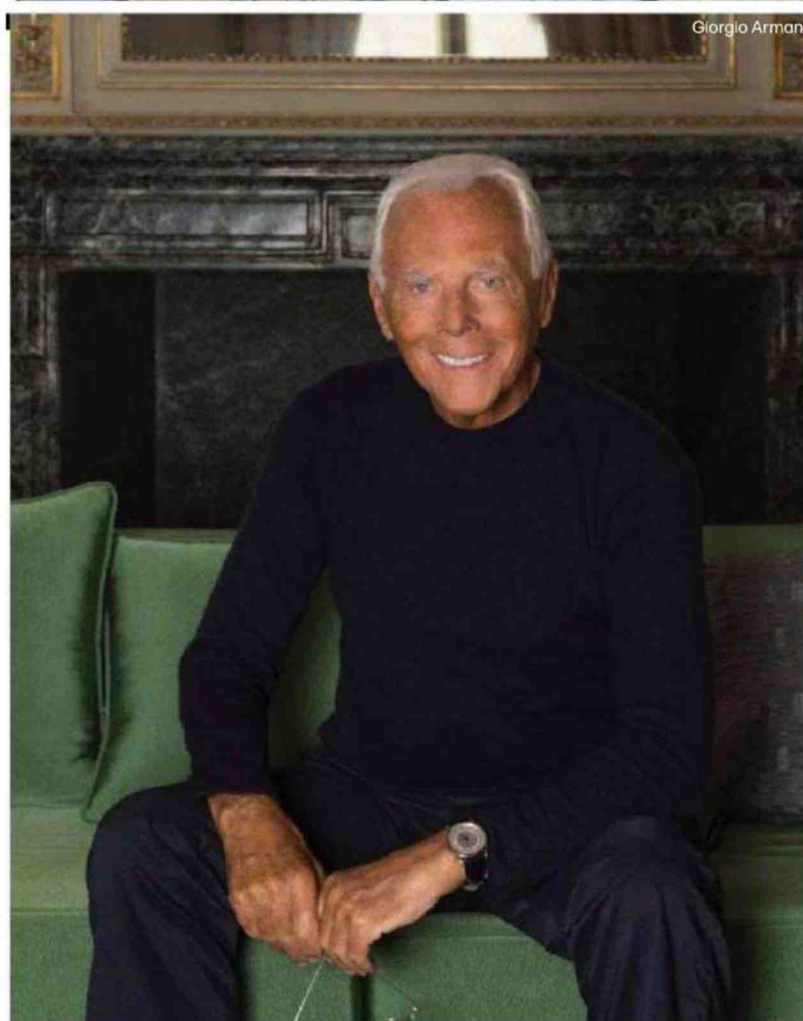
It is designed for men and – for the first time – women.

To mark the launch, Armani and Kith will host special activations in four of the destinations that inspired the collection: Malibu, the Hamptons, Forte Dei Marmi and Porto Cervo. This will include an early release at Kith Malibu on Friday and at the Giorgio Armani and Kith Hamptons House on Saturday and Sunday at the Topping Rose Hotel in Bridgehampton, N.Y. The global launch will take place at selected Giorgio Armani boutiques and Kith shops worldwide, as well as on the Kith online stores starting July 10.





Backstage at Giorgio Armani men's spring 2026 ready-to-wear collection at Milan Men's Fashion Week.



Giorgio Armani





Giorgio Armani's Madison Avenue building.

