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What Is Armani Group Worth? It's Complicated

Giorgio Armani's will stipulated that 15 percent of the company he founded must be sold by early 2027, but putting a price tag on the group is an inexact science.

By Eric Sylvers

MILAN — Giorgio Armani's will set the fashion industry abuzz with its stipulations that 15 percent of the company he founded 50 years ago be sold to LVMH, L'Oréal, EssilorLuxottica or a group of similar stature by early 2027. A second stake of between 30 percent and 54.9 percent is to be sold to the buyer of the initial position between three to five years after Armani's death.

So, what could the Armani fashion empire be worth?

The question has been bubbling amongst fashion's business community in Milan this week as the company gears up for its first fashion show since Armani's death.

Putting a price tag on a company is always an inexact science — particularly so in the case of Armani. As the group isn't listed, there is no official market value, nor has a stake ever been sold, leaving analysts and investment bankers to estimate a figure based on the company's current finances and hypotheses about its growth potential.

If Armani were sold today, the valuation would probably range between €4 billion ($4.7 billion) and €7 billion, according to industry analysts and insiders. Forbes estimated Mr. Armani's net worth at the time of his death at $12 billion, the majority of which would be tied up in the company.

How to make sense of such a large range?

Unlisted luxury companies like Armani are typically valued using profit and revenue multiples as well as intangibles like the value of the brand and comparisons to peers that are publicly traded or have recently been acquired.

Armani has a strong, globally recognised brand that has supported its expansion into everything from new apparel lines to hotels. But revenues fell about 5 percent in 2024 to €2.3 billion, a figure that includes lucrative royalties paid by licensing giants L'Oréal in beauty and EssilorLuxottica in eyewear, roughly in line with what the company reported in 2017.

TK Armani-branded products made under license by other companies generated about €1.9 billion in revenue in 2024, a portion of which Armani received as royalties. Armani doesn't disclose exactly how much, but the industry standard is 8 to 12 percent, with particularly strong brands sometimes commanding a few more percentage points.

If Armani received 12 percent of the revenue generated by the licensed products as royalties, that would equal about €230 million, the vast majority of which would go directly to Armani's bottom line since the company incurs limited costs associated with the licenses. Armani reported €67 million in operating profit last year, well below the profit generated from the royalties. That puts the loss from Armani's fashion lines at more than €150 million.

The company's fashion businesses run the gamut from accessibly-priced Armani Exchange t-shirts and jeans to top-end couture from Armani Privé. Lower-end lines, where Armani is well represented, tend to have weaker profit margins and have been hit hardest by the industry's recent downturn.

Armani has never had a well-developed leather goods business, typically a critical profit centre for luxury brands and therefore a key growth opportunity for a potential buyer. LVMH would have the expertise, size and synergies to turn around the business and expand Armani's footprint in handbags, but the job is likely to take several years and require considerable investment.

Complicating matters is the wider state of the luxury market. The sector is facing a sharp downturn in consumer demand. M&A activity in the fashion and luxury sector fell by a quarter in 2024, though consulting firm Deloitte found that 90 percent of private equity investors and companies plan to continue investing in the sector, a potential boost for Armani.

By specifying his preference for a top industry player like LVMH, however, Armani made clear that he didn't want his company to fall into the hands of a private equity firm. Finding a strategic buyer willing to adhere to the terms set out by the meticulous "King Giorgio" could depress the company's potential valuation further. Chief among the stipulations is a provision that the Fondazione Armani, which owns 100 percent of Armani, will always maintain at least 30.1 percent of the company and will have the final say on certain strategic decisions even after an eventual buyer acquires a majority stake.

While Armani's stipulations could make finding a buyer difficult and the company's overexposure to aspirational luxury, dependence on licensing revenue and modest growth trajectory could hurt the valuation, the Italian icon is a rare target with revenue above €2 billion. After two decades of consolidation during which LVMH and Kering absorbed many Italian brands, very few targets with solid luxury credentials and the heft to move the needle at fashion's biggest groups remain.

All things considered, a valuation of around 2 to 3 times 2024 revenue could be reasonable, according to market sources. At 2.5 times revenue, Armani would be valued at €5.75 billion. One source insisted that anything above €5 billion would mean the buyer had overpaid, calling the €10 billion figure floated in some places "nonsense."

"For LVMH, it would be a rare chance to acquire a stake in a highly regarded luxury group," wrote Berenberg analyst Nick Anderson in a note to clients.

But LVMH has generally shied away from luxury brands that have a large footprint in low-end lines and only makes acquisitions if it can secure complete control over the target, something that, for the foreseeable future, won't be the case with Armani due to its very long-term agreement with L'Oréal. Furthermore, "LVMH has become so big that Armani wouldn't have a big impact on the sales level and almost nothing on the profit level," said JP Morgan analyst Chiara Battistini. "It doesn't add much to the financials so the main question is does Armani add something else to the group."

"L'Oréal and EssilorLuxottica might be interested in buying a 15 percent stake in Armani to protect their licenses long-term, but it's hard to see them wanting to go much above that level," said Stanhope Capital's Pierre Mallevays. "So in that case you'd have to see if the Armani Foundation is happy with just selling 15 percent."

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A sovereign wealth fund, such as Qatar's Mayhoola or Singapore's Temasek, may make the most sense as a buyer because they tend to be relatively long-term investors, and don't typically require as much hand-on control of investments, added Mallevays.

If no buyer is found, an initial public offering is supposed to be held, an option that some in the industry see as the most likely outcome.

"Armani never wanted to sell while he was alive, but the will makes clear he knew the company needed capital for future growth and he laid out where that capital should come from," said Paola Cillo, a professor at the Bocconi School of Management who sees an IPO as the probable outcome.

Ultimately, the market will determine Armani's valuation. If multiple bidders see sufficient value to be unlocked, despite Armani's underperformance and the stipulation preventing a full buyout, the price could exceed current estimates.