

APPAREL AND ACCESSORIES

## Armani ranked most-listable 4 years running despite IPO resistance

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*Giorgio Armani at Armani/Casa in Miami*

By JEN KING

Giorgio Armani leads Italian fashion houses as the brand considered most-listable as a future initial public offering, according to a quantitative rating system developed by Pambianco Strategie di Imprese.

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For the past 11 years, Pambianco has compared brands in the fashion, luxury, furniture and design spaces that may be headed toward IPOs as a way to stoke investor interest in Italian companies. In its ranking, Pambianco considers brands that may enter the Italian Stock Exchange in a three- to five-year timeframe.

"Those who came out of the rankings in 2016 not necessarily went worse than the previous year," said Carlo Pambianco, president of **Pambianco**. "The output is a result also of someone who has done better.

"The methods of calculating the rating, in fact, are based on eight factors to which is assigned a different weight," he said. "And these evaluations will vary year on year."

Conducted in partnership with Ernst & Young, Pambianco's **2016 ranking** includes 50 top fashion and luxury goods brands, with seven additional labels included compared to the year-ago. Fifteen companies in the furniture and design space were considered as well.

### Luxury listings

Today, many Italian luxury labels have been absorbed into global conglomerates. For example, Gucci and Bottega Veneta are under the Kering Group umbrella and LVMH is the parent company of Emilio Pucci and Fendi. Both Kering and LVMH are publicly traded, as are the brands under their control.

The few privately owned houses, namely Armani, Valentino, Ermenegildo Zegna, Versace and Dolce & Gabbana, remain of interest to investors. Understandably, these popular Italian labels are seen as attractive investments if, and when, they begin to trade publicly.

Pambianco's goal is to ensure investors that they are aware of a brand's potential if an IPO is established.

Leading its peers in the luxury sector was Armani at number one. The brand's ranking remains unchanged for four

years running.

Although Pambianco ranks Armani as most listable, the brand has made it clear that an IPO is not the direction it wishes to take due to its founding principles of autonomy and independence.



*Armani fall/winter 2016 runway show*

On July 29, Mr. Armani announced that he will establish a foundation in his name to safeguard the interests and autonomy of the fashion house he began in 1975. Mr. Armani is the brand's sole shareholder and had hinted at the establishment of a foundation to protect the future of Armani as early as 2012.

After 40 years in business, Armani is one of the last independently owned fashion houses of its scale.

Over the years, Mr. Armani has resisted selling to large conglomerates such as Kering or LVMH and has contemplated putting the brand up for initial public offering, but has never committed fully. Similarly, the designer has neither named a designated heir nor has he definitively outlined a plan for the brand's future ([see story](#)).

Valentino, owned by Qatari-based Mayhoola and backed by members of the country's royal family, ranked second, up from seventh in 2015. Rumors circulated in 2015 that Valentino, founded by Valentino Garavani in 1960, has planned an IPO for next year, after revenues reach more than \$1 billion, but sources within the brand conflict those reports ([see story](#)).



*Valentino fall/winter 2016 campaign*

Ranked third is menswear brand Zegna, down from the second spot in 2015. Dolce & Gabbana, saw a similar swap in its ranking, going from fourth listable in 2015 to 5th for this year.

Of the top five brands considered most-listable by Pambianco, Versace, ranked fourth, has been the most transparent in its plans for IPO. After investor Blackstone took a 20 percent stake in the company in 2014, Versace has been open to and working on an IPO ([see story](#)).

Keeping its plans on track, in August 2015, Versace awarded management about 0.3 percent of its stocks for when IPO sharing begins. The brand has mentioned possibly listing on the United States or Asian stock market, similar to that of Prada and Ferrari.



*Versace fall/winter 2016*

Although Versace has been working toward an IPO, a concrete date has yet to be established. Sources expected a 2016 entrance to public trading, but it appears more likely that plans have been pushed into next year.

Additional luxury labels ranked within the top 50 were Stefano Ricci at seventh, Furla at 11th, Max Mara 13th and Etro in 14th place. Below the 20th spot were Kiton at 23rd and Missoni at 29th.

#### Investors' delight

Many factors position a brand as an attractive investment opportunity. Increasingly, sustainability efforts are boosting investor interest in luxury brands.

Forty-six percent of CEOs agree that climate change and the scarcity of resources will transform their business, according to a January report by Positive Luxury.

Positive Luxury's "2016 Predictions for the Luxury Industry: Sustainability and Innovation" report examined impactful events from 2015 to forecast how these world happenings will impact luxury going forward into 2016. Sustainability is proving itself more than just a fad, with consumers becoming increasingly aware and conscious of how and what they purchase, and as a result investors are putting more weight into sustainable business models ([see story](#)).