

APPAREL AND ACCESSORIES

## Armani predicts 2 more years of losses before 2020 recovery

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*Armani's 2017 results showed a 7 percent loss in revenue. Image credit: Armani*

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By STAFF REPORTS

Italian fashion label Giorgio Armani has responded to its falling profits last year, warning that it will likely see losses again this year and in the next before coming back up in 2020.

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The company put out a statement explaining the losses it sustained last year, citing stiff competition and internal reorganization as the reasoning for its results. Armani is competing with large conglomerates such as LVMH and Kering, making every quarter of failing profits count even more.

"These results fit in the context of a cycle of anticipated and contained decline in net revenues and operating margins, attributable to the consolidation," the company said in a statement.

### 2020 recovery

Last year, revenue fell significantly for Armani, which posted 7 percent loss compared to previous years.

The company's overall gross operating profit was also down 5.4 percent.

The brand's founder, Giorgio Armani, predicted last year that results would be less than favorable, but emphasized that the company was more than ready to handle it.

Much of the negative results can be attributed to an internal reorganization, the company said, which has temporarily slowed down efficiency. The brand also cited stiff competition from other, larger companies such as LVMH and Kering, which have large stables of brands bringing in revenue.



*Armani faces stiff competition from LVMH. Image credit: Armani*

Comparatively, LVMH saw a strong first half of 2018 with a 10 percent revenue lift, pushed by leather goods and fashion.

The group saw a total revenue of 21.8 billion euros, \$25 billion at current exchange, while organic growth jumped 12 percent compared to the same time period last year. The United States, Asia and Europe were the markets leading LVMH's growth ([see story](#)).

Armani is confident that by 2020, things will turn around. The company believes that this slump is temporary with causes that are known and easily corrected within the next few years.

"This substantial level of liquidity offers the group the opportunity to make increasing investments in its own brands with confidence, in order to further strengthen its competitive position in global markets," Armani said in a statement.

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