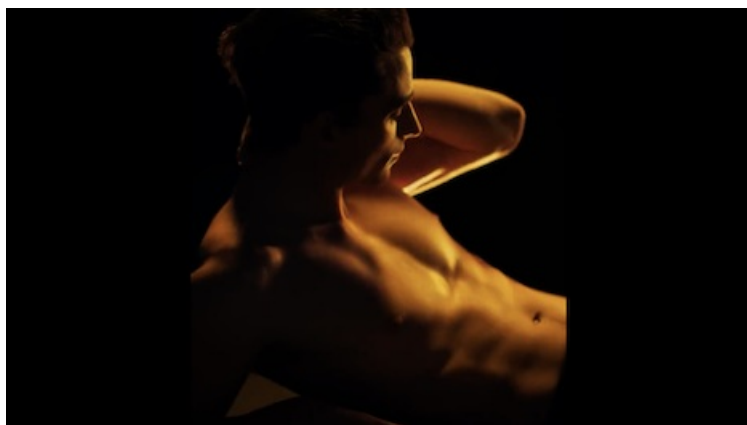


FRAGRANCE AND PERSONAL CARE

Esté Lauder Cos., in major beauty market consolidation, to buy Tom Ford for \$2.8B

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Still from the latest Tom Ford holiday gifting campaign. Image credit: Tom Ford

By MICKEY ALAM KHAN

U.S. beauty giant Esté Lauder Cos. will buy fashion brand Tom Ford for \$2.8 billion, gaining full control of one of the newest American luxury labels with a retail footprint encompassing 100 stores and shop-in-shops across key cities worldwide.

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The acquisition will be a combination of cash, debt and \$300 million in deferred payments to the sellers that become due starting July 2025. Esté Lauder Cos. will retain the Tom Ford Beauty brand while continuing to license the Tom Ford name to Ermenegildo Zegna for men's and women's fashion, accessories and underwear and to Marcolin for eyewear.

"We are honored that Tom Ford has been part of our ELC family for more than 15 years, from our first collaboration with the Esté Lauder brand to the launch of Tom Ford Beauty and through its most recent successes," said William P. Lauder, executive chairman of Esté Lauder Cos., in a statement.

The transaction is expected to close in the first half of calendar 2023.

Not just skin deep

Since its launch in 2005, **Tom Ford** has carved a name for itself in fragrance and cosmetics, fashion, eyewear, watches and other accessories, with bold advertising to boot.

Namesake Tom Ford and company cofounder Domenico De Sole both worked together at Gucci prior to founding the brand.

Per the deal, Tom Ford International CEO Mr. Ford will serve as the brand's "creative visionary" after closing and through the end of 2023.

Mr. De Sole, who is currently chairman of Tom Ford International, will stay on as consultant for the same period of time as Mr. Ford.

After the acquisition, Esté Lauder Cos. will expand the Tom Ford relationship with Zegna via a long-term license as

the Italian brand acquires the operations of the Tom Ford fashion business.

Both Este Lauder Cos. and Zegna will collaborate on the creative direction of the Tom Ford brand.

"[Este Lauder Cos. has] been an extraordinary partner from the first day of my creation of the company and I am thrilled to see them become the luxury stewards in this next chapter of the Tom Ford brand," Mr. Ford said in a statement.

"Ermenegildo Zegna and Marcolin have been spectacular longstanding partners as well and I am happy to see the preservation of the great relationship that we have built over the past 16 years," he said.

Per Este Lauder Cos., Tom Ford's current license with Marcolin, a leading global eyewear manufacturer, will also be substantially extended.

Cream of the crop

Competing with France's L'Oreal and, to some extent, U.S.-based Procter & Gamble Co., along with assorted brands from LVMH and Kering, Este Lauder Cos.' products are sold in nearly 150 countries and territories.

Brands in the Este Lauder Cos. portfolio include Este Lauder, Aramis, Clinique, Lab Series, Origins, M A C, La Mer, Bobbi Brown, Aveda, Jo Malone London, Bumble and bumble, Darphin Paris, Tom Ford Beauty, Smashbox, Aerin Beauty, Le Labo, Editions de Parfums Frdric Malle, Glamglow, Kilian Paris, Too Faced, Dr.Jart+ and the Deciem family of brands, including The Ordinary and NIOD.

Este Lauder Cos. first launched Tom Ford Beauty in 2006 with a collection of fragrance, makeup and skin care. The advertising and positioning of the brand is modern and glamorous.

"The brand has delivered impressive success, including growing strong double-digit net sales on a compound annual basis from fiscal years 2012 through 2022," Este Lauder Cos. said in a statement.

"In ELC's fiscal year ended June 30, 2022, Tom Ford Beauty achieved nearly 25 percent net sales growth as compared to the prior year, and over the next couple of years, we expect that the brand will achieve annual net sales of \$1 billion.

"The brand continues to have strong momentum across channels and key markets resulting in a prestige fragrance ranking in the top 15 in the United States and top 10 in China."

The acquisition of a key licensee will give Este Lauder Cos. more wiggle room to align Tom Ford's strategy with its own.

"As an owned brand, this strategic acquisition will unlock new opportunities and fortify our growth plans for Tom Ford Beauty," said Fabrizio Freda, president/CEO of Este Lauder Cos., in a statement.

"It will also further help to propel our momentum in the promising category of luxury beauty for the long-term, while reaffirming our commitment to being the leading pure player in global prestige beauty," he said.