

The Estée Lauder Companies to acquire the TOM FORD brand in US\$2.8 billion deal



Ermenegildo Zegna Group and Marcolin S.p.A. have entered long-term license agreements for TOM FORD fashion and TOM FORD eyewear, respectively

The Estée Lauder Companies Inc. has announced that it has signed an agreement to acquire the TOM FORD brand, a global leader in luxury. The transformational deal will establish its longstanding partner, The Estée Lauder Companies (ELC) as the sole owner of the TOM FORD brand and all its intellectual property.

“Under the stewardship of ELC, the purchase of the TOM FORD brand and the extension of its current licensing partners will allow for continuity and the further evolution of the TOM FORD brand as one of the preeminent global luxury brands of the twenty-first century,” reads the ELC press release.

The deal values the total enterprise at \$2.8 billion. The amount to be paid by ELC for the acquisition is approximately \$2.3 billion, net of a \$250 million payment to ELC at closing from Marcolin S.p.A.. ELC expects to fund this transaction through a combination of cash, debt and \$300 million in deferred payments to the sellers that become due beginning in July 2025.

Under the agreement, Tom Ford, Founder and CEO of Tom Ford International, will continue to serve as the brand’s creative visionary after closing and through the end of calendar 2023. Domenico De Sole, Chairman of Tom Ford International, will stay on as a consultant until that same time.

The deal will extend and expand the TOM FORD brand’s longstanding relationship with Ermenegildo Zegna N.V. (NYSE: ZGN) (“Zegna”, or “Zegna Group”) to include a long-term license for all men’s and women’s fashion as well as accessories and underwear. As part of this transaction, Zegna will acquire operations of the TOM FORD fashion business necessary to perform its obligations as licensee. ELC and Zegna will align closely on the creative direction to continue building on the luxury positioning of ₁

the TOM FORD brand.

The brand's current license with Marcolin, one of the leading global eyewear manufacturers, known for its superior craftsmanship and quality will also be substantially extended.

"We are incredibly proud of the success TOM FORD BEAUTY has achieved in luxury fragrance and makeup and its dedication to creating desirable, high-quality products for discerning consumers around the world," said Fabrizio Freda, President and Chief Executive Officer, The Estée Lauder Companies. "As an owned brand, this strategic acquisition will unlock new opportunities and fortify our growth plans for TOM FORD BEAUTY. 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."

In this transaction, Perella Weinberg Partners LP served as financial advisor to The Estée Lauder Companies Inc., and Paul, Weiss, Rifkind, Wharton & Garrison LLP served as legal counsel. Goldman Sachs & Co. LLC served as sole financial advisor to TOM FORD and Skadden, Arps, Slate, Meagher & Flom LLP served as legal counsel. Zegna received financial advice from UBS. Latham & Watkins LLC served as legal counsel to Marcolin.