

6th September 2016

Luxury & Consumer Goods

Safilo

Price EUR8.54

Licensing agreement for Max Mara extended until 2023

Fair Value EUR11 (+29%)

NEUTRAL

Bloomberg	SFL IM
Reuters	SFLG.MI
12-month High / Low (EUR)	11.8 / 6.3
Market Cap (EURm)	535
Avg. 6m daily volume (000)	105.0

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.3%	20.0%	-2.0%	-20.3%
Consumer Gds	1.4%	3.9%	4.7%	0.6%
DJ Stoxx 600	2.7%	2.7%	2.6%	-4.2%

	2015	2016e	2017e	2018e
P/E	77.0x	20.2x	43.2x	23.1x
Div yield (%)	NM	1.2%	1.8%	2.3%

ANALYSIS

- This morning Safilo announced the early renewal of its licensing agreement with the Italian fashion brand **Max Mara** until 31st December 2023 instead of 31st December 2019 initially.
- According to Safilo's CEO Luisa Delgado, Max Mara (BG ests: ~2-3% of sales) was one of the fastest growing brands within the licensed brand portfolio. The Max Mara license is positioned in the Fashion Luxury segment alongside other brands such as Hugo Boss, Jimmy Choo, Fendi and of course, Dior (even more high-end). With regards to the 2020 brand portfolio roadmap, Max Mara also belongs to the "Future Core" category that is expected to post a high single-digit sales CAGR over the 2014-2020 period, but we believe that Max Mara has achieved higher growth so far.
- In May, Safilo has also renewed in advance the licensing agreement for **Jimmy Choo** (until 31st December 2023). During the H1 2016 results conference call, Safilo's management confirmed that discussions exist to renew the Celine license (LVMH), which expires this year.

VALUATION

- As a reminder, Safilo posted robust organic growth in Q2 (+9% adj.), almost entirely driven by the licensed brand portfolio while the proprietary brand portfolio was a bit on the sidelines. We remain cautious in the ST because of the Gucci transition at the end of this year (+underperformance of proprietary brands) but the actions implemented over the last two years are starting to bear fruits.

NEXT CATALYSTS

- Safilo will release Q3 sales and KPIs on 9th November.

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