

15th September 2016

Luxury & Consumer Goods

Safilo

Price EUR8.17

New license: welcome to Moschino!

Fair Value EUR11 (+35%)

NEUTRAL

Bloomberg	SFL IM
Reuters	SFLG.MI
12-month High / Low (EUR)	11.8 / 6.3
Market Cap (EURm)	512
Avg. 6m daily volume (000)	105.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.9%	23.7%	-6.0%	-23.8%
Consumer Gds	-3.7%	5.1%	0.2%	-3.3%
DJ Stoxx 600	-2.2%	5.6%	-1.8%	-7.5%

	2015	2016e	2017e	2018e
P/E	73.7x	19.3x	41.3x	22.1x
Div yield (%)	NM	1.2%	1.8%	2.4%

ANALYSIS

- The positive newsflow about the licensed brand portfolio continues: following the early renewal of its licensing agreement with Max Mara last week, Safilo announced this morning a new licensing agreement with the Italian luxury fashion house **Moschino**. This contract will be carried out over the LT as the Italian luxury fashion house will partner with Safilo from January 2018 until December 2025 (eight years), with an optional extension for a further eight years! The Moschino licensing agreement is currently held by the Italian group Allison SpA.
- From January 2018, Safilo will produce two distinctive eyewear collections of optical frames and sunglasses: *Moschino* and *Love Moschino*. This licence is positioned in the Fashion Luxury segment, (retail price >EUR200 for *Moschino* and >EUR160 for *Love Moschino*) and will be distributed in selective optical stores, department stores and Moschino Boutiques. It is worth noting that Moschino, which belongs to Aeffe Group, generated revenue of EUR95.4m in H1 16, up 9.6% FX-n.

VALUATION

- In our opinion, the market should welcome this announcement. The licensed brand PF was almost the sole growth driver in Q2 (+9% FX-n adj.) while the proprietary brand portfolio was on the sidelines. We remain cautious in the ST because of the Gucci transition at the end of this year (coupled with underperformance of proprietary brands), but the actions implemented over the past two years are starting to bear fruits.

NEXT CATALYSTS

- Safilo will release its Q3 Sales and KPIs on 9th November 2016.

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