

7th December 2016

Luxury & Consumer Goods

Essilor

Price EUR100.15

Essilor muscled up its executive management

Fair Value EUR123 (+23%)

BUY

Bloomberg	EF FP
Reuters	ESSI.PA
12-month High / Low (EUR)	123.5 / 95.6
Market Cap (EURm)	21,842
Avg. 6m daily volume (000)	505.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.8%	-14.4%	-15.7%	-13.0%
Consumer Gds	0.1%	-7.4%	-4.2%	-6.9%
DJ Stoxx 600	4.8%	-1.4%	0.6%	-5.8%

	2015	2016e	2017e	2018e
P/E	28.1x	25.9x	23.8x	21.7x
Div yield (%)	1.1%	1.3%	1.4%	1.5%

ANALYSIS

- In light of a weaker LFL growth this year and tougher market conditions in some countries (US, Brazil, China), Essilor has decided to strengthen its executive management by announcing this morning the appointment of Laurent Vacherot as President and COO.
- From now on, Hubert Sagnières (Chairman and CEO) and Laurent Vacherot will share the Group's Functions: the former will take charge of "Central Functions" (i.e.: Human Resources, Finance, etc.) whilst the latter will oversee the "Market Functions" since all operational executives will directly report to Laurent Vacherot.
- Since August 2014, Essilor's top management team was composed of Hubert Sagnières and three co-COOs who were overseeing Central and Market Functions at the same time: **(i)** Laurent Vacherot (Corporate Finance, IT and Latin America), **(ii)** Paul du Saillant (Global Operations, Europe) and **(iii)** Jean Carrier (R&D, Strategic Marketing and North America). Paul du Saillant and Jean Carrier remain co-COOs.

VALUATION

- At 17x 2017e EV/EBIT the stock trades fairly in line with its 2004-16 historical average.

NEXT CATALYSTS

- Essilor will report its FY16 Results on 17th February 2017.

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