Safilo upbeat as final results show recovery from pandemic

By Sandra Halliday - 16 March 2022

Eyewear giant Safilo confirmed this week that its 2021 results were “well above” 2019’s figures. Its sales were €969.6 million, a rise of 7.5% on a currency-neutral basis, while adjusted EBITDA surged 25.7% to €81.5 million.

The company also managed to reduce its net debt to €94 million from €222 million. And it reported “strong progress in the execution of the business transformation”.

Safilo makes eyewear under its own and external brands, including Carrera, Boss, David Beckham, Isabel Marant, Jimmy Choo, DSquared2, Hugo, Moschino, Marc Jacobs and many more.

The Italian firm has been “rebalancing” the brand, product and channel portfolios, with own brands, prescription frames and the online channel all now “in strong progress”. And the implementation of a “customer-centric and consumer-oriented digital strategy [has] effectively strengthened the partnership with independent opticians”.

It also delivered a Q4 trading update and said total net sales were €232.2 million, “substantially stable”, while growing by 3.8% compared to Q4 2019.
Despite the business environment in the period being influenced by renewed restrictions following the spread of the Omicron variant, the organic sales performance “was again very positive, up 14.3% at constant exchange rates compared to the previous year, and 9.9% compared to 2019, thanks to the progress achieved by most of the main brands in the group’s portfolio”.

Sales in North America rose 13.3% on an organic basis compared to 2020 and 19.7% compared to 2019. In Europe those figures were an increase of 12.4% and a fall of 2.7%, while in Asia Pacific they were increases of 23% and 13.8%, respectively.

Europe was clearly the toughest market and was affected by a challenging comparison base due to terminated licenses. But the company said that on an organic basis, it made progress, particularly in markets such as Italy, France and the UK as far as prescription frames were concerned. The sunglasses category still struggled though as the market remained challenged in the particular business environment it was facing.

There’s no denying that the sunglasses market has been a tough one in recent years as the pandemic has dented key sunglass buying occasions – such as overseas holidays and summer socialising. It also hurt what are usually lucrative sales channels such as travel retail.

But CEO Angelo Trocchia remains upbeat. He highlighted how overall sales in the year recovered from their 2020 lows and that the company met its expectations for the year. He also talked up the effectiveness of the brand portfolio overhaul strategy implemented over recent years through the addition of new proprietary and licensed brands.

And he highlighted the strength of North America that was its “key growth driver against the backdrop of a strong post-Covid rebound in the United States”. That clearly justified the company’s “strategic choice, initiated some years ago, to invest in the market through a stronger commercial organisation”.

In fact, 2021 was a “record year” for Smith, which became the biggest brand in its portfolio.

Investment in the online channel also paid off and its online business increased to 13.4% of sales, up from 12.7% in 2020 and 3.9% in 2019. Although the difference between the figure for 2020 and 2021 may not be huge, it highlights how the company has been able to maintain online strength even during periods when the pandemic wasn't having a hugely negative effect on physical sales. And the comparison to 2019 clearly shows how the group really got its act together as far as e-commerce was concerned as the pandemic developed.

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