Safilo’s Q1 organic sales grow 14.3%

By Gianluca Bolelli - 4 May 2022

Angelo Trocchia, CEO of Italian eyewear group Safilo, commented favourably on the group’s Q1 results, stating that “we closed a positive first quarter, recording a solid start to 2022 thanks to our net sales, which grew by 8.4% at constant exchange rates compared to 2021 and, more meaningfully, to the improvement of our profitability, with gross margin reaching 55.0% of sales and adjusted EBITDA margin rising to 11.3%.”

Safilo’s net sales in Q1 2022 were €282.6 million, up by 8.4% at constant exchange rates and by 12.4% at current rates. The result in Q1 2021 was €251.4 million. Organic sales grew by 14.3% at constant exchange rates, driven by strong performances by Safilo’s proprietary brands, Smith and Carrera, and an encouraging start of the year by
by strong performances by Safilo’s proprietary brands, Smith and Carrera, and an encouraging start of the year by Polaroid.

Among the group’s licensed brands, Tommy Hilfiger, Kate Spade and Hugo Boss kept growing at a sustained pace, while David Beckham, Missoni, Isabel Marant and Under Armour, which have become part of Safilo’s portfolio more recently, are gradually becoming more important, increasing market share in the regions they are present in. Safilo also indicated that in Q1 2022 it launched new eyewear collections by Carolina Herrera, Dsquared2 and Chiara Ferragni, three new licenses that are proving popular on the market, compensating handsomely for the non-recurring revenue that was generated in the same period last year.

In Q1, the group’s frames business worldwide grew by 7.9% at constant exchange rates and by 5.2% in organic terms, maintaining the positive momentum enjoyed by Safilo within independent opticians, the group’s main distribution channel. Sunglasses sales too were buoyant in Q1 2022: they grew by 5.1% at constant rates and by 19.8% in organic terms, chiefly thanks to the significant sales rebound enjoyed by the product category in Europe.

Sales for Smith’s performance eyewear confirmed the double-digit growth rate recorded in 2021, maintaining strong momentum both in specialist sport equipment stores and online, through the brand’s direct-to-consumer activity. Smith’s performance, alongside the sales generated by Safilo’s pure player clients, contributed to increasing the group’s total online business by 9.4% at constant exchange rates in Q1 2022.

“We saw an encouraging pick-up in demand in Europe and continued progress in some of our key emerging markets in Latin America and the Middle East, while North America remained a stronghold despite a tough comparison basis, both in our traditional wholesale channels and in the online business,” said Trocchia, adding that “despite the challenges deriving from the developments of the COVID-19 pandemic, inflationary pressures and the conflict in Ukraine, we remain confident that the resilience of the eyewear sector and the effectiveness of our strategy will continue to support the Group’s sales and margin growth also in 2022.” Safilo’s recent performance in Asia has been affected by the new restrictions introduced to control the pandemic’s renewed spread there.

In Q1 2022, Safilo’s net income grew significantly, and so did its profit margin. Gross profit in Q1 2022 was €155.5 million, up by 22.8% compared to the same quarter in 2021, while gross margin grew to 55% of sales, improving by 460 base points compared to the 50.4% margin recorded in the same period last year.

From a financial standpoint, as of March 31 2022, the group’s net debt amounted to €109.1 million, marginally up from the €94.0 million as of December 31 2021, mainly reflecting the customary seasonality in working capital flows.

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