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APPAREL AND ACCESSORIES

Safilo offsets losses in Europe, North America with growth in Asia

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Safilo's revenue was up by 12 percent in Asia. Image credit: Max Mara

By STAFF REPORTS

In the first half of the year, Italian eyewear maker Safilo saw declining sales in major markets such as Europe and America while experiencing growth in developing markets around the world.

As part of the brand's results for the first six months of the year, Safilo saw an overall decline in revenue. While it may be down for the first half of year and potentially the second, Safilo remains confident it can be back on track by 2020.

"Our objective is to improve the performance of our company, focusing on few, very clear, priorities," said Angelo Trocchia, CEO of Safilo, in a statement. "First and foremost, we need to return to grow our top line, exploiting more and better the core strengths of the group: our product creation and development capabilities, our 140 years of eyewear manufacturing experience and our deep worldwide distribution network.

"We need to focus on our go-to-market execution, combining commercial capabilities, brand execution and customer service and leveraging our strong portfolio of brands, with regards to which I am glad to announce the renewal of the Fossil license (until 2023) and the extension of the Kate Spade license (until 2020)."

Revenue changes

Net sales were down by just more than 4 percent for Safilo in the first half of 2018.

While sales in North America and Europe were down by 17 percent and 8 percent respectively, sales in the rest of the world were notably better. Asia in particular accounted for a 12 percent increase in sales, helping to offset some of the losses in other regions.

Safilo expects that sales in the second half of 2018 and next year will also be low, with sales loss estimated to be at around 3 percent.

After that, the brand reports that 2020 looks to be a year of recovery and profitability, particularly as it invests more in the lucrative Asian market.

For example, Safilo is expanding its distribution network in Taiwan through an exclusive partnership with Luxasia.

Safilo expects to be back on track by 2020. Image credit: Safilo

The company, which makes eyewear for brands such as Jimmy Choo and Dior, has recently looked to grow its global representation through partnerships in markets such as Chile, Belarus and Kazakhstan. Along with retail placement, Safilo is looking to tap into Luxasia's capabilities to build branded in-store experiences (see story).

"We have revised our overall expectations for 2018 and in the second half of the year we will work on making the required adjustments and changes to reignite the engines of growth, while executing our cost saving initiatives," Mr. Trocchia said. "In the last couple of months, our action plan included the appointment of a new leader in North America, with deep industry knowledge to drive and develop our business in this strategic region.

"We are in the process of creating a leaner organization and therefore an agile, performance-based and customer-centric culture, able to respond more effectively to key opportunities and risks, and as a consequence significantly align our cost structure to the scale of the group, to restore an adequate and sustainable level of profitability."