

## Macrolin U.S.A. Eyewear Corp (sub of Marcolin Group)



**B+** 1 year PD  
0.60% to 1.89%

- Solid margins and low leverage (near debt-free), supported by a stable sponsor/parent entity ('B2'-rated) and broad brand portfolio, underpin overall credit stability.
- Declining revenue, weak cash conversion, and working capital volatility highlight liquidity management challenges despite modest FCF. US Tariffs are a moderate-high concern.

Strengths

- Portfolio & Parent/PE-backing:** Marcolin distributes over 20 licensed brands including Tom Ford, Guess, and Christian Louboutin, serving multiple consumer segments from premium fashion to activewear - reducing overreliance on any single product line. Parent entity Marcolin S.P.A is rated 'B2' with a 'stable' outlook per 5/24 (~'BB' equivalent on S&P's scale, or a 6.0), sponsored by PAI Partners.
- Exceptionally Low Leverage:** Net Debt/EBITDA was just 0.07x in FY-24, and Debt-to-Assets dropped to 2.9%, indicating strong solvency and minimal reliance on external debt to fund operations or capex.
- Above-Peer Margins and Cost Efficiency:** EBITDA margin improved to 8.5% in FY-24, well above their peers' 4.8%, reflecting effective cost control and pricing discipline in a margin-sensitive industry.

Challenges

- Revenue Contraction:** Total revenue declined by -11% from FY-22 to FY-24 (\$201mn to \$180mn), raising concerns over brand saturation, customer churn, or competitive pricing pressure.
- Working Capital Volatility:** A significant \$9.4mn YoY increase in Other Current Assets in FY-24 caused negative working capital swings, weakening liquidity and creating forecasting challenges.
- Tariffs:** The key risk lies on the supply side, with strong dependency on Chinese and other Asian producers and a constrained ability to shift sourcing. Customer pass-through flexibility is brand-dependent and partially cushions the blow.

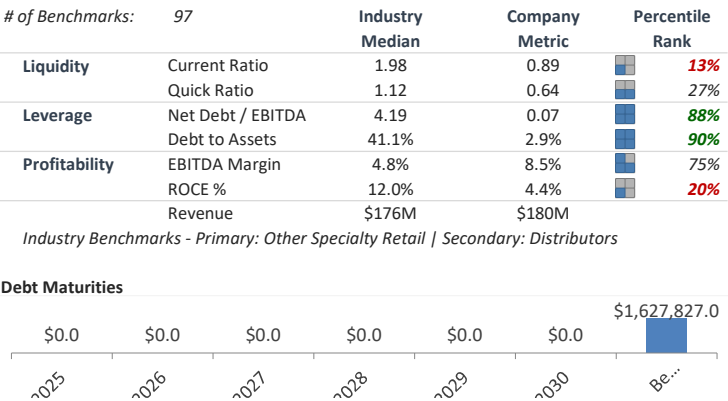
### Scorecard Summary

Financial vs Business Risk Weighting Factors					
	Ownership	Private (PE)			
	Company Stage	Stabilized			
	Financials	Complete (Unaudited)			
	Weight	Score	Dimension	Weight	Score
Financial	35%	7.1	Liquidity	25%	3.5
			Leverage	38%	9.0
			Profitability	38%	7.7
Business	65%	5.7	Industry Risk	15%	6.0
			Competitive Position	35%	4.8
			Mgmt / Governance	15%	6.0
			Sponsor / Parent	35%	6.4
Modifiers	-1.0		Financial Transparency		▶ (0.2)
			Trend Analysis		(0.25)
			Tariffs		(0.25)

### Company Overview

- |              |  |
|--------------|--|
| Headquarters | Somerville, NJ                                       |
| Type         | Private (PE)   |
| Employees    | ~2,000   |
| Year Founded | 1978   |
| Website      | https://www.marcolin.com/en/                         |
| Business     | Distributes (only!) licensed fashion eyewear in U.S. |
| Revenues     | \$179.6M   |
- Company Overview:** Marcolin U.S.A. Eyewear Corp is a licensed distributor (B2B) of premium and fashion eyewear in the US. Design and manufacturing are taken care of by the parent entity - Marcolin Group.
  - Product:** Marcolin distributes optical frames and sunglasses under exclusive licensing agreements. Its product mix spans high-fashion brands like Tom Ford, Guess, and Max Mara, activewear brands such as Skechers and Timberland, and new luxury entrants including Christian Louboutin (launching 2025).
  - Customers:** The company services a broad B2B customer base—optical retail chains, department stores, independent opticians, duty-free outlets, and online retail partners—across the United States.
  - Ownership:** Operates as a wholly owned U.S. subsidiary of Marcolin Group S.p.A., which is majority-owned by European private equity firm PAI Partners.
  - Debt Structure:** Net of Cash, the entity is effectively debt-free.
  - Basis for Assessment:** Company-prepared, and uncommented financials (income statement and balance sheets) from FY-22 through FY-24 with the latter being the most relevant.
  - Single Event Risks:** Loss of a major license (e.g. Tom Ford) would trigger immediate revenue loss with limited cost offset. Sponsor exit or deprioritization could remove critical financial and strategic support. Continued trend of declining revenue may soon eat into FCF. Prolonged negative impact of US tariffs.

### Financial Benchmarking & Debt Maturity Profile



### Financial Statement Highlights

\$ '000s	(C) Dec-22 T12	(B) Dec-23 T12	(A) Dec-24 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	201,448	197,244	179,650		-8.9%
Gross Profit	111,676	109,821	105,161		-4.2%
Adjusted EBITDA	15,856	14,918	15,319		2.7%
Gross Profit Margin	55.4%	55.7%	58.5%		+286 bps
Net Income	(1,571)	3,765	2,829		-24.9%
Balance Sheet					
Cash And Cash Equivalents	7,151	3,889	6,562		68.7%
Total Current Assets	80,567	82,457	89,690		8.8%
Total Assets	250,068	255,584	260,381		1.9%
Total Current Liabilities	99,560	101,939	100,875		-1.0%
Total Debt	41,084	5,614	7,674		36.7%
Total Equity	110,844	149,609	153,785		2.8%
Key Ratios					
Current Ratio	0.81	0.81	0.89		9.9%
Quick Ratio	0.45	0.53	0.64		20.4%
Net Debt / EBITDA	2.14	0.12	0.07		-37.2%
Debt to Assets	16.4%	2.2%	2.9%		+75 bps
EBITDA Margin	7.9%	7.6%	8.5%		+96 bps
ROCE %	5.3%	4.9%	4.4%		(50) bps

- Revenue has declined for two consecutive years, falling from \$201mn in FY-22 to \$180mn in FY-24, despite adding new licensing partnerships, a sign of headwinds.
- Despite stable EBITDA, Marcolin generated only \$2.8mn in OCF in FY-24, reflecting poor cash conversion and reliance on working capital swings to sustain liquidity.
- FCCR improved materially, reaching 2.97x in FY-24 (up from 1.18x in FY-23 and 0.09x in FY-21), primarily due to reduced interest costs following deleveraging.

### Business Risk Highlights

- Industry:** U.S. eyewear industry shows healthy demand, with a projected 5.4% CAGR through 2032, but is sensitive to brand perception, fashion cycles, and retail health.
- Competitive Position:** While Marcolin lacks scale dominance (vs. Luxottica), its diverse and prestigious licensing portfolio across fashion segments strengthens its defensive positioning within the category.
- Management:** **Limited U.S. operational disclosure; management effectiveness was inferred through consistent EBITDA delivery and negative cash flows.**
- PE Sponsor:** As a wholly owned unit of Marcolin Group (owned by PAI Partners), the U.S. entity may face constraints from broader group-level financing, licensing renewals, or strategic pivots driven by PE exit horizons. PAI Partners is a PE-firm HQ'd in Paris with origins dating back to 1872, when it was founded as Paribas Affaires Industrielles. Operating independently since 1998, the firm focuses on mid- to large-cap buyouts in Europe and North America. As of 2023, PAI Partners had about €26bn in AUM and has completed >100 investments across 12 countries since 1994, with cumulative equity deployed exceeding €15bn. They are particularly active in: Food & Consumer, Healthcare, Business Services, General Industrials, and Tech-Enabled Services.