

STRATEGIC PLAN 2011-2015 – Investor Day, September 29, 2011

Roberto Vedovotto, Chief Executive Officer

Okay. So, I think we're ready to start. I would like to say that this presentation may contain forward-looking statements based on current expectations and projects of the Group in relation to the future events. Due to their specific nature, the statements are subjected to inherent risks and uncertainties as they depend on certain circumstances and facts, most of which being beyond the control of the Group. Therefore, our actual results could differ even to a significant extent with respect to those reported in the statements.

It is a pleasure and a honor to be here with all of you today. And I also want to thank those of you that are connected via webcast.

I came here to introduce you my new senior management team and the main elements of the Safilo Strategic Plan. Before doing that, I would like say two important words, two very important words for all of us at Safilo. I want to tell you thank you.

I'm saying thank you to you all for two reasons. Firstly, because during the very difficult times our company went through recently, you did not let us down. After HAL decided to do the transaction, you have been supportive and you continued having trust in us, participating to the capital increase which was key to the future of our company. The second reason why I wanted to say thank you is because you are here and you have been very patient in waiting for this strategic plan. Today, we finally have a plan with a clear vision which I will illustrate to you during my presentation.

Let's now go into the objective of today's meeting. I want to first of all share with you where we are as a company. I want to introduce the new organizational framework and most importantly, the new senior management team. I will try to give you an insight on key facts in terms of the eyewear industry and the Safilo Group Strategic Plan 2015, sharing vision, strategic guidelines and business goals.

Together with the team, we will discuss brands and products. We will discuss house brand, EMEA, Americas, Far East, we then have a coffee break and we come back to go on with global supply chain and operations and financial highlights.

So, where we are? I am sure all of you remember that exactly two years ago, this was what was on the papers regarding Safilo. We as a company, were in the brink of a bankruptcy. Along entrepreneurial history of success based on a great, on a number of great intuitions strongly diluted by lack of focus for few years, namely 2006 and 2008.

The attempt to build a retail network with no money, no experience, no management team brought the company into a very difficult position in terms of results. As you remember, sales started to go down, negative growth 8% on average. EBITDA was very weak, 900 basis point loss quickly between 2007-2009. Financial leverage was huge, ten times, net debt on EBITDA and market cap as a consequent went down Euro 485 million, minus 75%.

Beyond these very weaker financial performance, the company had a number of issues. First of all, management structure. I think that the management team, the quality of the management team was poor.

Service to customer was extremely below expectations and the credibility of the company was under threat. Our brands and products were under pressure to be de-listed from point of sales. And last but not least, the relationship with our licensors, we are again under a lot of pressure as a consequence of the huge uncertainties surrounding the future of the company.

At the end of 2009, the start of the new Safilo became possible, thanks to the change of the ownership structure and the capital injection of HAL.

Performance started to improve again and finally some positive results started to materialize both, at P&L and financial results level. Sales started to go up again, plus 7%. Group profitability was recovering, plus 400 basis point and in first half 2011 as you might have seen was up even higher, plus 24%. And financial leverage was 2.4 times, the lowest of the last ten years.

On top of these encouraging business performance, key achievements were a new Board of Directors and within the Board of Directors we have been extremely pleased to have announced that Robert Polet has accepted to become our non-executive Chairman, because we are sure that with his heritage experience, knowledge of luxury and consumer goods products, he will certainly be a great help to all of us and to the company.

We also achieved a new organizational structure that we will discuss later. With a new very strong senior management team, some of them we met already during the lunch. We had achieved the global empowerment of Carrera as master brand. Sales of Carrera were up in the period 60%. And finally, even through difficulties, we were able on one side to renew some very important license agreement, Dior and Marc Jacobs and to sign some new very important license agreement, Tommy Hilfiger.

Now, let me talk to you about what I consider the biggest achievement that we have reached in the recent months. The new organizational framework, but most importantly and I have said it already few times, but I'm so convinced of it that I keep saying it, the new management team.

We had organized our business focusing on brands and products. The three business divisions: license brands, house brands and sport are focused on development, and brand portfolio management, positioning strategies, designing and product innovation, communication, trade marketing and PR. And finally, they are responsible to give guidelines for global commercial development of the brands.

We have organized our business focusing also on business regions, which are responsible for markets, channels and customers. The three business regions; EMEA, Far East and Americas are focused on channel policies, relationship with local and regional customers implementing consumer and trade marketing strategies at local level.

In order to do all of that, we needed to also focus on cross-function and corporate services, which are responsible for insuring that the divisions and business regions have all their proper tools and services to implement at best the defined strategies.

Clearly, key functions within the How are Group Chief Financial Officer and global supply chain logistics and operations. But what I am most happy and proud of is to introduce to you my new senior management team, Chief Financial Officer, Vincenzo Giannelli, long experience FIAT Group. I think I could not have been more lucky than having the privilege to be working with Vincenzo.

Supply chain and operations, logistics and product operations, Maurizio Roman. I think Maurizio is my biggest achievement of the last 24 months. Maurizio has worked many years for a number of very important Italian companies. Most recently, Technogym and Piaggio and I am so happy to have him on board that I never felt as confident as I am today on fixing operations and Supply chain at Safilo.

Licensed brands, Luca Fuso. I met Luca when he was General Manager of Diesel and I thought he is really the best at Diesel and I thought my dream is one day to work with Luca. I was finally able to convince him, most recently at being at Moncler. And I think under his leadership, the Licensed Brands division will keep performing well and we grow dramatically.

And finally, we just announced it, and Nicola sitting on the first row. Nicola Giorgi, joining us from Hogan, Tod's Group. Again, it took me long time to find a right person for the house brands. The house brands do represent the biggest growth opportunity for our company, it's where we want to really focus. I think no one could be better than Nicola in taking this challenge and I am sure that he will do it at best.

Importantly, we thought that we wanted to have some very experienced people with huge heritage and experience in the industry running the regions. So again, I am very happy that Mario Pietribiasi has accepted the responsibility to be EMEA Business Region Director, as well as I am happy that I have Ross Brownlee running Americas and Matteo Gaeta running Far East.

I think with this team in place, this is a completely different company that we have had in the past.

Now, with that our main challenges? First of all, I think the brand portfolio. With reference to licensed brand, the competitive landscape out there as you might have noticed is very aggressive. In all honesty, we thought we had an answer for Armani, but unfortunately we don't.

Our main competitor is extremely aggressively pursuing the opportunity. And there is only so much that we can do, we made our best offer, we stay close to the situation, but it is ultimately Mr. Armani's decision.

With reference to the house brands we have Carrera, where have Safilo and Smith, but I think we waited too long to focus our organization in the aggressive growth of the above mentioned brands. Now, we are finally ready. Organic growth will be key, but we are also considering potentials strategic acquisition to complete our portfolio of house brands.

The second challenge is certainly European markets. Western European markets are under pressure, and Mario will have a very challenging job in changing the current sales organization which is I must say very weak and has not performed well.

Third, management of complexity. Honestly, we have done too many things in the last years, too many brands, too many products, too many categories, too many SKUs, too many channels, too many customers. We need to focus. Less is more and we should learn how to reduce quickly complexity at all levels in our business model.

Before entering into the strategic plan let me give you a quick snapshot on what we think of the eyewear market.

Despite the huge uncertainty with the general economic environment, we have potentially some interesting news.

As you can see from here, 2009-2010 has been a reasonably okay. Frames and sunglasses wholesale hasn't been growing double-digit as they were growing in the past, but still plus 5.4% between 2005 and 2008 and 1.2% globally. Now, prescription frames balance the market performance growing at 1.8%. And the early signs in 2011 has been kind of encouraging if we exclude a number of South European markets like Greece, Portugal, Spain and Italy.

I think what would be the trends that will influence the future market developments are the following: Eye disease in mature market will possibly increase over the next decade. And this is mainly due to aging population and to increase use of laptops, computers, smart phones et cetera, even for children and teenagers.

The second element will have to do with number of eye medical visit converting into additional prescription frames.

We estimate an extra potential consumer target which will be huge. Solar forcing at global level has increased the awareness in the use of sunglasses.

And last but not least, talking about accessories, frames and sunglasses have become the coolest accessory in the consideration of adult women and men in Europe and in the U.S.

Looking forward, we believe that sale trends in the next five years will be okay. The market will go from 9.4 billion 2010 to 11.5 billion 2015. 4.2% CAGR; sunglasses, 6%, prescription frames, 3.3%.

Developed markets will be growing low single-digit. Europe, 2.6; North America, 3.3; Asia, plus 7%. The big development, developing and emerging markets will generate half of the expected growth in the next five years, plus 9.2% CAGR versus plus 2.7 CAGR in the mature market and within those markets, Brazil, plus 4.5%; China plus 8% and India, plus 20%.

Now with that in mind, we are ready to discuss our business vision and our strategic plan 2011-2015. We want to be the leading pure player in the global eyewear industry. Focusing on our core business, which is designing, manufacturing, marketing and selling to retailers branded frames and sunglasses, pure player means wholesale only.

So, we are going to go back to our DNA. As I said before, less is more. And as I always to say my team, better than before is not enough.

The enablers for this business vision will be having a balanced portfolio of superior brands, which will have to be loved by customers, retailers and licensors and we need to have a superior coverage capability.

Home brands in developing and emerging markets will represent an over proportional source of growth, reducing complexity and improving service are the areas where we needed to focus immediately.

We will achieve our ambitious goal following six strategic guidelines, that's the first one, outstanding brand portfolio management. We want to cover the entire spectrum of market segments with a selected portfolio of power brands. We want to strengthen our relationship in the high-end segment. We want to empower an aggressive growth strategy on house brands: Carrera, the global challenger in the diffusion segment, Safilo, smart prescription frames specialist. Smith, leading sport life icons.

We will achieve these objectives by being leading edge on design and marketing capabilities. The second guideline has to do with global market development and regional coordination. Strong coordination at regional level is a must. So, we will focus on selective profitable growth with our best partners in Europe and U.S. and aggressive growth in Far East in selected developing and emerging markets.

Number three, preferred partner top international and local retailers. We will focus on being considered the partner of choice of the best retailers in the world. Their success is our success. We'll implement selected and exclusive partnership agreements, long-term relationship will be key for our independent retailers.

Number four, efficient manufacturing, footprint and leading-edge service level. I said before we need to improve our efficiency.

Number five, complexity reduction. Complexity is something that we cannot afford anymore. We need to work hard on it and we need to make it happen very quickly. Last, we started from the top, we put together what I believe is the best possible team. But we will keep focusing on efficient organization and on quality people.

Now, we have developed our strategic plan on the following assumption. Number one, external growth is not included. We do have a number of possible upside projects under serious consideration, which have to do with new license agreement or brand acquisitions. Those are out of this plan.

Number two, it is an organic plan which includes the Armani license renewal with a very aggressive development plan for the Armani eyewear, which has been presented to our Armani management team.

Let me finally introduce to you the financial goals of the plan. We will outperform the market; sales will be up 30%. EBITDA margin will go back to 15%, so profitability will increase dramatically. Through positive cash flow generation and with a balanced financial structure, keep in mind that leverage will always be below two times.

I am now very pleased to give it to Luca and I will be back a little bit later.

Luca Fusco, Global Head of Licensed Brands Division

Good afternoon ladies and gentlemen. Thank you Roberto for your introduction. I have to say that I am really proud to have joined Safilo and to be part of this project.

I will now try to compress in a few minutes lot of different concepts. So, let's try to understand if things are not very detailed. But let's start with a brief analysis of the Safilo market segmentation that was presented before by Roberto. We are dealing with a huge market that is worth around Euro 10 billion. In this chart, we move from the left bottom square where the most important variables are price, that is called Smart Buy and functionality to the upper right square, where the variables are premium quality and involvement and emotion in brands and status.

As you can see, the market is divided into six main areas. And the first one, the high-end and luxury, we combined two segments that are pretty close to each other. The high-end is an high-tier market and delivers a fashion promise, a proposal addressed to young adults and adult people that are actually more loyal to the griffe concept rather than to brands.

For them, eyewear is necessarily branded and express their continuous search for keeping up to date and embody the latest fashion trends and price is not considered an issue.

The segment is made of some very strong and established brands, key players both in the eyewear as well as in the fashion industry.

Luxury brands deliver a luxury promise of course specifically addressed to well-off adult people. And in this area we include jewelry and absolute luxury brands of superior status delivering prestige and is mainly ladies driven.

The second market segment is the diffusion, that is also very important. It's an entry to mid-tier market and still delivers an important fashion promise. Especially for younger people that are very much brand aware.

Frames and sunglasses are an accessory that can be frequently changed. Basically, these people are willing to wear eyewear that is also worn by the rich and famous. This area of course is much more crowded with brands. There are few important brands and many brands that are coming and going.

Compared to the luxury high-end segment, this area is much more unisex, while the other is more driven by ladies.

In the value for money and sport area, this is an entry mid-tier market that is delivering a more functional and/or lifestyle and sporty promise encompassing from young to adult and mature people. They are not particularly fascinated by fashion and specifically look more for functionality or basic style, but only if this is reliable in terms of quality, and this is of course a more price sensitive segment.

The specialist area is an high-end market and is mostly addressed to men. Usually demanding and looking for superior performance in terms of comfort and duration.

The matured segment, it's again a mid-tier market that delivers a bread and butter promise within a second-tier griffe choice.

This is mainly addressed or adopted by more matured people that are reassured by brands echoing an idea of classic, elegance and style.

Safilo operates in the various segments with a well assorted brand portfolio. In the luxury high-end, we go from Bottega Veneta to BOSS from Gucci to Marc Jacobs from Dior to Armani and we have several more. In the diffusion, we go from Carrera to Marc by Marc Jacobs, from Emporio Armani to Tommy Hilfiger. In the value for money, sporty and specialist segment, we go from Safilo to Smith Optics and to the dedicated American lines specifically for the U.S. market. In the mature segment, we are present with Pierre Cardin and Liz Claiborne.

As you can notice, Safilo is heavily present in the high-end segment, whose size is over a Euro 2 billion. And this segment weighs on our revenues for about 50% and we actually enjoy a market share of about 22%. The same happens in the diffusion area, where it's slightly below two billion sales where we have a share that it is close to 20% also with a relevant weight on our sales.

In the remaining segment, the situation is different. We have a lower market share and of course also the weight on the Group revenues is lower. As it appears pretty clearly from the numbers, we are focused in about 70% of the market with a clear leading position in what we call the fashion sense area. And this is thanks to the ability of Safilo to develop innovative products, manage brands and to Safilo specific know-how.

Fashion sense, as we define it is an ever growing opportunity. We believe very much in this. And in analyzing the consumer market, we were able to highlight few interesting consumer trends around this concept.

The first one is called "Help me to choose". Because in a super crowded world, where there are thousands of brands, we need super brands that make us feel confident and support our choice with their own set of values.

Another trend is called "I". My frames and sunglasses can say something unique about myself and my personality through the use of precious material that are going from pure gold to horn, to leather to the fact that there is limited production, craftsmanship and so on and so forth.

Functionality is taken for granted. In this market, we're not expecting miracles or big technology quantum leaps. But all the possibilities are expected to be exploited with the use of eco-sustainable materials for instance and polarized lenses that are more and more commonly used, bio-based materials or technical enhancements like our Ex-cede lenses.

The fourth main trend is called "Stop blurring genders, men are back". There is pretty clearly a new focus on men. And now there are more masculine looks in the personal goods market and of course also in the eyewear.

So, now let's move on after this small picture of the market and of the trend, let's move to what is the Licensed Brands Division main goal, that is to be the leading fashion eyewear company in high-end and diffusion areas with a superior brand portfolio of selected and profitable licenses. So, as you have seen, we are very much focused in the high-end and diffusion segments and therefore our business goal is coherent with this.

We believe that this is a clear, precise and challenging objective meaning that we want to achieve and maintain in the long-term a leading position through a solid portfolio management strategy. And this is based on a few axis.

The first one is focus and strong goal on long-term partnerships with power brands. The second is nurture and develop potential stars in the eyewear market as well as fast growing brands. The third is to identify and track up and coming brands and also and why not, potential opportunities for new licenses with brands that are already consolidated in the eyewear market. Fourth is manage and select under-performing portfolio brands.

As Roberto said before, the strategic plan sees Safilo outperforming the market in terms of growth and notwithstanding the strong efforts that will be put into the development of house brands, the license brands will also grow and are set to grow by an average 6% from 2010 to 2015. Of course brands will have a different speed in the growth according to their current level and to what is their perspective into the eyewear market.

I will now give you a snapshot on what are the main highlights for some of our brands, of some brands that are part of our brand portfolio. These are the brands. So, let's start with Tommy Hilfiger. The last successful addition of 2010. Tommy is a key player in the diffusion segment.

It's a global alternative to consolidated brands. It's a brand with a very clear and defined identity, that is consistent with the positioning of Classic American Cool. It's a new cross offer that is offered at an affordable price. So, it's easy to wear, but with a cool American preppy twist. It's a great opportunity to grow in Europe and also the Americas, with also further development possibilities in travel retail and Asia.

Then Gucci. There is a lot to say about Gucci. I will just try to keep it short. We will focus effort on Gucci to fuel aggressive growth also in the coming years and maintain leading position in the high-end segment. We will continue developing and offering refined, sophisticated and innovative styles that are covering different consumers and market needs. We will focus on optical products for both men and woman to increase market share and penetration. Of course and very importantly, we are going to boost men' collections in all key markets. And we will push strongly on product innovation, pioneering sustainability and eco-compatibility in the industry. We already started with this and we want to go on with this as well. Lastly, we will expand distribution in emerging countries.

The Armani Group. Roberto has already anticipated something. We would know what will happen about Armani, but we have a strategy for Armani of course. And we believe that Armani is the most complete and targeted eyewear brand portfolio encompassing all key target segments.

Take Giorgio Armani for instance, with Giorgio Armani, we want to go back to the origins dedicating specific attention to details using understated simplicity to be the reference brand in the high-end segment, being the mastercraft exclusive with a global market presence, everywhere in the world.

And for Emporio Armani, it's the word premium diffusion brand. It's the strong and aggressive fashion challenger in the diffusion segment within an Italian fashion forward twist.

Armani Exchange is the entry point to the Armani world for younger consumers. We plan aggressive growth in Asia and America over the next years.

Then we have the BOSS Group. We plan a substantial growth with Hugo Boss, exploiting global brand awareness and a strong heritage in the sport sponsorships. Hugo Boss is the true alternative to the high-end and fashion brands with a more affordable price and the stretch into the sporty chic segment. Here you see Alex Thompson, the skipper of the Boss sail boat.

Boss Orange represents a new opportunity in the diffusion area that is appealing to a young consumer target and therefore is enlarging the Boss consumer base and distribution.

With BOSS Black, we want to leverage on men' apparel strength and appeal to men also in the eyewear market. And of course, there are additional opportunities that may come and will come from the women product offer.

Dior. With Dior the objective is the completion of the selective distribution program that we started at worldwide level, then increasing the amount of sales and penetration per door on a worldwide basis.

Another very important objective is the expansion of Dior Homme collection and sales in all key markets worldwide.

On Dior, we will focus very much on special projects, adapting a multi-level launch approach. And also we will increase the optical collection penetration for both Dior for ladies, and Dior Homme. And, lastly we will focus on some areas where we have still lot of room for development, namely, Asia with China as a priority, Middle East, Russia and also the United States.

Then we have Marc Jacobs International. Here, we look at an aggressive growth target over the coming years, where Marc Jacobs and Marc by Marc Jacobs collections shall be the new stars in the eyewear business and we are very much convinced of this. We will leverage on image and selectivity of Marc Jacobs to become a leading brand in the diffusion segment with Marc by Marc Jacobs. Here, we'll have significant marketing investments that will support the brand lines differentiation. Distribution enlargement will be key also to achieve global coverage for both lines.

Now, I would like to share with you the strategies to achieve the business area goals we've just seen.

We are looking at a circular approach that is going to leverage on firstly key company skills like Safilo's know-how, DNA, best industry practices, but also on company history and tradition. And we will put strong efforts and investments in key areas of development to make Safilo a leader in new technologies and in consumer approach. Thirdly, but not less important, what we are going to do is a noticeable change of mentality. Moving from focus to sell-in to special attention to sell-out.

When we talk about our outstanding design, now I'm going to try to talk to you through this strategy. So, when we talk about outstanding design and product developments, we refer to the ability of Safilo to design more than 1,300 models per year using more than 10,000 different colors, more than 10 different materials to create 3,000 plus prototypes within 12 months.

And all this make us to be considered, I would say without any doubt, the most creative and innovative company in the eyewear business that is recognized worldwide for interpreting new trends, gathering inspiration from the most different aspects of life, like design, architecture, fashion, nature.

But it's not only this, then we also have and we enjoy the highest quality and flexibility in the industry also in terms of manufacturing capabilities. And this means to be able to design and manufacture eyewear shapes and fitting to cover special needs for some very important markets like for instance China, India, Japan, Korea or even the U.S. And the specifications of the products in this case is highlighted by ad hoc communication activities and the use of testimonials that you can see in the picture and et cetera.

Then brand preferred partners. This is a very important skill for us and is part of the DNA of Safilo, because we want to be the brand preferred partners and the ability of managing and satisfy the most different partners expectation that are going from couture brands to the lifestyle brands is key in this case.

And Safilo is the first company that organized a fully integrated brand and product management team as the ideal counterpart to licensors on one side and to our manufacturing and commercial departments on the other. And our goal is to become overtime by far the best partner that any brand may desire to have in the eyewear industry.

And this is why we are devoting all possible efforts in strengthening and empowering the organization, developing additional management skills to achieving a total control of the entire brand value chain.

From sell in to sell out. We need to close the circle. And in order to do this, of course we need to work on a change of mentality moving very fast from a strong focus on sell-in to special and very specific attention to sell-out.

The heart of this change is relying on several different initiatives that are related to our ability to adopt and then implement, that is the most important thing, new ways of looking at the business specially under the respect of trade marketing and retail marketing. Here we have some examples and the first one is the Safilo eyewear category management project, whose goal is improving sell-out of a VIP panel of doors at worldwide level through a shelf management service that is aimed at achieving the highest visibility and turnover of Safilo selected brands in the selected point of sales.

As of today, we are able to serve over 50 key world cities in 11 different countries for more than 1,800 doors with using more than 40 professionals that are full time on the goal.

Safilo Smile, with the Safilo Smile project, our goal is to enhance sales and service level, creating the best possible assortment of all Safilo brands in a growing panel of point of sales.

Smile is an automatic re-assortment system, where Safilo is in charge of managing customer assortments, stock level and reorders and then Mario will talk further about this.

Safilo's sales force automation. This was an example just to show you how we can use innovative tools to enhance the brand and product story telling because now we can go to customers presenting with an i-Pad a video and having in this case Jenifer Lopez singing and start using more interactive tools than just showing the product.

Here also we have some features of our new product presentation that is combining the fashion house inspiration with the eyewear collection. Another example and for instance another important thing to say is that, in the U.S., we are already up and running order taking modules and full customer scorecards that are allowing sales people to be always updated on every single aspect of their customers, and the goal is to take this worldwide by 2013.

Moving on, the other very important point is the new focus on retail marketing. And here we can identify four main areas. The first one is, product differentiation that gives us the possibility to create specific products, colors or even capsule collections or specific collections that dedicated to specific cluster of customers guaranteeing a full exclusivity for the product life cycle.

Then we have visibility programs that go from permanent customized displays to be placed in store, shop in shop basically to special temporary fixtures and co-advertising activities to highlight the brand or product in the stores.

Then we have the traffic building that relays on special events, co-marketing activities, agreed between the brands and the customers. And then also we have the conversion, because in order to convert prospect customers into buyers, we need to assure staff-specific training, create sales contest, Safilo brand ambassadors that are going to promote the brands and also to more the classic consumer promotion.

So, all of these together should allow Safilo to enhance its capability to acquire new brands, manage the brand portfolio in a dynamic way, evaluating every single moment what is the attractiveness and profitability of each single brand. And this should allow us to always have a leading edge fashion eyewear portfolio in the high-end and diffusion area.

So, I hope this even if it was very brief, I mean I hope this helped in putting some light on the Safilo license brands division objectives and strategies. And I thank you very much for your attention.

Roberto Vedovotto, Chief Executive Officer

Okay. Thank you, Luca. Excuse me. I am back and I will talk to you about house brands. It will probably be the last time I do it, because then Nicola will be doing it going forward. But I am pleased to start to do it today.

I think the biggest challenge and the greatest growth opportunity for our company are house brands as I said before. Today, house brands represent 20% of our total company sales. Am I happy about it? Yes. Am I satisfied about it? No, absolutely not because I think this is not enough.

So, what we want to do is to have to develop and implement an aggressive strategy, to build the global power brands sustainable in the long-term. They will cover diffusion, specialist and value for money segments. The sales target is quite aggressive, plus 9%, which means in the organic plan, plus 45% in the next five years.

We will focus our investment on two drivers, the growth of the existing brands namely Carrera, which is our first priority. It is a highly potential master brand. Carrera will be the aggressive challenger in the diffusion segment and the growth rate will be on average 14% a year.

The second priority is Safilo, a lead international player in the specialist prescription frames. Safilo still has a great brand awareness in many developed markets. We will transform Safilo to become the smart choice for the best opticians in the world. Again, 11% growth on average. And Smith, the premium brand with a strong equity is definitely, Smith is definitely one of the top leading sport lifestyle brands and growth will be 9%.

The second focus will be acquisitions. If we really want to transform the weight of house brands towards a higher percentage of our revenues, 20% at the moment and something more significant. We cannot do it only through house brands that we have in our portfolio, we will have to do it through acquisitions.

Let's focus on the global strategy for Carrera. Carrera has a unique brand positioning. Since 1956 Carrera created design and technological glasses for those who live at full speed in the track as we say and in life.

"No regrets" So, this was the mood video through which we developed Carrera brand positioning strategy. And as you have understood is the new brand positioning. Excuse me. It has been tested in the markets and guess what the results were extremely positive. It is distinctive, compelling, relevant and consistent.

If you bear with me one minute, I will show you now the new official Carrera digital campaign which has gone on air since mid September.

Okay. Now since we are a little bit late, I'll try to speed up a little bit. The second business driver has to do with a balanced product range, architecture. Carrera will be a reference master brand in all product categories, sunglasses, prescription frames and sport. For all genders and age, man, women, unisex, kids, and teenagers and with a wide price range from 60 to 150 Euro. The priority in terms of design and product development will be to put a special attention to regional fittings.

Then third lever for growth will be strategic product innovation. We've done that through two axes at the moment. The first one is the technology driven performance, with the launch of the new Carrera Ex-cede, the performance machine as we call it.

The new Carrera Ex-cede, which has been launched by Ross and his team in the U.S during market week in August, combines breakthrough color enhancement technology with proprietary nanotechnology receptor for a revolutionary polarization embedded in the lenses.

As we say, it doesn't give you only more light, but gives also more life.

The second axis in which we wanted to develop our product innovations has to do with style and design through special capsule collections and through revamping iconic models. The endorsement of celebrities from music and fashion has been and will always be a key success factor.

To increase brand awareness we need to be aggressive in advertising. And in order to do so, our goal is to be perceived as the market leader in share of voice. And we have defined Carrera traffic generator system which will work 360 degrees through traditional and new media.

Of course, we need to work on regional expansion. Geographical expansion will be implemented through coordinated regional plans, capitalizing on the –huge success that we have had in the diffusion of Carrera in the European markets. By 2015 we will have full speed in 15 additional markets in the world, and Russia, Brazil, Mexico, China and South Latin America will represent over 30% of total Carrera sales. We will also try to increase the distribution of Carrera. The target is to have an additional 10,000 point of sales by the end of 2015. Of course, we will grow selectively with our best partners, the best SOs the world. They become the partner of choice. We will become their partner of choice and we will exploit fully the travel retail segment, which of course, is relevant to our consumer target.

Finally, last but not least, the sport heritage. We will keep leveraging on the expertise in the sport category to reinforce the brand equity. So we'll focus on winter sports in Europe and North America. We exploit the new opportunity in the bike business and we will test high-tech advanced performance solutions in order to then adopt those at the later stage in the mainstream segment.

As I said, growing house brands is a pillar of our strategy. I must say it is the pillar of our strategy. We need to focus our whole organization, and I am super happy to have Nicola Giorgi as the future driver given his automotive background of this success. Now, I would introduce very, very briefly the market because then I will have Mario, Ross and Matteo talking about it.

I think, we can talk very briefly about markets in terms of cluster. There are the mature markets. They now represent about 80% of our sales. We will have a selective growth into those markets, namely Europe, North America and Japan and Australia. And by 2015, they will be 70% of our total revenues.

Then we have the developing and emerging markets. At the moment they have 20% of our sales. They need to grow. We will have an aggressive growth, and they will then represent 30% of our total sales. If you then go into regions, EMEA represent 49% of our revenues. And we think that we're going to have selective profitable growth at a path of 6% per year in the next five years. Far East is 16% of our total share of revenues at the moment.

We wanted to be aggressive, and we think that we're going to be growing double-digit, at least 13% per year. And Americas is a cornerstone of our company, representing more than a third of our total sales. We think of that again we will expand at least by 5% a year.

Now, I hope I have recovered a little bit of time and I am super pleased to give the word to Mario which will come here to discuss EMEA with you.

Mario Pietribiasi, EMEA Business Region Director

Good afternoon. My name is Mario. I am heading business unit EMEA, that is Europe, Middle East and Africa. I'll give you just to start some key facts to introduce my area. We have our commercial presence in Western Europe, started to consolidate through our own subsidiaries in the late 80s. At the time we had the three subsidiaries in the area, very small indeed, they were Holland, Belgium, Denmark. The real growth started in the 90s when we opened all the other subsidiaries. Presently, we have a network of 15 directly owned organizations.

Then, we have established in the territories that are not covered by our own companies. We have developed a network of 25 distributors spread in Eastern Europe, Middle East and Africa. Italy has become in the 90s, the hub of our logistic distribution at the end of the 90s, in '99, in Padua we established a centralized automated distribution center.

From Padua all the goods are sent directly to the doors of each of our customer.

Presently, through our subsidiaries, we have in the territory 540 sales people, working exclusively with our brands and we are calling at around 35,000 doors. Starting from this organization, where we want to go? What we want to achieve in the next five years? It is a growth that is on a compounded average growth of 6%. It's a challenging time, we have a challenging task. We can do. The 6% will be done through natural growth of the market that should be forecasted to be around 2.6%. The rest is coming to the expenses of our competitors.

How do we think to achieve this is through a strategy that is as follow. So let's look at the territory. If we look at the territory of the business unit we can divide it in three main clusters. The first clusters is represented by Southern Europe where I add as well to it Austria, Switzerland and France.

The main characteristic of these area that is market that is highly fragmented. Our customers are mainly independent opticians, what is called the 3Os. We have to knock to each single door to sell our product. That means that we have to establish a widespread sales organization in the market of well-trained and well motivated sales people that are focusing on the sell-in to these stores. The sell-out will be provided through a separate organization of visual merchandisers that are calling at the same doors, negotiating for space for our product to be properly displayed and to generate traffic and conversion.

The second cluster is the Central and Northern Europe. The main characteristic of this cluster is that the market is basically, now entirely in the hands of a few powerful chains. In these countries we have two, three may be four chains, that accounts for 70-80% of the business developed. If you are not working with them you are out of the business.

To get in touch with these customers, of course, we need a totally different organization. It's not any longer in the hands of our sales people. We have to develop a network of key account managers that are completely dedicated to one, maximum two accounts with which they have to develop and deploy a strategy focused mainly on sellout. Sellout means negotiation of space, phasing, activities to generate traffic and to generate rate conversion.

The third cluster is represented by emerging countries. And is an area that is in full development in this moment. The main players are Russia, Turkey, Middle East and South Africa. This is a cluster where we have a very high appetite for brands. Brands is a statement of achievement of a social status. This high appetite for brands unfortunately is not supported by the right retail environment, we are still very backward.

The point of sales we are facing are traditional point of sales. They are not used to leverage on the equity of the brands. They are not able, yet, they didn't address yet to the importance of how you present the product, how you create the right environment to sell products that are of a very high average price and status.

Here, we must have a strong sales network, well-trained, able to explain what we sell, supported by, as well, a very strong visual merchandising organization that is fully devoted to support, on the point of sales, the sales to do the right training and to carve out the space necessary for our products. Of course all this, that is a very nice picture but it's not working by itself. It is not working at all if we don't have what is the fundamental ingredients for the success of every organization that is the right people.

In the last few months, we have been working very hard, as Roberto said, to reshape the company in terms of skills of our people in the company and the people in the field. In the last few months, we have new country managers in several key markets namely Spain, Italy, UK, Nordic and Greece. We are strongly working in re-convert some traditional figures that we have in the field in more highly-skilled and highly-trained position that is the creation of distribution managers. These are the people that are uniquely focused in one, maximum two brands, and are the leaders of our organization in the market.

And then, last but not the less important, the creation, or better, the further push the acceleration in creating a strong network of key account managers. These mainly in the central and northern area, that are focused in few accounts for each of them.

Another very important key to our success would be to improve our service. Our service in the past was little bit unsatisfactory. We are working on that. And one of the tools that we have is the pre-order. The pre-order is something that we have set in place through a selection of customers in the main countries in the territory. This selection of customers are customers that are able to detect the future trends.

They are invited well in advance of the start of each campaign to give their forecast and to place their orders. Well in advance means that we are able to tune our production in a way that when we really start the roll-out of the new models in the market, hopefully we have in our warehouse the right product at the right time. We have already started with this, it's working very effectively. We started to have the first feedback that are quite positive.

Then, we have another very important project we are working on. It is the CRM project. In the company, we have three major actors that are, on a daily base, interacting with our customers, and they are the sales force. They are the ECM that is the network of visual merchandisers operating in the territory and the call center. These three important actors will be supported by the same platform, sharing the same information, in a way that they talk the same language to the same customer.

A few more words about Eyewear category management. This is a tool that is essential, as I said before, there is an organization in the territory that is going to overlap with our sales people. This is an organization of visual merchandisers that are calling at the same doors to negotiate the space to train the people. They negotiate the space to give visibility of the product, to generate the traffic and the attention, and then to generate the conversion of sales.

We are presently in several countries, Spain, France, Italy and UK. In the next couple of years we want to expand this network as well to other countries that are very important like Portugal, Germany, Nordic and Russia.

The importance of the chains, as I said is growing. They are definitely the winners in this difficult situation of the market. They are actually the only one probably that are still growing because the independents are a bit in pain. So, for us they are becoming extremely important customers. We really have to give them special focus, we have to find with them long-term agreements.

We have to build a dedicated organization, that is focusing only on them and we have as well to develop for them an exclusive service level, that we are doing through a program that we call SMILE. As Luca mentioned before, Smile is a refilling program for the point of sale, that anyway is a step ahead of the usual replenishment program that you can find because it is not only replacing what you sell but is as well refreshing what you have in the store. And this is the step ahead. This is the difference with other programs that you find in the market. It's not that is going to repeat what you have sold, it's going to suggest to you and to put on the walls the products that are actually you need.

Another very important market for us is becoming travel retail. Travel retail as you know is a very fast-growing market. Our product category is among the top 20s in the travel retail, actually last year achieved number 13. And it's still growing with the fastest rate of growth. We have developed a dedicated structure because we strongly believe that for our product there is a huge potential. The end user is perceiving the advantage to buy in such an environment because there is an indisputable advantage in terms of price. And we have the right stage to display our product because it is a highly professional environment.

To conclude a few words about Russia. There is a lot of talking about these emerging market, Russia is a part of it. It is a very important market. We have a direct presence since 2009. So, we have been there for two years. Our presence is presently only on the six main cities. The objective is, in the next two three years, to grow and to reach at least 20 between 20 and 25 cities. We have, therefore, to reinforce our sales network and our sales network must be strongly supported by a serious investment in terms of visual merchandising. Because in this country it is a typical example. It reminds me of the China of the 90s where you have a beautiful product to offer, but environment, where you put your product, is very disappointing.

Actually they don't have a retail tradition. We have to teach and support them to create the right environment for our products in this market. This market, I want to mention, is a market that seems particularly sensitive to our house brand Carrera.

We had tremendous success in the year 2011. We are going to focus quite a chunk of our investments for the coming years because we believe it is a huge potential for the growth of the brand. That is all from my side and I am pleased to give the word to my friend, Ross. Thank you very much.

Ross Brownlee, Americas Business Region Director

Very good afternoon to you all. My goal firstly is to provide some context as to the areas which I am responsible. Then provide some insights as to the goals and the strategies that we have in place.

The Americas business unit includes four subsidiaries: Canada, U.S.A., Mexico and Brazil. A door each of about 45,000 and we have more than 400 reps in the field. Safilo U.S.A and Canada are the most long established entities we have, formed back in 1990 and 1991 respectively. And the core business in these regions has been to the optical market. The optical market being composed of independent opticians and doctors, corporate chains and mass merchants.

We currently in the U.S. are the market leaders and our overwhelming dependence is actually on the independence, which have the largest market share in terms of channel within the U.S. The most relevant chains are typically owned by our leading competitors and the mass merchants play in a space of priced product that is lower than the space in which we typically play.

We have a comprehensive portfolio of brands and really are focus and our offer is a very service-driven model because that is what the independent market is seeking. They are not going to be waiting for days to receive an order that have final customers placed with them. They need delivery the next day.

So our entire effort, our entire way of modeling the business is on that service centric model. We also have a comprehensive portfolio of brands that is really combining the best of both worlds. We offer the international portfolio, but as well we have a specific set of brands that are for the U.S., have their origins in the U.S., and the product is created stylistically considering the needs of mid USA, mid market USA. Brands such as Liz Claiborne, Kate Spade, and Banana Republic exemplify this. And we really have a very good fit in our offer combining the best of international and U.S. brands.

Where the more medical channel works very well for optical frames. Very often it falls short of maximizing luxury brands and particularly sunglasses, when they are less technical, more emotional in terms of the purchase drivers. So for this reason, a dedicated division exists within our company called Sunsight, which was established in 1994, and that's specifically with the remit to target the department stores like Neiman Marcus, like Sachs, like Nordstroms and make sure we have a committed focus to that particular channel.

The company also acquired in 2003 a mass market division called Outlook, which is really dedicated to the private label supply for some of the big U.S. big box retailers. The part that makes the U.S. truly unique is the fact that we do have a direct retail presence in the form of Solstice. We have approximately a 160 locations that play really a very specific role for the company.

The sunglass specialty retail landscape in the U.S., is really dominated by Luxottica with the SunGloss Hut banner. And Solstice is positioned to be the leading high-end specialty door with a focus on the most important cities. It's not trying to be everywhere, it has a specific remit and that remit is to be ensuring we have a valuable access to market for our brands in that Luxottica dominated retail landscape. We have these doors which clearly don't just offer Safilo brands, they offer a comprehensive portfolio of brands, but with a clear privilege for Safilo within it.

This provides our brands enormous window visibility, while also providing valuable real-time information as to what is working in our own portfolio and outside our own portfolio, that actually have significant benefits in the rest of the company at large.

I should now refer to the Latin American markets which from a U.S. Headquarter's perspective we're only started to taking responsibility for 2010. I think it's fair to say that this is a huge opportunity from a geographical perspective. While Luxottica is an absolute giant in the Latin American region particularly with Ray-Ban's the anchor brands. I think it's also fair to say that Safilo could not be accused of having tried to take the first move initiative in the area.

We were seriously slow to come to the party. That said, we are now focused on what the area can be bringing to us and we only opened up our Mexico subsidiary in 2008, just to give you a sense of the timing and how late we were to arrive, but clearly that is something I will talk to you.

So, now that we have some context to finding our space, I would really like to introduce our target and strategy by explaining how the region falls into distinct growth clusters. But it's clear that as was referred to earlier, we are expecting 5% growth from the whole region. Again the U.S. and Canada being a very matured area of the market and we have an enormous penetration today. We have a leading position in terms of market share.

While it's not particularly dynamic in the U.S., it's also particularly strong as it's enormously resilient in the phase of difficult economic conditions. So, while it's not particularly volatile in the upside nor is it particularly volatile on the downside, which is of enormous value when you're planning cash flow projections, et cetera.

So, moving on the clusters of the growth, we expect from U.S and Canada to have a selective profitable growth. While the markets themselves are not as dynamic, there is a big thing that we are doing at the moment which is decreasing the complexity of how we organize ourselves. When you have so many brands, it's very difficult to do justice to all and it's also difficult to manage 30-plus collections, and really maximize the profitability from doing so.

So, yes, it's important to have a broad portfolio to maximize the space you have in the point of sale. But through selective brand editing, we believe we can generate a higher marginality per unit sold. So, it's for that reason we describe it as selective profitable growth. For the Latam zone, we are really talking about very high double-digit growth. Through an increase in field presence distribution and penetration with individual doors, we are confident to build on the momentum already showing year-to-date. Aggressive growth is our goal in this under-exploited region. And Solstice, again this is going through a store restructuring process right now and through to next year where we will see a continued upgrading of the door portfolio.

So we have the different clusters, how about the strategy. Well, from a North America perspective, it's crystal clear that we have an enormous opportunity with our licensed portfolio of brands. But we have two strong pillars in Carrera and Safilo that are truly already trusted by our customer base and are designed and developed specifically for U.S. market needs.

The newly developed Carrera Ex-cede sunglass collection really offer best-in-class polarization. And its reliance on a break-through lens technology. But it's not just about the functional aspects, there has to be the functional aspects combined with the fashion element which is what truly allows us to set ourselves apart from the competitive set. And so far having only data launched in August, the trade feedback has been truly impressive.

And not only is it a sunglass that can be bring functional excellence for someone that doesn't have a prescription need, but we can offer the exact same functional benefits for those that have a prescription lens to be put in it, which realistically is limited in what the current market offering is for many of the competitors. So a combination of style relevance and forward-looking technology will be an anchor proposition to these proprietary brands in 2012 and beyond.

In terms of door segmentation, this is something that is a clear opportunity also in the U.S. and Canada. We have a good picture and a good presence in the market at large but we really need to break it down into individual pieces to segment it further. And by doing so, will mainly give us a major opportunity in how we handle our luxury brands. To profile those doors that can truly do a better job with our luxury portfolio is today something that we've not done enough of. And once we've identified those clusters and set up tailored programs for those customers, and employ dedicated visual merchandisers for making sure the brands truly resonate in the point of sale. We are highly confident that we can have a much better impact once the consumer enters the actually door.

A major point considering that we're very much driven by the independent doors where we're supplying in the U.S. alone more than 20,000, is that we have to make it easy to do business with Safilo. They don't want to be front-loading inventory. They don't want to be having to worry about the logistics piece of their business. They have their own business to run. So our focus is to take the difficulty out of them, managing the office part, the commercial part of the business. So they can focus on the doctor part of the business. We receive over 5,000 calls a day with people everyday placing orders on the phone, and we can ship those pieces the following day. And we have changed our offer in terms of the call center this year to really segment the elite performance of our customer base, and start having an outbound calling customer, so a call service level, whereby our people in the office are reaching out through our best customers, trying to anticipate problems. Really just having another point of reference, another touch with the customer so they can really feel at ease and confident in what Safilo can do for them.

We will be strengthening this outreach going forward. We also had a best-in-class B2B side that is constantly adding features and benefits for the user. Customers have access not just to our entire catalog but also our availability, so they can navigate themselves how to keep exactly in line with what their real needs are. They can see their all history, they can immerse themselves in product knowledge on the site.

I mean it's a real reference tool to maximize ways of doing business with Safilo. So, realistically, through technology and service innovation, we are positioning ourselves to appeal to the language our customers understand and value. Safilo really becomes a partner that is easy to work with.

From a Latin America standpoint, we're approaching it very differently. We don't have the high penetration today. We don't have the ten year sales organization. A traditional go-to-market strategy, really traditional model, is driven by a powerful sales force. A powerful sales force is very good at selling in product, not necessarily with an enormous consideration to what's going to sell out.

This is to some extent how we have been operating in Latin America historically because we were even one step removed, we were working through distributors to allow us to get in. So, our real understanding of the market was nominal.

We truly are mapping the door base. We are mapping the territory. Through the mapping each individual door, we are understanding what the potential needs are, the gaps in the door offer. There we are putting together a proposal that will truly work for that particular customer. It's not a one size-fits-all approach. This category management style is completely different from the sales model.

I mean here you have not an army of sales people trying to sell-in products, you have an army of merchants making sure the door is looking good, to make sure the right SKUs are in the point of sale, knowing what that door really needs. And the closer we get to the market, the closer we understand what really sells out, which means we're not taking random bets on where to build our inventory.

So ultimately, our time to market becomes shorter. No more the lead time that we've been offering customers in Latin America that up until this year has been, by far, the worst-in-class of the entire competitor set. But, I am entirely convinced that within the next 12 months, considering the space that we play in, with the brands that we play in, we will be at the best-in-class point of reference. And service rates means a great deal because in areas that are perhaps under-capitalized or whatever you are asking to front load risk that comes with an enormous amount of liability.

So the closer you are to understanding the needs of the market, the less risk the customers take in, the better we can service. And ultimately the better for both parties to engage in a partnership. So really lead time and service rates are key elements that we know will impact change very positively. So ultimately, less sales reps and more merchandisers of space is true of the whole area. So we have a subsidiary in Mexico, we have a subsidiary in Brazil, and Brazil we're even wanting to build up more of a local inventory on the fastest moving SKUs to ensure our time-to-market is more speedy.

In the non-subsidiary markets, we're trying to disengage from the distributor model and go and rely more on agents. So again, proximity to market is all very key. We were really late to the party but, now we're embracing the opportunity. From a final point, I would like to refer to the strategy for Solstice. As I said before, it remains for us the primary tool we have as a barometer of what's actually happening in the market, what works, what fails, what marketing tool is successful, what products are hitting the nail with the consumers' real taste.

We intend to maximize the window visibility of Safilo brands. The banner really is a hugely important platform for us to launch newer brands, Carrera got its real chance to be launched in the States because of Solstice when everyone else was walking away from it. It's because Solstice gave it that visibility for the rest of the markets to start catching up. But also revamping existing ones. We will continue our three channel strategy with regular stores which are, by far, the majority in the portfolio acting as the true image builders, Outlooks providing the home for potentially obsolete items. And e-com to provide also a benchmark for best-in-class e-com.

There is a lot of Internet sites out there that are hardly doing necessarily the right thing by branded standards. But at least we set the standard, and we are doing it visibly in terms of price points being respected in terms of use of inventory. What can they reference. So this is a very important investment we started making in the last 12 months that is really gearing up to becoming a very important story in its own right.

And critically the non-performing doors are being exited where possible now through 2013. So the Solstice banner can make an even more compelling contribution to the group's profitability. So I hope that gives you a taste of what we're doing in the Americas and for now, I thank you very much for your time and I pass it over to Matteo Gaeta for Far East.

Matteo Gaeta, Far East Business Region Director

Okay. Good evening, everyone. I am Matteo Gaeta. I am in charge of the Far East region.

Now, Safilo had a forward-looking approach to Asia since the mid of 90s when it was defined as the strategic area of development. In order to support and exploit this potential, Safilo was the first Italian company to have set up a fully-owned Headquarters in the region since 1994. At that stage, our operations were mainly focused on distributors and some marketing activities.

Consistently, with a vision to be directly present in the most important countries, Safilo now has nine direct subsidiaries in the area. And we operate with 15 distributors in countries where legal or commercial environment are not ready for direct presence. Of particular reference, is the company market dominance in the duty free channel whereas Safilo is the leader or the second best in all the markets where we are present.

The strategy, behind our presence in Asia has been eased and will be based on three pillars: strong control on distribution polices, product leadership with extensive Asian fitting development, store visibility. Today, Safilo is working with about 10,000 stores in a market that has more than 100,000 point of sales which very often, although having improved in a substantial matter, still lacks the level of quality required to properly offer lifestyle and fashion brands.

In order to supply the best stores, you will necessitate products that fit local demand. Before it was clear since 1998, the need to develop collection that would have fitted specifically Asian customers. So, at that time, we had decided to develop Asian fitting models. So, for 13 years our product developing team in Hong Kong, worked closely with the design team in Padua and fashion houses to develop products specifically catered for the Asian market. Since then, we've roughly developed 3,000 Asian fitting models between frames and sunglasses.

In 2011 alone, we have developed about 300 models across 17 brands, and we've also concentrated on some China fit models. So we've about 45 models which were developed specifically for the China market. Accurate door selection and dedicated product assortment has then been supported by strong marketing activity, aimed at maximizing presence and visibility at store level.

This reality is particularly prominent in China. Today if you go to Shanghai, Beijing, Wenzhou, Kunming, Chongqing, Dalian, Harbin and many other tier 1 and tier 2 cities, you will find some major retail space dedicated to Safilo brands to support current market leadership.

Now, as you know Asia, we're expecting to grow much more than the market. We're expecting to grow 13% as Roberto before presented our forecast for the market growth, the market is supposed to grow 7%. So, we are quite aggressive on the region.

What are the drivers that will allow us to sustain this level of growth? First of all, higher door penetration in light of an improved retail environment. Extending product offer with increased focus on China fit and Asian fit, extensive developments in Diffusion Lines and Carrera, improved staff rotation, deliveries and planning; and CRM projects.

Okay. Safilo divides the market in three areas. Developing countries, mature emerging countries, mature countries. We've selected six markets in this categorization to be presented today, which for turnover perspectives, are considered the most relevant in the coming five years. But the list is not exhaustive. For the developing countries, being China and India the strongest prospects, the objective is to aggressively grow through strategies aimed at developing the market with strong investments with a purpose to achieve market leadership or second best in the high-end and diffusion segment.

For mature and emerging countries the objective is to gain market share and further increase bottom line while for mature countries the objective is to defend and revitalize with a clear focus and maintaining bottom line.

With the regards of China, okay, Safilo Eyewear, which is Safilo China, has been set up in 2004, but presence in China dates back to 1998, when we had joint venture selling locally made frames and breeding a sales organization that was later absorbed by Safilo eyewear. Today, therefore, we have a deep knowledge of the market, very strong distribution platform and staff sales people, sales manager who work with Safilo for many years which are clear strong asset for the company. Today, Safilo Eyewear in China covers with its sales force almost all first Tier and second Tier cities with a objective to cover Tier 3 and Tier 4 cities in the coming years.

The second point we will exploit in the short and medium term is the increase of the offer of China fitting models, which differ from Asian fitting in terms of size and style. We have concentrated very heavily on China fit because this we believe is going to be a massive element of growth.

Carrera. We have been discussing about Carrera quite extensively so far, will be a full growth driver for the company with strong investments in 2012 and '14 and with dedicated advertisement campaigns focusing on China. With a soft launch in Beijing this year and a full launch is expected in 2012. Important investments are expected in trade marketing with high visibility projects targeting about 300 top stores by 2015. China is developing fast, as you well know, keeping,

maintaining and training talent is a critical area and this will be a full area of development for the market.

India. With regards of India, India is a market with a clear potential. With very important opportunities spread across a very fragmented retail environment in a very wide territory. The company is going through a management shuffle that should be finalized by the end of the year, to then finally focus on growth.

Starting from 2012 a key account structure will be setup to better focus on key customers and give them a better service and better stock deliver. We intend to introduce Smile, which has been extensively explained before, in order to further maximize our service rate to the customers which clearly was not very good.

In India, our door penetration is not strong. It's actually quite poor and we have tools in place and plans in place in order to reorganize the sales structure, increase the sales force and better penetrate the market. We are also actively working on a CRM system, which will allow customers to better relate to Safilo via web connection in a very large country. The CRM investment will be strong and important also for China.

Implementation of a visual merchandizing organization will indeed help the visibility of Safilo brands in the market and help grow the house brands and fashion brands.

Korea. We will discuss now about mature emerging countries that today are quite important for us and we believe that will be a growth driver for the years to come. Korea is a complex market with two channels. One is a department store channel, which is dominated by six players and the other one is 3Os, which is fragmented due to local regulation. Safilo Korea was set up in 2007, and we worked very hard to crack a market which still then had not any international corporation having a fully owned subsidiaries.

The business was difficult but last year and the first four month of the year, have been very good. We were able to penetrate both channel successfully, and the outlook of the market remains positive. In the medium term, we see Korea as a market with good potential, with a possibility to further strength our presence in the wholesale market where Safilo Korea works only with the top 5 to 10% of the doors and still mainly with sunglasses.

So, we will have good opportunities to penetrate the optical market.

There has been a very clear effort to increase visibility since visibility means sales. We approach some key retailers successfully and this will continue in the medium term. Department stores have five plus corners at the movement and we are looking to strongly increase the number of this permanent installations in the years to come.

Again Carrera, we discussed extensively, will be an important driver. And definitely diffusion lines which today cover a very small part of our market, will definitely be part of massive growth in the years to come.

Hong Kong. Hong Kong has been established 10 years ago and is a very successful player in the market. Thanks to the effects of China market development and thanks to the changes we can implement locally, I believe we can further grow the market. Introduction of key account management next year will bring additional sales as it has done in all the other markets where this implementation took place.

The company is extremely strong in fashion and luxury segment, but not as strong in the diffusion segment. Diffusion lines still have a quite bit of potential especially local markets, where Hong Kong residents shop, and where we have still very limited penetration. We are putting in place tools and sales structure to support further penetration of this segment. Battle will be fierce, but I believe that there is space to acquire market share. Carrera will definitely be an area of focus and we will benefit from the investments we are getting in China.

In terms of our strategy for the matured countries, there are two areas that I would like to touch today. One is Australia. Australia is definitely a very complex business environment, dominated by key chains where our major competitor has a dominant presence. In Australia we will strongly focus into improving efficiency and stock rotation. As Mr. Roman will talk later on. We will try to work and have a strong cooperation with some key retailers on specific brands and projects. And again, we will focus even further on Carrera house brands. Our presence of Carrera in Australia is strong, and this will be a further area of expansion, we believe.

With regards of Japan, which is a market very close to my heart because I spent about five year there, the market and the trend were quite positive before the catastrophe of the tsunami and the nuclear crisis.

Today, the country and specifically the optical industry are clearly suffering after this immense tragedy.

The way we approach and will approach the market is consistent with the last two years. Focusing is in maintaining and maximizing the bottom line. We've decided to maintain our pricing structure for all the collection without following the downward repositioning set by some competitors in the luxury segment in the belief that consistency with international positioning is relevant. And it has to be maintained.

Instead we've increased the offer in the diffusion segment of Asian fitting products lines in order to better cater the demand of price-conscious customers. Diffusion lines have become a more and more important part of our business there. And very relevant investment will be kept in that market in the segment.

In the next years we will also work very hard to improve our stock rotation, our planning, our efficiency in terms of management of the inventory, and these will additionally sustain the bottom line of the country.

Now I believe that I am the last one to speak. So I think that there is a coffee break, and I think there will be about 15 minutes coffee break. Thank you very much for your attention. Sorry, ten minutes coffee break.

Maurizio Roman, Global Supply Chain, Logistics and Production Operations Officer

Ladies and gentlemen, good afternoon. Roberto explained that that we aim to be a leading global value eyewear pure player with the balanced portfolio of superior brands loved by consumers, retailers and licensors, and superior geographic coverage capabilities. As far as the global supply chain and operation are concerned, it means that we have to achieve outstanding results in service level, innovation, quality and efficiency.

To be successful in these areas, we have launched many project among which the most important are: the new global organization, industrial manufacturing footprint, leading edge service level and cost reduction.

Now, I am going to describe each project. With the global supply chain and with a new global operation organization in place, it is possible to exploit global capabilities, scale and synergies, harmonizing a diverse set of rules and procedures to achieve efficiency in key processes, mainly in the quality through specifications, standardization and assurance quality centers in Far East.

In purchasing, exchange all information regarding all saving and innovation opportunities we can scout worldwide, balance production capacity across all plant within the Group and best practices sharing. For example, we have developed a new methodology in Italy to bend acetate frames. This new process eliminates instability of the shape of acetate frames with an important improvement of perceived quality and cost reduction. And in two months time, all plants have implemented this new process.

Another example, a common worldwide planning of sales and production, instead of an independent planning of each geographical area. In this way we do not double inventories, we better deal priorities and we reduce obsolescences.

Let's go with the second project. I like to start with an overview of the present situation. In Italy, we have three plants; Santa Maria di Sala, specialized in acetate and injected frames, Longarone, that manufactures metal and optyl frames and Martignacco that focuses on metal components. In Slovenia, precisely in Ormoz, we have a plant, highly specialized in Optyl design and productions. Of course, to be competitive also not made in Italy products, we have a very modern factory in China close to Shanghai. All plants together have a maximum capacity by technology of 15,000 for acetate frames, 18,000 for metal frames, 13,000 for Optyl and 10,000 for injected frames.

Based on the product portfolio and sales volume presented by my colleagues, the future footprint will be focused on efficiency through full exploitation of internal production capacity, productivity performance improvement throughout all plants continuing with implementation of lean production approach, growth of China plant, not only for components production, but also for finished goods. Furthermore, we shall maintain Made in Italy knowhow, keep in-house distinctive capacity.

Now, the third project, leading edge service level. This is the most important project because good results in this area raise satisfaction of our customer and have an immediate impact on their and our sales. To reach excellence in service level we put in place a specific panel of projects to achieve a continuous improvement of our performance in punctuality and flexibility of the deliveries.

These projects are: dynamic service stock, a new inventory management method to identify in advance and timely eliminate all the gaps in deliveries through a predefined set of actions. The basic concept of this approach is to work not on the present back orders but on the future back orders, in order to have enough time to prevent them.

Forecast accuracy improvement. The better forecast we make, the better service we can deliver and the lower inventory and obsolescences. We work on pre-order events for an early reaction to sales adjustment and our new software and procedure to forecast future sales. On time production delivery, we can have a good planning, a good forecast, but to have punctual deliveries to customer, we need also punctuality in production to feed the supply chain in the right way. We'll improve delivery reliability by removing capacity constraints, increasing punctuality of the suppliers.

Lead time reduction is very important to shorten the time of forecast and to increase the speed of reaction to the market requests.

We cannot forget the bottom line, so we have to work also on cost reduction. To achieve this target we have implemented a new organization, a new approach in the purchasing department, with the target of recovery 50% of the inflation of Asian products and saving 2% net in Europe, this every year that makes 10% and production efficiency through the involvement of all workers and unions with incentives link to results. A widespread program of Kaizen workshops based on lean manufacturing concepts and investments on automation.

Design to cost approach means design restructure and fine-tune an integrated product development process from briefing and product design to industrialization, production and distribution. The base concept of this approach is that every components of the team has to know the projected cost of the product under development, comparing it to target cost at every stage of the process. If we have difference, we have to intervene immediately.

Component standardization, minus 20% of components and materials is the target. Standardization of component is very important also for lead-time reduction because we can't keep on stock such components without creating obsolescences. Thus we can reduce lead time dramatically.

Let me conclude my presentation talking about the part of my job I like the most, innovation. To regain the leadership position we had in the past, we start setting very clearly the target and we have defined three objectives. First, to be present in all important technological new trends; second, to launch radical innovation at defined deadlines; and third, to launch a defined number of incremental innovations per year. As you can see the target is very challenging. But knowing the team and their knowhow, I am sure we can do even better than this.

For this purpose, we have created a multi-function innovation task force dedicated to scout, develop and launch new product solutions. This task force is driven by a committee composed by all of us here and plus style and technical managers. This new organization is already in place. And we have in pipeline, a lot of very innovative ideas, regarding innovative materials, surface treatments for glasses and frames and new functionalities. As you can understand, I cannot explain in details these innovations, because they are still confidential. But, I can assure you that we have a lot of work in progress.

Thank you for your attention. And now, I hand over to Vincenzo. Thank you.

Vincenzo Giannelli, Chief Financial Officer

Thank you, Maurizio. Ladies and gentlemen, good afternoon.

Roberto and the all team gave you already an extensive and deep overview of the strategic pillars of our plan. My task today is to present the financial highlights of the plan of course, but I will also try to show you as much as possible the consistency among the strategic pillars of the plan which have been presented so far, and the financial outputs that we are targeting.

I will start by mentioning the macroeconomic assumptions that we have made to develop our plan. And we have to say that this is a tough period of course, a period of slowing growth and rising risks. We experienced deep crisis in 2008 and 2009, crisis which was quoted as unprecedented since decades. After that, we show some recovery in 2010 and also in the first part of 2011. But now, the business environment is very uncertain. And in the short term, the general expectation as for weakening consumer trends in the mature markets, namely Europe and also U.S., while developing Asian countries and other fast growing markets should remain supportive. It is in this context that we have necessarily worked out a near-term expectations for our business.

Our strategic plan is meant to guide Safilo in the long term. And in the long term in this perspective, we rely on a scenario of a more stable macroeconomic environment with a positive growth in mature economies and a continuing momentum in emerging countries. As we have previously seen, the total sunglasses and frames market, our market, was hit by the crisis in 2008 and 2009, but overall was resilient also in those years.

In a most stable environment, this industry is expected to grow at a 2010-2015 CAGR of about 4% worldwide. In the mature Western European and North American markets moderately up 2.6 and 3.3%, respectively. And developing Asian countries continuing to outperform the average, growing at an annual average rate of 7%.

Before driving you through the Group's future outlook, I need to move a step back and summarize where we are coming from with a look, with a quick look behind to 2009 and '10 and the first part of 2011. 2009 was annus horribilis, net sales at 1 billion, poor EBITDA margin and net loss on the bottom-line, unsustainable net debt at €588 million with a leverage of more than 10 times.

In 2010, after the capital injection and financial restructuring, Safilo recovered by growing revenues, bringing EBITDA margin back to double-digit, breakeven on the bottom-line, positive cash flow and a sustainable net debt with a leverage of 2.4 times.

In the first part of 2011, Safilo was able to confirm and to some extent also strengthen this improvement trend. Total revenues grew by 7.8% like-for-like, EBITDA margin improved by 200 basis points from 11% to 13%, net profit reached €31 million, and we achieved a new record low, financial leverage of net debt over EBITDA below two times.

The drivers of these improvements were basically volumes growth aided by the market's recovery after the crisis on one side, but also the first effects of increasing management focus on affective sales and marketing practices and on efficient internal process and cost reduction programs. This is where we are coming from. But, what are the drivers of our future performance? How much can we leverage on external favorable conditions going forward? And how much do we need to rely on our actions? Where can we catch most of the value? And what are the main resources of our profitable and sustainable growth?

So, let me quickly elaborate on the main drivers of our financial performance. Sales volumes first. Sales volumes are growing, as the function of the combination of market's growth and Safilo brands outperforming the market growth on a like-for-like basis. This would be fully consistent with the strength of our brand portfolio, combined with effect that Safilo has strong market share in some of the fastest growing markets, such as China for instance, and has wide room to recover share in some other markets, Mexico to mention one, where in the recent past a strong competitive gap has been created by lack of focus and where only recently commercial operations have restarted on a completely new basis, as Ross explained before.

Then price and mix. The plan is at constant values and exchange rates, so we assume gross prices to be mostly unchanged. However, we consider some improvements in average net prices as a result of some specific actions related to new and more disciplined approach to pricing, including discounts, across the different markets and channels, mostly in EMEA. Besides that, we have also incorporated in our figures the effect of some selected actions in terms of brand and product re positioning.

With reference to mix, Safilo would also rely some positive efforts in terms of brand country and channel mix, which are the direct result of an aggressive development of those brands, countries and channels which do have better prospects in terms of a sustainable profitability.

Now product cost. There are clear signs of an inflation pressure over some cost elements coming from Asia, mainly labor in China and components sourced from Asia. As Maurizio explained in his presentation, we are confident to at least partially offset this pressure by leveraging on efficiencies and scale in the procurement area. Manufacturing efficiencies will be coming both from better utilization of the footprint and from the results of the process improvement programs which have been launched in our plants.

SG&A. In terms of selling, general and administrative cost, we have to consider that the biggest part of sales and marketing costs, royalties and marketing on licensed brands and to some extent also sales force costs are a direct consequence of contract obligations and are mostly volume driven. With reference to fixed cost instead, both in terms of sales and marketing overhead and G&A, the target is to limit the spending increase to half of the top line growth, which seems to be a reasonable way in order to balance the need to support developments with financial targets.

CapEx. Capital spending will be always lower than yearly depreciation, mostly related to product tooling and maintenance in manufacturing, without major problems in terms of capacity. In the chart, you do not see any reference to working capital, because in our plan working capital is growing consistently with volume growth and service level improvement targets. In the light of the output expected from the different projects and supply chain, most of which are already been launched and got preliminary results in the first part of 2011, our target is to maintain the net working capital on sales ratio constantly at current level and below 30%.

Let's now move to the financial highlights, starting from revenues. In 2011, we're targeting 1.1 billion revenues, which would correspond to a top line growth rate year-on-year of about 2% as reported. But mid single digit on a like-for-like basis at constant currency and perimeter. Under the current uncertainty, we assume that in case of deeper slowdown in Europe and the U.S., revenues could be slightly lower 1.1 billion.

Looking forward, our top-line would grow up to €1.200 to €1.250 million in 2013 and to €1.400, €1.450 million in 2015. Compounded annual average growth rate would be plus 5% in the first two year, in the first period, and plus 8% in the second period.

In terms of EBITDA, for full year 2011, a target of about €120 million and a margin of about 11% would be consistent with seasonality in Q3 and tougher trading conditions expected in Q4 as we see them now. In the long run, we see possible to get closer and eventually achieve the 15% margin target by the end of the planned period in 2015. In the shorter term, in 2013, EBITDA would growth to €150 million, corresponding to a 12.5% margin.

Now, I would like to give you an view of the EBITDA bridge with the focus on the performance drivers that I have commented before, both in the short term 2011-13 and in the mid-term 2013-2015. EBITDA is growing by 90 million in full period, 30 million between 2011 and '13 and 60 million between 2013 and 2015.

The contribution to profit improvement would come from sales volumes, especially in the second period from 2013 to 2015. But, it is even more important and meaningful to remark and highlight the growing contribution on one side of price and mix as a result of the improvements in sales and brand management. And on the other side of the efficiencies and cost reduction programs, we should offset the impact of inflation from Asia. SG&A would grow to sustain and support volumes growth, but at a much lower rate than sales, thanks to discipline in cost management and deployment of new IT programs. Sport and retail will improve their performance, while strengthening their mission in terms of brand empowerment, sport and product visibility and brand visibility for the retail in the U.S.

Now, let's move to CapEx, CapEx trend. The current utilization of our manufacturing capacity is pretty high with reference to labor, which makes our operations relatively efficient. But, it is in the range of 65 to 70% with reference to assets, mainly plants and machineries. So, our targets in terms of volumes growth would bring to increase the utilization without requiring additional major capacity.

As a consequence, CapEx programs in the plan period would be more or less stable at €20 million per year in manufacturing and most of it is either product related, for instance tooling and maintenance and replacement, while overall, there would be a peak in 2013, because of a higher recourse to investments in ICT to enable the business transformation programs. In any case, CapEx will be always be capped under one times annual depreciation.

The capital structure of Safilo is today balanced. Net debt is forecasted at around €240 million by year end. And the leverage ratio, net debt to EBITDA should be about two times. In the whole plan period, Safilo is able to generate cash flows of about €250 million. Net debt would go from Euro 256 million by year-end 2010, down to zero by reason of cumulative operating cash flow, namely EBITDA net of working capital absorption of about €700 million, cumulative CapEx of about €160 million and financial charges and taxes of about €280 million.

If we assume as a reference a two times ratio in terms of leverage, which is lower than covenant ratio under the current senior loan agreement with maturities 2015, we see a growing flexibility during the course of the plan.

Now, here I have the overview of the financial highlights of our plan. I have already commented most of the items of the single items, which are reported here. It is now time for me to handover to Roberto for his final remarks. Thank you.

Roberto Vedovotto, Chief Executive Officer

Thank you, Vincenzo.

Okay. So, I think it has been a long and I hope an interesting afternoon. And I wanted to thank you all for your patience and for your attention. In 1934 additionally entrepreneur started a greater venture with more than 70 years of growth. In 2009, the company was on the brink of bankruptcy. Thanks to the strategic commitment of the new majority shareholder and to the passion of the 9,000 people, working everyday with us, this Group has now a future.

With a solid shareholding structure, with some recent promising business performances, with a stronger financial position, with a new organizational framework and a new senior management team, we want once again to repeat that we will be the leading pure player in the global eyewear industry.

We now have six crystal clear strategic guidelines and our improvement initiatives are in place. Certainly, we have in our view, challenging goals for profitable growth. Net sales up 30%, EBITDA 15%, cash positive, zero net debt. We believe that we will create value for all stakeholders.

It is an organic plan as we said. So, once again, no external growth opportunities like new license agreement or house brands acquisitions have been included. And we have considered the same brand perimeter.

We're now ready to execute. Will it be easy? No. Will it require a lot of work and effort? Absolutely. Could we make it happen? As someone else will say: yes, we can. As the CEO of Safilo, what I can ensure you of is that, our 9,000 people will be working together doing their utmost to reach the objectives that we had shown to you today.

With no regrets. And you got my commitment, you got our commitment.