



Safilo Group

Q2 -1H 2009 Results

August 4, 2009

Disclaimer

This document may contain forward-looking statements relating to future events and operating, economic and financial results for Safilo Group. Such forecasts, due to their nature, imply a component of risk and uncertainty due to the fact that they depend on the occurrence of certain future events and developments. The actual results may therefore vary even significantly to those announced in relation to a multitude of factors.



Agenda



✓ Introduction



✓ Q2-1H 2009 highlights

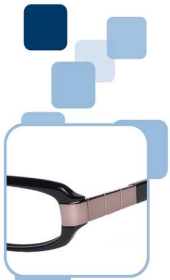


✓ Current trading



✓ Q&A

Introduction



- Still challenging market conditions in Q2, as expected:

- Improving trends in June

- Key themes in Q2:

- Carrera accelerating double-digit growth and gaining market shares

- Improving profitability of new collections

- Ongoing updates of high-end collections

- Reduced production efficiencies due to restructuring plan

- Non-recurring items impacting period profitability



Q2 2009 highlights

| <i>in millions of Euro and % of net sales</i> | Q2 2009 | Q2 2008 | % change |
|-----------------------------------------------|-------------------|-----------------|----------|
| Net sales | 274.2 100.0% | 311.0 100.0% | -11.8% |
| Gross profit. | 156.6 57.1% | 180.1 57.9% | -13.0% |
| EBITDA | 13.9 5.1% | 38.5 12.4% | -63.9% |
| EBITDA adj. | 21.3 * 7.8% | 38.5 12.4% | -44.6% |
| Operating result | (118.0) -43.0% | 28.2 9.1% | n.s. |
| Operating result adj. | 10.2 ** 3.7% | 28.2 9.1% | -64.0% |
| Group net result | (137.7) -50.2% | 7.9 2.5% | n.s. |
| Group net result adj. | (9.6)** (3.5%) | 7.9 2.5% | n.s. |

* gross of the provision of 7.4 million Euro for non-recurring costs related to the industrial reorganisation plan .

** gross of the provision of 7.4 million Euro and the goodwill write down of 120.7 million Euro



1H 2009 highlights

| <i>in millions of Euro and % of net sales</i> | 1H 2009 | 1H 2008 | % change |
|-----------------------------------------------|-------------------|-----------------|----------|
| Net sales | 562.1 100.0% | 637.0 100.0% | -11.7% |
| Gross profit. | 331.2 58.9% | 373.0 58.6% | -11.2% |
| EBITDA | 44.1 7.8% | 85.2 13.4% | -48.2% |
| EBITDA adj. | 51.5 * 9.2% | 85.2 13.4% | -39.5% |
| Operating result | (98.8) -17.6% | 65.1 10.2% | n.s. |
| Operating result adj. | 29.3 ** 5.2% | 65.1 10.2% | -55.0% |
| Group net result | (136.0) -24.2% | 21.1 3.3% | n.s. |
| Group net result adj. | (7.9)** -1.4% | 21.1 3.3% | n.s. |

* gross of the provision of 7.4 million Euro for non-recurring costs related to the industrial reorganisation plan .

** gross of the provision of 7.4 million Euro and the goodwill write down of 120.7 million Euro



Q2 2009 highlights

in millions of Euro

| | Q2 2009 | Q2 2008 | % change | CN |
|------------------|-----------------|-----------------|----------|--------|
| Net sales | 274.2 100.0% | 311.0 100.0% | -11.8% | -15.7% |

key drivers:

Sunglasses

- high-end products impacted by lower consumer demand and trading down;

-13.5%

Prescription frames

- resilient prescription business, especially in the US

-7.2%

Europe

- generally consolidating trading conditions. High volatility by country and month. Still impacted by higher penetration of high-end sunglasses;

-17.8%

America

- resilient prescription business at independent opticians (3os). Department stores more impacted by the slowdown;

-0.2%

-10.0%

Asia

- difficult trading in Japan and duty-free business.

-16.8%

-24.8%



Q2 2009 highlights

in millions of Euro

| | Q2 2009 | Q2 2008 | % change | CN |
|------------------|-----------------|-----------------|----------|--------|
| Net sales | 274.2 100.0% | 311.0 100.0% | -11.8% | -15.7% |

key drivers:

| | | | | |
|---------------------------|----------------|----------------|--------|--------|
| <u>Wholesale business</u> | 245.2 89.4% | 282.6 90.9% | -13.2% | -17.1% |
|---------------------------|----------------|----------------|--------|--------|

- Lower demand for sunglasses and higher consumer preference for more affordable products
- Positive forex impact

| | | | | |
|------------------------|---------------|--------------|-------|-------|
| <u>Retail business</u> | 29.0 10.6% | 28.4 9.1% | +2.1% | -1.8% |
|------------------------|---------------|--------------|-------|-------|

- N° of stores 327 283 +16%
- Comps sales -19%



Q2 2009 highlights

| <i>in millions of Euro and % of net sales</i> | Q2 2009 | Q2 2008 | bp change |
|-----------------------------------------------|---------------|-------------|-----------|
| EBITDA adj. | 21.3 * | 38.5 | |
| | 7.8% | 12.4% | -460 bp |

key drivers:

- **GROSS MARGIN effect:** -80 bp
 - improving profitability of new collections thanks to product development processes and lower levels of obsolete products in stock
 - reduced production efficiencies due to restructuring process

- **Low flexibility on SG&A fixed costs:** +380 bp
 - bigger retail network and comps sales performance
 - A&P costs driven by mandatory expenses and focus on house brands

| | | | |
|---------------------------|---------------|-------------|---------|
| <u>Wholesale business</u> | <u>21.1 *</u> | <u>36.8</u> | |
| | 8.6% | 13.0% | -440 bp |
| <u>Retail business</u> | <u>0.2</u> | <u>1.7</u> | |
| | 0.8% | 6.1% | n.s. |

* gross of the provision of 7.4 million Euro for non-recurring costs related to the industrial reorganisation plan



Q2 2009 highlights

| <i>in millions of Euro and % on net sales</i> | Q2 2009 | Q2 2008 | bp change |
|-----------------------------------------------|---------------------------|--------------------|-----------|
| Group net result adj. | (9.6) ** (3.5%) | 7.9 2.5% | n.s. |

key drivers:

| | | |
|-----------------------------------------------------|------|------|
| • Net financial charges: | 8.1 | 12.9 |
| (including exchange rate differences) | 3.0% | 4.1% |
| - Net forex exchange gain of 5 million euro in 2009 | | |
| • Taxes: | 10.8 | 6.9 |
| | 3.9% | 2.2% |
| - No differed tax assets accrued | | |



1H 2009 highlights

in millions of Euro

1H 2009

Free cash flow

(18.6)

key drivers:

| | |
|-------------------------------------|--------|
| Cash flow from operating activities | 0.9 |
| - net profit and other changes | 14.1 |
| - change in working capital | (13.2) |
| Cash flow from operating activities | (19.5) |

Net financial position

592.1

change vs FY 2008 position of 570.0

+22.1



Current trading update

- Looking to Q3 2009:

- consolidation of market trends;
- new collections achieving better profitability;
- outstanding results for Carrera





Appendices

Net Sales breakdown - Q2

| <i>in millions of Euro</i> | Q2 2009 | Q2 2008 | % change | CN |
|----------------------------|-----------------|-----------------|----------|--------|
| Total | 274.2 100.0% | 311.0 100.0% | -11.8% | -15.7% |

By geographical area

| | | | | |
|-------------------|----------------|----------------|--------|--------|
| Europe | 125.2 45.7% | 152.3 49.0% | -17.8% | -16.9% |
| America | 106.2 38.7% | 106.4 34.2% | -0.2% | -10.0% |
| Asia | 36.6 13.3% | 44.0 14.1% | -16.8% | -24.8% |
| Rest of the world | 6.2 2.3% | 8.3 2.7% | -25.3% | -19.5% |

By product category

| | | | |
|--------------------------|----------------|----------------|--------|
| Sunglasses | 158.4 57.8% | 183.2 58.9% | -13.5% |
| Prescription frames | 105.3 38.4% | 113.5 36.5% | -7.2% |
| Sport products and other | 10.5 3.8% | 14.3 4.6% | -26.6% |



Net Sales breakdown - 1H

| <i>in millions of Euro</i> | 1H 2009 | 1H 2008 | % change | CN |
|----------------------------|-----------------|-----------------|----------|--------|
| Total | 562.1 100.0% | 637.0 100.0% | -11.7% | -15.4% |

By geographical area

| | | | | |
|-------------------|----------------|----------------|--------|--------|
| Europe | 256.9 45.7% | 319.3 50.1% | -19.5% | -18.5% |
| America | 216.2 38.5% | 219.6 34.5% | -1.5% | -11.2% |
| Asia | 73.7 13.1% | 82.2 12.9% | -10.3% | -18.8% |
| Rest of the world | 15.3 2.7% | 15.9 2.5% | -3.8% | +8.0% |

By product category

| | | | |
|--------------------------|----------------|----------------|--------|
| Sunglasses | 320.9 57.1% | 370.3 58.1% | -13.3% |
| Prescription frames | 214.5 38.1% | 231.9 36.4% | -7.5% |
| Sport products and other | 26.7 4.8% | 34.8 5.5% | -23.3% |



Financial highlights by channel - Q2 reported

in millions of Euro

Q2 2009

Q2 2008

% change

CN

Total business

| | | | | |
|------------------|-----------------|-----------------|--------|--------|
| <u>Net sales</u> | 274.2 100.0% | 311.0 100.0% | -11.8% | -15.7% |
| <u>EBITDA</u> | 13.9 5.1% | 38.5 12.4% | -63.9% | |

Wholesale business

| | | | | |
|------------------|-----------------|-----------------|--------|--------|
| <u>Net sales</u> | 245.2 100.0% | 282.6 100.0% | -13.2% | -17.1% |
| <u>EBITDA</u> | 13.6 5.6% | 36.8 13.0% | -62.9% | |

Retail business

| | | | | |
|------------------|----------------|----------------|-------|-------|
| <u>Net sales</u> | 29.0 100.0% | 28.4 100.0% | +2.1% | -1.8% |
| <u>EBITDA</u> | 0.2 0.8% | 1.7 6.1% | n.s. | |

Financial highlights by channel – 1H reported

in millions of Euro

1H 2009

1H 2008

% change

CN

Total business

| | | | | |
|------------------|-----------------|-----------------|--------|--------|
| <u>Net sales</u> | 562.1 100.0% | 637.0 100.0% | -11.7% | -15.4% |
| <u>EBITDA</u> | 44.1 7.8% | 85.2 13.4% | -48.3% | |

Wholesale business

| | | | | |
|------------------|-----------------|-----------------|--------|--------|
| <u>Net sales</u> | 507.7 100.0% | 584.0 100.0% | -13.1% | -16.8% |
| <u>EBITDA</u> | 46.6 9.1% | 83.4 14.3% | -44.1% | |

Retail business

| | | | | |
|------------------|----------------|----------------|-------|-------|
| <u>Net sales</u> | 54.4 100.0% | 53.0 100.0% | +2.6% | +0.6% |
| <u>EBITDA</u> | (2.6) -4.7% | 1.8 3.4% | n.s. | |

Consolidated balance sheet

| <i>in millions of Euro</i> | 1H 2009 | 2008 | change | 1H 2008 |
|-----------------------------------|-----------|---------|--------|---------|
| <u>Net working capital</u> | 382.5 | 368.3 | +14.2 | 386.5 |
| <u>Tang.-intang. fixed assets</u> | 936.2 * | 1,058.7 | -122.5 | 997.0 |
| <u>Financial fixed assets</u> | 12.6 | 13.2 | -0.6 | 13.4 |
| <u>Other assets/(liabilities)</u> | (72.0) ** | (65.9) | -6.1 | (51.7) |
| <u>Net capital employed</u> | 1,259.3 | 1,374.3 | -115.0 | 1,345.2 |
| <u>Net financial position</u> | 592.1 | 570.0 | +22.1 | 541.2 |
| <u>Minority interest</u> | 8.9 | 8.4 | +0.5 | 5.0 |
| <u>Shareholders' equity</u> | 658.3 *** | 795.9 | -137.6 | 798.9 |

* impacted by the goodwill write down of 120.7 million Euro.

** impacted by the provision of 7.4 million Euro for non-recurring costs related to the industrial reorganisation plan

*** impacted by the provision of 7.4 million Euro and the goodwill write down for 120.7 million Euro



Net working capital

| <i>in millions of Euro</i> | 1H 2009 | 1H 2008 | change | % change |
|----------------------------|----------------|----------------|--------------|---------------|
| <u>Net working capital</u> | <u>382.5</u> | <u>386.5</u> | <u>-4.0</u> | <u>-1.0%</u> |
| <u>Trade receivables</u> | <u>307.4</u> | <u>342.3</u> | <u>-34.9</u> | <u>-10.2%</u> |
| <u>Inventories</u> | <u>233.0</u> | <u>241.9</u> | <u>-8.9</u> | <u>-3.7%</u> |
| <u>Trade payables</u> | <u>(157.9)</u> | <u>(197.7)</u> | <u>+39.8</u> | <u>+20.1%</u> |



Consolidated free cash flow

| <i>in millions of Euro</i> | 1H 2009 | 1H 2008 |
|---------------------------------------------------------------------------|---------|---------|
| Cash flow from operating activities prior to change in working capital | 14.1 | 42.0 |
| Change in working capital | (13.2) | 13.0 |
| Cash flow from operating activities | 0.9 | 55.0 |
| Cash flow from investing activities | (19.5) | (57.4) |
| Free cash flow | (18.6) | (2.4) |

