



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A.  
APPROVES THE RESULTS AS AT SEPTEMBER 30, 2012**

**Padua, November 6, 2012, h. 6.40pm** – The Board of Directors of Safilo Group S.p.A. today reviewed and approved the results of the third quarter and first nine months of 2012.

The results achieved by Safilo in the third quarter are consistent with the key trends and business dynamics that had characterized the second quarter. Safilo closed the first nine months of the year with top-line organic growth, holding on to profitability and keeping a solid financial profile.

Net sales in the third quarter of 2012 grew by 8.2%, benefitting from the progression of the organic revenues, the consolidation of Polaroid Eyewear and the appreciation of the US dollar.

In line with company expectations, sales and operating margins were affected by the contraction of the brands being phased-out, which however did not prevent Safilo from registering a significant improvement of the net result.

At the end of September, the Group net debt was further reduced compared to the end of June, standing at Euro 223.8 million and confirming a financial leverage of 2.0x.

**Economic highlights**

(in millions of euro)	9M 2012	9M 2011	% change	Q3 2012	Q3 2011	% change
Net sales	862.4	833.5	+3.5%	249.1	230.2	+8.2%
Gross profit	509.1	497.6	+2.3%	143.8	133.3	+7.9%
%	59.0%	59.7%		57.7%	57.9%	
EBITDA	85.9	97.6	-12.0%	15.2	17.4	-12.5%
%	10.0%	11.7%		6.1%	7.6%	
Operating profit	56.9	70.0	-18.8%	5.7	8.2	-30.6%
%	6.6%	8.4%		2.3%	3.5%	
Group net profit/(loss)	20.9	26.6	-21.5%	(0.6)	(4.7)	+86.2%
%	2.4%	3.2%		-0.3%	-2.0%	

Roberto Vedovotto, Chief Executive Officer of Safilo Group, commented:

*“Throughout the third quarter we continued to work with determination along our operating and strategic guidelines that are translating into an organic growth of our core business. Our main focus has been on the sales growth of the go-forward brands, on the further international expansion of Safilo’s brands, on the Polaroid integration and on minimizing the negative impact of the Armani loss.*

*In addition, Safilo continued to register a positive operating performance despite the phasing-out of the Armani licenses and a solid financial profile also in light of cash flow generation.*

*During the last quarter, we continued to strengthen and to foster the visibility of Safilo brands. In this context we signed an agreement with one of the most important creative agencies in the world, Wieden+Kennedy, for the development and production of Carrera’s next global communication campaign, focused on positioning the brand as a distinct point of reference in the global eyewear industry. At the same time we have also signed an agreement with KKL D, one the most innovative agencies in the world, to realize the new campaign for Polaroid which will encompass both the rational and the emotional elements of such an iconic brand into the eyewear industry.*

*Despite the current challenging market conditions, we remain focused on the implementation of our strategy and believe that today’s challenges represent the best opportunities of the future!”*

# Press release

## Key economic and financial performance

In the third quarter of 2012, **Group net sales** reached Euro 249.1 million, growing 8.2% compared to Euro 230.2 million recorded in the third quarter of 2011 (+0.8% at constant exchange rates).

The performance of the period benefitted from the sales increase of sunglasses and prescription frames, partially counterbalanced by the contraction recorded by the sport business of the ski goggles and helmets especially in the North American markets.

The wholesale business registered an increase in turnover of 7.8% at Euro 228.2 million compared to Euro 211.6 million of the third quarter of 2011 (+0.9% at constant exchange rates).

In the period, the Group recorded organic growth<sup>1</sup> at constant exchange rates of around 6% in the core product segments of sunglasses and prescription frames.

From a geographical standpoint, there was a recovery in European markets, which recorded a sales growth of 11.9% to Euro 91.1 million compared to Euro 81.4 million in the same period of 2011 (+10.7% at constant exchange rates). All main markets contributed positively to the performance of the area, where the key account channel and the travel retail business continued to highlight the strongest progressions.

Also in this quarter, continental European markets were more dynamic than Southern European countries, where the Group is however recovering compared to the previous quarters of the year.

In the United States, the organic business grew also thanks to the good sales trend of the main department stores, which added to the positive business performance of the independent opticians' channel.

Group sales continued to be boosted by the strength of Latin America markets, where Safilo is implementing customized product and sales initiatives.

In the third quarter, total turnover in the American market reached Euro 115.7 million compared to Euro 110.6 million registered in the third quarter of 2011 (+4.6% at current exchange rates, -6.1% at constant exchange rates). The quarterly performance was influenced by the more marked slowdown in sales by phasing-out brands and the already mentioned decline of the sport business.

Confirming the trends highlighted in the previous quarters of the year, the retail business, represented by Solstice stores in the United States, registered a like for like sales growth of 6.2%.

In the third quarter of 2012 the chain, which counted 134 stores compared to 156 at the end of September 2011, recorded sales of Euro 20.9 million compared to Euro 18.6 million in the same quarter of 2011.

In Asia, the business was characterized by very similar trends to those highlighted in the first part of the year, where the high growth rates in the area's emerging markets, China in particular, were in contrast with the decrease of the Japanese market.

The organic performance of the area registered an improvement compared to the previous quarters of the year, also considering the stronger impact deriving in the period from the phase-out business. In the quarter, sales in Asia amounted to Euro 38.6 million compared to Euro 35.2 million of the third quarter of 2011 (+9.7% at current exchange rates, -1.4% at constant exchange rates).

Due to the positive trends of the third quarter, the first nine months of 2012 ended with net sales equal to Euro 862.4 million, increasing by 3.5% compared to Euro 833.5 million registered in the same period of 2011 (-1.6% at constant exchange rates).

At the end of September, sales for the wholesale business were equal to Euro 800.9 million, up 2.9% compared to Euro 778.4 million of the first nine months of 2011 (-1.8% at constant exchange rates).

In Europe, sales in the first nine months totaled Euro 342.0 million, substantially stable compared to Euro 343.2 million in the same period of 2011 (-0.9% at constant exchange rates).

Sales in the American market reached Euro 363.7 million compared to Euro 343.6 million in the first nine months of 2011 (+5.8% at current exchange rates, -2.4% at constant exchange rates), with the contribution deriving from Solstice stores equal to Euro 61.5 million (+11.6% at current exchange rates, +1.8% at constant exchange rates).

In Asia, the first nine months of 2012 closed with sales of Euro 144.7 million (+7.1% at current exchange rates, -1.2% at constant exchange rates), equal to almost 17% of the Group total business.

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<sup>1</sup> Excluding the sales of the new brand Polaroid, the brands not renewed at the end of 2011 and being phased-out in 2012.

## Press release

In terms of economic performance, in the third quarter of 2012 the **gross profit** stood at Euro 143.8 million compared to Euro 133.3 million registered in the third quarter of 2011. The gross margin, equal to 57.7% of sales, was substantially in line with the 57.9% registered in the same period of 2011, a significant result considering the decrease of production volumes in the Italian plants.

In the first nine months of 2012, the gross profit reached Euro 509.1 million compared to Euro 497.6 million in the first nine months of 2011, with a gross margin of 59.0% on sales (59.7% in the first nine months of 2011).

The **operating profit (EBIT)** in the quarter was Euro 5.7 million compared to Euro 8.2 million registered in the third quarter of 2011. The operating margin, equal to 2.3% of sales (3.5% in the third quarter of 2011), was influenced by the strengthening of the organizational structures implemented throughout 2011 and by the commercial activities related to the brands being phased-out.

In the first nine months of 2012, EBIT reached 56.9 million compared to Euro 70.0 million in the first nine months of 2011. The operating margin was equal to 6.6% of sales compared to 8.4% of the same period in 2012.

**EBITDA** for the third quarter of 2012 was Euro 15.2 million compared to Euro 17.4 million of the same period of 2011. The gross operating margin was equal to 6.1% of sales (7.6% in the third quarter of 2011).

The first nine months of the year registered an EBITDA of Euro 85.9 million, corresponding to 10.0% of the sales for the period (Euro 97.6 million, equal to 11.7% in the first nine months of 2011).

Below the operating profit, in the third quarter net financial interests decreased by about 10%, while the impact of exchange rate differences was irrelevant in the period.

Financial management allowed Safilo to record an improvement of the **Group net result**, negative in the quarter by Euro 0.6 million compared to the loss of Euro 4.7 million registered in the same period of 2011.

In the first nine months of 2012, the Group net profit amounted to Euro 20.9 million compared to Euro 26.6 million in the first nine months of 2011, recording a less significant contraction compared to the one highlighted in the first six months of 2012.

### Key Cash Flow data

(in millions of euro)	9M 2012	9M 2011	Q3 2012	Q3 2011
Cash flow from operating activities before changes in working capital	46.2	53.6	6.2	2.8
Changes in working capital	12.3	(10.2)	11.2	1.4
<b>Cash flow from operating activities</b>	<b>58.5</b>	<b>43.4</b>	<b>17.4</b>	<b>4.2</b>
Cash flow for investment activities	(89.6)	(23.1)	(8.2)	(6.5)
<b>Free Cash Flow</b>	<b>(31.1)</b>	<b>20.3</b>	<b>9.2</b>	<b>(2.3)</b>

In the third quarter of 2012 the cash generation from operating activities continued, registering a positive flow of Euro 17.4 million compared to Euro 4.2 million in the same quarter of 2011.

The already mentioned improvement of the quarterly net result was coupled with higher positive flows from all the main components of working capital.

In the quarter, the cash flow for investing activities was equal to Euro 8.2 million, characterized besides the usual maintenance capex, by the increase, from 51% to 70%, of the Group shareholding in the Hong Kong subsidiary.

The quarterly **Free Cash Flow** was on the whole positive by Euro 9.2 million compared to the cash absorption of Euro 2.3 million recorded in the third quarter of 2011 and it helped to improve the cash flows as at September 30, 2012. It is to be remembered that the latest were influenced by the net consideration of Euro 58.4 million related to the acquisition of the Polaroid Eyewear business (the transaction being funded for Euro 44.3 million by Multibrands Italy B.V., controlled by HAL Holding N.V., via a reserved capital increase).

The Group net debt at the end of September 2012 was equal to Euro 223.8 million, down around Euro 14.5 million compared to the end of December 2011 and Euro 15.6 million compared to the end of September 2011.

There are no relevant subsequent events following the end of the first nine months of 2012.

## Press release

### Statement by the manager responsible for the preparation of the company's financial documents

The manager responsible for the preparation of the company's financial documents, Mr. Vincenzo Giannelli, hereby declares, in accordance with paragraph 2 article 154 bis of the "Testo Unico della Finanza", that the accounting information contained in this press release corresponds to the accounting results, registers and records.

### Disclaimer

This document contains 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

### Alternative Performance Indicators

The definitions of the "Alternative Performance Indicators", not foreseen by the IFRS-EU accounting principles and used in this press release to allow for an improved evaluation of the trend of economic-financial management of the Group, are provided below:

- Ebitda (gross operating profit) is calculated by Safilo by adding to the Operating profit, depreciation and amortization;
- The net debt is for Safilo the sum of bank borrowings and short, medium and long-term loans, net of cash in hand and at bank;
- The net capital employed for Safilo is the sum of current assets and non-current assets net of current liabilities and non current liabilities, with the exception of the items previously considered in the net debt;
- The Free Cash Flow for Safilo is the sum of the cash flow from/(for) operating activities and the cash flow from/(for) investing activities.

### Conference Call

Today, at 6.00 pm CEST (5.00 pm BST; 12.00 am US EDT) a conference call will be held with the financial community during which the results of the third quarter and first nine months of 2012 will be discussed.

It is possible to participate to the call by dialing the following number: +39 02 36269650 or +44 207 1362055 (for journalists: +39 02 38591420) and quoting the following confirmation code: 6070124.

The playback of the conference call will be available until November 8, 2012 by dialing the number +39 02 30413127 or +44 203 4270598 (access code: 6070124#).

The conference call can also be followed with the webcast on the site [www.safilo.com/en/investors.html](http://www.safilo.com/en/investors.html). The presentation is available and downloadable from the company website.

### Financial statement as of September 30, 2012

Please note that before the end of the day, the intermediate report at 30th September 2012 will be made available to the public at the company's registered offices and will be published on the company's internet website, at the address [www.safilo.com/en/investors.html](http://www.safilo.com/en/investors.html).

# Press release

Säfilo Group S.p.A.

*Consolidated income statement*

<i>(Euro/000)</i>	First nine months			3rd Quarter		
	2012	2011	Change %	2012	2011	Change %
Net sales	862,360	833,490	3.5%	249,074	230,234	8.2%
Cost of sales	(353,250)	(335,921)	5.2%	(105,299)	(96,960)	8.6%
<b>Gross profit</b>	<b>509,110</b>	<b>497,569</b>	<b>2.3%</b>	<b>143,775</b>	<b>133,274</b>	<b>7.9%</b>
Selling and marketing expenses	(343,169)	(328,007)	4.6%	(100,927)	(92,357)	9.3%
General and administrative expenses	(109,494)	(99,487)	10.1%	(35,999)	(32,850)	9.6%
Other operating income (expenses), net	408	(39)	n.s.	(1,180)	106	n.s.
<b>Operating profit</b>	<b>56,855</b>	<b>70,036</b>	<b>-18.8%</b>	<b>5,669</b>	<b>8,173</b>	<b>-30.6%</b>
Share of income/(loss) of associates	96	(443)	n.s.	1	(24)	n.s.
Interest expenses and other financial charges, net	(21,562)	(22,738)	-5.2%	(6,337)	(11,598)	-45.4%
<b>Profit (Loss) before taxation</b>	<b>35,389</b>	<b>46,855</b>	<b>-24.5%</b>	<b>(667)</b>	<b>(3,449)</b>	<b>-80.7%</b>
Income taxes	(13,880)	(18,263)	-24.0%	(203)	(1,374)	-85.2%
<b>Net profit (loss)</b>	<b>21,509</b>	<b>28,592</b>	<b>-24.8%</b>	<b>(870)</b>	<b>(4,823)</b>	<b>-82.0%</b>
Non-controlling interests	631	1,994	-68.4%	(224)	(142)	57.7%
<b>Net profit (loss) attributable to owners of the Parent</b>	<b>20,878</b>	<b>26,598</b>	<b>-21.5%</b>	<b>(646)</b>	<b>(4,681)</b>	<b>-86.2%</b>
<b>EBITDA</b>	<b>85,914</b>	<b>97,635</b>	<b>-12.0%</b>	<b>15,255</b>	<b>17,439</b>	<b>-12.5%</b>
Basic EPS (Euro)	0.348	0.468		(0.016)	(0.082)	
Diluted EPS (Euro)	0.348	0.467		(0.016)	(0.081)	

# Press release

**Säfilo Group S.p.A.**

*Consolidated net sales*

Net sales by geographical area (Euro in millions)	First nine months					
	2012	%	2011	%	Change %	Change % (*)
Europe	342.0	39.7	343.2	41.2	-0.3	-0.9
Americas	363.7	42.2	343.6	41.2	+5.8	-2.4
Asia	144.7	16.8	135.1	16.2	+7.1	-1.2
Rest of the world	12.0	1.4	11.6	1.4	+3.4	-0.7
<b>Total</b>	<b>862.4</b>	<b>100.0</b>	<b>833.5</b>	<b>100.0</b>	<b>+3.5</b>	<b>-1.6</b>

(\*) at constant exchange rates

Net sales by product (Euro in millions)	First nine months					
	2012	%	2011	%	Change %	Change % (*)
Prescription frames	321.3	37.3	315.4	37.8	+1.9	-2.6
Sunglasses	487.9	56.6	463.0	55.5	+5.4	+0.2
Sport products	46.3	5.4	48.1	5.8	-3.7	-11.3
Other	6.9	0.8	7.0	0.8	-1.4	-2.3
<b>Total</b>	<b>862.4</b>	<b>100.0</b>	<b>833.5</b>	<b>100.0</b>	<b>+3.5</b>	<b>-1.6</b>

(\*) at constant exchange rates

Net sales by geographical area (Euro in millions)	3rd Quarter					
	2012	%	2011	%	Change %	Change % (*)
Europe	91.1	36.6	81.4	35.4	+11.9	+10.7
Americas	115.7	46.4	110.6	48.0	+4.6	-6.1
Asia	38.6	15.5	35.2	15.3	+9.7	-1.4
Rest of the world	3.7	1.5	3.0	1.3	+23.3	+12.8
<b>Total</b>	<b>249.1</b>	<b>100.0</b>	<b>230.2</b>	<b>100.0</b>	<b>+8.2</b>	<b>+0.8</b>

(\*) at constant exchange rates

Net sales by product (Euro in millions)	3rd Quarter					
	2012	%	2011	%	Change %	Change % (*)
Prescription frames	99.2	39.8	92.8	40.3	+6.9	+0.5
Sunglasses	125.9	50.5	111.0	48.2	+13.4	+5.3
Sport products	21.7	8.7	24.4	10.6	-11.1	-18.8
Other	2.3	0.9	2.0	0.9	+15.0	+9.9
<b>Total</b>	<b>249.1</b>	<b>100.0</b>	<b>230.2</b>	<b>100.0</b>	<b>+8.2</b>	<b>+0.8</b>

(\*) at constant exchange rates

# Press release

## Sàfilo Group S.p.A.

### Consolidated Balance sheet

(Euro/000)	September 30, 2012	December 31, 2011	Change
<b>ASSETS</b>			
<b>Current assets</b>			
Cash in hand and at bank	72,297	90,368	(18,071)
Trade receivables, net	233,912	272,153	(38,241)
Inventory, net	220,150	219,735	415
Derivative financial instruments	391	2	389
Other current assets	44,397	58,736	(14,339)
<b>Total current assets</b>	<b>571,147</b>	<b>640,994</b>	<b>(69,847)</b>
<b>Non-current assets</b>			
Tangible assets	208,793	208,274	519
Intangible assets	46,715	11,713	35,002
Goodwill	565,850	564,560	1,290
Investments in associates	11,722	11,871	(149)
Financial assets available-for-sale	232	194	38
Deferred tax assets	68,441	61,143	7,298
Derivative financial instruments	-	-	-
Other non-current assets	2,881	2,272	609
<b>Total non-current assets</b>	<b>904,634</b>	<b>860,027</b>	<b>44,607</b>
<b>Total assets</b>	<b>1,475,781</b>	<b>1,501,021</b>	<b>(25,240)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	182,096	132,895	49,201
Trade payables	169,415	200,024	(30,609)
Tax payables	14,863	17,043	(2,180)
Derivative financial instruments	397	127	270
Other current liabilities	50,949	70,993	(20,044)
Provisions for risks and charges	3,845	6,599	(2,754)
<b>Total current liabilities</b>	<b>421,565</b>	<b>427,681</b>	<b>(6,116)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	114,029	195,741	(81,712)
Employee benefit liability	35,298	32,584	2,714
Provisions for risks and charges	17,289	18,693	(1,404)
Deferred tax liabilities	5,730	4,551	1,179
Derivative financial instruments	1,711	1,245	466
Other non-current liabilities	5,162	4,784	378
<b>Total non-current liabilities</b>	<b>179,219</b>	<b>257,598</b>	<b>(78,379)</b>
<b>Total liabilities</b>	<b>600,784</b>	<b>685,279</b>	<b>(84,495)</b>
<b>Shareholders' equity</b>			
Share capital	308,700	284,110	24,590
Share premium reserve	481,163	461,491	19,672
Retained earnings (losses) and other reserves	61,009	32,080	28,929
Fair value and cash flow reserves	(1,838)	(1,341)	(497)
Income (Loss) attributable to the Group	20,878	27,862	(6,984)
<b>Total shareholders' equity attributable to the Group</b>	<b>869,912</b>	<b>804,202</b>	<b>65,710</b>
<b>Non controlling interests</b>	<b>5,085</b>	<b>11,540</b>	<b>(6,455)</b>
<b>Total shareholders' equity</b>	<b>874,997</b>	<b>815,742</b>	<b>59,255</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,475,781</b>	<b>1,501,021</b>	<b>(25,240)</b>

This press release may use some 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net Debt, Net Capital Employed and Free Cash Flow), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESR/05-178b recommendation published on 3<sup>rd</sup> November 2005.

# Press release

Sáfico Group S.p.A.

Consolidated statement of cash flows

(Euro/000)	First nine months	
	2012	2011
<b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>	<b>76,528</b>	<b>72,495</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit (loss) for the period (including minority interests)	21,509	28,592
Depreciation and amortization	29,059	27,599
Other non-monetary P&L items	(2,130)	(994)
Interest expenses, net	14,464	17,589
Income tax expenses	13,880	18,263
<b>Income from operating activities prior to movements in working capital</b>	<b>76,782</b>	<b>91,049</b>
(Increase) Decrease in trade receivables	56,571	25,917
(Increase) Decrease in inventory, net	7,534	8,150
Increase (Decrease) in trade payables	(38,486)	(39,131)
(Increase) Decrease in other current receivables	7,425	(3,797)
Increase (Decrease) in other current payables	(20,724)	(1,348)
Interest expenses paid	(10,857)	(14,467)
Income tax paid	(19,765)	(22,926)
<b>Total (B)</b>	<b>58,480</b>	<b>43,447</b>
<b>C - Cash flow from (for) investing activities</b>		
Purchase of property, plant and equipment (net of disposals)	(17,648)	(14,285)
Acquisition of subsidiary (net of cash acquired)	(58,359)	-
Acquisition of minority	(12,186)	(6,749)
(Acquisition) Disposal of investments and bonds	(13)	213
Purchase of intangible assets	(1,378)	(2,282)
<b>Total (C)</b>	<b>(89,584)</b>	<b>(23,103)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	52,062	51,426
Repayment of borrowings	(80,115)	(61,543)
Share capital increase net of paid fees	44,262	-
Dividends paid	-	(397)
<b>Total (D)</b>	<b>16,209</b>	<b>(10,514)</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>(14,895)</b>	<b>9,830</b>
Translation exchange difference	(582)	1,848
<b>Total (F)</b>	<b>(582)</b>	<b>1,848</b>
<b>G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)</b>	<b>61,051</b>	<b>84,173</b>



## Press release

The Safilo Group is worldwide leader in the premium eyewear sector for sunglasses, optical frames and sports eyewear. With an international presence through 30 owned subsidiaries in primary markets – in America, Europe and Asia – and exclusive distributors, Safilo produces and distributes its house brands – Safilo, Carrera, Polaroid, Smith Optics, Oxydo, Blue Bay – and the licensed brands Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS Black, BOSS Orange, Céline, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO, J.Lo by Jennifer Lopez, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Pierre Cardin, Saks Fifth Avenue, Tommy Hilfiger, Yves Saint Laurent. For further information [www.safilo.com](http://www.safilo.com)

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