



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A.
APPROVES THE RESULTS OF THE FIRST QUARTER OF 2013**

Padua, April 22, 2013, h. 5.35pm - The Board of Directors of Safilo Group S.p.A. today reviewed and approved the results of the first quarter of 2013.

2013 began for Safilo with the improvement of all key performance indicators reflecting an increase of consolidated net sales of 2.9% (+3.7% at constant currency), equal to Euro 297.0 million.

Growth was led by the contribution of both organic business performance and Polaroid's sales which more than compensated the termination of the brands phased out in 2012, allowing Safilo to improve its industrial and economic profile.

In the quarter, the EBITDA was 11.7% of sales, reaching Euro 34.7 million, while the Group net profit was up 12.1%, to Euro 13.4 million.

At the end of March, the net debt totalled Euro 220.4 million, confirming financial leverage at 1.9 times.

Economic and financial highlights

Euro million	Q1 2013	Q1 2012	Change
Net sales	297.0	288.7	+2.9%
Gross profit	179.7	174.2	+3.2%
%	60.5%	60.3%	
EBITDA	34.7	32.3	+7.5%
%	11.7%	11.2%	
Operating profit	25.7	23.1	+11.4%
%	8.7%	8.0%	
Group net profit	13.4	12.0	+12.1%
%	4.5%	4.1%	
Group Net Debt	220.4	243.2	-9.4%

Roberto Vedovotto, CEO of Safilo Group, commented:

"We started 2013 with positive results, ending the first quarter with a significant increase in our organic business. This was driven by the double-digit sales growth of the go-forward brands coupled with the strengthening of the overall performance in our key markets.

On top of this, we were able to manage effectively the final exit of the Armani licences improving Safilo's economic and capital structure with no impact at top line level.

In a still volatile market, we are glad with the results we are achieving, testifying the strength of our long term strategy."

Key economic and financial performance

In the first quarter of 2013, **Group net sales** totalled Euro 297.0 million compared to Euro 288.7 million in the same period of 2012.

Turnover in the wholesale business increased by 3.0% to Euro 279.6 million, compared to Euro 271.5 million in first quarter of 2012 (+3.9% at constant exchange rates) while the organic sales growth¹ of prescription frames and sunglasses was 11% at constant exchange rates, recording double-digit trends in all three main regions in which the Group operates.

Despite the difficult economic environment in Europe, Group net sales totalled Euro 128.2 million compared to Euro 118.4 million in the first quarter of 2012, up 8.3% both at current and constant exchange rates. In particular, such results were driven by the Polaroid sales and the positive trend in organic sales confirmed by the key brands in the licensed portfolio, Gucci, Dior, Marc Jacobs, Hugo Boss and Tommy Hilfiger.

The Northern European area progressed well thanks to the good performance of the travel retail and key account channels while Southern regions still experienced a negative trend, mainly due to the persisting weakness of the Italian and Spanish markets.

In the period, Safilo continued to achieve double-digit sales growth in the emerging markets of the area, with Russia increasing organically around 18%.

The American market confirmed also in this quarter a positive trend, with a wholesale turnover that equalled Euro 101.2 million, up 1.0% at current exchange rates and 2.5% at constant exchange rates, and retail sales at Solstice directly operated stores increasing by 1.7% at constant exchange rates, at Euro 17.4 million, with a reduced number of points of sales.

In the period, the organic performance of the North American area proved to be one of the strongest among the mature markets, highlighting the competitiveness of the Group's commercial policies and the appeal of the new product collections both of the high-end brands and of the American and international brands in the diffusion segment which has become the key driver of the strong growth rates that the Group continues to post in Latin American countries where Safilo's strategic action is progressively increasing.

For Safilo, the year started positively also in the Asian markets, where go-forward brands were up double digit even though total sales of Euro 46.0 million, were down 5.9% compared to Euro 48.9 million in the first quarter of 2012 (-4.3% at constant exchange rates). In the period, the main countries in the area, China, Hong Kong and Japan, but also distributors in countries like Singapore and Malaysia and the travel retail channel showed the most significant progress in terms of sales and orders collected during the period.

The progression recorded by the organic business has allowed the Group a good absorption of the sales and marketing costs, which slightly increased in the quarter compared to the same period in 2012 due to growth and expansion projects on the strategic licensed and Safilo brands.

The gross profit increased by 3.2%, totalling Euro 179.7 million compared to Euro 174.2 million in first quarter of 2012, while the incidence on sales improved to 60.5% from 60.3%.

EBITDA in the first quarter of 2013 reached Euro 34.7 million compared to Euro 32.3 million posted in the corresponding period in 2012, while the margin increased by 50 basis points to 11.7% of sales.

The operating profit (EBIT) totalled Euro 25.7 million compared to Euro 23.1 million in the first quarter of 2012, up 11.4%. The operating margin improved by 70 basis points to 8.7% of sales (8.0% in the first quarter of 2012).

Below the operating line, on one hand net financial interests for the period decreased by 7.3%, on the other there was also a reduction in the positive impact deriving from exchange rate differences.

The tax rate, at 32.6%, remained stable compared to the corresponding period of 2012.

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 3rd November 2005.

The first quarter of 2013 therefore closed with **Group net profit**, increasing by 12.1% to Euro 13.4 million compared to Euro 12.0 million in the first quarter of 2012.

Key Cash Flow data

Euro million	Q1 2013	Q1 2012
Cash flow from operating activities before changes in working capital	27.1	29.8
Changes in working capital	(27.9)	(23.3)
Cash flow from (for) operating activities	(0.8)	6.5
Cash flow for investment activities	(4.7)	(12.4)
Free Cash Flow	(5.5)	(5.9)

Free Cash Flow was negative for Euro 5.5 million compared to Euro 5.9 million in the first quarter of 2012.

The cash flows from operating activities in the first quarter of 2013 were positively impacted by the improved net result for the period while the absorption of resources from working capital, typical of the first three months of the year, was characterized by a more marked decrease in trade payables due to the significant increase in turnover registered in the last quarter of 2012.

The investment activities reached Euro 4.7 million in the period and were primarily related to the regular industrial maintenance and renewal activities.

At the end of March, **the Group net debt** totalled Euro 220.4 million, slightly up compared to the Euro 215.3 million at the end of December 2012 but improving compared to the Euro 243.2 million of the corresponding period of 2012.

¹ Excluding the sales of the new brand Polaroid and the Armani brands not renewed at the end of 2012.

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 6.00pm CEST (5.00pm BST; 12.00am US EDT) a conference call will be held with the financial community during which the results of the first quarter of 2013 will be discussed.

It is possible to participate to the call by dialing the following number: +39 02 69633533 or +44 203 3645381 (for journalists: +39 02 38591420) and quoting the following confirmation code: 1837254.

The playback of the conference call will be available until April 24, 2013 by dialing the number +39 02 30413127 or +44 203 4270598 (access code: 1837254).

The conference call can also be followed via webcast on the site www.safilo.com/en/investors.html. The presentation is available and downloadable from the company website.

Intermediate quarterly report at 31st March 2013

Please note that the intermediate quarterly report at 31st March 2013 will be made available to the public, as soon as they are available and in accordance with the law, at the company's registered offices and on the company's internet website at the address www.safilo.com/en/investors.html.

Sàfilo Group S.p.A.

Consolidated income statement

<i>(Euro/000)</i>	1st Quarter		
	2013	2012	Change %
Net sales	297,018	288,722	2.9%
Cost of sales	(117,323)	(114,533)	2.4%
Gross profit	179,695	174,189	3.2%
Selling and marketing expenses	(118,375)	(116,332)	1.8%
General and administrative expenses	(35,401)	(35,085)	0.9%
Other operating income (expenses)	(196)	323	n.s.
Operating profit	25,723	23,095	11.4%
Share of income (loss) of associates	-	-	n.s.
Financial charges, net	(5,567)	(4,533)	22.8%
Profit before taxation	20,156	18,562	8.6%
Income taxes	(6,564)	(6,072)	8.1%
Profit of the period	13,592	12,490	8.8%
Non-controlling interests	198	543	-63.5%
Profit attributable to owners of the Parent	13,394	11,947	12.1%
EBITDA	34,661	32,256	7.5%
Basic EPS (Euro)	0.217	0.210	
Diluted EPS (Euro)	0.216	0.210	

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Sàfilo Group S.p.A.

Consolidated Balance sheet

(Euro/000)	March 31, 2013	December 31, 2012	Change
ASSETS			
Current assets			
Cash in hand and at bank	71,880	59,388	12,492
Trade receivables, net	301,391	280,442	20,949
Inventory, net	193,971	207,639	(13,668)
Derivative financial instruments	1,309	126	1,183
Other current assets	40,606	42,344	(1,738)
Total current assets	609,157	589,939	19,218
Non-current assets			
Tangible assets	203,644	204,713	(1,069)
Intangible assets	44,709	45,646	(937)
Goodwill	569,714	558,046	11,668
Investments in associates	11,221	10,916	305
Available-for-sale financial assets	207	245	(38)
Deferred tax assets	80,526	76,987	3,539
Derivative financial instruments	-	-	-
Other non-current assets	4,939	4,825	114
Total non-current assets	914,960	901,378	13,582
Total assets	1,524,117	1,491,317	32,800
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	175,399	182,643	(7,244)
Trade payables	186,974	210,573	(23,599)
Tax payables	19,179	16,193	2,986
Derivative financial instruments	213	1,000	(787)
Other current liabilities	50,055	47,739	2,316
Provisions for risks and charges	2,828	2,851	(23)
Total current liabilities	434,648	460,999	(26,351)
Non-current liabilities			
Long-term borrowings	116,895	92,034	24,861
Employees benefits liability	37,141	36,819	322
Provisions for risks and charges	23,180	24,004	(824)
Deferred tax liabilities	8,544	7,745	799
Derivative financial instruments	1,199	1,555	(356)
Other non-current liabilities	5,360	5,315	45
Total non-current liabilities	192,319	167,472	24,847
Total liabilities	626,967	628,471	(1,504)
Shareholders' equity			
Share capital	308,700	308,700	-
Share premium reserve	481,163	481,163	-
Retained earnings (losses) and other reserves	89,727	43,563	46,164
Fair value and cash flow reserves	(1,294)	(1,555)	261
Income attributable to the Group	13,394	25,865	(12,471)
Total shareholders' equity attributable to the Group	891,690	857,736	33,954
Non-controlling interests	5,460	5,110	350
Total shareholders' equity	897,150	862,846	34,304
Total liabilities and shareholders' equity	1,524,117	1,491,317	32,800

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Sàfilo Group S.p.A.

Consolidated statement of cash flows

(Euro/000)	1st Quarter	
	2013	2012
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	45,623	76,528
B - Cash flow from (for) operating activities		
Net profit for the period (including minority interests)	13,592	12,490
Depreciation and amortization	8,938	9,160
Other non-monetary P&L items	(110)	1,529
Interest expenses, net	4,569	4,928
Income tax expenses	6,564	6,072
Income from operating activities prior to movements in working capital	33,553	34,179
(Increase) Decrease in trade receivables	(17,141)	(14,555)
(Increase) Decrease in inventory, net	15,235	494
Increase (Decrease) in trade payables	(24,588)	(16,377)
(Increase) Decrease in other current receivables	(1,350)	1,497
Increase (Decrease) in other current payables	(22)	5,618
Interest expenses paid	(1,195)	(1,867)
Income taxes paid	(5,315)	(2,516)
Total (B)	(823)	6,473
C - Cash flow from (for) investing activities		
Purchase of property, plant and equipment (net of disposals)	(4,600)	(5,431)
Acquisition of minorities (in subsidiaries)	-	(6,490)
(Acquisition) Disposal of investments and bonds	-	(13)
Purchase of intangible assets	(126)	(453)
Total (C)	(4,726)	(12,387)
D - Cash flow from (for) financing activities		
Proceeds from borrowings	25,000	10,115
Repayment of borrowings	(6,329)	(6,393)
Dividends paid	-	(78)
Total (D)	18,671	3,644
E - Cash flow for the period (B+C+D)	13,122	(2,270)
Translation exchange differences	905	(4,654)
Total (F)	905	(4,654)
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	59,650	69,604

Sàfilo Group S.p.A.
Consolidated net sales

Net sales by geographical area (Euro in millions)	1st Quarter					
	2013	%	2012	%	Change %	Change % (*)
Europe	128.2	43.2	118.4	41.0	+8.3	+8.3
Americas	118.6	39.9	117.4	40.7	+1.0	+2.4
Asia	46.0	15.5	48.9	16.9	-5.9	-4.3
Rest of the world	4.2	1.4	4.0	1.4	+5.0	+7.2
Total	297.0	100.0	288.7	100.0	+2.9	+3.7

(*) at constant exchange rates

Net sales by product (Euro in millions)	1st Quarter					
	2013	%	2012	%	Change %	Change % (*)
Prescription frames	109.2	36.8	109.4	37.9	-0.2	+0.9
Sunglasses	170.2	57.3	165.5	57.3	+2.8	+3.5
Sport products	15.9	5.4	11.7	4.1	+35.9	+37.0
Other	1.7	0.5	2.1	0.7	-19.0	-18.4
Total	297.0	100.0	288.7	100.0	+2.9	+3.7

(*) at constant exchange rates

About Safilo Group

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 – and the licensed brands Alexander McQueen, Banana Republic, Bobbi Brown (starting from 2014), BOSS, BOSS Orange, Bottega Veneta, Céline, Dior, Fossil, 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, Saint Laurent, Saks Fifth Avenue and Tommy Hilfiger. For further information www.safilo.com

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