



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

**Padua, August 1, 2013, h. 5.40pm** – The Board of Directors of Safilo Group S.p.A. today reviewed and approved the results of the second quarter and first half of 2013.

In the first six months of the year Safilo reported net sales of Euro 598.4 million, slightly down compared to the first half of 2012, partly due to a strengthening of the euro against the main international currencies (-1.2% at constant exchange rates).

During the period the significant negative impact of the termination of brands phased out in 2012 was almost entirely offset by the increase of organic sales<sup>1</sup> in the core sunglasses and prescription frames segments, up by over 8% in the semester.

In the second quarter net revenues reached Euro 301.4 million, down compared to the second quarter of 2012 (-5.7% at constant exchange rates), whilst the organic business<sup>1</sup> saw a progression in sales of 6.0% thanks, above all, to the good performances recorded in a number of countries in continental Europe, in key accounts and the travel retail business.

The recurring operating performance (*adjusted*)<sup>2</sup> marked a continuation and extension of the recovery reported by the Group in the first quarter of the year.

In the first half of 2013, the *adjusted*<sup>2</sup> EBITDA was up 2.5% on the same period of 2012, whilst the EBITDA margin increased to 12.1% from 11.5%.

The improvement equaled 70 basis points in the second quarter, with the *adjusted*<sup>2</sup> EBITDA reaching Euro 37.7 million and an EBITDA margin of 12.5%.

Thanks to careful management of working capital, net debt fell further at the end of June, amounting to Euro 200.8 million and reducing the *adjusted*<sup>2</sup> financial leverage to 1.7x.

### Economic and financial highlights

Euro million	H1 2013	H1 2012	% Change	Q2 2013	Q2 2012	% Change
<b>Net sales</b>	<b>598.4</b>	613.3	<b>-2.4%</b>	<b>301.4</b>	324.6	<b>-7.2%</b>
<b>Gross profit</b>	<b>372.1</b>	365.3	<b>+1.8%</b>	<b>192.4</b>	191.1	<b>+0.6%</b>
%	<b>62.2%</b>	59.6%		<b>63.8%</b>	58.9%	
EBITDA	65.0	70.7	-8.0%	30.3	38.4	-21.0%
%	10.9%	11.5%		10.1%	11.8%	
<b>Adjusted<sup>2</sup> EBITDA</b>	<b>72.4</b>	70.7	<b>+2.5%</b>	<b>37.7</b>	38.4	<b>-1.7%</b>
%	<b>12.1%</b>	11.5%		<b>12.5%</b>	11.8%	
Operating profit	47.3	51.2	-7.7%	21.6	28.1	-23.4%
%	7.9%	8.3%		7.1%	8.7%	
<b>Adjusted<sup>2</sup> Operating profit</b>	<b>54.7</b>	51.2	<b>+6.7%</b>	<b>29.0</b>	28.1	<b>+2.9%</b>
%	<b>9.1%</b>	8.3%		<b>9.6%</b>	8.7%	
Group net profit	20.1	21.5	-6.7%	6.7	9.6	-30.1%
%	3.4%	3.5%		2.2%	3.0%	
<b>Adjusted<sup>2</sup> Group net profit</b>	<b>25.6</b>	21.5	<b>+18.9%</b>	<b>12.2</b>	9.6	<b>+27.3%</b>
%	<b>4.3%</b>	3.5%		<b>4.0%</b>	3.0%	
<b>Group net debt</b>	<b>200.8</b>	231.0	<b>-13.1%</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.

Roberto Vedovotto, CEO of Safilo Group, commented:

*“I am very proud of Safilo’s performance during one of the most challenging semesters in the Company’s history in light of the full impact of the Armani licenses termination.*

*Our results are in fact very significant both from an economic and a financial standpoint, and also as far as strategic achievements are concerned.*

*The organic growth<sup>1</sup> of our go-forward brands exceeded 8% in the semester thanks to the continuous success of all our main licensed brands, but also to the expansion of the Safilo brands, including the development of the Polaroid brand in the American and Asian markets.*

*Efficiency improvement activities relating to production and supply chain management and cost control measures allowed us to advance our economic performance.*

*The key performance indicators confirm the progression recorded in the more recent quarters on working capital, cash flow generation and net debt reduction with the further decline in financial leverage reaching a record level in Safilo’s most recent history.*

*This was also a period in which, by following our core strategy, we were able to sign a new and very important multiyear license agreement with Fendi, one of the most prestigious Made in Italy brands and part of the LVMH Group.*

*At the same time, we secured our licensed portfolio through the early and long-term renewal of our strategic partnerships with Marc Jacobs and Fossil.*

*In terms of new license agreements, we signed a contract with Bobbi Brown and, as far as new partnerships are concerned, we finalized an initiative for new Polaroid branded polarized ophthalmic lenses with Essilor, a Carrera by Jimmy Choo capsule collection and, to further strengthen the Safilo brand, we entered into an agreement with Marc Newson for a limited edition of Safilo branded products.*

*All of the above testify once again the reinforced credibility of our Company and its brand portfolio in the international marketplace.*

*We are convinced that these results are a direct product of the actions undertaken over recent years and, more importantly, that we have succeeded in placing Safilo in a solid position from which to reach its objectives of further future growth.”*

### **Key economic and financial performance**

**Group net sales** totaled Euro 301.4 million in the second quarter of 2013, down 7.2% compared to Euro 324.6 million recorded in the same period of 2012, reflecting the negative impact of exchange rate movements and termination of the Armani brands not renewed at the end of 2012.

Turnover in the wholesale business equaled Euro 277.9 million from Euro 301.2 million in the second quarter of 2012 (-7.7% at current exchange rates and -6.3% at constant exchange rates), whilst organic sales<sup>1</sup> in the core sunglasses and prescription frames segments were up 6%.

The analysis in terms of geographical areas shows that Group turnover continued to perform best in Europe, thanks to the strong performance of its organic business in its core continental European markets, such as France and Germany, in the UK and in new markets in this area, above all Russia.

In the Mediterranean area, the Spanish and Portuguese markets showed signs of recovery, whilst sales through independent opticians further declined in Italy.

In terms of distribution channel, the travel retail and key account channels continued to drive the growth of Safilo products in the stores. Highly satisfactory progressions achieved by the portfolio of the principal licensed brands like Dior, Boss and Celine in the high-end segment and Tommy Hilfiger, Boss Orange and Marc by Marc Jacobs in the fashion segment. Carrera recorded a particularly strong performance in Europe in the prescription frames business, whilst sunglasses continued to contract.

In the quarter, Group European revenues stood at Euro 126.7 million compared to Euro 132.5 million in the second quarter of 2012 (-4.4% at current exchange rates and -4.0% at constant exchange rates).

Turnover for the first six months amounted to Euro 254.9 million from Euro 250.9 million in the first half of 2012 (+1.6% at current exchange rates and +1.7% at constant exchange rates).

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In the second quarter of 2013, organic growth in the American market slowed with respect to previous quarters, primarily due to a slowdown in the US and in certain Latin American markets during the month of June. The factor weighing more on the North American market was a sluggish retail market, whilst Brazil was in part affected by the civil unrest that broke out in a number of areas of the country towards the end of the quarter.

In contrast, the period was positively influenced by the launch in the market of the Polaroid brand, with the new Polaroid Plus collections, as well as its more traditional products, and by general growth in the prescription frames segment.

In the second quarter, wholesale turnover amounted to Euro 97.7 million compared to Euro 107.2 million in the same period of 2012 (-8.8% at current exchange rates and -7.1% at constant exchange rates), whilst Solstice directly operated stores in the US recorded sales of Euro 23.5 million, up 1.9% at constant exchange rates.

In the first half of 2013, American wholesale sales reached 199.0 million from Euro 207.4 million in the first semester of 2012 (-4.1% at current exchange rates and -2.4% at constant exchange rates). In the same period, Solstice stores recorded sales of Euro 40.8 million, up 1.8% at constant exchange rates.

Safilo continues to be committed to expanding its brand offering in Asia, today still mainly focused on the high-end segment, and above all on the key Gucci and Dior brands.

Increasing importance is given to the development of niche luxury brands, such as Celine, Bottega Veneta and Jimmy Choo, as well as to contemporary brands in the fashion segment and to Safilo brands.

After adjusting for the impact of the termination of the Armani brands, organic growth in the Asian market was on average above 5%, with double-digit increases in countries such as China and Japan and in the travel retail channel, whilst sales in Korea and in other smaller markets of the area registered more or less significant reductions.

Group Asian sales amounted to Euro 50.3 million in the quarter compared to Euro 57.2 million in the second quarter of 2012 (-12.1% at current exchange rates and -9.4% at constant exchange rates), taking revenues for the area in the first six months of the year to Euro 96.3 million from Euro 106.1 million in the same period of 2012 (-9.2% at current exchange rates and -7.0% at constant exchange rates).

From an operating and financial standpoint, the second quarter of 2013 has seen the Group continue the process of improvement in all the main key performance indicators and further strengthen its financial position.

Efficiency improvements benefitting gross profit margin were particularly significant during the period, above all thanks to the reduced level of obsolescence of finished and semi-finished products achieved thanks to the actions the Group has taken in forecasting, planning and stock management.

In the second quarter of 2013, **Gross profit** has risen to Euro 192.4 million, slightly up from Euro 191.1 million of the same period of 2012 but marking a substantial improvement in terms of gross profit margin, to 63.8% from 58.9%.

The Group thus ended the first half of the year with a gross profit of Euro 372.1 million, up 1.8% compared to Euro 365.3 million in the same period of 2012. In the first six months, the gross profit margin increased to 62.2% from 59.6%, marking an improvement of 260 basis points.

In the second quarter of 2013 the Group economic results were hit by non-recurring expenses of Euro 7.4 million, related for around Euro 6.0 million to the CEO succession plan announced by the Group on June 19 and for Euro 1.4 million to some restructuring expenses in the European market. Net of the fiscal effect, the total impact was equal to Euro 5.5 million.

After adjusting for these costs, the operating profit was characterized by an overall reduction in selling, marketing, general and administrative costs, which, however, remained high due to continuing investment in key brands in the licensed and proprietary portfolio, including activities linked to the launch of the new Polaroid brand in markets outside Europe.

**Adjusted<sup>2</sup> EBITDA** amounted to Euro 37.7 million, substantially in line with Euro 38.4 million recorded in the second quarter of 2012, with a 70 basis point improvement in the EBITDA margin, to 12.5% from 11.8%.

In the first half, **adjusted<sup>2</sup> EBITDA** equaled Euro 72.4 million, registering an increase of 2.5% compared to Euro 70.7 million of the same period of 2012. The EBITDA margin was up to 12.1% from the 11.5% of the first half of 2012.

In the second quarter of 2013, **adjusted<sup>2</sup> EBIT** was up 2.9% to Euro 29.0 million, compared to Euro 28.1 million of the second quarter of 2012. The EBIT margin improved by 90 basis points to 9.6% from 8.7%.

**Adjusted<sup>2</sup> EBIT** for the first half of the year was up 6.7% to Euro 54.7 million compared to Euro 51.2 million of the first half of 2012. The EBIT margin increased to 9.1% from 8.3%.

Below the EBIT line, net interest expenses for the quarter declined by 35.2% to Euro 3.2 million from Euro 4.9 million of the second quarter of 2012, due to a halving of costs on the High Yield bonds repaid by the Group on May 15 of this year.

Net interest expenses for the first six months of the year were thus down 21.2% to Euro 7.7 million from Euro 9.8 million of the first half of 2012, whilst the negative impact of exchange rate differences amounts to Euro 2.6 million, compared with Euro 1 million in the same period of 2012.

At the end of the first half, the *adjusted*<sup>2</sup> Group tax rate stood at 34.8%, compared to 37.9% in the same period of 2012.

The second quarter of 2013 ended with an *adjusted*<sup>2</sup> Group net profit showing a 27.3% increase to Euro 12.2 million compared to Euro 9.6 million of the same quarter of 2012.

In the first half of 2013 *adjusted*<sup>2</sup> Group net profit thus rose to Euro 25.6 million, recording an increase of 18.9% compared to the first half of 2012.

### Key Cash Flow data

Euro million	H1 2013	H1 2012	Q2 2013	Q2 2012
Cash flow from operating activities before changes in working capital	42.9	40.0	15.8	10.2
Changes in working capital	(16.9)	1.1	11.0	24.4
Cash flow from operating activities	26.0	41.1	26.8	34.6
Cash flow for investment activities	(14.5)	(81.4)	(9.8)	(69.0)
<b>Free Cash Flow</b>	<b>11.5</b>	<b>(40.3)</b>	<b>16.9</b>	<b>(34.4)</b>

**Free Cash Flow** amounted to an inflow of Euro 11.5 million in the first half of 2013, thanks to a Free Cash Flow of Euro 16.9 million in the second quarter of 2013.

Cash flows from operating activities for the quarter were positively impacted by net profit for the period and the cash generated by working capital, which again benefitted from progressive improvements in stock management.

Investing activities in the quarter reflected further increases in the Group's shareholdings in its subsidiaries in China (up from 90.0% to 97.0%) and Hong Kong (up from 70.0% to 80.0%), amounting to a total outflow of Euro 3.8 million.

**Net debt** at the end of June stood at Euro 200.8 million, down by approximately 20 million compared to Euro 220.4 million recorded at the end of March 2013 (Euro 215.3 million at the end of December 2012 and Euro 231.0 million at the end of June 2012).

### Notes:

<sup>1</sup> Excluding the sales of the Armani brands not renewed at the end of 2012 and the Polaroid business recorded in the first quarter of 2013. The organic performance is expressed at constant exchange rates.

<sup>2</sup> *Adjusted* economic results do not include non-recurring costs recorded in the second quarter of 2013, amounting to Euro 7.4 million and related for around Euro 6.0 million to the CEO succession plan announced by the Group on June 19 and for Euro 1.4 million to some restructuring expenses in the European market. Net of the fiscal effect, the total impact was equal to Euro 5.5 million.

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 second quarter and first half of 2013 will be discussed.

It is possible to participate to the call by dialing the following number: +39 02 69633532 or +44 203 4271901 (for journalists: +39 02 36269650) and quoting the following confirmation code: 9820911.

The playback of the conference call will be available until August 3, 2013 by dialing the number +39 02 30413127 or +44 203 4270598 (access code: 9820911).

The conference call can also be followed via 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 June 30, 2013

Please note that the half-yearly financial report as of June 30, 2013 - containing the half-year condensed financial statements, interim directors' report and the declaration pursuant to article 154-bis subsection 5 of 'T.U.F.' (Testo Unico sulla Finanza or Italy's Financial Markets Consolidation Act) – 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). Furthermore, the Auditors' report and any eventual observations made by the Board of Statutory Auditors will be made available to the public in the same way, as soon as they are available and in accordance with the law.

## Safilo Group S.p.A.

## Consolidated income statement

(Euro/000)	1st Semester			2nd Quarter		
	2013	2012	Change %	2013	2012	Change %
Net sales	598,361	613,286	-2.4%	301,343	324,564	-7.2%
Cost of sales	(226,333)	(247,951)	-8.7%	(109,010)	(133,418)	-18.3%
<b>Gross profit</b>	<b>372,028</b>	<b>365,335</b>	<b>1.8%</b>	<b>192,333</b>	<b>191,146</b>	<b>0.6%</b>
Selling and marketing expenses	(242,135)	(242,242)	0.0%	(123,760)	(125,910)	-1.7%
General and administrative expenses	(74,993)	(73,495)	2.0%	(39,592)	(38,410)	3.1%
Other operating income (expenses)	(7,650)	1,588	n.s.	(7,454)	1,265	n.s.
<b>Operating profit</b>	<b>47,250</b>	<b>51,186</b>	<b>-7.7%</b>	<b>21,527</b>	<b>28,091</b>	<b>-23.4%</b>
Share of income (loss) of associates	(1,202)	95	n.s.	(1,202)	95	n.s.
Interest expenses and other financial charges, net	(13,798)	(15,225)	-9.4%	(8,231)	(10,692)	-23.0%
<b>Profit before taxation</b>	<b>32,250</b>	<b>36,056</b>	<b>-10.6%</b>	<b>12,094</b>	<b>17,494</b>	<b>-30.9%</b>
Income taxes	(11,904)	(13,677)	-13.0%	(5,340)	(7,605)	-29.8%
<b>Net profit of the period</b>	<b>20,346</b>	<b>22,379</b>	<b>-9.1%</b>	<b>6,754</b>	<b>9,889</b>	<b>-31.7%</b>
Non-controlling interests	257	855	-69.9%	59	312	-81.1%
<b>Net profit attributable to owners of the Parent</b>	<b>20,089</b>	<b>21,524</b>	<b>-6.7%</b>	<b>6,695</b>	<b>9,577</b>	<b>-30.1%</b>
<b>EBITDA</b>	<b>65,018</b>	<b>70,659</b>	<b>-8.0%</b>	<b>30,357</b>	<b>38,403</b>	<b>-21.0%</b>
Basic EPS (Euro)	0.325	0.364		0.108	0.153	
Diluted EPS (Euro)	0.323	0.364		0.107	0.153	

**Safilo Group S.p.A.***Consolidated net sales*

Net sales by geographical area (Euro in millions)	1st Semester					
	2013	%	2012	%	Change %	Change % (*)
Europe	254.9	42.6	250.9	40.9	+1.6	+1.7
Americas	239.8	40.1	248.0	40.4	-3.3	-1.7
Asia	96.3	16.1	106.1	17.3	-9.2	-7.0
Rest of the world	7.4	1.2	8.3	1.4	-10.8	-5.3
<b>Total</b>	<b>598.4</b>	<b>100.0</b>	<b>613.3</b>	<b>100.0</b>	<b>-2.4</b>	<b>-1.2</b>

Net sales by geographical area (Euro in millions)	2nd Quarter					
	2013	%	2012	%	Change %	Change % (*)
Europe	126.7	42.0	132.5	40.8	-4.4	-4.0
Americas	121.2	40.2	130.6	40.2	-7.2	-5.6
Asia	50.3	16.7	57.2	17.6	-12.1	-9.4
Rest of the world	3.2	1.1	4.3	1.3	-25.6	-11.3
<b>Total</b>	<b>301.4</b>	<b>100.0</b>	<b>324.6</b>	<b>100.0</b>	<b>-7.2</b>	<b>-5.7</b>

(\*) at constant exchange rates

Net sales by product (Euro in millions)	1st Semester					
	2013	%	2012	%	Change %	Change % (*)
Prescription frames	214.9	35.9	222.1	36.2	-3.2	-1.7
Sunglasses	352.4	58.9	362.0	59.0	-2.7	-1.7
Sport products	26.7	4.5	24.6	4.0	+8.5	+9.7
Other	4.4	0.7	4.6	0.8	-4.3	-2.8
<b>Total</b>	<b>598.4</b>	<b>100.0</b>	<b>613.3</b>	<b>100.0</b>	<b>-2.4</b>	<b>-1.2</b>

Net sales by product (Euro in millions)	2nd Quarter					
	2013	%	2012	%	Change %	Change % (*)
Prescription frames	105.7	35.1	112.7	34.7	-6.2	-4.2
Sunglasses	182.2	60.5	196.5	60.5	-7.3	-6.1
Sport products	10.8	3.6	12.9	4.0	-16.3	-15.1
Other	2.7	0.9	2.5	0.8	+8.0	+10.8
<b>Total</b>	<b>301.4</b>	<b>100.0</b>	<b>324.6</b>	<b>100.0</b>	<b>-7.2</b>	<b>-5.7</b>

(\*) at constant exchange rates

## Safilo Group S.p.A.

## Consolidated Balance sheet

(Euro/000)	June 30, 2013	December 31, 2012	Change
<b>ASSETS</b>			
<b>Current assets</b>			
Cash in hand and at bank	70,221	59,388	10,833
Trade receivables, net	274,993	280,442	(5,449)
Inventory, net	193,442	207,639	(14,197)
Derivative financial instruments	794	126	668
Other current assets	46,832	42,344	4,488
<b>Total current assets</b>	<b>586,282</b>	<b>589,939</b>	<b>(3,657)</b>
<b>Non-current assets</b>			
Tangible assets	200,352	204,713	(4,361)
Intangible assets	43,847	45,646	(1,799)
Goodwill	557,681	558,046	(365)
Investments in associates	9,807	10,916	(1,109)
Available-for-sale financial assets	201	245	(44)
Deferred tax assets	80,387	76,987	3,400
Derivative financial instruments	160	-	160
Other non-current assets	5,234	4,825	409
<b>Total non-current assets</b>	<b>897,669</b>	<b>901,378</b>	<b>(3,709)</b>
<b>Total assets</b>	<b>1,483,951</b>	<b>1,491,317</b>	<b>(7,366)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	80,227	182,643	(102,416)
Trade payables	183,393	210,573	(27,180)
Tax payables	17,317	16,193	1,124
Derivative financial instruments	682	1,000	(318)
Other current liabilities	46,450	47,739	(1,289)
Provisions for risks and charges	8,828	2,851	5,977
<b>Total current liabilities</b>	<b>336,897</b>	<b>460,999</b>	<b>(124,102)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	190,792	92,034	98,758
Employees benefits liability	36,290	36,819	(529)
Provisions for risks and charges	23,518	24,004	(486)
Deferred tax liabilities	8,765	7,745	1,020
Derivative financial instruments	618	1,555	(937)
Other non-current liabilities	5,348	5,315	33
<b>Total non-current liabilities</b>	<b>265,331</b>	<b>167,472</b>	<b>97,859</b>
<b>Total liabilities</b>	<b>602,228</b>	<b>628,471</b>	<b>(26,243)</b>
<b>Shareholders' equity</b>			
Share capital	308,700	308,700	-
Share premium reserve	481,163	481,163	-
Retained earnings (losses) and other reserves	69,510	43,563	25,947
Fair value and cash flow reserves	(765)	(1,555)	790
Income attributable to the Group	20,089	25,865	(5,776)
<b>Total shareholders' equity attributable to the Group</b>	<b>878,697</b>	<b>857,736</b>	<b>20,961</b>
<b>Non-controlling interests</b>	<b>3,026</b>	<b>5,110</b>	<b>(2,084)</b>
<b>Total shareholders' equity</b>	<b>881,723</b>	<b>862,846</b>	<b>18,877</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,483,951</b>	<b>1,491,317</b>	<b>(7,366)</b>

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## Safilo Group S.p.A.

## Consolidated statement of cash flows

(Euro/000)	1st Semester	
	2013	2012
<b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>	<b>45,623</b>	<b>76,528</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit for the period (including minority interests)	20,346	22,379
Depreciation and amortization	17,768	19,474
Other non-monetary P&L items	6,909	(72)
Interest expenses, net	7,743	9,825
Income tax expenses	11,904	13,677
<b>Income from operating activities prior to movements in working capital</b>	<b>64,670</b>	<b>65,283</b>
(Increase) Decrease in trade receivables	2,715	(24,305)
(Increase) Decrease in inventory, net	14,616	13,767
Increase (Decrease) in trade payables	(26,731)	7,329
(Increase) Decrease in other current receivables	(10,193)	1,252
Increase (Decrease) in other current payables	2,661	3,064
Interest expenses paid	(8,636)	(9,424)
Income taxes paid	(13,120)	(15,861)
<b>Total (B)</b>	<b>25,982</b>	<b>41,104</b>
<b>C - Cash flow from (for) investing activities</b>		
Purchase of property, plant and equipment (net of disposals)	(10,268)	(11,802)
Acquisition of subsidiary (net of cash acquired)	-	(58,359)
Acquisition of minorities (in subsidiaries and associates)	(3,750)	(10,155)
(Acquisition) Disposal of investments and bonds	-	(13)
Purchase of intangible assets	(524)	(1,058)
<b>Total (C)</b>	<b>(14,542)</b>	<b>(81,387)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	127,020	42,690
Repayment of borrowings	(128,635)	(79,773)
Share capital increase	-	44,262
Dividends paid	-	(155)
<b>Total (D)</b>	<b>(1,615)</b>	<b>7,024</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>9,825</b>	<b>(33,259)</b>
Translation exchange differences	2,705	2,319
<b>Total (F)</b>	<b>2,705</b>	<b>2,319</b>
<b>G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)</b>	<b>58,154</b>	<b>45,588</b>

**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, Fendi (starting from 2014), 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 Hilfger. For further information [www.safilo.com](http://www.safilo.com)

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