THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES THE FINANCIAL RESULTS OF THE FIRST HALF OF 2018 AND THE GROUP BUSINESS PLAN

Padua, August 2, 2018 - The Board of Directors of Safilo Group S.p.A. has today reviewed and approved the results of the first half of 2018 and a five year Business Plan[3] which includes an update of the previous 2020 Plan.

H1 2018 performance reflected the decline of the European sunglass sales in Q2 and the continuing weakness of the business in North America. Growth in emerging markets and in the prescription eyewear business were positive highlights. Progress on cost savings in line with plans and partially offsetting negative operational leverage.

- Net sales of Euro 492.2 million, down 4.3% at constant exchange rates compared to H1 2017[1]
- Adjusted[2] EBITDA margin at 5.1% of sales, in line with the margin recorded in H1 2017
- Adjusted[2] Group net loss of Euro 10.4 million compared to a net loss of Euro 6.6 million in H1 2017
- Group net debt of Euro 171.1 million vs. Euro 166 million in Q1 2018 and Euro 112.7 million in H1 2017

Business trends are expected to improve in H2, while business seasonality prevents full recovery. 2018 outlook now expects a decline in net sales of approximately 3% at constant exchange rates compared to 2017[1], and an adjusted[2] EBITDA margin of 4%- 5% of net sales compared to 4.0% in 2017[1]

Update of the 2020 Plan: moderate sales growth compared to 2018 and strong recovery of profitability, mainly through adjusting the Group cost structure:

- Net sales expected to grow by approximately 2% in 2019 and 2020 (ca +4% excluding the Gucci business), while EBITDA margin should increase more significantly, reaching 8%-10% of sales in 2020
- Free Cash Flow expected to turn positive from 2019

Angelo Trocchia, Safilo Chief Executive Officer since April 2018, commented:

"Our objective is to improve the performance of our Company, focusing on few, very clear, priorities. First and foremost, we need to return to grow our top line, exploiting more and better the core strengths of the Group: our product creation and development capabilities, our 140 years of eyewear manufacturing experience, and our deep worldwide distribution network. We need to focus on our go to market execution, combining commercial capabilities, brand execution and customer service and leveraging our strong portfolio of brands, with regards to which I am glad to announce the renewal of the Fossil license (until 2023) and the extension of the Kate Spade license (until 2020).

We have revised our overall expectations for 2018 and in the second half of the year we will work on making the required adjustments and changes to reignite the engines of growth, while executing our cost saving initiatives. In the last couple of months, our action plan included the appointment of a new leader in North America, with deep industry knowledge to drive and develop our business in this strategic region.

We are in the process of creating a leaner organization and therefore an agile, performance-based and customer-centric culture, able to respond more effectively to key opportunities and risks, and as a consequence significantly align our cost structure to the scale of the Group, to restore an adequate and sustainable level of profitability."

This press release may use '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.

H1 2018 ECONOMIC AND FINANCIAL HIGHLIGHTS

(Euro in millions)	H1 2018	H1 2017 [1]	% change	
Net sales	**492.2**	**547.2**	-10.0%	
			-4.3%	(*)
			-3.7%	(**)
Gross profit	**254.1**	**287.2**	**-11.5%**	
%	**51.6%**	**52.5%**		
EBITDA	21.7	24.1	-10.2%	
%	4.4%	4.4%		
Adjusted [2] **EBITDA**	**25.1**	**27.8**	**-9.5%**	
%	**5.1%**	**5.1%**		
Operating profit	(0.4)	3.3	n.s.	
%	-0.1%	0.6%		
Adjusted [2] **Operating profit**	**3.1**	**7.0**	**-54.9%**	
%	**0.6%**	**1.3%**		
Group net profit/(loss)	(13.9)	(9.6)	+45.1%	
%	-2.8%	-1.8%		
Adjusted [2] **Group net profit /(loss)**	**(10.4)**	**(6.6)**	**+56.8%**	
%	**-2.1%**	**-1.2%**		
Group net debt	**171.1**	**112.7**	**+51.9%**	

(*) Sales performance at constant exchange rates

(**) Sales performance at constant exchange rates, excluding Gucci business

In H1 2018, **Safilo's total net sales** equaled Euro 492.2 million, contracting by Euro 23.7 million or 4.3% at constant exchange compared to the same period of 2017[1] (-10.0% at current exchange rates). Sales performance was mainly affected by the negative underlying business trends recorded in the South European countries, where a subdued start to the sun season in March continued also into the second quarter. Excluding the impact from forex, trends in North America remained soft behind a still weak trading in department stores and the ongoing reorganization of the regional salesforce. On the positive side, emerging markets and the optical business of prescription frames reported positive trends. Total revenues, excluding the Gucci business, declined 3.7% at constant exchange rates.

H1 2018 economic performance reflected, on one side, some softness at the gross margin level mainly due to a negative impact of foreign exchanges and sales mix, not fully counterbalanced by the higher plant efficiencies achieved. On the other hand, the operating performance benefitted from the overall positive impact of the savings achieved in overhead costs, totaling approximately Euro13 million at the end of June.

H1 2018 **Gross profit** equaled Euro 254.1 million, down 11.5% compared to Euro 287.2 million in the first half of 2017, with the gross margin at 51.6% of sales from 52.5% in H1 2017. The margin dilution equaled 40 basis points at constant currency.

H1 2018 **adjusted[2] EBITDA** was Euro 25.1 million, down 9.5% compared to the adjusted[2] EBITDA of Euro 27.8 million recorded in H1 2017. The adjusted[2] EBITDA margin equaled 5.1% of sales, in line with the margin achieved in H1 2017. At constant exchange rates, the adjusted[2] EBITDA grew slightly, with the margin up 30 basis points compared to last year.

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H1 2018 **adjusted[2] EBIT** equaled Euro 3.1 million, decreasing by 54.9% compared to the adjusted[2] EBIT of Euro 7.0 million recorded in H1 2017. The adjusted[2] EBIT margin equaled 0.6% of sales from 1.3% in H1 2017. The margin was substantially in line with last year at constant exchange rates.

H1 2018 total net financial charges equaled Euro 9.7 million compared to Euro 7.3 million in H1 2017, reflecting an increase of net interest charges, due to the higher net debt, as well as a higher negative impact of net exchange rates differences.

H1 2018 **Group adjusted[2] net result** equaled a loss of Euro 10.4 million compared to the adjusted[2] net loss of Euro 6.6 million recorded in H1 2017.

Q2 2018 ECONOMIC HIGHLIGHTS

(Euro in millions)	Q2 2018	Q2 2017 [1]	% change	
Net sales	**241.3**	**312.6**	-22.8%	
			-19.1%	(*)
			-18.8%	(**)
Gross profit	**126.6**	**170.4**	**-25.7%**	
%	**52.5%**	**54.5%**		
EBITDA	10.3	33.7	-69.4%	
%	4.3%	10.8%		
Adjusted [2] **EBITDA**	**12.1**	**34.0**	**-64.5%**	
%	**5.0%**	**10.9%**		

(*) Sales performance at constant exchange rates

(**) Sales performance at constant exchange rates, excluding Gucci business

Q2 2018 **Group total net sales** equaled Euro 241.3 million, down 19.1% at constant exchange rates compared to Q2 2017[1] (-22.8% at current exchange rates). Sales performance in the quarter reflected a negative high-single digit underlying performance, mainly due to the unfavorable weather conditions affecting the sun business in the South European countries.
The quarterly performance was also influenced by a challenging comparison base specifically in Europe and emerging markets, where products undelivered in Q1 2017 due to the difficult start-up of the new information system in the Padua DC, were all finally shipped within Q2 2017.
Also in the quarter, the underlying performance of the prescription frames business was positive.

In Q2 2018, the economic performance reflected the negative top line trends in terms of volumes and mix and the suboptimal operating leverage due the seasonal quarterly phasing of marketing and selling costs.

Q2 2018 **Gross profit** equaled Euro 126.6 million, down 25.7% compared to Euro 170.4 million in Q2 2017. Gross margin equaled 52.5% of sales compared to 54.5% in Q2 2017.

Q2 2018 **adjusted[2] EBITDA** was Euro 12.1 million, down 64.5% compared to Euro 34.0 million in Q2 2017, with the **adjusted[2] EBITDA** margin moving to 5.0% of sales from 10.9% in Q2 2017.

H1 2018 KEY CASH FLOW DATA

Euro million	**H1 2018**	H1 2017
Cash flow from/for operating activities before changes in working capital	13.4	(5.6)
Changes in working capital	(37.7)	(30.8)
Cash flow from/for operating activities	(24.3)	(36.4)
Cash flow for investment activities	(13.0)	(20.8)
Free Cash Flow	**(37.3)**	**(57.2)**

In H1 2018, **Free Cash Flow** was negative for Euro 37.3 million compared to a negative flow of Euro 57.2 million in H1 2017.

The lower cash absorption of the period compared to H1 2017 was mainly driven by the lower absorption of cash from Net Working Capital, behind the decrease of inventories and related days on hand improving by 5 days, and a decrease of cash flow for investing activities.

At the end of June 2018, **Group Net Debt** stood at Euro 171.1 million, compared to Euro 166.0 million at the end of March 2018 and to Euro 112.7 million at the end of June 2017.

The June 2018 LTM financial leverage, calculated taking into account also the reported H2 2017 EBITDA adjusted[4] for the non-recurring costs incurred in the year and for the extraordinary items ascribed to the implementation of the new Order-to-Cash IT system in the Padua DC, stood at 3.4x. As a consequence of these results, Safilo has exceeded the level of leverage set in the covenant of its revolving credit facility, expiring at the end of November 2018. This now triggers a remediation period, with a new test at end of September, to be concluded within November, while the Company is progressing with the relevant refinancing considerations.

MARKETS

Net Sales by geographical area

(Euro million)	H1 2018	%	H1 2017[1]	%	Change %	Change % (*)
Europe	239.9	48.7	261.8	47.8	-8.3%	-7.2%
North America	183.8	37.3	221.8	40.5	-17.2%	-7.7%
of which Wholesale	157.3	32.0	188.3	34.4	-16.5%	-6.9%
Asia Pacific	32.5	6.6	28.9	5.3	12.3%	21.9%
Rest of the world	36.0	7.3	34.7	6.3	3.8%	16.7%
Total	**492.2**	**100**	**547.2**	**100**	**-10.0%**	**-4.3%**

(Euro million)	Q2 2018	%	Q2 2017[1]	%	Change %	Change % (*)
Europe	116.4	48.2	163.3	52.2	-28.7%	-27.7%
North America	89.0	36.9	107.4	34.3	-17.1%	-10.9%
of which Wholesale	74.3	30.8	87.3	27.9	-14.8%	-8.6%
Asia Pacific	18.2	7.5	17.9	5.7	1.8%	8.0%
Rest of the world	17.7	7.4	24.1	7.7	-26.3%	-17.9%
Total	**241.3**	**100**	**312.6**	**100**	**-22.8%**	**-19.1%**

(*) Sales performance at constant exchange rates

Europe

H1 2018 net sales in Europe equaled Euro 239.9 million, down 7.2% at constant exchange rates and 8.3% at current exchange rates compared to H1 2017.
Q2 2018 net sales in Europe reached Euro 116.4 million, down 27.7% at constant exchange rates and 28.7% at current exchange rates compared to Q2 2017.

North America

H1 2018 net sales in North America equaled Euro 183.8 million, down 7.7% at constant exchange rates and 17.2% at current exchange rates compared to H1 2017.
Q2 2018 net sales were Euro 89.0 million, down 10.9% at constant exchange rates and 17.1% at current exchange rates compared to Q2 2017.
At constant exchange rates, wholesale revenues in North America declined by 6.9% and 8.6%, respectively in H1 and in Q2 2018, reflecting the persisting weakness in department stores and the ongoing reorganization of the Company salesforce. Sales of the 82 Solstice stores in the United States (103 stores at the end of June 2017) were Euro 26.5 million in H1 2018 and Euro 14.7 million in Q2, declining respectively 11.8% and 20.6% at constant exchange rates compared to the same periods of 2017. This, in part, was caused by the closing of 21 stores since June 2017. Same store sales performance was negative by 4.9% in H1 and by 9.9% in Q2 2018.

Asia Pacific
H1 2018 net sales in Asia equaled Euro 32.5 million, up 21.9% at constant exchange rates and 12.3% at current exchange rates compared to H1 2017.
In Q2 2018, net sales were Euro 18.2 million, up 8.0% at constant exchange rates and 1.8% at current exchange rates compared to Q2 2017.

Rest of the World
H1 2018 net sales in the Rest of the World equaled Euro 36.0 million, up 16.7% at constant exchange rates and 3.8% at current exchange rates compared to H1 2017.
In Q2 2018, net sales were Euro 17.7 million, down 17.9% at constant exchange rates and 26.3% at current exchange rates compared to Q2 2017, due to a challenging comparison base.

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2018 OUTLOOK

In 2018, following the soft Q2 performance impacted by the weak start and development of the sun season, Safilo has revised its expectations for the full year, with total net sales now forecasted to decline by around 3% at constant exchange rates (around 6% at current exchange rates) compared to Euro 1,035.4 million in full year 2017[1]. The continuation of cost saving initiatives should allow Safilo to achieve an adjusted[2] EBITDA margin in a range of 4% to 5% of net sales. The Group expects 2018 Net Debt slightly above the level recorded at the end of June 2018.

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GROUP BUSINESS PLAN

The Board of Directors of Safilo Group S.p.A. has today also reviewed and approved a five-year Business Plan[3] which includes an update of the previous 2020 Plan.

In light of the results achieved in the period 2015-2017 and the evolving industry context, the Group has revised the economic and financial targets communicated on March 16th, 2015, which envisaged in 2020 net sales of Euro 1,600-1,700 million, an EBITDA margin of approximately 14% and a Net cash/EBITDA leverage of approximately1x.

In the 2-year period 2019-2020, the Group foresees its total net sales to return to grow at a pace of approximately 2% per annum (approximately +4%, excluding the Gucci business), reaching total net sales of Euro 1,000-1,020 million in 2020. Net of the accounting compensation for the early termination of the Gucci license and of any non-recurring costs, the EBITDA margin is expected to steadily improve between 2019 and 2020, mainly behind significant cost saving programs, reaching 8% to10% of total net sales in 2020.

DRIVERS OF 2019 -2020 SALES GROWTH:

The Group's strategy remains focused on the achievement of a balanced business across different consumer and product segments. In the next couple of years, leveraging on its leading product and manufacturing skills and on its distribution capabilities, Safilo expects to be able to capture increasing business opportunities in the premium, contemporary and lifestyle segments, reflecting the continued focus of the Company in the growth of its core licenses, own brands, as well as the most recently signed new license partnerships.

In terms of geographies, Safilo plans to grow the share of the business in Emerging Markets[5], envisaging year on year high single-digit growth rates, with a particular emphasis on China.

In the Group's developed markets of North America and Europe, sales are expected to grow low-single digit, reflecting an improvement of the Company go-to-market execution strategies, through new sales force capacity and capability, improving customer service levels and more focused investments by brand and channel.

Safilo's overall go to market strategy is today also evolving to encompass an omni-channel business approach, with a more significant role to be played by the e-commerce business, which is expected to double its share of the Group's total business from 3% to 6% in 2020.

Another important contribution to the Group's plan will be made by the expected development of the optical product category, a solidly growing business in which Safilo wants to recover its historical leading position, through a strengthened product offering and its renewed commitment to executional excellence in sales and after sales services. Over the plan's timeframe, the Group expects its optical business to grow mid-single digit and to account for approximately 40% of total sales in 2020 from 35% in 2017.

DRIVERS OF 2019-2020 EBITDA:

Safilo's plan provides for an important recovery of EBITDA margin to be achieved mainly through a significant adjustment of the Group cost structure, bringing costs in line with the scale of the business.

In the period 2019-2020, the Group foresees total cumulative savings of approximately Euro 70 million, behind restructuring costs of around Euro 25 million in the period, tackling the following main areas:

- Cost of Goods Sold
  Safilo plans meaningful savings in this area to be generated by i) further acceleration on procurement efficiency leveraging more and more the Company global and integrated scale, ii) an integrated supply chain approach with plant efficiency optimization further adopting best-in-class technologies, industrial processes, and the redesign of manufacturing flows, iii) further review of the logistics footprint, iv) an important reduction of obsolescence costs, behind better operational excellence.

- Overhead costs
  Following the overhead productivity plan initiated in 2016, the Group is now focused on an extra program of overhead savings, to be started and partially deployed already in 2018, reflecting an optimization approach, which will give the Company the opportunity to simplify work processes in its central and regional offices, making back-office activities and transactional work more agile, also thanks to the completion of the IT roadmap.

The streamline approach will include also a revision of the Group's worldwide employment level.

INVESTMENTS AND FREE CASH FLOW:

In the 2-year period 2019-2020, Safilo expects its Plan to be supported by a cumulative program of investments amounting to around Euro 80 million, dedicated to the ongoing projects of plant modernization, through automation and redesign of the industrial flows, as well as the completion its IT roadmap.
The Group expects the business returning to positive cash generation starting from 2019, reflecting the foreseen improvement of the economic results and of working capital management, with particular reference to the optimization of inventory levels. In 2020, Safilo expects a Net Debt/EBITDA leverage of approximately 1.5x.

UPDATE ON THE GROUP REFINANCING PROCESS

Safilo's 150 Mio € Revolving Credit Facility ('RCF") is expiring on November 30, 2018 and the 150 Mio € Equity-linked Bond ("ELB") is maturing on 22 May 2019.

The Company is progressing in its discussions with financial institutions on the refinancing options, in the context of the updated business plan. In addition, the Company is having discussions with its reference shareholder, HAL Holding N.V ("HAL"), to which extent and under which terms and conditions HAL could potentially provide financial support in this process. The company expects to complete the work regarding the final choice of financing options within the coming months and to launch the actual refinancing project within the upcoming maturity timelines.

Notes to the press release

[1] The new accounting standard IFRS 15 regarding "Revenue from contracts with customers" entered into effect starting from 1 January 2018. Following the fully retrospective approach chosen by the Group, the application of the principle to the first semester and second quarter of 2018, had an adjustment effect on the sales and cost of goods sold of the same periods of 2017 equal respectively to Euro 5.4 million and Euro 2.7 million, with a neutral effect on the gross profit. Consequently, Q2 and H1 2017 total net sales were adjusted to Euro 312.6 and Euro 547.2 million respectively. The application of the principle to FY 2017 total net sales had an adjustment effect on the sales and cost of goods sold equal to Euro 11.6 million with a neutral effect on the gross profit.

[2] In H1 2018, the adjusted economic results exclude non-recurring costs for Euro 3.5 million, mainly related to the CEO succession plan and reorganization costs in North America; include an income of Euro 19.5 million, as pro-rata portion of the accounting compensation for the early termination of the Gucci license, equal to Euro 39 million for the full year 2018.
In Q2 2018, the adjusted EBITDA excludes non-recurring costs for Euro 1.8 million and includes an income of Euro 9.8 million, as pro-rata portion of the accounting compensation for the early termination of the Gucci license.

In H1 2017, the adjusted economic results excluded non-recurring costs of Euro 3.7 million, mainly related to the reorganization of the Ormoz plant in Slovenia and other overhead cost saving initiatives (Euro 3.0 on the Net result), and included income of Euro 21.5 million as a pro-rata portion of the accounting compensation for the early termination of the Gucci license, equal to Euro 43 million for the full year 2017.
In Q2 2017, the adjusted EBITDA excluded non-recurring costs of Euro 0.4 million related to overhead cost saving initiatives and included income of Euro 10.8 million as a pro-rata portion of the accounting compensation for the early termination of the Gucci license.

[3]This press release provides estimates and qualitative objections only in relation to the update of the previous Company 2020 Plan, as required by applicable laws and regulations.

[4] For the purpose of the LTM financial leverage calculation, the adjusted EBITDA for H2 2017, besides non-recurring costs, excludes the exceptional costs incurred in relation to the Padua DC Order-to-Cash IT system issues and includes the profit impact resulting from the lost revenues in relation to the Padua DC Order-to-Cash IT system issues.

[5] Emerging markets comprise the regions of India, Middle East & Africa and Latin America (reported within Rest of the World), Central Eastern Europe (reported within Europe), Greater China and APAC (reported within Asia Pacific).

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. Gerd Graehsler, 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 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 and Webcast

H1 2018 results and the Group Business Plan will be discussed tomorrow, August 3, 2018, starting at 8.00am CET (7.00am GMT/ 2.00am US EST) during a presentation to the financial community in Milan.

It is possible to follow the presentation live via conference call and audio webcast:
- Dial in numbers: +39 02 36008019, +44 330 3369125 o +1 323 9942093 (for journalists +39 02 36046339)
- Access code: 3224037
- Webcast at http://investors-en.safilogroup.com

A recording of the conference call will be available until August 5, 2018 on +39 02 38591061, +44 207 6600134 o +1 719 4570820 (access code: 3224037).
The presentation will be available and downloadable from the Company's website.

Financial statement as of June 30, 2018

Please note that the half-yearly financial report as of June 30, 2018, along with the limited review report of the auditing company, will be made available to the public at the company's registered offices, at the central storage of regulated information 1INFO and will be published on the company's internet website, at the address http://investors-en.safilogroup.com in compliance with applicable law.

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Sàfilo Group S.p.A.

Consolidated income statement

(Euro/000)	First semester 2018	First semester 2017 Restated	Change %
Net sales	492,193	547,184	-10.0%
Cost of sales	(238,098)	(259,977)	-8.4%
Gross profit	**254,095**	**287,207**	**-11.5%**
Selling and marketing expenses	(202,335)	(216,645)	-6.6%
General and administrative expenses	(69,052)	(85,253)	-19.0%
Other operating income (expenses)	16,911	17,961	-5.8%
Operating profit/(loss)	**(381)**	**3,270**	**n.s.**
Financial charges, net	(9,660)	(7,303)	32.3%
Profit/(Loss) before taxation	**(10,041)**	**(4,032)**	**n.s.**
Income taxes	(3,893)	(5,569)	-30.1%
Net profit/(loss) of the period	**(13,934)**	**(9,601)**	**45.1%**
Non-controlling interests	-	-	
Net profit/(loss) attributable to the Group	**(13,934)**	**(9,601)**	**45.1%**
EBITDA	**21,680**	**24,149**	**(10.2%)**
Earnings per share - basic (Euro)	(0.222)	(0.153)	
Earnings per share - diluted (Euro)	(0.222)	(0.153)	
Adjusted economic indicators			
Adjusted Operating profit (EBIT)	**3,150**	**6,979**	**(54.9%)**
Adjusted EBITDA	**25,147**	**27,799**	**(9.5%)**
Adjusted net profit/(loss) attributable to the Group	**(10,355)**	**(6,602)**	**56.8%**

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Sàfilo Group S.p.A.

Consolidated Balance sheet

(Euro/000)	June 30, 2018	December 31, 2017	Change
ASSETS			
Current assets			
Cash and cash equivalents	112,935	76,251	36,684
Trade receivables	185,825	178,745	7,080
Inventory	245,236	257,717	(12,481)
Derivative financial instruments	2,422	142	2,280
Other current assets	93,015	91,759	1,256
Total current assets	**639,433**	**604,614**	**34,819**
Non-current assets			
Tangible assets	184,060	188,302	(4,242)
Intangible assets	61,894	64,569	(2,675)
Goodwill	223,962	220,416	3,546
Deferred tax assets	68,965	69,104	(139)
Derivative financial instruments	-	-	-
Other non-current assets	11,194	12,222	(1,028)
Total non-current assets	**550,075**	**554,612**	**(4,537)**
Non-current assets held for sale	**-**	**1,260**	**(1,260)**
Total assets	**1,189,508**	**1,160,487**	**29,021**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	284,075	65,409	218,666
Trade payables	179,319	204,897	(25,578)
Tax payables	19,809	17,218	2,591
Derivative financial instruments	24	2,056	(2,032)
Other current liabilities	83,006	95,493	(12,487)
Provisions for risks and charges	29,713	35,415	(5,702)
Total current liabilities	**595,946**	**420,488**	**175,458**
Non-current liabilities			
Long-term borrowings	-	142,491	(142,491)
Employees benefits liability	27,705	28,399	(694)
Provisions for risks and charges	16,693	16,779	(86)
Deferred tax liabilities	13,601	13,283	318
Derivative financial instruments	-	-	-
Other non-current liabilities	5,804	5,842	(38)
Total non-current liabilities	**63,803**	**206,794**	**(142,991)**
Total liabilities	**659,749**	**627,282**	**32,467**
Shareholders' equity			
Share capital	313,300	313,300	-
Share premium reserve	484,862	484,862	-
Retained earnings and other reserves	(254,808)	(13,355)	(241,453)
Cash flow hedge reserve	339	(35)	374
Income/(Loss) attributable to the Group	(13,934)	(251,567)	237,633
Total shareholders' equity attributable to the Group	**529,759**	**533,205**	**(3,446)**
Non-controlling interests	**-**	**-**	**-**
Total shareholders' equity	**529,759**	**533,205**	**(3,446)**
Total liabilities and shareholders' equity	**1,189,508**	**1,160,487**	**29,021**

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Sàfilo Group S.p.A.

Consolidated statement of cash flows

(Euro/000)	**First semester 2018**	**First semester 2017**
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	**20,842**	**99,025**
B - Cash flow from (for) operating activities		
Net profit/(loss) for the period (including minority interests)	(13,934)	(9,601)
Depreciation and amortization	22,061	20,879
Other non-monetary P&L items	(674)	(13,254)
Interest expenses, net	5,298	3,566
Income tax expenses	3,893	5,570
Flow from operating activities prior to movements in working capital	**16,644**	**7,161**
(Increase) Decrease in trade receivables	(8,366)	(6,190)
(Increase) Decrease in inventory, net	15,280	(6,719)
Increase (Decrease) in trade payables	(26,702)	(20,611)
(Increase) Decrease in other receivables	(3,692)	(9,727)
Increase (Decrease) in other payables	(14,258)	12,486
Interest expenses paid	(2,059)	(979)
Income taxes paid	(1,161)	(11,850)
Total (B)	**(24,315)**	**(36,430)**
C - Cash flow from (for) investing activities		
Investments in property, plant and equipment	(10,397)	(16,138)
Net disposals of property, plant and equipment	1,629	1,182
Acquisition of minorities (in subsidiaries)	-	-
(Acquisition) Disposal of investments and bonds	-	-
Purchase of intangible assets, net of disposals	(4,266)	(5,866)
Total (C)	**(13,034)**	**(20,822)**
D - Cash flow from (for) financing activities		
Proceeds from borrowings	134,971	-
Repayment of borrowings	(10,000)	-
Share capital increase	-	-
Dividends paid	-	-
Total (D)	**124,971**	**-**
E - Cash flow for the period (B+C+D)	**87,622**	**(57,253)**
Translation exchange differences	477	(4,589)
Total (F)	**477**	**(4,589)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	**108,941**	**37,184**

This press release may use '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.

About Safilo Group
Safilo Group is the fully integrated Italian eyewear creator and worldwide distributor of quality and trust, leader in the premium sector for sunglasses, optical frames and sports eyewear. Design inspired and brand driven, Safilo translates extraordinary design into excellent products created thanks to superior craftsmanship expertise dating back to 1878. With an extensive wholly owned global distribution network in 40 countries – in North and Latin America, Europe, Middle East and Africa, and Asia Pacific and China – Safilo is committed to quality distribution of its products all around the world. Safilo's portfolio encompasses Carrera, Polaroid, Smith, Safilo, Oxydo, Dior, Dior Homme, Fendi, Banana Republic, Bobbi Brown, BOSS, Elie Saab, Fossil, Givenchy, havaianas, HUGO, Jack Spade, Jimmy Choo, Juicy Couture, kate spade new york, Liz Claiborne, Love Moschino, Marc Jacobs, Max Mara, Max&Co., Moschino, Pierre Cardin, rag&bone, Saks Fifth Avenue, Swatch, and Tommy Hilfiger.

Listed on the Italian Stock Exchange (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI), in 2017 Safilo recorded net revenues for Euro 1,047 million.

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