



# Safilo Group

*A strong partnership for the future*

## Q1 2011 Results

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April 27, 2011

## Disclaimer

This presentation may contain forward looking statements based on current expectations and projects of the Group in relation to future events. Due to their specific nature, these statements are subject to inherent risks and uncertainties, as they depend on certain circumstances and facts, most of which being beyond the control of the Group. Therefore actual results could differ, even to a significant extent, with respect to those reported in the statements.

## Building up on 2010 foundations

### What we achieved:

- **Mid-single digit top-line growth**
- **Improved operating margins and net profitability**
- **Low financial leverage (2.4x)**

### Market trends

- Continuing recovery of the US market
- Strong fast-growing countries
- Mixed business in Europe

### Business drivers

- Volumes growth
- Outperforming sunglass business for all Top Brands
- Carrera's international expansion

### Profitability

- Growing gross margin
- Improving leverage of SG&A and Retail efficiency
- Lower financial charges and tax rate

### Cash Flow

- Improved results
- Seasonal increase of working capital
- Maintenance capex and one-off investment

## Economic data

in millions of Euro and % of net sales

### Highlights

#### Net Sales

+5.1%

+5.1% LFL\*

#### Gross margin

60.9% of sales, +5.4%

#### EBITDA

13.5% of sales, +17.6%

#### EBIT

10.4% of sales, +30.2%

#### Group net result

18.4 vs 1.7 in 2010

6.1% of sales

	Q1 2011	Q1 2010	% Change
<b>Net sales</b>	<b>300.7</b> 100.0%	<b>286.0</b> 100.0%	<b>+5.1%</b>
<b>Gross profit</b>	<b>183.0</b> 60.9%	<b>173.6</b> 60.7%	<b>+5.4%</b>
<b>EBITDA</b>	<b>40.7</b> 13.5%	<b>34.6</b> 12.1%	<b>+17.6%</b>
<b>Operating result</b>	<b>31.4</b> 10.4%	<b>24.1</b> 8.4%	<b>+30.2%</b>
<b>Group net result</b>	<b>18.4</b> 6.1%	<b>1.7</b> 0.6%	<b>n.m.</b>
<b>Net Debt</b>	<b>268.2</b>	<b>315.4</b>	<b>-15.0%</b>

\* at constant currency and perimeter (sales of the disposed retail chain in Mexico accounted for Euro 5.1 m in Q1 2010)

# Net sales performance

in millions of Euro and % change

## Highlights

### Net Sales

**+5.1%**

**+5.1% LFL\***

### WHOLESALE

**+6.4%, +4.4% CN**

Growth mainly driven by volumes in sunglasses and development of emerging countries

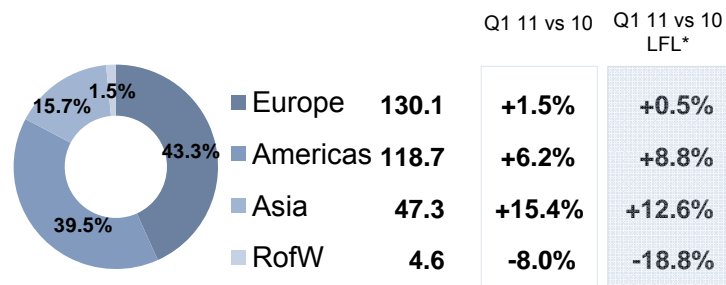
### RETAIL

**-12.7%, +19.1% LFL\***

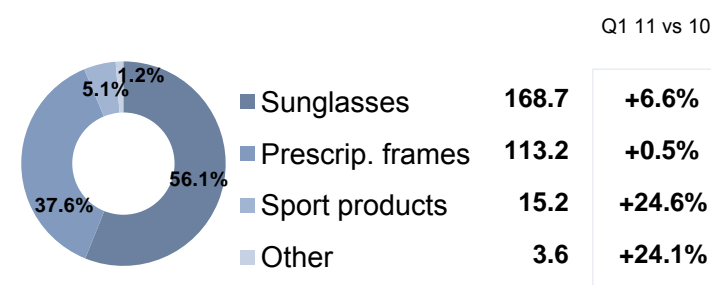
Sale of the retail chain in Mexico and good trends of Solstice's retail stores in US

\* at constant currency and perimeter (sales of the disposed retail chain in Mexico accounted for Euro 5.1 m in Q1 2010)

## by region



## by product



- Continuing recovery of the US market following good momentum of sunglass sales at department stores and Solstice's retail stores (+5.7% comps sales). Positive performance of the prescription frames business in the independent opticians channel. Solid trends in LATAM countries (Mexico and Brasil) also thanks to a stronger commercial organisation;
- Steady market environment in Europe with a mix of improving countries and still uncertain or weak (e.g. Greece) marketplaces. Focus on quality of service, optimization of sales structures and stronger trade marketing activities;
- Sustained growth in all main Asian markets (China, Korea, India) thanks to strong brands portfolio, increasing space and product visibility and a tailored made commercial approach to the various markets of the region;
- Good performance of Top brands (mainly in sunglasses). Strong development of new brands and other diffusion lines. Carrera growing by ca 30% thanks to international expansion.

# EBITDA

*in millions of Euro and % of sales*

## Highlights

### EBITDA

13.5% of sales

+17.6%

### WHOLESALE\*

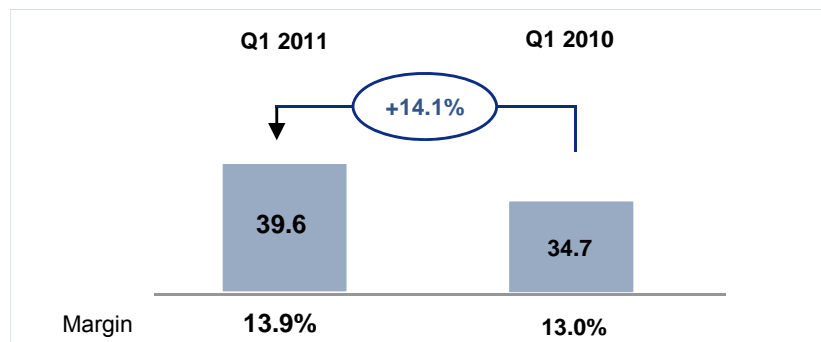
13.9% of sales

+14.1%

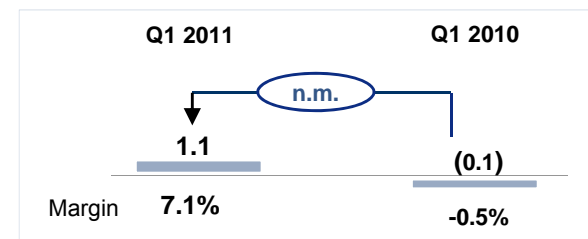
### RETAIL\*

7.1% of sales

## Wholesale



## Retail



- Resilient gross margin driven by volumes and mix;
- Lower incidence of SG&A expenses thanks to better leverage and tight control on costs;
- Profitable retail business reflecting the significant improvement of Solstice's performance.

\* Margins are adjusted for a one-off gain on the revaluation of an asset for Euro 2.9 million (wholesale) and one-off restructuring costs of Euro 3.0 million (retail)

## Net result

in millions of Euro and % of net sales

### Highlights

**Group net result**

**+ 16.7 vs 2010**

**6.1% of sales vs 0.6%**

Below EBITDA:

Reduction of D&A and Net interest expenses;

Positive impact of exchange rate differences;

Lower income taxes

	Q1 2011	Q1 2010	% Ch.
<b>Net interest expenses</b>	<b>(5.8)</b> -1.9%	<b>(8.1)</b> -2.8%	<b>-27.9%</b>
Senior Loan & others	(1.1) -0.4%	(3.1) -1.1%	-63.9%
HYB	(4.7) -1.6%	(4.9) -1.7%	-4.9%
<b>Net exchange rate differences</b>	<b>4.8</b> 1.6%	<b>(2.3)</b> -0.8%	<b>n.m.</b>
<ul style="list-style-type: none"> <li>— Lower net interest expenses reflecting a lower average financial debt;</li> <li>— Net positive exchange rate differences following the revaluation of Euro against the main foreign currencies during the quarter.</li> </ul>			
<b>Income taxes</b>	<b>(8.5)</b> -2.8%	<b>(8.7)</b> -3.1%	<b>-2.6%</b>
<ul style="list-style-type: none"> <li>— Tax rate of the period at 30.4% compared to 74.1% in Q1 2011</li> </ul>			
<b>Group net result</b>	<b>18.4</b> 6.1%	<b>1.7</b> 0.6%	<b>n.m.</b>

## Free Cash Flow

*in millions of Euro*

### Highlights

#### **-6.8 vs +3.1 in Q1 2010**

Improved net result;

Increase in Working Capital mainly due to the expected decrease of trade payables;

Stable investments in maintenance capex and technological upgrades;

One-off investment to complete the acquisition of the Company's regional Headquarters and distribution centre in US.

	Q1 2011	Q1 2010
Net result and other charges	36.8	22.9
Change in working capital	(32.5)	(13.7)
<b>Cash flow from operating activities</b>	<b>4.3</b>	<b>9.2</b>
<b>Cash flow from investing activities</b>	<b>(11.1)</b>	<b>(6.1)</b>
<b>Free Cash Flow</b>	<b>(6.8)</b>	<b>3.1</b>



# Net Debt

in millions of Euro

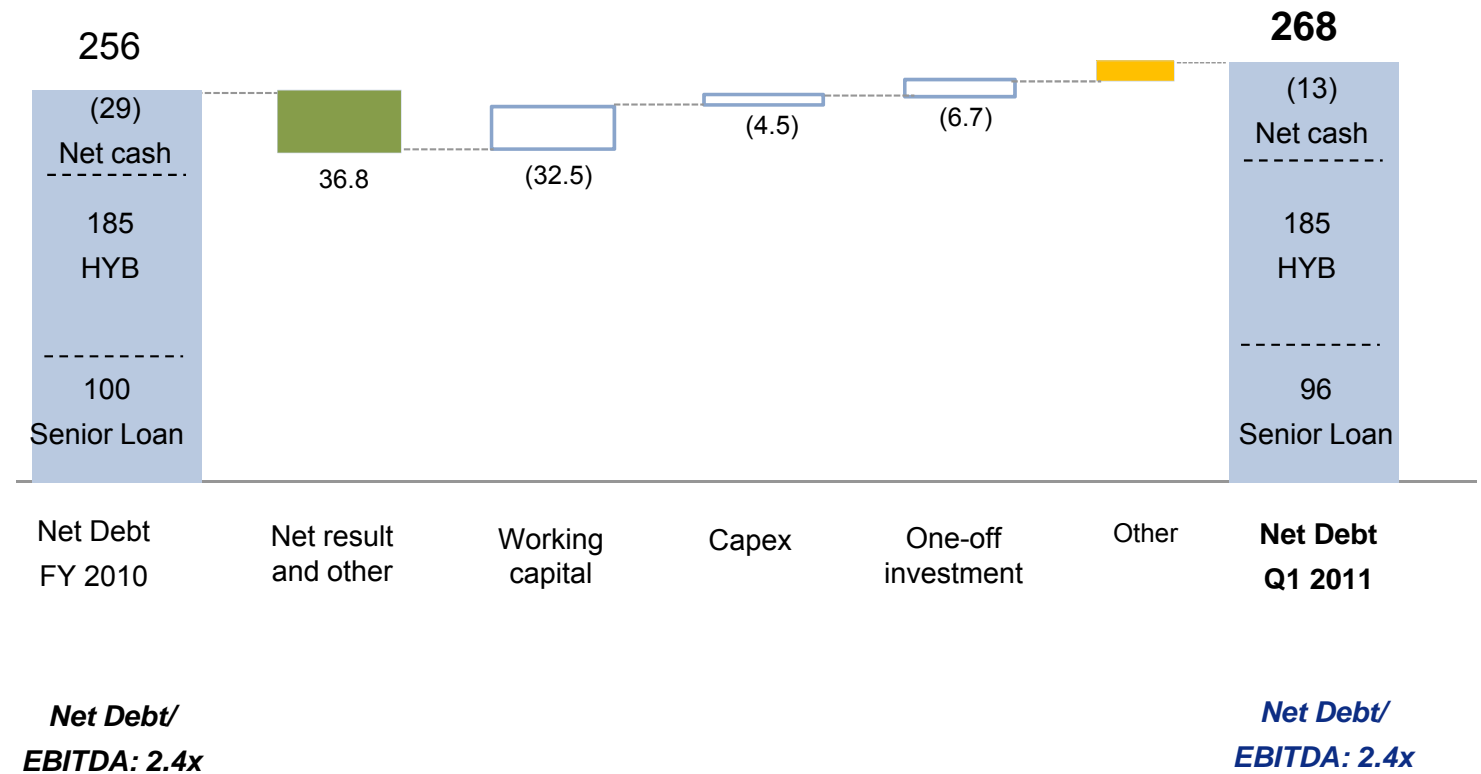
## Highlights

Committed Revolving credit facility (Euro 200m) fully available to cope with working capital needs and capex;

HYB representing ca 55% of the Group gross debt;

No major M/L Term repayments scheduled in 2011.

## Net Debt trend



Translation exchange differences

# *Appendices*

## Financial statements

	Q1 2011	Q1 2010	Net Ch.	% Ch.
<b>Net sales</b>	<b>300.7</b> 100.0%	<b>286.0</b> 100.0%	<b>+14.7</b>	<b>+5.1%</b>
Cost of goods sold	(117.6) -39.1%	(112.4) -39.3%	-5.2	+4.7%
<b>Gross profit</b>	<b>183.0</b> 60.9%	<b>173.6</b> 60.7%	<b>+9.5</b>	<b>+5.4%</b>
Selling & marketing	(119.3) -39.7%	(116.7) -40.8%	-2.6	+2.2%
General & Administrative	(32.4) -10.8%	(33.1) -11.6%	+0.8	-2.3%
Other income (expenses)	(0.0) 0.0%	0.3 0.1%	-0.4	n.m.
<b>Operating result</b>	<b>31.4</b> 10.4%	<b>24.1</b> 8.4%	<b>+7.3</b>	<b>+30.2%</b>
Interest s and other financials, net	(3.4) -1.1%	(12.3) -4.3%	+8.9	-72.2%
<b>Profit before taxation</b>	<b>28.0</b> 9.3%	<b>11.8</b> 4.1%	<b>+16.2</b>	<b>n.m.</b>
Income taxes	(8.5) -2.8%	(8.7) -3.1%	+0.2	-2.6%
Net result attributable to minorities	(1.1) -0.4%	(1.3) -0.5%	+0.2	-18.0%
<b>Group net result</b>	<b>18.4</b> 6.1%	<b>1.7</b> 0.6%	<b>+16.7</b>	<b>n.m.</b>

## Sales breakdown

	Q1 2011	Q1 2010	% Ch.	% Ch. Cn
<b>Total sales</b>	<b>300.7</b> 100.0%	<b>286.0</b> 100.0%	<b>+5.1%</b>	<b>+3.2%</b>
<i>by region</i>				
• <b>Europe</b>	<b>130.1</b> 43.3%	<b>128.2</b> 44.8%	<b>+1.5%</b>	<b>+0.5%</b>
• <b>Americas</b>	<b>118.7</b> 39.5%	<b>111.8</b> 39.1%	<b>+6.2%</b>	<b>+3.9%</b>
• <b>Asia</b>	<b>47.3</b> 15.7%	<b>41.0</b> 14.3%	<b>+15.4%</b>	<b>+12.6%</b>
• Rest of the world	<b>4.6</b> 1.5%	<b>5.0</b> 1.7%	<b>-8.0%</b>	<b>-18.8%</b>
<i>by product</i>				
• <b>Sunglasses</b>	<b>168.7</b> 56.1%	<b>158.3</b> 55.3%	<b>+6.6%</b>	
• <b>Prescription frames</b>	<b>113.2</b> 37.6%	<b>112.6</b> 39.4%	<b>+0.5%</b>	
• Sport products	<b>15.2</b> 5.1%	<b>12.2</b> 4.3%	<b>+24.6%</b>	
• Other	<b>3.6</b> 1.2%	<b>2.9</b> 1.0%	<b>+24.1%</b>	
<i>by channel</i>				
• <b>Wholesale</b>	<b>284.5</b> 94.6%	<b>267.5</b> 93.5%	<b>+6.4%</b>	<b>+4.4%</b>
• <b>Retail</b>	<b>16.2</b> 5.4%	<b>18.5</b> 6.5%	<b>-12.7%</b>	<b>-13.6%</b>

# Q1 2011 Results

## Balance Sheet

in millions of Euro

	Q1 2011	2010	Net Ch.
Net working capital	315.1	287.5	+27.6
Tang.-intang. fixed assets	749.2	767.4	-18.2
Financial fixed assets	11.6	13.2	-1.6
Other assets/(liabilities)	(59.7)	(44.9)	-14.8
<b>Net capital employed</b>	<b>1,016.2</b>	<b>1,023.2</b>	<b>-7.0</b>
Net financial position	268.2	256.2	+12.0
Minority interest	11.3	11.0	+0.3
Shareholders' equity	736.7	756.0	-19.3

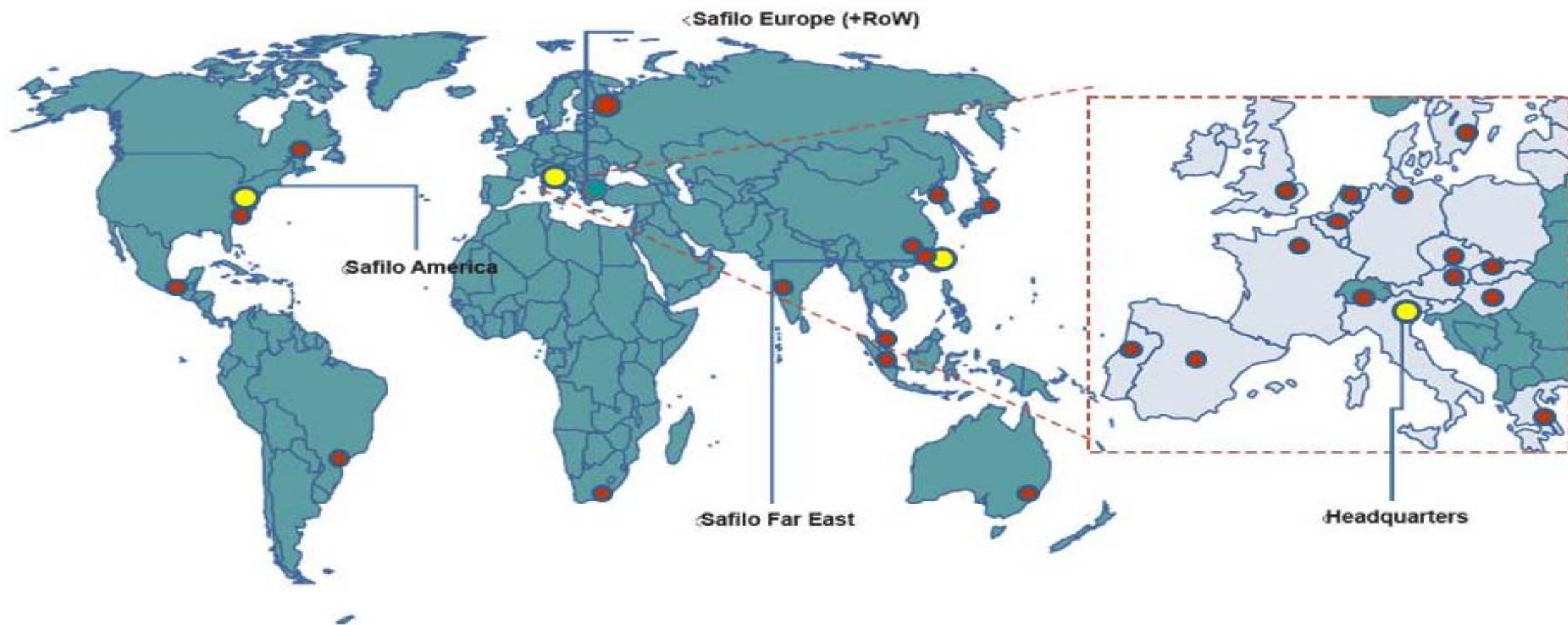
# Net Working Capital

in millions of Euro

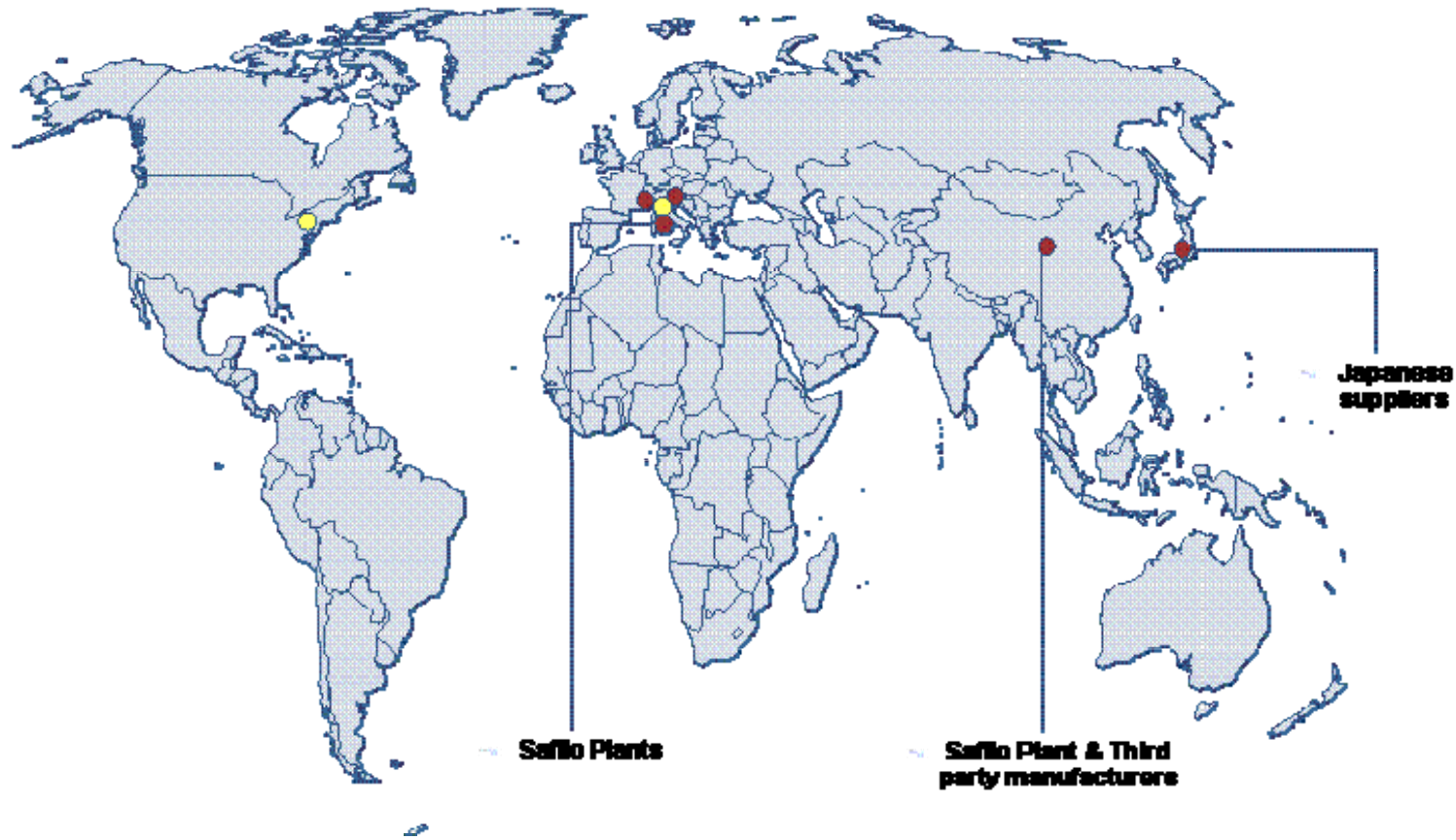
	Q1 2011	Q1 2010	Net Ch.	% Ch.	2010	Net Ch.	% Ch.
Trade receivables	288.3	314.2	-25.9	-8.2%	271.3	+17.0	+6.3%
Inventories	205.1	200.0	+5.1	+2.6%	220.4	-15.3	-6.9%
Trade payables	(178.3)	(161.5)	-16.8	+10.4%	(204.2)	+25.9	-12.7%
<b>Net working capital</b>	<b>315.1</b>	<b>352.7</b>	<b>-37.6</b>	<b>-10.7%</b>	<b>287.5</b>	<b>+27.6</b>	<b>+9.6%</b>
<i>% net sales LTM</i>	28.8%	34.9%			26.6%		

Safilo Group at a glance  
**Worldwide presence**

*32 Subsidiaries reaching 80.000 retailers in 130 countries*



# Production and Operations



- Manufacturing facilities
- Distribution centers





## Brands Portfolio

### House brands

Safilo

OXYDO

Blue Bay  
for dreamers only

CARRERA  
RACING SUNGLASSES SINCE 1956

SMITH OPTICS

### Licensed brands

ALEXANDER  
MQUEEN

A|X  
ARMANI EXCHANGE

BALENCIAGA

BANANA REPUBLIC

BOTTEGA VENETA

Dior

EMPORIO ARMANI



GIORGIO ARMANI

GUCCI

BOSS  
HUGO BOSS

HUGO  
HUGO BOSS

JIMMY CHOO

JLO  
BY JENNIFER LOPEZ



kate spade  
NEW YORK

Iz claiborne

MARC JACOBS

MARC BY MARC JACOBS

MaxMara  
SPORTSWEAR

MAX&Co.

NINE WEST

pierre cardin  
PARIS






SAKS  
FIFTH  
AVENUE

TOMMY HILFIGER

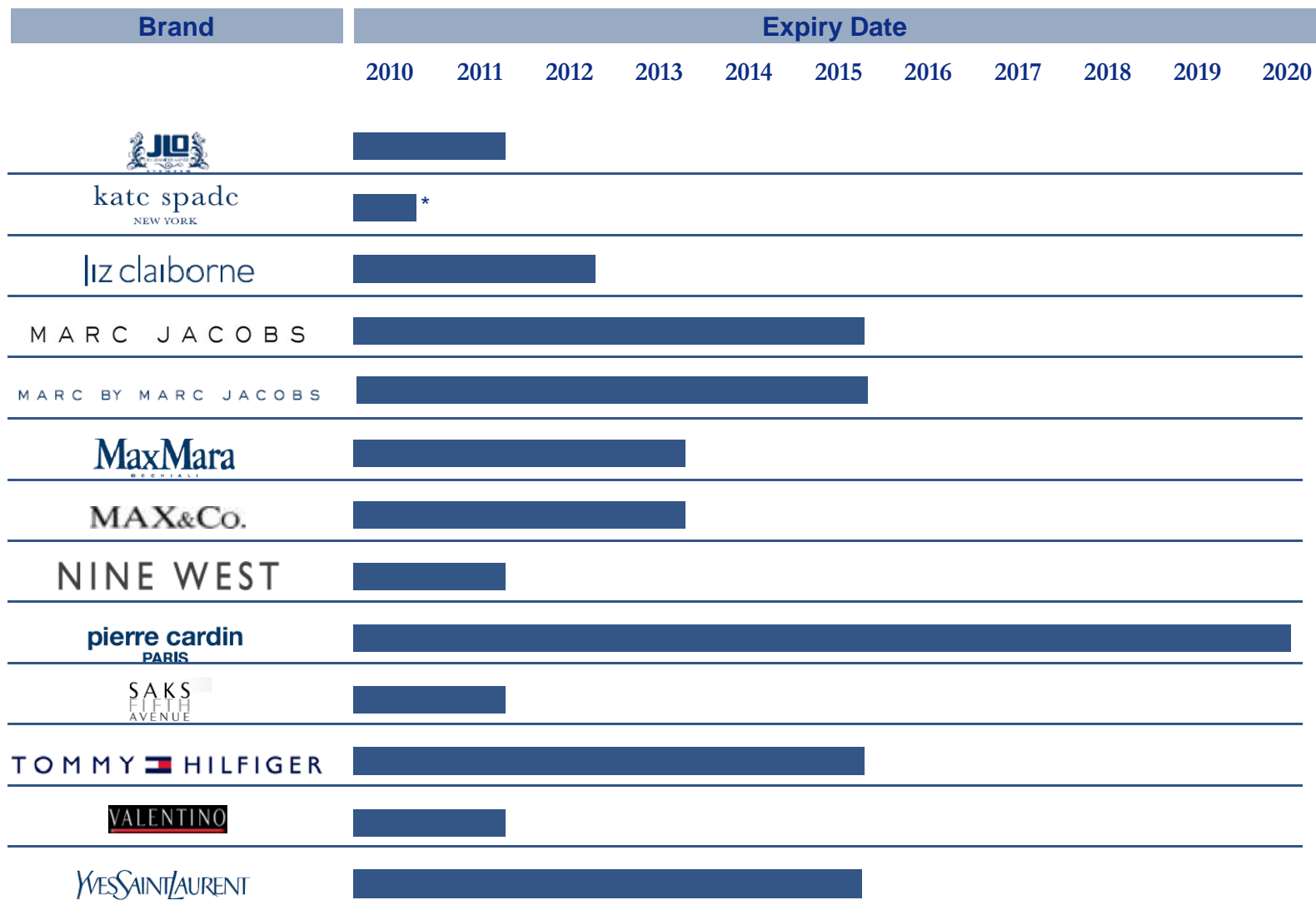
VALENTINO

YVES SAINT LAURENT

## Licensed brands

Brand	Expiry Date										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
 ALEXANDRE MQUEEN	█										
 AX	█										
BALENCIAGA	█										
BANANA REPUBLIC	█										
<b>BOSS</b>	█										
BOTTEGA VENETA	█										
<b>Dior</b>	█										
EMPORIO  ARMANI	█										
 FOSSIL	█										
<b>GIORGIO ARMANI</b>	█										
GUCCI	█										
<b>HUGO</b> HUGO BOSS	█										
JIMMY CHOO	█										
	█										

# Licensed brands



\* Under discussion