



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES  
THE 2018 FINANCIAL RESULTS**

**Financial performance and Net Debt improved thanks to progress  
on cost savings and execution of the share capital increase.  
New commercial leadership to turn around soft sales trends**

- **Net sales** at Euro 962.9 million, -4.0% at constant exchange rates -7.0% at current exchange rates
- **Adjusted<sup>4</sup> EBITDA** at Euro 47.5 million, +15.5% compared to 2017
- **Adjusted<sup>4</sup> Net loss** of Euro 26.7 million, improving by 43.2% compared to 2017
- **Group net debt** at Euro 32.9 million, -75.0% compared to 2017, due to the proceeds of the share capital increase, excluding the portion of Euro 17.7 million received on 2 January 2019<sup>5</sup>.

**Padua, March 13, 2019** – The Board of Directors of Safilo Group S.p.A. has today approved the Company's consolidated financial statements for the year ended 31 December 2018<sup>1</sup> and examined the separate financial statements for the year ended 31 December 2018<sup>1</sup>, which will be submitted for approval by the shareholders at the Annual General Meeting to be held in a single call on April 30, 2019.

The Board of Directors has decided not to propose the payment of a dividend to the next Annual General Meeting.

As anticipated on January 30, 2019, net sales for 2018 equaled Euro 962.9 million, down 4.0% at constant exchange rates and 7.0% at current exchange rates compared to Euro 1,035.3 million in 2017<sup>2</sup>.

In 2018, the wholesale business<sup>3</sup> declined by 4.9% at constant exchange rates, with the key drivers being:

- i) the exit of the Céline license, just partially counterbalanced by the launch of the new Moschino, Love Moschino and rag & bone licenses;
- ii) the overall positive results of the Group's own core brands, driven in particular by a strong season of Polaroid in Spain and the good progress of the brand Safilo in the optical business;
- iii) the broadly positive performance of the licensed brands in the contemporary and premium segment;
- iv) the weak performance of sunglasses in the fashion luxury segment.

In the fourth quarter of 2018, Safilo's net sales equaled Euro 249.1 million, up 1.3% at constant exchange rates and 1.8% at current exchange rates compared to the same period of 2017<sup>2</sup>. The performance of the wholesale business<sup>3</sup> was negative by 3.3% at constant exchange rates.

In 2018, Safilo's economic results improved thanks to the Group's progress on its cost saving initiatives.

2018 adjusted<sup>4</sup> EBITDA stood at Euro 47.5 million, up 15.5% compared to Euro 41.1 million in 2017, with the margin increasing by 90 basis points from 4.0% to 4.9% of net sales.

In the fourth quarter of 2018, the adjusted<sup>4</sup> EBITDA equaled a profit of Euro 10.3 million compared to the loss of Euro 2.1 million recorded in the same quarter of 2017.

Safilo closed the year with an adjusted<sup>4</sup> Group net loss of Euro 26.7 million compared to an adjusted<sup>4</sup> net loss of Euro 47.1 million in 2017.

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**Angelo Trocchia, Safilo Group Chief Executive Officer**, commented:

*“The year closed substantially in line with our expectations, with a mid-single digit decline in net sales and first signs of improvement at the operating and net result level.*

*The second half of 2018 was a key moment for Safilo as we started to implement the new 2020 plan and we secured our financial structure through a capital increase and a new debt financing.*

*This was also a period in which we intently focused on shaping a new commercial organization in all our key markets, bringing back capabilities and leadership from the industry, with the aim of improving our go to market execution and putting customer service at the heart of what we do.*

*An intense year in which we renewed our partnership with important brands like Banana Republic, Fossil, havaianas and Tommy Hilfiger, and we signed new agreements first with Missoni and with Levi’s® at the very beginning of 2019.*

*In 2019, we envisage the opportunity to recover top line growth and above all a sustainable level of profitability, reflecting the progress of our cost saving projects.”*

### **Economic and Financial highlights of the Year**

Euro million	2018	2017 <sup>2</sup>	% change
<b>Net sales</b>	<b>962.9</b>	1,035.3	-7.0%
			<b>-4.0% (*)</b>
<b>Gross profit</b>	<b>481.5</b>	519.6	-7.3%
%	50.0%	50.2%	
EBITDA	41.7	25.9	+61.2%
%	4.3%	2.5%	
<b>Adjusted <sup>4</sup> EBITDA</b>	<b>47.5</b>	41.1	+15.5%
%	4.9%	4.0%	
Operating profit/(loss)	(5.9)	(208.2)	-97.2%
%	-0.6%	-20.1%	
<b>Adjusted <sup>4</sup> Operating profit/(loss)</b>	<b>0.0</b>	(0.8)	n.s.
%	0.0%	-0.1%	
Group net profit/(loss)	(32.4)	(251.6)	-87.1%
%	-3.4%	-24.3%	
<b>Adjusted <sup>4</sup> Group net profit / (loss)</b>	<b>(26.7)</b>	(47.1)	-43.2%
%	-2.8%	-4.5%	
<b>Group net debt</b>	<b>32.9</b>	131.6	-75.0%

(\*) Sales performance at constant exchange rates

In 2018, **Safilo’s net sales** equaled Euro 962.9 million, down 4.0% at constant exchange rates and 7.0% at current exchange rates. The wholesale business<sup>3</sup> declined by 4.9% at constant exchange rates, driven by the exit of the Céline license and the weakness experienced by sunglasses in the fashion luxury segment.

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2018 was a year of growth for Polaroid and the brand Safilo, which together with the key licensed brands in the contemporary and premium segment, namely Tommy Hilfiger, Hugo Boss and Kate Spade, drove the Group's positive performance in the prescription frames business.

Safilo's operating results improved in 2018, reflecting i) a substantial stability at the gross margin level, driven by higher plant efficiencies offset by a negative impact from foreign exchange and some obsolescence costs, ii) a total of approximately Euro 26 million of overhead cost savings and iii) higher D&A.

2018 **Gross profit** equaled Euro 481.5 million, down 7.3% compared to Euro 519.6 million in 2017, with the gross margin at 50.0% of sales from 50.2%. At constant exchange rates, the margin was up 20 basis points.

2018 **adjusted<sup>4</sup> EBITDA** was Euro 47.5 million, up 15.5% compared to the adjusted<sup>4</sup> EBITDA of Euro 41.1 million recorded in 2017. The adjusted<sup>4</sup> EBITDA margin equaled 4.9% of sales from 4.0%. At constant exchange rates, the adjusted<sup>4</sup> EBITDA margin improved by 130 basis points compared to 2017.

2018 **adjusted<sup>4</sup> EBIT** was at breakeven compared to the adjusted<sup>4</sup> EBIT equal to a loss of Euro 0.8 million in 2017. At constant exchange rates, the adjusted<sup>4</sup> EBIT margin was 0.5% of sales from -0.1% in 2017.

Below the operating line, in 2018 total net financial charges equaled Euro 17.3 million compared to Euro 14.0 million in 2017, reflecting an increase of net interest expenses, due to the utilization of the Revolving Credit Facility during the year. On the other hand, income taxes declined from Euro 29.4 million to Euro 9.2 million.

2018 **Group adjusted<sup>4</sup> net result** equaled a loss of Euro 26.7 million compared to the adjusted<sup>4</sup> net loss of Euro 47.1 million recorded in 2017.

#### Economic highlights of the Fourth Quarter

Euro million	Q4 2018	Q4 2017 <sup>2</sup>	% change
<b>Net sales</b>	<b>249.1</b>	244.8	+1.8%
			<b>+1.3% (*)</b>
<b>Gross profit</b>	<b>115.0</b>	112.0	<b>+2.7%</b>
%	46.2%	45.7%	
<b>EBITDA</b>	9.0	(12.9)	n.s.
%	3.6%	-5.3%	
<b>Adjusted<sup>4</sup> EBITDA</b>	<b>10.3</b>	(2.1)	<b>n.s.</b>
%	4.1%	-0.8%	

(\*) Sales performance at constant exchange rates

In the fourth quarter of 2018, **Safilo's net sales** equaled Euro 249.1 million, up 1.3% at constant exchange rates and 1.8% at current exchange rates. The wholesale business<sup>3</sup>, which declined by 3.3% at constant exchange rates, experienced a positive sales recovery in Europe, that was in the period counterbalanced by the weak performance of Asia and the Rest of the World as well as ongoing softness in North America.

In Q4 2018, the Group's operating performance improved behind a slight upturn of gross margin and a more significant improvement of the operating leverage thanks to efficiencies in SG&A costs.

Q4 2018 **Gross profit** equaled Euro 115.0 million, up 2.7% compared to Euro 112.0 million in Q4 2017. Gross margin equaled 46.2% of sales compared to 45.7% in Q4 2017.

Q4 2018 **adjusted<sup>4</sup> EBITDA** equaled Euro 10.3 million compared to the loss of Euro 2.1 million recorded in the same quarter of 2017. The adjusted<sup>4</sup> EBITDA margin moved to 4.1% of sales from -0.8% in Q4 2017.

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**Key Cash Flow data**

Euro million	2018	2017
Cash flow from operating activities before changes in working capital	27.8	4.9
Changes in working capital	(25.1)	(36.0)
Cash flow from operating activities	2.7	(31.1)
Cash flow for investment activities	(28.3)	(39.0)
<b>Free Cash Flow</b>	<b>(25.6)</b>	<b>(70.1)</b>

In 2018, **Safilo's Free Cash Flow** was negative for Euro 25.6 million compared to a negative flow of Euro 70.1 million in 2017. The year included the third and last compensation payment of Euro 30 million received in September 2018 from Kering.

In 2018, Cash flow from operating activities equaled a generation of Euro 2.7 million compared to an absorption of Euro 31.1 million in 2017. Key drivers of this result were the improvement in EBITDA and a cash flow from the recovery of tax credits.

In the year, Safilo's net investments equaled Euro 28.3 million, mainly dedicated to its product supply and logistics network and to the roll out of new IT systems.

At the end of December 2018, **Safilo's Net Debt** stood at Euro 32.9 million compared to Euro 131.6 million at the end of December 2017, with a leverage ratio of 0.7x adjusted<sup>4</sup> EBITDA. The significant decrease in Net Debt reflected the proceeds from the share capital approved by the Extraordinary Shareholders' meeting on 29 October 2018, and launched on 3 December 2018. It excludes the portion of Euro 17.7 million received on 2 January 2019.<sup>5</sup>

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**Net sales by geographical area:**

(Euro million)	2018	%	2017 <sup>2</sup>	%	Change %	Change % (*)
<b>Europe</b>	452.0	46.9	457.7	44.2	-1.2%	<b>-0.1%</b>
<b>North America</b>	371.3	38.6	422.3	40.8	-12.1%	<b>-8.1%</b>
of which: Wholesale	319.1	33.1	357.0	34.5	-10.6%	<b>-6.6%</b>
Retail	52.1	5.4	65.3	6.3	-20.2%	<b>-16.5%</b>
<b>Asia Pacific</b>	63.3	6.6	64.3	6.2	-1.5%	<b>2.1%</b>
<b>Rest of the world</b>	76.3	7.9	91.0	8.8	-16.2%	<b>-8.6%</b>
<b>Total</b>	<b>962.9</b>	<b>100.0</b>	<b>1,035.3</b>	<b>100.0</b>	<b>-7.0%</b>	<b>-4.0%</b>

(Euro million)	Q4 2018	%	Q4 2017 <sup>2</sup>	%	Change %	Change % (*)
<b>Europe</b>	120.4	48.3	97.2	39.7	23.8%	<b>25.1%</b>
<b>North America</b>	90.9	36.5	97.0	39.6	-6.3%	<b>-9.5%</b>
of which: Wholesale	78.7	31.6	81.6	33.3	-3.6%	<b>-6.7%</b>
Retail	12.2	4.9	15.4	6.3	-20.6%	<b>-23.9%</b>
<b>Asia Pacific</b>	15.4	6.2	18.7	7.6	-17.4%	<b>-19.2%</b>
<b>Rest of the world</b>	22.4	9.0	31.9	13.0	-29.7%	<b>-26.1%</b>
<b>Total</b>	<b>249.1</b>	<b>100.0</b>	<b>244.8</b>	<b>100.0</b>	<b>1.8%</b>	<b>1.3%</b>

(\*) Sales performance at constant exchange rates

**In Europe**, full year net sales ended in line with 2017, after growing 25.1% in the fourth quarter at constant exchange rates. The performance of the wholesale business<sup>3</sup> in Europe was negative by 4.0% in the year, while recording a significant improvement in the fourth quarter, up 12.1% at constant exchange rates. Healthy business trends resulted in positive performance in particular in the Iberian markets, Germany and Central and Eastern European countries.

**In North America**, full year net sales declined by 8.1% at constant exchange rates and by 9.5% in the fourth quarter, with the wholesale business down 6.6% and 6.7% in the respective periods. Sales at the 80 Solstice stores in the United States (102 stores at the end of December 2017) declined by 16.5% in the year and by 23.9% in the fourth quarter, caused by a combination of declining traffic and store closures.

The Group had a challenging second half of the year in **Asia Pacific** and in the **Rest of the World**, two key geographies where the Group has changed the go-to-market organization and its key leadership.

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Sales in Asia-Pacific closed up 2.1% at constant exchange rates in the year, while declining by 19.2% at constant exchange rates in the fourth quarter. Rest of the World turned negative by 8.6% at constant exchange in the year, down 26.1% in the fourth quarter.

## 2019 OUTLOOK

In 2019, Safilo plans to gradually revive top line growth, leveraging the implementation of new commercial organizations in the Group's key markets and the upgrading of customer service levels.

For the current year, Safilo will continue its cost savings plan aimed at recovering a sustainable economic profile.

## OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

### Approval of the Sustainability Report

Together with the 2018 Annual Report, the Board of Directors of Safilo Group S.p.A. approved the Sustainability Report (concerning 2018), in line with the application of the non-financial reporting obligation for listed companies under Legislative Decree 254/2016.

### Amendments to the 2017-2020 Stock Option Plan

The Board of Directors, on the basis of the proposal of the Remuneration and Nomination Committee, has also resolved to propose to the next Shareholders' Meeting certain amendments to the 2017-2020 Stock Option Plan approved by the Shareholders' Meeting on April 26, 2017 and amended by the Shareholders' Meeting on April 24, 2018.

The updated informative document relating to the Plan, integrated with the proposed amendments, will be published within the deadlines set forth by applicable law.

The abovementioned Shareholders' Meeting will be also convened in an Extraordinary session to amend the resolution of the capital increase at the service of the 2017-2020 Stock Option Plan.

The related Illustrative Report will be made available to shareholders within the terms set forth by applicable law.

### Share buy-back program

The Board of Directors agreed to present to the Shareholders' meeting a new proposal for the purchase and disposal of treasury shares for up to 10,000,000 shares subject to revocation of the authorization granted by the Shareholders' meeting of April 24, 2018. The purchases shall be executed on regulated markets or on multilateral trading facilities, at a price not lower than 10% and not higher than 5% of the reference price of Safilo Group shares on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) of the trading day prior to the date of the purchase trade and, in any case, not higher than Euro 3,00 per share.

The purchase and disposal of treasury shares may be used: (i) to perform the obligations to deliver the Company's shares arising from programs of distributions, against payment or for free, of options or shares of the Company to directors, employees and collaborators of the Company or the relevant subsidiaries, as well as arising from programs for free allocation of shares to the shareholders; (ii) to perform the obligations to deliver the Company's shares arising from convertible bonds or bonds cum warrants; and (iii) as a compensation in extraordinary transactions, including the exchange of shares, with other parties in the context of transactions in the interests of the Company.

Authorization to purchase shares will be requested for a period of 18 months, as from the shareholder resolution date; authorization to sell own shares will be requested for an unlimited period.

As of today, the Company has no treasury shares in portfolio.

All information concerning the terms and procedures of the authorization will be made available through the related Illustrative Report, to be made available to shareholders within the terms set forth by applicable law.

## Change to the 2019 Financial Calendar

The Shareholders' Meeting for the approval of the Financial Statements as at December 31 2018, previously scheduled for Monday, April 29, 2019 in a single call, has been postponed to Tuesday, April 30 2019.

### Notes to the press release:

<sup>1</sup> The auditing process of the consolidated and separate financial statements is currently under finalization.

<sup>2</sup> 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 fourth quarter and full year 2018 had an adjustment effect on the sales and cost of goods sold of the same periods of 2017 equal respectively to Euro 4.4 million and Euro 11.6 million, with a neutral effect on the gross profit. Consequently, net sales in the fourth quarter and full year 2017 were adjusted to Euro 244.8 and Euro 1,035.3 million respectively.

<sup>3</sup> The performance of the wholesale business excludes the business of the production agreement with Kering and sales of the Solstice retail chain in the USA. The Kering production agreement is reported within the Europe geographical area.

<sup>4</sup> In 2018, the adjusted economic results exclude non-recurring costs for Euro 5.8 million, mainly related to the CEO succession plan and reorganization costs in North America and Europe, and include an income of Euro 39.0 million, annual portion of the total Euro 90 million accounting compensation for the early termination of the Gucci license.

In Q4 2018, the adjusted EBITDA excludes non-recurring costs for Euro 1.3 million and includes an income of Euro 9.8 million, as pro-rata portion of the annual accounting compensation for the early termination of the Gucci license.

In 2017, the adjusted economic results excluded an impairment charge on the goodwill allocated to the Group's cash generating units for Euro 192.0 million and non-recurring costs for Euro 15.3 million (Euro 15.2 and 12.5 million, respectively on EBITDA and Net result) related to the reorganization of the Ormoz plant in Slovenia, cost saving and restructuring initiatives, and to some legal litigations. Adjusted results included an income of Euro 43 million, as accounting compensation for the early termination of the Gucci license.

In Q4 2017, the adjusted EBITDA excluded non-recurring costs for a total of Euro 10.9 million related to cost saving and restructuring initiatives and to some legal litigations and included an income of Euro 10.8 million, pro-rata portion of the annual accounting compensation for the early termination of the Gucci license.

<sup>5</sup> Safilo's share capital increase was completed on 2 January 2019, for a total consideration of Euro 149,982,892.22, following the subscription and payment by the reference shareholder Multibrands Italy B.V. of all the No. 25,193,337 ordinary shares which remained unsubscribed at the end of the rights auction ended on 28 December 2018, for a total consideration of Euro 17,736,109.25. This amount was therefore booked in January 2019.

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

Today, at 6.30 pm CET (5.30pm GMT; 13.30pm EST) a conference call will be held with the financial community during which 2018 full year and fourth results will be discussed.

It is possible to follow the conference call by calling +39 06 87500896, +33 170732727, +44 844 4933857 or +1 917 7200178 (for journalists +39 06 87502026) and entering the access code: Safilo.

A recording of the conference call will be available until March 15, 2019 on +39 06 99721048, +44 844 5718951 or +1 917 6777532 (access code: 8672489).

The conference call can be also followed via webcast: [https://edge.media-server.com/m6/go/Safilo\\_FY2018Results](https://edge.media-server.com/m6/go/Safilo_FY2018Results).

Notice of the call of the Ordinary Shareholders' Meeting

In the coming days, the notice of the call of the Shareholders' Meeting will be available on the website <http://investors-en.safilogroup.com> and on the central storage of regulated information, where the Reports from the Directors to the Shareholders' Meeting on the proposals regarding the items on the agenda, will also be made available.



**Sàfilo Group S.p.A.***Consolidated income statement*

<i>(Euro/000)</i>	<b>2018</b>	<b>2017</b>	<b>Change %</b>
Net sales	962,861	1,035,343	-7.0%
Cost of sales	(481,341)	(515,794)	-6.7%
<b>Gross profit</b>	<b>481,520</b>	<b>519,550</b>	<b>-7.3%</b>
Selling and marketing expenses	(386,257)	(415,491)	-7.0%
General and administrative expenses	(135,525)	(153,386)	-11.6%
Other operating income (expenses)	34,371	33,152	3.7%
Impairment loss on goodwill	-	(192,000)	-100.0%
<b>Operating profit/(loss)</b>	<b>(5,891)</b>	<b>(208,176)</b>	<b>(97.2%)</b>
Financial charges, net	(17,342)	(13,996)	23.9%
<b>Profit/(Loss) before taxation</b>	<b>(23,233)</b>	<b>(222,171)</b>	<b>(89.5%)</b>
Income taxes	(9,213)	(29,396)	-68.7%
<b>Net profit/(loss) of the period</b>	<b>(32,446)</b>	<b>(251,567)</b>	<b>-87.1%</b>
Non-controlling interests	-	-	
<b>Net profit/(loss) attributable to owners of the Parent</b>	<b>(32,446)</b>	<b>(251,567)</b>	<b>-87.1%</b>
<b>EBITDA</b>	<b>41,739</b>	<b>25,900</b>	<b>61.2%</b>
Earnings per share - basic (Euro)	(0.300)	(4.015)	
Earnings per share - diluted (Euro)	(0.300)	(4.014)	
<b>Adjusted economic indicators</b>			
Adjusted Operating profit/(loss)	<b>4</b>	<b>(837)</b>	<b>n.s.</b>
Adjusted EBITDA	<b>47,505</b>	<b>41,115</b>	<b>15.5%</b>
Adjusted net profit/(loss) attributable to the Group	<b>(26,724)</b>	<b>(47,067)</b>	<b>(43.2%)</b>

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## Sàfilo Group S.p.A.

## Consolidated Balance sheet

(Euro/000)	December 31, 2018	December 31, 2017	Change
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	178,247	76,251	101,996
Trade receivables	184,356	186,791	(2,435)
Inventory	237,710	257,717	(20,007)
Derivative financial instruments	389	142	247
Other current assets	52,582	91,759	(39,177)
<b>Total current assets</b>	<b>653,284</b>	<b>612,660</b>	<b>40,624</b>
<b>Non-current assets</b>			
Tangible assets	176,891	188,302	(11,411)
Intangible assets	58,486	64,569	(6,082)
Goodwill	226,267	220,416	5,851
Deferred tax assets	63,248	69,104	(5,856)
Derivative financial instruments	-	-	-
Other non-current assets	11,552	12,222	(670)
<b>Total non-current assets</b>	<b>536,444</b>	<b>554,612</b>	<b>(18,168)</b>
<b>Non-current assets held for sale</b>	<b>-</b>	<b>1,260</b>	<b>(1,260)</b>
<b>Total assets</b>	<b>1,189,728</b>	<b>1,168,533</b>	<b>21,195</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	211,129	65,409	145,720
Trade payables	170,772	212,943	(42,171)
Tax payables	23,173	17,218	5,955
Derivative financial instruments	408	2,056	(1,648)
Other current liabilities	52,020	95,493	(43,473)
Provisions for risks and charges	26,736	35,415	(8,679)
<b>Total current liabilities</b>	<b>484,238</b>	<b>428,534</b>	<b>55,704</b>
<b>Non-current liabilities</b>			
Long-term borrowings	-	142,491	(142,491)
Employees benefits liability	26,226	28,399	(2,173)
Provisions for risks and charges	13,748	16,779	(3,031)
Deferred tax liabilities	13,455	13,283	172
Derivative financial instruments	-	-	-
Other non-current liabilities	5,737	5,842	(105)
<b>Total non-current liabilities</b>	<b>59,166</b>	<b>206,794</b>	<b>(147,628)</b>
<b>Total liabilities</b>	<b>543,404</b>	<b>635,328</b>	<b>(91,924)</b>
<b>Shareholders' equity</b>			
Share capital	345,610	313,300	32,310
Share premium reserve	581,121	484,862	96,259
Retained earnings and other reserves	(247,961)	(13,355)	(234,606)
Cash flow hedge reserve	-	(35)	35
Profit/(Loss) attributable to the Group	(32,446)	(251,567)	219,121
<b>Total shareholders' equity attributable to the Group</b>	<b>646,324</b>	<b>533,205</b>	<b>113,119</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>646,324</b>	<b>533,205</b>	<b>113,119</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,189,728</b>	<b>1,168,533</b>	<b>21,195</b>

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## Sàfilo Group S.p.A.

## Consolidated statement of cash flows

<i>(Euro/000)</i>	<b>2018</b>	<b>2017</b>
<b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>	<b>20,842</b>	<b>99,025</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit/(loss) for the period (including minority interests)	(32,447)	(251,567)
Depreciation and amortization	47,630	42,075
Impairment loss on goodwill	-	192,000
Other non-monetary	(6,568)	(2,259)
Interest expenses, net	11,312	7,491
Income tax expenses	9,213	29,396
<b>Flow from operating activities prior to movements in working capital</b>	<b>29,141</b>	<b>17,136</b>
(Increase) Decrease in trade receivables	2,157	44,780
(Increase) Decrease in inventory, net	24,051	(1,318)
Increase (Decrease) in trade payables	(43,180)	(38,013)
(Increase) Decrease in other receivables	38,882	(9,251)
Increase (Decrease) in other payables	(46,990)	(32,156)
Interest expenses paid	(6,053)	(2,106)
Income taxes paid	4,705	(10,147)
<b>Total (B)</b>	<b>2,712</b>	<b>(31,075)</b>
<b>C - Cash flow from (for) investing activities</b>		
Investments in property, plant and equipment	(22,797)	(26,778)
Net disposals of property, plant and equipment	2,324	1,182
Acquisition of minorities (in subsidiaries)	-	-
(Acquisition) Disposal of investments and bonds	-	-
Purchase of intangible assets, net of disposals	(7,876)	(13,417)
<b>Total (C)</b>	<b>(28,348)</b>	<b>(39,013)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	60,000	-
Repayment of borrowings	(10,000)	-
Increase in share capital, net of transaction costs	128,570	-
Dividends paid	-	-
<b>Total (D)</b>	<b>178,570</b>	<b>-</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>152,933</b>	<b>(70,088)</b>
Translation exchange differences	1,192	(8,095)
<b>Total (F)</b>	<b>1,192</b>	<b>(8,095)</b>
<b>G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)</b>	<b>174,967</b>	<b>20,842</b>

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**Sàfilo Group S.p.A.***Separate income statement*

<i>(Euro)</i>	<b>2018</b>	<b>2017</b>
Net sales	785,659	886,202
<b>Gross profit</b>	<b>785,659</b>	<b>886,202</b>
General and administrative expenses	(6,891,494)	(5,121,862)
Other income (expenses)	(3,288,086)	5,449
<b>Operating profit/(loss)</b>	<b>(9,393,921)</b>	<b>(4,230,211)</b>
Write-down of investment in subsidiaries	-	(235,000,000)
Financial charges, net	(7,231,279)	(6,485,674)
<b>Profit/(Loss) before taxation</b>	<b>(16,625,200)</b>	<b>(245,715,885)</b>
Income taxes	6,174,021	(1,764,129)
<b>Net profit/(loss) of the period</b>	<b>(10,451,179)</b>	<b>(247,480,014)</b>

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## Sàfilo Group S.p.A.

## Separate balance sheet

(Euro)	December 31, 2018	December 31, 2017	Change
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	75,969,317	175,305	75,794,012
Trade receivables	1,235,723	1,183,774	51,949
Financial loans	62,000,000	-	62,000,000
Other current assets	42,682,578	43,593,648	(911,070)
<b>Total current assets</b>	<b>181,887,618</b>	<b>44,952,727</b>	<b>136,934,891</b>
<b>Non-current assets</b>			
Investments in subsidiaries	669,121,830	669,317,389	(195,559)
Deferred tax assets	5,168,064	-	5,168,064
Other non-current assets	3,264,779	2,355,702	909,077
<b>Total non-current assets</b>	<b>677,554,673</b>	<b>671,673,091</b>	<b>5,881,582</b>
<b>Total assets</b>	<b>859,442,291</b>	<b>716,625,818</b>	<b>142,816,473</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade payables	5,567,533	1,884,551	3,682,982
Tax payables	393,370	369,358	24,012
Other current liabilities	50,833,443	35,229,553	15,603,890
Short-term borrowings	147,849,193	-	147,849,193
<b>Total current liabilities</b>	<b>204,643,539</b>	<b>37,483,462</b>	<b>167,160,077</b>
<b>Non-current liabilities</b>			
Long-term borrowings	-	142,491,167	(142,491,167)
Employee benefit liability	152,402	112,794	39,608
Provisions	916,015	-	916,015
Derivative financial instruments	-	152	(152)
Other non-current liabilities	-	672,916	(672,916)
<b>Total non-current liabilities</b>	<b>1,068,417</b>	<b>143,277,029</b>	<b>(142,208,612)</b>
<b>Total liabilities</b>	<b>205,711,956</b>	<b>180,760,491</b>	<b>24,951,465</b>
<b>Shareholders' equity</b>			
Share capital	345,610,119	313,299,825	32,310,294
Share premium reserve	581,121,027	484,861,564	96,259,463
Retained earnings (losses) and other reserves	(262,549,632)	(14,816,048)	(247,733,584)
Net profit (loss) of the year	(10,451,179)	(247,480,014)	237,028,835
<b>Total shareholders' equity</b>	<b>653,730,335</b>	<b>535,865,327</b>	<b>117,865,008</b>
<b>Total liabilities and shareholders' equity</b>	<b>859,442,291</b>	<b>716,625,818</b>	<b>142,816,473</b>

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## Sàfilo Group S.p.A.

## Separate statement of cash flows

(Euro)	2018	2017
<b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>	<b>175,305</b>	<b>334,104</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit/(loss) for the period	(10,451,179)	(247,480,014)
Depreciation and Amortization	-	-
Stock Options figurative cost	(253,570)	40,843
Net changes in employees benefits liability	39,608	67,162
Net changes in provision for risks	916,015	(1,144,018)
Other non monetary P&L items	(7,744)	234,515,679
Interest expenses, net	7,233,026	6,978,415
Income tax expenses	(6,174,021)	1,764,129
<b>Income (loss) from (for) operating activities prior to movements in working capital</b>	<b>(8,697,865)</b>	<b>(5,257,804)</b>
(Increase) Decrease in trade receivables	(337)	(243,763)
(Increase) Decrease in other receivables	(8,774,585)	(23,905,642)
Increase (Decrease) in trade payables	3,682,982	847,811
Increase (Decrease) in other payables	21,185,083	25,542,940
Interests expenses paid	(1,875,000)	(1,875,000)
Income taxes paid	-	-
<b>Total (B)</b>	<b>5,520,278</b>	<b>(4,891,458)</b>
<b>C - Cash flow from (for) investing activities</b>		
(Investments) disinvestments in subsidiaries	195,559	(1,067,341)
<b>Total (C)</b>	<b>195,559</b>	<b>(1,067,341)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceed from borrowings	(62,000,000)	-
Share capital increase, net of transaction costs	128,569,757	-
Dividends received	3,500,000	5,800,000
<b>Total (D)</b>	<b>70,078,175</b>	<b>5,800,000</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>75,794,012</b>	<b>(158,799)</b>
<b>F - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E)</b>	<b>75,969,317</b>	<b>175,305</b>

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**About Safilo Group**

Safilo Group is a worldwide leader in the design, manufacturing and distribution of sunglasses, optical frames, sports eyewear and products. Thanks to strong craftsmanship expertise dating back to 1878, Safilo translates its design projects into high-quality products created according to the Italian tradition. With an extensive wholly owned network of subsidiaries in 40 countries – in North and Latin America, Europe, Middle East and Africa, and Asia Pacific and China – and more than 50 distribution partners in key markets, Safilo is committed to quality distribution of its products in nearly 100,000 selected points of sale all over the world. Safilo's portfolio encompasses: own core brands Carrera, Polaroid, Smith, Safilo, Oxydo, and licensed brands: Dior, Dior Homme, Fendi, Banana Republic, BOSS, Elie Saab, Fossil, Givenchy, havaianas, HUGO, Jimmy Choo, Juicy Couture, kate spade new york, Liz Claiborne, Love Moschino, Marc Jacobs, Max Mara, Max&Co., Moschino, Pierre Cardin, rag&bone, Rebecca Minkoff, Saks Fifth Avenue, Swatch, and Tommy Hilfiger.

Listed on the Italian Stock Exchange (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI), in 2018 Safilo recorded net revenues for Euro 962.9 million.

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