



Safilo Group

A strong partnership for the future

Q3 and 9M 2011 Results

November 7, 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.

What we achieved in 9M 2011

Top Line

Net sales
+6.7%*

- Superior growth of emerging countries and resilient performance of the US market
- Slowing trends in Europe
- Top luxury brands and Carrera delivering growth
- Volumes more than price / mix

Profitability

EBITDA
+18.4%

Net result
26.6 m

- Gross margin improvement and investments in the development of the core wholesale business
- Greater efficiency of Solstice stores in US
- Lower interest expenses and tax rate

Financial Leverage

Net Debt / EBITDA LTM
1.95x

- Positive net result
- Tight control of working capital
- Stable investments in maintenance capex

* at constant currency and perimeter (sales of the disposed retail chain in Mexico accounted for Euro 15.6 m in 9M 2010)

Resilient business performance despite uncertain environment

in millions of Euro and % of net sales

Highlights

- FX devaluation and Δ retail perimeter
- Strong emerging countries
- Carrera worldwide expansion
-
- Improved capacity utilization
- Better quality and management of stock
-
- Strengthening of managerial and business processes
- More effective retail presence in US
- Q3 seasonally lower operating leverage
-
- Lower interest expenses
- Better tax rate
- Q3 impacted by negative exchange rate differences

	Q3 2011	Q3 2010	% Change	9M 2011	9M 2010	% Change
Net sales	230.2 100.0%	237.9 100.0%	-3.2% +4.1% *	833.5 100.0%	818.2 100.0%	+1.9% +6.7% *
Gross profit	133.3 57.9%	136.2 57.3%	-2.2%	497.6 59.7%	482.7 59.0%	+3.1%
EBITDA	17.4 7.6%	17.7 7.5%	-1.6%	97.6 11.7%	82.5 10.1%	+18.4%
EBIT	8.2 3.5%	7.7 3.2%	+5.8%	70.0 8.4%	52.4 6.4%	+33.7%
Group net result	(4.7) -2.0%	(0.4) -0.2%	n.m.	26.6 3.2%	(3.6) -0.4%	n.m.

* at constant currency and perimeter (sales of the disposed retail chain in Mexico accounted for Euro 5.3 m in Q3 2010 and Euro 15.6 m in 9M 2010)

Q3 2011 and 9M 2011 Results > Key financial highlights

Net sales

in millions of Euro and % change

Highlights

Wholesale

Q3: 211.6 vs 214.6 m, -1.4%

+3.4% CN

9M: 778.4 vs 751.1 m, +3.6%

+6.2% CN

Retail

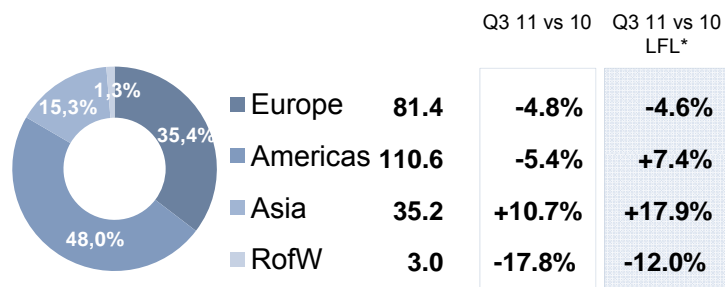
Q3: 18.6 vs 23.2 m, -19.8%

+13.3% *

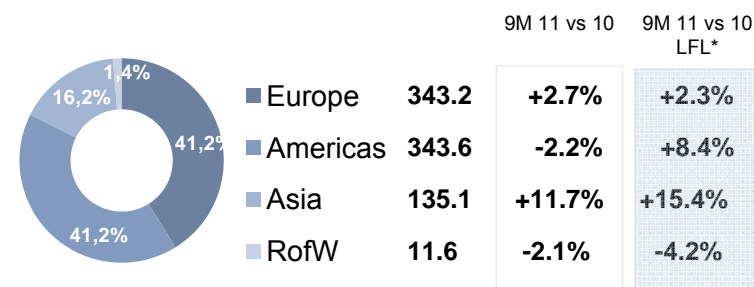
9M: 55.1 vs 67.1 m, -17.9%

+14.4%*

Q3 2011: 230.2 m **+4.1%***



9M 2011: 833.5 m **+6.7%***



Performance by region:

- **Strong emerging countries.** Top performers: China, HK, Korea, Brazil, Mexico and Russia. Growing Group's penetration through main top luxury brands, house brand Carrera and main lines in the diffusion segment;
- **Resilient US market.** Growing sales in sunglasses and prescription frames. Solstice retail stores up ~ 7% LFL. Positive trends in the main independent opticians channel. Strong performance by Carrera and Safilo brands;
- **Moderate business in Europe.** Satisfactory trends in main continental countries and UK also in Q3. Business environment in Spain, Portugal and Italy affected by unstable economic situation. Stronger performance of key accounts. Different timing in the presentation of collections favouring sunglasses.

* at constant currency and perimeter (sales of the disposed retail chain in Mexico accounted for Euro 5.3 m in Q3 2010 and Euro 15.6 m in 9M 2010)

Q3 2011 and 9M 2011 Results > Key financial highlights

EBITDA

in millions of Euro and % of sales

Highlights

Wholesale

Q3: 14.7 vs 16.6 m, -11.3%

9M*: 90.3 vs 78.5 m, +15.1%

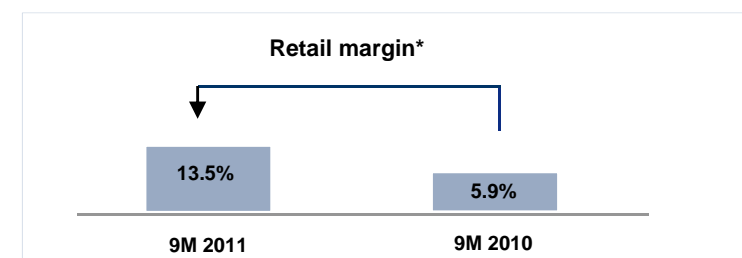
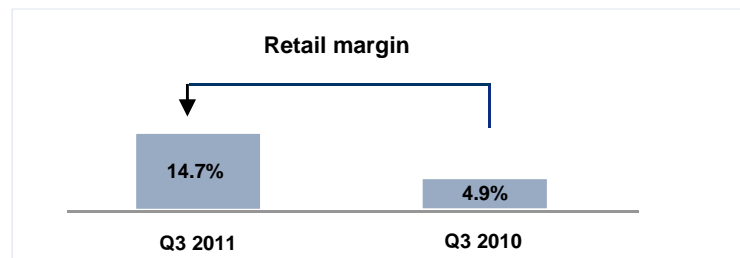
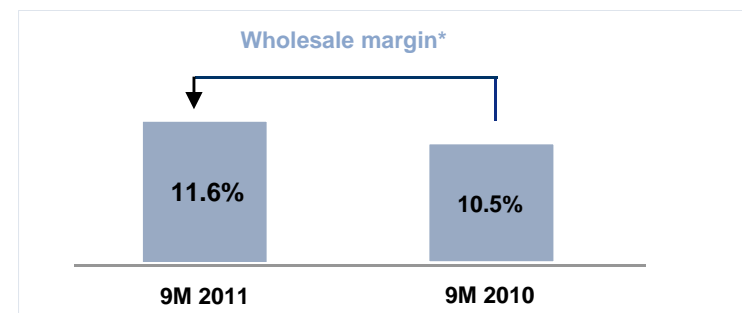
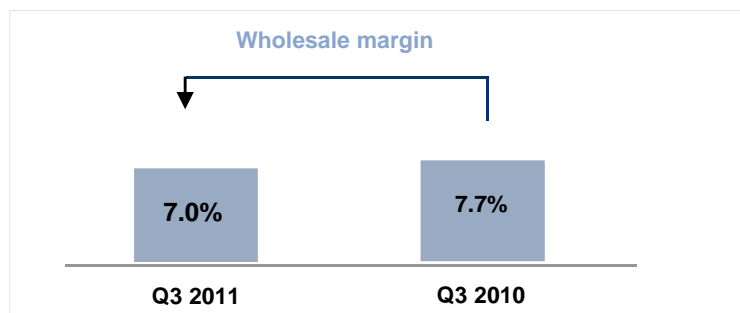
Retail

Q3: 2.7 vs 1.1 m, n.m.

9M*: 7.4 vs 4.0 m, +87.1%

Q3 2011: 17.4 m 7.6% margin

9M 2011: 97.6 m 11.7% margin



Performance driven by:

- **Gross margin improvement** thanks to volumes, sales mix and better quality of products in stock;
- Seasonally **lower operating leverage in Q3**. Growing **SG&A costs in wholesale** following strengthening of managerial structure, sales and marketing activities;
- Strong improvement of the **retail business profitability**, reflecting Solstice's LFL sales.

* 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)

Q3 2011 and 9M 2011 Results > Key financial highlights

Net result

in millions of Euro and % of net sales

Highlights

- Lower interest expenses thanks to partial HYB redemption in Q2
- Adjustments of exchange rate differences. Negative impact in Q3 due to Euro devaluation against USD at the end of Sept. '11
- Lower tax rate: 39% in 9M 2011 (102% in 9M 2010)

	Q3 2011	Q3 2010	% Change	9M 2011	9M 2010	% Change
EBIT	8.2 3.5%	7.7 3.2%	+5.8%	70.0 8.4%	52.4 6.4%	+33.7%
Financial charges	(11.6) -5.0%	(0.6) -0.3%	n.m.	(22.7) -2.7%	(29.7) -3.6%	-23.4%
of which:						
Interest expenses	(5.3) -2.3%	(6.3) -2.6%	-15.5%	(18.0) -2.2%	(21.1) -2.6%	-14.7%
Net exchange rate diff.	(4.6) -2.0%	7.4 3.1%	n.m.	1.0 0.1%	(2.4) -0.3%	n.m.
Income taxes	(1.4) -0.6%	(6.5) -2.7%	-78.8%	(18.3) -2.2%	(23.5) -2.9%	-22.2%
Net result	(4.7) -2.0%	(0.4) -0.2%	n.m.	26.6 3.2%	(3.6) -0.4%	n.m.

Free Cash Flow

in millions of Euro

Highlights

- Positive operating result, declined interests and taxes
- Working Capital influenced by growing business and purchases in Q2
- Incidence of net working capital on the last 12-month rolling sales at 26.3% from 26.8% in September 2010
- Stable investments in maintenance capex and technological upgrades

	9M 2011	9M 2010
Net result and other charges	53.6	34.2
Change in working capital	(10.2)	49.0
Cash flow from operating activities	43.4	83.2
Cash flow for investing activities	(23.1)	(18.7)
Free Cash Flow	20.3	64.5

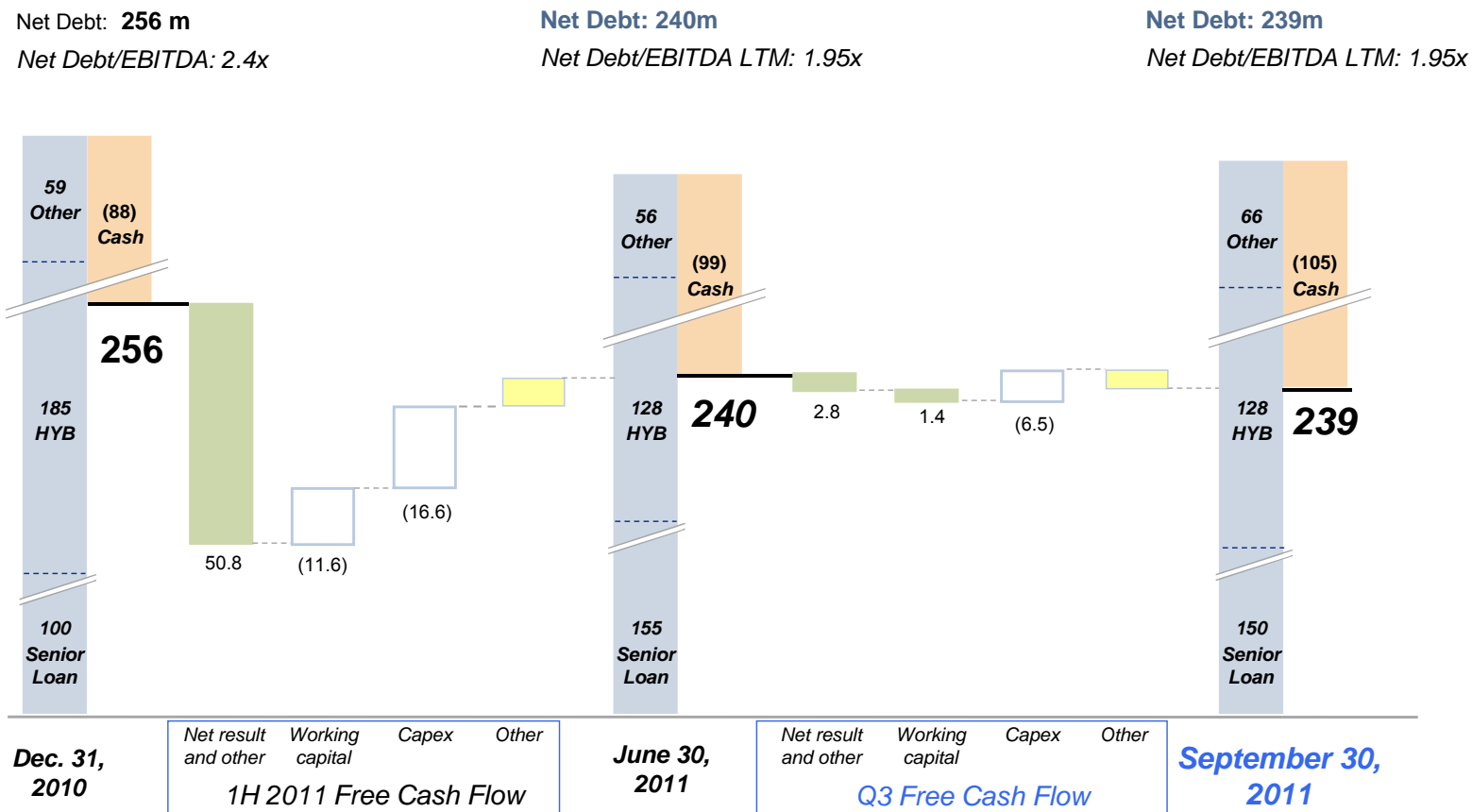
Net Debt

in millions of Euro

Highlights

- Committed Revolving credit facility (Euro 200 m) drawn for Euro 50m at the end of September 2011 for the partial early redemption of the HYB
- HYB representing ca 37% of the Group gross debt

Net Debt/EBITDA LTM: 1.95x at September 30, 2011



Appendices

9M 2011 Results

Balance Sheet

in millions of Euro

	Sept. 30, 2011	Dec 31, 2010	Net Ch.
Net working capital	288.4	287.5	+0.9
Tang.-intang. fixed assets	762.9	767.4	-4.5
Financial fixed assets	11.9	13.2	-1.3
Other assets/(liabilities)	(37.7)	(44.9)	+7.2
Net capital employed	1,025.5	1,023.2	+2.3
Net financial position	239.4	256.2	-16.8
Non controlling interest	12.9	11.0	+1.9
Shareholders' equity	773.2	756.0	+17.2

9M 2011 Results

Net Working Capital

in millions of Euro

	Sept. 30, 2011	Sept. 30, 2010	Net Ch.	% Ch.	Dec 31, 2010	Net Ch.	% Ch.
Trade receivables	241.6	249.7	-8.1	-3.2%	271.3	-29.7	-10.9%
Inventories	211.8	199.6	+12.2	+6.1%	220.4	-8.6	-3.9%
Trade payables	(165.0)	(166.6)	+1.6	-1.0%	(204.2)	+39.2	-19.2%
Net working capital	288.4	282.7	+5.7	+2.0%	287.5	+0.9	+0.3%
<i>% net sales LTM</i>	26.3%	26.8%			26.6%		

Safilo Group Brands Portfolio

House brands

CARRERA
SINCE 1956

Blue Bay
FOR DREAMERS ONLY.

O X Y O O

Safilo

smithOptics

Licensed brands

A|X
ARMANI EXCHANGE

EMPORIO ARMANI

GIORGIO ARMANI

Dior

MARC JACOBS

MARC BY MARC JACOBS

ALEXANDER
MQUEEN

BALENCIAGA

BOTTEGA VENETA

GUCCI

YVES SAINT LAURENT

BOSS
HUGO BOSS

BOSS ORANGE

HUGO
HUGO BOSS

TOMMY HILFINGER

JIMMY CHOO

Juicy Couture®

MaxMara
OGGI

MAX&Co.

pierre cardin
PARIS

VALENTINO *

FOR THE AMERICAN MARKET

BANANA REPUBLIC

FOSSIL

liz claiborne

JLO
BY JENNIFER LOPEZ

kate spade
NEW YORK

NINE WEST*



Saks Fifth Avenue

* Expiring in December 2011. Not renewed.

Licensed brands

Brand	Expiry Date											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
ALEXANDER MQUEEN	█											
A X ARMANI EXCHANGE	█											
BALENCIAGA	█											
BANANA REPUBLIC	█											
BOSS HUGO BOSS eyewear	█											
BOTTEGA VENETA	█											
Dior	█											
EMPORIO ARMANI	█											
FOSSIL	█											
GIORGIO ARMANI	█											
GUCCI	█											
HUGO HUGO BOSS eyewear	█											
JIMMY CHOO	█											
Juicy Couture®	█											

Licensed brands

Brand	Expiry Date											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
 JLO <small>BY JENNIFER LOPEZ</small>	█											
kate spade <small>NEW YORK</small>	█	█	█	█	█	█	█	█	█	█	█	█
liz claiborne	█	█	█									
MARC JACOBS	█	█	█	█	█	█	█	█	█	█	█	█
MARC BY MARC JACOBS	█	█	█	█	█	█	█	█	█	█	█	█
MaxMara	█	█	█	█	█	█						
MAX&Co.	█	█	█	█	█	█						
NINE WEST	█	█	█									
pierre cardin <small>PARIS</small>	█	█	█	█	█	█	█	█	█	█	█	█
 SAKS FIFTH AVENUE	█	█										
TOMMY HILFIGER	█	█	█	█	█	█	█	█	█	█	█	█
VALENTINO	█	█										
YVES SAINT LAURENT	█	█	█	█	█	█	█	█	█	█	█	█

* Not renewed