



Q1 2016 TRADING UPDATE

Padua, May 10, 2016 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved Q1 2016 economic and financial KPIs.

As already communicated, following the entry into force on March 18, 2016 of the Italian Legislative Decree no. 25 of 15 February 2016, which eliminates, in accordance with the European Union's Transparency Directive, the obligation to publish interim management statements, Safilo has decided to release on a voluntary basis a trading update for its first quarter and third quarter economic and financial KPIs.

Economic and financial highlights

(Euro in millions)	Q1 2016	Q1 2015	% Change
Net sales	301.6	324.3	-7.0%
Gross profit	184.2	196.6	-6.3%
%	61.1%	60.6%	
EBITDA	19.8	31.4	-36.8%
%	6.6%	9.7%	
Adjusted¹ EBITDA	25.2	32.6	-22.6%
%	8.4%	10.0%	
Group net debt	109.7	128.3	-14.5%

In the first quarter of 2016, Safilo's net sales reached Euro 301.6 million, down 7.0% at current exchange rates and 6.6% at constant exchange rates, compared to Euro 324.3 million in the first quarter of 2015.

Sales performance reflected on one side the negative impact of the brands that the Group stopped/will stop servicing, on the other the positive trends of the going forward brands portfolio, up 1% at constant exchange rates, reflecting solid performance in core markets and a mixed performance among emerging markets.

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.

Net sales by geographical area

(Euro in millions)	Q1 2016	%	Q1 2015	%	Change	% Change	Change (*)	% Change (*)	Going forward brands % Change (**)
Europe	130.1	43.1	132.9	41.0	-2.8	-2.1%	-2.2	-1.7%	3.6%
North America	127.2	42.2	132.9	41.0	-5.7	-4.3%	-7.4	-5.6%	0.8%
Asia Pacific	26.7	8.9	37.5	11.6	-10.8	-28.7%	-10.6	-28.3%	-14.6%
Rest of the world	17.6	5.9	21.1	6.5	-3.4	-16.3%	-1.3	-6.0%	2.8%
Total	301.6	100	324.3	100	-22.7	-7.0%	-21.5	-6.6%	1.0%

(*) at constant exchange rates

(**) Going forward brands portfolio excludes all brands Safilo stopped/will stop servicing. Performance at constant exchange rates.

Q1 2016 sales in **Europe** equaled Euro 130.1 million compared to Euro 132.9 million in the first quarter of 2015, down 2.1% at current exchange rates and 1.7% at constant exchange rates. In the period, sales of the going forward brands increased by 3.6% at constant exchange rates.

Q1 2016 sales in **North America** were Euro 127.2 million compared to Euro 132.9 million in the first quarter of 2015, down 4.3% at current exchange rates and 5.6% at constant exchange rates.

In the period, sales in the 121 Solstice stores in the United States (132 stores at the end of March 2015) remained weak, falling by 15.2% at current exchange rates and by 17.0% at constant exchange rates.

The North America wholesale business equaled Euro 110.4 million compared to Euro 113.1 million in the corresponding period of last year, down 2.4% at current exchange rates and 3.6% at constant exchange rates. Sales performance of the going forward brands portfolio was positive by 3.1% at constant exchange rates.

Q1 2016 sales in **Asia** totaled Euro 26.7 million compared to Euro 37.5 million in the first quarter of 2015, down 28.7% at current exchange rates and 28.3% at constant exchange rates. In the period, sales performance of the going forward brands in the region was down 14.6% at constant exchange rates.

Q1 2016 sales in the **Rest of the World** were Euro 17.6 million compared to Euro 21.1 million in the first quarter of 2015, down 16.3% at current exchange rates and 6.0% at constant exchange rates. In the period, sales performance of the going forward brands in the region was positive by 2.8% at constant exchange rates.

Q1 2016 **Gross Profit** was Euro 184.2 million, down 6.3% compared to Euro 196.6 million in the first quarter of 2015. Gross margin increased to 61.1% of net sales compared to 60.6% in the first quarter of 2015.

In the period, Group's EBITDA was affected by non-recurring, restructuring costs of Euro 5.4 million, related mostly to the Group's overhead cost saving initiatives announced in March.

Excluding these items, Q1 2016 **adjusted¹ EBITDA** was equal to Euro 25.2 million, down 22.6% compared to the adjusted¹ EBITDA of Euro 32.6 million in the first quarter of 2015. In the first quarter of 2016, adjusted¹ EBITDA margin stood at 8.4% of net sales compared to 10.0% in the same period of 2015, mainly reflecting the negative operating leverage stemming from the declining sales.

At the end of March 2016, Safilo's **Net Debt** stood at Euro 109.7 million, down 14.5% compared to Euro 128.3 million at the end of March 2015, while increasing by 22.0% compared to the end of December 2015 for the normal seasonality of the business.

Notes:

¹ Q1 2016 adjusted EBITDA does not include non-recurring costs for Euro 5.4 million of which Euro 4.2 million related to overhead cost saving initiatives, such as for example the planned integration of Vale of Leven (Scotland) Polaroid lens production into Safilo's China based corporate supply network, and Euro 1.2 million related to commercial restructuring costs in the EMEA region.

Q1 2015 adjusted EBITDA did not include non-recurring costs for Euro 1.2 million related to commercial restructuring costs in the EMEA region.

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.

Conference Call

Today, at 6.00 pm CET (5.00pm GMT; 12.00pm EDT) a conference call will be held with the financial community during which Q1 2016 trading update will be discussed.

It is possible to follow the conference call by calling +39 06 45217063, +44 203 4271914 o +1 212 4440481 (for journalists +39 06 87500876) and entering the access code 8202244.

A recording of the conference call will be available until May 12, 2016 on 39 06 45217196, +44 203 4270598 or +1 347 3669565 (access code: 8202244).

The conference call can be followed also via webcast at http://edge.media-server.com/m/go/Safilo_Q12016.

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 a superior craftsmanship expertise dating back to 1878. With an extensive wholly owned global distribution network in 39 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, Gucci, Banana Republic, Bobbi Brown, BOSS, BOSS Orange, Céline, Elie Saab, Fossil, Givenchy, Jack Spade, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Max Mara, Max&Co., Pierre Cardin, Saks Fifth Avenue, Swatch, and Tommy Hilfiger.

Listed on the Italian Stock Exchange (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI), in 2015 Safilo recorded net revenues for Euro 1,279 million.

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