



# Safilo Group

## *1H 2008 Results*

*July 30, 2008*

# Consolidated Income Statement

In millions of Euro	1H 2008	1H 2007	% change	% change CN
Net Sales	637.0	667.8	-4.6%	+1.3%
Gross profit	373.0	393.5	-5.2%	+1.5%
%	58.6%	58.9%		
EBITDA	85.2	100.5	-15.3%	-5.6%
%	13.4%	15.1%		
Operating profit	65.1	81.2	-19.8%	-8.5%
%	10.2%	12.2%		
Group net profit	21.1	33.3	-36.7%	
%	3.3%	5.0%		



# Consolidated Income Statement

In millions of Euro	2Q 2008	2Q 2007	% change	% change CN
Net Sales	311.0	326.4	-4.7%	+1.8%
Gross profit	180.1	188.9	-4.7%	+2.0%
%	57.9%	57.9%		
EBITDA	38.5	42.0	-8.4%	+1.7%
%	12.4%	12.9%		
Operating profit	28.2	32.3	-12.5%	-1.2%
%	9.1%	9.9%		
Group net profit	7.9	12.5	-36.9%	
%	2.5%	3.8%		



# Consolidated Income Statement

## Total Net Sales drivers

In millions of Euro

### 2Q 2008

311.0                      -4.7%    +1.8% CN

### 1H 2008

637.0                      -4.6%    +1.3% CN

➤ Foreign exchange	-6.5%	-5.9%
➤ Acquisitions	+2.7%	+2.8%
➤ Organic	-0.9%	-1.5%

- new retail openings in US
- weak European business

# Consolidated Income Statement

## Net Sales by channel: Wholesale

In millions of Euro

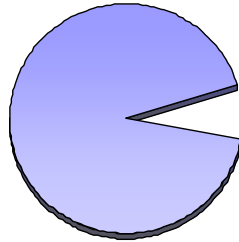
### 2Q 2008

282.6                      -7.7%                      -1.7% CN

### 1H 2008

584.0                      -7.6%                      -2.1% CN

91% of total business (94% in 2Q07)



- Strong impact from forex
- Weak reorders in Europe in May and June
  - Spain, UK and Germany the most difficult markets
  - satisfactory performance of Italy thanks to house brands
- Satisfactory performance of Asia
  - strong performance of China and Korea
  - recovered deliveries from previous quarter
- Resilient US market
  - prescription frames doing better than sunglasses
- Different perimeter in RoW

# Consolidated Income Statement

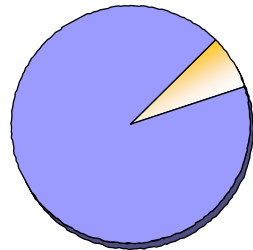
## Net Sales by channel: Retail

In millions of Euro

### 2Q 2008

28.4                      +40.4%    **+54.3% CN**

9% of total business (6% in 2Q07)



### 1H 2008

53.0                      +47.6%    **+61.3% CN**

283 stores in 1H08 vs 163 in 1H07

- Strong impact from forex:
- Acquisitions
  - 45 stores in Mexico and 33 in Australia
- New store openings in US
  - 35 new Solstice stores

➤ Comps sales CN:	-3%
• Americas	-2%
• Europe	-4%
• RoW	+2%

# Consolidated Income Statement

## Gross margin drivers

In millions of Euro

### 2Q 2008

180.1

57.9%

flat vs 2Q 2007

### 1H 2008

373.0

58.6%

-30 bps vs 1H 2007

➤ More moderate production output	-110 bps	-90 bps
➤ Forex effect and country mix	-60 bps	-90 bps
➤ Reduction of slow-moving products	-20 bps	-40 bps
➤ Top priorities	+20 bps	+20 bps
➤ Channel mix and absence of one-off effects	+170 bps	+170 bps

# Consolidated Income Statement

## Ebitda drivers

In millions of Euro

### 2Q 2008

38.5

12.4%

-50 bps vs 2Q 2007

### 1H 2008

85.2

13.4%

-170 bps vs 1H 2007

➤ Gross margin effects

flat

-30 bps

➤ Forex effect in wholesale

-30 bps

-20 bps

➤ Operational leverage

+40 bps

-60 bps

➤ Retail new stores and  
negative comp sales

-60 bps

-60 bps



# Consolidated Income Statement

## Ebitda by channel

In millions of Euro

### 2Q 2008

**38.5**  
12.4%                      -50 bps vs 2Q 2007

### 1H 2008

**85.2**  
13.4%                      -170 bps vs 1H 2007

### Wholesale:

**36.8**  
13.0%                      -30 bps

- Gross margin effect
- Higher operating leverage

**83.4**  
14.3%                      -130 bps

### Retail:

**1.7**  
6.1%                        -40 bps

- Good profitability quarter
- New stores and comp sales

**1.8**  
3.4%                        -190 bps



# Consolidated Income Statement

## Net profit drivers

In millions of Euro

### 2Q 2008

7.9  
2.5%                      -130 bps vs 2Q 2007

### 1H 2008

21.1  
3.3%                      -170 bps vs 1H 2007

➤ Higher net financial charges

1. Higher net financial expenses
2. Lower net exchange gains

➤ Higher tax rate: 45.1% vs 39.6%

40.5% vs 39%

1. Lower incidence on sales
2. Higher impact of IRAP tax

# Consolidated Balance Sheet

In millions of Euro

	<b>1H 2008</b>	<b>2007</b>	<b>change</b>	<b>1H 2007</b>
Net Working capital	386.5	395.4	(8.9)	409.0
Tangible & Intang. fixed assets	997.0	980.3	16.7	1,021.1
Financial fixed assets	13.4	14.7	(1.3)	16.0
Other assets/(liabilities)	(51.8)	(34.9)	(16.9)	(56.8)
<b>Net Capital Employed</b>	<b>1,345.1</b>	<b>1,355.5</b>	<b>(10.4)</b>	<b>1,389.3</b>
Net financial position	541.2	514.6	26.6	520.7
Minority interest	5.0	4.9	0.1	6.8
Shareholders' equity	798.9	836.0	(37.1)	861.8



# Consolidated Working Capital

In millions of Euro

	1H 2008	1H 2007	change	% change
Net Working capital	386.5	409.0	(22.5)	-5.5%
Trade receivables	342.3	367.0	(24.7)	-6.7%
Inventories	241.9	263.0	(21.1)	-8.0%
Trade payables	(197.7)	(221.0)	23.3	-10.5%

- Lower incidence of Trade receivables due to stable receivable days and higher weight of retail
- Moderate production output and reduction of slow-moving products counterbalance higher retail stock
- Gap in Trade payables to be completely absorbed in 2H 08

# Consolidated Free Cash Flow

In millions of Euro

	1H 2008	1H 2007
Cash Flow operating activities prior to changes in WC	42.0	60.6
Changes in WC	13.0	(27.8)
<b>Cash Flow Operating activities</b>	<b>55.0</b>	<b>32.8</b>
<b>Cash Flow Investing activities</b>	<b>(57.4)</b>	<b>(22.7)</b>
<b>Free Cash Flow</b>	<b>(2.4)</b>	<b>10.1</b>

- Higher Investing activities due to 26m euro for the acquisition of Sunglass Island in Mexico and Just Spectacles in Australia.
- Capex increase due to 7m euro for the new production plant in China



# 2008 Outlook

## Full-year Targets at constant currency

	Previous Outlook	Current Outlook	
Net Sales growth	+7%/+8%	~ +4%	➤ lower expectations in Europe
Ebitda	~ 15%	13.5%-14%	➤ lower absorption of production costs
Net Income	4.5%-5%	3%-3.5%	



# Important facts to look forward

## Wholesale



霞飞诺眼镜工业（苏州）有限公司  
Safilo Eyewear Industries Suzhou Ltd.

- Training activities in

- New wholesale subsidiary in Mexico

## Retail

- First retail step in Asia: two stores in Hong Kong

- Eyedonist, the name of future prescription/sun stores



# Disclaimer

This document may contain 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.





# Appendices



# Total Net Sales

	1H 2008	1H 2007	% change	% change CN
In millions of Euro	637.0 100.0%	667.8 100.0%	-4.6%	+1.3%
<b>By geographical region</b>				
Europe	319.3 50.1%	336.0 50.3%	-5.0%	-4.2%
America	219.6 34.5%	220.6 33.0%	-0.5%	+12.6%
Asia	82.2 12.9%	77.8 11.6%	+5.7%	+15.3%
Rest of the world	15.9 2.5%	33.4 5.1%	-52.4%	
<b>By product category</b>				
Sunglasses	370.3 58.1%	394.0 59.0%	-6.0%	
Prescription frames	231.9 36.4%	239.8 35.9%	-3.3%	
Sport products and other	34.8 5.5%	33.9 5.1%	+2.5%	



# Total Net Sales

	2Q 2008	2Q 2007	% change	% change CN
In millions of Euro	311.0 100.0%	326.4 100.0%	-4.7%	+1.8%
<b>By geographical region</b>				
Europe	152.3 49.0%	163.5 50.1%	-6.9%	-6.0%
America	106.4 34.2%	110.0 33.7%	-3.3%	+10.4%
Asia	44.0 14.1%	38.4 11.8%	+14.6%	+26.2%
Rest of the world	8.3 2.7%	14.6 4.4%	-43.4%	
<b>By product category</b>				
Sunglasses	183.2 58.9%	189.8 58.1%	-3.5%	
Prescription frames	113.5 36.5%	121.4 37.2%	-6.5%	
Sport products and other	14.3 4.6%	15.3 4.7%	-6.6%	

