

Safilo Group

A strong partnership for the future

Q3 and 9M 2013 Results

November 13, 2013



Safilo[®]
GROUP

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.

Notes on the presentation:

¹ Excluding the sales of the Armani brands not renewed at the end of 2012 and the Polaroid business recorded in the first quarter of 2013. The organic performance is expressed at constant exchange rates.

² Adjusted economic results do not include non-recurring costs recorded in the second quarter of 2013, amounting to Euro 7.4 million and related for around Euro 6.0 million to the CEO succession plan announced by the Group on June 19 and for Euro 1.4 million to some restructuring expenses in the European market. Net of the fiscal effect, the total impact was equal to Euro 5.5 million.

³ At constant exchange rates.

A resilient business, getting stronger

Introduction

Luisa Delgado, *CEO*

Strategic Direction

Continuation of:

- ▶ Strong, well balanced licensed brand portfolio
- ▶ Developed proprietary brand portfolio
- ▶ Expansion of geographical footprint
- ▶ Execution of our manufacturing strategy



Strengthened through:

- ▶ Refinement of commercial strategy
- ▶ Operational excellence
- ▶ Product design, quality and innovation



A resilient business, getting stronger

A vertical decorative bar on the left side of the slide, composed of four stacked rectangular segments in shades of blue and grey.

Q3 and 9M 2013 Highlights

Vincenzo Giannelli, *CFO*

A resilient business, getting stronger

9M results on track to confirm FY sales resilience and margins increase



- ▶ 9M total revenues in line with previous year at constant exchange rates!
- ▶ **Q3 strong organic sales¹ growth offsetting negative forex and discontinued brands**
- ▶ Solid operating performance spurred by supply chain efficiencies and improving price/mix effects
- ▶ **First Q3 net profit since 2007!**
- ▶ Net debt reduction marking a new record low for the Group financial leverage
- ▶ **Effective working capital management**

Double-digit organic sales¹ growth confirmed

EBIT/EBITDA² improvement

Net debt/EBITDA² LTM at 1.5x

Q3 and 9M 2013 Highlights

in millions of Euro



	Q3 2013	Q3 2012	Change
Net sales	243.4	249.1	-2.3% +2.9%³
EBITDA	16.3 6.7%	15.2 6.1%	+6.5%
Net result	1.7 0.7%	(0.6) -0.3%	n.s.
	9M 2013	9M 2012	Change
Net sales	841.8	862.4	-2.4% -0.1%³
Adjusted² EBITDA	88.7 10.5%	85.9 10.0%	+3.2%
Adjusted² net result	27.3 3.2%	20.9 2.4%	+30.8%
Group net debt	180.7	223.8	-19.3%

Q3 2013 Sales Performance

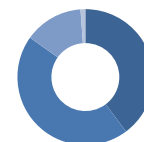
in millions of Euro

Key drivers of organic sales¹ growth:

- ▶ Volumes but also positive price/mix effect
- ▶ Outperformance of Continental Europe: UK, France and Germany the core drivers, signs of recovery in Southern Europe (ex-Italy)
- ▶ Positive underlying business trends in Asia and America
- ▶ High-end licensed brands: Gucci, Dior, Boss, Marc Jacobs, Céline, Jimmy Choo the top runners
- ▶ Licensed diffusion brands progressing fast
- ▶ Carrera growing mostly driven by strong development in prescription frames
- ▶ Polaroid: Outstanding growth driven by wider presence in Europe and international expansion

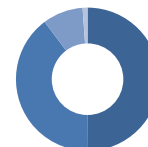
	Q3 2013	Change ³
Net sales	243.4	+2.9%
Wholesale	222.5	+2.6%
Retail	20.9	+6.1%

by core region



■ Europe	+7.7%
■ Americas	+1.7%
■ Asia	-3.5%

by products



■ Sunglasses	+1.8%
■ Prescription	+3.8%

Q3 2013 Economic performance

in millions of Euro

Key drivers of economic improvements:

- ▶ Sales mix, efficiencies in production and stock management benefitting Gross margin
- ▶ Continuing investment in sales and marketing activities to support development projects
- ▶ Negative forex impact at the operating level
- ▶ Low net interest expenses thanks to HYB reimbursement

	Q3 2013	Change
Gross profit	144.8	+0.7%
margin	59.5%	+180 bps
EBITDA	16.3	+6.5%
margin	6.7%	+60 bps
Wholesale	13.6	+8.4%
margin	6.1%	+60 bps
Retail	2.7	-2.2%
margin	13.0%	-30 bps
Net result	1.7	n.s.
margin	0.7%	+100 bps

Q3 2013 Positive Free Cash Flow

in millions of Euro

Key drivers:

- ▶ Positive cash flows from working capital: declining WC incidence on net sales LTM
- ▶ Investments in line with previous year

	Q3 2013	Q3 2012
Net result and other charges	3.7	6.2
Change in working capital	26.1	11.2
Cash flow from operating act.	29.8	17.4
Cash flow for investing act.	(7.4)	(8.2)
Free Cash Flow	22.5	9.2

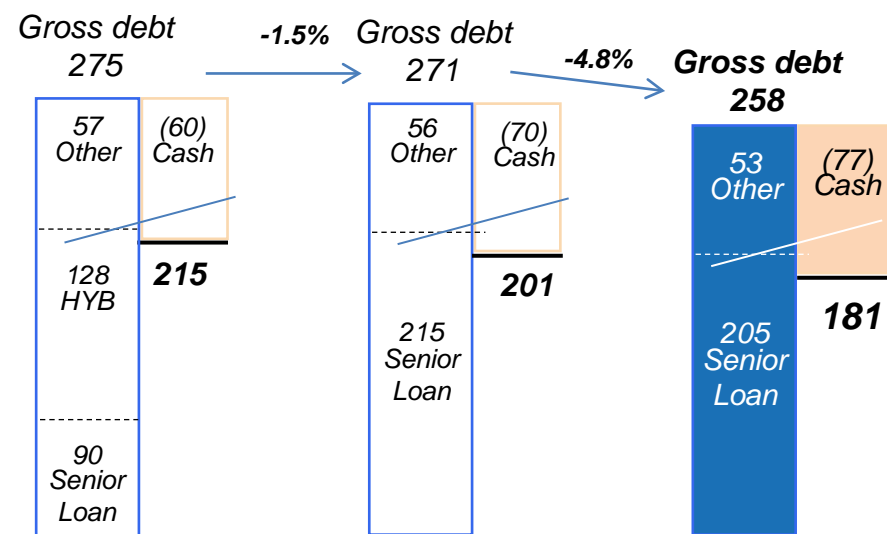
Adjusted² Financial Leverage at 1.5x

in millions of Euro

Key drivers:

- ▶ Gross debt equal to €258m, down 4.9% over June 30: €205m Senior Loan including €180m revolving credit facility
- ▶ €120m undrawn committed credit facilities still available

Dec. 31, 2012 June 30, 2013 September 30, 2013



Appendices

Economic results

in millions of Euro

	9M 2013		9M 2012		%	% Change	Q3 2013		%	Q3 2012		%	% Change
Net sales	841.8	100.0	862.4	100.0		-2.4%	243.4	100.0		249.1	100.0		-2.3%
Cost of sales	(324.9)	(38.6)	(353.3)	(41.0)		-8.0%	(98.6)	(40.5)		(105.3)	(42.3)		-6.4%
Gross profit	516.9	61.4	509.1	59.0		1.5%	144.8	59.5		143.8	57.7		0.7%
Selling and marketing expenses	(344.1)	(40.9)	(343.2)	(39.8)		0.3%	(102.0)	(41.9)		(100.9)	(40.5)		1.1%
General and administrative expenses	(111.0)	(13.2)	(109.5)	(12.7)		1.4%	(36.0)	(14.8)		(36.0)	(14.5)		0.0%
Other operating income/(expenses), net	(7.7)	(0.9)	0.4	0.0		n.s.	0.0	0.0		(1.2)	(0.5)		n.s.
Operating profit	54.1	6.4	56.9	6.6		-4.8%	6.8	2.8		5.7	2.3		20.9%
Interest expenses and other financial charges, net	(18.1)	(2.1)	(21.5)	(2.5)		-15.7%	(3.1)	(1.3)		(6.3)	(2.5)		-51.1%
Profit before taxation	36.0	4.3	35.4	4.1		1.7%	3.7	1.5		(0.7)	(0.3)		n.s.
Income taxes	(13.9)	(1.6)	(13.9)	(1.6)		-0.1%	(2.0)	(0.8)		(0.2)	(0.1)		n.s.
Net profit	22.1	2.6	21.5	2.5		2.9%	1.7	0.7		(0.9)	(0.3)		n.s.
Net profit attributable to minority interest	0.3	0.0	0.6	0.1		-48.3%	0.0	0.0		(0.3)	(0.1)		n.s.
Net profit attributable to the Group	21.8	2.6	20.9	2.4		4.5%	1.7	0.7		(0.6)	(0.3)		n.s.
EBITDA	81.3	9.7	85.9	10.0		-5.4%	16.3	6.7		15.2	6.1		6.5%

Net sales performance

in millions of Euro

Net sales by geographical area	9M 2013	%	9M 2012	%	% Change	% Change ³
Europe	351.7	41.8	342.0	39.7	+2.8	+3.3
Americas	349.5	41.5	363.7	42.2	-3.9	-0.6
Asia	130.4	15.5	144.7	16.8	-9.9	-6.0
Rest of the world	10.2	1.2	12.0	1.4	-15.0	-7.9
Total	841.8	100.0	862.4	100.0	-2.4	-0.1

Net sales by product	9M 2013	%	9M 2012	%	% Change	% Change ³
Prescription frames	312.3	37.1	321.3	37.3	-2.8	0.0
Sunglasses	474.3	56.3	487.9	56.6	-2.8	-0.8
Sport products	48.9	5.8	46.3	5.4	+5.6	+8.2
Other	6.3	0.7	6.9	0.8	-8.7	-6.9
Total	841.8	100.0	862.4	100.0	-2.4	-0.1

Net sales by distribution channel	9M 2013	%	9M 2012	%	% Change	% Change ³
Wholesale	780.0	92.7	800.9	92.9	-2.6	-0.3
Retail	61.8	7.3	61.5	7.1	+0.4	+3.3
Total	841.8	100.0	862.4	100.0	-2.4	-0.1

Q3 2013	%	Q3 2012	%	% Change	% Change ³
96.8	39.8	91.1	36.6	+6.3	+7.7
109.7	45.1	115.7	46.4	-5.2	+1.7
34.1	14.0	38.6	15.5	-11.7	-3.5
2.8	1.2	3.7	1.5	-24.3	-13.5
243.4	100.0	249.1	100.0	-2.3	+2.9

Q3 2013	%	Q3 2012	%	% Change	% Change ³
97.4	40.0	99.2	39.8	-1.8	+3.8
121.9	50.1	125.9	50.5	-3.2	+1.8
22.2	9.1	21.7	8.7	+2.3	+6.4
1.9	0.8	2.3	0.9	-17.4	-15.0
243.4	100.0	249.1	100.0	-2.3	+2.9

Q3 2013	%	Q3 2012	%	% Change	% Change ³
222.5	91.4	228.2	91.6	-2.5	+2.6
20.9	8.6	20.9	8.4	+0.3	+6.1
243.4	100.0	249.1	100.0	-2.3	+2.9

Balance Sheet

in millions of Euro

	September 30, 2013	December 31, 2012	Change
Net working capital	259.0	277.4	(18.4)
Tangible and intangible fixed assets	785.6	808.3	(22.7)
Financial fixed assets	9.3	10.9	(1.6)
Other assets / (liabilities), net	(10.9)	(18.5)	7.6
Net invested capital	1,043.0	1,078.1	(35.1)
Net financial position	(180.7)	(215.3)	34.6
Group Shareholders' equity	(859.3)	(857.7)	(1.6)
Non-controlling interest	(3.0)	(5.1)	2.1

Net Working Capital

in millions of Euro

	September 30, 2013	September 30, 2012	Change	December 31, 2012	Change
Trade receivables, net	226.7	233.9	(7.2)	280.4	(53.7)
Inventories	204.1	220.2	(16.1)	207.6	(3.5)
Trade payables	(171.8)	(169.4)	(2.4)	(210.6)	38.8
Net working capital	259.0	284.7	(25.7)	277.4	(18.4)
<i>% net sales LTM</i>	22.4%	25.2%		23.6%	

Free Cash Flow

in millions of Euro

	9M 2013	9M 2012
Net result and other charges	46.6	46.2
Change in working capital	9.2	12.3
Cash flow operating activities	55.8	58.5
Cash flow investing activities	(21.9)	(89.6)
Free cash flow	33.9	(31.1)

Brands Portfolio

Safilo brands



Licensed brands

CÉLINE

Dior

MARC JACOBS

MARC BY MARC JACOBS

ALEXANDER
MQUEEN

GUCCI

BOTTEGA VENETA

SAINT LAURENT
PARIS

TOMMY HILFIGER

BOSS
HUGO BOSS

BOSS ORANGE
HUGO BOSS

HUGO
HUGO BOSS

BOBBI BROWN

Juicy Couture®

MaxMara
GENERALI

MAX&Co.

JIMMY CHOO

pierre cardin
PARIS

FOR THE AMERICAN MARKET

BANANA REPUBLIC

FOSSIL®

LizClaiborne
new york

JENNIFER LOPEZ



kate spade
NEW YORK

Saks
Fifth
Avenue

Licensed brands

Brand	Expiry Date												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
ALEXANDER MQUEEN													
BANANA REPUBLIC EYEWEAR													
BOBBI BROWN													
BOSS HUGO BOSS BOSS ORANGE HUGO HUGO BOSS													
BOTTEGA VENETA													
CÉLINE													
Dior													
FOSSIL													
FENDI													
GUCCI													

Licensed brands

Brand	Expiry Date												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
JIMMY CHOO													
Juicy Couture													
 JENNIFER LOPEZ													
kate spade NEW YORK													
 Liz Claiborne new york													
MARC JACOBS MARC BY MARC JACOBS													
MaxMara MAX&Co.													
pierre cardin PARIS													
SAKS FIFTH AVENUE													
TOMMY HILFIGER													
SAINT LAURENT PARIS													