



Q1 2014 Results

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.

Introduction

Luisa Delgado, CEO

2014 will shape our long term business approach



Q1 results show progress in delivering our core objectives:

- profitable volumes and healthy mix
- steady and sustainable margins improvement
- operational and financial discipline

Total sales performance driven by shelf space consolidation



+1.9% sales @ constant currencies:

- Positive trends in Europe
- Soft momentum in North America
- Broad-based growth in Latin America
- Volume-led performance in Asia
- Fendi and Bobbi Brown kicking-off
- Polaroid's momentum strengthens in core and new markets

Increasing profits and margins



+22.9% GROUP NET RESULT

- Gross margin uplift
- Sustained investments
- Strong reduction of financial charges

Q1 2014 Results

Vincenzo Giannelli, CFO

Sound economic performance

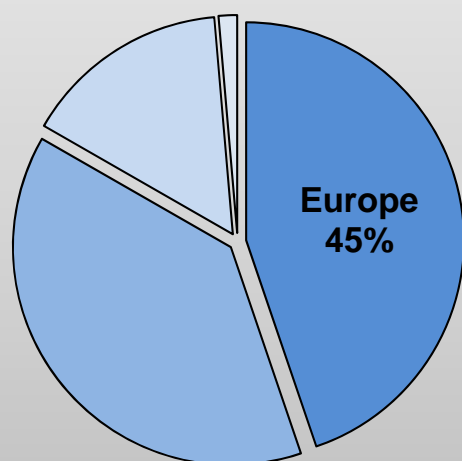


	Q1 2014	Q1 2013	Change
Total sales	293.2	297.0	-1.3%
Gross profit	184.0	179.7	+2.4%
EBITDA	35.4	34.7	+2.3%
EBIT	26.8	25.7	+4.3%
Net result	16.5	13.4	+22.9%



Positive trends in Europe

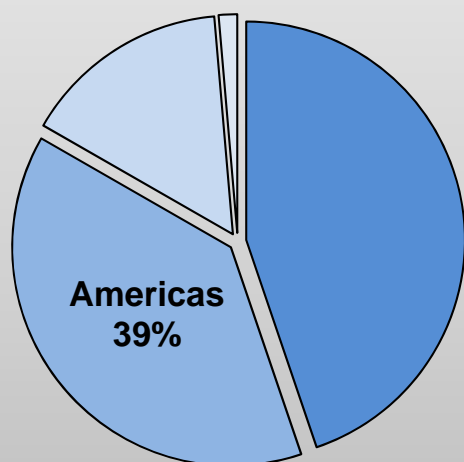
Sales up 3.1% @ constant currency



- Germany and UK top performers
- Continuing recovery in Southern Europe
- Prescription frames best performing products
- Key accounts outgrowing the rest of the market

Mixed momentum in America

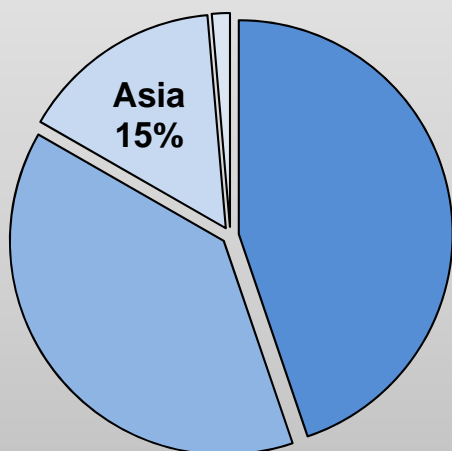
Sales up 0.3% @ constant currency



- Weak retail environment in USA
- Soft business @ independent opticians
- Latin America performing well
- Positive reception of Bobbi Brown

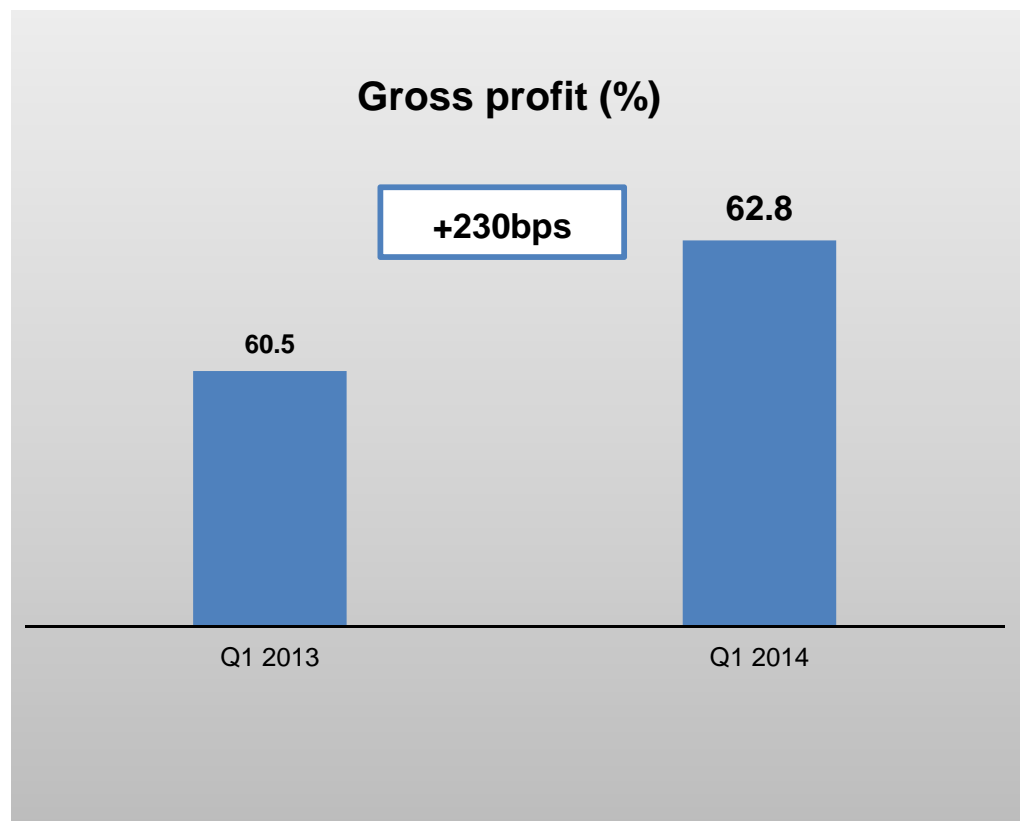
Asian business led by volume growth

Sales up 1.9% @ constant currency



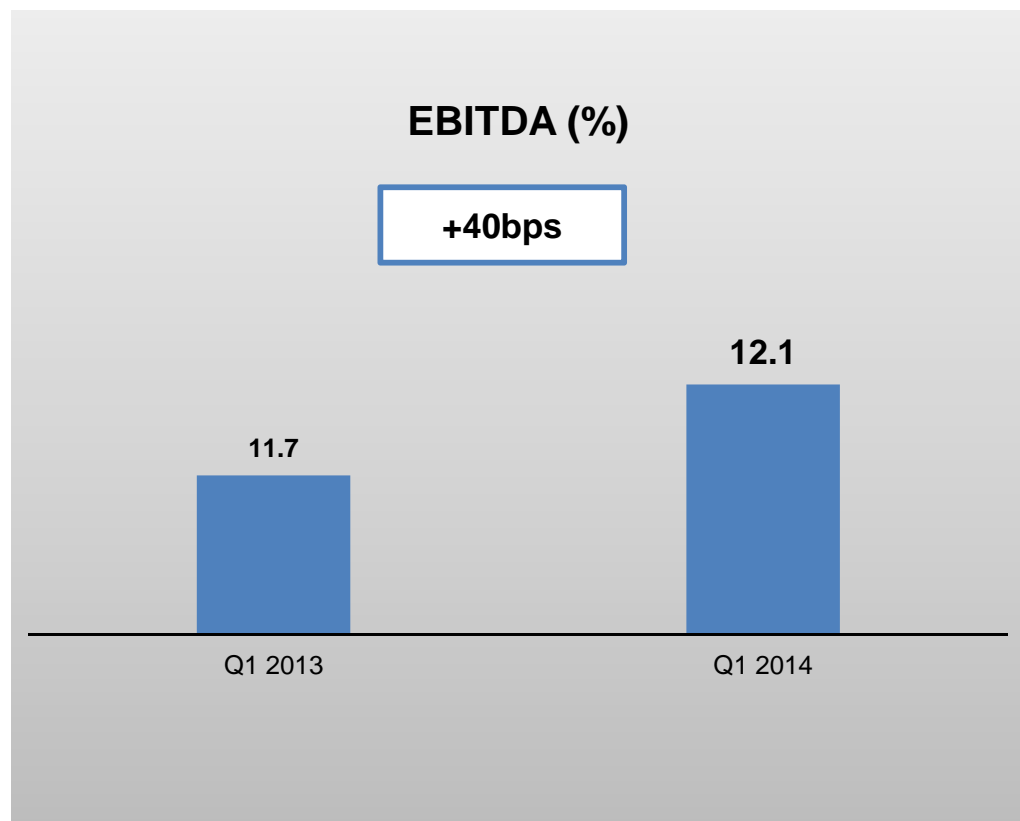
- China and Korea top performers
- Sunglass collections best product category

Record high Gross Margin



- Healthier product and channel mix
- Higher utilization of manufacturing capacity

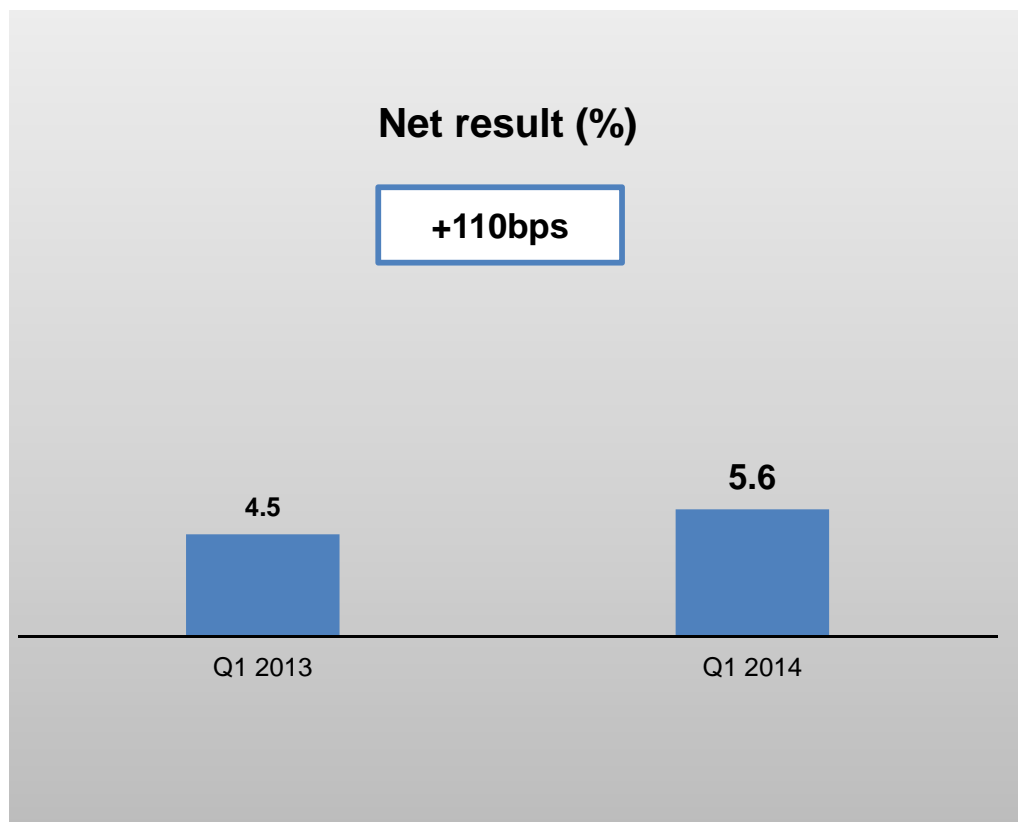
Operating profitability up in spite of opex growth



Investments required in:

- go-to-market strategy
- brand building activities
- leading-edge enterprise capabilities

Double-digit growth of Net result



- Halved net interest expenses
- Stable tax rate
- Reduction of minority interests

Financial leverage in the comfort zone

	Q1 2014	Q1 2013	Change
Net Debt	207.5	220.4	-12.9
EBITDA LTM	122.6 ⁽¹⁾	117.5	+5.1
Free Cash Flow	(24.6)	(5.5)	-19.1

Net Debt/EBITDA LTM⁽¹⁾ at 1.7x:

- normalised WC dynamics explaining higher outflow for operating activities
- capex including IT investments

EBITDA LTM⁽¹⁾: EBITDA for the prior 12 consecutive months before non-recurring items amounting in 2013 to Euro 10.1 million

Conclusion

Luisa Delgado, CEO

Safilo's 80th anniversary: Quality and Craftmanship

Safilo celebrates 80 years of **tradition & innovation** with a capsule collection developed in collaboration with Marc Newson. Aim: Emphasize the link between Safilo and the contemporary design world.

80 YEARS
OF INNOVATION

SAFILO
Marc Newson.

TRIENNALE DI MILANO
VIALE ALEMAGNA, 6 - MILANO

EXHIBITION:
APRIL 8, 10.30AM-12AM / APRIL 9-13, 10.30AM-10PM

WWD.com/accessories-news/eyewear/safilo-unveils-marc-newson-eyewear-line-7633003

April 7, 2014

Safilo Unveils Marc Newson Eyewear Line

By ALESSANDRA TURRA

MILAN — Safilo is marking its 80th anniversary with a capsule collection created by Australian designer Marc Newson, which was unveiled on Monday.

Kicking off Milan Design Week with an installation at the Triennale Design Museum, the capsule collection consists of five optical frames and two sunglasses, available in a wide range of colors, including Newson's signature royal blue and orange.

Newson reworked one of Safilo's curvy and essential shapes from the Seventies by using some of the materials and technologies that helped the company make a name for itself in the eyewear business. Among others, one style is manufactured using Optyl, an ultralightweight and hypoallergenic material developed by Safilo, while other options pay tribute to the company's UTO collection, consisting of frames made of an ultrathin steel wire.

"Safilo celebrates 80 years of genuine passion for trendsetting eyewear," said group chief executive officer Luisa Delgado. "We want to share our unique story of cutting-edge Italian heritage, savoir faire, quality and innovation through an exclusive partnership with Marc Newson. Marc is one of the most eclectic and gifted creative minds of his generation."

"For a designer, collaborating with such an iconic brand as Safilo, with its strong DNA and history of excellence, presents an extraordinary opportunity to explore new stylistic directions, combining the heritage of the brand with a fresh and innovative perspective," Newson said. "I enjoyed teaming up with this large, professional company that is properly industrialized and disciplined in the process of bringing the product to market, as well as a true expert in craftsmanship. At the end of the day, they want the product out there as swiftly as I do."

The unisex capsule, which retails at €235 euros, or \$392 at current exchange, for the optical frames and 250 euros, or \$393, for the sunglasses, will be available at select stores around the world, including Paris' Colette, 10 Corso Como in Milan and Dover Street Market in London, as well as online at retporter.com.

Safilo also created a limited-edition eyewear collection of four models that come with an exclusive calf leather case by Milanese luxury accessories company Valetre.



Marc Newson
Photo by Courtesy Photo



A look from Safilo designed by Marc Newson.
Photo by Courtesy Photo



WWD

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Presented at the Milano Design Week (April 8-13), experiencing great enthusiasm among the public, the media and the design community. Over 2,000 videos of people wearing the Safilo by Marc Newson glasses were collected.

Significant international press coverage



Great visibility in prestigious windows (eg Colette, 213 rue Saint-Honoré, Paris; 10 Corso Como, Milan)

Our distinctive position as “Brand Driven and Design Inspired”

Product and Distribution

DIOR SO REAL, Summer 2014 Fashion show

These exclusive sunglasses combine high quality manufacturing techniques with Dior creative spirit to celebrate the maison's elegance and savoir-faire, for a modern stylistic statement.



GUCCI TECHNO COLOR CAPSULE COLLECTION

The new spring/summer 2014 sunglasses for women and men are a blend of sensuality and technology, boasting an ultra-lightweight construction: a technology patented in the Eighties by Safilo and reinterpreted today in a new, lighter-than-ever version.

FENDI 1ST EYEWEAR COLLECTION BY SAFILO

The new spring/summer 2014 collection includes sophisticated models featuring unique shapes and iconic detailing. Premium quality materials, such as Optyl and exclusive acetate celebrate Fendi's timeless elegance.



Appendices

Economic results

in millions of Euro

	Q1 2014	%	Q1 2013	%	% Change
Net sales	293.2	100.0	297.0	100.0	-1.3%
Cost of sales	(109.2)	(37.2)	(117.3)	(39.5)	-7.0%
Gross profit	184.0	62.8	179.7	60.5	2.4%
Selling and marketing expenses	(119.5)	(40.8)	(118.4)	(39.9)	1.0%
General and administrative expenses	(37.7)	(12.9)	(35.4)	(11.9)	6.6%
Other operating income/(expenses), net	0.0	0.0	(0.2)	(0.1)	n.s.
Operating profit	26.8	9.1	25.7	8.7	4.3%
Interest expenses and other financial charges, net	(2.3)	(0.8)	(5.5)	(1.9)	-58.0%
Profit before taxation	24.5	8.3	20.2	6.8	21.4%
Income taxes	(7.9)	(2.7)	(6.6)	(2.2)	20.8%
Net profit	16.6	5.6	13.6	4.6	21.7%
Net profit attributable to minority interests	0.1	0.0	0.2	0.1	-57.1%
Net profit attributable to the Group	16.5	5.6	13.4	4.5	22.9%
EBITDA	35.4	12.1	34.7	11.7	2.3%

Net sales performance

in millions of Euro

Net sales by geographical area	Q1 2014	%	Q1 2013	%	% Change	% Change (*)
Europe	131.3	44.8	128.3	43.2	+2.4	+3.1
Americas	112.9	38.5	118.6	39.9	-4.8	+0.3
Asia	45.0	15.3	46.0	15.5	-2.2	+1.9
Rest of the world	4.0	1.4	4.2	1.4	-3.9	+11.0
Total	293.2	100.0	297.0	100.0	-1.3	+1.9

Net sales by product	Q1 2014	%	Q1 2013	%	% Change	% Change (*)
Prescription frames	110.1	37.6	109.2	36.8	+0.8	+4.3
Sunglasses	165.3	56.4	170.2	57.3	-2.9	+0.1
Sport products	16.1	5.5	15.9	5.4	+0.9	+4.3
Other	1.8	0.6	1.7	0.5	+4.6	+5.2
Total	293.2	100.0	297.0	100.0	-1.3	+1.9

Net sales by distribution channel	Q1 2014	%	Q1 2013	%	% Change	% Change (*)
Wholesale	276.7	94.4	279.6	94.1	-1.0	+2.1
Retail	16.5	5.6	17.4	5.9	-5.2	-1.6
Total	293.2	100.0	297.0	100.0	-1.3	+1.9

(*) at constant exchange rates

Balance Sheet

in millions of Euro

	March 31, 2014	December 31, 2013	Change
Net working capital	295.5	246.9	48.6
Tangible and intangible fixed assets	779.4	783.0	(3.6)
Financial fixed assets	8.4	8.4	0.0
Other assets / (liabilities), net	(15.7)	(9.7)	(6.0)
Net invested capital	1,067.6	1,028.6	39.0
Net financial position	(207.5)	(182.5)	(25.0)
Group Shareholders' equity	(857.9)	(843.1)	(14.8)
Non-controlling interests	(2.2)	(3.0)	0.8

Net Working Capital

in millions of Euro

	March 31, 2014	December 31, 2013	Change	March 31, 2013	Change
Trade receivables, net	272.7	239.0	33.7	301.4	(28.7)
Inventories	213.8	212.8	1.0	194.0	19.8
Trade payables	(191.0)	(204.9)	13.9	(187.0)	(4.0)
Net working capital	295.5	246.9	48.6	308.4	(12.9)
<i>% net sales LTM</i>	26.4%	22.0%		26.1%	

Free Cash Flow

in millions of Euro

	Q1 2014	Q1 2013
Net result and other charges	28.2	27.1
Change in working capital	(45.2)	(27.9)
Cash flow operating activities	(17.0)	(0.8)
Cash flow investing activities	(7.6)	(4.7)
Free cash flow	(24.6)	(5.5)

Exchange Rates

Currency	Code	As of		(Appreciation)/ Depreciation (*)	Avg. for the quarter		(Appreciation)/ Depreciation (*)
		March 31, 2014	December 31, 2013	%	2014	2013	%
US Dollar	USD	1.3788	1.3791	0.0%	1.3696	1.3206	3.7%
Hong-Kong Dollar	HKD	10.6973	10.6933	0.0%	10.6287	10.2428	3.8%
Swiss Franc	CHF	1.2194	1.2276	-0.7%	1.2237	1.2284	-0.4%
Canadian Dollar	CAD	1.5225	1.4671	3.8%	1.5107	1.3313	13.5%
Japanese Yen	YEN	142.4200	144.7200	-1.6%	140.7978	121.7950	15.6%
British Pound	GBP	0.8282	0.8337	-0.7%	0.8279	0.8511	-2.7%
Swedish Krown	SEK	8.9483	8.8591	1.0%	8.8569	8.4965	4.2%
Australian Dollar	AUD	1.4941	1.5423	-3.1%	1.5275	1.2714	20.1%
South-African Rand	ZAR	14.5875	14.5660	0.1%	14.8866	11.8264	25.9%
Russian Ruble	RUB	48.7800	45.3246	7.6%	48.0425	40.1518	19.7%
Brasilian Real	BRL	3.1276	3.2576	-4.0%	3.2400	2.6368	22.9%
Indian Rupee	INR	82.5784	85.3660	-3.3%	84.5794	71.5390	18.2%
Singapore Dollar	SGD	1.7366	1.7414	-0.3%	1.7379	1.6345	6.3%
Malaysian Ringgit	MYR	4.4976	4.5221	-0.5%	4.5184	4.0699	11.0%
Chinese Renminbi	CNY	8.5754	8.3491	2.7%	8.3576	8.2209	1.7%
Korean Won	KRW	1,465.9800	1,450.9300	1.0%	1,465.3425	1,433.0926	2.3%
Mexican Peso	MXN	18.0147	18.0731	-0.3%	18.1299	16.7042	8.5%

(*) Appreciation (figures with a minus sign in the table above) indicates an increase in the value of the currency against the Euro.

Brands Portfolio

Proprietary brands

CARRERA
RACING SINCE 1956

Polaroid
Polarized Sunglasses

SAFILO
OCCHIALI DAL 1934

smithoptics

Y
X
D
O

Licensed brands

CÉLINE

Dior

MARC JACOBS

MARC BY MARC JACOBS

ALEXANDER
MCQUEEN

GUCCI

BOTTEGA VENETA

SAINT LAURENT
PARIS

FENDI

BOSS
HUGO BOSS

BOSS
HUGO BOSS

HUGO
HUGO BOSS

TOMMY HILFINGER

Juicy Couture®

MaxMara

MAX&Co.

JIMMY CHOO

pierre cardin
PARIS

FOSSIL
EST. USA

FOR THE AMERICA MARKET

BANANA REPUBLIC

BOBBI BROWN

Liz Claiborne
new york

JLO
BY JENNIFER LOPEZ

JACK SPADE

kate spade
NEW YORK

Saks Fifth Avenue

Licensed brands

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

Licensed brands

Brand	Expiry Date										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
JIMMY CHOO											
Juicy Couture®											
JLO BY JENNIFER LOPEZ											
♠ kate spade NEW YORK JACK SPADE											
L Liz Claiborne NEW YORK											
MARC JACOBS MARC BY MARC JACOBS											
MaxMara MAX&Co.											
pierre cardin PARIS											
SAINT LAURENT PARIS											
Saks Fifth Avenue											
TOMMY HILFIGER											