



# 2007 First Half Results

*July 31st, 2007*



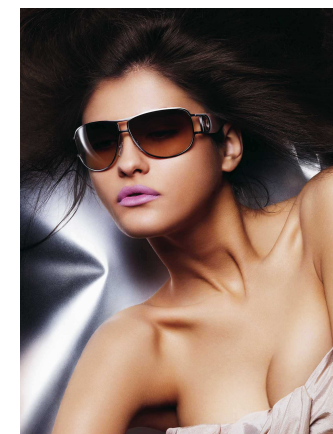
**Safilo**<sup>®</sup>  
GROUP



## Key facts

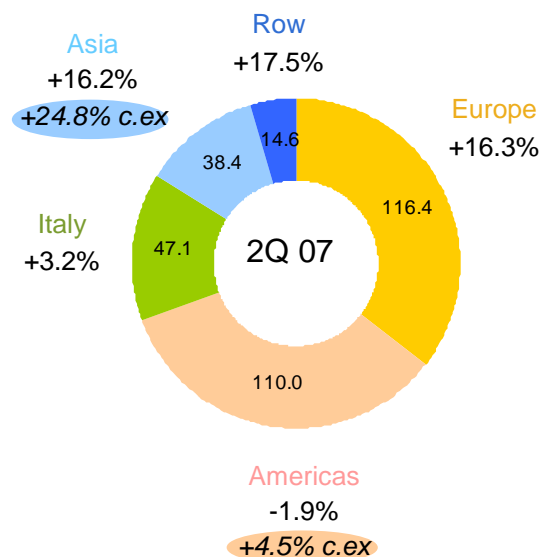
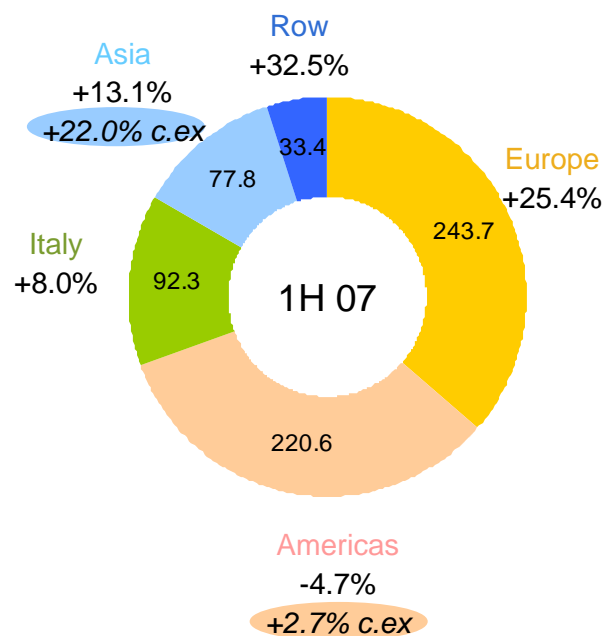
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- Double digit increase of Key Licenses
- Improvements in all key strategic Markets and Product categories
- Strong performance of New Licenses
- Selective Retail developments
- Currency and Clean-up effects



# Net Sales by Region

(in millions of Euro and % change)

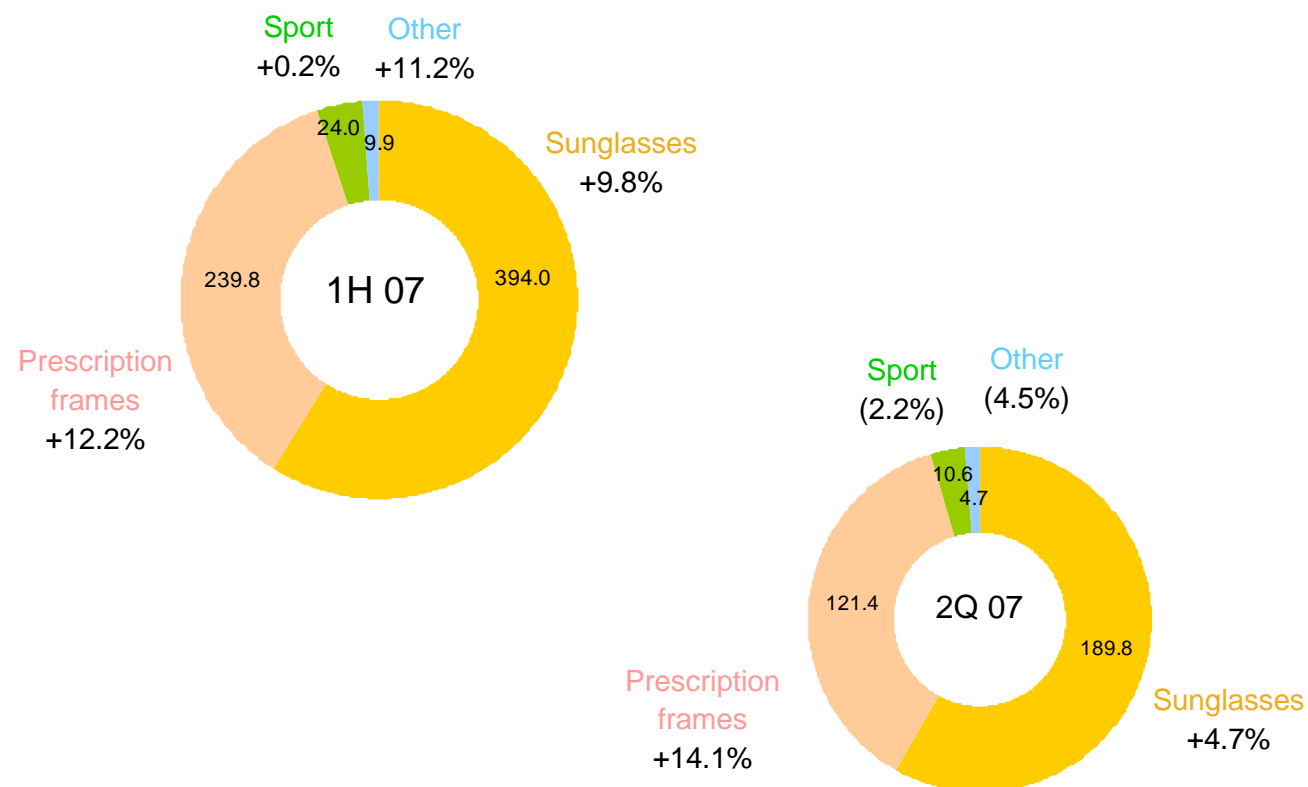


## Net Sales:

- ✓ Performance of key and new licenses
- ✓ Retail contribution
- ✓ Currency and clean-ups

# Net Sales by Product

(in millions of Euro and % change)



## Net Sales:

- ✓ Performance of key and new licenses
- ✓ Retail contribution
- ✓ Currency and clean-ups

# Consolidated Income Statement

In millions of Euro	1H 07	1H 06	% change	% change cons exch.	2Q 07	2Q 06	% change	% change cons exch.
<b>Net Sales</b>	<b>667.8</b>	<b>605.4</b>	<b>+10.3%</b>	<b>+14.2%</b>	<b>326.4</b>	<b>303.3</b>	<b>+7.6%</b>	<b>+10.9%</b>
<b>Gross profit</b>	<b>393.5</b>	<b>365.0</b>	<b>+7.8%</b>	<b>+11.7%</b>	<b>188.9</b>	<b>179.9</b>	<b>+5.1%</b>	<b>+8.3%</b>
%	58.9%	60.3%			57.9%	59.3%		
<b>EBITDA</b>	<b>100.5</b>	<b>94.7</b>	<b>+6.2%</b>	<b>+11.0%</b>	<b>42.0</b>	<b>41.8</b>	<b>+0.6%</b>	<b>+4.0%</b>
%	15.1%	15.6%			12.9%	13.8%		
<b>Operating profit</b>	<b>81.2</b>	<b>76.5</b>	<b>+6.1%</b>	<b>+11.8%</b>	<b>32.3</b>	<b>32.6</b>	<b>-1.1%</b>	<b>+3.1%</b>
%	12.2%	12.6%			9.9%	10.7%		
<b>Group net profit</b>	<b>33.3</b>	<b>21.8</b>	<b>+52.5%</b>		<b>12.5</b>	<b>4.8</b>	<b>n.s.</b>	
%	5.0%	3.6%			3.8%	1.5%		
<i>Basic EPS</i>	<i>0.12</i>	<i>0.08</i>			<i>0.05</i>	<i>0.02</i>		
<i>Diluted EPS</i>	<i>0.12</i>	<i>0.08</i>			<i>0.05</i>	<i>0.02</i>		

## ➤ Net Sales:

- ✓ Performance of key and new licenses
- ✓ Retail contribution
- ✓ Currency and clean-ups

## ➤ Gross and Operating profit:

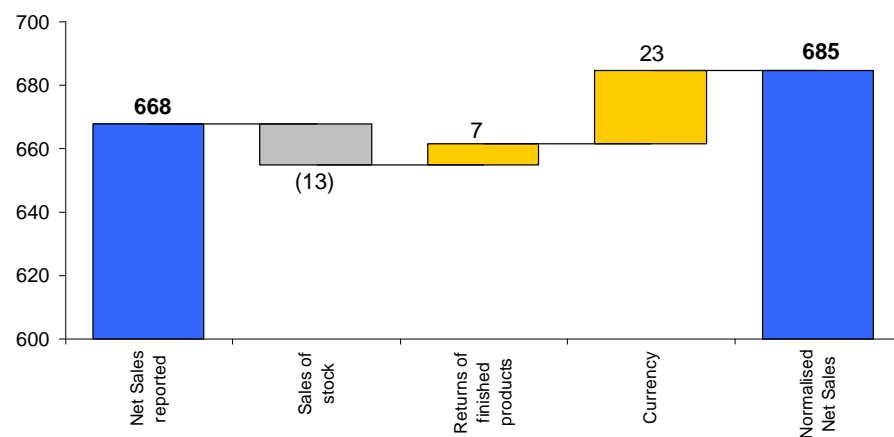
- ✓ Operational efficiencies
- ✓ Retail openings
- ✓ Currency and clean-ups

## ➤ Group net profit:

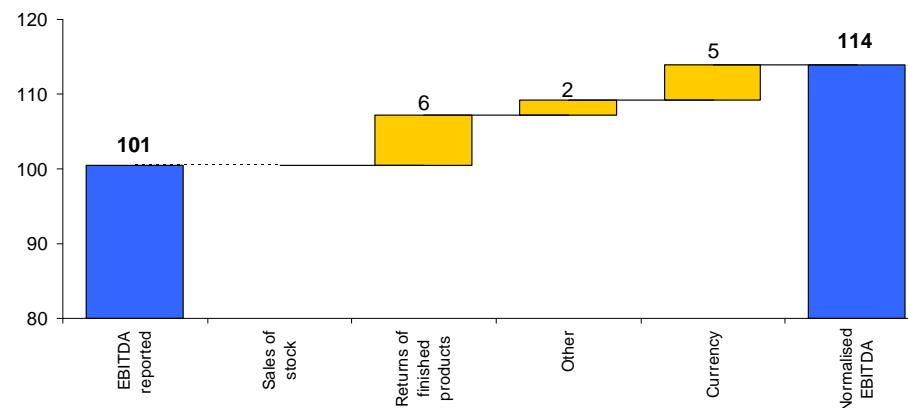
- ✓ Interest charges
- ✓ Tax rate

# Currency and Clean-ups effects

Net Sales (in millions of Euro)



EBITDA (in millions of Euro)



# Consolidated Balance Sheet

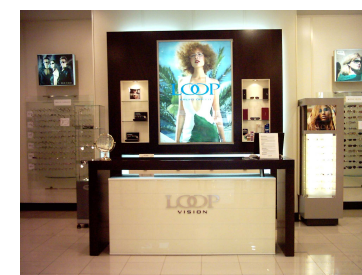
In millions of Euro	1H 07	2006	change	1H 06
Net Working capital	409.0	362.3	46.7	355.0
Tangible & Intang. fixed assets	1,021.0	1,029.1	(8.1)	1,012.2
Financial fixed assets	16.0	16.0	0	18.2
Other assets/(liabilities)	(56.7)	(31.4)	(25.3)	(48.3)
<b>Net Capital Employed</b>	<b>1,389.3</b>	<b>1,376.0</b>	<b>13.3</b>	<b>1,337.1</b>
Net debt	520.7	531.8	(11.1)	490.5
Minority interest	6.8	5.4	1.4	5.8
Shareholders' equity	861.8	838.8	23.0	840.8

# Consolidated Cash Flow

In millions of Euro	1H 2007	1H 2006
Cash flow from operating activities before change in working capital	60.6	56.5
Change in working capital	(27.8)	(46.7)
<b>Cash flow from/(for) Operating activities</b>	<b>32.8</b>	<b>9.8</b>
<b>Cash flow from/(for) Investing activities</b>	<b>(22.7)</b>	<b>(13.2)</b>
<b>Free Cash Flow</b>	<b>10.1</b>	<b>(3.4)</b>

# Retail Development

- 100 Solstice stores at the end of June 2007:
  - 32 new stores opened in the last 12 months, 11 of which in the last three months
  - New Sunsigns store concept
  - Around 20 additional stores expected by year end
- Loop stores' updates in line with expectation
- New openings and refurbishing impacting on short-term profitability



## New Licences

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- **Balenciaga:** launch of a full sunglasses range, starting in Autumn 2007 to reach the most prestigious optical stores and specialty retailers worldwide, as well as through Balenciaga's own points of sale
  - **Jimmy Choo:** a complete lady's sunglass collection in January 2008 to occupy a top end market position to be sold in all Jimmy Choo boutiques worldwide as well as the most prestigious department and optical stores in the US, Canada and the U.K.
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## 2007 Outlook

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- Net Sales up by 7%
- EBITDA around € 180m vs previous guidance of € 190m:
  - Weakness of US\$: new assumption 1€= 1.35US\$
  - Unforeseen first half events



# **Appendices**

# Detailed Income Statement

(Euro/000)	1 <sup>st</sup> semester			2 <sup>nd</sup> quarter		
	2007	2006	Change %	2007	2006	Change %
Net sales	667,812	605,405	10.3%	326,417	303,280	7.6%
Cost of sales	(274,322)	(240,446)	14.1%	(137,489)	(123,438)	11.4%
<b>Gross profit</b>	<b>393,490</b>	<b>364,959</b>	<b>7.8%</b>	<b>188,928</b>	<b>179,842</b>	<b>5.1%</b>
Selling and marketing expenses	(242,605)	(223,598)	8.5%	(118,978)	(112,778)	5.5%
General and administrative expenses	(69,599)	(66,369)	4.9%	(37,295)	(35,688)	4.5%
Other op. income and (expenses), net	(121)	1,477	n.s.	(400)	1,230	n.s.
<b>Operating profit</b>	<b>81,165</b>	<b>76,469</b>	<b>6.1%</b>	<b>32,255</b>	<b>32,606</b>	<b>-1.1%</b>
Share of income (loss) of associates	224	(24)	n.s.	185	(62)	n.s.
Interest expense and other financial charges, net	(22,602)	(26,830)	-15.8%	(10,287)	(13,586)	-24.3%
Non-recurring financial charges, net	-	(9,282)	n.s.	-	(9,282)	n.s.
<b>Profit before taxation</b>	<b>58,787</b>	<b>40,333</b>	<b>45.8%</b>	<b>22,153</b>	<b>9,676</b>	<b>n.s.</b>
Income taxes	(22,906)	(16,676)	37.4%	(8,774)	(4,087)	n.s.
<b>Net profit</b>	<b>35,881</b>	<b>23,657</b>	<b>51.7%</b>	<b>13,379</b>	<b>5,589</b>	<b>n.s.</b>
Net profit attributable to minority interests	2,581	1,828	41.2%	927	718	29.1%
<b>Net profit attributable to the Group</b>	<b>33,300</b>	<b>21,829</b>	<b>52.5%</b>	<b>12,452</b>	<b>4,871</b>	<b>n.s.</b>
Basic EPS (Euro)	0.12	0.08		0.05	0.02	
Diluted EPS (Euro)	0.12	0.08		0.05	0.02	

# Detailed Balance Sheet

(Euro/000)	30/06/2007	31/12/2006
<b>ASSETS</b>		
<b>Current assets</b>		
Cash in hand and at banks	56,125	43,433
Trade receivables, net	366,999	319,517
Inventory, net	262,962	271,573
Derivative financial instruments	385	1,597
Other current assets	30,543	46,564
<b>Total current assets</b>	<b>717,014</b>	<b>682,684</b>
<b>Non-current assets</b>		
Tangible fixed assets	202,684	201,951
Intangible fixed assets	23,353	22,274
Goodwill	794,983	804,911
Investments in associates	12,391	12,535
Financial assets available-for-sale	3,657	3,472
Deferred tax assets	78,659	81,886
Derivative financial instruments	2,254	1,921
Other non-current assets	3,033	1,974
<b>Total non-current assets</b>	<b>1,121,014</b>	<b>1,130,924</b>
<b>Total assets</b>	<b>1,838,028</b>	<b>1,813,608</b>

(Euro/000)	30/06/2007	31/12/2006
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term borrowings	100,805	99,677
Trade payables	220,959	228,802
Tax payables	26,253	20,716
Other current liabilities	77,823	72,833
Provisions for risks and charges	963	828
<b>Total current liabilities</b>	<b>426,803</b>	<b>422,856</b>
<b>Non-current liabilities</b>		
Long-term borrowings	475,980	475,583
Employee benefit liability	37,894	40,952
Provisions for risks and charges	11,325	10,478
Deferred tax liabilities	12,546	13,082
Derivative financial instruments	48	1,336
Other non-current liabilities	4,893	5,171
<b>Total non-current liabilities</b>	<b>542,686</b>	<b>546,602</b>
<b>Total liabilities</b>	<b>969,489</b>	<b>969,458</b>
<b>Equity</b>		
Share capital	71,349	70,843
Share premium reserve	747,471	751,276
Retained earnings and other reserves	7,565	(22,684)
Fair value and cash flow reserves	2,086	1,859
Profit attributable to the Group	33,300	37,467
<b>Group shareholders' equity</b>	<b>861,771</b>	<b>838,761</b>
<b>Minority interests</b>	<b>6,768</b>	<b>5,389</b>
<b>Total shareholders' equity</b>	<b>868,539</b>	<b>844,150</b>
<b>Total liabilities and equity</b>	<b>1,838,028</b>	<b>1,813,608</b>

# Detailed Cash Flow Statement

<i>(Euro/000)</i>	1 <sup>st</sup> semester 2007	1 <sup>st</sup> semester 2006
<b>A - Opening net cash and cash equivalents (net financial indebtiness - short term)</b>	<b>6,989</b>	<b>44,546</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit for the period (including minority interests)	35,881	23,657
Amortization & depreciation	19,367	18,231
Stock option	279	389
Share income (loss) on equity investments	(224)	24
Net movements in the employee benefit liability	(3,016)	1,225
Net movements in other provisions	995	571
Interest expenses	18,694	31,712
Income taxes	22,906	16,676
<b>Income from operating activities prior to movements in net working capital</b>	<b>94,882</b>	<b>92,485</b>
(Increase) Decrease in trade and other current receivables	(30,694)	(50,647)
(Increase) Decrease in inventory, net	6,270	(14,095)
Increase (Decrease) in trade and other current payables	(3,346)	17,994
Interest expenses paid	(18,191)	(20,503)
Income taxes paid	(16,169)	(15,414)
<b>Total (B)</b>	<b>32,752</b>	<b>9,820</b>
<b>C - Cash flow from (for) investing activities</b>		
Purchase of tangible fixed assets (net of disposals)	(18,940)	(12,307)
Disposal of investments in associates and financial assets	-	209
Purchase of intangible fixed assets	(3,717)	(1,119)
<b>Total (C)</b>	<b>(22,657)</b>	<b>(13,217)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	24,192	304,447
Repayment of borrowings	(12,090)	(304,209)
Share capital increase	6,243	-
Dividends distribution to minority shareholders	(6,907)	(1,478)
<b>Total (D)</b>	<b>11,438</b>	<b>(1,240)</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>21,533</b>	<b>(4,637)</b>
Translation exchange difference	(261)	2,071
<b>Total (F)</b>	<b>(261)</b>	<b>2,071</b>
<b>G - Closing net cash and cash equivalents (net financial indebtiness - short term) (A+E+F)</b>	<b>28,261</b>	<b>41,980</b>

# Disclaimer

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This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

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