

FY 2017 Results

March 13th, 2018



Safilo®

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.

2017 WAS A COMPLEX YEAR BEHIND TWO SPECIFIC EVENTS...

...BOTH IMPACTING OUR ECONOMIC AND FINANCIAL RESULTS:

1. transformation of the Gucci license into a supply agreement
2. implementation of the new Order-to-Cash IT system in the Padua DC, impacting deliveries and order taking

ON THE POSITIVE SIDE AND SETTING THE SCENE FOR 2018:

1. improved performance of our Own Core Brands
2. trends recorded by Emerging Markets
3. progress in the Overheads Productivity Plan

2017 - BUSINESS AND ECONOMIC HIGHLIGHTS

TOTAL NET SALES: -194 MILLION (-15.5%) @ CFX, of which:

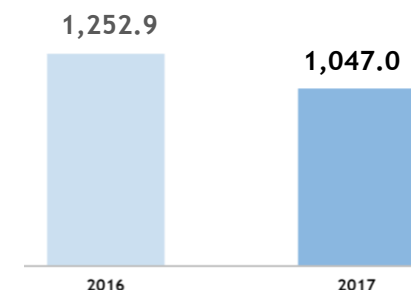
- -155 MILLION (-12.3%) DUE TO THE TRANSFORMATION OF THE GUCCI LICENSE INTO A SUPPLY AGREEMENT
- -39 MILLION (-3.2%) DUE TO THE PERFORMANCE OF THE GOING FORWARD BRAND PORTFOLIO, AFFECTED BY THE DIFFICULT IMPLEMENTATION OF THE NEW IT SYSTEM IN THE PADUA DC, IMPACTING S/S REORDERS FIRST AND A/W ORDER TAKING AFTER
 - WESTERN EUROPE MOST IMPACTED
 - EMERGING MARKETS UP DOUBLE DIGITS
 - CHALLENGING COMPS FOR DIOR AND TRANSITION TO A SINGLE BRAND FOR MARC JACOBS
 - OWN CORE BRANDS AND THE TOTAL OF THE OTHER LICENSES UP SINGLE DIGIT

ADJ.¹ ECONOMIC AND FINANCIAL PERFORMANCE reflected:

- GROSS MARGIN DETERIORATION BEHIND VOLUME AND MIX DYNAMICS AND SUBDUED OPERATIONAL LEVERAGE
- NET DEBT INCREASE BEHIND OPERATING RESULTS

in millions of Euro and % change vs 2016

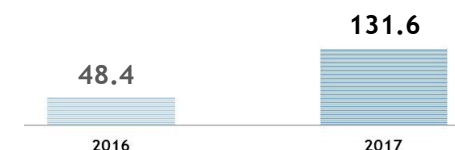
NET SALES -15.5% @Cfx



Adj.¹ EBITDA -53.7%



NET DEBT n.s.



OPERATING RESULTS IMPACTED BY NON-RECURRING ITEMS

in millions of Euro

In 2017 amounting to	207.3
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- **Non-cash impairment loss on goodwill**

reflecting the write down of the goodwill allocated to the Group's CGUs

192.0

- **Non-recurring costs**

in particular due to the reorganization of the Ormoz plant in Slovenia,
cost saving and restructuring initiatives and some legal disputes

15.3 (15.2 on EBITDA)

In 2016 non-recurring items amounted to	159.8
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2017 ECONOMIC AND FINANCIAL PERFORMANCE

in millions of Euro

	FY 2017	FY 2016	% Change	Q4 2017	Q4 2016	% Change	9M 2017	9M 2016	% Change
Total sales	1,047.0	1,252.9	-16.4%	249.2	313.9	-20.6%	797.7	939.1	-15.1%
Gross profit	519.6	715.6	-27.4%	112.0	151.7	-26.2%	407.6	564.0	-27.7%
%	49.6	57.1		44.9	48.3		51.1	60.1	
EBITDA	25.9	80.9	-68.0%	(12.9)	9.9	n.s.	38.8	71.0	-45.3%
Adjusted¹ EBITDA	41.1	88.8	-53.7%	(2.1)	11.4	n.s.	43.2	77.4	-44.2%
%	3.9	7.1		-0.8	3.6		5.4	8.2	
Group net result	(251.6)	(142.1)	n.s.						
Adjusted¹ Group net result	(47.1)	15.4	n.s.						
%	-4.5	1.2							
Group Net Debt	131.6	48.4	n.s.				135.9	111.5	
Free Cash Flow	(70.1)	44.7							

TOTAL NET SALES PERFORMANCE

in millions of Euro and % change vs 2016

FY 2017: -15.5% @ CFX (-15.8% Wholesale)

➔ **FY TOTAL SALES PERFORMANCE @CFX = -194M, of which -155M NET EFFECT OF SPPA IN/GUCCI LICENSE OUT**

NORTH AMERICA	EUROPE	ASIA	ROW
Total -15.5%	-12.2%	-42.3%	-1.3%
Wholesale -16.2%			

Q4 2017: -16.9% @ CFX (-17.7% Wholesale)

➔ **Q4 TOTAL SALES PERFORMANCE @CFX = -53M, of which -44M NET EFFECT OF SPPA IN/GUCCI LICENSE OUT**

NORTH AMERICA	EUROPE	ASIA	ROW
Total -14.0%	-26.3%	-18.9%	+18.6%
Wholesale -15.7%			

NET SALES PERFORMANCE OF GOING FORWARD BRANDS*

FY 2017: -3.9% @ CFX (-3.9% Wholesale)



- PADUA DC IT ISSUES IMPACTING Q1 DELIVERIES FIRST, S/S REORDERS AND A/W ORDER TAKING AFTER: EUROPE THE MOST AFFECTED
- GOING FORWARD BRANDS OVERALL AFFECTED: DIOR AND MARC JACOBS NEGATIVE, OWN CORE BRANDS AND REST OF LICENSES POSITIVE
- GOOD H2 PERFORMANCE IN ASIA (+11%) AND REST OF THE WORLD (+29%)

NORTH AMERICA

Total -2.3%

Wholesale -2.0%

EUROPE

-8.9%

ASIA

-3.2%

ROW

+14.0%

Q4 2017: -3.7% @ CFX (-5.2% Wholesale)



- TAIL-END EFFECTS: ORDER TAKING OF A/W COLLECTIONS SIGNIFICANTLY RESTRAINED IN SOUTH OF EUROPE
- WEAK BUSINESS ENVIRONMENT PERSISTING IN US DEPARTMENT STORES
- POSITIVE Q3 BUSINESS MOMENTUM IN EMERGING MARKETS ACCELERATING FURTHER IN Q4

NORTH AMERICA

Total -0.5%

Wholesale -3.8%

EUROPE

-17.8%

ASIA

+12.6%

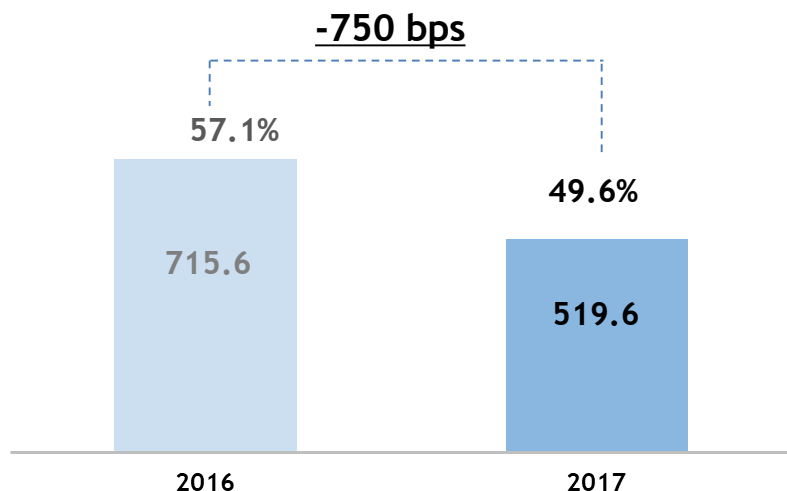
ROW

+29.6%

*THE GOING FORWARD BRAND SALES DO NOT INCLUDE THE GUCCI BUSINESS

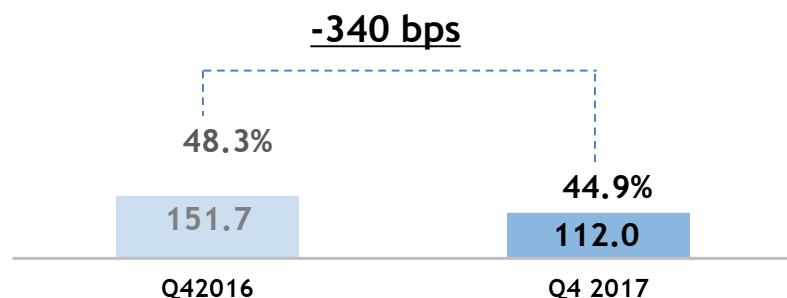
GROSS MARGIN PERFORMANCE

in millions of Euro and % on total net sales



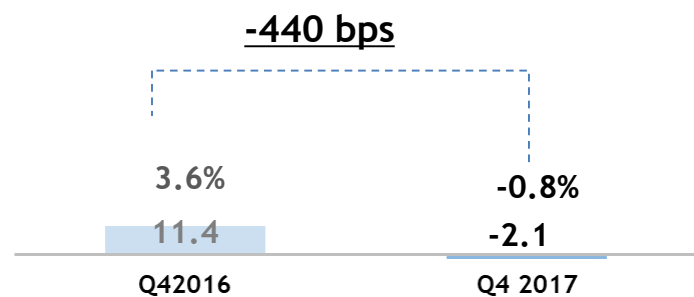
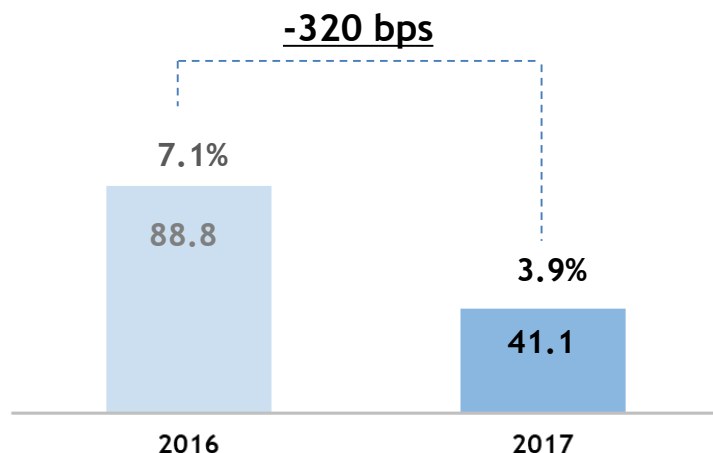
Gross margin dilution explained by:

- GUCCI SUPPLY AGREEMENT
- SUBDUED FIXED COSTS ABSORPTION DUE TO VOLUME DROP
- NEGATIVE SALES MIX EFFECTS



ADJ.¹ EBITDA PERFORMANCE

in % on total net sales

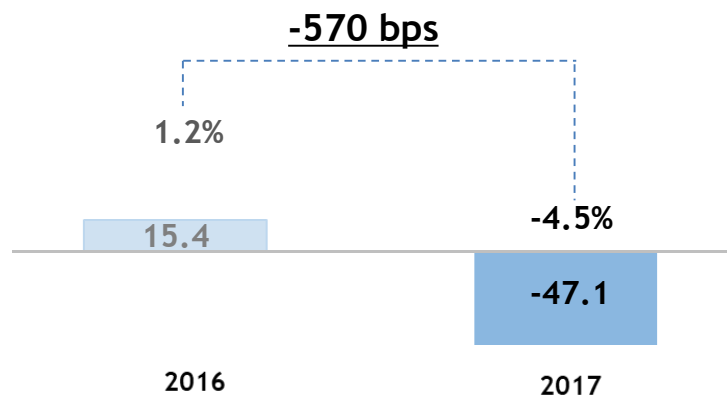


Operational leverage reflecting:

- SUBDUED OPERATIONAL LEVERAGE IMPACTING Q4
- FY SAVINGS FROM OVERHEAD PRODUCTIVITY PLAN = 13M
- FY ACCOUNTING COMPENSATION FOR THE EARLY TERMINATION OF THE GUCCI LICENSE = 43M

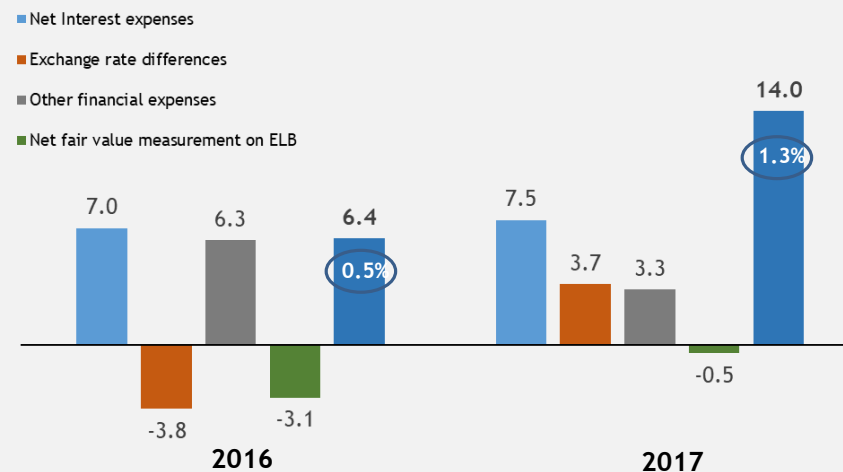
ADJ.¹ GROUP NET RESULT

in millions of Euro and % on total net sales



Adj.¹ Group Net result reflecting also:

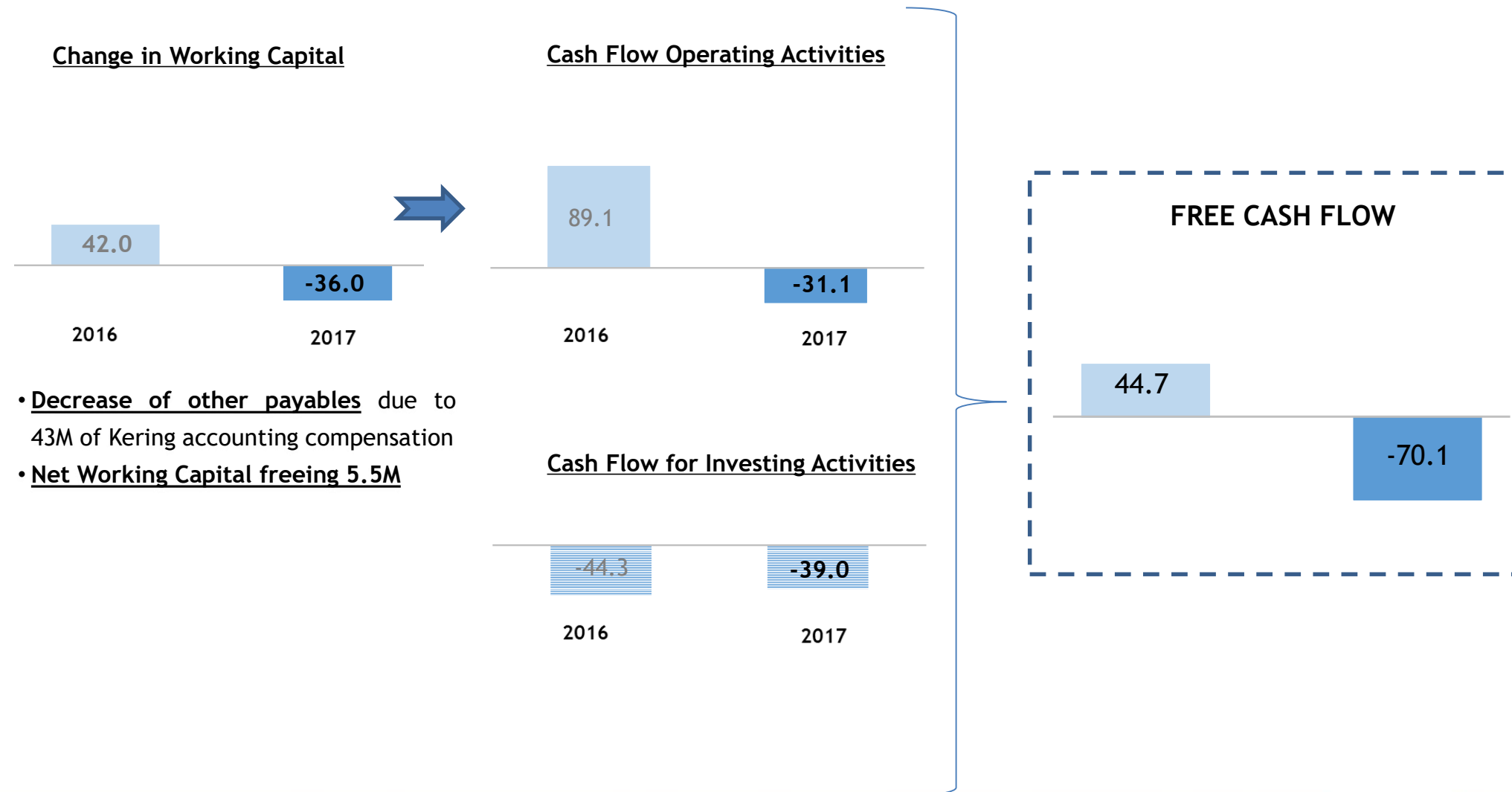
- HIGHER TOTAL NET FINANCIAL EXPENSES



- HIGHER TAX BURDEN

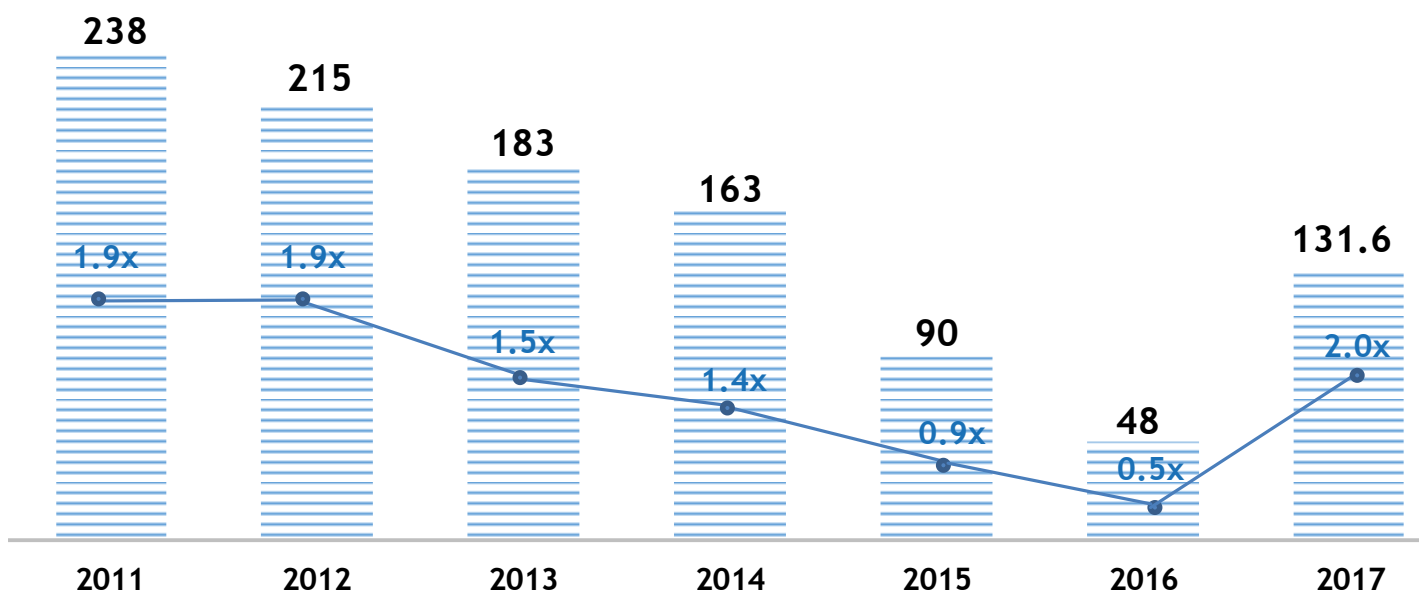
FREE CASH FLOW

in millions of Euro



GROUP NET DEBT

in millions of Euro



Financial leverage

For the purpose of the financial leverage calculation, 2017 adjusted EBITDA, besides the Euro 15.2 million of non-recurring costs, excludes Euro 4 million of exceptional costs incurred in relation to the Padua DC issues and includes the profit impact resulting from the estimated lost sales of 45M, in relation to the Padua DC issues.

2. OUTLOOK FOR 2018

2018 KEY EXPECTATIONS AND DRIVERS

TOP LINE GROWTH

- Normal trading conditions to be progressively restored in the Group's developed markets
- Emerging markets to remain a key growth driver
- At constant exchange rates, Going Forward Brand Portfolio returns to growth, offsetting the exit of Celine

RESTORING ADJUSTED EBITDA MARGIN

- Gross margin improvement through better overall sales mix (brand, channel, market), sourcing and distribution & logistics efficiencies
- Completion of the Overhead productivity plan, with ~15M expected savings

SOLID INVESTMENTS, WHILE LEVERAGING EXISTING ASSETS

- Capex deceleration compared to the last years



TO DATE, Q1 SALES TRENDS CONFIRM THESE EXPECTATIONS

2018 BUSINESS DRIVERS

BRANDS

- Own Core Brands:
 - 360 brand assets, from product to POPs, in place to support growth
 - Polaroid and Carrera e-com planned as a new area of growth this year
 - consolidate Smith growth in sport and continue building the eyewear category
 - faster growth in optical frames, leveraging Safilo relaunch
- Strategic licenses
 - grow the core licenses across the different consumer segments
 - new launches (Moschino & rag&bone)
 - stabilize Dior and Marc Jacobs business

MARKETS

- Europe:
 - restore excellence in service levels
 - drive optical strategy behind Safilo relaunch
 - continue expansion in Northern European markets
- North America
 - continue to build sales force capacity to grow 3Os channel
 - further business development through alliances and buying groups
 - stabilize business in department stores through launch of new brands (rag&bone)
- Emerging Markets:
 - brand portfolio whitespace expansion
 - leveraging new distribution partnerships
 - selective investments to support growth

AMONG THE MOST LOVED AND EDITORIALY FEATURED EYEWEAR WORLDWIDE



ARREBATAMENTO
Votamos a ser conquistados por uma paixão de sempre em **60's Love**, mantemos o fascínio pelo sportswear em **Sorte ao Jogo** e exaltamos uma atração sem fronteiras em **Escala Mundial**.

Appendices

Economic results

in millions of Euro

	FY 2017	%	FY 2016	%	% Change
Net sales	1,047.0	100.0	1,252.9	100.0	-16.4%
Cost of sales	(527.4)	(50.4)	(537.3)	(42.9)	-1.8%
Gross profit	519.6	49.6	715.6	57.1	-27.4%
Selling and marketing expenses	(415.5)	(39.7)	(512.8)	(40.9)	-19.0%
General and administrative expenses	(153.4)	(14.7)	(167.8)	(13.4)	-8.6%
Other operating income (expenses)	33.2	3.2	(1.3)	(0.1)	n.s.
Impairment loss on goodwill	(192.0)	(18.3)	(150.0)	(12.0)	28.0%
EBIT	(208.2)	(19.9)	(116.3)	(9.3)	n.s.
Financial charges, net	(14.0)	(1.3)	(6.4)	(0.5)	n.s.
Profit/(Loss) before taxation	(222.2)	(21.2)	(122.6)	(9.8)	n.s.
Income taxes	(29.4)	(2.8)	(19.5)	(1.6)	50.9%
Net profit/(loss) of the period	(251.6)	(24.0)	(142.1)	(11.3)	n.s.
Non-controlling interests	0.0	0.0	0.0	0.0	
Group net result	(251.6)	(24.0)	(142.1)	(11.3)	n.s.
EBITDA	25.9	2.5	80.9	6.5	-68.0%

Adjusted Economic Results¹

Adjusted EBIT	(0.8)	(0.1)	43.5	3.5	n.s.
Adjusted EBITDA	41.1	3.9	88.8	7.1	-53.7%
Adjusted Group net result	(47.1)	(4.5)	15.4	1.2	n.s.

Economic results

in millions of Euro

	Q4 2017	%	Q4 2016	%	% Change
Net sales	249.2	100.0	313.9	100.0	-20.6%
Gross profit	112.0	44.9	151.7	48.3	-26.2%
EBITDA	(12.9)	(5.2)	9.9	3.2	n.s.
Adjusted Economic Result ¹					
Adjusted EBITDA	(2.1)	(0.8)	11.4	3.6	n.s.

Adjusted Economic Results

¹ In 2017, the adjusted economic results exclude: (i) an impairment charge on the goodwill allocated to the Group's cash generating units for Euro 192.0 million and (ii) non-recurring costs for a total of Euro 15.3 million (Euro 15.2 and 12.5 million, respectively on EBITDA and Net result) related to the reorganization of the Ormoz plant in Slovenia, cost saving and restructuring initiatives, and to some legal litigations ; include: (i) an income of Euro 43 million, annual portion of the total Euro 90 million accounting compensation for the early termination of the Gucci license.

In Q4 2017, the adjusted EBITDA excludes: (i) non-recurring costs for a total of Euro 10.9 million related to cost saving and restructuring initiatives and to some legal litigations; includes: (i) an income of Euro 10.8 million, pro-rata portion of the Euro 43 million, 2017 accounting compensation for the early termination of the Gucci license.

In 2016, the adjusted economic results excluded: (i) an impairment loss on the goodwill allocated to the Far East cash generating unit for Euro 150.0 million and (ii) non-recurring restructuring costs for a total of Euro 9.8 million (Euro 7.9 and 7.5 million, respectively on EBITDA and Net result) due for Euro 8.6 million to overhead cost saving initiatives, such as the integration of Vale of Leven (Scotland) Polaroid lens production into Safilo's China based corporate supply network and for Euro 1.2 million to commercial restructuring costs in the EMEA region; included: (i) an income of Euro 8 million related to part of the total Euro 90 million accounting compensation for the early termination of the Gucci license, and (ii) an expense of Euro 4 million related to the final acceleration to P&L of Gucci prepaid royalties.

In Q4 2016, the adjusted EBITDA excluded: (i) non-recurring restructuring costs for a total of Euro 1.5 million; included: (i) an income of Euro 8 million related to part of the total Euro 90 million accounting compensation for the early termination of the Gucci license, and (ii) an expense of Euro 4 million related to the final acceleration to P&L of Gucci prepaid royalties.

Accounting treatment of the €90 Mio compensation from Kering

The accounting treatment of the Euro 90 million compensation for the early termination of the Gucci license has been decided in coherence with the underlying obligations set forth in the Strategic Product Partnership Agreement (“SPPA”) signed on January 12, 2015 with Kering Group. According to this, it was deemed appropriate by management to account for the majority of the compensation between 2017 and 2018, respectively in the measure of Euro 43 million in 2017 and Euro 39 million in 2018, following the contractual split of the volumes in the two years to which the agreed anticipated termination of the Gucci license (previously expiring at the end of December 2018) and key obligations under the SPPA agreement refer to.

It was considered appropriate to recognize the remaining part of the compensation, equal to Euro 8 million, in the profit and loss of 2016, given the start of the SPPA agreement in the second half of the year, with the shipment of the first significant bulk of volumes under the SPPA agreement in the fourth quarter of 2016. The above compensation amounts are included in other operating incomes.

As a reminder, the total Euro 90 million compensation was agreed with the contract executed on January 12, 2015 with Kering Group that confirmed the early termination of the Gucci license agreement at the end of December 2016 and a Strategic Product Partnership Agreement (SPPA) for the development and manufacture of Gucci's Made in Italy eyewear products by Safilo. The first tranche of the compensation equal to Euro 30 million was received on 12 January 2015, the second tranche equal to further Euro 30 million was paid in December 2016, while the third tranche will be settled in September 2018.

Net sales performance

in millions of Euro

Net sales by geographical area	FY 2017	%	FY 2016	%	Change %	Change % (*)	Change % (**)
Europe	469.3	44.8	537.6	42.9	-12.7%	-12.2%	-8.9%
North America	422.3	40.3	509.5	40.7	-17.1%	-15.5%	-2.3%
Asia Pacific	64.3	6.1	114.7	9.2	-43.9%	-42.3%	-3.2%
Rest of the world	91.0	8.7	91.2	7.3	-0.2%	-1.3%	14.0%
Total	1,047.0	100.0	1,252.9	100.0	-16.4%	-15.5%	-3.9%

Net sales by distribution channel	FY 2017	%	FY 2016	%	Change %	Change % (*)	Change % (**)
Wholesale	981.7	93.8	1,177.8	94.0	-16.7%	-15.8%	-3.9%
Retail	65.3	6.2	75.2	6.0	-13.1%	-11.3%	-3.7%
Total	1,047.0	100.0	1,252.9	100.0	-16.4%	-15.5%	-3.9%

(*) Sales performance at constant exchange rates

(**) Sales performance at constant exchange rates of the Going Forward brand portfolio, excluding Gucci business.

Net sales by geographical area	Q4 2017	%	Q4 2016	%	Change %	Change % (*)	Change % (**)
Europe	101.6	40.8	138.4	44.1	-26.6%	-26.3%	-17.8%
North America	97.0	38.9	123.2	39.3	-21.3%	-14.0%	-0.5%
Asia Pacific	18.7	7.5	24.5	7.8	-23.9%	-18.9%	12.6%
Rest of the world	31.9	12.8	27.7	8.8	15.3%	18.6%	29.6%
Total	249.2	100.0	313.9	100.0	-20.6%	-16.9%	-3.7%

Net sales by distribution channel	Q4 2017	%	Q4 2016	%	Change %	Change % (*)	Change % (**)
Wholesale	233.8	93.8	296.4	94.4	-21.1%	-17.7%	-5.2%
Retail	15.4	6.2	17.5	5.6	-11.9%	-3.6%	22.7%
Total	249.2	100.0	313.9	100.0	-20.6%	-16.9%	-3.7%

(*) Sales performance at constant exchange rates

(**) Sales performance at constant exchange rates of the Going Forward brand portfolio, excluding Gucci business.

Balance Sheet

in millions of Euro

	December 31, 2017	December 31, 2016	Change
Net working capital	231.6	261.7	(30.2)
Tangible and intangible fixed assets	473.3	710.0	(236.7)
Financial fixed assets	0.0	0.0	0.0
Non-current assets held for sale	1.3	1.5	(0.2)
Other assets/(liabilities), net	(41.3)	(52.0)	10.8
Net invested capital	664.9	921.2	(256.3)
Net financial position	(131.6)	(48.4)	(83.3)
Group Shareholders' equity	(533.2)	(872.8)	339.6
Non-controlling interests	0.0	0.0	0.0

Net Working Capital

in millions of Euro

	December 31, 2017	December 31, 2016	Change
Trade receivables	178.7	237.4	(58.7)
Inventories	257.7	272.8	(15.1)
Trade payables	(204.9)	(248.5)	43.6
Net working capital	231.6	261.7	(30.2)
<i>% on net sales</i>	22.1%	20.9%	

Free Cash Flow

in millions of Euro

	FY 2017	FY 2016
Cash flow from operating activities before changes in working capital	4.9	47.0
Changes in working capital	(36.0)	42.0
Cash flow operating activities	(31.1)	89.1
Cash flow investing activities	(39.0)	(44.3)
Free cash flow	(70.1)	44.7

Exchange Rates

Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation)/ Depreciation
		December 31, 2017	December 31, 2016	%	December 31, 2017	December 31, 2016	%
US Dollar	USD	1.1993	1.0541	13.8%	1.1297	1.1068	2.1%
Hong-Kong Dollar	HKD	9.3720	8.1751	14.6%	8.8045	8.5912	2.5%
Swiss Franc	CHF	1.1702	1.0739	9.0%	1.1117	1.0901	2.0%
Canadian Dollar	CAD	1.5039	1.4188	6.0%	1.4647	1.4659	-0.1%
Japanese Yen	YEN	135.0100	123.4000	9.4%	126.7112	120.1815	5.4%
British Pound	GBP	0.8872	0.8562	3.6%	0.8767	0.8196	7.0%
Swedish Crown	SEK	9.8438	9.5525	3.0%	9.6351	9.4696	1.7%
Australian Dollar	AUD	1.5346	1.4596	5.1%	1.4732	1.4881	-1.0%
South-African Rand	ZAR	14.8054	14.4570	2.4%	15.0490	16.2605	-7.5%
Russian Ruble	RUB	69.3920	64.3000	7.9%	65.9383	74.1411	-11.1%
Brasilian Real	BRL	3.9729	3.4305	15.8%	3.6054	3.8558	-6.5%
Indian Rupee	INR	76.6055	71.5935	7.0%	73.5324	74.3654	-1.1%
Singapore Dollar	SGD	1.6024	1.5234	5.2%	1.5588	1.5274	2.1%
Malaysian Ringgit	MYR	4.8536	4.7287	2.6%	4.8527	4.5835	5.9%
Chinese Renminbi	CNY	7.8044	7.3202	6.6%	7.6290	7.3520	3.8%
Korean Won	KRW	1,279.6100	1,269.3600	0.8%	1,276.7381	1,283.9913	-0.6%
Mexican Peso	MXN	23.6612	21.7719	8.7%	21.3286	20.6678	3.2%
Turkish Lira	TRY	4.5464	3.7072	22.6%	4.12063	3.34311	23.3%
Dirham United Emirates	AED	4.4044	3.869601	13.8%	4.14753	4.06295	2.1%

Brands Portfolio

SAFILO
MADE IN ITALY DAL 1934

Dior

ELIE SAAB

BOSS
HUGO BOSS

havaianas®

BANANA REPUBLIC

CARRERA
EYEWEAR SINCE 1956

GIVENCHY
PARIS


kate spade
NEW YORK

MARC JACOBS

rag & bone
NEW YORK

 **Polaroid**

FENDI

FOSSIL

TOMMY  HILFIGER

MOSCHINO

LOVE
MOSCHINO

Juicy Couture
BLACK LABEL
los angeles

OXYDO

MaxMara

swatch®
the eyes

BOBBI BROWN

LIZ claiborne

MAX&Co.



SMITH

JIMMY CHOO

BOSS
HUGO BOSS

pierre cardin
PARIS

JACK SPADE