

Q1 2020 TRADING UPDATE

May 6, 2020



polaroideyewear.com

See Beyond See Beyond

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.

A PERIOD OF UNPRECEDENTED CHALLENGES

In these extraordinary circumstances, we have been focused on:



PROTECTING THE HEALTH AND SAFETY OF ALL OUR PEOPLE

Immediate and rigorous implementation of all the safety and prevention regulations provided by government protocols



#UNITED4EYECARE

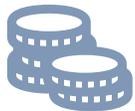
SUPPORTING OUR COMMUNITIES AND MEDICAL WORKERS INVOLVED IN THE COVID-19 EMERGENCY

#UNITED4EYECARE, our global corporate initiatives, supporting the fight against the Covid-19 epidemic



MAINTAINING BUSINESS CONTINUITY

Do everything possible to support our customers, ensuring seamless operations



PROTECTING CASH

Minimize all discretionary expenditures and investments, tight WC management



ACCELERATING ON THE KEY DRIVERS OF OUR GROUP BUSINESS PLAN

New programs, actions and tools to more effectively address the new business context

A POSITIVE START TO THE YEAR...

January and February up mid-single digit, driven by:

- the double-digit performance of Carrera, Polaroid, Smith and core licenses;
- the launch of our new partnerships - Beckham, Levi's and Missoni



...ABRUPTLY INTERRUPTED IN MARCH BY THE CORONAVIRUS PANDEMIC



After Italy, from mid-March, the spread of Covid-19 escalated across Europe and the USA, with the most severe measures of national lockdowns and halt of business heavily impacting the last two weeks of the month and the overall Q1 performance

Q1 2020 economic and financial highlights (post-IFRS 16)

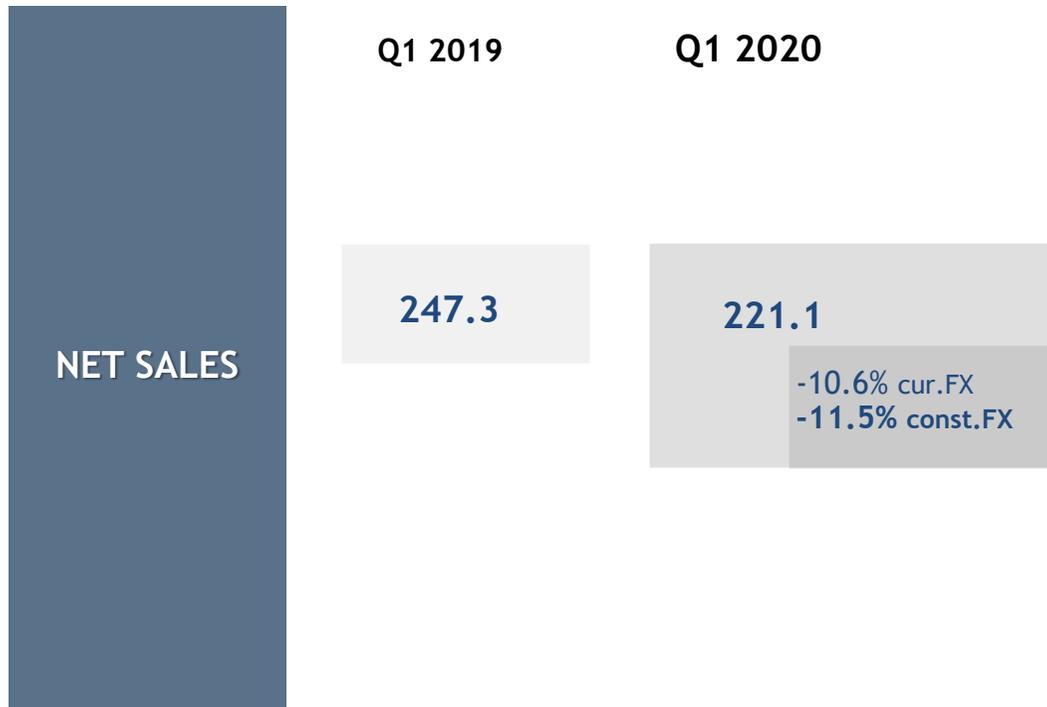
in millions of Euro, % on sales, %/bps change vs Q1 2019

NET SALES	221.1 -11.5% const.FX -10.8% wholesale ¹
ADJUSTED ² EBITDA	5.8 2.6% of net sales -550 bps
GROUP NET DEBT	135.5 +60.7m vs Dec. 19 fully driven by M&A

ECONOMIC AND FINANCIAL HIGHLIGHTS (post-IFRS 16)

NET SALES

in millions of Euro and % change vs Q1 2019



- Drop of volumes, while price/mix and forex slightly positive
- Wholesale business¹ -10.8%
 - Own core brands -3.4%
 - Online business up +25%
 - Tommy Hilfiger, Hugo Boss and Jimmy Choo relative outperformers among licenses
 - Deceleration of Dior in line with forecasts
 - Acquisition of Privé Revaux contributing 5.5m to the quarter

NET SALES BY GEOGRAPHY

in millions of Euro and % change vs Q1 2019

Q1 2020

EUROPE

48.7% of net sales

107.7

-13.5% cur.FX &
const.FX

NORTH AMERICA

38.2% of net sales

84.4

-5.1% cur.FX
-7.8% const.FX

- Wholesale business¹ -12.2%;
- Italy, Spain and France, first markets to suffer the health emergency and stop of business activities;
- Sales in Germany, North Europe and East Europe less impacted, driven by Hugo Boss, Tommy Hilfiger and Polaroid;

- Lockdowns to curb the pandemic significantly choking business from mid-March;
- US brands and fashion luxury suffering the most;
- Acquisition of Privé Revaux;
- Smith up 3.5% at const.FX, thanks to strong winter season and online.

NET SALES BY GEOGRAPHY

in millions of Euro and % change vs Q1 2019

Q1 2020

ASIA PACIFIC

6.7% of net sales

14.9

-15.9% cur.FX
-17.5% const.FX

- Halt of tourism and early shut down of stores impacted travel retail channel, business to chains and fashion house boutiques;
- Sales to independent stores in China, relatively more resilient.

REST of the WORLD

6.4% of net sales

14.1

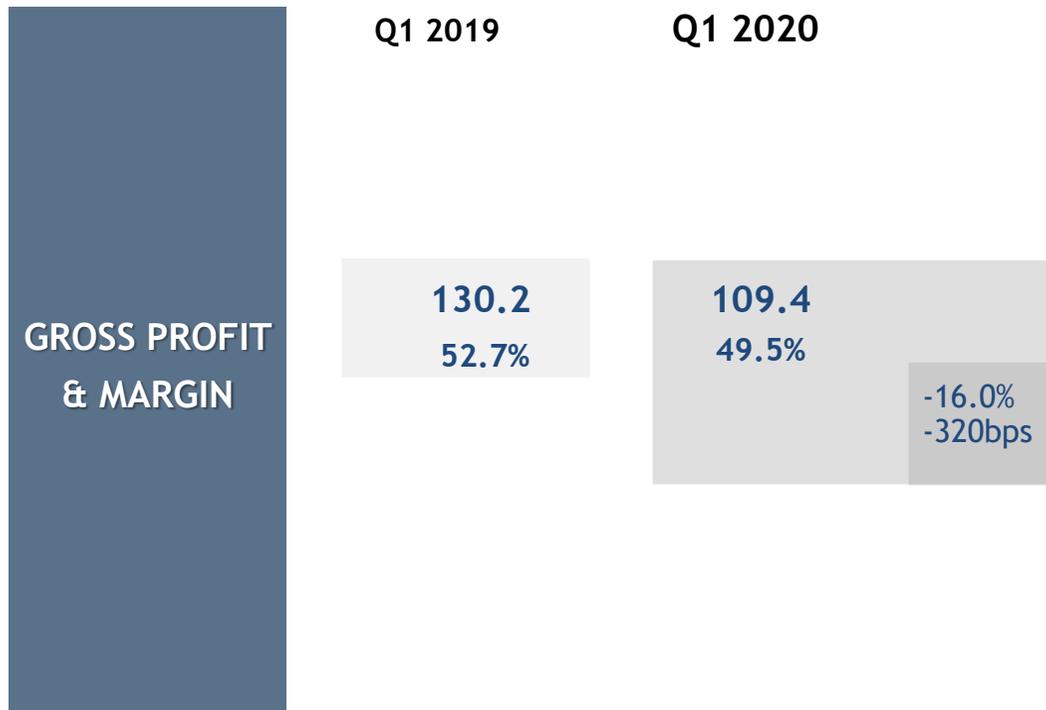
-12.5% cur.FX
-10.5% const.FX

- Weak performance of Latin America driven by Brazil;
- Mexico regained speed after deceleration in Q4 2019;
- IMEA markets back to a positive sales performance.

GROSS PROFIT

Inefficient supply chain dynamics due to production interruptions and sourcing activities in China

in millions of Euro, % on sales, %/bps change vs Q1 2019

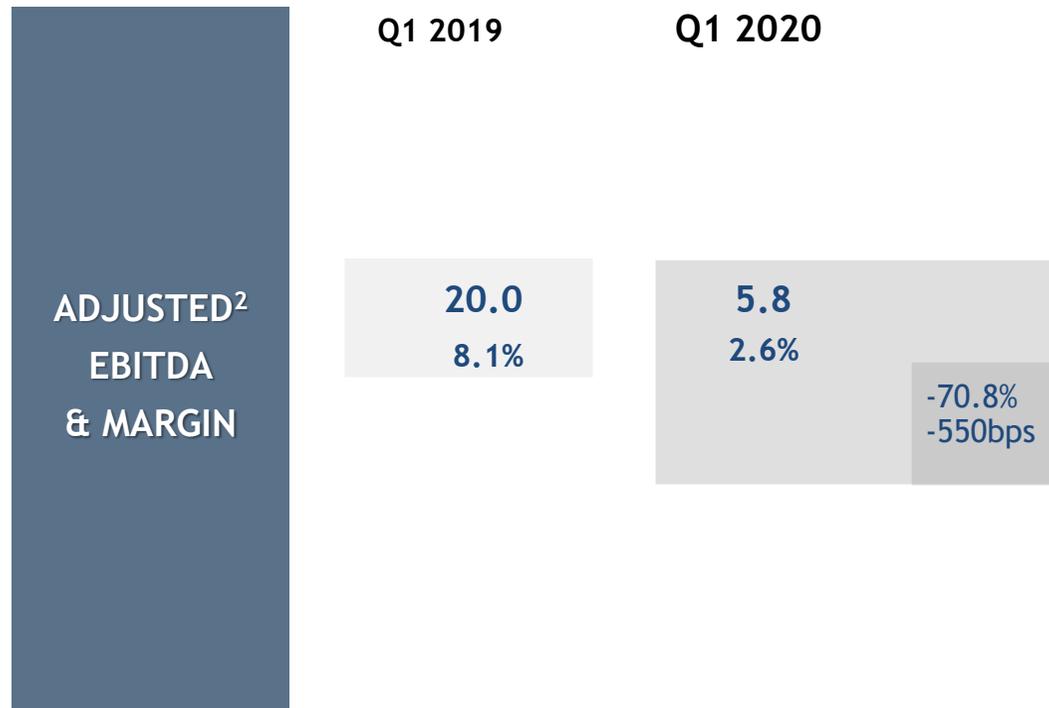


- Subdued factory results on lower production volumes and supply chain disruption;
- Obsolescence provision increased at the end of March;
- Favourable mix effect due to lower weight of Kering supply business

ADJUSTED² EBITDA (post-IFRS 16)

Disproportionate contraction of Group operating performance due to operating deleverage

in millions of Euro, % on sales, %/bps change vs Q1 2019



- Strong operating deleverage in March as one of the highest months for sales and marketing and selling expenses;
- Overheads savings continued during the quarter

GROUP NET DEBT (post-IFRS 16)

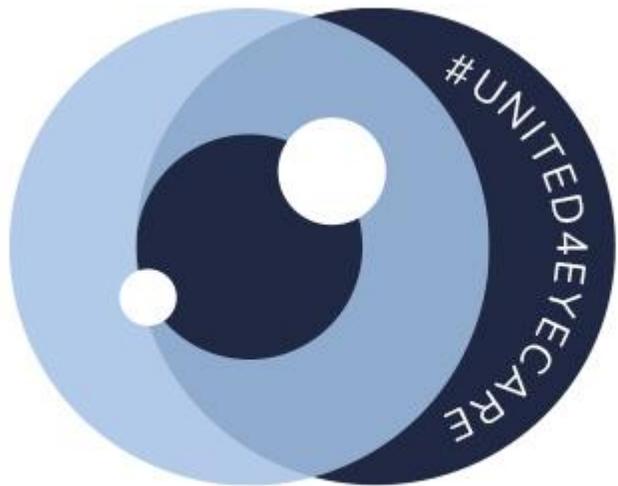
Higher Group Net Debt reflecting acquisition of Privé Revaux in February 2020

in millions of Euro

	Mar.31, 2019	Dec.31, 2019	March 31, 2020
GROUP NET DEBT & ADJUSTED^{2,3} LEVERAGE	105.7 0.5x	74.8 0.5x	135.5 1.6x
IFRS-16 impact	79.3	47.0	45.5

- Weak economic results
- Strict WC management, with seasonal absorption lower than same period last year, following decrease in inventories
- Feb. 10, 2020 acquisition of Privé Revaux for 61.6m
- Net Debt in line with end of 2019, ex M&A

- Further significant deceleration of business activity in April, reflecting the almost complete shutdown of the various distribution channels in which the Group sells its products. Online business the exception, together with the significant improvement of sales trends in China;
- Very gradual and patchy re-start of sector activities between May and June driving Safilo's expectation for a more significant net sales decline and negative operating results in Q2;
- Outlook for the full year 2020 still impossible to provide given the still high level of uncertainty surrounding the Covid-19 pandemic and the future recovery of economies worldwide.



#UNITED4EYECARE

#united4eyecare is Safilo's global corporate initiative that embraces all the activities put in place in different countries by Safilo and its brands for the production and donation of safety glasses, goggles and face shields for health care professionals.

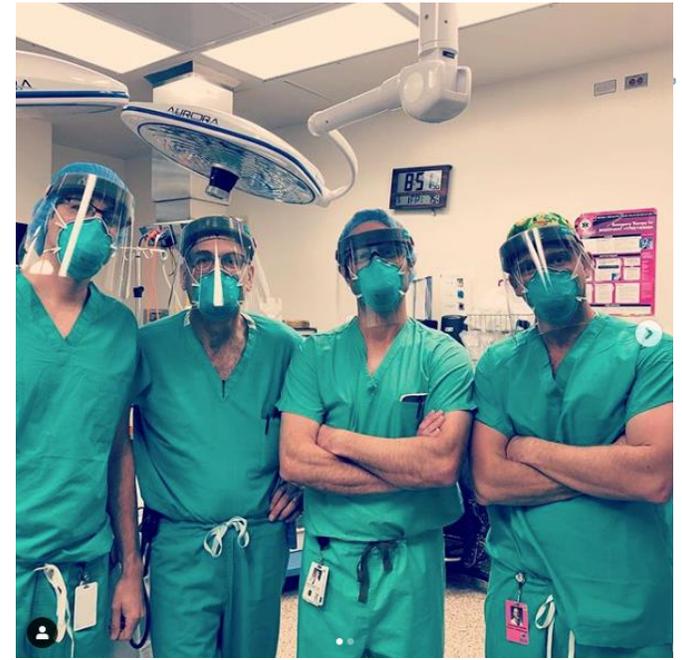
Eyesight care and protection have always been at the very heart of what we do: in this moment of emergency, Safilo has pooled resources to support and equip frontline health workers around the world.



GOGGLES FOR DOCS

In efforts to support local and national personal protective equipment (PPE) shortages across the US in the wake of COVID-19, Smith joins the Goggles For Docs movement to provide new and used ski goggles to healthcare workers who currently have no eyewear protection while treating patients.

SMITH



Appendices

1. The wholesale business excludes Kering supply business, recorded within the geographical area of Europe.
2. In Q1 2020, the adjusted EBITDA excludes non-recurring costs for Euro 2.4 million, due to restructuring expenses related to the ongoing cost saving program.

In Q1 2019, the adjusted EBITDA excluded non-recurring costs for Euro 1.1 million, due to restructuring expenses related to the ongoing cost saving program.
3. The adjusted financial leverage is calculated on pre-IFRS 16 Net Debt and excluding the Euro 30 million subordinated loan provided by Safilo's reference shareholder, Multibrands Italy B.V., controlled by HAL Holding N.V., for the acquisition of Privé Revaux.

Net Sales by geographic area

(Euro million)	Q1 2020	%	Q1 2019	%	% Change at current forex	% Change at constant forex
Europe	107.7	48.7%	124.6	50.4%	-13.5%	-13.5%
North America	84.4	38.2%	88.9	36.0%	-5.1%	-7.8%
Asia Pacific	14.9	6.7%	17.7	7.2%	-15.9%	-17.5%
Rest of the world	14.1	6.4%	16.1	6.5%	-12.5%	-10.5%
Total	221.1	100%	247.3	100%	-10.6%	-11.5%

Economic highlights

(Euro in millions)	Q1 2020	Q1 2019	% Change
Net sales	221.1	247.3	-10.6%
Gross profit	109.4	130.2	-16.0%
<i>% on net sales</i>	49.5%	52.7%	
EBITDA	3.4	18.9	-82.0%
<i>% on net sales</i>	1.5%	7.6%	
Adjusted² EBITDA	5.8	20.0	-70.8%
<i>% on net sales</i>	2.6%	8.1%	
IFRS 16 impact on EBITDA	3.1	3.4	

Exchange Rates

Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation)/ Depreciation
		March 31, 2020	December 31, 2019	%	March 31, 2020	March 31, 2019	%
US Dollar	USD	1.0956	1.1234	-2.5%	1.1027	1.1358	-2.9%
Hong-Kong Dollar	HKD	8.4945	8.7473	-2.9%	8.5686	8.9116	-3.8%
Swiss Franc	CHF	1.0585	1.0854	-2.5%	1.0668	1.1324	-5.8%
Canadian Dollar	CAD	1.5617	1.4598	7.0%	1.4819	1.5102	-1.9%
Japanese Yen	YEN	118.9000	121.9400	-2.5%	120.0973	125.0835	-4.0%
British Pound	GBP	0.8864	0.8508	4.2%	0.8623	0.8725	-1.2%
Swedish Krown	SEK	11.0613	10.4468	5.9%	10.6689	10.4187	2.4%
Australian Dollar	AUD	1.7967	1.5995	12.3%	1.6791	1.5944	5.3%
South-African Rand	ZAR	19.6095	15.7773	24.3%	16.9479	15.9206	6.5%
Russian Ruble	RUB	85.9486	69.9563	22.9%	73.8205	74.9094	-1.5%
Brasilian Real	BRL	5.7001	4.5157	26.2%	4.9167	4.2775	14.9%
Indian Rupee	INR	82.8985	80.1870	3.4%	79.9096	80.0720	-0.2%
Singapore Dollar	SGD	1.5633	1.5111	3.5%	1.5281	1.5388	-0.7%
Malaysian Ringgit	MYR	4.7330	4.5953	3.0%	4.6094	4.6466	-0.8%
Chinese Renminbi	CNY	7.7784	7.8205	-0.5%	7.6956	7.6635	0.4%
Korean Won	KRW	1,341.0300	1,296.2800	3.5%	1,316.2813	1,278.5949	2.9%
Mexican Peso	MXN	26.1772	21.2202	23.4%	22.0918	21.8057	1.3%
Turkish Lira	TRY	7.2063	6.6843	7.8%	6.74284	6.11018	10.4%
Dirham UAE	AED	4.0236	4.1257	-2.5%	4.04952	4.17112	-2.9%

Brand Portfolio

SAFILO
MADE IN ITALY DAL 1924

BOSS
HUGO BOSS

MISSONI

JIMMY CHOO

ELIE SAAB

MOSCHINO

CARRERA
EYEWEAR SINCE 1959

TOMMY HILFIGER

HUGO
HUGO BOSS

GIVENCHY
PARIS

MARC JACOBS

kate spade
NEW YORK

SMITH

UNDER ARMOUR*

rag & bone
NEW YORK

DB

EYEWEAR by DAVID BECKHAM

DIOR

BANANA REPUBLIC

MaxMara

Polaroid

elasta
-SAFILO

M
MISSONI

FENDI

LOVE
MOSCHINO

pierre cardin
PARIS

BLENDERS
EYEWEAR **

CHESTERFIELD
EYEWEAR

Juicy Couture

FOSSIL

REBECCA MINKOFF

LIZ CLAIBORNE

PRIVÉ REVAUX
EYEWEAR

ADENSCO

Levi's

TOMMY
JEANS

havaianas

swatch
the eyes

SEVENTH STREET
- Safilo

* from 2021

** signed and communicated on December 8, 2019 and still to be closed at the present date