



THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES THE FINANCIAL STATEMENTS FOR 2008 AND THE GROUP'S INDUSTRIAL REORGANISATION PLAN

The results for the financial year 2008 are confirmed:

- *Net sales at 1,147.8 million Euro (1,190.4 million Euro in 2007)*
- *EBITDA at 126.3 million Euro, with a margin on sales of 11.0% (175.3 million Euro in 2007)*
- *Net profit at 14.6 million Euro, before an extraordinary provision for deferred taxes of 37.9 million Euro*
- *Net financial position at 570 million Euro (514.6 million Euro at the end of 2007)*

Padova, 16th March 2009, h. 6.15pm – The Board of Directors of Safilo Group S.p.A. today reviewed and approved the consolidated financial statements for 2008¹ which confirm the preliminary data examined and published on 12th February 2009. The Board furthermore approved the financial statements at 31st December 2008¹, which will be submitted for approval by the Shareholders' Meeting called for 24th April and 27th April in the first and second call respectively.

In consideration of the results achieved during the financial year 2008 and the difficult market situation foreseen for the current year, the Board of Directors deemed it appropriate not to propose to the Shareholders' Meeting the distribution of a dividend.

The Board of Directors furthermore granted to the Chief Executive Officer, Roberto Vedovotto, the powers to seek the widest strategic options aimed at strengthening the company's capital structure. In this regard the Board of Directors has asked to the Chief Executive Officer, Roberto Vedovotto, to finalise the agreements under discussion in order to grant the appropriate advisory mandates.

The Board of Directors approved, furthermore, an industrial reorganisation plan which foresees a rationalisation of production facilities and aims at creating a manufacturing organisation capable of guaranteeing greater efficiency and effectiveness of manufacturing processes, improving the Group's industrial profitability in the mid to long term, and adapting to the current economic downturn.

In this perspective, the Group foresees the downsizing of production activities at the sites of Precenicco (UD), Martignacco (UD) and Ormoz (Slovenia). The company will enter into negotiations with the trade union delegations with the aim of providing a prompt and collaborative response to the employment issue which will arise from the industrial reorganisation described above, also through the utilization of the available social security cushions.

Following on from the fourth quarter of 2008 which saw the progressive decline of market conditions, in particular in the high end sunglass market, the first months of 2009 have also been characterised by a difficult performance in all of the Group's main markets.

On the contrary, the house brand Carrera has continued to register significant growth rates, benefiting from its appealing product offering as well as from its price positioning, an increasingly important factor for consumers oriented more and more towards products with accessible prices.

This press release uses some 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net Financial Position, Net Capital Employed and Free Cash Flow), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESR/05-178b recommendation published 3rd November 2005.

Press Release

The decline and the volatility of the current market demand make it increasingly difficult to make annual forecasts, and it is for this reason that the management will provide quarterly updates and indications on the performance of the year in course.

Press Release

Statement by the manager responsible for the preparation of the company's financial documents

The manager responsible for the preparation of the company's financial documents, Mr Francesco Tagliapietra, hereby declares, in accordance with paragraph 2 article 154 bis of the "Testo Unico della Finanza", that the accounting information contained in this press release corresponds to the accounting results, registers and records.

Disclaimer

This document contains forward-looking statements, relating to future events and operating, economic and financial results for Safilo Group. Such forecasts, due to their nature, imply a component of risk and uncertainty due to the fact that they depend on the occurrence of certain future events and developments. The actual results may therefore vary even significantly to those announced in relation to a multitude of factors

Alternative Performance Indicators

The definitions of the "Alternative Performance Indicators", not foreseen by the IFRS-EU accounting principles and used in this press release to allow for an improved evaluation of the trend of economic-financial management of the Group, are provided below:

- Ebitda (gross operating profit) is calculated by Safilo by adding to the Operating profit, depreciation and amortization;
- The net financial position is for Safilo the sum of bank borrowings and short, medium and long-term loans, net of cash in hand and at bank;
- The net capital employed for Safilo is the sum of current assets and non-current assets net of current liabilities and non current liabilities, with the exception of the items previously considered in the Net Financial Position;
- The Free Cash Flow for Safilo is the sum of the cash flow from/(for) operating activities and the cash flow from/(for) investing activities.

Conference Call

At 6.30pm CET, 1.30pm EST today a conference call will be held with the financial community.

It is possible to connect to the call by dialling the following number: +39 02 802 09 11 (for journalists: +39 02 802 09 27) and to listen to the playback by dialling the number +39 02 72495 (access code: 776#).

The presentation is available and may be downloaded from the site www.safilo.com/ir, in the Presentations section.

Notice of the call of the Ordinary Shareholders' Meeting

The notice of the call of the Ordinary Shareholders' Meeting will be available on the home page of the website www.safilo.com/ir, where, at least 15 days before the date fixed for the first call, the Report from the Directors to the Shareholders' Meeting on the proposals regarding the matters given in the order of the day, will also be available.

¹ The consolidated Financial Statements and financial statements are currently subject to audit activities as yet not concluded.

Press Release

The Safilo Group is worldwide leader in the premium eyewear sector and maintains a leadership position in the prescription, sunglasses, fashion and sports eyewear sectors. Present in the international market through exclusive distributors and 32 subsidiaries in primary markets (U.S.A., Europe and Far East). The main proprietary branded collections distributed are: Safilo, Carrera, Smith, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS by Hugo Boss, Diesel, 55DSL, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO by Hugo Boss, J.Lo by Jennifer Lopez, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Nine West, Pierre Cardin, Saks Fifth Avenue, Valentino, Yves Saint Laurent.

This press release is also available on the website www.safilo.com.

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Press Release

Sàfilo Group S.p.A.

Consolidated statement of operations

<i>(Euro/000)</i>	Full year		
	2008	2007	Change %
Net sales	1,147,818	1,190,424	-3.6%
Cost of sales	(484,860)	(492,593)	-1.6%
Gross profit	662,958	697,831	-5.0%
Selling and marketing expenses	(446,075)	(439,612)	1.5%
General and administrative expenses	(131,849)	(122,360)	7.8%
Other op. income and (expenses), net	1,301	1,352	-3.8%
Operating profit	86,335	137,211	-37.1%
Share of income (loss) of associates	866	1,772	-51.1%
Interest expense and other financial charges, net	(57,753)	(45,409)	27.2%
Profit before taxation	29,448	93,574	-68.5%
Income taxes	(12,043)	(39,031)	-69.1%
Non-recurring taxes	(37,945)	-	-
(Loss) from ordinary activities	(20,540)	54,543	n.s.
Net profit attributable to minority interests	2,775	3,525	-21.3%
(Loss) attributable to the Group	(23,315)	51,018	n.s.
EBITDA	126,318	175,255	-27.9%
Basic EPS (Euro)	(0.08)	0.18	
Diluted EPS (Euro)	(0.08)	0.18	
Net profit attributable to the Group, net of non recurring charges	14,630	51,018	-71.3%
Basic EPS (Euro) - net of non-recurring charges	0.05	0.18	
Diluted EPS (Euro) - net of non-recurring charges	0.05	0.18	

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Sàfilo Group S.p.A.

Consolidated balance sheet

(Euro/000)	31/12/2008	31/12/2007	Change
ASSETS			
Current assets			
Cash in hand and at banks	53,653	56,882	(3,229)
Trade receivables, net	301,562	315,792	(14,230)
Inventory, net	272,102	274,283	(2,181)
Derivative financial instruments	772	271	501
Other current assets	50,703	44,009	6,694
Total current assets	678,792	691,237	(12,445)
Non-current assets			
Tangible fixed assets	228,758	201,858	26,900
Intangible fixed assets	22,725	23,526	(801)
Goodwill	807,209	754,920	52,289
Investments in associates	12,298	12,279	19
Financial assets available-for-sale	861	2,443	(1,582)
Deferred tax assets	53,434	75,495	(22,061)
Derivative financial instruments	455	1,608	(1,153)
Other non-current assets	12,838	8,628	4,210
Total non-current assets	1,138,578	1,080,757	57,821
Total assets	1,817,370	1,771,994	45,376
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	162,645	161,709	936
Trade payables	205,363	194,714	10,649
Tax payables	22,587	20,568	2,019
Other current liabilities	76,437	73,725	2,712
Provisions for risks and charges	1,053	803	250
Total current liabilities	468,085	451,519	16,566
Non-current liabilities			
Long-term borrowings	461,084	409,827	51,257
Employee benefit liability	42,075	37,840	4,235
Provisions for risks and charges	13,263	12,789	474
Deferred tax liabilities	5,184	11,080	(5,896)
Derivative financial instruments	5,740	359	5,381
Other non-current liabilities	17,662	7,642	10,020
Total non-current liabilities	545,008	479,537	65,471
Total liabilities	1,013,093	931,056	82,037
Equity			
Share capital	71,349	71,349	-
Share premium reserve	747,471	747,471	-
Losses carried forward and other reserves	7,980	(33,540)	41,520
Fair value and cash flow reserves	(7,620)	(280)	(7,340)
Profit attributable to the Group	(23,315)	51,018	(74,333)
Group shareholders' equity	795,865	836,018	(40,153)
Minority interests	8,412	4,920	3,492
Total shareholders' equity	804,277	840,938	(36,661)
Total liabilities and equity	1,817,370	1,771,994	45,376

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Sàfilo Group S.p.A.

Consolidated statement of cash flow

<i>(Euro/000)</i>	Full year 2008	Full year 2007
A - Opening net cash and cash equivalents (net financial indebtness - short term)	(28,469)	6,989
B - Cash flow from (for) operating activities		
Net (loss) for the year (including minority interests)	(20,540)	54,543
Amortization & depreciation	39,983	38,044
Stock option	(695)	557
Share (income) loss on equity investments	706	(1,145)
Net movements in the employee benefit liability	619	(1,819)
Net movements in other provisions	717	238
Interest expenses	43,066	41,494
Income taxes	49,988	39,031
Income from operating activities prior to movements in net working capital	113,844	170,943
(Increase) Decrease in trade and other current receivables	5,674	1,272
(Increase) Decrease in inventory, net	8,267	(12,332)
Increase (Decrease) in trade and other current payables	(415)	(34,095)
Interest expenses paid	(35,550)	(43,466)
Income taxes paid	(35,552)	(29,034)
Total (B)	56,268	53,288
C - Cash flow from (for) investing activities		
Purchase of tangible fixed assets (net of disposals)	(54,363)	(36,690)
Business unit acquisition (net of cash and cash equivalents acquired)	(24,963)	-
(Acquisition) Disposal of investments in associates and financial assets	152	(85)
Purchase of intangible fixed assets	(9,190)	(7,052)
Total (C)	(88,364)	(43,827)
D - Cash flow from (for) financing activities		
Proceeds from borrowings	94,313	5,279
Repayment of borrowings	(37,504)	(49,304)
Share capital increase	-	6,243
Dividends distribution	(26,840)	(7,920)
Total (D)	29,969	(45,702)
E - Cash flow for the period (B+C+D)	(2,127)	(36,241)
Translation exchange difference	10,154	783
Total (F)	10,154	783
G - Closing net cash and cash equivalents (net financial indebtness - short term) (A+E+F)	(20,442)	(28,469)

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Säfilo Group S.p.A. *Consolidated net sales*

Net sales by geographical region	Full year				
<i>(Euro in millions)</i>	2008	%	2007	%	Change%
Europe	543.8	47.4	570.6	47.9	-4.7
The Americas	423.0	36.8	423.8	35.6	-0.2
Asia	147.5	12.9	149.5	12.6	-1.3
Other	33.5	2.9	46.5	3.9	-28.0
Total	1,147.8	100.0	1,190.4	100.0	-3.6

Net sales by product	Full year				
<i>(Euro in millions)</i>	2008	%	2007	%	Change%
Prescription frames	455.3	39.6	456.3	38.3	-0.2
Sunglasses	606.7	52.9	641.4	53.9	-5.4
Sport products	62.6	5.5	67.9	5.7	-7.8
Other	23.2	2.0	24.8	2.1	-6.7
Total	1,147.8	100.0	1,190.4	100.0	-3.6

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Sàfilo Group S.p.A. *Statement of operations*

<i>(Euro)</i>	2008	2007
Net sales	1,030,000	1,030,000
Cost of sales	-	-
Gross profit	1,030,000	1,030,000
General and administrative expenses	(1,819,898)	(1,139,840)
Other op. income and (expenses), net	34,901	(1,356)
Operating profit	(754,997)	(111,196)
Interest expense and other financial charges, net	38,734,039	16,671,152
Profit before taxation	37,979,042	16,559,956
Income taxes	(371,318)	(1,808,604)
Non-recurring taxes	(8,028,751)	-
Net profit	29,578,973	14,751,352

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Sàfilo Group S.p.A. Balance sheet

(Euro/000)	31/12/2008	31/12/2007	Change
ASSETS			
Current assets			
Cash in and at banks	2,685,664	8,168,963	(5,483,299)
Trade receivables, net	1,286,000	1,236,000	50,000
Other current assets	44,529,724	38,481,627	6,048,097
Total current assets	48,501,388	47,886,590	614,798
Non-current assets			
Intangible fixed assets	102,000	96,000.00	6,000
Investments in equity	806,472,218	806,842,172	(369,954)
Deferred tax assets	-	24,701,569	(24,701,569)
Total non-current assets	806,574,218	831,639,741	(25,065,523)
Total assets	855,075,606	879,526,331	(24,450,725)
Liabilities and equity			
Current liabilities			
Short-term borrowings	-	14,000,000	(14,000,000)
Trade payables	628,960	468,127	160,833
Tax payables	42,634	33,186	9,448
Other current liabilities	1,526,840	1,343,995	182,845
Total current liabilities	2,198,434	15,845,308	(13,646,874)
Non-current liabilities			
Employee benefit liability	84,116	72,339	11,777
Other non-current liabilities	993,198	16,759,344	(15,766,146)
Total non-current liabilities	1,077,314	16,831,683	(15,754,369)
Total liabilities	3,275,748	32,676,991	(29,401,243)
Equity			
Share capital	71,348,532	71,348,532	-
Share premium reserve	747,470,698	747,470,698	-
Ret. earnings (accum. losses) and other reserves	3,401,655	13,278,758	(9,877,103)
Income (loss) attributable to the Group	29,578,973	14,751,352	14,827,621
Total equity	851,799,858	846,849,340	4,950,518
Total liabilities and equity	855,075,606	879,526,331	(24,450,725)

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Safilo Group S.p.A. Statement of cash flow

(Euro/000)	2008	2007
A - Opening net cash and cash equivalents (net financial indebtness - short term)	8,168,963	7,790,241
B - Cash flow from (for) operating activities		
Net profit for the year	29,578,973	14,751,352
Amortisation	34,000	24,000
Net movements in the employee benefit liability	11,777	12,044
Interest expenses	115,372	600,953
Income taxes	8,400,069	1,808,604
Income from operating activities prior to movements in net working capital	38,140,191	17,196,953
(Increase) Decrease in trade and other current receivables	(5,434,191)	(14,283,504)
Increase (Decrease) in trade and other current payables	224,574	(2,531,005)
Interest expenses paid	(115,372)	(259,587)
Income taxes paid	-	-
Total (B)	32,815,202	122,857
C - Cash flow from (for) investing activities		
Investments in intangible assets	(40,000)	(120,000)
Total (C)	(40,000)	(120,000)
D - Cash flow from (for) financing activities		
Repayment of borrowings	(14,000,000)	(200,000)
Net increase in share capital	-	6,243,322
Dividends distribution	(24,258,501)	(5,667,457)
Total (D)	(38,258,501)	375,865
E - Cash flow for the year (B+C+D)	(5,483,299)	378,722
G - Closing net cash and cash equivalents (net financial indebtness - short term) (A+E+F)	2,685,664	8,168,963

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