

***Q3 and 9M 2018  
Trading Update***



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# Q3 AND 9M 2018 BUSINESS AND ECONOMIC UPDATE

- Q3 SALES PERFORMANCE REFLECTED WORK IN PROGRESS IN DEVELOPED MARKETS TURNAROUND AND SOME DECELERATION OF EMERGING MARKETS

- Positive performance of Polaroid, Smith, Tommy Hilfiger, Kate Spade, Max Mara; Travel retail and e-commerce

- Moschino and rag&bone progressing well

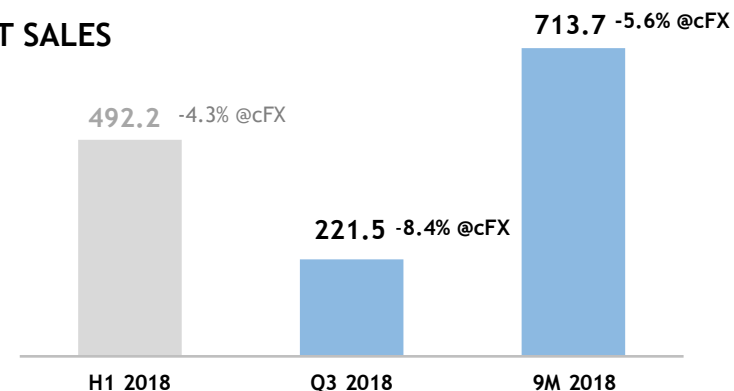
- New appointments in Asia and Latin America

- ADJUSTED<sup>1</sup> EBITDA MARGIN HOLDING UP WELL BEHIND AN IMPROVEMENT OF GROSS MARGIN AND OVERHEAD COST SAVINGS HELPING TO COUNTERBALANCE NEGATIVE OPERATING LEVERAGE AND FOREIGN EXCHANGE IMPACT

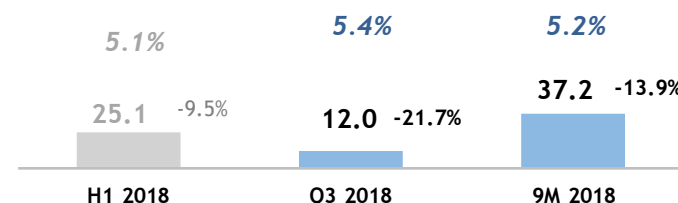
- LAST COMPENSATION PAYMENT FROM KERING (€30M) BENEFITING NET DEBT AT THE END OF SEPTEMBER

*in millions of Euro and % change vs same periods of 2017*

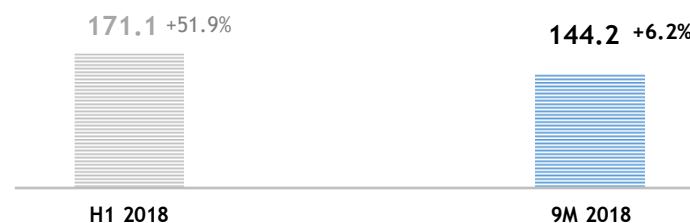
## NET SALES



## Adj.<sup>1</sup> EBITDA and MARGIN



## NET DEBT



# Q3 2018 NET SALES PERFORMANCE

% change vs Q3 2017

**-8.4% @ constant FX (-7.7% Wholesale)**

**-11.1% @ constant FX, excl. Gucci business**

- Higher contribution of Gucci business, whose volumes (SPPA) are this year more heavily phased in H2
- On the other hand, the quarterly performance include an higher net impact from the exit of Celine

## NORTH AMERICA

**-7.8%**

Wholesale: -5.6%

Retail: -19.4%

## EUROPE

**-5.9%**

## ASIA-PACIFIC

**-8.3%**

## ROW

**-21.5%**

- Work in progress in North America and Europe to step up service levels and complete commercial reorganizations;
- Sales trends slightly improved in NA wholesale driven by internet pure players and department stores;
- Retail comps sales -8.3%
- In Europe, sales performance reflected improved trends in France and Italy, while business in North Europe and some key accounts decelerated.

- Challenging comps base in some of the emerging markets;
- Weak business performance in Japan: work in progress to develop a more effective operating model;
- High stock levels in RoW distributors

# 9M 2018 NET SALES PERFORMANCE

% change vs 9M 2017

**-5.6% @ constant FX (-5.0% Wholesale)**  
-6.0% @ constant FX, excl. Gucci business

## NORTH AMERICA

**-7.7%**

Wholesale: -6.5%

Retail: -14.3%

## EUROPE

**-6.8%**

## ASIA-PACIFIC

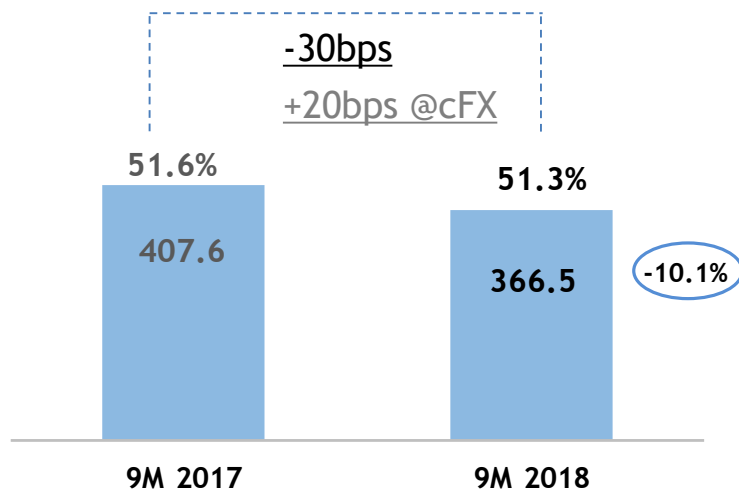
**+10.8%**

## ROW

**+0.9%**

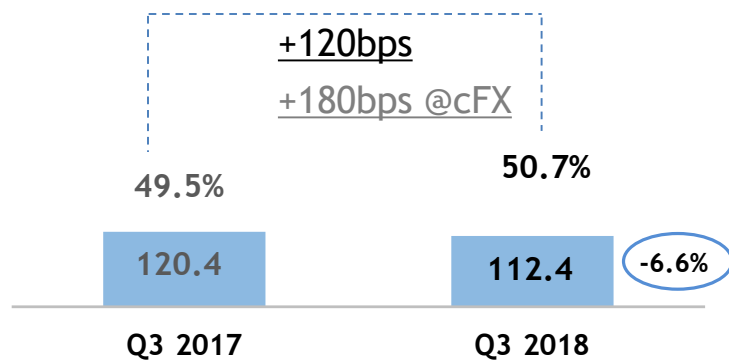
# GROSS MARGIN PERFORMANCE

in millions of Euro and % on total net sales



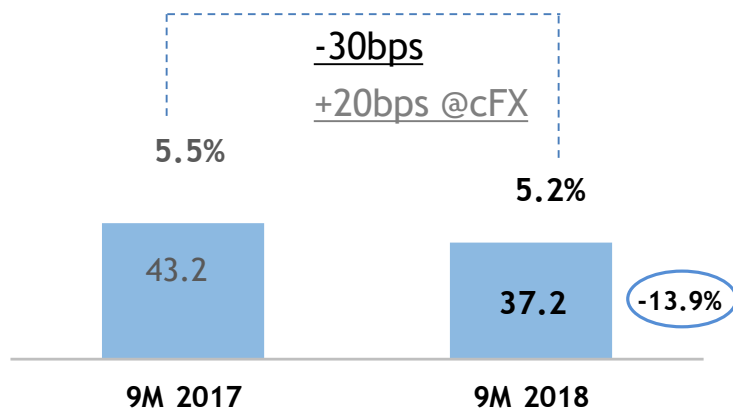
## KEY DRIVERS

- Q3 Gross Margin improvement:
  - COGS efficiencies, counterbalancing negative volume/mix effect and forex impact
- 9M Gross Margin slightly higher than last year @constant FX



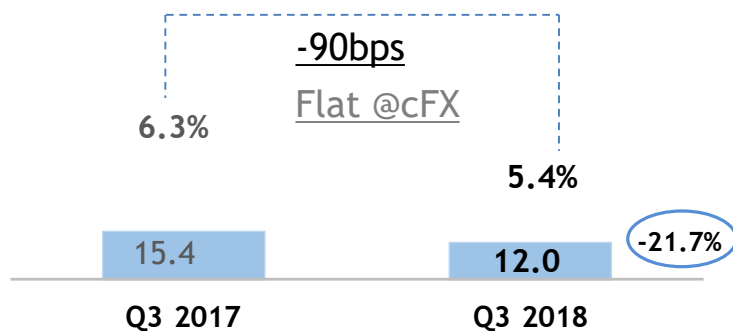
# ADJ.<sup>1</sup> EBITDA PERFORMANCE

In millions of Euro and % on total net sales



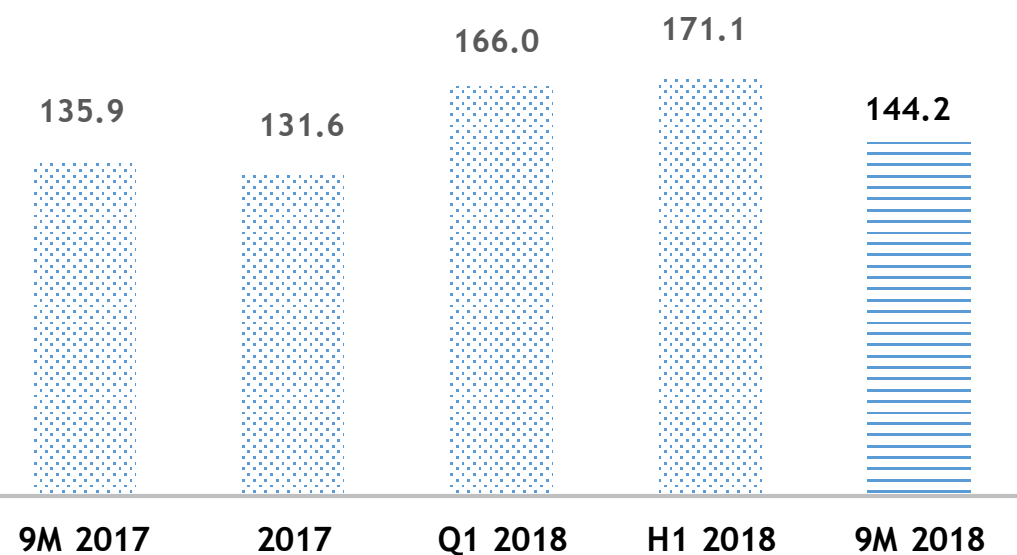
## KEY DRIVERS

- Q3 Adj.<sup>1</sup> EBITDA margin driven by:
  - Ongoing overhead cost savings helped to counterbalance negative operating leverage and foreign exchange impact
- 9M Adj.<sup>1</sup> EBITDA margin slightly higher than last year @constant FX



# GROUP NET DEBT

in millions of Euro



- New financing agreement of Euro 150 M, maturing on 30 June, 2023, increasable up to max Euro 200 M:
  - Term loan facility of Euro 75 M
  - New Revolving Credit Facility of Euro 75 M
- Current Revolving Credit Facility extended from 30 November 2018 to 31 January 2019; waiver of the covenant tests as of 30 June and 31 December 2018



# AMONG THE MOST FEATURED EYEWEAR WORLDWIDE



# Appendices

# Economic results

in millions of Euro and % on net sales

	9M 2018	%	9M 2017 <sup>2</sup>	%	% Change
Net sales	713.7	100.0	790.5	100.0	-9.7%
Gross profit	366.5	51.3	407.6	51.6	-10.1%
EBITDA	32.7	4.6	38.8	4.9	-15.6%
Adjusted <sup>1</sup> EBITDA	37.2	5.2	43.2	5.5	-13.9%

	Q3 2018	%	Q3 2017 <sup>2</sup>	%	% Change
	221.5	100.0	243.4	100.0	-9.0%
	112.4	50.7	120.4	49.5	-6.6%
	11.1	5.0	14.7	6.0	-24.6%
	12.0	5.4	15.4	6.3	-21.7%

# Notes to the presentation

<sup>1</sup> In 9M 2018, the adjusted economic results exclude non-recurring costs for Euro 4.4 million, mainly related to the CEO succession plan and reorganization costs in North America, and include an income of Euro 29.3 million, as pro-rata portion of the accounting compensation for the early termination of the Gucci license, equal to Euro 39 million for the full year 2018.

In Q3 2018, the adjusted EBITDA excludes non-recurring costs for Euro 1.0 million and includes an income of Euro 9.8 million, as pro-rata portion of the accounting compensation for the early termination of the Gucci license.

In 9M 2017, the adjusted economic results excluded non-recurring costs of Euro 4.4 million, mainly related to the reorganization of the Ormoz plant in Slovenia and other overhead cost saving initiatives, and included an income of Euro 32.3 million as a pro-rata portion of the accounting compensation for the early termination of the Gucci license, equal to Euro 43 million for the full year 2017.

In Q3 2017, the adjusted EBITDA excluded non-recurring costs of Euro 0.7 million related to overhead cost saving initiatives and included income of Euro 10.8 million as a pro-rata portion of the accounting compensation for the early termination of the Gucci license.

<sup>2</sup> The new accounting standard IFRS 15 regarding “Revenue from contracts with customers” entered into effect starting from 1 January 2018. Following the fully retrospective approach chosen by the Group, the application of the principle to the first nine months and third quarter of 2018, had an adjustment effect on the sales and cost of goods sold of the same periods of 2017 equal respectively to Euro 7.2 million and Euro 1.8 million, with a neutral effect on the gross profit. Consequently, 9M and Q3 2017 total net sales were adjusted to Euro 790.5 and Euro 243.4 million respectively. The application of the principle to FY 2017 total net sales had an adjustment effect on the sales and cost of goods sold equal to Euro 11.6 million with a neutral effect on the gross profit.

# Net sales performance

in millions of Euro

	9M 2018	%	9M 2017 <sup>2</sup>	%	% Change	% Change (*)
Europe	331.6	46.5	360.5	45.6	-8.0%	-6.8%
North America	280.3	39.3	325.3	41.2	-13.8%	-7.7%
Asia Pacific	47.9	6.7	45.6	5.8	5.0%	10.8%
Rest of the world	53.9	7.5	59.1	7.5	-8.9%	0.9%
<b>Total</b>	<b>713.7</b>	<b>100.0</b>	<b>790.5</b>	<b>100.0</b>	<b>-9.7%</b>	<b>-5.6%</b>

	9M 2018	%	9M 2017 <sup>2</sup>	%	% Change	% Change (*)
Wholesale	673.8	94.4	740.7	93.7	-9.0%	-5.0%
Retail	39.9	5.6	49.9	6.3	-20.0%	-14.3%
<b>Total</b>	<b>713.7</b>	<b>100.0</b>	<b>790.5</b>	<b>100.0</b>	<b>-9.7%</b>	<b>-5.6%</b>

	Q3 2018	%	Q3 2017 <sup>2</sup>	%	% Change	% Change (*)
Europe	91.7	41.4	98.7	40.6	-7.1%	-5.9%
North America	96.6	43.6	103.5	42.5	-6.7%	-7.8%
Asia Pacific	15.4	7.0	16.7	6.9	-7.7%	-8.3%
Rest of the world	17.9	8.1	24.4	10.0	-26.8%	-21.5%
<b>Total</b>	<b>221.5</b>	<b>100.0</b>	<b>243.4</b>	<b>100.0</b>	<b>-9.0%</b>	<b>-8.4%</b>

	Q3 2018	%	Q3 2017 <sup>2</sup>	%	% Change	% Change (*)
Wholesale	208.1	93.9	227.0	93.3	-8.3%	-7.7%
Retail	13.4	6.1	16.4	6.7	-17.9%	-19.4%
<b>Total</b>	<b>221.5</b>	<b>100.0</b>	<b>243.4</b>	<b>100.0</b>	<b>-9.0%</b>	<b>-8.4%</b>

(\*) Sales performance at constant exchange rates

# Exchange Rates

Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation)/ Depreciation
		September 30, 2018	December 31, 2017	%	September 30, 2018	September 30, 2017	%
US Dollar	USD	1.1576	1.1993	-3.5%	1.1942	1.1140	7.2%
Hong-Kong Dollar	HKD	9.0579	9.3720	-3.4%	9.3628	8.6771	7.9%
Swiss Franc	CHF	1.1316	1.1702	-3.3%	1.1611	1.0951	6.0%
Canadian Dollar	CAD	1.5064	1.5039	0.2%	1.5372	1.4546	5.7%
Japanese Yen	YEN	131.2300	135.0100	-2.8%	130.9253	124.6813	5.0%
British Pound	GBP	0.8873	0.8872	0.0%	0.8841	0.8732	1.2%
Swedish Krown	SEK	10.3090	9.8438	4.7%	10.2375	9.5833	6.8%
Australian Dollar	AUD	1.6048	1.5346	4.6%	1.5762	1.4539	8.4%
South-African Rand	ZAR	16.4447	14.8054	11.1%	15.3920	14.7055	4.7%
Russian Ruble	RUB	76.1422	69.3920	9.7%	73.4164	64.9992	12.9%
Brasilian Real	BRL	4.6535	3.9729	17.1%	4.2966	3.5352	21.5%
Indian Rupee	INR	83.9160	76.6055	9.5%	80.1905	72.6449	10.4%
Singapore Dollar	SGD	1.5839	1.6024	-1.2%	1.6003	1.5470	3.4%
Malaysian Ringgit	MYR	4.7890	4.8536	-1.3%	4.7646	4.8377	-1.5%
Chinese Renminbi	CNY	7.9662	7.8044	2.1%	7.7789	7.5766	2.7%
Korean Won	KRW	1,285.7500	1,279.6100	0.5%	1,303.1258	1,268.1068	2.8%
Mexican Peso	MXN	21.7800	23.6612	-8.0%	22.7381	21.0082	8.2%
Turkish Lira	TRY	6.9650	4.5464	53.2%	5.50981	4.00314	37.6%
Dirham United Emirates	AED	4.2513	4.4044	-3.5%	4.38571	4.08964	7.2%

# 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

**FOSSIL**

**MOSCHINO**

**Juicy Couture**  
BLACK LABEL  
*los angeles*

 **Polaroid**

**FENDI**

TOMMY  HILFIGER

LOVE  
**MOSCHINO**

LIZ claiborne

OXYDO

**MaxMara**

swatch®  
the eyes

BOBBI BROWN

**MAX&Co.**



**SMITH**

JIMMY CHOO

**BOSS**  
HUGO BOSS

pierre cardin  
PARIS

**JACK SPADE**