

# ***H1 2016 Results***



**Safilo®**  
GROUP

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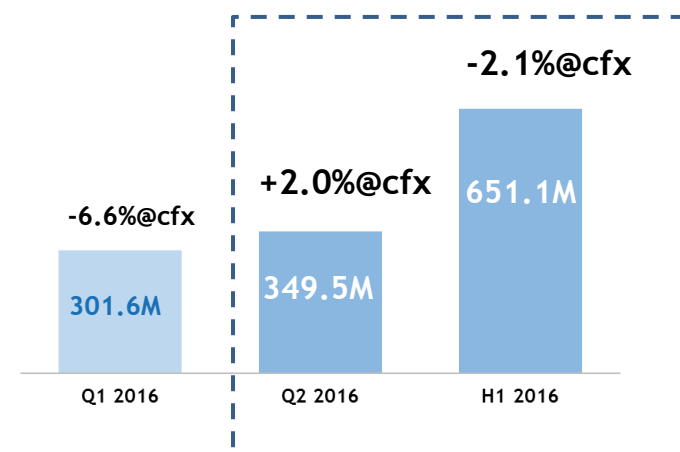
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# H1 2016 BUSINESS AND ECONOMIC HIGHLIGHTS

- Net Sales performance affected by brands we stopped/ will stop servicing + challenging macro conditions

- Going-forward brands portfolio gaining momentum in Q2 in key markets
- Progress driven by strategic licensed brands. Better momentum on Polaroid, Carrera still subdued while Smith overall mixed
- Delivery performance back on track

## NET SALES



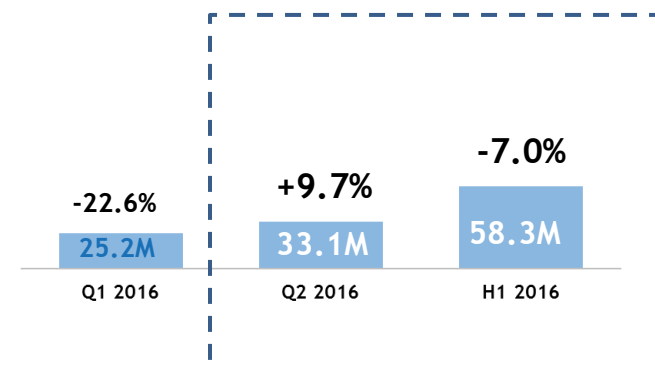
Going-forward brands  
+5.3% @cfx (Wholesale +6.8%)

# H1 2016 BUSINESS AND ECONOMIC HIGHLIGHTS

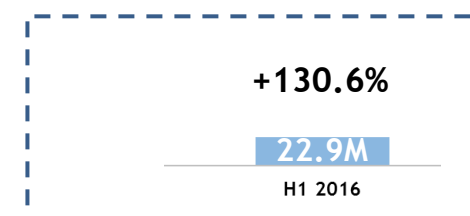
- Adj.<sup>1</sup> economic performance affected by brands we stopped/ will stop servicing + challenging macro conditions

- Progress on cost savings driving operating performance improvement in Q2
- Strong increase in the Net Results reflecting positive dynamics in net financial charges
- Healthy financial leverage and Capex acceleration

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



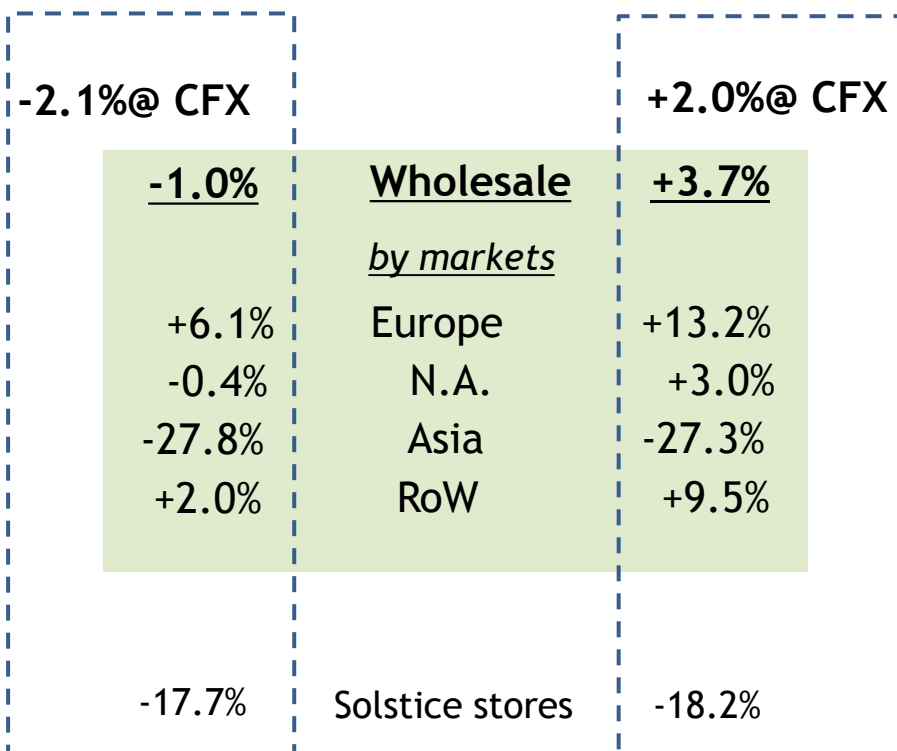
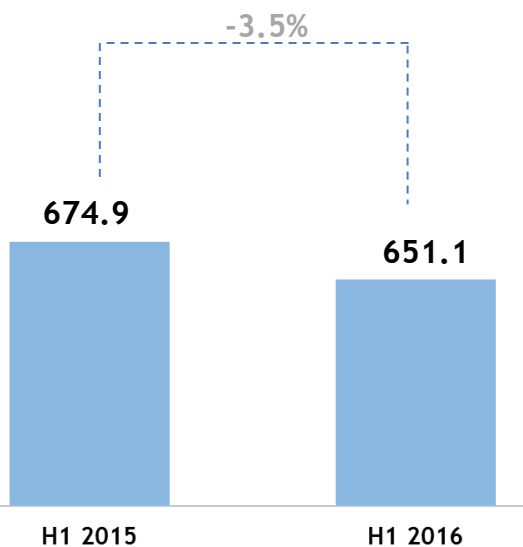
## Adj.<sup>1</sup> NET RESULT



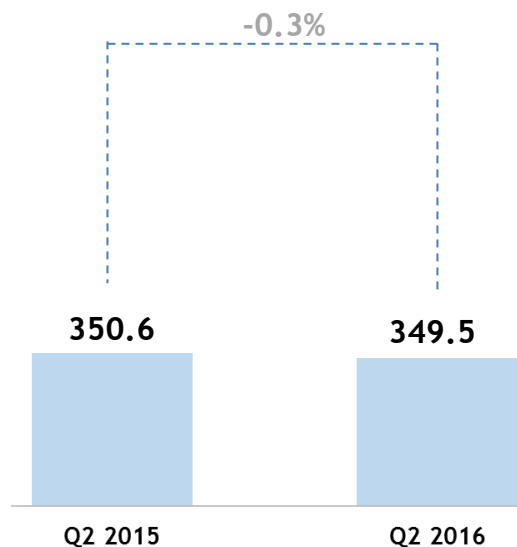
# NET SALES PERFORMANCE

in millions of Euro

## H1 2016



## 2<sup>ND</sup> QUARTER 2016



# NET SALES PERFORMANCE by the going-forward brands portfolio

## PROGRESS IN KEY MARKETS

**H1 2016 +5.3% @ CFX (Wholesale +6.8%)**

<b>EUROPE</b>  <u>+11.8%</u>	<b>NORTH AMERICA</b> Total +2.0% <u>Wholesale +5.4%</u>	<b>ASIA</b>  <u>-14.4%</u>	<b>ROW</b>  <u>+7.6%</u>
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**Q2 2016 +9.0% @ CFX (Wholesale +11.2%)**

<b>EUROPE</b>  <u>+18.6%</u>	<b>NORTH AMERICA</b> Total +3.1% <u>Wholesale +7.6%</u>	<b>ASIA</b>  <u>-14.2%</u>	<b>ROW</b>  <u>+12.3%</u>
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- All core markets delivering positive trends
- Broad based positive performance by channel
- Smile roll-out progressing strongly

- Positive wholesale business performance across chnnels
- Solstice stores subdued

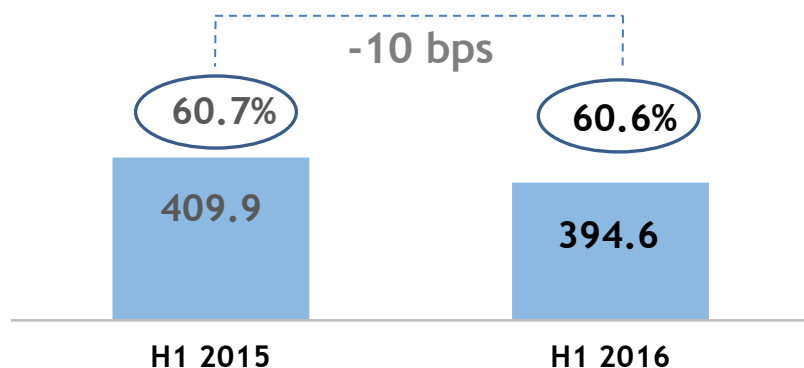
- Persisting weakness in Hong Kong and Korea
- Travel retail still a key restrainer
- Australia and South East performing well

- Strong performance of IMEA
- Latin America turning positive

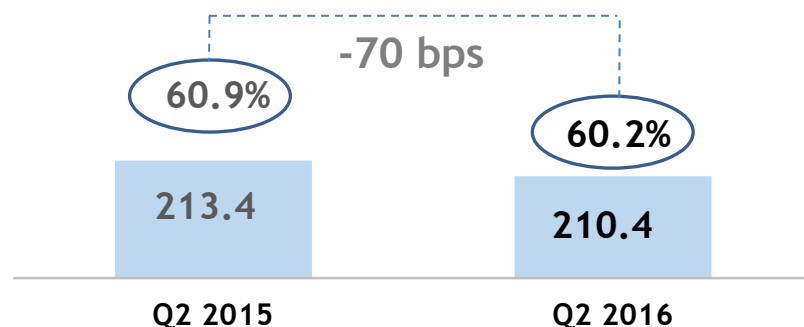
# GROSS MARGIN PERFORMANCE

in millions of Euro

**60.6% Wholesale 60.7%**



**60.7% Wholesale 60.3%**



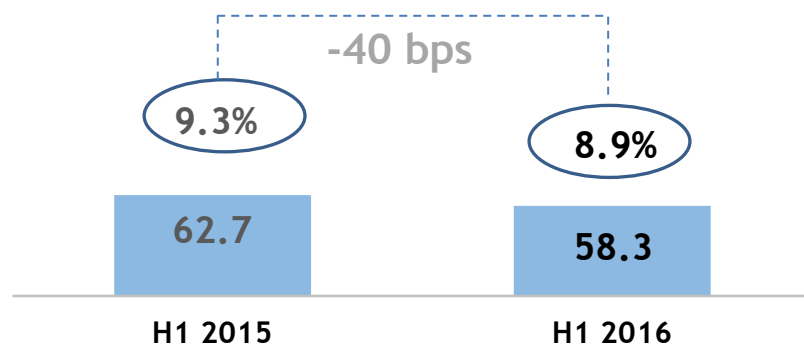
## KEY DRIVERS

- Wholesale gross margin up 10 bps in H1, down 40 bps in Q2
- Positive price/mix effect on going-forward business
- Better fixed cost absorption in the plants
- Dilution from performance of Gucci, retail and exchange rates

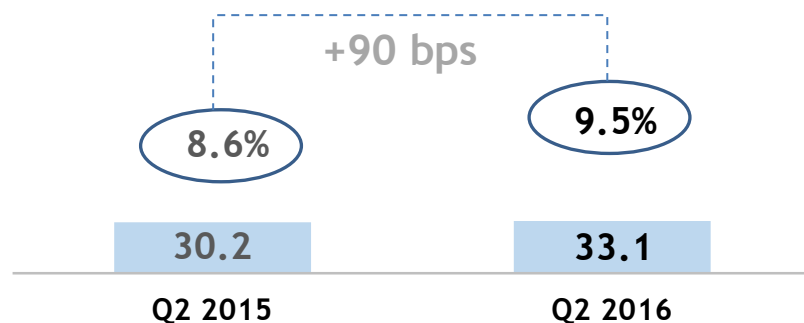
# ADJ.<sup>1</sup> EBITDA PERFORMANCE

in millions of Euro

**9.3% Wholesale 9.6%**



**8.1% Wholesale 9.7%**



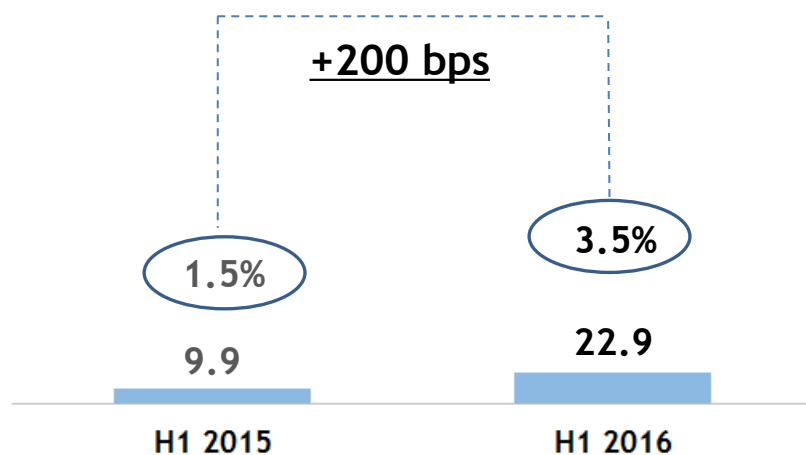
## KEY DRIVERS

- Wholesale adj.<sup>1</sup> EBITDA margin up 30 bps in H1 and 160 bps in Q2
- Sales and cost savings driving improved operating leverage in Q2
- Dilution from performance of Gucci, retail and exchange rates



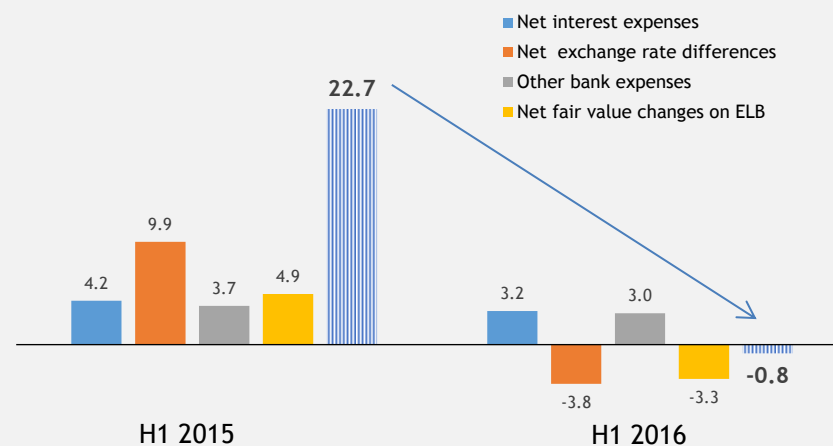
# ADJ.<sup>1</sup> GROUP NET PERFORMANCE

in millions of Euro



## KEY DRIVERS

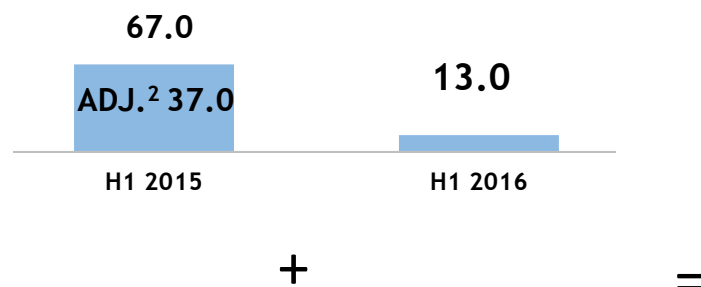
- Positive dynamic of net financial charges:



# FREE CASH FLOW

in millions of Euro

## Cash Flow from Operating Activities

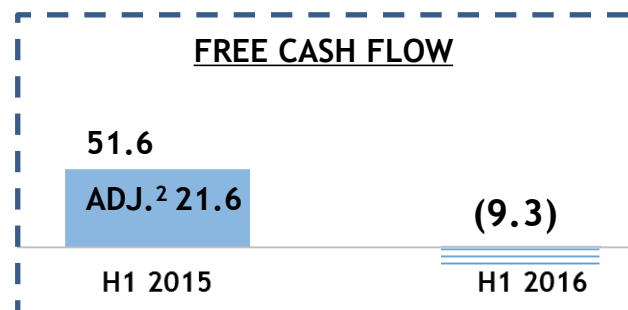


## Cash Flow for Investing Activities



## KEY DRIVERS

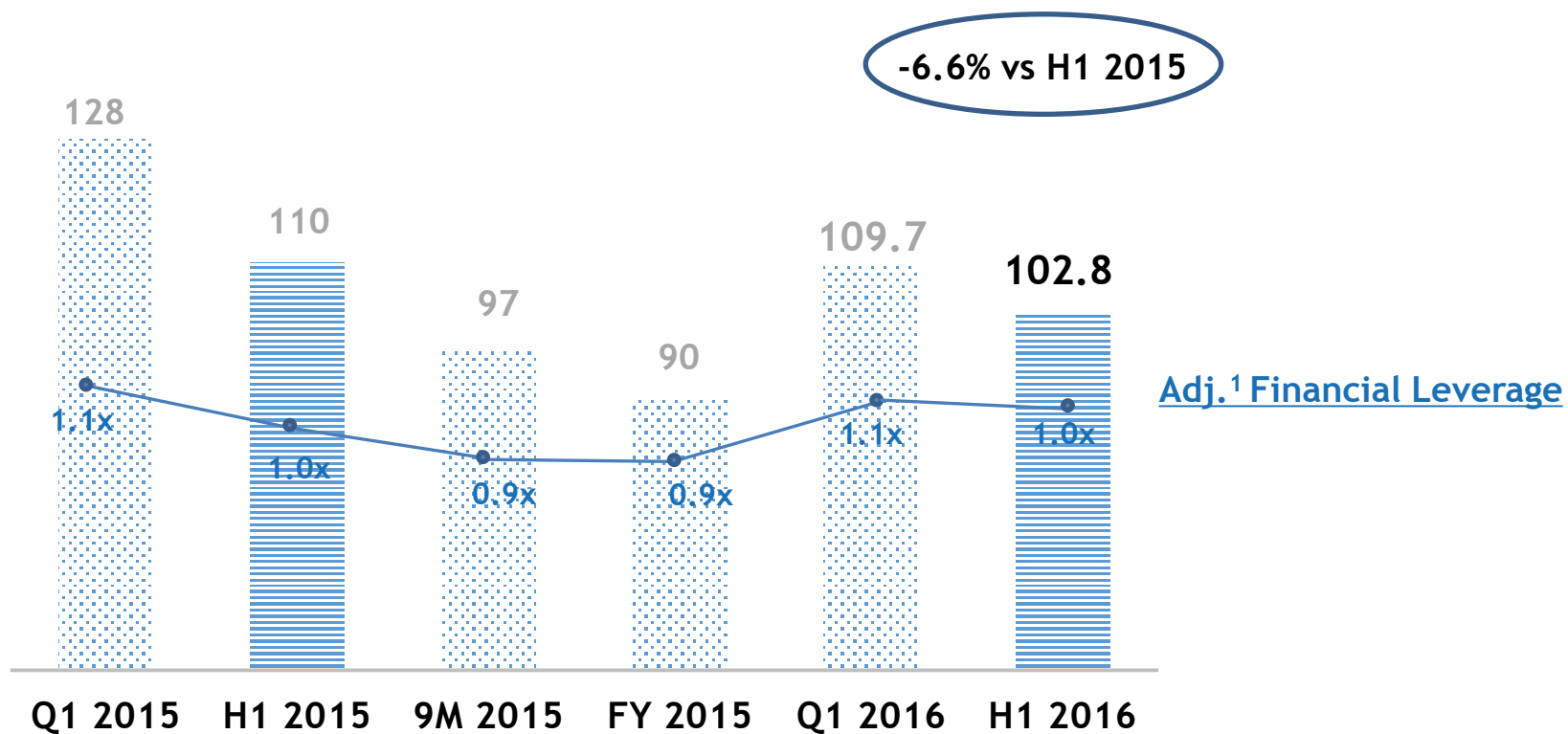
- WC absorption driven by an increase of trade receivables due to top line acceleration, and of inventories
- NWC incidence on net sales LTM 24.3% vs 24.7% in H1 2015



- Higher CAPEX for +7m for plant investments + EYEWAY project

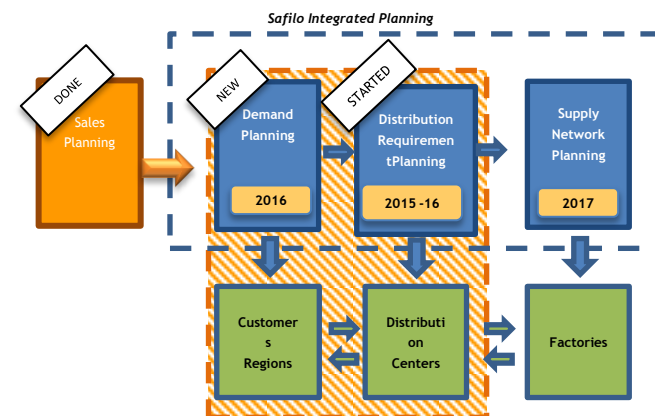
# GROUP NET DEBT

in millions of Euro



# ***HIGHLIGHTS***

# DEMAND PLANNING GO-LIVE



The process that enables the development of demand forecasts as input for planning activities, went live in Q2 for the EMEA region. The project is already started also in the US, and is leading to an end within this year.

Demand  
Planning

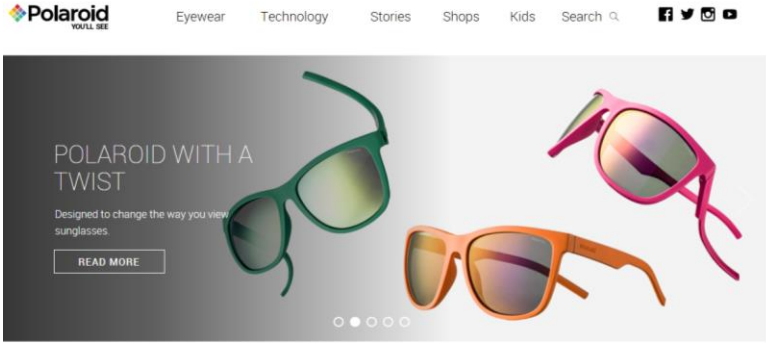
Demand  
Driven  
Forecast

Interactive  
Financial  
Planning

Operational  
Integration

# POLAROID - KEY INITIATIVES

## HERO PROJECT SUN 1° HALF 2016



The screenshot shows the Polaroid website's hero section for the TWIST COLLECTION. The header includes the Polaroid logo and navigation links: Eyewear, Technology, Stories, Shops, Kids, and a search bar. The main visual features three pairs of sunglasses in green, orange, and pink. Text on the page reads "POLAROID WITH A TWIST" and "Designed to change the way you view sunglasses." Below the hero image are two buttons: "ALL SUNGLASSES" and "ALL OPTICALS".

With its vibrant colors, flexibility and lightweight feel, Polaroid's TWIST COLLECTION is the perfect match between cool and practical, combining comfort with strength, and perfect anywhere, anytime.

## LAUNCH OPTICAL COLLECTION



A grid of 20 different optical glasses designs, arranged in 5 rows and 4 columns. Each pair represents a unique combination of shape and color. The shapes include round, rectangular, and oval. The colors range from classic black and white to vibrant red, blue, green, and purple.

4 shapes, 5 design treatments, 1 price.  
Making design affordable

# POLAROID - KEY INITIATIVES

## A 360° HOLISTIC EVENT POWERED BY POLAROID

POS visibility, Consumer contest, Territory impactful installation & advertising (BILLBOARD OOH), Digital viralisation, TV (Spain), Radio (France)  
5 COUNTRIES: ITALY, SPAIN, FRANCE, UK, SWEDEN +WORLDWIDE INVOLVEMENT OF OPINION LEADERS, CUSTOMERS, AND CLIENTS.

### SWEDEN

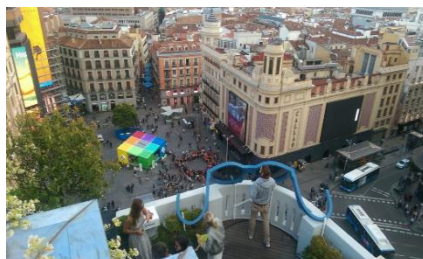


*Stureplan Double Billboard*

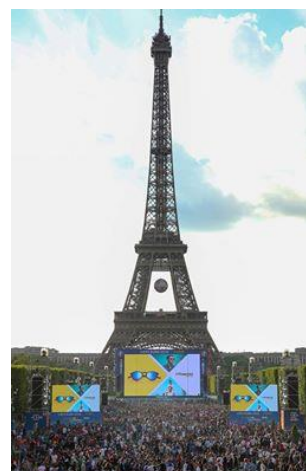


### SPAIN

*Plaza Callao Pixel Domination*



### FRANCE



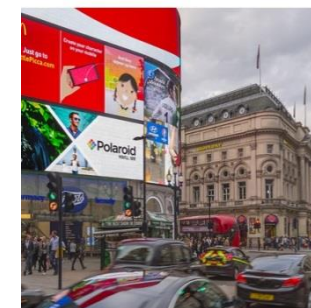
*Official UEFA Fan Zone -Champ de Mars Giant  
Digital Out of Home  
Paris L'Opera Billboard*



### UK



*Piccadilly Circus Digital Out of Home*





# CARRERA - KEY INITIATIVES



- Maverick collection broadly in stores, supported by PR campaigns
- Another step in qualifying the stylistic direction of the brand
- For Carrera sun, it is key to offer multiple design options for different consumers, markets and customers
- Increasing focus on optical, Rx-ability and the web

## PR Campaigns

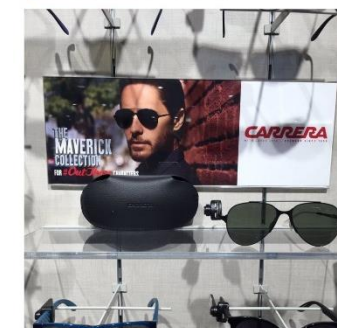


## Maverick in Store Activation



## Digital

@JaredLeto when in Rome 🇮🇹  
@carreraworld Buondi Xo





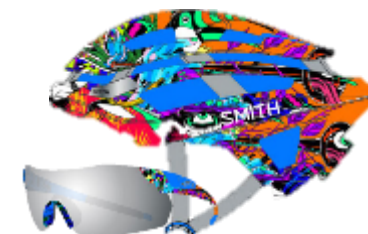
# SMITH - KEY INITIATIVES



**Ultimate integration.**  
Designed to work as one,  
the Forefront helmet and PivLock™ Arena.  
**DISCOVER**



- Focus on eyewear design enhancement
- Focus on Chromapop technology
- Brand ambassador activation in EMEA sniper countries to drive brand and Chromapop awareness
- Further e-commerce boost
- Bike expansion behind product innovation



# AMONG THE MOST LOVED AND EDITORIALY FEATURED EYEWEAR WORLDWIDE



SMITH

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# Appendices

## Notes to the presentation

<sup>1</sup> In the first half of 2016, the adjusted operating results do not include non-recurring costs for a total of Euro 7.1 million (6.1 million on EBITDA), related for Euro 5.9 million to overhead cost saving initiatives, such as the planned 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.

In the first half of 2015, the adjusted economic results do not include non-recurring costs for a total of Euro 2.4 million related to commercial restructuring costs in the EMEA region for Euro 1.2 million and other non-recurring costs for Euro 1.2 million mainly related to the consolidation of the Group's North American distribution network into its Denver facility.

<sup>2</sup> In the first half of 2015, the adjusted Cash Flow from operating activities and Free Cash flow do not include the first of three compensation payments of Euro 30 million received in January 2015 from Kering.

# Economic results

in millions of Euro

	H1 2016	%	H1 2015	%	% Change
<b>Net sales</b>	<b>651.1</b>	<b>100.0</b>	<b>674.9</b>	<b>100.0</b>	<b>-3.5%</b>
Cost of sales	(256.5)	(39.4)	(265.0)	(39.3)	-3.2%
<b>Gross profit</b>	<b>394.6</b>	<b>60.6</b>	<b>409.9</b>	<b>60.7</b>	<b>-3.7%</b>
Selling and marketing expenses	(272.6)	(41.9)	(283.3)	(42.0)	-3.8%
General and administrative expenses	(85.1)	(13.1)	(84.1)	(12.5)	1.2%
Other operating income (expenses)	(6.6)	(1.0)	(1.8)	(0.3)	n.s.
<b>Operating profit</b>	<b>30.4</b>	<b>4.7</b>	<b>40.7</b>	<b>6.0</b>	<b>-25.4%</b>
Financial charges, net	0.8	0.1	(23.8)	(3.5)	n.s.
<b>Profit before taxation</b>	<b>31.2</b>	<b>4.8</b>	<b>16.9</b>	<b>2.5</b>	<b>85.0%</b>
Income taxes	(14.7)	(2.3)	(8.4)	(1.2)	74.9%
<b>Net profit of the period</b>	<b>16.5</b>	<b>2.5</b>	<b>8.5</b>	<b>1.3</b>	<b>95.0%</b>
Non-controlling interests	0.2	0.0	0.1	0.0	n.s.
<b>Net profit attributable to owners of the Parent</b>	<b>16.3</b>	<b>2.5</b>	<b>8.4</b>	<b>1.2</b>	<b>94.8%</b>
<b>EBITDA</b>	<b>52.2</b>	<b>8.0</b>	<b>60.3</b>	<b>8.9</b>	<b>-13.4%</b>
<b>Adjusted Economic indicators</b>					
<b>ADJ.<sup>1</sup> EBIT</b>	<b>37.5</b>	<b>5.8</b>	<b>43.1</b>	<b>6.4</b>	<b>-12.8%</b>
<b>ADJ.<sup>1</sup> EBITDA</b>	<b>58.3</b>	<b>8.9</b>	<b>62.7</b>	<b>9.3</b>	<b>-7.0%</b>
<b>ADJ.<sup>1</sup> Net profit attributable to the Group</b>	<b>22.9</b>	<b>3.5</b>	<b>9.9</b>	<b>1.5</b>	<b>130.6%</b>



# Net sales performance

in millions of Euro

Net sales by geographical area	H1 2016	%	H1 2015	%	Change %	Change % (*)	Change % (**)
Europe	291.4	44.8	276.9	41.0	5.3%	6.1%	11.8%
North America	259.8	39.9	270.5	40.1	-3.9%	-3.4%	2.0%
Asia Pacific	58.8	9.0	83.0	12.3	-29.2%	-27.8%	-14.4%
Rest of the world	41.0	6.3	44.5	6.6	-7.9%	2.0%	7.6%
<b>Total</b>	<b>651.1</b>	<b>100.0</b>	<b>674.9</b>	<b>100.0</b>	<b>-3.5%</b>	<b>-2.1%</b>	<b>5.3%</b>

Net sales by distribution channel	H1 2016	%	H1 2015	%	Change %	Change % (*)	Change % (**)
Wholesale	612.4	94.1	627.9	93.0	-2.5%	-1.0%	6.8%
Retail	38.7	5.9	47.0	7.0	-17.7%	-17.7%	-12.8%
<b>Total</b>	<b>651.1</b>	<b>100.0</b>	<b>674.9</b>	<b>100.0</b>	<b>-3.5%</b>	<b>-2.1%</b>	<b>5.3%</b>

(\*) at constant exchange rates

(\*\*) Going forward brands portfolio excludes all brands Safilo stopped/will stop servicing. Performance at constant exchange rates.

Net sales by geographical area	Q2 2016	%	Q2 2015	%	Change %	Change % (*)	Change % (**)
Europe	161.4	46.2	144.0	41.1	12.0%	13.2%	18.6%
North America	132.7	38.0	137.6	39.3	-3.6%	-1.2%	3.1%
Asia Pacific	32.1	9.2	45.5	13.0	-29.5%	-27.3%	-14.2%
Rest of the world	23.4	6.7	23.4	6.7	-0.3%	9.5%	12.3%
<b>Total</b>	<b>349.5</b>	<b>100.0</b>	<b>350.6</b>	<b>100.0</b>	<b>-0.3%</b>	<b>2.0%</b>	<b>9.0%</b>

Net sales by distribution channel	Q2 2016	%	Q2 2015	%	Change %	Change % (*)	Change % (**)
Wholesale	327.6	93.7	323.4	92.2	1.3%	3.7%	11.2%
Retail	21.9	6.3	27.2	7.8	-19.5%	-18.2%	-13.7%
<b>Total</b>	<b>349.5</b>	<b>100.0</b>	<b>350.6</b>	<b>100.0</b>	<b>-0.3%</b>	<b>2.0%</b>	<b>9.0%</b>

(\*) at constant exchange rates

(\*\*) Going forward brands portfolio excludes all brands Safilo stopped/will stop servicing. Performance at constant exchange rates.

# Balance Sheet

*in millions of Euro*

	June 30, 2016	December 31, 2015	Change
Net working capital	305.2	277.7	27.5
Tangible and intangible fixed asset	835.7	843.7	(8.0)
Non-current assets held for sale	9.7	9.9	(0.2)
Other assets / (liabilities), net	(49.8)	(42.8)	(7.0)
<b>Net invested capital</b>	<b>1,100.8</b>	<b>1,088.5</b>	<b>12.3</b>
Net financial position	(102.8)	(89.9)	(12.9)
Group Shareholders' equity	(996.7)	(997.5)	0.8
Non-controlling interests	(1.3)	(1.1)	(0.2)

# Net Working Capital

*in millions of Euro*

	June 30, 2016	June 30, 2015	Change
Trade receivables	266.7	279.8	(13.1)
Inventories	268.6	247.5	21.1
Trade payables	(230.2)	(219.4)	(10.8)
<b>Net working capital</b>	<b>305.2</b>	<b>307.9</b>	<b>(2.7)</b>
<i>% on net sales LTM</i>	<i>24.3%</i>	<i>24.7%</i>	



# Free Cash Flow

*in millions of Euro*

	H1 2016	H1 2015
Cash flow from operating activities before changes in working capital	31.9	34.5
Changes in working capital	(18.9)	32.5
Cash flow operating activities	13.0	67.0
Cash flow investing activities	(22.4)	(15.4)
<b>Free cash flow</b>	<b>(9.3)</b>	<b>51.6</b>

# Exchange Rates

Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation)/ Depreciation
		June 30, 2016	December 31, 2015	%	June 30, 2016	June 30, 2015	%
US Dollar	USD	1.1102	1.0887	2.0%	1.1157	1.1158	0.0%
Hong-Kong Dollar	HKD	8.6135	8.4376	2.1%	8.6669	8.6517	0.2%
Swiss Franc	CHF	1.0867	1.0835	0.3%	1.0959	1.0567	3.7%
Canadian Dollar	CAD	1.4384	1.5116	-4.8%	1.4846	1.3774	7.8%
Japanese Yen	YEN	114.0500	131.0700	-13.0%	124.4162	134.2042	-7.3%
British Pound	GBP	0.8265	0.7340	12.6%	0.7787	0.7323	6.3%
Swedish Krown	SEK	9.4242	9.1895	2.6%	9.3020	9.3401	-0.4%
Australian Dollar	AUD	1.4929	1.4897	0.2%	1.5218	1.4261	6.7%
South-African Rand	ZAR	16.4461	16.9530	-3.0%	17.1977	13.3048	29.3%
Russian Ruble	RUB	71.5200	80.6736	-11.3%	78.3228	64.6407	21.2%
Brasilian Real	BRL	3.5898	4.3117	-16.7%	4.1310	3.3101	24.8%
Indian Rupee	INR	74.9603	72.0215	4.1%	74.9940	70.1244	6.9%
Singapore Dollar	SGD	1.4957	1.5417	-3.0%	1.5398	1.5061	2.2%
Malaysian Ringgit	MYR	4.4301	4.6959	-5.7%	4.5734	4.0621	12.6%
Chinese Renminbi	CNY	7.3755	7.0608	4.5%	7.2955	6.9408	5.1%
Korean Won	KRW	1,278.4800	1,280.7800	-0.2%	1,318.8060	1,227.3118	7.5%
Mexican Peso	MXN	20.6347	18.9145	9.1%	20.1703	16.8887	19.4%
Turkish Lira	TRY	3.2060	3.1765	0.9%	3.25832	n.a.	n.a.
Dirham United Emirates	AED	4.0755	3.996618	2.0%	4.09588	4.0967	0.0%

# Brands Portfolio



Dior

JIMMY CHOO

swatch  
the<sup>oo</sup>eyes

BANANA REPUBLIC

**CARRERA**  
EYEWEAR SINCE 1956

CÉLINE

MARC JACOBS

havaianas

*Juicy Couture*  
*los angeles, california*

FENDI

ELIE SAAB

BOBBI BROWN

SMITH

LIZ claiborne

GIVENCHY  
PARIS

GUCCI

MAX&Co.



MaxMara

  
kate spade  
NEW YORK

pierre cardin  
PARIS



SAFILO  
OCCHIALI DAL 1934

BOSS  
HUGO BOSS

TOMMY  HILFIGER



JACK SPADE