

H1 2020 RESULTS

July 31, 2020



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

A POSITIVE START TO THE YEAR... ABRUPTLY INTERRUPTED IN MARCH BY THE COVID-19 PANDEMIC

Our immediate focus 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

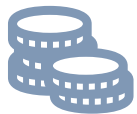
SUPPORTING OUR COMMUNITIES AND MEDICAL WORKERS INVOLVED IN THE COVID-19 EMERGENCY

#UNITED4EYECARE, our global corporate initiative, 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

Q2 2020 EXTRAORDINARY BUSINESS DRIVERS HEAVILY IMPACTING SALES AND ECONOMIC RESULTS

- **MASSIVE SHUTDOWN OF COMMERCIAL ACTIVITIES ACROSS THE WORLD IN APRIL, FOLLOWED BY VERY GRADUAL AND PATCHY RE-OPENINGS IN MAY, RESULTING IN:**
 - a two-month sales decline of ca 75%
 - an unprecedented deleveraging of costs and negative impact on profits, notwithstanding extensive cost savings and contingency plan

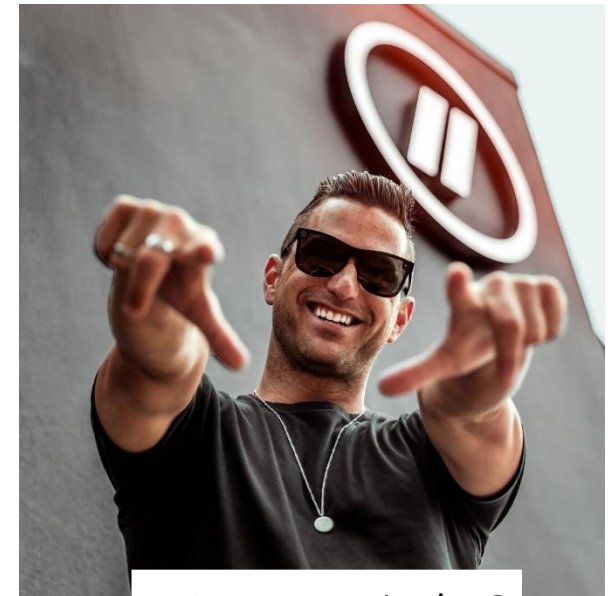
- **INITIAL SALES RECOVERY IN JUNE, DOUBLING PREVIOUS MONTH'S BUSINESS AND SLOWING DOWN THE PACE OF DECLINE OVER LAST YEAR TO AROUND 35% (EXCL. THE ACQUISITIONS):**
 - most of Europe up and running, with some clear market drivers
 - China accelerating pace of recovery initiated in April
 - North America still subdued in June, coming back in July
 - key emerging markets still suffering

OUR BUSINESS STRATEGY KEPT MOVING FORWARD



ACQUISITION OF B L E N D E R S E Y E W E A R EFFECTIVE JUNE 1ST

- a disruptive, digitally native eyewear brand
- an advanced e-commerce business model, with unique digital and social media skills
- a compelling price-to-value eyewear product offer, appealing to a broad range of consumers with a focus on Millennials and Generation Z
- a rapidly growing and profitable business, accelerating Safilo's D2C capabilities and share of business



Life in Forward Motion 🕒



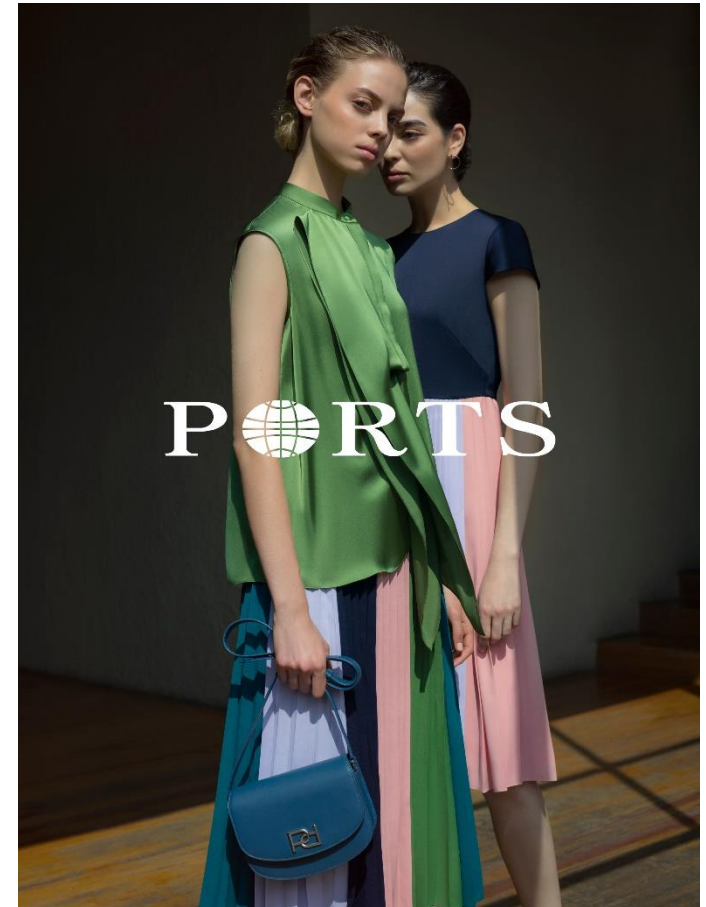
THE GLOBAL PANDEMIC FURTHER ELEVATING THE IMPORTANCE OF THE DIGITAL BUSINESS

- **OUR ORGANIC ONLINE BUSINESS UP 31% IN H1, ACCELERATING TO +38% IN Q2, DRIVEN BY:**
 - Smith North America e-commerce business
 - Internet pure player customers
 - Strong growth also in June as stores reopened

- **OUR TOTAL ONLINE BUSINESS, INCL. BLENDERS AND PRIVÉ REVAUX E-COM, DOUBLED IN H1, representing 11% of the Group's total sales vs 4% in H1 2019**

NEW LICENSE AGREEMENT WITH **PORTS** FOR MAINLAND CHINA

- Founded in Toronto in 1961, Ports was the first luxury fashion label to enter the Chinese market in the early 90s
- Ports is a new business opportunity in Safilo's brands portfolio to work with a locally relevant brand, in a strategically relevant market like China



H1 2020 KEY ECONOMIC AND FINANCIAL HIGHLIGHTS



Q2 SALES DISRUPTION IMPAIRING ECONOMIC RESULTS. TIGHT CASH MANAGEMENT PROTECTING LIQUIDITY AND CONTAINING GROUP NET DEBT

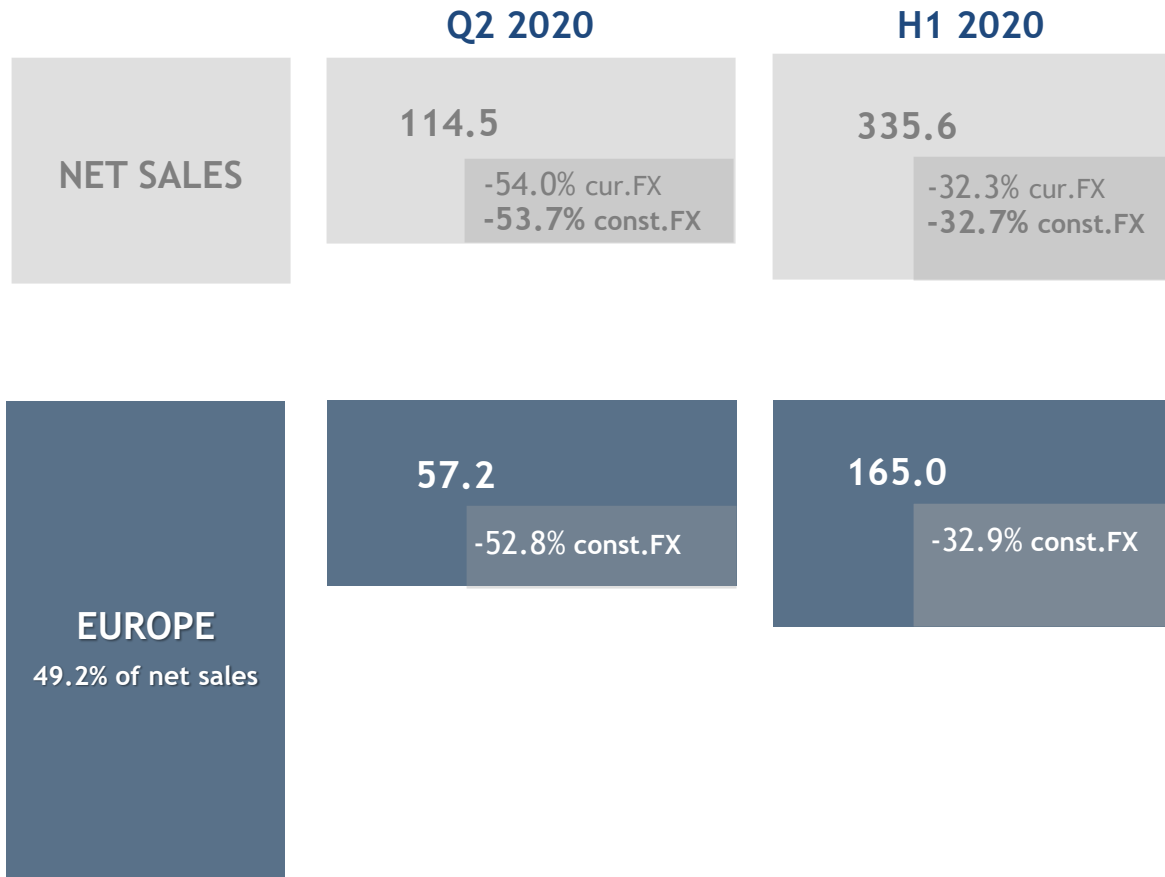
in millions of Euro, % of sales, % change @CFX vs same periods of 2019

	Q1 2020	Q2 2020	H1 2020
NET SALES	221.1 -11.5%	114.5 -53.7%	335.6 -32.7%
ADJUSTED ¹ EBITDA	5.8 2.6% of sales	-34.1 -29.8% of sales	-28.3 -8.4% of sales
GROUP NET DEBT	135.5 +60.7 vs Dec. 19		188.5 +113.7 vs Dec. 19

SALES AND ECONOMIC HIGHLIGHTS

NET SALES BY GEOGRAPHY

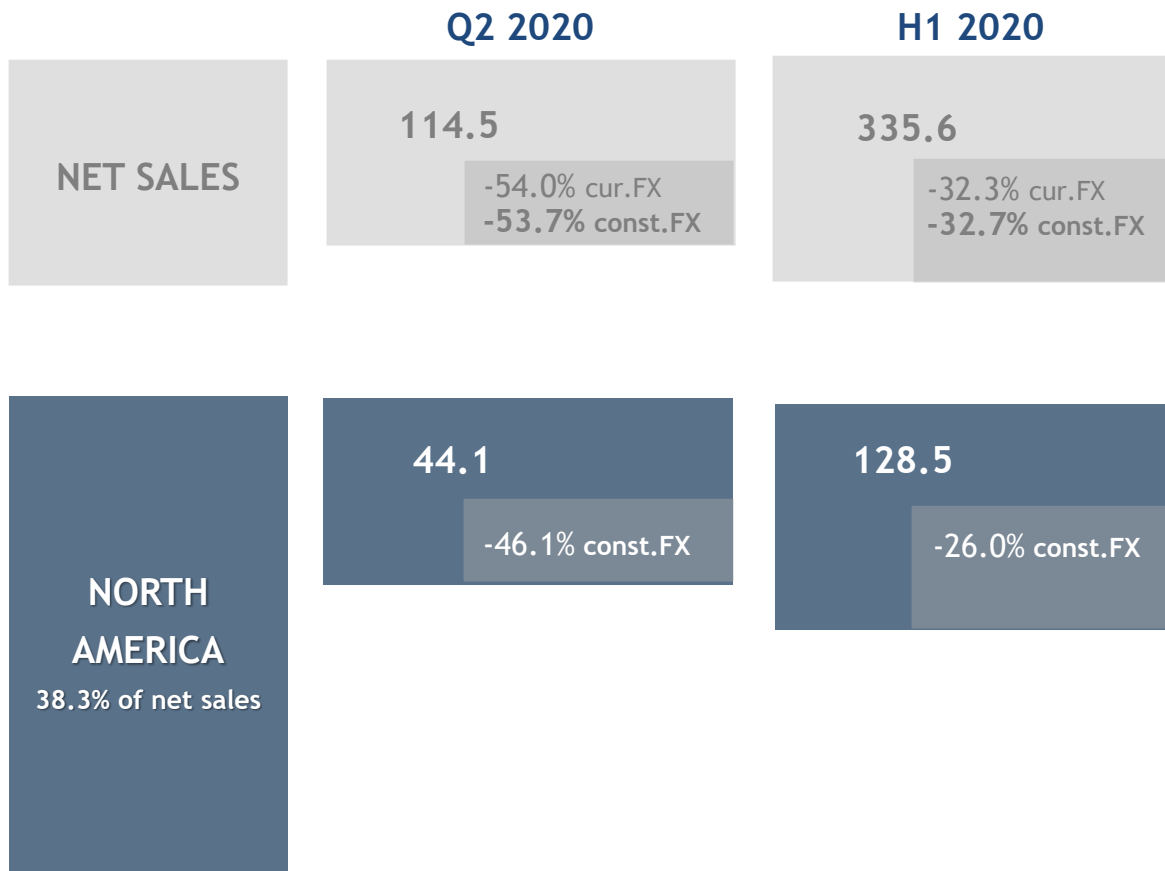
in millions of Euro and % change vs same periods of 2019



- Wholesale² -55.2% in Q2/-33.2% in H1
 - June turning slightly positive in 30s business in Europe, thanks to sales rebound in Italy, France and Germany
 - Contemporary and mass-cool brands outperforming fashion luxury
 - Small-medium towns better than historical cities, outlets and shopping malls

NET SALES BY GEOGRAPHY

in millions of Euro and % change vs same periods of 2019



- **Organic business -65% in Q2/-38% in H1**
 - Slower pace of re-openings and social disruptions on top;
 - Smith overperforming thanks to e-com +40% in Q2, plus sport shops restart
- **Privé Revaux and Blenders doubling their sales vs their respective prior year business. Privé enters European market through a new retail partnership with GrandVision**

NET SALES BY GEOGRAPHY

in millions of Euro and % change vs same periods of 2019

	Q2 2020	H1 2020
NET SALES	114.5 -54.0% cur.FX -53.7% const.FX	335.6 -32.3% cur.FX -32.7% const.FX
ASIA PACIFIC 7.1% of net sales	8.8 -65.5%const.FX	23.7 -45.9% const.FX
REST of the WORLD 5.5% of net sales	4.4 -74.3% const.FX	18.4 -46.4% const.FX

- Q2 lack of business in travel retail channel, ca 40% of the regional sales
- Business in HK, Korea, Japan and South Asia still difficult
- China turning slightly positive in Q2, down mid-single digits in H1. Australia up double-digit in June
- Q2 Latin America sales ca -80% due to significant virus outbreaks in Brazil and Mexico
- MEA countries patchy and volatile, reflecting persistency of new cases

MASSIVE REDUCTION IN SALES OVER-PROPORTIONATELY WEIGHED ON OUR INDUSTRIAL AND OPERATING COST STRUCTURE, NOTWITHSTANDING STRUCTURAL SAVINGS AND CONTINGENCY MEASURES FOR A TOTAL OF 28M IN H1:

- contingency measures initiated in March, including the extensive use of applicable personnel relief programs in Italy and across the world
- continued costs saving actions, in line with the Group Business Plan presented at the end of last year

INDUSTRIAL PERFORMANCE

in millions of Euro, % on sales, % and pps change vs same periods 2019

GROSS PROFIT & MARGIN

Q2 2020

39.2	-71.2%
34.2%	-20.5 pps

H1 2020

148.6	-44.2%
44.3%	-9.4 pps

- Sharp impact from volumes decline
- +7m accruals for > obsolescence, product returns, orders cancellation and some fixed asset write offs
- Ex D&A, gross margin -16.5 pps in Q2 and -8.0 pps in H1

OPERATING PERFORMANCE

in millions of Euro, % on sales, % and pps change vs same periods 2019

	Q2 2020		H1 2020		
ADJUSTED¹ EBITDA & MARGIN	-34.1	n.s.	-28.3	n.s.	<ul style="list-style-type: none"> ➤ Q2 SG&A costs -33.7% vs last year, incidence on sales (ex D&A) +21.5 pps: <ul style="list-style-type: none"> • Selling exp. -40.4%, driven by strong marketing plan adjustments, while guaranteed minima on royalties and marketing for licenses impacting negatively • G&A exp. -7.5%, impacted by ca +6M bad debts provision
	-29.8%	-38.3 pps	-8.4%	-16.7 pps	
D&A			27.0	-3.4%	<ul style="list-style-type: none"> ➤ Incidence of adj. D&A +2.5 pps, affected by Q2 >operating amortization
			8.0%	-2.5 pps	
ADJUSTED¹ EBIT & MARGIN			-55.2	n.s.	
			-16.5%	-19.2 pps	

NET RESULT

in millions of Euro, % on sales, % and pps change vs same period 2019

H1 2020

-63.7	n.s.
-19.0%	-20.7pps

- Higher net financial charges mainly due to negative exchange rate differences and, to a lesser degree, to the higher average gross debt, partially counterbalanced by recognition of deferred tax assets

**ADJUSTED¹
NET RESULT**

FINANCIAL HIGHLIGHTS

FREE CASH FLOW

in millions of Euro

CASH PROTECTION MANAGEMENT RESULTING IN A SLIGHTLY POSITIVE FREE CASH FLOW BEFORE ACQUISITIONS

	H1 2019	H1 2020	
CASH FLOW FROM OPERATING ACTIVITIES, before change in WC	26.5	(39.3)	➤ NEGATIVE ECONOMIC PERFORMANCE
CHANGES IN WORKING CAPITAL	11.4	56.3	➤ POSITIVE WC MANAGEMENT: • lower trade receivables • tight control on inventories • longer payment terms
OPERATING CAPEX	(15.8)	(9.3)	➤ LOWER ORGANIC CAPEX
CASH PAYMENTS FOR THE PRINCIPAL PORTION OF LEASE LIABILITIES IFRS 16	(11.7)	(5.3)	
FREE CASH FLOW BEFORE ACQUISITIONS	10.4	2.5	
CASH FLOW FOR ACQUISITIONS		(111.7)	➤ NET CASH PAID TO ACQUIRE PRIVÉ REVAUX AND BLENDERS
FREE CASH FLOW	10.4	(109.2)	

GROUP NET DEBT AND CASH POSITION

in millions of Euro

GROUP NET DEBT SUBSTANTIALLY IN LINE WITH DECEMBER 2019, EXCLUDING THE IMPACT OF THE ACQUISITIONS

	Dec.31, 2019	March 31, 2020	June 30, 2020
CASH POSITION	64.2	99.6	110.9
NET DEBT	74.8	135.5	188.5
NET DEBT pre IFRS 16 and acquisitions	27.8	31.4	27.0

- 150M TERM AND REVOLVING CREDIT FACILITY FULLY DRAWN IN MARCH
- NEW TERM LOAN UNDER FINALIZATION:
 - subject to lending banks' and SACE credit approval over the coming weeks
 - Including a new set of covenants and the cancellation of the test at the end of June

- In July, preliminary net sales performance points to a business rebound, with total net sales expected to turn positive compared to the same month last year;
- Business performance in North America, a clear driver of the monthly sales uplift, followed by a positive acceleration in Europe and Asia;
- Looking at the third quarter, the Group's management remains vigilant about the reintroduction of localized lockdowns and the differing pace of the recovery across countries, estimating total net sales (incl. acquisitions) to decline moderately compared to the same period of last year;
- 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.

Appendices

¹ In H1 2020, the adjusted economic results excludes non-recurring costs for Euro 13.2 million (Euro 10.3 million on EBITDA), due to restructuring expenses related to the ongoing cost saving program. In Q2 2020, the adjusted EBITDA excludes non-recurring costs for Euro 7.9 million.

In H1 2019, the adjusted economic results excluded: (i) the impairment of the entire goodwill allocated to the Group's cash generating units for Euro 227.1 million, (ii) non-recurring costs for Euro 5 million (Euro 3.8 million in Q2 2019) due to restructuring expenses related to the ongoing cost saving program, and (iii) a write-down of deferred tax assets of Euro 23.3 million.

² The wholesale business excludes the business of the production agreement with Kering, reported within the geographical area of Europe.

Net Sales by geographic area

(Euro million)	H1 2020	%	H1 2019	%	% Change at current forex	% Change at constant forex
Europe	165.0	49.2%	246.3	49.7%	-33.0%	-32.9%
North America	128.5	38.3%	169.5	34.2%	-24.2%	-26.0%
Asia Pacific	23.7	7.1%	43.5	8.8%	-45.4%	-45.9%
Rest of the world	18.4	5.5%	36.7	7.4%	-49.8%	-46.4%
Total	335.6	100.0%	495.9	100.0%	-32.3%	-32.7%

(Euro million)	Q2 2020	%	Q2 2019	%	% Change at current forex	% Change at constant forex
Europe	57.2	50.0%	121.7	48.9%	-53.0%	-52.8%
North America	44.1	38.5%	80.6	32.4%	-45.3%	-46.1%
Asia Pacific	8.8	7.7%	25.7	10.3%	-65.7%	-65.5%
Rest of the world	4.4	3.8%	20.6	8.3%	-78.9%	-74.3%
Total	114.5	100.0%	248.6	100.0%	-54.0%	-53.7%

Economic highlights

(Euro in millions)	H1 2020	H1 2019	% Change	Q2 2020	Q2 2019	% Change
Net sales	335.6	495.9	-32.3%	114.5	248.6	-54.0%
Gross profit	148.6	266.2	-44.2%	39.2	135.9	-71.2%
<i>% on net sales</i>	44.3%	53.7%		34.2%	54.7%	
EBITDA	(38.6)	36.3	n.s.	(42.0)	17.4	n.s.
<i>% on net sales</i>	(11.5%)	7.3%		(36.7%)	7.0%	
Adjusted¹ EBITDA	(28.3)	41.2	n.s.	(34.1)	21.2	n.s.
<i>% on net sales</i>	(8.4%)	8.3%		(29.8%)	8.5%	
Operating result	(68.4)	(218.8)	-68.7%			
<i>% on net sales</i>	(20.4%)	(44.1%)				
Adjusted¹ operating result	(55.2)	13.3	n.s.			
<i>% on net sales</i>	(16.5%)	2.7%				
Group net result	(74.8)	(246.9)	-69.7%			
<i>% on net sales</i>	(22.3%)	(49.8%)				
Adjusted¹ Group net result	(63.7)	8.5	n.s.			
<i>% on net sales</i>	(19.0%)	1.7%				
IFRS 16 impact on EBITDA	6.0	7.0		3.0	3.6	
on Operating result	0.8	0.4				
on Net result	(0.2)	(0.3)				

Balance Sheet



	June 30, 2020	December 31, 2019	Change
Net working capital	196.7	250.8	(54.2)
Tangible, Right of Use, and Intangible fixed assets	348.3	240.6	107.7
Goodwill	33.2	0.0	33.2
Non-current assets held for sale	5.5	5.5	0.0
Other assets/(liabilities), net	(187.9)	(80.1)	(107.8)
Net invested capital	395.7	416.8	(21.1)
Net financial position	(188.5)	(74.8)	(113.7)
Group Shareholders' equity	(162.8)	(342.1)	179.3
Non-controlling interests	(44.4)	0.1	(44.5)

Net Working Capital

	June 30, 2020	June 30, 2019	Change
Trade receivables	150.3	199.5	(49.2)
Inventories	228.4	236.1	(7.7)
Trade payables	(182.1)	(178.3)	(3.8)
Net working capital	196.7	257.4	(60.7)
<i>% on net sales</i>	25.3%	25.9%	

Free Cash Flow

(Euro in millions)	H1 2020	H1 2019
Cash flow from operating activities before changes in working capital	(39.3)	26.5
Changes in working capital	56.3	11.4
Cash flow from operating activities	17.0	37.9
Cash flow for investment activities	(9.3)	(15.8)
Cash payments for the principal portion of lease liabilities IFRS 16	(5.3)	(11.7)
Free Cash Flow (before acquisitions)	2.5	10.4
Cash Flow for acquisitions	(111.7)	-
Free Cash Flow	(109.2)	10.4

Exchange Rates

Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation)/ Depreciation
		June 30, 2020	December 31, 2019	%	June 30, 2020	June 30, 2019	%
US Dollar	USD	1.1198	1.1234	-0.3%	1.1021	1.1298	-2.5%
Hong-Kong Dollar	HKD	8.6788	8.7473	-0.8%	8.5531	8.8611	-3.5%
Swiss Franc	CHF	1.0651	1.0854	-1.9%	1.0642	1.1295	-5.8%
Canadian Dollar	CAD	1.5324	1.4598	5.0%	1.5033	1.5069	-0.2%
Japanese Yen	YEN	120.6600	121.9400	-1.0%	119.2668	124.2836	-4.0%
British Pound	GBP	0.9124	0.8508	7.2%	0.8746	0.8736	0.1%
Swedish Krown	SEK	10.4948	10.4468	0.5%	10.6599	10.5181	1.3%
Australian Dollar	AUD	1.6344	1.5995	2.2%	1.6775	1.6003	4.8%
South-African Rand	ZAR	19.4425	15.7773	23.2%	18.3112	16.0434	14.1%
Russian Ruble	RUB	79.6300	69.9563	13.8%	76.6692	73.7444	4.0%
Brasilian Real	BRL	6.1118	4.5157	35.3%	5.4104	4.3417	24.6%
Indian Rupee	INR	84.6235	80.1870	5.5%	81.7046	79.1240	3.3%
Singapore Dollar	SGD	1.5648	1.5111	3.6%	1.5411	1.5356	0.4%
Malaysian Ringgit	MYR	4.7989	4.5953	4.4%	4.6836	4.6545	0.6%
Chinese Renminbi	CNY	7.9219	7.8205	1.3%	7.7509	7.6678	1.1%
Korean Won	KRW	1,345.8300	1,296.2800	3.8%	1,329.5321	1,295.1984	2.7%
Mexican Peso	MXN	25.9470	21.2202	22.3%	23.8430	21.6543	10.1%
Turkish Lira	TRY	7.6761	6.6843	14.8%	7.14925	6.35616	12.5%
Dirham UAE	AED	4.1125	4.1257	-0.3%	4.04727	4.14913	-2.5%

Brand Portfolio

SAFILO
MADE IN ITALY DAL 1934

BOSS
HUGO BOSS

MISSONI

JIMMY CHOO

ELIE SAAB

MOSCHINO

CARRERA
EYEWEAR SINCE 1954

TOMMY HILFIGER

HUGO
HUGO BOSS

GIVENCHY
PARIS

THE
MARC JACOBS

kate spade
NEW YORK

SMITH

UNDER ARMOUR *

rag & bone
NEW YORK

PORTS

DIOR

BANANA REPUBLIC

Polaroid

elasta[®]
by SAFILO

ISABEL MARANT

DB
EYEWEAR by DAVID BECKHAM

MaxMara

pierre cardin
PARIS

BLENDERS
EYEWEAR

CHESTERFIELD[®]
EYEWEAR

FENDI

M
MISSONI

LOVE
MOSCHINO

LIZ CLAIBORNE

ADENSCO

Juicy Couture

FOSSIL

REBECCA MINKOFF

PRIVÉ REVAUX
EYEWEAR

SEVENTH STREET
by Safilo

Levi's[®]

TOMMY
JEANS

havaianas[®]

swatch[®]
the eyes

* from 2021