



SAFILO GROUP ANNOUNCES THE ACQUISITION OF THE POLAROID EYEWEAR BUSINESS

Padua, November 17, 2011, h. 21.00 - Following the Board of Directors' approval, Safilo Group announces that Safilo has just signed an agreement with StyleMark for the acquisition of the Polaroid Eyewear business, a world leader in optics and lens technology and a global eyewear manufacturer and distributor, with a strong and recognizable market positioning.

The Polaroid Eyewear business is part of the StyleMark Group and has offices in the UK, Switzerland, the US, Italy, Sweden, Netherlands, China and Russia as well as a comprehensive network of distribution partners around the world.

Polaroid invented the first man-made polarizer for commercial use in 1929 and the first pair of Polaroid sunglasses was sold in 1935.

Polaroid has been a pioneer and leader in polarizing lens technology ever since.

For the year 2011, the Polaroid Eyewear business is expected to record sales of approximately USD 63 million and generate an expected EBITDA of around USD 8.75 million.

The acquisition of the Polaroid Eyewear business is consistent with Safilo Group's strategy of building a strong portfolio of Safilo own brands, in order to complement its well performing licensed brand portfolio.

The inclusion of the Polaroid Eyewear business in the portfolio owned by Safilo will contribute to realize the full potential of Safilo across markets, categories and channels by completing the offering in a market segment with a high growth potential, especially in markets outside Europe, where Polaroid is currently underrepresented and where the distribution network of Safilo Group will allow a prompt expansion.

Safilo will acquire the Polaroid Eyewear business for a consideration of USD 87,5 million (amounting to maximum Euro 65 million, to be determined based on predetermined currency conversion mechanisms).

The completion of the acquisition is subject to certain conditions precedent set forth in the contractual documentation entered into by Safilo and the seller on the date hereof and is expected to occur during the first quarter of 2012.

Roberto Vedovotto, Chief Executive Officer of Safilo Group, commented:

"We are extremely happy to announce that a historical yet contemporary brand like Polaroid is becoming part of the new Safilo, bringing along its reputation of leader in the manufacturing of high quality polarizing lenses and the distribution of world class polarized sunglasses around the world.

The size of the polarizing eyewear market is rising steadily as more and more consumers realize the benefits and the value of glare-free vision.

I am confident that a brand like Polaroid will help us in giving a strong push in the use of such important technology.

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More importantly we are taking a further step towards what we define as a great growth opportunity for our Group, Safilo's own brands, and we are really excited to add Polaroid to the Safilo Brands Division, covering the Specialist market segment, where Safilo is presently not operating."

The Board of Directors of Safilo Group also approved a financing structure to partially fund the acquisition by means of a bridge loan and a capital increase reserved for subscription by its main shareholder, Multibrands Italy B.V., controlled by HAL Holding N.V..

In this respect, Safilo Group and Multibrands Italy B.V. have finalized a loan agreement and are in the course of finalizing an investment and underwriting agreement whereby Multibrands Italy B.V. would provide Safilo Group with the financial support, amounting to at least two thirds of the purchase price for the acquisition, to partially fund the acquisition transaction, based on the following main terms and conditions:

- Multibrands Italy B.V. will provide a loan to Safilo Group, in the days immediately preceding the completion of the acquisition transaction, for an amount of approximately Euro 44 million, aimed at the payment of a portion of the purchase price on the date of completion of the acquisition transaction;
- conditional upon the completion of the acquisition transaction and the approval of the reserved capital increase by the Extraordinary Shareholders' Meeting, Multibrands Italy B.V. would commit to underwrite and pay-in a reserved capital increase of Safilo Group approximately equal to Euro 44 million, through the set-off of the credit deriving from the above mentioned loan with the debt deriving from the subscription of the reserved capital increase.

The residual portion of the purchase price for the acquisition transaction, approximately equal to a maximum of Euro 21 million, will be financed by Safilo, through already available cash and/or credit facilities.

Safilo Group will promptly inform the market once definitive agreements have been signed with Multibrands Italy B.V..

In the meantime, and anticipating a successful conclusion of the negotiations with Multibrands Italy B.V. on the contractual terms for the financial support, the Board of Directors also resolved to convene an Extraordinary Shareholders' Meeting on December 21, 2011, in a single call, to approve a capital increase, within the limit of 10% of the pre-existing share capital, reserved for subscription by Multibrands Italy B.V., whereby 4,918,000 ordinary shares shall be issued, at a subscription price of Euro 9.00 per share, of which Euro 5.00 is the nominal value and Euro 4.00 is the share premium. The subscription of the reserved capital increase is expected to occur in the week following the completion of the acquisition transaction.

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The transaction to be executed with Multibrands Italy B.V. for the financial support of the acquisition of the Polaroid Eyewear business would represent a "transaction with related parties of greater importance" pursuant to the Regulation approved with CONSOB resolution no. 17221 of March 12, 2010 and, therefore, all the requirements provided by the Regulation itself – and by the relevant internal procedure adopted by the Board of Directors of Safilo Group on November 5, 2010 – have been duly complied with; in particular, the financial support transaction to be signed, in its entirety, has been submitted to the prior evaluation of the Internal Control Committee of Safilo Group which expressed its favorable opinion on the proposed reserved capital increase and, more generally, on the loan agreement and the investment agreement to be entered into with Multibrands Italy B.V..

The report of the Directors for the Extraordinary Shareholders' Meeting and the relevant information on the transaction with related parties of greater importance shall be published in due course as provided by law.

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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 30 subsidiaries in primary markets (U.S.A., Europe and Far East). The main proprietary branded collections distributed are: Safilo, Carrera, Smith Optics, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS Black, BOSS Orange, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO, 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, Tommy Hilfiger, Valentino, Yves Saint Laurent.

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

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