



**The Board of Directors of Safilo Group S.p.A. approves the Financial Statements for 2007**

**CONSOLIDATED TURNOVER AT 1,190 MILLION EURO (+6.1%)  
NET PROFIT OF 51 MILLION EURO (+36.2%)  
PROPOSED DIVIDEND OF 0.085 EURO PER SHARE**

*The results for the financial year 2007 are confirmed:*

- *Net sales at 1,190 million Euro, +6.1% (+10.2% at constant exchange rates)*
- *EBITDA at 175 million Euro, +7.9% (equal to 14.7% of sales)*
- *Operating profit at 137 million Euro, +9.3% (equal to 11.5% of sales)*
- *Net profit at 51 million Euro, +36.2% (equal to 4.3% of sales)*
- *Net financial position at 515 million Euro (532 million Euro at the end of 2006)*
- *Positive Free Cash Flow of 10 million Euro (-31 million Euro in 2006)*
- *Proposed dividend of 0.085 Euro per share (0.02 Euro per share in 2006)*

**Padova, 28th March 2008, h. 2pm** – The Board of Directors of Safilo Group S.p.A. today examined and approved the consolidated financial statements for 2007<sup>1</sup> which confirm the preliminary data examined and published on 22<sup>nd</sup> February 2008. The Board furthermore approved the financial statements at 31st December 2007, which will be submitted for approval by the Shareholders' Meeting called for April 28th and April 30th in first and second call respectively.

On the basis of the results achieved, the Board of Directors has resolved to propose to the Shareholders' Meeting the distribution of a dividend equal to 0.085 Euro per share, with detachment of coupons on May 12<sup>th</sup> 2008 and payment on May 15<sup>th</sup> 2008.

The proposed dividend highlights a significant increase of the pay-out ratio at 48%.

The Board also approved the Corporate Governance Report relating to the financial year 2007.

The financial statements and the consolidated financial statements at 31st December 2007 are available from today on the website [www.safilo.com/ir](http://www.safilo.com/ir), in the Financial Documents section.

**Shareholders' Meeting**

The Shareholders' meeting will be called to deliberate the approval of the financial statements at 31st December 2007, the distribution of profits and the appointment of the Board of Directors and the Board of Statutory Auditors.

The notice of call of the ordinary Shareholders' Meeting is available on the home page of the website [www.safilo.com/ir](http://www.safilo.com/ir). 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 on the same site, at least 15 days prior to the date fixed for the first call.

<sup>1</sup> The consolidated Financial Statements and financial statements are currently subject to audit activities, as yet not concluded.

## Press Release

### 2008 Outlook

As communicated in February, for the current year Safilo estimates an increase in turnover between 4% and 5% (average annual €USD exchange rate of 1.47). At constant exchange rates, expected growth would settle at 7% - 8%.

Ebitda should remain at around 15%, while net profit is estimated to be around 4,5%-5% of sales. The net financial position is expected to remain essentially in line with that of 2007, despite the greater investments and dividends forecast for the year.

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 on 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, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS by Hugo Boss, Boucheron, 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, Stella McCartney, Valentino, Yves Saint Laurent.

*This press release is also available in the website [www.safilo.com](http://www.safilo.com).*

For further information:

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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

### *Consolidated statement of operations*

<i>(Euro/000)</i>	2007	2006	Change %
Net sales	1,190,424	1,121,983	6.1%
Cost of sales	(492,593)	(458,513)	7.4%
<b>Gross profit</b>	<b>697,831</b>	<b>663,470</b>	<b>5.2%</b>
Selling and marketing expenses	(439,612)	(415,258)	5.9%
General and administrative expenses	(122,360)	(118,105)	3.6%
Other op. income and (expenses), net	1,352	1,467	-7.8%
Non recurring operating expenses	-	(6,000)	n.s.
<b>Operating profit</b>	<b>137,211</b>	<b>125,574</b>	<b>9.3%</b>
Share of income (loss) of associates	1,772	1,513	17.1%
Interest expense and other financial charges, net	(45,409)	(47,056)	-3.5%
Non recurring financial charges, net	-	(8,959)	n.s.
<b>Profit before taxation</b>	<b>93,574</b>	<b>71,072</b>	<b>31.7%</b>
Income taxes	(39,031)	(30,259)	29.0%
<b>Net profit</b>	<b>54,543</b>	<b>40,813</b>	<b>33.6%</b>
Net profit attributable to minority interests	3,525	3,346	5.3%
<b>Net profit attributable to the Group</b>	<b>51,018</b>	<b>37,467</b>	<b>36.2%</b>
<b>EBITDA</b>	<b>175,255</b>	<b>162,412</b>	<b>7.9%</b>
Basic EPS (Euro)	0.18	0.13	
Diluted EPS (Euro)	0.18	0.13	

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# Press Release

## Consolidated balance sheet

(Euro/000)	31/12/2007	31/12/2006	Change
<b>ASSETS</b>			
<b>Current assets</b>			
Cash in hand and at banks	56,882	43,433	13,449
Trade receivables, net	315,792	319,517	(3,725)
Inventory, net	274,283	271,573	2,710
Derivative financial instruments	271	1,597	(1,326)
Other current assets	44,009	46,564	(2,555)
<b>Total current assets</b>	<b>691,237</b>	<b>682,684</b>	<b>8,553</b>
<b>Non-current assets</b>			
Tangible fixed assets	201,858	201,951	(93)
Intangible fixed assets	23,526	22,274	1,252
Goodwill	754,920	804,911	(49,991)
Investments in associates	12,279	12,535	(256)
Financial assets available-for-sale	2,443	3,472	(1,029)
Deferred tax assets	75,495	81,886	(6,391)
Derivative financial instruments	1,608	1,921	(313)
Other non-current assets	8,628	1,974	6,654
<b>Total non-current assets</b>	<b>1,080,757</b>	<b>1,130,924</b>	<b>(50,167)</b>
<b>Total assets</b>	<b>1,771,994</b>	<b>1,813,608</b>	<b>(41,614)</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	161,709	99,677	62,032
Trade payables	194,714	228,802	(34,088)
Tax payables	20,568	20,716	(148)
Other current liabilities	73,725	72,833	892
Provisions for risks and charges	803	828	(25)
<b>Total current liabilities</b>	<b>451,519</b>	<b>422,856</b>	<b>28,663</b>
<b>Non-current liabilities</b>			
Long-term borrowings	409,827	475,583	(65,756)
Employee benefit liability	37,840	40,952	(3,112)
Provisions for risks and charges	12,789	10,478	2,311
Deferred tax liabilities	11,080	13,082	(2,002)
Derivative financial instruments	359	1,336	(977)
Other non-current liabilities	7,642	5,171	2,471
<b>Total non-current liabilities</b>	<b>479,537</b>	<b>546,602</b>	<b>(67,065)</b>
<b>Total liabilities</b>	<b>931,056</b>	<b>969,458</b>	<b>(38,402)</b>
<b>Equity</b>			
Share capital	71,349	70,843	506
Share premium reserve	747,471	751,276	(3,805)
Retained earnings and other reserves	(33,540)	(22,684)	(10,856)
Fair value and cash flow reserves	(280)	1,859	(2,139)
Profit attributable to the Group	51,018	37,467	13,551
<b>Group shareholders' equity</b>	<b>836,018</b>	<b>838,761</b>	<b>(2,743)</b>
<b>Minority interests</b>	<b>4,920</b>	<b>5,389</b>	<b>(469)</b>
<b>Total shareholders' equity</b>	<b>840,938</b>	<b>844,150</b>	<b>(3,212)</b>
<b>Total liabilities and equity</b>	<b>1,771,994</b>	<b>1,813,608</b>	<b>(41,614)</b>

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# Press Release

## Consolidated statement of cash flow

<i>(Euro/000)</i>	2007	2006
<b>A - Opening net cash and cash equivalents (net financial indebtness - short term)</b>	<b>6,989</b>	<b>44,546</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit for the period (including minority interests)	54,543	40,813
Amortization & depreciation	38,044	36,838
Stock option	557	527
Share income (loss) on equity investments	(1,145)	(1,491)
Net movements in the employee benefit liability	(1,819)	4,622
Net movements in other provisions	238	2,444
Interest expenses	41,494	49,654
Income taxes	39,031	30,259
<b>Income from operating activities prior to movements in net working capital</b>	<b>170,943</b>	<b>163,666</b>
(Increase) Decrease in trade and other current receivables	1,272	(41,021)
(Increase) Decrease in inventory, net	(12,332)	(68,548)
Increase (Decrease) in trade and other current payables	(34,095)	28,085
Interest expenses paid	(43,466)	(45,284)
Income taxes paid	(29,034)	(30,559)
<b>Total (B)</b>	<b>53,288</b>	<b>6,339</b>
<b>C - Cash flow from (for) investing activities</b>		
Purchase of tangible fixed assets (net of disposals)	(36,690)	(35,137)
Business unit acquisition	-	(2,321)
(Acquisition) Disposal of investments in associates and financial assets	(85)	3,553
Purchase of intangible fixed assets	(7,052)	(2,969)
<b>Total (C)</b>	<b>(43,827)</b>	<b>(36,874)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	5,279	320,390
Repayment of borrowings	(49,304)	(327,427)
Share capital increase	6,243	-
Dividends distribution to minority shareholders	(7,920)	(3,063)
<b>Total (D)</b>	<b>(45,702)</b>	<b>(10,100)</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>(36,241)</b>	<b>(40,635)</b>
Translation exchange difference	783	3,078
<b>Total (F)</b>	<b>783</b>	<b>3,078</b>
<b>G - Closing net cash and cash equivalents (net financial indebtness - short term) (A+E+F)</b>	<b>(28,469)</b>	<b>6,989</b>

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## Press Release

### *Sàfilo Group S.p.A. statement of operations*

<i>(Euro)</i>	<b>2007</b>	<b>2006</b>
Net sales	1,030,000	420,000
Cost of sales	-	-
<b>Gross profit</b>	<b>1,030,000</b>	<b>420,000</b>
General and administrative expenses	(1,139,840)	(726,234)
Other op. income and (expenses), net	(1,356)	83,148
<b>Operating profit</b>	<b>(111,196)</b>	<b>(223,086)</b>
Interest expense and other financial charges, net	16,671,152	16,185,537
<b>Profit before taxation</b>	<b>16,559,956</b>	<b>15,962,451</b>
Income taxes	(1,808,604)	(137,350)
<b>Net profit</b>	<b>14,751,352</b>	<b>15,825,101</b>

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# Press Release

## *Sàfilo Group S.p.A. balance sheet*

<i>(Euro/000)</i>	<b>31/12/2007</b>	<b>31/12/2006</b>	<b>Change</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash in and at banks	8,168,963	7,790,241	378,722
Trade receivables, net	1,236,000	420,000	816,000
Other current assets	38,481,627	20,809,856	17,671,771
<b>Total current assets</b>	<b>47,886,590</b>	<b>29,020,097</b>	<b>18,866,493</b>
<b>Non-current assets</b>			
Intangible fixed assets	96,000	-	96,000
Investments in equity	806,842,172	806,546,325	295,847
Deferred tax assets	24,701,569	30,714,440	(6,012,871)
<b>Total non-current assets</b>	<b>831,639,741</b>	<b>837,260,765</b>	<b>(5,621,024)</b>
<b>Total assets</b>	<b>879,526,331</b>	<b>866,280,862</b>	<b>13,245,469</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Short-term borrowings	14,000,000	14,200,000	(200,000)
Trade payables	468,127	486,445	(18,318)
Tax payables	33,186	39,572	(6,386)
Other current liabilities	1,343,995	507,248	836,747
<b>Total current liabilities</b>	<b>15,845,308</b>	<b>15,233,265</b>	<b>612,043</b>
<b>Non-current liabilities</b>			
Employee benefit liability	72,339	72,316	23
Other non-current liabilities	16,759,344	19,757,720	(2,998,376)
<b>Total non-current liabilities</b>	<b>16,831,683</b>	<b>19,830,036</b>	<b>(2,998,353)</b>
<b>Total liabilities</b>	<b>32,676,991</b>	<b>35,063,301</b>	<b>(2,386,310)</b>
<b>Equity</b>			
Share capital	71,348,532	70,843,213	505,319
Share premium reserve	747,470,698	751,276,368	(3,805,670)
Ret. earnings (accum. losses) and other reserves	13,278,758	(6,727,121)	20,005,879
Income (loss) attributable to the Group	14,751,352	15,825,101	(1,073,749)
<b>Total equity</b>	<b>846,849,340</b>	<b>831,217,561</b>	<b>15,631,779</b>
<b>Total liabilities and equity</b>	<b>879,526,331</b>	<b>866,280,862</b>	<b>13,245,469</b>

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# Press Release

## *Sàfilo Group S.p.A. statement of cash flow*

(Euro/000)	2007	2006
<b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>	<b>7,790,241</b>	<b>18,679,431</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit for the year	14,751,352	15,825,101
Amortisation	24,000	-
Net movements in the employee benefit liability	12,044	18,210
Interest expenses	600,953	127,277
Income taxes	1,808,604	137,350
<b>Income from operating activities prior to movements in net working capital</b>	<b>17,196,953</b>	<b>16,107,938</b>
(Increase) Decrease in trade and other current receivables	(14,283,504)	(19,191,484)
Increase (Decrease) in trade and other current payables	(2,531,005)	(21,304,132)
Interest expenses paid	(259,587)	(1,512)
Income taxes paid	-	-
<b>Total (B)</b>	<b>122,857</b>	<b>(24,389,190)</b>
<b>C - Cash flow from (for) investing activities</b>		
Investments in intangible assets	(120,000)	-
<b>Total (C)</b>	<b>(120,000)</b>	<b>-</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	-	14,200,000.00
Repayment of borrowings	(200,000)	(700,000)
Net increase in share capital	6,243,322	-
Dividends distribution	(5,667,457)	-
<b>Total (D)</b>	<b>375,865</b>	<b>13,500,000</b>
<b>E - Cash flow for the year (B+C+D)</b>	<b>378,722</b>	<b>(10,889,190)</b>
<b>G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)</b>	<b>8,168,963</b>	<b>7,790,241</b>

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## Statement by the manager responsible, Disclaimer and Indicators

### 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 Legislative Decree 58/1998 (*Testo Unico della Finanza*), that the accounting information contained in this press release corresponds to the results documented in the books, accounting and other records of the company.

### Disclaimer

This document, in particular in the "Company Outlook" section, 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.

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