

# Q3 AND 9M 2020 TRADING UPDATE

November 3, 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.

# OUR CONTINUED PRIORITIES

---



## PROTECTING THE HEALTH AND SAFETY OF ALL OUR PEOPLE AND SUPPORTING OUR COMMUNITIES

Rigorous implementation of all safety and prevention regulations provided by government protocols, and supporting the fight against the Covid-19 epidemic



## PROTECTING CASH

Minimize all discretionary expenditures and investments, tight control on WC, provide additional liquidity



## ACCELERATING ON THE KEY DRIVERS OF OUR GROUP BUSINESS PLAN

New programs, actions and tools to more effectively address the new business context



## PROMOTING SAFILO'S COMMITMENT TO PEOPLE, PRODUCT, PLANET

New collaboration with The Ocean Cleanup

## WE PROTECTED OUR PEOPLE HEALTH AND SAFETY

- Extensive smart-working now the new normal in our HQ and in all our regions

## WE PROTECTED OUR CASH, SECURING ADDITIONAL LIQUIDITY TO THE GROUP

- New term-loan facility of euro 108M, guaranteed by SACE

## WE MOVED FORWARD WITH OUR GROUP BUSINESS STRATEGY

- Sale of Martignacco plant to a local entrepreneur
- Blenders and Privé Revaux accelerating on their key strengths
- New B2B e.commerce platform and new CRM system now live

# Q3 BUSINESS REBOUND AFTER H1 PANDEMIC IMPACTS

---

## KEY BUSINESS DRIVERS OF THE THIRD QUARTER:

- FULL-QUARTER CONTRIBUTION OF NEWLY ACQUIRED PRIVÉ REVAUX & BLENDERS EYEWEAR
- ORGANIC\* BUSINESS RECOVERY SUPPORTED BY :
  - Strong rebound of US independent 3Os channel
  - Outstanding growth of Mainland China
  - Improving trends of all other markets/channels vs H1 2020
  - Growth of prescription frames
- EXPONENTIAL GROWTH OF ONLINE BUSINESS
- RECOVERY OF A POSITIVE OPERATING PROFITABILITY

# Q3 BUSINESS REBOUND AFTER H1 PANDEMIC IMPACTS

## Q3 AND 9M KEY ECONOMIC AND FINANCIAL HIGHLIGHTS

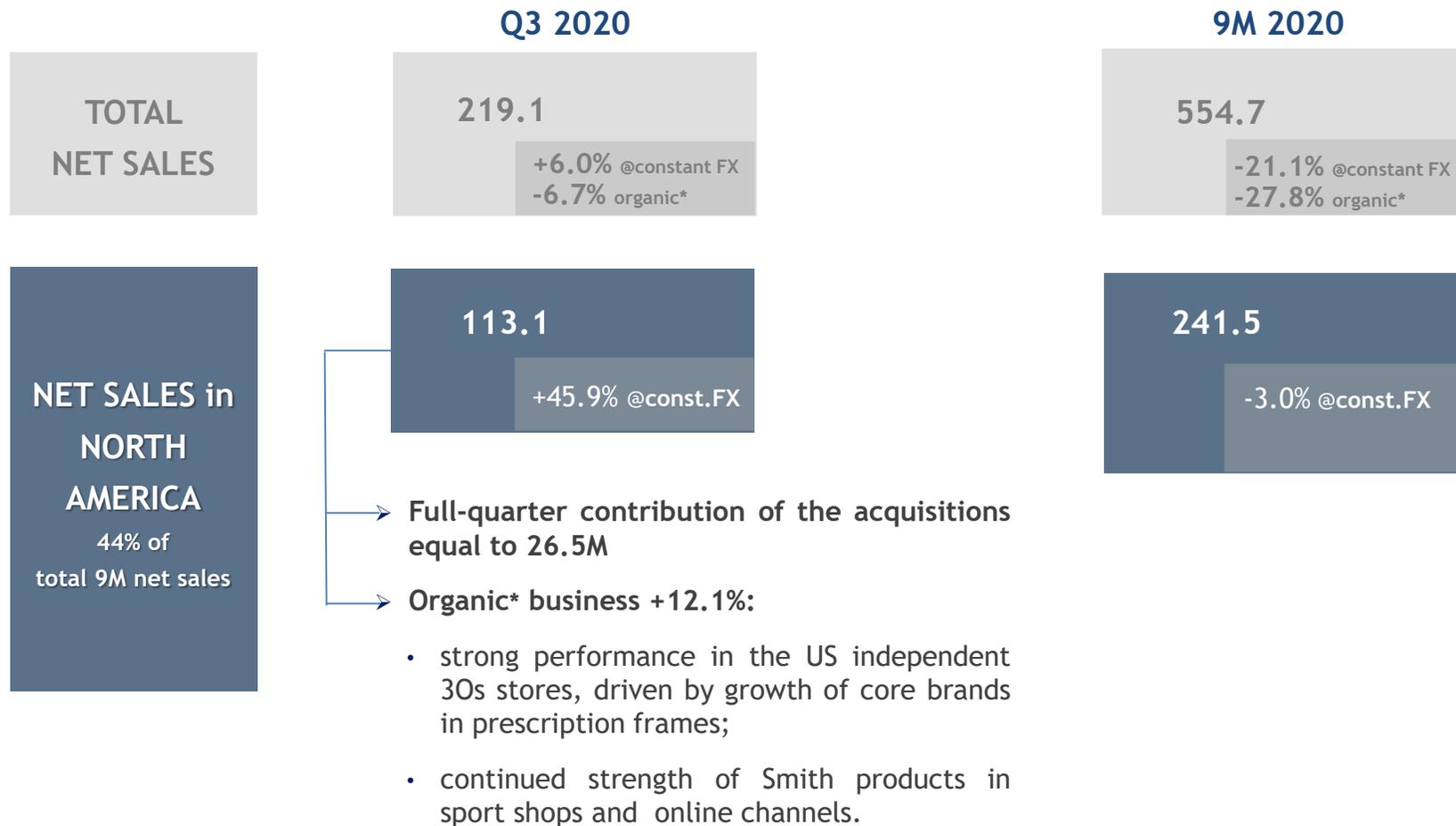
*in millions of Euro, % of sales, % change vs same periods of 2019*

|                                  | H1 2020  | Q3 2020  | 9M 2020  |
|----------------------------------|--|--|--|
| NET SALES                        | 335.6<br>-32.3% @current FX<br>-32.7% @constant FX | 219.1<br>+3.0% @current FX<br>+6.0% @constant FX | 554.7<br>-21.7% @current FX<br>-21.1% @constant FX |
| ADJUSTED <sup>1</sup> EBITDA     | -28.3<br>-8.4% of sales                            | 14.3<br>6.5% of sales                            | -13.9<br>-2.5% of sales                            |
| GROUP NET DEBT<br>(post IFRS 16) | 188.5<br>+113.7M vs Dec.19                         |  | 201.7<br>+13.2M vs June 20                         |

# SALES AND ECONOMIC HIGHLIGHTS

# NET SALES BY GEOGRAPHY

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

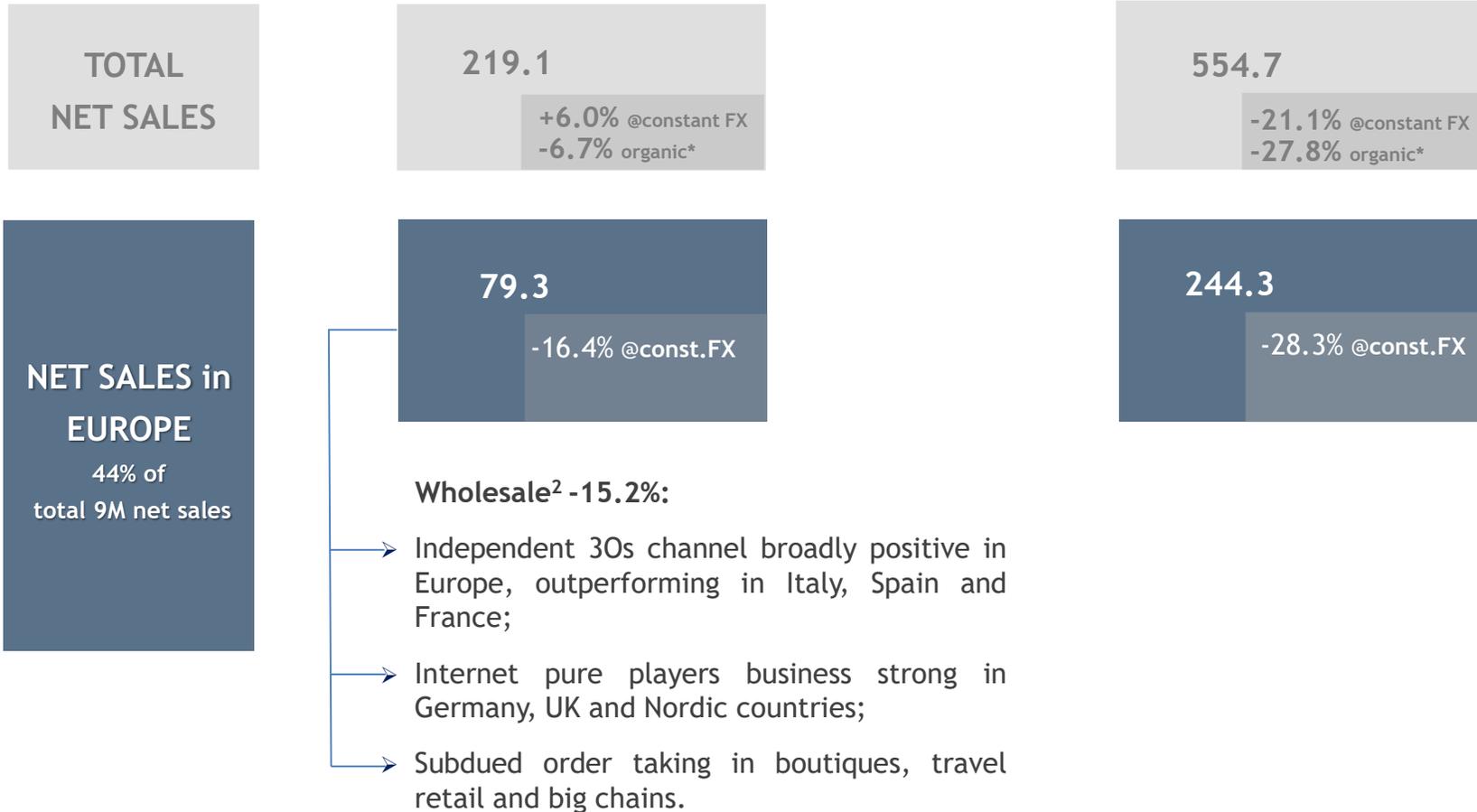


# NET SALES BY GEOGRAPHY

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

## Q3 2020

## 9M 2020

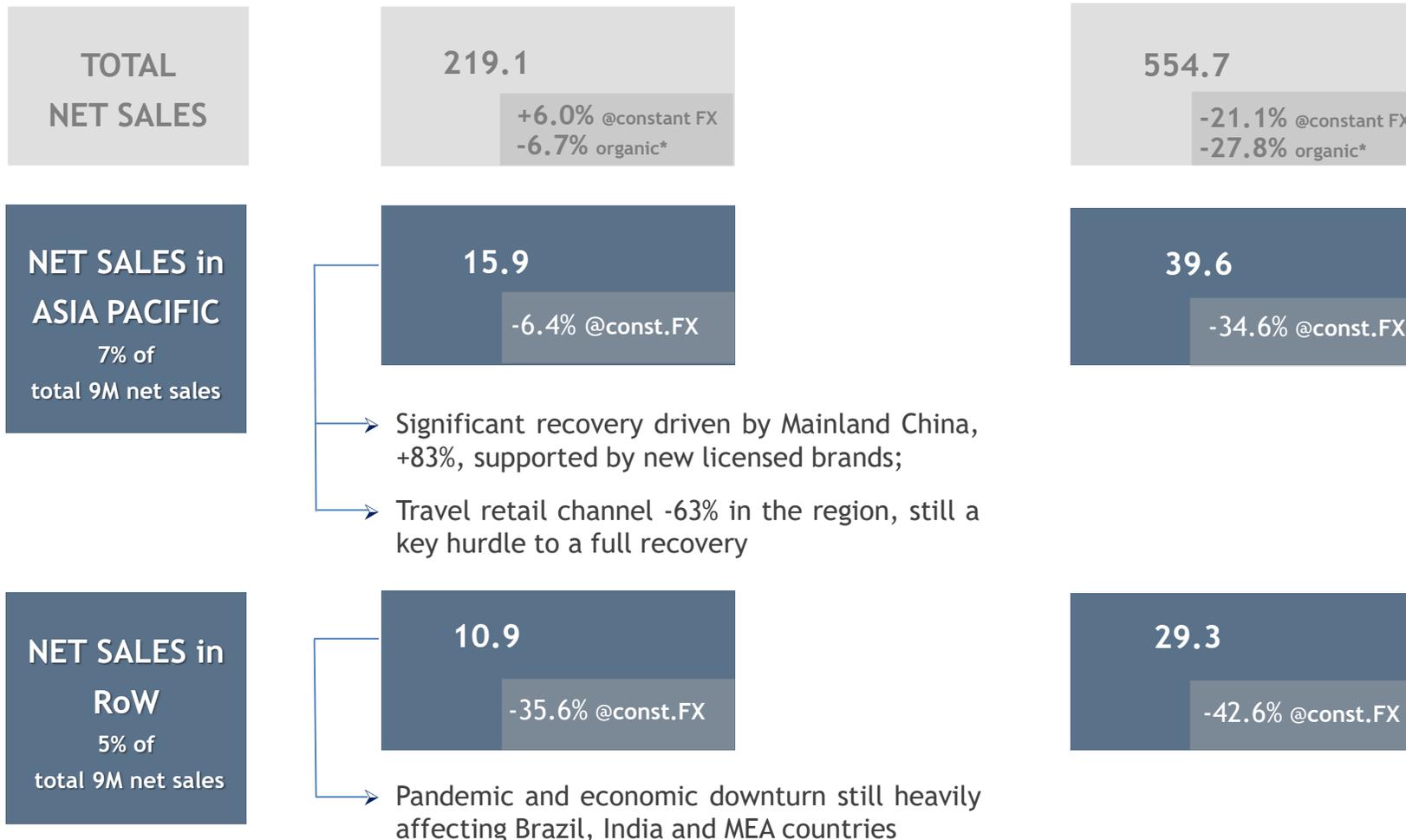


# NET SALES BY GEOGRAPHY

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

## Q3 2020

## 9M 2020



# SEQUENTIAL ACCELERATION OF OUR ONLINE BUSINESS

---

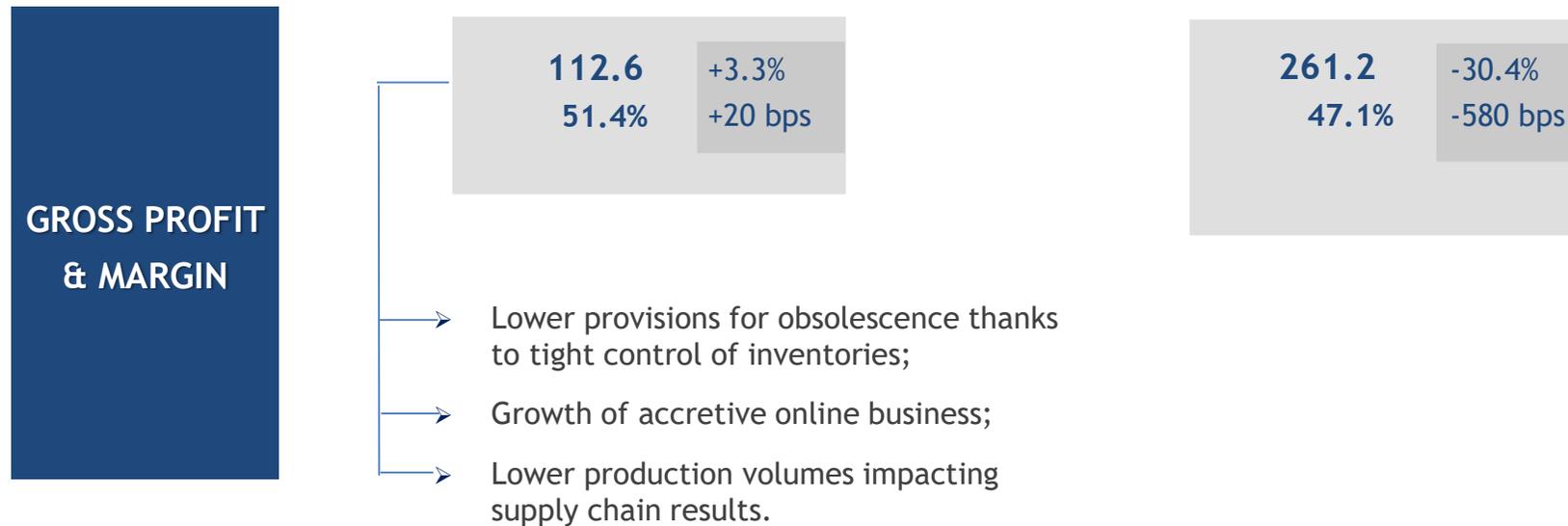
THE GLOBAL PANDEMIC HAS FURTHER ELEVATED THE IMPORTANCE OF THE DIGITAL BUSINESS

- **OUR ORGANIC\* ONLINE BUSINESS +94% IN Q3, FROM +38% IN Q2, DRIVEN BY:**
  - Smith's D2C business, almost tripling
  - Internet pure players customers, ca +75%
  
- **Q3 TOTAL ONLINE BUSINESS, INCLUDING ACQUISITIONS, TO 16% OF GROUP TOTAL BUSINESS**
  - 13% of total Group sales in 9M 2020 vs. ca 4% in 9M 2019

**Q3 POSITIVE SALES DEVELOPMENT AND THE CONTINUED IMPLEMENTATION OF STRUCTURAL SAVINGS AND CONTINGENCY MEASURES SUPPORTED HIGHER GROSS PROFIT AND BETTER OPERATING LEVERAGE**

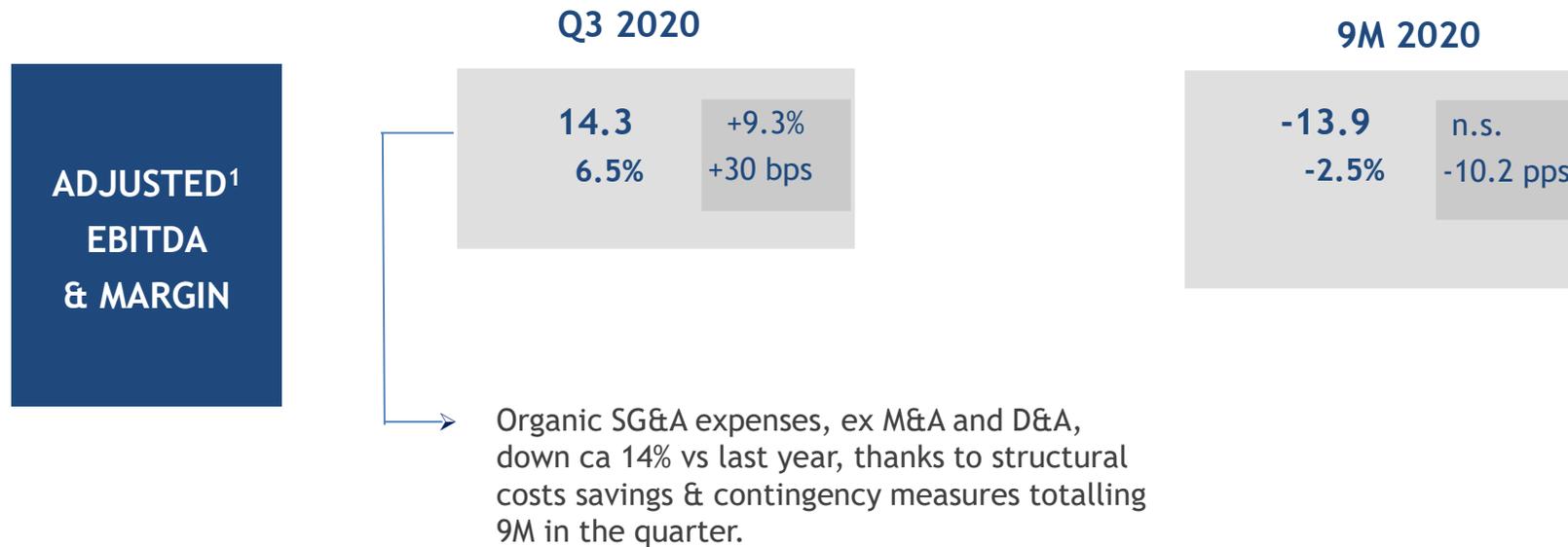
# INDUSTRIAL PERFORMANCE

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



# OPERATING PERFORMANCE

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



# GROUP NET DEBT

*in millions of Euro*

## GROUP NET DEBT WELL UNDER CONTROL, SLIGHTLY ABOVE END OF JUNE LEVEL

|   | Dec.31, 2019 | June 30, 2020 | Sept. 30, 2020 |
|---|--------------|---------------|----------------|
| NET DEBT                                    | 74.8         | 188.5         | 201.7          |
| NET DEBT<br>pre IFRS 16 and<br>acquisitions | 27.8         | 27.0          | 44.2           |

- Higher Working Capital needs in line with management's expectations;
- New Term Loan facility of 108M finalized.

- Business activity in October showed a continuation of some of the positive trends recorded in Q3, confirming in particular positive organic growth in North America and solid business developments in Mainland China and some other Asian markets;
- Online sales remained a solid growth driver in US but also in Europe where uncertainties are soaring again across most countries following the rise of infections;
- Given the persistence of a market environment still burdened by the Coronavirus pandemic, with a new wave of infections emerging in several countries and fresh governments restrictions on people's movement, the Group maintains a very prudent stance for the rest of the year and remains committed to providing timely information to the market and to all stakeholders on the developments that the health emergency may have in the coming months on the Group's economic and financial results

## You & Safilo

*Our new B2B e-commerce platform, designed with opticians for opticians*

### New B2B ECOSYSTEM

Redesign of our Sales and Customer Care operations to become our customers' preferred partner

STEP CHANGING CUSTOMERS' EXPERIENCE OFFERING A COMPELLING D2C-LIKE OMNICHANNEL EXPERIENCE

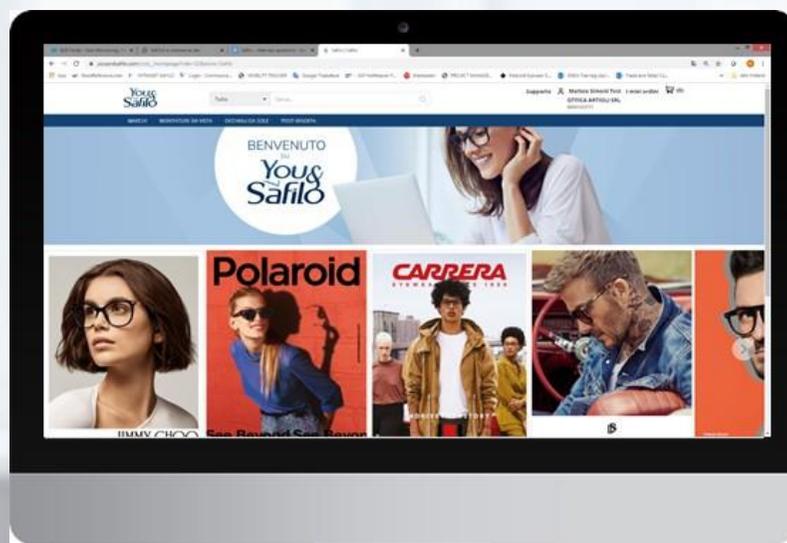


### CUSTOMER FACING DIGITAL SHIFT

- ➔ NEW B2B E-COMMERCE PLATFORM IMPROVES INTERACTION WITH CUSTOMERS, ORDER COLLECTION & AFTER SALES SERVICE
- ➔ NEW CRM PLATFORM ENSURES 360 DEGREES CUSTOMERS GOVERNANCE AND REINFORCES PROFITABLE PARTNERSHIP

## You & Safilo

*Launched in August to react faster to the complex market environment*



### NEW DESIGN

*Simple, immediate, pleasant to surf*

### NEW FEATURES

*Search optimization & detailed product pages*

### MORE USER FRIENDLY

*Renewed shopping experience & After-sales management*

# MOVING FORWARD OUR GROUP BUSINESS STRATEGY



**B L E N D E R S**  
E Y E W E A R

FREE U.S. SHIPPING OVER \$40 + FREE RETURNS



MEN

WOMEN

SNOW

REWARDS

BRAND



## BlendersRX is Here!

See More. Do More.

RX EYEGLASSES

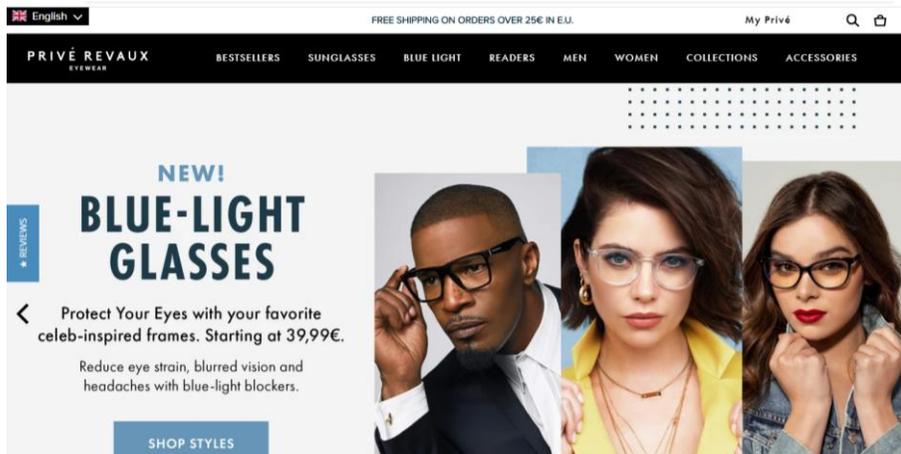
RX SUNGLASSES



Amber a Mechanicsville, United States ha  
acquistato Rose Theater  
15 mins ago



## PRIVÉ REVAUX EYEWEAR



## AMERICA'S BEST CONTACTS & EYEGLASSES®

- ✓ In 2020 America's Best expanded the partnership with Privé Revaux to all its retail locations nationwide;
- ✓ launch came after a successful pilot program in 2019;
- ✓ Privé Revaux awarded Product of the Year

## SAFILO'S COMMITMENT TO PEOPLE, PRODUCT, PLANET

THE OCEAN CLEANUP



THE FIRST PRODUCT  
MADE WITH PLASTIC  
FROM THE GREAT  
PACIFIC GARBAGE  
PATCH

100% of the proceeds go towards the  
continuation of the cleanup

**THE OCEAN CLEANUP SUNGLASSES** are made with injected plastic deriving from the Great Pacific Garbage Patch (GPGP), using an innovative upcycling process able to include types of plastic that have traditionally been more difficult to recycle, turning them into a high-quality and safe material.

# Appendices

<sup>1</sup> In the first 9 months of 2020, the adjusted EBITDA excludes non-recurring costs for Euro 11.8 million, due to restructuring expenses related to the ongoing cost saving program.

In Q3 2020, the adjusted EBITDA excludes non-recurring costs for Euro 1.5 million.

In the first 9 months of 2019, the adjusted EBITDA excluded non-recurring costs for Euro 10.4 million due to restructuring expenses related to the cost saving program.

In Q3 2019, the adjusted EBITDA excluded non-recurring costs for Euro 5.4 million.

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

\* Safilo Group has consolidated Privé Revaux and Blenders Eyewear in 2020, as per the respective acquisition dates of February 10, 2020 and June 1st, 2020.

The organic business excludes the acquisitions and the impacts of exchange rate effects.

## Net Sales by geographic area

| (Euro million)    | Q3 2020      | %            | Q3 2019      | %            | % Change<br>at current forex | % Change<br>at constant forex |
|-------------------|--------------|--------------|--------------|--------------|------------------------------|-------------------------------|
| Europe            | 79.3         | 36.2         | 95.5         | 44.9         | -17.0%                       | -16.4%                        |
| North America     | 113.1        | 51.6         | 79.9         | 37.6         | +41.5%                       | +45.9%                        |
| Asia Pacific      | 15.9         | 7.2          | 17.5         | 8.2          | -9.4%                        | -6.4%                         |
| Rest of the world | 10.9         | 5.0          | 19.8         | 9.3          | -45.2%                       | -35.6%                        |
| <b>Total</b>      | <b>219.1</b> | <b>100.0</b> | <b>212.8</b> | <b>100.0</b> | <b>+3.0%</b>                 | <b>+6.0%</b>                  |

| (Euro million)    | 9M 2020      | %            | 9M 2019      | %            | % Change<br>at current forex | % Change<br>at constant forex |
|-------------------|--------------|--------------|--------------|--------------|------------------------------|-------------------------------|
| Europe            | 244.3        | 44.0         | 341.8        | 48.2         | -28.5%                       | -28.3%                        |
| North America     | 241.5        | 43.5         | 249.4        | 35.2         | -3.2%                        | -3.0%                         |
| Asia Pacific      | 39.6         | 7.1          | 61.0         | 8.6          | -35.0%                       | -34.6%                        |
| Rest of the world | 29.3         | 5.3          | 56.5         | 8.0          | -48.2%                       | -42.6%                        |
| <b>Total</b>      | <b>554.7</b> | <b>100.0</b> | <b>708.7</b> | <b>100.0</b> | <b>-21.7%</b>                | <b>-21.1%</b>                 |

# Economic highlights

| (Euro in millions)                 | Q3 2020 | Q3 2019 | % Change |
|------------------------------------|---------|---------|----------|
| <b>Net sales</b>                   | 219.1   | 212.8   | +3.0%    |
| <b>Gross profit</b>                | 112.6   | 109.0   | +3.3%    |
| <i>% on net sales</i>              | 51.4%   | 51.2%   |          |
| <b>EBITDA</b>                      | 12.8    | 7.7     | +66.3%   |
| <i>% on net sales</i>              | 5.8%    | 3.6%    |          |
| <b>Adjusted<sup>1</sup> EBITDA</b> | 14.3    | 13.1    | +9.3%    |
| <i>% on net sales</i>              | 6.5%    | 6.2%    |          |
| IFRS 16 impact on EBITDA           | 3.2     | 3.4     |          |

| (Euro in millions)                 | 9M 2020 | 9M 2019 | % Change |
|------------------------------------|---------|---------|----------|
| <b>Net sales</b>                   | 554.7   | 708.7   | -21.7%   |
| <b>Gross profit</b>                | 261.2   | 375.1   | -30.4%   |
| <i>% on net sales</i>              | 47.1%   | 52.9%   |          |
| <b>EBITDA</b>                      | (25.8)  | 43.9    | n.s.     |
| <i>% on net sales</i>              | (4.6%)  | 6.2%    |          |
| <b>Adjusted<sup>1</sup> EBITDA</b> | (13.9)  | 54.3    | n.s.     |
| <i>% on net sales</i>              | (2.5%)  | 7.7%    |          |
| IFRS 16 impact on EBITDA           | 9.2     | 10.4    |          |

# Exchange Rates

| Currency           | Code | As of                 |                      | (Appreciation)/<br>Depreciation | Average for           |                       | (Appreciation)/<br>Depreciation |
|--------------------|------|-----------------------|----------------------|---------------------------------|-----------------------|-----------------------|---------------------------------|
|                    |      | September 30,<br>2020 | December 31,<br>2019 | %                               | September 30,<br>2020 | September 30,<br>2019 | %                               |
| US Dollar          | USD  | 1.1708                | 1.1234               | 4.2%                            | 1.1250                | 1.1236                | 0.1%                            |
| Hong-Kong Dollar   | HKD  | 9.0742                | 8.7473               | 3.7%                            | 8.7273                | 8.8074                | -0.9%                           |
| Swiss Franc        | CHF  | 1.0804                | 1.0854               | -0.5%                           | 1.0680                | 1.1179                | -4.5%                           |
| Canadian Dollar    | CAD  | 1.5676                | 1.4598               | 7.4%                            | 1.5218                | 1.4935                | 1.9%                            |
| Japanese Yen       | YEN  | 123.7600              | 121.9400             | 1.5%                            | 120.9108              | 122.5696              | -1.4%                           |
| British Pound      | GBP  | 0.9124                | 0.8508               | 7.2%                            | 0.8851                | 0.8835                | 0.2%                            |
| Swedish Krown      | SEK  | 10.5713               | 10.4468              | 1.2%                            | 10.5582               | 10.5679               | -0.1%                           |
| Australian Dollar  | AUD  | 1.6438                | 1.5995               | 2.8%                            | 1.6627                | 1.6077                | 3.4%                            |
| South-African Rand | ZAR  | 19.7092               | 15.7773              | 24.9%                           | 18.8094               | 16.1320               | 16.6%                           |
| Russian Ruble      | RUB  | 91.7763               | 69.9563              | 31.2%                           | 79.9599               | 73.0853               | 9.4%                            |
| Brasilian Real     | BRL  | 6.6308                | 4.5157               | 46.8%                           | 5.7100                | 4.3647                | 30.8%                           |
| Indian Rupee       | INR  | 86.2990               | 80.1870              | 7.6%                            | 83.4946               | 78.8301               | 5.9%                            |
| Singapore Dollar   | SGD  | 1.6035                | 1.5111               | 6.1%                            | 1.5635                | 1.5332                | 2.0%                            |
| Malaysian Ringgit  | MYR  | 4.8653                | 4.5953               | 5.9%                            | 4.7613                | 4.6463                | 2.5%                            |
| Chinese Renminbi   | CNY  | 7.9720                | 7.8205               | 1.9%                            | 7.8659                | 7.7135                | 2.0%                            |
| Korean Won         | KRW  | 1,368.5100            | 1,296.2800           | 5.6%                            | 1,349.7389            | 1,306.3774            | 3.3%                            |
| Mexican Peso       | MXN  | 26.1848               | 21.2202              | 23.4%                           | 24.5232               | 21.6336               | 13.4%                           |
| Turkish Lira       | TRY  | 9.0990                | 6.6843               | 36.1%                           | 7.59911               | 6.33901               | 19.9%                           |
| Dirham UAE         | AED  | 4.2998                | 4.1257               | 4.2%                            | 4.13168               | 4.12649               | 0.1%                            |

# Brand Portfolio

**SAFILO**  
MADE IN ITALY DAL 1924

**BOSS**  
HUGO BOSS

**MISSONI**

JIMMY CHOO

ELIE SAAB

**MOSCHINO**

**CARRERA**  
EYEWEAR SINCE 1954

TOMMY HILFIFIGER

**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

**B**  
EYEWEAR by DAVID BECKHAM

LOVE  
MOSCHINO

pierre cardin  
PARIS

**BLENDERS**  
EYEWEAR

CHESTERFIELD  
EYEWEAR

FENDI

**M**  
MISSONI

LOVE  
MOSCHINO

LIZ CLAIBORNE

Juicy Couture

FOSSIL

REBECCA MINKOFF

PRIVÉ REVAUX  
EYEWEAR

SEVENTH STREET  
by Safilo

Levi's

TOMMY  
JEANS

havaianas

swatch  
the eyes

\* from 2021