Deloitte.

Deloitte & Touche S.p.A.
Via Fratelli Bandiera, 3
31100 Treviso
Italia

Tel: +39 0422 587.5
Fax: +39 0422 587812
www.deloitte.it

AUDITORS' REPORT ON THE ISSUE PRICE OF THE SHARES RELATED TO THE SHARE CAPITAL INCREASE EXCLUDING SHAREHOLDER PRE-EMPTION RIGHTS PURSUANT TO ART. 2441, FIFTH AND SIXTH PARAGRAPH OF THE ITALIAN CIVIL CODE, AND ART. 158, FIRST PARAGRAPH OF LEGISLATIVE DECREE 58/1998

To the Shareholders of
SAFILO GROUP S.p.A.

1. SCOPE OF THE ASSIGNMENT

In connection with the proposed share capital increase excluding Shareholders pre-emption rights pursuant to art. 2441, fifth paragraph, Civil Code and art. 158, first paragraph of Legislative Decree 24 February 1998, no. 58 (Consolidated Act on Financial Intermediation or "TUIF"), described below, we have received the report issued by the Board of Directors of Safilo Group S.p.A. (hereinafter referred to as "Safilo" or "Safilo Group," or the "Company") on 6 June 2014 prepared pursuant to art. 2441, sixth paragraph, Civil Code (hereinafter the "Directors' Report" or the "Report"), which illustrates and justifies the above-mentioned transaction (hereinafter the "Transaction").

The proposal of the Company's Board of Directors, as illustrated in the Report, relates to the authorization to convert into shares of the Company, pursuant to art. 2420-*bis*, paragraph 1, Civil Code, the *equity-linked* notes of Euro 150 million 5-year reserved to qualified investors, named *"Safilo Group S.p.A. Euro 150 million 1.25 per cent Guaranteed Equity-Linked Bonds due 2019"*, placed on 15 May 2014 (hereinafter the "Notes"). Therefore, in order to convert the Notes, a share capital increase in instalments for cash, excluding pre-emption rights pursuant to art. 2441, fifth paragraph, Civil Code, will be proposed to the Extraordinary Shareholders' Meeting for up to a total maximum amount of Euro 150,000,000.00 (including the premium), to be authorized in one or more tranches by issuing ordinary shares of the Company ranking pari passu with existing ordinary shares (hereinafter the "Capital Increase"), at a price per share equal to Euro 21.8623 of which Euro 5.00 to be allocated to share capital and Euro 16.8623 as premium (hereinafter, the "Issue Price"). The proposed Capital Increase is therefore to allow the Company to convert the Notes, if authorized by the Shareholders, into newly issued shares.

The proposed Capital Increase will be submitted for approval to the Shareholders at the Extraordinary Meeting of the Company convened for 10 July 2014, on a single call.

Pursuant articles 2441, fifth and sixth paragraphs, Civil Code and 158, first paragraph of the TUIF, the Board of Directors of the Company has appointed us to express an opinion on the adequacy of the criteria proposed by the Directors for the purposes of determining the issue price of the above-mentioned shares.

2. OVERVIEW OF THE TRANSACTION

In order to provide a useful framework of the overall context of the proposed Capital Increase, the following is an outline of the information contained in the Directors' Report in this regard.

The proposed Capital Increase as illustrated in the Report, is part of the bonds stemming from the Notes (hereinafter the "Bonds"), reserved for qualified investors, both Italian and foreign, with the exception of the United States of America, Canada, Japan, Australia or any other jurisdiction where the offer or sale of Bonds is subject to authorization by local authorities or otherwise prohibited by law. The issue of the Notes was approved by the Board of Directors on 14 May 2014, at a pricing determined by the Chief Executive Officer on 15 May 2014, considering the weighted average market price of the ordinary shares of the Company registered on the Mercato Telematico Azionario on 15 May 2014, date of *bookbuilding*, and more precisely between the start and the end of the *bookbuilding* process, plus a conversion premium of 40%, subject to the provisions of art. 2441, sixth paragraph 6, Civil Code.

As described in the Directors' Report, the Transaction concerns the issue of the Notes, for a total nominal amount of Euro 150 million, with a duration of 5 years, reserved to qualified investors, named *"Safilo Group S.p.A. Euro 150 million 1.25 per cent Guaranteed Equity-Linked Bonds due 2019"*, and subsequent divisible Capital Increase in instalments for cash, excluding Shareholder pre-emption rights pursuant to art. 2441, fifth paragraph, Civil Code, for a total maximum amount of Euro 150,000,000.00 (including the premium), to be paid in one or more instalments through the issue ordinary shares of the Company having the same characteristics of the outstanding ordinary shares.

On 14 May 2014, the Board of Directors approved the issuance of the Notes and the related main terms and conditions, and the placement was started and completed on 15 May 2014. The Transaction was executed on 22 May 2014 through the issuance of securities with a maturity of 22 May 2019.

The deadline for subscription of newly-issued shares to repay the Notes is set for 30 June 2019 and it is expected that, in the event that at that date the Capital Increase is not fully subscribed, the same will be considered however increased by an amount equal to the subscriptions received.

The terms and conditions of the Notes (hereinafter the "Terms and Conditions") provides that the Bonds may be converted into ordinary shares of the Company if the Extraordinary Shareholders' Meeting authorizes the convertibility of the Bonds and approves the related capital increase. In case of non-approval by the Shareholders by 30 September 2014 (so-called *Long Stop Date),* the Company may, within 10 business days from the *Long Stop Date*, issue a notice to bondholders (so-called *Shareholder Event Notice)* and opt to early redeem the entire Bonds (so-called *Fair Market Call)*, by paying a cash amount equal to the greater between 102% of the principal amount, and 102% of the market price of the Bonds, as determined by an independent financial advisor, plus accrued interest.

If, in the event the Shareholders do not approve the Capital Increase within the *Long Stop Date*, the Company has not issued the *Shareholder Event Notice*, each bondholder may request the early cash repayment of its Bonds, under the terms established in the Terms and Conditions. In such event, the Company shall pay an amount in cash equal to the market value, determined on the basis of a formula, defined in the Terms and Conditions, which takes into account the market value of the Safilo Group shares to which the Bondholder would have been entitled if he/she had exercised the right for conversion (so-called *Cash Alternative Amount*).

According to the Report, the Directors indicate that the Transaction is part of a more comprehensive refinancing of Safilo Group's indebtedness aiming to provide the Company with a wide financial flexibility, at the same time extending the debt duration. In fact, on the same date, 14 May 2014 the Directors, resolved to approve the conditions of a *revolving credit facility* ("RCF") for a total amount up to a maximum of Euro 150 million, with a duration of 4 years, which shall be effective following the eventual approval of the Capital Increase by the Extraordinary General Shareholders' Meeting and the reimbursement and write-off of the credit facility currently existing, due to expire on 30 June 2015.

The main advantages of the Transaction presented by the Board of Directors also include:

- the raising of funds on favorable terms also having regard to the "equity linked" characteristics of the Bonds
- the diversification of funding sources;
- the possibility to benefit from favorable market conditions through quick placement towards qualified national and international investors;
- the opportunity to early refinance existing credit facilities for a total amount of Euro 300 million, expiring June 2015.

As indicated by the Directors, the issue of the Notes and the consequent possible Capital Increase constitute a single transaction which enabled the Company to provide a rapid mean of funding to obtain, in the short term and at favorable conditions, resources from the market of non-bank capital. Therefore, in light of the characteristics, timing and purposes of the transaction, considered globally, the Board of Directors resolved to propose a share capital increase pursuant to art. 2441, fifth paragraph, Civil Code.

Main features of the Notes

Pursuant to the resolution of the Chief Executive Officer of 15 May 2014, the main features of the Notes are the following:

- Total nominal amount: Euro 150,000,000.00 (one hundred and fifty million);
- Offered to: underwriting of the Notes was reserved to qualified investors Italian and foreign, excluding USA, Australia, Canada and Japan. Institutional private placement pursuant to Regulation S of US Securities Act dated 1933, as modified;
- Minimum denomination of Bonds: Euro 100,000.00 (one hundred thousand) for each Bond;
- Term: 5 years
- Issue Price: equal to the nominal value of the Bond;
- Interest rate: fixed rate, equal to annual 1.25%;
- Interest payments: every six months in arrears. First coupon due on 22 November 2014;
- Date of availability: from the issue date;
- Listing: the Bonds are expected to be admitted to trading on a regulated market or an MTF by 30 September 2014;
- Reimbursement: principal shall be repaid in a single instalment equal to the nominal value at Notes maturity, without prejudice to early reimbursements;

- Early reimbursement by the Company: the Company could exercise the right of early reimbursement of the Notes in the following circumstances:
    - in the event the Capital Increase should not be approved by the Company's Shareholders within the *Long Stop Date*, the Company would have the right, within a defined term, to early repay in full the Notes, in cash (so-called *fair market call*), for an amount equal to the higher of 102% of the nominal amount, and 102% of the "market value" of the Bond, as determined by an independent financial advisor, in addition to accrued unpaid interests, as provided by the Terms and Conditions of the Bond;
    - the Company could also opt to early redeem in other situations defined in the Terms and Conditions of the Bond according to the market practice;

- Early reimbursement by the bondholders: the bondholders would have the right of ask for early reimbursement of the Bonds in the following circumstances:
    - in the event the Capital Increase serving the Bond should not be approved by the general Shareholders' Meeting within the *Long Stop Date*, and without prejudice to the Company's right to the above described *fair market call*, the bondholders are entitled to ask the Company, starting from the *Long Stop Date* and by the 32° day on which the market is open prior to the deadline of the Bond, or by the 7° day on which the market is open prior to the deadline set by the Company for the early reimbursement of the Bond, for an amount determined, according to a mathematical formula, as defined by the Terms and Conditions of the Bond, which shall consider the market value of Safilo Group shares to which they would have been entitled in the event of conversion (so-called *Cash Alternative Amount*);

    - in addition, the bondholders may ask for early reimbursement, at nominal value on top of accrued unpaid interests, in the event of: (a) a change of control of the Company, as defined by the Terms and Conditions of the Bond; or (b) the outstanding ordinary shares of the Company decreasing under 15% and remains under 15% for at least 5 days of open market for a term of 90 days of open market from the first day in which it decreased below the said threshold;

- Cash alternative election: if a bondholder exercised the conversion right, the Company shall have in any event the right to pay by cash the conversion requests, paying to the bondholder an amount of cash equal to the *Cash Alternative Amount*, for whole or part – at the Company's discretion – of Safilo Group shares due to the bondholder as a consequence of having exercised the conversion right;

- Conversion right: the Terms and Conditions provide that, if the Company's Shareholders' General Meeting, by the Long Stop Date, authorizes bond convertibility and approves, as a result, a Capital Increase with the exclusion of shareholders' pre-emption right, serving Bond conversion, the Company shall issue a specific notice to the bondholders (the "*Physical Settlement Notice*"), following which the latter shall be awarded from the date indicated in the *Physical Settlement Notice* (the "*Physical Settlement Date*"), the right to request conversion of the Bonds into the Company's newly issued shares for said Capital Increase to be exercised in the term specified in the Terms and Conditions of the Bond and on the basis of the conversion ratio provided in such Terms and Conditions, without prejudice to the possibility for the Company, when converting, to deliver, if existing, treasury shares instead.

The Directors determined the initial conversion price on the Bonds on 15 May 2014 in Euro 21.8623. Such price include a conversion premium of 40%, determined and approved by the Chief Executive Officer on 15 May 2014, in addition to the volume weighted average price of the ordinary share as registered on the Electronic Stock Market (*Mercato Telematico Azionario*) on 15 May 2014, day in which the *bookbuilding* took place and, more precisely, between the start of the placement and the end of the *bookbuilding*, as experienced in market practice for placements of such convertible bonds and of similar financial instruments, without prejudice to the criteria provided by article 2441, paragraph 6, of the Italian Civil Code.

- Possible adjustments: the initial conversion price shall be subject to adjustments in accordance with market practice applicable for this type of instrument, upon the occurrence, among others, of the following events: grouping or fractioning of outstanding ordinary shares; issue of ordinary shares free of charge; distribution of dividends in cash or in kind to the ordinary shares; attribution to ordinary shareholders of rights or options which entitle to the right to underwrite ordinary shares at a price lower than the market price when those rights are not offered to the bondholders; issue of ordinary shares for an amount lower than the market price in favour of ordinary shareholders when those shares are not offered to the bondholders; issue of financial instruments convertible into ordinary shares in favour of ordinary shareholders when those instruments are not offered to the bondholders; issue of financial instruments convertible into ordinary shares, with the exclusion of pre-emption right at a value lower than the market value; amendments to financial instruments already issued which entitle to the conversion into ordinary shares such to allow the acquisition of ordinary shares at a price lower than the market price.

- Governing law: English law, except for the issues which are mandatorily governed by Italian law.

3. NATURE AND SCOPE OF THIS REPORT

The Board of Directors of the Company, taking into account the characteristics of the Bonds and the Capital Increase for the conversion of the Notes, resolved to propose to the Shareholders' Meeting that the issue price of the new shares resulting from the Capital Increase would be equal to the conversion price of the Bonds, provided that the price shall be determined according to the criteria of art. 2441, sixth paragraph, Civil Code and, therefore, considering the equity value of the Company and the performance of the Safilo Group shares on the *Mercato Telematico Azionario* in the last six months.

This fairness opinion, issued pursuant to articles 2441, sixth paragraph, Civil Code, and 158, first paragraph, TUIF, aims to re-enforce the information available to the Shareholders excluded from the pre-emption rights, pursuant to article 2441, fifth paragraph, Civil Code, about the criteria adopted by the Directors to determine the Price for the shares for the purpose of the proposed Capital Increase.

This report therefore illustrates the criteria adopted by the Directors to determine the issue price of the new shares and as well as valuation difficulties encountered by them, if any, and includes our considerations on the appropriateness of those criteria, in terms of their being reasonable and non-arbitrary, in the circumstances, as well as on their correct application.

In the execution of our engagement we did not perform any valuation of the Company, which is beyond the scope of this engagement.

The purpose of this report is not express, thus does not express, an opinion on the financial or strategic reasons of the Transaction.

4. DOCUMENTATION USED

In performing our work, we obtained directly from the Company, or through the Company, the documents and information we considered useful in the circumstances.

Specifically, we analysed the following documentation:

I. minutes of the meeting of the Board of Directors of 14 May 2014, which approved the main terms and conditions of the Notes, and authorized the Chief Executive Officer to precisely define the same terms and conditions as a result of the pricing on the Transaction;

II. notary minutes of the Chief Executive Officer decision dated 15 May 2014, which approved the terms and conditions of the Notes, including the Issue Price of the newly issued shares;

III. Report issued by the Board of Directors on 6 June 2014 for the proposed increase in the Company's share capital;

IV. detailed documentation on the valuation prepared by the Directors, as well as the criteria and procedures for determining the Price of the newly issued Safilo Group shares;

V. *"New Issue Pricing Term Sheet"* of the Notes;

VI. The stock market prices trend of the Safilo Group shares the Mercato Telematico Azionario of Borsa Italiana (Italian Stock Exchange) over the period defined by the Directors (6 months prior to 14 May 2014 and 6 months prior to 6 June 2014, which also reflected the share listings in the period following the issuance of the Notes) and other information such as share volatility and average daily volumes;

VII. *equity research* on the Safilo Group shares available to the Company at 14 May 2014, as well as those subsequently made available;

VIII. Current By-laws of the Company, for the purposes referred to herewith;

IX. Press releases on the Company relating to the Transaction;

X. financial statements and consolidated financial statements of the Company for the period ended 31 December 2013 audited by others and related audit reports issued on 19 March 2014;

XI. Safilo Group interim report for the period ended 31 March 2014.

We also obtained specific and express representation, by letter issued by the Company on 16 June 2014 that, to the best knowledge of the Directors of Safilo, there were no changes to the data and information taken into account in the course of our analysis that would result in the need to make updates to the assessments prepared by the Directors.

5. VALUATION METHODS ADOPTED BY THE DIRECTORS TO DETERMINE THE SHARE PRICE

In circumstances where Shareholders' pre-emption rights are excluded pursuant to art. 2441, fifth paragraph, of the Civil Code, the sixth paragraph of the same article provides that the share price shall be determined by the Directors "*based on the value of net equity, taking into account, for listed shares, also the share prices in the last six months*".

As indicated in their Report, the Directors, in consideration of the features of both the Bonds and the Capital Increase for purpose of the conversion of the Notes, resolved to propose to the Shareholders to set the Price for newly issued shares in the Capital Increase to the initial conversion price of the Bonds, provided, however, that the price would not be lower than the price based on the Company's net equity and taking into account the performance of the Safilo share on the Mercato Telematico Azionario in the last six months. The Chief Executive Officer, on 15 May 2014, also determined the initial conversion price of the Bonds, based on the criteria used in comparable transactions, and in line with market practices for such debt securities.

The Issue Price, determined as equal to the conversion price of the Bonds, has been subject to further review by the Directors also through an estimate of the fundamental value of the Company based on target prices set by the main equity analysts covering Safilo.

More specifically, the Directors have carried out the following analyses:

A. definition of the Issue share Price on the basis of the market price of the Safilo share and the conversion premium, estimated on the basis of comparable transactions on the market, as well as consistency analysis of the optional component of the Notes *vis à vis* the debt component;

B. analysis of market prices of the Safilo share at different periods of observation, compared to the precise value determined on the day of the *bookbuilding*;

C. analysis of the fundamental value of the Company by applying the target prices set by equity analysts for the Safilo share.

Below is a summary of the analyses made by the Board of Directors.

A. Definition of the Issue share Price of the shares on the basis of the market price of the Safilo share and the conversion premium

The initial conversion price, given the nature of the financial instrument - which will become convertible into shares upon the fulfilment of the conditions of the Notes and, in any case, subject to the authorization of the conversion and approval of the Capital Increase by the Shareholders - was determined on completion of the launch of the Transaction based on the stock market price of the Safilo shares, as well by applying a conversion premium of 40%, defined by the Chief Executive Officer on 15 May 2014.

In order to determine the market value of the shares the Directors considered the Volume Weighted Average Price for Safilo shares recorded on the Mercato Telematico Azionario on 15 May 2014, between the start of *bookbuilding* and the pricing of the Transaction, equal to Euro 15.6159, in line with market practice experienced for the issuance of "*equity linked*" bonds both in Italy and on international financial markets.

The conversion premium was estimated by the Directors with reference to comparable transactions observed in the market and is higher, as illustrated in the Report, than the average conversion premium applied in recent comparable issues of convertible bonds carried out in Italy and in Europe.

The following table illustrates a summary of premiums granted on convertible bonds issued in Europe in 2013 and 2014 until the placement of the Notes.

	Tot.	2014	2013	Maturity < 4 years	Maturity 4 - 6 years	Maturity > 6 years
Average	**31.2**	**30.7**	**31.4**	**30.0**	**31.3**	**32.0**
=Euro 150 mln	26.8	27.5	26.0			
<Euro 150 mln	30.3	31.5	29.8			
>Euro 150 mln	32.0	30.5	32.4			
Median	**32.0**	**30.0**	**32.5**	**31.0**	**32.5**	**31.0**
Min	**15.0**	**25.0**	**15.0**	**25.0**	**15.0**	**30.0**
Max	**42.5**	**35.0**	**42.5**	**33.8**	**42.5**	**35.0**

Applying the criteria considered above, that is taking into account the Volume Weighted Average Price of the Safilo shares recorded on the Mercato Telematico Azionario between the start of *bookbuilding* and the pricing of the transaction, amounting to Euro 15.6159, plus a conversion premium of 40%, the Price of the new shares issued for the conversion of the Notes, assumed by the Directors equal to the conversion price of the Notes, amounts to Euro 21.8623 per share.

To support the identification of the conversion premium, the Company has conducted further analyses based on financial and mathematical models. Based on such models, the Company have estimated the fair value of the two components of the convertible bonds: the debt component and the call option for subscribing Safilo shares. Though the parameters used for the estimate of the current value of the debt and the call option are based on subjective valuations, these parameters were considered by the Directors to be in line with the market general conditions. In particular, the following main parameters were considered:

- Credit Spread: 325 - 375 bps;
- Volatility: 28% - 33%;
- 5 years Swap Rate: 0.75%
- Coupon Rates: 1.25% - 1.75%
- Conversion Premium: 32.5% - 40%

On the basis of mathematical-financial models analysis, the Board of Directors have verified that the value of the two implicit components of the convertible bond loan is coherent with the Issue Price of the Notes.

B. Analysis of market prices of the Safilo share at different periods of observation

For the purposes of compliance with the criteria referred to in article 2441, sixth paragraph, Civil Code and to support the share market value used as a reference for the issue price of the shares, as described above, the Board has also performed analyses on the performance of Safilo shares in the last six months, according to art. 2441, sixth paragraph, Civil Code, which provides that the Issue Price of the new shares must be determined "*based on the value of net equity, taking into account, for listed shares, also the share prices in the last six months*".

The value identified by the Directors as the average market price of the Safilo shares over the six months period before 14 May 2014 (date of approval by the Directors of the issuance of the Notes) is equal to Euro 16.58 per share.

For a more comprehensive analysis, the Directors also determined the value identified as the average market price of the Safilo shares in the month and in three months preceding 14 May 2014. The value in these most recent periods lies between Euro 15.87 (average last month) and 15.78 (average last three months) per share.

The Issue Price of the shares, as determined above, equal to Euro 21.8623 per share, is therefore higher than the average of market prices in each period mentioned above and higher than the value determined on the basis of the book value of Company's shareholders' equity as of 31 March 2014, equal to Euro 12.51 per share.

C. Analysis of the Company's fundamental value of the basis of target prices set by equity analysts for the Safilo share

The Directors have performed an analysis of the fundamental value of Safilo shares based on the target prices estimated by the main market analysts covering Safilo. In particular, the Directors analysed researches available at the date of issue, extracting recommendations and target prices as detailed in the table below.

Broker	Recommendation	Target Price
BANCA AKROS	Hold	18
BANCA ALETTI	In line	17
BANCA IMI	Hold	18,05
BANK OF AMERICA - MERRILL LYNCH	Underperform	16,5
BERENBERG	Buy	18,5
BRYAN GARNIER	Buy	19
CITI	Hold	16
DEUTSCHE BANK	Buy	20
EQUITA SIM SPA	Hold	18
FIDENTIIS	Buy	22,5
INTERMONTE	Neutral	17
KEPLER CHEUVREUX	Hold	16
MAIN FIRST	Outperform	22
MEDIOBANCA	Outperform	19,5
	average	**18,43**
	median	**18,03**

The value identified by the Directors on the basis of the target prices on the date of approval of the issuance of the Notes lies between Euro 18.03 and 18.43 per share (respectively average and median of the target prices).

As a result of analyses performed, as described above, the Directors believe that the criteria adopted for the determination of the initial conversion price of the Bonds and, therefore, the Issue Price of the shares (and related conversion ratio) are consistent with the criteria laid down in art. 2441, sixth paragraph, Civil Code. and, therefore, appropriate to identify a price that would preserve the equity interests of the shareholders of the Company, in consideration of the exclusion of their pre-emption rights.

6. VALUATION DIFFICULTIES ENCOUNTERED BY THE BOARD OF DIRECTORS

In the Report the Board of Directors did not identify difficulties encountered in the valuations described in the preceding paragraph.

7. RESULTS OF THE ASSESSMENT PERFORMED BY THE BOARD OF DIRECTORS

Based on the analyses carried out by the Board of Directors, the Directors determined the Issue Price of the new Safilo shares as part of the Capital Increase in Euro 21.8623 per share, or equal to the conversion price of the Bonds identified pursuant to the Terms and Conditions.

8. ACTIVITY PERFORMED

For the purpose of our assignment, we carried out the following main activities:

- examined the minutes of the Board of Directors' Meeting of May 14;
- examined the notary minutes of the Chief Executive Officer’s decision dated 15 May 2014;
- performed an in-depth review of the Directors' Report and, in particular, of the valuation methods adopted by the Directors, in order to identify their adequacy, in terms of reasonableness and non-arbitrariness;
- collected and examined the information needed to identify that these methods were technically adequate, in the specific circumstances, in terms of reasonableness and non-arbitrariness, for determination of the Issue Price of the shares;
- verified the completeness and non-contradictory nature of the reasons provided by the Board of Directors regarding the choice of the value mentioned above;
- for the purposes referred to herewith, examined the by-laws of the Company;
- verified the consistency of the data used with reference sources, including the documentation used, as described in paragraph 4 above, and verified the arithmetic accuracy of the calculations;
- carried out checks on the performance of market prices of the Company's shares in the month and in the 3 and 6 months preceding 14 May 2014, consistent with the considerations made by the Directors;
- collected and examined data on conversion premiums observed with reference to comparable transactions executed in Italy and in Europe in 2013 and in 2014;
- performed independent valuation analysis to support the theoretical analyses carried out;
- collected, through interviews with Company’s Management, information about events that occurred after the launch of the Transaction, with respect to any facts or circumstances that could have a significant effect on the data and information considered in the course of our analyses, as well as on the results of the assessments;
- received formal representation by the legal representatives of the Company on the valuation elements made available to us and that, to the best of their knowledge, at the date of our opinion, there are no significant changes to be made to the reference data of the Transaction and the other elements taken into account that would result in the need to make updates to the assessments prepared by the Directors.

9. COMMENTS AND CLARIFICATIONS ON THE ADEQUACY OF VALUATION METHODS ADOPTED BY THE DIRECTORS FOR THE DETERMINATION OF THE ISSUE PRICE OF SHARES

First of all, it is worth reminding that this fairness opinion concerns the Capital Increase serving the Notes.

As explained in the Directors' Report, the issuance of the Notes, the Capital Increase and the conversion of the Bond into convertible Bonds constitute a single transaction which allows to the Company to make use of a mean of funding required to collect, in the short term and at favourable conditions, resources on the non-banking capital market. The Directors' report describes the characteristics of the instrument of the Notes and the Directors rationale in determining the terms and conditions of the Capital Increase serving Bonds conversion.

In this context, as described in the Directors' Report, the underlying reasons for the methodology choices made by the Directors for the determination of the Issue Price of the new shares under the proposed Capital Increase and the logical process followed are a direct consequence of identified Terms and Conditions.

Therefore, the considerations below about the reasonableness and non-arbitrariness, in the circumstances, of the methodological approach adopted by the Directors for the determination of the Issue Price of the Safilo new shares as part of the Capital Increase, also take into account the specific characteristics of the overall structure of the Transaction and its negotiation component on the basis of the elements and the objective conditions of both the market and the Company, as identified at the time of placement of the Bonds, that is in May 2014.

- The Chief Executive Officer identified the Issue Price of the new shares as part of the Capital Increase in an amount corresponding to the conversion price of the Bonds, equal to Euro 21.8623. The conversion price was determined by the Chief Executive Officer on 15 May 2014, date of the *bookbuilding* of the Notes, based on a methodology that included the use of the weighted average price on the market of the Safilo share identified between the start and the conclusion of the orders collection process, amounting to Euro 15.6159. The Issue Price also incorporates a conversion premium of 40%.
- Pursuant to art. 2441, sixth paragraph, Civil Code, the issue price of the shares, in the case of exclusion of the Shareholder pre-emption rights, must be determined "*on the basis of the value of the net equity, taking into account, for shares listed on regulated markets, even the market price in the last six months*."
- The criterion of the market prices used as a reference by the Directors for the determination of the Issue Price is commonly accepted and used both nationally and internationally and is in line with constant behavior in professional practice in similar transactions.
- In the present case, also in consideration of the specific destination of the Capital Increase, which aims to make available the necessary additional shares for the possible conversion of the Notes, the Directors' decision is, on the whole, reasonable regarding the initial reference to a "direct" methodology of the market, such as market prices. Following the approval of the Capital Increase and the conversion of the Bonds into convertible Bonds, the Transaction consists of collecting new risk capital that, in the current market scenario, must take into account the market conditions at the time of placement of the Notes. In view of the above, the adoption of the method of share prices appears well-founded and, in the circumstances, reasonable and non-arbitrary since it is consistent with the overall structure of the Transaction and the purpose of the Capital Increase for the conversion the Notes.
- The method of the market prices, as a basis for determining the Issue Price, appears reasonable also considering that since no updated Safilo Group business plan is available, the Directors did not consider appropriate to develop alternative valuations based on analytical methodologies.

- With regard to the time frame taken into account for the determination of the Issue Price of the new shares, the Chief Executive Officer has chosen to use the Volume Weighted Average Price of the Safilo share recorded on the Mercato Telematico Azionario between the start and the conclusion of the *bookbuilding* on 15 May 2014, amounting to Euro 15.6159. In the specific circumstances, taking into account the purposes of the Transaction, the criterion chosen by the Directors is deemed allowing the identification of an Issue Price of the shares representing the current value of the Company updated at the time of issue of the financial instrument.
- As already described above, in the context of the methodology of the market prices, the Directors have also performed further analysis of the price of the Safilo share in different observation periods, by calculating the arithmetic average of the share price in the month, three and six months preceding the date of approval of the issue of the Notes (14 May 2014). Such analysis showed values (Euro 15.87 in the month prior to 14 May 2014, Euro 15.78 and Euro 16.58 in the three and six months prior to 14 May 2014 respectively) that are slightly higher (in particular 1.63%, 1.05% and 6.17% respectively) than the value identified by the Directors on the day of *bookbuilding*, equal to Euro 15.6159. Considering the volatility recently experienced by the Safilo share, such differences appear by the way reflecting fluctuations of ordinary nature.
- The methodological choice made by the Board of Directors, which involved the identification of an exact price as recorded on the Mercato Telematico Azionario on a single trading day, is in line with the established national and international market practice for the issuance of *"equity-linked"* bond notes. Such methodology, that is not the one normally experienced in the established practice for capital increases with exclusion of pre-emption rights not involving issuance of convertible bonds, in the specific circumstances provides an Issue Price, inclusive of the 40% premium, higher than average values of the share observed in preceding periods.
- The Directors' decision to incorporate in the determination of the Issue Price a conversion premium with respect to the aforementioned weighted average price of the Safilo share registered on the day of the *bookbuilding* is also in line with the established practice for this type of transaction. The conversion premium identified by the Chief Executive Officer i.e. 40%, appears to be one of the highest for the issuance of convertible bonds in Europe in 2013 and in early 2014 and however ranks in the higher end of the range found in the market for similar transactions. To support the choices adopted with reference to the identification of the value of the conversion premium, lastly the Directors conducted further analyses in order to verify the consistency of the issue price of the bonds with the fair value of the debt and of the optional component, making use of mathematical-financial models.
- However, it should be noted that the Safilo shares, following the issuance of the Notes, showed an increase in prices. We have therefore developed a sensitivity analysis based on averages measured at different time frames (6 months, 3 months, 1 month) preceding not only the date of 14 May 2014, date of approval of issuance of the Notes, but also the more recent date, 5 June 2014. The analysis developed by us with respect to the time frames indicated above show average values lower than the Issue Price inclusive of premium identified by the Directors.
- The accuracy analysis, even mathematical, of the market methodology used and the calculation of the Issue Price confirms the reasonableness and non-arbitrariness of the results achieved by the Directors.

- The values per share resulting from the analysis of the averages of share prices have been subject to further verification by the Directors with the target prices indicated in the equity researches transmitted by the main market analysts to the Company prior to the date of approval for issuance of the Notes. The analysis showed lower than the value identified by the Directors for the Issue Price of the shares equal to Euro 21.8623. It should also be noted that the target price method, though it provides only an indication of the value of a listed company, it is grounded on external estimates, considering growth expectations, relevant inherent risks and key valuation parameters, and is therefore significant compared to analytical valuation methods, performed independently and in detail by management, which better represent the company's fundamental value. Furthermore, the target prices method, which represent the analysts sentiment on the basis of a number of assumptions and subjective hypothesis, normally developed with different levels of detail, is less important also with respect to market criteria, used primarily by the Directors in this specific case, which, on the contrary, fully represent the exchange value of the share, since grounded on objective variables, such as prices resulting from the match of supply and demand.
- As part of the independent valuation and sensitivities carried out by us, application of the financial and the income method, developed on the basis of the equity research for the period 2014-2016, has led to a value per share lower than the Issue Price.
- In light of the above considerations, the overall methodological approach adopted by the Directors for the determination of the Issue Price and for the further analyses carried out for its fairness, taking into account the characteristics of the issue of the Notes and of the fact that an updated Safilo Group business plan is not available to develop analytical independent valuation, is overall reasonable and non-arbitrary.

The aspects discussed above have been taken into due consideration for the issuance of this fairness opinion.

10. SPECIFIC LIMITATIONS, VALUATION ISSUES AND OTHER SIGNIFICANT ASPECTS ENCOUNTERED BY THE AUDITORS IN CARRYING OUT THE ASSIGNMENT

i) With regard to the difficulties and limitations encountered in the performance of our assignment, we note the following:

- valuations based on methods that use market variables and parameters, such as the method of market prices, are subject to the performance of financial markets themselves. The performance of financial and share markets, both Italian and international, showed a tendency to significant fluctuations in the course of time, especially in relation to the uncertainty of the overall economic scenario. Speculative pressures in one sense or another may also influence the performance of the shares, completely unrelated to the economic and financial prospects of individual companies. The application of the method of market prices, being the method selected by the Directors, may therefore identify even significantly different values, depending on the time in which the assessment is carried out;
- the absence on an updated business plan on which analytical valuation could have been based, prevented detailed analyses and sensitivities on the fundamental value of the Safilo share, which could also represent a control method on the valuation determined on the basis of market or analysts' *consensus* methods;
- the target prices method, which the Directors used, together with the method of market prices, may, in principle, provide purely an indication, for the reasons already described in preceding paragraph 9.

ii) Reference is also made to the following matters:

- The Terms and Conditions provide that, if the general Shareholders' Meeting of the Company authorizes Bond convertibility and approves, as a result, the Capital Increase for the conversion, which is the subject of this fairness opinion, the Company shall issue a *Physical Settlement Notice* to the bondholders, as a result of which the latter shall be awarded from the *Physical Settlement Date*, with the right to request conversion of the Bonds into the Company's newly issued shares deriving from the mentioned Capital Increase, to be exercised in the time frame specified in the Terms and Conditions of the Notes and on the basis of the conversion ratio defined in the same document without prejudice to the Company's right to also deliver treasury shares instead or to satisfy the conversion requests in cash, paying the *Cash Alternative Amount*. In this regard it should be noted that, as reported by the Company to the market on 15 May 2014, the shareholder Multibrands Italy B.V., which globally holds 41.8% of Company's shares, represented to Safilo its intention to express a vote in favour of the Capital Increase at the meeting and not to underwrite any bond;

- the Terms and Conditions provides furthermore that the Company shall be entitled to settle any conversion by payment in cash of an amount equal to the *Cash Alternative Amount* (that is the amount equivalent to the shares market value that the bondholder would have had right to in the event of conversion pursuant to the Terms and Conditions of the Notes) with regard to all or part – at the Company's discretion – of the shares entitled to the bondholder due to the exercise of the conversion right;

- in their Report, the Directors report that the conversion price equal to Euro 21.8623 may be subject to any adjustment in accordance with market practice in force for this type of debt instrument, upon the occurrence, among other things, of the following events: grouping or fractioning of outstanding ordinary shares; issue of ordinary shares free of charge; distribution of dividends in cash or in kind to the ordinary shares; attribution to ordinary shareholders of rights or options which entitle to the right to underwrite ordinary shares at a price lower than the market price when those rights are not offered to the bondholders; issue of ordinary shares for an amount lower than the market price in favour of ordinary shareholders when those shares are not offered to the bondholders; issue of financial instruments convertible into ordinary shares in favour of ordinary shareholders when those instruments are not offered to the bondholders; issue of financial instruments convertible into ordinary shares, with the exclusion of pre-emption right at a value lower than the market value; amendments to financial instruments already issued which entitle to the conversion into ordinary shares such to allow the acquisition of ordinary shares at a price lower than the market price;

- our engagement does not include any consideration about the determinations of the Directors regarding the structure of the Transaction in the context of the objectives of the Company, related fulfilments, the timing of initiation and execution of the Transaction;

- the Report does not include any restrictions on time availability for the newly-issued shares and therefore the Bondholders will be fully entitled, following the delivery by the Company of the new shares, of trading such shares on the market.

11. CONCLUSIONS

Based on the documentation examined and the procedures set forth above, and considering the nature and scope of our work, as reported in this fairness opinion, subject to the matters described in paragraph 10, we believe that the methodological approach adopted by the Directors is appropriate, as reasonable and non-arbitrary in the circumstances, and that the valuation methods have been properly applied for the determination of the Issue Price of Euro 21.8623 for each new share of Safilo Group S.p.A. as part of the Capital Increase excluding Shareholder pre-emption rights for the conversion of the Notes.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
June 16, 2014

This report has been translated into the English language solely for the convenience of international readers.