



***A strong partnership for the future***

***Q3 and 9M 2010 Results***

## *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.



# Agenda

- ✓ Introduction
- ✓ New brand and product initiatives
- ✓ Q3 and 9M 2010 Results

# *Introduction*

## *Another encouraging set of results in Q3 2010*

### What we achieved

- **Top line growth and better profitability**
- **Free Cash Flow generation**
- **Improved Financial leverage (2.8x)**
- **Strategic renewal of the Dior license agreement**



# *New brand and product initiatives*

# Enhancing our brands and product portfolio

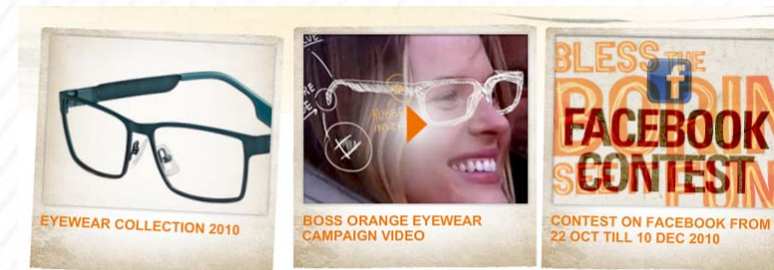
TOMMY  HILFIGER



- Launch project**
- Exclusive launch preview presentation of the collection to WWD
  - Dedicated press launch of the TH 1985 style for Tommy Hilfiger's 25<sup>th</sup> Anniversary



- Launch project**
- Chain activities Grand Optical & Vision Express
  - Website [www.blesstheboring.com](http://www.blesstheboring.com)
  - Facebook Contest October to December 2010





## *Q3 and 9M 2010 Results*



## Q3 2010 overview

①

### Market environment

- **Improved** results in **Europe**
- Further **progresses** in **US**, both in sunglasses and prescription frames
- **Solid performance** of **Asian markets**, led by **greater China**

②

### Business drivers

- **Volumes** growth and easing **price/mix pressures** in all product categories
- **Good** performance of **luxury and priority brands**
- **Strong** growth of **Carrera** in Europe

③

### Profitability

- **Better utilization of production capacity** in all plants
- **Higher operating leverage**
- Smaller and **more profitable retail business**, with **good comps sales**

④

### Financial Leverage

- Improved **profitability**
- Better **Working Capital** management
- Focus on **core business investments**

# Financial Highlights

in millions of Euro and % of net sales

	Q3 2010	Q3 2009	% Change	at constant currency and perimeter		9M 2010	9M 2009	% Change	at constant currency and perimeter
Net sales	237.9 100.0%	212.6 100.0%	+11.9%	+7.6%		818.2 100.0%	774.7 100.0%	+5.6%	+5.4%
Gross profit	136.2 57.3%	115.2 54.2%	+18.2%			482.7 59.0%	446.4 57.6%	+8.1%	
EBITDA	17.7 7.5%	3.5 1.6%	n.m.			82.5 10.1%	55.0** 7.1%	+50.1%	
Operating result	7.7 3.2%	(7.6)* -3.6%	n.m.			52.4 6.4%	21.7*** 2.8%	n.m.	
Group net result	(0.4) -0.2%	(22.1)* -10.4%	n.m.			(3.6) -0.4%	(30.0)*** -3.9%	n.m.	
Net financial position						262.7	586.3	-55.2%	

Sales of the disposed retail chains in Spain and Australia accounted for Euro 9.4 million in Q3 2009 and 27.9 million in 9M 2009.

\*adjusted for the write down of assets for Euro 28 million in view of the sale of retail companies;

\*\*adjusted for the provision of Euro 7.4 million for non-recurring costs related to the industrial reorganisation plan (recorded in Q2 2009);

\*\*\*adjusted for the provision of Euro 7.4 million, the goodwill write down of Euro 120.7 million (recorded in Q2 2009) and the write down of assets for Euro 28 million in view of the sale of retail companies (recorded in Q3 2009).



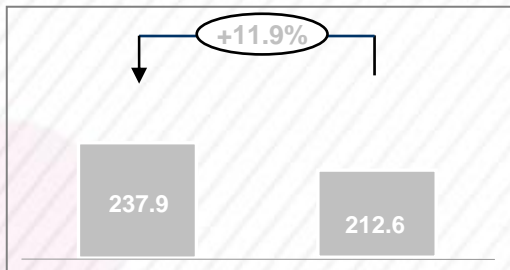
# Sales performance

Q3 2010

Q3 2009

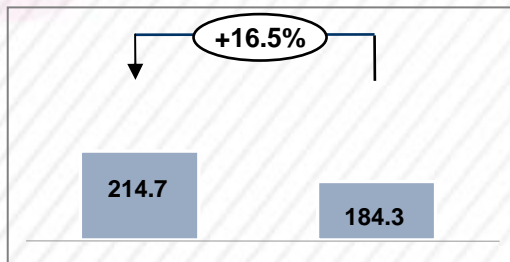
(in millions of Euro and % change)

## Total Sales



+7.6%:

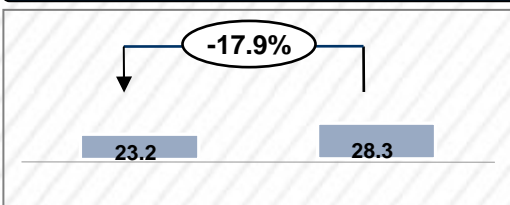
## Wholesale Sales



+7.5%

- Volume growth and improving mix, with high-end brands more in favour
- Carrera up 31% thanks to expansion program
- Tommy Hilfiger and Boss Orange launch

## Retail Sales



+9.5%

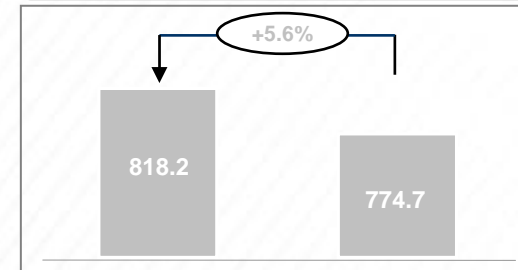
- Solstice comp sales up 12.4% thanks to good sun business in the US

9M 2010

9M 2009

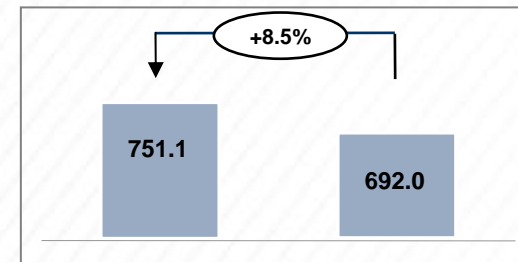
(in millions of Euro and % change)

## Total Sales



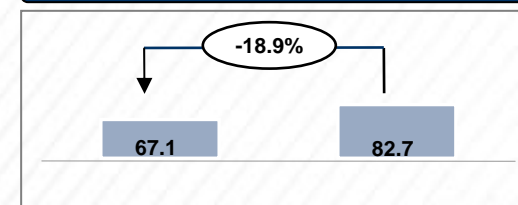
+5.4%:

## Wholesale Sales



+4.6%

## Retail Sales



+15.8%



# Sales drivers

Q3 2010  
% Change

at constant  
currency and  
Perimeter\*

9M 2010  
% Change

at constant  
currency and  
Perimeter\*

## by region:

• Europe	+5.7%	+11.0%	- Better momentum in all the main channels and brands; - France and Spain best performers; - Italy flattish also due to channel clean-up; Greece -52%.	-1.1%	+2.3%
• America	+21.7%	+8.1%	- US market strong in dept stores and sun business; - 3Os channel recovering some growth; - Smith sport business growing fast.	+12.4%	+6.3%
• Asia	+29.7%	+11.9%	- Greater China markets solid, growing double digits; - Duty free business strong; - Japan mitigating decline .	+23.1%	+16.3%

## by product:

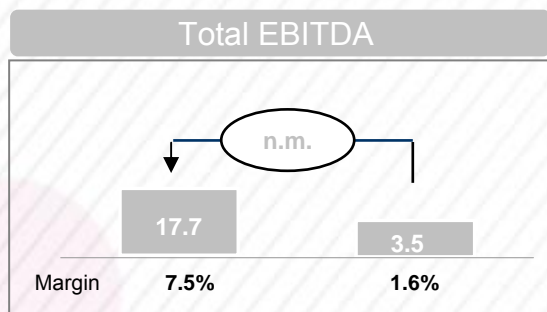
• Sunglasses	+19.3%	- Volumes and better mix across all important collections	+8.8%
• Prescription	+7.6%	- Improved price/mix effect	+2.0%
• Sport products & other	+2.2%	- Solid preseason sport business	+2.0%

# EBITDA performance

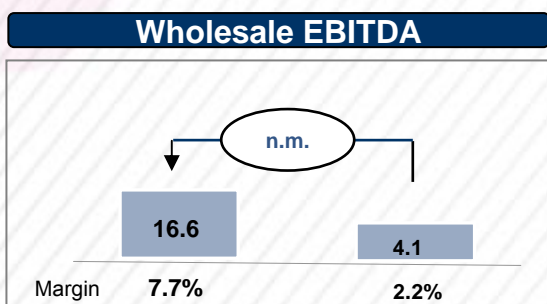
Q3 2010

Q3 2009

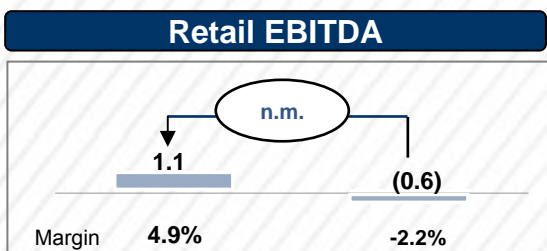
(in millions of Euro)



**+590 bps  
driven by:**



- Gross margin improvement thanks to better capacity utilization
- Higher operating leverage

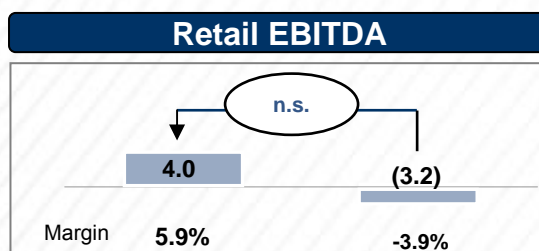
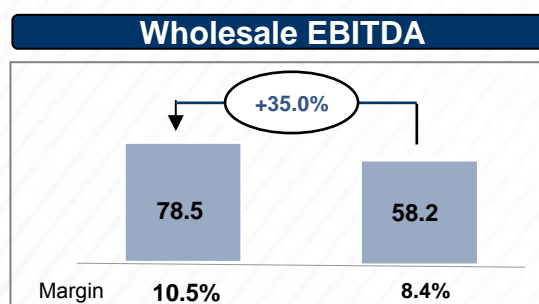
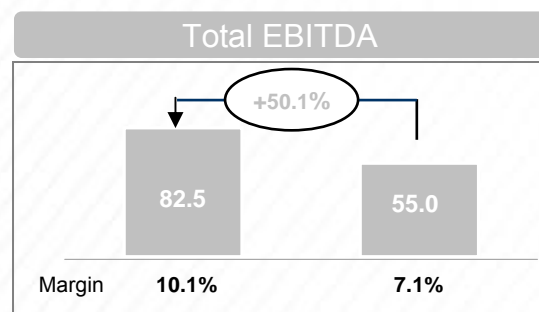


- Smaller and more efficient retail structure

9M 2010

9M 2009

(in millions of Euro)



# Net Result

in millions of Euro and % on net sales

## Group Net Result

Q3 2010

Q3 2009

**(0.4)**  
-0.2%

**(22.1)**  
-10.4%

9M 2010

9M 2009

**(3.6)**  
-0.4%

**(30.0)**  
-3.9%

## Below the operating line:

### • Exchange rate differences:

**7.4**  
3.1%

**2.2**  
1.0%

### • Interest expenses:

**(6.1)**  
-2.6%

**(10.1)**  
-4.8%

### • Income taxes:

**(6.5)**  
-2.7%

**(5.0)**  
-2.3%

• **Positive forex impact in Q3 2010** due to USD devaluation

• **Lower interest expenses** thanks to lower debt

• **High income taxes** due to prudent policy not to accrue deferred tax assets

**(2.4)**  
-0.3%

**5.7**  
0.7%

**(20.7)**  
-2.5%

**(31.5)**  
-4.1%

**(23.5)**  
-2.9%

**(18.3)**  
-2.4%



# Free Cash Flow

in millions of Euro

	9M 2010	Q3 2010	9M 2009	Q3 2009
<b>Free cash flow</b>	<b>64.5</b>	<b>12.6</b>	<b>(12.3)</b>	<b>6.3</b>

## key drivers:

### Cash flow from operating activities

- net profit and other changes
- change in working capital

### Cash flow from investing activities

### Net financial position as at 30 Sept 2010

Δ vs 1H 2010 position of 269.4

Δ vs FY 2009 position of 588.0

**83.2**

34.2

49.0

**(18.7)**

**262.7**

-6.7

-325.3

**20.7**

14.1

6.6

**(8.1)**

**16.0**

9.4

6.6

**(28.3)**

**15.1**

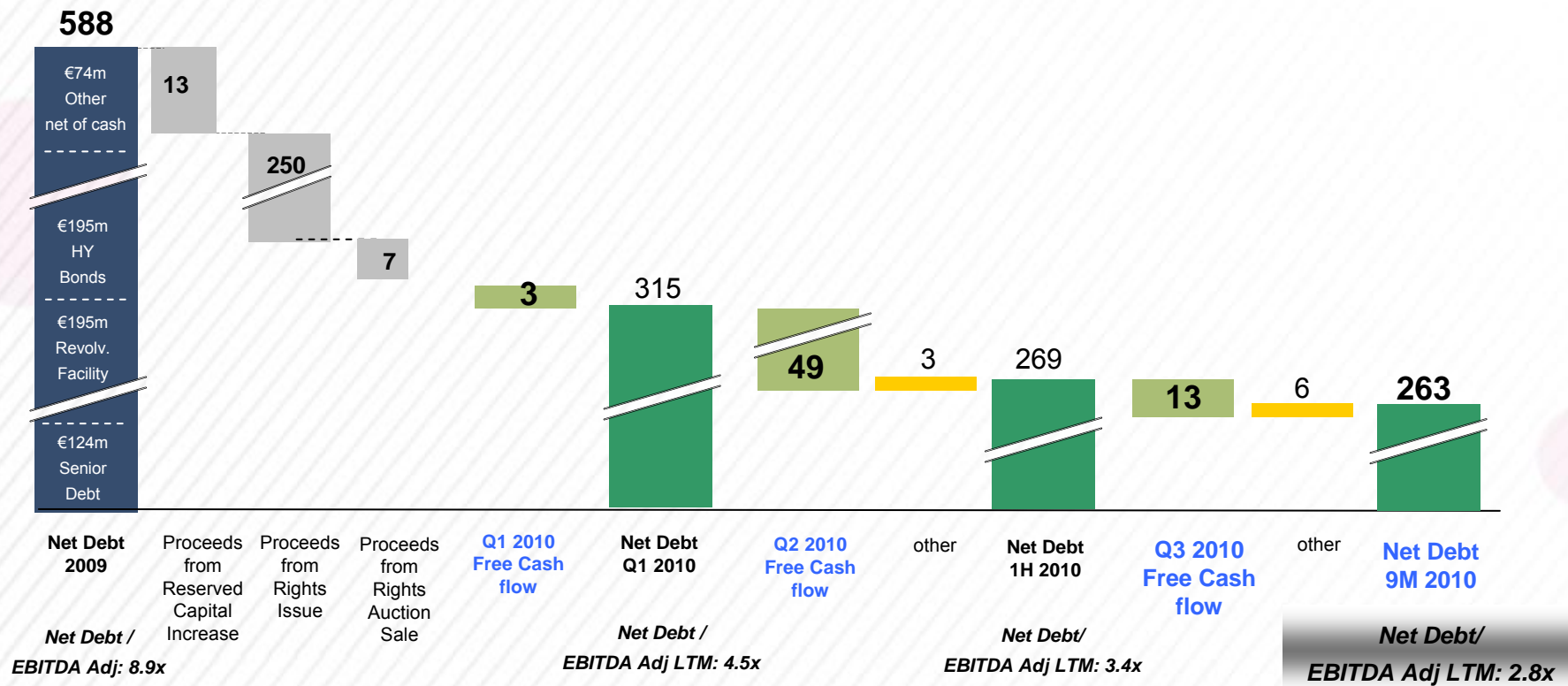
(4.7)

19.8

**(8.8)**

# Net Financial Position

in millions of Euro



Note: EBITDA Adjusted

# Partnerships

Strong focus on an ever more efficient brands portfolio

Sept. 28, 2010: Worldwide licensing agreement with Dior  
renewed until the end of 2017

Dior

July 21, 2010: Worldwide licensing agreement with Diesel  
not renewed at expiration (end of 2010)



May 26, 2010: Worldwide licensing agreement with Juicy Couture  
renewed until the end of 2013



April 27, 2010: Global licensing agreement with Marc Jacobs  
and Marc by Marc Jacobs  
extended until the end of 2015

MARC JACOBS  
MARC BY MARC JACOBS



# Q&A

# *Appendices*

# Consolidated P&L

	Q3 2010	Q3 2009	% Change	9M 2010	9M 2009	% Change
Net sales	237.9	212.6	+11.9%	818.2	774.7	+5.6%
Gross profit	136.2	115.2	+18.2%	482.7	446.4	+8.1%
%	57.3%	54.2%		59.0%	57.6%	
EBITDA	17.7	3.5	n.m.	82.5	47.5	+73.5%
%	7.5%	1.6%		10.1%	6.1%	
<i>EBITDA from ordinary activities</i>	17.7	3.5	n.m.	82.5	55.0 **	+50.1%
%	7.5%	1.6%		10.1%	7.1%	
Operating profit/(loss)	7.7	(35.6)	n.m.	52.4	(134.5)	n.m.
%	3.2%	-16.8%		6.4%	-17.4%	
<i>Operating profit/(loss) from ordinary activities</i>	7.7	(7.6)*	n.m.	52.4	21.7 ***	n.m.
%	3.2%	-3.6%		6.4%	2.8%	
Net profit/(loss)	(0.4)	(50.1)	n.m.	(3.6)	(186.2)	n.m.
%	-0.2%	-23.6%		-0.4%	-24.0%	
<i>Net profit/(loss) from ordinary activities</i>	(0.4)	(22.1)*	n.m.	(3.6)	(30.0)***	n.m.
%	-0.2%	-10.4%		-0.4%	-3.9%	

\*adjusted for the write down of assets for Euro 28 million in view of the sale of retail companies;

\*\*adjusted for the provision of Euro 7.4 million for non-recurring costs related to the industrial reorganisation plan (recorded in Q2 2009);.

\*\*\*adjusted for the provision of Euro 7.4 million, the goodwill write down of Euro 120.7 million (recorded in Q2 2009) and the write down of assets for Euro 28 million in view of the sale of retail companies (recorded in Q3 2009).



# Sales breakdown

in millions of Euro

	Q3 2010	Q3 2009	% Change	9M 2010	9M 2009	% Change
<b>Total sales</b>	<b>237.9</b> 100.0%	<b>212.6</b> 100.0%	<b>+11.9%</b>	<b>818.2</b> 100.0%	<b>774.7</b> 100.0%	<b>+5.6%</b>
<i>by region</i>						
• Europe	85.5 36.0%	81.0 38.1%	+5.7%	334.2 40.9%	337.9 43.6%	-1.1%
• America	116.9 49.1%	96.1 45.2%	+21.7%	351.2 42.9%	312.3 40.3%	+12.4%
• Asia	31.8 13.4%	24.5 11.5%	+29.7%	120.9 14.8%	98.2 12.7%	+23.1%
• Rest of the world	3.7 1.5%	11.0 5.2%	-67.5%	11.9 1.4%	26.3 3.4%	-55.0%
<i>by product</i>						
• Sunglasses	107.3 45.1%	89.9 42.3%	+19.3%	447.1 54.6%	410.8 57.1%	+8.8%
• Prescription frames	103.0 43.3%	95.7 45.0%	+7.6%	316.3 38.7%	310.2 38.1%	+2.0%
• Sport products	24.4 10.2%	19.4 9.1%	+25.6%	45.6 5.6%	36.7 3.1%	+24.1%
• Other	3.2 1.4%	7.6 3.6%	-57.6%	9.2 1.1%	17.0 1.7%	-45.7%

# Consolidated balance sheet

in millions of Euro

	9M 2010	2009	Change	9M 2009
Net working capital	282.7	327.1	-44.4	342.6
Net assets held for sale	7.9		+7.9	
Tang.-intang. fixed assets	758.4	745.1	+13.3	921.1
Financial fixed assets	12.8	12.0	+0.8	12.4
Other assets/(liabilities)	(53.8)	(50.2)	-3.6	(86.8)
<b>Net capital employed</b>	<b>1,007.9</b>	<b>1,034.0</b>	<b>-26.1</b>	<b>1,189.3</b>
Net financial position	262.7	588.0	-325.3	586.3
Minority interest	10.4	7.6	+2.8	8.3
Shareholders' equity	734.8	438.4	+296.4	594.7

# Net working capital

*in millions of Euro*

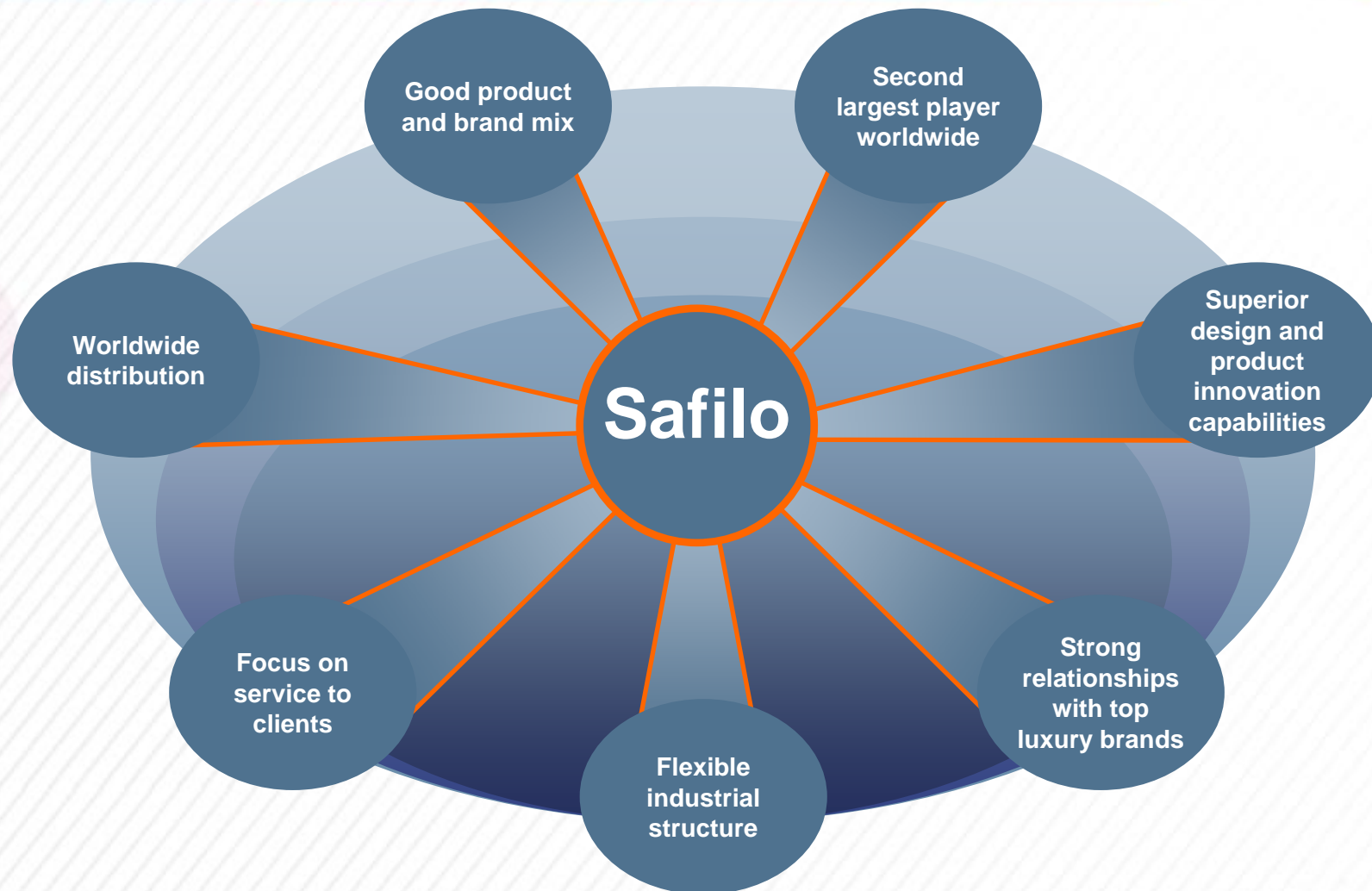
	9M 2010	2009	Change	9M 2009	Change
<b>Net working capital</b>	<b>282.7</b>	<b>327.1</b>	<b>-44.4</b>	<b>342.6</b>	<b>-59.9</b>
Trade receivables	249.7	268.8	-19.1	261.5	-11.8
Inventories	199.6	208.4	-8.8	221.9	-22.3
Trade payables	(166.6)	(150.1)	-16.5	(140.8)	-25.8



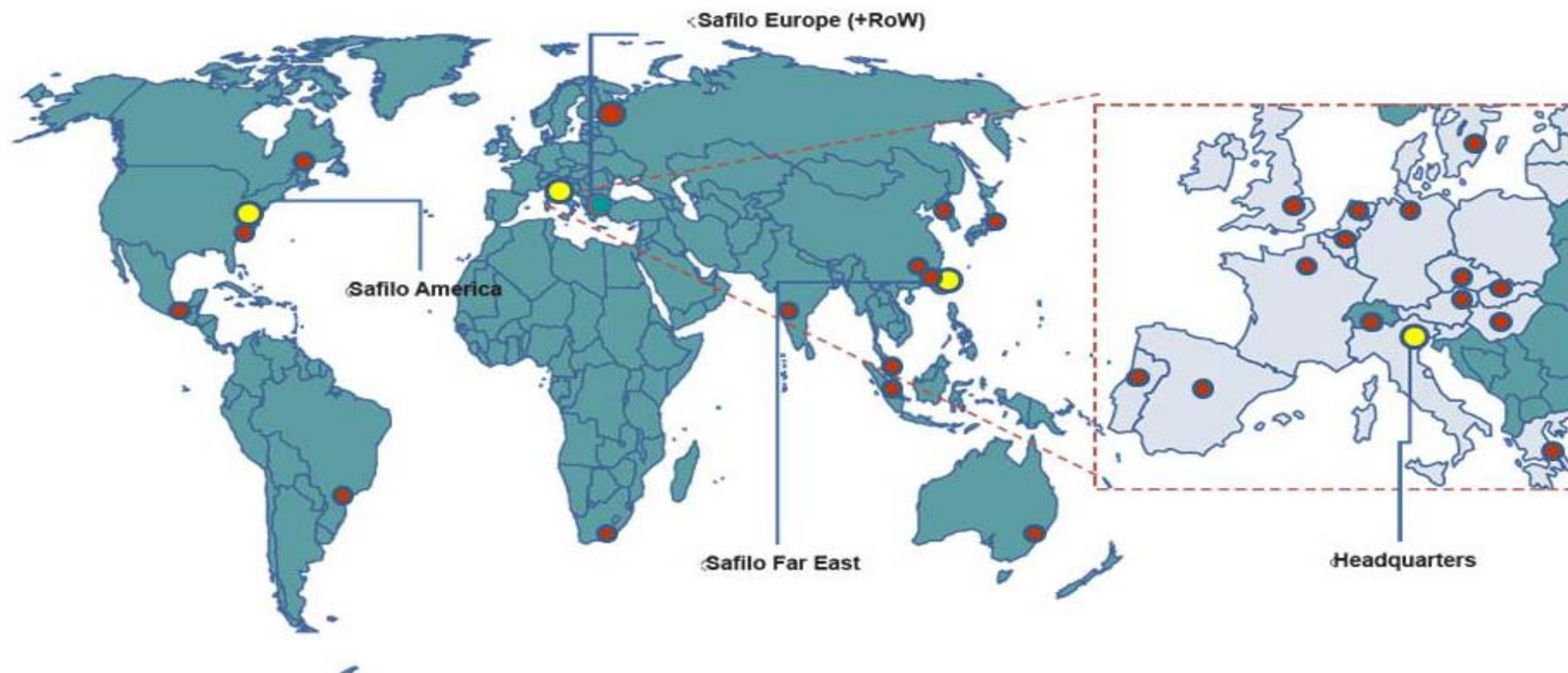


## *Safilo at a glance*

## *Safilo today...*



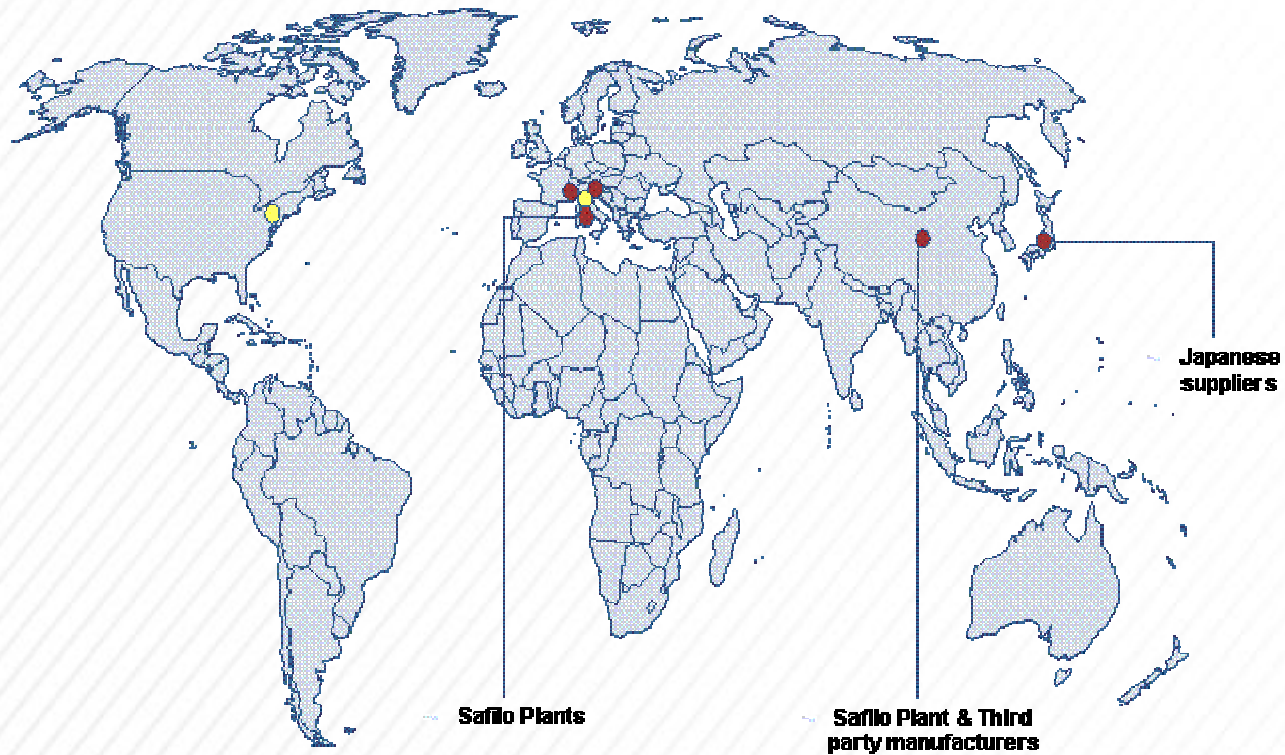
# Worldwide Presence



**32 SUBSIDIARIES REACHING 80.000 RETAILERS IN 130 COUNTRIES**



# Production & Operations



- Manufacturing facilities
- Distribution centers



# Brands Portfolio

## House brands

Safilo

OXYDO

Blue Bay  
for dreamers only

CARRERA  
RACING SUNGLASSES SINCE 1956

SMITH OPTICS

## Licensed brands

ALEXANDER  
MQUEEN

A|X  
ARMANI EXCHANGE

BALENCIAGA

BANANA REPUBLIC

BOTTEGA VENETA

DIESEL



Dior

EMPORIO ARMANI



GIORGIO ARMANI

GUCCI

BOSS  
HUGO BOSS

HUGO  
HUGO BOSS

JIMMY CHOO



kate spade  
NEW YORK

liz claiborne

MARC JACOBS

MARC BY MARC JACOBS

MaxMara  
SERIALI

MAX&Co.

NINE WEST

pierre cardin  
PARIS

SAKS  
FIFTH  
AVENUE

TOMMY HILFIGER

VALENTINO

YVES SAINT LAURENT

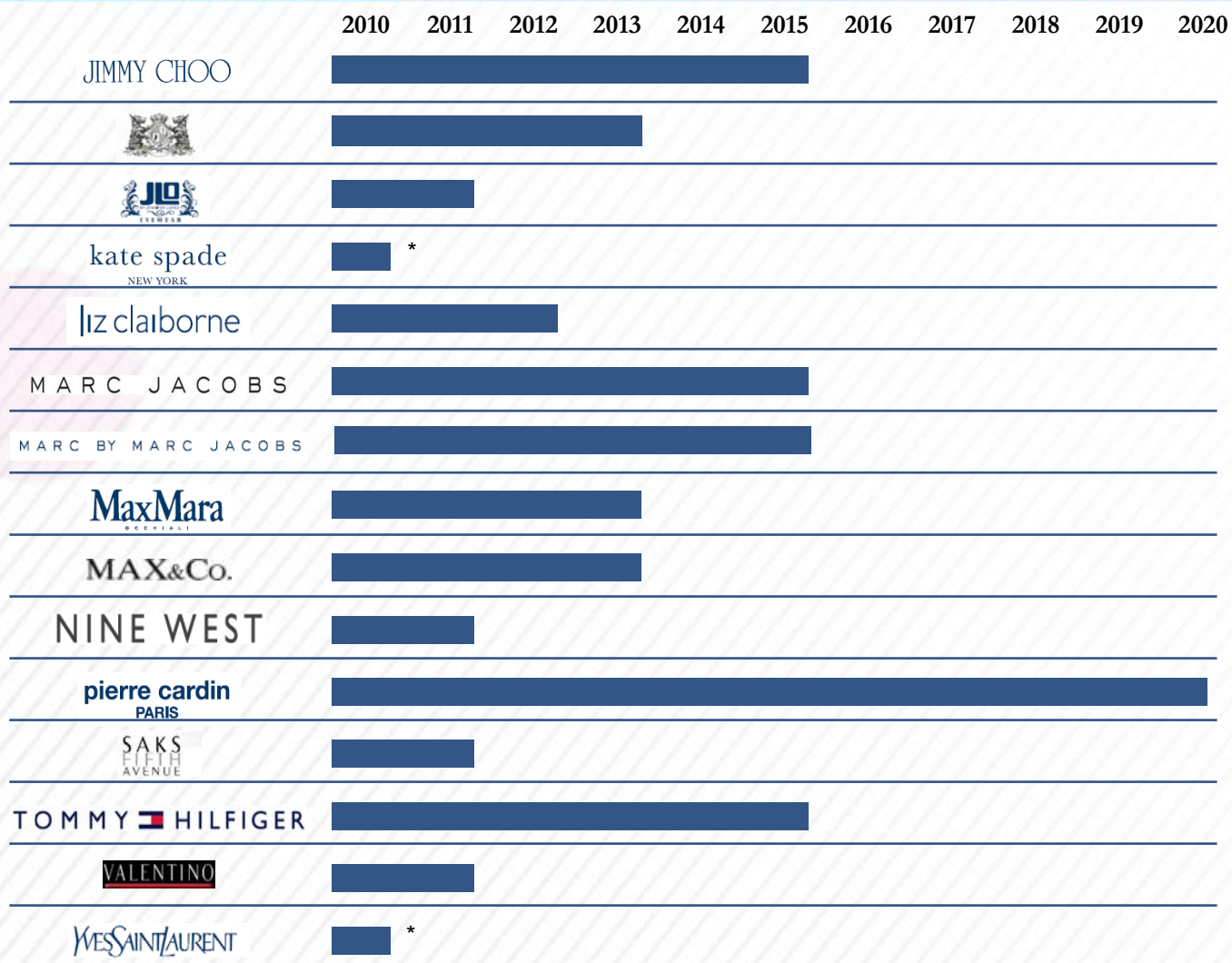
# Licensed brands

Brand	Expiry Date										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ALEXANDER MCQUEEN											
AX ARACAKARANCI											
BALENCIAGA											
BANANA REPUBLIC											
BOSS											
BOTTEGA VENETA											
DIESEL											
55											
Dior											
EMPORIO ARMANI											
FOSSIL											
GIORGIO ARMANI											
GUCCI											
HUGO HUGO BOSS											

\* Under discussion



# Licensed brands



\* Under discussion