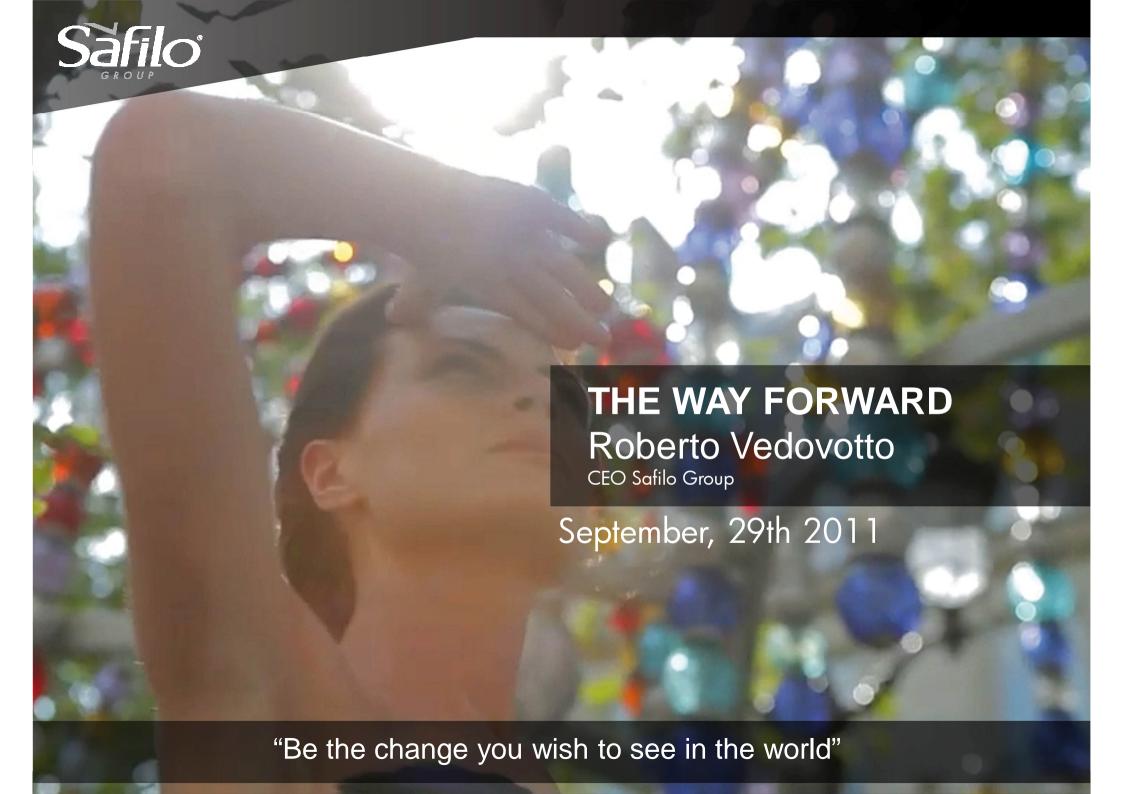


This presentation may contain forward looking statements based on current expectations and projects of the Group in relation to future events. Due to their specific nature, these statements are subject to inherent risks and uncertainties, as they depend on certain circumstances and facts, most of which 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.





- Share 'Where we are'
- Introduce the new **Organizational Framework** and the new **Senior Management Team**
- Offer our insight on some key **Facts and Trends** of the Eyewear industry
- Introduce the Safilo Group **Strategic Plan 2011-2015**



Roberto Vedovotto

Luca Fuso

Roberto Vedovotto

Mario Pietribiasi

Ross Brownlee

Matteo Gaeta

Coffee break

Maurizio Roman

Vincenzo Giannelli Roberto Vedovotto

Q&A

The Way Forward

**Licensed Brands** Business Area

**House Brands** Business Area

**EMEA** Business Region

**Americas** Business Region

Far East Business Region

Global Supply Chain,

Logistic & Production Operations

**Financial Highlights** 

**Closing remarks** 



**2009: IN THE NEWS** 

Milano Finanza, February 13th 2009

## Companies

Safilo drops, 2008 in the red Reorganization. According to the agency the default risk is closer without buyers

## S&P fails Safilo: CC rating

Milano Finanza, July 08th 2009

Fashion in the Stock Exchange

### Safilo, ultimatum from banks for the Tabacchi family

The institutions have allowed an extension of only six months for the reimbursement of the installment and above all in compliance with the covenants. But they push to close quickly with the funds

II Sole 24 Ore, June 26th 2009

#### THE NEGOTIATIONS

Bain Capital in pole position Pai also in the running: less dramatic funding solution for the Tabacchi family.

Safilo, debts exceed 600 million

First quarter 2009, turnover and Ebitda drop

II Sole 24 Ore, August 05th 2009

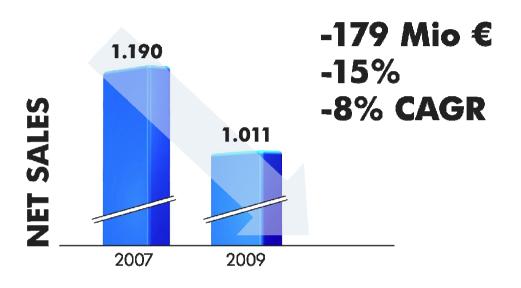
Corriere della Sera, May 07th 2009

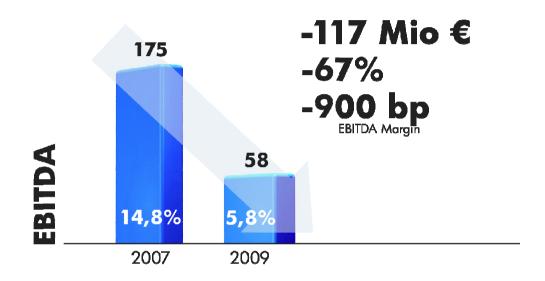
After Bain says no, the company is on the hunt for a white knight in the field

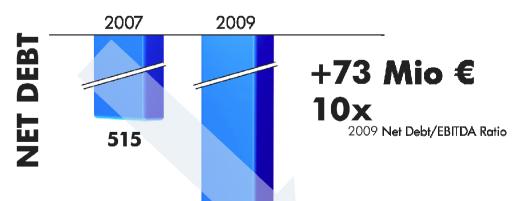
Safilo seeks an industrial partner



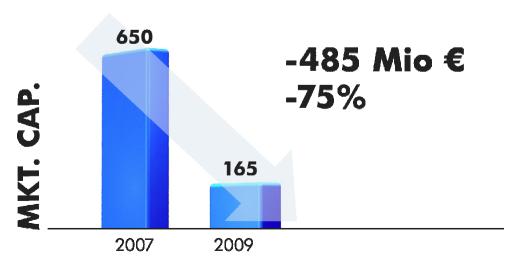
## 2007 - 2009: KEY BUSINESS PERFORMANCES

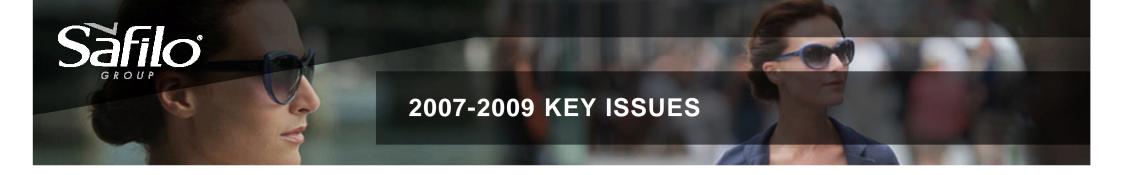






588





- Management structure
- Service to Customers
- Brands and Products under pressure
- Relationship with licensors



## THE 'EMERGENCY ROOM': IN THE NEWS

Corriere della Sera, August 03rd 2010

Following the arrival of the Dutch HAL

Safilo turnaround reduces the losses

Il Sole 24 Ore. December 16th 2009

Luxury. The assembly approved the recapitalization - The Tabacchi family at 10%

The start of the new Safilo Hal injects new capital

II Sole 24 Ore, August 13rd 2010

Industry. During the semester margins and sales recover - The role of the new partner HAL

# Safilo overcomes the crisis and focuses on emerging markets

The objective is to give value to own brands, above all Carrera

Milano Finanza, February 08th 2011

Standard & Poor's promotes Safilo

II Sole 24 Ore, March 17th 2011

II Sole 24 Ore, January 18th 2011

Luxury. Positive feedback on the stock ignites the interest of Piazza Affari

Safilo accelerates the turnaround phase

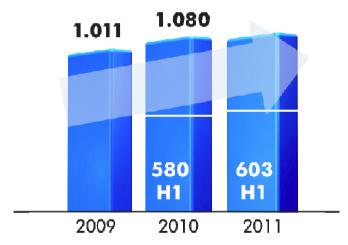
Eyewear. In 2010 positive net results for 0.7 million

Asia and Usa push Safilo The group returns to profit



## 2009 - 2011: KEY BUSINESS PERFORMANCES

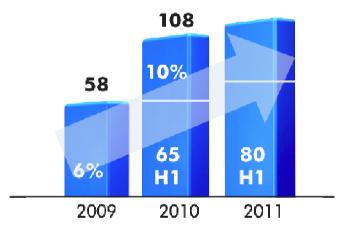
## **NET SALES\***



+7% 2010 vs. 2009

**+4%**2011H1 vs. 2010H1

## **EBITDA**



+86% 2010 vs. 2009

+400 bp 2010 vs. 2009 EBITDA Margin

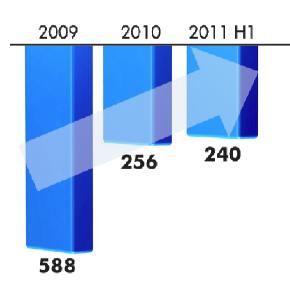
+24% 2011H1 vs. 2010H<sup>-</sup>

## **NET DEBT**

-332 Mio €

2.4x
2010 Net Debt/EBITDA Ratio

-16 Mio €





## **2011 KEY ACHIEVEMENTS**



#### **CORPORATE GOVERNANCE**

New Board of Directors with a strategic advisory role from independent members

#### NEW ORGANIZATIONAL FRAMEWORK AND SENIOR MANAGEMENT TEAM

New Organization to guarantee alignment and consistency to business requirements (i.e. Brand Divisions, Business Regions, Corporate Services)



#### **CARRERA MASTERBRAND GROWTH**

Global Empowerment to the Carrera platform



2010 vs. 2008 Net Sales

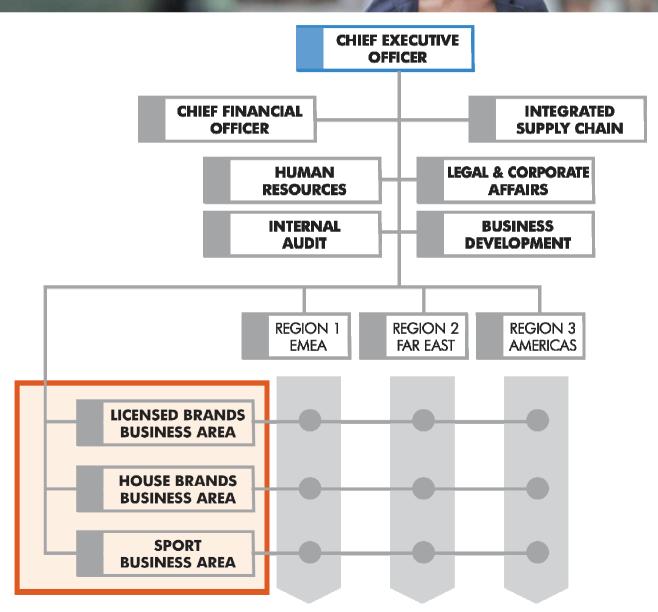
# MOUEEN TOMMY = HILFIGER Dior

### LICENSES RENEWAL

Strengthened our leadership in high end segment through extended or new agreements



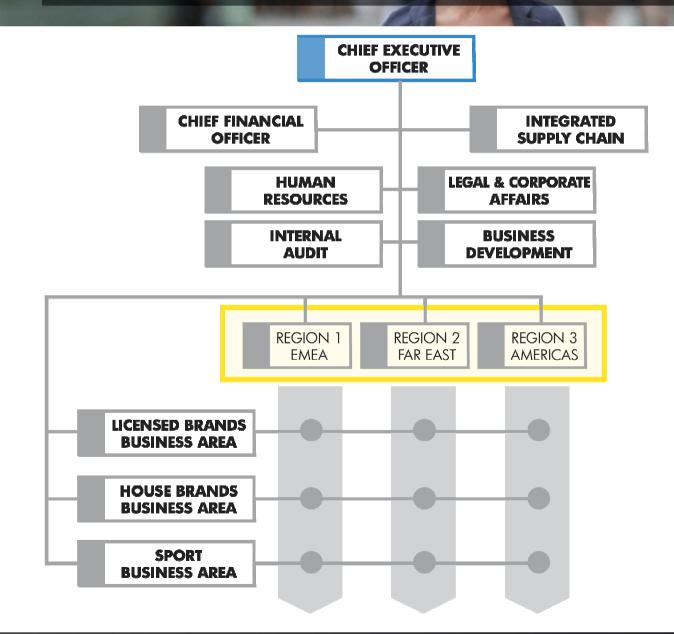
## **KEY ACHIEVEMENTS: ORGANIZATION FRAMEWORK**



what



## **KEY ACHIEVEMENTS: ORGANIZATION FRAMEWORK**

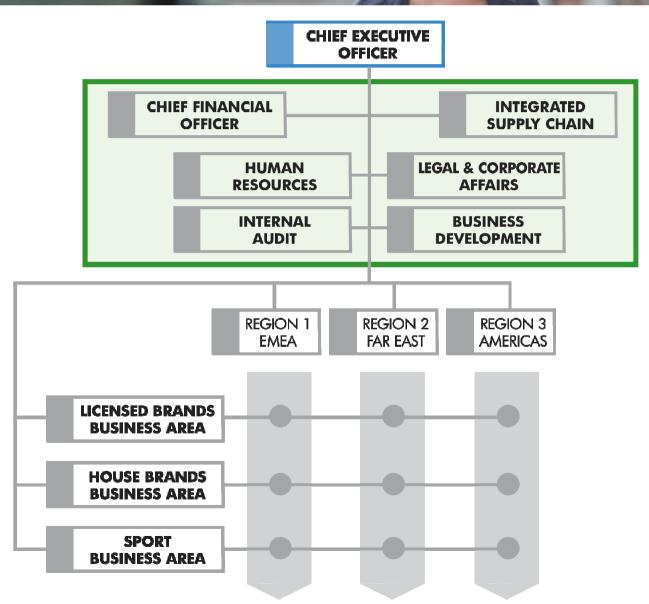


where



## **KEY ACHIEVEMENTS: ORGANIZATION FRAMEWORK**







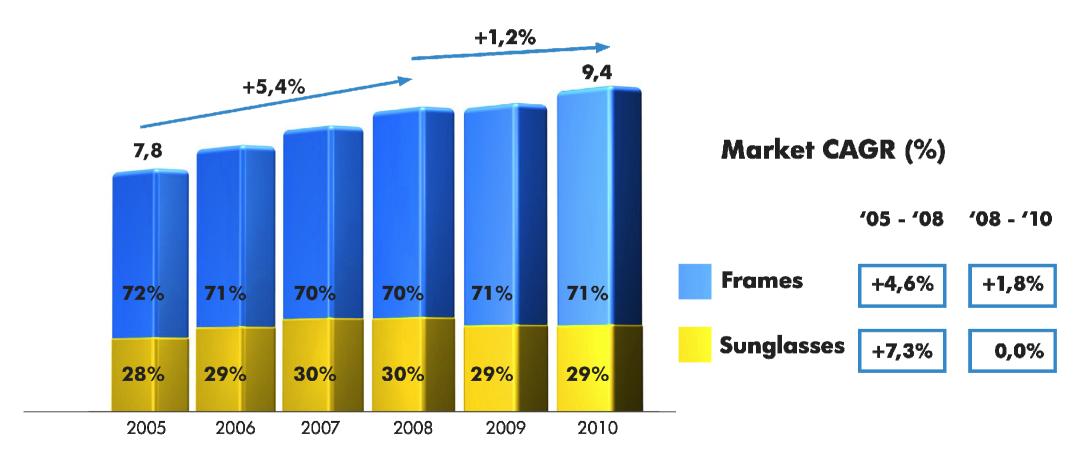
- Brand Portfolio
- European Market Scenario
- Management of Complexity





## **LOOKING BEHIND - VALUE TREND 2005 - 2010**

### Frames and Sunglasses Wholesale Market Size and Trend (Bln €)



Note: Data referred to Italy, France, Germany, UK, Spain, US, Brazil, China, India, Australia, Japan. Source: Internal elaboration based on Euromonitor International data.



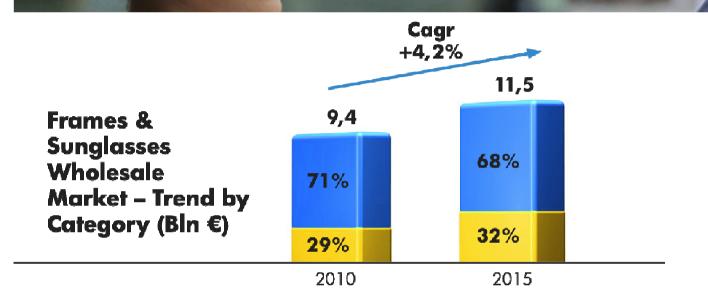
## GLOBAL EYEWEAR MARKET EXPECTED MEGATRENDS 2020

- Eye Diseases in Mature Market
- N° of Eye Medical Visits in Emerging Markets

- Solar Forcing at global level (polarization and RX-Lenses)
- Frames & Sunglasses ranked among "coolest" fashion accessories



## **LOOKING FORWARD - MARKET FORECAST 2015**





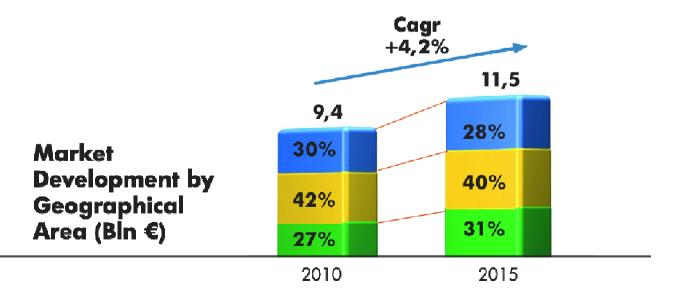


+3,3%



+6,1%

Source: Internal elaboration based on Euromonitor International data.



## Market CAGR (%) 2010 - 2015

Europe

+2,6%

N. America

+3,3%

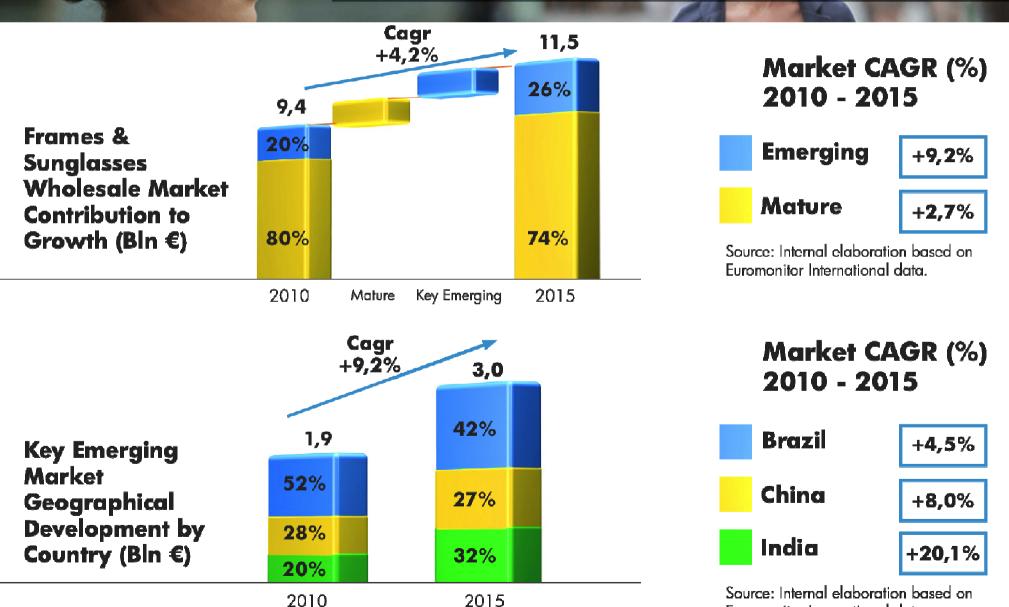
Asia

+7,0%

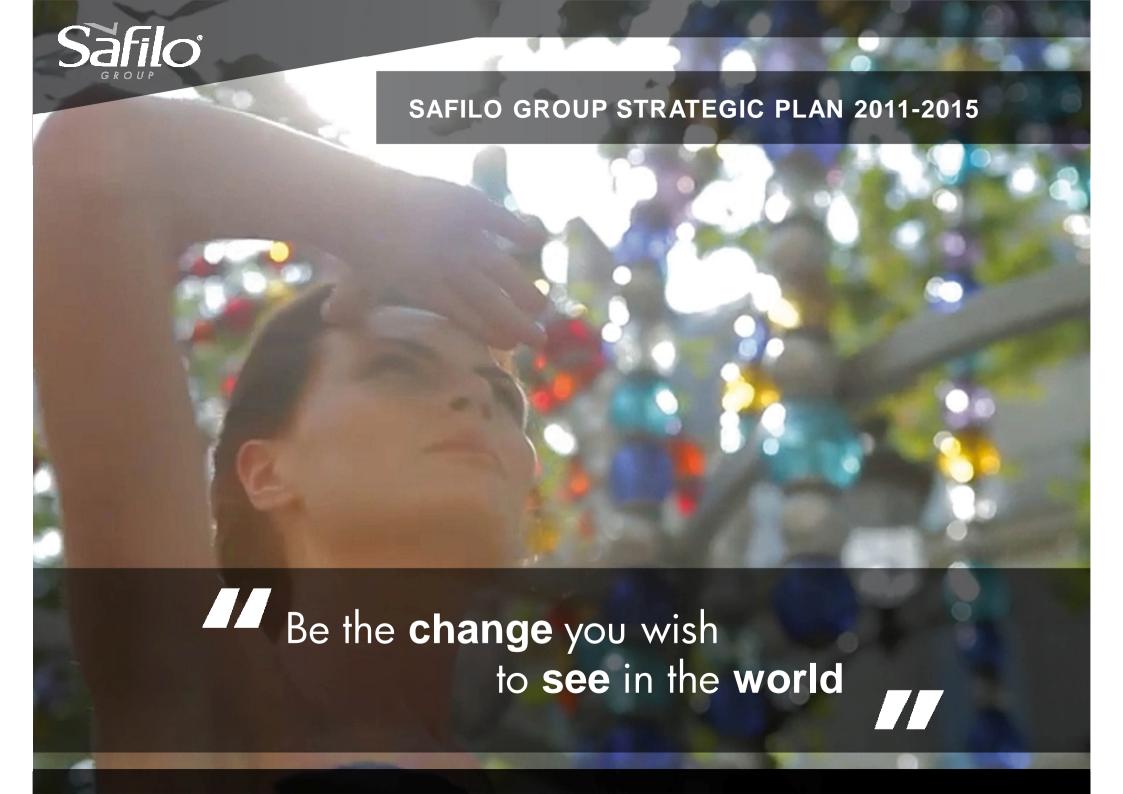
Source: Internal elaboration based on Euromonitor International data.



## **FOCUS ON KEY EMERGING MARKETS**



Euromanitor International data. 20









## **OUR VISION: ENABLERS**

- We will achieve this Vision with a balanced portfolio of Superior Brands, loved by customers, retailers and licensors, and superior geographical coverage capabilities.
- Own Brands and Developing & Emerging markets will represent an over-proportional source of growth.
- Reduced complexity and improved Service to retailers are the areas where we need to focus immediately to be best in class.



## **6 KEY STRATEGIC PILLARS**

- Outstanding Brand Portfolio Management
- Global Market Development & Regional Coordination
- Preferred Partner for Top International and Local Retailers
- Efficient Manufacturing Footprint and leading edge Service Level
- Complexity Reduction in all areas of our business model
- Excellence in People and Organization



## **BRAND PORTFOLIO ASSUMPTIONS**

#### **EXTERNAL GROWTH NOT INCLUDED**

A number of possible 'Upside Projects' (Acquisitions, New Licensing Agreements) are today under serious consideration but given the uncertainty of the outcome they are out of the plan

#### **ORGANIC PLAN**

Full development of current key brands portfolio including the renewal of the Armani eyewear license agreement



## **FINANCIAL GOALS 2015**

outperform the market

SALES GROWTH

+30%

Net Sales growth 2015 vs. 2010

profitability

EBITDA~15%

cash generation

balanced and sustainable capital structure





# LICENSED BRANDS MARKET SEGMENTATION

#### **MATURE**

Mid tier market, delivers a bread & butter promise within a second-tier griffe's choice **PREMIUM LUXURY HIGH END SPECIALIST MATURE DIFFUSION VALUE FOR MONEY/SPORTY** SMART BUY

**FUNCTIONAL** 

### **HIGH END & LUXURY**

High tier market, delivers a fashion promise, for young adults and adult people, loyal to griffe concept rather than to brands

## VALUE FOR MONEY/ SPORTY/SPECIALIST

- Entry-mid tier market, delivers a functional or lifestyle promise
- High-end market delivering a solid product promise mostly addressed to men

### **DIFFUSION**

Entry-mid tier market, delivers a fashion promise, for young people brand aware

EMOTIONAL



## LICENSED BRANDS MARKET SEGMENTATION

#### **MATURE**

pierre cardin

lız claiborne

### **VALUE FOR MONEY/** SPORTY/SPECIALIST





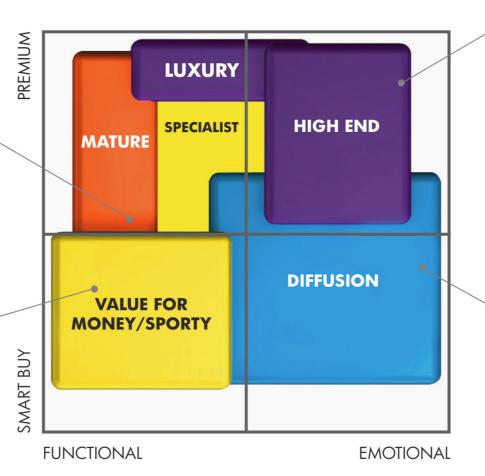






**ADENSCO**°





### **HIGH END & LUXURY**

GIORGIO ARMANI

Dior

MARC JACOBS

MQUEEN

BALENCIAGA

GUCCI

BOTTEGA VENETA

WESSAINTAURENT

**BOSS** 

**HUGO** 

JIMMY CHOO

MaxMara

### DIFFUSION

EMPORIO ARMANI



MARC BY MARC JACOBS

TOMMY THILFIGER







BANANA REPUBLIC



kate spade









## LICENSED BRANDS MARKET SEGMENTATION

### **MATURE**

Market Size 1,0 bln €

Weight on Safilo Revenues

~3%

Market Share

~3%

### **VALUE FOR MONEY/ SPORTY/SPECIALIST**

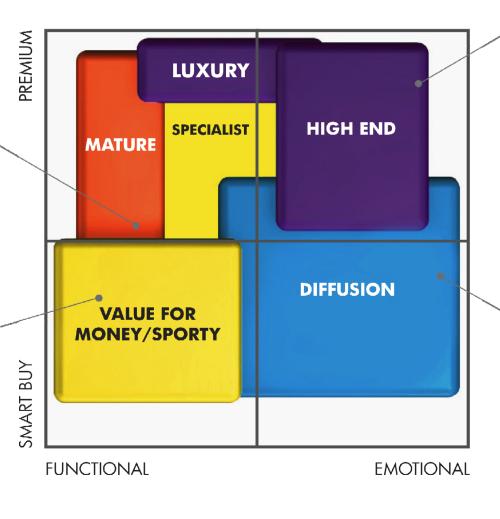
Market Size 2,1 bln €

Weight on Safilo Revenues

~7%

Market Share

~3%



Source: Internal Data

### **HIGH END & LUXURY**

Market Size 2,0 bln €

Weight on Safilo Revenues

~50%

Market Share

~22%

### DIFFUSION

Market Size 1,9 bln €

Weight on Safilo Revenues

~40%

Market Share

~19%



# LICENSED BRANDS CONSUMER TRENDS

### A CLEAR SET OF EMERGING GLOBAL CONSUMER TRENDS

### **HELP ME TO CHOOSE**







## STOP BLURRING GENDERS "MEN ARE BACK"







Precious Materials

Gold

Horn



**"|"** 

Leather
Hand made

Limited edition

## FUNCTIONALITY IS... TAKEN FOR GRANTED

Polarized

X-cede

Mineral lenses

Bio-based





## LICENSED BRANDS BUSINESS AREA GOAL



Be the Leading Fashion Eyewear Company in High End and Diffusion areas with a superior brand portfolio of selected and profitable licenses

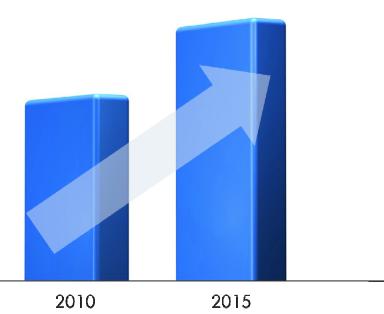


# LICENSED BRANDS BUSINESS AREA SALES TARGET

## **ORGANIC GROWTH**

+6% CAGR

2015 VS. 2010 Net Sales





# LICENSED BRANDS BRAND HIGHLIGHTS

TOMMY THILFIGER

MARC JACOBS

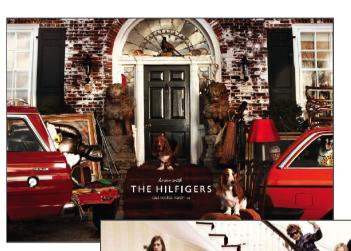


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**GIORGIO ARMANI** 

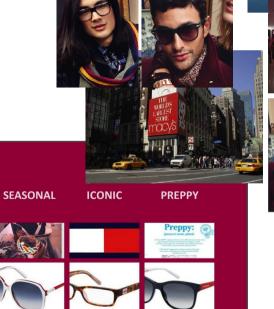






## TOMMY THILFIGER

**SPORT** 







# LICENSED BRANDS BRAND HIGHLIGHTS



## GUCCI









## LICENSED BRANDS BRAND HIGHLIGHTS





### GIORGIO ARMANI





















## LICENSED BRANDS BRAND HIGHLIGHTS







# Dior









## LICENSED BRANDS BRAND HIGHLIGHTS

#### MARC JACOBS











MARC JACOBS



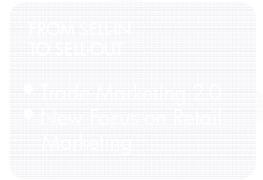
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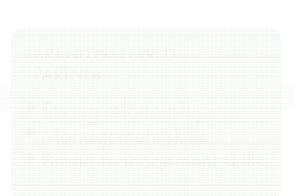


#### OUTSTANDING DESIGN AND PRODUCT DEVELOPMENT SKILLS

- Product ontents
- Materials
- Innovation

Be the Leading Fashion Eyewear Company in High End and Diffusion areas with a superior brand portfolio of selected and profitable licenses





HIGHEST QUALITY AND FLEXIBILITY IN MANUFACTURING CAPABILITIES

- # Lusiomization
- International Collection



### LICENSED BRANDS DESIGN SKILLS



#### PRODUCT DESIGN DEPT. FIGURES

MATERIALS 10+

COLOURS 10.000+

PROTOTYPES 3.000+ PER YEAR

MODELS 1.300+ NEW PER YEAR

SKUS 6.500+ NEW PER YEAR



EYEWEAR TREND AND INSPIRATION

**NEW AVIATOR** 

THE NEW ROUND

LOGO DRIVEN

NATURE

**ECO HEDONISM SHIELD** 







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HIGHEST QUALITY AND FLEXIBILITY IN MANUFACTURING CAPABILITIES

- Customization
- International Collection
- Local Collection



## LICENSED BRANDS SPECIAL FITTING AND DEDICATED COLLECTION

DESIGNING AND MANUFACTURING
SPECIAL EYEWEAR SHAPES AND FITTING...

**CHINA** 

**JAPAN** 

US

**INDIA** 

**KOREA** 

... to suit every specific consumers taste, eye or face

#### **KEY FIGURES**

Materials 5+

Shapes 650+ per year

Colours 5.000+

Prototypes 600+ per year

Models 450+ new per year

SKUs 1.850+ new per year













- Product ontents
- Materials
- Innovation

Be the Leading Fashion Eyewear Company in High End and Diffusion areas with a superior brand portfolio of selected and profitable licenses



### BRAND PREFERRED PARTNER

- Strong relationship
- Management skills
- Brand management skills

#### HIGHEST QUALITY AND FLEXIBILITY IN MANUFACTURING CAPABILITIES

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- International Collection
- Local Collection



#### OUTSTANDING DESIGN AND PRODUCT DEVELOPMENT SKILLS

- Product ontents
- Materials
- Innovation

Be the Leading Fashion Eyewear Company in High End and Diffusion areas with a superior brand portfolio of selected and profitable licenses

### FROM SELL-IN TO SELL-OUT

- Trade Marketing 2.0
- New Focus on Retail Marketing

### BRAND PREFERRED PARTNER

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- Local Collection





SAFIC SMIE PROJECT

SAFILO SALESFORCE AUTOMATION









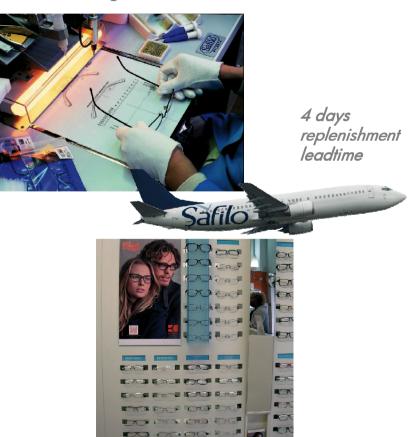


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SAFILO SMILE PROJECT

SAFILO SALESFORCE AUTOMATION

#### Service level agreement



Best assortment



SAFILO SMILE PROJECT

SAFILO SALESFORCE AUTOMATION





SAFILO SMILE PROJECT

SAFILO SALESFORCE AUTOMATION





SAFILO SMILE PROJECT

SAFILO SALESFORCE AUTOMATION





## LICENSED BRANDS NEW FOCUS ON RETAIL MARKETING



#### PRODUCT DIFFERENTIATION

EXCLUSIVE VISIBILITY

TRAFFIC BUILDING









PRODUCT DIFFERENTIATION



**EXCLUSIVE VISIBILITY** 

TRAFFIC BUILDING



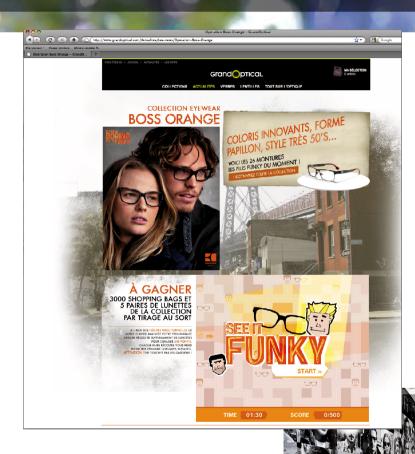


## LICENSED BRANDS NEW FOCUS ON RETAIL MARKETING

PRODUCT DIFFERENTIATION

EXCLUSIVE VISIBILITY

TRAFFIC BUILDING





PRODUCT DIFFERENTIATION

EXCLUSIVE VISIBILITY

TRAFFIC BUILDING





CAPABILITY TO ACQUIRE NEW BRANDS, THROUGH A DYNAMIC PORTFOLIO MANAGEMENT

- Brand attractiveness
- Brand profitability

OUTSTANDING DESIGN
AND PRODUCT
DEVELOPMENT SKILLS

- Product ontents
- Materials
- Innovation

Be the Leading Fashion Eyewear Company in High End and Diffusion areas with a superior brand portfolio of selected and profitable licenses \_\_

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- Brand attractiveness
- Brand profitability

LEADING EDGE FASHION PORTFOLIO IN HIGH END AND DIFFUSION

OUTSTANDING DESIGN AND PRODUCT DEVELOPMENT SKILLS

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- Customization
- International Collection
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### HOUSE BRANDS BUSINESS AREA GOAL 2015

Develop and implement an aggressive strategy to build global Powerbrands sustainable in the long term.

They will cover Diffusion,

Specialist and Value For Money segments

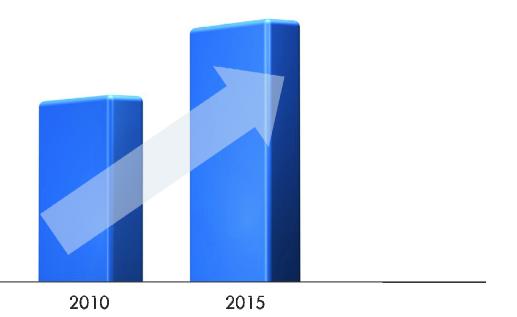


## HOUSE BRANDS BUSINESS AREA SALES TARGET 2015

### **ORGANIC GROWTH**

+9% CAGR

2015 VS. 2010 Net Sales





### HOUSE BRANDS 2015 BRAND PORTFOLIO STRATEGY

### Focus all strategic investments on:

#### **KEY BRANDS GROWTH**



- Focus on Masterboard Global development
- The aggressive challenger in the Diffusion segment

+14% CAGR

2015 VS. 2010 Net Sales



- A leading International brand in the Specialist prescription frames segment
- The "smart" choice, the trusted specialist of prescription frames who works with the opticians

+11% CAGR

2015 VS. 2010 Net Sales



- A leading sport lifestyle brand
- Focus on selective growth in US pillar market and international expansion

+11% CAGR

2015 VS. 2010 Net Sales



### HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – GLOBAL DEVELOPMENT STRATEGY

SPORT HERMAGE UNIQUE BRAND POSITIONING

BALANCED PRODUCT RANGE ARCHITECTURE

AFTER ALL, NO REGRETS.



STRATEGIC PRODUCT INNOVATION

INCREASE DISTRIBUTION COVERAGE

REGIONAL Expansion AGGRESSIVE ADVERTISING INVESTMENTS



## HOUSE BRANDS CARRERA MASTERBRAND PLATFORM - BRAND POSITIONING

### A UNIQUE AND COMPELLING BRAND POSITIONING

Since 1956, Carrera creates
Design and Tech glasses for those
who live at full speed on the track
and in their lives



Designed for a growing and global unisex target primarily aged 18-35:









### HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – GLOBAL DEVELOPMENT STRATEGY

SPORT HERMAGE UNIQUE BRAND POSITIONING BALANCED PRODUCT RANGE ARCHITECTURE



SINCE 1956 carreraworld.com

STRATEGIC PRODUCT INNOVATION

increase distribution coverage

regional Expansioni AGGRESSIVE ADVERTISING INVESTMENTS



## HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – PRODUCT RANGE

•

### BUILD A BALANCED PRODUCT RANGE COVERING A WIDE RANGE OF SOLUTIONS

Through:

**Categories** Sunglasses

Prescription frames

Sport

Genders/Age Men

Women Unisex Kids Teens

Price point RSP € 60-150

+30% **Number of** Focus on **Regional Fitting** models 2015 VS. 2010



### HOUSE BRANDS CARRERA MASTERBRAND PLATFORM — GLOBAL DEVELOPMENT STRATEGY

SPORT

UNIQUE BRAND POSITIONING BALANCED PRODUCT RANGE ARCHITECTURE



CARRERA
SINCE 1956
carreraworld.com

STRATEGIC PRODUCT INNOVATION

INCREASE
DISTRIBUTION
COVERAGE

regional Eypakisioki AGGRESSIVE ADVERTISING INVESTMENTS



### HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – PRODUCT INNOVATION

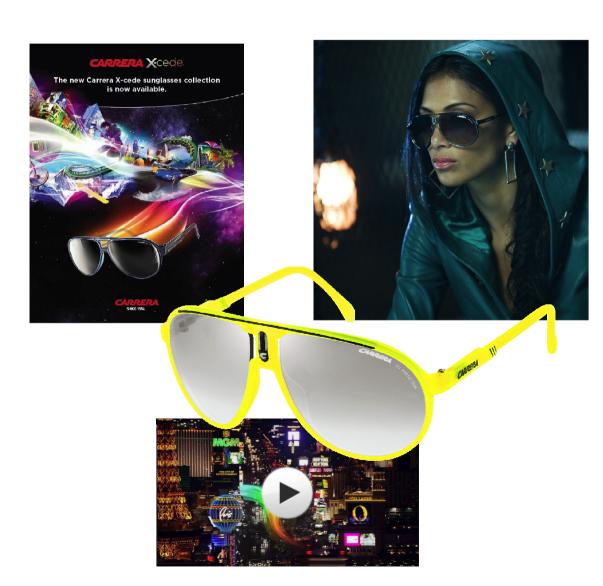
### Introduce on a yearly basis STRATEGIC PRODUCT INNOVATION

Technology Driven

The new X-Cede 2011

Style & Design Driven

Special Capsule Collection Revamp Iconic Models (Champion)





### HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – GLOBAL DEVELOPMENT STRATEGY

SPORT HERITAGE UNIQUE BRAND POSITIONING BALANCED PRODUCT RANGE ARCHITECTURE

AFTER ALL, NO REGRETS.



STRATEGIC PRODUCT INNOVATION

INCREASE DISTRIBUTION COVERAGE

regional Expansion AGGRESSIVE ADVERTISING INVESTMENTS



## LICENSED BRANDS CONSUMER TRENDS

### Build a strong BRAND EQUITY through AGGRESSIVE ADVERTISING INVESTMENT

Share of Voice leadership in Key Global Markets through 360° Media Strategy





### HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – GLOBAL DEVELOPMENT STRATEGY

SPORT Heritage UNIQUE BRAND POSITIONING BALANCED PRODUCT RANGE ARCHITECTURE

AFTER ALL, NO REGRETS.

CARRERA
SINCE 1956
carreraworld.com

STRATEGIC PRODUCT INNOVATION

NCREASE DISTRIBUTION COVERAGE

REGIONAL EXPANSION

AGGRESSIVE ADVERTISING INVESTMENTS



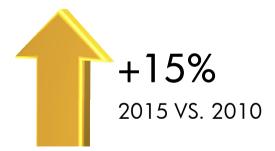
## HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – REGIONAL EXPANSION

#### IMPLEMENT COORDINATED PLANS FOR GEOGRAPHICAL EXPANSION

Through activity plans "tailor-made" in new major markets (i.e. specific product collections and advertising plans).

#### Goals 2015:





New Carrera Markets worldwide



Russia Brazil Mexico China South Latin America





## HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – GLOBAL DEVELOPMENT STRATEGY

SPORT Hermage UNIQUE BRAND POSITIONING BALANCED PRODUCT RANGE ARCHITECTURE

AFTER ALL, NO REGRETS.

SINCE 1956
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STRATEGIC PRODUCT INNOVATION

INCREASE DISTRIBUTION COVERAGE

regional Expansion AGGRESSIVE ADVERTISING INVESTMENTS



## HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – DISTRIBUTION COVERAGE



#### Target 2015



+10.000%

2015 vs. 2010

New Doors Worldwide

#### **Priorities:**

Best 30's Selective Growth

International Retailers

Preferred Partner of choice

Travel Retail
Global Leader in the Category







## HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – GLOBAL DEVELOPMENT STRATEGY

SPORT HERITAGE UNIQUE BRAND POSITIONING BALANCED PRODUCT RANGE ARCHITECTURE





STRATEGIC PRODUCT INNOVATION

ANCREASE DISTRIBUTION COVERAGE

REGIONAL EXPANSION AGGRESSIVE ADVERTISING INVESTMENTS



## HOUSE BRANDS CARRERA MASTERBRAND PLATFORM – SPORT HERITAGE

Leverege on the expertise in the Sport category to REINFORCE THE HERITAGE OF THE BRAND

Strengthen "Core" Winter Business Europe North America

Exploit Growth opportunities in the New Bike business

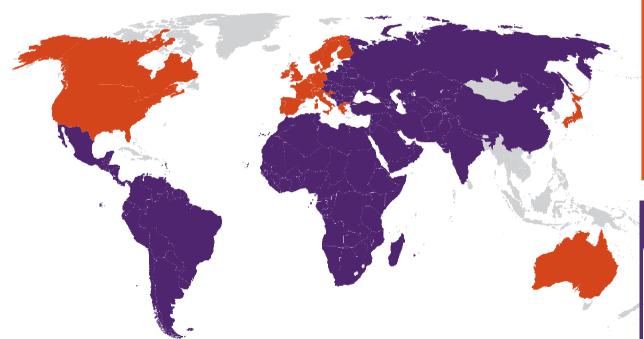
Test Tech advanced solution in Sport Sunglasses







### GLOBAL MARKET DEVELOPMENT STRATEGY BY MARKET CLUSTER



#### **MATURE MARKETS**

Europe Noth America Japan Australia

80% 70%

2010 weight on Total Optic

2015 weight on Total Optic

Selective growth

#### **DEVELOPING & EMERGING MARKETS**

Russia SLA Countries Middle East China India Eastern Europe Brazil Singapore Mexico Africa Turkey Far East Malaysia Hong Kong Korea

20% 30%

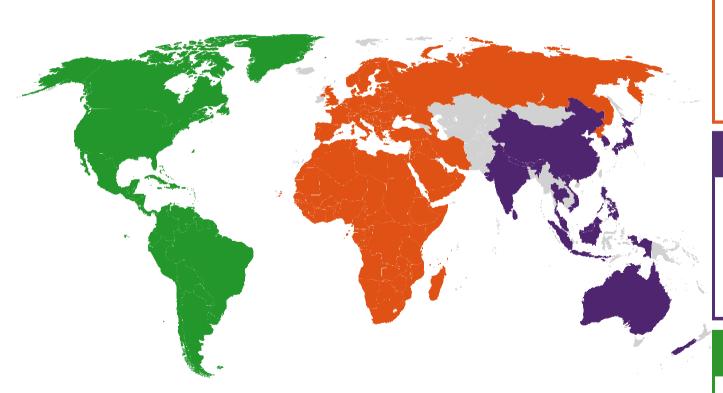
2010 weight on Total Optic

2015 weight on Total Optic

Aggressive growth



### GLOBAL MARKET DEVELOPMENT BUSINESS REGIONS MAIN GOALS



#### **BUSINESS REGION EMEA**

49%

2010 weight on Total Optic\*

+6%

Target 2015 vs 2010 CAGR%

#### **BUSINESS REGION FAR EAST**

16%

2010 weight on Total Optic\*

+13%

Target 2015 vs 2010 CAGR%

#### **BUSINESS REGION AMERICAS**

35%

2010 weight on Total Optic\*

+5%

Target 2015 vs 2010 CAGR%

85

\*Optic = Wholesale excluding Sport









#### **KEY FACT**

- •Commercial presence across Western Europe since 80's
- •Today: 15 direct subsidiaries, 9 branches and 25 distributors
- •Set up of Centralized Automated Distribution Center in 1999
- Widespread sales force organization
- •Established partnership with distributors in Middle East

Subsidiaries

15 Subsidiaries 540 reps
Salesforce
on field (Subs only)

35.000+ Number of

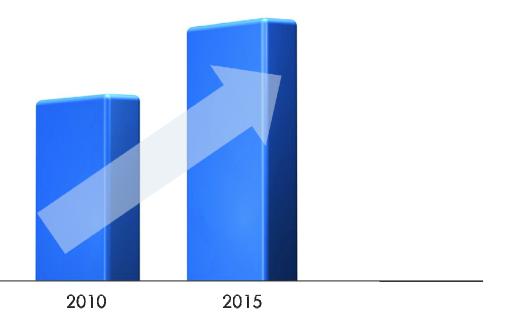
lumber of doors



### **ORGANIC GROWTH**

+6% CAGR

2015 VS. 2010 Net Sales









#### **WESTERN EUROPE – CLUSTER 1**

Spain ItalyGreece France Portugal Swiss Austria

Selective profitable growth

#### **WESTERN EUROPE – CLUSTER 2**

Germany UK Benelux Nordic

Profitable growth

### EMERGING EUROPE AND OTHER DEVELOPING AREAS

Russia Turkey Middle East South Africa

Aggressive growth



## SAFILO EMEA STRATEGY – WESTERN EUROPE MAIN PROJECTS





#### PEOPLE AND ORGANIZATION

New organization in place:

- Country Manager: Spain, Italy, UK-Nordic, Greece
- Distribution Manager: Italy, France, Spain
- Key Account Manager: Nordic, Germany, UK, France

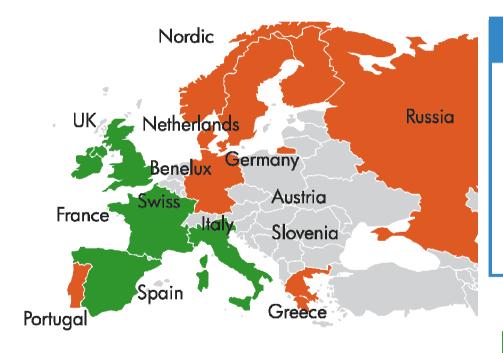
#### **PRE-ORDERS**

- Enhance Service Level to Retailers through improved accuracy and reliability of sales forecast
- Anticipation of real order collection from a selected panel of customers particularly sensitive to future trends to improve accuracy

#### **CRM**

A common Platform to integrate the available information and **coordinate the activities of all Safilo actors** in contact with the customers:

- Sales reps e-linked to CRM via tablet
- ECM effectiveness improved by coordination with Sales reps
- Call Center role evolved to provide outbound services



#### EYEWEAR CATEGORY MANAGEMENT

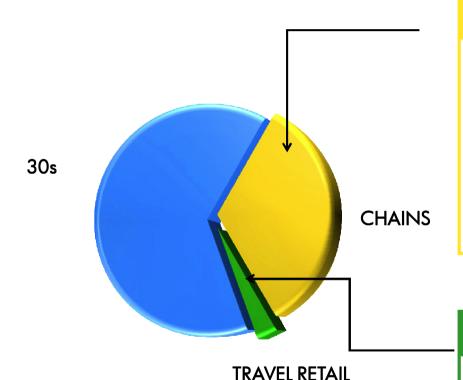
A network of **Visual Merchandisers** with the main goal of **Sell Out improvement** through:

- Store monthly visit
- Increase Safilo Market share in the POS
- Increase penetration, maximizing Safilo facing in the POS
- Achieve outstanding visibility
- Transform Sales Associates in Safilo Ambassadors

current coverage

target coverage

#### **EUROPEAN MARKET BY CHANNEL**



#### **TOP RETAIL CHAINS**

International Chains are the **fastest growing market**, we witness a shift from 3Os stores to retail chains.

**Key Account Network** to promote **profitable growth** through:

- Long Term Agreements
- Dedicated activities as special events, capsule collections, co-advertising, etc.
- SMILE program: automatic re-assortment not just replenishment

#### TRAVEL RETAIL

Travel Retail is a **high potential growing** channel thanks to a favorable price point and the continuous increase of international traffic.

Aggressive growth throughout a Dedicated Structure.

# SAFILO EMEA STRATEGY – EMERGING EUROPE AND OTHER DEVELOPING AREAS



#### **RUSSIA**

- Increase number of **Doors** approx by 25% per year, reinforcing Sales Team
- Geo Priority: be present in all Tier 1&2 Metro cities
- After 2011 test, launch Carrera in 2012 with selective Adv investments and roll-out of Monobrand Shop in Shop in most relevant Malls
- Develop a Marketing Team and reinforce Regional Sales network







#### **KEY FACT**

- Safilo USA established in 1990, Safilo Canada in 1991
- 11 local brands
- Main channels:
  - Optical (core)
  - Sunsight (US department stores 1994)
  - Outlook (mass market sunwear 2003)
  - Solstice (directly operated high end retail 2002)
- Responsibility for the Latin American markets (2010)
- Safilo subsidiary employees 500+
- Solstice retail and corporate employees total 800+

Subsidiaries

**4** Subsidiaries

400+ reps
Salesforce
on field

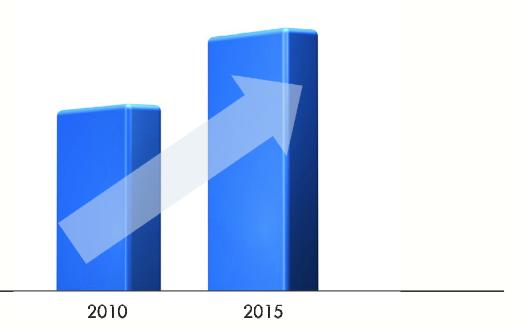
45.000+ Number of doors



### **ORGANIC GROWTH**

+5% CAGR

2015 VS. 2010 Net Sales





#### **NORTH AMERICA**

Usa & Canada

Selective Profitable Growth

#### SOUTH AND LATIN AMERICA

Mexico

Brazil

Rest of Latin America (SLA)

Aggressive Growth

#### **SOLSTICE**

SOLSTICE SUNGLASS BOUTIQUE Maximize Safilo visibility and profitability for this window on the market





#### **CANADA & US**

- Invest and expand core proprietary brands Safilo and Carrera

- Door segmentation allowing customization of offer
  Expansion of ECM investment in best doors
  Facilitate ease of doing business with Safilo through technology
- Maintain best in class service rates





#### **MEXICO**

- Introduce a category management approach to space within Key Accounts
- Faster lead times through improved planning interaction with HQ plus local warehousing of fastest moving skus
- Major door penetration initiatives
- Visual merchandising roll out to enhance door productivity

#### **BRAZIL**

- Introduce a category management approach to space
- Faster lead times through improved planning interaction with HQ plus local warehousing of fastest moving skus
- Major door penetration initiatives anchored on diffusion brands
- Visual merchandising roll out to enhance door productivity

#### **REST OF LATIN AMERICA (SLA)**

- Develop a regional commercial team
- Enhanced planning interaction with HQ to shorten lead times
- Transition from distributor model to direct sales via agents
- Tailored commercial programs maximizing real estate and visibility





#### SOLSTICE

- An opportunity to monitor local market from a privileged stand point, which doesn't affect our business vision and main target of being a "pure player"
- Maximize window visibility for Safilo brands in a competitor driven retail landscape
- Reinforce a 3 channel approach consisting of qualitative regular stores, outlet stores and a benchmark settin e-commerce
- Harness valuable market intelligence for both Safilo and third party brands gained from this pulse of the business





#### SAFILO FAR EAST – GEOGRAPHICAL COVERAGE

South Korea

#### China

Hong Kong
Taiwan

India Thailand Vietnam Philippines

Malaysia

Indonesia

**Australia** 

Subsidiaries

New Zealand

2010 In brief

#### **KEY FACT**

- Focus on Asia as strategic area of development, with set up of Asian HQ in 1994
- 9 direct subsidiaries and 15 distributors in the region
- 500+ employees
- Company market dominance in Duty Free channel in Asia
- Strong control on distribution policies
- Historically committed focus of company resources on fashion brands
- Product leadership with over 13 years of local product development with designers in Hong Kong and Japan
- Central and local marketing organizations focused on developing and implementing in store actions to maximize brand experience and visibility
- Safilo ECM in key countries
- Visual Merchandising structures in key Markets

9

200 reps

10.000+

**Subsidiaries** 

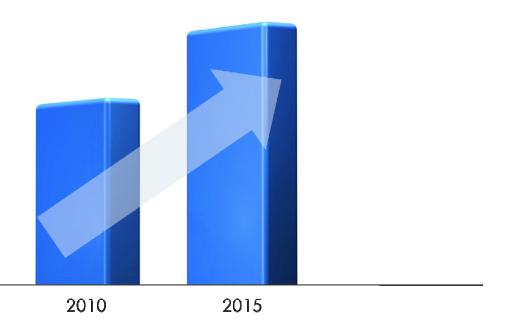
Salesforce on field Number of doors



### **ORGANIC GROWTH**

+13% CAGR

2015 VS. 2010 Net Sales







Malaysia

DEVELOPING COUNTRIES	
China India	Aggressive growth

MATURE EMERGING COUNTRIES	
Korea Hong Kong	Gain market share

MATURE COUNTRIES	
Japan Australia	Defend and revitalize

Indonesia

Australia

New Zealand





Malaysia

Indonesia

Australia

New Zealand

#### **CHINA**

- Increase numbers of Sales reps and leverage on the first mover advantage
- Increase number of China Fitting Styles
- Fully exploit Carrera potential
- Invest in trade marketing capabilities

#### **INDIA**

- Introduction of Key Account structure
- Doors expansion
- SMILE projects
- Implementation of b2b website
- Marketing projects to support HBs growth



## SAFILO FAR EAST STRATEGY – MATURE EMERGING COUNTRIES

South Korea

China

Hong Kong

Japan

Taiwan

India

Thailand Vietnam

**Philippines** 

Malaysia

Indonesia

Australia

New Zealand

#### **KOREA**

- Doors expansion in wholesale market
- Focus on Optical market
- Increase visibility in key locations
- Strengthen presence of High End Corners in Department Stores
- Increase penetration of Carrera and Diffusion liness

#### **HONG KONG**

- Introduce Key Account management
- Expansion of diffusion lines
- Launch of Carrera



South Korea

China

Hong Kong

Japan Taiwan

India

Thailand Vietnam

**Philippines** 

#### **AUSTRALIA**

- Improve efficiency and stock rotation
- Cooperation with key retailers on specific brands/projects
- Focus on Carrera, HB's and diffusion lines

Malaysia

Indonesia

Australia

New Zealand

#### **JAPAN**

- Maintain pricing and overall structure
- Increase efficiency in planning and stock rotation
- Expand diffusion lines
- Strengthen offer of High End brands for Department Stores





### GLOBAL SUPPLY CHAIN, LOGISTIC & PRODUCTION OPERATIONS MAIN OBJECTIVES

To be recognized as market leader in the High End and Diffusion segment Safilo Global Supply Chain must be committed to excellence in Service Level, Innovation, Quality and Efficiency.



### GLOBAL SUPPLY CHAIN, LOGISTIC & PRODUCTION OPERATIONS KEY PROJECTS

- NEW GLOBAL ORGANIZATION
- MANUFACTURING FOOTPRINT
- LEADING EDGE SERVICE LEVEL
- COST REDUCTION



### GLOBAL SUPPLY CHAIN, LOGISTIC & PRODUCTION OPERATIONS NEW GLOBAL ORGANIZATION

With the new Global Supply Chain, Logistic & Production operations organization in place, it is possible to:

- Unlock global capabilities, scale and synergies harmonizing a diverse set of rules and procedures to achieve efficiency in key processes
  - Quality: product specifications standardization and quality assurance center in Far East
  - Purchasing
- Balance production capacity across all plants within the Group
- Share best practices



## GLOBAL SUPPLY CHAIN, LOGISTIC & PRODUCTION OPERATIONS MANUFACTURING FOOTPRINT 1/2

#### SANTA MARIA DI SALA (ITA)

Acetate and injected

650 Personnel

fte

20.000

Max. capacity (pcs per day)

#### ORMOZ (SLO)

Optyl Semifinished

950

#### SEI – SUZHOU (CHI)

- Acetate and metal semifinished
- Components

1.300

Personnel fte

#### MARTIGNACCO (ITA)

Components

300

Personnel fte

#### LONGARONE (ITA)

Metal and Optyl

1.100

36.000

Personnel fte

Max. capacity (pcs per day)



## GLOBAL SUPPLY CHAIN, LOGISTIC & PRODUCTION OPERATIONS MANUFACTURING FOOTPRINT 2/2

#### Focus on efficiency through processes optimization

- Full exploitation of internal production capacity
- Productivity performance improvement throughout all plants
- Maintain "Made in Italy" knowhow, keeping in-house distinctive capacity



### GLOBAL SUPPLY CHAIN, LOGISTIC & PRODUCTION OPERATIONS LEADING EDGE SERVICE LEVEL

To be coherent with the main objective of **excellence in Service Level**, we put in place a specific panel of projects to achieve a **continuous improvement of our performance** in **punctuality** and **flexibility** of deliveries

#### MAIN PROJECTS

#### DYNAMIC SERVICE STOCK

A new inventory management method to maximize matching between forecast and demand

#### **FORECAST ACCURACY**

Leverage on pre-orders events for an earlier reaction to sales adjustment

#### ON TIME PRODUCTION DELIVERY

Improvement in production delivery reliability identifying capacity constraints to be removed

#### LEAD TIME REDUCTION

Identify and unlock lead time reduction opportunities both internal and from third parties



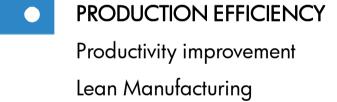
## GLOBAL SUPPLY CHAIN, LOGISTIC & PRODUCTION OPERATIONS COST REDUCTION

#### **KEY PROJECTS**

NEW ORGANIZATION AND
APPROACH IN PURCHASING



Cost reduction activities to offset inflation pressures



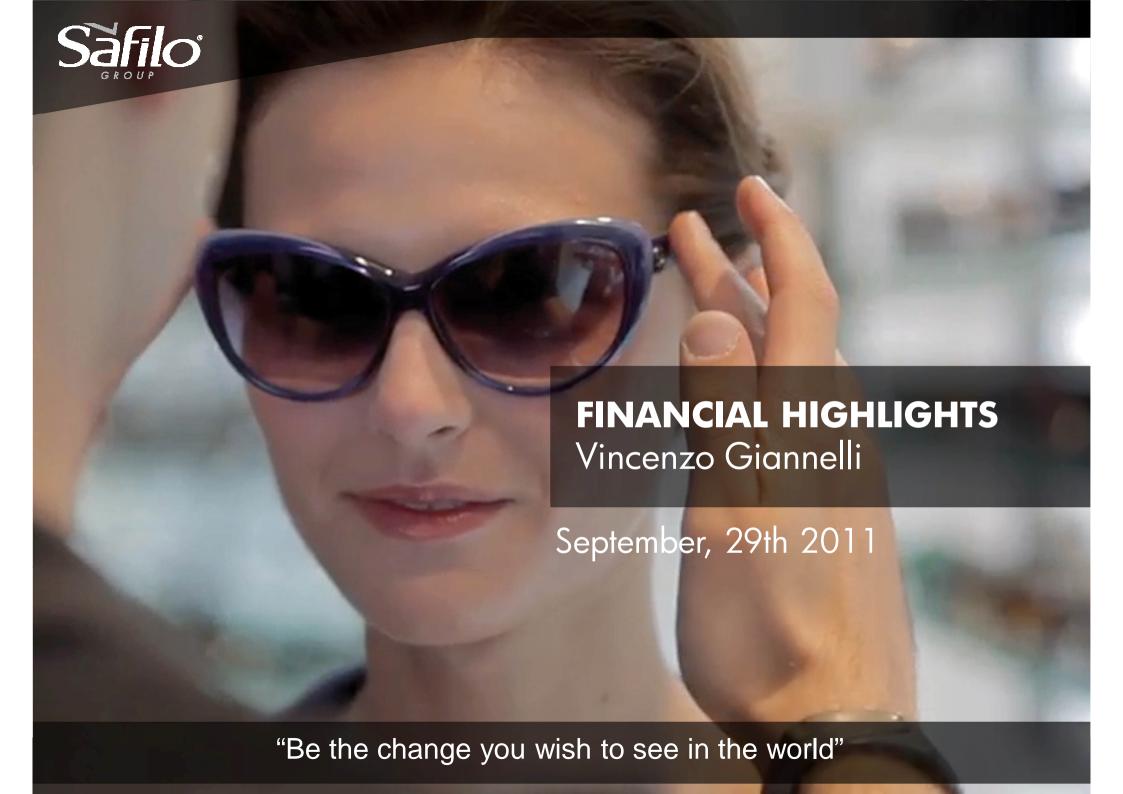














#### SHORT TERM OUTLOOK

• Uncertain business environment:

Slowing growth Rising risks

#### MID TERM ASSUMPTIONS

A more stable environment

• Frames and Sunglasses markets to grow at a 2010-2015 CAGR of

Worldwide 4,2%

Europe 2,6%

North America 3,3%

Asia 7,0%



## FINANCIAL HIGHLIGHTS LOOKING BEHIND

(Mio€)	2009	2010	2010H1	2011H1
Net Sales	1.011	1.080	580	603
EBITDA EBITDA Margin	58 6%	108 10%	65 11%	80 13%
Net Debt	-588	-256	-268	-240
Leverage (Net Debt/LTM EBITDA)	10,1 x	2,4 x	3,4 x	1,95 x
	<ul> <li>Mid single digit organic sales growth</li> <li>Ebitda margin back to double digit</li> <li>Balanced capital structure</li> </ul>		<ul> <li>High single digit organic sales growth</li> <li>Outpacing improvement of profitability</li> <li>Record low financial leverage</li> </ul>	



## FINANCIAL HIGHLIGHTS FINANCIAL PERFORMANCE DRIVERS

SALES VOLUMES	Market growth Safilo outperforming market growth
PRICE & MIX	<ul> <li>Disciplined approach to pricing</li> <li>Selective price repositioning</li> <li>Brand, product, country and channel mix</li> </ul>
PRODUCT COST	<ul> <li>Joint purchasing</li> <li>Manufacturing footprint</li> <li>Lean manufacturing</li> </ul>
SG&A	Overheads growth at 50% of Sales growth
CAPEX	<ul> <li>No need for additional capacity</li> <li>Most of CAPEX in manufacturing for tooling and maintenance</li> <li>Increasing spending in ICT projects</li> </ul>



## FINANCIAL HIGHLIGHTS LOOKING FORWARD: NET SALES & EBITDA

(Mio€)	2010	2011e	2013e	2015e
Net Sales	1.080	~1.100 +2% +4% VAR% LFL	1.200-1.1250 ~5% CAGR%	1.400-1.450 ~ <b>8%</b> CAGR%
		vs.2010	vs.2011	vs.2013

EBITDA

108

-120

-150

-210

-15%

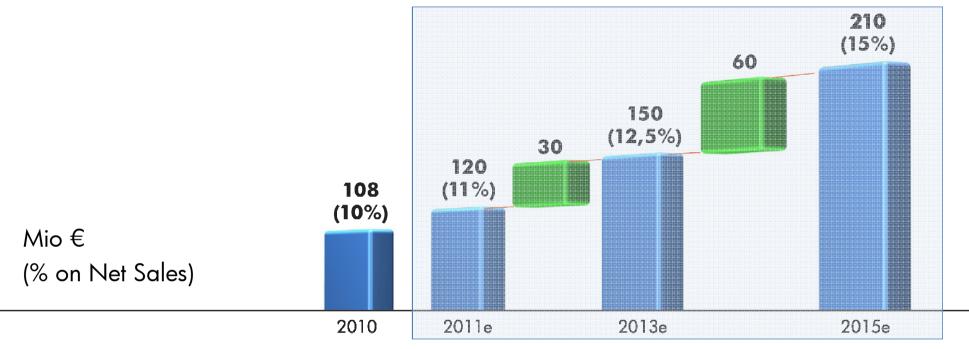
% on Sales

% on Sales

% on Sales



#### FINANCIAL HIGHLIGHTS LOOKING FORWARD: EBITDA BRIDGE



Volumes

Price/Mix

**Product Cost** 

Inflation

SG&A (fixed costs)

Sport & Retail

**TOTAL** 

+20

+10

+10

-10

-5

+5

+30

+45

+20

+15

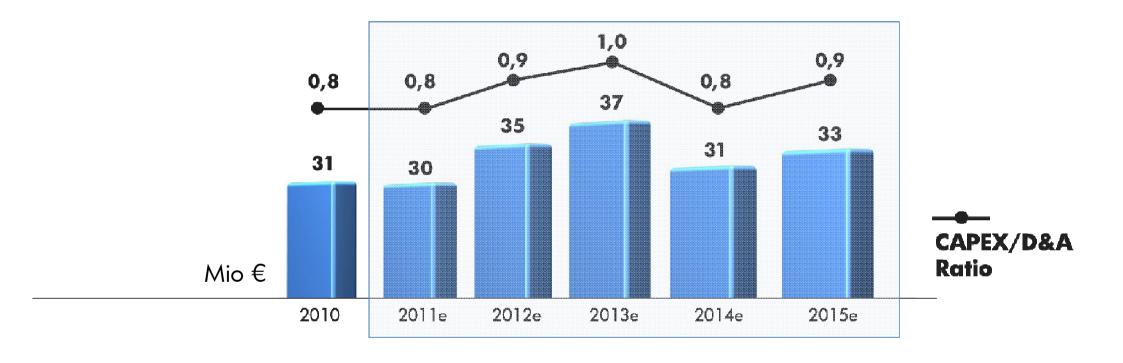
-15

-10

+5

+60

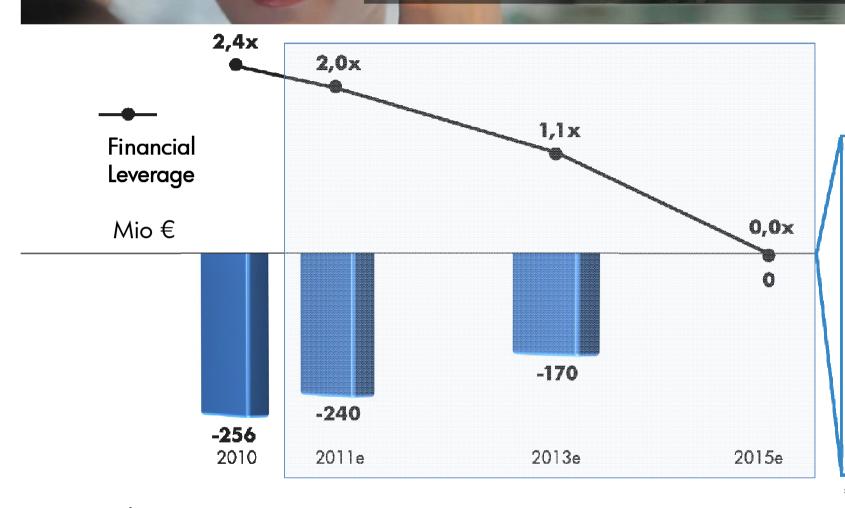
# Safilo FINANCIAL HIGHLIGHTS CAPEX TREND



Of which Manufacturing

## Safilo

## FINANCIAL HIGHLIGHTS NET DEBT TREND



Net Debt Bridge

≈250	
ABS. VAR 2015 vs.	2010
Operating Cash Flow*	+700
CAPEX	-165
Interest, Taxes & Minorities	-285

\*EBITDA ± Δ Working Capital

Headroom Based on 2.0x Financial Leverage

-

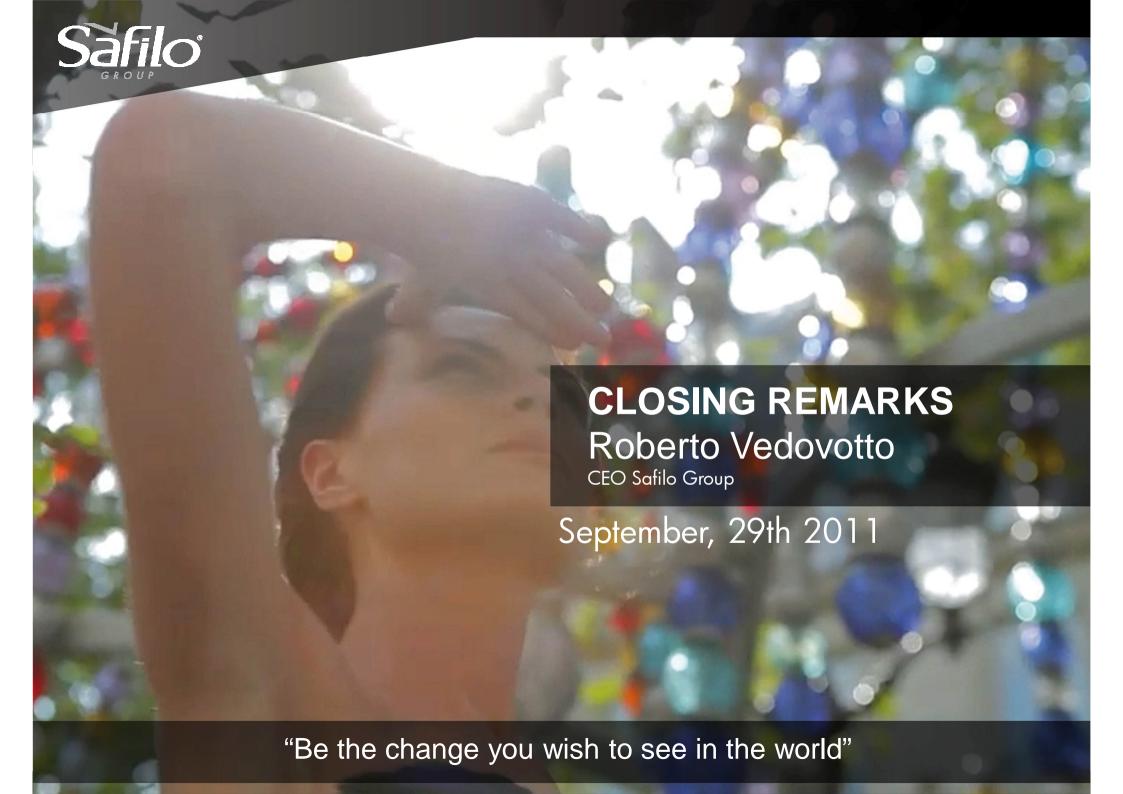
+150

+420



## FINANCIAL HIGHLIGHTS OVERVIEW

(Mio€)	2010	2011e	2013e	2015e
Net Sales	1.080	1.100	1.200-1.250	1.400-1.450
EBITDA EBITDA Margin	108 10%	120 11%	~150 ~12,5%	~210 ~15%
EBIT EBIT Margin	68 6,3%	83 7,5%	~115 ~9,5%	~175 ~12%
Net Debt	-256	-240	-170	0
Financial Leverage	2.,4x	2,0x	1,1x	0,0x





#### **CLOSING REMARKS**

- We have a solid Shareholding structure, we have promising Business performances and a stronger Financial position, we have a new Organizational structure and a new Senior Management Team;
- We have a clear and compelling Business Vision: the leading Pure Player in the global eyewear industry;
- We have 6 Key Strategic guidelines and the Activity programs ready to go;
- We have Challenging goals for Profitable growth and Value creation.

We are now ready to "Executive"

## AFTER ALL NO REGRETS.