

## Conference Call Recapitalization Plan – October 20th 2009

### Roberto Vedovotto - CEO

Good evening, everybody, and welcome to our conference call. I think it will be a short one, but I thought it was appropriate for me to update you on the latest developments. I'm clearly pleased to discuss today with you the highlights of the approximately EUR300 million recapitalization transaction that has been approved yesterday night late by our Board of Directors. This transaction is in connection with the binding agreement reached with HAL Holding. HAL Holding is expected to invest between EUR240 million to EUR300 million and become Safilo new reference shareholder with a stake between 37.2% and 49.9% upon completion of the transaction.

The Tabacchi family will remain an important shareholder in Safilo, and the Tabacchi family will keep representing the legacy to the history of our group. I would like to start by clearly underlining that condition precedent to the overall recapitalization is the successful completion of the cash tender offer which was launched today by HAL on all of the outstanding high-yield notes and, in any case, to the reaching of an acceptance level by HAL of at least 60% of the outstanding principal amount of the high-yield notes.

Now I would like to discuss with you today three topics. The first one, business performance; the second one, transaction structure and strategic rationale of it; and the third one, next steps. Okay, let me start by business performance.

I think you have seen the press release. Before discussing the transaction, per se, I would like to quickly review our business performance. Yesterday night the board of directors has analyzed the group preliminary results for the third quarter, third quarter ending September 30, 2009. As I'm sure you have seen, the third quarter shows a very weak business performance in the context of an ongoing challenging and uncertain market conditions for, we believe, the remaining of the year and going forward. I do not see any recovery. I am not particularly bullish, and I think that is reflected in our third-quarter numbers.

Preliminary results for the third quarter show a year-to-date total turnover of EUR775 million and an EBITDA of EUR47.5 million, which is equal to 6.1% of margin and which reflects a total turnover of EUR213 million and an EBITDA of just EUR3.5 million, 1.6% margin, for Q3 2009, versus what I'm sure you have in your hand, EUR229 million revenues and EUR16.7 million EBITDA in Q3 2008.

The net financial position of the Company has remained, I would say, substantially unchanged, based with respect to Q2 2009. So net financial position was EUR590 million negative. Furthermore, I would also like to underline that order intake for the beginning of the month of October, the first two weeks, is 12.5% below last year.

Of course, these data are preliminary and they come from management reporting, and as such they still may vary to upon approval of quarterly report, which, as you know, will be done on November 11, 2009. But it is very clear that overall market conditions remain extremely challenging for the group and that Company performance is not brilliant at all.

In this context and as part of the transaction, we have decided to refocus our effort in the retail segment. As you have read, HAL will acquire some of our non-core loss-making retail activities and particularly Spain, Loop Vision in Spain, Just Spectacles in Australia and the retail activities in China, greater China and Hong Kong. Moreover, Safilo intends to sell Sunglass Island and Island Optical shop chains in Mexico to HAL.

We will, instead, keep our US sunglass chain, Solstice. As I'm sure you can figure it out yourself, 2009 estimates sales attributable to Safilo of the retail non-performing operations that will be sold to HAL is around EUR46 million with an estimated 2009 EBITDA loss of EUR5 million. These non-core retail activities shall be acquired by HAL for a total consideration of EUR20 million.

Now, topic number two, let me go into the transaction structure and its strategic rationale. Needless to say that -- and I'm sure you do understand it, this is a clear step change in the history of Safilo Group and in the history of the eyewear industry. And of course, I would like to thank all the stakeholders that have worked with us and supported us throughout these very, very challenging times. And let me do this, please. I think I really want to thank our employees, the licensors, all shareholders and also the financing banks.

With that said, I think that the agreement reached with HAL represents a value creation proposition from an industrial standpoint and a long-term strategic solution for Safilo Group.

As you know and as you have read by now, HAL is a leading operator in the optical retail market. They have a leading position across Europe throughout the portfolio of companies with an aggregate turnover in excess of EUR2.5 billion and 4000 points of sales under Pearle Europe, GrandVision, Lensmaster and other leading banners.

In addition, and what has been very important for us in order to make this decision is that HAL is an investor in the long-term value creating companies as a long-term shareholder investment strategy and is active as a shareholder and is an active board member.

Again, with that said, and I will shortly try to expand on the strategic rationale of the transaction, it is of the utmost importance to underline that the overall recapitalization transaction is conditional upon the successful completion of the cash tender offer launched today in Luxembourg by HAL on all of the outstanding high-yield notes and, in any case, conditional to the reaching of an acceptance level of at least 60% of the outstanding principal amount of the high-yield notes.

As of last night, late but last night, so October 19, 2009, investors owning more than 50% of the outstanding principal amount of the high-yield notes have committed to tender 38.76% of their notes. I want to be very clear. In order for all of this to happen, as I'm sure you understand, we need more, we need much more. We need to reach 60% threshold.

Why am I saying that? I'm saying that because, should the above condition not to be satisfied, the overall recapitalization transaction for the group will not take place. Let me repeat it once more. If we do not reach the 60% threshold, the deal is off. And in all honesty, I must say to you that, given the economic environment and the Company's current performance, there will be no other solution available to save Safilo Group, to save Safilo Group, its employees, its clients, its suppliers and its stakeholders.

Of course, on a more optimistic note, should the above condition be met, the following key transaction steps will be implemented. One, a reserve capital increase shall be subscribed and paid in by HAL up to 10% of Safilo's share capital, total amount EUR13 million. Rights issue for a total amount of EUR250 million to be underwritten by HAL and by a consortium of banks including IntesaSanpaolo and Unicredit.

Three, sales of certain subsidiaries of Safilo to HAL for a total consideration of EUR20 million, of certain non-core loss generating retail chain.

Number four, a restructuring of the existing senior debt financing agreement.

Now, total estimated funds inflow for Safilo will be roughly EUR283 million, which will be used to strengthen Safilo capital structure, and also they will be used to partially repay some of the current outstanding debt facility for EUR185 million.

Now, the way I see it is that the entry of an industrial partner such as HAL would reinforce Safilo's financial and industrial proposition. We expect substantial value to be created for all stakeholders, also in connection with the potential multiple re-raising of capital in the next few years.

From a financial standpoint, I think that we need to consider that, thanks to the new equity that would be injected into the Company and also in connection with the restructuring of the debt facilities with our existing financing banks, which, of course, will only be done if we are successful on the tender offer on the high-yield bond, Safilo would possibly enjoy material benefits, as our capital structure will be dramatically enhanced. And clearly and consequently, our net debt to EBITDA ratio will be materially reduced.

Our reinforced capital would enable us to cope in a more competitive way with the challenging market conditions ahead of us.

From an industrial standpoint, HAL's proposition is based on business restructuring and potential further expansion through revenue synergies to be realized in the context of a sound industrial rationale of this combination, thanks to, possibly, a further and better access to the approximately 4000 points of sales of the largest European optical retailer. We have had an extremely positive response from all our major licensors, including Armani, Dior and Gucci. And I think, again, if we are able to make conditions on the high yield, this will be positive.

Next steps, and I think I would then leave it to your questions. I think, as you have seen, the HAL launch today is the cash tender offer on the high yield notes. This tender offer will be open until November 19 with cash settlement expected to take place on November 24.

We ourselves have called our extraordinary shareholders meeting for November 23. That extraordinary shareholders meeting will resolve on the capital increases. Those capital increases will be launched shortly after -- thereafter, and clearly after green light from CONSOB.

I think I've said it now four times. The condition for the implementation of the overall recapitalization is the potential successful completion of the tender offer. In addition, the overall transaction is clearly subject, among others, to the following main conditions. One, granting of CONSOB's exemption for mandatory tender offer. This is necessary in light of the change of control to take place following the capital increases.

Two, granting of clearance for the transaction by antitrust authorities; and, three, of course, approval of the transaction by the extraordinary shareholders meeting of Safilo. Should the above conditions be satisfied, we clearly expect to complete the transaction in the first quarter of next year.

As you can imagine, we are extremely excited to start a new phase in the history of Safilo Group and look forward to possibly commencing work with HAL to jointly create a solid, long-term and value-creating platform in the optical retail industry.