FY 2005 Results

March 29, 2006

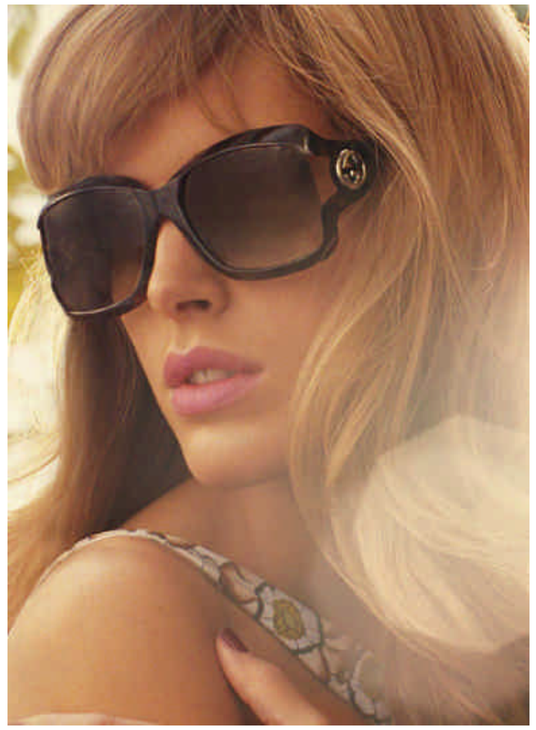
Today's Speakers

Roberto Vedovotto
Chief Executive Officer

Francesco Tagliapietra
Director of Administration and Control

2005 Key Facts

- Sales of €1,025.3 million, up 8.5% compared to 2004
- EBITDA(1) of €163.0 million; up 11.0% compared to 2004
- EBITDA Margin(1) improved to 15.9% (15.5% in 2004)
- Net Income(2) of €22.9 million (€18.9m in 2004)
- Net Debt of €479.0 million (€328.2m lower than 2004)
- 55 Solstice shops open as of today, up from 41 in 2004

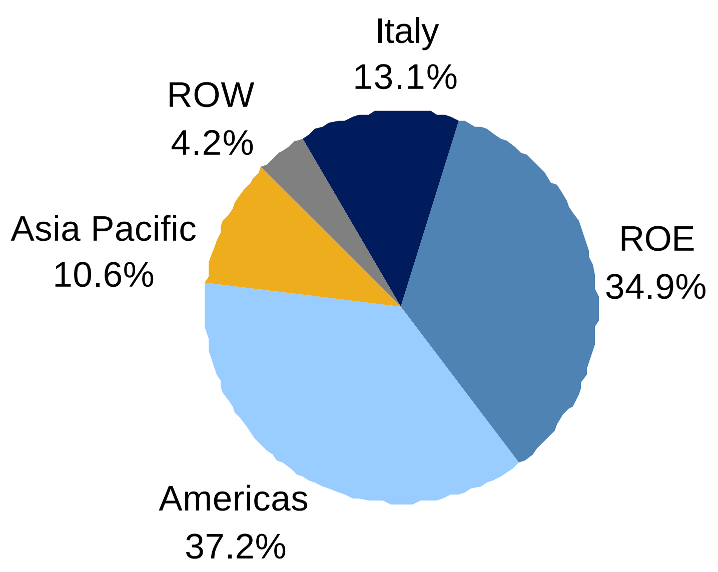


(1) Before extraordinary charges related to the IPO
(2) Before extraordinary charges related to the IPO, net of taxes

Safilo

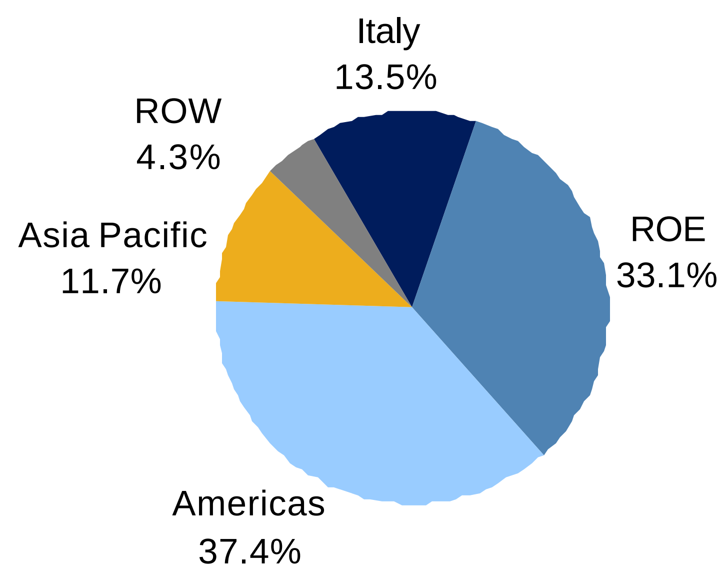
Net Sales Breakdown by Region

2004



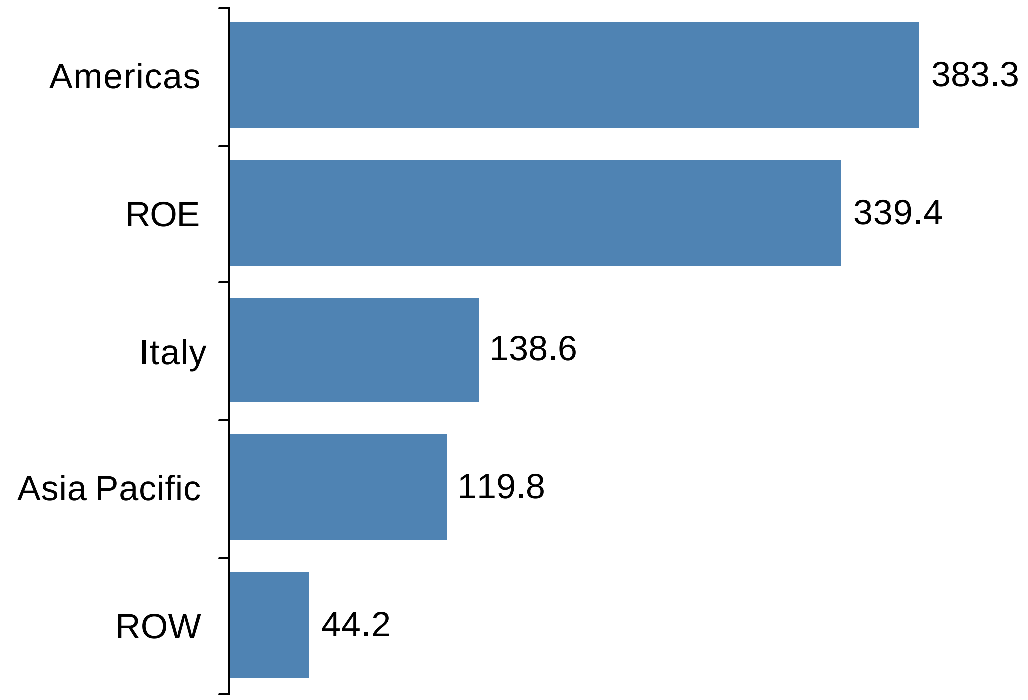
Total Sales: €944.7m

2005



Total Sales: €1,025.3m

Full Year 2005 – Net Sales (€m)



’04/’05 Sales Growth (%)

9.1%

3.0%

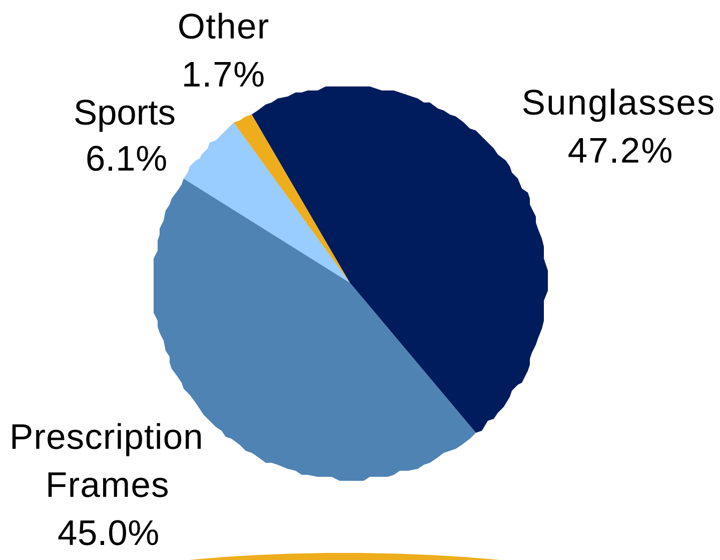
12.2%

20.0%

9.1%

Net Sales Breakdown by Product

2004



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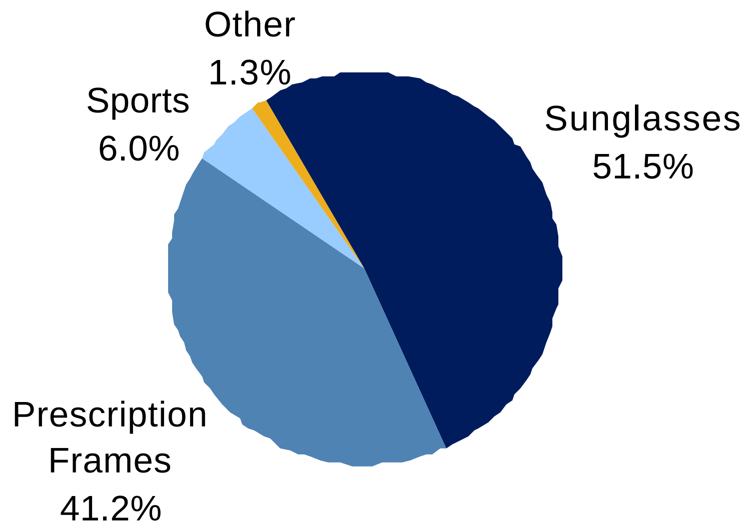
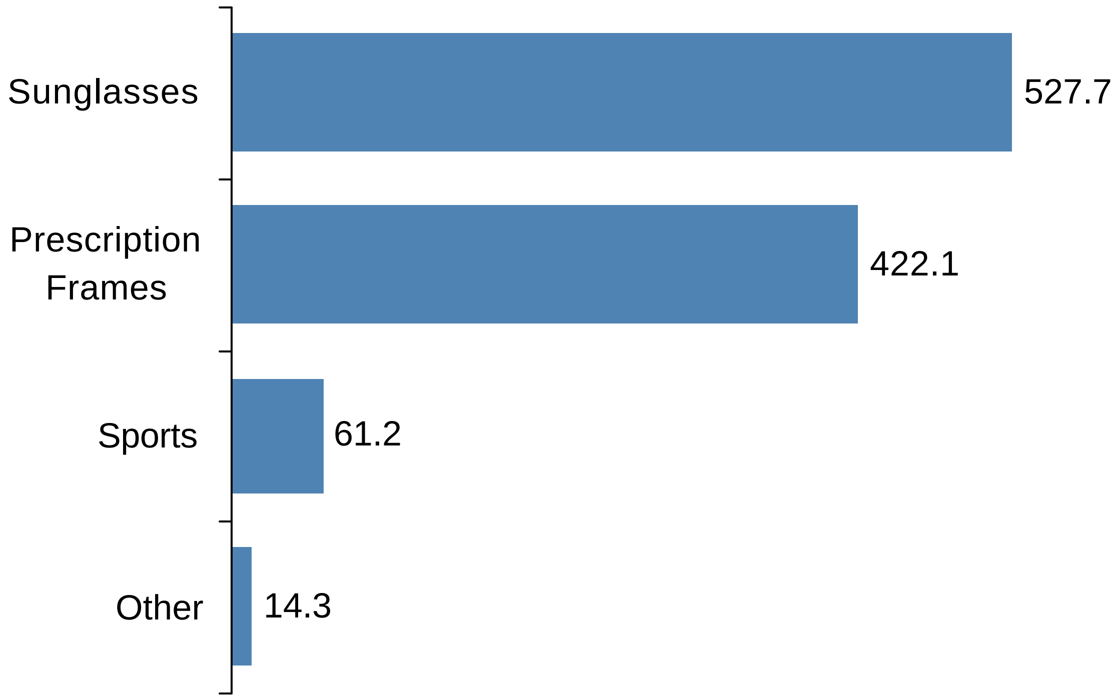
2005



Total Sales: €1,025.3m

Full Year 2005 – Net Sales (€m)

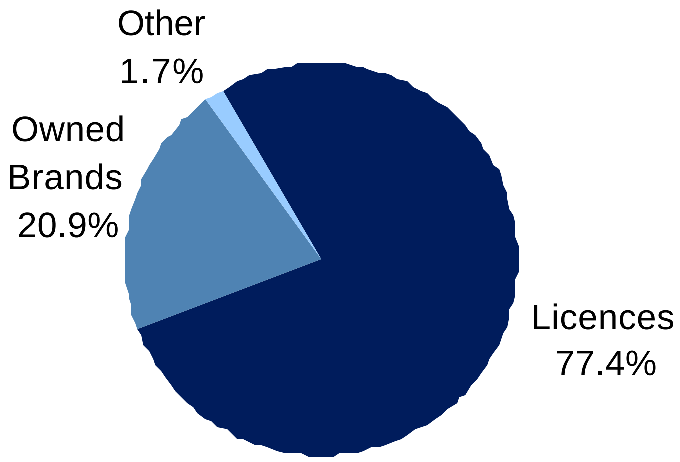


’04/’05 Sales Growth (%)

Sunglasses	**18.5%**
Prescription Frames	**(0.7%)**
Sports	**6.4%**
Other	**(14.4%)**

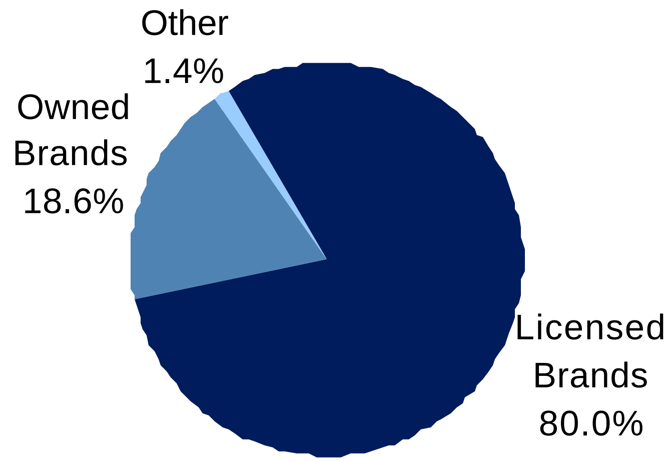
Net Sales Breakdown by Brands

2004



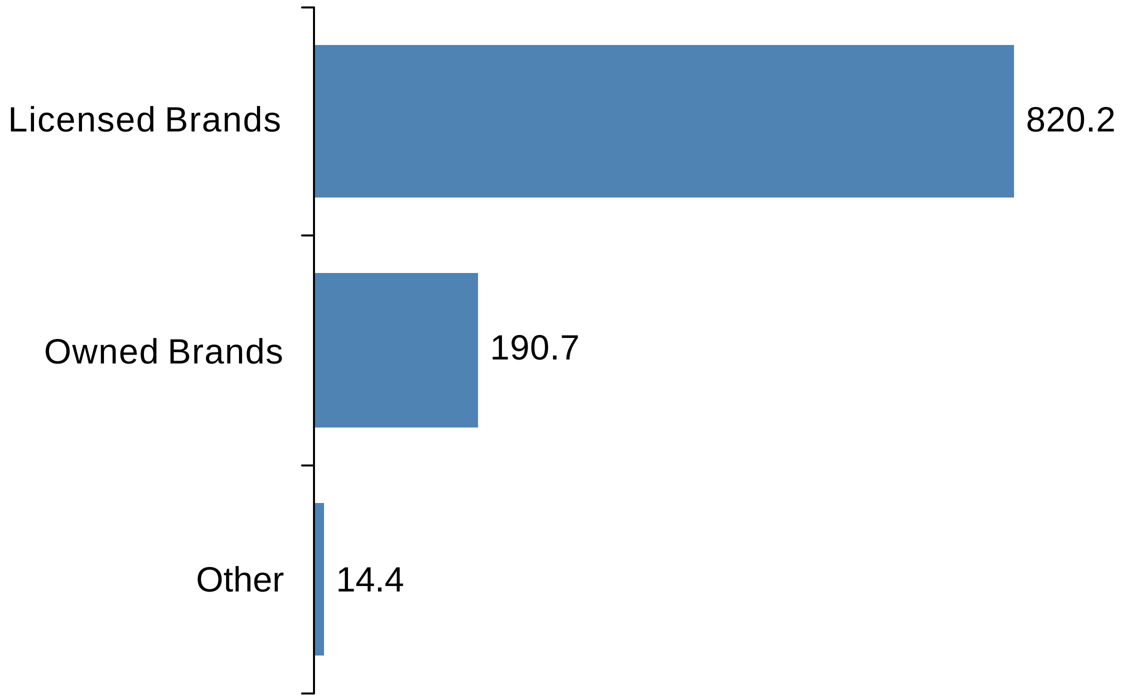
Total Sales: €944.7m

2005



Total Sales: €1,025.3m

Full Year 2005 – Net Sales (€m)



'04/'05 Sales Growth (%)

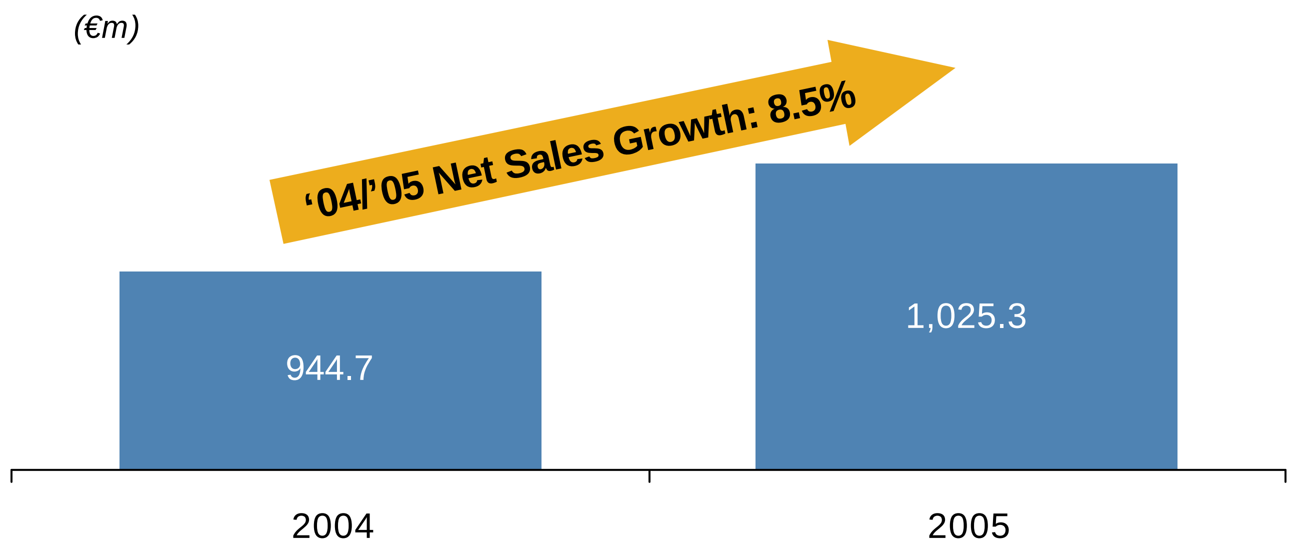
12.2%

(3.4%)

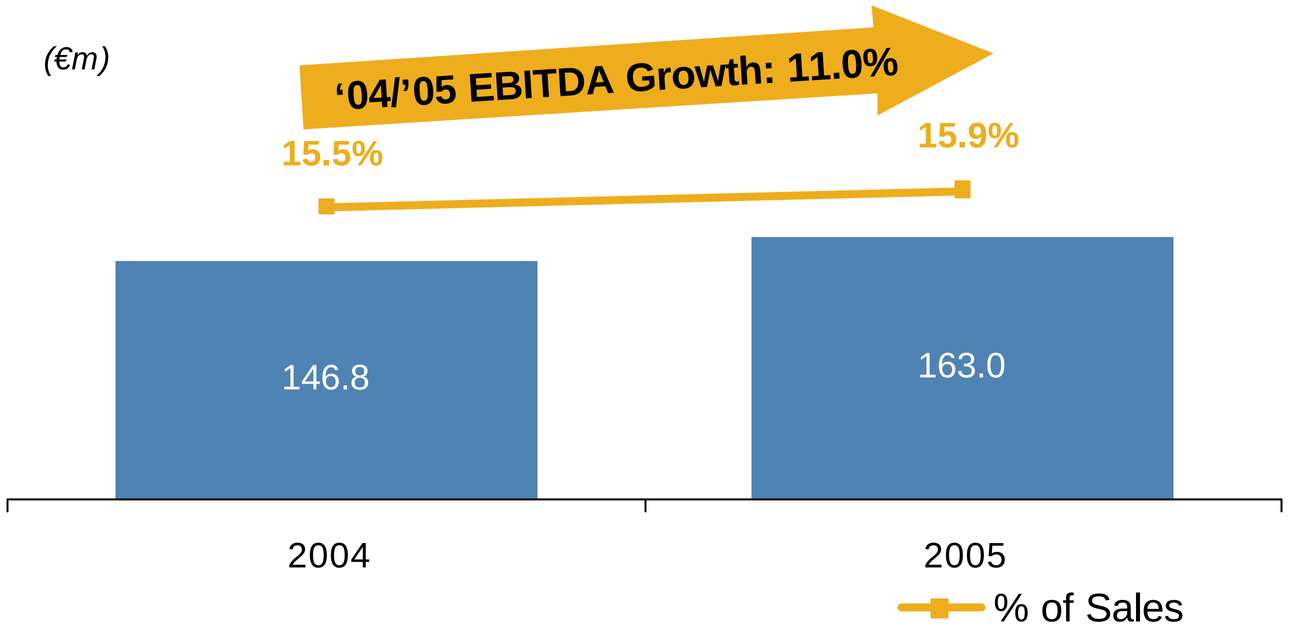
(10.6%)

Key Profit and Loss Figures

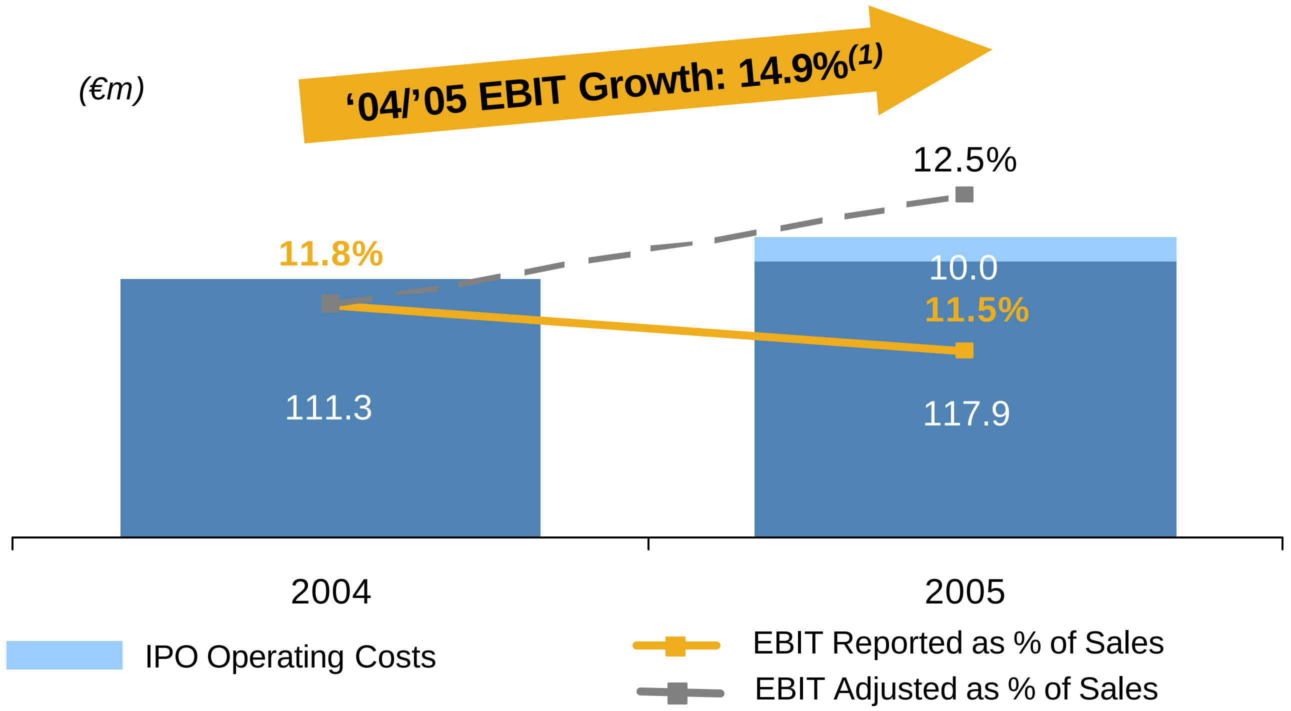
Net Sales



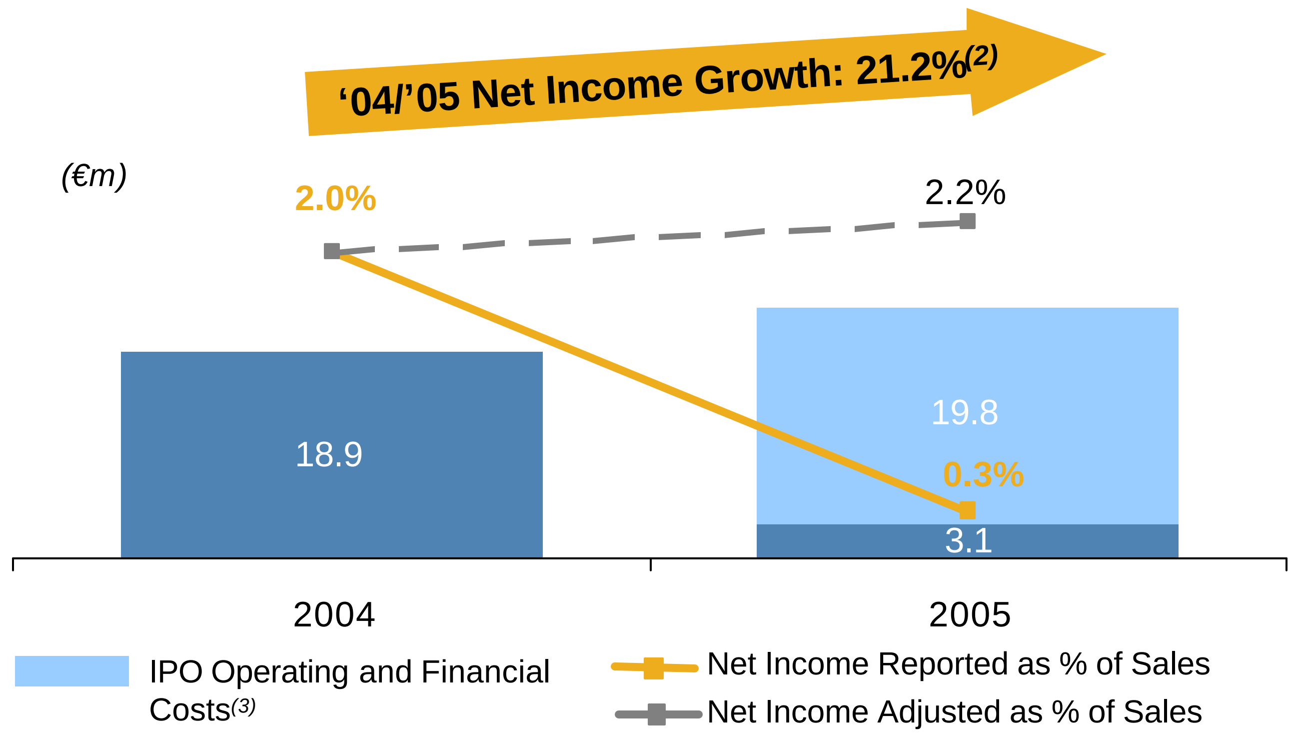
EBITDA(1)



EBIT



Net Income



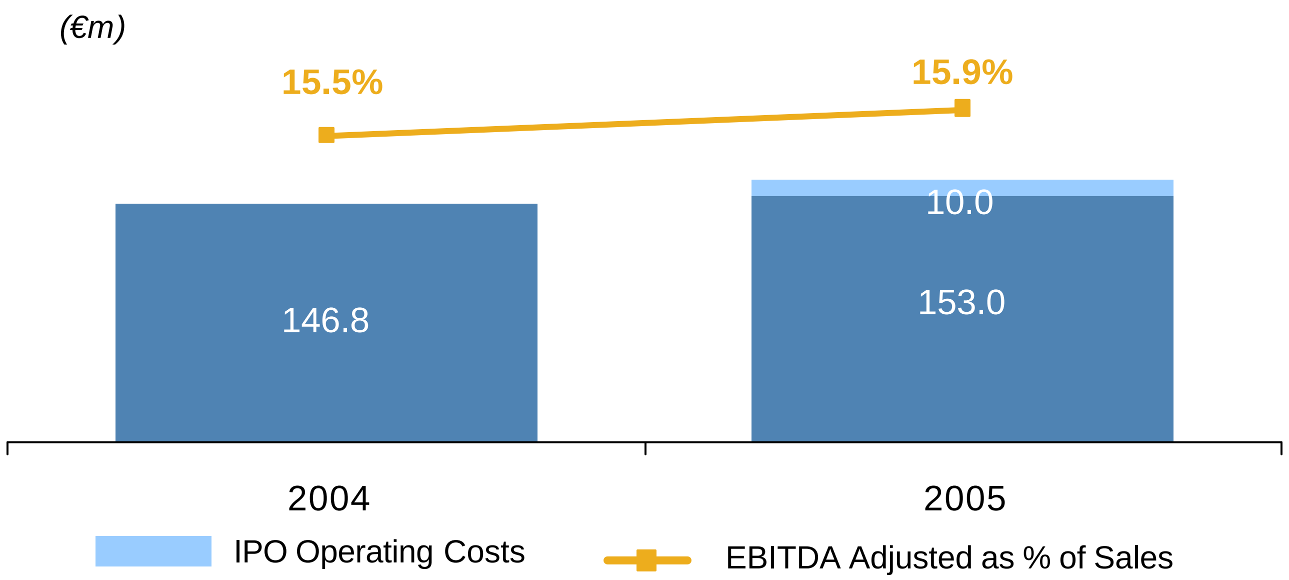
(1) *Based on EBIT adjusted*

(2) *Based on Net Income adjusted*

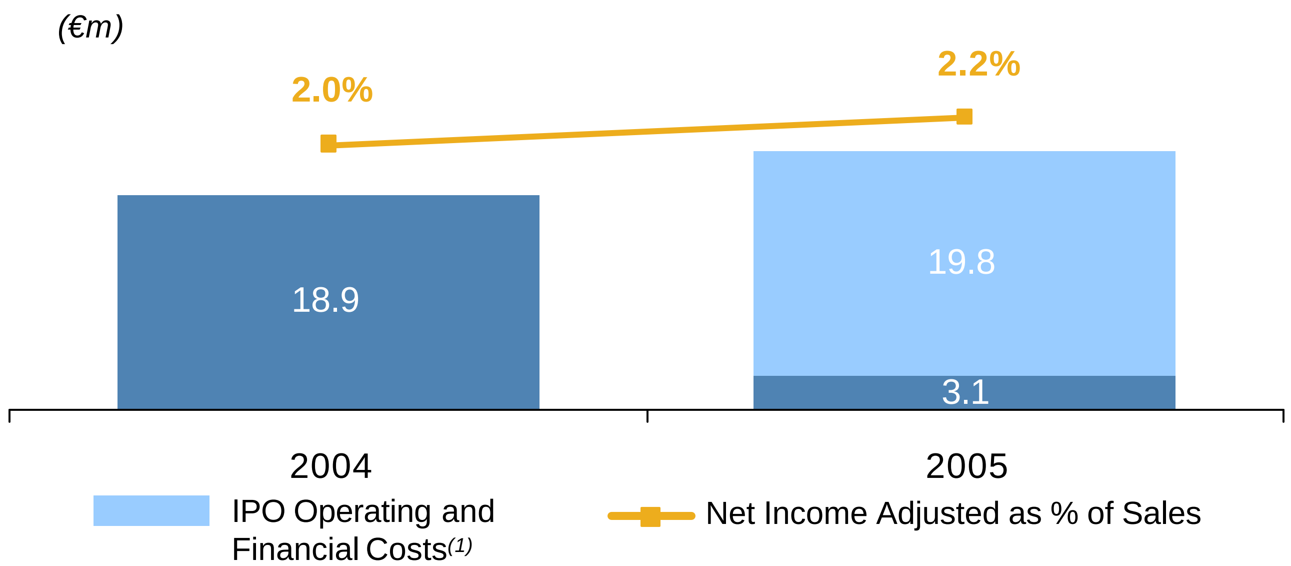
(3) *Net of the tax impact on the extraordinary costs, assuming a tax rate of 33.0%*

Impact of Extraordinary Costs Related to the IPO

EBITDA



Net Income



- 2005 profitability was significantly impacted by the extraordinary costs related to the IPO
- In particular:
  - IPO operating costs: €10.0m
  - Early redemption fees for HY Bond: €10.1m
  - Acceleration of financing fees amortisation: €9.4m
- In 2005, EBITDA was therefore impacted for €10.0m, while Net Income for approximately €20m[(1)]

(1) *Net of the tax impact on the extraordinary costs, assuming a tax rate of 33.0%*

Summary Profit & Loss Accounts

	IFRS(1)			
(€m)	FY Ending Dec 31,		Three Months Ending Dec 31,	
	2004	2005	2004	2005
Net Sales	944.7	1,025.3	227.7	248.5
Gross Profit	563.2	608.8	134.4	140.7
Gross Margin	*59.6%*	*59.4%*	*59.0%*	*56.6%*
EBITDA	146.8	163.0 (2)	42.7	35.6 (2)
EBITDA Margin	*15.5%*	*15.9%*	*18.8%*	*14.3%*
EBIT	111.3	127.9 (2)	34.0	26.4 (2)
EBIT Margin	*11.8%*	*12.5%*	*15.0%*	*10.6%*
Profit Before Taxes	41.8	11.1	20.7	12.1
PBT Margin	*4.4%*	*1.1%*	*9.1%*	*4.9%*
Net Income	18.9	22.9 (3)	13.6	8.7 (3)
Net Income Margin	*2.0%*	*2.2%*	*6.0%*	*3.5%*

(1) Some items related to the FY closed at December 31, 2004 have been modified compared to what presented in the IPO Offering Circular, as a result of the amendment, approved by the European Commission on April 14, 2005, to the IAS 39, related to cash flow hedges

(2) Before extraordinary charges related to the IPO

(3) Before extraordinary charges related to the IPO, net of taxes

Summary Cash Flows Statement

(€m)	IFRS(1) As of December 31, 2004	2005
Net Income/(Loss)	22.0	6.3
Depreciation and Amortisation	35.5	35.2
Share (Income)/Loss on Equity Investment	0.8	2.6
Interest and Taxes	0.9	(15.6)
Other	1.6	7.1
Net Income (Loss) Before Changes in Working Capital	**60.8**	**35.6**
Change in Working Capital	(5.2)	(2.3)
Cash Flow from Operating Activities	**55.6**	**33.3**
Purchase of Property, Plant and Equipment (Net of Disposals)	(26.6)	(27.7)
Investments in Associates and Securities (Net of Disposals)	0.5	-
Acquisition of Intangible Assets	(2.5)	(9.6)
Cash Flow from Investing Activities	**(28.6)**	**(37.3)**
New Financing / (Paydown)	(19.2)	(165.5)
Bank Account to Refund High Yield		(108.5)
Increase in Share Capital		313.6
Dividends Paid	(3.1)	(3.0)
Cash Flow from Financing Activities	**(22.3)**	**36.6**
Cash Flow of the Year	**4.7**	**32.6**
Foreign Exchange Adjustments	(4.7)	(4.6)
Other Adjustments	(5.4)	(1.7)
Change in Cash	**(5.4)**	**26.3**

- Increase of Working Capital mainly related to the increase of sales
- Deferred tax assets significantly increased in 2005

Note: the Cash Flow statement in 2005 has been calculated assuming constant foreign exchange rates; all the FX related adjustments have been grouped under "Foreign Exchange Adjustments" item

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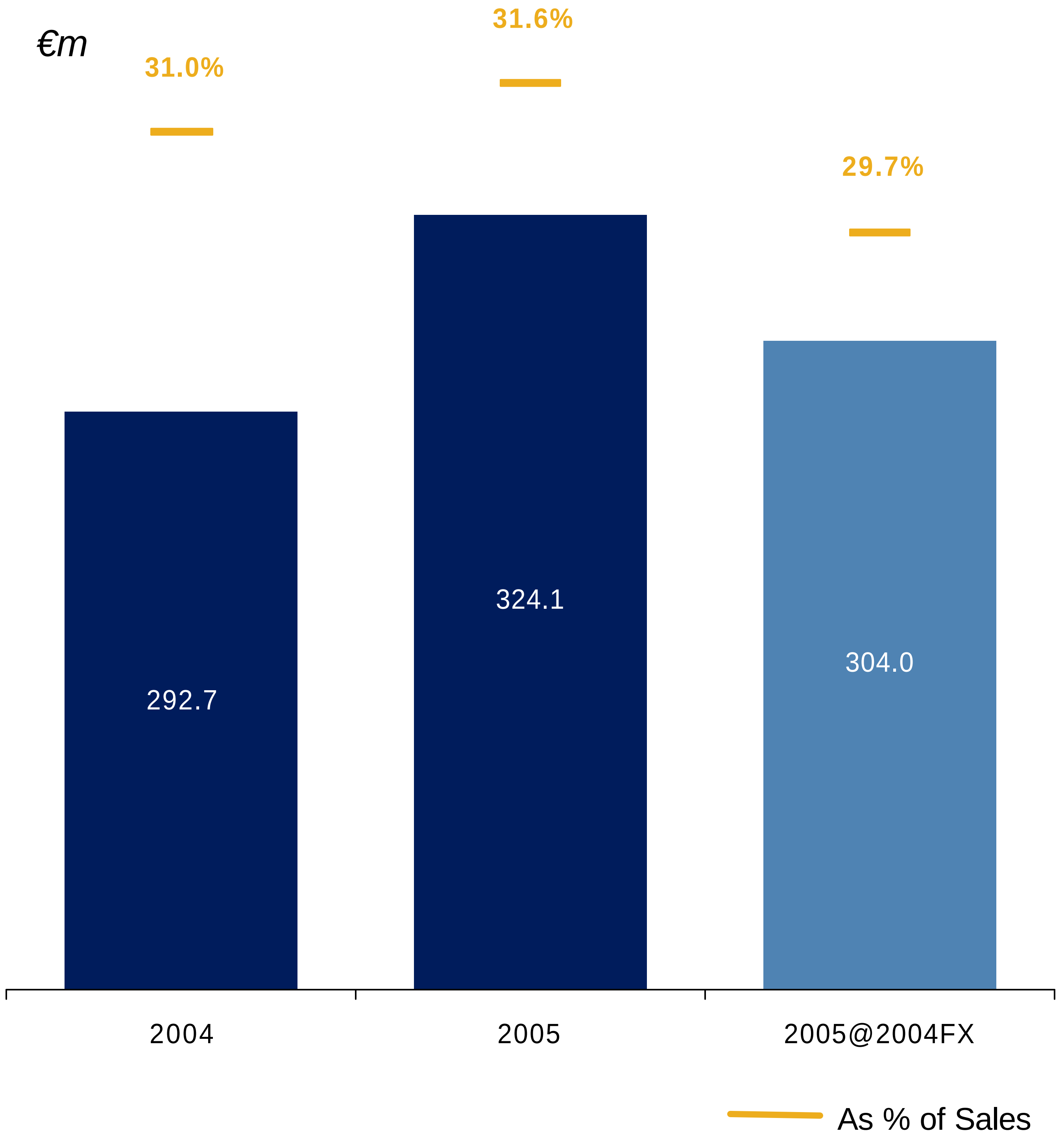
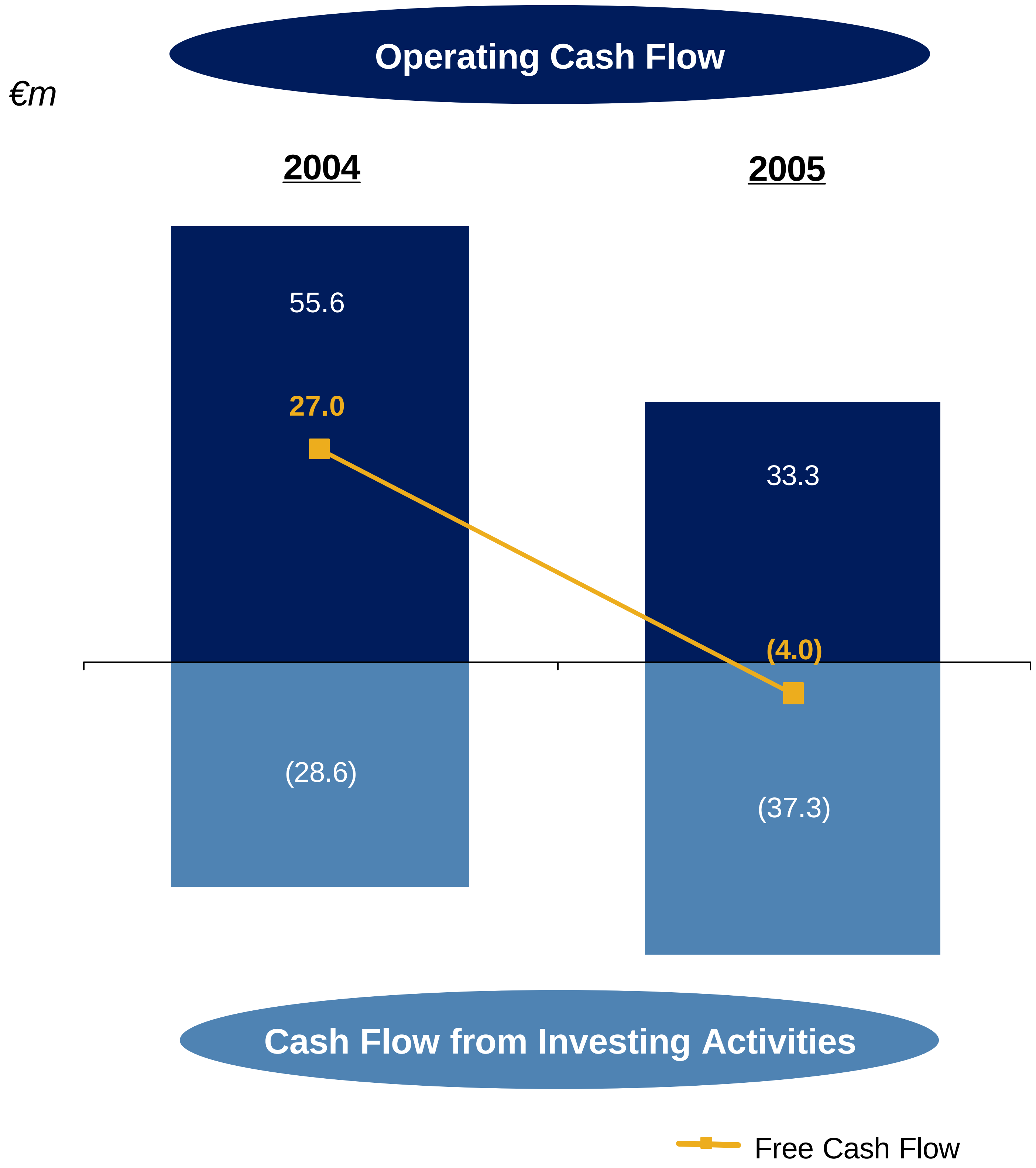
Net Trade Working Capital



	December 31,		December 31,
	2004	**2005**	**2005@2004FX**
Trade Receivables	274.1	307.6	297.0
Inventories	192.2	208.8	194.5
Trade Payables	(173.6)	(192.3)	(187.5)
Net Trade Working Capital	**292.7**	**324.1**	**304.0**

- At constant FX rate, Net Trade Working Capital as percentage of sales improved from 31.0% to 29.7% in 2005
- Approximately €10m of trade payables related to the IPO have been paid during Q1 2006

Capital Expenditure and Free Cash Flow

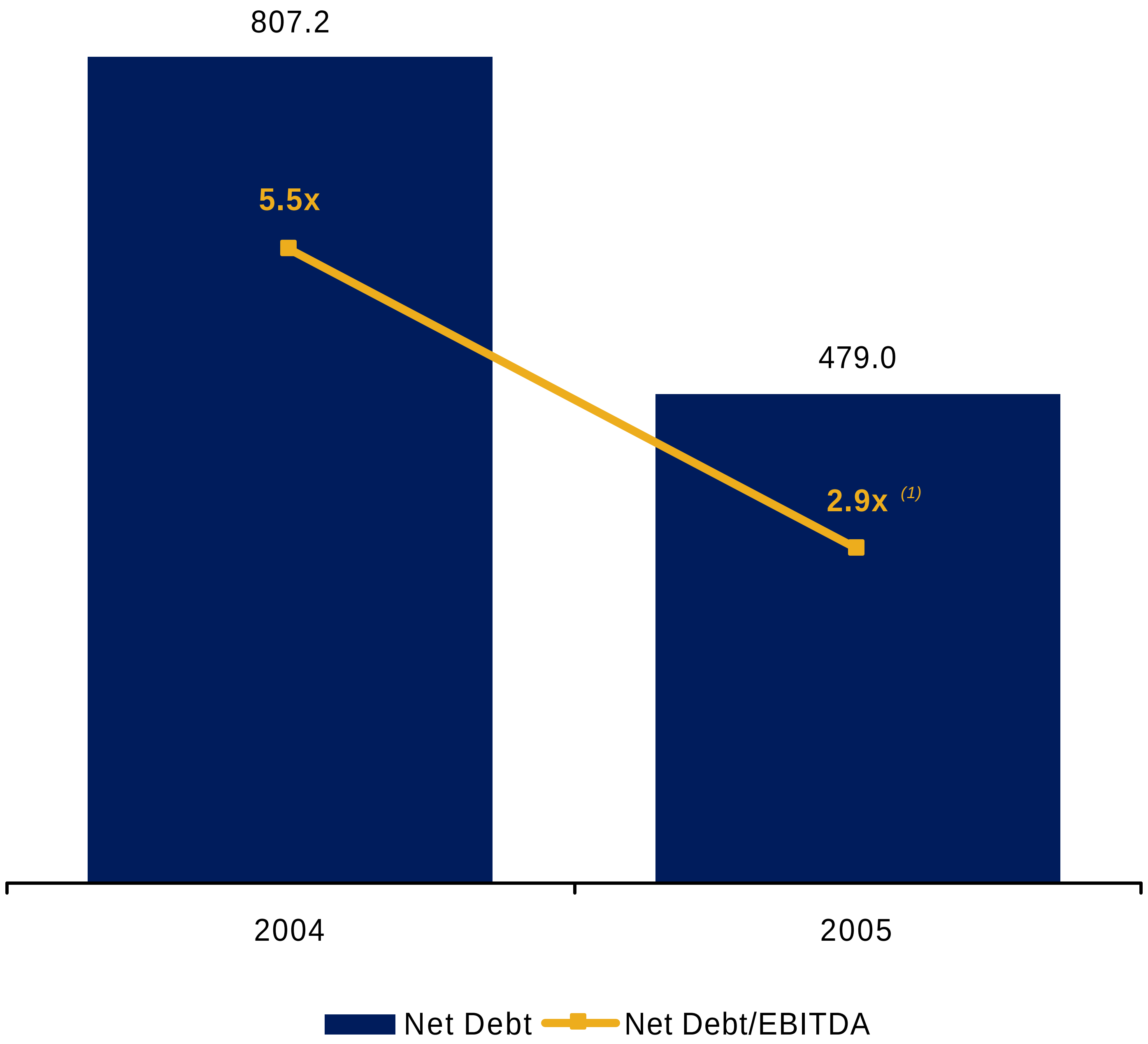


- In 2005 Operating Cash Flow was €33.3m (€55.6m in 2004), largely impacted by the increase of net working capital
- 2005 Operating Cash Flow adjusted(1) was equal to €52.8m
- In 2005 Sàfilo invested €37.3m (+30.4% compared to 2004), including €1m for the distribution network
- Free Cash Flow adjusted(1) of about €15.5m has decreased due to higher capex and working capital increase related to the expansion of the business

(1) *Before extraordinary items related to the IPO*

Net Debt Variation

€m



- Repayment of 35% High Yield Bond and part of the Senior Loan. In particular:

	Amount Repaid (€m)
Senior Loan	179.2
High Yield Bond (Nominal)	105.0
Penalty on H.Y.B. prepayment	10.1
TOTAL	**294.3**

- Moody's has recently upgraded the senior secured facility to Ba3 from B3 and the senior unsecured rating on the notes to B2 from Caa2

(1) Net Debt/EBITDA ratio in 2005 has been calculated on the EBITDA adjusted, before extraordinary charges related to the IPO

Key Leverage Targets

- As a result of the significant reduction of the leverage, Sàfilo is now in the position to renegotiate the outstanding Senior Facilities and move towards a new refinancing on a corporate basis

- The key targets for the new facility are:

  - Strong reduction of margins vs the actual 225/325 bps on the Senior Loan Tranches

  - Average life in line with the current outstanding Facility (5 years)

  - Refinancing of the outstanding Senior Loan plus Revolving credit facility for general purposes. Calling the €195m outstanding High Yield Bond before the first date of call (May 5, 2008) would cost around €34m + amortized costs of approximately €8m

- As of today the average cost of debt is 7.4%, expected to decrease to 6.5% in H2 2006. After the High Yield Bond call option exercise, assuming constant rates and credit spreads, the cost of debt will decrease approximately 200 bps from the current cost

- Sàfilo is currently holding a Beauty Contest with a group of leading Italian and International Banks. The refinancing will be completed within H1 2006

Impact of Polo Ralph Lauren Licence

- PRL licence composed by 5 main sub-brands with different positioning (Polo Jeans, Polo Sport, Chaps, Ralph, Ralph Lauren)
- Sales were concentrated mainly in US
- PRL licence accounts for approximately 10% of the Group's total sales
- The average brands profitability 200bps lower than Group's average
- 2006 sales from PRL licensed brands estimated at least €60m
- €10-12m extraordinary expenses expected in 2006 related to the termination of the PRL licence agreements

Implementing the Lean Manufacturing Project

- The Lean Manufacturing Project forecasting savings for €23 million in two years is confirmed
- In the last months customer's request of products made in Italy has increased more than expected
- The important step of closing three plants (Calalzo, Coseano and Ronchis) was completed in January
- In order not to excessively penalize customer service, the implementation of the new production system will be slightly delayed

Longarone Production Plant

Safilo GROUP

Stock Option Plan

- Following the Leveraged Buy-Out a Stock Option Plan was implemented in order to strongly motivate and retain Senior Management in a critical moment for the Group

- The IPO in December 2005 marked the end of a period of financial pressure for the Group and the positive conclusion of the family buy-out of 2001. In reward for four years of improving results and for achieving a successful IPO the Stock Option Plan was fully vested

- At the IPO, the Senior Management exercised 50% of their options, according to the terms of the Plan. The remaining 50% will be available for sale at the end of the lock-up period.

- A new long-term incentive plan to motivate and retain Senior Management for the next 3-5 years is currently under review and will be discussed before the end of H1 2006

Contacts

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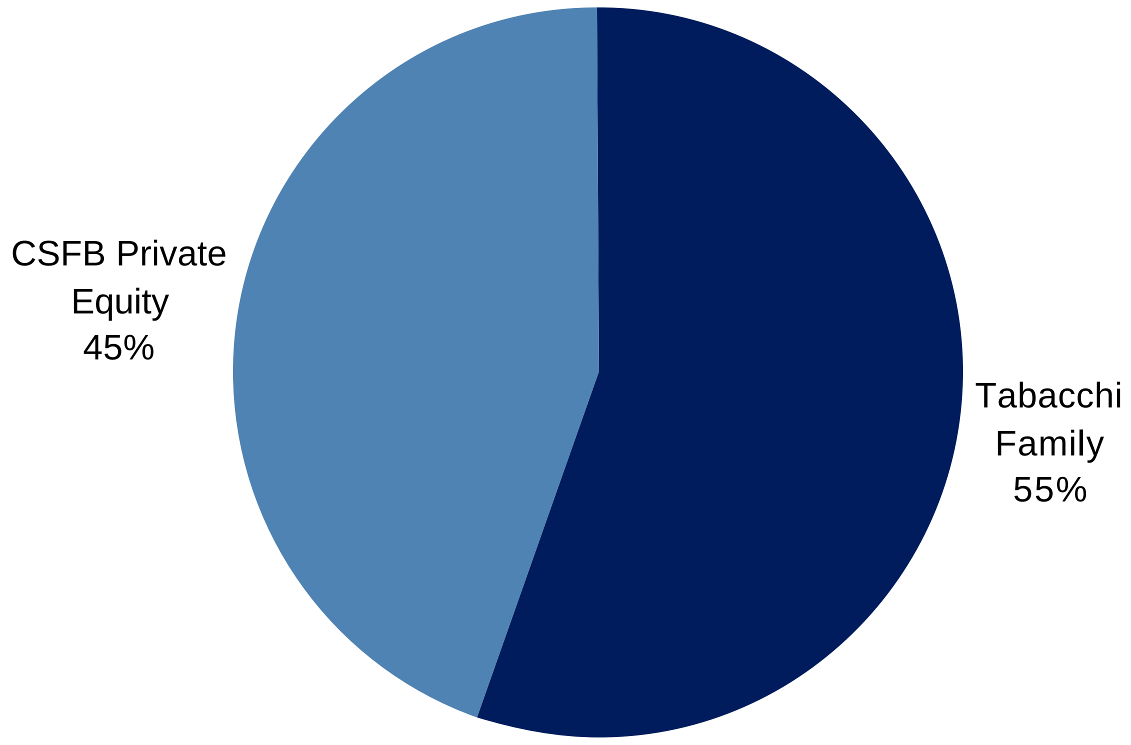
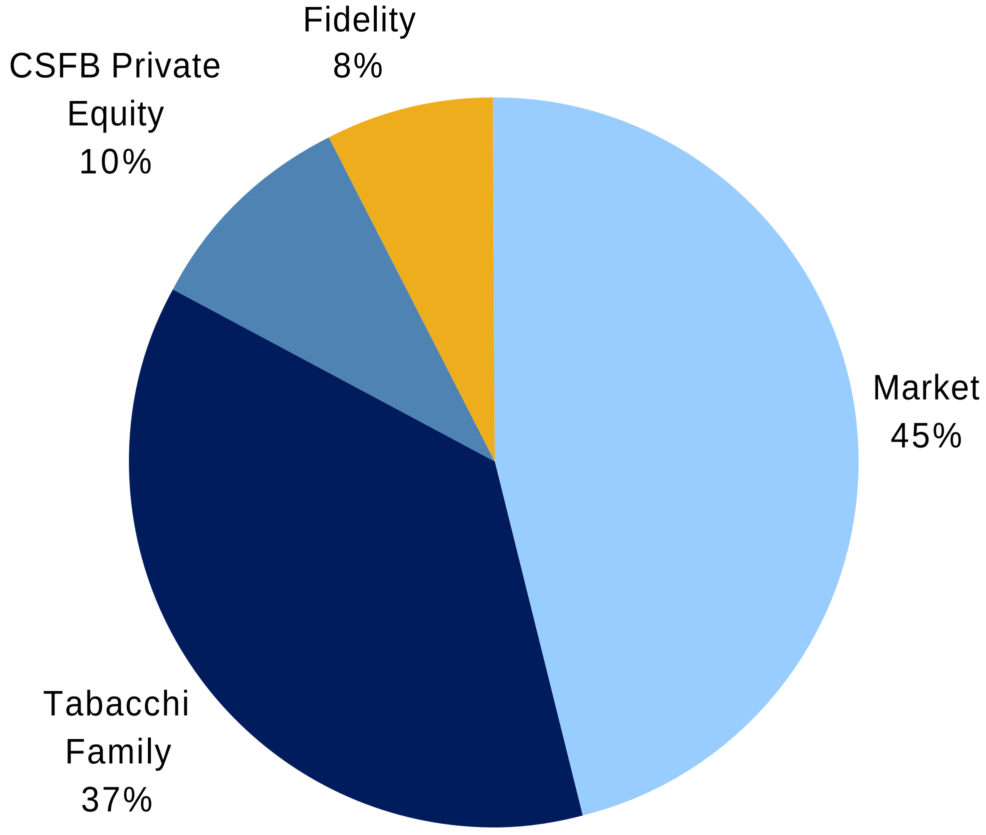
Appendices

Shareholding Structure

Before IPO



Today(1)



(1) Source: CONSOB, as of March 24, 2006

Detailed Profit & Loss

(€m)	IFRS(1) FY Ending December 31, 2004	2005
Net Sales	**944.7**	**1,025.3**
Raw materials and change in inventory	(225.6)	(274.3)
Personnel costs	(89.2)	(82.3)
Subcontracting costs	(33.3)	(18.2)
Depreciation	(24.8)	(25.4)
Other industrial costs	(8.6)	(16.3)
Cost of Sales	**(381.5)**	**(416.5)**
Gross profit	**563.2**	**608.8**
Selling and marketing expenses	(344.1)	(379.4)
General and administrative expenses	(106.9)	(102.6)
Other operating income/(expenses)	(0.9)	1.0
Non recurring operating expenses		(10.0)
Operating income	**111.3**	**117.9**
Interest expenses and other financial charges, net	(69.4)	(87.3)
Extraordinary expenses, net	-	(19.5)
Income/(loss) before taxation	**41.9**	**11.1**
Income taxes	(19.9)	(4.8)
Net income/(loss)	**22.0**	**6.3**
Net Income attributable to minority interest	3.1	3.2
Net loss attributable to the Group	18.9	3.1

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Detailed Balance Sheet

(€m)	IFRS(1) FY Ending December 31, 2004	2005
Cash in hand and at bank	33.8	173.2
Trade receivables	274.1	307.6
Inventory	192.2	208.8
Other current assets	31.7	34.7
Total current assets	**531.8**	**724.3**
Property, plant and equipment, net Intangible assets Goodwill	195.8	193.6
Intangible Assets	21.2	25.6
Goodwill	795.8	797.7
Investments in associates	10.2	13.5
Other financial assets	6.9	6.0
Deferred tax assets	40.7	81.3
Other non-current assets	1.8	2.5
Total non-current assets	**1,072.4**	**1,120.2**
Total assets	**1,604.2**	**1,844.5**
Short-term borrowings	123.0	184.0
Trade Payables	173.6	192.3
Tax Payables	19.2	20.9
Other Current Payables and accrued expenses	67.5	83.0
Total current liabilities	**383.3**	**480.2**
Long-term borrowings	718.0	468.2
Termination Indemnity Liability (TFR)	34.6	39.5
Provision for risk and charges	6.4	8.6
Deferred tax liabilities	8.0	11.0
Other non-current liabilities	8.5	9.8
Total non-current liabilities	**775.5**	**537.1**
Total liabilities	**1,158.8**	**1,017.3**
Shareholders' equity attributable to minority shareholders	**5.1**	**5.5**
Share Capital	49.2	70.8
Share Premium Reserve	406.2	751.3
Other reserves and retained losses	(34.0)	(3.5)
Loss attributable to the Group	18.9	3.1
Total shareholders' equity attributable to the Group	**440.3**	**821.7**
Total shareholders' equity	**445.4**	**827.2**
Total liabilities and shareholders' equity	**1,604.2**	**1,844.5**

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Safilo GROUP

Detailed Cash Flow Statement

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Net Income/(Loss)	22.0	6.3
Depreciation and Amortization	35.5	35.2
Interests and Taxes	0.9	(15.6)
Share (Income)/Loss on Equity Investment	0.8	2.6
Change in Trade Receivables and Other Current Receivables	8.2	(28.4)
Change in Inventory, Net	(37.1)	(2.3)
Change in Trade Payables and Other Current Payables and Accrued Expenses	23.7	28.4
Change in Termination Indemnity Liability (TFR)	6.2	4.8
Other	(4.6)	2.3
Cash Flow from Operating Activities	**55.6**	**33.3**
Purchase of Property, Plant and Equipment (Net of Disposals)	(26.6)	(27.7)
Investments in Associates and Securities (Net of Disposals)	0.5	-
Acquisition of Intangible Assets	(2.5)	(9.6)
Cash Flow from Investing Activities	**(28.6)**	**(37.3)**
Proceeds from Borrowings	29.8	24.9
Repayment of Borrowings	(49.0)	(190.4)
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