



## Q1 2006 Results



# Today's Speakers

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**Roberto Vedovotto**  
*Chief Executive Officer*



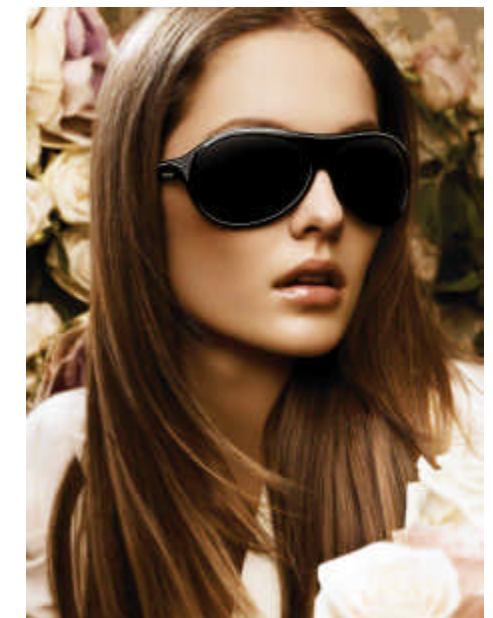
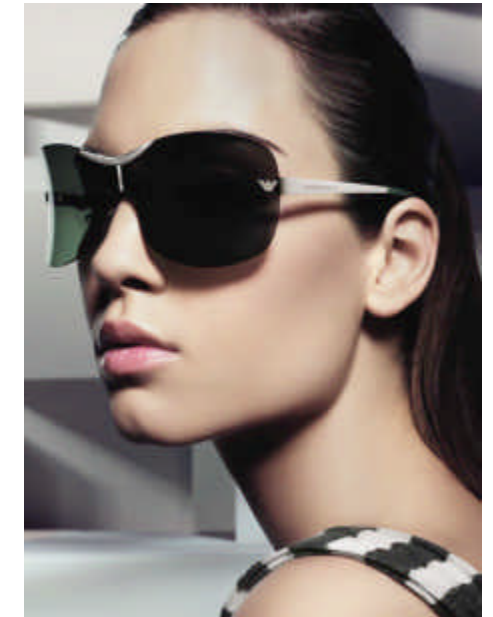
**Francesco Tagliapietra**  
*Director of Administration and Control*



# Key Facts

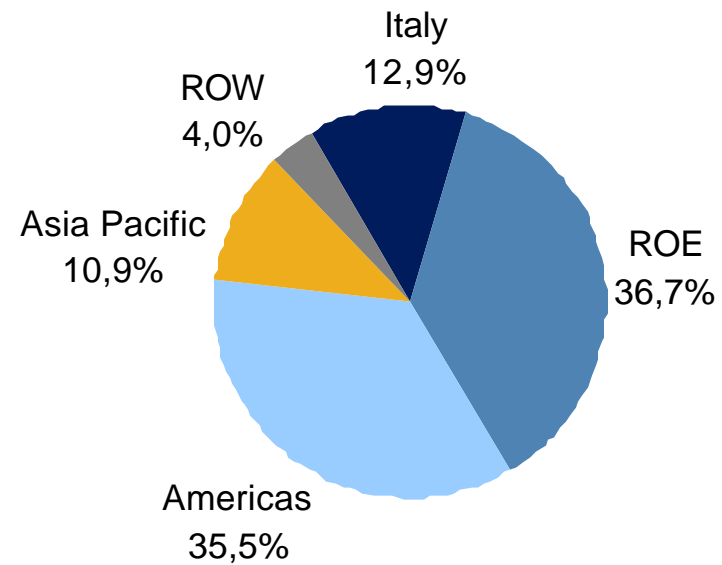


- Sales of €302.1 million, up 7.5% compared to the same period of 2005
- EBITDA of €52.9 million, up 9.1% compared to the same period of 2005
- Net Income of €17.0 million, up 163% compared to the same period of 2005
- Free Cash Flow management plus €22.1 million compared to the same period of 2005
- Net Debt of €493.7 million (€479.0m at December 31, 2005)



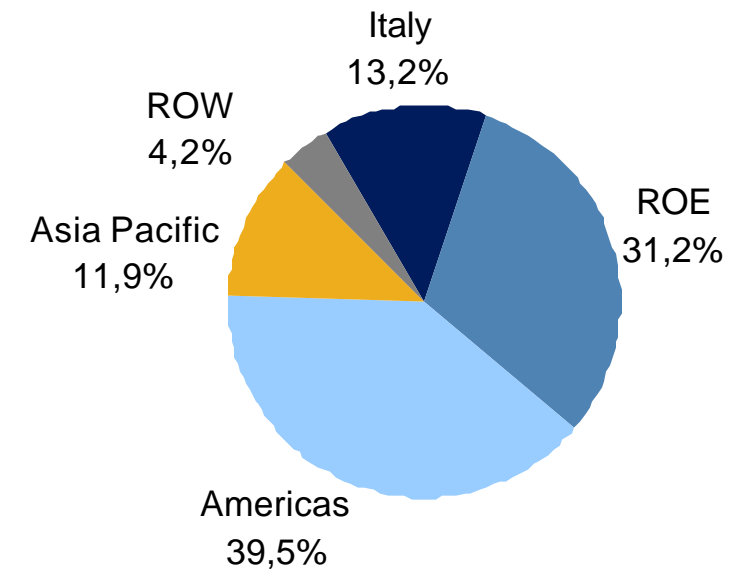
# Net Sales Breakdown by Region

## Q1 2005



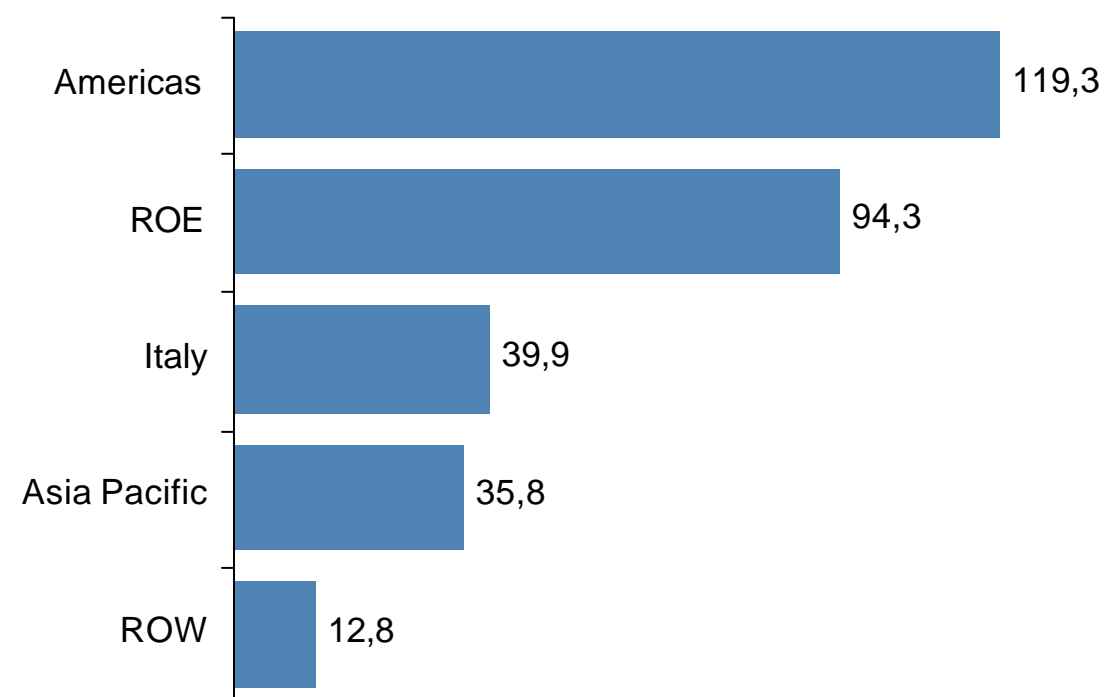
**Total Sales: €281.0m**

## Q1 2006



**Total Sales: €302.1m**

## Q1 2006 – Net Sales (€m)



## Sales Growth (%)

**19.4%**

**(8.4%)**

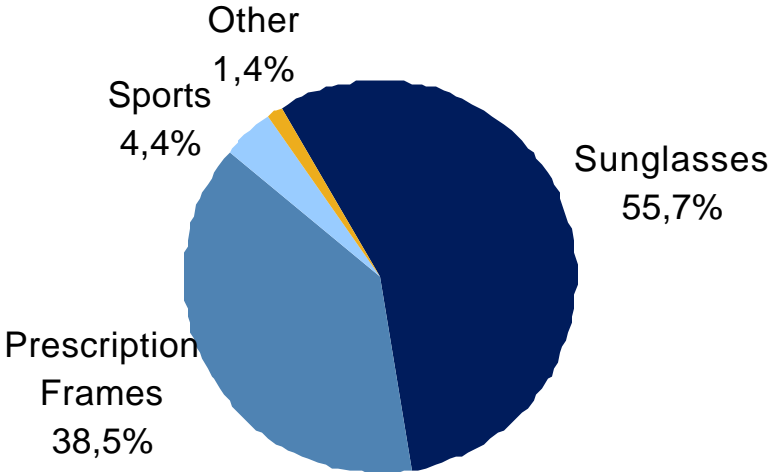
**10.2%**

**17.0%**

**13.3%**

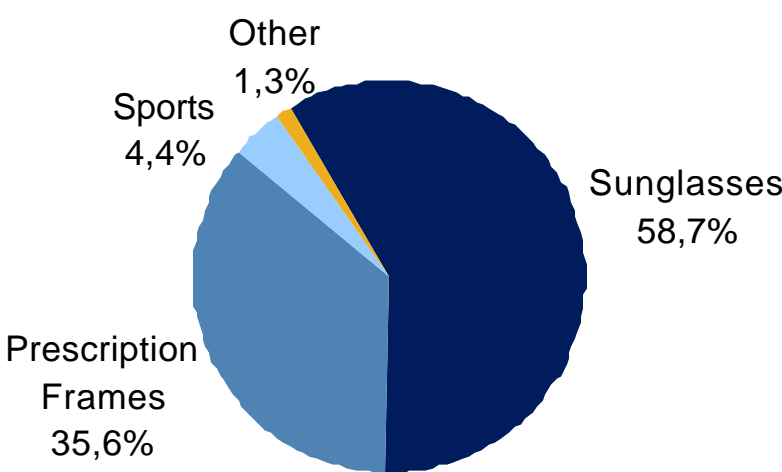
# Net Sales Breakdown by Product

Q1 2005



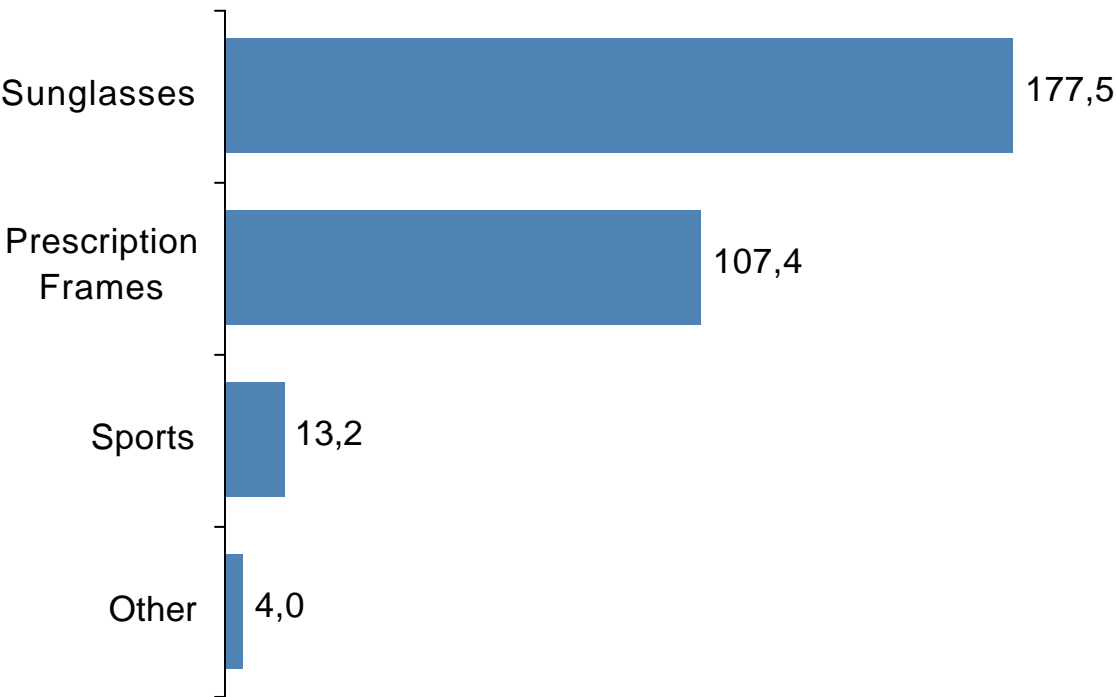
Total Sales: €281.0m

Q1 2006



Total Sales: €302.1m

Q1 2006 – Net Sales (€m)



Sales Growth (%)

13.4%

(0.7%)

7.3%

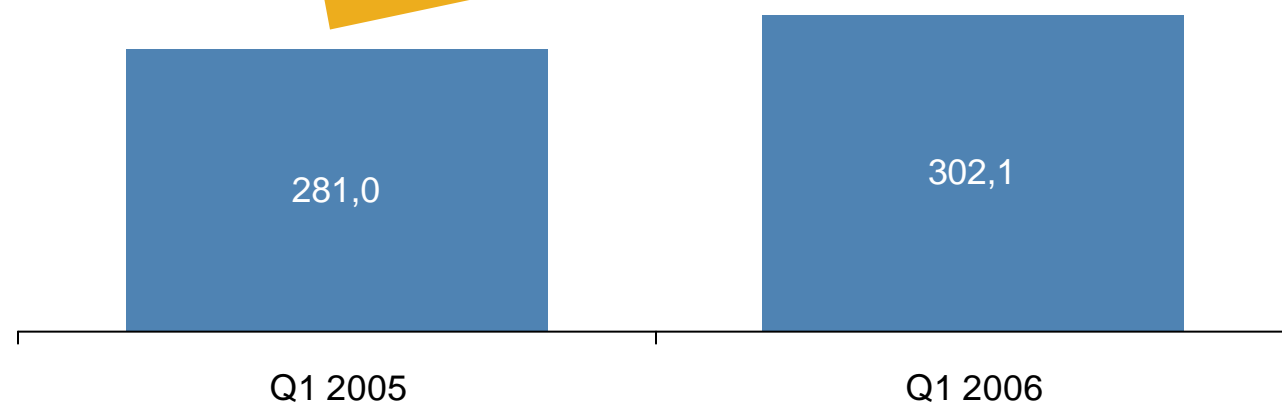
0.0%

# Key Profit and Loss Figures

## Net Sales

(€m)

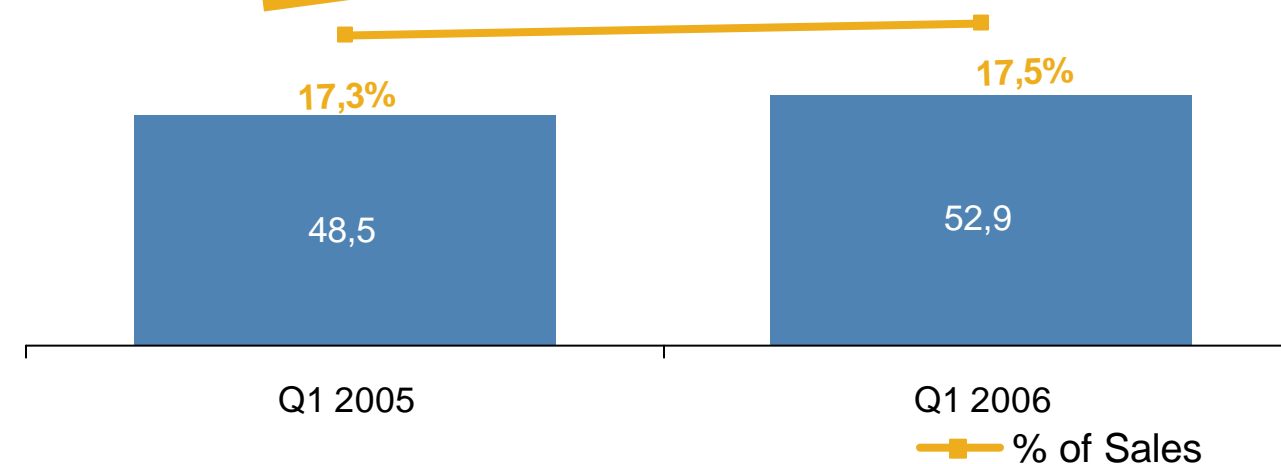
Q1 05/Q1 06 Growth: +7.5%



## EBITDA

(€m)

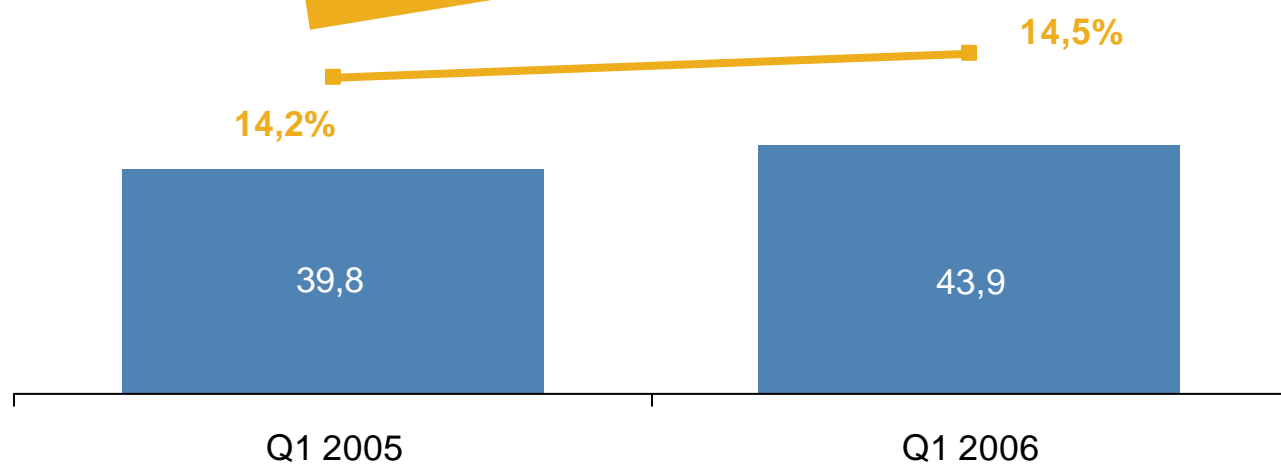
Q1 05/Q1 06 Growth: +9.1%



## EBIT

(€m)

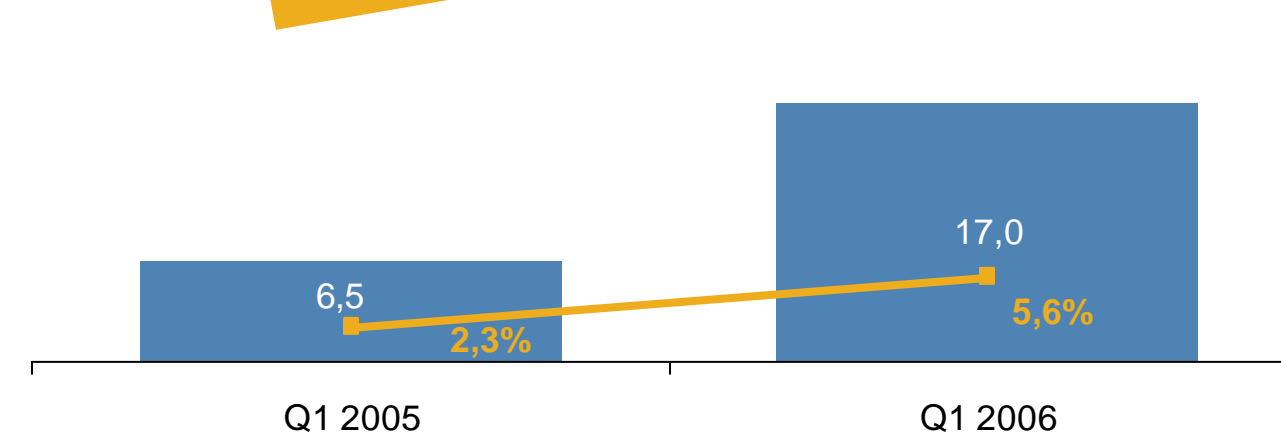
Q1 05/Q1 06 Growth: +10.3%



## Net Income

(€m)

Q1 05/Q1 06 Growth: +163.0%



— % of Sales

— % of Sales

# Summary Profit & Loss Accounts

(€m)	Q1 Ending Mar 31,		FY Ending Dec 31,
	2006	2005	2005
Net Sales	302.1	281.0	1.025,3
Gross Profit	185.1	168.4	608.8
<i>Gross Margin</i>	61.3%	59.9%	59.4%
EBITDA	52.9	48.5	163.0 <sup>(1)</sup>
<i>EBITDA Margin</i>	17.5%	17.3%	15.9%
EBIT	43.9	39.8	127.9 <sup>(1)</sup>
<i>EBIT Margin</i>	14.6%	14.1%	12.5%
Profit Before Taxes	30.7	19.9	30.6
<i>PBT Margin</i>	10.2%	7.0%	3.0%
Net Income	17.0	6.5	22.9 <sup>(1)</sup>
<i>Net Income Margin</i>	5.6%	2.3%	2.2%

(1) Before extraordinary charges related to the IPO

# Summary Cash Flows Statement

(€m)

	As of March 31,	
	2006	2005
Net Income	18.1	7.6
Depreciation and Amortisation	9.1	8.7
Share (Income) on Equity Investment	(1.0)	(0.4)
Interest and Taxes	23.9	28.2
Other	1.6	1.5
<b>Net Income (Loss) Before Changes in Working Capital</b>	<b>51.7</b>	<b>45.6</b>
Change in Working Capital	(51.6)	(67.7)
Interest and Taxes paid	(11.6)	(11.5)
<b>Cash Flow from Operating Activities</b>	<b>(11.5)</b>	<b>(33.6)</b>
Purchase of Property, Plant and Equipment (Net of Disposals)	(7.1)	(5.2)
Investments in Associates and Securities (Net of Disposals)	-	-
Acquisition of Intangible Assets	(0.5)	(0.4)
<b>Cash Flow from Investing Activities</b>	<b>(7.6)</b>	<b>(5.6)</b>
New Financing	11.4	45.7
Paydown	(0.6)	(0.8)
Bank Account to Refund High Yield	(3.5)	-
Increase in Share Capital	-	-
Dividends Paid	(0.2)	(0.2)
<b>Cash Flow from Financing Activities</b>	<b>7.1</b>	<b>44.7</b>
<b>Cash Flow of the Year</b>	<b>(12.0)</b>	<b>5.5</b>
Foreign Exchange Adjustments	(0.3)	1.4
Other Adjustments	3.6	0.2
<b>Change in Cash</b>	<b>(8.7)</b>	<b>7.1</b>

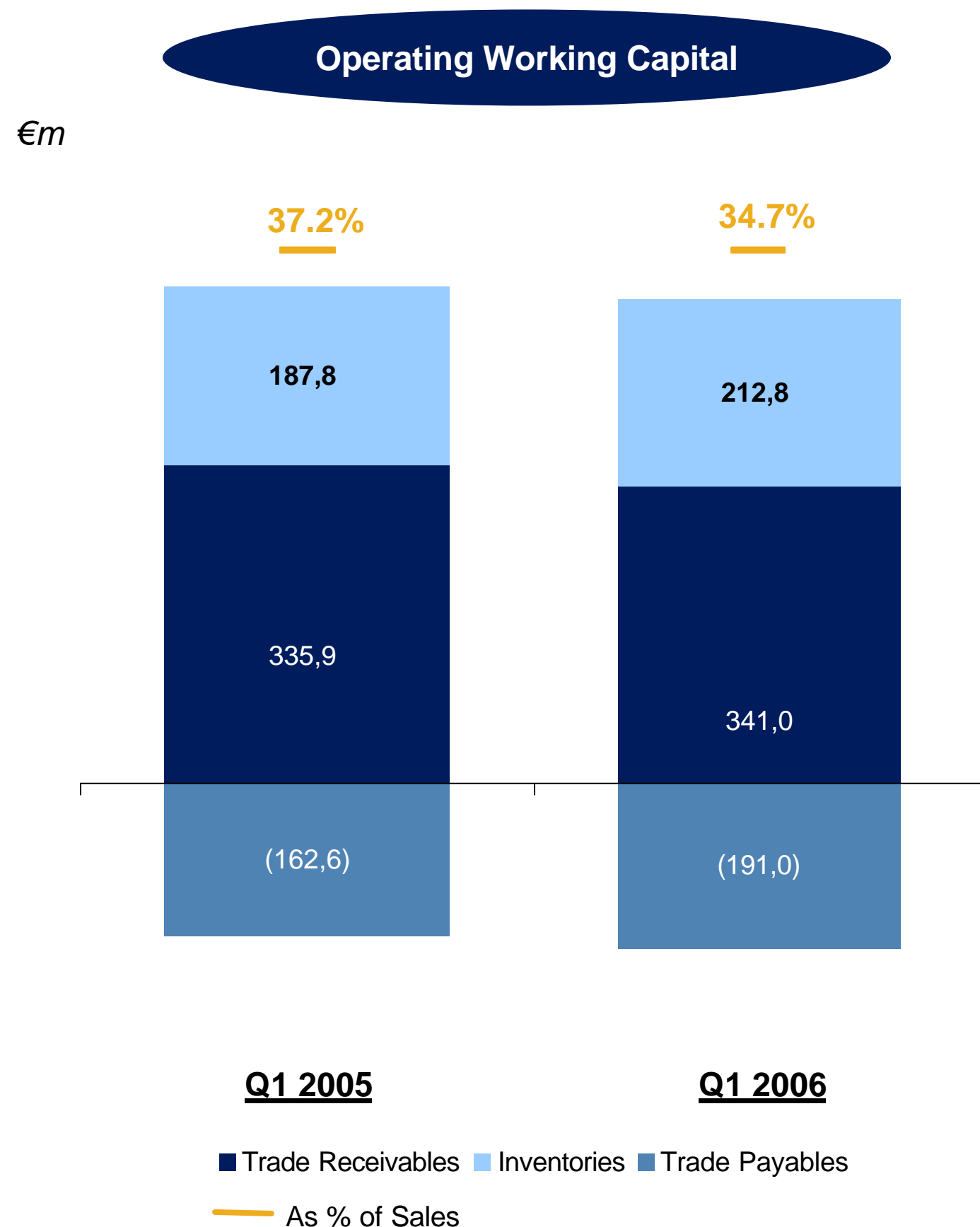
Free Cash absorption is due to the seasonality of business

Cash flow from operating activities has substantially improved compared to Q1 2005

Investments are in line with the annual target of €30/35m



# Net Trade Working Capital



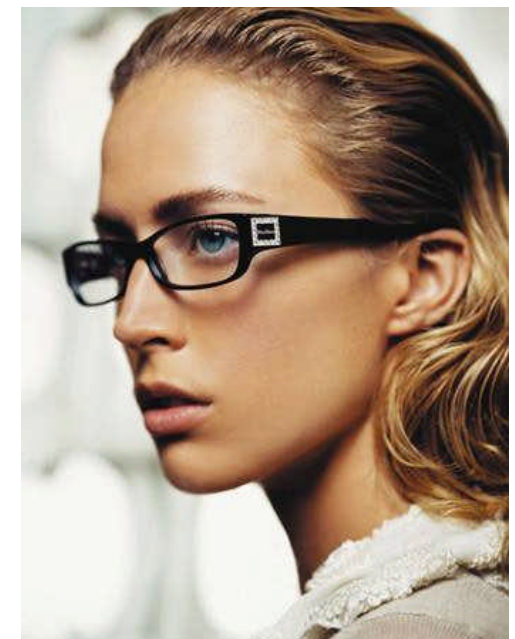
	March 31,	
	2006	2005
LTM Net Sales	1,046	972.1
Trade Receivables	341.0	335.9
Inventories	212.8	187.8
Trade Payables	(191.0)	(162.6)
<b>Net Trade Working Capital</b>	<b>362.8</b>	<b>361.1</b>

- Good improvement in working capital management → working capital as a percentage of sales has been reduced to 34.7% compared to 37.2% in Q1 2005
- Management of both credit collection and supplier payments has improved
- Inventories have increased, especially in Safilo's subsidiaries, due to sales seasonality

# Licence Overview

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- On January 11<sup>th</sup> 2006 the Yves Saint Laurent Licence Agreement was extended to 2010
- On April 12<sup>th</sup> 2006 the Max Mara Licence Agreement was extended to 2013
- On the same date an agreement was reached for the development and distribution of eyewear under the Max & Co. brand until 2013. The launch of the new Max & Co. collection is planned for 2007



# Solstice Development

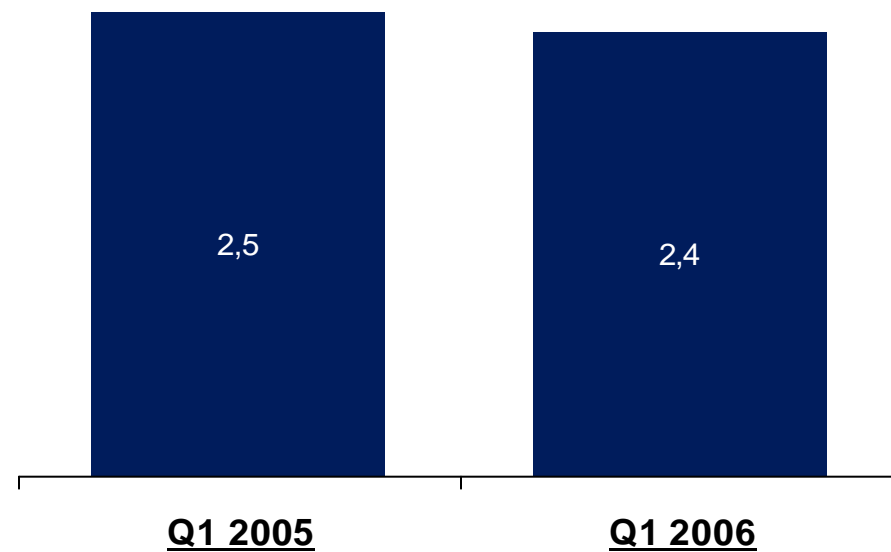
- During the first Quarter considerable work has been carried out in order to achieve the target of a further 30 new stores by the end of the year
- By the end of June 06 a total of 65/70 stores is expected
- The actual level of stores' sales and profitability is improving compared to the previous year and the business plan



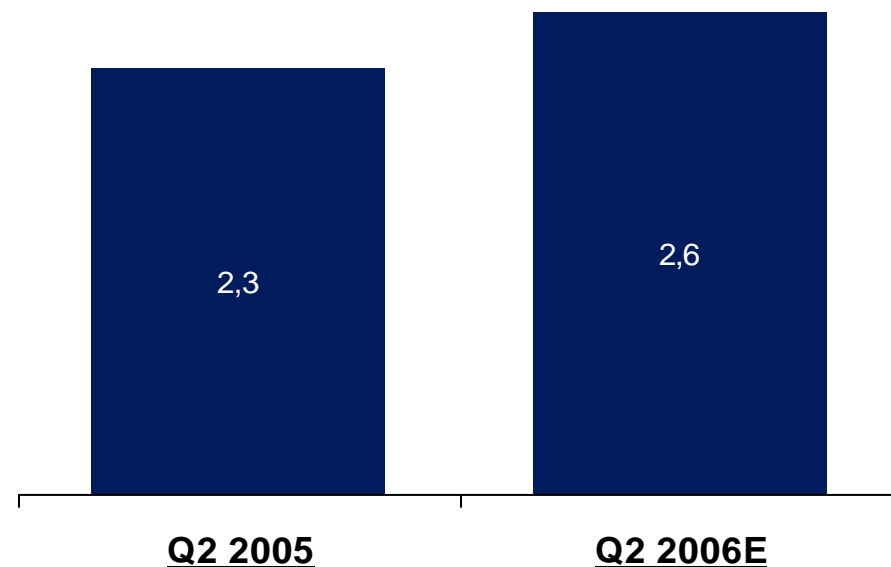
# Production Update

## Internal Production

-4.0%



+12.0%



■ volumes in mio. pcs.

- The level of production has grown and currently further delays are not accumulating
- Some bottle necks are still to be solved, but a normal situation will be once again achieved by the end of the second Quarter
- Recovery of the backlog will take place in the second half of the year
- The effects of some of the initial results of the lean manufacturing project have been evident in the first Quarter

# Contacts

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**Anna Franchin**

Via VII Strada 15 – 35129 Padova,  
Italy

Tel: +39 049 6985780

Fax: +39 049 6987129

E-mail: [infoir@safilo.com](mailto:infoir@safilo.com)

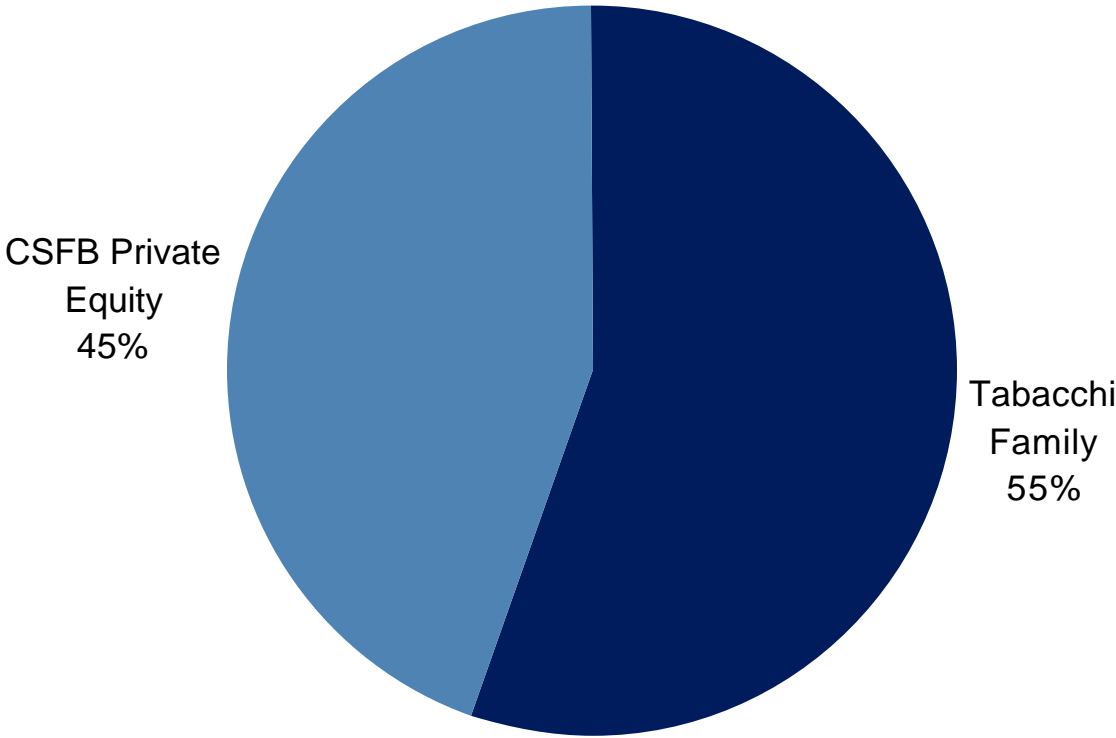




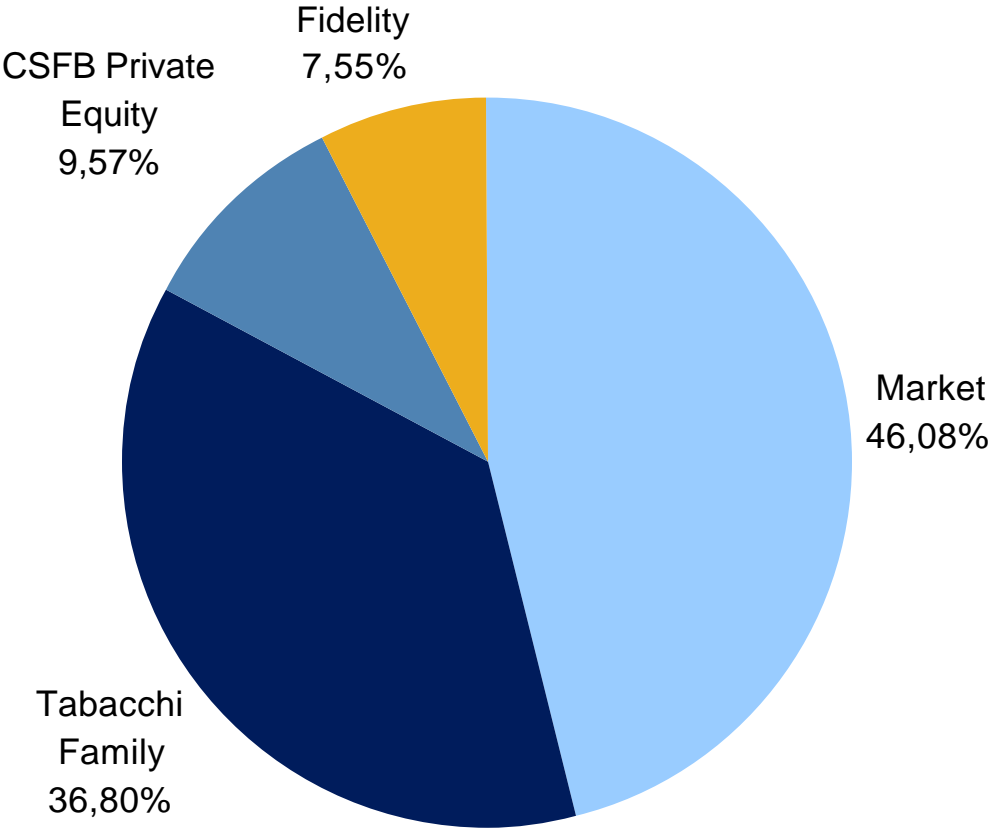
**Appendices**

# Shareholding Structure

Before IPO



Today<sup>(1)</sup>



(1) Source: CONSOB, as of May 12, 2006

# Detailed Profit & Loss

€m	Q1 Ending March 31			
	2006	%	2005	%
Net sales	302.125	100,0%	280.961	100,0%
Cost of sales	(117.008)		(112.567)	
<b>Gross profit</b>	<b>185.117</b>	<b>61,3%</b>	<b>168.394</b>	<b>59,9%</b>
Selling and marketing expenses	(111.846)	-37,0%	(102.274)	-36,4%
General and administrative expenses	(29.408)	-9,7%	(26.277)	-9,4%
<b>Operating income</b>	<b>43.863</b>	<b>14,5%</b>	<b>39.843</b>	<b>14,2%</b>
Interest expense and other financial charges, net	(13.206)		(19.953)	
<b>Income before taxation</b>	<b>30.657</b>	<b>10,1%</b>	<b>19.890</b>	<b>7,1%</b>
Income tax expenses	(12.589)		(12.250)	
<b>Net income</b>	<b>18.068</b>	<b>6,0%</b>	<b>7.640</b>	<b>2,7%</b>
Net income attributable to minority interests	1.110		1.182	
<b>Net income attributable to the Group</b>	<b>16.958</b>	<b>5,6%</b>	<b>6.458</b>	<b>2,3%</b>
<b>Earnings per share - <i>Basic</i> (Euro)</b>	<b>0,06</b>		<b>0,03</b>	
<b>Earnings per share - <i>Diluted</i> (Euro)</b>	<b>0,06</b>		<b>0,03</b>	

# Detailed Balance Sheet

€m	Q1 Ending March 31	
	2006	2005
<b>ASSETS</b>		
<b>Current assets</b>		
Cash in hand and at banks	49.248	173.232
Trade receivables, net	340.994	307.558
Inventory, net	212.766	208.802
Assets held for sale	2.956	2.984
Derivative financial instruments	1.263	-
Other current receivables	29.551	31.679
<b>Total current assets</b>	<b>636.778</b>	<b>724.255</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	192.712	193.603
Intangible assets	24.368	25.580
Goodwill	797.365	797.734
Investments in associates	13.187	13.492
Financial assets available-for-sale	6.939	6.009
Deferred tax assets	81.521	81.263
Derivative financial instruments	1.950	1.268
Other non-current assets	1.348	1.303
<b>Total non-current assets</b>	<b>1.119.390</b>	<b>1.120.252</b>
<b>Total assets</b>	<b>1.756.168</b>	<b>1.844.507</b>

€m	Q1 Ending March 31	
	2006	2005
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term borrowings	74.351	184.006
Trade payables	191.034	192.286
Tax payables	25.160	20.872
Derivative financial instruments	-	878
Other current liabilities	79.609	82.010
Provision for risks and charges	340	128
<b>Total current liabilities</b>	<b>370.494</b>	<b>480.180</b>
<b>Non-current liabilities</b>		
Long-term borrowings	468.586	468.242
Employee benefits liability	40.947	39.424
Provision for risks and charges	8.504	8.644
Deferred tax liabilities	12.453	10.969
Derivative financial instruments	2.322	3.271
Other non-current liabilities	6.531	6.565
<b>Total non-current liabilities</b>	<b>539.343</b>	<b>537.115</b>
<b>Total liabilities</b>	<b>909.837</b>	<b>1.017.295</b>
<b>Shareholders' equity</b>		
Share premium reserve	751.276	751.276
Retained earnings and other reserves	1.725	358
Fair value and cash flow reserves	(929)	(3.899)
Income attributable to the Group	16.958	3.097
<b>Total Group Equity</b>	<b>839.873</b>	<b>821.675</b>
<b>Total Minority Equity</b>	<b>6.458</b>	<b>5.537</b>
<b>Total shareholders' equity</b>	<b>846.331</b>	<b>827.212</b>
<b>Total liabilities and equity</b>	<b>1.756.168</b>	<b>1.844.507</b>

# Detailed Cash Flow Statement

€m	Q1 Ending March 31	
	2006	2005
<b>Cash flows from operating activities</b>		
Net income	18.068	7.640
Depreciation and Amortization	9.078	8.695
Share (income) on equity investments	(968)	(371)
Net movements in the employee benefits liability	1.541	1.082
Net movements in other provisions	83	411
Interest expenses	11.282	15.920
Income tax expense	12.588	12.250
<b>Income from operating activities prior to movements in working capital</b>	<b>51.672</b>	<b>45.627</b>
<b>Changes in operating Assets and Liabilities</b>		
(Increase) Decrease in trade receivables and other current receivables	(34.325)	(57.133)
(Increase) Decrease in inventory, net	(5.967)	8.930
Increase (Decrease) in trade payables and other current payables	(11.301)	(19.572)
Interest expenses paid	(6.546)	(6.718)
Income taxes paid	(5.020)	(4.754)
<b>A - Net Cash (used in) operating activities</b>	<b>(11.487)</b>	<b>(33.620)</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment (net of disposals)	(7.084)	(5.171)
Purchase of intangible assets	(481)	(391)
<b>B - Net Cash (used in) investing activities</b>	<b>(7.565)</b>	<b>(5.562)</b>
<b>Cash Flows from Financing activities</b>		
Proceeds from borrowings	11.423	45.704
Repayment of borrowings	(542)	(806)
Bank deposit for interests on convertible bonds payment	(3.534)	-
Dividends paid	(249)	(220)
<b>C - Net Cash provided by financing activities</b>	<b>7.098</b>	<b>44.678</b>
Effect of exchange rates	(341)	1.354
Other movements in shareholders' equity	3.550	230
<b>Net increase in cash and cash equivalents</b>	<b>3.209</b>	<b>1.584</b>
<b>D - Cash and cash equivalents at the beginning of the period</b>	<b>44.546</b>	<b>18.191</b>
<b>E - Cash and cash equivalents at the end of the period</b>	<b>35.801</b>	<b>25.271</b>



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