



H1 2006 Results



Today's Speakers



Claudio Gottardi
Chief Executive Officer

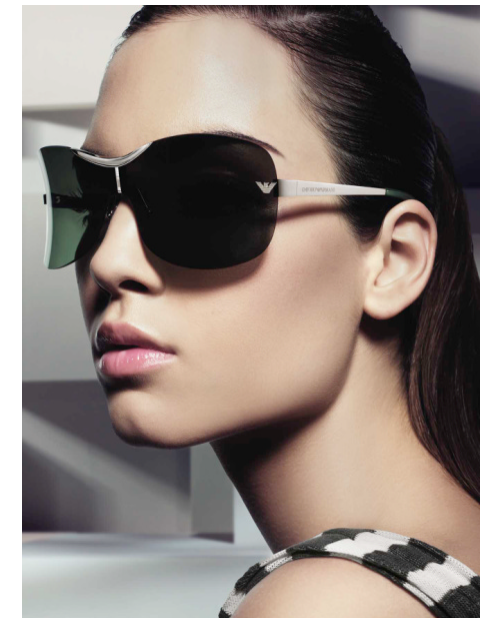


Francesco Tagliapietra
Director of Administration and Control

Key Facts

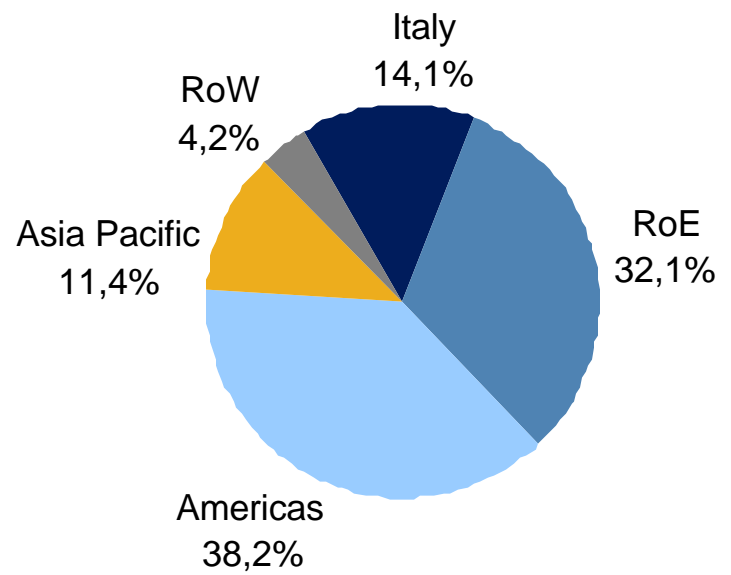


- Changes in the Top Management to allow Safilo to be increasingly competitive with stronger competence in the core areas of the industry
- Sales of €605.4 million, up 7.8% compared to the same period of 2005
- Growth in internal production capacity with an increase of 13%
- Presentation of the first Marc by Marc Jacobs eyewear collection
- Replacement of the Senior Loan granted in 2002, with a significant improvement of the guarantee package and margins



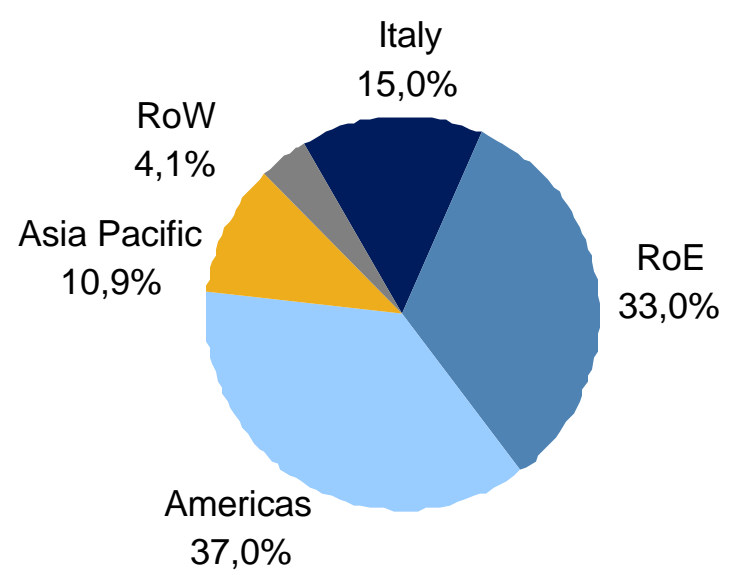
Net Sales Breakdown by Region

H1 2006



Total Sales: €605.4m

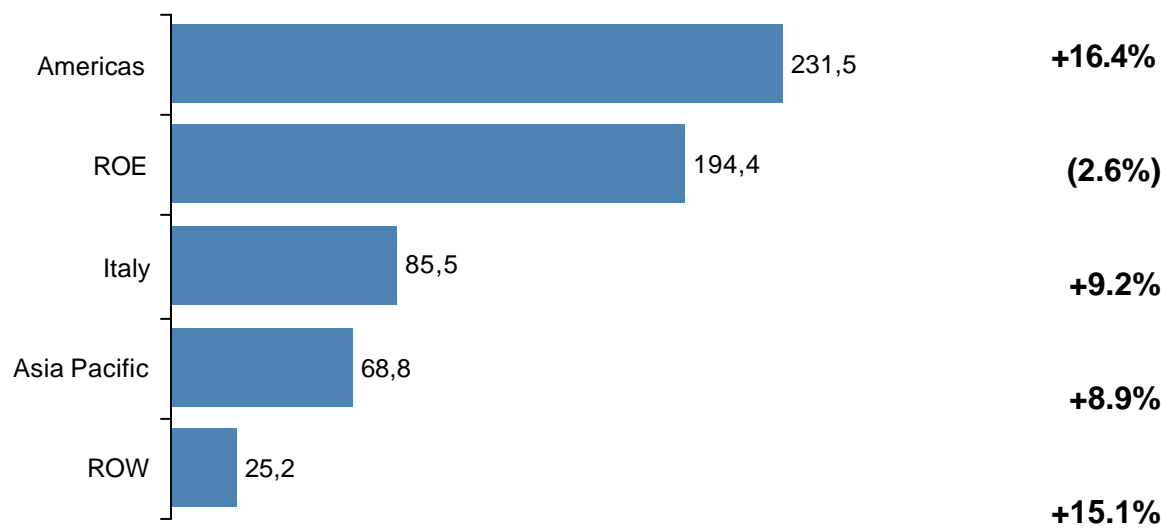
Q2 2006



Total Sales: €303.3m

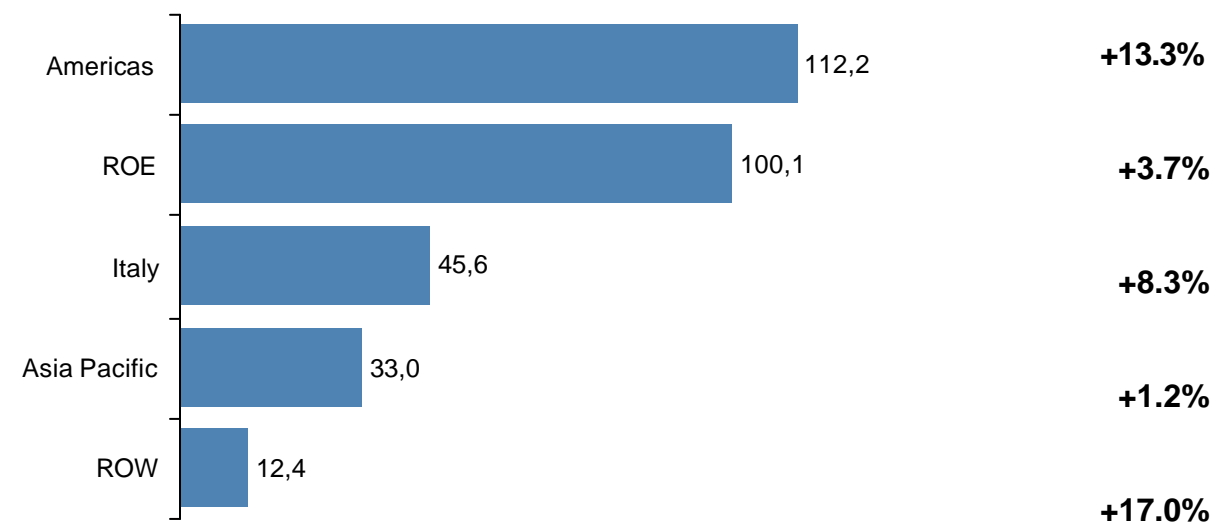
H1 2006 – Net Sales (€m)

Sales Growth (%)



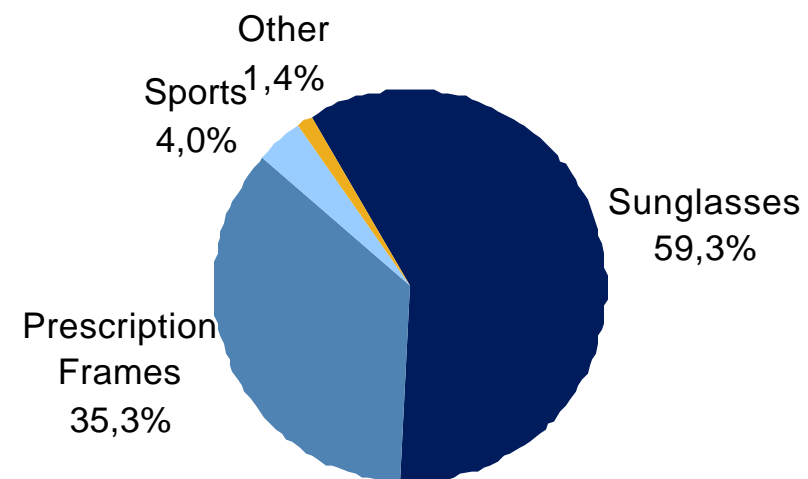
Q2 2006 – Net Sales (€m)

Sales Growth (%)



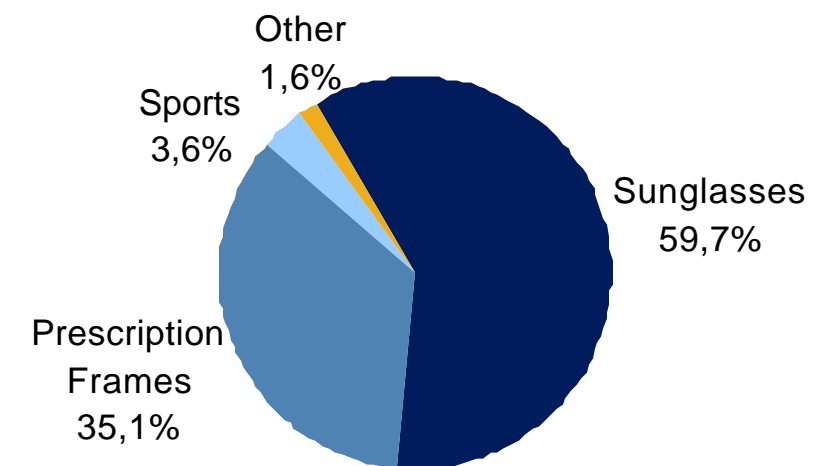
Net Sales Breakdown by Product

H1 2006



Total Sales: €605.4m

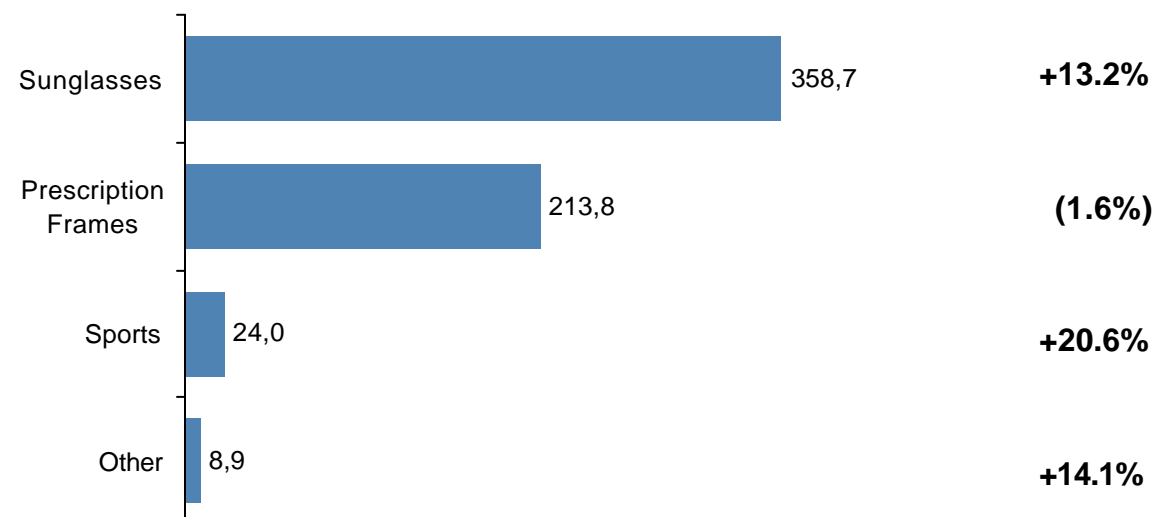
Q2 2006



Total Sales: €303.3m

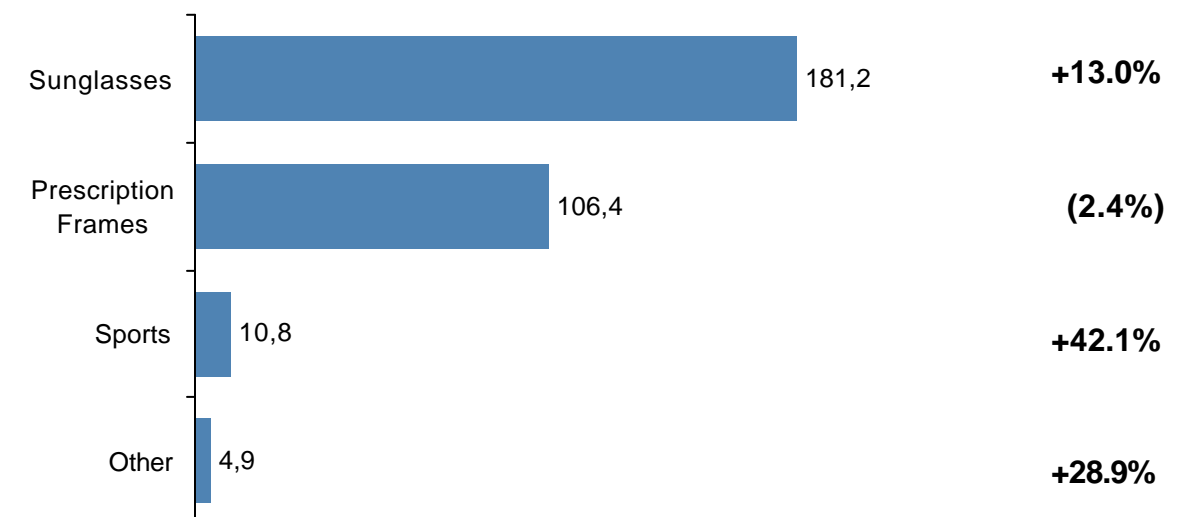
H1 2006 – Net Sales (€m)

Sales Growth (%)



Q2 2006 – Net Sales (€m)

Sales Growth (%)

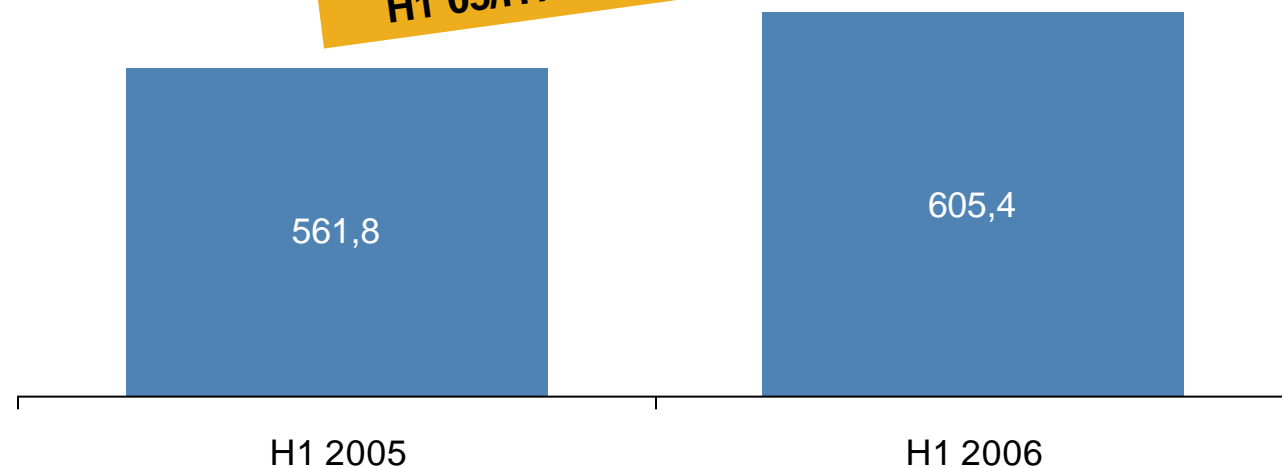


Key Profit and Loss Figures

Net Sales

(€m)

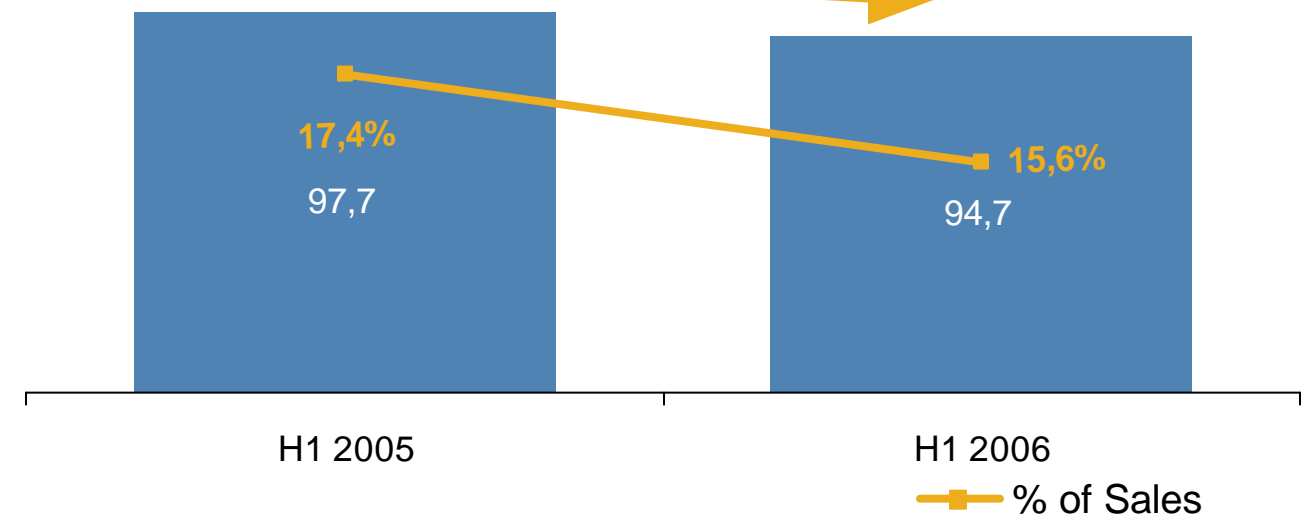
H1 05/H1 06 Growth: +7.8%



EBITDA

(€m)

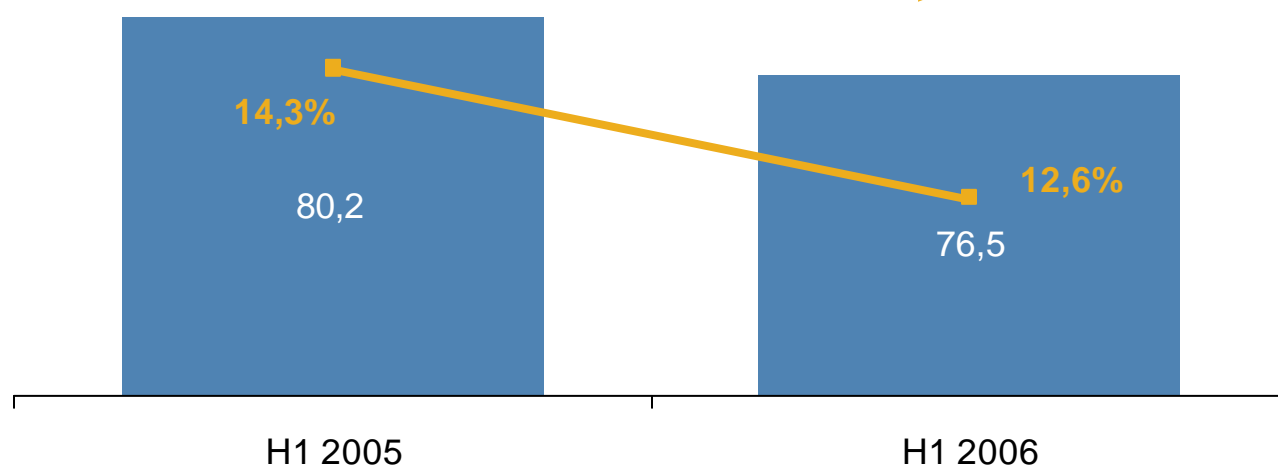
H1 05/H1 06 Growth: -3.1%



EBIT

(€m)

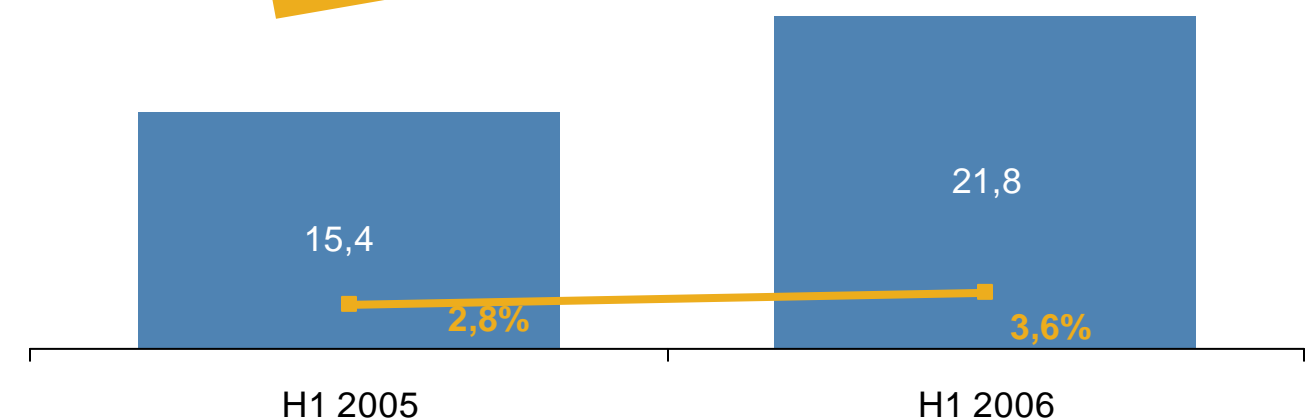
H1 05/H1 06 Growth: -4.6%



Net Income

(€m)

H1 05/H1 06 Growth: +41.6%



— % of Sales

— % of Sales

Summary Profit & Loss Accounts

(€m)	H1 Ending Jun 30,		Q2 Ending Jun 30,	
	2006	2005	2006	2005
Net Sales	605.4	561.8	303.3	280.9
Gross Profit	365.0	338.7	179.9	170.3
<i>Gross Margin</i>	60.3%	60.3%	59.3%	60.6%
EBITDA	94.7	97.7	41.8	49.2
<i>EBITDA Margin</i>	15.6%	17.4%	13.8%	17.5%
EBIT	76.5	80.2	32.6	40.4
<i>EBIT Margin</i>	12.6%	14.3%	10.7%	14.4%
Profit Before Taxes	40.3	27.6	9.6	7.7
<i>PBT Margin</i>	6.7%	5.0%	3.1%	2.8%
Net Income	21.8	15.4	4.8	8.9

EBITDA of €94.7m, -3.1% compared to the same period of 2005, due to non recurrent costs

Net Income of €21.8m, up 41.6% compared to the same period of 2005

Gross margin stable in H1 but weaker compared to the same period of 2005, due to planning changes in production

Cash Flows Highlights

Cash Flow

	H1 Ending June 30	
	2006	2005
Cash Flows from Operating Activities	6.5	6.2
Cash Flows from Investing Activities	(13.2)	(12.1)
Free Cash Flows	(6.7)	(5.9)

Operating free cash flow in H1 2006 in line with the same period of 2005, despite IPO costs payment in Q1

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

Trade Working Capital

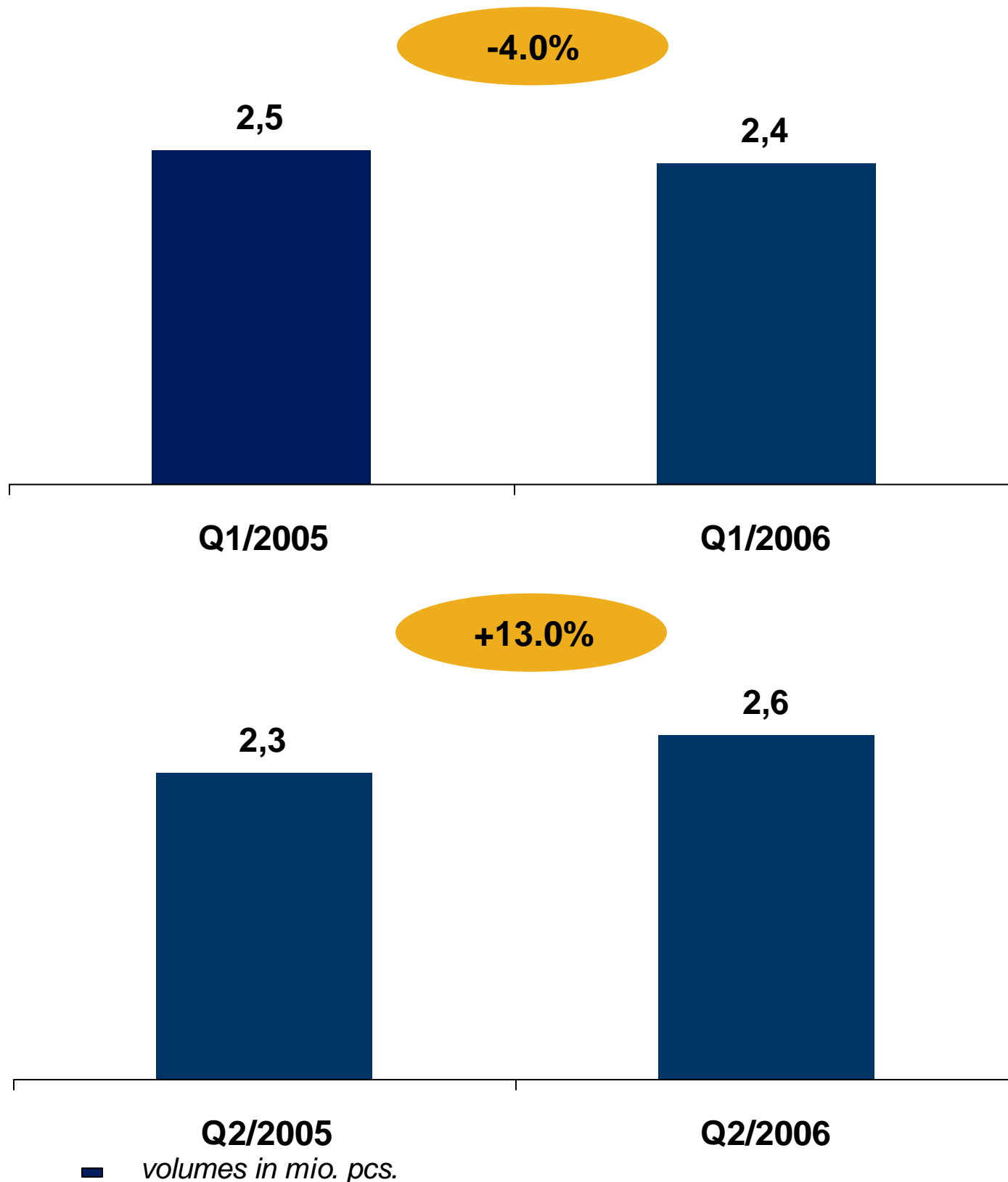
	H1 Ending June 30	
	2006	2005
Trade Receivables	347.4	336.5
Inventories	217.0	185.3
Trade Payables	(209.4)	(181.2)
Net Trade Working Capital	355.0	340.6
LTM Net Sales	1.068,9	988.7
% on LTM Net Sales	33,2%	34,4%

Continual improvement in working capital management

Inventories of both finished products and raw materials have increased in order to further support customer service and reduce production lead time

Production Update

Internal Production



- The level of production has increased compared to 2005
- We are currently delivering our ordered products
- The implementation of the Lean Manufacturing Project will accelerate in the second half of the year
- The increased production capacity has been achieved also through the use of sub-contractors and temporary workers

Polo Ralph Lauren Overview

- The impact of the PRL licence on total sales in H1 has been €10/12m equal to 30% of Q2 sales
- Expected launch of the Hugo Boss and the Marc by Marc Jacobs collections during the October/ November 2006 campaign
- Further development of current licensed and owned brands is continuing with success
- Further enhancement of brand portfolio with 1 to 2 new licensed brands to be launched by the end of 2007



Solstice Development



- The actual level of stores' sales and profitability is improving compared to the previous year and the business plan
- In H1 2006 sales growth was 42.1% (+8.1% after a year of +30% comp sales increase)
- Our store opening plan is on target and expected to reach full "A" location penetration within the next two years

Contacts



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Appendices

Detailed Profit & Loss

€m	H1 Ending June 30				Q2 Ending June 30	
	2006	%	2005	%	2006	%
Net sales	605.405	100%	561.841	100%	303.280	100%
Cost of sales	(240.446)	-39,7%	(223.124)	-39,7%	(123.438)	-40,7%
Gross profit	364.959	60,3%	338.717	60,3%	179.842	59,3%
Selling and marketing expenses	(223.598)	-36,9%	(204.409)	-36,4%	(112.778)	-37,2%
General and administrative expenses	(66.369)	-11,0%	(54.466)	-9,7%	(35.688)	-11,8%
Other income/(expenses), net	1.477	0,2%	365	0,1%	1.230	0,4%
Operating income	76.469	12,6%	80.207	14,3%	32.606	10,8%
Share of income/(loss) of associates	(24)	0,0%	214	0,0%	(62)	0,0%
Interest expense and other financial charges,	(26.830)	-4,4%	(44.144)	-7,9%	(13.586)	-4,5%
Non recurring financial charges	(9.282)	-1,5%	(8.666)	-1,5%	(9.282)	-3,1%
Income before taxation	40.333	6,7%	27.611	4,9%	9.676	3,2%
Income tax expenses	(16.676)	-2,8%	(10.230)	-1,8%	(4.087)	-1,3%
Net income	23.657	3,9%	17.381	3,1%	5.589	1,8%
Net income attributable to minority interests	1.828	0,3%	2.014	0,4%	718	0,2%
Net income attributable to the Group	21.829	3,6%	15.367	2,7%	4.871	1,6%
Earnings per share - <i>Basic</i> (Euro)	0,08		0,08		0,02	
Earnings per share - <i>Diluted</i> (Euro)	0,08		0,08		0,02	

Detailed Balance Sheet

€m	H1 Ending June 30 2006	FY Ending Dec. 31 2005
ASSETS		
Current assets		
Cash in hand and at banks	45.012	173.232
Trade receivables, net	347.401	307.558
Inventory, net	217.044	208.802
Assets held for sale	-	2.984
Derivative financial instruments	1.669	-
Other current receivables	31.458	31.679
Total current assets	642.584	724.255
Non-current assets		
Property, plant and equipment, net	192.116	193.603
Intangible assets	23.390	25.580
Goodwill	796.683	797.734
Investments in associates	12.497	13.492
Financial assets available-for-sale	5.722	6.009
Deferred tax assets	81.842	81.263
Derivative financial instruments	2.106	2.506
Other non-current assets	1.344	1.303
Total non-current assets	1.115.700	1.121.490
Total assets	1.758.284	1.845.745

€m	H1 Ending June 30 2006	FY Ending Dec. 31 2005
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	61.584	184.006
Trade payables	209.383	192.286
Tax payables	24.122	20.872
Derivative financial instruments	86	878
Other current liabilities	73.015	82.010
Provision for risks and charges	503	128
Total current liabilities	368.693	480.180
Non-current liabilities		
Long-term borrowings	473.927	468.242
Employee benefits liability	41.336	39.424
Provision for risks and charges	8.807	8.644
Deferred tax liabilities	10.880	10.969
Derivative financial instruments	1.568	4.509
Other non-current liabilities	6.530	6.565
Total non-current liabilities	543.048	538.353
Total liabilities	911.741	1.018.533
Shareholders' equity		
Share capital	70.843	70.843
Share premium reserve	751.276	751.276
Retained earnings and other reserves	(3.028)	358
Fair value and cash flow reserves	(160)	(3.899)
Income attributable to the Group	21.829	3.097
Total Group equity	840.760	821.675
Total Minority equity	5.783	5.537
Total shareholders' equity	846.543	827.212
Total liabilities and equity	1.758.284	1.845.745

Detailed Cash Flow Statement

€m	H1 Ending June 30	
	2006	2005
Cash flows from operating activities		
Net income	23.657	17.381
Depreciation and Amortization	18.231	17.464
Share (income) on equity investments	102	(77)
Net movements in the employee benefits liability	1.947	2.076
Net movements in other provisions	571	918
Interest expenses	31.712	43.179
Income tax expense	16.676	10.230
Income from operating activities prior to movements in working capital	92.896	91.171
Changes in operating Assets and Liabilities		
(Increase) Decrease in trade receivables and other current receivables	(50.416)	(66.938)
(Increase) Decrease in inventory, net	(14.095)	18.952
Increase (Decrease) in trade payables and other current payables	14.081	10.458
Interest expenses paid	(20.503)	(30.122)
Income taxes paid	(15.414)	(17.264)
Net Cash (used in) operating activities	6.549	6.257
Cash Flows from investing activities		
Purchase of property, plant and equipment (net of disposals)	(12.307)	(11.224)
Disposal of investments in associates and financial assets	209	-
Purchase of intangible assets	(1.119)	(873)
Net Cash (used in) investing activities	(13.217)	(12.097)
Cash Flows from Financing activities		
Proceeds from borrowings	304.447	53.160
Repayment of borrowings	(304.209)	(9.945)
Dividends paid	(1.478)	(1.647)
Net Cash provided by financing activities	(1.240)	41.568
Effect of exchange rates	2.071	1.372
Other movements in shareholders' equity	3.271	(3.190)
Net increase (decrease) in cash and cash equivalents	(2.566)	33.910
Cash and cash equivalents at the beginning of the period	44.546	18.191
Cash and cash equivalents at the end of the period	41.980	52.101

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