



Safilo Group

1Q 2008 Results

May 6, 2008

Consolidated Income Statement

In millions of Euro	1Q 2008	1Q 2007	% change	% change CN
Net Sales	326.0	341.4	-4.5%	+0.9%
Gross profit	192.9	204.6	-5.7%	+0.9%
%	59.2%	59.9%		
EBITDA	46.7	58.5	-20.2%	-10.8%
%	14.3%	17.1%		
Operating profit	36.9	48.9	-24.6%	-13.3%
%	11.3%	14.3%		
Group net profit	13.2	20.8	-36.7%	
%	4.1%	6.1%		



Consolidated Income Statement

Net Sales drivers

In millions of Euro

1Q 2008

326.0m -4.5% **+0.9% CN**

- Foreign exchange -5.4%
- Acquisitions in Mexico and Australia +2.9%
 - 77 newly acquired stores in Mexico and Australia
- Organic -2.0%
 - most difficult comparison base of the year for wholesale
 - new retail openings in US
 - negative comps sales and stores reshaping

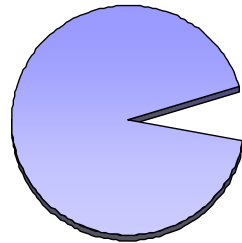
Consolidated Income Statement

Net Sales by channel

In millions of Euro

Wholesale

301.4 m	-7.5%	-2.5% CN
---------	-------	----------



92% of total business (95% in 1Q07)

- Strong impact from forex: -5%
- Tough 1Q07 comparison (+11%), Europe: +24%
 - sluggish trends in Spain and UK;
 - satisfactory performance of France and Germany
- Weak Japanese market and
 - strong performance of China and Korea
 - different timing of deliveries in some Asian countries
- US market holding well

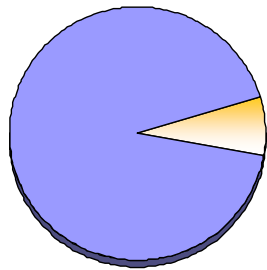
Consolidated Income Statement

Net Sales by channel

In millions of Euro

Retail

24.6 m +56.9% +71.8% CN



8% of total business (5% in 1Q07): 268 stores

- Acquisitions
 - 45 stores in Mexico and 32 in Australia
- New store openings in US
 - 36 new Solstice stores
- Stores reshaping in Spain
- Strong impact from forex

➤ <u>Comps sales:</u>	-2%
• Americas	-1%
• Europe	-3%
• RoW	+1%

Consolidated Income Statement

Gross margin drivers

In millions of Euro

1Q 2008

192.9 m

59.2%

-70 bps vs 1Q 2007

➤ More moderate production output	-70 bps
➤ Foreign exchange effect	-70 bps
➤ Reduction of slow-moving products	-70 bps
➤ Country mix	-50 bps
➤ Channel mix and absence of no-margin sales	+150 bps
➤ Top priorities	+20 bps

Consolidated Income Statement

Ebitda drivers

In millions of Euro

1Q 2008

46.7m

14.3%

-280 bps vs 1Q 2007

➤ Gross margin effects

-70 bps

➤ Higher incidence of selling and g&a costs

-150 bps

➤ Retail increased weight and comps sales

-60 bps

Consolidated Income Statement

Ebitda by channel

In millions of Euro

1Q 2008

46.7m

14.3%

-280 bps vs 1Q 2007

Wholesale:

46.6 m

15.5%

-230 bps vs 1Q 2007

- Gross margin effect
- Lower operating leverage

Retail:

0.1 m

0.2%

-350 bps vs 1Q 2007

- Negative comps sales in lower profitability quarter
- Stores reshaping in Spain

Consolidated Income Statement

Net profit drivers

In millions of Euro

1Q 2008

13.2 m
4.1% -200 bps vs 1Q 2007

- Higher net financial charges
- Lower tax rate: 37.5% vs 38.6%

1. Stable net financial expenses
2. Higher net exchange losses

Consolidated Balance Sheet

In millions of Euro

	1Q 2008	2007	change	1Q 2007
Net Working capital	436.4	395.4	41.0	434.1
Tangible & Intang. fixed assets	977.2	980.3	(3.1)	1,023.8
Financial fixed assets	13.3	14.7	(1.4)	16.1
Other assets/(liabilities)	(57.1)	(34.9)	(22.2)	(57.7)
Net Capital Employed	1,369.8	1,355.5	14.3	1,416.3
Net financial position	552.2	514.6	37.6	556.1
Minority interest	6.0	4.9	1.1	7.0
Shareholders' equity	811.6	836.0	(24.4)	853.2



Consolidated Balance Sheet

In millions of Euro

	1Q 2008	1Q 2007	change	% change
Net Working capital	436.4	434.1	2.3	+0.5%
Trade receivables	345.7	370.0	(24.3)	-6.6%
Inventories	258.7	273.4	(14.7)	-5.4%
Trade payables	(168.0)	(209.3)	41.3	+19.7%

- Lower incidence of Trade receivables due to stable receivable days and higher weight of retail
- Reduction of slow-moving products and more moderate production output to counterbalance higher retail stock

➤ Gap in Trade payables, due to intense production activity in 2H 06, to stabilize in coming quarters



Consolidated Free Cash Flow

In millions of Euro

	1Q 2008	1Q 2007
Cash Flow operating activities prior to changes in WC	32.7	48.8
Changes in WC	(40.3)	(63.8)
Cash Flow Operating activities	(7.6)	(15.0)
Cash Flow Investing activities	(37.1)	(10.5)
Free Cash Flow	(44.7)	(25.5)

- Higher Investing activities due to 27m euro cash-out for the acquisition of Sunglass Island in Mexico and Just Spectacles in Australia and 1.5m euro for the new production plant in China



2008 Outlook



2008 Outlook

Targets* confirmed

Net Sales growth +4%-5%
Currency Neutral high-single digit

Ebitda ~ 15%

Net Income 4.5%-5%

Financial leverage** $\leq 3x$

* €/USD: 1.47

** Financial leverage: Net Financial Position/Ebitda

Moving along 2008

Wholesale

- Order book up mid-single digit in all regions
- Higher incidence of better margins products and collections
- Containing A&P and corporate expenses

Retail

- Higher profitability quarters for sunglasses
- Improving comps sales in US for easier comparison



Disclaimer

This document may contain forward-looking statements relating to future events and operating, economic and financial results for Safilo Group. Such forecasts, due to their nature, imply a component of risk and uncertainty due to the fact that they depend on the occurrence of certain future events and developments. The actual results may therefore vary even significantly to those announced in relation to a multitude of factors.

