



Safilo Group

9 Month and 3Q 2008 Results

November 14th, 2008

Important facts of the last three months

➤ Confirming our strong portfolio of high-end, luxury brands

➤ a new decade with the GUCCI brand:

➤ PARTNERSHIP RENEWED to 2018

➤ **Product**

➤ Strong Exclusive Image

➤ Best in class, Innovative Collections

➤ **Distribution**

➤ Emerging Economies

➤ Selective Distribution

➤ optimization of the smaller brands portfolio

➤ concentrating resources on win-win partnerships

3Q Performance



➤ 3Q saw worst yearly performance compared to budget

- more evident reduction in consumer spending in numerous markets
- August the weakest month with Japan and travel-business particularly hit

➤ very volatile wholesale and retail performance

➤ Resilient volumes but declining average ticket price

- high-end segment impacted by price/mix effect
- strongest performance by Carrera
- prescription performing better than sunglasses

➤ 'more affordable' product selection at wholesale and retail level

➤ doubling in volumes and value

➤ good performance especially in US independent opticians

➤ Low levels of production output consistent with markets outlook

- Italian plants working at low output capacity

➤ on-going analysis of all Italian and overseas structures

Our Projects and Priorities



➤ speeding up activities on SEI* Suzhou

➤ start-up activities and progressive optimization of present organization

➤ strong commitment on product Top Priorities

➤ good results on new collections

➤ strengthening activities on House Brands

➤ important time to consolidate and extend Carrera results

➤ advancing talks with senior lenders

➤ amendments to current debt covenants for 2008 already agreed

Consolidated Income Statement

In millions of Euro	9M 2008	9M 2007	% change	3Q 2008	3Q 2007	% change
Net Sales	865.7	903.9	-4.2% +1.4% CN	228.7	236.1	-3.1% +1.6% CN
Gross profit %	503.2 58.1%	532.1 58.9%	-5.4% -0.6%CN	130.1 56.9%	138.6 58.7%	-6.1% -1.8%CN
EBITDA %	101.8 11.8%	130.2 14.4%	-21.8% -13.7%CN	16.7 7.3%	29.7 12.5%	-43.7% -41.1%CN
Operating profit %	71.7 8.3%	101.6 11.2%	-29.5% -19.9%CN	6.5 2.9%	20.4 8.7%	-67.9% -65.1%CN
Group net profit %	14.5 1.7%	38.7 4.3%	-62.6%	-6.7 -2.9%	5.4 2.3%	n.s.

Consolidated Income Statement

Total Net Sales drivers

In millions of Euro

3Q 2008

228.7 -3.1% +1.6% CN

9M 2008

865.7 -4.2% +1.4% CN

➤ Foreign exchange	-4.7%	-5.6%
➤ Acquisitions	+2.5%	+2.7%
➤ Organic	-0.9%	-1.3%

Consolidated Income Statement

Net Sales by channel: Wholesale

In millions of Euro

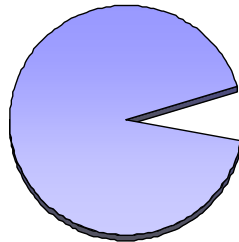
3Q 2008

203.7 -6.7% -2.2% CN

9M 2008

787.7 -7.4% -2.2% CN

89% of total business (93% in 3Q07)

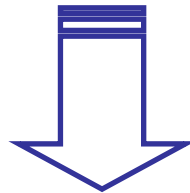


- Strong impact from forex
- Weak orders in Europe and Japan
 - Spain, UK the most difficult markets
 - satisfactory performance of Italy thanks to Carrera
 - good (but lower) performance of China and South Korea
- Resilient US market
 - prescription frames doing well at independent opticians
- Resilient volumes, declining average ticket price

Carrera's Results

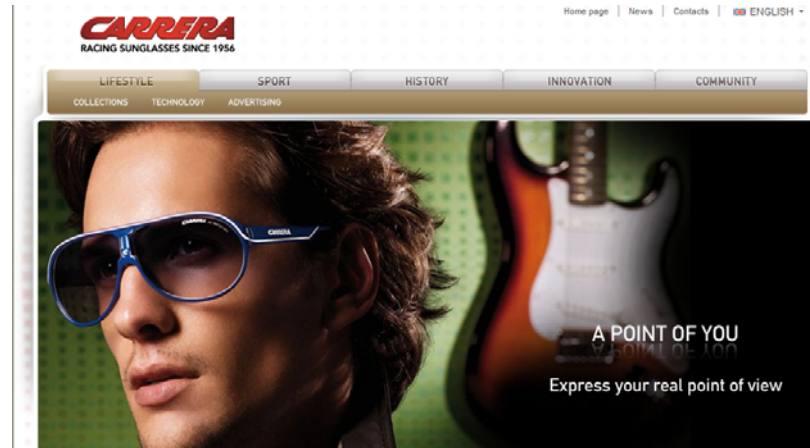


- Strong Brand Image (intense A&P activities)
- High Product Quality (wide use of Optyl)
- Increasing size of the diffusion eyewear segment



➤ first 1 million pieces sold during 3Q

new web site www.carreraworld.com



Consolidated Income Statement

Net Sales by channel: Retail

In millions of Euro

3Q 2008

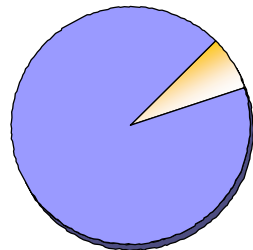
25.0 +41.2% **+49.8% CN**

11% of total business (7% in 3Q07)

9M 2008

78.0 +45.5% **+57.5% CN**

307 stores in 9M08 vs 171 in 9M07



- Strong impact from forex
- Acquisitions
 - 45 stores in Mexico and 32 in Australia
- Store openings in US, Mexico, Australia, China
 - 24 new stores in 3Q

➤ Comps sales CN: +2%

- Americas +1% still very volatile in US
- Europe +2% stronger marketing activities
- RoW +3%

Consolidated Income Statement

Gross margin drivers

In millions of Euro

3Q 2008

130.1
56.9% -180 bp vs 3Q 2007

9M 2008

503.2
58.1% -80 bp vs 9M 2007

- Moderate production output
- Forex effect and country mix
- Slow-moving products
- Start-up activities in China
- Top priorities
- Absence of one-off effects

-90 bp

-60 bp

-10 bp

-60 bp

+40 bp

-90 bp

-80 bp

-30 bp

-20 bp

+30 bp

+110 bp

Consolidated Income Statement

Ebitda drivers

In millions of Euro

3Q 2008

16.7
7.3% -520 bp vs 3Q 2007

9M 2008

101.8
11.8% -260 bp vs 9M 2007

Wholesale:

16.5
8.1% -550 bp

- Gross margin effect
- Higher SG&A due to mandatory payments of A&P and increasing marketing activities for house brands

Retail:

0.2
0.6% +80 bp

- Low profitability quarter
- Comps sales and new store openings



Consolidated Income Statement

Net profit drivers

In millions of Euro

3Q 2008

-6.7
-2.9% -520 bps vs 3Q 2007

9M 2008

14.5
1.7% -260 bps vs 9M 2007

➤ Higher net financial charges

1. exchange rate differences
2. slight increase in Group's debt

Consolidated Balance Sheet

In millions of Euro

	9M 2008	2007	change	9M 2007
Net Working capital	376.4	395.4	(19.0)	387.3
Tangible & Intang. fixed assets	1,046.7	980.3	66.4	1,000.1
Financial fixed assets	14.7	14.7	-	14.1
Other assets/(liabilities)	(25.3)	(34.9)	9.6	(28.1)
Net Capital Employed	1,412.5	1,355.5	57.0	1,373.4
Net financial position	566.8	514.6	52.2	522.9
Minority interest	5.1	4.9	0.2	7.1
Shareholders' equity	840.6	836.0	4.6	843.4



Consolidated Working Capital

In millions of Euro

	9M 2008	9M 2007	change	% change
Net Working capital	376.4	387.3	(10.9)	-2.8%
Trade receivables	282.7	290.0	(7.3)	-2.5%
Inventories	259.4	273.5	(14.1)	-5.2%
Trade payables	(165.7)	(176.2)	10.5	-5.9%

➤ Continue focus on the containment of products in stock

Consolidated Free Cash Flow

In millions of Euro

	9M 2008	9M 2007
Cash Flow operating activities prior to changes in WC	50.4	81.5
Changes in WC	0.3	(46.7)
Cash Flow Operating activities	50.7	34.8
Cash Flow Investing activities	(76.2)	(31.1)
Free Cash Flow	(25.5)	3.7

- Higher Investing activities due to acquisitions in Mexico and Australia.
- Higher Capex mainly related to new production plant in China and retail



Financial position as at 30th September 2008

In millions of Euro

Net Debt 566.8

Net Debt/Ebitda: 3.9x

Long-term borrowings ~ 468
(75% of which to be repaid within 5 years)

- Senior Loan ~ 261

- High Yield Bond ~ 195*

Short-term borrowings ~ 151

Cash ~ 52

Cash ~ 52

Long-term bank loans ~ 45

Short-term bank loans ~ 175

Available liquidity ~ 270

* Nominal value

Outlook overshadowed by uncertainty

FYe 2008

Business trends in 4Q



Net Sales*

~ -2%

- prudent projections for the Christmas season by key accounts and department stores

EBITDA

~ 11% -11.5%

- moderate first-bulk orders of October collections

- more evident weakness in America

Net margin

~ 1%

- world's emerging markets remain good but insufficient to offset downturn in more mature markets

* at constant currency

Priorities on new products



➤ on-going revision of product complexity and non-performing SKUs

➤ focus on new product propositions and best in class technology

➤ leverage on moderate price and/or strong appeal brands

➤ strong and frequent visibility an absolute must

➤ improved profitability in line with expectations

➤ new Carrera and Balenciaga prescription collections and strong limited edition sunglasses

➤ worldwide launch of strong emerging brands like Marc by Marc Jacobs, Max&Co and Jimmy Choo

➤ special visual merchandising and window dressing projects in Europe

Important facts to look forward to

➤ Consolidation of existing retail presence and experience

➤ **concentrating resources** on higher growth markets

➤ more limited Retail Capex expected in 2009

➤ Enlarging wholesale presence in strategic markets

➤ new wholesale **subsidiary in Russia**

➤ operative by year-end together with Mexican subsidiary

➤ work in progress to expand in **Middle East**



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.



Appendices



Total Net Sales

	9M 2008	9M 2007	% change	% change CN
In millions of Euro	865.7 100.0%	903.9 100.0%	-4.2%	+1.4%
By geographical region				
Europe	411.0 47.5%	430.0 47.5%	-4.4%	-3.5%
America	323.9 37.4%	323.3 35.8%	+0.2%	+11.6%
Asia	111.7 12.9%	111.3 12.3%	+0.3%	+8.5%
Rest of the world	19.1 2.2%	39.3 4.4%	-51.5%	
By product category				
Sunglasses	466.0 53.8%	492.9 54.5%	-5.5%	
Prescription frames	343.3 39.6%	350.6 38.8%	-2.1%	
Sport products and other	56.4 6.6%	60.3 6.7%	-6.5%	



Total Net Sales

	3Q 2008	3Q 2007	% change	% change CN
In millions of Euro	228.7 100.0%	236.1 100.0%	-3.1%	+1.6%
By geographical region				
Europe	91.7 40.1%	94.0 39.8%	-2.5%	-1.5%
America	104.3 45.6%	102.7 43.5%	+1.6%	+9.9%
Asia	29.5 12.9%	33.5 14.2%	-12.1%	-6.8%
Rest of the world	3.2 1.4%	5.9 2.5%	-46.3%	
By product category				
Sunglasses	95.7 41.8%	98.9 41.9%	-3.2%	
Prescription frames	111.4 48.8%	110.8 46.9%	+0.6%	
Sport products and other	21.6 9.4%	26.4 11.2%	-18.2%	



Financial Highlights by Channel

In millions of Euro

	9M 2008	9M 2007	% change	3Q 2008	3Q 2007	% change
Wholesale						
Net Sales	787.7	850.3	-7.4%	203.7	218.4	-6.7%
EBITDA	99.9 12.7%	128.3 15.1%	-22.2%	16.5 8.1%	29.7 13.6%	-44.4%
Retail						
Net Sales	78.0	53.6	+45.5%	25.0	17.7	-41.2%
EBITDA	1.9 2.5%	1.9 3.5%	n.s.	0.2 0.6%	(0.0) -0.2%	n.s.

