



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A.
APPROVES THE RESULTS OF THE FIRST QUARTER 2008**

Results for the First Quarter 2008:

- ***Net Sales at 326.0 million Euro (341.4 in the first quarter 2007)***
- ***EBITDA at 46.7 million Euro (58.5 in the first quarter 2007)***
- ***Operating Profit at 36.9 million Euro (48.9 in the first quarter 2007)***
- ***Net profit at 13.2 million Euro (20.8 in the first quarter 2007)***
- ***Net financial position at 552.2 million Euro (514.6 at the end of 2007 and 556.1 in the first quarter 2007)***

Padova, 6th May 2008, h. 14.45 – The Board of Directors of SAFILO GROUP S.p.A. today reviewed and approved the results for the first quarter 2008 and furthermore assigned the roles of Chief Executive Officer and Executive Vice Chairman. Internal committees were also renamed.

The performance of the first quarter 2008 has been influenced by the strong devaluation of the US dollar, which penalised by more than 5% all the main lines of the income statement. At constant exchange rates net sales registered a growth of 0.9%.

Positive results were achieved in the American market thanks to the strong progress seen in the quarter in the retail channel which benefited from the acquisition of new stores in Mexico.

Sales of prescription frames continued to register good performance, highlighting the quality of the collections proposed. Sales of the sunglass collections have instead been affected by the greater cautiousness in the purchase of consumer goods in a time of economic uncertainty.

“We were aware that the first three months would have been the most challenging of the year, due also to the difficult economic climate which worldwide markets are currently experiencing.” Stated Vittorio Tabacchi, Chairman of Safilo. “The strong development of the retail channel and the strengthening of our structures in the wholesale markets confirm the soundness of the development path undertaken by Safilo.”

Consolidated Income Statement

Key Operating data of Safilo Group			
(in millions of euro)	1Q 2008	1Q 2007	% Change
Net sales	326.0	341.4	-4.5%
Gross profit	192.9	204.6	-5.7%
%	59.2%	59.9%	
Ebitda	46.7	58.5	-20.2%
%	14.3%	17.1%	
Operating profit	36.9	48.9	-24.6%
%	11.3%	14.3%	
Net profit attrib. to the Group	13.2	20.8	-36.7%
%	4.1%	6.1%	

Net sales of Safilo Group, in the first quarter 2008, reached 326.0 million Euro compared to the 341.4 million Euro registered in the same period of the previous year. At constant exchange rates net sales would have registered an increase of 0.9%.

In the geographical breakdown, America achieved, in the first 3 months of the year, an increase of 14.9% at constant exchange rates (+2.4% at current exchange rates), thanks to the good performance of the sales of the prescription frame collections in the independent opticians channel, and to the contribution of the Mexican Sunglass Island stores, acquired at the beginning of 2008.

Asia registered an increase of 4.5% at constant exchange rates (-3.0% at current exchange rates), thanks above all to the good results of the Chinese and Korean markets, counterbalanced by the persisting difficulty of the Japanese market.

The comparison with the same period of the previous year was more challenging for the European market, which registered, in the first quarter 2008, an overall decrease of 3.2%, against a growth of 28.5% in the first quarter of 2007.

Performance by distribution channel highlights an evident progression of the retail business, which, at the end of March, counted 268 directly operated stores (152 in March 2007). The growth of the channel, in the period in question, reached 71.8% at constant exchange rates (+56.9% at current exchange rates), and is due above all to the two acquisitions finalised at the beginning of the year in Mexico and Australia (for a total of 77 stores).

In the United States, the sunglass chain Solstice saw a double-digit improvement in sales at constant exchange rates, thanks to the contribution coming from the new stores. In Spain the refurbishment of several Loop Vision stores continued.

In the first quarter of 2008 the wholesale channel registered a decrease of 2.5% at constant exchange rates (-7.5% at current exchange rates), affected above all by the slowdown in the sunglass business.

The progression of the wholesale business in the first quarter of the previous year was 10.7%.

In general terms the first three months of 2008 have been characterised by the following factors:

- the negative impact related to the strong devaluation of the US dollar;
- the greater contribution from the retail channel deriving from the new acquisitions in Mexico and Australia and the new Solstice openings in the United States;
- the comparison with the strong growth seen in the first quarter of 2007.

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Gross profit in the first three months of the year reached 192.9 million Euro against the 204.6 million Euro in the same period of 2007, with a margin on sales of 59.2% (59.9% in the first three months of 2007). This result was affected by the negative impact deriving from the strong devaluation of the US dollar during the quarter and by an unfavourable country mix related to the greater incidence of sales in the American market, currently less profitable.

Ebitda in the first quarter of 2008 was equal to 46.7 million Euro compared to the 58.5 million Euro in the first quarter of 2007. The gross operating profitability, which fell from 17.1% to 14.3%, is explained by the factors described with reference to gross profit, as well as by the seasonality of the retail channel which, especially in the sunglass business, registers in the first quarter of the year the lowest profitability. Selling, administrative and general costs in the wholesale channel, although lower in absolute amounts compared to the first quarter 2007, increased their incidence on turnover.

Operating profit was equal to 36.9 million Euro compared to the 48.9 million Euro of the first quarter of 2007. The operating margin in the quarter reached 11.3% compared to 14.3% in the first quarter 2007.

Net profit attributable to the Group was 13.2 million Euro compared to the 20.8 million Euro of the first three months of 2007, with an incidence on sales which moved from 6.1% to 4.1%.

The incidence of net financial costs increased as a result of the greater negative impact of the exchange rate differences, while the gradual reduction of the tax rate continued, reaching 37.5% in the quarter compared to 38.6% in the same period of 2007.

Consolidated Balance Sheet

Key Financial data of Safilo Group				
(in millions of Euro)	1Q 2008	2007	Var.	1Q 2007
Net working capital	436.4	395.4	41.0	434.1
Tangible and intangible fixed assets	977.2	980.3	(3.1)	1023.8
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	1369.8	1355.5	14.3	1416.3
Net financial position	552.2	514.6	37.6	556.1
Minority interests	6.0	4.9	1.1	7.0
Group shareholders' equity	811.6	836.0	(24.4)	853.2

Net working capital, equal to 436.4 million Euro in the first quarter 2008, saw an increase of 41 million Euro compared to the end of 2007 due to the normal seasonality of the business. It remained substantially stable if compared instead to the 434.1 million Euro recorded in the first quarter 2007 and was influenced by the following factors:

- the lower incidence of the trade receivables due to the greater incidence of retail sales;
- the planned containment of stock;
- the decrease in trade payables.

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Consolidated Cash Flow

Key Cash flow data of Safilo Group (in millions of Euro)	1Q 2008	1Q 2007
Cash flow from operating activities before changes in working capital	32.7	48.8
Changes in working capital	(40.3)	(63.8)
Cash flow from (for) operating activities	(7.6)	(15.0)
Cash flow from (for) investment activities	(37.1)	(10.5)
Free Cash Flow	(44.7)	(25.5)

The Free Cash Flow relating to the first quarter 2008 recorded a cash absorption of 44.7 million Euro compared to 25.5 million Euro registered in the first quarter 2007. The result was influenced by the investment of around 27 million Euro for the two retail acquisitions carried out at the beginning of the year in Mexico and Australia, while the cash flow management linked to net working capital improved, due especially to the inventory policy.

The Net financial position, which increased in the first quarter 2008 to 552.2 million Euro compared to the 514.6 million Euro at 31st December 2007 as a result of the normal seasonality of the business and the acquisitions made at the beginning of the year, has remained substantially stable compared to the 556.1 million Euro of the first quarter of 2007, benefiting from the improvement in the generation of operating cash flows.

Outlook for the year

On the basis of the quarterly result, substantially in line with the expectations for the first part of the year, and the current visibility on the order book, the objectives for the financial year 2008 are confirmed.

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Statement by the manager responsible for the preparation of the company's financial documents

The manager responsible for the preparation of the company's financial documents, Mr Francesco Tagliapietra, hereby declares, in accordance with paragraph 2 article 154 bis of the "Testo Unico della Finanza", that the accounting information contained in this press release corresponds to the accounting results, registers and records.

Disclaimer

This document contains forward-looking statements, in particular in the "Outlook for the Year" section, 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.

Alternative Performance Indicators

The definitions of the "Alternative Performance Indicators", not foreseen by the IFRS-EU accounting principles and used in this press release to allow for an improved evaluation of the trend of economic-financial management of the Group, are provided below:

- Ebitda (gross operating profit) is calculated by Safilo by adding to the Operating profit, depreciation and amortization;
- The net financial position is for Safilo the sum of bank borrowings and short, medium and long-term loans, net of cash in hand and at bank;
- The net capital employed for Safilo is the sum of current assets and non-current assets net of current liabilities and non current liabilities, with the exception of the items previously considered in the Net Financial Position;
- The Free Cash Flow for Safilo is the sum of the cash flow from/(for) operating activities and the cash flow from /(for) investing activities.

Conference Call

At 3.00pm CET, 9.00am EST today a conference call will be held with the financial community during which the Group's economic and financial results will be discussed.

It is possible to connect to the call by dialling the following number: +39 02 802 09 11 (for journalists: +39 02 802 09 28) and to listen to the playback by dialling the number +39 02 806 137 80 (access code: 707#).

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Company Positions and renewal of the Internal Committees

The Board of Directors' Meeting, held today for the first time since its appointment by the Shareholders' Meeting held on 30th April 2008, confirmed Vittorio Tabacchi as Chairman, Claudio Gottardi as Chief Executive Officer, and appointed Massimiliano Tabacchi as Executive Vice Chairman.

The Board of Directors furthermore proceeded with the verification of the qualifications of its members (7 members, 3 of whom - Carlo Gilardi, Antonio Favrin and Ennio Doris - possess the independence requirements foreseen by the Corporate Governance Code promoted by Borsa Italiana S.p.A, and the first two also the independence requirements foreseen by Italy's Financial Markets Consolidation Act) and the verification of the compatibility of the positions held by the members outside the company with the duties related to their positions as directors of Safilo Group S.p.A..

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Lastly, the Board of Directors renewed the Internal Control Committee and the Remuneration Committee, calling as their members the Board members Carlo Gilardi (independent member chosen from the majority list), Antonio Favrin (independent member chosen from the minority list) and Giannino Lorenzon (non-executive member).

The Safilo Group is worldwide leader in the premium eyewear sector and maintains a leadership position in the prescription, sunglasses, fashion and sports eyewear sectors. Present on the international market through exclusive distributors and 30 subsidiaries in primary markets (U.S.A., Europe and Far East). The main proprietary branded collections distributed are: Safilo, Carrera, Smith, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS by Hugo Boss, Boucheron, Diesel, 55DSL, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO by Hugo Boss, J.Lo by Jennifer Lopez, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Nine West, Pierre Cardin, Saks Fifth Avenue, Stella McCartney, Valentino, Yves Saint Laurent.

This press release is also available in the website www.safilo.com.

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Consolidated statement of operations Safilo Group S.p.A.

	Q1		
(Euro/000)	2008	2007	Change %
Net sales	326,020	341,395	-4.5%
Cost of sales	(133,080)	(136,833)	-2.7%
Gross profit	192,940	204,562	-5.7%
Selling and marketing expenses	(122,021)	(123,627)	-1.3%
General and administrative expenses	(34,003)	(32,304)	5.3%
Other op. income and (expenses), net	(36)	279	n.s.
Operating profit	36,880	48,910	-24.6%
Share of income (loss) of associates	38	39	-2.6%
Interest expense and other financial charges, net	(13,671)	(12,315)	11.0%
Profit before taxation	23,247	36,634	-36.5%
Income taxes	(8,723)	(14,132)	-38.3%
Net profit	14,524	22,502	-35.5%
Net profit attributable to minority interests	1,318	1,654	-20.3%
Net profit attributable to the Group	13,206	20,848	-36.7%
EBITDA	46,698	58,542	-20.2%
Basic EPS (Euro)	0.05	0.07	
Diluted EPS (Euro)	0.05	0.07	

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Consolidated balance sheet Safilo Group S.p.A.

(Euro/000)	3/31/2008	12/31/2007	Change
ASSETS			
Current assets			
Cash in hand and at banks	51,121	56,882	(5,761)
Trade receivables, net	345,664	315,792	29,872
Inventory, net	258,717	274,283	(15,566)
Derivative financial instruments	816	271	545
Other current assets	36,523	44,009	(7,486)
Total current assets	692,841	691,237	1,604
Non-current assets			
Tangible fixed assets	204,310	201,858	2,452
Intangible fixed assets	22,345	23,526	(1,181)
Goodwill	750,504	754,920	(4,416)
Investments in associates	11,507	12,279	(772)
Financial assets available-for-sale	1,820	2,443	(623)
Deferred tax assets	79,369	75,495	3,874
Derivative financial instruments	1,041	1,608	(567)
Other non-current assets	10,506	8,628	1,878
Total non-current assets	1,081,402	1,080,757	645
Total assets	1,774,243	1,771,994	2,249
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	169,552	161,709	7,843
Trade payables	167,962	194,714	(26,752)
Tax payables	26,157	20,568	5,589
Other current liabilities	82,090	73,725	8,365
Provisions for risks and charges	788	803	(15)
Total current liabilities	446,549	451,519	(4,970)
Non-current liabilities			
Long-term borrowings	433,737	409,827	23,910
Employee benefit liability	39,432	37,840	1,592
Provisions for risks and charges	13,016	12,789	227
Deferred tax liabilities	14,226	11,080	3,146
Derivative financial instruments	1,311	359	952
Other non-current liabilities	8,415	7,642	773
Total non-current liabilities	510,137	479,537	30,600
Total liabilities	956,686	931,056	25,630
Equity			
Share capital	71,349	71,349	-
Share premium reserve	747,471	747,471	-
Losses carried forward and other reserves	(18,854)	(33,540)	14,686
Fair value and cash flow reserves	(1,615)	(280)	(1,335)
Profit attributable to the Group	13,206	51,018	(37,812)
Group shareholders' equity	811,557	836,018	(24,461)
Minority interests	6,000	4,920	1,080
Total shareholders' equity	817,557	840,938	(23,381)
Total liabilities and equity	1,774,243	1,771,994	2,249

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Consolidated statement of cash flow Safilo Group S.p.A.

(Euro/000)	Q1 2008	Q1 2007
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	(28,469)	6,989
B - Cash flow from (for) operating activities		
Net profit for the period (including minority interests)	14,524	22,502
Amortization & depreciation	9,818	9,632
Stock option	139	139
Share (income) loss on equity investments	(38)	(39)
Net movements in the employee benefit liability	1,576	822
Net movements in other provisions	244	79
Interest expenses	10,068	9,576
Income taxes	8,723	14,132
Income from operating activities prior to movements in net working capital	45,054	56,843
(Increase) Decrease in trade and other current receivables	(33,349)	(38,718)
(Increase) Decrease in inventory, net	11,518	(3,007)
Increase (Decrease) in trade and other current payables	(18,486)	(22,049)
Interest expenses paid	(4,463)	(3,382)
Income taxes paid	(7,865)	(4,705)
Total (B)	(7,591)	(15,018)
C - Cash flow from (for) investing activities		
Purchase of tangible fixed assets (net of disposals)	(9,801)	(9,091)
Business unit acquisition (net of cash and cash equivalents acquired)	(26,671)	-
(Acquisition) Disposal of investments in associates and financial assets	(21)	-
Purchase of intangible fixed assets	(576)	(1,417)
Total (C)	(37,069)	(10,508)
D - Cash flow from (for) financing activities		
Proceeds from borrowings	28,179	18,325
Repayment of borrowings	(6,882)	(300)
Dividends distribution	(447)	(103)
Total (D)	20,850	17,922
E - Cash flow for the period (B+C+D)	(23,810)	(7,604)
Translation exchange difference	2,834	254
Total (F)	2,834	254
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	(49,445)	(361)

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