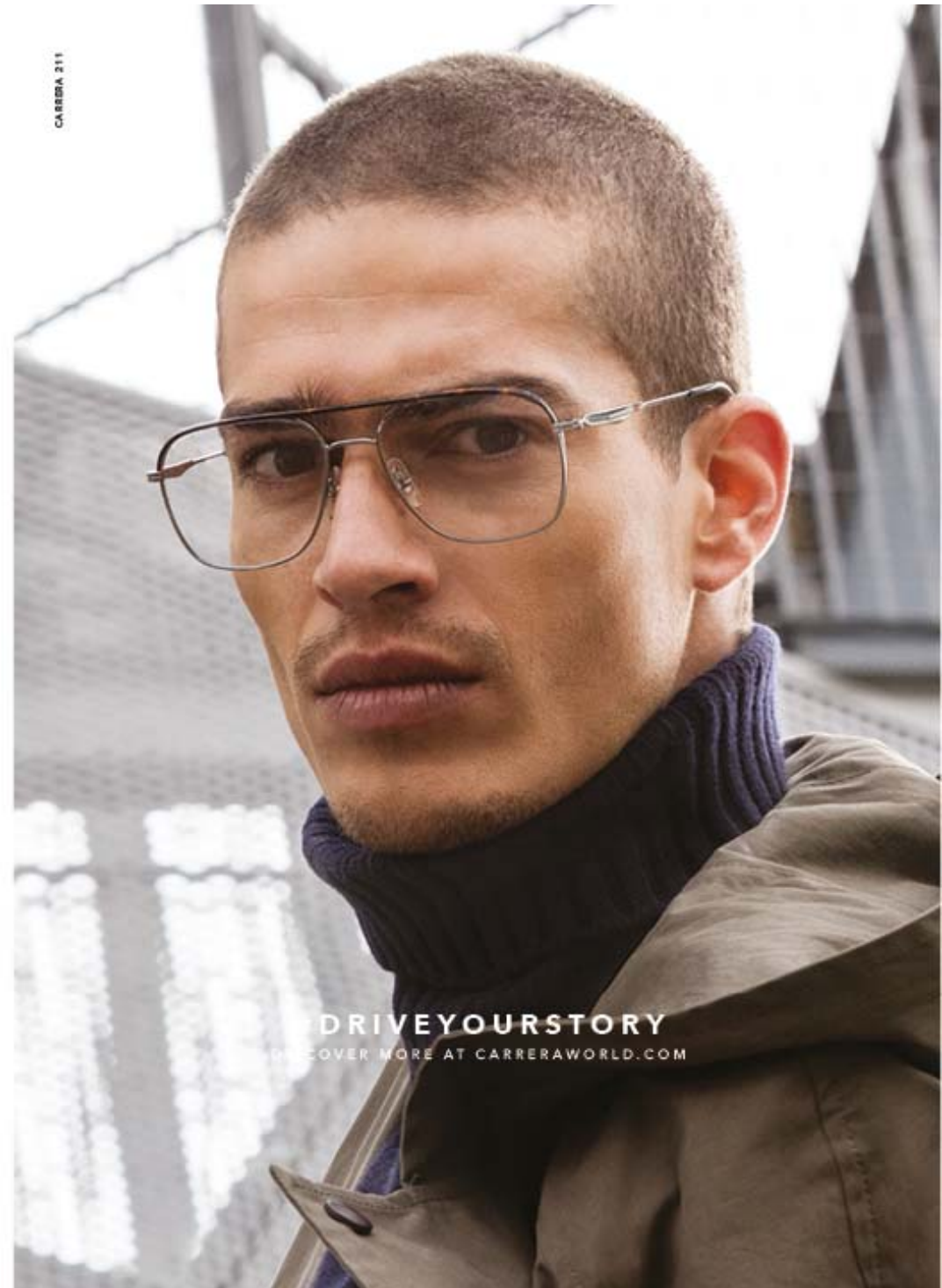


# Q3 and 9M 2019 TRADING UPDATE

November 12, 2019



## DISCLAIMER

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This presentation may contain forward looking statements based on current expectations and projects of the Group in relation to future events. Due to their specific nature, these statements are subject to inherent risks and uncertainties, as they depend on certain circumstances and facts, most of which being beyond the control of the Group. Therefore actual results could differ, even to a significant extent, with respect to those reported in the statements.

## ECONOMIC HIGHLIGHTS OF THE CONTINUING OPERATIONS

- 1 July, 2019: closing of the transaction to sell Solstice retail operations
- 2019 Group results are commented on a pre-IFRS 16 basis in order to support the transition and to allow proper comparison with the previous periods

## FIRST ADOPTION OF IFRS 16

- The Group elected to implement IFRS 16, applying the modified retrospective approach, whereby the cumulative effect of adopting the standard has been recognized at its relevant effective date on January 1<sup>st</sup> 2019, without the restatement of 2018 comparative information.

### IFRS 16 impact on 9M 2019 results

(Euro in millions)	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS (SOLSTICE RETAIL BUSINESS)	TOTAL
<b>Income Statement impacts</b>			
Reduction of operating rental expenses (additional EBITDA)	10.4	5.8	16.2
Increase in depreciation expenses	(9.7)	(5.4)	(15.1)
Increase in interest expenses	(1.1)	(0.7)	(1.8)
<b>Reduction of net result</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>(0.8)</b>
<b>Net debt impact as at September 30, 2019</b>			
Increase of lease liabilities	(49.9)	-	(49.9)

# KEY FACTS AND FIGURES OF Q3 2019

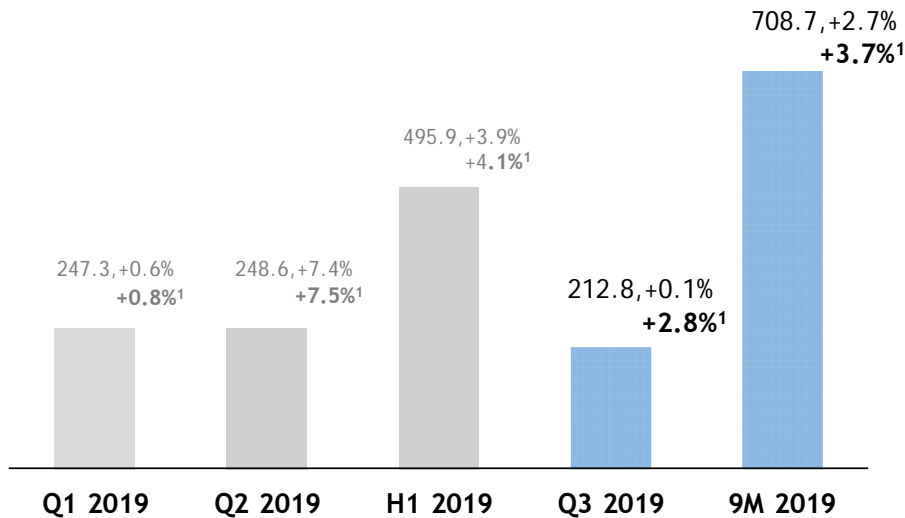


- Renewal of strategic partnerships: license agreement with Hugo Boss and supply agreement with KE
- Ongoing strengthening of commercial capabilities and enhancing of the digital agenda
- Q3 2019 confirms the Group's positive momentum both in terms of sales and cost reduction

## NET SALES

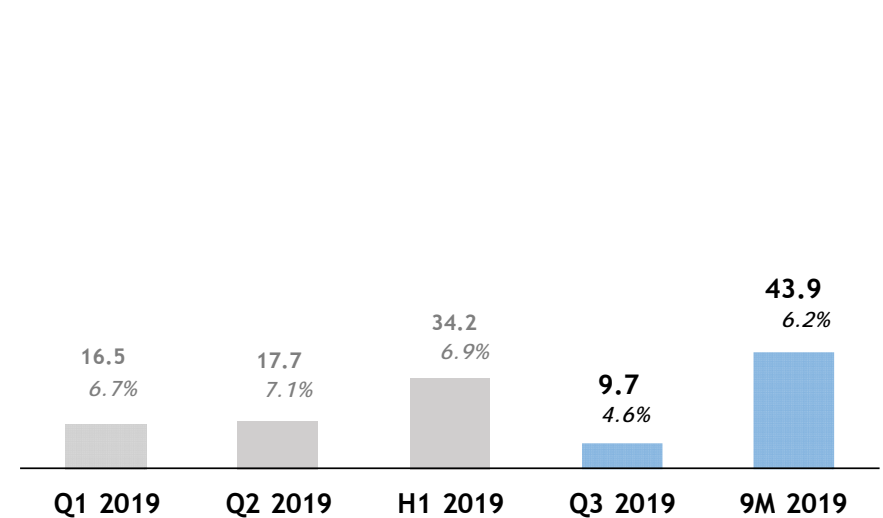
*in millions of Euro and % change @constant FX vs 2018*

<sup>1</sup> wholesale business, excluding the supply agreement with Kering Eyewear



## Pre-IFRS 16 adjusted<sup>2</sup> EBITDA

*in millions of Euro and % on sales*



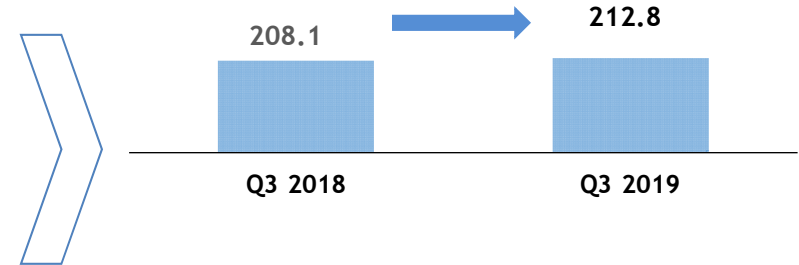
# NET SALES OF THE CONTINUING OPERATIONS

*in millions of Euro and % change vs same periods of 2018*

**Q3 2019 top line performance confirms positive momentum driven by Carrera and Polaroid and continuing positive trends of main licensed brands.**

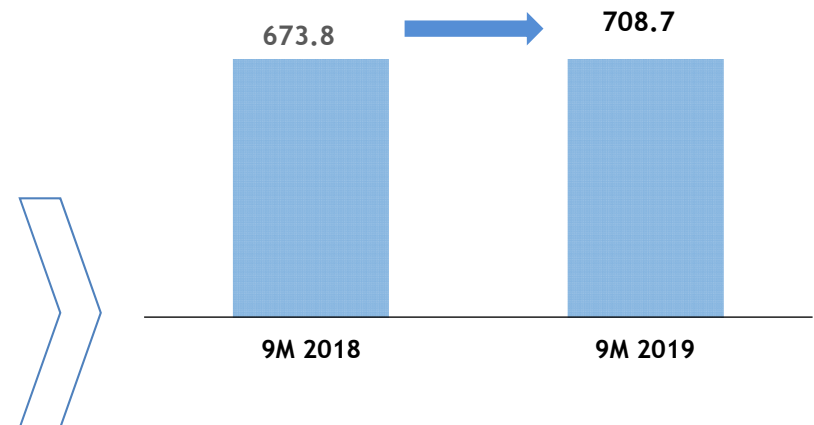
- Q3 2019 net sales at Euro 212.8m, +2.2% @current FX

- +2.1% forex tailwind: +0.1% @constant FX, reflecting planned double-digit decline of Kering product supply affecting business performance in Europe
- +2.8% revenues of wholesale business<sup>1</sup> @constant FX



- 9M 2019 net sales at Euro 708.7m, +5.2% @current FX

- +2.5% forex impact mainly from USD appreciation
- +3.7% revenues of wholesale business<sup>1</sup> @constant FX

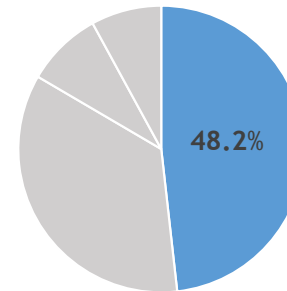


# NET SALES OF THE CONTINUING OPERATIONS BY GEOGRAPHY

*in millions of Euro and % change vs same periods of 2018*

## Pace of growth accelerating in EUROPE in core markets and brands

- Q3 2019 at Euro 95.5m, +4.2% @current FX
  - +0.3% forex tailwind: +3.9% @constant FX
  - wholesale business<sup>1</sup> up double-digits, with broad-based positive recovery by country, channel and brand
  - expected decline of Kering product supply due to business phasing and contractual volumes



9M 2019

Euro 341.8m, +3.1% @current FX  
+5.6% wholesale business<sup>1</sup> @constant FX

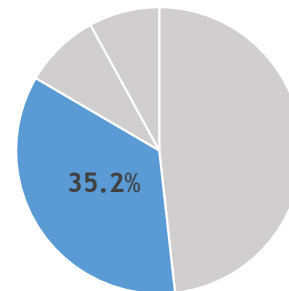
# NET SALES OF THE CONTINUING OPERATIONS BY GEOGRAPHY

*in millions of Euro and % change vs same periods of 2018*

## Consolidation of logistics activities in Denver temporarily affecting NORTH AMERICA

- Q3 2019 at Euro 79.9m, -3.9% @current FX

- +3.8% forex tailwind: -7.7% @constant FX
- Smith sport business temporarily affected by the consolidation of all North American logistic activities in the new Denver warehouse
- more volatile and uncertain business environment impacting business turnaround in the independent optician channel
- Carrera, Hugo Boss, Tommy Hilfiger and rag&bone continued to grow across different channels



9M 2019

Euro 249.4m, +3.7% @current FX  
-2.0% @constant FX

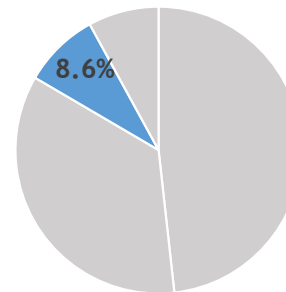


# NET SALES OF THE CONTINUING OPERATIONS BY GEOGRAPHY

*in millions of Euro and % change vs same periods of 2018*

## Growth in China drives ongoing positive sales performance in ASIA PACIFIC

- Q3 2019 at Euro 17.5m, +13.7% @current FX
  - +2.7% forex tailwind: +11.0% @constant FX
  - China continues growing thanks to positive business performance in major chains
  - Another strong quarter for Boss and Hugo. Dior, Max Mara and Carrera also key drivers



9M 2019

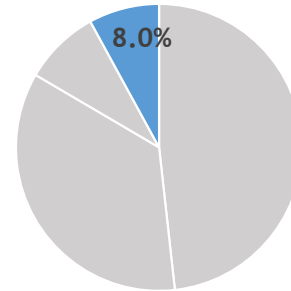
Euro 61.0m, +27.3% @current FX  
+22.5% @constant FX

# NET SALES OF THE CONTINUING OPERATIONS BY GEOGRAPHY

*in millions of Euro and % change vs same periods of 2018*

## ...while Latin America drives business recovery in the REST OF WORLD

- Q3 2019 at Euro 19.8m, +10.8% @current FX
  - +3.4% forex tailwind: +7.4% @constant FX
  - Broad based business growth in Brazil and Mexico and improving trends in Middle East
  - Carrera, Tommy Hilfiger, Polaroid, Boss and Hugo were top performers



9M 2019

Euro 56.5m, +4.9% @current FX  
+3.0% @constant FX

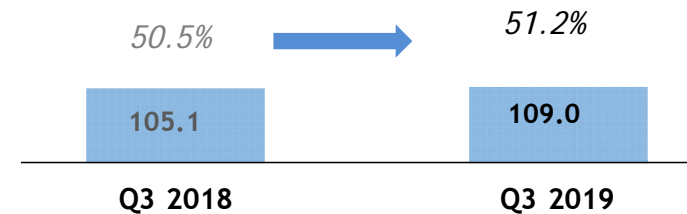
# GROSS PROFIT PERFORMANCE OF CONTINUING OPERATIONS

in millions of Euro, % change vs same periods of 2018 and % on sales

## Recovery of industrial performance supported by business mix

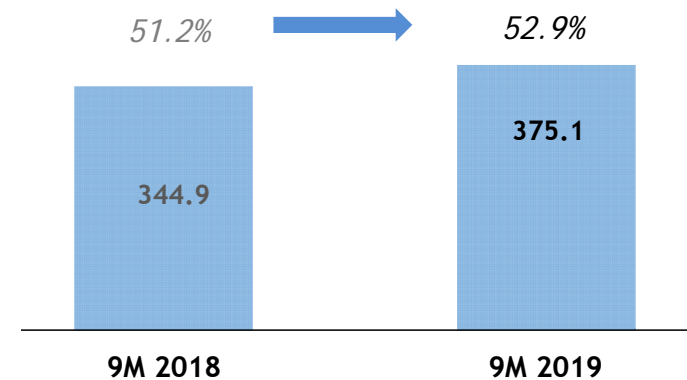
- Q3 2019 gross profit at Euro 109.0m

- Gross margin up +70 bps mainly due forex tailwind and lower dilution of Kering product supply



- 9M 2019 gross profit at Euro 375.1m

- Gross margin up +170 bps



# ADJUSTED<sup>2</sup> EBITDA OF THE CONTINUING OPERATIONS

*in millions of Euro, % change vs same periods of 2018 and % on sales*

## Q3 underlying operating performance continued improving

2019 OPEX efficiencies balancing the income for the early termination of the Gucci license

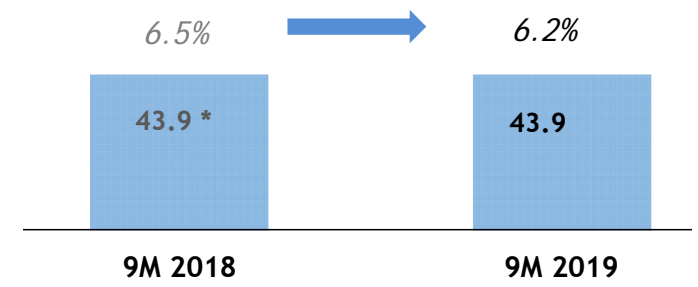
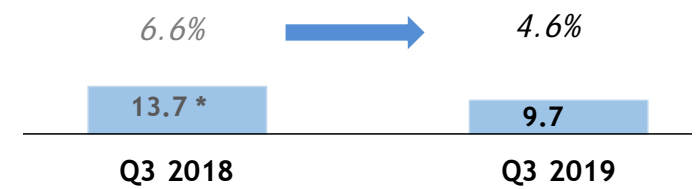
- Q3 2019 adjusted<sup>2</sup> EBITDA at Euro 9.7m
  - improvement at the OPEX level mainly thanks to overheads cost savings
  - ongoing marketing investments in own core brands



- 9M 2019 adjusted<sup>2</sup> EBITDA at Euro 43.9m
  - ca. Euro 13m overall overheads cost savings



Pre-IFRS 16 adjusted<sup>2</sup> EBITDA



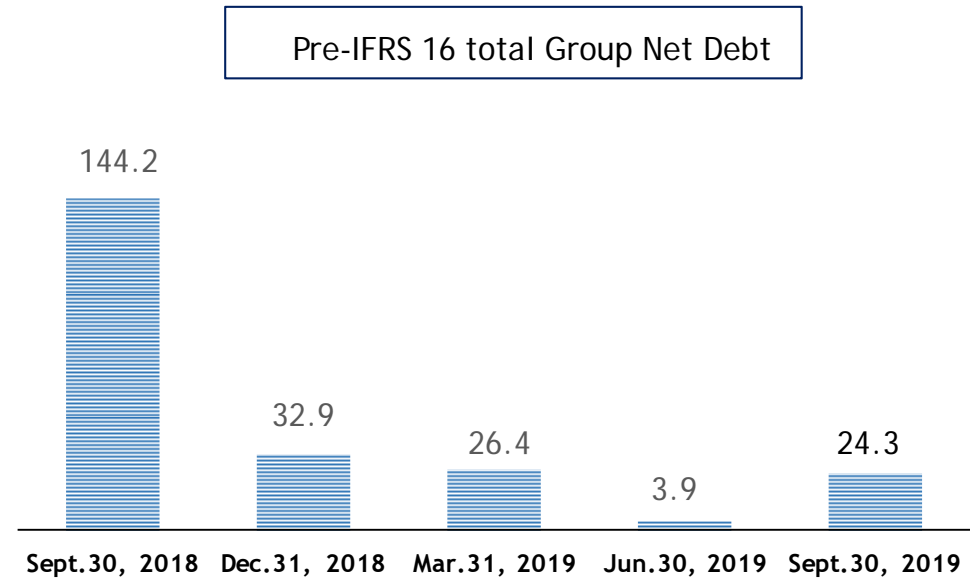
\* Q3/9M 2018 adjusted EBITDA included the income of Euro 9.8/29.3 million for the early termination of the Gucci license

# GROUP NET DEBT



in millions of Euro

- Group net debt at the end of September 2019 at Euro 24.3m
  - remaining proceeds of Euro 17.7 million from the share capital increase executed in 2018
  - 9M 2019 free cash flow negative for ca Euro 10m mainly reflecting Q3 net working capital dynamics
  - Adjusted<sup>2</sup> Financial leverage at 0.5x



# AMONG THE MOST FEATURED EYEWEAR WORLDWIDE



# Appendices

<sup>1</sup> The wholesale business excludes the business of the production agreement with Kering, reported within the geographical area of Europe.

<sup>2</sup> In the first 9 months of 2019, the adjusted EBITDA of the Continuing Operations excludes non-recurring costs for Euro 10.4 million (Euro 5.4 million in Q3 2019) due to restructuring expenses related to the ongoing cost saving program.

In the first 9 months of 2018, the adjusted EBITDA of the Continuing Operations excluded non-recurring costs for Euro 4.4 million (Euro 1.0 million in Q3 2018) mainly related to the CEO succession plan and reorganization costs in North America, and included an income of Euro 29.3 million (Euro 9.8 million in Q3 2018) for the early termination of the Gucci license.

<sup>3</sup> In the first 9 months of 2019, the adjusted EBITDA of the Total Operations also excludes non-recurring costs for Euro 1.3 million related to the retail discontinued operations on July 1, 2019.



## Net Sales by geographic area of the Continuing operations

(Euro in millions)	Q3 2019	%	Q3 2018	%	% Change at current forex	% Change at constant forex
Europa	95.5	44.9%	91.7	44.1%	4.2%	3.9%
North America	79.9	37.6%	83.1	39.9%	-3.9%	-7.7%
Asia Pacific	17.5	8.2%	15.4	7.4%	13.7%	11.0%
Rest of the world	19.8	9.3%	17.9	8.6%	10.8%	7.4%
<b>Total</b>	<b>212.8</b>	<b>100.0%</b>	<b>208.1</b>	<b>100.0%</b>	<b>2.2%</b>	<b>0.1%</b>

(Euro in millions)	9M 2019	%	9M 2018	%	% Change at current forex	% Change at constant forex
Europa	341.8	48.2%	331.6	49.2%	3.1%	3.2%
North America	249.4	35.2%	240.5	35.7%	3.7%	-2.0%
Asia Pacific	61.0	8.6%	47.9	7.1%	27.3%	22.5%
Rest of the world	56.5	8.0%	53.9	8.0%	4.9%	3.0%
<b>Total</b>	<b>708.7</b>	<b>100.0%</b>	<b>673.8</b>	<b>100.0%</b>	<b>5.2%</b>	<b>2.7%</b>

## Economic highlights of the Continuing Operations

(Euro in millions)	9M 2019 reported	9M 2019 pre-IFRS 16	9M 2018	% Change pre-IFRS 16
<b>Net sales</b>	708.7	<b>708.7</b>	673.8	<b>+5.2%</b>
<b>Gross profit</b>	375.1	<b>375.1</b>	344.9	<b>+8.8%</b>
<i>% on net sales</i>	52.9%	52.9%	51.2%	
<b>EBITDA</b>	43.9	<b>33.6</b>	39.5	<b>-15.0%</b>
<i>% on net sales</i>	6.2%	4.7%	5.9%	
<b>Adjusted<sup>2</sup> EBITDA</b>	54.3	<b>43.9</b>	43.9	-
<i>% on net sales</i>	7.7%	6.2%	6.5%	

(Euro in millions)	Q3 2019 reported	Q3 2019 pre-IFRS 16	Q3 2018	% Change pre-IFRS 16
<b>Net sales</b>	212.8	<b>212.8</b>	208.1	<b>+2.2%</b>
<b>Gross profit</b>	109.0	<b>109.0</b>	105.1	<b>+3.7%</b>
<i>% on net sales</i>	51.2%	51.2%	50.5%	
<b>EBITDA</b>	7.7	<b>4.3</b>	12.7	<b>-65.9%</b>
<i>% on net sales</i>	3.6%	2.0%	6.1%	
<b>Adjusted<sup>2</sup> EBITDA</b>	13.1	<b>9.7</b>	13.7	<b>-28.8%</b>
<i>% on net sales</i>	6.2%	4.6%	6.6%	

## Economic highlights of the Total Operations

(Euro in millions)	9M 2019 reported	9M 2019 pre-IFRS 16	9M 2018	% Change pre-IFRS 16
<b>Net sales</b>	734.4	<b>734.4</b>	713.7	<b>+2.9%</b>
<b>Gross profit</b>	385.6	<b>385.6</b>	366.5	<b>+5.2%</b>
<i>% on net sales</i>	52.5%	<b>52.5%</b>	51.3%	
<b>EBITDA</b>	40.6	<b>24.5</b>	32.7	<b>-25.3%</b>
<i>% on net sales</i>	5.5%	<b>3.3%</b>	4.6%	
<b>Adjusted EBITDA<sup>2,3</sup></b>	52.3	<b>36.2</b>	37.2	<b>-2.7%</b>
<i>% on net sales</i>	7.1%	<b>4.9%</b>	5.2%	

# Exchange Rates



Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation)/ Depreciation
		September 30, 2019	December 31, 2018	%	September 30, 2019	September 30, 2018	%
US Dollar	USD	1.0889	1.1450	-4.9%	1.1236	1.1942	-5.9%
Hong-Kong Dollar	HKD	8.5368	8.9675	-4.8%	8.8074	9.3628	-5.9%
Swiss Franc	CHF	1.0847	1.1269	-3.7%	1.1179	1.1611	-3.7%
Canadian Dollar	CAD	1.4426	1.5605	-7.6%	1.4935	1.5372	-2.8%
Japanese Yen	YEN	117.5900	125.8500	-6.6%	122.5696	130.9253	-6.4%
British Pound	GBP	0.8857	0.8945	-1.0%	0.8835	0.8841	-0.1%
Swedish Krown	SEK	10.6958	10.2548	4.3%	10.5679	10.2375	3.2%
Australian Dollar	AUD	1.6126	1.6220	-0.6%	1.6077	1.5762	2.0%
South-African Rand	ZAR	16.5576	16.4594	0.6%	16.1320	15.3920	4.8%
Russian Ruble	RUB	70.7557	79.7153	-11.2%	73.0853	73.4164	-0.5%
Brasilian Real	BRL	4.5288	4.4440	1.9%	4.3647	4.2966	1.6%
Indian Rupee	INR	77.1615	79.7298	-3.2%	78.8301	80.1905	-1.7%
Singapore Dollar	SGD	1.5060	1.5591	-3.4%	1.5332	1.6003	-4.2%
Malaysian Ringgit	MYR	4.5592	4.7317	-3.6%	4.6463	4.7646	-2.5%
Chinese Renminbi	CNY	7.7784	7.8751	-1.2%	7.7135	7.7789	-0.8%
Korean Won	KRW	1,304.8300	1,277.9300	2.1%	1,306.3774	1,303.1258	0.2%
Mexican Peso	MXN	21.4522	22.4921	-4.6%	21.6336	22.7381	-4.9%
Turkish Lira	TRY	6.1491	6.0588	1.5%	6.33901	5.50981	15.0%
Dirham UAE	AED	3.9990	4.205	-4.9%	4.12649	4.38571	-5.9%

# Brand Portfolio

**SAFILO**  
MADE IN ITALY DAL 1934

**DIOR**

**ELIE SAAB**

**BOSS**  
HUGO BOSS

**havaianas®**

**GIVENCHY**  
PARIS

kate spade  
NEW YORK

**MARC JACOBS**

BANANA REPUBLIC

**CARRERA**  
EYEWEAR SINCE 1954

DIOR HOMME

**FOSSIL**

**MOSCHINO**

rag & bone  
NEW YORK

**FENDI**

TOMMY HILFIGER

LOVE  
MOSCHINO

Juicy Couture®

**Polaroid**

REBECCA MINKOFF

**MISSONI\***

swatch  
the eyes

LIZ CLABORNE

**MaxMara**

**Levi's®\***

MAX&Co.

**SMITH**

JIMMY CHOO

**M\***  
MISSONI

pierre cardin  
PARIS

**HUGO**  
HUGO BOSS

**DB\***

EYEWEAR BY  
DAVID BECKHAM

\* From 2020