



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES  
THE FINANCIAL RESULTS OF THE FIRST QUARTER OF 2015**

**Increased Q1 Revenues while business transformation continues as per 2020 Strategic Plan  
Reduced Debt and positive Free Cash Flow**

**Padua, April 27, 2015** - The Board of Directors of Safilo Group S.p.A. – the fully integrated Italian eyewear creator and worldwide distributor of quality and trust, listed on the Milan Stock Exchange – has today reviewed and approved the results of the first quarter of 2015.

Safilo's operating performance in the quarter was broadly in line with management expectations, and progress made was in line with the 2020 Strategic Plan.

Net sales grew by 10.6%, benefiting from the currency tailwind recorded in the period, while the increase at constant exchange rates was +0.8%. The Group saw continued strength in North America, further acceleration of growth in Latin America and a continuation of the positive trends in Europe, while Asia declined in the context of the commercial leadership and capability re-set initiated mid last year, and soft trading in China and Hong Kong.

Gross profit improved by 6.8% to Euro 196.6 million. Gross margin contracted in comparison to a strong base of Q1 last year, driven by cost inflation ahead of COGS savings initiative expected to ramp up during the balance of the year, certain phasing effects of spending, and by the impact of a higher inventory obsolescence provision mainly for the to-be discontinued brands, without which gross margin was substantially stable vs. the full year 2014.

Adjusted<sup>1</sup> EBITDA declined by -8.2% to Euro 32.6 million and adjusted<sup>1</sup> EBITDA margin reduced compared to the same quarter of last year, impacted primarily by the lower gross margin previously explained, while the Group continued to invest into building key capabilities particularly in commercial and product.

The Group's net result also reflected net negative exchange rate differences and the effects of the fair value valuation of the equity-linked bonds due to the increase in Safilo's share price in the quarter.

At the end of March 2015, the Group net debt declined to Euro 128.3 million, with the adjusted<sup>1</sup> financial leverage at 1.1x.

Luisa Delgado, CEO, commented:

*"This has been another quarter of investment, on track with our plans for the year. As we progress further with the commercial reinvention to enable worldwide quality sales growth, and the supply network reinvention to enhance gross margins and reducing the level of cash tied up in inventory, we plan to see increasing benefit as we move through 2015."*

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net debt, Net capital employed and Free Cash Flow), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESR/05-178b recommendation published on 3<sup>rd</sup> November 2005.

## Economic and financial highlights

Euro million	Q1 2015	Q1 2014	% change	% change (*)
<b>Net sales</b>	<b>324.3</b>	293.2	+10.6%	<b>+0.8%</b>
<b>Gross profit</b>	<b>196.6</b>	184.0	<b>+6.8%</b>	
%	<b>60.6%</b>	62.8%		
EBITDA	31.4	35.4	-11.5%	
%	9.7%	12.1%		
<b>Adjusted<sup>1</sup> EBITDA</b>	<b>32.6</b>	35.4	<b>-8.2%</b>	
%	<b>10.0%</b>	12.1%		
Operating profit	22.1	26.8	-17.5%	
%	6.8%	9.1%		
<b>Adjusted<sup>1</sup> Operating profit</b>	<b>23.3</b>	26.8	<b>-13.1%</b>	
%	<b>7.2%</b>	9.1%		
Group net profit	1.4	16.5	-91.2%	
%	0.4%	5.6%		
<b>Adjusted<sup>1</sup> Group net profit</b>	<b>2.3</b>	16.5	<b>-86.3%</b>	
%	<b>0.7%</b>	5.6%		
<b>Group net debt</b>	<b>128.3</b>	207.5	<b>-38.2%</b>	

(\*) at constant exchange rates

## Key economic and financial performance

In the first quarter of 2015, **Group total revenues** were Euro 324.3 million, up 10.6% compared to Euro 293.2 million recorded in the same quarter of 2014, benefitting from the Dollar strength. At constant exchange rates, turnover increased by 0.8%.

Q1 2015 **Gross profit** was Euro 196.6 million, up 6.8% compared to Euro 184.0 million in the same quarter of 2014 with gross margin moving from 62.8% to 60.6%. Gross margin reflected obsolescence provisions in relation to still elevated inventory levels and, as expected, a more subdued start of the year as the Group expects COGS savings and inventory interventions to be more skewed to the second half of the year.

Q1 2015 **adjusted<sup>1</sup> EBITDA** was Euro 32.6 million compared to Euro 35.4 million recorded in the same period of 2014. **Adjusted<sup>1</sup> EBITDA** margin was 10.0% of revenues in Q1 2015, compared to 12.1% in Q1 2014.

Q1 2015 **adjusted<sup>1</sup> EBIT** was Euro 23.3 million compared to Euro 26.8 million registered in Q1 2014. **Adjusted<sup>1</sup> EBIT** margin was 7.2% of revenues in Q1 2015, compared to 9.1% in Q1 2014.

Total financial charges increased to Euro 18.8 million from Euro 2.3 million in Q1 2014 due to the negative impact of exchange rates differences of Euro 10.6 million (positive impact of Euro 1 million in Q1 2014) and the effects of the fair value valuation of the option component embedded in the equity-linked bonds for Euro 4.2 million, driven by an higher average share price in the quarter. In Q1 2015, net financial interests increased to Euro 2.3 million from Euro 1.8 million in Q1 2014.

Q1 2015 **Group adjusted<sup>1</sup> net result** equaled a profit of Euro 2.3 million compared to the net result of Euro 16.5 million recorded in Q1 2014.

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## Key Cash Flow data

Euro million	Q1 2015	Q1 2014
Cash flow from operating activities before changes in working capital	27.1	28.2
Changes in working capital	10.0	(45.2)
Cash flow from operating activities	37.1	(17.0)
Cash flow for investment activities	(5.0)	(7.6)
<b>Free Cash Flow</b>	<b>32.1</b>	<b>(24.6)</b>

In Q1 2015, **Free Cash Flow** improved to Euro 32.1 million compared to a negative flow of Euro 24.6 million in Q1 2014 and an outflow of Euro 12.4 million at the end of 2014. This result included the first of three compensation payments of Euro 30 million received in January from Kering, net of which Free Cash Flow remained positive. Seasonal absorption from net working capital further improved in the period, down to Euro 17.5 million from Euro 48.9 million in the same quarter of last year. The inventory flow remained broadly in line with the dynamic recorded in the same period of last year, while excluding the impact of currencies the inventory days on hand continued to gradually decrease. As far as trade receivables are concerned, the ratio of days of sales outstanding continued its improving trend, recording a DSO below the first quarter of last year and driving a substantially lower cash absorption. Cash Flow for investing activities was Euro 5.0 million compared to Euro 7.6 million in Q1 2014, driven by product supply upgrades and IT investments.

At the end of March 2015, **Group net debt** stood at Euro 128.3 million, an improvement of 38.2% compared to Euro 207.5 million at the end of March 2014 and 21.4% compared to Euro 163.3 million at the end of December 2014.

## Markets

### North America

Q1 2015 sales in North America rose 26.9% at current exchange rates and 5.3% at constant exchange rates, reaching Euro 132.9 million compared to Euro 104.7 million in Q1 2014.

Core channels and brands were very solid in the period thanks to a broadly positive marketplace and Safilo's progressive higher commercial differentiation by channel and customer, which helped increase door productivity, particularly in the main department stores, which were top performers in the quarter.

### Latin America

Q1 2015 sales in Latin America rose 30.1% at current exchange rates and 23.4% at constant exchange rates, standing at Euro 12.5 million compared to Euro 9.6 million in Q1 2014.

Business in Mexico was particularly positive within key accounts, while sales in Brazil also increased strongly, as did the balance of Latin American markets served through distributors.

### Europe

In Q1 2015, turnover in Europe was Euro 132.9 million, up 2.6% (+2.8% at constant exchange rates) compared to Euro 129.6 million in Q1 2014. Sales trends across the region were very resilient, with the Iberian countries, Germany and the Nordic markets continuing to move fast. Italy saw a positive start of the year, while Russia remained weak, reflecting domestic economic conditions.

Asia-Pacific

In Asia-Pacific, Q1 2015 revenues were Euro 39.2 million compared to Euro 43.5 million in the same period of last year (-9.8% at current exchange rates, -22.9% at constant exchange rates).

While Australia led with excellent growth, and Japan started to show an early positive impact of a more brand driven commercial approach, the Group continued with the planned requalification of regional distributors that impacted sales negatively in the short term as expected. Korea saw the change from a local distributor-owned department store model to our own in house organization and consequent sales more evenly spread over the year compared to last year's peak in Q1. Hong Kong saw some general market softness, also felt in China where additionally, order phasing and internal commercial strategy and capability gaps that are being addressed are impacting business delivery. As the Group proceeds with the interventions to create sustainable business models in every subsidiary in Asia including commercial leadership capability, and works these interventions in close partnership with key regional customers and licensors with the objective of getting the region capable to lead with over proportional growth given Safilo's significant under representation in the region, the Group anticipates to start seeing visible positive impact on its sales towards the last quarter of this year.

Notes:

<sup>1</sup> Q1 2015 *adjusted* economic results do not include non-recurring items related to commercial restructuring costs in the EMEA region for Euro 1.2 million.

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. Gerd Graehsler, 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, 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 debt 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 debt;
- 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

Today, at 6.15 pm CEST (5.15pm BST; 12.15pm EDT) a conference call will be held with the financial community during which the results of Q1 2015 will be discussed.

It is possible to follow the conference call by calling +39 06 45217063, +44 203 4271915 o +1 646 2543362 (for journalists +39 06 87500874) and entering the access code 8697585.

A recording of the conference call will be available until April 29, 2015 on 39 02 30413127, +44 203 4270598 o +1 347 3669565 (access code: 8697585).

The conference call may be followed via webcast at <http://investors-en.safilogroup.com>. The presentation is available and may be downloaded from the Company's website.

Intermediate quarterly report at 31<sup>st</sup> March 2015

Please note that the intermediate quarterly report at 31<sup>st</sup> March 2015 will be made available to the public as soon as it is available and in accordance with the law, at the company's registered offices, at the central storage of regulated information and on the company's internet website at the address: <http://investors-en.safilogroup.com>.

**Sáfico Group S.p.A.***Consolidated income statement*

<i>(Euro/000)</i>	First Quarter		
	2015	2014	Change %
Net sales	324,303	293,203	10.6%
Cost of sales	(127,744)	(109,154)	17.0%
<b>Gross profit</b>	<b>196,559</b>	<b>184,049</b>	<b>6.8%</b>
Selling and marketing expenses	(133,381)	(119,530)	11.6%
General and administrative expenses	(40,382)	(37,734)	7.0%
Other operating income (expenses)	(666)	33	n.s.
<b>Operating profit</b>	<b>22,130</b>	<b>26,818</b>	<b>-17.5%</b>
Share of income (loss) of associates	-	-	
Interest expenses and other financial charges, net	(18,777)	(2,340)	n.s.
<b>Profit before taxation</b>	<b>3,353</b>	<b>24,478</b>	<b>-86.3%</b>
Income taxes	(1,869)	(7,931)	-76.4%
<b>Net profit of the period</b>	<b>1,484</b>	<b>16,547</b>	<b>-91.0%</b>
Non-controlling interests	35	85	-58.8%
<b>Net profit attributable to owners of the Parent</b>	<b>1,449</b>	<b>16,462</b>	<b>-91.2%</b>
<b>EBITDA</b>	<b>31,363</b>	<b>35,444</b>	<b>-11.5%</b>
Basic EPS (Euro)	0.023	0.264	
Diluted EPS (Euro)	0.023	0.262	
<b>Economic indicators pre non-recurring items</b>			
<b>EBIT pre non-recurring items</b>	<b>23,305</b>	<b>26,818</b>	<b>-13.1%</b>
<b>EBITDA pre non-recurring items</b>	<b>32,538</b>	<b>35,444</b>	<b>-8.2%</b>
<b>Net profit attributable to the Group pre non-recurring items</b>	<b>2,255</b>	<b>16,462</b>	<b>-86.3%</b>

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**Säfilo Group S.p.A.***Consolidated net sales*

Net sales by geographical area (Euro in millions)	First Quarter					
	2015	%	2014	%	Change %	Change % (*)
Europe	132.9	41.0	129.6	44.2	+2.6	+2.8
North America	132.9	41.0	104.7	35.7	+26.9	+5.3
Latin America	12.5	3.9	9.6	3.3	+30.1	+23.4
Asia Pacific	39.2	12.1	43.5	14.8	-9.8	-22.9
Rest of the world	6.8	2.1	5.8	2.0	+17.9	+16.0
<b>Total</b>	<b>324.3</b>	<b>100.0</b>	<b>293.2</b>	<b>100.0</b>	<b>+10.6</b>	<b>+0.8</b>

(\*) at constant exchange rates

**Sàfilo Group S.p.A.**  
**Consolidated Balance sheet**

(Euro/000)	March 31, 2015	December 31, 2014	Change
<b>ASSETS</b>			
<b>Current assets</b>			
Cash in hand and at bank	77,046	88,552	(11,506)
Trade receivables, net	289,634	266,308	23,326
Inventory, net	259,084	247,617	11,467
Derivative financial instruments	2,461	1,594	867
Other current assets	54,134	49,619	4,515
<b>Total current assets</b>	<b>682,359</b>	<b>653,690</b>	<b>28,669</b>
<b>Non-current assets</b>			
Tangible assets	208,783	203,279	5,504
Intangible assets	55,328	54,806	522
Goodwill	634,845	583,130	51,715
Investments in associates	8,585	7,605	980
Available-for-sale financial assets	-	-	-
Deferred tax assets	107,423	92,498	14,925
Derivative financial instruments	-	-	-
Other non-current assets	3,328	2,897	431
<b>Total non-current assets</b>	<b>1,018,292</b>	<b>944,215</b>	<b>74,077</b>
<b>Total assets</b>	<b>1,700,651</b>	<b>1,597,905</b>	<b>102,746</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	76,296	75,319	977
Trade payables	213,827	210,775	3,052
Tax payables	40,948	33,041	7,907
Derivative financial instruments	961	68	893
Other current liabilities	51,205	52,149	(944)
Provisions for risks and charges	6,367	5,658	709
<b>Total current liabilities</b>	<b>389,604</b>	<b>377,010</b>	<b>12,594</b>
<b>Non-current liabilities</b>			
Long-term borrowings	129,026	176,493	(47,467)
Employees benefits liability	32,817	32,724	93
Provisions for risks and charges	15,345	13,707	1,638
Deferred tax liabilities	10,467	8,772	1,695
Derivative financial instruments	8,600	4,426	4,174
Other non-current liabilities	39,747	10,517	29,230
<b>Total non-current liabilities</b>	<b>236,002</b>	<b>246,639</b>	<b>(10,637)</b>
<b>Total liabilities</b>	<b>625,606</b>	<b>623,649</b>	<b>1,957</b>
<b>Shareholders' equity</b>			
Share capital	312,675	312,675	-
Share premium reserve	484,689	484,689	-
Retained earnings (losses) and other reserves	273,355	135,142	138,213
Cash flow reserve	(121)	-	(121)
Income attributable to the Group	1,449	39,030	(37,581)
<b>Total shareholders' equity attributable to the Group</b>	<b>1,072,047</b>	<b>971,536</b>	<b>100,511</b>
<b>Non-controlling interests</b>	<b>2,998</b>	<b>2,720</b>	<b>278</b>
<b>Total shareholders' equity</b>	<b>1,075,045</b>	<b>974,256</b>	<b>100,789</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,700,651</b>	<b>1,597,905</b>	<b>102,746</b>

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**Sáfico Group S.p.A.***Consolidated statement of cash flows*

<i>(Euro/000)</i>	First Quarter	
	2015	2014
<b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>	<b>39,494</b>	<b>69,669</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit for the period (including minority interests)	1,484	16,547
Depreciation and amortization	9,233	8,626
Other non-monetary items	19,225	(401)
Interest expenses, net	2,297	1,758
Income tax expenses	1,869	7,931
<b>Income from operating activities prior to movements in working capital</b>	<b>34,108</b>	<b>34,460</b>
(Increase) Decrease in trade receivables	(8,813)	(33,986)
(Increase) Decrease in inventory, net	(2,369)	(1,178)
Increase (Decrease) in trade payables	(6,347)	(13,775)
(Increase) Decrease in other receivables	(9,346)	893
Increase (Decrease) in other payables	36,916	2,872
Interest expenses paid	(737)	(1,528)
Income taxes paid	(6,310)	(4,796)
<b>Total (B)</b>	<b>37,102</b>	<b>(17,036)</b>
<b>C - Cash flow from (for) investing activities</b>		
Purchase of property, plant and equipment	(4,814)	(5,074)
Disposals of property, plant and equipment	884	241
Acquisition of minorities (in subsidiaries and associates)	-	(1,551)
(Acquisition) Disposal of investments and securities	-	(69)
Purchase of intangible assets	(1,089)	(1,121)
<b>Total (C)</b>	<b>(5,018)</b>	<b>(7,575)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	1,794	11,559
Repayment of borrowings	(50,283)	(3,616)
Share capital and reserves increase	-	724
Dividends paid	-	-
<b>Total (D)</b>	<b>(48,489)</b>	<b>8,667</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>(16,405)</b>	<b>(15,944)</b>
Translation exchange differences	5,433	(1,046)
<b>Total (F)</b>	<b>5,433</b>	<b>(1,046)</b>
<b>G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)</b>	<b>28,522</b>	<b>52,679</b>

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**About Safilo Group**

Safilo Group is the fully integrated Italian eyewear creator and worldwide distributor of quality and trust, leader in the premium sector for sunglasses, optical frames and sports eyewear. Design inspired and brand driven, Safilo translates extraordinary design into excellent products created thanks to a superior craftsmanship expertise dating back to 1878. Internationally present through 31 owned subsidiaries and exclusive distributors in key markets – in North and Latin America, Europe, Middle East and Africa, and Asia Pacific and China –, Safilo is committed to quality distribution in over 130 countries around the world. Safilo's portfolio encompasses proprietary brands – Carrera, Polaroid, Smith, Safilo and Oxydo – and licensed brands Dior, Fendi, Gucci, Alexander McQueen, Banana Republic, Bobbi Brown, BOSS, BOSS Orange, Bottega Veneta, Céline, Fossil, Givenchy, HUGO, J.Lo by Jennifer Lopez, Jack Spade, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Pierre Cardin, Saint Laurent, Saks Fifth Avenue and Tommy Hilfiger.

Listed on the Italian Stock Exchange (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI), in 2014 Safilo recorded net revenues for Euro 1,178 billion.

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