



# Safilo Group

*March 16th, 2009*

# 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.



# Agenda

- FY2008 Results
- Current Trading Update
- Industrial Setting
- Q&A

# FY 2008 Results



# Key Highlights and Main Drivers in 2008 Performance



- Prescription frames business resilient in all major markets, especially on US independent opticians level
- US wholesale sunglass market weak at department store level
- Stronger demand for House Brands
- More moderate price points in high-end collections
- Trading down on average sale tickets in our wholesale as well as retail channels

# Consolidated Income Statement

In millions of Euro	2008	2007	% change
Net Sales	1,147.8	1190.4	-3.6% Flat CN
Gross profit %	663.0 57.8%	697.8 58.6%	-5.0%
EBITDA %	126.3 11.0%	175.3 14.7%	-27.9%
Operating profit %	86.3 7.5%	137.2 11.5%	-37.1%
Group net result %	(23.3) (2.0%)	51.0 4.3%	n.s.
Adj. Group net result %	14.6 <sup>1</sup> 1.3%	51.0 4.3%	-71.3%

<sup>1</sup> Adjusted Group Net Result 2008, before an extraordinary provision for deferred taxes of €38 millions.

# Consolidated Balance Sheet

In millions of Euro	2008	2007	change
Net Working capital	368.3	395.4	(27.1)
Tangible & Intang. fixed assets	1,058.7	980.3	78.4
Financial fixed assets	13.2	14.7	(1.5)
Other assets/(liabilities)	(65.9)	(34.9)	(31.0)
<b>Net Capital Employed</b>	<b>1,374.3</b>	<b>1,355.5</b>	<b>18.8</b>
Net financial position	570.0	514.6	55.4
Minority interest	8.4	4.9	3.5
Shareholders' equity	795.9	836.0	(40.1)



# Consolidated Working Capital

In millions of Euro	2008	2007	change	% change
Net Working capital	368.3	395.4	(27.1)	-6.8%
Trade receivables	301.6	315.8	(14.2)	-4.5%
Inventories	272.1	274.3	(2.2)	-0.8%
Trade payables	(205.4)	(194.7)	(10.7)	+5.5%





# Consolidated Free Cash Flow

In millions of Euro	2008	2007
Cash Flow operating activities prior to changes in WC	42.8	98.5
Changes in WC	13.5	(45.2)
<b>Cash Flow Operating activities</b>	<b>56.3</b>	<b>53.3</b>
<b>Cash Flow Investing activities</b>	<b>(88.4)</b>	<b>(43.8)</b>
<b>Free Cash Flow</b>	<b>(32.1)</b>	<b>9.5</b>



# Current Trading Update



# Current Trading

- February business conditions slightly better than January in Europe and Asia
- Tough trading in US and retail comps sales
- Strong performance of Carrera house brand



# Industrial Setting



# Key Strategic Pillars



## Business Model Enhancement

### Industrial Setting

- Industrial organisation more flexible and more in line with demand
- China as the most long-term value creator on the production front

### Brand Portfolio

- Strong support to key licensed luxury brands
- Selective approach to other licensed brands
- Full commitment to House Brands growth

### Design and Product Development

- Continuous rationalisation in products offer
- Simplify development processes

### Retail Network

- Continue to build Retail presence
- Disciplined and selective approach to store openings

### Wholesale Distribution

- Continuous focus on selective distribution with our licensors
- Stay close to our clients and focus on sell-out

# Industrial Setting

- Industrial organisation more flexible and in line with market demand

## ACTIONS PLANNED

- Reorganization of structures carrying out same production phases
  - ✓ Centralization of all technical departments in one plant in Italy (Santa Maria)
- Downsize activities across production facilities
  - ✓ Precenicco (finishing, assembling and varnishing)
  - ✓ Martignacco (components and accessories)
  - ✓ Ormoz (semi-finished products, optyl and injected plastic)
- Focus on R&D and technological upgrade of processes in all main manufacturing sites



# Industrial Setting

- China as the most long-term value creator on the production front



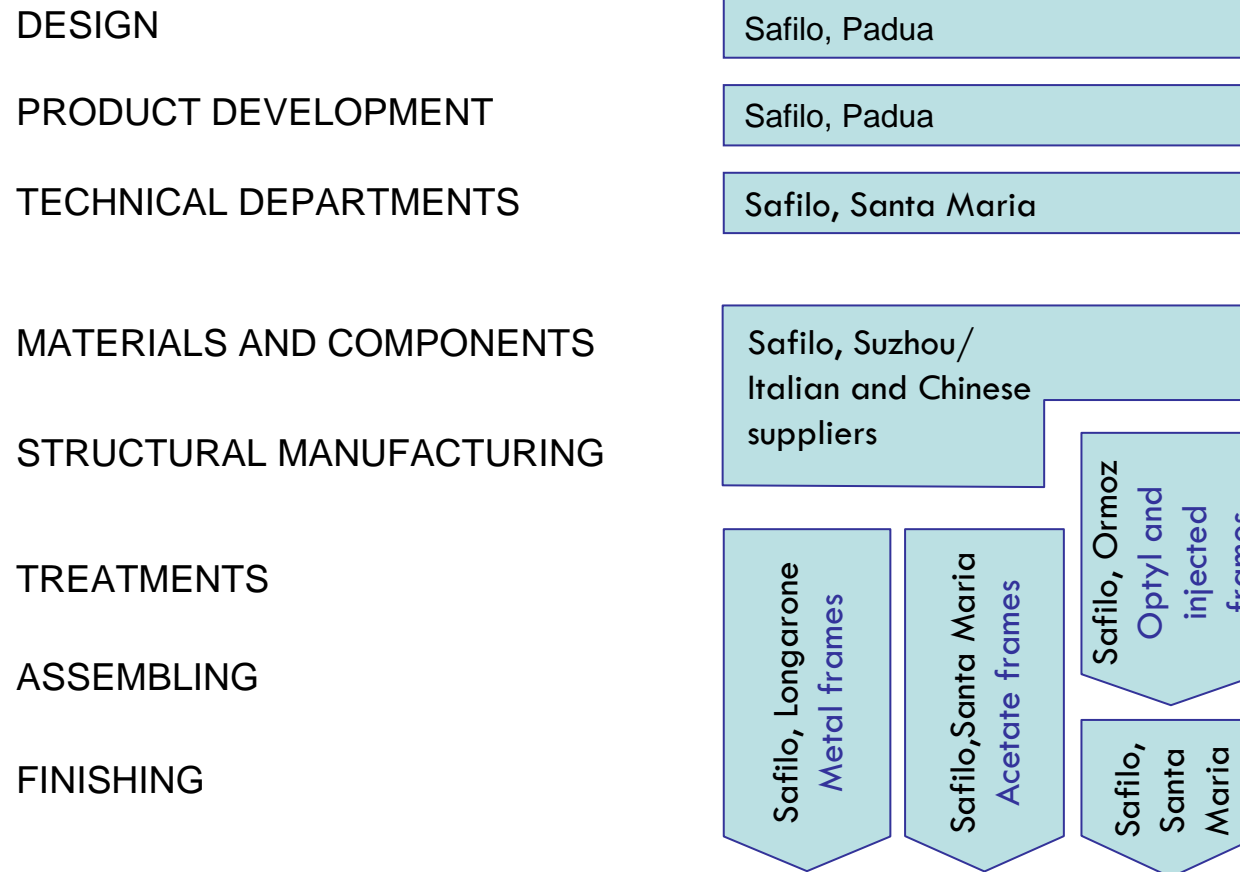
霞飞诺眼镜工业（苏州）有限公司  
Safilo Eyewear Industries Suzhou Ltd.

1. primary source of raw materials
2. production of components
3. metal and acetate frame structures

- Lower product costs base
- Higher flexibility to support picks of demand
- Higher production capacity for future growth

# New Industrial Setting

- Full control of the production value chain





# Appendices



# Total Net Sales

	2008	2007	% change	% change CN
In millions of Euro	1147.8	1190.4	-3.6%	Flat
	100.0%	100.0%		
<b>By geographical region</b>				
Europe	543.8 47.4%	570.6 47.9%	-4.7%	-3.8%
America	423.0 36.8%	423.8 35.6%	-0.2%	+6.7%
Asia	147.5 12.9%	149.5 12.6%	-1.3%	+2.3%
Rest of the world	33.5 2.9%	46.5 3.9%	-28.0%	
<b>By product category</b>				
Sunglasses	606.7 52.9%	641.4 53.9%	-5.4%	
Prescription frames	455.3 39.6%	456.3 38.3%	-0.2%	
Sport products and other	85.8 7.5%	92.7 7.8%	-7.5%	



# Total Net Sales

	Q4 2008	Q4 2007	% change	% change CN
In millions of Euro	282.1 100.0%	286.5 100.0%	-1.6%	-3.6%
<b>By geographical region</b>				
Europe	132.8 47.1%	140.6 49.1%	-5.5%	-4.6%
America	99.1 35.1%	100.5 35.1%	-1.5%	-7.3%
Asia	35.8 12.7%	38.2 13.3%	-6.4%	-14.2%
Rest of the world	14.4 5.1%	7.2 2.5%	n.s.	
<b>By product category</b>				
Sunglasses	140.7 49.9%	148.5 51.8%	-5.3%	
Prescription frames	112.0 39.7%	105.7 36.9%	+5.9%	
Sport products and other	29.4 10.4%	32.3 11.3%	-9.0%	



# Financial Highlights by Channel

In millions of Euro	2008	2007	% change	Q4 2008	Q4 2007	% change
<b>Wholesale</b>						
Net Sales	1040.0	1120.7	-7.2%	252.3	270.4	-6.7%
EBITDA	127.2 12.2%	174.4 15.6%	-27.0%	27.3 10.8%	46.1 17.0%	-40.7%
<b>Retail</b>						
Net Sales	107.8	69.7	+54.6%	29.8	16.1	+85.1%
EBITDA	-0.9 -0.8%	0.9 1.3%	n.s.	(2.8) -9.5%	(1.0) -6.0%	n.s.