THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES THE RESULTS OF THE FIRST HALF OF 2012

Padua, August 2, 2012, h.5.30pm – The Board of Directors of Safilo Group S.p.A. today reviewed and approved the results of the second quarter and first half of 2012.

In the first six months of the year, Safilo achieved net sales of Euro 613.3 million, compared to Euro 603.3 million in the same period of 2011. The period benefitted from the consolidation, starting from the second quarter of 2012, of the newly acquired Polaroid Eyewear business, a world leader in optics and polarized lens technology and a key element towards Safilo's development strategy in the specialist and value-for-money segments.
The semester was also influenced by the appreciation of the US dollar and the effect of the Armani phase out.

In economic terms, in the first half of 2012 the Group recorded an operating profit of Euro 51.2 million and a net profit equal to Euro 21.5 million.
Through effective working capital management, the financial leverage remained close to the level reached at the end of 2011.

Economic highlights

(in millions of euro)	H1 2012	H1 2011	% change	% change*	Q2 2012	Q2 2011	% change	% change*
Net sales	613.3	603.3	+1.7%	-4.1%	324.6	302.6	+7.3%	-1.8%
Gross profit	365.3	364.3	+0.3%		191.1	181.3	+5.5%	
%	59.6%	60.4%			58.9%	59.9%		
EBITDA	70.7	80.2	-11.9%		38.4	39.5	-2.8%	
%	11.5%	13.3%			11.8%	13.1%		
Operating profit	51.2	61.9	-17.3%		28.1	30.5	-7.8%	
%	8.3%	10.3%			8.7%	10.1%		
Group net profit	21.5	31.3	-31.2%		9.6	12.9	-25.9%	
%	3.5%	5.2%			3.0%	4.3%		

* at constant exchange rates and perimeter. Starting from the second quarter of 2012, the business perimeter of Safilo Group also includes Polaroid Eyewear.

In the second quarter of 2012, Group net sales recorded an increase of 7.3%.
The underlying organic sales performance, when excluding the effect of the acquisition of Polaroid, the FX impact, the impact of the Armani phase out and discontinuation of Balenciaga, Nine West and Valentino, showed a positive growth of 6.1%.

Roberto Vedovotto, Chief Executive Officer of Safilo Group, commented:

"The second quarter of 2012 represented for Safilo a further step forward.

The results achieved are in line with our expectations and consistent with our plan.
Safilo improved operating performance, compared to the first quarter of the year. The net financial position is at the lowest level in the last ten years, notwithstanding the acquisition of Polaroid Eyewear.

This press release may use some '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 3rd November 2005.

As far as our industrial strategy is concerned, we have reached an agreement with Unions, which will allow the Group to continue to operate in a competitive market with an efficient, lean and flexible manufacturing footprint.

During the period, we confirmed our strategy of consolidation and enhancement of the brands portfolio, with the acquisition of Polaroid Eyewear and the long term renewal of the partnership with Hugo Boss Group, one of Safilo's important and prestigious licensed agreements.

These steps represent further evidence that we remain committed to our vision of selective portfolio approach and management, on the back of the actions already put in place in this direction over the years."

Key economic and financial performance

The sales for the period, which starting from the second quarter of 2012 include the newly acquired Polaroid Eyewear business, were also characterized by the positive impact of the USD revaluation and the negative impact of the progressive phase-out of the Armani Group licenses.

In the second quarter of 2012, **Group net sales** reached Euro 324.6 million, growing 7.3% compared to Euro 302.6 million recorded in the second quarter of 2011 (-1.8% at constant exchange rates and perimeter[1]).
In the period, revenues for the wholesale business increased by 6.7%, reaching Euro 301.2 million compared to Euro 282.3 million in the second quarter of 2011 (-2.2% at constant exchange rates and perimeter[1]).
The retail business, represented by the Solstice stores in the United States, recorded sales of Euro 23.4 million compared to Euro 20.3 million in the same quarter of 2011.
Retail sales grew by 15.3% at current currency and 3.3% at constant currency thanks to the 6.3% like for like store performance. At the end of June, the network was made up by 137 stores (143 at the end of March 2012 and 158 at the end of June 2011).

The organic performance of sales, calculated on the portfolio of continuing brands, was again positive, recording an acceleration compared to the trend of the first quarter of the year.
Within the portfolio of licensed brands, the high-end propositions of Gucci and Dior, together with the collections of the Hugo Boss Group brands, Marc Jacobs licenses and Tommy Hilfiger had good results in the quarter.

On the Safilo brands front, the second quarter saw the promising debut of "Carrera 6000", a new vintage model characterized by the wavy temples and entirely made in Optyl, a Safilo registered trademark material.

The first half of 2012 ended with net sales of Euro 613.3 million, up 1.7% compared to Euro 603.3 million registered in the same period of 2011 (-4.1% at constant exchange rates and perimeter[1]).
In the first six months of the year, the wholesale business recorded a turnover of Euro 572.7 million, up 1.0% compared to Euro 566.8 million in the first half of 2011 (-4.5% at constant exchange rates and perimeter[1]).
The retail channel reached sales of Euro 40.6 million, up 11.2% at current exchange rates and 2.8% at constant exchange rates.

From a geographical standpoint, the second quarter of 2012 saw the American market gaining momentum, achieving significant growth in the prescription frames business, characterized by the Group's strong presence in the US independent optician stores, as well as in the sunglass business, as testified by the 6.3% like for like sales growth posted by Solstice stores.
In the quarter, sales in the area reached Euro 130.6 million, up 14.3% compared to Euro 114.3 million recorded in the second quarter of 2011 (+4.0% at constant exchange rates and perimeter[1]).
In the period, the turnover of the brands exclusively developed for the American market showed good progress, while in the high-end segment, the Hugo Boss Group brands, Gucci, Jimmy Choo and Céline were performing well. Business in Latin America was led by the strong development of the Carrera brand.

In the first half of 2012, sales in the American market reached Euro 248.0 million compared to Euro 233.0 in the first half of 2011 (+6.4% at current exchange rates; -0.6% at constant exchange rates and perimeter[1]).

In Asia, emerging markets were characterized by progress of the high-end collections. In addition, products in the fashion and diffusion segments, led by Tommy Hilfiger, Boss Orange and Carrera, increased sales.
On the other end, sales in Japan registered a significant contraction.
In the second quarter of 2012, sales in Asia equaled Euro 57.2 million compared to Euro 52.6 million in the corresponding quarter of 2011 (+8.7% at current exchange rates; -2.2% at constant exchange rates and perimeter[1]).
In the first half of 2012, revenues in the area reached Euro 106.1 million, up 6.2% compared to Euro 99.9 million in the first half of 2011 (-1.8% at constant exchange rates and perimeter[1]).

Europe remained the most difficult business region, characterized by significant differences in the performance by country and distribution channel.
In the second quarter of 2012, Continental Europe markets again highlighted a positive organic performance which found further confirmation in countries like Germany, France and in particular in the key account channels.
As far as Southern Europe markets were concerned, sales in the three main countries of the area, Italy, Spain and Portugal, were steadier compared to the previous quarters.
In the second quarter of 2012, European sales, main beneficiaries of the consolidation of the Polaroid business, equaled Euro 132.5 million compared to Euro 131.7 million in the second quarter of 2011 (+0.6%; -6.6% at constant exchange rates and perimeter[1]).
The first half of 2012 ended in Europe with revenues of Euro 250.9 million compared to Euro 261.8 million registered in the same period of 2011 (-4.2%; -7.8% at constant exchange rates and perimeter[1]).

In terms of economic performance, in the second quarter of 2012, the **gross profit** amounted to Euro 191.1 million, up 5.5% compared to Euro 181.3 million registered in the second quarter of 2011. The gross margin was equal to 58.9% of sales (59.9% in the second quarter of 2011), influenced by the decline of production volumes in the Italian plants due to the Armani progressive phase-out.
In the first half of 2012, the gross profit stood at Euro 365.3 million, in line with Euro 364.3 million registered in the first half of 2011.

The **Group operating profit (EBIT)** amounted to Euro 28.1 million in the second quarter of 2012, contracting by 7.8% compared to Euro 30.5 million in the second quarter of 2011.
In the first half of 2012, the operating profit stood at Euro 51.2 million, down 17.3% compared to Euro 61.9 million in the first half of 2011.
The operating profitability of the quarter and of the semester were equal to 8.7% and 8.3% respectively.

EBITDA, in the second quarter of 2012, reached Euro 38.4 million compared to Euro 39.5 million in the same period of 2011. The EBITDA margin was equal to 11.8% of sales (13.1% in the second quarter of 2011).
The first six months of the year closed with an EBITDA of Euro 70.7 million, corresponding to 11.5% of the period sales (Euro 80.2 million or 13.3% of sales in the first half of 2011).

Safilo closed the second quarter of 2012 with a **Group net result** of Euro 9.6 million and a net margin of 3.0% (Euro 12.9 million or 4.3% of sales in the second quarter of 2011).
In the period, net financial expenses declined by 26% compared to the same quarter of 2011, mainly thanks to the early partial reception of the Euro 60 million High Yield Bond undertaken by the Group in June 2011.
In the quarter, the strong USD appreciation was instead responsible for the negative impact of exchange rate differences.
In the first half of 2012, the Group net profit was equal to Euro 21.5 million or 3.5% of sales, compared to Euro 31.3 million in the first half of 2011.

Key Cash Flow data

(in millions of euro)	H1 2012	H1 2011	Q2 2012	Q2 2011
Cash flow from operating activities before changes in working capital	40.0	50.8	10.2	14.0
Changes in working capital	1.1	(11.6)	24.4	20.9
Cash flow from operating activities	41.1	39.2	34.6	34.9
Cash flow from (for) investment activities	(81.4)	(16.6)	(69.0)	(5.5)
Free Cash Flow	(40.3)	22.6	(34.4)	29.4

In the first half of 2012, the **Free Cash Flow** highlighted the solid cash generation from operating activities, which benefitted from the net profit of the period and the positive flows from working capital, particularly evident in the second quarter of the year.
In the quarter, the cash flow for investing activities increased due to the acquisition of the Polaroid Eyewear business, for a net consideration of Euro 58.4 million. It is to be remembered that the transaction was funded for Euro 44.3 million by Multibrands Italy B.V., controlled by HAL Holding N.V., via a reserved capital increase.
In terms of investments, the first half of 2012 saw the Group also increasing from 51.0% to 90.0% the shareholding in the Chinese subsidiary, one of Safilo's most strategic regions.

Net debt at the end of June 2012 was down to Euro 231.0 million compared to Euro 238.3 million at the end of December 2011 and Euro 240.3 million at the end of June 2011.
As expected, at the end of June the Group repaid around Euro 80 million of Senior debt, related to Facility A1 - Tranche 1, Facility A2 and A3. This reimbursement was mainly funded through available cash.
The financial leverage (Net debt/EBITDA LTM) was 2.0x, compared to 1.9x at the end of December 2011 and 1.95x at the end of June 2011.

[1] In the second quarter of 2012, the business perimeter of Safilo Group also includes Polaroid Eyewear, consolidated starting from April 2012.

Relevant subsequent events

On July 10, Hugo Boss Group and Safilo Group announced the renewal of their license agreement with a term until 2020 for the design, production and worldwide distribution of BOSS Black, BOSS Orange and HUGO frames and sunglass collections.

On July 23, Safilo Group informed that, together with the Unions, it had signed, at the offices of the Ministry of Employment and Social Security in Rome, the solidarity agreement in order to best manage the industrial impacts due to the non-renewal of the Armani licenses.
The agreement fully reproduces the contents of the preliminary agreement signed and announced on June 15, 2012, and further illustrates the related operational details, with specific regards to work organization and the way in which the reduction of working hours and shifts will be implemented.

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, 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 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

Today, at 6.00 pm CEST (5.00 pm BST; 12.00 am US EDT) a conference call will be held with the financial community during which the results of the second quarter and first half of 2012 will be discussed.
It is possible to participate to the call by dialing the following number: +39 02 69633532 or +44 203 3645381 (for journalists: +39 02 69633533) and quoting the following confirmation code: 3774448.
The playback of the conference call will be available from August 2 to August 4, 2012 by dialing the number +39 02 30413127 o +44 203 4270598 (access code: 3774448#). The conference call can also be followed with the webcast on the site www.safilo.com/en/investors.html. The presentation is available and downloadable from the company website.

Financial statement as of June 30, 2012

Please note that before the end of the day, the half-yearly financial report as of June 30, 2012 - containing the half-year condensed financial statements, interim directors' report and the declaration pursuant to article 154-bis subsection 5 of 'T.U.F.' (Testo Unico sulla Finanza or Italy's Financial Markets Consolidation Act) – will be made available to the public at the company's registered offices and will be published on the company's internet website, at the address www.safilo.com/en/investors.html. Furthermore, the Auditors' report and any eventual observations made by the Board of Statutory Auditors will be made available to the public in the same way, as soon as they are available and in accordance with the law.

Sàfilo Group S.p.A.

Consolidated income statement

(Euro/000)	1st Semester 2012	1st Semester 2011	1st Semester Change %	2nd Quarter 2012	2nd Quarter 2011	2nd Quarter Change %
Net sales	613,286	603,256	1.7%	324,564	302,592	7.3%
Cost of sales	(247,951)	(238,961)	3.8%	(133,418)	(121,327)	10.0%
Gross profit	**365,335**	**364,295**	**0.3%**	**191,146**	**181,265**	**5.5%**
Selling and marketing expenses	(242,242)	(235,650)	2.8%	(125,910)	(116,391)	8.2%
General and administrative expenses	(73,495)	(66,637)	10.3%	(38,410)	(34,261)	12.1%
Other operating income (expenses), net	1,588	(145)	n.s.	1,265	(133)	n.s.
Operating profit	**51,186**	**61,863**	**-17.3%**	**28,091**	**30,480**	**-7.8%**
Share of income/(loss) of associates	95	(419)	n.s.	95	(35)	n.s.
Interest expenses and other financial charges, net	(15,225)	(11,140)	36.7%	(10,692)	(8,104)	31.9%
Profit before taxation	**36,056**	**50,304**	**-28.3%**	**17,494**	**22,341**	**-21.7%**
Income taxes	(13,677)	(16,889)	-19.0%	(7,605)	(8,389)	-9.3%
Net profit	**22,379**	**33,415**	**-33.0%**	**9,889**	**13,952**	**-29.1%**
Non-controlling interests	855	2,136	-60.0%	312	1,032	-69.8%
Net profit attributable to owners of the Parent	**21,524**	**31,279**	**-31.2%**	**9,577**	**12,920**	**-25.9%**
EBITDA	**70,659**	**80,196**	**-11.9%**	**38,403**	**39,506**	**-2.8%**
Basic EPS (Euro)	0.364	0.550		0.153	0.227	
Diluted EPS (Euro)	0.364	0.548		0.153	0.226	

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Sàfilo Group S.p.A.

Consolidated net sales

Net sales by geographical area	1st Semester					
(Euro in millions)	2012	%	2011	%	Change %	Change % (*)
Europe	250.9	40.9	261.8	43.4	-4.2	-7.8
Americas	248.0	40.4	233.0	38.6	+6.4	-0.6
Asia	106.1	17.3	99.9	16.6	+6.2	-1.8
Rest of the world	8.3	1.4	8.6	1.4	-3.5	-7.6
Total	**613.3**	**100.0**	**603.3**	**100.0**	**+1.7**	**-4.1**

Net sales by geographical area	2nd Quarter					
(Euro in millions)	2012	%	2011	%	Change %	Change % (*)
Europe	132.5	40.8	131.7	43.5	+0.6	-6.6
Americas	130.6	40.2	114.3	37.8	+14.3	+4.0
Asia	57.2	17.6	52.6	17.4	+8.7	-2.2
Rest of the world	4.3	1.3	4.0	1.3	+7.5	-5.5
Total	**324.6**	**100.0**	**302.6**	**100.0**	**+7.3**	**-1.8**

(*) at constant exchange rates and perimeter

Net sales by product	1st Semester					
(Euro in millions)	2012	%	2011	%	Change %	Change % (*)
Prescription frames	222.1	36.2	222.6	36.9	-0.2	-4.3
Sunglasses	362.0	59.0	352.0	58.3	+2.8	-3.8
Sport products	24.6	4.0	23.7	3.9	+3.8	-3.7
Other	4.6	0.8	5.0	0.8	-8.0	-14.2
Total	**613.3**	**100.0**	**603.3**	**100.0**	**+1.7**	**-4.1**

Net sales by product	2nd Quarter					
(Euro in millions)	2012	%	2011	%	Change %	Change % (*)
Prescription frames	112.7	34.7	109.4	36.2	+3.0	-3.0
Sunglasses	196.5	60.5	183.3	60.6	+7.2	-3.3
Sport products	12.9	4.0	8.5	2.8	+51.8	+36.7
Other	2.5	0.8	1.4	0.5	+78.6	+51.0
Total	**324.6**	**100.0**	**302.6**	**100.0**	**+7.3**	**-1.8**

(*) at constant exchange rates and perimeter

Sàfilo Group S.p.A.

Consolidated Balance sheet

(Euro/000)	**June 30, 2012**	**December 31, 2011**	**Change**
ASSETS			
Current assets			
Cash in hand and at bank	56,323	90,368	(34,045)
Trade receivables, net	309,399	272,153	37,246
Inventory, net	216,607	219,735	(3,128)
Derivative financial instruments	1,460	2	1,458
Other current assets	52,917	58,736	(5,819)
Total current assets	**636,706**	**640,994**	**(4,288)**
Non-current assets			
Tangible assets	210,696	208,274	2,422
Intangible assets	48,411	11,713	36,698
Goodwill	574,883	564,560	10,323
Investments in associates	12,333	11,871	462
Financial assets available-for-sale	213	194	19
Deferred tax assets	65,865	61,143	4,722
Derivative financial instruments	-	-	-
Other non-current assets	3,090	2,272	818
Total non-current assets	**915,491**	**860,027**	**55,464**
Total assets	**1,552,197**	**1,501,021**	**51,176**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	182,385	132,895	49,490
Trade payables	216,788	200,024	16,764
Tax payables	18,619	17,043	1,576
Derivative financial instruments	520	127	393
Other current liabilities	65,180	70,993	(5,813)
Provisions for risks and charges	5,615	6,599	(984)
Total current liabilities	**489,107**	**427,681**	**61,426**
Non-current liabilities			
Long-term borrowings	104,926	195,741	(90,815)
Employee benefit liability	35,094	32,584	2,510
Provisions for risks and charges	18,276	18,693	(417)
Deferred tax liabilities	5,566	4,551	1,015
Derivative financial instruments	1,663	1,245	418
Other non-current liabilities	4,627	4,784	(157)
Total non-current liabilities	**170,152**	**257,598**	**(87,446)**
Total liabilities	**659,259**	**685,279**	**(26,020)**
Shareholders' equity			
Share capital	308,700	284,110	24,590
Share premium reserve	481,163	461,491	19,672
Retained earnings (losses) and other reserves	77,050	32,080	44,970
Fair value and cash flow reserves	(1,875)	(1,341)	(534)
Income (Loss) attributable to the Group	21,524	27,862	(6,338)
Total shareholders' equity attributable to the Group	**886,562**	**804,202**	**82,360**
Non controlling interests	**6,376**	**11,540**	**(5,164)**
Total shareholders' equity	**892,938**	**815,742**	**77,196**
Total liabilities and shareholders' equity	**1,552,197**	**1,501,021**	**51,176**

Sàfilo Group S.p.A.

Consolidated statement of cash flows

(Euro/000)	1st Semester 2012	1st Semester 2011
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	**76,528**	**72,495**
B - Cash flow from (for) operating activities		
Net profit (loss) for the period (including minority interests)	22,379	33,415
Depreciation and amortization	19,474	18,332
Other non-monetary P&L items	(72)	1,957
Interest expenses, net	9,825	12,454
Income tax expenses	13,677	16,889
Income from operating activities prior to movements in working capital	**65,283**	**83,047**
(Increase) Decrease in trade receivables	(16,702)	(25,692)
(Increase) Decrease in inventory, net	13,767	20,110
Increase (Decrease) in trade payables	7,329	(11,474)
(Increase) Decrease in other current receivables	1,252	3,414
Increase (Decrease) in other current payables	(4,539)	2,089
Interest expenses paid	(9,424)	(12,950)
Income tax paid	(15,861)	(19,364)
Total (B)	**41,104**	**39,180**
C - Cash flow from (for) investing activities		
Purchase of property, plant and equipment (net of disposals)	(11,802)	(9,095)
Acquisition of subsidiary (net of cash acquired)	(58,359)	-
Acquisition of minority	(10,155)	(6,749)
(Acquisition) Disposal of investments and bonds	(13)	212
Purchase of intangible assets	(1,058)	(937)
Total (C)	**(81,387)**	**(16,569)**
D - Cash flow from (for) financing activities		
Proceeds from borrowings	42,690	60,404
Repayment of borrowings	(79,773)	(61,194)
Share capital increase net of paid fees	44,262	-
Dividends paid	(155)	(455)
Total (D)	**7,024**	**(1,245)**
E - Cash flow for the period (B+C+D)	**(33,259)**	**21,366**
Translation exchange difference	2,319	(6,689)
Total (F)	**2,319**	**(6,689)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	**45,588**	**87,172**

The Safilo Group is worldwide leader in the premium eyewear sector for sunglasses, optical frames and sports eyewear. With an international presence through 30 owned subsidiaries in primary markets – in America, Europe and Asia – and exclusive distributors, Safilo produces and distributes its house brands – Safilo, Carrera, Polaroid, Smith Optics, Oxydo, Blue Bay – and the licensed brands Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS Black, BOSS Orange, Céline, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO, J.Lo by Jennifer Lopez, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Pierre Cardin, Saks Fifth Avenue, Tommy Hilfiger, Yves Saint Laurent. For further information www.safilo.com

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