



Safilo Group

Q1 2009 Results

May 6, 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



✓ Introduction

✓ Q1 2009 highlights

✓ Current trading

✓ Ongoing projects and activities

✓ Q&A

Introduction

- Difficult market conditions in Q1, as expected:

- Improving trends in February and March

- Key themes in Q1:

- **Gross margin** improvement, above 60% of sales
- **Carrera** double-digit growth, increasing market positions
- **Ongoing updates** of high-end collections
- **Restructuring plan** proceeding according to schedule



Q1 2009 highlights

in millions of Euro and % on net sales

	Q1 2009	Q1 2008	% change
Net sales	287.9 100.0%	326.0 100.0%	-11.7%
Gross profit	174.6 60.6%	192.9 59.2%	-9.5%
EBITDA	30.2 10.5%	46.7 14.3%	-35.4%
Operating profit	19.1 6.6%	36.9 11.3%	-48.2%
Group net income	1.7 0.6%	13.2 4.1%	-87.0%
Free cash flow	(44.7)	(44.7)	
Net financial position	617.7	552.2	



Q1 2009 highlights

in millions of Euro

	Q1 2009	Q1 2008	% change	CN
Net sales	287.9	326.0	-11.7%	-14.9%
	100.0%	100.0%		

key drivers:

Sunglasses

- high-end products more impacted by consumers' lower demand and trading down;

-13.2%

Prescription frames

- prescription business more resilient in US and Germany.

-7.8%

Europe

- difficult trading conditions in Spain, UK and North European countries. Germany and Greece more resilient;

-21.1%

America

- department stores and large retail chains more impacted by the slowdown. Marketplace moved by promotional activities;

-2.8%

-12.2%

Asia

- difficult trading in Japan and duty-free business. Soft results in emerging markets.

-2.8%

-11.9%



Q1 2009 highlights

in millions of Euro and % on net sales Q1 2009 Q1 2008 bp change

EBITDA	30.2	46.7	
	10.5%	14.3%	-380 bp

key drivers:

- **GROSS MARGIN improvement:** +140 bp
 - new product development processes
 - low levels of obsolete products in stock
 - workforce more aligned to production outputs

- **Low flexibility on SG&A fixed costs:** +540 bp
 - bigger retail network and comps sales performance
 - A&P costs driven by mandatory expenses and focus on house brands

<u>Wholesale business</u>	33.0	46.6	
	12.6%	15.5%	-290 bp
<u>Retail business</u>	(2.8)	0.1	
	-11.1%	0.2%	n.s.



Q1 2009 highlights

<i>in millions of Euro and % on net sales</i>	Q1 2009	Q1 2008	bp change
Group net income	1.7 0.6%	13.2 4.1%	-350 bp

key drivers:

• Net financial charges:	13.0	11.9
(not including exchange rate differences)	4.5%	3.6%
- higher net financial position at period end		
• Taxes:	2.6	8.7
	0.9%	2.7%
- tax rate of 54.6% versus 37.5% in Q1 2008 due to fix impact of IRAP tax		

Q1 2009 highlights

in millions of Euro

Q1 2009

Free cash flow

(44.7)

key drivers:

Cash flow from operating activities (32.0)

- net profit and other changes 21.3

- change in working capital (53.3)

Cash flow from operating activities (12.7)

Net financial position

617.7

change vs FY 2008 position of 570.0

+47.7



Current trading update

- Still low visibility into Q2 2009:
 - April trading better than March;
 - US and some European markets showing more resilience;
 - waiting for backlog orders of new April collections.



Ongoing projects and activities - 1

House brands growth

- MRM WorldWide chosen as the advertising and strategic agency to support Safilo's house brands international expansion:
 - already working on the new autumn/winter collection campaign and on further developments for next year.

'Ad hoc' strategies for licensed brands

- Selective approach to premium luxury brands:
 - dedicated consultant/representative commercial organization, focused on visual merchandising, monitoring of pos visibility and sell-out.



Ongoing projects and activities - 2

Cost cutting actions and selective investments

➤ Focus on the Retail business profitability:

- revising stores opening plan for the year;
- rationalizing store personnel;
- renegotiating occupancy fees;
- increasing penetration of Safilo's products in stores.





Appendices

Net Sales breakdown

<i>in millions of Euro</i>	Q1 2009	Q1 2008	% change	CN
Total	287.9 100.0%	326.0 100.0%	-11.7%	-14.9%

By geographical area

Europe	131.7 45.8%	167.0 51.2%	-21.1%	-20.0%
America	110.0 38.2%	113.2 34.7%	-2.8%	-12.8%
Asia	37.1 12.9%	38.2 11.7%	-2.8%	-11.9%
Rest of the world	9.1 3.1%	7.6 2.4%	+19.7%	+38.3%

By product category

Sunglasses	162.4 56.4%	187.1 57.4%	-13.2%
Prescription frames	109.2 37.9%	118.4 36.3%	-7.8%
Sport products and other	16.3 5.7%	20.5 6.3%	-20.5%



Financial highlights by channel

in millions of Euro

Q1 2009

Q1 2008

% change

CN

Total business

<u>Net sales</u>	287.9 100.0%	326.0 100.0%	-11.7%	-14.9%
<u>EBITDA</u>	30.2 10.5%	46.7 14.3%	-35.4%	

Wholesale business

<u>Net sales</u>	262.5 100.0%	301.4 100.0%	-12.9%	-16.5%
<u>EBITDA</u>	33.0 12.6%	46.6 15.5%	-29.2%	

Retail business

<u>Net sales</u>	25.4 100.0%	24.6 100.0%	+3.3%	+3.3%
<u>EBITDA</u>	(2.8) -11.1%	0.1 0.2%	n.s.	



Consolidated balance sheet

<i>in millions of Euro</i>	Q1 2009	2008	change	Q1 2008
<u>Net working capital</u>	425.0	368.3	+56.7	436.4
<u>Tang.-intang. fixed assets</u>	1,083.3	1,058.7	+24.6	977.2
<u>Financial fixed assets</u>	13.4	13.2	+0.2	13.3
<u>Other assets/(liabilities)</u>	(72.0)	(65.9)	-6.1	(57.1)
<u>Net capital employed</u>	1,449.7	1,374.3	+75.4	1,369.8
<u>Net financial position</u>	617.7	570.0	+47.7	552.2
<u>Minority interest</u>	9.1	8.4	+0.7	6.0
<u>Shareholders' equity</u>	822.9	795.9	+27.0	811.6



Net working capital

<i>in millions of Euro</i>	Q1 2009	Q1 2008	change	% change
<u>Net working capital</u>	425.0	436.4	-11.4	-2.6%
<u>Trade receivables</u>	320.9	345.7	-24.8	-7.2%
<u>Inventories</u>	264.3	258.7	+5.6	+2.2%
<u>Trade payables</u>	(160.2)	(168.0)	+7.8	+4.6%



Consolidated free cash flow

<i>in millions of Euro</i>	Q1 2009	Q1 2008
Cash flow from operating activities prior to change in working capital	21.3	32.7
Change in working capital	(53.3)	(40.3)
Cash flow from operating activities	(32.0)	(7.6)
Cash flow from investing activities	(12.7)	(37.1)
Free cash flow	(44.7)	(44.7)

