



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES
THE RESULTS OF THE FIRST QUARTER OF 2011**

Key highlights:

- ***Net Sales at Euro 300.7 million, +5.1% compared to Q1 2010***
- ***EBITDA at Euro 40.7 million (13.5 % margin), +17.6% compared to Q1 2010***
- ***EBIT at Euro 31.4 million (10.4% margin), +30.2% compared to Q1 2010***
- ***Net Profit at Euro 18.4 million (6.1% margin), compared to Euro 1.7 million in Q1 2010***
- ***Net Debt at Euro 268.2 million, from Euro 256.2 million at the end of 2010. Stable Debt/EBITDA at 2.4x***

Padua, April 27, 2011, h. 1.00pm – The Board of Directors of SAFILO GROUP S.p.A. today reviewed and approved the results of the first quarter of 2011.

In the period, the Group's results improved compared to the same period of 2010, with mid single-digits organic sales growth and increase of profitability. In particular:

- Revenues increased by 5.1% at current currency (+5.1% also at constant perimeter¹ and exchange rates), with the performance driven by the continuing recovery in US, the expansion of the main fast-growing Asian and Latin American regions and the mixed trends of the European markets;
- EBITDA and EBIT grew by 17.6% and 30.2% respectively, as a result of the improvement of gross margin and further operating deleverage in the area of SG&A expenses, also reflecting a more efficient retail business. At the net profit level, the Group's result also benefitted from lower financial expenses and tax rate;
- Net Debt was equal to Euro 268.2 at the end of the quarter, slightly higher than at the end of 2010 due to the seasonal trends of working capital and higher investments.

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

“This quarter is another important step in the right direction for our Group.

First quarter results pointed to a dynamic start of the year, which remains, nonetheless, characterized by a challenging business environment and an uncertain geo-political scenario.

Safilo started 2011 with renewed growth, in the context of the steady improvement of selected mature economies and the continued momentum of its addressable ‘new’ markets for branded high-end products.

Our unique brand portfolio, enriched by the new January 2011 collections, was the engine behind the new business opportunities that we tackled in order to continue to stretch our reach and presence in the marketplace. Our core wholesale business thus continued to grow, substantially in line with last year.

Revenue growth was accompanied by a significant improvement of the Group's overall level of profitability and by a financial leverage at 2.4x, in line with the record level reached at year end 2010.

This press release uses some ‘alternative performance indicators’ not foreseen by the IFRS-EU accounting standards (EBITDA, Net Financial Position, 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 3rd November 2005.

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In light of the ongoing strengthening of our business model, as well as the reinforcing of our organisational and managerial structures, we maintain a strong focus and a firm commitment to a constant, long-term oriented growth for our Group.”

Key Economic data

(in millions of euro)	Q1 2011	Q1 2010	net change	% change
Net sales	300.7	286.0	+14.7	+5.1%
Gross profit	183.0	173.6	+9.4	+5.4%
%	60.9%	60.7%		
Ebitda	40.7	34.6	+6.1	+17.6%
%	13.5%	12.1%		
Operating profit	31.4	24.1	+7.3	+30.2%
%	10.4%	8.4%		
Net profit attributable to the Group	18.4	1.7	+16.7	n.m.
%	6.1%	0.6%		

Net sales totalled Euro 300.7 million in the first quarter of 2011, up 5.1% compared to Euro 286.0 million reported in the first quarter of 2010. At constant perimeter¹, growth in sales was 7%, including a positive exchange rate effect of 1.9% due to the general strengthening of foreign currencies against the Euro in the first quarter of 2011.

Sales performance in the first quarter of 2011 was the result of the resilient growing trend of the wholesale channel, which posted revenues of Euro 284.5 million, up 6.4% at current exchange rates (+4.4 at constant exchange rates) compared to Euro 267.5 million in the first quarter of 2010.

The Group's core business benefitted in particular of the stronger consumers' demand for medium, high-end sunglasses which continues to characterize the fast-growing countries in Asia and the Americas. In these markets, the Group's top licensed brand collections are increasingly successful thanks to the strong appeal of the propositions and the progressively higher penetration of the products.

The first collections of the new licensed brands Tommy Hilfiger and Boss Orange had also a very promising start to the year, fully counterbalancing the discontinued business of the licenses not renewed.

In the first quarter of 2011, sales of the house brand Carrera continued to progress well in Europe and the US, backed by the launch, in February 2011, of a new global media and advertising campaign to further enhance brand awareness and sell-out.

Net consolidated sales were impacted by the decline of the retail business (-12.7% to Euro 16.2 million) following the sale of the retail chain in Mexico.

At constant perimeter¹ and exchange rate, the retail business grew by 19.1%.

From a geographical standpoint, in the first quarter of 2011, sales in the American market maintained a firm pace of growth, increasing by 6.2% at current exchange rates, +8.8% at constant perimeter¹ and exchange rates, to Euro 118.7 million. In the US market, the sunglass business registered steady double-digit growth at leading department stores.

The trend was also evident at Safilo's retail sunglasses stores Solstice, whose comp sales grew by 5.7% over the same period of last year.

In the first quarter of 2011, sales of prescription frames in the independent opticians channel had also a positive performance.

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In Europe, sales remained broadly stable compared to the same period of 2010, totalling Euro 130.1 million in the first quarter of 2011 or an increase of 1.5% (+0.5% at current exchange rates). Business trends were uncertain and volatile in the majority of the markets, with few exceptions represented by France, UK and some faster-growing countries, like Russia and Turkey, where all the Group's top licensed brands registered mid-single digit improvements. Greece and other Mediterranean markets registered strong declines on the back of the difficult economic conditions of the area.

Asian markets remained one of the most important drivers of growth for Safilo also in the first quarter of 2011, reflecting the strong product's demand and the superior distribution and visibility of the Group's high-end brands. In February, the trade shows in China and Korea had encouraging results with several new accounts opened in the markets, which together with India achieved better than expected results. Sales in the region were equal to Euro 47.3 million in the period, up 15.4% at current exchange rates, +12.6% at constant exchange rates.

Gross profit amounted to Euro 183.0 million in the first quarter of 2011, or 60.9% of sales, growing by 5.4% compared to the gross profit of Euro 173.6 million (60.7% of sales) reported in the first quarter of 2010. The gross margin, typically high in the first quarter of the year thanks to the better utilization of the production capacity, further improved last year result following the increase in volumes and a better mix.

Operating profit (EBIT) totalled Euro 31.4 million in the first quarter of 2011, growing by 30.2% compared to Euro 24.1 million in the first quarter of 2010. Operating profitability improved to 10.4% of sales (8.4% in the first quarter of 2010), thanks to the resilient performance at the gross profit level and the lower incidence of SG&A costs reflecting the leverage effect of both volumes increase and better costs controls and a more profitable retail business.

EBITDA was equal to Euro 40.7 million in the first quarter of 2011, increasing by 17.6% compared to Euro 34.6 million recorded in the same period of last year. The EBITDA margin stood at 13.5% of sales, improving by 140 basis points over the 12.1% margin registered in the first quarter of 2010.

The Group's net profit was Euro 18.4 million in the first quarter of 2011 compared to Euro 1.7 million in the first quarter of 2010. Net interest expenses decreased by 27.9% over the same period of 2010 as a result of the reduction of the average financial debt, while the tax rate more than halved in the period to 30.4%.

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Key Cash Flow data

(in millions of Euro)	Q1 2011	Q1 2010
Cash flow from operating activities before changes in working capital	36.8	22.9
Changes in working capital	(32.5)	(13.7)
Cash flow from (for) operating activities	4.3	9.2
Cash flow from (for) investment activities	(11.1)	(6.1)
Free Cash Flow	(6.8)	3.1

The Free Cash Flow in the first quarter of 2011 was negative for Euro 6.8 million compared to the cash generation of Euro 3.1 million recorded in the first quarter of 2010.

The cash flows of the period were the result of three main factors:

- the higher profitability posted in the quarter;
- the seasonal increase of working capital mainly due to the expected decrease of trade payables, after the increase accounted for in the last months of 2010 related to higher volumes and inventories;
- the cash outflow for investing activities, which increased to Euro 11.1 million compared to Euro 6.1 million in the first quarter of 2010, primarily as a result of Euro 6.7 million investment made by the Group to acquire the remaining 66.7% equity interest in the Company's regional Headquarters and distribution centre in US.

The Net Debt at the end of March 2011 was equal to Euro 268.2 million compared to Euro 256.2 million reported at the end of December 2010 and Euro 315.4 million at the end of March 2010.

The financial leverage (Net Debt/EBITDA LTM) remained in line with the year-end ratio of 2.4x.

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¹ Excluding the sold retail chain in Mexico, which had recorded sales of Euro 5.1 million in the first quarter of 2010.

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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 financial position 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 6.30 pm CET (5.30 pm GMT; 12.30 am EST) a conference call will be held with the financial community during which the results of the first quarter 2011 will be discussed.

It is possible to connect to the call by dialling the following number: +39 02 69682336 or +44 207 7841036 (for journalists: +39 02 69682337) and quoting the following confirmation code: 1680254. The playback of the conference call will be available until April 29, 2011 by dialling the number +39 02 30413127 o +44 207 1111244 (access code: 1680254#). The conference call can also be followed with the webcast on the site www.safilo.com/en/investors.html. The presentation is available and downloaded from the company website.

Intermediate quarterly report at 31st March 2011

Please note that the intermediate quarterly report at 31st March 2011 will be made available to the public, as soon as they are available and in accordance with the law, at the company's registered offices and the offices of Borsa Italiana S.p.a.; furthermore, the report will be published on the company's internet website at the address www.safilo.com/en/investors.html.

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Sàfilo Group S.p.A.

Consolidated income statement

<i>(Euro/000)</i>	1st Quarter		
	2011	2010	Change %
Net sales	300,664	285,971	+5.1%
Cost of sales	(117,634)	(112,391)	+4.7%
Gross profit	183,030	173,580	+5.4%
Selling and marketing expenses	(119,259)	(116,695)	+2.2%
General and administrative expenses	(32,376)	(33,138)	-2.3%
Other operating income (expenses), net	(12)	362	n.s.
Operating profit	31,383	24,109	+30.2%
Share of income/(loss) of associates	(384)	43	n.s.
Interest expenses and other financial charges, net	(3,036)	(12,367)	-75.5%
Profit before taxation	27,963	11,785	n.s.
Income taxes	(8,500)	(8,730)	-2.6%
Net profit	19,463	3,055	n.s.
Non controlling interests	1,104	1,346	-18.0%
Net profit attributable to the Group	18,359	1,709	n.s.
EBITDA	40,690	34,595	+17.6%
Basic EPS (Euro)	0.323	0.065	
Diluted EPS (Euro)	0.322	0.065	

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

Net sales by geographical area (Euro in millions)	1st Quarter				
	2011	%	2010	%	Change %
Europe	130.1	43.3	128.2	44.8	+1.5
The Americas	118.7	39.5	111.8	39.1	+6.2
Asia	47.3	15.7	41.0	14.3	+15.4
Rest of the world	4.6	1.5	5.0	1.7	-8.0
Total	300.7	100.0	286.0	100.0	+5.1

Net sales by product (Euro in millions)	1st Quarter				
	2011	%	2010	%	Change %
Prescription frames	113.2	37.6	112.6	39.4	+0.5
Sunglasses	168.7	56.1	158.3	55.3	+6.6
Sport products	15.2	5.1	12.2	4.3	+24.6
Other	3.6	1.2	2.9	1.0	+24.1
Total	300.7	100.0	286.0	100.0	+5.1

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Sàfilo Group S.p.A.

Consolidated Balance sheet

(Euro/000)	March 31, 2011	December 31, 2010	Change
ASSETS			
Current assets			
Cash in hand and at bank	69,369	88,267	(18,898)
Trade receivables, net	288,272	271,317	16,955
Inventory, net	205,067	220,443	(15,376)
Derivative financial instruments	98	-	98.000
Other current assets	59,569	60,471	(902)
Total current assets	622,375	640,498	(18,123)
Non-current assets			
Tangible assets	206,458	203,680	2,778
Intangible assets	11,884	13,731	(1,847)
Goodwill	530,784	550,013	(19,229)
Investments in associates	11,574	13,202	(1,628)
Financial assets available-for-sale	369	540	(171)
Deferred tax assets	54,820	50,705	4,115
Derivative financial instruments	718	177	541
Other non-current assets	2,295	2,440	(145)
Total non-current assets	818,902	834,488	(15,586)
Total assets	1,441,277	1,474,986	(33,709)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	54,297	56,643	(2,346)
Trade payables	178,283	204,189	(25,906)
Tax payables	27,210	17,795	9,415
Derivative financial instruments	1,289	1,827	(538)
Other current liabilities	76,484	72,298	4,186
Provisions for risks and charges	9,496	6,679	2,817
Total current liabilities	347,059	359,431	(12,372)
Non-current liabilities			
Long-term borrowings	283,264	287,794	(4,530)
Employee benefit liability	32,708	32,096	612
Provisions for risks and charges	19,311	19,392	(81)
Deferred tax liabilities	3,719	1,708	2,011
Derivative financial instruments	292	265	27
Other non-current liabilities	6,946	7,265	(319)
Total non-current liabilities	346,240	348,520	(2,280)
Total liabilities	693,299	707,951	(14,652)
Shareholders' equity			
Share capital	284,110	284,110	-
Share premium reserve	461,491	461,491	-
Retained earnings (losses) and other reserves	(27,743)	9,689	(37,432)
Fair value and cash flow reserves	504	(21)	525
Income (Loss) attributable to the Group	18,359	731	17,628
Total shareholders' equity attributable to the Group	736,721	756,000	(19,279)
Non controlling interests	11,257	11,035	222
Total shareholders' equity	747,978	767,035	(19,057)
Total liabilities and shareholders' equity	1,441,277	1,474,986	(33,709)

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Sàfilo Group S.p.A.

Consolidated statement of cash flows

<i>(Euro/000)</i>	1st Quarter	
	2011	2010
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	72,495	(20,919)
B - Cash flow from (for) operating activities		
Net profit (loss) for the period (including minority interests)	19,463	3,055
Depreciation and amortization	9,307	10,486
Other non-monetary P&L items	1,459	542
Interest expenses, net	5,817	8,070
Income tax expenses	8,500	8,730
Income from operating activities prior to movements in working capital	44,546	30,883
(Increase) Decrease in trade receivables	(23,767)	(37,825)
(Increase) Decrease in inventory, net	7,467	14,623
Increase (Decrease) in trade payables	(22,292)	8,234
(Increase) Decrease in other current receivables	(136)	567
Increase (Decrease) in other current payables	6,237	687
Interest expenses paid	(1,439)	(4,765)
Income tax paid	(6,353)	(3,241)
Total (B)	4,263	9,163
C - Cash flow from (for) investing activities		
Purchase of property, plant and equipment (net of disposals)	(4,279)	(5,785)
Acquisition of subsidiary (net of cash acquired)	(6,749)	-
(Acquisition) Disposal of investments and bonds	212	-
Purchase of intangible assets	(246)	(286)
Total (C)	(11,062)	(6,071)
D - Cash flow from (for) financing activities		
Proceeds from borrowings	-	5,194
Repayment of borrowings	(6,735)	(211,586)
Share capital increase net of payed fees	-	269,964
Dividends paid	(285)	(165)
Total (D)	(7,020)	63,407
E - Cash flow for the period (B+C+D)	(13,819)	66,499
Translation exchange difference	(5,473)	1,830
Total (F)	(5,473)	1,830
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	53,203	47,410

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The Safilo Group is worldwide leader in the premium eyewear sector and maintains a leadership position in the prescription, sunglasses, fashion and sports eyewear sectors. Present in the international market through exclusive distributors and 30 subsidiaries in primary markets (U.S.A., Europe and Far East). The main proprietary branded collections distributed are: Safilo, Carrera, Smith Optics, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS by Hugo Boss, Boss Orange, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO by Hugo Boss, J.Lo by Jennifer Lopez, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Nine West, Pierre Cardin, Saks Fifth Avenue, Tommy Hilfiger, Valentino, Yves Saint Laurent.

This press release is also available on the website www.safilo.com.

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