



Safilo®  
GROUP

## DISCLAIMER

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This presentation may contain forward looking statements based on current expectations and projects of the Group in relation to future events. Due to their specific nature, these statements are subject to inherent risks and uncertainties, as they depend on certain circumstances and facts, most of which being beyond the control of the Group. Therefore actual results could differ, even to a significant extent, with respect to those reported in the statements.

# H1 2017 BUSINESS AND ECONOMIC HIGHLIGHTS

## NET SALES AND ADJ.<sup>1</sup> ECONOMIC PERFORMANCE REFLECTED:

• Q1 SHORTFALL IN WORLDWIDE SALES ORDER FULFILLMENT DUE TO NEW IT SYSTEM CHALLENGES IN PADUA DC:

→ **LOW SALES AND OPERATING DELEVERAGE**

• Q2 RECOVERY OF BACK ORDERS AND RESTORATION OF NORMAL WORKING CONDITIONS AND SERVICE LEVELS IN PADUA DC:

→ **GROWTH OF GOING FORWARD BRAND\* SALES AND GROUP EBITDA**

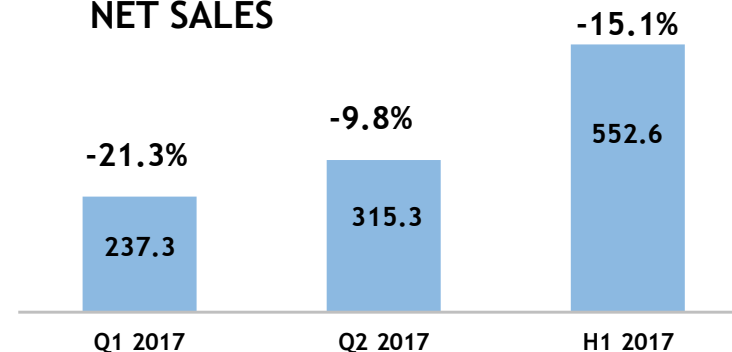
- Positive contribution by our Own Core Brands (H1 in line with YA) led by strong Smith, Polaroid recovery and Carrera turnaround progress
- IMEA, CEE and China: the biggest positive drivers
- Positive Western Europe vs challenging comps, yet softer order intake
- Challenging trading conditions in North America
- Progress on cost savings and overhead productivity plan

• **IMPACT OF THE EXIT OF THE GUCCI LICENSE AND ITS REPLACEMENT WITH THE STRATEGIC PRODUCT PARTNERSHIP AGREEMENT**

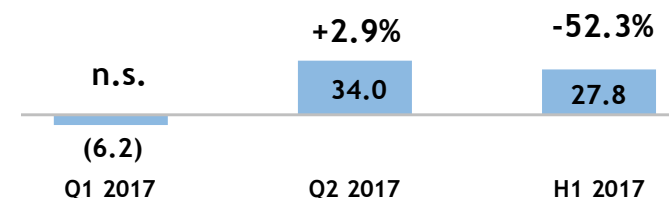
\* THE GOING FORWARD BRAND SALES DO NOT INCLUDE THE GUCCI BUSINESS

in millions of Euro and % change vs same period of 2016

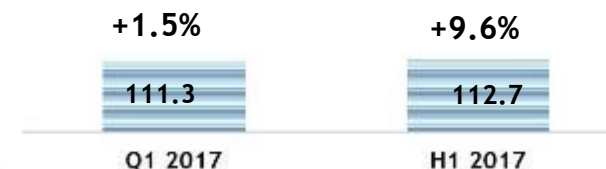
### NET SALES



### Adj.<sup>1</sup> EBITDA



### NET DEBT



# TOTAL NET SALES PERFORMANCE

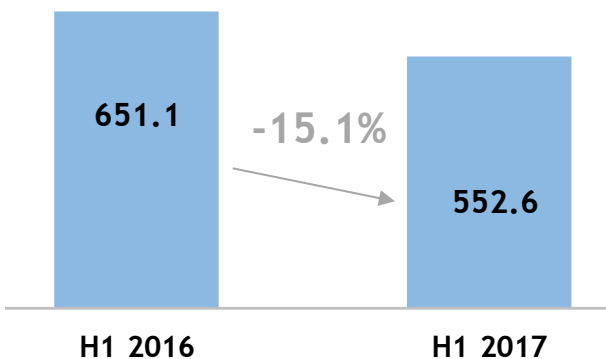
in millions of Euro

**H1 2017**

**-16.2% @ cfx**

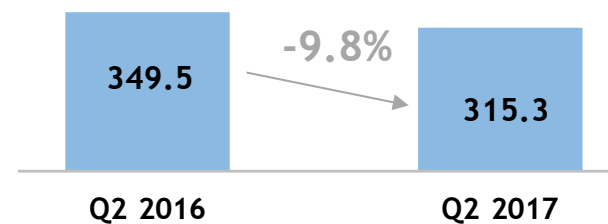
**-10.6% @ cfx**

**Q2 2017**



## Markets

-7.8%	Europe	+3.3%
-17.1%	North America	-20.8%
-17.3%	of which	
-15.8%	Wholesale	-22.9%
	Retail	-10.7%
-51.4%	Asia	-44.6%
-20.0%	RoW	-1.6%



# NET SALES PERFORMANCE OF GOING FORWARD BRANDS\*

**H1 2017: -6.3% @ CFX (-5.7% Wholesale)**

<p><b>NORTH AMERICA</b> Total -4.2% Wholesale -2.3%</p>	<p><b>EUROPE</b> -6.7%</p>	<p><b>ASIA</b> -17.2%</p>	<p><b>ROW</b> -5.3%</p>
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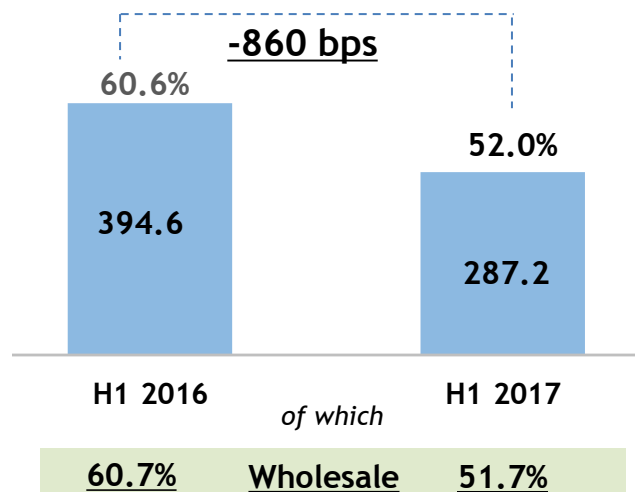
**Q2 2017: +1.2% @ CFX (+2.0% Wholesale)**

<p><b>NORTH AMERICA</b> Total -7.6% Wholesale -7.3%</p> <ul style="list-style-type: none"> <li>• Reflecting market challenges and ongoing strategic commercial actions: <ul style="list-style-type: none"> <li>- Soft business in department stores</li> <li>- Strategic commercial partnerships renewal, independent opticians</li> <li>- Retail down H1, but Q2 markedly better</li> <li>- Strong sport channel</li> </ul> </li> </ul>	<p><b>EUROPE</b> +6.9%</p> <ul style="list-style-type: none"> <li>• Backorders recovery on tough comps: <ul style="list-style-type: none"> <li>- CEE and North Europe top drivers</li> <li>- Positive broad based brand performance</li> <li>- Soft Dior on tough comps</li> </ul> </li> </ul>	<p><b>ASIA</b> -3.8%</p> <ul style="list-style-type: none"> <li>• Resetting of Going Forward brands: <ul style="list-style-type: none"> <li>- Weak environment in some areas</li> <li>- New distribution strategy in Korea</li> <li>- Distributors business improving</li> <li>- Progress in China</li> </ul> </li> </ul>	<p><b>ROW</b> +17.3%</p> <ul style="list-style-type: none"> <li>• Continued strong progress: <ul style="list-style-type: none"> <li>- IMEA leading performer, back in line with YA in H1</li> <li>- LATAM recovering well, thanks to Mexico solid growth</li> <li>- Brazil soft performance</li> </ul> </li> </ul>
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\* THE GOING FORWARD BRAND SALES DO NOT INCLUDE THE GUCCI BUSINESS

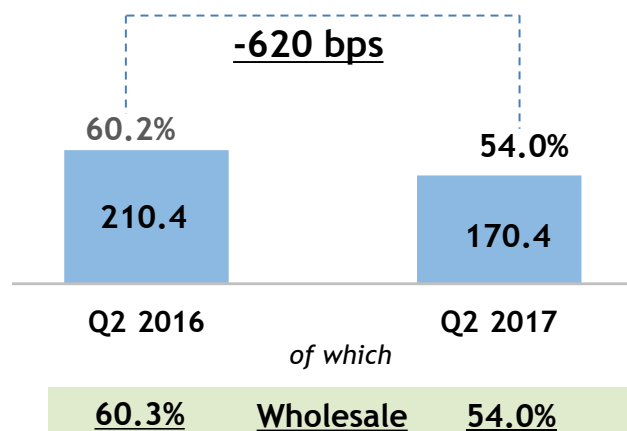
# GROSS MARGIN PERFORMANCE

in millions of Euro and % on total net sales



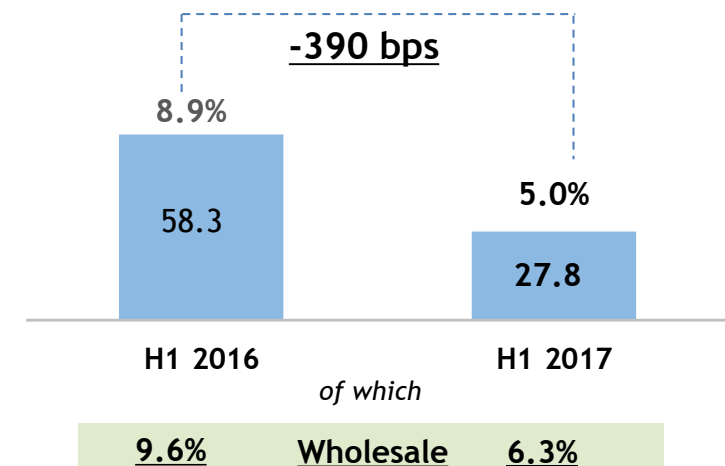
## KEY DRIVERS

- Q2 Gross Margin dilution mainly explained by Gucci/SPPA dynamics: license out, SPPA in (ca 400bps);
- Q2 volumes growth by Going Forward Portfolio offset by negative brand mix effect and Retail decline;
- H1 Gross Margin impacted by Q1 very weak sales order fulfilment due to Padua DC challenges.



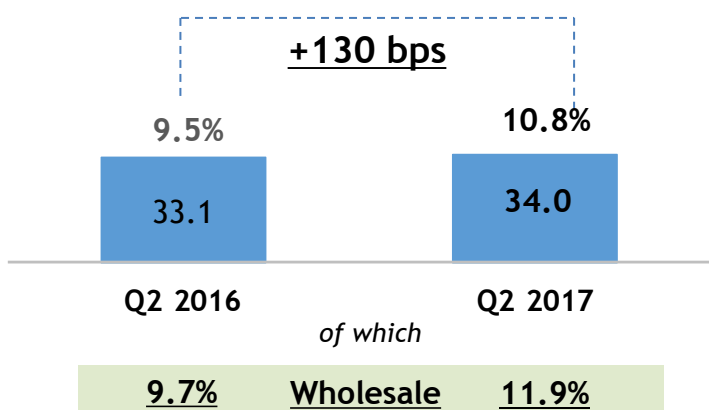
# ADJ.<sup>1</sup> EBITDA PERFORMANCE

In millions of Euro and % on total net sales



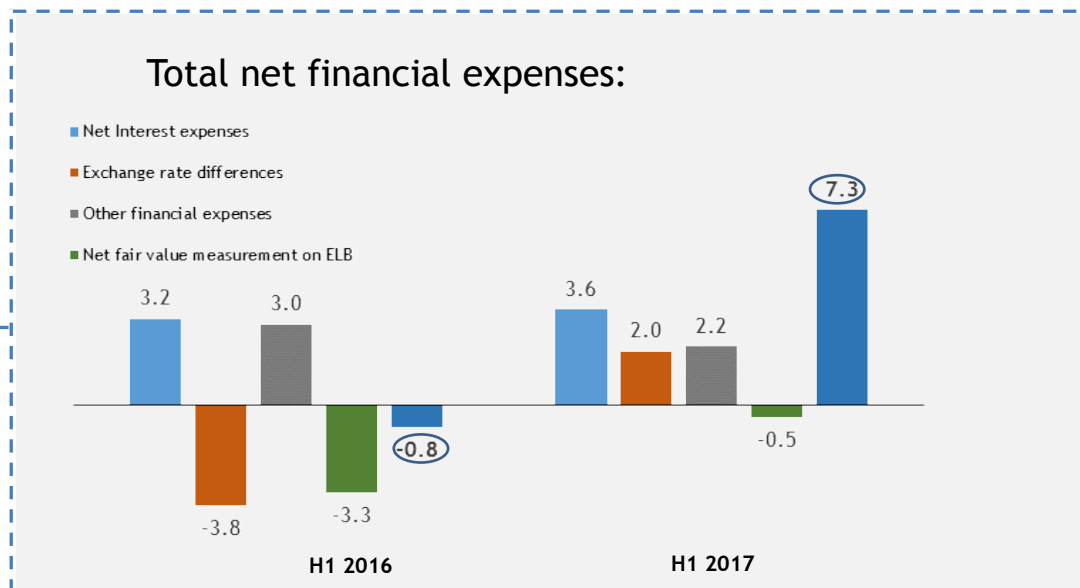
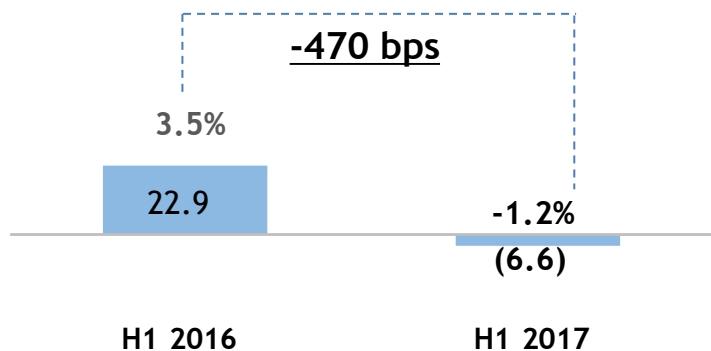
## KEY DRIVERS

- Progress on cost saving initiatives and overheads productivity plan benefitting Q2 operating performance;
- SPPA plus pro-rata accounting compensation fully compensating the lost profit/margin of the Gucci license;
- Q2 negative retail performance;
- H1 Adj.<sup>1</sup> EBITDA Margin impacted by Q1 very weak sales order fulfilment due to Padua DC challenges.



# ADJ.<sup>1</sup> GROUP NET RESULT

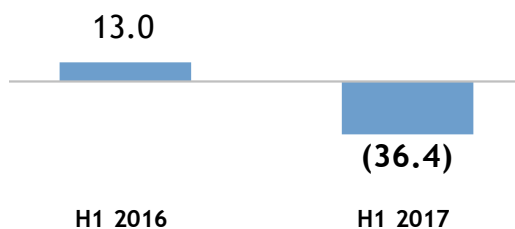
in millions of Euro and % on total net sales



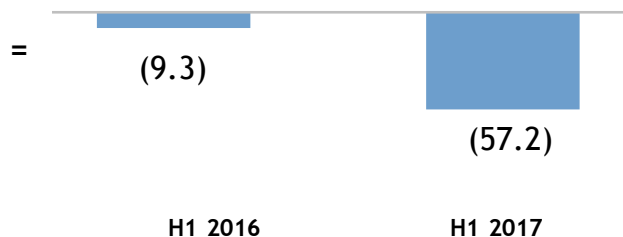
# FREE CASH FLOW

in millions of Euro

## Cash Flow from Operating Activities



## FREE CASH FLOW



## Cash Flow for Investing Activities

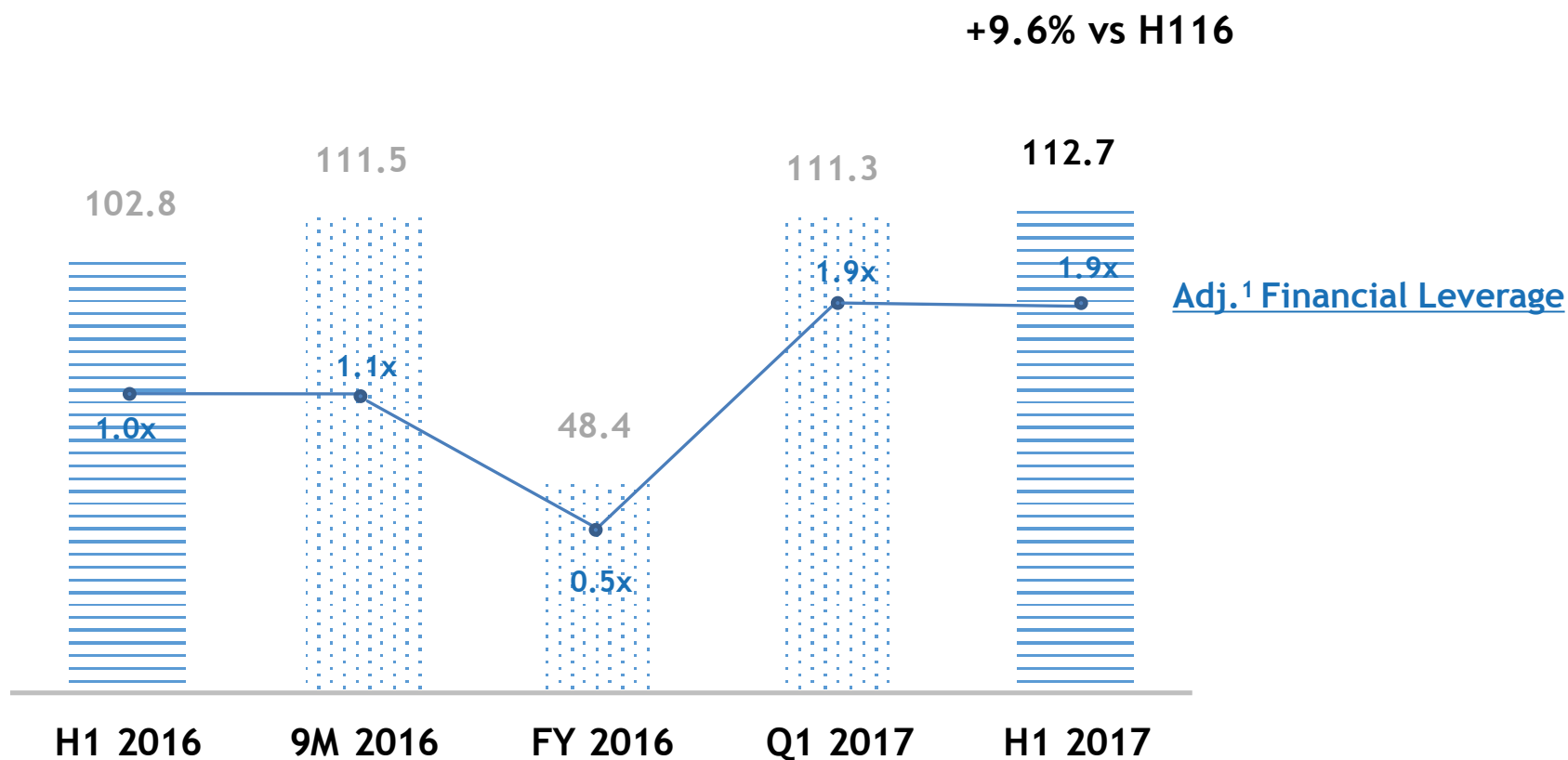


## KEY DRIVERS

- Negative economic result of the period;
- NET WC absorbing €33.5 Mio, mainly due to decrease of trade payables;
- CAPEX of €20.8 Mio for plant investments + EYEWAY project.

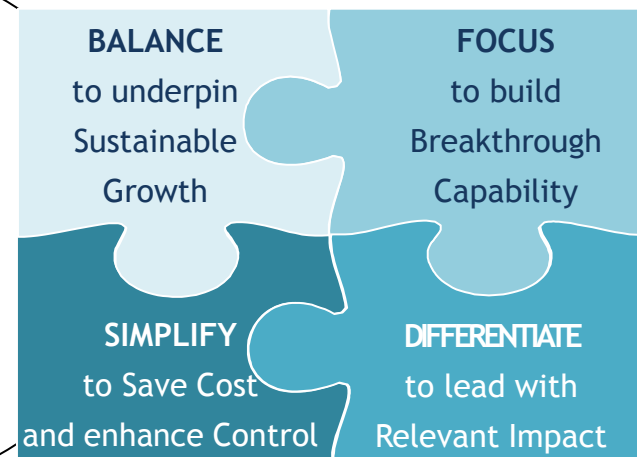
# GROUP NET DEBT

in millions of Euro



## PROGRESS ON OUR STRATEGIC CHOICES

- 1) Our go-to-market actions for Quality of Sales
- 2) Our multi-segment brands Portfolio Balance
- 3) Our focus on Innovation



## OUR GO-TO-MARKET ACTIONS FOR QUALITY OF SALES

### ✓ IN OUR CORE REGIONS, WE WORK TO ESTABLISH PREFERRED CUSTOMER PARTNERSHIPS

- Focus on a renewed strategic direction to drive commercial partnerships in North America, building on:
  - solid and transparent commercial policies and trade terms, aligned with our brand portfolio priorities and strategies
  - development and regeneration of salesforce capabilities to improve execution of commercial plans, in particular with independent opticians

### ✓ WE CONTINUE TO BUILD SUSTAINABLY OUR EMERGING MARKETS:

- New exclusive distribution agreement in Saudi Arabia, leveraging IMEA strong momentum

## OUR MULTI-SEGMENT BRANDS PORTFOLIO BALANCE

### ✓ 5 year renewal of the licensing agreement with LIZ CLAIBORNE



The Liz Claiborne and Claiborne brands are two of Safilo's most sought after collections in the U.S., delivering a stable and healthy business. Two strong optical brands, both highly regarded by independent optical retailers and their customers, **supports the Group's objective of growing its optical business.**



# OUR FOCUS ON INNOVATION

✓ Moving forward with our Digital Strategy, through innovative and integrated Social/PR/Media and instore campaigns and growing e-commerce business

## Digital Media

### 2017 Digital Partnership with HEARST in USA

- develop branded content, focusing on Carrera and Smith
- deliver display adv campaign within HEARST platforms (Elle, Cosmopolitan, Esquire, Popular Mechanics)
- create new business opportunities (Smith.com and significant commercial partnership with Nordstrom for Carrera)

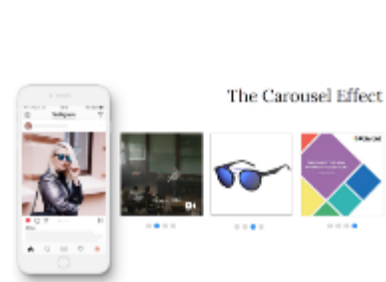


## Digital communication

### 2017 Influencer Activation on Instagram

- use micro-influencers to reach, engage consumers as well as develop brand content. Plus, drive e-com sales

An extraordinary Instagram activity, leading in eyewear

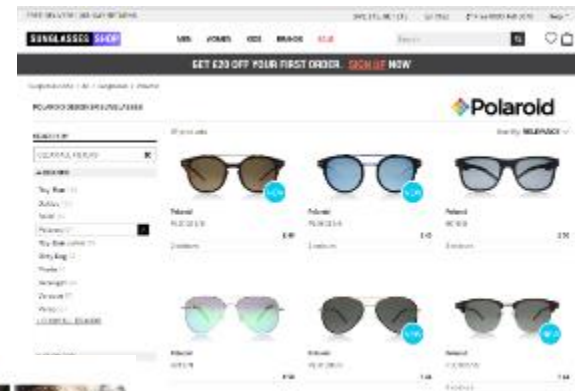


# OUR FOCUS ON INNOVATION

## B2B2C E-commerce

Safilo is partnering with key customers to drive online sales with joint business and marketing plans

- POLAROID IS #1 BRAND FOR MYOPTIQUE GROUP IN 2016



## B2B E-commerce

Safilo's new B2B platform for customers to order products and download marketing content

- CA 5500 ACTIVE CUSTOMERS
- 2016 NETCOMM E-COMMERCE AWARD FOR BEST B2B PLATFORM



## B2C E-Commerce

Safilo selling directly to consumers

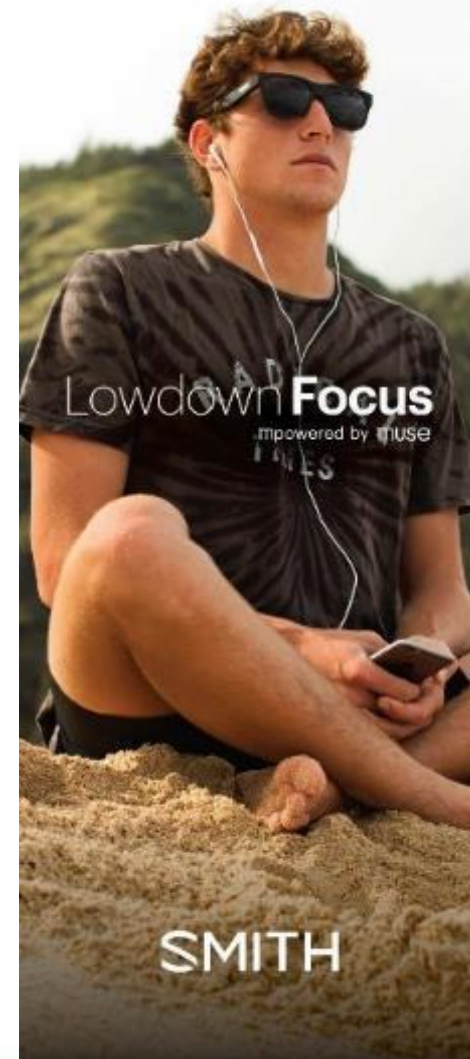
- OUR BEST PRACTICE IN E-COMMERCE: SMITH
- PREPARING FOR CARRERA AND POLAROID



# H2 2017 FOCUS AREAS



- Increasing efforts on order generation, based on our Fall-Winter collections and go-to-market campaigns
  - Launch of SAFILO’s completely renovated optical collection, building on our renewed Optical Strategy
  - Launch of Lowdown Focus (Smith X), further driving Smith’s strong e-commerce business
  - Executing Polaroid product plans, with special focus on India, Nordic and Russia
  - Leveraging Carrera’s FW ADV Campaign and deployment of global and local activities
  - Special focus on Dior optical business and Dior Homme, backed by easier comps
- Progressing with the implementation of our cost saving programs, productivity and efficiency plan
  - Progress on our Eyebuy program



## AMONG THE MOST LOVED AND EDITORIALY FEATURED EYEWEAR WORLDWIDE

- Our collections continue to enjoy excellent market reception. Our Own Core Brands are among the most well received product collections and iconic designs of the Fall-Winter 2017 season



# Appendices

## Adjusted economic results

<sup>1</sup> In H1 2017, the adjusted economic results exclude non-recurring costs of Euro 3.7 million, mainly related to the reorganization of the Ormoz plant in Slovenia and other overhead cost saving initiatives (Euro 3.0 on the Net result). H1 2017 adjusted economic results include income of Euro 21.5 million as a pro-rata portion of the accounting compensation for the early termination of the Gucci license, equal to Euro 43 million for the full year 2017.

In Q2 2017, the adjusted EBITDA excludes non-recurring costs of Euro 0.4 million related to overhead cost saving initiatives and includes income of Euro 10.8 million as a pro-rata portion of the accounting compensation for the early termination of the Gucci license.

In the first half of 2016, the adjusted operating results excluded non-recurring costs of Euro 7.1 million (Euro 6.1 million on EBITDA), including Euro 5.9 million related to overhead cost saving initiatives, such as the planned integration of Vale of Leven (Scotland) Polaroid lens production into Safilo's China based corporate supply network, and Euro 1.2 million related to commercial restructuring costs in the EMEA region.

# Economic results

in millions of Euro and % on net sales

	H1 2017	%	H1 2016	%	% Change
<b>Net sales</b>	<b>552.6</b>	<b>100.0</b>	<b>651.1</b>	<b>100.0</b>	<b>-15.1%</b>
Cost of sales	(265.4)	(48.0)	(256.5)	(39.4)	3.5%
<b>Gross profit</b>	<b>287.2</b>	<b>52.0</b>	<b>394.6</b>	<b>60.6</b>	<b>-27.2%</b>
Selling and marketing expenses	(216.6)	(39.2)	(272.6)	(41.9)	-20.5%
General and administrative expenses	(85.3)	(15.4)	(85.1)	(13.1)	0.2%
Other operating income (expenses)	18.0	3.3	(6.6)	(1.0)	n.s.
<b>Operating profit</b>	<b>3.3</b>	<b>0.6</b>	<b>30.4</b>	<b>4.7</b>	<b>-89.2%</b>
Financial charges, net	(7.3)	(1.3)	0.8	0.1	n.s.
<b>Profit/(Loss) before taxation</b>	<b>(4.0)</b>	<b>(0.7)</b>	<b>31.2</b>	<b>4.8</b>	<b>n.s.</b>
Income taxes	(5.6)	(1.0)	(14.7)	(2.3)	-62.1%
<b>Net profit/(loss)</b>	<b>(9.6)</b>	<b>(1.7)</b>	<b>16.5</b>	<b>2.5</b>	<b>n.s.</b>
Non-controlling interests	0.0	0.0	0.2	0.0	-100%
<b>Net profit/(loss) attributable to the Group</b>	<b>(9.6)</b>	<b>(1.7)</b>	<b>16.3</b>	<b>2.5</b>	<b>n.s.</b>
<b>EBITDA</b>	<b>24.1</b>	<b>4.4</b>	<b>52.2</b>	<b>8.0</b>	<b>-53.8%</b>

## Adjusted<sup>1</sup> economic results

<b>Adjusted<sup>1</sup> EBIT</b>	<b>7.0</b>	<b>1.3</b>	<b>37.5</b>	<b>5.8</b>	<b>-81.4%</b>
<b>Adjusted<sup>1</sup> EBITDA</b>	<b>27.8</b>	<b>5.0</b>	<b>58.3</b>	<b>8.9</b>	<b>-52.3%</b>
<b>Adjusted<sup>1</sup> net profit/(loss) attributable to the Group</b>	<b>(6.6)</b>	<b>(1.2)</b>	<b>22.9</b>	<b>3.5</b>	<b>n.s.</b>

# Economic results

*in millions of Euro and % on net sales*

	Q2 2017	%	Q2 2016	%	% Change
<b>Net sales</b>	315.3	100.0	349.5	100.0	-9.8%
<b>Gross profit</b>	170.4	54.0	210.4	60.2	-19.0%
<b>EBITDA</b>	33.7	10.7	32.4	9.3	3.9%
<b>Adjusted<sup>1</sup> economic result</b>					
<b>Adjusted<sup>1</sup> EBITDA</b>	34.0	10.8	33.1	9.5	2.9%

# Net sales performance

in millions of Euro

Net sales by geographical area	HY 2017	%	HY 2016	%	Change %	Change % (*)	Change % (**)
Europe	267.2	48.3	291.4	44.8	-8.3%	-7.8%	-6.7%
North America	221.8	40.1	259.8	39.9	-14.6%	-17.1%	-4.2%
Asia Pacific	28.9	5.2	58.8	9.0	-50.8%	-51.4%	-17.2%
Rest of the world	34.7	6.3	41.0	6.3	-15.5%	-20.0%	-5.3%
<b>Total</b>	<b>552.6</b>	<b>100.0</b>	<b>651.1</b>	<b>100.0</b>	<b>-15.1%</b>	<b>-16.2%</b>	<b>-6.3%</b>

Net sales by distribution channel	HY 2017	%	HY 2016	%	Change %	Change % (*)	Change % (**)
Wholesale	519.0	93.9	612.4	94.1	-15.3%	-16.3%	-5.7%
Retail	33.6	6.1	38.7	5.9	-13.2%	-15.8%	-14.3%
<b>Total</b>	<b>552.6</b>	<b>100.0</b>	<b>651.1</b>	<b>100.0</b>	<b>-15.1%</b>	<b>-16.2%</b>	<b>-6.3%</b>

(\*) at constant exchange rates

(\*\*) Sales performance at constant exchange rates of the Going Forward Brand Portfolio, excluding Gucci business

Net sales by geographical area	Q2 2017	%	Q2 2016	%	Change %	Change % (*)	Change % (**)
Europe	166.0	52.6	161.4	46.2	2.9%	3.3%	6.9%
North America	107.4	34.1	132.7	38.0	-19.1%	-20.8%	-7.6%
Asia Pacific	17.9	5.7	32.1	9.2	-44.4%	-44.6%	-3.8%
Rest of the world	24.1	7.6	23.4	6.7	3.1%	-1.6%	17.3%
<b>Total</b>	<b>315.3</b>	<b>100.0</b>	<b>349.5</b>	<b>100.0</b>	<b>-9.8%</b>	<b>-10.6%</b>	<b>1.2%</b>

Net sales by distribution channel	Q2 2017	%	Q2 2016	%	Change %	Change % (*)	Change % (**)
Wholesale	295.2	93.6	327.6	93.7	-9.9%	-10.6%	2.0%
Retail	20.1	6.4	21.9	6.3	-8.3%	-10.7%	-8.8%
<b>Total</b>	<b>315.3</b>	<b>100.0</b>	<b>349.5</b>	<b>100.0</b>	<b>-9.8%</b>	<b>-10.6%</b>	<b>1.2%</b>

(\*) at constant exchange rates

(\*\*) Sales performance at constant exchange rates of the Going Forward Brand Portfolio, excluding Gucci business

# Balance Sheet

*in millions of Euro*

	June 30, 2017	December 31, 2016	Change
Net working capital	283.5	261.7	21.7
Tangible and intangible fixed assets	683.3	710.0	(26.7)
Financial fixed assets	0.0	0.0	0.0
Non-current assets held for sale	1.4	1.5	(0.0)
Other assets / (liabilities), net	(48.0)	(52.0)	4.0
<b>Net invested capital</b>	<b>920.3</b>	<b>921.2</b>	<b>(0.9)</b>
Net financial position	(112.7)	(48.4)	(64.3)
Group Shareholders' equity	(807.6)	(872.8)	65.2
Non-controlling interests	0.0	0.0	0.0

# Net Working Capital

*in millions of Euro*

	June 30, 2017	June 30, 2016	Change
Trade receivables	235.9	266.7	(30.8)
Inventories	271.1	268.6	2.4
Trade payables	(223.5)	(230.2)	6.7
<b>Net working capital</b>	<b>283.5</b>	<b>305.2</b>	<b>(21.7)</b>
<i>% on net sales LTM</i>	24.6%	24.3%	

# Free Cash Flow

*in millions of Euro*

	H1 2017	H1 2016
Cash flow from operating activities before changes in working capital	(5.6)	31.9
Changes in working capital	(30.8)	(18.9)
Cash flow operating activities	(36.4)	13.0
Cash flow investing activities	(20.8)	(22.4)
<b>Free cash flow</b>	<b>(57.2)</b>	<b>(9.3)</b>

# Exchange Rates

Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation)/ Depreciation
		June 30, 2017	December 31, 2016	%	June 30, 2017	June 30, 2016	%
US Dollar	USD	1.1412	1.0541	8.3%	1.0830	1.1157	-2.9%
Hong-Kong Dollar	HKD	8.9068	8.1751	9.0%	8.4199	8.6669	-2.8%
Swiss Franc	CHF	1.0930	1.0739	1.8%	1.0766	1.0959	-1.8%
Canadian Dollar	CAD	1.4785	1.4188	4.2%	1.4453	1.4846	-2.6%
Japanese Yen	YEN	127.7500	123.4000	3.5%	121.7804	124.4162	-2.1%
British Pound	GBP	0.8793	0.8562	2.7%	0.8606	0.7787	10.5%
Swedish Krown	SEK	9.6398	9.5525	0.9%	9.5968	9.3020	3.2%
Australian Dollar	AUD	1.4851	1.4596	1.7%	1.4364	1.5218	-5.6%
South-African Rand	ZAR	14.9200	14.4570	3.2%	14.3063	17.1977	-16.8%
Russian Ruble	RUB	67.5449	64.3000	5.0%	62.8057	78.3228	-19.8%
Brasilian Real	BRL	3.7600	3.4305	9.6%	3.4431	4.1310	-16.7%
Indian Rupee	INR	73.7445	71.5935	3.0%	71.1760	74.9940	-5.1%
Singapore Dollar	SGD	1.5710	1.5234	3.1%	1.5208	1.5398	-1.2%
Malaysian Ringgit	MYR	4.8986	4.7287	3.6%	4.7511	4.5734	3.9%
Chinese Renminbi	CNY	7.7385	7.3202	5.7%	7.4448	7.2955	2.0%
Korean Won	KRW	1,304.5600	1,269.3600	2.8%	1,236.3302	1,318.8060	-6.3%
Mexican Peso	MXN	20.5839	21.7719	-5.5%	21.0441	20.1703	4.3%
Turkish Lira	TRY	4.0134	3.7072	8.3%	3.9391	3.25832	20.9%
Dirham United Emirates	AED	4.1893	3.869601	8.3%	3.97578	4.09588	-2.9%

# Brands Portfolio

Polaroid

Dior

BOSS  
HUGO BOSS

BOSS  
HUGO BOSS

havaianas®

CARRERA  
EYEWEAR SINCE 1958

DIOR HOMME

MARC JACOBS

GIVENCHY  
PARIS

BANANA REPUBLIC

CÉLINE

ELIE SAAB

MOSCHINO\*

rag & bone\*  
NEW YORK

SMITH

kate spade  
NEW YORK

LOVE\*  
MOSCHINO

Juicy Couture  
BLACK LABEL  
los angeles

FENDI

FOSSIL

BOBBI BROWN

LIZ claiborne

OXYDO

MaxMara

TOMMY HILFIGER

MAX&Co.



SAFILO

JIMMY CHOO

swatch  
the<sup>oo</sup>eyes

pierre cardin  
PARIS

JACK SPADE

\* From 2018