



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A.
APPROVES THE RESULTS AS AT SEPTEMBER 30, 2013**

Padua, November 13, 2013 – The Board of Directors of Safilo Group S.p.A. today reviewed and approved the results of the third quarter and first nine months of 2013.

Building on the encouraging results in the first six months of 2013, Safilo's business made further progress in the third quarter.

Organic growth effectively offset the double negative impact on Net Sales resulting from the termination of the significant brands phased out in 2012 on the one side, and the depreciation of several key currencies versus the Euro on the other.

At constant exchange rates, sales were up 2.9% in the third quarter, whilst being in line with last year for the first nine months of 2013.

The Group's gross and operating profit continued to grow in the third quarter from the same period of 2012, by 180 and 50 basis points respectively. Combined with a decline in net interest expenses, this has enabled Safilo to report a profit in the third quarter for the first time since 2007.

At the end of September net debt had fallen further compared with 30 June 2013, reflecting positive cash flows during the quarter. This has reduced the *adjusted*² financial leverage to 1.5 times.

Economic and financial highlights

Euro million	9M 2013	9M 2012	% Change	% Change (*)	Q3 2013	Q3 2012	% Change	% Change (*)
Net sales	841.8	862.4	-2.4%	-0.1%	243.4	249.1	-2.3%	+2.9%
Gross profit	516.9	509.1	+1.5%		144.8	143.8	+0.7%	
%	61.4%	59.0%			59.5%	57.7%		
EBITDA	81.3	85.9	-5.4%		16.3	15.2	+6.5%	
%	9.7%	10.0%			6.7%	6.1%		
Adjusted² EBITDA	88.7	85.9	+3.2%		16.3	15.2	+6.5%	
%	10.5%	10.0%			6.7%	6.1%		
Operating profit	54.1	56.9	-4.8%		6.8	5.7	+20.9%	
%	6.4%	6.6%			2.8%	2.3%		
Adjusted² Operating profit	61.5	56.9	+8.1%		6.8	5.7	+20.9%	
%	7.3%	6.6%			2.8%	2.3%		
Group net profit	21.8	20.9	+4.5%		1.7	(0.6)	n.s.	
%	2.6%	2.4%			0.7%	-0.3%		
Adjusted² Group net profit	27.3	20.9	+30.8%		1.7	(0.6)	n.s.	
%	3.2%	2.4%			0.7%	-0.3%		
Group net debt	180.7	223.8	-19.3%					

² *Adjusted* 9M 2013 results do not include non-recurring costs recorded in the second quarter of 2013, amounting to Euro 7.4 million and related for around Euro 6.0 million to the CEO succession plan announced by the Group on June 19 and for Euro 1.4 million to some restructuring expenses in the European market.

(*) at constant exchange rates

Luisa Delgado, new CEO of Safilo Group, commented:

“In this first opportunity as executive Director, I would like to start by thanking all employees and partners of Safilo, our customers, and shareholders for believing in Safilo’s potential and resilience, and supporting the company’s turnaround to date.

The results for the first nine months of 2013 show that we are about on track to deliver the year’s core objective, i.e. to off-set the loss of the Armani licence using our wide brand portfolio and strong customer relationships, while strengthening our gross and operating margins, and focusing on strong cash flows.

The results also show our further opportunities: Expanding “where we play” by building our own proprietary portfolio and our geographical footprint, and Sharpening “how we win” with further differentiated commercial and product supply strategies, simplified operations and e-enabled global integration.

What makes Safilo special is our superior product, design and innovation, as well as our proven ability to partner with the most prestigious Brands across the world. At Safilo, we share a genuine passion for eyewear, its traditional savoir faire and its opportunities for surprising creativity.

Our commitment to generate sustainable profitable growth forward is based on combining our historical strengths and leveraging systematically our opportunities with a long term view.”

Key economic and financial performance

Group **net sales** for the third quarter of 2013 totalled Euro 243.4 million at current exchange rates, very close to Euro 249.1 million of the same quarter of 2012. Performance at constant exchange rates was positive by 2.9%, with the organic¹ business more than offsetting the significant negative impact of the absence of the Armani brands, phased out at the end of 2012.

The first nine months of 2013 thus closed with turnover of Euro 841.8 million, compared to Euro 862.4 million of the same period of 2012 (-2.4% at current exchange rates and -0.1% at constant exchange rates).

Turnover for the wholesale business moved to Euro 222.5 million from the Euro 228.2 million of the third quarter of 2012 (-2.5% at current exchange rates and +2.6% at constant exchange rates). Organic¹ sales growth in the core sunglass and prescription frame segments was approximately +17%, showing the Group’s continued ability to manage effectively the relationships with its customers in leveraging its wide portfolio to replace the brands terminated in 2012. Organic¹ growth in the first nine months of 2013 equalled +10%, with the total turnover for the wholesale business amounting to Euro 780.0 million, compared to Euro 800.9 million of 2012 (-2.6% at current exchange rates and -0.3% at constant exchange rates).

Geographically, Europe with France, Germany and the UK in the lead was the continued main driver of Safilo’s growth in the third quarter. Spain and Portugal also made up ground, whilst the independent opticians channel in Italy showed continued softness.

Group sales in Europe during the quarter amount to Euro 96.8 million, compared to Euro 91.1 million in the third quarter of 2012 (+6.3% at current exchange rates and +7.7% at constant exchange rates).

Turnover for the first nine months of 2013 was up to Euro 351.7 million from Euro 342.0 million of the same period of 2012 (+2.8% at current exchange rates and +3.3% at constant exchange rates).

The Americas performance was affected by the strengthening of the Euro against the US dollar and the local currencies of Latin American countries.

Safilo’s North American business continued to experience organic growth, both in terms of sales of prescription frames through independent opticians, the Group’s principal distribution channel in the US, and in terms of sunglasses through the most important department stores, where Safilo registered an improvement with respect to the second quarter of the year.

Safilo’s sales in the main Latin American market, Brazil, continued to record a very positive performance despite the recent slowdown of growth in the local economy.

Wholesale turnover in the American market in the third quarter amounted to Euro 88.8 million, compared to Euro 94.8 million of the same period of 2012 (-6.3% at current exchange rates and +0.8% at constant exchange rates), whilst the 133 directly operated Solstice stores in the US recorded sales of Euro 20.9 million, up 6.1% at constant exchange rates.

In the first nine months of 2013, the American wholesale business saw sales of Euro 287.7 million, compared to Euro 302.2 million of the same period of 2012 (-4.7% at current exchange rates and -1.3% at constant exchange rates).

In the same period Solstice stores registered sales of Euro 61.8 million, up 3.3% at constant exchange rates. The like-for-like performance, based on the same number of stores, improved 1.5% (+3.5% in the third quarter).

The performance in Asia was affected by the significant depreciation of the Yen versus the Euro and by the reduction in sales resulting from the termination of the Armani brands, that were of over proportional significance for this region. The organic sales growth¹ was driven by the positive performance of the leading brands in the licensed portfolio, chiefly Gucci and Dior. The third quarter also saw continued focus on Asia with a number of locally relevant product placements, special initiatives and advertising campaigns, and products in Safilo's portfolio with Asian and Chinese fittings.

Safilo's turnover in the region amounted to Euro 34.1 million, compared to Euro 38.6 million in the third quarter of 2012 (-11.7% at current exchange rates and -3.5% at constant exchange rates), with revenues for the first nine months of the year totalling Euro 130.4 million, compared to Euro 144.7 million of the same period of 2012 (-9.9% at current exchange rates and -6.0% at constant exchange rates).

Global growth of the organic sales volumes, combined with improved price/mix effects and lower levels of obsolescence enabled the Group to achieve a sizeable recovery in gross profit and an improvement in EBIT and EBITDA.

The quarterly operating performance – seasonally the least significant period of the year – has thus met the Group's growth targets, with Safilo on track to deliver growth also for the full year.

Gross profit for the third quarter totalled Euro 144.8 million, slightly up in absolute terms compared to Euro 143.8 million of the third quarter of 2012 and marking a more significant upturn, equal to 180 basis points, in terms of gross profit margin, which moved from 57.7% to 59.5%.

Safilo's gross profit for the first nine months of 2013 equalled 516.9 million, up 1.5% compared to Euro 509.1 million of the same period of 2012. The gross profit margin was up to 61.4% from 59.0%, marking an improvement of 240 basis points.

As occurred in previous periods, selling and marketing expenses and general and administrative expenses have risen as a proportion of sales, whilst remaining substantially stable in absolute terms.

EBITDA for the third quarter of 2013 amounted to Euro 16.3 million, up 6.5% compared to Euro 15.2 million of the third quarter of 2012, representing an EBITDA margin of 6.7%, compared to 6.1%.

The *adjusted*² EBITDA for the first nine months of 2013 totalled Euro 88.7 million, up 3.2% compared to Euro 85.9 million of the same period of 2012. The *adjusted*² EBITDA margin has increased to 10.5% from the 10.0% of the first nine months of 2012.

EBIT of Euro 6.8 million for the third quarter was up 20.9% compared to Euro 5.7 million of the third quarter of 2012, with the EBIT margin improving to 2.8% from 2.3%.

*Adjusted*² EBIT for the first nine months amounted to Euro 61.5 million, compared to Euro 56.9 million of the same period of 2012 (+8.1%). The EBIT margin was up to 7.3% from 6.6%.

Below the EBIT line, net interest expenses for the quarter were down 62.0% to Euro 1.8 million from Euro 4.6 million of the third quarter of 2012, thanks to the Group's repayment of High Yield Bond on 15 May of this year.

In the period, net exchange rate differences resulting from the currency exposure of the Group also had a positive impact.

Net interest expenses for the first nine months of the year were down 34.3% to Euro 9.5 million from the Euro 14.5 million of the same period of 2012, whilst exchange rate differences continued to have a negative impact over the nine months.

The Group *adjusted*² tax rate for the first nine months of 2013 was 36.3%, compared to 39.2% for the same period of 2012.

The third quarter of 2013 ended with a **Group net profit** of Euro 1.7 million which compared to the loss of Euro 0.6 million for the same quarter of 2012. It is to be highlighted that Safilo returned to a profit in the third quarter for the first time since 2007.

The *adjusted*² Group net profit for the first nine months of 2013 reached Euro 27.3 million, up 30.8% compared to the first nine months of 2012.

Key cash flow data

Euro million	9M 2013	9M 2012	Q3 2013	Q3 2012
Cash flow from operating activities before changes in working capital	46.6	46.2	3.7	6.2
Changes in working capital	9.2	12.3	26.1	11.2
Cash flow from operating activities	55.8	58.5	29.8	17.4
Cash flow for investment activities	(21.9)	(89.6)	(7.4)	(8.2)
Free Cash Flow	33.9	(31.1)	22.5	9.2

The quarterly economic results and the cash inflows from working capital are behind the Group cash generation from operating activities, amounting in the period to Euro 29.8 million, compared to Euro 17.4 million of the third quarter of 2012.

On a quarterly basis, cash for investing activities was substantially stable, enabling Safilo to generate a positive **free cash flow** of Euro 22.5 million (Euro 9.2 million in the third quarter of 2012).

Free cash flow for the first nine months of 2013 amounted to an inflow of Euro 33.9 million, compared to Euro 27.3 million of the same period of 2012 before the cash outflow of Euro 58.4 million linked to the Polaroid acquisition.

Net debt at the end of September 2013 amounted to Euro 180.7 million, down by approximately Euro 20 million compared to Euro 200.8 million of the end of June 2013 (Euro 215.3 million at the end of December 2012 and Euro 223.8 million at the end of September 2012). Safilo's *adjusted*² financial leverage fall to a record low of 1.5 times.

Notes:

¹ Excluding the sales of the Armani brands not renewed at the end of 2012 and the Polaroid business recorded in the first quarter of 2013. The organic performance is expressed at constant exchange rates.

² *Adjusted* 9M 2013 economic results do not include non-recurring costs recorded in the second quarter of 2013, amounting to Euro 7.4 million and related for around Euro 6.0 million to the CEO succession plan announced by the Group on June 19 and for Euro 1.4 million to some restructuring expenses in the European market. Net of the fiscal effect, the total impact was equal to Euro 5.5 million.

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. Vincenzo Giannelli, 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 debt;
- 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 6.00pm CEST (5.00pm BST; 12.00am US EDT) a conference call will be held with the financial community during which the results of the third quarter and first nine months of 2013 will be discussed.

It is possible to participate to the call by dialing the following number: +39 02 36009867 o +44 203 4271915 (for journalists: +39 02 38591420) and quoting the following confirmation code: 1220893.

The playback of the conference call will be available until November 15, 2013 by dialing the number +39 02 30413127 or +44 203 4270598 (access code: 1220893).

The conference call can also be followed via webcast on the site www.safilo.com/en/investors.html. The presentation is available and downloadable from the company website.

Financial Statement as of September 30, 2013

Please note that before the end of the day, the intermediate report at September 30, 2013 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 <http://www.safilo.com/en/investors.html>.

About Safilo Group

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 – and the licensed brands Alexander McQueen, Banana Republic, Bobbi Brown (starting from 2014), BOSS, BOSS Orange, Bottega Veneta, Céline, Dior, Fendi (starting from 2014), Fossil, 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, Saint Laurent, Saks Fifth Avenue and Tommy Hilfger. For further information www.safilo.com

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Sàfilo Group S.p.A.

Consolidated income statement

<i>(Euro/000)</i>	First nine months			Third Quarter		
	2013	2012	Change %	2013	2012	Change %
Net sales	841,769	862,360	-2.4%	243,408	249,074	-2.3%
Cost of sales	(324,929)	(353,250)	-8.0%	(98,596)	(105,299)	-6.4%
Gross profit	516,840	509,110	1.5%	144,812	143,775	0.7%
Selling and marketing expenses	(344,124)	(343,169)	0.3%	(101,989)	(100,927)	1.1%
General and administrative expenses	(110,986)	(109,494)	1.4%	(35,993)	(35,999)	0.0%
Other operating income (expenses)	(7,627)	408	n.s.	23	(1,180)	n.s.
Operating profit	54,103	56,855	-4.8%	6,853	5,669	20.9%
Share of income (loss) of associates	(1,440)	96	n.s.	(238)	1	n.s.
Interest expenses and other financial charges, net	(16,657)	(21,562)	-22.7%	(2,859)	(6,337)	-54.9%
Profit before taxation	36,006	35,389	1.7%	3,756	(667)	n.s.
Income taxes	(13,863)	(13,880)	-0.1%	(1,959)	(203)	n.s.
Net profit of the period	22,143	21,509	2.9%	1,797	(870)	n.s.
Non-controlling interest	326	631	-48.3%	69	(224)	n.s.
Net profit attributable to owners of the Parent	21,817	20,878	4.5%	1,728	(646)	n.s.
EBITDA	81,261	85,914	-5.4%	16,243	15,255	6.5%
Basic EPS (Euro)	0.353	0.348		0.028	(0.016)	
Diluted EPS (Euro)	0.350	0.348		0.027	(0.016)	

Sàfilo Group S.p.A.
Consolidated net sales

Net sales by geographical area (Euro in millions)	First nine months					
	2013	%	2012	%	Change %	Change % (*)
Europe	351.7	41.8	342.0	39.7	+2.8	+3.3
Americas	349.5	41.5	363.7	42.2	-3.9	-0.6
Asia	130.4	15.5	144.7	16.8	-9.9	-6.0
Rest of the world	10.2	1.2	12.0	1.4	-15.0	-7.9
Total	841.8	100.0	862.4	100.0	-2.4	-0.1

(*) at constant exchange rates

Net sales by product (Euro in millions)	First nine months					
	2013	%	2012	%	Change %	Change % (*)
Prescription frames	312.3	37.1	321.3	37.3	-2.8	0.0
Sunglasses	474.3	56.3	487.9	56.6	-2.8	-0.8
Sport products	48.9	5.8	46.3	5.4	+5.6	+8.2
Other	6.3	0.7	6.9	0.8	-8.7	-6.9
Total	841.8	100.0	862.4	100.0	-2.4	-0.1

(*) at constant exchange rates

Net sales by geographical area (Euro in millions)	Third Quarter					
	2013	%	2012	%	Change %	Change % (*)
Europe	96.8	39.8	91.1	36.6	+6.3	+7.7
Americas	109.7	45.1	115.7	46.4	-5.2	+1.7
Asia	34.1	14.0	38.6	15.5	-11.7	-3.5
Rest of the world	2.8	1.2	3.7	1.5	-24.3	-13.5
Total	243.4	100.0	249.1	100.0	-2.3	+2.9

(*) at constant exchange rates

Net sales by product (Euro in millions)	Third Quarter					
	2013	%	2012	%	Change %	Change % (*)
Prescription frames	97.4	40.0	99.2	39.8	-1.8	+3.8
Sunglasses	121.9	50.1	125.9	50.5	-3.2	+1.8
Sport products	22.2	9.1	21.7	8.7	+2.3	+6.4
Other	1.9	0.8	2.3	0.9	-17.4	-15.0
Total	243.4	100.0	249.1	100.0	-2.3	+2.9

(*) at constant exchange rates

Sàfilo Group S.p.A.

Consolidated Balance sheet

(Euro/000)	September 30, 2013	December 31, 2012	Change
ASSETS			
Current assets			
Cash in hand and at bank	77,115	59,388	17,727
Trade receivables, net	226,732	280,442	(53,710)
Inventory, net	204,149	207,639	(3,490)
Derivative financial instruments	125	126	(1)
Other current assets	48,396	42,344	6,052
Total current assets	556,517	589,939	(33,422)
Non-current assets			
Tangible assets	196,809	204,713	(7,904)
Intangible assets	43,206	45,646	(2,440)
Goodwill	545,576	558,046	(12,470)
Investments in associates	9,267	10,916	(1,649)
Available-for-sale financial assets	234	245	(11)
Deferred tax assets	81,177	76,987	4,190
Derivative financial instruments	69	-	69
Other non-current assets	5,015	4,825	190
Total non-current assets	881,353	901,378	(20,025)
Total assets	1,437,870	1,491,317	(53,447)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	76,941	182,643	(105,702)
Trade payables	171,784	210,573	(38,789)
Tax payables	16,787	16,193	594
Derivative financial instruments	1,519	1,000	519
Other current liabilities	51,776	47,739	4,037
Provisions for risks and charges	2,689	2,851	(162)
Total current liabilities	321,496	460,999	(139,503)
Non-current liabilities			
Long-term borrowings	180,868	92,034	88,834
Employees benefits liability	36,306	36,819	(513)
Provisions for risks and charges	22,870	24,004	(1,134)
Deferred tax liabilities	8,927	7,745	1,182
Derivative financial instruments	10	1,555	(1,545)
Other non-current liabilities	5,071	5,315	(244)
Total non-current liabilities	254,052	167,472	86,580
Total liabilities	575,548	628,471	(52,923)
Shareholders' equity			
Share capital	308,850	308,700	150.00
Share premium reserve	481,255	481,163	92.00
Retained earnings (losses) and other reserves	48,113	43,563	4,550
Fair value and cash flow reserves	(725)	(1,555)	830
Income attributable to the Group	21,817	25,865	(4,048)
Total shareholders' equity attributable to the Group	859,310	857,736	1,574
Non-controlling interests	3,012	5,110	(2,098)
Total shareholders' equity	862,322	862,846	(524)
Total liabilities and shareholders' equity	1,437,870	1,491,317	(53,447)

Sàfilo Group S.p.A.

Consolidated statement of cash flows

(Euro/000)	First nine months	
	2013	2012
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	45,623	76,528
B - Cash flow from (for) operating activities		
Net profit for the period (including minority interests)	22,143	21,509
Depreciation and amortization	27,161	29,059
Other non-monetary P&L items	465	(2,130)
Interest expenses, net	9,508	14,464
Income tax expenses	13,862	13,880
Income from operating activities prior to movements in working capital	73,139	76,782
(Increase) Decrease in trade receivables	47,517	56,571
(Increase) Decrease in inventory, net	2,037	7,534
Increase (Decrease) in trade payables	(36,713)	(38,486)
(Increase) Decrease in other current receivables	(13,626)	7,425
Increase (Decrease) in other current payables	9,985	(20,724)
Interest expenses paid	(10,391)	(10,857)
Income taxes paid	(16,148)	(19,765)
Total (B)	55,801	58,480
C - Cash flow from (for) investing activities		
Purchase of property, plant and equipment (net of disposals)	(16,710)	(17,648)
Acquisition of subsidiary (net of cash acquired)	-	(58,359)
Acquisition of minorities (in subsidiaries and associates)	(3,750)	(12,186)
(Acquisition) Disposal of investments and bonds	-	(13)
Purchase of intangible assets	(1,455)	(1,378)
Total (C)	(21,914)	(89,584)
D - Cash flow from (for) financing activities		
Proceeds from borrowings	115,000	52,062
Repayment of borrowings	(133,843)	(80,115)
Share capital increase	241	44,262
Dividends paid	-	-
Total (D)	(18,602)	16,209
E - Cash flow for the period (B+C+D)	15,285	(14,895)
Translation exchange differences	452	(582)
Total (F)	452	(582)
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	61,360	61,051