



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

**ACQUISITION OF THE POLAROID EYEWEAR BUSINESS
COMPLETED ON APRIL 3, 2012**

Padua, May 4, 2012 – The Board of Directors of Safilo Group S.p.A. today reviewed and approved the results of the first quarter of 2012.

Safilo ended the first three months of the year recording net sales of Euro 288.7 million, an operating profit of Euro 23.1 million and a positive net result of Euro 12.0 million. These results allowed the Group to keep the financial leverage at 2.1x (Net debt / EBITDA LTM), substantially in line with the record level achieved at the end of 2011.

In the first quarter of 2012, the Group's performance has been characterized by lower sales volumes due to the Armani phase-out and the market weakness in some European countries.

Financial highlights

(in millions of euro)	Q1 2012	Q1 2011	net change	% change
Net sales	288.7	300.7	-11.9	-4.0%
Gross profit	174.2	183.0	-8.8	-4.8%
%	60.3%	60.9%		
Ebitda	32.3	40.7	-8.4	-20.7%
%	11.2%	13.5%		
Operating profit	23.1	31.4	-8.3	-26.4%
%	8.0%	10.4%		
Net profit attributable to the Group	12.0	18.4	-6.4	-34.9%
%	4.1%	6.1%		

The North American market continued to perform well in the period, especially in the prescription frame business of the independent opticians, a channel in which Safilo is strengthening its leadership.

In Asia, the backlog orders confirmed the good trend and the strength of Safilo's organization and brand portfolio in the region.

The business continued to be challenging in some Southern European countries still affected by the general slow-down in consumption.

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.

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

“In this first quarter of 2012, results were in line with our expectations both in terms of sales and operating performance.

The strength of our brand portfolio, with particular reference to the high-end, diffusion and fashion segments, enabled us to consolidate and selectively improve our competitive positions, proving the effectiveness of our distribution and product activities.

Among the strategic actions implemented in this quarter, the most significant ones are the global roll-out of Carrera and the launch, on a worldwide scale, of the new Céline collections in the prescription frames and sunglasses markets.

The acquisition of Polaroid is a key strategic step towards our long term objectives and we are enthusiastic of the market opportunities that we will be able to exploit.

Polaroid represents a significant event in the marketplace, seizing a great opportunity to move way beyond the current industry focus of fashion-oriented products, by embedding high quality lens expertise in the fast growing specialist and value-for-money segments.

Despite the several challenges we are facing today, we are confident to reach our medium-term goals thanks to the strategic activities being implemented.”

Key Economic performance

As expected, the first quarter of 2012 was influenced by the phase-out of the Armani Group licenses, with sales decreasing in the quarter, impacting the Group performance especially in Europe and to a lesser extent in the United States and Asia.

The Group net sales of the period reached Euro 288.7 million compared to Euro 300.7 million recorded in the first quarter of 2011 (-4.0% at current exchange rates, -6.3% at constant exchange rates).

The wholesale business recorded revenues of Euro 271.5 million compared to Euro 284.5 million in the first quarter of 2011 (-4.6% at current exchange rates, -6.8% at constant exchange rates).

However, the organic performance of the business highlighted a slightly positive trend, with the Group top licenses consolidating their competitive positions in the main emerging markets, while Tommy Hilfiger, Boss Orange and Marc by Marc Jacobs kept expanding and strengthening in Europe.

The plan to expand Carrera on a worldwide level continued in the quarter with the launch of the brand in the Chinese market. In the period, Carrera progressed in Latin America and the United States, where the development of special product editions contributed to its expansion in such markets.

From a geographical standpoint, the organic performance of the American market was characterized by the solidity of the prescription frame business at the US independent optician stores, where the Group achieved positive results, confirming its leadership position in this channel.

In the United States, the retail business also recorded positive trends, benefitting from the good like for like performance posted by Solstice sunglass stores, reaching a 3.7% growth in the period. At the same time, Safilo moved forward with its efficiency plan started in 2011, closing eight additional non-performing stores in the quarter.

In the first quarter of 2012, sales in the American market were equal to Euro 117.4 million compared to Euro 118.7 million in the first three months of 2011 (-1.1% at current exchange rates, -4.8% at constant exchange rates), also influenced by the returns of unsold products relating to the discontinued brands .

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Asian markets recorded a good performance, as demonstrated by the strong sales campaign in February during the Shanghai and Seoul trade shows. Safilo keeps strengthening its competitive position in the fashion and diffusion segment, which is becoming even more relevant alongside the already mentioned success of the top licensed brands.

In contrast with the significant weakness of Japan, revenues in the Travel Retail business and South Korea registered strong growth rates.

Total revenues in Asia reached Euro 48.9 million compared to Euro 47.3 million in the first quarter of 2011 (+3.5% at current exchange rates, -1.3% at constant exchange rates).

In Europe, the still uncertain economic environment is negatively affecting the top line, especially in the Italian domestic market at the independent shops level, and in nearby southern European countries, such as Spain, Portugal and Greece.

Sales in Europe were also impacted by the strong decline recorded in the quarter by the sport business of ski goggles and helmets, due to the particularly adverse weather conditions.

On the other hand, sales grew in France and Germany, where the general positive performance of prescription frames was coupled with the progress of the sunglass business of Safilo's key accounts.

Russia, which experienced a strong growth in 2011, registered a double-digit growth rate in the period, becoming one of the best engines of growth for the European area going forward.

In the first quarter of 2012, European sales were Euro 118.4 million compared to Euro 130.1 million in the first quarter of 2011 (-9.0% at current exchange rates, -9.2% at constant exchange rates).

In terms of profit and loss, **gross profit** amounted to Euro 174.2 million in the first quarter of 2012 compared to Euro 183.0 million in the first quarter of 2011, or 60.3% of sales (60.9% in the first quarter of 2011), only partially influenced by the decline of sale volumes.

In the first quarter of 2012, the Group **operating profit (EBIT)** was Euro 23.1 million compared to Euro 31.4 million registered in the first quarter of 2011.

Beyond the above mentioned factor, the operating margin, equal to 8.0% of sales (10.4% in the first quarter of 2011), was impacted by the costs related to the strategic strengthening of the organizational structures and the incidence of fixed costs related to the discontinuing business, unavoidable in the short-term.

EBITDA, in the period, amounted to Euro 32.3 million compared to Euro 40.7 million in the first quarter of 2011. EBITDA margin equaled 11.2% of sales (13.5% in the first quarter of 2011).

The first quarter of the year ended for Safilo with a **net profit** of Euro 12.0 million and a net margin of 4.1% of sales (Euro 18.4 million in the first quarter of 2011). In the period, net financial expenses declined compared to the same quarter of 2011, mainly thanks to the advanced partial redemption of Euro 60 million High Yield bond undertaken by the Group in June 2011. Tax rate was instead equal to 32.7% of the Group pre-tax profit.

Key Cash Flow data

(in millions of Euro)	Q1 2012	Q1 2011
Cash flow from operating activities before changes in working capital	29.8	36.8
Changes in working capital	(23.3)	(32.5)
Cash flow from (for) operating activities	6.5	4.3
Cash flow from (for) investment activities	(12.4)	(11.1)
Free Cash Flow	(5.9)	(6.8)

In the first quarter of 2012, **Free Cash Flow** was slightly negative for Euro 5.9 million compared to the absorption of Euro 6.8 million in the first quarter of 2011.

Free Cash Flow was influenced by the lower net profit of the period, the lower absorption of resources from net working capital and total investments slightly up after increasing to 75.5%* the shareholding in the subsidiary in China, one of the Group's most strategic region.

In the period, the ratio of the net working capital on the last twelve month sales remained around 28.5% (28.8% in the first quarter of 2011) and it was mainly influenced by the decline in sale volumes.

Net debt at the end of March 2012 was Euro 243.2 million compared to Euro 238.3 million at the end of December 2011 and Euro 268.2 million at the end of March 2011.

The financial leverage (Net debt / EBITDA LTM) was thus equal to 2.1x compared to 1.9x at the end of December 2011 and 2.4x at the end of March 2011.

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Subsequent events

On April 3, 2012 Safilo Group S.p.A. completed the acquisition of the Polaroid Eyewear business, a world leader in optics and polarized lens technology and a global eyewear manufacturer and distributor, with a strong and recognizable market positioning.

The effects of the acquisition and the contribution to the Group income statement will be recorded starting from the second quarter of 2012.

The transaction, completed for a consideration of Euro 59.8 million, was funded for Euro 44.3 million by Multibrands Italy B.V., controlled by HAL Holding N.V., via a reserved capital increase at Euro 9.00 per share. Following the capital increase, Multibrands Italy B.V.'s stake in the share capital of the Group has increased from 37.2% to 42.2%.

* On April 30, 2012, the shareholding in the Chinese subsidiary was increased to 90.0%.

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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 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 CET (5.00 pm GMT; 12.00 am EST) a conference call will be held with the financial community during which the results of the first quarter 2012 will be discussed.

It is possible to connect to the call by dialing the following number: +39 02 69633532 or +44 207 1362056 (for journalists: +39 02 36269650) and quoting the following confirmation code: 7444406. The playback of the conference call will be available until May 6, 2012 by dialing the number +39 02 30413127 o +44 207 1111244 (access code: 7444406#). 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.

Intermediate quarterly report as at March 31, 2012

Please note that the intermediate quarterly report as at March 31, 2012 will be made available to the public, as soon as it is 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

(Euro/000)	1st Quarter		
	2012	2011	Change %
Net sales	288,722	300,664	-4.0%
Cost of sales	(114,533)	(117,634)	-2.6%
Gross profit	174,189	183,030	-4.8%
Selling and marketing expenses	(116,332)	(119,259)	-2.5%
General and administrative expenses	(35,085)	(32,376)	8.4%
Other operating income (expenses), net	323	(12)	n.s.
Operating profit	23,095	31,383	-26.4%
Share of income/(loss) of associates	-	(384)	n.s.
Interest expenses and other financial charges, net	(4,533)	(3,036)	49.3%
Profit before taxation	18,562	27,963	-33.6%
Income taxes	(6,072)	(8,500)	-28.6%
Net profit	12,490	19,463	-35.8%
Non-controlling interests	543	1,104	-50.8%
Net profit attributable to owners of the parent	11,947	18,359	-34.9%
EBITDA	32,256	40,690	-20.7%
Basic EPS (Euro)	0.210	0.323	
Diluted EPS (Euro)	0.210	0.322	

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Sàfilo Group S.p.A.

Consolidated net sales

Net sales by geographical area (Euro in millions)	1st Quarter					
	2012	%	2011	%	Change %	Change % (*)
Europe	118.4	41.0	130.1	43.3	-9.0	-9.2
Americas	117.4	40.7	118.7	39.5	-1.1	-4.8
Asia	48.9	16.9	47.3	15.7	+3.5	-1.3
Rest of the world	4.0	1.4	4.6	1.5	-12.7	-15.6
Total	288.7	100.0	300.7	100.0	-4.0	-6.3

Net sales by product (Euro in millions)	1st Quarter					
	2012	%	2011	%	Change %	Change % (*)
Prescription frames	109.4	37.9	113.2	37.6	-3.4	-5.6
Sunglasses	165.5	57.3	168.7	56.1	-1.9	-4.4
Sport products	11.7	4.1	15.2	5.1	-23.3	-26.1
Other	2.1	0.7	3.6	1.2	-39.6	-40.0
Total	288.7	100.0	300.7	100.0	-4.0	-6.3

(*) At constant exchange rates

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Sàfilo Group S.p.A.

Consolidated Balance sheet

<i>(Euro/000)</i>	March 31, 2012	December 31, 2011	Change
ASSETS			
Current assets			
Cash in hand and at bank	81,966	90,368	(8,402)
Trade receivables, net	275,176	272,153	3,023
Inventory, net	217,021	219,735	(2,714)
Derivative financial instruments	27	2	25
Other current assets	53,805	58,736	(4,931)
Total current assets	627,995	640,994	(12,999)
Non-current assets			
Tangible assets	203,650	208,274	(4,624)
Intangible assets	10,643	11,713	(1,070)
Goodwill	553,456	564,560	(11,104)
Investments in associates	11,513	11,871	(358)
Financial assets available-for-sale	267	194	73
Deferred tax assets	62,366	61,143	1,223
Derivative financial instruments	-	-	-
Other non-current assets	3,126	2,272	854
Total non-current assets	845,021	860,027	(15,006)
Total assets	1,473,016	1,501,021	(28,005)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	119,354	132,895	(13,541)
Trade payables	181,338	200,024	(18,686)
Tax payables	23,619	17,043	6,576
Derivative financial instruments	523	127	396
Other current liabilities	66,600	70,993	(4,393)
Provisions for risks and charges	6,891	6,599	292
Total current liabilities	398,325	427,681	(29,356)
Non-current liabilities			
Long-term borrowings	205,797	195,741	10,056
Employees benefits liability	33,243	32,584	659
Provisions for risks and charges	18,844	18,693	151
Deferred tax liabilities	4,577	4,551	26
Derivative financial instruments	1,472	1,245	227
Other non-current liabilities	4,454	4,784	(330)
Total non-current liabilities	268,387	257,598	10,789
Total liabilities	666,712	685,279	(18,567)
Shareholders' equity			
Share capital	284,110	284,110	-
Share premium reserve	461,491	461,491	-
Retained earnings (losses) and other reserves	41,342	32,080	9,262
Fair value and cash flow reserves	(1,581)	(1,341)	(240)
Income attributable to owners of the parent	11,947	27,862	(15,915)
Total shareholders' equity attributable to owners of the parent	797,309	804,202	(6,893)
Non controlling interests	8,995	11,540	(2,545)
Total shareholders' equity	806,304	815,742	(9,438)
Total liabilities and shareholders' equity	1,473,016	1,501,021	(28,005)

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Sàfilo Group S.p.A.

Consolidated statement of cash flows

<i>(Euro/000)</i>	1st Quarter	
	2012	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)	12,490	19,463
Depreciation and amortization	9,160	9,307
Other non-monetary P&L items	1,529	1,459
Interest expenses, net	4,928	5,817
Income tax expenses	6,072	8,500
Income from operating activities prior to movements in working capital	34,179	44,546
(Increase) Decrease in trade receivables	(5,830)	(23,767)
(Increase) Decrease in inventory, net	494	7,467
Increase (Decrease) in trade payables	(16,377)	(22,292)
(Increase) Decrease in other current receivables	1,497	(136)
Increase (Decrease) in other current payables	(3,107)	6,237
Interest expenses paid	(1,867)	(1,439)
Income taxes paid	(2,516)	(6,353)
Total (B)	6,473	4,263
C - Cash flow from (for) investing activities		
Purchase of property, plant and equipment (net of disposals)	(5,431)	(4,279)
Acquisition of subsidiary (net of cash acquired)	-	(6,749)
Acquisition of minority interests	(6,490)	-
(Acquisition) Disposal of investments and bonds	(13)	212
Purchase of intangible assets	(453)	(246)
Total (C)	(12,387)	(11,062)
D - Cash flow from (for) financing activities		
Proceeds from borrowings	10,115	-
Repayment of borrowings	(6,393)	(6,735)
Dividends paid	(78)	(285)
Total (D)	3,644	(7,020)
E - Cash flow for the period (B+C+D)	(2,270)	(13,819)
Translation exchange differences	(4,654)	(5,473)
Total (F)	(4,654)	(5,473)
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	69,604	53,203

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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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