



Q1 2018 TRADING UPDATE

Padua, May 09, 2018 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved Q1 2018 economic and financial key performance indicators.

Safilo closed the first quarter of the year with a significant recovery compared to the same period of 2017 and a return to normal operating conditions, recording strong growth rates in the European markets and in the emerging countries which had been meaningfully impacted last year by the difficult start-up of the new information system in the Padua distribution center. Excluding the impact from the weaker USD, sales in North America remained soft, in particular due to the still difficult business environment in department stores.

In Q1 2018:

- **Net sales** equaled Euro 250.9 million, up 6.9% at current exchange rates and 15.4% at constant exchange rates, compared to Euro 234.6 million in Q1 2017.
The Brand Portfolio, up 16.9% at constant exchange rates, excluding Gucci business, was enriched by the launch of the new licenses, Moschino, Love Moschino and rag & bone;
- **Gross profit** reached Euro 127.5 million, up 9.1% compared to Euro 116.8 million in the first quarter of 2017. Gross margin increased to 50.8% of net sales compared to 49.8% in Q1 2017;
- excluding Euro 1.7 million of non-recurring costs, **adjusted¹ EBITDA** was equal to a profit of Euro 13.1 million (5.2% of net sales) compared to the loss of Euro 6.2 million (-2.7% of net sales) in Q1 2017;
- Safilo's **Net Debt** stood at Euro 166.0 million, compared to Euro 131.6 million at the end of December 2017.

(Euro in millions)	Q1 2018	Q1 2017 ²	% Change
Net sales	250.9	234.6	+6.9%
			+15.4% (*)
			+16.9% (**)
Gross profit	127.5	116.8	+9.1%
%	50.8%	49.8%	
EBITDA	11.4	(9.5)	n.s.
%	4.5%	(4.1%)	
Adjusted¹ EBITDA	13.1	(6.2)	n.s.
%	5.2%	(2.7%)	

(*) Sales performance at constant exchange rates

(**) Sales performance at constant exchange rates, excluding Gucci business

Markets

(Euro million)	Q1 2018	%	Q1 2017	%	% Change	% Change (*)
Europe	123.5	49.2	98.5	42.0	25.5%	26.8%
North America	94.8	37.8	114.5	48.8	-17.2%	-4.7%
of which Wholesale	83.0	33.1	101.0	43.1	-17.9%	-5.5%
Asia Pacific	14.3	5.7	11.1	4.7	29.3%	44.3%
Rest of the world	18.2	7.3	10.6	4.5	72.1%	95.2%
Total	250.9	100	234.6	100	6.9%	15.4%

(*) Sales performance at constant exchange rates

In Q1 2018:

- total net sales in **Europe** equaled Euro 123.5 million, up 25.5% at current exchange rates and 26.8% at constant exchange rates compared to Euro 98.5 million in Q1 2017.
The Brand Portfolio, excluding Gucci business, increased by 31.1% at constant exchange rates, recording significant growth rates in the majority of the markets which had been meaningfully impacted in Q1 2017 by the difficult start-up of the new information system in the Padua distribution center.
- sales in **North America** were Euro 94.8 million compared to Euro 114.5 million in Q1 2017, down 17.2% at current exchange rates due to the sharp depreciation of the Dollar against the Euro. At constant exchange rates, the wholesale revenues decreased by 5.5%, mainly reflecting the persistence of a weak and changing business environment in department stores.
In the quarter, Solstice sales were Euro 11.8 million, posting an increase of 1.4% at constant exchange rates, while same store sales performance was positive by 2.5%. The Group closed 16 Solstice stores in the period, taking the network to a total of 86 stores at the end of March 2018, compared to 105 stores at the end of March 2017.
- sales in **Asia-Pacific** equaled Euro 14.3 million, up 29.3% at current exchange rates and 44.3% at constant exchange rates compared to the difficult start to the year posted in Q1 2017.
After the progressive sales recovery recorded during the second half of 2017, the improvement in the first three months of 2018 was significant for the majority of the brands, key markets and channels of the region.
- sales in the **Rest of the World** were Euro 18.2 million, up 72.1% at current exchange rates and 95.2% at constant exchange rates, almost doubling the business recorded in Q1 2017.
In the period, Brazil, Mexico, India and Saudi Arabia represented the most dynamic markets, together with the countries where Safilo had more recently entered through local distribution partnerships.

Notes:

¹ In Q1 2018, the adjusted EBITDA excludes non-recurring costs for Euro 1.7 million, mainly related to the CEO succession plan, and it includes an income of Euro 9.8 million, as pro-rata portion of the accounting compensation for the early termination of the Gucci license, equal to Euro 39 million for the full year 2018.

In Q1 2017, the adjusted EBITDA excluded non-recurring costs for Euro 3.3 million, mainly related to the reorganization of the Ormoz plant in Slovenia and other overhead cost saving initiatives, and it included an income of Euro 10.8 million, as 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.

² The new accounting standard IFRS 15 regarding “Revenue from contracts with customers” entered into effect starting from 1 January 2018. Following the fully retrospective approach chosen by the Group, the first application of the principle to the first quarter of 2018, had an adjustment effect on the sales and cost of goods sold of the first quarter of 2017 equal to Euro 2.7 million, with a neutral effect on the gross profit. Consequently, Q1 2017 total net sales were adjusted to Euro 234.6 million (compared to Euro 237.3 million reported last year), while gross profit remained equal to Euro 116.8 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. Gerd Graehsler, 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 adding to the Operating profit, depreciation and amortization;
- The net debt is the sum of bank borrowings and short, medium and long-term loans, net of cash in hand and at bank.

Conference Call

Today, at 6.30 pm CET (5.30pm GMT; 12.30pm EDT) a conference call will be held with the financial community during which Q1 2018 trading update will be discussed.

It is possible to follow the conference call by calling +39 02 36009838, +44 330 3369411 o +1 323 7010225 (for journalists +39 02 36026027) and entering the access code 1228887.

A recording of the conference call will be available until May 11, 2018 on 39 06 99749106, +44 207 6600134 or +1 719 4570820 (access code: 1228887).

The conference call can be also followed via webcast at <https://edge.media-server.com/m6/go/TradingUpdateQ12018Safilo>.

About Safilo Group

Safilo Group is the fully integrated Italian eyewear creator and worldwide distributor of quality and trust, leader in the premium sector for sunglasses, optical frames and sports eyewear. Design inspired and brand driven, Safilo translates extraordinary design into excellent products created thanks to superior craftsmanship expertise dating back to 1878. With an extensive wholly owned global distribution network in 40 countries – in North and Latin America, Europe, Middle East and Africa, and Asia Pacific and China – Safilo is committed to quality distribution of its products all around the world. Safilo's portfolio encompasses Carrera, Polaroid, Smith, Safilo, Oxydo, Dior, Dior Homme, Fendi, Banana Republic, Bobbi Brown, BOSS, BOSS Orange, Elie Saab, Fossil, Givenchy, havaianas, Jack Spade, Jimmy Choo, Juicy Couture, kate spade new york, Liz Claiborne, Love Moschino, Marc Jacobs, Max Mara, Max&Co., Moschino, Pierre Cardin, rag&bone, Saks Fifth Avenue, Swatch, and Tommy Hilfiger.

Listed on the Italian Stock Exchange (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI), in 2017 Safilo recorded net revenues for Euro 1,047 million.

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