



SAFILO GROUP S.P.A. REPORTS FULL YEAR 2017 PRELIMINARY¹ SALES

Full year 2017 Net Sales at Euro 1,047 million.

Euro 155 million decline due to the Gucci license change into supply agreement.

Going Forward Portfolio Net Sales decline driven by IT system implementation in Padua DC.

Padua, January 30, 2018 – The Board of Directors of Safilo Group S.p.A. has today examined the preliminary¹ total net sales of the Group for the financial year ended December 31st, 2017. The full year annual results will be approved by the Board of Directors on March 13th, 2018.

Preliminary¹ figures indicate that full year sales were Euro 1,047.0 million, declining by Euro 194 million at constant currency compared to 2016.

The reduction of sales was caused both by the change of the Gucci license into a supply agreement, representing Euro 155 million (-12%), and by the implementation of the new Order-to-Cash IT system in the Padua DC early in the year. That event negatively affected deliveries, and while operationally recovered from mid-year, impacted order taking and thus reduced sales and profit up to including the fourth quarter, and in addition caused exceptional external costs of approximately Euro 4 million.

Dior collections experienced a decline after several years of extraordinarily strong growth. The total of all other licenses, as well as the Own Core Brands, grew single digits.

The net sales of the Going Forward Brand Portfolio decreased by 3.9% at constant exchange rates.

In the fourth quarter of 2017, Safilo's preliminary¹ total net sales equaled Euro 249.2 million, contracting by Euro 53 million at constant currency compared to 2016. The net effect of exiting the Gucci license and entering the supply agreement accounted for Euro 44 million of the decrease, while net sales of the Going Forward Brand Portfolio declined by 3.7% at constant currency (-5.2% excl. retail).

On the one hand, the Emerging Markets² continued their post Padova DC turnaround started in the third quarter, up again high double digits. The North of Europe started its turnaround in the fourth quarter, now also up double digit. On the other hand, the South of Europe still suffered from the tail-end of the Padua DC issues with Fall/Winter collection sell-in restrained by the late deliveries of the Spring/Summer collection. North America declined driven by the Wholesale business, while the performance of the Solstice stores in the United States showed a significant improvement (+2.7% same store sales performance at constant exchange rates).

Safilo is expecting profitability for the year to be impacted by the somewhat larger decline in sales than planned in the fourth quarter leading to an adjusted³ preliminary full year EBITDA of Euro 38-40 million.

Safilo informs that in the context of the presentation of its full year 2017 results to the financial community, to be held in Milan on March 14th, 2018, the Group will also provide an update of its long-term Strategic Plan.

In the context of the natural expiration of its Revolving Credit Facility in July 2018, the Group has started to discuss the refinancing with its key lenders.

Preliminary¹ net sales by geographical area:

Net sales by geographical area							
(Euro million)	2017	%	2016	%	Change %	Change % (*)	Change % (**)
Europe	469.3	44.8	537.6	42.9	-12.7%	-12.2%	-8.9%
North America	422.3	40.3	509.5	40.7	-17.1%	-15.5%	-2.3%
of which Wholesale	357.0	34.1	434.4	34.7	-17.8%	-16.2%	-2.0%
Asia Pacific	64.3	6.1	114.7	9.2	-43.9%	-42.3%	-3.2%
Rest of the world	91.0	8.7	91.2	7.3	-0.2%	-1.3%	14.0%
Total	1,047.0	100	1,252.9	100	-16.4%	-15.5%	-3.9%

Net sales by geographical area							
(Euro million)	Q4 2017	%	Q4 2016	%	Change %	Change % (*)	Change % (**)
Europe	101.6	40.8	138.4	44.1	-26.6%	-26.3%	-17.8%
North America	97.0	38.9	123.2	39.3	-21.3%	-14.0%	-0.5%
of which Wholesale	81.6	32.7	105.7	33.7	-22.8%	-15.7%	-3.8%
Asia Pacific	18.7	7.5	24.5	7.8	-23.9%	-18.9%	12.6%
Rest of the world	31.9	12.8	27.7	8.8	15.3%	18.6%	29.6%
Total	249.2	100	313.9	100	-20.6%	-16.9%	-3.7%

(*) at constant exchange rates

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

¹ Preliminary net sales for 2017 are unaudited.

² Emerging Markets comprise the regions of India Middle East & Africa and Latin America (reported within Rest of the World), Central Eastern Europe (reported within Europe), and Greater China and APAC (reported within Asia Pacific).

³ The adjusted EBITDA excludes certain non-recurring costs and includes the accounting compensation for the early termination of the Gucci license.

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 2016 Safilo recorded net revenues for Euro 1,253 million.

Contacts:

Safilo Group Investor Relations

Barbara Ferrante

Ph. +39 049 6985766

<http://investors-en.safilogroup.com>

Safilo Group Press Office

Antonella Leoni

Milan – Ph. +39 02 77807607

Padua – Ph. +39 049 6986021