



## SAFILO COMMUNICATES THE STRATEGIC PLAN TO 2015

### **Key GROWTH drivers:**

- *Become the leading pure wholesale player in the eyewear industry globally;*
- *Maintain balanced and high-growth potential portfolio of “Powerbrands”;*
- *Expand in developing and emerging markets and consolidate in the more mature countries;*
- *Develop efficiency programs in all areas of the value chain;*
- *Create long term value through financial stability.*

**Padua, September 29, 2011** – The Board of Directors of SAFILO GROUP S.p.A. examined and approved the Group 2011-2015 Strategic Plan, whose key guidelines will be presented today by the Chief Executive Officer Roberto Vedovotto and the senior management team during the Investor Day in Paris, which will be webcast live on [www.safilo.com](http://www.safilo.com) starting from 2.00pm CET.

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

*“Over the last two years Safilo successfully overcame challenging moments and implemented important changes. The Group is today stronger and well prepared to face future challenges and to take advantage of new market opportunities.*

*We have deeply reviewed our organizational and managerial structures to ensure a fast and efficient execution of our plans in all key business areas.*

*Our strategic vision is to become the leading pure wholesale player in the global eyewear industry through a balanced portfolio of “Powerbrands” with superior growth characteristics, composed of our outstanding fashion/luxury licensed brands and our house brands.*

*The main drivers of our future growth are our house brands and the developing and emerging countries. In the more mature markets, such as Europe and the US, we aim to strengthen and consolidate our market share and competitive positioning.*

*In spite of the ongoing economic uncertainties and volatile markets, our objectives of growth are based on a long term perspective which aims to deliver a profitable and sustainable growth”.*

## Press release

### **Key strategic guidelines**

The pillars of our strategic vision are based on a strong focus on the core wholesale business, a balanced/high potential portfolio of licensed and own “Powerbrands”, the push for profitable growth in international markets through targeted regional and distribution strategies, the constant search for excellence in product design and innovation and the greater profitability of the business through efficiency programs in the main Group activities.

In this context the Group has adopted a new organizational structure based on three main divisions: “What” brand and product, “Where” business regions, “How” corporate services, with the aim of easing the definition and implementation of Safilo strategy and business goals.

#### **“What”**

In the licensed brands business, which represents 80% of the Group’s total revenues, Safilo wants to be the leading fashion eyewear company in the high-end and diffusion segments with a superior brand portfolio of high-growth potential and profitable licenses. In this business area the Group will leverage on its historical strengths, namely the outstanding product design and innovation, the top of the market manufacturing and the capability to customize style and fitting to different tastes and needs.

Safilo confirms its strategy of delivering superior growth with its own brands, whose structure has been recently enriched with the appointment of the new Global Head of House Brands.

The goal in this area is to build global power brands which cover diffusion, specialist and value for money segments.

The Group will focus on Carrera, leveraging on its compelling brand positioning through the commitment of its strategic investments to the enlargement of the brand product offer.

This objective will be reached by focusing on material, style innovation and regional fittings, as well as its geographical expansion and distribution coverage through aggressive advertising campaigns and targeted collection projects.

The Group will also push on Safilo and Smith, two leading brands in their respective segments.

#### **“Where”**

In mature markets such as Western Europe, the Group has undertaken an in-depth review of its organizational and sales structures through the establishment of new management teams in key markets, such as Italy, France, Spain and the UK, and through the set up of new departments dedicated to the development of the strategic channels which represent the fastest growing businesses, namely top retail chains and travel retail.

In Europe, Safilo aims to grow significantly in emerging countries, with a particular focus on Russia, where the Group intends to strengthen its leadership in the high-end segment and push the development of Carrera, taking advantage of the existing organizational structure.

In the American market, the Group expects to achieve a dual-speed growth, pursuing two distinct action plans.

In the more mature U.S. and Canadian markets, the Group aims to strengthen its leadership position in the independent opticians channel, with the development of the most popular licensed brands as well as the expansion of its core house brands.

In the major US cities, the retail channel Solstice will remain an important showcase and benchmark tool for Safilo’s sunglass business.

The Group's growth will be more aggressive in Latin America, particularly Mexico and Brazil, where Safilo is accelerating penetration through the implementation of new sales, marketing and distribution structures.

In the fastest growing Asian markets, primarily China, but also India, Korea, Hong Kong and neighboring countries, Safilo counts on a nearly twenty year-old organization, which today has major plans of expansion through targeted product and channel strategies able to reach increasingly larger consumer groups.

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In these countries, Safilo can leverage on the very high level of satisfaction reached by its high-end brand portfolio. For this reason the Group is progressively investing in its product offering, which in the Chinese market is composed of an increasingly rich offer of specific fitting models, while in the Korean market the Group is renewing its focus on the prescription frames segment.

Expansion of the distribution will focus on strengthening the sales network and the introduction of highly qualified professionals in all marketing activities designed to guarantee permanent and privileged spaces within the best points of sale.

The primary focus on the licensed high-end and diffusion brands is coupled with a strong emphasis on the development of the Group's own brands, particularly Carrera.

### **“How”**

In order to fulfill its strategic objectives Safilo is engaged in a number of different efficiency projects, striving for the reduction of complexity in all areas of its value chain.

To enhance the full development of its core wholesale business, Safilo is implementing new sales and marketing activities and tools, which dramatically improve business analysis and planning and provide better services to customers.

Safilo couples tradition with technology, making it a top priority through the implementation of the latest business and marketing tools capable of bringing the wholesale business up to par with the retail experience. The Group is focusing on numerous projects in this area. Safilo has developed Smile, the point of sale software for the dynamic management of products in store. The system enhances sales and service levels in a growing panel of shops in Europe and beyond by creating the best possible assortment of all brands. The Group has also introduced new interactive tools to improve the impact on customers of brand and product presentation, making it quicker, more appealing and cost saving.

At the industrial level, the Group aims to improve the productivity and service level of its manufacturing footprint through, among other things, the harmonization of the operational standards, the centralization and strengthening of the strategic purchasing activities and the implementation of new inventory management methods.

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### **Key financial targets**

For the current year, the Group expects net sales of about Euro 1,100 million, EBITDA margin to reach 11% of sales and the Net Debt to remain in line with the result achieved in the first half of 2011, around Euro 240 million.

The strategic 2011-2015 guidelines envisage:

1) Annual top-line growth of 6-7%, particularly in the last two years of the plan. Revenues will reach around Euro 1,200-1,250 million in 2013 and Euro 1,400-1,450 million in 2015;

2) EBITDA is expected to grow delivering an increase in margins starting from 12.5% (Euro 150 million) in 2013 to 15.0% in 2015 (Euro 210 million);

3) Net Debt is expected to be reduced to zero by 2015.

Over the five-year Business Plan, the Group has a total investment plan of roughly Euro 165 million, mainly dedicated to the maintenance and development of the manufacturing plants and the implementation of new information systems.

The financial targets summarized above have been prepared on an organic basis, assuming the renewal of all the licenses expiring during the strategic plan and excluding possible upside projects, such as new licensing agreements and/or an acquisition in the eyewear branded sector.

Safilo underlines that the negotiation for the renewal of the Armani Group contract is presently ongoing and the outcome is still uncertain.

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### 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.

### Webcast

The presentation given during the Investor Day will be made available on the company website before the beginning of the event.

The Safilo Group is worldwide leader in the premium eyewear sector and maintains a leadership position in the prescription, sunglasses, fashion and sports eyewear sectors. Present in the international market through exclusive distributors and 30 subsidiaries in primary markets (U.S.A., Europe and Far East). The main proprietary branded collections distributed are: Safilo, Carrera, Smith Optics, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS Black, BOSS Orange, 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., Nine West, Pierre Cardin, Saks Fifth Avenue, Tommy Hilfiger, Valentino, Yves Saint Laurent.

This press release is also available on the website [www.safilo.com](http://www.safilo.com).

*For further information:*

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