Press Release

The Board of Directors of Safilo Group approves the company's results at 30th September 2007

GROWTH OF CONSOLIDATED TURNOVER (904 MILLION EURO, +7.1%) AND NET PROFIT (39 MILLION EURO, +33.1%) IN THE FIRST NINE MONTHS OF 2007 COMPARED TO THE SAME PERIOD OF 2006

- ***Net sales in the first nine months of 2007 at 903.9 million Euro, +7.1% (+11.0% at constant exchange rates)***
- ***EBITDA in the first nine months of 2007 at 130.2 million Euro, +1.6% (equal to 14.4% of sales)***
- ***Operating Profit in the first nine months of 2007 at 101.6 million Euro, +0.7% (equal to 11.2% of sales)***
- ***Net Profit in the first nine months of 2007 at 38.7 million Euro, +33.1% (equal to 4.3% of sales)***
- ***Net financial position in the first nine months of 2007 equal to 522.9 million Euro (531.8 million Euro at the end of 2006)***
- ***Of little relevance the comparison between the third quarter 2007 and the third quarter of 2006***

Padova, 6th November 2007, 12.00pm – The Board of Directors of SAFILO GROUP S.p.A. today reviewed and approved the results at 30th September 2007 which confirm the positive growth of both turnover and net profit in the first nine months of the year.

As widely expected, the comparative performance of the third quarter of 2007 was affected by the unusual level of deliveries which took place in the same period of 2006. The third quarter of 2006 in fact benefited from turnover which was related to orders placed but not shipped due to production capacity constraints during the first half of the year.
This phenomenon therefore renders the comparison of the two quarters of little relevance.

"I believe it is appropriate to focus attention on the results of the first nine months of the year for the important signs they highlight– stated Vittorio Tabacchi, Chairman of Safilo Group – The brands which are of strategic importance have achieved results which are more than positive, and the new licenses, Marc by Marc Jacobs, Hugo Boss, and A/X Armani Exchange, have already obtained excellent performances. Balenciaga, Max&Co and Banana Republic, currently being presented, are being very positively received and we expect the same reception for Jimmy Choo, whose first collection will be on the market at the beginning of 2008.
In the first nine months of the year – continued the Chairman - the Group registered positive performances in all markets, with Asia achieving strong growth rates, closely followed by Europe. Even the American market, considering the unfavourable exchange rate, registered notable results."

Consolidated Income Statement

Key Operating data of Safilo Group

(in millions of euro)	9 Month 2007	9 Month 2006	% Change	3 Quarter 07	3 Quarter 06	% Change
Net sales	903,9	843,6	+7.1%	236.1	238.2	-0.9%
Gross profit	532.1	508.7	+4.6%	138.6	143.8	-3.6%
%	58.9%	60.3%		58.7%	60.4%	
Ebitda	130.2	128.1	+1.6%	29.7	33.4	-11.3%
%	14.4%	15.2%		12.5%	14.0%	
Operating profit	101.6	100.9	+0.7%	20.4	24.4	-16.2%
%	11.2%	11.9%		8.7%	10.3%	
Net profit attrib. to the Group	38.7	29.1	+33.1%	5.4	7.3	-25%
%	4.3%	3.4%		2.3%	3.1%	

The net sales of Safilo Group in the first nine months of the year registered an increase of 7.1%, (+11.0% at constant exchange rates), reaching 903.9 million Euro compared to the 843.6 million of the same period of the previous year.
The comparative analysis of the third quarter data is significantly penalised by the unusual division of deliveries during the course of 2006, weaker in the first half of the year, especially towards European markets, as a result of certain production capacity constraints which were then overcome with the start of the third quarter. For this reason the turnover of the quarter when compared with the same period of the previous year registered a slight reduction to 236.1 million Euro (-0.9%; +3.0% at constant exchange rates).
In the first nine months of the year, the performance of all markets was positive, with Asia registering the highest growth rate, +16.5% (+27.3% at constant exchange rates), followed closely by Europe which grew by 15.2% compared to the same period of the previous year.
At constant exchange rates even America achieved a notable growth of 6.7% (-0.9% at current exchange rates), thanks to the contribution of the new licenses, which in the last quarter more than replaced the brand whose license was not renewed in 2006, and to the further development of the retail channel.
Net sales by product in the first nine months of the year highlighted a balanced growth between prescription frames and sunglasses.

In general terms the first nine months of 2007 have been characterised by the following factors:
- the positive results obtained by the strategic brands and the more than satisfactory contribution of the new licenses;
- the important performance of the house brands which is in line with the Group’s re-launch strategy and is supported by more focused and targeted marketing activities;
- the greater contribution from the retail channel, which ended the first nine months of 2007 with 107 directly managed Solstice stores in the United States and 64 Loop stores in Spain (the chain was purchased at the end of 2006);
- the unfavourable trend of exchange rates (in particular the US Dollar);
- quarterly comparisons not always relevant.

This press release uses some ‘alternative performance indicators’ not foreseen by the IFRS-EU accounting standards (EBITDA, Net Financial Position, 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 3rd November 2005.

Gross profit in the first nine months of 2007 reached 532.1 million Euro against 508.7 million Euro in the same period of 2006, registering an increase of 4.6% and a margin on sales of 58.9% (60.3% in the first nine months of 2006).
Gross profit in the third quarter 2007 declined by 3.6% compared to the same period last year, reaching 58.7% of sales against 60.4% in the third quarter 2006. The greater proportion of sales deriving from the American market, currently less profitable owing to the persistent devaluation of the dollar, contributed to this result.

Operating profit in the first nine months of 2007 was equal to 101.6 million Euro, largely in line with the value registered for the same period of the previous year, while in the third quarter operating profit fell from 24.4 million Euro to 20.4 million Euro.
The reduction of operating profitability, due above all to the factors described above regarding gross profit, was also affected by the continued development of the retail channel and the consequent increase of sales, general and administrative costs; in contrast such costs were contained in the wholesale business.

Ebitda registered an increase in the first nine months of 1.6% reaching 130.2 million Euro compared to the 128.1 million Euro of the same period of 2006, with a margin on sales of 14.4% (15.2% in the first nine months of 2006).
In the third quarter of 2007, Ebitda reached 29.7 million Euro with an incidence on income of 12.5% compared to 14.0% in the same period of 2006.

Net profit attributable to the Group in the first nine months of 2007 was 38.7 million Euro compared to 29.1 in the first nine months of 2006, with an increase of 33.1% due to the significant reduction of net financial costs which in the first nine months of 2006 were weighed down by the non-recurring costs related to the re-negotiation of the Senior Loan. The tax rate for the period fell to 39.0% compared to 43.0% in the same period of 2006.
Net profit in the third quarter was equal to 5.4 million Euro compared to 7.3 million Euro in the same period of 2006, with an incidence on income which fell to 2.3% from 3.1%. The financial costs of the quarter were largely unvaried despite the general increase in interest rates, while the incidence of fiscal charges remained in line with the previous quarters of the year, at around 40% (47% in the third quarter of 2006).

Consolidated Balance Sheet

Key Financial data of Safilo Group

(in millions of Euro)	9 Month 2007	2006	Var.	9 Month 2006
Net working capital	387.3	362.3	25.0	370.0
Tangible and intangible fixed assets	1,000.1	1,029.1	(29.0)	1,011.7
Financial fixed assets	14.1	16.0	(1.9)	19.5
Other assets/(liabilities)	(28.1)	(31.4)	3.3	(35.7)
Net Capital employed	1,373.4	1,376.0	(2.6)	1,365.5
Net financial position	522.9	531.8	(8.9)	512.0
Minority interests	7.1	5.4	1.7	5.4
Group shareholders' equity	843.4	838.8	4.6	848.1

Net working capital reported a slight increase compared to the position at 30th September 2006, thereby reducing its incidence on turnover as a result of the following factors:

- The lower incidence of trade receivables due to substantially stable payment conditions and to the greater incidence of retail sales;
- The more controlled growth of stock, following the increase in inventory initiated in the third quarter of 2006 with the aim of providing an improved customer service;
- The slight reduction of trade payables.

Net financial position fell to 522.9 million Euro compared to the 531.8 million Euro at 31st December 2006, highlighting the first results of the activities undertaken to maximize cash generation.

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Consolidated Cash Flow

Key Cash flow data of Safilo Group

(in millions of Euro)	9 Month 2007	9 Month 2006
Cash flow from operating activities before changes in working capital	81.5	85.6
Changes in working capital	(46.7)	(87.0)
Cash flow from (for) operating activities	34.8	(1.4)
Cash flow from (for) investment activities	(31.1)	(21.3)
Free Cash Flow	3.7	(22.7)

Cash flow from operating activities increased in the first nine months of 2007 to 34.8 million Euro compared to the slight cash absorption registered in the same period of 2006, benefiting above all from the improved working capital management and from the higher net income of the period.
In the first nine months of 2007, **Free Cash Flow** was equal to 3.7 million Euro compared to an absorption of 22.7 million in the corresponding period of the previous year, and despite the greater investments of the period, necessary above all for the opening of new Solstice stores and the normal replacement of production machinery and equipment.

Outlook for the year

On the basis of the orders collected to date and the assumptions previously provided, the company believes that its full year estimates remain achievable.

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 the consolidated quarterly report at 30th September 2007 corresponds to the results documented in the books, accounting and other records of the company.

This press release uses some 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net Financial Position, 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 3rd November 2005.

Disclaimer

This document contains forward-looking statements, in particular in the Management Expectations section, 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.

Conference Call

At 3.00pm CET, 9:00am EST today a conference call will be held with the financial community during which the Group's economic and financial results will be discussed.
It is possible to connect to the call by dialling the following number: +39 02 802 09 11 and to listen to the playback by dialling the number +39 02 806 137 80 (access code: 749#).

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 on the international market through exclusive distributors and 30 subsidiaries in primary markets (U.S.A., Europe and Far East), Safilo distributes proprietary branded collections Safilo, Carrera, Smith, Oxydo, Blue Bay, as well as licensed branded collections, including Alexander McQueen, Balenciaga, Bottega Veneta, Boss by Hugo Boss, Boucheron, Diesel, 55DSL, Dior, Emporio Armani, Giorgio Armani, Gucci, Hugo by Hugo Boss, Imatra, Jimmy Choo, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Oliver, Pierre Cardin, Stella McCartney, Valentino and Yves Saint Laurent. In addition, the following collections are exclusively for the American market: Fossil, Juicy Couture, Nine West, Kate Spade, Saks Fifth Avenue, Liz Claiborne, J.Lo by Jennifer Lopez, A/X Armani Exchange and Banana Republic.

This press release is also available in the website www.safilo.com

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Consolidated statement of operations

(Euro/000)	First nine months 2007	2006	Change %	3rd quarter 2007	2006	Change %
Net sales	903,886	843,601	7.1%	236,074	238,196	-0.9%
Cost of sales	(371,804)	(334,858)	11.0%	(97,482)	(94,412)	3.3%
Gross profit	**532,082**	**508,743**	**4.6%**	**138,592**	**143,784**	**-3.6%**
Selling and marketing expenses	(336,201)	(316,111)	6.4%	(93,596)	(92,513)	1.2%
General and administrative expenses	(94,114)	(92,647)	1.6%	(24,515)	(26,278)	-6.7%
Other op. income and (expenses), net	(167)	870	n.s.	(46)	(607)	-92.4%
Operating profit	**101,600**	**100,855**	**0.7%**	**20,435**	**24,386**	**-16.2%**
Share of income (loss) of associates	250	398	-37.2%	26	422	-93.8%
Interest expense and other financial charges, net	(32,834)	(36,972)	-11.2%	(10,232)	(10,142)	0.9%
Non-recurring financial charges, net	-	(9,282)	n.s.	-	-	n.s.
Profit before taxation	**69,016**	**54,999**	**25.5%**	**10,229**	**14,666**	**-30.3%**
Income taxes	(26,976)	(23,610)	14.3%	(4,070)	(6,934)	-41.3%
Net profit	**42,040**	**31,389**	**33.9%**	**6,159**	**7,732**	**-20.3%**
Net profit attributable to minority interests	3,314	2,283	45.2%	733	455	61.1%
Net profit attributable to the Group	**38,726**	**29,106**	**33.1%**	**5,426**	**7,277**	**-25.4%**
Basic EPS (Euro)	0.14	0.10		0.02	0.02	
Diluted EPS (Euro)	0.14	0.10		0.02	0.02	

Consolidated balance sheet

(Euro/000)	30/09/2007	31/12/2006
ASSETS		
Current assets		
Cash in hand and at banks	50,220	43,433
Trade receivables, net	290,045	319,517
Inventory, net	273,546	271,573
Derivative financial instruments	35	1,597
Other current assets	59,349	46,564
Total current assets	**673,195**	**682,684**
Non-current assets		
Tangible fixed assets	200,847	201,951
Intangible fixed assets	22,918	22,274
Goodwill	776,351	804,911
Investments in associates	11,822	12,535
Financial assets available-for-sale	2,237	3,472
Deferred tax assets	77,495	81,886
Derivative financial instruments	1,656	1,921
Other non-current assets	5,664	1,974
Total non-current assets	**1,098,990**	**1,130,924**
Total assets	**1,772,185**	**1,813,608**
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	136,857	99,677
Trade payables	176,223	228,802
Tax payables	24,910	20,716
Other current liabilities	77,847	72,833
Provisions for risks and charges	1,629	828
Total current liabilities	**417,466**	**422,856**
Non-current liabilities		
Long-term borrowings	436,268	475,583
Employee benefit liability	38,851	40,952
Provisions for risks and charges	10,764	10,478
Deferred tax liabilities	13,292	13,082
Derivative financial instruments	414	1,336
Other non-current liabilities	4,630	5,171
Total non-current liabilities	**504,219**	**546,602**
Total liabilities	**921,685**	**969,458**
Equity		
Share capital	71,349	70,843
Share premium reserve	747,471	751,276
Retained earnings and other reserves	(13,970)	(22,684)
Fair value and cash flow reserves	(199)	1,859
Profit attributable to the Group	38,726	37,467
Group shareholders' equity	**843,377**	**838,761**
Minority interests	**7,123**	**5,389**
Total shareholders' equity	**850,500**	**844,150**
Total liabilities and equity	**1,772,185**	**1,813,608**

Consolidated statement of cash flow

(Euro/000)	Nine months 2007	Nine months 2006
A - Opening net cash and cash equivalents (net financial indebtness - short term)	**6,989**	**44,546**
B - Cash flow from (for) operating activities		
Net profit for the period (including minority interests)	42,040	31,389
Amortization & depreciation	28,558	27,252
Stock option	418	443
Share income (loss) on equity investments	(151)	66
Net movements in the employee benefit liability	(2,069)	4,360
Net movements in other provisions	1,096	740
Interest expenses	28,764	39,692
Income taxes	26,976	23,610
Income from operating activities prior to movements in net working capital	**125,632**	**127,552**
(Increase) Decrease in trade and other current receivables	5,442	(32,739)
(Increase) Decrease in inventory, net	(7,992)	(41,754)
Increase (Decrease) in trade and other current payables	(44,155)	(12,520)
Interest expenses paid	(23,575)	(21,834)
Income taxes paid	(20,523)	(20,104)
Total (B)	**34,829**	**(1,399)**
C - Cash flow from (for) investing activities		
Purchase of tangible fixed assets (net of disposals)	(26,556)	(20,091)
Disposal of investments in associates and financial assets	-	557
Purchase of intangible fixed assets	(4,549)	(1,751)
Total (C)	**(31,105)**	**(21,285)**
D - Cash flow from (for) financing activities		
Proceeds from borrowings	17,736	302,637
Repayment of borrowings	(47,164)	(316,105)
Share capital increase	6,245	-
Dividends distribution to minority shareholders	(7,204)	(1,872)
Total (D)	**(30,387)**	**(15,340)**
E - Cash flow for the period (B+C+D)	**(26,663)**	**(38,024)**
Translation exchange difference	(3)	1,027
Total (F)	**(3)**	**1,027**
G - Closing net cash and cash equivalents (net financial indebtness - short term) (A+E+F)	**(19,677)**	**7,549**

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 financial position 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.