



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A.
APPROVES THE RESULTS OF THE FIRST HALF 2009**

Main results for the first half 2009:

- **Net sales at 562.1 million Euro**
- **EBITDA from ordinary activities at 51.5 million Euro, 9.2% margin on sales**
- **Net Financial Position at 592.1 million Euro**

Padova, 4th August 2009 - The Board of Directors of Safilo Group S.p.A. today approved the results for the first half 2009 and mandated the Chief Executive Officer, Roberto Vedovotto, to continue to implement all the initiatives to strengthen the Group's capital structure, in line with the Group's industrial strategy and with the support of all the stakeholders of the Group.

As discussions with financial investors have been terminated, the Group will continue to focus on its core business, carrying out all the necessary actions to further improve its operating performance, fully supported by its lending banks.

General market conditions remain challenging, and the contraction of sales in the high-end sunglasses segment persisted in the second quarter of 2009. Sales of prescription frames, despite registering a contraction, have however shown to be less sensitive to the continuation of the global economic crisis.

The collections of the house brand Carrera have performed beyond even the best expectations, and during the quarter have further accelerated their growth and gained additional market shares.

The American market, given its greater exposure to prescription products and to a product mix capable of reaching a wider consumer base, remained stable, while the performance registered in the semester in the European and Asian markets was weak. The retail channel registered a slight improvement, while the wholesale business experienced a contraction in line with the first quarter.

The results of the second quarter and the first half of 2009 have been impacted by non recurring items for a total of 128.1 million Euro, relating to the Group's industrial reorganisation and to the write-down of goodwill related to single Cash Generating Units.

"In line with our expectations, the second quarter of 2009 confirmed the end consumer's move towards more "accessible" products", stated Roberto Vedovotto, Chief Executive Officer of Safilo.

"In this contest, the slight improvement in the operating performance and the limited decline in sales compared to the first half of 2008, must represent a stimulus to reach the goals that we have set ourselves, also through the ongoing implementation of all the projects related to the production processes, commercial organisation, relationship with our clients and competitive positioning of our products." concluded Roberto Vedovotto.

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.

Consolidated Income Statement

Key Operating data of Safilo Group						
(in millions of euro)	1 Hast 2009	1 Hast 2008	% Change	Q2 2009	Q2 2008	% Change
Net sales	562.1	637.0	-11.7%	274.2	311.0	-11.8%
Gross profit	331.2	373.0	-11.2%	156.6	180.1	-13.0%
%	58.9%	58.6%		57.1%	57.9%	
EBITDA	44.1	85.2	-48.2%	13.9	38.5	-63.9%
%	7.8%	13.4%		5.1%	12.4%	
<i>EBITDA from ordinary activities *</i>	51.5	85.2	-39.5%	21.3	38.5	-44.6%
%	9.2%	13.4%		7.8%	12.4%	
Operating profit/(loss)	(98.8)	65.1	n.s.	(118.0)	28.2	n.s.
%	-17.6%	10.2%		-43.0%	9.1%	
<i>Operating profit/(loss) from ordinary activities **</i>	29.3	65.1	-55.0%	10.2	28.2	-64.0%
%	5.2%	10.2%		3.7%	9.1%	
Net profit/(loss) attrib. to the Group	(136.0)	21.1	n.s.	(137.7)	7.9	n.s.
%	-24.2%	3.3%		-50.2%	2.5%	
<i>Net profit/(loss) attrib. to the Group, from ordinary activities **</i>	(7.9)	21.1	n.s.	(9.6)	7.9	n.s.
%	-1.4%	3.3%		-3.5%	2.5%	

* before the provision of 7.4 million euro for non recurring costs related to the industrial reorganisation plan

** before the provision of 7,4 million euro and the goodwill write down of 120.7 million euro

Net Sales of Safilo Group, in the first six months of 2009, reached 562.1 million Euro, down by 11.7% compared to the 637.0 million Euro registered in the first half of 2008.

At constant exchange rates, net sales registered a decrease of 15.4%.

In the second quarter, Safilo recorded revenues for 274.2 million Euro, a decrease of 11.8% compared to the same period of 2008. At constant exchange rates, the slowdown in the second quarter was equal to 15.7%.

In the geographical breakdown, America continues to be the area which has recorded the least fall in sales compared to the previous year. The market experienced in the first six months a slight contraction at current exchange rates of 1.5% (-11.2% at constant exchange rates), while in the second quarter of 2009 sales in the area were in line with the same period of the previous year (-0,2% at current exchange rates, -10.0% at constant exchange rates). This performance can be explained by the lesser penetration, in this area, of sunglasses, and by a product offer oriented towards more accessible price ranges. As in the preceding quarter, sales in department stores and in the large retail chains were weak, while the sales performance of the independent opticians, normally used by the American consumers for the purchase of prescription frames, was satisfactory.

The European market closed the first semester with a fall of 19.5%, recording a decrease of 17.8% in the course of the second quarter. The slowdown of sales in the area, due above all to the greater penetration of sunglass collections belonging to brands positioned in the highest price range, evened out, although different variations were still evident at a single country level.

The further acceleration in growth of the house brand Carrera in the second quarter of 2009 is worthy of note, confirming Carrera as one of the reference brands for the younger consumer.

The performance in Asia, which decreased by 10.3% at current exchange rates in the first semester, (-18.8% at constant exchange rates), registered a slowdown during the course of the second quarter of 2009(-16.8% at current exchange rates, -24.8% at constant exchange rates) due to the deterioration of the Japanese market and the duty free business. During the period other important countries also suffered a further slowdown and among these, China in particular.

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Performance by distribution channel. In the first half of 2009 the wholesale turnover reached 507.7 million Euro, compared to the 584.0 million Euro of the first half of 2008, highlighting a contraction in the channel of 13.1% at current exchange rates (-16.8% at constant exchange rates). In the second quarter of 2009, the wholesale turnover reached 245.2 million Euro compared to the 282.6 million Euro of the second quarter of 2008. The decrease in the channel in the quarter was equal to 13.2% at current exchange rates (-17.1% at constant exchange rates), confirming the market and product factors already mentioned.

The retail business, which at June 2009 counted 327 directly operated stores (283 stores in June 2008), recorded, in the first half 2009, a growth of 2.6% at current exchange rates (+0.6% at constant exchange rates).

In the second quarter of 2009, the retail channel grew by 2.1% at current exchange rates (-1.8% at constant exchange rates).

The result of the directly operated channel was penalised by the negative performance of those stores open for at least a year, and by the difficult market conditions, in particular in Mexico.

The improvement of the **Gross Profit** which, in the first half of 2009 reached 58.9% of sales at 331.2 million Euro, compared to 58.6% registered in the first half 2008 (373.0 million Euro), is the result of the new development and industrialization processes for the collections, and the lower costs relating to obsolete products, achieved thanks to the policy employed by the Group for those collections with a slower inventory turnover.

In the second quarter of 2009, the Profit decreased slightly compared to the corresponding period of 2008, reaching 57.1% of sales (57.9% in the second quarter of 2008). The result was affected by the lower production efficiency registered in the production sites during the transition process given the reduction in the production capacity.

With regards to selling, administrative and general costs, the greater incidence of costs in the first half of 2009 was due to the new openings in the retail channel and the negative performance recorded by the directly operated stores open for more than a year.

The greater incidence on sales of advertising and marketing expenses can be attributed to the guaranteed marketing and advertising commitments for licensed brands which are based on the previous year's sales and to the numerous activities related to the brand Carrera.

The agreement reached with the trade unions regarding the resizing of production capacity in Italy and Slovenia, which involves around 750 people, led to the definition of an incentives plan and unemployment benefits for the workers for a value of 7.4 million Euro, the full amount being set aside in the first semester 2009.

EBITDA from ordinary activities (gross of the provision for non-recurring costs) in the first half of 2009 was equal to 51.5 million Euro compared to 85.2 million Euro registered in the first half of 2008. The gross operating margin reached 9.2% of sales compared to 13.4% during the same period of the previous year.

In the second quarter of 2009, EBITDA from ordinary activities was equal to 21.3 million Euro (7.8% of sales) compared to the 38.5 million Euro registered in the second quarter of 2008 (12.4% of sales).

In consideration of the evolution of market conditions, the Group considered it appropriate to carry out a complete impairment test on its goodwill value, to coincide also with the half year results. This test takes into consideration both the evolution of the market in which the company is operating, also in the light of results already illustrated, and the increase of the risk rates and "g" growth rates, consistent with the persistent world crisis. All these factors put together, applied to the single Cash Generating Units, suggest writing down the value of goodwill to Euro 120.7 million (equal to 14.9% of the total value of the goodwill), of which about a third is the direct result of the trend of the above risk rates.

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Operating profit (EBIT) from ordinary activities (gross of the provision for non-recurring costs and the goodwill write down), in the first half of 2009, was equal to 29.3 million Euro compared to 65.1 million Euro of the first half of 2008. The operating profitability reached 5.2% of sales compared to 10.2% in the same period of the previous year.

In the second quarter of 2009, the operating profit (EBIT) from ordinary activities was equal to 10.2 million Euro (3.7% of sales) compared to 28.2 million Euro registered in the second quarter of 2008 (9.1% of sales).

The Group's net result from ordinary activities (gross of the provision for non-recurring costs and the goodwill write down), in the first half of 2009 was minus 7.9 million Euro compared to the net profit of 21.1 million Euro in the first half of 2008.

In the second quarter of 2009, the net loss from ordinary activities was equal to 9.6 million Euro compared to the net profit of 7.9 million Euro registered in the second quarter of 2008.

The net result of the period was affected by the lower incidence of the net financial costs, following the greater incidence of positive exchange rate differences, while income tax, equal to 13.4 million Euro in the semester, negatively affected the result due to the non accrual of deferred tax assets.

Consolidated Balance Sheet

Key Cash flow data of Safilo Group		
(in millions of Euro)	1 Half 2009	1 Half 2008
Cash flow from operating activities before changes in working capital	14.1	42.0
Changes in working capital	(13.2)	13.0
Cash flow from (for) operating activities	0.9	55.0
Cash flow from (for) investment activities	(19.5)	(57.4)
Free Cash Flow	(18.6)	(2.4)

The Free Cash Flow relating to the first half of 2009 registered a cash absorption of 18.6 million Euro, compared to a cash absorption of 2.4 million Euro in the first half of 2008.

This result was due to the greater absorption of operating resources owing to the lower net result and an increase of the working capital in the component relating to trade payables in the first quarter of the year. Cash flow for investments in the first half of 2009, amounting to 19.5 million Euro, fell compared to the 57.4 million Euro recorded in the first half of 2008. The cash flow in the period concerned, above all, the investments allocated for the renewal and improvement of the production sites and the completion of the new production site in China.

The Net Financial Position reached, at the end of June 2009, 592.1 million Euro, was an improvement compared to the 617.7 million Euro registered at the end of March 2009. The increase compared to 570.0 million Euro at 31 December 2008, is instead due to the normal cyclical nature of the business.

Outlook for the year

The volatility of the current market demand suggests the management should provide only quarterly updates.

Press release

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 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.

Conference Call

At 6.30pm CET today a conference call will be held with the financial community during which the results of the first half 2009 will be reviewed.

It is possible to connect to the call by dialling the following number: +39 02 36269665 or +44 203 0379162 (for journalists: +39 02 36009085) and to listen to the playback by dialling the number +39 02 36008100 or +44 208 1961998 (access code: 6670820#). The conference call can also be followed with the webcast on the site www.safilo.com/en/investors.html.

The presentation is available and may be downloaded from the company website in the Presentations section.

Financial statement as of June 30th, 2009

Please note that before the end of the day, the half-yearly financial report as of June 30th, 2009 - containing the simplified half-year statements, interim directors' report and the declaration pursuant to article 154-bis subsection 5 of 'T.U.F.' (Testo Unico sulla Finanza or Italy's Financial Markets Consolidation Act) – will be made available to the public at the company's registered offices and the offices of Borsa Italiana S.p.A.; the report will be published on the company's internet website, at the address www.safilo.com/en/investors.html. Furthermore, the Auditors' report and any eventual observations made by the Board of Statutory Auditors will be made available to the public in the same way, as soon as they are available and in accordance with the law.

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Press release

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 39 subsidiaries in primary markets (U.S.A., Europe and Far East). The main proprietary branded collections distributed are: Safilo, Carrera, Smith, Oxydo, Blue Bay, and the licensed branded collections are: Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, Bottega Veneta, BOSS by Hugo Boss, Diesel, 55DSL, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO by Hugo Boss, 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, Valentino, Yves Saint Laurent.

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

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Säfilo Group S.p.A.

Consolidated statement of operations

(Euro/000)	Six months ended June 30,			2nd quarter		
	2009	2008	Change %	2009	2008	Change %
Net sales	562,141	636,960	-11.7%	274,232	310,940	-11.8%
Cost of sales	(230,990)	(263,962)	-12.5%	(117,659)	(130,882)	-10.1%
Gross profit	331,151	372,998	-11.2%	156,573	180,058	-13.0%
Selling and marketing expenses	(234,898)	(242,952)	-3.3%	(112,251)	(120,931)	-7.2%
General and administrative expenses	(67,545)	(64,692)	4.4%	(34,832)	(30,689)	13.5%
Other op. income and (expenses), net	560	(262)	n.s.	667	(226)	n.s.
Restructuring cost non recurring	(7,422)	-	n.s.	(7,422)	-	n.s.
Impairment loss on goodwill	(120,695)	-	n.s.	(120,695)	-	n.s.
Operating profit (loss)	(98,849)	65,092	n.s.	(117,960)	28,212	n.s.
Share of income (loss) of associates	(361)	75	n.s.	(396)	37	n.s.
Interest expense and other financial charges, net	(22,581)	(26,547)	-14.9%	(8,136)	(12,876)	-36.8%
Profit (loss) before taxation	(121,791)	38,620	n.s.	(126,492)	15,373	n.s.
Income taxes	(13,384)	(15,650)	-14.5%	(10,818)	(6,927)	56.2%
Net profit (loss)	(135,175)	22,970	n.s.	(137,310)	8,446	n.s.
Net profit attributable to minority interests	840	1,904	-55.9%	419	586	-28.5%
Net profit (loss) attributable to the Group	(136,015)	21,066	n.s.	(137,729)	7,860	n.s.
EBITDA	44,064	85,153	-48.2%	13,880	38,455	-63.9%
Basic EPS (Euro)	(0.48)	0.07		(0.48)	0.03	
Diluted EPS (Euro)	(0.48)	0.07		(0.48)	0.03	

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Säfilo Group S.p.A.

Consolidated net sales

Net sales by geographical region <i>(Euro in millions)</i>	Six months ended June 30,					Second Quarter				
	2009	%	2008	%	Change%	2009	%	2008	%	Change%
Europe	256.9	45.7	319.3	50.1	-19.5	125.2	45.7	152.3	49.0	-17.8
The Americas	216.2	38.5	219.6	34.5	-1.5	106.2	38.7	106.4	34.2	-0.2
Asia	73.7	13.1	82.2	12.9	-10.3	36.6	13.3	44.0	14.1	-16.8
Other	15.3	2.7	15.9	2.5	-3.8	6.2	2.3	8.3	2.7	-25.3
Total	562.1	100.0	637.0	100.0	-11.7	274.2	100.0	311.0	100.0	-11.8

Net sales by product <i>(Euro in millions)</i>	Six months ended June 30,					Second Quarter				
	2009	%	2008	%	Change%	2009	%	2008	%	Change%
Prescription frames	214.5	38.1	231.9	36.4	-7.5	105.3	38.4	113.5	36.5	-7.2
Sunglasses	320.9	57.1	370.3	58.1	-13.3	158.4	57.8	183.2	58.9	-13.5
Sport products	17.3	3.1	22.5	3.5	-23.1	5.8	2.1	7.9	2.5	-26.6
Other	9.4	1.7	12.3	2.0	-23.6	4.7	1.7	6.4	2.1	-26.6
Total	562.1	100.0	637.0	100.0	-11.7	274.2	100.0	311.0	100.0	-11.8

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Sàfilo Group S.p.A.

Consolidated balance sheet

(Euro/000)	6/30/2009	12/31/2008	Change
ASSETS			
Current assets			
Cash in hand and at banks	47,891	53,653	(5,762)
Trade receivables, net	307,370	301,562	5,808
Inventory, net	233,041	272,102	(39,061)
Derivative financial instruments	-	772	(772)
Other current assets	48,565	50,703	(2,138)
Total current assets	636,867	678,792	(41,925)
Non-current assets			
Tangible fixed assets	226,666	228,758	(2,092)
Intangible fixed assets	21,519	22,725	(1,206)
Goodwill	688,057	807,209	(119,152)
Investments in associates	11,773	12,298	(525)
Financial assets available-for-sale	810	861	(51)
Deferred tax assets	53,248	53,434	(186)
Derivative financial instruments	341	455	(114)
Other non-current assets	11,062	12,838	(1,776)
Total non-current assets	1,013,476	1,138,578	(125,102)
Total assets	1,650,343	1,817,370	(167,027)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	167,620	162,645	4,975
Trade payables	157,866	205,363	(47,497)
Tax payables	22,214	22,587	(373)
Derivative financial instruments	281	-	281
Other current liabilities	68,521	76,437	(7,916)
Provisions for risks and charges	1,296	1,053	243
Total current liabilities	417,798	468,085	(50,287)
Non-current liabilities			
Long-term borrowings	472,415	461,084	11,331
Employee benefit liability	43,771	42,075	1,696
Provisions for risks and charges	20,230	13,263	6,967
Deferred tax liabilities	5,089	5,184	(95)
Derivative financial instruments	6,716	5,740	976
Other non-current liabilities	17,129	17,662	(533)
Total non-current liabilities	565,350	545,008	20,342
Total liabilities	983,148	1,013,093	(29,945)
Equity			
Share capital	71,349	71,349	-
Share premium reserve	747,471	747,471	-
Losses carried forward and other reserves	(16,200)	7,980	(24,180)
Fair value and cash flow reserves	(8,297)	(7,620)	(677)
Profit attributable to the Group	(136,015)	(23,315)	(112,700)
Group shareholders' equity	658,308	795,865	(137,557)
Minority interests	8,887	8,412	475
Total shareholders' equity	667,195	804,277	(137,082)
Total liabilities and equity	1,650,343	1,817,370	(167,027)

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Sàfilo Group S.p.A.

Consolidated statement of cash flow

<i>(Euro/000)</i>	1 st semester 2009	1st semester 2008
A - Opening net cash and cash equivalents (net financial indebttness - short term)	(20,442)	(28,469)
B - Cash flow from (for) operating activities		
Net profit for the period (including minority interests)	(135,175)	22,970
Amortization & depreciation	22,219	20,061
Impairment loss on goodwill	120,695	-
Stock option	-	279
Share (income) loss on equity investments	361	(75)
Net movements in the employee benefit liability	1,773	1,672
Net movements in other provisions	7,212	148
Interest expenses	21,375	20,889
Income taxes	13,384	15,650
Income from operating activities prior to movements in net working capital	51,844	81,594
(Increase) Decrease in trade and other current receivables	979	(28,051)
(Increase) Decrease in inventory, net	39,617	34,861
Increase (Decrease) in trade and other current payables	(53,784)	6,180
Interest expenses paid	(24,378)	(18,643)
Income taxes paid	(13,336)	(20,961)
Total (B)	942	54,980
C - Cash flow from (for) investing activities		
Purchase of tangible fixed assets (net of disposals)	(17,321)	(28,706)
Business unit acquisition (net of cash and cash equivalents acquired)	-	(26,344)
(Acquisition) Disposal of investments in associates and financial assets	100	78
Purchase of intangible fixed assets	(2,257)	(2,475)
Total (C)	(19,478)	(57,447)
D - Cash flow from (for) financing activities		
Proceeds from borrowings	34,941	61,261
Repayment of borrowings	(1,266)	(17,819)
Share capital increase	-	-
Dividends distribution	(1,445)	(25,852)
Total (D)	32,230	17,590
E - Cash flow for the period (B+C+D)	13,694	15,123
Translation exchange difference	(3,520)	(1,412)
Total (F)	(3,520)	(1,412)
G - Closing net cash and cash equivalents (net financial indebttness - short term) (A+E+F)	(10,268)	(14,758)

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