KEY FIGURES

- Group revenues at Euro **1,178.7** million in 2014;
- EBITDA at Euro **118.4** million (2014);
- Group net profit at Euro **44.5** million (2014);
- Net financial position / Adjusted EBITDA at 1.4x;
- **8,000** employees all over the world;
- **Corporate Steering Team** (CEO, CFO, GSCO Group Supply Chain Officer, LBO License Brand Officer, PBO Proprietary Brand Officer, GCO Global Commercial Officer), 50% of international managers;
- **Global Leadership Team (GLT)**, 18 managers from 9 different countries, 8 spoken languages, 10 Italians and 8 international;
- **Extended Global Leadership Team (EGLT)**: Global Leadership Team + 100 key managers from all over the world, 28% female, 45% international;
- **7** plants: three in Italy (Longarone (BL), Santa Maria di Sala (VE) & Martignacco (UD)), Ormoz in Slovenia, Vale in Scotland (Polaroid lenses), Salt Lake City in the US, and Suzhou in China;
- **4** main distribution centers: Padova, Parsippany (New Jersey, USA), Denver (Colorado, USA), Hong Kong;
- Safilo’s products sold in over **130** countries worldwide;
- **31** owned subsidiaries and **170** independent distributors;
- **90,000** stores (opticians, optometrists, ophthalmologists, distribution chains, department stores and specialized retailers
Safilo - listed on the Italian Stock Exchange - ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI - 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 a superior craftsmanship expertise dating back to 1878.

Safilo’s portfolio encompasses proprietary brands – Carrera, Polaroid, Smith, Safilo and Oxydo – and licensed brands Dior, Fendi, Gucci, Alexander McQueen, Banana Republic, Bobbi Brown, BOSS, BOSS Orange, Bottega Veneta, Céline, Fossil, Givenchy, HUGO, J.Lo by Jennifer Lopez, Jack Spade, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Pierre Cardin, Saint Laurent, Saks Fifth Avenue and Tommy Hilfiger.

The Group has 7 directly owned plants, three in Italy and four abroad (Slovenia, Scotland, US and China). Safilo’s products are sold through 30 owned subsidiaries and local distributors in all the key markets (Europe, America and Asia), being present in more than 90,000 stores all over the world. Safilo’s products are distributed in over 130 countries worldwide through 4 main distribution centers (Padova, Parsippany, Denver, Hong Kong), and it has 8,000 employees all over the world.

Safilo is focused on creative abilities, quality product development and wholesale. The distribution model allows for full appreciation of the best quality product, together with a neutral distribution policy tailored to the needs of the brand.
STRATEGIES FOR THE FUTURE

Safilo Group’s business model is based on a portfolio of prestigious brands, production flexibility, the diversity of products offered, distribution capacity on an international scale and, most importantly, a strong focus on product quality.

Specifically, Safilo uses an integrated industrial model, which is therefore able to oversee the entire production-distribution supply chain: technical research and innovation, product design and development, production, marketing and communication, all the way up to sales and distribution. The worldwide distribution platform allows for a high degree of coverage of all principal international markets through wholesale distribution, which Safilo Group has chosen in order to make decisions only in accordance with the needs of each brand.

Safilo recently celebrated 80 years of company history and continual growth. For the occasion, alongside the presence of a new management team and new company organisation, Safilo launched new areas for sustainable development and a long-term vision, in order to position Safilo in a unique and differentiating way over time.

The guidelines are the search for simplification and equilibrium in all principal business sectors of the company.

One of Safilo’s main objectives is to have a balanced mix of proprietary and licensed brands, the company is looking to expand its portfolio of proprietary brands in order to increase the resulting turnover generated by these brands to around 40%. If the direct management of proprietary brands ensures bigger margins, then licensed brands allow for a larger portfolio, through different consumer and distribution segments. The right balance of proprietary and licensed brands allows for greater strategic independence.

Regarding geographical markets and customer segments, the objective is to diversify even more and look to expand into many other international markets, where growing economies are now moving their business.

The global eyewear market, in fact, confirms itself as an interesting market with strong growth predictions, from Euro 14 million in 2011 to Euro 21 million in 2020, following strong demographic growth and commercial expansion due to the varying use of frames.

Safilo, the second largest business, is well positioned in this market, with distribution in 130 countries, a global market share of 5.5%, production of approximately 35 million frames and a turnover of just under Euro 1.2 million in 2014.

Regarding segments, in addition to luxury fashion (today around 45/50% of sales), there is significant development potential in the areas of contemporary fashion, mass cool, outdoor sports inspired, and atelier.

At the moment the most dynamic segments, which can create great opportunities for Safilo, are mass cool and atelier. Mass cool is aimed at people who want to be fashionable but also look for value for money and intrinsic quality, and atelier targets an expert consumer who pays attention to
detail and performance, whilst at the same time searching for a frame with connotations of personality and personal style.

**MASTERING CAPABILITIES**

- ✓ Heritage
- ✓ Creative design studio
- ✓ The magic process
- ✓ School – apprenticeship
- ✓ Museum

**Heritage**
Throughout the years, Safilo has built a unique heritage in the creation, production and commercialisation of glasses with different characteristics - from optical frames to sunglasses, from products with high technical content to luxury frames, from sporty glasses to ski goggles. Today, the growth strategy foresees leveraging the skills acquired over time, technical knowledge and goodwill to millions of consumers throughout the world.

**Design is a window to the world**
Changes in style, consumers, growth trends on the world market and Safilo’s objective to become a global player have brought to life a network of designers, of different origins and a mix of styles, who work in 6 design studios: 2 in Padova (Fashion Luxury), 1 in Portland (Sports/Outdoor), 1 in Milan (Mass/Cool); 1 in NYC (Lifestyle), and 1 in Shanghai (coming soon). The designers’ varied origins bring suggestions from diverse markets and create a wealth of inspiration for different lines and styles of eyewear.

**The creation process**
The process of creation and production has been tested through years of experience and success. Trends conveyed by the design studios, together with market analysis and potential specific brand innovations, lead to the creation of model prototypes. The research and development areas then become involved, outlining a proposal for materials and processes with various positions involved – product developer who liaises with product design, product direction, and brand direction - this then leads to the selection of CAD drawings and a request for prototypes, which are then sent for approval. The approved prototypes pass to the industrialisation stage, where 3D CAD rendering is applied and operational (equipment) planning is carried out, this leads to the production of sales samples and the subsequent release of the first batch for production.

**Windows of the world on 5 continents**
Showrooms have been opened in prestigious locations – Milan, New York, London, Paris, Miami, Sao Paolo and Mexico City – for the presentation of products to clients, and to have their feedback after “touch and feel” sessions with the product. Just like the design studios, they intercept visible trends worn by different sectors of the population in different parts of the world. Showrooms allow for direct presentation to customers on all continents. In this way Safilo is always connected, end to end.
Creativity and quality: Safilo’s Product School
Creativity and quality are ensured through a continuous relationship based on savoir-faire and keeping up to date with trends and developments all over the world. The Safilo Product School, marking the occasion of Safilo’s 80th anniversary, was created with this in mind. It is an apprenticeship program in the art of creating eyewear, which goes back to the best of historical Italian tradition. The artisanal excellence of the product, placed at the centre of quality modern company management, integrated on a global scale, is key for Safilo, because made in Italy starts here, with training on the job, reviving the best traditions to face international challenges. Apprentices will be trained in product creation, from design to development, from prototyping to production, materials, quality, prices, and concept selling. The courses will be based on Safilo’s values – quality, durability, and timeless design – together with unique technical innovation, which has changed the history of the optical industry and which is present from the very beginning of collections made by the company.

Heritage to hand
The School will value the heritage of Calalzo di Cadore, Safilo’s first historical plant which today hosts more than three thousand glasses as part of the company museum, along with an archive, unique in the world, of more than 250,000 frames dating from the end of the XIX century to today. The idea to design a digital archive for all material is currently being evaluated, with the objective of making this heritage available to all those who are passionate about the Country’s industrial history and in particular the eyewear industry.
MILESTONES

The first Italian industrial complex for producing lenses and frames, active from 1878 in Calalzo di Cadore, is bought and liquefied by Safilo in 1934 by Guglielmo Tabacchi.

Safilo is the acronym for “Società Azionaria Fabbrica Italiana Lavorazione Occhiali”, which in English means “Equity Company Italian Plant Manufacturing Eyewear”.

In 1987, Safilo S.p.A. is the first company in the eyewear industry; it has shares on Milan’s Stock Exchange.

In July 2001 the President, Vittorio Tabacchi, launches a Public Offer, through which he buys the majority of Safilo S.p.A’s capital. In December of the same year, following the positive success of the Offer, the company is delisted and successfully returns to the Stock Exchange on the 11th November 2005.

In 2010, a new majority shareholder arrives, HAL Holding N.V., an investment company with shares on Amsterdam’s Stock Exchange (Ticker: HAL NA). HAL buys relevant shares in companies, with the objective of increasing long-term value for shareholders, without a pre-defined plan to invest, looking instead at long-term strategy. HAL represents a financial and industrial partner for the Group, with a strong presence in the eyewear sales sector, in which it has been operating since 1996 through a large sales network (Gran Vision).

In October 2013, Luisa Delgado is named as the new CEO, and she develops a new organisation of the company based on a group of selected managers organised into committees with specific responsibilities, outlining a new vision and growth strategy for the Group.

In 2014, net Group revenue totalled Euro 1.178,7 million, EBITDA was at Euro 118.4 million, Group net profit amounted to Euro 44.5 million, and the net financial position was Euro 163.3 million.

The group’s financial position registered a constant improvement in 2014 and this allows the strengthening of the entire financial structure to continue.

In 2014 Safilo celebrates its first 80 years of history.
COMPETITIVE EDGE

The competitive aspects that set Safilo apart in the worldwide eyewear sector:

- design excellence, innovation, product quality;
- extremely prestigious brand portfolio, present at the forefront of the luxury and high fashion sector;
- distributive platform on a global scale;
- excellent customer service and partnership models;