



PRESS RELEASE

SAFILO GROUP ANNOUNCES ITS RESULTS FOR THE FIRST NINE MONTHS OF THE YEAR: ANOTHER QUARTER OF STRONG GROWTH IN SALES AND IMPROVEMENT OF NET PROFIT (+83% COMPARED TO 2005).

Main economic indicators for the first nine months of 2006.

- *Group's consolidated turnover: € 843,6 million (+8,6% compared to 2005)*
- *EBITDA: € 128,1 million (+0,5% compared to 2005)*
- *Net Profit: € 29,1 million (+83% compared to 2005)*
- *Net debt: € 512 million (€ 479 million at the end of 2005)*
- *Shareholders' Equity: € 853 million (€ 827 million at the end of 2005)*

Padova, 13th November 2006 – The Board of Directors of Safilo Group Spa today reviewed and approved the consolidated results relating to the third quarter of 2006 which show further improvement on the already positive results achieved in the first half of the year.

Main consolidated results

The Group's turnover for the first nine months of 2006 amounts to Euro 843,6 million, an increase of 8.6% compared to the 776,7 million Euro registered in the first nine months of 2005. At constant exchange rates the increase in sales is 7.8%.

The excellent results of the first nine months of the financial year have been achieved thanks to the good sales performance of the company's licensed products, and to the significant growth in turnover of the Group's house brand products (+13.8%), a clear sign of the effectiveness of the house brand re-launch strategies. The Italian and American markets, with respective increases of 13.3% and 12.4%, showed the greatest sales performances.

A 10.8% increase in revenues compared to the same period of the previous year has led to particularly impressive results in the third quarter. At constant exchange rates the increase is of 13.5%. This improvement in sales confirms the positive reception by the end consumer of the Group's collections, and is the result of a positive economic climate in general and increased production capacity.

Operating profit has grown with EBITDA reaching 128,1 million Euro compared to 127,4 million Euro in the first nine months of 2005. This improvement has been achieved thanks to an extremely positive third quarter (EBITDA +12.5% compared to 2005), driven by admirable sales results and the first effects of the industrial level cost containment policies.

The incidence of financial costs has also been considerably reduced owing to the company's more balanced financial structure.

Net profit for the first nine months of the year has risen considerably: +83% (equal to 29,1 million Euro compared to 15,9 million Euro in 2005), thanks also to the net profit generated in the third

quarter of the year which amounted to 7,3 million Euro against the 0,5 million Euro of the previous year.

The increase of the Group's financial position compared to the beginning of the year and resulting from the normal seasonal nature of working capital, reflects the necessity to finance the Group's considerable growth in sales.

On 9th November the Group acquired the retail chain Loop Vision which includes 61 sales points in Spain, one of the fastest growing markets in Europe, and is considered to be one of the leading distribution realities in the luxury sector. The cost of this acquisition is around 23 million Euro.

Vittorio Tabacchi, Chairman of Safilo Group, while commenting on the results, declared: "The third quarter provides further confirmation of the positive results already achieved in the first six months of the year. The sales strategy to compensate for the termination of the Ralph Lauren licence is producing better than expected results, confirming the Group's strength independently of any single brand. The new collections Hugo Boss and Marc by Marc Jacobs were extremely well received by the market and this leads us to foresee a 2007 of further growth both in turnover and profitability".

With reference to the commitment undertaken by the company during the listing process and as indicated in the Information Prospectus, work is continuing in IT sector in order to implement the automatic connection of the Group's administrative software with the aim to integrate more than 75% of the Group's companies information systems by the end of the year.

Meeting with financial analysts

Today at 14:30 (local time) a conference call with financial analysts and investors will take place, during which the Group's economic and financial results will be illustrated. It will be possible to follow the conference call by dialling +39 02 802 09 11 and stating the call's title "Safilo Group Q3 results".

Sales Analysis

Net sales by Geographic region (millions of Euro)	Nine months ended September 30,					Third Quarter				
	2006	%	2005	%	Ch. %	2006	%	2005	%	Ch. %
Italy	115.5	13.7	101.9	13.1	13.3	30.0	12.6	23.6	11.0	27.1
Europe (excluding Italy)	271.1	32.1	264.9	34.1	2.3	76.7	32.2	65.4	30.4	17.3
The Americas	326.2	38.7	290.3	37.4	12.4	94.7	39.8	91.4	42.5	3.6
Asia Pacific	95.5	11.3	89.2	11.5	7.1	26.7	11.2	26	12.1	2.7
Other	35.3	4.2	30.4	3.9	16.1	10.1	4.2	8.5	4.0	18.8
Total	843.6	100.0	776.7	100.0	8.6	238.2	100.0	214.9	100.0	10.8

Net sales by Product (millions of Euro)	Nine months ended September 30,					Third Quarter				
	2006	%	2005	%	Ch. %	2006	%	2005	%	Ch. %
Prescription frames	329.9	39.1	325.9	42.0	1.2	116.1	48.7	108.7	50.6	6.8
Sunglasses	457.0	54.2	401.4	51.7	13.9	98.3	41.3	84.5	39.3	16.3
Sports products	42.6	5.0	38.3	4.9	11.2	18.6	7.8	18.4	8.6	1.1
Other	14.1	1.7	11.1	1.4	27.0	5.2	2.2	3.3	1.5	57.6
Total	843.6	100.0	776.7	100.0	8.6	238.2	100.0	214.9	100.0	10.8

Consolidated Statements of Operations

(Euro/000)	Nine months ended September 30,		Third Quarter	
	2006	2005	2006	2005
Net sales	843,601	776,726	238,196	214,885
Cost of sales	(334,858)	(308,676)	(94,412)	(85,552)
Gross profit	508,743	468,050	143,784	129,333
Selling and marketing expenses	(316,111)	(287,606)	(92,513)	(83,197)
General and administrative expenses	(92,647)	(79,532)	(26,278)	(25,066)
Other income/(expenses), net	870	376	(607)	11
Operating income	100,855	101,288	24,386	21,081
Share of income/(loss) of associates	398	1,532	422	1,318
Interest expense and other financial charges, net	(36,972)	(62,428)	(10,142)	(18,284)
Non recurring financial charges	(9,282)	(9,366)	0	(700)
Income before taxation	54,999	31,026	14,666	3,415
Income tax expenses	(23,610)	(12,710)	(6,934)	(2,480)
Net income	31,389	18,316	7,732	935
Net income attributable to minority interests	2,283	2,431	455	417
Net income attributable to the Group	29,106	15,885	7,277	518
Earnings per share - <i>Basic</i> (Euro)	0.10	0.08	0.02	0.00
Earnings per share - <i>Diluted</i> (Euro)	0.10	0.08	0.02	0.00

*Consolidated balance sheet***(Euro/000)** **30/09/2006** **31/12/2005****ASSETS****Current assets**

Cash in hand and at banks	46,780	173,232
Trade receivables, net	308,708	307,558
Inventory, net	244,723	208,802
Assets held for sale	-	2,984
Derivative financial instruments	848	-
Other current receivables	53,295	31,679
Total current assets	654,354	724,255

Non-current assets

Property, plant and equipment, net	192,580	193,603
Intangible assets	22,417	25,580
Goodwill	796,739	797,734
Investments in associates	12,549	13,492
Financial assets available-for-sale	6,901	6,009
Deferred tax assets	81,159	81,263
Derivative financial instruments	1,966	2,506
Other non-current assets	1,439	1,303
Total non-current assets	1,115,750	1,121,490

Total assets **1,770,104** **1,845,745****LIABILITIES AND SHAREHOLDERS' EQUITY****Current liabilities**

Short-term borrowings	92,890	184,006
Trade payables	183,448	192,286
Tax payables	16,387	20,872
Derivative financial instruments	2,023	878
Other current liabilities	84,462	82,010
Provision for risks and charges	-	128
Total current liabilities	379,210	480,180

Non-current liabilities

Long-term borrowings	465,932	468,242
Employee benefits liability	43,733	39,424
Provision for risks and charges	9,482	8,644
Deferred tax liabilities	12,394	10,969
Derivative financial instruments	122	4,509
Other non-current liabilities	5,758	6,565
Total non-current liabilities	537,421	538,353

Total liabilities **916,631** **1,018,533****Shareholders' equity**

Share capital	70,843	70,843
Share premium reserve	751,276	751,276
Retained earnings and other reserves	(3,910)	358
Fair value and cash flow reserves	803	(3,899)
Income attributable to the Group	29,106	3,097
Total shareholders' equity attributable to the Group	848,118	821,675

Shareholders' equity attributable to minority shareholders **5,355** **5,537****Total shareholders' equity** **853,473** **827,212****Total liabilities and shareholders' equity** **1,770,104** **1,845,745**

Consolidated Cash Flow Statement

(Euro/000)	Nine months ended September 30,	
	2006	2005
Cash flows from operating activities		
Net income (including minority interests)	31,389	18,316
Depreciation and Amortization	27,252	26,103
Share (income) on equity investments	(1,460)	(1,152)
Net movements in the employee benefits liability	4,360	2,113
Net movements in other provisions	740	2,024
Interest expenses	40,594	60,765
Income tax expense	22,661	12,710
Income from operating activities prior to movements in working capital	125,536	120,879
Changes in operating Assets and Liabilities		
(Increase) Decrease in trade receivables and other current receivables	(31,413)	(13,908)
(Increase) Decrease in inventory, net	(41,754)	14,318
Increase (Decrease) in trade payables and other current payables	(15,694)	(33,108)
Interest expenses paid	(21,834)	(38,463)
Income taxes paid	(20,104)	(11,373)
Net Cash provided by operating activities	(5,263)	38,345
Cash Flows from investing activities		
Purchase of property, plant and equipment (net of disposals)	(20,091)	(16,446)
Disposal of investments in associates and financial assets	557	116
Purchase of intangible assets	(1,751)	(1,353)
Net Cash (used in) investing activities	(21,285)	(17,683)
Cash Flows from financing activities		
Proceeds from borrowings	302,637	20,763
Repayment of borrowings	(316,105)	(10,960)
Dividends paid	(1,872)	(2,371)
Net Cash (used in) provided by financing activities	(15,340)	7,432
Effect of exchange rates	1,027	3,759
Other movements in shareholders' equity	3,864	(413)
Net increase (decrease) in cash and cash equivalents	(36,997)	31,440
Cash and cash equivalents at the beginning of the period	44,546	18,191
Cash and cash equivalents at the end of the period	7,549	49,631

The Safilo Group is the leader in premium eyewear and maintains a leadership position in the sector of prescription, sunglasses, fashion and sports eyewear. Present on the international market through exclusive distributors and 28 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, Bottega Veneta, Boss Hugo Boss, Boucheron, Diesel, 55DSL, Dior, Emporio Armani, Giorgio Armani, Gucci, Imatra, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co. (in 2007), Oliver, Pierre Cardin, Ralph Lauren, 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 and A/X Armani Exchange.

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