



PRESS RELEASE

SAFILO GROUP: STRONG GROWTH IN SALES IN THE FOURTH QUARTER AND THROUGHOUT 2006

- **Consolidated turnover 2006: 1,122 million euro (+9.4% compared to 2005);**
- **2006 Fourth quarter turnover: 278.4 million euro (+12.0% compared to 2005);**
- **Fourth quarter improvements in the European market of over 21% compared to 2005;**
- **Continued strong growth in America (+9.2% compared to 2005);**
- **Start of direct distribution in the Baltic Countries**

Padova, 6th February 2007 – Safilo Group, world leader in high-end and luxury eyewear, today announced its preliminary data relating to its impressive sales results for the last quarter of 2006 and full year.

Financial year 2006

Excellent sales results in all key international markets, achieved thanks to the impressive performance of both licensed and house brands, marked the close of 2006. Consolidated turnover reached €1,122 million with an increase of 9.4% compared to 2005 (+9.8% at constant exchange rates).

A geographical analysis of sales results highlights a significant increase in Europe, with considerable progress evident in Italy and a clear improvement in other European countries after an unremarkable first quarter. Sales results have also improved in the American market, thanks to the strength of the Group's portfolio of brands and despite the fall in sales resulting from the non-renewal of the Polo Ralph Lauren licence. Sales in the Far East continue to grow significantly although the increase in turnover has been penalised by the decision in 2006 not to distribute products in the Korean market in anticipation of the opening of a Safilo subsidiary in 2007.

Sales performances in emerging markets have been particularly noteworthy, with strong growth above all in China and India.

With regards to brand performance, Safilo's house brands have enjoyed remarkable growth (+12.2%), with the brand Carrera performing particularly well. Of the licensed brands, which achieved growth of 8.1%, it is worth highlighting how all the higher achieving brands in terms of turnover (Armani, Dior and Gucci) achieved double digit growth.

Fourth Quarter 2006

Turnover in the fourth quarter of 2006 amounted to €278.4 million, an increase of 12.0% compared to the same period of the previous year. At constant exchange rates the increase would have been 16.2%.

At a geographical level, positive performances have been registered in all key areas and particularly in Europe. Turnover in the American market grew by 7.6% in local currency despite the fact it has suffered from the loss of the Polo Ralph Lauren licence which expired at the end of 2006. The positive performance of the house brands continued in the fourth quarter (+7.9%), confirming not

only the trend which was already apparent in the previous quarters, but also the positive results of the brands' re-launch strategies.

<i>Net sales by product</i> (millions of Euro)	FY 2006		FY 2005		Change	Quarter 4 2006		Quarter 4 2005		Change
		%		%	%		%		%	%
Prescription frames	419.5	37.4	422.1	41.2	(0.6)	89.6	32.2	96.2	38.7	(6.9)
Sunglasses	617.1	55.0	527.7	51.5	16.9	160.1	57.5	126.3	50.8	26.8
Sport	66.1	5.9	61.2	6.0	8.0	23.5	8.4	22.9	9.2	2.6
Others	19.3	1.7	14.3	1.3	35.0	5.2	1.9	3.2	1.3	62.5
Total	1,122.0	100.0	1,025.3	100.0	9.4	278.4	100.0	248.6	100.0	12.0

<i>Net sales by geographic region</i> (millions of Euro)	FY 2006		FY 2005		Change	Quarter 4 2006		Quarter 4 2005		Change
		%		%	%		%		%	%
Italy	159.7	14.2	138.6	13.5	15.2	44.2	15.9	36.7	14.8	20.4
Europe	361.3	32.2	339.4	33.1	6.5	90.2	32.4	74.5	30.0	21.1
America	418.6	37.3	383.3	37.4	9.2	92.4	33.2	93.1	37.4	(0.8)
Asia Pacific	129.2	11.5	119.8	11.7	7.8	33.7	12.1	30.6	12.3	10.1
Rest of World	53.2	4.8	44.2	4.3	20.4	17.9	6.4	13.7	5.5	30.7
Total	1,122.0	100.0	1,025.3	100.0	9.4	278.4	100.0	248.6	100.0	12.0

Italy

Revenues for the domestic market in 2006 reached €159.7 million, an increase of 15.2% compared to 2005, and thanks to the excellent results achieved in the sale of both prescription frames (+18.6%) and sunglasses (+13.1%). The sales performance of the Italian market continues to be extremely positive as confirmed by both the significant increase in volumes and the growth in sales of the majority of brands in the group's portfolio: a further indication of the Group's overall sales strength and lack of dependency on any one collection. Of those brands which stand out for particularly impressive growth, and other than Diesel and the other key brands in the Group's portfolio, it is appropriate to highlight the re-launch of the house brands Safilo and Carrera and the general positive sales performance in the sports sector.

In the fourth quarter of the year the strong growth trend was further strengthened, where an increase in growth of 20.4% compared to the same period of 2005 was achieved.

Europe

Progress is being made in the European market allowing for the recovery of the less than outstanding performance of the first quarter of the year. 2006 closed with a turnover of €361.3 million and a progressive growth rate of 6.5% throughout the year which increased to 21.1% in the final quarter.

The increase in revenue was registered in almost all of the main countries of the area with the most notable growth in those countries located in northern Europe (Germany, Norway, Sweden, U.K., etc.) where double digit growth was achieved compared to 2005.

With regards to the single brands, strong growth was seen for the house brands Safilo and Blue Bay, while for the licensed brands Armani and Dior stand out for the increase in sales achieved.

Furthermore direct distribution in the Baltic Countries (Latvia, Estonia and Lithuania) through single regional branches began in January 2007.

America

In 2006 the American market achieved revenue of €418.6 million, an increase of 9.2% compared to 2005.

Despite the fact that sales in the second half of the year were conditioned by the ever decreasing amount of revenues deriving from the expiring Polo license, the impressive overall growth achieved

demonstrates how the other brands in the company's portfolio have been able to quickly replace the brand which, up until that moment, was the most widely sold in the United States.

The key licensed brands have shown strong growth (Armani, Dior, Gucci, YSL) as have some regional brands (Juicy Couture, Liz Claiborne, Nine West etc.). Excellent results have been achieved in the sports sector where the brand Smith in particular has seen an increase of over 20%.

With regards to the single countries in the region, the growth in revenue of the Canadian market has been particularly strong.

The lack of increase in turnover in the fourth quarter can be entirely attributed to a negative exchange rate effect and to the reduced sales of Polo Ralph Lauren branded products, while the sale of the other collections has succeeded in maintaining a growth in sales which is in line with the preceding quarters. At constant exchange rates the quarters' turnover would have grown by 7.6%.

Asia Pacific

In 2006 turnover in the Far East has seen a further increase compared to the previous year, reaching €129.2 million, a rise of 7.8 %.

The improvement was achieved despite the decision to suspend during 2006 the distribution of the Group's products in the important Korean market in anticipation of the opening of the company's direct subsidiary at the beginning of 2007. From a geographical point of view, aside from the significant increase in sales in the Chinese market, double digit growth has also been achieved in Singapore and Thailand.

Analysis of the sales performance of each brand highlights the impressive results achieved by Armani, Dior, Gucci and Valentino.

The fourth quarter of 2006 has confirmed the positive growth rate of the previous quarters with an increase in sales of over 10%.

Vittorio Tabacchi, Chairman of Safilo Group, in commenting the results achieved, stated: *"I have no hesitation in saying that we have closed 2006 in an extremely positive manner with excellent growth in all international markets which, net of the effect caused by the conclusion of the licence agreement with Polo, would have in fact been more than 13%. We are particularly proud of the performance of our house brands and we are confident that they will achieve even greater results in the future. Our licensed brands have performed no less better and have been further enriched in recent months with Banana Republic, Boss Hugo Boss, Marc by Marc Jacobs and Armani A/X, whose sales results will be evident in 2007 and 2008. Safilo Group begins 2007 fortified by its management team and its portfolio of products; we are therefore confident that 2007 will be yet another year of strong growth."*

The Safilo Group is 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 29 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., 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.

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