



ITALY

Safilo board approves recapitalisation plan

The Safilo board of directors has approved a recapitalisation plan for the company to be executed in connection with a binding investment agreement underwritten by HAL Holding N.V. They also analysed Group preliminary results for the third quarter ending September 30, 2009, which showed a very weak business performance in the context of ongoing challenging and uncertain market conditions for the remainder of the year and beyond.

Preliminary results for the third quarter showed a year to date total turnover of Euro 775 million, reflecting a total turnover of approximately Euro 213 million (1.6 per cent margin) for the third quarter of 2009 versus a turnover of approximately Euro 229 million in the equivalent 2008 quarter.

The proposed recapitalisation transaction aims at strengthening the company's capital structure via the following steps as detailed below.

- (i) the injection of new equity by HAL, an industrial partner that will become the new Safilo reference shareholder with a stake between 37.23 per cent and 49.99 per cent.
- (ii) the purchase by HAL of all the outstanding high yield notes denominated '€300,000,00 9% per cent Senior Notes 2013' issued by the Luxembourg company Safilo Capital International

S.A. with principal amount of Euro 195 million (the HY Notes) and in any case not less than 60 per cent.

- (iii) the restructuring of Safilo's senior debt facilities, implemented through an arrangement with Safilo's main financing banks (namely IntesaSanpaolo and Unicredit Corporate Banking)
- (iv) the sale of certain non-core retail chains.

As previously indicated, the overall recapitalisation is conditional, among other things, upon the successful completion of a cash tender offer (Tender Offer) to be launched by HAL on the HY Notes. The Tender Offer is conditional upon HAL reaching an acceptance threshold equal to or higher than 60 per cent.

Should the tender offer threshold not be met, the following next steps will not be implemented. Should the above condition be met, they will:

- (i) a Reserved Capital Increase shall be subscribed and paid-in by HAL of up to 10 per cent of Safilo's share capital, pursuant to art. 2441, par. 4, second part., of the Civil Code, for a total amount of about Euro 13 million, inclusive of share premium (First Capital Increase).
- (ii) a rights issue for a total amount of Euro 250 million (inclusive of

share premium) to be underwritten by HAL also for the percentage of option rights pertaining to O3T.

- (iii) restructuring of the existing senior debt financing agreements
- (iv) the sale to HAL – for a consideration of about Euro 20 million – of certain non-core loss generating retail chains in view of bringing in additional cash to the company.

The total estimated funds inflow for Safilo are estimated at Euro 283 million, which will be used to strengthen Safilo's capital structure and to partially repay the current outstanding debt facilities for Euro 185 million.

Safilo's non-core loss making retail activities comprise the retail chains Loop Vision in Spain, Just Spectacles in Australia, and retail activities in the People's Republic of China. Moreover, as a part of the transaction, it is intended to sell the Sunglass Island and Island Optical shop chains in Mexico to HAL.

Total 2009 estimated sales attributable to Safilo of these operations is around Euro 53 million with a 2009 estimated EBITDA loss of Euro 5 million. These non-core retail activities will be acquired by HAL for a consideration of approximately Euro 20 million. Safilo will keep its sunglass chain Solstice in the USA. 🌐



SPAIN

Madrid Show

ExpoOptica, the International Optics and Optometry Exhibition an event organised by IFEMA, is stepping up the preparations for its twenty-eighth edition, which is due to take place between March 12-14, 2010 in Feria de Madrid.

Alongside the show, ExpoOptica will also provide the framework for a new edition of the business forum known as AULA EMPRESARIAL. This initiative undertaken by the Spanish Federation of Optics Sector Associations, FEDAO, has been warmly received at previous editions, promoting as it does the financial and business training of professionals from the industry. Throughout the course of this initiative, a number of speakers will speak about the key aspects that all businessmen must bear in mind when it comes to successfully managing their optics businesses. 🌐



UNITED KINGDOM

SMC's new Master

Semi-retired ophthalmologist John Stanley Shilling was installed as Master of the Worshipful Company of Spectacle Makers at their Annual Service of Thanksgiving, Remembrance and Rededication, held at St Andrews by-the-Wardrobe, in The City of London in October.

Dispensing optician William Michael Barton is the new Upper Warden, and ophthalmologist Professor John Marshall, Renter Warden. 🌐