

PRESS RELEASE

**Excellent results in the first half 2010: profits doubled, high growing revenue and debt reduced by over half.**

**Revenue:** € 115.6 mln (€ 100 mln in the in the first half of 2009; +16%);

**EBITDA:** € 21.1 mln (€ 11 mln in the first half of 2009; +92%);

**EBIT:** € 17.5 mln (€ 8.4 mln in the half of 2009; +109%);

**Net Profit:** € 14.3 mln (€ 7.1 mln in the first half of 2009; +103%);

**Net Financial Position:** negative by € 11.3 mln (negative by € 29.3 mln in the first half of 2009).

*Longarone, August 25<sup>th</sup> 2010.* Marcolin S.p.A.'s Board of Directors which met today, chaired by Giovanni Marcolin Coffen, has examined and approved the Marcolin Group results for the first half of 2010.

**REVENUE**

Consolidated revenue amounted to 115.6 million euro (100 million in the first half of 2009), an increase of 15.6% (+14.6% at constant exchange rates).

The large increase was achieved, first of all thanks to the remarkable success of lines in the portfolio on the main markets, plus the contribution arising from sales of new lines recently introduced into the market. Tod's, Hogan, John Galliano, Dsquared2 have also just started to express their potential in terms of turnover.

Sales by geographic area are allocated as follows:

Net sales by geographic area	HY 2010		HY 2009		Increase (decrease)	
	Turnover	% on total	Turnover	% on total	Turnover	Change
(euro/000)						
- Italy	25.634	22,2%	21.954	22,0%	3.680	16,8%
- Europe	42.003	36,3%	37.700	37,7%	4.303	11,4%
- U.S.A.	24.487	21,2%	22.435	22,4%	2.052	9,1%
- Rest of the World	23.478	20,3%	17.916	17,9%	5.561	31,0%
<b>TOTAL</b>	<b>115.602</b>	<b>100,0%</b>	<b>100.006</b>	<b>100,0%</b>	<b>15.596</b>	<b>15,6%</b>

**OPERATING RESULT**

The Gross Operating Profit is 62.5% of revenue (56.2% in the same period of 2009), with considerable improvement, equal to six percentage points, on the same period of the previous year and a further increase on the first quarter of this year.

EBIT is at 17.5 million euro (8.4 million in the first half of 2009), representing 15.1% of revenue (8.4% in the first half of 2009), with a percentage increase of 108.7%.

EBITDA is at 21.1 million euro compared to 11 million for the first six months of 2009 and represents 18.3% of revenue (11.0% in the first half of 2009) with a percentage increase of 91.9%.

The excellent results achieved during the period are mainly due to the following factors:

- reducing the cost of the product, as a result of increased attention on the costs of the production process and greater efficiency in the labour stages, the result of activities initiated during the previous year and this year and which are now producing the intended effects;

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- development and implementation of the new demand planning system (Demand Planning), resulting in more efficient inventory management and reducing obsolete products, and this has led to a substantial reduction in inventories with benefits in the financial position and an improvement in margins as a result of reduced volumes of obsolete products;
- the increase in sales of goods of new brands marketed with higher margins.

#### **NET PROFIT**

The net profit is positive for 14.3 million euro, compared to a positive value of 7.1 million in the first half of 2009 and is equal to 12.4% of the revenue (7.1% of revenue in the first half of 2009) and is more than double than June 2009.

This result was obtained by the contributions of both the improvement in financial management over the first half of 2009 - through lower interest expense on funding and the positive currency management – and the inclusion of deferred tax assets, due to tax losses generated in previous financial years by Marcolin USA which, by the current profitability, are potentially recoverable.

It must be noted that the seasonal nature of the sector implies higher margins in the first six months of the year, a factor that prevents a proportional forecast for the next quarters based on the positive results of these first six months.

#### **SECOND QUARTER 2010 RESULTS**

With reference to the financial data for the second quarter of 2010, the following has been identified:

- income from sales was 58.1 million euro compared with 47.7 million euro in the second quarter of 2009 reporting an increase of 22% (18.6% at constant exchange rates);
- Ebitda is 11.7 million euro (4.1 million in the second quarter of 2009) with a percentage of revenue of 20.1% (8.7% in the second quarter of 2009);
- Ebit is 9.8 million euro (2.9 million in the second quarter of 2009) with a percentage of revenue of 16.8% (6% in the second quarter of 2009) and has more than tripled over the second quarter of 2009;
- positive net result is 8.3 million euro (2.9 million in the second quarter of 2009), with a percentage of revenue of 14.3% (6% in the second quarter of 2009).

The particularly positive results achieved in the second quarter, mainly due to considerable improvement in margins (the gross operating improvement of 8.8 percentage points), generated thanks to vigorous activity undertaken in the previous year in order to improve production efficiency.

#### **NET FINANCIAL POSITION**

The net financial position at 30 June 2010 is -11.3 million euro and shows a decided improvement, amounting to 18 million euro, on the figure of the equivalent period of 2009 (-29.3 million euro at 30 June 2009).

With regard to the figures at 31 December 2009, the net financial position shows a considerable improvement equal to 12.6 million euro, due to seasonal phenomena which are present in the first part of the year.

This change is largely attributable to the cash flow generated from operating activities.

**Massimo Saracchi, Managing Director and General Manager of Marcolin S.p.A. commented:**  
“I am very pleased with the excellent results achieved in the first half of the year. Orders are increasing strongly, new brands are welcomed on the international markets, the effectiveness and efficiency of the Company's operations continue to improve, thanks to investments made. The Group is beginning to reap the positive results of a large

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**reorganization done over the past two years. All business indicators suggest that 2010 will be one of the best years in our history, and prospects for 2011 are very encouraging.”**

In accordance with section 2, article 154-bis of the Consolidated Finance Act, the Financial Reporting Officer, Sandro Bartoletti, declares that the financial information contained in this press release is an accurate reflection of the company's records, books and accounting entries.

Marcolin, listed on the Milan Stock Exchange, is one of the leading eyewear companies, and stands out, in the luxury sector, for the premium quality of its products, its attention to detail, and focused distribution. In 2009, the company produced and distributed approximately 5 million pairs of glasses in more than 600 models. The portfolio of licensed brands includes: Cover Girl Eyewear, DSquared2 Eyewear, Ferrari, Hogan Eyewear, John Galiano Eyewear, Just Cavalli Eyewear, Kenneth Cole New York, Kenneth Cole Reaction, Miss Sixty Glasses, Montblanc Eyewear, Replay Eyes, Roberto Cavalli Eyewear, Swarovski, Timberland, Tod's Eyewear, Tom Ford Eyewear. Marcolin and Web Eyewear feature among the Group's own brands.

This press release uses some “alternative performance indicators” which are not envisaged in the IFRS accounting principles (EBITDA, Net Financial Position); for their meaning, please refer to the directors' interim report.

This press release is available online at [www.marcolin.com](http://www.marcolin.com) (in the section in English).

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<b>CONSOLIDATED BALANCE SHEET</b>	<b>Marcolin Group</b>		
<i>(euro/000)</i>	<b>Jun-10</b>	<b>Jun-09</b>	<b>Dec-09</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
PROPERTY, PLANT AND EQUIPMENT	22.175	15.771	17.425
INTANGIBLE ASSETS	3.379	3.573	3.150
GOODWILL	2.634	2.287	2.243
INVESTMENTS	385	472	372
DEFERRED TAX ASSETS	11.135	4.808	7.031
OTHER NON CURRENT ASSETS	404	696	630
<b>TOTAL NON CURRENT ASSETS</b>	<b>40.111</b>	<b>27.606</b>	<b>30.851</b>
<b>CURRENT ASSETS</b>			
INVENTORIES	34.300	38.492	38.318
TRADE AND OTHER RECEIVABLES	72.592	67.805	62.302
OTHER CURRENT ASSETS	593	620	596
CASH AND CASH EQUIVALENTS	38.924	14.133	24.351
<b>TOTAL CURRENT ASSETS</b>	<b>146.409</b>	<b>121.050</b>	<b>125.567</b>
<b>TOTAL ASSETS</b>	<b>186.520</b>	<b>148.656</b>	<b>156.418</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	31.958	31.958	31.958
ADDITIONAL PAID IN CAPITAL	24.517	24.517	24.517
LEGAL RESERVE	1.833	1.776	1.776
OTHER RESERVES	3.294	(2.005)	(1.770)
RETAINED EARNINGS (LOSSES)	919	(6.117)	(6.117)
PROFIT (LOSS) FOR THE PERIOD	14.305	7.056	7.080
MINORITY INTERESTS	0	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>76.827</b>	<b>57.185</b>	<b>57.445</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
LONG TERM BORROWINGS	31.771	21.579	29.254
LONG TERM PROVISIONS	3.733	3.783	3.784
DEFERRED TAX LIABILITIES	816	949	769
OTHER NON CURRENT LIABILITIES	0	40	28
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>36.321</b>	<b>26.351</b>	<b>33.835</b>
<b>CURRENT LIABILITIES</b>			
TRADE PAYABLES	35.453	29.356	32.755
SHORT TERM BORROWINGS	18.426	21.876	18.936
SHORT TERM PROVISIONS	6.273	4.282	4.490
INCOME TAXES	4.861	2.862	1.917
OTHER CURRENT LIABILITIES	8.359	6.744	7.040
<b>TOTAL CURRENT LIABILITIES</b>	<b>73.372</b>	<b>65.119</b>	<b>65.138</b>
<b>TOTAL LIABILITIES</b>	<b>109.693</b>	<b>91.470</b>	<b>98.973</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>186.520</b>	<b>148.656</b>	<b>156.418</b>

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**CONSOLIDATED INCOME STATEMENT**
**Marcolin Group**

<i>(euro/000)</i>	Jun-10	%	Jun-09	%
<b>NET SALES</b>	<b>115.602</b>	<b>100,0%</b>	<b>100.006</b>	<b>100,0%</b>
<b>COST OF SALES</b>	<b>(43.368)</b>	<b>(37,5)%</b>	<b>(43.832)</b>	<b>(43,8)%</b>
<b>GROSS PROFIT</b>	<b>72.234</b>	<b>62,5%</b>	<b>56.174</b>	<b>56,2%</b>
<b>SELLING AND MARKETING COSTS</b>	(47.692)	(41,3)%	(42.888)	(42,9)%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	(8.412)	(7,3)%	(7.452)	(7,5)%
<b>OTHER INCOME AND EXPENSES</b>	1.507	1,3%	1.483	1,5%
<b>OTHER NON RECURRENT OPERATING EXPENSES</b>	(146)	(0,1)%	1.063	1,1%
<b>OPERATING PROFIT - EBIT</b>	<b>17.491</b>	<b>15,1%</b>	<b>8.379</b>	<b>8,4%</b>
<b>FINANCIAL INCOME AND EXPENSES</b>	(580)	(0,5)%	(1.460)	(1,5)%
<b>NET RESULT BEFORE TAXES</b>	<b>16.912</b>	<b>14,6%</b>	<b>6.920</b>	<b>6,9%</b>
INCOME TAXES	(2.606)	(2,3)%	136	0,1%
MINORITY INTERESTS	0	0%	0	0%
<b>NET RESULT</b>	<b>14.305</b>	<b>12,4%</b>	<b>7.056</b>	<b>7,1%</b>
<b>EBITDA</b>	<b>21.120</b>	<b>18,3%</b>	<b>11.006</b>	<b>11,0%</b>
<b>EARNINGS (LOSSES) PER SHARE</b>	<b>0,233</b>		<b>0,115</b>	
<b>DILUTED EARNINGS (LOSSES) PER SHARE</b>	<b>0,231</b>		<b>0,114</b>	

**STATEMENT OF COMPREHENSIVE INCOME**

<b>NET RESULT</b>	<b>14.305</b>	<b>7.056</b>
CURRENCY TRANSLATION	4.976	64
NET GAIN (LOSS) OF CASH FLOW HEDGE	73	(68)
<b>NET COMPREHENSIVE INCOME</b>	<b>19.354</b>	<b>7.052</b>

**CONSOLIDATED CASH FLOW STATEMENT**
**HY 2010**
**HY 2009**

<i>(euro/000)</i>	HY 2010	HY 2009
<i>Operating profit before working capital changes</i>	<i>19.754</i>	<i>12.193</i>
<i>Cash flows provided (used) by working capital changes</i>	<i>(7.112)</i>	<i>(5.884)</i>
<b>Cash flows provided (used) by operating activities</b>	<b>12.642</b>	<b>6.309</b>
<b>Cash flows provided (used) in investing activities</b>	<b>(6.246)</b>	<b>(2.888)</b>
<b>Cash flows (used) by financing activities</b>	<b>6.806</b>	<b>(2.627)</b>
<b>Cash and cash equivalents increase (decrease)</b>	<b>13.202</b>	<b>794</b>
Effect of exchange rates on cash	1.370	181
<b>Cash and cash equivalents at beginning of year</b>	<b>24.351</b>	<b>13.159</b>
<b>Cash and cash equivalents at year end</b>	<b>38.924</b>	<b>14.133</b>

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