



Milan, 26 March 2008

Press release

**The Marcolin S.p.A. Board of Directors has approved the draft of the Statutory and Consolidated Financial Statements at 31 December 2007 and calls shareholders to an ordinary meeting.**

**Growth in consolidated revenue (15.8%), solid improvement in profitability and renewed profits for the Group's core business.**

**Summary of 2007 consolidated figures**

**Revenue: €182.3 million (+ 15.8% vs. 2006, +18.3% at constant exchange rates)**

**EBITDA: €10.6 million (€5.3 million in 2006)**

**EBIT: €-0.1 million (- €6.7 million in 2006)**

**Net earnings: €-6.9 million (€-13.3 million in 2006) wholly attributable to the subsidiary, Cébé**

**Net financial position: net debt of €36.2million (vs. net debt of €32.1 million at the end of 2006)**

The Marcolin S.p.A. Board of Directors, chaired by Giovanni Marcolin Coffen, met today to approve the draft of its statutory and consolidated financial statements at 31 December 2007.

Specifically, the year 2007 for the Marcolin Group was characterized by the following events:

- excellent growth in sales generated predominantly by the Luxury & Fashion segment;
- full recovery of profitability of the core business (namely, sunglasses and vision eyewear, which represent about 90% of Group sales), which has posted a net positive result;
- significant non-recurring charges incurred pursuant to closure of the businesses related to the winter sector of the Cébé brand (which represents 10% of total sales) which negatively influenced the results of the Marcolin Group,
- the change in top management of the Group with appointment of the new Managing Director and General Manager, with the objective of ensuring strategic leadership and improving profitability.

**KEY CONSOLIDATED FIGURES**

**Revenue**

The Group posted revenue of €182.3 million at 31 December 2007, representing an increase of 15.8% over 31 December 2006 (€157.4 million). At constant exchange rates, the increase would have been 18.3%.

Sales by geographical area are split as follows:

Net sales by geographic area (euro thousands)	2007		2006		Increase (decrease)	
	Net sales	% on total	Net sales	% on total	Net sales	increase
- Italy	37.212	20,4%	37.042	23,5%	170	0,5%
- Europe	73.860	40,5%	61.052	38,8%	12.808	21,0%
- U.S.A.	40.004	21,9%	35.177	22,3%	4.827	13,7%
- Rest of the world	31.199	17,1%	24.157	15,3%	7.042	29,2%
<b>Total by geographical area</b>	<b>182.275</b>	<b>100,0%</b>	<b>157.428</b>	<b>100,0%</b>	<b>24.847</b>	<b>15,8%</b>

As regards the breakdown of sales by geographical area, sales grew on the foreign markets, reflecting the increased internationalization of the Group, in line with Marcolin's development strategies.



Specifically, note that the USA and the "Rest of the world" contributed nearly 50% to growth and Europe contributed the remaining 50%, while the Italian market remained essentially unchanged with respect to the previous year.

Large increases in terms of sales were reported by the French (+70.6%), Spanish (+28.2%) and German (+51.8%) subsidiaries.

There was also solid growth in revenue in the Middle East (+58%) and Eastern European (+42%) markets.

## **EBITDA/EBIT**

Fiscal year 2007 closed with EBITDA of €10.6 million (doubling the €5.3 million at 31 December 2006), accounting for 5.8% of sales (3.4% on sales at year-end 2006).

This improvement in EBITDA over fiscal 2006 was due primarily to the following factors:

- the improved profitability of the sales of Marcolin USA, which increased its EBITDA by €3.3 million;
- a lower level of costs for royalties paid to licensors in order to reach the guaranteed minimums and other fixed costs as a result of the increase in revenues posted by the Group;
- an increase in overheads and administrative costs that was not in proportion to that of revenues.

In order to understand the economic trends of the Group, the performance of EBITDA of the business related to sunglasses and vision eyewear (which represent 90% of Group revenue) are best analyzed separately from the sports eyewear business:

- the former posted an improvement of €5.9 million in EBITDA, increasing from €9.4 million at 31 December 2006 to €15.3 million, equal to 9.3% of sales (6.8% at 31 December 2006) with a percentage increase of 63%.
- the sports eyewear area reported EBITDA falling by €0.6 million, slipping from a negative value of €4.1 million to a negative value of €4.7 million.

EBIT was negative for €0.1 million compared with a negative value of €6.7 million at 31 December 2006, significantly improving chiefly due to the reasons given above.

## **Net earnings**

Consolidated net earnings were negative for €6.9 million (against a loss of €13.3 million at 31 December 2006) primarily affected by the losses posted by Céb .

In fact, overall, the negative impact of C b  on the Marcolin Group's 2007 income statement was equal to €9.2 million, €3.6 million of which arising from the charges incurred in reorganization and €5.6 million generated by the operating losses recorded in 2007 by the French branch.

Note the return to profitability of the Group's core business (sunglasses and vision eyewear, representing 90% of Group revenues), which recorded a positive value of €2.4 million compared with a loss of €2.5 million at 31 December 2006.

## **Net financial position**

The net consolidated financial position for the Marcolin Group (including C b ) was negative for €36.2 million at year-end 2007, worsening against 31 December 2006 when the Group reported net debt of €32.1 million. The financial position was negatively affected by the absorption of cash for investments.

Cash flow generated by operations was positive for €1.1 million, posting a clear improvement (€11.1 million) on a year earlier.

Note that at 31 December 2007, the net financial position of C b , calculated and reported as part of the operating businesses, was negative for €3.5 million. Not taking account of C b , the Group net financial position would have been negative for €32.8 million ( 29.1 million at 31 December 2006).



## **KEY FIGURES OF THE PARENT COMPANY MARCOLIN S.P.A.**

### **Revenue**

Fiscal 2007 posted revenue of €110.8 million, as compared with the €87.8 million of 31 December 2006, representing an increase of 26.1%.

### **EBITDA/EBIT**

Fiscal 2007 closed on a positive note, with EBITDA of €10.4 million (€8.8 million at 31 December 2006), equal to 9.4% of sales (10.1% on sales at year-end 2006).

The percentage on sales fell largely due to changes in the sales mix. The increase in sales to foreign distributors and subsidiaries generated lower profits with respect to the sales made on the Italian market. This led to a decrease in the industrial EBITDA expressed in percentage terms, which was partly offset by the resulting lower percentage of costs for representatives and advertising contributions.

The result of operations (i.e. EBIT) was positive for €3.4 million (3% of sales) compared with the negative value of €6.2 million of a year earlier (-7% on sales at 31 December 2006).

### **Net earnings**

The net loss for 2007 of €1.8 million represented a considerable improvement on the negative value of €11 million posted at 31 December 2006.

With reference to the net results of the year, it is important to remember that the year was influenced by the valuation of some shareholdings. Specifically:

- the value of the shareholding held in Marcolin USA was adjusted by eliminating the write-downs previously made for €8.1 million;
- the value of the Céb  and Marcolin France shareholdings was adjusted by accounting for value impairment of €3.2 million and €1 million respectively.

## **PROPOSED ALLOCATION OF EARNINGS**

The Board of Directors will recommend not distributing a dividend and instead covering the loss of €1.8 million with the partial use of the share-premium reserve.

## **MAIN EVENTS SUBSEQUENT TO YEAR-END AND OUTLOOK ON OPERATIONS**

In order to further stimulate growth, management is actively working to secure new brand licenses that are complementary to the brands already in the portfolio. The search will focus on internationally famous brands in the luxury sector, for which Made in Italy is an element of distinction and value creation.

This includes signing the license agreement for the design, production and global distribution of vision eyewear frames and sunglasses with the Dsquared2 brand.

The terms and conditions of the five-year license contract, renewable for another five, is essentially in line with those of the Luxury & Fashion division of the Marcolin portfolio.

As regards C b , work has continued toward closing down the ski-goggle production unit and the logistics unit within the forecast time-frame.



As regards the outlook for the future, note that, for the Luxury & Fashion and Casual & Trend sectors, the early months of the 2008 have confirmed the positive sales results obtained by the collections that attain the highest revenue.

## **FURTHER RESOLUTIONS**

At today's meeting, the Board of Directors drafted and approved a proposal to submit to the approval of the General Shareholders' Meeting in accordance with and to the effects of Article 114-*bis* of Legislative Decree 58/1998, centered on the Stock Option Plan designated for the Managing Director of Marcolin S.p.A., Massimo Saracchi. The Plan will be executed by means of assignment of personal, non-transferable options for purchase of ordinary shares of Marcolin S.p.A.

Marcolin S.p.A.'s directors feel it is in the Company's interest to motivate and increase the loyalty of top management using tools that can guide the Company toward improving its long-term performance. This Plan would also align the economic interest of all shareholders with that of the Managing Director of the Company, toward a common objective of increasing the share value.

The Plan can be achieved by assigning 500,000 personal and non-transferable option rights for the purchase of ordinary shares of Marcolin S.p.A.. Every option right assigned can grant the right to acquire ordinary Marcolin S.p.A. shares, with regular dividend rights, in the ratio of one shareholding for every option exercised, at a price no less than the arithmetic average of the official price of Marcolin S.p.A. common stock shares on each day of trading in the period from the date of assignment of the options to the same date a calendar month earlier. Option rights assigned can be exercised three years after they are assigned (*vesting period*).

Exercise of the option rights accrued can be contingent on (i) the Beneficiary of the Plan holding the role of Managing Director at the end of the vesting period and (ii) the Group attaining certain economic and/or financial objectives which will be determined by the Board of Directors.

The Board has recommended proposing to the General Shareholders' Meeting a plan for buy-back of treasury shares, with a view to limiting any unusual movements of the share price by using treasury shares for the stock option plan and if necessary, using trading to sustain and stabilize the share.

The proposal also requires:

- authorization to be granted for the purchase of treasury shares up to a maximum allowable by law, namely up to 10% of the pro-tempore share capital, considering also that 681,000 treasury shares are currently held by the Company, representing approximately 1.10% of the share capital;
- the authorization period for the purchase is eighteen months from the date of the Shareholders' Meeting resolution and, with reference to the treasury shares already in the portfolio, authorization to hold them is granted without time limits or restrictions, with the methods allowed by law;
- purchases are made in compliance with the operating methods established under Art. 144-*bis*, section 1, letters a) and b) of the CONSOB Issuers' Regulations ;
- the purchase price of the shares stands between a minimum and maximum determined according to the following criteria:
  - > Maximum price no higher than the weighted average of the official stock-market prices recorded by Borsa Italiana S.p.A. in the three sessions preceding each transaction, plus 15%;
  - > Minimum price no less than the weighted average of the official stock-market prices recorded by Borsa Italiana S.p.A. in the three sessions preceding each transaction, minus 15%;

At the current stock-market prices, the maximum potential outlay is €10 million.

## **CALLING THE SHAREHOLDERS' MEETING**

The General Shareholders' Meeting convocation is announced for 29 April 2008 (on first call) and for 30 April 2008 (on second call).

The General Meeting will be called to deliberate, among other things, on:

- renewal of appointments to the Board of Directors and Audit Committee;



- awarding the audit assignment of the Marcolin Group financial statements and consolidated financial statements;
- the proposal to purchase treasury shares and related decisions, in accordance with Articles 2357 and 2357-ter of the Italian Civil Code;
- the proposal to attribute a compensation package based on financial instruments in favor of company representatives.

The Managing Director, Massimo Saracchi, had this comment to make:

*"Despite the far from favorable economic and currency situation, I am confident that the year 2008 will be marked by additional growth in sales and improved profitability."*

Declaration by the Financial Reporting Officer.

The Financial Reporting Officer, Sandro Bartoletti, and the Managing Director, jointly drew up a declaration in accordance with Article 154-bis of the Consolidated Finance Act and attached it to the draft financial statements at 31 December 2007, attesting that, to the best of his knowledge, the statutory and consolidated financial statements correspond to the company's records, books and accounting entries.

Marcolin, listed on the Milan Bourse, 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 for its premier distribution. In 2007, the company produced and distributed approximately 5.5 million pairs of glasses in some 600 models. Its licensed brand portfolio includes: Tom Ford Eyewear, Roberto Cavalli Eyewear, Montblanc Eyewear, Ferrari, Web Eyewear, DSquared2 Eyewear, Just Cavalli Eyewear, Kenneth Cole New York, Kenneth Cole Reaction, Miss Sixty Glasses, Replay Eyes, Timberland, Cover Girl Eyewear. The Group's own brands include Marcolin and C  b  .

The documents are available in their entirety on the Company website ([www.marcolin.com](http://www.marcolin.com)).

This press release uses some "alternative performance indicators" not required by the IFRS accounting policies (EBIDTA, Net Financial Position) whose meaning can be found in the Report on Operations.

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

Attachments: summary accounting schedules of the Marcolin Group and Marcolin S.p.A. (the figures have not yet been certified by the independent auditors and verified by the Board of Statutory Auditors)

<b>Consolidated balance sheet</b>	<b>Marcolin Group</b>	
<i>(In euro thousands)</i>	<b>31.12.2007</b>	<b>31.12.2006</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	15.936	15.636
INTANGIBLE ASSETS	2.942	3.474
GOODWILL	2.195	2.454
INVESTMENTS	1.148	1.269
DEFERRED TAX ASSETS	2.416	3.735
OTHER NON CURRENT ASSETS	1.030	1.173
<b>TOTAL NON CURRENT ASSETS</b>	<b>25.668</b>	<b>27.742</b>
<b>CURRENT ASSETS</b>		
INVENTORIES	50.609	44.334
TRADE AND OTHER RECEIVABLES	62.840	52.909
OTHER CURRENT ASSETS	457	362
CASH AND CASH EQUIVALENTS	10.789	22.329
<b>TOTAL CURRENT ASSETS</b>	<b>124.696</b>	<b>119.935</b>
<b>ASSETS HELD FOR SALE</b>	<b>0</b>	<b>17.502</b>
<b>TOTAL ASSETS</b>	<b>150.364</b>	<b>165.178</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	31.958	31.958
ADDITIONAL PAID IN CAPITAL	26.315	37.320
OTHER RESERVES	(2.156)	-782
RETAINED EARNINGS (LOSSES)	(5.372)	-3.093
PROFIT (LOSS) FOR THE PERIOD	(6.891)	(13.284)
MINORITY INTERESTS	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>43.854</b>	<b>52.119</b>
<b>LIABILITIES</b>		
<b>NON CURRENT LIABILITIES</b>		
LONG TERM BORROWINGS	32.562	30.309
LONG TERM PROVISIONS	3.940	4.808
DEFERRED TAX LIABILITIES	1.178	2.006
OTHER NON CURRENT LIABILITIES	30	25
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>37.710</b>	<b>37.148</b>
<b>CURRENT LIABILITIES</b>		
TRADE PAYABLES	37.508	34.543
SHORT TERM BORROWINGS	14.462	21.078
SHORT TERM PROVISIONS	4.596	2.382
INCOME TAXES	1.930	1.583
OTHER CURRENT LIABILITIES	10.304	4.927
<b>TOTAL CURRENT LIABILITIES</b>	<b>68.801</b>	<b>64.513</b>
<b>LIABILITIES DIRECTLY ASSOCIATED TO ASSETS HELD FOR SALE</b>	<b>0</b>	<b>11.399</b>
<b>TOTAL LIABILITIES</b>	<b>106.510</b>	<b>113.059</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>150.364</b>	<b>165.178</b>

<b>Consolidated income statement</b>	<b>Marcolin Group</b>			
<i>(In euro thousands)</i>	2007	%	2006	%
<b>NET SALES</b>	<b>182.275</b>	<b>100,0%</b>	<b>157.428</b>	<b>100,0%</b>
<b>COST OF SALES</b>	<b>(85.362)</b>	<b>(46,8)%</b>	<b>(73.671)</b>	<b>(46,8)%</b>
<b>GROSS PROFIT</b>	<b>96.913</b>	<b>53,2%</b>	<b>83.757</b>	<b>53,2%</b>
<b>SELLING AND MARKETING COSTS</b>	(80.467)	(44,1)%	(74.522)	(47,3)%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	(14.317)	(7,9)%	(13.851)	(8,8)%
<b>OTHER INCOME AND EXPENSES</b>	1.442	0,8%	3.450	2,2%
<b>OPERATING PROFIT</b>	<b>(130)</b>	<b>(0,1)%</b>	<b>(6.709)</b>	<b>(4,3)%</b>
<b>FINANCIAL INCOME AND EXPENSES</b>	(3.991)	(2,2)%	(4.000)	(2,5)%
<b>NET RESULT BEFORE TAXES</b>	<b>(4.121)</b>	<b>(2,3)%</b>	<b>(10.710)</b>	<b>(6,8)%</b>
INCOME TAXES	(2.770)	(1,5)%	(2.575)	(1,6)%
MINORITY INTERESTS	0	0,0%	0	0,0%
<b>NET RESULT</b>	<b>(6.891)</b>	<b>(3,8)%</b>	<b>(13.284)</b>	<b>(8,4)%</b>
<b>EARNINGS (LOSSES) PER SHARE</b>	<b>(0,112)</b>		<b>(0,291)</b>	

## CONSOLIDATED CASH FLOW STATEMENT

*(In euro thousands)*

	2007	2006
<i>Operating profit before working capital changes</i>	10.601	5.240
<i>Cash flows provided (used) by working capital changes</i>	(9.489)	(15.195)
<b>Cash flows provided by operating activities</b>	<b>1.112</b>	<b>(9.955)</b>
<b>Cash flows (used) in investing activities</b>	<b>(3.913)</b>	<b>(4.523)</b>
<b>Cash flows (used) by financing activities</b>	<b>(9.487)</b>	<b>28.056</b>
<b>Cash and cash equivalents increase (decrease)</b>	<b>(12.289)</b>	<b>13.579</b>
Effect of exchange rates on cash	(334)	(239)
<b>Cash and cash equivalents at beginning of year</b>	<b>23.411</b>	<b>10.071</b>
<b>Cash and cash equivalents at year end</b>	<b>10.788</b>	<b>23.411</b>

<b>Balance Sheet</b>	<b>Marcolin SpA</b>	
	<b>DEC 2006</b>	<b>DEC 2009</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	12.150	11.498
INTANGIBLE ASSETS	1.290	2.559
GOODWILL	0	0
INVESTMENTS	33.713	22.665
DEFERRED TAX ASSETS	2.383	3.689
OTHER NON CURRENT ASSETS	6.341	9.031
<b>TOTAL NON CURRENT ASSETS</b>	<b>55.876</b>	<b>49.442</b>
<b>CURRENT ASSETS</b>		
INVENTORIES	40.185	37.256
TRADE AND OTHER RECEIVABLES	52.203	51.229
OTHER CURRENT ASSETS	244	213
CASH AND CASH EQUIVALENTS	4.832	16.206
<b>TOTAL CURRENT ASSETS</b>	<b>97.464</b>	<b>104.904</b>
<b>ASSETS HELD FOR SALE</b>	<b>0</b>	<b>5.784</b>
<b>TOTAL ASSETS</b>	<b>153.340</b>	<b>160.129</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	31.958	31.958
ADDITIONAL PAID IN CAPITAL	26.315	37.320
OTHER RESERVES	8.301	8.376
RETAINED EARNINGS (LOSSES)	(3.573)	(3.573)
PROFIT (LOSS) FOR THE PERIOD	(1.798)	(11.005)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>61.204</b>	<b>63.077</b>
<b>LIABILITIES</b>		
<b>NON CURRENT LIABILITIES</b>		
LONG TERM BORROWINGS	32.519	30.263
LONG TERM PROVISIONS	3.940	4.808
DEFERRED TAX LIABILITIES	2.225	2.571
OTHER NON CURRENT LIABILITIES	0	0
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>38.684</b>	<b>37.642</b>
<b>CURRENT LIABILITIES</b>		
TRADE PAYABLES	34.995	33.748
SHORT TERM BORROWINGS	11.760	20.318
SHORT TERM PROVISIONS	2.627	1.944
INCOME TAXES	674	668
OTHER CURRENT LIABILITIES	3.396	2.731
<b>TOTAL CURRENT LIABILITIES</b>	<b>53.452</b>	<b>59.410</b>
<b>TOTAL LIABILITIES</b>	<b>92.136</b>	<b>97.052</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>153.340</b>	<b>160.129</b>



Income Statement	Marcolin SpA			
<i>(In euro thousands)</i>				
	2007	%	2006	%
<b>NET SALES</b>	110.795	100,0%	87.833	100,0%
<b>COST OF SALES</b>	(70.639)	(63,8)%	(52.842)	(60,2)%
<b>GROSS PROFIT</b>	<b>40.156</b>	<b>36,2%</b>	<b>34.991</b>	<b>39,8%</b>
<b>SELLING AND MARKETING COSTS</b>	(33.860)	(30,6)%	(29.254)	(33,3)%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	(14.492)	(13,1)%	(13.587)	(15,5)%
<b>OTHER INCOME AND EXPENSES</b>	11.574	10,4%	1.688	1,9%
<b>OPERATING PROFIT - EBIT</b>	<b>3.377</b>	<b>3,0%</b>	<b>(6.162)</b>	<b>(7,0)%</b>
<b>FINANCIAL INCOME AND EXPENSES</b>	(2.909)	(2,6)%	(2.581)	(2,9)%
<b>NET RESULT BEFORE TAXES</b>	<b>468</b>	<b>0,4%</b>	<b>(8.743)</b>	<b>(10,0)%</b>
<b>INCOME TAXES</b>	(2.266)	(2,0)%	(2.262)	(2,6)%
<b>NET RESULT</b>	<b>(1.798)</b>	<b>(1,6)%</b>	<b>(11.005)</b>	<b>(12,5)%</b>
<b>EARNINGS (LOSSES) PER SHARE</b>	<b>(0,029)</b>		<b>(0,241)</b>	

## CASH FLOW STATEMENT MARCOLIN S.p.A.

*(In euro thousands)*

	DEC 2007	DEC 2006
<i>Operating profit before working capital changes</i>	9.227	6.795
<i>Cash flows provided (used) by working capital changes</i>	(11.531)	(19.583)
<b>Cash flows provided (used) by operating activities</b>	<b>(2.304)</b>	<b>(12.789)</b>
<b>Cash flows provided (used) in investing activities</b>	<b>(2.871)</b>	<b>(3.549)</b>
<b>Cash flows (used) by financing activities</b>	<b>(6.200)</b>	<b>30.965</b>
<b>Cash and cash equivalents increase (decrease)</b>	<b>(11.374)</b>	<b>14.627</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>16.206</b>	<b>1.578</b>
<b>Cash and cash equivalents at year end</b>	<b>4.832</b>	<b>16.206</b>