

Press release

Marcolin Approves the 2003 Financial Statement

Turnover loss of 6%. The heavy losses of the American branch negatively influenced the results of the entire Group. Good outcome from the rest of the world.

The Board of Directors of Marcolin Spa, meeting today at the office in Longarone, approved the prospective financial statement and the consolidated financial statement related to the year 2003.

At the consolidated level, the turnover was equal to about 157,294 million euros, down 6% with respect to the previous financial period; excluding exchange rate fluctuations the consolidated sales would have been in line with those of 2002.

The reduction of consolidated turnover is mainly attributable to the performance of the Marcolin U.S. branch, also due to the enduring difficult economic situation and the unfavourable effect of exchange rates. In the U.S. market, the eyewear division in fact registered, according to sector analyses, a drop in sales of eyeglass frames of 10.3%, to which an average yearly depreciation of the dollar of 19.6% against the euro is added.

The consolidated balance sheet of the Belluno-based Group shows a loss of 4,152 million euros, result which was negatively influenced by the losses incurred by the U.S. branch. The result of the financial period of Marcolin U.S. branch was negative for 9,138 million euros. Such a figure is mainly attributable to the considerable reduction of turnover ascribable both to the lower sales effected at mass-market retailers and the cancellation of several licenses which had generated lower revenue and significant product returns. The company activity of branch reorganisation generated significant direct and indirect charges of extraordinary nature, costing about 4 million euros in 2003.

The consolidated Ebitda was equal to about 10,046 million euros (net of a negative Ebitda equal to 6,110 million euros related to Marcolin U.S. branch), with respect to 19,687 million euros of the previous financial year, with an impact on turnover equal to 6.4% (about 11.8% on December, 31 of 2002).

With reference to the results obtained by the Group, on markets outside the U.S., there was a noticeable increase of turnover (13,987 million euros) and the overall Ebitda was substantially maintained, which is to be viewed positively considering the enduring difficulty that characterises the sector.

Attention is drawn to the remarkable increase of sales in the domestic market (up about 17% with respect to the 2002 period), as well as in the other European countries where an appreciable increase in turnover was recorded. Regarding the European subsidiaries, good results were obtained by the Spanish branch (up about 28%), by the German branch (up about 30%), by the French branch (up about 37%) and by the Portuguese branch (up about 27%).

The net consolidated financial position underwent a negative variation of about 5,172 million euros with respect to the previous financial year, from -38,736 million euros on December 31, 2002, to -43,908 million euros on December 31, 2003.



The ratio between the Group's net financial position and net assets is equal to 0.83 with respect to 0.61 on December 31, 2002; considering the rate of exchange between euro and foreign currencies at the end of 2002 such ratio would have been equal to 0.79.

With reference to the results obtained by the Marcolin Spa mother company (negative by 6,148 million euros), these too were heavily influenced by the performance of Marcolin U.S. branch, which required the necessity to proceed to the partial devaluation of the stake by an overall 11,099 million euros. With regards to other operational data there was a rise in turnover with respect to the previous financial year equal to 19.5% and an Ebitda value which passed from 10,965 million euros to 11,989 million euros (up about 6%). The carry-over of loss to the following year will be proposed.

During the meeting the Board of Directors expressed its conviction, with reference to the branch of Marcolin USA Inc., as to the possibility of obtaining a positive Ebitda (with respect to -6,110 million euros of the year 2003) and maintaining the good results obtained from the other markets, notwithstanding the continuing difficulties of the business situation and the uncertainty of the international political situation.

In addition the Board of Directors has approved the Organisational Model, prepared pursuant to the Legislative Decree 231/2001, finalised to anticipate possible administrative liabilities of the company pursuant to the cited decree.

Enclosed: Summarised accounting statements of Marcolin Group and Marcolin S.p.a. (the data has not yet been certified by the charged auditing company and verified by the Board of Auditors).

Marcolin Group is leader in the production and distribution of eyeglass frames and sun glasses. It has more than 1,200 employees distributed in 4 plants and 14 offices all over the world. The portfolio includes: Dolce & Gabbana Eyewear, D&G Dolce & Gabbana Eyewear, Roberto Cavalli Eyewear, Costume National Eyewear, Montblanc Eyewear, Replay Eyes, Miss Sixty Glasses, Timberland, Mossimo Vision, Cover Girl Eyewear, Kenneth Cole, NBA Eyewear, The North Face Eyequipment. The Group produces and markets a wide range of its own brands such as Marcolin and C  b   (ski goggles and sport glasses).

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Marcolin Group

BALANCE SHEET - ASSETS		31 dec 2003	31 dec 2002
<i>Total intangible assets</i>		13.256.674	14.734.667
<i>Total tangible assets</i>		14.211.440	16.085.230
<i>Financial assets</i>		2.115.187	2.990.659
Total fixed assets		29.583.302	33.810.556
Total current assets		128.954.217	120.421.697
Prepayments and Accrued Income		2.419.421	2.466.205
TOTAL ASSETS		160.956.939	156.698.458

BALANCE SHEET - LIABILITIES		31 dec 2003	31 dec 2002
Shareholders' equity		53.342.461	62.972.811
Total shareholders' equity		53.342.461	62.972.811
Total provisions		6.642.848	5.828.168
Total payables		99.741.921	86.082.052
Accrued liabilities and deferred charges		1.229.708	1.815.428
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160.956.939	156.698.458

Profit and Loss	31 dec 2003		31 dec 2002	
Revenues from sales and services	157.293.624	100,0%	166.830.092	100,0%
Other income	2.556.562	1,6%	3.623.581	2,2%
Total revenues	159.850.186	101,6%	170.453.673	102,2%
Cost of Sales	108.111.189	68,7%	105.431.589	63,2%
Value Added	51.738.997	32,9%	65.022.084	39,0%
Payroll	41.693.231	26,5%	45.335.084	27,2%
EBITDA	10.045.766	6,4%	19.687.000	11,8%
Provisions and write downs	2.166.321	1,4%	2.148.443	1,3%
Amortisation and depreciation	6.833.009	4,3%	7.315.703	4,4%
EBIT	1.046.436	0,7%	10.222.854	6,1%
Net Financial income/charges	(4.767.225)	-3,0%	(5.068.898)	-3,0%
Net extraordinary income/charges	(140.100)	-0,1%	65.740	0,0%
Pre-tax profit (loss)	(3.860.889)	-2,5%	5.219.695	3,1%
Tax	290.773	0,2%	3.297.823	2,0%
Profit (loss) for the period	(4.151.662)	-2,6%	1.921.873	1,2%

Marcolin Spa

BALANCE SHEET - ASSETS	31-dec-03	31-dec-02
<i>Total intangible assets</i>	1.986.427	1.216.701
<i>Total tangible assets</i>	4.267.902	4.623.785
<i>Financial assets</i>	37.384.017	47.511.067
Total fixed assets	43.638.346	53.351.553
Total current assets	87.092.362	72.646.434
Prepayments and Accrued Income	971.716	1.013.013
TOTAL ASSETS	131.702.424	127.011.000

BALANCE SHEET LIABILITIES	31-dec-03	31-dec-02
Shareholders' equity	52.111.333	59.554.258
Total provisions	6.041.421	5.183.310
Total payables	73.016.042	61.656.462
Accrued liabilities and deferred charges	533.628	616.971
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	131.702.424	127.011.000

Profit and Loss	31-dec-03		31-dec-02	
Revenues from sales and services	85.793.850	100,0%	71.799.816	100,0%
Other income	1.388.355	1,6%	1.454.250	2,0%
Total revenues	87.182.205	101,6%	73.254.067	102,0%
Cost of Sales	59.281.398	69,1%	47.814.831	66,6%
Value Added	27.900.807	32,5%	25.439.235	35,4%
Payroll	15.912.071	18,5%	14.474.378	20,2%
EBITDA	11.988.736	14,0%	10.964.857	15,3%
Provisions and write downs	1.259.137	1,5%	1.020.900	1,4%
Amortisation and depreciation	3.165.176	3,7%	3.141.410	4,4%
EBIT	7.564.423	8,8%	6.802.547	9,5%
Net Financial income/charges	(14.182.196)	-16,5%	(5.386.387)	-7,5%
Net extraordinary income/charges	(317.560)	-0,4%	300.849	0,4%
Pre-tax profit (loss)	(6.935.333)	-8,1%	1.717.009	2,4%
Tax	(787.377)	-0,9%	646.606	0,9%
Profit (loss) for the period	(6.147.956)	-7,2%	1.070.403	1,5%