

Italian eyewear: healthy performance in 2006

Production at +17.4%, exports at +18.2% over 2005

Same trend repeated in first quarter 2007

Italian eyewear race continues

Yesterday, during a press conference held to present Mido in Milan, Anfao (Italian Optical Goods Manufacturers' Associations) announced the 2006 year-end results for the industry and illustrated the initial performance trend in the first quarter 2007, confirming the positive growth in the sector.

Last year, Italian eyewear production (approx. 1,100 companies for a total of 18,000 people employed) totaled €2,495 million, up by 17.4% over 2005.

With the world market estimated to be worth €9,000 million, Italy accounts for more than 27%. In the high-end and luxury bracket of the market, considering that about 300 marks are produced under license and Italy claims more than 50% (154) of these, Italian production contributes to an estimated 70-75% of worldwide production.

The good results being posted by Italian eyewear are also reflected in employment figures which are picking up again (+6.5%) after many years, albeit not in a structural manner.

The first to reap the benefits of these results are leading companies in the industry, as well as the small- and medium-sized companies that have upgraded and focused on the quality of Italian products, despite the fact that some are undeniably finding it difficult to survive in a globalized market.

Exports rise by 18.2%

The Italian trade balance for the eyewear industry closed 2006 on a positive note (approx. €1,414 million trade surplus).

Exports of frames, sunglasses and lenses rose by 18.2% over 2005 and a good 34.8% over 2004. Also significant, confirming the buoyancy of the market, was the increase in imports at +34.3% over 2005, in excess of € 657 million.

Exports amounted to over €2,070 million, 320 million more than in 2005. For sunglasses, 2006 exports grew by 23% versus 2005, amounting to almost €1,354 million. The growth rate for frame exports was lower but nonetheless significant (+10.5%) totaling more than €675 million. For ophthalmic lenses, exports were +4.8% over 2005 (+8.1% for glass lenses, +3.4% for lenses in other materials).

During 2006, for Italian imports of sunglasses and frames, 70.3% came from Asia, practically all from the Far East (69.9%) and rose by 45.9% over 2005, while imports from Europe accounted for 27.4%, also higher than the 23.7% reported in 2005.

Europe and America Italy's leading export markets

Our leading export market in 2006 remained Europe, with a 49.1% share (39.9% for the EU-15 area, 42.3% for EU -25), rising by 18.9% over 2005.

The share of exports to the American market was 32.2%, with export figures rising by 17.7% over 2005. Noteworthy was the performance of exports to Central and South America, where +41.5% was reported for an area that accounts for more than 4 percentage points of Italian sunglass and frame exports.

In Asia, which absorbs 13.9% of total exports by the frames/sunglasses industry, the figure was up by 25.9% from 2005.

In the United States (the leading export market with a share in excess of 27%) total exports of sunglasses-eyewear were +13.2% over 2005, with sunglasses (+20%) outperforming frames (+0,4%) by a wide margin.

Italy a world leader in value terms

Italy is the No. 1 exporter worldwide (approx. €7,600 million), with a market share that exceeds 27.3% in terms of value and third in terms of volumes, and where China and Hong Kong are the undisputed leaders. For sunglasses, the value growth of Italian exports rose to 48.6%, for frames it was 26.7%. After Italy came China and Hong Kong which, despite the much higher volumes, are not undermining Italian records.

Domestic market also on the upswing

In 2006, the domestic market posted more than €1,081 million, up by 25.2% over 2005.

As regards the sell-in for the various sectors, more than 17 million ophthalmic lenses (4.5% more than in 2005) reached the retail outlets, for an overall value of €272,064,000 (+5.5% more than in 2005). Noteworthy in the sector is the almost 10% increase for progressive lenses, a lens type that achieved a 12.6% market share in 2006 12,6%, a long way from the European average (about 20%), but on which many manufacturers and distributors are focusing.

For prescription eyewear and sunglasses, the sell-in in 2006 was respectively 40% and 60% of the market share. Overall, more than 17,068,00 pairs of glasses reached domestic distributors, divided into 6,688,000 prescription glasses and 10,380,000 pairs of sunglasses, for a total of €794,939,000.

First quarter 2007 confirms positive trend

The growth trend appeared to continue into early 2007. The value growth for exports by the industry as at January 2007 was up by 16.2% over the same month in 2006: on a quarterly basis this increase should be 12-13% over first quarter 2006. Cautious estimates for volume growth over the same period put Italian eyewear exports at 20 million pairs: 7 million frames and 13 million sunglasses.

The drivers of this increase appear to be sunglasses (a 21% value growth over January 2006), but also frames (with a 4.6% value growth over January 2006).

For information contact:

Fast-Com – Anfao Press Office

Stefania Valenti - Tel: +39 02 46.91.501 (ext.264)

stefania.fastcom@grupposantagostino.com

Francesca Magrotti - Tel: +39 02 46.91.501 (ext.268) -

francesca.fastcom@grupposantagostino.com