

*Salvatore Ferragamo*

## FY 2015 Results Update

Analyst Presentation

March 17, 2016 - 6.00 PM CET



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## FY 2015 Market Scenario

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- Geopolitical tensions continue worldwide with market conditions remaining volatile
- China domestic market penalized by economical slowdown and increasing outbound travelers buying abroad (increasingly in Japan and Korea), while demand in Hong Kong and Macao showing no sign of improvement
- Europe positively impacted by increasing tourist flows, taking advantage of the weak Euro, but penalized by the dramatic events in Paris and by the Russian clientele still missing
- Improving economy in the US, but tourism penalized by a strong Dollar
- Japanese consumers confidence improving and domestic sales positively increasing, with Chinese travel flows boosting performance
- Luxury demand growing double-digit in Mexico, Australia and Canada
- Travel Retail channel remains key: worldwide airport traffic up 6.5% in FY 2015 and 2016 expected to be another strong year (January 2016 accelerating to +7.1% vs. +5.4% in December 2015)

## FY 2015 Salvatore Ferragamo Key Facts (1/2)

- Top-line up 7.4% in FY 2015 to 1,430 million Euros
- RTL growing by 7.1%, with L-f-L down 2.7%
- WHL up 7.3% also thanks to the good performance of the Travel Retail Channel
- Europe up 7.3% with overperformance of RTL
- North America up 9.5% and Latam continuing the solid trend (+12.0%)
- APAC up 4.0%, with RTL in Mainland China +10%, performance in Hong Kong and Macao remaining negative, while the rest of the region showing positive trends
- Japan up 14.2% mainly thanks to Chinese travellers



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## FY 2015 Salvatore Ferragamo Key Facts (2/2)

- Leather goods overperforming in line with strategy (+12.1%)
- Gross Profit up by 11.7% (despite 51 million Euros negative hedging), with incidence on Revenues up 260 basis points to 66.3%
- EBITDA increasing 10.7%, with incidence on Revenues of 22.7% from 22.0% in FY 2014
- Group Net Profit reaching 173 million Euros, up 10.3% vs. FY 2014
- Net Debt down to 10 million Euros (from 49 million Euros at 31 December 2014)
- Net Operating Cash Flow of 197 million Euros (+39% vs. FY 2014)



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# FINANCIALS

# FY 2015 Revenue By Region

(Euro MM)	December YTD			Δ % Const FX
	2015	2014	Δ %	
Europe	380,6	354,8	7,3%	6,0%
North America	333,8	304,8	9,5%	-1,6%
Japan	127,3	111,5	14,2%	15,0%
Asia Pacific	516,0	496,0	4,0%	-3,2%
Latin America	72,4	64,7	12,0%	9,1%
<b>Total</b>	<b>1.430,0</b>	<b>1.331,8</b>	<b>7,4%</b>	<b>1,4%</b>

Weight on Tot 2015	Weight on Tot 2014
26,6%	26,6%
23,3%	22,9%
8,9%	8,4%
36,1%	37,2%
5,1%	4,9%
100,0%	100,0%

# FY 2015 Revenue By Distribution Channel

(Euro MM)	December YTD			Δ % Const FX	Weight on Tot 2015	Weight on Tot 2014
	2015	2014	Δ %			
Retail	892,0	833,1	7,1%	1,3%	62,4%	62,6%
Wholesale	513,6	478,4	7,3%	1,3%	35,9%	35,9%
Licences & Other Rev.	11,5	9,4	23,1%	23,1%	0,8%	0,7%
Rental income	12,9	10,9	17,9%	-1,5%	0,9%	0,8%
<b>Total</b>	<b>1.430,0</b>	<b>1.331,8</b>	<b>7,4%</b>	<b>1,4%</b>	<b>100,0%</b>	<b>100,0%</b>



# FY 2015 Revenue By Product

(Euro MM)	December YTD				Weight on Tot 2015	Weight on Tot 2014
	2015	2014	Δ %	Δ % Const FX		
Shoes	600,8	568,4	5,7%	-0,9%	42,0%	42,7%
Leather goods & handbags	528,8	471,6	12,1%	6,4%	37,0%	35,4%
RTW	93,0	97,2	-4,4%	-8,4%	6,5%	7,3%
Silk & other access.	95,4	90,1	5,9%	1,3%	6,7%	6,8%
Fragrances	87,7	84,2	4,1%	-1,8%	6,1%	6,3%
Licences & Other Rev.	11,5	9,4	23,1%	23,1%	0,8%	0,7%
Rental income	12,9	10,9	17,9%	-1,5%	0,9%	0,8%
<b>Total</b>	<b>1.430,0</b>	<b>1.331,8</b>	<b>7,4%</b>	<b>1,4%</b>	<b>100,0%</b>	<b>100,0%</b>

# FY 2015 P&L

(Euro MM)	December YTD				
	2015	%	2014	%	Δ %
<b>Total revenue</b>	<b>1.430,0</b>	<b>100,0%</b>	<b>1.331,8</b>	<b>100,0%</b>	<b>7,4%</b>
Cost of goods sold	(482,0)	-33,7%	(483,4)	-36,3%	-0,3%
<b>Gross profit</b>	<b>948,1</b>	<b>66,3%</b>	<b>848,4</b>	<b>63,7%</b>	<b>11,7%</b>
Payroll	(194,9)	-13,6%	(173,9)	-13,1%	12,1%
Rental	(203,0)	-14,2%	(173,2)	-13,0%	17,2%
Communication	(67,8)	-4,7%	(63,4)	-4,8%	6,9%
Consultancy	(29,3)	-2,1%	(27,4)	-2,1%	7,0%
Other Costs	(129,5)	-9,1%	(118,2)	-8,9%	9,6%
Depreciation	(59,0)	-4,1%	(46,8)	-3,5%	25,9%
<b>Total operating costs</b>	<b>(683,5)</b>	<b>-47,8%</b>	<b>(603,0)</b>	<b>-45,3%</b>	<b>13,3%</b>
<b>EBIT</b>	<b>264,6</b>	<b>18,5%</b>	<b>245,4</b>	<b>18,4%</b>	<b>7,8%</b>
Financial income (expenses)	(13,2)	-0,9%	(7,4)	-0,6%	77,7%
<b>EBT</b>	<b>251,4</b>	<b>17,6%</b>	<b>238,0</b>	<b>17,9%</b>	<b>5,6%</b>
Taxes	(76,9)	-5,4%	(74,5)	-5,6%	3,3%
<b>Net income</b>	<b>174,5</b>	<b>12,2%</b>	<b>163,5</b>	<b>12,3%</b>	<b>6,7%</b>
Group net income	172,7	12,1%	156,6	11,8%	10,3%
Income to minorities	1,7	0,1%	6,9	0,5%	-75,3%
<b>EBITDA</b>	<b>324,3</b>	<b>22,7%</b>	<b>292,9</b>	<b>22,0%</b>	<b>10,7%</b>

# 4Q 2015 P&L

(Euro MM)			4Q		Δ %
	2015	%	2014	%	
<b>Total revenue</b>	<b>409,0</b>	<b>100,0%</b>	<b>375,2</b>	<b>100,0%</b>	<b>9,0%</b>
Cost of goods sold	(133,0)	-32,5%	(130,2)	-34,7%	2,1%
<b>Gross profit</b>	<b>276,0</b>	<b>67,5%</b>	<b>245,0</b>	<b>65,3%</b>	<b>12,6%</b>
Payroll	(50,5)	-12,4%	(46,7)	-12,5%	8,2%
Rental	(53,7)	-13,1%	(48,6)	-13,0%	10,4%
Communication	(20,6)	-5,0%	(17,7)	-4,7%	16,6%
Consultancy	(10,0)	-2,4%	(9,0)	-2,4%	10,5%
Other Costs	(34,6)	-8,5%	(33,4)	-8,9%	3,8%
Depreciation	(15,6)	-3,8%	(12,9)	-3,4%	20,2%
<b>Total operating costs</b>	<b>(185,0)</b>	<b>-45,2%</b>	<b>(168,4)</b>	<b>-44,9%</b>	<b>9,9%</b>
<b>EBIT</b>	<b>91,0</b>	<b>22,2%</b>	<b>76,6</b>	<b>20,4%</b>	<b>18,7%</b>
Financial income (expenses)	(4,0)	-1,0%	(3,3)	-0,9%	21,6%
<b>EBT</b>	<b>87,0</b>	<b>21,3%</b>	<b>73,4</b>	<b>19,5%</b>	<b>18,6%</b>
Taxes	(26,0)	-6,4%	(23,7)	-6,3%	9,9%
<b>Net income</b>	<b>61,0</b>	<b>14,9%</b>	<b>49,7</b>	<b>13,2%</b>	<b>22,8%</b>
Group net income	60,5	14,8%	47,1	12,5%	28,5%
Income to minorities	0,5	0,1%	2,6	0,7%	-79,6%
<b>EBITDA</b>	<b>106,7</b>	<b>26,1%</b>	<b>89,8</b>	<b>23,9%</b>	<b>18,9%</b>

# FY 2015 Balance Sheet

(Euro MM)	Dec 15 YTD	Dec 14 YTD	%
Tangible assets	243,921	219,092	11,3%
Intangible assets	33,596	29,221	15,0%
Financial assets	–	–	
<b>Fixed assets</b>	<b>277,518</b>	<b>248,312</b>	<b>11,8%</b>
Inventory	351,132	338,555	3,7%
Trade receivables	167,911	150,895	11,3%
Trade payables	(202,148)	(187,555)	7,7%
<b>Operating working capital</b>	<b>316,895</b>	<b>301,895</b>	<b>5,0%</b>
Other assets (liabilities)	43,777	26,029	67,8%
Severance indemnity	(11,664)	(11,583)	0,7%
Risk funds	(8,025)	(7,106)	12,9%
<b>Net invested capital</b>	<b>618,500</b>	<b>557,548</b>	<b>11,0%</b>
<b>Shareholders' equity (A)</b>	<b>608,741</b>	<b>508,194</b>	<b>19,8%</b>
Group equity	563,926	466,191	21,0%
Minority interest	44,815	42,004	6,7%
Current financial liabilities	(128,860)	(125,461)	2,7%
Non current financial liabilities	(23,312)	(21,331)	
Cash & equivalents	142,412	97,439	46,2%
<b>Net debt (B)</b>	<b>(9,760)</b>	<b>(49,353)</b>	<b>-80,2%</b>
<b>Financial sources (A-B)</b>	<b>618,500</b>	<b>557,548</b>	<b>11,0%</b>