

*Salvatore Ferragamo*

## 1Q 2016 Results Update

Analyst Presentation

May 12, 2016 - 6.00 PM CET



# Disclaimer

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*This presentation contains forward-looking statements regarding future events and results of the Company that are based on the current expectations, projections and assumptions of the management of the Company.*

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# 1Q 2016 Market Scenario

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- Current market scenario impacted by subdued economic indicators, geopolitical uncertainty and lower tourism
- China macroeconomic data to support forecast of midyear pickup, while demand in Hong Kong showing no sign of improvement
- Europe macroeconomic prospects remain uncertain and tourist flows negatively impacted by the dramatic events occurred
- US expected soft for luxury goods consumption, with tourism penalized by a strong Dollar
- Japanese sales expected to slow-down due to lower consumer confidence and strong yen, negatively impacting Chinese travel flows
- Korea, Australia and Mexico preferred destinations driven by tourist attractions, leisure and favorable exchange rates
- Travel Retail channel remains key: IATA reports worldwide airport traffic up 7% in 1Q 2016 (+6% adjusted for leap year)

# 1Q 2016 Salvatore Ferragamo Key Facts (1/2)

- Top-line down 2% in 1Q 2016 to 321 million Euros
- RTL down 4%, while WHL up 1% also thanks to the good performance of the Travel Retail Channel
- Europe down 4% penalized by lower tourist flows
- North America up 1%, with the overperformance of RTL
- Latam +8% at const FX, but penalized by the currency trends (stable at current FX)
- APAC down 3% with Hong Kong still double-digit negative
- Japan up 2% mainly thanks to Chinese travellers



Salvatore Ferragamo SS16 Advertising Campaign

## 1Q 2016 Salvatore Ferragamo Key Facts (2/2)

- Gross Profit up by 2% (despite soft top-line trend), with incidence on Revenues up 250 basis points to 67.2%
- EBITDA increasing over 5%, with incidence on Revenues of 20.0% from 18.7% in 1Q 2015
- Group Net Profit reaching 34 million Euros, up 10% vs. 1Q 2015
- Net Financial Position positive for 25 million Euros (from 34 million Euros Net Debt at 31 March 2015)



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# FINANCIALS

# 1Q 2016 Revenue By Region

(Euro MM)	March YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	Δ %	Δ % Const FX		
Europe	81,9	85,3	-4,0%	-4,2%	25,5%	26,1%
North America	74,6	74,0	0,8%	-3,8%	23,2%	22,6%
Japan	32,4	31,8	1,9%	0,3%	10,1%	9,7%
Asia Pacific	116,3	119,9	-3,0%	-2,3%	36,2%	36,6%
Latin America	16,3	16,3	0,1%	8,4%	5,1%	5,0%
<b>Total</b>	<b>321,5</b>	<b>327,3</b>	<b>-1,8%</b>	<b>-2,4%</b>	<b>100,0%</b>	<b>100,0%</b>

# 1Q 2016 Revenue By Distribution Channel

(Euro MM)	March YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	Δ %	Δ % Const FX		
Retail	191,7	198,8	-3,6%	-4,2%	59,6%	60,7%
Wholesale	124,0	122,9	0,9%	0,2%	38,6%	37,6%
Licences & Other Rev.	2,6	2,4	6,6%	6,6%	0,8%	0,7%
Rental income	3,2	3,1	3,3%	1,1%	1,0%	1,0%
<b>Total</b>	<b>321,5</b>	<b>327,3</b>	<b>-1,8%</b>	<b>-2,4%</b>	<b>100,0%</b>	<b>100,0%</b>



# 1Q 2016 Revenue By Product

(Euro MM)	March YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	Δ %	Δ % Const FX		
Shoes	136,0	135,8	0,1%	-1,0%	42,3%	41,5%
Leather goods & handbags	117,3	120,9	-3,0%	-3,4%	36,5%	36,9%
RTW	20,9	22,9	-8,5%	-9,6%	6,5%	7,0%
Silk & other access.	21,1	22,1	-4,5%	-3,8%	6,6%	6,8%
Fragrances	20,4	20,0	1,7%	1,6%	6,3%	6,1%
Licences & Other Rev.	2,6	2,4	6,6%	6,6%	0,8%	0,7%
Rental income	3,2	3,1	3,3%	1,1%	1,0%	1,0%
<b>Total</b>	<b>321,5</b>	<b>327,3</b>	<b>-1,8%</b>	<b>-2,4%</b>	<b>100,0%</b>	<b>100,0%</b>

# 1Q 2016 P&L

(Euro MM)	March YTD				
	2016	%	2015	%	Δ %
<b>Total revenue</b>	<b>321,5</b>	<b>100,0%</b>	<b>327,3</b>	<b>100,0%</b>	<b>-1,8%</b>
Cost of goods sold	(105,6)	-32,8%	(115,6)	-35,3%	-8,7%
<b>Gross profit</b>	<b>215,9</b>	<b>67,2%</b>	<b>211,6</b>	<b>64,7%</b>	<b>2,0%</b>
Payroll	(48,8)	-15,2%	(48,7)	-14,9%	0,3%
Rental	(49,6)	-15,4%	(48,4)	-14,8%	2,6%
Communication	(16,5)	-5,1%	(16,1)	-4,9%	2,5%
Consultancy	(6,4)	-2,0%	(6,1)	-1,9%	4,6%
Other Costs	(30,5)	-9,5%	(31,5)	-9,6%	-3,2%
Depreciation	(15,1)	-4,7%	(14,0)	-4,3%	7,9%
Total operating costs	(166,9)	-51,9%	(164,7)	-50,3%	1,3%
<b>EBIT</b>	<b>49,0</b>	<b>15,2%</b>	<b>46,9</b>	<b>14,3%</b>	<b>4,5%</b>
Financial income (expenses)	(3,9)	-1,2%	(2,6)	-0,8%	49,9%
Companies valued with the Equity Method	–	0,0%	–	0,0%	0,0%
<b>EBT</b>	<b>45,1</b>	<b>14,0%</b>	<b>44,3</b>	<b>13,5%</b>	<b>1,8%</b>
Taxes	(11,3)	-3,5%	(12,5)	-3,8%	-9,5%
<b>Net income</b>	<b>33,8</b>	<b>10,5%</b>	<b>31,8</b>	<b>9,7%</b>	<b>6,3%</b>
Group net income	34,4	10,7%	31,2	9,5%	10,2%
Income to minorities	(0,5)	-0,2%	0,6	0,2%	-181,9%
<b>EBITDA</b>	<b>64,3</b>	<b>20,0%</b>	<b>61,1</b>	<b>18,7%</b>	<b>5,3%</b>

# 1Q 2016 Balance Sheet

(Euro MM)	Mar 16 YTD	Mar 15 YTD	%
Tangible assets	234,954	232,855	0,9%
Intangible assets	31,769	30,795	3,2%
Financial assets	—	—	
<b>Fixed assets</b>	<b>266,723</b>	<b>263,650</b>	<b>1,2%</b>
Inventory	376,283	352,480	6,8%
Trade receivables	140,236	147,038	-4,6%
Trade payables	(189,009)	(190,824)	-1,0%
<b>Operating working capital</b>	<b>327,510</b>	<b>308,694</b>	<b>6,1%</b>
Other assets (liabilities)	44,315	(3,592)	-1333,7%
Severance indemnity	(11,473)	(12,211)	-6,0%
Risk funds	(8,286)	(7,725)	7,3%
<b>Net invested capital</b>	<b>618,791</b>	<b>548,816</b>	<b>12,8%</b>
<b>Shareholders' equity (A)</b>	<b>643,567</b>	<b>514,875</b>	<b>25,0%</b>
Group equity	600,637	467,902	28,4%
Minority interest	42,930	46,973	-8,6%
Current financial liabilities	(138,692)	(142,834)	-2,9%
Non current financial liabilities	(23,326)	(24,131)	
Cash & equivalents	186,795	133,024	40,4%
<b>Net debt (B)</b>	<b>24,776</b>	<b>(33,941)</b>	<b>-173,0%</b>
<b>Financial sources (A-B)</b>	<b>618,791</b>	<b>548,816</b>	<b>12,8%</b>

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## 1Q 2016 Results Update

Q&A



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