

*Salvatore Ferragamo*

## FY 2016 Results Update

Analyst Presentation

March 14, 2017 - 6.30 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.*

*The actual results may differ materially from those expressed in any forward-looking statement and the Company does not assume any liability with respect thereto.*

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*The Manager in Charge of preparing the Company financial reports hereby certifies pursuant to paragraph 2 of art. 154-bis of Legislative Decree no. 58 of February 24, 1998, that the accounting disclosures of this document are consistent with the accounting documents, ledgers and entries.*

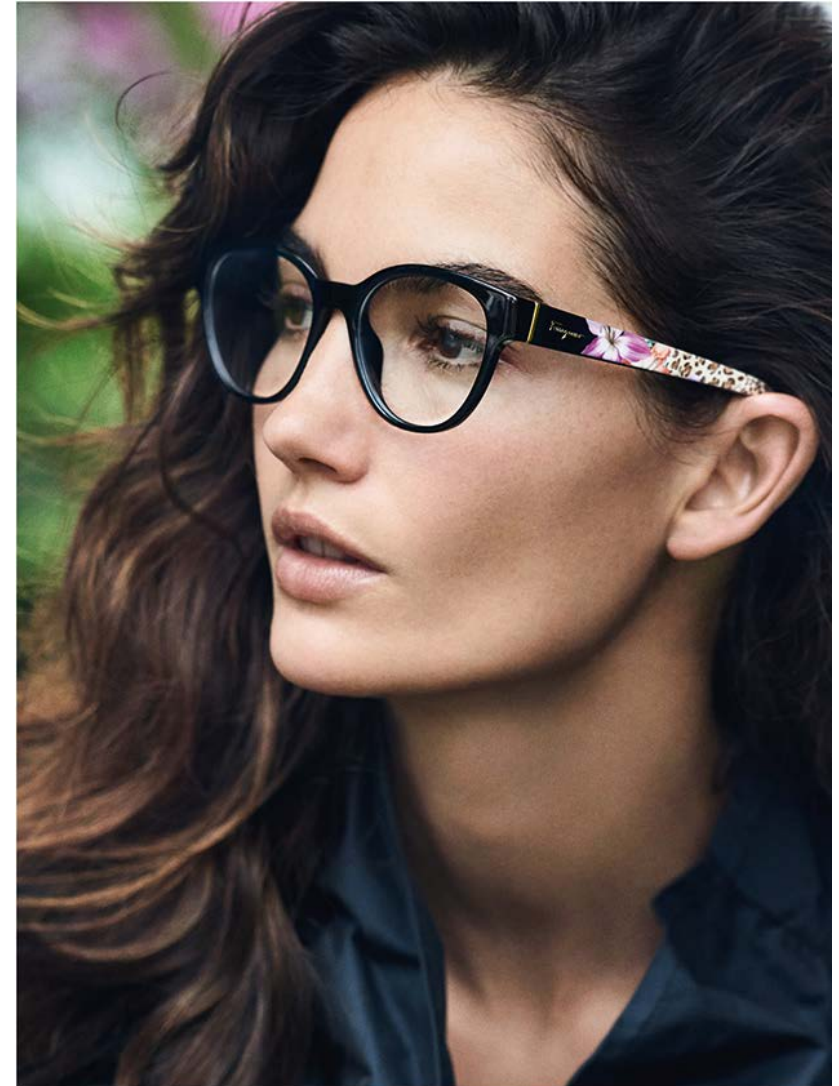
# FY 2016 Market Scenario

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- Sector performance presenting a tough year with progressive improvement in 4Q sales, driven by consumer confidence
- Industry undergoing perimeter consolidation with selected closures, especially in Greater China
- Business in Greater China mixed: Mainland China improving while Honk Kong still showing a negative performance
- Europe impacted by weak macroeconomics, geopolitical uncertainty and volatile tourist flows
- US soft for luxury goods consumption, mainly due to department stores poor performance, with tourism penalized by a strong Dollar
- Japanese sales slowing-down due to subdued consumer confidence and strong yen, negatively impacting Chinese travel flows
- Travel Retail recovering in 4Q and confirmed strong: worldwide airport traffic accelerating and up 7% in 2016

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

- Top-line up 1% to 1,438 million Euros vs. FY'15, accelerating to +4% in 4Q'16
- RTL up over 2% vs. FY'15, improving to +5% in 4Q'16
- WHL down 2% vs. FY'15, mainly due to lower tourists' flows and weakness of US Department Stores, but turning positive in 4Q'16 (+3%)
- APAC up 1% in FY'16 and up 4% in 4Q, with Mainland China RTL continuing the positive trend (+6% in FY and +13% in 4Q'16 at constant FX), while Hong Kong still negative double-digit showing and improvement in 4Q
- Europe, penalized by lower tourists' flows, down 4%, improving to -2% in 4Q'16, mainly thanks to a better RTL business (-1% in 4Q'16 vs. -9% in 9M'16)
- North America up 4% in FY'16, accelerating to +7% in 4Q, with RTL up 10%



Salvatore Ferragamo SS17 Advertising Campaign



## FY 2016 Salvatore Ferragamo Key Facts (2/2)

- Japan stable vs. FY'15, but up 3% in 4Q'16 despite the hard comparison base (+18% in 4Q'15)
- Latam solid growth, further accelerating in 4Q'16, although penalized by the currency trends (+16% at constant FX and +6% at current FX in FY'16, +12% and +23% in 4Q'16)
- Gross Profit up 2% at 965 million Euros, with incidence on Revenues going up by 80 basis points to 67.1%
- EBITDA stable at 324 million Euros, with incidence on Revenues at 22.5%
- Group Net Profit up 17% at 202 million Euros vs. FY'15, including the "Patent Box" benefit
- Net Financial Debt improving to 8 million Euros (from 10 million Euros at 31 December 2015)



Salvatore Ferragamo SS17 Advertising Campaign

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2017

# FOUR ACTIONS TO ENGAGE THE CUSTOMER

## INVESTOR DAY



**BRAND**

**Unveil the strength of the Brand**



**PRODUCT**

**Foster innovation & creativity**



**RETAIL**

**Deliver impeccable customer experience**



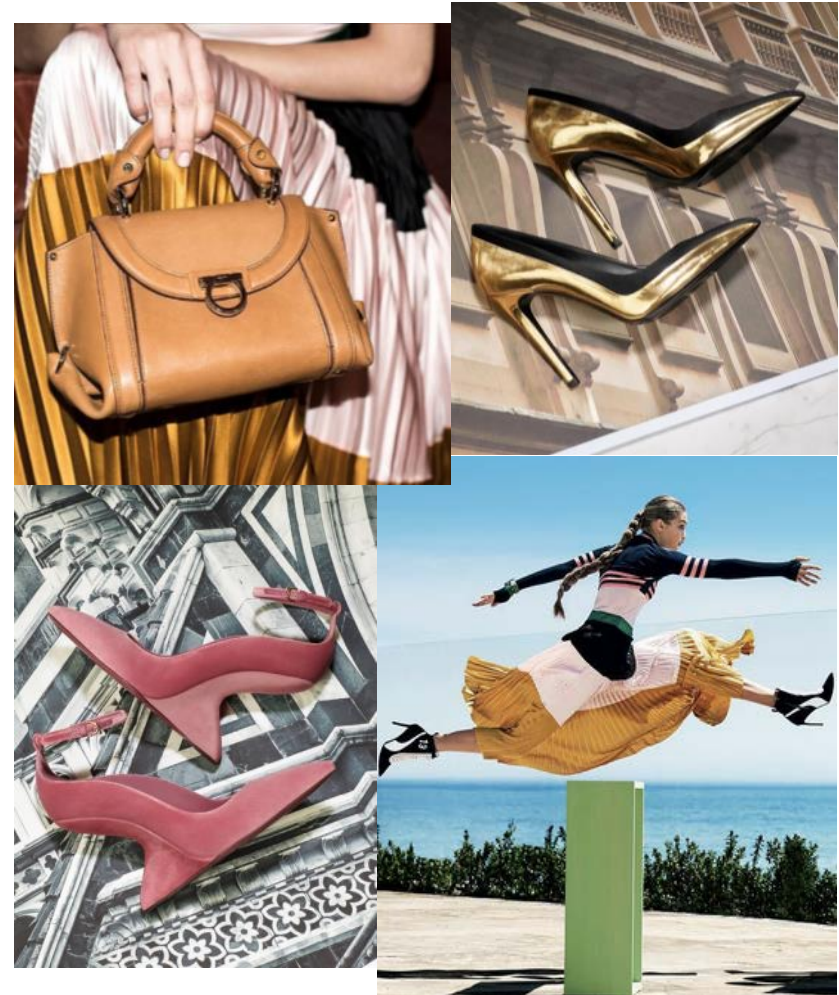
**PEOPLE**

**Empower our people**



# THE CHANGE IN BRAND STRATEGY

NEW ADV live from FW17 campaign



- **Digitally** conceived
- Focus on **shoes & bags**
- RTW as component of **Brand experience**
- **Based on must-have** product selection
- Brand **DNA with a contemporary twist**



# THE CHANGE IN BRAND STRATEGY

New annual «strong projects» calendar



- **4 Brand building** events a year
- 2 new **in-store event formats** for all main stories
- Strong **support with a digital** contents monthly program



# THE CHANGE IN THE PRODUCT

New organization and buying rules live from May



- **New ORGANIZATION** aimed to favour a **stronger product coordination** and a **customer driven retail distribution**
- **New GLOCAL approach for buying: GLOBAL+LOCAL= GLOCAL**
- Stronger **MUST-HAVE up to 50% of retail collection** with **coordinated deliveries** for seasonal total looks & category businesses
- **Worldwide UNIFORM BRAND IDENTITY** reinforced not only by product but also by marketing, visual and customer care
- A-SEASONAL merchandising mix: **buy-now/wear-now**



**GOAL: increase sell-through before and after end of season sales**



# THE CHANGE IN THE PRODUCT

from toes to head with Paul Andrew collection in stores from April



# THE CHANGE IN THE PRODUCT

the Man Fashion Show FW17 in Milan (Jan'17) by Guillaume Meilland





# THE CHANGE IN THE PRODUCT

the Woman Fashion Show FW17 in Milan (Feb'17) by Fulvio Rigoni



# THE CHANGE IN THE STORES

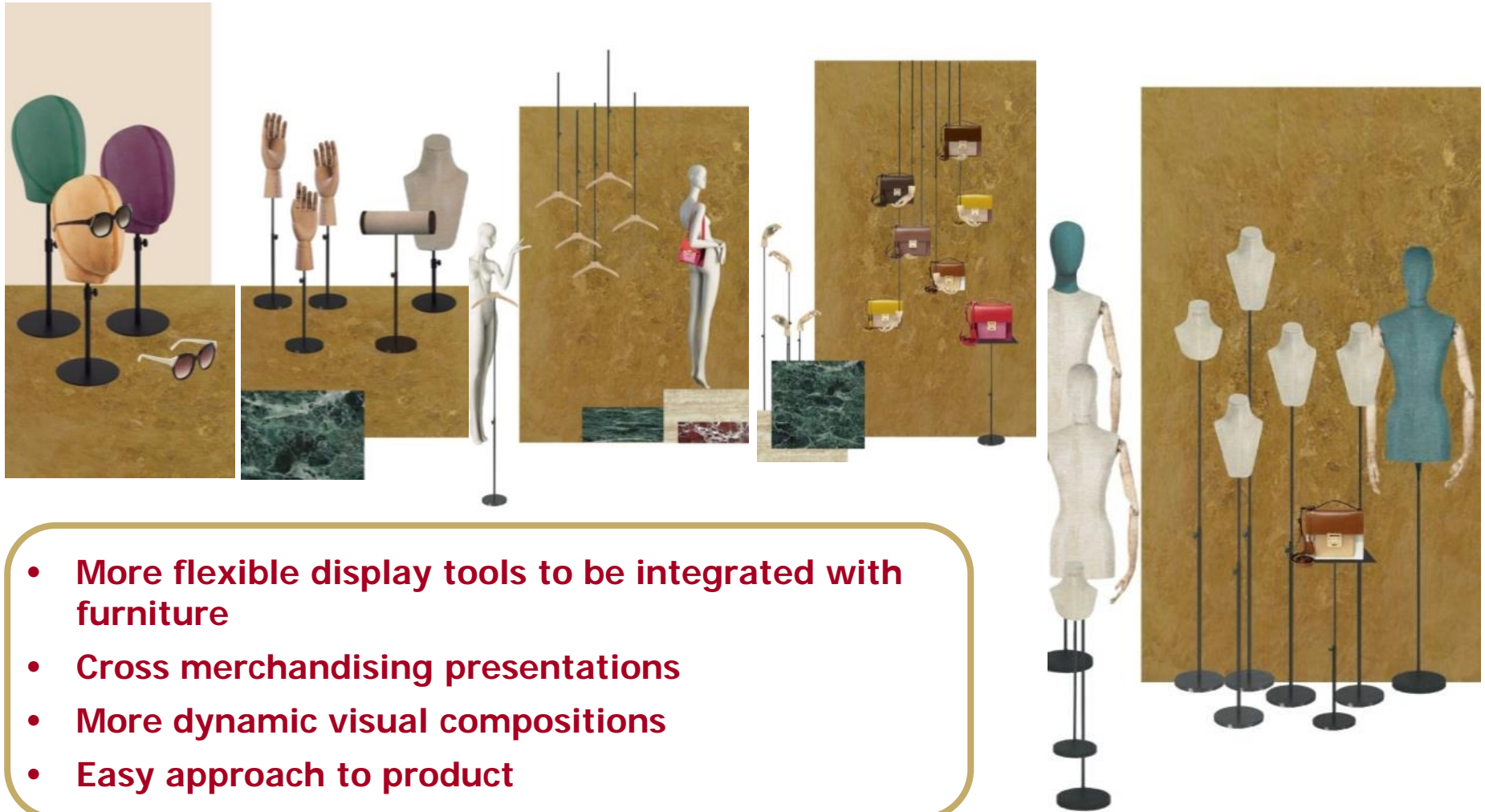
New fixtures/display system



- Less furniture, more display system
- New welcome table compositions
- A touch of color

# THE CHANGE IN THE STORES

## New visual merchandising



- More flexible display tools to be integrated with furniture
- Cross merchandising presentations
- More dynamic visual compositions
- Easy approach to product

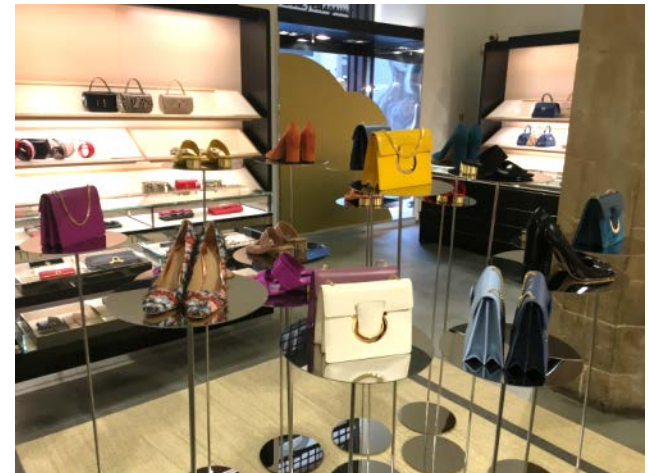


# THE CHANGE IN THE STORES

Firenze – Feb,17



- Light improvement
- Cross merchandising tables
- Cross merchandising presentations
- New visual merchandising display





# THE CHANGE IN THE STORES

Milano Donna – Feb, 17



- New seatings with a touch of color
- Cross merchandising tables
- New visual merchandising display



# THE CHANGE IN THE STORES

Milano Uomo – Feb,17



- Light improvement
- Cross merchandising tables
- Cross merchandising presentations
- New visual merchandising display



## A NEW STREAMLINED ORGANIZATION

- Distinctive & highly experienced hirings
- Internal promotions

## A SUPPORTING CENTRE

- Strengthening core competencies in key areas i.e. Merchandising, Marketing

## INCENTIVE SYSTEMS & TRAINING

- New MBO & sales incentives to align and engage our people to company objectives
- Boost training with a dedicated program for talents

## RETAIL CULTURE & AWARENESS OF CHANGE

- Refocus attention to stores people & with a new global retail reporting
- Promotion of team strategy with new mindset focused on excellence & execution

**FASTER BETTER TOGETHER**

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# FINANCIALS



# FY 2016 Revenue By Region

(Euro MM)	Dec YTD			$\Delta$ % Const FX	Weight on Tot 2016	Weight on Tot 2015
	2016	2015	$\Delta$ %			
Europe	364,3	380,6	-4,3%	-4,0%	25,3%	26,6%
North America	348,3	333,8	4,4%	-2,2%	24,2%	23,3%
Japan	126,7	127,3	-0,5%	-8,2%	8,8%	8,9%
Asia Pacific	521,7	516,0	1,1%	-2,3%	36,3%	36,1%
Latin America	76,9	72,4	6,1%	15,9%	5,3%	5,1%
<b>Total</b>	<b>1.437,9</b>	<b>1.430,0</b>	<b>0,6%</b>	<b>-2,5%</b>	<b>100,0%</b>	<b>100,0%</b>

# FY 2016 Revenue By Distribution Channel

(Euro MM)	Dec YTD			$\Delta$ % Const FX	Weight on Tot 2016	Weight on Tot 2015
	2016	2015	$\Delta$ %			
Retail	912,4	892,0	2,3%	-0,8%	63,4%	62,4%
Wholesale	502,6	513,6	-2,1%	-5,1%	35,0%	35,9%
Licences & Other Rev.	10,0	11,5	-13,7%	-13,7%	0,7%	0,8%
Rental income	13,0	12,9	0,6%	0,4%	0,9%	0,9%
<b>Total</b>	<b>1.437,9</b>	<b>1.430,0</b>	<b>0,6%</b>	<b>-2,5%</b>	<b>100,0%</b>	<b>100,0%</b>

# FY 2016 Revenue By Product

(Euro MM)	Dec YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	Δ %	Δ % Const FX		
Shoes	611,2	600,8	1,7%	-1,5%	42,5%	42,0%
Leather goods & handbags	529,0	528,8	0,0%	-3,3%	36,8%	37,0%
RTW	93,6	93,0	0,6%	-3,0%	6,5%	6,5%
Silk & other access.	93,3	95,4	-2,2%	-5,3%	6,5%	6,7%
Fragrances	88,1	87,7	0,5%	0,3%	6,1%	6,1%
Licences & Other Rev.	10,0	11,5	-13,7%	-13,7%	0,7%	0,8%
Rental income	13,0	12,9	0,6%	0,4%	0,9%	0,9%
<b>Total</b>	<b>1.437,9</b>	<b>1.430,0</b>	<b>0,6%</b>	<b>-2,5%</b>	<b>100,0%</b>	<b>100,0%</b>



# FY 2016 P&L

(Euro MM)	Dec YTD				
	2016	%	2015	%	Δ %
<b>Total revenue</b>	<b>1.437,9</b>	<b>100,0%</b>	<b>1.430,0</b>	<b>100,0%</b>	<b>0,6%</b>
Cost of goods sold	(472,8)	-32,9%	(482,0)	-33,7%	-1,9%
<b>Gross profit</b>	<b>965,1</b>	<b>67,1%</b>	<b>948,1</b>	<b>66,3%</b>	<b>1,8%</b>
Total operating costs	(704,4)	-49,0%	(683,5)	-47,8%	3,1%
<b>EBIT</b>	<b>260,7</b>	<b>18,1%</b>	<b>264,6</b>	<b>18,5%</b>	<b>-1,5%</b>
Financial income (expenses)	(15,1)	-1,0%	(13,2)	-0,9%	13,9%
<b>EBT</b>	<b>245,7</b>	<b>17,1%</b>	<b>251,4</b>	<b>17,6%</b>	<b>-2,3%</b>
Taxes	(47,3)	-3,3%	(76,9)	-5,4%	-38,5%
<b>Net income</b>	<b>198,4</b>	<b>13,8%</b>	<b>174,5</b>	<b>12,2%</b>	<b>13,7%</b>
Group net income	202,0	14,0%	172,7	12,1%	16,9%
Income to minorities	(3,6)	-0,3%	1,7	0,1%	-310,6%
<b>EBITDA</b>	<b>323,8</b>	<b>22,5%</b>	<b>324,3</b>	<b>22,7%</b>	<b>-0,2%</b>

# FY 2016 Balance Sheet

(Euro MM)	Dec 16 YTD	Dec 15 YTD	%
Tangible assets	251,041	243,921	2,9%
Intangible assets	37,576	33,596	11,8%
Financial assets	–	–	
<b>Fixed assets</b>	<b>288,617</b>	<b>277,518</b>	<b>4,0%</b>
Inventory	374,710	351,132	6,7%
Trade receivables	179,678	167,911	7,0%
Trade payables	(180,256)	(202,148)	-10,8%
<b>Operating working capital</b>	<b>374,132</b>	<b>316,895</b>	<b>18,1%</b>
Other assets (liabilities)	94,474	43,777	115,8%
Severance indemnity	(12,283)	(11,664)	5,3%
Risk funds	(14,328)	(8,025)	78,5%
<b>Net invested capital</b>	<b>730,611</b>	<b>618,500</b>	<b>18,1%</b>
<b>Shareholders' equity (A)</b>	<b>722,614</b>	<b>608,741</b>	<b>18,7%</b>
Group equity	693,137	563,926	22,9%
Minority interest	29,476	44,815	-34,2%
Current financial liabilities	(125,156)	(128,860)	-2,9%
Non current financial liabilities	(0,355)	(23,312)	
Cash & equivalents	117,513	142,412	-17,5%
<b>Net debt (B)</b>	<b>(7,998)</b>	<b>(9,760)</b>	<b>-18,1%</b>
<b>Financial sources (A-B)</b>	<b>730,611</b>	<b>618,500</b>	<b>18,1%</b>

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## FY 2016 Results Update

Q&A

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