



# SPAFID CONNECT

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Vedi allegato.



**PRESS RELEASE**

**Salvatore Ferragamo S.p.A.**

**The Board of Directors Approves the non-audited draft  
Company Statutory Financial Statements and the Consolidated  
Financial Statements for the Year 2016**

**Stable Revenues (+1%) and EBITDA<sup>1</sup> (+0%),  
Increase in Group Net Profit (+17%):**

- **Revenues +1%, stable Gross Operating Profit (EBITDA<sup>1</sup>), Operating Profit (EBIT) - 1% and Group Net Profit +17% vs. FY 2015<sup>1bis</sup>**
- **Revenues: 1,438 million Euros (+1% vs. 1,430 million Euros of FY 2015)**
- **Gross Operating Profit (EBITDA<sup>1</sup>): 324 million Euros (stable vs. FY 2015)**
- **Operating Profit (EBIT): 261 million Euros (-1% vs. 265 million Euros of FY 2015)**
- **Net Profit: 198 million Euros (+14% vs. 174 million Euros of FY 2015), including negative 4 million Euros of Minority Interest**
- **Group Net Profit: 202 million Euros (+17% vs. 173 million Euros of FY 2015)**
- **Proposed a distribution of a Dividend of 0.46 Euros per Ordinary Share (same amount distributed in FY 2015)**

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<sup>1</sup> EBITDA is measured by our management to evaluate operating performance. We define EBITDA as operating income plus (i) depreciation of property, plant and equipment, investment property, (ii) amortization of other intangible assets with definite useful life and (iii) write-downs of property, plant and equipment, investment property and other intangible assets with definite useful life and goodwill. We believe that EBITDA is an important indicator for measuring the Group's performance as it is not influenced by various methods of calculating taxes, amortization or depreciation. As EBITDA is not an indicator defined by the accounting principles used by our Group, our method of calculating EBITDA may not be strictly comparable to that used by other companies.

<sup>1bis</sup> Data relating to the Consolidated Financial Statement



During the same meeting, the Board of Directors has :

- **Approved the Corporate Governance Report**
- **Approved the Remuneration Report**
- **Proposed Stock Buyback Application**
- **Call for the Shareholders' Meeting**

*Florence, 14 March 2017* – The Board of Directors of **Salvatore Ferragamo S.p.A.** (MTA: SFER), parent company of the Salvatore Ferragamo Group, one of the global leaders in the luxury sector, meeting under the chairmanship of Ferruccio Ferragamo, examined and approved the **non-audited draft Company Statutory Financial Statements** and the **Consolidated Financial Statements for the Year ended 31 December 2016**, both prepared according to IAS/IFRS international accounting principles.



## Notes to the Income Statement for FY 2016

### Consolidated Revenue

As of 31 December 2016, the Salvatore Ferragamo Group reported **Total Revenues of 1,438 million Euros up by 1% at current exchange rates (-2% at constant exchange rates<sup>2</sup>)** over the 1,430 million Euros recorded in FY 2015. Revenues, in 4Q 2016, confirmed the improved trend, reporting a **4% growth (+2% at constant exchange rates<sup>2</sup>)**. The positive development is confirmed also by the further acceleration of the retail channel sales in the first part of 2017.

### Revenues by geographical area<sup>3</sup>

The **Asia Pacific** area is confirmed as the Group's top market in terms of Revenues, representing 36% of total in FY 2016, **up by 1%**. In **4Q 2016 the growth** was over **4%**, despite the hard comparison base (+8% in 4Q 2015). The positive performance was achieved despite the still weak business in Hong Kong which remained negative, despite a further improvement. In particular, in 4Q 2016, the retail business registered a decrease of 13% at constant exchange rates<sup>2</sup> (-21% in 9M 2016). The **retail channel in China** recorded **Revenues up 6%** at constant exchange rates<sup>2</sup> in FY 2016, with an acceleration in 4Q 2016 (+13% constant exchange rates<sup>2</sup> vs.+3% in 9M 2016).

**Europe** posted an **decrease** in Revenues **of 4%** in FY 2016, penalized by lower tourist flows due to the dramatic events occurred. In **4Q 2016 the decrease** was **2%**, despite the hard comparison base (+9% in 4Q 2015), mainly thanks to the further improvement of the retail business (-1% vs. -9% in 9M 2016).

**North America**, despite the strong currency that also negatively impacted tourist flows in the United States, registered an **increase** in Revenues **of over 4%** in FY 2016 (-2% at constant exchange rates<sup>2</sup>). In **4Q 2016 Revenues increased 7%** (+2% at constant exchange rates<sup>2</sup>), thanks to the good performance of the retail business up by 10%.

The **Japanese market** reported **stable** Revenues in FY 2016, but **up 3%** in **4Q 2016**, despite the hard comparison base (+18% in 4Q 2015).

Revenues in **Central and South America** showed an **increase of 6%** in FY 2016, with an acceleration in **4Q 2016 (+12%)**. At constant exchange rates<sup>2</sup> the growth was even more significant, showing a +16% in FY 2016 and +23% in 4Q 2016.

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<sup>2</sup> Revenues at "constant exchange rates" are calculated by applying to the Revenue of the reference period of 2015, not including the "hedging effect", the average exchange rate of the same reference period of 2016.

<sup>3</sup> The variations in Revenues are calculated at current exchange rates (including the "hedging effect"), unless differently indicated.



### Revenues by distribution channel<sup>4</sup>

As of 31 December 2016, the **Group's network** totalled **683 points of sale**, and could count on **402 Directly Operated Stores (DOS)**, while the **Wholesale and Travel Retail channel** included **281 Third Party Operated Stores (TPOS)**, as well as the presence in Department Stores and high-level multi-brand Specialty Stores.

In FY 2016 the **Retail distribution channel** posted Consolidated Revenues **up by over 2% (+5% in 4Q 2016)**. At constant exchange rates<sup>4</sup> the trend was negative by 1% in FY 2016, but positive by over 2% in 4Q 2016.

The **Wholesale channel** delivered in FY 2016 a **2% decrease**, mainly penalized by the negative performance of the US market, but **4Q 2016** showed a positive trend **(+3%)**.

### Revenues by product category<sup>5</sup>

Among the product categories, **shoes** registered Revenues **up by 2%** in FY 2016, while **handbags and leather** accessories showed a **stable trend** vs. a hard comparison base (+12% in FY 2015). **Fragrances** reported **stable Revenues** in FY 2016, with a further improvement in 4Q 2016 (+11%).

### Gross Profit

In FY 2016 the **Gross Profit increased 2% at 965 million Euros**, with an **incidence on Revenues up by 80 basis points to 67.1%**, from 66.3% recorded in FY 2015.

### Operating Costs

In FY 2016 **Operating Costs amounted to 704 million Euros, up 3%** vs. FY 2015, also due to costs linked to the management change process.

### Gross Operating Profit (EBITDA)<sup>5</sup>

The **Gross Operating Profit (EBITDA) was stable at 324 million Euros** over the period, with an **incidence on Revenues of 22.5%** from 22.7% in FY 2015.

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<sup>4</sup> The variations in Revenues are calculated at current exchange rates (including the "hedging effect"), unless differently indicated.

<sup>5</sup> EBITDA is measured by our management to evaluate operating performance. We define EBITDA as operating income plus (i) depreciation of property, plant and equipment, investment property, (ii) amortization of other intangible assets with definite useful life and (iii) write-downs of property, plant and equipment, investment property and other intangible assets with definite useful life and goodwill. We believe that EBITDA is an important indicator for measuring the Group's performance as it is not influenced by various methods of calculating taxes, amortization or depreciation. As EBITDA is not an indicator defined by the accounting principles used by our Group, our method of calculating EBITDA may not be strictly comparable to that used by other companies.



### **Operating Profit (EBIT)**

The **Operating Profit (EBIT)**, over the period, **decreased 1% to 261 million Euros**, with an **incidence on Revenues of 18.1%**, from 18.5% in FY 2015.

### **Profit before taxes**

The **Profit before taxes** in FY 2016 was **down 2% at 246 million Euros**, from 251 million Euros in FY 2015, and its **incidence on Revenues was 17.1%** vs. 17.6% in FY 2015.

### **Income taxes**

Taxes in FY 2016 totaled 47 million Euros, vs. 77 million Euros in FY 2015, with a tax rate of 19,3% vs. 30.6% in FY 2015.

In 4Q 2016 the Holding Company reached an agreement, with the Italian General Tax Agency (“Agenzia Generale delle Entrate”), an advance agreement defining the method for the calculation of the quota of income exempt from income taxes (Ires and Irap) for the purposes of the so-called *Patent Box* regime, a tax relief regime for the benefit of Italian enterprises producing income through the direct use or the licensing to third parties of intellectual property rights. Salvatore Ferragamo opted for the regime for the fiscal years 2015-2019, at the expiration of the term of the advance agreement, Salvatore Ferragamo S.p.A. will be entitled to file request for renewal for a further 5-years, effective starting from 2020. For fiscal year 2015 the tax benefit is calculated exempting from taxation 30% of the income attributable to the use of intangibles that fall within the scope of the regime, for fiscal year 2016 the quota shall be equal to 40% and for fiscal years 2017-2019 equal to 50%. The tax benefit for both fiscal years 2015 and 2016, estimated in ca. 32 million Euros, has been accounted for in the financial statements for year 2016 and will be used in one go for the payment of the income taxes due for the same year.

### **Net Profit for the Period**

The **Net Profit for the period**, including the negative Minority Interest of 4 million Euros, was **198 million Euros, up 14%** vs. FY 2015.

The **Group Net Profit** reached **202 million Euros, up 17%** vs. FY 2015.

As previously stated, the reported FY 2016 Net Profit includes the cumulated 2015-2016 benefits of the agreement reached for the “*Patent Box*”.



## Notes to the Balance Sheet as at December 31, 2016

### Net Working Capital<sup>6</sup>

The **Net Working Capital** went to **374 million Euros, increasing by 18%** from 317 million Euros at 31 December 2015. In particular the **Inventory** amounted to €375 million Euros at 31 December 2016, up 7% vs. last year, but down vs. the 393 million Euros registered at 30 September 2016.

### Investments (CAPEX)

**Investments (CAPEX)** reached **74 million Euros** at 31 December 2016, vs. 80 million Euros at 31 December 2015, mainly attributable to the new stores, the enlargement and refurbishment of existing key locations, in addition to continuing logistics enhancements and digital projects.

### Net Financial Debt

The **Net Financial Debt** at 31 December 2016 **decreased to 8 million Euros**, compared to 10 million Euros as at 31 December 2015, after 78 million Euros of dividend payment and the buy-back of the remaining 20% minority in the SEAK joint-venture.

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<sup>6</sup> Net working capital is calculated (in accordance with CESR Recommendation 05-054/b of February 10, 2005) as inventories and trade receivables net of trade payables (excluding other current assets and liabilities and other financial assets and liabilities). As net working capital is not an indicator defined by the accounting principles used by our Group, our method of calculating net working capital may not be strictly comparable to that used by other companies.

# Salvatore Ferragamo

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On the same meeting the Board of Directors also examined and approved the non-audited draft Company Statutory Financial for the Year ended 31 December 2016 of the Salvatore Ferragamo S.p.A., that recorded Total Revenues of 824 million Euros (stable vs. FY 2015), an Operating Profit of 224 million Euros (up by 3%) and a Net Profit of 191 million Euros (down by 5%).

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Although the current context is still showing geopolitical uncertainties and only a slow positive evolution of the macroeconomic scenario, the Salvatore Ferragamo brand positioning, the consolidated international presence and the new planned activities may confirm expectations for another positive year.

\*\*\*\*

The Board of Directors resolved to propose to the Annual Shareholders' Meeting for approval the distribution of a dividend of 0.46 Euros per ordinary share (same amount distributed in FY 2015). The cash dividend will be payable on May 24, 2017 (with coupon detachment date May 22, 2017 and record date May 23, 2017).

\*\*\*\*

The Board of Directors also verified the existence of the requirements to qualify as independent director pursuant to Article 148, paragraph 3 of the TUF, Article 20 of the Company's By-laws and Article 3 of the Corporate Governance Code of Borsa Italiana as regards to its directors Marzio Alessandro Alberto Saà, Umberto Tombari, Chiara Ambrosetti and Lidia Fiori.

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## **Approval of Corporate Governance Report and Remuneration Report**

The Board of Directors of Salvatore Ferragamo S.p.A. approved the report on corporate governance and ownership structures for 2016, in compliance with article 123-bis of Legislative Decree 58/1998 and subsequent modifications and additions ("Law 58/1998" or "Italian TUF Law").

The Board of Directors further approved the remuneration report of directors and managers with strategic responsibilities for 2017, in compliance with article 123-ter of Law 58/1998 and with article 84-quater and Annex 3A, Scheme 7-bis of CONSOB Regulation 11971/1999 and subsequent modifications and additions ("Italian Regolamento Emittenti").



# Salvatore Ferragamo

The above mentioned reports will be available at the Company registered office in Florence, Via Dei Tornabuoni n. 2 and published on the Company's website [www.ferragamo.com](http://www.ferragamo.com), in the Investor Relations section/Governance/Shareholders' Meetings, in compliance with the applicable law.

The Board of Directors also approved the update of the Information Report pursuant to Article 114-bis of the Italian TUF Law and Article 84-bis of the Italian Regolamento Emittenti (Regulations for the Issuers) regarding the Stock Grant Plan 2016-2020 approved by the Shareholders Meeting held on April 21, 2016 as implemented and executed by the Board of Directors with resolutions dated June 30, 2016, August 2, 2016 and March 14, 2017. The Information report will be available on March 15, 2017 at the Company registered office in Florence, Via Dei Tornabuoni n. 2, 50123 Florence and published on the Company's website [www.ferragamo.com](http://www.ferragamo.com), in the Investor Relations section/Governance/Shareholders' Meetings.

## **Stock Buyback Application**

The Board has additionally decided to submit the Ordinary Meeting a motion for approval a stock buyback action in accordance with the provisions of Article 2357 of the Italian Civil Code and Article 132 of the Italian TUF Law, after revocation of the Shareholders' resolution dated April 21, 2016 and to expire on October 21, 2017.

More specifically, this motion aims at allowing the acquisition by the Company and the consequent assignment of common stock of the company Salvatore Ferragamo for the following purposes in accordance with the EC and Italian regulations, as well as current market operations approved and accepted by Consob (public authority responsible for regulating the Italian financial markets):

- Acquisition of own stocks to be assigned, if needed, to a Stock Grant Plan for the years 2016 – 2020 as well as other possible long term stock based plans, to be granted to directors and manager of the Company or other companies of the Ferragamo Group as approved by the Company Shareholders Meeting;
- Acquisition of own stocks to be assigned, if needed, to possible extraordinary capital investment or financing operations relative to the assignment or management of own common stocks;
- Acting as required by the applicable laws of the country and by ways of brokers in order to stabilize the stock value and rule both the transactions and the rates of exchange in the event of abnormal events resulting for excess market volatility or insufficient exchange liquidity.

The application for buyback/re-acquisition approval does not entail any capital reduction as a result of the cancellation of own stocks that have been bought-back.

The Board decided that the approval would need to remain valid for the maximum time allowed by the Article 2357, Paragraph 2 of the Italian Civil Code, which is 18 months from the decision to approve released by the Shareholder's Meeting.

# Salvatore Ferragamo

An approval is requested for the acquisition (also in more than one time) of common stocks of Salvatore Ferragamo with a nominal par value of Euro 0,10 each, and up to a certain maximum number (based on the amount of common stocks actually held from time to time in the portfolio of Salvatore Ferragamo and its controlled companies) which should not exceed 1% of the capital in accordance with Article 2357, Paragraph 3 of the Italian Civil Code.

The Board of Directors resolved that the unit price for the re-acquisition of the stocks is determined for each transaction and that:

- acquisitions according to article 144 *bis* letters *a)* and *d)* of the Consob Regulation be carried out at a minimum price of no less than -20% and no more than +20% of the Reference Price registered for the stocks of the previous months;
- acquisitions according to article 144 *bis* letters *b)* and *c)* of the Consob Regulation be carried out at a minimum price of no less than -20% and no more than +20% of the Reference Price registered for the stocks of the previous day.

As own stocks transactions may be carried out for different reasons, the Board decided to ask the Meeting for an approval of an unrestricted stock buyback option allowing any use at own discretion of the Board (also by ways of other controlled companies) providing it falls within the scope of the applicable laws.

At present, the capital of the company amounts Euro 16,879,000.00 divided in 168,790,000 common stocks of a nominal par value of Euro 0,10 each. The company holds no own stocks.

For more details on the application for approval of the buyback/allocation of own stocks, please consult the executive document laid out by the Board that will be released as and when established by the applicable rules and provisions.

## **Appointment of the Manager charged with preparing a company's financial reports and identification of managers of the Company with strategic responsibilities**

The Board of Directors, according to the succession plan communicated on December 15, 2016, with favorable opinion of the Remuneration Committee and of the Internal Control Body, and in compliance with professional requirements provided for by the Company By-laws and applicable laws, appointed Ugo Giorcelli CFO of the Company and Manager charged with preparing a company's financial reports according to Article 154 bis of Legislative Decree February 24, 1998 n. 58, effective from March 15, 2017. Ugo Giorcelli has been identified by the Board of Directors as manager of the Company with strategic responsibilities. The *curriculum vitae* of Ugo Giorcelli is available on published on the Company's website [www.ferragamo.com](http://www.ferragamo.com), in the Investor Relations section/Governance/ Manager charged with preparing a company's financial reports. As of today according to available information Giorcelli does not held any Salvatore Ferragamo shares.



## **Call for the Shareholders' Meeting**

The Board of Directors meeting held today has decided to call the Ordinary Meeting of Salvatore Ferragamo S.p.A. on April 27, 2017 in order to discuss and decide on the following

### Agenda

#### **For the Ordinary Meeting:**

- 1) *Annual Accounts of Salvatore Ferragamo S.p.A. for the year ended 31 December 2016. Notes of the directors on the management for the year 2016. Notes of the Statutory Auditors and Internal Control Body. Inherent and consequent decisions.*
- 2) *Profit allocation.*
- 3) *Appointment of a Director according to article 2386 of the Italian Civil Code. Inherent and consequent decisions.*
- 4) *Appointment of the Internal Control Body, including the President*
- 5) *Remuneration of the Internal Control Body*
- 6) *Approval of the acquisition and assignment of own stocks in accordance with Article 2357 and following ones of the Italian Civil Code, as well as Article 132 of Law Decree no. 58 of 24 February 1998, and Article 144-bis of the Consob Regulation no. 11971/1999 and following modifications. Inherent and consequent decisions.*
- 7) *Debate on the Remuneration Policy for the company directors and managers with strategic responsibility.*

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In relation to resolution under point 3 of the above Agenda, pursuant to article 20 of the Company By laws, the Shareholders meeting shall adopt a resolution according to the legal majorities without voting for a list. In accordance with article 2386, first paragraph, of the Italian Civil Code, the directors that are appointed in this way will remain in office for the remaining term of the directors they replaced, such as until approval of 2017 Financial Statements.

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In relation to resolution under point 4 of the above Agenda, the Shareholders meeting shall adopt their resolution voting for a list according to Article 148 Italian TUF Law and 30 of the Company By laws. The lists, together with all information requested by applicable laws, will be available on published on the Company's website [www.ferragamo.com](http://www.ferragamo.com), in the Investor Relations section/Governance/Shareholders Meetings.

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# Salvatore Ferragamo

The Notice of Call, complete with all information to shareholders required by article 125-bis of Law 58/1998, as well as all the documentation which will be submitted to the meeting, in compliance with articles 125-ter and 125-quater of Law 58/1998, will be available at the Company registered office in Florence, Via Dei Tornabuoni n. 2, 50123 Florence and published on the Company's website [www.ferragamo.com](http://www.ferragamo.com), in the Investor Relations section/Governance/Shareholders' Meetings.

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*The manager charged with preparing the Company's Financial Reports, Marco Fortini, pursuant to article 154-bis, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Financial Law), hereby declares that the information contained in this Press Release faithfully represents the content of documents, financial books and accounting records.*

*Furthermore, in addition to the conventional financial indicators required by IFRS, this Press Release includes some alternative performance indicators (such as EBITDA, for example) in order to allow for a better assessment of the performance of the economic and financial management. These indicators have been calculated according to the usual market practices.*

*This document may contain forecasts, relating to future events and operating results, which by their very nature are uncertain, in that they depend on future events and developments that cannot be predicted with certainty. Actual results may therefore differ with those forecast, due to a variety of factors.*

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*The non-audited draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year ended 31 December 2016, approved by the Board of Directors on March 14 2017, will be available to anyone requesting it at the headquarters of the Company in Florence, Via Tornabuoni n. 2, on the authorized web-storage system eMarket STORAGE [www.emarketstorage.com](http://www.emarketstorage.com), and will also be accessible on the the Salvatore Ferragamo Group's website <http://group.ferragamo.com> in the section "Investor Relations/Financial Documents", in compliance with the law.*

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# Salvatore Ferragamo

The Results of FY 2016 will be illustrated today, 14 March 2017, at 6:30 PM (CET) in a conference call with the financial community. The presentation will be available on the Company's website <http://group.ferragamo.com> in the "Investor Relations/Presentations" section.

## **Salvatore Ferragamo S.p.A.**

Salvatore Ferragamo S.p.A. is the parent Company of the Salvatore Ferragamo Group, one of the world's leaders in the luxury industry and whose origins date back to 1927.

The Group is active in the creation, production and sale of shoes, leather goods, apparel, silk products and other accessories, along with women's and men's fragrances. The Group's product offer also includes eyewear and watches, manufactured by licensees.

The uniqueness and exclusivity of our creations, along with the perfect blend of style, creativity and innovation enriched by the quality and superior craftsmanship of the 'Made in Italy' tradition, have always been the hallmarks of the Group's products.

With approximately 4,000 employees and a network of over 680 mono-brand stores as of 31 December 2016, the Ferragamo Group operates in Italy and worldwide through companies that allow it to be a leader in the European, American and Asian markets.

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## **For further information:**

### **Salvatore Ferragamo S.p.A.**

**Paola Pecciarini**  
**Group Investor Relations**

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[investor.relations@ferragamo.com](mailto:investor.relations@ferragamo.com)

### **Image Building**

**Giuliana Paoletti, Mara Baldessari, Alfredo Mele**  
**Media Relations**

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This Press Release is also available on the website <http://group.ferragamo.com>, in the section "Investor Relations/Financial Press Releases".

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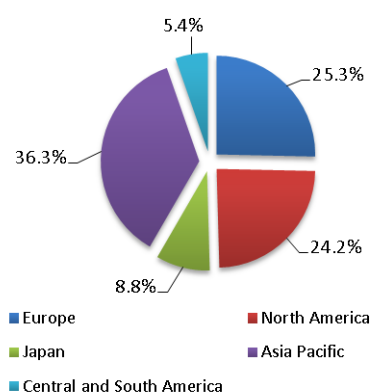
# Salvatore Ferragamo

On the following pages, a more detailed analysis of Revenues, the consolidated income statement, a summary of statement of financial position, the consolidated cash flow statement, and the net financial position of the Salvatore Ferragamo Group as of 31 December 2016.

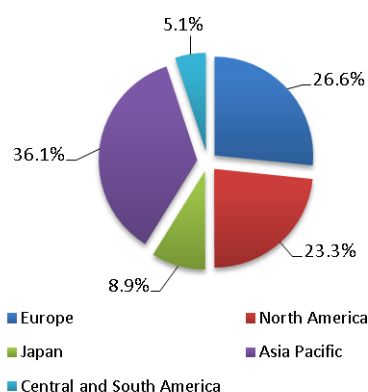
## Revenue by geographic area as of 31 December 2016

(In thousands of Euro)	2016	% on Revenue	2015	% on Revenue	% Change	at constant exchange rate % Change
Europe	364,292	25.3%	380,625	26.6%	(4.3%)	(4.0%)
North America	348,347	24.2%	333,770	23.3%	4.4%	(2.2%)
Japan	126,689	8.8%	127,281	8.9%	(0.5%)	(8.2%)
Asia Pacific	521,743	36.3%	515,950	36.1%	1.1%	(2.3%)
Central and South America	76,852	5.4%	72,413	5.1%	6.1%	15.9%
<b>Total</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>1,430,039</b>	<b>100.0%</b>	<b>0.6%</b>	<b>(2.5%)</b>

Revenue by geographic area as at 31 December 2016



Revenue by geographic area as at 31 December 2015

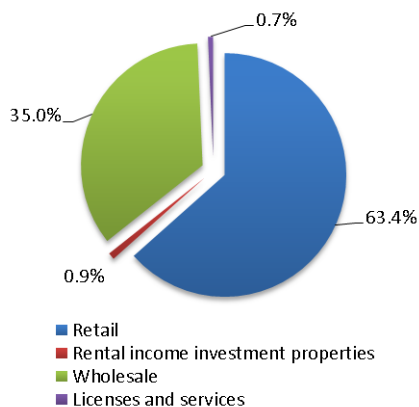


## Revenue by distribution channel as of 31 December 2016

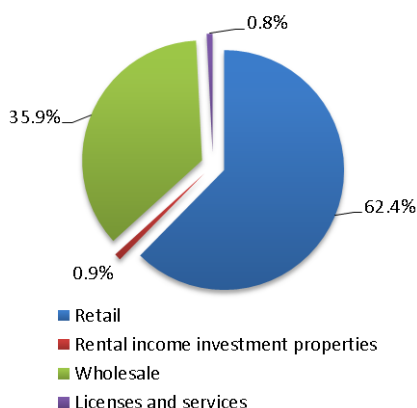
(In thousands of Euro)	2016	% on Revenue	2015	% on Revenue	% Change	at constant exchange rate % Change
Retail	912,361	63.4%	892,041	62.4%	2.3%	(0.8%)
Wholesale	502,648	35.0%	513,582	35.9%	(2.1%)	(5.1%)
Licenses and services	9,960	0.7%	11,540	0.8%	(13.7%)	(13.7%)
Rental income investment properties	12,954	0.9%	12,876	0.9%	0.6%	0.4%
<b>Total</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>1,430,039</b>	<b>100.0%</b>	<b>0.6%</b>	<b>(2.5%)</b>

# Salvatore Ferragamo

Revenue by distribution channel  
as at 31 December 2016



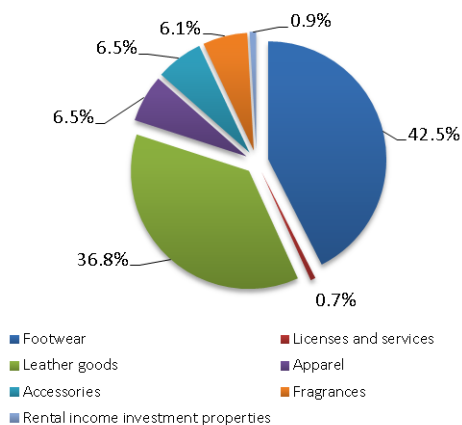
Revenue by distribution channel  
as at 31 December 2015



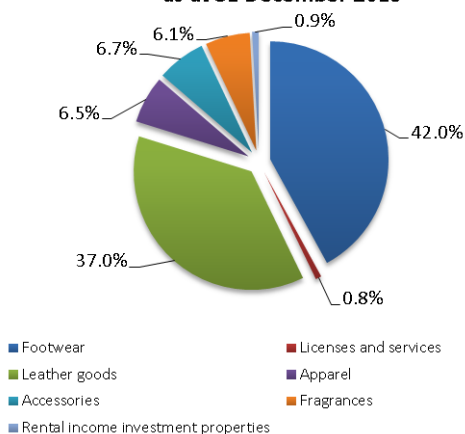
## Revenue by product category as of 31 December 2016

(In thousands of Euro)	2016	% on Revenue	2015	% on Revenue	% Change	at constant exchange rate % Change
Footwear	611,151	42.5%	600,812	42.0%	1.7%	(1.5%)
Leather goods	528,952	36.8%	528,800	37.0%	-	(3.3%)
Apparel	93,550	6.5%	92,955	6.5%	0.6%	(3.0%)
Accessories	93,259	6.5%	95,393	6.7%	(2.2%)	(5.3%)
Fragrances	88,097	6.1%	87,663	6.1%	0.5%	0.3%
Licenses and services	9,960	0.7%	11,540	0.8%	(13.7%)	(13.7%)
Rental income investment properties	12,954	0.9%	12,876	0.9%	0.6%	0.4%
<b>Total</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>1,430,039</b>	<b>100.0%</b>	<b>0.6%</b>	<b>(2.5%)</b>

Revenue by product category  
as at 31 December 2016



Revenue by product category  
as at 31 December 2015





## Consolidated results for Salvatore Ferragamo Group

### Consolidated income statement as of 31 December 2016

(In thousands of Euro)	2016	% on Revenue	2015	% on Revenue	% Change
Revenue from sales and services	1,424,969	99.1%	1,417,163	99.1%	0.6%
Rental income investment properties	12,954	0.9%	12,876	0.9%	0.6%
<b>Revenues</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>1,430,039</b>	<b>100.0%</b>	<b>0.6%</b>
Cost of goods sold	(472,808)	(32.9%)	(481,961)	(33.7%)	(1.9%)
<b>Gross profit</b>	<b>965,115</b>	<b>67.1%</b>	<b>948,078</b>	<b>66.3%</b>	<b>1.8%</b>
Style, product development and logistics costs	(44,167)	(3.1%)	(43,839)	(3.1%)	0.7%
Sales & distribution costs	(469,191)	(32.6%)	(455,452)	(31.8%)	3.0%
Marketing & communication costs	(71,217)	(5.0%)	(72,471)	(5.1%)	(1.7%)
General and administrative costs	(113,663)	(7.9%)	(109,159)	(7.6%)	4.1%
Other operating costs	(20,098)	(1.4%)	(17,501)	(1.2%)	14.8%
Other income	13,949	1.0%	14,944	1.0%	(6.7%)
<b>Total operating costs (net of other income)</b>	<b>(704,387)</b>	<b>(49.0%)</b>	<b>(683,478)</b>	<b>(47.8%)</b>	<b>3.1%</b>
<b>Operating profit</b>	<b>260,728</b>	<b>18.1%</b>	<b>264,600</b>	<b>18.5%</b>	<b>(1.5%)</b>
Financial charges	(42,527)	(3.0%)	(52,952)	(3.7%)	(19.7%)
Financial income	27,472	1.9%	39,735	2.8%	(30.9%)
<b>Profit before taxes</b>	<b>245,673</b>	<b>17.1%</b>	<b>251,383</b>	<b>17.6%</b>	<b>(2.3%)</b>
Income taxes	(47,315)	(3.3%)	(76,933)	(5.4%)	(38.5%)
<b>Net profit/(loss) for the period</b>	<b>198,358</b>	<b>13.8%</b>	<b>174,450</b>	<b>12.2%</b>	<b>13.7%</b>
Net profit/(loss) - Group	201,984	14.0%	172,733	12.1%	16.9%
Net profit/(loss) - minority interests	(3,626)	(0.3%)	1,717	0.1%	(311.2%)
<b>EBITDA (*)</b>	<b>323,829</b>	<b>22.5%</b>	<b>324,340</b>	<b>22.7%</b>	<b>(0.2%)</b>

(\*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets. EBITDA so defined is a parameter used by the management to monitor and assess the operating performance and is not identified as an accounting measurement under IFRS and, therefore, must not be considered as an alternative measurement to assess Group performance. Since the composition of EBITDA is not regulated by reference accounting standards, the determination criterion applied by the Group may differ from that adopted by others and therefore may not be comparable.





## Summary of consolidated statement of financial position as of 31 December 2016

(In thousands of Euro)	31 December 2016	31 December 2015	% Change
Property, plant and equipment	243,692	236,452	3.1%
Investment property	7,350	7,470	(1.6%)
Intangible assets with definite useful life	37,576	33,596	11.8%
Inventories	374,710	351,132	6.7%
Trade receivables	179,678	167,912	7.0%
Trade payables	(180,256)	(202,148)	(10.8%)
Other non current assets/(liabilities), net	41,042	52,885	(22.4%)
Other current assets/(liabilities), net	26,820	(28,798)	(193.1%)
<b>Net invested capital</b>	<b>730,612</b>	<b>618,501</b>	<b>18.1%</b>
Group shareholders' equity	693,138	563,926	22.9%
Minority interests	29,476	44,815	(34.2%)
<b>Shareholders' equity (A)</b>	<b>722,614</b>	<b>608,741</b>	<b>18.7%</b>
<b>Net financial debt (B) (1)</b>	<b>7,998</b>	<b>9,760</b>	<b>(18.1%)</b>
<b>Total sources of financing (A+B)</b>	<b>730,612</b>	<b>618,501</b>	<b>18.1%</b>

(1) Pursuant to the provisions of CONSOB Communication no. DEM/6064293 of 28 July 2006, it should be noted that net financial debt is calculated as the sum of cash and cash equivalents, current financial receivables including the positive fair value of financial instruments and current financial assets, current and non current financial liabilities and the negative fair value of financial instruments and has been determined in accordance with the provisions of EMSA/2015/1415's on Recommendations on alternative performance measures, implemented by Consob with a resolution 92543 dated December 3rd, 2015.

## Consolidated net financial position as of 31 December 2016

(In thousands of Euro)	31 December 2016	31 December 2015	Change 2016 vs 2015
A. Cash	1,855	1,019	836
B. Other cash equivalents	115,394	141,102	(25,708)
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>117,249</b>	<b>142,121</b>	<b>(24,872)</b>
Derivatives – non-hedge component	264	291	(27)
Other financial assets	-	-	-
<b>D. Current financial receivables</b>	<b>264</b>	<b>291</b>	<b>(27)</b>
E. Current bank payables	121,251	123,641	(2,390)
F. Derivatives – non-hedge component	526	70	456
G. Other current financial payables	3,379	5,149	(1,770)
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>125,156</b>	<b>128,860</b>	<b>(3,704)</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>7,643</b>	<b>(13,552)</b>	<b>21,195</b>
J. Non current bank payables	-	23,312	(23,312)
K. Derivatives – non-hedge component	355	-	355
M. Other non current financial payables	-	-	-
<b>N. Non-current financial debt (J)+(K)+(M)</b>	<b>355</b>	<b>23,312</b>	<b>(22,957)</b>
<b>O. Net financial debt (I)+(N)</b>	<b>7,998</b>	<b>9,760</b>	<b>(1,762)</b>



## Consolidated statement of cash flows as of 31 December 2016

(In thousands of Euro)	2016	2015
<b>Net profit / (loss) for the period</b>	<b>198,358</b>	<b>174,450</b>
Depreciation, amortization and write down of property, plant and equipment, intangible assets and investment properties	63,101	59,740
Net change in deferred taxes	1,261	(14,155)
Net change in provision for employee benefit plans	(182)	(82)
Loss/(gain) on disposal of tangible and intangible assets	619	1,200
Other non cash items	2,047	1,655
Net change in net working capital	(46,264)	(33,778)
Net change in other assets and liabilities	(57,970)	8,429
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>160,970</b>	<b>197,459</b>
Purchase of tangible assets	(55,118)	(67,095)
Purchase of intangible assets	(13,421)	(12,860)
Net change in available-for-sale financial assets	-	7
Proceeds from the sale of tangible and intangible assets	31	349
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(68,508)</b>	<b>(79,599)</b>
Net change in financial receivables	165	744
Net change in financial payables	(25,003)	(2,701)
Dividends paid	(78,889)	(71,399)
Purchase of minority interests in companies consolidated on a line-by-line basis	(15,537)	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(119,264)</b>	<b>(73,356)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(26,802)</b>	<b>44,504</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>142,121</b>	<b>96,455</b>
Net increase / (decrease) in cash and cash equivalents	(26,802)	44,504
Net effect of translation of foreign currencies	1,930	1,162
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>117,249</b>	<b>142,121</b>



On the following pages: the income statement, a summary of statement of financial position, the cash flow statement and the net financial position of the Salvatore Ferragamo S.p.A as of 31 December 2016.

**Salvatore Ferragamo S.p.A.**  
**Income statement as of 31 December 2016**

(In thousands of Euro)	2016	% of revenues	2015	% of revenues	% change
Revenues from sales ( <i>Whl, Rtl, E-commerce</i> )	801,950	97.4%	801,726	97.2%	0.0%
Revenues from royalties	8,539	1.0%	8,969	1.1%	(4.8%)
Other income and services	13,137	1.6%	14,101	1.7%	(6.8%)
<b>Total revenues from sales and services</b>	<b>823,626</b>	<b>100.0%</b>	<b>824,796</b>	<b>100.00%</b>	<b>(0.1%)</b>
Change in inventories of finished products	6,339	0.8%	(2,839)	(0.3%)	(323.3%)
Costs for raw materials, goods and consumables	(221,798)	(26.9%)	(229,492)	(27.8%)	(3.4%)
Costs for services	(306,686)	(37.2%)	(303,275)	(36.8%)	1.1%
Personnel costs	(63,246)	(7.7%)	(62,258)	(7.5%)	1.6%
Amortization, depreciation and write-downs	(15,455)	(1.9%)	(15,140)	(1.8%)	2.1%
Other operating costs	(8,514)	(1.0%)	(3,538)	(0.4%)	140.6%
Other income and revenues	9,333	1.1%	9,214	1.10%	1.3%
<b>Total costs (net of other income)</b>	<b>(600,027)</b>	<b>(72.9%)</b>	<b>(607,328)</b>	<b>(73.6%)</b>	<b>(1.2%)</b>
<b>Operating profit</b>	<b>223,599</b>	<b>27.1%</b>	<b>217,468</b>	<b>26.4%</b>	<b>2.8%</b>
Financial income (charges)	1,339	0.2%	50,333	6.1%	(97.3%)
<b>Profit before taxes</b>	<b>224,938</b>	<b>27.3%</b>	<b>267,801</b>	<b>32.5%</b>	<b>(16.0%)</b>
Income taxes	(33,872)	(4.1%)	(65,692)	(8.0%)	(48.4%)
<b>Net profit/(loss) for the period</b>	<b>191,066</b>	<b>23.2%</b>	<b>202,109</b>	<b>24.5%</b>	<b>(5.5%)</b>
<b>EBITDA (*)</b>	<b>239,054</b>	<b>29.0%</b>	<b>232,608</b>	<b>28.2%</b>	<b>2.8%</b>

(\*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets. EBITDA so defined is a parameter used by the management to monitor and assess the operating performance and is not identified as an accounting measurement under IFRS and, therefore, must not be considered as an alternative measurement to assess Company's performance. Since the composition of EBITDA is not regulated by reference accounting standards, the determination criterion applied by the Company may differ from that adopted by others and therefore may not be comparable.



## Salvatore Ferragamo S.p.A.

### Summary of statement of financial position as of 31 December 2016

(In thousands of Euro)	31 December 2016	31 December 2015	% change
Property, plant and equipment	72,329	65,894	9.8%
Intangible assets with definite useful life	25,618	19,957	28.4%
Inventories	97,520	95,404	2.2%
Trade receivables	183,341	178,603	2.7%
Trade payables	(126,914)	(131,547)	(3.5%)
Other non current assets/(liabilities), net	188,597	169,240	11.4%
Other current assets/(liabilities), net	27,586	(18,843)	(246.4%)
<b>Net invested capital</b>	<b>468,077</b>	<b>378,708</b>	<b>23.6%</b>
<b>Shareholders' equity (A)</b>	<b>563,162</b>	<b>451,866</b>	<b>24.6%</b>
<b>Net financial debt (B) (1)</b>	<b>(95,085)</b>	<b>(73,158)</b>	<b>30.0%</b>
<b>Total sources of financing (A+B)</b>	<b>468,077</b>	<b>378,708</b>	<b>23.6%</b>

(1) Pursuant to the provisions of CONSOB Communication no. DEM/6064293 of 28 July 2006, it should be noted that net financial debt is calculated as the sum of cash and cash equivalents, current financial receivables including the positive fair value of financial instruments and current financial assets, current and non current financial liabilities and the negative fair value of financial instruments and has been determined in accordance with the provisions of EMSA/2015/1415's on Recommendations on alternative performance measures, implemented by Consob with a resolution 92543 dated December 3rd, 2015.

## Salvatore Ferragamo S.p.A.

### Net financial position as of 31 December 2016

(In thousands of Euro)	31 December 2016	31 December 2015	change 2016 vs 2015
A. Cash	149	27	122
B. Other cash equivalents	59,329	61,505	(2,176)
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>59,478</b>	<b>61,532</b>	<b>(2,054)</b>
Derivatives – non-hedge component	228	276	(48)
Other financial assets	36,697	12,402	24,295
<b>D. Current financial receivables</b>	<b>36,925</b>	<b>12,678</b>	<b>24,247</b>
E. Current bank payables	-	-	-
F. Derivatives – non-hedge component	1,318	1,052	266
G. Other current financial payables	-	-	-
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>1,318</b>	<b>1,052</b>	<b>266</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>(95,085)</b>	<b>(73,158)</b>	<b>(21,927)</b>
J. Non current bank payables	-	-	-
K. Derivatives – non-hedge component	-	-	-
M. Other non current financial payables	-	-	-
<b>N. Non-current financial debt (J)+(K)+(M)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O. Net financial debt (I)+(N)</b>	<b>(95,085)</b>	<b>(73,158)</b>	<b>(21,927)</b>



**Salvatore Ferragamo S.p.A.**  
**Statement of cash flows as of 31 December 2016**

<b>(In thousands of Euro)</b>	<b>2016</b>	<b>2015</b>
<b>Net profit / (loss) for the period</b>	<b>191,066</b>	<b>202,109</b>
Depreciation, amortization and write down of property, plant and equipment and intangible assets	15,455	15,140
Net change in deferred taxes	1,152	(1,037)
Net change in provision for employee benefit plans	(267)	(236)
Loss/(gain) on disposal of tangible and intangible assets	(22)	114
Write-down / (revaluation) of investments in subsidiaries	(3,266)	4,380
Other non cash items	1,725	1,773
Net change in net working capital	(8,508)	(23,440)
Net change in other assets and liabilities	(52,856)	(4,039)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>144,479</b>	<b>194,764</b>
Purchase of tangible assets	(13,384)	(17,122)
Purchase of intangible assets	(12,114)	(8,039)
Purchase of financial assets (investments in subsidiaries)	(19,126)	(3,872)
Proceeds from the sale of tangible and intangible assets	29	20
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(44,595)</b>	<b>(29,013)</b>
Net change in financial receivables	(24,295)	(12,402)
Net change in financial payables	-	(29,200)
Payment of dividends	(77,643)	(70,732)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(101,938)</b>	<b>(112,334)</b>
		-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,054)</b>	<b>53,417</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>61,532</b>	<b>8,115</b>
Net increase / (decrease) in cash and cash equivalents	(2,054)	53,417
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>59,478</b>	<b>61,532</b>

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