





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 2017**

**Salvatore Ferragamo Group full-year Revenue -3.1%, Gross Operating Profit (EBITDA<sup>1</sup>) -23.3%, Net Profit -42.4% and Positive Net Financial Position of 127 million Euros**

- **Revenues: 1,393 million Euros (-3.1% vs. 1,438 million Euros of FY 2016) with Retail Revenue -0.8% and Wholesale Revenue -7.4%**
- **Gross Operating Profit (EBITDA<sup>1</sup>): 249 million Euros (-23.3% vs. 324 million Euros of FY 2016)**
- **Operating Profit (EBIT): 186 million Euros (-28.6% vs. 261 million Euros of FY 2016)**
- **Net Profit: 114 million Euros (-42.4% vs. 198 million Euros of FY 2016), including ca. 13 million Euros negative impact of the US fiscal reform**
- **Net Financial Position: positive at 127 million Euros (increasing 135 million Euros vs. FY 2016)**
- **Proposal of distribution of a Dividend of 0.38 Euros per Ordinary Share (vs. 0.46 Euros of FY 2016)**

**During the same meeting, the Board of Directors has:**

- **Approved the agreement concerning the conclusion of the relation with the Chief Executive Officer Eraldo Poletto**
- **Granted interim management powers to the President Ferruccio Ferragamo**

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- Resolved the co-optation of a Director pursuant to article 2386 Italian Civil Code
- Approved the Corporate Governance Report and Remuneration Report
- Approved the non-financial Report at 31st December 2017 pursuant to Legislative Decree n. 254/ 2016
- Approved the proposal of Stock Buyback Application
- Approved the integration of the fees of the External Auditors for the Financial Year 2017-2019
- Approved the proposal to amend the Articles of Association for the introduction of the vote increase
- Call for the Ordinary and Extraordinary Shareholders' Meeting

*Florence, 8 March 2018* – The Board of Directors of Salvatore Ferragamo Sp.A. (MTA: SFER), parent company of the Salvatore Ferragamo Group, one of the global leaders in the luxury sector, in a meeting chaired by Ferruccio Ferragamo, examined and approved the non-audited draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year ended 31 December 2017, both prepared according to IAS/IFRS international accounting principles.



## **Notes to the Income Statement for FY 2017**

### **Consolidated Revenue figures**

As of 31 December 2017 the Salvatore Ferragamo Group reported Total Revenues of 1,393 million Euros down 3.1% at current exchange rates (-1.4% at constant exchange rates<sup>2</sup>) over the 1,438 million Euros recorded in FY 2016. Revenues in 4Q 2017 registered a 8.4% decrease, penalized by the currencies trend (-5.1% at constant exchange rates<sup>2</sup>) and by the lower incidence of promotional sales in the primary channel vs. last year, thanks to the optimization of the stock, that further decreased vs. September 30, 2017.

### **Revenues by distribution channel**<sup>3</sup>

As of 31 December 2017, the Group's Retail network counted on a total of 685 points of sales, including 410 Directly Operated Stores (DOS) and 275 Third Party Operated Stores (TPOS) in the Wholesale and Travel Retail channel, as well as the presence in Department Stores and high-level multi-brand Specialty Stores.

In FY 2017 the Retail distribution channel posted consolidated Revenues down 0.8% (+1.3% at constant exchange rates<sup>2</sup>), with a decrease of -1.7% at constant exchange rates and perimeter (like-for-like) vs. FY2016.

The Wholesale channel, penalized by the destocking activity, the political tensions in South Korea and the strategic rationalization in Japan, registered a decrease in Revenues of 7.4% at current exchange rates (-6.2% at constant exchange rates<sup>2</sup>) vs. FY2016.

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

The Asia Pacific area is confirmed as the Group's top market in terms of Revenues, decreasing by 2.1% (-0.4% at constant exchange rates<sup>2</sup>) vs. FY 2016. The retail channel in China continued to record a solid Revenue growth of 2.5% (+7.0% at constant exchange rates<sup>2</sup>) in FY 2017. Hong Kong performance improved in 4Q 2017, while South Korea continued to show a weak trend, mostly due to the significant decrease of Chinese tourists.

Europe posted a decrease in Revenues of 3.6% (-3.0% at constant exchange rates<sup>2</sup>) compared to FY 2016, with a positive performance for the retail channel and a negative trend for the wholesale business, negatively impacted by the destocking activity.

North America recorded a Revenue decrease of 4.2% (-2.2% at constant exchange rates<sup>2</sup>) in FY 2017, also negatively impacted by the department stores sales.

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The Japanese market registered a 5.6% decrease (-3.1% at constant exchange rates<sup>2</sup>) in FY 2017, due to the strategic rationalization of the wholesale channel, while the retail stores recorded a positive performance at constant exchange rates<sup>2</sup>.

Revenues in the Central and South America in FY 2017 grew by 2.0% increase (+6.5% at constant exchange rates<sup>2</sup>), despite the earthquake in Mexico in September.

## **Revenues by product category**<sup>3</sup>

Among the product categories, at constant exchange rates<sup>2</sup>, footwear posted a decrease of 1.7% decrease vs. FY 2016 and handbags and leather accessories of 0.8%, while fragrances registered a 2.2% increase.

## **Gross Profit**

In FY 2017 the Gross Profit decreased by 6.9% to 899 million Euros. Its incidence on Revenues was down 260 basis points, moving to 64.5%, from 67.1% of FY 2016, mainly due to the higher portion of sales in the secondary channel, in line with the normalization of Inventory levels, to the negative impact of currencies (particularly significant in 2H 2017) and to the higher provisions for obsolete inventory.

## **Operating Costs**

In FY 2017 Operating Costs grew by 1.2% (+2.8% at constant exchange rates<sup>2</sup>), reaching 713 million Euros, from 704 million Euros in FY 2016. The increase in costs is mainly due to the strengthening of the store network and of the organization.

## **Gross Operating Profit (EBITDA<sup>1</sup>)**

The Gross Operating Profit (EBITDA<sup>1</sup>) decreased by 23.3% over the period, to 249 million Euros, from 324 million Euros of FY 2016, with an incidence on Revenues down to 17.8%, from 22.5% of FY 2016.

## **Operating Profit (EBIT)**

The Operating Profit (EBIT) decreased from 261 million Euros in FY 2016 to 186 million Euros (-28.6%) in FY 2017, with an incidence on Revenues of 13.4% from 18.1%



### **Profit before taxes**

The Profit before taxes in FY 2017 amounted to 173 million Euros (-29.4%), from 246 million Euros in FY 2016, and its incidence on Revenues was 12.4% vs. 17.1% in FY 2016.

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

The Net Profit for the period, including a negative Minority Interest of over 4 million Euros, was 114 million Euros, marking a 42.4% decrease. To note that the Net Profit was negatively impacted in 4Q 2017 by the US fiscal reform for ca. 13 million Euros, while in 4Q 2016 it was positively impacted by the cumulated benefit of the Patent Box 2015 and 2016.

The FY 2017 Group Net Profit was 119 million Euros, compared to 202 million Euros in FY 2016, marking a decrease of 41.3%.



## **Notes to the Balance Sheet for FY 2017**

### **Net Working Capital**<sup>4</sup>

The Net Working Capital as of 31 December 2017 decreased by 27.7% to 270 million Euros, from 374 million Euros as of 31 December 2016. In particular the Inventory was down 13.1% (-6.4% at constant exchange rates).

### **Investments (CAPEX)**

Investments (CAPEX) reached 88 million Euros as of 31 December 2017 vs. 74 million Euros in FY 2016, mainly for the Distribution Center, the IT projects and the store network.

### **Net Financial Position**

The Net Financial Position at 31 December 2017 was positive for 127 million Euros, compared to 8 million Euros Net Debt as of 31 December 2016. The improvement of 135 million Euros was mainly due to the reduction of the net operating working capital, equal to 104 million Euros, and to the Patent Box benefit.



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The expectations for 2018 are, for the Salvatore Ferragamo Group, of another year of transition, in which the company will continue to invest in the program of relaunching the Brand and optimizing the processes.

The unfavourable trend registered in the last months of 2017, continues also in the first months of 2018, also due to the negative impact of the appreciation of the Euro, and to an unfavourable channel mix.

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### **Notes to the press release**

<sup>1</sup> 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. EBITDA is an important managerial indicator for measuring the Group's performance. 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>2</sup> Revenues at "constant exchange rates" are calculated by applying to the Revenue of full-year 2016, not including the "hedging effect", the average exchange rates of full-year 2017.

Operating Costs at "constant exchange rates" are calculated by applying to the Operating Costs of full-year 2016, the average exchange rates of full-year 2017.

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

<sup>4</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.





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The Board of Directors resolved to propose to the Annual Shareholders' Meeting for approval the distribution of a dividend of 0.38 Euros per ordinary share, vs. 0.46 Euros per ordinary share of FY 2016. The cash dividend will be payable on May 23, 2018 (with coupon detachment date May 21, 2018 and record date May 22, 2018).

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### **Conclusion of the relation with the Chief Executive Officer Eraldo Poletto**

The Board of Directors approved today, with the favourable opinion of the Nomination and Remuneration Committee and the Board of Statutory Auditors, the agreement related to the conclusion of the relation with the Chief Executive Officer Eraldo Poletto, who resigned as Chief Executive Officer and Director of the Board of Directors of the Company and of whole subsidiaries with effects as of 24:00 of today, 8 March 2018, as already hastened to the market on 27 February 2018.

The Board of Directors thanks Eraldo Poletto for his contribution during his mandate and for the beginning of a new and important phase of development of the Company.

In compliance with article 6 of the Corporate Governance Code, the Company informs that, in addition to the fixed remuneration and the variable compensation fees, it will be recognized to Eraldo Poletto, due to the conclusion of his role in the Company, an amount of Euros 2.062.502,00, equal to 15 months of fixed and variable remuneration, as agreed at the time of his appointment.

The mentioned amount will be corresponded before 12 March 2018.

This attribution was determined in compliance with what stated by Remuneration Policy approved by the Board of Directors on a proposal of the Nomination and Remuneration Committee and submitted to the positive consultative vote of the Shareholders' meeting, and in execution of the obligations contractually assumed with Eraldo Poletto at the time of his appointment and approved with a resolution on the Board of Directors and with the positive opinion of the Nomination and Remuneration Committee and the Board of Statutory Auditors.

The agreement and the abovementioned attribution are part of the cases of exclusion of the application of transactions with related parties referred to the Regulation adopted with resolution no. 17221/2010, and subsequent modifications, and to the Procedure governing Related Party Transactions approved by the Company.

It is furthermore recognized to Eraldo Poletto the maintenance of some non-monetary benefits (company car, health insurance and IT equipment) until 31 August 2018 and the house until 31 December 2018, for a total amount of Euros 17.758. Due to the conclusion of his office, all those

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rights assigned to Eraldo Poletto pursuant to the First and Second Stock Grant Plan 2016-2020, equal, respectively, to n. 70.000 and 130.000 rights. The Company renounced to the non-competition Agreement, therefore none amount shall be provided to Eraldo Poletto for this purpose.

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## **Granted interim management powers to the President Ferruccio Ferragamo**

The Board of Directors has granted interim management powers to the President Ferruccio Ferragamo.

Pursuant to the article 6 of the Corporate Governance Code, we hereby inform that the Board of Directors of the Issuer has examined the theme of the succession of executive Directors and deemed that, based on needs, succession plans will be planned on a case by case and will be aimed to ensure the identification of figures suited to the needs of the Company and an adequate supervision of Company management in the transition phase. The Company can rely on members of the Board of Directors with a strong and consolidated experience in managing the Company, and able in holding ad interim managing powers during the transaction phase.

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## **Co-optation of a Director pursuant to article 2386 Italian Civil Code**

The Board of Directors, with the favorable opinion of the Nomination and Remuneration Committee, has appointed by co-optation pursuant to article 2386 Italian Civil Code Mr. Giacomo (James) Ferragamo as the new Director until next Shareholders' Meeting.

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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 Sp.A. approved the report on Corporate Governance and ownership structures for 2017, in compliance with article 123-bis of Legislative Decree n. 58/1998 and subsequent modifications and additions ("TUF").

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The Board of Directors further approved the Remuneration report of Directors and Managers with strategic responsibilities for 2018, in compliance with article 123-ter of TUF and with article 84-quater and Annex 3A, Scheme 7-bis of CONSOB Regulation n. 11971/1999 and subsequent modifications and additions ("Regolamento Emittenti").

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 drafted pursuant to Article 114-bis of the Italian TUF Law and Article 84-bis of the Italian Regolamento Emittenti regarding the Stock Grant Plan 2016-2020 approved by the Shareholders Meeting held on April 21, 2016. The Information report will be available, in compliance with the terms established by law, 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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## **Approved the non-financial Report at 31st December 2017 pursuant to Legislative Decree n. 254/ 2016**

The Board of Directors approved the non-financial Report at 31 December 2017 drafted by the Company pursuant to Legislative Decree n. 254/2016. The mentioned Report will be available, in compliance with the terms established by law, 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), section Governance/ Shareholders' Meetings.

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## **Stock Buyback Application**

The Board of Directors has furthermore resolved to submit to the ordinary Shareholders' meeting a motion in order to approve the 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 the revocation of the Shareholders' resolution dated 27 April 2017 expiring on 27 October 2018.

More specifically, this motion is aimed to allow the acquisition by the Company and the consequent assignment of common stock of the Company Salvatore Ferragamo, in accordance with the EC and Italian regulations, as well as current market operations approved and accepted by Consob, for the following purposes:

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- 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 aim to any capital reduction by the cancellation of boughtback owned stocks.

The Board of Directors resolved 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.

An approval is requested for the purchase (also in more tranches) 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 purchase of the shares shall be determined each transaction and that:

- according to article 144 bis letters a) and d) of the Consob Regulation, the acquisition shall 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;
- according to article 144 bis letters b) and c) of the Consob Regulation, the acquisition shall 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 of Directors 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, at the Company registered office at Via Dei Tornabuoni n. 2, 50123, Florence and published on the Company's website [www.ferragamo.com](http://www.ferragamo.com), section/ Governance/ Shareholders' Meetings.

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### **Integration of the fees of the External Auditors for the Financial Year 2017-2019**

The Board of Directors also resolved, upon reasoned proposal made by the Board of Statutory Auditors on March 5, 2018, to submit to the Ordinary Meeting a motion for approval the request of the auditing company Ernst & Young Sp.A. (hereinafter also "EY"), received by the Company on 12 January 2018, and concerning the integration, for the years 2017 – 2019, of the fees approved by the Ordinary Shareholders' Meeting held on 30 March 2011.

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### **Amend the Articles of Association for the introduction of the vote increase**

The Board of Directors also resolved to call the Extraordinary Shareholders' Meeting to deliberate on the amendment of article 6 of the Articles of Association in order to introduce the "vote increase" pursuant to article 127-quinquies of the TUF.

For any further information regarding the proposed amendment to the Articles of Association for the introduction of the vote increase, reference should be made to the Directors' explanatory Report which will be published, in compliance according to the terms and conditions established by the applicable laws and regulations, at the registered office of the Company, Via Dei Tornabuoni n. 2, 50125 Florence (FI) and on the Company's website <http://group.ferragamo.com>, section "Governance / Shareholders' Meeting".

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### **Call for Ordinary and Extraordinary Shareholders' Meeting**

The Board of Directors meeting held today has decided to call the Ordinary and Extra Ordinary Shareholders' Meeting of Salvatore Ferragamo Sp.A. on April 20, 2018, in a single call, in order to discuss and decide on the following :

#### **Agenda**

For the Ordinary Meeting:

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1. Annual Accounts of Salvatore Ferragamo Sp.A. for the year ended 31 December 2017. Notes of the Directors on the management for the year 2017. Notes of the Statutory Auditors and Internal Control Body. Inherent and consequent decisions.
2. Profit allocation.
3. Integration of the Statutory Auditors pursuant to article 2401 of the Italian Civil Code and article 30 of the Articles of Association, following the end of an effective Auditor, by:
  - 3.1 Appointment of an effective Auditor. Inherent and consequent decisions.
  - 3.2 Appointment of a substitute Auditor.
4. Determination of the number of the members of Board of Directors.
5. Determination of the term of office of Directors.
6. Appointment of the Directors.
7. Remuneration of the Board of Directors.
8. Appointment of the President of honor. Inherent and consequent decisions.
9. Revocation of the resolution taken by the Shareholders' Meeting on April 27, 2017 and approval of the stock buyback action in accordance with the provisions of Article 2357 and following of the Italian Civil Code, and with the provisions of Article 132 of Legislative Decree n. 58/1998 and Article 144-bis Consob Regulation n. 11971/1999 and subsequent amendments. Inherent and consequent decisions.
10. Integration of the fees of the External Auditors for the Financial Year 2017-2019
11. Debate on the Remuneration Policy for the company directors and managers with strategic responsibility.

For the Extra Ordinary Meeting:

1. Proposal of amendment of the Article of Association in order to introduce the vote increase. Inherent and consequent decisions.

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In relation to the integration of the Statutory Auditors under point 3 of the above Agenda, pursuant to Article 2401 of the Italian Civil Code and Article 30 of the Article of Association, the Shareholders' meeting shall adopt a resolution according to the legal majorities.

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In relation to the appointment of the Board of Directors under point 6 of the above Agenda, the Shareholders' meeting shall adopt their resolution voting for a list according to Article 147-ter TUF and Article 20 of the Article of Association. The lists, together with all information requested by applicable laws, will be available and will be published on the Company's website [www.ferragamo.com](http://www.ferragamo.com), in the Investor section/ Governance/ Shareholders Meetings.

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

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*The manager charged to prepare the corporate accounting documents, Ugo Giorelli, 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 forecasted, 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 2017, approved by the Board of Directors on March 8 2018, 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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The Results of FY 2017 will be illustrated today, 8 March 2017, at 6:00 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 Sp.A.**

Salvatore Ferragamo Sp.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 685 mono-brand stores as of 31 December 2017, 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 Sp.A.**

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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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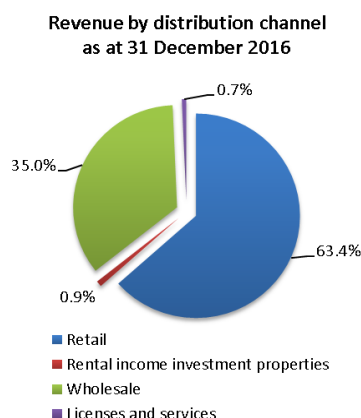
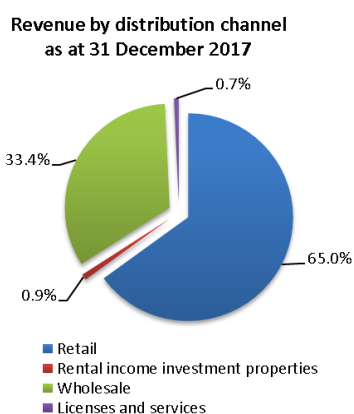


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On the following pages, a more detailed analysis of Revenues, the consolidated income statement, the summary of statement of financial position, the net financial position, and the consolidated cash flow statement of the Salvatore Ferragamo Group as of 31 December 2017.

## Revenue by distribution channel as of 31 December 2017

(In thousands of Euro)	2017	% on Revenue	2016	% on Revenue	% Change	at constant exchange rate % Change
Retail	905,334	65.0%	912,361	63.4%	(0.8%)	1.3%
Wholesale	465,295	33.4%	502,648	35.0%	(7.4%)	(6.2%)
Licenses and services	10,150	0.7%	9,960	0.7%	1.9%	1.9%
Rental income investment properties	12,693	0.9%	12,954	0.9%	(2.0%)	0.0%
<b>Total</b>	<b>1,393,472</b>	<b>100.0%</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>(3.1%)</b>	<b>(1.4%)</b>

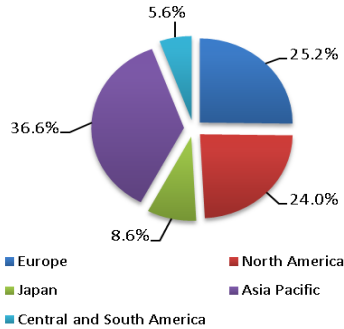


## Revenue by geographic area as of 31 December 2017

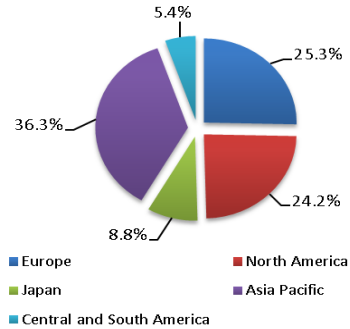
(In thousands of Euro)	2017	% on Revenue	2016	% on Revenue	% Change	at constant exchange rate % Change
Europe	351,259	25.2%	364,292	25.3%	(3.6%)	(3.0%)
North America	333,673	24.0%	348,347	24.2%	(4.2%)	(2.2%)
Japan	119,546	8.6%	126,689	8.8%	(5.6%)	(3.1%)
Asia Pacific	510,620	36.6%	521,743	36.3%	(2.1%)	(0.4%)
Central and South America	78,374	5.6%	76,852	5.4%	2.0%	6.5%
<b>Total</b>	<b>1,393,472</b>	<b>100.0%</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>(3.1%)</b>	<b>(1.4%)</b>

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Revenue by geographic area as at 31 December 2017



Revenue by geographic area as at 31 December 2016

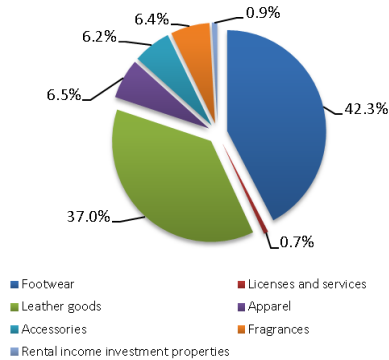


## Revenue by product category as of 31 December 2017

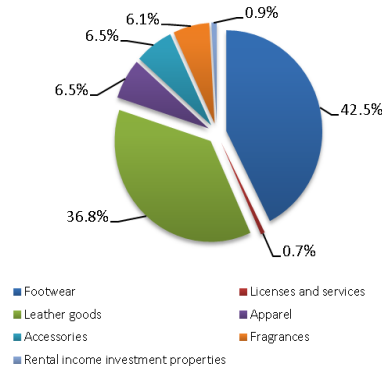
(In thousands of Euro)

	2017	% on Revenue	2016	% on Revenue	% Change	at constant exchange rate % Change
Footwear	589,229	42.3%	611,151	42.5%	(3.6%)	(1.7%)
Leather goods	516,026	37.0%	528,952	36.8%	(2.4%)	(0.8%)
Apparel	89,859	6.5%	93,550	6.5%	(3.9%)	(2.2%)
Accessories	86,363	6.2%	93,259	6.5%	(7.4%)	(5.5%)
Fragrances	89,152	6.4%	88,097	6.1%	1.2%	2.2%
Licenses and services	10,150	0.7%	9,960	0.7%	1.9%	1.9%
Rental income investment properties	12,693	0.9%	12,954	0.9%	(2.0%)	0.0%
<b>Total</b>	<b>1,393,472</b>	<b>100.0%</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>(3.1%)</b>	<b>(1.4%)</b>

Revenue by product category as at 31 December 2017



Revenue by product category as at 31 December 2016





## Consolidated results for Salvatore Ferragamo Group

### Consolidated income statement as of 31 December 2017

(In thousands of Euro)	2017	% on Revenue	2016	% on Revenue	% Change
Revenue from sales and services	1,380,779	99.1%	1,424,969	99.1%	(3.1%)
Rental income investment properties	12,693	0.9%	12,954	0.9%	(2.0%)
<b>Revenues</b>	<b>1,393,472</b>	<b>100.0%</b>	<b>1,437,923</b>	<b>100.0%</b>	<b>(3.1%)</b>
Cost of goods sold	(494,755)	(35.5%)	(472,808)	(32.9%)	4.6%
<b>Gross profit</b>	<b>898,717</b>	<b>64.5%</b>	<b>965,115</b>	<b>67.1%</b>	<b>(6.9%)</b>
Style, product development and logistics costs	(44,151)	(3.2%)	(44,167)	(3.1%)	(0.0%)
Sales & distribution costs	(474,674)	(34.1%)	(469,191)	(32.6%)	1.2%
Marketing & communication costs	(70,708)	(5.1%)	(71,217)	(5.0%)	(0.7%)
General and administrative costs	(115,682)	(8.3%)	(113,663)	(7.9%)	1.8%
Other operating costs	(19,183)	(1.4%)	(20,098)	(1.4%)	(4.6%)
Other income	11,735	0.8%	13,949	1.0%	(15.9%)
<b>Total operating costs (net of other income)</b>	<b>(712,663)</b>	<b>(51.1%)</b>	<b>(704,387)</b>	<b>(49.0%)</b>	<b>1.2%</b>
<b>Operating profit</b>	<b>186,054</b>	<b>13.4%</b>	<b>260,728</b>	<b>18.1%</b>	<b>(28.6%)</b>
Financial charges	(52,079)	(3.7%)	(42,527)	(3.0%)	22.5%
Financial income	39,370	2.8%	27,472	1.9%	43.3%
<b>Profit before taxes</b>	<b>173,345</b>	<b>12.4%</b>	<b>245,673</b>	<b>17.1%</b>	<b>(29.4%)</b>
Income taxes	(59,062)	(4.2%)	(47,315)	(3.3%)	24.8%
<b>Net profit/(loss) for the period</b>	<b>114,283</b>	<b>8.2%</b>	<b>198,358</b>	<b>13.8%</b>	<b>(42.4%)</b>
Net profit/(loss) - Group	118,641	8.5%	201,984	14.0%	(41.3%)
Net profit/(loss) - minority interests	(4,358)	(0.3%)	(3,626)	(0.3%)	20.2%
<b>EBITDA(*)</b>	<b>248,508</b>	<b>17.8%</b>	<b>323,829</b>	<b>22.5%</b>	<b>(23.3%)</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 2017

(In thousands of Euro)	31 December 2017	31 December 2016	%
			Change
Property, plant and equipment	249,600	243,692	2.4%
Investment property	6,139	7,350	(16.5%)
Intangible assets with definite useful life	43,593	37,576	16.0%
Inventories	325,516	374,710	(13.1%)
Trade receivables	148,583	179,678	(17.3%)
Trade payables	(203,613)	(180,256)	13.0%
Other non current assets/(liabilities), net	7,963	41,042	(80.6%)
Other current assets/(liabilities), net	42,169	26,820	57.2%
Assets/(Liabilities) held for sale, net	990	-	na
<b>Net invested capital</b>	<b>620,940</b>	<b>730,612</b>	<b>(15.0%)</b>
Group shareholders' equity	722,250	693,138	4.2%
Minority interests	26,181	29,476	(11.2%)
<b>Shareholders' equity (A)</b>	<b>748,431</b>	<b>722,614</b>	<b>3.6%</b>
<b>Net financial debt (B) (1)</b>	<b>(127,491)</b>	<b>7,998</b>	<b>na</b>
<b>Total sources of financing (A+B)</b>	<b>620,940</b>	<b>730,612</b>	<b>(15.0%)</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 3<sup>rd</sup>, 2015.

## Net financial position as of 31 December 2017

(In thousands of Euro)	31 December 2017	31 December 2016	Change 2017 vs 2016
A. Cash	1,909	1,855	54
B. Other cash equivalents	210,179	115,394	94,785
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>212,088</b>	<b>117,249</b>	<b>94,839</b>
Derivatives – non-hedge component	341	264	77
Other financial assets	-	-	-
<b>D. Current financial receivables</b>	<b>341</b>	<b>264</b>	<b>77</b>
E. Current bank payables	66,529	121,251	(54,722)
F. Derivatives – non-hedge component	226	526	(300)
G. Other current financial payables	3,276	3,379	(103)
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>70,031</b>	<b>125,156</b>	<b>(55,125)</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>(142,398)</b>	<b>7,643</b>	<b>(150,041)</b>
J. Non current bank payables	14,814	-	14,814
K. Derivatives – non-hedge component	93	355	(262)
M. Other non current financial payables	-	-	-
<b>N. Non-current financial debt (J)+(K)+(M)</b>	<b>14,907</b>	<b>355</b>	<b>14,552</b>
<b>O. Net financial debt (I)+(N)</b>	<b>(127,491)</b>	<b>7,998</b>	<b>(135,489)</b>



## Consolidated statement of cash flows as of 31 December 2017

(In thousands of Euro)	2017	2016
<b>Net profit / (loss) for the period</b>	<b>114,283</b>	<b>198,358</b>
Depreciation, amortization and write down of property, plant and equipment, intangible assets and investment properties	62,454	63,101
Net change in deferred taxes	21,811	1,261
Net change in provision for employee benefit plans	(134)	(182)
Loss/(gain) on disposal of tangible and intangible assets	1,077	619
Other non cash items	1,423	2,047
Net change in net working capital	66,341	(46,264)
Net change in other assets and liabilities	11,631	(57,063)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>278,886</b>	<b>161,877</b>
Purchase of tangible assets	(60,147)	(55,118)
Purchase of intangible assets	(16,509)	(13,421)
Net change in available-for-sale financial assets	5	-
Proceeds from the sale of tangible and intangible assets	41	31
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(76,610)</b>	<b>(68,508)</b>
Net change in financial payables	(33,104)	(25,745)
Payment of dividends	(77,643)	(78,889)
Purchase of minority interests in companies consolidated on a line-by line basis	(804)	(15,537)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(111,551)</b>	<b>(120,171)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>90,725</b>	<b>(26,802)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>117,249</b>	<b>142,121</b>
Net increase / (decrease) in cash and cash equivalents	90,725	(26,802)
Net effect of translation of foreign currencies	4,114	1,930
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>212,088</b>	<b>117,249</b>



On the following pages: the income statement, the summary of statement of financial position, the net financial position and the cash flow statement of the Salvatore Ferragamo Sp.A as of 31 December 2017.

**Salvatore Ferragamo Sp.A.**  
**Income statement as of 31 December 2017**

(In thousands of Euro)	2017	% of revenues	2016	% of revenues	% change
Revenues from sales ( <i>Whl, Rtl, E-commerce</i> )	738,663	96.9%	801,950	97.4%	(7.9%)
Revenues from royalties	8,637	1.1%	8,539	1.0%	1.1%
Other income and services	15,080	2.0%	13,137	1.6%	14.8%
<b>Total revenues from sales and services</b>	<b>762,380</b>	<b>100.0%</b>	<b>823,626</b>	<b>100.0%</b>	<b>(7.4%)</b>
Change in inventories of finished products	(7,717)	(1.0%)	6,339	0.8%	(221.7%)
Costs for raw materials, goods and consumables	(210,696)	(27.6%)	(221,798)	(26.9%)	(5.0%)
Costs for services	(288,016)	(37.8%)	(306,686)	(37.2%)	(6.1%)
Personnel costs	(63,540)	(8.3%)	(63,246)	(7.7%)	0.5%
Amortization, depreciation and write-downs	(16,570)	(2.2%)	(15,455)	(1.9%)	7.2%
Other operating costs	(50,328)	(6.6%)	(8,514)	(1.0%)	491.1%
Other income and revenues	11,906	1.6%	9,333	1.1%	27.6%
<b>Total costs (net of other income)</b>	<b>(624,961)</b>	<b>(82.0%)</b>	<b>(600,027)</b>	<b>(72.9%)</b>	<b>4.2%</b>
<b>Operating profit</b>	<b>137,419</b>	<b>18.0%</b>	<b>223,599</b>	<b>27.1%</b>	<b>(38.5%)</b>
Financial income (charges)	1,578	0.2%	1,339	0.2%	17.8%
<b>Profit before taxes</b>	<b>138,997</b>	<b>18.2%</b>	<b>224,938</b>	<b>27.3%</b>	<b>(38.2%)</b>
Income taxes	(25,984)	(3.4%)	(33,872)	(4.1%)	(23.3%)
<b>Net profit/(loss) for the period</b>	<b>113,013</b>	<b>14.8%</b>	<b>191,066</b>	<b>23.2%</b>	<b>(40.9%)</b>
<b>EBITDA (*)</b>	<b>153,989</b>	<b>20.2%</b>	<b>239,054</b>	<b>29.0%</b>	<b>(35.6%)</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 Sp.A.**  
**Summary of statement of financial position as of 31 December 2017**

(In thousands of Euro)	31 December 2017	31 December 2016	% change
Property, plant and equipment	100,532	72,329	39.0%
Intangible assets with definite useful life	34,378	25,618	34.2%
Inventories	97,028	97,520	(0.5%)
Trade receivables	156,668	183,341	(14.5%)
Trade payables	(149,294)	(126,914)	17.6%
Other non current assets/(liabilities), net	178,262	188,597	(5.5%)
Other current assets/(liabilities), net	36,185	27,586	31.2%
<b>Net invested capital</b>	<b>453,759</b>	<b>468,077</b>	<b>(3.1%)</b>
<b>Shareholders' equity (A)</b>	<b>610,806</b>	<b>563,162</b>	<b>8.5%</b>
<b>Net financial debt (B) (1)</b>	<b>(157,047)</b>	<b>(95,085)</b>	<b>65.2%</b>
<b>Total sources of financing (A+B)</b>	<b>453,759</b>	<b>468,077</b>	<b>(3.1%)</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 3<sup>rd</sup>, 2015.

**Salvatore Ferragamo Sp.A.**  
**Net financial position as of 31 December 2017**

(In thousands of Euro)	31 December 2017	31 December 2016	change 2017 vs 2016
A. Cash	232	149	83
B. Other cash equivalents	127,181	59,329	67,852
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>127,413</b>	<b>59,478</b>	<b>67,935</b>
Derivatives – non-hedge component	323	228	95
Other financial assets	30,670	36,697	(6,027)
<b>D. Current financial receivables</b>	<b>30,993</b>	<b>36,925</b>	<b>(5,932)</b>
E. Current bank payables	-	-	-
F. Derivatives – non-hedge component	1,359	1,318	41
G. Other current financial payables	-	-	-
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>1,359</b>	<b>1,318</b>	<b>41</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>(157,047)</b>	<b>(95,085)</b>	<b>(61,962)</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>(157,047)</b>	<b>(95,085)</b>	<b>(61,962)</b>



**Salvatore Ferragamo Sp.A.**  
**Statement of cash flows as of 31 December 2017**

(In thousands of Euro)	2017	2016
<b>Net profit / (loss) for the period</b>	<b>113,013</b>	<b>191,066</b>
Depreciation, amortization and write down of property, plant and equipment and intangible assets	16,570	15,455
Net change in deferred taxes	(1,087)	1,152
Net change in provision for employee benefit plans	(344)	(267)
Loss/(gain) on disposal of tangible and intangible assets	(1)	(22)
Write-down / (revaluation) of investments in subsidiaries	10,158	(3,266)
Other non cash items	1,105	1,725
Net change in net working capital	30,716	(8,508)
Net change in other assets and liabilities	14,023	(52,856)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>184,153</b>	<b>144,479</b>
Purchase of tangible assets	(27,371)	(13,384)
Purchase of intangible assets	(15,191)	(12,114)
Purchase of financial assets (investments in subsidiaries)	(2,046)	(19,126)
Net change in financial receivables	6,027	(24,295)
Net change in available-for-sale financial assets	5	-
Proceeds from the sale of tangible and intangible assets	1	29
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(38,575)</b>	<b>(68,890)</b>
Payment of dividends	(77,643)	(77,643)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(77,643)</b>	<b>(77,643)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>67,935</b>	<b>(2,054)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>59,478</b>	<b>61,532</b>
Net increase / (decrease) in cash and cash equivalents	67,935	(2,054)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>127,413</b>	<b>59,478</b>



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