



# SPAFID CONNECT

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*Testo del comunicato*

Vedi allegato.



**PRESS RELEASE**

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

**The Board of Directors approves  
the Consolidated Interim Report as of 30 September 2018**

**Salvatore Ferragamo Group Nine Months Revenue -3.3%, Gross Operating Profit (EBITDA<sup>1</sup>) -7.9%, Net Profit -17.5% and Positive Net Financial Position of 140 million Euros**

- **Revenues: 972 million Euros (-3.3% vs. 1,005 million Euros at 30 September 2017, -1.6% constant exchange rates<sup>2</sup>), with Revenues in 3Q 2018 up 3.9% (+2.5% constant exchange rates<sup>2</sup>) vs. 3Q 2017**
- **Gross Operating Profit (EBITDA<sup>1</sup>): 149 million Euros (-7.9% vs. 162 million Euros at 30 September 2017)**
- **Operating Profit (EBIT): 102 million Euros (-11.4% vs. 115 million Euros at 30 September 2017)**
- **Net Profit: 65 million Euros (-17.5% vs. 79 million Euros at 30 September 2017)**
- **Net Financial Position: positive at 140 million Euros (vs. 95 million Euros positive at 30 September 2017)**

*Florence, 8 November 2018* – 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, in a meeting chaired by Ferruccio Ferragamo, examined and approved the Consolidated Interim Report as of 30 September 2018, prepared according to IAS/IFRS international accounting principles (“non-audited”).



## **Notes to the Income Statement for the 9 months 2018**

### **Consolidated Revenue**

As of 30 September 2018, the Salvatore Ferragamo Group reported Total Revenues of 972 million Euros down 3.3% at current exchange rates (-1.6% at constant exchange rates<sup>2</sup>) over the 1,005 million Euros recorded in 9M 2017. In 3Q 2018 Total Revenues reached 298 million Euros up 3.9% at current exchange rates (+2.5% at constant exchange rates<sup>2</sup>).

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

As of 30 September 2018, the Group's Retail network counted on a total of 679 points of sales, including 407 Directly Operated Stores (DOS) and 272 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 9M 2018 the Retail distribution channel posted consolidated Revenues down 3.2% (-1.5% at constant exchange rates<sup>2</sup>), showing a -1.5% at constant exchange rates and perimeter (like-for-like) vs. 9M 2017, affected by lower end-of-season sales. In 3Q 2018 Retail Revenues were up 1.4% (stable at constant exchange rates<sup>2</sup>), with a -0.9% at constant exchange rates and perimeter (like-for-like).

The Wholesale channel, registered a decrease in Revenues of 3.1% at current exchange rates (-1.6% at constant exchange rates<sup>2</sup>) vs. 9M 2017. In 3Q 2018 Wholesale Revenues were up 10.8% (+9.1% at constant exchange rates<sup>2</sup>), also thanks to shifted deliveries from 2Q to 3Q 2018.

### **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 1.9% (stable at constant exchange rates<sup>2</sup>) vs. 9M 2017. The retail channel in China, after a very strong 9M 2017 (+15.5% at constant exchange rates<sup>2</sup>), recorded a positive (+1.0%) Revenue performance in 9M 2018 at constant exchange rates<sup>2</sup>.

Europe in 9M 2018 posted a decrease in Revenues of 5.5% (-5.2% at constant exchange rates<sup>2</sup>).

North America in 9M 2018 recorded a Revenue decrease of 4.0% vs. 9M 2017, penalized by the currency trend (-1.2% at constant exchange rates<sup>2</sup>). The retail channel registered a growth at constant exchange rates<sup>2</sup>, while the wholesale channel continued to show a negative trend still negatively impacted by the department stores sales.

The Japanese market registered a 0.4% decrease (-1.7% at constant exchange rates<sup>2</sup>) in 9M 2018, mainly due to the strategic rationalization of the wholesale channel in 1H 2018, while the retail channel registered a positive trend.



Revenues in the Central and South America in 9M 2018 were down 3.6%, penalized by the currencies trend (+3.3% at constant exchange rates<sup>2</sup>).

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

Among the product categories, at constant exchange rates<sup>2</sup>, footwear posted a 4.3% decrease vs. 9M 2017, while handbags and leather accessories showed an increase of 3.4% and fragrances were up 4.2%.

### **Gross Profit**

In 9M 2018 the Gross Profit decreased by 4.2% to 618 million Euros. Its incidence on Revenues was down 60 basis points, moving to 63.6%, from 64.2% of 9M 2017, mainly due to the negative impact of currencies in 1H 2018. In 3Q 2018 Gross Profit was up 5.1% with an incidence on Revenues of 62.4%, up 80 basis points vs. 3Q 2017.

### **Operating Costs**

In 9M 2018 Operating Costs decreased, at current exchange rates, by 2.6% (+0.9% at constant exchange rates<sup>2</sup>), to 516 million Euros, from 530 million Euros in 9M 2017. In 3Q 2018 Operating Costs were up 1.8% at current exchange rates.

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

The Gross Operating Profit (EBITDA<sup>1</sup>) decreased by 7.9% over the period, to 149 million Euros, from 162 million Euros of 9M 2017, with an incidence on Revenues of 15.3% from 16.1% in 9M 2017. In 3Q 2018 Gross Operating Profit (EBITDA<sup>1</sup>) increased 27.4% to 32 million Euros, with an incidence on Revenues of 10.9% up 200 bps vs. 3Q 2017.

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

The Operating Profit (EBIT) was down 11.4% vs. 9M 2017, to 102 million Euros, with an incidence on Revenues of 10.5% from 11.5%.



### **Profit before taxes**

The Profit before taxes in 9M 2018 amounted to 91 million Euros (-14.1% vs. 9M 2017), with an incidence on Revenues of 9.4% vs. 10.6% in 9M 2017.

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

The Net Profit for the period, including the Minority Interest, was 65 million Euros, marking a 17.5% decrease, vs. the 79 million Euros reported in 9M 2017.

The 9M 2018 Group Net Profit was 64 million Euros, compared to 82 million Euros in 9M 2017, marking a decrease of 22.1%.

### **Notes to the Balance Sheet for 9M 2018**

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

The Net Working Capital as of 30 September 2018 increased by 8.5% to 295 million Euros, from 272 million Euros as of 30 September 2017.

#### **Investments (CAPEX)**

Investments (CAPEX) was 45 million Euros as of 30 September 2018 vs. 51 million Euros in 9M 2017, mainly for the Distribution Center, the store network and the IT projects.

#### **Net Financial Position**

The Net Financial Position at 30 September 2018 was positive for 140 million Euros, compared to 95 million Euros positive as of 30 September 2017 (including 5.8 million Euros Net Debt of Ferragamo Retail India Private Limited, liabilities that were classified, at September 30, 2017 as held for sale according to IFRS 5).



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The expected trends for Salvatore Ferragamo Group sales, margins and results for full year 2018 remain cautious.

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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 and Operating Costs at "constant exchange rates" are calculated by applying to the Revenue of the period 2017, not including the "hedging effect", the average exchange rates of the same period 2018.

<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, right of return assets and trade receivables net of trade payables and refund 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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*The manager charged to prepare the corporate accounting documents, Ugo Giorcelli, 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 Consolidated Interim Report as of 30 September 2018, approved by the Board of Directors on November 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 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 9M 2018 will be illustrated today, 8 November 2018, 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

## **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 679 mono-brand stores as of 30 September 2018, 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:**

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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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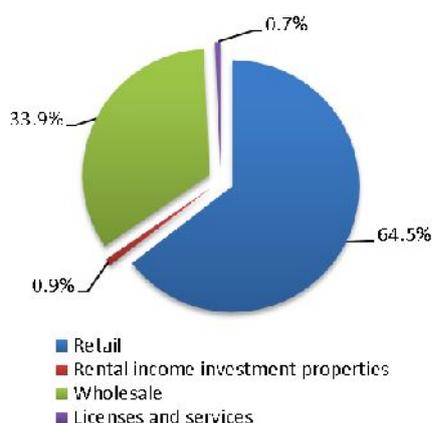
# Salvatore Ferragamo

On the following pages, a more detailed analysis of Revenues, the consolidated income statement, the summary of statement of financial position, the net financial position, and the consolidated cash flow statement of the Salvatore Ferragamo Group as of 30 September 2018.

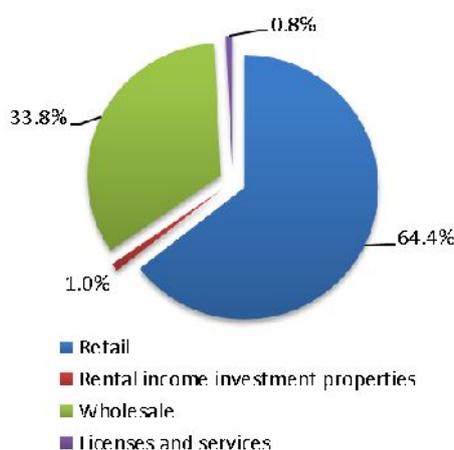
## Revenue by distribution channel as of 30 September 2018

(In thousands of Euro)	Period ended 30 September					at constant exchange rate %
	2018	% on Revenue	2017	% on Revenue	% Change	
Retail	627,005	64.5%	647,662	64.4%	(3.2%)	(1.5%)
Wholesale	329,032	33.9%	339,514	33.8%	(3.1%)	(1.6%)
Licenses and services	6,978	0.7%	8,060	0.8%	(13.4%)	(13.4%)
Rental income investment properties	8,849	0.9%	9,661	1.0%	(8.4%)	(1.8%)
<b>Total</b>	<b>971,864</b>	<b>100.0%</b>	<b>1,004,897</b>	<b>100.0%</b>	<b>(3.3%)</b>	<b>(1.6%)</b>

Revenue by distribution channel as at 30 September 2018



Revenue by distribution channel as at 30 September 2017

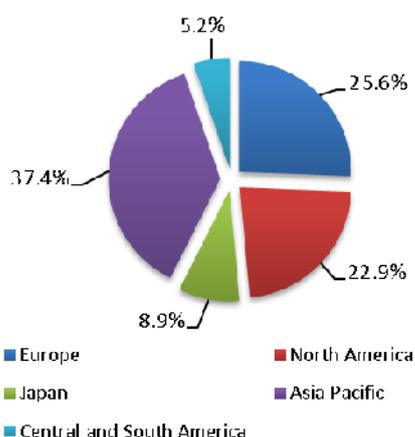


## Revenue by geographic area as of 30 September 2018

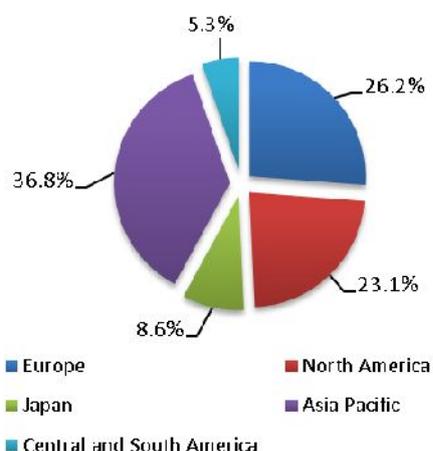
(In thousands of Euro)	Period ended 30 September					at constant exchange rate %
	2018	% on Revenue	2017	% on Revenue	% Change	
Europe	248,975	25.6%	263,515	26.2%	(5.5%)	(5.2%)
North America	222,523	22.9%	231,875	23.1%	(4.0%)	(1.2%)
Japan	86,324	8.9%	86,651	8.6%	(0.4%)	(1.7%)
Asia Pacific	363,218	37.4%	370,123	36.8%	(1.9%)	-
Central and South America	50,824	5.2%	52,733	5.3%	(3.6%)	3.3%
<b>Total</b>	<b>971,864</b>	<b>100.0%</b>	<b>1,004,897</b>	<b>100.0%</b>	<b>(3.3%)</b>	<b>(1.6%)</b>

# Salvatore Ferragamo

Revenue by geographic area as at 30 September 2018



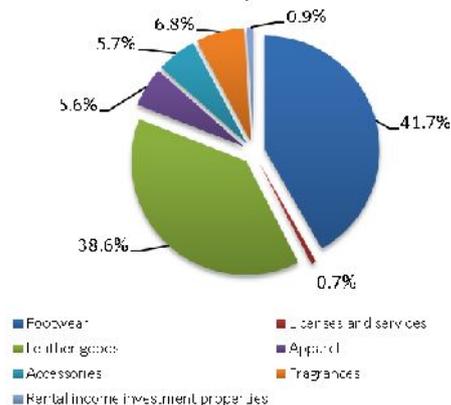
Revenue by geographic area as at 30 September 2017



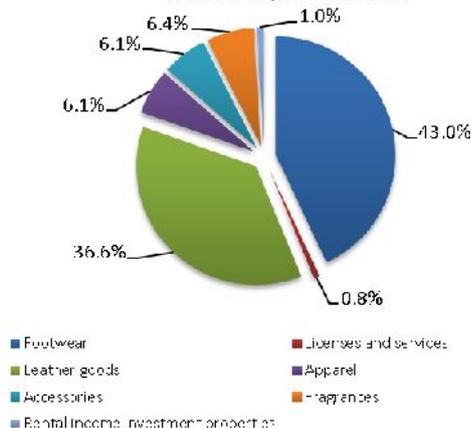
## Revenue by product category as of 30 September 2018

(In thousands of Euro)	Period ended 30 September					at constant exchange rate %
	2018	% on Revenue	2017	% on Revenue	% Change	
Footwear	405,623	41.7%	432,424	43.0%	(6.2%)	(4.3%)
Leather goods	374,542	38.6%	367,395	36.6%	1.9%	3.4%
Apparel	54,625	5.6%	61,814	6.1%	(11.6%)	(10.8%)
Accessories	54,833	5.7%	60,817	6.1%	(9.8%)	(8.4%)
Fragrances	66,414	6.8%	64,726	6.4%	2.6%	4.2%
Licenses and services	6,978	0.7%	8,060	0.8%	(13.4%)	(13.4%)
Rental income investment properties	8,849	0.9%	9,661	1.0%	(8.4%)	(1.8%)
<b>Total</b>	<b>971,864</b>	<b>100.0%</b>	<b>1,004,897</b>	<b>100.0%</b>	<b>(3.3%)</b>	<b>(1.6%)</b>

Revenue by product category as at 30 September 2018



Revenue by product category as at 30 September 2017





## Consolidated results for Salvatore Ferragamo Group

### Consolidated income statement as of 30 September 2018

(In thousands of Euro)	Period ended 30 September				
	2018	% on Revenue	2017	% on Revenue	% Change
Revenue from contracts with customers	963,015	99.1%	995,236	99.0%	(3.2%)
Rental income investment properties	8,849	0.9%	9,661	1.0%	(8.4%)
<b>Revenues</b>	<b>971,864</b>	<b>100.0%</b>	<b>1,004,897</b>	<b>100.0%</b>	<b>(3.3%)</b>
Cost of goods sold	(353,876)	(36.4%)	(359,795)	(35.8%)	(1.6%)
<b>Gross profit</b>	<b>617,988</b>	<b>63.6%</b>	<b>645,102</b>	<b>64.2%</b>	<b>(4.2%)</b>
Style, product development and logistics	(34,571)	(3.6%)	(32,144)	(3.2%)	7.6%
Sales & distribution costs	(332,142)	(34.2%)	(353,446)	(35.2%)	(6.0%)
Marketing & communication costs	(51,338)	(5.3%)	(48,145)	(4.8%)	6.6%
General and administrative costs	(91,120)	(9.4%)	(86,269)	(8.6%)	5.6%
Other operating costs	(13,094)	(1.3%)	(17,199)	(1.7%)	(23.9%)
Other income	6,346	0.7%	7,347	0.7%	(13.6%)
<b>Total operating costs (net of other income)</b>	<b>(515,919)</b>	<b>(53.1%)</b>	<b>(529,856)</b>	<b>(52.7%)</b>	<b>(2.6%)</b>
<b>Operating profit</b>	<b>102,069</b>	<b>10.5%</b>	<b>115,246</b>	<b>11.5%</b>	<b>(11.4%)</b>
Financial charges	(43,102)	(4.4%)	(41,183)	(4.1%)	4.7%
Financial income	32,417	3.3%	32,334	3.2%	0.3%
<b>Profit before taxes</b>	<b>91,384</b>	<b>9.4%</b>	<b>106,397</b>	<b>10.6%</b>	<b>(14.1%)</b>
Income taxes	(26,240)	(2.7%)	(27,472)	(2.7%)	(4.5%)
<b>Net profit/(loss) for the period</b>	<b>65,144</b>	<b>6.7%</b>	<b>78,925</b>	<b>7.9%</b>	<b>(17.5%)</b>
Net profit/(loss) - Group	64,097	6.6%	82,333	8.2%	(22.1%)
Net profit/(loss) - minority interests	1,047	0.1%	(3,408)	(0.3%)	(130.7%)
<b>EBITDA(*)</b>	<b>149,030</b>	<b>15.3%</b>	<b>161,791</b>	<b>16.1%</b>	<b>(7.9%)</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 30 September 2018

(In thousands of Euro)	30 September 2018	31 December 2017	% Change
Property, plant and equipment	252,968	249,600	1.3%
Investment property	6,111	6,139	(0.5%)
Intangible assets with definite useful life	40,838	43,593	(6.3%)
Inventories and Right of return assets	362,825	325,516	11.5%
Trade receivables	107,768	148,583	(27.5%)
Trade payables and Refund liabilities	(175,350)	(203,613)	(13.9%)
Other non current assets/(liabilities), net	15,117	7,963	89.8%
Other current assets/(liabilities), net	4,623	42,169	(89.0%)
Assets/(Liabilities) held for sale, net	-	990	(100.0%)
<b>Net invested capital</b>	<b>614,900</b>	<b>620,940</b>	<b>(1.0%)</b>
Group shareholders' equity	729,078	722,250	0.9%
Minority interests	25,864	26,181	(1.2%)
<b>Shareholders' equity (A)</b>	<b>754,942</b>	<b>748,431</b>	<b>0.9%</b>
<b>Net financial debt (B) (1)</b>	<b>(140,042)</b>	<b>(127,491)</b>	<b>9.8%</b>
<b>Total sources of financing (A+B)</b>	<b>614,900</b>	<b>620,940</b>	<b>(1.0%)</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.

## Consolidated Net financial position as of 30 September 2018

(In thousands of Euro)	30 September 2018	31 December 2017	Change 2018 vs 2017
A. Cash	1,176	1,909	(733)
B. Other cash equivalents	185,821	210,179	(24,358)
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>186,997</b>	<b>212,088</b>	<b>(25,091)</b>
Derivatives – non-hedge component	206	341	(135)
Other financial assets	408	-	408
<b>D. Current financial receivables</b>	<b>614</b>	<b>341</b>	<b>273</b>
E. Current bank payables	29,609	66,529	(36,920)
F. Derivatives – non-hedge component	611	226	385
G. Other current financial payables	2,080	3,276	(1,196)
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>32,300</b>	<b>70,031</b>	<b>(37,731)</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>(155,311)</b>	<b>(142,398)</b>	<b>(12,913)</b>
J. Non current bank payables	15,240	14,814	426
K. Derivatives – non-hedge component	29	93	(64)
M. Other non current financial payables	-	-	-
<b>N. Non-current financial debt (J)+(K)+(M)</b>	<b>15,269</b>	<b>14,907</b>	<b>362</b>
<b>O. Net financial debt (I)+(N)</b>	<b>(140,042)</b>	<b>(127,491)</b>	<b>(12,551)</b>



## Consolidated statement of cash flows as of 30 September 2018

(In thousands of Euro)	Period ended 30 September	
	2018	2017
<b>Net profit / (loss) for the period</b>	<b>65,144</b>	<b>78,925</b>
Depreciation, amortization and write down of property, plant and equipment, intangible assets and investment properties	46,961	46,545
Net change in deferred taxes	193	(2,251)
Net change in provision for employee benefit plans	108	(124)
Loss/(gain) on disposal of tangible and intangible assets	243	523
Impairment on Net assets held for sale	-	3,058
Other non cash items	1,370	1,583
Net change in net working capital	(5,775)	70,556
Net change in other assets and liabilities	20,246	19,696
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>128,490</b>	<b>218,511</b>
Purchase of tangible assets	(42,243)	(40,525)
Purchase of intangible assets	(7,462)	(7,189)
Net change in available-for-sale financial assets	-	5
Proceeds from the sale of tangible and intangible assets	78	30
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(49,627)</b>	<b>(47,679)</b>
Net change in financial receivables	(403)	-
Net change in financial payables	(38,867)	(13,312)
Payment of dividends	(66,917)	(77,643)
Purchase of minority interests in companies consolidated on a line-by line basis	(24)	(804)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(106,211)</b>	<b>(91,759)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(27,348)</b>	<b>79,073</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>212,088</b>	<b>117,249</b>
Net increase / (decrease) in cash and cash equivalents	(27,348)	79,073
Net effect of translation of foreign currencies	2,238	2,796
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>186,978</b>	<b>199,118</b>

Fine Comunicato n.1220-22

Numero di Pagine: 14