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*Testo del comunicato*

Vedi allegato.



PRESS RELEASE

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

**The Board of Directors approves the Half Year Financial Report as of 30 June 2020**

**Salvatore Ferragamo Group Six Months Revenue -46.6%, Operating Profit (EBIT) -74 million Euros, Net Profit -86 million Euros and Positive Net Financial Position adjusted<sup>5</sup> of 58 million Euros**

**Revenues performance in the months of July and August solidly increasing in China, Korea and in the digital channel vs. 2019**

- **Revenues: 377 million Euros (-46.6% vs. 705 million Euros at 30 June 2019, -46.9% at constant exchange rates<sup>2</sup>)**
- **Gross Operating Profit (EBITDA<sup>1</sup>): 30 million Euros (-83.9% vs. 184 million Euros at 30 June 2019)**
- **Operating Profit (EBIT): -74 million Euros (vs. +94 million Euros at 30 June 2019)**
- **Net Profit: -86 million Euros (vs. +60 million Euros at 30 June 2019)**
- **Net Financial Position adjusted<sup>5</sup> (net of IFRS16 effect): positive for 58 million Euros (vs. 141 million Euros positive at 30 June 2019)**

*Florence, 15 September 2020* – 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 Half Year Financial Report as of 30 June 2020, drafted according to IAS/IFRS international accounting principles (Limited Audit).

To note the introduction of the IFRS 16 accounting principle as of January 1, 2019, relating to the accounting treatment of leasing contracts, according to which all performance indicators have been computed.

# Salvatore Ferragamo

## Notes to the Income Statement for 1H 2020

### Consolidated Revenue figures

As of 30 June 2020 the Salvatore Ferragamo Group reported Total Revenues of 377 million Euros down 46.6% at current exchange rates (-46.9% at constant exchange rates<sup>2</sup>) vs. the 705 million Euros recorded in 1H 2019. Revenues in 2Q 2020 registered a 60.1% decrease at current exchange rates (-59.4% at constant exchange rates<sup>2</sup>).

The drop in Revenues has been determined by the rapid diffusion of the pandemic caused by a novel coronavirus, known as Covid-19 and the consequent decisions taken by the National governments regarding prohibitions and lock-downs of the commercial activities and of the international traffic, brought to the closure of the majority of the Group's store network in those countries and to a significant reduction in traffic in the remaining stores, in the period.

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

As of 30 June 2020, the Group's Retail network counted on a total of 643 points of sales, including 389 Directly Operated Stores (DOS) and 254 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 1H 2020 the Retail distribution channel posted consolidated Revenues down 41.0% (-41.1% at constant exchange rates<sup>2</sup>), with a decrease of 41.0% at constant exchange rates<sup>2</sup> and perimeter (like-for-like) vs. 1H 2019, with the primary and secondary channel posting a similar performance. In 2Q 2020 Retail Revenues decreased 51.2% (-50.7% at constant exchange rates<sup>2</sup>), with a -51.0% like-for-like performance.

The Wholesale channel registered a decrease in Revenues of 56.4% (-56.8% at constant exchange rates<sup>2</sup>) vs. 1H 2019 mainly penalized by the performance of the Travel Retail channel and of Fragrances.

In 2Q 2020 Wholesale Revenues were down 75.7% (-74.4% at constant exchange rates<sup>2</sup>).

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

The Asia Pacific area is confirmed as the Group's top market, reaching over 44% of total Revenues, decreasing by 39.9% (-39.1% at constant exchange rates<sup>2</sup>) vs. 1H 2019.

The 2Q 2020 performance in the area (-35.3% at constant exchange rates<sup>2</sup>), recovering vs. the previous quarter, benefitted from the positive performance of the retail channel in China, which recorded a Revenue growth of 11.6% at constant exchange rates<sup>2</sup>. A similar growth trend has been registered, in 2Q 202, in the retail channel in South Korea, that reported a positive performance in 1H 2020.

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The Japanese market registered a 37.4% decrease in Revenues (-39.3% at constant exchange rates<sup>2</sup>) in 1H 2020, with 2Q 2020 down 56.1% (-58.4% at constant exchange rates<sup>2</sup>) strongly penalized by the stores closures in the period.

Overall the Asian continent represents over 54% of total Group's revenues.

EMEA posted, in 1H 2020, a decrease in Revenues of 51.7% (-51.2% at constant exchange rates<sup>2</sup>), with 2Q 2020 (-71.9% at constant exchange rates<sup>2</sup>) strongly penalized by the stores closures and the lack of tourists' flows in the period.

North America recorded a Revenue decrease of 54.4% (-57.8% at constant exchange rates<sup>2</sup>) in 1H 2020, with 2Q 2020 down 81.1% (-83.2% at constant exchange rates<sup>2</sup>) strongly penalized by the stores closures in the period, due to the lock-down measures and in lower extent to the social protests.

Revenues in the Central and South America in 1H 2020 were down 54.6%, (-50.1% at constant exchange rates<sup>2</sup>), with 2Q 2020 down 89.2% (-83.1% at constant exchange rates<sup>2</sup>) strongly penalized by the stores closures in the period.

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

All product categories, at constant exchange rates<sup>2</sup>, reported a decrease in 1H 2020 vs. the same period of last year. The Fragrances division registered a decrease in Revenues of 66.6% vs. 1H 2019, also due to the postponement of the launch of new products as a consequence of the lock-down measures in the global markets.

## **Gross Profit**

In 1H 2020 the Gross Profit decreased by 50.5% to 226 million Euros. Its incidence on Revenues was down 480 basis points, moving to 60.0%, from 64.8% of 1H 2019, mainly penalized in 2Q 2020 by lower Primary Full price weight, due to the mandatory closures of the store network for the Covid-19 pandemic for the majority of the full-price season, and by the increase in provisions for obsolescence.

## **Operating Costs**

In 1H 2020 Operating Costs decreased by 17.2% at current exchange rates (-17.6% at constant exchange rates<sup>2</sup>), to 300 million Euros, from 363 million Euros in 1H 2019. The decrease is due to the effects of the containment measures on all lines of operating expenses and mainly regards the renegotiation of rents and the reduction of personnel costs also as a consequence of the initial streamlining of the organization.

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The Operating Costs also include ca. 9 million Euros as a result of the impairment tests. Excluding this negative component, the Operating Costs decreased by 19.8% at current exchange rates.

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

The Gross Operating Profit (EBITDA<sup>1</sup>) decreased by 83.9% over the period, to 30 million Euros, from 184 million Euros of 1H 2019, with an incidence on Revenues of 7.9% from 26.1%.

## **Operating Profit (EBIT)**

The Operating Profit (EBIT) was negative for 74 million Euros vs. 94 million Euros positive in 1H 2019. Net of the negative cost component of the impairment test, the Operating Profit (EBIT) was negative for 65 million Euros in 1H 2020.

## **Profit before taxes**

The Profit before taxes in 1H 2020 was negative for 93 million Euros vs. 79 million Euros positive in 1H 2019.

## **Net Profit for the Period**

The Net Profit for the period, including the Minority Interest, was negative for 86 million Euros vs. 60 million Euros positive in 1H 2019.

The 1H 2020 the Group Net Profit was negative for 82 million Euros vs. 58 million Euros positive in 1H 2019.

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## Notes to the Balance Sheet for 1H 2020

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

The Net Working Capital as of 30 June 2020 increased by 9.2% to 357 million Euros, from 327 million Euros as of 30 June 2019. In particular the Inventories were up 1.6% (+3.7% at constant exchange rates).

### Investments (CAPEX)

As of 30 June 2020, Investments (CAPEX) was 11 million Euros, down by 56.7% vs. 1H 2019, due to the revision of the investment plan to maintain only the projects considered essential and priority.

### Net Financial Position

The Net Financial Position adjusted<sup>5</sup> at 30 June 2020 was positive for 58 million Euros, net of IFRS16 effect, vs. to 141 million Euros positive as of 30 June 2019. Including IFRS16 effect, the Net Financial Position at 30 June 2020 is negative for 562 million Euros.

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## **Covid-19 Update**

At the end of 2019, a new coronavirus, known as Covid-19, was found in Wuhan, China. The Covid-19 Coronavirus has spread gradually from China into the rest of the world—to the point that on 11 March 2020 the World Health Organization declared a pandemic due to the speed and extent of the epidemic. In order to contain the outbreak and protect public health, several Governments around the world, starting with the Chinese one, have gradually put in place containment and social distancing measures, shutting down non-essential retail and manufacturing operations as well as limiting international and domestic travel.

These events significantly impacted the various business areas of the Salvatore Ferragamo Group, causing both revenues and margins to decline.

In the Retail channel, sales were affected by the mandatory closure of directly operated stores and other government restrictions on the movement of people and tourist flows (so-called lockdown) and, as far as North America is concerned, the closures caused by the unrest associated with racial protests.

Wholesale stores were also affected by the closures ordered by the various Governments as well as restrictions on the movement of people and tourist flows (so-called lockdown), which caused revenues to fall considerably also within this distribution channel.

Against this backdrop, the Group saw a 46.6% drop in revenues at current exchange rates and, therefore, a deterioration in its margins and financial performance.

In terms of logistics, the Group was forced to shut down the Sesto Fiorentino hub, which supplies markets all around the world and ships e-commerce orders in Europe. As for production operations, the Group has partially cancelled and planned again the production orders for following collections, based on changed market condition and new business forecasts. .

In the first half of 2020, the Group incurred direct costs to address this emergency, and specifically the expenses associated with the measures taken to protect the health of employees at both offices and directly operated stores: it also received, where possible, government grants and subsidies, such as the different kinds of aid aimed at supporting employment.

In addition, the Group started important negotiations to reduce operating costs, especially with lessors, in order to revise the terms and conditions of the leases of its distribution network, resulting in an 11,226 thousand Euro positive variable lease payment in the first half of 2020.

In addition, it wrote down inventories, net of uses, by 24,146 thousand Euro, mainly to account for the potential risk of a future reduction in the sales of certain products—also because of the current situation. The provision for bad debt, to which the Group had allocated 3,058 thousand Euro in the first half of 2020, was adjusted in accordance with the risk assessments relating to the current situation. Specifically, in order to bolster its financial structure and soundness, the Group has seen it fit to increase the amount of committed lines outstanding with diversified banking counterparties, promptly applying for further short and medium/long term lines.

## **Impairment test**

The Covid-19 emergency qualifies as an impairment indicator, therefore the Group took it into consideration when making estimates and assumptions.

The impairment test resulted in a 9,309 thousand Euro impairment loss, including 8,037 thousand Euro relating to Property, plant and equipment and 1,272 thousand Euro to Intangible assets with a finite useful life.

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## **Executive Committee**

On 6 April 2020, the Board of Directors, having confirmed all the powers previously granted to the Chairman and Managing Director upon their appointment, established an Executive Committee within the Board, vesting it with the powers to monitor, oversee and support the implementation of the initiatives launched by the Company to address the emergency caused by the Covid-19 pandemic. The Executive Committee will remain in office until the end of this extraordinary situation. The original members of the Committee were the Director Ferruccio Ferragamo (Committee Chairman), the Managing Director Micaela le Divelec Lemmi, and the Directors Francesco Caretti, Diego Paternò Castello di San Giuliano, and Marzio Alessandro Alberto Saà. On 27 May 2020, the Company's Board of Directors appointed the Director Michele Norsa to the Executive Committee in place of Mr Ferruccio Ferragamo, electing him also as Chairman of said Committee.

## **Costs and investments**

The Group continues investing in the e-commerce channel and launched the new website at the end of April. Some projects and investments considered non-priority or deferrable have been postponed.

## **Personnel**

In the first half of 2020, in response to the Covid-19 pandemic, human resource management heavily focused on measures to protect the health of employees at both offices and directly operated stores. In this regard, it has defined specific safety protocols that include stringent safety measures and, finally, put in place a supplemental health insurance policy for Italian employees covering symptoms associated with Covid-19. Where allowed by law, the company offered free and voluntary antibody testing.

During this period, the Group began the process to apply for state aid in the various countries in which it operates, where available, and that have had a positive outcome. Moreover, Group management has voluntarily decided to reduce part of its compensation for 2020

Starting from February, in order to protect the health of employees, Salvatore Ferragamo has extended the use of smart-working, introduced as an experiment during 2019, to the Italian and international offices of the Group, allowing operations to continue where possible and in line with regulatory requirements. It has provided training to optimize the use of remote work tools and bolstered internal communication by leveraging the "Ferragamo Together" platform and creating accounts dedicated to answering all health- and business-related questions of the Group's employees.

As for organizational development and personnel training, in the first six months of 2020 the Group launched the "Ilearn" platform with digital contents for both retail and office staff.

## **Directors' Fees**

Considering the Covid-19 pandemic and its impact on the business, some Directors notified Salvatore Ferragamo S.p.A. that they would forgo all or part of their remuneration for the current year.

## **Dividend**

In order to support the financial soundness of the Group and maintain relevant investment capability for the future, the Shareholders' Meeting held on 8 May 2020 approved the separate financial statements of Salvatore Ferragamo S.p.A. and the allocation of all profits to the



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extraordinary reserve, as proposed in the resolution passed on 6 April 2020 by the Board of Directors.

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The Management of the Company confirms the medium-long term goals, continuing to pursue the reinforcement of the competitive positioning of the Salvatore Ferragamo Group among the leaders in the luxury market. The market scenario, gradually improving, underpins the uncertainty in predicting the resolution times of the negative effects triggered by the Covid-19 pandemic and therefore the Management of the Company does not deem to provide detailed forecasts regarding the performance in the various markets and distribution channels for the current year, thus confirming its commitment to reduce costs in order to limit the impact of the unfavorable dynamics of the current period.

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## Notes to the press release

<sup>1</sup> We define EBITDA as operating profit before amortization and depreciation and write-downs of tangible/intangible assets and Right of use assets. 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/Operating Costs at "constant exchange rates" are calculated by applying to the Revenue/Operating Costs of the period 2019, not including the "hedging effect", the average exchange rates of the same period 2020.

<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, 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.

<sup>5</sup> Adjusted: not including the IFRS16 effect.

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*The manager charged to prepare the corporate accounting documents, Alessandro Corsi, 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 Half Year Financial Report as of 30 June 2020, approved by the Board of Directors on September 15 2020, 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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# Salvatore Ferragamo

The Results of 1H 2020 will be illustrated today, 15 September 2020, 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 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 643 mono-brand stores as of 30 June 2020, 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**

Tel. (+39) 055 3562230  
[investor.relations@ferragamo.com](mailto:investor.relations@ferragamo.com)

### **Image Building**

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

Tel. (+39) 02 89011300  
[ferragamo@imagebuilding.it](mailto:ferragamo@imagebuilding.it)

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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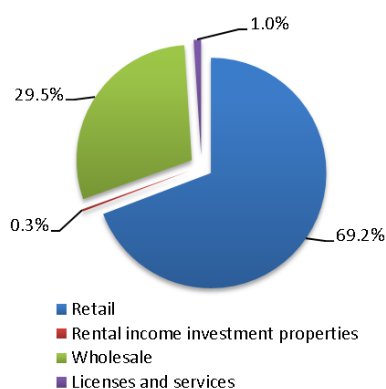
# Salvatore Ferragamo

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 June 2020.

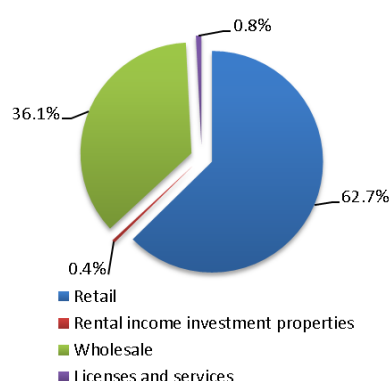
## Revenue by distribution channel as of 30 June 2020

(In thousands of Euro)	Period ended 30 June					at constant exchange rate % Change
	2020	% on Revenue	2019	% on Revenue	% Change	
Retail	260,614	69.2%	441,686	62.7%	(41.0%)	(41.1%)
Wholesale	110,882	29.5%	254,376	36.1%	(56.4%)	(56.8%)
Licenses and services	3,899	1.0%	5,687	0.8%	(31.4%)	(31.4%)
Rental income investment properties	1,131	0.3%	3,121	0.4%	(63.8%)	(64.6%)
<b>Total</b>	<b>376,526</b>	<b>100.0%</b>	<b>704,870</b>	<b>100.0%</b>	<b>(46.6%)</b>	<b>(46.9%)</b>

Revenue by distribution channel as at 30 June 2020



Revenue by distribution channel as at 30 June 2019

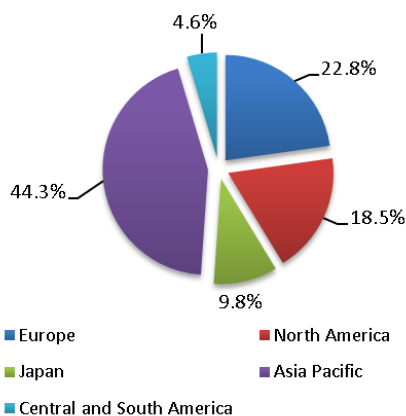


## Revenue by geographic area as of 30 June 2020

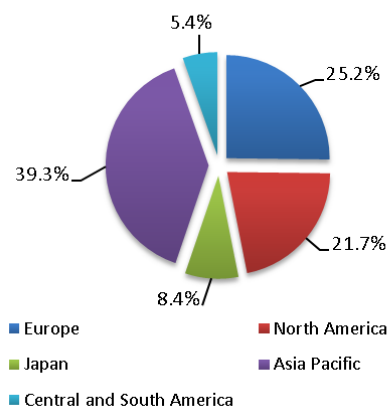
(In thousands of Euro)	Period ended 30 June					at constant exchange rate % Change
	2020	% on Revenue	2019	% on Revenue	% Change	
Europe	85,759	22.8%	177,608	25.2%	(51.7%)	(51.2%)
North America	69,740	18.5%	152,808	21.7%	(54.4%)	(57.8%)
Japan	36,886	9.8%	58,905	8.4%	(37.4%)	(39.3%)
Asia Pacific	166,746	44.3%	277,225	39.3%	(39.9%)	(39.1%)
Central and South America	17,395	4.6%	38,324	5.4%	(54.6%)	(50.1%)
<b>Total</b>	<b>376,526</b>	<b>100.0%</b>	<b>704,870</b>	<b>100.0%</b>	<b>(46.6%)</b>	<b>(46.9%)</b>

# Salvatore Ferragamo

Revenue by geographic area  
as at 30 June 2020



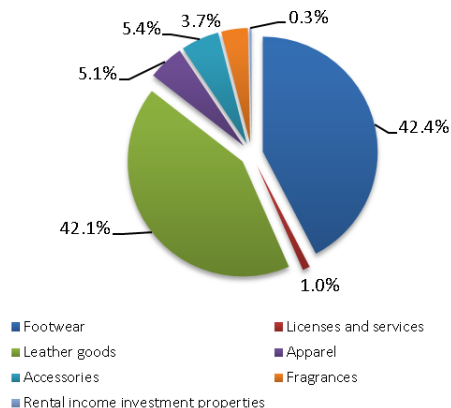
Revenue by geographic area  
as at 30 June 2019



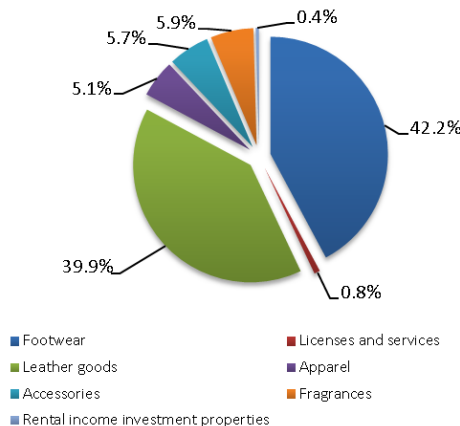
## Revenue by product category as of 30 June 2020

(In thousands of Euro)	Period ended 30 June					at constant exchange rate % Change
	2020	% on Revenue	2019	% on Revenue	% Change	
Footwear	159,490	42.4%	297,288	42.2%	(46.4%)	(47.3%)
Leather goods	158,551	42.1%	280,910	39.9%	(43.6%)	(43.1%)
Apparel	19,091	5.1%	36,222	5.1%	(47.3%)	(47.9%)
Accessories	20,302	5.4%	39,886	5.7%	(49.1%)	(49.2%)
Fragrances	14,062	3.7%	41,756	5.9%	(66.3%)	(66.6%)
Licenses and services	3,899	1.0%	5,687	0.8%	(31.4%)	(31.4%)
Rental income investment properties	1,131	0.3%	3,121	0.4%	(63.8%)	(64.6%)
<b>Total</b>	<b>376,526</b>	<b>100.0%</b>	<b>704,870</b>	<b>100.0%</b>	<b>(46.6%)</b>	<b>(46.9%)</b>

Revenue by product category  
as at 30 June 2020



Revenue by product category  
as at 30 June 2019



# Salvatore Ferragamo

## Consolidated results for Salvatore Ferragamo Group

### Consolidated income statement as of 30 June 2020

	Period ended at 30 June				
	2020	% on Revenue	2019	% on Revenue	Var %
Revenue from contracts with customers	375,395	99.7%	701,749	99.6%	(46.5%)
Rental income investment properties	1,131	0.3%	3,121	0.4%	(63.8%)
<b>Revenues</b>	<b>376,526</b>	<b>100.0%</b>	<b>704,870</b>	<b>100.0%</b>	<b>(46.6%)</b>
Cost of goods sold	(150,540)	(40.0%)	(247,975)	(35.2%)	(39.3%)
<b>Gross profit</b>	<b>225,986</b>	<b>60.0%</b>	<b>456,895</b>	<b>64.8%</b>	<b>(50.5%)</b>
Style, product development and logistics costs	(17,223)	(4.6%)	(25,997)	(3.7%)	(33.8%)
Sales & distribution costs	(192,204)	(51.0%)	(233,492)	(33.1%)	(17.7%)
Marketing & communication costs	(25,287)	(6.7%)	(37,064)	(5.3%)	(31.8%)
General and administrative costs	(58,361)	(15.5%)	(62,906)	(8.9%)	(7.2%)
Other operating costs	(14,649)	(3.9%)	(11,222)	(1.6%)	30.5%
Other income	7,306	1.9%	7,700	1.1%	(5.1%)
<b>Total operating costs (net of other income)</b>	<b>(300,418)</b>	<b>(79.8%)</b>	<b>(362,981)</b>	<b>(51.5%)</b>	<b>(17.2%)</b>
<b>Operating profit</b>	<b>(74,432)</b>	<b>(19.8%)</b>	<b>93,914</b>	<b>13.3%</b>	<b>(179.3%)</b>
Net Financial charges	(18,989)	(5.0%)	(15,017)	(2.1%)	26.5%
<b>Profit before taxes</b>	<b>(93,421)</b>	<b>(24.8%)</b>	<b>78,897</b>	<b>11.2%</b>	<b>(218.4%)</b>
Income taxes	7,032	1.9%	(18,862)	(2.7%)	(137.3%)
<b>Net profit/(loss) for the Period</b>	<b>(86,389)</b>	<b>(22.9%)</b>	<b>60,035</b>	<b>8.5%</b>	<b>(243.9%)</b>
Net profit/(loss) - Group	(81,898)	(21.8%)	58,074	8.2%	(241.0%)
Net profit/(loss) - minority interests	(4,491)	(1.2%)	1,961	0.3%	(329.0%)
<b>EBITDA *</b>	<b>29,740</b>	<b>7.9%</b>	<b>184,175</b>	<b>26.1%</b>	<b>(83.9%)</b>

\* EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets and Right of use 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.

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## Summary of consolidated statement of financial position as of 30 June 2020

(In thousands of Euro)	30 June 2020	31 December 2019	% Change
Property, plant and equipment	222,567	251,805	(11.6%)
Investment property	37,045	39,091	(5.2%)
Right of use assets	520,291	576,455	(9.7%)
Goodwill and other intangible assets with indefinite useful life	11,279	-	na
Intangible assets with definite useful life	37,212	42,484	(12.4%)
Inventories and Right of return assets	394,793	395,004	(0.1%)
Trade receivables	95,845	147,202	(34.9%)
Trade payables and Refund liabilities	(133,661)	(207,654)	(35.6%)
Other non current assets/(liabilities), net	84,494	73,032	15.7%
Other current assets/(liabilities), net	(11,818)	(27,721)	(57.4%)
<b>Net invested capital</b>	<b>1,258,047</b>	<b>1,289,698</b>	<b>(2.5%)</b>
Group shareholders' equity	674,396	763,647	(11.7%)
Minority interests	21,535	21,618	(0.4%)
<b>Shareholders' equity (A)</b>	<b>695,931</b>	<b>785,265</b>	<b>(11.4%)</b>
<b>Net financial debt/(surplus) (B) (1)</b>	<b>562,116</b>	<b>504,433</b>	<b>11.4%</b>
<b>Total sources of financing (A+B)</b>	<b>1,258,047</b>	<b>1,289,698</b>	<b>(2.5%)</b>
<b>Net financial debt/(surplus) (B)</b>	<b>562,116</b>	<b>504,433</b>	<b>11.4%</b>
<i>Lease Liabilities (C)</i>	<i>620,238</i>	<i>676,329</i>	<i>(8.3%)</i>
<b>Net financial debt/(surplus) adjusted (B-C) (2)</b>	<b>(58,122)</b>	<b>(171,896)</b>	<b>(66.2%)</b>
<b>Net financial debt/(surplus) adjusted/ Shareholders' equity</b>	<b>(8.4%)</b>	<b>(21.9%)</b>	

(1) The Net financial debt/(surplus) is calculated as the sum of Current and non current interest-bearing loans and borrowings plus Current and non current Lease Liabilities and Other current and non current financial liabilities including the negative fair value of derivatives (non-hedge component), net of Cash and cash equivalents and Other current financial assets, including the positive fair value of derivatives (non-hedge component).

(2) The Net financial debt/(surplus) adjusted is calculated as the Net financial debt/(surplus) net of Current and non current Lease Liabilities.

# Salvatore Ferragamo

## Consolidated Net financial position as of 30 June 2020

(In thousands of Euro)	30June 2020	31 December 2019	Change 2020 vs 2019
A. Cash	644	1,152	(508)
B. Other cash equivalents	263,867	221,180	42,687
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>264,511</b>	<b>222,332</b>	<b>42,179</b>
Derivatives – non-hedge component	197	101	96
Other financial assets	-	-	-
<b>D. Current financial receivables</b>	<b>197</b>	<b>101</b>	<b>96</b>
E. Current bank payables	199,261	48,060	151,201
F. Derivatives – non-hedge component	1,434	238	1,196
G. Other current financial payables	117,966	119,301	(1,335)
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>318,661</b>	<b>167,599</b>	<b>151,062</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>53,953</b>	<b>(54,834)</b>	<b>108,787</b>
J. Non current bank payables	-	-	-
K. Derivatives – non-hedge component	-	-	-
M. Other non current financial payables	508,163	559,267	(51,104)
<b>N. Non-current financial debt (J)+(K)+(M)</b>	<b>508,163</b>	<b>559,267</b>	<b>(51,104)</b>
<b>O. Net financial debt (I)+(N)</b>	<b>562,116</b>	<b>504,433</b>	<b>57,683</b>

(In thousands of Euro)	30June 2020	31 December 2019	Change 2020 vs 2019
<b>Net financial debt/(surplus) (a)</b>	<b>562,116</b>	<b>504,433</b>	<b>57,683</b>
Non current lease liabilities	508,163	559,267	(51,104)
Current lease liabilities	112,075	117,062	(4,987)
<b>Lease liabilities (b)</b>	<b>620,238</b>	<b>676,329</b>	<b>(56,091)</b>
<b>Net financial debt/(surplus) adjusted (a-b)</b>	<b>(58,122)</b>	<b>(171,896)</b>	<b>113,774</b>



# Salvatore Ferragamo

## Consolidated statement of cash flows as of 30 June 2020

(In thousands of Euro)	Period ended 30 June	
	2020	2019
<b>Net profit / (loss) for the period</b>	<b>(86,389)</b>	<b>60,035</b>
Depreciation, amortization and write down of property, plant and equipment, intangible assets, investment properties	42,501	63,290
Depreciation of Right of use assets	61,671	26,971
Income Taxes	(7,032)	18,862
Net change in provision for employee benefit plans	(64)	(162)
Loss/(gain) on disposal of tangible and intangible assets	961	664
Net Interest expenses/income and Interest on lease liabilities	8,307	8,485
Other non cash items	1,028	610
Net change in net working capital	(30,354)	(36,443)
Net change in other assets and liabilities	(4,058)	(8,123)
Income Taxes paid	(12,052)	(9,257)
Net Interest expenses/income and Interest on lease liabilities paid	(9,592)	(6,913)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(35,073)</b>	<b>118,019</b>
Purchase of tangible assets	(8,476)	(19,896)
Purchase of intangible assets	(2,721)	(4,686)
Proceeds from the sale of tangible and intangible assets	2	33
Purchase of Arts S.r.l. and Aura1 S.r.l. net of cash and cash equivalents purchased	(7,581)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(18,776)</b>	<b>(24,549)</b>
Net change in financial receivables	-	961
Net change in financial payables	150,924	(2,872)
Repayment of lease liabilities	(61,333)	(55,709)
Payment of dividends	-	(62,535)
Purchase of Treasury shares	-	(638)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>89,591</b>	<b>(120,793)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>35,742</b>	<b>(27,323)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>222,332</b>	<b>207,707</b>
Net increase / (decrease) in cash and cash equivalents	35,742	(27,323)
Net effect of translation of foreign currencies	6,437	(2,204)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>264,511</b>	<b>178,180</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(35,073)</b>	<b>118,019</b>
Repayment of lease liabilities	(61,333)	(55,709)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES ADJUSTED (*)</b>	<b>(96,406)</b>	<b>62,310</b>

(\*) Net cash provided by (used in) operating activities adjusted is calculated as Net cash provided by (used in) operating activities net of the Repayment of lease liabilities (showed in the Net Cash provided by (used in) financing activities).

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