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Financial Results

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Vedi allegato.



PRESS RELEASE

Salvatore Ferragamo S.p.A.

The Board of Directors approves the draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year 2020

Salvatore Ferragamo Group Full Year Revenue -33.5% vs. Full Year 2019, Operating Profit (EBIT) adjusted⁶ -27 million Euros, Net Profit -72 million Euros and Positive Net Financial Position adjusted⁵ of 139 million Euros

Fourth Quarter Revenue -20.4% vs. Fourth Quarter 2019, with gradual improvement of the Retail channel, Operating Profit (EBIT) adjusted⁶ positive for 34 million Euros

The first nine weeks of 2021 show a positive performance of the Retail channel and a solid growth in China, Korea and +85.6% in the digital channel

- **Revenues: 916 million Euros (-33.5% vs. 1,377 million Euros at 31 December 2019, -33.4% at constant exchange rates²)**
- **Gross Operating Profit (EBITDA¹): 159 million Euros (-52.6% vs. 336 million Euros at 31 December 2019)**
- **Operating Profit (EBIT): -62 million Euros, -27 million Euros adjusted⁶ excluding the negative effect of the Impairment Test (vs. +150 million Euros at 31 December 2019)**
- **Net Profit: -72 million Euros (vs. +87 million Euros at 31 December 2019)**
- **Net Financial Position adjusted⁵ (net of IFRS16 effect): positive for 139 million Euros (vs. 172 million Euros positive at 31 December 2019)**

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During the same meeting the Board of Directors has:

- **Approved the Report on Corporate Governance and Ownership Structure and the Report on the policy regarding remuneration and fees paid**
- **Approved the authorization proposal of stock buyback and disposal**
- **Approved the proposal to amend art. 6 of the Article of Association regarding the vote increase**
- **Convened the Ordinary and Extraordinary Shareholders' Meeting**

Florence, 9 March 2021 – 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 draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year ended 31 December 2020, both prepared according to IAS/IFRS international accounting principles, as well as the consolidated statement containing non-financial information pursuant to Legislative Decree No. 254 of December 30, 2016 relating to the year 2020.

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 Net Financial Position has been computed.

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Notes to the Income Statement for Full Year 2020

Consolidated Revenue figures

As of 31 December 2020 the Salvatore Ferragamo Group reported Total Revenues of 916 million Euros down 33.5% at current exchange rates (-33.4% at constant exchange rates²) vs. the 1,377 million Euros recorded in FY 2019. Revenues in 4Q 2020, improving vs. 9M 2020, registered a 20.4% decrease at current exchange rates (-19.9% at constant exchange rates²).

The drop in Revenues in FY 2020 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. The consequent closure of the majority of the Group's store network in those countries and the significant reduction in traffic in the remaining stores, negatively impacted the results of the first six months of the year, that registered a progressive improvement, with alternating phases linked to the second wave of the pandemic and the consequent restrictions, in the second part on the year.

Revenues by distribution channel³

As of 31 December 2020, the Group's Retail network counted on a total of 644 points of sales, including 395 Directly Operated Stores (DOS) and 249 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 2020 the Retail distribution channel posted consolidated Revenues down 29.2% (-28.6% at constant exchange rates²), with a decrease of 29.9% at constant exchange rates² and perimeter (like-for-like) vs. FY 2019, with the primary and secondary channel posting a similar performance. In 4Q 2020 Retail Revenues decreased 13.7% (-13.2% at constant exchange rates²), with a -16.4% like-for-like performance and the contribution of the e-commerce channel registering a strong acceleration (+61.1% at constant exchange rates²).

The Wholesale channel registered a decrease in Revenues of 41.7% (-42.2% at constant exchange rates²) vs. FY 2019, mainly penalized by the performance of the Travel Retail channel and of Fragrances.

In 4Q 2020 Wholesale Revenues were down 33.8% (-32.9% at constant exchange rates²).

Revenues by geographical area³

The Asia Pacific area is confirmed as the Group's top market in terms of Revenues, decreasing by 25.5% (-25.0% at constant exchange rates²) vs. FY 2019.

The 4Q 2020 performance in the area (-11.2% at constant exchange rates²) was negatively impacted by the performance of the Wholesale channel especially of the Travel Retail, that was mostly affected by the pandemic, while the performance of the Retail channel was positive.

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The retail channel in China, in 4Q 2020, registered a Revenues increase of 33.9% at constant exchange rates² bringing the FY performance to a +11.3% at constant exchange rates² vs. FY 2019. Also the Directly Operated Stores in Korea registered a Revenues increase vs. FY 2019, while in Taiwan (+12.9% in 4Q 2020 at constant exchange rates²) Retail Revenues were in line with FY 2019, supported by the double-digit increase registered in the second part of 2020 that compensated the negative performance of the first six months.

The Japanese market registered a 24.5% decrease in Revenues (-25.0% at constant exchange rates²) in FY 2020, with 4Q 2020 (-6.7% at current exchange rates and -7.4% at constant exchange rates²) benefitting from the positive performance of the Retail channel (+2.9% at current exchange rates and +1.3% at constant exchange rates²).

Overall the Asian continent represents over 50% of total Group's FY 2020 Revenues.

EMEA posted, in FY 2020, a decrease in Revenues of 42.5% (-41.9% at constant exchange rates²), with 4Q 2020 (-34.0% at constant exchange rates²) still strongly penalized by the stores closures and the lack of tourists' flows in the period.

North America recorded a Revenue decrease of 39.4% (-41.4% at constant exchange rates²) in FY 2020, with 4Q 2020 down 26.6% (-27.5% at constant exchange rates²).

Revenues in the Central and South America in FY 2020 were down 35.6%, (-29.5% at constant exchange rates²). 4Q 2020 was down 10.7% (-2.5% at constant exchange rates²), with all the markets excluding Mexico, still highly penalized by the stores closures, reporting a positive performance vs. 4Q 2019.

Revenues by product category³

All product categories, at constant exchange rates², reported a decrease in FY 2020 vs. the same period of last year.

Gross Profit

In FY 2020 the Gross Profit decreased by 36.7% to 566 million Euros. Its incidence on Revenues was down 310 basis points, moving to 61.8%, from 64.9% of FY 2019. In 4Q 2020 the Gross Profit incidence on Revenues was 65.0%, substantially in line with 4Q 2019, mainly thanks to the higher contribution of full-price sales and the favorable channel mix.

Operating Costs

In FY 2020 Operating Costs decreased by 15.7% at current exchange rates (-14.4% at constant exchange rates²), to 627 million Euros, from 744 million Euros in FY 2019. The decrease is due to

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the effects of the containment measures, promptly initiated at the beginning of 2020, 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.

The Operating Costs also include ca. 35 million Euros as a result of the impairment tests, of which 25 million Euros in 4Q 2020. Excluding this negative component, the Operating Costs decreased by 20.3% at current exchange rates vs. FY 2019, -19.9% in 4Q.

Gross Operating Profit (EBITDA¹)

The Gross Operating Profit (EBITDA¹) decreased by 52.2% over the period, to 160 million Euros, from 336 million Euros of FY 2019, with an incidence on Revenues of 17.5% from 24.4%.

Operating Profit (EBIT)

The Operating Profit (EBIT) adjusted⁶, net of the negative cost component of the impairment test, was negative for 27 million Euros vs. 150 million Euros positive in FY 2019. Including the impairment test, the Operating Profit (EBIT) was negative for 62 million Euros in FY 2020.

In 4Q 2020 the Operating Profit (EBIT) adjusted⁶, net of the negative cost component of the impairment test, was positive for 34 million Euros, vs. 44 million Euros positive in 4Q 2019. Including the impairment test, the Operating Profit (EBIT) was positive for 9 million Euros in 4Q 2020.

Profit before taxes

The Profit before taxes in FY 2020 was negative for 80 million Euros vs. 117 million Euros positive in FY 2019.

Net Profit for the Period

The Net Profit for the period, including the Minority Interest, was negative for 72 million Euros vs. 87 million Euros positive in FY 2019.

The FY 2020 Group Net Profit was negative for 66 million Euros vs. 87 million Euros positive in FY 2019.

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Notes to the Balance Sheet for FY 2020

Net Working Capital⁴

The Net Working Capital as of 31 December 2020 decreased by 6.0% to 315 million Euros, from 335 million Euros as of 31 December 2019. In particular the Inventories were down 12.4% (-8.4% at constant exchange rates).

Investments (CAPEX)

As of 31 December 2020, Investments (CAPEX) was 29 million Euros, down by 50.2% vs. FY 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 adjusted⁵ at 31 December 2020 was positive for 139 million Euros, net of IFRS16 effect, vs. to 172 million Euros positive as of 31 December 2019, with an improvement of 64 million Euros vs. 30 September 2020.

Including IFRS16 effect, the Net Financial Position at 31 December 2020 is negative for 429 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 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.

In some areas, like Europe, during the third quarter of 2020 containment and social distancing measures were less severe, but in fourth quarter we have once again seen most countries around the world gradually ramping up these measures to deal with a second wave of the virus.

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

In 2020, the Group saw a 33.5% drop in revenues at current exchange rates and, therefore, a deterioration in its margins and financial performance. 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. Personnel costs were down 19.7% in 2020 compared to the prior-year period, in part thanks to government benefits and subsidies, such as employment support measures, and in part due to the effects of a newly launched plan to streamline the organization.

In addition, the Group started, successfully concluded, and continues 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 19,729 thousand Euro positive variable lease payment in 2020 that was directly recognized through profit or loss (largely within the line item “Sales & distribution costs”).

In addition, the Group wrote down inventories, net of uses, by 28,654 thousand Euro, mainly to account for the potential risk of obsolescence related to a future reduction in the sales of certain products—due to the current situation. The provision for bad debt, to which the Group allocated 528 thousand Euro in 2020, was adjusted according to the risk assessments associated with the specific situation during the period. 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 opening additional short- and medium/long-term lines of credit. Considering the severity and lasting of the current situation associated with the impact of the Covid-19 pandemic and the uncertainty about how long this will last, only partially mitigated in the last months by the development and authorization of first Covid-19 vaccines, it is hard to forecast future impacts and the recoverable amounts of the Group's assets, except for the information reported in the following paragraph.

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 34,627 thousand Euro impairment loss, including 33,011 thousand Euro relating to Property, plant and equipment and 1,616 thousand Euro to Intangible assets with a finite useful life.

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Costs and investments

The Group has continued investing mainly in the renovation of stores and in the E-commerce channel: in 2020, it launched the new e-commerce website in Canada, the United States, Mexico, South Korea, Australia, the People's Republic of China, Japan, and several European countries (Eurozone and United Kingdom).

The Group, in the month of October, has further consolidated its e-commerce business in China through the leaders platforms on the market, adding to the existing digital store on JD.com, a new digital store on T-Mall Luxury Pavillion, reinforcing its presence in the Chinese digital market. Some projects and investments considered low-priority or deferrable have been postponed.

Personnel

In 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 Group offered free, voluntary antibody testing. For directly operated stores global guidelines have been defined on the following areas: staff safety tools, client service, store cleaning & maintenance and HR emergency.

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, creating accounts dedicated to answering all health- and business-related questions of the Group's employees.

During this period, the Group began the process to apply for state aid in the various countries in which it operates, where available, and these applications were successful. In addition, management has voluntarily decided to forgo part of their remuneration for the current year.

Directors' Fees

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

The Management of the Company continues to pursue the reinforcement of the competitive positioning of the Salvatore Ferragamo Group among the leaders in the luxury market. The market scenario remains volatile, following the persistent restrictions, introduced by the Governments worldwide, and the uncertain evolution of the pandemic. Therefore, the Management of the Company does not deem to provide detailed forecasts regarding the performance in the various markets for the current year, while confirming its commitment to pursue revenues' growth in the channels with higher potential and costs' rationalization.

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Notes to the press release

¹ 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.

² 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.

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

⁴ 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.

⁵ Net Financial Position Adjusted: not including the IFRS16 effect.

⁶ Adjusted Operating profit is the Operating profit gross of the extraordinary impairment losses, as per IAS 36, on Property, plant and equipment and Intangible assets with definitive useful life, because of the effects of Covid-19 pandemic.

Other resolutions

1) Approval of the Report on Corporate Governance and Ownership Structure and the Report on the policy regarding remuneration and fees paid

The Board of Directors approved the Report on Corporate Governance and Ownership Structure relating to 2020 year drafted by the Company in compliance with article 123-*bis* of the Consolidated Law on Finance.

The Board of Directors also approved the Report on the policy regarding remuneration and fees paid prepared in accordance with article 123-*ter* of the Legislative Decree n. 58/1998 as

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subsequently modified (the “Consolidated Law on Finance”), article 84-*quater* and Annex 3A, Scheme 7-*bis* of the Consob Regulation n. 11971/1999 as modified by the resolution of Consob dated December 10, 2020 (the “**Consob Regulation**”) and with the art. 5 of the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A..

The abovementioned Reports will be made available to the public, in compliance with terms provided for by applicable laws, at the Company’s registered office in Florence, Via Dei Tornabuoni n. 2, 50123, and published on the Company's website <https://group.ferragamo.com>, in the section Governance/Shareholders' Meetings.

2) Appointment of the Board of Directors

Considering that the mandate of the Board of Directors of Salvatore Ferragamo S.p.A. expires with the approval of the financial statements for the financial year 2020, the Board of Directors resolved to submit to the Shareholders’ Meeting the appointment of new members of the administrative body, after determining their number and term of office.

The Shareholders’ Meeting will also have to establish the remuneration of the Board of Directors.

In relation to the appointment of the Board of Directors, the shareholders will adopt their resolution voting for a list according to art. 147-ter of the Consolidated Law on Finance and art. 20 of the Article of Association. The lists, together with all information requested by applicable laws, will be made available to the public at the Company’s registered office and will be published on the Company's website <http://group.ferragamo.com>, Governance/Shareholders Meetings section, in accordance with terms provided for by laws.

3) Approval of the authorization proposal of stock buyback and disposal

The Board of Directors has furthermore resolved to submit to the ordinary Shareholders’ Meeting a proposal to authorize the Company’s stock buyback and disposal, in accordance with the provisions of art. 2357 of the Italian Civil Code and art. 132 of the Consolidated Law on Finance, subject to revocation of the authorization granted by the Shareholders' Meeting held on May 8, 2020.

The new request for an authorization to carry out stock buyback and disposal operations by the Company is aimed to allow the same Company to buyback and dispose of its ordinary shares, in compliance with European Union and Italian applicable laws as well as with market practices admitted and recognized by Consob, for the following purposes:

- acquisition of own stocks to be used, if needed, for possible incentive plans, including long-term ones, based on shares and to be reserved to Directors and/or managers of the Company or

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companies controlled by Salvatore Ferragamo that could be approved in the future by the Shareholders' Meeting of the Company;

- acquisition of own stocks to be assigned, if needed, to possible extraordinary capital investments or financing operations that imply the assignment or management of treasury shares;
- acting, as required by Italian applicable laws and by way 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;
- operate on treasury shares with a view to medium-long term investment, also to establish lasting shareholdings, or in any case to seize market opportunities also through the purchase and resale of shares operating both on the market and (for which concerns the sale, disposal or use) in the so-called over the counter markets or even outside the market or through accelerated book building or blocking procedures.

The application for buyback approval it is not aimed to any capital reduction by means of cancellation of treasury shares.

The Board of Directors resolved that the authorization's lasting is the maximum term provided for by the art. 2357, paragraph 2, of the Italian Civil Code, which is 18 months starting from the date of the approval resolved by the Shareholder's Meeting.

The approval is requested for the purchase, also in more tranches, of Salvatore Ferragamo ordinary shares with a nominal value of Euro 0,10 each, and up to a maximum number that, taking into account the amount of Salvatore Ferragamo ordinary shares held from time to time in portfolio by the Company and its controlled companies, do not exceed the 1% of the *pro tempore* capital shares of the Company, in accordance with art. 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 from time to time for each transaction and that:

- with reference to article 144-bis letters a) and d) of the Consob Regulation, acquisitions of shares shall have to be done at a minimum price of no less than 20% and no more in the maximum than 20% of the average Italian stock market value registered by the shares in the month preceding each single transaction;
- with reference to article 144 bis letters b) and c) of the Consob Regulation, acquisitions of shares shall have to be done at a minimum price of no less than 20% and no more in the maximum than 20% of the Reference Price registered by the shares in the Italian stock market the day preceding each single transaction.

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In consideration of different purposes pursued by means of operations on treasury shares, the Board of Directors resolved to propose to the Shareholders' Meeting that the authorization would be granted for making purchases, in compliance with the principle of equal treatment of Shareholders provided for by art. 132 of the Consolidate Law on Finance, according to any of the modalities provided for by article 144-bis of Consob Regulation (also by ways of other controlled companies), to be identified from time to time at the Board of Directors' discretion.

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It is underlined that as of today the Company's subscribed and paid up capital stock amounts at Euro 16.879.000 and it is composed by 168.790.000 ordinary shares of a nominal par value of Euro 0,10 each. The Company holds no. 150.000 ordinary shares, equal to 0,09% of the capital stock, for which the right to vote is suspended according to applicable laws. The aforesaid treasury shares are taken into consideration to the purpose of the regular constitution of the Shareholders' Meeting, but not to the purposes of calculating the majority required for the approval of the shareholders' meeting resolution.

For more details on the proposal for authorization to buyback and disposal of treasury shares, please make reference to Director's Information Report that will be made available to the public, in compliance with terms provided for by applicable laws, at the Company's registered office in Florence, Via Dei Tornabuoni n. 2, 50123, and published on the Company's website <https://group.ferragamo.com>, in the section Governance/Shareholders' Meetings.

4) Proposal to amend art. 6 of the Article of Association regarding the vote increase

The Board of Directors resolved to submit to the approval of the Shareholders' Meeting in extraordinary session the proposal to amend the current art. 6 of the Article of Association concerning the vote increase, also considering the recommendations contained in Consob Communication no. 0214548 dated April 18, 2019, which defined as incompatible with the regulatory framework governing the vote increase, the possibility that the shareholder, depending on the moment in which he expressly requests the attribution of the vote increase, determine the date on which the increase in voting rights becomes relevant.

5) Convening the Ordinary and Extraordinary Shareholders' Meeting

Moreover, the Board of Directors resolved to convene the Ordinary and Extraordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A. in ordinary and extraordinary session on the forthcoming April 22, 2021, in a single call, in order to approve the financial statements relating to the 2020 financial year and to examine the proposals illustrated above.

The Notice of Call, completed with all the information envisaged by article 125-*bis* of the Consolidated Law on Finance, as well as all the documentation that will be submitted to the Shareholders' Meeting will be made available to the public, in compliance with terms provided for by applicable laws, at the Company's registered office in Florence, Via Dei Tornabuoni n. 2, 50123, published on the Company's website <https://group.ferragamo.com>, in the section

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Governance/Shareholders' Meetings and in the eMarket STORAGE mechanism at www.emarketstorage.com.

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.

The audited draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year ended 31 December 2020, approved by the Board of Directors on March 9 2021, 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, 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.

The Results of FY 2020 will be illustrated today, 9 March 2021, 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.

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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 644 mono-brand stores as of 31 December 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.

For further information:**Salvatore Ferragamo S.p.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".

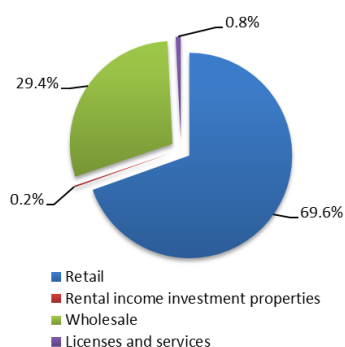
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On the following pages, a more detailed analysis of Revenues, the consolidated income statement, the summary of statement of financial position, the net financial position, and the consolidated cash flow statement of the Salvatore Ferragamo Group as of 31 December 2020.

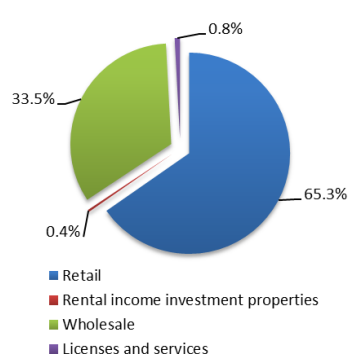
Revenue by distribution channel as of 31 December 2020

(In thousands of Euro)	2020	% on Revenue	2019	% on Revenue	% Change	at constant exchange rate % Change
Retail	637,083	69.6%	899,485	65.3%	(29.2%)	(28.6%)
Wholesale	269,100	29.4%	461,372	33.5%	(41.7%)	(42.2%)
Licenses and services	7,389	0.8%	11,592	0.8%	(36.3%)	(36.3%)
Rental income investment properties	2,253	0.2%	4,812	0.4%	(53.2%)	(52.2%)
Total	915,825	100.0%	1,377,261	100.0%	(33.5%)	(33.4%)

Revenue by distribution channel as at 31 December 2020



Revenue by distribution channel as at 31 December 2019

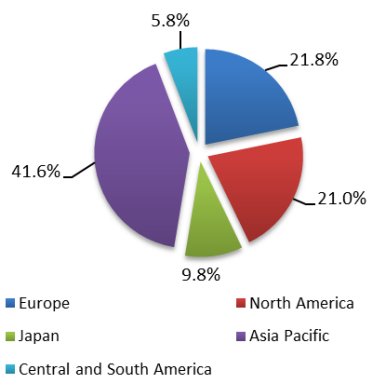


Revenue by geographic area as of 31 December 2020

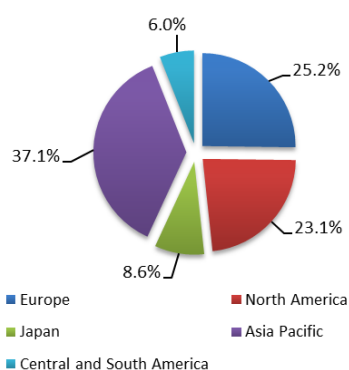
(In thousands of Euro)	2020	% on Revenue	2019	% on Revenue	% Change	at constant exchange rate % Change
Europe	199,715	21.8%	347,243	25.2%	(42.5%)	(41.9%)
North America	192,636	21.0%	317,880	23.1%	(39.4%)	(41.4%)
Japan	89,453	9.8%	118,453	8.6%	(24.5%)	(25.0%)
Asia Pacific	380,993	41.6%	511,313	37.1%	(25.5%)	(25.0%)
Central and South America	53,028	5.8%	82,372	6.0%	(35.6%)	(29.5%)
Total	915,825	100.0%	1,377,261	100.0%	(33.5%)	(33.4%)

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Revenue by geographic area
as at 31 December 2020



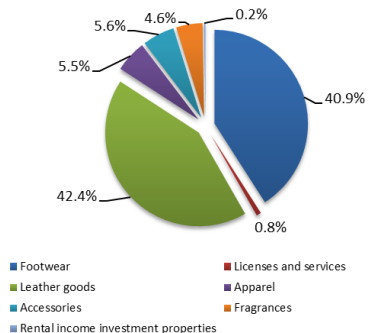
Revenue by geographic area
as at 31 December 2019



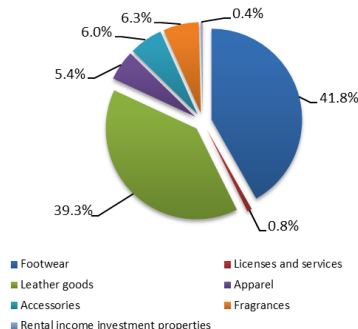
Revenue by product category as of 31 December 2020

(In thousands of Euro)	2020	% on Revenue	2019	% on Revenue	% Change	at constant exchange rate % Change
Footwear	374,728	40.9%	575,571	41.8%	(34.9%)	(35.0%)
Leather goods	388,643	42.4%	540,818	39.3%	(28.1%)	(27.9%)
Apparel	50,218	5.5%	74,232	5.4%	(32.3%)	(31.9%)
Accessories	50,802	5.6%	82,472	6.0%	(38.4%)	(37.6%)
Fragrances	41,792	4.6%	87,764	6.3%	(52.4%)	(52.2%)
Licenses and services	7,389	0.8%	11,592	0.8%	(36.3%)	(36.3%)
Rental income investment properties	2,253	0.2%	4,812	0.4%	(53.2%)	(52.2%)
Total	915,825	100.0%	1,377,261	100.0%	(33.5%)	(33.4%)

Revenue by product category
as at 31 December 2020



Revenue by product category
as at 31 December 2019



Salvatore Ferragamo

Consolidated results for Salvatore Ferragamo Group

Consolidated income statement as of 31 December 2020

(In thousands of Euro)	2020	% on Revenue	2019	% on Revenue	Var %
Revenue from contracts with customers	913,572	99.8%	1,372,449	99.7%	(33.4%)
Rental income investment properties	2,253	0.2%	4,812	0.3%	(53.2%)
Revenues	915,825	100.0%	1,377,261	100.0%	(33.5%)
Cost of goods sold	(350,284)	(38.2%)	(483,767)	(35.1%)	(27.6%)
Gross profit	565,541	61.8%	893,494	64.9%	(36.7%)
Style, product development and logistics costs	(35,868)	(3.9%)	(50,292)	(3.7%)	(28.7%)
Sales & distribution costs	(414,906)	(45.3%)	(482,315)	(35.0%)	(14.0%)
Marketing & communication costs	(54,246)	(5.9%)	(79,676)	(5.8%)	(31.9%)
General and administrative costs	(122,154)	(13.3%)	(127,837)	(9.3%)	(4.4%)
Other operating costs	(23,264)	(2.5%)	(24,467)	(1.8%)	(4.9%)
Other income	23,356	2.6%	20,791	1.5%	12.3%
Total operating costs (net of other income)	(627,082)	(68.5%)	(743,796)	(54.0%)	(15.7%)
Operating profit	(61,541)	(6.7%)	149,698	10.9%	na
Net financial charges	(18,284)	(2.0%)	(32,564)	(2.4%)	(43.9%)
Profit before taxes	(79,825)	(8.7%)	117,134	8.5%	na
Income taxes	8,129	0.9%	(29,769)	(2.2%)	na
Net profit/(loss) for the Period	(71,696)	(7.8%)	87,365	6.3%	na
Net profit/(loss) - Group	(66,397)	(7.2%)	87,281	6.3%	na
Net profit/(loss) - minority interests	(5,299)	(0.6%)	84	-	na
EBITDA (*)	160,226	17.5%	335,530	24.4%	(52.2%)
Adjusted Operating profit (**)	(26,914)	(2.9%)	149,698	10.9%	na

(*) 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.

(**) Adjusted Operating profit is the Operating profit gross of the impairment losses, as per IAS 36, on Property, plant and equipment and Intangible assets with definitive useful life, as a consequence of the extraordinary effects of Covid-19 pandemic.

Salvatore Ferragamo

Summary of consolidated statement of financial position as of 31 December 2020

(In thousands of Euro)	31 December 2020	31 December 2019	%
			Change
Property, plant and equipment	183,121	251,805	(27.3%)
Investment property	31,824	39,091	(18.6%)
Right of use assets	475,240	576,455	(17.6%)
Goodwill	6,679	-	na
Intangible assets with definite useful life	38,891	42,484	(8.5%)
Inventories and Right of return assets	346,181	395,004	(12.4%)
Trade receivables	113,909	147,202	(22.6%)
Trade payables and Refund liabilities	(145,538)	(207,654)	(29.9%)
Other non current assets/(liabilities), net	91,973	73,032	25.9%
Other current assets/(liabilities), net	(3,418)	(27,721)	(87.7%)
Net invested capital	1,138,862	1,289,698	(11.7%)
Group shareholders' equity	693,582	763,647	(9.2%)
Minority interests	16,114	21,618	(25.5%)
Shareholders' equity (A)	709,696	785,265	(9.6%)
Net financial debt/(surplus) (B) (1)	429,166	504,433	(14.9%)
Total sources of financing (A+B)	1,138,862	1,289,698	(11.7%)
Net financial debt/(surplus) (B)	429,166	504,433	(14.9%)
<i>Lease Liabilities (C)</i>	<i>567,909</i>	<i>676,329</i>	<i>(16.0%)</i>
Net financial debt/(surplus) adjusted (B-C) (2)	(138,743)	(171,896)	(19.3%)
Net financial debt/(surplus) adjusted/ Shareholders' equity	(19.5%)	(21.9%)	

(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 31 December 2020

(In thousands of Euro)	31 December	31 December	Change
	2020	2019	
A. Cash	901	1,152	(251)
B. Other cash equivalents	326,979	221,180	105,799
C. Cash and cash equivalents (A)+(B)	327,880	222,332	105,548
Derivatives – non-hedge component	287	101	186
Other financial assets	279	-	279
D. Current financial receivables	566	101	465
E. Current bank payables	56,698	48,060	8,638
F. Derivatives – non-hedge component	74	238	(164)
G. Other current financial payables	107,138	119,301	(12,163)
H. Current financial debt (E)+(F)+(G)	163,910	167,599	(3,689)
I. Current financial debt, net (H)-(C)-(D)	(164,536)	(54,834)	(109,702)
J. Non current bank payables	129,302	-	129,302
K. Derivatives – non-hedge component	-	-	-
M. Other non current financial payables	464,400	559,267	(94,867)
N. Non-current financial debt (J)+(K)+(M)	593,702	559,267	34,435
O. Net financial debt (I)+(N)	429,166	504,433	(75,267)

(In thousands of Euro)	31 December	31 December	Change
	2020	2019	
Net financial debt/(surplus) (a)	429,166	504,433	(75,267)
Non current lease liabilities	464,400	559,267	(94,867)
Current lease liabilities	103,509	117,062	(13,553)
Lease liabilities (b)	567,909	676,329	(108,420)
Net financial debt/(surplus) adjusted (a-b)	(138,743)	(171,896)	33,153

Salvatore Ferragamo

Consolidated statement of cash flows as of 31 December 2020

(In thousands of Euro)	2020	2019
Net profit / (loss) for the period	(71,696)	87,365
Depreciation, amortization and write down of property, plant and equipment, intangible assets, investment properties	102,155	67,498
Depreciation of Right of use assets	119,612	118,334
Income Taxes	(8,129)	29,769
Net change in provision for employee benefit plans	(150)	(254)
Loss/(gain) on disposal of tangible and intangible assets	1,469	2,222
Net Interest expenses/income and Interest on lease liabilities	8,769	18,594
Other non cash items	(18,327)	1,319
Net change in net working capital	(1,367)	(35,643)
Net change in other assets and liabilities	(11,813)	966
Income Taxes paid	(22,178)	(24,511)
Net Interest expenses/income and Interest on lease liabilities paid	(10,014)	(15,672)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	88,331	249,987
Purchase of tangible assets	(23,701)	(50,764)
Purchase of intangible assets	(6,109)	(12,776)
Proceeds from the sale of tangible and intangible assets	-	164
Purchase of Arts S.r.l. and Aura1 S.r.l. net of cash and cash equivalents purchased	(7,581)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(37,391)	(63,376)
Net change in financial receivables	(286)	971
Net change in financial payables	141,122	10,009
Repayment of lease liabilities	(93,573)	(114,388)
Payment of dividends	-	(63,393)
Purchase of Treasury shares	-	(2,525)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	47,263	(169,326)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	98,203	17,285
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	222,332	207,707
Net increase / (decrease) in cash and cash equivalents	98,203	17,285
Net effect of translation of foreign currencies	7,345	(2,660)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	327,880	222,332
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	88,331	249,987
Repayment of lease liabilities	(93,573)	(114,388)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES ADJUSTED (*)	(5,242)	135,599

(*) 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).

Salvatore Ferragamo

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 S.p.A as of 31 December 2020.

Salvatore Ferragamo S.p.A. Income statement as of 31 December 2020

(In thousands of Euro)	2020	% of revenues	2019	% of revenues	% Changes
Revenues from sales (<i>Whl, Rtl, E-commerce</i>)	538,075	95.9%	807,556	96.5%	(33.4%)
Revenues from royalties	7,112	1.3%	9,637	1.2%	(26.2%)
Other income and services	15,871	2.8%	19,754	2.4%	(19.7%)
Revenue from contracts with customers	561,058	100.0%	836,947	100.0%	(33.0%)
Change in inventories of finished products	(13,492)	(2.4%)	5,996	0.7%	(325.0%)
Costs for raw materials, goods and consumables	(158,819)	(28.3%)	(237,462)	(28.4%)	(33.1%)
Costs for services	(202,628)	(36.1%)	(305,678)	(36.5%)	(33.7%)
Personnel costs	(58,910)	(10.5%)	(72,412)	(8.7%)	(18.6%)
Amortization, depreciation and write-downs	(44,309)	(7.9%)	(40,573)	(4.8%)	9.2%
Other operating costs	(131,133)	(23.4%)	(52,964)	(6.3%)	147.6%
Other income and revenues	9,105	1.6%	14,266	1.7%	(36.2%)
Total costs (net of other income)	(600,186)	(107.0%)	(688,827)	(82.3%)	(12.9%)
Operating profit	(39,128)	(7.0%)	148,120	17.7%	(126.4%)
Financial income (charges)	(12,572)	(2.2%)	5,096	0.6%	(346.7%)
Profit before taxes	(51,700)	(9.2%)	153,216	18.3%	(133.7%)
Income taxes	17,630	3.1%	(29,005)	(3.5%)	(160.8%)
Net profit/(loss) for the period	(34,070)	(6.1%)	124,211	14.8%	(127.4%)
EBITDA (*)	5,181	0.9%	188,693	22.5%	(97.3%)

(*) 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 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

Salvatore Ferragamo S.p.A.

Summary of statement of financial position as of 31 December 2020

(In thousands of Euro)	31 December 2020	31 December 2019	% Change
Property, plant and equipment	105,025	115,420	(9.0%)
Right of use assets	95,735	110,878	(13.7%)
Goodwill	6,679	-	na
Intangible assets with definite useful life	35,346	35,723	(1.1%)
Inventories and Right of return assets	101,039	133,938	(24.6%)
Trade receivables	144,139	194,186	(25.8%)
Trade payables and Refund liabilities	(131,557)	(166,106)	(20.8%)
Other non current assets/(liabilities), net	146,624	179,607	(18.4%)
Other current assets/(liabilities), net	4,596	(23,118)	na
Net invested capital	507,626	580,528	(12.6%)
Shareholders' equity (A)	656,730	686,684	(4.4%)
Net financial debt/(surplus) (B) (1)	(149,104)	(106,156)	40.5%
Total sources of financing (A+B)	507,626	580,528	(12.6%)
Net financial debt/(surplus) (B)	(149,104)	(106,156)	40.5%
<i>Lease Liabilities (C)</i>	101,700	113,636	(10.5%)
Net financial debt (surplus) adjusted (B-C) (2)	(250,804)	(219,792)	14.1%
Net financial debt (surplus)adjusted /Shareholders' equity	(38.2%)	(32.0%)	

(1) The Net financial debt 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 net of Current and non current Lease Liabilities.

Salvatore Ferragamo

Salvatore Ferragamo S.p.A. Net financial position as of 31 December 2020

(In thousands of Euro)	31 December 2020	31 December 2019	Change 2020 vs 2019
A. Cash	71	191	(120)
B. Other cash equivalents	212,382	119,897	92,485
C. Cash and cash equivalents (A)+(B)	212,453	120,088	92,365
Derivatives – non-hedge component	288	101	187
Other financial assets	166,651	99,774	66,877
D. Current financial receivables	166,939	99,875	67,064
E. Current bank payables	11,428	-	11,428
F. Derivatives – non-hedge component	40	171	(131)
G. Other current financial payables	19,421	17,455	1,966
H. Current financial debt (E)+(F)+(G)	30,889	17,626	13,263
I. Current financial debt, net (H)-(C)-(D)	(348,503)	(202,337)	(146,166)
J. Non current bank payables	113,491	-	113,491
K. Derivatives – non-hedge component	-	-	-
M. Other non current financial payables	85,908	96,181	(10,273)
N. Non-current financial debt (J)+(K)+(M)	199,399	96,181	103,218
O. Net financial debt (I)+(N)	(149,104)	(106,156)	(42,948)

(In thousands of Euro)	31 December 2020	31 December 2019	Change 2020 vs 2019
Net financial debt/(surplus) (a)	(149,104)	(106,156)	(42,948)
Non current lease liabilities	85,908	96,181	(10,273)
Current lease liabilities	15,792	17,455	(1,663)
Lease liabilities (b)	101,700	113,636	(11,936)
Net financial debt/(surplus) adjusted (a-b)	(250,804)	(219,792)	(31,012)

Salvatore Ferragamo

Salvatore Ferragamo S.p.A. Statement of cash flows as of 31 December 2020

(In thousands of Euro)	2020	2019
Net profit / (loss) for the period	(34,070)	124,211
Depreciation, amortization and write down of property, plant and equipment and intangible assets	25,429	23,596
Depreciation of Right of use assets	18,880	16,977
Income Taxes	(17,630)	29,005
Net change in provision for employee benefit plans	(344)	(324)
Loss/(gain) on disposal of tangible and intangible assets	27	304
Net interest expenses/ (income) and Interest on lease liabilities	1,655	3,243
Dividends from investments in subsidiaries	(49,365)	(32,523)
Write-down / (revaluation) of investments in subsidiaries	46,158	11,668
Other non cash items	(3,576)	1,723
Net change in net working capital	45,996	(16,185)
Net change in other assets and liabilities	(5,228)	830
Income Taxes paid	(12,764)	(10,990)
Net interest expenses/ (income) and Interest on lease liabilities paid	(1,759)	(1,276)
Dividends received	49,365	32,523
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	62,774	182,782
Purchase of tangible assets	(3,097)	(21,073)
Purchase of intangible assets	(5,568)	(11,520)
Acquisition of Arts S.r.l. and Aura 1 S.r.l. net of cash acquired	(7,581)	-
Purchase of financial assets (investments in subsidiaries)	-	40
Net change in financial receivables	(66,878)	(50,252)
Proceeds from the sale of tangible and intangible assets	20	30
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(83,104)	(82,775)
Net change in financial payables	124,919	-
Repayment of lease liabilities	(12,224)	(15,941)
Payment of dividends	-	(57,372)
Purchase of Treasury shares	-	(2,525)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	112,695	(75,838)
Net increase / (decrease) in cash and cash equivalents	92,365	24,169
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	120,088	95,919
Net increase / (decrease) in cash and cash equivalents	92,365	24,169
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	212,453	120,088
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	62,774	182,782
Repayment of lease liabilities	(12,224)	(15,941)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES adjusted (*)	50,550	166,841

(*) 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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