

*Salvatore Ferragamo*

## 1Q 2014 Results Update

Analyst Presentation

May 13, 2014 - 6.00 PM Italian Time



## Disclaimer

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# 1Q 2014 Market Scenario

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- Global luxury market turnover up mid single-digit at current forex vs. 2013
- Luxury spending by travelers increasing, with Chinese tourist flows to Hong Kong, Macau and Korea consistently growing above 20%
- Chinese Government's "anti-luxury goods" attitude, easing of VISA and increasing pollution in capital cities, generating discrepancies in domestic consumption
- Rest of Asia Pacific markets, especially Korean duty free, improving performance favored by increasing price gaps vs. China
- Europe penalized by currency strength, economic uncertainty and Ukraine/Russia political tensions (Russians customers ranked 2nd in 2013)
- US Retail market hit by particularly severe winter conditions, but maintaining positive expectations for total year
- Japan high double-digit growth boosted by Chinese travelers and purchases in anticipation of VAT increase in April, with predictable slowdown in the following weeks
- Travel Retail still best opportunity for perimeter growth in all major business locations especially in Asia and Middle East, as confirmed by airport retail openings worldwide

## 1Q 2014 Salvatore Ferragamo Key Facts (1/2)

- Increasing sales trend in 1Q: +7% at constant FX and +6% at current FX
- RTL growing by 6% at constant FX, with +3% L-f-L
- Strong performance for WHL and Travel Retail (+10% at constant FX)
- Good performance in Europe (+9% at constant FX) thanks to Travel Retail, while RTL penalized by geopolitical tensions negatively impacting tourist flows
- US weak performance (+2% at constant FX) strongly impacted by unfavorable weather, while Latam continuing the double-digit trend (+17% at constant FX)



Salvatore Ferragamo SS14 Advertising Campaign

## 1Q 2014 Salvatore Ferragamo Key Facts (2/2)

- APAC up 6% at constant FX, with Mainland China RTL overperforming
- Japan up double-digit growth at constant FX (+18%), still hit by JPY weakness
- Leather goods overperforming in line with strategy (+17% at constant FX)
- Operating leverage further improving: OpEx up by 4%, with incidence on Revenues down to 47.3% from 48.4% of 1Q 2013
- EBITDA increasing by 10% on hard comparison base (+26% in 1Q 2013), with incidence on Revenues up from 17.0% to 17.7%



Salvatore Ferragamo FIAMMA New Handbag

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# FINANCIALS

## 1Q 2014 Revenue By Region

(Euro MM)	March YTD				Weight on Tot 2014	Weight on Tot 2013
	2014	2013	Δ %	Δ % Const FX		
Europe	84,0	76,9	9,2%	9,0%	28,1%	27,3%
North America	63,7	63,0	1,2%	2,2%	21,3%	22,3%
Japan	30,3	27,9	8,8%	18,1%	10,2%	9,9%
Asia Pacific	108,0	102,5	5,3%	5,7%	36,1%	36,3%
Latin America	12,8	11,7	9,3%	16,7%	4,3%	4,1%
<b>Total</b>	<b>298,8</b>	<b>281,9</b>	<b>6,0%</b>	<b>7,4%</b>	<b>100,0%</b>	<b>100,0%</b>

## 1Q 2014 Revenue By Distribution Channel

(Euro MM)	March YTD				Δ % Const FX	Weight on Tot 2014	Weight on Tot 2013
	2014	2013	Δ %				
Retail	178,3	171,6	3,9%		5,9%	59,7%	60,9%
Wholesale	115,7	105,9	9,3%		9,7%	38,7%	37,6%
Licences & Other Rev.	2,1	2,4	-13,5%		-13,5%	0,7%	0,9%
Rental income	2,6	2,1	27,9%		32,7%	0,9%	0,7%
<b>Total</b>	<b>298,8</b>	<b>281,9</b>	<b>6,0%</b>		<b>7,4%</b>	<b>100,0%</b>	<b>100,0%</b>



## 1Q 2014 Revenue By Product

(Euro MM)	March YTD			Δ % Const FX	Weight on Tot 2014	Weight on Tot 2013
	2014	2013	Δ %			
Shoes	125,1	119,6	4,6%	5,8%	41,9%	42,4%
Leather goods & handbags	104,5	90,6	15,3%	17,1%	35,0%	32,1%
RTW	22,1	24,5	-9,6%	-7,8%	7,4%	8,7%
Silk & other access.	19,9	19,8	0,2%	2,3%	6,7%	7,0%
Fragrances	22,5	23,0	-2,2%	-2,0%	7,5%	8,1%
Licences & Other Rev.	2,1	2,4	-13,5%	-13,5%	0,7%	0,9%
Rental income	2,6	2,1	27,9%	32,7%	0,9%	0,7%
<b>Total</b>	<b>298,8</b>	<b>281,9</b>	<b>6,0%</b>	<b>7,4%</b>	<b>100,0%</b>	<b>100,0%</b>

# 1Q 2014 P&L

(Euro MM)	March YTD				
	2014	%	2013	%	Δ %
<b>Total revenue</b>	<b>298,8</b>	<b>100,0%</b>	<b>281,9</b>	<b>100,0%</b>	<b>6,0%</b>
Cost of goods sold	(115,6)	-38,7%	(106,8)	-37,9%	8,3%
<b>Gross profit</b>	<b>183,2</b>	<b>61,3%</b>	<b>175,2</b>	<b>62,1%</b>	<b>4,6%</b>
Total operating costs	(141,4)	-47,3%	(136,3)	-48,4%	3,7%
<b>EBIT</b>	<b>41,7</b>	<b>14,0%</b>	<b>38,8</b>	<b>13,8%</b>	<b>7,4%</b>
Financial income (expenses)	(1,7)	-0,6%	(0,5)	-0,2%	236,8%
Companies valued with the Equity Method	–	0,0%	0,2	0,1%	-100,0%
<b>EBT</b>	<b>40,0</b>	<b>13,4%</b>	<b>38,5</b>	<b>13,7%</b>	<b>3,9%</b>
Taxes	(12,7)	-4,3%	(11,7)	-4,2%	8,6%
<b>Net income</b>	<b>27,3</b>	<b>9,1%</b>	<b>26,8</b>	<b>9,5%</b>	<b>1,8%</b>
Group net income	26,0	8,7%	24,4	8,6%	6,9%
Income to minorities	1,3	0,4%	2,4	0,9%	-48,7%
<b>EBITDA</b>	<b>52,8</b>	<b>17,7%</b>	<b>48,0</b>	<b>17,0%</b>	<b>9,9%</b>

# 1Q 2014 Balance Sheet

(Euro MM)	March 14 YTD	March 13 YTD	%	Dec 13 YTD
Tangible assets	174,067	149,844	16,2%	174,853
Intangible assets	25,080	20,371	23,1%	26,090
Financial assets	–	–	–	–
<b>Fixed assets</b>	<b>199,147</b>	<b>170,215</b>	<b>17,0%</b>	<b>200,943</b>
Inventory	331,351	284,069	16,6%	290,705
Trade receivables	126,377	109,361	15,6%	121,408
Trade payables	(205,086)	(174,266)	17,7%	(202,752)
<b>Operating working capital</b>	<b>252,643</b>	<b>219,163</b>	<b>15,3%</b>	<b>209,361</b>
Other assets (liabilities)	21,955	(3,709)	-691,9%	37,504
Severance indemnity	(10,048)	(11,478)	-12,5%	(10,092)
Risk funds	(5,334)	(4,874)	9,4%	(5,348)
<b>Net invested capital</b>	<b>458,361</b>	<b>369,317</b>	<b>24,1%</b>	<b>432,368</b>
<b>Shareholders' equity (A)</b>	<b>432,948</b>	<b>336,498</b>	<b>28,7%</b>	<b>399,770</b>
Group equity	398,028	301,489	32,0%	365,465
Minority interest	34,920	35,009	-0,3%	34,305
Current financial liabilities	(94,055)	(108,760)	-13,5%	(104,834)
Non current financial liabilities	–	–	–	–
Cash & equivalents	68,643	75,941	-9,6%	72,236
<b>Net debt (B)</b>	<b>(25,413)</b>	<b>(32,819)</b>	<b>-22,6%</b>	<b>(32,598)</b>
<b>Financial sources (A-B)</b>	<b>458,361</b>	<b>369,317</b>	<b>24,1%</b>	<b>432,368</b>