

*Salvatore Ferragamo*

## 1Q 2015 Results Update

Analyst Presentation

May 13, 2015 - 6.30 PM Italian Time



# Disclaimer

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# 1Q 2015 Market Scenario

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- Geopolitical tensions persist worldwide (Russia/Ukraine, Middle East, Greece) keeping market conditions volatile for luxury players
- China domestic market still at dual speed growth (with 2<sup>nd</sup>/3<sup>rd</sup> tier cities delivering best performance), while Chinese consumers travel out of Hong Kong/Macau and into new destinations (Japan, Korea, Europe and Australia)
- Europe continuing weak economics fairly counterbalanced by tourist flows, despite Russia-Ukraine and Middle East tensions still present
- US expected to benefit from rising economy and easing visa offer, while stronger dollar and severe winter have negatively impacted the Region
- Japanese consumers confidence starting to recover from the sales tax hike in April 2014, and domestic sales positively impacted by Chinese travelers
- Travel Retail channel remains key: worldwide airport traffic up 6.1% in 1Q 2015, envisaging a solid passenger demand for 2015
- Lower EUR exchange rate parity opening to a positive revenues FX momentum for European luxury players



## 1Q 2015 Salvatore Ferragamo Key Facts (1/2)

- Top-line growth in 1Q 2015 +10% (+2% at constant FX)
- RTL growing by 11% (+3% at constant FX), with stable L-f-L
- WHL performance (+6% and stable at constant FX) negatively hit by geopolitical tensions
- Europe up 2% (+1% at constant FX) with RTL increasing double-digit while WHL penalized by geopolitical tensions and challenging comparison base
- US up 16% (+3% at constant FX) despite unfavorable weather conditions, while Latam continuing the double-digit trend (+28% and +19% at constant FX)
- APAC up 11% (+6% at constant FX), with Mainland China RTL overperforming (+22% and +9% at constant FX)



Salvatore Ferragamo SS15 Advertising Campaign

## 1Q 2015 Salvatore Ferragamo Key Facts (2/2)

- Japan up 5% (+6% at constant FX, despite the challenging comparison base in 1Q 2014)
- Leather goods overperforming in line with strategy (+16%), while Fragrances (-11%) negatively hit also by a different timing in deliveries
- Gross Profit up 16%, with a growing incidence on Revenues of 64.7% vs. 61.3% in 1Q 2014, due to favorable FX, channel and product mix
- EBITDA increasing by 16% on hard comparison base (+10% in 1Q 2014), with incidence on Revenues up from 17.7% to 18.7%
- Group Net Profit reaching 31 million Euros, up 20% vs. 1Q 2014



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# FINANCIALS

# 1Q 2015 Revenue By Region

(Euro MM)	March YTD				Weight on Tot 2015	Weight on Tot 2014
	2015	2014	Δ %	Δ % Const FX		
Europe	85,3	84,0	1,5%	0,6%	26,1%	28,1%
North America	74,0	63,7	16,2%	2,6%	22,6%	21,3%
Japan	31,8	30,3	4,8%	5,7%	9,7%	10,2%
Asia Pacific	119,9	108,0	11,0%	0,2%	36,6%	36,1%
Latin America	16,3	12,8	27,6%	18,7%	5,0%	4,3%
<b>Total</b>	<b>327,3</b>	<b>298,8</b>	<b>9,5%</b>	<b>2,1%</b>	<b>100,0%</b>	<b>100,0%</b>

# 1Q 2015 Revenue By Distribution Channel

(Euro MM)	March YTD				Weight on Tot 2015	Weight on Tot 2014
	2015	2014	Δ %	Const FX		
Retail	198,8	178,3	11,5%	3,2%	60,7%	59,7%
Wholesale	122,9	115,7	6,2%	0,4%	37,6%	38,7%
Licences & Other Rev.	2,4	2,1	14,4%	14,4%	0,7%	0,7%
Rental income	3,1	2,6	18,8%	-2,3%	1,0%	0,9%
<b>Total</b>	<b>327,3</b>	<b>298,8</b>	<b>9,5%</b>	<b>2,1%</b>	<b>100,0%</b>	<b>100,0%</b>



# 1Q 2015 Revenue By Product

(Euro MM)	March YTD				Weight on Tot 2015	Weight on Tot 2014
	2015	2014	Δ %	Δ % Const FX		
Shoes	135,8	125,1	8,6%	0,0%	41,5%	41,9%
Leather goods & handbags	120,9	104,5	15,7%	8,0%	36,9%	35,0%
RTW	22,9	22,1	3,4%	-2,3%	7,0%	7,4%
Silk & other access.	22,1	19,9	11,2%	3,6%	6,8%	6,7%
Fragrances	20,0	22,5	-10,8%	-11,7%	6,1%	7,5%
Licences & Other Rev.	2,4	2,1	14,4%	14,4%	0,7%	0,7%
Rental income	3,1	2,6	18,8%	-2,3%	1,0%	0,9%
<b>Total</b>	<b>327,3</b>	<b>298,8</b>	<b>9,5%</b>	<b>2,1%</b>	<b>100,0%</b>	<b>100,0%</b>

# 1Q 2015 P&L

(Euro MM)	March YTD				
	2015	%	2014	%	Δ %
<b>Total revenue</b>	<b>327,3</b>	<b>100,0%</b>	<b>298,8</b>	<b>100,0%</b>	<b>9,5%</b>
<b>Gross profit</b>	<b>211,6</b>	<b>64,7%</b>	<b>183,2</b>	<b>61,3%</b>	<b>15,5%</b>
Total operating costs	(164,7)	-50,3%	(141,4)	-47,3%	16,5%
<b>EBIT</b>	<b>46,9</b>	<b>14,3%</b>	<b>41,7</b>	<b>14,0%</b>	<b>12,4%</b>
Financial income (expenses)	(2,6)	-0,8%	(1,7)	-0,6%	51,1%
<b>EBT</b>	<b>44,3</b>	<b>13,5%</b>	<b>40,0</b>	<b>13,4%</b>	<b>10,7%</b>
Taxes	(12,5)	-3,8%	(12,7)	-4,3%	-1,9%
<b>Net income</b>	<b>31,8</b>	<b>9,7%</b>	<b>27,3</b>	<b>9,1%</b>	<b>16,6%</b>
Group net income	31,2	9,5%	26,0	8,7%	19,7%
Income to minorities	0,6	0,2%	1,3	0,4%	-48,3%
<b>EBITDA</b>	<b>61,1</b>	<b>18,7%</b>	<b>52,8</b>	<b>17,7%</b>	<b>15,8%</b>

# 1Q 2015 Balance Sheet

(Euro MM)	Mar 15 YTD	Mar 14 YTD	%	Dec 14 YTD
Tangible assets	232,855	174,067	33,8%	219,092
Intangible assets	30,795	25,080	22,8%	29,221
Financial assets	–	–		–
<b>Fixed assets</b>	<b>263,650</b>	<b>199,147</b>	<b>32,4%</b>	<b>248,312</b>
Inventory	352,480	331,351	6,4%	338,555
Trade receivables	147,038	126,377	16,3%	150,895
Trade payables	(190,824)	(205,086)	-7,0%	(187,555)
<b>Operating working capital</b>	<b>308,694</b>	<b>252,643</b>	<b>22,2%</b>	<b>301,895</b>
Other assets (liabilities)	(3,592)	21,955	-116,4%	26,029
Severance indemnity	(12,211)	(10,048)	21,5%	(11,583)
Risk funds	(7,725)	(5,334)	44,8%	(7,106)
<b>Net invested capital</b>	<b>548,816</b>	<b>458,361</b>	<b>19,7%</b>	<b>557,548</b>
<b>Shareholders' equity (A)</b>	<b>514,875</b>	<b>432,948</b>	<b>18,9%</b>	<b>508,194</b>
Group equity	467,902	398,028	17,6%	466,191
Minority interest	46,973	34,920	34,5%	42,004
Current financial liabilities	(142,834)	(94,055)	51,9%	(125,461)
Non current financial liabilities	(24,131)	–		(21,331)
Cash & equivalents	133,024	68,643	93,8%	97,439
<b>Net debt (B)</b>	<b>(33,941)</b>	<b>(25,413)</b>	<b>33,6%</b>	<b>(49,353)</b>
<b>Financial sources (A-B)</b>	<b>548,816</b>	<b>458,361</b>	<b>19,7%</b>	<b>557,548</b>