



PRESS RELEASE

**Salvatore Ferragamo S.p.A.:
Board of Directors Approves
Interim Management Report as at 30 September 2011**

**Excellent Results for the Salvatore Ferragamo Group: Revenue up by 27.6% and
Net Result up by 85.0 % vs. 2010**

- **Total Revenues: 701.3 million Euros (up by 27.6% compared to 549.8 million Euros at 30 September 2010)**
- **EBITDA¹: 132.4 million Euros (up by 67.8% compared to 78.9 million Euros at 30 September 2010)**
- **EBIT: 113.1 million Euros (up by 93.0% compared to 58.6 million Euros at 30 September 2010)**
- **Net Profit: 78.3 million Euros (up by 85.0% compared to 42.3 million Euros at 30 September 2010), including Minority Interest Profit (15.6 million Euros)**

Firenze, 14 November 2011 – 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, meeting under the chairmanship of Ferruccio Ferragamo, examined and approved the **Interim Management Report at 30 September 2011**, drafted according to IAS/IFRS international accounting principles, recording an increase in revenues (up 27.6% compared to 30 September 2010) and a Net Profit for the period, including Minority Interest, of 78.3 million Euros (up 85.0% compared to 30 September 2010). There was also a strong growth in EBIT, rising from 58.6 million Euros in 3Q 2010 to 113.1 million Euros in 3Q 2011, with a 93.0% increase.

¹ EBITDA is measured by our management to evaluate operating performance. We define EBITDA as operating income plus (i) depreciation of property, plant and equipment, investment property, (ii) amortization of other intangible assets with definite useful life and (iii) write-downs of property, plant and equipment, investment property and other intangible assets with definite useful life and goodwill. We believe that EBITDA is an important indicator for measuring the Group's performance as it is not influenced by various methods of calculating taxes, amortization or depreciation. 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.



Notes to the Income Statement

As of 30 September 2011, the Salvatore Ferragamo Group has posted **Total Revenues** of **701.3 million Euros, a 27.6% increase, at current exchange rates**, over the 549.8 million Euros recorded in the first nine months of 2010, showing significant growth in all geographical areas, product lines and distributions channels. Revenue growth at **constant exchange rate** has been **26.0%**

In **3Q 2011** the Total Revenue growth at current exchange rate has been **23.4% (18.4% at constant exchange rate)** vs. 3Q 2010, growing from 195.8 million Euros to 241.6 million Euros.

The **2-year cumulated growth rate** on 2009 shows a further acceleration on 1Q 2011 and 2Q 2011 (respectively growing 40.9% and 66.9%) with an **increase of 67.1% in 3Q 2011**.

The Group's excellent Revenue growth is further confirmation of the success of *Ferragamo's* strategy: focussing on top quality products and on the "Made in Italy" image, meeting the expectations and demands of its global customers.

Revenues by geographical area

All geographical areas delivered significant growth, with the sole exception of Japan. Average revenue growth recorded is at least up 29.0% at current exchange rates.

The Asia Pacific area is confirmed as the Group's top market in terms of Revenues, with a turnover of 248.6 million Euros, **up 36.0%** on the revenues of the first nine months of 2010; this performance was achieved also through the contribution of the retail channel, which in **China recorded a growth of over 50%** compared to the same period in 2010.

Europe recorded excellent growth figures, with an **increase of 29.3%** over the first nine months of 2010. In 3Q 2011 growth was 13.7% over 3Q 2010, which had already posted an excellent 40.0% increase over 2Q 2009.

North America, improving the strong trend already shown in the first half of 2011, recorded a **growth of 31.1%**

The Japanese market, despite the earthquake that devastated the country and problems related to nuclear contamination, showed a **1.7% increase in revenues**, demonstrating the *Ferragamo brand's* excellent positioning on this market.

Revenues in **the Central and South American area** also showed excellent **growth (+33.3%)**.

Revenues by distribution channel

As of 30 September 2011, the Salvatore Ferragamo **Group's Retail network** can count on **317 Directly Operated Stores (DOS)**, while the **Wholesale channel** includes **268 Third Party Operated**



Stores (TPOS) in Travel Retail, as well as presence in Department stores and high-level multi-brand Specialty stores.

At 30 September 2011 the **Retail distribution channel** posted consolidated Revenues of **461.9** million Euros, a **23.8% increase** over the 373.2 million Euros posted as of 30 September 2010, confirming the growth rate trend already delivered in the first half of 2011.

The growth marks a **18.7% increase at constant rates and perimeter** in the first nine months of 2011 and a **15.4% increase in 3Q 2011 vs. 3Q 2010, which had already shown a +18.9% vs. 3Q 2009.**

The **Wholesale** and **Travel retail channel** delivered an excellent performance, growing from 165.1 million Euros, recorded over the first three quarters of 2010, to 228.0 million Euros at 30 September 2011, marking a **38.1% increase (+24.9% in 3Q 2011 vs. 3Q 2010)**

Revenues by product category

All product categories delivered a marked increase in revenues. Especially worth highlighting, the increased revenues in **footwear (+34.2%)** and in **handbags and leather accessories (+28.5%)**, which **represent around 74.0% of Group total turnover.**

Gross Profit

The Gross Profit, amounting to **448.9** million Euros, recorded a **30.5%** growth and accounts for **64.0%** of revenues, a substantial improvement over the **62.6%** recorded in the first nine months of 2010.

Operating Costs

Although unfavourably affected by the significant expenditure incurred in the listing process (about 5 million Euros) and the increased investment in communication activities (**+33.4%** compared to the same period in 2010), **Operating Costs** grew by a mere **17.6%** reaching **335.8** million Euros and thus improving their incidence on revenues, which decreased from **51.9%** to **47.9%** in the first nine months.



Gross Operating Profit (EBITDA²)

The marked increase of the Gross Profit, alongside an improved operating leverage, significantly increased operating profit:

Gross Operating Profit (EBITDA) increased, over the period, from **78.9** million Euros to **132.4** million Euros (+**67.8%**) and its incidence on revenues improved from 14.4% to **18.9%**.

In **3Q 2011** the EBITDA increased even more substantially, as compared to the same period in 2010, improving its incidence on revenues from **13.3% to 20.1%**

Operating Profit (EBIT)

Operating Profit (EBIT) increased, over the period, from **58.6** million Euros to **113.1** million Euros (+**93.0%**) and its incidence on revenues improved from **10.7%** to **16.1%**.

Net Profit for the Period.

The Net Profit for the Period, including the Minority Interest Profit of 15.6 million Euros, after allocating **31.6** million Euros for income taxes, is **78.3** million Euros, as compared to **42.3** million Euros in the first nine months of 2010, marking an **85.0%** increase.

Notes to the Balance Sheet

Net Working Capital³

Net Working Capital went from 153.4 million Euros at 30 September 2010 to **171.2** million Euros at 30 September 2011. This variation (+**11.6%**) is due to the physiological increase of inventory (+20% at constant exchange rates), necessary to meet the increase of market demand and to the

² EBITDA is measured by our management to evaluate operating performance. We define EBITDA as operating income plus (i) depreciation of property, plant and equipment, investment property, (ii) amortization of other intangible assets with definite useful life and (iii) write-downs of property, plant and equipment, investment property and other intangible assets with definite useful life and goodwill. We believe that EBITDA is an important indicator for measuring the Group's performance as it is not influenced by various methods of calculating taxes, amortization or depreciation. 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.

³ Net working capital is calculated (in accordance with CESR Recommendation 05-054/b of February 10, 2005) as inventories and trade receivables net of trade payables (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.



growth of account receivables as a consequence of the strong performance of Wholesale and Travel Retail channels.

Net Financial Position

The Net Financial Position at 30 September 2011 is **43.3** million Euros, compared to 28.3 million Euros at 30 September 2010, due to inclusion in the accounting of the actualized financial debt of 39.9 million Euros, incurred by the purchase of a further share in subsidiaries from the Imaginex Group, although the actual pay-out will not occur till 2013. Therefore, **once adjusted for the effects of the purchase of the Imaginex Group subsidiaries, the Net Financial Debt would be 3.4 million Euros.**

Investments (CAPEX)

Investments (CAPEX) went from 14.7 million Euros at 30 September 2010 to **23.5** million Euros at 30 September 2011, growing by **59.1%**, mainly driven by new stores, by the enlargement and refurbishment of existing stores, in addition to logistics enhancements and digital projects ("SAP Marlin Project and e-commerce").

Significant Events during the first nine months of 2011

On **29 June 2011 Salvatore Ferragamo S.p.A.**, parent company of the Salvatore Ferragamo Group, **listed its shares on the Italian Market (Mercato Telematico Azionario)**, organized and managed by Borsa Italiana S.p.A.

The manager mandated to draft the corporate accounting documents, Ernesto Greco, 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 forecast, due to a variety of factors.

Salvatore Ferragamo

The Interim Management Report at 30 September 2011 is available to anyone requesting it at the headquarters of Borsa Italiana S.p.A. and can also be consulted in the "Investor Relations" section of the Salvatore Ferragamo Group's website <http://group.ferragamo.com> from 15 November 2011.

The Results of 3Q 2011 will be illustrated today, 14 November 2011, 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>.

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 goods sector and whose origins date back to 1927. The Group is active in the creation, production and sale of shoes, leather goods, clothing, silk products and other accessories, as well as women's and men's perfumes.

The Group's product range also includes eyewear and watches, manufactured by licensees.

Attention to uniqueness and exclusivity, with a perfect blend of style, creativity and innovation enriched by the quality and craftsmanship of the 'Made in Italy' tradition, have always been the hallmarks of the Group's products.

With over 3,000 employees and a network of 585 single-brand stores as of 30 September 2011, the Ferragamo Group operates in Italy and worldwide through companies that allow it to be a leader on European, American and Asian markets

For further information:

Salvatore Ferragamo S.p.A.
Alessandro Corsi
Group Investor Relations Director

Tel. (+39) 055 3562428
investor.relations@ferragamo.com

Image Building
Giuliana Paoletti, Mara Baldessari, Alfredo Mele
Media Relations

Tel. (+39) 02 89011300
ferragamo@imagebuilding.it

This Press Release is also available on the website <http://group.ferragamo.com>, in the section "Investor Relations".



On the following pages: a more detailed analysis of revenues, the consolidated income statement, a summary of statement of financial position, the consolidated cash flow statement, and the net financial position of the Salvatore Ferragamo Group at 30 September 2011

Revenue by geographic area as at 30 September 2011

(In thousands of Euro)	Period ended at 30 September				at constant exchange rate	
	2011	% on total revenue	2010	% on total revenue	2011 vs 2010 %	2011 vs 2010 %
Europe	180,562	25.7%	139,606	25.4%	29.3%	28.6%
North America	153,864	21.9%	117,376	21.3%	31.1%	28.4%
Japan	91,558	13.1%	90,005	16.4%	1.7%	(2.9%)
Asia Pacific	248,610	35.4%	182,766	33.2%	36.0%	37.4%
Central and South America	26,706	3.8%	20,034	3.6%	33.3%	30.6%
Total	701,300	100.0%	549,787	100.0%	27.6%	26.0%

Revenue by distribution channel as at 30 September 2011

(In thousands of Euro)	Period ended at 30 September				at constant exchange rate	
	2011	% on total revenue	2010	% on total revenue	2011 vs 2010 %	2011 vs 2010 %
<i>Wholesale</i>	228,044	32.5%	165,099	30.0%	38.1%	36.9%
<i>Retail</i>	461,878	65.9%	373,196	67.9%	23.8%	22.0%
Licenses and services	5,921	0.8%	5,163	0.9%	14.7%	14.7%
Rental income investment properties	5,457	0.8%	6,329	1.2%	(13.8%)	(7.7%)
Total	701,300	100.0%	549,787	100.0%	27.6%	26.0%

Revenue by product category as at 30 September 2011

Salvatore Ferragamo

(In thousands of Euro)	Period ended at 30 September				at constant exchange rate	
	2011	% on total revenue	2010	% on total revenue	2011 vs 2010 %	2011 vs 2010 %
Footwear	302,065	43.1%	225,134	40.9%	34.2%	32.8%
Leather goods	216,106	30.8%	168,208	30.6%	28.5%	26.5%
Apparel	71,888	10.3%	61,614	11.2%	16.7%	14.1%
Accessories	52,633	7.5%	45,186	8.2%	16.5%	14.7%
Fragrances	47,230	6.7%	38,153	6.9%	23.8%	24.2%
Licenses and services	5,921	0.8%	5,163	0.9%	14.7%	14.7%
Rental income investment properties	5,457	0.8%	6,329	1.2%	(13.8%)	(7.7%)
Total	701,300	100.0%	549,787	100.0%	27.6%	26.0%



Consolidated results for Salvatore Ferragamo Group

Consolidated Income statement

(In thousands of Euro)	Period ended at 30 September				2011 vs 2010 %
	2011	% on total revenue	2010	% on total revenue	
Revenue from sales and services	695,843	99.2%	543,458	98.8%	28.0%
Rental income investment properties	5,457	0.8%	6,329	1.2%	(13.8%)
Total revenue	701,300	100.0%	549,787	100.0%	27.6%
Cost of goods sold	(252,355)	(36.0%)	(205,666)	(37.4%)	22.7%
Gross profit	448,945	64.0%	344,121	62.6%	30.5%
Style, product development and logistics costs	(24,175)	(3.4%)	(19,488)	(3.5%)	24.1%
Sales & distribution costs	(209,451)	(29.9%)	(188,492)	(34.3%)	11.1%
Marketing & communication costs	(37,870)	(5.4%)	(29,550)	(5.4%)	28.2%
General and administrative costs	(61,627)	(8.8%)	(47,261)	(8.6%)	30.4%
Other operating costs	(10,006)	(1.4%)	(8,090)	(1.5%)	23.7%
Other income	7,286	1.0%	7,358	1.3%	(1.0%)
Operating profit	113,102	16.1%	58,598	10.7%	93.0%
Financial charges	(15,604)	(2.2%)	(17,700)	(3.2%)	(11.8%)
Financial income	11,825	1.7%	18,565	3.4%	(36.3%)
Share of net profit/(loss) on investments accounted for using the Equity Method	627	0.1%	301	0.1%	108.3%
Profit before taxes	109,950	15.7%	59,764	10.9%	84.0%
Income taxes	(31,630)	(4.5%)	(17,427)	(3.2%)	81.5%
Profit (loss) for the period	78,320	11.2%	42,337	7.7%	85.0%
Profit/(loss) - Group	62,748	8.9%	35,325	6.4%	77.6%
Profit/(loss) - minority interests	15,572	2.2%	7,012	1.3%	122.1%
EBITDA	132,411	18.9%	78,916	14.4%	67.8%



Summary of statement of financial position

(In thousands of Euro)	30 September	31 December	change %
	2011	2010	
Property, plant and equipment	109,259	107,636	1.5%
Investment property	7,235	7,535	(4.0%)
Intangible assets with definite useful life	15,647	14,888	5.1%
Inventories	225,902	182,780	23.6%
Trade receivables	83,043	75,377	10.2%
Trade payables	(137,782)	(103,607)	33.0%
Other non current assets/(liabilities), net	21,819	21,101	3.4%
Other current assets/(liabilities), net	(54,671)	(47,123)	16.0%
Net invested capital	270,452	258,587	4.6%
Group shareholders' equity	190,672	193,070	(1.2%)
Minority interests	36,487	47,366	(23.0%)
Shareholders' equity (A)	227,159	240,436	(5.5%)
Net financial indebtedness (B)	43,293	18,151	138.5%
Total financing sources (A+B)	270,452	258,587	4.6%



Consolidated cash flow statement

(In thousands of Euro)

Period ended at 30 September

	2011	2010
Net Income (Loss)	78,320	42,337
Depreciation and amortization	19,309	20,318
Deferred taxes	(2,177)	(1,805)
Net change in provision for employee termination indemnities	567	(895)
Loss/(gain) on disposal of tangible and intangible	179	189
Share of net profit/(loss) on investments accounted for using the Equity Method	(177)	124
Provision for risks and charges	2,442	674
Net change in net working capital	(17,518)	5,731
Net change in other assets and liabilities	(2,680)	13,693
NET CASH PROVIDED BY OPERATING ACTIVITIES	78,265	80,366
Purchase of tangible assets	(20,016)	(12,777)
Purchase of intangible assets	(3,478)	(1,943)
Net change in non current assets and liabilities	(661)	(534)
Cash from disposal of tangible and intangible assets	435	420
NET CASH USED IN INVESTING ACTIVITIES	(23,720)	(14,834)
Net change in financial receivables	(2,493)	(3,627)
Net change in financial payables	(68,596)	(2,806)
Payment of dividends	(39,526)	(2,335)
Purchase of minority interests in companies consolidated on a line-by-line basis	-	(66)
Other net changes in shareholders' equity	(60)	66
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(110,675)	(8,768)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,130)	56,764
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	132,469	76,999
Increase / (decrease) in cash and cash equivalents	(56,130)	56,764
Net effect of translation of foreign currencies on cash and cash equivalents	(3,972)	3,627
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	72,367	137,390



Net financial position

(In thousands of Euro)	30 September 2011	31 December 2010	change 2011 - 2010
A. Cash	362	484	(122)
B. Other cash equivalents	74,327	132,411	(58,084)
C. Cash and cash equivalents (A)+(B)	74,689	132,895	(58,206)
Derivatives – non-hedge component	3,501	1,181	2,320
Other financial assets	12	19	(7)
D. Current financial receivables	3,513	1,200	2,313
E. Current bank payables	73,442	145,803	(72,361)
F. Derivatives – non-hedge component	991	1,367	(376)
G. Other current financial payables	6,944	4,993	1,951
H. Current financial debt (E)+(F)+(G)	81,377	152,163	(70,786)
I. Current financial indebtedness (H)-(C)-(D)	3,175	18,068	(14,893)
J. Non current bank payables	-	-	-
K. Derivatives – non-hedge component	259	83	176
M. Other non current financial payables	39,859	-	39,859
N. Non-current financial indebtedness (J)+(K)+(M)	40,118	83	40,035
O. Net financial indebtedness (I)+(N)	43,293	18,151	25,142