



## PRESS RELEASE

### **Board of Directors of Salvatore Ferragamo S.p.A.: Consolidated Financial Statement as of June 30, 2011 Approved**

#### **Excellent first half for the Salvatore Ferragamo Group: Revenues up 29.8% and EBIT up 80.4% vs. the first half of 2010**

- **Total Revenues: € 459.7 million (up 29.8% vs. € 354.0 million as of June 30, 2010)**
- **EBITDA: € 83.8 million (up 58.8% vs. € 52.8 million as of June 30, 2010)**
- **EBIT: € 70.9 million (up 80.4% vs. € 39.3 million as of June 30, 2010)**
- **Net Profit of the period<sup>1</sup>: € 45.7 million (up 32.4% vs. € 34.5 million as of June 30, 2010)**

*Florence, August 29, 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 **Consolidated First Half Financial Statement as of June 30, 2011**, drafted according to the IAS/IFRS accounting principles.

In the six-month period ending June 30, 2011, the Group recorded a +29.8% rise in revenues and a Net Profit of € 45.7 million, or +32.4%, compared with June 30, 2010. EBIT showed a very strong growth, rising +80.4% from € 39.3 million in the first half of 2010 to €70.9 million in the first half of 2011.

#### **1H 2011 Consolidated Results**

As of June 30, 2011, the Salvatore Ferragamo Group posted **Total Revenues** of **€459.7 million, up 29.8%** at current exchange rates, compared with the € 354.0 million posted in the first half of 2010, with significant increases in all geographic areas, product lines and distribution channels. Revenue growth at **constant exchange rates** increased by **30.4%**.

The Revenues excellent growth confirms the *Ferragamo's* strategy success that, focusing on top quality and “Made in Italy” products, meets global customers expectations.

---

<sup>1</sup> Including minorities interests.



### Revenues by geographic area

With the only exception of Japan, all geographic areas delivered strong revenues growth over 30%, at constant exchange rates.

The **Asia Pacific area** confirmed to be the Group largest and most promising market, with a turnover of € 168.8 million, up 40.1% vs. the first half of 2010, mainly driven by China, which recorded a revenue growth of over 50% compared with the same period of 2010.

**Europe**, positively affected by the intense tourist flows and by a better efficiency of the distribution structure, showed an excellent + 40.1% increase vs. the first half of 2010.

**North America**, despite the US dollar weakness and the economy instability, posted a 24.2% growth at constant exchange rates, that corresponds to 29.8% at current exchange rates compared with the first half of 2010.

**The Japanese market**, hit by the severe earthquake and threatened by nuclear contamination, still achieved a 1% increase in revenues vs. 2010, proving the *Ferragamo brand* excellent positioning in this market.

An excellent 36.6% growth was also delivered by the **Central and South American area**.

### Revenues by distribution channel

As of June 30, 2011, the **Retail distribution channel**, which includes all directly managed "Salvatore Ferragamo" stores (DOS), posted consolidated Revenues of € 301.8 million, or +23.9%, compared with € 243.6 million posted to June 30, 2010, mainly driven by an increase **at constant rates and perimeter of 20.5%**.

The **Wholesale and Travel Retail Channel** recorded an excellent performance increasing by 46.1% vs. the first half of 2010, going from €102.7 million to € 150.1 million.

As of June 30, 2011, the Salvatore Ferragamo Group network can count on 316 DOS (Retail Channel) and 270 Third Party Operated Stores (TPOS), located in the Wholesale, Travel Retail and Duty Free Channel.

### Revenues by product category

All product categories posted a strong increase in revenues. In particular, footwear (+36.9%), fragrances (+34.3%) and leather accessories (+30.5%).

**The Gross Profit** rose to € 292.2 million, posting a 29.3% increase and representing 63.6% of revenues (vs. 63.8% of revenues in the first half of 2010). In particular, in the second quarter of 2011 alone, the gross profitability, despite the strong increase in revenues for the wholesale

# Salvatore Ferragamo

channel and in the European market –typically characterized by lower margins – reached 65.1% of revenues.

**Operating Costs**, despite being unfavorably affected by the significant charges incurred for the listing process (some € 5 million) and the increase in investments in communication (+33.5% compared with the first half of 2010), rose by 18.5%, reaching € 221.2 million and improving their incidence on revenues, which decreased from 52.7% to 48.1%.

## **Margins**

The strong increase of the Gross profit along with the improved operating leverage significantly increased the operating profitability:

- **EBITDA** went from 52.8 million in the first half of 2010 to € 83.8 million in the first half of 2011 (+58.8%) and its incidence on sales increased from 14.9% to 18.2%.
- **EBIT** went from € 39.3 million in the first half of 2010 to € 70.9 million in the first half of 2011 (+80.4%) and its incidence on revenues increased from 11.1% to 15.4%.

**The Net Profit for the Period<sup>2</sup>**, after allocating € 18.5 million for income taxes, is of 45.7 million euro compared with € 34.5 million in the first half of 2010, posting therefore a 32.4% increase.

**The Net Financial Indebtedness** to June 30, 2011 is of € 71.6 million compared with € 18.2 million to December 31, 2010 due to the accounting of the actualized financial debt of e 39.6 million for the contract to buy a further stake in subsidiaries from the Imaginex Group, with the effective payout due in 2013, and a dividend distribution of € 31.4 million. The Net Financial Indebtedness, adjusted to the effects deriving from the contract to buy the subsidiaries from the Imaginex Group, would be of € 32.0 million.

## **Significant Events**

On **June 29, 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, after the successful completion, on June 23, 2011 of the **Global Sales Offer** of its ordinary shares. The Offer posted an overall **demand** that, in its price interval, **exceeded** by some **3.6 times** the **amount of shares offered**. Institutional demand came from primary Italian and foreign investors with great geographic diversification including from Continental Europe, the United Kingdom, the United States and Asia.

\*\*\*\*

*The manager mandated to draft the corporate accounting documents, Ernesto Greco, declares, pursuant to article 154-bis, comma 2, of Legislative Decree No. 58/1998 (Consolidated Financial*

---

<sup>2</sup> Including minorities interests.

# Salvatore Ferragamo

*Law) that the information contained in the current press release corresponds to documental evidence, financial books and accounting records.*

*Furthermore, the current press release, in addition to the conventional financial indicators foreseen by IFRS, includes some alternative performance indicators (for example EBITDA) in order to allow for a better assessment of the performance of the economic and financial management. These indicators are calculated according to normal market practices.*

\*\*\*\*

*The Half Year Consolidated Financial Report to June 30, 2011 is available to anyone who requests it at the Headquarters of Borsa Italiana S.p.A. and can also be consulted in the "Investors Relations" section of the Internet site of the Company <http://group.ferragamo.com> from August 30, 2011.*

\*\*\*\*

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

Salvatore Ferragamo S.p.A. is the parent company of the Salvatore Ferragamo Group, one of the world's main players in the luxury goods sector, 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 fragrances for men and women. The Group's product range also includes eyewear and watches, manufactured by licensees. Attention to uniqueness and exclusivity, uniting style, creativity and innovation with the typical Made in Italy quality and craftsmanship have always been the hallmarks of the Group's products. With over 3,000 employees and a network of 586 mono-brand stores to June 30, 2011, the Ferragamo Group operates in Italy and worldwide, with companies that enable it to preside over the 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](mailto:investor.relations@ferragamo.com)

### **Image Building**

**Media Relations**

Giuliana Paoletti, Mara Baldessari, Alfredo

Mele

Tel. (+39) 02 89011300

[ferragamo@imagebuilding.it](mailto:ferragamo@imagebuilding.it)

This press release is available also on the Internet site [group.ferragamo.com](http://group.ferragamo.com), in the "Investor Relations" section.

\*\*\*\*

# Salvatore Ferragamo

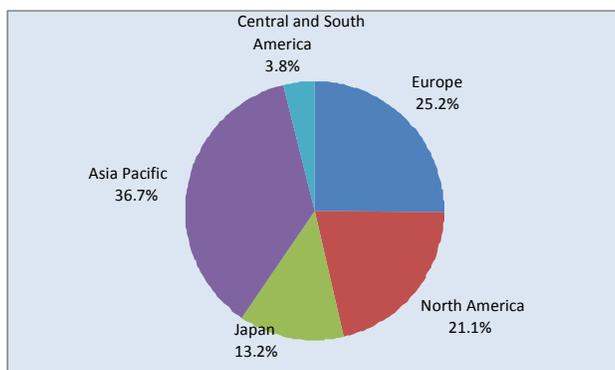
In addition to some detailed analysis of revenues following are also the consolidated income statement, the summary of the consolidated statement of financial position, the consolidated financial statement of the Salvatore Ferragamo Group to June 30, 2011.

# Salvatore Ferragamo

## Revenue

### Revenue by geographic area as at 30 June 2011

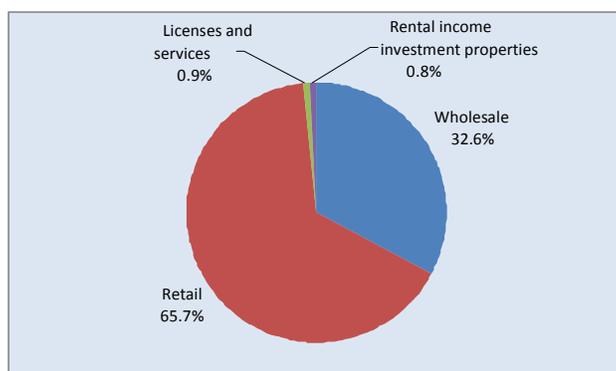
(In thousands of Euro)	Half-year ended at 30 June				at constant exchange rate	
	2011	% on total revenue	2010	% on total revenue	2011 vs 2010 %	2011 vs 2010 %
Europe	115,746	25.2%	82,604	23.3%	40.1%	38.9%
North America	96,896	21.1%	77,993	22.0%	24.2%	29.8%
Japan	60,903	13.2%	60,292	17.0%	1.0%	(1.3%)
Asia Pacific	168,846	36.7%	120,484	34.0%	40.1%	41.1%
Central and South America	17,286	3.8%	12,654	3.6%	36.6%	35.4%
<b>Total</b>	<b>459,677</b>	<b>100.0%</b>	<b>354,027</b>	<b>100.0%</b>	<b>29.8%</b>	<b>30.4%</b>



# Salvatore Ferragamo

## Revenue by distribution channel as at 30 June 2011

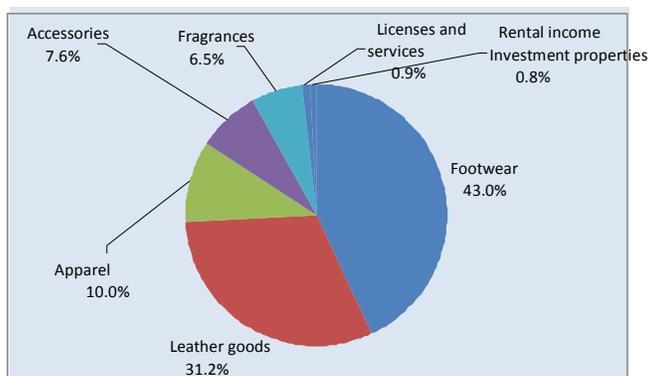
(In thousands of Euro)	Half-year ended at 30 June				at constant exchange rate	
	2011	% on total revenue	2010	% on total revenue	2011 vs 2010 %	2011 vs 2010 %
<i>Wholesale</i>	150,107	32.6%	102,711	29.0%	46.1%	47.6%
<i>Retail</i>	301,826	65.7%	243,600	68.8%	23.9%	24.1%
Licenses and services	4,135	0.9%	3,412	1.0%	21.2%	21.2%
Rental income investment properties	3,609	0.8%	4,304	1.2%	(16.1%)	(11.3%)
<b>Total</b>	<b>459,677</b>	<b>100.0%</b>	<b>354,027</b>	<b>100.0%</b>	<b>29.8%</b>	<b>30.4%</b>



# Salvatore Ferragamo

## Revenue by product category as at 30 June 2011

(In thousands of Euro)	Half-year ended at 30 June				at constant exchange rate	
	2011	% on total revenue	2010	% on total revenue	2011 vs 2010 %	2011 vs 2010 %
Footwear	197,467	43.0%	144,239	40.7%	36.9%	37.9%
Leather goods	143,698	31.2%	110,096	31.1%	30.5%	31.0%
Apparel	45,959	10.0%	38,482	10.9%	19.4%	18.7%
Accessories	34,916	7.6%	31,235	8.8%	11.8%	12.0%
Fragrances	29,893	6.5%	22,259	6.3%	34.3%	34.7%
Licenses and services	4,135	0.9%	3,412	1.0%	21.2%	21.2%
Rental income investment properties	3,609	0.8%	4,304	1.2%	(16.1%)	(11.3%)
<b>Total</b>	<b>459,677</b>	<b>100.0%</b>	<b>354,027</b>	<b>100.0%</b>	<b>29.8%</b>	<b>30.4%</b>





## Consolidated results for Salvatore Ferragamo Group

### Consolidated Income statement

(In thousands of Euro)

	Half-year ended at 30 June				
	2011	% on total revenue	2010	% on total revenue	2011 vs 2010 %
Revenue from sales and services	456,068	99.2%	349,723	98.8%	30.4%
Rental income investment properties	3,609	0.8%	4,304	1.2%	(16.1%)
<b>Total revenue</b>	<b>459,677</b>	<b>100.0%</b>	<b>354,027</b>	<b>100.0%</b>	<b>29.8%</b>
Cost of goods sold	(167,526)	(36.4%)	(128,020)	(36.2%)	30.9%
<b>Gross profit</b>	<b>292,151</b>	<b>63.6%</b>	<b>226,007</b>	<b>63.8%</b>	<b>29.3%</b>
Style, product development and logistics costs	(16,090)	(3.5%)	(13,424)	(3.8%)	19.9%
Sales & distribution costs	(137,874)	(30.0%)	(122,035)	(34.5%)	13.0%
Marketing & communication costs	(25,801)	(5.6%)	(19,862)	(5.6%)	29.9%
General and administrative costs	(41,241)	(9.0%)	(30,541)	(8.6%)	35.0%
Other operating costs	(5,535)	(1.2%)	(4,796)	(1.4%)	15.4%
Other income	5,293	1.2%	3,951	1.1%	34.0%
<b>Operating profit</b>	<b>70,903</b>	<b>15.4%</b>	<b>39,300</b>	<b>11.1%</b>	<b>80.4%</b>
Financial charges	(11,519)	(2.5%)	(9,784)	(2.8%)	17.7%
Financial income	4,206	0.9%	17,024	4.8%	(75.3%)
Share of net profit/(loss) on investments accounted for using the Equity Method	526	0.1%	169	0.0%	211.2%
<b>Profit before taxes</b>	<b>64,116</b>	<b>13.9%</b>	<b>46,709</b>	<b>13.2%</b>	<b>37.3%</b>
Income taxes	(18,466)	(4.0%)	(12,236)	(3.5%)	50.9%
<b>Profit (loss) for the period</b>	<b>45,650</b>	<b>9.9%</b>	<b>34,473</b>	<b>9.7%</b>	<b>32.4%</b>
Profit/(loss) - Group	36,144	7.9%	29,747	8.4%	21.5%
Profit/(loss) - minority interests	9,506	2.1%	4,726	1.3%	101.1%
<b>EBITDA</b>	<b>83,797</b>	<b>18.2%</b>	<b>52,782</b>	<b>14.9%</b>	<b>58.8%</b>



## Summary of statement of financial position

(In thousands of Euro)	30 June	31 December	change %
	2011	2010	
Property, plant and equipment	103,330	107,636	(4.0%)
Investment property	6,827	7,535	(9.4%)
Intangible assets with definite useful life	14,550	14,888	(2.3%)
Inventories	206,461	182,780	13.0%
Trade receivables	94,752	75,377	25.7%
Trade payables	(142,725)	(103,607)	37.8%
Other non current assets/(liabilities), net	19,965	21,101	(5.4%)
Other current assets/(liabilities), net	(32,325)	(47,123)	(31.4%)
<b>Net invested capital</b>	<b>270,835</b>	<b>258,587</b>	<b>4.7%</b>
Group shareholders' equity	168,766	193,070	(12.6%)
Minority interests	30,498	47,366	(35.6%)
<b>Shareholders' equity (A)</b>	<b>199,264</b>	<b>240,436</b>	<b>(17.1%)</b>
<b>Net financial indebtedness (B)</b>	<b>71,571</b>	<b>18,151</b>	<b>294.3%</b>
<b>Total financing sources (A+B)</b>	<b>270,835</b>	<b>258,587</b>	<b>4.7%</b>



## Consolidated cash flow statement

(In thousands of Euro)	Half-year ended at 30 June	
	2011	2010
<b>Net Income (Loss)</b>	<b>45,650</b>	<b>34,473</b>
Depreciation and amortization	12,894	13,482
Deferred taxes	(3,440)	224
Net change in provision for employee termination indemnities	(137)	(730)
Loss/(gain) on disposal of tangible and intangible	72	190
Share of net profit/(loss) on investments accounted for using the Equity Method	(76)	256
Provision for risks and charges	368	615
Net change in net working capital	(14,141)	(5,761)
Net change in other assets and liabilities	(8,286)	10,190
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>32,904</b>	<b>52,939</b>
Purchase of tangible assets	(11,001)	(9,185)
Purchase of intangible assets	(1,823)	(1,633)
Net change in non current assets and liabilities	(537)	(896)
Cash from disposal of tangible and intangible assets	39	192
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(13,322)</b>	<b>(11,522)</b>
Net change in financial receivables	(285)	(3,891)
Net change in financial payables	(28,990)	(31,295)
Payment of dividends	(31,402)	-
Purchase of minority interests in companies consolidated on a line-by-line basis	-	(68)
Other net changes in shareholders' equity	(196)	17
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(60,873)</b>	<b>(35,237)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(41,291)</b>	<b>6,180</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>132,469</b>	<b>76,999</b>
Increase / (decrease) in cash and cash equivalents	(41,291)	6,180
Net effect of translation of foreign currencies on cash and cash equivalents	(7,182)	11,279
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>83,996</b>	<b>94,458</b>



## Net financial position

(In thousands of Euro)	30 June 2011	31 December 2010	change 2011 - 2010
A. Cash	354	484	(130)
B. Other cash equivalents	84,042	132,411	(48,369)
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>84,396</b>	<b>132,895</b>	<b>(48,499)</b>
Derivatives – non-hedge component	1,440	1,181	259
Other financial assets	13	19	(6)
<b>D. Current financial receivables</b>	<b>1,453</b>	<b>1,200</b>	<b>253</b>
E. Current bank payables	112,264	145,803	(33,539)
F. Derivatives – non-hedge component	846	1,367	(521)
G. Other current financial payables	4,707	4,993	(286)
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>117,817</b>	<b>152,163</b>	<b>(34,346)</b>
<b>I. Current financial indebtedness (H)-(C) –(D)</b>	<b>31,968</b>	<b>18,068</b>	<b>13,900</b>
J. Non current bank payables	-	-	-
K. Derivatives – non-hedge component	20	83	(63)
M. Other non current financial payables	39,583	-	39,583
<b>N. Non-current financial indebtedness (J)+(K)+(M)</b>	<b>39,603</b>	<b>83</b>	<b>39,520</b>
<b>O. Net financial indebtedness (I)+(N)</b>	<b>71,571</b>	<b>18,151</b>	<b>53,420</b>