



**PRESS RELEASE**

**Salvatore Ferragamo S.p.A.:  
Board of Directors Approves  
the Consolidated Interim Report as of 31 March 2013**

**Excellent Results for the Salvatore Ferragamo Group in the first quarter: Revenues +9%, Operating Profit +29% and Group Net Profit +103% vs. 2012**

- **Total Revenues: 282 million Euros (+9% vs. 260 million Euros at 31 March 2012)**
- **EBITDA<sup>1</sup>: 48 million Euros (+26% vs. 38 million Euros at 31 March 2012)**
- **EBIT: 39 million Euros (+29% vs. 30 million Euros at 31 March 2012)**
- **Net Profit: 27 million Euros (+57% vs. 17 million Euros at 31 March 2012), including 2 million Euros of Minority Interest**
- **Group Net Profit: 24 million Euros (+103% vs. 12 million Euros at 31 March 2012)**

Firenze, 13 May 2013 – 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 Interim Report as of 31 March 2013**, drafted according to IAS/IFRS international accounting principles.

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<sup>1</sup> 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 for 1Q 2013

### Consolidated Revenue figures

As of 31 March 2013, the Salvatore Ferragamo Group has posted **Total Revenues of 282 million Euros, with a 9% increase at current exchange rates**, over the 260 million Euros recorded in 1Q 2012. **Revenue growth at constant exchange rate has been 10%.**

The solid growth registered in the first three months of 2013 is even more relevant considering that **in the same period of 2012 Revenues had already increased by over 23%.**

### Revenues by geographical area<sup>2</sup>

The **Asia Pacific** area is confirmed as the Group's top market in terms of Revenues, with a turnover of **102 million Euros** (about 36% of total), further **increasing by 6%** vs. a particularly challenging comparison base (+27% in 1Q 2012). A major contribution came, once more, from the **retail channel in China**, that recorded a **Revenue growth of 20%** in 1Q 2013.

**Europe**, further confirming the exceptional brand awareness of Ferragamo and its ability to attract the interest of the global tourist flows, posted an **increase in Revenues of 10%** compared to the same period in 2012.

**North America** continued the solid growth trend registered in the past quarters, recording a Revenue **increase of 19%** compared to the same period of 2012.

The **Japanese market increased 4% at constant exchange rates**, registering a **decrease of 8% at current exchange rates** due to the unfavourable impact of the Japanese Yen fluctuation vs. Euro.

Revenues in the **Central and South America** area also showed excellent results with an **increase of over 13%**.

### Revenues by distribution channel<sup>3</sup>

As of 31 March 2013, the Salvatore Ferragamo **Group's Retail network** could count on **339 Directly Operated Stores (DOS)**, while the **Wholesale and Travel Retail channel** included **261 Third Party Operated Stores (TPOS)**, as well as presence in Department Stores and high-level multi-brand Specialty Stores.

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<sup>2</sup> The variations in Revenues are calculated at current exchange rate, unless differently indicated

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In 1Q 2013 the **Retail distribution channel** posted consolidated Revenues of **172 million Euros**, with a **7% increase** over the 160 million Euros posted as of 31 March 2012.

The growth marked a **5.9% increase at constant exchange rates and perimeter (like-for-like)** in 1Q 2013.

The **Wholesale and Travel Retail channel** continued the excellent performance, growing from 95 million Euros to **106 million Euros** in 1Q 2013, marking a **11% increase** vs. 1Q 2012, that had already recorded a 37% increase.

## Revenues by product category<sup>4</sup>

Among the product categories, it is especially worth highlighting the increase of **footwear (+8%)**, **handbags and leather accessories (+13%)**, which together represent **over 74% of Group total turnover**, and **fragrances (+14%)**.

## Gross Profit

In 1Q 2013 the **Gross Profit increased by 7%**, reaching **175 million Euros**. Its **incidence on Revenues** moves to **62.1%**, from 62.8% recorded in 1Q 2012, mainly due to the negative impact of exchange rates and of the unfavorable channel mix.

## Operating Costs

In 1Q 2013 **Operating Costs grew by only 3%**, reaching **136 million Euros** and thus **significantly decreasing their incidence on Revenues to 48.4%**, from 51.2% in 1Q 2012, mainly due to the further improvement in the operating leverage.

## Gross Operating Profit (EBITDA)<sup>5</sup>

The operating efficiencies, combined with costs control, led to an **increase of 26% in the Gross Operating Profit (EBITDA)**, that reached, over the period, **48 million Euros**, from 38 million Euros of 1Q 2012, with an **incidence on Revenues improving to 17.0%** from 14.7% in 1Q 2012.

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<sup>4</sup> The variations in Revenues are calculated at current exchange rate, unless differently indicated

<sup>5</sup> 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.



### **Operating Profit (EBIT)**

The **Operating Profit (EBIT) increased**, over the period, from 30 million Euros in 1Q 2012 to **39 million Euros (+29%)** in 1Q 2013 and its **incidence on Revenues improved** from 11.6% to **13.8%**.

### **Profit before taxes**

The **Profit before taxes**, over the period, **increased** from 29 million Euros in 1Q 2012 to **39 million Euros (+33%)** in 1Q 2013 and its **incidence on Revenues improved** from 11.2% to **13.7%**.

### **Net Profit for the Period**

The **Net Profit for the period**, including the Minority Interest of 2 million Euros, **reached 27 million Euros**, as compared to 17 million Euros in the first three months of 2012, marking a **57% increase**. The **Group Net Profit** reached **over 24 million Euros**, as compared to 12 million Euros in 1Q 2012, marking an **increase of over 100%**. The improvement also **benefited from the 51% reduction in the Minority Interest vs. 1Q 2012**, as a consequence of the buy-back of the stakes in the distribution companies in Greater China, Korea and South East Asia.



## Notes to the Balance Sheet for 1Q 2013

### Net Working Capital<sup>6</sup>

The **Net Working Capital** went to **219 million Euros**, increasing **(+16%)** vs. 189 million Euros at 31 March 2012, due to the increase in turnover and the impact of foreign exchange rates.

### Investments (CAPEX)

**Investments (CAPEX)** increased to **over 10 million Euros** at 31 March 2013, **growing by 20%**, mainly driven by new stores, by the enlargement and refurbishment of existing key locations, in addition to continuing logistics enhancements and digital projects (“SAP Marlin Project and e-commerce”).

### Net Financial Position

The **Net Financial Debt** at 31 March **2013 went to 33 million Euros**, compared to 22 million Euros at 31 March 2012, also as a consequence of the purchase of the minority stakes in Asia.

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<sup>6</sup> 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.

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The business trend, recorded in the first months of the current year, justifies expectations for growth also throughout 2013 both for Revenue and Net Profit, in the absence of severely unfavourable market conditions.

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*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.*

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*The Consolidated Interim Report as of 31 March 2013 is available to anyone requesting it at the headquarters of the Company and can also be consulted in the "Investor Relations/Financial Documents" section of the Salvatore Ferragamo Group's website <http://group.ferragamo.com> from 14 May 2013.*

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The Results of 1Q 2013 will be illustrated today, 13 May 2013, 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.

# Salvatore Ferragamo

## **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 600 mono-brand stores as of 31 March 2013, the Ferragamo Group operates in Italy and worldwide through companies that allow it to be a leader on European, American and Asian markets.

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## **For further information:**

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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".

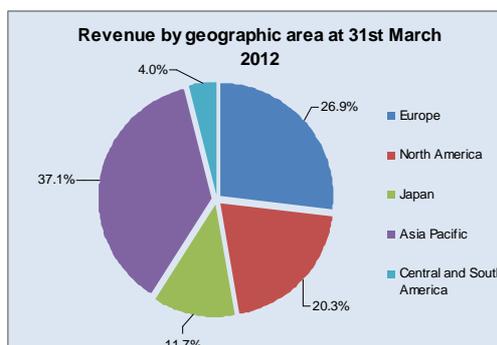
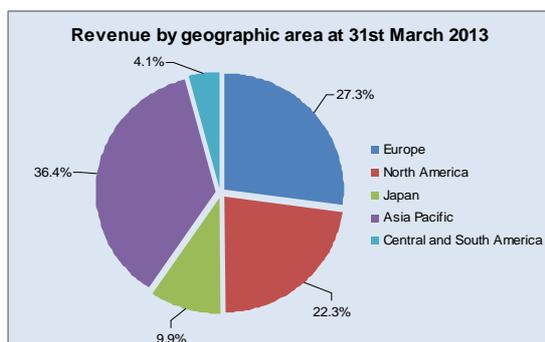
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# Salvatore Ferragamo

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 as of 31 March 2013

## Revenue by geographic area as of 31 March 2013

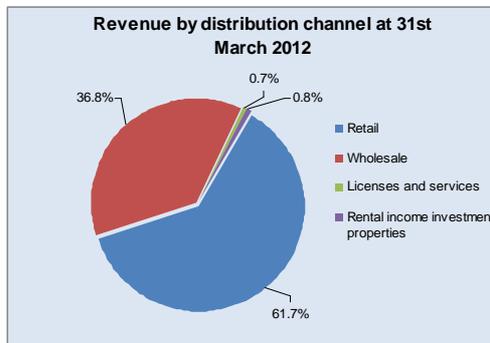
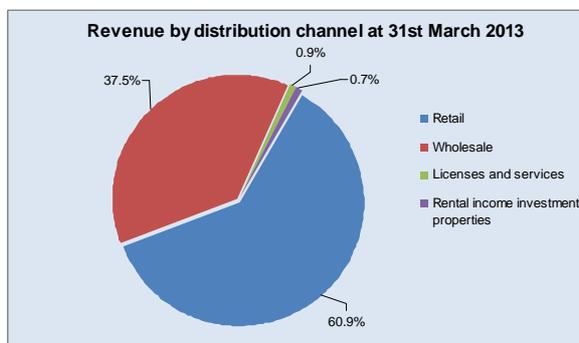
(In thousands of Euro)	Period ended at 31 March					at constant exchange rate
	2013	% on Revenue	2012	% on Revenue	% Change	% Change
Europe	76,913	27.3%	69,775	26.9%	10.2%	10.2%
North America	62,973	22.3%	52,844	20.3%	19.2%	16.8%
Japan	27,906	9.9%	30,291	11.7%	(7.9%)	4.2%
Asia Pacific	102,472	36.4%	96,409	37.1%	6.3%	6.2%
Central and South America	11,685	4.1%	10,314	4.0%	13.3%	14.5%
<b>Total</b>	<b>281,949</b>	<b>100.0%</b>	<b>259,633</b>	<b>100.0%</b>	<b>8.6%</b>	<b>9.6%</b>



## Revenue by distribution channel as of 31 March 2013

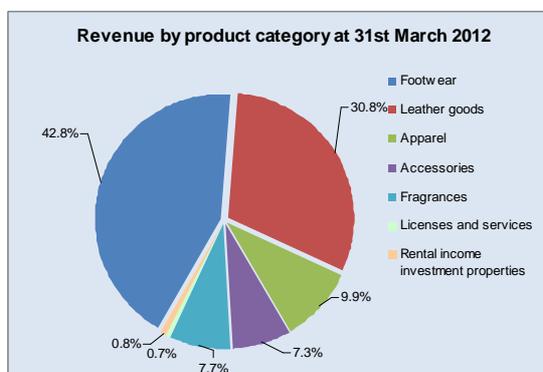
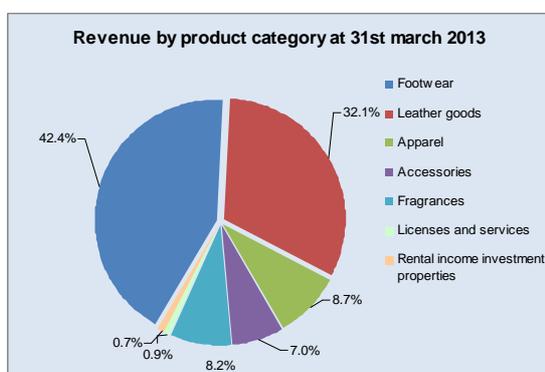
(In thousands of Euro)	Period ended at 31 March					at constant exchange rate
	2013	% on Revenue	2012	% on Revenue	% Change	% Change
Retail	171,576	60.9%	160,218	61.7%	7.1%	9.1%
Wholesale	105,879	37.5%	95,472	36.8%	10.9%	10.3%
Licenses and services	2,428	0.9%	1,929	0.7%	25.9%	25.9%
Rental income investment properties	2,066	0.7%	2,014	0.8%	2.6%	3.4%
<b>Total</b>	<b>281,949</b>	<b>100.0%</b>	<b>259,633</b>	<b>100.0%</b>	<b>8.6%</b>	<b>9.6%</b>

# Salvatore Ferragamo



## Revenue by product category as of 31 March 2013

(In thousands of Euro)	Period ended at 31 March				at constant exchange rate	
	2013	% on Revenue	2012	% on Revenue	% Change	% Change
Footwear	119,595	42.4%	110,927	42.8%	7.8%	8.2%
Leather goods	90,589	32.1%	80,043	30.8%	13.2%	14.4%
Apparel	24,466	8.7%	25,652	9.9%	(4.6%)	(1.6%)
Accessories	19,839	7.0%	18,990	7.3%	4.5%	6.4%
Fragrances	22,966	8.2%	20,078	7.7%	14.4%	14.6%
Licenses and services	2,428	0.9%	1,929	0.7%	25.9%	25.9%
Rental income investment properties	2,066	0.7%	2,014	0.8%	2.6%	3.4%
<b>Total</b>	<b>281,949</b>	<b>100.0%</b>	<b>259,633</b>	<b>100.0%</b>	<b>8.6%</b>	<b>9.6%</b>





## Consolidated interim results for Salvatore Ferragamo Group

### Consolidated income statement as of 31 March 2013

(In thousands of Euro)	Period ended at 31 March				
	2013	% on Revenue	2012	% on Revenue	% change
Revenue from sales and services	279,883	99.3%	257,619	99.2%	8.6%
Rental income investment properties	2,066	0.7%	2,014	0.8%	2.6%
<b>Revenues</b>	<b>281,949</b>	<b>100.0%</b>	<b>259,633</b>	<b>100.0%</b>	<b>8.6%</b>
Cost of goods sold	(106,753)	(37.9%)	(96,549)	(37.2%)	10.6%
<b>Gross profit</b>	<b>175,196</b>	<b>62.1%</b>	<b>163,084</b>	<b>62.8%</b>	<b>7.4%</b>
Style, product development and logistics costs	(10,681)	(3.8%)	(9,252)	(3.6%)	15.4%
Sales & distribution costs	(84,235)	(29.9%)	(78,769)	(30.3%)	6.9%
Marketing & communication costs	(18,706)	(6.6%)	(20,446)	(7.9%)	(8.5%)
General and administrative costs	(22,316)	(7.9%)	(23,446)	(9.0%)	(4.8%)
Other operating costs	(3,069)	(1.1%)	(3,206)	(1.2%)	(4.3%)
Other income	2,657	0.9%	2,162	0.8%	22.9%
<b>Operating profit</b>	<b>38,846</b>	<b>13.8%</b>	<b>30,127</b>	<b>11.6%</b>	<b>28.9%</b>
Financial charges	(10,077)	(3.6%)	(8,551)	(3.3%)	17.8%
Financial income	9,569	3.4%	7,138	2.7%	34.1%
Share of net profit/(loss) on investments accounted for using the Equity Method	200	0.1%	238	0.1%	36.0%
<b>Profit before taxes</b>	<b>38,538</b>	<b>13.7%</b>	<b>28,952</b>	<b>11.2%</b>	<b>33.1%</b>
Income taxes	(11,715)	(4.2%)	(11,913)	(4.6%)	(1.7%)
<b>Net profit/(loss) for the period</b>	<b>26,823</b>	<b>9.5%</b>	<b>17,039</b>	<b>6.6%</b>	<b>57.4%</b>
Net profit/(loss) - Group	24,376	8.6%	12,015	4.6%	102.9%
Net profit/(loss) - minority interests	2,447	0.9%	5,024	1.9%	(51.3%)
<b>EBITDA(*)</b>	<b>48,005</b>	<b>17.0%</b>	<b>38,166</b>	<b>14.7%</b>	<b>25.8%</b>

(\*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets. EBITDA so defined is a parameter used by the company's management to monitor and assess the company's 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.



## Summary of consolidated statement of financial position as of 31 March 2013

(In thousands of Euro)	31-Mar 2013	31-Dec 2012	% change
Property, plant and equipment	142,667	139,580	2.2%
Investment property	7,178	7,039	2.0%
Intangible assets with a finite useful life	20,371	20,678	(1.5%)
Inventories	284,069	249,804	13.7%
Trade receivables	109,361	105,184	4.0%
Trade payables	(174,266)	(157,681)	10.5%
Other non current assets/(liabilities), net	22,295	18,700	19.2%
Other current assets/(liabilities), net	(42,356)	(25,864)	63.8%
<b>Net invested capital</b>	<b>369,319</b>	<b>357,440</b>	<b>3.3%</b>
Group shareholders' equity	301,490	267,290	12.8%
Minority interests	35,009	32,208	8.7%
<b>Shareholders' equity (A)</b>	<b>336,499</b>	<b>299,498</b>	<b>12.4%</b>
<b>Net financial debt (B) (1)</b>	<b>32,820</b>	<b>57,942</b>	<b>(43.4%)</b>
<b>Total sources of financing (A+B)</b>	<b>369,319</b>	<b>357,440</b>	<b>3.3%</b>

(1) Pursuant to the provisions of CONSOB Communication no. DEM/6064293 of 28 July 2006, it should be noted that net financial debt is calculated as the sum of cash and cash equivalents, current financial receivables including the positive fair value of financial instruments and current financial assets, current and non current financial liabilities and the negative fair value of financial instruments and has been determined in accordance with the provisions of CESR's Recommendation on alternative performance measures 05-178/b of 3 November 2005.



## Net financial position as of 31 March 2013

(In thousands of Euro)	31-Mar 2013	31-Dec 2012	change 2013 vs 2012
A. Cash	554	488	66
B. Other cash equivalents	73,784	110,376	(36,592)
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>74,338</b>	<b>110,864</b>	<b>(36,526)</b>
Derivatives – non-hedge component	1,589	1,925	(336)
Other financial assets	13	17	(4)
<b>D. Current financial receivables</b>	<b>1,602</b>	<b>1,942</b>	<b>(340)</b>
E. Current bank payables	104,381	125,133	(20,752)
F. Derivatives – non-hedge component	156	440	(284)
G. Other current financial payables	4,223	45,175	(40,952)
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>108,760</b>	<b>170,748</b>	<b>(61,988)</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>32,820</b>	<b>57,942</b>	<b>(25,122)</b>
J. Non current bank payables	-	-	-
K. Derivatives – non-hedge component	-	-	-
M. Other non current financial payables	-	-	-
<b>N. Non-current financial debt (J)+(K)+(M)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O. Net financial debt (I)+(N)</b>	<b>32,820</b>	<b>57,942</b>	<b>(25,122)</b>



## Consolidated statement of cash flows as of 31 March 2013

(In thousands of Euro)	Period ended at 31 March	
	2013	2012
<b>Net profit / (loss) for the period</b>	<b>26,823</b>	<b>17,039</b>
Depreciation, amortization and write down of property, plant and equipment, intangible assets and investment properties	9,159	8,039
Net change in deferred taxes	(1,538)	(1,340)
Net change in provision for employee termination indemnities	(39)	(63)
Loss/(gain) on disposal of tangible and intangible assets	190	30
Share of net (profit)/loss on investments accounted for using the equity method	(200)	(238)
Other non cash items	344	2,320
Net change in net working capital	(3,402)	(14,051)
Net change in other assets and liabilities	6,654	8,248
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>37,991</b>	<b>19,984</b>
Purchase of tangible assets	(9,282)	(8,053)
Purchase of intangible assets	(1,003)	(489)
Net change in non current assets and liabilities	(467)	(1,173)
Cash from disposal of tangible and intangible assets	23	80
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(10,729)</b>	<b>(9,635)</b>
Net change in financial receivables	431	411
Net change in financial payables	(66,261)	6,754
Payment of dividends	-	(4,080)
Purchase of minority interests in companies consolidated on a line-by line basis	(1,001)	-
Other net changes in shareholders' equity	-	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(66,831)</b>	<b>3,085</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(39,569)</b>	<b>13,434</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>110,808</b>	<b>73,179</b>
Net increase / (decrease) in cash and cash equivalents	(39,569)	13,434
Net effect of translation of foreign currencies	939	626
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>72,178</b>	<b>87,239</b>