



PRESS RELEASE

Salvatore Ferragamo S.p.A.

The Board of Directors approves the draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year 2018

Salvatore Ferragamo Group full-year Revenue -3.3%, Gross Operating Profit (EBITDA¹) -13.8%, Net Profit -21.1% and Positive Net Financial Position of 169 million Euros

- **Revenues: 1,347 million Euros (-3.3% vs. 1,393 million Euros of FY 2017)**
- **Gross Operating Profit (EBITDA¹): 214 million Euros (-13.8% vs. 249 million Euros of FY 2017)**
- **Operating Profit (EBIT): 150 million Euros (-19.5% vs. 186 million Euros of FY 2017)**
- **Net Profit: 90 million Euros (-21.1% vs. 114 million Euros of FY 2017)**
- **Net Financial Position: positive at 169 million Euros (vs. 127 million Euros of FY 2017)**
- **Proposal of distribution of a Dividend of 0.34 Euros per Ordinary Share (vs. 0.38 Euros of FY 2017)**

During the same meeting, the Board of Directors has:

- **Approved the Corporate Governance Report and Remuneration Report**
- **Approved the non-financial Report at 31st December 2018 pursuant to Legislative Decree n. 254/2016**



- **Convened the Ordinary Shareholders' Meeting**

Florence, 12 March 2019 – 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, in a meeting chaired by Ferruccio Ferragamo, examined and approved the draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year ended 31 December 2018, both prepared according to IAS/IFRS international accounting principles.



Notes to the Income Statement for FY 2018

Consolidated Revenue figures

As of 31 December 2018, the Salvatore Ferragamo Group reported Total Revenues of 1,347 million Euros down 3.3% at current exchange rates (-1.7% at constant exchange rates²) vs. the 1,393 million Euros recorded in FY 2017. Revenues in 4Q 2018 registered a 3.5% decrease, penalized by the currencies impact (-1.8% at constant exchange rates²), by the lower incidence of promotional sales in the primary channel, by lower Revenues in the secondary channel and by the negative trends of the wholesale business.

Revenues by distribution channel³

As of 31 December 2018, the Group's Retail network counted on a total of 672 points of sales, including 409 Directly Operated Stores (DOS) and 263 Third Party Operated Stores (TPOS) in the Wholesale and Travel Retail channel, as well as the presence in Department Stores and high-level multi-brand Specialty Stores.

In FY 2018 the Retail distribution channel posted consolidated Revenues down 3.0% (-1.1% at constant exchange rates²), with a decrease of -1.3% at constant exchange rates² and perimeter (like-for-like) vs. FY 2017, mainly due to lower Revenues in the secondary channel.

In 4Q 2018 Retail Revenues remained stable at constant exchange rates², with a -1.0% total like-for-like performance, but positive in the primary channel in all geographical areas.

The Wholesale channel, penalized during all the year 2018 by the destocking activity and the strategic rationalization, registered a decrease in Revenues of 3.8% (-2.7% at constant exchange rates²) vs. FY 2017.

In 4Q 2018 Wholesale Revenues were down 5.4% at constant exchange rates², mainly due to the unfavourable performances in EMEA and US, while the Asia Pacific area and the Travel Retail channel registered positive trends.

Revenues by geographical area³

The Asia Pacific area is confirmed as the Group's top market in terms of Revenues, decreasing by 1.0% (+0.8% at constant exchange rates²) vs. FY 2017, with a positive performance in Greater China, partially penalized by the negative performance in South East Asia. Specifically, in 4Q 2018, the retail channel in China recorded a solid Revenue growth of 7.6% (+10.1% at constant exchange rates²) vs. 4Q 2017.

EMEA posted, in FY 2018, a decrease in Revenues of 6.1% (-5.9% at constant exchange rates²), mainly owed to the negative wholesale business in the last part of the year due to the delayed deliveries following the change of a commercial partner in a strategic market in the Middle East.



North America recorded a Revenue decrease of 5.4% (-2.4% at constant exchange rates²) in FY 2018, mainly impacted by the negative trend of the department stores sales.

The Japanese market registered a 0.4% decrease in Revenues (-1.0% at constant exchange rates²) in FY 2018, with retail stores recording a positive performance at constant exchange rates² both in FY 2018 and in 4Q 2018, while negatively impacted by the strategic rationalization of the wholesale channel.

Revenues in the Central and South America in FY 2018 were down 1.9%, but up 4.2% at constant exchange rates², mainly thanks to the performance of the retail network.

Revenues by product category³

Among the product categories, at constant exchange rates², handbags and leather accessories were up 2.6% and fragrances 6.5%, vs. FY 2017.

Footwear posted a 3.9% decrease at constant exchange rates² in FY 2018, while in 4Q 2018 footwear reported a growth in Revenues in the primary retail channel.

Gross Profit

In FY 2018 the Gross Profit decreased by 4.1% to 862 million Euros. Its incidence on Revenues was down 50 basis points, moving to 64.0%, from 64.5% of FY 2017, mainly due to the negative impact of currencies, partially compensated by the improvement of full price sales.

Operating Costs

In FY 2018 Operating Costs remained stable at 712 million Euros (+2.5% at constant exchange rates²) vs. FY 2017. The increase in costs is mainly due to the beginning of the activities for the reinforcement of the organization and processes and to the communication expenses.

Gross Operating Profit (EBITDA¹)

The Gross Operating Profit (EBITDA¹) decreased by 13.8% over the period, to 214 million Euros, from 249 million Euros of FY 2017, with an incidence on Revenues down to 15.9%, from 17.8% of FY 2017.



Operating Profit (EBIT)

The Operating Profit (EBIT) decreased from 186 million Euros in FY 2017 to 150 million Euros (-19.5%) in FY 2018, with an incidence on Revenues of 11.1% from 13.4%.

Profit before taxes

The Profit before taxes in FY 2018 amounted to 136 million Euros (-21.6%), from 173 million Euros in FY 2017, and its incidence on Revenues was 10.1% vs. 12.4% in FY 2017.

Net Profit for the Period

The Net Profit for the period, including a Minority Interest of 2 million Euros, was 90 million Euros, marking a 21.1% decrease. To note that the Net Profit in 4Q 2018 shows a negative impact, for ca. 9 million Euros, due to provisions and payment, for income taxes for previous years, following tax audits in some Group companies, while in 4Q 2017 it was negatively impacted by the US fiscal reform, for ca. 13 million Euros.

The FY 2018 Group Net Profit was 88 million Euros, compared to 119 million Euros in FY 2017, marking a decrease of 25.5%.



Notes to the Balance Sheet for FY 2018

Net Working Capital⁴

The Net Working Capital as of 31 December 2018 increased by 8.5% to 294 million Euros, from 270 million Euros as of 31 December 2017. In particular, the Inventory was up 12.4%, but only 4.6% at constant exchange rates.

Investments (CAPEX)

Investments (CAPEX) was 71 million Euros as of 31 December 2018 vs. 88 million Euros in FY 2017, mainly for the renovation of the store network, the Distribution Center and the IT projects.

Net Financial Position

The Net Financial Position at 31 December 2018 was positive for 169 million Euros, compared to positive 127 million Euros as of 31 December 2017.



In the current macroeconomic and market environment, characterized by low visibility, the key actions of Salvatore Ferragamo Group mainly focus on a communication aimed at enhancing the brand and on optimizing the processes and the organizational structure, consistently with the activities already started in the second part of 2018, aimed at creating the foundations for a sustainable growth in the medium term.

Notes to the press release

¹ 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. EBITDA is an important managerial indicator for measuring the Group's performance. 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.

² Revenues at "constant exchange rates" are calculated by applying to the Revenue of full-year 2017, not including the "hedging effect", the average exchange rates of full-year 2018. Operating Costs at "constant exchange rates" are calculated by applying to the Operating Costs of full-year 2017, the average exchange rates of full-year 2018.

³ The variations in Revenues are calculated at current exchange rates including the hedging effect, unless differently indicated.

⁴ 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.

The Board of Directors will propose to the Shareholders' Meeting the distribution of a dividend equal to 0.34 euros per ordinary share to the shares that will be outstanding on the date of coupon detachment, excluding own stocks held at that date. The dividend of the previous financial year was equal to Euro 0,38. The cash dividend will be payable on May 22, 2019 (with coupon detachment date May 20, 2019 and record date May 21, 2019).



Approval of Corporate Governance Report and Remuneration Report

The Board of Directors of Salvatore Ferragamo S.p.A. approved the Corporate Governance Report for 2018 year, drafted by the Company in compliance with article 123-*bis* of Legislative Decree no. 58/1998 and subsequent modifications and additions (“TUF”).

The Board of Directors also approved the Remuneration Report of Directors and Managers with strategic responsibilities for 2019 year in compliance with article 123-*ter* of the TUF and with article 84-*quater* and Annex 3A, Scheme 7-*bis* of CONSOB Regulation n. 11971/1999 and subsequent modifications and additions (“Regolamento Emittenti”).

The abovementioned Reports will be made available to the public, in compliance with terms provided for by applicable laws, at the Company’s registered office in Florence, Via Dei Tornabuoni n. 2, 50123, and published on the Company's website <http://group.ferragamo.com>, in the section Investor Relations/Governance/Shareholders' Meetings.

The Board of Directors also approved an update of the Information Report drafted pursuant to Article 114-*bis* of the TUF and Article 84-*bis* of the Regolamento Emittenti regarding the 2016-2020 Stock Grant Plan approved by the Shareholders’ Meeting held on April 21, 2016. The Information Report will be made available to the public, in compliance with terms provided for by applicable laws, at the Company’s registered office in Florence, Via Dei Tornabuoni n. 2, 50123, and published on the Company's website <http://group.ferragamo.com>, in the section Investor Relations/Governance/Shareholders' Meetings.

Approval of non-financial Report at 31st December 2018 pursuant to Legislative Decree n. 254/2016

The Board of Directors approved the non-financial Report as at 31st December 2018 drafted by the Company pursuant to Legislative Decree no. 254/2016. The mentioned Report will be made available to the public, with the same timing of the Annual Financial Statements of Salvatore Ferragamo S.p.A. in compliance with terms provided for by applicable laws, at the Company’s registered office in Florence, Via Dei Tornabuoni n. 2, 50123, and published on the Company's website <http://group.ferragamo.com>, in the section Investor Relations/Governance/Shareholders' Meetings. The non-financial Report describes all activities performed by the Group, its development, results and impact in relation to environmental, social and staff-related issues as well as to respect for human rights and the fight against bribery and corruption.”



The Board of Directors also verified the existence of the independence requirements provided for by Article 148, paragraph 3, of the TUF, Article 20 of the Company's Article of Association and Article 3 of the Corporate Governance Code of Borsa Italiana as regards to its Independent Directors Marzio Alessandro Alberto Saà, Umberto Tombari, Chiara Ambrosetti and Lidia Fiori.

Convening the Ordinary Shareholders' Meeting

The Board of Directors' meeting held today has resolved to convene the Ordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A. on the forthcoming 18th April 2019, in a single call, in order to discuss and resolve on the following:

Agenda

1. Financial Statements of Salvatore Ferragamo S.p.A. as at 31st December 2018. Report of the Board of Directors for the 2018 financial year. Report of the Board of Statutory Auditors and the Auditing Firm. Presentation of Consolidated Financial Statements as at 31st December 2018 and consolidated statement containing the non-financial information pursuant to Legislative Decree 30th December 2016, no. 254, for the 2018 year. Related and consequent resolutions.
2. Allocation of profits for the year.
3. Appointment of a Director pursuant to article 2386 of the Italian Civil Code. Related and consequent resolutions.
4. Appointment of an Auditing Firm for the 2020 – 2028 years. Related and consequent resolutions.
5. Consultation of the Remuneration Policy for Directors and Managers with strategic responsibilities.

With reference to the appointment of a Director under item 3 on the Agenda, pursuant to Article 2386 of the Italian Civil Code and Article 20 of the Company's Article of Association, the Shareholders' Meeting shall pass resolution with the majorities required by law.

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The Notice of Call, completed with all information required by article 125-bis of the TUF, as well as all the documentation that will be submitted to the Shareholders' Meeting according to articles 125-ter and 125-quater of the TUF will be made available to the public, in compliance with terms provided for by applicable laws, at the Company's registered office in Florence, Via Dei Tornabuoni n. 2, 50123, and published on the Company's website <http://group.ferragamo.com>, in the section Investor Relations/Governance/Shareholders' Meetings. The Notice of Call will be also published on the newspaper Milano Finanza in compliance with terms provided for by applicable laws.

The manager charged to prepare the corporate accounting documents, Marco Fortini, 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 forecasted, due to a variety of factors.

The non-audited draft Company Statutory Financial Statements and the Consolidated Financial Statements for the Year ended 31 December 2018, approved by the Board of Directors on March 12 2019, will be available to anyone requesting it at the headquarters of the Company in Florence, Via Tornabuoni n. 2, on the authorized web-storage system eMarket STORAGE www.emarketstorage.com, and will also be accessible on the the Salvatore Ferragamo Group's website <http://group.ferragamo.com> in the section "Investor Relations/Financial Documents", in compliance with the law.

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The Results of FY 2018 will be illustrated today, 12 March 2019, 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 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 industry and whose origins date back to 1927.

The Group is active in the creation, production and sale of shoes, leather goods, apparel, silk products and other accessories, along with women's and men's fragrances. The Group's product offer also includes eyewear and watches, manufactured by licensees.

The uniqueness and exclusivity of our creations, along with the perfect blend of style, creativity and innovation enriched by the quality and superior craftsmanship of the 'Made in Italy' tradition, have always been the hallmarks of the Group's products.

With approximately 4,000 employees and a network of 672 mono-brand stores as of 31 December 2018, the Ferragamo Group operates in Italy and worldwide through companies that allow it to be a leader in the European, American and Asian markets.

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".

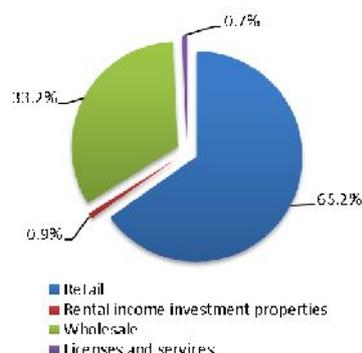
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On the following pages, a more detailed analysis of Revenues, the consolidated income statement, the summary of statement of financial position, the net financial position, and the consolidated cash flow statement of the Salvatore Ferragamo Group as of 31 December 2018.

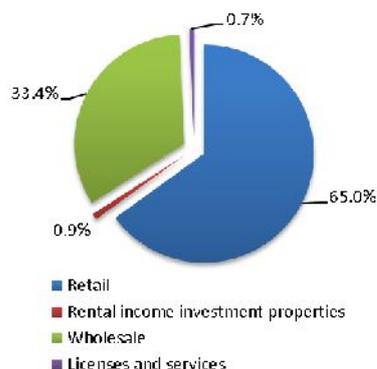
Revenue by distribution channel as of 31 December 2018

(In thousands of Euro)	2018	% on Revenue	2017	% on Revenue	% Change	at constant
						exchange rate % Change
Retail	878,216	65.2%	905,334	65.0%	(3.0%)	(1.1%)
Wholesale	447,535	33.2%	465,295	33.4%	(3.8%)	(2.7%)
Licenses and services	9,518	0.7%	10,150	0.7%	(6.2%)	(6.2%)
Rental income investment properties	11,573	0.9%	12,693	0.9%	(8.8%)	(4.7%)
Total	1,346,842	100.0%	1,393,472	100.0%	(3.3%)	(1.7%)

Revenue by distribution channel as at 31 December 2018



Revenue by distribution channel as at 31 December 2017

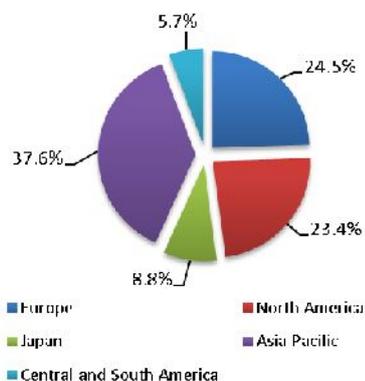


Revenue by geographic area as of 31 December 2018

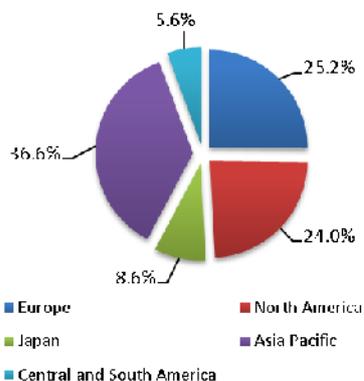
(In thousands of Euro)	2018	% on Revenue	2017	% on Revenue	% Change	at constant
						exchange rate % Change
Europe	329,743	24.5%	351,259	25.2%	(6.1%)	(5.9%)
North America	315,640	23.4%	333,673	24.0%	(5.4%)	(2.4%)
Japan	119,032	8.8%	119,546	8.6%	(0.4%)	(1.0%)
Asia Pacific	505,549	37.6%	510,620	36.6%	(1.0%)	0.8%
Central and South America	76,878	5.7%	78,374	5.6%	(1.9%)	4.2%
Total	1,346,842	100.0%	1,393,472	100.0%	(3.3%)	(1.7%)

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Revenue by geographic area as at 31 December 2018



Revenue by geographic area as at 31 December 2017

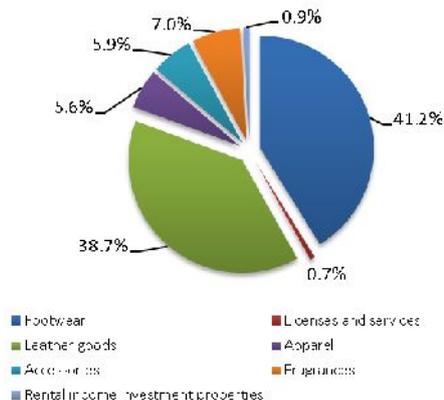


Revenue by product category as of 31 December 2018

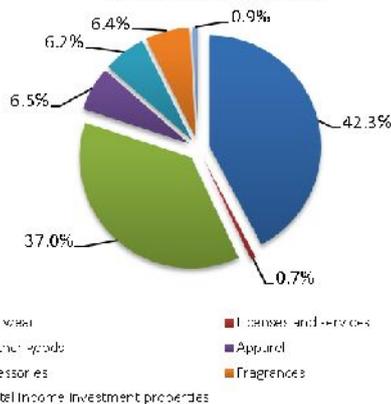
(In thousands of Euro)

	2018	% on Revenue	2017	% on Revenue	% Change	at constant exchange rate % Change
Footwear	554,728	41.2%	589,229	42.3%	(5.9%)	(3.9%)
Leather goods	521,443	38.7%	516,026	37.0%	1.0%	2.6%
Apparel	76,472	5.6%	89,859	6.5%	(14.9%)	(13.8%)
Accessories	78,999	5.9%	86,363	6.2%	(8.5%)	(7.0%)
Fragrances	94,109	7.0%	89,152	6.4%	5.6%	6.5%
Licenses and services	9,518	0.7%	10,150	0.7%	(6.2%)	(6.2%)
Rental income investment properties	11,573	0.9%	12,693	0.9%	(8.8%)	(4.7%)
Total	1,346,842	100.0%	1,393,472	100.0%	(3.3%)	(1.7%)

Revenue by product category as at 31 December 2018



Revenue by product category as at 31 December 2017





Consolidated results for Salvatore Ferragamo Group

Consolidated income statement as of 31 December 2018

(In thousands of Euro)	2018	% on Revenue	2017	% on Revenue	% Change
Revenue from contracts with customers	1,335,269	99.1%	1,380,779	99.1%	(3.3%)
Rental income investment properties	11,573	0.9%	12,693	0.9%	(8.8%)
Revenues	1,346,842	100.0%	1,393,472	100.0%	(3.3%)
Cost of goods sold	(484,862)	(36.0%)	(494,755)	(35.5%)	(2.0%)
Gross profit	861,980	64.0%	898,717	64.5%	(4.1%)
Style, product development and logistics costs	(48,376)	(3.6%)	(44,151)	(3.2%)	9.6%
Sales & distribution costs	(456,803)	(33.9%)	(474,674)	(34.1%)	(3.8%)
Marketing & communication costs	(73,326)	(5.4%)	(70,708)	(5.1%)	3.7%
General and administrative costs	(124,565)	(9.2%)	(115,682)	(8.3%)	7.7%
Other operating costs	(19,341)	(1.4%)	(19,183)	(1.4%)	0.8%
Other income	10,200	0.8%	11,735	0.8%	(13.1%)
Total operating costs (net of other income)	(712,211)	(52.9%)	(712,663)	(51.1%)	(0.1%)
Operating profit	149,769	11.1%	186,054	13.4%	(19.5%)
Financial charges	(53,432)	(4.0%)	(52,079)	(3.7%)	2.6%
Financial income	39,575	2.9%	39,370	2.8%	0.5%
Profit before taxes	135,912	10.1%	173,345	12.4%	(21.6%)
Income taxes	(45,725)	(3.4%)	(59,062)	(4.2%)	(22.6%)
Net profit/(loss) for the period	90,187	6.7%	114,283	8.2%	(21.1%)
Net profit/(loss) - Group	88,361	6.6%	118,641	8.5%	(25.5%)
Net profit/(loss) - minority interests	1,826	0.1%	(4,358)	(0.3%)	(141.9%)
EBITDA(*)	214,221	15.9%	248,508	17.8%	(13.8%)

(*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets. EBITDA so defined is a parameter used by the management to monitor and assess the 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 December 2018

(In thousands of Euro)	31 December 2018	31 December 2017	% Change
Property, plant and equipment	259,821	249,600	4.1%
Investment property	6,094	6,139	(0.7%)
Intangible assets with definite useful life	42,879	43,593	(1.6%)
Inventories and Right of return assets	365,779	325,516	12.4%
Trade receivables	142,905	148,583	(3.8%)
Trade payables and Refund liabilities	(215,125)	(203,613)	5.7%
Other non current assets/(liabilities), net	2,758	7,963	(65.4%)
Other current assets/(liabilities), net	6,231	42,169	(85.2%)
Assets/(Liabilities) held for sale, net	-	990	(100.0%)
Net invested capital	611,342	620,940	(1.5%)
Group shareholders' equity	753,691	722,250	4.4%
Minority interests	26,647	26,181	1.8%
Shareholders' equity (A)	780,338	748,431	4.3%
Net financial debt (B) (1)	(168,996)	(127,491)	32.6%
Total sources of financing (A+B)	611,342	620,940	(1.5%)

(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 EMSA/2015/1415's on Recommendations on alternative performance measures, implemented by Consob with a resolution 92543 dated December 3rd, 2015.

Net financial position as of 31 December 2018

(In thousands of Euro)	31 December 2018	31 December 2017	Change 2018 vs 2017
A. Cash	1,506	1,909	(403)
B. Other cash equivalents	206,204	210,179	(3,975)
C. Cash and cash equivalents (A)+(B)	207,710	212,088	(4,378)
Derivatives – non-hedge component	120	341	(221)
Other financial assets	960	-	960
D. Current financial receivables	1,080	341	739
E. Current bank payables	20,939	66,529	(45,590)
F. Derivatives – non-hedge component	790	226	564
G. Other current financial payables	2,169	3,276	(1,107)
H. Current financial debt (E)+(F)+(G)	23,898	70,031	(46,133)
I. Current financial debt, net (H)-(C)-(D)	(184,892)	(142,398)	(42,494)
J. Non current bank payables	15,892	14,814	1,078
K. Derivatives – non-hedge component	4	93	(89)
M. Other non current financial payables	-	-	-
N. Non-current financial debt (J)+(K)+(M)	15,896	14,907	989
O. Net financial debt (I)+(N)	(168,996)	(127,491)	(41,505)



Consolidated statement of cash flows as of 31 December 2018

(In thousands of Euro)	2018	2017
Net profit / (loss) for the period	90,187	114,283
Depreciation, amortization and write down of property, plant and equipment, intangible assets and investment properties	64,452	62,454
Net change in deferred taxes	6,342	21,811
Net change in provision for employee benefit plans	(40)	(134)
Loss/(gain) on disposal of tangible and intangible assets	1,110	1,077
Other non cash items	7,226	1,423
Net change in net working capital	(3,104)	66,341
Net change in other assets and liabilities	20,102	11,631
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	186,275	278,886
Purchase of tangible assets	(62,878)	(60,147)
Purchase of intangible assets	(12,987)	(16,509)
Net change in available-for-sale financial assets	-	5
Proceeds from the sale of tangible and intangible assets	99	41
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(75,766)	(76,610)
Net change in financial receivables	(944)	-
Net change in financial payables	(46,439)	(33,104)
Payment of dividends	(66,949)	(77,643)
Purchase of minority interests in companies consolidated on a line-by line basis	(1,452)	(804)
Purchase of Treasury shares	(251)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(116,035)	(111,551)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,526)	90,725
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	212,088	117,249
Net increase / (decrease) in cash and cash equivalents	(5,526)	90,725
Net effect of translation of foreign currencies	1,145	4,114
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	207,707	212,088



On the following pages, the income statement, the summary of statement of financial position, the net financial position and the cash flow statement of the Salvatore Ferragamo S.p.A as of 31 December 2018.

Salvatore Ferragamo S.p.A.
Income statement as of 31 December 2018

(In thousands of Euro)	2018	% of revenues	2017	% of revenues	% change
Revenues from sales (<i>Whl, Rtl, E-commerce</i>)	720,055	96.6%	738,663	96.9%	(2.5%)
Revenues from royalties	8,468	1.1%	8,637	1.1%	(2.0%)
Other income and services	16,580	2.2%	15,080	2.0%	9.9%
Total revenues from sales and services	745,103	100.0%	762,380	100.0%	(2.3%)
Change in inventories of finished products	18,027	2.4%	(7,717)	(1.0%)	(333.6%)
Costs for raw materials, goods and consumables	(228,948)	(30.7%)	(210,696)	(27.6%)	8.7%
Costs for services	(307,113)	(41.2%)	(288,016)	(37.8%)	6.6%
Personnel costs	(67,588)	(9.1%)	(63,540)	(8.3%)	6.4%
Amortization, depreciation and write-downs	(20,115)	(2.7%)	(16,570)	(2.2%)	21.4%
Other operating costs	(53,034)	(7.1%)	(50,328)	(6.6%)	5.4%
Other income and revenues	7,383	1.0%	11,906	1.6%	(38.0%)
Total costs (net of other income)	(651,388)	(87.4%)	(624,961)	(82.0%)	4.2%
Operating profit	93,715	12.6%	137,419	18.0%	(31.8%)
Financial income (charges)	15,079	2.0%	1,578	0.2%	855.6%
Profit before taxes	108,794	14.6%	138,997	18.2%	(21.7%)
Income taxes	(25,481)	(3.4%)	(25,984)	(3.4%)	(1.9%)
Net profit/(loss) for the period	83,313	11.2%	113,013	14.8%	(26.3%)
EBITDA (*)	113,830	15.3%	153,989	20.2%	(26.1%)

(*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets. EBITDA so defined is a parameter used by the management to monitor and assess the operating performance and is not identified as an accounting measurement under IFRS and, therefore, must not be considered as an alternative measurement to assess Company's performance. Since the composition of EBITDA is not regulated by reference accounting standards, the determination criterion applied by the Company may differ from that adopted by others and therefore may not be comparable.



Salvatore Ferragamo S.p.A.

Summary of statement of financial position as of 31 December 2018

(In thousands of Euro)	31 December 2018	31 December 2017	% change
Property, plant and equipment	111,866	100,532	11.3%
Intangible assets with definite useful life	35,067	34,378	2.0%
Inventories	132,706	97,028	36.8%
Trade receivables and Right of return assets	171,150	156,668	9.2%
Trade payables and Refund liabilities	(165,427)	(149,294)	10.8%
Other non current assets/(liabilities), net	181,270	178,262	1.7%
Other current assets/(liabilities), net	9,407	36,185	(74.0%)
Net invested capital	476,039	453,759	4.9%
Shareholders' equity (A)	621,328	610,806	1.7%
Net financial debt (B) (1)	(145,289)	(157,047)	(7.5%)
Total sources of financing (A+B)	476,039	453,759	4.9%

(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 EMSA/2015/1415's on Recommendations on alternative performance measures, implemented by Consob with a resolution 92543 dated December 3rd, 2015.

Salvatore Ferragamo S.p.A.

Net financial position as of 31 December 2018

(In thousands of Euro)	31 December 2018	31 December 2017	change 2018 vs 2017
A. Cash	191	232	(41)
B. Other cash equivalents	95,728	127,181	(31,453)
C. Cash and cash equivalents (A)+(B)	95,919	127,413	(31,494)
Derivatives – non-hedge component	109	323	(214)
Other financial assets	49,522	30,670	18,852
D. Current financial receivables	49,631	30,993	18,638
E. Current bank payables	-	-	-
F. Derivatives – non-hedge component	261	1,359	(1,098)
G. Other current financial payables	-	-	-
H. Current financial debt (E)+(F)+(G)	261	1,359	(1,098)
I. Current financial debt, net (H)-(C)-(D)	(145,289)	(157,047)	11,758
J. Non current bank payables	-	-	-
K. Derivatives – non-hedge component	-	-	-
M. Other non current financial payables	-	-	-
N. Non-current financial debt (J)+(K)+(M)	-	-	-
O. Net financial debt (I)+(N)	(145,289)	(157,047)	11,758



Salvatore Ferragamo S.p.A.
Statement of cash flows as of 31 December 2018

(In thousands of Euro)	2018	2017
Net profit / (loss) for the period	83,313	113,013
Depreciation, amortization and write down of property, plant and equipment and intangible assets	20,115	16,570
Net change in deferred taxes	1,242	(1,087)
Net change in provision for employee benefit plans	(202)	(344)
Loss/(gain) on disposal of tangible and intangible assets	(20)	(1)
Write-down / (revaluation) of investments in subsidiaries	9,419	10,158
Other non cash items	4,336	1,105
Net change in net working capital	(31,600)	30,716
Net change in other assets and liabilities	13,174	14,023
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	99,777	184,153
Purchase of tangible assets	(25,509)	(27,371)
Purchase of intangible assets	(12,006)	(15,191)
Purchase of financial assets (investments in subsidiaries)	(10,565)	(2,046)
Net change in financial receivables	(18,852)	6,027
Net change in available-for-sale financial assets	-	5
Proceeds from the sale of tangible and intangible assets	52	1
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(66,880)	(38,575)
Payment of dividends	(64,140)	(77,643)
Purchase of Treasury shares	(251)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(64,391)	(77,643)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,494)	67,935
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	127,413	59,478
Net increase / (decrease) in cash and cash equivalents	(31,494)	67,935
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	95,919	127,413