

Salvatore Ferragamo

**9M 2020
Results Update**

Analyst Presentation

November 10, 2020 - 6.00 PM CET



Disclaimer

This presentation contains forward-looking statements regarding future events and results of the Company that are based on the current expectations, projections and assumptions of the management of the Company.

The actual results may differ materially from those expressed in any forward-looking statement and the Company does not assume any liability with respect thereto.

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The Manager in Charge of preparing the Company financial reports hereby certifies pursuant to paragraph 2 of art. 154-bis of Legislative Decree no. 58 of February 24, 1998, that the accounting disclosures of this document are consistent with the accounting documents, ledgers and entries.

Market Scenario

- The Personal Luxury Goods market, impacted by the COVID-19, expected to contract between -25% and -45% in full-year 2020 according to Bain & Co., with profitability decreasing more than proportionally. The partial recovery estimated in 2021 to take different patterns by region.
- Chinese and Asians consumers expressing an optimistic view and boosting luxury domestic demand also due to restrictions on travel, thus remaining relevant to customers remains key also in the other global markets.
- Online continuing to represent the highest growth channel, with digital increasing influence on luxury purchases and key to customers' return to physical stores.
- Ethics and sustainability to increase importance, with consumers prioritizing purposeful brands.
- September YtD air passengers traffic down 65%, with domestic flights at -38%, with domestic China and Russia the main positive contributors to domestic flights, with respectively -3% and +3% in September vs. last year.

9M 2020 Financial Review



Salvatore Ferragamo Co-ed SS 21 Fashion Show (Milan, September 26)

9M 2020 Revenue By Distribution Channel

(Euro MM)	Sept YTD			Const FX	Weight on Tot 2020	Weight on Tot 2019
	2020	2019	Δ %			
Retail	415.9	643.3	-35.3%	-34.8%	68.0%	64.7%
Wholesale	187.9	338.7	-44.5%	-45.6%	30.8%	34.1%
Licences & Other Rev.	5.7	8.3	-31.9%	-31.9%	0.9%	0.8%
Rental income	1.7	4.0	-57.3%	-57.2%	0.3%	0.4%
Total	611.2	994.4	-38.5%	-38.6%	100.0%	100.0%

- Total Revenues at 611 million Euros, down 38.5% (-38.6% at const. FX) vs. 9M'19.
- RTL down 35.3% (-34.8% at const. FX) in 9M'20, with Like-for-like performance -35.2%, negatively impacted by stores lock-down and significant lack of traffic.
- WHL down 44.5% (-45.6% at const. FX) in 9M'20, mainly penalized by the performance of the Travel Retail channel and of Fragrances.
- Group's store network at 646 points of sale, of which 393 DOS and 253 TPOS.

9M 2020 Revenue By Region

(Euro MM)	Sept YTD			Δ % Const FX	Weight on Tot 2020	Weight on Tot 2019
	2020	2019	Δ %			
Europe	142.4	258.7	-45.0%	-44.6%	23.3%	26.0%
North America	120.6	219.7	-45.1%	-47.5%	19.7%	22.1%
Japan	60.2	87.1	-30.9%	-31.2%	9.9%	8.8%
Asia Pacific	258.7	373.1	-30.6%	-30.3%	42.3%	37.5%
Latin America	29.3	55.7	-47.5%	-42.0%	4.8%	5.6%
Total	611.2	994.4	-38.5%	-38.6%	100.0%	100.0%

- APAC, representing over 42% of total sales, down 30.3% at const. FX in 9M'20. China RTL up 38.3% at const. FX in 3Q'20, and accelerating in October. Solid RTL growth trends in 3Q 2020 also in South Korea and in Taiwan, continuing in October.
- Japan down 31.2% at const. FX vs. 9M'19 and -13.6% at const. FX in 3Q'20, with RTL in October registering a solid increase vs. LY.
- EMEA down 44.6% at const. FX vs. 9M'19, penalized by the stores closures and the limited tourists' flows in the period.
- North America down 47.5% at const. FX vs. 9M'19.
- Latam down 42.0% at const. FX vs. 9M'19.

9M 2020 Revenue By Product

(Euro MM)	Sept YTD			Δ % Const FX	Weight on Tot 2020	Weight on Tot 2019
	2020	2019	Δ %			
Shoes	253.2	420.0	-39.7%	-40.0%	41.4%	42.3%
Leather goods & handbags	259.8	392.3	-33.8%	-33.7%	42.5%	39.5%
RTW	32.2	53.0	-39.2%	-39.1%	5.3%	5.3%
Silk & other access.	32.6	56.8	-42.6%	-42.1%	5.3%	5.7%
Fragrances	26.0	60.0	-56.6%	-56.7%	4.3%	6.0%
Licences & Other Rev.	5.7	8.3	-31.9%	-31.9%	0.9%	0.8%
Rental income	1.7	4.0	-57.3%	-57.2%	0.3%	0.4%
Total	611.2	994.4	-38.5%	-38.6%	100.0%	100.0%

➤ Shoes (-40.0% at const. FX vs. 9M'19) and Leather Goods & Handbags (-33.7%) representing 84% of total turnover.

➤ Fragrances, down 56.7%, at const. FX vs. 9M'19.

9M 2020 P&L

(Euro MM)	Sept YTD				
	2020	%	2019	%	Δ %
Total revenue	611.2	100.0%	994.4	100.0%	-38.5%
Cost of goods sold	(243.6)	-39.9%	(350.2)	-35.2%	-30.4%
Gross profit	367.6	60.1%	644.2	64.8%	-42.9%
Total operating costs	(437.7)	-71.6%	(538.9)	-54.2%	-18.8%
EBIT	(70.1)	-11.5%	105.2	10.6%	<-100%
Financial income (expenses)	(13.6)	-2.2%	(9.0)	-0.9%	50.3%
Financial ROU	(12.1)	-2.0%	(13.2)	-1.3%	-8.8%
EBT	(95.7)	-15.7%	83.0	8.3%	<-100%
Taxes	(0.3)	-0.1%	(21.5)	-2.2%	-98.4%
Net income	(96.1)	-15.7%	61.4	6.2%	<-100%
Group net income	(96.5)	-15.8%	60.0	6.0%	<-100%
Income to minorities	0.4	0.1%	1.5	0.1%	-72.2%
EBITDA	77.8	12.7%	242.7	24.4%	-67.9%

- Gross Profit -42.9% to 368 million Euros, with incidence on Revenues down 470 bps to 60.1%, mainly penalized in 3Q'20 by the channel mix and by the increase in provisions for obsolescence.
- Opex down 18.8% (-18.1% at const. FX), due to the containment initiatives on all costs lines, mainly rents renegotiation and reduction of personnel costs. Excluding the 1H impairment tests effect of over 9 million Euros, the Operating Costs decreased by 20.5% at current FX.
- EBIT negative for 70 million Euros (negative for 61 million Euros excluding 1H impairment tests) vs. 105 million Euros positive in 9M'19.
- Net Profit negative for 96 million Euros vs. 61 million Euros positive in 9M'19.

9M 2020 Balance Sheet

(Euro MM)	Sept 20 YTD	Sept 19 YTD	%
Tangible assets	245.769	295.964	-17.0%
Intangible assets	47.481	40.490	17.3%
Right of Use	497.045	587.193	-15.4%
Financial assets	–	–	–
Fixed assets	790.295	923.647	-14.4%
Inventory	372.126	407.556	-8.7%
Trade receivables	100.075	110.564	-9.5%
Trade payables	(130.103)	(182.855)	-28.8%
Operating working capital	342.099	335.264	2.0%
Other assets (liabilities)	98.598	72.441	36.1%
Net Asset Disposal for Sales	–	–	–
Employee Benefit Liabilities	(12.500)	(12.280)	1.8%
Provisions for risks and charges	(13.281)	(20.377)	-34.8%
Net invested capital	1,205.210	1,298.695	-7.2%
Shareholders' equity (A)	690.377	760.656	-9.2%
Group equity	668.757	737.209	-9.3%
Minority interest	21.619	23.447	-7.8%
Current financial liabilities	(272.441)	(167.859)	62.3%
Non current financial liabilities	(612.879)	(568.671)	7.8%
Cash & Cash equivalents	370.487	198.490	86.7%
Net debt (B)	(514.833)	(538.039)	-4.3%
Financial sources (A-B)	1,205.210	1,298.695	-7.2%
Net debt (B)	(514.833)	(538.039)	-4.3%
Non Current Lease Liabilities	483.265	568.671	-15.0%
Current Lease Liabilities	106.707	119.736	-10.9%
Lease Liabilities	589.972	688.406	-14.3%
Net debt Adjusted	75.139	150.367	-50.0%

- Net Working Capital up 2.0%, with Inventory down 8.7% (-2.8% at const. FX).
- Investments (CAPEX) at 15 million Euros, vs. 40 million Euros in 9M'19.
- Net Financial Position adj. (ex. IFRS16 impact) at 30 September 2020 positive for 75 million Euros, compared to 150 million Euros positive as of 30 September 2019. Including IFRS16 effect, the Net Financial Position at 30 September 2020 is negative for 515 million Euros.

Group POS Number by Region @ 30.09.2020

	Act September '20	Act December '19	Net Openings in the period
Europe	161	162	-1
USA	96	99	-3
Latin America	61	62	-1
Asia Pacific	259	264	-5
Japan	69	67	2
Total POS n.	646	654	-8
<i>DOS</i>	<i>393</i>	<i>393</i>	<i>0</i>
<i>TPOS</i>	<i>253</i>	<i>261</i>	<i>-8</i>

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Q&A

