



PRESS RELEASE

Salvatore Ferragamo S.p.A.

The Board of Directors approves the Half Year Financial Report as of 30 June 2018

Salvatore Ferragamo Group Six Months Revenue -6.2%, Gross Operating Profit (EBITDA¹) -14.5%, Net Profit -23.1% and Positive Net Financial Position of 101 million Euros

Micaela Le Divelec Lemmi appointed CEO

- **Revenues: 674 million Euros (-6.2% vs. 718 million Euros at 30 June 2017, -3.4% constant exchange rates²) with Retail Revenue -5.2% and Wholesale Revenue -7.6%**
- **Gross Operating Profit (EBITDA¹): 117 million Euros (-14.5% vs. 136 million Euros at 30 June 2017)**
- **Operating Profit (EBIT): 85 million Euros (-18.5% vs. 105 million Euros at 30 June 2017)**
- **Net Profit: 59 million Euros (-23.1% vs. 76 million Euros at 30 June 2017)**
- **Net Financial Position: positive at 101 million Euros (vs. 25 million Euros positive at 30 June 2017)**
- **Micaela Le Divelec Lemmi appointed CEO**

Florence, 31 July 2018 – 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 Half Year Financial Report as of 30 June 2018, prepared according to IAS/IFRS international accounting principles (Limited Audit).



Notes to the Income Statement for 1H 2018

Consolidated Revenue

As of 30 June 2018, the Salvatore Ferragamo Group reported Total Revenues of 674 million Euros down 6.2% at current exchange rates (-3.4% at constant exchange rates²) over the 718 million Euros recorded in 1H 2017.

Revenues by distribution channel³

As of 30 June 2018, the Group's Retail network counted on a total of 677 points of sales, including 407 Directly Operated Stores (DOS) and 270 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 1H 2018 the Retail distribution channel posted consolidated Revenues down 5.2% (-2.2% at constant exchange rates²), showing a -2.0% at constant exchange rates and perimeter (like-for-like) vs. 1H 2017, affected by lower end-of-season sales.

The Wholesale channel, registered a decrease in Revenues of 7.6% at current exchange rates (-5.3% at constant exchange rates²) vs. 1H 2017.

Revenues by geographical area³

The Asia Pacific area is confirmed as the Group's top market in terms of Revenues, decreasing by 5.5% (-2.7% at constant exchange rates²) vs. 1H 2017. The retail channel in China, after a very strong 1H 2017 (+15.5% at constant exchange rates²), recorded a slightly negative (-1.0%) Revenue performance in 1H 2018 at constant exchange rates², while the trend in Hong Kong continued to be very strong (+32.0% at constant exchange rates²). South Korea continued to show a weak trend, mostly due to the significant decrease of Chinese tourists and the rationalization of the store network.

Europe in 1H 2018 posted a decrease in Revenues of 6.5% (-6.3% at constant exchange rates²).

North America in 1H 2018 recorded a Revenue decrease of 7.1% vs. 1H 2017, penalized by the currency trend (-1.4% at constant exchange rates²). The retail channel registered a growth at constant exchange rates², while the wholesale channel continued to show a negative trend still negatively impacted by the department stores sales.

The Japanese market registered a 4.2% decrease (-4.8% at constant exchange rates²) in 1H 2018, mainly due to the strategic rationalization of the wholesale channel, while the retail channel registered a positive trend.



Revenues in the Central and South America in 1H 2018 were down 8.6%, penalized by the currencies trend (+0.5% at constant exchange rates²).

Revenues by product category³

Among the product categories, at constant exchange rates², footwear posted a decrease of 5.5% decrease vs. 1H 2017, while handbags and leather accessories showed a 1.6% increase and fragrances registered a 8.9% decrease.

Gross Profit

In 1H 2018 the Gross Profit decreased by 7.7% to 432 million Euros. Its incidence on Revenues was down 110 basis points, moving to 64.1%, from 65.2% of 1H 2017, mainly due to the negative impact of currencies.

Operating Costs

In 1H 2018 Operating Costs decreased, at current exchange rates, by 4.6% (+0.6% at constant exchange rates²), to 347 million Euros, from 363 million Euros in 1H 2017. Attention to costs persists, in particular Communication and Marketing expenses were partly deferred due to the arrival of the new Marketing Director.

Gross Operating Profit (EBITDA¹)

The Gross Operating Profit (EBITDA¹) decreased by 14.5% over the period, to 117 million Euros, from 136 million Euros of 1H 2017, with an incidence on Revenues of 17.3% from 19.0% in 1H 2017.

Operating Profit (EBIT)

The Operating Profit (EBIT) was down 18.5% vs. 1H 2017, to 85 million Euros, with an incidence on Revenues of 12.7% from 14.6%.

Profit before taxes

The Profit before taxes in 1H 2018 amounted to 80 million Euros (-18.8% vs. 1H 2017), with an incidence on Revenues of 11.8% vs. 13.6% in 1H 2017.



Net Profit for the Period

The Net Profit for the period, including the Minority Interest, was 59 million Euros, marking a 23.1% decrease, vs. the 76 million Euros reported in 1H 2017. To highlight the tax rate increase, due to the lower deferred tax assets charge in the US, following the change in the tax rate.

The 1H 2018 Group Net Profit was 57 million Euros, compared to 78 million Euros in 1H 2017, marking a decrease of 26.7%.

Notes to the Balance Sheet for 1H 2018

Net Working Capital⁴

The Net Working Capital as of 30 June 2018 decreased by 4.0% to 318 million Euros, from 331 million Euros as of 30 June 2017.

Investments (CAPEX)

Investments (CAPEX) was 32 million Euros as of 30 June 2018 vs. 29 million Euros in 1H 2017, mainly for the Distribution Center, the store network and the IT projects.

Net Financial Position

The Net Financial Position at 30 June 2018 was positive for 101 million Euros, compared to 25 million Euros positive as of 30 June 2017.



Salvatore Ferragamo Group sales, margins and results for full year 2018 are expected to be negatively impacted by the current currencies trends, by the enduring unfavourable retail channel mix and by the difficult wholesale environment. In this context the company will continue to invest in a focused program aimed at relaunching the Brand and optimizing the processes.

During today's meeting, the Board of Directors has appointed by co-optation, with the favorable opinion of the Compensation and Appointment Committee as well as of the Statutory Auditors, Mrs. Micaela Le Divelec Lemmi as new Director pursuant to article 2386, clause 1, of the Italian civil code, replacing Director Raffaella Pedani who resigned with immediate effect.

The Board has also appointed Mrs. Micaela Le Divelec Lemmi as the Company's Chief Executive Officer, with powers of ordinary administration, except for those powers explicitly reserved for the Board of Directors' exclusive jurisdiction. Mrs. Micaela Le Divelec Lemmi has taken office immediately and until the next Shareholders Meeting.

Micaela Le Divelec Lemmi, who joined the Ferragamo Group on April 2018 as General Manager, has a long-term experience in the fashion and luxury industry having worked for 20 years within the Kering Group with growing responsibilities. She first joined the Finance Department, then she has been appointed CFO at Gucci in 2008 and Executive Vice President and Chief Operations Officer in 2013. In 2014 she became also Richard Ginori's CEO, under the control of the Kering Group, until 2015 when she has been named Executive Vice President and Chief Consumer Officer of Gucci.

Micaela Le Divelec Lemmi Curriculum Vitae is available on the Salvatore Ferragamo S.p.A. website <http://group.ferragamo.com> in the Governance/Board of Directors section.

Micaela Le Divelec Lemmi has also taken the office as the Director in charge of the internal control and risk management system, and as a member of the Committee of Product and Brand Strategies of the Company.

The Board of Directors, based on the new Director's announcement and the information at the Company's disposal, has verified that Mrs. Le Divelec Lemmi possesses the reputation requirements and there are no reasons for ineligibility and incompatibility, as required by the current regulations.



We inform that Micaela Le Divelec Lemmi currently does not hold Salvatore Ferragamo ordinary shares.

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 1H 2017, not including the "hedging effect", the average exchange rates of 1H 2018. Operating Costs at "constant exchange rates" are calculated by applying to the Operating Costs of 1H 2017, the average exchange rates of 1H 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, right of return assets and trade receivables net of trade payables and refund 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 manager charged to prepare the corporate accounting documents, Ugo Giorcelli, 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 Half Year Financial Report as of 30 June 2018, approved by the Board of Directors on July 31 2018, 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 Salvatore Ferragamo Group's website <http://group.ferragamo.com> in the section "Investor Relations/Financial Documents", in compliance with the law.

<p>The Results of 1H 2018 will be illustrated today, 31 July 2018, 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.</p>

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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 677 mono-brand stores as of 30 June 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".

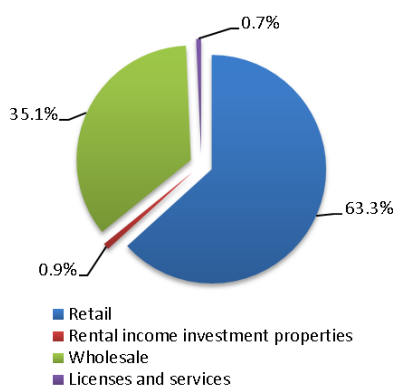
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On the following pages, a more detailed analysis of Revenues, the consolidated income statement, the summary of statement of financial position, the net financial position, and the consolidated cash flow statement of the Salvatore Ferragamo Group as of 30 June 2018.

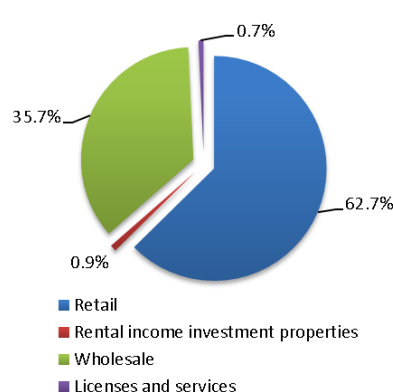
Revenue by distribution channel as of 30 June 2018

(In thousands of Euro)	Half-year period ended 30 June					at constant exchange rate % Change
	2018	% on Revenue	2017	% on Revenue	% Change	
Retail	426,208	63.3%	449,695	62.7%	(5.2%)	(2.2%)
Wholesale	236,877	35.1%	256,308	35.7%	(7.6%)	(5.3%)
Licenses and services	4,651	0.7%	5,288	0.7%	(12.0%)	(12.0%)
Rental income investment properties	5,953	0.9%	6,632	0.9%	(10.2%)	0.3%
Total	673,689	100.0%	717,923	100.0%	(6.2%)	(3.4%)

Revenue by distribution channel as at 30 June 2018



Revenue by distribution channel as at 30 June 2017

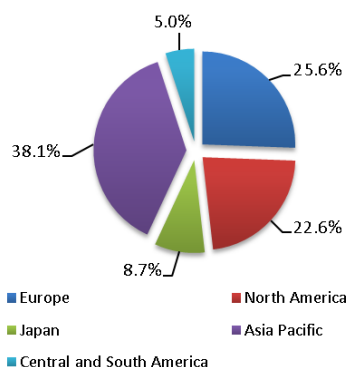


Revenue by geographic area as of 30 June 2018

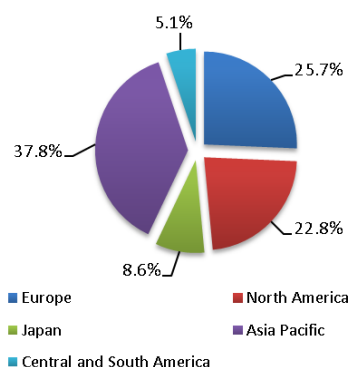
(In thousands of Euro)	Half-year period ended 30 June					at constant exchange rate % Change
	2018	% on Revenue	2017	% on Revenue	% Change	
Europe	172,360	25.6%	184,351	25.7%	(6.5%)	(6.3%)
North America	152,263	22.6%	163,838	22.8%	(7.1%)	(1.4%)
Japan	58,874	8.7%	61,432	8.6%	(4.2%)	(4.8%)
Asia Pacific	256,403	38.1%	271,341	37.8%	(5.5%)	(2.7%)
Central and South America	33,789	5.0%	36,961	5.1%	(8.6%)	0.5%
Total	673,689	100.0%	717,923	100.0%	(6.2%)	(3.4%)

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Revenue by geographic area as at 30 June 2018



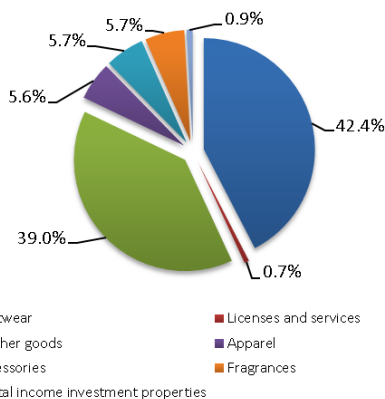
Revenue by geographic area as at 30 June 2017



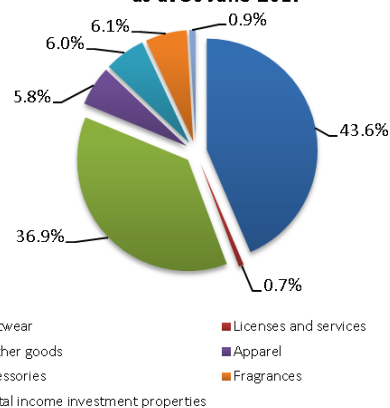
Revenue by product category as of 30 June 2018

(In thousands of Euro)	Half-year period ended 30 June				% Change	at constant exchange rate % Change
	2018	% on Revenue	2017	% on Revenue		
Footwear	285,645	42.4%	312,692	43.6%	(8.6%)	(5.5%)
Leather goods	262,779	39.0%	265,267	36.9%	(0.9%)	1.6%
Apparel	37,542	5.6%	41,657	5.8%	(9.9%)	(7.9%)
Accessories	38,379	5.7%	42,829	6.0%	(10.4%)	(7.9%)
Fragrances	38,740	5.7%	43,558	6.1%	(11.1%)	(8.9%)
Licenses and services	4,651	0.7%	5,288	0.7%	(12.0%)	(12.0%)
Rental income investment properties	5,953	0.9%	6,632	0.9%	(10.2%)	0.3%
Total	673,689	100.0%	717,923	100.0%	(6.2%)	(3.4%)

Revenue by product category as at 30 June 2018



Revenue by product category as at 30 June 2017





Consolidated results for Salvatore Ferragamo Group

Consolidated income statement as of 30 June 2018

(In thousands of Euro)	Half-year period ended 30 June				
	2018	% on Revenue	2017	% on Revenue	% Change
Revenue from contracts with customers	667,736	99.1%	711,291	99.1%	(6.1%)
Rental income investment properties	5,953	0.9%	6,632	0.9%	(10.2%)
Revenues	673,689	100.0%	717,923	100.0%	(6.2%)
Cost of goods sold	(241,670)	(35.9%)	(249,691)	(34.8%)	(3.2%)
Gross profit	432,019	64.1%	468,232	65.2%	(7.7%)
Style, product development and logistics costs	(23,735)	(3.5%)	(22,101)	(3.1%)	7.4%
Sales & distribution costs	(221,982)	(33.0%)	(243,458)	(33.9%)	(8.8%)
Marketing & communication costs	(35,216)	(5.2%)	(34,644)	(4.8%)	1.7%
General and administrative costs	(61,948)	(9.2%)	(57,860)	(8.1%)	7.1%
Other operating costs	(8,486)	(1.3%)	(10,285)	(1.4%)	(17.5%)
Other income	4,823	0.7%	4,939	0.7%	(2.3%)
Total operating costs (net of other income)	(346,544)	(51.4%)	(363,409)	(50.6%)	(4.6%)
Operating profit	85,475	12.7%	104,823	14.6%	(18.5%)
Financial charges	(26,423)	(3.9%)	(28,502)	(4.0%)	(7.3%)
Financial income	20,548	3.1%	21,653	3.0%	(5.1%)
Profit before taxes	79,600	11.8%	97,974	13.6%	(18.8%)
Income taxes	(20,987)	(3.1%)	(21,741)	(3.0%)	(3.5%)
Net profit/(loss) for the period	58,613	8.7%	76,233	10.6%	(23.1%)
Net profit/(loss) - Group	57,463	8.5%	78,410	10.9%	(26.7%)
Net profit/(loss) - minority interests	1,150	0.2%	(2,177)	(0.3%)	(152.8%)
EBITDA(*)	116,600	17.3%	136,331	19.0%	(14.5%)

(*) 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 30 June 2018

(In thousands of Euro)	30 June 2018	31 December 2017	% Change
Property, plant and equipment	254,068	249,600	1.8%
Investment property	6,150	6,139	0.2%
Intangible assets with definite useful life	42,176	43,593	(3.3%)
Inventories and Right of return assets	373,777	325,516	14.8%
Trade receivables	147,481	148,583	(0.7%)
Trade payables and Refund liabilities	(203,442)	(203,613)	(0.1%)
Other non current assets/(liabilities), net	13,163	7,963	65.3%
Other current assets/(liabilities), net	14,605	42,169	(65.4%)
Assets/(Liabilities) held for sale, net	-	990	(100.0%)
Net invested capital	647,978	620,940	4.4%
Group shareholders' equity	723,522	722,250	0.2%
Minority interests	25,908	26,181	(1.0%)
Shareholders' equity (A)	749,430	748,431	0.1%
Net financial debt (B) (1)	(101,452)	(127,491)	(20.4%)
Total sources of financing (A+B)	647,978	620,940	4.4%

(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.

Consolidated Net financial position as of 30 June 2018

(In thousands of Euro)	30 June 2018	31 December 2017	Change 2018 vs 2017
A. Cash	1,179	1,909	(730)
B. Other cash equivalents	157,709	210,179	(52,470)
C. Cash and cash equivalents (A)+(B)	158,888	212,088	(53,200)
Derivatives – non-hedge component	419	341	78
Other financial assets	-	-	-
D. Current financial receivables	419	341	78
E. Current bank payables	38,790	66,529	(27,739)
F. Derivatives – non-hedge component	130	226	(96)
G. Other current financial payables	3,408	3,276	132
H. Current financial debt (E)+(F)+(G)	42,328	70,031	(27,703)
I. Current financial debt, net (H)-(C)-(D)	(116,979)	(142,398)	25,419
J. Non current bank payables	15,499	14,814	685
K. Derivatives – non-hedge component	28	93	(65)
M. Other non current financial payables	-	-	-
N. Non-current financial debt (J)+(K)+(M)	15,527	14,907	620
O. Net financial debt (I)+(N)	(101,452)	(127,491)	26,039



Consolidated statement of cash flows as of 30 June 2018

(In thousands of Euro)	Half-year period ended 30 June	
	2018	2017
Net profit / (loss) for the period	58,613	76,233
Depreciation, amortization and write down of property, plant and equipment, intangible assets and investment properties	31,125	31,508
Net change in deferred taxes	1,272	(1,448)
Net change in provision for employee benefit plans	45	(115)
Loss/(gain) on disposal of tangible and intangible assets	93	338
Other non cash items	857	1,277
Net change in net working capital	(27,166)	8,649
Net change in other assets and liabilities	10,943	12,620
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	75,782	129,062
Purchase of tangible assets	(27,945)	(19,846)
Purchase of intangible assets	(5,806)	(4,820)
Net change in available-for-sale financial assets	-	5
Proceeds from the sale of tangible and intangible assets	77	27
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(33,674)	(24,634)
Net change in financial payables	(28,486)	(22,153)
Payment of dividends	(66,881)	(77,643)
Purchase of minority interests in companies consolidated on a line-by line basis	-	(804)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(95,367)	(100,600)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,259)	3,828
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	212,088	117,249
Net increase / (decrease) in cash and cash equivalents	(53,259)	3,828
Net effect of translation of foreign currencies	59	2,288
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	158,888	123,365