

*Salvatore Ferragamo*

**1Q 2019  
Results Update**

**Analyst Presentation**



May 14, 2019 - 6.00 PM CET

# Disclaimer

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# Market Scenario

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- The Personal Luxury Goods is estimated to grow 6% in FY'19, at an established 'normal' growth level, after a stronger FY'18.
- Chinese consumption expected to grow 13-15% in FY'19, with repatriation of luxury consumption driving Mainland growth at 2x foreign travel spend.
- Made-in Italy and Sustainability continue to strengthen their lead among luxury consumers and among Millennials.
- Social Media role is key, greatest influence lever in China, with influencers' relevance increasing, affecting 2x as many luxury consumers in China than in Europe and US.
- Online luxury market increasingly strategic, with brands increasing investments in omni-channel capabilities and looking for more business opportunities with selected third-parties.
- Air passengers traffic still growing and totaling +4.8% in March YtD, despite slow down in March due to Easter calendar vs. last year.

# 1Q 2019 Financial Review



Salvatore Ferragamo SS 19 Advertising Campaign

# 1Q 2019 Revenue By Distribution Channel

(Euro MM)	March YTD			Δ % Const FX	Weight on Tot 2019	Weight on Tot 2018
	2019	2018	Δ %			
Retail	199.3	191.9	3.9%	3.2%	62.8%	63.1%
Wholesale	112.8	106.9	5.5%	7.0%	35.6%	35.2%
Licences & Other Rev.	2.9	2.2	28.5%	28.5%	0.9%	0.7%
Rental income	2.1	2.9	-26.5%	-32.1%	0.7%	1.0%
<b>Total</b>	<b>317.1</b>	<b>303.9</b>	<b>4.3%</b>	<b>4.3%</b>	<b>100.0%</b>	<b>100.0%</b>

- Total Revenues at 317 million Euros, up 4.3% (+4.3% at constant FX) vs. 1Q 2018, with FX gains totally off-set by hedging.
- RTL up 3.9% (+3.2% at constant FX) vs. 1Q 2018, with like-for-like performance positive 2.2%, despite the negative performance of the secondary channel.
- WHL up 5.5% (+7.0% at constant FX) vs. 1Q 2018, thanks to a positive performance in the main geographical areas and to a double-digit growth in the Travel Retail channel, despite the negative performance of the fragrances business.
- Group's store network at 662 points of sale, of which 398 DOS and 264 TPOS.

# 1Q 2019 Revenue By Region

(Euro MM)	March YTD				Weight on Tot 2019	Weight on Tot 2018
	2019	2018	Δ %	Δ % Const FX		
EMEA	80.4	78.2	2.8%	2.8%	25.4%	25.7%
North America	65.4	65.4	-0.1%	-0.7%	20.6%	21.5%
Japan	30.3	29.7	2.1%	2.1%	9.6%	9.8%
Asia Pacific	122.8	114.5	7.2%	7.9%	38.7%	37.7%
Latin America	18.2	16.0	13.8%	12.0%	5.7%	5.3%
<b>Total</b>	<b>317.1</b>	<b>303.9</b>	<b>4.3%</b>	<b>4.3%</b>	<b>100.0%</b>	<b>100.0%</b>

- APAC up 7.9% at const. FX in 1Q 2019, with a solid performance of the Retail channel in China (+17.7% at const. FX).
- EMEA up 2.8% at const. FX vs. 1Q 2018, with a positive performance in both distribution channels.
- North America -0,7% at const. FX vs. 1Q 2018.
- Japan up 2.1% at const. FX vs. 1Q 2018, with a positive trend both in the Retail and in the Wholesale channel.
- Latam up 12.0% at const. FX vs. 1Q 2018.

# 1Q 2019 Revenue By Product

(Euro MM)	March YTD			Δ % Const FX	Weight on Tot 2019	Weight on Tot 2018
	2019	2018	Δ %			
Shoes	132,2	123,5	7,0%	7,3%	41,7%	40,6%
Leather goods & handbags	125,9	116,2	8,4%	8,7%	39,7%	38,2%
RTW	17,7	18,6	-5,0%	-4,6%	5,6%	6,1%
Silk & other access.	18,9	17,9	5,3%	5,1%	5,9%	5,9%
Fragrances	17,4	22,6	-22,8%	-24,3%	5,5%	7,4%
Licences & Other Rev.	2,9	2,2	28,5%	28,5%	0,9%	0,7%
Rental income	2,1	2,9	-26,5%	-32,1%	0,7%	1,0%
<b>Total</b>	<b>317,1</b>	<b>303,9</b>	<b>4,3%</b>	<b>4,3%</b>	<b>100,0%</b>	<b>100,0%</b>

- Shoes up 7.3% at const. FX vs. 1Q 2018.
- Leather Goods & Handbags up 8.7% at const. FX vs. 1Q 2018.
- Fragrances down 24.3%, at const. FX vs. 1Q 2018, mainly due to a different timing in product launches vs. last year.

# 1Q 2019 P&L

(Euro MM)			March YTD					
	2019	%	Restated 2019	%	2018	%	Δ %	Restated Δ %
<b>Total revenue</b>	<b>317.1</b>	<b>100.0%</b>	<b>317.1</b>	<b>100.0%</b>	<b>303.9</b>	<b>100.0%</b>	<b>4.3%</b>	<b>4.3%</b>
Cost of goods sold	(116.5)	-36.7%	(116.5)	-36.7%	(114.5)	-37.7%	1.8%	1.8%
<b>Gross profit</b>	<b>200.6</b>	<b>63.3%</b>	<b>200.6</b>	<b>63.3%</b>	<b>189.4</b>	<b>62.3%</b>	<b>5.9%</b>	<b>5.9%</b>
Total operating costs	(179.4)	-56.6%	(183.7)	-57.9%	(172.4)	-56.7%	4.1%	6.6%
<b>EBIT</b>	<b>21.2</b>	<b>6.7%</b>	<b>16.9</b>	<b>5.3%</b>	<b>17.1</b>	<b>5.6%</b>	<b>24.0%</b>	<b>-1.2%</b>
Financial income (expenses)	(1.6)	-0.5%	(1.6)	-0.5%	(2.5)	-0.8%	-38.0%	-38.0%
Financial ROU	(4.3)	-1.4%	–	0.0%	–	0.0%	n.a.	n.a.
<b>EBT</b>	<b>15.3</b>	<b>4.8%</b>	<b>15.3</b>	<b>4.8%</b>	<b>14.6</b>	<b>4.8%</b>	<b>5.1%</b>	<b>5.1%</b>
Taxes	(4.3)	-1.3%	(4.3)	-1.3%	(5.6)	-1.8%	-24.2%	-24.2%
<b>Net income</b>	<b>11.0</b>	<b>3.5%</b>	<b>11.0</b>	<b>3.5%</b>	<b>8.9</b>	<b>2.9%</b>	<b>23.5%</b>	<b>23.5%</b>
Group net income	10.2	3.2%	10.2	3.2%	9.2	3.0%	10.8%	10.8%
Income to minorities	0.9	0.3%	0.9	0.3%	(0.2)	-0.1%	<-100%	<-100%
<b>EBITDA</b>	<b>65.1</b>	<b>20.5%</b>	<b>33.8</b>	<b>10.7%</b>	<b>32.4</b>	<b>10.7%</b>	<b>&gt;100%</b>	<b>4.1%</b>

➤ Gross Profit +5.9% to 201 million Euros, with incidence on Revenues up 100 bps to 63.3%, mainly due to increase of full-price sales and positive product mix.

➤ Opex adj. (ex. IFRS16 impact) up 6.6% (+3.2% at const. FX), mainly due the reinforcement of the organization, the increase in rentals and other costs.

➤ EBITDA adj. (ex. IFRS16 impact) up 4.1% to 34 million Euros, with incidence on Revenues stable at 10.7%.

➤ Tax rate at 27.8%, vs. 38.6% in 1Q 2018 (that LY was negatively impacted by the tax rate change in the US).

➤ Net Profit at 11 million Euros, up 23.5% vs. 1Q 2018.



# 1Q 2019 Balance Sheet

(Euro MM)	Mar 19 YTD	Mar 18 YTD	%
Tangible assets	299.544	249.809	19.9%
Intangible assets	41.230	42.009	-1.9%
Right of Use	565.070	–	na
Financial assets	–	–	
<b>Fixed assets</b>	<b>905.843</b>	<b>291.818</b>	<b>210.4%</b>
Inventory	383.603	359.189	6.8%
Trade receivables	127.955	122.299	4.6%
Trade payables	(210.695)	(195.419)	7.8%
<b>Operating working capital</b>	<b>300.862</b>	<b>286.068</b>	<b>5.2%</b>
Other assets (liabilities)	85.082	71.659	18.7%
Net Asset Disposal for Sales	–	0.846	-100.0%
Employee Benefit Liabilities	(11.452)	(11.446)	0.0%
Provisions for risks and charges	(20.209)	(12.253)	64.9%
<b>Net invested capital</b>	<b>1,260.127</b>	<b>626.692</b>	<b>101.1%</b>
<b>Shareholders' equity (A)</b>	<b>774.536</b>	<b>767.976</b>	<b>0.9%</b>
Group equity	745.979	741.520	0.6%
Minority interest	28.557	26.456	7.9%
Current financial liabilities	(135.601)	(52.629)	157.7%
Non current financial liabilities	(567.151)	(15.347)	3595.5%
Cash & Cash equivalents	217.161	209.260	3.8%
<b>Net debt (B)</b>	<b>(485.591)</b>	<b>141.284</b>	<b>-443.7%</b>
<b>Financial sources (A-B)</b>	<b>1,260.127</b>	<b>626.692</b>	<b>101.1%</b>
<b>Net debt (B)</b>	<b>(485.591)</b>	<b>141.284</b>	<b>-443.7%</b>
Non Current Lease Liabilities	551.076	–	n.a.
Current Lease Liabilities	113.208	–	n.a.
<b>Lease Liabilities</b>	<b>664.284</b>	<b>–</b>	<b>n.a.</b>
<b>Net debt Adjusted</b>	<b>178.692</b>	<b>141.284</b>	<b>26.5%</b>

- Net Working Capital up 5.2%, with Inventory up 6.8% (+6.1%at const. FX).
- Investments (CAPEX) at 9 million Euros, in line with 1Q 2018, mainly for the store network renovations and the IT projects.
- Net Financial Position adj. (ex. IFRS16 impact) at 31 March 2019 positive for 179 million Euros, compared to 141 million Euros positive as of 31 March 2018. Including IFRS16 effect, the Net Financial Position at 31 March 2019 is negative for 486 million Euros .

# Group POS Number by Region @ 31.03.2019

	Act March '19	Act December '18	Net Openings in the period	Act March '18
<b>EMEA</b>	<b>172</b>	<b>174</b>	<b>-2</b>	<b>174</b>
<b>USA</b>	<b>97</b>	<b>99</b>	<b>-2</b>	<b>104</b>
<b>Latin America</b>	<b>63</b>	<b>63</b>	<b>0</b>	<b>63</b>
<b>Asia Pacific</b>	<b>262</b>	<b>265</b>	<b>-3</b>	<b>267</b>
<b>Japan</b>	<b>68</b>	<b>71</b>	<b>-3</b>	<b>70</b>
<b>Total POS n.</b>	<b>662</b>	<b>672</b>	<b>-10</b>	<b>678</b>
<i>DOS</i>	<i>398</i>	<i>409</i>	<i>-11</i>	<i>406</i>
<i>TPOS</i>	<i>264</i>	<i>263</i>	<i>1</i>	<i>272</i>

# Salvatore Ferragamo

## 1Q 2019 Results Update

Q&A

