1Q 2018 Results Update

Analyst Presentation

May 7, 2018 - 6.00 PM CET
Disclaimer

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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

- Personal Luxury market expected growth at mid-single digit in 2018, with interception of millennials’ demand key for success.

- Retail downsizing or no space growth expected in 2018, with also decreasing exposure to department stores.

- Chinese luxury spending expect to grow high single digit in 2018 thanks to solid consumer sentiment and stronger fundamentals, and also repatriation of luxury spend should continue due to narrowed pricing differential, greater assortment in-store and on-line and focused government policies.

- Air passengers traffic grew 5.9% YoY YtD in February 2018, the slowest annual growth over this period in 5 years, but affected by a hard comparison base and still above 10-year average (+5.5%). The key point is that global passenger volumes have continued to trend upwards solidly in recent months (+6-6.5% annualized rate).

- Digital expected to remain key, with on-line to continue to be the fastest growing channel also in 2018, becoming even more critical as a marketing tool.

- US currency representing a significant headwind for European brands in 2018.
1Q 2018
Financial Review

Salvatore Ferragamo SS 18 Advertising Campaign
## 1Q 2018 Revenue By Distribution Channel

<table>
<thead>
<tr>
<th>(Euro MM)</th>
<th>March YTD</th>
<th>Δ %</th>
<th>Weight on Tot 2018</th>
<th>Weight on Tot 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>191,9</td>
<td>199,1</td>
<td>-3,6%</td>
<td>63,1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-0,2%</td>
<td>64,4%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>106,9</td>
<td>104,2</td>
<td>2,6%</td>
<td>35,2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5,9%</td>
<td>33,7%</td>
</tr>
<tr>
<td>Licences &amp; Other Rev.</td>
<td>2,2</td>
<td>2,5</td>
<td>-10,8%</td>
<td>0,7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-10,8%</td>
<td>0,8%</td>
</tr>
<tr>
<td>Rental income</td>
<td>2,9</td>
<td>3,4</td>
<td>-13,4%</td>
<td>1,0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-0,1%</td>
<td>1,1%</td>
</tr>
<tr>
<td>Total</td>
<td>303,9</td>
<td>309,1</td>
<td>-1,7%</td>
<td>100,0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,7%</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

- Total Revenues at 304 million Euros, down 1.7% (+1.7% at constant FX) vs. 1Q’17.
- RTL down 3.6% (-0.2% at constant FX) vs. 1Q’17, with like-for-like performance of +0.3%.
- WHL up 2.6% vs. 1Q’17 (+5.9% at constant FX) with the travel retail channel reporting a double-digit growth.
- Group's store network at 678 points of sale, of which 406 DOS and 272 TPOS.
### 1Q 2018 Revenue By Region

<table>
<thead>
<tr>
<th>Region</th>
<th>March YTD (Euro MM)</th>
<th>2018</th>
<th>2017</th>
<th>Δ %</th>
<th>Δ % Const</th>
<th>Weight on Tot 2018</th>
<th>Weight on Tot 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>78,2</td>
<td>77,1</td>
<td>1,4%</td>
<td>1,9%</td>
<td>1,4%</td>
<td>25,7%</td>
<td>24,9%</td>
</tr>
<tr>
<td>North America</td>
<td>65,4</td>
<td>69,7</td>
<td>-6,1%</td>
<td>2,4%</td>
<td>-6,1%</td>
<td>21,5%</td>
<td>22,6%</td>
</tr>
<tr>
<td>Japan</td>
<td>29,7</td>
<td>31,7</td>
<td>-6,3%</td>
<td>-8,0%</td>
<td>-6,3%</td>
<td>9,8%</td>
<td>10,3%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>114,5</td>
<td>113,2</td>
<td>1,2%</td>
<td>4,6%</td>
<td>1,2%</td>
<td>37,7%</td>
<td>36,6%</td>
</tr>
<tr>
<td>Latin America</td>
<td>16,0</td>
<td>17,4</td>
<td>-8,3%</td>
<td>-1,4%</td>
<td>-8,3%</td>
<td>5,3%</td>
<td>5,6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>303,9</strong></td>
<td><strong>309,1</strong></td>
<td><strong>-1,7%</strong></td>
<td><strong>1,7%</strong></td>
<td><strong>-1,7%</strong></td>
<td><strong>100,0%</strong></td>
<td><strong>100,0%</strong></td>
</tr>
</tbody>
</table>

- APAC up 4.6% at constant FX in 1Q’18. Mainland China RTL showing a stable trend at const FX vs. a hard comp base (+18.1% at const FX in 1Q’17), while Hong Kong significantly accelerating (+34.1% at const FX in 1Q’18). South Korea still showing a weak trend.

- Europe up 1.9% at const FX vs. 1Q’17, thanks to the WHL channel.

- North America up 2.4% at const FX in 1Q’18, with RTL channel showing a double-digit growth and WHL still penalized by the performance of the Department Stores.

- Japan down 8.0% at const FX vs. 1Q’17, mainly due to the strategic WHL channel rationalization.

- Latam down 1.4% at const FX in 1Q’18, penalized by the hard comparison base (+12.6% in 1Q’17).
Shoes down 1.6% at const FX vs. 1Q’17.

Leather Goods & Handbags up 6.8% at const FX vs. 1Q’17.

Fragrances up 12.7% at const FX vs. 1Q’17.
1Q 2018 P&L

Gross Profit down 3.6% to 189 million Euros, with incidence on Revenues -130 basis points to 62.3%, mainly due to the unfavorable channel mix and the negative FX impact.

Operating Costs down 3.9% (+2.9% at constant FX), mainly due to the strengthening of the store network and of the organization.

EBITDA down 1.9% to 32 million Euros, with incidence on Revenues stable at 10.7%.

Tax rate increase due to the lower deferred tax assets charge in the US, following the change in the tax rate.

Net Profit at 9 million Euros, down 18.8% vs. the 11 million Euros reported in 1Q’17.
1Q 2018 Balance Sheet

<table>
<thead>
<tr>
<th>(Euro MM)</th>
<th>Mar 18 YTD</th>
<th>Mar 17 YTD</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible assets</td>
<td>249,8</td>
<td>250,7</td>
<td>-0,4%</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>42,0</td>
<td>36,1</td>
<td>16,5%</td>
</tr>
<tr>
<td>Financial assets</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td>291,8</td>
<td>286,8</td>
<td>1,8%</td>
</tr>
<tr>
<td>Inventory</td>
<td>359,2</td>
<td>383,7</td>
<td>-6,4%</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>122,3</td>
<td>127,1</td>
<td>-3,8%</td>
</tr>
<tr>
<td>Trade payables</td>
<td>(195,4)</td>
<td>(188,0)</td>
<td>3,9%</td>
</tr>
<tr>
<td><strong>Operating working capital</strong></td>
<td>286,1</td>
<td>322,7</td>
<td>-11,4%</td>
</tr>
<tr>
<td>Other assets (liabilities)</td>
<td>71,7</td>
<td>98,4</td>
<td>-27,2%</td>
</tr>
<tr>
<td>Net Asset Disposal for Sales</td>
<td>0,8</td>
<td>–</td>
<td>nm</td>
</tr>
<tr>
<td>Severance indemnity</td>
<td>(11,4)</td>
<td>(12,3)</td>
<td>-7,0%</td>
</tr>
<tr>
<td>Risk funds</td>
<td>(12,3)</td>
<td>(14,7)</td>
<td>-16,6%</td>
</tr>
<tr>
<td><strong>Net invested capital</strong></td>
<td>626,7</td>
<td>680,9</td>
<td>-8,0%</td>
</tr>
<tr>
<td><strong>Shareholders’ equity (A)</strong></td>
<td>768,0</td>
<td>728,3</td>
<td>5,5%</td>
</tr>
<tr>
<td>Group equity</td>
<td>741,5</td>
<td>699,8</td>
<td>6,0%</td>
</tr>
<tr>
<td>Minority interest</td>
<td>26,5</td>
<td>28,5</td>
<td>-7,0%</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>(52,6)</td>
<td>(121,2)</td>
<td>-56,6%</td>
</tr>
<tr>
<td>Non current financial liabilities</td>
<td>(15,3)</td>
<td>(0,4)</td>
<td>3878,2%</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>209,3</td>
<td>169,0</td>
<td>23,8%</td>
</tr>
<tr>
<td><strong>Net debt (B)</strong></td>
<td>141,3</td>
<td>47,4</td>
<td>198,2%</td>
</tr>
<tr>
<td><strong>Financial sources (A-B)</strong></td>
<td>626,7</td>
<td>680,9</td>
<td>-8,0%</td>
</tr>
</tbody>
</table>

- Net Working Capital down 11.4%, with Inventory reduction of 6.4% (-6.2 at const FX).
- Investments (CAPEX) at 9 million Euros vs. 13 million Euros at 31 March 2017, mainly for to the Distribution Center, the IT projects and the store network.
1Q 2018 Cash Flow

<table>
<thead>
<tr>
<th>(In thousands of Euro)</th>
<th>Period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Net profit / (loss) for the period</td>
<td>8,945</td>
</tr>
<tr>
<td>Depreciation, amortization and write down of property, plant and equipment, intangible assets and investment properties</td>
<td>15,371</td>
</tr>
<tr>
<td>Net change in deferred taxes</td>
<td>388</td>
</tr>
<tr>
<td>Net change in provision for employee benefit plans</td>
<td>32</td>
</tr>
<tr>
<td>Loss/(gain) on disposal of tangible and intangible assets</td>
<td>1</td>
</tr>
<tr>
<td>Other non cash items</td>
<td>527</td>
</tr>
<tr>
<td>Net change in net working capital</td>
<td>7,024</td>
</tr>
<tr>
<td>Net change in other assets and liabilities</td>
<td>(899)</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</strong></td>
<td>31,389</td>
</tr>
<tr>
<td>Purchase of tangible assets</td>
<td>(14,512)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(1,411)</td>
</tr>
<tr>
<td>Proceeds from the sale of tangible and intangible assets</td>
<td>26</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</strong></td>
<td>(15,897)</td>
</tr>
<tr>
<td>Net change in financial payables</td>
<td>(17,363)</td>
</tr>
<tr>
<td>Purchase of minority interests in companies consolidated on a line-by line basis</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</strong></td>
<td>(17,363)</td>
</tr>
<tr>
<td><strong>NET INCORPORATE (DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td>(1,871)</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</td>
<td>212,088</td>
</tr>
<tr>
<td>Net increase / (decrease) in cash and cash equivalents</td>
<td>(1,871)</td>
</tr>
<tr>
<td>Net effect of translation of foreign currencies</td>
<td>(1,433)</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</strong></td>
<td>208,784</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Europe</td>
<td>174</td>
</tr>
<tr>
<td>USA</td>
<td>104</td>
</tr>
<tr>
<td>Latin America</td>
<td>63</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>267</td>
</tr>
<tr>
<td>Japan</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total POS n.</strong></td>
<td><strong>678</strong></td>
</tr>
</tbody>
</table>

**DOS**
- of which Travel 3 3 4 4

**TPOS**
- of which Travel 145 147 2 (2) 145
1Q 2018
Results Update

Q&A