

# Salvatore Ferragamo

## 1H 2016 Results Update

Analyst Presentation

August 2, 2016 - 6.00 PM CET



# Disclaimer

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*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.*

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## 1H 2016 Market Scenario

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- Sector performance still weak and volatile, mainly penalized by external factors
- Industry undergoing limited perimeter expansion and selected closures, with profitability under pressure
- Business in Greater China mixed: Mainland China improving while Honk Kong and Macao still showing a negative performance
- Europe macroeconomic prospects remain uncertain and tourist flows negatively impacted by the dramatic events occurred
- US expected soft for luxury goods consumption, mainly due to department stores poor performance, with tourism penalized by a strong Dollar
- Japanese sales slowing-down due to subdued consumer confidence and strong yen, negatively impacting Chinese travel flows
- Korea, Australia and Mexico preferred destinations driven by tourist attractions, leisure and favorable exchange rates
- Travel Retail trends weakening: IATA still reporting worldwide airport traffic up 6% in 5 months 2016 (+5% adjusted for leap year), but trends moderating

## 1H 2016 Salvatore Ferragamo Key Facts (1/2)

- Top-line down 2% to 710 million Euros vs. 1H 2015 that had reported a 10% growth
- RTL down 2% in 1H 2016, improving to -1% in 2Q
- WHL down 1% also due to the negative performance of fragrances in 2Q (-13%)
- Europe, penalized by lower tourist flows, down 3% also in 2Q (despite the harder comparison base of +13% in 2Q 2015)
- North America up 2% in 1H 2016 (+3% in 2Q), penalized by the limited performance of the WHL business (-4%)
- Latam solid growth still penalized by the currency trends (+12% at constant FX and +1% at current FX)



Salvatore Ferragamo AW16 Advertising Campaign

## 1H 2016 Salvatore Ferragamo Key Facts (2/2)

- APAC down 4% with Hong Kong still double-digit negative, while Mainland China RTL turning positive
- Japan up 2% both also in 2Q (despite the harder comparison base of +12% in 2Q 2015)
- Gross Profit stable (despite the soft top-line trend), with incidence on Revenues up 120 basis points to 67.0%
- EBITDA increasing 1%, with incidence on Revenues of 23.4% from 22.8% in 1H 2015
- Group Net Profit reaching 90 million Euros, up 2% vs. 1H 2015
- Net Financial Debt improving to 75 million Euros (from 98 million Euros at 30 June 2015)



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# FINANCIALS

# 1H 2016 Revenue By Region

(Euro MM)	June YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	Δ %	Δ % Const FX		
Europe	188,9	195,5	-3,3%	-3,1%	26,6%	27,1%
North America	167,5	164,5	1,8%	-2,6%	23,6%	22,8%
Japan	63,6	62,5	1,7%	-5,2%	9,0%	8,7%
Asia Pacific	255,6	265,7	-3,8%	-4,4%	36,0%	36,8%
Latin America	34,5	34,2	0,8%	12,0%	4,9%	4,7%
<b>Total</b>	<b>710,2</b>	<b>722,4</b>	<b>-1,7%</b>	<b>-3,1%</b>	<b>100,0%</b>	<b>100,0%</b>

# 1H 2016 Revenue By Distribution Channel

(Euro MM)	June YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	$\Delta$ %	$\Delta$ % Const FX		
Retail	429,7	438,1	-1,9%	-3,1%	60,5%	60,7%
Wholesale	268,9	272,6	-1,4%	-3,0%	37,9%	37,7%
Licences & Other Rev.	5,2	5,3	-1,1%	-1,1%	0,7%	0,7%
Rental income	6,4	6,4	0,2%	0,3%	0,9%	0,9%
<b>Total</b>	<b>710,2</b>	<b>722,4</b>	<b>-1,7%</b>	<b>-3,1%</b>	<b>100,0%</b>	<b>100,0%</b>



# 1H 2016 Revenue By Product

(Euro MM)	June YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	Δ %	Δ % Const FX		
Shoes	308,7	305,9	0,9%	-0,8%	43,5%	42,3%
Leather goods & handbags	263,5	271,1	-2,8%	-4,1%	37,1%	37,5%
RTW	41,3	43,3	-4,6%	-6,7%	5,8%	6,0%
Silk & other access.	44,2	47,0	-5,8%	-6,4%	6,2%	6,5%
Fragrances	40,8	43,5	-6,1%	-6,0%	5,7%	6,0%
Licences & Other Rev.	5,2	5,3	-1,1%	-1,1%	0,7%	0,7%
Rental income	6,4	6,4	0,2%	0,3%	0,9%	0,9%
<b>Total</b>	<b>710,2</b>	<b>722,4</b>	<b>-1,7%</b>	<b>-3,1%</b>	<b>100,0%</b>	<b>100,0%</b>

# 1H 2016 P&L

(Euro MM)			June YTD		Δ %
	2016	%	2015	%	
<b>Total revenue</b>	<b>710,2</b>	<b>100,0%</b>	<b>722,4</b>	<b>100,0%</b>	<b>-1,7%</b>
Cost of goods sold	(234,6)	-33,0%	(247,1)	-34,2%	-5,1%
<b>Gross profit</b>	<b>475,5</b>	<b>67,0%</b>	<b>475,2</b>	<b>65,8%</b>	<b>0,1%</b>
Payroll	(98,5)	-13,9%	(98,3)	-13,6%	0,2%
Rental	(99,9)	-14,1%	(101,0)	-14,0%	-1,1%
Communication	(33,1)	-4,7%	(32,9)	-4,6%	0,5%
Consultancy	(14,1)	-2,0%	(12,8)	-1,8%	9,7%
Other Costs	(64,3)	-9,1%	(65,9)	-9,1%	-2,5%
Depreciation	(30,2)	-4,3%	(28,7)	-4,0%	5,2%
Total operating costs	(340,1)	-47,9%	(339,7)	-47,0%	0,1%
<b>EBIT</b>	<b>135,5</b>	<b>19,1%</b>	<b>135,6</b>	<b>18,8%</b>	<b>0,0%</b>
Financial income (expenses)	(7,8)	-1,1%	(5,7)	-0,8%	37,3%
<b>EBT</b>	<b>127,7</b>	<b>18,0%</b>	<b>129,9</b>	<b>18,0%</b>	<b>-1,7%</b>
Taxes	(37,6)	-5,3%	(40,0)	-5,5%	-6,1%
<b>Net income</b>	<b>90,1</b>	<b>12,7%</b>	<b>89,8</b>	<b>12,4%</b>	<b>0,3%</b>
Group net income	90,2	12,7%	88,2	12,2%	2,3%
Income to minorities	(0,1)	0,0%	1,7	0,2%	-105,5%
<b>EBITDA</b>	<b>166,1</b>	<b>23,4%</b>	<b>164,6</b>	<b>22,8%</b>	<b>0,9%</b>

# 1H 2016 Balance Sheet

(Euro MM)	June 16 YTD	June 15 YTD	%
Tangible assets	238,3	229,1	4,0%
Intangible assets	32,1	30,9	3,8%
Financial assets	–	–	
<b>Fixed assets</b>	<b>270,5</b>	<b>260,0</b>	<b>4,0%</b>
Inventory	397,5	339,5	17,1%
Trade receivables	174,4	174,1	0,2%
Trade payables	(186,6)	(190,1)	-1,8%
<b>Operating working capital</b>	<b>385,4</b>	<b>323,5</b>	<b>19,1%</b>
Other assets (liabilities)	65,7	38,5	70,6%
Severance indemnity	(12,5)	(11,9)	5,2%
Risk funds	(8,5)	(7,6)	10,9%
<b>Net invested capital</b>	<b>700,6</b>	<b>602,5</b>	<b>16,3%</b>
<b>Shareholders' equity (A)</b>	<b>625,9</b>	<b>504,8</b>	<b>24,0%</b>
Group equity	581,7	458,8	26,8%
Minority interest	44,1	46,1	-4,2%
Current financial liabilities	(150,1)	(170,4)	-11,9%
Non current financial liabilities	(25,4)	(22,7)	
Cash & equivalents	100,7	95,5	5,4%
<b>Net debt (B)</b>	<b>(74,7)</b>	<b>(97,6)</b>	<b>-23,5%</b>
<b>Financial sources (A-B)</b>	<b>700,6</b>	<b>602,5</b>	<b>16,3%</b>

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## 1H 2016 Results Update

Q&A



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