

Salvatore Ferragamo

1H 2016 Results Update

Analyst Presentation

August 2, 2016 - 6.00 PM CET



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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.

1H 2016 Market Scenario

- 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)



Salvatore Ferragamo AW16 Advertising Campaign

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%
Total	710,2	722,4	-1,7%	-3,1%	100,0%	100,0%

1H 2016 Revenue By Distribution Channel

(Euro MM)	June YTD				Weight on Tot 2016	Weight on Tot 2015
	2016	2015	Δ %	Δ % 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%
Total	710,2	722,4	-1,7%	-3,1%	100,0%	100,0%

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%
Total	710,2	722,4	-1,7%	-3,1%	100,0%	100,0%

1H 2016 P&L

(Euro MM)			June YTD		Δ %
	2016	%	2015	%	
Total revenue	710,2	100,0%	722,4	100,0%	-1,7%
Cost of goods sold	(234,6)	-33,0%	(247,1)	-34,2%	-5,1%
Gross profit	475,5	67,0%	475,2	65,8%	0,1%
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%
EBIT	135,5	19,1%	135,6	18,8%	0,0%
Financial income (expenses)	(7,8)	-1,1%	(5,7)	-0,8%	37,3%
EBT	127,7	18,0%	129,9	18,0%	-1,7%
Taxes	(37,6)	-5,3%	(40,0)	-5,5%	-6,1%
Net income	90,1	12,7%	89,8	12,4%	0,3%
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%
EBITDA	166,1	23,4%	164,6	22,8%	0,9%

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	–	–	
Fixed assets	270,5	260,0	4,0%
Inventory	397,5	339,5	17,1%
Trade receivables	174,4	174,1	0,2%
Trade payables	(186,6)	(190,1)	-1,8%
Operating working capital	385,4	323,5	19,1%
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%
Net invested capital	700,6	602,5	16,3%
Shareholders' equity (A)	625,9	504,8	24,0%
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%
Net debt (B)	(74,7)	(97,6)	-23,5%
Financial sources (A-B)	700,6	602,5	16,3%

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Q&A



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