Salvatore Ferragamo Group

Interim report as at 31 March 2018

Salvatore Ferragamo S.p.A.

Florence

CONTENTS

This document has been translated into English solely for the convenience of international readers.

General information

Registered office of the Parent company

Salvatore Ferragamo S.p.A.
Via Tornabuoni, 2
50123 Florence

Legal information about the Parent company

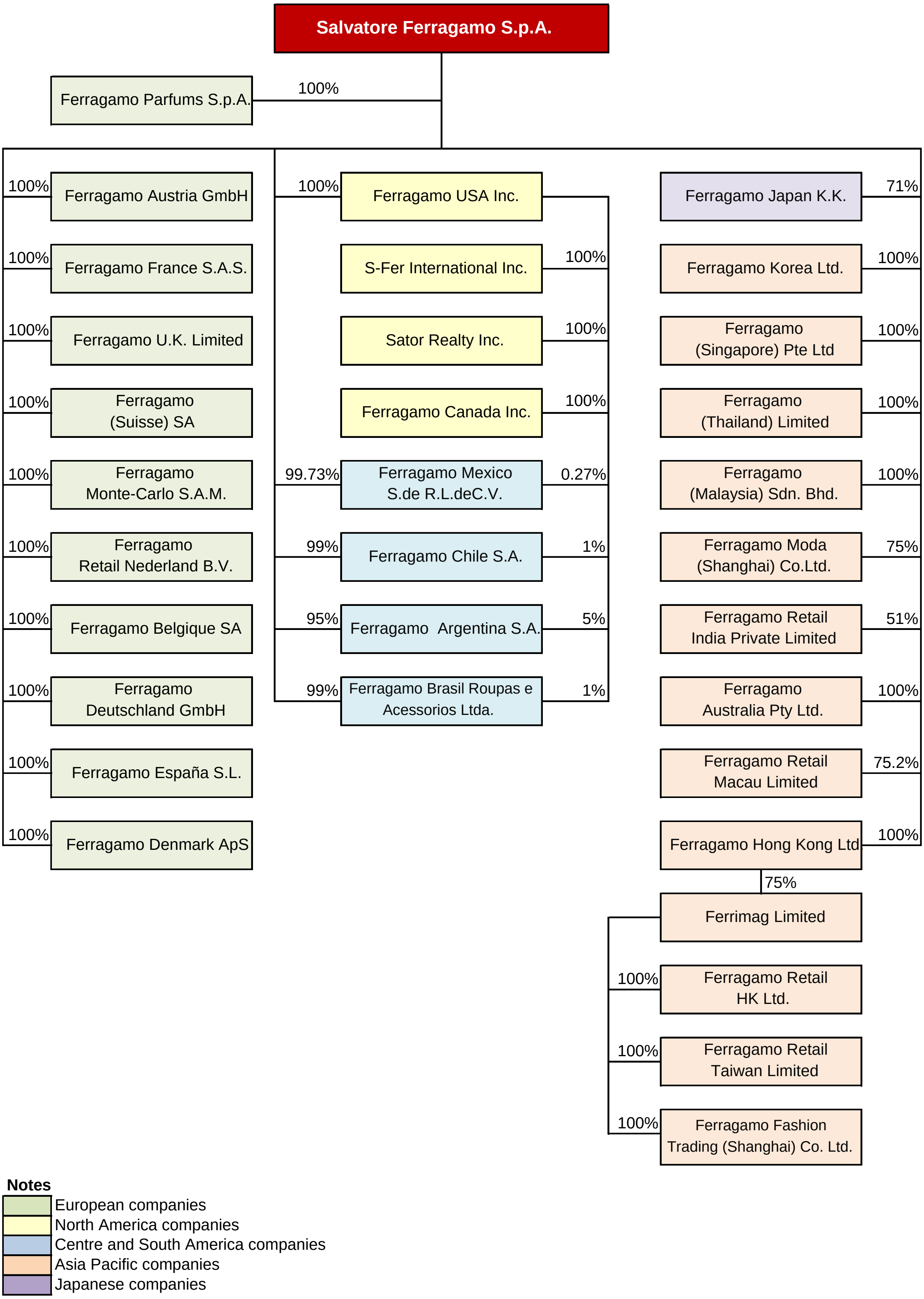
Authorized share capital 16,939,000 Euro
Subscribed and paid-up share capital 16,879,000 Euro
Tax code and Florence Company Register no.: 02175200480
Registered with the Florence Chamber of Commerce under REA (Economic and Administrative Register) no. 464724
Corporate website www.ferragamo.com

Corporate boards

Honorary Chairman (1)	Wanda Miletti Ferragamo	
Board of Directors (1)	Ferruccio Ferragamo (4)	Executive Chairman
	Giacomo Ferragamo (4)	Deputy Chairman
	Giovanna Ferragamo (5)	
	Leonardo Ferragamo (5)	
	Diego Paternò Castello di San Giuliano (5)	
	Angelica Visconti (4)	
	Francesco Caretti (5)	
	Peter Woo Kwong Ching (5)	
	Raffaela Pedani (5)	
	Umberto Tombari (5)(6)	
	Marzio Alessandro Alberto Saà (5)(6)	
	Chiara Ambrosetti (5)(6)	
	Lidia Fiori (5)(6)	
Control and Risk Committee	Marzio Alessandro Alberto Saà	Chairman
	Umberto Tombari	
	Chiara Ambrosetti	
Nomination and Remuneration Committee	Umberto Tombari	Chairman
	Marzio Alessandro Alberto Saà	
	Lidia Fiori	
Product and Brand Strategy Committee	Ferruccio Ferragamo	Chairman
	Giacomo Ferragamo	
	Diego Paternò Castello di San Giuliano	
	Angelica Visconti	
Board of Statutory Auditors (2)	Andrea Balelli	Chairman
	Fulvio Favini	Acting Statutory Auditor
	Paola Caramella (8)	Acting Statutory Auditor
	Roberto Coccia	Substitute Statutory Auditor
	Antonietta Donato (8)	Substitute Statutory Auditor
Independent Auditors (3)	EY S.p.A.	
Manager charged with preparing Company's Financial Reports (7)	Ugo Giorcelli	

(1) Appointed by the Shareholders' Meeting on 20 April 2018 and serving for the 2018-2020 period
(2) Appointed by the Shareholders' Meeting on 27 April 2017 and serving for the 2017-2019 period
(3) Appointed for the 2011-2019 period
(4) Executive director
(5) Non-executive director
(6) Independent director pursuant to art. 148, paragraph 3 of the Consolidated Law on Finance and the Corporate Governance Code
(7) Appointed by the Board of Directors on 14 March 2017
(8) Appointed by the Shareholders' Meeting on 20 April 2018 and serving for the 2018-2019 period

Group structure



Group description

As at 31 March 2018, the Salvatore Ferragamo Group consists of Salvatore Ferragamo S.p.A. (Parent company) and the following subsidiaries – consolidated on a line by line basis – in which the Parent company holds majority stakes, both directly or indirectly, and which it controls.

Salvatore Ferragamo S.p.A.	Parent company, owner of the Ferragamo and Salvatore Ferragamo brands, as well as of numerous other figurative and shape-based trademarks; it undertakes production activities and manages the retail distribution channel in Italy as well as the wholesale channel in Italy and abroad, and acts as a holding company.
Europe	
Ferragamo Retail Nederland B.V.	It manages directly operated stores (DOS) in Holland
Ferragamo France S.A.S.	It manages directly operated stores (DOS) in France
Ferragamo Deutschland GmbH	It manages directly operated stores (DOS) in Germany
Ferragamo Austria GmbH	It manages directly operated stores (DOS) in Austria
Ferragamo U.K. Limited	It manages directly operated stores (DOS) in the United Kingdom
Ferragamo (Suisse) SA	It manages directly operated stores (DOS) in Switzerland
Ferragamo Belgique SA	It manages directly operated stores (DOS) in Belgium
Ferragamo Monte-Carlo S.A.M.	It manages directly operated stores (DOS) in the Principality of Monaco
Ferragamo Espana S.L.	It manages directly operated stores (DOS) in Spain
Ferragamo Denmark ApS	It manages directly operated stores (DOS) in Denmark
Ferragamo Parfums S.p.A.	Licensee of the Ferragamo and Ungaro brands for the production and distribution of the fragrances product category
North America	
Ferragamo USA Inc.	It distributes and promotes products in the USA and acts as a sub-holding for North America (USA and Canada)
Ferragamo Canada Inc.	It manages the retail and wholesale channels in Canada
S-Fer International Inc.	It manages directly operated stores (DOS) in the USA
Sator Realty Inc.	It manages directly operated stores (DOS) in the USA and real estate assets
Central and South America	
Ferragamo Mexico S. de R.L. de C.V.	It manages directly operated stores (DOS) and the wholesale channel in Mexico
Ferragamo Chile S.A.	It manages directly operated stores (DOS) in Chile
Ferragamo Argentina S.A.	It manages directly operated stores (DOS) in Argentina
Ferragamo Brasil Roupas e Acessorios Ltda.	It manages directly operated stores (DOS) in Brazil
Asia Pacific	
Ferragamo Hong Kong Ltd.	It distributes and promotes products in Asia and acts as a sub-holding for the Chinese area (Hong Kong, Taiwan, PRC)
Ferragamo Australia Pty Ltd.	It manages directly operated stores (DOS) in Australia
Ferrimag Limited	Sub-holding company for the Chinese area (Hong Kong, Taiwan, PRC)
Ferragamo Fashion Trading (Shanghai) Co. Ltd.	It manages directly operated stores (DOS) and the wholesale channel in the People's Republic of China
Ferragamo Moda (Shanghai) Co.Ltd.	It manages directly operated stores (DOS) in the People's Republic of China
Ferragamo Retail HK Limited	It manages directly operated stores (DOS) in Hong Kong
Ferragamo Retail Taiwan Limited	It manages directly operated stores (DOS) in Taiwan
Ferragamo Retail Macau Limited	It manages directly operated stores (DOS) in Macau
Ferragamo Retail India Private Limited*	It manages directly operated stores (DOS) in India
Ferragamo Korea Ltd.	It manages directly operated stores (DOS) and the wholesale channel in South Korea
Ferragamo (Singapore) Pte. Ltd.	It manages directly operated stores (DOS) in Singapore
Ferragamo (Thailand) Limited	It manages directly operated stores (DOS) in Thailand
Ferragamo (Malaysia) Sdn. Bhd.	It manages directly operated stores (DOS) in Malaysia
Japan	
Ferragamo Japan K.K.	It manages directly operated stores (DOS) in Japan

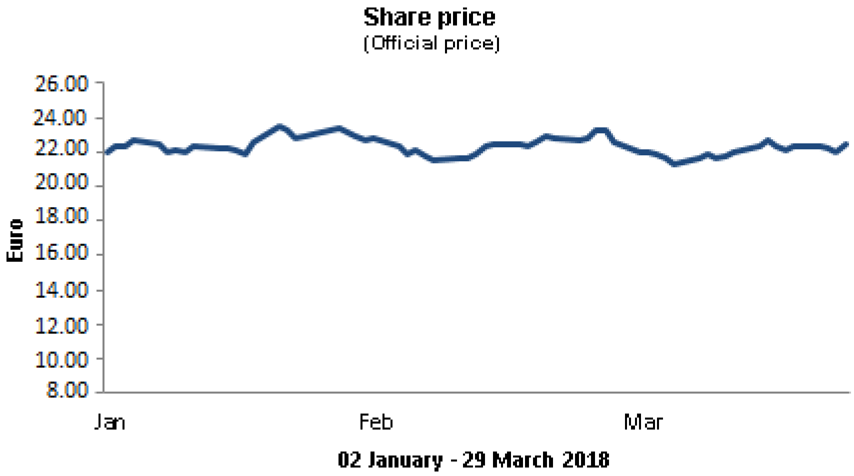
(*) Companies whose main assets are held for sale.

Interim Directors' report on operations

Main Stock Market indicators – Salvatore Ferragamo S.p.A.

Official price as at 29 March 2018 in Euro	22.4601
Stock Market capitalization as at 31 March 2018 in Euro	3,791,040,279
Number of shares making up the share capital as at 31 March 2018	168,790,000
Number of outstanding shares (free float)	43,221,440

Here below is the trend in Salvatore Ferragamo's share price during the first three months of 2018.



Alternative performance measures

In order to better assess its performance, the Salvatore Ferragamo Group makes use of some alternative performance measures which are not identified as accounting measures under IFRS. Therefore, the determination criterion applied by the Group may differ from that adopted by other groups, and the balance may not be comparable. These alternative performance measures are derived exclusively from historical financial data and are determined in accordance with the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015. They refer exclusively to the performance for the reporting period of this Interim report as well as the comparative periods, and not to the Group's expected performance and are not to be considered as substitutes for IFRS measures. The definitions of the alternative performance measures adopted in the Interim report are provided below:

EBITDA: it is *Operating profit* before *Amortization and depreciation and write-downs of tangible/intangible assets*.

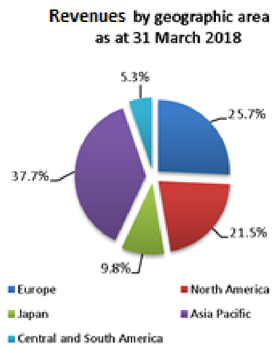
Net working capital: it is calculated as *Inventories* plus *Trade receivables*, net of *Trade payables*.

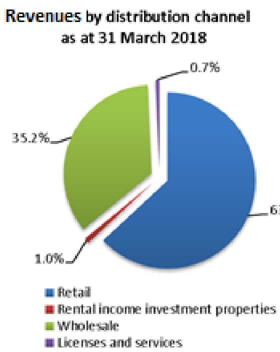
Net invested capital: it is the total amount of *Non current assets, Current assets* and *Assets held for sale*, excluding financial assets (*Other current financial assets* and *Cash and cash equivalents*) net of *Non current liabilities, Current liabilities* and *Liabilities held for sale*, excluding financial liabilities (*Current and non current interest-bearing loans & borrowings, Other current and non current financial liabilities*).

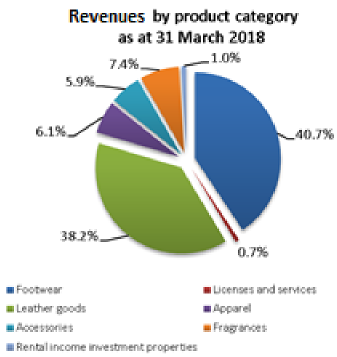
Net financial debt: it is calculated as *Current and non current interest-bearing loans & borrowings* plus *Other current and non current financial liabilities* including the negative fair value of derivatives (non-hedge component), net of *Cash and cash equivalents* and *Other current financial assets*, including the positive fair value of derivatives (non-hedge component).

Income and financial highlights for the first three months of 2018

(In millions of Euro)	Quarterly period ended 31 March			% change	% change
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Revenues	303.9	309.1	321.5	(1.7%)	(3.8%)
Gross profit	189.4	196.5	215.9	(3.6%)	(9.0%)
Gross profit %	62.3%	63.6%	67.2%		
EBITDA	32.4	33.1	64.3	(1.9%)	(48.6%)
EBITDA %	10.7%	10.7%	20.0%		
Operating profit	17.1	17.0	49.0	0.3%	(65.3%)
Operating profit %	5.6%	5.5%	15.2%		
Net profit/(loss) for the period	8.9	11.0	33.8	(18.8%)	(67.5%)
Net profit/(loss) – Group	*9.2*	*12.4*	*34.4*	*(26.3%)*	*(63.8%)*
Net profit/(loss) – minority interests	*(0.2)*	*(1.4)*	*(0.5)*		



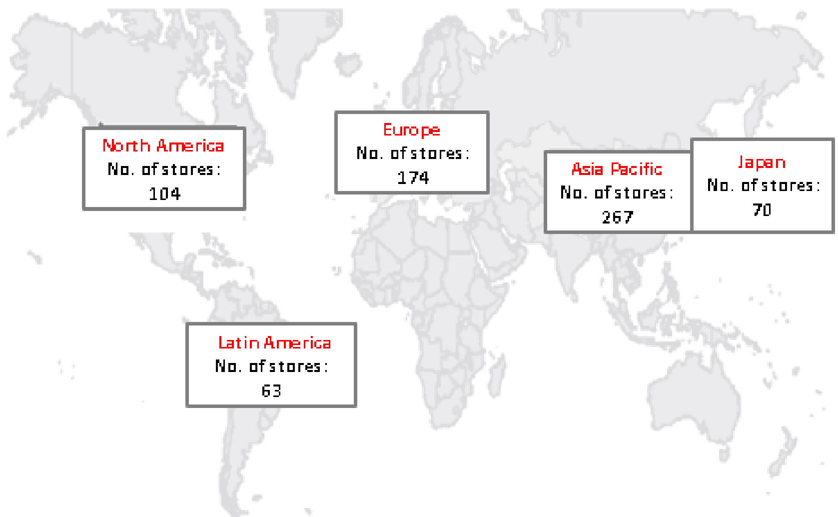




(In millions of Euro)	31 March 2018	31 December 2017	31 March 2017
Investments in tangible/intangible assets	9.3	88.4	13.2
Net working capital	286.1	270.5	322.7
Shareholders' equity	768.0	748.4	728.3
Net financial debt/(surplus)	(141.3)	(127.5)	(47.4)
Cash flow generated from operating activities	31.4	278.9	74.5

	31 March 2018	31 December 2017	31 March 2017
Staff as at the reporting date	4,113	4,183	4,030
Number of DOS	406	410	399
Number of TPOS	272	275	275

Geographical distribution of monobrand stores (31 March 2018)



Disclaimer

This document contains forward-looking statements, in particular in the sections headed "Outlook" and "Significant events occurred after 31 March 2018" relating to future events and the operating, income and financial results of the Salvatore Ferragamo Group. These statements are based on the Group's current expectations and forecasts regarding future events and, by their nature, involve risks and uncertainties, since they refer to events and depend on circumstances which may, or may not, happen or occur in the future. As such, they must not be unduly relied upon. The actual results could differ significantly from those contained in these statements due to a variety of factors, including the volatility and deterioration in the performance of securities and financial markets, changes in raw material prices, changes in macroeconomic conditions and in economic growth, and other changes in business conditions, in the legal and institutional framework (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.

Introduction

In order to promote open and continuous dialogue with the financial community and in light of the sector's best practices followed by the main companies included in the FTSE MIB 30 – where Salvatore Ferragamo S.p.A. is listed – the Salvatore Ferragamo Group has decided, as from 14 November 2017, to publish its interim reports on a voluntary basis, although Leg. Decree no. 25 of 15 February 2016 has abolished the obligation to publish them. Figures as at 31 March 2017, shown for comparative purposes, are quarterly data prepared in-house by the Salvatore Ferragamo Group and not disclosed to the public since, as announced to the market on 15 December 2016, the Company availed itself of the option referred to in art. 82-ter of the Issuers' Regulation of not publishing additional interim financial information.

This Interim report has not been subject to audit.

The market in which the Salvatore Ferragamo Group operates is characterized by seasonal events that are typical of the retail and wholesale sales and which result in an uneven monthly breakdown in the sales flow and in operating costs. Therefore, it is important to remember that income statement results for the first three months of the year cannot be considered as proportional to the year as a whole. The figures are affected by seasonal events also in terms of equity and financial position as well as in terms of taxation.

The Interim report, in addition to the indicators required for financial statements, in compliance with International Financial Reporting Standards (IFRS), also includes some alternative performance measures used by management to monitor and assess the Group's performance, as detailed in a specific section.

This Interim report must be read together with the Annual Report as at 31 December 2017 which provides full details on the issues addressed.

The Salvatore Ferragamo Group's activities

The Salvatore Ferragamo Group is active in the creation, production and sale of luxury goods for men and women: footwear, leather goods, apparel, silk goods, other accessories, jewels and fragrances. The product range also includes eyewear and watches manufactured under license by third parties. The product range stands out for its uniqueness, which is the result of the combination of creative and innovative style with the quality and craftsmanship that are the hallmark of luxury goods made in Italy. The Salvatore Ferragamo Group carries out product sales mainly through a network of Salvatore Ferragamo monobrand stores, managed both directly (DOS) or by third parties, and, alongside this network, also through a significant and well-established presence in department stores and multibrand specialty stores.

As for the fragrances product category, which involves the creation, development and production (completely outsourced) of fragrances and related products under the Salvatore Ferragamo brand and, on license, the Ungaro brand, sales are managed by distributors of the Salvatore Ferragamo Group as well as third party distributors which serve a network of selected multibrand stores belonging to the specific fragrances channel. The Salvatore Ferragamo Group is also active in the licensing of the Salvatore Ferragamo brand and in real estate management.

Effect of exchange rate changes on operations

The Ferragamo Group has a strong presence in international markets, including through commercial companies located in countries with currencies other than the Euro, mainly the US dollar, the Chinese renminbi, the Japanese yen and the Mexican peso. Therefore, the Group is exposed both to settlement and translation risk.

The upward trend of the Euro against the US dollar, which had already begun in 2017, also continued in the first three months of 2018, with a strong acceleration that brought the EUR/USD exchange rate back to levels last seen three years ago: after reaching a low around 1.19 up to a maximum of just over 1.25, the exchange rate has trended sideways, remaining substantially within a range between 1.22 and 1.24. The exchange rate was affected by the improvement in the economic and political framework of the Eurozone and the expected withdrawal of Quantitative Easing measures by the ECB in 2019. On the other hand, the US currency was affected by international geopolitical tensions with North Korea and Syria, and the protectionist approach of the Trump Administration, with the imposition of tariffs on US steel and aluminum imports and the beginning of a potential trade war with China. As announced in December and due to the improvement in domestic macroeconomic conditions, the Federal Reserve raised interest rates by 25 basis points, bringing them up to 1.75%; despite this and due to low inflation, the market now expects just another two rises by the end of the year, instead of the three previously expected, leading the US dollar towards further depreciation. The greenback also continued to depreciate against the Japanese Yen, the Pound Sterling and, in general, all major currencies of emerging countries. In March, the Bank of Japan made no changes to the official interest rates and confirmed its strongly expansionary monetary policy; these factors, together with the domestic political troubles of Prime Minister Shinzo Abe, have affected the Japanese currency: the USD/JPY exchange rate fluctuated between 104 and 106, while the EUR/JPY exchange rate fluctuated between 129 and 137. Pound Sterling recovered against both the US Dollar, reaching maximum levels recorded before the Brexit referendum (around 1.42), and the Euro, which reached the levels recorded in June 2017 (around 0.87), in light of a potential agreement between Brussels and London keeping the UK as close as possible to the EU. In March, the Bank of England also left rates unchanged, but the decision (not unanimous) suggests an increase in the cost of money at the upcoming meeting in May. Since the beginning of the year, the EUR/GBP exchange rate has stayed within the range of 0.87-0.89. In addition, during the quarter, the Chinese Renminbi further appreciated against the US Dollar and the Euro. The EUR/CNY exchange rate fluctuated between 7.69 and 7.94. The Mexican Peso, which benefited from the recovery in oil prices and the easing of commercial and political tensions with the United States, strengthened against the US Dollar and the Euro.

Operating performance

The results for the first quarter of 2018 confirmed the slowdown recorded in 2017. Sales volumes were still slightly down compared to the prior-year period (-1.7%), mainly due to the negative impact of exchange rates (depreciation of the main currencies in which the Group's revenues are generated against the Euro) and partly to the still ongoing plan to sell products from previous collections through the Group's outlets which, together with the slight change in the sales channel mix (increase in the wholesale channel and decrease in the retail channel), led to a decline in the gross sales margin (-3.6%). The results were substantially in line with the first quarter of 2017, thanks to the start of the process to rationalize operating costs and the positive impact arising from the depreciation of the main currencies in which the Group incurs part of its operating costs against the Euro. The Group's EBITDA fell by 1.9%, accounting for 10.7% of revenues, in line with the first quarter of 2017. Net profit for the period totaled 8.9 million Euro, down 18.8% compared to the prior-year period, partly negatively affected by higher direct tax expense in the first quarter of 2018 (tax rate of 38.6% in the first quarter of 2018 compared to 28.4% in the first quarter of 2017). In addition, Group net profit for the period fell by 26.3% from 12.4 million Euro to 9.2 million Euro. The net financial position increased by 93.9 million Euro compared to 31 March 2017, reaching a net financial position of 141.3 million Euro compared to a net financial position of 47.4 million Euro as at 31 March 2017.

The following table shows the main income statement data.

(In thousands of Euro)	**Quarterly period ended 31 March**				
	2018	**% of revenues**	**2017**	**% of revenues**	**% change**
Revenues	**303,911**	100.0%	**309,149**	100.0%	**(1.7%)**
Gross profit	**189,441**	62.3%	**196,466**	63.6%	**(3.6%)**
Style, product development and logistics costs	(11,173)	(3.7%)	(10,694)	(3.5%)	4.5%
Sales & distribution costs	(107,895)	(35.5%)	(118,533)	(38.3%)	(9.0%)
Marketing & communication costs	(19,990)	(6.6%)	(18,095)	(5.9%)	10.5%
General and administrative costs	(32,213)	(10.6%)	(30,173)	(9.8%)	6.8%
Other operating costs	(3,845)	(1.3%)	(4,996)	(1.6%)	(23.0%)
Other income and revenues	2,741	0.9%	3,039	1.0%	(9.8%)
Total operating costs (net of other income)	**(172,375)**	(56.7%)	**(179,452)**	(58.0%)	**(3.9%)**
Operating profit	**17,066**	5.6%	**17,014**	5.5%	**0.3%**
Net financial income and charges	(2,502)	(0.8%)	(1,631)	(0.5%)	53.4%
Profit before taxes	**14,564**	4.8%	**15,383**	5.0%	**(5.3%)**
Income taxes	(5,619)	(1.8%)	(4,367)	(1.4%)	28.7%
Net profit/(loss) for the period	**8,945**	2.9%	**11,016**	3.6%	**(18.8%)**
Net profit/(loss) – Group	9,169	3.0%	12,447	4.0%	(26.3%)
Net profit/(loss) – minority interests	(224)	(0.1%)	(1,431)	(0.5%)	(84.3%)
Amortization, depreciation and write-downs of tangible/intangible assets	15,371	5.1%	16,052	5.2%	(4.2%)
EBITDA	**32,437**	10.7%	**33,066**	10.7%	**(1.9%)**

Revenues in the first three months of 2018 totaled 303,911 thousand Euro compared to 309,149 thousand Euro in the first three months of 2017, slightly down by 1.7%. The three main currencies other than the Euro in which the Group generates most of its revenues, i.e. the US dollar, the Chinese Renminbi, and the Japanese Yen, performed as follows in the first three months of 2018 compared to the same period last year: the US dollar depreciated by 15.4%([1]), the Japanese Yen depreciated by 10.0%([2]) and the Chinese Renminbi depreciated by 6.5%([3]) against the Euro, the currency in which the figures in the consolidated financial statements are expressed. In the first three months of 2018, revenues increased by 1.7% at constant exchange rates (applying to the revenues – not inclusive of the hedging effect – of the first three months of 2017 the average exchange rate of the first three months of 2018); in particular, they increased by 1.9% in Europe, 2.4% in North America, 4.6% in Asia Pacific, while they decreased by 8.0% in Japan and by 1.4% in Central and South America. Asia Pacific contributed the most to Group revenues with 37.7%, followed by Europe (25.7%), North America (21.5%), Japan (9.8%), and Central and South America (5.3%).

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[1] With reference to the average Euro/USD exchange rate in the first three months of 2018 1.229; 2017: 1.065

[2] With reference to the average Euro/Yen exchange rate in the first three months of 2018 133.166; 2017: 121.014

[3] With reference to the average Euro/Cny exchange rate in the first three months of 2018 7.815; 2017: 7.335

Gross profit for the period ended 31 March 2018 amounted to 189,441 thousand Euro or 62.3% as a proportion of revenues, down from the prior-year period, when it stood at 196,466 thousand Euro or 63.6% as a proportion of revenues. This result is still negatively affected by the plan to sell products from previous collections through the Group's outlets, the negative impact of exchange rates (depreciation of currencies in which most Group revenues are generated against the Euro in the first quarter of 2018 compared to the first quarter of 2017), as well as the different impact of sales channels in the first quarter of 2018 (increased impact of the wholesale channel on total revenues compared to the retail channel).

Total operating costs (net of other income) amounted to 172,375 thousand Euro for the first three months of 2018, down by 3.9% compared to the first three months of 2017, and their ratio to revenues decreased from 58.0% to 56.7%, mainly due to the combined effect of the cost rationalization initiatives adopted by management in the first three months of 2018 and the positive impact of the depreciation against the Euro – in the first quarter of 2018 compared to the first quarter of 2017 – of the currencies in which the Salvatore Ferragamo Group incurs part of its operating costs.

EBITDA decreased from 33,066 thousand Euro to 32,437 thousand Euro (-1.9%), due to the reduction in gross profit, with the offsetting impact of lower operating costs. The ratio to revenues amounted to 10.7%, in line with the first three months of 2017.

Operating profit for the period ended 31 March 2018 totaled 17,066 thousand Euro compared to 17,014 thousand Euro as at 31 March 2017, slightly up by 0.3%, with the ratio to revenues amounting to 5.6%, in line with the same period last year (5.5%).

Net financial income and charges totaled 2,502 thousand Euro in charges in the first three months of 2018 compared to charges of 1,631 thousand Euro in the first three months of 2017.

(In thousands of Euro)	**Quarterly period ended 31 March**		
	2018	**2017**	**% change**
Net interest	(470)	(759)	(38.1%)
Other net income/(charges)	(513)	(586)	(12.5%)
Net gains/(losses) on exchange rate differences	(682)	2,357	(128.9%)
Net financial income/(charges) for fair value adjustment of derivatives	(837)	(2,643)	(68.3%)
Total	**(2,502)**	**(1,631)**	**53.4%**

Net gains and losses on exchange rate differences mainly reflect the impact of commercial transactions in foreign currency, and went from 2,357 thousand Euro in net gains in the first three months of 2017 to 682 thousand Euro in net losses. Changes in net gains and losses should be correlated with the item "Net financial income/(charges) for fair value adjustment of derivatives", which refers to the premium or discount on transactions to hedge the exchange rate risk undertaken by the Parent company and the changes in the fair value of non-hedging derivatives. This item went from 2,643 thousand Euro in net charges in the first three months of 2017 to 837 thousand Euro in net charges in the first three months of 2018.

Income taxes

(In thousands of Euro)	**Quarterly period ended 31 March**		
	2018	**2017**	**% change**
Profit before taxes	**14,564**	**15,383**	**(5.3%)**
Income taxes	(5,619)	(4,367)	28.7%
Tax rate	**38.6%**	**28.4%**	

The estimated effective tax rate for the first three months of 2018 was 38.6% compared to 28.4% in the prior-year period. This increase was mainly due to the reduction in the US federal income tax rate (from 35% to 21%), resulting in a sharp decrease in the deferred tax assets of the US entities in the first quarter of 2018 compared to the prior-year period, and to reduced tax benefits for Salvatore Ferragamo S.p.A in relation to the so-called "Patent Box", with an estimated income tax reduction in the first three months of 2018 of approximately 0.9 million Euro, compared to the estimated 1.3 million Euro reduction in the first quarter of 2017. For further details on the "Patent Box", reference should be made to the Annual Report as at 31 December 2016 and 31 December 2017.

In the first three months of 2018, the Salvatore Ferragamo Group posted 8,945 thousand Euro in **net profit**, compared to 11,016 thousand Euro in the prior-year period. The Group share of net profit amounted to 9,169 thousand Euro, down from 12,447 thousand Euro in the prior-year period.

Revenues

The following table shows revenues by **geographic area** for the periods ended 31 March 2018 and 31 March 2017, and the relevant percentage changes:

(In thousands of Euro)	Quarterly period ended 31 March					at constant exchange rates
	2018	% of revenues	2017	% of revenues	% change	% change
Europe	78,223	25.7%	77,110	24.9%	1.4%	1.9%
North America	65,450	21.5%	69,716	22.6%	(6.1%)	2.4%
Japan	29,717	9.8%	31,714	10.3%	(6.3%)	(8.0%)
Asia Pacific	114,539	37.7%	113,179	36.6%	1.2%	4.6%
Central and South America	15,982	5.3%	17,430	5.6%	(8.3%)	(1.4%)
Total	**303,911**	**100.0%**	**309,149**	**100.0%**	**(1.7%)**	**1.7%**

Europe saw revenues increase by 1.4% at current exchange rates (1.9% at constant exchange rates) mainly due to the good performance of the wholesale channel (+11.6% at current exchange rates, +11.8% at constant exchange rates), and it was negatively affected by the decline in the retail channel (-9.6% at current exchange rates and -8.9% at constant exchange rates).

The North American market saw a decrease in revenues of 6.1% at current exchange rates and an increase of 2.4% at constant exchange rates; it was negatively affected by the performance of the wholesale channel (-19.4% at current exchange rates, -13.3% at constant exchange rates), but it was supported by the improvement in the retail channel (+2.9% at current exchange rates and +12.6% at constant exchange rates).

In Japan, revenues were down 6.3% at current exchange rates (-8.0% at constant exchange rates), mainly due to the strategic restructuring of the wholesale channel – which was implemented after the first quarter of 2017 – and, to a lesser extent, to a decrease in the retail channel (-1.4% at current exchange rates and -3.7% at constant exchange rates).

Asia Pacific saw an increase in revenues of 1.2% at current exchange rates (4.6% at constant exchange rates), due to the improvement in the wholesale channel (+20.4% at current exchange rates and +22.8% at constant exchange rates). Asia Pacific contributed once again the most to Group revenues with 37.7% compared to 36.6% in the prior-year period.

Central and South America saw revenues fall by 8.3% at current exchange rates (-1.4% at constant exchange rates), mainly due to the decline in the wholesale channel (-18.7% at current exchange rates, -9.0% at constant exchange rates).

The breakdown of revenues by **distribution channel** was as follows:

(In thousands of Euro)	Quarterly period ended 31 March					at constant exchange rates
	2018	% of revenues	2017	% of revenues	% change	% change
Retail	191,856	63.1%	199,111	64.4%	(3.6%)	(0.2%)
Wholesale	106,920	35.2%	104,180	33.7%	2.6%	5.9%
Licenses and services	2,218	0.7%	2,488	0.8%	(10.8%)	(10.8%)
Rental income investment properties	2,917	1.0%	3,370	1.1%	(13.4%)	(0.1%)
Total	**303,911**	**100.0%**	**309,149**	**100.0%**	**(1.7%)**	**1.7%**

Retail revenues refer to revenues generated by sales in directly operated stores (DOS).

Wholesale sales are targeted mainly at retailers and, to a lesser extent, distributors. Wholesale customers consist of:

- franchisees, which ensure the presence in markets that are still not sufficiently large or developed to justify a direct retail presence, for example in some areas of the People's Republic of China;
- stores opened inside airports (travel retail/duty free);
- specific operators of the fragrances sector;
- department stores and luxury specialist retailers, in order to strengthen the presence in countries where the Salvatore Ferragamo Group has its own network of directly operated stores; the business in the United States is of particular importance.

In the first quarter of 2018 retail sales decreased by 3.6% at current exchange rates and were mostly unchanged at constant exchange rates (-0.2%); in particular, they were negatively affected by Europe (-9.6% at current exchange rates and -8.9% at constant exchange rates) and by Asia Pacific (-5.2% at current exchange rates and

-1.5% at constant exchange rates). In the first three months of 2018, the retail channel accounted for 63.1% of total revenues compared to 64.4% in the prior-year period.
As at 31 March 2018 the number of directly operated stores (DOS) decreased by 4 units compared to the situation as at 31 December 2017. Compared to 31 March 2017, there was a net increase of 7 units.
In the first three months of 2018 wholesale sales grew by 2.6% at current exchange rates and by 5.9% at constant exchange rates, mainly thanks to the good performance in Asia Pacific (+20.4% at current exchange rates and +22.8% at constant exchange rates) and in Europe (+11.6% at current exchange rates and +11.8% at constant exchange rates). In the first three months of 2018, the wholesale channel accounted for 35.2% of total revenues compared to 33.7% in the prior-year period.

In the first three months of 2018, revenues from licenses and services decreased by 10.8% at current and constant exchange rates; this item mainly consists of royalties for the licensing of the Salvatore Ferragamo brand to the Marchon group in the eyewear industry and the Timex group in the watch industry.
Revenues from rental income investment properties refer solely to property located in the United States and leased/sub-leased to third parties; compared to 31 March 2017 they decreased by 13.4% at current exchange rates and they were mostly unchanged at constant exchange rates compared to the prior-year period.

The following table shows revenues by **product category** for the periods ended 31 March 2018 and 31 March 2017, indicating the relevant percentage of total revenues:

(In thousands of Euro)	Quarterly period ended 31 March					at constant exchange rates
	2018	% of revenues	2017	% of revenues	% change	% change
Footwear	123,522	40.7%	130,500	42.2%	(5.3%)	(1.6%)
Leather goods	116,184	38.2%	112,019	36.2%	3.7%	6.8%
Apparel	18,609	6.1%	20,576	6.7%	(9.6%)	(7.7%)
Accessories	17,910	5.9%	19,424	6.3%	(7.8%)	(4.9%)
Fragrances	22,551	7.4%	20,772	6.7%	8.6%	12.7%
Licenses and services	2,218	0.7%	2,488	0.8%	(10.8%)	(10.8%)
Rental income investment properties	2,917	1.0%	3,370	1.1%	(13.4%)	(0.1%)
Total	**303,911**	**100.0%**	**309,149**	**100.0%**	**(1.7%)**	**1.7%**

A good performance was recorded by fragrances, up by 8.6% at current exchange rates and by 12.7% at constant exchange rates, and by leather goods, up by 3.7% and 6.8% at current and constant exchange rates, respectively.

Statement of financial position and Investments

Here below is the statement of financial position as at 31 March 2018 reclassified by sources and uses, compared to the position as at 31 December 2017 and 31 March 2017:

(In thousands of Euro)	31 March 2018	31 December 2017	31 March 2017	% change 03.18 vs. 12.17	% change 03.18 vs. 03.17
Property, plant and equipment, investment property, intangible assets with a finite useful life	291,818	299,332	286,789	(2.5%)	1.8%
Net working capital	286,068	270,486	322,726	5.8%	(11.4%)
Other non current assets/(liabilities), net	11,962	7,963	41,769	50.2%	(71.4%)
Other current assets/(liabilities), net	35,998	42,169	29,613	(14.6%)	21.6%
Assets/(liabilities) held for sale, net	846	990	-	(14.5%)	na
Net invested capital	**626,692**	**620,940**	**680,897**	**0.9%**	**(8.0%)**
Group shareholders’ equity	741,520	722,250	699,827	2.7%	6.0%
Minority interests	26,456	26,181	28,456	1.1%	(7.0%)
Shareholders’ equity (A)	**767,976**	**748,431**	**728,283**	**2.6%**	**5.5%**
Net financial debt/(surplus) (B)	**(141,284)**	**(127,491)**	**(47,386)**	**10.8%**	**198.2%**
Total sources of financing (A+B)	**626,692**	**620,940**	**680,897**	**0.9%**	**(8.0%)**
Net financial debt/shareholders’ equity	(18.4%)	(17.0%)	(6.5%)		

Investments in fixed assets

During the period ended 31 March 2018, the Salvatore Ferragamo Group made investments in tangible and intangible assets for a total amount of 9,336 thousand Euro, of which 7,925 thousand Euro in tangible assets and 1,411 thousand Euro in intangible assets, compared to a total of 13,219 thousand Euro in the first three months of 2017.

The most important investments in tangible assets were made in the opening and refurbishment of stores (5 million Euro, approximately 60% of total investments in tangible assets) and the works carried out at the Osmannoro facility, which are part of the broader project undertaken by the Parent company to expand and renovate the whole industrial complex. The main investments in intangible assets refer to completion of the so-called "Old Replacement" project of the Parent company Salvatore Ferragamo S.p.A.: the aim was introducing a new SAP-based distribution system integrated with the logistic shipping and billing system, which has become operational from early 2018. In addition, these investments were aimed at developing the e-commerce platform (for a total amount of 1.07 million Euro, i.e. around 76% of investments in intangible assets incurred in the first quarter of 2018).

Investments in tangible assets under construction amounted to 44.0 million Euro and mainly concerned the investments made in the Osmannoro-Sesto Fiorentino facility for the construction of the new logistics center by the Parent company Salvatore Ferragamo S.p.A. (for a total amount of 37.9 million Euro as at 31 March 2018, of which 1.1 million Euro relating to the first quarter of 2018), and, to a minor extent, the refurbishment and opening of new stores which were not yet operational as at the reporting date.

Amortization and depreciation amounted to 15,371 thousand Euro in the first three months of 2018 and 16,052 thousand Euro in the prior-year period, down by 4.2%.

During the first quarter of 2018, the Group did not make any investments in financial assets.

Net working capital

Here below is the breakdown and change in net working capital as at 31 March 2018 compared with 31 December 2017 and 31 March 2017.

(In thousands of Euro)	31 March 2018	31 December 2017	31 March 2017	% change 03.18 vs. 12.17	% change 03.18 vs. 03.17
Inventories	359,189	325,516	383,654	10.3%	(6.4%)
Trade receivables	122,299	148,583	127,090	(17.7%)	(3.8%)
Trade payables	(195,420)	(203,613)	(188,018)	(4.0%)	3.9%
Total	**286,068**	**270,486**	**322,726**	**5.8%**	**(11.4%)**

Net working capital increased by 5.8% from 31 December 2017 and decreased by 11.4% from 31 March 2017 while trade receivables showed a reduction in relation to both reporting periods being compared (-17.7% compared to 31 December 2017 and -3.8% compared to 31 March 2017).

Inventories were up 10.3% from 31 December 2017 and down 6.4% from 31 March 2017. Specifically, inventories of finished products increased by 19,467 thousand Euro compared to 31 December 2017 due to usual seasonal trends and declined by 27,745 thousand Euro compared to 31 March 2017, also because of the plan, which has been launched in 2017 and continued in the first quarter of 2018, to sell products from previous collections through the Group's outlets. Raw materials for production were up 26.2% compared to 31 December 2017 and 5.0% compared to 31 March 2017 and depend on production volumes for the period.

Trade receivables largely referred to wholesale sales.

Trade payables are mainly due to purchases of production materials, finished products and costs relating to outsourced manufacturing, in addition to outstanding payables relating to the ongoing construction work at the new logistics hub at Osmannoro; they decreased by 4.0% compared to 31 December 2017 and they increased by 3.9% compared to 31 March 2017.

Net financial debt

Net financial debt as at 31 March 2018, 31 December 2017 and 31 March 2017 was as follows:

(In thousands of Euro)	31 March 2018	31 December 2017	31 March 2017	Change 03.18 vs. 12.17	Change 03.18 vs. 03.17
A. Cash	1,132	1,909	787	(777)	345
B. Other cash equivalents	207,652	210,179	168,126	(2,527)	39,526
C. Cash and cash equivalents (A)+(B)	**208,784**	**212,088**	**168,913**	**(3,304)**	**39,871**
Derivatives – non-hedging component	476	341	109	135	367
Other financial assets	-	-	-	-	-
D. Current financial receivables	**476**	**341**	**109**	**135**	**367**
E. Current bank payables	49,179	66,529	116,824	(17,350)	(67,645)
F. Derivatives – non-hedging component	128	226	894	(98)	(766)
G. Other current financial payables	3,322	3,276	3,532	46	(210)
H. Current financial debt (E)+(F)+(G)	**52,629**	**70,031**	**121,250**	**(17,402)**	**(68,621)**
I. Current financial debt, net (H)-(C)-(D)	**(156,631)**	**(142,398)**	**(47,772)**	**(14,233)**	**(108,859)**
J. Non current bank payables	15,250	14,814	-	436	15,250
K. Derivatives – non-hedging component	97	93	386	4	(289)
M. Other non current payables	-	-	-	-	-
N. Non current financial debt (J)+(K)+(M)	**15,347**	**14,907**	**386**	**440**	**14,961**
O. Net financial debt (I)+(N)	**(141,284)**	**(127,491)**	**(47,386)**	**(13,793)**	**(93,898)**

In the period ended 31 March 2018, the net financial position amounted to 141,284 thousand Euro, improving by 13,793 thousand Euro compared to 31 December 2017 when net financial position amounted to 127,491 thousand Euro. The increase was largely attributable to the positive cash flows from operating activities (31,389 thousand Euro), net of cash flows used for investments in the period amounting to 15,923 thousand Euro.
Compared to 31 March 2017, the Group's net financial position increased by 93,898 thousand Euro, from a net financial position of 47,386 thousand Euro to a net financial position of 141,284 thousand Euro.

Assets held for sale

Assets held for sale included inventories of finished products as well as the equipment and furniture of Ferragamo Retail India Private Limited, which are measured at the lower of the book value and the estimated realizable value which, according to management's decisions (see the section "Significant events occurred during the year" in the Annual Report as at 31 December 2017), meet the requirements outlined in IFRS 5 to be included within this line item.

Significant events occurred during the first three months of 2018

The company Salvatore Ferragamo S.p.A. announced that the Board of Directors, which convened on 8 March 2018 for the approval of the draft separate financial statements as at 31 December 2017, approved with the favorable opinion of the Nomination and Remuneration Committee and the Board of Statutory Auditors, the agreement concerning the conclusion of the relationship with Mr. Eraldo Poletto, who resigned as Director and Managing Director of the Company and of all Group companies, effective as from 9 March 2018.
In order fill the vacant seat, the Board of Directors co-opted, pursuant to art. 2386, paragraph 1, of the Italian Civil Code, Mr. Giacomo Ferragamo as new Director in office until the Shareholders' Meeting of 20 April 2018.
At the same meeting, the Board named the Chairman Ferruccio Ferragamo as Interim Managing Director and also appointed the Director Francesco Caretti as the Director responsible for the Internal Control and Risk Management System.
On 8 March 2018, the Board of Directors also approved (i) the Consolidated financial statements as at 31 December 2017; (ii) the Report on Corporate Governance and Ownership Structure; (iii) the Remuneration Report; (iv) the Consolidated Non-Financial Statement as at 31 December 2017 pursuant to Law Decree 254/2016; (v) the proposal to authorize the purchase of treasury shares; (vi) the proposal to amend the Bylaws to introduce increased voting rights; (vii) the proposal to adjust the fees due to independent auditors for the 2017-2019 period; (viii) the allocation of a further 10,000 rights to receive shares of Salvatore Ferragamo S.p.A as part of the 2016-2020 Stock Grant Plan, 2nd cycle, for further details reference should be made to the Annual Report as at 31 December 2017. Finally, the Board convened the Ordinary and Extraordinary Shareholders' Meeting for 20 April 2018.

Tax and customs disputes and audits (update)

The Holding Company Ferragamo Finanziaria S.p.A. was subject to a tax audit for the 2011 tax year. The process ended with a Tax assessment report notified on 15 July 2015 that included some findings concerning the tax liability of Salvatore Ferragamo S.p.A. with reference to the pass-through mechanism of taxation for Ferragamo Hong Kong Ltd. for the year 2011, partially rejecting the credit for taxes paid abroad. Ferragamo Finanziaria S.p.A. is a so-called 1st-level reporting agent as far as the income of the CFC is concerned. On 23 December 2016, the Regional Unit served an assessment notice on both companies, assessing an additional 633 thousand Euro corporate income tax liability plus interest and penalties on top of the penalties assessed against both firms as part of the proceeding concerning the year 2010. On 22 May 2017, the Company appealed against the assessment notice, after the unsuccessful outcome of the assessment with acceptance process. The assessment notice should be canceled pursuant to Resolution No. 112/E/2017, which was issued when the Regional Unit raised a query with the Regulatory Central Unit in relation to this case, which recognized the claims of the Company.

On 31 August 2017, the Regional Unit of the Tuscany Inland Revenue Office asked Salvatore Ferragamo S.p.A. for information and documents on the pass-through mechanism for CFCs for the years 2012, 2013, and 2014. This topic was addressed in the previous paragraph. On 21 December 2017, the Regional Unit of the Tuscany Inland Revenue Office issued to the company an assessment notice for the year 2012, assessing an approximately 130 thousand Euro additional corporate income tax liability (IRES), of which 125 thousand Euro related to the rejection of the credit claimed for taxes paid abroad, plus interest and penalties. Once again, Salvatore Ferragamo S.p.A. denies any wrongdoing and submitted to the Tuscany Inland Revenue Office a request to obtain adjustment or cancellation of the tax assessment; at the same time it lodged an appeal with the competent court in accordance with the law. The Regional Unit of the Tuscany Inland Revenue Office is expected to continue the audit on the years 2013 and 2014.

As for the tax audit carried out by the French tax authorities and involving Ferragamo France S.A.S., reference should be made to the Annual Report as at 31 December 2017, as there were no new developments during the first quarter of 2018.

As for the tax audit involving Ferragamo Chile SA concerning fiscal years 2015, 2016 and 2017, it should be noted that it was concluded in March 2018, with the company waiving tax losses for the years under review, in addition to sanctions of approximately US$ 10,000. It should be noted that the Company had not recognized deferred tax assets on tax losses.

As for the still ongoing tax audits carried out by the local tax authorities and involving Ferragamo Deutschland GmbH and Ferragamo Korea Ltd, reference should be made to the Annual Report as at 31 December 2017, as there were no new developments during the first quarter of 2018.

On 27 November 2017, tax authorities started an audit of Ferragamo Japan K.K. concerning the company’s income and consumption tax for the year 2016 as well as withholding taxes for the years between 2013 and 2017. Tax authorities visited the company’s premises on 18 January 2018, and Ferragamo Japan K.K is waiting to receive the audit closure report along with any potential objections.

On 23 March 2017, the Regional Unit of the Tuscany Inland Revenue Office requested Salvatore Ferragamo S.p.A. to file documents concerning 4 separate export transactions that were canceled, and the company replied on 12 April 2017. The Regional Unit of the Tuscany Inland Revenue Office issued to Salvatore Ferragamo S.p.A. an assessment notice concerning one of the transaction, assessing an additional 67 thousand Euro VAT liability for the year 2013 plus interest and penalties. The company previously received another assessment notice from the Regional Unit of the Tuscany Inland Revenue Office for a similar case dating back to 2006 and appealed against it. The first- and second-instance courts have sided with Salvatore Ferragamo S.p.A., and the case is currently pending with the Court of Cassation. Therefore, on 21 March 2018, the company also appealed against this assessment notice, making reference to the outcome of the previous dispute.

On 14 March 2018, the Florence Economic-Financial Department of the Italian Tax Police started a tax audit of Ferragamo Parfums S.p.A., concerning direct income taxes, VAT and other taxes for the 2015 tax year and costs incurred with entities resident in blacklisted countries in 2013 and 2014. This audit is part of ordinary checks carried out on medium-sized taxpayers and is still underway.

On 20 March 2018, the Regional Unit of the Tuscany Inland Revenue Office – Large Taxpayers Department, started a tax audit of Salvatore Ferragamo S.p.A., concerning direct income taxes, VAT, IRAP and withholding taxes for the 2015 tax year. This audit is part of ordinary checks carried out on large taxpayers, and is still underway.

Patent Box and Research and Development Tax Credit (update)

As for the tax benefits (Patent Box and R&D Tax Credit), reference should be made to the Annual Report as at 31 December 2017, as there were no new developments during the first quarter of 2018.

International standard ruling on transfer pricing (update)

As for the international standard ruling between Salvatore Ferragamo S.p.A. and the Inland Revenue Office – Central Assessment Department – International Ruling Office, concerning the determination of the transfer pricing policy Salvatore Ferragamo S.p.A. applies to its foreign subsidiaries that perform distribution operations, reference should be made to the Annual Report as at 31 December 2017, as there were no new developments during the first quarter of 2018.

Other information

Dividends

Pursuant to the resolution of the Shareholders' Meeting of 20 April 2018, the Parent company Salvatore Ferragamo S.p.A. will pay Shareholders a single dividend of 0.38 Euro per share, relating to the profit for 2017, for a total amount of 64,140,200 Euro, with coupon detachment on 21 May 2018 and payment of the dividend as from 23 May 2018.
Other Group companies with third-party minority shareholders did not pay any dividends during the first three months of 2018.

Financial reporting and Investor relations

Salvatore Ferragamo S.p.A., in order to maintain a constant dialogue with its Shareholders, potential investors and financial analysts, and in compliance with the recommendation of CONSOB, has set up the Investor Relator function, which ensures a continuous exchange of information between the Group and financial markets.
Financial data, corporate presentations, interim reports, official press releases, and real-time share price information are available on the Group's website http://group.ferragamo.com.

Stakes in Salvatore Ferragamo S.p.A.

As at 31 March 2018, Ferragamo Finanziaria S.p.A. held a majority stake in the share capital of Salvatore Ferragamo S.p.A., i.e. 57.776% as per the communication of Ferragamo Finanziaria S.p.A. pursuant to form 120/A in Attachment 4 to the CONSOB Issuers' Regulation.

Treasury shares and shares or stakes in parent companies

It should be noted that as at 31 March 2018, the Company Salvatore Ferragamo S.p.A. does not hold its treasury shares and the same applies to its subsidiaries. The Group does not hold directly or indirectly treasury shares or shares in parent companies, and during the period it did not buy or sell treasury shares or shares in parent companies.

Staff

Here below is the Salvatore Ferragamo Group's staff divided by category as at 31 March 2018, 31 December 2017 and 31 March 2017.

Staff	**31 March 2018**	**31 December 2017**	**31 March 2017**
Top managers, middle managers and store managers	749	762	762
White collars	3,073	3,143	2,990
Blue collars	291	278	278
Total	**4,113**	**4,183**	**4,030**

Basis of presentation

This Interim report was approved by the Board of Directors of Salvatore Ferragamo S.p.A. on 7 May 2018 and, on the same date, the Board authorized its release to the public.
For comparative purposes, the consolidated financial statements show the comparison with the consolidated statement of financial position as at 31 December 2017 and 31 March 2017 and the consolidated income statement as at 31 March 2017.
All amounts are expressed in Euro and are rounded to the nearest thousand Euro, unless otherwise indicated.
The equity, income and financial data as at 31 March 2018 have been prepared according to the International Financial Reporting Standards (IFRS), and the related interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in force at the reporting date.
In preparing the Interim report the same accounting standards have been applied as adopted in drawing up the Consolidated Annual Report of the Salvatore Ferragamo Group for the year ended 31 December 2017, to which reference should be made, except for the adoption of the new or revised standards of the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which have been applied as from 1 January 2018. In particular, the Salvatore Ferragamo

Group has applied IFRS 15 and IFRS 9 for the first time as from 1 January 2018; for further details on application, reference should be made to the Explanatory notes to the consolidated financial statements as at 31 December 2017.

The procedures used for making estimates and assumptions are the same as those used in preparing the consolidated annual report.

Consolidation area

During the first three months of 2018 the Group structure underwent no changes. It should be noted that the main assets of Ferragamo Retail India Private Limited have been classified as held for sale, in line with the requirements outlined in IFRS 5.

Translation of financial statements in currencies other than the Euro and of items denominated in foreign currency

The exchange rates used to determine the value in Euro of subsidiaries' financial statements expressed in foreign currency were (to 1 Euro) as follows:

	Average rates		Exchange rates at the end of the reporting period		
	31 March 2018	31 March 2017	31 March 2018	31 December 2017	31 March 2017
US Dollar	1.2292	1.0648	1.2321	1.1993	1.0691
Swiss Franc	1.16528	1.06944	1.1779	1.1702	1.0696
Japanese Yen	133.166	121.014	131.15	135.01	119.55
Pound Sterling	0.8834	0.8601	0.8749	0.8872	0.8555
Danish Krone	7.4467	7.4353	7.4530	7.4449	7.4379
Australian Dollar	1.5632	1.4056	1.6036	1.5346	1.3982
South Korean Won	1,317.64	1,227.30	1,310.89	1,279.61	1,194.54
Hong Kong Dollar	9.6216	8.2641	9.6696	9.3720	8.3074
Mexican Peso	23.037	21.617	22.5249	23.6612	20.0175
New Taiwanese Dollar	35.991	33.0655	35.8926	35.5658	32.4499
Singapore Dollar	1.6210	1.5080	1.6158	1.6024	1.4940
Thai Baht	38.7942	37.3896	38.4780	39.1210	36.7240
Malaysian Ringgit	4.8239	4.7341	4.7658	4.8536	4.7313
Indian Rupee	79.1264	71.2842	80.2960	76.6055	69.3965
Macau Pataca	9.892	8.504	9.9587	9.6220	8.5405
Chinese Renminbi	7.8154	7.3353	7.7468	7.8044	7.3642
Chilean Peso	739.62	697.99	742.93	736.513	709.43
Argentine Peso	24.205	16.681	24.774	22.624	16.401
Brazilian Real	3.9887	3.3468	4.0938	3.9729	3.3800
Canadian Dollar	1.5540	1.4101	1.5895	1.5039	1.4265

Transactions with related parties

Sales and purchases between related parties are carried out at normal market prices. The outstanding balances at the end of the period are not backed by guarantees, do not generate interest, and are settled in cash. Bank guarantees were issued in favor of Palazzo Feroni Finanziaria S.p.A. (1,329 thousand Euro as at 31 March 2018) and in favor of Lungarno Alberghi S.r.l. (488 thousand Euro as at 31 March 2018): they concerned the leasing of properties owned by said companies. There are no other guarantees, given or received, relating to receivables and payables with related parties. The Salvatore Ferragamo Group has not set aside any provision for bad debt in relation to amounts due from related parties.

Significant non-recurring events and transactions

During the first three months of 2018, the Salvatore Ferragamo Group did not carry out significant non-recurring transactions.

Transactions arising from atypical and/or unusual transactions

The Group did not undertake atypical and/or unusual transactions, i.e. those transactions which, due to their importance/size, the counterparties involved, the subject of the transaction, the means of determining the transfer price, and the timing of the event, may give rise to doubts about the fairness/completeness of the information provided in the Interim report, conflicts of interest, the safeguarding of the company's equity, and the protection of minority interests.

Significant events occurred after 31 March 2018

Shareholders' Meeting

- **Approval of the 2017 Separate Financial Statements**

On 20 April 2018, the Shareholders' Meeting of the Parent company Salvatore Ferragamo S.p.A. approved the separate financial statements for the year ended 31 December 2017 and the distribution of a dividend of 0.38 Euro per share, as detailed in the specific section "Dividends".

- **Appointment of Corporate boards**

On the same date, the Shareholders' Meeting fixed the number of members of the Board of Directors at 13 and appointed the Board of Directors which shall remain in office for the 2018-2020 three-year period, until the Shareholders' Meeting convened to approve the financial statements as at 31 December 2020. It also confirmed Wanda Miletti Ferragamo as Honorary Chairman of the Company for the same period. In addition, an acting statutory auditor and a substitute statutory auditor were appointed to the Board of Statutory Auditors.

- **Authorization to purchase and dispose of Treasury shares**

On 20 April 2018, the Shareholders' Meeting authorized the Board of Directors to buy, including in multiple rounds, ordinary shares in Salvatore Ferragamo S.p.A. with a par value of 0.10 Euro each, up to a maximum amount that, considering the ordinary shares in Salvatore Ferragamo S.p.A. held from time to time by the Company or its subsidiaries, shall not exceed 1% (i.e. 1,687,900 ordinary shares) of the Company's share capital in accordance with article 2357, paragraph 3 of the Italian Civil Code and article 132 of the Consolidated Law on Finance (TUF), after withdrawing the resolution issued by the Shareholders' Meeting on 27 April 2017 and expiring on 27 October 2018. The Board of Directors may buy back shares in one or multiple installments for a period of 18 months from the date of the Meeting's resolution (i.e. until 20 October 2019).
In addition, the Meeting also authorized the Board of Directors, in accordance with article 2357-ter of the Italian Civil Code, to sell, including in multiple rounds, all or part of the ordinary shares bought under the above authorization or otherwise held by the Company. There is no time limit for selling ordinary shares.

- **Consultation on the Remuneration Policy for the directors and managers with strategic responsibilities**

On 20 April 2018, the Shareholders' Meeting voted in favor of the Company's policy concerning the remuneration of the members of the governing bodies, general managers, and managers with strategic responsibilities for 2018 as well as the procedures used to adopt and implement said policy, as described in Section I of the Remuneration Report in accordance with article 123-ter of the Consolidated Law on Finance (TUF) and article 84-quater as well as Annex 3A, Scheme 7-bis of CONSOB Regulation no. 11971/1999.

- **Adjustment of fees due to independent auditors for the 2017-2019 period**

On 20 April 2018, the Ordinary Shareholders' Meeting, upon proposal of the Board of Statutory Auditors pursuant to article 13, paragraph 1, of Legislative Decree No. 39 of 27 January 2010, resolved to adjust the total annual fees due to the independent auditors EY S.p.A. for each year of the 2017-2019 period increasing them by Euro 20,000.

- **Amendments to the Bylaws**

On 20 April 2018, the Extraordinary Shareholders' Meeting amended art. 6 of the Bylaws for the introduction of increased voting rights pursuant to art. 127-quinquies of the Consolidated Law on Finance (TUF).

Board of Directors

On 20 April 2018, the Board of Directors, which met after the Shareholders' Meeting appointing the same, confirmed Ferruccio Ferragamo as Executive Chairman and appointed Giacomo Ferragamo as Deputy Chairman. The Board then confirmed the appointment of the Control and Risk Committee consisting of the independent directors Marzio Alessandro Alberto Saà (Chairman), Umberto Tombari and Chiara Ambrosetti, the appointment of the Nomination and Remuneration Committee consisting of the independent directors Umberto Tombari (Chairman), Marzio Alessandro Alberto Saà and Lidia Fiori and the appointment of the Product and Brand Strategy Committee consisting of Ferruccio Ferragamo (Chairman), Giacomo Ferragamo, Angelica Visconti and Diego Paternò Castello di San Giuliano. The Board of Directors confirmed the appointment of the Independent director Marzio Alessandro Alberto Saà as Lead Independent Director.
Finally, the Board of Directors appointed Micaela Le Divelec as the new General Manager and selected the General Manager Micaela Le Divelec and the Brand and Product Manager Giacomo Ferragamo as Managers with strategic responsibilities, in addition to Ugo Giorcelli, the Company's CFO.

Outlook

2018 started with global economy performing well, favorable growth forecasts in all major areas worldwide and generally moderate financial market volatility. Tourist flows remained strong, even showing slight growth. The main areas of concern relate to ongoing tensions in the Middle East and possible increased barriers to international trade.
The trend expected for the Salvatore Ferragamo Group in relation to sales, margins and results for the year 2018 is affected by the negative impact of the current exchange rate trend and the continuing adverse impact of the channel mix. In this regard, a program of targeted investments for brand relaunch and process streamlining is underway.

Florence, 7 May 2018

On behalf of the Board of Directors

The Chairman
Ferruccio Ferragamo

Financial statements

Consolidated statement of financial position – assets

(In thousands of Euro)	31 March 2018	*of which with related parties*	31 December 2017	*of which with related parties*	31 March 2017	*of which with related parties*
NON CURRENT ASSETS						
Property, plant and equipment	243,911		249,600		243,571	
Investment property	5,898		6,139		7,157	
Intangible assets with a finite useful life	42,009		43,593		36,061	
Available-for-sale financial assets	-		-		20	
Other non current assets	4,495		4,963		6,542	
Other non current financial assets	16,166	*4,808*	15,981	*4,716*	17,429	*1,526*
Deferred tax assets	79,513		79,624		112,095	
TOTAL NON CURRENT ASSETS	**391,992**	***4,808***	**399,900**	***4,716***	**422,875**	***1,526***
CURRENT ASSETS						
Inventories	359,189		325,516		383,654	
Trade receivables	122,299	*128*	148,583	*116*	127,090	*51*
Tax receivables	25,430		27,654		29,923	
Other current assets	58,007	*19,294*	67,556	*21,576*	58,471	*28,671*
Other current financial assets	476		341		109	
Cash and cash equivalents	208,784		212,088		168,913	
TOTAL CURRENT ASSETS	**774,185**	***19,422***	**781,738**	***21,692***	**768,160**	***28,722***
Assets held for sale	846		990		-	
TOTAL ASSETS HELD FOR SALE	**846**		**990**		**-**	
TOTAL ASSETS	**1,167,023**	***24,230***	**1,182,628**	***26,408***	**1,191,035**	***30,248***

Consolidated statement of financial position – liabilities and shareholders' equity

(In thousands of Euro)	**31 March 2018**	*of which with related parties*	**31 December 2017**	*of which with related parties*	**31 March 2017**	*of which with related parties*
SHAREHOLDERS' EQUITY						
GROUP SHAREHOLDERS' EQUITY						
Share capital	16,879		16,879		16,879	
Reserves	715,472		586,730		670,501	
Net profit/(loss) – Group	9,169		118,641		12,447	
TOTAL GROUP SHAREHOLDERS' EQUITY	**741,520**		**722,250**		**699,827**	
MINORITY INTERESTS						
Share capital and reserves – minority interests	26,680		30,539		29,887	
Net profit/(loss) – minority interests	(224)		(4,358)		(1,431)	
TOTAL MINORITY INTERESTS	**26,456**		**26,181**		**28,456**	
TOTAL SHAREHOLDERS' EQUITY	**767,976**		**748,431**		**728,283**	
NON CURRENT LIABILITIES						
Non current interest-bearing loans & borrowings	15,250		14,814		-	
Provisions for risks and charges	12,253		13,794		14,696	
Employee benefit liabilities	11,446		11,509		12,305	
Other non current liabilities	56,913		59,067		60,620	
Other non current financial liabilities	97		93		386	
Deferred tax liabilities	7,600		8,235		6,696	
TOTAL NON CURRENT LIABILITIES	**103,559**	**-**	**107,512**	**-**	**94,703**	**-**
CURRENT LIABILITIES						
Trade payables	195,420	*246*	203,613	*440*	188,018	*541*
Interest-bearing loans & borrowings	49,179		66,529		116,824	
Tax payables	11,202		19,772		9,531	
Other current liabilities	36,237	*1,353*	33,269	*1,527*	49,250	*4,895*
Other current financial liabilities	3,450		3,502		4,426	
TOTAL CURRENT LIABILITIES	**295,488**	***1,599***	**326,685**	***1,967***	**368,049**	***5,436***
TOTAL LIABILITIES	**399,047**	***1,599***	**434,197**	***1,967***	**462,752**	***5,436***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,167,023**	***1,599***	**1,182,628**	***1,967***	**1,191,035**	***5,436***

Consolidated income statement

(In thousands of Euro)	Quarterly period ended 31 March			
	2018	*of which with related parties*	**2017**	*of which with related parties*
Revenues from sales and services	300,994	*99*	305,779	*38*
Rental income investment properties	2,917		3,370	
Revenues	**303,911**		**309,149**	
Cost of goods sold	(114,470)		(112,683)	
Gross profit	**189,441**		**196,466**	
Style, product development and logistics costs	(11,173)	*(161)*	(10,694)	*(290)*
Sales & distribution costs	(107,895)	*(5,813)*	(118,533)	*(6,377)*
Marketing & communication costs	(19,990)	*(7)*	(18,095)	*(7)*
General and administrative costs	(32,213)	*(3,888)*	(30,173)	*(2,459)*
Other operating costs	(3,845)	-	(4,996)	*(91)*
Other income and revenues	2,741	*1*	3,039	*2*
Operating profit	**17,066**		**17,014**	
Financial charges	(10,348)		(10,741)	
Financial income	7,846	-	9,110	
Profit before taxes	**14,564**		**15,383**	
Income taxes	(5,619)		(4,367)	
Net profit/(loss) for the period	**8,945**		**11,016**	
Net profit/(loss) – Group	9,169		12,447	
Net profit/(loss) – minority interests	(224)		(1,431)	

(In Euro)	Quarterly period ended 31 March	
	2018	**2017**
Basic earnings per share – ordinary shares	0.054	0.074
Diluted earnings per share – ordinary shares	0.054	0.074

Consolidated statement of comprehensive income

(In thousands of Euro)	Quarterly period ended 31 March	
	2018	2017
Net profit/(loss) for the period (A)	**8,945**	**11,016**
Other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period		
- Currency translation differences of foreign operations	14,506	(7,510)
- Net gain/(loss) from cash flow hedge	(5,721)	3,872
- Income taxes	1,373	(929)
	(4,348)	2,943
Total other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes (B1)	**10,158**	**(4,567)**
Other income/(losses) that will not be subsequently reclassified to net profit/(loss) for the period		
- Net gain/(loss) from recognition of defined-benefit plans for employees	52	(121)
- Income taxes	(13)	34
	39	(87)
Total other income/(losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes (B2)	**39**	**(87)**
Total other income/(losses) for the period, net of taxes (B1+B2 = B)	**10,197**	**(4,654)**
Total comprehensive income for the period, net of taxes (A+B)	**19,142**	**6,362**
Group	19,554	7,913
Minority interests	(412)	(1,551)

Consolidated statement of cash flows

(In thousands of Euro)	**Quarterly period ended 31 March**			
	2018	*of which with related parties*	**2017**	*of which with related parties*
NET PROFIT / (LOSS) FOR THE PERIOD	**8,945**		**11,016**	
Adjustments to reconcile net profit (loss) to net cash from (used in) operating activities:				
Amortization, depreciation and write-downs of tangible and intangible assets and investment property	15,371		16,052	
Allocation / (use) of deferred taxes	388		(2,763)	
Provision for employee benefit plans	188		224	
Allocation to / (use of) the provision for obsolete inventory	6,626		11,717	
Losses and provision for bad debt	235		382	
Losses / (gains) on disposal of tangible/intangible assets	1		297	
Other non-monetary items	527		490	
Changes in operating assets and liabilities:				
Trade receivables	24,914	(12)	53,998	18
Inventories	(21,158)		(25,656)	
Trade payables	(3,593)	(194)	7,357	28
Tax receivables	1,910		2,094	
Tax payables	(8,455)		(12,341)	
Employee benefits payments	(156)		(322)	
Other assets and liabilities	6,140	2,016	11,972	4,900
Other – net	(494)		(51)	
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**31,389**	**1,810**	**74,466**	**4,946**
Cash flow from investing activities:				
Purchase of tangible assets	(14,512)		(12,062)	
Purchase of intangible assets	(1,411)		(1,157)	
Proceeds from the sale of tangible and intangible assets	26		16	
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(15,897)**	**-**	**(13,203)**	**-**
Cash flow from financing activities:				
Net change in financial payables	(17,363)	-	(6,100)	-
Purchase of minority interests in companies consolidated on a line-by-line basis	-		(804)	
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(17,363)**	**-**	**(6,904)**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,871)**		**54,359**	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**212,088**		**117,249**	
Increase/(decrease) in cash and cash equivalents	(1,871)		54,359	
Effect of exchange rate translation differences	(1,433)		(2,700)	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**208,784**		**168,908**	
ADDITIONAL INFORMATION				
Interest paid	636		934	
Income taxes paid	1,489		2,670	
Interest received	166		175	
Dividends received	-		-	

Statement of changes in consolidated shareholders' equity

(In thousands of Euro)	Share capital	Share capital contributions	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Translation reserve	Retained earnings	Other reserves	Effect IAS 19 Equity	Net profit/(loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
As at 01.01.2018	**16,879**	**2,995**	**4,188**	**429,505**	**14,140**	**(33,129)**	**155,626**	**16,395**	**(2,990)**	**118,641**	**722,250**	**26,181**	**748,431**
Allocation of results	-	-	-	-	-	-	118,641	-	-	(118,641)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	9,169	9,169	(224)	8,945
Other comprehensive income/(loss)	-	-	-	-	(4,348)	14,662	32	-	39	-	10,385	(188)	10,197
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(4,348)**	**14,662**	**32**	**-**	**39**	**9,169**	**19,554**	**(412)**	**19,142**
Purchase of minority interests in companies consolidated on a line-by-line basis and accounting of options on minority interests	-	-	-	-	-	-	(689)	-	-	-	(689)	687	(2)
Stock Grant Reserve	-	-	-	-	-	-	-	405	-	-	405	-	405
As at 31.03.2018	**16,879**	**2,995**	**4,188**	**429,505**	**9,792**	**(18,467)**	**273,610**	**16,800**	**(2,951)**	**9,169**	**741,520**	**26,456**	**767,976**

(In thousands of Euro)	Share capital	Share capital contributions	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Translation reserve	Retained earnings	Other reserves	Effect IAS 19 Equity	Net profit/(loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
As at 01.01.2017	**16,879**	**2,995**	**4,188**	**316,082**	**(6,884)**	**(4,035)**	**149,570**	**15,525**	**(3,166)**	**201,984**	**693,138**	**29,476**	**722,614**
Allocation of results	-	-	-	-		-	201,984	-	-	(201,984)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	12,447	12,447	(1,431)	11,016
Other comprehensive income/(loss)	-	-	-	-	2,943	(7,390)	-	-	(87)	-	(4,534)	(120)	(4,654)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**2,943**	**(7,390)**	**-**	**-**	**(87)**	**12,447**	**7,913**	**(1,551)**	**6,362**
Purchase of minority interests in companies consolidated on a line-by-line basis and accounting of options on minority interests	-	-	-	-	-	-	(1,443)	-	-	-	(1,443)	531	(912)
Stock Grant Reserve	-	-	-	-	-	-	-	219	-	-	219	-	219
As at 31.03.2017	**16,879**	**2,995**	**4,188**	**316,082**	**(3,941)**	**(11,425)**	**350,111**	**15,744**	**(3,253)**	**12,447**	**699,827**	**28,456**	**728,283**

Statement pursuant to paragraph 2, article 154 bis of Leg. Decree no. 58/98 (Consolidated Law on Finance)

The Manager charged with preparing Company's Financial Reports states, pursuant to paragraph 2, article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this document is in line with accounting books and records.

Florence, 7 May 2018

Manager charged with preparing Company's Financial Reports
Ugo Giorcelli