

Salvatore Ferragamo

**1H 2019
Results Update**

Analyst Presentation

July 30, 2019 - 6.00 PM CET



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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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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

- The Personal Luxury Goods Market is estimated to grow 4/6% in FY'19, at an established 'normal' growth level, substantially in line with the first part of the year.
- Consumption in Mainland China expected to grow high double-digit thanks to a solid consumers' confidence, particularly for younger generations, with the digital channel gaining relevance. Government initiatives, brands' strategies and lower price differentials should continue to boost local demand, while shopping abroad should decrease, yet remaining significant in Europe.
- EMEA expected to grow low single-digit showing a mixed picture for domestic consumption - with a weakening macroeconomic and uncertain political outlook potentially negatively weighting on consumers' confidence – while performance still benefitting from tourists flows.
- America expected to grow low single-digit, with US showing a positive trend thanks to domestic demand in full-price RTL and in the on-line channel and tourists flows from Mexico and Brazil, despite US – China trade wars triggering a potential risk to consumers' confidence.
- Positive growth coming also from SEA countries and Korea, while Hong Kong and Macau suffering from lower tourists' spending (especially Chinese) and geopolitical uncertainties.
- Air passengers traffic growing and totaling +4.6% in May YtD, with both April and May performances above 4%, after the dip in March partly due to a different timing of Easter.

1H 2019 Financial Review



Salvatore Ferragamo FW 19 Advertising Campaign

1H 2019 Revenue By Distribution Channel

| (Euro MM) | June YTD | | | | Weight on Tot 2019 | Weight on Tot 2018 |
|-----------------------|--------------|--------------|-------------|--------------|-----------------------|-----------------------|
| | 2019 | 2018 | Δ % | Δ % Const FX | | |
| Retail | 441.7 | 426.2 | 3.6% | 3.2% | 62.7% | 63.3% |
| Wholesale | 254.4 | 236.9 | 7.4% | 7.7% | 36.1% | 35.2% |
| Licences & Other Rev. | 5.7 | 4.7 | 22.3% | 22.3% | 0.8% | 0.7% |
| Rental income | 3.1 | 6.0 | -47.6% | -51.1% | 0.4% | 0.9% |
| Total | 704.9 | 673.7 | 4.6% | 4.4% | 100.0% | 100.0% |

- Total Revenues at 705 million Euros, up 4.6% (+4.4% at constant FX) vs. 1H 2018.
- RTL up 3.6% (+3.2% at constant FX) in 1H 2019, with 2Q in line with 1Q trend. Like-for-like performance positive +2.3%, despite the still negative trend of the secondary channel.
- WHL up 7.4% (+7.7% at constant FX) vs. 1H 2018, with an acceleration in the 2Q 2019 (+8.9% at current FX and +8.3% at constant FX).
- Group's store network at 661 points of sale, of which 397 DOS and 264 TPOS.

1H 2019 Revenue By Region

| (Euro MM) | June YTD | | | Δ % Δ % Const FX | Weight on Tot 2019 | Weight on Tot 2018 |
|---------------|--------------|--------------|-------------|---------------------|-----------------------|-----------------------|
| | 2019 | 2018 | Δ % | | | |
| Europe | 177.6 | 172.4 | 3.0% | 3.0% | 25.2% | 25.6% |
| North America | 152.8 | 152.3 | 0.4% | -0.4% | 21.7% | 22.6% |
| Japan | 58.9 | 58.9 | 0.1% | 0.5% | 8.4% | 8.7% |
| Asia Pacific | 277.2 | 256.4 | 8.1% | 8.4% | 39.3% | 38.1% |
| Latin America | 38.3 | 33.8 | 13.4% | 10.3% | 5.4% | 5.0% |
| Total | 704.9 | 673.7 | 4.6% | 4.4% | 100.0% | 100.0% |

- APAC up 8.4% at const. FX in 1H 2019, with a solid performance of the Retail channel in China (+16.3% at const. FX).
- EMEA up 3.0% at const. FX vs. 1H 2018, with a positive performance in both distribution channels.
- North America -0,4% at const. FX vs. 1H 2018.
- Japan +0.5% at const. FX vs. 1H 2018, penalized by the negative performance of the Wholesale channel.
- Latam up 10.3% at const. FX vs. 1H 2018.

1H 2019 Revenue By Product

| (Euro MM) | June YTD | | | | Weight on Tot 2019 | Weight on Tot 2018 |
|--------------------------|--------------|--------------|-------------|--------------|-----------------------|-----------------------|
| | 2019 | 2018 | Δ % | Δ % Const FX | | |
| Shoes | 297.3 | 285.6 | 4.1% | 4.0% | 42.2% | 42.4% |
| Leather goods & handbags | 280.9 | 262.8 | 6.9% | 6.8% | 39.9% | 39.0% |
| RTW | 36.2 | 37.5 | -3.5% | -3.3% | 5.1% | 5.6% |
| Silk & other access. | 39.9 | 38.4 | 3.9% | 3.8% | 5.7% | 5.7% |
| Fragrances | 41.8 | 38.7 | 7.8% | 6.4% | 5.9% | 5.8% |
| Licences & Other Rev. | 5.7 | 4.7 | 22.3% | 22.3% | 0.8% | 0.7% |
| Rental income | 3.1 | 6.0 | -47.6% | -51.1% | 0.4% | 0.9% |
| Total | 704.9 | 673.7 | 4.6% | 4.4% | 100.0% | 100.0% |

➤ Shoes up 4.0% at const. FX vs. 1H 2018.

➤ Leather Goods & Handbags up 6.8% at const. FX vs. 1H 2018.

➤ Fragrances up 6.4%, at const. FX vs. 1H 2018, with a strong performance in 2Q 2019 (+50.0% at const. FX) due to a different timing of deliveries vs. the same period of 2018.

1H 2019 P&L

| (Euro MM) | June YTD | | | | | | | |
|-----------------------------|--------------|---------------|---------------|---------------|--------------|---------------|--------------|--------------|
| | 2019 | % | Restated 2019 | % | 2018 | % | Δ % | Restated Δ % |
| Total revenue | 704.9 | 100.0% | 704.9 | 100.0% | 673.7 | 100.0% | 4.6% | 4.6% |
| Cost of goods sold | (248.0) | -35.2% | (248.0) | -35.2% | (241.7) | -35.9% | 2.6% | 2.6% |
| Gross profit | 456.9 | 64.8% | 456.9 | 64.8% | 432.0 | 64.1% | 5.8% | 5.8% |
| Total operating costs | (363.0) | -51.5% | (371.8) | -52.7% | (346.5) | -51.4% | 4.7% | 7.3% |
| EBIT | 93.9 | 13.3% | 85.1 | 12.1% | 85.5 | 12.7% | 9.9% | -0.4% |
| Financial income (expenses) | (6.2) | -0.9% | (6.2) | -0.9% | (5.9) | -0.9% | 6.1% | 6.1% |
| Financial ROU | (8.8) | -1.2% | - | 0.0% | - | 0.0% | n.a. | n.a. |
| EBT | 78.9 | 11.2% | 78.9 | 11.2% | 79.6 | 11.8% | -0.9% | -0.9% |
| Taxes | (18.9) | -2.7% | (18.9) | -2.7% | (21.0) | -3.1% | -10.1% | -10.1% |
| Net income | 60.0 | 8.5% | 60.0 | 8.5% | 58.6 | 8.7% | 2.4% | 2.4% |
| Group net income | 58.1 | 8.2% | 58.1 | 8.2% | 57.5 | 8.5% | 1.1% | 1.1% |
| Income to minorities | 2.0 | 0.3% | 2.0 | 0.3% | 1.2 | 0.2% | 70.4% | 70.4% |
| EBITDA | 184.2 | 26.1% | 119.0 | 16.9% | 116.6 | 17.3% | 58.0% | 2.1% |

➤ Gross Profit +5.8% to 457 million Euros, with incidence on Revenues up 70 bps to 64.8%, mainly due to increase of full-price sales and positive product mix.

➤ Opex adj. (ex. IFRS16 impact) up 7.3% (+4.5% at const. FX), mainly due the reinforcement of the organization, the increase in rentals and other costs.

➤ EBITDA adj. (ex. IFRS16 impact) up 2.1% to 119 million Euros, with incidence on Revenues at 16.9%.

➤ Tax rate at 23.9%, vs. 26.4% in 1H 2018 (mainly due the negative impact LY of the tax rate change in the US and the more positive effect this year of the Patent Box).

➤ Net Profit adj. at 60 million Euros, up 2.4% vs. 1H 2018.

1H 2019 Balance Sheet

| (Euro MM) | June 19 YTD | June 18 YTD | % |
|-----------------------------------|------------------|----------------|----------------|
| Tangible assets | 293.977 | 260.219 | 13.0% |
| Intangible assets | 41.087 | 42.176 | -2.6% |
| Right of Use | 580.601 | — | n.a. |
| Financial assets | — | — | |
| Fixed assets | 915.665 | 302.394 | 202.8% |
| Inventory | 388.645 | 373.777 | 4.0% |
| Trade receivables | 154.633 | 147.481 | 4.8% |
| Trade payables | (216.230) | (203.442) | 6.3% |
| Operating working capital | 327.049 | 317.817 | 2.9% |
| Other assets (liabilities) | 83.418 | 52.002 | 60.4% |
| Net Asset Disposal for Sales | — | — | n.a. |
| Employee Benefit Liabilities | (11.841) | (11.678) | 1.4% |
| Provisions for risks and charges | (20.003) | (12.556) | 59.3% |
| Net invested capital | 1,294.288 | 647.979 | 99.7% |
| Shareholders' equity (A) | 757.389 | 749.430 | 1.1% |
| Group equity | 733.902 | 723.522 | 1.4% |
| Minority interest | 23.486 | 25.908 | -9.3% |
| Current financial liabilities | (138.696) | (42.329) | 227.7% |
| Non current financial liabilities | (576.619) | (15.527) | 3613.6% |
| Cash & Cash equivalents | 178.416 | 159.307 | 12.0% |
| Net debt (B) | (536.899) | 101.451 | -629.2% |
| Financial sources (A-B) | 1,294.288 | 647.979 | 99.7% |
| Net debt (B) | (536.899) | 101.451 | -629.2% |
| Non Current Lease Liabilities | 560.306 | — | n.a. |
| Current Lease Liabilities | 117.741 | — | |
| Lease Liabilities | 678.047 | — | n.a. |
| Net debt Adjusted | 141.148 | 101.451 | 39.1% |

- Net Working Capital up 2.9%, with Inventory up 4.0% (+6.1%at const. FX).
- Investments (CAPEX) at 25 million Euros, vs. 32 million Euros in 1H 2018, mainly for the store network renovations and the IT projects.
- Net Financial Position adj. (ex. IFRS16 impact) at 30 June 2019 positive for 141 million Euros, compared to 101 million Euros positive as of 30 June 2018. Including IFRS16 effect, the Net Financial Position at 30 June 2019 is negative for 537 million Euros .

Group POS Number by Region @ 30.06.2019

| | Act June '19 | Act December '18 | Net Openings in the period | Act June '18 |
|----------------------|---------------------|-------------------------|---------------------------------------|---------------------|
| EMEA | 166 | 174 | -8 | 176 |
| USA | 102 | 99 | 3 | 100 |
| Latin America | 62 | 63 | -1 | 64 |
| Asia Pacific | 264 | 265 | -1 | 266 |
| Japan | 67 | 71 | -4 | 71 |
| Total POS n. | 661 | 672 | -11 | 677 |
| <i>DOS</i> | <i>397</i> | <i>409</i> | <i>-12</i> | <i>407</i> |
| <i>TPOS</i> | <i>264</i> | <i>263</i> | <i>1</i> | <i>270</i> |

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Q&A



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