

Ferragamo's TR sales prop up wholesale

Luxury Italian fashion brand and retailer Salvatore Ferragamo reports that revenue from its wholesale and travel retail division was flat (+1%) in the first quarter of 2016.



However, in 1Q 2016 the company's retail distribution channel posted a -4% decline in consolidated revenues both at current and constant exchange rates.

The Board of Directors of Salvatore Ferragamo S.p.A. has also revealed its top management succession plan for the company, [to be finalised on 2 August], which involves **the resignation of Michele Norsa and the appointment of Eraldo Poletto as CEO of the Company.**

As of 31 March 2016, the groups network totalled 663 points of sale; 386 Directly Operated Stores (DOS), while the Wholesale and Travel Retail channel included 277 Third Party Operated Stores (TPOS), as well as the presence in Department Stores and high-level multi-brand Specialty Stores.



Ferragamo store in downtown Waikiki close to the DFS Galleria.

REVENUE DECLINE IN ASIA

In Q1 2016 the Group posted total revenue of €321m (\$360m), registering a 2% decrease both at current and constant exchange rates, over the €327m (\$367m) recorded in Q1 2015.

Ferragamo's TR sales prop up wholesale

The Asia Pacific area, the Groups top market in terms of revenue, saw revenue decrease of 3% (-2% at *constant exchange rates*) vs 1Q 2015, mainly due to the deterioration of the business in Hong Kong and Macao.

Click to enlarge table below.

Revenue by distribution channel as of 31 March 2016

(In thousands of Euro)	Period ended at 31 March				at constant	
	2016	% on Revenue	2015	% on Revenue	% Change	exchange rate % Change
Retail	191,657	59.6%	198,795	60.7%	(3.6%)	(4.2%)
Wholesale	124,029	38.6%	122,923	37.6%	0.9%	0.2%
Licenses and services	2,560	0.8%	2,403	0.7%	6.5%	6.6%
Rental income investment properties	3,244	1.0%	3,141	1.0%	3.3%	1.1%
Total	321,490	100.0%	327,262	100.0%	(1.8%)	(2.4%)

The retail channel in China recorded a decline in revenue -6% in the first three months of 2016, penalized by the challenging comparison base (+22% in 1Q 2015), says the brand.

Europe posted a decrease in revenues of 4% compared to 1Q 2015, also due to lower tourist flows, negatively impacted by the dramatic events.



Ferragamo store operated by CDFG at Guangzhou Airport.

REDUCED NUMBER OF CHINESE TOURISTS

Ferragamo's TR sales prop up wholesale

North America recorded revenue growth of 1% (*-4% at constant exchange rates*) in the first three months of 2016. The retail business, despite the strong currency that negatively impacted tourist flows in the United States, reported sales up 6%, while the wholesale business was down 7%, also due to the challenging comparison base (*+21% in 1Q 2015*), adds Ferragamo.

The Japanese market registered a 2% growth (*stable at constant exchange rates*) in 1Q 2016, decelerating vs the last months of 2015, due to the lower Chinese tourist flow (*also impacted by the appreciation of the yen vs the renminbi*).

The Central and South America area in 1Q 2016 continued to grow (*+8% at constant exchange rates*), despite the penalization of the currency, posting stable revenues.

Among the product categories, shoes registered stable revenues in 1Q 2016, while handbags and leather accessories reported revenues down 3% (*vs a hard comparison base, +16% in 1Q 2015*). Fragrances were up 2% vs the same period of last year.