

Italy's Ferragamo unable to confirm medium-term targets

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Italian luxury goods brand Salvatore Ferragamo said on Thursday it could not confirm the targets it had set for the next three years in its business plan as 2018 would be another year of transition.





Salvatore Ferragamo - Spring-Summer2018 - Womenswear - Milan - © PixelFormula

In a statement it said it could not be sure of "the medium-term ambitions presented to the market on Feb. 3", when it unveiled its strategy for the years 2017 to 2020, but it did not give a new guidance.

Back in February the Florence-based group had said its revenue would increase at twice the market rate in the four years starting in 2017. It also said both gross margins and core profits would improve in the period, however without quantifying the growth.

But since launching the ambitious new strategy, focussing on raising sales per square metre at its almost 700 boutiques around the world, core profit margins have been falling year-on-year, severely hit by a planned clearance of inventory products.

The move is aimed at freeing up space for new products, in a broader push by the 90-year old brand to become more contemporary and appealing to younger customers, now a larger proportion of the luxury sector's client-base.

The group also said that "the transition phase, that characterised 2017" would extend into 2018.

Chief Executive Eraldo Poletto, who took over from long-serving Michele Norsa last year, had already warned in November, when the group reported a 25 percent drop in nine-month core profit, that 2018 would be "another year of hard work.

