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TOD'S S.p.A. – Group's sales totaled 234.1 million Euros in the first quarter of 2018 at constant exchange rates, with positive performances on all foreign markets

The Board of Directors approved Tod's Group Q1 2018 sales figures

The Board of Directors of Tod's S.p.A., the Italian company listed on the Milan Stock Exchange and holding of the luxury goods group of the same name operating in luxury and quality shoes, accessories and apparel with the Tod's, Hogan, Fay and Roger Vivier brands, today approved the Group's sales figures for the first quarter of 2018 (January 1st – March 31st, 2018).

Message of the Group's Chairman and CEO

Diego Della Valle, Chairman and CEO of the Group, commented as follows:

" The Q1 results are in line with our expectations, since the new business model's effects cannot be visible yet. We are in the process of implementing the new plan and all the people involved are working hard. We are consistently pursuing our goal of keeping the quality of our products at the highest possible levels, with an increasingly strong creative component. Regarding our distribution, we are transitioning to a new omni-channel model, aimed at connecting seamlessly both our stores and our fast-growing e-commerce. We are strengthening the marketing and communication teams, to effectively seize all the new opportunities arising from the digital arena. Our manufacturing sites are best-in-class for quality and flexibility: they can be efficient in product customization and capsule collections production, both required processes to effectively satisfy new consumers' needs all over the world. Therefore, I believe that, if the new strategic plan implementation continues according to our expectations, we can achieve excellent results in a reasonable timeframe."

Comments to the Group's sales

As already highlighted in our previous press releases, analyzing quarterly figures is not fully meaningful, due to the discrepancies in the flow of industrial revenues on a monthly basis. This reminder is even more important in the first quarter of the year, when sales volumes represent only a small part of the annual turnover. In fact, even small temporal variations of shipments may result in differences that are only apparently meaningful, as percentage on sales.

In the first quarter of 2018, at constant exchange rates, meaning by using the average exchange rates of Q1 2017, including the related effects of hedging contracts, consolidated sales were 234.1 million Euros, down 1.8% from Q1 2017. As expected, sales have been hugely affected by currencies fluctuations, mainly for Tod's and Roger Vivier, which have an important presence abroad. At reported rates, revenues totalled 226.1 million Euros.

Breakdown of consolidated sales by brand

(million Euros)

	Q1 2018		Q1 2017	% change		FY 2017
	reported rates	constant rates		reported rates	constant rates	
Tod's	119.6	124.6	123.0	- 2.8%	+1.3%	515.7
Hogan	55.7	56.3	59.4	-6.1%	-5.2%	203.9
Roger Vivier	37.8	40.2	41.3	-8.7%	-2.8%	179.3
Fay	12.8	12.8	14.6	-12.2%	-12.0%	63.5
Other	0.2	0.2	0.2	n.m.	n.m.	0.9
TOTAL	226.1	234.1	238.5	-5.2%	-1.8%	963.3

At constant exchange rates, Tod's sales totaled 124.6 million Euros in the first quarter, up 1.3% from Q1 2017. This value fell to 119.6 million Euros at reported rates, due to the negative currencies impact. By category, positive signs of shoes, which recorded growth in the quarter. The brand achieved positive results in all geographical areas, with the exception of the domestic market, which continues to be affected by the weakness of the wholesale channel.

Hogan revenues were 56.3 million Euros at constant rates (55.7 million Euros at reported rates); the decline is entirely due to the difficulty of the Italian market. Double-digit growth in Europe and in China, which are the areas where the internationalization of the brand is currently focused.

Sales of Roger Vivier totaled 40.2 million Euros at constant rates, down 2.8% from Q1 2017. At reported rates, revenues amounted to 37.8 million Euros. The results of leather goods were positive, while shoes were affected by a very challenging comparison base and a very "summer" type of product, which we think will register much better results in the second quarter, with the real sales start of the summer season.

Finally, sales of Fay were 12.8 million Euros; the decrease, as compared to Q1 2017, is mainly due to the weakness of the domestic market, mainly in the wholesale channel.

Breakdown of consolidated sales by product category

(million Euros)

	Q1 2018		Q1 2017	% change		FY 2017
	reported rates	constant rates		reported rates	reported rates	
Shoes	182.2	188.6	190.2	-4.2%	-0.9%	757.9
Leather goods and accessories	29.6	31.1	32.4	-8.5%	-3.8%	135.8
Apparel	14.1	14.2	15.7	-10.2%	-9.6%	68.7
Other	0.2	0.2	0.2	n.m.	n.m.	0.9
TOTAL	226.1	234.1	238.5	-5.2%	-1.8%	963.3

Revenues from shoes were 188.6 million Euros at constant exchange rates, with a small decrease as compared to Q1 2017. Excluding the exchange rate impact, the value of sales is 182.2 million Euros.

Sales of leather goods and accessories totaled 31.1 million Euros at constant rates; the 3.8% difference, as compared to Q1 2017, is also due to a different merchandising mix. At reported rates, revenues of this category totaled 29.6 million Euros.

Finally, sales of apparel were 14.2 million Euros at constant rates (14.1 million Euros at reported rates); the performance broadly reflects the trend registered by the Fay brand.

Breakdown of consolidated sales by region

(million Euros)

	Q1 2018		Q1 2017	% change		FY 2017
	reported rates	constant rates		reported rates	constant rates	
Italy	70.2	70.2	79.4	-11.6%	-11.6%	298.2
Europe (excl. Italy)	57.6	58.4	57.3	+0.5%	+1.9%	245.1
Americas (*)	15.4	17.2	16.8	-8.5%	+2.3%	78.0
Greater China (**)	48.7	52.5	50.3	-3.2%	+4.4%	212.0
Rest of World	34.2	35.8	34.7	-1.4%	+3.3%	130.0
TOTAL	226.1	234.1	238.5	-5.2%	-1.8%	963.3

(*) This line includes the whole American continent (Northern and Southern America).

(**) This line includes: mainland China, Hong Kong, Macao and Taiwan.

In the first quarter of 2018, domestic sales were 70.2 million Euros; the decrease, as compared to the same period of 2017, is mainly due to the weakness experienced by the wholesale channel, mainly in provincial cities.

In the rest of Europe, the Group's revenues totaled 58.4 million Euros at constant exchange rates (57.6 million Euros at reported rates), showing a slight increase as compared to Q1 2017.

In the Americas sales amounted to 17.2 million Euros at constant rates, up 2.3% from Q1 2017. Both the distribution channels are showing signs of improvement. At reported rates, revenues of this region totaled 15.4 million Euros.

The Group's sales in Greater China totaled 52.5 million Euros, up 4.4% from Q1 2017; at reported rates, the value stands at 48.7 million Euros. Positive results in mainland China, Hong Kong and Macao.

Finally, in the area "Rest of the World" the Group's revenues were 35.8 million Euros at constant rates, up 3.3% from Q1 2017 (34.2 million Euros at reported rates).

Breakdown of consolidated sales by distribution channel

(million Euros)

	Q1 2018		Q1 2017	% change		FY 2017
	reported rates	constant rates		reported rates	constant rates	
DOS	127.0	134.0	136.8	-7.1%	- 2.0%	621.1
Third parties (Franchised stores + Independent retailers)	99.1	100.1	101.7	-2.6%	-1.6%	342.2
TOTAL	226.1	234.1	238.5	-5.2%	-1.8%	963.3

In Q1 2018, sales through DOS totaled 134 million Euros at constant rates, showing a slight decrease as compared to Q1 2017. At reported rates, the value stands at 127 million Euros.

The *Same Store Sales Growth* (SSSG) rate, calculated at constant exchange rates as the worldwide average of sales growth rates registered by the DOS already existing as of January 1st, 2017, is -4.4% in the first quarter of the year (from January 1st to March 31st, 2018). As already commented in this press release, this figure has been also affected by a different merchandising mix of the collections.

As of March 31st, 2018 the Group's distribution network was composed by 276 DOS and 118 franchised stores, compared to 274 DOS and 107 franchised stores as of March 31st, 2017.

Revenues to third parties totaled 100.1 million Euros at constant rates (99.1 at reported rates); the decrease from Q1 2017 is mainly due to the prudent attitude the Group continues to hold towards this channel, in difficulty especially on the domestic market.

The manager responsible for preparing the company's financial reports, Mr. Rodolfo Ubaldi, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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