

Sant'Elpidio a Mare - May 13th, 2020

TOD'S S.p.A. – Strong start of the year, until the outbreak of the pandemic. Group sales totaled 152,8 million Euros in Q1 2020, down 29.4% from Q1 2019, due to the impact of Covid-19

The Board of Directors approves the Interim Management Statement for the first quarter of 2020

Reduction of the compensation of the Executive Committee and the Top Management

Amendment to 2020 Financial Calendar

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, Roger Vivier and Fay brands, today approved the Interim Management Statement for the first quarter of 2020 (January 1st – March 31st, 2020).

Message from the Group's Chairman and CEO

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

“We had a strong start of the year, with revenue growth in all regions, confirming that the work done was beginning to produce its results. The outbreak of the epidemic in China and its rapid spread all over the world have changed every perspective and forced us to review everything, giving priority to many new problems, often unknown, that we had to manage suddenly.

Our first absolute goal was to protect the health of our employees and their families, managing the closures of the production plants, offices and stores all over the world. And this is still our first target also today.

In the meantime, given the impossibility of predicting and governing the future, we have decided to be very prudent, trying to limit our inventories, to avoid generating unsold stock due to lack of demand, and the related consequences.

We have also tried to prepare our stores to give them an image of freshness and refinement and make them attractive when reopened.

As far as the second half of the year, we will remain very prudent, but with great attention to the evolution of the markets, to be ready and responsive to the first positive signs.

We are paying great attention to strategies of cost cutting and increasing efficiency, that will give us good results. I take also the opportunity to thank all our managers, who are doing a huge and excellent job in optimizing everything. Considering that nothing will be the same as before, we are preparing a brand new design, marketing and communication plan, that takes into account the people's habit of using the web more and more, which in the future will be increasingly protagonist in spreading products, stories and all that which will be used to communicate and will also help our e-commerce division, which is growing very solidly.

In fact, the development of e-commerce and the increase in sales of our stores are the two pillars, that will allow the Group to obtain the necessary growth in a relatively short time and on this we will focus our greatest efforts. We will continue, more and more emphatically, to support the philosophy of our brands, that enhance the great quality, exclusivity and uniqueness, values that are becoming increasingly relevant in this period.

Our Group has activated itself with many solidarity projects in support of our employees and our country, trying, to give our contribution of solidarity, as we always do, when it's necessary to help those who need it most.

We hope in the coming months to have greater visibility to be able to operate more effectively and to have realistic targets, wishing that we can start again, albeit gradually, to see a clearer future.”

Comments to the Group's sales

In the first quarter of 2020, consolidated sales were 152.8 million Euros, down 29.4% from Q1 2019, also due to the very prudent approach used for deliveries to both the distribution channels.

Currency fluctuations gave a small positive contribution; at constant exchange rates, meaning by using the average exchange rates of Q1 2019, including the related effects of hedging contracts, sales would have been 152 million Euros, down 29.7% from Q1 2019.

After a good start of sales in the first weeks of the year, the results of the stores were visibly influenced by the outbreak of the Covid-19 pandemic, given the progressive closures of retail businesses in all geographic areas and the drop of traffic from tourists.

More specifically, at the end of January the first store closures began in China and the flow of tourists from that area was blocked, with a negative impact on the traffic worldwide. Starting in March, the store closures were extended to Europe and, subsequently, to America. Only in mid-March, stores in China were progressively reopened, with a gradual recovery of activity.

The impact of the pandemic significantly affected sales results for all Group's brands, regions, product categories and distribution channels. Therefore, this press release contains the tables with the usual sales breakdowns, without additional comments.

Breakdown of consolidated sales by brand
(million Euros)

	Q1 2020		Q1 2019	% change		FY 2019
	reported rates	constant rates		reported rates	constant rates	
Tod's	72.7	72.2	106.4	-31.7%	-32.2%	461.8
Hogan	39.8	39.7	54.0	-26.4%	-26.5%	200.5
Roger Vivier	30.5	30.3	43.9	-30.4%	-30.8%	200.5
Fay	9.7	9.7	12.0	-19.0%	-19.2%	56.3
Other	0.1	0.1	0.1	n.m.	n.m.	0.9
TOTAL	152.8	152.0	216.4	-29.4%	-29.7%	916.0

Breakdown of consolidated sales by product category
(million Euros)

	Q1 2020		Q1 2019	% change		FY 2019
	reported rates	constant rates		reported rates	constant rates	
Shoes	123.6	123.1	175.3	-29.5%	-29.8%	730.7
Leather goods and accessories	17.9	17.7	27.6	-35.1%	-35.8%	121.7
Apparel	11.2	11.1	13.4	-16.8%	-16.9%	62.7
Other	0.1	0.1	0.1	n.m.	n.m.	0.9
TOTAL	152.8	152.0	216.4	-29.4%	-29.7%	916.0

Breakdown of consolidated sales by region

(million Euros)

	Q1 2020		Q1 2019	% change		FY 2019
	reported rates	constant rates		reported rates	constant rates	
Italy	46.6	46.6	63.6	-26.8%	-26.8%	260.6
Europe (excl. Italy)	43.3	43.1	54.8	-21.0%	-21.4%	237.6
Americas (*)	11.7	11.4	15.1	-22.2%	-24.2%	70.6
Greater China (**)	26.5	26.4	50.2	-47.2%	-47.5%	215.1
Rest of World	24.7	24.6	32.7	-24.4%	-24.7%	132.1
TOTAL	152.8	152.0	216.4	-29.4%	-29.7%	916.0

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

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

Breakdown of consolidated sales by distribution channel

(million Euros)

	Q1 2020		Q1 2019	% change		FY 2019
	reported rates	constant rates		reported rates	constant rates	
Retail (DOS+online)	92.5	91.9	138.8	-33.3%	-33.7%	645.8
Third parties (Franchised stores + Independent retailers)	60.3	60.1	77.6	-22.3%	-22.6%	270.2
TOTAL	152.8	152.0	216.4	-29.4%	-29.7%	916.0

As of March 31st, 2020 the Group's distribution network was composed by 291 DOS and 114 franchised stores, compared to 283 DOS and 118 franchised stores as of March 31st, 2019.

COVID-19 - Emergency situation

The Group immediately implemented all the measures necessary to protect the health and well-being of its employees, their families and communities, in strict compliance with the provisions of the health and government authorities of the various countries in which the Group operates. Under the coordination of the internal task force specifically dedicated to managing this emergency, the Group is constantly monitoring the evolution of the pandemic and is now gradually and progressively restarting activities all around the world, while continuing to prioritize the safety of its people.

Store closures started in January in China; at the end of January 57% of Chinese stores were closed and the remaining were operating on reduced hours.

In February, the closures were also extended to other Asian countries and, starting from March 12th, 2020, also to Italy, Europe and America. Chinese stores started to be reopened since mid-March, albeit with limited hours.

At the end of March the status of the distribution network was as follows: in Italy 100% of stores were temporarily closed, in the rest of Europe 97% of stores were temporarily closed, in the Americas 100% of stores were temporarily closed, in Japan 22% of stores were regularly open and the remaining were operating on reduced hours, in Greater China 43% of the stores were regularly open, 2% were temporarily closed and the remaining were operating on reduced hours.

In April, additional stores were temporarily closed in Japan and in other Asian countries.

As of today, the situation is the following: in Italy 100% of stores are temporarily closed, in the rest of Europe 52% of stores are temporarily closed, 3% is regularly open and 45% is operating on reduced hours, in the Americas 68% of stores are temporarily closed and 32% are operating on reduced hour, in Japan 100% of stores are temporarily closed, in Greater China 90% of the stores are regularly open, 9% are operating on reduced hours and only 1% is still closed.

The e-commerce channel continued to operate, even if was partially affected by some restrictions in the logistics activities and continues to grow significantly.

Production activities were interrupted on March 12th, 2020 and starting from May 4th, 2020 have been gradually restarted, in compliance with all the safety and health procedures envisaged for the protection of employees.

A remote-working system has been immediately activated in all the regional offices and for the headquarters.

The Group has implemented various measures to control operating costs, such as: reducing and postponing marketing costs, renegotiating rents, selecting investments and cutting costs not necessary due to the current situation.

Other resolutions

Reduction of the compensation of the Executive Committee and Top Management

The Board also reduced the compensation of the Executive Committee and acknowledged the voluntary decision of the top managers of the Group to reduce their remuneration.

Amendment to 2020 Financial Calendar

Due to the Covid-19 pandemic, the Board resolved to postpone to September 8th, 2020 the meeting for the Approval of 2020 Half-year Report.

Therefore, the 2020 Financial Calendar is amended as follows:

June 3rd, 2020 : Ordinary Shareholders' Meeting for the approval of FY 2019 Financial Statements

September 8th, 2020: Approval of 2020 Half-year Report

November 11th, 2020: Approval of 9 Months 2020 interim report

The manager responsible for preparing the company's financial reports, Mr. Rodolfo Ubaldi, declares, pursuant to article 154 bis, paragraph 2, of Legislative Decree n. 58/98 (the "Unified Financial Act"), that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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