

Milan - September 8th, 2020

TOD'S S.p.A. – Half-year figures have been impacted by the pandemic; the Group continues its medium-term strategic path

The Board of Directors approved Tod's Group 2020 Half-Year Report

Group's sales: 256.9 million Euros, -43.5% from H1 2019

EBITDA adjusted¹: 12.3 million Euros, equal to 4.8% of sales

EBIT adjusted: -64.1 million Euros

Group's Net Income: -80.6 million Euros

Net Financial Debt: 157.9 million Euros
(excluding 422.5 million Euros of lease liabilities)

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 Group's report for the first half of 2020 (January 1st – June 30th, 2020).

Message of the Group's Chairman and CEO

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

“After a good start of the year, with sales growth across all regions, starting from the end of January, the world has completely and drastically changed, with the arrival of the COVID-19 pandemic. Facing this unprecedented crisis, the Group's first priority was to protect the health of employees and customers, with the closure of stores and the interruption of production activities. Due to the rapid expansion of contagions all over the world, the second quarter was worse than the first one, since almost all the stores were closed for most of the period. We have adopted a policy of strong prudence and have decided to limit product deliveries on both sales channels, to reduce the risk of unsold stock. We have focused even more on the e-commerce channel, which is growing very well, is giving us excellent results and which allows us to reach also many new customers. In the latest weeks, we are registering encouraging signs of recovery, particularly in China, where we

¹ EBITDA and EBIT have been adjusted to exclude the 30 million Euros extraordinary inventory write-down, made due to the impact of the COVID-19 pandemic.

are recording double-digit growth rates, while Europe and the Americas remain weak, heavily penalized by the lack of tourists. The results of the current year will therefore be certainly affected by the pandemic, even if it is still too early to quantify the impact, given the low visibility on the evolution of the situation. We are already working on 2021, implementing our medium-term strategic plan, maintaining a strict policy of attention to costs and efficiency, which is giving us good results. For the rest, we strongly believe that our Group has all the features and tools necessary to overcome this exceptional crisis and return to growth, thanks above all to the great respect that our loyal customers have for our brands and for the excellent quality of the products and thanks to the solid financial structure, which we are used to have. We are now highly focused on the development of digital communication, which will allow us to attract a world of new consumers, which we have not yet reached; together with a strong creative innovation, they will bring us the growth we expect, as soon as the markets will normalize.”

Comments to the Group's sales

In the first half of 2020, consolidated sales were 256.9 million Euros, down 43.5% from H1 2019; the sharp decline in revenues reflects the effects of the restrictions adopted to deal with the spread of the COVID-19 pandemic, such as the closure of shops and severe restrictions on the movement of people, with an exceptionally negative impact on tourist flows. The impacts were much more evident in the second quarter of 2020, when the lockdown, which in the first quarter had mainly characterized the Greater China area, was practically extended worldwide.

In the second quarter of 2020, sales totalled 104.1 million Euros, down 56.3% from Q2 2019, mainly due to the long closure period of most of the stores.

In the current year, the impact of currency fluctuations is not meaningful; at constant exchange rates, meaning by using the average exchange rates of the first six months of 2019, including the related effects of hedging contracts, sales would have been 256.5 million Euros, down 43.6% from the first half of 2019.

Impact of the COVID pandemic on the Group's figures

After a positive start in the first weeks of the year, the Group's results were visibly influenced by the outbreak of the Covid-19 pandemic, which led to the progressive closure of the stores in all geographic areas and the interruption of production activities.

In particular, at the end of January the first stores were closed in China and the tourist flows from that area were stopped, with a negative impact on the store traffic worldwide. In March, the store closures were extended to Europe and, subsequently, to America.

The shops were then progressively reopened, starting from China in the second half of March. In Germany, the stores were reopened at the end of April, in France and Italy in mid-May, in UK and the United States in mid-June, although in this region the crisis due to the pandemic was further worsened by internal social conflicts.

The worst moment of the pandemic therefore happened in the second quarter of the year; in fact, for the entire month of April and the first half of May, 53% of the stores were closed.

As of June 30th, 2020, 78% of shops was open regularly, 16% was open with restricted opening hours and 6% was still closed.

As of August 31st, 2020, 75% of the shops were open regularly, 24% were open with restricted opening hours and 1% were still closed.

The restart of activities was gradual, and of different intensity, in the various areas of the world. The most reactive market was Mainland China, where revenues recorded double-digit growth in the second quarter, progressively accelerating. On the contrary, Hong Kong and Macao remained much weaker. There were good results also in Korea and Japan. Europe and the United States were still very weak, due to the strong impact of the absence of tourists.

The e-commerce channel has always remained operational, even if, during the lockdown, it was partially affected by some restrictions in logistics activities, and continues to grow significantly.

Production activities were interrupted on March 12th, 2020 and have been gradually restarted from May 4th, 2020, 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 and it is still partially in place.

The impact of the pandemic was also particularly visible on profitability, despite the careful and prudent cost review policy, carried out in a timely and accurate manner, with the aim of containing non-strategic and not urgent costs, therefore without affecting the quality of products and the medium-term prospects of the business. The Group has implemented various activities to control operating costs, such as reduction and postponement of marketing expenses, renegotiation of rents, use of government subsidies to support companies, voluntary reduction of remuneration by members of the Executive Committee and the top management. It has also adopted a highly selective investment policy, to adapt the store opening plan to the new market situation.

Detailed consolidated sales as of June 30th, 2020

The impact of the pandemic has heavily affected the sales results of all the Group's brands, in all geographic areas, product categories and on both sales channels.

The trend in revenues by geographical area also reflects the different timing of store closings and openings and influences the results of the different brands, based on their geographical mix.

The following tables show the usual breakdowns of turnover.

Breakdown of consolidated sales by brand

(million Euros)

	First half of 2020		First half of 2019	% change		Fiscal Year 2019
	at current changes	at constant changes		at current changes	at constant changes	
Tod's	124.5	124.3	231.2	-46.1%	-46.3%	461.8
Roger Vivier	61.4	61.3	101.0	-39.2%	-39.3%	200.5
Hogan	58.4	58.3	100.5	-41.9%	-42.0%	196.5
Fay	12.4	12.4	21.5	-42.2%	-42.4%	56.3
Other	0.2	0.2	0.4	n.m.	n.m.	0.9
TOTAL	256.9	256.5	454.6	-43.5%	-43.6%	916.0

Breakdown of consolidated sales by product category

(million Euros)

	First half of 2020		First half of 2019	% change		Fiscal Year 2019
	at current changes	at constant changes		at current changes	at constant changes	
Shoes	211.8	211.6	367.8	-42.4%	-42.5%	730.7
Leather goods and accessories	30.0	29.8	62.3	-51.8%	-52.1%	121.7
Apparel	14.9	14.9	24.1	-38.1%	-38.2%	62.7
Other	0.2	0.2	0.4	n.m.	n.m.	0.9
TOTAL	256.9	256.5	454.6	-43.5%	-43.6%	916.0

Breakdown of consolidated sales by region

(million Euros)

	First half of 2020		First half of 2019	% change		Fiscal Year 2019
	at current changes	at constant changes		at current changes	at constant changes	
Italy	65.6	65.6	125.2	-47.6%	-47.6%	260.6
Europe (excl. Italy)	61.2	61.0	115.3	-46.9%	-47.1%	237.6
Americas (*)	16.1	15.7	34.0	-52.8%	-53.8%	70.6
Greater China (**)	74.3	74.4	111.6	-33.4%	-33.4%	215.1
Rest of World	39.7	39.8	68.5	-42.0%	-41.9%	132.1
TOTAL	256.9	256.5	454.6	-43.5%	-43.6%	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)

	First half of 2020		First half of 2019	% change		Fiscal Year 2019
	at current changes	at constant changes		at current changes	at constant changes	
Retail (DOS+online)	185.1	185.0	319.2	-42.0%	-42.0%	645.8
Third parties (Franchised stores + Independent retailers)	71.8	71.5	135.4	-47.0%	-47.2%	270.2
TOTAL	256.9	256.5	454.6	-43.5%	-43.6%	916.0

As of June 30th, 2020 the Group's distribution network was composed by 292 DOS and 112 franchised stores, compared to 288 DOS and 114 franchised stores as of June 30th, 2019.

Comments on the Profit & Loss key figures

In the first half of 2020, EBITDA adjusted² was equal to 12.3 million Euros, or 4.8% of sales, which compares to 80.4 million Euros in the first half of 2019. Despite a small decrease of the industrial margin, mainly due to greater discount activities on the Spring Summer collections, EBITDA adjusted was hit by the higher incidence on sales of operating costs, despite the careful and prudent review of unnecessary costs, as commented in the previous paragraph. In more details, the incidence on sales of costs for services was 30.2% in the first half of 2020, compared to 26.8% in the first half of 2019, despite the reduction and the postponement of some communication expenses. Personnel costs decreased in absolute value, both due to the decline in the Group's workforce³, and due to the benefit of government subsidies to face the pandemic, even if mostly supplemented by the Group to ensure the salary level of its employees. However, the incidence on sales increased to 36.3% in the first half of 2020, compared to 23.6% in the first half of 2019. Including the 10.6 million Euros benefit as the result of the rent negotiations due to the lockdown, the incidence on sales of costs for the use of third party assets would have been 3.4% in the first half of 2020, compared to 6.2% in the first half of 2019.

EBITDA reported was negative and equal to 17.7 million Euros.

In the first half of 2020, EBIT adjusted was negative and equal to 64.1 million Euros, compared to a positive result of 5.8 million Euros in the first half of 2019. The absolute value of ordinary depreciation, amortisation and provisions is broadly stable, net of the Depreciation for right of use assets (equal to 54.7 million Euros in the first half of 2020, compared to 51.1 million Euros in the first half of 2019).

EBIT reported was negative and equal to 94.1 million Euros.

The impact of currency fluctuations is not meaningful; at constant exchange rates, EBITDA and EBIT would show, respectively, a negative result of 17.6 million Euros and 93.4 million Euros.

The Group's result before taxes was negative and equal to 106.1 million Euros, also due to higher interests calculated on lease liabilities in compliance with IFRS 16, which compares to a 6 million Euros loss in the first half of 2019.

Net of taxes for the period and of minority interests, the Group's net result was negative and equal to 80.6 million Euros, which compares with a loss of 5.7 million Euros in the first half of 2019.

² EBITDA and EBIT have been adjusted to exclude the 30 million Euros extraordinary inventory write-down, made due to the impact of the COVID-19 pandemic.

³ The Group has 4,657 employees as of June 30th, 2020, compared to 4,809 as of June 30th, 2019.

Comments on the Balance Sheet and Cash Flow key figures

In the first half of 2020, the Group invested 14.9 million Euros in tangible and intangible fixed assets, compared to 22.4 million Euros in the first half of 2019. As usual, the majority of these investments were devoted to the widening and update of the DOS network; as an example, we mention the opening of the new Tod's flagship store in Tokyo, Ginza. The rest of the investments are, as usual, referred to the continuous renewal at industrial and corporate level, with particular focus on digital.

Also the balance sheet and cash flow statements were heavily affected by the pandemic, with a temporary increase in the operating net working capital and in the Group's financial debt.

The net operating working capital totalled 367.8 million Euros as of June 30th, 2020, higher than the figure as of June 2019, mainly due to the growth of the inventory and the simultaneous longer payment terms, which were granted to wholesale clients.

As required by the accounting standard IFRS 16, as of June 30th, 2020 the Group accounted for lease liabilities of 422.5 million Euros, compared to 416.9 million Euros as of June 30th, 2019.

Net of these liabilities, the net financial debt was 157.9 million Euros as of June 30th, 2020 which compares to a net debt of 92.4 million Euros as of June 30th, 2019, also due to the impact of the pandemic. The Net Financial Position was negative and equal to 580.4 million Euros, compared to a negative debt of 509.3 million Euros, as of June 30th, 2019.

As of June 30th, 2020, consolidated shareholders' equity was 1001.7 million Euros, compared to the 1,027.8 million Euro balance as of June 2019.

The figures commented in this press release have not been audited yet.

The Financial Report for the first half of 2020 will be released according to the law provisions.

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.

Should you need explanations, please contact: Investor Relations Office - tel. +39 02 77 22 51
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**THE FOLLOWING PAGES CONTAIN THE CONSOLIDATED FINANCIAL
STATEMENTS**

TOD'S Group

Consolidated Income Statement

Unaudited

euro 000's	H1 2020	H1 2019
Revenue		
Sales revenue	256.913	454.606
Other income	4.224	4.032
Total revenue and income	261.137	458.638
Operating Costs		
Change in inventories of work in progress and finished goods	(4.039)	19.816
Cost of raw materials, supplies and materials for consumption	(82.879)	(123.220)
Costs for services	(77.461)	(121.643)
Costs of use of third party assets	(19.257)	(27.993)
Rent concessions	10.586	
Personnel costs	(93.301)	(107.450)
Other operating charges	(12.511)	(17.741)
Total operating costs	(278.862)	(378.230)
EBITDA	(17.726)	80.408
Amortisation, depreciation and write-downs		
Amortisation of intangible assets	(4.106)	(4.597)
Depreciation of tangible assets	(16.643)	(17.527)
Depreciation of right of use assets	(54.659)	(51.066)
Other adjustments		
Total amortisation, depreciation and write-downs	(75.408)	(73.190)
Provisions	(1.010)	(1.395)
EBIT	(94.143)	5.823
Financial income and expenses		
Financial income	13.601	10.537
Financial expenses	(25.534)	(22.334)
Total financial income (expenses)	(11.933)	(11.797)
Income (losses) from equity investments		
Profit before taxes	(106.076)	(5.974)
Income taxes	25.110	(52)
Profit/(loss) for the period	(80.966)	(6.026)
Non-controlling interests	(344)	297
Profit/(loss) of the Group	(80.622)	(5.729)
EPS (in euro)	(2,44)	(0,17)
EPS diluted (in euro)	(2,44)	(0,17)

Adjusted data (*)

euro 000's	H1 2020	H1 2019
Adjusted EBITDA	12.274	80.408
Adjusted EBIT	(64.143)	5.823

(*) EBITDA and EBIT at 30 June 2020 have been adjusted to exclude the 30 million euros extraordinary write-down.

TOD'S Group
Consolidated Statement of Comprehensive Income

Unaudited

euro 000's	H1 2020	H1 2019
Profit (loss) for the period (A)	(80.966)	(6.026)
Other comprehensive income that will be reclassified subsequently to profit and loss:		
Gains/(Losses) on derivative financial instruments (cash flow hedge)	1.330	401
Gains/(Losses) on currency translation of foreign subsidiaries	2.951	2.092
Gains/(Losses) on net investments in foreign operations	(1.106)	(252)
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)	3.176	2.240
Other comprehensive income that will not be reclassified subsequently to profit and loss:		
Cumulated actuarial gains/(losses) on defined benefit plans		
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)		
Total Comprehensive Income (A) + (B) + (C)	(77.790)	(3.786)
Of which:		
Attributable to Shareholders of the Parent company	(77.446)	(3.489)
Attributable to non-controlling interests	(344)	(297)

TOD'S Group

Consolidated Statement of Financial Position

Unaudited

euro 000's	06.30.20	12.31.19	06.30.19
Non current assets			
<i>Right of use assets</i>			
Right of use assets	424.169	446.126	434.086
Total Right of use assets	424.169	446.126	434.086
<i>Intangible fixed assets</i>			
Assets with indefinite useful life	565.934	565.934	566.642
Key money			
Other intangible assets	24.465	24.619	23.893
Total Intangible fixed assets	590.398	590.552	590.535
<i>Tangible fixed assets</i>			
Buildings and land	54.609	55.533	56.042
Plant and machinery	10.032	11.086	11.650
Equipment	11.309	11.945	11.697
Leasehold improvement	36.333	37.229	36.452
Others	31.819	34.796	33.477
Total Tangible fixed assets	144.103	150.589	149.317
<i>Other assets</i>			
Investment properties	13	15	17
Equity investments			
Deferred tax assets	70.972	51.913	63.399
Others	18.914	19.027	20.532
Total other assets	89.899	70.955	83.947
Total non current assets	1.248.571	1.258.222	1.257.885
Current assets			
Inventories	378.349	384.632	385.653
Trade receivables	72.860	97.170	98.078
Tax receivables	18.696	12.954	7.791
Derivative financial instruments	4.254	1.393	2.178
Others	70.667	67.355	63.583
Cash and cash equivalents	509.461	184.072	188.546
Total current assets	1.054.287	747.576	745.828
Non-current assets held for sale			57.172
Total assets	2.302.858	2.005.798	2.060.885

to be continued

euro 000's (continuing)	06.30.20	12.31.19	06.30.19
Equity			
Share capital	66.187	66.187	66.187
Capital reserves	416.588	416.588	416.588
Hedging and translation reserves	18.616	15.441	13.589
Other reserves	582.368	537.138	537.946
Profit/(loss) attributable to the Group	(80.622)	46.283	(5.729)
Total Equity attributable to the Group	1.003.137	1.081.637	1.028.580
Non-controlling interest			
Share capital and reserves	(1.057)	(464)	(452)
Profit/(loss) attributable to non-controlling interests	(344)	(625)	(297)
Total Equity attributable to non-controlling interests	(1.401)	(1.089)	(748)
Total Equity	1.001.736	1.080.548	1.027.831
Non-current liabilities			
Provisions for risks	11.534	11.530	10.912
Deferred tax liabilities	36.254	39.047	50.251
Employee benefits	14.980	16.416	15.333
Derivative financial instruments	90	225	570
Bank borrowings	533.285	84.023	128.778
Non-current lease liabilities	330.826	344.201	324.083
Others	12.251	13.779	13.789
Total non-current liabilities	939.222	509.221	543.716
Current liabilities			
Trade payables	83.409	137.191	145.425
Tax payables	5.218	22.869	2.556
Derivative financial instruments	1.559	2.385	2.973
Others	43.620	45.409	91.827
Banks	134.088	112.130	152.199
Current lease liabilities	91.653	94.879	92.786
Provisions for risks	2.353	1.166	1.571
Total current liabilities	361.899	416.028	489.337
Total Equity and liabilities	2.302.858	2.005.798	2.060.885

TOD'S Group

Consolidated Statement of Cash Flows

Unaudited

euro 000's	Jan.-Jun. 20	Jan.-Jun. 19
Profit/(Loss) for the period	(80.966)	(6.026)
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
Amortizat., deprec., revaluat., and write-downs	112.265	74.587
Other non monetary expenses/(income)	(5.817)	8.583
Income taxes for the period	(25.110)	52
Changes in operating assets and liabilities:		
Trade receivables	23.953	3.595
Inventories	(30.218)	(25.332)
Tax receivables and tax payables	(1.468)	(3.575)
Trade payables	(53.782)	(3.563)
Other assets and liabilities	(6.064)	40.048
Change in reserve for employee	394	1.144
Cash flows from operating activities	(66.812)	89.513
Interests (paid)/collected	(614)	(654)
Interests (paid) on lease liabilities	(7.132)	(5.482)
Income taxes (paid)/refunded	(18.667)	(722)
Net cash flows from operating activities (A)	(93.226)	82.654
Net investments in intangible and tangible assets	(14.603)	(21.858)
Acquisition of other subsidiaries		
Other changes in fixed assets		
Cash flows generated (used) in investing activities (B)	(14.603)	(21.858)
Dividends paid		(33.094)
Capital increase		
Other changes in Equity		
Repayments of lease liabilities	(38.055)	(44.730)
Repayments of financial liabilities	(40.833)	(182.003)
Proceeds from financial liabilities	517.774	195.000
Cash flows generated (used) in financing (C)	438.886	(64.826)
Translation differences (D)	569	(194)
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)	331.626	(4.224)
Cash flow from assets held for sale (F)		
Cash flows generated (used) (G)=(E)+(F)	331.626	(4.224)
Net cash and cash equivalents at the beginning of the period	160.609	173.344
Net cash and cash equivalents at the end of the period	492.235	169.120
Change in net cash and cash equivalents	331.626	(4.224)

TOD'S Group

Consolidated Statement of changes in equity

Unaudited

January-June 2020 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
Balances as of 01.01.20	66.187	416.588	15.441	583.421	1.081.637	(1.089)	1.080.548
Profit & Loss account				(80.622)	(80.622)	(344)	(80.966)
Directly in equity			3.176		3.176		3.176
Total Comprehensive Income			3.176	(80.622)	(77.446)	(344)	(77.790)
Dividend paid							
Capital increase							
Share based payments							
Other				(1.053)	(1.053)	32	(1.022)
Balances as of 06.30.20	66.187	416.588	18.616	501.746	1.003.137	(1.401)	1.001.736

January-June 2019 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
Balances as of 01.01.19	66.187	416.588	11.348	571.027	1.065.150	(452)	1.064.698
Profit & Loss account				(5.729)	(5.729)	(297)	(6.026)
Directly in equity			2.240		2.240		2.240
Total Comprehensive Income			2.240	(5.729)	(3.489)	(297)	(3.786)
Dividend paid				(33.094)	(33.094)		(33.094)
Capital increase							
Share based payments							
Other				13	13		13
Balances as of 06.30.19	66.187	416.588	13.589	532.217	1.028.580	(748)	1.027.831