

Milan – May 13<sup>th</sup>, 2010

**TOD'S S.p.A.: excellent results in Q1 2010: sales growth and strong improvement of profitability (EBIT: +11.3%).**

**The Board of Directors approved Tod's Group Q1 2010 Interim Report.**

Q1 2010 Group's revenues: 208.1 million Euros, EBITDA: 48.7 million Euros, EBIT: 41.1 million Euros

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 shoes, leather goods and apparel with the Tod's, Hogan, Fay and Roger Vivier brands, today approved the Group's interim report<sup>1</sup> for the first quarter of 2010 (January 1<sup>st</sup> – March 31<sup>st</sup>, 2010).

In the first quarter of 2010, consolidated sales were 208.1 million Euros, with growth of 3.4% from Q1 2009<sup>2</sup>. EBITDA was 48.7 million Euros, with growth of 9.1% from Q1 2009 and with a 23.4% margin on sales, much higher than in Q1 2009. EBIT was 41.1 million Euros, with growth of 11.3% from Q1 2009.

At constant exchange rates, meaning by using Q1 2009 average exchange rates, sales revenues would have been 207.4 million Euros, with growth of 3.1%, EBITDA and EBIT would have been 47.3 and 39.6 million Euros, respectively.

These results are even more noteworthy if we consider the challenging comparison basis; in Q1 2009 sales and EBITDA grew, respectively, by 5.4% and by 4.9% as compared to Q1 2008.

**Breakdown of Consolidated Sales by Brand: outstanding results for Tod's and Hogan**

<i>million Euros</i>	Q1 2010	Q1 2009	% change	FY 2009
Tod's	101.6	97.5	+4.2%	348.8
Hogan	80.2	74.5	+7.7%	256.9
Fay	21.9	25.2	-13.4%	91.6
Roger Vivier	4.2	3.9	+7.9%	15.0
Other	0.2	0.2	n.m.	0.8
<b>TOTAL</b>	<b>208.1</b>	<b>201.3</b>	<b>+3.4%</b>	<b>713.1</b>

<sup>1</sup> The report has been drafted in accordance to art. 154 ter paragraph 5 of TUF (Testo Unico Finanza), introduced by the Legislative decree nr. 195/2007, following the European Law 2004/109/CE (the so-called "Transparency Law").

<sup>2</sup> The not meaningful differences between Q1 2009 figures commented in this press release and the figures released in Q1 2009 interim report, are due to the application of an amendment to IAS 38, with retroactive effect. For more details, please refer to Q1 2010 interim report.

Tod's brand revenues totalled 101.6 million Euros in the first three months of 2010, with growth of 4.2% from Q1 2009.

The Hogan brand confirmed also this year the outstanding results achieved in the last seasons: sales were 80.2 million Euros in Q1 2010, with growth of 7.7% from Q1 2009, which is a noteworthy performance, considering the very selective distribution strategies.

Fay brand revenues were 21.9 million Euros in the first three months of 2010; this performance has been mostly affected also by the different timing of Spring/Summer deliveries.

Finally, the Roger Vivier brand realized 4.2 million Euros in revenues in Q1 2010, with growth of 7.9% from Q1 2009. In the next few seasons, the brand will remain focused on consolidating its exclusivity and prestige.

**Breakdown of Consolidated Sales by Product: the Group's core business continues its significant growth**

<i>million Euros</i>	Q1 2010	Q1 2009	% change	FY 2009
Shoes	155.7	144.7	+7.6%	506.1
Leather goods and accessories	28.5	31.6	-9.9%	111.4
Apparel	23.7	24.8	-4.2%	95.0
Other	0.2	0.2	n.m.	0.6
TOTAL	208.1	201.3	+3.4%	713.1

The Group continues to strengthen its leadership in the core business of shoes. In the first three months of 2010, sales from this product category totalled 155.7 million Euros, with growth of 7.6% from Q1 2009.

The entire collection of Tod's handbags enjoyed a strong success, with growth in volumes sold. Revenues from leather goods and accessories totalled 28.5 million Euros in Q1 2010, with a decrease of 9.9% as compared to Q1 2009, mainly due to the lower average price of some new iconic products.

Finally, sales from apparel were 23.7 million Euros in the first three months of 2010; positive signals from the Hogan apparel collection.

### **Breakdown of Consolidated Sales by Region: outstanding results in the major markets**

<i>million Euros</i>	Q1 2010	Q1 2009	% change	FY 2009
Italy	121.6	116.5	+4.4%	405.1
Europe (excl. Italy)	44.0	46.5	-5.5%	150.7
North America	11.6	11.0	+5.5%	46.4
Asia and Rest of World	30.9	27.3	+13.3%	110.9
TOTAL	208.1	201.3	+3.4%	713.1

Also in the current year, the Group is confirming its strong leadership on the domestic market. Sales amounted to 121.6 million Euros in the first three months of 2010, with growth of 4.4% from Q1 2009.

In the rest of Europe, sales totalled 44.0 million Euros; the slight decrease compared to Q1 2009 is mainly due to the prudent decision to temporarily reduce the orders coming from some countries, characterized by difficult macroeconomic situations.

The US market achieved outstanding results, showing significant signals of recovery: the Group's sales totalled 11.6 million Euros, with growth of 5.5% from Q1 2009. At constant exchange rates, sales on this market grew double-digit.

Also the area "Rest of World" continues to post excellent results, confirming the huge growth potential for the Group. In Q1 2010, aggregate revenues for that area were 30.9 million Euros, with growth of 13.3% from Q1 2009.

### **Breakdown of Consolidated Sales by Distribution Channel: all the channels are growing; excellent results in the DOS network**

<i>million Euros</i>	Q1 2010	Q1 2009	% change	FY 2009
Third parties (Franchised stores + Independent retailers)	129.7	127.2	+2.0%	363.8
DOS	78.4	74.1	+5.8%	349.3
TOTAL	208.1	201.3	+3.4%	713.1

As already underlined several times, the first quarter turnover is mainly generated by the wholesale channel, due to the different timing in accounting Group's revenues. In fact, deliveries made to DOS are

accounted as stock inventory in the consolidated results as of the end of March and are translated into revenues only in the second quarter, when the products are sold by the stores to the final customers.

In the first quarter of 2010, revenues to third parties totalled 129.7 million Euros, with growth of 2% from Q1 2009.

The DOS network posted outstanding results, confirming the strong success of Spring/Summer collections; revenues through DOS globally amounted to 78.4 million Euros, with a growth of 5.8% from Q1 2009.

Also the organic growth was outstanding: the *Same Store Sales Growth* (SSSG) rate, calculated as the worldwide average of sales growth rates reported by DOS opened as of January 1<sup>st</sup>, 2009, was 4.3% for the first 18 weeks of the year (from January 1<sup>st</sup> to May 2<sup>nd</sup>, 2010).

As of March 31<sup>st</sup>, 2010 the Group's distribution network was composed by 149 DOS and 72 franchised stores, compared to 150 DOS and 72 franchised stores as of the end of March 2009.

### **Comments to the operating and financial interim results**

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 and costs on a monthly basis – and this situation is particularly evident in the first quarter, when volumes are not significant in absolute terms. Therefore, annualizing quarterly figures would be misleading.

In the first quarter of 2010, the Group's EBITDA was 48.7 million Euros, with growth of 9.1% from Q1 2009 and with a 23.4% margin on sales, which is much better than the 22.2% EBITDA margin realized in Q1 2009.

The rents incidence on sales was 6.5%, slightly higher than in Q1 2009; the incidence of labour cost is decreasing (13.5% in Q1 2010 versus 14% in Q1 2009), despite the continuous growth of the Group's headcount (2,958 employees as of March 31<sup>st</sup>, 2010, versus 2,838 employees as of March 31<sup>st</sup>, 2009).

The Group's EBIT was 41.1 million Euros in Q1 2010, with growth of 11.3% from Q1 2009 and with a 19.7% margin on sales, much higher than in Q1 2009 (18.3%). The incidence on sales of depreciation and amortisation was 3.6% in Q1 2010, compared to 3.9% in Q1 2009.

In the first quarter of 2010, the Group invested a total of 8.5 million Euros (compared to 6.1 million Euros in Q1 2009), mainly devoted to the distribution network, for the opening of new DOS and the refurbishment of some important boutiques. We underline the refurbishment of the Rodeo Drive store in Los Angeles, re-opened in April with the new *Tod's Home* concept: a store furnished like a "real home", a welcoming place, where clients feel to be welcome guests in a home environment, and where Tod's values are visible: quality, tradition, exclusivity. This is for sure the first example in the world of this store concept.

As of March 31<sup>st</sup>, 2010, the Group's net financial position was positive and equal to 180.2 million Euros, much higher than the 56.4 million Euros balance as of March 31<sup>st</sup>, 2009. The Group generated cash even in the first quarter, which is usually characterized by use of cash for the normal and temporary financing of operating working capital, mainly trade receivables, which will be cashed in the second quarter. This fact is due also to the excellent working capital management (the balance of the operating working capital is of 235.4 million Euros as of March 31<sup>st</sup>, 2010 versus 284.6 million Euros as of March 31<sup>st</sup>, 2009).

Diego Della Valle, Chairman and CEO of the Group, commented as follows: "Our Group is continuing to achieve outstanding results: sound sales growth, huge improvement of profitability, cash generation, tight control of inventories. Considering the excellent acceptance received by the Spring Summer collections, now in the stores, and the very good results of the orders' collection for the next Fall/Winter season, I'm confident on the remaining part of the year. Therefore, despite the still high volatility of the markets, I believe that our Group will post a further growth of sales and profits also in the current year."

*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.*

Should you need explanations, please contact: Investor Relations Office - tel. +39 02 77 22 51  
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## ATTACHMENTS

### OPERATING AND FINANCIAL INTERIM FIGURES OF THE TOD'S GROUP

<i>Million Euros</i>	Q1 2010	Q1 2009	FY 2009
Sales revenues	208.1	201.3	713.1
EBITDA	48.7	44.7	158.7
EBIT	41.1	36.9	126.4

<i>Million Euros</i>	March 31 <sup>st</sup> , 2010	March 31 <sup>st</sup> , 2009	December 31 <sup>st</sup> , 2009
Net working capital (1)	235.4	284.6	200.1
Net financial position	180.2	56.4	177.2
Investments	8.5	6.1	21.3

(1) Trade receivables + Inventories – Trade payables