

# TOD'S

TOD'S Group

# D'S Group

INTERIM REPORT ON OPERATIONS

AS OF MARCH 31st, 2015

(Translation of the Interim Report on Operations  
as of March 31st, 2015 approved in Italian, solely  
for the convenience of international readers)

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## Company's data

### Registered office

TOD'S S.p.A.  
Via Filippo Della Valle, 1  
63811 Sant'Elpidio a Mare (Fermo) - Italy  
Tel. +39 0734 8661

### Legal data Parent company

Share Capital resolved euro 61,218,802  
Share Capital subscribed and paid euro 61,218,802  
Fiscal Code and registration number on Company Register of Court of Fermo: 01113570442  
Registered with the Chamber of Commerce of Fermo under n. 114030 R.E.A.

### Offices and Showrooms

Munich – Domagkstrasse 1/b, 2  
Hong Kong – 35/F The Lee Gardens, 33 Hysan Avenue, Causeway Bay  
London – Wilder Walk, 1  
Milan - Corso Venezia, 30  
Milan - Via Savona, 56  
Milan - Via Serbelloni, 1-4  
New York - 450, West 15<sup>th</sup> Street  
Paris – Rue de Faubourg Saint-Honore, 29  
Paris – Rue du Général FOY, 22  
Paris – Rue de L'Elysée, 22  
Seoul – 11/F Pax Tower 609, Eonju-ro, Gangnam-gu  
Shanghai - 1717 Nanjing West Road, Wheelock Square 46/F  
Tokyo – Omotesando Building, 5-1-5 Jingumae

### Production facilities

Comunanza (AP) - Via Merloni, 7  
Comunanza (AP) - Via S.Maria, 2-4-6  
Sant'Elpidio a Mare (FM) - Via Filippo Della Valle, 1  
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 60  
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 50  
Tolentino (MC) - Via Sacharov, 41/43

## Corporate Governance bodies

<b>Board of directors</b> <sup>(1)</sup>	Diego Della Valle Andrea Della Valle Luigi Abete Maurizio Boscarato Luigi Cambri Luca Cordero di Montezemolo Sveva Dalmasso Emanuele Della Valle Romina Guglielmetti Emilio Macellari Vincenzo Manes Cinzia Oglio Pierfrancesco Saviotti Michele Scannavini Stefano Sincini	Chairman Vice - Chairman
<b>Executive Committee</b>	Diego Della Valle Andrea Della Valle Emilio Macellari Stefano Sincini	Chairman
<b>Compensation Committee</b>	Luigi Abete Sveva Dalmasso Vincenzo Manes	Chairman
<b>Control and Risk Committee</b>	Luigi Cambri Maurizio Boscarato Romina Guglielmetti	Chairman
<b>Independent Directors Committee</b>	Vincenzo Manes Romina Guglielmetti Pierfrancesco Saviotti	Chairman
<b>Board of statutory Auditors</b> <sup>(2)</sup>	Giulia Pusterla Enrico Colombo Fabrizio Redaelli Gilfredo Gaetani Myriam Amato	Chairman Acting stat. auditor Acting stat. auditor Substitute auditor Substitute auditor
<b>Independent Auditors</b> <sup>(3)</sup>	PricewaterhouseCoopers S.p.A.	
<b>Manager charged with preparing a company's financial report</b>	Rodolfo Ubaldi	

<sup>(1)</sup> Term of the office: 2015-2017 (resolution of the Shareholders' meeting as of April 22<sup>nd</sup>, 2015)

<sup>(2)</sup> Term of the office: 2013-2015 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 2013)

<sup>(3)</sup> Term of the office: 2012-2020 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 2012)

## TOD'S Group

### TOD'S S.p.A.

Parent Company, owner of TOD'S, HOGAN and FAY brands and licensee of ROGER VIVIER brand

### Del.Com. S.r.l.

Sub-holding for operation of national subsidiaries and DOS in Italy

### TOD'S International B.V.

Sub-holding for operation of international subsidiaries and DOS in The Netherlands

### An.Del. Usa Inc.

Sub-holding for operation of subsidiaries in the United States

### Del.Pav S.r.l.

Company that operates DOS in Italy

### Filangieri 29 S.r.l.

Company that operates DOS in Italy

### Gen.del. SA

Company that operates DOS in Switzerland

### TOD'S Belgique S.p.r.l.

Company that operates DOS in Belgium

### TOD'S Deutschland GmbH

Company that distributes and promotes products in Germany and manages DOS in Germany

### TOD'S Espana SL

Company that manages DOS in Spain

### TOD'S France Sas

Company that distributes and promotes products in France and manages DOS in France

### TOD'S Luxembourg S.A.

Company that operates DOS in Luxembourg

### TOD'S Hong Kong Ltd

Company that distributes and promotes products branded TOD'S and HOGAN in Far East and South Pacific and manages DOS branded TOD'S and HOGAN in Hong Kong. Sub-holding for operation of international subsidiaries in Asia

### TOD'S Japan KK

Company that operates DOS in Japan

### TOD'S Korea Inc.

Company that distributes and promotes products branded TOD'S in Korea and operates DOS branded TOD'S in Korea

### TOD'S Macao Ltd

Company that operates DOS in Macao

### TOD'S Retail India Private Ltd

Company that operates DOS in India

### TOD'S (Shanghai) Trading Co. Ltd

Company that operates DOS branded TOD'S and HOGAN in China

### TOD'S Singapore Pte Ltd

Company that operates DOS branded TOD'S in Singapore

### TOD'S UK Ltd

Company that distributes and promotes products in Great Britain and manages DOS in Great Britain

### Webcover Ltd

Company that operates DOS in Great Britain

### Cal.Del. Usa Inc.

Company that operates DOS in California (USA)

### Deva Inc.

Company that distributes and promotes products in North America, and manages DOS in the State of NY (USA)

### Flor. Del. Usa Inc.

Company that operates DOS in Florida (USA)

### Hono. Del. Inc.

Company that operates DOS in Hawaii (USA)

### Il. Del. Usa Inc.

Company that operates DOS in Illinois (USA)

### Neva. Del. Inc.

Company that operates DOS in Nevada (USA)

### Or. Del. Usa Inc.

Company that operates DOS in California (USA)

### TOD'S Tex. Del. Usa Inc.

Company that operates DOS in Texas (USA)

### Holpaf B.V.

Real estate company that operates one DOS in Japan

### Alban.Del Sh.p.k.

Production company

### Sandel SA

Not operating company

### Un.Del. Kft

Production company

### Re.Se.Del. S.r.l.

Company for services

### TOD'S Brasil Ltda

Company that operates DOS in Brazil

### Partecipazioni Internazionali S.r.l.

Sub-holding for operation of international subsidiaries and DOS in Italy

### Roger Vivier Hong Kong Ltd

Company that distributes and promotes products branded ROGER VIVIER in Far East and South Pacific and manages DOS in Hong Kong. Sub-holding for operation of subsidiaries in Asia

### Roger Vivier Singapore Pte Ltd

Company that operates DOS in Singapore

### Roger Vivier (Shanghai) Trading Co. Ltd

Company that operates Roger Vivier DOS in China

### Roger Vivier UK Ltd

Company that operates DOS in Great Britain

### TOD'S Georgia Inc.

Not operating company

### Roger Vivier France Sas

Company that operates Roger Vivier DOS in France

### Roger Vivier Korea Inc.

Company that operates Roger Vivier DOS in Korea

### Roger Vivier Switzerland S.A.

Company that operates Roger Vivier DOS in Switzerland

### Roger Vivier Macau Ltd.

Not operating company

### Roger Vivier Japan KK

Company that operates DOS in Japan

### TOD'S Danmark APS

Company that operates DOS in Denmark

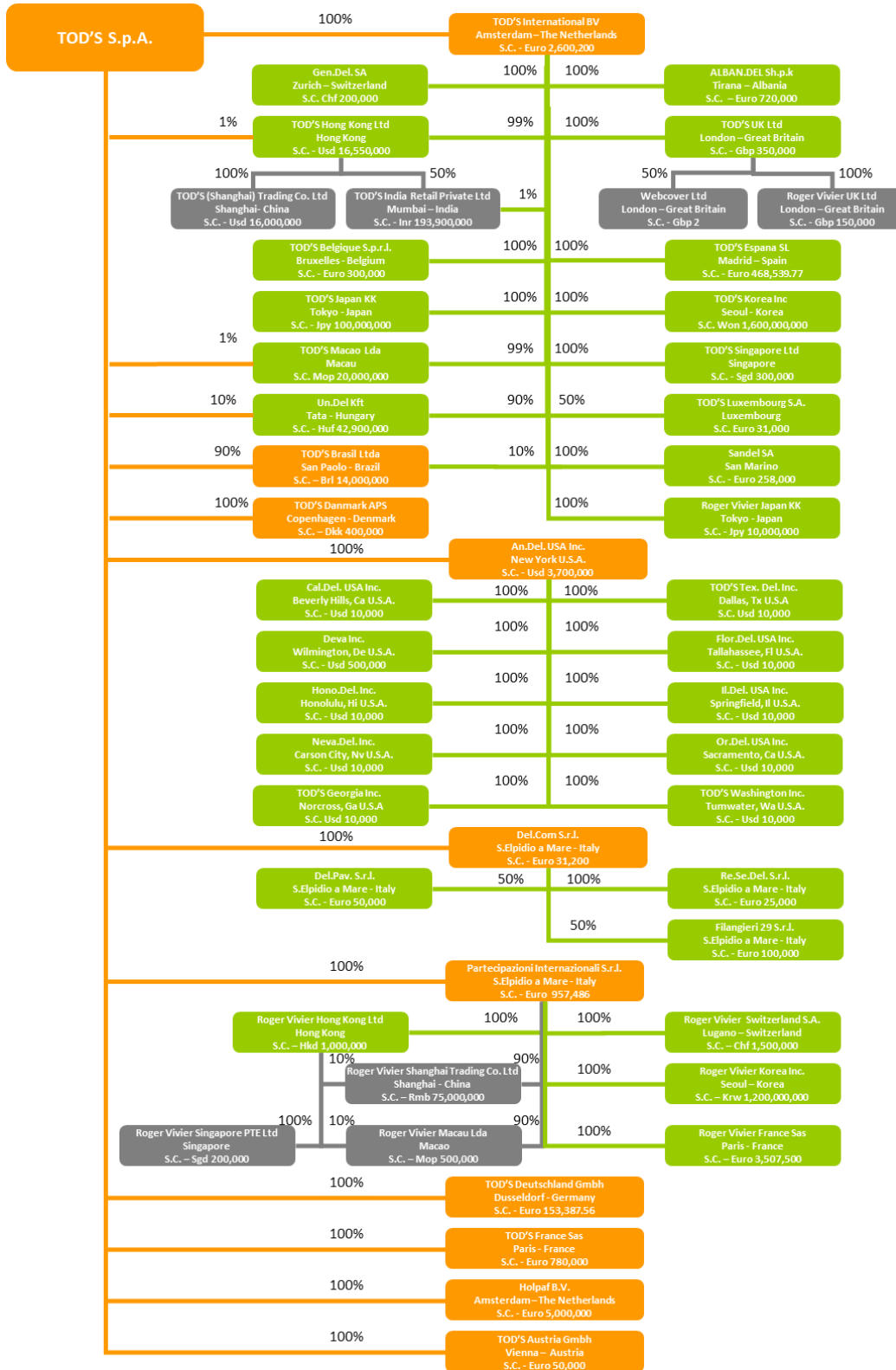
### TOD'S Austria GMBH

Not operating company

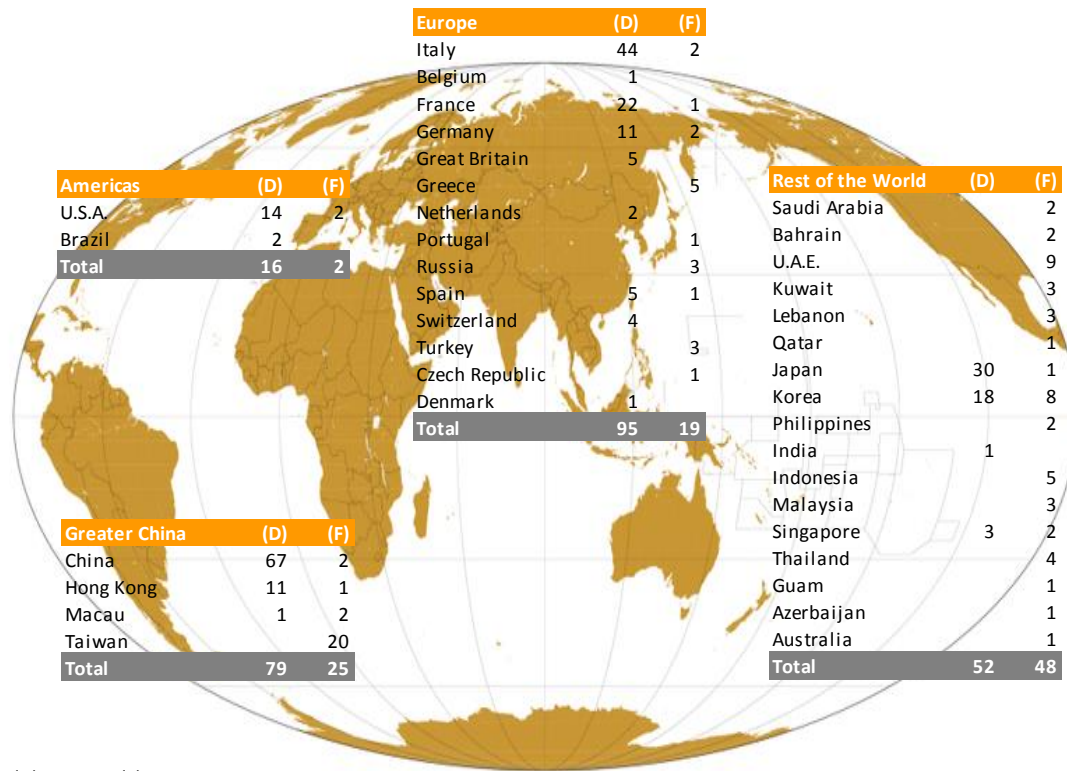
### TOD'S Washington Inc.

Not operating company

Group's organizational chart



Distribution network as of March 31<sup>st</sup>, 2015



(D)=DOS (F)=FRANCHISED STORES

DOS, 2015 new openings

- Italy**
- Monza (Italy)
- Europe**
- Paris (France)
- Paris (France)
- Paris (France)
- Copenhagen (Denmark)
- Geneve (Switzerland)
- Greater China**
- Chongqing (China)
- Chongqing (China)
- Zhengzhou (China)
- Rest of the World**
- Gimpo (Korea)
- Seoul (Korea)

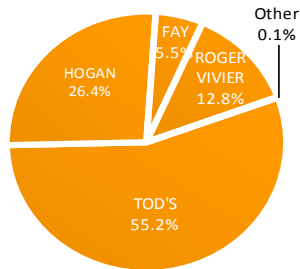
Franchised stores, 2015 new openings

- Greater China**
- Sanya Haitang Bay (China)
- Europe**
- Mannheim (Germany)

For a complete list of retail outlets operated by the DOS and franchising network, reference should be made to the corporate web site: [www.todsgroup.com](http://www.todsgroup.com)

## Key consolidated financial figures

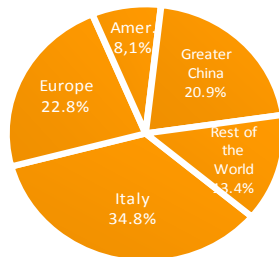
Q1 2015 Revenues - % by Brand



P&L Key figures (euro millions)

	Q1 2015	Q1 2014	Q1 2013	Q1 2012
Revenues	257.7	253.8	253.5	263.2
EBITDA	47.0 18.2%	56.8 22.4%	63.6 25.1%	66.7 25.3%
EBIT	35.1 13.6%	46.3 18.3%	53.4 21.1%	57.3 21.8%

Q1 2015 Revenues - % by market

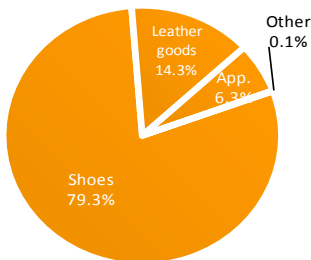


Main Balance Sheet indicators (euro millions)

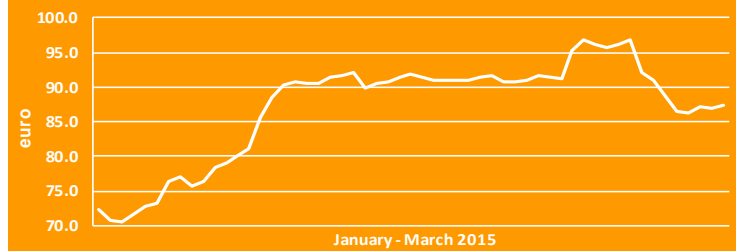
	03.31.15	12.31.14	03.31.14
Net Working Capital (*)	329.4	266.3	288.3
Net financial position	94.1	130.0	144.8
Capital expenditures	15.9	64.5	18.3

(\*) Trade receivable + inventories - trade payable

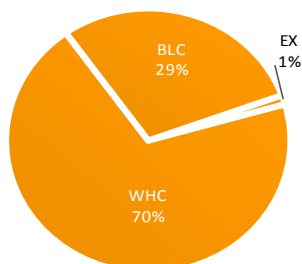
Q1 2015 Revenues - % by Product



Stock performance (euro)



Employees 2015: composition



The Group's employees

	03.31.15	12.31.14	03.31.14	03.31.13
at March 31st, 2015	4,359	4,297	4,159	3,968

Legenda:  
EX = executives  
WHC = white collar employees  
BLC = blue collar employees



## Highlights of results

**Revenues:** revenues for the period totalled 257.7 million euros (in Q1 2014: 253.8 million euros); at constant exchange rates, revenues amounted to 245.9 million euros.

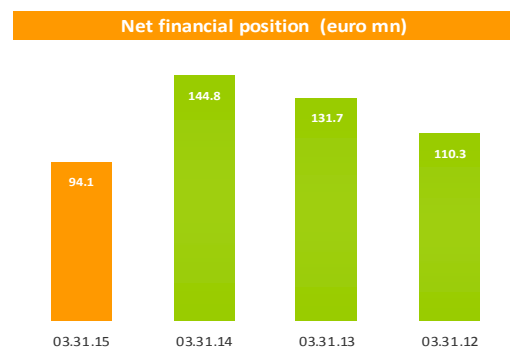
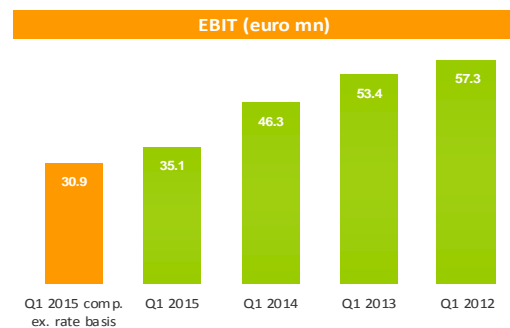
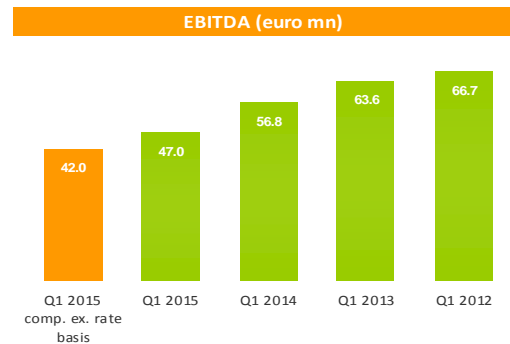
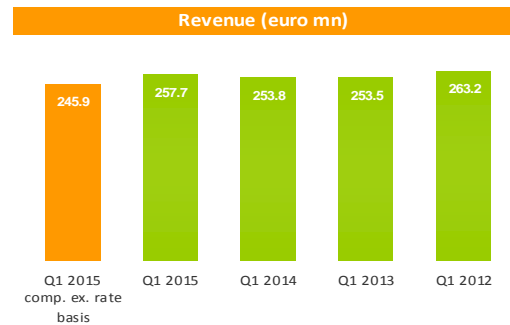
**EBITDA:** amounting to 47 million euros in Q1 2015 and represents 18.2% on Group sales (in Q1 2014: 56.8 million euros). At constant exchange rates, EBITDA amounted to 42 million euros, representing 17.1% on Group sales.

**EBIT:** amounting to 35.1 million euros (in Q1 2014: 46.3 million euros) and represents 13.6% on Group sales; 30.9 million euros EBIT at constant exchange rates (representing 12.5% on Group sales).

**Net financial position (NFP):** Group liquid assets amount to 134.1 million euro at March 31<sup>st</sup>, 2015. Net financial position amounts to 94.1 million euros at the same date (144.8 million euros at March 31<sup>st</sup>, 2014).

**Capital expenditures:** amounting to 15.9 million euros in Q1 2015 (18.3 million euros in Q1 2014).

**Distribution network:** at March 31<sup>st</sup>, 2015 the single brand distribution network comprised 242 DOS (increased by 19 units compared to March 31<sup>st</sup>, 2014) and 94 franchised stores.



TOD'S

TOD'S Group

D'S

REPORT ON OPERATIONS

Group

### Group's activity

TOD'S Group operates in the luxury sector under its proprietary brands (TOD'S, HOGAN, and FAY) and licensed brands (ROGER VIVIER). It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The Company's mission is to offer global customers top-quality products that satisfy their functional requirements and aspirations.

### Group's brands



The TOD'S brand is known for shoes and luxury leather goods, with styles that have become icons of modern living; Tod's is known in the luxury goods sector as a symbol of the perfect combination of tradition, quality and modernity. Each product is hand-crafted with highly-skilled techniques, intended, after laborious reworking, to become an exclusive, recognisable, modern and practical object. Some styles, like the Driving Shoe and the D bag, are cherished by celebrities and ordinary people worldwide, and have become icons and forerunners of a new concept of elegance, for both women and men.



Begun in the 80s with shoe collections for women, men and children, the HOGAN brand now also crafts various leather goods items. The HOGAN brand is distinctive for high quality, functionality and design. Every product stems from a highly skilled design technique and is created using quality materials with a particular passion for details and a search for perfection. HOGAN products are the highest expression of a "new luxury" lifestyle. HOGAN is meant for someone who cherishes the type of luxury associated with product excellence, innovative original design and consummate practicality. The Traditional and the Interactive shoe styles endure as continuing "best sellers".



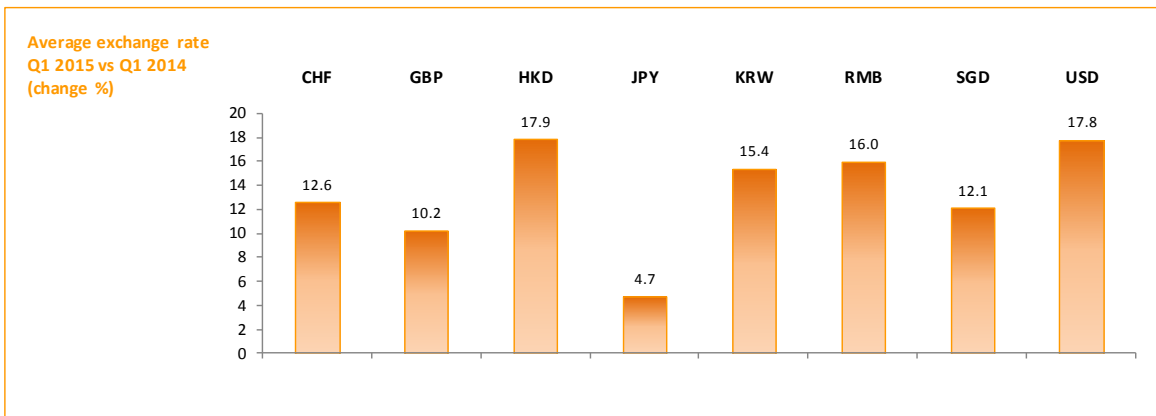
FAY is a brand created in the mid 80s with a product range of high quality casual wear. The brand is known for its quality craftsmanship, for the excellence of its materials, a meticulous attention to craft details and its high functionality without sacrificing style and quality. FAY products are wearable everywhere: from the stadium to the office, in urban areas and in the countryside. The line, which has seasonal men's, women's and junior's collections, focuses on classic evergreen styles, continuously modified and refreshed with innovative and recognisably eye-catching design.



The Fabergé of shoes, and creator of the first stiletto heel in the 1950's, Roger Vivier designed extravagant and luxuriously decorated shoes that he described as being “sculptures.” Today, the artistic heritage and excellent traditional roots of the Vivier fashion house have been revived. Under the management of Creative Director Bruno Frisoni, Vivier's work and vision endure. New chapters are added to this unique life story every year, which goes beyond the world of footwear to include handbags, small leather goods, jewellery and sunglasses.

#### Foreign currency markets

Average exchange rates for the first quarter of 2015, compared to figures for the same period of the previous year, show a broadly and significant weakness of the euro currency in respect to the currencies with which the Group operates; in particular versus the Hong Kong dollar (HKD), the US dollar (USD) and Chinese Renminbi (RMB).



### Main events and operations during the period

The market environment in which the Group operates, continues, even for the first quarter 2015, to be characterized by the volatility of the global luxury goods market, which had already impacted the full year 2014. The first three months of 2015 were also affected by the significant devaluation of the Euro against the main non-EU currencies, which led to deep mismatches between European and extra-European markets, especially in the Greater China market, where domestic consumption continues to shrink.

In spite of this challenging background, and the currency trend mentioned above, during the first quarter of the financial year, the TOD'S Group continued to carry out its strategy of expanding its DOS network, a fundamental requirement for the pursuit of medium-term growth targets, through the opening of 11 new DOS. Among these, we point out the inauguration of the first directly-operated store in Denmark inside a prestigious shopping centre in Copenhagen. Great efforts have been done even in the US market, where, in the coming months, three new TOD'S *boutiques* will be opened in Houston, Atlanta and Washington, major cities where the Group is not yet present.

The overview of international markets showed, during the quarter, the growth in both the European and domestic markets, while performances in the APAC geographic area, especially in Greater China, continue to be affected by weak demand, which, as we have mentioned above, continues to be a feature of these markets.

As regards the brands, HOGAN continued to grow in international markets, where the brand development strategy is being directed at the moment: in the foreign markets in which the brand is operating, sales recorded double-digit growth rates as a whole, compared to the same period of 2014. Positive even the performances of the ROGER VIVIER brand compared to the first quarter of 2014, thus confirming the great appeal that the brand has for global customers.

As regards the Group organization, the first quarter of 2015 saw the incorporation of both the wholly-owned subsidiaries TOD'S Washington Inc. and TOD'S Austria GmbH, which will start operations in the course of 2015 by opening their respective DOS.

Finally, the Group continued its commitment to social responsibility. In fact, the Shareholders' Meeting of the parent company TOD'S S.p.A. held on April 22<sup>nd</sup>, 2015 renewed its commitment to local community and resolved, as in the previous financial year, to allocate 1% of the net profit earned by the Group in the 2014 financial year, equal to about 1.0 million euros, to a specific reserve to be used to pursue local solidarity projects.

### Group's results in Q1 2015

Consolidated sales were 257.7 million euros in the first quarter of 2015, up 1.5% from Q1 2014. At constant exchange rates, meaning by using the average exchange rates of the Q1 2014, including the related effects of hedging contracts, sales would have been 245.9 million euros, down 3.1% from last year.

EBITDA and EBIT amounted respectively to 47.0 million euros and 35.1 million euros and they represent respectively 18.2% and 13.6% of total consolidated sales revenues. Using the same exchange rates applied for Q1 2014, operating margin indicators would have been respectively 17.1% (EBITDA) and 12.5% (EBIT).

euro 000's					
FY 14	Main economic indicators	Q1 2015	Q1 2014	Change	%
965,532	Sales revenues	257,678	253,752	3,927	1.5
193,547	EBITDA	47,019	56,826	(9,807)	(17.3)
(45,368)	Deprec., amort., write-downs and advances	(11,892)	(10,515)	(1,377)	13.1
148,179	EBIT	35,127	46,311	(11,184)	(24.1)
	Foreign exchange impact on revenues	(11,770)			
	Adjusted Sales revenues	245,909	253,752	(7,843)	(3.1)
	Foreign exchange impact on operating costs	6,712			
	Adjusted EBITDA	41,961	56,826	(14,864)	(26.2)
	Foreign exchange impact on deprec.& amort.	789			
	Adjusted EBIT	30,858	46,311	(15,453)	(33.4)
	EBITDA %	18.2	22.4		
	EBIT %	13.6	18.3		
	Adjusted EBITDA %	17.1	22.4		
	Adjusted EBIT %	12.5	18.3		

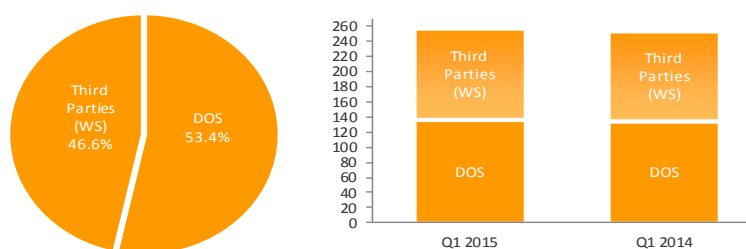
euro 000's				
03.31.14	Main Balance Sheet indicators	03.31.15	12.31.14	Change
288,306	Net Working Capital (*)	329,401	266,310	63,091
144,792	Net financial position	94,094	130,013	(35,919)
18,329	Capital expenditures for tangible and intangible	15,858	64,457	(48,599)

(\*) Trade receivable + Inventories - Trade payable

**Revenues.** Consistently with the Group's strategy, the weight of sales through DOS continues to grow, even if this phenomenon is less visible in the first quarter of the year; in fact, due to the different timing in accounting Group's revenues, 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 Q1 2015, sales through DOS totalled 137.6 million euros, up 1.7% from Q1 2014. The Same Store Sales Growth (SSSG) rate,

(euro mn)	Q1 2015	%	Q1 2014	%	% current exch. rates	% constant exch. rates
DOS	137.6	53.4	135.3	53.3	1.7	(6.3)
Third Parties (WS)	120.1	46.6	118.5	46.7	1.4	0.6
<b>Total</b>	<b>257.7</b>	<b>100.0</b>	<b>253.8</b>	<b>100.0</b>	<b>1.5</b>	<b>(3.1)</b>

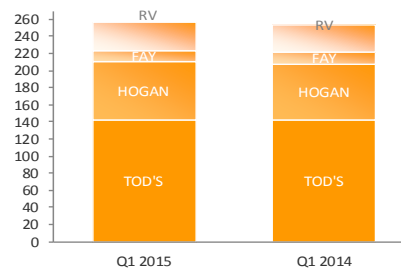
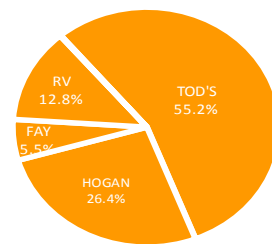


calculated as the worldwide average of sales growth rates at constant exchange rates registered by the DOS already existing as of January 1<sup>st</sup>, 2014, is -7.8% in the first 19 weeks of the year (from January 1<sup>st</sup> to May 10<sup>th</sup>, 2015). This figure shows a significant improvement from the first three months of the year (we remind that SSSG was -10.6% as of the end of March), even if it is still negative for the weak consumer spending in important markets for luxury goods, like Greater China and it becomes positive at constant exchange rates. As of March 31<sup>st</sup>, 2015 the Group's distribution network was composed by 242 DOS and 94 franchised stores, compared to 223 DOS and 85 franchised stores as of March 31<sup>st</sup>, 2014. Revenues to third parties totalled 120.1 million euros, up 1.4% from Q1 2014.

The TOD'S brand registered 142.3 million euros in sales in the period, broadly flattish compared to Q1 2014. Positive results in Italy, Europe and in the Americas, while the Asian markets remain

weak. HOGAN sales were 68.1 million euros, up 3.7%, at constant exchange rates, from Q1 2014. Positive results in all the regions. Revenues of the FAY brand were 14.2 million euros, up 1.6% at current exchange rates; double-digit growth abroad. Finally, ROGER

(euro mn)	Q1 2015	%	Q1 2014	%	% current exch. rates	% constant exch. rates
TOD'S	142.3	55.2	142.6	56.2	(0.3)	(5.9)
HOGAN	68.1	26.4	65.7	25.9	3.7	2.5
FAY	14.2	5.5	14.0	5.5	1.6	1.4
RV	32.9	12.8	31.3	12.3	5.3	(4.1)
Other	0.2	0.1	0.2	0.1	n.s.	n.s.
<b>Total</b>	<b>257.7</b>	<b>100.0</b>	<b>253.8</b>	<b>100.0</b>	<b>1.5</b>	<b>(3.1)</b>

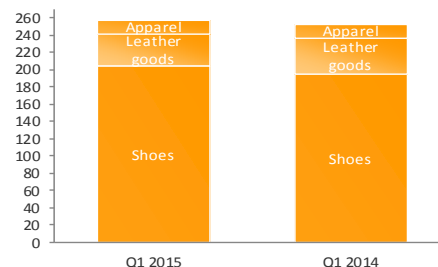
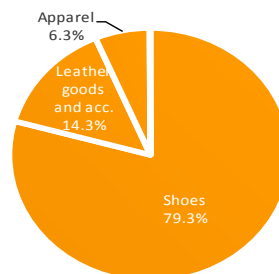


VIVIER, which is recognized worldwide as one of the most prestigious *maison* of luxury accessories and shoes in the most exclusive segment of luxury goods, registered 32.9 million euros in sales, up 5.3%, at current exchange rates, from Q1 2014. This performance is even more noteworthy, given the challenging comparison basis (+20% in Q1 2014). Positive results in all the regions, with the only exception of Greater China.

The Group has further consolidated its leadership in the core business of shoes; revenues in this category were 204.4 million euros, up 4.3% from Q1 2014. Sales of leather goods and accessories

totalled 37 million euros; the decline from the previous year is mainly due to a difference in timing of deliveries last year (remember that revenues of leather goods grew by 9.4% in Q1 2014 and decreased by 13.8% in Q2 2014);

(euro mn)	Q1 2015	%	Q1 2014	%	% current exch. rates	% constant exch. rates
Shoes	204.4	79.3	195.9	77.2	4.3	(0.5)
Leather goods and acc.	37.0	14.3	41.3	16.3	(10.4)	(15.7)
Apparel	16.1	6.3	16.4	6.4	(1.5)	(2.5)
Other	0.2	0.1	0.2	0.1	n.s.	n.s.
<b>Total</b>	<b>257.7</b>	<b>100.0</b>	<b>253.8</b>	<b>100.0</b>	<b>1.5</b>	<b>(3.1)</b>



excluding this impact, the performance is in line with expectations. The new families of bags are having a great response from the customers; therefore, we are confident that the results of this

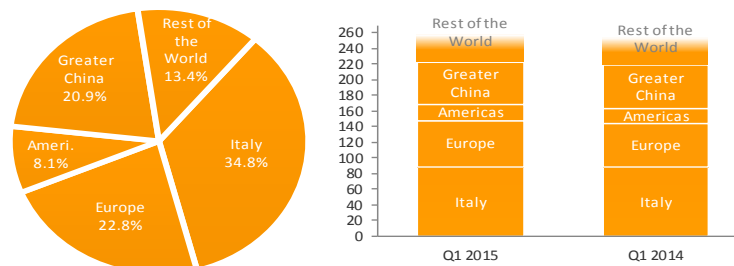


category will improve during the year. Finally, sales of apparel were 16.1 million euros, broadly flattish as compared to Q1 2014.

In the first quarter of 2015, domestic sales were 89.7 million euros, with a slight increase from Q1 2014. In the rest of Europe, the Group's revenues totalled 58.7 million euros, up 4.6% from

Q1 2014, despite the challenging comparison basis. In the Americas sales totalled 20.9 million euros, up 10.6% at current exchange rates, from Q1 2014, despite the very bad weather conditions on the Eastern Coast and lower purchases by Asian tourists. The Group's revenues in

(euro mn)	Q1 2015	%	Q1 2014	%	% current exch. rates	% constant exch. rates
Italy	89.7	34.8	88.9	35.0	0.8	0.8
Europe	58.7	22.8	56.1	22.1	4.6	2.2
Americas	20.9	8.1	18.9	7.5	10.6	(2.5)
Greater China	53.9	20.9	56.1	22.1	(3.9)	(15.0)
Rest of the World	34.5	13.4	33.8	13.3	2.3	(2.9)
<b>Total</b>	<b>257.7</b>	<b>100.0</b>	<b>253.8</b>	<b>100.0</b>	<b>1.5</b>	<b>(3.1)</b>



Greater China totalled 53.9 million euros, representing 20.9% of consolidated turnover as of March 31<sup>st</sup>, 2015. Mainland China, which is approximately half of this region, registered a significant improvement, while Hong Kong and Macao remain weak, due to the general decline of the store traffic and the consumer spending. Finally, in the area "Rest of the World" the Group's sales were 34.5 million euros, up 2.3% from Q1 2014, despite the very challenging comparison basis (+22.3% in Q1 2014).

**Operating results.** EBITDA for the first three months of 2015 was 47.0 million euros, representing 18.2% of consolidated sales revenues (56.8 million euros in the first quarter 2014, representing 22.4% of consolidated sales revenues). The impact of exchange rates variation was positive: at constant exchange rates, using the average exchange rates of the Q1 2014, EBITDA would have been 17.1% of consolidated sales revenues (42 million euros).

euro 000's	Q1 2015	Q1 2014	FY 14
<b>Revenues</b>			
Sales Revenues	257,678	253,752	965,532
Other income	1,579	2,280	10,476
<b>Total revenues and income</b>	<b>259,257</b>	<b>256,032</b>	<b>976,008</b>
<b>Operating Costs</b>			
Change in inventories of work in prog. and finis. goods	14,221	4,607	31,944
Cost of raw materials, supplies and materials for cons.	(78,622)	(71,525)	(278,912)
Costs for services	(65,292)	(58,591)	(231,436)
Costs for use of third party assets	(30,256)	(25,985)	(109,665)
Personnel costs	(44,145)	(39,060)	(160,386)
Other operating charges	(8,144)	(8,653)	(34,005)
<b>Total Operating costs</b>	<b>(212,238)</b>	<b>(199,206)</b>	<b>(782,461)</b>
<b>EBITDA</b>	<b>47,019</b>	<b>56,826</b>	<b>193,547</b>
<b>Amortisation, depreciation and write-downs</b>			
Amortisation of intangible assets	(2,073)	(2,242)	(8,792)
Depreciation of property, plant and equipment	(9,242)	(8,073)	(32,791)
Other adjustment	(176)		(2,339)
<b>Total amortisation, depreciation and write-downs</b>	<b>(11,492)</b>	<b>(10,315)</b>	<b>(43,922)</b>
Provisions	(400)	(200)	(1,447)
<b>EBIT</b>	<b>35,127</b>	<b>46,311</b>	<b>148,179</b>

After charging about 11.8 million euros for depreciation, amortisation and provisions, EBIT for the period January-March 2015 was 35.1 million euros and represents 13.6% of consolidated sales revenues (EBIT for the first quarter 2014 was 46.3 million euros, representing 18.3% of consolidated sales revenues). At constant exchange rates, EBIT would have been 30.9 million euros and it would represent 12.5% of consolidated sales revenues.

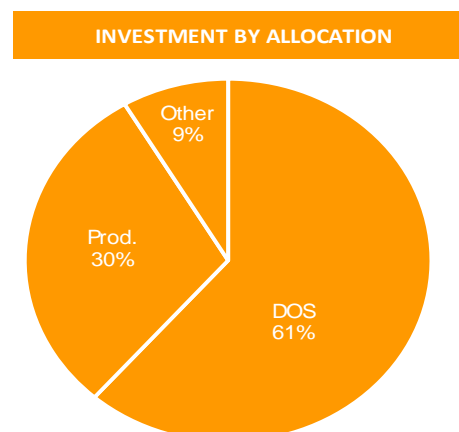
Gross margin was in line with the 1Q 2014 as a result of the well-established position of the Group's brands at the high end of the luxury brands sector. In respect to the first quarter of 2014, operating margin for the first three months of 2015 was significantly affected by the evolution of the operating costs associated with the business development, which are mainly related to the direct distribution network expansion.

The expenses incurred to rent the locations increased particularly: the whole costs for the use of third party assets grew from 26 million euros totalled during the first three months of 2014, to 30.3 million euros of the first quarter 2015, with a percentage on consolidated sales revenues for the first three months of 2015 equal to 11.7% (10.2% in the first quarter of 2014). At March 31<sup>st</sup>, 2015 the direct Group distribution network is composed by 242 DOS, while they were 223 at March 31<sup>st</sup>, 2014.

Similar trend for personnel costs which increased mainly in connection with the increase of sales staff employed in the direct distribution network. Group headcount continued to grow indeed, rising by 200 persons from March 31<sup>st</sup>, 2014 (from 4,159 employees to 4,359 at March 31<sup>st</sup>, 2015). The total cost for personnel was 44.1 million euros (39.1 million euros in Q1 2014),

growing by 13%. Personnel costs, as a percentage of consolidated sales revenues, rose from 15.4% in Q1 2014 to 17.1% in Q1 2015.

**Capital expenditures.** Resources invested in fixed assets for the Q1 2015 amounted to 15.9 million euros (Q1 2014: 18.3 million euros). Expenditures dedicated to the DOS network totalled about 9.7 million euros and they relate to the setting up of new DOS, among which we point out, for relevance, Houston and Atlanta, which will be opened soon, and renovations of the existing stores. The remaining part of the investments in the period regarded, for the most part, the normal processes of modernizing the structures and industrial equipment (mainly lasts and moulds) and the development of company's software.



**The net financial position.** At the end of the quarter, net financial position totalled 94.1 million euros (130 million euros at December 31<sup>st</sup>, 2014) and it is composed by cash and cash equivalents for 134.1 million euros and financial liabilities for 40 million euros.

Net financial position euro 000's				
03.31.14		03.31.15	12.31.14	Change
<b>Current financial assets</b>				
190,190	Cash and cash equivalents	134,077	165,949	(31,872)
190,190	Cash	134,077	165,949	(31,872)
<b>Current financial liabilities</b>				
(16,989)	Current account overdrafts	(14,098)	(10,988)	(3,109)
(5,036)	Current share of medium-long term financing	(5,157)	(4,650)	(507)
(22,025)	Current financial liabilities	(19,254)	(15,638)	(3,616)
168,165	Current net financial position	114,823	150,311	(35,488)
<b>Non-current financial liabilities</b>				
(23,373)	Financing	(20,729)	(20,298)	(431)
(23,373)	Non-current financial liabilities	(20,729)	(20,298)	(431)
144,792	Net financial position	94,094	130,013	(35,919)

The use of cash in the first three months of the year was related to the typical financial dynamics which is a feature of the business in this period of the year, characterised by the use of the

resources required to finance the temporary increase in working capital, mainly related to both the exposure versus independent customers as a direct consequence of the wholesale revenue component and the temporary stock increase in the DOS network, which generates cash during the second quarter.

Net working capital euro 000's				
03.31.14		03.31.15	12.31.14	Change
291,770	Inventories	348,174	327,085	21,088
138,378	Trade receivables	144,477	99,445	45,031
(141,842)	Trade payables	(163,249)	(160,220)	(3,029)
288,306	Net working capital	329,401	266,310	63,091

At the financial level, the FY 2014 dividend coupon is scheduled to be paid on May 18<sup>th</sup>, as approved by the Shareholders' Meeting of the parent company TOD'S S.p.A. held on April 22<sup>nd</sup>, 2015. The dividend, totalling 61.2 million euros, at the rate of 2 (two) per each of the 30,609,401 shares comprising the share capital at the payment date, will be paid to all the shareholders entered on the Register of Shareholders at the coupon payment date.

#### Significant events occurring after the end of the period

After the end of the period, TOD'S S.p.A. entered into two loan agreements, with two leading banks, for a total amount of 50 million euros with a duration of 4 years, which was aimed to support the future development of the Group. During the first days of May the whole amount of the above mentioned agreements has been given to the Company and it will be reimbursed, in accordance with the agreements provisions, for 25 million euros at the termination date and for 25 million euros in quarterly instalments.

#### Business outlook

The quarter's results reflect a still challenging economic and monetary environment, with the persistent weakness of some important markets for luxury goods; in some parts of the world, they have been also influenced by the very bad weather conditions and by late deliveries of important products. However, in the last month the organic growth registered a significant improvement, in all the regions. As already commented, the short term profitability has been temporarily impacted by the investments made in recent years, but the Group is confident that it will be recovered, or may even improve on it, in a mid-term perspective. Considering the continued focus on cost control and considering the good results of the stores in recent weeks, with the launch of the Spring/Summer season, and the excellent response of the collections for next Autumn/Winter, it is possible to be confident about the quality of the results of the current year.

### Guidelines for preparation of the Quarterly Report

TOD'S Group Quarterly Report on Operations at March 31<sup>st</sup>, 2015 was prepared pursuant to Article 154-ter (5) of the Consolidated Law on Financial Intermediation ("TUF") introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/EC (the "Transparency Directive").

Quarterly report were approved by the Board of Directors of TOD'S S.p.A. on May 13<sup>th</sup>, 2015, and on the same date that body authorized its publication.

### Accounting policies

The accounting policies applied to prepare the financial figures reported on the Quarterly Report at March 31<sup>st</sup>, 2015 was prepared by applying IAS/IFRS, issued by IASB and approved by the European Union at the reporting date. IAS/IFRS refers to the *International Accounting Standards* (IAS), *International Financial Reporting Standards* (IFRS), and all interpretative documents issued by the IFRIC (previously called the Standing Interpretations Committee).

The same accounting standards used to prepare the consolidated financial statements at December 31<sup>st</sup>, 2014 were used to prepare this Report.

Preparation of the financial figures reported on the Quarterly Report at March 31<sup>st</sup>, 2015 entails making estimates and assumptions based on the management's best valuation. If these estimates and assumptions should change in future from the actual circumstances, they will obviously be modified for the period in which those circumstances changed.

Specifically in regard to determination of eventual impairment losses affecting fixed assets, complete tests are performed only when the annual report is prepared, when all information as might be necessary is available, unless there are indications that require immediate valuation of eventual impairment losses or the occurrence of events that required repetition of the procedure.

The rates applied for translation of the financial statements of subsidiaries using a functional currency other than the currency used for consolidation, are illustrated in the following table and compared with those used in the previous period:

	Jan. - Mar. 2015		Jan. - Mar. 2014	
	Exch. rates at period end	Average exch. rate	Exch. rates at period end	Average exch. rate
U.S. dollar	1.076	1.126	1.379	1.370
British pound	0.727	0.743	0.828	0.828
Swiss franc	1.046	1.069	1.219	1.223
Hong Kong dollar	8.342	8.731	10.697	10.629
Japanese yen	128.950	134.082	142.420	140.748
Hungarian forint	299.430	308.822	307.180	307.980
Singapor dollar	1.477	1.527	1.737	1.738
Korean WON	1,192.580	1,239.992	1,465.980	1,465.328
Pataca Macao	8.593	8.992	11.018	10.947
Chinese Renminbi	6.671	7.021	8.575	8.356
Indian Rupee	67.274	70.054	82.578	84.580
Brazilian Real	3.496	3.212	3.128	3.240
Albanian Lek	140.272	140.174	140.171	140.357

### Alternative indicators of performances

In order to strip the effects of changes in exchange rates from the average values of the first three months of 2014 from the results for the three months of 2015, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the three months of 2014, thereby rendering them fully comparable with those of the previous period.

However, it should be pointed out that these principles for measuring corporate performance represent a method of interpreting results that is not envisaged in IAS/IFRS, while they must not be considered substitutes for the results calculated according to those principles.

Furthermore, the Group's cash flow is uneven from quarter to quarter, largely on account of its industrial activity. Consequently, the analysis of interim results and financial statement indicators (EBITDA, EBIT, financial position and working capital) cannot be considered fully representative, and it would thus be improper to consider the indicators for the reference period to be in proportion to the results for the entire financial year.

### Scope of consolidation

The scope of consolidation at March 31<sup>st</sup>, 2015 changed in respect to March 31<sup>st</sup>, 2014 due to the project of reorganising the Group organisational chart, started last year, which will ultimately result in the ROGER VIVIER brand having its own, autonomous corporate organisation. To execute this reorganisation, the following companies were formed: Roger Vivier France Sas incorporated on April 30<sup>th</sup>, 2014 and 100% owned by Partecipazioni Internazionali S.r.l., Roger Vivier Korea Inc.

incorporated on June 9<sup>th</sup>, 2014 and 100% owned by Partecipazioni Internazionali S.r.l., Roger Vivier Switzerland S.A. incorporated on June 17<sup>th</sup>, 2014 and 100% owned by Partecipazioni Internazionali S.r.l., Roger Vivier Japan KK incorporated on October 1<sup>st</sup>, 2014 and 100% owned by TOD'S International BV and Roger Vivier Macau Lda incorporated on November 14<sup>th</sup>, 2014 and 90% owned by Partecipazioni Internazionali S.r.l. and 10% owned by Roger Vivier Hong Kong. In addition, the following companies have been incorporated: on November 25<sup>th</sup>, 2014 TOD'S Danmark APS has been incorporated and it is 100% owned by TOD'S S.p.A., on February 20<sup>th</sup>, 2015 TOD'S Washington Inc. has been incorporated and it is 100% owned by TOD'S S.p.A. and on March 3<sup>rd</sup>, 2015 TOD'S Austria GmbH has been incorporated and it is 100% owned by TOD'S S.p.A. The companies Roger Vivier Macau Lda, TOD'S Washington Inc. and TOD'S Austria GmbH are not operating at March 31<sup>st</sup>, 2015.

In respect to December 31<sup>st</sup>, 2014 the only change in consolidation scope is related to the incorporation of TOD'S Washington Inc. and TOD'S Austria GmbH.

Milan, May 13<sup>th</sup>, 2015

The Chairman of the Board of Directors  
Diego Della Valle

#### **Declaration pursuant to Article 154bis (2) of the Consolidated Law on Financial Intermediation**

The manager in charge with preparing the company's financial reports certifies, pursuant to Article 154bis (2) of the Consolidated Law on Financial Intermediation, that the accounting information presented in this document corresponds to the accounting documents, books, and ledger entries.

The manager in charge with preparing the company's financial reports  
Rodolfo Ubaldi