

# TOD'S

TOD'S Group

QUARTERLY REPORT ON OPERATIONS  
AS OF MARCH 31st, 2014

(Translation of the Quarterly Report on Operations  
as of March 31st, 2014 approved in Italian, solely  
for the convenience of international readers)

# D'S Group

## TABLE OF CONTENTS

Company's data .....	1
Corporate Governance bodies .....	2
TOD'S Group .....	3
Group's organizational chart.....	4
Distribution network as of March 31 <sup>st</sup> , 2014.....	5
Key consolidated financial figures .....	6
Highlights of results .....	7
<b>REPORT ON OPERATIONS.....</b>	<b>8</b>
Group's activity .....	9
Group's brands .....	9
Foreign currency markets .....	10
Main events and operations during the period .....	11
Group's results in Q1 2014 .....	12
Significant events occurring after the end of the period .....	18
Business outlook.....	19
Guidelines for preparation of the Quarterly Report.....	19
Accounting policies.....	19
Alternative indicators of performances .....	20
Scope of consolidation.....	21
Declaration pursuant to Article 154bis (2) of the Consolidated Law on Financial Intermediation.....	21

## 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

Dusseldorf – Kaistrasse, 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 Royale, 20  
Paris – Rue de l'Élysée, 22  
Seoul – 89-10, Cheongdam-dong, Kangnam-ku  
Shanghai - 1717 Nanjing West Road, Wheelock Square 45/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 Emanuele Della Valle Fabrizio Della Valle Emilio Macellari Pierfrancesco Saviotti Stefano Sincini Vito Varvaro	Chairman Vice - Chairman
<b>Executive Committee</b>	Diego Della Valle Andrea Della Valle Fabrizio Della Valle Emilio Macellari Stefano Sincini Vito Varvaro	Chairman
<b>Compensation Committee</b>	Luigi Abete Luigi Cambri Pierfrancesco Saviotti	Chairman
<b>Control and Risk Committee</b>	Luigi Cambri Maurizio Boscarato Pierfrancesco Saviotti	Chairman
<b>Independent Directors Committee</b>	Pierfrancesco Saviotti Luigi Abete Luigi Cambri	Chairman
<b>Board of statutory Auditors</b> <sup>(2)</sup>	Giulia Pusterla Enrico Colombo Fabrizio Redaelli Myriam Amato Gilfredo Gaetani	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: 2012-2014 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 2012)

<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 distributes and promotes products in Spain and 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 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 operates DOS 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 in China.

### TOD'S Singapore Pte Ltd

Company that operates Tod's and Hogan DOS 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).

### E-TOD'S Inc.

E-commerce company for US market. Wind up company.

### Holpaf B.V.

Real estate company.

### 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

Start up 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 promotes products branded ROGER VIVER in Far East and South Pacific and manages Roger Vivier DOS in Hong Kong. Sub-holding for operation of international subsidiaries in Asia.

### Roger Vivier Singapore PTE Ltd

Company that operates ROGER VIVIER DOS in Singapore.

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

Not operating company.

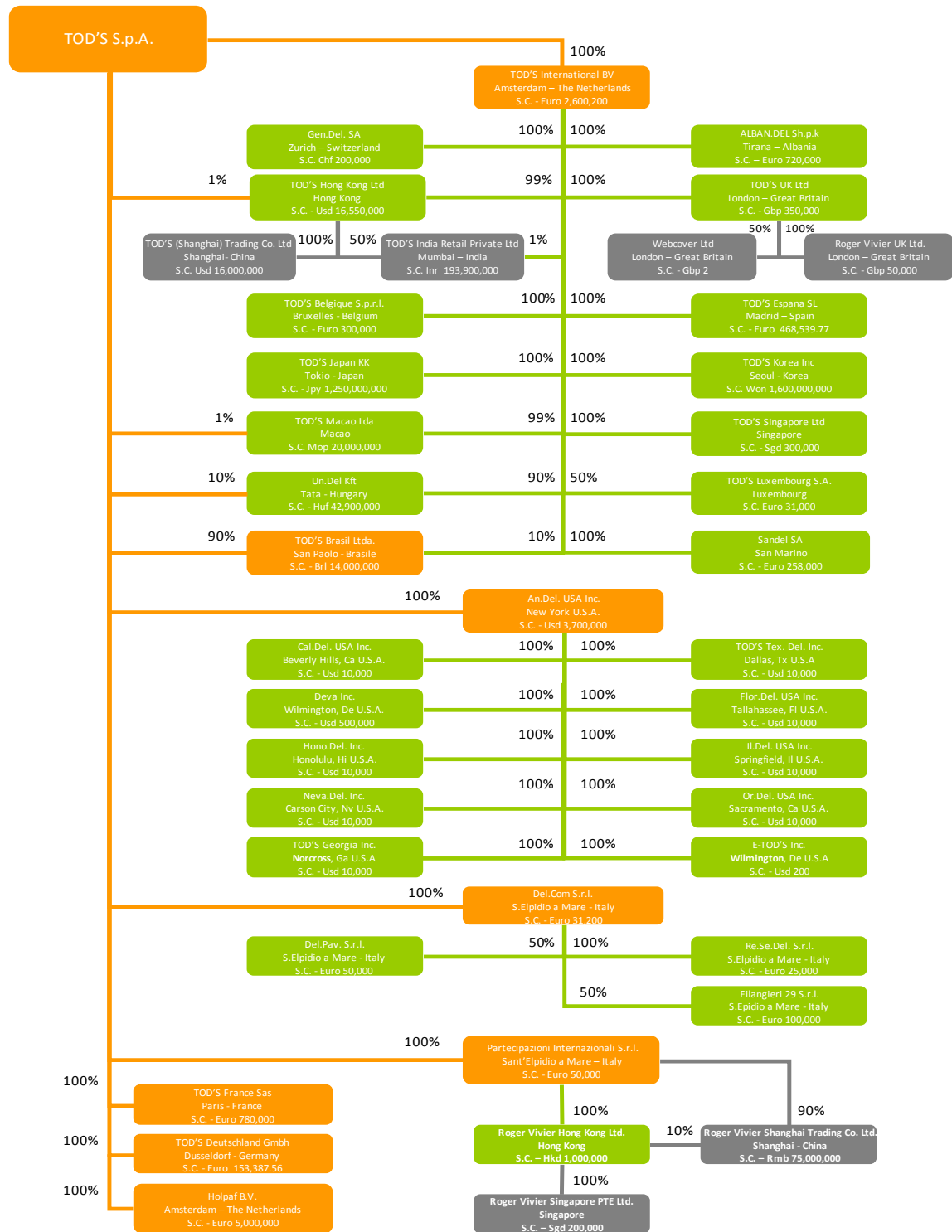
### Roger Vivier UK Ltd

Not operating company.

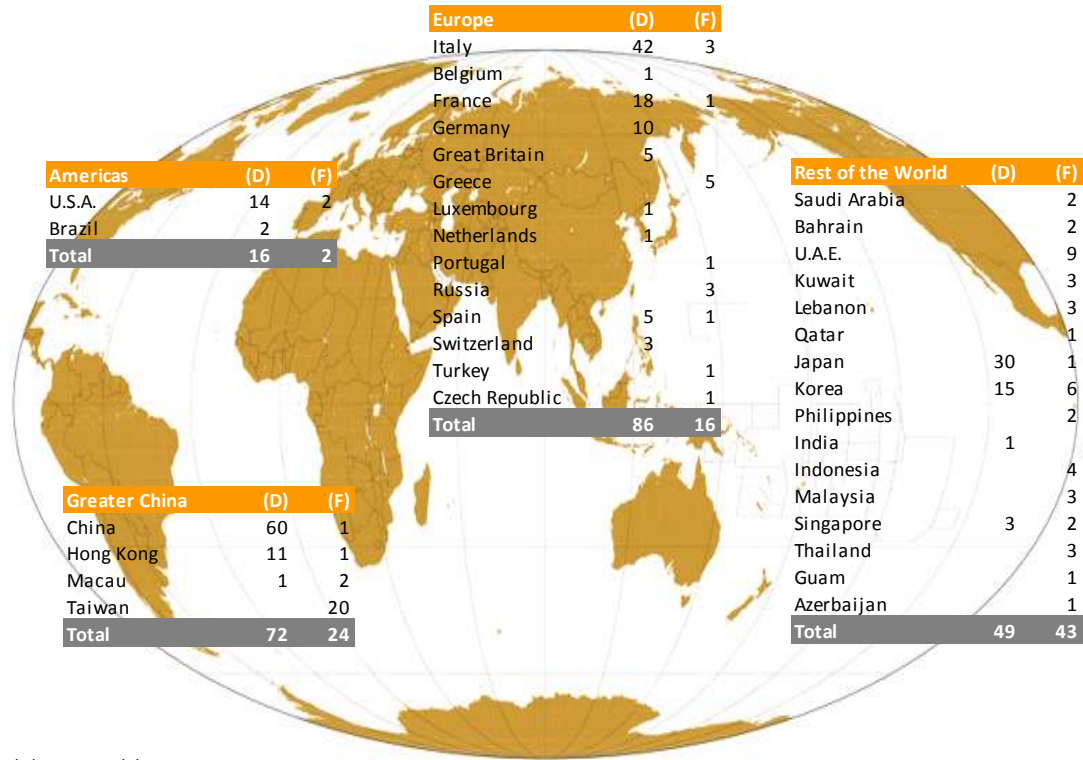
### TOD'S Georgia Inc.

Not operating company.

Group's organizational chart



Distribution network as of March 31<sup>st</sup>, 2014



(D)=DOS (F)=FRANCHISED STORES

DOS, 2014 new openings

Greater China

Chengdu (China)  
Chengdu (China)  
Chengdu (China)

Rest of the world

Seoul (Korea)  
Okayama (Japan)

Franchised stores, 2014 new openings

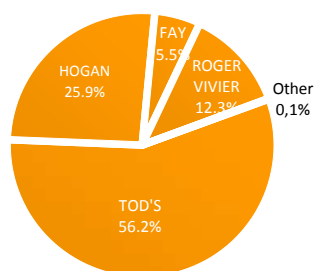
Rest of the World

Macao (Macao)

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

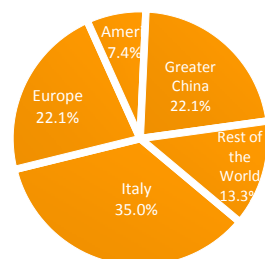
Q1 2014 Revenues - % by Brand



P&L Key figures (euro millions)

	Q1 2014	Q1 2013	Q1 2012	Q1 2011
Revenues	253.8	253.5	263.2	243.7
EBITDA	56.8 22.4%	63.6 25.1%	66.7 25.3%	65.1 26.7%
EBIT	46.3 18.3%	53.4 21.1%	57.3 21.8%	55.9 23.0%

Q1 2014 Revenues - % by market

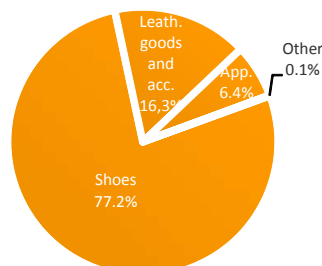


Main Balance Sheet indicators (euro millions)

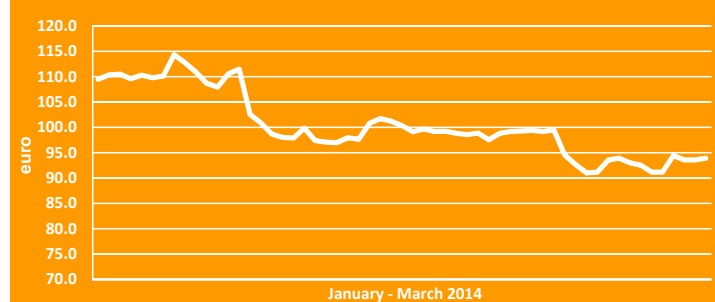
	03.31.14	12.31.13	03.31.13
Net Working Capital (*)	288.3	224.1	279.0
Net financial position	144.8	181.1	131.7
Capital expenditures	18.3	51.4	9.4

(\*) Trade receivable + inventories - trade payable

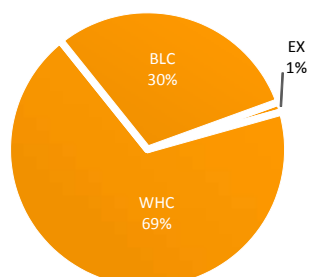
Q1 2014 Revenues - % by Product



Stock performance (euro)



Employees 2014: composition



The Group's employees

	03.31.14	12.31.13	03.31.13	03.31.12
Year to date	4,159	4,144	3,968	3,643

Legenda:

Execut. = Executive  
White Col. = White Collar  
Blue Col. = Blue Collar



## Highlights of results

**Revenues:** revenues for the period totalled 253.8 million euros (in Q1 2013: 253.5 million euros); at constant exchange rates, revenues amounted to 259.0 million euros increased by 2.2%.

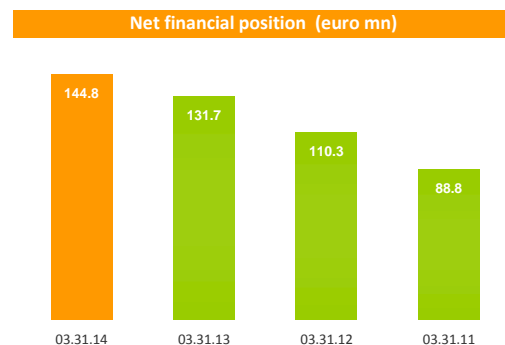
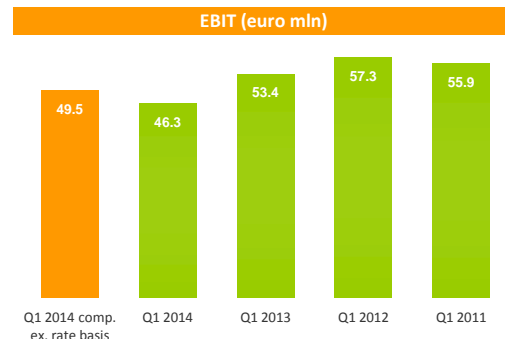
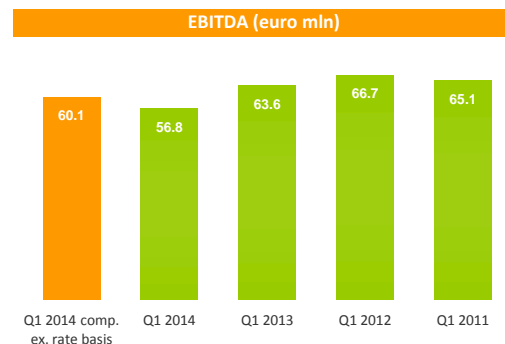
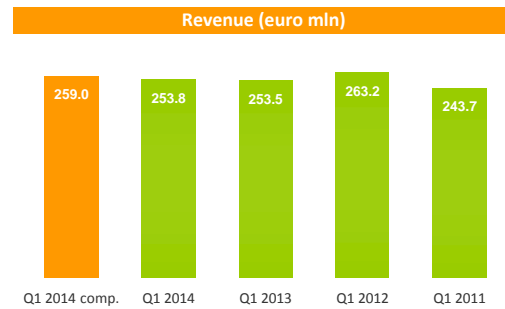
**EBITDA:** amounting to 56.8 million euros in Q1 2014 and represents 22.4% on Group sales (in Q1 2013: 63.6 million euros). At constant exchange rates, EBITDA amounted to 60.1 million euros, representing 23.2% on Group sales.

**EBIT:** amounting to 46.3 million euros (in Q1 2013: 53.4 million euros) and represents 18.3% on Group sales; 49.5 million euros EBIT at constant exchange rates (representing 19.1% on Group sales).

**Net financial position (NFP):** Group liquid assets amount to 190.2 million euro at March 31<sup>st</sup>, 2014. Net financial position amounts to 144.8 million euros at the same date (131.7 million euros at March 31<sup>st</sup> 2013).

**Capital expenditures:** amounting to 18.3 million euros in Q1 2014 (9.4 million euros in Q1 2013).

**Distribution network:** at March 31<sup>st</sup>, 2014 the single brand distribution network comprised 223 DOS (increased by 25 units compared to March 31<sup>st</sup>, 2013) and 85 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".



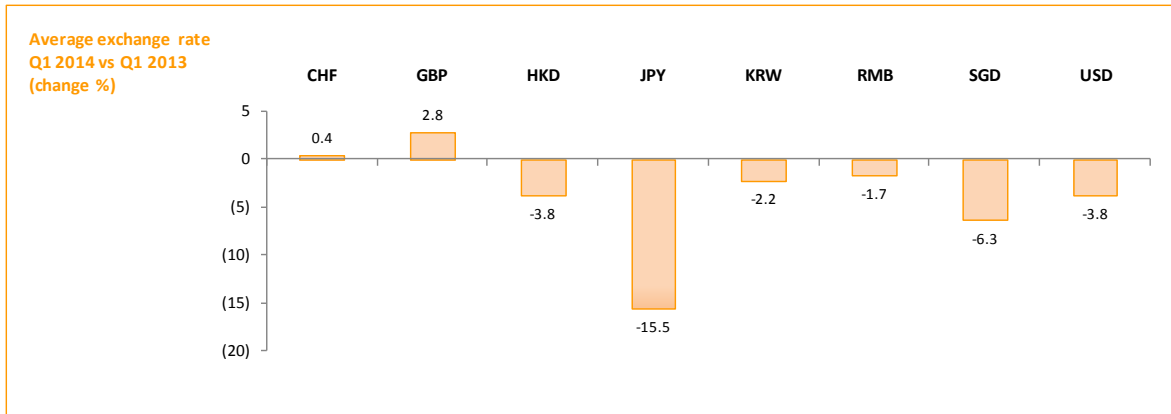
FAY is a brand created in the mid 80s with a product range of high quality casual wear. The brand is known for its quality craftsmanship, for the excellence of its materials, a meticulous attention to craft details and its high functionality without sacrificing style and quality. FAY products are wearable 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 2014, compared to figures for the same period of the previous year, show a broadly weakness of the main currency with which the Group operates in respect to the European currency; particularly the Japanese currency (JPY) has suffered a devaluation of 15.5% in respect to the average trend of the previous year first quarter. Only the Great Britain currency (GBP) and the Swiss currency (CHF) showed an opposite trend, increasing their value respectively of 2.8% and 0.4% compared with the euro currency.



### Main events and operations during the period

In the first quarter of 2014, the global luxury goods market continued to show the signs of weakness that had already affected the major industry players' results in 2013. Despite the effects of this challenging scenario, as well as of the strategy involving the rationalization of independent distribution that continued throughout 2013, in the first three months of the year the TOD'S Group reported a slight increase in sales (+2.2%, at constant rates) compared to the same period of the previous year. The contribution provided by direct distribution offset the natural impact on consolidated revenue of the aforementioned strategy involving a rationalization of the independent distribution network undertaken by the Group, which had an influence on the performance of the indirect channel, especially on the domestic market.

In further detail, an overview of international markets shows excellent growth figures for the European market and Rest of the world area: growth rates came to +12% and +30.4%, respectively, at constant exchange rates, compared to the first quarter of 2013. Sales volumes were stable on the Americas market (+1.4% at constant rates), which was severely affected by the highly adverse climatic conditions on the East Coast during the first few months of the year.

On the other hand, the slowdown already seen in the final part of the previous year continued in the first quarter on the Greater China market (sales were up by 1.5% during the period at constant rates) as a result of the general, significant decrease in consumption of luxury goods by local customers.

On the brands front, HOGAN continued to achieve growth on international markets, on which the brand development strategy is currently focused: overall, on the foreign markets in which the brand is present, sales presented a double digit growth rate compared to the same period of 2013. The ROGER VIVIER brand continued to achieve excellent performances, with consolidated sales increasing at a rate of 20% compared to the first quarter of 2013, further proof of the brand's strong appeal amongst international customers, who recognize ROGER VIVIER as one of

the most prestigious firms in the most exclusive segment of the luxury market. The TOD'S brand, whose new collection, currently in stores, met with a positive reception amongst customers, achieved excellent results in leather goods and accessories.

Finally, the Group's commitment in the field of corporate social responsibility continues without interruption. On April 17<sup>th</sup>, 2014, the Shareholders' Meeting of the Parent Company, TOD'S S.p.A., renewed its commitment to support the local community, approving (as in the previous year) the allocation of 1% of the profit earned by the Group in 2013, 1.3 million euros, to a specific provision intended to be used to pursue solidarity projects in the community.

### Group's results in Q1 2014

In the first quarter of 2014, TOD'S Group generated sales totalling 253.8 million euros, in line with the previous period of 2013, when Group sales were 253.5 million euros (increased by 0.1%). Negative effect has been produced by the foreign exchange rates trends: at constant exchange rates, Group revenues would have been 259.0 million euros showing an increase of 2.2%.

EBITDA and EBIT amounted respectively to 56.8 million euros and 46.3 million euros and they represent respectively 22.4% and 18.3% of total consolidated sales revenues. Even such indicators have been affected by the negative impact of exchange rates: using the same exchange rates applied for Q1 2013, operating margin indicators would have increased respectively to 23.2% (EBITDA) and 19.1% (EBIT).

euro 000's					
FY 13	Main economic indicators	Q1 2014	Q1 2013	Change	%
967,490	Sales revenues	253,752	253,519	233	0.1
236,317	EBITDA	56,826	63,635	(6,810)	(10.7)
(43,162)	Deprec., amort., write-downs and advances	(10,515)	(10,269)	(246)	2.4
193,155	EBIT	46,311	53,366	(7,055)	(13.2)
	Foreign exchange impact on revenues	5,285			
	Adjusted ricavi	259,036	253,519	5,518	2.2
	Foreign exchange impact on operating costs	(1,994)			
	Adjusted EBITDA	60,117	63,635	(3,519)	(5.5)
	Foreign exchange impact on deprec. & amort.	(147)			
	Adjusted EBIT	49,455	53,366	(3,912)	(7.3)
	EBITDA %	22.4	25.1		
	EBIT %	18.3	21.1		
	Adjusted EBITDA %	23.2	25.1		
	Adjusted EBIT %	19.1	21.1		

euro 000's				
03.31.13	Main Balance Sheet indicators	03.31.14	12.31.13	Change
279,043	Net Working Capital (*)	288,306	224,055	64,251
131,746	Net financial position	144,792	181,125	(36,334)
9,430	Capital expenditures for tangible and intangible	18,329	51,372	(33,043)

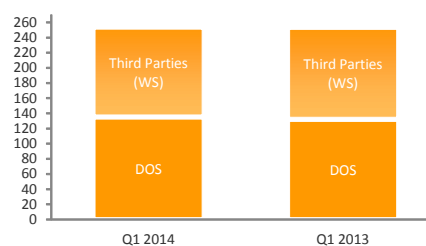
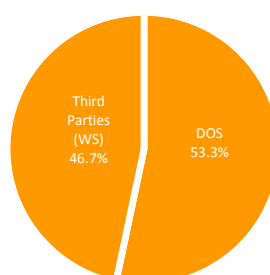
(\*) Trade receivable + Inventories - Trade payable

**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 2014, sales through DOS globally amounted to 135.3 million euros, up 5.7% at constant exchange rates from Q1 2013. The Same Store Sales Growth (SSSG) rate, calculated as the worldwide average of sales growth rates at constant exchange rates registered by the DOS already existing as of January 1st, 2013, is -6.7% in the first 19 weeks of the year (from January

1st to May 11th, 2014); the weekly results continue to show a lot of volatility. As of March 31<sup>st</sup>, 2014 the Group's distribution network was composed by 223 DOS and 85 franchised stores, compared to 198 DOS and 79 franchised stores as

(euro mn)	Q1 2014	%	Q1 2013	%	% current exch. rates	% constant exch. rates
DOS	135.3	53.3	132.3	52.2	2.2	5.7
Third Parties (WS)	118.5	46.7	121.2	47.8	(2.2)	(1.6)
<b>Total</b>	<b>253.8</b>	<b>100.0</b>	<b>253.5</b>	<b>100.0</b>	<b>0.1</b>	<b>2.2</b>



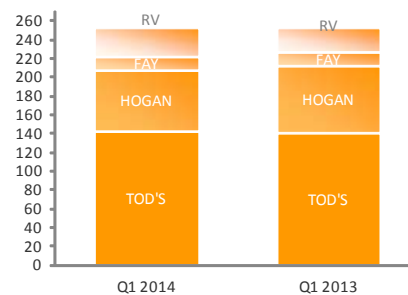
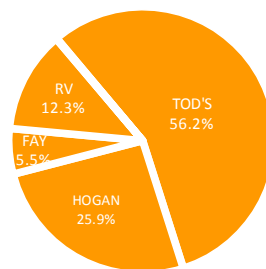
of March 31<sup>st</sup>, 2013. Revenues to third parties totalled 118.5 million euros; the difference, compared to Q1 2013, was mainly due to the already commented rationalization of the independent distribution.

The TOD'S brand registered 142.6 million euros in sales, up 3.6% at constant exchange rates from Q1 2013, driven by the excellent results of "Rest of the World" and Europe. HOGAN sales were 65.7 million euros, with a decrease of approx. 7%, mainly due to the already commented

rationalization of the Italian distribution network. Sound double-digit growth on all the international markets, where the brand is currently focusing its international expansion.

Revenues of the FAY brand were 14 million euros, with a 6% decrease, due to the already commented rationalization of the Italian distribution network. Finally, ROGER VIVIER continued to grow double-digit, confirming to be one of the most prestigious maison of luxury accessories and shoes

(euro mn)	Q1 2014	%	Q1 2013	%	% current exch. rates	% constant exch. rates
TOD'S	142.6	56.2	141.6	55.8	0.8	3.6
HOGAN	65.7	25.9	70.8	27.9	(7.2)	(7.0)
FAY	14.0	5.5	14.9	5.9	(6.0)	(6.0)
ROGER VIVIER	31.3	12.3	26.0	10.3	20.0	24.2
Other	0.2	0.1	0.2	0.1	n.s.	n.s.
<b>Total</b>	<b>253.8</b>	<b>100.0</b>	<b>253.5</b>	<b>100.0</b>	<b>0.1</b>	<b>2.2</b>

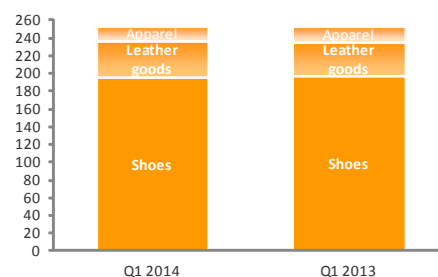
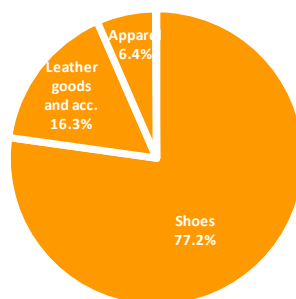


in the most exclusive segment of luxury goods, worldwide. In the period, its revenues totalled 31.3 million euros, up 24.2% at constant rates from Q1 2013.

Revenues from shoes totalled 195.9 million euros in Q1 2014, broadly aligned with the value registered in Q1 2013, confirming the undisputed Group's leadership in the core business of

Shoes. Sales from leather goods and accessories returned to grow, driven by the excellent results of the TOD'S products. Positive acceptance of the new collection, currently in the stores. Revenues of this category totalled 41.3 million euros, up 13.9%, at constant rates.

(euro mn)	Q1 2014	%	Q1 2013	%	% current exch. rates	% constant exch. rates
Shoes	195.9	77.2	198.2	78.2	(1.1)	0.6
Leather goods and acc.	41.3	16.3	37.7	14.9	9.4	13.9
Apparel	16.4	6.4	17.3	6.8	(5.7)	(5.3)
Other	0.2	0.1	0.3	0.1	n.s.	n.s.
<b>Total</b>	<b>253.8</b>	<b>26.2</b>	<b>253.5</b>	<b>26.3</b>	<b>0.2</b>	<b>0.1</b>





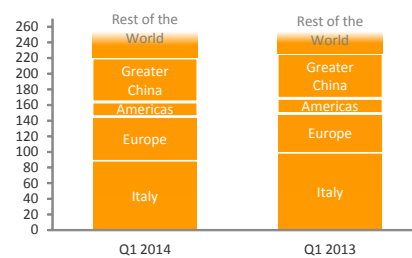
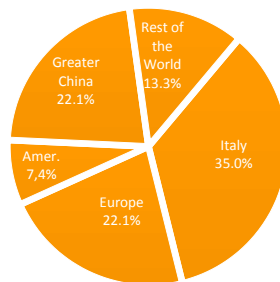
Finally, sales of apparel were 16.4 million euros; the difference, as compared to Q1 2013, broadly reflects the performance of the FAY brand.

In Q1 2014, domestic sales were 88.9 million euros; the decrease, compared to Q1 2013, is mainly due to the already commented rationalization of the wholesale distribution. Positive performance of the Italian DOS network.

In the rest of Europe, revenues grew double-digit and totalled 56.1 million euros, up approx. 12%, at constant exchange rates. Positive results in all the main countries where the Group

operates. As already commented by other luxury players, the performance of the US market was affected by the unfavourable weather conditions on the Eastern Coast in the first months of the year. The Group's sales in the Americas totalled 18.9 million euros, up 1.4% at constant exchange rates.

(euro mn)	Q1 2014	%	Q1 2013	%	% current exch. rates	% constant exch. rates
Italy	88.9	35.0	98.9	39.0	(10.1)	(10.1)
Europe	56.1	22.1	50.4	19.9	11.4	11.8
Americas	18.9	7.5	19.4	7.7	(2.9)	1.4
Greater China	56.1	22.1	57.2	22.5	(2.0)	1.5
Rest of the World	33.8	13.3	27.6	10.9	22.3	30.4
<b>Total</b>	<b>253.8</b>	<b>100.0</b>	<b>253.5</b>	<b>100.0</b>	<b>0.1</b>	<b>2.2</b>



Greater China confirmed the slowdown shown last year, due to the general and deep contraction of luxury goods consumption by the local clients. The Group's sales in Greater China were 56.1 million euros, up 1.5% at constant exchange rates, and represent 22.1% of consolidated turnover as of March 31<sup>st</sup>, 2014. Finally, the area "Rest of the World" registered a very good performance, driven by the solid double-digit growth of all the main countries where the Group operates. Sales of this area totalled 33.8 million euros, up 30.4% at constant exchange rates.

**Operating results.** At constant exchange rate EBITDA was 60.1 million euros in Q1 2014, in line with the same indicator for the Q1 2013 (63.6 million euros), and it represents 23.2% of consolidated sales (Q1 2013: 25.1%). Using current exchange rates, EBITDA amounted to 56.8 million euros (representing 22.4% of Group sales).

euro 000's	Q1 2014	Q1 2013	FY 13
<b>Revenues</b>			
Sales Revenues	253,752	253,519	967,490
Other revenues and income	2,280	2,394	15,630
<b>Total revenues and income</b>	<b>256,032</b>	<b>255,913</b>	<b>983,120</b>
<b>Operating Costs</b>			
Change in inventories of work in prog. and finis. goods	4,607	4,276	16,549
Cost of raw materials, supplies and materials for cons.	(71,525)	(75,445)	(267,948)
Costs for services	(58,591)	(53,466)	(211,761)
Costs for use of third party assets	(25,985)	(23,538)	(101,778)
Costs of labour	(39,060)	(37,320)	(151,665)
Other operating charges	(8,653)	(6,785)	(30,200)
<b>Total Operating costs</b>	<b>(199,206)</b>	<b>(192,278)</b>	<b>(746,803)</b>
<b>EBITDA</b>	<b>56,826</b>	<b>63,635</b>	<b>236,317</b>
<b>Amortisation, depreciation and write-downs</b>			
Amortisation of intangible assets	(2,242)	(2,090)	(8,889)
Depreciation of tangible assets	(8,073)	(7,462)	(30,395)
Other adjustment			
<b>Total amortisation, depreciation and write-downs</b>	<b>(10,315)</b>	<b>(9,552)</b>	<b>(39,284)</b>
Provisions	(200)	(717)	(3,878)
<b>EBIT</b>	<b>46,311</b>	<b>53,366</b>	<b>193,155</b>

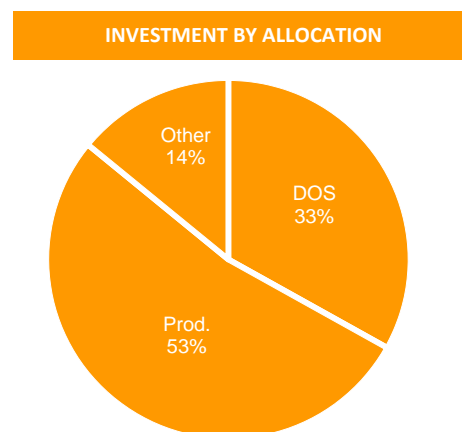
After charging about 10.3 million euros for depreciation and amortisation, EBIT in January-March 2014 was 46.3 million euros and represents 18.3% of consolidated sales. At constant exchange rates, EBIT would have been 49.5 million euros and it would represent 19.1% of Group revenues. In the first 3 months of 2013 it was 53.4 million euros representing 21.1% of Group revenues. The Group's operating margin in the first three months of 2014 benefited from the further improvement in the contribution margin, generated by the growth of the contribution to revenue by the DOS channel and sales on international markets.

Margins increase was entirely absorbed by the evolutions of structure costs related to the business development and in particular to the direct distribution network. Increased the costs for the use of third party assets (rents for locations and royalties for licenses) from 23.5 million euros totalled during the first three months of 2013, to 26.0 million euros of the current quarter, with a percentage on revenues for the first three months of 2014 equal to 10.2% (9.3% in the first quarter of 2013). In addition to the direct network evolution, this increase is related even to the sales growth of direct distribution network in Asian markets where the retail distribution model is mainly characterized by variable rents on sales.

In addition, marketing expenses, more highly concentrated in the first quarter of the year compared to the more even distribution throughout the previous year, had a different incidence on the operating result.

Similar trend for personnel costs. Group headcount continued to grow, rising by 191 persons from March 31<sup>st</sup>, 2013 (from 3,968 employees to 4,159 at March 31<sup>st</sup>, 2014). The total cost for personnel was 39.1 million euros (37.3 million euros in Q1 2013), growing by 4.7%. The increase is mainly related to headcount growth for the support of distribution network. Personnel costs as a percentage of sales rose from 14.7% in Q1 2013 to 15.4% in Q1 2014.

**Capital expenditures.** Resources invested in fixed assets for the Q1 2014 amounted to 18.3 million euros (Q1 2013: 9.4 million euros). Expenditures dedicated to the DOS network totalled about 6.1 million euros and they relate to the setting up of new DOS and renovation activities for existing stores. Property investments aimed at expanding internal production capacity, currently in progress, through the acquisition of a new building and the construction of an additional production facility – both in the area in which the Group has its headquarters – amounted to approximately 7.5 million euros. The remaining investment quota in the period regarded, for the most part, the normal processes of modernising 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 under consideration, net financial position totalled 144.8 million euros (181.1 million euros at December 31<sup>st</sup>, 2013) and it is composed by cash and cash equivalents for 190.2 million euros and financial liabilities for 45.4 million euros.

Net financial position euro 000's				
03.31.13		03.31.14	12.31.13	Change
<b>Current financial assets</b>				
191,202	Cash and cash equivalents	190,190	228,178	(37,988)
191,202	Cash	190,190	228,178	(37,988)
<b>Current financial liabilities</b>				
(25,621)	Current account overdrafts	(16,989)	(21,077)	4,087
(5,132)	Current share of medium-long term financing	(5,036)	(4,889)	(147)
(30,753)	Current financial liabilities	(22,025)	(25,966)	3,940
160,449	Current net financial position	168,165	202,212	(34,048)
<b>Non-current financial liabilities</b>				
(28,703)	Financing	(23,373)	(21,087)	(2,286)
(28,703)	Non-current financial liabilities	(23,373)	(21,087)	(2,286)
131,746	Net financial position	144,792	181,125	(36,334)

The use of cash in the first three months of the year was related to the cash flow performance dynamics characteristic of operations in this period of the year, involving the use of the resources required to finance the momentary increase in working capital, mainly related to the exposure versus independent customers directly consequence of wholesale revenue component which generates cash during the second quarter.

Net working capital euro 000's				
03.31.13		03.31.14	12.31.13	Change
274,554	Inventories	291,770	282,348	9,421
153,405	Trade receivables	138,378	94,326	44,052
(148,916)	Trade payables	(141,842)	(152,619)	10,777
279,043	Net working capital	288,306	224,055	64,250

At the financial level, the FY 2013 dividend coupon is scheduled to be paid on May 19<sup>th</sup>, as approved by the Shareholders' Meeting of the parent company TOD'S S.p.A. on April 17<sup>th</sup>, 2014. The dividend, totalling 82.6 million euros, at the rate of 2.70 (two/70) 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

There have not been any significant operating events affecting the Group's activities since March 31<sup>st</sup>, 2014.

### Business outlook

The results of the first quarter 2014 are consistent with our expectations and reflect the high sales volatility and the weakness of some key markets for luxury goods, such as the Chinese one. Despite this environment, the Group continues to invest in the development of the distribution network, in production capacity and in human resources, adopting, as usual, an industrial mid-term perspective. Particularly satisfying the results registered by the TOD'S brand in leather goods, even thanks to the strategic decision of hiring a Creative Director for the TOD'S brand with the aim to strengthen the brand awareness outside the core business of shoes. Also Winter Collections received a positive feedback from the specialized press and the retailers. Products are more and more appreciated by clients, for their quality and exclusivity.

### Guidelines for preparation of the Quarterly Report

TOD'S Group Quarterly Report on Operations at March 31<sup>st</sup>, 2014 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 14<sup>th</sup>, 2014, 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>, 2014 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>, 2013 were used to prepare this Report.

Preparation of the financial figures reported on the Quarterly Report at March 31<sup>st</sup>, 2014 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. 2014		Jan. - Mar. 2013	
	Exch. rates at period end	Average exch. rate	Exch. rates at period end	Average exch. rate
U.S. dollar	1.379	1.370	1.281	1.320
British pound	0.828	0.828	0.846	0.851
Swiss franc	1.219	1.223	1.220	1.228
Hong Kong dollar	10.697	10.629	9.942	10.238
Japanese yen	142.420	140.748	120.870	121.810
Hungarian forint	307.180	307.980	304.420	296.490
Singapor dollar	1.737	1.738	1.590	1.634
Korean WON	1,465.980	1,465.328	1,425.030	1,433.151
Pataca Macao	11.018	10.947	10.240	10.545
Chinese Renminbi	8.575	8.356	7.960	8.217
Indian Rupee	82.578	84.580	69.566	71.511
Brazilian Real	3.128	3.240	2.570	2.633

### 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 2013 from the results for the three months of 2014, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the three months of 2013, 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>, 2014 changed in respect to March 31<sup>st</sup>, 2013 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: Partecipazioni Internazionali S.r.l., incorporated on June 18<sup>th</sup>, 2013 and 100% owned by TOD'S S.p.A., which shall become the holding company of the operating companies to which will be contributed the activities related to the ROGER VIVIER brand and currently existing in the various companies of the Group; Roger Vivier Hong Kong Ltd., incorporated on July 11<sup>th</sup>, 2013 and 100% owned by Partecipazioni Internazionali S.r.l.; Roger Vivier Singapore Pte Ltd. incorporated on July 18<sup>th</sup>, 2013 and 100% owned by Roger Vivier Hong Kong Ltd.; Roger Vivier (Shanghai) Trading Co. Ltd., incorporated on November 28<sup>th</sup>, 2013, 90% owned by Partecipazioni Internazionali S.r.l. and 10% owned by Roger Vivier Hong Kong Ltd.; Roger Vivier UK Ltd., incorporated on November 18<sup>th</sup>, 2013 and 100% owned by Tod's UK Ltd. The companies Roger Vivier (Shanghai) Trading Co. Ltd and Roger Vivier UK Ltd. were not operative at March 31<sup>st</sup>, 2014. In addition, on March 11<sup>th</sup>, 2014 it was incorporated TOD'S Georgia Inc., which is not operative at March 31<sup>st</sup>, 2014. This is the only change in the scope of consolidation compared to December 31<sup>st</sup>, 2013.

Milan, May 14<sup>th</sup>, 2014

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