

Sant'Elpidio a Mare, November 11<sup>th</sup>, 2005

**TOD'S S.p.A.: the Board of Directors approved the Consolidated Report for the first nine months of 2005.**

**The strong growth of revenues (+19.4%) and profits (EBIT: +34%, net income: +35.5%) is confirmed**

Group's revenues: 395.9 million Euros, growing by 19.4% as compared to the first nine months of 2004; EBITDA: 90.1 million Euros, with a 26.7% increase; EBIT: 73.1 million Euros, growing by 34%; Net income: 43.8 million Euros, with a 35.5% increase

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 and Fay brands, today approved its Consolidated Financial Statements for the first nine months of 2005 (January 1<sup>st</sup> – September 30<sup>th</sup>, 2005).

These Financial Statements have been drawn up in compliance with the International Financial Reporting Standards IAS/IFRS; the consolidated figures as of September 30<sup>th</sup>, 2004 and December 31<sup>st</sup>, 2004, previously published according to the Italian principles, have been consequently restated and adjusted, in order to be fully comparable.

The Group's results confirm the growth of revenues and profits. Revenues were 395.9 millions, growing by 19.4% as compared to 331.6 millions of the same period of 2004. EBITDA and EBIT amounted to 90.1 and 73.1 millions, increasing, respectively, by 26.7% and by 34% as compared to the first nine months of 2004, and, finally, net income was 43.8 millions (+35.5% versus the first nine months of 2004). All these figures further improve, if considered at constant rates, meaning adopting the 2004 average exchange rates: in fact, revenues would have been 399.4 millions (+20.4%); EBITDA and EBIT would have been approx. 4 millions higher, increasing respectively by 32.5% and by 41.4% versus the first nine months of 2004.

Tod's Group's turnover was 395.9 million Euros, growing by 19.4% as compared to the first nine months of 2004. This growth rate is even more remarkable, when we consider the challenging comparison basis: in fact, in the first nine months of 2004 revenues had increased by 15.8% as compared to the same period of the previous year.

**Breakdown of Consolidated Sales by Brand: excellent growth for all the brands**

<i>million Euros</i>	9 months 2005	9 months 2004	% change	FY2004
Tod's	220.4	185.4	+18.9%	239.9
Hogan	100.0	82.5	+21.3%	102.3
Fay	65.4	56.4	+15.8%	68.7
Other	10.1	7.3	+37.4%	9.9
TOTAL	395.9	331.6	+19.4%	420.8

All the Group's brands confirm the excellent growth rates already shown in the previous months of 2005. Tod's e Hogan achieved outstanding results: revenues increased respectively by 18.9% and 21.3% (20.5% and 21.7% at constant rates). Sales with the Fay brand (which are not affected by the currency impact) grew by 15.8% in the period.

As of September 30<sup>th</sup>, 2005, Tod's revenues represented 55.7% of the Group's turnover, Hogan and Fay represented, respectively, 25.3% and 16.5%.

"Other" sales include revenues from other brands, produced by the Group under licence and/or manufacturing agreements, for a total value of 10.1 million Euros, or 2.5% of consolidated turnover.

**Breakdown of Consolidated Sales by Product: strong growth for all the product categories (leather goods: +30.5%)**

<i>million Euros</i>	9 months 2005	9 months 2004	% change	FY2004
Shoes	250.4	214.1	+17.0%	268.2
Leather goods & accessories	81.2	62.2	+30.5%	84.7
Apparel	63.6	54.8	+16.0%	67.2
Other	0.7	0.5	+34.1%	0.7
<b>TOTAL</b>	<b>395.9</b>	<b>331.6</b>	<b>+19.4%</b>	<b>420.8</b>

The analysis of the breakdown of revenues by product confirms the strong success achieved by all the Group's product categories.

Revenues from shoes, which represented 63.2% of the Group's turnover as of September 30<sup>th</sup>, 2005, increased by 17.0% (17.9% at constant exchange rates).

The figures of the period confirm the outstanding performance of leather goods and accessories, whose revenues increased by 30.5% (33% at constant exchange rates), fuelled by the continuous widening of the offer of products consistent with the philosophy of the brands. As of September 30<sup>th</sup>, 2005, this category globally represented 20.5% of the Group's turnover, with a strong improvement as compared to the corresponding figure of the previous year (18.7%).

Finally, sales from apparel grew by 16% in the first nine months of 2005 and represented 16.1% of consolidated revenues as of September 30<sup>th</sup>, 2005.

**Breakdown of Consolidated Sales by Region: excellent results in all the markets; Asia: +40%**

<i>million Euros</i>	9 months 2005	9 months 2004	% change	FY2004
Italy	193.5	162.8	+18.8%	204.5
Europe (excl. Italy)	110.7	94.2	+17.5%	116.7
North America	40.7	38.0	+7.1%	50.1
Asia and rest of world	51.0	36.6	+39.5%	49.5
<b>TOTAL</b>	<b>395.9</b>	<b>331.6</b>	<b>+19.4%</b>	<b>420.8</b>

Sales figures for the first nine months of 2005 confirm the outstanding results achieved by the Group in all the markets where it operates.

In details, revenues increased by 18.8% in Italy and by 17.5% in the rest of Europe (the foreign currency impact on sales in this area was not significant).

Also the US market showed positive signals; the Group's revenues increased by 11.8% at constant rates.

Finally, the Asian markets confirm their excellent performance: in this area, sales grew by 43.5% at constant rates in the first nine months of 2005. As of September 30<sup>th</sup>, 2005, revenues on the Asian markets represented 12.9% of the Group's turnover, showing a strong increase as compared to the corresponding figure of the previous year (11%).

**Breakdown of Consolidated Sales by Distribution Channel: strong organic growth in all the channels**

<i>million Euros</i>	9 months 2005	9 months 2004	% change	FY2004
DOS	180.0	153.8	+17.0%	219.6
Franchised stores and Independent Retailers	215.9	177.8	+21.4%	201.2
TOTAL	395.9	331.6	+19.4%	420.8

In the first nine months of 2005, sales generated by the DOS network increased by 17.0% (18.7% at constant rates), driven by the organic growth of revenues from the existing store network.

The Same Store Growth figure, calculated as the worldwide average of revenue growth rates reported by the DOS open as of January 1<sup>st</sup>, 2004, was 12% for the period January-October 2005 (corresponding to the first 43 weeks of the year), with a further improvement compared to the figure of the period January - mid September (11.8%).

In line with the management expectations, also the wholesale channel confirmed the excellent growth achieved in the first months of the year. This performance is based on the continuing development of the independent retailers channel, after the streamlining made in the previous years, and on the expansion of the franchised stores network. In the first nine months of 2005 revenues to third parties grew by 21.4% (22.0% at constant rates).

It's not fully meaningful to analyse the breakdown of revenues by distribution channel with respect to the end of September. In fact, in the third quarter of the year, turnover is mainly represented by wholesale revenues, due to the different booking timing of sales. In fact, deliveries made to DOS are booked as DOS stock inventory under the consolidation process and are translated into revenues only in the fourth quarter, when the products are sold to the final customers.

In the third quarter of 2005 the Group opened one DOS and three franchised stores in Asia; as of September 30<sup>th</sup>, 2005 the Group's distribution network consisted of 104 DOS and 40 franchised stores.

As already announced, in September the Group re-opened the New York flagship store on Madison Avenue; after the important refurbishment, this store is really “special” for its size and design.

### **Comments to the main Profit and Loss figures**

In the first nine months of 2005, the Group’s EBITDA was 90.1 millions, growing by 26.7% as compared to the corresponding amount of the first nine months of 2004. The margin on sales was 22.7%, strongly increasing as compared to the 21.4% figure of the first nine months of 2004.

The significant EBITDA growth is due to the continuing improvement of the production efficiency and the operating leverage. In particular, we deem important the lower incidence on sales of costs for services (24.3% in 9M 2005, compared to 25.5% in 9M 2004) and of personnel costs (13.7% in 9M 2005 as compared to 14.9% in 9M 2004). However, the Group’s headcount further increased (2,192 employees as of September 30<sup>th</sup>, 2005 compared to 2,083 as of September 30<sup>th</sup>, 2004).

The Group’s EBIT amounted to 73.1 millions in the first nine months of 2005, increasing by 34% as compared to the same figure for the first nine months of 2004. The margin on sales was 18.5%, with a strong improvement as compared to the 16.5% figure of 9M 2004. The already commented increase of operating profitability was amplified by the lower incidence on sales of amortisation and depreciation, equal to 4.2% in 9M 2005 as compared to 4.8% in 9M 2004.

Profit before taxes of the period was 74.1 millions, growing by 36.3% as compared to the first nine months of 2004; the margin on sales was 18.7% as compared to 16.4% in 9M 2004.

After having deducted 30.6 millions of income taxes (corresponding to a 41.3% tax rate), consolidated net income amounted to 43.6 millions, posting a 36.1% growth as compared to the first nine months of 2004. Net of minorities, the Group’s net income was 43.8 millions, increasing by 35.5% as compared to the same figure of 9M 2004.

As already stated, the herein commented figures are calculated in compliance with IFRS/IAS principles; the growth of operating profitability would have been even higher according to Italian GAAPs. EBITDA would have been 90.4 millions, with a 31% increase as compared to 69.2 millions posted in the first nine months of 2004. EBIT and net income would have increased respectively by 55% and by 69%.

### **Comments to the main Balance Sheet and Cash Flow figures**

The total investments made in the first nine months of 2005 amounted to 16.1 millions, compared to 18.9 millions of the same period of 2004. They were mainly related to the normal updating of logistic and

production structures and the investments for the refurbishment of the DOS network. In particular, we remind the already commented refurbishment of the Tod's flagship store in New York.

In the first nine months of 2005, operating cash flow was 30.3 millions, with a strong increase as compared to 13.3 millions, posted in the first nine months of 2004. The Group was able to self-finance both the investment activities and the 12.7 million dividend payment, which was approved by the Shareholders' meeting in April.

Net financial position as of September 30<sup>th</sup>, 2005 is positive and equal to 55.7 millions, growing by 3.8 millions as compared to the beginning of the year and by 45.9 millions versus September 30<sup>th</sup>, 2004. During the third quarter liquidity is used to finance the normal and temporary increase of trade receivables and will be totally released during the following quarter.

Consolidated Shareholders' equity was 468.7 millions (compared to 430.1 millions as of September 30<sup>th</sup>, 2004 and 435.4 millions as of December 31<sup>st</sup>, 2004).

### **Adoption of IAS/IFRS accounting principles**

The Nine Months 2005 Report has been drawn up in compliance with the international IAS/IFRS principles, issued by IASB and approved by the European Union as of September 30<sup>th</sup> 2005. In conformity with article 82 of CONSOB regulations, as modified by the resolution number 14990 dated April 14<sup>th</sup>, 2005, the report is also consistent with the prescriptions of IAS 34, governing the infra-annual financial information (Bilanci intermedi), adopted according to the rules of article 6 of the CE regulation number 1606/2002.

Adoption of IAS/IFRS principles has entailed the reconciliation between the Consolidated Shareholders' Equity and Net Income as of September 30<sup>th</sup>, 2005 and as of September 30<sup>th</sup>, 2004, as calculated under the Italian GAAPs, and the Consolidated Shareholders' Equity and Net Income, referred to the same dates, as calculated in compliance with the IAS/IFRS provisions.

In summary, as a result of the IAS/IFRS application, the Consolidated Shareholders' Equity increased by 17.5 millions as of September 30<sup>th</sup>, 2005 and by 13.1 millions as of September 30<sup>th</sup>, 2004; net income increased by 5.1 millions in the first nine months of 2005 and by 9.3 in the first nine months of 2004.

For further details on the transition from Italian GAAP to IAS/IFRS principles, please refer to the special section included in the Nine Months 2005 Report and to the Appendix of the Half Year 2005 report, released on September 26<sup>th</sup>, 2005.

Diego Della Valle, Chairman and CEO of the Group, commented as follows: “The results released today confirm the sound growth of revenues and of profitability, which testifies the effectiveness of the Group’s strategy and of the consistent and progressive widening of our product offer. Considering also the excellent acceptance given to the new projects now under launch, I confirm with complete optimism our expectations to achieve a significant growth of the results for the current and the next years.”

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## **ATTACHMENTS**

### **TOD'S GROUP**

#### **Profit & Loss key figures (IAS/IFRS compliant)**

<i>million Euros</i>	<b>9M 2005</b>	<b>9M 2004</b>	<b>FY 2004</b>
Sales revenues	395.9	331.6	420.8
EBITDA	90.1	71.1	89.2
EBIT	73.1	54.6	67.4
Profit before taxes	74.1	54.4	66.9
Net income	43.6	32.0	38.8
<i>of which: Group's net income</i>	43.8	32.3	38.5
<i>minority interest</i>	(0.2)	(0.3)	0.3

#### **Balance Sheet key figures (IAS/IFRS compliant)**

<i>million Euros</i>	<b>September 30<sup>th</sup>, 2005</b>	<b>September 30<sup>th</sup>, 2004</b>	<b>December 31<sup>st</sup>, 2004</b>
Net operating working capital (I)	156.6	148.9	101.1
Tangible and intangible fixed assets	280.5	279.3	281.0
Other assets/(liabilities), net	(24.1)	(7.9)	1.4
Total capital employed	413.0	420.3	383.5
Net financial position (positive)	(55.7)	(9.8)	(51.9)
Total shareholders' equity	468.7	430.1	435.4

(I) Trade receivables + Inventories – Trade payables

#### **Cash Flow key figures (IAS/IFRS compliant)**

<i>million Euros</i>	<b>9 months 2005</b>	<b>9 months 2004</b>
Operating Cash Flow	30.31	13.35
Cash flow generated/(used) by investing activities	(16.12)	(18.78)
Cash Flow generated/(used) by financing activities	(14.00)	(10.87)
Free Cash Flow generated/(used)	0.19	16.30