Milan - May 12th, 2004

TOD'S Group: 4.7% growth of revenues in the first quarter of 2004.

TOD'S – 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 quarter of 2004.

At constant exchange rates, consolidated sales were 108.7 million Euros, in the first three months of 2004, growing by 4.7%, as compared to the same period of 2003. Adjusted for the negative currency impact, revenues were 105.6 million Euros, with a 1.7% increase as compared to the first quarter of 2003.

Sale figures are quite satisfactory, especially since consolidated revenues are booked in different quarters, as a result of the increasing incidence of revenues through the direct distribution channel.

It must in fact be underlined that only products shipped by the parent company to the indirect channel are booked as revenues in the first quarter. Deliveries made to DOS in the first quarter are booked as DOS stock inventory under the consolidation process and are translated into revenues only in the second quarter, when the products are sold to final customers.

The impact of this discrepancy in booking timing becomes particularly evident in the first quarter of the year and makes it difficult to draw accurate comparisons between figures for the same quarter of various fiscal years.

Breakdown of consolidated sales by brand: all the brands are growing

million Euros	Q1 2004	Q1 2003	% change	FY 2003
Tod's	58.7	59.4	-1.3%	213.7
Hogan	29.0	28.3	+2.5%	86.7
Fay	15.8	15.5	+1.9%	64.9
other	2.1	0.6	n.s.	6.1
TOTAL	105.6	103.8	+1.7%	371.4

All the Group brands grew, at constant rates, in the quarter. Tod's, which is still the main brand of the Group representing 55.6% of consolidated sales as of March 31st, 2004 and which is the most international brand, was more heavily affected by unfavourable exchange rates fluctuations. At constant rates, the growth in the quarter is 3.3%.

Hogan brand shows signs of recovery outside of Italy: at constant rates, sales increased by 3.7% as compared to the first quarter of 2003. As of March 31st, 2004, Hogan revenues represent 27.4% of the Group turnover.

The 1.9% growth of Fay revenues consolidates the strong increase achieved in the previous year; as of March 31st, 2004 Fay sales represent 15% of consolidated revenues.

Breakdown of consolidated sales by product: strong growth of leather goods

million Euros	Q1 2004	Q1 2003	% change	FY 2003
shoes	70.4	72.4	-2.8%	237.9
leather goods	19.8	16.6	+19.6%	69.4
apparel	15.1	14.8	+1.7%	63.3
other	0.3	0	n.s.	0.8
TOTAL	105.6	103.8	+1.7%	371.4

In the first quarter of 2004 revenues from shoes, at constant rates, are in line with those of the same period of 2003 and represent 66.7% of the Group turnover (70% as of March 31st, 2003).

The Group is still implementing its strategy to widen the product range, particularly with the development of leather goods and new categories of accessories. In the first quarter of 2004, revenues from leather goods increased by 19.6%, or 26.8% at constant rates, achieving a 18.8% impact on consolidated sales (as compared to 16% of the previous year).

Sales of apparel grew by 1.7%, broadly reflecting Fay performance, and represent 14.2% of the Group turnover as of March 31st, 2004.

Breakdown of consolidated revenues by region: positive signs from all the markets, Asia: +36%

million Euros	Q1 2004	Q1 2003	% change	FY 2003
Italy	49.9	49.9	-	181.5
Europe (excl. Italy)	32.5	32.0	+1.3%	104.6
North America	11.7	12.7	-7.6%	53.1
Asia and rest of world	11.5	9.2	+25.2%	32.2
TOTAL	105.6	103.8	+1.7%	371.4

Domestic revenues are stable and represent 47.3% of consolidated sales as of March 31st, 2004.
In the rest of Europe, revenues increased by 2% at constant rates, giving a positive signal, thus showing an improvement of the previously existing market conditions. The total impact of this area on the Group turnover is 30.7% as of March 31st, 2004.

US market performance confirms the positive signals already showed in the last months of 2003; at constant rates, revenues in this region grew by 7.4% in the period which we are commenting.
Finally, Asian markets are still achieving impressive growth rates: the increase in the first quarter of 2004 is 25.2%, or 35.8% at constant exchange rates. The total impact of this area on the Group turnover is 10.9% as of March 31st, 2004, showing an increase as compared to 8,9% of March 2003.

Breakdown of consolidated sales by distribution channel: improvement of the like-for-like growth: SSG: +5,6%

million Euros	Q1 2004	Q1 2003	% change	FY 2003
DOS	41.8	33.0	+26.8%	177.7
Franchised stores and independent retailers	63.8	70.8	-10.0%	193.7
TOTAL	105.6	103.8	+1.7%	371.4

The effect of the strategy to increase the impact of the direct channel of distribution is particularly evident while analyzing the breakdown of revenues by channel.
Revenues through DOS increased by 26.8% in the first quarter of 2004, or by 34.3% at constant rates. The main growth driver is the development of the direct distribution channel; as of March 31st, 2004, the DOS network numbers 99 stores, increasing by 21 DOS as compared to end of March 2003.
Also the like-for-like growth rate in the DOS existing for at least 12 months is positive: the Same Store Growth rate, calculated as the worldwide average of sale growth rates registered in the 71 DOS opened before January 1st, 2003, is 5,6% for the first four months of the year.

Due to the aforementioned strategy, aimed at converting franchised stores into DOS and at preserving brand exclusivity, revenues to third parties decreased by 10% in the first quarter. The reduction will be much lower for the full year.

As of March 31st, 2004 the Group distribution network consists of 99 DOS and 29 franchised stores: in the first quarter of 2004 four Tod's boutiques in Far East were added.
In April two stores in Naples were opened, under the Fay and the Hogan brands; as of today, the DOS network thus numbers 101 stores.

As already pointed out in respect of sales, even when examining the other financial figures, it must be borne in mind that the very nature of the industrial activities and the continued expansion of the retail network lead to discrepancies in month-on-month revenue and cost fluxes as well as differences in the structure of the income statement from year to year.

As a result, it would be misleading to annualise quarterly results just as it would not make much sense to attempt to draw comparisons between figures for the same quarter of the previous year.

In the first quarter of 2004, consolidated EBITDA is 18.8 million Euros, at constant rates, with a 17.3% margin on sales. The unfavourable currency impact reduced EBITDA by 2.1 million Euros and EBITDA margin by 150 basis points.
As already commented in 2003 annual report, the decrease of operating margins is fully due to the growth of costs linked to the great development of the direct distribution network, which increased by 21 DOS as compared to March 31st, 2003. Labour costs absorb 15.6% of revenues in the first quarter of 2004, as compared to 14.1% in Q1 2003. As of March 31st, 2004 the Group counts 2,013 employees, as compared to 1,775 of end of March 2003. Cost for locations is 6.8% of sales in the first quarter of 2004, as compared to 5.1% in Q1 2003.

EBIT is 9.8 million Euros, at constant rates, with a 9% margin on sales. As well as EBITDA, also EBIT is affected by unfavourable currency fluctuations and by increasing operating costs due to the DOS network development. A further burden is the increasing impact on sales of depreciation and amortization, which represent 8.2% of Q1 2004 revenues as compared to 7.2% of Q1 2003.

Profit before taxes benefits from the positive net financial income, generated by a prudent liquidity management and a careful hedging policy and is equal to 9.1 million Euros.

Finally, consolidated net income is 4.8 million Euros; the quarterly trend reflects also on tax rate, which, in addition, seems to be penalizing for our Group, since lower taxes due to the new corporate tax IRES are more than offset by the abrogation of DIT, which provided a particularly convenient method of calculation for the Group. Waiting for the regulations to be issued by the Italian Government, we have not calculated in the first quarter the benefits, which should be generated in case of adoption of the so-called consolidated fiscal income.

Consistently with the Group strategy, in 2004 investment activity has been normalized, after the acceleration of the previous years. In the first quarter of 2004, the Group invested a total amount of 9 million Euros in fixed assets (14.8 million Euros in the first quarter of 2003). More in details, net investments in intangible assets were 5.1 million Euros, mainly related to the development of the DOS network. Net investments in tangible assets were 3.9 million Euros, including furniture and fittings of new DOS and expenditures for the normal process of updating and substituting of logistic and production structures.

As of March 31st, 2004, the net financial position of the Group is positive and equal to 16.3 million Euros. The 15.3 million Euros decrease as compared to December 31st, 2003 is mainly due to the temporary financing of receivables to wholesale customers and of DOS inventory, which will produce cash in the next few months.

Diego Della Valle, Chairman and Managing Director of Tod's SpA, commented as follows: "Quarterly figures are in line with our expectations. The performance of the three brands in the various product categories on all the markets has been positive and promising. The temporary drop in margins was a natural consequence of the changed ratio between wholesale and retail sales, that entails a delay of the months in which the related revenues are booked. These figures, together with positive signals currently coming from the markets, allow us to confirm our growth forecasts in terms of both revenues and profits for the year underway. ”

ATTACHMENTS:

Tod's Group - Key figures of Consolidated Riclassified Profit & Loss account						
in EUR 000's	Q1 2004	%	Q1 2003	%	FY 2003	%
Sales revenues	105,573	100.0	103,802	100.0	371,387	100.0
EBITDA	16,701	15.8	21,674	20.9	76,672	20.6
EBIT	7,835	7.4	14,062	13.6	43,737	11.8
Profit before taxes	9,119	8.6	14,954	14.4	46,279	12.5
Net income before minority interests	4,658	4.4	8,210	7.9	26,078	7.0
Net income	4,764	4.5	8,367	8.0	25,755	6.9

Tod's Group - Key figures of Consolidated Balance Sheet						
in EUR 000's	March 31st, 2004		March 31st, 2003		December 31st, 2003	
Net working capital	111.922		100.675		91.770	
Net tangible fixed assets	50.580		36.791		48.996	
Net intangible fixed assets	218.221		224.167		219.541	
Net financial position (positive)	(16.334)		(31.167)		(31.650)	
Shareholders' equity (net of minorities)	407.433		397.888		402.107	