*Milan - November 12th, 2003*

**TOD'S S.p.A.: development plan's targets confirmed. Growth of revenues.**

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 Report for the period January 1st – September 30th, 2003, which shows 286.4 million Euro consolidated revenues, growing by 0.4% compared to the same period of 2002. At constant exchange rates, the Group turnover was 298 million Euro, with a 4.4% growth as compared to the first nine months of 2002.

**Breakdown of consolidated sales by distribution channel (Euro mn): strong growth of DOS revenues**

| DISTRIBUTION CHANNEL | 9M 2003 | 9M 2002 | % change | FY 2002 |
|---|---|---|---|---|
| | | | | |
| DOS | 122.5 | 98.8 | +24.0% | 141.8 |
| FS & Independent retailers | 163.9 | 186.5 | -12.1% | 216.4 |
| TOTAL | 286.4 | 285.3 | +0.4% | 358.2 |

The different growth rates of revenues in the separate distribution channels are wholly consistent with the Group strategy to shift the distribution toward the direct channel, by new DOS openings, by converting franchised stores into DOS and by rationalising the wholesale channel, in order to preserve the exclusivity of the brands.
Sales through DOS grew by 24% in the first 9 months of 2003; the growth would have climbed to 32.9% if calculated at constant exchange rates. The most important growth driver is represented by new DOS openings (as of September 30th, 2003 the DOS network includes 28 stores more than the number as of September 30th, 2002, increasing by 43% as compared to the existing 65 DOS. We deem this figure as excellent). On a like-for-like basis, the organic growth, calculated until the end of October 2003, as the worldwide average on DOS opened before January 1st, 2002, was 0.6%.
As of September 30th, 2003 the Group distribution network consisted of 93 DOS and 28 franchised stores.
In October the Group opened a new major Tod's flagship store in Paris Fauburg Saint-Honorè, in a large and prestigious location. Thanks to its size, product mix and furnishing best mirrors the brand's current philosophy and – most importantly – its upside potential. Moreover, the store's sales figures are growing strongly.

Due to the already commented strategy to preserve the exclusivity of the brands, revenues to independent retailers decreased by 12.1%,.

**Breakdown of consolidated sales by brand (Euro mn): all brands held well. Fay: excellent performance**

| BRAND | 9M 2003 | 9M 2002 | % change | FY 2002 |
|---|---|---|---|---|
| | | | | |
| Tod's | 161.7 | 167.7 | -3.6% | 213.1 |
| Hogan | 69.5 | 76.1 | -8.6% | 90.6 |
| Fay | 51.6 | 40.0 | +29.2% | 52.1 |
| Other | 3.6 | 1.5 | n.m. | 2.4 |
| TOTAL | 286.4 | 285.3 | 0.4% | 358.2 |

The growth of DOS revenues, combined with the carefully planned reduction of independent retailers, will lead to revenues only when products will be sold to the final customers.

Clearly, this interim stage affects sales data comparison regardless of the breakdown criteria adopted.

At constant exchange rates, Tod's revenues increased by 2.6% in the first nine months of 2003; Tod's, which is the most international brand of the Group, was more heavily affected by the exchange fluctuations.
Tod's is still the main brand for the Group, representing 56.5% of total revenues.

Hogan revenues decreased by 8.6% in the period, mainly due tough foreign markets. At constant exchange rates, the decrease was limited to 7.2%; as of September 30$^{th}$, 2003 Hogan sales represented 24.3% of the Group turnover.

Finally, Fay revenues achieved the best performance in the first 9 months of 2003, increasing by 29.2% as compared to the same period of 2002. As of September 30$^{th}$, 2003 Fay represented 18% of the Group turnover, which compares with 14% of 2002.

**Breakdown of consolidated sales by product (Euro mn): strong growth of the new product categories**

| PRODUCT | 9M 2003 | 9M 2002 | % change | FY 2002 |
|---|---|---|---|---|
| | | | | |
| Shoes | 186.0 | 201.6 | -7.8% | 247.1 |
| Leather goods | 50.4 | 43.5 | +16.0% | 58.5 |
| Apparel | 49.9 | 40.0 | +24.7% | 52.3 |
| Other | 0.1 | 0.2 | n.m. | 0.3 |
| TOTAL | 286.4 | 285.3 | 0.4% | 358.2 |

The 24.7% growth of apparel revenues reflects Fay performance; as of September 30$^{th}$, 2003, this product category represented 17.4% of consolidated turnover (as compared to 14% of the previous year).
In line with the Group strategy to widen the product categories, revenues of leather goods continued to grow strongly, posting a 16% increase in the first 9 months of 2003 (at constant

exchange rates, the growth was 25.8%). As of September 30th, 2003 revenues of leather goods, which include also travel goods and accessories, represented 17.6% of consolidated sales, compared to 15.2% of September 2002.
Shoes are still the main product category for the Group, with a 64.9% impact on Group turnover.

**Breakdown of consolidated revenues by region (Euro mn): good performance of the markets; Asia: +32%**

| REGION | 9M 2003 | 9M 2002 | % change | FY 2002 |
|---|---|---|---|---|
| | | | | |
| Italy | 141.6 | 133.4 | +6.1% | 169.2 |
| Europe (excl. Italy) | 82.7 | 91.1 | -9.3% | 107.0 |
| North America | 39.5 | 43.7 | -9.5% | 59.2 |
| Asia and rest of world | 22.6 | 17.1 | +32.4% | 22.8 |
| TOTAL | 286.4 | 285.3 | +0.4% | 358.2 |

The Italian market posted an important growth, increasing by 6.1% in the first 9 months of 2003; Italy is still the main market for the Group, representing 49.4% of consolidated revenues.
Revenues in the rest of Europe were affected by the difficult economic situations. This region represented 28.9% of Group turnover as of September 30th, 2003.
US market experienced a positive performance: in fact, revenues at constant rates increased by 7.8%; this region represented 13.8% of consolidated sales as of September 30th, 2003.
Finally, Asian markets confirmed their strong growth rate, with a 32.4% increase in the period which is 49% at constant exchange rate; the impact of this region on Group revenues rises to 7.9% as of September 2003, as compared to 6% of 2002.

Before examining the financial figures for the period, we underline, as usual, that cost and revenue flows are not aligned on a monthly basis due to the lack of uniformity of the industrial business and the retail network expansion; thus annualizing the nine month results would be misleading.

The margin performance is consistent with the Group strategy to accelerate investments for the development of the direct distribution network, the research, development and the launch of new product categories and for the strengthening of production facilities, notwithstanding the current difficult situation of the markets. Margins were also burdened by exchange fluctuations. Consolidated EBITDA was 61.7 million Euro in the first nine months of 2003, but would have increased to 67.6 million Euro at constant exchange rates with a 22.7% margin on sales. The decrease as compared to the same period of 2002 is mainly due to the growth of the labour costs, which experienced a 200 basis point increase as percentage on sales; this is due to the strong growth of the Group headcounts (from 1,673 people as of end of September 2002 to 1,872 as of September 30th, 2003), mostly in the retail channel. EBITDA was also burdened by higher percentage on sales of rents (from 3,9% to 4,8%) due to the short term effects of the strategy to develop the direct channel of distribution.

Consolidated EBIT was 37.5 million Euro in the first nine months of 2003, but would have increased to 42.9 million Euro at constant exchange rates, with a 14.4% margin on sales. EBIT performance can be explained by the same elements, which contributed to the EBITDA trend, adding also the higher impact of amortisation, caused by the strong development of the DOS network (DOS increased from 65 as of the end of September 2002 to 93 as of September 30th, 2003).

Profit before taxes was 40.8 million Euro, or 14.2% on consolidated sales.

Finally, consolidated net income amounted to 22.9 million Euro; tax rate was 43.6%, improving as compared with the 44.6% of the first half of 2003; a first move toward foreseeable future improvements.

During the first nine months of 2003, total investments of the Group amounted to 35.1 million Euro, of which 16.6 million Euro were tangible assets, including approx 8 million Euro for the building of the new production plant, and 18.5 million Euro were intangible assets, mainly related to the already commented expansion of the distribution network.

Net financial position of the Group as of September 30th, 2003 was positive and equal to 13.1 million Euro; the decrease as compared to December 31st, 2002 is physiologically due to the financing both of the trade receivables of the wholesale revenues, which will be cashed in the fourth quarter, and of DOS inventory. Also net financial position as of September 30th, 2002 was 22.5 million Euro, compared to the 51.4 million Euro balance at the beginning of the year.

Diego Della Valle, Chairman and Managing Director of Tod's SpA, commented as follows: " We are particularly pleased with our Group's fast growth, despite adverse market conditions. We see concrete displays of appreciation for our new product categories, and generally for all our items. The numbers and the ratios for the period, combined with the good performance of the recently opened stores, make us particularly confident about the future. Although we are fully aware of the very short term implications of this strategy, we firmly believe that the Group's focus on its growth and enhancement has been, and will increasingly be, a winning strategy."

## ATTACHMENTS:

| Key figures of Consolidated Reclassied Profit & Loss account of Tod's Group | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| *in EUR 000's* | January/September 2003 | % | January/September 2002 | **%** | Year 2002 | % |
| | | | | | | |
| Sales revenues | 286,398 | 100.0 | 285,286 | 100.0 | 358,211 | 100.0 |
| EBITDA | 61,675 | 21.5 | 72,811 | 25.5 | 91,818 | 25.6 |
| EBIT | 37,547 | 13.1 | 51,856 | 18.2 | 63,271 | 17.7 |
| Profit before taxes | 40,753 | 14.2 | 52,068 | 18.3 | 63,225 | 17.7 |
| Net income before minority interests | 23,003 | 8.0 | 30,319 | 10.6 | 36,276 | 10.1 |
| Net income | 22,906 | 8.0 | 30,108 | 10.6 | 35,893 | 10.0 |

| Key figures of Consolidated Balance Sheet of Tod's Group | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| *in EUR 000's* | September 30th, 2003 | | September 30th, 2002 | | December 31st, 2002 | |
| | | | | | | |
| Net working capital | 122,948 | | 114,245 | | 83,983 | |
| | | | | | | |
| Net tangible fixed assets | 41,489 | | 27,405 | | 31,441 | |
| | | | | | | |
| Net intangible fixed assets | 222,830 | | 223,467 | | 223,478 | |
| | | | | | | |
| Net financial position (positive) | (13,066) | | (22,544) | | (46,703) | |
| | | | | | | |
| Shareholders' equity (net of minorities) | 400,720 | | 386,116 | | 390,617 | |