

Sant'Elpidio a Mare – August 7th, 2014

TOD'S S.p.A. – Sales: 478 million Euros in the first half of 2014; the Group confirms its mid-term growth path.

The Board of Directors approved Tod's Group 2014 Half-Year Report

Group's sales: 477.7 million Euros, -2.7% from H1 2013 (or -0.5% at constant exchange rates)

EBITDA: 103 million Euros, equal to 21.6% of sales

EBIT: 81.1 million Euros, equal to 17% of sales

Group's Net Income: 56.2 million Euros, equal to 11.8% of sales

Positive Net Financial Position: 113.9 million Euros

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 and quality shoes, accessories and apparel with the Tod's, Hogan, Fay and Roger Vivier brands, today approved the Group's report for the first half of 2014 (January 1st – June 30th, 2014).

Message from the Group's Chairman and CEO

Diego Della Valle, Chairman and CEO of the Group, commented as follows:

“Within this challenging environment, we continue to pursue our mid-term development plan, making all the investments necessary to support a solid growth of sales and EBITDA, also thanks to a careful cost control. We continue to carefully develop our distribution network and to invest in human resources and in production capacity, in order to face the growing demand. Our attention for quality and exclusivity increases more and more the respect and the loyalty of clients; the decision to make the Fashion shows contributes to increase the attention of consumers for our brands. We think that the decision to give priority to the mid-term development of our Group is correct and will bear fruits in the nearest future. The first feedback of clients to the Fall Winter collections is very encouraging and, if this trend will continue, we can look at the yearly performance with a positive stance”.

Comments to the Group's sales

Consolidated sales were 477.7 million Euros in the first half of 2014, down 2.7% from H1 2013. The performance of the second quarter is due to the slowdown experienced in important markets and to the challenging comparison basis (8.4% growth in Q2 2013, compared to 3.7% decrease in Q1) .

At constant exchange rates, meaning by using the average exchange rates of H1 2013, including the related effects of hedging contracts, sales would have been 488.6 million Euros, down 0.5% from H1 2013.

As expected, the current semester is the last one to be impacted by the Group's strategic decision, started in 2012, to rationalize the wholesale distribution, mainly on the domestic market, with the goal to preserve the brands' exclusivity and positioning, but also to improve the already very good quality of the credit portfolio. The rationalization affected all the brands, but it was mainly evident in the results of Hogan and Fay, which are the brands, among the Group's portfolio, with the higher exposure to the Italian market and to the wholesale channel.

Breakdown of consolidated sales by brand: growth of the most international brands, at constant rates

<i>million Euros</i>	H1 2014	H1 2013	% change at reported rates	% change at constant rates	FY 2013
Tod's	290.2	296.3	-2.0%	+0.8%	578.1
Hogan	104.5	111.3	-6.1%	-5.8%	217.0
Fay	22.8	23.9	-4.9%	-4.9%	57.6
Roger Vivier	59.8	59.0	+1.4%	+5.0%	113.7
Other	0.4	0.7	n.m.	n.m.	1.1
TOTAL	477.7	491.2	-2.7%	-0.5%	967.5

The Tod's brand totalled 290.2 million Euros in sales, up 0.8% at constant exchange rates from H1 2013. The brand registered positive results in Europe and in the area "Rest of the world", but it was negative in Greater China, due to the temporary weak consumer environment. In the Americas, within a positive environment, the performance was affected by the temporary closing of two major boutiques, including the New York Madison Avenue flagship store, which is in refurbishment.

Hogan revenues were 104.5 million Euros, with a decrease of approx. 6%; solid double-digit growth on all the international markets, where the brand is currently focusing its international expansion.

The Fay brand registered sales of 22.8 million Euros, with an approx. 5% decrease.

The performances of both the brands were affected by the already commented rationalization of the Italian distribution network.

Finally, the Roger Vivier totaled 59.8 million Euros in revenues, up 5% at constant rates from H1 2013. This brand has been visibly affected by the slowdown experienced by the luxury goods industry in the Chinese market. Positive results on all the other markets, where the brand is distributed, as further confirmation of the huge potential of this prestigious *maison* of luxury accessories and shoes in the most exclusive segment of luxury goods, worldwide.

Breakdown of consolidated sales by product category: similar performances in all the product categories

<i>million Euros</i>	H1 2014	H1 2013	% change at reported rates	% change at constant rates	FY 2013
Shoes	373.7	383.3	-2.5%	-0.4%	739.7
Leather goods and accessories	77.1	79.3	-2.8%	+0.7%	160.9
Apparel	26.5	27.9	-4.9%	-4.5%	65.8
Other	0.4	0.7	n.m.	n.m.	1.1
TOTAL	477.7	491.2	-2.7%	-0.5%	967.5

The Group consolidated its leadership in the core business of shoes; revenues of this category totalled 373.7 million Euros in the first half of 2014, broadly aligned with the value registered in H1 2013, at constant exchange rates.

Slightly positive performance of sales from leather goods and accessories, despite the weak consumer environment in Greater China, which is one of the most important markets for this kind of products. Revenues of this category totalled 77.1 million Euros, up 0.7%, at constant rates.

Finally, sales of apparel were 26.5 million Euros; the difference, as compared to H1 2013, broadly reflects the performance of the Fay brand.

Breakdown of consolidated sales by region: positive results in Europe, signals of improvement on the domestic market

<i>million Euros</i>	H1 2014	H1 2013	% change at reported rates	% change at constant rates	FY 2013
Italy	148.5	161.1	-7.8%	-7.8%	323.0
Europe (excl. Italy)	108.0	101.4	+6.4%	+6.7%	207.8
Americas (*)	42.3	45.6	-7.2%	-2.7%	90.3
Greater China (**)	117.8	127.5	-7.6%	-3.6%	237.5
Rest of World	61.1	55.6	+9.9%	+16.0%	108.9
TOTAL	477.7	491.2	-2.7%	-0.5%	967.5

(*) This line includes the whole American continent (Northern and Southern America).

(**) This line includes: mainland China, Hong Kong, Macao and Taiwan.

In the first half of 2014, domestic sales were 148.5 million Euros; the decrease, compared to H1 2013, is mainly due to the already commented rationalization of the wholesale distribution. Positive performance of the Italian DOS network.

The Group achieved brilliant results in the rest of Europe; revenues of this area totalled 108 million Euros, up approx. 7%, at constant exchange rates.

Favorable market conditions in the Americas, with positive performance of the *wholesale* channel; the results of the retail network were affected by the temporary closing of two important boutiques, including the New York Madison Avenue flagship store, which will re-open during the current month. The Group's sales in this market were 42.3 million Euros.

The performance of Greater China confirmed the weakness of the last few months, which we deem to be related to the general and deep contraction of luxury goods consumption, due to the significant drop of clients in the malls; on top of this situation, our Group is also facing a very challenging comparison basis. However, the performance of the most recent weeks, with the introduction of the Fall Winter collection, is much more encouraging. Sales in Greater China were 117.8 million Euros, down 3.6% from H1 2013, at constant exchange rates.

Finally, the area "Rest of the World" registered brilliant results, driven by the solid double-digit growth of all the main countries where the Group operates. Sales of this area totalled 61.1 million Euros, up 16% at constant exchange rates.

Breakdown of consolidated sales by distribution channel: similar performances in the two distribution channels

<i>million Euros</i>	H1 2014	H1 2013	% change at reported rates	% change at constant rates	FY 2013
DOS	301.1	312.6	-3.7%	-0.8%	617.7
Third parties (Franchised stores + Independent retailers)	176.6	178.6	-1.1%	-0.2%	349.8
TOTAL	477.7	491.2	-2.7%	-0.5%	967.5

In the first half of 2014, sales through DOS globally totalled 301.1 million Euros, down 0.8% at constant exchange rates from H1 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 -8.3% in the first 31 weeks of the year (from January 1st to August 3rd, 2014). The slowdown, compared to the previous months, is mainly due to the weakness of the Chinese market and is even more evident, due to the challenging comparison basis.

As of June 30th, 2014 the Group's distribution network was composed of 229 DOS and 87 franchised stores, compared to 200 DOS and 79 franchised stores as of the end of June 2013.

Revenues to third parties globally amounted to 176.6 million Euros, broadly flattish compared to H1 2013. The effect of the Italian rationalization has been offset by the equivalent growth of foreign markets.

Comments on the Profit & Loss key figures

As already highlighted in our previous press releases, analyzing quarterly figures is not fully meaningful, due to the discrepancies in the flow of industrial revenues and costs on a monthly basis.

In H1 2014 the Group's EBITDA was 103 million Euros, with a 21.6% margin on sales.

The industrial margin was broadly flattish, at constant rates. On the contrary, the incidence on sales of rental costs increased (11.1% in H1 2014, compared to 10% of H1 2013), due to the strong expansion of the DOS network into the Asian markets. Also the incidence of labour cost slightly grew (16.7% of sales in H1 2014, compared to 15.6% of H1 2013), due to the continuous growth of the Group's headcount (4,254 employees as of June 30th, 2014, versus 3,991 as of June 30th, 2013), mainly linked to the widening of the DOS network.

The decrease of the EBITDA reflects the strategic decision to continue the investments in the distribution network, in communication and in human resources, which are necessary to support the mid-term growth potential of the Group, while maintaining an outstanding profitability, which, obviously, will be higher and higher as soon as the investments will give the expected results.

The Group's EBIT was 81.1 million Euros in H1 2014, equal to 17% of revenues. Slight increase of the incidence on sales of depreciation and amortisation (4.6% in H1 2014, compared to 4.4% of H1 2013).

At constant exchange rates, EBITDA and EBIT would have been, respectively, 109.5 million Euros (with a 22.4% margin on sales) and 87.2 million Euro (17.9% of sales).

After the 2.3 million Euros negative result of financial operations, entirely due to the impact of currency fluctuations, the Group's profit before taxes was 78.8 million Euros, equal to 16.5% of sales.

Income taxes were 23 million Euros, with a 29.1% tax rate, the same as H1 2013.

The Group's net income was 56.2 million Euros, with a 11.8% margin on sales.

Comments on the Balance Sheet and Cash Flow key figures

In the first six months of 2014, the Group invested 34 million Euros in tangible and intangible fixed assets; the significant increase, compared to 22.2 million Euros of the first half of 2013, is mainly due to the acquisition of a new plant, close to the Company's offices, and the building of an additional large factory for the production of shoes, inside the perimeter of Group's headquarters, in the Marche region.

The other investments were related, as usual, to the widening and refurbishment of the DOS network, to the normal update of the industrial structures, and to the development of the company's software.

Operating working capital totalled 256.2 million Euros as of June 30th, 2014, with a decrease, compared to the 279 million Euros balance as of June 2013, despite a physiological increase of inventories, linked to the widening of the DOS network.

As of June 30th, 2014 the net financial position was positive and equal to 113.9 million Euros, broadly aligned with the balance of June 2013.

Consolidated shareholders' equity as of June 30th, 2014 was 772.4 million Euros, which compares with 752.7 and 801.1 million Euros, as of June 30th and December 31st, 2013, respectively.

The manager responsible for preparing the company's financial reports, Mr. Rodolfo Ubaldi, declares, pursuant to article 154 bis, paragraph 2, of Legislative Decree n. 58/98 (the "Unified Financial Act"), that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Pursuant to article 154 ter, paragraph 5, of the "Unified Financial Act, the half-year report as at June 30th 2013, approved by the Board of Directors today, will be made available to the public at the registered office of the Company. The document will also be published under the Section "Financial Statements" on the website of the Company www.todsgroup.com.

Should you need explanations, please contact: Investor Relations Office - tel. +39 02 77 22 51
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TOD'S Group

Consolidated Income Statement

Unaudited data

euro 000's	H1 14	H1 13	FY 13
Revenues			
Sales Revenues	477,747	491,245	967,490
Other revenues and income	4,909	4,736	15,630
Total revenues and income	482,656	495,981	983,120
Operating Costs			
Change in inventories of work in process and finished goods	15,533	15,464	16,549
Cost of raw materials, supplies and materials for consumption	(134,448)	(139,098)	(267,948)
Costs for services	(111,174)	(103,073)	(211,761)
Costs of use of third party assets	(53,196)	(49,113)	(101,778)
Costs of labour	(79,584)	(76,757)	(151,665)
Other operating charges	(16,818)	(13,924)	(30,200)
Total operating costs	(379,687)	(366,501)	(746,803)
EBITDA	102,969	129,480	236,317
Amortisation, depreciation and write-downs			
Amortisation of intangible assets	(4,377)	(4,202)	(8,889)
Depreciation of tangible assets	(16,444)	(14,981)	(30,395)
Other adjustment			
Total amortisation, depreciation and write-downs	(20,821)	(19,183)	(39,284)
Provisions	(1,045)	(2,105)	(3,878)
EBIT	81,103	108,192	193,155
Financial income and charges			
Financial income	6,979	8,848	18,201
Financial charges	(9,252)	(10,280)	(20,184)
Total financial income (charges)	(2,273)	(1,432)	(1,983)
Income (losses) from equity investments			
Profit before taxes	78,830	106,760	191,172
Income taxes	(22,976)	(31,065)	(57,172)
Profit/(loss) for the period	55,854	75,695	134,000
Non-controlling interests	300	(23)	(220)
Profit/(loss) of the Group	56,154	75,672	133,780
EPS in (euro)	1.83	2.47	4.37
EPS diluted in (euro)	1.83	2.47	4.37

TOD'S Group
Consolidated statement of comprehensive income
Unaudited data

euro 000's	H1 14	H1 13
Profit (loss) for the period (A)	55,854	75,695
Other comprehensive income that will be reclassified subsequently to profit and loss:		
Gain/(Losses) on derivative financial instruments (cash flow hedge) (*)	1,233	(3,928)
Gain/(Losses) on currency translation of foreign subsidiaries	(2,900)	744
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)	(1,667)	(3,184)
Other comprehensive income that will not be reclassified subsequently to profit and loss:		
Cumulated actuarial gains/(losses) on defined benefit plans		
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)		
Total Comprehensive Income (A) + (B) + (C)	54,187	72,511
Of which:		
Attributable to Shareholders of the Parent company	54,447	72,522
Attributable to non-controlling interests	(260)	(11)

(*) Other comprehensive income and charges are represented net of tax effect.

TOD'S Group
Consolidated statement of financial position
Unaudited data

euro 000's				
	Notes	06.30.14	12.31.13	06.30.13
Non current assets				
<i>Intangible fixed assets</i>				
Assets with indefinite useful life	9	149,466	149,466	149,466
Key money	9	17,249	18,419	19,573
Other intangible assets	9	27,414	28,455	29,142
Total Intangible fixed assets		194,129	196,340	198,181
<i>Tangible fixed assets</i>				
Buildings and land	9	98,198	90,225	96,089
Plant and machinery	9	8,484	8,472	7,893
Equipment	9	16,581	16,002	15,385
Leasehold improvement	9	40,386	37,460	35,866
Others	9	45,850	40,194	34,462
Total Tangible fixed assets		209,499	192,353	189,695
<i>Other assets</i>				
Real estate investments		34	36	37
Equity investments		20	20	20
Deferred tax assets		52,971	49,568	48,729
Others		16,372	15,362	15,263
Total others assets		69,397	64,986	64,049
Total non current assets		473,025	453,679	451,925
Current assets				
Inventories		304,000	282,348	285,012
Trade receivables		98,871	94,326	120,522
Tax receivables		11,939	9,050	12,117
Derivative financial instruments	10	429	4,430	1,813
Others		39,111	34,793	40,622
Cash	11	155,295	228,178	173,080
Total current assets		609,645	653,125	633,167
Total assets		1,082,670	1,106,804	1,085,092

To be continued

TOD'S Group

Consolidated statement of financial position

Unaudited data

euro 000's (continuing)	Notes	06.30.14	12.31.13	06.30.13
Equity				
Share capital	13	61,219	61,219	61,219
Capital reserves		214,055	214,055	214,055
Hedging and traslation		(12,609)	(10,902)	(1,915)
Retained earnings		448,431	397,304	398,143
Profit/(loss) attributable to the Group		56,154	133,780	75,672
Total Equity attributable to the Group		767,250	795,456	747,174
Non-controlling interest				
Share capital and reserves		5,439	5,428	5,511
Profit/(loss) attributable to non-controlling interests		(300)	220	23
Total Equity attributable to non-controlling interests		5,139	5,648	5,534
Total Equity		772,389	801,104	752,708
Non-current liabilities				
Provisions for risks	15	3,454	3,651	2,562
Deferred tax liabilities		36,565	35,254	33,200
Reserve for employee	16	11,406	11,134	11,950
Bank borrowings	11	22,777	21,087	26,082
Others		19,637	18,835	24,972
Total non-current liabilities		93,839	89,961	98,766
Current liabilities				
Trade payables		146,716	152,619	149,600
Tax payables		8,658		15,176
Derivative financial instruments	10	1,619	1,876	1,518
Others		40,844	35,278	38,520
Bank	11	18,605	25,966	28,804
Total non-current liabilities		216,442	215,739	233,618
Total Equity and liabilities		1,082,670	1,106,804	1,085,092

TOD'S Group

Consolidated Statement of Cash Flows

Unaudited data

euro 000's	Notes	Jan. - Jun. 14	Jan. - Jun. 13
Profit/(Loss) for the period		55,854	75,695
Non-cash adjustments:			
Amortizat., deprec., revaluat., and write-downs		23,374	23,831
Change in reserve for employee		272	(80)
Change in deferred tax/liabilities		(2,092)	(2,363)
Other non monetary expenses/(income)		4,780	(962)
Cash flow (A)		82,188	96,121
Change in current assets and liabilities:			
Trade receivables		(4,286)	8,705
Other current assets		(4,317)	(4,071)
Inventories		(24,464)	(23,764)
Tax receivables		(2,889)	3,402
Trade payables		(5,903)	10,364
Other current liabilities		5,566	9,211
Tax payables		8,658	7,586
Change in operating working capital (B)		(27,635)	11,434
Cash flow from operations (C) = (A)+(B)		54,553	107,555
Net investments in intangible and tangible assets	11	(33,360)	(21,720)
(Increase) decrease of equity investments			
Other changes in fixed assets			
Reduction (increase) of other non-current assets		(1,010)	(1,860)
Cash flow generated (used) in investment activities (D)		(34,370)	(23,580)
Dividends paid	14	(82,895)	(82,895)
Others change in Equity		(8)	5
Changes in long term loans/other non-current liabilities		2,048	2,499
Capital increase			
Changes in non controlling-interests			
Cash flow generated (used) in financing (E)		(80,855)	(80,391)
Translation differences (F)		(4,245)	4,550
Cash flow from continuing operations (G)=(C)+(D)+(E)+(F)		(64,917)	8,134
Cash flow from assets held for sale (H)			
Cash flow generated (used) (I)=(G)+(H)		(64,917)	8,134
Net cash and cash equivalents at the beginning of the period		207,101	141,304
Net cash and cash equivalents at the end of the period		142,184	149,438
Change in net cash and cash equivalents		(64,917)	8,134

TOD'S Group
Consolidated Statement of Equity
Unaudited data

January - June 2014	euro 000's						
	Share capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non-controlling interests	Total
Balances as of 01.01.14	61,219	214,055	(10,902)	531,084	795,456	5,648	801,104
Profit & Loss account				56,154	56,154	(300)	55,854
Direct in Equity			(1,707)		(1,707)	40	(1,667)
Total Comprehensive Income			(1,707)	56,154	54,447	(260)	54,187
Dividend paid				(82,645)	(82,645)	(249)	(82,894)
Other				(8)	(8)		(8)
Capital increase							
Share based payments							
Balances as of 06.30.14	61,219	214,055	(12,609)	504,584	767,250	5,139	772,389

January - June 2013	euro 000's						
	Share capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non-controlling interests	Total
Balances as of 01.01.13	61,219	214,055	1,235	480,783	757,292	5,795	763,087
Profit & Loss account				75,672	75,672	23	75,695
Direct in Equity			(3,150)		(3,150)	(34)	(3,184)
Total Comprehensive Income			(3,150)	75,672	72,522	(11)	72,511
Dividend paid				(82,645)	(82,645)	(250)	(82,895)
Other				5	5		5
Capital increase							
Share based payments							
Balances as of 06.30.13	61,219	214,055	(1,915)	473,815	747,174	5,534	752,708