Milan – January 25th, 2017

TOD'S S.p.A.: Group's sales totalled 1,004 million Euros in FY 2016; improving trend in the fourth quarter

<u>The Board of Directors approved FY 2016 preliminary sales figures</u>

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 preliminary sales figures for full year 2016.

<u>Message from the Group's Chairman and CEO</u>

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

"The improvement of the sales trend registered in the last quarter of the year confirmed the good reception from customers for the winter collections, thanks to their focus on iconic products, that reflect the brands' DNA and the Italian style, and well combine quality, craftsmanship and innovation.
Also the early feedback of the new summer collections are positive, and this confirms us to be in the right direction: our strategy is delivering good signs.
We are working to develop – well and fast - the digital division, which is, and will be more and more, a key factor of success.
As far as e-commerce is concerned, our structure will become even more efficient, ready to catch all the opportunities that the market will offer.
We remain highly focused on organic growth of the existing stores, which have great potential, and on the opening of some "new generation stores", which will be able to attract clients through the totally new shopping experience.
The style department has undertaken some changes, necessary to implement the new strategic plan; the management team, partially renovated, will be soon completed with some new arrivals, enhancing all the necessary skills to manage the Group, which will in this way be ready to face a market in strong and rapid change".

Comments to the Group's sales

Consolidated sales were 1,004.0 million Euros in FY 2016, down 3.2% from FY 2015.
In Q4 2015, sales totalled 246.3 million Euros, down 1.5% from Q4 2015; this result implies a significant improvement compared to the first nine months of the year, confirming the success obtained by the Fall/Winter collections, thanks to their focus on iconic and evergreen products.

At constant exchange rates, meaning by using FY 2015 average exchange rates, including the related effects of hedging derivatives, sales would have been 997.5 million Euros (-3.8% from the previous year).

Breakdown of consolidated sales by brand

million Euros	**FY 2016**	FY 2015	% change at reported rates	% change at constant rates
Tod's	**559.0**	599.0	-6.7%	- 7.5%
Hogan	**214.2**	221.4	-3.2%	-3.3%
Fay	**62.6**	59.4	+5.3%	+5.3%
Roger Vivier	**166.3**	156.0	+6.6%	+5.6%
Other	**1.9**	1.2	+53.2%	+51.9%
TOTAL	**1,004.0**	1,037.0	-3.2%	-3.8%

Preliminary and unaudited figures

Tod's sales totalled 559 million Euros in fiscal year 2016; the 6.7% decrease compared to the previous year is mainly due to the sharp decline of traffic in the stores, in particular of tourists. The new collections, focused on the most iconic products, are receiving a good feedback.

Hogan revenues were 214.2 million Euros, with a 3.2% decrease from 2015, mainly related to the domestic market; positive results abroad.

Revenues of the Fay brand were 62.6 million Euros, up 5.3% from 2015, with a sharp acceleration in the fourth quarter. The brand is continuing its internationalization; positive results in all the regions where it is distributed.

Finally, sales of Roger Vivier totalled 166.3 million Euros, up 6.6% from the previous year. As already commented for the Tod's brand, also Roger Vivier was affected by the sharp decline of traffic and consumptions in many important markets for luxury goods, mainly of tourists.

Breakdown of consolidated sales by product category

million Euros	**FY 2016**	FY 2015	% change at reported rates	% change at constant rates
Shoes	**791.3**	811.7	-2.5%	-3.0%
Leather goods and accessories	**142.5**	157.2	-9.4%	-10.9%
Apparel	**68.3**	66.9	+2.2%	+2.1%
Other	**1.9**	1.2	+51.9%	+50.6%
TOTAL	**1,004.0**	1,037.0	-3.2%	-3.8%

Preliminary and unaudited figures

Revenues from shoes were 791.3 million Euros in the year, down 2.5% from 2015, but with a significant improvement of the performance in the fourth quarter.

Sales of leather goods and accessories totalled 142.5 million Euros, down 9.4% from 2015. The fourth quarter registered a visible improvement of the trend, following the introduction in the stores of the Fall Winter collections, which are more consistent with the brands' DNA.

Finally, sales of apparel were 68.3 million Euros, up 2.2% from 2015.

Breakdown of consolidated sales by region

million Euros	**FY 2016**	FY 2015	% change at reported rates	% change at constant rates
Italy	**311.5**	322.8	-3.5%	-3.5%
Europe (excl. Italy)	**250.0**	248.6	+0.6%	+1.4%
Americas (*)	**96.7**	105.6	-8.4%	-10.4%
Greater China (**)	**210.3**	225.8	-6.8%	-8.1%
Rest of World	**135.5**	134.2	+0.9%	-1.8%
TOTAL	**1,004.0**	1,037.0	-3.2%	-3.8%

Preliminary and unaudited figures

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

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

Domestic sales were 311.5 million Euros, down 3.5% from 2015, but with a visible improvement of the trend in the fourth quarter.

In the rest of Europe, the Group's revenues totalled 250 million Euros, slightly higher than in 2015. Positive results in all the main countries where the Group operates, except for France and UK.

In the Americas sales amounted to 96.7 million Euros, down 8.4% from the previous year. This market confirmed the weak consumer environment, which we have already commented in the last quarters, mainly related to the drop of tourists.

The Group's revenues in Greater China totalled 210.3 million Euros, down 6.8% from the previous year. Mainland China and Macao registered positive results, while Hong Kong remained weak, even if visibly improving.

Finally, in the area "Rest of the World" the Group's sales were 135.5 million Euros, slightly higher than last year. Korea registered a solid double-digit growth of revenues; Japan was broadly flat compared to last year, despite the very challenging comparison basis.

Breakdown of consolidated sales by distribution channel

million Euros	**FY 2016**	FY 2015	% change at reported rates	% change at constant rates
DOS	**630.3**	658.4	-4.3%	-5.0%
Third parties (Franchised stores + Independent retailers)	**373.7**	378.6	-1.3%	-1.7%
TOTALE	**1,004.0**	1,037.0	-3.2%	-3.8%

Preliminary and unaudited figures

Sales through DOS totalled 630.3 million Euros, down 4.3% from 2015; positive the result in the fourth quarter.

The *Same Store Sales Growth* (SSSG) rate, calculated as the worldwide average of sales growth rates registered by the DOS already existing as of January 1st, 2015, at constant exchange rates, is -12.2% in the fiscal year, showing a strong improvement in the fourth quarter (we remind that the figure related to the first nine months was -14.6%).

As of December 31st, 2016 the Group's distribution network was composed by 272 DOS and 107 franchised stores, compared to 257 DOS and 98 franchised stores as of December 31st, 2015.

Revenues to third parties totalled 373.7 million Euros; the small decline, as compared to last year, is mainly due to the very challenging comparison basis (in the fourth quarter of 2015 this channel grew by 28.7%).

Patent-box

On December 23rd, 2016, the parent company Tod's SpA, first in its sector, signed with the competent office of the Italian Tax Authorities, the agreement that specifically defines the methods and criteria used to calculate the amount of the quota of income exempt from income taxes for the purpose of the so-called "Patent box" regime. This is a tax relief regime for the benefit of Italian companies that produce income through the direct use or the licensing to third parties of intellectual property rights.
The agreement covers the fiscal years 2015-2019 and may be renewed for additional five years.
The quantification of the this tax benefit may be made upon the preparation of the financial statements.
As of today, we can only say that the application of the above mentioned method, as agreed with the Tax Authorities, will determine an increase of the 2015 net income by approx. 4%.

Please note that all the figures related to FY 2016 sales reported in the present press release are preliminary and unaudited. FY 2016 results will be approved by the Board of Directors scheduled on March 14th, 2017.

The manager responsible for preparing the company's financial reports, Mr. Rodolfo Ubaldi, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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