

Milan – November 7th, 2018

TOD'S S.p.A. – Stable Group's sales in the first nine months of 2018, equal to 722.7 million Euros at constant exchange rates

The Board of Directors approved Tod's Group 9 months 2018 sales figures

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 sales figures for the first nine months of 2018 (January 1st – September 30th, 2018).

Message of the Group's Chairman and CEO

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

" Today's results were broadly in line with our expectations. We are in the process of delivering to our stores the projects launched few months ago. In these days, the initial effects of the new business model that will support our future growth (Tod's Factory) are starting to be visible and, from now on, every two months new products will arrive in stores, supported by strong and proper marketing and communication plans.

The rationale for creating capsule collections or limited editions was to obtain innovative products, with a strong creativity content, always consistent with our DNA, which is made of quality, exclusivity and Italian lifestyle.

The new store formats are ready and the related opening plan is on track. These are innovative and right concepts for the "new consumer", who asks for an omni-channel service. Consistently, our e-commerce is growing a lot, and it will be able to grow even more, at full speed.

Our management team is almost complete, and I believe that it has already the required skillset to achieve our goals.

We have to face now a period of hard work, paying attention to the continuous evolution of world markets, which will never reflect the same conditions we were used to operate in the past.

Nowadays, when all of the main fashion groups have focused their attention on the product categories that traditionally represent our core business, to obtain excellent results our products must be special, innovative and supported by a strong marketing and communication campaign, which can provide us with strong global visibility.

This is why I have instructed my managers to invest as much as it is needed to support our growth goals as quickly as possible.

At this moment, there are important opportunities to grab and we want to devote all the needed energy and financial resources to achieve a solid and lasting growth for our Group.”

Comments to the Group's sales¹

In the first nine months of 2018, consolidated sales were 722.7 million Euros, at constant exchange rates, meaning by using the average exchange rates of 9 months 2017, including the related effects of hedging contracts, broadly flattish as compared to the figure registered in the first nine months of 2017.

At reported rates, revenues totalled 706 million Euros; Tod's and Roger Vivier, which have the highest presence abroad, were the most affected by currencies fluctuations.

Breakdown of consolidated sales by brand

(million Euros)

	<u>9 months 2018</u>		9M 2017	<u>% change</u>		FY 2017
	reported rates	constant rates		reported rates	constant rates	
Tod's	376.3	386.9	388.6	- 3.1%	-0.4%	515.7
Hogan	158.2	159.3	156.8	+0.9%	+1.6%	203.9
Roger Vivier	127.4	132.3	131.3	-3.0%	+0.8%	179.3
Fay	43.5	43.5	44.8	-2.8%	-2.7%	63.5
Other	0.6	0.7	0.7	n.m.	n.m.	0.9
TOTAL	706.0	722.7	722.2	-2.2%	+0.1%	963.3

At constant exchange rates, Tod's sales totaled 386.9 million Euros in the first nine months of 2018, broadly aligned with 9M 2017. The brand recorded an healthy start of the Fall/Winter season, across all product categories, with the arrival of new projects in stores (such as the *No-Code* project). The brand's turnover is 376.3 million Euros at reported rates, due to the negative currencies impact.

¹ 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. Therefore, it would be misleading to consider the income statement for the period as a proportional share of the entire financial year.

Hogan revenues were 159.3 million Euros at constant rates, up 1.6% from the same period of last year (158.2 million Euros at reported rates). The solid double-digit growth of Europe and China, which are the markets where the internationalization of the brand is currently focused, more than offsets the persistent weakness of the Italian market.

Sales of Roger Vivier totaled 132.3 million Euros at constant rates, up 0.8% from 9 months 2017. The slowdown in the third quarter is mainly due to the weakness of some markets during the summer months, but the trend is showing significant signs of improvement in recent weeks and we are particularly confident about the end of the year, also considering the excellent acceptance of the new designer's (Gherardo Felloni) products, which are now arriving in the stores. At reported rates, revenues amounted to 127.4 million Euros.

Finally, sales of Fay were 43.5 million Euros; the decrease, as compared to 9 months 2017, is the evidence of the weakness of the domestic market, mainly in the wholesale channel.

Breakdown of consolidated sales by product category

(million Euros)

	9 months 2018		9M 2017	% change		FY 2017
	reported rates	constant rates		reported rates	reported rates	
Shoes	562.2	575.6	573.7	-2.0%	+0.3%	757.9
Leather goods and accessories	96.1	99.2	99.8	-3.7%	-0.6%	135.8
Apparel	47.1	47.2	47.9	-1.8%	-1.5%	68.7
Other	0.6	0.7	0.8	n.m.	n.m.	0.9
TOTAL	706.0	722.7	722.2	-2.2%	+0.1%	963.3

Revenues from shoes were 575.6 million Euros at constant exchange rates, slightly increasing compared to 9 months 2017. At reported rates, the value of sales is 562.2 million Euros. The apparent slowdown in the third quarter is almost entirely due to the different timing of the deliveries of the wholesale channel, already commented also in the press release on the results for the half year.

Sales of leather goods and accessories totaled 99.2 million Euros at constant rates, broadly flat as compared to the first nine months of 2017. Fall Winter collections registered an healthy start. At reported rates, revenues of this category totaled 96.1 million Euros.

Finally, sales of apparel were 47.2 million Euros at constant rates; the performance broadly reflects the trend registered by the Fay brand.

Breakdown of consolidated sales by region

(million Euros)

	9 months 2018		9M 2017	% change		FY 2017
	reported rates	constant rates		reported rates	constant rates	
Italy	217.5	217.5	227.6	-4.4%	-4.4%	298.2
Europe (excl. Italy)	184.4	186.6	182.9	+0.8%	+2.0%	245.1
Americas (*)	53.1	57.1	57.6	-7.8%	-1.0%	78.0
Greater China (**)	152.5	159.8	155.1	-1.7%	+3.0%	212.0
Rest of World	98.5	101.7	99.0	-0.5%	+2.8%	130.0
TOTAL	706.0	722.7	722.2	-2.2%	+0.1%	963.3

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

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

In the first nine months of 2018, domestic sales were 217.5 million Euros; the 4.4% decrease, as compared to the same period of 2017, is mainly due to the persistent weakness experienced by this market.

In the rest of Europe, the Group's revenues totaled 186.6 million Euros at constant rates, up 2% as compared to the first nine months of 2017 (184.4 million Euros at reported rates).

In the Americas sales amounted to 57.1 million Euros at constant rates, broadly aligned with the amount of the first nine months of 2017. The retail channel registered positive results. At reported rates, revenues of this region totaled 53.1 million Euros.

The Group's sales in Greater China totaled 159.8 million Euros at constant rates, up 3% from the first nine months of 2017. Positive results in mainland China, which represents approx. 60% of this region, in Hong Kong and in Macao. At reported rates, the value is 152.5 million Euros.

Finally, in the area “Rest of the World” the Group’s revenues were 101.7 million Euros at constant rates, up 2.8% from the first nine months of 2017 (98.5 million Euros at reported rates).

Breakdown of consolidated sales by distribution channel

(million Euros)

	9 months 2018		9M 2017	% change		FY 2017
	reported rates	constant rates		reported rates	constant rates	
DOS	436.0	449.4	449.3	-3.0%	+0.0%	621.1
Third parties (Franchised stores + Independent retailers)	270.0	273.3	272.9	-1.1%	+0.1%	342.2
TOTAL	706.0	722.7	722.2	-2.2%	+0.1%	963.3

In the first nine months of 2018, sales through DOS totaled 449.4 million Euros at constant rates, in line with the figure of the same period of 2017. At reported rates, the value stands at 436 million Euros.

The *Same Store Sales Growth* (SSSG) rate, calculated at constant exchange rates as the worldwide average of sales growth rates registered by the DOS network, is -2.1% in the first nine months of the year (from January 1st to September 30th, 2018), broadly flattish as compared to half-year result.

As of September 30th, 2018 the Group’s distribution network was composed by 279 DOS and 118 franchised stores, compared to 272 DOS and 114 franchised stores as of September 30th, 2017.

Revenues to third parties totaled 273.3 million Euros at constant rates (270 million Euros at reported rates), in line with the figure of the same period of 2017.

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.

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