

Milan – May 9th, 2019

TOD'S S.p.A. – Group's sales totalled 216.4 million Euros in the first quarter of 2019. The wholesale channel is still negative, but retail revenues grew by 9.2%. Outstanding performance for Roger Vivier: +16,2%

The Board of Directors approved Tod's Group Q1 2019 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 quarter of 2019 (January 1st – March 31st, 2019).

Message from the Group's Chairman and CEO

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

“ The return to retail growth is a positive indicator, which confirms the validity of the strategic decisions made.

With the T Factory project, now well underway, we are implementing all the necessary actions to further increase the visibility and desirability of our products and to be able to attract new customers. Coherently with this strategy, an important step forward is the collaboration with Alber Elbaz, one of the most important designers, for a capsule collection which will be available to the public in the coming months and which has already aroused strong interest.

We have launched the No_Code's project, which is enjoying a great success of both visibility and sales all over the world thanks to its highly innovative contents, and which we will strongly support in the coming months by accelerating the previously approved marketing plan.

Another important milestone is the imminent opening of a new flagship store in Via Montenapoleone, whose highly innovative concept will enable the transformation of the store into both a communication and customer service tool, leveraging on the latest technology and trends in omni-channel and e-commerce. Our design teams are more and more committed to creativity and innovation, without compromising on the lifestyle connotation and the great quality of our products, always recognized by our customers.

We are very pleased with the performance of our e-commerce, growing at a solid double-digit figure, and we plan to support it with resources and people to make it grow even faster.

Considering the strong competitiveness of our industry, for the success of our strategy we believe it is essential to increase our investments to make our products and our brands even more visible and desirable. In brief, we think we have the right strategy and we need to speed up the execution to achieve the expected results.”

Comments to the Group's sales

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 on a monthly basis. This reminder is even more important for the first quarter of the year, when the amount of sales volumes represents only a small part of the annual turnover. Furthermore, in the current year, the comparison by distribution channel is influenced by the acquisition of Italianouch (starting from October 1st, 2018, the relative portion of e-commerce revenues is accounted for in retail revenues, and no longer in the wholesale channel).

In the first quarter of 2019, consolidated sales were 216.4 million Euros, down 4.3% from Q1 2018.

In the current year, currency fluctuations made a positive contribution, particularly to the Tod's and Roger Vivier brands, which have the greatest presence abroad. At constant exchange rates, meaning by using the average exchange rates of Q1 2018, including the related effects of hedging contracts, sales would have been 213.2 million Euros.

Breakdown of consolidated sales by brand

(million Euros)

	Q1 2019		Q1 2018	% change		FY 2018
	reported rates	constant rates		reported rates	constant rates	
Tod's	106.4	104.4	119.6	- 11.0%	-12.7%	498.7
Hogan	54.0	53.8	55.7	-3.1%	-3.5%	206.1
Roger Vivier	43.9	42.9	37.8	+16.2%	+13.7%	173.5
Fay	12.0	12.0	12.8	-6.4%	-6.4%	61.3
Other	0.1	0.1	0.2	n.m.	n.m.	0.9
TOTAL	216.4	213.2	226.1	-4.3%	-5.7%	940.5

Tod's sales totaled 106.4 million Euros in the first quarter of 2019; the decrease, compared to the first quarter of 2018, is entirely due to the wholesale channel, while the results in the retail channel are visibly positive. Encouraging feedback from the new projects for the Spring-Summer collections.

Hogan revenues were 54 million Euros; also in this case, the decrease is entirely due to the weakness of the wholesale channel. Retail revenues are growing, with excellent results in China and some signs of recovery also in Italy.

Sales of Roger Vivier totaled 43.9 million Euros, up 16.2% from Q1 2018. The collections of the new designer Gherardo Felloni achieved an excellent acceptance worldwide.

Finally, sales of Fay were 12 million Euros; the decrease, as compared to Q1 2018, is mainly due to the weakness of the domestic market, mainly in the wholesale channel.

Breakdown of consolidated sales by product category

(million Euros)

	Q1 2019		Q1 2018	% change		FY 2018
	reported rates	constant rates		reported rates	constant rates	
Shoes	175.3	173.0	182.2	-3.8%	-5.0%	743.7
Leather goods and accessories	27.6	26.7	29.6	-6.9%	-9.7%	128.6
Apparel	13.4	13.4	14.1	-4.9%	-5.1%	67.3
Other	0.1	0.1	0.2	n.m.	n.m.	0.9
TOTAL	216.4	213.2	226.1	-4.3%	-5.7%	940.5

Revenues from shoes were 175.3 million Euros in the first quarter of 2019; the decrease, as compared to the same period of 2018, is mainly due to the wholesale channel.

Sales of leather goods and accessories totaled 27.6 million Euros; similarly to what has been said for shoes, the result is penalized by the weakness of the wholesale channel. Good results for the new families of the Tod's brand.

Finally, sales of apparel were 13.4 million Euros; the performance broadly reflects the trend registered by the Fay brand.

Breakdown of consolidated sales by region

(million Euros)

	Q1 2019		Q1 2018	% change		FY 2018
	reported rates	constant rates		reported rates	constant rates	
Italy	63.6	63.6	70.2	-9.4%	-9.4%	282.2
Europe (excl. Italy)	54.8	54.8	57.6	-4.8%	-4.9%	243.9
Americas (*)	15.1	14.4	15.4	-1.9%	-6.3%	73.0
Greater China (**)	50.2	49.1	48.7	+3.1%	+0.8%	210.3
Rest of World	32.7	31.3	34.2	-4.6%	-8.3%	131.1
TOTAL	216.4	213.2	226.1	-4.3%	-5.7%	940.5

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

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

In the first quarter of 2019, domestic sales were 63.6 million Euros; the decrease, compared to the same period of 2018, is entirely due to the weakness of the wholesale channel, while the results in the retail channel are positive.

In the rest of Europe, the Group's revenues totaled 54.8 million Euros; also in this region, the retail channel was positive, while the wholesale was affected by a particularly cautious approach to the weakest markets.

In the Americas sales amounted to 15.1 million Euros; the 1.9% decrease from Q1 2018 is entirely due to the wholesale channel. The retail channel registered positive results, mainly thanks to purchases from local customers.

The Group's sales in Greater China totaled 50.2 million Euros, up 3.1% from Q1 2018. Positive results in mainland China, which represents approx. 60% of this region, in Hong Kong and in Macao.

Finally, in the area "Rest of the World" the Group's revenues were 32.7 million Euros; the 4.6% decrease is entirely due to the wholesale channel. The retail channel posted positive results; strong performance in Japan.

Breakdown of consolidated sales by distribution channel

(million Euros)

	Q1 2019		Q1 2018	% change		FY 2018
	reported rates	constant rates		reported rates	constant rates	
Retail (DOS+online)	138.8	135.9	127.0	+9.2%	+7.0%	607.8
Third parties (Franchised stores + Independent retailers)	77.6	77.3	99.1	-21.7%	-22.0%	332.7
TOTAL	216.4	213.2	226.1	-4.3%	-5.7%	940.5

The performance of the wholesale channel was particularly negative and, as already mentioned in the previous paragraphs, influenced all brands, product categories and geographical areas. The comparison of quarterly data, broken down by distribution channel, is also affected this year by the already commented acquisition of Italiantouch and by the conversion from franchising to DOS of stores in Australia.

In the first quarter of 2019, retail revenues totalled 138.8 million Euros, up 9.2% from the same period of 2018, mainly thanks to the effects described above, and represent approx. two thirds of the Group's turnover.

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 -2.5% in the first quarter of the year (from January 1st to March 31st, 2019). At reported rates, the value is more than 200 bps higher.

As of March 31st, 2019 the Group's distribution network was composed by 283 DOS and 118 franchised stores, compared to 276 DOS and 118 franchised stores as of March 31st, 2018.

Revenues to third parties totaled 77.6 million Euros; net of what has already been said on the impact of the non-homogeneous comparison, the weakness of the channel remains, especially in the domestic and European markets.

Approval of the merger plan for incorporation of the wholly owned subsidiary Holpaf B.V.

Today the Board of Directors also approved the common cross-border merger plan for incorporation into Tod's S.p.A. of the wholly owned subsidiary Holpaf B.V. (the "Transaction"), owner of the Omotesando building in Tokyo, which on March 7th, 2019 was the subject of a preliminary sales agreement to be executed between

August 31st and October 31st, 2019; for details and in particular for the economic and financial effects of the sale, please refer to the press release issued on March 11th, 2019.

The afore-mentioned merger - carried out with a wholly owned subsidiary - will be resolved, with regard to Tod's S.p.A., by its Board of Directors pursuant to art. 2505, paragraph 2, of the Italian Civil Code and article 24 of the By-laws, without prejudice to the faculty pursuant to art. 2505, paragraph 3, of the Italian Civil Code.

The Company will make available to the public the documentation and the prescribed information in compliance with the terms and the procedures established by the legislation, even regulatory, in force.

The Transaction aims to simplify the corporate structure of Tod's Group, in a context of rationalization of the Group's administrative and management costs, by concentrating the activities currently carried out by the company proposed to be merged in the incorporating Tod's S.p.A..

The merger will have no impact on the composition of the shareholding of Tod's S.p.A., as Holpaf B.V. is wholly owned by the merging company Tod's S.p.A. and therefore it will not involve any increase in the share capital of the incorporating company, nor determination of any exchange ratio or cash compensation of any kind.

Once the merger has been approved by the competent bodies of both the companies participating, it will not be subject to approval by any other bodies and will be effective vis-à-vis third parties upon the registration of the merger deed in the Companies Register of Fermo or the subsequent date established in the deed of merger, the stipulation of which is reasonably expected by next November.

Without prejudice to the above, the Transaction is not subject to any conditions, suspensive or resolute.

The Transaction represents a "related parties transaction", pursuant to Consob Regulation 17221/2010, as subsequently amended (the "OPC Regulation") and the Procedure on related parties transactions adopted by Tod's S.p.A. (the "OPC Procedure"), since Holpaf B.V. is a company (entirely) controlled by the issuer Tod's S.p.A.

The Transaction, of lesser importance based on the thresholds identified by the OPC Regulation, is however exempt from the application of the OPC Procedure, pursuant to art. 9.1 letter e), as implemented by the issuer with its own subsidiary in which there are no significant interests of other related parties of the issuer.

It is specified that, pursuant to art. 3 of Consob Resolution no. 18079 of January 20th, 2012, the Company adopts the waiver provided by article 70, paragraph 8, and 71, paragraph 1-bis, of Consob Regulation n. 11971/99 (and subsequent amendments and additions) with regard to the documents made available to the public at the registered office and concerning mergers, demergers, capital increases, acquisitions and sales transactions.

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.

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