

Milan - September 26th, 2005

TOD'S S.p.A.: the Board of Directors today approved the Consolidated Report for the first half of 2005.

Strong growth of income (EBIT: +48%, net income: +44%) and of revenues (sales: +22%)

Group's revenues: 236,9 million Euros, growing by 22% as compared to the first half of 2004; EBITDA: 47 million Euros, with a 34% increase; EBIT: 35.5 million Euros, growing by 48%; Net income: 20.3 million Euros, with a 44% increase

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 with the same name operating in luxury shoes, leather goods and apparel with the Tod's, Hogan and Fay brands, today approved Tod's Group report for the first half of 2005.

This report is the first document of Tod's Group, that has been drawn up in compliance with the International Financial Reporting Standards (IFRS); the parent company will adopt the IAS/IFRS principles starting from January 1st, 2006. The consolidated figures as of June 30th, 2004 and December 31st, 2004 have been consequently restated and adjusted, in order to be fully comparable, as illustrated in the following pages.

The consolidated turnover was 236.9 million Euros¹, growing by 21.8% in comparison with the same period of 2004. At constant exchange rates, revenues were 239 million Euros, showing a 22.9% increase as compared to June 30th, 2004.

Breakdown of Consolidated Sales by Brand: outstanding growth for all the brands

<i>million Euros</i>	HI 2005	HI 2004	% change	FY 2004
Tod's	142.6	115.7	+23.3%	239.9
Hogan	60.9	50.2	+21.3%	102.3
Fay	27.4	23.8	+15.5%	68.7
Other	6.0	4.8	+23.1%	9.9
TOTAL	236.9	194.5	+21.8%	420.8

All the Group's brands achieved excellent results in the first half of 2005.

In details, Tod's revenues grew by 23.3% (25% at constant exchange rates), Hogan and Fay sales (on which the impact of currency fluctuations is not meaningful) increased, respectively, by 21.3% and 15.5%.

¹ The small difference as compared to the sales figures released on July 26th, 2005 is due to the application of IAS 39 in the accounting of derivatives, and it is exclusively related to the hedging of currencies.

As of June 30th 2005, Tod's represented 60.2% of consolidated sales, Hogan represented 25.7% and Fay 11.6%.

“Other” sales include revenues from other brands, produced by the Group under licence and/or manufacturing agreements, for a total value of 6 million Euros, or 2.5% of consolidated turnover.

Breakdown of Consolidated Sales by Product: outstanding results for all product categories; solid growth in leather goods (+33%)

<i>million Euros</i>	HI 2005	HI 2004	% change	FY 2004
Shoes	157.8	132.2	+19.4%	268.2
Leather goods & accessories	51.8	38.9	+33.0%	84.7
Apparel	26.8	23.1	+15.9%	67.2
Other	0.5	0.3	n.m.	0.7
TOTAL	236.9	194.5	+21.8%	420.8

HI 2005 sales figures confirm the strong success achieved by all the Group's product categories.

Revenues from shoes increased by 19.4% (20.3% at constant exchange rates) and represented 66.6% of consolidated sales as of June 30th, 2005. Revenues from leather goods and accessories increased by 33% (35.5% at constant exchange rates) in the period, confirming the already strong performance of the previous year. These results benefited also of the continuous widening of the leather accessories offer. As of June 30th, 2005, this category represented 21.9% of the Group's turnover. Sales from apparel grew by 15.9% in the first half of 2005.

Breakdown of Consolidated Sales by Region: strong growth in all the markets, outstanding results in Europe, Asia: +37.5%

<i>million Euros</i>	HI 2005	HI 2004	% change	FY 2004
Italy	107.2	89.2	+20.2%	204.5
Europe (excl. Italy)	69.6	56.2	+23.8%	116.7
North America	26.8	24.9	+7.9%	50.1
Asia and rest of world	33.3	24.2	+37.5%	49.5
TOTAL	236.9	194.5	+21.8%	420.8

In the first half of 2005, the Group posted double digit growth rates of revenues at constant exchange rates in all the markets where it operates.

The European markets confirm the strong success gained by the Group's brands, despite the tough economic environment: sales grew by 20.2% in Italy and by 23.8% in the rest of Europe (the foreign currency impact on revenues in this area was not significant).

On the American market, the Group's revenues reported a double digit increase in local currency, with a 13.3% growth at constant exchange rates.

Finally, Asian markets confirmed the excellent performance, already shown in the previous years, thanks to the enormous growth potential in this area and to the significant expansion of the distribution network in these countries, through the openings of DOS and franchised stores.

In the first half of 2005, revenues grew by 40.6% at constant exchange rates. As of June 30th 2005, Asian markets represented 14.1% of the Group's turnover.

Breakdown of Consolidated Sales by Distribution Channel: strong organic growth in all the channels; brilliant performance in the wholesale (+26.9%)

<i>million Euros</i>	HI 2005	HI 2004	% change	FY 2004
DOS	121.6	103.7	+17.4%	219.6
Franchised stores and independent retailers	115.3	90.8	+26.9%	201.2
TOTAL	236.9	194.5	+21.8%	420.8

In the first half of 2005, revenues generated by the DOS network increased by 17.4% (18.8% at constant exchange rates), and represented 51.3% of the Group's turnover as of June 30th, 2005. The growth is substantially due to the organic growth of revenues in the existing store network; the total number of stores increased by three stores as compared to the figure as of June 30th, 2004.

The Same Store Growth figure, calculated as the worldwide average of revenue growth rates reported by the DOS open as of January 1st, 2004, was 11.8% for the first 38 weeks of the year, exactly the same as the figure of the first 28 weeks, released at the end of July.

In line with the management expectations, in 2005 wholesale revenues returned to grow strongly, after the streamlining of the channel made in the previous years: in the first half of 2005, the growth was 26.9% (27.6% at constant exchange rates). This trend is expected to be confirmed also in the future.

As of June 30th, 2005, the Group's distribution network consisted of 105 DOS and 37 franchised stores. In line with our budget, all the openings made in the first half of the year are located in Asia; they include two new stores in mainland China, which were added to two other points of sale already existing at the end of 2004 and to the 5 Hong Kong stores.

In the third quarter of 2005, the Group opened three additional franchised stores in Asia.

As exceptional event, the Group opened the New York megastore on Madison Avenue, which not only has commercial purposes but also represents a mediatic event; this store has to be considered "special" both for its size and for its design.

Comments to the main Profit and Loss figures

The Group's EBITDA of the first half of 2005 was 47 million, growing by 34.3% as compared to the corresponding amount of the first half of 2004. The margin on sales was 19.8%, strongly increasing as compared to the 18% figure of HI 2004.

The significant EBITDA growth, much higher than the increase of revenues (21.8%), is due to the important benefit of the operating leverage. In particular, the incidence on sales of personnel costs decreased sharply (15.5% in HI 2005 as compared to 17.2% in HI 2004), notwithstanding the continuous increase of the Group's headcount (2,177 employees as of June 30th, 2005 compared to 2,073 as of June 30th, 2004). We deem important also the improvement of the incidence on sales of external production costs, which was 8.3% in HI 2005, compared to 9.8% in HI 2004.

The Group's EBIT reached 35.5 millions for the first half of 2005, increasing by 48.1% as compared to the same figure for the first half of 2004. The margin on sales was 15%, with a significant improvement as compared to the 12.3% figure of HI 2004. The already commented increase of operating profitability was amplified by the lower incidence on sales of amortisation and depreciation, equal to 4.8% in HI 2005 as compared to 5.5% in HI 2004.

Profit before taxes of the period was 35.8 millions, growing by 45.9% as compared to HI 2004; the margin on sales was 15.1% as compared to 12.6% in HI 2004.

After having deducted 15.3 millions of income taxes, the Group's net income was 20.3 millions, growing by 44.1% as compared to the same figure of HI 2004. The margin on sales was 8.6%, once more strongly improving as compared to the 7.2% figures of HI 2004.

Comments to the main Balance Sheet and Cash Flow figures

The total investments made in the first half of 2005 amounted to 11.4 millions, compared to 14 millions of HI 2004. They were mainly related to tangible fixed assets, including the normal updating of logistic and production structures and the investments for the refurbishment of the DOS network, aiming to updating the store concept. In particular, the Group renovated the Dusseldorf, Hong Kong Landmark and Geneva boutiques and widened the Tod's flagship store in New York.

In the first six months of 2005, operating cash flow was 43 millions, with a strong increase as compared to the same period of 2004; it fully financed both the investment activities and the 12.7 million dividend payment, which was approved by the Shareholders' meeting in April.

Net financial position as of June 30th, 2005 is positive and equal to 70.5 millions, growing by 18.6 millions as compared to the beginning of the year and by 45 millions as compared to June 30th, 2004.

Consolidated Shareholders' equity was 443.4 millions (compared to 412.6 millions as of June 30th, 2004 and 435.4 millions as of December 31st, 2004).

Adoption of IAS/IFRS accounting principles

The principles governing the Half Year 2005 Report are the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS), and the relative interpretative documents (SIC and IFRIC) contained in EU regulations 1725/2003 of September 29th 2003, 707/2004 of April 6th 2004, and 2236-2237-2238/2004 of December 29th 2004.

The provisions of IAS 32 and 39, adopted effective January 1st 2005², were not considered when drafting the comparative financial statements for fiscal 2004.

Adoption of IAS/IFRS has entailed restatement of the balance sheets at January 1st 2004, June 30th 2004, and December 31st 2004. With reference to the opening Balance Sheet at January 1st 2004, the effects of restatement of the asset and liability values in accordance with IAS/IFRS have been posted to a special reserve under shareholders' equity, net of their relative tax effects.

In summary, as a result of the IAS/IFRS application, the Group's equity increased by 9.9 millions as of June 30th, 2004 and by 11.5 millions as of December 31st, 2004; net income increased by 6.1 millions in the first half of 2004 and by 7.9 in the full year 2004.

For further details on the transition from Italian GAAP to IAS/IFRS principles, please refer to the special section, included in the Half Year 2005 report, where all the changes in the financial statements figures are deeply analyzed.

Diego Della Valle, Chairman and CEO of the Group, commented as follows: "The excellent results released today, the strong growth of revenues and, even more, of profitability confirm the effectiveness of the

² The adjustments were determined in full compliance with IAS/IFRS and applicable interpretative documents (SIC and IFRIC) in effect at the date of this document. Nevertheless, since the processes for approval by the European Commission and interpretation by the supervisory bodies (IASB and IFRIC) are still under way, it cannot be ruled out that new principles and/or interpretations will modify the current regulatory and interpretative framework by the time the first complete annual report is drafted at December 31st 2005. Consequently, if it were recommended that the changes be implemented before December 31st 2005, the figures herein illustrated in the account statements and reconciliation tables for shareholders' equity and income for the year could change, even if they must be restated at that time for the same reasons. The TOD'S Group has retained the independent auditor Deloitte & Touche S.p.a. to audit the reconciliation tables.

Group's strategy. Furthermore, the outstanding start of the sales of our winter collections now in the stores as well as the positive signals of the next spring summer order collection make me fully confident on the full year results."

Should you need explanations, please contact: Investor Relations Office - tel. +39 02 77 22 51
e-mail: c.oglio@todsgroup.com
Corporate website: [**www.todsgroup.com**](http://www.todsgroup.com)

ATTACHMENTS

TOD'S GROUP

Profit & Loss key figures (IAS/IFRS compliant)

<i>million Euros</i>	HI 2005	HI 2004	FY 2004
Sales revenues	236.9	194.5	420.8
EBITDA	47.0	35.0	89.2
EBIT	35.5	24.0	67.4
Profit before taxes	35.8	24.5	66.9
Net income	20.5	14.3	38.8
<i>of which: Group's net income</i>	20.3	14.1	38.5
<i>minority interest</i>	0.2	0.2	0.3

Balance Sheet key figures (IAS/IFRS compliant)

<i>million Euros</i>	June 30th, 2005	June 30th, 2004	December 31st, 2004
Net operating working capital (I)	96.4	98.1	101.1
Tangible and intangible fixed assets	281.8	280.2	281.0
Other assets/(liabilities), net	(5.3)	8.7	1.4
Total capital employed	372.9	387.1	383.5
Net financial position (positive)	(70.5)	(25.5)	(51.9)
Total shareholders' equity	443.4	412.6	435.4

(I) Trade receivables + Inventories – Trade payables

Cash Flow key figures (IAS/IFRS compliant)

<i>million Euros</i>	HI 2005	HI 2004
Operating Cash Flow	43.02	24.18
Cash flow generated/(used) by investing activities	(12.08)	(14.48)
Cash Flow generated/(used) by financing activities	(14.19)	(9.64)
Free Cash Flow generated/(used)	16.75	0.06

PARENT COMPANY TOD'S SpA

Profit & Loss key figures (Italian GAAP compliant)

<i>million Euros</i>	HI 2005	HI 2004	Esercizio 2004
Value of production	188.0	178.5	362.4
Cost of production	(162.5)	(157.5)	(307.4)
Difference between production value and cost	25.5	21.0	55.0
Result of financial and extraordinary operations	0.9	1.0	2.2
Profit before taxes	26.4	22.0	57.2
Net income	15.0	11.9	33.5

Balance Sheet key figures (Italian GAAP compliant)

<i>million Euros</i>	June 30th, 2005	June 30th, 2004	December 31st, 2004
Fixed assets	273.9	278.0	275.7
Current assets	289.9	251.3	271.7
TOTAL ASSETS	563.8	529.3	547.4
Shareholders' equity	438.3	414.4	436.0
Liabilities	125.5	114.9	111.4