# INTERIM REPORT ON THE FIRST NINE MONTHS OF 2008

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# Company Data

## Registered office

TOD'S S.p.a.
Via Filippo Della Valle, 1
63019 Sant'Elpidio a Mare (Ascoli Piceno) - Italy
Tel. +39 0734 8661

## Legal data Parent company

Share capital resolved Euro 64,000,000
Sahare capital subscribed and paid euro 60,961,840
Fiscal Code and registration number on Company Register of Court of Ascoli Piceno: 01113570442
Registered with the Chamber of Commerce of Ascoli Piceno under n. 114030 R.E.A.

## Offices e Show rooms

Dusseldorf – Kaistrasse, 2
Hong Kong – Three Pacific Place, 1 Queen's Road East
London – Old Bond Street, 16
Milano - Corso Venezia, 30
Milano - Via Savona, 56
Milano - Via Serbelloni 1-4
Milano - Via della Spiga, 22
Milano - Viale Montenero 63
New York - 450, West 15th Street
Paris – Rue Royale, 20
Tokyo – Omotesando Building, 5-1-5 Jingumae

## Production facilities

Comunanza (AP) - Via Merloni, 7
Comunanza (AP) - Via S.Maria, 2-4-6
Sant'Elpidio a Mare (AP) - Via Filippo Della Valle, 1
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 60
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 50
Tolentino (MC) - Via Sacharov 41/43

## Corporate Governance bodies

| | | |
|---|---|---|
| Board of directors [1] | Diego Della Valle | Chairman |
| | Andrea Della Valle | Vice- Chairman |
| | Luigi Abete | |
| | Maurizio Boscarato | |
| | Luigi Cambri | |
| | Luca Cordero di Montezemolo | |
| | Emanuele Della Valle | |
| | Fabrizio Della Valle | |
| | Emilio Macellari | |
| | Pierfrancesco Saviotti | |
| | Stefano Sincini | |
| Executive Committee | Diego Della Valle | Chairman |
| | Andrea Della Valle | |
| | Fabrizio Della Valle | |
| | Emilio Macellari | |
| | Stefano Sincini | |
| Compensation Committee | Luigi Abete | Chairman |
| | Luigi Cambri | |
| | Pierfrancesco Saviotti | |
| Internal Control and Corporate Governance Committee | Maurizio Boscarato | Chairman |
| | Luigi Cambri | |
| | Pierfrancesco Saviotti | |
| Board of statutory [2] Auditors | Enrico Colombo | Chairman |
| | Gian Mario Perugini | Acting stat. auditor |
| | Fabrizio Redaelli | Acting stat. auditor |
| | Massimo Foschi | Substitute auditor |
| | Gilfredo Gaetani | Substitute auditor |
| Indipendent Auditors [3] | Deloitte & Touche S.p.a. | |
| Manager charged with preparing a company's financial report | Rodolfo Ubaldi | |

[1] Term of the office: 2006-2008 (resolution of the Shareholders' meeting as of April 28th, 2006)
[2] Term of the office: 2007-2009 (resolution of the Shareholders' meeting as of April 27th, 2007)
[3] Term of the office: 2006-2011 (resolution of the Shareholders' meeting as of April 28th, 2006)

## TOD'S Group

**TOD'S S.p.a.**
*Parent Company, owner of the Tod's, Hogan and Fay brands and licensee of the Roger Vivier brand.*

**Del.Com. S.r.l.**
Subholding for operation of national subsidiaries.

**TOD'S International B.V.**
Subholding for operation of international subsidiaries and DOS in The Netherlands.

**An.Del. Usa Inc.**
Subholding for operation of subsidiaries in the United States.

**Del.Pav S.r.l.**
Company that operates DOS in Italy.

**Deva Mode S.r.l.**
Company that operates DOS in Italy.

**Filangieri 29 S.r.l.**
Company that operates DOS in Italy.

**Re.Se.Del. S.r.l.**
Company for services.

**Spiga 22 S.r.l.**
Company that operates DOS in Italy.

**Via Roma 40 S.r.l.**
Company that operates DOS in Italy.

**Gen.del. SA**
Company that operates DOS in Switzerland.

**TOD'S Belgique S.p.r.l.**
Company that operates DOS in Belgium.

**TOD'S Deutschland Gmbh**
Company that distributes and promotes products in Germany and manages DOS in Germany.

**TOD'S Espana SL**
Company that operates DOS in Spain.

**TOD'S France Sas**
Company that distributes and promotes products in France and manages DOS in France.

**TOD'S Hong Kong Ltd**
Company that distributes and promotes products in Far East and South Pacific and manages DOS in Hong Kong.

**TOD'S Retail India Private Ltd**
Company that operates DOS in India

**TOD'S Japan KK**
Company that operates DOS in Japan.

**TOD'S Korea Inc.**
Company that promotes products in Korea

**TOD'S Luxembourg S.A.**
Company that operates DOS in Luxembourg.

**TOD'S Macao Ltd**
Company that operates DOS in Macao.

**TOD'S Saint Barth Sas**
Not operating company

**TOD'S (Shanghai) Trading Co. Ltd**
Company that operates DOS in China

**TOD'S Singapore Pte Ltd**
Company that operates DOS in Singapore.

**TOD'S UK Ltd**
Company that operates DOS in Great Britain.

**Webcover Ltd**
Company that operates DOS in Great Britain.

**Cal.Del. Usa Inc.**
Company that operates DOS in California (USA).

**Colo. Del. Usa Inc.**
Company that operates DOS in Colorado (USA).

**Deva Inc.**
Company that distributes and promotes products in North America, and manages of DOS in New Jersey (USA).

**Flor. Del. Usa Inc.**
Company that operates DOS in Florida (USA).

**Hono. Del. Inc.**
Company that operates DOS in Hawai (USA).

**Il. Del. Usa Inc.**
Company that operates DOS in in Illinois (USA).

**Neva. Del. Inc.**
Company that operates DOS in Nevada (USA).

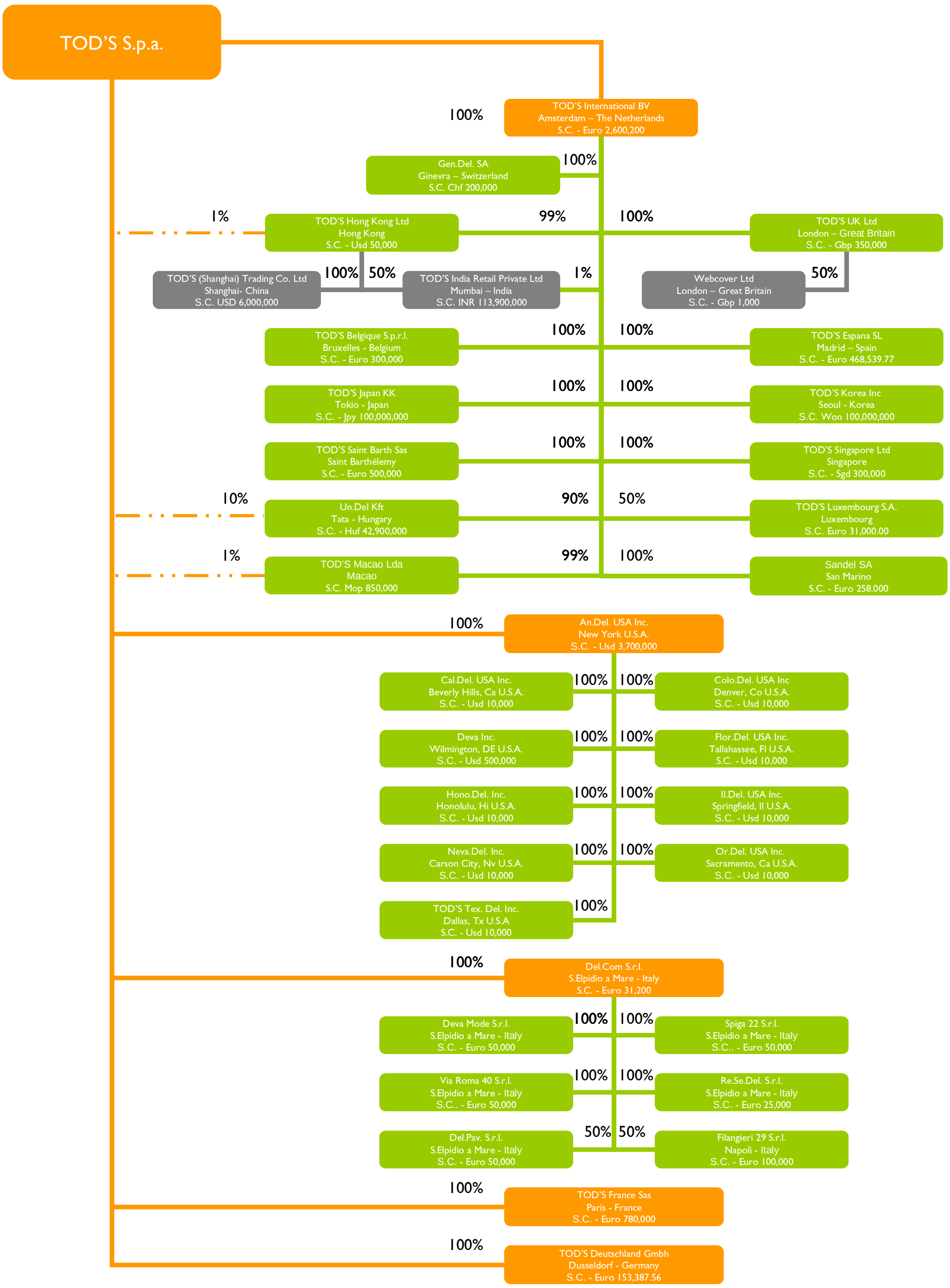
**Or. Del. Usa Inc.**
Company that operates DOS in California (USA).

**TOD'S Tex. Del. Usa Inc.**
Company that operates DOS in Texas (USA)

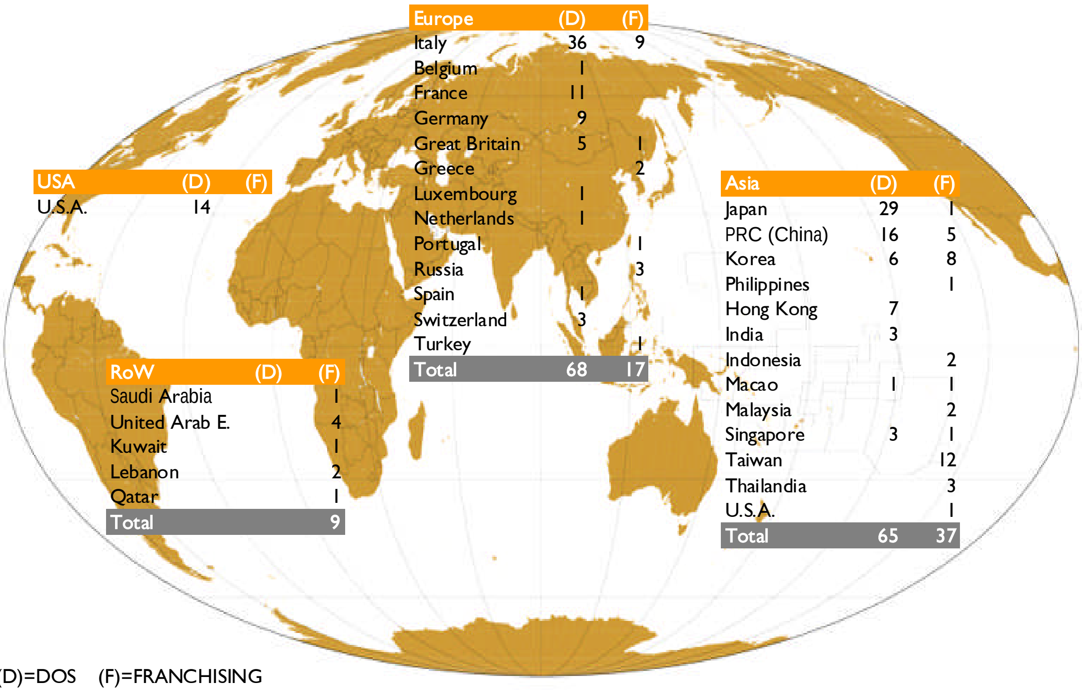
**Sandel SA**
Not operating company

**Un.Del. Kft**
Production Company

## Group organizational chart



## Distribution network as of September 30th, 2008



| USA | (D) | (F) |
|---|---|---|
| U.S.A. | 14 | |

| Europe | (D) | (F) |
|---|---|---|
| Italy | 36 | 9 |
| Belgium | 1 | |
| France | 11 | |
| Germany | 9 | |
| Great Britain | 5 | 1 |
| Greece | | 2 |
| Luxembourg | 1 | |
| Netherlands | 1 | |
| Portugal | | 1 |
| Russia | | 3 |
| Spain | 1 | |
| Switzerland | 3 | |
| Turkey | | 1 |
| Total | 68 | 17 |

| Asia | (D) | (F) |
|---|---|---|
| Japan | 29 | 1 |
| PRC (China) | 16 | 5 |
| Korea | 6 | 8 |
| Philippines | | 1 |
| Hong Kong | 7 | |
| India | 3 | |
| Indonesia | | 2 |
| Macao | 1 | 1 |
| Malaysia | | 2 |
| Singapore | 3 | 1 |
| Taiwan | | 12 |
| Thailandia | | 3 |
| U.S.A. | | 1 |
| Total | 65 | 37 |

| RoW | (D) | (F) |
|---|---|---|
| Saudi Arabia | | 1 |
| United Arab E. | | 4 |
| Kuwait | | 1 |
| Lebanon | | 2 |
| Qatar | | 1 |
| Total | | 9 |

(D)=DOS (F)=FRANCHISING

## DOS, 2008 new openings

### Italia
Milano (ROGER VIVIER) (Italy)
Roma (Italy)

### Europa
Berlin (Germany)
Mendrisio (Switzerland)
Monaco (Germany)

### Usa
Dallas (Texas)

### Far East
Kyoto (Japan)
Sendai (Japan)
Beijing (*) (PRC)
Beijing (PRC)
Changsha (PRC)
Chengdu (*) (PRC)
Chongqing (PRC)
Hangzhou (*) (PRC)
Kunming (PRC)
Nanjing (PRC)
Qingdao (PRC)
Sanya (PRC)
Shanghai (*) (PRC)
Shanghai (*) (PRC)
Tianjin (PRC)
Suzhou (PRC)
Wuhan (PRC)
Wuxi (PRC)
Bangalore (India)
Mumbai (India)
New Delhi (India)

## Franchised stores, 2008 new openings

### Europa
Salonicco (Greece)

### Far East
Kuala Lumpur (Malaysia)
Seoul (Korea)
Macao (Macao)

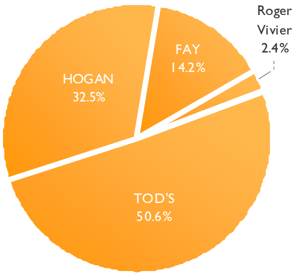
### Middle East
Doha (Qatar)

*(*)*Network conversion in franchising

*For a complete list of retail outlets operated by the DOS and franchising network, reference should be made to the corporate web site: www.todsgroup.com*

# Key consolidated financial figures

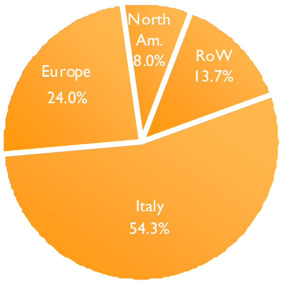
## 9M 08 Revenues - % by brand




## P&L key figures (in euro mn)

| | 9M 08 | | 9M 07 | | 9M 06 | | 9M 05 | |
|---|---|---|---|---|---|---|---|---|
| Revenues | 549.7 | | 499.9 | | 438.3 | | 395.9 | |
| EBITDA | 128.8 | 23.4% | 113.6 | 22.7% | 107.4 | 24.5% | 90.1 | 22.8% |
| EBIT | 108.2 | 19.7% | 95.7 | 19.1% | 89.7 | 20.5% | 73.1 | 18.5% |

## 9M 08 Revenues - % by region

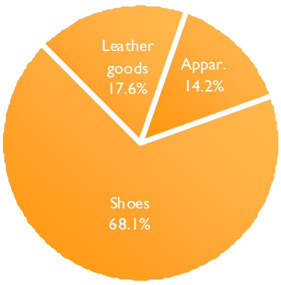



## Key Balance Sheet figures (in euro mn)

| | 09.30.08 | 12.31.07 | 09.30.07 |
|---|---|---|---|
| Net working capital [(*)] | 292.0 | 208.4 | 232.9 |
| Net financial position | 29.6 | 73.5 | 40.6 |
| Capital expenditures | 35.2 | 45.2 | 31.6 |

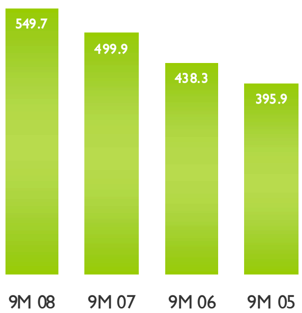
[(*)] Trade receivables + inventories – trade payables

## 9M 08 Revenues - % by product

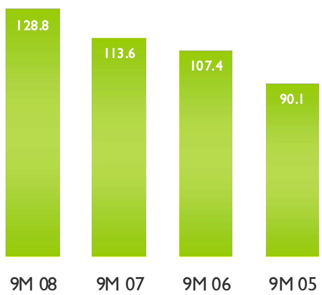



## Stock performance

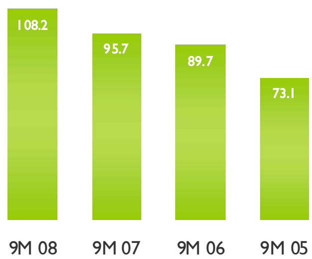

## Revenues (in euro mn)




## EBITDA (in euro mn)



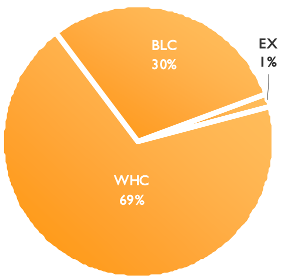

## EBIT (in euro mn)



## Principal Stock Market indicators (in euro) – TOD'S S.p.A.

| | |
|---|---|
| **Shares' price** | |
| Official price at 01.02.2008 | 48.11 |
| Official price at 09.30.2008 | 35.46 |
| Minimum price in 2008 | 29.50 |
| Maximum price in 2008 | 48.45 |
| **Market capitalization** | |
| As of January 2nd 2008 | 1,466,437,061 |
| As of September 30th 2008 | 1,080,853,423 |
| **Dividend per share** | |
| Year 2007 | 1.25 |
| Year 2006 | 1.25 |
| **Ordinary shares** | |
| Average number of outstanding shares | 30,480,920 |
| Average number of outstanding options | 1,296,120 |
| Total average number | 31,777,040 |

2008 Group employees




The Group employees

| | 09.30.08 | 12.31.07 | 09.30.07 | 09.30.06 |
|---|---|---|---|---|
| Year to date | 2,798 | 2,472 | 2,492 | 2,270 |

EX = executives
WHC = white collar employees
BLC = blue collar employees

TOD'S Group

# Information on operating performance

TOD'S Group

## Group activity

The TOD'S Group operates in the luxury sector under its proprietary brands (TOD'S, HOGAN, and FAY) and licensed brands (ROGER VIVIER e DEREK LAM). It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The company's mission is to offer top-quality products that satisfy the practical demands and desires of consumers worldwide.

## Group brands

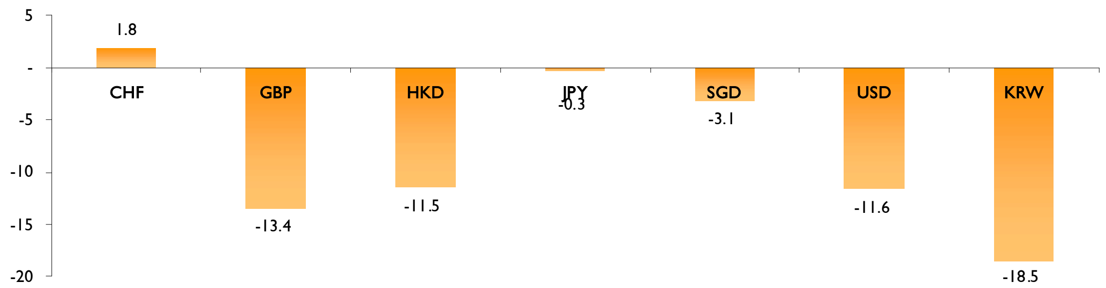
The TOD'S brand is positioned on the luxury market and combines tradition, top quality and modernity. It offers consumers shoes, leather goods, accessories and apparel whose design is exclusive, functional and never ostentatious, interpreting timeless elegance.
TOD'S products embody the high quality of goods "Made in Italy" that are handcrafted for daily use while offering a sophisticated and elegant look. Certain products, such as the *Driving Shoe* or the *D-Bag*, beloved by celebrities and leaders around the world, have become icons representing a unique and recognisably elegant style for men and women.

The HOGAN brand is positioned in the elegant luxury sportswear market, offering consumers contemporary style shoes, leather goods, accessories and apparel with an international vision.
HOGAN products, which are distinguished by their innovative character and high quality, have created a unique style, contributing to changes in the fashion habits of consumers who want a functional, comfortable, but also sporty and elegant product for everyday life.
HOGAN products are trend-setters in defining an elegant and sporty look. Some of its models are best sellers, such as its *Interactive* shoes.

This brand offers consumers a line of high-quality apparel that is distinguished by the technical treatment of fabrics, obsession for detail and extreme functionality, combining style and quality with excellence. FAY products can be worn everywhere: from the sports stadium to the office, and from the city to the countryside. In every season, the FAY collection offers innovative, recognisable products for men, women and children.

## Currency markets

The Euro steadily appreciated against all major foreign currencies during the first nine months of 2008. The U.S. dollar and the Hong Kong dollar depreciated by an average of 11.5% from their average value in the first nine months of 2007, while the depreciation of the British pound was even more pronounced. The Euro/Japanese yen exchange rate was substantially stable instead (-0.3%).




## Period operating highlights

The speculative bubble that burst in Fall 2008 hit not only financial instruments but also the raw materials and commodities markets more suddenly and precipitously than had ever happened before. In just a few days, merely latent fears suddenly materialised, causing the entire global economy to plunge into a severe crisis second only to - but for some observers even worse than - the crash of 1929.

Starting in the United States, the crisis first struck the financial sector, spreading across virtually the entire world through derivative financial operations. It drove into bankruptcy a long list of banks and financial institutions that had based their operations and profits on derivative financial instruments ("toxic" stocks and bonds), and culminated in the government bailout of the two most important American institutions operating on the home loan market and the bankruptcy of Lehman Brothers.

Just as quickly as it had appeared, the crisis then swept through the real economy, as documented by recent macroeconomic data that confirm a preoccupying stagnation of global consumer spending. All of the world's leading economies reported signs of a hard landing and contracting domestic demand, starting with the most important one of all, the United States. In 3Q 2008 it posted its worst performance since 2001.

The uncertainty and mistrust pervading all sectors, combined with a global recession that is now (as confirmed by the macroeconomic data for October) no longer just a possibility, are further impacting consumers, exacerbating the downward trend in consumer spending and the sharp fall-off in demand for goods. All of this is occurring even if inflationary pressures have generally abated, increasing consumers' purchasing power.

The details of the current crisis are still not clear and defined. However, what is certain is that the economy is undergoing correction of the profound imbalances that had accumulated over the last several years, where financial criteria had gained the upper hand over real, productive measures of performance.

Development of DOS in China (PRC). Implementation of the Group's distribution strategies on the Chinese market continued in 3Q 2008. In addition to acquisition, through the subsidiary TOD'S (Shanghai) Trading Co. Ltd, of the assets of the DOS identified in the 2007 Annual Report as *Special Purpose Entities* (Shanghai (2), Beijing and Hangzhou in 1H 2008, Chengdu effective 1 August), and the opening of five additional DOS in 1H 2008, another six boutiques were opened in Changsha, Nanjin, Beijing (the second location in that city), Suzhou, Wuhan and Wuxi. These brought the number of DOS operating in mainland China to 16 at September 30$^{th}$ 2008.

The new Indian market. The first phase of implementation of the distribution network on the Indian market was completed with opening of the store in Delhi. As one of the first luxury brands to operate on the Indian retail market, the Group owns a total of three important boutiques (DOS) in brand new malls dedicated exclusively to luxury brands. These are located in Delhi, Bangalore and Mumbai.

ROGER VIVIER in Milan. The ROGER VIVIER *maison* was opened in a prestigious 18th century building on Via Sant'Andrea in Milan at the beginning of the year. This new boutique, the second largest in Europe, brings the number of single brand ROGER VIVIER stores to five, flanking the ones located in Paris, London, New York and Hong Kong.

**The new flagship store in Rome.** A new TOD'S store opened on 2 February in Rome. Located on Via dei Condotti, it is dedicated entirely to women's fashion.

**New TOD'S concept.** The architectural design conceived to realise the new concept for TOD'S brand stores began to be implemented with the opening of the new TOD'S store in Rome, and the restyling of the biggest TOD'S store in the world, the flagship store in Milan (on Via della Spiga), and the London store (on Bond Street).

## Group results in the first nine moths of 2008

The cumulative data for the first nine months of 2008 show revenues of 549.7 million euros, up 49.7 million euros from the same period in 2007, or 9.9%. EBIT totalled 108.2 million euros, up 12.5 million euros, and represented 19.7% of revenues.

On a comparable exchange rate basis (the average of exchange rates reported in the first nine months of 2007), revenues and EBIT would climb to 560.0 million euros and 112.5 million euros, for a growth rate of 12.0% and 17.6%, respectively, from 2007.

| Year 07 | (In euro 000's) Principal economic indicators | 9M 2008 | 9M 2007 | Change | % |
|---|---|---|---|---|---|
| 657,089 | Sales revenues | 549,667 | 499,949 | 49,718 | 9.9 |
| 152,973 | EBITDA | 128,783 | 113,564 | 15,219 | 13.4 |
| (26,441) | Depr., amort., write-downs | (20,566) | (17,841) | (2,725) | 15.3 |
| 126,532 | EBIT | 108,217 | 95,723 | 12,494 | 13.1 |
| | Foreign exch. impact on revenues | 10,370 | | | |
| | Adjusted sales revenues | 560,037 | 499,949 | 60,088 | 12.0 |
| | For. exch. impact on operating cost | (5,600) | | | |
| | *Adjusted* EBITDA | 133,553 | 113,564 | 19,989 | 17.6 |
| | For. exch. impact. on depr. & amort. | (450) | | | |
| | *Adjusted* EBIT | 112,537 | 95,723 | 16,814 | 17.6 |
| | EBITDA % | 23.4 | 22.7 | | |
| | EBIT % | 19.7 | 19.1 | | |
| | *Adjusted* EBITDA % | 23.8 | 22.7 | | |
| | *Adjusted* EBIT % | 20.1 | 19.1 | | |

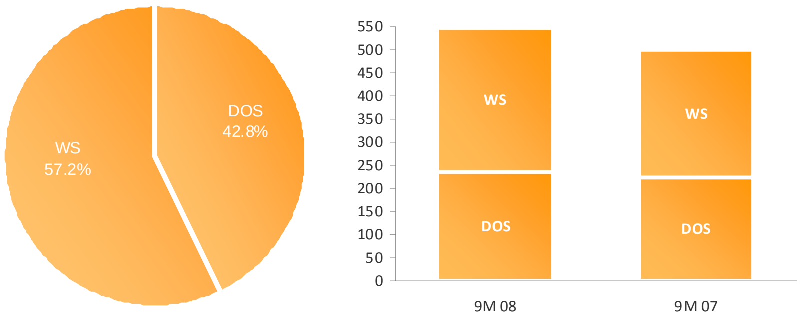
| 09.30.07 | (In euro 000's) Principal Balance Sheet indicators | 09.30.08 | 12.31.07 | Change |
|---|---|---|---|---|
| 232,898 | Net working capital (*) | 292,037 | 208,453 | 83,584 |
| 40,580 | Net financial position | 29,645 | 73,541 | (43,896) |
| 31,623 | Capital expenditures | 35,202 | 45,199 | n.s. |

*(*) Trade receivables + inventories – trade payables*

**Revenues.** Consolidated revenues in the first nine months of 2008 totalled 549.7 million euros, up 9.9% from the same period in 2007. On a comparable exchange rate basis, i.e. using the same average exchange rates for the January-September 2007 period, revenues and the growth rate would climb to 560 million euros and 12%, respectively, from the same period of the previous year.

The breakdown of revenues by channel for the first nine months of the year reveals the physiological prevalence of sales to the wholesale channel. Between January September 2008, revenues to third parties totalled 314.4 million euros, up 13.9% (15% on a comparable exchange rate basis) from the same period of 2007.

| (In euro mn) | 9M 08 | % | 9M 07 | % | Change | % |
|---|---|---|---|---|---|---|
| DOS | 235.3 | 42.8 | 223.9 | 44.8 | 11.4 | 5.1 |
| WS | 314.4 | 57.2 | 276.0 | 55.2 | 38.3 | 13.9 |
| Total | 549.7 | 100.0 | 499.9 | 100.0 | 49.7 | 9.9 |




DOS network revenues totalled 235.3 million euros; on a comparable exchange rate basis, growth was 8.3%.

The figure for same store sales growth (SSSG), which is calculated as the global average of revenue growth rates reported by DOS existing at January 1st 2007 with comparable data, is 1.4% for the first ten months of the year (January 1st – October 26th 2008).

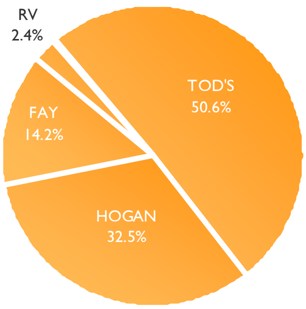
In the first nine months of 2008, the distribution network expanded with the opening of 27 new DOS (including five conversions of franchise stores). Special mention must be made of the first three locations on the Indian market (New Delhi, Mumbai and Bangalore), 16 new retail outlets in China and the previously mentioned openings of a flagship store dedicated to women's fashion on Via dei Condotti in Rome and the first Italian boutique of ROGER VIVIER on Via Sant'Andrea in Milan. During the period in question, the Group also expanded and entirely refurbished the TOD'S flagship stores in Milan and London and the HOGAN brand stores in Milan and Rome according to the new concept.

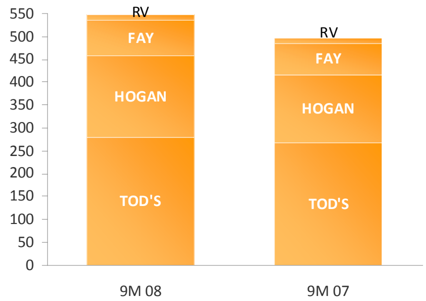
At September 30th 2008 the Group's distribution network was comprised of 147 DOS and 63 franchised stores, compared with 125 DOS and 63 franchised stores at December 31st 2007.

Positive results were reported for all brands: TOD'S brand revenues totalled 278.1 million euros in the first nine months of 2008. Growth on a comparable exchange rate basis was 7%, consistently with the trend for the first half.

The HOGAN brand enjoyed extremely strong growth, confirming the excellent results chalked up in the previous months. Revenues totalled 178.9 million euros in the first nine months of 2008, up 21.7% from the same period of 2007. The FAY brand also reported outstanding results: in the first nine months of 2008, revenues totalled 77.8 million euros, up 11.3%.

| (In euro mn) | 9M 08 | % | 9M 07 | % | Change | % |
|---|---|---|---|---|---|---|
| TOD'S | 278.1 | 50.6 | 267.9 | 53.6 | 10.2 | 3.8 |
| HOGAN | 178.9 | 32.5 | 147.1 | 29.4 | 31.8 | 21.7 |
| FAY | 77.8 | 14.2 | 69.9 | 14.0 | 7.9 | 11.3 |
| RV | 13.2 | 2.4 | 12.2 | 2.4 | 1.0 | 8.2 |
| Other | 1.7 | 0.3 | 2.8 | 0.6 | (1.2) | (40.9) |
| Total | 549.7 | 100.0 | 499.9 | 100.0 | 49.7 | 9.9 |



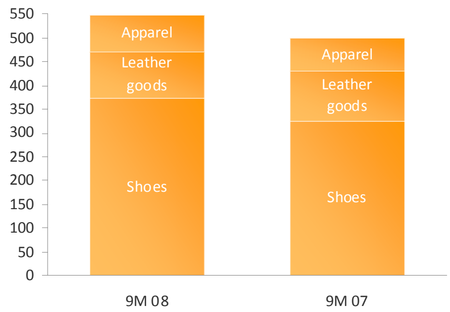




Finally, the ROGER VIVIER brand realised revenues of 13.2 million euros in the first nine months of 2008. Growth on a comparable exchange rate basis was 14.2%.

Turning to the results produced by each merchandise category, shoes and apparel sales grew at double-digit rates. Shoe revenues confirmed the excellent growth rates reported in 1H 2008, indicating the powerful hold of Group brands in its core business, notwithstanding challenging economic conditions. In the first nine months of 2008, this category reported sales of 374.3 million euros. The increase on a comparable exchange rate basis was 17.1%.

Leather good and accessory revenues totalled 96.9 million euros in the first nine months of 2008. On a comparable exchange rate basis, they fell by 5% in this period from the same period of 2007. This result was heavily impacted by the sharp slowdown of purchases by customers on important final markets, such as the United States and the Far East, particular in the leather handbag segment.

| (In euro mn) | 9M 08 | % | 9M 07 | % | Change | % |
|---|---|---|---|---|---|---|
| Shoes | 374.3 | 68.1 | 325.1 | 65.0 | 49.2 | 15.1 |
| Leather goods | 96.9 | 17.6 | 106.0 | 21.2 | (9.2) | (8.7) |
| Apparel | 78.1 | 14.2 | 68.2 | 13.6 | 9.9 | 14.5 |
| Other | 0.4 | 0.1 | 0.6 | 0.1 | (0.2) | (32.0) |
| Total | 549.7 | 100.0 | 499.9 | 100.0 | 49.7 | 9.9 |

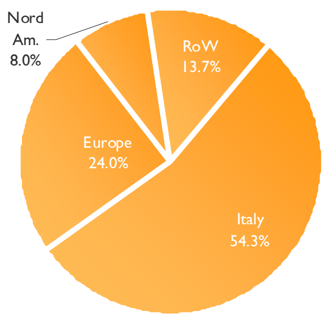



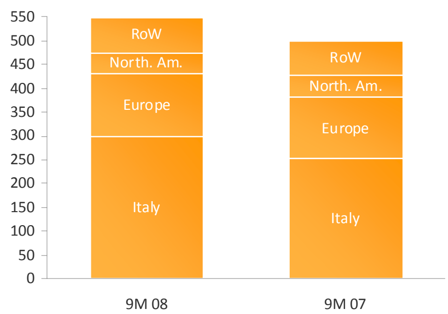

Apparel revenues were 78.1 million euros in the first nine months of 2008, for growth of 14.5% from the same period of the previous year.

In regional terms, sales volumes were up on all markets where the Group operates.

On the domestic market, sales outdid the already excellent results of the first half. Revenues in Italy totalled 298.5 million euros in the first nine months of 2008, rising by 18.4% from the same period of 2007.

| (In euro mn) | 9M 08 | % | 9M 07 | % | Change | % |
|---|---|---|---|---|---|---|
| Italy | 298.5 | 54.3 | 252.0 | 50.4 | 46.4 | 18.4 |
| Europe | 131.9 | 24.0 | 128.9 | 25.8 | 3.0 | 2.3 |
| North America | 43.8 | 8.0 | 47.4 | 9.5 | (3.6) | (7.6) |
| RoW | 75.5 | 13.7 | 71.6 | 14.3 | 3.9 | 5.4 |
| Total | 549.7 | 100.0 | 499.9 | 100.0 | 49.7 | 9.9 |



Results in the rest of Europe were also positive, where revenues totalled 131.9 million euros. Growth on a comparable exchange rate basis was 3.6%.

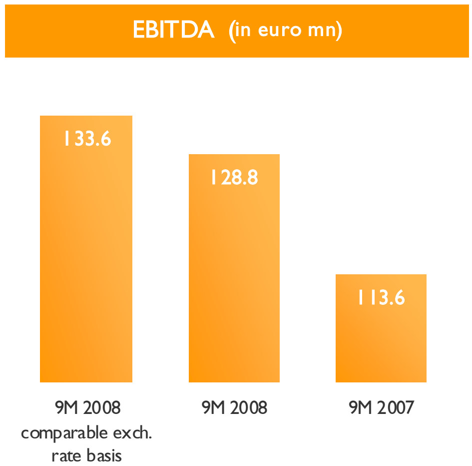
The result reported by the United States was good on a comparable exchange rate basis, with growth of 3.8% in the first nine months of 2008, even if the worsening economic situation and ongoing financial crisis caused a slowdown on this market in the second half of the year.
In the Rest of the World, revenues totalled 75.5 million euros in the first nine months of 2008. Growth on a comparable exchange rate basis was 10.3%, driven by the positive results realised in the Far East and the Middle East. Sales on the Chinese market have become increasingly volatile, while sales in Japan remained soft.

**Operating results.** In the period in question EBITDA and EBIT rose markedly from the level reported for the first nine months of the previous year, both in absolute terms and as incidence on revenues.

| (In euro 000's) | 9M 2008 | 9M 2007 | FY 2007 |
|---|---|---|---|
| **Revenues** | | | |
| Sales revenues | 549,667 | 499,949 | 657,089 |
| Others revenues and income | 11,211 | 8,783 | 12,965 |
| Total revenues | 560,878 | 508,732 | 670,054 |
| **Operating costs** | | | |
| Change in inventories of work in proc. and finis. goods | 18,827 | 18,673 | 30,296 |
| Costs of row materials, supplies and material for cons. | (147,715) | (142,913) | (187,103) |
| Costs for services | (179,792) | (160,700) | (213,991) |
| Costs of use of third party assets | (31,623) | (28,852) | (38,660) |
| Costs of labour | (77,292) | (66,209) | (89,327) |
| Other operating charges | (14,500) | (15,167) | (18,296) |
| Total operating costs | (432,095) | (395,168) | (517,081) |
| EBITDA | 128,783 | 113,564 | 152,973 |
| **Amortization, depreciation and write-downs** | | | |
| Amortization of intangible assets | (4,871) | (3,465) | (5,141) |
| Depreciation of tangible assets | (16,406) | (14,376) | (20,423) |
| Other adjustments | 1,175 | - | (494) |
| Total amortization, depreciation and write-downs | (20,102) | (17,841) | (26,058) |
| Provisions | (464) | - | (383) |
| EBIT | 108,217 | 95,723 | 126,532 |

The Group's economic structure did not change significantly in terms of its operating activities, nor was it materially impacted by extraordinary items, with the exception of the 1.3 million euro capital gain realised on sale of the industrial property in San Marino, following termination of production activities. On the other hand, the income statement for January-September 2008 reflects the addition of the results of the 22 new DOS as compared with those existing at September 30th of the previous year.

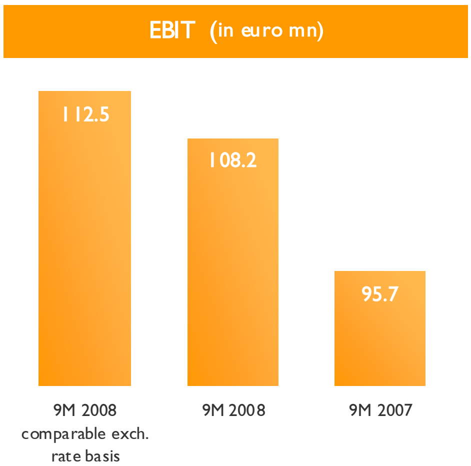
EBITDA for the first nine months of the year was 128.8 million euros, equal to 23.4% of Group revenues. In the same period of 2007, the same indicator was 113.6 million euros, equal to 22.7% of sales in that period.
On a comparable exchange rate basis (average exchange rates for the period January-September 2007) EBITDA would be 4.8 million euros higher, for a total of 133.6 million euros. In this case, it would be equal to 23.8% of revenues.



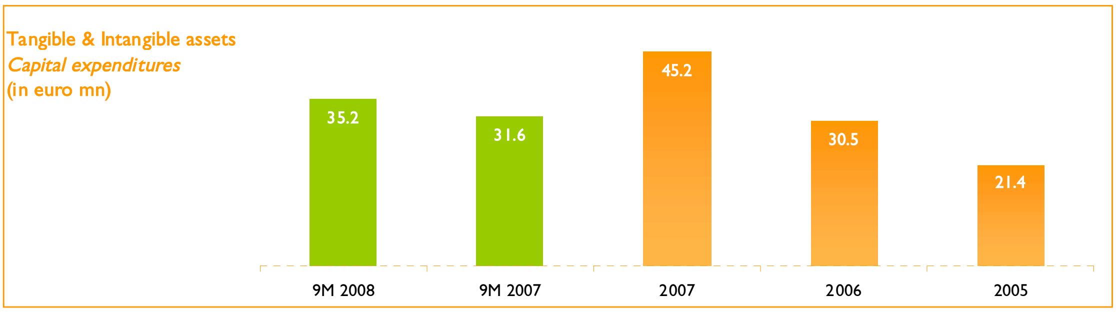

Personnel costs continued to rise in 3Q 2008, reflecting continued growth in the number of employees (55 new hires during the period), tied principally to the major expansion of the distribution network. The total outlay for personnel in the first nine months was77.3million euros (including the 2.1 million euros in bonuses distributed for all of FY 2008), compared with 66.2 million euros in the previous comparable period.
At September 30th 2008 this item was equal to 14.1% of revenues (in the first nine months of 2007: 13.2%). If the impact of the bonus were eliminated (none was given in 2007, and none will be given in 2009), the percentage impact of personnel on revenues would be 13.7%.
At the same date, the Group had 2,798 employees, 306 persons more than at September 30th 2007.

EBIT for the same period was 108.2 million euros (95.7 million euros in 2007), and was equal to 19.7% of consolidated sales at September 30th (in the first nine months of 2007: 19.1%).

Growth from the same period of the previous year was 12.5 million, or 13.1%.
On a comparable exchange rate basis, EBIT would rise to 112.5 million euros, with a growth rate of 17.6%.
EBIT for the period reflects the change in investment activity, which caused the amount of depreciation and amortisation to rise, from 17.8 million euros in the first nine months of 2007 to 20.1 million euros in the current period, and benefits from the previously mentioned capital gain of 1.3 million euros.




**Capital expenditures.** Group capital expenditures totalled 12.3 million euros during 3Q 2008, bringing the total investment in fixed assets to 35.2 million euros for the first nine months of 2008. In the same period of the previous year (January-September 2007), capital expenditures totalled 31.6 million euros, including 10.3 million in key money.

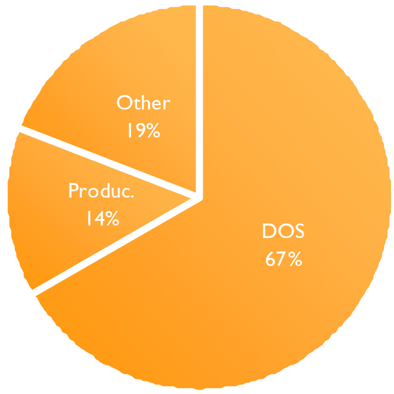


About 23 million euros were dedicated to the directly owned store network, for expansion and renovation of DOS.

About 5 million euros were invested in the production and logistic units, for the purchase of industrial equipment (moulds, forms and hollow punches).

Major investments were also made in Group information systems, with expenditure during the first nine months of the year topping 3.5 million euros.

INVESTMENTS BY ALLOCATION




Net financial position. Net liquidity at the end of the period was 29.6 million euros: assets of 55.9 million euros were offset by liabilities totalling 26.2 million euros, including 9.6 million euros collectible after twelve months.

At September 30$^{th}$ 2007 the net financial position was Euro 40.6 million euros, representing the balance of 65.3 million euros in assets and 24.7 million euros in liabilities.

| Net financial position (in euro 000's)<br>09.30.07 | | 09.30.08 | 12.31.07 | Change |
|---|---|---|---|---|
| | **Current financial assets** | | | |
| 65,323 | Cash and cash equivalents | 55,879 | 95,753 | (39,874) |
| 65,323 | Total cash and cash equivalents | | 55,879 | 95,753 |
| | **Current financial liabilities** | | | |
| (11,584) | Current account overdraft | (15,257) | (10,496) | (4,761) |
| (2,199) | Current share of medium-long term financing | (1,422) | (1,482) | 60 |
| (13,783) | Current financial liabilities | (16,679) | (11,978) | (4,701) |
| 51,540 | Current net financial position | 39,200 | 83,775 | (44,575) |
| | **Non-current financial liabilities** | | | |
| (10,960) | Financing | (9,555) | (10,234) | 679 |
| (10,960) | Non-current financial liabilities | (9,555) | (10,234) | 679 |
| 40,580 | Net financial position | 29,645 | 73,541 | (43,896) |

The financial position reflects the typical trend of cash flows during the period in question. Investments in working capital hit their structural peak in the third quarter of the year, due to exposure to independent customers in the wholesale component of sales and the accumulation of inventories for the Fall-Winter collection on the DOS network. These items release cash flow in the following quarter.

| (In euro 000's)<br>Net working capital | 30.09.08 | 30.09.07 | Change |
|---|---|---|---|
| Invetories | 234,943 | 218,731 | 16,212 |
| Trade receivables | 178,657 | 108,410 | 70,247 |
| Trade payables | (121,563) | (118,688) | (2,875) |
| Net working capital | 292,037 | 208,453 | 83,584 |

A total of 39.1 million euros in dividends were paid out during the financial year, including 38.1 million euros paid by the parent company TOD'S S.p.a. (at the rate of 1.25 euros for each of the 30,480,920 shares comprising capital).

## Significant events occurring after the end of the period

The Group and Derek Lam agreed to terminate the license agreement for his brand name (shoes, leather goods and accessories).

## Business outlook

At a point in the business cycle where all major economies are falling into recession, the luxury segment has been less affected than others by the economic downturn. This is due to the particular nature of the goods that characterise this segment. Its relative strength is illustrated by the quarterly results reported by our Group, although sales have slowed down somewhat in the last several weeks.

The objective difficulties involved in forecasting the final impact of the current economic and financial crisis on the global economic structure and consumption, and the currently extreme level of volatility of sales on the principal international markets render it impossible to make clear-cut predictions of changes over the short term. However, current conditions allow us to forecast further growth in revenues and net profit for the Group in 2008.

The TOD'S Group has a solid foundation in terms of its assets and liabilities, and particularly in terms of its financial independence. Nevertheless, the current market situation and a prudent strategic vision compel it to take an ever-more prudent approach to every investment and growth decision, and greater prudence in its development strategies, at least over the short term.

However, this prudent attitude does not imply renouncing the fundamental drivers of the Group's development (brand image, the quality of its products) and potential growth "opportunities" that might arise during this period, which the Group is ready to seize thanks to its flexible decision-making structure and financial resources.

## Compliance with Title VI of the regulation implementing Legislative Decree 58 of 24 February 1998, concerning market regulation ("Market Regulation")

TOD'S S.p.A. directly and indirectly controls certain companies that are incorporated and regulated by countries outside the European Union (TOD'S Hong Kong Limited, TOD'S Japan k.k., Andel USA Inc. and Deva Inc.), and that are materially significant pursuant to Article 36(2) Market Regulation.

The following observations are made in consideration of the requirements imposed by Article 36 of the Market Regulation:

a) in the Issuer's opinion, the aforementioned companies possess an administrative, accounting and reporting system that is capable of regularly providing TOD'S S.p.A. management and auditors with the operating, capital and financial data they need to prepare the consolidated financial statements;

b) the independent auditor of TOD'S S.p.A. has been provided with the information it needs to audit the annual and interim accounts of that parent company;

c) the Issuer has control over the bylaws and members of the corporate officers and their powers at the mentioned companies, and it is regularly updated on any changes made to them;

d) the accounts of the mentioned companies that are prepared for drafting the consolidated financial statements of the TOD'S Group will be provided in accordance with the terms and conditions established by current laws and regulations.

## Guidelines for preparation of the Interim Report

The TOD'S Group Interim Report on operations at September 30$^{th}$, 2008 was prepared pursuant to Article 154 ter (5) of the Consolidated Law on Financial Intermediation ("TUF") introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/EC (the "Transparency Directive").

The consolidated financial statements were approved by the Board of Directors of TOD'S S.p.a. on November 12$^{th}$, 2008, and on the same date that body authorized its publication.

## Accounting policies

The accounting policies applied to prepare the financial figures reported on the Interim Report on operations at September 30th, 2008 was prepared by applying IAS/IFRS, issued by IASB and approved by the European Union at the reporting date. IAS/IFRS refers to the *International Accounting Standards* (IAS), *International Financial Reporting Standards* (IFRS), and all interpretative documents issued by the IFRIC (previously called the Standing Interpretations Committee).
The same accounting standards used to prepare the consolidated financial statements at December 31st, 2007 were used to prepare this Report.

Preparation of the financial figures reported on the Interim Report on operations at September 30th, 2008 entails making estimates and assumptions based on the management's best valuation. If these estimates and assumptions should change in future from the actual circumstances, they will obviously be modified for the period in which those circumstances changed.
Specifically in regard to determination of eventual impairment losses affecting fixed assets, complete tests are performed only when the annual report is prepared, when all information as might be necessary is available, unless there are indications that require immediate valuation of eventual impairment losses or the occurrence of events that required repetition of the procedure.
The rates applied for translation of the financial statements of subsidiaries using a functional currency other than the currency used for consolidation, are illustrated in the following table and compared with those used in the previous period:

| | | Jan.-Sep. 2008 | | Jan.-Sep. 2007 | |
|---|---|---|---|---|---|
| | Base | Exch. Rate at Sep. 30th | Average exch. rate | Exch. Rate at Sep. 30th | Average exch. rate |
| US dollar | 1 | 0.699 | 0.657 | 0.705 | 0.744 |
| UK pound | 1 | 1.265 | 1.279 | 1.435 | 1.478 |
| Swiss franc | 1 | 0.633 | 0.622 | 0.602 | 0.611 |
| Hong Kong dollar | 100 | 8.999 | 8.436 | 9.086 | 9.528 |
| Japanese yen | 100 | 0.664 | 0.621 | 0.611 | 0.624 |
| Hungarian forint | 1,000 | 4.118 | 4.042 | 3.989 | 3.988 |
| Singapor dollar | 1 | 0.489 | 0.472 | 0.475 | 0.488 |
| Korean WON | 1,000 | 0.579 | 0.650 | 0.771 | 0.798 |
| Chinese Renminbi | 100 | 10.208 | 9.418 | | |
| Macao Pataca | 100 | 8.743 | 8.189 | 8.809 | 9.251 |
| Indian rupia | 100 | 1.506 | 1.577 | | |

## Alternative indicators of performances

In order to strip the effects of changes in exchange rates from the average values of the first nine months of 2007 from the results for the nine months of 2008, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the nine months of 2007, thereby rendering them fully comparable with those of the previous period.
However, it should be pointed out that these principles for measuring corporate performance represent a method of interpreting results that is not envisaged in IAS/IFRS, while they must not be considered substitutes for the results calculated according to those principles.
Furthermore, although the aggregate annual sales of the TOD'S Group are not subject to severe seasonal or cyclical variations in aggregate annual sales, its revenues and costs do fluctuate from quarter to quarter, largely in tandem with changes in the volumes of its industrial activity.
For this reason, analysis of the interim operating results and financial indicators (revenues, EBITDA, EBIT, financial position and working capital) cannot be considered fully representative, and it would be incorrect to consider the period indicators referred to in this report as proportionate to the whole year's results.

## Scope of consolidation

Compared with September 30th, 2007, the scope of consolidation includes the subsidiaries TOD'S Tex.Del. Inc., TOD'S (Shanghai) Trading Co Ltd and TOD'S India Retail Pte Ltd. Compared with December 31st, 2007, the scope of consolidation includes the subsidiaries TOD'S Tex.Del. Inc.
The activities of the special purpose entities were also included in the scope of consolidation, which were merged in 2008 with TOD'S (Shanghai) Trading Co Ltd.

## Transactions with related parties

In the first nine months of 2008, the TOD'S Group participated in a number of transactions with parties that have an interest in the Group itself (mainly directors). These transactions, which were all exclusively in the Group's interest, were carried out by applying contractual conditions that would theoretically be applied in an arm's length transaction, in compliance with the governance rules aimed at assuring their regularity, transparency, and substantial fairness.
The principal object of transactions with related parties was the sale of products, lease of spaces for retail outlets, show rooms, and offices, the user license for the ROGER VIVIER brand, provision of advertising services.
The following table illustrates the details of these transactions: the transactions amongst Group's companies included in the scope of consolidation were eliminated from the consolidated financial statements, and thus they are not shown in these notes.

### i. Commercial transactions with unconsolidated subsidiaries

| Revenues and costs (In euro 000's) | 9M 2008 | | | 9M 2007 | | |
|---|---|---|---|---|---|---|
| | Costs | Revenues | Capitalized expenses | Costs | Revenues | Capitalized expenses |
| **Selling products** | | | | | | |
| *Special Purpose Entities* | 3,706 | 906 | | | 2,245 | |
| Total | 3,706 | 906 | | | 2,245 | |

| Receivables and payables (In euro 000's) | 09.30.08 | | 09.30.07 | |
|---|---|---|---|---|
| | Receivables | Payables | Receivables | Payables |
| *Special Purpose Entities* | 3,132 | 2,841 | 3,943 | |
| Total | 3,132 | 2,841 | 3,943 | |

### ii. Commercial transactions with other related entities – Revenues and costs

| Revenues and costs (In euro 000's) | 9M 2008 | | | 9M 2007 | | |
|---|---|---|---|---|---|---|
| | Costs | Revenues | Capitalized expenses | Costs | Revenues | Capitalized expenses |
| **Selling products** | | | | | | |
| Roger Vivier Paris S.a.s | | 163 | 1,231 | | 20 | 1,524 |
| **Ordinary leases** | | | | | | |
| Immobiliare De.Im. S.r.l. | | 2,080 | 81 | | 2,139 | 41 |
| Difran S.a.s. | | 146 | | | 141 | |
| Holpaf BV | | 2,255 | | | 2,122 | |
| **User license contract "Roger Vivier"** | | | | | | |
| Gousson - Consultadoria & Mark. Lda | | 1,276 | 6,858 | | 1,283 | 3,306 |
| **Advertising services** | | | | | | |
| Forma Pura S.r.l. | | 1,132 | | | 1,579 | |
| Total | | 7,052 | 8,170 | | 7,284 | 4,871 |

### iii. Commercial transactions with other related entities – receivables and payables

| Receivables and payables (In euro 000's) | 09.30.08 | | 90.30.07 | |
|---|---|---|---|---|
| | Receivables | Payables | Receivables | Payables |
| Roger Vivier Paris S.a.s | 358 | 65 | 797 | 38 |
| Immobiliare De.Im. S.r.l. | | 184 | | 412 |
| Difran S.a.s. | | 178 | | 59 |
| Holpaf BV | | | | 6 |
| Gousson - Consultadoria & Mark. Lda | 6,877 | 2,087 | 3,425 | 1,283 |
| Forma Pura S.r.l. | | 281 | | 710 |
| Total | 7,235 | 2,795 | 4,222 | 2,508 |

Milan, November 12th 2008

The Chairman of the Board of Directors
Diego Della Valle

## Declaration pursuant to Article 154bis(2) of the Consolidated Law on Financial Intermediation

The manager charged with preparing the company's financial reports certifies, pursuant to Article 154bis(2) of the Consolidated Law on Financial Intermediation, that the accounting information presented in this document corresponds to the accounting documents, books, and ledger entries.

The manager charged with preparing the company's financial reports
Rodolfo Ubaldi