TOD'S Group

# INTERIM REPORT ON OPERATIONS AT SEPTEMBER 30th, 2012

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# Company's data

## Registered office

TOD'S S.p.A.

Via Filippo Della Valle, 1

63811 Sant'Elpidio a Mare (Fermo) - Italy

Tel. +39 0734 8661

## Legal data Parent company

Share Capital resolved euro 61,218,802

Share Capital subscribed and paid euro 61,218,802

Fiscal Code and registration number on Company Register of Court of Fermo: 01113570442

Registered with the Chamber of Commerce of Fermo under n. 114030 R.E.A.

## Offices and Showrooms

Dusseldorf – Kaistrasse, 2

Hong Kong – 35/F The Lee Gardens, 33 Hysan Avenue, Causeway Bay

London – Old Bond Street, 16

Milan - Corso Venezia, 30

Milan - Via Savona, 56

Milan - Via Serbelloni, 1-4

Milan - Via della Spiga, 22

New York - 450, West 15th Street

Paris – Rue Royale, 20

Seoul – 11/F, 609 Eonju-ro, Gangnam-Gu

Shanghai - 1717 Nanjing West Road, Wheelock Square 45/F

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 (FM) - 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 | |
| | Vito Varvaro | |
| **Executive Committee** | Diego Della Valle | Chairman |
| | Andrea Della Valle | |
| | Fabrizio Della Valle | |
| | Emilio Macellari | |
| | Stefano Sincini | |
| | Vito Varvaro | |
| **Compensation Committee** | Luigi Abete | Chairman |
| | Luigi Cambri | |
| | Pierfrancesco Saviotti | |
| **Control and Risk Committee** | Luigi Cambri | Chairman |
| | Maurizio Boscarato | |
| | Pierfrancesco Saviotti | |
| **Independent Directors Committee** | Pierfrancesco Saviotti | Chairman |
| | Luigi Abete | |
| | Luigi Cambri | |
| **Board of statutory Auditors** [(2)] | Enrico Colombo | Chairman |
| | Gilfredo Gaetani [(3)] | Acting stat. auditor |
| | Fabrizio Redaelli | Acting stat. auditor |
| | Massimo Foschi | Substitute auditor |
| | Aldo Bisioli [(3)] | Substitute auditor |
| **Independent Auditors** [(4)] | PricewaterhouseCoopers S.p.A. | |
| **Manager charged with preparing a company's financial report** | Rodolfo Ubaldi | |

[(1)] Term of the office: 2012-2014 (resolution of the Shareholders' meeting as of April 19th, 2012)
[(2)] Term of the office: 2010-2012 (resolution of the Shareholders' meeting as of April 22nd, 2010)
[(3)] Appointed by the Shareholder meeting as of April 19th, 2012
[(4)] Term of the office: 2012-2020 (resolution of the Shareholders' meeting as of April 19th, 2012)

## TOD'S Group

**TOD'S S.p.A.**
*Parent Company, owner of TOD'S, HOGAN and FAY brands and licensee of ROGER VIVIER brand.*

**Del.Com. S.r.l.**
Sub-holding for operation of national subsidiaries and DOS in Italy.

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

**An.Del. Usa Inc.**
Sub-holding for operation of subsidiaries in the United States.

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

**Filangieri 29 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 distributes and promotes products in Spain and manages DOS in Spain.

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

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

**TOD'S Hong Kong Ltd**
Company that distributes and promotes products in Far East and South Pacific and manages DOS in Hong Kong. Sub-holding for operation of international subsidiaries in Asia.

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

**TOD'S Korea Inc.**
Company that operates DOS in Korea.

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

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

**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 distributes and promotes products in Great Britain and manages DOS in Great Britain

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

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

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

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

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

**Il. Del. Usa Inc.**
Company that operates DOS 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).

**E-TOD'S Inc.**
E-commerce company for US market.

**Holpaf B.V.**
Real estate company.

**Alban.Del Sh.p.k.**
Production company.

**Sandel SA**
Not operating company.

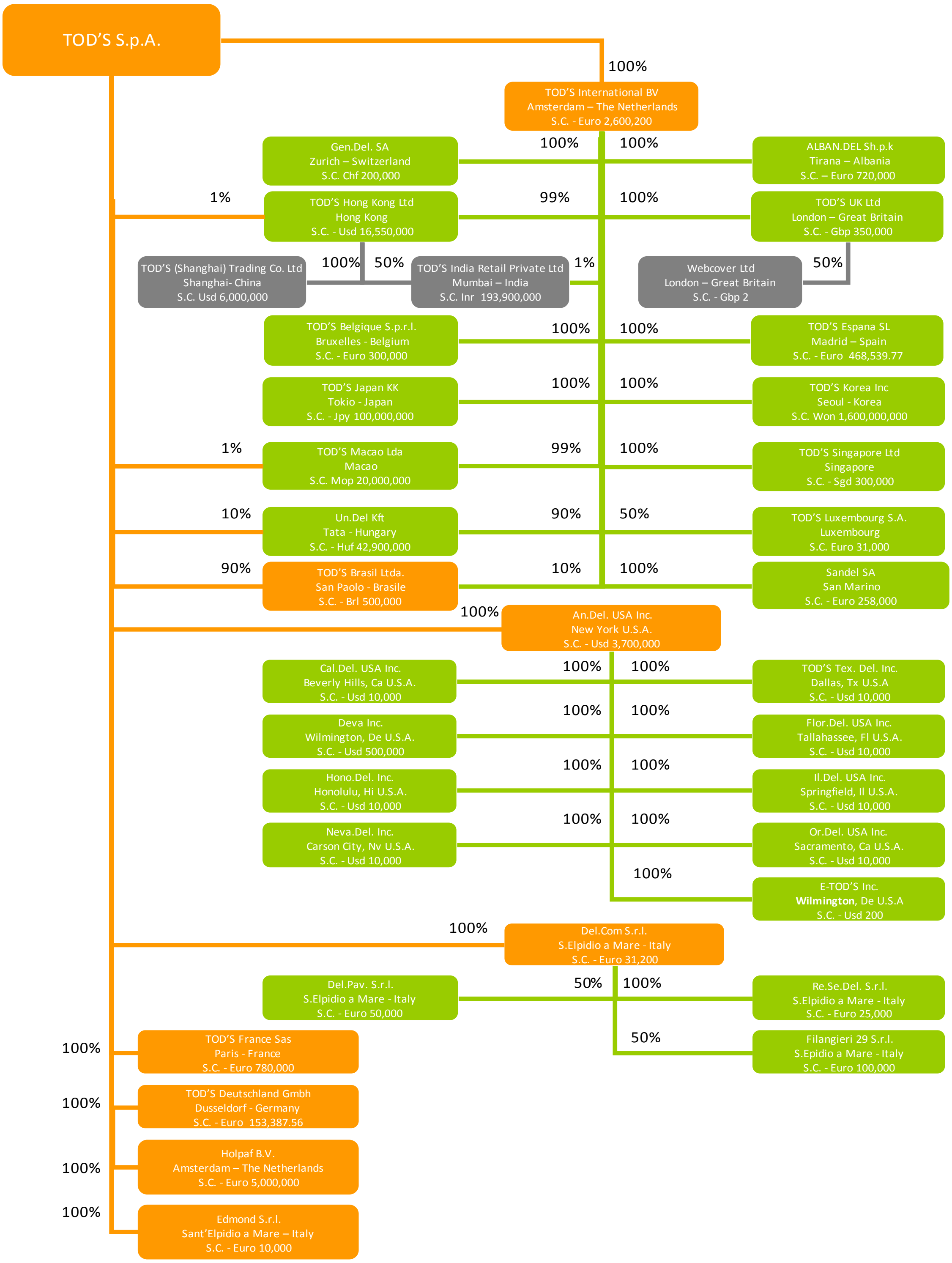
**Un.Del. Kft**
Production company.

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

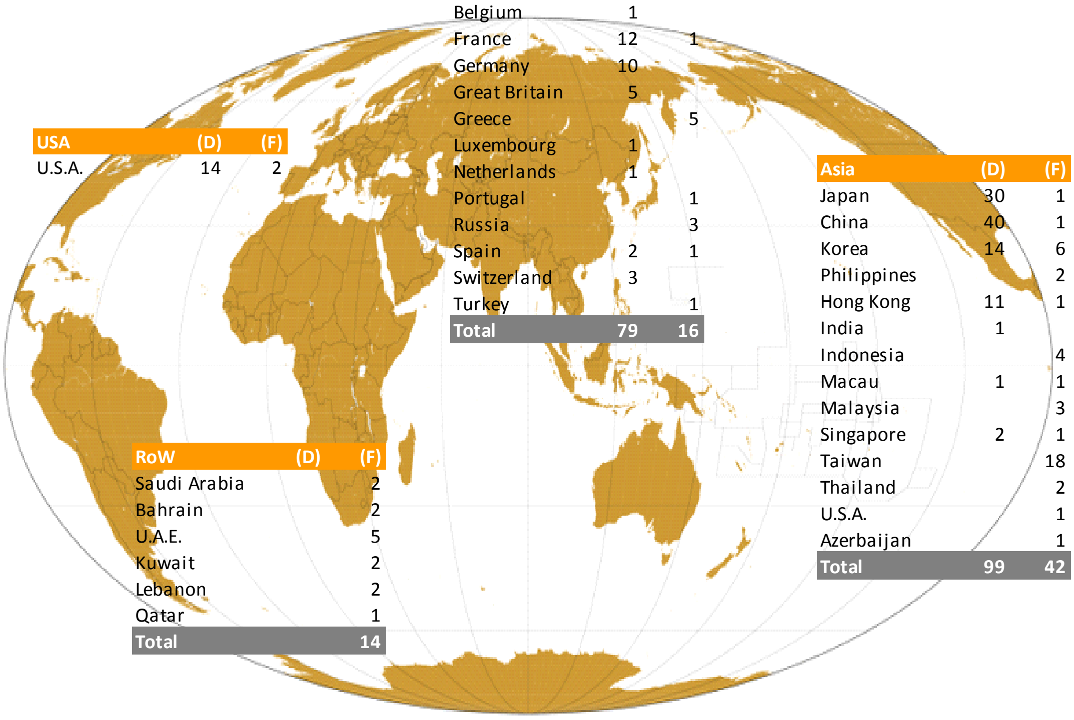
**TOD'S Brasil Ltda**
Start up company that operates DOS in Brazil.

**Edmond S.r.l.**
Real estate company.

## Group's organizational chart



## Distribution network as of September 30th, 2012



| Europe | (D) | (F) |
|---|---|---|
| Italy | 44 | 4 |
| Belgium | 1 | |
| France | 12 | 1 |
| Germany | 10 | |
| Great Britain | 5 | |
| Greece | | 5 |
| Luxembourg | 1 | |
| Netherlands | 1 | |
| Portugal | | 1 |
| Russia | | 3 |
| Spain | 2 | 1 |
| Switzerland | 3 | |
| Turkey | | 1 |
| **Total** | **79** | **16** |

| USA | (D) | (F) |
|---|---|---|
| U.S.A. | 14 | 2 |

| Asia | (D) | (F) |
|---|---|---|
| Japan | 30 | 1 |
| China | 40 | 1 |
| Korea | 14 | 6 |
| Philippines | | 2 |
| Hong Kong | 11 | 1 |
| India | 1 | |
| Indonesia | | 4 |
| Macau | 1 | 1 |
| Malaysia | | 3 |
| Singapore | 2 | 1 |
| Taiwan | | 18 |
| Thailand | | 2 |
| U.S.A. | | 1 |
| Azerbaijan | | 1 |
| **Total** | **99** | **42** |

| RoW | (D) | (F) |
|---|---|---|
| Saudi Arabia | | 2 |
| Bahrain | | 2 |
| U.A.E. | | 5 |
| Kuwait | | 2 |
| Lebanon | | 2 |
| Qatar | | 1 |
| **Total** | | **14** |

(D)=DOS (F)=FRANCHISED STORES

### DOS, 2012 new openings

**Europe**

| | |
|---|---|
| Berlin | (Germany) |

**Far East**

| | |
|---|---|
| Hefei | (China) |
| Xi'an [1] | (China) |
| Shenyang [1] | (China) |
| Shanghai [1] | (China) |
| Harbin | (China) |
| Shenyang | (China) |
| Shenyang | (China) |
| Shenyang | (China) |
| Beijing | (China) |
| Beijing | (China) |
| Hong Kong | (China) |
| Hiroshima | (Japan) |
| Seul | (Korea) |
| Seul | (Korea) |
| Tokyo | (Japan) |

**USA**

| | |
|---|---|
| Costa Mesa | (USA) |

### Franchised stores, 2012 new openings

**Europe**

| | |
|---|---|
| Moscow | (Russia) |
| Paris (Airport) | (France) |

**Far East**

| | |
|---|---|
| Kaohsiung | (Taiwan) |
| Hainan | (China) |
| Baku | (Azerbaijan) |
| Taipei | (Taiwan) |

**USA**

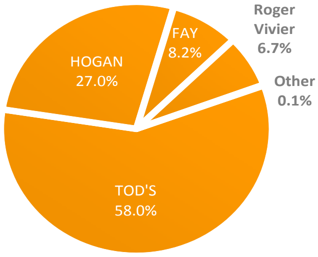
| | |
|---|---|
| Honolulu | (USA) |
| Waikiki | (USA) |

(1) Franchised store take over

*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](http://www.todsgroup.com)*

## Key consolidated financial figures

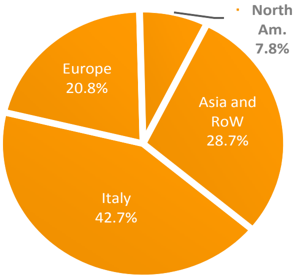
**9M 2012 Revenue - % by brand**




**P&L Key figures (euro millions)**

| | 9M 2012 | | 9M 2011 | | 9M 2010 | | 9M 2009 | |
|---|---|---|---|---|---|---|---|---|
| Revenues | 749.9 | | 699.0 | | 609.1 | | 559.4 | |
| EBITDA | 199.5 | 26.6% | 192.4 | 27.5% | 157.4 | 25.8% | 130.7 | 23.4% |
| EBIT | 169.7 | 22.6% | 164.4 | 23.5% | 133.1 | 21.8% | 107.6 | 19.2% |

**9M 2012 Revenue - % by region**



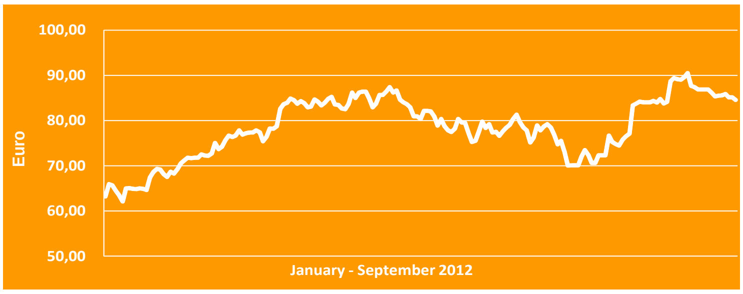

**Main Balance Sheet indicators (euro millions)**

| | 09.30.12 | 12.31.11 | 09.30.11 |
|---|---|---|---|
| Net Working Capital (*) | 303.7 | 226.8 | 295.5 |
| Net financial position | 74.0 | 110.7 | 64.5 |
| Capital expenditures | 41.5 | 61.9 | 48.6 |

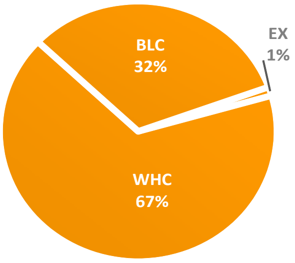
*(*) Trade receivable + inventories - trade payable*

**9M 2012 Revenue - % by product**


**Stock performance**




**Employees 2012: composition**



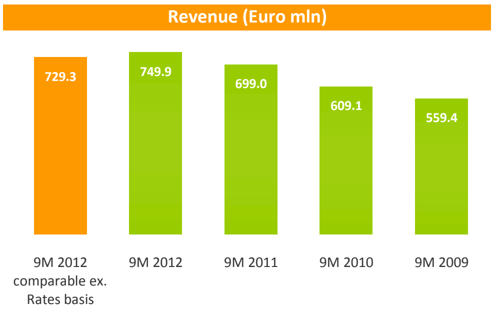

**The Group's employees**

| | 09.30.12 | 12.31.11 | 09.30.11 | 09.30.10 |
|---|---|---|---|---|
| Year to date | 3,861 | 3,549 | 3,558 | 3,138 |

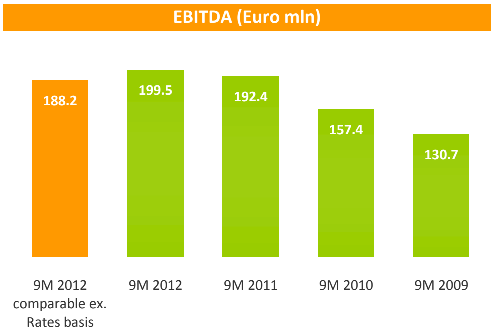
Legenda:
Execut. = Executive
White Col. = White Collar
Blue Col. = Blue Collar

## Highlights of results

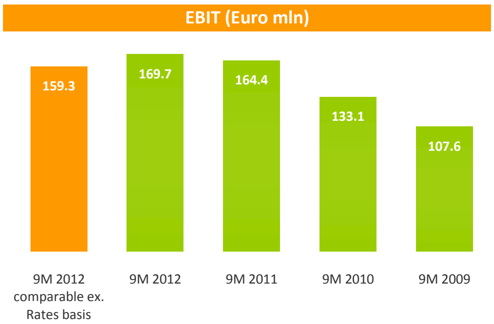
**Revenues:** revenues totalled 749.9 million euros (the effect of exchange rate fluctuations is 20.6 million euros, positive), for growth of 7.3% from the first nine months of 2011. The sales performance of DOS network was particularly satisfying (+24%).



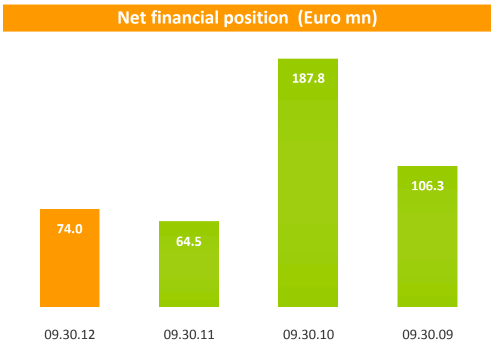

**EBITDA:** growth of this result which is 199.5 million euros, representing a 26.6% on Group sales (first nine months of 2011: 192.4 million euros).




**EBIT:** this totalled 169.7 million euros, against 164.4 million euros of the first nine months of 2011 (+3.2%).




**Net financial position (NFP):** Cash and cash equivalents of the Group amount to 149.4 million euro at September 30th, 2012. Net financial position was 74 million euros at the same date (64.5 million euros at September 30th, 2011).




**Capital expenditures:** these totalled 41.5 million euros for the first nine months of 2012; they were 48.6 million euros last September 30th, 2011.

**Distribution network:** at September 30th, the single brand distribution network comprised 192 DOS (increased by 24 units compared to September 30th, 2011) and 74 franchised stores.

TOD'S Group

# REPORT ON OPERATIONS

TOD'S Group

## Group's activity

TOD'S Group operates in the luxury sector under its proprietary brands (TOD'S, HOGAN, and FAY) and licensed brands (ROGER VIVIER). It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The Company's mission is to offer global customers top-quality products that satisfy their functional requirements and aspirations.

## Group's brands

TOD'S

The TOD'S brand is known for shoes and luxury leather goods, with styles that have became icons of modern living; Tod's is known in the luxury goods sector as a symbol of the perfect combination of tradition, quality and modernity. Each product is hand-crafted with highly-skilled techniques, intended, after laborious reworking, to become an exclusive, recognisable, modern and practical object. Some styles, like the Driving Shoe and the D bag, are cherished by celebrities and ordinary people worldwide, and have become icons and forerunners of a new concept of elegance, for both women and men.

HOGAN

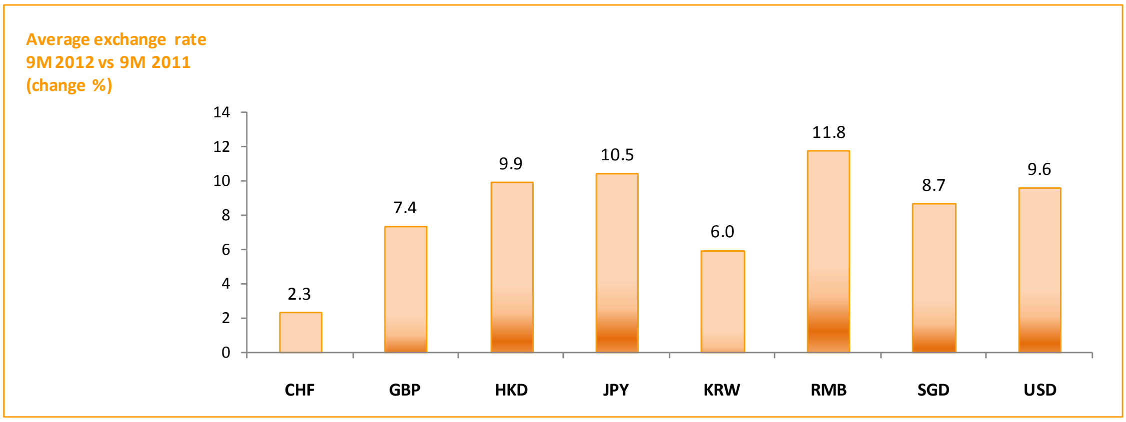
Begun in the 80s with shoe collections for women, men and children, the HOGAN brand now also crafts various leather goods items. The HOGAN brand is distinctive for high quality, functionality and design. Every product stems from a highly skilled design technique and is created using quality materials with a particular passion for details and a search for perfection. HOGAN products are the highest expression of a "new luxury" lifestyle. HOGAN is meant for someone who cherishes the type of luxury associated with product excellence, innovative original design and consummate practicality. The Traditional and the Interactive shoe styles endure as continuing "best sellers".

FAY is a brand created in the mid 80s with a product range of high quality casual wear. The brand is known for its quality craftsmanship, for the excellence of its materials, a meticulous attention to craft details and its high functionality without sacrificing style and quality. FAY products are wearable everywhere: from the stadium to the office, in urban areas and in the countryside. The line, which has seasonal men's, women's and junior's collections, focuses on classic evergreen styles, continuously modified and refreshed with innovative and recognisably eye-catching design.

The Fabergé of shoes, and creator of the first stiletto heel in the 1950's, ROGER VIVIER designed extravagant and luxuriously decorated shoes that he described as being "sculptures." Today, the artistic heritage and excellent traditional roots of the Vivier fashion house have been revived. Under the management of Creative Director Bruno Frisoni, Vivier's work and vision endure. New chapters are added to this unique life story every year, which goes beyond the world of footwear to include handbags, small leather goods, jewellery and sunglasses.

## Foreign currency markets

Average exchange rates of the first nine months of 2012, compared to figures for the same period of the previous year, showed a broadly weakening of euro, especially against the Japanese yen and the Chinese Renmimbi.




## Main events and operations during the period

The results for the first nine months of 2012 confirm the growth trend noted in the first six months of the year, in spite of the demanding comparison with the excellent results of all four quarters of the 2011 financial year.

While consumption has been poor on the domestic market, as a result of which we have had to rationalise the multi-brand channel distribution network, excellent sales figures were achieved on the other markets, in America and Asia above all, where growth rates of 33% and 54.7% respectively were obtained. The results achieved by the ROGER VIVIER brand were particularly positive, with revenues more than doubled.

The sales trend in the directly operated stores network was excellent, with an overall increase of 24% in revenues by comparison with the same period in 2011, driven forward mainly by the Asian markets, where the brands distributed confirm the two-figure growth rates.

The Group growth strategy on these markets, which are now the most important driving force of development in the luxury sector as a whole, continued in 2012, during which we invested considerable resources to sustain the development of the direct distribution network, with the opening of twelve new sales stores.

Growth in the directly operated stores in continental China (PRC) was particularly significant. With the takeover of the existing franchised stores, the Group virtually assumed full control of distribution in that country. On September 30th, 2012, the distribution network consisted of 40 direct sales operated stores, partly due to the opening of seven new boutiques in the first nine months of the year. Of particular strategic importance are those dedicated to the ROGER VIVIER (in Beijing and Shenyang) and HOGAN brands (Beijing), which have to be regarded as further steps in the internationalisation process for those brand names. As far as business development is concerned, within the coming few months the TOD'S brand products will be on sale in Brazil, in all three main shopping centres of Sao Paulo, the reference point for the Brazilian luxury market, which is undergoing considerable development and offers great potential for the sector as a whole over the next few years.

The Group has also reached an agreement for the development of the e-commerce channel. This business area will be managed by a new operator in the online sales sector, Italiantouch S.r.l., which will focus on the marketing of the brands and exclusive luxury products, artistic works, interior design, cosmetics, jewellery, watches, gourmet products, hotels and travel. The transaction was subject to the transactions with related parties procedure, given that Italiantouch S.r.l. is a related company.

The agreement involves the marketing by the partner of the products from all four Group brand names, through its own e-commerce site and a store dedicated exclusively to the Group brand names, which is accessible from the websites of the single brands. The channel will be started up initially on the Italian market and in the main European countries, and will later be gradually extended to the other main reference markets for the brands.

Another significant factor for the Group is the redefinition of the existing agreements with Marcolin S.p.A. on the licences granted to it for the production and sale of the TOD'S and HOGAN branded spectacles and sunglasses. The proposed extension of the TOD'S licence, originally due to expire on December 31st, 2014, to December 31st, 2018 has been approved, subject to new conditions. We decided on the other hand to replace the HOGAN licence agreement with a supply contract, on the basis of which Marcolin S.p.A. will in any case continue to produce the eyewear for exclusive sale in the stores which distribute the HOGAN branded products.

Further impulse was given to the Group's commitment in the area of social responsibility. The solidarity plan aimed at improving the living conditions of the families of the company employees is about to enter its operational phase. In this first phase, the plan, in addition to the confirmation of the economic contribution of 1,400 Euros, involves health insurance for the employees of the industrial division, which also extends to the family members, with a view to covering specialist dental care and major surgical operations, and the cost of purchasing schoolbooks for the children of employees. At organisational level, the merger of Formapura S.r.l. into the parent company TOD'S S.p.A was completed in the third quarter. This company was acquired on January 1st, 2012, with a view to incorporating the marketing and promotion operations, initially managed by that company on an outsourcing basis, into the Group.

On August 1st, 2012, the parent company TOD'S S.p.A. also acquired 100% of the shares in Edmond S.r.l., a real estate company which owns land suitable for building purposes in the area where the Group headquarters are situated, at Sant'Elpidio a Mare. With a view to rationalising the management of this property asset, which guarantees that the Group will have space at its disposal for the further expansion of the production structures, the Board of Directors of TOD'S S.p.A. resolved on the merger of that company on October 12th, 2012.

## Group's results in the first nine months of 2012

In the first nine months of 2012, TOD'S Group generated sales totalling 749.9 million euros, up by 50.9 million euros or 7.3% over figures for the same period of the previous year. Exchange-rate effect was positive: maintaining cross rates constant, sales revenues would have amounted to 729.3 million euros, reflecting a year-on-year increase of 4.3%.

EBITDA and EBIT amounted to 199.5 million euros and 169.7 million euros, respectively, and they continued to grow in respect of last September 30th, 2011, when they were 192.4 and 164.4 million euros. EBITDA and EBIT represent respectively, 26.6% and 22.6% of total consolidated sales revenues.

| FY 11 | Euro 000's<br>Main economic indicators | 9M 2012 | 9M 2011 | Change | % |
|---|---|---|---|---|---|
| 893,638 | Sales revenues | 749,909 | 699,043 | 50,866 | 7.3 |
| 232,417 | EBITDA | 199,482 | 192,353 | 7,129 | 3.7 |
| (37,787) | Deprec., amort., write-downs and advances | (29,806) | (27,985) | (1,821) | 6.5 |
| 194,630 | EBIT | 169,676 | 164,368 | 5,308 | 3.2 |
| | Foreign exchange impact on revenues | (20,564) | | | |
| | Adjusted Sales Revenue | 729,345 | 699,043 | 30,302 | 4.3 |
| | Foreign exchange impact on operating costs | 9,327 | | | |
| | Adjusted EBITDA | 188,245 | 192,353 | (4,108) | (2.1) |
| | Foreign exchange impact on deprec.& amort. | 885 | | | |
| | Adjusted EBIT | 159,324 | 164,368 | (5,044) | (3.1) |
| | EBITDA % | 26.6 | 27.5 | | |
| | EBIT % | 22.6 | 23.5 | | |
| | Adjusted EBITDA % | 25.8 | 27.5 | | |
| | Adjusted EBIT % | 21.8 | 23.5 | | |

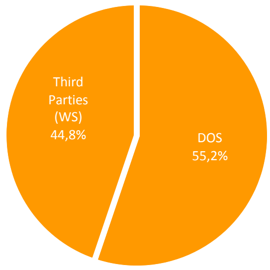
| 09.30.11 | Euro 000's<br>Main Balance Sheet indicators | 09.30.12 | 12.31.11 | Change |
|---|---|---|---|---|
| 295,520 | Net Working Capital (*) | 303,666 | 226,766 | 76,900 |
| 64,505 | Net financial position | 74,010 | 110,749 | (36,739) |
| 48,569 | Capital expenditures for tangible and intangible | 41,527 | 61,882 | (20,355) |

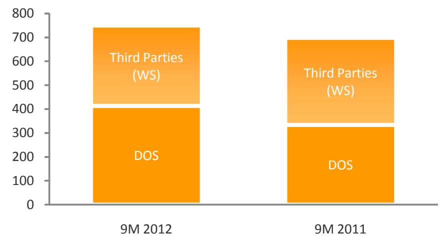
(*) Trade receivable + Inventories - Trade payable

**Revenues.** Consolidated sales were 749.9 million euros in the first nine months of 2012, up 7.3% from the same period of 2011. This performance is even more noteworthy, if we consider the tough comparison basis (+14.8% growth in 9 months 2011).

As already mentioned several times, in the third quarter the group's revenues are mostly wholesale, given that Fall/Winter retail sales are mainly concentrated in the fourth quarter, when products are sold to final customers.

| (Euro mn) | 9M 2012 | % | 9M 2011 | % | Change | % |
|---|---|---|---|---|---|---|
| DOS | 413.9 | 55.2 | 333.9 | 47.8 | 80.0 | 24.0 |
| Third Parties (WS) | 336.0 | 44.8 | 365.1 | 52.2 | (29.1) | (8.0) |
| **Total** | **749.9** | **100.0** | **699.0** | **100.0** | **50.9** | **7.3** |




In the first nine months of 2012, revenues to third parties totalled 336 million euros, down 8% from 9 months 2011, due to the already commented rationalization of the independent retailers. Sales in the DOS network posted a significant acceleration and globally amounted to 413.9 million euros in 9 months 2012, up 24% from the same period of 2011 (+18.5% at constant exchange rates).

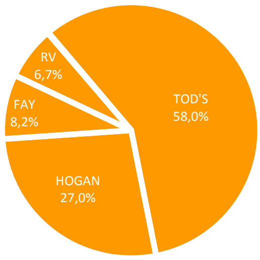
Also the organic growth registered a further acceleration: the Same Store Sales Growth (SSSG) rate, calculated as the worldwide average of sales growth rates reported by DOS opened as of January 1st, 2011 , was 12.9 % for the first 46 weeks of 2012 (from January 1st to November 11th, 2012), as compared to 10.6% of the end of July.

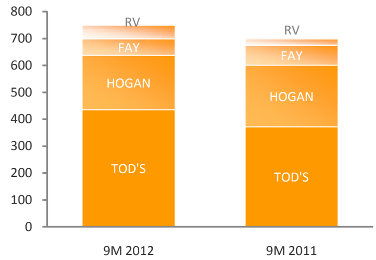
As of September 30th, 2012 the Group's distribution network was composed by 192 DOS and 74 franchised stores, compared to 168 DOS and 70 franchised stores as of the end of September 2011.

Solid double-digit growth for TOD'S brand; its sales totalled 435 million euros in the first nine months of 2012, up 16.9% from 9 months 2011 (+12.3% at constant exchange rates). This performance is even more noteworthy, if we consider the tough comparison basis. The brand achieved excellent results in all its product categories.

As already commented in the most recent press releases, the performances of HOGAN and FAY are affected by the strategic decision to rationalize the number of the wholesale clients, in order to preserving the brand exclusivity and the quality of the receivables. In the first nine months of 2012, the HOGAN brand totalled 202.5 million euros in sales, down 11.4%, from 9 months 2011; positive results abroad, mainly in Asia, where the brand is now focusing its international expansion.

| (Euro mn) | 9M 2012 | % | 9M 2011 | % | Change | % |
|---|---|---|---|---|---|---|
| TOD'S | 435.0 | 58.0 | 372.1 | 53.2 | 62.9 | 16.9 |
| HOGAN | 202.5 | 27.0 | 228.4 | 32.7 | (25.9) | (11.4) |
| FAY | 61.4 | 8.2 | 74.3 | 10.6 | (12.9) | (17.3) |
| RV | 50.2 | 6.7 | 23.5 | 3.4 | 26.7 | 113.3 |
| Other | 0.8 | 0.1 | 0.7 | 0.1 | 0.1 | 16.5 |
| **Total** | **749.9** | **100.0** | **699.0** | **100.0** | **50.9** | **7.3** |

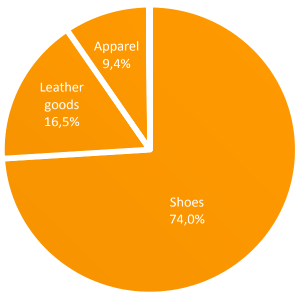



The revenues of FAY, which is still mainly a domestic brand, totalled 61.4 million euros, down 17.3% from 9 months 2011. Finally, ROGER VIVIER maintains the excellent performance of the last months, confirming the strong success of its entire collection of shoes, handbags and accessories, which are more and more appreciated and loved by clients, in Italy as well as in the international markets. In the first nine months of 2012, its revenues totalled 50.2 million euros, more than doubled compared to the same period of 2011.

The Group has further strengthened its undisputed leadership in the core business of shoes. In the first nine months of 2012, revenues of this product category totalled 555.2 million euros, up 9.8% from 9 months 2011 (+6.9% at constant exchange rates). Solid double-digit sales growth for leather goods and accessories,

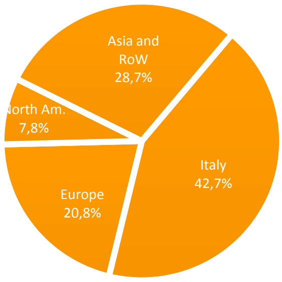
| (Euro mn) | 9M 2012 | % | 9M 2011 | % | Change | % |
|---|---|---|---|---|---|---|
| Shoes | 555.2 | 74.0 | 505.5 | 72.3 | 49.7 | 9.8 |
| Leather goods | 123.9 | 16.5 | 108.6 | 15.5 | 15.2 | 14.0 |
| Apparel | 70.1 | 9.4 | 84.5 | 12.1 | (14.4) | (17.0) |
| Other | 0.7 | 0.1 | 0.4 | 0.1 | 0.3 | 59.1 |
| **Total** | **749.9** | **100.0** | **699.0** | **100.0** | **50.8** | **7.3** |

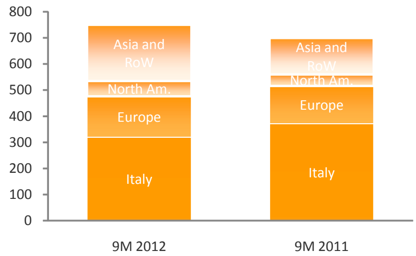



despite the challenging comparison basis. Sales of this product category totalled 123.9 million euros in 9 months 2012, up 14% from the same period of 2011 (+8.9% at constant exchange rates).

Finally, revenues from apparel sales were 70.1 million euros in the first nine months of 2012; the reduction, compared to 9 months 2011, broadly reflects the performance of the FAY brand, as earlier commented.

| (Euro mn) | 9M 2012 | % | 9M 2011 | % | Change | % |
|---|---|---|---|---|---|---|
| Italy | 319.9 | 42.7 | 371.6 | 53.2 | (51.7) | (13.9) |
| Europe | 156.2 | 20.8 | 144.3 | 20.6 | 11.9 | 8.3 |
| North America | 58.3 | 7.8 | 43.8 | 6.3 | 14.5 | 33.0 |
| Asia and RoW | 215.5 | 28.7 | 139.3 | 19.9 | 76.2 | 54.7 |
| **Total** | **749.9** | **100.0** | **699.0** | **100.0** | **50.9** | **7.3** |




The performance of domestic sales is affected by the already commented strategic decision to rationalize the number of the Italian wholesale clients. In the first nine months of 2012, revenues made in Italy totalled 319.9 million euros, down 13.9% from the same period of 2011. In the area "Rest of Europe", the Group totalled 156.2 million euros in sales in the first nine months of 2012, up 8.3% from the same period of 2011 (+7.1% at constant exchange rates), mainly driven by the double-digit performances registered in UK and in France. Sales in the US market posted an acceleration of their growth, driven by the strong success enjoyed by the Group's brands. In the first nine months of 2012, revenues of this market totalled 58.3 million euros, up 33% from 9 months 2012 (+23.3% at constant exchange rates).

Also in the third quarter of the year, the Group confirmed its excellent performance in the area "Asia and Rest of the World", where it is registering a very strong organic growth and where the most of the DOS openings are located. As of September 30th, 2012 sales of this area totalled 215.5 million euros, representing approx. 29% of the consolidated turnover (compared to 20% of September 2011). In 9 months 2012 the sales growth was 54.7% (+44.2% at constant exchange rates), driven by the excellent results of Greater China, which represents approximately 18% of the Group's revenues. Also Japan maintains its positive sales trend.

**Operating results.** Growing EBITDA and EBIT during the third quarter which confirms the positive trend of the first half 2012.

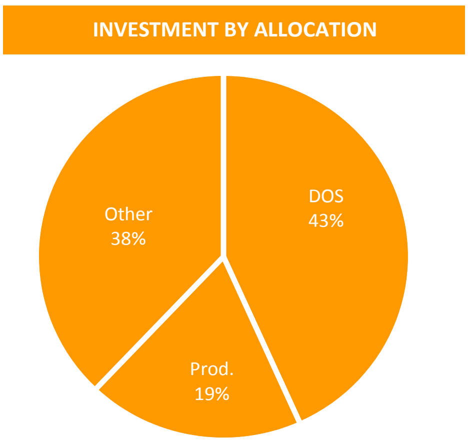
| Euro 000's | 9M 2012 | 9M 2011 | FY 11 |
|---|---|---|---|
| **Revenues** | | | |
| Sales Revenues | 749,909 | 699,043 | 893,638 |
| Other revenues and income | 9,960 | 12,301 | 15,994 |
| **Total revenues and income** | **759,869** | **711,344** | **909,632** |
| **Operating Costs** | | | |
| Change in inventories of work in prog. and finis. goods | 22,795 | 9,945 | 31,798 |
| Cost of raw materials, supplies and materials for cons. | (215,725) | (159,179) | (224,662) |
| Costs for services | (177,747) | (207,480) | (265,993) |
| Costs for use of third party assets | (62,485) | (46,209) | (64,671) |
| Costs of labour | (105,622) | (93,308) | (126,840) |
| Other operating charges | (21,604) | (22,760) | (26,847) |
| **Total Operating costs** | **(560,387)** | **(518,991)** | **(677,215)** |
| **EBITDA** | **199,482** | **192,353** | **232,417** |
| **Amortisation, depreciation and write-downs** | | | |
| Amortisation of intangible assets | (6,828) | (8,053) | (9,957) |
| Depreciation of tangible assets | (21,808) | (19,175) | (25,845) |
| Other adjustment | | | (86) |
| **Total amortisation, depreciation and write-downs** | **(28,637)** | **(27,228)** | **(35,888)** |
| Provisions | (1,169) | (757) | (1,899) |
| **EBIT** | **169,676** | **164,368** | **194,630** |

EBITDA of the first nine months of 2012 amounts to 199.5 million euros, an increase of 7.1 million euros compared to the same period of 2011, when it was 192.4 million euros. EBITDA represents 26.6% of consolidated revenue (27.5% for the first nine months of 2011). On a comparable exchange rate basis, EBITDA for the period January-September 2012 would have been 188.2 million euros, representing 25.8% of consolidated revenue. Even for the first nine months of 2012, EBITDA variation has been driven by the physiological growth of some operating costs related to the current business development.

Particularly, lease and rental costs (accounted for by location leases and royalties for use of licenses) amount to 62.5 million euros, showing an increase of 16.3 million euros compared to the first nine months of 2011 (46.2 million euros), mainly driven by the strong growth of the DOS network in Asia. The percentage on revenue increased from 6.6% for the first nine months of 2011 to 8.3% for the current period.

The cost for Group employee remuneration totalled 105.6 million euros, compared with 93.3 million euros in the first nine months of the previous year. At September 30th 2012, employee costs represented 14.1% of Group revenue, (13.3% for the first nine months of 2011).
The change is mainly connected with the increase in headcount, with a total of 3,861 employees at September 30th, 2012, or 312 and 303 persons more than at December 31st and September 30th, 2011, respectively. The increase in employees stems mainly from the expansion of the DOS network and the reinforcement of the corporate operational functions.
Slight increase even for depreciation and amortisation which raised from 27.2 million euros for the first nine months of 2011 to 28.6 million euros for the current period; the percentage on revenue is almost unchanged (3.8% at September 30th, 2012 and 3.9% for the previous period).
EBIT for the period amounted to 169.7 million euros, and increased in respect of the first nine months of 2011, when it was 164.4 million euros, representing 22.6% of consolidated revenue (23.5% for the first nine months of 2011). On a comparable exchange rate basis, EBIT would have been 159.3 million euros, and would be equal to 21.8% of consolidated revenues.

**Capital expenditures.** Capital expenditure totalled 41.5 million euros for the first nine months of 2012, and increased compared to September 30th, 2011, when they amounted to 28.9 million euros, net of intangible asset related to the agreement signed for financing of restoration work on the Coliseum. Capital expenditures to support distribution network have been significant and amounted to 18 million euros, which was used primarily for both new DOS openings and for renovation activities performed during the period; among which: renovation for the *boutiques* HOGAN at Via Montenapoleone in Milan and at Rue du Faubourg Saint-Honoré in Paris.
Moreover, during period, it has been expanded office and showrooms space in Milan; TOD'S and HOGAN showrooms have been created in Shanghai and fitting out of new headquarter's offices and showrooms in Hong Kong and Seoul.



**The net financial position.** At September 30th, 2012 net financial position was positive and equal to 74 million euros (64.5 million euros at September 30th, 2011), including liquid assets (cash and bank deposits) for 149.4 million euros, and liabilities for 75.4 million euros, of which 36.7 million euros for long-term exposures.

| Net financial position Euro 000's | | | | |
|---|---|---|---|---|
| 09.30.11 | | 09.30.12 | 12.31.11 | Change |
| | **Current financial assets** | | | |
| 138,635 | Cash and cash equivalents | 149,378 | 187,756 | (38,378) |
| **138,635** | **Cash** | **149,378** | **187,756** | **(38,378)** |
| | **Current financial liabilities** | | | |
| (28,745) | Current account overdrafts | (32,926) | (29,743) | (3,183) |
| (5,363) | Current share of medium-long term financing | (5,709) | (5,856) | 147 |
| **(34,108)** | **Current financial liabilities** | **(38,635)** | **(35,599)** | **(3,036)** |
| **104,527** | **Current net financial position** | **110,743** | **152,157** | **(41,414)** |
| | **Non-current financial liabilities** | | | |
| (40,022) | Financing | (36,733) | (41,408) | 4,675 |
| **(40,022)** | **Non-current financial liabilities** | **(36,733)** | **(41,408)** | **4,675** |
| **64,505** | **Net financial position** | **74,010** | **110,749** | **(36,739)** |

Gross of dividends paid, net financial position would be equal to 150.7 million euros, showing an increase of 39.9 million euros compared to the beginning of 2012 (the increase was 29.2 million euro at September 30th, 2011). Net financial position at 30 September reflects typical operating financial trend of the third quarter necessary to finance the temporary growth of net operating working capital, mainly due to the exposure versus independent customers resulting from the wholesale component of revenues, which will free up cash resources in the last quarter of the year.

| Net working capital Euro 000's | | | | |
|---|---|---|---|---|
| 09.30.11 | | 09.30.12 | 12.31.11 | Change |
| 216,308 | Inventories | 252,384 | 236,631 | 15,753 |
| 213,328 | Trade receivables | 197,881 | 150,011 | 47,870 |
| (134,116) | Trade payables | (146,599) | (159,876) | (13,277) |
| **295,520** | **Net working capital** | **303,666** | **226,766** | **(50,345)** |

## Significant events occurring after the end of the period

There have not been any significant operating events affecting the Group's activities since September 30th, 2012.

## Business outlook

Despite the Italian environment remains tough, the Group continues with its strategy expansion into the international markets, where sales continue to post significant and solid growth rates, in particular in Asia and US. Therefore, considering also the results achieved during the first nine months of 2012, it's fair to reasonably confirm the already expected growing rates for both revenue and profits for the whole 2012.

## Guidelines for preparation of the Quarterly Report

TOD'S Group Quarterly Report on Operations at September 30th, 2012 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").
Quarterly report were approved by the Board of Directors of TOD'S S.p.A. on November 13th, 2012, and on the same date that body authorized its publication.
Following art. 3 of Consob resolution n.18079 dated 20 January 2012 we inform you that the Company adopt the waiver provided by art. 70 (8) and art. 71 (1-bis) of Consob regulation n. 11971/99.

## Accounting policies

The accounting policies applied to prepare the financial figures reported on the Quarterly Report at September 30th, 2012 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, 2011 were used to prepare this Report.

Preparation of the financial figures reported on the Quarterly Report at September 30th, 2012 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. 2012 | | Jan. - Sep. 2011 | |
|---|---|---|---|---|
| | Exch. rates at period end | Average exch. rate | Exch. rates at period end | Average exch. rate |
| U.S. dollar | 1.293 | 1.281 | 1.427 | 1.418 |
| UK pound sterling | 0.798 | 0.812 | 0.867 | 0.876 |
| Swiss franc | 1.210 | 1.204 | 1.217 | 1.233 |
| Hong Kong dollar | 10.026 | 9.937 | 10.521 | 11.034 |
| Japanese yen | 100.370 | 101.533 | 103.790 | 113.400 |
| Hungarian forint | 284.890 | 291.047 | 292.550 | 271.140 |
| Singapor dollar | 1.585 | 1.612 | 1.759 | 1.765 |
| Korean WON | 1,439.33 | 1,458.74 | 1,594.92 | 1,551.60 |
| Macao Pataca | 10.326 | 10.233 | 10.833 | 11.360 |
| Chinese Renminbi | 8.126 | 8.106 | 8.621 | 9.186 |
| Indian Rupee | 68.348 | 68.020 | 66.119 | 64.372 |

## 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 2011 from the results for the nine months of 2012, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the nine months of 2011, 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 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

On May 4$^{th}$, 2012, it has been incorporated TOD'S Brasil Comércio de Artigos de Cuoro Ltda ("TOD'S Brasil Ltda"), controlled for 90% by the parent company TOD'S S.p.A. and for 10% by the sub-holding TOD'S International BV. The company was not operative at September 30$^{th}$, 2012.

As previously mentioned, the parent company TOD'S S.p.A. acquired Formapura S.r.l. effective from January 1$^{st}$, 2012, which has been incorporated in TOD'S S.p.A. on August the 1$^{st}$, with fiscal and accounting effects from January 1$^{st}$, 2012.

The parent company TOD'S S.p.A. acquired the company Edmond S.r.l. effective August 1$^{st}$, 2012; On October 12$^{th}$, 2012 the Board of Directors of TOD'S S.p.A. deliberated the merger by absorption of Edmond S.r.l. into TOD'S S.p.A.

The above mentioned operations represent the only change in the scope of consolidation as compared with the Consolidated Financial Statements at December 31$^{st}$, 2011.

Compared with the quarterly report at September 30$^{th}$, 2011, it should also be mentioned that the indirect subsidiary Tod's Saint Barth Sas – which was non-operating for all of FY 2011 – was deconsolidated effective December 31$^{st}$, 2011.

Milan, November 13$^{th}$, 2012

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