

# TOD'S

TOD'S Group

# D'S

QUARTERLY REPORT ON OPERATIONS  
AT MARCH 31<sup>st</sup> 2013

# Group

## TABLE OF CONTENTS

Company's data .....	1
Corporate Governance bodies .....	2
TOD'S Group .....	3
Group's organizational chart.....	4
Distribution network as of March 31 <sup>st</sup> 2013.....	5
Key consolidated financial figures .....	6
<b>REPORT ON OPERATIONS.....</b>	<b>8</b>
Group's activity .....	9
Group's brands .....	9
Foreign currency markets .....	10
Main events and operations during the period .....	11
Group's results in Q1 2013 .....	12
Significant events occurring after the end of the period .....	18
Business outlook.....	18
Guidelines for preparation of the Quarterly Report.....	19
Accounting policies.....	19
Alternative indicators of performances .....	20
Scope of consolidation.....	21
Declaration pursuant to Article 154bis (2) of the Consolidated Law on Financial Intermediation.....	21

## 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 15<sup>th</sup> 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

<b>Board of directors</b> <sup>(1)</sup>	Diego Della Valle Andrea Della Valle Luigi Abete Maurizio Boscarato Luigi Cambri Luca Cordero di Montezemolo Emanuele Della Valle Fabrizio Della Valle Emilio Macellari Pierfrancesco Saviotti Stefano Sincini Vito Varvaro	Chairman Vice - Chairman
<b>Executive Committee</b>	Diego Della Valle Andrea Della Valle Fabrizio Della Valle Emilio Macellari Stefano Sincini Vito Varvaro	Chairman
<b>Compensation Committee</b>	Luigi Abete Luigi Cambri Pierfrancesco Saviotti	Chairman
<b>Control and Risk Committee</b>	Luigi Cambri Maurizio Boscarato Pierfrancesco Saviotti	Chairman
<b>Independent Directors Committee</b>	Pierfrancesco Saviotti Luigi Abete Luigi Cambri	Chairman
<b>Board of statutory Auditors</b> <sup>(2)</sup>	Giulia Pusterla Enrico Colombo Fabrizio Redaelli Myriam Amato Gilfredo Gaetani	Chairman Acting stat. auditor Acting stat. auditor Substitute auditor Substitute auditor
<b>Independent Auditors</b> <sup>(3)</sup>	PricewaterhouseCoopers S.p.A.	
<b>Manager charged with preparing a company's financial report</b>	Rodolfo Ubaldi	

<sup>(1)</sup> Term of the office: 2012-2014 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 2012)

<sup>(2)</sup> Term of the office: 2013-2015 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 2013)

<sup>(3)</sup> Term of the office: 2012-2020 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 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.

Subholding for operation of national subsidiaries and DOS in Italy.

### 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.

### 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.

### TOD'S Japan KK

Company that operates DOS in Japan.

### TOD'S Korea Inc.

Company that promotes products 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.

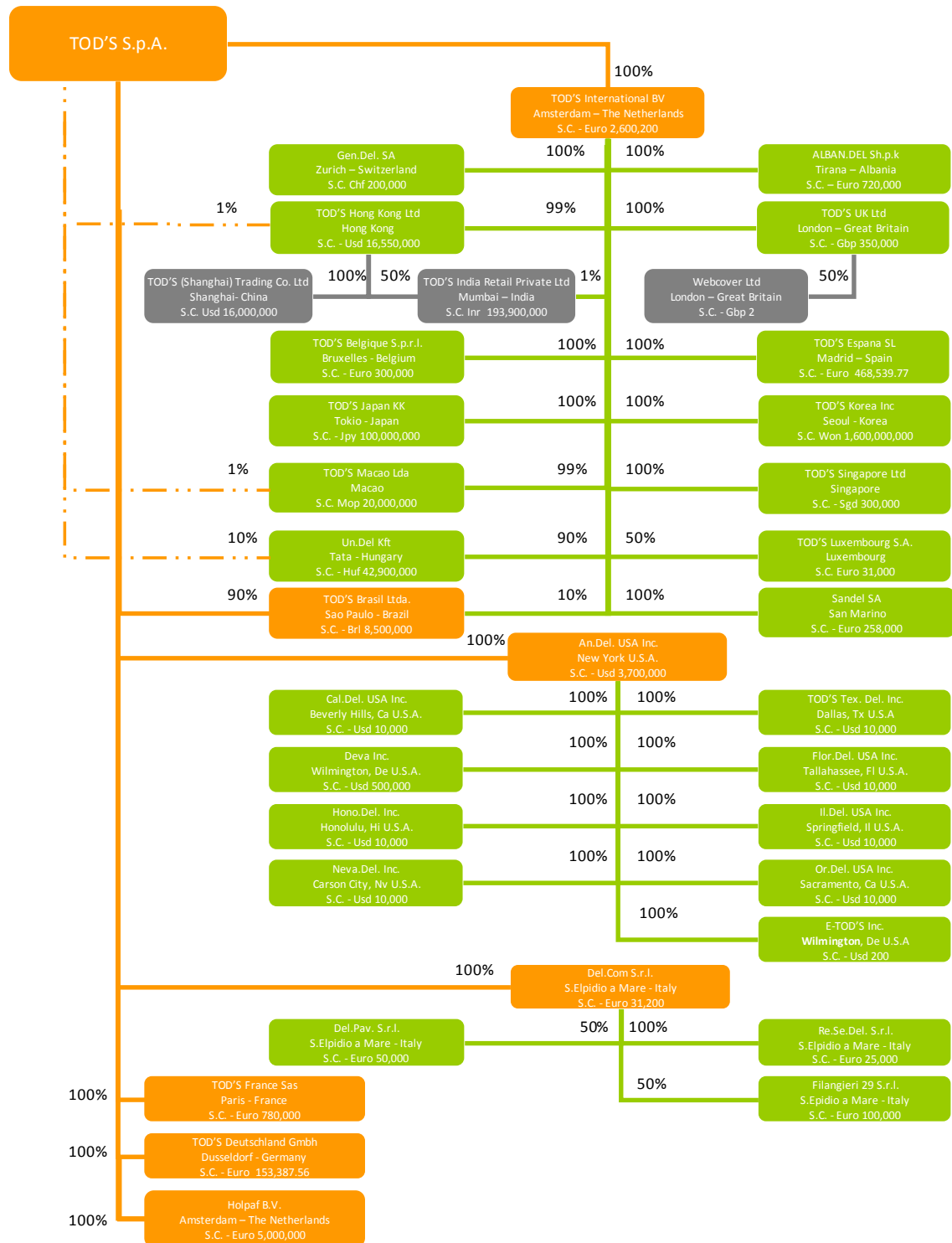
### Re.Se.Del. S.r.l.

Company for services.

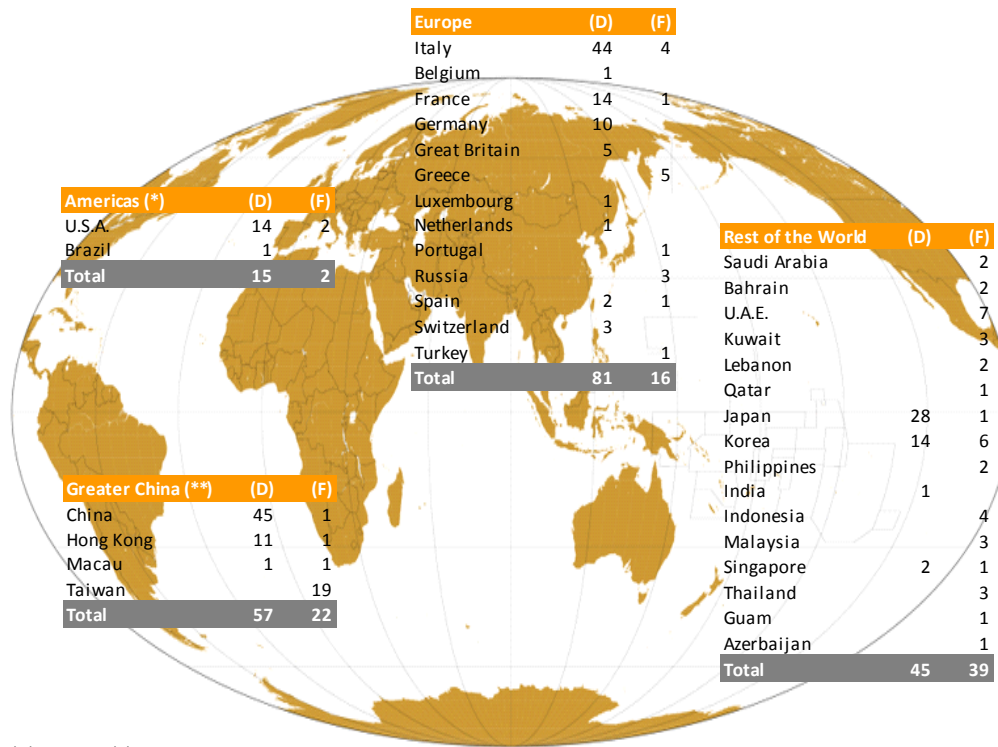
### TOD'S Brasil Ltda

Company that operates DOS in Brazil.

Group's organizational chart



Distribution network as of March 31<sup>st</sup> 2013



(D)=DOS (F)=FRANCHISED STORES

(\*) Starting with this quarterly report on operations at March 31<sup>st</sup>, 2013, the region "North America" has been replaced by "Americas", including the whole American continent (Northern and Southern America).

(\*\*) Starting with this quarterly report on operations at March 31<sup>st</sup>, 2013, we give separate disclosure of the region "Greater China", which includes: mainland China, Hong Kong, Macao and Taiwan.

DOS, 2013 new openings

Greater China

Chengdu (China)  
Ningbo (China)  
Shanghai (China)

Americas

San Paolo (Brazil)

Europe

Strasbourg (France)  
Paris (France)

Franchised stores, 2013 new openings

Rest of the World

Bangkok (Thailand)

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)





## Highlights of results

**Revenues:** revenues totalled 253.5 million euros, decreased by 3.7% from Q1 2012. Excellent sales performance by DOS network (+16.8%).

**EBITDA:** amounting to 63.6 million euros in Q1 2013, EBITDA represents 25.1% on Group sales (in Q1 2012: 66.7 million euros).

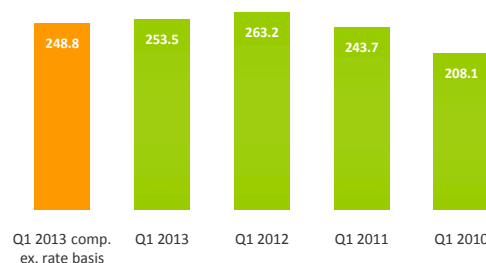
**EBIT:** amounting to 53.4 million euros (in Q1 2012: 57.3 million euros), EBIT represents 21.1% on Group sales.

**Net financial position (NFP):** Group liquid assets amount to 191.2 million euro at March 31<sup>st</sup>, 2013. Net financial position was 131.7 million euros at the same date (110.3 million euros at March 31<sup>st</sup> 2012).

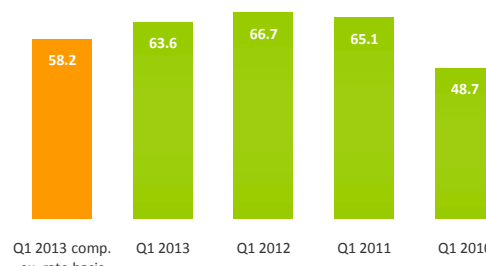
**Capital expenditures:** amounting to 9.4 million euros in Q1 2013 (14.7 million euros in Q1 2012).

**Distribution network:** at March 31<sup>st</sup>, the single brand distribution network comprised 198 DOS (increased by 19 units compared to March 31<sup>st</sup>, 2012) and 79 franchised stores.

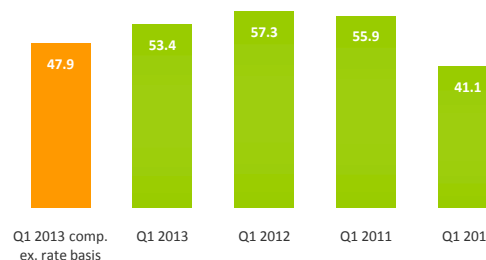
### Revenue (Euro mln)



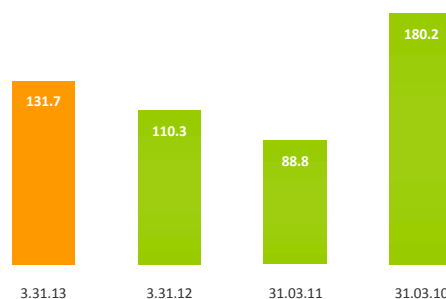
### EBITDA (Euro mln)



### EBIT (Euro mln)



### Net financial position (Euro mn)



TOD'S

TOD'S Group

D'S

REPORT ON OPERATIONS

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



The TOD'S brand is known for shoes and luxury leather goods, with styles that have become 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.



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".



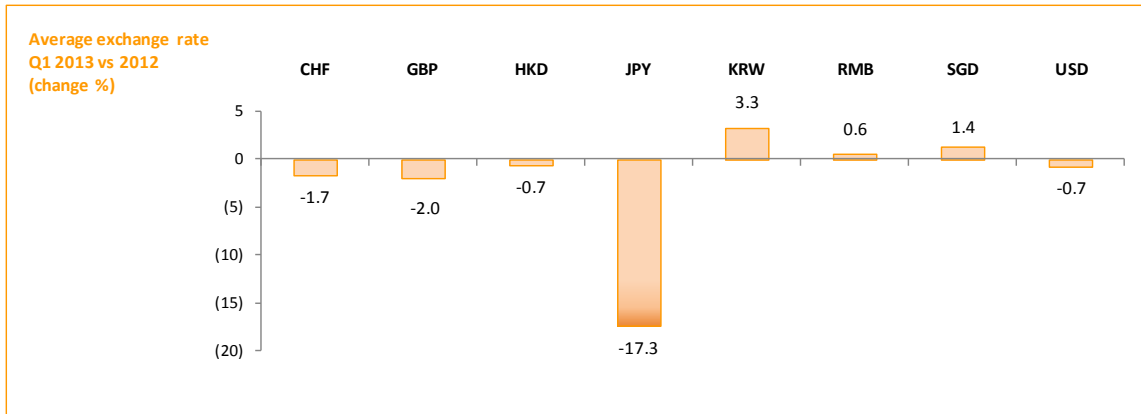
FAY is a brand created in the mid 80s with a product range of high quality casual wear. The brand is known for its quality craftsmanship, for the excellence of its materials, a meticulous attention to craft details and its high functionality without sacrificing style and quality. FAY products are wearable 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 for the first quarter of 2013, compared to figures for the same period of the previous year, show a steady trend against the main currencies with which the Group operates, with the exception of Japanese yen, weakened of 17.3% against the European currency.



### Main events and operations during the period

The figures for 1Q 2013 were heavily influenced by the impact on sales resulting from the strategy to streamline independent distribution initiated during the previous year, and especially in Italy, given the difficult situation prevailing there. The principal aim of this strategic choice, which has affected all brands, but whose effects were particularly noticeable on the revenue performance of the HOGAN and FAY brands, the most heavily exposed to the Italian market and the independent retailer channel, has been to maintain the exclusivity and positioning of the brands, as well as protection of the excellent quality of the receivables portfolio.

The effect was especially pronounced in the first quarter of the year, which is historically characterised by the prevalence of the wholesale component on sales, and reduced consolidated revenue by 3.7% from the same period of the previous year.

Notwithstanding these factors, marginal income was not particularly impacted by revenue performance, in consequence of the excellent results achieved on international markets, where aggregate revenue grew by +20.5%, being driven by the excellent performance of Greater China (+55.4%) and the Americas (+31%), and the positive sales results on the directly operated store network, which reported high growth even in the first three months of 2013 (+16.8% compared with the same period of 2012), again being driven by the Asian markets, on which all distributed brands have posted double-digit growth rates.

Business development is sustained by the continued evolution of the Group e-commerce channel, through the extension of the United States market, in addition to the Italian market and principal European countries, while always taking a prudent approach to preserve brand integrity.

Group commitment to social responsibility is also continuing without interruption. The Shareholders' Meeting of the parent company TOD'S S.p.A. held on April 19<sup>th</sup> 2013 resolved to allocate about 1.5 million euros, or 1% of the net profit realised by the Group in FY 2012, to a special reserve to be used for promoting territorial solidarity projects.

### Group's results in Q1 2013

In the first quarter of 2013, TOD'S Group generated sales totalling 253.5 million euros, decreased by 9.7 million euros or 3.7% 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 248.8 million euros.

EBITDA and EBIT amounted respectively to 63.6 million euros and 53.4 million euros and they represent respectively 25.1% and 21.1% of total consolidated sales revenues. Operating margins are substantially in line with the same period of the previous year, when EBITDA and EBIT were 25.3% and 21.8% of consolidated sales revenue.

Euro 000's					
FY 12	Main economic indicators	Q1 2013	Q1 2012	Change	%
963,132	Sales revenues	253,519	263,174	(9,655)	(3.7)
250,167	EBITDA	63,635	66,704	(3,069)	(4.6)
(41,330)	Deprec., amort., write-downs and advances	(10,269)	(9,440)	(828)	8.8
208,837	EBIT	53,366	57,264	(3,898)	(6.8)
	Foreign exchange impact on revenues	(4,767)			
	Adjusted ricavi	248,751	263,174	(14,422)	(5.5)
	Foreign exchange impact on operating costs	(678)			
	Adjusted EBITDA	58,190	66,704	(8,514)	(12.8)
	Foreign exchange impact on deprec.& amort.	(45)			
	Adjusted EBIT	47,876	57,264	(9,388)	(16.4)
	EBITDA %	25.1	25.3		
	EBIT %	21.1	21.8		
	Adjusted EBITDA %	23.4	25.3		
	Adjusted EBIT %	19.2	21.8		

Euro 000's				
3.31.12	Main Balance Sheet indicators	3.31.13	12.31.12	Change
273,891	Net Working Capital (*)	300,339	278,498	21,841
110,313	Net financial position	131,746	103,741	28,005
14,735	Capital expenditures for tangible and intangible	9,430	49,895	(40,465)

(\*) Trade receivable + Inventories - Trade payable

**Revenues.** Consolidated sales were 253.5 million euros in the first quarter of 2013, down 3.7% from Q1 2012. At constant exchange rates, meaning by using Q1 2012 average exchange rates, sales would have been 248.8 million euros, down 5.5% from Q1 2012.

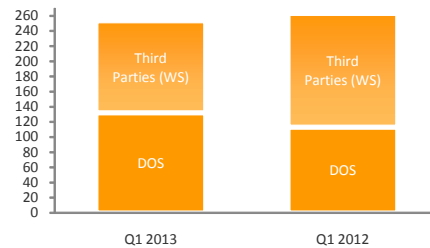
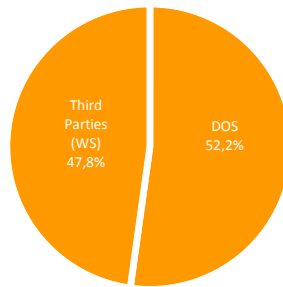
The DOS network posted very good results; revenues through DOS globally amounted to 132.3 million euros in Q1 2013, up 16.8% from Q1 2012 (+13.5% at constant exchange rates), driven by the solid organic growth and by the widening of the DOS network.

The Same Store Sales Growth (SSSG) rate, calculated as the worldwide average of sales growth rates at constant exchange rates registered by the DOS already existing as of January 1st, 2012, was 5.1% for the first 19 weeks of 2013 (from January 1st to May 12th, 2013).

As of March 31st, 2013 the Group's distribution network was composed by 198 DOS and 79 franchised stores, compared to 179 DOS and 68 franchised stores as of the end of March 2012.

In Q1 2013, revenues to third parties totalled 121.2 million euros; the 19.1% difference compared to the same period of 2012 is due to the already commented rationalization of the independent distribution mainly in Italy.

(Euro mn)	Q1 2013	%	Q1 2012	%	var. ass.	var. %
DOS	132.3	52.2	113.3	43.1	19.0	16.8
Third Parties (WS)	121.2	47.8	149.9	56.9	(28.7)	(19.1)
<b>Totale</b>	<b>253.5</b>	<b>100.0</b>	<b>263.2</b>	<b>100.0</b>	<b>(9.7)</b>	<b>(3.7)</b>



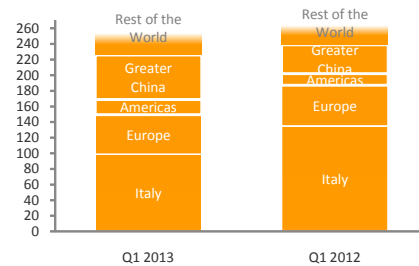
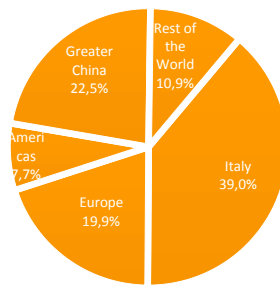
In the first quarter of 2013, TOD'S sales were 141.6 million euros, up 3% from Q1 2012 (+0.6% at constant exchange rates). The HOGAN brand totalled 70.8 million euros of sales in Q1 2013, compared to 89.6 million euros of the same period of 2012. As already reminded, the brand's performance in Italy is negative, mostly due to the already commented rationalization of the wholesale distribution; in the same time, the brand is achieving positive results abroad, mainly in the Asian markets, where its international expansion is currently focused.





In the first quarter of 2013, domestic sales were 98.9 million euros; the difference compared to the same period of 2012 is mainly due to the already commented rationalization of the wholesale distribution. In the rest of Europe, the Group's performance was slightly negative; in this area revenues totalled 50.4 million euros in Q1 2013 (-3.8% compared to Q1 2012); The American market confirmed its solid double-digit growth; sales totalled 19.4 million euros in Q1

(Euro mn)	Q1 2013	%	Q1 2012	%	var. ass.	var. %
Italy	98.9	39.0	134.9	51.3	(36.0)	(26.7)
Europe	50.4	19.9	52.4	19.9	(2.0)	(3.8)
Americas	19.4	7.7	14.8	5.6	4.6	31.0
Greater China	57.2	22.5	36.8	14.0	20.4	55.4
Rest of the World	27.6	10.9	24.3	9.2	3.3	13.5
<b>Totale</b>	<b>253.5</b>	<b>100.0</b>	<b>263.2</b>	<b>100.0</b>	<b>(9.7)</b>	<b>(3.7)</b>



2013, up 31% from Q1 2012 (+25.6% at constant exchange rates). Outstanding results in both the channels (DOS and wholesale), as a signal of the huge growth potential of this market for the Group. Outstanding growth in Greater China during the first quarter of 2013: 55.4% or 44.2% at constant exchange rates. The Group's sales amounted to 57.2 million euros in Q1 2013 and represented 22.5% of consolidated sales as of March 31st, 2013. Finally, in the remaining area "Rest of the World", the Group's sales totalled 27.6 million euros in Q1 2013, up 13.5% from Q1 2012 (+15% at constant exchange rates).

**Operating results.** EBITDA was 63.6 million euros in Q1 2013, and represents 25.1% of consolidated revenues. The comparable figure for Q1 2012 was 66.7 million euros, or 25.3% of sales. On a comparable exchange rate basis, EBITDA would have been 58.2 million euros, or 23.4% of sales.

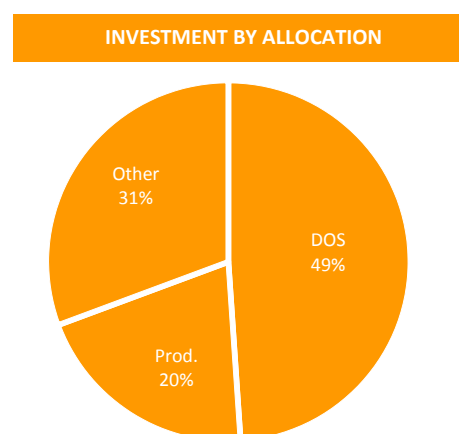
Euro 000's	Q1 2013	Q1 2012	FY 12
<b>Revenues</b>			
Sales Revenues	253,519	263,174	963,132
Other revenues and income	2,394	3,059	22,060
<b>Total revenues and income</b>	<b>255,913</b>	<b>266,233</b>	<b>985,192</b>
<b>Operating Costs</b>			
Change in inventories of work in prog. and finis. goods	4,276	4,900	33,456
Cost of raw materials, supplies and materials for cons.	(75,445)	(77,292)	(282,779)
Costs for services	(53,466)	(65,589)	(226,049)
Costs for use of third party assets	(23,538)	(18,975)	(85,747)
Costs of labour	(37,320)	(34,929)	(143,004)
Other operating charges	(6,785)	(7,644)	(30,902)
<b>Total Operating costs</b>	<b>(192,278)</b>	<b>(199,529)</b>	<b>(735,025)</b>
<b>EBITDA</b>	<b>63,635</b>	<b>66,704</b>	<b>250,167</b>
<b>Amortisation, depreciation and write-downs</b>			
Amortisation of intangible assets	(2,090)	(2,229)	(8,935)
Depreciation of tangible assets	(7,462)	(7,011)	(29,154)
Other adjustment			(246)
<b>Total amortisation, depreciation and write-downs</b>	<b>(9,552)</b>	<b>(9,240)</b>	<b>(38,335)</b>
Provisions	(717)	(200)	(2,995)
<b>EBIT</b>	<b>53,366</b>	<b>57,264</b>	<b>208,837</b>

After charging about 9.6 million euros for depreciation and amortisation, EBIT in January-March 2013 was 53.4 million euros and represents 21.1% of consolidated sales. In Q1 2012, EBIT was 57.3 million euros, equal to 21.8% of consolidated sales. On a comparable exchange rate basis, EBIT would have been 47.9 million euros, or 19.2% of sales.

In Q1 2013 Group operating profit benefits from the continuing increase of contribution margin, caused by both the most favourable geographical composition of revenue and greater importance of sales from DOS network in respect of last quarter, especially performed in geographical areas with higher margins (Greater China and USA). Margins increase was absorbed by the evolution of some type of costs related to the business development. In particular, costs for the use of third party assets (rents for locations and royalties for licenses) increased from 19.0 million euros, registered during the first three months of 2012, to 23.5 million euros of the current quarter, achieving a percentage on revenue for the first three months of 2013 equal to 9.3% (last quarter was 7.2%). This increase is mainly related to sales growth of direct distribution network in Asian markets where the retail distribution model is mainly characterized by variable rents on sales.

Group headcount continued to grow, rising by 325 persons in respect to the previous period (from 3,643 employees to 3,968 at March 31<sup>st</sup>, 2013). The total cost for personnel was 37.3 million euros (34.9 million euros in Q1 2012), growing by 6.8%. The increase is mainly related to headcount growth for the support of distribution network. Personnel costs as a percentage of sales rose from 13.3% in Q1 2012 to 14.7% in Q1 2013.

**Capital expenditures.** Capital expenditure totalled 9.4 million euros in Q1 2013 (14.7 million euros in Q1 2012). Expenditures dedicated to the DOS network totalled about 4.6 million euros, and they relates to the setting up of new DOS. The remaining capital expenditures made during the period covered not only normal modernisation of structures and industrial equipment (mainly forms, lasts and moulds), but also acquisitions for software development.



**The net financial position.** At the end of the quarter under consideration, net financial position totalled 131.7 million euros, increased by 28,0 million euros in respect of the beginning of the year (103.7 million euros at December 31<sup>st</sup>, 2012), and it is composed by cash for 191.2 million euros and financial liabilities for 59.5 million euros.

Net financial position Euro 000's				
3.31.12		3.31.13	12.31.12	Change
<b>Current financial assets</b>				
180,177	Cash and cash equivalents	191,202	168,329	22,873
180,177	Cash	191,202	168,329	22,873
<b>Current financial liabilities</b>				
(28,069)	Current account overdrafts	(25,621)	(27,025)	1,404
(5,261)	Current share of medium-long term financing	(5,132)	(5,540)	408
(33,330)	Current financial liabilities	(30,753)	(32,565)	1,812
146,847	Current net financial position	160,449	135,764	24,685
<b>Non-current financial liabilities</b>				
(36,534)	Financing	(28,703)	(32,023)	3,320
(36,534)	Non-current financial liabilities	(28,703)	(32,023)	3,320
110,313	Net financial position	131,746	103,741	28,005

Positive effects on cash have been generated by net working capital reduction especially considering that the typical financial trend of the business for the first quarter is generally characterized by an absorption of liquid assets necessary for financing the temporary growth of net working capital, mainly related to the exposure versus independent customers, directly consequence of wholesale revenue component which generates cash during the second quarter.

This result has been achieved also thanks to the contribution of a careful supply chain process management which produced efficiency along the entire production chain.

Net working capital Euro 000's				
3.31.12		3.31.13	12.31.12	Change
242,328	Inventories	274,554	265,389	9,165
210,816	Trade receivables	174,701	152,345	22,356
(179,254)	Trade payables	(148,916)	(139,236)	(9,680)
273,890	Net working capital	(300,339)	278,498	21,841

At the financial level, the FY 2012 dividend coupon is scheduled to be paid on May 20<sup>th</sup>, as approved by the Shareholders' Meeting of the parent company TOD'S S.p.A. on April 19<sup>th</sup>, 2013. The dividend, totalling 82.6 million euros, at the rate of 2.70 (two/70) per each of the 30,609,401 shares comprising the share capital at the payment date, will be paid to all the shareholders entered on the Register of Shareholders at the coupon payment date.

#### Significant events occurring after the end of the period

There have not been any significant operating events affecting the Group's activities since March 31<sup>st</sup>, 2013.

#### Business outlook

As expected the first quarter results are the natural consequence of the strategy adopted by the Group in response to the market situation. Extreme prudence and caution in Italy are accompanied by rapid international expansion. Special attention has been dedicated to the Chinese and American markets, where the brands are proving to have strong potential. The Group is growing consistently with the DNA of its brands, without compromising their prestige and integrity. Customer appreciation of the Group's products continues to grow, in recognition of their quality and exclusivity.

Considering the good results of the DOS network and the trend of the orders' backlog, the Group may register growth in revenue and profits again this year.

### Guidelines for preparation of the Quarterly Report

TOD'S Group Quarterly Report on Operations at March 31<sup>st</sup>, 2013 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 May 14<sup>th</sup>, 2013, and on the same date that body authorized its publication.

### Accounting policies

The accounting policies applied to prepare the financial figures reported on the Quarterly Report at March 31<sup>st</sup>, 2013 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 31<sup>st</sup>, 2012 were used to prepare this Report.

Preparation of the financial figures reported on the Quarterly Report at March 31<sup>st</sup>, 2013 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. - Mar. 2013		Jan. - Mar. 2012	
	Exch. rates at period end	Average exch. rate	Exch. rates at period end	Average exch. rate
U.S. dollar	1,281	1,320	1,336	1,311
UK pound sterling	0,846	0,851	0,834	0,834
Swiss franc	1,220	1,228	1,205	1,208
Hong Kong dollar	9,942	10,238	10,371	10,172
Japanese yen	120,870	121,810	109,560	103,810
Hungarian forint	304,420	296,490	294,920	296,490
Singapor dollar	1,590	1,634	1,678	1,657
Korean WON	1.425,03	1.433,15	1.512,98	1.482,65
Macao Pataca	10,240	10,545	10,676	10,472
Chinese Renminbi	7,960	8,217	8,409	8,269
Indian Rupia	69,566	71,511	68,042	65,864
Brazilian Real	2,570	2,633	n.a.	n.a.

### Alternative indicators of performances

In order to strip the effects of changes in exchange rates in respect to the average values of the first three months of 2012 from the results for the three months of 2013, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the three months of 2012, 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.

TOD'S Group engages in a business that, despite the effects related to monthly differences in the flows of revenues and costs generated by its industrial activity over the course of the year, it does not manifest significant seasonal or cyclical changes in overall annual sales.

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

The scope of consolidation at March 31<sup>st</sup>, 2013 changed in respect to March 31<sup>st</sup>, 2012 due to the deconsolidation of Formapura in connection with the merger by incorporation into TOD'S S.p.A. occurred on August 1<sup>st</sup>, 2012 and the consolidation of TOD'S Brasil Comércio de Artigos de Couro Ltda, created on May 4<sup>th</sup>, 2012. Compared with December 31<sup>st</sup>, 2012 there are no changes in the scope of consolidation.

Sant'Elpidio a Mare, May 14<sup>th</sup>, 2013

The Chairman of the Board of Directors  
Diego Della Valle

### Declaration pursuant to Article 154bis (2) of Consolidated Law on Finance - TUF

The manager charged with preparing the company's financial reports certifies, pursuant to Article 154bis (2) of the Consolidated Law on Finance - TUF, 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