

TOD'S

TOD'S Group

D'S

INTERIM REPORT ON OPERATIONS  
AT SEPTEMBER 30th, 2015

Group

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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

Munich – Domagkstrasse, 1/b, 2  
Hong Kong – 35/F Lee Garden One, 33 Hysan Avenue, Causeway Bay  
London – Wilder Walk, 1  
Milan - Corso Venezia, 30  
Milan - Via Savona, 56  
Milan - Via Serbelloni, 1-4  
New York - 450, West 15<sup>th</sup> Street  
Paris – Rue de Faubourg Saint-Honore, 29  
Paris – Rue du Général FOY, 22  
Paris – Rue de L'Elysée, 22  
Seoul – 11/F Pax Tower 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 Sveva Dalmasso Emanuele Della Valle Romina Guglielmetti Emilio Macellari Vincenzo Manes Cinzia Oglio Pierfrancesco Saviotti Michele Scannavini Stefano Sincini	Chairman Vice - Chairman
<b>Executive Committee</b>	Diego Della Valle Andrea Della Valle Emilio Macellari Stefano Sincini	Chairman
<b>Compensation Committee</b>	Luigi Abete Sveva Dalmasso Vincenzo Manes	Chairman
<b>Control and Risk Committee</b>	Luigi Cambri Maurizio Boscarato Romina Guglielmetti	Chairman
<b>Independent Directors Committee</b>	Vincenzo Manes Romina Guglielmetti Pierfrancesco Saviotti	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: 2015-2017 (resolution of the Shareholders' meeting as of April 22<sup>nd</sup>, 2015)

<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.**

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 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. Not operating company

### **TOD'S Japan KK**

Company that operates DOS in Japan

### **TOD'S Macao Ltd**

Company that operates DOS in Macao

### **TOD'S Hong Kong Ltd**

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

### **TOD'S Korea Inc.**

Company that distributes and promotes products branded TOD'S in Korea and operates DOS branded TOD'S in Korea

### **TOD'S Retail India Private Ltd**

Company that operates DOS in India

### **TOD'S (Shanghai) Trading Co. Ltd**

Company that operates DOS branded TOD'S and HOGAN in China

### **TOD'S Singapore Pte Ltd**

Company that operates DOS branded TOD'S 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)

### **Holpaf B.V.**

Real estate company that operates one DOS in Japan

### **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

### **Partecipazioni Internazionali S.r.l.**

Sub-holding for operation of international subsidiaries and DOS in Italy

### **Roger Vivier Hong Kong Ltd**

Company that distributes and promotes products branded ROGER VIVIER in Far East and South Pacific and manages DOS in Hong Kong. Sub-holding for operation of subsidiaries in Asia

### **Roger Vivier Singapore Pte Ltd**

Company that operates DOS in Singapore

### **Roger Vivier (Shanghai) Trading Co. Ltd**

Company that operates in China

### **Roger Vivier UK Ltd**

Company that operates DOS in Great Britain

### **TOD'S Georgia Inc.**

Company that operates DOS in Georgia (USA)

### **Roger Vivier France Sas**

Company that operates DOS in France

### **Roger Vivier Korea Inc.**

Company that operates DOS in Korea and that distributes and promotes products branded ROGER VIVIER in Korea

### **Roger Vivier Switzerland S.A.**

Company that operates DOS in Switzerland

### **Roger Vivier Macau Ltd.**

Company that operates DOS in Macao

### **Roger Vivier Japan KK**

Company that operates DOS in Japan

### **TOD'S Danmark APS**

Company that operates DOS in Denmark

### **TOD'S Austria GMBH**

Company that operates DOS in Austria

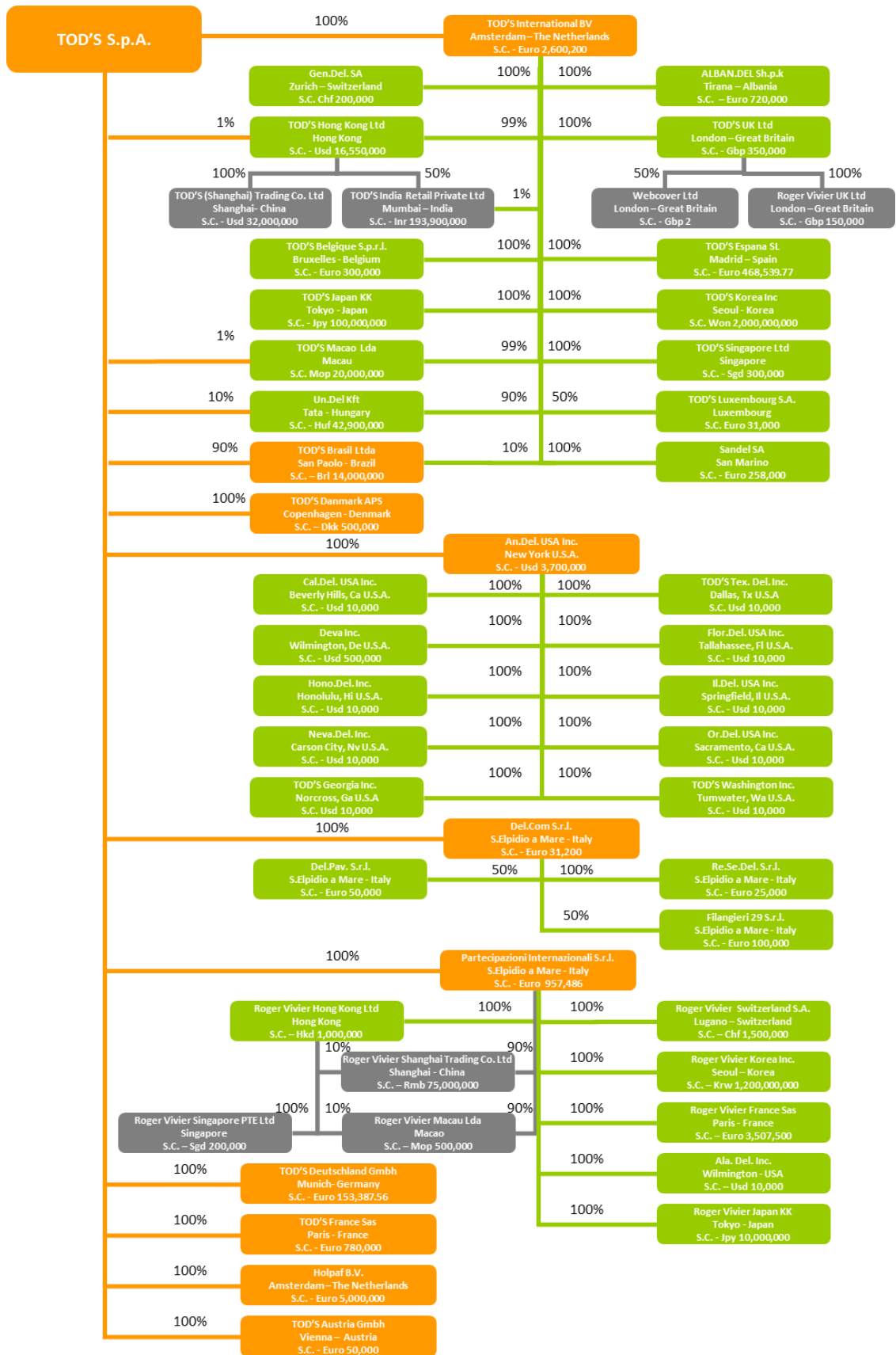
### **TOD'S Washington Inc.**

Not operating company

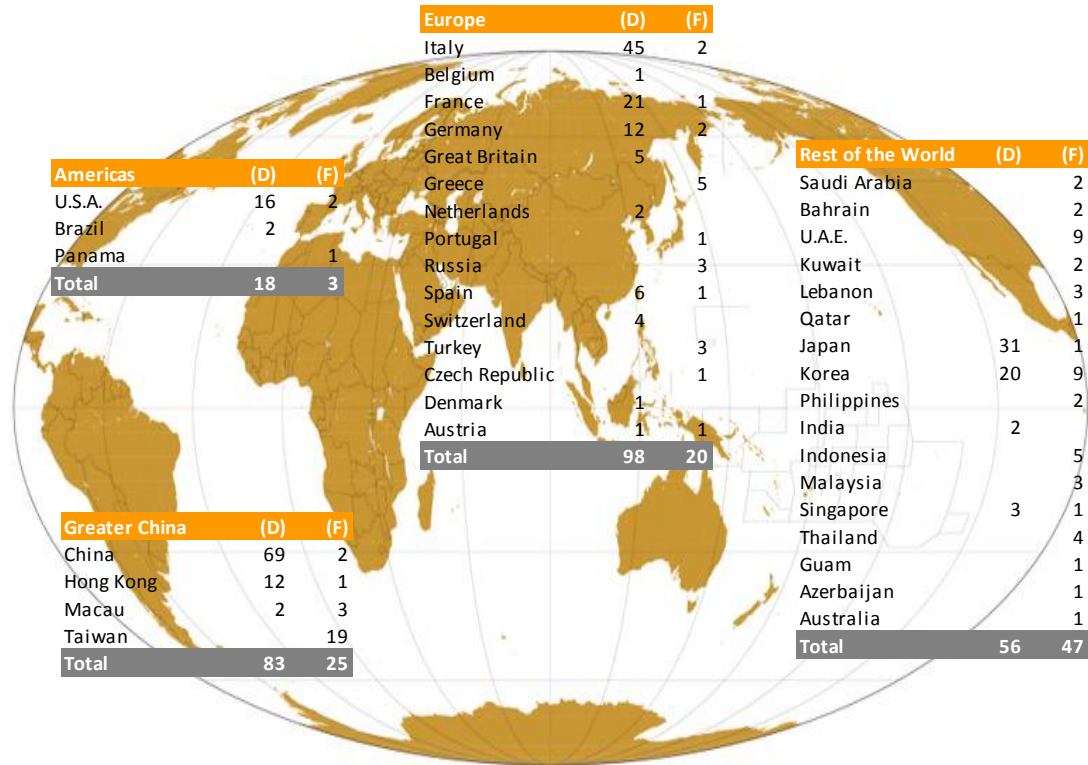
### **Ala Del Inc.**

Company that operates DOS in Delaware (USA)

Group's organizational chart



Distribution network as of September 30<sup>th</sup>, 2015



(D)=DOS (F)=FRANCHISED STORES

DOS, 2015 new openings

Italy

Monza (Italy)  
Forte dei Marmi (Italy)

Europe

Paris (France)  
Paris (France)  
Paris (France)  
Copenhagen (Denmark)  
Geneve (Switzerland)  
Monaco (Germany)  
Parndorf (Austria)  
Madrid (Spagna)

Greater China

Chongqing (China)  
Chongqing (China)  
Zhengzhou (China)  
Shanghai (China)  
Beijing (China)  
Wuqing (China)  
Hong Kong (Hong Kong)  
Macao (Macao)

Americas

Atlanta (USA)  
Houston (USA)

Rest of the World

Gimpo (Korea)  
Seoul (Korea)  
Seoul (Korea)  
Seoul (Korea)  
Tokyo (Japan)  
Mumbai (India)  
Nagoya (Japan)

Franchised stores, 2015 new openings

Greater China

Sanya Haitang Bay (China)  
Macao (Macao)

Europe

Mannheim (Germany)  
Salzburg (Austria)

Americas

Panama (Panama)

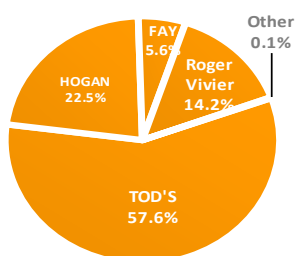
Rest of the World

Jeju (Korea)  
Jeju (Korea)

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

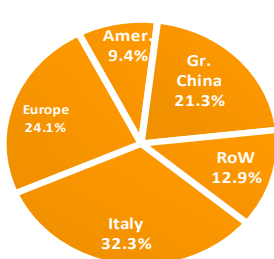
9M 2015 Revenues - % by Brand



P&L Key figures (euro millions)

	9M 2015	9M 2014	9M 2013	9M 2012
Revenues	786.9	741.0	752.6	749.9
EBITDA	160.1 20.3%	156.4 21.1%	199.5 26.5%	199.5 26.6%
EBIT	122.5 15.6%	123.9 16.7%	168.5 22.4%	169.7 22.6%

9M 2015 Revenues - % by market

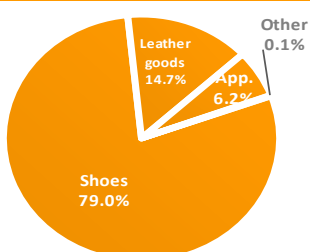


Main Balance Sheet indicators (euro millions)

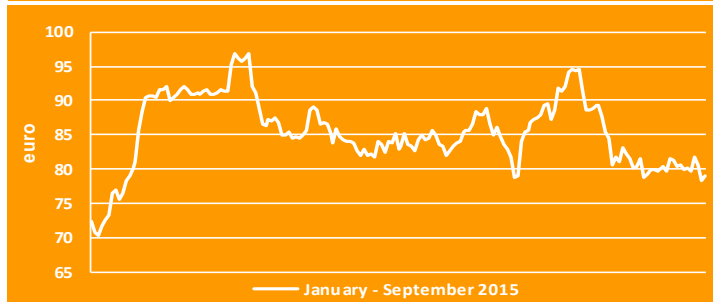
	09.30.15	12.31.14	09.30.14
Net Working Capital (*)	360.6	266.3	309.9
Net financial position	78.7	130.0	107.6
Capital expenditures	38.3	64.5	49.5

(\*) Trade receivable + inventories - trade payable

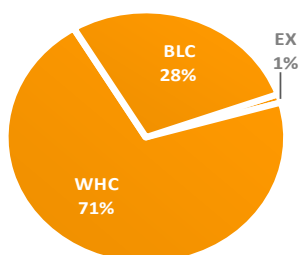
9M 2015 Revenues - % by Product



Stock performance



Employees 2015: composition



The Group's employees

	09.30.15	12.31.14	09.30.14	09.30.13
Year to date	4,530	4,297	4,305	4,085

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



## Highlights of results

**Revenues:** revenues totalled 786.9 million euros (at constant exchange rates they would amount to 745.3 million euros). DOS network sales totalled 482.8 million euros.

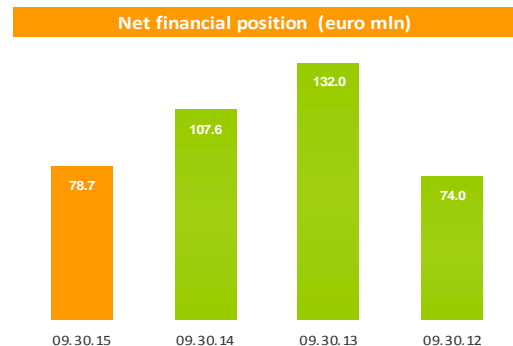
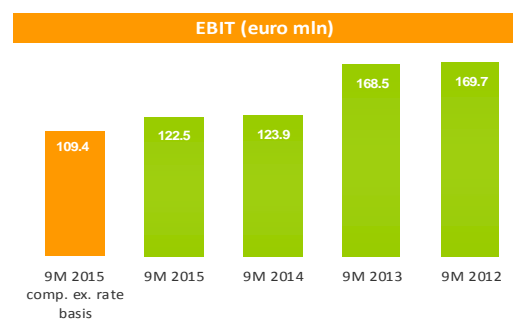
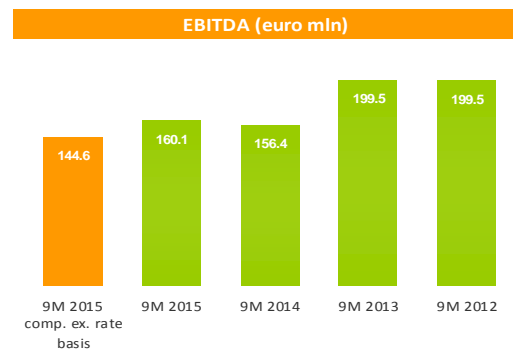
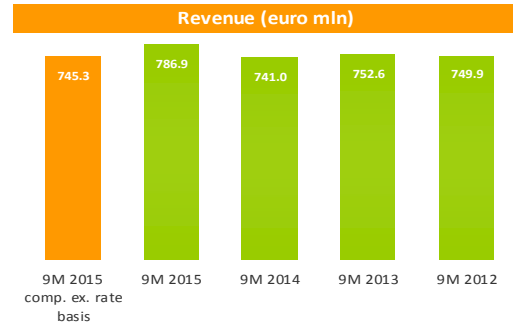
**EBITDA:** it amounts to 160.1 million euros (156.4 million euros at September 30<sup>th</sup>, 2014), and represents 20.3% of Group sales. At constant exchange rates it would amount to 144.6 million euros.

**EBIT:** it totalled 122.5 million euros (123.9 million euros at September 30<sup>th</sup>, 2014). At constant exchange rates it would amount to 109.4 million euros.

**Net financial position (NFP):** Cash and cash equivalents of the Group amount to 162.8 million euro at September 30<sup>th</sup>, 2015. Net financial position was 78.7 million euros at the same date (107.6 million euros at September 30<sup>th</sup>, 2014).

**Capital expenditures:** these totalled 38.3 million euros for the first nine months of 2015; they were 49.5 million euros last September 30<sup>th</sup>, 2014.

**Distribution network:** at September 30<sup>th</sup>, 2015 the single brand distribution network comprised 255 DOS (increased by 25 units compared to September 30<sup>th</sup>, 2014) and 95 franchised stores.



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".



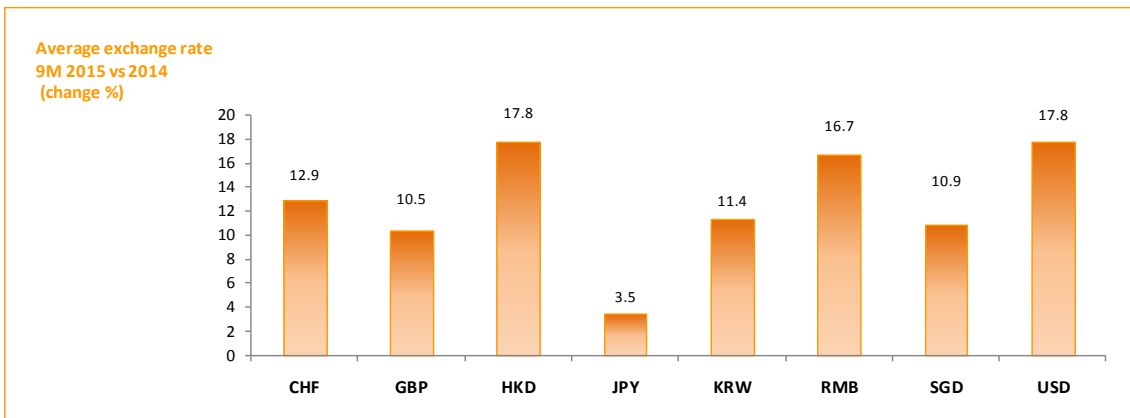
FAY is a brand created in the mid 80s with a product range of high quality casual wear. The brand is known for its quality craftsmanship, for the excellence of its materials, a meticulous attention to craft details and its high functionality without sacrificing style and quality. FAY products are wearable 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 creator of the first stiletto heel in the 1950's, ROGER VIVIER designed extravagant and luxuriously decorated shoes that he described as being "sculptures." 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 nine months of 2015, compared to figures for the same period of the previous year, show a broadly and significant weakness of the European currency in respect to the currencies with which the Group operates; in particular versus the Hong Kong dollar (HKD), the US dollar (USD) and Chinese Renminbi (RMB) which showed a revaluation in respect to the euro currency of 17.8% both and 16.7% respectively.



### Main events and operations during the period

The global market of luxury goods has been characterized by a continuing sales volatility, even in the third quarter of 2015, which caused conflicting international market performances, with trends that changed even sudden.

In this situation, the Group reported a good performance, which recorded an increase of 6.2% in the first nine months of the financial year, at current rates, compared to the same period in the previous year. There were positive performances in all geographic areas, even at constant exchange rates, with the exception of the Greater China, where it's still clear the domestic demand decline, due to the propensity to consumption of Chinese customers, who prefer, at this moment, to tend towards "emotional" shopping linked to tourism.

Even thanks to both the contribution of tourist flows, which has already been mentioned, and the favourable currency trends, there was substantial growth in Europe, Americas and South-East Asia, noting, in the latter area, the excellent performance recorded in Japan and South Korea.

Even in the challenging market scenario, HOGAN brand expansion strategy continues successfully in mainland China, with double-digit sales growth rates compared to the first nine months of the previous financial year.

Still as regards brands, the performances of the ROGER VIVIER brand were confirmed as excellent. At current exchange rates, revenues rose by about 20%, confirming international customers' appeal of this brand, which has become one of the icons in the most exclusive luxury sector.

As regards business development, the TOD'S Group also continued, even in the third quarter, to implement its strategy of expanding its DOS network, which is fundamental for medium-term growth, opening six new DOS: 27 new boutiques have been opened since the beginning of the year, including Copenhagen in Denmark and Houston and Atlanta in the USA to cover markets in which the Group has not previously been present.

As regards social responsibility, in the third quarter the Group worked with Save the Children again: the parent company TOD'S S.p.A. contributed about 0.5 million euros to the creation of the Punto Luce centre of activities for children in Barra, Naples, in the framework of a project to deal with educational poverty, which is, in its turn, part of a wider-ranging programme called "Illuminiamo il Futuro" ("Illuminate the Future"), whose aim is to give a future to children who were born and are growing up in the poorest areas in Italy.

Again in the field of social responsibility, the Board of Directors of TOD'S S.p.A. is constantly searching for solidarity projects to which resources from the reserve fund specifically created by the Shareholders' Meeting held on April 22<sup>nd</sup>, 2015 can be allocated.

### Group's results in the first nine months of 2015

In the first nine months of 2015, TOD'S Group generated sales totalling 786.9 million euros while, for the same period of the previous year they were 741 million euros. Exchange-rate effect was positive: indeed, maintaining cross rates constant, sales revenues would have been 745.3 million euros.

EBITDA and EBIT amounted respectively to 160.1 million euros and 122.5 million euros, representing respectively 20.3% and 15.6% of consolidated sales revenues. At constant exchange rates they would amount to respectively 144.6 and 109.4 million euros representing 19.4% and 14.7% of consolidated sales revenues.

euro 000's					
FY 14	Main economic indicators	9M 2015	9M 2014	Change	%
965,532	Sales revenues	786,870	741,015	45,855	6.2
193,547	EBITDA	160,109	156,363	3,747	2.4
(45,368)	Deprec., amort., write-downs and advances	(37,654)	(32,424)	(5,230)	16.1
148,179	EBIT	122,455	123,938	(1,483)	(1.2)
	Foreign exchange impact on revenues	(41,586)			
	Adjusted revenues	745,284	741,015	4,269	0.6
	Foreign exchange impact on operating costs	26,103			
	Adjusted EBITDA	144,627	156,363	(11,736)	(7.5)
	Foreign exchange impact on deprec.& amort.	2,449			
	Adjusted EBIT	109,422	123,938	(14,516)	(11.7)
	EBITDA %	20.3	21.1		
	EBIT %	15.6	16.7		
	Adjusted EBITDA %	19.4	21.1		
	Adjusted EBIT %	14.7	16.7		

euro 000's				
09.30.14	Main Balance Sheet indicators	09.30.15	12.31.14	Change
309,942	Net Working Capital (*)	360,551	266,310	94,241
107,590	Net financial position	78,656	130,013	(51,357)
49,464	Capital expenditures for tangible and intangible	38,325	64,457	(26,132)

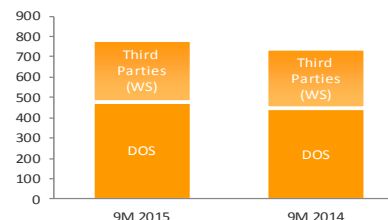
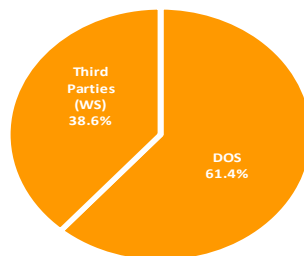
(\*) Trade receivable + Inventories - Trade payable

**Revenues.** Consolidated sales were 786.9 million euros in the first nine months of 2015, up 6.2% from the same period of 2014. Sales totalled 271.6 million euros in the third quarter of the year (+3.1% as compared to Q3 2014). This result is very positive, especially if it is considered the whole situation of the sector, characterized by the weakness of important markets for luxury goods, such as Greater China and, partly, the US, during the third quarter.

Sales through DOS totalled 482.8 million euros, up 7.5% from 9 month 2014 (+5.1% in Q3 2015). 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 1<sup>st</sup>, 2014, is

-6.1% in the first 45 weeks of the year (from January 1<sup>st</sup> to November 8<sup>th</sup>, 2015). The figure has shown high volatility in August and in September and data are uneven in different regions; overall the

(euro mn)	9M 2015	%	9M 2014	%	% current exch. rates	% constant exch. rates
DOS	482.8	61.4	449.3	60.6	7.5	(0.3)
Third Parties (WS)	304.1	38.6	291.7	39.4	4.2	1.9
Total	786.9	100.0	741.0	100.0	6.2	0.6



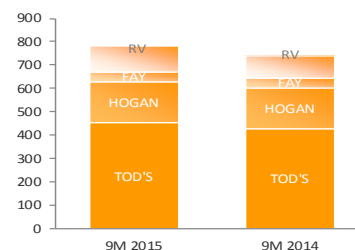
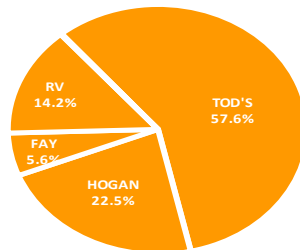
trend is positive in recent weeks. At current exchange rates, the SSSG figure remains noticeably positive. As of September 30<sup>th</sup>, 2015 the Group's distribution network was composed by 255 DOS and 95 franchised stores, compared to 230 DOS and 91 franchised stores as of the end of September 2014. Revenues to third parties globally amounted to 304.1 million euros, up 4.2% from 9 month 2014.

Sales of the TOD'S brand totalled 453.3 million euros in the first nine months of 2015, up 5.1% from 9M 2014, thus showing an acceleration as compared to the first half of 2015. The brand achieved positive results in all the markets where it's distributed, with the only exception of the

Chinese one, which continues to be affected by the overall weak consumption environment. In Q3 all the product categories registered positive performances; we are particularly satisfied with the

results of the new families of bags currently in stores. HOGAN revenues were 176.8 million euros, up 3.1% from 9 month 2014. The entire collection of shoes achieved positive results; the brand continues to register strong results in all the

(euro mn)	9M 2015	%	9M 2014	%	% current exch. rates	% constant exch. rates
TOD'S	453.3	57.6	431.2	58.2	5.1	(1.5)
HOGAN	176.8	22.5	171.5	23.1	3.1	1.8
FAY	43.8	5.6	44.3	6.0	(1.1)	(1.2)
RV	112.1	14.2	93.3	12.6	20.1	8.9
Other	0.9	0.1	0.7	0.1	n.s.	n.s.
<b>Total</b>	<b>786.9</b>	<b>100.0</b>	<b>741.0</b>	<b>100.0</b>	<b>6.2</b>	<b>0.6</b>

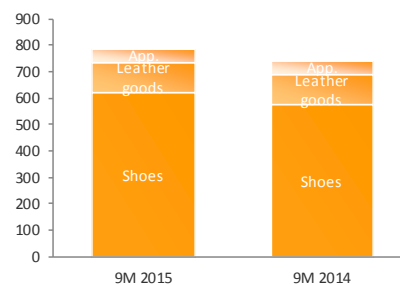
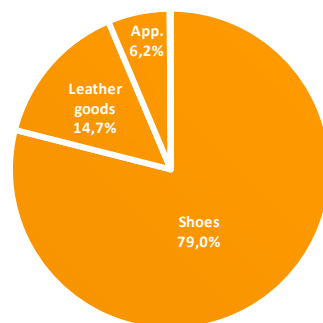


markets where it's expanding, including Greater China. The FAY brand registered sales of 43.8 million euros, which are broadly aligned with the turnover of the same period of 2014. Finally, revenues of ROGER VIVIER totalled 112.1 million euros, up 20.1% from 9M 2014, confirming the outstanding performance of this brand, which is worldwide recognized as one of the most prestigious *maison* of luxury accessories and shoes in the most exclusive segment of luxury goods. The brand registered positive results in all regions, including Greater China.

Sales from shoes continued their growth, confirming the Group's leadership in its core business.

Revenues were 621.3 million euros in the first nine months of 2015, up +8.1% from the same period of 2014. Sales from leather goods and accessories totalled 115.7 million euros, up 0.3% from 9 month 2014. The performance of the third quarter

(euro mn)	9M 2015	%	9M 2014	%	% current exch. rates	% constant exch. rates
Shoes	621.3	79.0	574.9	77.6	8.1	2.1
Leather goods	115.7	14.7	115.3	15.6	0.3	(5.9)
Apparel	49.0	6.2	50.1	6.8	(2.1)	(2.8)
Other	0.9	0.1	0.7	0.0	n.s.	n.s.
<b>Total</b>	<b>786.9</b>	<b>100.0</b>	<b>741.0</b>	<b>100.0</b>	<b>6.2</b>	<b>0.6</b>



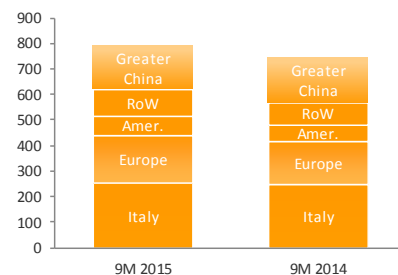
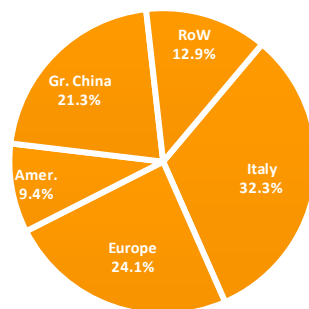


has been impacted by the weakness of the Chinese market and has not yet fully benefited from the excellent results we are seeing for the new families of handbags of the TOD'S brand, results which continue to improve from week to week. Finally, sales from apparel were 49 million euros, with a slight decrease as compared to 9 month 2014.

In the first nine months of 2015, domestic sales were 254.1 million euros, up 1.9% from 9 month 2014. The retail network registered a good performance; positive signs also in the wholesale channel. In the rest of Europe, the Group's revenues totalled 189.7 million euros, up 11.6% from the same period of 2014; double-digit growth rates in all the major countries for the Group.

In the Americas, sales were 73.9 million Euros, up 19.1% from 9 month 2014; in Q3 the wholesale channel posted outstanding results, while the DOS performance was partially affected by lower traffic of tourist. In Greater China sales totalled 167.8 million euros, equal to 21.3% of

(euro mn)	9M 2015	%	9M 2014	%	% current exch. rates	% constant exch. rates
Italy	254.1	32.3	249.4	33.7	1.9	1.9
Europe	189.7	24.1	169.9	22.9	11.6	8.8
Americas	73.9	9.4	62.0	8.4	19.1	3.0
Greater China	167.8	21.3	169.9	22.9	(1.3)	(14.0)
Rest of the World	101.4	12.9	89.8	12.1	12.9	7.2
<b>Total</b>	<b>786.9</b>	<b>100.0</b>	<b>741.0</b>	<b>100.0</b>	<b>6.2</b>	<b>0.6</b>



consolidated turnover as of September 30<sup>th</sup>, 2015. Mainland China, which accounts for more than half of this area, registered positive results (at reported rates), while the performance in Hong Kong was still negative, due to the sharp reduction in traffic. Finally, in the area "Rest of the World" the Group's revenues were 101.4 million euros, up 12.9% from 9 month 2014 (+9% in Q3, despite the tough comparison basis); outstanding results in Japan and in Korea.

**Operating results.** EBITDA and EBIT confirm, even for the third quarter, the trend registered during the first half of 2015 and they amount respectively to 160.1 million euros and 122.5 million euros.

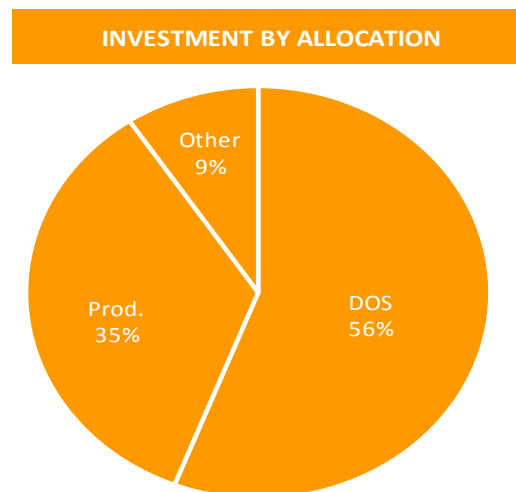
euro 000's	9M 2015	9M 2014	FY 14
<b>Revenues</b>			
Sales Revenues	786,870	741,015	965,532
Other income	7,483	6,584	10,476
<b>Total revenues and income</b>	<b>794,353</b>	<b>747,599</b>	<b>976,008</b>
<b>Operating Costs</b>			
Change in inventories of work in prog. and finis. goods	27,770	11,914	31,944
Cost of raw materials, supplies and materials for cons.	(219,633)	(207,784)	(278,912)
Costs for services	(186,943)	(171,357)	(231,436)
Costs for use of third party assets	(94,192)	(80,588)	(109,665)
Personnel costs	(136,344)	(118,507)	(160,386)
Other operating charges	(24,901)	(24,913)	(34,005)
<b>Total Operating costs</b>	<b>(634,244)</b>	<b>(591,236)</b>	<b>(782,461)</b>
<b>EBITDA</b>	<b>160,109</b>	<b>156,363</b>	<b>193,547</b>
<b>Amortisation, depreciation and write-downs</b>			
Amortisation of intangible assets	(6,558)	(6,523)	(8,792)
Depreciation of tangible assets	(28,623)	(24,835)	(32,791)
Other adjustment	(475)		(2,339)
<b>Total amortisation, depreciation and write-downs</b>	<b>(35,656)</b>	<b>(31,357)</b>	<b>(43,922)</b>
Provisions	(1,998)	(1,067)	(1,447)
<b>EBIT</b>	<b>122,455</b>	<b>123,938</b>	<b>148,179</b>

Confirmed the excellent profitability at a gross margin level, generated by the consolidated positioning of the Group brands in the most exclusive luxury segment, with a slight decrease driven by the sales mix in the last quarter. Such profitability mitigated the impact on operating margin of the physiological growth registered by operating costs, as a consequence of the DOS network expansion strategy (the number of DOS increase during the period from October 2014 to September 2015 is 25).

Lease and rental expenses (leases of locations and royalties for ROGER VIVIER) totalled 94.2 million euros up 13.6 million euros in respect to the first nine months of 2014 (80.6 million euros), mainly due to the already commented significant expansion of the direct distribution network. The ratio of lease and rental expenses on consolidated sales revenues is 12%, compared with 10.9% of previous September 30<sup>th</sup>, 2014. Personnel costs also showed an increase and it amounts to 136.3 million euros for the first nine months of 2015, compared to 118.5 million euros of the first nine months of 2014. During the period such costs represented 17.3% of consolidated revenues (16% for the first nine months of 2014). The headcount at September 30<sup>th</sup>, 2015 consists of 4,530 employees or 233 and 225 people more than at December 31<sup>st</sup> and September 30<sup>th</sup>, 2014, respectively.

The costs for depreciation and amortization amounted to 35.7 million euros for the first nine months of 2015, increased by 4.3 million euros in respect to the previous period when it was 31.4 million euros and they represent 4.5% of consolidated revenues (4.2% at September 30<sup>th</sup>, 2014). Net of additional operating provisions of 2 million euros (1.1 million euros at September 30<sup>th</sup>, 2014), EBIT totalled 122.5 million euros (123.9 million euros at September 30<sup>th</sup>, 2014), representing 15.6% of consolidated revenues (16.7% at September 30<sup>th</sup>, 2014). On a comparable exchange rate basis, EBIT would have been 109.4 million euros, and would be equal to 14.7% of consolidated revenues.

**Capital expenditures.** Capital expenditure for the first nine months of 2015 totalled 38.3 million euros, while the comparative figure amounted to 49.5 at September 30<sup>th</sup>, 2014. Capex used for the direct distribution network amounted to 21.4 million euros (23.9 million euros for the first nine months of 2014) primarily used for both new DOS openings, among which the most relevant are Houston and Atlanta stores, and for renovation activities of the existing stores. The remaining investment quota in the period regarded not only the normal processes of modernising the structures and industrial equipment (mainly lasts and moulds) but also the continuation of construction activities for the building located inside the perimeter of TOD'S Group headquarter, which was started last year, and to the development of the company management software.



**The net financial position.** At September 30<sup>th</sup>, 2015 net financial position was positive and equal to 78.7 million euros (107.6 million euros at September 30<sup>th</sup>, 2014), including cash and cash equivalents for 162.9 million euros, and liabilities for 84.2 million euros, of which 60.9 million euros for long-term exposures.

Net financial position (euro 000's)				
09.30.14		09.30.15	12.31.14	Change
<b>Current financial assets</b>				
147,810	Cash and cash equivalents	162,836	165,949	(3,114)
147,810	Cash	162,836	165,949	(3,114)
<b>Current financial liabilities</b>				
(13,516)	Current account overdrafts	(13,432)	(10,988)	(2,444)
(5,483)	Current share of medium-long term financing	(9,839)	(4,650)	(5,189)
(18,999)	Current financial liabilities	(23,271)	(15,638)	(7,633)
128,811	Current net financial position	139,565	150,311	(10,746)
<b>Non-current financial liabilities</b>				
(21,222)	Financing	(60,909)	(20,298)	(40,610)
(21,222)	Non-current financial liabilities	(60,909)	(20,298)	(40,610)
107,589	Net financial position	78,656	130,013	(51,357)

Gross of dividends distributed during the period, net financial position would amount to 140 million euros (+10 million euros in respect to the beginning of the year).

Financial liabilities include, among others, two loan agreements signed by TOD'S S.p.A. in the first half 2015 with both BNL S.p.A. (BNP Paribas Group) and Intesa San Paolo S.p.A. respectively, for an amount of 25 million euros each, which will be reimbursed paying 16 quarterly instalments and in one single payment at the end of the fourth year.

It should be noted that the 3<sup>rd</sup> quarter is characterized by a temporary physiological increase 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)				
09.30.14		09.30.15	12.31.14	Change
310,502	Inventories	350,053	327,085	22,968
140,931	Trade receivables	136,934	99,445	37,488
(141,491)	Trade payables	(126,436)	(160,220)	33,784
309,942	Net working capital	360,551	266,310	94,241

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

There have not been any significant operating events affecting the Group's activities since September 30<sup>th</sup>, 2015.

### Business outlook

The Group achieved good results in the third quarter, which are even more meaningful considering the weakness of some important markets for luxury goods. There is always more certainty about the goodness of the multi-brand Group's strategy, based on a portfolio of strong and distinct brands, with an offer of hand-made high quality products, recognizable and having all the elements of the Italian lifestyle. The Group is focused on manufacturing very exclusive products, with marketing and advertising campaigns consistent with the DNA of each brand. There is furthermore satisfaction about both the stores' results and the customers' feedback on the collections, with the certainty that the quality of our management, the effectiveness of our strategy and the financial resources necessary to develop the projects will bring increasingly better results for the Group. Considering the current environment, the expectations for this year are confirmed.

### Guidelines for preparation of the Quarterly Report

TOD'S Group Quarterly Report on Operations at September 30<sup>th</sup>, 2015 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 11<sup>th</sup>, 2015, 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 (and following modifications and integrations) in regard to the documents made available to the public at the registered office and concerning mergers, demergers, capital increases, acquisitions and disposals.

### Accounting policies

The accounting policies applied to prepare the financial figures reported on the Quarterly Report at September 30<sup>th</sup>, 2015 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 accounting policies used to prepare this report are consistent with the ones adopted to prepare the consolidated financial statements at December 31<sup>st</sup>, 2014 and with what has been commented in the half year report at June 30<sup>th</sup>, 2015 relating to amendments and interpretation applicable from the January 1<sup>st</sup>, 2015.

Preparation of the financial figures reported on the Quarterly Report at September 30<sup>th</sup>, 2015 entails making estimates and assumptions based on the management's best valuation. Estimates and assumptions are reviewed regularly. 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 with 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 are available, unless there are indications that require immediate valuation of eventual impairment losses or the occurrence of events that required reiteration of the procedure. The analyses carried out at this reporting date have not revealed any impairment indicators.

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. 2015		Jan. - Sep. 2014	
	Exch. rates at period end	Average exch. rate	Exch. rates at period end	Average exch. rate
U.S. dollar	1.120	1.114	1.258	1.355
UK pound sterling	0.739	0.727	0.777	0.812
Swiss franc	1.092	1.061	1.206	1.218
Hong Kong dollar	8.682	8.635	9.774	10.506
Japanese yen	134.690	134.649	138.110	139.486
Hungarian forint	313.450	308.881	310.570	308.709
Singapor dollar	1.592	1.518	1.606	1.704
Korean WON	1,328.270	1,249.759	1,330.340	1,410.917
Macao Pataca	8.944	8.895	10.060	10.821
Chinese Renminbi	7.121	6.959	7.726	8.352
Indian Rupee	73.481	70.758	77.856	82.245
Brazilian Real	4.481	3.480	3.082	3.101
Albanian Lek	139.329	140.113	139.420	140.032

### 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 2015 from the results for the nine months of 2014, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the nine months of 2014, thereby rendering them fully comparable with those of the previous period. These criteria for measuring business performance must not be considered alternative to those established by IFRS.

Furthermore, as it has already been mentioned in the preceding paragraph, the Group's cash flow is uneven from quarter to quarter, largely on account of its industrial activity. Consequently, the analysis of interim results and financial statement indicators (EBITDA, EBIT, financial position and working capital) cannot be considered fully representative, and it would thus be improper to consider the indicators for the reference period to be in proportion to the results for the entire financial year.

### Scope of consolidation

The scope of consolidation at September 30<sup>th</sup>, 2015 changed in respect to September 30<sup>th</sup>, 2014 due to the incorporation of the following companies: Roger Vivier Japan KK incorporated on October 1<sup>st</sup>, 2014 and 100% owned by Partecipazioni Internazionali S.r.l., TOD'S Danmark APS incorporated on November 25<sup>th</sup>, 2014 and 100% owned by TOD'S S.p.A., TOD'S Washington Inc. incorporated on February 20<sup>th</sup>, 2015 and 100% owned by An.Del Inc., TOD'S Austria GmbH incorporated on March 5<sup>th</sup>, 2015 and 100% owned by TOD'S S.p.A. and Ala Del Inc. incorporated on July 2<sup>nd</sup>, 2015 and 100% owned by Partecipazioni Internazionali S.r.l. The company TOD'S Washington Inc. is not operating at September 30<sup>th</sup>, 2015. In respect to December 31<sup>st</sup>, 2014 the scope of consolidation changed due to the incorporation of TOD'S Washington Inc. incorporated on February 20<sup>th</sup>, 2015 and 100% owned by An.Del Inc., TOD'S Austria GmbH incorporated on March 5<sup>th</sup>, 2015 and 100% owned by TOD'S S.p.A. and Ala Del Inc. incorporated on July 2<sup>nd</sup>, 2015 and 100% owned by Partecipazioni Internazionali S.r.l. It is assumed that the Group controls those companies in which it does not own more than 50% of the capital, and thus disposes of the same percentage of voting power at the Shareholders' Meeting, where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, as defined by IFRS 10 – Consolidated Financial Statements.

Milan, November 11<sup>th</sup>, 2015

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