

GEOX

PRESS RELEASE - REVENUES FOR THE FIRST QUARTER OF 2018

FIRST QUARTER 2018 SALES AT EURO 264.5 MILLION (-11.2% AT CURRENT FOREX, -10% AT CONSTANT FOREX) IMPACTED BY THE DECISION TO REDUCE LEVELS OF WINTER STOCK AND TO OPTIMIZE THE MONO-BRAND STORE NETWORK AND UNFAVOURABLE WEATHER CONDITIONS DELAYING THE START OF THE 2018 SPRING-SUMMER SEASON.

PERFORMANCE IN APRIL AND MAY IS RECOVERING WELL TO DATE.

INITIAL ORDER COLLECTION FOR FALL/WINTER 2018 (WHOLESALE CHANNEL) UP 3%

THE IMPROVEMENT IN INDUSTRIAL MARGIN RATIO IS CONFIRMED, AS PLANNED

Biadene di Montebelluna, 15th May 2018 – Geox S.p.A., a leading brand in classic and casual footwear, listed on the Milan Stock Exchange (MSE: GEO.MI), today analysed its consolidated revenues for the first quarter of 2018.

Mario Moretti Polegato, Chairman and founder of Geox, commented: “As recently reported, performance in the first months of 2018 was significantly affected by three factors.

The first two factors are strategic in nature and are linked to the decision to further rationalize the mono-brand store network and to reduce stock levels for the winter season, which led to fewer discounted sales, protecting margin performance and supporting cash generation.

The third is related to external influences: particularly unfavourable weather conditions in our main markets delayed the start of the spring season.

As can be seen in the results of many other market players, these unusual weather conditions led, especially in March, to a significant drop in footfall and sales in mono-brand stores, and to a slowdown in the shipping of orders for the new season in the wholesale channel, in order to meet the needs of our partners.

The warm weather has now arrived, allowing us to notably improve the trend, with strong improvements in LFL sales for directly-operated stores, especially over the last few weeks, and a recovery in order shipping to the wholesale channel.

During the first quarter, measures also continued to improve the Group's profitability profile: optimisation of the store network, increased operating efficiency and fewer sales of goods belonging to previous seasons, thanks to stock levels being significantly reduced in 2017.

These combined actions have allowed us to achieve a significant percentage increase in industrial margin, confirming the effectiveness of our chosen strategy.

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We have also completed our initial order collection for the 2018 Fall/Winter season, up 3%, thanks to stable performance in more mature markets and double-digit growth in Asian markets, which has also confirmed our expectations in terms of margin growth”.

FIRST QUARTER 2018 SALES

First quarter 2018 consolidated net sales amounted to Euro 264.5 million (Euro 297.9 million in the first quarter of 2017) decreasing by 11.2% (-10% at constant forex).

Performance in the first quarter was mainly affected by the unusual weather conditions (spring season off to a late start), the planned optimisation of the store network, fewer promotional sales and the exchange rate effect.

Net sales by distribution channel

(Thousands of Euro)	I Quarter 2018	%	I Quarter 2017	%	Var. %
Wholesale	142,984	54.1%	158,425	53.2%	(9.7%)
Franchising	42,280	16.0%	53,552	18.0%	(21.0%)
DOS*	79,212	30.0%	85,913	28.8%	(7.8%)
Geox Shops	121,492	45.9%	139,465	46.8%	(12.9%)
Net sales	264,476	100.0%	297,890	100.0%	(11.2%)

* Directly Operated Store

Sales generated by wholesale stores, representing 54% of Group revenues (53% in the first quarter of 2017) amounted to Euro 143.0 million, with a decrease of 9.7% (-8.6% at constant forex). This decrease is mainly due to the delayed start of the spring-summer season, which led some partners to request a delay in the delivery of certain orders in the second quarter, as well as to fewer sales of discounted goods from previous seasons as a result of the significant reduction in stock completed in 2017.

Sales generated by the franchising channel, which account for 16% of Group revenues, amounted to Euro 42.3 million, reporting a decline of 21% (-20.8% at constant forex). The performance of the franchising channel is also explained by the planned rationalization of the store network over the last quarters, with net reduction of 62 shops in FY17 and 30 shops in IQ18 (equal to 15% of the franchise network) for closures and conversions into DOS.

Sales generated by directly-operated stores, DOS, representing 30% of Group revenues, amounted to Euro 79.2 million, recording a decrease of 7.8% (-5.8% at constant forex). As described above, this performance was mainly due to lower discounted sales in January and February (resulting from the optimization of

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inventories achieved in FY17) and unseasonal weather in March that delayed the start of the spring-summer season.

Comparable sales generated by directly-operated stores to date (week 1 - week 19) report a decline of -4.5% improving from -8.9% at the end of March. The last 2 weeks of April and the first 2 weeks of May, with normal weather conditions in the main markets, have been particularly positive, showing, on average, an almost double-digit growth in sales.

Net sales by region

(Thousands of Euro)	I Quarter 2018	%	I Quarter 2017	%	Var. %
Italy	83,163	31.4%	99,748	33.5%	(16.6%)
Europe (*)	113,877	43.1%	126,050	42.3%	(9.7%)
North America	11,821	4.5%	14,461	4.9%	(18.3%)
Other countries	55,615	21.0%	57,631	19.3%	(3.5%)
Net sales	264,476	100.0%	297,890	100.0%	(11.2%)

(*) Europe includes: Austria, Benelux, France, Germany, UK, Iberia, Scandinavia, Switzerland.

Revenues generated in Italy, the domestic market representing 31% of Group revenues (33% in the first quarter of 2017), decreased by 16.6%. The planned optimization of the mono-brand store network (48 net closures in FY17 and 12 net closures in IQ18) and the unusual weather conditions (especially in March) were the most important drivers behind the trend for the quarter.

Revenues generated in Europe, representing 43% of Group revenues (42% in the first quarter of 2017), amounted to Euro 113.9 million, compared to Euro 126.1 million in the first quarter of 2017, recording a decrease of 9.7% (-9.5% at constant forex). This performance is substantially explained by the same factors mentioned above and in particular by 36 net closures in FY17 and 10 net closure in IQ18.

North America recorded a turnover of 11.8 million, down by 2.6 million (-18.3% at current forex and -11.8% at constant forex), mainly due to the negative performance of the wholesale channel, which has been subject of a careful review and selection process for partners with a focus on players more in line with the Group's planned strategy to improve brand perception. There was an increase in LFL sales for directly-operated stores. Regarding the network, we had 6 net closures in FY17 and 2 net closures in IQ18.

A decrease of 3.5% (+0.2% at constant forex) in sales was recorded in the Rest of the World compared with the first quarter of 2017 with positive results in LFL sales. Wholesale channel impacted by different timing in deliveries.

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Net sales by product

(Thousands of Euro)	I Quarter 2018	%	I Quarter 2017	%	Var. %
Footwear	239,907	90.7%	267,429	89.8%	(10.3%)
Apparel	24,569	9.3%	30,461	10.2%	(19.3%)
Net sales	264,476	100.0%	297,890	100.0%	(11.2%)

Footwear sales, which accounted for about 91% of consolidated sales, amounting to Euro 239.9 million, - 10.3% compared to the first quarter of 2017 (-9.2% at constant forex).

Apparel sales, which represented 9% of consolidated sales, amounted to Euro 24.6 million, compared to Euro 30.5 million in the first quarter 2017 (-19.3%; -18.9% at constant forex).

Monobrand Store Distribution Network – Geox Shops

As of March 31, 2018, the overall number of Geox Shops was equal to 1,058 of which 436 DOS. During the first quarter of 2018, 10 new Geox Shops were opened and 47 were closed.

	03-31-2018		12-31-2017		1° Q 2018		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	292	140	304	137	(12)	1	(13)
Europe (*)	300	154	310	155	(10)	2	(12)
North America	40	40	42	42	(2)	0	(2)
Other countries (**)	426	102	439	105	(13)	7	(20)
Total	1.058	436	1.095	439	(37)	10	(47)

(*) Europe includes: Austria, Benelux, France, Germany, UK, Iberia, Scandinavia, Switzerland.

(**) Includes "Under License Agreement" Shops (168 as of March 31, 2018, 165 as of December 31, 2017). Sales from these shops are not included in the franchising channel.



FORECAST FOR OPERATIONS AND SIGNIFICANT SUBSEQUENT EVENTS

With regard to business outlook, management would like to highlight the following:

- Initial Order Collection for Fall/Winter 2018 (wholesale channel) is up 3% with an improvement in industrial margin in line with expectations, thanks to specific measures targeting supply chain efficiency;
- Optimization of the DOS network was substantially completed in Q1 18. Stores managed by third parties, on the other hand, will still be subject to a certain degree of rationalization during the year, although less intense compared to previous quarters. The network will continue to undergo a restyling process aimed at improving its performance.
- Management will continue to implement plans to improve margin performance through specific measures on product, channel and price mix.
- The initiatives to further increase productivity, ensure a lean organization and boost operating efficiency, which were successfully implemented in 2017, are set to continue in 2018.

In this context, management therefore believes that, considering the lower discounted sales and the delayed start to the spring season (with the subsequent impact on sales in the first quarter) together with the optimization of the store network (in the process of being completed) and the greater focus and selectivity with regard to promotional sales in the wholesale channel aimed at protecting the brand, a certain degree of prudence is required when forecasting annual revenues. Confirmed, on the other hand, the expectations for an improvement in percentage gross margin.



DECLARATION BY THE MANAGER RESPONSIBLE FOR THE PREPARATION OF COMPANY ACCOUNTING DOCUMENTS

The manager responsible for the preparation of the company's financial documents, Mr. Livio Libralesso, hereby declares, in accordance with paragraph 2 article 154 bis of the "Testo Unico della Finanza" (*Italian Consolidated Law on Finance*) that, based on his knowledge, the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.

FOR FURTHER INFORMATION

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GEOX GROUP

Geox Group operates in the classic and casual footwear sector for men, women and children, with a medium/high price level, and in the apparel sector. The success of Geox is due to its constant focus on applying innovative solutions and technologies to products, guaranteeing both impermeability and breathability. Geox is one of the leading brands in the "International Lifestyle Casual Footwear Market". Geox technology is protected by over 39 different patents and by 12 more recent patent applications.

DISCLAIMER

This document includes forward-looking statements relative to future events and Geox Group's operating, economic and financial results. These forecasts, by their nature, include an element of risk and uncertainty, since they depend on the outcome of future events and developments. The actual results may differ even quite significantly from those stated due to a multiplicity of factors.