

GEOX

GEOX S.P.A. BOARD OF DIRECTORS APPROVED 2009 FINANCIAL RESULTS

GEOX: SALES AT EURO 865 MILLION AND STRONG CASH FLOW GENERATION

- Sales: Euro 865.0 million, -3% at current exchange rates, -4% at constant exchange rates
- EBITDA adj¹: Euro 171.7 million, 19.8% margin (Euro 200.4 million in 2008)
- EBIT adj²: Euro 134.7 million, 15.6% margin (Euro 173.3 million in 2008)
- Net Income adj³: Euro 84.2 million, 9.7% margin (Euro 124.0 million in 2008)
- Free cash flow: Euro 120.6 million (Euro -10.7 million in 2008)
- Solid Net Cash Position: Euro 102.6 million (Euro 58.2 million in 2008)
- Proposed dividend: 0.20 per share

Milan, February 26, 2010 – The Board of Directors of Geox S.p.A., the Italian company leader in the *classic* and *casual* footwear market listed on the Milan Stock Exchange (MSE: GEO.MI), approved today the financial results for 2009.

Mario Moretti Polegato, Chairman and founder of Geox, commented: "During these months we have worked hard to achieve these results, which I consider satisfactory. The Group has closed the year with more than €100 million of cash, a high level of profitability, it has further reinforced its leadership in its main reference markets and, last but not least, it has taken advantage of this moment of weakness in consumer spending to rationalise and make its production and distribution structure even more efficient. These results have been possible thanks to the strength of the brand and a flexible business model based on a unique technology both for the footwear sector and for apparel.

And thanks to all of this, Geox's Board of Directors today proposed a 2009 dividend of 0.20 per share."

THE GROUP'S ECONOMIC PERFORMANCE

Sales

Consolidated sales for 2009 decreased 3% (-4% at constant exchange rates) to Euro 865.0 million. Footwear sales represented 89% of consolidated sales, amounting to Euro 766.2 million, with a 5% decrease compared to 2008. Apparel sales accounted for 11% of consolidated sales equal to Euro 98.8 million, showing a 17% increase.

(Thousands of Euro)	2009	%	2008	%	Ch. %
Footwear	766,191	88.6%	808,391	90.6%	(5.2%)
Apparel	98,819	11.4%	84,122	9.4%	17.5%
Net sales	865,010	100.0%	892,513	100.0%	(3.1%)

¹ Excluding non recurring costs, equal to Euro 5.3 million, mainly related to expenses for stores' closures.

² Excluding non recurring costs (highlighted in note 1) and asset impairments, equal to Euro 12.4 million (Euro 2.0 million in 2008), on investments made in the stores' network, which given the uncertain macroeconomic environment are not certain to be recovered.

³ Excluding non recurring costs and asset impairments (related notes 1 and 2) net of tax effect and write off of deferred tax assets of for a total amount of Euro 17.5 million (Euro 5.9 million in 2008).

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Italy remains the Group's main market accounting for 38% of sales (37% in 2008) equal to Euro 326.7 million, compared to 333.0 million of 2008.

Europe generated 44% of sales (45% in 2008) amounting to Euro 379.6 million, compared with 404.3 of 2008, with a 6% decrease.

North American sales grew 8% (6% at constant exchange rates) and sales in the Other Countries were stable (-3% at constant exchange rates).

(Thousands of Euro)					
	2009	%	2008	%	Ch. %
Italy	326,656	37.8%	333,030	37.3%	(1.9%)
Europe (*)	379,625	43.9%	404,346	45.3%	(6.1%)
North America	53,807	6.2%	49,840	5.6%	8.0%
Other countries	104,922	12.1%	105,297	11.8%	(0.4%)
Net sales	865,010	100.0%	892,513	100.0%	(3.1%)

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

Analyzing sales by distribution, the Geox Shop channel (franchising and *Directly Operated Stores* - DOS) showed significant growth, with sales up 10% compared to 2008. In 2009 this channel represented 36% of sales (32% in 2008).

Multibrand shops, the Group's main distribution channel, accounted for 64% of sales compared to 68% of 2008, and showed a 9% decrease.

(Thousands of Euro)					
	2009	%	2008	%	Ch. %
Multibrand	553,662	64.0%	608,960	68.2%	(9.1%)
Franchising	143,995	16.6%	142,863	16.0%	0.8%
DOS*	167,353	19.3%	140,690	15.8%	19.0%
Geox Shops	311,348	36.0%	283,553	31.8%	9.8%
Net sales	865,010	100.0%	892,513	100.0%	(3.1%)

(*) Directly Operated Stores

Sales of DOS opened by at least 12 months (*comparable store sales*) decreased 6% in 2009.

As of December 31, 2009 the overall number of Geox Shops was 1,008 of which 244 DOS. During 2009, 141 new Geox Shops were opened and 73 have been closed. The new openings include, among the others, shops in Hamburg, Bruxelles, Dubai, Hong Kong, Montreal, New York, Paris.

	12-31-2009		12-31-2008	
	Geox Shops	of which DOS	Geox Shops	of which DOS
Italy	327	89	300	81
Europe	306	87	276	66
North America	56	49	53	52
Other countries	146	19	162	19
Countries with licensing agreements (*)	173	-	149	-
Total	1,008	244	940	218

(*) Sales by the franchising channel do not include those of the shops in these countries.

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Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 49.4% compared to 47.6% of 2008, producing a gross margin of 50.6% (52.4% in 2008). The decrease in Gross Profit is primarily due to higher promotional selling activities through the DOS channel and to a different regional sales mix.

Operating expenses and Operating income (EBIT)

Selling and distribution expense as a percentage of sales was 4.9%, in line with the previous year (4.8%).

General and administrative expense increased, as a percentage of sales, from 20.8% in 2008 to 24.8% in 2009. This increase, in line with management expectations, is entirely due to:

- costs involved in the opening and running of directly operated stores (DOS) and in particular of Geox flagship stores;
- non industrial amortization expenses which rose to Euro 31.9 million of 2009 from Euro 22.5 million of 2008 mainly related to the investments in the stores network.

Excluding the above mentioned costs, the total amount of general and administrative expenses and labor costs are lower than those of the previous year with the same incidence on sales.

Advertising and promotion expense was equal to 5.3% of sales compared to 7.4% of 2008. The decrease is mainly due to a substantial reduction in media prices and to a different mix in the advertising channels.

In 2009, the Group's operating result was equal to Euro 134.7 million, 15.6% on total sales compared to Euro 173.3 million in 2008 (19.4% on sales)

In 2009, the Group registered Euro 5.3 million of non recurring costs (special items) related to contractual expenses for the closing of some stores. Moreover, the Group has registered Euro 12.4 million (Euro 2.0 million in 2008) related to stores assets impairments that given the uncertain macroeconomic environment are not certain to be recovered. Including special items and asset impairment, above mentioned, EBIT was equal to 117.0 million.

EBITDA

EBITDA net of non recurring expenses (Euro 5.3 million) explained in the above paragraph, was equal to Euro 171.7 million, 19.8% of sales, compared to Euro 200.4 million in 2008.

Income taxes and tax rate

Income taxes were equal to Euro 46.2 million, compared 48.9 million of 2008, with a tax rate of 41% (29% of 2008). The increase is primarily due to two effects. The first one is the write-down of deferred tax assets of previous years relating mainly to losses of the US subsidiaries (equal to Euro 3.5 million) the recoverability of which is not certain given the current macroeconomic scenario. The second one is related to the fact that in 2008 the Group's tax rate benefited by an operation in accordance with Law 244/2007 (Budget Law 2008), which made again deductible the higher net value of certain asset items for statutory purposes compared with their residual value for tax purposes. The beneficial effect of this operation was equal to Euro 7.8 million.

Excluding the effect of the reduction of the profit before tax due to the above mentioned special items, asset impairment and the effect of the write-down of deferred tax assets of previous years, the adjusted tax rate was equal to 35%, in line with management expectation.

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THE GROUP'S FINANCIAL PERFORMANCE

The Group balance sheet shows a solid net cash position, equal to Euro 102.6 million (Euro 58.2 million at the end of 2008).

Net working capital as a percentage of sales was equal to 18.4%, with a important improvement over the same period of last year (22.6%), mainly thanks to the decrease of inventories which was related to:

- the reduction of raw materials, as a consequence of owned plants' closures in 2009
- destocking activity of products related to previous seasons
- a prudent approach in purchasing finished products during the year 2009
- shift in receiving Spring/Summer 2010 products, compared to the same period in 2009.

At December 31, 2009 the group generated a positive free cash flow equal to Euro 120.6 million, showing an impressive improvement from the cash absorption of Euro 10.7 million of 2008. This performance is the result of the decrease in working capital and of lower capital expenditure.

During 2009 Euro 62.2 million of dividends were distributed (Euro 62.2 million in 2008).

FINANCIAL STATEMENT OF THE PARENT COMPANY, GEOX S.P.A.

The Board of Directors also approved the financial results of Geox S.p.A., the group's parent company, for the year ending December 31, 2009 and the annual corporate governance report.

Sales reached Euro 740.4 million from Euro 781.7 million in 2008. Net Income was Euro 74.8 million (Euro 83.0 million in 2007) with a 10.1% margin.

Shareholders' equity at the end of December 2009 amounted to Euro 461.9 million from Euro 451.2 million at the end of 2008. Net financial position was positive for Euro 104.3 million, from Euro 88.6 million at the end of 2008.

Geox 2009 financial statements are subject to the approval of the shareholders' meeting, scheduled for 21 April 2010 at first calling and 22 April 2010 at second calling.

PROPOSED DIVIDEND

The Board of Directors has decided to propose to the Shareholders' Meeting the distribution of a dividend of Euro 0.20 per share (pay-out of around 78%). The shares will go ex-coupon on 24 May 2010 and dividends will be paid on 27 May 2010.

OTHER RESOLUTIONS

The Board of Directors has decided that the third tranche of options deriving from the stock option plan approved in November 2004 and the second tranche of options deriving from the stock option plan approved in December 2005 can be exercised having considered that the relevant targets have been achieved in a measure to entitle all beneficiaries to exercise the 100% of their respective options as provided under the respective plan.



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 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 MORE INFORMATIONS

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GEOX GROUP

The Geox Group operates in the classic, casual, and sport 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 the constant focus on the application of innovative solutions and technologies on the product that guarantee both impermeability and breathability. Geox is leader in the Italian market in its own segment and is the second leading brand in the "International Lifestyle Casual Footwear Market" (Source: Shoe Intelligence, 2009). Geox technology is protected by over 50 different patents registered in Italy and extended internationally.

DISCLAIMER

This document includes forward-looking statements, relative to future events and income and financial operating results of the Geox Group. 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.

ANNEXES

- Consolidated income statement
- Reclassified Consolidated balance sheet
- Reclassified Consolidated cash flow statement

2009 and 2008 results are reported under IAS/IFRS and have been audited. Consolidated balance sheet and cash flow statement are reclassified with statements normally used by management and investors to assess the Group's results. The afore-mentioned reclassified financial statements do not meet the presentation standards set down by the IFRS and thus are not to be considered a replacement. However, since their contents are the same, they can be easily reconciled with those envisaged by the International Accounting Standards.

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CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	2009	%	2008 (*)	%
Net sales	865,010	100.0%	892,513	100.0%
Cost of sales	(426,957)	(49.4%)	(424,461)	(47.6%)
Gross profit	438,053	50.6%	468,052	52.4%
Selling and distribution costs	(42,409)	(4.9%)	(43,248)	(4.8%)
General and administrative expenses	(214,731)	(24.8%)	(185,442)	(20.8%)
Advertising and promotion	(46,216)	(5.3%)	(66,061)	(7.4%)
Operating result	134,697	15.6%	173,301	19.4%
Special items	(5,306)	(0.6%)	-	0.0%
Net asset impairment	(12,363)	(1.4%)	(1,955)	(0.2%)
EBIT	117,028	13.5%	171,346	19.2%
Net interest	(4,154)	(0.5%)	(4,297)	(0.5%)
PBT	112,874	13.0%	167,049	18.7%
Income tax	(46,168)	(5.3%)	(48,875)	(5.5%)
<i>Tax rate</i>	<i>41%</i>		<i>29%</i>	
Net Income	66,706	7.7%	118,174	13.2%
EPS (Earnings per shares)	0.26		0.46	
EBITDA	166,375	19.2%	200,361	22.4%
Special items	(5,306)		-	
EBITDA adjusted	171,681	19.8%	200,361	22.4%

EBITDA: is the operating profit plus depreciation, amortization and can be directly calculated from the financial statements as integrated by the notes.

The table below shows the reconciliation of net income adjusted (excluding Special Items and Net asset impairment).

(Thousands of Euro)	2009	%	2008 (*)	%
Operating result	134,697	15.6%	173,301	19.4%
Net interest	(4,154)	(0.5%)	(4,297)	(0.5%)
PBT adjusted	130,543	15.1%	169,004	18.9%
Income Tax adjusted	(46,327)	(5.4%)	(44,978)	(5.0%)
<i>Tax rate adjusted</i>	<i>35%</i>		<i>27%</i>	
Net Income adjusted	84,216	9.7%	124,026	13.9%

(*) In compliance with IAS 38, 2008 results have been restated in order to reflect a decrease in A&P expenses for Euro 0.9 million. As a result net income is positively impacted, net of tax, for Euro 0.6 million.

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RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Thousands of Euro)	Dec. 31, 2009	Dec. 31, 2008 (*)
Intangible assets	74,651	78,231
Property, plant and equipment	71,516	78,020
Other non-current assets - net	40,707	32,404
Total non-current assets	186,874	188,655
Net operating working capital	159,465	201,793
Other current assets (liabilities), net	(10,409)	(15,643)
Net invested capital	335,930	374,805
Equity	428,751	425,787
Provisions for severance indemnities, liabilities and charges	9,765	7,214
Net financial position	(102,586)	(58,196)
Net invested capital	335,930	374,805

(*) Restated in compliance with IAS 38.

OPERATING WORKING CAPITAL AND OTHER CURRENT ASSETS (LIABILITIES)

(Thousands of Euro)	Dec. 31, 2009	Dec. 31, 2008 (*)
Inventories	152,387	226,405
Accounts receivable	128,803	124,594
Accounts payable	(121,725)	(149,206)
Net operating working capital	159,465	201,793
% of sales for the last 12 months	18.4%	22.6%
Taxes payable	(8,428)	(17,246)
Other non-financial current assets	24,042	23,321
Other non-financial current liabilities	(26,023)	(21,718)
Other current assets (liabilities), net	(10,409)	(15,643)

(*) Restated in compliance with IAS 38.

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RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENTS

(Thousands of Euro)		
	2009	2008 (*)
Net income	66,706	118,174
Depreciation, amortization and impairment	49,348	29,015
Other non-cash items	23,205	(17,434)
	139,259	129,755
Change in net working capital	36,974	(39,735)
Change in other current assets/liabilities	(16,553)	(6,463)
Cash flow from operations	159,680	83,557
Capital expenditure	(41,995)	(96,345)
Disposals	2,957	2,044
Net capital expenditure	(39,038)	(94,301)
Free cash flow	120,642	(10,744)
Dividends	(62,210)	(62,199)
Increase in share capital	23	1,648
Change in net financial position	58,455	(71,295)
Initial net financial position - prior to fair value adjustment of derivatives	42,819	115,467
Change in net financial position	58,455	(71,295)
Translation differences	336	(1,353)
Final net financial position - prior to fair value adjustment of derivatives	101,610	42,819
Fair value adjustment of derivatives	976	15,377
Final net financial position	102,586	58,196

(*) Restated in compliance with IAS 38.