

GEOX

PRESS RELEASE – FIRST HALF 2015 RESULTS

GEOX HAS CLOSED THE FIRST HALF OF 2015 WITH 6.7% GROWTH IN TURNOVER, THANKS TO MULTIBRAND CHANNEL (+6.5%) AND TO THE GOOD PERFORMANCE OF COMPARABLE SALES BY BOTH DIRECTLY OPERATED MONOBRAND STORES (+6.4%) AND FRANCHISED MONOBRAND STORES (+7.9%).

EXCELLENT PERFORMANCE IN THE SECOND QUARTER +11% (COMPARABLE SALES +8%).

STRONG CASH FLOW GENERATION (+55 MILLION), AFTER 20 MILLION CAPEX

MORE THAN POSITIVE SIGNS IN THE 2015 FALL/WINTER ORDER BOOK (+8%), WITH EXCELLENT PERFORMANCE IN MAIN MARKETS.

- **Sales: Euro 426.9 million, +6.7% (Euro 400.2 million in the first half of 2014)**
- **EBITDA: Euro 26.6 million, +28.3% (Euro 20.7 million in the first half of 2014)**
- **EBIT: Euro 7.4 million (Euro 0.1 million in the first half of 2014)**
- **Net Result: Euro 1.1 million (-3.9 in the first half of 2014)**
- **Positive Net Financial Position: Euro +27.6 million (-13.0 million as of December 31, 2014, -43.2 million as of June 30, 2014)**

Biadene di Montebelluna, July 30, 2015 – The Board of Directors of Geox S.p.A., one of the leading brands worldwide in the classic and casual footwear market listed on the Milan Stock Exchange (MSE: GEO.MI), approved today the first half 2015 financial results.

Mario Moretti Polegato, Chairman and founder of Geox, commented: “I am satisfied with the results achieved by the Geox Group in the first half of the year. Turnover increased by 7%, thanks to the growth of the wholesale channel +6.5% and to the strong performance of comparable sales in the monobrand stores, both directly operated and franchised, in all markets, which grew 8% in the second quarter.

While delivering this sales increase, we have also taken steps to improve our efficiency. The impact of this operational focus in visible is not only the increased cash flow generation (55 million, after 20 million capex) resulting from the implementation of changes to our product development and procurement processes, but in the substantial improvement we experienced in our gross margin as well.

The year to date results were also enhanced by the successful introduction of a line of innovative products that offer contemporary design, comfort and breathability. The successful launch of this product line evidences the strength of the GEOX brand, and illustrates our ongoing commitment to product innovation, a hallmark of our company's DNA.

For the second half of the year the multibrand channel is showing encouraging results with growth in the order backlog of 8%, thanks to a generally strong performance in Italy and in key European markets such as France, Germany, Spain and Great Britain, combined with a positive trend in other geographical areas.

As we enter the second half of 2015 in an environment that remains volatile and uncertain, our execution year to date leaves us confident that the momentum we have established will continue. With sales increasing and poised to continue to grow, efficiency enhancements staying in focus, and innovation remaining a priority, we are well positioned for further success.”

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THE GROUP'S ECONOMIC PERFORMANCE

Sales

First half 2015 consolidated net sales increased by 6.7% (4.0% at constant exchange rates) to Euro 426.9 million. Footwear sales represented 91% of consolidated sales, amounting to Euro 390.4 million, with a 10.7% increase compared to the first half of 2014. Apparel sales accounted for 9% of consolidated sales amounting to Euro 36.6 million, compared to Euro 47.5 million of the first half of 2014, with a 23.0% decrease. However, considering only the comparable categories of product, apparel shows a 8.7% increase compared to the same period of last year.

(Thousands of Euro)	I half 2015	%	I half 2014	%	Var. %
Footwear	390,363	91.4%	352,674	88.1%	10.7%
Apparel	36,564	8.6%	47,506	11.9%	(23.0%)
Net sales	426,927	100.0%	400,180	100.0%	6.7%

Sales in Italy, the Group's main market, which accounted for 33% of sales, in line with the first half 2014, amounted to Euro 142.2 million showing a 6.3% increase compared with the same period of the previous year.

Sales in Europe, which accounted for 43% of sales increased by 3.4% to Euro 182.8 million, compared with Euro 176.8 million of the first half of 2014.

North American sales amounted to Euro 28.8 million, showing an increase of 18.6% (+3.4% at constant exchange rates). Sales in Other Countries increased by 11.8% compared to the first half of 2014 (+2.6% at constant exchange rates).

(Thousands of Euro)	I half 2015	%	I half 2014	%	Var. %
Italy	142,216	33.3%	133,744	33.4%	6.3%
Europe (*)	182,814	42.8%	176,767	44.2%	3.4%
North America	28,751	6.7%	24,239	6.1%	18.6%
Other countries	73,146	17.1%	65,430	16.4%	11.8%
Net sales	426,927	100.0%	400,180	100.0%	6.7%

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

Sales of the DOS channel, which represent 43% of Group revenues, grew 12.5% to Euro 184.3 million. The improvement is mainly driven by new openings and by comparable store sales growth recorded on DOS channel (+6.4% in the first half of 2015, +7.9% in the second quarter of 2015).

Sales of the franchising channel, which account for 16% of Group revenues, amount to Euro 70.3 million, with a decreased of 5.7%. This trend is due to the effect of closing of shops not in line with expected profitability standards, which partially offset by the positive trend in comparable store sales at locations that have been open for at least 12 months (+7.9% in the first half of 2015, +8,0% in the second quarter of 2015).

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Multibrand stores representing 40% of Group revenues amount to Euro 172.3 million, with an increase of 6.5%.

(Thousands of Euro)	I half 2015	%	I half 2014	%	Var. %
Multibrand	172,336	40.4%	161,836	40.4%	6.5%
Franchising	70,296	16.5%	74,529	18.6%	(5.7%)
DOS*	184,295	43.2%	163,815	40.9%	12.5%
Geox Shops	254,591	59.6%	238,344	59.6%	6.8%
Net sales	426,927	100.0%	400,180	100.0%	6.7%

* Directly Operated Store

As of June 30, 2015, the overall number of Geox Shops was 1,165 of which 454 DOS. During the first half of 2015, 54 new Geox Shops were opened and 114 have been closed, in line with the rationalization plan of the DOS network.

	06-30-2015		12-31-2014		I half 2015		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	368	132	421	173	(53)	7	(60)
Europe (*)	344	171	350	167	(6)	6	(12)
North America	44	44	44	44	-	2	(2)
Other countries (**)	409	107	410	93	(1)	39	(40)
Total	1,165	454	1,225	477	(60)	54	(114)

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

(**) Includes Under License Agreement Shops (157 as of June 30 2015, 161 as of December 31 2014). Sales from these shops are not included in the franchising channel.

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Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 48.2% compared to 50.8% of the first half 2014, producing a gross margin of 51.8% (49.2% in the first half of 2014).

The increase in gross profit, in line with management expectations, is explained by the increased profitability in sales and the steps taken in terms of product mix, channels, prices.

Operating expenses and Operating income (EBIT)

Selling and distribution expenses as a percentage of sales were 6.0% (5.9% in the first half of 2014).

General and administrative expenses were equal to Euro 168.9 million, compared with Euro 153.1 million of the first half 2014. General and administrative expenses, as a percentage of sales, were 39.6% (38.2% in the first half 2014).

The increase is mainly due to costs of opening and running of new directly operated stores (DOS) including the conversion to directly operated stores of stores previously managed by some franchisees.

Advertising and promotions expenses were equal to 4.5% of sales, 5.0% in the first half of 2014.

The operating result (EBIT) is equal to Euro 7.4 million (1.7% on sales) compared with Euro 0.1 million of the first half of 2014.

EBITDA

EBITDA was Euro 26.6 million, 6.2% of sales, compared to Euro 20.7 million (5.2% on sales) of the first half of 2014.

Income taxes and tax rate

Income taxes were equal to Euro 2.2 million in the first half of 2015, compared to Euro 0.8 million of the same period of the previous year.



THE GROUP'S FINANCIAL PERFORMANCE

The Group balance sheet shows a positive financial position (cash) of Euro 27.6 million.

The ratio of net working capital on sales comes to 23.1% compared with 30.7% of the same period of 2014. This improvement is due to the management of suppliers' payment term and to a decrease in inventory.

Before the fair value adjustment of derivatives, net financial position was Euro +13.1 million, compared to Euro -41.0 of December 31, 2014. After fair value adjustment of derivatives, which positively affected 2015 first half for Euro 14.5 million (Euro 28.0 million as of December 31, 2014), net financial position was positive and equal to Euro 27.6 million (Euro -13.0 million at the end of 2014).



FORECAST FOR OPERATIONS AND SIGNIFICANT SUBSEQUENT EVENTS

Following a successful 2014, the first half of 2015 saw the Group maintain this momentum. These results and the visibility we now have into forward ordering trends, position us to confirm our guidance for the balance of 2015.

While global growth remains challenged, signs of modest improvement are evident, and we remain optimistic that the Group's revenues and profitability will continue to grow in 2015. Our strategy is working, revenue growth in our core markets is strong, profitability continues to trend in the right direction as we rationalise our store network and gross margins are expanding.

As regards the entire year, market expectations are very challenging and the forecasts at EBITDA level average around 68-70 million euro. In this regard, management is confident that the trend of solid growth achieved in the main markets, such as Italy, France, Spain, Germany and other European countries and the positive developments in other geographical areas will allow the Group to maintain a good rate of growth in turnover. In addition, based on confirmation of the growth trend in gross margin and the rationalization measures already introduced, the significant improvement in cash flows, the strict control over working capital, management presumes that operating profitability and net income will also increase to levels substantially in line with market expectations.

These positive expectations continued to be confirmed by:

- (i) the order backlog for the multi-brand channel for the Fall/Winter season that has grown in total by 8%; and thus the performance in the EMEA region has more than compensated for the weakness in Asia in the wholesale channel;
- (ii) the fact that these orders already obtained confirm growth in gross margin in line with expectations;
- (iii) comparable sales of both directly operated stores and franchised stores have grown in comparison to prior year.



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 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 the constant focus on the application of innovative solutions and technologies on the product that guarantee both impermeability and breathability. Geox is one of the leading brands in the "International Lifestyle Casual Footwear Market". Geox technology is protected by over 60 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

2015 and 2014 results are reported under IAS/IFRS. Fiscal year 2014 results have been audited, while the first half 2014 and the first half 2015 have not been fully 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)	I half 2015	%	I half 2014	%	2014	%
Net sales	426,927	100.0%	400,180	100.0%	824,243	100.0%
Cost of sales	(205,939)	(48.2%)	(203,457)	(50.8%)	(420,451)	(51.0%)
Gross profit	220,988	51.8%	196,723	49.2%	403,792	49.0%
Selling and distribution costs	(25,623)	(6.0%)	(23,620)	(5.9%)	(48,519)	(5.9%)
General and administrative expenses	(168,901)	(39.6%)	(153,053)	(38.2%)	(308,257)	(37.4%)
Advertising and promotion	(19,108)	(4.5%)	(19,973)	(5.0%)	(42,126)	(5.1%)
EBIT	7,356	1.7%	77	0.0%	4,890	0.6%
Net interest	(4,014)	(0.9%)	(3,179)	(0.8%)	(6,335)	(0.8%)
PBT	3,342	0.8%	(3,102)	(0.8%)	(1,445)	(0.2%)
Income tax	(2,215)	(0.5%)	(801)	(0.2%)	(1,496)	(0.2%)
<i>Tax rate</i>	66%	0%	-26%		-104%	
Net result	1,127	0.3%	(3,903)	(1.0%)	(2,941)	(0.4%)
EPS (Earnings per shares)	0.004		(0.015)		(0.011)	
EBITDA	26,609	6.2%	20,739	5.2%	42,643	5.2%

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

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RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Thousands of Euro)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Intangible assets	58,001	60,150	58,236
Property, plant and equipment	67,376	64,497	60,292
Other non-current assets - net	53,942	54,802	66,981
Total non-current assets	179,319	179,449	185,509
Net operating working capital	196,300	226,651	235,764
Other current assets (liabilities), net	(22,065)	(10,625)	(15,088)
Net invested capital	353,554	395,475	406,185
Equity	372,383	373,680	354,360
Provisions for severance indemnities, liabilities and charges	8,776	8,813	8,628
Net financial position	(27,605)	12,982	43,197
Net invested capital	353,554	395,475	406,185

OPERATING WORKING CAPITAL AND OTHER CURRENT ASSETS (LIABILITIES)

(Thousands of Euro)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Inventories	266,789	287,732	284,300
Accounts receivable	107,786	106,517	100,000
Accounts payable	(178,275)	(167,598)	(148,536)
Net operating working capital	196,300	226,651	235,764
% of sales for the last 12 months	23.1%	27.5%	30.7%
Taxes payable	(6,576)	(6,439)	(8,029)
Other non-financial current assets	34,146	40,958	33,693
Other non-financial current liabilities	(49,635)	(45,144)	(40,752)
Other current assets (liabilities), net	(22,065)	(10,625)	(15,088)

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RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)	I half 2015	I half 2014	2014
Net result	1,127	(3,903)	(2,941)
Depreciation, amortization and impairment	19,253	20,661	37,753
Other non-cash items	6,995	1,318	(1,483)
	27,375	18,076	33,329
Change in net working capital	37,768	(31,297)	(15,434)
Change in other current assets/liabilities	8,924	2,672	(6,842)
Cash flow from operations	74,067	(10,549)	11,053
Capital expenditure	(19,551)	(11,648)	(35,754)
Disposals	435	1,875	2,912
Net capital expenditure	(19,116)	(9,773)	(32,842)
Free cash flow	54,951	(20,322)	(21,789)
Change in net financial position	54,951	(20,322)	(21,789)
Initial net financial position - prior to fair value adjustment of derivatives	(41,012)	(18,339)	(18,339)
Change in net financial position	54,951	(20,322)	(21,789)
Translation differences	(852)	(776)	(884)
Final net financial position - prior to fair value adjustment of derivatives	13,087	(39,437)	(41,012)
Fair value adjustment of derivatives	14,518	(3,760)	28,030
Final net financial position	27,605	(43,197)	(12,982)