

GEOX

GEOX S.P.A. BOARD OF DIRECTORS APPROVED FIRST HALF 2012 RESULTS

SALES: EURO 429 MILLION, SOLID NET CASH POSITION AT EURO 80 MILLION

- Sales: Euro 429.1 million (Euro 448.3 million in the first half of 2011)
- EBITDA Adjusted¹ : Euro 56.7 million, 13.2% margin (Euro 61.3 million in the first half of 2011)
- EBIT Adjusted¹: Euro 37.0 million, 8.6% margin (Euro 42.0 million in the first half of 2011)
- Net Income: Euro 21.3 million, 5.0% margin (Euro 24.3 million in the first half of 2011)
- Solid Net Cash Position: Euro 80.1 million (Euro 65.7 million in the first half of 2011)

Biadene di Montebelluna, July 31, 2012 – 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 first half 2012 financial results.

Mario Moretti Polegato, Chairman and founder of Geox, commented: "Geox has closed the first half of 2012 with a slight reduction in turnover of 4% in line with expectations. There has also been a good improvement in margins which we have invested in the product, in the development of emerging markets and in communication. The profitability, in percentage terms, is substantially in line with last year and the cash position is solid, at 80 million euro. As previously announced, the second half of the year is proving to be difficult due to the economic downturn of the Europe's Mediterranean countries where the contraction in consumption is most widespread and in the wholesale channel. However, the dynamic development of many countries such as Russia, Eastern Europe and the Far East, the new direct store openings in China and Hong Kong and the encouraging trend in sales at our direct stores in general, showing comparable growth of 6% in the Spring/Summer season, confirm the validity of our growth strategy focused on these emerging markets and on opening new retail stores."

THE GROUP'S ECONOMIC PERFORMANCE

Sales

First half 2012 consolidated net sales decreased by 4% (5% at constant exchange rates) to Euro 429.1 million. Footwear sales represented 87% of consolidated sales, amounting to Euro 375.5 million, with a 5% decrease compared to the same period of 2011. Apparel sales accounted for 13% of consolidated sales equal to Euro 53.6 million, with a 2% decrease.

(Thousands of Euro)	I half 2012	%	I half 2011	%	Ch. %
Footwear	375,469	87.5%	393,724	87.8%	(4.6%)
Apparel	53,624	12.5%	54,612	12.2%	(1.8%)
Net sales	429,093	100.0%	448,336	100.0%	(4.3%)

¹ Excluding non recurring costs, equal to Euro 2.1 million, mainly related to expenses for non performing stores' closures (Euro 0.4 million on 1H 2011).

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Sales in Italy, the Group's main market, which accounted for 36% of sales (38% in the first half of 2011) amounted to Euro 156.6 million showing a 8% decrease.

Sales in Europe, which accounted for 43% of sales (in line with the first half of 2011) declined by 5% to Euro 183.1 million, compared with Euro 192.2 million in the first half of 2011.

North American sales decreased by 4% at Euro 25.4 million (-10% at constant exchange rates). Sales in the Other Countries increased by 8% (+5% at constant exchange rates).

(Thousands of Euro)	I half		I half		
	2012	%	2011	%	Ch. %
Italy	156,640	36.5%	170,168	38.0%	(7.9%)
Europe (*)	183,052	42.7%	192,237	42.9%	(4.8%)
North America	25,423	5.9%	26,457	5.9%	(3.9%)
Other countries	63,978	14.9%	59,474	13.2%	7.6%
Net sales	429,093	100.0%	448,336	100.0%	(4.3%)

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

Analyzing sales by distribution, the Geox Shop channel (franchising and *Directly Operated Stores* - DOS) increased by 8%. This channel represented 49% of sales (43% in the first half of 2011).

The sales of directly operated stores (DOS) that have been open for at least 12 months (comparable stores sales) increased by 3% during the first half of 2012. Comparable store sales related to the Spring/Summer 2012 collections only (i.e. from February 27th to July 22nd) increased by 6%.

Franchising channel reported an increase of 8% in the first half of 2012 to euro 95.2 million, equal to 22% of sales.

Multibrand, the Group's main distribution channel, which accounted for 51% of sales (57% in the first half of 2011) declined by 14%.

(Thousands of Euro)	I half		I half		
	2012	%	2011	%	Ch. %
Multibrand	220,825	51.5%	255,454	57.0%	(13.6%)
Franchising	95,250	22.2%	87,895	19.6%	8.4%
DOS*	113,018	26.3%	104,987	23.4%	7.6%
Geox Shops	208,268	48.5%	192,882	43.0%	8.0%
Net sales	429,093	100.0%	448,336	100.0%	(4.3%)

**Directly Operated Stores*.

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As of June 2012 the overall number of Geox Shops was 1,172 of which 261 DOS. During the first half of 2012, 93 new Geox Shops were opened and 61 have been closed. New openings include shops in Rome, Amsterdam, Paris, London, Madrid, Budapest, Hong Kong, Tianjin.

	06-30-2012		12-31-2011		I half 2012		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	416	79	392	79	24	31	(7)
Europe (*)	329	126	320	126	9	28	(19)
North America	42	39	44	40	(2)	1	(3)
Other countries (**)	385	17	384	17	1	33	(32)
Total	1,172	261	1,140	262	32	93	(61)

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

(**) Includes Under License Agreement Shops (155 as of June 30 2012, 171 as of December 31 2011). Sales from these shops are not included in the franchising channel.

Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 51.3% compared to 54.1% of the first half of 2011, producing a gross margin of 48.7% (45.9% in first half 2011). The increase in gross profit, compared with the first half of 2011 is explained by the favorable trends of currencies, the steps taken in terms of product mix, channels, prices, which offset unfavorable trends in raw material prices and labour costs increases in supplier countries.

Operating expenses and Operating income (EBIT)

Selling and distribution expenses as a percentage of sales was 5.4%, substantially in line with the first half of 2011 (5.3%).

General and administrative expenses were equal to Euro 125.1 million, compared with 116.0 million of the first half of 2011. General and administrative expenses, as a percentage of sales, were 29.1%, compared to 25.9% of the first half of 2011.

The increase, in line with management expectations, is explained by:

- costs of opening and running of directly operated stores (DOS);
- investments in management and operations for the start up of new subsidiaries.

Advertising and promotions expenses were equal to 5.5% of sales compared to 5.4% of the first half of 2011.

During the first half of 2012 the Group registered Euro 2.1 million costs related to contractual expenses for the closing of some non performing stores (Euro 0.4 million in first half 2011).

The Group's operating result was Euro 34.9 million, 8.1% as a percentage of sales, compared with Euro 41.6 million of the first half of 2011 (9.3% as a percentage of sales).

EBITDA

EBITDA was Euro 54.6 million, 12.7% of sales, compared to Euro 60.9 million in the first half of 2011.

Income taxes and tax rate

Income taxes were equal to Euro 11.8 million, compared to Euro 14.9 million of first half 2011, with a tax rate of 36% (38% of the first half of 2011).

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THE GROUP'S FINANCIAL PERFORMANCE

The Group balance sheet shows a solid net cash position of 80.1 million.

The ratio of net working capital on sales was 23.8% compared with 22.8% of the first half of 2011. The increase is mainly due to:

- the increase of receivable mainly due to the extending payment terms granted to some clients;
- decrease of inventories mainly due to a different timing of deliveries of Fall/Winter 2012 products compared with the same period of last year.

Free cash flow was Euro 32.3 million, compared with Euro 19.7 million of the first half of 2011.

During the period Euro 41.5 million dividend (Euro 46.7 million in the first half of 2011) were distributed. Capital expenditures were Euro 23.3 million of which 15.7 million for new store openings and store refurbishment.

FORECAST FOR OPERATIONS AND SIGNIFICANT SUBSEQUENT EVENTS

In early 2012, the macroeconomic and financial environment has become increasingly difficult in Europe, especially in the Mediterranean area, with the introduction of growing austere fiscal policies, restrictions on access to credit for commercial distribution and a deterioration in consumer expectations. In this context, management decided to adopt prudent policies with a view to containing business risk, rationalization of the wholesale accounts, maintaining strong control over working capital and focus on margins. This led, among other things, to lower promotions during the sales period and selective cancellations of orders of customers in financial difficulty.

Considering the general expectation that these problems will continue in the second half of the year and the fact that, in certain geographical areas, the distribution network is holding stocks of products from the previous Fall/Winter collection, which is resulting in a weak trend in orders for the 2012 Fall/Winter season. Management is convinced that it has to look with considerable caution and prudence also at the sales forecast for the entire year, which is likely to see an overall percentage decrease between 6% and 8%.

Given the current situation, the Geox Group has reacted with measures aimed to generate cash and boost gross margins, which are confirmed by the orders book in terms of product mix, channels and prices. Furthermore, significant investments related to new shop openings, management hiring and commercial structure improvements in Russia, Eastern Europe and Asia will allow us to achieve the important potential growth opportunity in these markets, where the Group's presence is still limited, but rapidly growing. These investments will however lead to pressure on 2012 fiscal year operating margins (EBITDA).



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 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, 2011). 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

2012 and 2011 results are reported under IAS/IFRS. Fiscal year 2011 results have been audited, while first half 2012 and first half 2011 results 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 aforementioned 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 2012		I half 2011		2011	
		%		%		%
Net sales	429,093	100.0%	448,336	100.0%	887,272	100.0%
Cost of sales	(220,314)	(51.3%)	(242,755)	(54.1%)	(478,140)	(53.9%)
Gross profit	208,779	48.7%	205,581	45.9%	409,132	46.1%
Selling and distribution costs	(23,206)	(5.4%)	(23,593)	(5.3%)	(45,581)	(5.1%)
General and administrative expenses	(125,056)	(29.1%)	(115,992)	(25.9%)	(234,521)	(26.4%)
Advertising and promotion	(23,542)	(5.5%)	(23,995)	(5.4%)	(45,935)	(5.2%)
Operating result	36,975	8.6%	42,001	9.4%	83,095	9.4%
Special items	(2,057)	(0.5%)	(370)	(0.1%)	(582)	(0.1%)
EBIT	34,918	8.1%	41,631	9.3%	82,513	9.3%
Net interest	(1,831)	(0.4%)	(2,381)	(0.5%)	(4,386)	(0.5%)
PBT	33,087	7.7%	39,250	8.8%	78,127	8.8%
Income tax	(11,779)	(2.7%)	(14,926)	(3.3%)	(27,959)	(3.2%)
Tax rate	36%		38%		36%	
Net Income	21,308	5.0%	24,324	5.4%	50,168	5.7%
EPS (Earnings per shares)	0.08		0.09		0.19	
EBITDA	54,597	12.7%	60,895	13.6%	121,514	13.7%
Special items	(2,057)		(370)		(582)	
EBITDA adjusted	56,654	13.2%	61,265	13.7%	122,096	13.8%

EBITDA: is the operating profit 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, 2012	Dec. 31, 2011	June 30, 2011
Intangible assets	70,088	67,222	65,450
Property, plant and equipment	63,953	63,658	63,392
Other non-current assets - net	41,178	40,599	46,110
Total non-current assets	175,219	171,479	174,952
Net operating working capital	206,206	217,768	196,648
Other current assets (liabilities), net	(22,523)	(23,331)	(28,499)
Net invested capital	358,902	365,916	343,101
Equity	428,411	446,428	399,780
Provisions for severance indemnities, liabilities and charges	10,619	10,180	8,977
Net financial position	(80,128)	(90,692)	(65,656)
Net invested capital	358,902	365,916	343,101

OPERATING WORKING CAPITAL AND OTHER CURRENT ASSETS (LIABILITIES)

(Thousands of Euro)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Inventories	176,821	196,610	189,543
Accounts receivable	160,030	154,171	135,952
Accounts payable	(130,645)	(133,013)	(128,847)
Net operating working capital	206,206	217,768	196,648
% of sales for the last 12 months	23.8%	24.5%	22.8%
Taxes payable	(17,481)	(11,818)	(19,333)
Other non-financial current assets	27,238	21,801	21,402
Other non-financial current liabilities	(32,280)	(33,314)	(30,568)
Other current assets (liabilities), net	(22,523)	(23,331)	(28,499)

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RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENTS

(Thousands of Euro)	I half 2012	I half 2011	2011
Net income	21,308	24,324	50,168
Depreciation, amortization and impairment	19,679	19,264	39,001
Other non-cash items	1,850	(7,091)	(785)
	42,837	36,497	88,384
Change in net working capital	11,377	(22,116)	(44,128)
Change in other current assets/liabilities	603	18,058	6,080
Cash flow from operations	54,817	32,439	50,336
Capital expenditure	(23,302)	(14,257)	(36,093)
Disposals	824	1,497	2,407
Net capital expenditure	(22,478)	(12,760)	(33,686)
Free cash flow	32,339	19,679	16,650
Dividends	(41,473)	(46,657)	(46,657)
Change in net financial position	(9,134)	(26,978)	(30,007)
Initial net financial position - prior to fair value adjustment of derivatives	78,214	108,504	108,504
Change in net financial position	(9,134)	(26,978)	(30,007)
Translation differences	365	(529)	(283)
Final net financial position - prior to fair value adjustment of derivatives	69,445	80,997	78,214
Fair value adjustment of derivatives	10,683	(15,341)	12,478
Final net financial position	80,128	65,656	90,692