

GEOX

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

SALES: EURO 330 MILLION, SOLID NET CASH POSITION AT EURO 67 MILLION

- **Sales: Euro 330.0 million (Euro 345.4 million in the first quarter of 2011)**
- **EBITDA: Euro 72.3 million, 21.9% margin (Euro 79.2 million in the first quarter of 2011)**
- **EBIT: Euro 62.9 million, 19.0% margin (Euro 68.9 million in the first quarter of 2011)**
- **Net Income: Euro 41.5 million, 12.6% margin (Euro 43.4 million in the first quarter of 2011)**
- **Solid Net Cash Position: Euro 67.4 million (Euro 48.1 million in the first quarter of 2011)**

Biadene di Montebelluna, May 9, 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 quarter 2012 financial results.

Mario Moretti Polegato, Chairman and founder of Geox commented: “2012 will be a year for prudence in Europe, which is our domestic market. Here, the macroeconomic environment remains uncertain, which is why we have adopted policies to limit business risk. They slightly penalize sales but help the gross margin and cash generation, which at the end of March came to 67 million, well up on last year. This cash solidity allows us to invest, even during this phase of the market, opening new monobrand stores and upgrading the commercial structures in Eastern Europe, Russia and Asia. Indeed, this year we are planning to inaugurate a flagship store in Hong Kong and open 10 new shops in China and another 10 in Russia, in addition to the 90 already open in these areas. This will allow us, in the future, to take advantage of the significant growth potential of these emerging countries where the Group's presence is still limited, but rapidly expanding. In our monobrand stores, comparable sales for the Spring/Summer season are up 5% in the first quarter of 2012, which confirms the quality of the work that we have performed and of our investments in marketing and product development. It also highlights our level of consumer appreciation, especially on the part of women, as we now offer them a product that combines style with technology”.

THE GROUP'S ECONOMIC PERFORMANCE

Sales

First quarter 2012 consolidated net sales decreased by 4% (-5% at constant exchange rates) to Euro 330.0 million. Footwear sales represented 87% of consolidated sales, amounting to Euro 286.0 million, with a 5% decrease compared to the same period of 2011. Apparel sales accounted for 13% of consolidated sales equal to Euro 44.0 million, with a 4% decrease.

(Thousands of Euro)	I quarter		I quarter		Ch. %
	2012	%	2011	%	
Footwear	286,004	86.7%	299,393	86.7%	(4.5%)
Apparel	44,006	13.3%	45,984	13.3%	(4.3%)
Net sales	330,010	100.0%	345,377	100.0%	(4.4%)

GEOX

Sales in Italy, the Group's main market, which accounted for 40% of sales (40% in the first quarter of 2011) amounted to Euro 131.6 million (137.3 million in the first quarter of 2011) showing a 4% decrease.

Sales in Europe, which accounted for 42% of sales (43% in the first quarter of 2011) declined by 6% to Euro 138.7 million, compared to Euro 148.1 million in the first quarter of 2011.

North American sales decreased by 12% at Euro 13,5 million (-15% at constant exchange rates). Sales in the Other Countries increased by 3% (+1%% at constant exchange rates).

(Thousands of Euro)	I quarter 2012	%	I quarter 2011	%	Ch. %
Italy	131,633	39.9%	137,342	39.8%	(4.2%)
Europe (*)	138,706	42.0%	148,097	42.9%	(6.3%)
North America	13,513	4.1%	15,281	4.4%	(11.6%)
Other countries	46,158	14.0%	44,657	12.9%	3.4%
Net sales	330,010	100.0%	345,377	100.0%	(4.4%)

(*) 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 11%. This channel represented 42% of sales (36% in the first quarter of 2011).

The sales of directly operated stores (DOS) that have been open for at least 12 months (comparable stores sales) increased by 5% during the first quarter of 2012. Comparable store sales related to the Spring/Summer 2012 collections only (i.e. from February 27th to May 6th) increased by 7%.

The increase in DOS net sales of 6% is mainly due to the increase of comparable stores sales and the new openings made during the last 12 months.

Franchising channel reported an increase of 14% in the first quarter of 2012.

Multibrand, the Group's main distribution channel, which accounted for 58% of sales (64% in the first quarter of 2011) declined by 13%.

(Thousands of Euro)	I quarter 2012	%	I quarter 2011	%	Ch. %
Multibrand	190,234	57.6%	219,507	63.6%	(13.3%)
Franchising	87,178	26.4%	76,324	22.1%	14.2%
DOS*	52,598	15.9%	49,546	14.3%	6.2%
Geox Shops	139,776	42.4%	125,870	36.4%	11.0%
Net sales	330,010	100.0%	345,377	100.0%	(4.4%)

*Directly Operated Stores.

GEOX

As of March 2012 the overall number of Geox Shops was 1,145 of which 254 DOS. During the first quarter of 2012, 37 new Geox Shops were opened and 32 have been closed. New openings include shops in Barcelona, Reims, Granada, Moscow, Vancouver. As of April 2012 the overall number of Geox Shops was 1,162.

	03-31-2012		12-31-2012		1 Quarter 2012		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	399	74	392	79	7	10	(3)
Europe (*)	322	124	320	126	2	14	(12)
North America	43	40	44	40	(1)	1	(2)
Other countries	217	16	213	17	4	11	(7)
Countries with licensing agreements (**)	164	-	171	-	(7)	1	(8)
Total	1,145	254	1,140	262	5	37	(32)

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

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

Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 53.2% compared to 55.8% of the first quarter of 2011, producing a gross margin of 46.8% (44.2% in Q1 2011). The expected increase in gross profit, compared to the first quarter of 2011 is explained by the increased profitability in the directly operated stores, the steps taken in terms of product mix, channels, prices, which offset unfavorable trends in raw material prices and labor costs increases in supplier countries.

Operating expenses and Operating income (EBIT)

Selling and distribution expenses as a percentage of sales was 4.9%, substantially in line with the first quarter of 2011 (5.0%).

General and administrative expenses were equal to Euro 62.0 million, compared to 57.7 million of the first quarter of 2011. General and administrative expenses, as a percentage of sales, were 18.8%, compared to 16.7% of the first quarter of 2011. The increase, in line with management expectations, is explained by:

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

Advertising and promotions expenses were equal to 4.0% of sales compared to 2.5% of the first quarter of 2011. This increase is explained by the anticipation of commercial campaign due to the different timing of Easter compared to the same period of last year.

The Group's operating result was Euro 62.9 million, 19.0% as a percentage of sales, compared to Euro 68.9 million of the first quarter of 2011 (19.9% as a percentage of sales).

EBITDA

EBITDA was Euro 72.3 million, 21.9% of sales, compared to Euro 79.2 million in the first quarter of 2011.

Income taxes and tax rate

Income taxes were equal to Euro 19.9 million, compared to 23.7 million of first quarter 2011, with a tax rate of 32% (35% of the first quarter of 2011).

GEOX

THE GROUP'S FINANCIAL PERFORMANCE

The Group balance sheet shows a solid net cash position of 67.4 million.

The ratio of net working capital on sales was 33.9% compared to 32.9% of the first quarter of 2011.

The slight increase is due to:

- the increase of receivable mainly due to the extending payment terms granted to some clients;
- the increase of inventories of next season Fall/Winter 2012 and to the Spring/Summer 2012 stock season currently on sales.

During the quarter capital expenditures were Euro 13.9 million of which 10.5 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 multi-brand customers in financial difficulty. For these reasons, management is of the opinion that consolidated revenues for the first half will decrease compared to the previous year by a percentage in line with that seen in the first quarter.

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 decrease slightly higher to the percentage expected for the first half.

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 operating margins, in 2012 fiscal year, if sales will be lower than expected.

FIRST QUARTER 2012 INTERIM REPORT

First Quarter 2012 Interim Report, approved today by the Board of Directors, has been filed and is publicly available at the Company's registered office, as well as at Borsa Italiana S.p.A. and on the Company's website www.geox.com.



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

The manager responsible for preparing the Company's financial reports, Mr. Livio Libralesso, declares, in accordance with paragraph 2 article 154 bis of the Testo Unico della Finanza, that 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, 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 quarter 2011 and first quarter 2012 results have not 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 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.

GEOX

CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	I quarter 2012		I quarter 2011		2011	
		%		%		%
Net sales	330,010	100.0%	345,377	100.0%	887,272	100.0%
Cost of sales	(175,658)	(53.2%)	(192,741)	(55.8%)	(478,140)	(53.9%)
Gross profit	154,352	46.8%	152,636	44.2%	409,132	46.1%
Selling and distribution costs	(16,115)	(4.9%)	(17,347)	(5.0%)	(45,581)	(5.1%)
General and administrative expenses	(62,004)	(18.8%)	(57,685)	(16.7%)	(234,521)	(26.4%)
Advertising and promotion	(13,237)	(4.0%)	(8,746)	(2.5%)	(45,935)	(5.2%)
Operating result	62,996	19.1%	68,858	19.9%	83,095	9.4%
Special items	(130)	(0.0%)	-	0.0%	(582)	(0.1%)
EBIT	62,866	19.0%	68,858	19.9%	82,513	9.3%
Net interest	(1,492)	(0.5%)	(1,675)	(0.5%)	(4,386)	(0.5%)
PBT	61,374	18.6%	67,183	19.5%	78,127	8.8%
Income tax	(19,887)	(6.0%)	(23,748)	(6.9%)	(27,959)	(3.2%)
<i>Tax rate</i>	<i>32%</i>		<i>35%</i>		<i>36%</i>	
Net Income	41,487	12.6%	43,435	12.6%	50,168	5.7%
EPS (Earnings per shares)	0.16		0.17		0.19	
EBITDA	72,262	21.9%	79,167	22.9%	121,514	13.7%
Special items	(130)		-		(582)	
EBITDA adjusted	72,392	21.9%	79,167	22.9%	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.

GEOX

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Thousands of Euro)	March 31, 2012	Dec. 31, 2011	March 31, 2011
Intangible assets	72,056	67,222	66,838
Property, plant and equipment	63,098	63,658	64,686
Other non-current assets - net	34,209	40,599	45,857
Total non-current assets	169,363	171,479	177,381
Net operating working capital	295,938	217,768	283,828
Other current assets (liabilities), net	(39,604)	(23,331)	(35,645)
Net invested capital	425,697	365,916	425,564
Equity	483,306	446,428	463,855
Provisions for severance indemnities, liabilities and charges	9,748	10,180	9,851
Net financial position	(67,357)	(90,692)	(48,142)
Net invested capital	425,697	365,916	425,564

OPERATING WORKING CAPITAL AND OTHER CURRENT ASSETS (LIABILITIES)

(Thousands of Euro)	March 31, 2012	Dec. 31, 2011	March 31, 2011
Inventories	127,033	196,610	117,213
Accounts receivable	274,519	154,171	270,483
Accounts payable	(105,614)	(133,013)	(103,868)
Net operating working capital	295,938	217,768	283,828
% of sales for the last 12 months	33.9%	24.5%	32.9%
Taxes payable	(38,392)	(11,818)	(27,908)
Other non-financial current assets	30,016	21,801	18,795
Other non-financial current liabilities	(31,228)	(33,314)	(26,532)
Other current assets (liabilities), net	(39,604)	(23,331)	(35,645)

GEOX

RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENTS

(Thousands of Euro)	I quarter 2012	I quarter 2011	2011
Net income	41,487	43,435	50,168
Depreciation, amortization and impairment	9,396	10,309	39,001
Other non-cash items	2,431	(12,143)	(785)
	53,314	41,601	88,384
Change in net working capital	(80,001)	(106,386)	(44,128)
Change in other current assets/liabilities	28,377	24,886	6,080
Cash flow from operations	1,690	(39,899)	50,336
Capital expenditure	(13,943)	(7,156)	(36,093)
Disposals	83	691	2,407
Net capital expenditure	(13,860)	(6,465)	(33,686)
Free cash flow	(12,170)	(46,364)	16,650
Dividends	-	-	(46,657)
Change in net financial position	(12,170)	(46,364)	(30,007)
Initial net financial position - prior to fair value adjustment of derivatives	78,214	108,504	108,504
Change in net financial position	(12,170)	(46,364)	(30,007)
Translation differences	592	(240)	(283)
Final net financial position - prior to fair value adjustment of derivatives	66,636	61,900	78,214
Fair value adjustment of derivatives	721	(13,758)	12,478
Final net financial position	67,357	48,142	90,692