

1H 2014 Results Presentation

July 31, 2014



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1H 2014 key facts

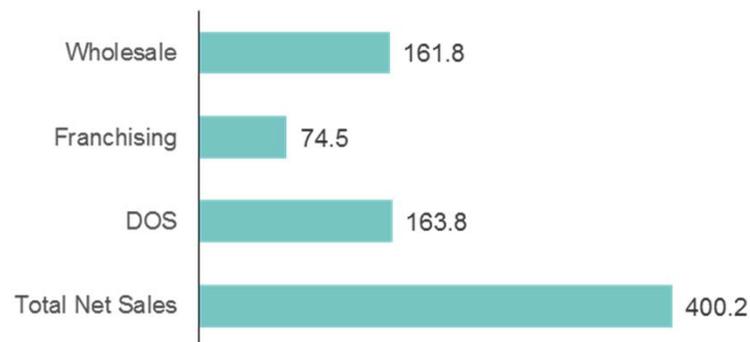
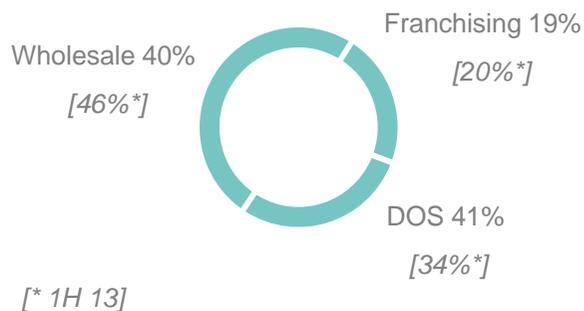
- Sales: Euro 400.2 million +3.5% (+4.1% constant FX)
- Directly Operated Stores Same Store Sales: +8.2% (vs -7.6% in 1H 13)
- EBITDA: Euro 20.7 million, 5.2% on sales (Euro 21.9 million in 1H 13*)
- EBIT: Euro 0.1 million (Euro 0.2 million in 1H 13**)
- Net Result: Euro -3.9 million (Euro -3.6 million in 1H 13)
- Net Financial Position: Euro -43.2 million
- 1,270 Geox Shops at the end of June



* 1H 2013 EBITDA includes non recurring costs, special items, equal to Euro 4.8 million

**1H 2013 EBIT includes special items (highlighted in the above note) and asset impairments (Euro 1.8 million) on investments made in the stores' network

Net sales breakdown by channel



Δ % 1H 2014	Current FX	Constant FX
Wholesale	-9.3%	-8.4%
Franchising	-3.6%	-2.0%
DOS	+24.9%	+24.4%
Total Net Sales	+3.5%	+4.1%

DOS: Directly Operated Stores

Wholesale: -9.3% (-8.4% at Constant FX) in line with the order backlog due to:

- weak performance of Italy, Spain, Portugal
- selective cancellation of orders of customers in financial difficulty
- orders reduction due to a wide de-stocking process
- **Trend reversed in 2H14 with Fall/Winter 2014 season showing a low teens increase**

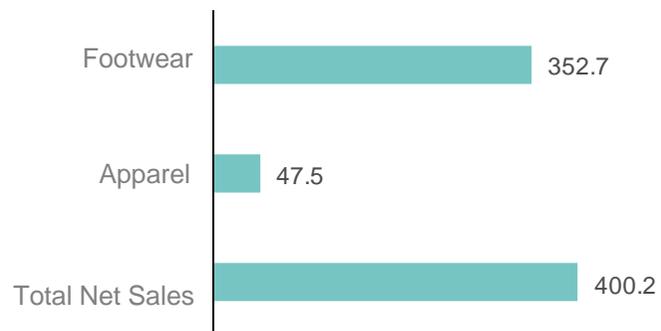
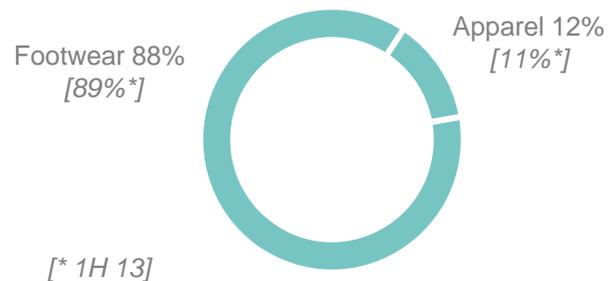
Franchising: -3.6% (-2.0% at Constant FX) due to:

- the expected closures of non performing stores and the conversions of Franchising locations to DOS, occurred during last year
- comparable stores sales stable vs LY

DOS: +24.9% due to new space and comparable stores sales of +8.2% (1H2013: -7.6%)

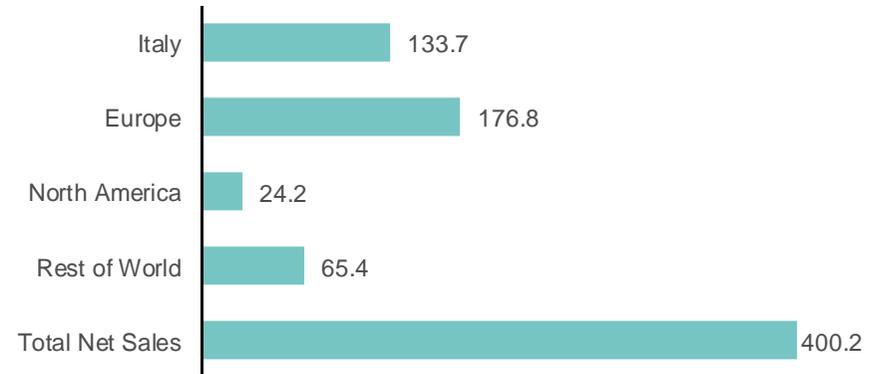
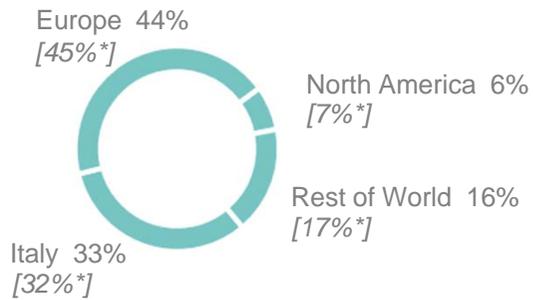
- Spring/Summer 2014 season comparable store sales (from February 24 to July 27) +6.3%

Net sales breakdown by product



	Δ % 1H 2014	Current FX	Constant FX
Footwear		+2.8%	+3.5%
Apparel		+8.3%	+8.7%
Total Net Sales		+3.5%	+4.1%

Net sales breakdown by region



[* 1H 13]

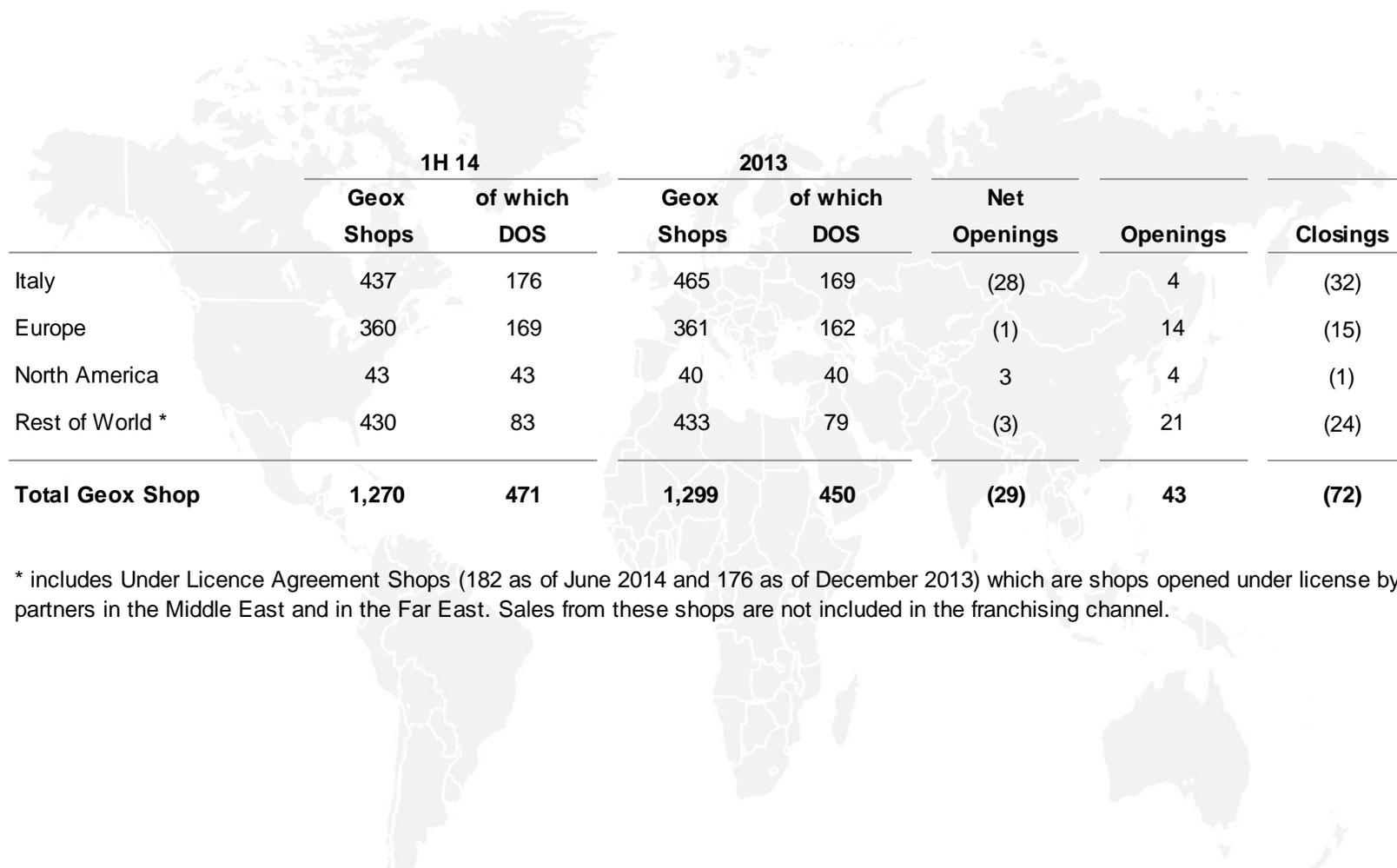
	Δ % 1H 2014	Current FX	Constant FX
Italy		+9.2%	+9.2%
Europe		+2.4%	+2.4%
North America		-7.4%	-4.7%
Rest of World		-0.1%	+2.7%
Total Net Sales		+3.5%	+4.1%

Rest of World:

- Weak performance of Ukraine
- The APAC region, which represents 7% of 1H 14 Total Net Sales, reported a 5.5% growth (+8.1% in constant currency)

Europe includes: Germany, France, Spain, Portugal, Benelux, Austria, Switzerland, UK, Scandinavia

Geox shops network



	1H 14		2013		Net Openings	Openings	Closings
	Geox Shops	of which DOS	Geox Shops	of which DOS			
Italy	437	176	465	169	(28)	4	(32)
Europe	360	169	361	162	(1)	14	(15)
North America	43	43	40	40	3	4	(1)
Rest of World *	430	83	433	79	(3)	21	(24)
Total Geox Shop	1,270	471	1,299	450	(29)	43	(72)

* includes Under Licence Agreement Shops (182 as of June 2014 and 176 as of December 2013) which are shops opened under license by partners in the Middle East and in the Far East. Sales from these shops are not included in the franchising channel.

Summary income statement

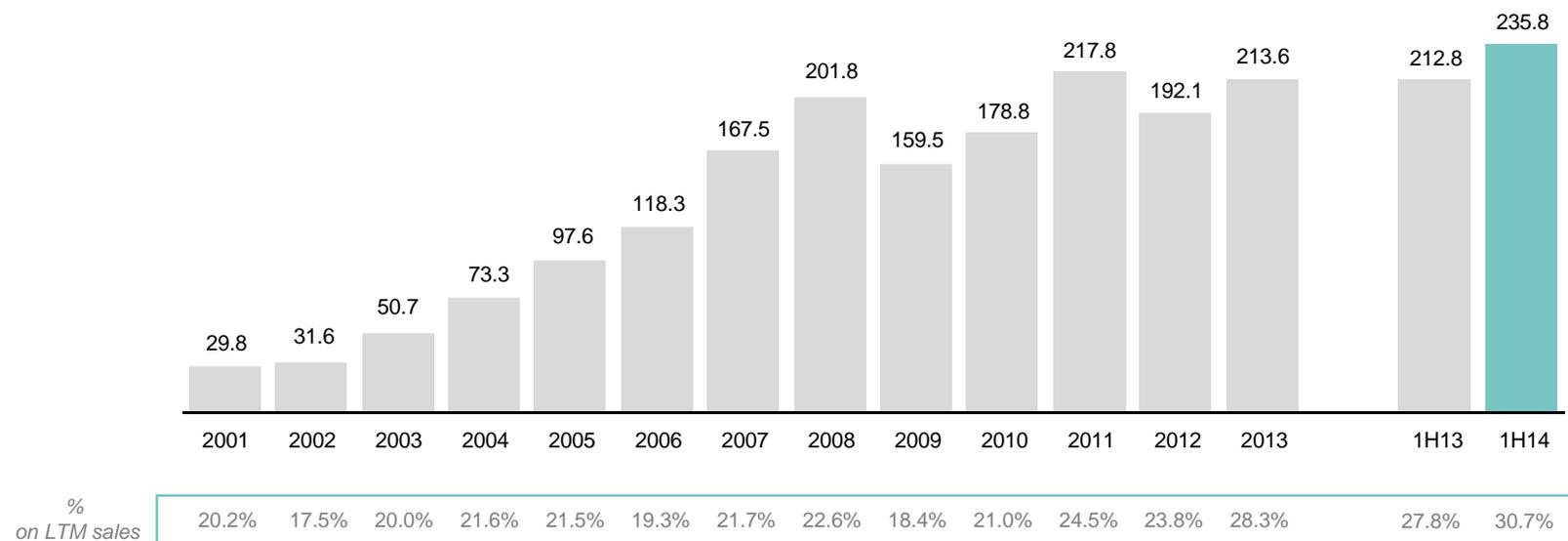
(Euro.m)	1H14	%	1H13	%
Net Sales	400.2	100%	386.8	100%
<i>YoY growth</i>	3.5%			
Cost of sales	(203.5)	(50.8%)	(200.7)	(51.9%)
Gross Profit	196.7	49.2%	186.1	48.1%
Selling & Distribution	(23.6)	(5.9%)	(23.9)	(6.2%)
G&A	(153.1)	(38.2%)	(136.7)	(35.3%)
A&P	(20.0)	(5.0%)	(18.7)	(4.8%)
EBIT adj	0.1	0.0%	6.8	1.8%
Special items	-	0.0%	(4.8)	(1.2%)
Asset Impairment	-	0.0%	(1.8)	(0.5%)
EBIT	0.1	0.0%	0.2	0.0%
Net Interest	(3.2)	(0.8%)	(2.1)	(0.5%)
EBT	(3.1)	(0.8%)	(1.9)	(0.5%)
Income Taxes	(0.8)	(0.2%)	(1.7)	(0.4%)
<i>Tax rate</i>	(26%)		(90%)	
NET INCOME	(3.9)	(1.0%)	(3.6)	(0.9%)
EBITDA	20.7	5.2%	21.9	5.7%

- G&A increase mainly reflects the costs for the new Geox store openings and the conversions to directly operated stores of store locations previously managed by some franchisees, occurred in 2013

Summary balance sheet

(Euro.m)	June, 2014	Dec, 2013	June, 2013
Intangible Assets	58.2	64.0	66.6
Tangible Assets	60.3	65.3	65.2
Other Fixed Assets, net	67.0	67.3	55.2
Total Fixed Assets	185.5	196.7	187.0
Operating Working Capital	235.8	213.6	212.8
Other current assets (liabilities), net	(15.1)	(18.4)	(15.5)
Invested Capital	406.2	391.9	384.4
Net Financial Position (Cash)	43.2	28.2	(13.0)
Staff Severance and Risk Fund	8.6	8.2	11.5
Shareholders' Equity	354.4	355.4	385.8
Invested Capital	406.2	391.9	384.4

Operating working capital



(Euro.m)	<u>1H13</u>	<u>1H14</u>
Inventories	205.2	284.3
Account receivables	140.9	100.0
<u>Account payables</u>	<u>(133.2)</u>	<u>(148.5)</u>
Operating Working Capital	<u>212.8</u>	<u>235.8</u>
<i>% on LTM sales</i>	27.8%	30.7%

Summary Cash Flow Statement

(Euro.m)	1H 14	1H 13	2013
Net result	(3.9)	(3.6)	(29.7)
Depreciation & Amortization	20.7	21.8	45.3
Other Non-Cash Items	1.3	0.3	(5.1)
Funds from Operations	18.1	18.4	10.4
Change in Operating Working Capital	(31.3)	(27.8)	(40.1)
Change in Other Current Assets, net	2.7	(4.1)	7.9
Operating Cash Flow	(10.5)	(13.4)	(21.7)
Capital Expenditures	(11.6)	(18.5)	(40.1)
Disposals	1.9	0.5	0.6
Capital expenditures, Net	(9.8)	(18.0)	(39.5)
Free Cash Flow	(20.3)	(31.4)	(61.2)
Dividends	0.0	(15.6)	(15.6)
Change in Net Financial Position	(20.3)	(47.0)	(76.7)
Net Financial Position prior to fair value adj, beg. of the period	(18.3)	57.8	57.8
Changes in Net Financial Position	(20.3)	(47.0)	(76.7)
Effect of translation differences	(0.7)	0.9	0.6
Net Financial Position prior to fair value adj, end of the period	(39.4)	11.7	(18.3)
Fair value adjustment of derivative contracts	(3.8)	1.3	(9.9)
Net Financial Position	(43.2)	13.0	(28.2)

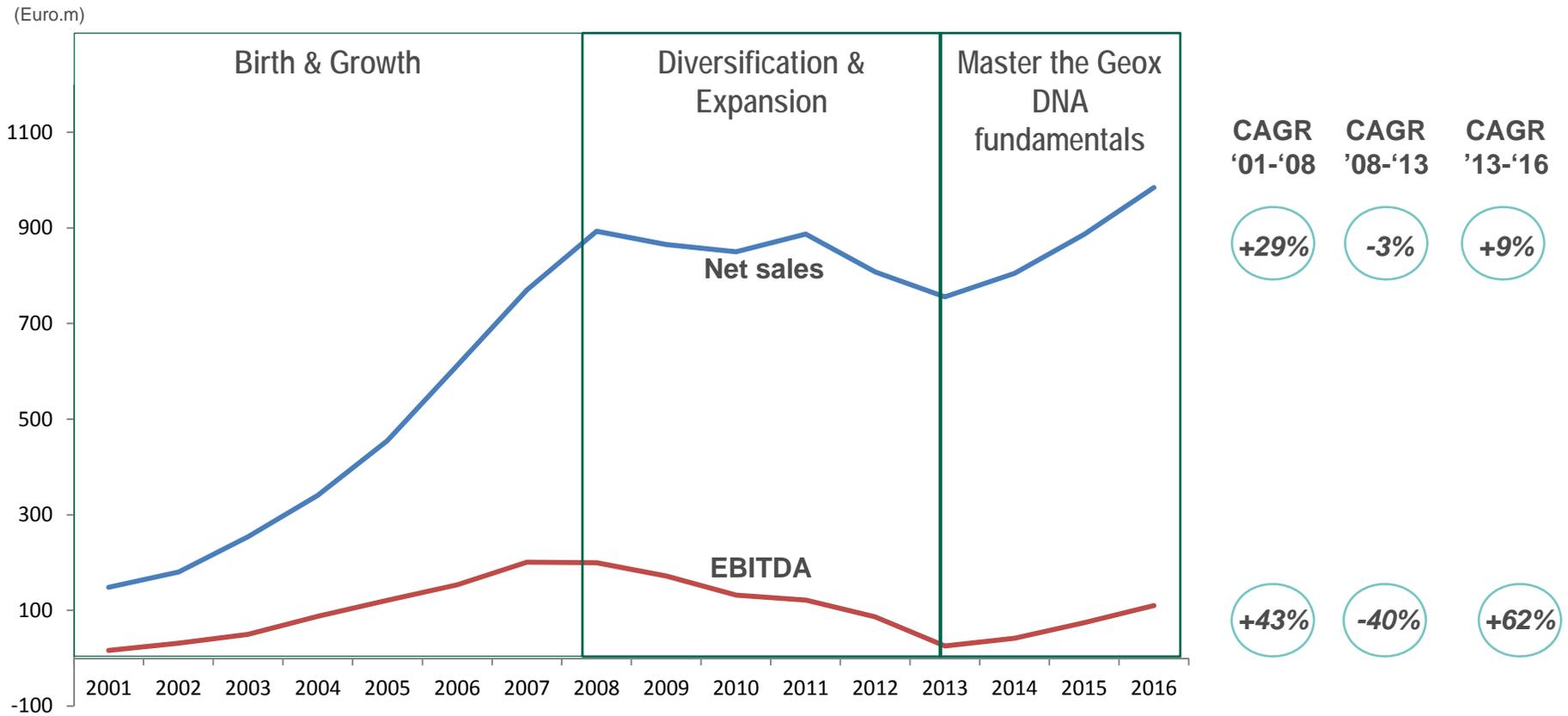
Includes CAPEX for new stores and store refurbishment (7.1 million in 1H14)

Outlook 2014: the 2014/2016 Business Plan is on track

- The 2014-2016 Business Plan is based on steps aimed to:
 - ✓ focus on our core brand identity and core promise
 - ✓ focus on the core business: everyday business and leisure shoes and outerwear
 - ✓ invest on core product innovation
 - ✓ simplify the business complexity to become more effective and cost efficient
 - ✓ specialize the organization:
 - in terms of product and supply chain, from design through factories to stores
 - in terms of channel: retail specialization vs wholesale specialization (from HQ through territory)
 - ✓ rationalize the network of monobrand stores in EMEA and expanding in APAC
 - ✓ improve the Gross Margin

- Thanks to the expectations of a positive second half compared with the same period last year, management confirms the objectives set in the Business Plan for 2014 with an increase in **revenues to around € 800 million** and a return to **break-even at EBIT level**. These results depend on the following events taking place:
 - ✓ confirmation of the growth in the **directly operated stores** (DOS) channel, with about 15 additional net openings and an increase in comparable sales (LFL) by the existing stores;
 - ✓ stabilisation of the **wholesale channel**, linked to the growth in orders for the upcoming Fall/Winter 2014 season, which should compensate for the weakness seen in the first half;
 - ✓ it is assumed that the positive performances of the wholesale channels and directly operated stores are such as to compensate for the slight decline expected in the **franchising channel**, mainly due to the slowdown in new openings envisaged in the Business Plan and an acceleration of the rationalisation process by closing non-performing stores. The Geox Group is implementing the techniques and processes that have already been applied to the network of directly operated stores, also in the franchising channel, and consequently management is assuming an improvement in performance with at least a slight increase in comparable sales (LFL) for the year;
 - ✓ confirmation in the second half of the improvement in **gross profit margins** already reflected in the order book, thanks to a combination of pricing, fewer sales promotions and reduced operational complexity;
 - ✓ the current context of **unfavourable exchange rates** for Groups that consolidate their foreign sales in euro does not produce any significantly adverse translation effect as it did in the first half.

2014-2016 Geox business plan



Financial targets

(Euro.m)	2013	2014E	2015E	2016E
Net Sales	754	~805	~887	~985
Growth Rate %		~+6%	~+10%	~+11%
EBITDA%	3.3%	~ 5%	~ 8%	~ 11%
EBIT%	-2.1%	~ b.e. ^(*)	~ 4%	~ 7%
CAPEX	40	~45	~42	~42

* Break even

Annex



Key assumptions to achieve financial targets

Retail Key Assumptions

Net new openings

	2014	2015	2016	Total
DOS	17	34	36	87
FRA	4	37	36	77
OUTLET	7	1	1	9
Total	28	72	73	173

→ Space effect
Margin effect

Like for like

	2014	2015	2016	Total	CAGR 2013-2016
DOS	4%	5%	6%	16%	5%
FRA	3%	2%	4%	9%	3%
OUTLET	5%	5%	4%	14%	4%

→ Full price sell-through increase

Markdown reduction

	2014	2015	2016	Total
DOS	-1%	-1%	-1%	-3%
FRA	-2%	-2%	-1%	-5%

→ Retail margin increase

Key assumptions to achieve financial targets

Wholesale Growth rates

	2014	2015	2016	TOTAL	CAGR 2013-2016	
EMEA + NA	-4%	9%	11%	17%	5%	→ Operating leverage effect
APAC	27%	32%	29%	117%	29%	
TOTAL	-1%	12%	14%	25%	8%	

Gross Margin Increase

	2014	2015	2016	TOTAL	AVERAGE
Commercial Policy and COGS reduction	1.1%	1.6%	0.6%	3.3%	1.1%
Channel mix effect	0.8%	-0.1%	0.0%	0.7%	0.2%
Total	1.9%	1.5%	0.6%	4.0%	1.3%

Shareholders		Board of Directors	
Lir S.r.l. (**)	71%	Chairman	Mario Moretti Polegato
Market	29%	CEO	Giorgio Presca
		Deputy Chairman	Enrico Moretti Polegato
		Director	Renato Alberini
		Director	Claudia Baggio
Total N° of Shares	259,207,331	Director	A. Antonio Giusti
		Independent Director	Roland Berger
		Independent Director	Fabrizio Colombo
		Independent Director	Lara Livolsi

(**) Moretti Polegato's family

2014 Financial Calendar		Investor Relations Contacts	
March 6	BoD - FY2013	Marina Cargnello - IR	ir@geox.com
April 16	Shareholders' meeting - FY2013	Tel: +39 0423 282476	Mobile: +39 334 6535536
May 15	BoD - 1Q2014	Livio Libralesso - CFO	
July 31	BoD - 1H2014		
November 13	BoD - 9M2014		
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Note and Disclaimer

2014-2004 figures are reported under IAS/IFRS; 2003-2001 figures under Italian GAAP. Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward looking statements. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Geox S.p.A. shares. Any reference to past performance is not a guide to future performance.

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