

# 1H15 Results Presentation

July 30, 2015



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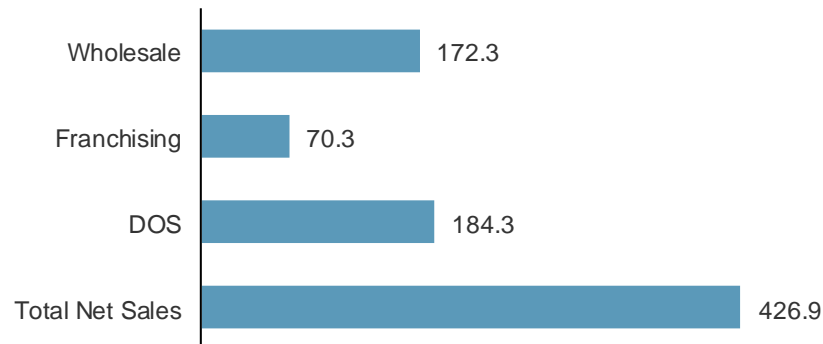
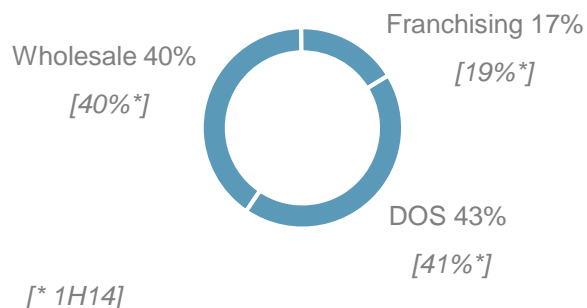


# 1H15 Key facts

- Sales: Euro 426.9 million +6.7% (+4.0% constant FX)
- Directly Operated Stores Same Store Sales: +6.4% (2Q15 +7.9%)
- EBITDA: Euro 26.6 million +28.3% (Euro 20.7 million in 1H14), 6.2% on sales
- EBIT: Euro 7.4 million (Euro 0.1 million in 1H14)
- Net Result: Euro 1.1 million (Euro -3.9 million in 1H14)
- Net Cash: Euro +27.6 million (-13.0 mln as of FY14, -43.2 mln as of 1H14)
- 1,165 Geox Shops at the end of June



# Net sales breakdown by channel



Δ % 1H15	Current FX	Constant FX
Wholesale	+6.5%	+2.6%
Franchising	-5.7%	-5.0%
DOS	+12.5%	+9.3%
<b>Total Net Sales</b>	<b>+6.7%</b>	<b>+4.0%</b>

DOS: Directly Operated Stores

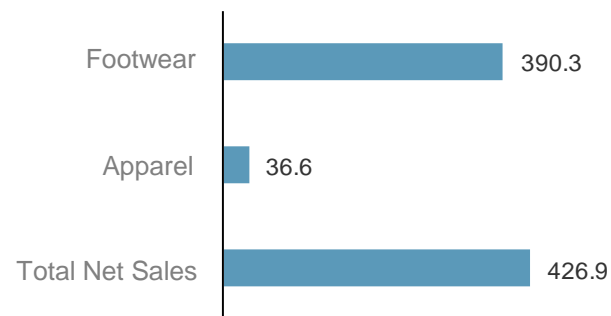
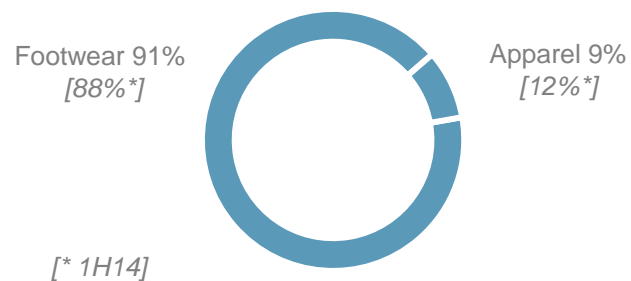
- **Franchising: -5.7% (-5.0% at Constant FX).** The portfolio optimization regarding non performing stores and the conversion to DOS occurred last year has been partially offset by new openings and the **positive comparable store sales of +7.9%** (+8.0% in 2Q15).
- **DOS: +12.5% (+9.3% at Constant FX) due to space growth and to an healthy comparable stores sales of +6.4% vs the challenging +8.2% in 1H14** (+7.9% in 2Q15 full price).  
Spring/Summer 2015 season comparable store sales (from February 23 to June 28) +6.6%. However the **LFL STD of the Footwear products** (excluding the Apparel one which have been discontinued) is **up 10%**.

# Geox shops network

	1H 2015		FY 2014		1H 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	0	2	(2)
Rest of World *	409	107	410	93	(1)	39	(40)
<b>Total Geox Shop</b>	<b>1,165</b>	<b>454</b>	<b>1,225</b>	<b>477</b>	<b>(60)</b>	<b>54</b>	<b>(114)</b>

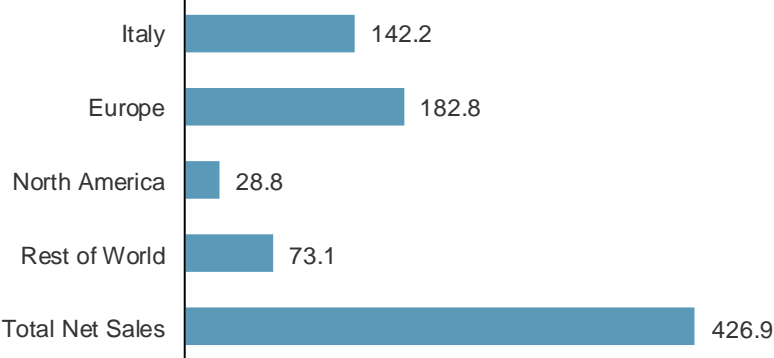
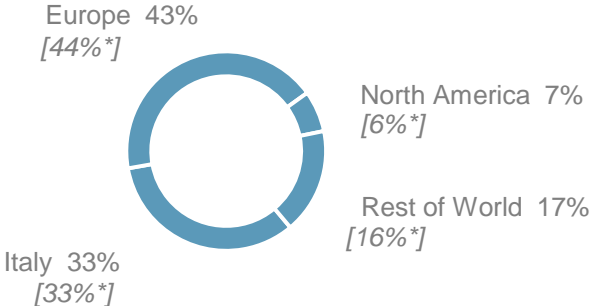
\* includes Under Distribution Agreement Shops (157 as of June 2015 and 161 as of December 2014) which are shops opened under license by partners in the Middle East and in the Far East. Sales from these shops are not included in the franchising

# Net sales breakdown by product



	Current FX	Constant FX		
	Δ %	1H15	1H14	Δ %
Footwear	+10.7%	390.3	362.7	+7.6%
Apparel	+8.7%	36.6	34.0	+7.6%
<b>Total Comps</b>	<b>+10.5%</b>	<b>426.9</b>	<b>396.7</b>	<b>+7.6%</b>
Discontinued Apparel	-100%	0	13.9	-100%
<b>Total Net Sales</b>	<b>+6.7%</b>	<b>426.9</b>	<b>410.6</b>	<b>+4.0%</b>

# Net sales breakdown by region



[\* 1H14]

	$\Delta$ % 1H15	Current FX	Constant FX
Italy		+6.3%	+6.3%
Europe		+3.4%	+2.8%
North America		+18.6%	+3.4%
Rest of World		+11.8%	+2.6%
<b>Total Net Sales</b>		<b>+6.7%</b>	<b>+4.0%</b>

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

# Summary income statement

(Euro.m)	1H15	%	1H14	%	Δ %
<b>Net Sales</b>	<b>426.9</b>	<b>100%</b>	<b>400.2</b>	<b>100%</b>	<b>6.7%</b>
<i>YoY growth</i>	6.7%				
Cost of sales	(205.9)	(48.2%)	(203.5)	(50.8%)	
<b>Gross Profit</b>	<b>221.0</b>	<b>51.8%</b>	<b>196.7</b>	<b>49.2%</b>	<b>12.3%</b>
Selling & Distribution	(25.6)	(6.0%)	(23.6)	(5.9%)	
G&A	(168.9)	(39.6%)	(153.1)	(38.2%)	
A&P	(19.1)	(4.5%)	(20.0)	(5.0%)	
<b>EBIT</b>	<b>7.4</b>	<b>1.7%</b>	<b>0.1</b>	<b>0.0%</b>	<b>n.a.</b>
Net Interest	(4.0)	(0.9%)	(3.2)	(0.8%)	
<b>EBT</b>	<b>3.3</b>	<b>0.8%</b>	<b>(3.1)</b>	<b>(0.8%)</b>	<b>n.a.</b>
Income Taxes	(2.2)	(0.5%)	(0.8)	(0.2%)	
<i>Tax rate</i>	66%		(26%)		
<b>NET INCOME</b>	<b>1.1</b>	<b>0.3%</b>	<b>(3.9)</b>	<b>(1.0%)</b>	<b>n.a.</b>
<b>EBITDA</b>	<b>26.6</b>	<b>6.2%</b>	<b>20.7</b>	<b>5.2%</b>	<b>28.3%</b>



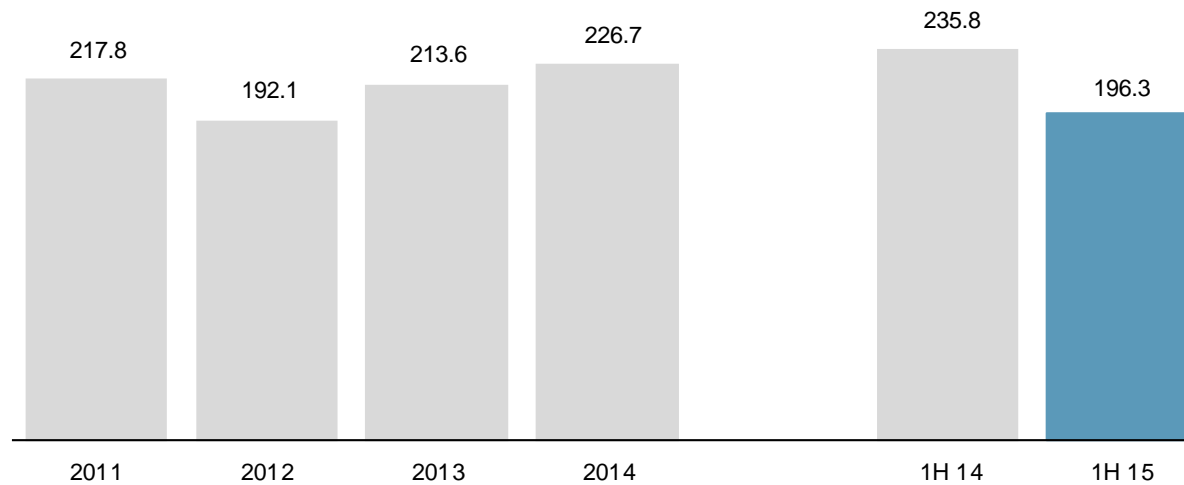
# Summary balance sheet

(Euro.m)	June, 2015	Dec, 2014	June, 2014
Intangible Assets	58.0	60.1	58.2
Tangible Assets	67.4	64.5	60.3
Other Fixed Assets, net	53.9	54.8	67.0
<b>Total Fixed Assets</b>	<b>179.3</b>	<b>179.4</b>	<b>185.5</b>
Operating Working Capital	196.3	226.7	235.8
Other current assets (liabilities), net	(22.1)	(10.6)	(15.1)
<b>Invested Capital</b>	<b>353.6</b>	<b>395.5</b>	<b>406.2</b>
Net Financial Position (Cash)	(27.6)	13.0	43.2
Staff Severance and Risk Fund	8.8	8.8	8.6
Shareholders' Equity	372.4	373.7	354.4
<b>Invested Capital</b>	<b>353.6</b>	<b>395.5</b>	<b>406.2</b>

# Net Financial Position

	30/06/2015	31/12/2014	30/06/2014
Net Financial Position prior to fair value adj (debt)	13.1	(41.0)	(39.4)
Fair Value adjustment of derivative contracts (debt)	14.5	28.0	(3.8)
<b>Net Cash (debt)</b>	<b>27.6</b>	<b>(13.0)</b>	<b>(43.2)</b>

# Operating working capital



%  
on LTM sales

2011	24.5%	2012	23.8%	2013	28.3%	2014	27.5%	1H 14	30.7%	1H 15	23.1%
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(Euro.m)	1H 2014	1H 2015	Δ	Δ %
Inventories	284.3	266.8	(17.5)	-6.2%
Account receivables	100.0	107.8	7.8	7.8%
Account payables	(148.5)	(178.3)	(29.7)	-20.0%
<b>Operating Working Capital</b>	<b>235.8</b>	<b>196.3</b>	<b>(39.5)</b>	<b>-16.7%</b>
% on LTM sales	30.7%	23.1%		
Sales LTM	767.6	851.0		10.9%

# Summary Cash Flow Statement

(Euro.m)	1H15	1H 14	2014
<b>Net result</b>	<b>1.1</b>	<b>(3.9)</b>	<b>(2.9)</b>
Depreciation & Amortization	19.3	20.7	37.8
Other Non-Cash Items	7.0	1.3	(1.5)
<b>Funds from Operations</b>	<b>27.4</b>	<b>18.1</b>	<b>33.3</b>
Change in Operating Working Capital	37.8	(31.3)	(15.4)
Change in Other Current Assets, net	8.9	2.7	(6.8)
<b>Operating Cash Flow</b>	<b>74.1</b>	<b>(10.5)</b>	<b>11.1</b>
Capital Expenditures	(19.6)	(11.6)	(35.8)
Disposals	0.4	1.9	2.9
<b>Capital expenditures, Net</b>	<b>(19.1)</b>	<b>(9.8)</b>	<b>(32.8)</b>
<b>Free Cash Flow</b>	<b>55.0</b>	<b>(20.3)</b>	<b>(21.8)</b>
<b>Change in Net Financial Position</b>	<b>55.0</b>	<b>(20.3)</b>	<b>(21.8)</b>
<b>Net Financial Position prior to fair value adj, beg. of the period</b>	<b>(41.0)</b>	<b>(18.3)</b>	<b>(18.3)</b>
Changes in Net Financial Position	55.0	(20.3)	(21.8)
Effect of translation differences	(0.9)	(0.8)	(0.9)
<b>Net Financial Position prior to fair value adj, end of the period</b>	<b>13.1</b>	<b>(39.4)</b>	<b>(41.0)</b>
Fair value adjustment of derivative contracts	14.5	(3.8)	28.0
<b>Net Financial Position (debt)</b>	<b>27.6</b>	<b>(43.2)</b>	<b>(13.0)</b>

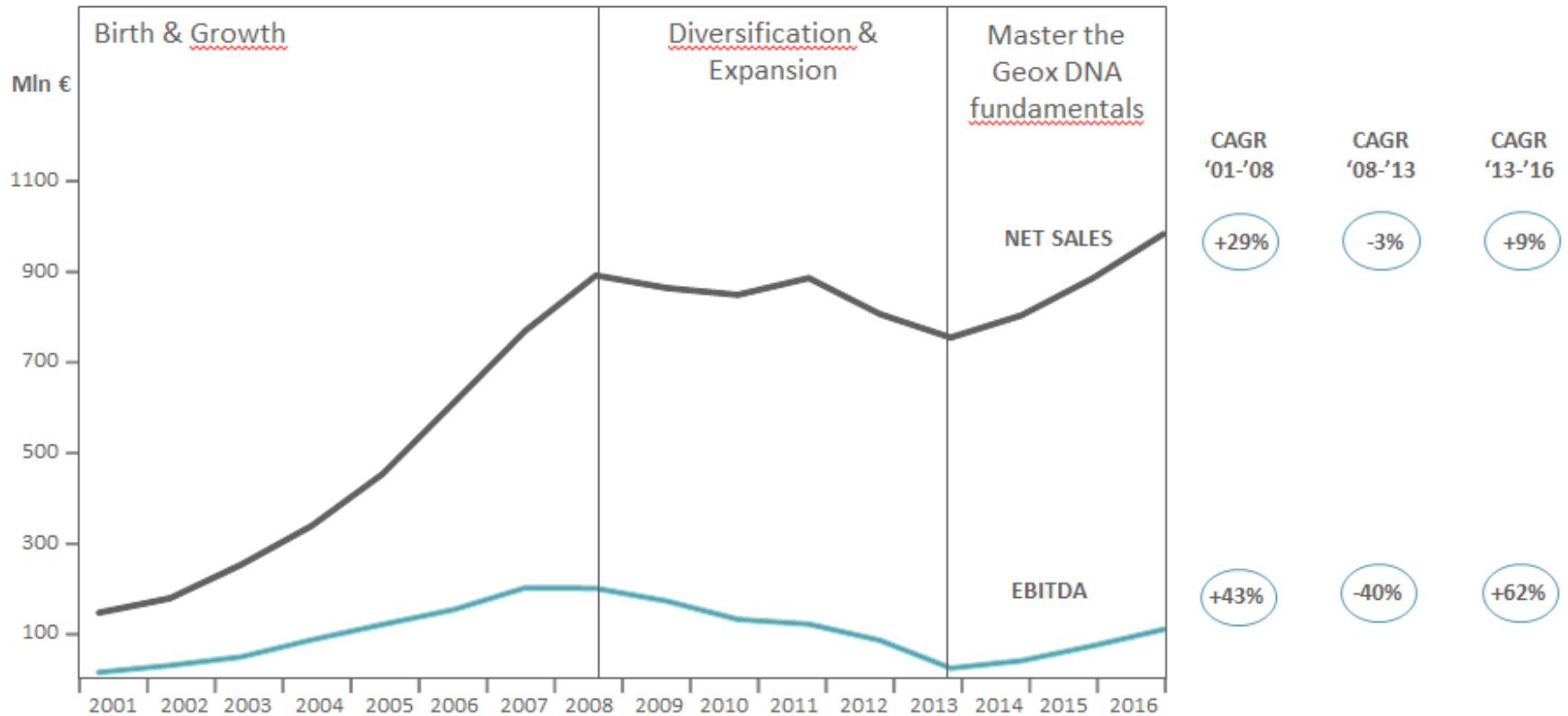
CAPEX are 20 million of which:

- 6.4 million for new Geox shop openings and refurbishment.
- 8.1 million for the Serbian plant
- 2.1 million IT

# Outlook – Summary 2015

- 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 rationalisation 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:
  - ✓ 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;
  - ✓ the fact that these orders already obtained **confirm growth in gross margin** in line with expectations;
  - ✓ **comparable sales** of both directly operated stores and franchised stores have grown in comparison to prior year.

# 2014-2016 Geox business plan



# Financial targets

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

\* Break even

# Annex

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**GEOX**



# Key assumptions to achieve financial targets

## Retail Key Assumptions

### Net new openings

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

→ Space effect  
Margin effect

### Like for like

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

→ Full price sell-through increase

### Markdown reduction

	2014	2015	2016	Total
<b>DOS</b>	-1%	-1%	-1%	<b>-3%</b>
<b>FRA</b>	-2%	-2%	-1%	<b>-5%</b>

→ 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%
APAC	27%	32%	29%	117%	29%
TOTAL	-1%	12%	14%	25%	8%

→ Operating leverage effect

## 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	Claudia Baggio
		Director	A. Antonio Giusti
Total N° of Shares	259,207,331	Independent Director	Roland Berger
		Independent Director	Fabrizio Colombo
		Independent Director	Lara Livolsi
		Independent Director	Duncan L. Niederauer

(\*\*) Moretti Polegato's family

2015 Financial Calendar		Investor Relations Contacts	
March 5	BoD - FY2014	Marina Cargnello - IR	<a href="mailto:ir@geox.com">ir@geox.com</a>
April 16	Shareholders' meeting - FY2014	Tel: +39 0423 282476	Mobile: +39 334 6535536
May 14	BoD - 1Q2015	Livio Libralesso - CFO	
July 30	BoD - 1H2015		
November 12	BoD - 9M2015		
		Geox S.p.A.	<a href="http://www.geox.biz">www.geox.biz</a>
		Via Feltrina Centro, 16	
		31044 Biadene di Montebelluna, Treviso (Italy)	

#### Note and Disclaimer

*2015-2004 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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