

# 1Q15 Results Presentation

May 14, 2015



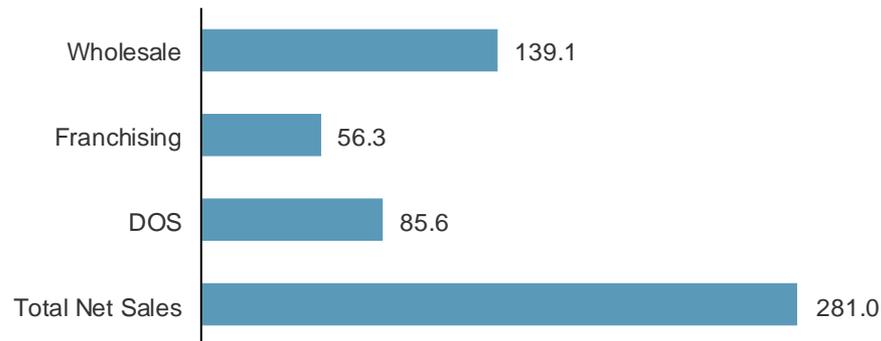
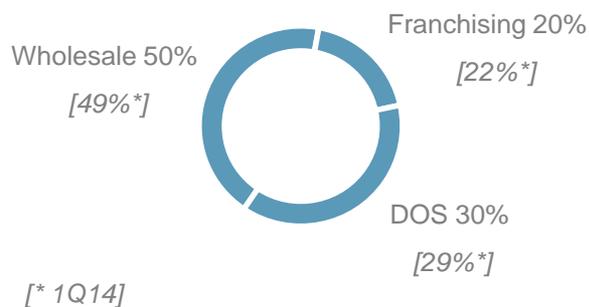
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# 1Q15 key facts

- Sales: Euro 281.0 million +4.7% (+2.5% constant FX)
- Directly Operated Stores Same Store Sales: +4.8% (vs +19.9% in 1Q14)
- EBITDA: Euro 30.7 million +10.5% (Euro 27.8 million in 1Q14), 10.9% on sales
- EBIT: Euro 20.9 million +20.1% (Euro 17.4 million in 1Q14)
- Net Result: Euro 12.5 million +24.6% (Euro 10.0 million in 1Q14)
- Net Financial Position: Euro -8.1 million (Euro -77.0 million in 1Q14)
- 1,166 Geox Shops at the end of March



# Net sales breakdown by channel



Δ % 1Q15	Current FX	Constant FX
Wholesale	+4.8%	+1.7%
Franchising	-3.9%	-3.3%
DOS	+10.9%	+8.2%
<b>Total Net Sales</b>	<b>+4.7%</b>	<b>+2.5%</b>

- **Franchising: -3.9% (-3.3% 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 +7.7%**.
- **DOS: +10.9% (+8.2% at Constant FX) due to space growth and to an healthy comparable stores sales of +4.8% vs the challenging +19.9% in 1Q14** Spring/Summer 2015 season comparable store sales (from February 23 to May 10) +4.8%. However the **LFL STD of the Footwear products** (excluding the Apparel one which have been discontinued) is **up 9%**

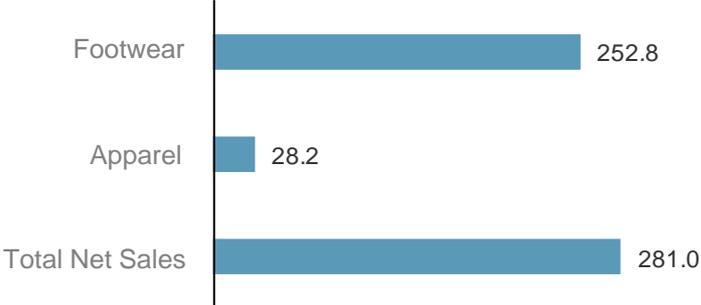
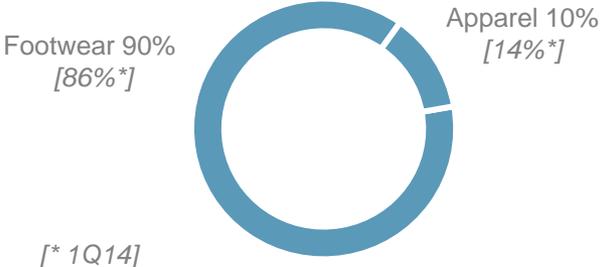
DOS: Directly Operated Stores

# Geox shops network

	1Q15		FY 2014		Net		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Openings	Openings	Closings
Italy	366	131	421	173	(55)	3	(58)
Europe	345	169	350	167	(5)	2	(7)
North America	45	45	44	44	1	2	(1)
Rest of World *	410	95	410	93	0	9	(9)
<b>Total Geox Shop</b>	<b>1,166</b>	<b>440</b>	<b>1,225</b>	<b>477</b>	<b>(59)</b>	<b>16</b>	<b>(75)</b>

\* includes Under Licence Agreement Shops (163 as of March 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

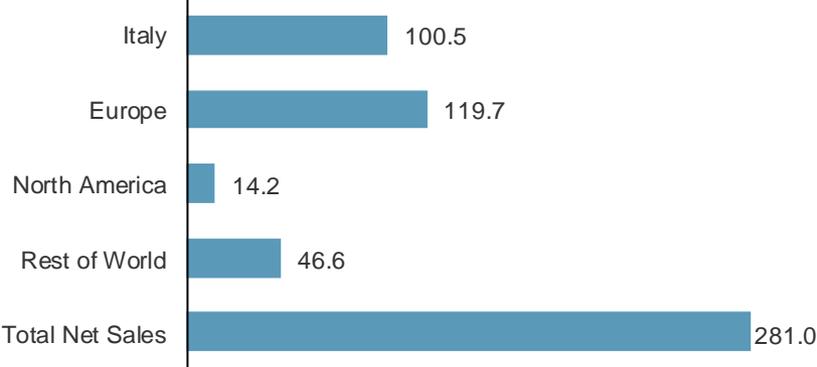
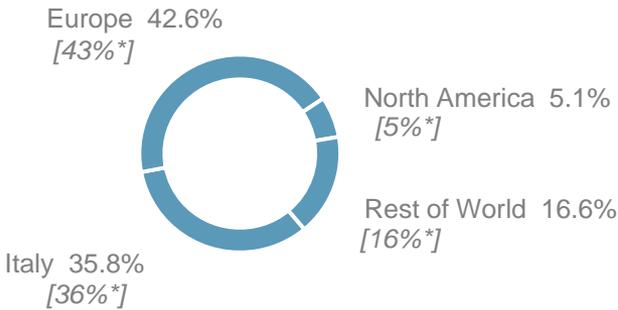
# Net sales breakdown by product



	Δ % 1Q15	Current FX	Constant FX
Footwear		+9.0%	+6.4%
Apparel		-22.6%	-22.9%
<b>Total Net Sales</b>		<b>+4.7%</b>	<b>+2.5%</b>

▪ **Apparel: +10.8%** excluding non comparable categories.

# Net sales breakdown by region



[\* 1Q14]

	$\Delta$ % 1Q15	Current FX	Constant FX
Italy		+3.2%	+3.2%
Europe		+3.2%	+2.6%
North America		+15.8%	+1.9%
Rest of World		+8.8%	+1.1%
<b>Total Net Sales</b>		<b>+4.7%</b>	<b>+2.5%</b>

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

# Summary income statement

(Euro.m)	1Q15	%	1Q14	%	Δ %
<b>Net Sales</b>	<b>281,0</b>	<b>100%</b>	<b>268,5</b>	<b>100%</b>	<b>4,7%</b>
<i>YoY growth</i>	<i>4,7%</i>				
Cost of sales	(149,3)	(53,1%)	(146,6)	(54,6%)	
<b>Gross Profit</b>	<b>131,7</b>	<b>46,9%</b>	<b>121,9</b>	<b>45,4%</b>	<b>8,1%</b>
Selling & Distribution	(16,1)	(5,7%)	(15,7)	(5,8%)	
G&A	(83,8)	(29,8%)	(77,8)	(29,0%)	
A&P	(11,0)	(3,9%)	(11,0)	(4,1%)	
<b>EBIT</b>	<b>20,9</b>	<b>7,4%</b>	<b>17,4</b>	<b>6,5%</b>	<b>20,1%</b>
Net Interest	(2,3)	(0,8%)	(1,5)	(0,6%)	
<b>EBT</b>	<b>18,5</b>	<b>6,6%</b>	<b>15,9</b>	<b>5,9%</b>	<b>16,9%</b>
Income Taxes	(6,0)	(2,1%)	(5,8)	(2,2%)	
<i>Tax rate</i>	<i>32%</i>		<i>37%</i>		
<b>NET INCOME</b>	<b>12,5</b>	<b>4,5%</b>	<b>10,0</b>	<b>3,7%</b>	<b>24,6%</b>
<b>EBITDA</b>	<b>30,7</b>	<b>10,9%</b>	<b>27,8</b>	<b>10,4%</b>	<b>10,5%</b>

- 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

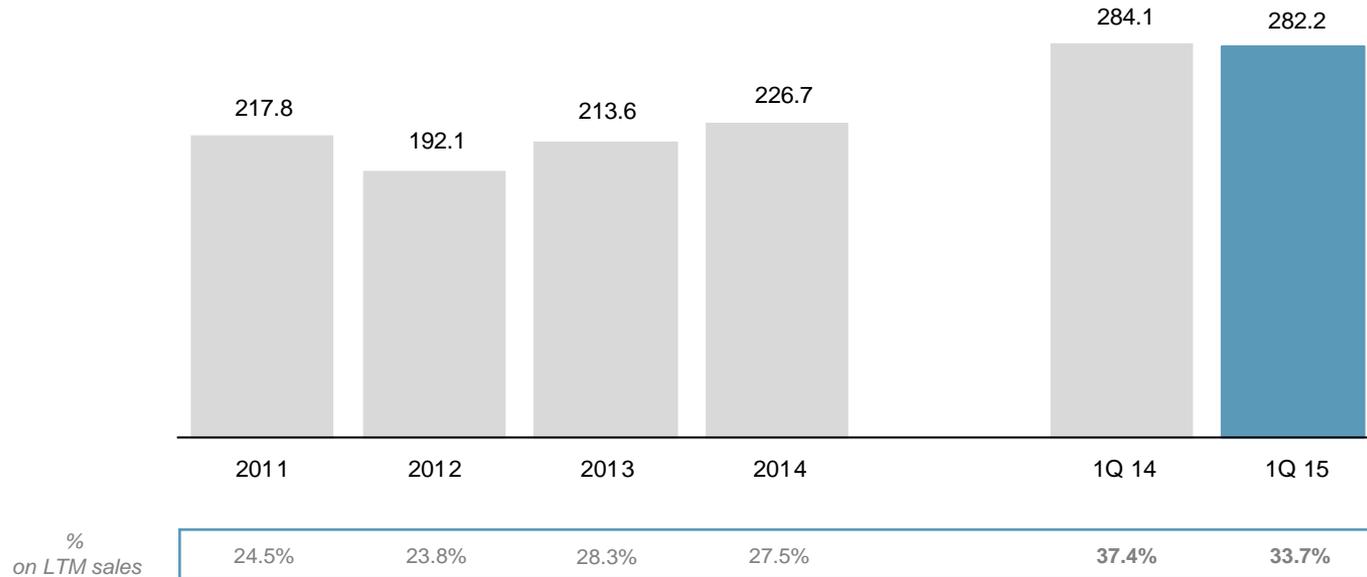
# Summary balance sheet

(Euro.m)	March, 2015	March, 2014	Dec, 2014
Intangible Assets	58,8	61,6	60,1
Tangible Assets	64,7	62,3	64,5
Other Fixed Assets, net	44,8	65,1	54,8
<b>Total Fixed Assets</b>	<b>168,3</b>	<b>189,0</b>	<b>179,4</b>
Operating Working Capital	282,2	284,1	226,7
Other current assets (liabilities), net	(29,0)	(22,4)	(10,6)
<b>Invested Capital</b>	<b>421,4</b>	<b>450,7</b>	<b>395,5</b>
Net Financial Position (Cash)	8,1	77,2	13,0
Staff Severance and Risk Fund	8,9	8,3	8,8
Shareholders' Equity	404,5	365,2	373,7
<b>Invested Capital</b>	<b>421,4</b>	<b>450,7</b>	<b>395,5</b>

# Net Financial Position

	31/03/2015	31/12/2014	31/03/2014
Net Financial Position prior to fair value adj	(46)	(41)	(72)
Fair Value adjustment of derivative contracts	38	28	(5)
<b>Net Financial Position</b>	<b>(8)</b>	<b>(13)</b>	<b>(77)</b>

# Operating working capital



(Euro.m)	<u>1Q 2014</u>	<u>FY2014</u>	<u>1Q 2015</u>
Inventories	206.8	287.7	214.5
Account receivables	182.4	106.5	197.1
Account payables	(105.1)	(167.6)	(129.4)
<b>Operating Working Capital</b>	<b>284.1</b>	<b>226.7</b>	<b>282.2</b>
<i>% on LTM sales</i>	<i>37.4%</i>	<i>27.5%</i>	<i>33.7%</i>

# Summary Cash Flow Statement

(Euro.m)	1Q15	1Q 14
<b>Net result</b>	<b>12.5</b>	<b>10.0</b>
Depreciation & Amortization	9.8	10.4
Other Non-Cash Items	28.2	2.7
<b>Funds from Operations</b>	<b>50.5</b>	<b>23.2</b>
Change in Operating Working Capital	(59.2)	(75.7)
Change in Other Current Assets, net	12.7	4.7
<b>Operating Cash Flow</b>	<b>4.1</b>	<b>(47.9)</b>
Capital Expenditures	(7.8)	(5.4)
Disposals	0.3	0.2
<b>Capital expenditures, Net</b>	<b>(7.6)</b>	<b>(5.2)</b>
<b>Free Cash Flow</b>	<b>(3.5)</b>	<b>(53.1)</b>
<b>Change in Net Financial Position</b>	<b>(3.5)</b>	<b>(53.1)</b>
<b>Net Financial Position prior to fair value adj, beg. of the period</b>	<b>(41.0)</b>	<b>(18.3)</b>
Changes in Net Financial Position	(3.5)	(53.1)
Effect of translation differences	(1.2)	(0.4)
<b>Net Financial Position prior to fair value adj, end of the period</b>	<b>(45.7)</b>	<b>(71.8)</b>
Fair value adjustment of derivative contracts	37.6	(5.4)
<b>Net Financial Position</b>	<b>(8.1)</b>	<b>(77.2)</b>

Includes CAPEX for new stores and store refurbishment (2.8 million in 1Q15)

# Outlook – Summary 2015

- The key elements of the **2014-2016 business plan** presented to the financial community in late 2013 were as follows:
  - ✓ focus on the core business and product innovation;
  - ✓ simplify the business to dramatically reduce complexity and costs;
  - ✓ rationalise the mono-brand store network by closing underperforming locations;
  - ✓ apply strict profitability criteria as a condition of opening new locations;
  - ✓ establish commercial partnerships in regions with attractive growth characteristics where the Group's physical presence is still limited.
  
- As we approach the midpoint of the three year plan, our results to date suggest that **we are making good progress** toward accomplishing what the plan envisioned. Following a successful 2014, the first quarter of 2015 saw the Group maintain this momentum. These results, along with clarity around how the second quarter is shaping up, and the visibility we now have into forward ordering trends, position us to offer some 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, expenses continue to trend in the right direction as we rationalise our store network and gross margins are expanding.

As explained in the financial statements at 31 December 2014, it is also worth making a specific reference to **China**. The Group's strategy in that country provides for direct management in the cities of Shanghai and Beijing with the opening of around 100 direct points of sale during the time horizon of the Business Plan, in order to have full control over brand and product positioning. The inaugurations of directly operated stores are in line with the plan; 50 have already been opened and another 20 are expected to be opened this year. **Comparable sales performances in 1Q15 are extremely positive (+41%)**.

The other provinces of China will be developed by means of distribution contracts for which negotiations are currently underway with major Chinese and international partners. In this regard, management would like to point out that **a first distribution agreement was signed recently with one of the largest multi-brand chains in the country, specializing in children's footwear**. Distribution is not exclusive as Geox has reserved for itself the availability of the single-brand channel, both as stores and as "corners" or "shop in shop" within department stores. The initial results are very encouraging, though management is assuming that 9-12 months will be needed to settle the arbitration with the current partner, which in any case is irrelevant for future business development, and to redefine strategy and commercial presence in this important market; so China will not make the contribution that was expected in 2015, but it still offers huge growth potential for Geox.

# Outlook – Summary 2015

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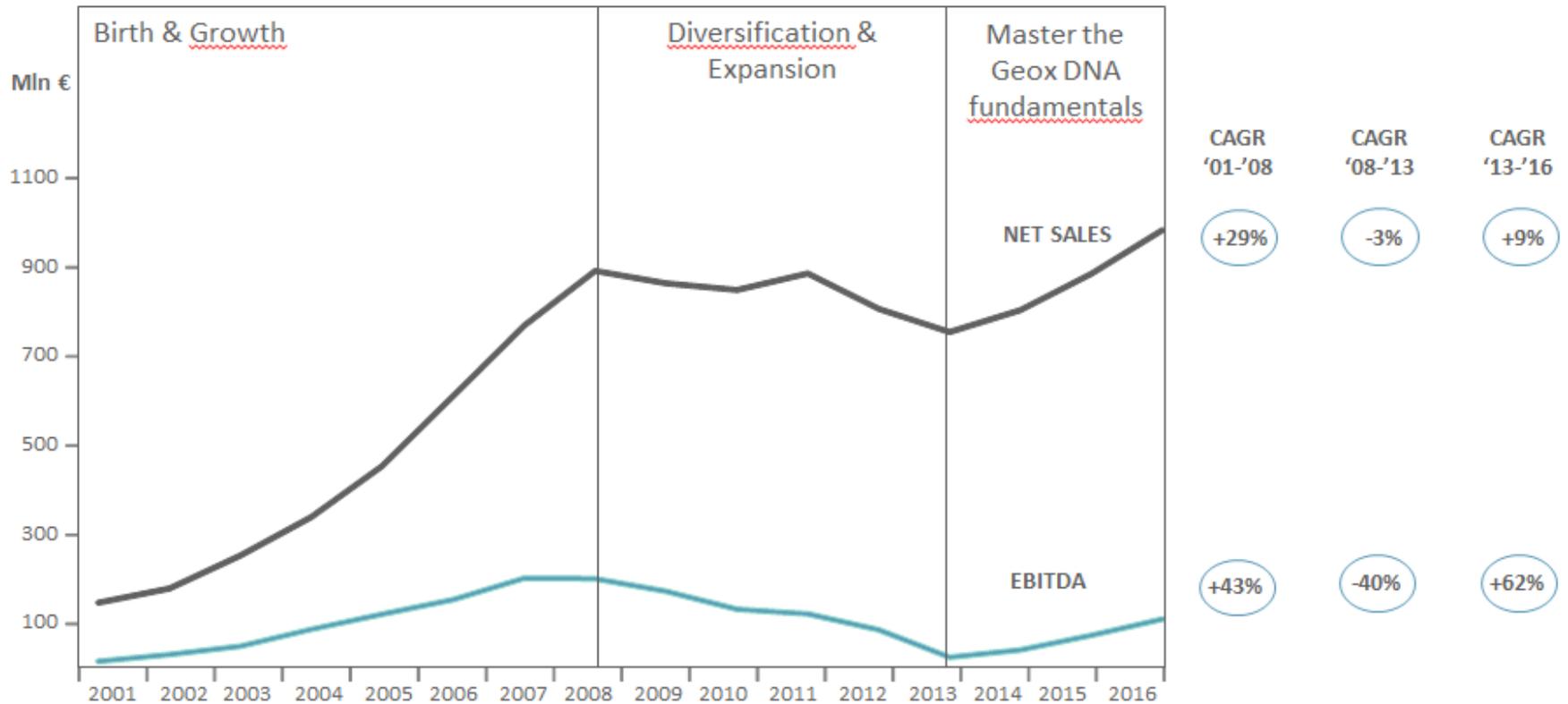
- As regards the entire year, market expectations are very challenging and largely in line with the Business Plan presented. Profitability forecasts at **EBITDA** level average **around 68-70 million euro**. In this regard, management is confident that the trend of solid growth achieved in the main markets, such as Italy, France, Spain, Germany and other European countries and the positive developments in other geographical areas will allow the Group **to achieve 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 in line with market expectations**.

These positive expectations are confirmed by:

- ✓ the **order backlog for the multi-brand channel for the Spring/Summer season that has grown in total by 5%**; 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, as of today, of both directly operated stores and franchised stores have grown in comparison to prior year and are in line with management's expectations.

The Management is also implementing plans for the opening of mono-brand stores, expanding franchisees and improving comparable sales of both direct stores and franchisees, as these are necessary measures to achieve the above results.

# 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
(**) Moretti Polegato's family		Independent Director	Duncan L. Niederauer

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

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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Via Feltrina Centro, 16

31044 Biadene di Montebelluna, Treviso

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