



# Long Term Growth Strategy

*Investor Day - November 15, 2013*

**GEOX**  
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- Geox is a Power Brand with huge unexploited potential both in mature as well as in emerging and growing economies
- Geox has a USP relevant for most consumers in all geographies
- Geox has a network of monobrand stores in AAA locations in most key and secondary cities worldwide
- Geox has an “operational machine” to focus, simplify, specialize and organize to properly support growth

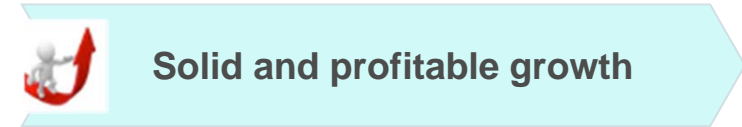
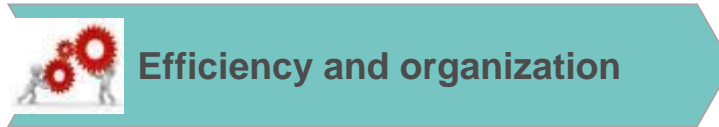
# Business Plan GEOX 2014-16 Strategic Pillars



Timing

2013 - 2014

2014 - 2016



**Markets /  
channel /  
categories**

- Market rationalisation
- Channel rationalisation (Monobrand)
- Offer Rationalisation  
(Total Look & Kids wear)

- Key Development Markets focus (Asia, Russia)
- Key Channels development

**Distribution  
model**

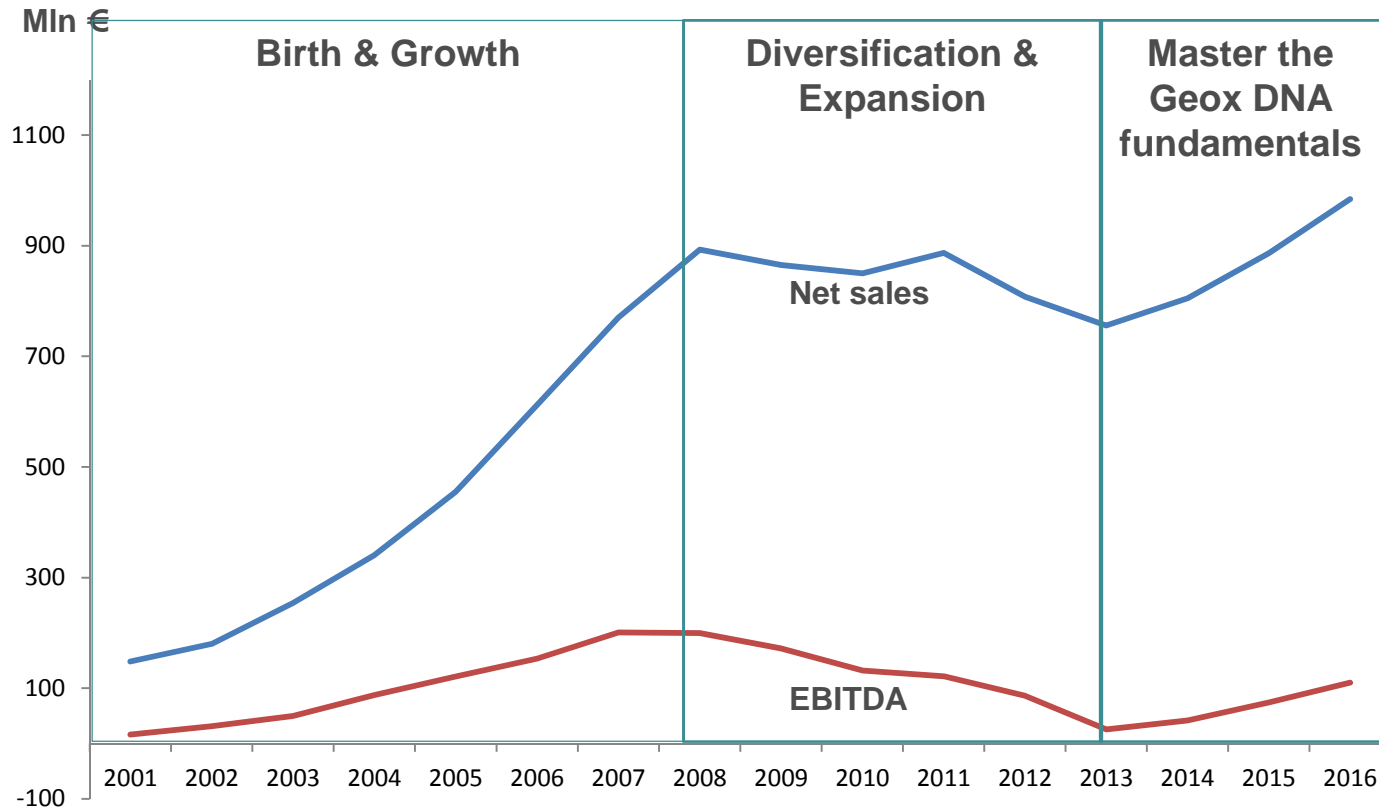
- Re-establish whsl specialised sales force
- Make Retail happen in a more profitable way
- On-line captive and whsl

- Wholesale growth in all segments  
(independent; Ka; WEB)
- L4L growth & €/sqm increase
  - Retail «lifting» focused on Shoes Specialist
  - New retail formats test and development
- On-line Distribution Model

**Operational  
model**

- Processes Streamline)
  - Re-organisation Operations  
Cogs Reduction
  - restructuring

# 2014-2016 Geox business plan



CAGR '01-'08	CAGR '08-'13	CAGR '13-'16
+29%	-3%	+9%
+43%	-40%	+62%

1. GO BACK TO BE ONE OF THE MOST SUCCESSFUL PLAYER AMONG THE LEADERS IN THE BROWN SHOE MARKET
2. TO ESTABLISH GEOX OUTERWEAR JACKETS AS ONE OF THE KEY CATEGORY PLAYERS ON THE INTL WHS CHANNEL
3. DELIVER TO THE SHAREHOLDERS AN APPROPRIATE PROFITABILITY IN LINE WITH BEST MARKET PLAYERS
4. CASH GENERATION ALREADY FROM THE FIRST YEAR OF THE BUSINESS PLAN
5. DEFINE, DESIGN AND IMPLEMENT «THE GEOX TO BE»

## Geox by 2016: a clear set of targets in mind



SALES:	close to 1 BILLION EURO
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EBITDA:	~ 11%
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EBIT:	~ 7%
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N. OF GEOX SHOPS:	1,500
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## 2013 AND 1H 2014 - STRONG RATIONALIZATION

- focus on Geox DNA and specialization
- simplification and cost cutting
- secure the business in core markets
- improve efficiency
- capex and net working capital under strict control

## FOLLOWED BY

## 2H 2014 ONGOING - A DEVELOPMENT PHASE BASED ON PROFITABILITY

- sustainable growth
- development in core markets and improvement of their profitability
- expansion in new markets
- maximization of the web channel

TO MASTER THE FUNDAMENTALS FOR  
A SOLID GROWTH AND PROFITABILITY



1. **BRAND:** regain the competitiveness given by our unique performance
2. **MARKETS:** geographical rationalization focusing on fastest growing markets
3. **CHANNELS:** focus back to WHS, optimization of commercial organization and improvement in retail execution
4. **COGS:** product cost reduction and improve efficiency of the supply chain
5. **PRODUCT:** reduction of the complexity of the product range (both footwear and apparel)
6. **G&A:** tight control over corporate and regional G&A

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

→ Operating leverage effect

## GROSS MARGIN INCREASE

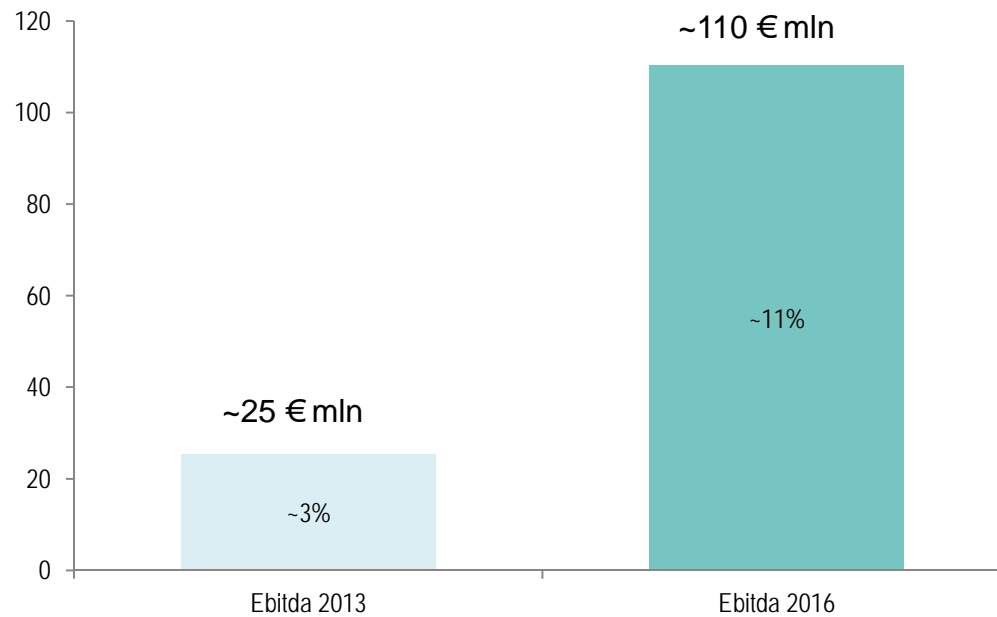
	2014	2015	2016	TOTAL	AVERAGE
Commercial Policy and COGS reduction	1.1%	1.6%	0.6%	3.3%	1.1%
Channel mix effect	0.8%	-0.1%	0.0%	0.7%	0.2%
Total	1.9%	1.5%	0.6%	4.0%	1.3%

# Key assumptions to achieve financial targets



## THE EFFECTS OF KEY ASSUMPTIONS ON EBITDA

	Positive operating leverage	Margin improvement
Net new openings	✓	✓
Like for like	✓	✓
Markdown reduction		✓
WHS growth rate	✓	✓
Gross margin increase		✓



# Financial targets

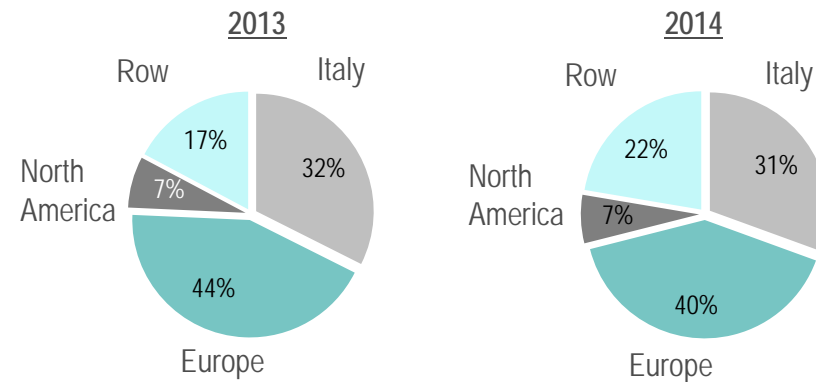
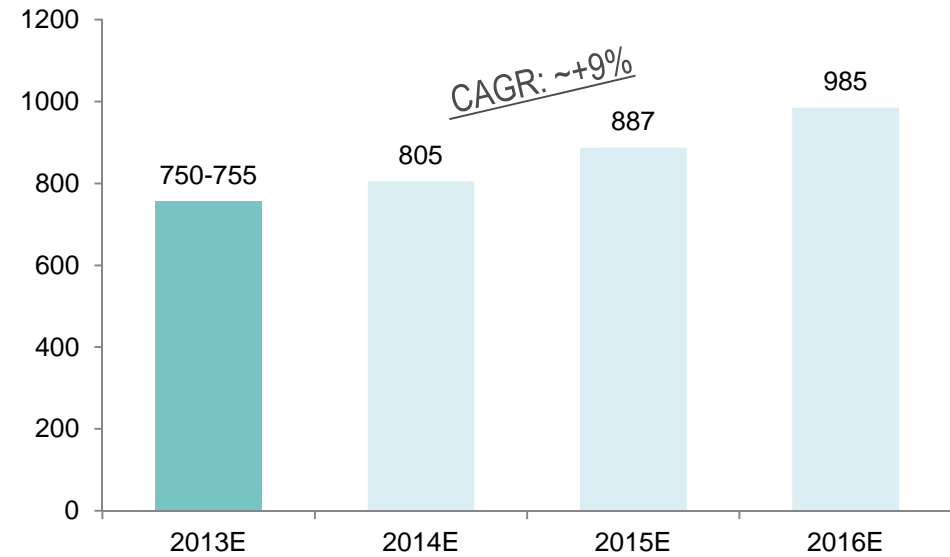


	2013E	2014E	2015E	2016E
Total Revenues	~755	~805	~887	~985
<i>Growth Rate %</i>		~+6%	~+10%	~+11%
EBITDA%	~ 3%	~ 5%	~ 8%	~ 11%
EBIT%	~ - 2%	~ b.e. <sup>(*)</sup>	~ 4%	~ 7%
Capex	~40	~45	~42	~42

\* Break even

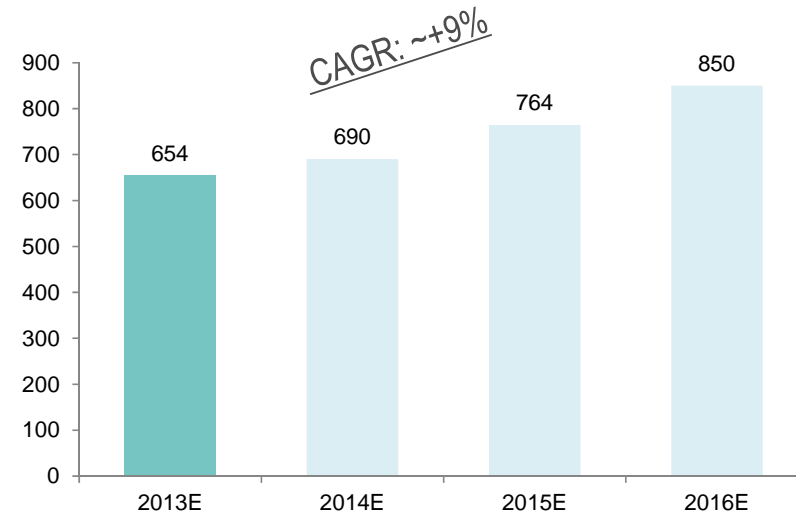
# Net sales

- Channel specialisation
- Country specialised sales force
- Wholesale growth
- Focus on core and new markets
- Northern Europe Countries development
- APAC, especially China and HK, development
- Eastern Europe development
- Enhancing the retail network: 1500 Geox Shops
- Like for like growth
- Full price replenishment and reorders strategy
- Off price growth strategy On line and OFF line
- Improve time to market strategy
- Flexible supply chain by channel



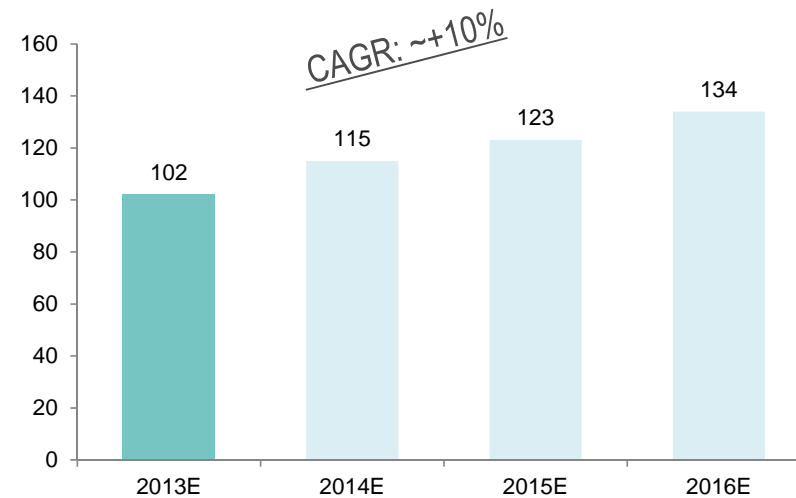
## FOOTWEAR

- Development in new markets by means of winter collections for northern countries
- Focus on innovation and new products
- Exploit «end use» categories still uncovered in terms of product range.



## APPAREL

- Focus on outerwear
- Performing concept
- Dedicated and specialised sales force
- Focus on the development of the wholesale channel



# Evolution of the percentage weight by product



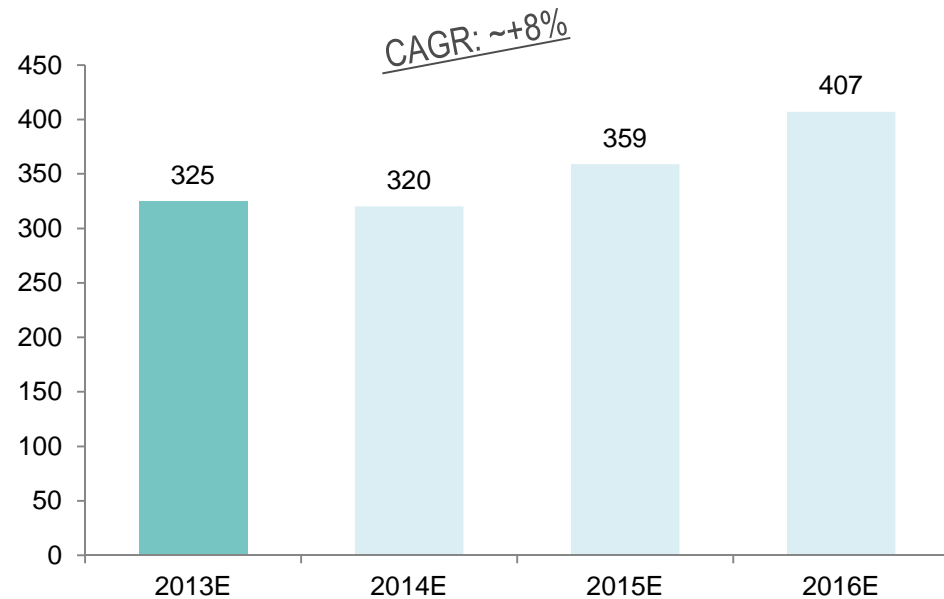
Both footwear and apparel grow at the same rate, consequently the weight remains stable



# Net sales by channel - Wholesale

## WHOLESALE

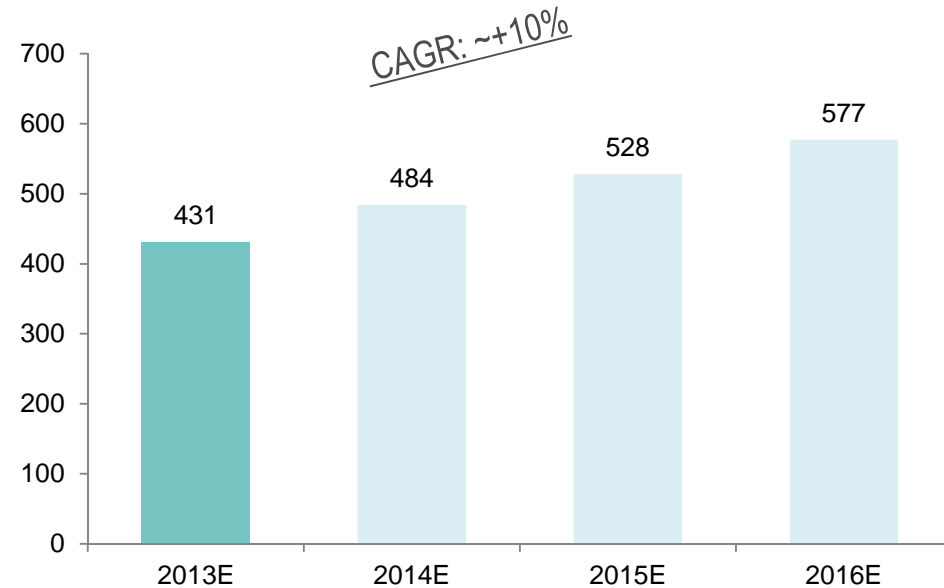
- Stabilize wholesale business in 2014
- Re-start growth in 2015
- Re-gain market shares
- Re-vamp in core markets (Italy, Germany)
- New markets development (China, Asia, Turkey)
- Rebalancing FW vs SS sales (new FW products)
- Additional business deriving from outerwear
- Further development of web key accounts
- Alliances with distribution (concessions, SIS and corners)
- Push on in-season management and re-orders
- Focused and specialized sales organization by channel on a regional base and by sales line (footwear and apparel)



- HQ customer service specialized by distribution channel
- New customer care project
- Operational excellence in serving customers

## RETAIL (dos + franchising)

- Retail portfolio optimization completed in 2014
- New openings subject to stringent financial criteria
- Strong focus on LFL improvement (sales per sqm)
- Fine-tuning of in-season management and maximization of replenishment
- Full-price sell - through increase
- Decrease of the average discount
- Focus on core category products (both footwear and outerwear)
- Powerful retail store footprint in core mature markets
- Fidelity card wide customer base (more than 1mln contacts)



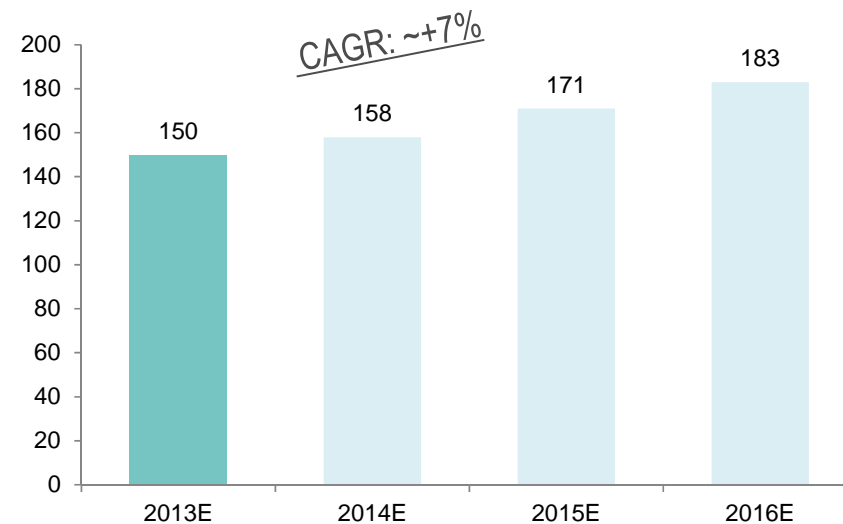
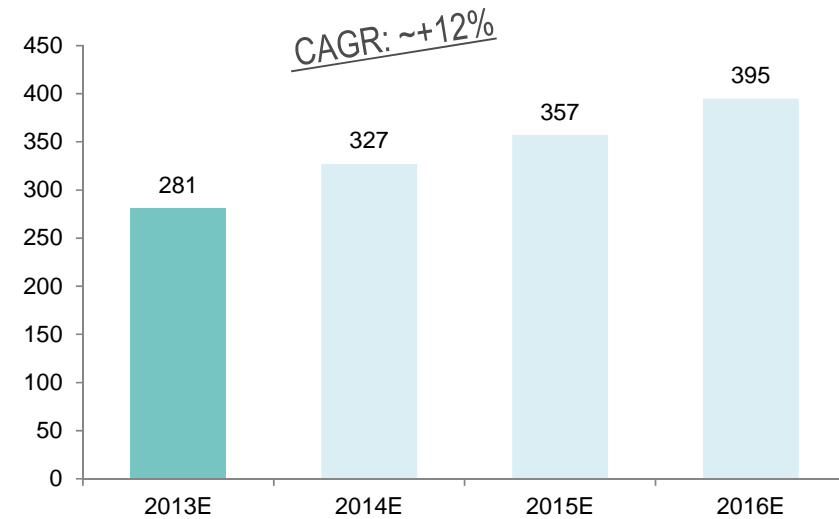
- New buying process (glocal and zoning driven)
- Deliveries anticipation to increase full price period sales

## DOS

- DOS openings concentrated in APAC
- Refurbishment plan in key cities and gradual renovation of the rest of the chain
- Intensive training program and aggressive incentive plan

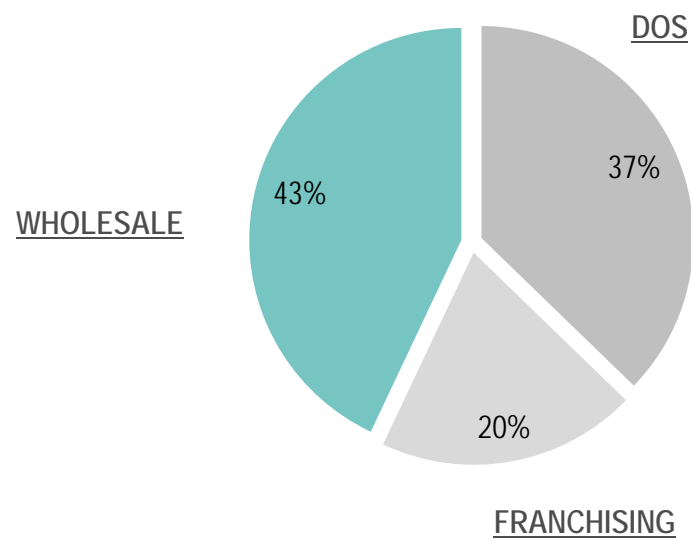
## FRANCHISING

- New franchising business model in core markets based on sell-out performance
- About 140 gross new openings concentrated in core Europe that more than offset the 60 closures
- Gradual renovation plan in place

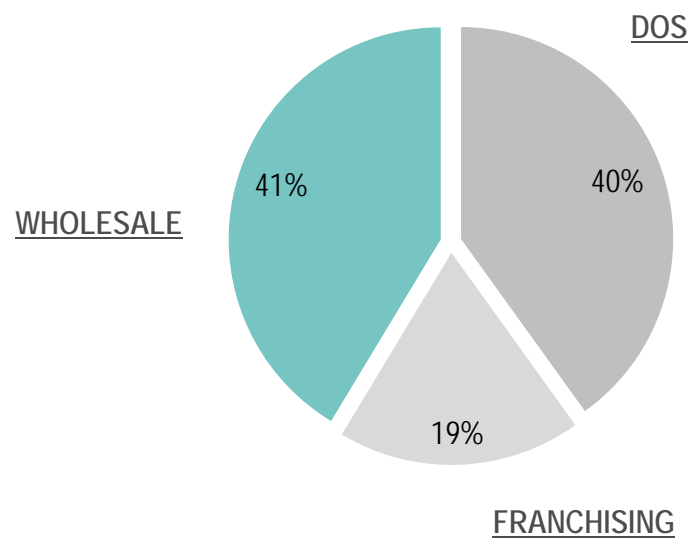


# Evolution of the percentage weight by channel

2013



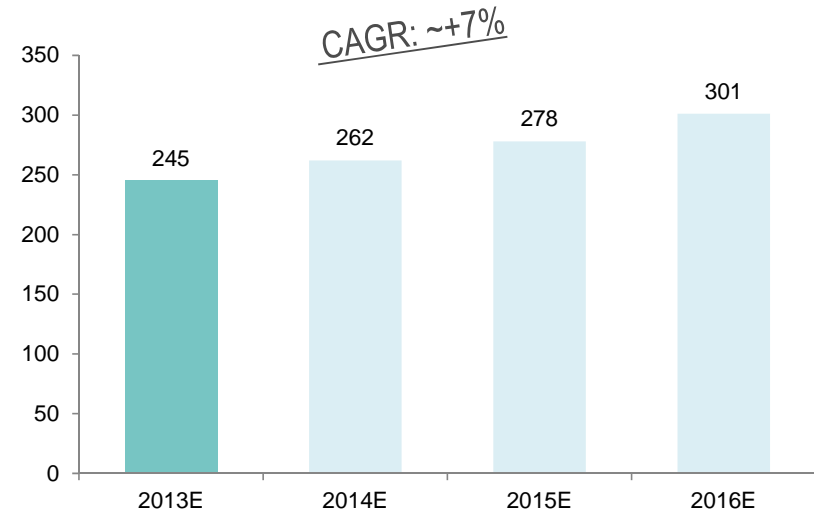
2016



# Net sales by region

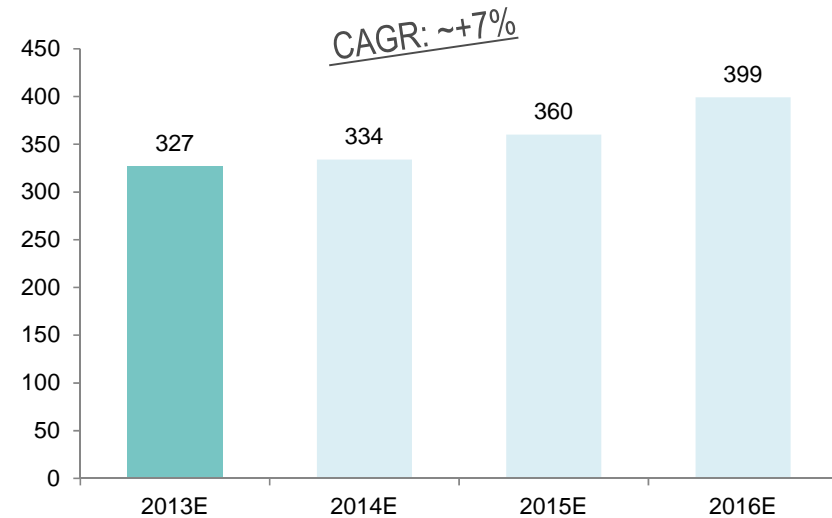
## ITALY

- Re-gain market share
- Retail growth mainly driven by LFL performance
- Wholesale stabilisation in 2014 and then high single digit growth



## EUROPE

- In 2014 some Mediterranean countries are still under pressure
- North-Europe wholesale expansion
- Retail growth driven by around 55 new openings (3/4 in franchising) and positive LFL performance



# Net sales by region

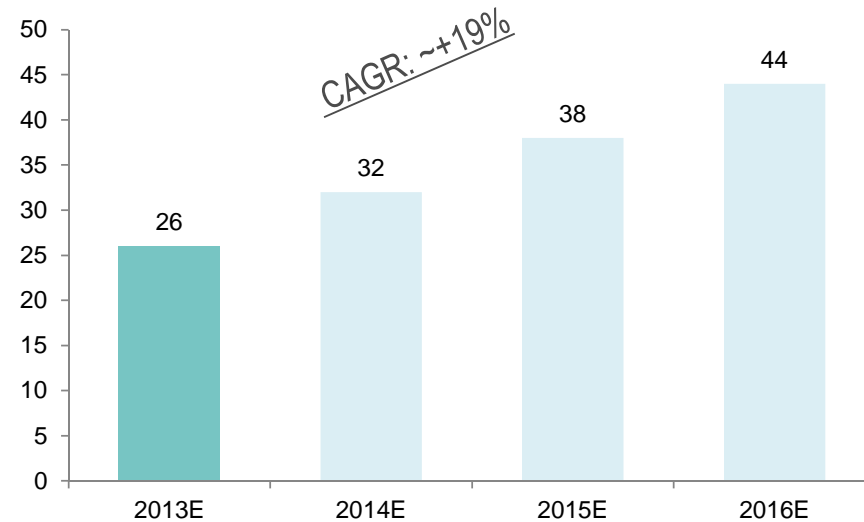
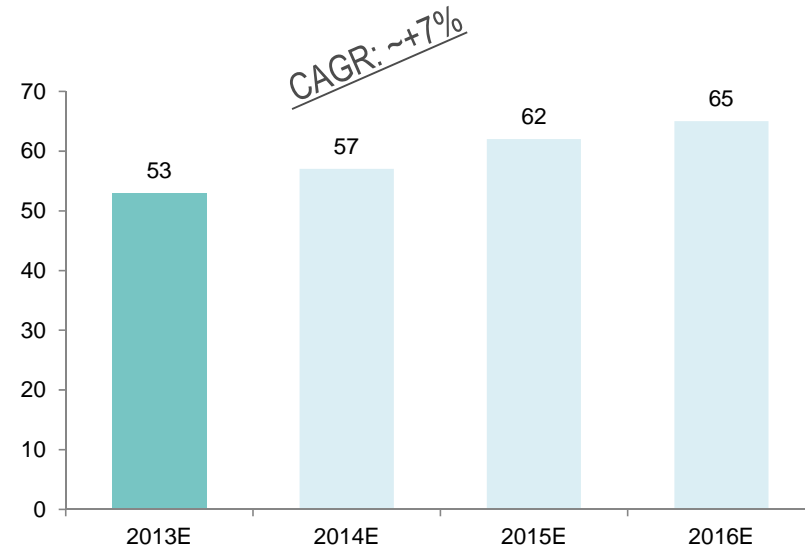


## NORTH AMERICA

- Canada growth driven by wholesale expansion
- Few DOS openings and mid single positive LFL
- The goal in US is to maintain the presence in the wholesale and retail with a strong focus to minimize the loss and reach break - even

## MEA AND ROW

- New project in Turkey based on wholesale key account and franchising development
- South America sales are expected to be flat
- MEA is expected to grow mid single digit based on the wholesale channel



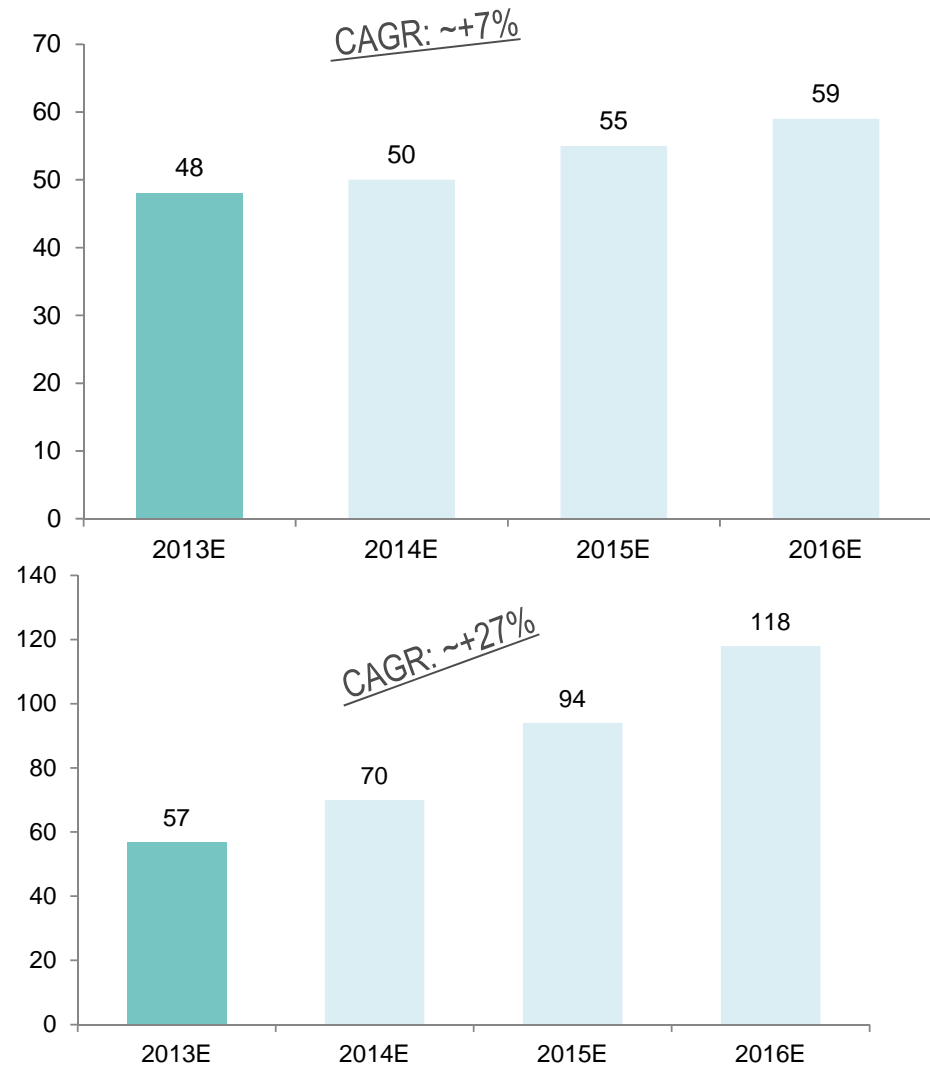
# Net sales by region

## EAST EUROPE

- Russia is expected to grow mid teens
- Other Eastern Europe countries and Balkans are expected to grow mid single
- High market potential still to be exploited focusing on new winter collection products and outerwear

## APAC

- Retail growth mainly driven by DOS China expansion in Beijing and Shanghai (around 100 in 2016) and an expected high single digit LFL
- Wholesale growth driven by a significant development in China and a low teens increase expected from South Pacific distributors



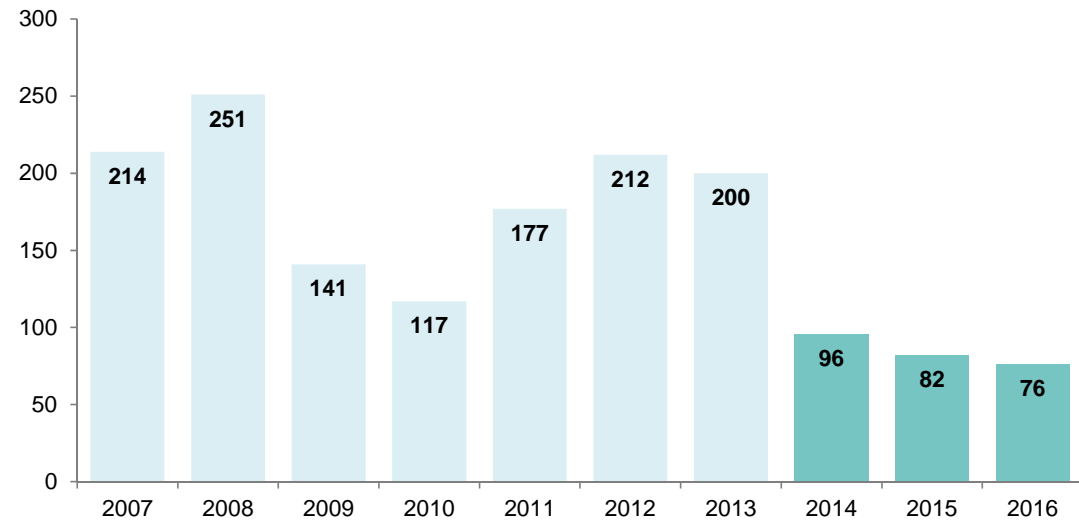
## NEW OPENINGS

- Stringent financial criteria set

- Sales
- Sales PSF
- ROS
- ROIC

- Success factor

- Established centers
- Mature trade areas
- Consumer profile data
- Populate new outlet malls



- DOS

- store footprint executed in core markets
- new openings focused in China and HK with a low capex model

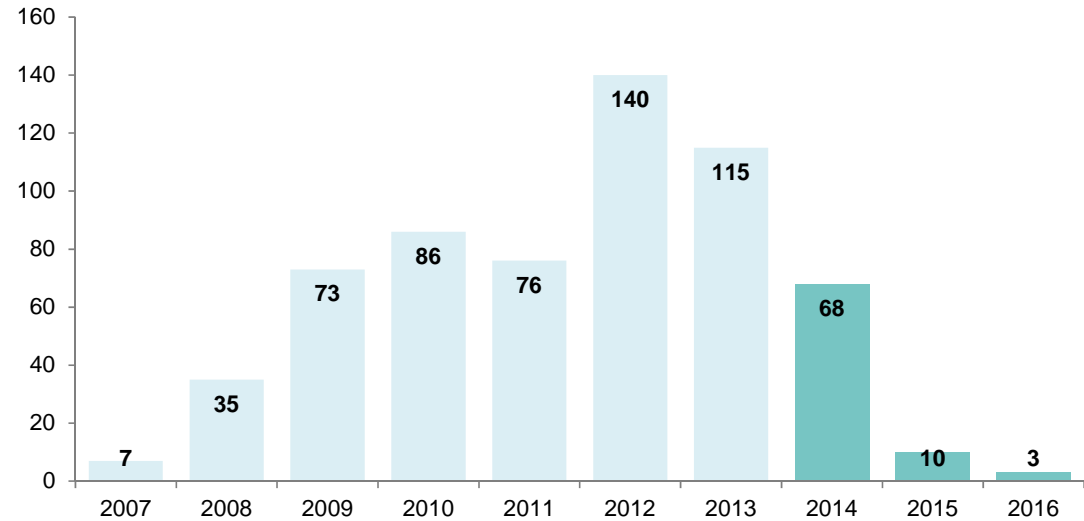
- Franchising

- store openings in core markets



## STORE CLOSURES

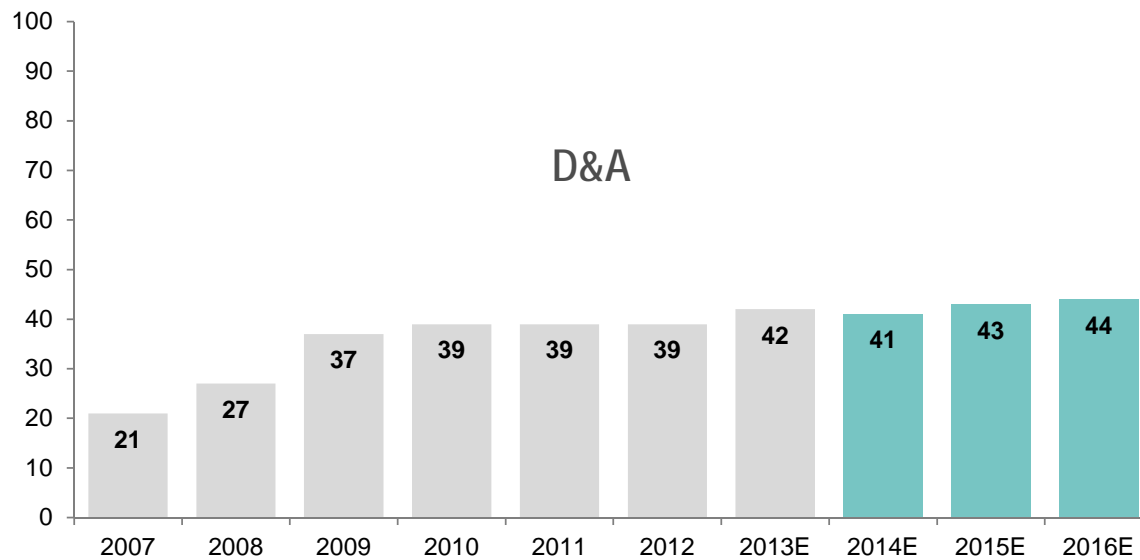
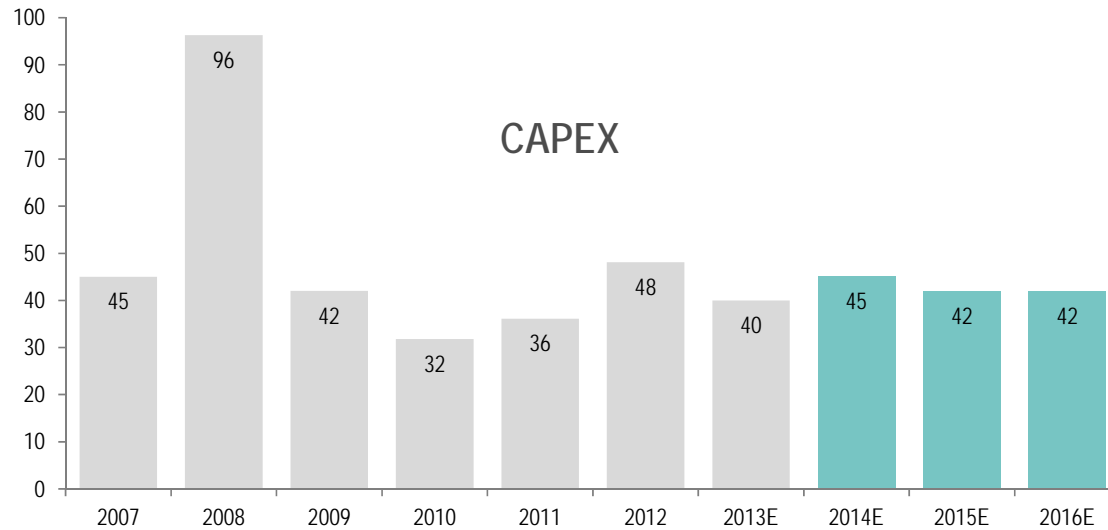
- Retail portfolio optimization program completed in 2014
- Aggressive timeline
- Maximizing lease flexibility
- 2014 onwards the retail network will have higher average profitability



## STORE CLOSURES 2012 – 2014 PER COUNTRY

	2012	2013	2014
Italy	21	29	25
Europe	32	22	21
North America	8	1	2
Rest of World	79	63	20
<b>Total Closures</b>	<b>140</b>	<b>115</b>	<b>68</b>

# Already beyond the peak of capex cycle



- Approx. 25 mln for store new openings and restylings
- Approx. 17 mln for patents and trademarks, supply chain, IT, HQ, moulds and machinery
- In 2014 new plant in Serbia
- The Group is planning to invest approximately an amount equal to D&A

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			
2013 Financial Calendar		Investor Relations Contacts	
March 6	BoD - FY2012	Marina Cargnello - IR	<a href="mailto:ir@geox.com">ir@geox.com</a>
April 17	Shareholders' meeting - FY2012	Tel: +39 0423 282476	Mobile: +39 334 6535536
May 15	BoD - 1Q2013	Livio Libralesso - CFO	
July 30	BoD - 1H2013		
November 14	BoD - 9M2013		
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