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9M2018 SALES

November 13, 2018

9M 2018 NET SALES: HIGHLIGHTS

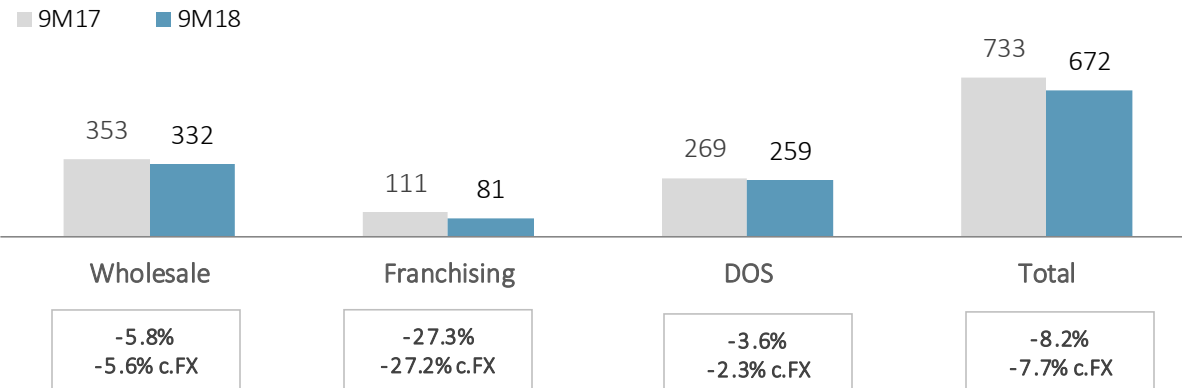


HIGHLIGHTS

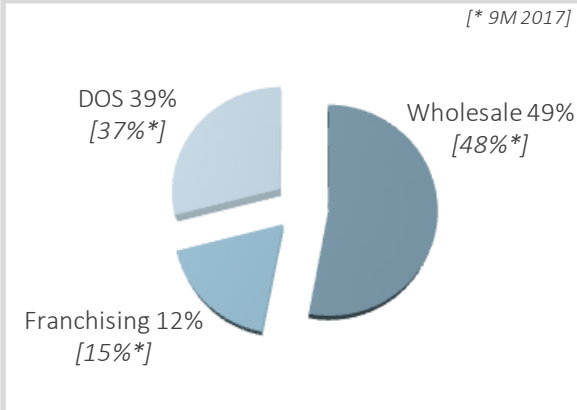
- 9M2018 Sales: Euro 672.4 mln, -8.2% (-7.7% at constant forex) due to:
 - A weak 1Q18 (-11.2%) mainly impacted by a material store portfolio optimization, lower sales of old seasons stock, driven by the reduction in inventories, in January and February and unseasonal weather conditions experienced in March with a delayed start of the Spring Summer season
 - An improving trend in 2Q18 (-2.4%) with a recovery in wholesale (+10.6%) and DOS (flat at current forex and +1.1% at constant forex). Franchising still impacted by further rationalization
 - A third quarter (-8.3%) that, notwithstanding a positive trend in July and August, has been strongly affected by a tough September, as reported by all the main peers, due to the unusual weather conditions that determined a late start of the Fall Winter season.
 - Retail network optimization (66 net closures in FY17 affecting the comparison base and additional 37 in 1Q18, 18 in 2Q18 and 22 in 3Q18)
 - L4L DOS: -4.3%. Trend is improving from -8.9% at the end of March 2018 and -4.7% at the end of June 2018. Current trading at -3.7% YTD (as of week 45) after a slightly positive October (+0.3%).

9M 2018 NET SALES BY CHANNEL

NET SALES BY CHANNEL (mIn€)



NET SALES BY CHANNEL (in %)



• **Wholesale.** Performance is explained by:

- 1) Selective cancellations due to a prudent approach to customers and regions
- 2) Lower reorders due to unusual weather
- 3) Lower sales of old seasons stock, as already announced, with a positive effect on margin and brand image protection
- 4) A slightly negative impact from forex.

• **Franchising.** Performance is mainly explained by the planned network optimization (62 net closures and conversion to DOS occurred in FY17 and additional 48 occurred in 9M18, i.e. approx. 20% of the franchise network), by a L4L slightly worse compared to DOS and by some shifts in deliveries due to the unseasonal warm weather.

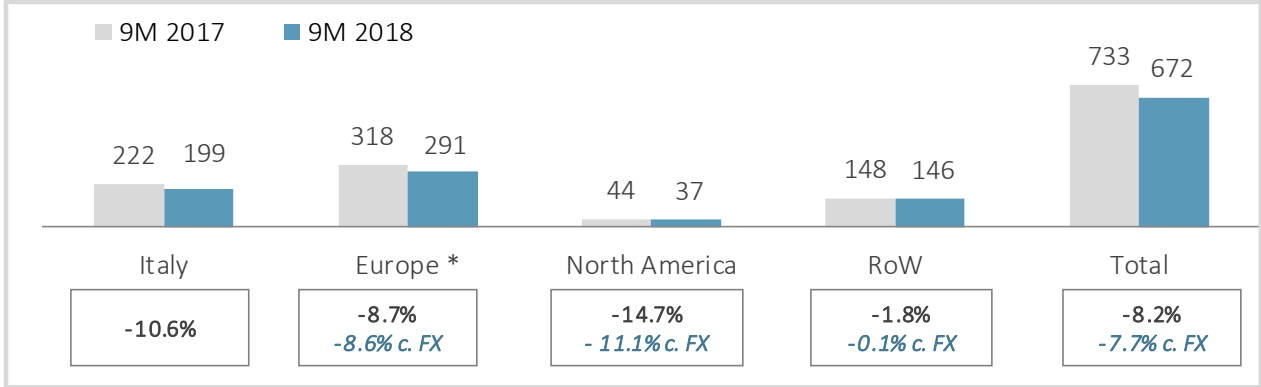
• **DOS.** Performance is due to a still negative L4L of -4.3% (although recovering from -8.9% as of March and -4.7% as of June), only partially countered by a positive space effect. L4L has been impacted by:

- 1) Lower promotional sales in January and February
- 2) The unseasonal weather in March, September and mid October with a late start of Spring Summer and Fall Winter sell out

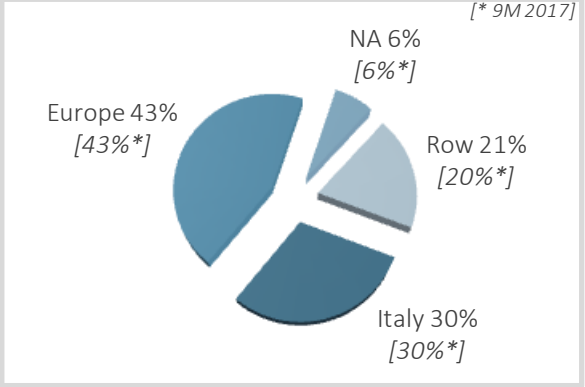
• **LFL DOS YTD** (as of week 45) at -3.7% with a slightly positive performance in October (+0.3%).

9M 2018 NET SALES BY REGION

NET SALES BY REGION (mIn€)



NET SALES BY REGION (in %)



Italy. Performance is mostly explained by a weak trend in March and September due to the unusual weather conditions and by the planned retail network optimization (48 net closures occurred in FY17 and 20 in 9M18). L4L is broadly in line with average.

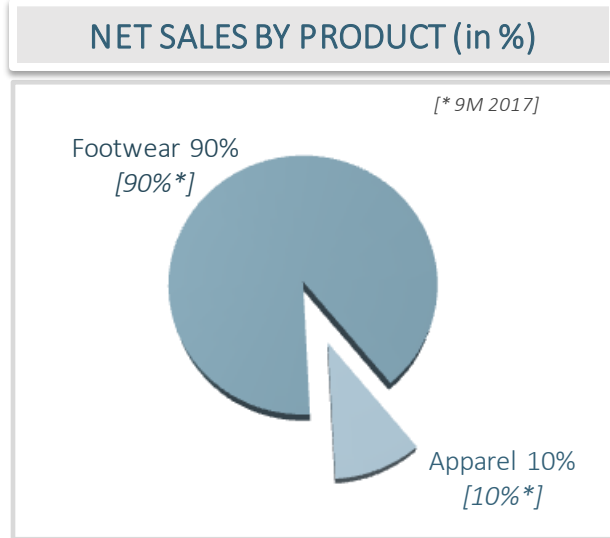
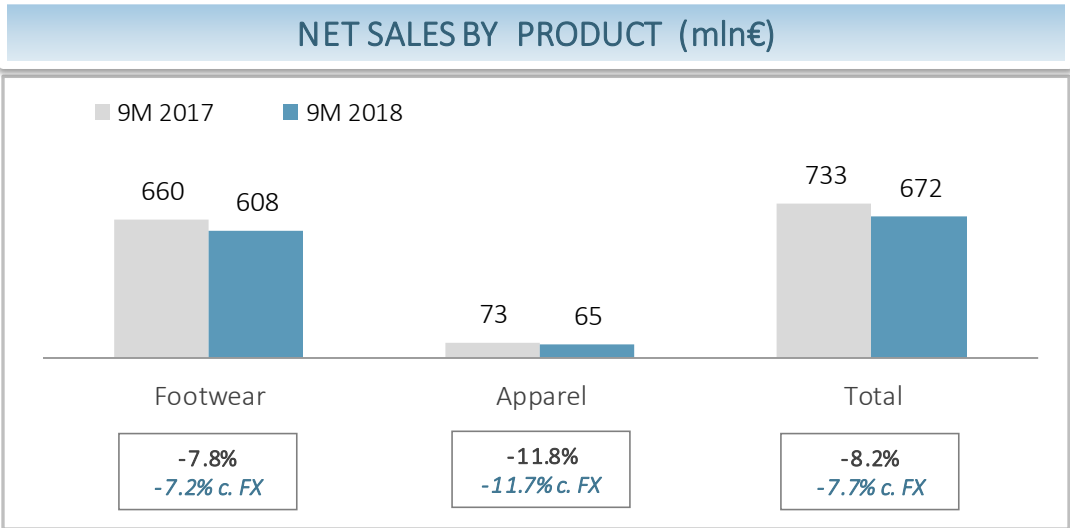
Europe. Performance is due to the planned rationalization of mono-brand stores (36 net closures occurred in FY17 and 24 in 9M18) and to the unusual weather conditions as for Italy.

North America. Performance is driven by a continuing effort in cleaning up the existing wholesale distribution focusing only on partners properly reflecting the brand enhancement planned by the Group. DOS L4L is positive (mid-single digit) and mitigated the network optimization based on the strong commitment to re-focus business on the most appropriate locations (6 net closure in FY17 and 3 in 9M18).

RoW. Performance at constant forex is flat notwithstanding network optimization (Under Distribution Agreement Shops at 139 from 168 as at Dec 31,2017). L4L DOS and wholesale positive (low to mid-single digit).

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

9M 2018 NET SALES BY PRODUCT



The Apparel segment is impacted by the network optimization, by a selective approach to wholesale clients and by the unseasonal weather conditions

GEOX SHOPS NETWORK

GEOX SHOPS NETWORK EVOLUTION (#)

	Sept 30, 2018		December 31, 2017		Sept 30, 2017	
	Geox	of which	Geox	of which	Geox	of which
	Shops	DOS	Shops	DOS	Shops	DOS
Italy	284	138	304	137	309	124
Europe	286	154	310	155	315	158
North America	39	39	42	42	43	43
Rest of World *	409	108	439	105	428	99
Total Geox Shop	1.018	439	1,095	439	1,095	424

- Includes Under Distribution Agreement Shops (139 as of September 2018, 168 as of December 2017 and 164 as of September 2017) 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

GEOX SHOPS OPTIMIZATION -9M18 -

	9M2018		
	Net Openings	Openings	Closings
Italy	(20)	2	(22)
Europe	(24)	5	(29)
North America	(3)	1	(4)
Rest of World *	(30)	29	(59)
Total Geox Shop	(77)	37	(114)

Retail network optimization is in progress in order to improve the profitability profile of the network (66 net closures in FY17 and 77 in 9M18). New selective openings in more responsive markets.

The entire network will continue to undergo a restyling process aimed at improving its performance



X STORE CONCEPT



X Store Roll out Plan Update: 150 X Store expected at the end of FY18 from 33 at the end of FY17



OUTLOOK 2018 AND INITIAL ORDER COLLECTION SS19 (WHOLESALE CHANNEL)

(1/2)

OUTLOOK 2018E

Management believes that the issues highlighted at the start of this report will also continue during the fourth quarter of the year. It is therefore necessary to remain very prudent when forecasting turnover and the operating result for 2018 as a whole. This has now been substantially defined by the trend recorded in the first nine months of the year and has been influenced, as described above, by truly exceptional external events and prudent policies to reduce business risk.

Under the new leadership, management has therefore launched an important in-depth strategic, organisational and distribution review project to support the 2019-2021 Strategic Business Plan, which has been approved by the Board of Directors today and will be presented to the financial community tomorrow. This project breaks away from the past, and it is therefore necessary to keep paying close attention to controlling costs, also to offset the expenses arising from a series of ordinary and extraordinary initiatives aimed at guaranteeing that the productivity of the sales network and the entire business can make a quick recovery, in line with the plan itself. Some of these initiatives will already be implemented during the fourth quarter of the year. The main ones refer to the expansion of the network of directly-operated stores (planned new openings and the conversion of former franchising stores during the fourth quarter) and greater investments in communications combined with accelerated evolution towards the use of digital media and social media. During the fourth quarter, a medium-long term global communications project will also be implemented for the first time, which the Brand considers to be of exceptional strategic importance. Details of this project will be disclosed at the end of the presentation of the 2019-2021 Strategic Business Plan.

The combination of these factors leads us to the following considerations and forecasts for the fourth quarter and 2018 as a whole:

- The wholesale channel is expected to continue showing signs of weakness. This is also the case when considering that, as initial order collection for the upcoming season is down by -9.1%, the share of advances for Spring-Summer 2019 requested by the market with delivery in 2018, will undoubtedly also record the same downward trend compared with the same quarter last year.
- Comparable store sales performance in October was substantially in line with the same month last year. This means that the unusual weather conditions and a number of promotions, in line with those implemented during the same season last year, allowed for a recovery of the decline recorded in the first two weeks of the month. This is a positive sign, although it also confirms the highly volatile nature of retail performance, and therefore calls for prudent forecasts between now and the end of the year in terms of comparable sales.
- Expectations for an improvement in percentage gross margin have been confirmed both for the 2018 financial year and with regard to initial orders for the 2019 Spring-Summer season.
- The store network is still undergoing a restyling process, aimed at improving performance, involving also the introduction of new window displays (testing is already underway in key markets, to be extended to the rest of the network by the start of 2019), as well as new strategies regarding product mix and in-store visuals.

OUTLOOK 2018 AND INITIAL ORDER COLLECTION SS19 (WHOLESALE CHANNEL)

(2/2)

OUTLOOK 2018E

- The effects of the rationalization of the store network, in the process of being completed, will continue to be seen in the fourth quarter.
- The initiatives to further increase productivity, ensure a lean organization and boost operating efficiency, which were successfully implemented in 2017, are continuing in 2018 and their positive impact is expected to continue.
- The change in strategy brought about by the strategic, organisational and distribution review, launched by the new leadership to support the 2019-2021 Strategic Business Plan, and the efficiencies to be implemented with regard to general costs, will lead to *non recurring costs (special items)* of around Euro 10 million for the 2018 financial year.

Based on the above, with regard to full-year performance, management therefore expects the decrease in annual turnover to be confirmed, in the range of -6%/-7% and expects a level of profitability, not including *special items* (Ebitda adjusted), of approximately 5% on sales. Expectations regarding amortisation and depreciation, substantially in line with the previous year. However, performance during the fourth quarter, and therefore also the final full-year result for 2018, will mainly only be determined by how comparable sales and stock replenishment actually perform compared with the forecasts described, and the results of the tight cost control measures.

SS19: INITIAL ORDER COLLECTION

The initial order collection for the SS19 reflected a careful analysis of partners and a careful selection of the product offering. In particular, certain special projects from the past have not been repeated in order to better preserve margins and the brand's image.

The initial order collection, on the one hand, shows a -9.1% reduction in orders compared with the same season last year (-3.7% net of said special projects), but, on the other, it makes order backlog more solid, confirming the expected improvement in profitability.

ANNEX



SHAREHOLDERS, GOVERNANCE AND CONTACTS

SHAREHOLDERS

Lir S.r.l. (**)	71%
Market	29%
Total N° of Shares	259,207,331

(**) Moretti Polegato's family

BOARD OF DIRECTORS

Chairman	Mario Moretti Polegato
CEO	Matteo Mascazzini
Deputy Chairman	Enrico Moretti Polegato
Director	Claudia Baggio
Director	Alessandro Giusti
Director	Livio Libralesso
Independent Director	Ernesto Albanese
Independent Director	Lara Livolsi
Independent Director	Francesca Meneghel
Independent Director	Duncan L. Niederauer
Independent Director	Manuela Soffientini

2018 FINANCIAL CALENDAR

November 14 Investor Day

INVESTOR RELATIONS

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