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RESPIRA

PRESS RELEASE - FIRST HALF 2018 RESULTS

SALES OF EURO 414.1 RECORDED IN THE FIRST HALF OF THE YEAR (-8.2% AT CURRENT FOREX, -7.2% AT CONSTANT FOREX).

CONFIRMATION OF THE POSITIVE TREND SEEN SINCE MID-APRIL

ADJUSTED[1] EBITDA OF EURO 27.3 MILLION (41.2 MILLION IN THE FIRST HALF OF 2017)

IMPROVING NET FINANCIAL POSITION AT EURO -19.7 MILLION (-46.1 MILLION IN JUNE 2017)

LAUNCH OF AN IMPORTANT STRATEGIC REVIEW PROJECT IN LIGHT OF THE PRESENTATION OF THE NEW 2019-2021 BUSINESS PLAN

Biadene di Montebelluna, 31st July 2018 – Geox S.p.A., a leading brand in classic and casual footwear, listed on the Milan Stock Exchange (GEO.MI), today approved its consolidated results for the first half of 2018.

Matteo Mascazzini, Chief Executive Officer in charge since 1st February 2018, commented: "The first quarter was affected by fewer promotional sales (due to stock levels being significantly reduced in 2017) and by the delayed start to the spring season (as a result of particularly unfavourable weather conditions). However, since mid-April, we've continued to record an upward trend, as predicted in previous reports.
Positive performance was also recorded in July, thanks to the start of the summer sales.
In the first half of 2018, the Group continued and strengthened its initiatives to improve margin performance, to implement a lean and more efficient structure and processes, and to control operating costs.
The Group's solid financial position also allowed it to continue and ramp-up the rationalization and restyling of the mono-brand store network, at the same time as finding the resources necessary to launch a reorganisation project for the entire digital presence strategy.
Investments in communications and marketing, which are essential for the strenghtening of the Brand, began to increase again.
Encouraged by the aforementioned results, we have launched a number of important initiatives as part of an extensive strategic review project, in light of the presentation of the new business plan.

[1] Does not include non recurring unusual expenses equal to Euro 2.1 million (Euro 6.5 million in 1H17) manly relating to the organisational review and the optimization of the store network.

I would like to briefly mention a few of the first steps taken in this regard:

- Complete commitment to an omnichannel and client-centric strategy, internalising and regrouping all departments and processes with important touchpoints for the end consumer (Retail, E-Commerce and CRM/Clienteling) into one division, reporting directly to the company's leadership team.

- Speeding up the development of Brand communication strategies, focusing on the use of digital media, the role of social media, contemporary language and design, and content that is more in line with the brand's core values.

- Rethinking the experience offered by our directly-operated stores, introducing new window displays (testing already underway in key markets, to be extended to the rest of the network by the start of 2019), new strategies regarding product mix and in-store visuals and a new customer relationship model.

- Developing current managers and boosting their loyalty, at the same time as introducing new key managers in all the aforementioned departments and in a number of strategic markets, who have significant experience in large international organisations.

This is clearly only a selection of the strategic initiatives that have been taken over the last few months: many others are already in the process of being implemented or are in an advanced stage of analysis.
Although our main markets continue to face rather challenging conditions, the overall scenario is further driving our determination to reach strategic objectives that are more in line with our Brand."

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GROUP PERFORMANCE

Sales

Consolidated sales in the first half of 2018 amounted to Euro 414.1 million, down 8.2% compared with the previous year (-7.2% at constant forex). Results for the first half of the year were mainly affected by performance in the first quarter (characterised by lower discounted sales and the delayed start to the spring season) and by the ramp-up of the rationalization programme for mono-brand stores, especially with regard to franchised stores, whose network has been reduced by approximately 20% over the last 18 months.

Sales by Distribution Channel

(Thousands of Euro)	I half 2018	%	I half 2017	%	Var. %
Wholesale	**191,166**	**46.2%**	**201,999**	**44.8%**	**(5.4%)**
Franchising	48,549	11.7%	67,880	15.0%	(28.5%)
DOS*	174,366	42.1%	181,241	40.2%	(3.8%)
Geox Shops	**222,915**	**53.8%**	**249,121**	**55.2%**	**(10.5%)**
Net sales	**414,081**	**100.0%**	**451,120**	**100.0%**	**(8.2%)**

* Directly Operated Store

Sales generated by wholesale stores, representing 46% of Group revenues (45% in the first half of 2017), amounted to Euro 191.2 million (-5.4% at current forex, -4.6% at constant forex). The decline recorded in the first half of the year is mainly down to a more selective approach with regard to partners, fewer sales of discounted goods from previous seasons (as a result of stock levels being significantly reduced in 2017) and a more unfavourable exchange rate effect. However, the second quarter recorded positive performance (+10.6% compared with the second quarter of 2017) thanks to a recovery in orders, as certain clients had asked for deliveries to be postponed during the first quarter (in light of the delayed start to the spring season).

Sales generated by directly-operated stores, DOS, representing 42% of Group revenues, recorded a reduction at Euro 174.4 million (-3.8% at current exchange rates, -2.1% at constant forex). This performance was mainly due to lower discounted sales in January and February (after stock levels were optimised in 2017) and the unusual weather conditions in March. The trend improved in the second quarter and sales were in line with the same period of the previous year.

Comparable sales generated by directly-operated stores to date (week 1 - week 30) report a decline of -3.7%, recovering from the -4.7% recorded at the end of June and -8.9% recorded at the end of March. In particular, improved performance has been recorded since mid-April, thanks also to the return of more normal weather conditions in the Group's main markets. Positive performance has also been recorded in July, thanks to the summer sales getting off to a good start.

Sales generated by the franchising channel, which account for 12% of Group revenues, amounted to Euro 48.5 million, reporting a decline of 28.5% (-28.3% at constant forex). Performance in the franchising channel particularly reflects the planned rationalization of the store network in the last quarters, with a net reduction of 62 stores in 2017 and 34 in the first half of 2018 (approximately 20% of the entire franchising network) due to closures and conversions into DOS.

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Sales by Region

(Thousands of Euro)	I half 2018	%	I half 2017	%	Var. %
Italy	124,331	30.0%	137,032	30.4%	(9.3%)
Europe (*)	179,907	43.4%	198,949	44.1%	(9.6%)
North America	24,132	5.8%	28,434	6.3%	(15.1%)
Other countries	85,711	20.7%	86,705	19.2%	(1.1%)
Net sales	**414,081**	**100.0%**	**451,120**	**100.0%**	**(8.2%)**

(*) Europe includes: Austria, Benelux, France, Germany, UK, Iberia, Scandinavia, Switzerland.

Sales generated in Italy, representing 30% of Group revenues (30% also in the first half of 2017), amounted to Euro 124.3 million, compared with Euro 137.0 million in the first half of 2017 (-9.3%). This trend is mainly due to the aforementioned optimization of the mono-brand store network (48 net closures in 2017 and 13 in the first half of 2018) and to the unusual weather conditions (above all in March). A positive trend was recorded in the second quarter compared with the second quarter of 2017 both in the wholesale channel and in directly-operated stores.

Sales generated in Europe, representing 43% of Group revenues (44% in the first half of 2017), amounted to Euro 179.9 million, compared with Euro 198.9 million in the first half of 2017, recording a decline of -9.6%. As was the case in Italy, this performance was mainly due to the aforementioned rationalization of the mono-brand store network (36 net closures in 2017 and 16 in the first half of 2018) and to the decline recorded in the first quarter due to the delayed start to the spring season. The second quarter recorded an improved trend both in the wholesale channel and in directly-operated stores.

North America recorded a turnover equal to Euro 24.1 million, reporting a decline of 15.1% (-9.9% at constant forex) mainly due to the negative performance of the wholesale channel, which has been subject of a careful review and selection process for partners, with a focus on players more in line with the Group's planned strategy to improve brand perception. An increase in LFL sales, on the other hand, was recorded for directly-operated stores. There were 6 net closures in 2017 and 3 in the first half of 2018.

The Rest of the World recorded a -1.1% decline in turnover compared with the first half of 2017 (+2.3% at constant forex), with a positive trend in LFL sales for directly-operated stores. Performance in the wholesale channel was positive in the first half of the year (+3.5%).

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Sales by Product Category

(Thousands of Euro)	I half 2018	%	I half 2017	%	Var. %
Footwear	376,723	91.0%	408,216	90.5%	(7.7%)
Apparel	37,358	9.0%	42,904	9.5%	(12.9%)
Net sales	**414,081**	**100.0%**	**451,120**	**100.0%**	**(8.2%)**

Footwear sales represented 91% of consolidated sales, amounting to Euro 376.7 million, down 7.7% compared with the first half of 2017 (-6.7% at constant forex). Apparel sales represented 9% of consolidated sales, amounting to Euro 37.4 million compared with Euro 42.9 million in the first half of 2017 (-12.9% at current forex, -12.5% at constant forex).

Mono-brand store network - Geox shops

As of 30th June 2018, there was a total of 1,040 "Geox Shops", of which 436 DOS. During the first half of 2018, 19 new Geox Shops were opened and 74 were closed, in line with the store network optimization planned in more mature markets and the expansion in countries where the Group's presence is still limited but developing well.

	06-30-2018		12-31-2017		I half 2018		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	291	140	304	137	(13)	1	(14)
Europe (*)	294	152	310	155	(16)	4	(20)
North America	39	39	42	42	(3)	-	(3)
Other countries (**)	416	105	439	105	(23)	14	(37)
Total	**1,040**	**436**	**1,095**	**439**	**(55)**	**19**	**(74)**

(*) Europe includes: Austria, Benelux, France, Germany, UK, Iberia, Scandinavia, Switzerland.

(**) Includes Under License Agreement Shops (150 as of June 30 2018, 168 as of December 31 2017). Sales from these shops are not included in the franchising channel.

Cost of sales and gross profit

The cost of sales was equal to 49.6% of sales, compared with the 50.8% recorded in the first half of 2017, producing a gross margin of 50.4% (49.2% in the first half of 2017).

The improvement in gross margin is thanks to the specific measures taken to improve supply chain efficiency and to the greater weight of the DOS channel which is characterised by higher profitability.

Operating expenses and EBIT

Sales and distribution expenses were equal to 5.7% of sales, up slightly in percentage terms compared with the same period last year (5.5% in the first half of 2017).

General and administrative expenses amounted to Euro 161.6 million, reporting a decline of Euro 1.4 million compared with the first half of 2017, thanks to the actions taken over the last quarters to boost efficiency.

Advertising and promotion expenses amounted to Euro 12.8 million (3.1% of sales), up from the Euro 10.5 million reported in the first half of 2017. This increase is due to the higher number of marketing initiatives implemented in the first half of the year, aimed at supporting footfall in stores.

EBIT amounted to Euro 10.9 million, equal to 2.6% of sales, compared with Euro 24.0 million in the first half of 2017 (equal to 5.3% of sales).

During the first half of 2018, special items for Euro 2.1 million were also recorded, mainly relating to the organisational review and the optimization of the store network.

During the first half of 2017, unusual expenses for Euro 6.5 million had been recorded, mainly relating to the termination of the relationship with the previous Chief Executive Officer (Euro 4.3 million), to legal costs involved with the arbitration with the former distributor on the Chinese market, and to the rationalization of the mono-brand store network.

EBITDA

EBITDA amounted to Euro 25.2 million, equal to 6.1% of sales, compared with Euro 34.7 million in 2017 (equal to 7.7% of sales).

Gross of special items and income, adjusted EBITDA amounted to Euro 27.3 million, equal to 6.6% of sales, compared with Euro 41.2 million in the first half of 2017 (equal to 9.1% of sales).

Taxes and tax rate

Income taxes for the first half of 2018 are equal to Euro 4.8 million, compared with Euro 5.9 million in the same period last year, defining a tax rate of 76.1%. It is to be noted that this tax amount is approximately Euro 2.7 million higher owing to the non-recognition of deferred tax assets for certain loss-making subsidiaries abroad, which currently do not show any signs of a fast recovery. Without this element, taxes would therefore have amounted to Euro 2.2 million with an adjusted tax rate of approximately 35%.

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THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION

The Group's balance sheet and financial position shows a negative net financial position, before the fair value adjustment of derivatives, equal to -20.5 million (-33.0 million at 30th June 2017).
After said adjustment, which has a positive impact of Euro 0.8 million, compared with the negative effect of Euro 13.2 million at 30th June 2017, the net financial position is equal to Euro -19.7 million (Euro -46.1 million at 30th June 2017).
Net operating working capital as a percentage of sales was equal to 29.8%, compared with 30.4% in the same period last year. This change is mainly due to the reduction in trade receivables, linked to turnover performance.

During the first half of the year, investments were made for a total of Euro 12.2 million, compared with Euro 7.8 million in the first half of 2017, mainly linked to the store restyling programme aimed at improving performance.

FORECAST FOR OPERATIONS AND SIGNIFICANT SUBSEQUENT EVENTS

Management believes that a certain degree of prudence is still required when forecasting revenues and operating result for the full-year because, although an improved sales trend is expected in the second half of the year and expectations for an improvement in percentage gross margin have been confirmed, it seems very challenging that these factors will also be able to compensate for the decline in sales recorded during the first half of the year.

For this reason, management is even more determined to pursue the implementation of measures with an immediate effect, such as:

- An increase of investments in communications with at the same time a speed up of developments regarding the use of digital and social media.
- Store network optimization, albeit with less intensity than in previous quarters.
- The ongoing restyling plan aimed at improving performance.
- The initiatives to further increase productivity, ensure a lean organization and boost operating efficiency which were successfully implemented in 2017 and which are continuing in 2018.
- Developing current managers and boosting their loyalty, at the same time as introducing new key managers, also in strategic markets, who have significant experience in international organisations.

In addition to the above, it is furthermore believed that the strategic review that has already been launched should be continued with even greater determination. This review should lead to objectives and results being achieved that are more in line with our brand, and will be presented , shortly, in the new 2019-2021 business plan.

DECLARATION BY THE MANAGER RESPONSIBLE FOR THE PREPARATION OF COMPANY ACCOUNTING DOCUMENTS

The manager responsible for the preparation of the company's financial documents, Mr. Livio Libralesso, hereby declares, in accordance with paragraph 2 article 154 bis of the Testo Unico della Finanza that, based on his knowledge, the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.

FOR MORE INFORMATION

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GEOX GROUP

The Geox Group operates in the classic and casual footwear sector for men, women and children, with a medium/high price level, and in the apparel sector. The success of Geox is due to the constant focus on the application of innovative solutions and technologies on the product that guarantee both impermeability and breathability. Geox is one of the leading brands in the "International Lifestyle Casual Footwear Market". Geox technology is protected by 39 different patents and by 12 more recent patent applications.

DISCLAIMER

This document includes forward-looking statements, relative to future events and income and financial operating results of the Geox Group. These forecasts, by their nature, include an element of risk and uncertainty, since they depend on the outcome of future events and developments. The actual results may differ even quite significantly from those stated due to a multiplicity of factors.

ANNEXES

- Consolidated income statement
- Reclassified Consolidated balance sheet
- Reclassified Consolidated cash flow statement

2018 and 2017 results are reported under IAS/IFRS. Fiscal year 2017 results have been audited, while the first half 2018 and the first half 2017 have not been fully audited. Consolidated balance sheet and cash flow statement are reclassified with statements normally used by management and investors to assess the Group's results. The afore-mentioned reclassified financial statements do not meet the presentation standards set down by the IFRS and thus are not to be considered a replacement. However, since their contents are the same, they can be easily reconciled with those envisaged by the International Accounting Standards.

CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	I half 2018	%	I half 2017	%	2017	%
Net sales	**414,081**	**100.0%**	**451,120**	**100.0%**	**884,529**	**100.0%**
Cost of sales	(205,226)	(49.6%)	(228,948)	(50.8%)	(456,914)	(51.7%)
Gross profit	**208,855**	**50.4%**	**222,172**	**49.2%**	**427,615**	**48.3%**
Selling and distribution costs	(23,570)	(5.7%)	(24,751)	(5.5%)	(47,268)	(5.3%)
General and administrative expenses	(161,589)	(39.0%)	(162,962)	(36.1%)	(317,624)	(35.9%)
Advertising and promotion	(12,786)	(3.1%)	(10,499)	(2.3%)	(22,561)	(2.6%)
Operating result	**10,910**	**2.6%**	**23,960**	**5.3%**	**40,162**	**4.5%**
Restructuring charges	(2,098)	(0.5%)	(6,513)	(1.4%)	(10,020)	(1.1%)
EBIT	**8,812**	**2.1%**	**17,447**	**3.9%**	**30,142**	**3.4%**
Net interest	(2,445)	(0.6%)	(3,182)	(0.7%)	(3,392)	(0.4%)
PBT	**6,367**	**1.5%**	**14,265**	**3.2%**	**26,750**	**3.0%**
Income tax	(4,848)	(1.2%)	(5,887)	(1.3%)	(11,367)	(1.3%)
Tax rate	*76.1%*		*41.3%*		*42.5%*	
Net result	**1,519**	**0.4%**	**8,378**	**1.9%**	**15,383**	**1.7%**
EPS (Earnings per shares)	**0.01**		**0.03**		**0.06**	
EBITDA	**25,240**	**6.1%**	**34,705**	**7.7%**	**63,989**	**7.2%**
Restructuring charges	(2,098)	(0.5%)	(6,513)	(1.4%)	(10,020)	(1.1%)
EBITDA adjusted	**27,338**	**6.6%**	**41,218**	**9.1%**	**74,009**	**8.4%**

EBITDA: is the EBIT plus depreciation, amortization and can be directly calculated from the financial statements as integrated by the notes.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Thousands of Euro)	June 30, 2018	Dec. 31, 2017	June 30, 2017
Intangible assets	47,941	52,061	50,803
Property, plant and equipment	60,014	61,326	60,033
Other non-current assets - net	36,963	42,567	43,276
Total non-current assets	**144,918**	**155,954**	**154,112**
Net operating working capital	**252,623**	**226,277**	**273,679**
Other current assets (liabilities), net	**(22,822)**	**(19,562)**	**(27,927)**
Net invested capital	**374,719**	**362,669**	**399,864**
Equity	347,604	349,483	346,098
Provisions for severance indemnities, liabilities and charges	7,438	7,808	7,643
Net financial position	19,677	5,378	46,123
Net invested capital	**374,719**	**362,669**	**399,864**

OPERATING WORKING CAPITAL AND OTHER CURRENT ASSETS (LIABILITIES)

(Thousands of Euro)	June 30, 2018	Dec. 31, 2017	June 30, 2017
Inventories	303,972	283,227	309,440
Accounts receivable	138,236	120,356	149,341
Accounts payable	(189,585)	(177,306)	(185,102)
Net operating working capital	**252,623**	**226,277**	273,679
% of sales for the last 12 months	***29.8%***	***25.6%***	***30.4%***
Taxes payable	(10,069)	(8,810)	(7,670)
Other non-financial current assets	26,240	25,368	20,306
Other non-financial current liabilities	(38,993)	(36,120)	(40,563)
Other current assets (liabilities), net	**(22,822)**	**(19,562)**	**(27,927)**

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RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)	I half 2018	I half 2017	2017
Net result	**1,519**	**8,378**	**15,383**
Depreciation, amortization and impairment	16,428	17,258	33,846
Other non-cash items	1,742	3,085	10,052
	19,689	**28,721**	**59,281**
Change in net working capital	(31,274)	(20,403)	23,195
Change in other current assets/liabilities	3,820	22,501	16,076
Cash flow from operations	**(7,765)**	**30,819**	**98,552**
Capital expenditure	(12,213)	(7,801)	(30,841)
Disposals	350	457	4,373
Net capital expenditure	**(11,863)**	**(7,344)**	**(26,468)**
Free cash flow	**(19,628)**	**23,475**	**72,084**
Dividends	(15,552)	(5,184)	(5,184)
Change in net financial position	**(35,180)**	**18,291**	**66,900**
Initial net financial position - prior to fair value adjustment of derivatives	**15,148**	**(51,620)**	**(51,620)**
Change in net financial position	(35,180)	18,291	66,900
Translation differences	(418)	376	(132)
Final net financial position - prior to fair value adjustment of derivatives	**(20,450)**	**(32,953)**	**15,148**
Fair value adjustment of derivatives	773	(13,170)	(20,526)
Final net financial position	**(19,677)**	**(46,123)**	**(5,378)**

CAPEX

(Thousands of Euro)	I half 2018	I half 2017	2017
Trademarks and patents	223	254	531
Opening and restructuring of Geox Shop	7,849	3,916	16,393
Production plant	330	315	698
Industrial plant and equipment	1,292	959	2,695
Logistic	435	387	3,054
Information technology	1,730	1,815	6,653
Offices furniture, warehouse and fittings	354	155	817
Total	**12,213**	**7,801**	**30,841**