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Vedi allegato.



PRESS RELEASE - FIRST HALF 2017 RESULTS

SALES IN LINE WITH LAST YEAR THANKS TO THE POSITIVE PERFORMANCE OF THE WHOLESALE CHANNEL, UP 6.7% AND ECOMMERCE UP MORE THAN 30%

Biadene di Montebelluna, July 28, 2017 – The Board of Directors of Geox S.p.A., one of the leading brands worldwide in the classic and casual footwear market listed on the Milan Stock Exchange (MSE: GEO.MI), approved today the first half 2017 financial results.

Mario Moretti Polegato, Chairman and founder of Geox, commented: “Geox closes the first half of 2017 with sales of Euro 451 million, in line with last year, thanks to the wholesale channel, increasing by 6.7%, the strong performance of Russia, Eastern Europe and China and the excellent results achieved by the e-commerce channel, up by more than 30%: these results have compensated for the planned store network optimization.

Profitability has improved thanks to our ongoing focus on operating efficiency, tight cost control and continuous implementation of the Group's strategy which prioritises solid and profitable growth.

With regard to the second half of 2017, I expect Geox Group to achieve positive results thanks, in particular, to the growth in the initial order backlog recorded by the wholesale channel for the upcoming 2017 fall-winter season, up +8%, the expected increase in gross margin and the anticipated improvements in business efficiency”.

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THE GROUP'S ECONOMIC PERFORMANCE

Sales

First half 2017 consolidated net sales increased by 0.2% to Euro 451.1 million (-0.7% at constant forex). Footwear sales represented 90% of consolidated sales, amounting to Euro 408.2 million, in line with last year (-1.3% at constant forex).

Apparel sales accounted for 10% of consolidated sales amounting to Euro 42.9 million, compared to Euro 40.2 million of the first half of 2016 (+6.7%, +5.4% at constant forex).

(Thousands of Euro)	I half 2017	%	I half 2016	%	Var. %
Footwear	408,216	90.5%	410,081	91.1%	(0.5%)
Apparel	42,904	9.5%	40,194	8.9%	6.7%
Net sales	451,120	100.0%	450,275	100.0%	0.2%

Revenues generated in Italy, representing 30% of the Group's total revenues amounted to Euro 137.0 million, compared to Euro 143.6 million of the previous year. This decrease is mainly due to the planned rationalization of the mono-brand store network (13 net closures) and the slight decline recorded by the wholesale channel due to lower reorders compared to the same period of last year and a more selective approach to customers.

Sales in Europe, which accounted for 44% of sales increased by 1.6% to Euro 198.9 million, compared with Euro 195.8 million of the first half of 2016. This performance is due to the planned rationalization of the mono-brand store network (14 net closures), offset by the satisfying level of growth recorded by the wholesale channel across all main markets.

North American sales amounted to Euro 28.4 million, down 1.6 million (-5.5%; -8.1% at constant forex) mainly as a result of the Canadian market.

Sales in Other Countries increased by 7.3% (3.5% at constant forex) with excellent performance of Russia, Eastern Europe and China.

(Thousands of Euro)	I half 2017	%	I half 2016	%	Var. %
Italy	137,032	30.4%	143,609	31.9%	(4.6%)
Europe (*)	198,949	44.1%	195,811	43.5%	1.6%
North America	28,434	6.3%	30,076	6.7%	(5.5%)
Other countries	86,705	19.2%	80,779	17.9%	7.3%
Net sales	451,120	100.0%	450,275	100.0%	0.2%

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

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Revenues generated by directly-operated stores, DOS, representing 40% of Group revenues, declined by 3.3% at Euro 181.2 million (-3.9% at constant forex). This performance is due to the planned rationalization of stores and to the slight decline (-0.9%) in like-for-like sales of stores that have been open for at least 12 months (*comparable store sales*) (+1.8% in the first half of 2016).

Comparable sales generated by directly operated stores to date (week 1- week 29) are slightly negative (-0.6%) compared to the 2% growth of the same period of 2016.

Sales generated by the franchising channel, which account for 15% of Group revenues, amount to Euro 67.9 million, reporting a decline of 7.6% (-8.4% at constant forex). The performance of the franchising channel is also due to the store network rationalization plan and the decline in comparable sales, which was slightly greater than the one recorded by directly operated stores.

Wholesale revenue, representing 45% of Group revenues (42% in the first half of 2016) amount to Euro 202.0 million, with an increase of 6.7% (+5.5% at constant forex) compared with last year. This trend is due to a positive performance recorded in the Group's main markets.

(Thousands of Euro)	I half 2017	%	I half 2016	%	Var. %
Wholesale	201,999	44.8%	189,403	42.1%	6.7%
Franchising	67,880	15.0%	73,493	16.3%	(7.6%)
DOS*	181,241	40.2%	187,379	41.6%	(3.3%)
Geox Shops	249,121	55.2%	260,872	57.9%	(4.5%)
Net sales	451,120	100.0%	450,275	100.0%	0.2%

* Directly Operated Store

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As of June 30, 2017 the overall number of Geox Shops was 1,141 of which 443 are DOS. During first half of 2017, 36 new Geox Shops were opened and 56 have been closed, in line with the rationalization plan of the mono-brand network.

	06-30-2017		12-31-2016		I half 2017		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	339	129	352	129	(13)	4	(17)
Europe (*)	332	171	346	173	(14)	3	(17)
North America	46	46	48	48	(2)	1	(3)
Other countries (**)	424	97	415	105	9	28	(19)
Total	1,141	443	1,161	455	(20)	36	(56)

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

(**) Includes Under License Agreement Shops (165 as of June 30 2017, 156 as of December 31 2016). Sales from these shops are not included in the franchising channel.

Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 50.8% compared to 50.5% of the first half of 2016, producing a gross margin of 49.2% (49.5% in the first half of 2016).

Gross margin dilution is due to the increase in product costs, mainly caused by the euro's depreciation against the dollar in 2016, to a reduction in revenues generated by directly-operated stores and to the increased promotions introduced in order to stimulate consumer purchases amid difficult market conditions.

Operating expenses and Operating income (EBIT)

Selling and distribution expenses amounted to euro 24.7 million, in line with last year.

General and administrative expenses were equal to Euro 163.0 million, recording a decrease of Euro 5.8 million compared to the previous year thanks to the actions taken to improve efficiency, reduce structural costs and renegotiate store rents.

Advertising and promotion expenses amount to Euro 10.5 million, equal to 2.3% of revenues, compared to Euro 25.1 million last year. This is primarily due to the different timing of advertising expenditure - compared to 2016 when marketing initiatives were mainly implemented in the first half of the year- and also to the overall optimisation of expenses relating to advertising and display material for stores.

The operating result excluding special items was equal to Euro 24.0 million (5.3% on sales) compared to 4.6 million of the first half of 2016 (1.0% on sales).

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As already announced during the 2016 results presentation, special items were recorded for 6.5 million due to the termination of employment of the previous Chief Executive Officer (4.3 million), the expected optimization of the network of directly operated and franchised stores and the measures implemented to reduce general costs.

EBIT was equal to Euro 17.5 million (3.9% on sales) compared with Euro 4.6 million of the first half of 2016 (1.0% on sales).

EBITDA

EBITDA was Euro 34.7 million, 7.7% of sales, compared to Euro 22.1 million of the first half of 2016 (4.9% on sales).

Adjusted EBITDA was equal to Euro 41.2 million, 9.1% on sales compared to 22.1 million of the first half of 2016 (4.9% on sales).

Income taxes and tax rate

Income taxes were equal to Euro 5.9 million (41.3% tax rate) compared to Euro 2.6 million of the first half of 2016.

THE GROUP'S FINANCIAL PERFORMANCE

The Group balance sheet shows a negative financial position before fair value adjustment of derivatives of Euro 33.0 million (51.6 million as of December 31, 2016). Fair value adjustment of derivatives negatively affected 13.2 million the first half of 2017 and positively affected 2016 for Euro 15.7 million. Net financial position after fair value adjustment of derivatives is equal to 46.1 (35.9 million as of December 31, 2016).

Net operating working capital as a percentage of sales is equal to 30.4% compared to 26.3% in the same period last year.

This change is mainly due to the reduction in trade payables, linked to the different timing and value of the purchases made compared to the first half of the previous year.

During the period capex of Euro 7.8 million were made, compared with 12.4 million of the first half of 2016.



FORECAST FOR OPERATIONS AND SIGNIFICANT SUBSEQUENT EVENTS

Regarding 2017, the management expect a slight increase in top line and an increase of profitability compared to the previous year.

These expectations are based on a number of assumptions combined with other, already known factors:

1. the wholesale channel proves to be solid, with order backlog for fall-winter 2017 increasing by +8%; the wholesale channel is expected to record "mid single digit" growth for the entire year, as there are expected to be less reorders during the season compared to 2016 and a more selective approach to customer deliveries in line with current market conditions;
2. the gross margin relating to the fall-winter order backlog is growing as expected, reporting an increase of over 200 basis points, thanks to specific measures targeting both design to cost and supply chain efficiency;
3. with regard to the retail channel, comparable sales generated by directly operated stores to date (week 1 - week 29), show a slight decline of 0.6% (compared to the slight increase expected), caused by the temporarily weak performance in June, above all in the second half of the month. These dynamics were caused by a reduction in footfall in stores being partially compensated for by an improvement in the conversion rate.
With regard to the second half of 2017, it is nonetheless of fundamental importance that the speeding up of network optimization in Europe, the planned expansion in more reactive markets such as Eastern Europe and China, and the focus on profitability can also be reflected in an estimated "low single digit" increase in comparable sales, thanks also to an easier comparison base. In this way, the management expects to see improved economic performance for this channel compared to the first half of the year;
4. advertising and promotion expenses, considered appropriate under current market conditions, will be increased in the second half of 2017 compared to both the first half of the year and the same period last year. Advertising and promotion expenses for the entire year will be lower than last year (around -10 million) thanks to the overall optimisation of expenses relating to advertising and display material for stores and a different approach to media buying and marketing mix. In particular the Group is increasing marketing expenses in coop advertising and in digital and performance marketing relating to the web. Those two items, recorded in the G&A expenses, accounts for around 7 million for the year and are increasing compared to 2016;
5. plans are ongoing to further increase productivity, simplification and operating efficiency, at the same time as implementing tight cost control;
6. lastly, as already announced with the FY2016 results, the management expects special items in the region of Euro 10-11 million as a result of the termination of employment of the previous Chief Executive Officer, the expected optimization of the network of directly operated and franchised stores and the measures to be implemented to reduce general costs.

In this context, as of today, the management expects, on the basis of the aforementioned assumptions a prudent growth in turnover in 2017, whereby the positive performance of the wholesale channel combined with a slight increase in like-for-like sales will more than compensate for the effects of the planned network optimization involving both directly operated and franchised stores.

The management also assumes that the aforementioned slight increase in turnover and the expected improvement in gross margin, combined with the measures taken to boost efficiency and costs control, will allow the group to achieve levels of profitability that are in line with current market expectations and which are therefore still considered to be achievable even if challenging.



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 INFORMATIONS

INVESTOR RELATIONS

Marina Cargnello: ph. +39 0423 282476; ir@geox.com

Livio Libralesso
General Manager – Corporate, CFO

UFFICIO STAMPA
Juan Carlos Venti: ph: +39 0423 281914; mobile +39 335 470641; juancarlos.venti@geox.com

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 35 different patents and by 10 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

2017 and 2016 results are reported under IAS/IFRS. Fiscal year 2016 results have been audited, while the first half 2017 and the first half 2016 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.

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CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	I half 2017	%	I half 2016	%	2016	%
Net sales	451,120	100.0%	450,275	100.0%	900,763	100.0%
Cost of sales	(228,948)	(50.8%)	(227,190)	(50.5%)	(471,314)	(52.3%)
Gross profit	222,172	49.2%	223,085	49.5%	429,449	47.7%
Selling and distribution costs	(24,751)	(5.5%)	(24,535)	(5.4%)	(49,557)	(5.5%)
General and administrative expenses	(162,962)	(36.1%)	(168,804)	(37.5%)	(324,987)	(36.1%)
Advertising and promotion	(10,499)	(2.3%)	(25,130)	(5.6%)	(36,798)	(4.1%)
Operating result	23,960	5.3%	4,616	1.0%	18,107	2.0%
Restructuring charges	(6,513)	(1.4%)	-	0.0%	(5,273)	(0.6%)
EBIT	17,447	3.9%	4,616	1.0%	12,834	1.4%
Net interest	(3,182)	(0.7%)	(1,983)	(0.4%)	(5,556)	(0.6%)
PBT	14,265	3.2%	2,633	0.6%	7,278	0.8%
Income tax	(5,887)	(1.3%)	(2,605)	(0.6%)	(5,268)	(0.6%)
<i>Tax rate</i>	<i>41.3%</i>		<i>98.9%</i>		<i>72.4%</i>	
Net result	8,378	1.9%	28	0.0%	2,010	0.2%
EPS (Earnings per shares)	0.03		0.00		0.01	
EBITDA	34,705	7.7%	22,117	4.9%	47,558	5.3%
Restructuring charges	(6,513)		-		(5,273)	
EBITDA Adjusted	41,218	9.1%	22,117	4.9%	52,831	5.9%

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

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RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Thousands of Euro)	June 30, 2017	Dec. 31, 2016	June 30, 2016
Intangible assets	50,803	54,715	56,390
Property, plant and equipment	60,033	66,140	64,041
Other non-current assets - net	43,276	41,575	46,546
Total non-current assets	154,112	162,430	166,977
Net operating working capital	273,679	251,856	236,105
Other current assets (liabilities), net	(27,927)	(10,933)	(17,070)
Net invested capital	399,864	403,353	386,012
Equity	346,098	359,717	350,277
Provisions for severance indemnities, liabilities and charges	7,643	7,704	8,002
Net financial position	46,123	35,932	27,733
Net invested capital	399,864	403,353	386,012

OPERATING WORKING CAPITAL AND OTHER CURRENT ASSETS (LIABILITIES)

(Thousands of Euro)	June 30, 2017	Dec. 31, 2016	June 30, 2016
Inventories	309,440	336,767	343,979
Accounts receivable	149,341	111,417	129,472
Accounts payable	(185,102)	(196,328)	(237,346)
Net operating working capital	273,679	251,856	236,105
% of sales for the last 12 months	30.4%	28.0%	26.3%
Taxes payable	(7,670)	(9,379)	(8,084)
Other non-financial current assets	20,306	35,416	30,041
Other non-financial current liabilities	(40,563)	(36,970)	(39,027)
Other current assets (liabilities), net	(27,927)	(10,933)	(17,070)

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RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)	I half 2017	I half 2016	2016
Net result	8,378	28	2,010
Depreciation, amortization and impairment	17,258	17,501	34,724
Other non-cash items	3,085	7,205	13,962
	28,721	24,734	50,696
Change in net working capital	(20,403)	(43,165)	(63,063)
Change in other current assets/liabilities	22,501	10,095	2,229
Cash flow from operations	30,819	(8,336)	(10,138)
Capital expenditure	(7,801)	(12,378)	(30,624)
Disposals	457	272	1,009
Net capital expenditure	(7,344)	(12,106)	(29,615)
Free cash flow	23,475	(20,442)	(39,753)
Dividends	(5,184)	(15,552)	(15,552)
Change in net financial position	18,291	(35,994)	(55,305)
Initial net financial position - prior to fair value adjustment of derivatives	(51,620)	4,217	4,217
Change in net financial position	18,291	(35,994)	(55,305)
Translation differences	376	(1,126)	(532)
Final net financial position - prior to fair value adjustment of derivatives	(32,953)	(32,903)	(51,620)
Fair value adjustment of derivatives	(13,170)	5,170	15,688
Final net financial position	(46,123)	(27,733)	(35,932)

CAPEX

(Thousands of Euro)	I half 2017	I half 2016	2016
Trademarks and patents	254	277	1,094
Opening and restructuring of Geox Shop	3,916	4,469	12,995
Production plant	315	1,119	2,332
Industrial plant and equipment	959	1,374	2,971
Logistic	387	287	2,258
Information technology	1,815	4,031	7,813
Offices furniture, warehouse and fittings	155	821	1,161
Total	7,801	12,378	30,624

Fine Comunicato n.0742-18

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