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Testo del comunicato

Vedi allegato.

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PRESS RELEASE -THE BOARD OF DIRECTORS APPROVED THE INTERIM MANAGEMENT STATEMENT FOR THE FIRST NINE MONTHS OF 2017

REVENUES EQUAL TO 733 MILLION, SUBSTANTIALLY IN LINE WITH LAST YEAR (-0.9% AT CURRENT FOREX, -1.3% AT CONSTANT FOREX), WITH GROWTH OF THE WHOLESALE CHANNEL PARTIALLY COMPENSATING FOR THE PLANNED OPTIMIZATION OF THE MONO-BRAND STORE NETWORK

THE E-COMMERCE CHANNEL CONTINUES TO RECORD DOUBLE-DIGIT GROWTH (+25%) AND RUSSIA, EASTERN EUROPE AND CHINA ALSO CONTINUE TO PERFORM WELL

+3.5% INCREASE IN ORDER BACKLOG RECORDED BY THE WHOLESALE CHANNEL FOR THE 2018 SPRING/SUMMER SEASON

Biadene di Montebelluna, November 8, 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 Interim Management Statement for the First Nine Months of 2017.

Mario Moretti Polegato, Chairman and founder of Geox, commented: "Geox is performing well, and we're seeing the first concrete results of our new strategy focused on boosting profitability. I am therefore confident that this first step, together with the investments made in style, new products, the new store concept, the new marketing approach focused on technology & style, and our commercial presence in new high-potential markets, will soon allow us to achieve profitable growth.

Geox has closed the first nine months of 2017 with a substantially stable turnover compared with last year, thanks to the growth of the wholesale channel, with good performance in Russia, Eastern Europe and China, and double-digit growth recorded by the e-commerce channel. These results have partially compensated for the planned rationalization of the mono-brand store network.

The wholesale channel has also reported a +3.5% growth in order backlog for the upcoming Spring/Summer 2018 season, confirming the significant potential of Russia and China, where the Group's presence is still limited but developing well, and of the e-commerce channel, which we believe to be increasingly important for the Group's future strategies.

Lastly, the previously disclosed plans to increase operating efficiency are positively impacting results, as evidenced by the growth in industrial margin and tight cost control, allowing us to record improving profitability compared to last year".

NINE MONTHS 2017 SALES

Consolidated revenues for the first nine months of 2017 amount to 732.7 million, substantially in line with last year (-0.9% at current forex, -1.3% at constant forex), with the growth of the wholesale channel partially compensating for the planned optimization of the mono-brand store network.

Revenues by Distribution Channel

(Thousands of Euro)	9 Months 2017	%	9 Months 2016	%	Var. %
Multibrand	**352,689**	**48.1%**	**345,796**	**46.8%**	**2.0%**
Franchising	111,009	15.1%	119,690	16.2%	(7.3%)
DOS*	269,051	36.7%	273,844	37.0%	(1.8%)
Geox Shops	**380,060**	**51.9%**	**393,534**	**53.2%**	**(3.4%)**
Net sales	**732,749**	**100.0%**	**739,330**	**100.0%**	**(0.9%)**

* Directly Operated Store

Wholesale revenue, representing 48% of Group revenues (47% in the nine months of 2016) amount to Euro 352.7 million, with an increase of 2.0% (+1.5% at constant forex) compared with last year. This trend is due to a stable performance in Italy and Europe, double-digit growth recorded in Russia, Eastern Europe, China and by the online channel.

The slight decline recorded in the third quarter was affected by:

- fewer promotional sales due to the planned reduction in stock from previous seasons, resulting from improved operating efficiency
- some postponement of Q3 deliveries and a general conservative approach towards credit risk management, especially in some countries that are experiencing renewed turmoil (Ukraine, Thailand).

Revenues generated by directly-operated stores, DOS, representing 37% of Group revenues, declined at Euro 269.0 million (-1.9% at constant forex). This performance is due to:

- the planned network optimization in Europe and expansion in more responsive markets such as Russia, Eastern Europe and China (-31 net closures)
- stable LFL sales in 9M 2017 (+0.5% vs. 0% in 9M 2016) due to positive Q3 performance (up +3.2%) which was boosted by positive performance in September in all main markets.
- Subsequently, comparable sales generated by directly operated stores to date (week 1 - week 44) are substantially stable (-0.2%) caused by the drop in footfall experienced in October. This was due to unusual weather conditions in key markets, as also reported by the industry's players. This is confirmation of the high level of volatility faced by the retail channel in this period.

Sales generated by the franchising channel, which account for 15% of Group revenues, amount to Euro 111.0 million, reporting a decline of 7.3% (-7.9% at constant forex). The performance of the franchising channel reflects the dynamics reported above, and is also due to the store network rationalization plan (-42 net closures) and the slight decline in comparable sales.

Monobrand Stores Distribution Network – Geox Shops

At 30th September 2017, there was a total of 1,095 "Geox Shops", of which 424 DOS. Over the first nine months of 2017, 54 new Geox Shops were opened and 120 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.

	09-30-2017		**12-31-2016**		**9 Months 2017**		
	Geox Shops	**of which DOS**	**Geox Shops**	**of which DOS**	**Net Openings**	**Openings**	**Closings**
Italy	309	124	352	129	(43)	4	(47)
Europe (*)	315	158	346	173	(31)	4	(35)
North America	43	43	48	48	(5)	1	(6)
Other countries (**)	428	99	415	105	13	45	(32)
Total	**1,095**	**424**	**1,161**	**455**	**(66)**	**54**	**(120)**

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

(**) Includes Under License Agreement Shops (164 as of September 30 2017, 156 as of December 31 2016). Sales from these shops are not included in the franchising channel.

Revenues by Region

(Thousands of Euro)	9 Months 2017	%	9 Months 2016	%	Var. %
Italy	222,393	30.4%	231,174	31.3%	(3.8%)
Europe (*)	318,259	43.4%	322,758	43.7%	(1.4%)
North America	43,876	6.0%	46,801	6.3%	(6.2%)
Other countries	148,221	20.2%	138,597	18.7%	6.9%
Net sales	**732,749**	**100.0%**	**739,330**	**100.0%**	**(0.9%)**

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

Revenues generated in Italy, representing 30% of the Group's total revenues (31% in nine months of 2016) amounted to Euro 222.4 million, compared to Euro 231.2 million of the previous year. This decrease is mainly due to the planned optimization of the retail network (43 net closures), the slight reduction in LFL sales recorded by DOS, and a stable wholesale channel.

Sales in Europe, which accounted for 43% of sales decreased by 1.4% to Euro 318.3 million, compared with Euro 322.8 million of the nine months of 2016. This performance is explained by the planned rationalization of mono-brand stores (-31 net closures), the low single-digit growth in LFL recorded by DOS, and a stable wholesale channel.

North American sales amounted to Euro 43.9 million, down 6.2% (7.2% at constant forex). The decrease is mainly explained by performance on the Canadian market, the rationalization of mono-brand stores (-5 net closures) and the stable LFL recorded by DOS.

Sales in Other Countries increased by 6.9% (5.0% at constant forex) with positive performance both in the wholesale channel and in terms of LFL recorded by DOS, with particularly strong growth in Russia, Eastern Europe and China

Revenues by Product

(Thousands of Euro)	9 Months 2017	%	9 Months 2016	%	Var. %
Footwear	659,586	90.0%	668,954	90.5%	(1.4%)
Apparel	73,163	10.0%	70,376	9.5%	4.0%
Net sales	**732,749**	**100.0%**	**739,330**	**100.0%**	**(0.9%)**

Footwear sales represented 90% of consolidated sales, amounting to Euro 659.6 million, -1.4% (-1.7% at constant forex). Apparel sales accounted for 10% of consolidated sales amounting to Euro 73.2 million, compared to Euro 70.4 million of the nine months of 2016 (+4.0%, +2.9% at constant forex).

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FORECAST FOR OPERATIONS AND SIGNIFICANT SUBSEQUENT EVENTS

With regard to FY2017, Management expects a slight decrease in top line and a material increase in profitability compared to the previous year.

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

- the wholesale channel is expected to record "low single-digit" growth for the entire year as a result of the following:
    - a stabilization of the clients' ongoing strategic anticipation of Time-To-Market, in order to better serve clients and gain additional share of their open-to-buy
    - fewer promotional and close-out sales (in Italy and Europe) compared to last year sales due to the planned reduction in stock from previous seasons, resulting from improved operating efficiency
    - a general conservative approach towards credit risk management especially in some countries that are experiencing renewed turmoil (Ukraine, Thailand, etc.)

- gross margin relating to the fall-winter 2017 season 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

- with regard to the retail channel, comparable sales generated by directly operated stores to date (week 1 - week 44) are substantially stable (-0.2% compared to the slight increase expected), mostly explained by the high volatility of traffic. This is mainly due to unusual weather conditions experienced in September and October offset by higher conversion rate

- advertising and promotion expenses for the entire year – as already mentioned in the first half 2017 results presentation - will be lower than last year (around -10 million), thanks to the overall optimization 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 for coop advertising and digital and performance marketing relating to the web. These two items, recorded under G&A expenses, account for around 7 million for the year and show an increase compared to 2016

- plans are ongoing to further increase productivity, lean organization and operating efficiency, at the same time as implementing tight cost control

- lastly, as already announced with the FY2016 results, the management expects special items in the region of Euro 10 million as a result of the termination of employment of the previous Chief Executive Officer, the planned optimization of the network of directly operated and franchised stores and the measures to be implemented to reduce general costs

On the basis of the aforementioned assumptions and facts, as of today, the management expects a low single-digit decrease in turnover in 2017, whereby the single-digit growth of the wholesale channel will nearly offset the planned network optimization and the expected slight decline in like-for-like performance of both directly operated and franchised stores, in line with the trend experienced at the end of October.

The management also assumes that the aforementioned slight decline in turnover and the expected improvement in gross margin, combined with the measures taken to boost efficiency and cost control, will allow the Group to achieve a material increase in profitability compared to the previous year.

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With regard to business outlook for the nine months of 2018, the order backlog (wholesale channel) for the 2018 Spring/Summer season shows a 3.5% growth, showing positive results in almost all regions:

- stable performance of Italy and slightly negative in Europe
- Eastern Europe and the Middle East recording double-digit growth, with Russia showing even stronger performance
- North America showing slightly positive performance thanks to double-digit growth in the US
- High single-digit growth in APAC, with double-digit growth in China
- E-commerce continued to outperform (+21%).

Industrial gross margin (relating to this order backlog) improved, as expected, thanks to specific measures targeting design-to-cost and decomplexity. However, the overall increase in gross margin has been partially diluted by the channel mix within wholesale, due to the increased weighting of e-commerce and key accounts.

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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

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