



SPAFID
CONNECT

Informazione Regolamentata n. 0742-24-2021	Data/Ora Ricezione 01 Dicembre 2021 18:38:34	Euronext Milan
--	--	----------------

Societa' : GEOX
Identificativo : 154850
Informazione
Regolamentata
Nome utilizzatore : GEOXN04 - -
Tipologia : REGEM
Data/Ora Ricezione : 01 Dicembre 2021 18:38:34
Data/Ora Inizio : 01 Dicembre 2021 18:38:35
Diffusione presunta
Oggetto : GEOX GROUP: 2022 – 2024 STRATEGIC
BUSINESS PLAN APPROVED

Testo del comunicato

Vedi allegato.

GEOX GROUP: 2022 – 2024 STRATEGIC BUSINESS PLAN APPROVED

- **FORECAST SALES ABOVE EURO 800 MILLION IN 2024 WITH AN OMNI-CHANNEL BUSINESS MODEL FOCUSED ON CUSTOMER AND DISTRIBUTION CENTRICITY**
- **INCREASE IN MARKETING INVESTMENTS AIMED AT ENHANCING THE DESIRABILITY AND THE RELEVANCE OF THE BRAND**
- **SIGNIFICANT SAVINGS IN OPERATING COSTS FOLLOWING THE IMPORTANT RATIONALISATION UNDERTAKEN IN 2020/2021. THE INCIDENCE ON SALES IS FORECAST TO FALL IN 2024 BY 6 POINTS COMPARED TO 2019**
- **EBIT MARGIN FORECAST AT 5-6% OF SALES IN 2024 (OPERATIONAL BREAK-EVEN IN 2019)**
- **CASH FLOW FORECAST OF AROUND EURO 70 MILLION OVER THE THREE-YEAR PERIOD**

Milan, 1st December 2021 – The Board of Directors of Geox S.p.A. has examined and approved the Group's Strategic Business Plan 2022-2024; its guidelines will be illustrated by the Chief Executive Officer Livio Libralesso and the management team during a meeting with the financial community which will take place tomorrow in Milan starting at 2:30 p.m. and will be streamed live via webcast (from 2:30 p.m.) on the company's website www.geox.biz.

Mario Moretti Polegato, Geox Chairman and founder, commented as follows: "Presenting a Strategic Business Plan in a context which has been made extremely complex by the pandemic bears witness to the confidence we have in the future of Geox. Over these two years, together with the Chief Executive Officer and all the team, we have already taken important steps towards a more efficient business model thanks also to the significant investments made in the Group's digital transformation. Geox is now guided by an approach focused on customer and distribution centricity but, above all, by our human resources, who are an asset for Geox, on a par with the awareness of the brand and the uniqueness of our patents. We have therefore made significant investments in training and strengthening the team which is now complete and made of people who have real belief in the project and can bring it to realisation."

The Strategic Business Plan 2022-2024 marks an important moment of discontinuity for the Group and represents the second stage in a five-year strategic pathway started at the beginning of 2020 by the new Chief Executive Officer. It aims at establishing a new, more digital and more efficient Geox more focused on customer and distribution centricity in the most relevant countries for the Group.

The Group's transformation process consists of two stages: the first "Focus on the Core" (2020-2021) strongly rationalised and deeply transformed the business model to fully integrate the physical and digital channels and create

greater coherence with consumers' purchasing choices; the second "*Bigger and Better*" (2022-2024) which, by leveraging the initiatives in place, seeks to increase the importance of the brand's values, the consumer audience and the Group's profitability.

Between 2020 and 2021 the Group undertook significant rationalisation of unprofitable activities (including the closure of 20% of the stores), established a more streamlined organisational structure, included new managerial figures in the most important areas of the business and accelerated the most important investments for future growth (digital infrastructure, staff training and sustainability).

In parallel to these actions, the Group started a program to relaunch the brand relevance supported by an increase in investment in advertising and in all the activities needed to establish a product portfolio and a distribution structure which are more targeted and focused on Geox' core customers.

Starting from these solid foundations, over the next three years, Geox will seek to increase its market share in core markets (Italy, France, Spain and Germany) where it is excellently positioned, and to speed up growth in those countries (Russia above all) which are already growing strongly. In order to achieve these results, Geox will be able to benefit from the gradual and ongoing digitalisation of its business and a product offer more targeted at current consumers (kids and adults) but also with product offers aimed at those customer segments identified as targets by our new communication strategy. Geox' purpose is to improve people's wellbeing on the move because in comfort and style people can go one step further.

MAIN DEVELOPMENT GUIDELINES

These are the main guidelines:

- Gradual increase in investment in advertising, forecast at around 5% of sales in 2024 at a consolidated level, but at a higher percentage in core markets. The communication strategy, which aims to support the values of the brand and product innovation, will be guided by a data-driven marketing model that can increasingly improve the efficiency of media buying and brand relevance.
- Strong focus on sustainability as the Group's DNA, with further socially responsible initiatives on products (including in collaboration with external partners) and charitable activities as well as by confirming existing commitments with the main sector organisations (Fashion Pact above all) to safeguard the planet.
- Review of the product offer with more targeted collections (15% reduction in the total number of SKUs) with a higher percentage of core products and more focus on the non-sneaker world. These actions will have a positive impact both on the gross margin and on sell-through percentages.
- Segmentation of the product offer and of distribution in order to improve the quality of the service and the productivity of channels. These initiatives may also benefit from the adoption of advanced data analytics and merchandising tools and from the expansion of omni-channel tools.
- Focus on growth and on acquiring market shares through higher quality distribution in the online and offline multi-brand channel, the strengthening of the main strategic partnerships and more selectivity with partners who do not fit the brand, in order to preserve reputation and profitability.
- Substantial stability in the overall number of total physical stores (2021-2024) but with further optimisation of the directly operated stores in Italy and Europe which will be more than offset by new openings of franchised stores out of deal (wholesale business model like), especially in Eastern Europe. On the other hand, the Group's direct digital perimeter will grow thanks to entering new third-party marketplaces and to the development of new e-commerce websites in new markets.
- Important investment in IT to accelerate the Group's digital transformation (in an omni-channel and omni-customer view), including the creation of a digital platform for sales to wholesale customers (as for retail customers), the development of advanced tools relating to data analytics, artificial intelligence and merchandising and the creation of flexible warehousing to service all the channels. These actions will enable:

- 1) improvement in the quality of the service 2) reduction in the cost-to-serve 3) improvement in sale KPIs 4) improvement in gross margin 5) optimisation of inventories and working capital.
- Continuation and acceleration, following a lean approach, of all the plans which are currently underway and regard containing operating costs.

MAIN INCOME-FINANCIAL OBJECTIVES

The Plan strategy leads to defining the following Group objectives:

1. Sales

Starting from 2021 turnover, which is expected to be slightly over Euro 600 million, the Group expects to achieve turnover of over Euro 800 million in 2024, with an annual average growth rate of 11% (CAGR slightly up on 2019). The quality of turnover and digital investments will be the drivers for the evolution of the business.

Digital revenues represent the Group's main growth driver and will reach around 30% of total turnover (from 17% in 2019) in line with market trends. This growth, which will offset the decrease in turnover as a consequence of the planned rationalisation of physical stores, will be made possible by important IT investments and by the growth in the digital perimeter. More limited growth is forecast for the online channels of multi-brand customers where qualitative and profitability guidelines will prevail.

2. Operating costs

The significant rationalisation undertaken between 2020 and 2021 will enable an important increase in the efficiency of the business model. It is forecast that operating costs (general and administrative expenses and distribution and sale costs) will account for 40.7% of turnover in 2024 with a fall of around 6 percentage points compared to 2019 (46.6% of turnover).

3. EBIT margin

It is expected that EBIT may reach a level of around 5-6% of turnover in 2024 (operational breakeven in 2019). This improvement will essentially derive from the aforementioned cost-efficiency and from an increase in gross margin (+100 basis points compared to 2019). This will make it possible also to finance the higher investment in marketing activities (forecast to increase by around 200 basis points compared to 2019).

4. Investments

The 2022-2024 plan forecasts total investments of around Euro 70/80 million mainly related to IT projects (35% of the total), to improving the network of stores, and to projects for integrated logistics and a shared warehouses for all sales channels.

5. Net financial position

The net financial position (before IFRS 16 and before fair value of hedging derivatives) is expected at the end of the plan, in 2024, to be around Euro -20/-30 million (from around Euro -100 million expected at the end of 2021), with cash flow generated to the tune of Euro 70 million mainly from economics.

The Strategic plan 2022-2024 will be illustrated to the financial community during the presentation which will take place tomorrow at 2:30 p.m. (CET) (webcast at 2:30 p.m. CET).

The event will be streamed live and the slides used during the presentation will be available at www.geox.biz.

FOR MORE INFORMATION

INVESTOR RELATIONS

Simone Maggi: tel. +39 0423 282476; ir@geox.com

PRESS OFFICE

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

GEOX GROUP

Geox Group operates in the classic and casual footwear sector for men, women and children, in the medium/high price range, and in the apparel sector. The success of Geox is due to the constant focus on the product, with the application of innovative solutions and technologies that guarantee both impermeability and breathability. It bases its future growth strategies on continuous technological innovation.

Geox is one of the leading brands globally in the “International Branded Casual Footwear Market”. Geox technology is protected by 55 different patents and by 11 more recent patent applications.

DISCLAIMER

This document includes forward-looking statements, relative to future events and operational, income and financial results of 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.

Fine Comunicato n.0742-24

Numero di Pagine: 6