

PRESS RELEASE – 2019-2021 STRATEGIC BUSINESS PLAN

GEOX GROUP: 2019-2021 STRATEGIC BUSINESS PLAN APPROVED

Milan, November 13th, 2018

The Board of Directors of Geox S.p.A. has examined and approved Geox Group's 2019-2021 Strategic Business Plan, whose guidelines will be presented by the CEO, Matteo Mascazzini, and the management team during a meeting with the financial community to be held in Milan tomorrow, at 14.30. The meeting can be followed live from 14.30 via webcast, available through the company's website www.geox.biz.

Mario Moretti Polegato, Chairman and founder of Geox, commented: "The 2019-2021 Strategic Business Plan marks an important break away from the Group's past, defining the creation of a new Geox - a Geox that, despite remaining rooted and loyal to its DNA and to its unique and distinctive features, now wants to speak a more modern language, making its relevance and desirability grow again.

Geox has experienced rapid and significant international growth in the past, becoming a world-famous brand synonymous with innovation, elegance, well-being and Italian style.

However, at a time when markets and consumers are undergoing rapid and radical evolution, it is now necessary to embark on a path of total excellence for the implementation of consumer-centric strategies.

An omnichannel approach, the real founding principle of this Business Plan, inspired the idea to carry out an in-depth review of the Group: a more simple and reactive organisational model, internationalisation of the online channel, communication strategies with a greater focus on digital media and social media, faster production cycles, moving beyond the concept of seasonality and converting the entire store network to the new concept by the end of the plan.

In order to achieve these goals, at the same time as consolidating leadership in more mature markets and accelerating expansion in high-potential markets where the Group's presence is still limited (North America and China first and foremost), new important managers have already been hired to follow key areas and key markets, targeted increases in investments have been planned for both the store network and our communications department and intense research and development activity will also continue and become stronger, in line with our Group's tradition.

Despite an exceptionally challenging market context and competitors that are more active and aggressive than ever, Geox intends to combine the strength of its solidity and its traditional values with a modern and client-centric vision. The 2019-2021 Business Plan therefore aims at well-balanced growth and a progressive improvement in profitability.

MAIN DEVELOPMENT GUIDELINES

The main guidelines are as follows:

- Accelerating the evolution of communications strategies, with a greater focus on digital media and the role of social media, with a modern language style and look. Progressive increase in advertising investments, with a target to reach 5% of sales.
- Redesigning the range, with collections made up of “core” products that are continuously reviewed and updated, combined with more frequent releases of innovative capsule collections that are able to satisfy both the target audience and consumers who follow new trends more closely, progressively breaking away from the traditional concept of seasonality.
- Targeted and selected expansion of the range to include also accessory products that are nonetheless able to appropriately convey the brand’s distinctive features, such as breathability, innovation and well-being.
- Rethinking the experience offered by our directly-operated stores, both online and offline, by introducing a key Omnichannel Retail Excellence project, involving new assortment strategies, a new approach to buying and to in-store visuals and new window displays.
- A new customer relationship model with more advanced use of modern engagement, CRM and clienteling techniques to achieve a more targeted and personalised approach across all channels (offline and online), with subsequent positive impacts on the main sales KPIs and price integrity.
- Extending the direct management of e-STOREs also to other countries, following the success in Europe.
- Keeping the number of mono-brand stores substantially stable, but with greater weighting in APAC areas (thanks to new openings in China) and a higher percentage of sales generated by directly-operated stores, mainly as a result of a number of previously franchised stores being purchased.
- Focus on the quality of the wholesale channel, both online and offline, strengthening the most important strategic partnerships and becoming more selective in order to favour partners that are more in line with the brand, thereby preserving image and profit margins. Greater focus on areas where the Group has less of a presence (UK, North America and APAC) and progressively entering new markets, also through new partnerships, in order to counterbalance its presence in more mature markets.
- In-depth organisational review (including the creation of an Omnichannel Department reporting directly to the CEO), in order to make the range of products and customer services as rapid and accurate as possible across all points of contact.
- Continuation and acceleration of all plans that are currently underway to reduce operating costs and increase organisational efficiency and processes, taking a lean approach and particularly focusing on the efficiency and effectiveness of the supply chain and customer service.
- Significant investments in logistics and IT in order to optimise the planning of production, allocation and product distribution, ensuring they are more in line with consumer demand, at the same time as helping to create a shared warehouse for all sales channels.

- Strong focus on business sustainability, as part of the Group's DNA, with responsible initiatives regarding products, processes, communications and charity work.

MAIN OPERATING-FINANCIAL OBJECTIVES

The business plan's strategy leads the Group to define the following objectives:

1. Growth in net sales at an average annual rate of 6.5% (2018-2021). Turnover of approximately Euro 950 million – 1,000 million expected to be reached in 2021. This growth will be made possible thanks to well-balanced evolution in consolidated European markets, with a greater contribution expected to come from markets that are currently less well-developed, such as the UK, Eastern Europe, China and North America. With regard to channel performance, the network of directly-operated stores is expected to significantly recover productivity, thanks to the increase in comparable (like-for-like) sales resulting from operating excellence projects launched in this area. Strong development is expected for E-Commerce (double-digit growth) and the wholesale channel will also be further consolidated, with a focus on policies aimed at improving quality and profitability, thanks also to the strengthening of alliances with strategic partners.
2. Progressive improvement in EBITDA, expected to reach approximately 10% of sales in 2021. This increase will be made possible thanks to the expected further improvement in profitability coming from both industrial efficiencies and better commercial performance and greater operating leverage resulting from tight control over general costs.
3. The 2019-2021 business plan includes investments of approximately Euro 40 million per year, dedicated to improving the store network and to projects focusing on integrated logistics, shared management of warehouses covering all channels, CRM and e-STOREs which will support the new omnichannel business model.

The 2019-2021 Strategic Business Plan will be presented to the financial community during a meeting to be held tomorrow, at 14.30 (CET) (webcast at 14.30 CET).

The slides for the presentation, which can be followed via audio and video streaming, will be available from www.geox.biz.

FOR MORE INFORMATION

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GEOX GROUP

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.
