
Financial Report

Geox S.p.A.

from 2004 to 2008

Prepared by:

Ibisco d.o.o.
Leskoškova 12
SI-1000 Ljubljana
www.ibisco.com
sales@ibisco.com

IBISCO

April 2009

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Income Statement

in thousands of EUR	2004	2005	2006	2007	2008
	Actual	Actual	Actual	Actual	Actual
Net sales	340,050	454,963	612,258	770,162	892,513
Footware	324,874	428,808	573,993	718,388	808,391
Apparel	12,216	21,734	33,862	51,774	84,122
Other	2,960	4,421	4,403	0	0
Cost of sales	156,855	214,499	302,018	358,314	424,461
Gross profit	183,195	240,464	310,240	411,848	468,052
Other operating income	0	0	0	0	0
Marketing and selling expenses	20,789	23,998	30,882	36,692	43,248
Advertising and promotion	30,558	39,022	50,257	62,003	66,917
General administrative expenses	59,085	74,506	94,195	133,432	187,397
Other operating expenses	0	0	0	0	0
Operating profit	72,763	102,938	134,906	179,721	170,490
Income from equity method investments	0	0	0	0	0
Financial income	4,321	7,105	10,315	15,610	37,503
Financial expense	8,633	3,902	11,307	16,976	41,800
Other income (expense)	0	0	0	0	0
Profit before tax	68,451	106,141	133,914	178,355	166,193
Income tax expense	15,700	30,888	36,652	55,377	48,603
Profit after tax from continuing operations	52,751	75,253	97,262	122,978	117,590
Profit after tax from discontinued operations	0	0	0	0	0
Profit after tax	52,751	75,253	97,262	122,978	117,590
Thereof:					
Minority interests	0	0	0	0	0
Net profit	52,751	75,253	97,262	122,978	117,590

Balance Sheet

in thousands of EUR	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08
ASSETS	Actual	Actual	Actual	Actual	Actual
Non-current assets	65,350	78,509	88,455	113,828	194,330
Property, plant and equipment	22,612	29,029	32,070	43,191	78,020
Intangible assets	28,700	33,908	38,057	47,322	78,231
Investment property	0	0	0	0	0
Equity method investments	0	0	0	0	0
Other financial assets	0	0	856	1,975	1,229
Deferred tax assets	7,371	8,739	12,466	13,914	25,827
Other non-current assets	6,667	6,833	5,006	7,426	11,023
Current assets	213,545	257,202	320,302	434,803	462,765
Inventories	80,184	107,756	130,997	187,059	228,764
Trade and other receivables	80,474	85,306	101,459	124,461	159,911
Current income tax receivable	529	478	441	1,649	1,849
Prepaid expenses	1,788	2,149	2,445	1,962	3,143
Short-term investments	0	0	34	54	426
Cash and cash equivalents	50,570	61,513	84,926	119,618	68,672
Other current assets	0	0	0	0	0
Assets held for sale	0	0	0	0	0
TOTAL ASSETS	278,895	335,711	408,757	548,631	657,095
Total equity	145,878	203,800	276,641	357,004	427,470
Shareholders' equity	145,878	203,800	276,641	357,004	427,470
Share capital	25,850	25,884	25,884	25,884	25,920
Share premium	33,227	35,014	35,014	35,014	37,649
Treasury shares	(0)	(0)	(0)	(0)	(0)
Retained earnings	86,357	139,552	212,729	295,401	350,611
Reserves	444	3,350	3,014	705	13,290
Minority interest	0	0	0	0	0
Non-current liabilities	25,959	7,618	8,691	8,363	13,481
Long-term borrowings	15,529	2,475	1,829	1,185	1,145
Long-term provisions	7,315	1,313	2,294	2,457	3,915
Retirement benefit obligations	1,615	2,686	3,349	2,834	3,299
Deferred tax liabilities	0	0	0	0	2,372
Other non-current liabilities	1,500	1,144	1,219	1,887	2,750
Current liabilities	107,058	124,293	123,425	183,264	216,144
Short-term borrowings	26,355	12,257	3,256	4,995	26,363
Trade and other payables	71,912	96,508	114,494	154,665	172,549
Current income tax payable	8,033	13,838	4,104	21,259	13,356
Deferred income	758	1,690	1,571	2,345	3,876
Short-term provisions	0	0	0	0	0
Other current liabilities	0	0	0	0	0
Liabilities held for sale	0	0	0	0	0
TOTAL LIABILITIES AND EQUITY	278,895	335,711	408,757	548,631	657,095

Cash Flow Statement

in thousands of EUR	2004	2005	2006	2007	2008
	Actual	Actual	Actual	Actual	Actual
Profit after tax	0	75,253	97,262	122,978	117,590
Income tax expense	0	30,888	36,652	55,377	48,603
Depreciation, amortisation and impairment charges	0	18,104	18,537	21,173	29,015
Property, plant and equipment	0	12,137	11,911	14,169	19,520
Intangible assets	0	5,967	6,626	7,004	9,495
(Gain)/loss from disposals of fixed assets	0	0	0	0	0
Change in long-term provisions and retirement benefit obligations	0	(4,931)	1,644	(352)	1,923
Change in other assets and liabilities	0	(522)	1,902	(1,752)	(2,734)
Income from equity method investments	0	(0)	(0)	(0)	(0)
Dividend income	0	(0)	(0)	(0)	(0)
Interest income	0	(937)	(3,694)	(4,987)	(3,213)
Interest expense	0	660	313	392	2,893
Other non-cash income and expense	0	0	0	0	0
Operating profit before changes in working capital	0	118,515	152,616	192,829	194,077
Changes in working capital	0	(2,749)	(35,247)	(23,137)	(76,565)
Cash generated from operations	0	115,766	117,369	169,692	117,512
Interest paid	0	(660)	(313)	(392)	(2,893)
Income taxes paid	0	(30,888)	(36,652)	(55,377)	(48,603)
Cash flow from operating activities	0	84,218	80,404	113,923	66,016
Purchase of property, plant and equipment	(0)	(18,554)	(14,952)	(25,290)	(54,349)
Disposal of property, plant and equipment	0	0	0	0	0
Purchase of intangible assets	(0)	(11,175)	(10,775)	(16,269)	(40,404)
Disposal of intangible assets	0	0	0	0	0
Purchase of financial and other assets	(0)	0	(856)	(1,119)	0
Disposal of financial and other assets	0	0	0	0	746
Change in short-term investments	0	0	(34)	(20)	(372)
Interest received	0	937	3,694	4,987	3,213
Dividends received	0	0	0	0	0
Cash flow from investing activities	0	(28,792)	(22,923)	(37,711)	(91,166)
Proceeds from issuance of share capital	0	(1,821)	(2,420)	(3,788)	15,075
Acquisition of treasury stock	0	0	0	0	0
Proceeds from long-term borrowings	(0)	0	0	0	0
Repayments of long-term borrowings	0	(13,054)	(646)	(644)	(40)
Change in short-term borrowings	0	(14,098)	(9,001)	1,739	21,368
Dividends to shareholders and other profit distributions	(0)	(15,510)	(22,001)	(38,827)	(62,199)
Dividends to minority interests	(0)	(0)	(0)	(0)	(0)
Cash flow from financing activities	0	(44,483)	(34,068)	(41,520)	(25,796)
Net change in cash and cash equivalents	0	10,943	23,413	34,692	(50,946)
Cash and cash equivalents at beginning of period	0	50,570	61,513	84,926	119,618
Exchange rate movements	0	0	0	0	0
Cash and cash equivalents at end of period	0	61,513	84,926	119,618	68,672

Selected Financial Data

in thousands of EUR	2004	2005	2006	2007	2008
	Actual	Actual	Actual	Actual	Actual
Income statement highlights					
Net sales	340,050	454,963	612,258	770,162	892,513
Gross profit	183,195	240,464	310,240	411,848	468,052
<i>Gross margin</i>	53.9%	52.9%	50.7%	53.5%	52.4%
Depreciation, amortisation and impairment charges	14,726	18,104	18,537	21,173	29,015
EBITDA	87,489	121,042	153,443	200,894	199,505
<i>EBITDA margin</i>	25.7%	26.6%	25.1%	26.1%	22.4%
Operating profit	72,763	102,938	134,906	179,721	170,490
<i>Operating margin</i>	21.4%	22.6%	22.0%	23.3%	19.1%
Net profit	52,751	75,253	97,262	122,978	117,590
<i>Net profit margin</i>	15.5%	16.5%	15.9%	16.0%	13.2%
Balance sheet highlights					
Cash and short-term investments	50,570	61,513	84,960	119,672	69,098
Property, plant and equipment	22,612	29,029	32,070	43,191	78,020
Total assets	278,895	335,711	408,757	548,631	657,095
Borrowings	41,884	14,732	5,085	6,180	27,508
Net borrowings	(8,686)	(46,781)	(79,875)	(113,492)	(41,590)
Total equity	145,878	203,800	276,641	357,004	427,470
Invested capital (average)	198,192	210,934	255,687	328,016	416,996
Other key financial data					
Return on equity	36.2%	43.0%	40.5%	38.8%	30.0%
Return on invested capital (ROIC)	28.3%	34.6%	38.3%	37.8%	28.9%
Current ratio	1.99	2.07	2.60	2.37	2.14
Debt-to-equity ratio	0.29	0.07	0.02	0.02	0.06
Number of employees (average)	2,605	2,683	3,072	3,425	3,851
Dividends	10,000	15,510	22,001	38,827	62,199
Share data					
Number of shares issued (thousands)	258,500	258,840	258,840	258,840	259,200
Number of shares in treasury (thousands)	0	0	0	0	0
Number of shares outstanding (thousands)	258,500	258,840	258,840	258,840	259,200
Average shares outstanding - basic (thousands)	258,500	258,514	258,844	258,844	259,085
Average shares outstanding - diluted (thousands)	258,500	258,514	258,844	258,844	259,937
Nominal value per share (EUR)	0.10	0.10	0.10	0.10	0.10
Book value per share (EUR)	0.56	0.79	1.07	1.38	1.65
Market price per share (EUR)	5.73	9.30	11.75	13.75	4.36
Basic earnings per share (EUR)	0.20	0.29	0.38	0.48	0.45
Diluted earnings per share (EUR)	0.20	0.29	0.38	0.48	0.45
Dividend per share (EUR)	0.06	0.09	0.15	0.24	0.24
P/E ratio	28.08	31.95	31.27	28.94	9.64
EV/EBITDA ratio	16.83	19.50	19.30	17.15	5.46
EV/Sales ratio	4.33	5.19	4.84	4.47	1.22
Price/book value	10.15	11.81	10.99	9.97	2.64
Dividend payout ratio	29.4%	29.2%	39.9%	50.5%	52.9%
Dividend yield	1.0%	0.9%	1.3%	1.7%	5.5%
Market capitalisation	1,481,205	2,407,212	3,041,370	3,559,050	1,130,112
Enterprise value	1,472,519	2,360,431	2,961,495	3,445,558	1,088,522

Financial Ratios

	2004	2005	2006	2007	2008
	Actual	Actual	Actual	Actual	Actual
Profitability ratios					
Gross margin	53.9%	52.9%	50.7%	53.5%	52.4%
Operating margin	21.4%	22.6%	22.0%	23.3%	19.1%
Net profit margin	15.5%	16.5%	15.9%	16.0%	13.2%
Return on equity	36.2%	43.0%	40.5%	38.8%	30.0%
Return on assets	22.0%	25.8%	29.2%	29.2%	26.4%
Return on invested capital (ROIC)	28.3%	34.6%	38.3%	37.8%	28.9%
Activity ratios					
Days sales in inventories	86	75	71	75	85
Days sales outstanding	62	53	47	46	48
Operating cycle	148	128	118	121	133
Creditors payment period	88	77	69	69	70
Net cash flow days	60	51	49	52	63
Net sales to invested capital	1.72	2.16	2.39	2.35	2.14
Net sales per employee (EUR)	130,537	169,572	199,303	224,865	231,761
Number of employees (average)	2,605	2,683	3,072	3,425	3,851
Financial condition ratios					
Quick ratio	1.22	1.18	1.51	1.33	1.06
Current ratio	1.99	2.07	2.60	2.37	2.14
Equity to total assets ratio	0.52	0.61	0.68	0.65	0.65
Debt-to-equity ratio	0.29	0.07	0.02	0.02	0.06
Net debt-to-equity ratio	0.00	0.00	0.00	0.00	0.00
Borrowings/EBITDA	0.48	0.12	0.03	0.03	0.14
Equity to non-current assets ratio	2.23	2.60	3.13	3.14	2.20
Long-term funds to non-current assets ratio	2.63	2.69	3.23	3.21	2.27
Interest coverage	22.76	155.97	431.01	458.47	58.93

Basel II Rating Analysis

	2004	2005	2006	2007	2008
	Actual	Actual	Actual	Actual	Actual
Return on equity	36.2%	43.0%	40.5%	38.8%	30.0%
Rating (1-5)	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%
Return on assets	22.0%	25.8%	29.2%	29.2%	26.4%
Rating (1-5)	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%
Borrowings/EBITDA	0.48	0.12	0.03	0.03	0.14
Rating (1-5)	1.23	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%
Interest coverage	22.76	155.97	431.01	458.47	58.93
Rating (1-5)	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%
Equity to total assets ratio	0.52	0.61	0.68	0.65	0.65
Rating (1-5)	1.62	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%
Long-term funds to non-current assets ratio	2.63	2.69	3.23	3.21	2.27
Rating (1-5)	1.00	1.00	1.00	1.00	1.00
Weight	16.7%	16.7%	16.7%	16.7%	16.7%
Overall rating	1.14	1.00	1.00	1.00	1.00

Return on Invested Capital

in thousands of EUR	2004	2005	2006	2007	2008
	Actual	Actual	Actual	Actual	Actual
Invested capital, assets side	198,192	210,934	255,687	328,016	416,996
Property, plant and equipment	22,612	25,821	30,550	37,631	60,606
Intangible assets	28,700	31,304	35,983	42,690	62,777
Investment property	0	0	0	0	0
Other non-current assets	14,038	14,805	16,522	19,406	29,095
Net operating working capital	132,842	139,004	172,633	228,290	264,519
Operating current assets	213,545	235,374	288,735	377,509	448,544
Inventories	80,184	93,970	119,377	159,028	207,912
Trade and other receivables	80,474	82,890	93,383	112,960	142,186
Cash and cash equivalents	50,570	56,042	73,220	102,272	94,145
Other operating current assets	2,317	2,472	2,757	3,249	4,302
Operating liabilities	(80,703)	(96,370)	(116,103)	(149,219)	(184,025)
Trade and other payables	(71,912)	(84,210)	(105,501)	(134,580)	(163,607)
Other operating liabilities	(8,791)	(12,160)	(10,602)	(14,640)	(20,418)
Invested capital, liabilities side	198,192	210,934	255,687	328,016	416,996
Total equity	145,878	174,839	240,221	316,823	392,237
Non-current liabilities	25,959	16,789	8,155	8,527	10,922
Short-term borrowings	26,355	19,306	7,757	4,126	15,679
Financial assets	(0)	(0)	(428)	(1,416)	(1,602)
Short-term investments	(0)	(0)	(17)	(44)	(240)
Assets held for sale	0	0	0	0	0
Return on invested capital					
Operating profit	72,763	102,938	134,906	179,721	170,490
Effective income tax rate	22.9%	29.1%	27.4%	31.0%	29.2%
Taxes on operating profit	16,689	29,956	36,924	55,801	49,860
NOPLAT	56,074	72,982	97,982	123,920	120,630
Invested capital	198,192	210,934	255,687	328,016	416,996
Return on invested capital (ROIC)	28.3%	34.6%	38.3%	37.8%	28.9%
WACC	7.1%	7.4%	7.8%	8.4%	8.8%
ROIC - WACC	21.2%	27.2%	30.5%	29.4%	20.1%
Capital charge	14,022	15,582	19,970	27,616	36,758
Economic profit	42,052	57,400	78,012	96,304	83,873

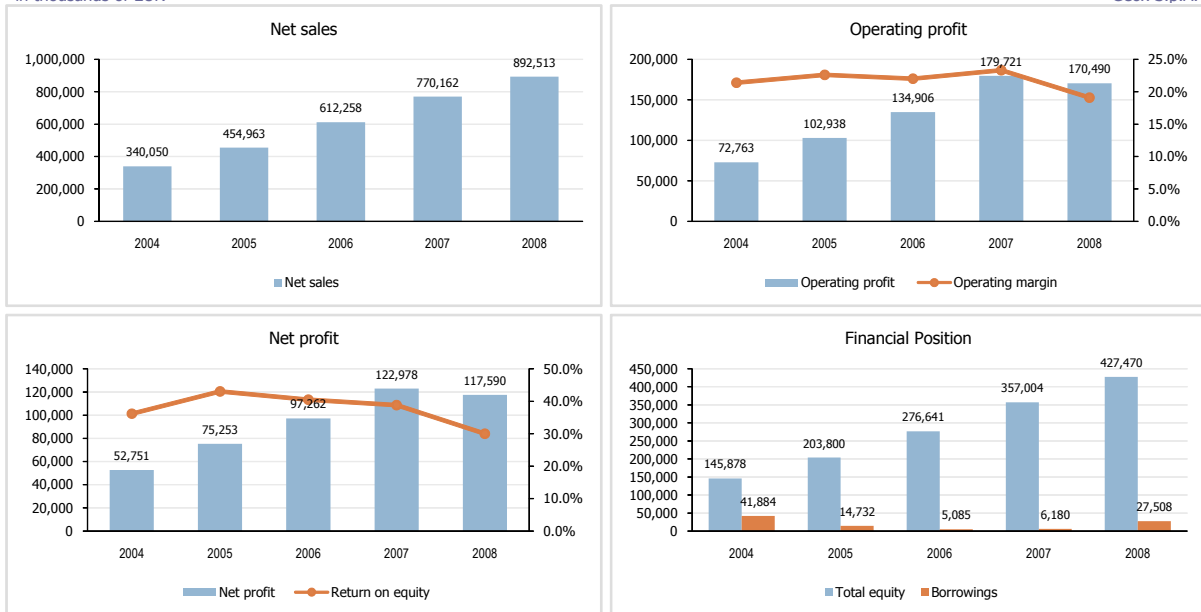
Cost of Capital

in thousands of EUR	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08
	Actual	Actual	Actual	Actual	Actual
Sources of finance					
Short-term borrowings	26,355	12,257	3,256	4,995	26,363
Long-term borrowings	15,529	2,475	1,829	1,185	1,145
Minority interest	0	0	0	0	0
Preference shares and other capital	0	0	0	0	0
Ordinary equity	145,878	203,800	276,641	357,004	427,470
Cost of capital					
Short-term borrowings	5.0%	5.0%	5.0%	6.0%	6.0%
Long-term borrowings	5.0%	5.0%	5.0%	6.0%	6.0%
Tax shield on interest expense	22.9%	29.1%	27.4%	31.0%	29.2%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%
Preference shares and other capital	0.0%	0.0%	0.0%	0.0%	0.0%
Ordinary equity	8.0%	8.0%	8.0%	9.0%	9.0%
Interest rate on long-term borrowings	5.0%	5.0%	5.0%	6.0%	6.0%
Risk premium	3.0%	3.0%	3.0%	3.0%	3.0%
Weighted Average Cost of Capital	7.1%	7.7%	7.9%	8.9%	8.7%

Selected Financial Data (Charts)

in thousands of EUR

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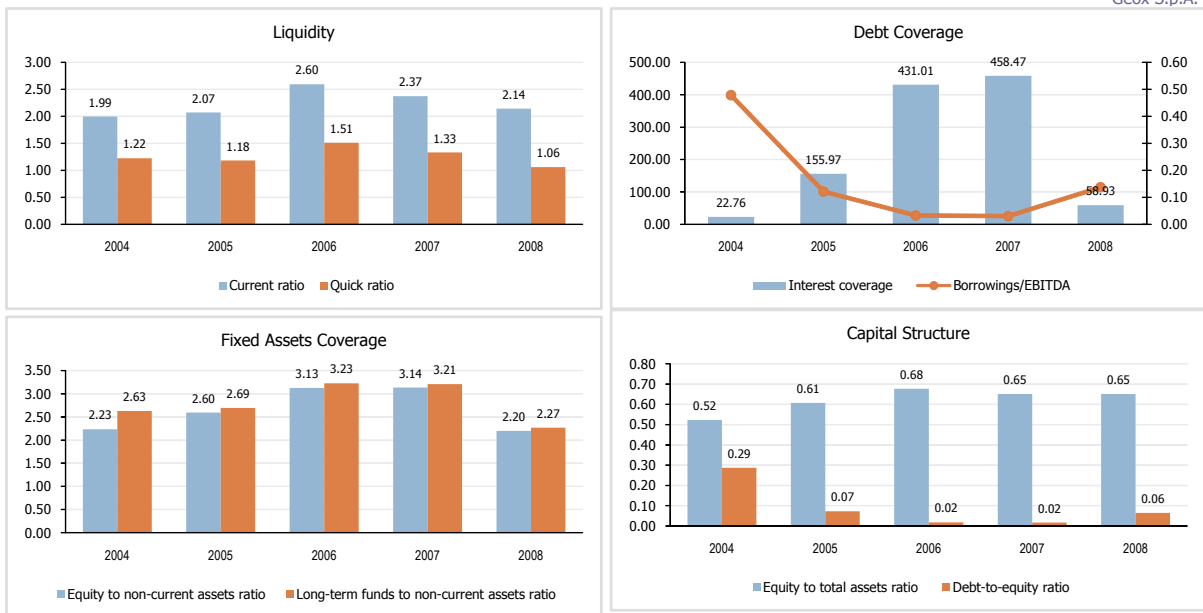
Profitability Ratios (Charts)

in thousands of EUR

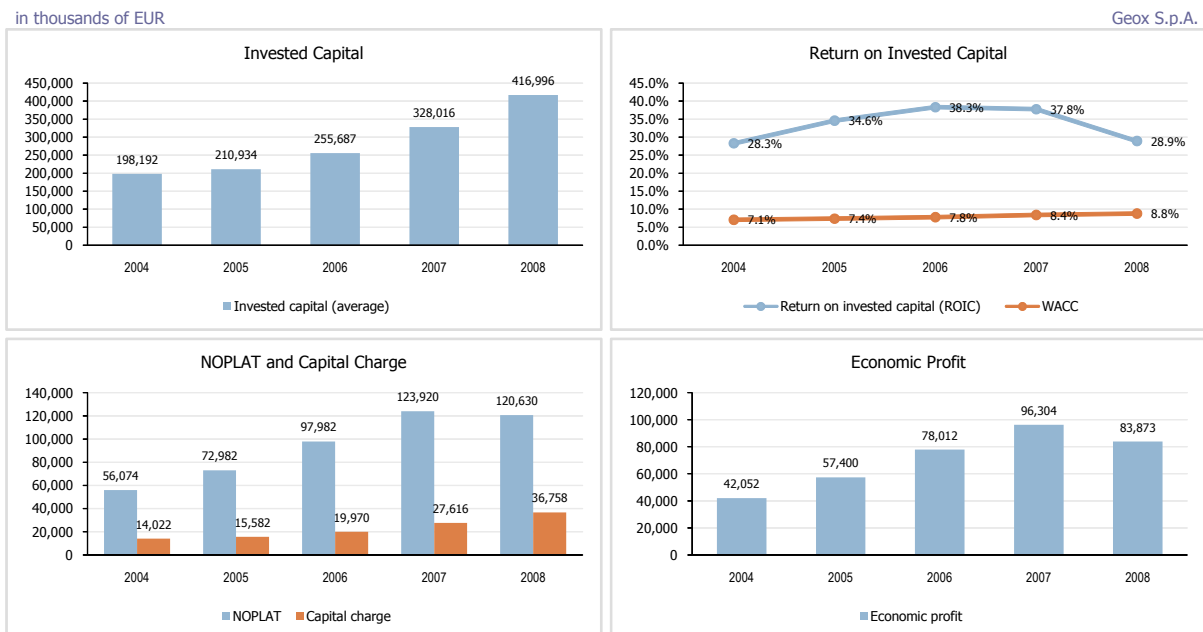
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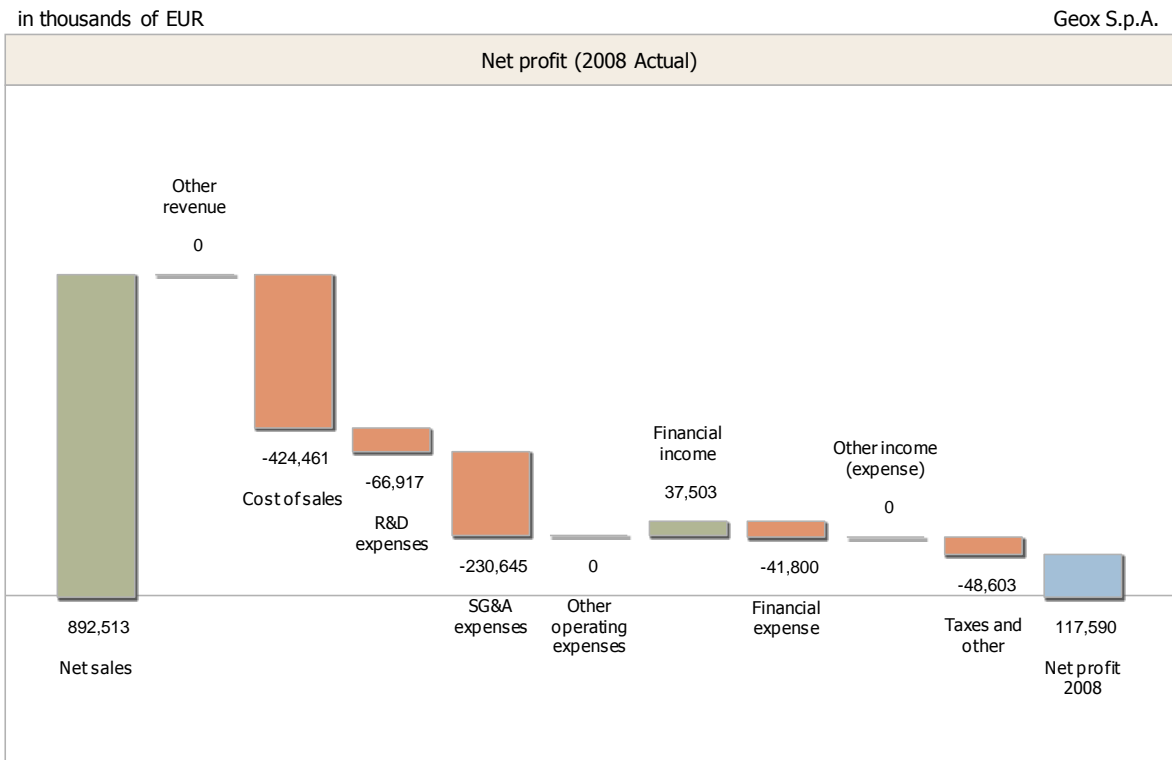
Financial Condition Ratios (Charts)



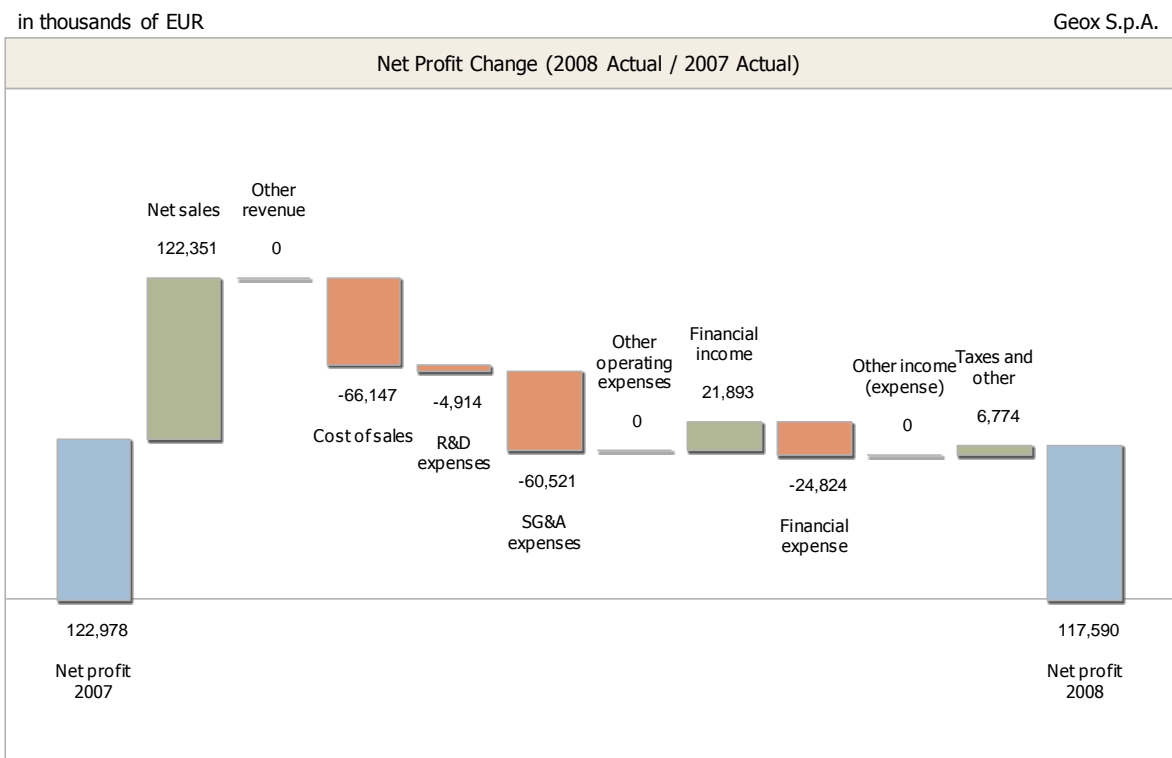
Return on Invested Capital (Charts)



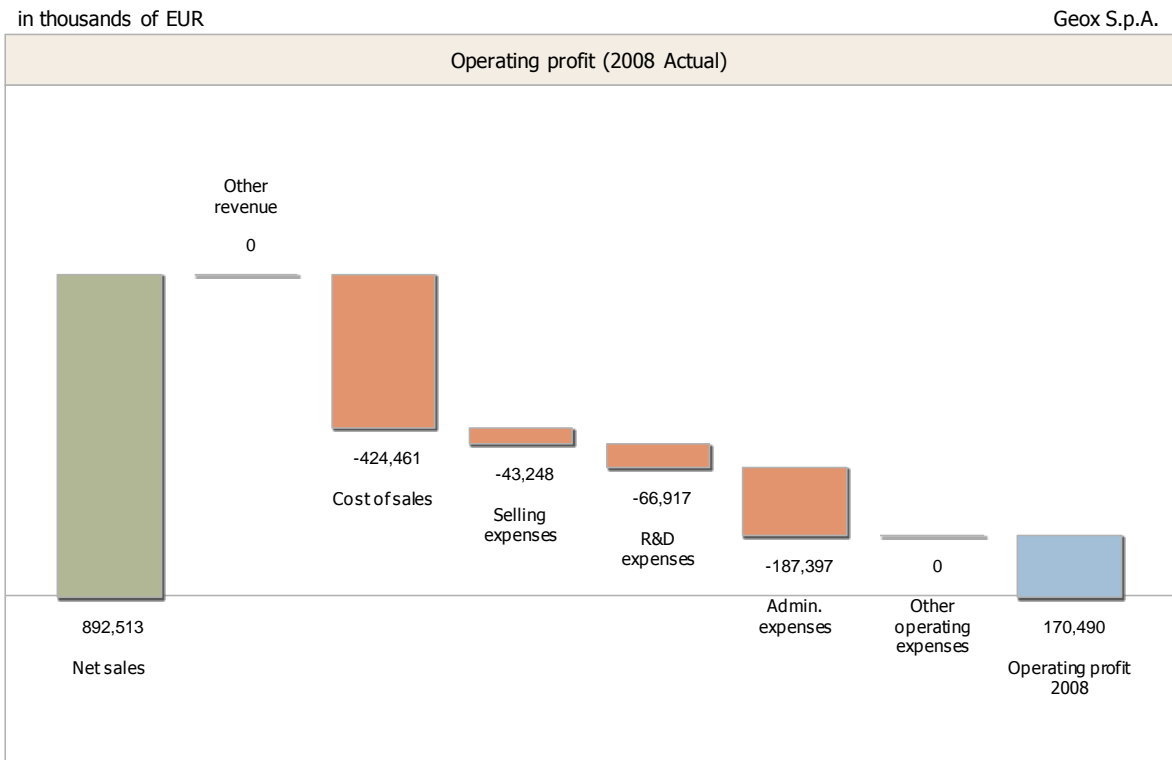
Net profit (Chart)



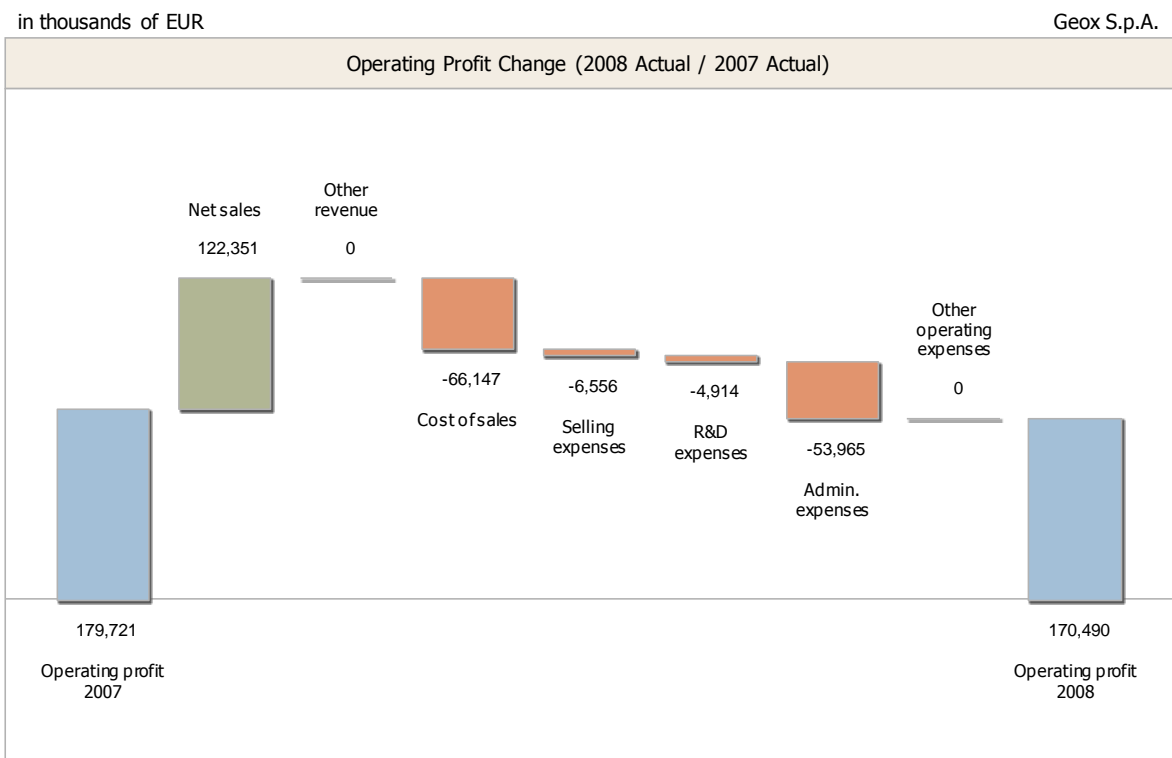
Net Profit Change (Chart)



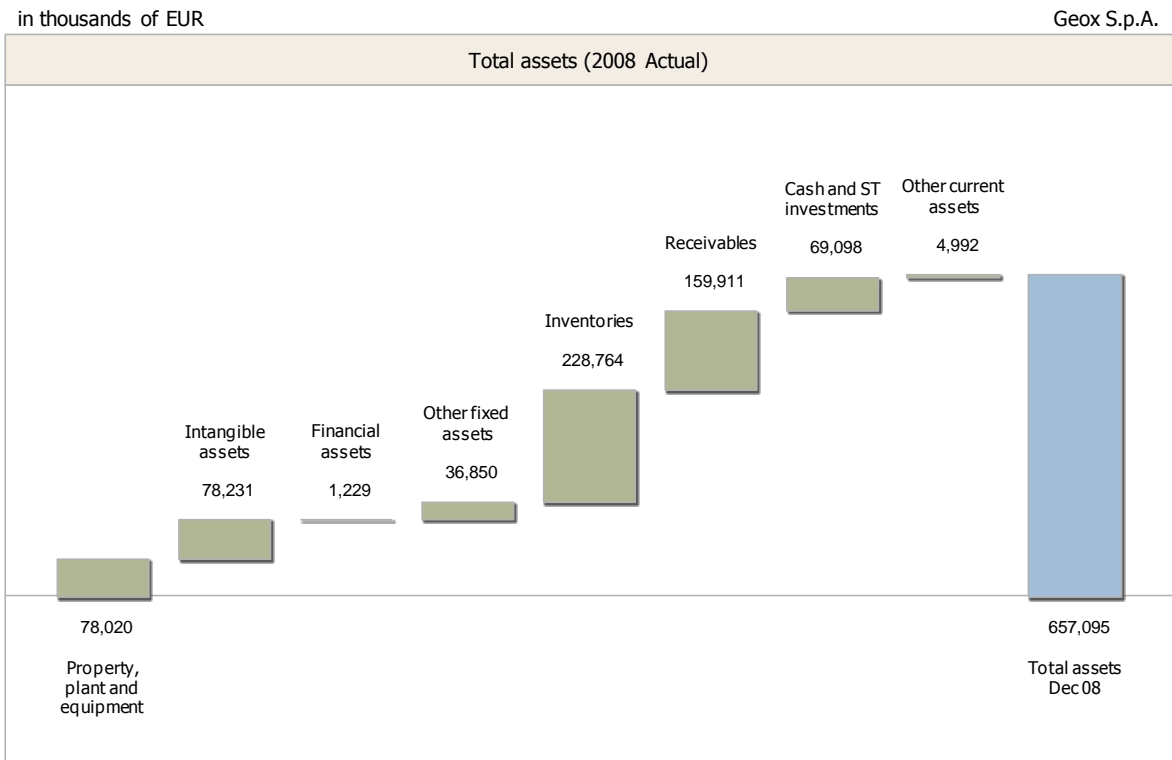
Operating profit (Chart)



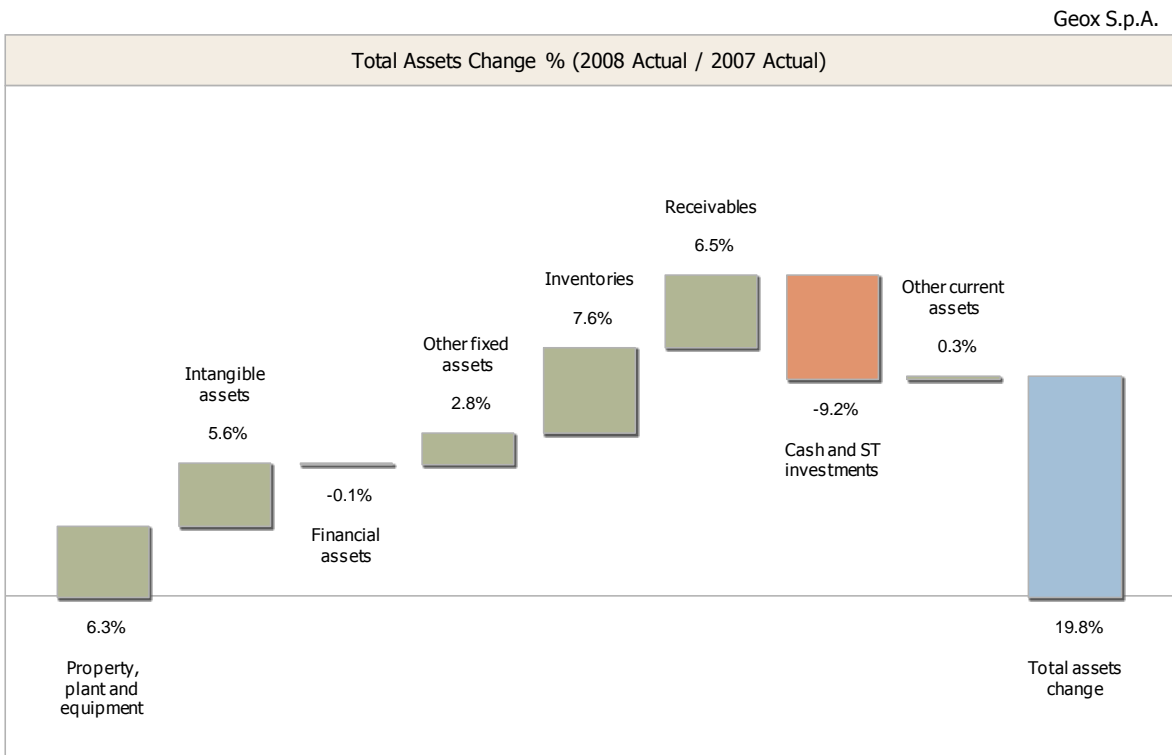
Operating Profit Change (Chart)



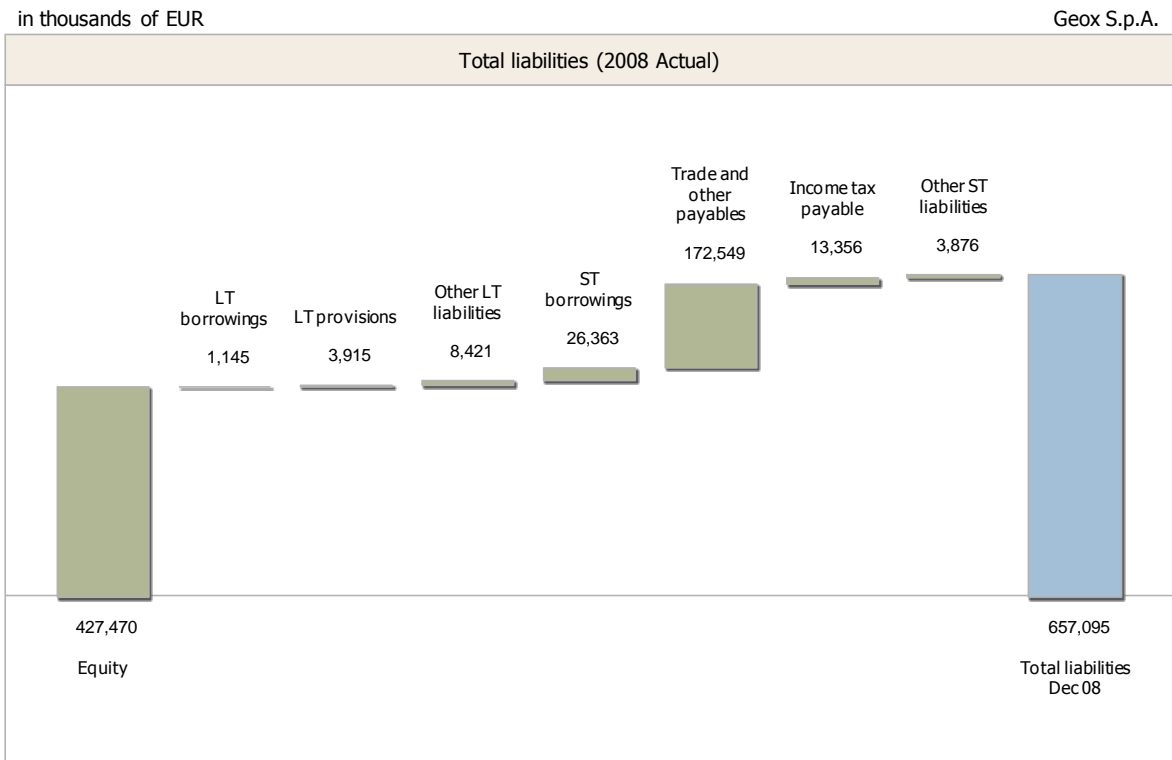
Total assets (Chart)



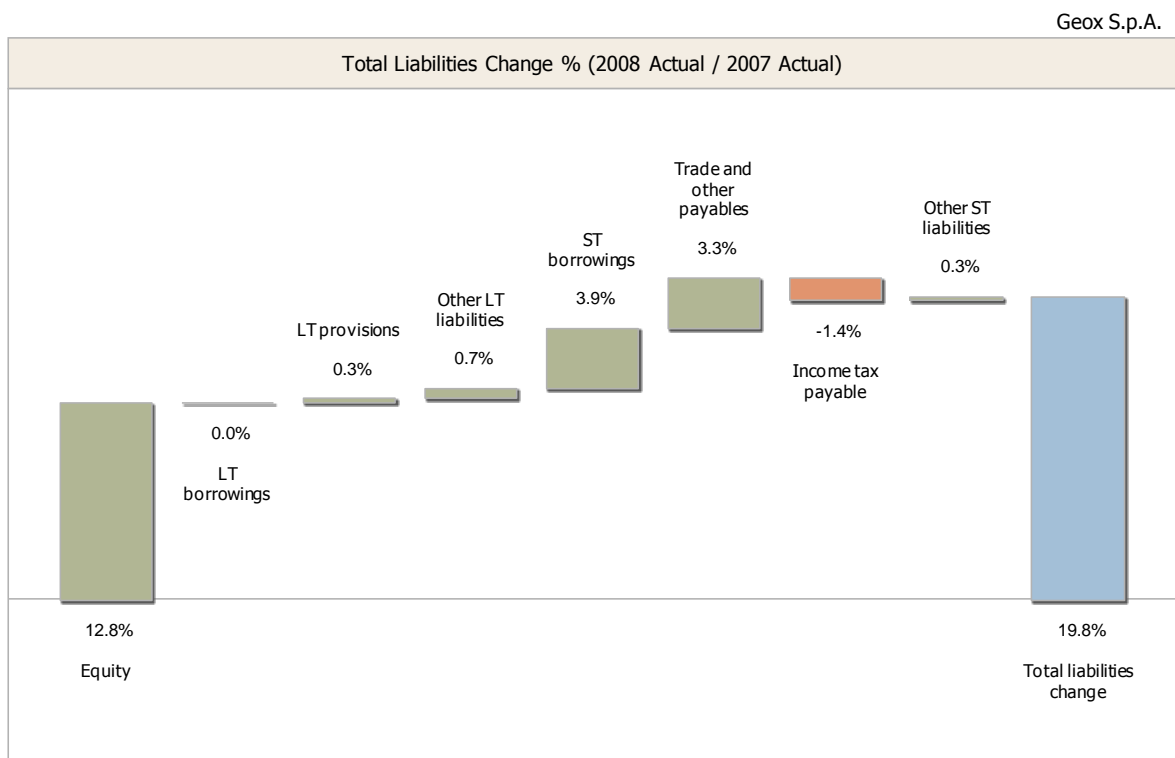
Total Assets Change % (Chart)



Total liabilities (Chart)

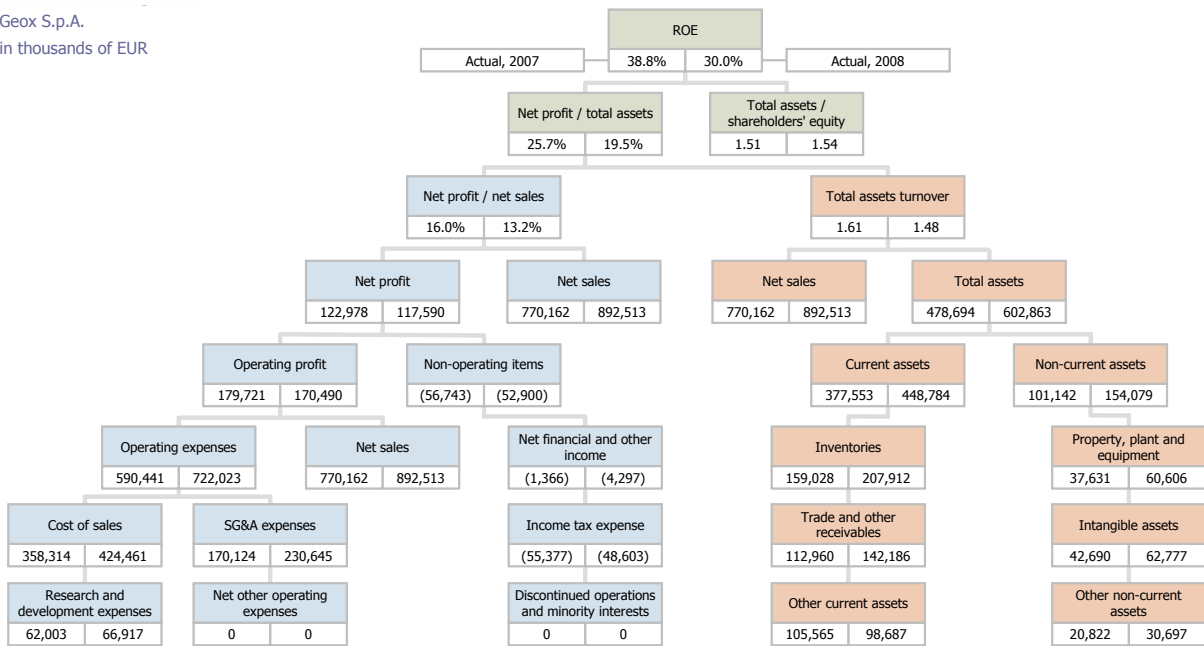


Total Liabilities Change % (Chart)



Du Pont Diagram

Geox S.p.A.
in thousands of EUR



Basel II Rating Diagram

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