

HALF-YEAR RESULTS 2016

Charles
Vögele
S w i t z e r l a n d



KEY FACTS & FIGURES

Swiss home market under pressure – improved net result

- Spring collection was well received by customers
- Online shopping and retail tourism, fuelled by the strong Swiss franc, take their toll in Swiss home market
- However, Charles Vögele improves quality of sales and maintains a healthy inventory situation
- Net sales down by 3.7% to CHF 378 million (HY1 15: CHF 392 million)
- After adjusting for currency movements and changes in floorspace (like-for-like) net sales were down by 5.8%, or CHF 23 million
- The gross profit margin went up to 65% (HY1 15: 64%)
- Operating costs fell by CHF 5 million to CHF 257, or by CHF –10 million after adjusting for currency movements
- EBITDA of CHF -10 million (HY1 15: CHF 11 million)
- Operating earnings (EBIT) of CHF -26 million (HY1 15: CHF -29 million)
- Net loss reduced to CHF -32 million (HY1 15: CHF -36 million)



RESTRUCTURING MEASURES INITIATED IN A CHALLENGING MARKET ENVIRONMENT

Rigorous pursuit of intensified “CVision” turnaround programme

- CVision turnaround office established
- Streamlining of organizational structure initiated
- Withdrawal from Belgium initiated
- Streamlining of Swiss store portfolio initiated
- Financing secured until 2018



Schweizer Konsumfreude hält sich in Grenzen

Der Schweizer Konsumentenstimmung in nächster Zeit Geld zur Seite zu legen, so

Detailhandelsumsatz schrumpft in der Schweiz weiter

Der Abwärtstrend hält an: Die Schweizer Detailhändler haben im Juni erneut weniger verkauft als ein Jahr zuvor. Die Umsätze sind weiterhin rückläufig.

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Schweizer Detailhandel

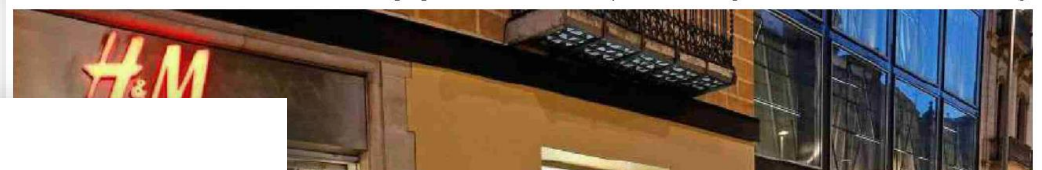
Der Umsatzrückgang nimmt kein Ende

von Andrea Martel / 2.8.2016, 16:10 Uhr

Seit Januar 2015 kämpft der Schweizer Detailhandel Monat für Monat mit rückläufigen Umsätzen. So schlecht wie im Juni lief es schon lange nicht mehr. nzz.ch

Der Erfolg von Zara & Co. hängt am Internet

INTERNATIONAL Die Modekonzerne leiden unter Verdrängungswettbewerb und Wetterkapriolen. Die Strategie des Zara-Mutterhauses Inditex überzeugt.



fuw.ch

Schwarzer Monat für Schweizer Detailhandel

Die Umsätze im hiesigen Detailhandel sind im Juni um 4,6 Prozent gesunken. Besonders leiden die Schuh- und Kleiderhändler – nicht nur wegen des miesen Frühlingsetters.

tagesanzeiger.ch

INCOME STATEMENT

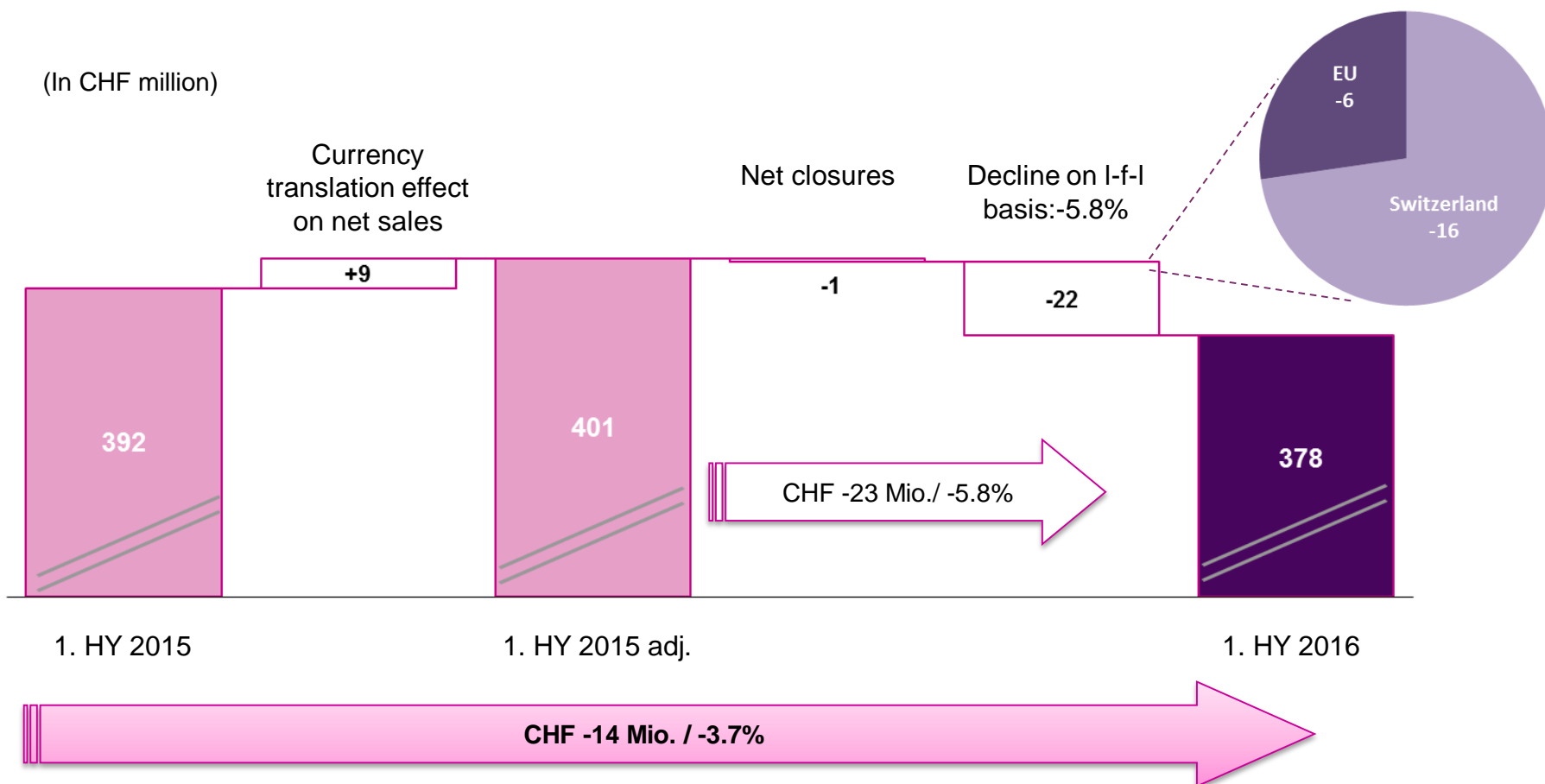
(in CHF million)	1 HY 2016	1 HY 2015	△	△ in %
Gross sales	449	469	(20)	(4%)
Net sales	378	392	(14)	(4%)
Gross profit	247	251	(4)	(2%)
as % of net sales	65.4%	64.1%		
Total operating expenses	(257)	(262)	+5	+2%
as % of net sales	67.9%	66.8%		
EBITDA	(10)	(11)	+1	
as % of net sales	-2.5%	-2.8%		
EBIT	(26)	(29)	+3	
as % of net sales	-6.9%	-7.3%		
Net profit/(loss)	(32)	(36)	+4	



CONSOLIDATED GROSS SALES

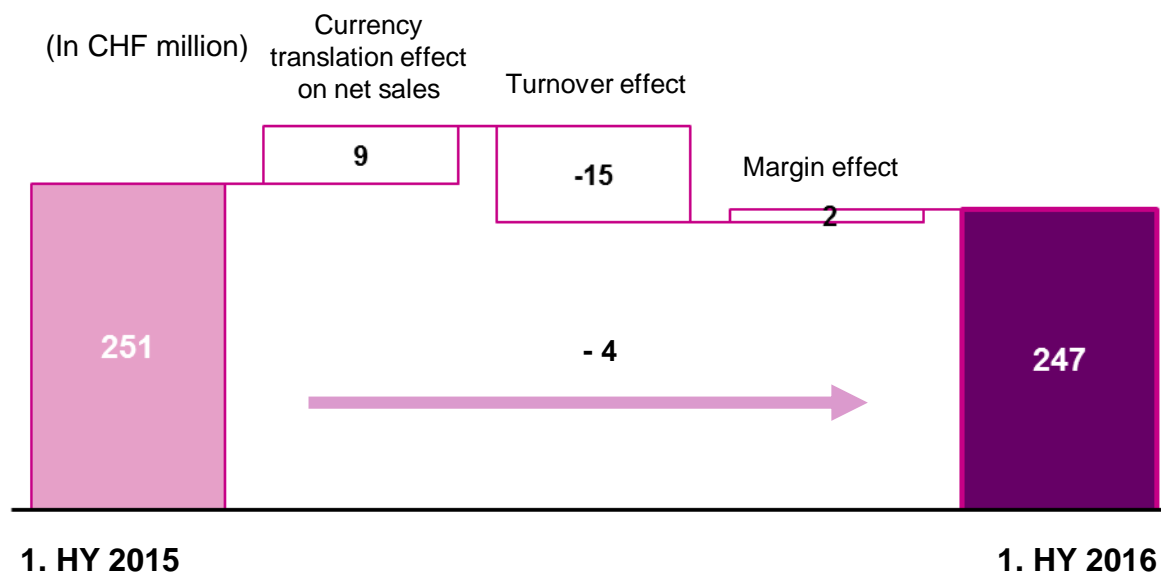
Net sales supported by exchange rate. Losses in net sales mainly due to the Swiss market.

(In CHF million)



GROSS PROFIT

Gross profit heavily affected by decline in volume.



Main influences:

- Decline in volume
- + FX-related increase in sales
- + Improved quota of rebates despite price pressure



OPERATING COSTS

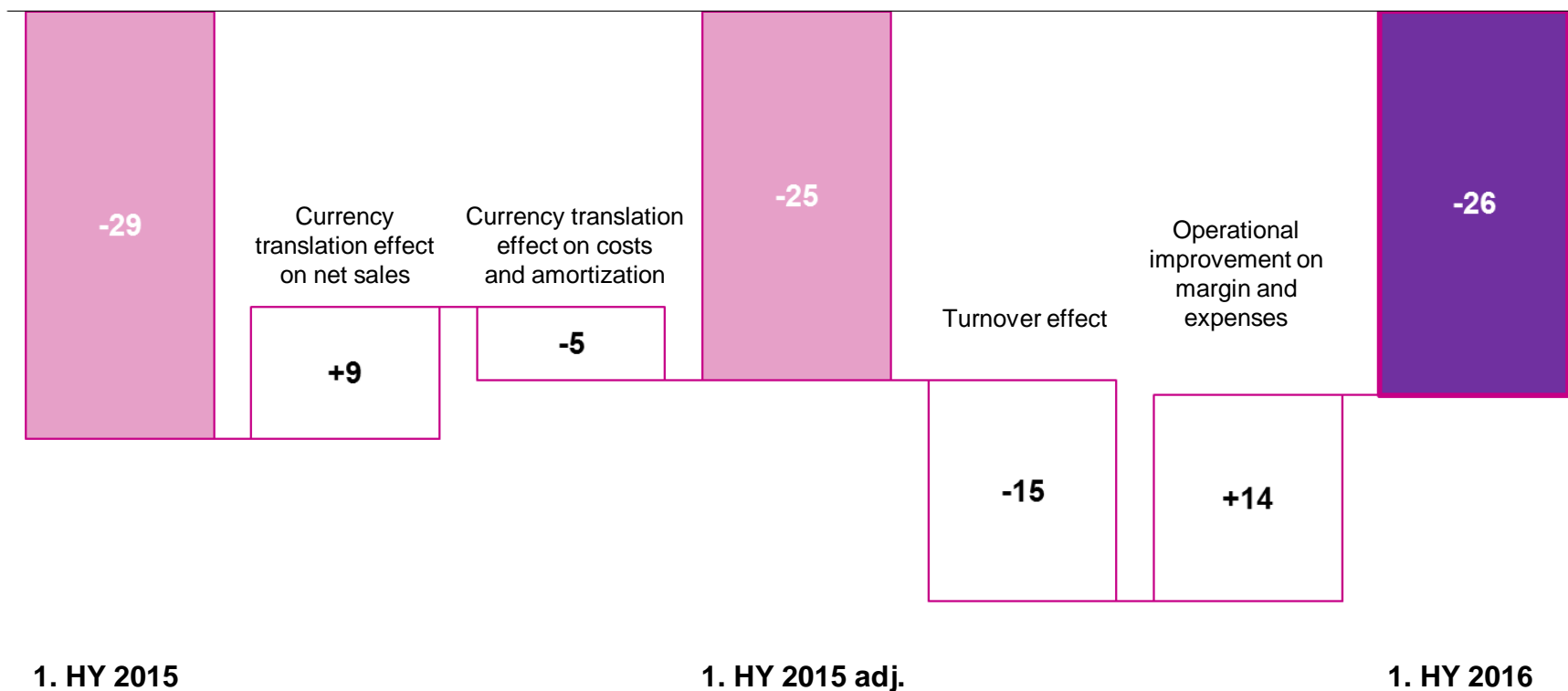
Savings of CHF 10 million in operating expenses (after currency adjustments).

(In CHF million)	1 HY 2016	Δ	1 HY 2015 wb	Δ	1 HY 2015
Personnel	(110)	+5	(115)	+3	(113)
Premises	(82)	+1	(83)	+0	(82)
Advertising	(30)	(1)	(29)	(2)	(28)
other operating expenses	(35)	+5	(40)	+4	(39)
Total operating expenses	(257)	+10	(267)	+5	(262)

EBIT RECONCILIATION

Operating EBIT down by CHF 1 million.

(In CHF million)



REGIONAL PERFORMANCES

CEE sales stable at same level as previous year.

Region Switzerland

(In CHF million)	1 HY 2016		1 HY 2015	
	CHF		CHF	
Gross sales	140		161	
Net sales	126		144	
EBITDA	8.6		15.4	
EBIT	1.2		7.3	
Store portfolio at 1 January	165		167	
Net change	(2)		0	
Store portfolio at 30 June	163		167	

Region Germany

1 HY 2016		1 HY 2015	
EUR	CHF	EUR	CHF
137	150	140	149
112	123	114	121
2.7	3.0	4.8	5.1
(0.7)	(0.8)	1.1	1.2
284		282	
(1)		(3)	
283		279	

Region Benelux

1 HY 2016		1 HY 2015	
EUR	CHF	EUR	CHF
54	59	58	61
44	48	46	49
(3.1)	(3.4)	(2.6)	(2.7)
(3.7)	(4.1)	(3.2)	(3.4)
137		139	
0		(2)	
137		137	

Region CEE

(In CHF million)	1 HY 2016		1 HY 2015	
	EUR	CHF	EUR	CHF
Gross sales	92	101	93	98
Net sales	74	81	74	79
EBITDA	(0.7)	(0.8)	0.6	0.6
EBIT	(2.6)	(2.9)	(1.3)	(1.4)
Store portfolio at 1 January	175		175	
Net change	1		1	
Store portfolio at 30 June	176		176	

Group's headquarter and consolidation

1 HY 2016	1 HY 2015
CHF	CHF
0	0
0	0
(17.0)	(29.3)
(19.4)	(32.2)

Group

1 HY 2016	1 HY 2015
CHF	CHF
449	469
378	392
(9.6)	(10.9)
(26.0)	(28.5)
761	763
(2)	(4)
759	759

OVERVIEW OF EBIT TO NET PROFIT

Improved net result by CHF 4 million.

(In CHF million)	1 HY 2016	1 HY 2015	△
EBIT	(26)	(29)	3
as % of net sales	-6.9%	-7.3%	
Financial expenses	(4)	(4)	0
Exchange losses	(1)	(1)	0
Tax expenses	(1)	(2)	1
Net profit/(loss)	(32)	(36)	4
as % of net sales	-8.4%	-9.2%	



FREE CASH FLOW

Earnings and investments have significant influence on free cash flow.

(In CHF million)	1 HY 2016	1 HY 2015	△
EBITDA	(10)	(11)	+1
Change in net working capital	4	(6)	+10
Net financial & tax expenses	(7)	(7)	+0
Cash flow from operating activities	(12)	(24)	+12
Cash flow from investing activities	(3)	(19)	+16
Free Cash Flow	(15)	(43)	+28
Cash flow from financing activities	17	(1)	+18
Net change in cash & cash equivalents	1	(44)	+45

INVESTMENT

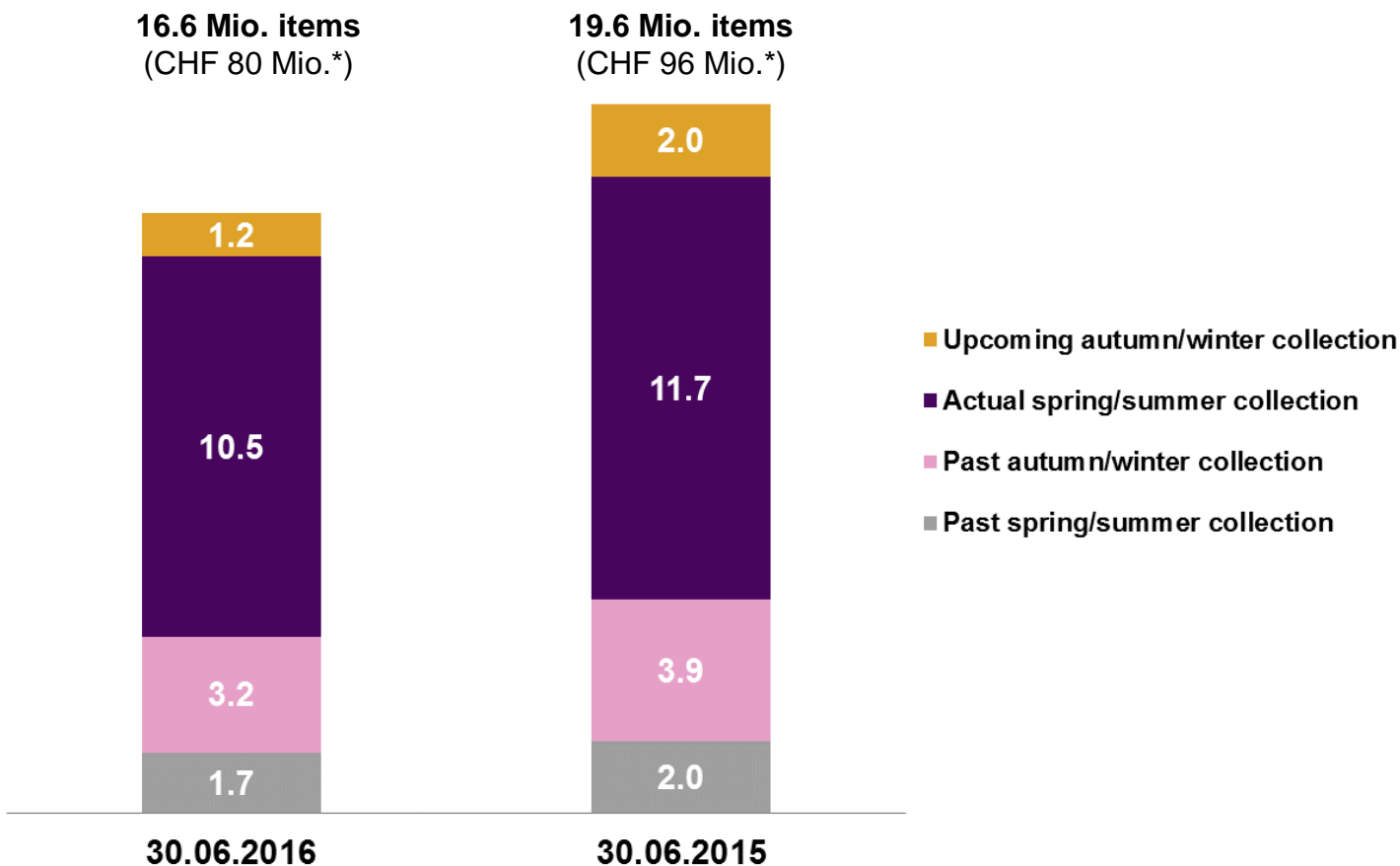
Cautious investments.

(In CHF million)	1 HY 2016	1 HY 2015	△
Store openings	1	2	(1)
Refurbishments/renovations	1	14	(13)
Total regions	2	16	(14)
Group infrastructure	1	3	(2)
Total Group, net	3	19	(16)



INVENTORIES

Healthy inventories.



* Exclusive goods in transit:

30.06.2016: CHF 44 Mio. / 30.06.2015 CHF 26 Mio.

KEY BALANCE SHEET FIGURES

Equity ratio reduced by negative net result.

(In CHF million)	30.06.2016	31.12.2015	△	30.06.2015	△
Cash and cash equivalents	47	45	+2	51	(4)
Inventories	124	117	+7	122	+2
Tangible assets	188	211	(23)	207	(19)
Net debt	153	141	+12	120	+33
Total assets	394	395	(1)	405	(11)
Shareholders' equity	57	88	(31)	114	(57)
Equity ratio	15%	22%	(7%)	28%	(13%)

OUTLOOK FOR 2016

ADAPTING TO STRUCTURAL CHANGE

CVISION

1.

RESTRUCTURING SWITZERLAND

- Communication (new customers/ CRM)
- Streamlining store portfolio
- Property/real estate sales

2.

REVITALIZATION BRAND

- Rigorous revitalization of brand
- Further development of beacon products

3.

VERTICALIZATION

- Further adjustments of processes & systems
- Adapted organizational structure
- Cost reduction

OUTLOOK FOR 2016

CVISION

- Focus on implementing CVision package of measures
- Positive operating earnings at EBITDA level for 2016, influenced by targeted sale of real estate
- Positive operating earnings at EBIT level in 2018



- Media and analysts conference on the 2016 financial statements 21 March 2017
- Annual General Meeting of Shareholders, 2016 annual financial statements 20 April 2017

THANK YOU VERY MUCH

Charles
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S w i t z e r l a n d



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