

HALF-YEAR RESULTS 2012

Charles
Vögele
S w i t z e r l a n d



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- **HALF-YEAR RESULTS 2012**
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- HALF-YEAR RESULTS 2012
- OUTLOOK

«WITH A CLEAR POSITIONING,
WE WANT TO WIN BACK
CUSTOMERS"

Frank Beeck, CEO

KEY FIGURES

POSITIVE FREE CASH FLOW DESPITE FALL IN SALES

- Gross sales reduced to CHF 578 million (-8% less than previous year)
 - -4% like-for-like
- Negative consolidated result of CHF -54 million
- Gross profit margin down to 59%
 - Price adjustments, greater special sales activities
 - Men's range much better than women's
- Successful stock management
 - Inventories down by CHF 16 million from previous year to CHF 155 million.
- Positive free cash-flow of CHF 11 million
 - CHF 71 million better than previous year

KEY FACTS

KEY THEMES IN FIRST HALF OF 2012

- ▶ **Strengthening traditional values**
- ▶ **Stabilizing and optimizing processes**
- ▶ **Varied performance from different markets**
- ▶ **Focus on liquidity management**

STRENGTHENING TRADITIONAL VALUES

- Focusing activities on needs of core customers:
"women and men aged 40 plus"
- Creating a clear positioning to remove current uncertainty among customers
- Ensure goods are developed and displayed in-store in a way that suits the target group
 - All stores reorganized into core departments and coordinates areas
 - Stores laid out and customers guided round in ways that suit the shopping habits of CV customers



STABILIZING AND OPTIMIZING PROCESSES

- Teething troubles associated with logistics changes have been overcome
 - Goods have been distributed reliably since the start of 2012
- Outsourcing of logistics has made cost structures more flexible and reduced investment costs
- Refocusing of brand strategy has reduced complexity throughout the whole value chain
- Restructuring of procurement has improved the reliability and quality of processes and products



VARIED PERFORMANCE IN DIFFERENT MARKETS

Switzerland: Total market for outerwear shrank further in HY1 2012

- Gross sales down by -8%; market as a whole sees sales fall by -4%
- Consumers still cautious; strong franc still prompting retail tourism

Germany: Performance much better than market

- Gross sales down by -2% in local currency terms; but market as a whole shrank by -6%

Central & Eastern Europe: Large regional differences

- Environment still challenging in Poland
- Slovenia and Austria fail to meet expectations
- Trend turns positive in Hungary

Benelux: Positive trend in Belgium and Netherlands

- Gross sales up by 7% (like for like)



FOCUS ON LIQUIDITY MANAGEMENT

- Inventories significantly reduced by middle of the year
 - CHF 62 million higher than previous year at start of 2012
 - CHF 16 million below previous year by 30.6.2012
- Final summer sale brought forward - liquidity before profitability
 - Sell-off of spring/summer 2012 goods assured
- Reduction of incoming goods for autumn/winter 2012 already initiated
 - Procurement volumes adjusted from previous year
 - Everything in place to start 2013 unencumbered by old goods
- Restricted investment activity



- REVIEW

- **HALF-YEAR RESULTS 2012**

- OUTLOOK

“THE TOP PRIORITY IS TO
ACHIEVE A BALANCED FREE
CASH FLOW”

Markus Voegeli, CFO

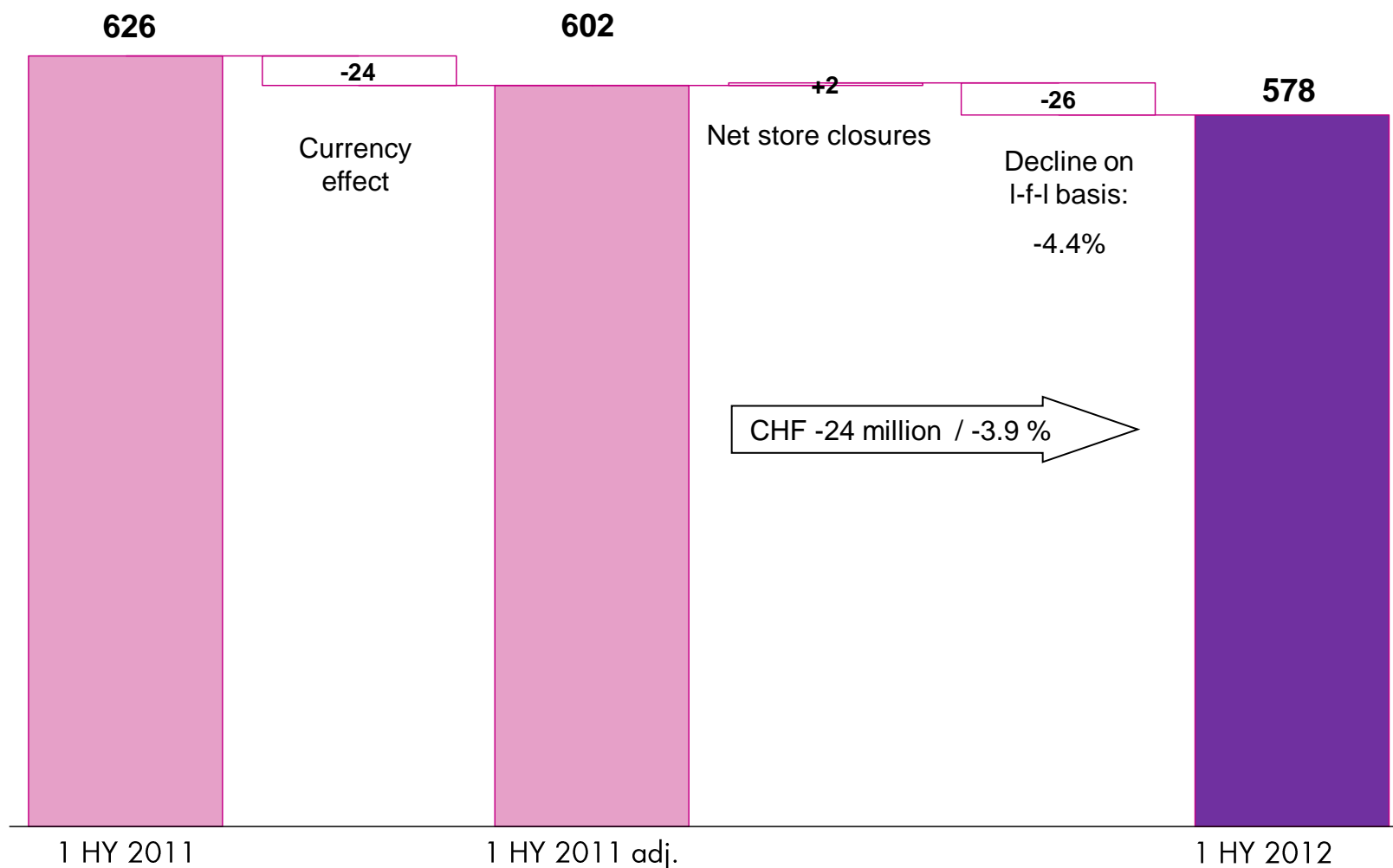
INCOME STATEMENT

Exceptionally poor April and early final summer sale hurt operating results

(CHF m)	1. HY 2012	1. HY 2011	△	△ in %	
Gross sales	578	626	(48)	(8%)	◀◀
Net sales	487	526	(39)	(7%)	
Gross profit	287	334	(47)	(14%)	
as % of net sales	59.0%	63.5%			
Total operating expenses	(309)	(330)	+21	+6%	
as % of net sales	63.6%	62.8%			
EBITDA	(22)	4	(26)		
as % of net sales	-4.6%	0.7%			
EBIT	(48)	(60)	+12		
as % of net sales	-10.0%	-11.4%			
Net profit/(loss)	(54)	(62)	+8		

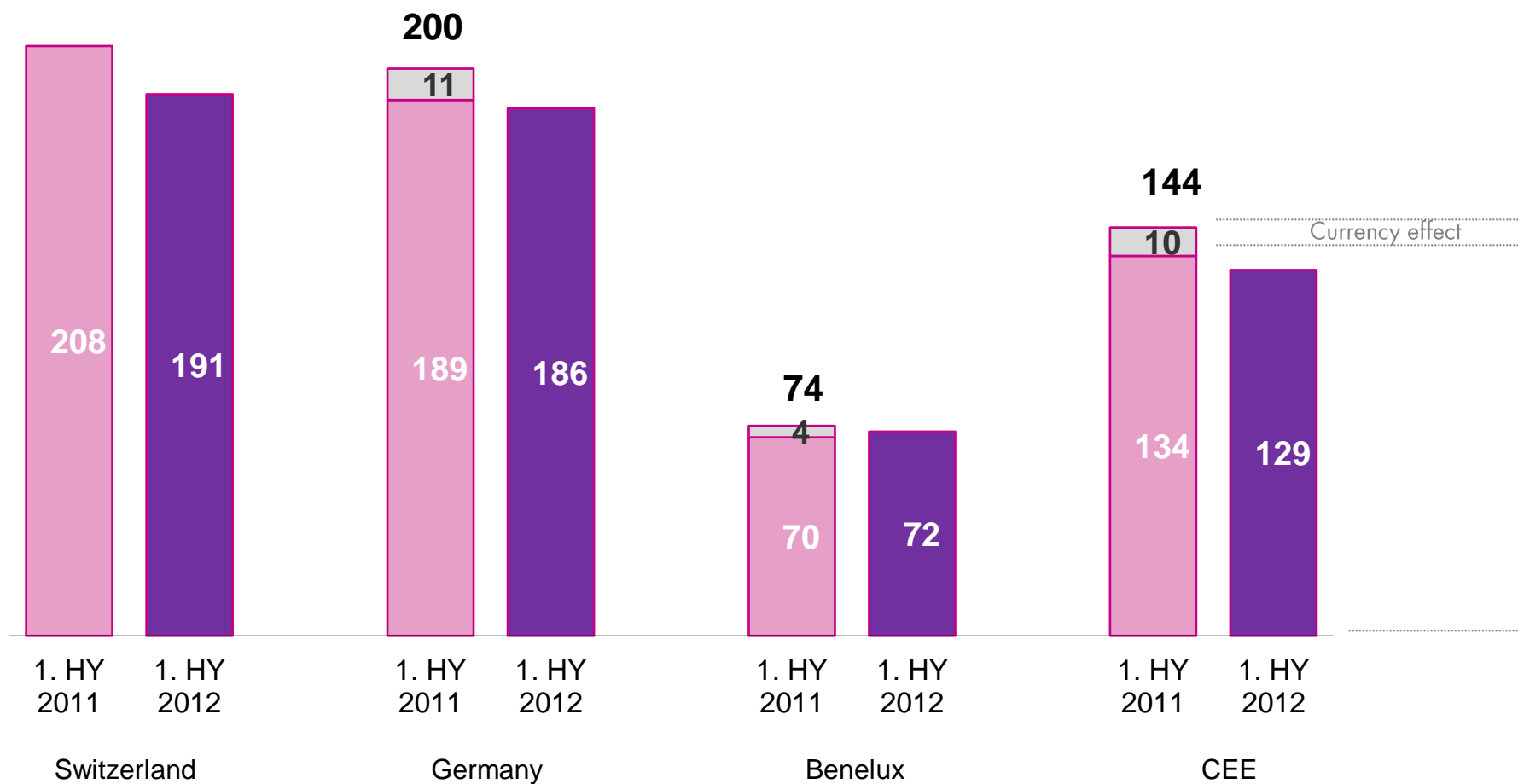
CONSOLIDATED GROSS SALES (in CHF million)

Around 50% of decline in gross sales due to currency factors.



CONSOLIDATED GROSS SALES BY REGION (in CHF million)

Switzerland down, Germany better than the market, Benelux up on previous year



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GROSS PROFIT

Lower sales and more "special offers" reduce gross profit

- Decline of CHF -47 million (from CHF 334 million to CHF 287 million)
 - Volumes & currency effect (EUR): CHF 25 million
 - Margin & currency effect (USD): CHF 22 million

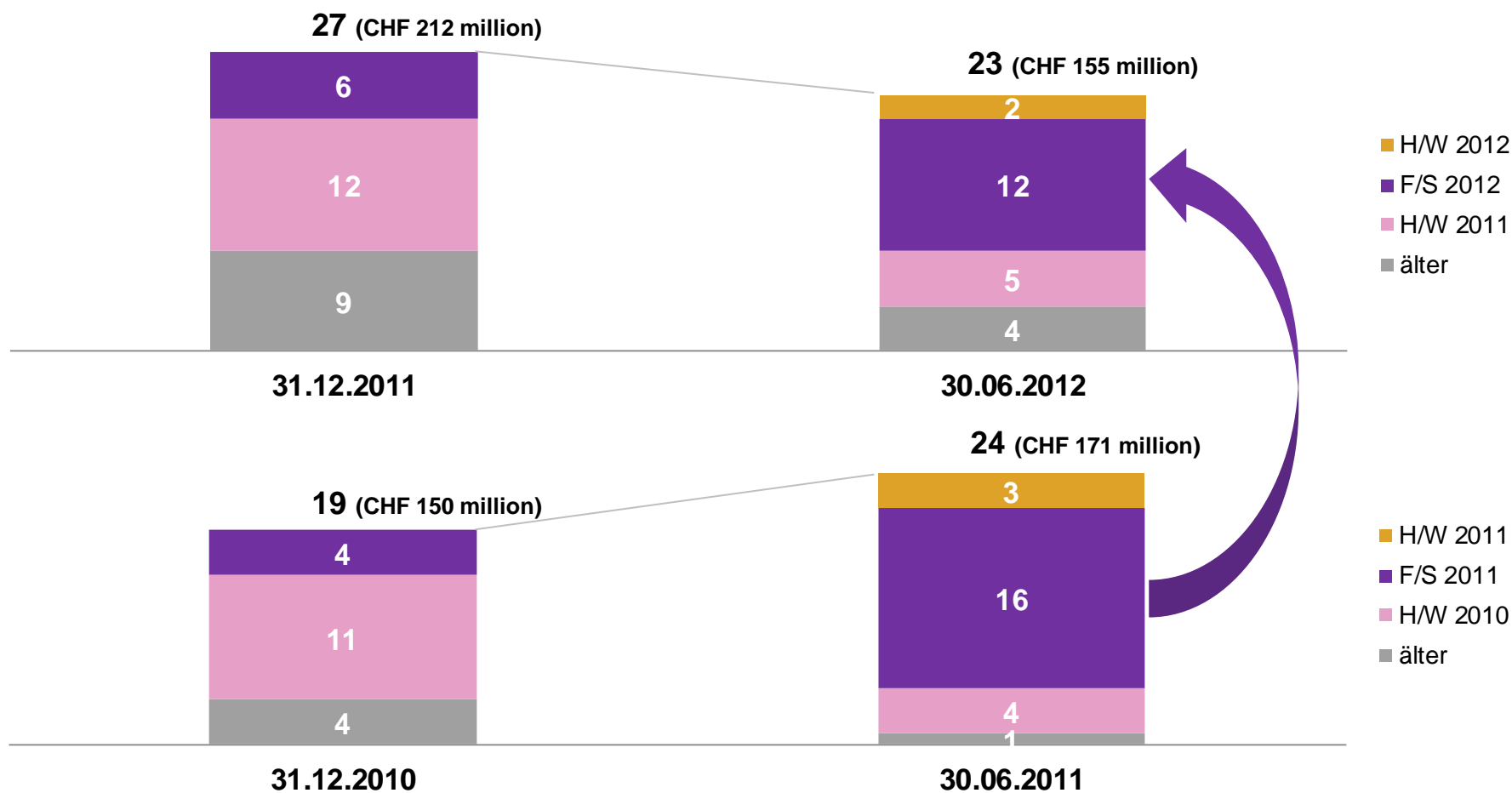
Main influences:

- Price adjustments in certain groups of goods and markets reduce the gross profit margin
- Early summer sale to avoid stocks building up again
- Systematic value adjustments on previous years' inventories
- Men's range much better than ladies'

INVENTORIES

Structure of current S/S season improved, clear-out of last year's A/W goods in HY2 2012

Items in stock (millions)

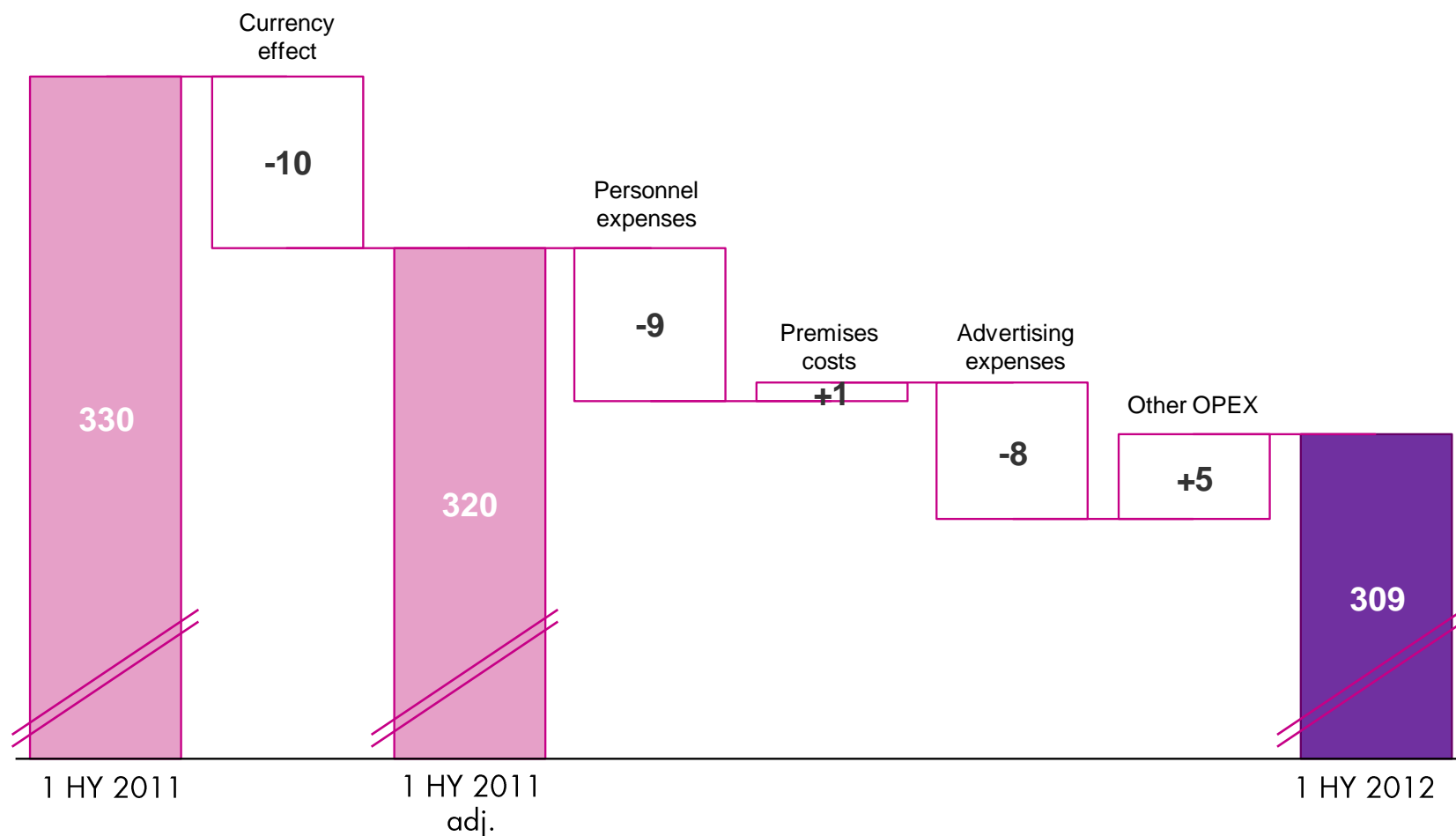


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OPERATING COSTS (in CHF million)

Strict cost management reduces operating expenses by CHF 10 million.

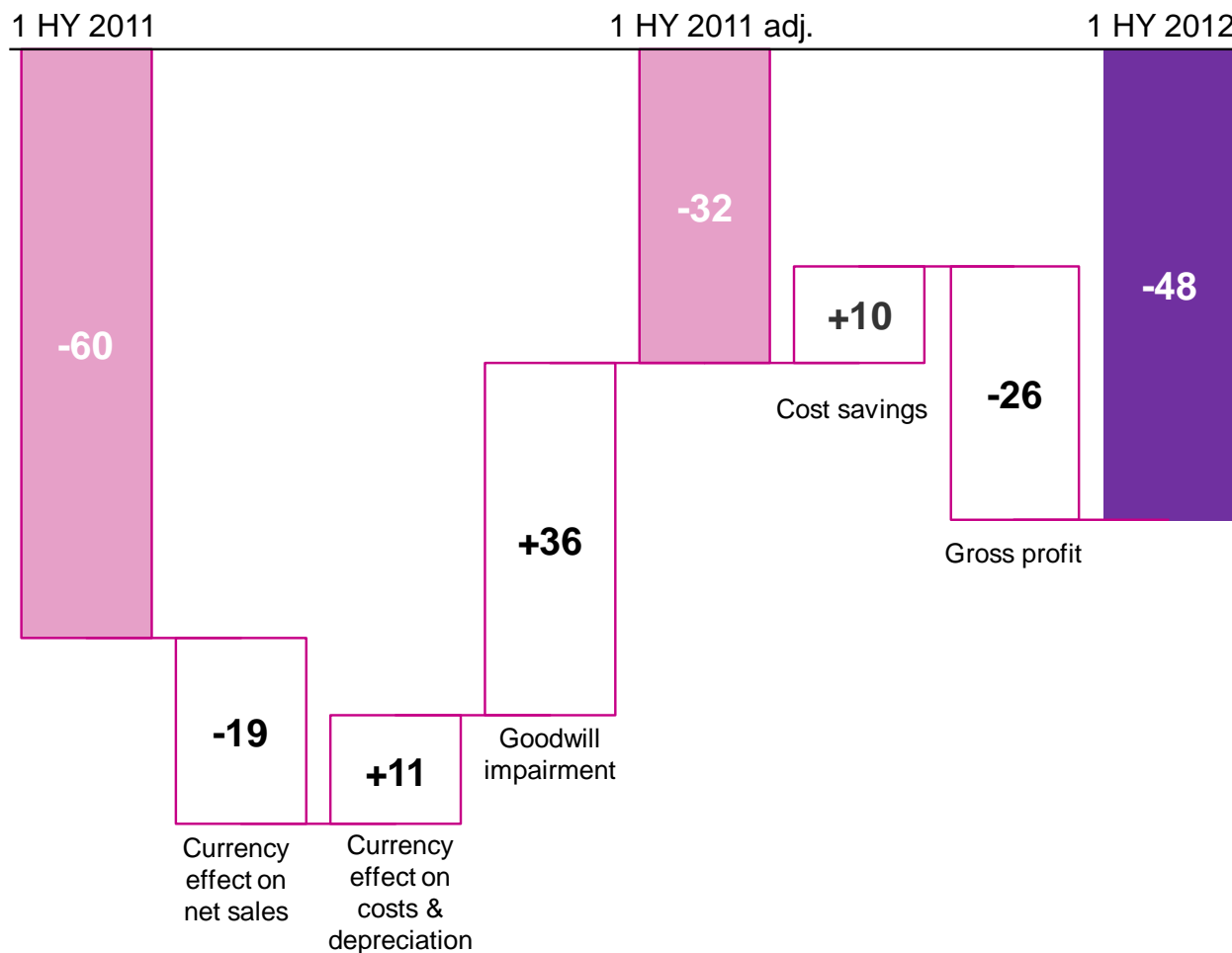


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CALCULATING EBIT

Euro and one-time effects have a significant influence on EBIT



OVERVIEW OF EBIT TO NET PROFIT

Increased financing costs

(CHF m)	1. HY 2012	1. HY 2011	△	Remarks
EBIT	(48)	(60)	+12	
as % of net sales	-10.0%	-11.4%		
Financial expenses	(4)	(2)	(2)	– Year-on-year increase in debt
Exchange losses	(1)	0	(1)	
Tax expenses	(1)	0	(1)	– Elimination of deferred taxes from intercompany gains relating to reduction of inventories
Net profit/(loss)	(54)	(62)	+8	
as % of net sales	-11.1%	-11.8%		

REGIONAL PERFORMANCES

Operating earnings (EBIT) fall in all regions

Region Switzerland

(in CHF m)	1. HY 2012	1. HY 2011
Net sales	173	187
EBIT	3	8
Store portfolio at 1 January	168	168
<i>Openings</i>	2	4
<i>Closings</i>	0	(3)
Store portfolio at 30 June	170	169

Region Germany

(in CHF m)	1. HY 2012	1. HY 2011
Net sales	151	163
EBIT	(17)	(19)
Store portfolio at 1 January	293	294
<i>Openings</i>	2	4
<i>Closings</i>	(6)	(5)
Store portfolio at 30 June	289	293

Region Benelux

(in CHF m)	1. HY 2012	1. HY 2011
Net sales	59	61
EBIT	(15)	(10)
Store portfolio at 1 January	154	161
<i>Openings</i>	1	0
<i>Closings</i>	(5)	(5)
Store portfolio at 30 June	150	156

Region CEE

(in CHF m)	1. HY 2012	1. HY 2011
Net sales	104	115
EBIT	(19)	(39)
Store portfolio at 1 January	202	203
<i>Openings</i>	1	2
<i>Closings</i>	(2)	(4)
Store portfolio at 30 June	201	201

*including Goodwill-impairment of CHF 6 m in D and CHF 30 m in CEE in 1. HY 2011

INVESTMENT

Restricted investment activity

(CHF m)	1. HY 2012	1. HY 2011	△	Remarks
Store openings	2	4	(2)	– CH 2, D 2, NL 2, A 1 stores
Refurbishments/renovation	6	9	(3)	
Other	0	3	(3)	
Total regions	8	16	(8)	
Group infrastructure	2	7	(5)	– Mainly IT systems
Total Group, net	10	23	(13)	

FREE CASH FLOW

On course to achieve "stop the bleeding" goal

(CHF m)	1. HY 2012	1. HY 2011	△
EBITDA	(22)	4	(26)
Change in inventories	56	(23)	+79
Other non-cash expenses	(7)	(9)	+2
Financial expenses & taxes	(7)	(9)	+2
Cash flow from operating activities	20	(37)	+57
Net cash flow from investing activities	(9)	(23)	+14
Free Cash Flow	11	(60)	+71

KEY BALANCE SHEET FIGURES

Balance sheet trends determined by inventory shrinkage and reduction of net debt

(CHFm)	30.06.2012	31.12.2011	△	30.06.2011	△
Cash and cash equivalents	99	110	(11)	63	+36
Inventories	155	212	(57)	171	(16)
Tangible assets	325	341	(16)	344	(19)
Net cash/(net debt)	118	134	(16)	38	+80
Total assets	652	742	(90)	657	(5)
Shareholders' equity	298	356	(58)	400	(102)
Equity ratio	46%	48%	(2%)	61%	(15%)

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"AT CHARLES VÖGELE, THE
CENTRAL FOCUS IS ON THE
CUSTOMER, THE PRODUCT,
AND OUR EMPLOYEES"

Frank Beeck, CEO

CONTINUITY IN IMPLEMENTING THE MEASURES

- Strict cost management
- Concentration on breadth of the model while simultaneously strengthening depth of model from 2012-2
- Finalize review of range structure DOB 2013-1
- Adjust the way customers are addressed in marketing and at POS
- Strengthen brand message - switch to single brand strategy for collections from 2013-1
- Strengthen Swiss core market



ON COURSE TO ACHIEVE "STOP THE BLEEDING"

2012

Stop the bleeding - Balanced free cash flow

2013

Back to black - Balanced consolidated result

2014

Back to profit - At least CHF 10 million net profit

THANK YOU VERY MUCH

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



- Media and analysts' conference on the 2012 financial statements 5 March 2013
- Annual Shareholders' Meeting, 2012 financial statements 10 April 2013
- Media and analysts' conference on the 2013 half-year financial statements 20 August 2013

DISCLAIMER

All statements made in this presentation that do not refer to historical facts are future-oriented statements which offer no guarantee of future performance. They are subject to risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal requirements, market conditions, activities by competitors and other factors outside the company's control.