

HALF-YEAR RESULTS 2013

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The half-year report is illustrated with photos of children who took part in a competition in aid of the Stiftung Kinderhilfe Switzerland.

CLOTHING MARKET 1 HY 2013



Volatile markets throughout the clothing industry

- Long winter and rainy spring hurt sales
- Sluggish sales of spring items in first quarter
- High merchandise pressure prompts some retailers to bring forward sales and price aggressively
- March, the most important month of the season, is disappointing
- From mid-June, warmer weather puts consumers in more of a mood to buy



KEY FIGURES 1 HY 2013

Increase in gross profit and EBITDA despite difficult market environment

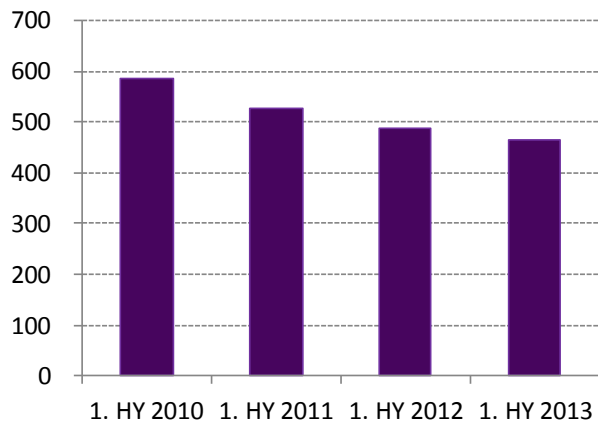
- Gross sales down by 4% (I-f-I 5%) to CHF 555 million
- Gross profit up 6% to CHF 303 million, with a gross margin of 65% (PY: 59%)
- Operating expenses reduced by CHF 11 million to CHF 299 million
- Positive result before depreciation and amortization (EBITDA) of CHF 4 million (PY CHF -23 million)
- Consolidated loss reduced by CHF 32 million to CHF -21 million
- Stable net debt with virtually balanced free cash flow of CHF -6 Mio.



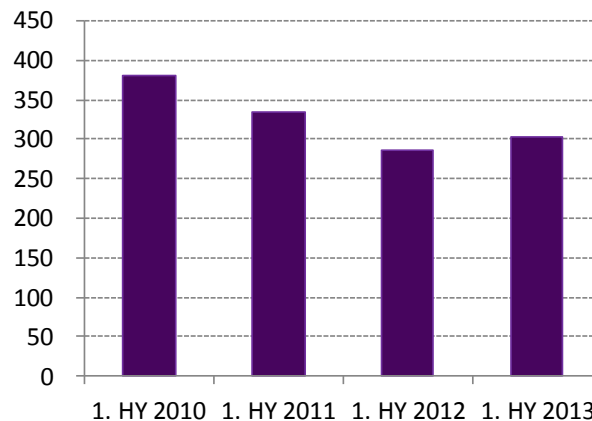
KEY FIGURES 1 HY 2013

Turnaround in gross profit and operating earnings

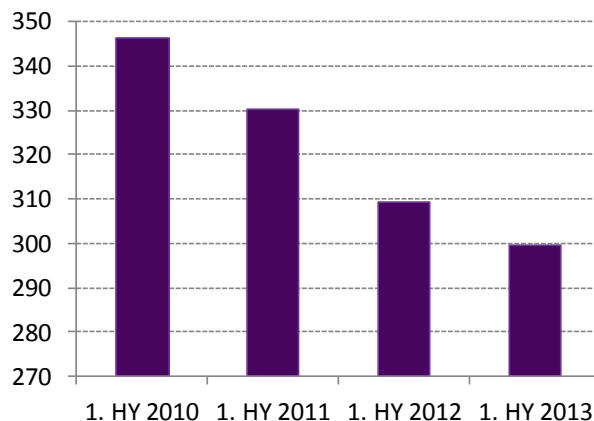
Net sales (CHF million)



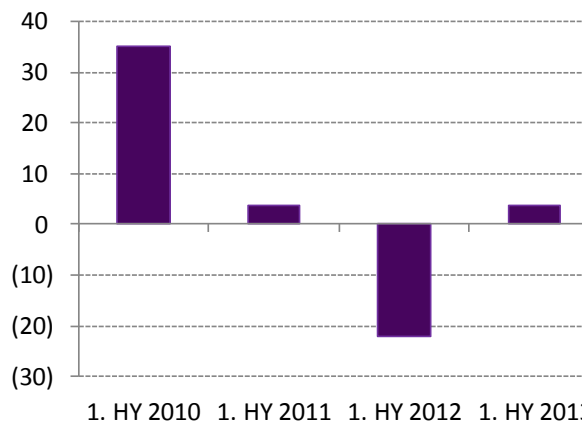
Gross profit (CHF million)



Total operating expenses (CHF million)



EBITDA (CHF million)



Main drivers in first half:

- Decline in foot fall
- Stabilized incoming margins
- Targeted mark down management
- Strict cost management

KEY FACTS 1 HY 2013

Rigorous work on the turnaround

LEADERSHIP AND ORGANIZATION

- Dr. Matthias Freise (BoD) manages purchasing organization ad interim
- Organizational structure streamlined by sharp focus on core business
- Search for members of Group Management completed

IMPROVING PERFORMANCE

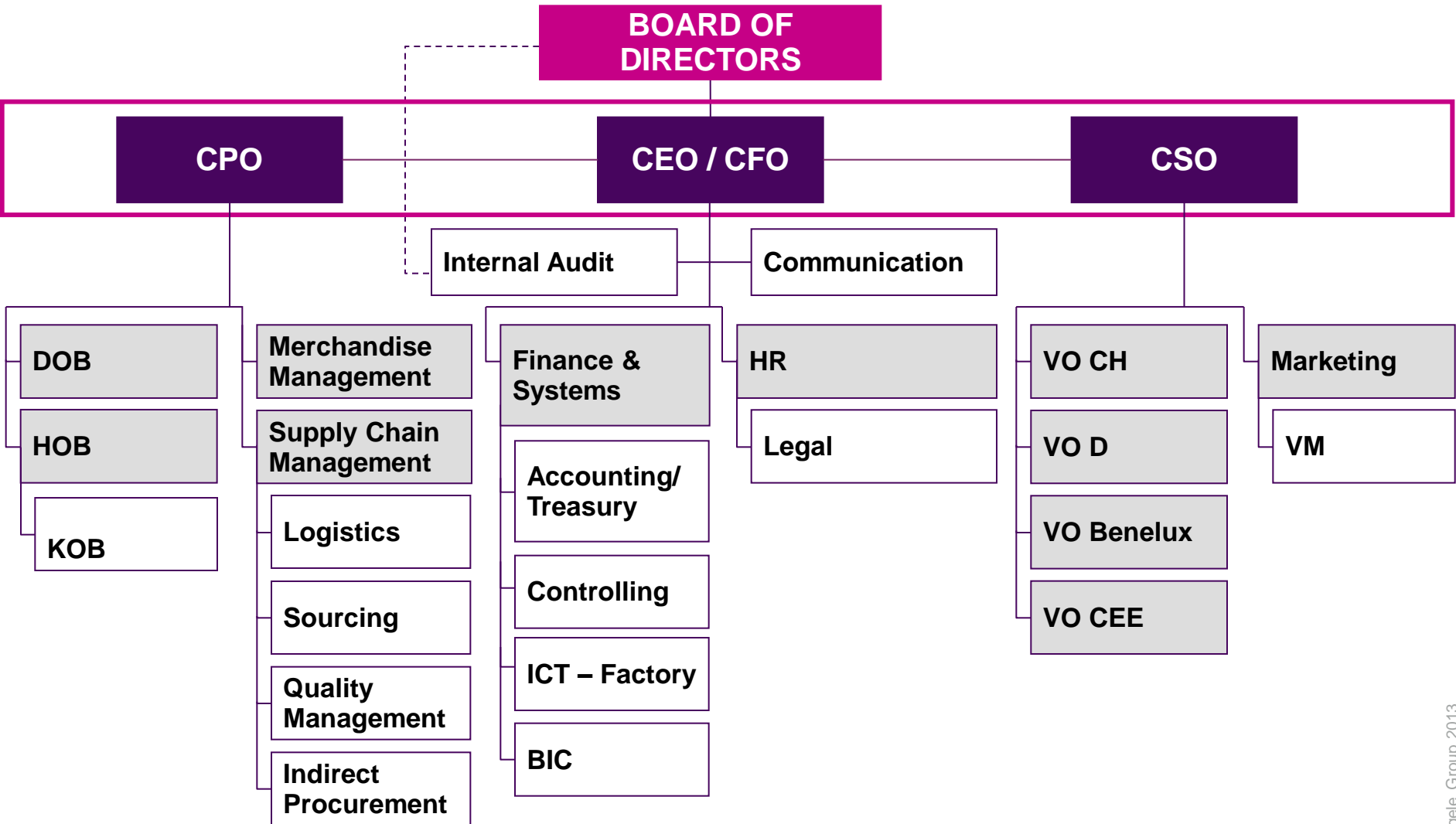
- Programme Management Office (PMO) and strict Performance Tracking established
- Merchandise management project launched
- Withdrawal initiated from Poland and Czech Republic

GETTING CLOSER TO THE MARKET

- Activities in Swiss core market strengthened
- Spring/summer collection well received
- Revision of store format strategy



MANAGEMENT AND ORGANIZATION



IMPROVING PERFORMANCE

PMO

- Central monitoring of all relevant projects and measures
- Validation and monitoring of timetables and content
- Regular performance tracking

Customer-focused merchandise management

- Ensure merchandise is available as the market requires
- Use mark down management to reduce discounting ratio
- Simplify planning methodology in merchandise management

Country portfolio

- Continuous monitoring of country and store portfolio
- Gradual withdrawal from Poland and Czech Republic proceeding as planned
- Decision on Hungary in autumn 2013

GETTING CLOSER TO THE MARKET

Core Swiss market

- Strengthen organization
- Increase effectiveness of marketing; more activities in new media channels
- Review communications strategy

Collection

- Improvements to range fully reflected for first time in spring/summer collection
- Negative trend in DOB stopped
- Supplementary ranges strengthened, especially for CV Switzerland

Format strategy

- Evaluate existing module categorization and CV store portfolio
- Redefine store clusters
- Establish strategic guidelines for merchandise management

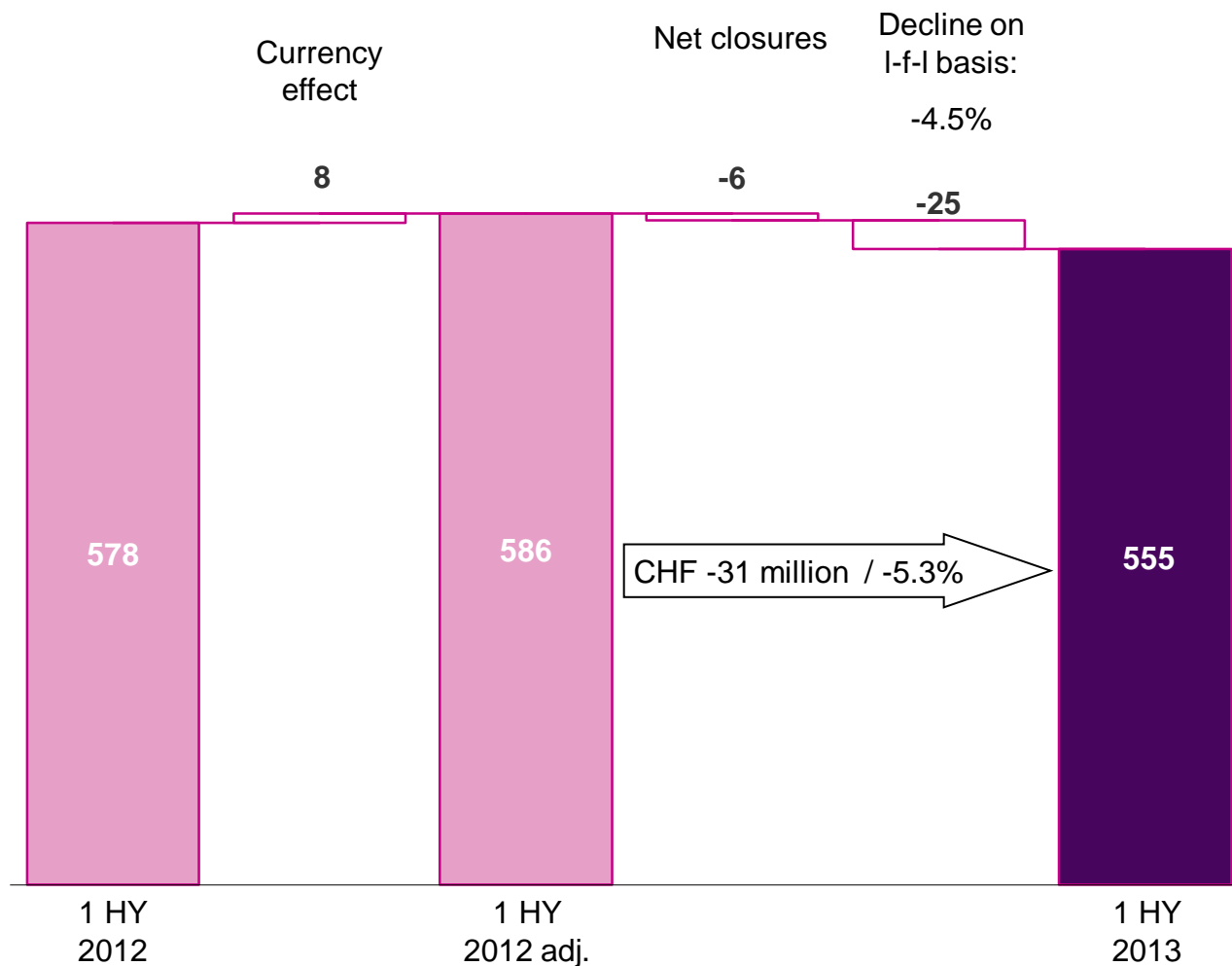
INCOME STATEMENT

(CHF million)	1. HY 2013	1. HY 2012	△	△ in %	
Gross sales	555	578	(23)	(4%)	◀◀
Net sales	466	487	(21)	(4%)	
Gross profit	303	287	+16	+6%	
as % of net sales	65.1%	59.0%			
Total operating expenses	(299)	(310)	+11	+3%	
as % of net sales	64.2%	63.7%			
EBITDA	4	(23)	+27		
as % of net sales	0.8%	-4.6%			
EBIT	(16)	(49)	+33		
as % of net sales	-3.5%	-10.0%			
Net profit/(loss)	(21)	(54)	+32		



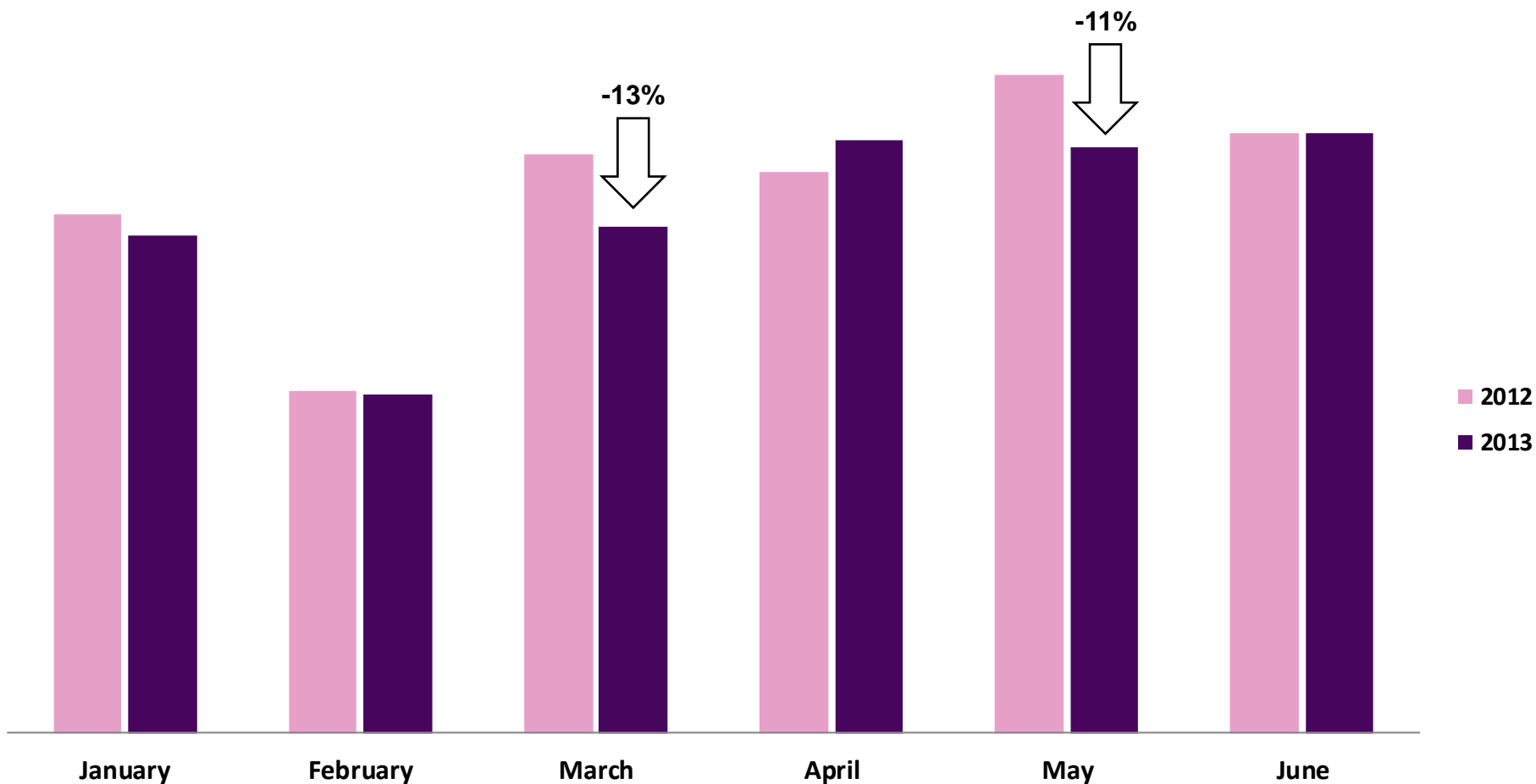
CONSOLIDATED GROSS SALES (in CHF million)

-4.5% decline in like-for-like sales with 1% fewer stores



NET SALES (in CHF million)

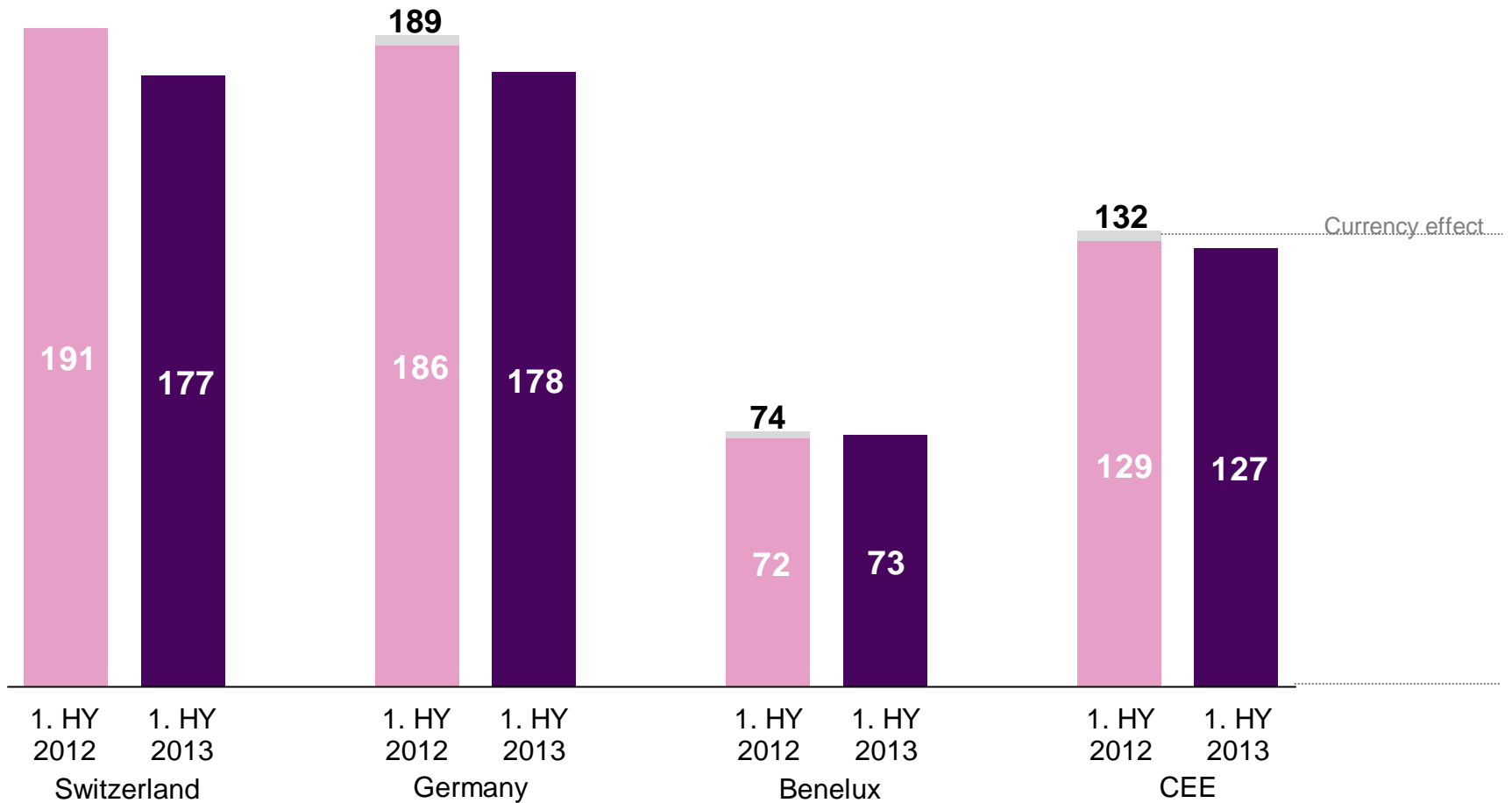
March and May drive decline in sales





CONSOLIDATED GROSS SALES BY REGION (in CHF million)

Benelux up 1.7% YOY after adjusting for floorspace and currency



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GROSS PROFIT

Actions show impact - Improved gross profit margin compensates for lower volume

- Increase of CHF 16 million (from CHF 287 million to CHF 303 million)
 - Lower volumes and currency influence: CHF -12 million
 - Positive margin effect: CHF 28 million

Main influences:

- Footfall down owing to exceptional market conditions
- Targeted, restrictive discount management
- Stabilized incoming margins
- No value adjustments on inventories
- Decline in inventory differences

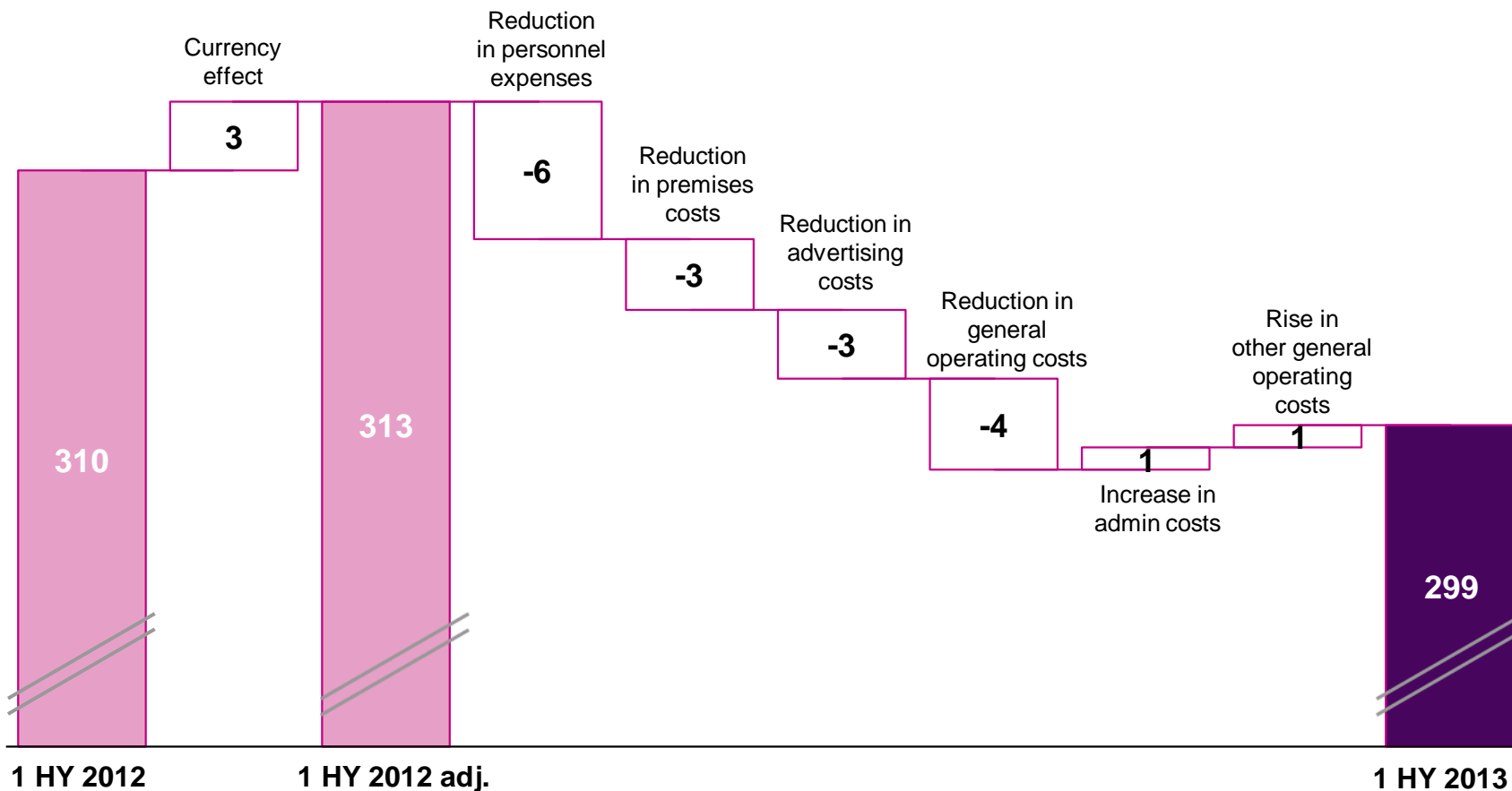
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OPERATING COSTS (in CHF million)

Savings of CHF 14 million after currency adjustment



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REGIONAL PERFORMANCES

Improved earnings in all regions

Region Switzerland

(CHF million)	1. HY 2013	1. HY 2012
Net Sales	160	173
EBITDA	15	12
Store portfolio at 1 January	170	168
<i>Openings</i>	1	2
<i>Closings</i>	(3)	0
Store portfolio at 30 June	168	170

Region Germany

(CHF million)	1. HY 2013	1. HY 2012
Net Sales	145	151
EBITDA	1	(10)
Store portfolio at 1 January	291	293
<i>Openings</i>	0	2
<i>Closings</i>	(6)	(6)
Store portfolio at 30 June	285	289

Region Benelux

(CHF million)	1. HY 2013	1. HY 2012
Net Sales	59	59
EBITDA	(6)	(11)
Store portfolio at 1 January	148	154
<i>Openings</i>	0	1
<i>Closings</i>	(3)	(5)
Store portfolio at 30 June	145	150

Region CEE

(CHF million)	1. HY 2013	1. HY 2012
Net Sales	102	104
EBITDA	(6)	(14)
Store portfolio at 1 January	203	202
<i>Openings</i>	0	1
<i>Closings</i>	(8)	(2)
Store portfolio at 30 June	195	201

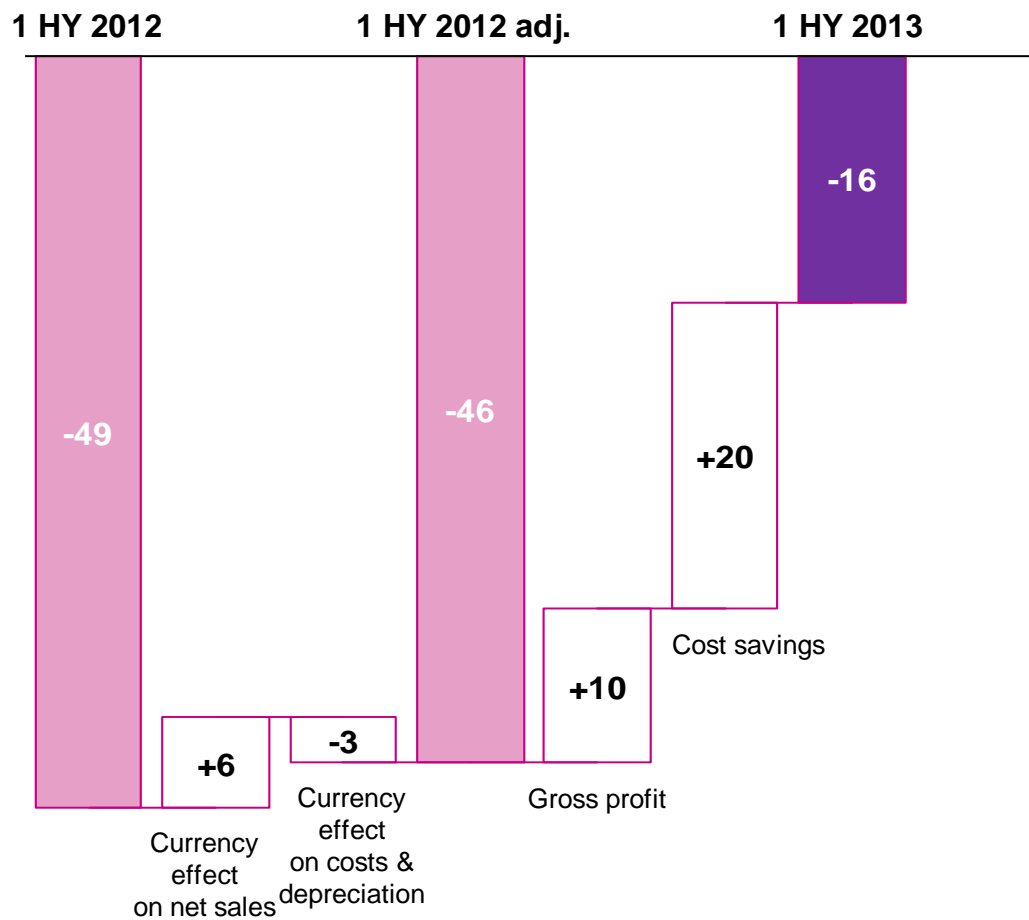
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COMPARING EBIT TO YEAR-BACK FIGURE

EBIT improves by CHF 30 million after currency effects



OVERVIEW OF EBIT TO NET PROFIT

Net result improves by CHF 33 million

(CHF million)	1. HY 2013	1. HY 2012	△
EBIT	-16.4	-48.8	32.4
as % of net sales	-3.5%	-10.0%	
Financial expenses	-6.1	-4.2	-1.9
Exchange losses	3.1	-0.5	3.6
Tax expenses	-2.0	-0.6	-1.4
Net profit/(loss)	-21.4	-54.1	32.7
as % of net sales	-4.6%	-11.1%	

FREE CASH FLOW

Almost balanced free cash flow

(CHF million)	1. HY 2013	1. HY 2012	△
EBITDA	4	(23)	+27
Net change in inventory	32	76	(44)
Other non-cash positions	(31)	(26)	(5)
Net financial & tax expenses	(7)	(7)	+0
Cash flow from operating activities	(2)	20	(22)
Cash flow from investing activities	(4)	(9)	+5
Free Cash Flow	(6)	11	(17)
Cash flow from financing activities	(24)	(22)	(2)
Net change in cash & cash equivalents	(30)	(11)	(19)

INVESTMENT

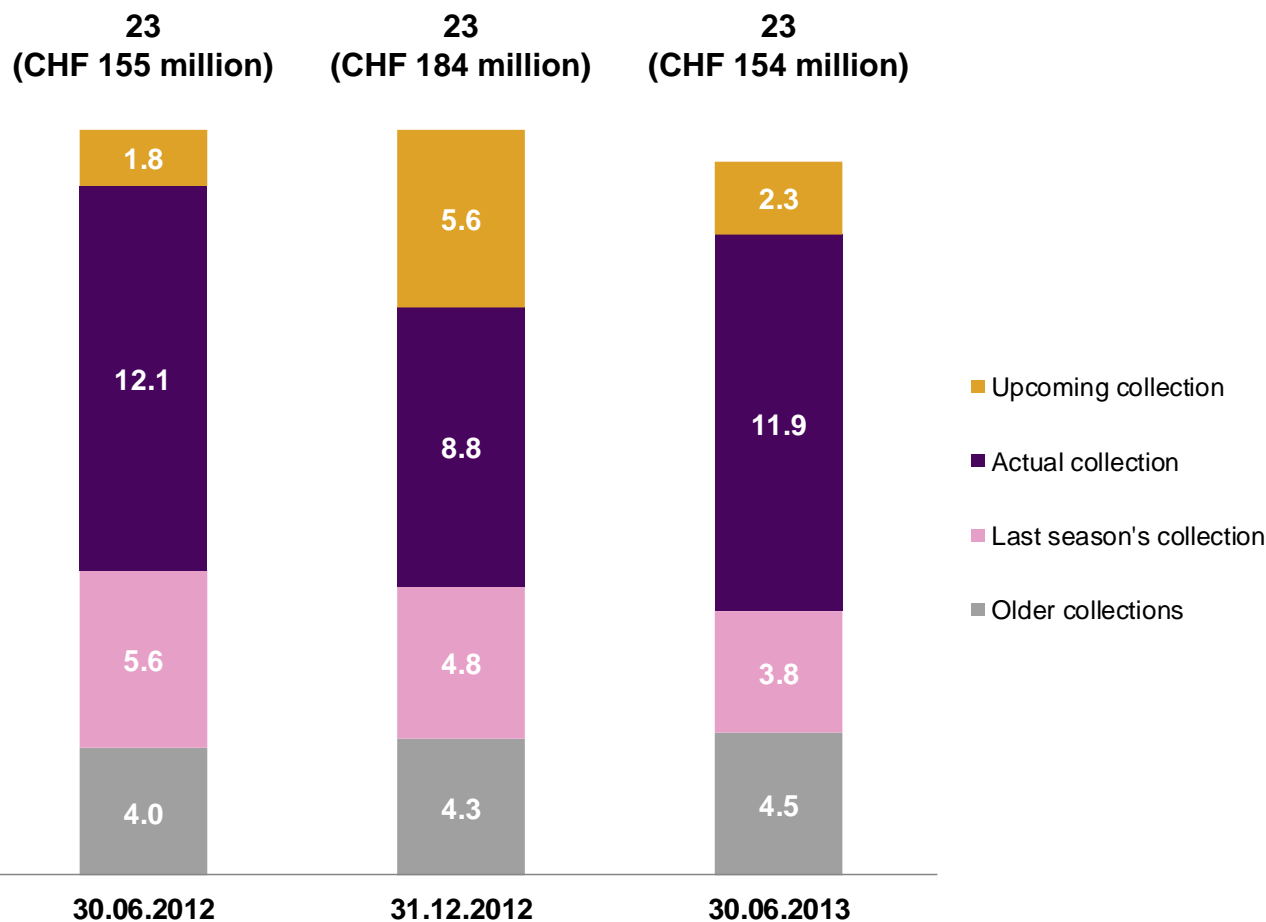
Targeted investments in renovating stores

(CHF million)	1. HY 2013	1. HY 2012	△
Store openings	0.6	2.2	(1.6)
Refurbishments/renovation	2.0	5.8	(3.8)
Other	0.6	0.2	+0.4
Total regions	3.2	8.2	(5.0)
Group infrastructure	1.5	1.7	(0.2)
Total Group, net	4.7	9.9	(5.2)

INVENTORIES

Stable inventories

Inventory (million items)



KEY BALANCE SHEET FIGURES

Net debt slightly higher in first six months, equity ratio stable

(CHF Mio.)	30.06.2013	31.12.2012	△	30.06.2012	△
Cash and cash equivalents	57	87	(30)	99	(42)
Inventories	154	184	(30)	155	(1)
Tangible assets	261	274	(13)	325	(64)
Net debt	(122)	(115)	(7)	(118)	(4)
Total assets	544	612	(68)	652	(108)
Shareholders' equity	212	234	(22)	298	(86)
Equity ratio	39%	38%	+1%	46%	(7%)

OUTLOOK

- Complete Group Management team from Q4 2013
- Major year-on-year improvement in results
- Decision on Hungary coming in autumn 2013
- Otherwise maintaining the country portfolio
- Pressing ahead with turnaround measures

THANK YOU VERY MUCH

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- Media and analysts conference on the 2013 financial statements 08.04.2014
- Annual Shareholders' Meeting, 2013 annual financial statements 20.05.2014
- Media and analysts conference on the 2014 half-year financial statements 19.08.2014

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