

# 2014

## HALF-YEAR REPORT



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

## OUR MISSION

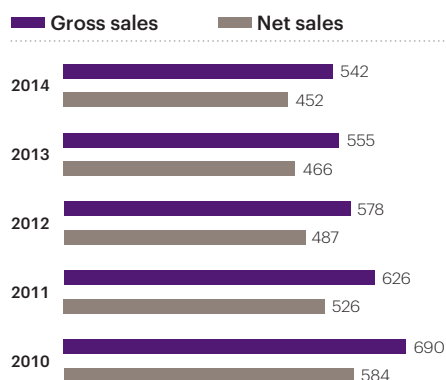
**We are Switzerland's leading fashion retailer, offering our customers top quality in the mid-range price segment. We are known for our fashionable, reliable clothing range for all the family and our friendly service.**

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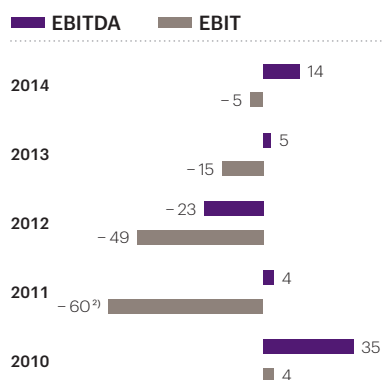
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## FIVE-YEAR OVERVIEW

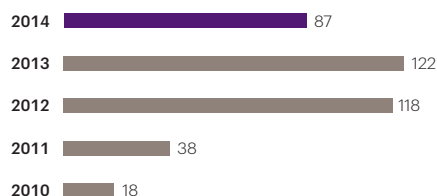
**Gross sales and net sales** in CHF million  
First half year



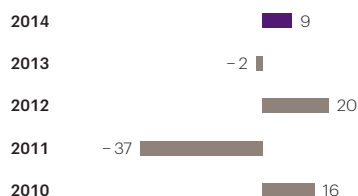
**EBITDA<sup>1)</sup> and EBIT<sup>1)</sup>** in CHF million  
First half year



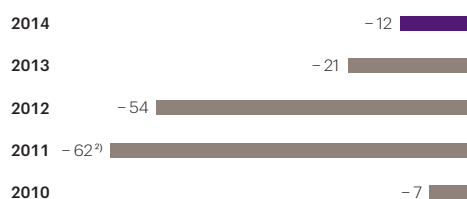
**Net debt** in CHF million  
At 30 June



**Cash flow from operating activities** in CHF million  
First half year



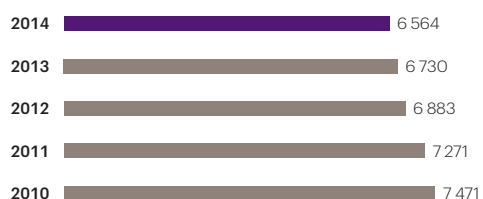
**Net profit<sup>1)</sup>** in CHF million  
First half year



**Branches**  
At 30 June



**Employees** (without apprentices)  
At 30 June



<sup>1)</sup> The 2013 prior-year figures have been adjusted in line with Swiss GAAP FER. The figures up to 2012 have not been adjusted.

<sup>2)</sup> Including goodwill impairment of CHF 36 million according to IFRS.



## GROUP KEY FIGURES

CHF million	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013 <sup>2)</sup>	Change
Gross sales	542	555	(2 %)
Change adjusted for currency	(2 %)	(5 %)	
Change adjusted for expansion and currency	1 %	(5 %)	
Net sales	452	466	(3 %)
Gross profit	300	303	(1 %)
Gross profit margin	66 %	65 %	
Operating results before depreciation and impairment (EBITDA)	14	5	
EBITDA margin	3 %	1 %	
Operating results (EBIT)	(5)	(15)	
Net profit/(loss)	(12)	(21)	
Cash flow from operating activities	9	(2)	
Net cash provided/(used) in investing activities	(7)	(4)	
Free cash flow	2	(6)	
Number of stores as of 30 June	770	793	(3 %)
Sales area as of 30 June in m <sup>2</sup>	593 022	615 742	(4 %)
Number of employees as of 30 June <sup>1)</sup>	6 564	6 730	(2 %)
Average number of full-time employees on a half-year basis <sup>1)</sup>	4 283	4 414	(3 %)
CHF million	30.06.2014	31.12.2013 <sup>2)</sup>	
Net debt	87	89	
Shareholders' equity	154	166	
Balance sheet total	450	483	
Shareholders' equity in % of balance sheet total	34 %	34 %	

<sup>1)</sup> Excluding apprentices.<sup>2)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).

## KEY FINANCIALS

Charles Vögele took another major step towards a return to sustainable profitability during the first six months of 2014. The Company was able to bring the negative sales trend adjusted for changes in currency and floorspace (like-for-like) to a halt. On a like-for-like basis, gross sales improved by 1% on the same period of 2013. Operating earnings before depreciation and amortization (EBITDA) totaled CHF 14 million compared with CHF 5 million for the first half of 2013.

### 1%

#### Gross sales growth on existing floorspace

Gross sales were down by 2% to CHF 542 million in the first half of 2014. Adjusted for changes in currency and floorspace, gross sales grew by 1%.

### CHF 9 million

#### Increase in EBITDA

The targeted use of price reductions, a consistently rigorous approach to cost management, and improvements to the product range helped achieve an increase in operating earnings before depreciation and amortization (EBITDA) to CHF 14 million compared with CHF 5 million for the first half of 2013.

### CHF –5 million

#### A slightly negative operating result

Operating earnings (EBIT) improved to CHF –5 million, compared with CHF –15 million for the first six months of 2013. Consequently, the Company is well on track to end the 2014 fiscal year with a balanced operating result.

### CHF –12 million

#### Further improvement in consolidated net result

The net result improved by CHF 9 million to CHF –12 million.



## LETTER TO SHAREHOLDERS

TURNAROUND  
WELL ON TRACK

**During the first half of 2014 Charles Vögele succeeded in bringing the negative sales trend to a halt in its existing floorspace. Gross sales, after adjusting for changes in currency and floorspace (like-for-like), even grew by 1% compared with the first half of 2013. Operating earnings before depreciation and amortization (EBITDA) totaled CHF 14 million. The equivalent figure for H1 2013 was CHF 5 million. The net result improved by CHF 9 million to CHF –12 million.**

The textile market enjoyed a successful start to the 2014 spring season thanks to the mild temperatures. Sales growth was recorded throughout Charles Vögele's sales regions during the first quarter. The second quarter, with its cooler and rainier weather, was slightly gloomier, however. Nevertheless, the textile market's results for the first half year were just in the black.

**Improved sales from existing floorspace**

The company's withdrawal from Poland and the Czech Republic, coupled with ongoing efforts to streamline the store network, reduced Charles Vögele's total floorspace by an average of 5% compared with the first half of 2013. The Company was able to grow in its existing floorspace, increasing its gross sales across almost all regions. Gross sales in Germany, adjusted for changes in currency and floorspace, grew by 1.9%, with growth of 1.6% recorded for the Benelux region and 1.9% in the CEE region. Sales in Switzerland, adjusted for changes in floorspace, fell slightly, down 0.4%.

The Company's net sales fell by 3% during the first half of 2014 to CHF 452 million. Adjusted for changes in currency and floorspace (like-for-like basis), sales actually improved by 0.4%. Sales quality improved during the first half of the year. The targeted use of price reductions, a consistently rigorous approach to cost management and improvements to the product

range helped achieve an increase in operating earnings before depreciation and amortization (EBITDA) to CHF 14 million compared with CHF 5 million for the first half of 2013. Operating earnings (EBIT) improved to CHF –5 million, compared with CHF –15 million for the first six months of 2013. The consolidated loss totaled CHF –12 million.

**Switch from IFRS regulatory standard to Swiss GAAP FER**

The Charles Vögele Group switched its accounting from IFRS to Swiss GAAP FER with effect from the 2014 fiscal year. This decision was prompted by the continuous increase in the volume of regulation, and thus in complexity, associated with International Financial Reporting Standards (IFRS), which the company has used till now. This switch is linked to the move from the Main Standard to the Domestic Standard market segment on the SIX Swiss Exchange. All of the prior-year figures have been adjusted in line with the new standard to ensure that comparisons can be made with previous results.

Swiss GAAP FER is a recognized accounting standard providing transparent and financial reporting, including segment reporting, in compliance with the "true and fair" principle. As a result of the change, the figures in the income statement have improved slightly. The changes in the balance sheet concern mainly the amor-





“Charles Vögele has been able to improve its sales figures, adjusted for changes in floorspace, in almost every region.”

Hans Ziegler, Chairman of the Board of Directors



“Our main focus is to make further improvements to our products, retail outlets and merchandise management processes.”

Markus Voegeli, CEO/CFO

tization of goodwill in previous years. Overall, equity according to Swiss GAAP FER for the first half of 2014 totals CHF 154.1 million, with an equity ratio of 34.2%.

#### **Country portfolio streamlined**

In April 2013 the Supervisory Board of Charles Vögele Holding AG made the decision to pull out of the Polish and Czech markets. The closure of the total 22 stores was completed in July 2014.

#### **Focus on core projects**

The management prioritizes the implementation of core projects, focusing on product improvements, sales space and merchandise management.

In order to respond effectively to varying market needs, despite the diverse store portfolio, the company is working since last year on optimizing its store format strategy. In this context, various measures were piloted in selected stores in Switzerland and the Netherlands in order to make the retail space and the presentation of the collection more attractive. In the meantime, the target concept for the revised store layout has been finalized, and a plan is being drawn up for the continued implementation of the store format strategy.

At the same time, intensive work is being carried out to optimize the Company's range. The aim is to fine-tune the collection by focusing on two specific style directions. This ensures a clear and explicit customer orientation.

#### **Outlook 2014**

The main focus during the second half of the year will be the continued implementation of the current turnaround measures. The aims for 2014 are to bring a halt to the downward sales trend (like-for-like) as well for the business year 2014 and to record a breakeven operating result (EBIT). The Supervisory Board and Management are confident that the measures that have been introduced will have the desired effect.

We would like to take this opportunity to thank all of our employees for their daily commitment to Charles Vögele. Our thanks also go to our business partners and shareholders for their cooperation and support.

Yours sincerely

**Hans Ziegler**  
Chairman of  
the Board of Directors

**Markus Voegeli**  
Chief Executive Officer/  
Chief Financial Officer

# Greater proximity to customers with a more clearly defined range strategy

With a clearly defined collection profile, the aim is for our customers to feel an intuitive connection to Charles Vögele. For this reason, the Company has geared its collection around two style directions: **Classic and Modern**



**Matthias Wunderlin**  
CSO



**Beatrice Grünwald**  
CPO

## **Beatrice Grünwald, Chief Purchasing Officer (CPO)**

"Our aim is to move closer to our customers, by giving our collection a stronger style focus. We want to provide our customers with exactly what they're looking for. As of next year, our new collections will therefore be consistently geared towards two distinct styles: Classic and Modern. Within these two styles, we will differentiate between casual and formal clothing. The clearly defined product profile means that our customers will quickly and intuitively find what they are looking for. Other key features include the collection's contemporary look and feel, excellent value for money and friendly customer service. This is especially important to our customers, who appreciate the personal touch."

## **Matthias Wunderlin, Chief Sales Officer (CSO)**

"As well as overhauling our collection to meet the needs of our target group, we also need to improve the appearance of our stores and the way in which our range is presented at the POS. With this in mind, we are working to optimize our store format strategy, aiming to make the more specific style of our collection unmistakable for our customers. After a pilot phase over several months, we have finalized the target layout for our stores. Now we just need to implement this layout step by step."



**MODERN**  
casual





*classic*  
formal





**Martin Bobritz**

Head of Women's Trousers, Formal- & Outerwear

"The new range strategy has a distinct profile. This gives structure to the collection and orients it toward the target group."



**Silke Saremba**

Senior Product Manager Men's Knitwear

"Customers find what they are looking for more quickly, and looks are structured around clear concepts of colour and theme."



**Jonas Kernen**

Designer Men's Knitwear

"This enhanced collection statement is authentic, fresh and modern. I have a really good feeling about it – this is what our customers are looking for."



**Markus Kottmann**

Head of Men's Formal Wear

"The Modern and Classic style groups allow the customer to select and personalize their style preference, and we appeal to a broad range of customers."

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**Thanks to the enhanced focus of the collection, the elements of the collection are clearly divided into the Modern and Classic style groups and defined in detail. Customers will be better able to find what they are looking for in store, and can take inspiration from the collection or be guided by the advice of store personnel.**







*classic*  
casual







From 1 January to 30 June

**CONSOLIDATED INCOME STATEMENT**

CHF 1000	Note	1 <sup>st</sup> Half-Year 2014	in %	1 <sup>st</sup> Half-Year 2013 <sup>1)</sup>	in %
<b>Net sales</b>		<b>452 218</b>	<b>100.0 %</b>	<b>466 112</b>	<b>100.0 %</b>
Cost of goods	7	(152 133)	(33.6 %)	(162 715)	(34.9 %)
<b>Gross profit</b>		<b>300 085</b>	<b>66.4 %</b>	<b>303 397</b>	<b>65.1 %</b>
Personnel expenses		(119 579)	(26.4 %)	(121 398)	(26.0 %)
Rental expenses		(90 720)	(20.1 %)	(95 893)	(20.6 %)
Advertising and promotion expenses		(32 287)	(7.1 %)	(37 278)	(8.0 %)
General operating and administrative expenses		(46 463)	(10.3 %)	(47 004)	(10.1 %)
Other operating income		3 305	0.7 %	3 429	0.7 %
Other operating expenses		(440)	(0.1 %)	(417)	(0.1 %)
<b>Operating results before depreciation and impairment (EBITDA)</b>		<b>13 901</b>	<b>3.1 %</b>	<b>4 836</b>	<b>1.0 %</b>
Depreciation and impairment on property, plant and equipment		(17 600)		(18 833)	
Depreciation and impairment on intangible assets		(1 125)		(1 473)	
<b>Operating results (EBIT)</b>		<b>(4 824)</b>	<b>(1.1 %)</b>	<b>(15 470)</b>	<b>(3.3 %)</b>
Financial results, net	4	(5 573)		(2 993)	
<b>Results for the period before tax</b>		<b>(10 397)</b>	<b>(2.3 %)</b>	<b>(18 463)</b>	<b>(4.0 %)</b>
Income tax expenses	5	(1 775)		(2 037)	
<b>Net profit/(loss)</b>		<b>(12 172)</b>	<b>(2.7 %)</b>	<b>(20 500)</b>	<b>(4.4 %)</b>
<b>Basic earnings per share</b>	<b>6</b>	<b>(1.44)</b>		<b>(2.44)</b>	
<b>Diluted earnings per share</b>	<b>6</b>	<b>(1.44)</b>		<b>(2.44)</b>	

The notes on pages 20 to 25 are an integral part of these consolidated interim financial statements.

<sup>1)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).

At 30 June

**CONSOLIDATED BALANCE SHEET**

CHF 1 000	Note	30.06.2014	31.12.2013 <sup>1)</sup>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		61 525	70 220
Trade account receivables		5 809	3 739
Other receivables		10 310	12 945
Prepaid expenses		7 952	3 829
Inventories	7	134 215	148 771
Assets held for sale		2 513	2 415
<b>Total current assets</b>		<b>222 324</b>	<b>241 919</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	223 186	235 445
Financial assets		115	115
Intangible assets	8	4 810	5 180
<b>Total non-current assets</b>		<b>228 111</b>	<b>240 740</b>
<b>Total assets</b>		<b>450 435</b>	<b>482 659</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term financial liabilities		1 552	1 534
Trade payables		36 733	43 182
Other short-term liabilities		32 091	43 478
Accruals		47 576	37 922
Short-term provisions		2 354	5 586
<b>Total current liabilities</b>		<b>120 306</b>	<b>131 702</b>
<b>Non-current liabilities</b>			
Long-term financial liabilities		146 986	157 328
Long-term provisions		29 075	27 632
<b>Total non-current liabilities</b>		<b>176 061</b>	<b>184 960</b>
<b>Shareholders' equity</b>			
Share capital		26 400	26 400
Treasury shares		(10 406)	(10 787)
Other reserves		151 323	151 341
Retained earnings		(13 249)	(957)
<b>Total shareholders' equity</b>	<b>9, 10</b>	<b>154 068</b>	<b>165 997</b>
<b>Total liabilities and shareholders' equity</b>		<b>450 435</b>	<b>482 659</b>

The notes on pages 20 to 25 are an integral part of these consolidated interim financial statements.

<sup>1)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).

From 1 January to 30 June

**CONSOLIDATED STATEMENT OF CASH FLOWS**

CHF 1 000	Note	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013 <sup>1)</sup>
<b>Net profit/(loss)</b>		<b>(12 172)</b>	<b>(20 500)</b>
Adjustments:			
– Tax expenses		1 775	2 037
– Net financial expenses		5 573	2 993
– Depreciation		18 695	20 177
– Impairment		31	129
– Other non-cash expenses		158	289
Change in provisions		(1 836)	(725)
Change in inventories		14 048	31 909
Change in accounts receivables		(5 221)	(1 630)
Change in other receivables and prepaid expenses		2 200	(7 465)
Change in accounts payables		(5 956)	(24 240)
Change in other current liabilities and accruals		1 336	855
Financial expenses paid		(4 928)	(4 913)
Taxes paid		(4 862)	(996)
<b>Cash flow from operating activities</b>		<b>8 841</b>	<b>(2 080)</b>
Purchase of property, plant and equipment		(6 021)	(3 883)
Sale of property, plant and equipment		0	281
Purchase of intangible and financial assets		(755)	(702)
<b>Net cash provided/(used) from investing activities</b>	<b>8</b>	<b>(6 776)</b>	<b>(4 304)</b>
<b>Free cash flow</b>		<b>2 065</b>	<b>(6 384)</b>
Change in current financial liabilities		38	(3 390)
Proceeds from non-current financial liabilities		55 000	40 000
Repayment of non-current financial liabilities		(65 822)	(60 794)
Disposal of treasury shares, net		363	189
<b>Net cash provided/(used) from financing activities</b>		<b>(10 421)</b>	<b>(23 995)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(8 356)</b>	<b>(30 379)</b>
<b>Net cash and cash equivalents at the beginning of the period</b>		<b>70 220</b>	<b>87 009</b>
Effect of exchange rate changes		(339)	531
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(8 356)</b>	<b>(30 379)</b>
<b>Net cash and cash equivalents at the end of the period</b>		<b>61 525</b>	<b>57 161</b>

The notes on pages 20 to 25 are an integral part of these consolidated interim financial statements.

<sup>1)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).



From 1 January to 30 June

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

CHF 1000	Note	Share capital	Treasury shares	Share premium reserve	Undistributed profits	Currency translation differences	Valuation financial instruments	Valuation pension liabilities	Valuation share option plan	Total Retained earnings	Total
<b>Balance 31.12.2012 (IFRS)</b>											
		26 400	(15 377)	173 789	103 668	(63 088)	(2 658)	2 118	4 079	44 119	228 931
Restatement											
Swiss GAAP FER <sup>1)</sup>		-	-	(18 220)	(78 015)	63 088	2 658	(2 118)	-	(14 387)	(32 607)
<b>Balance 01.01.2013 (Swiss GAAP FER)</b>											
		26 400	(15 377)	155 569	25 653	-	-	-	4 079	29 732	196 324
Net profit/(loss)		-	-	-	(20 500)	-	-	-	-	(20 500)	(20 500)
Currency translation differences		-	-	-	-	(413)	-	-	-	(413)	(413)
Value of granted options		-	-	-	-	-	-	-	289	289	289
Value of exercised/ expired options		-	-	-	22	-	-	-	(22)	-	-
Disposals of treasury shares	9	-	189	-	-	-	-	-	-	-	189
Purchase of treasury shares	9	-	-	-	-	-	-	-	-	-	-
<b>Balance 30.06.2013 Swiss GAAP FER</b>											
		26 400	(15 188)	155 569	5 175	(413)	-	-	4 346	9 108	175 889
<b>Balance 31.12.2013 (IFRS)</b>											
		26 400	(10 787)	173 789	65 958	(64 678)	(2 578)	4 057	3 253	6 012	195 414
Restatement											
Swiss GAAP FER <sup>1)</sup>		-	-	(22 448)	(68 578)	63 088	2 578	(4 057)	-	(6 969)	(29 417)
<b>Balance 01.01.2014 (Swiss GAAP FER)</b>											
		26 400	(10 787)	151 341	(2 620)	(1 590)	-	-	3 253	(957)	165 997
Net profit/(loss)		-	-	-	(12 172)	-	-	-	-	(12 172)	(12 172)
Currency translation differences		-	-	-	-	(278)	-	-	-	(278)	(278)
Value of granted options		-	-	-	-	-	-	-	158	158	158
Value of exercised/ expired options		-	-	-	12	-	-	-	(12)	-	-
Disposals of treasury shares	9	-	381	(18)	-	-	-	-	-	-	363
Purchase of treasury shares	9	-	-	-	-	-	-	-	-	-	-
<b>Balance 30.06.2014 Swiss GAAP FER</b>											
		26 400	(10 406)	151 323	(14 780)	(1 868)	-	-	3 399	(13 249)	154 068

The notes on pages 20 to 25 are an integral part of these consolidated interim financial statements.

<sup>1)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information

Charles Vögele Holding AG, together with its subsidiary companies, forms the Charles Vögele Group, an independent European fashion retail group with branches in Switzerland, Liechtenstein, Germany, the Netherlands, in Belgium, Austria, Slovenia, Poland, Hungary and the Czech Republic.

The closure of the shops in the Czech Republic and in Poland are being completed till July 2014. The two Group companies will be liquidated in 2014 resp. 2015.

Charles Vögele Holding AG is a joint stock corporation that is domiciled in Pfaffikon SZ, Switzerland, and listed on the SIX Swiss Exchange. The switch from the Main Standard to the Domestic Standard took place on 27 June 2014.

### 2 Summary of significant accounting policies

#### 2.1 Preparation of the interim financial statements

Until the end of 2013, the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). On 1 January 2014 Charles Vögele Group switched from IFRS accounting to Swiss GAAP FER (complete set of standards). This current half-year report was prepared in line with Swiss GAAP FER 31 "Additional recommendations for listed companies", meaning that this standard, published in January 2013 (and applicable from 1 January 2015), has been applied early.

For comparative purposes, the prior-year figures and structure have been adjusted to Swiss GAAP FER. Unless stated otherwise in section 2.2 below, the principles applied to this half-year report are the same as those applied to Charles Vögele Group's 2013 financial report.

#### 2.2 Adjustments caused by the change in accounting principles

The main effects of the switch from IFRS to Swiss GAAP FER on the valuation and accounting principles used by Charles Vögele Group are as follows. The financial effects are shown under point 2.3.

##### Goodwill

Under IFRS, goodwill is capitalized and reviewed for impairment every year. Under Swiss GAAP FER Charles Vögele is utilizing the option to capitalize goodwill on acquisition and write it off on a straight-line basis over 5 years usually, in justified cases up to 20 years. Under Swiss GAAP FER, Charles Vögele Group's goodwill remaining at the time of switching to IFRS of TCHF 36 728, which dates from 1997, was completely written off over 5 years. The opening balance sheet as at 1 January 2013 has been adjusted accordingly.

### **Pension liabilities**

According to Swiss GAAP FER 16 "Pension liabilities", financial obligations and benefits arising from pension plans are identified on the basis of annual statements prepared under Swiss GAAP FER 26 "Accounting for pension schemes". Employer contribution reserves or comparable items are capitalized under Swiss GAAP FER 16. The Charles Vögele Group does not have employer contribution reserves.

According to IFRS, pension obligations are calculated using the projected unit credit method and reported in accordance with IAS 19 "Employee benefits". The obligation from defined-benefit pension plans of TCHF 6432 reported under IFRS as at 1 January 2013 was set off against retained earnings. This reduced personnel expenses for the first half of 2013 by TCHF 846.

### **Financial instruments**

Derivates used to hedge balance sheet positions are valued at present value under Swiss GAAP FER (and under IFRS). The change in value compared with the previous period is included in the result for the period.

Contractually agreed future cash flow hedges are disclosed in accordance with the choice offered by Swiss GAAP FER 27 "Derivative Financial Instruments" in the appendix. Under IFRS an effectiveness test was carried out; the effective part was recorded under shareholders' equity (other comprehensive income) and the ineffective part in the income statement. As a result, a sum of TCHF 2710 was set off against shareholders equity as at 1 January 2013. The positive effect in the income statement for the first half of 2013 comes to TCHF 115.

### **Deferred tax**

The Group has decided not to capitalize deferred tax assets from loss carry-forwards. Deductible temporary differences are only considered if they can be offset against deferred tax liabilities (netting).

These valuation and reporting changes have an effect on the deferred income tax in the balance sheet and income statement.

### **Exchange rate differences in equity**

The exchange rate differences from the valuation of long-term loans with equity character between Group companies and from net investments in foreign Group companies of TCHF 63088 reported under IFRS as at 31 December 2012 were set off against retained earnings on the changeover date per 1 January 2013. This has no effect on the amount of shareholders' equity.

### **Gains on the sale of treasury shares**

Gains on the sale of treasury shares are recorded in capital reserves rather than in retained earnings as under IFRS. A reclassification of TCHF 18220 was thus made within shareholders' equity as per 1 January 2013, though this had no effect on the overall amount of shareholders' equity.

### **Earnings per share**

The earnings per share figure as at 30 June 2013 changes as a result of the alterations by CHF +0.11 and now stands at CHF -2.44 (diluted same as basic earnings per share).

### 2.3 Presentation and classification

The presentation and classification of the balance sheet, income statement, statement of shareholders' equity and cash flow statement have been adapted to the requirements of Swiss GAAP FER. The prior year periods have also been restated for comparative purposes. The alterations to Charles Vögele Group's shareholders equity and income statement are summarized in the following table:

CHF 1 000	1 Jan. 2013	30 Jun. 2013	31 Dec. 2013
<b>Adjustment effects equity</b>			
<b>Equity according to IFRS</b>	<b>228 931</b>	<b>211 660</b>	<b>195 414</b>
Adjustment goodwill	(36 728)	(36 728)	(36 728)
Adjustment liabilities of defined benefit	6 432	5 866	5 728
Adjustment derivative financial instruments	2 710	(561)	2 930
Change deferred taxes	(5 021)	(4 348)	(1 347)
<b>Adjustments according to Swiss GAAP FER</b>	<b>(32 607)</b>	<b>(35 771)</b>	<b>(29 417)</b>
<b>Equity according to Swiss GAAP FER</b>	<b>196 324</b>	<b>175 889</b>	<b>165 997</b>

CHF 1 000	Jan. - Jun. 2013	Jan. - Dec. 2013
<b>Net loss of the year according to IFRS</b>	<b>(21 415)</b>	<b>(34 771)</b>
Adjustment liabilities of defined benefit (Personnel expenses)	846	1 578
Adjustment derivative financial instruments (Cost of goods)	115	314
Change deferred taxes (Income tax expenses)	(46)	3 318
<b>Adjustments according to Swiss GAAP FER</b>	<b>915</b>	<b>5 210</b>
<b>Net loss of the year according to Swiss GAAP FER</b>	<b>(20 500)</b>	<b>(29 561)</b>

### 2.4 Foreign currency translation

The following CHF exchange rates are used for the Group's major currencies:

	ISO code	Unit	Balance Sheet 30.06.2014	Balance Sheet 31.12.2013	Income Statement 1 <sup>st</sup> Half-Year 2014	Income Statement 1 <sup>st</sup> Half-Year 2013
Euro	EUR	1	1.22	1.23	1.22	1.23
Hong Kong	HKD	1	0.11	0.11	0.11	0.12
China	CNY	1	0.14	0.15	0.14	0.15
USA	USD	1	0.89	0.89	0.89	0.94
Hungary	HUF	100	0.39	0.41	0.40	0.42
Poland	PLN	100	29.20	29.57	29.24	29.45
Czech Republic	CZK	100	4.43	4.48	4.45	4.79

### 3 Segment information

CHF 1 000	Switzerland		Germany		Benelux	
	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013
Gross sales	175 574	177 114	177 971	178 021	70 644	73 222
Net sales	157 018	159 676	144 537	145 078	56 770	59 322
Operating earnings before depreciation and impairment (EBITDA) <sup>2)</sup>	26 064	23 070	10 110	8 965	(2 587)	(3 243)
in % of net sales	16.6 %	14.4 %	7.0 %	6.2 %	(4.6 %)	(5.5 %)
Operating earnings (EBIT) <sup>2)</sup>	18 075	14 836	5 320	3 459	(3 196)	(3 917)
EBIT in % of net sales	11.5 %	9.3 %	3.7 %	2.4 %	(5.6 %)	(6.6 %)

CHF 1 000	CEE <sup>1)</sup>		Group's headquarter and consolidation		Group	
	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013
Gross sales	117 322	126 736	–	–	541 511	555 093
Net sales	93 893	102 036	–	–	452 218	466 112
Operating earnings before depreciation and impairment (EBITDA) <sup>2)</sup>	2 577	436	(22 263)	(24 392)	13 901	4 836
in % of net sales	2.7 %	0.4 %	–	–	3.1 %	1.0 %
Operating earnings (EBIT) <sup>2)</sup>	109	(2 175)	(25 132)	(27 673)	(4 824)	(15 470)
EBIT in % of net sales	0.1 %	(2.1 %)	–	–	(1.1 %)	(3.3 %)

<sup>1)</sup> CEE: Austria, Slovenia, Poland, Hungary, Czech Republic.

<sup>2)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).

Segment information has been adjusted in the wake of the ongoing development of Charles Vögele Group's internal reporting. This has led to an adjustment of the relevant prior year figures.

## 4 Financial results

CHF 1 000	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013
Financial income	196	158
Financial expenses	(4 865)	(6 257)
Foreign exchange differences	(904)	3 106
<b>Total Financial results, net</b>	<b>(5 573)</b>	<b>(2 993)</b>

## 5 Income tax expenses

As reported in the previous year income tax expenses in the first half-year 2014 result mainly from taxable profit-making subsidiaries.

## 6 Earnings per share

		1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013 <sup>1)</sup>
Net profit/(loss)	CHF 1 000	(12 172)	(20 500)
Weighted average number of shares	number	8 429 456	8 399 289
Adjustment for potentially dilutive share options	number	-	-
Weighted average number of shares for diluted earnings per share	number	8 429 456	8 399 289
<b>Basic earnings per share</b>	<b>CHF</b>	<b>(1.44)</b>	<b>(2.44)</b>
<b>Diluted earnings per share</b>	<b>CHF</b>	<b>(1.44)</b>	<b>(2.44)</b>

<sup>1)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).

## 7 Inventories

CHF 1 000	30.06.2014	31.12.2013
Current inventory, gross	104 116	110 826
Inventory valuation allowance	(23 307)	(22 033)
<b>Current inventory (current and previous seasons), net</b>	<b>80 809</b>	<b>88 793</b>
Upcoming season	53 098	59 670
Heating oil	308	308
<b>Total</b>	<b>134 215</b>	<b>148 771</b>

### 7.1 Value adjustments on inventories

CHF 1 000	1 <sup>st</sup> Half-Year 2014	1 <sup>st</sup> Half-Year 2013
<b>Balance at 1 January</b>	<b>(22 032)</b>	<b>(23 266)</b>
(Creation)/release of value adjustments	(1 409)	1 988
Effect of exchange rates	134	(369)
<b>Balance at 30 June</b>	<b>(23 307)</b>	<b>(21 647)</b>

The value adjustment is based on a valuation system derived from the age structure of the goods. The rates have been adjusted following the focus on maintaining the most up-to-date inventories possible.

## **8 Cash flows from investing activities**

During the first half of 2014, CHF 6.8 million net (previous year CHF 4.3 million net) was invested in fixed and intangible assets. Restrictive investments during both first half-years were a result of the actual business development.

## **9 Treasury shares**

For the participation of management Charles Vögele Holding AG held as at 30 June 2014 336522 (30 June 2013: 379155) treasury shares.

## **10 Distribution to shareholders**

On 20 May 2014 the Annual Shareholders' Meeting decided not to pay a dividend for the 2013 financial year as in the previous year.

## **11 Post balance sheet events**

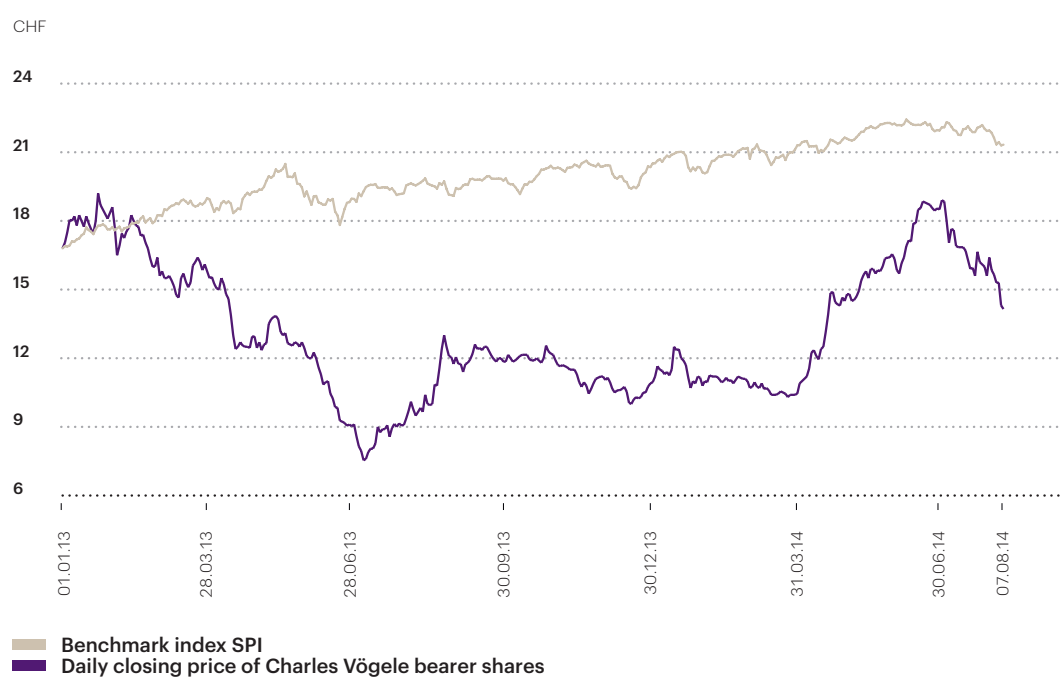
The present interim financial statements take into consideration events occurring between the balance sheet date and 13 August 2014. There were no significant post balance sheet events. The interim financial statements were approved by the Charles Vögele Holding AG Board of Directors on 13 August 2014.



## SHARE INFORMATION

### Share performance

Price performance of Charles Vögele Holding AG bearer shares at SIX Swiss Exchange from 1 January 2013 to 7 August 2014:



Listed at: SIX Swiss Exchange, Zürich

Swiss securities number: 693777

ISIN-Code: CH 000693777

Abbreviation: VCH

Bloomberg: VCH SW

Reuters: VCHZ.S

## Share information

		30.06.2014	31.12.2013
Bearer shares	number	8 800 000	8 800 000
Par value	CHF	3.00	3.00
Share price as per closing date	CHF	18.50	10.90
Share price:			
– Year high	CHF	18.90	19.60
– Year low	CHF	10.25	7.00
Average trading volume per day	number	50 139	55 866
Free float <sup>1)</sup>	%	80	75
Stock capitalization	CHF mill.	163	96
Book value per share <sup>2)</sup>	CHF	18	19

<sup>1)</sup> According to free-float declaration SIX.

<sup>2)</sup> Prior year figures have been adjusted accordingly to Swiss GAAP FER (see note 2 consolidated interim financial statements).

## FINANCIAL CALENDAR

**24 March 2015**

**Media and analysts conference**

**Annual results 2014**

**29 April 2015**

**Annual Shareholders' Meeting**

**Annual results 2014**

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All statements made in this report 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.

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