

# 2013 ANNUAL RESULTS

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



# OPERATIONAL TURNAROUND CONFIRMED

## Positive EBITDA and significantly lower consolidated loss

- Challenging market environment
- Focus on main markets
  - Completion of Group Management
  - Country portfolio reviewed
  - Streamlining of store portfolio on track
  - Improvements to range and merchandise availability
- Turnaround confirmed: third consecutive half-year with positive EBITDA
- Significantly lower consolidated loss





## KEY FIGURES 2013

**Sales →, gross profit →, EBITDA →**

- Net sales fall -2.6% (CHF -25 million) to CHF 947 million
- Better quality sales: gross profit margin well above previous year at 65.8 % (2012: 61.9%)
- Operating expenses down by CHF 25 million
- Positive EBITDA of CHF 28 million (2012: CHF -18 million)
- Consolidated loss reduced by CHF 76 million to CHF -35 million
- Free cash flow of CHF 27 million (2012: CHF 15 million)

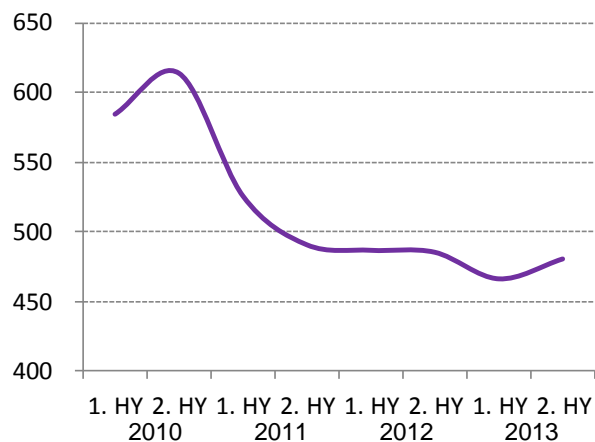


# KEY FIGURES 2013

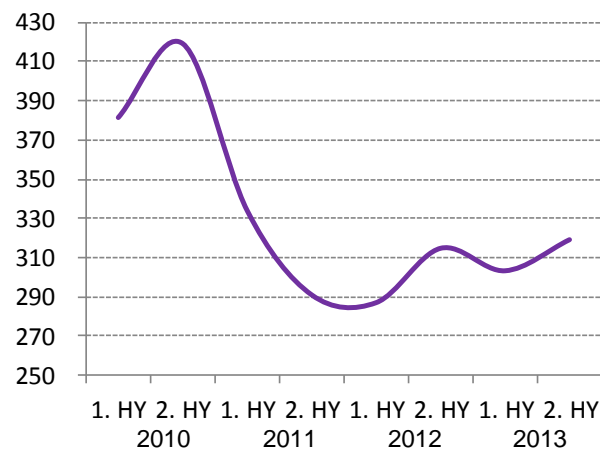
## Turnaround in gross profit and EBITDA confirmed

(CHF million)

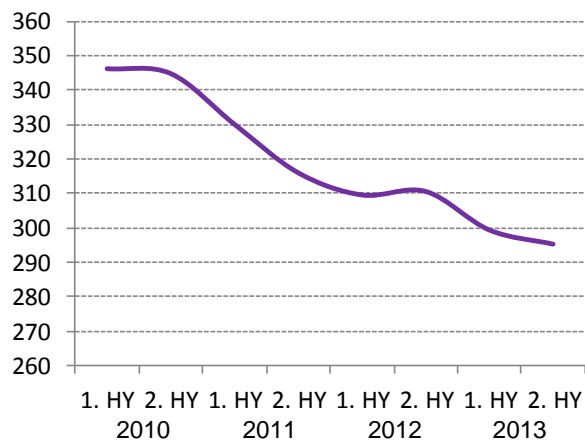
**Net sales**



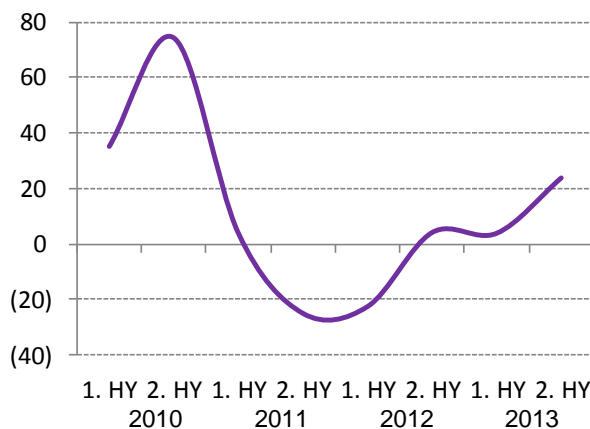
**Gross profit**



**Total operating expenses**



**EBITDA**



- HY2 sees sales increase for first time (since 2010)
- Cost trend has reduced break-even point
- Third consecutive half-year with positive EBITDA

# KEY FACTS 2013

## Management focus on turnaround

### MANAGEMENT AND ORGANIZATION

- Group Management complete
- Management structure and organization stabilized
- Focus on daily business and core projects

### IMPROVING PERFORMANCE

- Quality of sales
- Availability of merchandise
- Streamlining country/store portfolio
- More focused marketing activities
- Cost efficiency

### GETTING CLOSER TO THE MARKET

- Focus range on most important group: women's clothing
- Sales floors: develop store format strategy
- Market: focus on core Swiss market

# IMPROVING PERFORMANCE

## Sales quality & merchandise availability

- Targeted reduction in markdowns
- Merchandise management in country organizations strengthened
- Improvements in all main merchandise groups

## Streamlining of country/store portfolio

- Review of country portfolio completed
- Withdrawal from Poland and Czech Republic proceeding as planned
- Streamlining of store portfolio completed

## Cost measures

- Sustainable cost focus established

# GETTING CLOSER TO THE MARKET

## Range

- Improvements to range having an effect: positive trend in main merchandise groups
- Supplementary ranges strengthened, especially for Switzerland
- Greater depth of range

## Sales floor

- Development of store format strategy
- Pilot stores show potential of improved shop floor

## Market

- Customer service training for sales staff in Switzerland
- Increased marketing efficiency and activities in new media channels

# INCOME STATEMENT

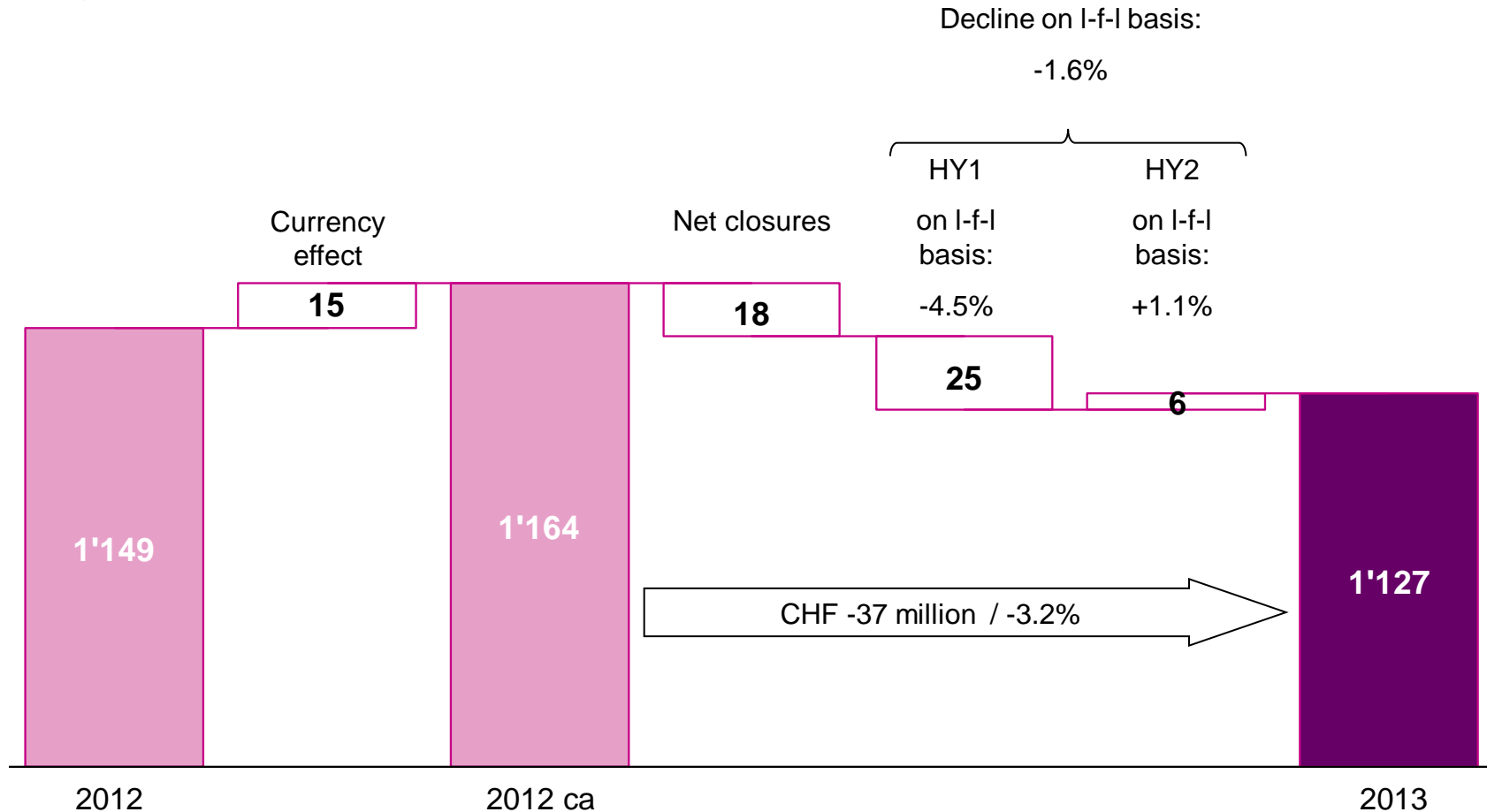
(CHF million)	2013	2012*	△	△ in %
Gross sales	1'127	1'149	(22)	(2%)
Net sales	947	972	(25)	(3%)
Gross profit	623	602	+21	+3%
as % of net sales	65.8%	61.9%		
Total operating expenses	(595)	(620)	+25	+4%
as % of net sales	62.8%	63.8%		
EBITDA	28	(18)	+46	
as % of net sales	3.0%	-1.9%		
EBIT	(22)	(101)	+79	
as % of net sales	-2.3%	-10.4%		
Net profit/(loss)	(35)	(111)	+76	

\*Figures restated (IAS 19, personnel expense)



# CONSOLIDATED GROSS SALES (in CHF million)

## L-f-I growth in second half-year



# CONSOLIDATED GROSS SALES BY REGION (in CHF million)

## Second HY much better than first

	Switzerland	Germany	Benelux	CEE	Group
Development 1HY (I-f-I)	(7.6%)	(4.8%)	+1.7%	(2.6%)	(4.5%)
Development 2HY (I-f-I )	(1.9%)	(0.6%)	+5.5%	+5.2%	+1.1%
Development (I-f-I)	(4.8%)	(2.7%)	+3.6%	+1.3%	(1.6%)

# GROSS PROFIT

## Gross profit up thanks to better margins

- Increase of CHF 21 million (from CHF 602 million to CHF 623 million)
  - Lower volume and currency influence: CHF -15 million
  - Positive margin effect: CHF 36 million

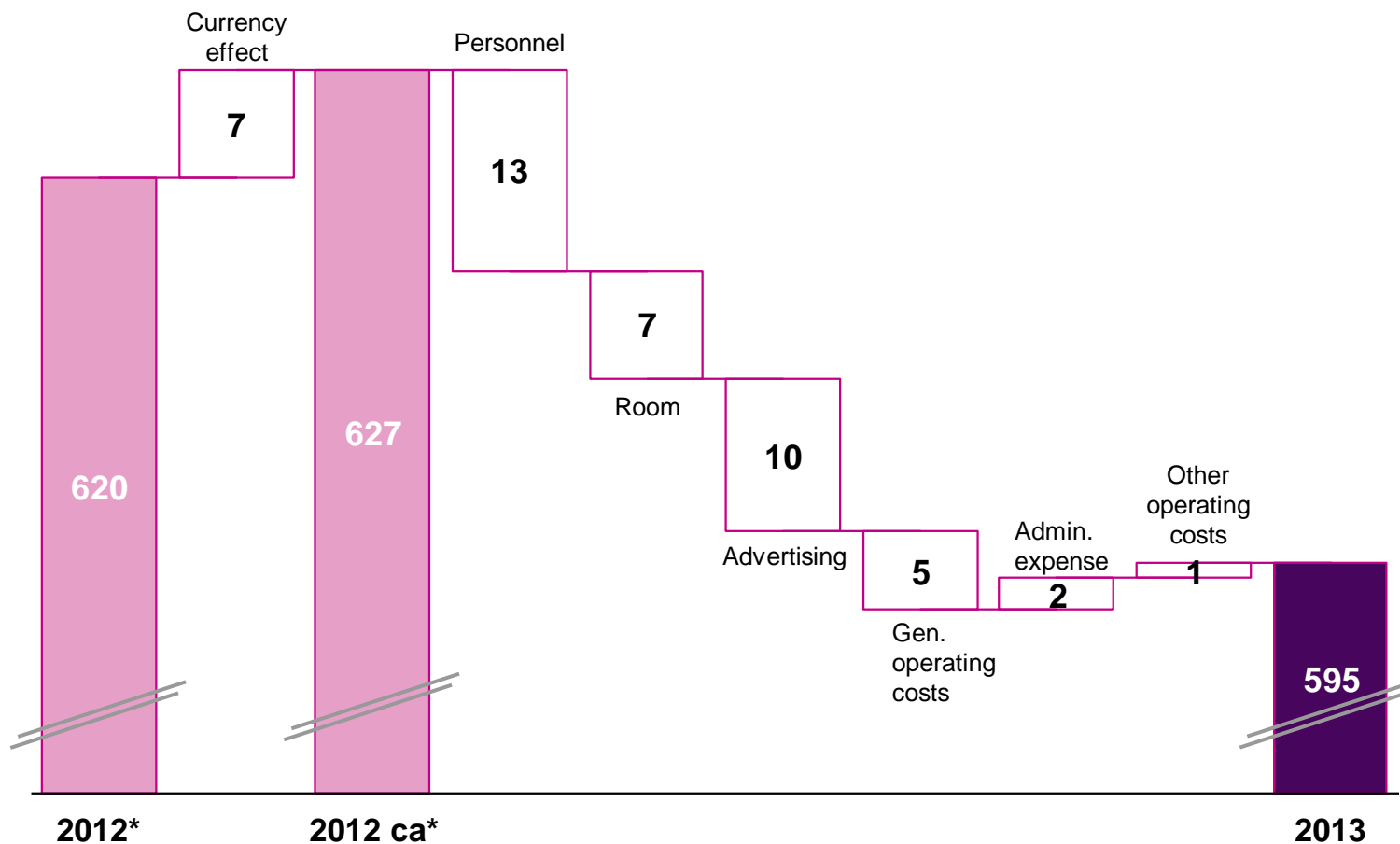
### Influencing factors:

- Merchandise availability and range
- Declining footfall and customer numbers
- Streamlining of floorspace
- Targeted, deliberate reduction in markdowns
- Reduced inventory losses
- Higher share of sales for consignment stock
- Positive currency effect



# OPERATING COSTS (in CHF million)

**CHF 32 million saving after currency influences**



\*Figures restated (IAS 19, personnel expense)

# IMPROVED PERFORMANCE IN 2ND HALF

(CHF million)	1. HY 2013	1. HY 2012*	Δ 1. HY	2. HY 2013	2. HY 2012*	Δ 2. HY
Net sales	466	487	(21)	481	485	(4)
Gross profit	303	287	+16	320	315	+5
as % of net sales	65.0%	58.9%		66.5%	64.9%	
Total operating expenses	(299)	(310)	+11	(296)	(310)	+14
as % of net sales	64.2%	63.7%		61.5%	63.9%	
EBITDA	4	(23)	+27	24	5	+19
as % of net sales	0.9%	-4.7%		5.0%	1.0%	

\*Figures restated (IAS 19, personnel expense)



# REGIONAL PERFORMANCES

## Better operating result before depreciation (EBITDA) in all markets

### Region Switzerland

(CHF million)	2013	2012
Net Sales	321	341
EBITDA	38	36
Store portfolio at 1 January	170	168
<i>Openings</i>	1	3
<i>Closings</i>	(3)	(1)
Store portfolio at 31 December	168	170

### Region Germany

(CHF million)	2013	2012
Net Sales	296	304
EBITDA	8	(12)
Store portfolio at 1 January	291	293
<i>Openings</i>	5	9
<i>Closings</i>	(15)	(11)
Store portfolio at 31 December	281	291

### Region Benelux

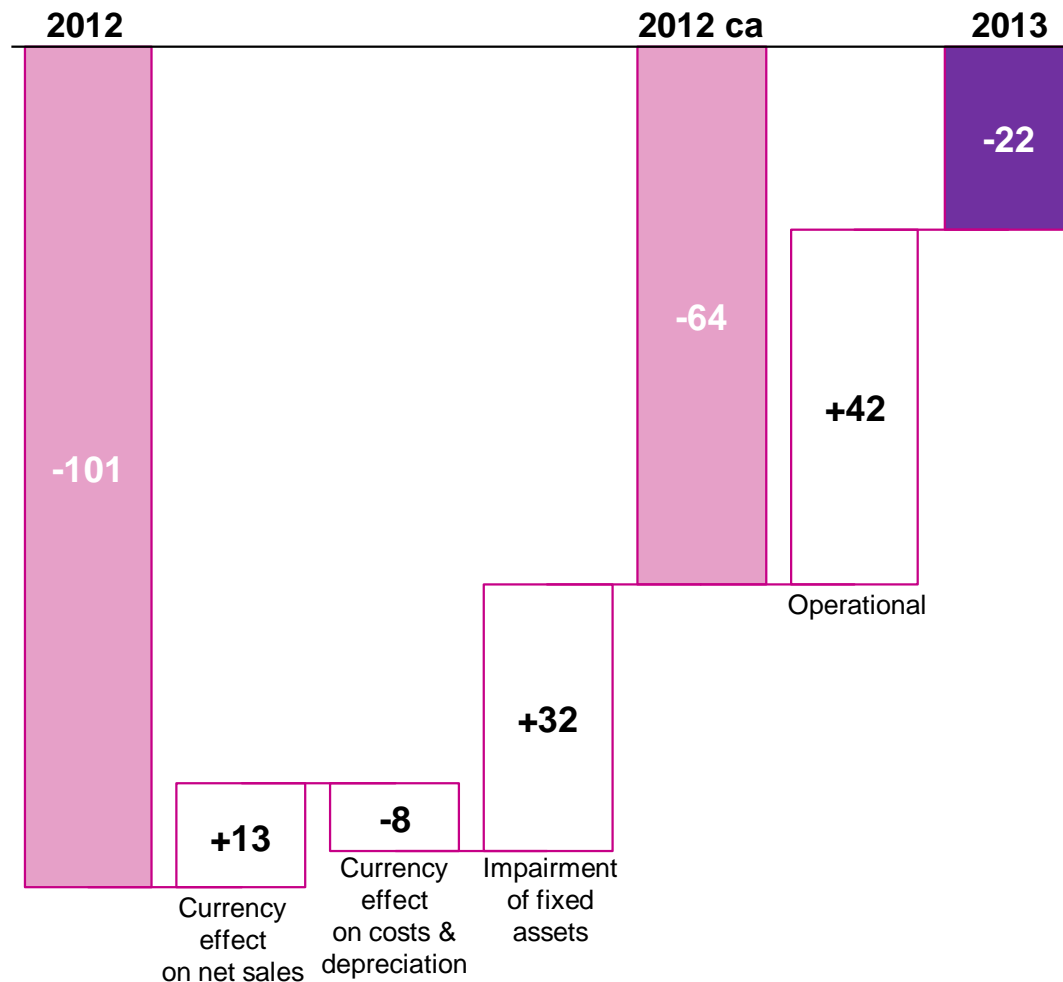
(CHF million)	2013	2012
Net Sales	120	118
EBITDA	(10)	(20)
Store portfolio at 1 January	148	154
<i>Openings</i>	0	1
<i>Closings</i>	(7)	(7)
Store portfolio at 31 December	141	148

### Region CEE

(CHF million)	2013	2012
Net Sales	210	209
EBITDA	(8)	(22)
Store portfolio at 1 January	203	202
<i>Openings</i>	2	5
<i>Closings</i>	(14)	(4)
Store portfolio at 31 December	191	203

# COMPARING EBIT TO YEAR-BACK FIGURE

## CHF 42 million operational improvement in EBIT



# OVERVIEW OF EBIT TO NET PROFIT

## CHF 76 million improvement in net result

(CHF million)	2013	2012*	△	
EBIT	(22)	(101)	+79	
as % of net sales	-2.3%	-10.4%		
Financial expenses	(11)	(10)	(1)	▪ Stable use of financing facilities, slightly higher interest rates
Exchange losses	4	1	+3	▪ Realised currency gains
Tax expenses	(6)	(1)	(5)	▪ Tax charges for previous years
Net profit/(loss)	(35)	(111)	+76	
as % of net sales	-3.7%	-11.3%		

\*Figures restated (IAS 19, personnel expense)

# INVESTMENT

## Investment activity remains at low level

(CHF million)	2013	2012	△
Store openings	1	4	(3)
Refurbishments/renovation	5	7	(2)
Other	1	0	+1
Total regions	7	11	(4)
Group infrastructure	4	3	+1
Total Group, net	11	14	(3)

# FREE CASH FLOW

## Free cash flow still positive

(CHF million)	2013	2012*	△
<b>EBITDA</b>	<b>28</b>	<b>(18)</b>	<b>+46</b>
Change in net working capital	21	56	(35)
Net financial & tax expenses	(11)	(9)	(2)
<b>Cash flow from operating activities</b>	<b>38</b>	<b>29</b>	<b>+9</b>
Cash flow from investing activities	(11)	(14)	+3
<b>Free Cash Flow</b>	<b>27</b>	<b>15</b>	<b>+12</b>
Cash flow from financing activities	(44)	(38)	(6)
<b>Net change in cash &amp; cash equivalents</b>	<b>(17)</b>	<b>(23)</b>	<b>+6</b>

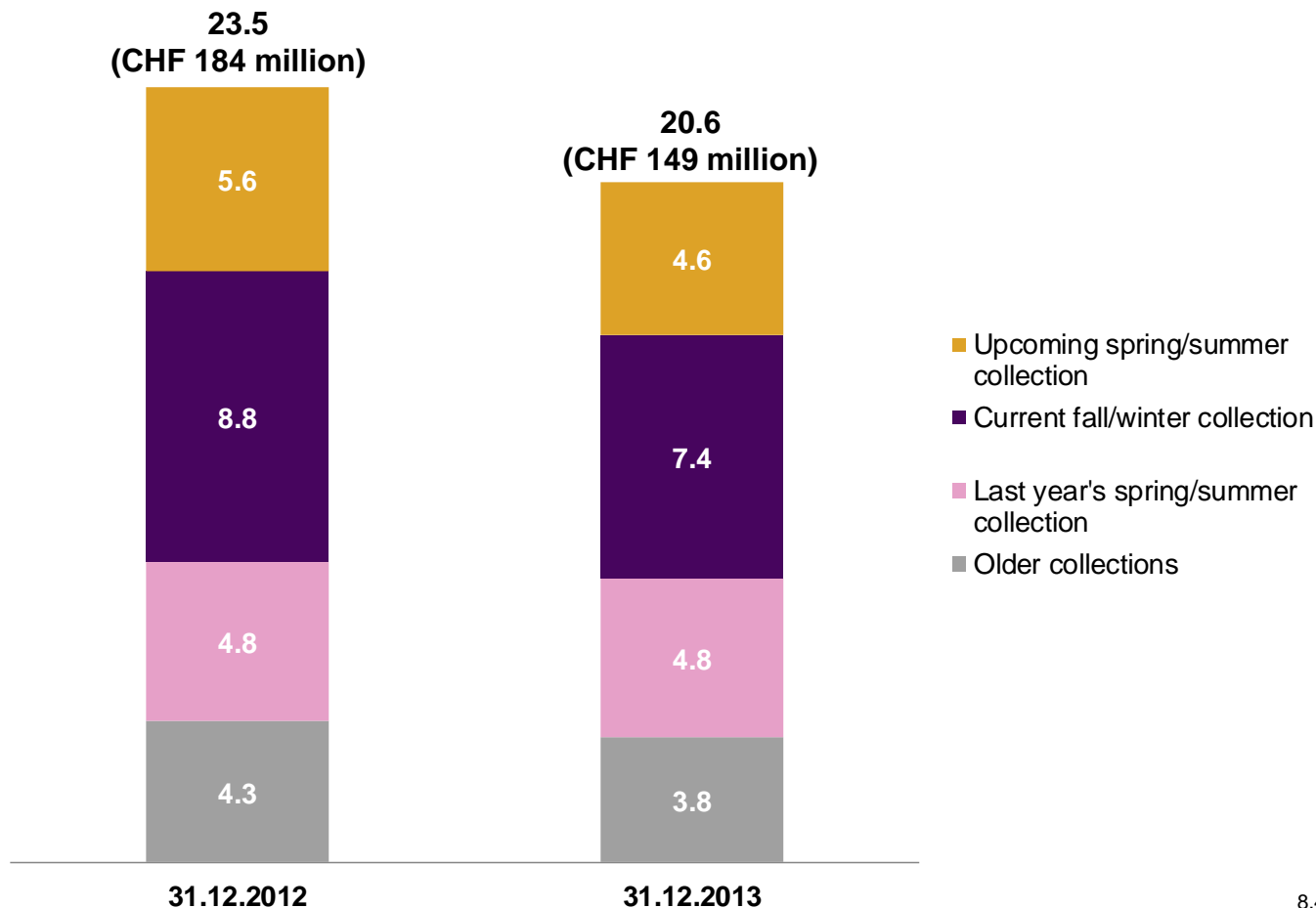
\*Figures restated (IAS 19, personnel expense)



# INVENTORIES

## Inventory reduced by around 3 million items

Inventory  
(million items)



# KEY BALANCE SHEET FIGURES

## Benchmarks stabilized or improved

(CHF million)	31.12.2013	31.12.2012*	△
Cash and cash equivalents	70	87	(17)
Inventories	149	184	(35)
Tangible assets	235	274	(39)
Net debt	(89)	(115)	+26
Total assets	522	613	(91)
Shareholders' equity	195	229	(34)
Equity ratio	37%	37%	(0%)

\*Figures restated (IAS 19, personnel expense)

## OUTLOOK FOR 2014



We are the leading Swiss fashion retailer, offering highest quality in the mid-price sector. We are known for our up-to-date, reliable range and friendly service.



## OUR CUSTOMERS – REFINING THE TARGET GROUP

Mainly women, often shopping for the entire family

Traditional values, contemporary, modern lifestyle

Want practical, functional clothes for every occasion

Want a clear, contemporary aesthetic

Value for money and friendly service important



# FOCUS ON TWO CLEAR STYLES

These are the Charles Vögele styles

## MODERN



Casual

## CLASSIC



Formal





# COLLECTION

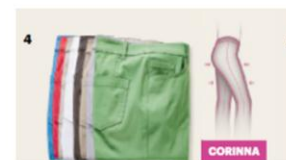
## Selective developments in the collection



### Product focus



### Perfect fit



# COLLECTION

## Selective developments in the collection

### Optimum value for money



# RANGE

## Optimized collection planning

► Availability of goods tailored to demand



► Reducing breadth of collection in favour of depth





# STORE FORMAT STRATEGY

## *Store structure and floorspace*

### More clearly structured



### Creating images



# STORE FORMAT STRATEGY

## *Store structure and floorspace*

### Combinations

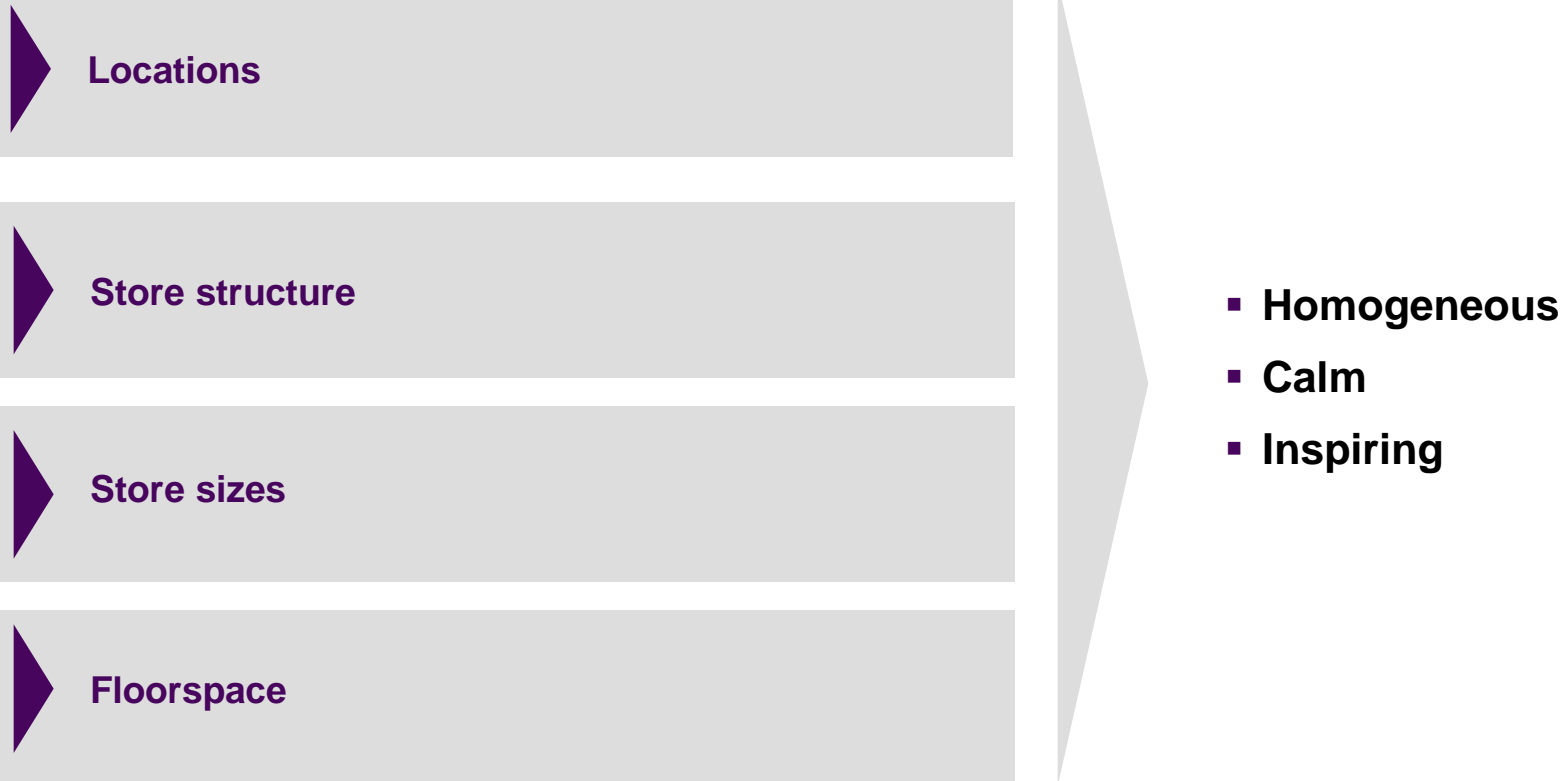


### Core departments





# STORE FORMAT STRATEGY



# MARKETING

## Optimisation existing advertising material

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Kurzarm-Bluse  
mit Krempelarm,  
in sommerlichem Streifen,  
reine Viskose

**34.95**

5-Pocket-Caprihose  
mit Strassbesatz,  
Baumwolle/Elasthan

**49.95**

Strohhut mit Rand

**14.95**





# MARKETING

## *Optimisation existing advertising material*

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2 für  
30.–

Kurzarm-Hemd  
in Seersucker-Qualität,  
«Comfort-Fit»,  
reine Baumwolle  
**29.95**

Kurzarm-Hemd  
mit Jacquard-Muster,  
«Regular-Fit»,  
reine Baumwolle  
**29.95**

Gr. 92–128  
Karo-Hemd,  
Baumwoll/Mix\*  
**14.95**

Gr. 92–128  
Jeans-Shorts,  
Baumwolle/Elasthan  
**14.95**

Poloshirt,  
reine Baumwolle  
**19.95**



# OUTLOOK FOR 2014

- Operational focus on ongoing turnaround measures
- Stop decline in sales (like-for-like)
- Breakeven operating result (EBIT level)



# THANK YOU VERY MUCH

Charles  
**Vögele**  
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- 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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