

# 2015 ANNUAL RESULTS

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



# TOUGHER OPERATING CONDITIONS AFFECT ANNUAL RESULTS

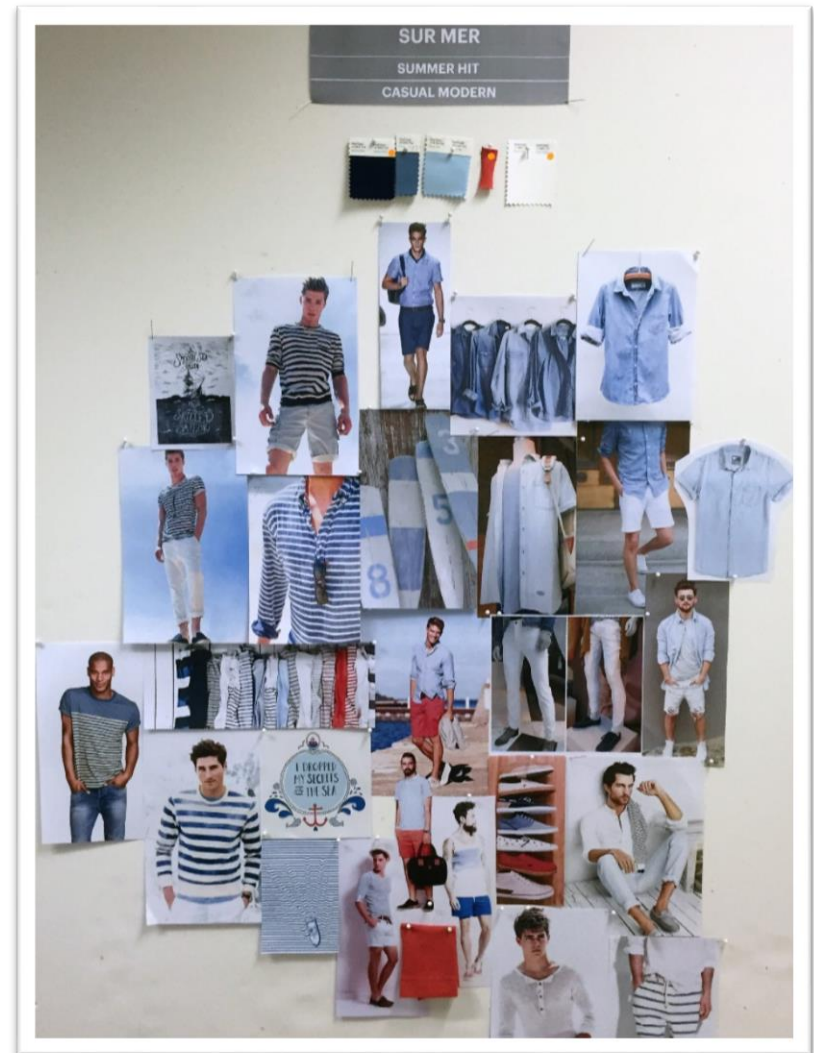
After significant progress in the last years the 2015 financial year presented the company with additional challenges:

- Removal of euro minimum rate and exceptionally warm autumn hampered sales
- **Euro shock** led to intense **competition and price pressure** in **Switzerland**
- **Operating decline** in sales resulted mainly from **Switzerland**
- **Negative currency effects** in the other sales regions, sales performance **largely stable in local currency terms**
- Good start to **second half of year and positive sales** performance in **third quarter** (like-for-like) compared to PY
- **Recordwarm autumn** hampered sales in **fourth quarter**





# MODERNIZED COLLECTION STRUCTURE IN PLACE





# WOMEN'S WEAR SALESTREND REVERSED

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Switzerland





# ROLLOUT STORE FORMAT STRATEGY ON TRACK

**NEW BACKWALL DESIGNS**

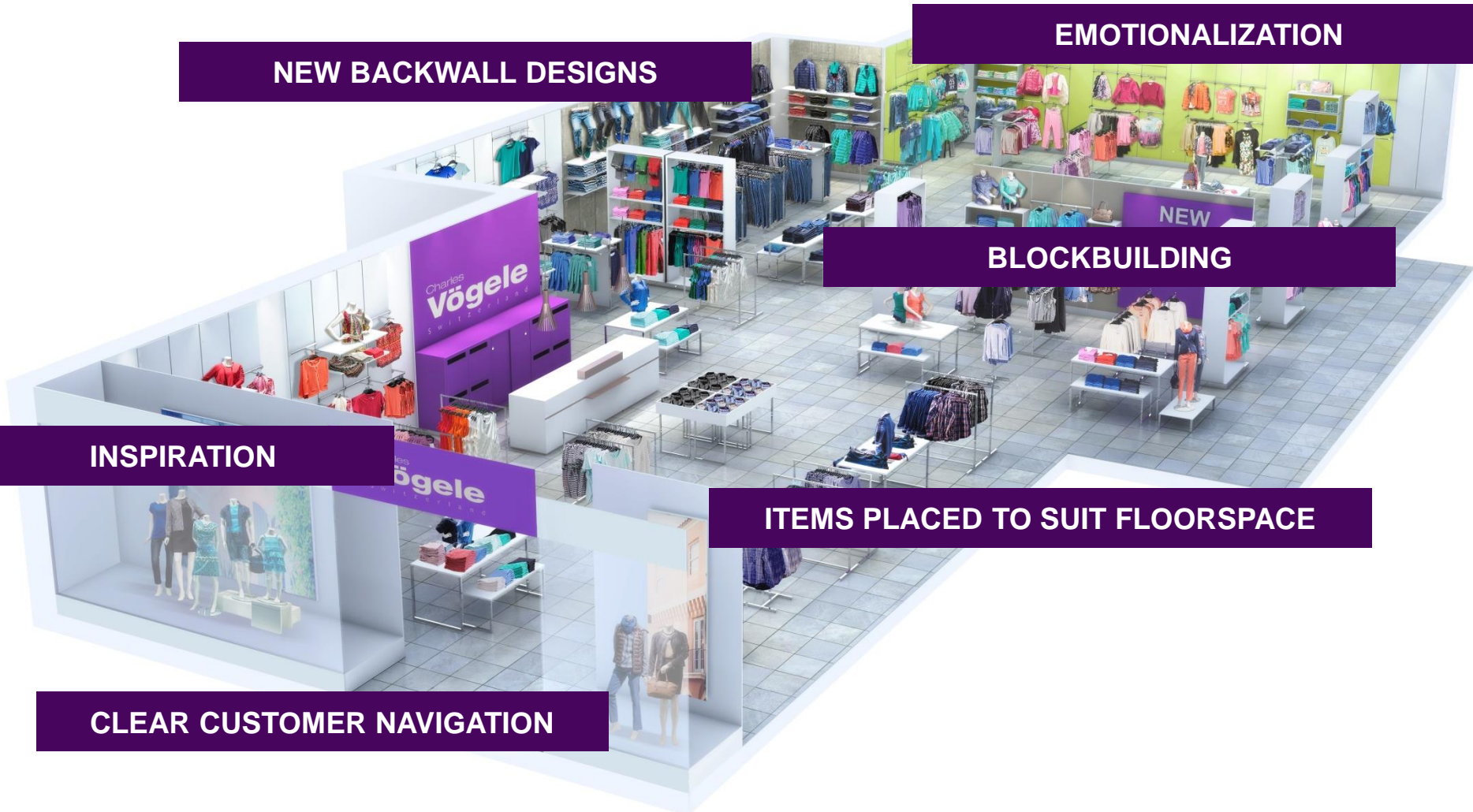
**EMOTIONALIZATION**

**BLOCKBUILDING**

**INSPIRATION**

**ITEMS PLACED TO SUIT FLOORSPACE**

**CLEAR CUSTOMER NAVIGATION**



# RELAUNCH ONLINE-SHOP

Charles  
**Vögele**  
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Für ein besseres Einkaufserlebnis nutzt Charles Vögele Cookies.

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HERREN

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**NEWSLETTER**  
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**NUR DAS BESTE FÜR UNSERE KINDER**

*Sweatshirts und vieles mehr in Bio-Baumwolle*

MEHR ERFAHREN



*create yourself* ♥

GOOD VIBES

JETZT ENTDECKEN



# RECORD LOW INVENTORY DESPITE DECLINE IN SALES



# FINANCING SECURED





# NEGATIVE CURRENCY EFFECTS & SWITZERLAND AS MAIN DRIVER OF SALES DECLINE

## Key Figures 2015

- Decline in net sales after adjusting for exchange rates and floorspace (like-for-like) -2.5% or CHF -20 million, of which CHF -18 million in Switzerland
- Net sales decreased by 11% overall to CHF 803 million (2014: CHF 901 million)
- Operating costs fell by CHF 37.2 million to CHF 525.7 million as a result of currency influences
- EBITA of CHF -9 million (2014: CHF 41 million)
- Operating earnings (EBIT) of CHF -51 million (2014: CHF 2 million)
- Net loss comes to CHF -62 million (2014: CHF -11 million)



# INCOME STATEMENT

(CHF million)	2015	2014	△	△ in %
Gross sales	955	1'076	(121)	(11%)
Net sales	803	901	(98)	(11%)
Gross profit	517	604	(87)	(14%)
as % of net sales	64.4%	67.0%		
Total operating expenses	(526)	(563)	+37	+7%
as % of net sales	65.5%	62.5%		
EBITDA	(9)	41	(50)	
as % of net sales	-1.1%	4.6%		
EBIT	(51)	2	(53)	
as % of net sales	-6.4%	0.2%		
Net profit/(loss)	(62)	(11)	(51)	

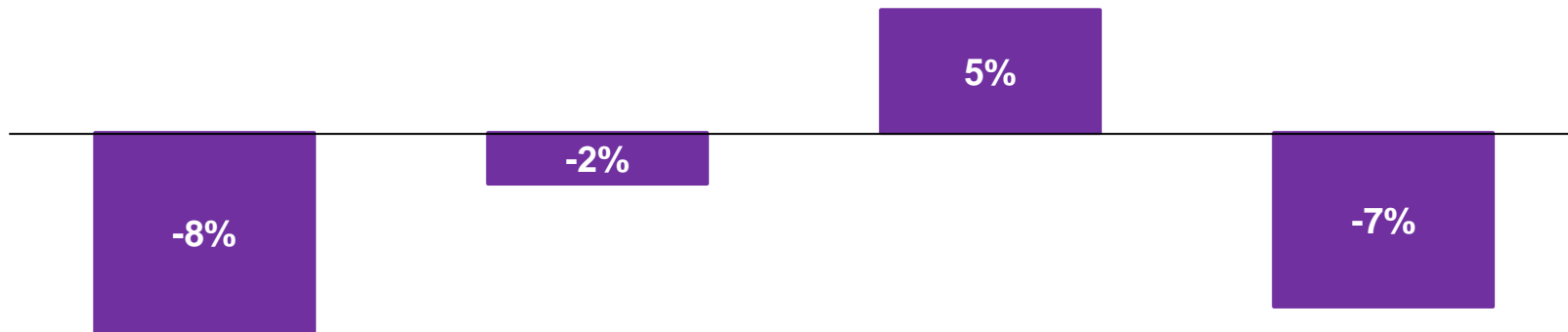




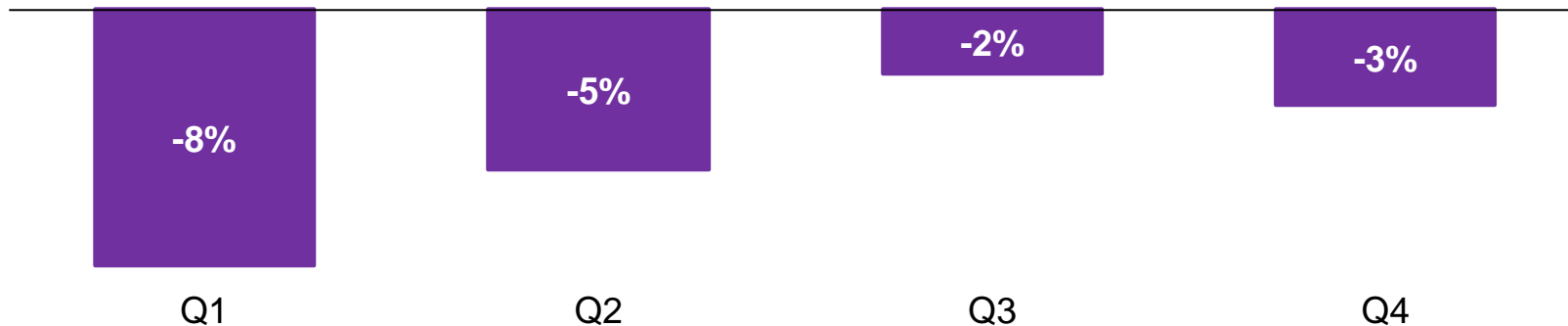
# INCREASING RECOVERY AFTER CURRENCY SHOCK IN JANUARY – SLUMP IN Q4

## Development of Net Sales (delta last year, currency adjusted)

QTD

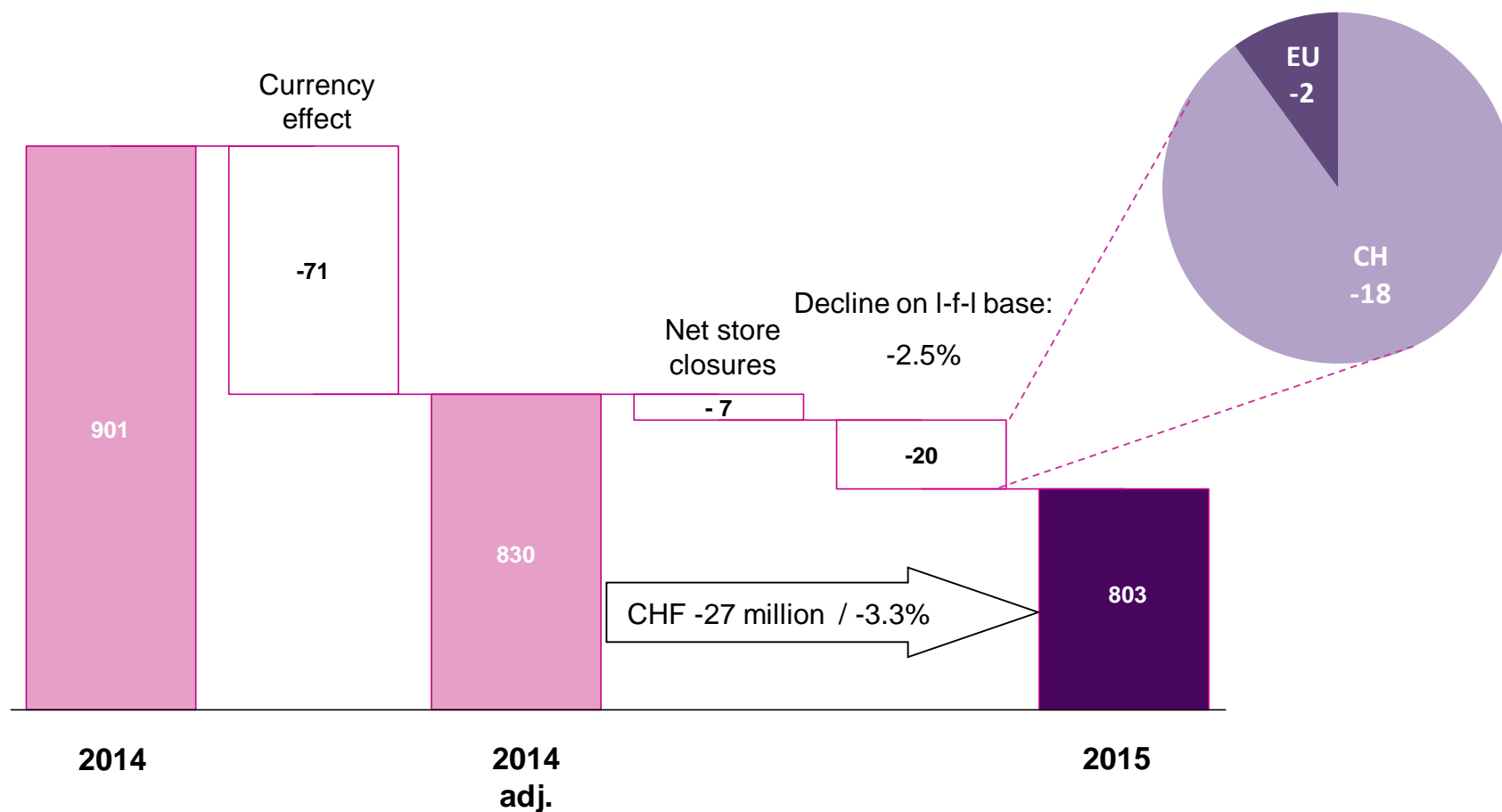


YTD



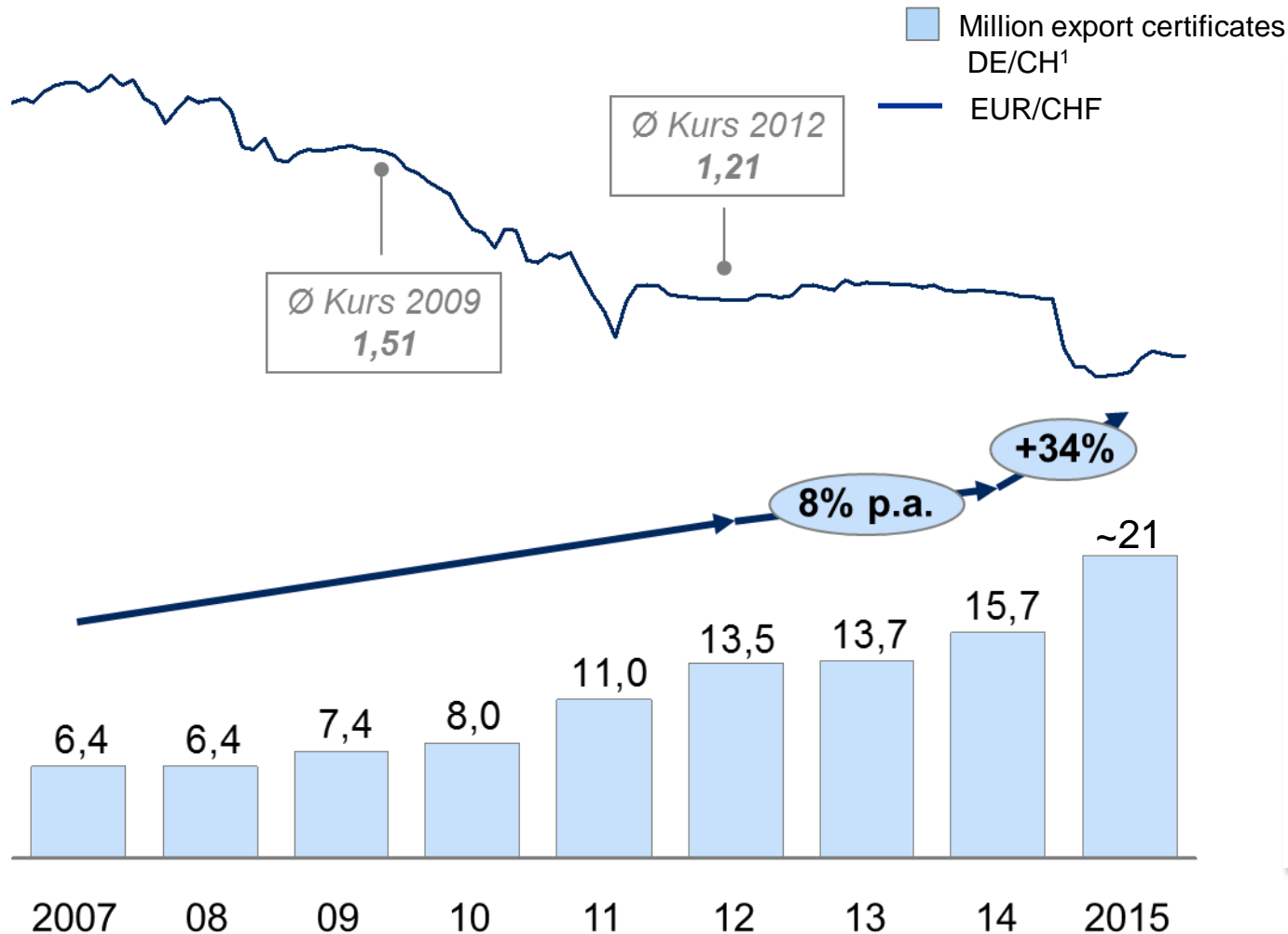
# SALES PERFORMANCE STABLE IN LOCAL CURRENCY TERMS IN EURO-REGIONS

## Consolidated Net Sales (in CHF million)





## STRONG INCREASE IN SHOPPING TOURISM AFFECTS SWITZERLAND...



- Swiss consumers respond to sharp appreciation of the franc 2009-11 by shopping more in Germany
- When exchange rate stabilizes from mid-2011, growth of cross-border shopping weakens slightly
- SNB's decision triggers another sharp increase in cross-border shopping

<sup>1</sup> Gestempelte Bescheinigungen Lörrach und Singen; 2015 Schätzung bz Basel

## ...AND LEADS TO MASSIVE PRICE PRESSURE

Zürcher Filialen schliessen

### Bernie's ist am Ende

Vor vier Jahren konnte das Modeunternehmen Bernie's gerade noch gerettet werden. Doch nun ist für das 1961 gegründete Haus definitiv Schluss. 24

NZZ, October 2015

Schweizer Modekette ist pleite

### Companys schliesst die Hälfte der Läden

HERGISWIL (NW) - NW - Der Schweizer Modekette Companys ist pleite. Sie hat wegen hoher Schulden Insolvenz angemeldet. Zwölf Filialen wurden geschlossen. Neun

Blick, September 2015

DETAILHANDEL

### Millionen-Verlust: Angeschlagene Modekette Blackout sucht Investor

AZ, February 2016

### Umsatz im Detailhandel brach seit 36 Jahren nicht mehr so stark ein

Der Schweizer Detailhandel leidet unter dem starken Franken: Im letzten Jahr klaffte ein Zwei-Milliarden-Loch in den Kassen – allein im Vorjahresvergleich.



Stichworte

[Starker Franken](#)

[Detailhandel](#)

[BAK Basel](#)

Tagesanzeiger, February 2016

WETTER

### Der Eindruck täuscht nicht: 2015 wohl das wärmste Jahr seit Messbeginn

AZ, December 2015

Starker Franken und Onlinehandel

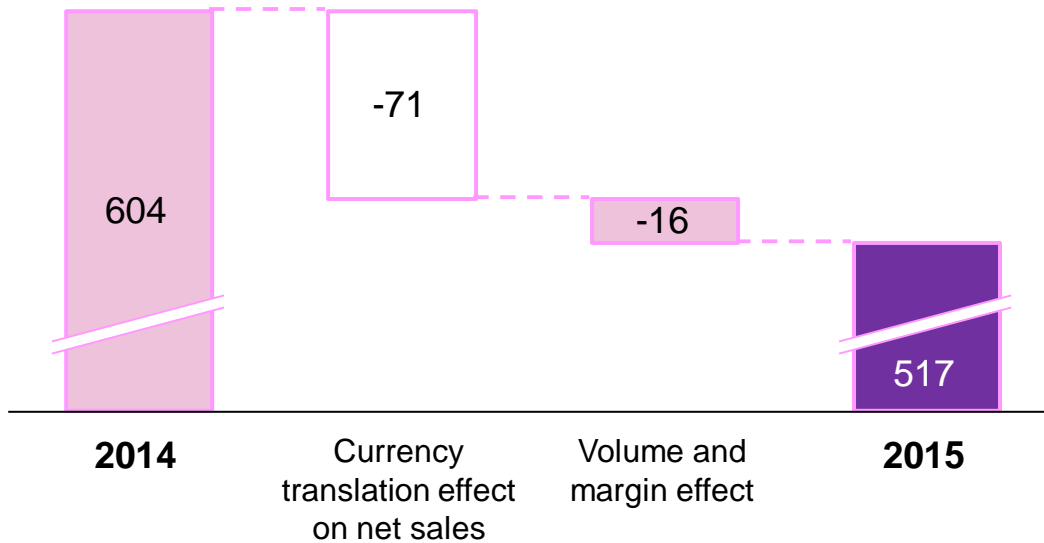
### Modehäuser kämpfen mit massiv Umsatzeinbussen

Währungsturbulenzen, Einkaufstourismus, Onlinehandel: Während die

NZZ am Sonntag, August 2015



# GROSS PROFIT MARGIN DEFENDED



## Main influences:

- FX-related decline in sales
- Increased discounting owing to price pressure
- Decline in volume
- + Reduced merchandise value adjustments



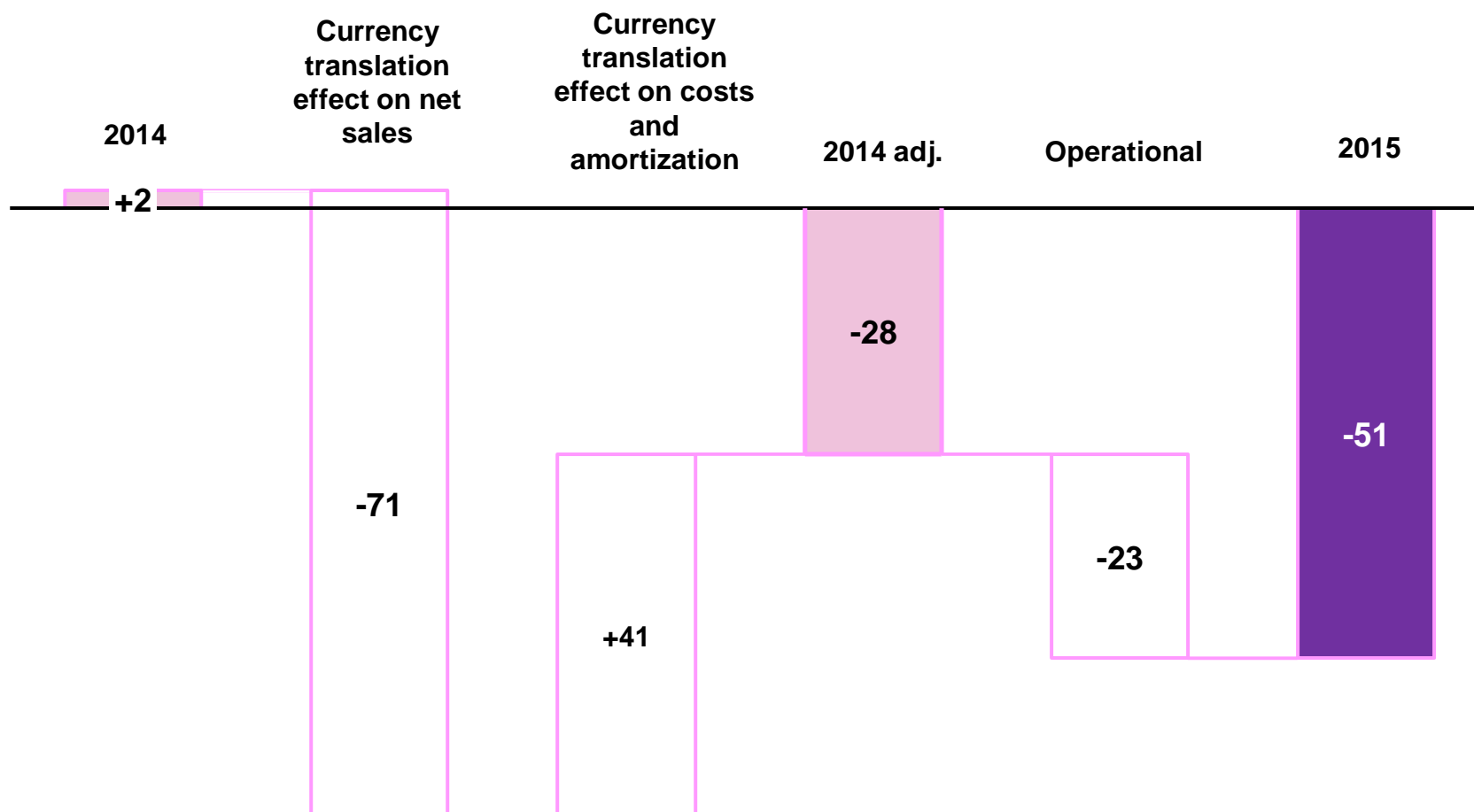
## DECLINE IN OPERATING COSTS DUE TO CURRENCY EFFECTS

### Operating costs (in CHF million)

	2015	Δ	2014 adj.	Δ	2014
Personnel expenses	(225)	(1)	(224)	+15	(239)
Premises costs	(163)	+4	(167)	+14	(181)
Advertising expenses	(62)	(5)	(57)	+5	(62)
Other OPEX	(76)	+0	(76)	+5	(81)
<b>Total operating expenses</b>	<b>(526)</b>	<b>(2)</b>	<b>(524)</b>	<b>+39</b>	<b>(563)</b>

# OPERATING EBIT DOWN

## EBIT reconciliation (in CHF million)





# THREE OUT OF FOUR REGIONS WITH POSITIVE EBITDA

## Regional performances

Region Switzerland					Region Germany				Region Benelux			
(in million)	2015		2014		2015		2014		2015		2014	
	CHF		CHF		EUR	CHF	EUR	CHF	EUR	CHF	EUR	CHF
Gross sales	319		344		292	312	293	356	112	120	114	139
Net sales	287		309		239	255	239	290	91	97	92	112
EBITDA	32		48		12	13	16	20	(5)	(6)	(5)	(6)
EBIT	10		30		4	4	7	9	(6)	(7)	(7)	(8)
Store portfolio at 1 January	167		168		282		281		139		141	
Veränderung netto	(2)		(1)		2		1		(2)		(2)	
Filial-Bestand 31 December	165		167		284		282		137		139	

Region CEE					Group's headquarter and consolidation		Group	
(in million)	2015		2014		2015	2014	2015	2014
	EUR	CHF	EUR	CHF	CHF	CHF	CHF	CHF
Gross sales	191	204	195	237	0	0	955	1076
Nettoumsatz	154	164	156	190	0	0	803	901
EBITDA	2	2	4	5	(50)	(25)	(9)	41
EBIT	(2)	(2)	(0)	(1)	(56)	(28)	(51)	2
Store portfolio at 1 January	175		191		0	0	763	781
Net change	0		(16)		0	0	(2)	(18)
Filial-Bestand 31 December	175		175		0	0	761	763

# LOWER NET RESULTS

## Overview of EBIT to Net Profit

(CHF million)	2015	2014	△
EBIT	-51	2	-53
as % of net sales	-6.4%	0.2%	
Financial expenses	-9	-10	1
Exchange losses	0	-1	1
Tax expenses	-2	-2	0
Net profit/(loss)	-62	-11	-51
as % of net sales	-7.7%	-1.1%	



# INCREASED INVESTMENT IN STORE FORMAT STRATEGY

## Investments

(CHF million)	2015	2014	△
Store openings	4.2	3.3	+0.9
Refurbishments/ renovations	35.6	13.3	+22.3
Total regions	39.8	16.6	+23.2
Group infrastructure	5.3	3.6	+1.7
Divestment	-	-4.6	+4.6
Total Group, net	45.1	15.6	+29.5





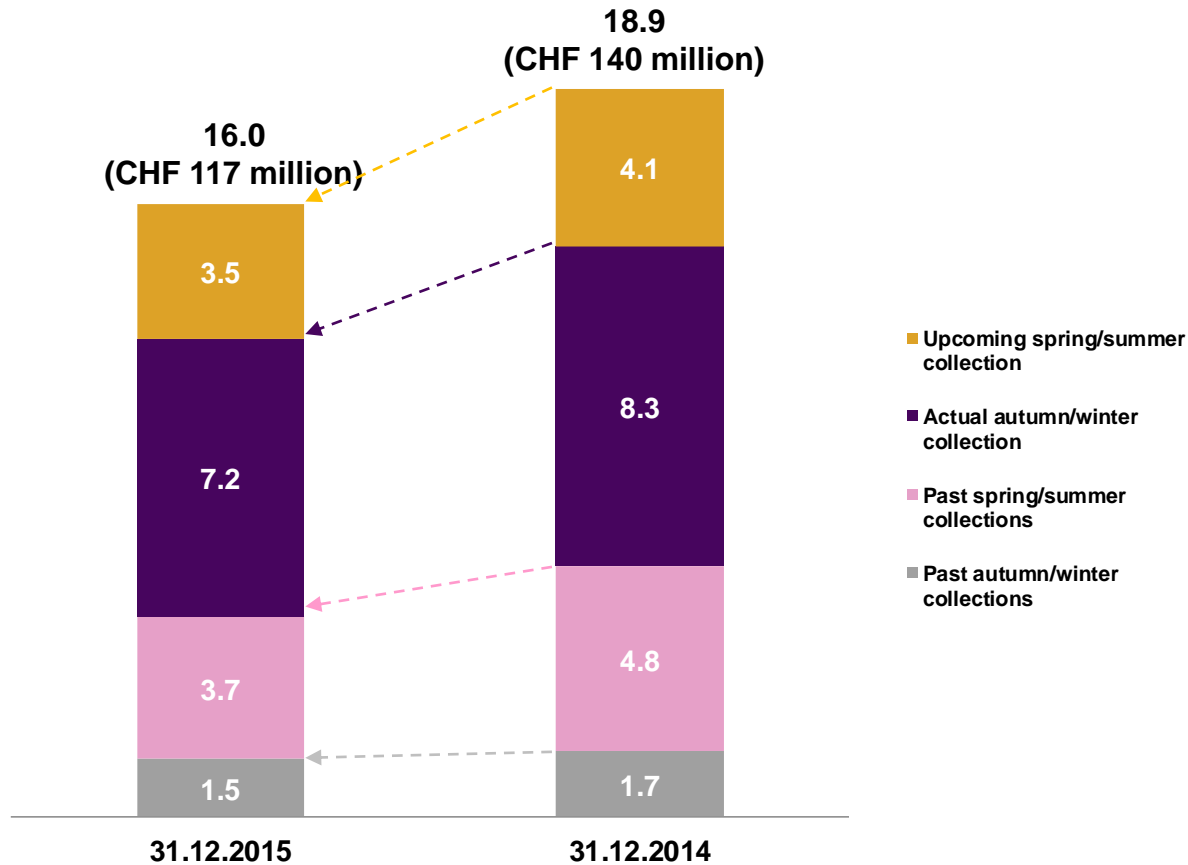
# EBITDA REDUCTION AND INVESTMENTS REDUCE FREE CASH FLOW

## Free Cash Flow

(CHF million)	2015	2014	△
<b>EBITDA</b>	<b>-9.1</b>	<b>40.9</b>	<b>-50.0</b>
Change in net working capital	1.5	2.3	-0.8
Net financial & tax expenses	-10.6	-14.2	3.6
<b>Cash flow from operating activities</b>	<b>-18.2</b>	<b>29.0</b>	<b>-47.2</b>
Cash flow from investing activities	-45.1	-15.6	-29.5
<b>Free Cash Flow</b>	<b>-63.3</b>	<b>13.4</b>	<b>-76.7</b>
Cash flow from financing activities	13.5	14.3	-0.8
<b>Net change in cash &amp; cash equivalents</b>	<b>-49.8</b>	<b>27.7</b>	<b>-77.5</b>

# IMPROVED INVENTORY STRUCTURE

## Inventories (million items)



# RECORDLOW INVENTORIES

## Key Balance Sheet figures

(CHF million)	31.12.2015	31.12.2014	△
Cash and cash equivalents	45	97	(52)
Inventories	117	140	(23)
Tangible assets	211	215	(4)
Net debt	141	77	+64
Total assets	395	473	(78)
Shareholders' equity	88	155	(67)
Equity ratio	22%	33%	(10%)





# OUTLOOK FOR 2016

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# INTENSIFIED TRANSFORMATION PROGRAM

# CVISION

## PRODUKT

*Inspirieren*

- Trends & performance
- Continue to develop appeal of collection
- Quality & price
- Format strategy

## POSITIONIERUNG

*Emotionalisieren*

- Revitalization brand
- CRM-Marketing

## PROZESSE

*Optimieren*

- Flexibilisation of Planning processes & systems
- Vertical supply chain
- Structural cost adjustment
- E-Shop growth



## CORE THEME PRODUCT *DEVELOP BEACON PRODUCTS*

- Develop “Best in Class” products to sharpen positioning.
- Based on current profiling a high quality ladies’ denim jean was developed; all the added value was highlighted and communicated externally
- These jeans fulfil our value proposition with regard to quality and modernity





## CORE THEME PRODUCT *CREATE YOURSELF*

- In-season management:  
extra purchasing at short notice to address customer needs
- Develop fast track ladies' collection as fashion spearhead
  - 10 collections per year (new each month)
  - Focus: modern casual
  - Production in Europe



# CORE THEME PRODUCT *IMAGES OF FORMAT STRATEGY*





# CORE THEME PRODUCT STORE FORMAT STRATEGY

Refine concept in two dimensions:



Targetgroup specific experiences



# CORE THEME PRODUCT STORE FORMAT STRATEGY

Refine concept in two dimensions:



**Emotionalisation**

# CORE THEME PRODUCT IMAGES OF FORMAT STRATEGY

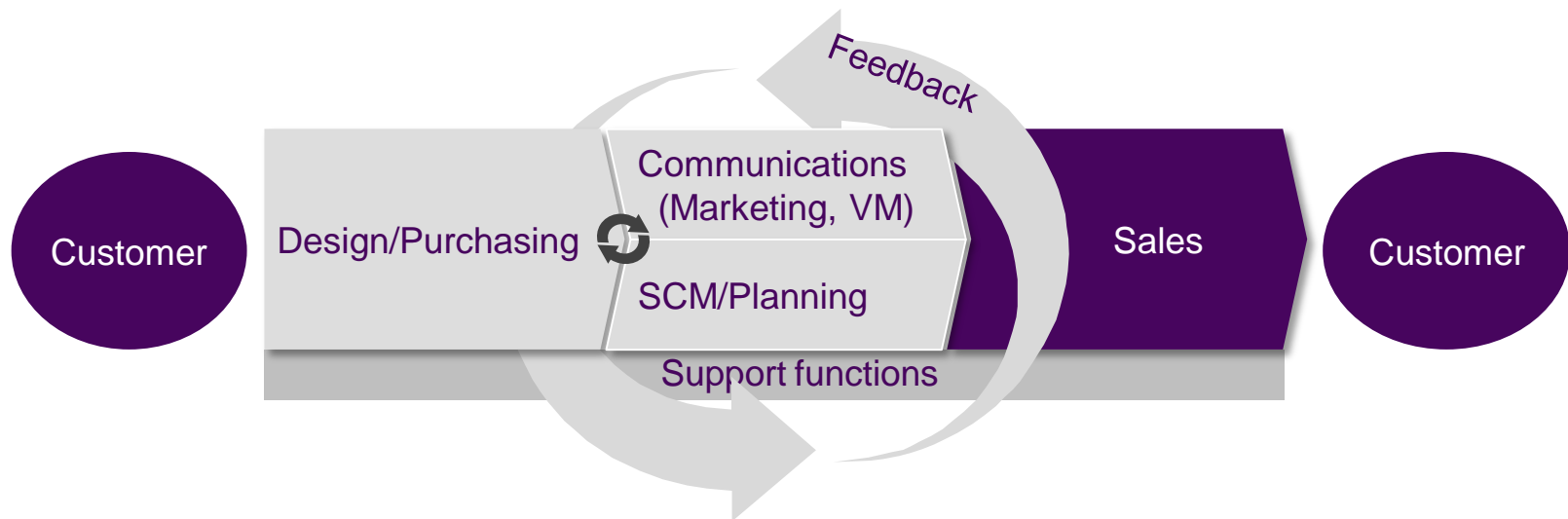




## CORE THEME PROCESSES

### VERTICAL ORGANIZATIONAL STRUCTURE

**Leaner, more efficient and vertical throughout!**



- Process-oriented, completely vertical company structure arranged by product groups for a close coordination **WITHOUT** silos
- End-to-end responsibility for execution from design to shop floor
- Integrated working
- Structural cost adjustment initiated

## OUTLOOK 2016

# CVISION

- Focus on implementing “CVision” package of measures
- Positive result at EBITDA level for 2016
- Positive result at EBIT level for 2018
- More precise guidance concerning 2016 will be communicated on the occasion of the publication of the half-year figures 2016





# THANK YOU VERY MUCH

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- Annual Shareholders' Meeting, 2015 annual financial statements 18.05.2016
- Media and analysts conference, 2016 half-year financial statements 24.08.2016

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