

MEDIA RELEASE

Annual results 2010

Charles Vögele Group: Return to profit – 3-pillar strategy takes effect

- **Positive net profit of CHF 18 million despite falling net sales**
- **EBITDA well over 100 million mark**
- **Shake-out of old stock completed**
- **Sales of current-season stock rise by more than 7%**
- **Refocusing of merchandise organization and doubling of collection tempo from four to eight per year**

Charles Vögele Group recorded a net profit of CHF 18 million for the 2010 financial year. This positive result is mainly due to the initial success of strategic measures initiated in 2009 to modernize every aspect of the company. Given the Group's healthy net cash position of CHF 26 million and its solid equity ratio of 62%, the Board of Directors is proposing to the Annual Shareholders' Meeting that a par value repayment of CHF 0.50 per share be distributed to shareholders.

Pfäffikon SZ, 8 March 2011 – The 2010 financial year was characterized by a highly competitive market environment. The economic situation in sales markets remained difficult. Consumer sentiment was dampened by the uncertain outlook and fears of a slide back into recession.

After adjusting for changes in exchange rates and floorspace (like-for-like): net sales below previous year

Net sales fell by 8.6% in the 2010 financial year to CHF 1 198 million (previous year: CHF 1 310 million). Approximately CHF 74 million of this fall was due to the sharp depreciation of foreign currencies (mainly the euro) against the Swiss franc. Charles Vögele Group generates 62% of its net sales in euros. After adjusting for currency movements and changes in floorspace, like-for-like sales were down –2.7%, or CHF 31 million. The second half of the year was the first sales season not to be encumbered by old stock. In 2010 Charles Vögele increased the percentage of sales accounted for by new-season items to 84% (previous year 75%). It also managed to neutralize much of the currency influence on the gross profit figure thanks to prompt hedging of the main currencies, the euro and US dollar. As a result, the gross profit margin improved to 66.9% (previous year 61.2%).

Exchange rate influences helped push down operating costs by CHF 40 million from the 2009 figure to CHF 691 million. 2010 was the first full year in which the group benefited from the new cost structure, with no need to store old stock. Charles Vögele's EBITDA earnings figure of CHF 110 million once again clearly surpassed the 100 million mark. At 9.2% of net sales, the figure also represented an important step on the way to the medium-term objective of 10%. Streamlining of the branch portfolio and the consolidation of logistics locations were the main reasons for a one-off CHF 5 million increase in depreciation. Operating earnings at the EBIT level came to CHF 38 million, up from CHF 30 million in 2009.

Planned par value repayment based on solid equity capital

From operating cash flow of CHF 88 million the Group made net investments of CHF 46 million and cut debt by CHF 36 million. Free cash flow stood at CHF 42 million. Given the healthy cash position and the high equity ratio of 62%, and following the established dividend policy, the Board of Directors is proposing to the Annual Shareholders' Meeting that the Group distribute a par value repayment of CHF 0.50 per share.

Transformation into vertically structured lifestyle provider

Following the rigorous implementation of its strategy, Charles Vögele Group completed the sell-off of old stock during the year under review. Since mid-2010 all our stock has been less than 18 months old. Building on this strategy, Group Management pressed ahead with a comprehensive programme of measures throughout the supply chain aimed at modernizing all areas of the Group. Three of the most important milestones – one from each of the strategic pillars "Fascination", "Growth", and "Processes" – were the hiring of Penélope and Mónica Cruz and Til Schweiger as brand ambassadors, the launch of an own-brand lingerie collection, and the refocusing and centralization of the merchandise organization. The company was reorganized strictly according to the core competencies of collection development, stock planning and procurement. From autumn 2010 onwards this simplification and streamlining of processes has allowed us to double the rate of collection release, from four to eight collections a year. Charles Vögele made further important progress with the optimization of its branch network and the roll-out of the new store design. By the end of 2010, more than seventy stores had been given the new look, including the flagship stores in Zurich and Bern that were reopened in March and October 2010. As well as the presentation of the company's first lingerie collection in autumn 2010, further product groups, especially accessories and shoes, are currently being introduced. Finally, Charles Vögele is backing Fashion Days Zurich as the main sponsor from 2010 to 2012, giving the Group an opportunity to show off its fashion credentials to a wide audience. On the opening night of the 2010 event Charles Vögele presented Biaggini Violet, the new collection developed by Penélope and Mónica Cruz.

Strengthening management

In July 2010, the Board of Directors appointed Frank Beeck as Charles Vögele's new Chief Sales Officer and Member of Group Management. He has taken charge of all distribution channels, including responsibility for developing the new online shop that was opened in February 2011. During the period under review, Charles Vögele recruited a number of highly experienced industry professionals to strengthen its second tier of management in the e-Commerce, Visual Merchandising and Marketing and Sales divisions.

Outlook

The task in 2011 will be to consolidate the early successes of the new strategy and to implement the measures that have been defined. The Group will initially strive for internal growth, strengthening its position in the main markets and optimizing its product range and branch network. The Board of Directors and Group Management expect to see a turnaround in the sales trend in 2011, and with it a permanent return to a positive growth trajectory. At the same time, Management continues to aim for an EBITDA margin of 10% over the medium term.

Charles Vögele Group is one of Europe's leading vertical fashion retailers. It offers the latest fashions at great prices to people in the prime of their lives who want to feel good. With attractively presented goods, combined with friendly, knowledgeable advice, it creates a relaxed and enjoyable shopping experience. Charles Vögele has 826 outlets in nine countries: Switzerland, Germany, the Netherlands, Belgium, Austria, Slovenia, Poland, Hungary and the Czech Republic. In 2010 the Group and its approximately 8000 employees generated gross sales of more than CHF 1.4 billion. Charles Vögele Holding AG's shares are quoted on the SIX Swiss Exchange (securities number: 693 777).

A version of the annual report and the presentation given at the media and analysts conference can be downloaded from the Charles Vögele website: <http://www.charles-voegele.com/en/investor-relations/publications/>.

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