

## **PRESS RELEASE**

### **Strong franc holds back Charles Vögele**

**Charles Vögele Group's sales figures were adversely affected by currency influences in the first five months of this financial year. A slight increase in sales was posted after adjusting for fluctuations in exchange rates and floorspace.**

Pfäffikon SZ, 15 June 2011 – During the first five months of this financial year, the currency situation weighed heavily on sales figures at Charles Vögele Group, which generates two-thirds of its revenue in the Eurozone. This negative influence is delaying the company's targeted return to sales growth in Swiss franc terms. After adjusting for fluctuations in exchange rates and floorspace, Charles Vögele achieved a slight year-on-year increase in sales.

The shift from old to new stock is taking more time and resulting in a lower reduction in discounts than planned. On the procurement side, price increases, especially for materials and wages, are also leading to lower initial margins. These have not been offset in full by exchange rate gains on the purchasing side. Thanks to successful cost management measures that have already been implemented, the Group's cost base is now at a record low.

Assuming there are no further negative changes in the market or currency environment, Charles Vögele Group should achieve a balanced consolidated result for the 2011 financial year as a whole.

### **Comprehensive modernization on track**

The implementation of the 3-pillar strategy is going according to plan, with a strict focus on the core competencies of collection development, stock planning, procurement and customer service. The currency situation and the difficult state of the market now require patience and stamina. As previously announced, thorough implementation of the new organizational and process structures will take until the end of 2012. The tangible effects of this will appear in stages. Charles Vögele Group's drive for internal growth is based on strengthening its positions in the main markets, expanding its ranges and optimizing its branch network. The Group's aim is still to return to a growth trajectory from 2012, and to generate a consistent EBITDA margin of around 10%.

Charles Vögele Group's half-year results will be presented on 23 August 2011.

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).

***Disclaimer***

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