

Van de Velde

27.02.2018 – Press release

Van de Velde invests in the future

- **TURNOVER* REMAINS STABLE AT CONSTANT EXCHANGE RATES.**
- **NET PROFIT PER SHARE INCREASED BY 1.2% TO €2.52**
- **EBITDA* DECREASED BY 13.9% TO M€ 53.5.**
- **NEW INITIATIVES TO REALISE FUTURE INTERNATIONAL GROWTH.**
- **THE BOARD OF DIRECTORS WILL PROPOSE TO THE GENERAL MEETING OF SHAREHOLDERS A TOTAL DIVIDEND OF € 1.03 PER SHARE.**

* on comparable basis

1. CONSOLIDATED KEY FIGURES (ACCORDING TO IFRS STANDARDS AND AUDITED)

Consolidated key figures	31.12.2017	31.12.2016	% ⁽³⁾
INCOME STATEMENT (IN M€)			
Turnover	209.0	206.6	1.2%
Turnover on comparable basis ⁽¹⁾	205.6	206.8	(0.6%)
Other operating income	5.7	5.2	8.0%
Cost of materials	(45.4)	(42.6)	6,5%
Other expenses	(69.6)	(63.6)	9.3%
Personnel expenses	(44.0)	(43.7)	0.7%
Operating profit before depreciation and amortization ('EBITDA') ⁽²⁾	55.7	61.9	(10.1%)
EBITDA on comparable basis ⁽¹⁾	53.5	62.0	(13.9%)
Depreciation and amortization	(7.7)	(8.3)	(6.9%)
EBIT or operating profit	48.0	53.6	(10.6%)
Impairment of goodwill and intangible assets with indefinite useful life	0.0	0.0	N/A
Financial result	(0.2)	(0.3)	N/A
Share on result of associates	(0.3)	(0.5)	N/A
Profit before taxes	47.5	52.8	(10.1%)
Income taxes	(13.6)	(19.4)	(29.6%)
Result of the period attributable to non-controlling interests	(0.1)	(0.1)	N/A
Profit for the period attributable to the owners of the company	33.9	33.6	1.2%

BALANCE SHEET (IN M€)			
Fixed assets	69.7	71.9	(3.1%)
Current assets	89.1	84.8	5.1%
Total assets	158.8	156.7	1.3%
Shareholders' equity	121.8	116.6	4.4%
Non-controlling interest	0.4	0.6	(24.8%)
Grants	0.2	0.0	N/A
Non-current liabilities	4.9	4.9	0.7%
Current liabilities	31.5	34.6	(9.1%)
Total equity and liabilities	158.8	156.7	1.3%

KEY FIGURES IN € PER SHARE			
EBITDA	4.2	4.6	(10.1%)
Profit for the period attributable to the owners of the company	2.5	2.5	1.2%
Dividend per share	1.03	3.50	(70.6%)

⁽¹⁾ Turnover and EBITDA on a comparable basis are reported turnover and EBITDA corrected for the effect of early deliveries in order to compare the same seasons.

⁽²⁾ EBITDA equals operating profit plus depreciation and amortization on fixed intangible and tangible assets.

⁽³⁾ Percentages can differ as a result of rounding.

2. REPORT OF THE STATUTORY AUDITOR ON THE ANNUAL INFORMATION AT 31 DECEMBER 2017

The statutory auditor has issued an unqualified opinion on the consolidated financial statements. The accounting figures in this release are consistent with the figures in the consolidated financial statements.

3. NOTES TO THE CONSOLIDATED KEY FIGURES

TURNOVER: STABLE TURNOVER ON COMPARABLE BASIS AT CONSTANT EXCHANGE RATES

For the fiscal year 2017 the reported turnover of Van de Velde increased by 1.2% from m€ 206.6 to m€ 209.0. At constant exchange rates, the reported turnover showed growth of 1.9%.

On comparable basis (including comparable season deliveries and at constant exchange rates), the turnover increased by of 0.2%. Taking the negative exchange rate effect into account, the consolidated turnover decreased by 0.6% to m€ 205.6.

The turnover development consists of the following components:

- Wholesale: Turnover on comparable decreased slightly by 0.1% at constant exchange rates. A decrease in lingerie was compensated by growth in our swim and sports collections. Taking the negative exchange rate effect into account on the one hand and the positive effect of higher deliveries of the spring/summer collection, the reported turnover increased by 1.6%.
- Retail: Turnover on like-for-like store basis at constant exchange rates increased by 4.2%. This is due to growth in Europe in all countries (+8.3%) and a limited decline in the US (-2.5%). Taking the negative exchange rate effect and the effect of closure of lossmaking stores into account, reported turnover decreased by 0.9%.

EBITDA: DECREASE BY 10.1% OF REPORTED EBITDA

The reported EBITDA decreased by 10.1%, from m€ 61.9 to m€ 55.7 in the fiscal year 2017. On a comparable basis (including comparable deliveries), the consolidated EBITDA decreased by 13.9%, from m€ 62.0 to m€ 53.5. The main reasons for the decline in EBITDA are:

- Wholesale: The contribution to reported EBITDA decreased by m€ 1.3. On a comparable basis, the contribution of wholesale decreased to m€ 3.5 due to the higher deliveries of the spring/summer collection. We encountered a slight decrease in gross margin.
- Retail: The contribution to reported EBITDA increased by m€ 0.2 as a result of positive turnover development on like-for-like shop basis combined with closure of lossmaking stores.
- Non allocated costs: These increased by m€ 5.1 as a result of:
 - Costs for initiatives to support future international growth: mainly in positioning our brands, reliability and responsiveness of the full value chain, preparation for the upgrade of the ICT and eCommerce infrastructure as well as training and development of employees and recruitment of specific talents and expertise.
 - An increase of our costs in the value chain in order to safeguard and improve delivery reliability to our customers.

Van de Velde

IMPAIRMENT ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

In 2017 no impairment charges were recorded.

FINANCIAL RESULT: STABLE

The financial result is in line with last year. After correction for the dividend received from Top Form, there is a limited decrease in financial result mainly by lower net exchange results.

MINORITY STAKES: SLIGHT IMPROVEMENT

The result based on the equity method is m€ 0.2 higher than last year. This improvement is attributable to a higher contribution of Top Form (m€0.1 higher than last year) as well as that of Private Shop (m€0.1 higher than last year). The situation of Private Shop has stabilised after the capital increase from the beginning of 2017 which results in a slight improvement of the results.

INCOME TAXES AND NET PROFIT: PROFIT PER SHARE INCREASES BY 1.2%

The profit tax is lower compared to the same period last year, both due to lower profit before tax and, above all, because of a lower effective tax rate of 28.6% (compared to 36.4% during the same period last year).

In 2017, the Group profit increases by 1.2% from m€ 33.6 to m€ 33.9. This results in net profit per share of €2.52.

CASH POSITION AND SOLVABILITY/LIQUIDITY: SOLID SOLVABILITY EN LIQUIDITY

The cash position at the end of 2017 was m€ 21.8 (versus m€ 18.5 at the end of 2016). The operational cash flow amounted to m€ 35.0 in 2017 versus m€ 45.1 in 2016. The decrease is mainly due to higher paid taxes. The net investments amounted to m€ 5.2 in 2017.

Working capital (current assets excluding cash and cash equivalents minus short-term liabilities excluding financial debts) rose from m€ 32.2 to m€ 36.1, mainly due to lower short-term taxes per closing.

The solvability (share of equity in total assets) of the Van de Velde group remains very strong (76.7% at the end of 2017 versus 74.4% in 2016). Current assets amount to 2.8 times the short-term liabilities (versus 2.4 at the end of 2016) which indicates a very strong liquidity.

The Group is completely self-financed.

4. DIVIDEND

For the financial year of 2017 the Board of Directors will propose to the General Meeting of Shareholders a dividend of € 1.03 (net dividend of € 0.721). The proposed dividend corresponds to a payout ratio of 40% of the Group's consolidated profit increased with the result based on the equity method. After approval by the General Meeting of Shareholders, the final dividend of € 1.03 per share (net dividend of € 0.721 per share) will be paid out as from 4 May 2018.

Van de Velde

There are sufficient remaining sources of finance (including cash position) to make all the investments needed to protect the competitiveness of the company.

5. EVENTS AFTER BALANCE SHEET DATE

After the balance sheet date no events with a significant impact on the Group's financial position occurred.

6. PROSPECTS FOR 2018

In 2018, we aim to restore the turnover growth to the historic average, partly with the introduction of Marie Jo Swim and the impact of the initiatives that were set up in 2017. The scalable platform we are building will entail a further marked increase in costs and investments in 2018. While this will put pressure on profit development, the Board of Directors and management fully support these initiatives to achieve future growth.

7. FINANCIAL CALENDAR

23.03.2018 – Interactive annual report 2017
25.04.2018 – General Meeting of Shareholders
02.05.2018 – Ex-coupon date
03.05.2018 – Registration date
04.05.2018 – Payment dividend
09.07.2018 – Report turnover figures first half 2018
31.08.2018 – Report half-year results 2018 (after closure)
31.12.2018 – Year-end closing 2018



Van de Velde is the powerhouse of world class brands PrimaDonna, Marie Jo and Andres Sarda. Our mission is to deliver the ultimate personalized consumer experience. As a leading player in the luxury and fashionable women's lingerie, swimwear and sportswear sector, Van de Velde bases its long-term strategy on developing and expanding brands upon Lingerie Styling. This proprietary concept combines fit, style and fashion. Our key markets are in Europe and North America and we work closely together with 5,000 on- & offline specialty lingerie stores worldwide. We run our own premium retail chains, under the names Rigby & Peller, Lincherie and Private Shop, in which we exemplify the principles of Lingerie Styling. Van de Velde is listed on Euronext Brussels.

CONTACTS

For more information, contact:

Van de Velde NV – Lageweg 4 – 9260 Schellebelle – +32(0)9 365 21 00
www.vandevelde.eu

Positron BVBA,
always represented by
Erwin Van Laethem
Chief Executive Officer

Bart Rabaey Consulting VOF,
always represented by
Bart Rabaey
Chief Financial Officer

For recent pictures, visit our press platform: <http://pressroom.vandevelde.eu>
Click on the link "Media" at the top right corner to find up to date pictures