

Van de Velde

27.02.2020 – 08h00 Regulated Information

Van de Velde's EBITDA grows significantly in 2019 despite a decline in turnover.

- **TURNOVER* DECREASED BY 3.0% TO €197.0M.**
 - **EBITDA* INCREASED BY 17.0% TO €41.9M AND RESULTS IN €48.6M (AFTER IFRS 16).**
 - **CASH INCREASED FROM €15.7M TO €41.4M.**
 - **NET RESULT AMOUNTED TO €21.2M (EXCLUDING IFRS 16)**
 - **THE BOARD OF DIRECTORS WILL PROPOSE TO THE GENERAL MEETING OF SHAREHOLDERS A STABLE DIVIDEND OF €1.03 PER SHARE.**
 - **VAN DE VELDE WILL LAUNCH A SHARE BUY-BACK PROGRAM**
- * on comparable basis*

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

Consolidated key figures	31.12.2019 incl. IFRS16	IMPACT IFRS16	31.12.2019 excl. IFRS16	31.12.2018	%
Income statement (in m€)					
Turnover	195.5	0.0	195.5	205.2	-4.7%
Turnover on comparable basis ⁽¹⁾	197.0	0.0	197.0	203.0	-3.0%
Other operating income	4.8	0.0	4.8	5.0	-5.0%
Cost of materials	-42.8	0.0	-42.8	-41.6	2.9%
Other expenses	-61.1	6.7	-67.8	-80.4	-15.6%
Personnel expenses	-48.7	0.0	-48.7	-51.00	-4.4%
Recurring operating profit before depreciation and amortization ('EBITDA') ⁽²⁾	47.6	6.7	40.9	37.2	10.0%
EBITDA on comparable basis ⁽¹⁾	48.6	6.7	41.9	35.8	17.0%
Depreciation and amortization	-14.8	-5.8	-8.9	-7.0	27.8%
EBIT or operating profit	32.9	0.9	32.0	30.2	5.8%
Financial result	-3.4	-0.9	-2.5	0.0	
Result based on the 'equity' method	-1.9	0.0	-1.9	-1.1	
Profit before taxes	27.6	0.0	27.6	29.1	
Income taxes	-6.4	0.0	-6.4	-3.6	
Profit for the period attributable to the owners of the company	21.2	0.0	21.2	25.5	-17.0%
Balance sheet (in m€)					
Fixed assets	93.0	22.6	70.4	75.3	-6.5%
Current assets	104.8	0.0	104.8	92.3	13.5%
Total assets	197.7	22.6	175.2	167.6	4.5%
Shareholders' equity	143.8	0.0	143.8	133.4	7.8%
Grants	0.4	0.0	0.4	0.3	25.0%
Non-current liabilities	21.4	18.3	3.1	4.8	-34.0%
Current liabilities	32.1	4.2	27.9	29.1	-4.4%
Totaal equity and liabilities	197.7	22.6	175.2	167.6	4.5%
Key figures in € per share					
EBITDA	3.6		3.1	2.8	
Profit for the period attributable to the owners of the company	1.6		1.6	1.9	
Dividend per share	1.03		1.03	1.03	

⁽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.

2. REPORT OF THE STATUTORY AUDITOR ON THE ANNUAL INFORMATION AT 31 DECEMBER 2019

Our Commissioner, EY Auditors BV, represented by Francis Boelens, confirmed that his audit work on the consolidated financial statements has been completed and that no significant corrections have been identified which should be implemented in the accounting data contained in this press release.

3. NOTES TO THE CONSOLIDATED KEY FIGURES (EXCLUDING IFRS 16)

TURNOVER: ANNUAL TURNOVER ON COMPARABLE BASIS 2019 DECREASED SLIGHTLY BY 3%

For the fiscal year of 2019 the reported turnover of Van de Velde decreased by 3% from €203.0m to €197.0m. At constant exchange rates, this amounts to a decrease of 3.6%.

The turnover development consists of the following components:

- Wholesale: Turnover on comparable basis decreased by 2.2%. A decrease in lingerie was partially compensated by growth in our swim collection, partly due to the assertion of Marie Jo Swim in the year after its start-up.
- Retail: Turnover on like-for-like store basis decreased by 3.7%. Turnover on like-for-like store basis of our own 8 stores in the US decreased by 3.4%. In Europe, turnover decreased by 3.8%.

EBITDA ON COMPARABLE BASIS GREW SIGNIFICANTLY BY 17% TO €41.9M

On a comparable basis (including comparable deliveries), the EBITDA increased by 17% from €35.8m to €41.9m.

The substantial growth in EBITDA is the result of a significant decrease in other expenses (-€12.6m) and a decrease in staff costs (-€2.3m). This is the result of a strict cost control combined with an increased focus on processes and optimization of the various departments.

Further investment was also made in the development of systems (ERP and B2B), of employees and recruitment of specific talents and expertise.

FINANCIAL RESULT DECREASED BY €2.5M.

The financial result is €2.5m lower than last year as a consequence of negative exchange results. This is mainly due to an accounting effect of an annual intergroup dividend payment in the first year-half and the revaluation of the intergroup receivables and debts in the Tunisian entity. This is compensated for €2m by unrealized results from conversion.

Van de Velde

MINORITY STAKES

The result based on the equity method decreased by €0.8m. Top Form had a negative contribution of €1.8m.

INCOME TAXES AND NET PROFIT

The tax rate for 2019 amounted to 21.7% compared to 11.9% for 2018. The main reason is that last year the deduction for innovation for 2017 and 2018 was deducted.

As a result of decreasing financial income and higher depreciation and profit tax, the group profit 2019 amounted to €21.2m compared to €25.5m for 2018.

CASH POSITION AND SOLVENCY/LIQUIDITY: STRONG GROWTH IN CASH POSITION WITH INCREASED LIQUIDITY AND SOLVENCY POSITION

The cash position at the end of 2019 was €41.4m versus €15.7m at the end of 2018.

Working capital (current assets excluding cash and cash equivalents minus short-term liabilities excluding financial debts) decreased from €47.9m to €35.7m. The decrease is a combination of decline in stock (€9.8m) and receivables (€2.4m). This strong performance in the field of working capital was accompanied by an even better delivery performance in 2019.

The solvency (share of equity in total assets) of the Van de Velde group remains very strong (81.8% at the end of 2019 versus 79.6% at the end of 2018). Current assets amount to 3.8 times the short-term liabilities (versus 3.2 at the end of 2018) which indicates a very strong liquidity.

Furthermore, the group is completely self-financed.

4. DIVIDEND

For the financial year of 2019 the Board of Directors will propose to the General Meeting of Shareholders a dividend of €1.03 (net €0.72).

After approval by the General Meeting of Shareholders, the final dividend will be paid out as from 6 May 2020.

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

Van de Velde

5. PROGRAM FOR PURCHASING OWN SHARES

On 25 February 2020, the Board of Directors approved a share buy-back program up to a maximum of 15 million EUR.

The purchasing program starts on 5 March 2020 and has a planned duration of 1 year. The purpose of the purchasing program is to reduce the excessive cash of the company and to possibly destroy all or part of the purchased shares. Purchases will be carried out in accordance with the laws and regulations in force and fit within the mandate granted by the Extraordinary General Assembly of 11 December 2019. The program will be implemented by an independent intermediary with a discretionary mandate, which will allow the purchases to take place both in open and closed periods. Van de Velde will regularly provide information about the purchase transactions that have been carried out. This purchasing program can be discontinued at any time.

6. EVENTS AFTER BALANCE SHEET DATE

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

7. PROSPECTS

In 2019, the foundations were laid for a sustainable future of our centennial company and in 2020 we will continue to build on the strategic priorities. The vision is: regaining sustainable growth through a stronger brand offering and better service towards our retail partners. This comprises the following key areas:

Strengthening the core of the business even further

Continuously boosting of consumer centricity: We want to strengthen our product portfolio through the right collection architecture.

Being the preferred partner of our retail partners: Retail partners, the specialized lingerie boutiques, are the cornerstone of our business. In 2020, we will furthermore focus on our retail partners.

Implementing our optichannel strategy further: We want to offer our consumers the best service in the fitting room. Therefore, we want to lead them to the fitting room and at the same time be present on the various channels, in order to have consistent communication and offers across all channels.

Strategic enablers to implement these strategic plans

Efficient processes with a flexible and agile supply chain where we continue to focus on increasing efficiencies and maximizing our IT systems. In addition, we will continue to strengthen our organization. Ultimately, it is our employees who make a difference.

There is a lead time of 18 months between strategic choice and result in our business. We are convinced that the foundations are present to make Van de Velde grow again in 2021.

Van de Velde

8. FINANCIAL CALENDAR

31.12.2019	Year-end closing 2019
27.02.2020	Announcement year results 2019
27.03.2020	Interactive year report 2019 online
29.04.2020	General Meeting of Shareholders
31.12.2020	Year-end closing 2020

CONTACTS

For more information contact:

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

MAVAC BV,
always represented by
Marleen Vaesen
Chairman of the Board

Karel Verlinde CommV,
always represented by
Karel Verlinde
Chief Financial Officer

ABOUT VAN DE VELDE

Van de Velde is one of the global leaders in lingerie, swimwear and sportswear, with its strong brands PrimaDonna, Marie Jo and Andres Sarda. Our mission is to offer every woman the ultimate fitting room experience. Our long-term strategy is based on building brands around the Lingerie Styling fitting room strategy, which brings together fit, style and fashion. We work with 5000 multi-brand lingerie stores worldwide, both online and offline, with a strong focus on core markets Europe and North America. Our own retail channel is run under the labels Rigby & Peller and Lincherie. These stores are classic examples of Lingerie Styling fitting room service. Van de Velde is listed on Euronext Brussels.