



24.02.2014 – Press release

Van de Velde: annual results 2013

- **CONSOLIDATED TURNOVER AND RECURRING EBITDA ARE IN LINE WITH LAST YEAR THANKS TO A STRONG CATCH-UP IN THE SECOND HALF.**
- **THE BOARD OF DIRECTORS WILL PROPOSE TO THE GENERAL MEETING OF SHAREHOLDERS MAINTAINING THE DIVIDEND AT € 2.15 PER SHARE.**
- **THIS CONFIRMS THE CONFIDENCE OF THE COMPANY IN ITS GROWTH AND CASH GENERATION.**

1. CONSOLIDATED KEY FIGURES 2013 (ACCORDING TO IFRS STANDARDS AND AUDITED)

Consolidated key figures	31.12.2013	31.12.2012	%
INCOME STATEMENT (IN M€)			
Turnover	182.4	181.8	0.4%
Other operating income	4.4	5.0	(13.7%)
Cost of materials	(43.6)	(44.5)	(2.0%)
Other expenses	(52.8)	(52.8)	0.0%
Personnel expenses (including ⁽²⁾)	(43.4)	(40.7)	6.7%
Recurring operating profit before depreciation and amortization ('REBITDA') ⁽¹⁾	48.7	48.8	(0.3%)
Non-recurring restructuring cost ⁽²⁾	(1.7)	-	100.0%
Operating profit before depreciation and amortization ('EBITDA') ⁽¹⁾	47.0	48.8	(3.8%)
Depreciation and amortization	(7.6)	(6.1)	23.8%
EBIT or operating profit	39.4	42.7	(7.7%)
Impairment of goodwill and intangible assets with indefinite useful life	-	(8.0)	(100.0%)
Financial result	1.1	3.3	(66.2%)
Share of result of associates	0.1	(2.3)	102.5%
Profit before taxes	40.5	35.6	13.9%
Income taxes	(9.1)	(10.4)	(12.8%)
Result of the period attributable to non-controlling interests	(0.3)	(0.4)	(29.3%)
Profit for the period attributable to the owners of the company	31.8	25.6	24.0%
Recurring profit for the period (excluding impairment / non-recurring restructuring costs)	32.9	33.6	(2.2%)

⁽¹⁾ EBITDA equals operating profit increased with depreciation and amortization on fixed intangible and tangible assets.

⁽²⁾ The non-recurring restructuring costs are related to the restructuring of the Andres Sarda organisation.

Consolidated key figures	31.12.2013	31.12.2012	%
BALANCE SHEET (IN M€)			
Fixed assets	100.9	109.4	(7.8%)
Current assets	96.3	87.7	9.8%
Total assets	197.2	197.1	0.0%
Shareholders' equity	173.5	170.0	2.0%
Non-controlling interest	4.0	4.6	(13.8%)
Non-current liabilities	4.6	5.0	(7.7%)
Current liabilities	15.1	17.5	(13.5%)
Total equity and liabilities	197.2	197.1	0.0%
KEY FIGURES IN € PER SHARE			
REBITDA	3.7	3.7	(0.3%)
Recurring profit for the period attributable to the owners of the company	2.5	2.5	(2.2%)

2. REPORT OF THE STATUTORY AUDITOR ON THE ANNUAL INFORMATION AT 31 DECEMBER 2013

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 DEVELOPMENTS 2013

In 2013 Van de Velde realised consolidated turnover growth of 0.4% (from € 181.8m to € 182.4m).

The following aspects drove this development:

- A stable wholesale turnover versus the same period last year: in the first half, there was a decline of 2.0%, in the second half there was an increase of 2.2%.
- A fall in the retail turnover of Intimacy of slightly over 12% in local currency. The like-for-like fall slowed down in the second half of the year (4.8%) compared to the first six months (11%).
- The retail turnover of Rigby & Peller in the UK grew by 0.6% in local currency and decreased by about 4% in euro due a weaker British pound.
- An increase of 13.5% in the retail turnover at Rigby & Peller (the former Oreia) in Continental Europe, thanks to a like-for-like growth in Germany (6.5%) and a number of new stores (Cologne, Munich, Copenhagen).
- The retail turnover at Donker stores in the period April-December 2013 contributed € 3.5m.

REBITDA-DEVELOPMENT

Consolidated REBITDA was € 48.7m, which is in line with the previous year's figure. Performance improved significantly in the second half of the year. After six months, REBITDA was 9% down on the previous year.

This is primarily due to the following factors:

- Turnover growth.
- A higher gross margin in wholesale on an annual basis compared to the previous year, mainly due to a positive price impact and lower stock depreciations. Both are offset to some degree by a negative currency impact.
- Strict cost constraints ensured that cost rises were limited without threatening strategic projects.

The retail division's total EBITDA contribution was lower than in 2012, mainly due to the less strong performance of Intimacy. The EBITDA contribution of all other retail chains (Europe, United Kingdom, Far East) increased.

NON-RECURRING RESTRUCTURING COSTS

A restructuring cost of € 1.7m was recognized for the restructuring of the Andres Sarda organisation in 2013. This cost primarily relates to 29 employees who left Eurocorset in the final quarter.

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IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

In 2012, an impairment of € 8m was recognised on goodwill and the Andres Sarda brand name. No impairments were recognised in 2013.

However, the situation at Intimacy is being closely monitored. If it becomes clear in the short term that the targets for 2014 will not be met, the impact on the carrying value of the Intimacy brand name and goodwill will be examined when the figures are compiled for the first six months of the year.

FINANCIAL RESULT AND MINORITY STAKES (SHARE OF RESULT OF ASSOCIATES)

The financial result in 2013 was € 2.2m lower than in 2012. This is due to a lower adjustment of outstanding balances between Van de Velde and the minority shareholders of Intimacy, a profit of € 0.9m in 2013 versus € 3.0m in 2012. This adjustment relates to the purchase price for a 35.1% shareholding in Intimacy (transaction of April 2010) for which an advance payment of US\$ 13.5m was made. The receivable from the selling party (the minority shareholder) of in total US\$ 9.4m (€ 7.2m) was collected in full in 2013.

The result based on the equity method rose strongly due to the positive contribution by Top Form, compared to a negative contribution the previous year. The contribution of Top Form is based on the change in shareholders' equity up to and including 31/12/2013. Top Form reported profit of HK\$ 9.4m for the first half year of the financial year 2014 (1/7/2013-31/12/2013).

PROFIT FOR THE PERIOD

The recurring Group profit fell from € 33.6m to € 32.9m (-2.2%) and the recurring profit per share fell from € 2.52 to € 2.47 (-2.2%). When the non-recurring components are included, the rise in Group profit is 24%.

CASH POSITION AND SOLVENCY / LIQUIDITY

The cash position at the end of 2013 was € 39.3m (versus € 31.7m at the end of 2012).

Solvency (share of equity in total equity and liabilities) of Van de Velde Group remained very high (88.0% at the end of 2013 versus 86.3% at the end of 2012). The current assets represented 6.4 times the value of the current liabilities (versus 5.0 at the end of 2012), an indication of very strong liquidity. Furthermore, the Group is completely self-financed.



4. DIVIDEND

For the financial year 2013 the Board of Directors will propose to the General Meeting of Shareholders the same dividend as in the three previous financial years, i.e. € 2.1500 per share (net dividend of € 1.6125 per share). This means a pay-out ratio of approximately 87% of the recurring profit for the period.

The remaining financial sources (including cash position) allow all necessary investments to be made that protect the competitiveness of the company.

5. RISK

Intimacy has been named as defendant in a potential class action suit alleging violation of FACTA ("Fair and Accurate Credit Transactions Act"). This Act stipulates the credit card details that can be stated on a cash receipt. The case is currently in the discovery phase and it remains uncertain whether class certification will be granted.

Management cannot reasonably and reliably estimate the outcome or estimate the amount of damages that may result from this matter at this time. Management refers to the following matters:

- To our knowledge, no single consumer has suffered any damage by stating the credit card details on the cash receipt.
- It concerns a rather limited period.
- There are strong arguments and defense lines.

Therefore, it is impossible at this point in time to assess whether this case will result in any cash outflow and when the case eventually will be settled. Management will do what it takes to avoid a possible cash outflow.

As soon as we can provide more relevant clarity, we will communicate this.

6. EVENTS AFTER BALANCE SHEET DATE

No events after the balance sheet date had a major impact on the financial position of the company.

7. PROSPECTS FOR 2014

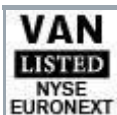
Wholesale looks promising in the first half of the year. We see slight growth in lingerie pre-orders (including healthy growth for Andres Sarda), while the figures for PrimaDonna's Swim collection are very strong.

In Retail they are particularly looking forward to expanding Rigby & Peller in the United Kingdom, Germany and Asia. In the Netherlands the Lincherie concept will be given a stronger presence on the market within the "Lingerie Styling" experience. Full attention is being focused on Intimacy, although it had not moved into growth by late 2013/early 2014.

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8. FINANCIAL CALENDAR

Annual report 2013	21 March 2014
Q1 2014 interim statement	30 April 2014 after end of trading
2013 General Meeting	30 April 2014
Ex-coupon date	2 May 2014
Record date	6 May 2014
Payment dividend	7 May 2014
H1 2014 turnover figures	7 July 2014 after end of trading
2014 half-year results	29 August 2014 after end of trading
Q3 2014 interim statement	14 November 2014 after end of trading



Van de Velde NV is a leading player in the luxury and fashionable women's lingerie sector. Van de Velde is convinced of the merits of a long-term strategy based on developing and expanding brands around the Lingerie Styling concept (fit, style and fashion), especially in Europe and North America.

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