

Van de Velde

20.02.2017 – Press release

Despite tough retail climate and Brexit effect, Van de Velde realizes REBITDA growth of 2.6% in 2016.

- CONSOLIDATED TURNOVER ON COMPARABLE BASIS REMAINED STABLE.
- REBITDA ROSE ON A COMPARABLE BASIS BY 2.6%.
- RECURRING NET PROFIT DECREASED BY 18.1% DUE TO A HIGHER TAX BURDEN.
- THE BOARD OF DIRECTORS WILL PROPOSE TO THE GENERAL MEETING OF SHAREHOLDERS A TOTAL DIVIDEND OF € 3.50 PER SHARE, OF WHICH € 1.35 PER SHARE WAS PAID OUT AS INTERIM DIVIDEND IN NOVEMBER 2016.

1. CONSOLIDATED KEY FIGURES 2016 (ACCORDING TO IFRS STANDARDS AND AUDITED)

Consolidated key figures	31.12.2016	31.12.2015	%
INCOME STATEMENT (IN M€)			
Turnover	206.6	209.0	(1.1%)
Turnover on comparable basis ⁽¹⁾	206.8	206.7	0.0%
Other operating income	5.2	5.5	(5.1%)
Cost of materials	(42.6)	(46.2)	(7.7%)
Other expenses	(63.6)	(62.3)	2.2%
Personnel expenses	(43.7)	(44.1)	(1.0%)
Recurring operating profit before depreciation and amortization ('REBITDA') ⁽²⁾	61.9	61.9	0.0%
REBITDA on comparable ⁽¹⁾	62.0	60.4	2.6%
Depreciation and amortization	(8.3)	(8.3)	0.1%
EBIT or operating profit	53.6	53.7	(0.1%)
Impairment of goodwill and intangible assets with indefinite useful life	0.0	0.0	N/A
Financial result	(0.3)	0.3	N/A
Share of result of associates	(0.5)	0.3	N/A
Profit before taxes	52.8	54.3	(2.8%)
Income taxes	(19.4)	(13.2)	46.4%
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	33.6	41.0	(18.1%)
Recurring profit for the period (excluding impairment)	33.6	41.0	(18.1%)

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

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

Consolidated key figures	31.12.2016	31.12.2015	%
BALANCE SHEET (IN M€)			
Fixed assets	71.9	70.8	1.5%
Current assets	84.8	90.9	(6.7%)
Total assets	156.7	161.7	(3.1%)
Shareholders' equity	116.6	129.2	(9.8%)
Non-controlling interest	0.6	0.9	(29.6%)
Non-current liabilities	4.9	4.5	8.6%
Current liabilities	34.6	27.2	27.5%
Total equity and liabilities	156.7	161.7	(3.1%)
KEY FIGURES IN € PER SHARE			
REBITDA	4.6	4.6	0.0%
REBITDA on comparable basis	4.7	4.5	2.6%
Recurring profit for the period attributable to the owners of the company	2.5	3.1	(18.1%)

2. REPORT OF THE STATUTORY AUDITOR ON THE ANNUAL INFORMATION AT 31 DECEMBER 2016

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 DEVELOPMENT 2016

On a comparable basis (including comparable season deliveries) consolidated turnover grew slightly from € 206.7m to € 206.8m (turnover on comparable basis grew by 1.2% at constant exchange rates).

Reported consolidated turnover of Van de Velde in fiscal year 2016 declined by 1.1% (from € 209.0m to € 206.6m) (reported turnover was stable at constant exchange rates).

This turnover development (on comparable basis) consists of the following components:

- Growth of wholesale turnover of 4.4%. Growth continued in both lingerie and swimwear. Pre-orders increased but back-orders stagnated. At constant exchange rates, growth was 5.0%, mainly as a result of the weakening of the British pound.
- Retail turnover declined by 15.6%, driven by growth of retail turnover in Europe on a comparable basis at constant exchange rates by 3.7% (after closures of loss-making stores: 1.7% and after exchange rates: -5.1%) and the decrease in retail turnover in the US on a comparable basis at constant exchange rates by 20.2% (after closures of loss-making stores: -29.9% and after exchange rates: -29.7%).

REBITDA DEVELOPMENT

On comparable basis (including comparable season deliveries), REBITDA rose by 2.6% from € 60.4m to € 62.0m. Reported consolidated REBITDA was € 61.9m which is at the same level as the previous year.

This development (on comparable basis) is primarily due to the following factors:

- Solid turnover growth of wholesale resulting in a higher gross margin.
- Increases in fixed costs, mainly related to sales-driving costs (such as representatives, customer programs and marketing).
- Expenses made to strengthen eCommerce and ICT as well as in training and development. Recruitment and management costs were also higher due to the changes to the management committee.
- Contribution to profit of the retail business at the same level as the previous year, despite lower turnover.

IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

In 2016 no impairment charges were recorded.

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

The financial result in 2016 was € 0.7m lower than in the previous year. Interest and dividend income were amongst other things lower than in 2015.

The result based on the equity method was € 0.8m lower than the previous year, due to a lower contribution by Top Form and Private Shop:

- The contribution of Top Form (€ 0.1m compared with € 0.5m in 2015) is based on the change to shareholders' equity up to and including 30 June 2016, given that the results as at 31 December 2016 had not yet been published when the annual results were prepared. Given the profit warning that Top Form published on 24 January 2017, it was decided not to include the dividend received on 28 November in the results.
- The contribution of Private Shop (negative contribution of € 0.6m compared with a negative contribution of € 0.2m in 2015) is based on the change to shareholders' equity up to and including 31 December 2016. Private Shop experienced a tough 2016 but steps have been taken to improve results. There was also a capital increase of \$ 1.0m at the beginning of 2017, which Van de Velde contributed to proportionally to its stake in the capital (50%).

INCOME TAXES AND PROFIT FOR THE PERIOD

Income taxes were higher compared with the previous year. The recurring Group profit declined from € 41.0m to € 33.6m (-18.1%) and the recurring profit per share decreased from € 3.07 to € 2.52 (-18.1%). Non-recurring components had no impact in 2016.

CASH POSITION AND SOLVENCY / LIQUIDITY

The cash position at the end of 2016 was € 18.5m (versus € 28.1m at the end of 2015). The operating cash flow was € 45.1m in 2016 compared with € 50.3m in 2015. The decline is mainly due to higher taxes paid. Capital expenditure was € 10.7m in 2016, which is in line with 2015.

Solvency (share of equity in total equity and liabilities) of Van de Velde Group remained very high (74.4% at the end of 2016 versus 79.9% at the end of 2015). The current assets represented 2.4 times the value of the current liabilities (versus 3.3 times at the end of 2015), an indication of very strong liquidity. Furthermore, the Group is completely self-financed.

4. DIVIDEND

For the financial year 2016 the Board of Directors will propose to the General Meeting of Shareholders the same dividend as in the two previous financial years, i.e. a total dividend of € 3.5000 per share (net dividend of € 2.4905 per share). Of this amount, € 1.3500 was paid out as an interim dividend in November 2016 (net dividend of € 0.9855 per share). After approval by the General Meeting of Shareholders, the final dividend of € 2.1500 per share (net dividend of € 1.5050 per share) will be paid out as from 4 May 2017.

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

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5. EVENTS AFTER BALANCE SHEET DATE

On 13 February 2017 the court in Boulogne-sur-Mer approved the offer of SAS Noyon Dentelle for the assets (including workforce) of SAS Etablissement Lucien Noyon et Cie (producer of high-quality leavers lace). SAS Noyon Dentelle is a newly formed company in which Van de Velde has a 20% stake. This investment has no material impact on Van de Velde.

6. PROSPECTS FOR 2017

The 2016 result was obtained in a challenging environment and quite a few challenges are ahead of us in 2017 too.

7. FINANCIAL CALENDAR

Annual report 2016	24 March 2017
General Meeting 2016	26 April 2017
Ex-coupon date	2 May 2017
Record date	3 May 2017
Payment dividend	4 May 2017
Turnover figures first half 2017	7 July 2017
Half-year results 2017	31 August 2017
Year-end closing 2017	31 December 2017



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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