

Van de Velde

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Regulated Information – Interim results 2020

Van de Velde reports turnover* of €82.9m and EBITDA* of €22.3m.

KEY ASPECTS OF THE RESULTS FOR THE FIRST SIX MONTHS OF 2020:

- Van de Velde reports turnover* of €82.9m, a drop of 26.5%.
- EBITDA* has decreased by 31.0% to €22.3m and corresponds to 26.8% of turnover.
- Cash position has increased to €42.9m, compared with €41.4m at the end of 2019.
- Net profit for the period was €5.0m.
- An interim dividend of €1.00 per dividend entitled share was approved by the Board of Directors replacing the 2019 dividend.
- The share buyback programme is to be resumed.

TURNOVER

On a comparable basis (including comparable season deliveries), the consolidated turnover in the first six months of 2020 decreased by 26.5% (from €112.8m to €82.9m). The reported turnover decreased more sharply, by 31.9% (from €108.5m to €73.9m). This is a timing difference due to the one-time decision to postpone delivery of the autumn/winter collection until the end of August.

This drop in comparable turnover consists of the following components:

- Comparable wholesale turnover (including comparable season deliveries) in the first half of 2020 ended 23.5% or €22.2m lower. This was due to the store closures from mid-March in all markets. E-commerce sales grew at our independent retail partners and on the brand sites. Many retail partners showed creativity online to achieve success while stores were closed. The Van de Velde marketing team worked hard to provide valuable digital content to support the retail partners.
- Retail turnover (through our own stores) in the first half of 2020 decreased by 42.0% compared with 2019. Turnover in Europe fell by 32.3%, whereas the United States fell by 63.8%. The stores were closed from mid-March due to the COVID-19 pandemic. The stores in the Netherlands and Germany reopened in mid-May. Sales are recovering gradually. Local community stores are performing markedly better than those in shopping centres and busy shopping streets. The stores in the US and UK remained closed in June.

EBITDA

On a comparable basis (including comparable deliveries), consolidated EBITDA in the first half of 2020 fell by 31.0% compared with the same period in 2019, from €32.3m to €22.3m. EBITDA on a non-comparable basis fell in the first half of 2020 by 44.5% compared with the same period last year, from €29.4m to €16.3m.

*ON A COMPARABLE BASIS

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The main reason for this trend is the 26.5% reduction in turnover. This was compensated in part by a strong focus on expenditure. Costs in the first half of 2020 were lower than in 2019, including a €4.4m reduction in fixed costs. This reduction is due to the adoption of temporary employment measures at all levels of the global organisation, the lack of volume-related expenses and cancellation and postponement of non-strategic activities.

INCOME TAX AND NET PROFIT

The tax rate was slightly lower at 21.3%, compared with 24.4% in the same period last year.

Group profit in the first half of 2020 was 63.0% lower than last year, €5.0m compared with €13.4m.

INVESTMENTS

Capital expenditure (excluding right of use assets) in the first half of 2020 was €1.2m, compared with €3.0m in the first half of 2019. These investments primarily relate to the further development of the IT systems. Van de Velde finances these investments with its own funds.

WORKING CAPITAL AND SOLVENCY

Working capital (current assets excluding cash and cash equivalents less current liabilities excluding financial debts) amounts to €44.1m on 30 June 2020 compared with €52.5m on 30 June 2019, which is the result of reduced inventory and lower trade receivables.

The solvency (share of equity in total equity) of Van de Velde is very high (75.9%). Current assets are 4.0 times the current liabilities, an indication of strong liquidity.

COVID-19 UPDATE

Businesses around the world were hit by the consequences of the COVID-19 pandemic in the first half of 2020. Van de Velde was not spared, which is why COVID-19 is examined as a risk here.

General approach: Since the outbreak of COVID-19 in Belgium (in March), Van de Velde has put together a Business Continuity team to monitor and support the activities of the group on a daily basis, as well as working to maximise the health and safety of its employees and safeguarding the continuity of the business.

Measures to protect the safety of our employees: In March Van de Velde tightened the personal hygiene measures throughout the organisation, in line with the local and regional health and safety regulations. Van de Velde introduced working from home and social distancing measures for employees at all its sites.

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Measures targeting the financial health of our retail partners: We gave our independent retail partners optimal support to ensure a successful sales recovery while stores were closed and during the first weeks of reopening. This significantly boosted customer satisfaction.

Measures targeting the financial health of our company: The activities of Van de Velde were heavily disrupted by the COVID-19 pandemic in the first half of the year. Van de Velde remained focused on business continuity and protecting the health of the company in the long run.

- The cash position was strengthened by ending the share buyback programme and deferring the dividend. (We refer to our press release of 18 March 2020). The payment of the bonus to management and the leadership team for performance in 2019 was also deferred until August 2020.
- Van de Velde has geared its activities to the reality on the market, which has led to the adoption of temporary unemployment measures at all levels of the global organisation. These will continue to be applied in the organisation as needed.
- The disciplined corporate culture in the discretionary expenditure was strengthened further.
- The planned strategic projects and investments were implemented to drive growth.

Van de Velde has a strong balance sheet and strong liquidity, with an available cash position of €42.9m. As a result of the COVID-19 pandemic, additional tests were run on the main balance sheet components (goodwill, inventories, trade receivables).

Second waves of COVID-19 in our markets could have a negative impact on our activities, financial position, cash flow and operating result. Van de Velde's financing and liquidity structure should be strong enough to ensure the continuity of our business.

EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date that could have a significant impact on the interim consolidated financial statements of the group at 30 June 2020.

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PROSPECTS

The COVID-19 pandemic led to the biggest economic crisis since the Second World War, hitting the retail industry especially hard. However, we are happy to note that our retail partners and our organisation are exceptionally resilient. This confirms the strategic choices we have set out previously.

The pace at which the various markets will recover remains uncertain and it is hard to predict the impact of any new lockdowns and the form the recovery will take, so the company is unable to announce any prospects for 2020 at this time.

INTERIM DIVIDEND

The Board of Directors approved, based on the power granted in the articles of association, the payment of an interim dividend of €1.00 per dividend entitled share and this to replace the dividend for the 2019 financial year that was not distributed. After deduction of withholding tax, a net dividend of €0.70 per share remains. This dividend will be allocated to the shares whose rights have not been suspended. There are 28,178 treasury shares whose rights have been suspended. Thus, the number of shares entitled to a dividend is reduced from 13,322,480 shares to 13,294,302 shares.

The dividend will be paid out on 4 September 2020.

Financial calendar in relation to this interim dividend:

- Ex-coupon date: 2 September 2020
- Record date: 3 September 2020
- Dividend payment date: 4 September 2020

SHARE BUYBACK PROGRAMME

The Board of Directors approved a share buyback programme of up to €15m on 25 February 2020. Before it ended (see press release of 18 March 2020) 17,178 shares had been repurchased under this programme. The Board of Directors has decided to resume this programme with effect from 4 September 2020 for a term of one year.

Shares will be bought back in accordance with the applicable laws and regulations, under the power granted by the Extraordinary General Meeting of 11 December 2019. The programme will be implemented by an independent broker with a discretionary power, with the option of buying shares back in both open and closed periods. Van de Velde will regularly obtain information on the transactions. This buyback programme can be ended at any time.

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INTERIM FINANCIAL REPORT

The full interim financial report (including regulated information and the report of the statutory auditor) is available through [the following link](#):

Several key figures are presented below and explained more fully in the financial report:

Consolidated key figures		
Profit and loss statement (in €m)	30.06.2020	30.06.2019
Turnover	73.9	108.5
Turnover on a comparable basis	82.9	112.8
EBITDA (operating profit plus depreciation)	16.3	29.4
EBITDA on a comparable basis	22.3	32.3
Earnings before interest and taxes (EBIT)	8.5	22.1
Profit before taxes	6.8	18.2
Group profit	5.0	13.4
Balance sheet (in €m)	30.06.2020	30.06.2019
Fixed assets	85.5	94.5
Current assets	109.0	89.7
Total assets	194.5	184.2
Shareholders' equity (including non-controlling interests)	147.6	135.7
Grants	0.4	0.3
Non-current liabilities	19.0	21.1
Current liabilities	27.5	27.1
Total liabilities	194.5	184.2
Key figures in € per share	30.06.2020	30.06.2019
Earnings per share	0.37	1.01
Interim dividend per share	1.0	0.0

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ABOUT VAN DE VELDE

Van de Velde creates fashionable lingerie of superior quality with its premium, complementary brands PrimaDonna, Marie Jo and Andres Sarda. We believe in 'Shaping the bodies and minds of women': we want to make a difference in women's lives with our beautiful and perfectly fitting lingerie, by lifting their self-confidence and self-image. For us, an impeccable in-store service is key, an approach which we have consolidated in our Lingerie Styling Concept.

We work in close partnership with 3,600 independent lingerie boutiques worldwide. In addition, we have our own retail network with retail brands Rigby & Peller and Lincherie. Our geographical center of gravity is Europe and North America. Van de Velde employs almost 1,400 employees and is listed on Euronext Brussels.