

Media release

Slower growth at CALIDA in the first half of 2008

In the first six months of the current year, the CALIDA-Group was able to increase its sales by 1.5 percent (previous year: 6.0 percent) to CHF 106.3 million despite difficult circumstances on the market. The operating profit EBIT at CHF 5.0 million was a good quarter lower than the comparable figure of the previous year. Net profit for the half-year reached CHF 3.1 million (previous year: CHF 5.8 million).

"In the first six months of the year, the European clothing industry was under the influence of an increasingly depressed consumer demand," said Felix Sulzberger, CEO of the CALIDA-Group. "The development of recent months has somewhat slowed the dynamism of our growth, but for the medium term, we continue to be convinced by the success of our strong brands."

Retail trade generally in decline; own retail business as a supporter of sales

Having recorded a growth in sales of 6% in the first half of 2007, the increase in sales of the CALIDA-Group in the reporting period amounted to only 1.5%. The CALIDA brand raised turnover by four percent, while the AUBADE brand was able to stabilise the decline in sales at -1.2% thanks to its retail expansion. This slowing of growth is due to the declining retail trade in the second quarter of 2008.

The Group's own retail business served as a supporter of sales in this phase, showing a strong performance despite a difficult situation on the market. For CALIDA as well as AUBADE, their own stores achieved growth of more than 9% adjusted for surface areas. This was supplemented by the growth in sales achieved by the 11 newly opened CALIDA stores and the 5 new Aubade stores which were inaugurated in the reporting period. This development confirms the CALIDA-Group in its strategy of continuing the expansion of brand-specific sales surfaces such as brand stores and shops-in-shops. This enables successful combating of the structural weakness in the traditional retail trade and market expansion in a controlled manner under our own power.

High equity ratio

The operating profit EBIT reached CHF 5 million in the first half-year, compared with CHF 6.8 million in the corresponding period of the previous year. Net profit was CHF 3.1 million (previous year: CHF 5.8 million).

Despite the slight increase in sales, the result at the individual levels was weaker in comparison with the previous year. This is because our own retail business in the developmental phase is not yet able to generate the same margins as the wholesale business. In addition, the lower than expected sales led to higher value corrections on the inventories.

In half-year comparison, net debt decreased by CHF 0.9 million to CHF 15.7 million. The equity ratio improved even further from the high level of 59.5% to 65.3%.

Cautious outlook

Due to the weaker consumer demand, the CALIDA-Group now reckons with a flat development of sales for the full 2008 financial year compared with the previous year. Sales within the traditional retail trade will continue to weaken, while the expansion of our own retail stores will be able to compensate for this development in terms of turnover. The profit expectations are being adjusted downwards as a result. For the entire 2008 financial year, an operating profit of 5 to 6% can be expected from today's perspective.

As CALIDA and AUBADE are very well positioned in their respective market segments, one can presume that the medium-term income targets will be achieved, despite the currently weak condition of the market.

Sursee, 25th July 2008
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The half-year report can be called up from 25.07.2008 under www.calidagroup.com / Investor Relations / Financial Reports.