

Damartex

Press release

Results of the first six-months of financial year 2008-2009

On February 26 2009 the Supervisory Board of Damartex examined the six-months accounts of the company and its subsidiaries closed on December 31 2008.

Consolidated figures in Euro millions	12/31/2007 actual	12/31/2007 pro forma	12/31/2008 actual	Variance 2008/07
Sales	285,0	278,4	279,9	+0,5%
Current operating results	12,1	13,8	9,8	-29,0%
Other operating income and expenses	(0,3)	(0,3)	(0,7)	-
Operating result	11,9	13,5	9,1	-32,6%
Financial result	(1,3)	(1,2)	(1,9)	-
Income Tax	(5,6)	(5,7)	(2,5)	-
Results from discontinued activities	-	(1,3)	(1,1)	-
Net result	5,0	5,3	3,6	-32,1%

Warning: In Japan the business activity has been stopped and is therefore treated as discontinued activity. In the past customer loyalty programmes were accounted for as marketing expenses. In conformity with new accounting standards (IFRIC 13) these loyalty programmes are now posted to sales. The pro-forma figures for the financial year 2007/08 have been adjusted accordingly.

Business activity

Sales for the first six-months amounted to 279.9 € mil. It represents an increase of 0.5% on a *pro-forma* basis or 3.4% at constant exchange rates; a performance which reflects the noticeable acceleration between the first and second quarter despite difficult market conditions in most countries.

. In France catalogue sales declined, yet overall sales progressed by 0.6% over the six-months period in part due to the good performance of shops and the development of the *web*. Great Britain registered an increase of 17.8% at constant exchange rates, a recovery which is evidence of the much improved availability of products and of the increase in quality of service.

. The other countries reflected uneven results: Belgium sales declined by 1.1%, Netherlands by 4.9% due to the closure of a point of sale, Switzerland progressed by 1.4% at constant exchange rates and Germany by 12.3%.

Results

The current operating result for the period changed from 13.8 to 9.8 € mil. which represents a ratio equivalent to 3.5% of sales.

. The key event is the recovery of Great Britain which has returned to profitability after suffering a heavy loss in the prior financial year due to labour actions in postal services and disruption in the logistics.

. Conversely France and Belgium results are declining but this decline must be put in perspective in view of the high level base of the prior year and in view of the costs inherent to the decision to increase our commercial investments (advertising campaign, customer acquisition...). As to other countries overall their results have barely changed year on year.

The net result has thus changed from 5.3 to 3.6 € mil. over the six-months period. It includes a charge of 0.7 € mil. in non recurring operating income and expenses (production unit reorganisation costs...) and a loss in discontinued activities amounting to 1.1 € mil. (expenses resulting from the closing of the Japanese subsidiary).

Financial situation

At the end of the first six-months period the net cash amounts to 10.4 € mil. and the net assets amount to 123.9 € mil.

Perspectives

The current economic environment is driving the group to pay particular attention to the return to profitability and, as such, pursue maximisation actions that were launched over the recent past (recovery of the business activity in Great Britain, consolidation of the warehousing units and the order preparation areas in France, construction of a production unit in Tunisia...).

Nonetheless the development is not neglected. The commercial investment, the introduction on the market of new innovative products, the continued opening of shops and the launch of the Damart Sport range on internet are evidence of the group's will to grow.

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Profile

Damartex is one of Europe's leading distributors of clothing and accessories for seniors. The company sells through catalogues, internet and shops with its main markets in France, Great Britain and Belgium.

Calendar

Third quarter sales publication : April 24 2009

Contacts

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