
HALF-YEAR REPORT 2017



CALIDAGROUP



CALIDA | People

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STRATEGY BEING IMPLEMENTED AS PLANNED; INITIAL SUCCESSES ACHIEVED



Dr Thomas Lustenberger and Reiner Pichler

DEAR SHAREHOLDERS

The first half of 2017 was challenging for the worldwide trade in underwear, outdoor clothing and outdoor furniture. Further declines in footfall in the retail sector were one of the principal reasons for this: bricks-and-mortar trade in the main markets trended negatively overall, and in a stagnating market environment, e-commerce continues to be the fastest growing sales channel. Markets are changing fundamentally all over the world; Switzerland additionally has to cope with the persistent effect of a strong Swiss franc. Despite these adverse conditions, CALIDA GROUP outperformed the market. By implementing its established strategy, and in particular by acquiring Reich Online Services GmbH to reinforce its e-commerce business, CALIDA GROUP aims to harness the challenges it faces as an opportunity to perform positively.

Results for the first half of 2017 are as follows:

Net sales fell 1.9 percent, from CHF 178.9 million to CHF 175.6 million. The fall was 0.5 percent after adjusting for currency movements. After adjusting and restructuring for acquisitions, sales were down 0.8 percent.

There was a slight year-on-year rise in the operating profit margin to 23.0 percent.

Operating profit (EBIT) rose 18.3 percent, from CHF 4.9 million to CHF 5.8 million, while net income went up 70.8 percent to CHF 5.9 million, helped by positive one-time effects from the tax situation and the valuation of foreign currency positions.

ACCELERATING STRUCTURAL CHANGES

Structural change is accelerating in core western markets. Retailers are facing massive drops in footfall, with clothes shops being hit hardest of all. We can expect the number of retailers, particularly specialist retailers and department stores, to continue falling. Shopping centers are changing, and in some cases having to reinvent themselves. The retail spaces once used for fashion and clothing are giving way to the food service trade and entertainment. Traditional brands are currently streamlining their branch networks, although outlet centers remain popular and are continuing to expand.

E-COMMERCE CONTINUES TO GROW STRONGLY IN MAIN SALES MARKETS

Online business continues to post double-digit growth, though the rate has slowed somewhat. Customers are also becoming more demanding and competition is getting tougher. The boundaries between bricks-and-mortar retail and digital are increasingly blurred, while services that link up the different sales channels are becoming standard. Bricks-and-mortar retailers are building up their digital activities in all segments, while online sellers are strengthening their physical offering. Market-places and platforms continue to gain influence. The proportion of orders made from mobile devices is rising continuously, as is the proportion of cross-border orders. In this dynamic environment, it is vital to have a centralized customer service management system that ensures a consistent brand image across all sales channels, and that gives customers the best possible experience. As well as driving the interlinkage of online and bricks-and-mortar trade, digitalization is also the driver for innovation.

STRATEGY BEING IMPLEMENTED AS PLANNED

CALIDA GROUP is implementing its newly defined strategy as planned. It is concentrating on developing its brands in order to create the basis for sustainable,

CALIDA

profitable growth. Fulfilling its customer needs is the Group's central focus in this process. Through genuine innovation, we want to encourage impulse purchases and maintain our brands' appeal. E-commerce is the number one priority here, while we want to use better floorspace management to exploit our potential, especially with key account customers in the whole-sale sector. The KPIs for our own retail operation are improving continuously, and the store network will be further expanded when outstanding location opportunities arise.

GROWTH THROUGH E-COMMERCE

In order to strengthen its e-commerce business, CALIDA GROUP acquired 100 percent of successful German online retail specialist Reich Online Services GmbH, which has 75 employees, with effect from March 1, 2017. Reich Online Services GmbH already operated CALIDA's online shop in Germany, as well as multi-brand underwear shop www.onmyskin.de. The acquisition represents an investment by CALIDA GROUP in the world's fastest growing sales channel. It strengthens the Group's e-commerce capabilities and will enable its brands to grow even more consistently in an attractive area of business. This acquisition also advances the development of omni-channel activities tailored to customer and market requirements, particularly by networking Reich Online Services GmbH's e-commerce skills with the existing retail expertise of CALIDA and AUBADE.

Thanks to the acquisition, CALIDA GROUP almost doubled sales made through its own e-commerce operation in the first half-year. These sales accounted for 7.1 percent of the total, up from 3.6 percent in the prior year – figures which don't include online sales of our products by our retailing customers and online merchants.

CALIDA GROUP's divisions performed as follows:

The strategic priority of modernizing and internationalizing the brand is progressing well. From this autumn onwards, the new communications concept will be evident to consumers in CALIDA stores. In addition to its exciting brand story and high quality, emphasis is being placed on the Swissness of CALIDA's products. Individual communication measures are being carefully coordinated for each channel, creating a 360-degree campaign to achieve the maximum possible effect.

The strong Swiss franc, and especially the fact that its strength encourages Swiss consumers to shop abroad, continues to hamper the performance of the CALIDA brand, which generates more than 40 percent of its sales in Switzerland. In 2017, one in every 10 Swiss francs is still being spent abroad. We can't side-step this trend, especially not on the retail side, so it is particularly pleasing that our own retail network of more 130 CALIDA stores increased like-for-like sales in all markets by a total of 4.0 percent in the first six months of the year. This puts us well ahead of the market average. Sales through our own e-commerce operations went up by 160.8 percent. Even excluding the acquisition of Reich Online Services GmbH, sales by our e-Shop and the market-places increased 30.1 percent.

Overall, however, CALIDA saw a 1.5 percent drop in net sales, from CHF 57.5 million to CHF 56.6 million. After adjusting for currency effects, the drop was only 0.4 percent. Owing to targeted investments in modernization and internationalization, the division's contribution to operating profit fell from CHF 14.2 million to CHF 12.3 million, or 13.5 percent.

The entire CALIDA team is working on clearly defined measures to make up this sales gap.



The organization of the MILLET MOUNTAIN GROUP has further stabilized, and strategic measures are beginning to have an effect. In the first half of the year, investments in the sales organization and in internationalization led to a significant increase in sales in the DACH and Japanese markets, though this has yet to feed through directly to the sales figures. As a result of restructuring sales activities at the LAFUMA brand in Hong Kong, and closing our own distribution network in the USA, as well as the late onset of the winter at the end of 2016, which had a negative effect on follow-up orders, net sales fell by 9.0 percent from EUR 40.8 million to EUR 37.1 million. After adjusting for restructuring effects, net sales fell by 3.1 percent. However, the contribution to operating profit went up significantly, rising 26.0 percent from EUR 4.5 million to EUR 5.6 million. This was due on the one hand to a robust gross margin, and on the other to cost reductions resulting from the various restructuring measures taken last year.

The MILLET MOUNTAIN GROUP continues to invest in its sales organization, internationalization and brand positioning. For example, MILLET has strengthened its Japanese company by recruiting a new General Manager, and intensified its marketing activities with measures including outfitting the Austrian Olympic team. Meanwhile, EIDER has agreed a collection development partnership with the designer Esther Stocker, and the new LAFUMA backpack, "le sac LAFUMA", graces the cover of this report.



We have adopted a clear internationalization strategy at LAFUMA MOBILIER, and started marketing products in new segments. The Privilege line combines innovative design with high quality – Made in France – giving LAFUMA MOBILIER access to distribution through designer furniture shops. We are also working to build up contract business with hotels, restaurants, cafés, hospitals and retirement homes. The collection is scheduled for launch in 2019. Prototypes are currently being piloted with test customers.

The signs were inauspicious at the start of 2017. Owing to the wet summer of 2016, retailers still had a lot of products in stock, so new orders for 2017 were subdued, especially in France. We are confident that e-commerce and follow-up orders, helped in part by the stable summer weather so far, will compensate for this by the end of the year.

Net sales fell 2.3 percent from EUR 31.3 million to EUR 30.6 million. The division's contribution to Group profit also fell, by 3.7 percent from CHF 11.2 million to CHF 10.8 million.

Owing to the seasonality of the outdoor furniture business, LAFUMA MOBILIER generates most of its sales and income in the first six months of the year, so it perfectly complements the Group's other brands, which do most of their selling and earning in the second half.



The substantial investments made in marketing, products and innovations at AUBADE are beginning to pay off. Last year saw a fruitful collaboration with French designer Christian Lacroix, who created a lingerie collection exclusively for AUBADE. This has been marketed successfully all over the world and made a very positive contribution to AUBADE's image and sales performance. The aim of this kind of investment is to help the brand grow outside France. The new store concept will also have a positive effect on the brand image. The first converted pilot boutique in Paris (Rue Tronchet) is opening in August 2017.

According to the "Institut Français de la mode", the general market for lingerie in France shrank by 3 percent to the end of May, while the specialist retailers that are important to AUBADE were a full 5 percent down on the prior year. Given this background, AUBADE can look back on a good first six months.

Its own retail operation, with more than 50 AUBADE stores, recorded a satisfactory performance for the first half of 2017. On a like-for-like basis, sales couldn't quite match the previous figures owing to the late start to discounted sales in France. Consequently, they were temporarily down by 2.5 percent as at end-June. Sales through AUBADE's own e-commerce channel went up 4.0 percent. After a weak first quarter, the e-commerce performance improved significantly, leaving us confident about the rest of the year.

Net sales increased 6.3 percent from EUR 25.3 million to EUR 26.8 million. Profit went up 12.7 percent from EUR 5.7 million to EUR 6.5 million. This year-on-year increase is partly due to the switch to a commission model with the largest retail customers.



The stabilization of surf and lifestyle brand OXBOW, which makes more than 90 percent of its sales in France, continues to progress well, and the division achieved a promising result for the first half of 2017. In addition to very good direct sales to consumers in retail and e-commerce, follow-up orders were also pleasingly high. Weather conditions helped to some extent, but as well as sales, the gross margin improved significantly.

Net sales went up 6.4 percent in the first half of the year, from EUR 12.9 million to EUR 13.7 million. The division's contribution to Group profit went up 16.1 percent from CHF 2.7 million to CHF 3.1 million.

With incoming orders rising for the fourth time in a row, this time for the 2017 autumn/winter collection, we are confident of maintaining the positive performance.

CORPORATE GOVERNANCE

Having reached retirement age, Marianne Tesler stepped down from the Board of Directors at the 30th Annual General Meeting on May 9, 2017. A proven expert in brands and clothing, Marianne Tesler was a Board member from 2006, and latterly served as a member of the Board's Compensation Committee. The shareholders of CALIDA Holding AG elected Erich Kellenberger to replace her on the Compensation Committee. The AGM also elected Dr. Valentin Chapero Rueda as a new Member of the Board of Directors of CALIDA Holding AG. Valentin Chapero is the co-founder and partner of Veraison Capital AG, which according to its own information holds a total stake of 16.3 percent in CALIDA Holding AG, making it CALIDA GROUP's second largest shareholder.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

We don't believe the economic environment will change fundamentally in the second half of the year, so conditions will remain challenging.

The business model, consisting of a portfolio of strong, operationally autonomous brands that provide a natural hedge against risk, will continue to prove its worth this year. Orders for the 2017 autumn/winter collections are stable or slightly up on last year at all the Group's divisions. But there are still risks relating to incoming follow-up orders and basic items, especially at the CALIDA brand. Discount sales in our own retail and outlet shops will have to be measured against 2016's strong second half performance. However, CALIDA GROUP should be able to more than double the sales it makes through its own e-commerce operation.

As previously communicated, 2017 remains a year of transition for CALIDA GROUP, with additional investments made in sustainable organic growth, especially at the CALIDA and LAFUMA MOBILIER divisions. The planned additional expenditure on communication, collections and organizational structures at CALIDA will help modernize and strengthen the brand, and promote internationalization. LAFUMA MOBILIER is building up its contract business with hospitals, retirement homes and hotels, as well as developing its Privilege line.

Despite the fact that conditions for European retail remain challenging, we can expect the Group to put

in a stable performance for 2017 as a whole, with sales and operating profit around the same level as last year. However, following the acquisition of Reich Online Services GmbH and associated investments in developing e-commerce and digitalization, additional costs should be expected, which could affect profitability in the short-to-medium term.

We would like to thank you, our valued shareholders, for your confidence.



Dr Thomas Lustenberger
Chairman of the Board
of Directors



Reiner Pichler
Chief Executive Officer

IMPORTANT DATES

Annual results 2017	March 2018
Annual General Meeting of Shareholders	May 18, 2018
Interim results 2018	End of July/ start of August 2018



CALIDA GROUP at a glance

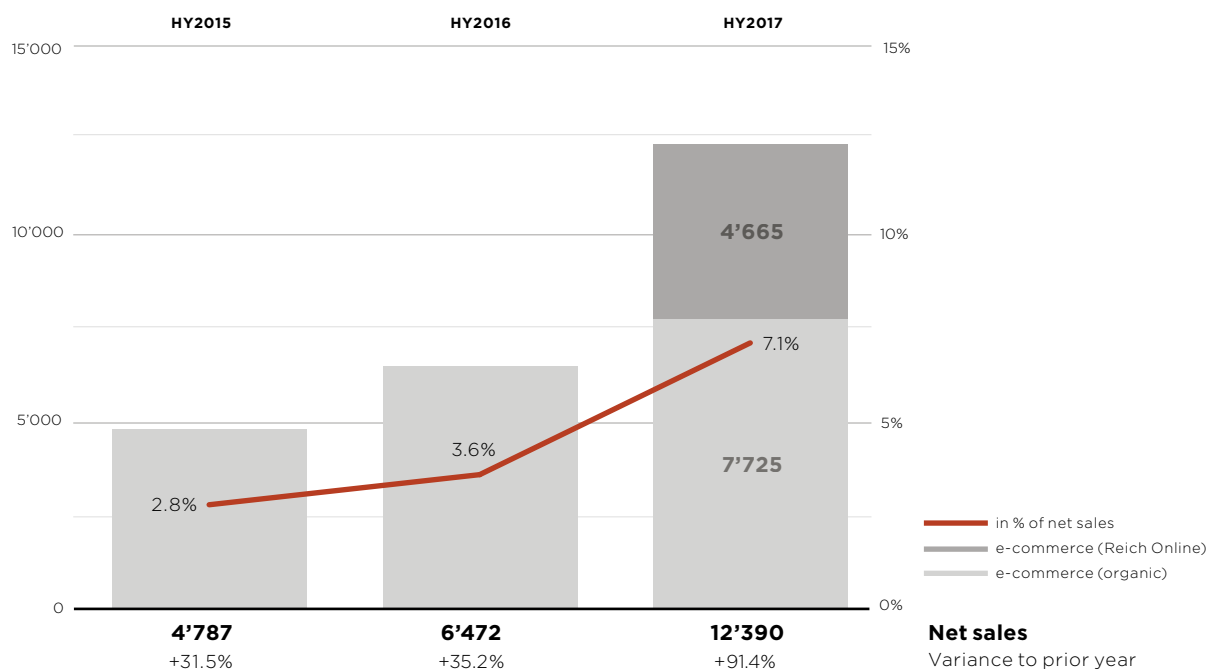
CALIDA GROUP is a global apparel group with its head office in Switzerland. Encompassing the lingerie brands CALIDA and AUBADE, as well as the mountain sports and outdoor brands MILLET, OXBOW, EIDER, and LAFUMA, it has sales of CHF 371 million in 2016 and around 2'900 employees. The CALIDA GROUP is listed on the SIX Swiss Exchange.

CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH THE COST OF SALES METHOD

	01.01. – 30.06.2017	01.01. – 30.06.2016	Change
Gross sales	181'466	185'176	-2.0%
Net sales	175'581	178'932	-1.9%
Gross profit	100'128	101'917	-1.8%
as a % of net sales	57.0%	57.0%	
Operating contribution	40'325	40'948	-1.5%
as a % of net sales	23.0%	22.9%	
Non-allocated operating costs	-34'547	-36'065	-4.2%
as a % of net sales	-19.7%	-20.2%	
Operating result (EBIT)	5'778	4'883	18.3%
as a % of net sales	3.3%	2.7%	
Financial result, net	920	128	
Earnings before tax	6'698	5'011	33.7%
as a % of net sales	3.8%	2.8%	
Income taxes	-761	-1'536	
Net income	5'937	3'475	70.8%
as a % of net sales	3.4%	1.9%	
Earnings per registered share in CHF (basic)	0.60	0.43	
Earnings per registered share in CHF (diluted)	0.60	0.43	

SELECTED KPIS

	30.06.2017	30.06.2016
Liquidity	40'435	36'021
Gross debt	-21'977	-17'082
Net liquidity	18'458	18'939
Shareholders' equity (incl. non-controlling interests)	173'256	158'007
Total assets	288'723	271'393
Equity ratio	60.0%	58.2%
Headcount	2'994	2'971

DEVELOPMENT E-COMMERCE

The activities of the Group's divisions show seasonal fluctuations. (Further details of the seasonal sales development are given in note 1 of the notes to the consolidated half-year report on page 21.)

Consolidated interim financial statements 2017

CALIDA GROUP



Group statement of financial position

(condensed)

	30.06.2017	31.12.2016	30.06.2016
Cash and cash equivalents	40'435	40'220	36'021
Trade accounts receivable	32'905	41'268	32'429
Inventories	80'579	78'064	81'433
Other current assets	21'531	20'688	20'946
Current assets	175'450	180'240	170'829
Property, plant and equipment	20'161	19'777	22'172
Intangible assets	78'883	67'312	67'743
Other non-current assets	14'229	13'208	10'649
Non-current assets	113'273	100'297	100'564
ASSETS	288'723	280'537	271'393
Current financial liabilities	20'049	7'660	10'508
Trade accounts payable	18'130	18'825	21'042
Current provisions	2'809	4'292	4'746
Other current liabilities	48'908	47'738	45'697
Current liabilities	89'896	78'515	81'993
Non-current financial liabilities	1'928	6'338	6'574
Non-current provisions	4'268	4'966	5'409
Other non-current liabilities	19'375	17'141	19'410
Non-current liabilities	25'571	28'445	31'393
Liabilities	115'467	106'960	113'386
Equity held by shareholders of CALIDA Holding AG	149'731	150'305	135'755
Non-controlling interests	23'525	23'272	22'252
Shareholders' equity	173'256	173'577	158'007
SHAREHOLDERS' EQUITY AND LIABILITIES	288'723	280'537	271'393

Group income statement and statement of comprehensive income

(condensed)

GROUP INCOME STATEMENT

	01.01. – 30.06.2017	01.01. – 30.06.2016	01.01. – 31.12.2016
Net sales	175'581	178'932	370'877
Operating income	176'885	180'303	374'622
Operating expenses	-171'107	-175'420	-356'314
Operating result	5'778	4'883	18'308
Financial result, net	920	128	-252
Earnings before tax	6'698	5'011	18'056
Income tax	-761	-1'536	-3'298
Net income	5'937	3'475	14'758
attributable to:			
Shareholders of CALIDA Holding AG	4'858	3'480	13'932
Non-controlling interests	1'079	-5	826
Earnings per registered share in CHF (basic)	0.60	0.43	1.72
Earnings per registered share in CHF (diluted)	0.60	0.43	1.72

STATEMENT OF COMPREHENSIVE INCOME

	01.01. – 30.06.2017	01.01. – 30.06.2016	01.01. – 31.12.2016
Net income	5'937	3'475	14'758
Items that might be reclassified to profit or loss, after tax			
Exchange rate differences recognised in other comprehensive income	1'945	81	-2'221
Hedge accounting	-4'956	-1'583	1'133
Items that cannot be reclassified to profit or loss, after tax			
Remeasurements of the net defined benefit liability (asset)	187	-3'277	476
Other comprehensive income	-2'824	-4'779	-612
Comprehensive income	3'113	-1'304	14'146
attributable to:			
Shareholders of CALIDA Holding AG	2'860	-1'557	12'873
Non-controlling interests	253	253	1'273

in CHF 1'000

Group statement of changes in shareholders' equity

	Share capital	Treasury shares	Capital reserves	Retained earnings	Exchange differences	Reserves	Equity held by the shareholders of CALIDA Holding AG	Non-controlling interests	Shareholders' equity
1 January 2016	16'993	-53	2'100	159'354	-30'944	130'510	147'450	31'898	179'348
<i>Net income</i>	-	-	-	3'480	-	3'480	3'480	-5	3'475
<i>Other comprehensive income</i>	-	-	-	-4'441	-596	-5'037	-5'037	258	-4'779
Comprehensive income	-	-	-	-961	-596	-1'557	-1'557	253	-1'304
Reduction of par value	-16'226	-	12'981	-	-	12'981	-3'245	-	-3'245
Dividend from capital contribution reserve	-	-	-3'244	-	-	-3'244	-3'244	-	-3'244
Acquisition of non-controlling interests	-	-	-	-4'614	-	-4'614	-4'614	-9'899	-14'513
Capital increase	44	-	554	-	-	554	598	-	598
Share-based payments	-	-	367	-	-	367	367	-	367
30 June 2016	811	-53	12'758	153'779	-31'540	134'997	135'755	22'252	158'007
1 January 2017	812	-531	13'355	169'955	-33'286	150'024	150'305	23'272	173'577
<i>Net income</i>	-	-	-	4'858	-	4'858	4'858	1'079	5'937
<i>Other comprehensive income</i>	-	-	-	-3'451	1'453	-1'998	-1'998	-826	-2'824
Comprehensive income	-	-	-	1'407	1'453	2'860	2'860	253	3'113
Dividend from capital contribution reserve	-	-	-6'543	-	-	-6'543	-6'543	-	-6'543
Capital increase	8	-	2'506	-	-	2'506	2'514	-	2'514
Share-based payments	-	-	600	-	-	600	600	-	600
Acquisition of treasury shares	-	-5	-	-	-	-	-5	-	-5
30 June 2017	820	-536	9'918	171'362	-31'833	149'447	149'731	23'525	173'256

Group statement of cash flows

(condensed)

	01.01. – 30.06.2017	01.01. – 30.06.2016	01.01. – 31.12.2016
Net income	5'937	3'475	14'758
Depreciation, amortisation and impairments	4'314	4'648	10'805
Other adjustments for non-cash items	612	2'261	5'342
Increase (-) / decrease (+) in net working capital	5'393	-489	-1'305
Increase (+) / decrease (-) in provisions	-2'071	-828	-1'684
Income taxes paid	-1'374	-1'392	-4'354
Cash flow from operating activities (A)	12'811	7'675	23'562
Acquisition of a group company	-8'620	-	-
Investments in property, plant and equipment / intangible assets	-4'132	-4'811	-9'535
Sale of property, plant and equipment / intangible assets	38	481	625
Increase (-) / decrease (+) in financial assets / interest received	428	76	240
Cash flow from investing activities (B)	-12'286	-4'254	-8'670
Increase (+) / decrease (-) in financial liabilities / interest paid	3'304	-7'302	-10'485
Dividend from capital contribution reserve (C)	-6'543	-3'244	-3'244
Capital decrease by reduction of par value (C)	-	-	-3'245
Options exercised from share-based payment plans	2'514	598	887
Acquisition of non-controlling interests	-	-14'513	-14'513
Acquisition of treasury shares	-5	-	-531
Cash flow from financing activities	-730	-24'461	-31'131
Impact of exchange rate fluctuations on cash and cash equivalents	420	693	91
Change in cash and cash equivalents	215	-20'347	-16'148
Cash and cash equivalents at the beginning of the period	40'220	56'368	56'368
Cash and cash equivalents at the end of the period	40'435	36'021	40'220
Free cash flow (A+B+C)	-6'018	177	8'403





Notes to the consolidated interim financial statements

The figures in the notes to the consolidated interim financial statements are presented in thousand Swiss francs (in CHF 1'000) unless indicated otherwise (information on share prices, dividends and earnings per share are presented in CHF).

Basis of preparation

GENERAL

The consolidated interim financial statements comprise the unaudited consolidated results of CALIDA Holding AG and its directly or indirectly controlled subsidiaries ("CALIDA GROUP") for the period from 1 January to 30 June 2017 ("interim period"). The report is prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual report 2016 as it provides an update of the information reported therein.

ACCOUNTING, CONSOLIDATION AND MEASUREMENT PRINCIPLES

The accounting policies applied in the consolidated interim financial statements are consistent with the consolidation and measurement principles disclosed in the consolidated financial statements 2016, except for the amendments discussed below.

The following amended International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) are applicable from 1 January 2017. The individual changes have no material impact on the interim financial statements of the CALIDA GROUP.

IAS 7

Annual improvement process

Disclosure initiative

Collective standard with amendments to various IFRS standards with the primary goal of eliminating inconsistencies and clarifying terminology

ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period, and the amount of income and expenses during the reporting period. Assets and liabilities are recognised when it is probable that any future economic benefit associated with the item will flow to or from the entity and value or cost can be measured reliably. If these estimates and assumptions – made by management to the best of their knowledge as at the reporting date – prove to differ significantly from the actual circumstances at a later point in time, the original estimates and assumptions are adjusted in the reporting period in which the circumstances changed.

FOREIGN CURRENCY TRANSLATION

The following exchange rates are used for the translation into Swiss francs (CHF) for the CALIDA GROUP's major currencies:

Exchange rate at closing date	Unit	30.06.2017	30.06.2016	31.12.2016	Average exchange rate for the interim period	Unit	01.01.–30.06.2017	01.01.–30.06.2016	01.01.–31.12.2016
EUR	1	1.0933	1.0864	1.0718	EUR	1	1.0764	1.0958	1.0898
USD	1	0.9568	0.9802	1.0252	USD	1	0.9940	0.9819	0.9845
HUF	100	0.3531	0.3425	0.3500	HUF	100	0.3478	0.3501	0.3500
GBP	1	1.2436	1.3130	1.2551	GBP	1	1.2517	1.4081	1.3301
TND	1	0.3938	0.4460	0.4383	TND	1	0.4226	0.4780	0.4579
JPY	100	0.8499	0.9556	0.8800	JPY	100	0.8849	0.8797	0.9100
HKD	1	0.1226	0.1263	0.1322	HKD	1	0.1279	0.1264	0.1268
CNY	1	0.1411	0.1475	0.1474	CNY	1	0.1446	0.1502	0.1482

SCOPE OF CONSOLIDATION**Acquisition of Reich Online Services GmbH**

With effect from 1 March 2017 the CALIDA GROUP acquired 100 percent of German e-commerce specialist Reich Online Services GmbH. In line with CALIDA GROUP's strategy, the acquisition strengthens its capabilities in e-commerce, a key growth area.

The purchase price allocation is not final as at 30 June 2017. The provisionally assessed fair values of assets identified and liabilities assumed of Reich Online Services GmbH as at acquisition date 1 March 2017 are as follows:

ACQUIRED NET ASSETS

	Fair value
Cash and cash equivalents	1'435
Inventories	2'307
Other current assets	284
Property, plant and equipment	765
Intangible assets	1'435
Other non-current assets	35
Assets	6'261
Trade accounts payable	1'401
Current provisions	151
Other current liabilities	500
Non-current liabilities	426
Liabilities	2'478
Acquired net assets	3'783
Goodwill	8'281
Purchase price	12'064
Cash and cash equivalents acquired	-1'435
Payments still due (as at 30 June 2017 – see note 4)	-2'009
Net cash outflow	8'620

The e-commerce know-how and the online market access in Germany for the brand CALIDA justify the goodwill posted. Goodwill is not tax deductible. The contingent purchase price payments are tied to operating targets being achieved and are due in one and two years. The CALIDA GROUP is working on the assumption that the targets will be achieved and has therefore recognised the liabilities in full.

Reich Online Services GmbH will support the CALIDA GROUP in e-commerce sales. These activities will be allocated to the reporting segments. Businesses from the multibrand web shop www.onmyskin.de as well as the web shops for the brands Craft and Taubert will be reported as other activities.

Since the acquisition, Reich Online Services GmbH has contributed additional sales of CHF 3.5 million and net profit of CHF -0.2 million. If the acquisition had taken place on the first day of the fiscal year, its additional contribution to consolidated net sales would have been CHF 2.6 million. Consolidated net profit would have been CHF 0.3 million higher.

Transaction costs of CHF 0.3 million in connection with the business combination are recorded in operating expenses and CHF 0.3 million are reflected in the cash flow from operating activities.

Notes to the consolidated interim financial statements

1. SEASONAL EFFECTS

The activities of the Group's divisions show seasonal fluctuations.

Experience has shown sales in the CALIDA division to be significantly higher in the second half of the year, whereas the operating expenses remain relatively stable. In the first six months, inventories are increased, which burdens liquidity and also lowers the segment's operating profit contribution by not yet realised contribution margins.

There are no major seasonal fluctuations in sales between the first and second half of the year in the AUBADE and OXBOW divisions. The operating expenses are relatively stable over the year.

The brands MILLET and EIDER of the MILLET MOUNTAIN GROUP recognise significantly higher sales with corresponding operating contribution in the second half of the year as they are strongly oriented towards the winter.

These seasonal fluctuations at CALIDA and the MILLET MOUNTAIN GROUP are partially offset by the activities of the LAFUMA MOBILIER with its garden furniture, which realises the majority of sales in the first half of the year.

2. SEGMENT REPORTING

As chief operating decision maker, the CALIDA GROUP Executive Board determines the business activities and monitors internal reporting to assess performance and make decisions about resources to be allocated. The CALIDA GROUP has five reportable segments (divisions) which are organised and managed independently of each other in accordance with their market alignment.

SEGMENTS

The brands CALIDA, AUBADE, LAFUMA MOBILIER and OXBOW each form a reportable segment. The MILLET MOUNTAIN GROUP combines the three mountain-sports and outdoor brands MILLET, EIDER and LAFUMA.

OTHER ACTIVITIES

Besides corporate functions, this segment contains some smaller activities that are not allocated to an operating segment.

OPERATING REPORTING

The CALIDA GROUP monitors segment performance at the level of the operating profit contribution, which shows – in the presentation according to the cost of sales method – the operating profit contribution of each segment after deduction of costs of goods sold and allocated sales and marketing costs (e.g. costs of the sales organisation, rent for sales areas).

The non-allocated operating costs mainly contain costs for product development, logistics, IT, administration and management.

The CALIDA GROUP's internal reporting is based on International Financial Reporting Standards (IFRS).

01.01.-30.06.2017	CALIDA division	AUBADE division	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW division	Other activities	CALIDA GROUP
Net sales	56'632	28'891	39'959	32'941	14'729	2'429	175'581
Operating profit contribution	12'302	6'957	6'063	11'581	3'317	105	40'325
Non-allocated operating costs							-34'547
Operating result							5'778
Financial result, net							920
Earnings before tax							6'698
Amortisation and depreciation	-1'872	-699	-1'133	-362	-100	-148	-4'314
thereof impairment	-	-	-	-	-	-	-
Investments	1'948	662	1'038	407	26	51	4'132

01.01.-30.06.2016	CALIDA division	AUBADE division	MILLET MOUNTAIN GROUP	LAFUMA MOBILIER	OXBOW division	Other activities	CALIDA GROUP
Net sales	57'506	27'676	44'717	34'335	14'088	610	178'932
Operating profit contribution	14'214	6'282	4'826	12'242	2'909	475	40'948
Non-allocated operating costs							-36'065
Operating result							4'883
Financial result, net							128
Earnings before tax							5'011
Amortisation and depreciation	1'842	849	1'319	477	105	56	4'648
thereof impairment	-	-	-	-	-	-	-
Investments	2'213	318	1'634	716	38	-	4'919

3. EARNINGS PER REGISTERED SHARE

	01.01. - 30.06.2017	01.01. - 30.06.2016
Net income, attributable to the shareholders of CALIDA Holding AG	4'858	4'380
Number of shares as at reporting date	8'202'279	8'113'077
Less weighted average of capital increase	-61'704	-12'469
Average number of shares outstanding	8'140'575	8'100'608
Earnings per registered share in CHF (basic)	0.60	0.43
Earnings per registered share in CHF (diluted)	0.60	0.43

The dilutive effects were calculated based on the average number of outstanding call options and the average share price. The outstanding options with an exercise price below the average share price (determined at daily closing price) are taken into account in determining dilutive effects. The average number of potential shares included in the calculation was 7'568 (01.01.-30.06.2016: 5'100).

4. FINANCIAL MANAGEMENT

30 June 2017

	Carrying amount	Contractual payments	less than 1 year	1-5 years
Financial liabilities (current and non-current)	20'042	20'270	19'177	1'093
Trade accounts payable	18'130	18'130	18'130	-
Other current liabilities ¹⁾	20'394	20'394	20'394	-
Total - at amortised cost	58'566			
Derivative financial instruments ²⁾				
Cash inflows		-66'488	-35'516	-30'972
Cash outflows		67'210	36'190	31'020
Net - at fair value through profit and loss (level 2)	1'843	722	674	48
Total	60'409			

30 June 2016

	Buchwert	Vertragliche Zahlungen	< 1 Jahr	1-5 Jahre
Financial liabilities (current and non-current)	17'082	17'526	10'943	6'583
Trade accounts payable	21'042	21'042	21'042	-
Other current liabilities ¹⁾	19'348	19'348	19'348	-
Total - at amortised cost	57'472			
Derivative financial instruments ²⁾				
Cash inflows		-77'544	-49'707	-27'837
Cash outflows		76'033	48'510	27'523
Net - at fair value through profit and loss (level 2)	-533	-1'511	-1'197	-314
Total	56'939			

¹⁾ Not including liabilities to government authorities as well as accrued personnel expenses and other accruals and deferred income of CHF 28'514 (2016: CHF 26'349).

²⁾ Of the carrying amount CHF 89 is allocated to other current assets (31.12.2016: CHF 2'636), CHF 3 to other non-current assets (31.12.2016: CHF 587), CHF 1'092 to current financial liabilities (31.12.2016: CHF 179) and CHF 843 to non-current financial liabilities (31.12.2016: CHF 0).

In the interim period 2017 CHF 6'560 were amortised as due according to the current agreement for the syndicated loan facility (01.01.-30.06.2016: CHF 6'518).

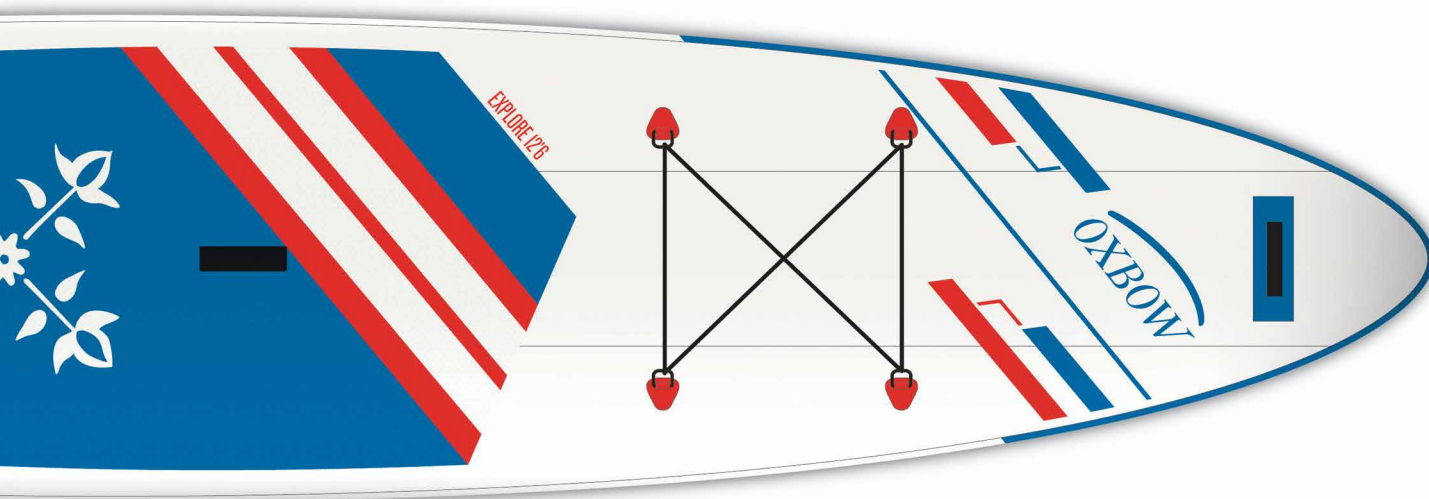
Due to being short term, the carrying amounts of the current financial liabilities approximate their market value (undiscounted amounts). Due to their having floating interest rates, the carrying amounts of the non-current financial liabilities approximate their market value. The exception to this are the purchase price deferral for the acquisition of Reich Online Services GmbH, which are discounted.

The derivative financial instruments recognised are based solely on forward currency transactions contracted with banks as counterparties (OTC) for the purpose of foreign exchange hedging and are measured at fair value. The fair value (market value) is based on observable market data, particularly the spot rates and yield curves of the respective currencies (level 2 of the fair value measurement hierarchy).

CHANGE IN NET LIQUIDITY

	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Net liquidity
1 January 2017	40'220	-7'660	-6'338	26'222
Cash flow from operating, investing and financing activities	-205	-	-	-205
Change in financial liabilities	-	-9'906	6'431	-3'475
Cash flow	-205	-9'906	6'431	-3'680
Exchange rate differences	420	-39	-93	288
Unrealised exchange rate differences from the conversion of financial liabilities in foreign currencies	-	-293	-27	-320
Impact of exchange rate differences	420	-332	-120	-32
Compounding / amortisation of transaction cost	-	-95	-13	-108
Change in liabilities from derivate financial instruments	-	-1'092	-843	-1'935
Purchase price deferrals	-	-964	-1'045	-2'009
Non-cash positions	-	-2'151	-1'901	-4'052
30 June 2017	40'435	-20'049	-1'928	18'458

The final amortisation payment for the current syndicated loan of EUR 6'000 is due as at 30 June 2018. Therefore, it has been reclassified to current.



5. LONG TERM INCENTIVE PLAN (LTI)

With the approval of the Annual General Meeting as at 9 May 2017 the Long Term Incentive Plan (LTI) agreed with the CEO has been converted from a phantom plan to a share-based remuneration plan. When the next relevant threshold is crossed (share price of CHF 38.50) the payment of the bonus will no longer be in cash but in blocked registered shares of CALIDA Holding AG. The plan conversion has a positive impact on the interim result of CHF 139.

6. SHAREHOLDERS' EQUITY – GROUP

DIVIDEND FROM CAPITAL CONTRIBUTION RESERVE

The Annual General Meeting of 9 May 2017 approved a dividend of CHF 0.80 per registered share to be paid from the capital contribution reserve. The dividend of CHF 6'543 was paid out after 16 May 2017. Taking into consideration premiums of CHF 3'112, the capital contribution reserve of CALIDA Holding AG amounts to CHF 11'920.

CONDITIONAL CAPITAL

In the interim period 2017, a conditional capital increase of CHF 8 (01.01.–30.06.2016: CHF 44) or 80'499 registered shares (01.01.–30.06.2016: 21'229 registered shares) was carried out at an average issue price of CHF 31.53 per share (01.01.–30.06.2016: CHF 28.55). The premium, representing the excess over par value after deduction of issuance and transaction costs, was allocated to the capital reserves (01.01.–30.06.2017: CHF 2'506; 01.01.–30.06.2016: CHF 554).

Conditional capital of CHF 16 (31.12.2016: CHF 25) was available as at 30 June 2017, equivalent to 157'721 registered shares (31.12.2016: 246'923 registered shares) with a par value of CHF 0.10 each.

7. SUBSEQUENT EVENTS

The consolidated interim financial statements were approved by the Audit & Risk Committee as at 21 July 2017 and released for publication by the Board of Directors as at 24 July 2017.

There were no further events between 30 June 2017 and the date on which these consolidated interim financial statements were released for publication by the Board of Directors which would have required disclosure here or an adjustment to the figures in these consolidated interim financial statements.

This half-year report may include statements which are based on current assumptions and forecasts made by the Management of CALIDA Holding AG. Various known and unknown risks, uncertainties and other factors can lead to a situation in which the actual results, the financial position, the development or the performance of the company deviate significantly from the estimations given here. CALIDA Holding AG does not assume any obligation to carry such future-orientated statements further and to adapt them to future events or developments.

The half-year report of CALIDA Holding AG is published in German and English. In the case of any differing interpretations, the German text is valid.



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