

## **Press Information**

### **C&A Europe reports robust sales and market share growth in 2010 as a solid base to kick-start the Anniversary Year 2011**

**Value-for-Money Leadership re-confirmed despite higher sourcing costs in the market!**

*Duesseldorf, April 20, 2011. C&A Europe continues to grow robustly despite a sluggish European apparel market development. The fashion-value company with 1,490 stores in 19 European countries, reported solid overall sales increase of about € 290 million – to € 6.59 bn in the financial year 2010/2011 (from March 01, 2010 to February 28, 2011). Total sales increased by 4.6 per cent over the prior year and market share rose in all C&A markets – this against the background of a still shrinking European apparel retail market „Our robust growth in 2010 was achieved once again by focusing our long-term efforts on improving customer offering and by strengthening our ‘best value for money’-proposition for the entire family. C&A Europe has once again achieved higher growth rates than industry average, despite still uncertain and volatile market conditions. Consequently, our aggregated European market-share has jumped significantly in 2010 from 5.1 per cent to 5.4 per cent and provides a solid base at the start of our anniversary year 2011“, said Andreas G. Seitz, member and spokesperson of C&A’s European Executive Board, presenting the annual results for financial year 2010/2011. C&A was founded 170 years ago in 1841 by the brothers Clemens and August Brenninkmeijer in the Dutch city of Sneek. In Germany, the company’s biggest and most important market, C&A is celebrating the 100<sup>th</sup> anniversary of its market entry, in Portugal the 20<sup>th</sup> anniversary and in Poland the 10<sup>th</sup> anniversary during the year 2011. The expansion of C&A’s online-business across Europe is nominated as a strategic growth area of the company for the coming years.*

#### **Sales and Market Share**

The store network of C&A Europe increased during the past trading year by 80 (net) new stores to 1,490 per April 2011. Each C&A-territory reported both increasing market shares and an overall sales growth in financial year 2010/2011.

With a pronounced growth rate of 11.6 per cent over the year prior, C&A posted strong aggregated sales of € 415 mio in the Eastern European region (Czech Republic, Hungary, Poland, Slovenia, Slovakia, Russia). C&A has also been growing robustly against market trend in the Netherlands (€ 514 mio, +5.3 per cent) and on the Iberian Peninsula (Spain and Portugal € 581 mio, +4.5 per cent versus previous year). C&A’s market shares in Portugal have shown a marked increase from 4.3 to 5.6 per cent in 2010, whereas C&A’s market shares in Spain have jumped from 1.9 to 2.2 per cent and

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in the Netherlands from 5.0 to 5.2 per cent. The positive C&A- development on the Iberian Peninsula is particularly remarkable, because the apparel sector in that region experienced drastic sales declines. C&A Austria has also reported strong growth in 2010 both in sales (€ 383 mio, +3.5 per cent on prior year) and in market share (from 7.4 to 7.9 per cent market share). In Germany, C&A achieved overall sales of more than € 3 bn (€ 3.011 mio, +2,7per cent). Sales growth for C&A Germany was also above apparel sector average, which showed a pronounced recovery during 2010 from the downturn. C&A's market share in Germany increased from 9 to 9.2 per cent. C&A's sales in France (€ 587 mio, +1 per cent), Belgium/Luxembourg (€ 519 mio, +0.6 per cent) and Switzerland (CHF 605 mio, +0.7 per cent) as well as C&A-market share in these countries increased during the period. Aggregated sales in C&A's new markets of Croatia, Romania, Turkey and Italy accumulated in financial year 2010/2011 to € 114 mio, a strong plus of 57 per cent on prior year.

„These robust sales- and market share growth rates across our European territories reflect an entrepreneurial tradition of ambition, joy and success, which every one of our more than 36,000 employees can be proud of,” Mr. Seitz added.

### **Renewed Strategic direction and new Corporate Design**

“In the 170<sup>th</sup> year of our company's history and 100 years after our first store was opened in Germany, we will focus primarily on our future endeavours and opportunities whilst understanding the strongholds of our heritage.” In this context, Mr. Seitz referred to the renewed company's strategic orientation, which has been re-vitalised and further developed in order to be better positioned in future to adapt to changing consumer preferences. „We will remain the fashion-value retailer for the whole family – the ‘real family of the 21<sup>st</sup> century’- given that ‘families’ define themselves very differently today than they did decades ago. We will work persistently in future to even better understand the needs and wants of ‘modern families’ and to serve our today's and tomorrow's core female customers with exciting collections and brand experiences”, Seitz said.

Going forward, C&A Europe wants to address in the coming years new consumer segments as an addition to current core customer groups. To do so, the company has, among other things, developed a new store concept in 2010, which it has implemented in a ‘test-and-learn’-environment in several pilot stores across different countries. One landmark of these ‘test-and-learn’-pilot stores is the largest C&A-store worldwide in Cologne. C&A's new store concept includes refined style and merchandising worlds, a comprehensive redesign of the store surface and the service areas as well as new C&A-Visual Language package in a refreshed corporate colour scheme. „Based on the experiences gained in Cologne and in other pilot stores, we will now take the needed learning, make

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the necessary amendments and establish the new store concept across all European markets in a controlled roll-out," Mr. Seitz remarked.

C&A's renewed corporate identity scheme includes also a freshened up corporate C&A logo in order to trigger a more modern, cleaner, lighter and brighter appearance. „The evolutionary renewal of our corporate C&A logo is in tune with our iconic brand heritage as well as with the renewed C&A-corporate identity package and can be seen as the visual expression of our company's desire to constantly evolve and respond to the changing 'wants and needs' of our customers. Further, we have also developed and implemented, a renewed Marketing Communications approach as well as have refreshed our corporate values and our commercial proposition in line with our re-energised vision going forward," Seitz added.

### **Store network and Investments**

C&A Europe remains fully committed to future investments to support the company's sustained growth ambitions. „Our future investment focus can be summarised in five main categories," Mr. Seitz explained. „Regular expansion of our store network and on-going renewal of our existing store base, constantly updating our back office infrastructure to 'state of the art' at given times, investments in collections and improved customer offering, expanding our online business and last but not least investments in the human capital of our global talent pool." By April 2011, C&A had 1,490 stores across Europe. It is planned to open 90 - 100 new stores (net) in financial year 2011/2012. By the end of FY 2012/2013, the European store network is foreseen to rise to approximately 1,650 stores. „With total investments of about 650 million Euros during the next three years, we remain very committed to our focus on sustained growth", Seitz added.

### **Online business expansion and new Social Media engagement**

In the coming years, the expansion of C&A's online business will be a major strategic focus area across Europe. „The C&A online success in Germany and in the Netherlands, has confirmed our assumption and conviction that this sales channel has considerable growth potential in many European countries," Mr. Seitz remarked. In Germany, C&A-Online achieved an overall growth rate of approximately 50 per cent during the last financial year. The C&A web shop with the domain/URL <http://www.cunda.de> realised around 50 mio hits last year.

Two new C&A online markets, France and Austria, have started in March 2011. The launch of the French and Austrian C&A online shop coincided with a redesign of the German Online portal. „The redesign of our C&A online shop is in-line with our new corporate identity package and largely

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follows a consumer recommended approach. Shopping experience and functionality have been improved and the redesign of our online shop has been beneficial for the page traffic and increased its attractiveness,” said Mr. Seitz. Additionally, C&A’s corporate web site <http://www.c-and-a.com> received both a the new design and a new routing structure, including a ‘media library’.

In the coming two years, C&A plans to start up to four more new Online markets across Europe. “Sustained success requires more than just opening new Online Shops,” Mr. Seitz explained. “Therefore, we will also engage actively in social networks in order to address specific customer groups, and to trigger more consumer interaction and engagement with the aim to further increase the familiarity of the brand”, Seitz added. The first pilot projects with Facebook and Youtube are currently being developed and examined.

### **Sourcing Costs and Retail Price Strategy**

External factors have changed in the markets of production. Raw material prices have increased; for example cotton prices have almost doubled in 2010. Therefore, the apparel retail environment will be shaped amongst other things by rising input and purchasing costs. „The marked price increase on the international cotton market along with rising labour costs in important production markets like India and China will affect the apparel industry. We foresee that retail prices across the markets will trends upwards” Mr. Seitz said, commenting on the constrained economic conditions of the apparel industry. „Naturally, C&A has to adapt to changing conditions, but always in accordance with our business philosophy which we consistently adopted for the last 170 years - ‘to offer best value’ for our customers. In that way the current and future retail-pricing strategy of C&A will continue to be guided by our excellent ‘value for money’ claim and consumers can rely on C&A as a trusted retail brand”, Mr. Seitz added.

C&A’s constant efforts centre around the aim to find the best possible balance between price, style and quality for consumers. According to management, in a volatile and uncertain market environment consumers are looking for the most competitive value-offers. C&A Europe recognises this as an opportunity to take market share. „Our strategy remains focused on C&A’s price/value leadership across all European markets. That is why we have started to offer ‘permanent power-price lines’ within our assortment as per the beginning of the financial year 2011 , Mr. Seitz said.

### **Global leadership position in bio cotton**

During the past financial year 2010/2011, C&A Europe became the world’s global leader for fashion made of Bio cotton. Against the background of an initial planning of 23 mio units for the year 2010,

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in reality 26 mio garments made of 100% certified bio cotton were sold under C&A's own label ‚BIO COTTON‘. For the running financial year 2011/2012, the company aims to increase bio cotton sales to about 30 mio units.

„Customer awareness for sustainable cotton cultivation is constantly growing, and that is relevant for the environment, beneficial for the cotton farmers in the emerging economies of Asia and fits to C&A's strong commitment to the principles of sustainability“, Mr. Seitz remarked. C&A has marketed certified bio cotton products since 2007 and has sold about 60 mio bio cotton garments across Europe since then. „We will further expand the sustainable garments segment and will work ahead in-tune with our strategic efforts to offer products made of 100 per cent certified bio cotton at the same competitive price as those made of conventional cotton.“

### **C&A outlook – Confidence in the brand and in future business activities**

C&A's European Executive Board looks to the future with confidence. "Since 170 years, C&A has been earning the trust of consumers. We have weathered many storms across generations and can take pride in our heritage, in our brand and our commercial proposition as well as in our associates who have at all times demonstrated their outstanding commitment to make sustained growth for C&A a reality", Seitz said. Listening to and tuning in with consumers 'wants and needs' as well as the ability to adapt to local requirements have served as critical factors of this sustained success, according to management. "C&A will continue to stimulate future business evolutions in order to be well positioned to serve our today's and tomorrow's customers with exciting collections and trusted brand experiences that are sensitive to C&A being a social fabric of society", Seitz concluded.