

*- The spoken word takes precedence -*

Hagen, March 24, 2010

2010 Shareholders' Meeting

Address by Dr. Henning Kreke,

President and CEO, DOUGLAS HOLDING AG

Valued Shareholders,

Ladies and Gentlemen,

Friends of the DOUGLAS Group,

On behalf of the DOUGLAS HOLDING AG Executive Board, I too would like to wish you a very warm welcome to this year's Annual Shareholders' Meeting. We are delighted that so many of you have again taken the time here in Hagen today to learn about developments in your company and we thank you all for the trust you have placed in us.

The 2008/2009 fiscal year was dominated by the global economic and financial crisis, which also left its mark on the DOUGLAS Group. Nonetheless, **Group sales** jumped 2.3 percent to some 3.2 billion Euro, thus slightly surpassing our projected sales increase of plus 2 percent. In Germany, sales were up 1.9 percent, with our foreign subsidiaries posting sales growth of 2.9 percent.

Unfortunately however, like-for-like Group sales were just 1.0 percent behind the prior year's figure. In positive contrast, the sales in Germany were down by only 0.5 percent. On the contrary, like-for-like sales outside of Germany decreased by 2.0 percent. To some such a comparable sales decrease in crisis-ridden countries may seem fairly moderate on the whole. But the crisis hit us head-on in several of our foreign markets – particularly in Spain, Portugal, the Baltic States and Hungary – where we had to struggle with double-digit sales declines.

As a consequence, the entire DOUGLAS Group store network was analyzed last year and the decision was made to close some 50 Douglas Perfumeries mostly outside of Germany. This decision exclusively dealt with stores that were generating negative cash flows with no indication of earnings improving on a sustained basis on the medium term. The total costs for the streamlining of the store network across all divisions will reach some 24 million Euro, with the largest portion of 19 million Euro falling to the Perfumeries. Parallel to this, we negotiated rental reductions at many locations, adjusted our product-mix and further optimized staff work schedules. All in all, we have made use of the crisis in order to establish ourselves to the utmost in many locations for the future.

However, these measures have unfortunately cost a lot of money. Our EBT – pre-tax earnings **after** closing costs – therefore reached just 104 million Euro in the year under review. The EBT **before** closing costs did however reach some 128 million Euro, but were quite significantly behind the prior year's figure of 152 million Euro. Nonetheless, we succeeded in reaching the upper range of our earnings target corridor of 120 to 130 million Euro before special one-off effects.

Our operating **EBT margin – the ratio of EBT to sales** – came in at 4.0 percent following 4.8 percent the year before. On the basis of this still quite decent figure for

the specialty retail sector, the DOUGLAS Group remains to count among the top European retailers.

**Earnings before interest, taxes, depreciation and amortization (EBITDA)**

declined from 277 million Euro to 268 million Euro. The EBITDA margin – the ratio of EBITDA to sales – stood at 8.4 percent versus 8.9 percent year-on-year.

Due to the high costs for the store closures, **Group net income** fell to 63 million Euro after 97 million Euro one year earlier. Earnings per share correspondingly dropped from 2.47 Euro to 1.60 Euro.

A glance at some key balance sheet positions nevertheless reveals that your company remains very structurally sound:

The DOUGLAS Group's **balance sheet total** at the end of September with nearly 1.7 billion Euro was some 50 million Euro behind the prior year's figure.

On the **assets-side**, **non-current assets** with almost 800 million Euro matched the prior year's level.

With the dedicated commitment of Dr. Bamberger, **current assets** were reduced by some 50 million Euro, amounting to 890 million Euro as of the balance sheet date.

Where **liabilities and equity** are concerned, at 711 million Euro **equity** was 14 million Euro higher than the year before. The DOUGLAS Group's **equity ratio** rose from 40 percent to a healthy 42 percent.

We consciously applied the brakes strongly on **capital expenditure**. Whereas 155 million Euro were invested in the previous year, the investments volume for the past fiscal year just only amounted to 112 million Euro. In all, 104 new stores opened in

Germany and abroad in addition to numerous upgrading programs for existing stores. As of the end of September, our retail store network comprised a total of 2,005 locations following 1,966 stores one year before.

The **Free Cash Flow** significantly rose above the prior year's amount of 40 million Euro to 85 million Euro. Accordingly, the lower cash flow from operating activities was more than compensated by the lower capital expenditure.

It is also pleasing that the DOUGLAS Group generated a positive **DOUGLAS Value Added (DVA)** despite the challenging macroeconomic conditions. However, given the downward earnings development, the DVA at 21 million Euro was substantially below the prior year's figure of 35 million Euro.

During the fiscal year, the **return on capital employed (ROCE)** accordingly declined from 8.9 percent to 7.9 percent.

Compared to some of the previous years, our performance on the whole in the past fiscal year might seem somewhat modest. Given the macroeconomic development, we nevertheless still feel sense of pride that we have managed to achieve our goals and to further develop the DOUGLAS Group with "heart and mind".

With "heart and mind", we also want you, our **valued shareholders**, to participate in your company's success. And that is why we uphold our shareholder-friendly dividend policy even in economically strained times. Therefore, the Supervisory and Executive Boards are proposing today that our Annual Shareholders' Meeting approve a **dividend** of an unchanged 1.10 Euro per share for the 2008/2009 fiscal year. That would mean a total dividend payout of over 40 million Euro and a distribution ratio of nearly 70 percent. This distribution ratio is significantly above our long-term goal of a 50 percent distribution ratio. But adjusted for the store closing costs, the empirical distribution ratio is however about 55 percent and is thus fully justifiable.

Let me add a few words about our **DOUGLAS share**, whose movement was quite respectable given the turbulent capital market environment in the past fiscal year. In January 2009, your shares reached their highest yearly price at 33.80 Euro and stood at 31.25 Euro at the end of the fiscal year. Gratifyingly, your stock price again rose quite sharply since then, now trading at some 36 Euro. At present, 7 analysts recommend buying DOUGLAS shares, 14 analysts recommend holding and only 4 recommend selling.

Since November of last year, Mr Müller from the Müller drugstore company, also counts to one of our larger shareholders with a share of about 3 percent. Concerning Mr Müller's reference to synergy potential in purchasing and logistics, we have often been asked by analysts and the press what changes Mr Müller's participating interest will bring about. Our clear answer is: Nothing will change! The DOUGLAS Group's operating business will continue – and as is foreseen by legislation – to be decided by the Executive Board, with the approval of the Supervisory Board. And the DOUGLAS Group will only do what is right for our customers, our employees and all the shareholders of the DOUGLAS Group!

The relevant major shareholders remain to be the Family Kreke/Eklöh and the Oetker Group, who have closely accompanied the development of the DOUGLAS Group since more than 40 years of partnership. And nothing will change in this respect in the future.

And now I come to that part of my speech, which always gives me great pleasure – namely our employees!! For they are the soul of the DOUGLAS Group embodying so to speak the "heart" of our company's creed "Retailing with Heart and Mind".

Our employees have played a very pivotal role in allowing us to once again strongly defend our position in the past fiscal year. Because with their creativity, team spirit

and cost-awareness during these difficult macroeconomic times, they once again managed to spark our customers' enthusiasm for the Group's specialty stores and product-mix with their special warmth, great willingness and high expertise.

That is why I – as a representative of the entire Executive Board and certainly in your name as well – would like to take this opportunity to express my heartfelt gratitude to our some 24,000 employees for their dedication and outstanding commitment.

In the past fiscal year, we have brainstormed quite a few ideas to motivate our employees. Hence, a Group-wide sales campaign was held in the DOUGLAS Group under our annual theme "Successful Together – Fit for the Future". The "Top Team 2009" was chosen among all segments with great awards to be won. The winners were the teams whose stores had posted the highest percentage increase in gross profit compared to the previous year. The winners were announced in a festive setting at the start of November. The pleasure among the teams was huge. And it was also worth it for the Company: The gross profit alone of the top 60 stores rose by a total of nearly 5 million Euro.

For 2010, we have again proclaimed an exciting annual theme, namely **“Turning visitors into customers!”** When I visit the stores, I always experience firsthand with how much enthusiasm our teams bring this motto to life. We want to be "good hosts" at our specialty stores. Because only with that added touch of warmth and friendliness, excellent service and helpful assistance, can we succeed in turning the customer's visits to our stores into experiences of consummate pleasure. And so in this way, we can turn as many "guests" as possible into as many really "enthusiastic customers" – but preferably of course into "enthusiastic returning customers".

We also know that only with **enthusiastic employees** can we continue to spark the customers' interests on a lasting basis. A specialty store becomes convincing and makes its customers loyal on a permanent basis, when they feel that the employees are putting all their heart into their work, because they enjoy a positive working environment.

In this context, a good corporate climate is very important of course on one hand. And on the other, reasonable compensation also counts among a good working environment. That is why we have developed a remuneration system within the DOUGLAS Group that aims to suitably reward decent performance and to especially reward above-average performance. At the present time, more than half of our workforce in Germany earn above the tariff – with some even earning well above.

Our trainee quota is also above the average. Our trainee quota is 12.5 percent, while the German sector average is only about 8 percent. In total, more than 1,400 trainees are currently among our ranks – thereof 450 young and highly motivated professionals that we recruited last year alone.

Next to the many young recruits, there are fortunately also many "experienced old hands" in the DOUGLAS Group. In Germany alone, over 1,500 employees can look back on more than 20 years of work.

This mix of many new and experienced employees is, from our standpoint, a good sign that we have a good business environment in the DOUGLAS Group. To uphold this favorable business climate and to improve it, if possible, will be one of the main tasks to be performed by my new colleague on the Board, Ms Anke Giesen. On November 1, 2009, Ms Giesen succeeded Ms Traude-Stopka as the Human Resources Director. As her quasi last official act, Ms Traude-Stopka christened our company kindergarten called "Minifiliale" in Hagen back in August. With this kindergarten,

we took a big step towards making family life compatible with career. I would like to warmly thank you, dear Ms Traude-Stopka, for this great commitment. At the same time, I wish you, dear Ms Giesen, my heartfelt wishes for good luck and success for your new, challenging tasks.

**Allow me now to turn to the performance of our corporate divisions:**

The **Douglas Perfumeries** succeeded in further extending their leading market position in many European countries, despite to the economic crisis. Our 1,220 Perfumeries posted sales of nearly 1.9 billion Euro for a gain of 1.7 percent in the last fiscal year. In Germany, sales at our 452 Perfumeries climbed by 1.2 percent to 920 million Euro. Consequently, Douglas succeeded in gaining additional market share in the all-important home market in Germany given the overall downward industry conditions. Sales at our 768 foreign Douglas Perfumeries also moved ahead by 2.1 percent to over 933 million Euro. This increase however was largely the consequence of 68 new openings and the investment in the Croatian perfumery company, iRis. In contrast, like-for-like sales unfortunately receded quite significantly.

Consequently, the EBT before special one-off effects also dropped significantly from 110 million Euro to 88 million Euro. The EBT margin stood at 4.7 percent versus 6.0 percent one year earlier.

Even capital expenditure of 61 million Euro was considerably below the prior year's level of 91 million Euro. Nonetheless, 78 new Perfumeries opened and a number of stores were renovated.

A major positive highlight was the opening of the new, roughly 1,000-square-meter Douglas Perfumery "Unter den Linden" in Berlin. But also at many other new stores

in and outside of Germany, Douglas set many new accents in the areas of service, merchandising and shop design.

In the realm of organization and logistics, a major milestone was the construction of a new and modern central warehouse for the Group's exclusive brands and private labels with over 10,000 square meters in Zossen near Berlin.

It was also very gratifying that Douglas received two top awards, for which Mr Unkel and his team should be proud. Thus, Douglas was selected on a basis of a large independent survey as "Germany's Best Retailer". Furthermore, Douglas ranked first place as 'the company trusted most by consumers'.

And now moving on to the Books division:

Our **Thalia bookstores** further reinforced and extended its leading market position in Germany-speaking Europe in the past fiscal year. Sales at the 294 bookstores in Germany, Austria and Switzerland climbed by 6.6 percent to 820 million Euro. The 238 bookstores increased their sales in Germany by 6.6 percent to nearly 630 million Euro. The 56 retail bookselling subsidiaries in Austria and Switzerland posted sales gains of also 6.6 percent to 191 million Euro.

The EBT development in the Books division was most pleasing, with a jump of almost 20 percent to nearly 23 million Euro. The EBT margin advanced from 2.5 percent to 2.8 percent.

About 24 million Euro was invested in the opening of 12 new stores and the financing of numerous upgrading programs.

The further systematic implementation of the multichannel concept contributed to the positive development in the Books division. Particularly, the product-mix

expansion for digital media – such as the electronic books (e-book) – proved to be a major factor. Thalia generated solid sales from the introduction of the very first e-Book Reader in German-speaking Europe and from the sale of digital contents. Nevertheless it still holds true: Thalia's by far largest share of sales generated remained to be from the sale of printed books.

As our Douglas Perfumeries already are, Mr Busch's team should also be pleased about the several awards it received in the past year. In Germany, Thalia was the winner of the consumer price "Retailer of the Year". In Austria, Thalia has won the "Image" category of the campaign "Best of Handels-Check" two consecutive times. As I said – two great successes!

In the **jewelry and watches** division, Christ succeeded in further securing and extending its solid market position for mid to upper priced jewelry in Germany. At its 203 jewelry stores, Christ registered sales of over 292 million Euro for an increase of 2.3 percent.

Christ's EBT soared by a remarkable 14 percent to 15 million Euro. The EBT margin improved to 5.2 percent after 4.6 percent in the previous year. On the basis of this favorable performance, Mr Kroneder and his staff at Christ have succeeded in earning the highest return on capital employed within the DOUGLAS Group: In my opinion – a really sensational success!!!

Investments totaling 8 million Euro went towards Christ for the opening of 6 new stores and numerous upgrading programs.

Christ's highlights include the 10-year jubilee of the successful exclusive collaboration with the Hamburg-based jewelry and fashion designer "Jette Joop" – with really top jubilee sales. But Christ also hit exactly the spirit of the times or

*Zeitgeist* with other trend brands like Pandora and Thomas Sabo – with correspondingly good performances.

In the **Fashion** division, AppelrathCüpper made a good deal of progress in the context of its repositioning strategy. Sales of 131 million Euro were 11 percent behind the previous year. Adjusted for the Berlin store closed in January 2009, the sales decline of the now 14 women's fashion stores stood at only 7 percent.

On the basis of a very good cost management, AppelrathCüpper succeeded – despite the declining sales performance – in posting breakeven results for the operating EBT, as adjusted for the costs to sub-lease the Berlin store.

And as part of the repositioning program, AppelrathCüpper invested in the target-oriented modernization of three top-selling flagship stores in Hamburg, Cologne and Frankfurt. With a cumulative sales area of some 10,000 square meters, these three stores are now presented in a state-of-the-art manner and a really very appealing shopping ambiance. Subsequently, the company should now be very well-equipped for a lasting recovery in sales and earnings.

In the **Confectionery** division, Hussel focused consistently on quality during the last fiscal year, introducing further improvements in its merchandise, shop design, and in service as well. At the 274 confectionery shops, Hussel's sales in Germany and Austria of 101 million Euro were in line with the previous year. Whereas sales in Germany slightly dropped to 96 million Euro following the store network streamlining, the confectionery shops in Austria generated sales gains of 18 percent to almost 5 million Euro.

Nonetheless, Hussel's EBT before special one-off effects of 3 million Euro fell short of the prior year's figure of 4 million Euro. Correspondingly, the EBT margin declined from 4.3 to 3.3 percent.

Notwithstanding, Hüssel further enhanced its store network with eight new shops and 11 modernized locations, and tailored many shops to the needs of today's consumers. The promotions associated with Hüssel's 60<sup>th</sup> proved a major success.

Let me now move on to the situation in the **current fiscal year and our strategic challenges**.

The media has been repeatedly reporting for months now that many companies have been hit hard by the repercussions of the financial crisis, having to post high losses in some cases. From which, your company is fortunately far from removed.

On the contrary: In the first five months of the new fiscal year (October to February), the DOUGLAS Group recorded a sales gain of 1.4 percent amounting to approximately 1.6 billion Euro. Sales in our all-important home market posted a pleasing increase of 2.0 percent, with sales outside of Germany coming in at a slight plus of 0.3 percent.

On a like-for-like basis, the prior year's Group sales figure was just barely missed by 0.9 percent. This relatively respectable performance is owed to the stable development in Germany. In contrast, we unfortunately registered a decline of 2.8 percent in sales outside of Germany.

This illustrates yet again that despite all foreign growth euphoria how important and right it was that we did not lose track of our home market.

Thus, for example, the Douglas Perfumeries in Germany posted a slight sales gain in the first five months, while Douglas Perfumeries abroad did not escape unscathed. Thalia pleasingly maintained secure positions both in and outside of Germany. This good performance was largely the consequence of the Online bookseller buch.de being fully consolidated since December. Excluding buch.de, Thalia's movement is in line with the

previous year. The performance in our Christ jewelry stores was especially pleasing, in which a fat plus was generated in the first five months. In contrast, the performances delivered by AppelrathCüpper and Hussel unfortunately fell short of the prior year's figures.

By positive contrast, the DOUGLAS Group's earnings performance delivered after the first five months are still in line with our projections.

All in all with this sales and earnings performance, we have established a solid foundation for the rest of the current fiscal year. And this is good so, because the retail market is currently in a lot of motion. The old saying "trade is change" has never been so true like it is today. And on one hand, Online selling is gaining ground throughout Europe – a truly rapid development. On the other hand, traditional competitors and established brands have already disappeared from the market – which until recently would have been unthinkable.

What does this mean to us now? Which **important challenges await the DOUGLAS Group and which opportunities will be offered by this change to our subsidiaries?**

The greatest opportunity and largest challenge at the same time for all of our divisions in the DOUGLAS Group is Online retailing! Here, we must succeed in interlinking stationary retailing, Internet and Online selling even more strongly at our stores. The magic word is: Multichannel. In the books division, we have already made considerable progress by means of interlinking Thalia with buch.de. This also now applies to Douglas, Christ, AppelrathCüpper and Hussel: to really make use of the opportunities offered by Internet and to advance at quickly becoming a real multichannel provider.

Our second biggest challenge is the systematic use of benefits from chain stores, without losing sights of our entrepreneurial strengths on location. In this context, the necessary

balance must be found between entrepreneurially desired leeway in making arrangements and structured processes with optimum process chains. In the retail business too much leeway – with over 2,000 stores – can quickly lead to blind action-taking under the motto: everyone does what he wants. Too many and too stringent rules lead on one hand quickly to frustration and working by the book, because local particularities can no longer be addressed on site. Both is fatal for the retailing business – such as the demise of many well-known brands has proven.

For the subsidiaries of the DOUGLAS Group, this means that:

We must optimize our work procedures and process chains so that it offers our key executives and employees a maximum of local flexibility and decision-making support. Thus understood, standardized procedures and processes result in ensuring that our employees have more time for what is really important – namely our customers. The goal must be to satisfy our customers' wishes at the specialty retail stores of the DOUGLAS Group on an even more individual and faster level. Of course this means that we again have to make more efforts to assure that the customer's desired **bestseller** is on stock at the store. A matter of course, but with the simultaneous desire of inventory optimization that often results in a squaring of the circle.

And now we come to the individual challenges of our divisions:

At **Douglas**, the financial crisis has demonstrated that looking back we – as part of our internationalization strategy – unfortunately have made some expensive mistakes in the past. And I consciously say "we" because I have supported these decisions fully. Thus, we entered too many countries at the same time, instead of focusing on fewer markets with the purpose of attaining a market-leading position. For there is a direct correlation between the respective market share and our profitability.

In general, it is no longer applicable for Douglas in the future to be present in as many countries as possible. Rather: to occupy a leading market position in all the countries in which we are present. Against this background, we have decided to withdraw from countries in which we do not see any opportunity of attaining a leading market position in the foreseeable future.

In most of the countries, we will, nonetheless make investments in further extending our store network, to either expand our market leadership or to further shorten the distance towards the local market leader. About 40 new store openings throughout Europe are scheduled for the current fiscal year.

The second biggest challenge for Douglas is the strategic expansion of the exclusive brands and private labels. This is required to form a counterweight against gray market goods. Since, unfortunately, these goods often find their way onto the shelves of discounters and drugstores, which are usually not qualified to sell or license depot-cosmetics, thus this development in the entire perfumery retail sector increases pressure on the margins. The way forward is exclusive brands and private labels, which the customer can only purchase at Douglas. Currently, the share of exclusive brands and private labels at Douglas is between 5 and 10 percent. The medium term aim is attaining a share of 15 to 20 percent.

**Thalia's** challenges will come from moving on a tightrope between printed books on one side and the trends towards digitization on the other. Accordingly, Online purchasing is also taking an increasingly decisive role.

The portion of Online sales to total sales in our Books division is currently at about 10 percent. Since the Online business is growing on a double-digit basis in the entire retail trade, this share could grow to 20 percent on the medium term.

But this means that Thalia must make decisions today about the future direction of the stationary business: What is the optimum store size? How will the sales space be designed? What additional merchandise should be included?

The first responses to these questions have been provided by Thalia's multichannel bookstore, which opened in October 2009 at the new "LOOP5" shopping mall in the Hessian city of Weiterstadt. This bookstore has elements of a stationary and Online book trade linked together in an unprecedented way: conventional bookracks and reading areas on one side with touchscreens, audio headphones and Internet access on the other. And this will continue in May, when Thalia will open another multichannel bookstore in Dortmund – right in the middle of Westenhellweg.

In total, five to ten new Thalia bookstores will be opened along with a number of upgrading programs at existing stores for the purpose of further extending its leading market position in German-speaking Europe.

Another important topic for Thalia is the rising offers in digital content platforms. As a result of the e-book, an entire new form of reading and buying books has been revolutionized. This use of digital contents is likely to become even bigger in the future and will impact bookselling all over the world. Here the entire book industry is challenged to not repeat the mistakes that were made in the digitization of the music industry.

**Christ** will face the major challenge of getting ready for times when the favorable sales performance obtained from the new jewelry trends names like “Pandora” and “Thomas Sabo” will subside. Although we are of course more than pleased today that things are quite lively here, Christ is – because of the relatively slow stock turnover rate in the jewelry and watches industry – especially required to identify future trends at an early stage and to showcase them in their product-mix at the right time.

Parallel to this, as is the case for Douglas, Christ has to further extend the successful exclusive brands and private labels. On the medium term, this share should rise from the current 15 percent to about 20 percent.

Christ will continue to grow and extend its leading market position in Germany in the current fiscal year. To this end, up to ten new stores are due to open and numerous existing locations will be remodeled.

At **AppelrathCüpper** the switch to better service, modern merchandise and contemporary fashion in store window displays, stores and in advertisements has been largely concluded. Now the biggest challenge is to succinctly advertise this repositioning: because loyal regular customers must be maintained on one hand, while at the same time turning curious new customers into enthusiastic ones for “**AppelrathCüpper 2.0**” on a lasting basis. All in all, AppelrathCüpper is well-positioned and should disproportionately profit from the widely hoped-for recovery in the textile industry.

**Hussel's** main challenge will be to refine the product-mix structure and optimize its appearance. The product diversity will be discernibly reduced with the aim of fascinating the customers with true quality and innovation leadership. In Hussel's store design, new concepts are being applied to give the confectionery shops a new contemporary look. At the new openings in Leverkusen and in Remscheid, the first signs of this new approach, with greater emphasis on chocolate browns, have already been implemented. The other new openings and modernizations will also follow this look.

And now allow me to address another topic which also features strongly in the DOUGLAS Group – namely "social responsibility".

Together with our supplier code, the Code of Conduct, we have been working since last year towards specifically ensuring that the business partners comply with minimum social and environmental standards.

With respect to the careful use of natural resources, all of our stores are encouraged to avoid the unnecessary consumption of energy and materials. For example, each store renovation and new opening takes into account implementing energy-saving and environmentally-friendly technology for lighting and air conditioning. A few years ago, the DOUGLAS HOLDING's location in Hagen was certified for its eco-profit operations.

Furthermore, we are actively committed together with our suppliers to the environment. For example, the Douglas Perfumeries launched a campaign this January together with the cosmetics company, Origins, entitled "Plant a Tree!" A tree will be planted in the nature reserve in Brandenburg in the name of each customer purchasing a specific Origins product sold by Douglas by the end of April. Nearly 5,000 trees have already been planted to date.

As you can see: Social responsibility is truly important to us. Even if ecological aspects will most likely become more important, the subject of "social responsibility" must still remain affordable. The bill that must be paid is ultimately always by the consumer. The challenge therein lies in having the industry, the producer and politicians finding a perfect blend of ecology and economics such that social responsibility can be made affordable on a sustained basis.

Ladies and gentlemen,

Even though since the financial crisis new topics like Online selling, multichannel and ecology are providing plenty of hype in the trading scene, the DOUGLAS Group will continue to pursue its general strategic direction. We will uphold our Lifestyle philosophy with outstanding service, first-class merchandise and an inviting shopping ambiance.

Especially because we are convinced that, even in times of financial hardship, customers still like to occasionally indulge themselves or others with a touch of luxury.

And we see ourselves well-equipped to emerge stronger from the persistently difficult economic conditions. With our equity ratio of more than 40 percent and our solid net assets, financial position and result of operations, we are strongly placed to secure our position as a leading European Lifestyle retail group and to extend our market positions in the respective countries. To this end, we will again invest in earnings-oriented growth, albeit at a somewhat slower pace. A total investment volume of approximately 120 million Euro is available in the current fiscal year.

In addition, we confirm the sales and earnings forecasts for the current fiscal year as issued in the Annual Report. Specifically this means: We assume that sales growth of between 0 to 2 percent and earnings before taxes between 120 and 130 million Euro will be generated. And we will do our utmost to truly achieve these goals!