

RNB RETAIL AND BRANDS

RNB RETAIL AND BRANDS LAUNCHES RATIONALIZATION PROGRAMS

RNB RETAIL AND BRANDS is launching a number of Group-wide rationalization programs. The programs include a comprehensive review and coordination of all core functions within JC and Brothers & Sisters in order to implement the rationalization of these positions as well as an additional ten central Group functions. Furthermore, preparations will begin for the closure of Sisters and a wind-down of the Kosta Outlet operations. These measures are expected to be completed in the current fiscal year and to have a positive impact on both earnings and cash flow of at least 40 MSEK from the 2013/2014 fiscal year onwards.

The weak sales and earnings development in the last fiscal year has resulted in a difficult financial situation for RNB RETAIL AND BRANDS. In light of this, the company, following the end of the first quarter of the fiscal year, has decided on a number of measures to further rationalize operations. The aim is that these measures will noticeably contribute to increased profitability and cash-flow.

The measures include a comprehensive review of all central services within the business areas JC and Brothers & Sisters as well as preparations for closing the Sisters concept. At the same time, an additional 10 positions, spread out over a number of other central Group functions, will be made redundant. In total this will effect 30-35 full-time positions. The aim is that all these activities will be completed during the current fiscal year. The positive impact on both earnings and cash flow are expected to amount to at least 40 MSEK from the 2013/2014 fiscal year onwards.

A wind-down of the Kosta Outlet operations is also initiated in the context of the rationalization program. Kosta Fashion Outlet is a part of the business unit Departments & Stores and the operations include a brand outlet with a total retail area of more than 5000 square meters. Operations in the business unit Department & Stores will thereby be streamlined to only include the current operations at the department stores NK Stockholm and NK Gothenburg. The liquidation is expected to be completed in the current fiscal year.

– Dissatisfying sales development for JC and Brothers & Sisters, and to some extent Polarn O. Pyret, has contributed to the group showing weaker than expected earnings, resulting in increased financial pressure. In order to counter this development, create financial security and continue our company-wide change program, these measures are absolutely necessary. It is unfortunate that employees are affected but the reality of our situation requires actions that will result in a rapid and noticeable improvement.

– Despite a generally weak market development, our operations within Departments & Stores have been stable. This development is driven by efficient operations at NK Stockholm and NK Gothenburg. The decision to initiate a wind-down of our Kosta Outlet operations should be viewed in light of our commitment to focus our resources within Departments & Stores to further develop our profitable operations at the NK department stores, says Magnus Håkansson.

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RNB RETAIL AND BRANDS owns, operates and develops fashion, clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and a world-class shopping experience. Sales are mainly conducted in Scandinavia through the three store concepts Brothers & Sisters, JC and Polarn O. Pyret, as well as through shops in the department stores NK in Stockholm and Gothenburg. RNB RETAIL AND BRANDS has operation in 10 countries. RNB RETAIL AND BRANDS has been listed on the OMX Nordic Exchange since 2001.