

RNB RETAIL AND BRANDS

Sisters Undergoing Extensive Change

As part of RNBs portfolio the Sisters concept has not reached the set profitability targets. The negative development of Sisters is mainly due to an increased competition and sales that are too low to facilitate cost synergies in production and purchasing. In view of this, a fundamental change and downsizing of the Sisters concept is being implemented.

"We have made a strategically important decision to change and significantly reduce the Sisters concept. This will mean an immediately higher profitability, a significantly lower development risk and a positive impact on the successful Brothers concept," says Magnus Håkansson, president and CEO of RNB RETAIL AND BRANDS.

Increased focus on Brothers Stores

Overall, the business area Brothers & Sisters has 78 stores, of which 52 are so-called duo-stores. In duo-stores both the Brothers and Sisters concepts are represented with a single cash register system. In the current fiscal year, one stand-alone Sisters store will be closed. Eight of these 52 duo-stores will be converted to Brothers-only stores. The remaining 44 stores will be rebuilt so that the Sisters area of the total retail space is adjusted. For the 20 RNB-owned stores the Sisters area is decreased by up to 50 per cent and replaced by a corresponding increase of the Brothers' concept. The 24 franchise-owned stores will decrease Sisters area to a varying extent.

Investment in External Brands

As a result of the downsizing of the Sisters concept, the internal clothing range will be discontinued. This means that the planning of the range for fall and winter 2012 will not contain any internal brands, but instead focus on external brands. 75 per cent of the spring and summer range for 2012 has already been developed and ordered, but the remaining 25 per cent will not be ordered. Sales of external brands in Sisters are profitable and as a result of the changes, the purchase of external brands will increase by about 40 per cent as of the autumn and winter range for 2012. Cooperation with the external brand manufacturers will also be deepened and developed further.

"This is a profound and important first step in the change process for Sisters. The number of Sisters stores will also be further reduced over time. The action we take now will have the effect that nine employees, primarily working with the development of the internal range, will be made redundant. Marketing expenditure is reduced by 40 per cent and this will also result in additional marketing resources being transferred to Brothers," said Yongan Kim, president and CEO of Brothers & Sisters.

For further information, please contact: Magnus Håkansson, President and Chief Executive Officer of RNB, +46 (8) 410 520 02, +46 768 87 20 02 or e-mail: magnus.hakansson@rnb.se

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 and Illum in Copenhagen. RNB RETAIL AND BRANDS has operation in 11 countries. RNB RETAIL AND BRANDS has been listed on the OMX Nordic Exchange since 2001.