

KappAhl



PRESS RELEASE

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Reduced sales at KappAhl

On a continued weak market KappAhl's sales during the period of June to July fell by 13 percent in comparable stores compared to the same period last year. Meanwhile, gross margin declined by 5 percentage points compared to the same period last year. Operating margin for the year ending 31 August is therefore estimated to be approximately 5.0 percent.

In 2011, the fashion industry's sales were negatively affected by weak consumption. The high inventories that occurred as a result has given customers many attractive offers to choose from, which has affected sales of full-price goods negatively during the summer months.

– This autumn's fashion together with new communication will attract more customers to our stores, says Christian W. Jansson, President and CEO. Furthermore, cost savings, lower investments and inventory levels next year will give a clear positive cash flow. In the longer term, we remain confident that our business concept remains strong in the competition.

Additional information can be obtained in connection with the fourth quarter report published on 30 September.

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KappAhl is a leading fashion chain with 366 stores and 4,800 employees in Sweden, Norway, Finland, Poland and the Czech Republic. KappAhl sells affordable fashion to a wide range of consumers – women, men and children – with a particular focus on women in the 30 to 50 age group with families. All KappAhl garments are designed by our own fashion team. In 1999, KappAhl was the first fashion chain in the world to receive environmental management standard certification. KappAhl's sales for the 2009/2010 financial year totalled SEK 5.1 billion and its operating income amounted to SEK 551 million. KappAhl is quoted on Nasdaq OMX Stockholm. For further information, please visit www.kappahl.com.

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