PRESS RELEASE

Maastricht-Airport, the Netherlands
April 24, 2014

Strategy sharpening and additional measures to accelerate recovery of results

Turnover and margin in Fashion continue to increase in first months of 2014

Macintosh will announce the outcome of the strategy review for its Fashion segment in today's Annual General Meeting of Shareholders. The principal finding is that the cross-channel strategy is validated, but that only formats with a clear selling proposition will be successful in this approach. A number of operational and commercial measures will be implemented to fully harness the potential of the shoe formats in the Netherlands, Belgium and the UK. On that basis and given the initial positive results of initiatives already taken, Macintosh sharpens its strategy and accelerates its transformation. A group-wide programme "Rebalancing for profitable growth" will be presented today to achieve this, aimed at substantial turnover growth and leading to an operating EBIT margin (exclusive of incidentals) of at least 6% for Fashion in 2017.

Trading update 2014

- Turnover Fashion up 7.6% in Q1 2014; increase continues in April
- 58% rise in cross-channel turnover Fashion (including online)
- Significant growth of offline and online market share of Fashion NL and Fashion UK
- Higher gross margin percentage Living compensates lower turnover
- Operating EBIT Macintosh in Q1 2014 higher than in Q1 2013

Sharpened strategy and acceleration of transformation process

- Sharpened profile to pure Fashion retailer and sale of Kwantum in due course
- Strengthening and expansion of well-positioned and highly distinctive Fashion formats Brantano (BeLux), Jones Bootmaker (UK), Manfield (NL) and Scapino (NL)
- Reinforcing Brantano (UK) and Dolcis (NL) formats
- Acceleration of cross-channel roll-out for Fashion, especially at Fashion UK and Fashion BeLux
- Lowering of operational cost base, producing structural cost savings of some € 10 million (annually) with effect as from 2016, through reduction in overhead, reduction in store costs and implementation of a more flexible cost base
- Exit 51 additional stores compared to MacFit programme of January 2013
- Financial objectives for Fashion core activities[1]

- Turnover growth in 2013-2017 of 3.5-4.5% (CAGR)[2] per year
  - Operating EBIT margin of at least 6% in 2017
  - Cross channel turnover share of around 15% in 2017

[1] Excluding stores to be closed /sold.
[2] Compound annual growth rate.

Frank de Moor, CEO:

"The strategy review has shown that our cross-channel strategy effectively accommodates current developments in the Fashion markets. The commercial and operational measures that we have taken, partly on the basis of this review, are producing their first results, reflected in a clear increase in turnover and market share over the past few months in all three countries where Fashion operates. This strengthens our belief that the recovery signalled since Q4 2013 is actually taking place.

In order to more fully harness the potential of our shoe formats, we are making additional investments in positioning our stores, the attractiveness of the product ranges and improvements in buying & merchandising processes. In addition, the MacFit transformation programme announced at the start of 2013 will be intensified and substantial cost savings will be implemented. To accelerate this and to capitalise more strongly on the expected market upturn in Fashion, Macintosh will become a pure Fashion retailer. We will therefore be looking to sell Kwantum in due course.

The action programme "Rebalancing for Profitable Growth" will enable us to achieve faster improvement of the operational performance in the near term and sustained profitable growth in the somewhat longer term."

Trading update 2014

Turnover and margin continue to recover in the first quarter

Fashion turnover rose by 7.6% to € 139.3 million in the first quarter thanks to the good months of February and March. Fashion NL recorded an increase of 7.6%, Fashion BeLux of 0.5% and Fashion UK of 14.8%. Based on market data to the end of February, both Fashion NL and Fashion UK have won significant offline and online market share and Fashion BeLux likewise achieved an increase. Turnover from Living was € 3.2 million (6.6%) lower than in Q1 2013 owing to less store visitors.

Turnover Q1 (€ million)	2014	2013	%
Fashion	**139.3[1]**	129.4	+ 7.6%
Living	**45.1**	48.3	- 6.6%
Total	**184.4**	177.7	+ 3.8%

1. GBP currency effect: + € 1.0 million

Of total Macintosh turnover of € 184.4 million, € 12.5 million (+ 53%) was achieved from cross-channel activities in the first quarter, of which € 11.0 million (+ 41%) online. The online share of total turnover from Fashion was 7.4%; at Fashion NL, this share was 12.4%.

Turnover Q1 by sales channel (€ million)	Offline[1]		Cross-channel[2]			
			Online		Offline	
	2014	2013	**2014**	2013	**2014**	2013
Fashion	**127.4**	121.9	**10.3**	7.1	**1.5**	0.4
Living	**44.5**	47.6	**0.7**	0.7	**-**	-
Total	**171.9**	169.5	**11.0**	7.8	**1.5**	0.4

1. Turnover in own brick-and mortar stores
2. Turnover via all sales channels other than own brick-and mortar stores, subdivided into (a) pure online turnover via Intreza, own webstores of the formats and online third-party platforms, and (b) offline turnover via concessions, shops-in-shops and other alliances with third parties.

The higher turnover in the first quarter also produced a higher absolute gross margin at Fashion, but this was offset partly by higher spending on marketing to support sales. In Living, the gross margin as a percentage of turnover was higher and the absolute margin was the same as in 2013.
Macintosh's operating EBIT in the first quarter was higher than in Q1 2013.
The upturn in shoe sales at our Fashion activities continued in April.

It was announced on 27 February 2014 that Macintosh's operating EBIT in the first half year of 2014, would, as usual, be negative owing to seasonal influences in Fashion. Despite positive developments in turnover and margins in the first few months of 2014, this statement remains valid.

Review confirms cross-channel strategy

OC&C Strategy Consultants were engaged at the end of 2013 to review whether the cross-channel strategy in Fashion continues to be effective and whether some elements can be implemented faster and better. The principal conclusions of the review were as follows:

- Macintosh's cross-channel strategy in Fashion is well suited to capitalise on developments in the Fashion market. An increasing share of demand will be met by retailers such as Macintosh, who offer both offline and online propositions. Strong formats with a clear positioning have the greatest potential for profitable growth under the cross-channel approach.
- Macintosh's Fashion portfolio comprises several very strong brands that are clearly positioned for customers and are designated in the review as "crown jewels" (Jones Bootmaker UK, Manfield NL, Brantano BeLux and Scapino NL). The Brantano UK and Dolcis NL formats currently have a less clear profile. Invito and PRO 0031 are relatively small Dutch formats in the "young fashion" segment with their own clearly defined target group and a good name in the market. The scale of Scapino in Belgium is not sufficient to be able to profitable as a discounter.
- The highest priority in terms of profit recovery lies with Fashion NL, both in terms of positioning, by closing stores, and by improving buying & merchandising processes. Several of those measures were already initiated in the course of 2013.

Sharpened strategy and acceleration of transformation

Action programme "Rebalancing for profitable growth"

On the basis of the outcome of the strategy review, the Managing Board, supported by the Supervisory Board, has decided to sharpen the strategy. The MacFit programme announced at the start of 2013 will be further accelerated and expanded. A group-wide action programme by the name of "Rebalancing for profitable growth" comprises a set of strategic, commercial and operational initiatives designed to lead to faster earnings recovery and profitable growth of the Fashion activities.

The "Rebalancing for profitable growth" programme is also an important element in the ongoing talks in connection with the start of the preparations for refinancing Macintosh as announced on 10 February 2014.

1. Focus on core activities of Fashion

- <u>Further strengthening of "crown jewels"</u> Brantano (BeLux), Jones Bootmaker (UK), Manfield (NL) and Scapino (NL), which with their size and market position are strong and leading formats and are excellently positioned to play a prominent role in the cross-channel future. Future investments in these formats are aimed at further strengthening their positioning, supported by the right product offering and marketing.
- <u>Reinforcing position</u> of the formats Brantano UK and Dolcis NL, which have likewise been qualified as core activities. Brantano UK will more clearly position itself as "out of town" shoe specialist for the whole family to set itself apart from non-specialist market players. Dolcis is a strong brand name in the Netherlands and will position itself more strongly as "affordable fashion" family store in prime locations. Specific measures will be taken for each of the formats to further strengthen their positioning and unique selling point with limited investments.
- <u>Cooperation at store level</u> of "young fashion" formats Invito, PRO 0031 and Steve Madden (all NL).
- <u>Divest</u> 25 Scapino stores in Belgium.
- <u>Fast expansion of cross-channel activities</u> (alliances and online propositions) at all Fashion formats, but mainly at Fashion UK and Fashion BeLux on the basis of the Macintosh E-platform, which is proving effective at Fashion NL.
- <u>Improvement of buying & merchandising processes</u> at Fashion NL and strengthening of purchasing experience, resulting in product ranges that are tailored more closely to the positioning of formats, higher availability, focus on fast movers and accelerated "in season" exits of slow movers.

2. Kwantum to be sold in due course

The focus on Fashion means that Living (Kwantum) will be sold as soon as a selling price can be achieved that sufficiently reflects Kwantum's strong position as a discounter in home decoration. Over the past few years, in which the home decoration market had to contend with a fall in turnover of over 30%, Kwantum continually performed well. In 2013, Kwantum achieved an operating EBITDA (exclusive of incidentals) of € 5.5 million at a turnover of € 181.8 million, with 100 stores in the Netherlands and nine in Belgium. Now that the housing market seems to show some improvement, Kwantum, as the market leader in decorating walls, floors and windows, is set to be among the first to benefit. Kwantum is expected to achieve turnover growth averaging some 7% in the coming years and an operating EBITDA margin between 7% and 8% in 2017.

3. Cost reduction programme and additional store closures

The Fashion and holding organisations will be adapted in line with Macintosh's changing profile. This will improve the commercial management of the organisation and achieve recurring cost savings of some € 10 million (annually) with effect from 2016. Around 50% of the savings of € 10 million will be achieved by reducing overheads (at the operations and the holding company) and around 50% will come from operations (mainly rents for stores). This programme will be implemented gradually and be fully effective in 2016.

A significant element in the action programme is the proposed sale/closure of 51 additional stores compared to the MacFit programme of January 2013. This process will be implemented mainly in 2014 and 2015 and relates largely to Dolcis and Scapino Belgium. The non-profitable stores jointly (155, including Kwantum) achieved € 85.5 million in turnover in 2013 and a negative operating EBIT (exclusive of incidental items) of € 14.1 million, of which € 9.8 million was neutralised by withdrawals from the provision created for that purpose.

Further flexibilisation of the cost structure is another key action point. Increased partnering with other retailers (concessions, shops in shops, third-party online platforms) will generate extra turnover at flexible costs.

Financial context

Effects of action programme

The main steps of "Rebalancing for profitable growth" will be taken in 2014 and 2015. In those years in particular, the desired strengthening of the shoe formats will require extra spending on repositioning and marketing of formats and investments in stores and systems. The intended extra store closures and organisational changes will lead to a total of some € 18 to € 20 million in additional provisions and write-offs in the coming two years with the main effect in 2014. The total programme will lead to cash out between € 25 and € 30 million in the next two years.

Objectives

The "Rebalancing for profitable growth" programme is targeted at the following ambition in Fashion.

Fashion	**Turnover**		**Operating EBIT (EBIT margin)**	
Achieved/targeted	**2013**	**Ambition 2013-2017**	**2013**	**Ambition 2013-2017**
Core activities	€ 568.2m	CAGR[2] growth 3.5-4.5% per year	€ 5.7m (1.0%)	At least 6% of turnover
Non-core activities	€ 72.1m		- € 12.5m[1] (-17.4%)	
Total Fashion	€ 640.3m		€ 1.3m (0.2%)	

1. Exclusive of effect of € 8.1 million from MacFit provision created in 2012.
2. Compound annual growth rate.

Maastricht-Airport, the Netherlands, 24 April 2014
The Managing Board of Macintosh Retail Group NV

Conference call for analysts and Annual General Meeting of Shareholders
The outcome of the strategy review and the action programme "Rebalancing for Profitable Growth" formulated by Macintosh based, in part, on that review, will be discussed in the conference call (in Dutch language) for analysts (9.15 a.m.) and the Annual General Meeting of Shareholders (2.00 p.m.) to be held today. The presentation(s) is (are) available on www.macintosh.nl.

This press release is also available on the website of Macintosh Retail Group NV: www.macintosh.nl
Should different interpretations arise between the Dutch and the English version of this press release, the Dutch language version prevails

Macintosh wants to offer all consumers wishing to buy shoes or home decorations a unique offline and online shopping experience, focusing on convenience, service and emotion combined with familiar brands, excellent collections and customer knowledge, to exceed the expectations of customers, and to ensure customers will return to one of our store formats for their next purchase.
Macintosh has over 1,000 stores in the Benelux and the UK. Fashion comprises around 900 shoe stores operating under the brands Brantano, Dolcis, Invito, Jones Bootmaker, Manfield, PRO 0031, Scapino and Steve Madden in the Benelux and the UK. Living consists of around 110 Kwantum home decorations stores in the Netherlands and Belgium.

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