

Corporate News

GERRY WEBER drives transformation of the business model, while sales and results drop

- Performance Programme for sustainable profitable growth with focus on Go-to-Market strategy successfully launched
- Continuous market weakness and hot summer affect revenues development
- After 9 months, sales and EBIT below the previous year at EUR 575.1 million (previous year: EUR 620.1 million) and respectively EUR -9.8 million (EUR 0.2 million)

(Halle/Westphalia, 13 September 2018) Group sales of GERRY WEBER International AG reached EUR 575.1 million in the first nine months of the financial year 2017/18, a decrease of 7.3% compared to the previous year (EUR 620.1 million). The decrease is mainly attributed to the continuous structural weakness in the German and European stationary trade in textiles, the exceedingly hot summer, which particularly affected subsidiary HALLHUBER in the third quarter, ripple effects from store closures in context of the concluded FIT4GROWTH programme, as well as planned adjustments of the GERRY WEBER business model as part of the Performance Programme announced in June. In light of the considerable sales decrease, earnings holding up well: After nine months, adjusted EBITDA lowered to EUR 31.0 million (previous year: EUR 36.1 million), while the adjusted operating result (EBIT) reached EUR -1.6 million (EUR 2.3 million). The current results figures were adjusted for planned one-off expenses of about EUR 7 million and respectively around EUR 8 million as part of the Performance Programme.

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“The unsatisfactory sales development strengthens our determination, to emphatically adjust our business model and drive this transformation, where possible, with even great vigour. We have already made significant steps, although it will take time, until our progress will become visible in our results. Currently, we fundamentally change our thinking and mode of operation – without any taboos. It is the core of our Performance Programme to become faster, more flexible and at the same time more modern while entirely focusing on our customers”, comments Ralf Weber, CEO of GERRY WEBER International AG.

Development after nine months and in the third quarter 2017/18

After nine months 2017/18 (31 July 2018), GERRY WEBER International AG consolidated sales reached EUR 575.1 million. This corresponds to a decrease of 7.3 % compared to the previous year's EUR 620.1 million. In the third quarter alone, sales of GERRY WEBER Group lowered by 11.4 % to EUR 170.4 million (previous year: EUR 192.3 million). The extraordinarily hot summer particularly struck the business performance of HALLHUBER: Here, sales decreased by 8.1 % to EUR 43.9 million (previous year: EUR 47.8 million). Additionally, to the loss of customer frequency as result of the hot summer, the decline in HALLHUBER sales in the third quarter resulted from lacking revenues in the European markets due to the insolvency of a partner (UK), as well as lower than planned sales due to a change in concept at a Swiss partner.

The GERRY WEBER Core Retail segment, including revenues of our brands GERRY WEBER, TAIFUN, SAMOON and talkabout on company-managed sales spaces, declined in the first nine months by 14.0 % to EUR 250.9 million (previous year: EUR 291.8 million). The segment continues to be shaped by store closures in context of the FIT4GROWTH programme. Consequently, the number of stores reached 822 (previous year: 867) at the end of July 2018.

In the first nine months, sales of the GERRY WEBER Core Wholesale segment remained 6.2 % below the previous year's revenues at EUR 176.0 million (previous year: EUR 187.5 million). The initiated transition to the new "Go-to-Market" approach with adjusted and shortened delivery rhythms already resulted in the anticipated sales decline in the third quarter.

HALLHUBER sales developed positively on a nine-month basis, increasing by 5.3 % to EUR 148.2 million (previous year: EUR 140.7 million). The rise in revenues resulted from an expansion-driven increase in sales spaces. At the same time, comparable sales grew by 3.1 %. Consequently, HALLHUBER outperformed the German fashion retail sector in the first nine months.

The online business with all GERRY WEBER brands continues on a good path. Online sales of the Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout) increased in comparison to the previous nine months 2016/17 by 6.2 % to EUR 22.1 million, HALLHUBER revenues even increased by 37.5 % to EUR 19.4 million.

Especially due to store closures, the number of employees at GERRY WEBER Group declined as of 31 July 2018 to an average of 6,487, compared to 6,936 at 31 July 2017.

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Personnel expenses of GERRY WEBER Group lowered in the first nine months by 3.3 % to EUR 138.6 million (previous year: EUR 143.3 million).

Earnings before interest, taxes and depreciation (EBITDA), including one-off expenses related to the Performance Programme of EUR 6.8 million, decreased by 31.1 % to EUR 24.2 million, compared to EUR 35.1 million in the respective previous period. The operating result (EBIT) declined to EUR -9.8 million (previous year: EUR 0.2 million) in the same time period. Also, the operating result contained one-off expenses for the Performance Programme of EUR 8.2 million.

Outlook for financial year 2017/18 essentially confirmed

As already stated, measures related to the Performance Programme for sustainable, profitable growth will result in exceptional charges above previous expectations of anticipated about EUR 15 million, of which EUR 8 million already occurred as of 31 July 2018, as well as revenue shifts to the upcoming financial year. Additionally, revenues of the GERRY WEBER Retail segment will remain slightly below expectations in the current financial year.

Against this background, the Managing Board of GERRY WEBER International AG essentially confirms the prognosis for the financial year 2017/18. Despite the ambitious nature of reaching the sales target of EUR 830 to 840 million, the Group continues to expect to reach the group EBIT target of EUR -10 to 0 million. This figure contains already the previously mentioned one-off expenses of about EUR 15 million.

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Key figures of GERRY WEBER Group:

	9M 2017/18	9M 2016/17	Q3 2017/18	Q3 2016/17
Sales revenues (in EUR millions)	575.1	620.1	170.4	192.3
EBITDA (in EUR millions)	24.2	35.1	-1.3	6.1
EBITDA margin (in %)	4.2 %	5.7 %	-0.7 %	3.2 %
EBITDA adj. (in EUR millions)	31.0	36.1	3.3	6.5
EBIT (in EUR millions)	-9.8	0.2	-13.0	-5.8
EBIT margin (in %)	-1.7 %	0.0 %	-7.6 %	-3.0 %
EBIT adj. (in EUR millions)	-1.6	2.3	-7.1	-4.7
Net income for the period (in EUR millions)	-10.7	-3.4	-10.8	-5.1
Earnings per share (in EUR)	-0.23	-0.08	-0.24	-0.11
Equity ratio (in %)	53.1 %	51.3 %	53.1 %	51.3 %
Headcount (average)	6,487	6,936	6,487	6,936

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