

## Corporate News

### **GERRY WEBER closes H1 in line with expectations and is thus performing to plan**

- Store closures send revenues falling 3.6% to EUR 427.8 million
- HALLHUBER contributes EUR 92.9 million or 21.7% to Group revenues
- H1 operating result of EUR 6.0 million fully in line with projections for the full financial year 2016/17

(Halle/Westphalia, 14 June 2017) In the first half of 2016/17 (1 November 2016 to 30 April 2017), consolidated sales revenues of the GERRY WEBER Group were down by a moderate 3.6% on the same period of the previous year to EUR 427.8 million. The GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON and talkabout) contributed EUR 334.9 million (H1 previous year: EUR 352.0 million) to total Group revenues. HALLHUBER, the Munich-based subsidiary, generated EUR 92.9 million in the first six months of the financial year, thus contributing as much as 21.7% to Group revenues.

The GERRY WEBER Core segment comprises the Retail segment, which generated EUR 192.3 million in revenues in the first half of the financial year, and the Wholesale segment, which recorded revenues of EUR 142.6 million. The 6.8% decline in the Core Retail segment's revenues is primarily attributable to the closure of 115 Core brand stores in the context of the FIT4GROWTH realignment programme. Having declined at a disproportionate rate in the past financial year, like-for-like Retail revenues stabilised at market level in the first six months of the current financial year, dropping by 3.4% in the first quarter and by only 1.5% in the second quarter, which is slightly above the general market trend of approx. 3% in Germany.

Revenues generated by the own GERRY WEBER online shops are counted towards the Core Retail segment and contributed EUR 13.9 million to Core Retail sales in the first six months of 2016/17. This represents an increase of 11.6% compared to the first half of the previous year. The online share of Core Retail sales thus increased from 6.0% to 7.2%. The GERRY WEBER Core shops for the GERRY WEBER, TAIFUN and SAMOON brands were relaunched at the end of March 2017. The new, more up-to-date look and feel and the more individualised presentation are meant to further

sharpen the profiles of the individual brands and to match them more closely to their respective target groups.

HALLHUBER's online operations generated revenues of EUR 9.1 million in H1 2016/17, up 7.1% on the previous year. Online revenues thus accounted for 9.8% of HALLHUBER's total revenues.

Although the market environment remains challenging, also for our Wholesale partners, sales revenues of the GERRY WEBER Core Wholesale segment declined only by a moderate 2.1% year-on-year to EUR 142.6 million. Like-for-like figures of the Retail and the Wholesale segment suggest that the modernisation measures implemented within the collections as well as the new merchandise management processes are showing the first positive effects for our Wholesale customers.

The HALLHUBER brand contributed EUR 92.9 million to Group revenues in H1 2016/17. Although sales revenues remained almost unchanged, HALLHUBER's gross margin improved from 60.6% in the first half of the previous year to 63.3% in the reporting period, not least due to the changed merchandise management policy.

In spite of HALLHUBER's continued expansion and the resulting higher personnel and rental expenses for the newly opened stores, both personnel expenses and other operating expenses of the Group were reduced notably. Personnel expenses were down by 2.5% on the first half of the previous year to EUR 94.8 million, while other operating expenses dropped by 9.2% to EUR 135.3 million. This shows that the cost-cutting measures implemented in the context of the FIT4GROWTH realignment programme are starting to have an effect on the cost structure of the GERRY WEBER Core segment.

The success on the cost side was more than offset by the clearing of old stock from the previous years; consequently, the Group's earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) were down by a moderate 3.3% on the previous year to EUR 28.9 million (H1 previous year: EUR 29.9 million). Depreciation/amortisation rose from EUR 21.5 million in the first half of the previous year to EUR 22.9 million in the first six months of the current financial year. The increase by EUR 1.4 million or 6.7% is attributable to the fact that the new logistic centre was taken into full operation. Accordingly, the Group's earnings before interest and taxes (consolidated EBIT) decreased from EUR 8.4 million to EUR 6.0 million in H1 2016/17.

Says Ralf Weber, CEO of GERRY WEBER International AG: “The figures for the first six months of 2016/17 are fully to plan, which makes us optimistic that we will reach the objectives we have set ourselves for the full financial year. The market environment remains difficult but we responded at an early state. The first successes can be seen not only on the cost side but are also reflected in the growing acceptance of our fashion products among consumers and our Wholesale partners. Launched last summer our new brand talkabout is doing remarkable well. With 83 talkabout spaces at present we are confident to achieve our target to reach 120 to 150 sales floor spaces at the end of the financial year. We will use this year of stabilisation to implement new merchandise management schemes, to try new ideas and to continue adjusting ourselves to the rapidly changing market conditions. Over the past months, we have not only become more modern and courageous in the development of our collections but also much more innovative and faster with regard to our processes and workflows.”

### **Outlook 2016/17**

In view of the prevailing challenging market conditions and the performance in the first six months of 2016/17, the Managing Board confirms the forecast for the full year and expects sales revenues to be 2% to 4% lower than in the previous year (previous year: EUR 900.8 million). Accordingly, the Managing Board projects consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA reported) of between EUR 60 million and EUR 70 million (previous year: EUR 77.3 million). This includes depreciation/amortisation of EUR 48 million to EUR 50 million, which means that consolidated earnings before interest and taxes (consolidated EBIT reported) are expected to amount to between EUR 10 million and EUR 20 million.

**Key figures of the GERRY WEBER Group:**

	H1 2016/17	H1 2015/16	Q2 2016/17	Q2 2015/16
Sales revenues (in EUR millions)	<b>427.8</b>	<b>443.6</b>	<b>218.6</b>	<b>230.0</b>
EBITDA (in EUR millions)	<b>28.9</b>	<b>29.9</b>	<b>13.3</b>	<b>15.4</b>
EBITDA margin (in %)	<b>6.8%</b>	<b>6.7%</b>	<b>6.1%</b>	<b>6.7%</b>
EBIT (in EUR millions)	<b>6.0</b>	<b>8.4</b>	<b>1.9</b>	<b>4.5</b>
EBIT margin (in %)	<b>1.4 %</b>	<b>1.9 %</b>	<b>0.9%</b>	<b>2.0%</b>
Net income for the period (in EUR millions)	<b>1.7</b>	<b>3.0</b>	<b>0.5</b>	<b>1.7</b>
Earnings per share (in Euro)	<b>0.04</b>	<b>0.06</b>	<b>0.01</b>	<b>0.04</b>
Equity ratio (in %)	<b>52.3%</b>	<b>51.4%</b>	<b>52.3%</b>	<b>51.4%</b>
Headcount (average)	<b>6,938</b>	<b>7,150</b>	<b>6,938</b>	<b>7,150</b>

**GERRY WEBER International AG**

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