GERRY WEBER
INTERNATIONAL AG

Corporate News

GERRY WEBER's realignment programme proceeding to plan in FY 2015/16

- 2015/16 Group sales revenues of EUR 900.8 million
- EBITDA of EUR 77.3 million and EBIT of EUR 13.8 million
- Proposal to pay out a dividend of EUR 0.25 per share
- FIT4GROWTH realignment programme proceeding to plan
- Earnings projections for FY 2016/17 at prior year level

(Halle/Westphalia, 23 February 2017) At today's annual press conference GERRY WEBER International AG confirms its preliminary figures for the past financial year 2015/16 published at the end of January 2017. For FY 2015/16 (1 November 2015 to 31 October 2016), GERRY WEBER International AG posted sales revenues of EUR 900.8 million, earnings before interest taxes, depreciation and amortisation (EBITDA) of EUR 77.3 million and earnings before interest and taxes (EBIT) of EUR 13.8 million. The Managing Board and the Supervisory Board will propose a dividend of EUR 0.25 per share to the next Annual General Meeting.

Ralf Weber, CEO of GERRY WEBER International AG, says: "The GERRY WEBER Group closed the financial year 2015/16 according to plan and met its forecast in spite of the continued difficult market environment and the extraordinary expenses resulting from the realignment programme. This year will not be easier but our realignment programme is proceeding according to plan and making good progress. We are looking ahead optimistically and will work hard to make the GERRY WEBER Group fit for the future and secure our position as a strong fashion and lifestyle company in the long term."

FIT4GROWTH realignment programme

The FIT4GROWTH realignment programme, which comprises four elements, was implemented as planned in the past fiscal year and will be continued with great determination. In the current financial year, the focus will be placed on becoming even faster and more efficient and on realising a more modern and higher-quality presentation of the GERRY WEBER core brand, in particular.

‘Optimise the Retail operations’

In the first year of the FIT4GROWTH programme, 75 of the planned 103 stores of the GERRY WEBER, TAIFUN and SAMOON brands were closed. The remaining stores will be closed as planned by mid-2017.

The acceleration of the digitalisation strategy plays a key role in improving the brand experience and addressing the individual customer target groups in a more personalised manner. The product presentation in the GERRY WEBER online shop was redesigned from scratch and aligned with the different customer requirements of the individual brands. Moreover, HALLHUBER introduced “Click&Collect” as well as “Mobile Ordering” in all German stores to further push ahead with the integration of the physical stores and the online shop. The Group will further expand and accelerate its digitalisation activities in the current financial year. In this context, the relaunch of the GERRY WEBER online shop in spring 2017 will play an important role. The relaunch of the HALLHUBER online shop will follow in autumn 2017. In the long term, we aim to fully integrate all distribution channels for a holistic and consistent brand and shopping experience.

‘Adjust structures and processes’

To increase the effectiveness and shrink the cost base, all material business processes and workflows were analysed in the course of the year. This led to an inevitable headcount reduction of roughly 200 jobs at the headquarters in Halle/Westphalia.

‘Strengthen the Wholesale operations’

To support the Wholesale partners, the GERRY WEBER Group has defined and already started to implement various measures. The new partnership schemes not only help to improve the availability and presentation of the GERRY WEBER collections at the point of sale but also improve the level of service provided to our Wholesale partners.

The launch of the new talkabout brand exclusively for the Wholesale segment is another measure aimed at strengthening the Wholesale operations. The collections have been developed jointly with the Wholesale partners and were tested in 30 shop-in-shops in the past financial year 2015/16. Due to the positive feedback, the number of talkabout sales spaces will be increased to 120 to 150 shop-in-shops in the current financial year 2016/17.

‘Modernise the brands’

The aim is to place a stronger focus on the brands and core products of the Group and to give the collections a modern, high-quality appeal. The value of the products has been increased with the help of special materials or high-quality details. The up-to-date and modern appeal of the collections is supported not only by the presentation at the point of sale but also by the revised visuals of the brand campaigns.

Outlook on 2016/17

As the market conditions remain challenging, customer footfall continues to decline and consumers' purchasing behaviour is changing, the realignment programme will be continued in the current financial year 2016/17, as the Managing Board had announced on the occasion of the launch of the programme. GERRY WEBER will continue to implement the FIT4GROWTH realignment programme with great determination and make adjustments where these may be required by the volatile market developments. The Managing Board projects the resulting special charges to amount to approx. EUR 6 million in the current financial year, compared to EUR 31.2 million in the previous year. Against this background, the Managing Board does not expect earnings to increase significantly in FY 2016/17 and projects consolidated EBIT of between EUR 10 and 20 million for the current financial year. Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA reported) is expected to come in at between EUR 60 and 70 million.

As a result of the store closures but also because of the continued difficult market environment, the Managing Board expects sales revenues in 2016/17 to decline by a moderate -2% to -4% compared to the previous year. As announced in February 2016, the GERRY WEBER Group expects to enter a phase of sustainable profitable growth in the third year following the start of the realignment exercise, i.e. in the financial year 2017/18.

Sales performance in 2015/16

The market environment for the clothing retail sector remains challenging. Like-for-like sales of the German fashion retail sector were down by 3% to 4% on the previous year in GERRY WEBER's financial year 2015/16. The GERRY WEBER Group was unable to isolate itself from this market environment. As a result, Group revenues declined by 2.2% to EUR 900.8 million in FY 2015/16 (previous year: EUR 920.8 million). The GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON) contributed EUR 717.6 million and HALLHUBER contributed EUR 183.2 million to total Group revenues. The 10.9% decline in Core brand revenues was not fully offset by the gratifying 17.7% increase in HALLHUBER's revenues.

Sales revenues of the GERRY WEBER Core segment were down by 10.9% on the previous year, which is attributable to a reduction of both Core Retail and Wholesale revenues. Sales revenues of the GERRY WEBER Core Retail segment dropped from EUR 440.3 million to EUR 419.2 million in FY 2015/16. The decline in Core Retail revenues was attributable not only to the 75 stores closed in the context of the FIT4GROWTH programme but mainly also to the 7.6% drop in like-for-like revenues. Sales revenues of the Wholesale segment fell by a strong 18.3% to EUR 298.4 million. Just like GERRY WEBER, our Wholesale partners are also affected by the continued difficult market environment. By contrast, the online business of HALLHUBER and GERRY WEBER Core showed a positive trend, with total online revenues of EUR 43.9 million up by approx. 22% on the previous year.

Earnings performance in 2015/16

As a result of more effective merchandise management, in combination with an optimised pricing policy, the consolidated gross margin improved from 58.7% to 60.4%.

The decline in Core revenues, the still low profitability of HALLHUBER's revenues and, most importantly, the extraordinary charges arising from the FIT4GROWTH programme had an adverse impact on the profitability of the GERRY WEBER Group. Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) including all extraordinary charges amounted to EUR 77.3 million in FY 2015/16, compared to EUR 115.8 million in the previous year (previous year excl. extraordinary effects). The EBITDA margin declined from 12.6% to 8.6%.

After deduction of depreciation/amortisation of EUR 63.5 million, consolidated earnings before interest and taxes (EBIT reported) amounted to EUR 13.8 million. Adjusted for the extraordinary effects and depreciation/amortisation of EUR 31.2 million relating to the FIT4GROWTH programme as well as the net income from the sale of the Hall 30 property, which does not form part of the Group's operating assets, consolidated EBIT (adjusted) stood at EUR 23.1 million.

The GERRY WEBER Group's consolidated net income after taxes amounted to EUR 0.5 million, compared to EUR 52.2 million in the previous year. Accordingly, earnings per share declined to EUR 0.01 (previous year: EUR 1.14) with the total number of shares remaining unchanged.

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Key figures of the GERRY WEBER Group (HALLHUBER consolidated as of February 2015*):

	2015/16	2014/15*	Change in %
Sales revenues (in EUR millions)	900.8	920.8	*-2.2*
EBITDA (in EUR millions)	77.3	115.8	*-33.3*
EBITDA margin (in %)	8.6 %	12.6 %	*-4.0 percentage points*
EBIT (reported) (in EUR millions)	13.8	79.3	*-82.6*
EBIT (adjusted) (in EUR millions)	23.1	79.3	*-70.9*
EBIT margin (in %)	1.5 %	8.6 %	*-7.1 percentage points*
Net income for the year (in EUR millions)	0.5	52.2	*-99.0 %*
Earnings per share (in EUR)	0.01	1.14	*-99.0 %*

Forecast of the GERRY WEBER Group:

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Sales revenues (in EUR millions)	2% to 4% below the prior year revenues of EUR 900.8 million
EBITDA (in EUR millions)	60 - 70
EBIT (in EUR millions)	10 - 20

GERRY WEBER International AG

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