

Corporate News

Realignment programme shows first positive effects

- Earnings remain stable in spite of 2.1% decline in revenues
- Consolidated EBITDA up 7.7% to EUR 15.6 million
- FIT4GROWTH helps to improve cost structure of the Core segment

(Halle/Westphalia, 16 March 2017) In the first quarter of 2016/17, GERRY WEBER International AG generated consolidated sales revenues of EUR 209.2 million. Although sales revenues declined slightly by 2.1%, consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) picked up by 7.7% to EUR 15.6 million.

The GERRY WEBER Core segment contributed EUR 159.2 million (Q1 previous year: EUR 163.2 million) to the Group's total revenues of EUR 209.2 million. Revenues generated by the Core brands – GERRY WEBER, TAIFUN and SAMOON – were down by 2.4% on the prior year quarter due to the decline in revenues of the GERRY WEBER Core Retail segment. The latter is attributable to the fact that no more revenues were generated by the stores closed in the previous year as well as to a -3.4% drop in like-for-like revenues. In the first quarter of the previous year, like-for-like revenues declined by as much as -7.5%, which shows that the measures initiated to modernise the brands have begun to take effect. The -3.4% decline in the first three months of the current financial year means that Core Retail revenues moved more or less in sync with the general market trend of approx. -3%.

The GERRY WEBER Core Wholesale segment recorded an 11.1% increase in sales revenues in Q1 2016/17 to EUR 59.5 million (previous year: EUR 53.6 million). This increase is attributable to a partial shift in delivery dates. While part of the merchandise for our Wholesale partners had been delivered in February in the past financial year, it was invoiced in January in the current financial year, i.e. in the first quarter instead of the second quarter.

Although HALLHUBER's sales revenues remained more or less unchanged at EUR 50.0 million, our subsidiary was able to improve its gross margin significantly from 58.9% to 64.5% in the first quarter of the current financial year. This was mainly

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due to a better price structure of the merchandise compared to the prior year period. The gross margin of the GERRY WEBER Core segment declined slightly from 63.1% in the prior year period to 61.8%, which is attributable to the fact that the Wholesale segment accounted for a higher share in Core revenues.

The measures implemented to reduce the cost structure showed the first positive effects on personnel expenses and other operating expenses of the Core segment in the first quarter of 2016/17. In spite of the expansion of HALLHUBER and the resulting moderate increase in the fixed cost base, consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by 7.7% to EUR 15.6 million (Q1 previous year: EUR 14.5 million).

After deduction of slightly higher depreciation/amortisation of EUR 11.5 million (plus EUR 0.9 million), consolidated earnings before interest and taxes (EBIT) improved by 5.1% to EUR 4.1 million. The Group's EBIT margin increased to 2.0% in Q1 2016/17 in spite of lower revenues.

Says Ralf Weber, CEO of GERRY WEBER International AG: "The first three months of 2016/17 show that the FIT4GROWTH realignment programme is effective and is beginning to bear fruit. The measures already implemented have not only had a positive effect on the cost structure of the Core segment but have also helped to accelerate the modernisation of our brands. We must now continue to implement the realignment with great determination in order to return to profitable growth after the stabilisation phase."

In view of the prevailing market environment, the continuation of the FIT4GROWTH programme and the business performance in the first three months of the current financial year, the Managing Board confirms its forecast for the financial year 2016/17. The Managing Board expects sales revenues for the current financial year 2016/17 to be 2% to 4% below the prior year level (previous year: EUR 900.8 million). Consequently, the Managing Board projects consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA reported) of between EUR 60 and 70 million (previous year: EUR 77.3 million). This amount includes depreciation and amortisation of approx. EUR 48 million to EUR 50 million, which means that consolidated earnings before interest and taxes (consolidated EBIT reported) will amount to between EUR 10 and 20 million.

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Key figures of the GERRY WEBER Group Q1 2016/17:

	Q1 2016/17	Q1 2015/16	Change in % / PP
Sales revenues (in EUR millions)	209.2	213.7	-2.1
EBITDA (in EUR millions)	15.6	14.5	7.7
EBITDA margin (in %)	7.5 %	6.8 %	0.7 PP
EBIT (in EUR millions)	4.1	3.9	5.1
EBIT margin (in %)	2.0 %	1.8 %	0.2 PP
Net income for the period (in EUR millions)	1.2	1.2	1.9
Earnings per share (in Euro)	0.03	0.03	1.9
Headcount (average)	6,878	7,146	-3.8

PP = percentage points

GERRY WEBER International AG

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