GERRY WEBER
INTERNATIONAL AG

Corporate News

GERRY WEBER uses transition year to adapt structures and customise processes

- Consolidated revenues down by only -2.9% due to 5.3% growth of HALLHUBER
- Measures of the FIT4GROWTH realignment programme implemented almost in full. Planned cost savings achieved after nine months
- Modernisation of the brands results in like-for-like revenues above the market trend
- Strong reduction in inventories weighs on operating result
- Revenue and earnings forecast for full FY 2016/17 confirmed

(Halle/Westphalia, 14 September 2017) In the first nine months of the financial year 2016/17, consolidated sales revenues of GERRY WEBER International AG were down by a moderate 2.9% to EUR 620.1 million, primarily because the store portfolio of the Core Retail segment was streamlined as planned. By contrast, the HALLHUBER subsidiary recorded a 5.3% increase in revenues and contributed EUR 140.8 million to the Group's revenues in the first nine months 2016/17.

GERRY WEBER Core revenues decline as planned

The GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON) contributed EUR 479.4 million to the Group's revenues in the first nine months of the financial year (9M previous year: EUR 504.8 million). The Core Retail segment accounted for EUR 291.8 million (9M previous year: EUR 313.5 million). Sales revenues of the Core Retail segment were adversely affected primarily by the closure of 88 points of sale compared to the end of the third quarter of the previous year. Moreover, the negative market environment led to a 2.5% reduction in like-for-like revenues. The German fashion retail sector recorded a decline by approx. 3.3% during the same period. This shows that the GERRY WEBER Core brands performed better than the market as a whole throughout the nine-month period. This is a positive sign that the modernisation of the brands is beginning to bear fruit.

This positive trend is confirmed by the Core Wholesale segment, with Wholesale revenues down by only 2.0% to EUR 187.5 million (9M previous year: EUR 191.4 million) in spite of the continued difficult market environment.

HALLHUBER back on the growth track

After -0.9% in Q1 and +4.1% in Q2, HALLHUBER's revenues increased by 13.9% in the third quarter of 2016/17 and stood at EUR 140.8 million at the nine-month stage of the current financial year (9M previous year: EUR 133.6 million). To prevent excess inventories at the end of a season and improve the gross margin, an average of approx. 25% less merchandise was delivered to the HALLHUBER POS during the first six months of 2016/17. The number of items per square metre was increased again gradually only as of the end of April 2017 and the first positive effects of this adjustment became apparent in the third quarter of 2016/17. Given that inventories were back at the prior year level only as of July 2017, we expect HALLHUBER's like-for-like revenues to return to normal in the fourth quarter at an improved gross margin.

Due to the adjustment of HALLHUBER's merchandise management strategy, HALLHUBER's gross margin improved notably from 61.3% to EUR 64.1% on a nine-month basis. As increased costs resulting from the opening of 34 new points of sale resulted in higher operating expenses, however, HALLHUBER again posted a negative operating result (including depreciation) as of the end of the third quarter of 2016/17. The operating loss (EBIT) of EUR 4.2 million was influenced by depreciation of EUR 4.9 million attributable to the purchase price allocation. Adjusted for this Group-related depreciation, HALLHUBER's adjusted EBIT stood at EUR 0.7 million.

Gross margin of GERRY WEBER Core adversely affected by extraordinary effects

The Core segment's gross margin declined from 62.0% in the first nine months of the previous year to 58.8% in the same period of the current financial year. This reduction is mainly attributable to the elimination of inventories, changes to the order and merchandise management system aimed at building up lower inventories at the beginning of a season for optimised deliveries during the season as well as an increase in the perceived value of our collections. As a result of these effects, the Group's gross margin also declined from 61.8% to 60.0%.

GERRY WEBER Core reaches FIT4GROWTH cost-saving targets already at the end of Q3 2016/17

One of the goals of the FIT4GROWTH realignment programme was to reduce personnel and operating expenses by between EUR 20 million and EUR 25 million. This target was almost reached at the end of the third quarter of the current financial year.

The Group's personnel expenses declined from EUR 147.7 million to EUR 143.3 million (EUR -4.4 million), with the Core segment's personnel expenses dropping by as much as EUR 8.1 million and HALLHUBER's personnel expenses increasing by EUR 3.7 million as a result of the expansion. The situation is similar for the Group's other operating expenses, which were reduced by EUR 19.1 million to EUR 200.5 million. The Core segment's other operating expenses declined from EUR 167.2 million in the first nine months of the previous year to EUR 142.9 million in the same period of the current financial year. HALLHUBER's other operating expenses increased from EUR 52.4 million to EUR 57.6 million as a result of the ongoing expansion.

Gross result of the Core segment weighs on consolidated EBIT

Although personnel and operating expenses were reduced significantly by EUR 23.5 million, the consolidated earnings before interest, taxes, depreciation and amortisation (Group EBITDA) declined from EUR 40.7 million in the previous year to EUR 35.1 million at the nine-month stage of the current financial year. This is exclusively attributable to the changed inventory management strategy in conjunction with a reduced gross margin. The same applies to consolidated earnings before interest and taxes (Group EBIT), which, at EUR 0.2 million after nine months in 2016/17, almost reached the prior year level of EUR 0.6 million.

Ralf Weber, CEO of GERRY WEBER International AG confirms: "All measures of the FIT4GROWTH realignment programme were implemented successfully within the planned time-frame. The first positive effects can be felt on the cost side and with regard to sales revenues. Especially the Core segment's like-for-like revenues in a weak market environment reflect the success of the modernisation measures. We were nevertheless unable to improve our earnings position notably. This is mainly attributable to the changed merchandise management system at HALLHUBER and in the Core segment."

Forecast for the full financial year 2016/17 confirmed

In view of the successfully implemented measures, the ongoing reorganisation of the order and merchandise management and the importance of the fourth quarter for the earnings position of the GERRY WEBER Group, the Managing Board continues to assume that the financial targets set for the financial year 2016/17 can be reached. For

GERRY WEBER
INTERNATIONAL AG

the current financial year, the Managing Board expects sales revenues to be down by between 2% and 4% on the previous year's EUR 900.8 million, not least because of the store closures already implemented. Accordingly, consolidated EBIT (reported) are expected to amount to between EUR 10 million and EUR 20 million.

Key figures of the GERRY WEBER Group*:

	9M 2016/17	9M 2015/16	**Q3 2016/17**	Q3 2015/16
Sales revenues (in EUR millions)	**620.1**	638.5	**192.3**	194.8
EBITDA (in EUR millions)	**35.1**	40.7	**6.1**	10.8
EBITDA margin (in %)	**5.7 %**	6.4 %	**3.2 %**	5.5 %
EBIT (in EUR millions)	**0.2**	0.6	**-5.8**	-7.8
EBIT margin (in %)	**0.0 %**	0.1 %	**-3.0 %**	-4.0 %
Net income for the period (in EUR millions)	**-3.4**	-4.0	**-5.1**	-6.9
Earnings per share (in EUR)	**-0.07**	-0.08	**-0.11**	-0.15
Equity ratio (in %)	**51.3 %**	50.7 %	**51.3 %**	50.7 %
Headcount (average)	**6,936**	7,053	**6,936**	7,053

GERRY WEBER International AG

Investor Relations Contact:
Claudia Kellert
Head of Investor Relations
Tel: +49 (0)5201 185 8422
Email: claudia.kellert@gerryweber.com

Press Contact:
Cornelia Brüning-Harbrecht
Head of Corporate Communications
Tel: +49 (0)5201 185 320
Email: cornelia.bruening-harbrecht@gerryweber.com