

# GERRY WEBER

## **Strategy and Financials**

June 2014



# „What We Stand For:“



# Agenda

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# GERRY WEBER: an Overview

## COMPANY PROFILE

<b>Business</b>	<p>Global German fashion and lifestyle company with three strong brands families and their sublabels:</p> <ul style="list-style-type: none"> <li>▪ <b>GERRY WEBER</b> (including GERRY WEBER COLLECTION, GERRY WEBER EDITION, G.W. and GERRY WEBER ACCESSORIES)</li> <li>▪ <b>TAIFUN</b></li> <li>▪ <b>SAMOON</b></li> </ul>
<b>Retail</b>	<p>711 company-owned Houses of GERRY WEBER and Monolabel Stores, including 111 concessions stores. In addition: six online shops for nine countries in Europe <small>(April 2014).</small></p>
<b>Wholesale</b>	<p>More than 280 franchised Houses of GERRY WEBER and round about 2,800 Shop-in-Shops. <small>(April 2014)</small></p>
<b>Financials</b>	<p><b>2012/13</b></p> <p>Revenues: EUR 852.0 mn                  EBITDA: EUR 127.4 mn                  EBIT: EUR 105.8 mn                  Net income: EUR 71.0 mn</p>
<b>Share</b>	<p>Stable share price development in the last two years.                  Dividend payment 2013: EUR 0.75 per share</p>

## HISTORY

1973	Company established by Gerhard Weber and Udo Hardieck
1986	Brand name GERRY WEBER introduced
1989	Foundation of TAIFUN
1989	Going Public as GERRY WEBER International AG
1994	Foundation of SAMOON
1999	Opening of the first HOUSE OF GERRY WEBER
2001	Sublabel GERRY WEBER EDITION established
2011	New Design Centre in Halle, Listing in M-Dax
2011	Acquisition of 20 former DON GIL stores in Austria
2012	Acquisition of 200 former WISSMACH stores and conversion into GERRY WEBER brand stores
2012	Acquisition of majority stake in 25 existing Dutch HoGWs
2013	Acquisition of majority stake in 19 existing Belgian HoGWs
2014	Acquisition of 8 HoGWs and 17 multilabel stores that were formerly owned by our franchise partner in Norway

## Board

Gerhard Weber  
 Dr. David Frink  
 Ralf Weber  
 Arnd Buchardt



# GERRY WEBER Brand Universe and Sales Contribution

## GERRY WEBER



### Modern Women Fashion

- Modern, high quality, feminine. Most of the items can be combined with each other
- Customer target group starting at beginning forties

Sales contribution of the brand families\*:

## GERRY WEBER EDITION



### Fresh and more casual

- Coordinated single items
- EDITION fashion statement is more casual
- EDITION offers also special seasonal products like outdoor jackets or summer shirts

## G.W.



### Most trend-oriented collection

- Shortest development and production cycle
- Full vertical integration. Most price sensitive brand
- 12-month programmes

## TAIFUN

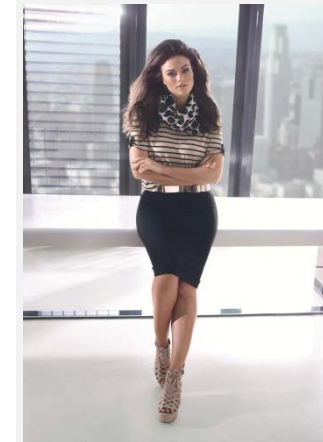


### Young Modern Woman Fashion

- Trendy and stylish, tailored silhouettes, slim cuts – casual and business items
- Targeting the younger “modern woman” starting at beginning of thirties

TAIFUN: 18.3%

## SAMOON by GERRY WEBER



### Plus size collection

- Femininity underlined by trendy cuts, high-quality materials, excellent fits
- Perfect interpretations of current trends, put curves in the right light

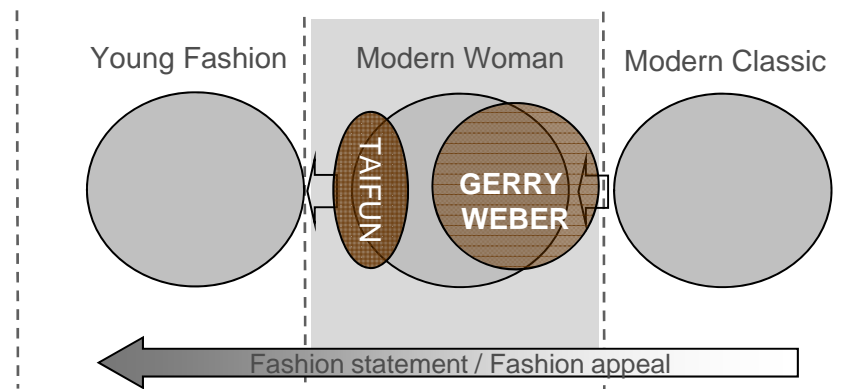
SAMOON: 5.6%

\* first six month 2013/14

GERRY WEBER: 76.1%

## CURRENT FASHION POSITIONING

- ➔ In the last five years we rejuvenated our GERRY WEBER fashion statement step by step.
- ➔ From “Modern Classic” to the more trend-oriented “Modern Women” segment

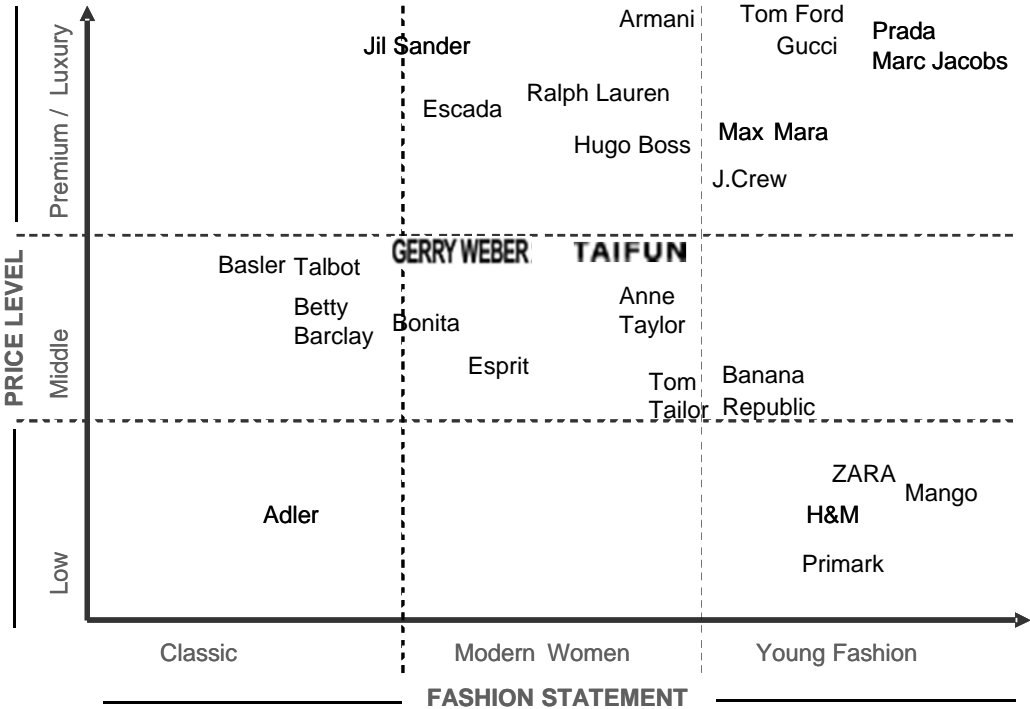


## COLLECTIONS

- ➔ **Six collections** per year and brand (except G.W.); three spring/summer and three autumn/winter collections
- ➔ **18 themes p.a.** - all collections comprise three themes, each consisting of about 30 – 35 single items
- ➔ **New items are delivered to the shops and stores almost every two to three weeks**

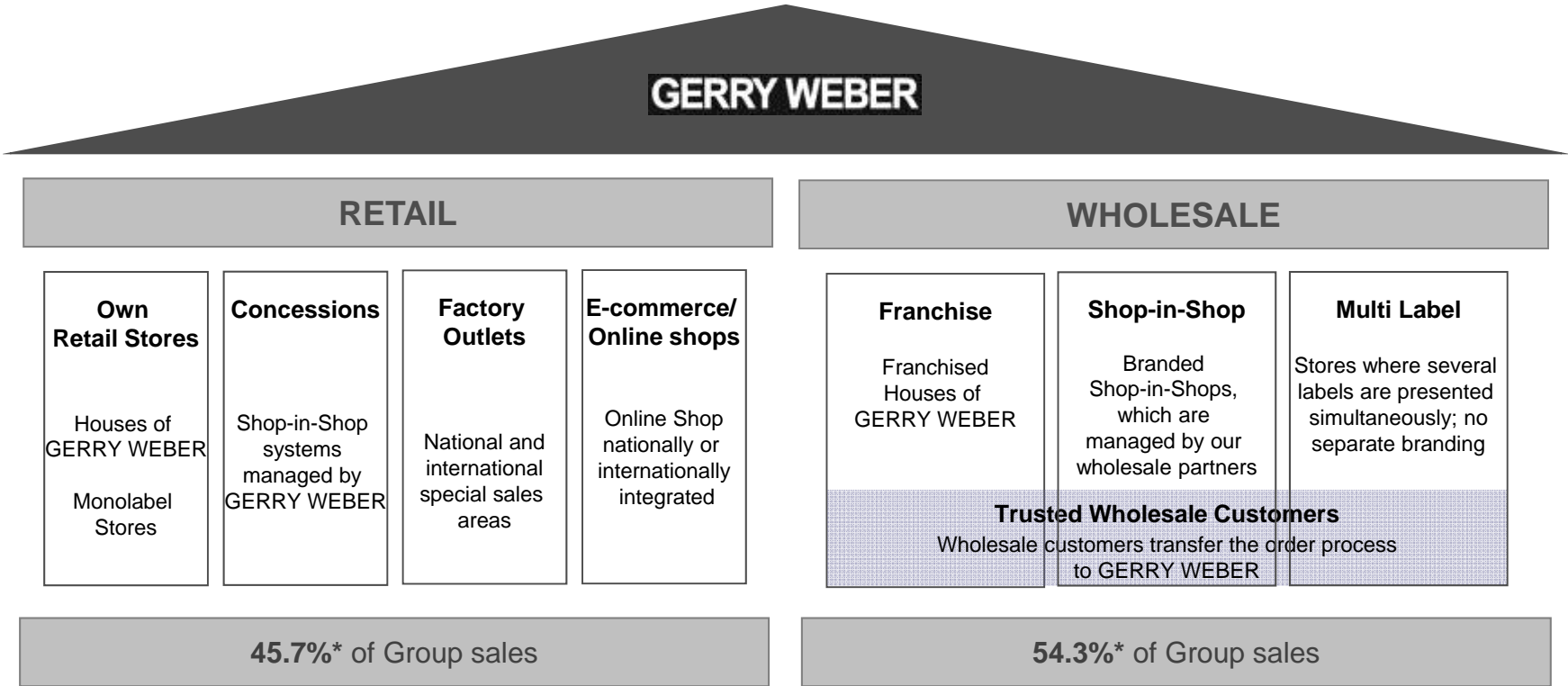


## SEGMENT AND PRICE POSITIONING



- ➔ Bridge segment between the middle price segment and the premium segment
- ➔ Unique market positioning
- ➔ Look like premium with similar quality but lower price
- ➔ Loyal customer base with higher income level

**DISTRIBUTION CHANNELS**



\* first half fiscal year 2013/14



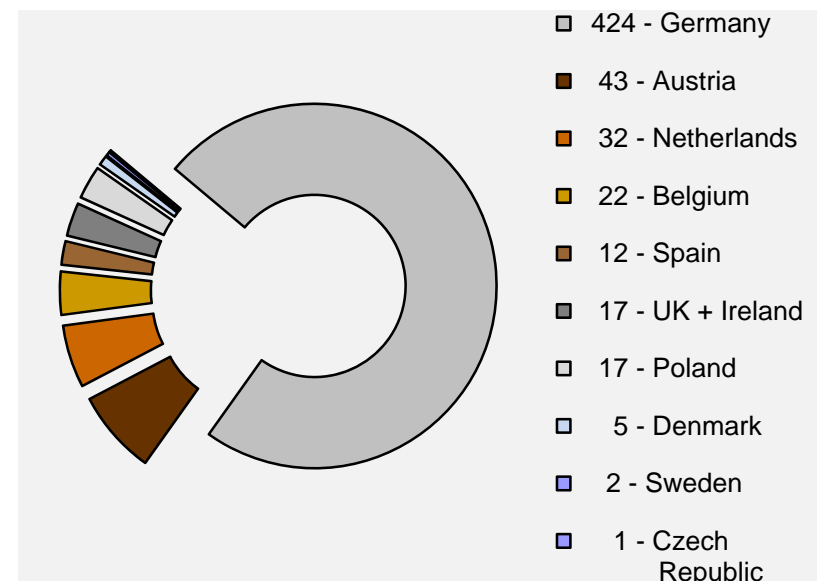
# GERRY WEBER Retail Expansion

- ➔ 68 new company-managed stores opened in 2012/13 and 13 were closed, thereof 5 Monolabel Stores in Germany and 5 HoGWs in Spain
- ➔ 47 concessions opened 2012/13, most of them in the Netherlands
- ➔ **2013/14: Continued expansion abroad:** A focus will be on established markets (e.g. Netherlands and Belgium) and on new markets as in Eastern Europe and Scandinavia
  - ✓ **June 2013/14:** Expansion plan was confirmed by acquisition of Norwegian franchise partner early in June, including 8 HoGWs and 17 multi label stores

## RETAIL BUSINESS

	H1 2013/14	2012/13	2011/12	2010/11
Houses of GERRY WEBER	434	424	347	210
Monolabel Stores*	141	144	146	25
Concessions	111	111	64	45
Factory Outlets	25	22	17	13
<b>TOTAL</b>	<b>711</b>	<b>701</b>	<b>574</b>	<b>293</b>

## COMPANY-MANAGED STORES BY REGION

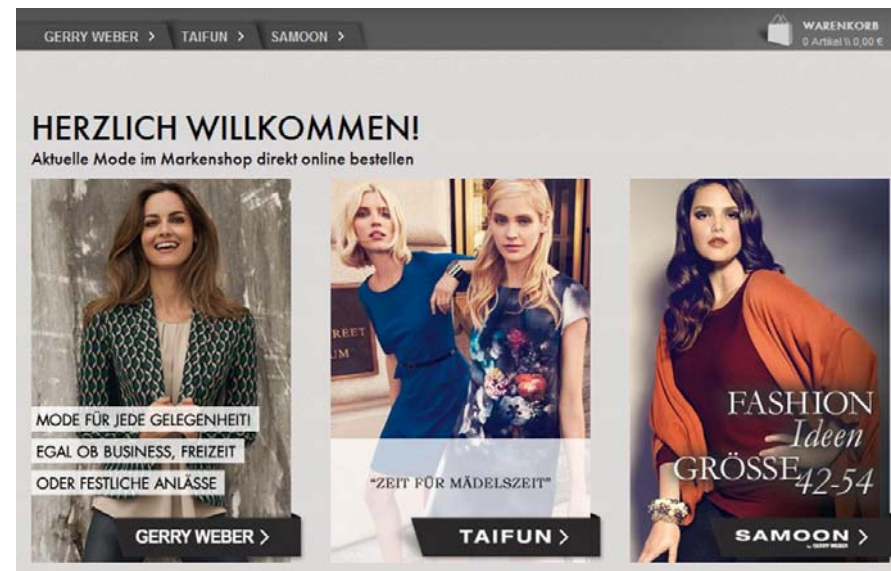
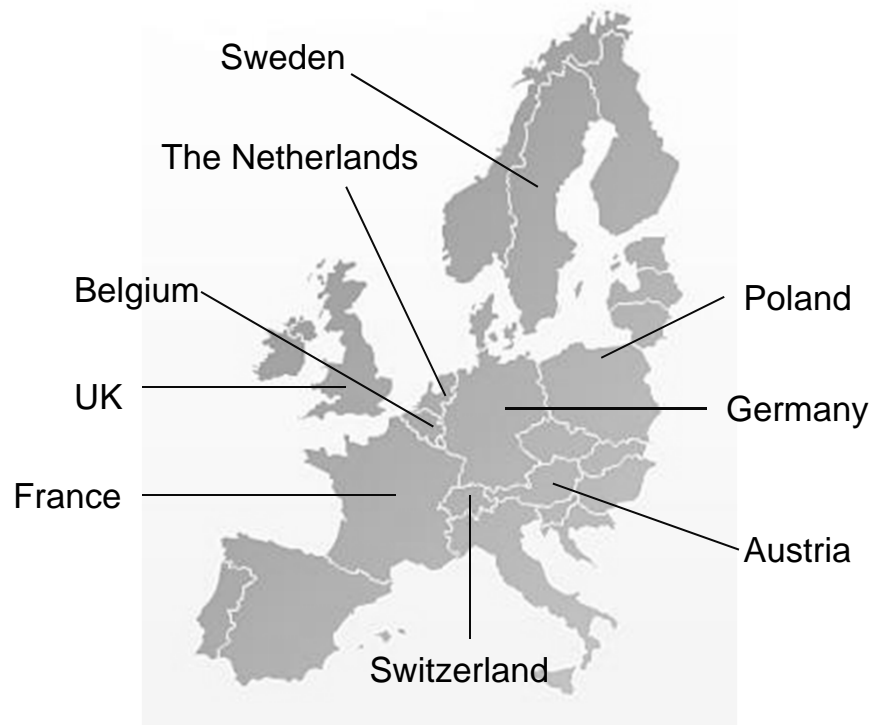


\* Monolabel Stores TAIFUN, SAMOON and EDITION

# GERRY WEBER E-Commerce

- ➔ Online business generated **sales of EUR 19.5 million**; an **increase of 16.3%** in 2012/13
- ➔ 2012/13: - a new company-managed online shop was opened in **Poland**
  - cooperation with German online platform [www.zalando.de](http://www.zalando.de) started in September 2013
- ➔ **June 2013/14**: - opening of EU-online shop for Sweden, Belgium, France and the UK in June 2014

## COMPANY-OWNED ONLINE SHOPS (currently)

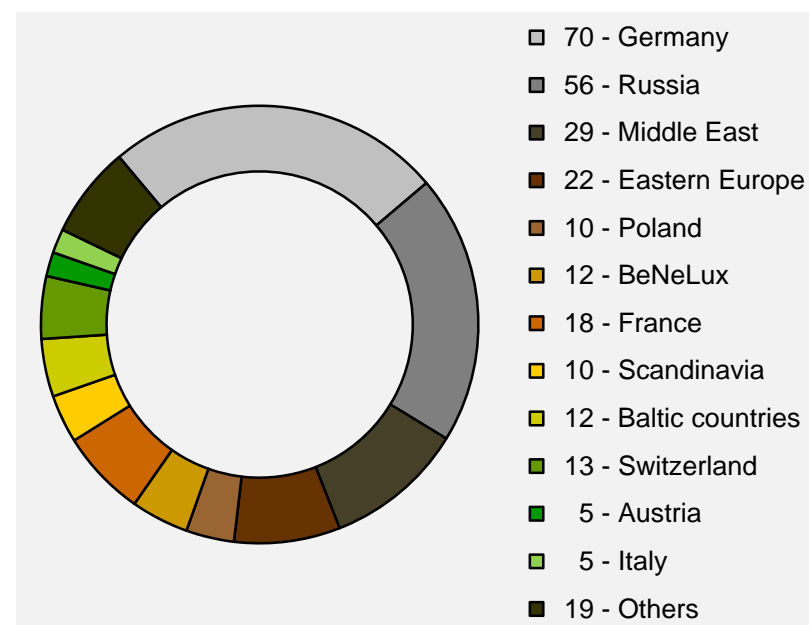


- ➔ **23 Houses of GERRY WEBER** managed by our franchise partners were opened in 2012/13 and 13 were closed
- ➔ Most of the new franchise stores were opened in the Middle East (7), France (5) and Russia (4)
- ➔ **Acquisition of majority stake in 19** former franchise Houses of GERRY WEBER in **Belgium**; they are part of the Retail segment since August 2013
- ➔ **June 2013/14: Acquisition of 8** well established Houses of GERRY WEBER and **17 multi label stores** in **Norway**; they used to be managed by our former franchise partner and will be part of the Retail segment as of June 2014

## WHOLESALE BUSINESS

	H1 2013/14	2012/13	2011/12	2010/11
Houses of GERRY WEBER	281	271	277	260
Shop-in-Shops	2,828	2,816	2,767	2,292

## FRANCHISE HoGWs BY REGION

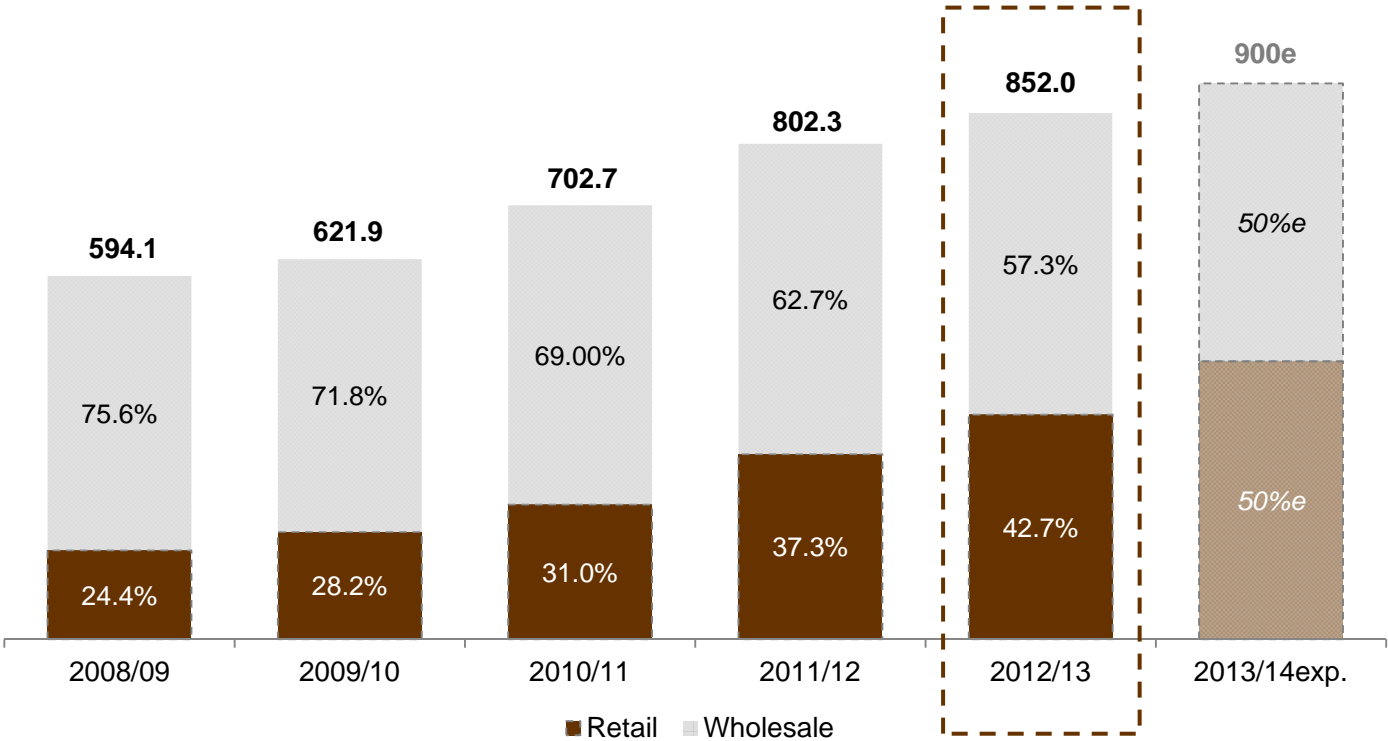




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# Key Financials: Group Sales

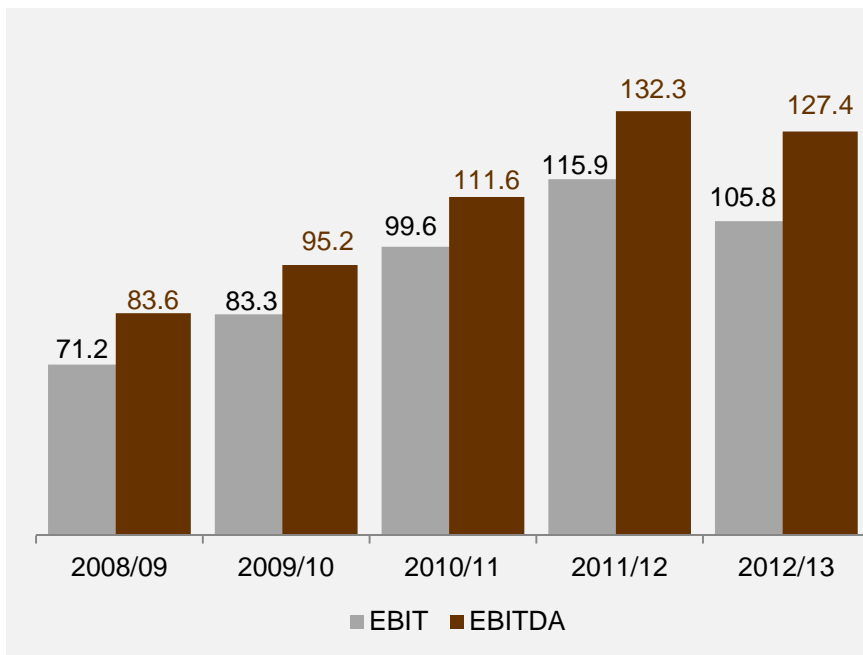
- ➔ In 2012/13 record sales of **EUR 852 million** (previous year: EUR 802.3 mn)
- ➔ **Increase** in sales of **6.2 %** on previous year
- ➔ H1 2013/14: **Retail share** in total group sales has increased to **45.7%** (H1 prev. year: 41.2 %)
- ➔ **2013/14**: Sales increase to at least EUR 900 mn expected. Forecasted split between Retail and Wholesale segment: 50:50



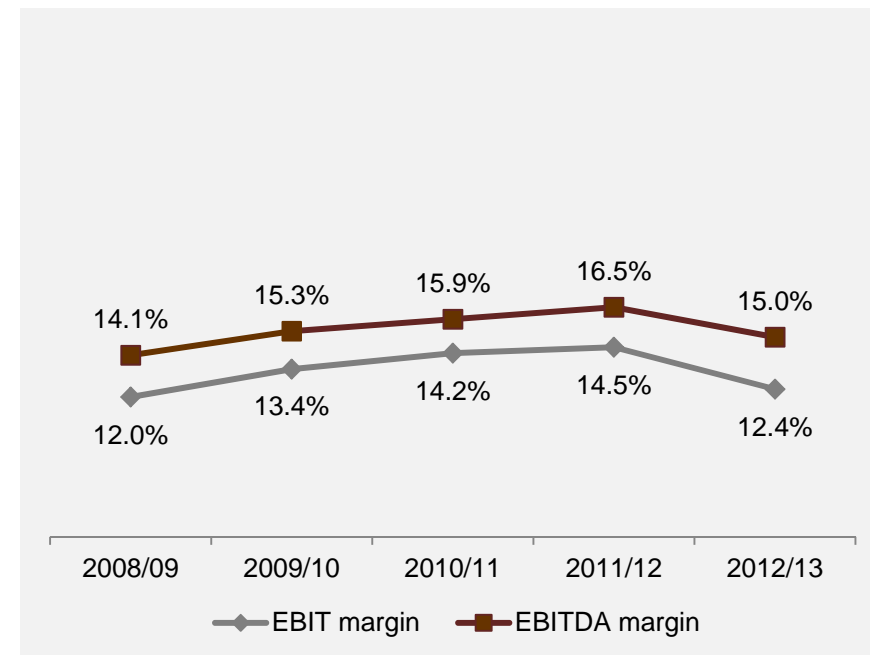
## Key Financials: Group EBIT and EBITDA

- ➔ EBIT and EBITDA have shown a strong and steady development over the past five years
- ➔ Expansion costs and higher depreciation due to the dynamic Retail roll-out in the last two years lead to temporarily lower margins in 2012/13
- ➔ 2013/14: Increase in margins expected – EBIT guidance EUR 120 mn

EBITDA AND EBIT in Euro million



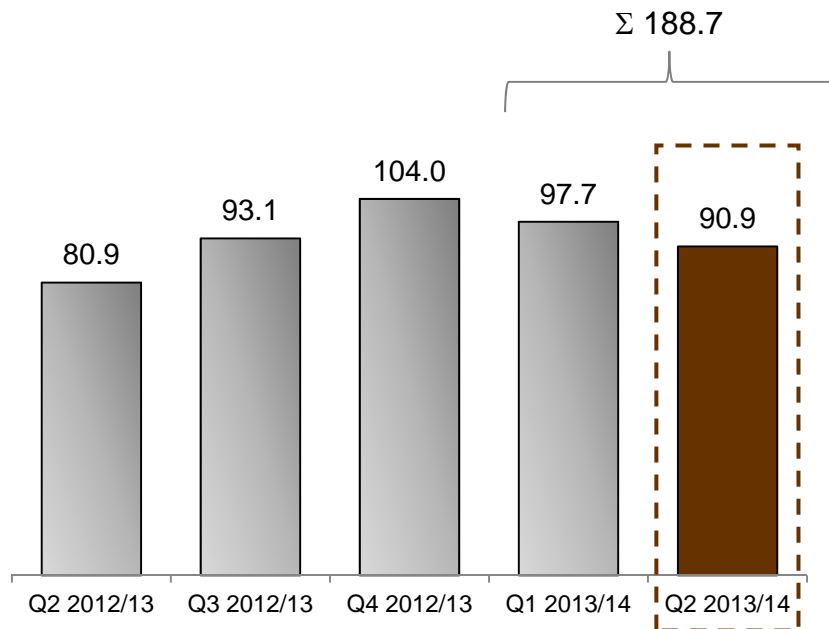
EBITDA AND EBIT MARGIN in %



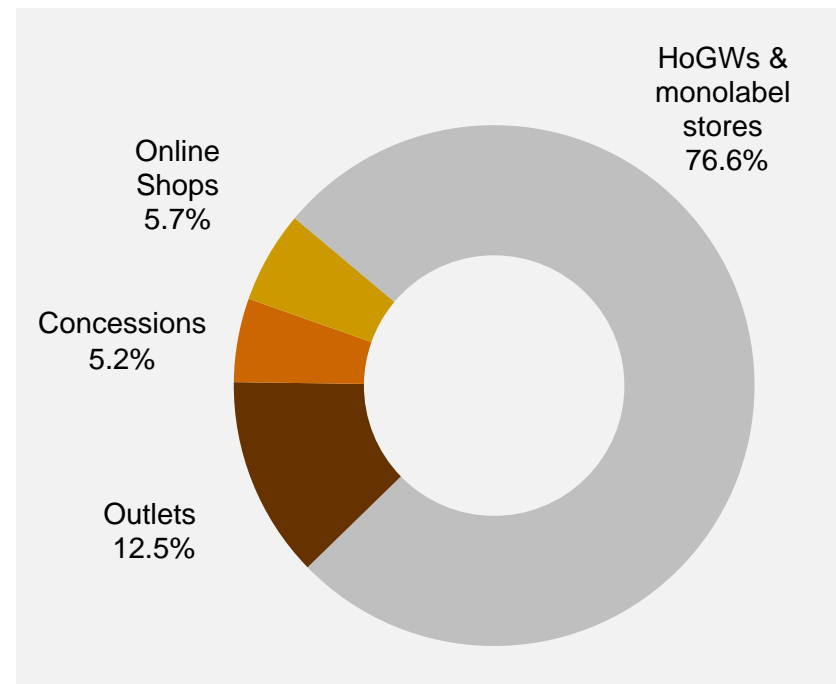
# Key Financials: Retail Sales

- ➔ 2012/13: Retail sales increased by 21.4% to EUR 363.7 mn
- ➔ H1 2013/14: Retail sales were up 13.2 % on the previous year period and amounted to EUR 188.7 mn (H1 prev. year: EUR 166.6 mn)
- ➔ H1 2013/14: Compared to the first six months of the fiscal year 2012/13 like-for-like sales were up 5.2%

## RETAIL SALES PER QUARTER



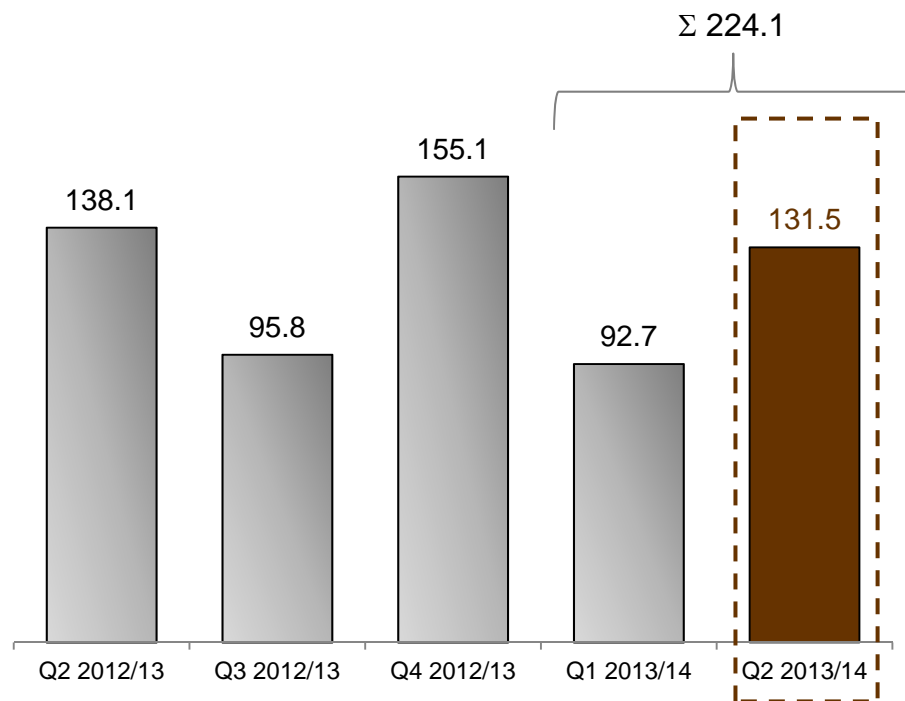
## RETAIL SPLIT BY DISTRIBUTION CHANNEL



# Key Financials: Wholesale Sales

- ➔ **H1 2013/14: Wholesale sales** amounted to **EUR 224.1 million** (H1 prev. year: EUR 237.3 m)
- ➔ **This is a decrease of 5.6%** on H1 2012/13
- ➔ Decrease is partly due to the Belgian HoGWs that are now part of the Retail segment
- ➔ We assume that pre-orders from our wholesale partners pick up again for the 2<sup>nd</sup> half of our fiscal year

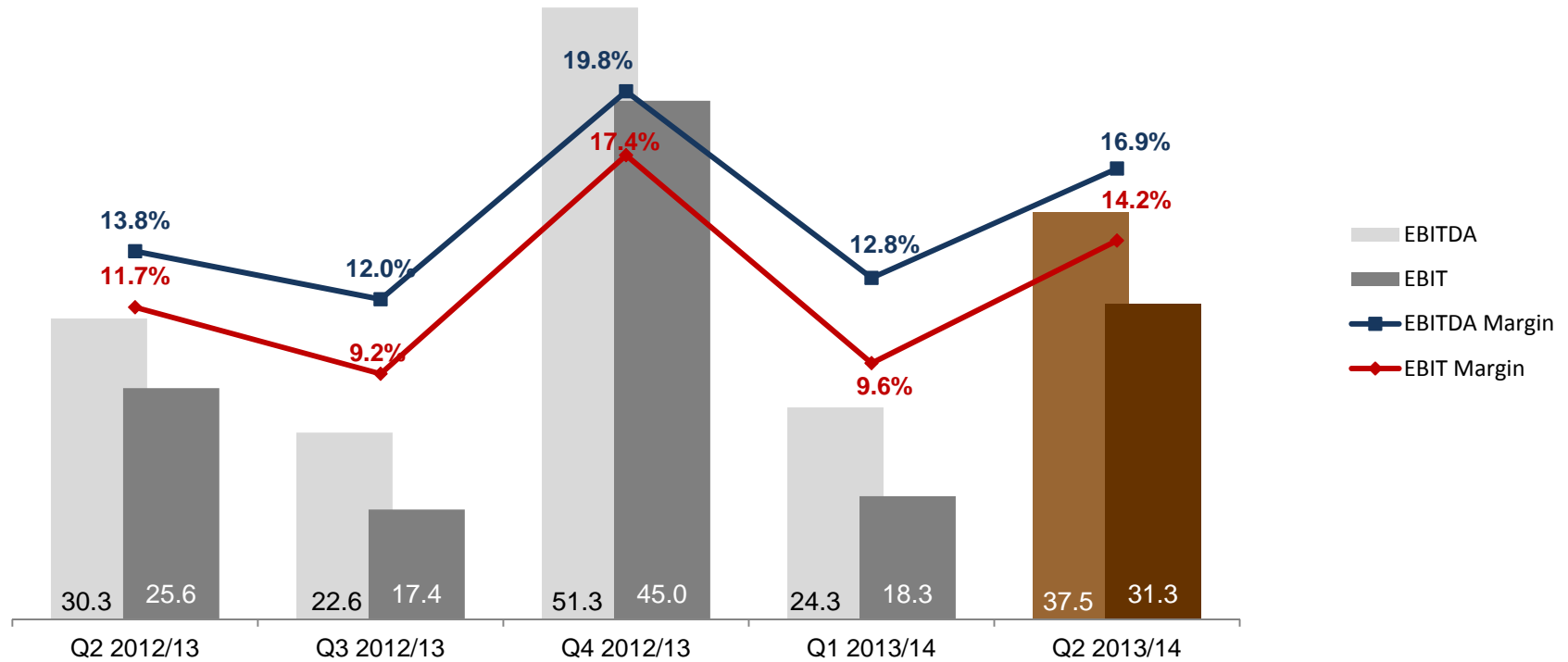
## WHOLESALE SALES PER QUARTER





# Key Financials: Profitability per Quarter

- ➔ H1 2013/14: EBITDA increased to EUR 61.8 mn and a EBITDA margin of 15.0% (H1 2012/13: 13.2%)
- ➔ H1 2013/14: EBIT amounted to EUR 49.5 mn – an increase of 14.2% compared to H1 2012/13
- ➔ H1 2013/14: EBIT margin was 12.0% (H1 2012/13: 10.7%)



EBITDA and EBIT in EUR million  
EBITDA and EBIT margin in %

# Key Financials: Balance Sheet (as of 30 April 2014)

## BALANCE SHEET STRUCTURE

in EUR million

	ASSETS	EQUITY & LIABILITIES	
Cash	141.8	427.2	Equity
Current assets	211.1		
Non-current assets	277.8	82.6	Current liabilities
		120.8	Non-Current liabilities

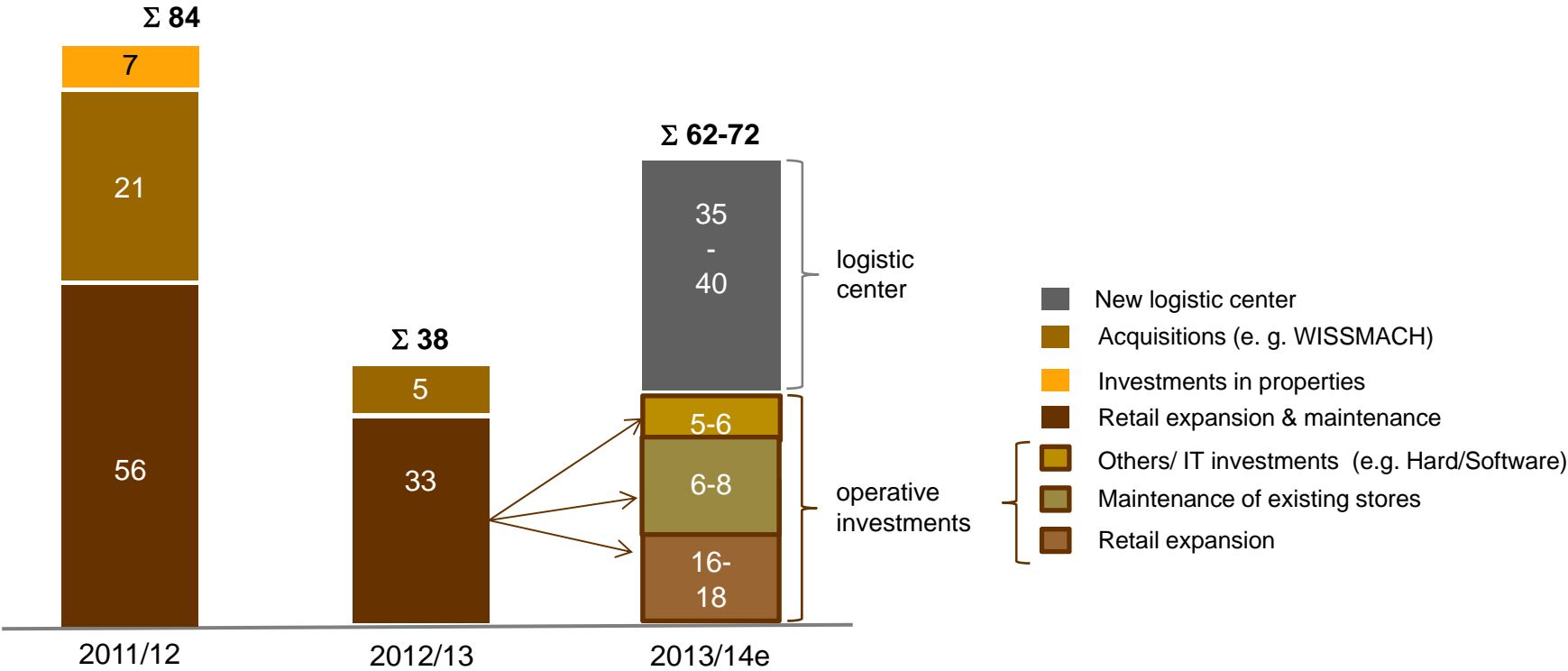
- ➔ Strong balance sheet structure with an equity ration of 67.7% (as of 30 April 2014)
- ➔ Short and long-term financial liabilities amounted to EUR 84.5 million with a cash volume of EUR 141.8 mn
- ➔ Financial liabilities increased in H1 2013/14 due to the issuance of an EUR 75 mn note loan, which will be used to finance the new logistic center



# Key Financials: Cash In- and Outflows (current and expected)

- ➔ Capex for the operational business per year including Retail expansion and maintenance - between EUR 26 to 32 million
- ➔ Investment volume new logistic center EUR 80 to 90 million - round about 50% per year 2014 and 2015
- ➔ Cash inflow from current operating activities amounted to EUR 90.7 mn in 2012/13

## INVESTMENTS / CAPEX (in EUR million)





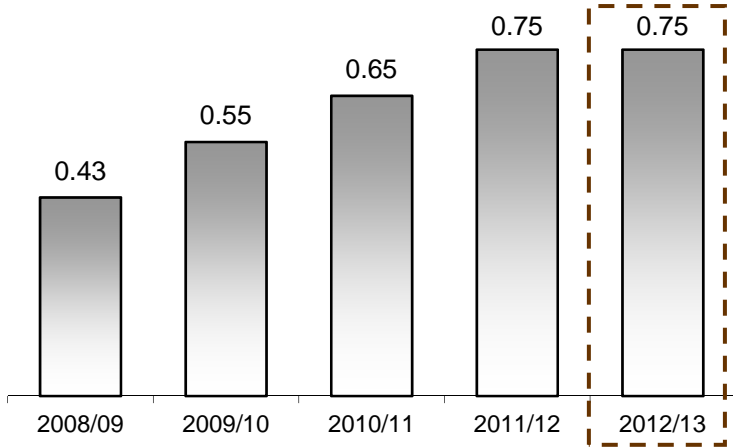
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## SHARE PERFORMANCE (since June 2013)

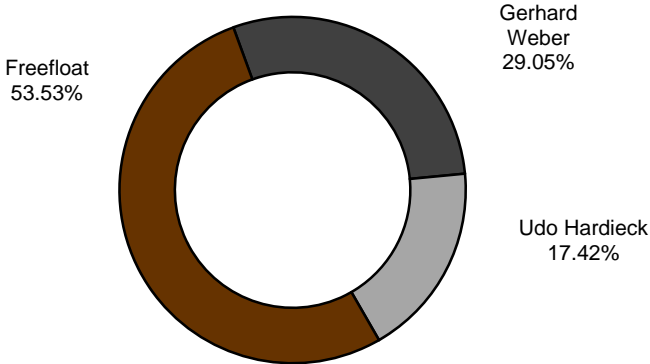


- ➔ Strong share performance in the last month
- ➔ Payout ratio between 40% and 50% every year
- ➔ Dividend yield of round about 2.3%

## DIVIDEND PAYMENTS



## SHAREHOLDER STRUCTURE



## ANALYSTS' RECOMMENDATIONS

Bank/Broker	Analyst	Rating	Price target	Date
Baader Bank	Volker Bosse	buy	42.00	6 June 2014
Bank of America Merrill Lynch	Tushar Jain	buy	38.00	14 March 2014
Berenberg Bank	Anna Patrice	hold	38.50	27 Feb. 2013
<i>BHF Bank</i>		<i>over-weight</i>	<i>38.00</i>	<i>18. June 2013</i>
BNP Paribas	Andreas Inderst	outperform	40.00	13 June 2014
Close Brothers Sydler	Martin Decot	hold	39.00	13 June 2014
Commerzbank	Yasmin Moschitz Andreas Riemann	hold	32.00	13 June 2014
<i>Cheuvreux</i>	<i>Jürgen Kolb</i>	<i>underperform</i>	<i>30.50</i>	<i>18. Jan. 2013</i>
Deutsche Bank	Michael Kuhn	buy	40.00	10 June 2014
DZ Bank	Herbert Sturm	sell	30.00	28 Feb. 2014

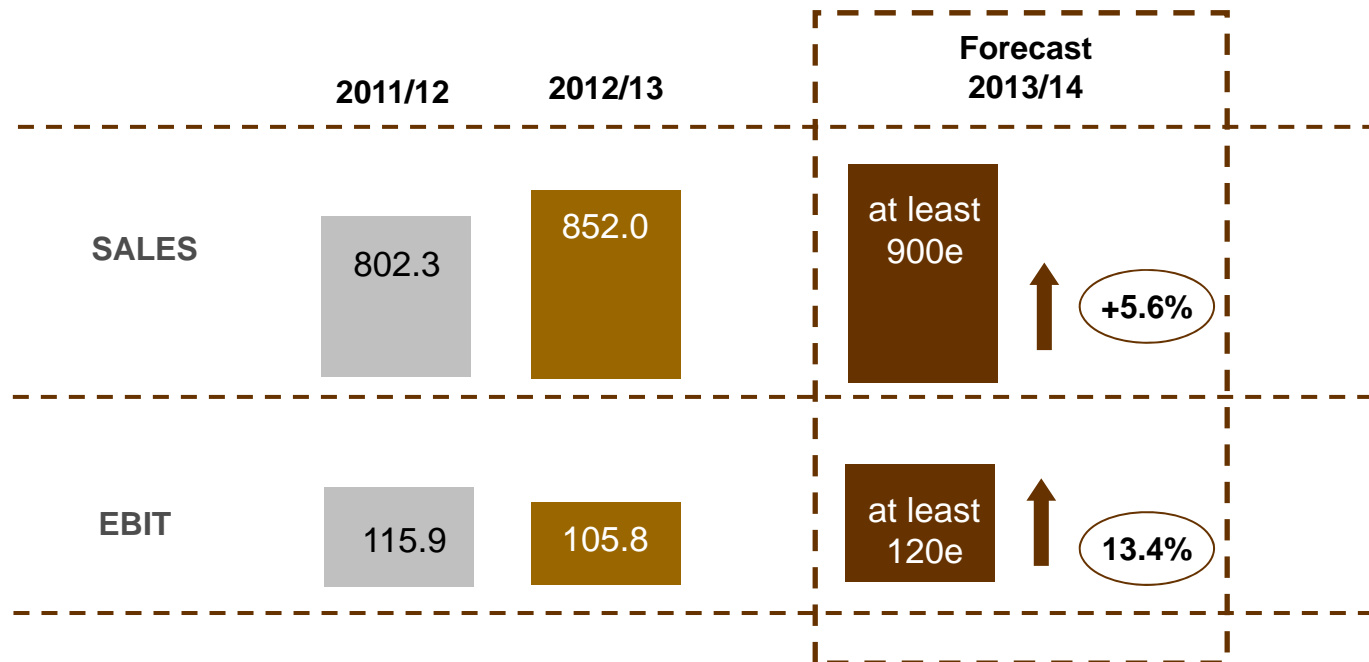
Bank/Broker	Analyst	Rating	Price target	Date
Equinet Bank	Ingbert Faust	accumulate	40.00	6 June 2014
Hauck & Aufhäuser	Christian Schwenkenbecher	buy	44.00	13 June 2014
HSBC Global Research	Thomas Teetz	neutral	36.00	3 March 2014
Lampe Research	Christoph Schlienkamp	buy	40.00	11 June 2014
LBBW	Fabian Süßengut	hold	41.00	13 June 2014
Main First Bank AG	Gael Colcombet	outperform	42.00	13 June 2014
Metzler Equity Research	Peter Steiner	buy	40.00	14 Jan 2014
Montega Research	Tim Kruse	hold	37.00	13 June 2014
MM Warburg	Philipp Frey	buy	43.00	13 June 2014
Quirin Bank	Mark Josefson	sell	32.50	3 March 2014

# Agenda



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## Forecast 2013/14

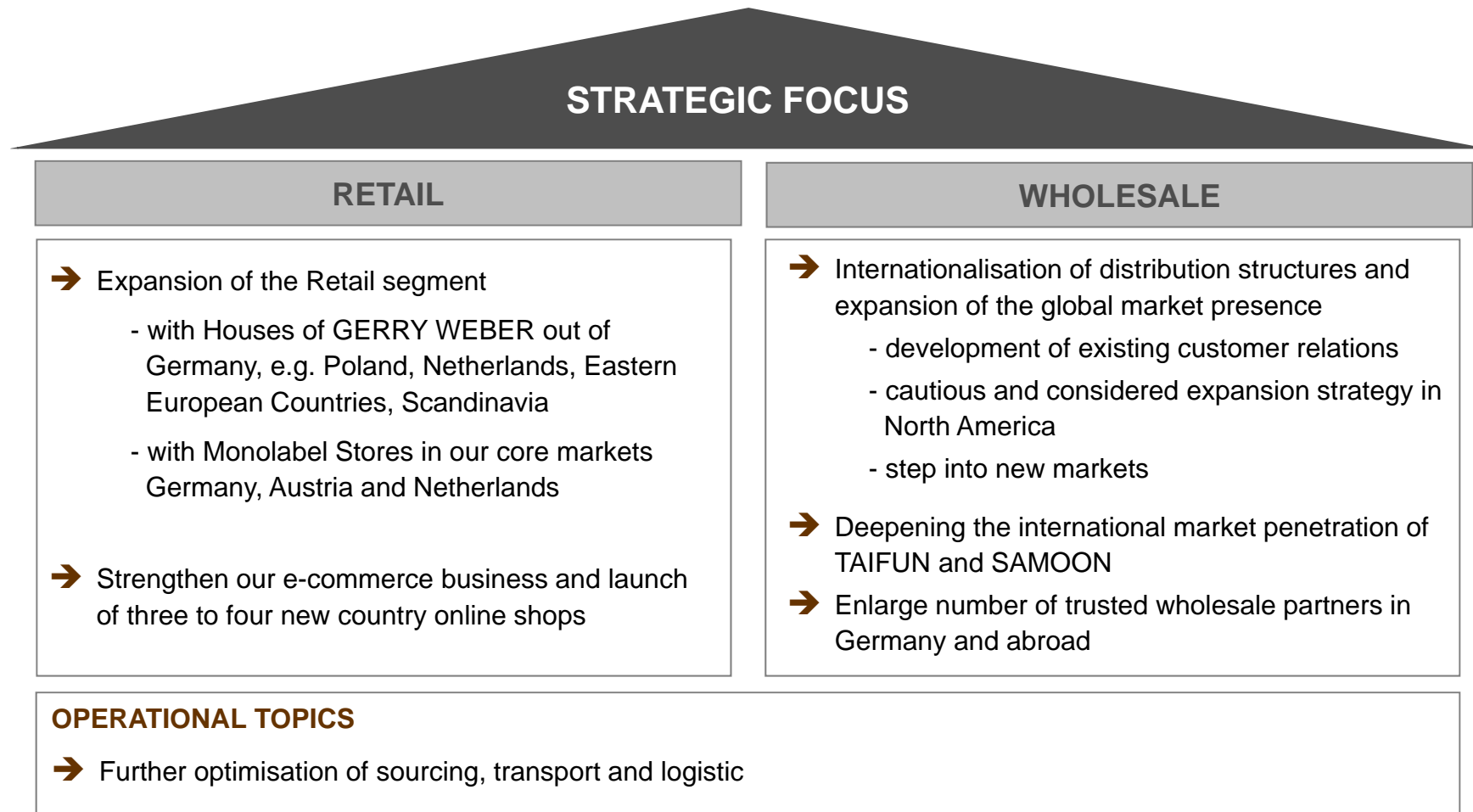


- ➔ Building on our unique brand positioning, our operational strengths, our customer structure and the growth opportunities yet to be tapped in the international markets, the successful “**GERRY WEBER**” growth story **continues**.
- ➔ Our business model and strategy is aligned for long-term oriented and sustainable growth. Therefore we continue to anticipate dynamic and profitable growth for our company moving forward.



# Achievement of objectives after H1 2013/14

<b>Sales</b>	Sales growth to at least EUR 900 mn (2012/13: EUR 852 mn)	H1: EUR 412.80 mn	
<b>Gross Margin</b>	Improvement of gross margin (H1 prev. year: 52.3% )	H1: 55.0 %	
<b>EBIT Margin</b>	Increase in EBIT margin and improvement of profitability (H1 prev. year: 10.7%)	H1: 12.0 %	
<b>Online Shops &amp; Licensing</b>	Strengthening our e-commerce activities and launch of new online shops: Enlargement of our license business: A new collection will be on the sales floors in July 2014.	H1: New EU E-shop for four countries and new Accessories collection launched	



# Thank you for your Attention

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## FINANCIAL CALENDAR

Publication of the First Half Year Report 2013/14	13 June 2014
Roadshow London (Berrenberg)	25 June 2014
Publication of the Nine Month Report 2013/14	12 September 2014
Merrill Lynch Conference, London	18 September 2014
Berenberg Conference, Munich	23 September 2014
Baader Conference, Munich	24 September 2014
End of the fiscal year 2013/14	31 October 2014

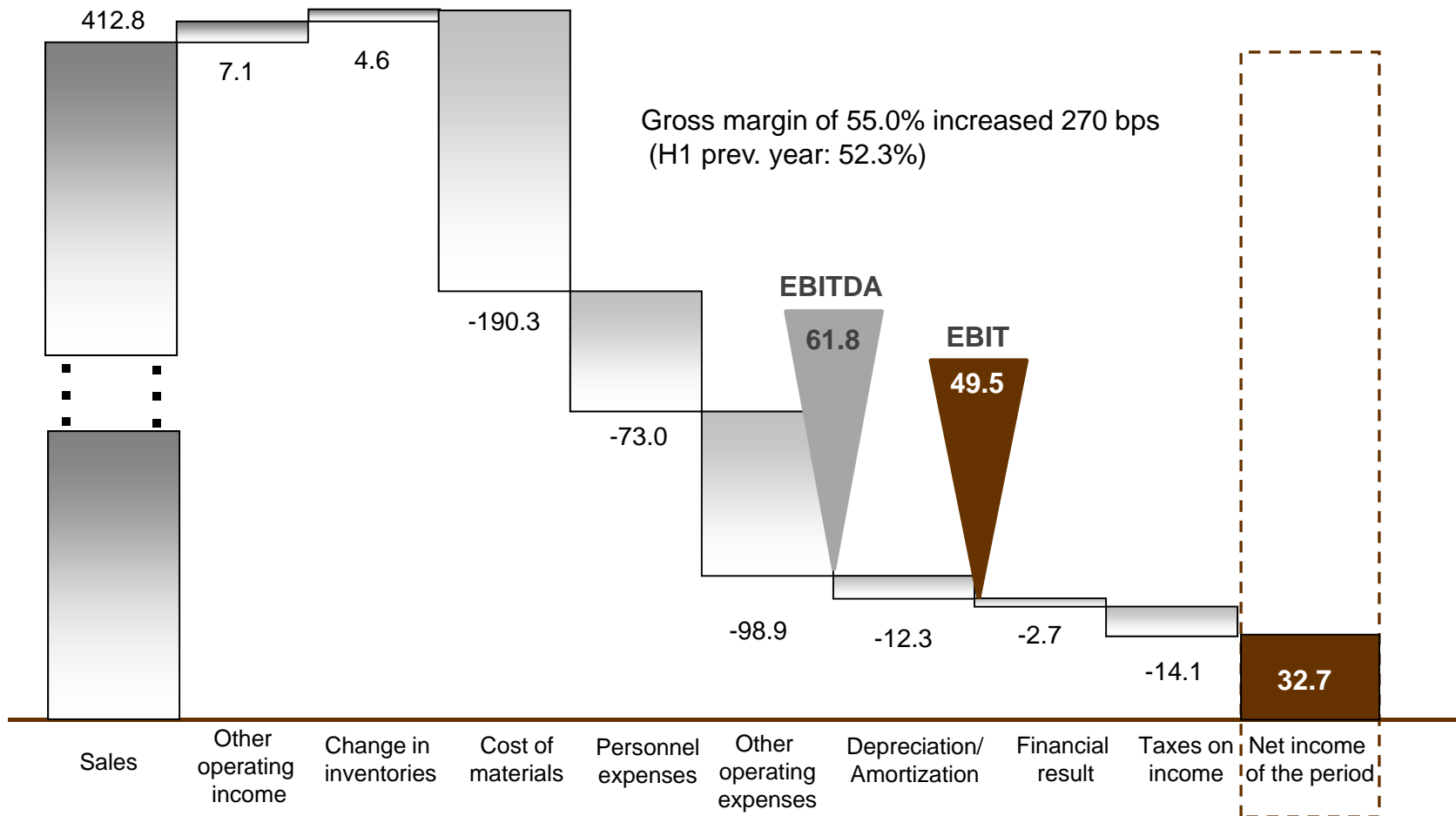
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**[www.gerryweber.com](http://www.gerryweber.com)**

GERRY WEBER International AG  
Claudia Kellert  
Head of Investor Relations  
Neulehenstraße 8, D-33790 Halle / Westphalia  
phone: +49 (0)5201 185 8422  
eMail: [c.kellert@gerryweber.de](mailto:c.kellert@gerryweber.de)

## DEVELOPMENT OF EARNINGS H1 2013/14

in EUR million



## CONSOLIDATED INCOME STATEMENT H1 2013/14

in KEUR	Q2 2013/14	Q2 2012/13	H1 2013/14	H1 2012/13
	01.02. - 30.04.2014	01.02. - 30.04.2013	01.11.2013-30.04.2014	01.11.2012 - 30.04.2013
Sales	222.397,9	218.988,0	412.777,1	403.884,0
Other operating income	2.544,8	3.149,9	7.164,5	7.143,6
Changes in inventories	-9.208,0	-22.353,8	4.657,0	-8.052,9
Cost of materials	-88.738,1	-85.685,4	-190.339,8	-184.472,9
Personnel expenses	-36.899,2	-34.429,9	-73.003,0	-69.268,4
Depreciation/Amortisation	-6.220,3	-4.710,4	-12.262,2	-10.069,8
Other operating expenses	-52.328,2	-49.152,9	-98.916,7	-95.284,5
Other taxes	-287,4	-252,4	-560,3	-512,8
<b>OPERATING RESULT</b>	<b>31.261,5</b>	<b>25.553,1</b>	<b>49.516,6</b>	<b>43.366,2</b>
Financial result	-1.349,9	-810,0	-2.701,5	-1.579,8
<b>RESULTS FROM ORDINARY ACTIVITIES</b>	<b>29.911,6</b>	<b>24.743,1</b>	<b>46.815,1</b>	<b>41.786,4</b>
Taxes on income	-8.793,2	-6.969,6	-14.106,4	-12.463,7
<b>NET INCOME OF THE REPORTING PERIOD</b>	<b>21.118,4</b>	<b>17.773,5</b>	<b>32.708,7</b>	<b>29.322,7</b>

## Key financials 2012/13

	2012/13	2011/12	Changes in %
in EUR million			
<b>Sales</b>	<b>852.0</b>	<b>802.3</b>	6.2%
Domestic	520.2	491.0	6.0%
International	331.8	311.3	6.6%
<b>Sales</b>	<b>852.0</b>	<b>802.3</b>	6.2%
Wholesale	488.3	502.8	-2.9%
Retail	363.7	299.5	21.4%
<b>Sales split by brand</b>			
GERRY WEBER	75.2%	76.4%	-1.6%
TAIFUN	19.4%	18.3%	6.0%
SAMOON	5.3%	5.3%	0.0%
<b>Earnings key figures</b>			
EBITDA	127.4	132.3	-3.6%
EBITDA margin	15.0%	16.5%	-1.5%
EBIT	105.8	115.9	-8.7%
EBIT margin	12.4%	14.5%	-2.0%
EBT	102.8	113.7	-9.6%
EBT margin	12.1%	14.2%	-2.1%
Net income of the year	71.0	78.8	-9.9%
Earnings per share in Euro <sup>1</sup>	1.55	1.72	-9.9%