

# **GERRY WEBER**

**Strategy and Financials**

March 2016





- (1) Business Model 3
- (2) Key Financial 2014/15
- (3) Q1 current fiscal 2015/16
- (4) GERRY WEBER Share
- (5) FIT4GROWTH
- (6) Outlook

# At a Glance – Company Profile

## Business

Global German fashion and lifestyle company with four strong brand families and their sublabels:

- **GERRY WEBER** (including GERRY WEBER COLLECTION, GERRY WEBER EDITION, G.W. , GERRY WEBER casual and GERRY WEBER ACCESSORIES)
- **TAIFUN**
- **SAMOON by GERRY WEBER**
- **HALLHUBER** (HALLHUBER and HALLHUBER DONNA)

### Retail Segment

- 984 company-managed sales spaces, thereof 352 outside Germany
- 6 online stores ensure availability in 9 countries (January 2016)

### Wholesale Segment

- More than 270 franchised Houses of GERRY WEBER and round about 2,500 Shop-in-Shops all over the world (January 2016)

### HALLHUBER Segment

- 277 fully-controlled Retail POS
- 5 own online shops
- 15 third-party e-commerce platforms (January 2016)

**Financials**

**2014/15**

- Revenues: EUR 920.8 million
- EBIT: EUR 79.3 million
- Net income: EUR 52.2 million
- EPS: EUR 1.14
- Dividend: EUR 0.40 per share

**Board**



Dr. David Frink (CFO & COO)   Ralf Weber (CEO)   Norbert Steinke (CRO)

# Milestones

**1973:** Company established by Gerhard Weber and Udo Hardieck



**1989:** Going public as GERRY WEBER International AG



**1989:** Launch of the TAIFUN brand

**1994:** Launch of the SAMOON brand



**2011:** Acquisition of 20 former DON GIL stores in Austria



**2013:** Acquisition of majority stake in 19 existing Belgian HoGWs

**1999:** Opening of the first company-run HOUSE OF GERRY WEBER (HoGW)



**2012:** Acquisition of majority stake in 25 existing Dutch HoGWs, acquisition of 200 former WISSMACH stores and conversion into GERRY WEBER brand stores

**2014:** Acquisition of 25 HoGWs that were formerly owned by our franchise partner in Norway

**HALLHUBER**

**2015:** Acquisition of Munich-based fashion company HALLHUBER



## GERRY WEBER



GERRY WEBER  
COLLECTION

### Modern Women Fashion

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

GERRY WEBER  
EDITION

### Fresh and more casual

- Coordinated single items
- EDITION fashion statement is more casual

GERRY WEBER  
casual

G.W.

### Most trend-oriented collection

- Shortest development and production cycle
- Fully vertically integrated (no sample collections)
- 12-month programs

GERRY WEBER  
ACCESSORIES

### Accessories collection

- Licensed products like handbags, shoes or glasses as well as accessories like scarves, hats or shawls

Sales contribution of brand families\*:

**GERRY WEBER: 66.6%**

## TAIFUN



### Young Modern Woman Fashion

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

**TAIFUN: 16.1%**

## 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 a favourable light

**SAMOON: 4.8%**

## HALLHUBER



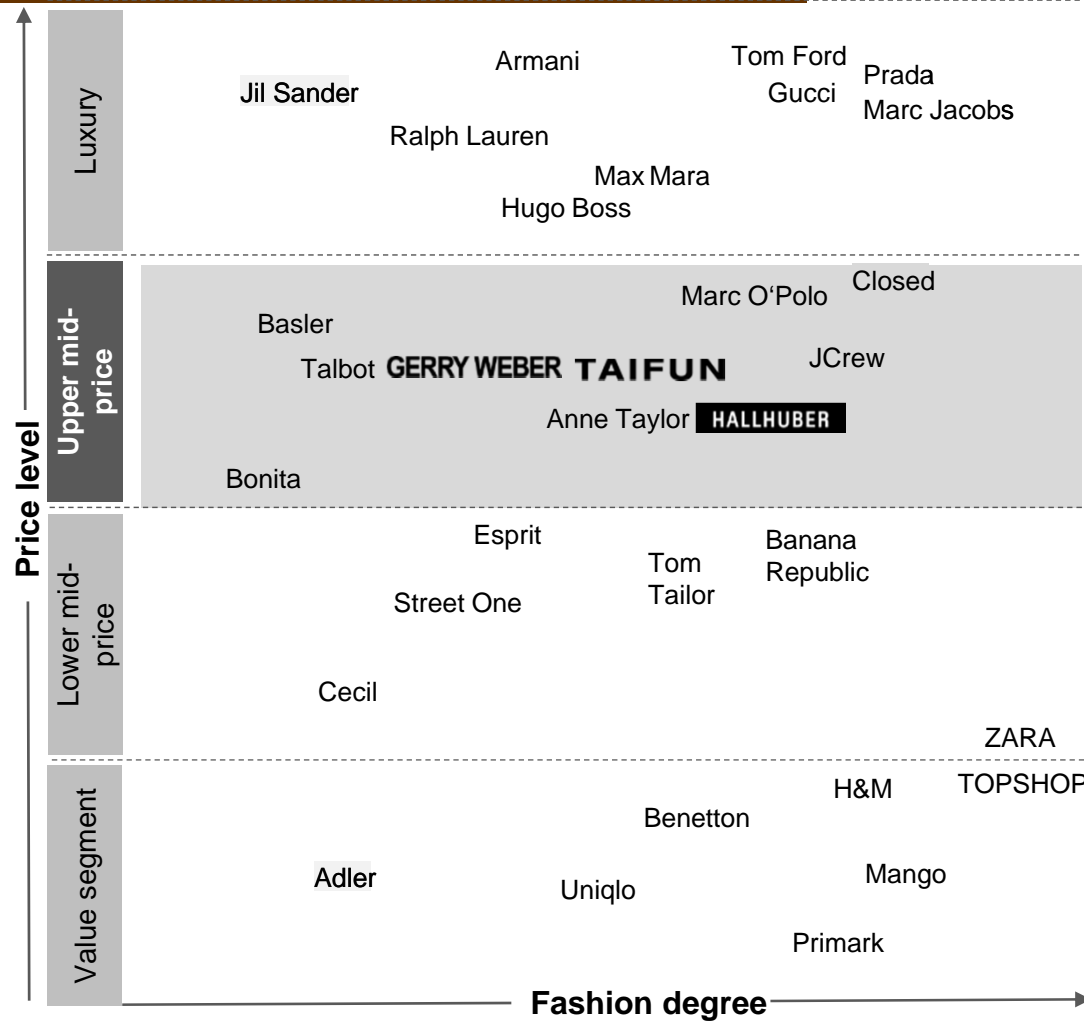
### Young, Sophisticated and Urbane Fashion

- Urbane, timeless style with a fashion twist
- Feminine, stylish and nevertheless elegant
- Target group: fashion conscious women between 25 and 45
- Product line HALLHUBER DONNA: more elegant and exclusive

**HALLHUBER: 12.5%\***

\* in 9M 2014/15 (first consolidation of HALLHUBER in Q2 2014/15)

## SEGMENT AND PRICE-POSITIONING



- ➔ Bridge segment between the middle price segment and the premium segment
- ➔ Unique market positioning
- ➔ Loyal customer base with higher income level
- ➔ Less-crowded than other segments
- ➔ A market segment where significant price markups can be achieved

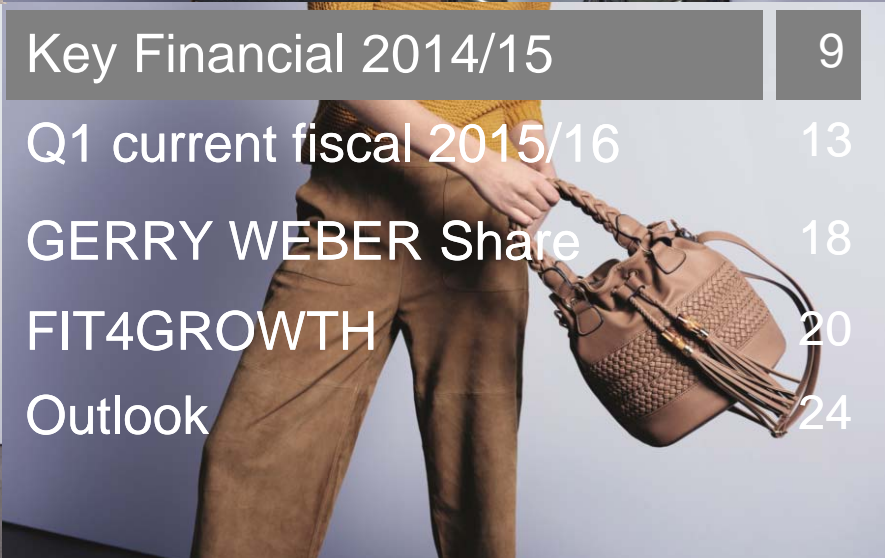
## DISTRIBUTION CHANNELS



\* Wholesale customers transfer the order process to GERRY WEBER



**HALLHUBER**

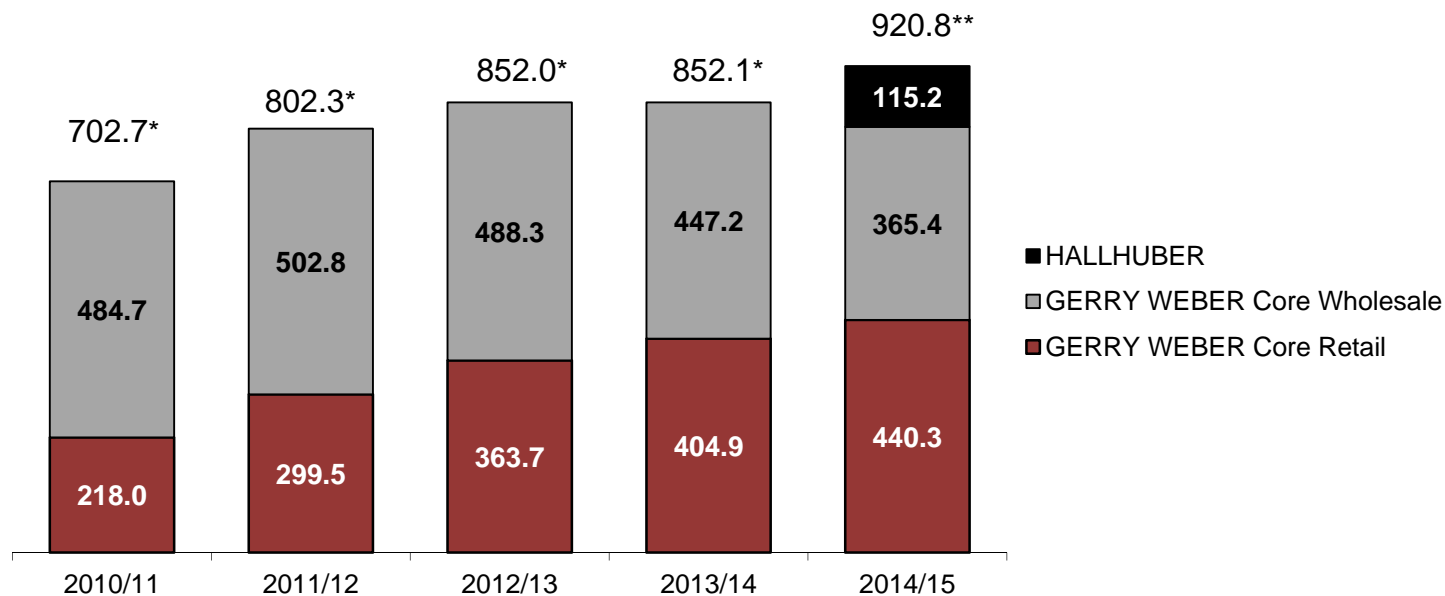


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## Key Financials 2014/15: Group Sales

- ➔ Sales revenues increased by **8.1% to EUR 920.8** million thanks to HALLHUBER contribution of EUR 115.2 million (+18% yoy)
- ➔ **GERRY WEBER Core** (GERRY WEBER, TAIFUN, SAMOON) sales amounted to **EUR 805.7** million an decrease of 5.4% to the previous year
- ➔ **GERRY WEBER Core Retail** revenues were **up 8.7%**, **GERRY WEBER Core Wholesale** sales were **down by 18.3%** on the previous year period



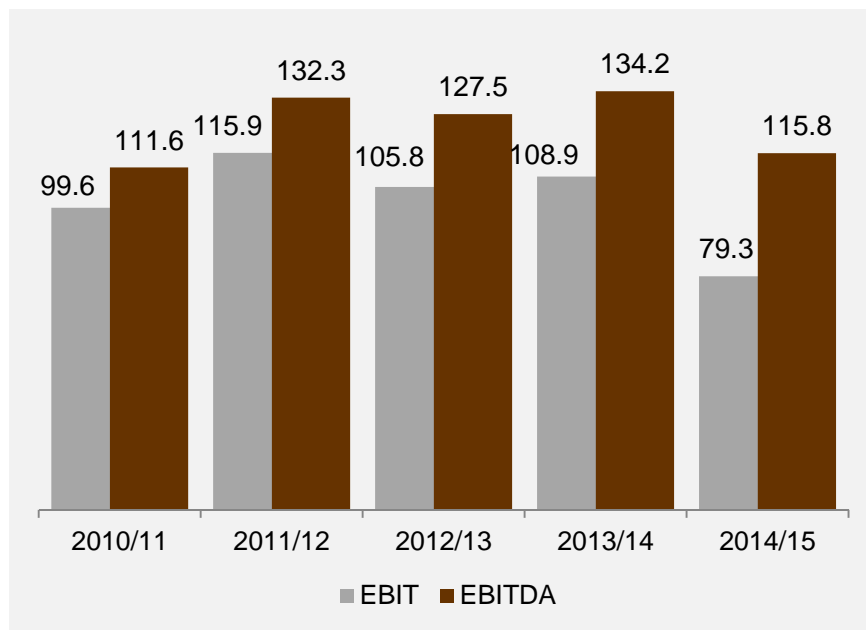
\*Excluding HALLHUBER

\*\*Including HALLHUBER: 9 months consolidated

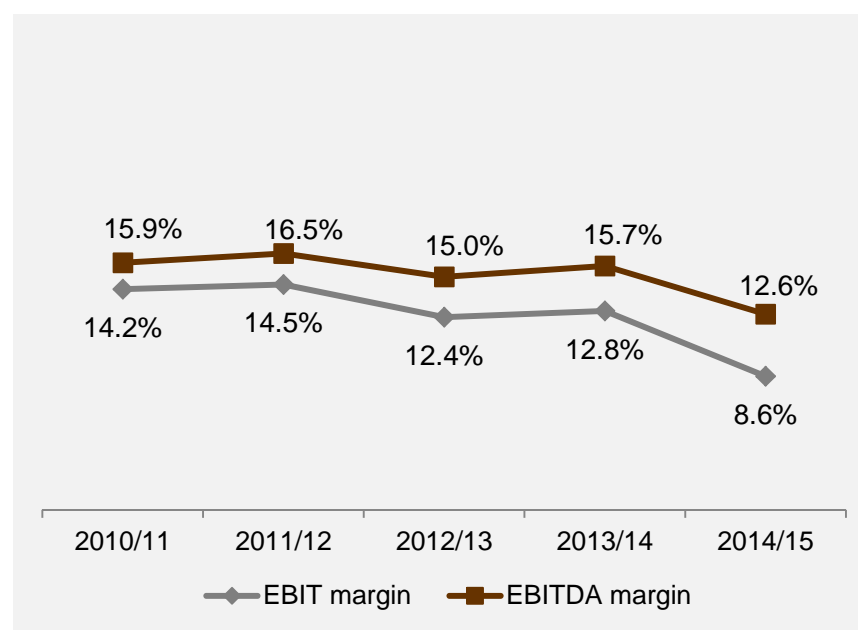
# Key Financials 2014/15: Group EBIT and EBITDA

- ➔ Earnings situation negatively impacted by lower than planned GERRY WEBER Core revenues while fixed costs remained unchanged
- ➔ Expansion costs and higher depreciation due to the dynamic Retail roll-out and the acquisitions in the past two years lead to lower margins

EBIT and EBITDA in EUR million



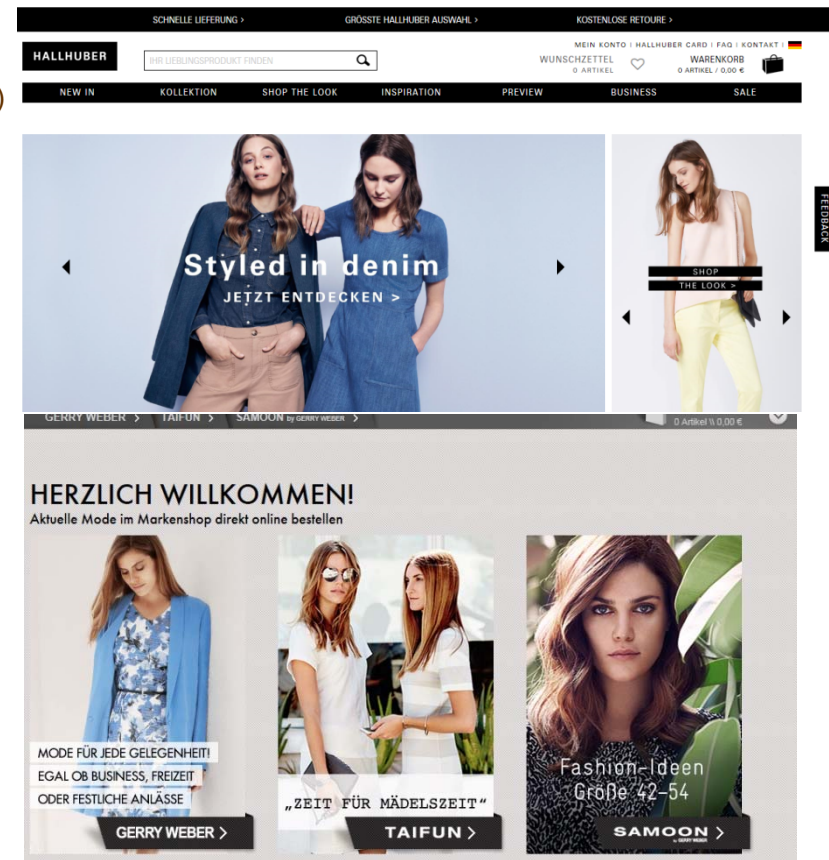
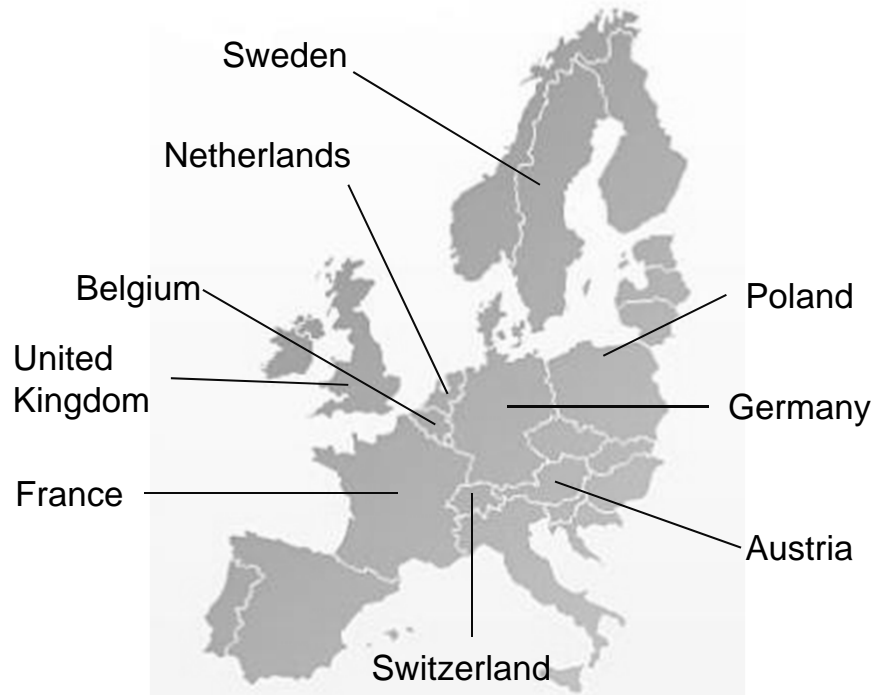
EBITDA and EBIT MARGIN in %



# Key Financials 2014/15: E-Commerce

- ➔ GERRY WEBER Core Retail 2014/15: Online business generated **sales of EUR 23.8 million: an increase of 9.3%** compared to the previous financial year
- ➔ HALLHUBER 2014/15: **Increase** in HALLHUBER online sales of **48.5 % to EUR 9.5 million**; This equals 8.3% of total HALLHUBER sales revenues (February - October 2015)






## COMPANY-OWNED ONLINE SHOPS (as of 31 Jan. 2016)





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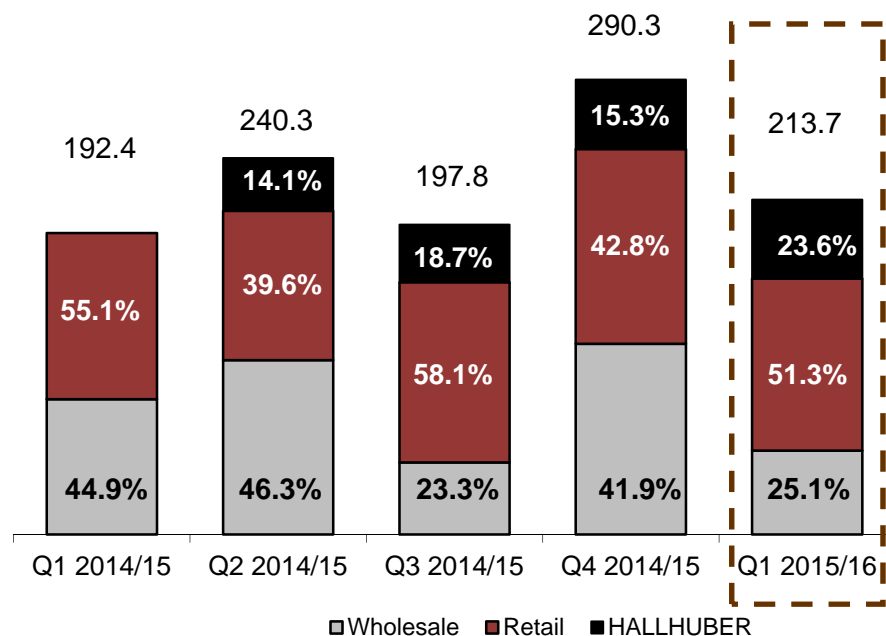


	Q1 2015/16	Q1 2015/16
	GERRY WEBER Core (GERRY WEBER, TAIFUN, SAMOON)	HALLHUBER
	Sales decrease to <b>EUR 163.2 million (-15.2 %)</b>	Sales increase to <b>EUR 50.5 million (+26.0%)</b>
	Increase in gross margin to 63.1 %% (previous year period: 56.5%)	Q1 2014/15 not consolidated
	EBITDA: EUR 9.4 mn (prev. year: EUR 24.2 mn) EBITDA-margin: 5.8% (prev. year: 12.6%)	EBITDA of EUR 5.1 million EBITDA margin: 10.1%
	984 own Retail sales floor spaces	277 own Retail sales floor spaces
	like-for-like Retail sales: -7.5 % (market development Germany: -5% / -1% and -4% in Nov., Dec. and Jan. 2016)	like-for-like Retail sales: +6.9 %

## Q1 2015/16: Group Sales

- ➔ Q1 2014/15: **Group sales** totalled **EUR 213.7 million** (+11.1% compared to Q1 2014/15)
- Increase is based on the contribution of HALLHUBER (first consolidation in Q2 2014/15). HALLHUBER stake in sales in Q1 2015/16: EUR 50.5 million
  - GERRY WEBER Core sales (excluding HALLHUBER) decreased in Q1 by 15.2% mainly due to a sharp drop in wholesale sales (-38.0%) and decreased like-for-like Core-Retail sales (-7.5%).

### SALES DEVELOPMENT (in EUR million)



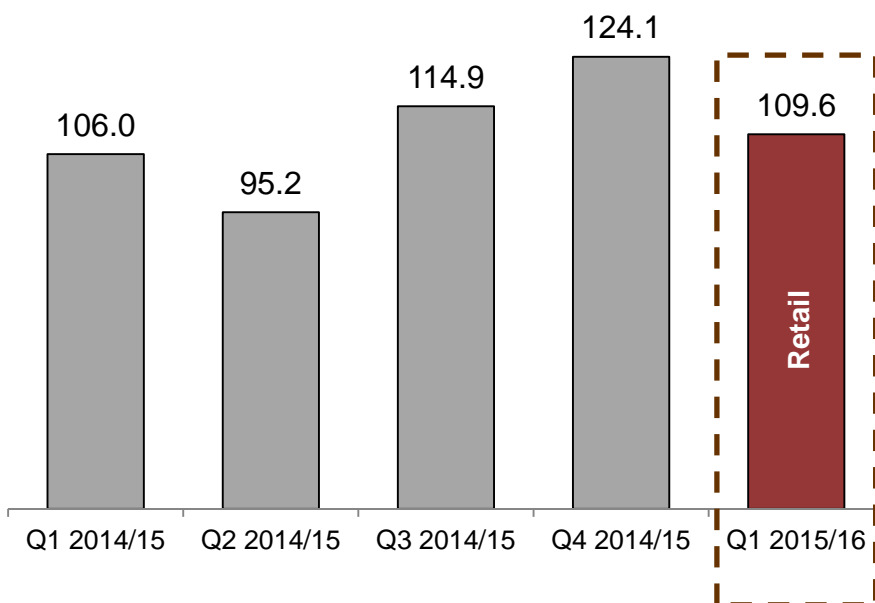
#### Q1 Group sales affected by:

- Continuing adverse weather conditions and lower footfalls in cities and stores
- Lower orders of our Wholesale partners due to continuing difficult market environment and high inventory levels. Further shift of former Wholesale revenues into Retail.
- Change in delivery times: Goods that were formerly delivered in January are now delivered in Q2 2015/16

# Q1 2015/16: GERRY WEBER Core Retail Sales

- ➔ Q1 2015/16: Retail revenues were **up by 3.4%** on Q1 2014/15 and amounted to **EUR 109.6 million**
- ➔ Q1 2015/16: like-for-like sales down 7.5%  
 German textile market as a whole were down -5% / -1% and -4% in Nov., Dec. and Jan.
- ➔ 10 of the announced 103 closures of the “FIT4 GROWTH” realignment programme were implemented in Q1 2015/16.

## RETAIL SALES PER QUARTER \* (in EUR million)



## Store Portfolio (including openings and closings)

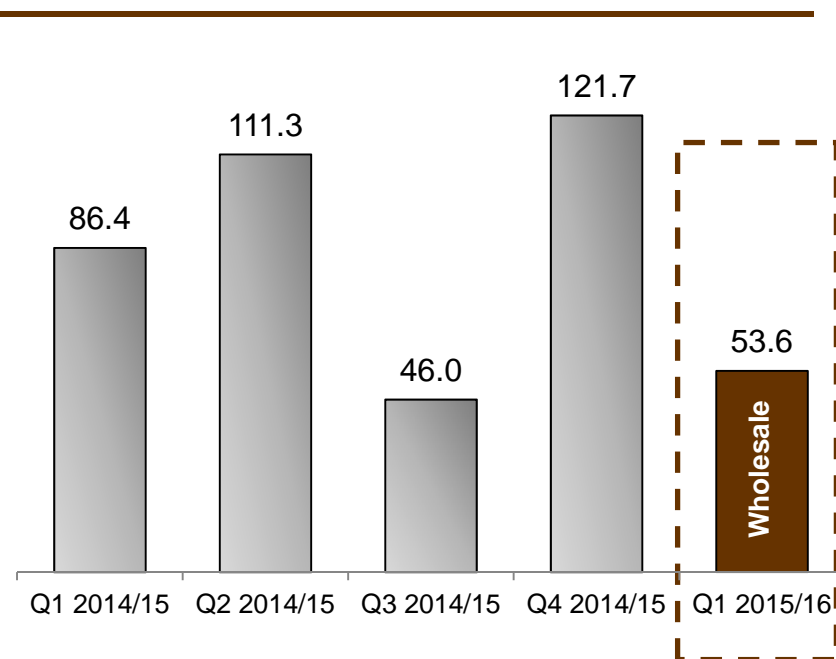
	Q1 2015/16	2014/15	2013/14
Houses of GERRY WEBER	514	520	485
Monolabel Stores	137	142	144
Concessions	298	291	119
Factory Outlets	35	34	30
<b>TOTAL GWI</b>	<b>984</b>	<b>987</b>	<b>778</b>

\* Excluding HALLHUBER

# Q1 2015/16: GERRY WEBER Core Wholesale Sales

- ➔ Q1 2015/16: **Decrease** in Wholesale sales of 38.0% to EUR **53.6 million**
- ➔ Reasons:
  - ➔ Wholesalers had high inventory levels in the last seasons. As a result pre- and re-order volumes have decreased.
  - ➔ Sales revenues that used to be generated by 162 shop-in-shops in Kaufhof stores are now redirected to the Retail segment, as the stores have been transformed into Concession Stores
  - ➔ Change in delivery times: Goods that were formerly delivered in January an now delivered in Q2

WHOLESALE SALES PER QUARTER (in EUR million)



Country/Region	GWI Core
Germany	58
Russia	58
Middle East	30
Eastern Europe	23
France	20
BeNeLux	12
Switzerland	24
Baltic States	13
Poland	7
Austria	4
Italy	5
Others	20

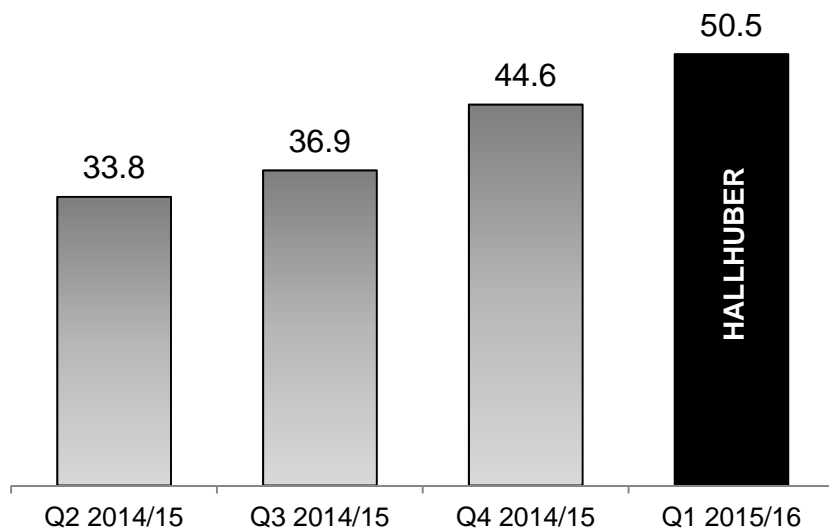


## Q1 2015/16: HALLHUBER Sales

→ Q1 2015/16: HALLHUBER sales in Q1 2015/16 amounted to EUR 50.5 million. An increase of 26.0 % on the prior year period (non-consolidated)

- HALLHUBER share in Group Sales was 23.6%
- With a plus of 6.9% in like-for-like sales HALLHUBER pulled ahead of the German fashion market
- HALLHUBER EBITDA increased to EUR 5.1 million; HALLHUBER EBIT amounted to EUR 2.1 mn

### HALLHUBER SALES PER QUARTER (in EUR million)



### HALLHUBER STORES BY STORE FORMAT

	Q1 2015/16	2014/15
HALLHUBER Monolabel Stores	119	117
HALLHUBER Concession Stores	144	145
HALLHUBER Outlets	14	13
<b>Total HALLHUBER</b>	<b>277</b>	<b>275</b>

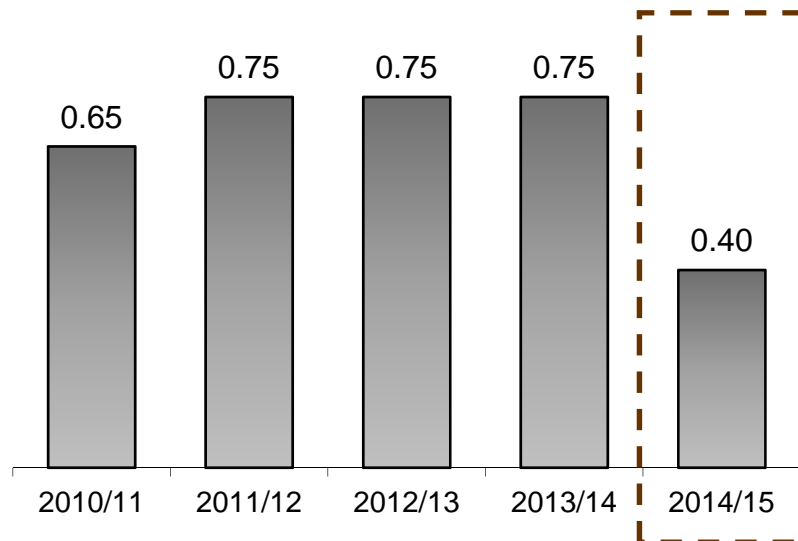
# GERRY WEBER Share I

## SHARE PERFORMANCE (since March 2015)

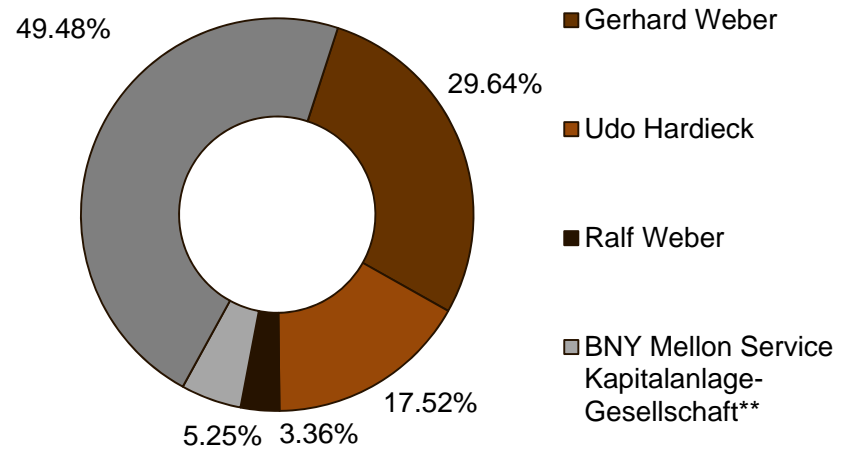


- ➔ First dividend reduction since listing in 1989
- ➔ Dividend yield 2015 of round about 3.1%

## DIVIDEND PAYMENTS



## SHAREHOLDER STRUCTURE

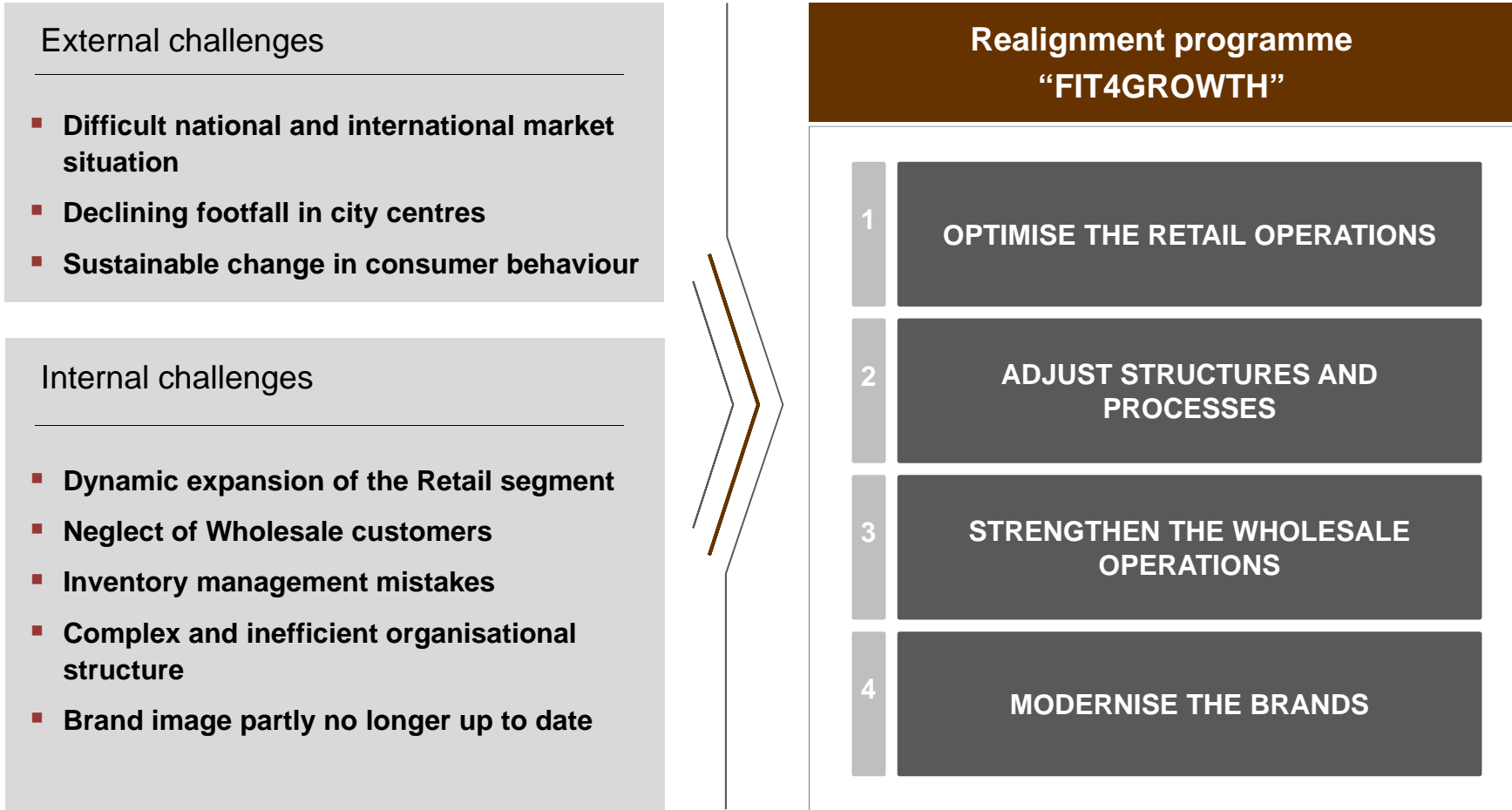


\*\* included in the Free float

# Agenda



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1

## OPTIMISE RETAIL OPERATIONS

### **I. Consolidate the store network**

- Closures: 103 stores this financial year and next, another 5% on the watchlist
- Closure criteria: Failure to reach margin targets and/or negative growth forecasts
  - Extraordinary one-time expenses and write-downs: approx. EUR 25 million

### **II. Improve the customer approach and the brand experience**

- Increase the value of products/collections
- Optimise brand image as well as customer service
- Digitalisation: Modernisation of the online presence, exploit the omni-channel potential

### **III. Optimise merchandise / inventory management**

- More effective timing of delivery cycles
- Avoid excess inventories, reduce the write-off rate

**Increased profitability and improved brand experience**

2

## ADJUST STRUCTURES AND PROCESSES

### **I. Reduce complexity and inefficiencies**

- Analysed and partly redefined all central processes
- Reduction of operating and personnel expenses
- Cut about 200 jobs at the head office in Halle/Westphalia and 50 jobs at our foreign subsidiaries. In addition, 460 employees stores will be affected by the consolidation of the store network

### **II. Realise efficiency potentials in logistics**

- Improved logistic processes through the new GW logistic centre (ramping-up phase started 12/2015)

### **III. Further integration of HALLHUBER**

- Exploit synergies and efficiency potential in areas such as logistics, IT, online, etc.

**Cut expenses by approx. EUR 20 - 25 million p.a. as of 2017/18**

**3 STRENGTHEN THE WHOLESALE OPERATIONS**

**I. Improve the relationships with Wholesale partners**

- Improved service and support of Wholesale customers
- Optimised presentation of the brand at the point of sale
- Win new Wholesale customers

**Specific measures**

- Launch of partnership programs to optimise merchandise management and service quality
- Increase the percentage of customers using trusted wholesale limit arrangements
- Support in fitting out shops and stores
- Marketing and sales support

**Increased Wholesale revenues**

**4 MODERNISE BRANDS**

**I. Operate the brand families as strategic business units**

- Maximum decision-making freedom for the SBUs
- Optimum adjustment of the brands to market and customer requirements

**II. Refresh the GERRY WEBER core brand**

- Up-to-date design and improved merchandise presentation of the brand
- Investments in the perceived value of the products
- Better alignment of the collections with customer requirements

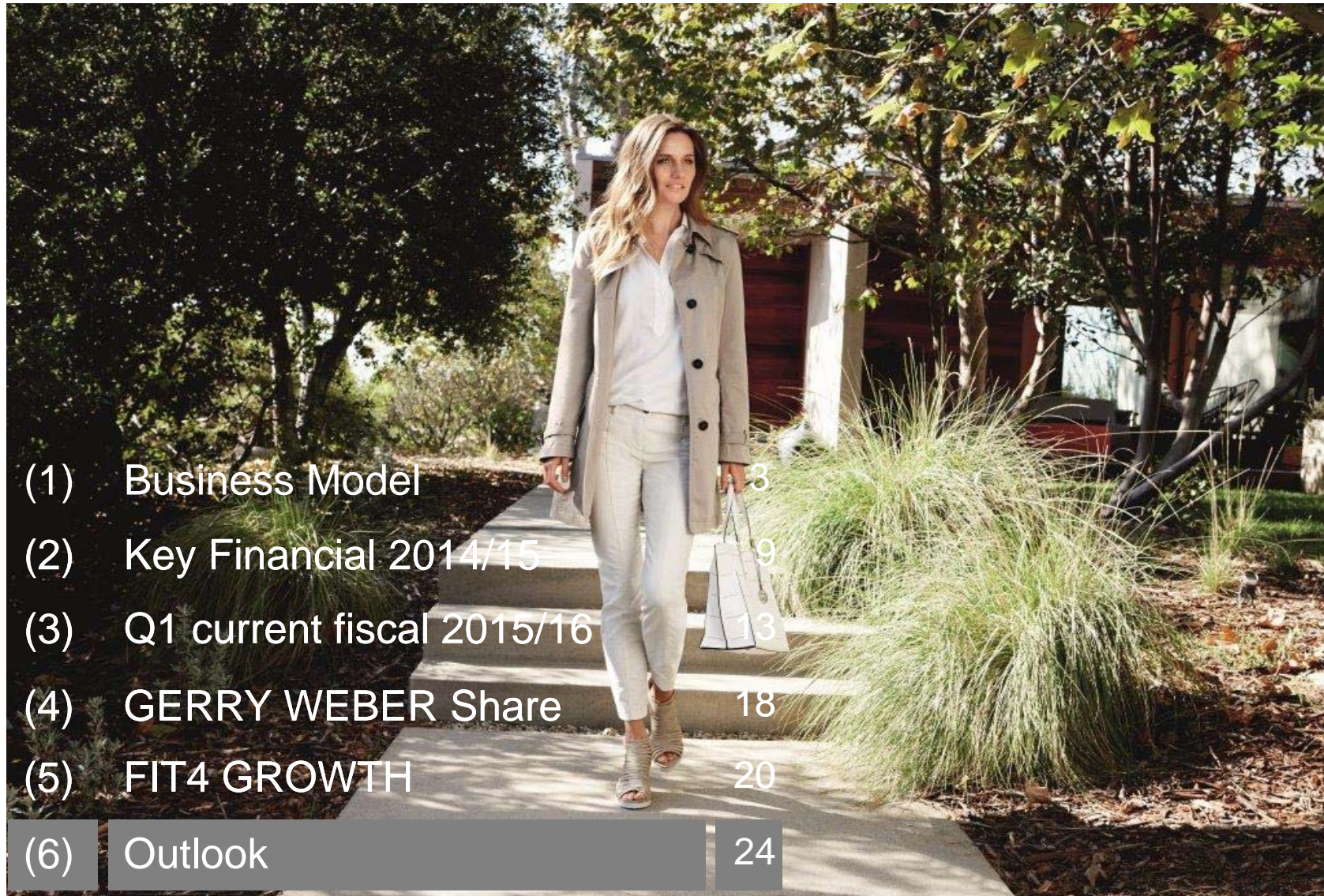
**III. Sharpen the brand identity of TAIFUN**

- Reduce the dependence on the main brand

**IV. Test phase of a new GERRY WEBER brand**

**Increased brand attractiveness and revenues**





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	<b>GERRY WEBER GROUP</b>	<b>GERRY WEBER Core</b>	<b>HALLHUBER</b>	<b>GERRY WEBER GROUP TOTAL</b>
in EUR million	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2015/16</b>
<b>Sales</b>	920.8	710 - 730	180 - 190	890 - 920
<b>EBITDA (reported)</b>	115.8	45 - 50	15 - 20	60 - 70
<b>EBIT (reported)</b>	79.3			10-20

- ➔ **Extraordinary one-time costs of EUR 36 million** resulting from the realignment programme **will have a negative effect on Group’s profitability**
- ➔ We have not lost sight of our long-term strategies and objectives. **After the transformation months we want to grow profitably again**

## FINANCIAL CALENDER

Annual General Meeting	14 April 2016
Deutsche Bank German, Swiss & Austrian Conference	8/9 June 2016
Publication of the 6-Month Report	14 June 2016
Publication of the 9-Month Report	14 September 2016
End of the Financial Year 2015/16	31 October 2016

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**To be always updated, please have a look on our website  
[www.gerryweber.com](http://www.gerryweber.com)**

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