

DOUGLAS' SALES ALMOST STABLE AT OVER €3 BN DESPITE COVID-19 AND DUE TO STRONG E-COMMERCE GROWTH

- E-commerce sales at record level of 1 billion euros in the 2020 calendar year with a double-digit EBITDA margin and a 50 percent increase in visits to the online shop
- Financial year 2019/20 (30 September): Record sales in e-commerce with a 40.6 percent increase to 822 million euros
- Group sales fall only moderately by 6.4 percent to 3.2 (previous year: 3.5) billion euros in 2019/20 despite several months of lockdown
- Operating profit (adjusted EBITDA) declines by 16.7 percent to 292 million euros
- Around 500 of the 2,400 European stores to be closed by autumn 2022, including circa 60 stores in Germany (currently circa 430 stores)
- Stores will be further integrated into digital platform
- CEO Tina Müller: "In this challenging year, we have benefited greatly from our early investments in e-commerce as part of the #FORWARDBEAUTY strategy. In the 2020 calendar year, we have already passed the one billion euros online sales milestone. No competitor can match our scale and grows online as strongly as we do."

Düsseldorf, 28 January 2021. Douglas, Europe's leading premium beauty platform, is accelerating its growth trajectory in digital retail, having generated sales of 822 million euros in the 2019/20 financial year (up to the end of September), following a significant 40.6 percent increase in e-commerce.

Due to the e-commerce growth, Douglas has generated Group sales of 3.2 billion euros – just 6.4 percent short of last year's record figure of 3.5 billion euros – despite a COVID-induced slump in its brick-and-mortar business after months-long lockdowns.

Operating profit (Adjusted EBITDA) declined by 16.7 percent year-on-year to 292 million euros. This is primarily due to the coronavirus-related decline in in-store sales and to future-oriented investments in the expansion of the e-commerce business.

The extent to which Douglas is benefiting from the consistent focus on its e-commerce business is also shown by the substantial increase in online sales over the Christmas period during the latest lockdown. For the first time ever, Douglas generated over 1 billion euros in e-commerce sales during the 2020 calendar year.

The months-long lockdowns during the COVID-19 pandemic have additionally accelerated the general trend towards online shopping. In view of this sustained change in shopper behaviour towards online, Douglas has already been carefully reviewing its entire European store network since the summer of 2020, has announced that there will be adjustments, and has now completed this analysis. Out of 2,400 European stores, a total of around 500 is to be closed – the majority of them in Southern Europe and circa 60 of the circa 430 stores in Germany. Together

with the German Federal Employment Agency (BA), Douglas has commissioned a transfer agency to support the circa 600 affected store employees in Germany (out of a total of more than 5,200) in their professional reorientation. Additionally, the affected employees will be offered severance payments above the industry norm.

Tina Müller, Group CEO Douglas: “Following our record sales in 2018/19, we benefited significantly from our investments in e-commerce as part of our #FORWARDBEAUTY strategy throughout the COVID-19 pandemic year. We have a deep understanding of our customers’ needs, understand their purchasing behaviour and we will continue to drive the transformation towards e-commerce initiated in 2018. Our success to date, with online sales of more than 1 billion euros in the entire calendar year 2020, is both a confirmation that our strategy is working and motivation for us to continue to execute on our #FORWARDBEAUTY.DigitalFirst strategy. This year, no other European beauty retailer has seen such a strong increase in online sales combined with double-digit EBITDA margins. Thanks to its loyal customers, Douglas has achieved a considerable sales volume of 3.2 billion euros, only slightly below last year’s record figure.”

Successful transformation into an integrated beauty platform

With average annual growth of 36.5 percent on a comparable basis since the launch of the #FORWARDBEAUTY strategy in the 2017/18 financial year, the e-commerce business has been a long-term success story for Douglas. In the 2019/20 financial year, Douglas accelerated its growth trajectory yet again: E-commerce growth in the fourth quarter (up to the end of September) with 44.5 percent was significantly higher than the overall annual trend and was achieved despite stores having reopened during this period. The markets in South-Western and Eastern Europe recorded particularly strong online growth, with growth rates of over 80 percent in the fourth quarter. Overall, Douglas was able to gain market shares in all major core markets in the online beauty retail sector, according to the retail panel of the market research institute NPD Group. The sales share attributable to e-commerce over the entire year now stands at 25.4 percent for Europe as a whole and at 39.9 percent in the important German home market.

In the 2019/20 financial year, the number of online customers rose by more than 40 percent. Looking at the entire 2020 calendar year, the number of visits to the online shop increased by more than 50 percent. A significant milestone on the digital growth trajectory was the successful launch of Europe’s first beauty marketplace at the end of 2019. Partner companies offer their products on this open marketplace, expanding Douglas’ assortment to over 100,000 products by now. In addition to Germany, the marketplace is now live in Austria and France.

Douglas brings successful strategy #FORWARDBEAUTY.DigitalFirst to the next level

Since summer of 2020, Douglas has been integrating Online shops, the marketplace and stores on a digitally connected, data-based beauty platform. Serving as worlds of immersive retail experience in city centers, stores offer a point of entry into the digitalized customer journey at Douglas. In the last financial year, circa 4 billion personalized customer approaches were made, thanks to over 44 million Beauty Cards. Generating app downloads is also an essential element of the stores' business model.

For customers, experience, service and consultation become the main attraction of stores. At the same time, they benefit from the connection of geographical proximity and digital offerings such as "Click & Collect", allowing them to shop conveniently from home and pick up the products at a nearby store. The new "Ship from Store" service gives customers the option of same-day home delivery and enhances the availability of products by making the inventories of additional connected stores in the online marketplace available to customers. The stores themselves are thus transformed into closely connected online shops, thereby generating additional sales.

Tina Müller: "In the important Christmas quarter we were once again able to grow our online business strongly with Singles Day, Black Friday and our Christmas campaign, resulting in a record quarter for our e-commerce business. This cushioned the impact of the second lockdown relatively successfully. We also have big plans for the months to come: the necessary reduction of our store network will be accompanied by investments in flagship stores in top locations, international leading brands and the consistent expansion of digital retail throughout Europe. Our rapid transformation since 2018 is without precedent among long-established retail companies and demonstrating the strength of the combination of brick-and-mortar and online retailing. This means that our company will continue to seize its opportunities in the future and is now the only successful platform company with a history of more than a century."

At the end of the calendar year 2020, total liquidity amounted to 459 million euros (2019: 362 million euros). As a prudent measure in light of the current lockdowns with an as yet undetermined end, Douglas has also received additional commitments from banks for a 75 million euros incremental revolving facility.

Adjustment of the European store network

Douglas is actively contributing to shaping the long-term changes in consumer behaviour with its platform strategy, in particular the massive shift towards online retail and the associated decline in brick-and-mortar business. The coronavirus pandemic has further accelerated the pace of this transformation, making the adaptation of the store network a necessary step. The future viability of every store was examined on the basis of extensive individual analyses in recent months, also taking into account the important Christmas period.

The majority of the roughly 500 store closures are planned to take place in Southern Europe, which was hit particularly hard by the impact of the COVID-19 pandemic. In some of these markets, previous acquisitions have also left Douglas with a dense, partly overlapping store network. Alongside with the store closures, the company will also seek to optimize the cost base of the remainder of the store network. Discussions on the precise nature of the envisaged measures will be held with employee representatives in these markets.

With the above measures, the company expects to reduce its cost base while retaining a significant portion of the sales from closed stores, which are expected to transfer to surrounding stores or to the online shop, in line with previous experience. Combined with other measures, the resulting Adjusted EBITDA impact is expected to be circa 120 million euros per year, to be achieved from the next fiscal year onwards. This highly focussed approach puts Douglas in an ideal position to accelerate its long-term growth trajectory as the leading beauty platform.

ABOUT DOUGLAS:

Douglas is the leading premium beauty platform in Europe. Offering more than 100,000 beauty and lifestyle products in online shops, the beauty marketplace and around 2,400 stores, Douglas inspires customers to live their own kind of beauty by a previously unparalleled assortment. The continued expansion of the fast-growing e-commerce business is the focus of the #FORWARDBEAUTY.DigitalFirst strategy. In fiscal year 2019/2020, Douglas generated sales of 3.2 billion euros in the areas of perfumery, decorative cosmetics, skin and hair care as well as nutritional supplements and accessories.

MEDIA CONTACT:

Eva Krüger

Corporate Communications Manager

Telefon: +49 211 16847 6644

E-Mail: pr@douglas.de

OVERVIEW FINANCIAL RESULTS:

As of 30/09/2020	Fiscal Year 2019/20	Fiscal Year 2018/19	Change
Group Sales	3.2bn euros	3.5bn euros	-6.4 percent

Sales Stores	2.4bn euros	2.8bn euros	-15.8 percent
Sales E-Commerce	822m euros	584m euros	+40.6 percent
Online Revenue Share	25.4 percent (Germany: 39.9 percent)	16.9 percent (Germany: 29.4 percent)	+8.5 percent points (Germany: +10.5 pp)
Adjusted EBITDA	292m euros	351m euros	-16.7 percent
As of 31/12/2020 (preliminary)			
Sales E-Commerce	1bn euros LTM	632m euros LTM	+ 59.4 percent
Liquidity as of 31/12/2020	459m euros	362m euros	+ 21.1 percent
