

## PRESS RELEASE

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### *Strong profitable growth in the third quarter*

- Sales increased in the third quarter by 5.7 percent, accelerating growth for the fiscal year
- Sales for the first nine months of 2018/19 grow by 5.1 percent to around 2.7 billion euros
- E-commerce remains the most important growth driver with sales up by 38.9 percent
- Reported EBITDA climbed considerably to 247 million euros
- Extensive store analysis completed: around 3 percent of stores across Europe show no long-term prospects for growth due to declining visits and will be scaled back
- Tina Müller, Douglas Group CEO: "By swiftly implementing our #FORWARDBEAUTY strategy, we have continued to advance our growth and successfully expand our strong position in Europe both online and in stores."

Düsseldorf, 29 August 2019. Douglas, one of Europe's leading premium beauty retailers, continued its growth trajectory in the first nine months of fiscal year 2018/2019 with group sales rising by 5.1 percent year-on-year to around 2.7 billion euros. Having implemented its #FORWARDBEAUTY growth strategy, Douglas has successfully increased sales within all channels. Especially the strategically important e-commerce business continues to definitively boost sales growth, increasing 38.9 percent year-on-year.

Tina Müller, Douglas Group CEO: "Despite intense competition, Douglas is experiencing growth in all channels and is gaining market share. This is the result of the rigorous investments in our #FORWARDBEAUTY strategy. The strategically important online business in particular is growing strongly, profitably, and at the same time significantly faster than the market. We will have more than half a billion euros in online sales this year for the first time. This shows the value of our efforts in driving digitalization in the company forward, while we are successfully expanding our strong position as one of Europe's leading premium beauty retailers, both in e-commerce and in stores."

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## **Sales and margin increased**

Reported EBITDA in the first nine months of the fiscal year rose by 57.6 percent to 247 million euros. This clearly demonstrates the improvements made in operations as well as the significant reduction in adjustments for extraordinary items and write-downs compared with the previous year. Adjusted EBITDA of 295 million euros remained at the prior-year level. By contrast, free cash flow rose by a substantial 29.2 percent to 91 million euros.

## **Strong third quarter 2018/19**

The third quarter of 2018/19 contributed significantly to the successful performance in the first nine months. Douglas' sales rose to 762 million euros this quarter up by 5.7 percent on the prior-year period. E-commerce sales increased by 44.3 percent year-on-year. One reason for this was strong Easter trading, with Easter falling in the third quarter this year. At the same time, Douglas has significantly increased profitability with adjusted EBITDA increasing to 70 million euros up 21.8 percent from the prior-year period. Following a loss in the previous year due in part to write-downs, reported EBITDA in the third quarter increased by a total of 83 million euros to 41 million euros.

## **Further expansion of the online business**

The online business continues to be the most important growth area for Douglas with online sales in the first nine months rising to 459 million euros, equivalent to 16.9 percent of total sales. In Germany, this share is already at 29.4 percent. Douglas continued to invest in e-commerce during the reporting period, including the acquisition of a majority stake in NICHE BEAUTY, an aspiring online business for selected trend products, in August. Through this acquisition, Douglas is expanding its strong position as one of Europe's leading premium beauty retailers and gaining an internet sales platform with a broad reach.

## **Online marketplace to be launched in October 2019**

Douglas also continues to make strides with its platform strategy and the preparations for the launch of the open online marketplace are in full swing. The first partners are already on board and will be integrated in October 2019, just in time for the beginning of the important Christmas season. Leveraging the marketplace, Douglas' goal is to further expand the position of the first point of contact for beauty online. The marketplace

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will first be launched in Germany, Douglas' home market, before being rolled out in stages internationally.

## **Growth in all regions and areas**

In its highly competitive home market of Germany, Douglas increased sales during the first nine months of the fiscal year by 11.9 percent, continuing its upward trend. The catalyst for sales growth in this market was primarily the strong online business, with the in-store business also contributing. Reported EBITDA increased in all regions compared with the prior-year period.

Besides e-commerce, the network of stores also experienced sales growth in all regions. Group-wide store sales growth in the third quarter was 1.0 percent. To further strengthen the future viability of the business, Douglas conducted an extensive analysis of its store network. At about 70 of these European stores - roughly 3 percent of its approximately 2,400 stores throughout Europe - Douglas found that these locations have shown no prospects for growth over the long term, in particular due to continuously declining visits. These are mainly stores outside Germany. Douglas plans to scale back these stores by the end of the year 2020. However, at the same time, there are further growth opportunities in other attractive locations, mainly in large urban areas. Douglas is drawing on these opportunities with store renovations and through opening new flagship stores. Douglas is also continuing its expansion in locations with high growth and demand, mainly in Eastern Europe.

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## **ABOUT DOUGLAS:**

Douglas is one of the leading retailers in the European beauty industry with about 2,400 stores and fast-growing online shops in 26 European countries. In the financial year 2017/18, the company generated sales of 3.3 billion Euros. Every day, around 20,000 dedicated beauty experts strive to make their customers more beautiful and thus happier. Douglas has a portfolio of some 50,000 high-quality products of more than 650 brands in the areas of perfumery, decorative cosmetics and skincare as well as food supplements and accessories. With around 40 million Beauty Card holders, Douglas has one of the largest customer loyalty programs in Europe. Providing excellent consultation and a range of unique services, Douglas is one of the leading companies in the beauty market - both online and in stores.

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## **PRESS CONTACT:**

Katharina Blumenfeld

Phone: +49 (0) 173 73 10 735

E-mail: [kblumenfeld@heringschuppener.com](mailto:kblumenfeld@heringschuppener.com)