

PRESS RELEASE

Douglas grows strongly during first half-year

- Europe's beauty market leader lifts sales in the first half of 2018/19 by 4.8 percent to 1.95 billion euros
- E-commerce still driving growth with sales up 36.8 percent
- Home market Germany grows strongly with a plus of 9.5 percent
- Substantial increase in free cash flow of 9.2 percent
- Evolution of e-commerce into an open marketplace initiated
- Douglas Group CEO Tina Müller: "We are pushing ahead with our successful growth strategy. Going from a retailer to an open beauty platform will provide us with attractive opportunities for further growth."

Düsseldorf, 16 May 2019. Douglas, Europe's leading premium beauty retailer, continues its successful growth track. Group sales rose by 4.8 percent in the first 6 months of fiscal 2018/19 to 1.95 billion euros. Whereas in the previous year the important Easter business was generated in March, this year it will be accounted for in Q3 of the fiscal year because Easter fell in April. After adjusting for this factor, sales in the first 6 months increased by as much as 5.5 percent.

E-commerce activities boosted sales in the first half-year by 36.8 percent to 327 million euros. Organic e-commerce growth excluding the parfumdreams acquisition reached 17.1 percent. This enabled Douglas to successfully expand its position as a leading online provider in Europe.

Tina Müller, Group CEO of Douglas: "Propelled by #FORWARDBEAUTY we grew in all markets, further expanding our position as a European market leader. We will utilise this momentum to press ahead with our successful growth strategy and continue to focus on profitable growth."

Reported EBITDA has climbed by 3.5 percent to 206 million euros owing to the advancement of the #FORWARDBEAUTY strategy, which is significantly reducing the scope of extraordinary items. When adjusted for the Easter shift, the increase even amounts to 6.5 percent. Due to growth investments in marketing, the digital infrastructure and the strengthening of our price positioning, adjusted EBITDA declined

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by 4.9 percent to 225 million euros. However, when the Easter shift is factored in, this decline is only 2.5 percent. By contrast, free cash flow rose by a substantial 9.2 percent to 83 million euros.

Further expansion of leading market position in Germany

In Germany - Douglas' home market - sales increased by 9.5 percent in the first half of 2019, sustainably reinforcing the strong trend seen since the second half of 2018. At the same time, Germany remains the most competitive market in Europe with price aggressive market participants particularly in online trading. In the further course of the year, Douglas plans to achieve a sustainable improvement in earnings with continued attractive pricing through efficiency improvements and strict cost discipline.

Douglas is advancing its platform strategy

The online business is the most important growth driver for the company's long-term success. In order to tap digital growth potential even more effectively, Douglas is evolving its e-commerce into a platform-based model. To this end, Douglas' leading e-commerce business will be developed into Europe's central beauty platform - on a par with well-known platforms in the fashion industry, for instance.

At the core of the platform strategy is the expansion into an open online marketplace, on which Douglas customers will also receive products and beauty offerings from external partners in future. The partner companies in turn will receive access to over 40 million Douglas Beauty Card customers straight away. The first partners are expected to be integrated before Christmas sales begin.

"By opening up our infrastructure to partners, we can scale our platform further, offer customers an unprecedented range of products and create new revenue streams for Douglas - all with extremely efficient use of capital," said Tina Müller. "Our goal is to create a beauty ecosystem which, as a single point of contact in an interconnected market, will create its own self-reinforcing growth momentum."

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ABOUT DOUGLAS:

Douglas is the leading premium beauty retailer in the European beauty industry with about 2,400 stores and fast-growing online shops in 24 European countries. In the financial year 2017/18, the company generated sales of 3.3 billion euros. Every day, around 20,000 dedicated beauty advisors 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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