

PRESS RELEASE

Douglas safely navigates through the corona crisis and generates record growth in e-commerce

- Corona-related sales drop by 7.5 percent in the first nine months of the fiscal year
- Upward trend in June with sales increase compared to same month last year
- E-commerce totalled 640 million euros and 40 percent growth in the nine-month period; 70 percent increase alone in the third quarter
- Significant upward trend in store business since reopenings following the end of the lockdown
- Market share in core markets rises - in both online and offline business
- Tina Müller, Douglas Group CEO: "We focused on the e-commerce business at an early stage as part of our #FORWARDBEAUTY strategy. Along with our ability to adapt and cost discipline, we have safely navigated Douglas through the corona crisis."

Düsseldorf, 13 August 2020. Douglas, one of Europe's leading premium beauty retailers, has stabilised its sales following a weeks-long period in which the global coronavirus pandemic has significantly impacted the retail industry. After seeing sales declines in March, April and May as a result of government-ordered store closures, the company generated year-on-year growth in sales again in June. Consolidated Group sales for the first nine months of fiscal year 2019/2020 totalled 2.5 billion euros, a drop of only 7.5 percent compared with the previous year's level. In the same period, sales of the store business fell by 17.2 percent year-on-year. By contrast, Douglas' e-commerce business jumped by 39.6 percent, partially offsetting the impact on earnings. Strict cost discipline and consistent liquidity management also helped the company to achieve this result. Due to the decline in sales, adjusted EBITDA decreased by 10.6 percent to 264 million euros year-on-year. However, even during the corona crisis, Douglas continued to expand its market share in the core markets of Germany, France, Spain, and Italy - both online and offline.

Tina Müller, Douglas Group CEO: "I am proud of the entire team's performance. Working together, we have safely navigated Douglas through the crisis. Our fast and resolute crisis management, our strict cost discipline, and the early digitalisation of the company in line

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with our #FORWARDBEAUTY strategy had a clear impact. When we launched this strategic programme, we focused on e-commerce from the very beginning. We are now profiting enormously from this decision. We have broadly expanded our position as a leading premium e-commerce provider and could offset partially the drop in sales from our stores. We have now reopened most of our stores across Europe and saw already again a clear upward trend in our store sales in June.”

Strong growth in e-commerce even after store reopenings

During the first nine months of fiscal year 2019/20, Douglas generated e-commerce sales of 640 million euros, an increase of 39.6 percent year-on-year. “The coronavirus pandemic has radically and permanently changed consumption behaviour. Even before the corona crisis began, there was a shift towards online retailing - the pandemic has accelerated this trend even further,” says Vanessa Stütze, Douglas Group CDO. “In the third quarter, our e-commerce business increased by 70.3 percent year-on-year, and the number of new customers even rose by over 90 percent. We are also really pleased to see that this momentum has continued even after stores reopened. We assume that today we are already generating about three times the amount of online sales that our nearest competitor is generating in Germany. We are approaching the 1 billion euros sales mark in e-commerce with great strides.” During the first nine months of the fiscal year, Douglas generated 25.6 percent of its total sales online. In its home market of Germany, the number came to as much as 39.9 percent.

Douglas maintains robust liquidity reserves

Douglas remains committed to consistent liquidity and cost management to offset the impact of the coronavirus pandemic on its business operations. On 30 June 2020, the company held robust liquidity reserves of 339 million euros. Free cashflow totalled 29 million euros in the third quarter, another year-on-year increase. At 3.9 million euros, the company’s net profit for the first nine months of the fiscal year was positive.

Successful reopening of nearly all stores in Europe

Following the end of government-ordered store closures, Douglas has reopened nearly all of its 2,400 stores in Europe in compliance with official regulations and hygiene measures. The number of customers in the stores has risen since April when the easing of restrictions began. Store sales showed a sharp upward trend, particularly in June. Sales approached the previous year’s level despite some still limited opening hours.

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Against the background of the changed consumer behaviour, Douglas announced plans in June to develop a future concept for its European store network. The company originally planned to present the concept during late summer. But the company's Management Board has now decided to expand the analytical period for two reasons. First, it wants to be able to make a sound, responsible decision about the future potential of every individual store in various countries. Second, it wants to determine how extensive the new form of consumer behaviour is during the crucial Christmas business. The concept is now expected to be presented at the beginning of 2021.

ABOUT DOUGLAS:

Douglas is one of the leading multichannel premium beauty retailers in Europe with about 2,400 stores and a unique e-commerce platform that is currently being expanded into a curated beauty marketplace. The #FORWARDBEAUTY strategy defines the path into the future of omnichannel retailing. Already today Douglas is the number one beauty destination in 26 countries, offering its customers an attractive portfolio of around 55,000 high-quality products from over 750 brands in the fields of perfumery, decorative cosmetics and skin care, as well as nutritional supplements and accessories. Douglas generated sales of 3.5 billion euros in fiscal year 2018/2019. Around 20,000 beauty experts encourage and inspire Douglas customers every day to live their own kind of beauty.

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