

DOUGLAS

PRESS RELEASE

Douglas shifts to growth mode

- Sales increase by 17 percent to 3.3 billion euros in fiscal year 2017/18
- Double-digit growth in e-commerce
- Reorganization delivers initial promising results
- German business returns to growth in final quarter
- CEO Tina Müller: "We have created the foundations for sustainable, profitable growth."

Düsseldorf, 11 December 2018. Douglas, Europe's leading premium beauty retailer, has expanded its market position in Europe across all channels. Acquisitions caused Group sales to increase by 17 percent to 3.3 billion euros in fiscal year 2017/18 (ending 30 September). In organic terms, sales were stable. Despite significant expenditure on growth, adjusted EBITDA climbed as well, increasing 6 percent year on year to 376 million euros. In Germany - Douglas' home market - in-store business initially declined slightly, though the market share remained stable. After a longer period of weak sales in Germany, Douglas reversed its business trend in the fourth quarter with a return to positive growth. In all regions outside Germany, Douglas continued to grow its sales and earnings in the last fiscal year.

As Tina Müller, CEO of Douglas, commented: "Last year was one of reorganization. We left no stone - or bit - unturned and made significant investments in our business across all five pillars of our #FORWARDBEAUTY strategy. The initial results are promising and the reorganization initiative is gaining traction. In short, we have created the foundations for sustainable, profitable growth."

New logo and visual language rejuvenate the brand

In the fiscal year just passed, Douglas achieved initial tangible results across all five pillars of its #FORWARDBEAUTY strategy. The modernisation and upgrade of the brand took a big step forward with the launch of a new logo and visuals as well as the #doityourself and "real-love-starts-with-yourself" campaigns.

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E-commerce - setting a new digital benchmark

Douglas' performance in the e-commerce segment was particularly gratifying. Digital sales increased by 11 percent to 423 million euros, making Douglas Europe's largest online retailer in its field, generating four times as much digital sales as its next largest competitor in Germany for example. This double-digit increase was due mainly to the growth of the company's online shop and to the launch of a cutting-edge app that sets a new benchmark in technology and user experience. Douglas has been making greater use of artificial intelligence (AI) in the e-commerce segment. For example, data-driven programs such as price optimisation software from Revionics make it possible to adjust prices in real time.

In parallel, Douglas has further expanded its in-house team of digital experts and can now boast one of Europe's biggest such teams in the beauty retail field. What is more, the company has enhanced its digital expertise through the acquisition of parfumdreams, an online retailer.

Redesigned stores attract more customers and boost sales

Last fiscal year, Douglas also spent substantial amounts of capital to modernise its bricks-and-mortar stores and rolled out its new visual language in all stores across Europe. The company's new logo will arrive in all of its stores before the end of 2019. With a fresh design, innovative formats, exclusive events and a clear focus on consultation and services, Douglas will transform its stores into places where customers enjoy a new shopping experience with additional services and consultation. Fifty stores across Europe have already been completely refurbished and upgraded. This is having a tangible positive impact, with Douglas recording both higher customer numbers and increased sales. Douglas has also launched innovative premium offerings, re-opening its flagship store in Frankfurt's main shopping street Zeil as well as a Douglas PRO store in Hamburg. Since opening its doors to the public in September, the PRO store in Hamburg has counted more than 20,000 visitors, and the average basket there is 10 percent higher than in other stores.

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Assortment expanded to include more than 150 new high-growth brands

Douglas has also made significant changes to its assortment in an effort to distinguish itself more clearly from its competitors. This year, the company added more than 150 new brands to its portfolio. Making sound choices when scouting for trends is a decisive factor in setting the company apart from competition. For example, four of the top 30 skincare products were introduced only in the last twelve months. In addition to selling trending, high-growth brands, Douglas is also banking on high-margin brands, whether owned brands or exclusive brands. In the medium term, the share of total sales accounted for by exclusive and owned brands is to rise from its current level of 17 percent to around 30 percent.

Number of Beauty Card holders reaches 39 million

Thanks to more intensive marketing, we succeeded in raising the number of members in our customer loyalty programme, the Douglas Beauty Card, to 39 million Europe-wide (versus 27 million a year earlier). Purchases by Beauty Card holders already account for over two-thirds of Douglas' total sales. The data collected via the Beauty Card enables targeted micromarketing, including personalised product recommendations and invitations to exclusive events. Here, too, Douglas is making increasing use of AI-based processes to address the individual needs of its customers in a targeted manner. The results speak for themselves: in addition to a higher conversion rate, the average basket of an actively addressed card holder was already about 20 percent higher at the end of the fiscal year compared with the group of card holders not actively addressed.

Germany business back in growth mode in Q4

In implementing its #FORWARDBEAUTY strategy, Douglas has thus far focused on Germany, its all-important home market, and also renewed its local market personnel. New managers were appointed in key areas such as e-commerce, pricing and sales, bringing with them fresh ideas and great experience. This reorientation - in combination with more pricing discipline (discounts were cut substantially) - reversed the trend in the German market, with Douglas posting slight growth in the final quarter of the fiscal year (up 0.6 percent like-for like).

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A new year promises a new start

"Anyone in Europe thinking beauty, should think of Douglas first. That's our goal, and we are getting a step closer to it every day," said Tina Müller. "After all our hard work in the last year, fiscal 2018/19 promises to offer us a new start. Many of the measures we have put in place are beginning to bear fruit. As the leading omnichannel retailer, we already occupy a strong position in the European market, and we intend to build on that."

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 21 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 38,000 high-quality products in the areas of perfumery, decorative cosmetics and skincare. 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.

#doitforyou

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