

Press Release

Hamburg, 28.03.2019

Otto Group remains on growth track despite difficult market conditions

In the 2018/19 financial year now closed, according to preliminary forecasts the Otto Group raised revenues on a comparable basis by 3.5 percent to reach around 13.5 billion euros. While the internationally active retail and services group was not able to repeat the outstanding results of the previous financial year, it remains on its growth trajectory and has reconfirmed its objective of achieving a revenue figure of 17 billion euros on a comparable basis by 2022.

The unusually long, hot summer in Europe also took its toll on the Otto Group's Textiles and Furniture revenue figures. According to preliminary figures, comparable turnover in the 2018/19 financial year (to 28 February) rose by 3.5 percent to reach around 13.5 billion euros. Online revenues rose on a comparable basis by 4.5 percent to reach 7.7 billion euros, climbing in Germany by 5.2 percent to 5.3 billion euros.

The actual revenue figure for the financial year now closed is distorted due to a number of extraordinary effects that include the deconsolidation of About You, the harmonisation in the reporting period of several Group companies' financial years, exchange-rate effects as well as amendments in the accounting system under the international IFRS standard. Burdened by these one-off effects, the reported nominal revenue is slightly below the figures of the 2017/18 financial year.

Alexander Birken, Chairman of the Otto Group Executive Board: "We performed well in a challenging market environment, even if we did not fully reach our own ambitious targets. At the same time we are reconfirming our commitment to our focused investment and growth strategy."

Focus companies developing well overall

Since 2017 the Group Executive Board has consistently pursued a focused growth strategy that includes targeted investments in selected Group companies. In the Group's Multichannel Retail segment, the focus companies are OTTO, Bonprix, Crate and Barrel, the Witt Group, About You and the Mytoys Group. In the Group's Service segment the focus company is Hermes Europe, and in the Financial Services segment it is the EOS Group. These companies represent around 80 percent of consolidated revenues and in the financial year now closed increased their revenues by some 6 percent.

OTTO remains the growth driver

The platform retailer OTTO once again confirmed its role as a growth driver. The single company raised its revenues by 8.3 percent to 3.2 billion euros and the number of active customers by 5 percent to 7 million. At the same time, OTTO invested around 100 million euros in the further development of otto.de into a platform on which Group-external retailers and manufacturers can market their goods. By the end of next year, otto.de customers should be able to choose from the products of up to 3,000 new retail partners on the platform.

Bonprix with strong growth in Eastern Europe

Revenues at the vertically integrated fashion provider Bonprix rose on a comparable basis by 3.4 percent to almost 1.6 billion euros. Particularly in the Eastern European markets, the company is recording excellent development with clear double-digit growth rates. With the innovative retail concept "fashion connect", Bonprix is presenting new solutions in retail stores. A consistently digitally assisted purchasing experience awaits the company's mainly female customers in-store. There is currently no equivalent concept in Germany or indeed Europe-wide.

Witt at previous year's level, Crate and Barrel performing well

Like most fashion retailers the Witt Group, which focuses on the 50+ customer segment, can look back on a difficult year. The group, which has always enjoyed strong growth, maintained sales at 816 million euros, almost at the previous year's

level. The North American furniture retailer Crate and Barrel performed well in a fiercely competitive market, raising comparable revenues by 3.5 percent to 1.5 billion euros.

Breathtaking growth rates at About You

About You remains on its steep growth trajectory. The fashion start-up increased revenues by 63 percent to around 461 million euros, is now operating in seven European national markets, and this year intends to expand to further countries. Having brought the Danish Bestseller Group on board, the company is currently valued at over 1 billion US dollars, making it the first 'unicorn' from Hamburg. Having brought in external investors, About You was deconsolidated and since then has been included at-equity in the Group's Consolidated Financial Statements.

Mytoys Group strengthens family market position

The family retail specialist Mytoys Group, with its Mytoys, Limango, Mirapodo and Yomonda brands, successfully raised turnover on a comparable basis by 8 percent to 670 million euros in the reporting period. Limango in particular proved a growth driver.

Hermes Group continues to benefit from e-commerce trend

In the Service segment the Hermes Group continued to benefit from the growth in e-commerce as the strong no. 2 player in its core European markets of Germany, Great Britain and France. Hermes increased revenues with corporate customers outside the Otto Group by 11.3 percent to 2.2 billion euros. In Germany, a high parcel volume led to significant increases in wage costs, especially in the so-called "last mile", against a background of substantial bottlenecks in the labour market.

EOS Group reports reliable growth

In the past financial year the EOS Group once again demonstrated its strength as a revenue and earnings pillar of the Otto Group. The internationally active financial services provider raised comparable revenues by 9.6 percent to 803 million euros with continued high profitability. The company has operations in 26 countries

worldwide and serves around 20,000 customers worldwide. EOS focuses on the purchase of unsecured and secured receivables portfolios.

Otto Group performing profitably, although below the strong previous year

The brake on growth at the Otto Group overall has also impacted earnings. In tandem with the planned major investments in the further development of OTTO and in the Group's logistics infrastructure, the bottom-line figure will be below that of the very strong previous financial year. The Otto Group continues to operate profitably and to invest in sustainable business concepts and technologies. The definitive results for the financial year now closed will be published together with the externally audited Consolidated Financial Statements on 22 May at the Annual Financial Statements Press Conference.

Otto Group

Founded in Germany in 1949, today the Otto Group is a globally active retail and services group with around 51,800 employees in 30 major company groups and does business in over 30 countries in Europe, North and South America, and Asia. Its business activities are grouped into three segments: Multichannel Retail, Financial Services, and Service. In Multichannel Retail the Group's investment focus is on the Platform (OTTO), Brands (Bonprix, Crate and Barrel, Witt Group) and Retailers (About You, Mytoys Group) business areas. In Service the focus company is Hermes Europe, and in Financial Services the EOS Group. In the Start-up area the Group focuses on OGDS, Project A and Eventures. In the 2018/19 financial year (to 28 February), according to preliminary figures the Otto Group generated revenues of 13.5 billion euros. With online revenues of approximately 7.7 billion euros, the Otto Group is one of the world's largest online retailers. The Group's particular strength is its broad market presence and differentiated product and service offers to diverse customer target groups in almost all of the world's relevant economic regions. Numerous strategic partnerships and joint ventures provide the Otto Group with excellent opportunities to transfer know-how and leverage areas of synergy potential. Group companies demonstrate a high degree of corporate responsibility and willingness to collaborate with one another; at the same time this guarantees flexibility, customer proximity and optimum target-group appeal in their respective national markets.

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