

Press Release

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Otto Group to sell Sportscheck to Galeria Karstadt Kaufhof

The Otto Group has decided to sell its Sportscheck GmbH group company, headquartered in Unterhaching near Munich, to Galeria Karstadt Kaufhof. With this step the Otto Group is giving the multichannel retailer the best possible chance of long-term business viability, having considered all the options very carefully. Both parties have already signed a corresponding contractual agreement. The sale remains subject to approval by the respective committees and the German Federal Cartel Office.

Following successful completion of the deal, Sportscheck GmbH is to be integrated in the omnichannel retail portfolio of Galeria Karstadt Kaufhof. Hereby, one of the largest players in the sports goods retail sector will be created.

As a smaller retailer in the specialist sports goods sector, Sportscheck, a member of the retail and services company Otto Group since 1991, has struggled to operate profitably for several years. Despite considerable rational optimism, great creativity and a promising strategic direction aimed at creating the 'meeting-point for sports', the multichannel company with 17 stores in Germany – in its current structure as a standalone operator in the specialist retail sector – has lacked the necessary market clout and size to position itself successfully and sustainably in an increasingly fierce competitive environment that includes pure online and hard-discount providers.

A further investment would contradict the focused growth strategy defined by the Otto Group two-and-a-half years ago. This foresees targeted investment in market-relevant business models and Group companies that can be relied on to generate high growth and outstanding performance. In its current form it is clear that Sportscheck does not fulfil these criteria.

Sebastian Klauke, Member of the Otto Group Executive Board and Chairman of the Sportscheck Supervisory Board, explains: "Very high investments would have been required to establish the fundamental prerequisites for bringing the company in its present form back into the black – with no

guarantee that this would secure long-term success, given the extremely difficult market environment. Over recent months we have studied all possible options very intensively, considering both business and social aspects. In our opinion, the integration of the Sportscheck ecosystem for the active and sporty lifestyle within the Galeria Karstadt Kaufhof omnichannel offer provides the company and its workforce with a far more reliable perspective of future viability.“

The Otto Group will refocus its sports goods offer via strong brands such as OTTO and About You from now on.

Otto Group

Founded in Germany in 1949, today the Otto Group is a globally active retail and services group with around 52,560 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 the 2018/19 financial year (to 28 February), the Otto Group generated revenues of 13.4 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 with 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.

For further information on the Otto Group visit www.ottogroup.com.

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