Record revenue: the DEICHMANN Group breaks the 8 billion euros revenue barrier

Strong growth at existing sales outlets, successful acquisitions and major investments in the company’s 110th year

Essen, 28.03.2023

Good news from Essen: Europe’s biggest shoe retailer DEICHMANN is reporting significant growth for 2022. The group’s gross revenue reached the record level of more than 8 billion euros in 2022.

The Essen-based company focused on taking advantage of opportunities, despite the crisis, and made forward-looking investments to establish strong strategic foundations for the future. In 2023 DEICHMANN remains focused on self-funded expansion, the modernisation of the store network, the consistent expansion of its brand portfolio and the optimisation of its successful omnichannel strategy.

DEICHMANN SE, based in Essen, Germany, was active in 31 countries in 2022. In the past financial year the group generated gross worldwide revenue of 8.1 billion euros (net: 6.9 billion euros). In 2019, the last financial year not impacted by COVID-19, gross worldwide revenue was 6.4 billion euros. Thus revenue growth of around 23 per cent has been achieved. This portfolio-wide positive development was driven by growth at the own stores and online shops, as well as successful acquisitions, for example in the USA.

“We have navigated the crisis effectively up to now by exploiting available opportunities and we are looking ahead to the future with optimism. The strong group-wide growth at our existing sales outlets in the past year is particularly encouraging,” emphasised Heinrich Deichmann, Chairman of the Management Board at DEICHMANN SE. “Around 9 per cent like-for-like growth across all DEICHMANN Group stores is a very positive result and, if the online shops are included in that figure, we achieved around 15 per cent growth. In the year of its 110th anniversary DEICHMANN is still a healthy company and fit for the future.”

Strong group-wide growth in sales

In 2022, 178 million pairs of shoes were sold worldwide in the stores and via the group’s online shops. The DEICHMANN Group generated 67 per cent of its turnover abroad. On 31 December 2022 the company was operating a total of 4,565 stores and 41 online shops, and it had more than 48,000 employees.

“I am very grateful that 2022 was a successful year for us – particularly in light of the numerous external challenges we faced. Success in this form was not foreseeable,” added Heinrich Deichmann. “We have a very clear positioning. And our DEICHMANN concept has proven that our core value proposition of delivering best value for money in the market is also attractive to customers, especially in a crisis situation. The latest annual ranking by the YouGov public opinion and research company on the subject of value for money put us in first place in the category of fashion retailers. We have also managed to attract additional consumer groups to both our stores and our online shops with our

fashionable range plus additional well-known brands, and the higher-priced brand name models have been selling well. We have also consistently invested in the improvement of store attractiveness and digital services, and our courage has been rewarded by the majority of consumers."

2022: a year with many external challenges

2022 was characterised by external crises, as were the two previous years. Changing store access rules for customers in the first months of the long-lasting COVID-19 pandemic had a strong impact on business, especially in Germany. "We benefited having such extensive international operations because an international set-up makes us far more robust in these kinds of situations," explained Heinrich Deichmann.

Mandatory mask wearing was not abolished until the end of March – which boosted sales significantly. Heinrich Deichmann: "Many people predicted that consumers would shop less frequently on the high street than they did before the pandemic after the lockdowns ended. This did not prove to be true in our case and we are delighted that business at our stores has picked up very quickly again."

Interruptions in the global supply chain that affected companies in all sectors were one of the challenges we encountered last year.

Russia's invasion of Ukraine had the effect of significantly lower customer frequencies at our stores and our revenue suffered. DEICHMANN withdrew from the Russian market in an orderly manner. "This strategic move sends out a clear message in support of peace and against the terrible humanitarian impacts of the Ukraine war," said Heinrich Deichmann

Over the course of the year the rate of inflation rose. Although the upward trend had already begun beforehand, it was amplified by the Ukraine war. Both businesses and consumers have been affected by significantly higher prices for energy, gas, oil, electricity and food. "All these things have caused customers to tighten their purse strings, and companies like us have been forced to keep a close eye on the inevitable cost increases. So there were many challenges that we had to deal with in 2022 and will also have to deal with in the future," explained Heinrich Deichmann. "That is why we are all the more pleased that we have all overcome a difficult year so well. I would like to say how thankful I am to have had the support of our dedicated team and our partners, many of which have longstanding associations with us, and naturally also our loyal customers."

Heinrich Deichmann describes the group's profit as satisfactory. "We are a strong organisation that can continue expanding without external funding going forward, which means we will retain our corporate independence," emphasized the company owner. DEICHMANN SE is still 100 per cent owned by the founding family.

Still on track for international success

The year 2022 wasn't only about crisis management at the DEICHMANN Group, but also about consistently taking advantage of opportunities. At the beginning of 2022, the group acquired two retail sneaker chains in the USA, Jimmy Jazz and Expressions, with a total of 189 stores. The stores in both of these chains are now being managed under the SNIPES brand. A Polish shoe chain called Distance with 28 stores and another chain in Croatia, Shooster, with 15 stores, were also acquired for the SNIPES brand.

SNIPES has been part of the DEICHMANN Group since 2011 and has been continually expanding ever since. At the end of 2022 SNIPES operated around 700 stores in twelve countries. Its target group is similar to that of the two new acquisitions in the USA. "We have made substantial investments in the

USA, where we expect sustainable growth in this market segment, and the past year results confirm those expectations," said Heinrich Deichmann, commenting on the acquisition.

The second mainstay of the DEICHMANN concept, U.S. family shoe chain RACK ROOM SHOES, also reported a highly satisfactory business development and a good performance. In addition to that the companies in Switzerland and Turkey developed very positively.

2023: investments at record level

Significant investments are also on the agenda for 2023. The planned expenditure for the entire group is around 500 million euros. This is the company's highest ever annual investment budget and around half of it is earmarked for Germany. Investments will be made in the modernisation of the store network and the opening of new stores, as well as in international expansion, digitalisation and logistics.

The group will continue to invest its own funds in organic growth and is planning to open around 200 new stores around the world. "We still firmly believe in high street stores. They are our mainstay. Our investments will ensure that the stores look more attractive and provide a special shopping experience to customers. We will continue to focus on stationary retail and vibrant city centres," emphasised Heinrich Deichmann. Particularly strong growth is planned for Italy, where around 30 new DEICHMANN stores will be opened in 2023 as part of the on-going expansion programme.

The group-wide expansion plans also include stores operated by our franchise partner, the AZADEA Group. Further stores will be opened on the Arabian peninsular following our successful market entry in Dubai in 2019, Kuwait in 2020 and Qatar and Oman in 2021/22. The first stores in Abu Dhabi and Saudi Arabia are scheduled to open this year.

New store concept for a more attractive shopping experience

The brand experience that DEICHMANN offers to its customers is being consistently further optimised. New and creative advertising campaigns have been implemented to surprise consumers. DEICHMANN wants to offer customers an enjoyable shopping experience and to simplify it across all channels. For that reason Europe's biggest shoe retail company is continuing to invest in its existing store network. It is currently planning to modernise around 450 stores groupwide over the course of this year. The pioneering new concept that will shape the image of the stores was developed as part of an international collaboration and it is now being successively rolled out across the group. DEICHMANN is taking another step towards the future by introducing a new store design concept with a modern look, a spacious feel, soft colours and plenty of room for sports articles. Open ceilings with ceiling sails, colour highlights that guide customers through the defined zones, as well as modified furniture are just some of the features.

Another highlight is the generously-dimensioned ladies and men's sports department, including an inviting sneaker wall displaying brands such as adidas, Nike, Puma, FILA, Reebok, Asics and Skechers. Sport is still one of our focus topics," said Heinrich Deichmann. "We have really stepped up our strategic partnerships with sports brands to make the latest brands available to everyone. And that's why we are selling a sportswear and accessories range at some of our stores and in our online shop."

Smart retailing: the perfect blend of online and offline

New services, the expansion of our omnichannel portfolio and linking our stationary business to our e-commerce business are also playing an important role. One example of smart retailing is the digital foot measuring devices that were launched in the DEICHMANN stores last summer. They help us to determine shoe sizes even more exactly, making the shoe shopping experience even easier and more convenient for our customers. Digital foot measuring devices are available at around 120 stores in Germany. It is planned that the digital devices will replace the physical foot gauges at all stores. Around 300,000 feet have been measured since the new digital devices were introduced. This large data base will help us to more effectively tailor our range of products to customer requirements in the future.

An impressive brand portfolio

The DEICHMANN brand portfolio has also been further expanded. “We have seen the success of new brands as part of our portfolio. For example, our range now also includes selected models of the popular New Balance brand,” said Heinrich Deichmann. “All these brands significantly enhance our good product portfolio in the eyes of our customers.” Rieker will also be supplying models for the DEICHMANN concept from this year onwards. The cult skate fashion brand AIRWALK is another new addition to our range.

Strong growth in Germany

In 2022 the group experienced further growth in Germany. Revenue was in the region of 2.5 billion euros (2.1 billion euros net) (2019: 2.4 billion euros gross). Like-for-like growth was almost 9 per cent. Last year, the group sold 69 million pairs of shoes in Germany at its 1,400 stores and online shops. At the end of 2022, the DEICHMANN Group employed a staff of around 16,400 in Germany, including 2,800 apprentices. Heinrich Deichmann: “We are thankful that we didn’t have to make any employees redundant or close any stores as a result of COVID-19.” Around 30 new stores are planned groupwide in Germany in 2023 and 150 stores will be modernised.

Investments in the logistics infrastructure

When a retail company expands, supporting functions such as logistics have to grow with it so that it can continue to operate successfully. Today, logistics operations have to cover the needs of high street stores, as well as e-commerce and omnichannel business. For that reason DEICHMANN is making consistent investments in its logistics operations. The first project involved the Swiss subsidiary and the construction of an additional, modern omnichannel distribution centre. The warehouse infrastructure and capacities for DEICHMANN and SNIPES will also be successively increased in Germany.

From shoemaker’s workshop to ultra-modern campus

The DEICHMANN SE headquarters are still in Essen, Germany, right next to the shoemaker’s workshop where the company was founded in 1913 – 110 years ago. Today around 1,000 people are employed at the campus in Essen. DEICHMANN’s headquarters was named as one of Germany’s Top Employers 2023 by the independent Top Employers Institute.

Work is currently in progress on a new building at the company campus on Aktienstraße in Essen-Schönebeck and the existing building is being modernised. The campus stands for modernity,

international orientation and amenity value. A five-storey atrium building is the centrepiece of the development and refurbishing project. The prestigious new building with underground car park, surrounded by landscaped green spaces, will be the new entrance to the campus.

Now that the extensive foundation engineering works are complete, the focus over coming months will shift to construction work. Heinrich Deichmann: “This is a forward-looking investment and a sustainable commitment to Essen as our home base.” Modern, pleasant work environments will be created, and the construction project is based on a green overall concept that takes current developments in energy supply and energy management into account – for example, with geothermal and photovoltaic systems. The neighbourhood will also be gentrified by modern and architecturally sophisticated buildings and an attractive park with excellent amenity value. Completion is scheduled for 2025.

Increased social commitment with aid organisation and foundation

“The company must serve the people” – is the philosophy behind the DEICHMANN Group’s corporate mission statement. The owner family believes in the importance of a people-oriented and Christianity-motivated corporate culture. Against this background, the company’s DEICHMANN Foundation, which celebrates its 50th anniversary this year, supports many of the wortundtat Christian aid organisation’s humanitarian aid projects in Germany and abroad. The most recent example is the prompt donation of one million euros donated by the DEICHMANN Foundation to provide emergency aid to the people affected by the devastating earthquake in Turkey and Syria. Experienced project partners in the regions of Turkey and Syria affected by the earthquake are now able to provide fast and uncomplicated assistance to people in need.

Medienkontakt



Leitung Internationale Presse
Sonja Schröder
Presse@deichmann.com

DEICHMANN SE, headquartered in Essen, Germany, was founded in 1913 and is still 100% family owned. The corporate group is a market leader in the European retail shoe business and is active in 31 countries worldwide. It employs over 46,000 people and operates over 4,500 branches and 40 online shops. Alongside the DEICHMANN fascia, the company also includes the concepts MyShoes, Dosenbach, Ochsner Shoes and Ochsner Sport in Switzerland, vanHaren in the Netherlands and Belgium, Rack Room Shoes in the USA plus the SNIPES group with stores and online shops in Europe and the USA.