

## Press Release

### **DEICHMANN is continuing on the offensive after the anniversary year**

Growth of sales and number of branches / 167 million pairs of shoes sold / Multichannel strategy is continued / 2014 entry into the Russian market

**ESSEN, 30th January 2014. Europe's largest shoe retailer DEICHMANN has sold 167 million pairs of shoes in 2013 (165 million in 2012). The turnover of the company active in twenty-two European countries and the US rose from Euro 4.5 billion to Euro 4.6 billion (Euro 4.0 billion net). The currency-adjusted turnover increase was thus 3.3 per cent. At the end of 2013 the group operated 3,500 branches (2012: 3,325) all over the world and employed a staff of about 35,000 (2012: 33,700).**

DEICHMANN is continuing on a growth course, and market leader in Germany and Europe. In 2013, the company celebrated its 100th anniversary, and sold as many shoes as never before in its history in its anniversary year. All over the world 167 million pairs of shoes crossed the counter or were sold through the online shops of the DEICHMANN group. This was two million pairs or 1.3 per cent more than during the previous year.

„For the entire branch, and for us as well, 2013 was no easy year”, said Heinrich Deichmann, Chairman of the Board of Directors of DEICHMANN SE. “Snow in March and 15 degrees in December – those were the conditions under which the year had to be managed.” Apart from capricious weather conditions, the company was faced also with increased purchasing prices and a persistent reluctance of consumers to spend in some countries. “Under these difficult conditions, we held our ground well”, maintained Deichmann. “Our idea to offer inexpensive and modern shoes in good quality for broad sections of the population continues to be absolute trendy even after a hundred years. The fact that we have been doing this online as well for many years and have tried out ever new communication channels has paid out last year in particular.”

The company saw a positive development in turnover as well as in the development of employee and branch figures. The group turnover of the company amounted to

Euro 4.6 billion (Euro 4.0 billion net) in 2013. In 2012, the gross group turnover was Euro 4.5 billion – thus having risen by 3.3 per cent currency-adjusted (-0.7 per cent adjusted for sales floor area). Last year the company group had been represented in twenty-two European countries and the US operating 3,500 branches (2012: 3,325). At about 35,000 employees in and outside Germany, the company paid about 1,300 employees more at the end of 2013 than in 2012.

The company profit continues to be satisfactory. “We can continue to generate our growth without external financial backers, and thus remain entrepreneurially independent”, said Deichmann. “For us this is an important condition for our actions.”

The DEICHMANN Group generated about 59 per cent of its turnover outside Germany. Business developed especially favourably in Turkey. In Spain and Portugal DEICHMANN noticed a recovery of the economic situation in 2013 and recorded a distinct growth. In the US also, customers have given up their previous reluctance in spending money so that the signs for the DEICHMANN Group continue to point to expansion. In 2013, Bosnia-Herzegovina was added as new country, in which DEICHMANN is operating eight branches in the meantime. “Here we had a successful start, which has exceeded our expectations distinctly”, stated Heinrich Deichmann.

In spring 2014, the company will open the first shops in Russia. “We are convinced that the country has a big potential, and that we will convince the customers there with our concept”, said Heinrich Deichmann. However, he also stressed that the Russian market is a challenge for every newcomer. First of all DEICHMANN will start with seven branches during the first six months, four in Moscow and three in St. Petersburg, each in shopping centres.

### **Around 74 million pairs of shoes sold in Germany**

In Germany, the shoe retail operated 1,333 branches last year (thereof 94 belong to ROLAND and MyShoes), which is up 40 over the previous year. 73.8 million pairs of shoes were sold, which is a slight minus of one per cent (2012: 74.7 million). At the same time, however, the turnover increased to Euro 1.92 billion (Euro 1.61

billion net), which is 1.24 per cent more than in 2012 (Euro 1.89 billion). Adjusted for sales floor area, this is a slight decline of about -0.4 per cent.

At the end of 2013, the DEICHMANN Group employed a staff of 14,630 (2012: 14,350) in Germany, thereof 2,680 trainees. For 2014, about 300 new hires have been planned in Germany. In 2013, 1,150 young people started their training at DEICHMANN in Germany.

### **Outlook: Opening of the fifth distribution centre in Germany**

In 2014, the investments of the DEICHMANN Group continue to be on a persistent high level. About Euro 222 million shall flow into international infrastructure, thereof about Euro 62 million shall be spent in Germany. Primarily the money will go into the modernisation and expansion of the branch network as well as investments into logistics and IT.

In the current year, the company will further streamline its branch network whereby a qualitative growth will be paramount. All in all the DEICHMANN Group is planning to open about 150 new branches world-wide. A hundred and eighty-eight shops will be modernised. In Germany 63 new branches are being planned, whereby 26 will be closed as part of the location streamlining.

The company will also invest into logistics. In the middle of February, DEICHMANN will start operating its fifth distribution centre in Germany which will be located in the Rhineland-Palatinate town of Monsheim. From this location, Europe's largest shoe retails will supply two hundred branches in Hesse, Rhineland-Palatinate, Saarland and Baden-Württemberg. The central warehouse has a floor space of about 18,000 square metres. In the high bays up to 1.3 million pairs of shoes can be stored at the same time, whereby about 20 million pairs of shoes are turned over per year. The investment for the new logistics centre amounts to about Euro 22 million.

### **Expansion into the digital world as well**

During the current year, DEICHMANN will continue its digital offensive. "Multichannel has been an established practice for us for many years already. Our special forte is that we offer our entire collection online and stationary in parallel in

about 1,200 DEICHMANN branches throughout Germany”, says Heinrich Deichmann. “Today our customers decide anew every day whether they want to visit us in their branch or on our website. We accompany them by expanding our multichannel offer bit by bit and by permanently trying new communication channels.”

### **Exclusive blogger collection**

This also includes the communication and co-operation with internationally known fashion bloggers. One result is the co-operation with the Swedish street style icon and fashion blogger Caroline Blomst. Together with DEICHMANN, she is bringing an exclusive shoe collection on the market. The limited “Blogger Collection by Caroline Blomst” will be available as from March exclusively in online shops of the company group in Germany, Denmark, Sweden, Italy, Austria, Poland, the UK and Switzerland.

In January 2014, DEICHMANN with its German E shop has won the second prize of the Online Trade Awards in the category shoes. Initiators of the awards are the Management Forum as well as ECC Cologne, the German Retail Association (HDE) and Hermes. Since 2000 already DEICHMANN has been selling on the net as well – the company was the first shoe dealer to go online with a shop. Since then the internet offer has developed with increasing speed. In 2013, DEICHMANN international operated thirteen different online shops. And, the digital expansion is going on. This year E shops shall be added in the Czech Republic, the Slovak Republic and in Hungary. Online turnovers are increasing at double-digit rates everywhere.

In Germany and in many other countries, DEICHMANN customers have been able to buy through a mobile shop for some time already. In the next few weeks, the already proven DEICHMANN app for smartphones will be supplemented by a tablet version. Two highlights of the application are the digital measurement of the foot with determination of the shoe size as well as the virtual fitting of selected shoe models – almost like at the branch. In addition, there is an extensive offer of current international fashion information. These new offers will be implemented in the individual countries step-by-step.



In the meantime, the DEICHMANN Group is represented at Facebook in thirteen other countries apart from Germany. During the next few days, the line of a million fans will be reached in Germany.

During the spring / summer season DEICHMANN will start with a new advertising campaign. With this campaign the company will highlight its fashion competence even more clearly and will move the DEICHMANN brand into the centre of communication. Among other things, a nationwide print campaign has been planned in fashion magazines.

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DEICHMANN SE with its headquarters in Essen (Germany) was founded in 1913, and is owned a 100 per cent by the founding family. The company is market leader in the European shoe retail sector and employs a staff of about 35,000 all over the world. Under the name of DEICHMANN, branches are operated in Germany, Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czechia, Denmark, Hungary, Italy, Lithuania, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Turkey, and the UK. Moreover, the group is represented in Switzerland (Dosenbach / Ochsner / Ochsner Sport), in the Netherlands (vanHaren), in the US (Rack Room Shoes/Off Broadway) and in Germany with Roland. In 2014, DEICHMANN will open the first shops in Russia.