

## Press Information

### **DEICHMANN Group continues its offensive in store and online after a successful year / Test run with omni-channel branches**

Growth once again in 2016, bucking the industry trend / Plan to enter the French and Belgian market in 2017 / 262 new stores to open worldwide / Start of the Ellie Goulding Collection in London

**ESSEN, 15 March 2017. The DEICHMANN Group recorded gross sales of €5.6 billion (€4.8 billion net) in the past financial year in 23 European countries and the USA, reaching the highest level of sales in the company's history of over 100 years. The increase in sales revenues after adjustment for exchange rate effects is thus 5.6 percent. In 2016, the corporate group sold around 173 million pairs of shoes in its stores and online shops, which is about a million more pairs than in the previous year. At the end of 2016, Europe's largest shoe retailer operated a total of 3,857 branches worldwide and employed a workforce of around 38,252 people. This means that the company created almost 1,000 new jobs in 2016. In the current year, DEICHMANN will invest some €232 million in the international infrastructure. In Germany, the corporate group grew clearly, bucking the industry trend, and will be investing around €92 million in 2017.**

DEICHMANN SE, the market leader in the German and European shoe retail trade, once again posted an increase in its sales revenue, the number of shoes sold and in the branch network in 2016. "2016 was a good year for us. We continued to develop positively both in store and online and also grew on a like-for-like basis", Heinrich Deichmann, Chairman of the Management Board of DEICHMANN SE, commented. "These good results are not simply a matter of course – after all, the situation in the shoe trade is generally difficult at the moment. We have succeeded in detaching ourselves from the market trend. With DEICHMANN as our strong parent company, plus special concepts such as Snipes or ONYGO and our consistent omni-channel approach, we are in a very good position. And our diversification strategy, which also included the acquisition of the Buffalo brand last year, is also allowing us to open up new growth areas."

Across all the countries in which it operates, the DEICHMANN Group as a whole posted a 5.6 percent increase in sales after adjustment for exchange rate effects. Like-for-like sales revenues increased by 2.3 percent. Gross sales revenues reached €5.6 billion (€4.8 billion net). The group sold 173 million pairs of shoes in its stores and online in 2016 – around a million more pairs than in the previous year. "We also benefitted from the continuing fashion for branded sports shoes, which we also have in our portfolio, of course", Heinrich Deichmann commented. At the end of 2016, the corporate group operated a total of 3,857 stores worldwide plus 29 online shops and employed a workforce of 38,252. It now earns around 60 percent of its sales revenue abroad. "Germany is still our most important market, but our involvement abroad is continuing to become more significant", said Heinrich Deichmann.

### **Expansion: Moving into France and Belgium**

In the course of 2017, the corporate group will be opening its first outlets in France and Belgium. "With its population of 64 million people, France is a very important market in the eurozone. For many people, France is the birthplace of fashion and good taste", Heinrich Deichmann continued. "We greatly respect French chic and the French way of life. However, we also believe that, with up-to-date international fashionable shoes at reasonable prices, we have something positive to offer customers." The group will start in the summer with a few stores in selected regions in order to gain some initial experience. The online shop for France will also be launched at the same time.

The company will be entering the Belgian market in 2017 with its Dutch subsidiary vanHaren, with the first two stores opening in Flanders in April. In addition, customers in Belgium will shortly be able to place orders in their own Belgian online shop.

Further expansion in both countries will depend on the economic situation there, the development of purchasing power and the situation in the property market. Heinrich Deichmann: "As a family firm, we are in the position to control the speed of expansion ourselves. We do not need to meet any targets set by external investors. In any case, we are very much looking forward to being in contact with French customers."

In 2017, the company will further increase its network of branches in its existing markets, with the focus on qualitative growth. This year, the group is planning to open

262 new stores internationally. This is countered by 114 closures as part of its location optimisation programme. In addition, 185 stores throughout the group are to be modernised.

### **Digital Expansion: Test run with five omni-channel branches**

The digital expansion is also continuing. "Our sales development is also driven to a large extent by online growth", emphasised Heinrich Deichmann. In some DEICHMANN companies, ten percent of sales revenues are already posted through omni-channel services. At the moment, the group sells its products through 29 online shops of its own and four online marketplaces. In 2017, it plans to launch more e-shops and related services in the various markets. The omni-channel services such as the "Ship2home" delivery service from the branches will be further expanded.

A test stage is currently running in Germany, with five special omni-channel outlets in the Stuttgart and Essen areas in which in-store and online shopping are being even more closely dovetailed. These stores, for example, have large touchscreen monitors which allow customers to view the complete DEICHMANN range available online and in all the branches and also to order items. The branch teams work with handheld scanners with which they can check stock available and trigger customer orders if necessary.

This test project has been running for about a year at the Dutch subsidiary vanHaren. It has been a great success: vanHaren now has 20 of these omni-channel branches.

"In addition to being able to present the articles in a modern, high-quality style, we are able to offer our customers an even better service by networking our in-store and online facilities. Customers can choose from the entire DEICHMANN stock and also have articles sent to their home. This is a major plus point, especially with best sellers or if larger or smaller sizes are needed", Heinrich Deichmann says. "Today, our customers reassess each day where and how they want to obtain information and make their purchases. We want to be present everywhere our customers go and to be able to present our entire range to them. With our omni-channel services, we are making it as easy as possible for them to switch between the different channels and shop wherever they want."

"Ship2home" has been expanded even further in Germany since the beginning of 2017. Customers who cannot find the right size or colour of the style they want in the store have been able, since 2015, to order it with the "Ship2home" service in store and have it sent to them at home free of charge. The branches can now also access the entire branch stock, rather than just the stock in the online shop.

Back in 2000, DEICHMANN was the first shoe retailer to open an eShop and it has since expanded its online range with increasing speed in the omni-channel direction.

### **Buffalo and ONYGO join the corporate group**

At the end of 2016, DEICHMANN operated branches in Germany and 20 more countries under its own name. In addition, the group is represented in Switzerland (Dosenbach/Ochsner/Ochsner Sport), the Netherlands (vanHaren) and the USA (Rack Room Shoes/Off Broadway). In Germany, Roland SE is also a member of the corporate group. The company is also present in Germany, Austria and Switzerland with MyShoes SE. Snipes is helping the group to grow in Germany and currently in Austria, Switzerland, the Netherlands, Spain and Italy.

Under the guidance of Snipes, a fashion blog has turned into the new store concept ONYGO, which is aimed specifically at women and girls. The first branches were opened last year, and there are now eleven ONYGO stores and an online shop in Germany (as at 31.12.2016).

In autumn 2016, the DEICHMANN Group acquired Buffalo. The objective is to maintain the brand and the company as a separate unit. This means that both the branches and the licensing business as well as the wholesale trade will continue. The Buffalo brand will not be run as a proprietary brand of DEICHMANN and will also not be given a separate distribution channel or separate pricing. "We see the acquisition of Buffalo as a strategic corporate holding. Our goal is to maintain this cult brand for the market as an independent entity and to develop it further so that it is well equipped to face future challenges", said Heinrich Deichmann.

### **Germany: Sales revenue rises by almost 6 percent**

In 2016, shoe retailers in general recorded a downward trend. According to information provided by the Association of German Shoe Retailers (BDSE), the

German shoe industry recorded a two percent decline in sales last year.<sup>1</sup> Running against this general trend, the sales revenue posted by the DEICHMANN Group in Germany increased clearly to €2.2 billion (€1.9 billion net). This is 5.9 percent more than in 2015 (€2.1 billion). Like-for-like, this is an increase of 3.2 percent. Last year, the corporate group operated 1,424 stores in Germany (including 56 ROLAND and 39 MyShoes stores), which is 33 more than in the previous year. 73 million pairs of shoes were sold.

### **2017: 61 new branches / 370 new jobs**

In Germany, 61 new branches are to be opened in the corporate group in 2017, with 28 businesses scheduled for closure due to location optimisation plans. Just under 100 stores are to be modernised.

In the current year, the group is planning to invest around €232 million internationally, which includes around €92 million in Germany. This will primarily cover the modernisation and expansion of the branch network, along with investments in logistics and the IT infrastructure, especially digitalisation.

At the end of 2016, the DEICHMANN Group employed around 15,750 people in Germany (2015: approx. 15,490), including around 3,100 trainees. Around 370 new recruitments are planned for 2017. In 2016, over 1,000 young people started training with the corporate group in Germany. This year too, over 800 new trainees will be taken on. 817 employees now work in the head office in Essen – 48 more than in the previous year. Here too, there has been continuous growth, since the company's head office also provides a wide range of services for the international group.

### **Rock your Look: Ellie Goulding presents her first shoe collection**

DEICHMANN has opened the spring/summer season with a new advertising partner. The British singer-songwriter Ellie Goulding has put together her first shoe collection in association with DEICHMANN and presented it in London for the European market. Sneakers, ethnic sandals, heels, wedges, espadrilles and mules – the "Ellie Goulding for DEICHMANN" collection is defined by the motto "Rock your Look". Bright colours,

---

<sup>1</sup> Source: BDSE press release for the GDS press conference on 07.02.2017, [www.bdse.org](http://www.bdse.org)

extravagant cuts, individual finishes and rock star studs give the styles that extra something special. Altogether, the collection is being offered in 21 European countries in the DEICHMANN Group's stores and online shops.

For more information, visit [www.rockyourlook.eu](http://www.rockyourlook.eu)

#### **40 years of *wortundtat***

In 1977, Dr Heinz-Horst Deichmann († 2014) founded the Christian charity *wortundtat* after a trip to India. The idea was triggered by his encounter with people suffering from leprosy in the underdeveloped south of India. What started back then as a village project has now grown into a charity that reaches over 200,000 people in India, Tanzania, Moldavia, Greece and Germany. The main focuses of the work lie in the area of education and medical care. Work in the countries is carried out solely by local experts. In 2015 and 2016, because of the political developments at the time, the charity concentrated in particular on helping refugees. The projects are mainly financed by the DEICHMANN Foundation, supported by committed individual donors. Heinrich Deichmann succeeded his father as chairman of the charity in 2015. He is determined that the work should continue and be expanded, as its founder would have wished. In 2017, *wortundtat* will be celebrating its 40th anniversary, which will include a seminar in Dortmund on the subject of development aid.

For more information, visit:

[www.wortundtat.de](http://www.wortundtat.de)

[www.facebook.com/wortundtat/](https://www.facebook.com/wortundtat/)

#### Media contact:

DEICHMANN SE

Corporate communication

Ulrich Effing

Tel.: +49 (0) 201 / 8676 – 960

[ulrich\\_effing@deichmann.com](mailto:ulrich_effing@deichmann.com)

Sonja Schröder-Galla

Tel.: +49 (0) 201 / 8676 – 962

[sonja\\_schroeder-galla@deichmann.com](mailto:sonja_schroeder-galla@deichmann.com)

---

DEICHMANN SE, which has its headquarters in Essen, Germany, was founded in 1913 and is still 100% owned by the founding family. The company is a market leader in the European retail shoe trade and employs over 38,000 people worldwide. Branches are operated under the name of DEICHMANN in Germany, Austria, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Denmark, Hungary, Italy, Lithuania, Poland, Portugal, Rumania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Turkey and the United Kingdom. In addition, the Group is represented in Switzerland (Dosenbach/Ochsner/Ochsner Sport), the Netherlands (vanHaren) and the USA (Rack Room Shoes/Off Broadway). In Germany, Roland SE is also part of the corporate group. The company is represented in Germany, Austria and Switzerland with MyShoes SE. In 2017, the corporate group will be opening its first stores in France and Belgium.