

Press release

Hamburg, 20th of October 2022

Despite restrained business development: bonprix continues to invest in digitalisation and logistics processes

A difficult macroeconomic environment characterised bonprix's first half of the 2022/23 financial year: Burdened by rising raw material and freight costs, the looming energy crisis and a decidedly subdued consumer climate, particularly within the textile sector, the international fashion company reported a decline in sales of just under 11 percent compared with a strong prior-year base, while maintaining a positive rate of return (EBIT margin). The international markets show a heterogeneous picture. Many countries, particularly in Eastern Europe and Scandinavia, continued to develop positively, while a marked reluctance to spend held back business development, particularly in the home market of Germany. Despite challenging conditions, bonprix continues to focus on strategic digitalisation topics and is investing in efficient logistics processes at the mail-order logistics centre in Haldensleben together with its partner Hermes Fulfilment.

After bonprix ended the past fiscal year 2021/22 with a strong increase in sales, signs of negative exogenous factors were already emerging at the start of fiscal year 2022/23 and were to become more pronounced in the following months.

"Like many business sectors, we as a fashion company have not been spared the effects of rising procurement and energy prices and the associated decline in purchasing power and consumer restraint. Overall, this has led to declining sales for bonprix in the first half of the 2022/23 financial year, even though we still outperformed the market across all product ranges. With the start of the fall and the second half of the fiscal year, we can report an initial easing, and our performance in September was very gratifying," Dr. Kai Heck, Managing Director responsible for finance at bonprix, comments on the available figures.

International market review

The development in bonprix's individual markets is heterogeneous and volatile. Some countries are showing a pleasingly positive development, while others are burdened by noticeable purchasing restraint.

The majority of the Eastern European markets, including Poland, Slovakia, Romania and Hungary, were able to achieve good sales growth in the single to double-digit range in each case. The same applies to Austria, Switzerland and the Scandinavian countries Sweden and Norway, which also achieved single- and double-digit growth. The Finnish webshop, which had only been launched recently in 2021, is also developing very positively.

In the home and core market of Germany, there was a decline in sales of almost 13 per cent. Here, customers are showing uncertainty due to rising energy costs and a particular price sensitivity. Currently, there is less willingness to spend on fashion, and customers are reacting to inflation with a significant drop in consumption. Also the USA and Italy, which benefited disproportionately from the turbo-digitalisation caused by the pandemic last year, are showing declining sales. Last but not least the withdrawal from the Russian market in March 2022 also leads to an additional reduction of bonprix's total turnover.

Investments in logistics

Since 1994, bonprix has been using the Hermes Fulfilment GmbH mail-order logistics centre in Haldensleben, which now works almost exclusively for the company and handles the distribution of goods throughout Europe. In close partnership with Hermes Fulfilment, bonprix is currently investing specifically in increasing the efficiency and optimising its logistics processes: Thanks to the complete digitisation of incoming goods, boxes can be automatically recorded and processed. The packing department is also being digitised and ergonomically optimised for the employees. And the process becomes more sustainable: paper enclosures and invoices are no longer required.

These measures facilitate and accelerate the processing of goods, which leads to shorter delivery times for bonprix customers. The close operational and integrative coordination as well as the mutual goals enable significantly more agile and flexible work processes. Against the background of volatile market developments and complex logistical processes, this is a significant advantage of the partnership between bonprix and Hermes Fulfilment at the Haldensleben site.

Central strategic online focus

bonprix will also continue to make important strategic investments in the area of digitalisation in the current 2022/23 financial year with the aim of consistently sharpening its profile as a strong international digital fashion brand. This includes, among other things, the expansion of social commerce and the standardisation of the IT infrastructure including the numerous apps across all countries.

In the course of this strategic online focus, the pilot project of a digitally interlinked retail concept in the store in Hamburg's Mönckebergstraße, which bonprix launched in 2019 and whose centrepiece is a completely app-assisted customer journey, will come to an end. The valuable insights that the company was able to gain in this pilot project will feed into the continuous further development of the bonprix apps as well as being passed on within the Otto Group.

New member of the management team

In the coming financial year, there will be a change in the management of the fashion company. From March 2023, Carolin Klar, currently Vice President Product Management, will become a member of the bonprix Group Management Board and lead the company together with Dr. Richard Gottwald (Chairman), Markus Fuchshofen and Dr. Kai Heck. In her future role as Managing Director, the graduate textile and industrial engineer will manage the areas of purchasing, procurement and corporate responsibility. She succeeds long-time Managing Director Rien Jansen, who has been with the company since 2010 and is responsible for Purchasing, Marketing and Retail. Jansen has significantly strengthened the fashion orientation of the bonprix brand and built up and decisively advanced the Corporate Responsibility division. The Dutchman will retire with effect from 28 February 2023.

Conditions remain challenging

Even though the market situation is difficult, the start to the second half of the 2022/23 financial year shows decidedly positive trends for bonprix. Warm clothing, knitwear and coats in particular are once again in high demand. bonprix customers are showing an increasing interest in long-lasting basics, where the fashion brand can score points with its recently launched premium knitwear collection with sustainable cashmere. Despite this pleasing development, bonprix continues to prepare for a volatile business.

Dr. Richard Gottwald, Chairman of the Management Board at bonprix and responsible for international sales, says: "A normalisation of the economic conditions is not to be expected for this financial year. But our customers continue to show a high level of loyalty to our services, and bonprix has always been characterised by a high degree of flexibility in managing our international market portfolio. I therefore believe that we are well positioned to compensate for this challenging phase by adapting our market and product strategies while continuing to focus on our customers. By concentrating on our strategic digitalisation topics, we are continuing to invest in the future viability of our business model in order to successfully continue bonprix's growth path in the future.

About bonprix

As an internationally successful fashion retailer, bonprix reaches customers in 30 countries. The company, which is part of the Otto Group and based in Hamburg, was established in 1986 and now employs around 3,700 people worldwide. In fiscal year 2021/22 (February 28, 2022), the bonprix Group generated sales of EUR 1.94 billion, making it one of the best-performing businesses within the Otto Group. At bonprix, customers can enjoy fashion and shopping on all channels – online, via catalogue or in the bonprix store in Hamburg. E-commerce accounts for the lion's share of sales with around 90 percent. In Germany, www.bonprix.de is one of the twelve highest-grossing online shops and the number three in the fashion sector.* Selling its own brands bpc, bpc selection, BODYFLIRT, RAINBOW and John Baner, bonprix offers customers fashion with an excellent price-performance ratio. The range includes fashion for women, men and children, accessories as well as home and living products.

**Source: Survey "E-Commerce Markt Deutschland 2021" by EHI Retail Institute/Statista*

Image material and background information

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