

HSE24 achieves strong gains in sales and earnings E-commerce as a key growth driver

Ismaning, April 25, 2018 – The international home shopping company, HSE24, again set a record for sales and earnings in the 2017 financial year, maintaining its growth trajectory. Sales in 2017 showed a year-over-year increase of 9 percent to approximately €821 million. This positive trend was driven primarily by e-commerce activities and strong growth in Russia, Italy as well as the DACH region (Germany, Austria and Switzerland). At the same time, HSE24 saw improved profitability with adjusted operating earnings (adjusted EBITDA) outperforming sales growth and the Group is confident about the current financial year.

"2017 was yet another very successful year for HSE24," said Sonja Piller, the CEO of HSE24. "We expanded our major market position and pushed ahead with our growth strategy. Each year, more than two million people now draw inspiration from our attractive products on a regular basis. This is an outcome of our comprehensive expertise in creating a dynamic digital shopping experience and fulfilling the wishes of our customers. We are also increasingly benefiting from our positioning as an omnichannel provider and outstanding customer service. In the coming years we are determined to maintain our positive momentum."

Digital sales channels drive dynamic sales trend

HSE24 has been expanding its e-commerce business for years - enabling customers to order the products they desire, whenever and wherever they want. These sales channels have become growth drivers for the business with e-commerce sales in 2017 increasing by some 14% to €186 million in the DACH region alone. Orders via PC, tablet or smartphone account for more than 25% of total sales and mobile transactions represent 34% of all incoming e-commerce orders in German-speaking countries. Digital channels are also increasingly important in reaching new customers. In the past financial year, almost 60% of HSE24's new customers joined online (DACH) with half of them signing up through mobile channels. Overall, almost 40% of HSE24's customers make purchases through the company's online channels. The positive trend in the TV business also continued.

Ongoing progress with international growth strategy – Gulf region launch scheduled for Q4

HSE24 continues to grow in all its markets. The Russia subsidiary, which was founded in 2012, is the company's fastest-growing, having increased sales by a double-digit percentage in 2017. HSE24 is one of the largest home shopping providers in the region and retains a strong market position due to its unique value proposition. The Group also recorded strong growth in Italy and the DACH markets.

In Q4, HSE24 plans to start doing business in the Gulf region as part of its international growth strategy. The company intends to transfer its successful omnichannel concept with a lifestyle product range tailored to the region. As announced in 2017, HSE24 has established a subsidiary for that purpose and entered into a partnership with MBC Group, the largest and leading media corporation in the Middle East. The countries in the Gulf Cooperation Council (GCC) comprise around 9 million television households in Saudi Arabia, the United Arab Emirates, Bahrain, Oman, Kuwait and Qatar. The region is characterised by rapid growth and strong consumer spending and thus offers huge market potential.

Success story continues with proprietary and exclusive brands

In 2017, as in the past, a focus on proprietary and exclusive brands proved to be a key factor for the success of HSE24, generating approximately 80% of total sales. Every year, HSE24's product range in the DACH region alone includes more than 20,000 products in the categories Fashion, Jewellery, Cosmetics and Wellness, Household, and Home & Living. New items accounted for around 50% of the product range offered in 2017.

Highlights in the past financial year include the successful launch of the company's Maloo brand in August. Maloo represents urban, casual design aimed at younger shoppers – an offering endorsed by Jana Ina Zarrella, a leading social media influencer. With Maloo, HSE24 succeeded in presenting a progressive and contemporary image – across all channels – which was an immediate success with customers. After a strong start in 2017, Maloo launched sales in 2018 with its second collection for the spring/summer season.

In 2017, HSE24 celebrated the 10th anniversary of its successful collaboration with Lola Paltinger. The Munich-based designer's collection, "Himmelblau by Lola Paltinger", is among HSE24's best-selling brands. A new addition to the product range in October was the eponymous brand, "Marcel by Marcel Ostertag" and star designer Brian Rennie launched his fourth exclusive HSE24 collection during the year.

Also exclusive to HSE24's home shopping activities are various award-winning Dyson products. Best-selling items include a Dyson cordless vacuum cleaner, which set a new all-time sales record for HSE24 with more than 40,000 units sold in November 2017.

Optimism for 2018

In the current financial year, HSE24 aims to build on its successes and maintain the positive momentum in the business. Leveraging its omnichannel approach, the Group believes it is well positioned in the market and expects continued sales growth in 2018, as well as an increase in adjusted EBITDA.

About the HSE24 Group:

The HSE24 Group is an international omnichannel home shopping company. With its exclusive and varied product range, the digital retailer offers its customers an emotional shopping experience 24/7. The inspiring lifestyle range primarily comprises the product categories Fashion, Jewellery, Cosmetics and Wellness, Household as well as Home & Living. In Germany, Austria and Switzerland, the HSE24 Group operates through the channels HSE24, HSE24 Extra and HSE24 Trend. In Italy, it operates through HSE24 and in Russia through the channel Shopping Live. With its integrated interactive TV, online and mobile platforms, the HSE24 Group is the driver of innovation in modern home shopping. The HSE24 Group closed the 2017 financial year with sales of approximately €821 million and a strong increase in profit. The Group currently has a workforce of about 1,400. Including employees operating at call centers and logistic partner companies HSE24 generates more than 4.300 jobs. Since it was founded in 1995, HSE24 has remained on a sustainable growth path. The investment company Providence Equity Partners has been the majority shareholder since 2012. Ardian and HSE24 Management also hold stakes in the company.

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