



Press Release

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OTTO increases revenues by around 10 percent on overproportionate earnings growth

The single company OTTO further increased its growth rate in the financial year now closed, with revenues climbing by some ten percent to reach an overall 2.561 billion euros for 2015/16. The online retailer reports overproportional growth in profits and has once again landed in its self-defined three-to-five percent profit corridor.

The Hamburg-based online retailer's investment volume and business strategy planned for sustainable revenue growth of around five percent for the 2015/16 financial year now closed (as at 29 February 2016). "We have clearly exceeded our own targets, raising revenues by around ten percent to 2.561 billion euros and have thus landed squarely in our self-defined earnings corridor", says a satisfied Alexander Birken, Member of the Executive Board Otto Group, Multichannel Distance Selling, Spokesman OTTO. The above-average acquisition of new customers was a major success factor in this, with the online retailer gaining some 12 percent more than in the previous year on an active customer base of around six million over the last 12 months.

The past financial year was an outstanding one for OTTO. Together with customers and business partners the online retailer celebrated the 20th anniversary of its otto.de webshop and was able to report a record-breaking year. All assortment areas saw growth, from Fashion, through Home Furnishings, to Consumer Electronics. OTTO had previously announced its intention to expand its market leadership in online furniture retail, and in line with business strategy the company reported high growth rates, above all in the Home Furnishings assortment. "With an increase in revenues of around 20 percent in Furniture as well as Home Textiles we are growing faster than the market, and are

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therefore able to increase our lead clearly once again”, Birken continues. Home Furnishings products alone generated some 700 million euros in overall turnover and made 2015/16 OTTO’s most successful financial year in this segment. Consumer Electronics also saw a record-breaking year thanks to double-digit growth rates in the Home Appliances and Multimedia segments. The driving factor here is above all the high quality of the product assortment, with every third TV sold online in Germany supplied by OTTO and now even every second washing machine too.

The early digital transformation of the Hamburg-based company is the main reason for this tremendous success in the online business’s anniversary year. Following the thorough overhaul of otto.de in 2013 with its in-house developed online-shop software, the platform was further enhanced in 2015 with Responsive Design. OTTO celebrated a further key milestone at the beginning of 2016, replacing its existing backend shop systems with new in-house developed software: “This large-scale project represents a triple-digit million-euro investment in the future of OTTO. We have transferred extensive business structures and years of know-how into a modern, overarching IT architecture”, Birken explains. “Our greatest success is having achieved this transformation while maintaining full operating capacity, without affecting our ability to serve our customers in any way.”

OTTO is living out the digital transformation not only in IT but also in its product categories, its service offer and in how it communicates with its customers, turning this into tangible advantages for them. The next step above all concerns maximising the relevance of its offers for every single customer, by means of Business Intelligence and interactive tools such as the “Find’ ich gut” (“I like it”) app, which lets customers rate article proposals on the “hot-or-not” principle.

In terms of service OTTO is counting more than ever on reliability and planability in article delivery to the end-customer. OTTO is the only German online retailer that informs customers itself about the planned delivery time of the goods they have ordered, with an accuracy of one hour. Customers ordering bulky goods such as washing machines or furniture are able to select their preferred delivery time directly when placing their order, for instance to have their goods delivered on a Saturday if they wish. The company places high value on rolling out services such as these to the benefit of all its customers, and carrying them out reliably.

At the same time, customer demand has been shifting further towards online shopping, triggering massive social media-based viewing, commenting and sharing of the short

animated film in the 2015 Christmas season's online advertising campaign, which was given its own microsite.

In terms of communicating with its customers, "digital transformation" also means that OTTO already generates one euro in three of its revenues via smartphones and tablets, which are the preferred channel of every second online visitor.

What is more, the digital transformation is inextricably linked right across all company areas with a fundamental change in the company culture, which OTTO has consciously driven forward with new leadership and collaboration initiatives. Here the online retailer aims to combine the best of both worlds, blending the experience and infrastructure of a long-standing company with the agility of an innovation leader.

For the new 2016/17 financial year all the signs point clearly to further sustainable growth at OTTO. The company's long-term goal remains above-average revenue growth of around five percent, with average profit margins of three to five percent. "However, our most valuable asset for this ongoing technology-driven growth remains our employees", Birken emphasizes. There are around 300 new job vacancies to be filled, particularly in the areas of IT, E-Commerce and Business Intelligence.

"In recent years we have continually generated very robust economic strength thanks to our own efforts. We have now worked ourselves into a position where we can raise the pace of our investment significantly once again, to continue to shape the future of OTTO", Birken says. The management intends to drive the technological growth areas further forward consistently, with the company also planning very significant investment in creating modern spaces and offices. "With location-independent work, social spaces and think-tanks we plan to stimulate and promote spontaneous, cross-divisional and creative cooperation on the OTTO Campus in a very targeted way", Birken confirms. Through creating a future-orientated working environment the company intends to establish the optimum conditions for the next stages of the digital transformation.

Further Information is available at www.otto.de/unternehmen/en.

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