

windeln.de initiates efficiency and profitability measures in context of upcoming CEO change and targets break-even early 2019 already

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- Measures initiated to (i) reorganize operations and reduce headquarter costs in Germany, and (ii) focus international operations on regions with short- to mid-term profitability potential; break-even target for early 2019
- Capital increase of up to 2.6m shares with exclusion of pre-emptive rights from authorized capital subscribed by existing shareholders, new investor group, all members of the management board including founders and Matthias Peuckert
- Starting date of designated CEO Matthias Peuckert on May 1, 2018, succeeding founders and Co-CEOs Alexander Brand and Konstantin Urban
- Preliminary 2017 financials: Revenues EUR 211 to 213 million, adjusted EBIT EUR (26) to (24) million ((13) to (11)% margin) and net liquidity of EUR 25.7 million. Publication of 2017 financials on March 14, 2018.

windeln.de SE, (WKN WNDL11/ ISIN DE000WNDL110) one of the leading online retailers for baby and toddler products in Europe and for customers in China, went through a thorough assessment of its businesses in context of the upcoming management change and initiated several measures to further increase efficiency and reduce costs. The targeted cost reduction amounts to approx. EUR 10 million based on 2017 financials and to a large extent have immediate impact. One-off direct reorganization costs will amount to approx. EUR 1.5 million, which will be recognized in fiscal year 2018. Active headcount at windeln.de group is expected to go down from 387 active full-time equivalent (FTEs) employees (including Feedo) as of December 31, 2017 to approx. 250 (excluding Feedo) or -35% by year end 2018. These measures will lead to a more efficient set up to achieve sustainable and profitable growth mid-term. Adjusted EBIT break-even is expected to be reached early 2019 already.

Reorganization and reduction of headquarter costs in Germany

At the German headquarter workforce will be reduced across all back-office functions and certain departments will be reorganized. In addition, the product assortment of currently 52,000 products will be further optimized to increase margins. Meanwhile, the marketing spent in Germany will be lowered. Total other SG&A cost savings of approx. EUR 4 to 5 million compared to 2017 are targeted.

Focusing of international operations

windeln.de focuses its international business on the German speaking region (DACH), Spain, Portugal, France and China to reduce complexity in the group and to increase profitability. In this context, the management decided to:

(i) explore the divestiture of the standalone business “Feedo” which is present in the Czech Republic, Slovakia and Poland. Feedo recorded revenues of EUR 24 million in 2017 (+27% year over year growth) and had 86 FTEs employees as of December 31, 2017;

(ii) close the Italian online shop, the local Italian office and warehouse;

(iii) increase profitability of the Southern European business “Bebitus” in Spain, Portugal and France by optimizing assortment and streamlining the organizational setup after the integration which was completed October last year.

As a result of these three measures, the management expects annual cost savings of EUR 5 to 6 million based on 2017 financials.

Due to the reorganization in Germany and internationally, the Company decided to put the planned relocation of the central warehouse to Eastern Europe temporarily on hold.

Capital increase of up to 2.6 million shares

In connection with the contemplated efficiency-enhancing measures and the further development of the Company’s business, the management board and supervisory board today resolved to increase the Company’s share capital from authorized capital against cash contributions from EUR 28,472,420.00 by a nominal amount of up to EUR 2,628,323.00 (corresponding to approximately 10% of the share capital at the time of authorization) to up to EUR 31,100,743 by issuing up to 2,628,323 new ordinary shares (the “New Shares”). The pre-emptive rights of the Company’s existing shareholders have been cancelled. The New Shares are entitled to dividends as of January 1, 2018.

Certain existing shareholders, a new investor group around the entrepreneur Clemens Jakopitsch as well as all members of the Company's management board including founders and the designated CEO Matthias Peuckert, will participate in the capital increase. The final placement volume, placement price and the proceeds from the capital increase will be announced later today.

Willi Schwerdtle, chairman of the supervisory board of windeln.de SE, "The supervisory board of windeln.de SE supports the new management team with Matthias Peuckert as designated CEO, Jürgen Vedic as COO and Nikolaus Weinberger as CFO on implementing the announced measures to increase efficiency and profitability. It is a strong sign of commitment by existing and new investors as well as all members of the management board to support the company through the capital increase. Going forward, we expect the organization to be more cost-efficient and flexible to steer towards profitable and sustainable growth in 2019."

Preliminary 4th quarter and fiscal year 2017 results

Preliminary fiscal year financials for 2017 amounted to EUR 211 to 213 million revenues (+8 to +10% growth year over year), adjusted EBIT at EUR (26) to (24) million ((13) to (11)% margin) and yearend liquidity of EUR 29.2 million (EUR 25.7 million net excluding EUR 3.5 million drawn borrowing base facility). Revenues in the fourth quarter were EUR 52 to 53 million and (10) to (8)% lower than in the fourth quarter 2016 due to continued profitability focus in Germany and temporary integration effects at Bebitus. Adjusted EBIT was EUR (7) to (6) million ((13) to (11)% margin) and change in net liquidity EUR 4.9 million in the fourth quarter 2017 and therefore improved to the previous year period.