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PRESENTATION

Operator

Welcome to the Global Fashion Group Q3 results update. (Operator Instructions) Just to remind you, this conference call is being recorded. Today, I am pleased to present co-Chief Executive Officer, Patrick Schmidt. Please begin your meeting.

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Thank you, Georgia. Good morning, everyone, and welcome to the presentation of Global Fashion Group's results for Q3 2020. I am Patrick Schmidt, and I'm joined today by my co-CEO, Christoph Barchewitz; and our CFO, Matthew Price.

I will talk about our strategy and KPIs. Matthew will then take you through the financial results of the quarter and our guidance for the full year. After that, we'll open it up for Q&A.

Let's get started on Slide 2. I think we can sum up this call by saying that we have never felt more confident in GFG than today. This confidence is not so much driven by great performance in Q3, but more because of secular trends we continue to see in our markets and in our performance.

Let me just give you a few highlights. Even though fashion e-commerce penetration has grown a lot this year, it is still 3x lower in our markets than in Europe or the U.S. The upside for us is huge. We also have acquired 5.6 million new customers this year, millions more than planned, and this is something which will help us this year, but more importantly, will drive growth for the next years to come. And we also have accelerated the roll out of new categories, such as beauty, home, kids and toys. All of this results in very solid financial results, which are driven by a growth flywheel rather than by short-term benefits.

We have accelerated our vision to become the #1 fashion and lifestyle destination in growth markets.

Turning on to Slide 3, all of this has been achieved whilst prioritizing the health and safety of our teams and customers without exception. We modified our fulfillment and delivery operating procedures to ensure the safety of our customers. We have also adopted a number of contactless delivery options, which makes shopping with GFG even safer and more convenient than before.

Equally, we protect our teams. For our fulfillment teams, we have deployed a variety of safety measures, ranging from supply of face masks, on-premise temperature checks, safe transportation, regular training and contact-tracing capabilities. We have also ensured our labor agency staff have access to the same levels of hygiene, safety, training and support in all of our fulfillment centers.

We are also committed to supporting positive mental health with well-being initiatives aimed at helping all our people through these unusual times. And of course, we have invested in supporting our team to work from home.

Despite the significant disruption for office-based employees, our team has remained highly productive and engaged, working mostly from home.

Let's now look at the highlights of the third quarter On Slide 4. As usual, we are presenting constant currency growth rates today. We have achieved net merchandise value of more than EUR 503 million. This represents 34.5% growth year-on-year, our fastest growth in 4 years, driven by an exceptional 113% growth in our Marketplace business.

Active customers continued to see very strong growth and were up by 24% to 15.4 million, and customers placed a record 10.8 million orders with us, up over 26% year-on-year.

Our gross margin was 44.4%, up a very strong 390 basis points year-on-year. And driven by strong top line and gross margin improvement, we achieved another profitable quarter with our highest-ever adjusted EBITDA and a margin of 3.1%, up almost 600 basis points.

At the end of Q3, we had a pro forma cash balance of EUR 280 million, an increase of $18 million in the quarter and marking another cash flow positive quarter this year.

Turning now to look at our strategic developments within the business, starting on Slide 6. As you know, our strategic priorities are: to build an inspiring and seamless customer experience; to be the strategic partner to leading brands; and to build scalable operations and technology, and to do this while being people and planned-positive. We have accelerated our progress on all of these priorities in Q3.

Let me now walk you through the details on this, starting with our customers on Slide 7. Similar to the August earnings call, I'll first talk about the behavior of new customers we have acquired in the first quarter. I'll then give an update on customers we have acquired in Q2.

In Q3, we have continued our acceleration of new customer onboarding, with almost 2 million new customers shopping with us for the first time. This is an increase of 30% versus last year. More significantly, the trend from Q2 of new customers making more second purchases in the same quarters continued into Q3 with 11% more new customers placing a second order compared to Q3 2019.

And what about the Q2 cohort? Remember that they had a very positive development in terms of repurchasing in Q2, and this will continue. They're continuing to buy more frequently in Q3 than the prior year's cohort. So we continue to believe that the acceleration of the channel shift to e-commerce in our market will be a long-term growth driver and is not just a short-term trend.

Now looking at our brand relations on the next slide, Slide 8. We launched almost 700 new brands in the third quarter, up by 150 brands year-on-year. This includes premium brands like KENZO and rag & bone, but also iconic brands such as Sweaty Betty, where we are their exclusive partner in Australia, and H&M, which we launched in the Philippines.

Around 80% of these brands will launch on Marketplace, up from 64% last year.

Turning now to how we power Marketplace. Fulfilled by GFG or FBG, is the highest level of service we offer brand under our Marketplace model. Orders are consolidated with retail product and dispatched as a single order to the customer, which gives a far better experience and lowers cost. We are now fulfilling 74% of marketplace orders via FBG, a new record for GFG. These initiatives result in both a better selection and more efficient inventory. SKUs are up by 9% year-over-year. Despite this greater width and selection, we have managed to significantly improve our retail inventory turn, driven mostly by a shift into in-demand categories.

Let's now take a closer look at how we're starting to leverage data for our brand partners on Slide 9.

Stepping back for a minute, GFG services have 3 pillars: fulfilled by, as I just talked about; marketing services; and Data by GFG. Data by GFG is our in-house data analytics solution. This subscription service includes deep customer, segmentation and behavior intelligence, along with assortment and pricing insights. Benchmarked to market data. This is of particular value to global brands who sometimes have only limited customer insight in our markets.

We have launched Data by GFG initially in Southeast Asia and are preparing for a global rollout. In Southeast Asia, we now have signed up almost 1,000 brands to the paid subscription service. This gives our brand partners yet another powerful reason to work with the GFG.

Before I close this section, let's turn to Slide 10, where we'll discuss some of the developments in sustainability. Our strategy is underpinned by our sustainability vision of being people and planet positive. We have broken down this vision into commitments, which we have published in our 2020 sustainability report. A key part of this commitment is to launch sustainable shopping edits across all our markets. We have been pioneers in early 2019, with one of the world's first sustainability shopping edits, launched in Australia. We are very excited to have now launched the second sustainability edit in Q3 in Southeast Asia.

This enables customers to shop with sustainability in mind and includes a curation of products with sustainability credentials, highlighting product that have a lighter impact on human and not the environment.

In Southeast Asia, this added feature is now 15,000 products from 670 brands, including pre-loved products. By the end of Q3, 78,000 customers have purchased from the edit.

During the quarter, we also launched our first own-label sustainable capsule collection in South East Asia. Launching more sustainable brands is not only the right thing to do, but also is commercially successful, with above-average ASPs, sell-throughs and gross margins.

Let's turn now to our KPIs on Slide 12. As I said, NMV growth in Q3 was very strong at 35%, and this was consistent throughout the quarter. Market-based penetration increased to 34%, up 12 percentage points year-on-year and 3 percentage points higher than in Q2. NMV growth was driven by a 26% increase in orders and a near 7% increase in AOV. So once again, you'll note that the devaluation of our major currencies resulted in the reported figure falling.

Matthew will talk to you about the currency impact in a few minutes.

Let's have a closer look at our custom metrics -- on our customer metrics on Slide 13. Our active customer base accelerated by 24% year-on-year to 15.4 million customers. As mentioned a few moments ago, these new customers acquired in Q2 and Q3 are exhibiting strong characteristics that give us confidence in the future profitability of these cohorts.

Reflecting a change of behavior of existing customers while staying at home, we did see a small reduction in overall order frequency also reflected in NMV per active customer. We don't believe that this will become a long-term trend and is merely a temporary development, given that people had fewer reasons to dress up. And as we saw, bought a lot less occasion wear and dresses.

Turning now to our regional performance. In the third quarter, our LATAM business achieved the highest NMV growth at 52%, and the highest active customer growth at 31%. However, NMV per active customer fell with a high average selling price not mitigating a slightly lower frequency and pure items to order.

CIS grew NMV at 32% against the toughest comp last year, driven mostly by continued expansion of the marketplace model. Active customers grew by 21%, and we saw a solid 8% improvement in NMV per active customer.

Our business in Southeast Asia saw a 34% NMV growth and more than a 27% increase in active customers. We were pleased to see ANZ return to positive momentum with a near 13% uplift in NMV and a 2% increase in active customers. The team there had worked incredibly hard to get more inventory, especially in new categories for us.

When taken together, Q3 was a very strong quarter for us, with 35% NMV growth and a 24% increase in active customers.

With that, I'd now like it -- I'd now like to hand it over to Matthew. Thank you.

Matthew Price - Global Fashion Group S.A. - CFO & Member of Management Board

Thanks, Patrick, and good morning, everyone. I'll take us through our financial performance, starting on Slide 16.

I'm pleased to say we've had a great quarter, generating our best-ever quarterly adjusted EBITDA and EBITDA margin, and delivering another quarter of positive cash flow.

I'll just take a moment to update you on how exchange rate movements have impacted our reported results. This is a currency translation matter only, our regions have natural currency hedges of between 80% and 90%, meaning that they buy and sell in the same currency.

Our reported results are impacted by the devaluation of the west bubble Brazilian real. Since our Q2 results, the currencies devalued by a further 6% and are now approximately 16% lower on an NMV-weighted basis than at the end of 2019. Our year-to-date revenue and adjusted EBITDA have been impacted by EUR 116 million and EUR 5 million compared to the exchange rates for the same time last year.

Now on to the results. As you can see on Slide 16, on a constant currency basis, revenue grew by 20.6% to EUR 337 million in the quarter. Our gross profit grew to EUR 150 million, and gross margin increased by almost 4 percentage points to 44.4%. Ongoing growth in our marketplace is the main driver of this margin expansion, adding 3.5 percentage points to gross margin. And then our continuing focus on efficient inventory management, again, gave stronger retail margins in the quarter.

Overall, promotion activity is flat year-on-year and we actively reduced the level of older inventory. Our fulfillment costs benefited from a lower customer return rate, although to a far lesser extent than in more mature e-commerce markets.

In Q3, we had a cost saving of around EUR 2 million to EUR 3 million from lower return rates, similar to what we saw in Q2. Apart from this, ongoing efficiencies in fulfillment broadly offset the additional costs of making sure our operations are run in a COVID-safe manner. As we said we would, we invested more in marketing in Q3 than in Q2, and our marketing costs were around 0.5 point higher than in H1, but still better than last year.

We delivered average -- sorry, we delivered similar leverage on tech and admin costs as we did in the first half. And so taking all of this together meant we achieved an adjusted EBITDA profit of EUR 10.3 million, giving a margin of 3.1%, an improvement of 5.9 percentage points from last year.

A second successive profitable quarter delivered through better gross margin and leverage across all key cost lines, regionally LATAM, CIS and Australia and New Zealand were all adjusted EBITDA profitable year-to-date. Other than the share-based compensation charge of EUR 2 million, there were no other adjustments to adjusted EBITDA in the quarter.

Now turning to Slide 17 to look at our regional financial performance in more detail. We saw strong growth in revenue and substantially better gross margins in nearly all regions. We continue to see a gap between NMV growth and revenue growth from the rapid acceleration of our marketplace.

As Patrick said, this grew to 34% of NMV in the quarter compared to 22% last year. LATAM was our fastest-growing region at 34.5%, with standout growth in Chile of almost 200%. LATAM, along with CIS, saw the fastest growth in marketplace share. Gross margin there improved by 6.2 percentage points with nearly 5 percentage points of this coming from the increase in marketplace participation.

CIS revenue growth was strong at 14%, although slower than its Q2 performance. Gross margin improved by 5.5 percentage points in the quarter. The majority of this was from increased marketplace participation with approximately 1 percentage point coming through from retail margin improvement.

Southeast Asia delivered a very strong quarter with revenue growth of 27.9%, accelerating significantly from Q2 when temporary closures in the Philippines and Indonesia slowed it down a little. It improved its gross margin by 2.3 percentage points to 31.4%. Since Q2, we returned to growth in Australia and New Zealand, with revenue growth of 7.8%. We remain slightly behind on a year-to-date basis and are confident that we have the right plans in place. But we remain cautious about the near-term challenges and opportunities there. Gross margin was stable year-on-year.

I'll now turn to look at our CapEx investment and cash position on Slide 18. We've invested EUR 38 million of CapEx so far this year, similar to last year. The EUR 22 million spent on PP&E is mainly in fulfillment centers. Our new automated site in Brazil is fully operational and ramping up to support the upcoming key trading periods starting with Black Friday.

We continue to invest a similar amount to last year in our technology intangible assets. We closed the quarter with EUR 281 million of pro forma cash, up from EUR 263 million at the end of Q2. In July, we replaced our old RCF with a more cost-efficient and flexible mix of EUR 20 million of bank guarantee facilities and a EUR 10 million buyer loan facility which released a net EUR 14 million of restricted cash.

At the end of the quarter, we had EUR 6 million of restricted cash under the terms of our agreements and have drawn down external facilities of EUR 12 million, a similar level to Q2.

We continue to look at all opportunities to strengthen our balance sheet and further increase our flexibility.

Now let's look at the status of our fulfillment center investments, we're making this year on Slide 19. Over the past year, we have significantly expanded the capacity of our fulfillment centers, adding 23% more space and capacity for a further 8 million items. This means that 7 out of our 10 fulfillment centers are either new or have been expanded in the past 18 months.

During Q3, we moved our FCs in Indonesia and the Philippines, and the ramp-up for both is on-track, an amazing effort by the teams in Southeast Asia.

For our new FC in Brazil, the work to build up the volume in our new facility is progressing as planned, and a significant proportion of outbound items are now being dispatched using the new automation. The map on the right of the screen highlights that the additional Moscow FC is the only major project left in our road map. We have detailed plans to progress this, having moved away from the JV model we discussed earlier in the year. An updated schedule of our fulfillment centers can be found in the appendix of the pack.

Let's take a look at our use of cash over the quarter and for the year-to-date on Slide 20. I'm delighted to say we've delivered another cash flow positive quarter, increasing our pro forma cash balance by EUR 18 million. As a result of ongoing working capital optimization, we released a further EUR 44 million of cash from working capital. We invested in new season inventory in Q3, offset by an increase in trade payables at the quarter end.

Our euro-denominated inventory balance is now around EUR 80 million lower than at the same time last year. Half of this reduction is the impacts of currency exchange rates on the translation of inventory balances into our euro financial statements and so has no impact at all on product availability. The other EUR 40 million is mainly the active reduction of older inventory lines, meaning that we have as much fresh new season inventory available for the key selling season as we did last year.

Our adjusted EBITDA profit of EUR 10 million broadly paid for our CapEx and we saw leasing costs of EUR 9 million, in line with previous quarters.

During the quarter, we had a one-off payment of EUR 10 million for the pre-IPO share-based payment program, along with a negative impact of exchange rates of EUR 8 million on the translation of our cash balances.

I'll now take you through our guidance for the full year, which we updated last night. Slide 22, please. We upgraded our guidance for 22 -- sorry, 2020 last night. The company expects to grow NMV by around 25% in constant currency terms. This will deliver NMV of just over EUR 1.9 billion at current exchange rates and revenue of EUR 1.3 billion. We now expect adjusted EBITDA of at least EUR 10 million. This means that we're delivering well ahead of the targets we set out at our Capital Markets Day on Marketplace, on profitability and on cash flow.

As Patrick said earlier, this year is all about us accelerating the delivery of our strategy, not about delivering -- benefiting from the short-term external environment. We've adapted the business to the shift in demand, kept growth rates and accelerated the big strategic changes we set out to do.

This is the end of our formal presentation, and I hand back to the operator. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

And our first question is from the line of Geoff Ruddell from Morgan Stanley.

Geoffrey Frith Ruddell - Morgan Stanley, Research Division - MD

Can I just ask a couple of questions about marketplace. The first one being, I think you've reached 34%, which is well ahead of your longer-term target you set at the Capital Markets Day earlier in the year. Do you think that's a temporary reaction to the COVID-19? Or do you think that once the pandemic is over, hopefully, in the middle of next year, that you will be able to sustain that sort of level of Marketplace penetration? And in particular, is there a point where you become uncomfortable that it just become too high that you're leaving sort of profit on the table by leading -- by not having a high enough wholesale penetration?

And then a separate question on -- I think I said you on the call there saying that you have now signed up H&M in the Philippines on Marketplace. Is that the first time you've worked with H&M on their main brand? And are you hoping to be able to get them into other markets as well, please?

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Sure. Thanks, Geoff. Christoph, why don't you take the first question on Marketplace? And I'll take the question on H&M?

Christoph Barchewitz - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Perfect. Geoff. So on Marketplace, we certainly don't think that this is a temporary effect. We think this is permanent, and we will continue to hold on to it and over time, also expand further from the 34% share that we have.

We definitely now see a pretty clear path for this to move towards 40% than maybe in some parts of our business beyond that. And that is really driven by the changes in the relationship with the brand, the fact that we've onboarded so many brands that are new to the platform in Marketplace.

You've seen it in the presentation that most of the new brands coming on are now coming on in Marketplace, and we've also shifted over -- or moved into a hybrid model with a lot of brands that we worked with for a long time.

During the Q2, we had talked about how some of the largest brands were a little bit behind on Marketplace adoption and how that has accelerated in Q2, and that has continued in Q3.

So I think all of that sets us up to actually continue to drive that up a bit, and I think the operational enablement fulfilled by that -- Patrick talked about, is another driver of how we make this happen. The launch of our -- sometimes, we call it cross-docking operation in Brazil during the quarter is a good example.

From a profit impact perspective, we actually, as you may recall from the Capital Markets Day, have very similar bottom line profitability in both models. So we're not worried about that, but there's certainly long-term also, an important role for the wholesale or the retail business, and so we will continue to develop that and continue to grow that as well. Patrick?

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Thanks, Christoph. In regards to H&M, so we're obviously very excited to be working with H&M, and we have been speaking to H&M for some time now. This resulted in this very first collaboration in the Philippines. So this is the first time we are working with H&M. There certainly are other discussions taking place. We would love to roll it out into other markets, and we're discussing this at the moment.

Operator

Our next question is from the line of Volker Bosse from Baader Bank.

V**olker Bosse** – Baader Bank AG, Equity Research – Co-Head of Equity Research

Congratulations on a great set of results, and all the provided detailed information so far. I would have a question regarding your website with it. So how does that progress in the third quarter year-over-year? And do you have also a kind of guidance? What's the number of website visits which come from mobile devices?

And perhaps also, how did your number of downloaded apps progressed in the course of third quarter?

And the final one on media solutions. How does the brands react? Or how did the brands book media solutions campaign via GFG in the light of the pandemic and the tightened marketing budget of the brands?

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Thank you. We'll do the same sequence. Christoph will take the first one, and I'll take the next one.

Christoph Barchewitz - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Yes. Thanks, Volker for the questions. I mean on traffic, we purposefully don't report on that because it's always a bit of a difficult indicator really as the channels are shifting, et cetera.

I think the important part here is we see very strong continued growth in the engagement in terms of website visits, in terms of app downloads, in terms of engagement on the app. I think the most important metric that we continue to focus on is actually the share of NMV that is coming from the app because, clearly, the app is our preferred channel, given the loyalty that we can generate and also, frankly, the better customer experience that we can generate and provide through the app when customers are locked in and can use a wishlist and all those features that are very good on the app as well as our ability to use notifications, et cetera.

And that share of NMV from the app continues to grow. We're now well above 50%. So that is really, I think, the main focus, but the engagement and the traffic continues to grow at least in line with the top line, if not a bit more than that. Patrick, do you want to take media solutions?

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Sure. Thanks, Christoph. So we saw a pretty similar trend in our own marketing by GFG business, as we actually saw in our own marketing spend, especially online marketing spend.

In other words, we saw quite a dip in March and April as the brands obviously wanted to do everything to preserve cash. And that really has come back sort of from mid-May onwards and is now at level higher than in 2019. So it's still growing. It's still very early days, and we still -- as we sell and buy Data by GFG, we see a lot of potential here.

Volker Bosse – Baader Bank AG, Equity Research – Co-Head of Equity Research

Okay. Maybe I come up with a follow-up. Do you have already first indications regarding the fourth quarter, so October and the first weeks of November, progress so far? And perhaps finally also sneak through you into the next year '21, it means, it's far too early to have a guidance here, but regarding indications, given the strong momentum in the third quarter, how do you look on '21 in general?

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

I think that's a perfect question for Matthew.

Matthew Price - Global Fashion Group S.A. - CFO & Member of Management Board

Thanks, Patrick. Yes. So it's still very early days. So Q4 is all about the big trading events most of which were in the future. We're sort of 2/3 of the way through the first event, which is Singles Day, which is obviously in to last from the 9th to the 12th of the month, while being on a Single Day, and that's big in Southeast Asia.

I mean our trading quarter-to-date is giving us confidence about that guidance, and we increased our guidance to 25%. I think if you back out what that implies, it implies that Q4 is about 27%. We're being a little cautious because we've still got trade those really big days, but we're incredibly well set up. We've got great inventory, apart from a small pocket of stock problem in Australia, but everywhere else is really clean, and we're excited about it.

In terms of next year, yes, I don't want to try and call COVID, but we are setting ourselves up to have -- to cross the line well strongly. We're buying confidently through Q4. We're marketing confidently to build the customer cohorts. So I certainly want to see us getting out of the blocks well.

Was that helpful?

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

I think Christoph do you have something to add to...

Christoph Barchewitz - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Yes, maybe just one point of focus because I think this is clearly a focus area for a lot of people. We clearly think that we're very well set up into '21 because we've also broadened the business, right?

When you think about how our business was set up a year ago versus today, there are a lot more brands, there are a lot more Marketplace. We have a much broader assortment. We have now the lockdown categories, if you want, but we also still have the pre-COVID categories.

And so it kind of -- to some degree, it matters, obviously, what happens from a pandemic perspective, but we feel much more agile and resilient to deal with different trading environment and different demand patterns from a customer perspective for next year. And on top of that, we have all these new customers who started shopping this year. So I think we're having that kind of tailwind of a much larger base heading into next year. So we're really excited for '21.

But as Matthew said, it's a bit early to give you numbers around that. But I think we're feeling really, really good.

Operator

(Operator Instructions)

So with no further questions on the telephone line, I hand over to Adam to take questions on the webcast.

Adam Kay - Global Fashion Group S.A. - IR Director

Good morning. Thanks, Georgia, we've got a couple on the webcast from Mike Benedict at Berenberg. Firstly, a much stronger year than expected from a profit perspective. We set guidance at the Capital Markets Day in March for a 6% EBITDA margin over the next 3 to 4 years. Has this target been brought forward given our performance this year?

Matthew Price - Global Fashion Group S.A. - CFO & Member of Management Board

So I'll reply to that. I think really what Christoph just answered on the other ones is the key bit. So the most important things we've done this year have been active to set ourselves up and accelerate our strategy. So that incredibly high shift in Marketplace, which we see as permanent, that benefits our working capital and makes a huge difference to our margin as well as giving so much more choice to our customers.

The work that we've then done around broadening the product range, the acquisition of a new set of customers, I think we certainly have accelerated the strategy that lies behind getting to 6% EBITDA margin. At the same time, part of getting to the 6% EBITDA margin is also just a bit more scale. We have absolutely the right local overhead base in our markets, which let us serve a local customer in the right way in terms of buying range selection, delivery of amazing customer service. That, we need a little bit more scale in, in order to leverage as we go forward. So I think those are the 2 elements that get at 6%. We will absolutely update the longer-term guidance when we speak on Q4.

Before then, I think I'm optimistic around it, and I wouldn't want to set a new target at the moment. Anything you want to add, Christoph? Patrick?

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

No, thank you.

Christoph Barchewitz - Global Fashion Group S.A. - Co-CEO & Member of Management Board

No, thank you. Perfect.

Adam Kay - Global Fashion Group S.A. - IR Director

Great. Thanks, Matthew. A second question from Mike here. Has COVID changed the way that we have approached peak trading in Q4? Perhaps one for Christoph?

Christoph Barchewitz - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Yes. Thanks, Mike. So certainly, it has significantly changed how we approach it. And I would really say there's 3 key changes. Firstly, on the assortment, we clearly have a very different assortment now than we had a year ago for the peak trading, and it's a lockdown categories, it's some of the new categories we've launched, for example, beauty, some of the home product where we've gone into more focus, and I think we have probably also had the biggest focus ever on the whole gifting side of things because we clearly expect a lot of our customers are going to choose to buy their holiday gifts online this year instead of going out and doing that in the offline world.

And so we've really doubled down around gifting, making that part of our campaigns and our assortment and our overall propositions.

The second way I think we are approaching it slightly differently is, our whole marketing message and campaigns that we're running are very much focused around engaging customers who are clearly spending a lot more time at home. And so that is through the online channel, through our own channels, through the online marketing, through video content, through web streamings, through also traditional TV, just to really reach the customer in their homes at -- where they're spending so much more time this year than in a normal peak trading season.

And then the third part is, clearly, on the operations side, we're not the only e-commerce business seeing a lot of growth. And so we're really focused on preparing our operations in the fulfillment centers and in delivery to be able to cope with this volume. We've had some huge days already in some markets around some key sales events. And so far, everything is going really well. We continue to focus on safety and our own fleet and pickup points, et cetera. That's really giving us a lot of control over that experience and ability to not compete as much with others about last-mile delivery capacities, et cetera.

So we're really leveraging our infrastructure even more during this critical time where the overall market may be struggling handling demand in the peak season.

So assortment, customer outreach and operations, set up a bit differently, but we had a good amount of time to prepare for it. So we feel really comfortable that we're well set up. Thank you.

Adam Kay - Global Fashion Group S.A. - IR Director

Thanks, Christoph. There's no more questions from the webcast.

Patrick Schmidt - Global Fashion Group S.A. - Co-CEO & Member of Management Board

Okay. Thank you very much for your time, everybody, and speak to you soon. Have a good day.

Operator

This now concludes today's call. Thank you all very much for joining. You may now disconnect your lines.
