

Gebr. Heinemann looks back on successful 2022 and returns to pre-crisis profitability



The Gebr. Heinemann Annual Business & Corporate Responsibility Report 2022

[Gebr. Heinemann](#) has reported a significant increase in Group turnover in 2022, despite ongoing travel restrictions in some parts of the world and the war in Ukraine. The global focus across all sales channels and the two pillars of retail and distribution contributed to this, explains the company.

"Our 2022 results confirm that we have taken the right steps over the past three years to move strongly into the future. In 2021, we carried out an important strategic relaunch with our mission statement. Now we have succeeded in translating our value proposition into practice," says Max Heinemann, Co-Chief Executive Officer.

In focus: The key figures for 2022

The Gebr. Heinemann Group closed financial 2022 year with total turnover of €3.8 billion (US\$4.18 billion). This is an increase of 81% compared with 2021, and represents 79% of the turnover of 2019. The strong turnover had a positive impact on the Group's overall result: Gebr. Heinemann was able to lift its profitability back to the level of 2019 – its most successful year to date.

"This is a very impressive success, especially considering that we had to absorb the loss of business in Ukraine and Russia – two of our core markets. At the same time, it has been reconfirmed that our strong business mix with a global approach and across different sales channels makes us more resilient to crises. In particular, the border shops and our diversified wholesale business with niche segments such as the diplomatic business helped us a lot during the period of low air traffic," explains Dr. Kai Deneke, Chief Financial Officer.

Turnover in the retail segment accounted for 80% of total turnover (2021: 76%). Turnover in the distribution segment accounted for 18% of total turnover (2021: 20%).

With a 77% share of turnover, business at airports was the strongest sales channel (2021: 73%). This was followed by the border shop business with 9% of total turnover (2021: 13%), cruise ships and ferries with a 5% share of turnover (2021: 4%), and airlines with 3% of total turnover (2021: 1%). Furthermore, 6% of total turnover (2021: 9%) were distributed among other channels, such as diplomatic business, free trade zones, or military bases.

Europe remained the region with the largest share of turnover at 58% (2021: 62%), followed by the Middle East & Africa at 36% (2021: 33%), Asia Pacific at 4% (2021: 4%), and the Americas at 2% (2021: 1%). By far the strongest growth driver last year was the location at Istanbul Airport, which has performed exceptionally well since its opening in 2019.

Broken down by category, Liquor, Tobacco, and Confectionery accounted for 52% of turnover (2021: 52%), followed by Perfume & Cosmetics with 34% (2021: 33%) and Fashion, Accessories & Watches and Jewelry with 9% of turnover (2021: 10%).

In addition to the financial key figures, Gebr. Heinemann also focuses on non-financial key figures of corporate responsibility. In 2018, the company joined the United Nations Global Compact (UNGC), the world's largest and most important initiative for responsible corporate governance. Gebr. Heinemann has anchored sustainable development goals in its corporate strategy and is committed to achieving them by 2030 in the fields of action "Energy & Emissions," "Waste & Packaging," "Product Portfolio," and "People."

"In each of our four fields of action, we were able to take important steps in 2022 to implement our targets as planned," explains Raoul Spanger, Co-Chief Executive Officer.

Having already switched to green electricity in 2021, Gebr. Heinemann used 94% renewable energy in 2022. In addition, the company opened its Norway HUB, the first regional warehouse near Oslo, in November 2022. The new warehouse will save around 300,000 transport kilometers per year between Germany and Norway – equivalent to around 570 tons of carbon dioxide. In 2021, Gebr. Heinemann was the first travel retailer to offer a sustainable category concept to travelers. Last year, this future-friendly concept was expanded to locations outside of Germany with an extended range.

Furthermore, Gebr. Heinemann has replaced 25% of the consumables in the Hamburg headquarters and the logistics centers with sustainable alternatives. The company was also able to significantly increase the proportion of women in top management positions year-on-year from 14 to 21% within the Gebr. Heinemann SE & Co. KG. While the company has had to cut jobs in recent years due to the crisis, a total of 7,344 employees (2021: 6,700) from 56 nations worked in more than 100 countries for the Group in 2022.

The rediscovered desire to travel is boosting the travel retail market

"After a difficult start, the global travel retail market recovered during the year. We have seen once 2

again that when people are allowed to travel, they travel. China's strict travel restrictions have led to a further absence of Asian shoppers. At the same time, more people have flown on other continents and in many places we are still seeing above-average spending per passenger. Asian travelers will also return in greater numbers during the second half of 2023, according to our estimates," says Spanger.

Gebr. Heinemann was able to renew important concessions and generate new business in 2022. 27 shops at airports, border crossings, and on cruise ships and ferries were opened or renovated. In June, the company won the tender for four duty free and travel value shops at Düsseldorf Airport. After almost ten years, this means a "homecoming" for Gebr. Heinemann at Germany's fourth-largest airport. After completion of the refurbishments, an official opening of the shops is planned for later in the year.

In March 2022, the cruise ship "Wonder of the Seas" belonging to the shipping company Royal Caribbean International set sail on her maiden voyage. With a capacity of 6,680 passengers and around 2,400 crew members, it is currently the world's largest cruise ship. Seven shops operated by Gebr. Heinemann are located on board. In addition, Gebr. Heinemann has also been awarded the concession for another newbuild by Royal Caribbean: The "Icon of the Seas" is scheduled to be launched in 2024 and will then be the largest cruise ship in the world. Looking at the border shop channel, several shops were newly opened or remodeled, some even more than doubled in retail space. Onboard retail has been hit particularly hard by the pandemic, but the airlines channel is gaining new momentum as well. Tenders were won for the Polish airline LOT and Uzbekistan Airways.

From theory to practice: Gebr. Heinemann's mission statement

In 2021, Gebr. Heinemann formulated a new mission statement with a clear vision for the future: The Heinemann Family. We turn travel time into valuable time as the most human-centric company in global travel retail.

"This vision forms the basis for all projects and activities as well as for the thinking and fundamental attitude at Gebr. Heinemann. To further substantiate the company's mission statement, Gebr. Heinemann has drawn up six specific promises to be fulfilled vis-à-vis customers and travelers: Gebr. Heinemann promises a spectacular product assortment, unforgettable experiences, and activating price advantages, while being a valuable travel companion with impressive employees and delivering a sustainable impact. "The promises set out our priorities for the coming years. Everything we did last year and will do this year is aimed at implementing them. The task now is to transfer the promises into our shops and make them visible and tangible for our customers and the travelers. In 2022, we started this process very successfully and in 2023, we will consistently continue along this path," explains Heinemann.

Shaping the future of travel retail

Since 2020, GHARAGE has served as Gebr. Heinemann's knowledge and vision hub, always on the look-out for innovations and new technologies that can actively shape the travel retail industry of the future.

"GHARAGE is an innovation driver and has built up a diverse portfolio of ventures. What is common to all of them is the aim to open up new target groups and use new technologies for the travelers' benefit," explains Heinemann.

In April 2022, GATEZERO premiered in Copenhagen as a destination for new Gen Z luxury consumers.³

In-store analysis has shown that an average of 70% of the shoppers are actually under the age of 30. Technologies like web3 and blockchain will also have an impact on travel retail. The venture Amber Island is already making use of these technologies. The web3 community offers its members access to rare and limited collectable whiskeys through NFTs (non-fungible tokens). The feedback from the community and from distilleries who want to collaborate is very positive. Furthermore, the Duffle app, a quick delivery platform for airport retail, went live in January 2023. The app targets the younger, more digitally driven shoppers. Gebr. Heinemann, via GHARAGE, invested and actively supported the venture.

“It is great to see how these ventures came to life in 2022 and made it possible for us to create real change in the industry”, says Max Heinemann.

The digital Gebr. Heinemann Annual Business & Corporate Responsibility Report 2022 can be found [here](#).