Bestseller is profitable, sees only small revenues drop

By Sandra Halliday - October 12, 2020

Danish fashion giant Bestseller said Monday that its results for the 2019/20 year were better than expected, despite “massive challenges” this spring.

The owner of the Vero Moda, Jack & Jones and other retail chains said it made an “unexpected” profit and saw “only a small reduction in turnover”.

The company operates 2,600 stores either directly or through partners and its turnover fell 6.5% to DKK24.1 billion (€3.2bn/£2.9bn/$3.8bn) as it felt the impact of enforced store closures. Meanwhile pre-tax profit was DKK776 million. While this was down a huge 72%, at least the company avoided falling into a loss as so many other fashion firms have done following the pandemic and its associated lockdowns.

“With this year’s result, we find ourselves a long way from where we should have been under normal circumstances,” admitted company chief Anders Holch Povlsen. But he added that: “Taking into consideration the current global situation and the massive challenges both society and we as a business have faced, we can only be proud and satisfied to report a profit.”

He also highlighted the efforts of the firm’s staff, wholesale customers, partners, landlords, and suppliers in achieving the result.

That said, the issues it faced during 2020 have “left a clear mark on large parts of our business,” he said. He explained that certain markets – such as India, North America and South America – “are to a certain extent at a standstill business-wise”.

Yet central/northern Europe is “quickly finding its feet again, while southern Europe is also moving forward”. But he also admitted that “it will require significant hard work to get back to where we were”.

Like other businesses, it’s looking closely at its store leases to see what’s viable and what isn’t, although its better-than-expected results have meant that “we could maintain more leases than expected”.
Of course, the latest year has seen a big step forward in e-commerce for so many fashion retailers and Bestseller admitted that while its previous financial year had seen this business not living up to expectations, this year has seen “a more positive feeling”.

In the past six months, the group “managed to markedly increase our digital turnover”, although it didn’t give a specific figure for this. And it’s planning to continue to "accelerate and invest in" this area, as well as taking the same approach to its sustainability efforts.

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