



home24

home24 Q3 2019 Trading Update

26 November 2019

Our mission: to be the online destination for Home & Living

- **Huge and uniquely attractive Home & Living market opportunity of EUR 117 billion**
- Markets characterized by **low online penetration** of c. 6%¹ with **huge catch-up potential**
- **A leading pure-play Home & Living online platform** in Continental Europe and Brazil
- **Unique model**, combining third-party brands with attractive private labels drive **high margins**
- **Curated, broad offering** with significant **value-for-money proposition to customers**
- Scalable end-to-end **automated and vertically integrated value chain**
- **Pioneering technologies** improve shopping experience and empower **data-driven decisions**
- **Attractive margin profile**, combining strong growth and **path to profitability**
- **Multiple drivers for long-term growth & differentiation** with significant margin upside

Today's agenda

1 Business Update

2 Q3 Financials

3 Outlook



Management summary

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Revenue in Q3 2019 at EUR 85m (+20% YoY). In the absence of negative one-time effects, order intake of +16% YoY translates into strong IFRS revenue growth of +20% YoY (all at constant currency). Further steps towards adj. EBITDA break-even in Q4, with +10%p YoY improvement.

Q3 in EU with continued balanced growth (+17% YoY) and profitability improvements (-9% adj. EBITDA; +15%p YoY), achieving historic best Q3 profitability margin (Q3 being seasonal marketing investment quarter).

LatAm with continued strong growth in CC (+28% YoY). Adj. EBITDA at -7% remains affected by investment ramp-up effects in warehousing and showrooms (-5%p YoY), with ramp-up effects expected to ease off as of Q4 2019.

Key milestones YTD achieved and major post IPO investment projects completed. Growth and profitability outlook for 2019 confirmed, with all key levers in place to achieve break-even goal in Q4 2019 on adj. EBITDA level.

Strong cash balance at end of Q3 of EUR 44m. Cash outflow in Q3 significantly reduced to EUR 7.7m despite continued further investments.

For 2020, stable revenue growth at similar rates as in 2018 and 2019 expected, with full year break-even on adj. EBITDA.

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Business
Update



Recap: Selected key milestones on path to profitability

Q1 2019

- Warehouse EU ✓
- Brazil offline roll-out ✓
- Mega outlet West ✓
- In-house programmatic customer acquisition ✓
- Old ERP switch off ✓

Q2 2019

- Mobile push ✓
- 3rd party assortment extension & private label add. styles push ✓
- Mega outlet North ✓
- Personalized customer acquisition & conversion ✓

Q3 2019

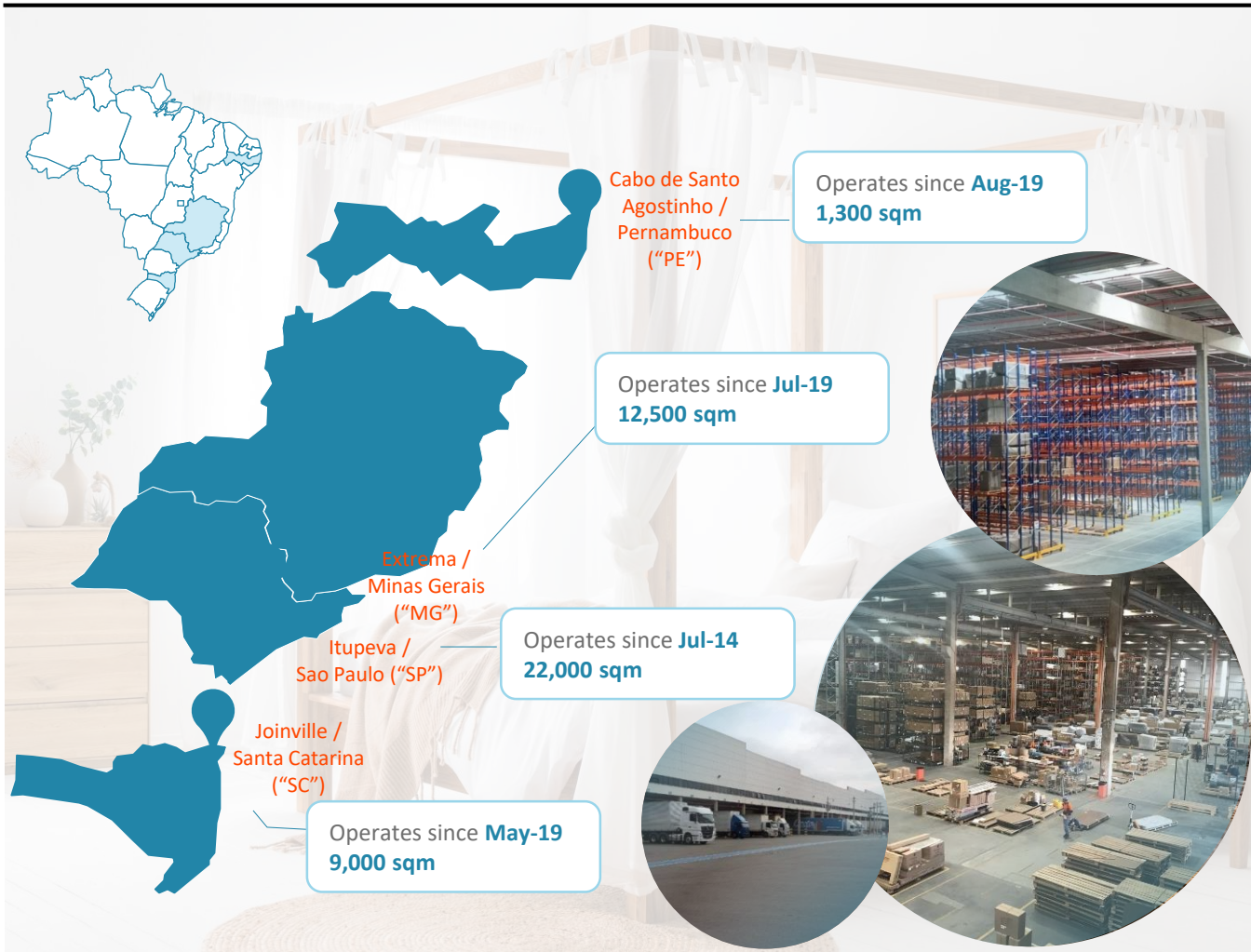
- Warehouse Brazil ✓
- Additional brands ✓
- EU warehouse automation phase 2 ✓
- Regional returns clearance EU ✓
- Customer service automation phase 2 ✓

2019 Forecast confirmed:

Revenue growth rate at or above FY18 level (18%+ CC)

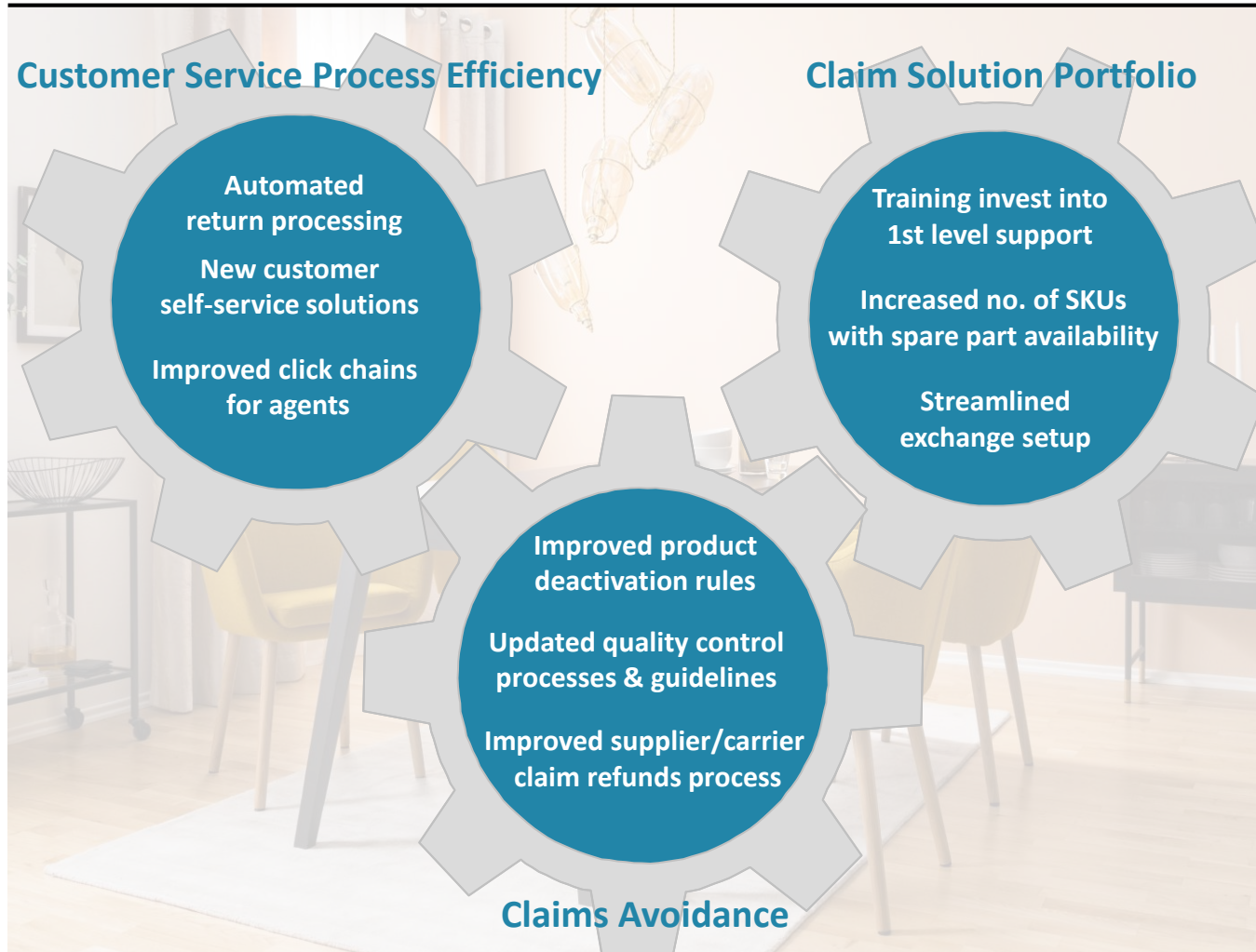
break-even on adjusted EBITDA basis by the end of 2019

Warehouse Brazil milestone with significant footprint expansion and optimization completed during Q3



- **Significant capacity increase in 2019.**
 - Total capacity now at c. 50k m², incl. further expansion options
- **Warehouse setup optimized for import and procurement optimization, as well as for outbound delivery time efficiency:**
 - Own inventory in SP and MG
 - Cross-docking in PE, SP and MG
 - Import in SC and PE
- **Temporary negative P&L effects during warehouse ramp-up period** due to warehouse idleness and short term inefficiencies in P&L optimal VAT setup

Customer service automation phase 2 milestone with positive impact on customer satisfaction and various P&L lines



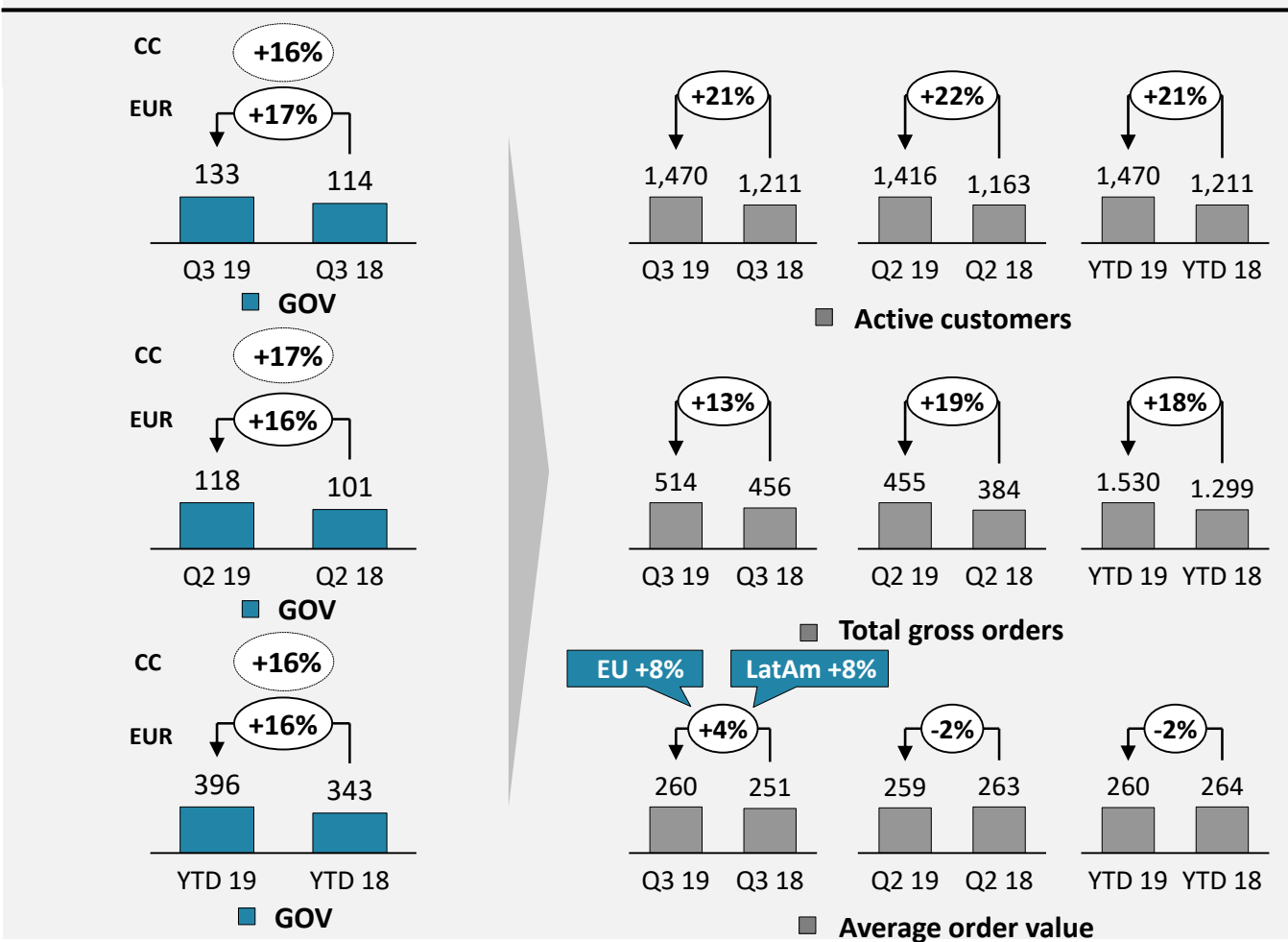
- Customer claims with relevant **impact on multiple P&L items** (revenue, gross profit, fulfillment expenses, overhead etc.)
- **Phase 1 efficiency gains** in were already gained via improved data transparency post **SAP implementation**
- **Phase 2** focuses on smart customer claim solutions by **reducing claim reasons (i.e. working on root causes)** paired with **improved claim handling (i.e. increased efficiency)**
- Implemented actions enable **customer service to focus more on customer centric claim solutions that also drive NPS**, e.g. increased spare part availability as superior claim solution versus exchanges/ returns

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Q3 Financials

Stable YoY order intake growth rates

GOV in EURm, Active customers and Total gross orders in k, Average order value in EUR

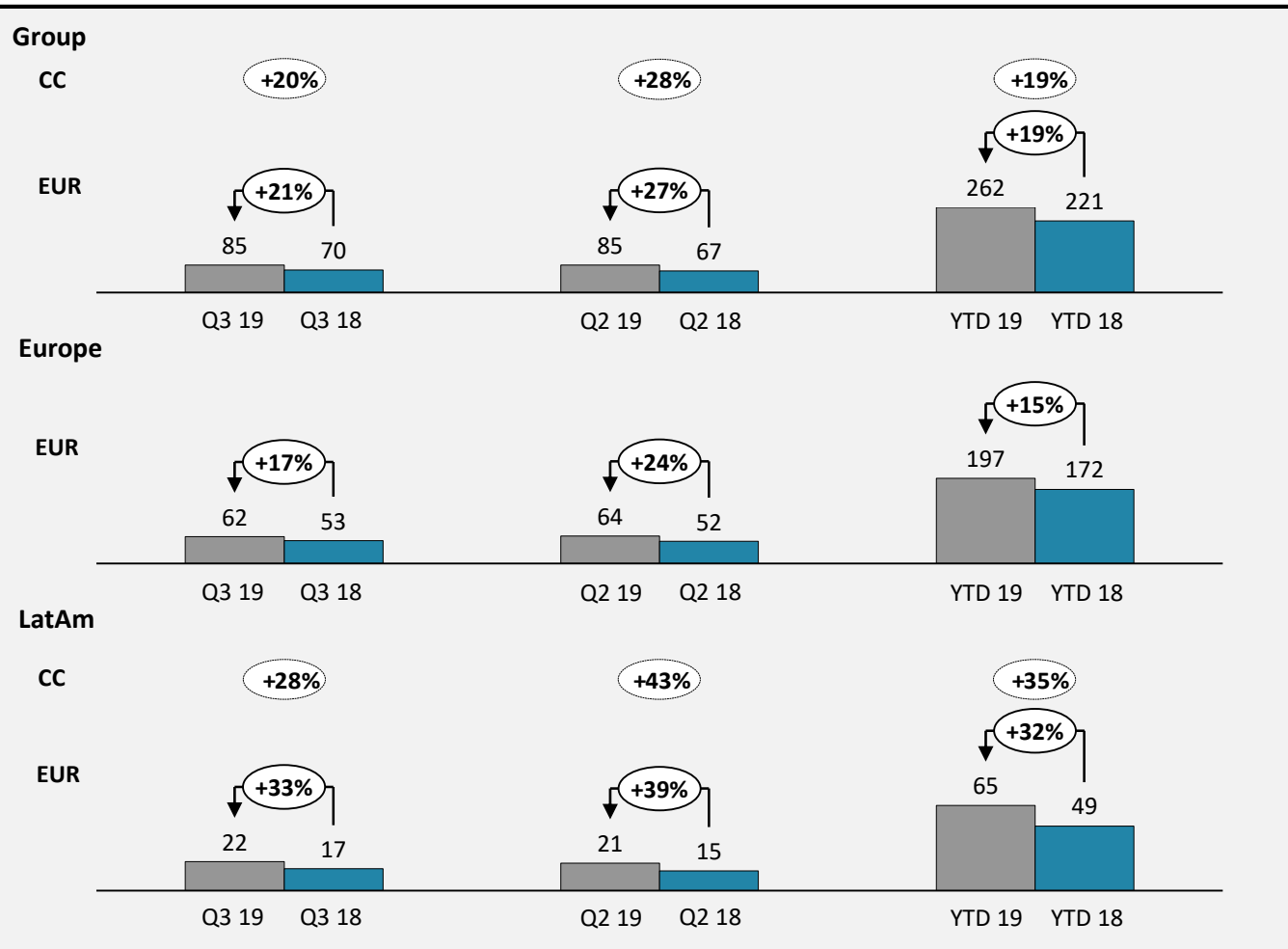


- Stable YoY order intake growth rates, slightly above Q2 level
- Basket size back at Q1 2018 level, pre 2018 one-time effects. 8% increase YoY in both segments
- Brazilian currency broadly in line with previous year. Therefore currently only limited impact of constant currency reporting

In Q3 home24 grew by 20% YoY in CC to revenues of EUR 85m



Revenue in EURm and Growth y-o-y in %

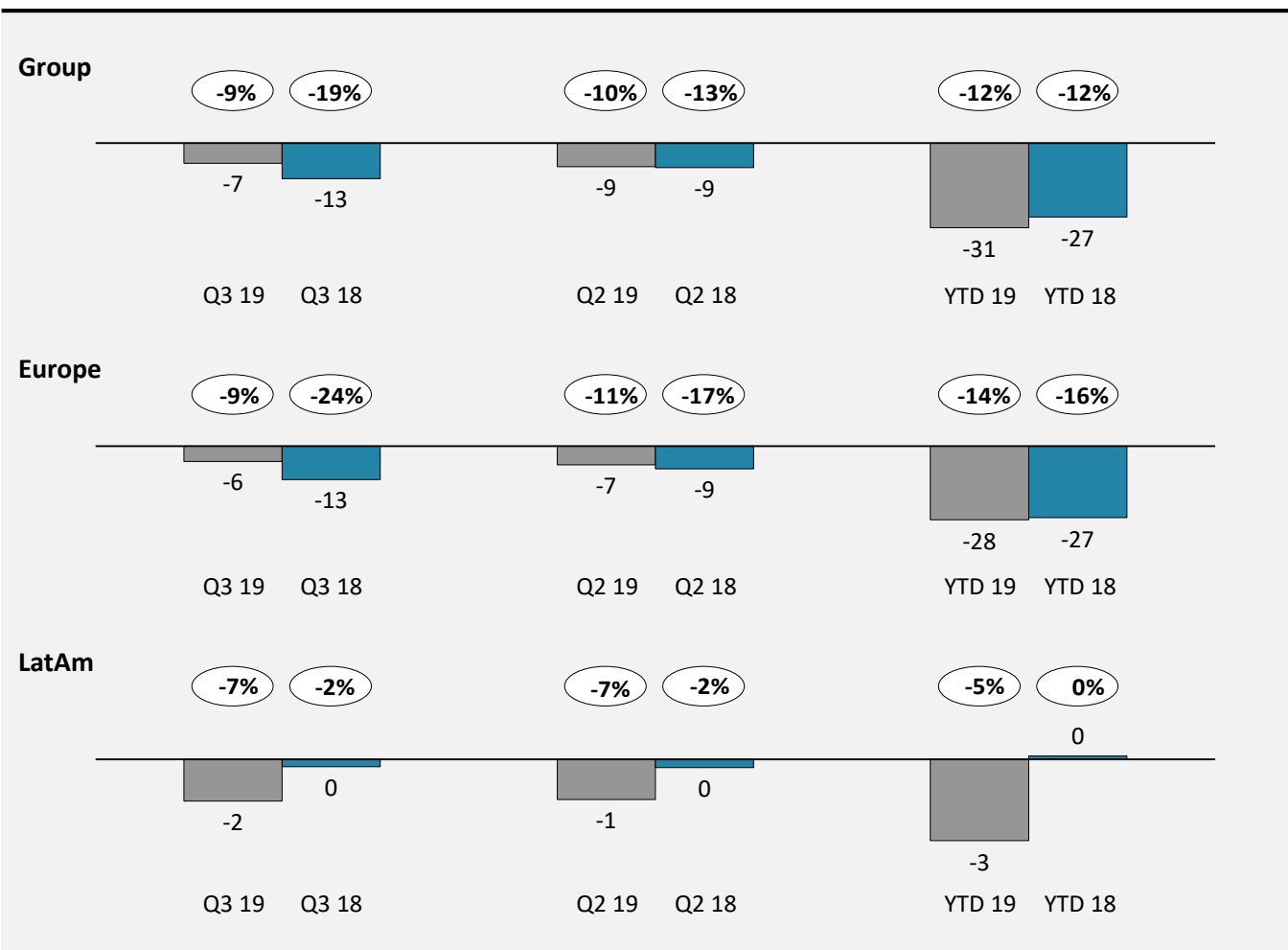


All figures unaudited

- Order intake of +16% in CC translates into **IFRS revenue growth of +20% YoY in CC**, and +21% YoY in EUR
- Strong campaigns towards end of Q3 (“Golden Days”) to mostly materialize into IFRS revenue in Q4
- EU growth again supported by **improved YoY G2N rates** in absence of 2018 one-time effects
- LatAm growth rates remain strong**

Adjusted EBITDA for Q3 2019 amount to c. EUR -7m or -9% of the Revenue

Adj. EBITDA in EURm and in % of Revenue

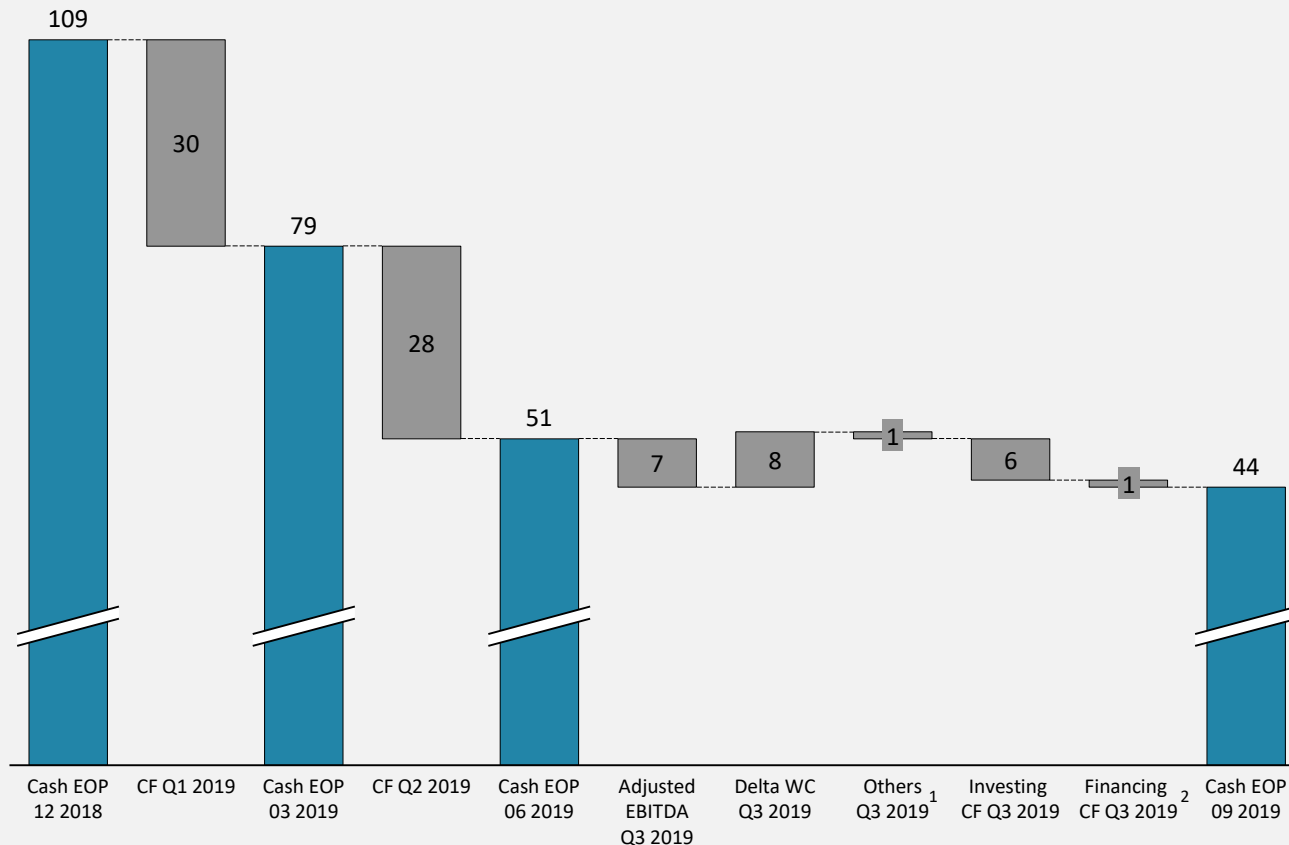


All figures unaudited

- **Q3 Adj. EBITDA with continued positive trend** towards Q4 break-even, despite Q3 being an investment quarter with regard to marketing expenses
- Overall **best Q3 adjusted EBITDA margin in companies history**, +10%p YoY improvement
- **EU with strong 47% Gross profit margin** showing positive effects from previous investments, e.g. in outlets
- **Adj. EBITDA in LatAm still negatively effected** by temporary effects of warehouse expansion and resulting inefficiencies in VAT setup

Cash burn significantly reduced despite further investments

Cash flow YTD 2019 in EURm



- **Temporary ramp up costs** in warehouse and outlet setup negatively effected adjusted EBITDA, Working Capital and Investing Cashflow **in H1**
- **Cash outflow significantly reduced in Q3** to EUR 7.7m
- Additional **cash inflow from Working Capital** to be expected for Q4 reversing H1 effects
- **Investments further continue**, especially in intangible assets

¹ Including e.g. changes in provisions, changes in other assets/liabilities, tax expenses and FX effects

² Adoption of IFRS 16 leads to shift of EUR 6.1m net (EUR 7.7m gross) from operating cash flow to financing cash flow
All figures unaudited

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Outlook & Q&A



Q4 Adj. EBITDA break-even target confirmed as levers for improved profitability are in place

		Main financials			
		Q1	Q2	Q3	Q4 est.
Growth (in CC) ¹	Revenue	12%	28%	20%	
	Gross profit margin	44%	43%	45%	~47%
Margin	Fulfillment expenses ratio	21%	20%	20%	~ 19%
	Marketing expenses ratio	23%	15%	18%	~ 15%
	G&A ratio	16%	18%	16%	~ 13%
	Adj. EBITDA margin	-16%	-10%	-9%	+0%

break-even levers

- Stable continued growth despite focus on Q4 profitability. Break-even vice versa not dependent on significant, high growth rates
- Gross profit margin to further improve as a result of efficiency gains in outlet setup and improved Black Friday campaign execution
- LatAm Gross profit margin to return to regular tax setup levels
- Higher warehouse handling efficiency, both in Europe and LatAm
- Lower return transportation costs resulting from decentralized return clearance setup
- Reduction in % of due to improvement of gross to net sales realization, absence of negative 2018 effects, and optimized customer acquisition strategies. Note: Q4 (and Q2) are “harvesting” quarters, whereas Q1 and Q3 are “investment” quarters.
- Operating leverage realizing on G&A ratio, as the investments into ERP and data backbone materialize in automation and efficiency

1. Revenue growth shown in year-on-year constant currency.

Further Outlook and Q&A



- Key focus short term remains on securing Q4 2019 adj. EBITDA break-even
- Profitable growth strategy for 2020 remains influenced by cash position, with conscious trade-off between growth and profitability
 - Stable revenue growth at similar rates as in 2018 and 2019
 - Full year break-even on adj. EBITDA basis in 2020
- Long term margin profile confirmed:
 - Gross profit margin to reach +50% (in % of revenue)
 - Gross profit margin after fulfilment costs to trend towards low thirties (in % of revenue)
 - Marketing expenses to converge to low teens (in % of revenue)
 - Adj. EBITDA margin to reach the low teens (in % of revenue)



Q&A



Financial calendar – upcoming events

Date	Event
December 2nd	Berenberg European Conference (Pennyhill), Ascot (UK)
February 11 th	Trading Update FY 2019
April 7th	Publication annual financial report
May 12 th	Publication quarterly financial report (Q1)
June 3rd	Annual General Meeting
August 18 th	Publication half-yearly financial report
November 10th	Publication quarterly financial report (Q3)

Profit and loss statement- Group

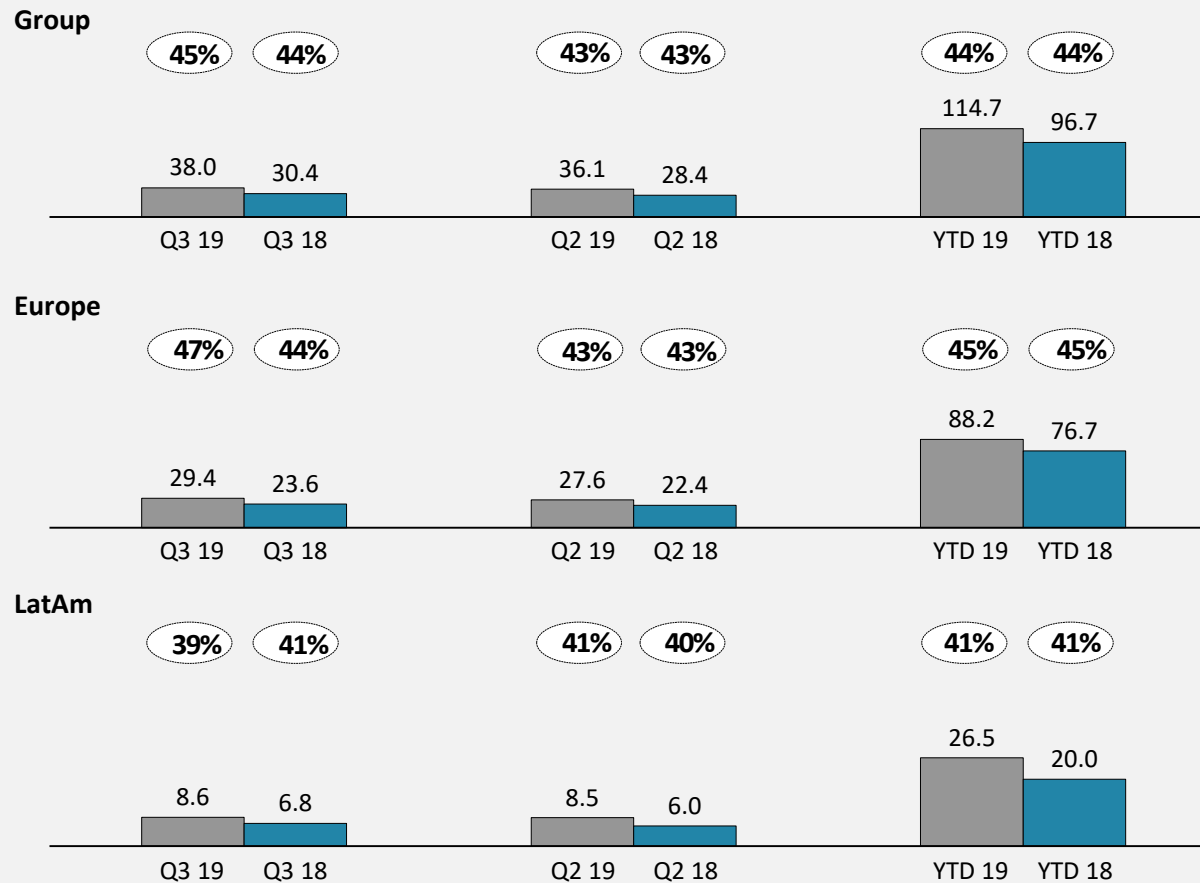
In EURm and in % of Revenue

	Q3-19	Q3-18	Q2-19	Q2-18	YTD-19	YTD-18
Revenue	84,5	69,9	84,8	66,7	262,5	221,1
Revenue growth CC	20%	16%	28%	8%	19%	18%
Cost of sales	46,5	39,5	48,7	38,3	147,8	124,4
Gross profit	38,0	30,4	36,1	28,4	114,7	96,7
Gross profit margin	45%	44%	43%	43%	44%	44%
Fulfillment expenses ¹	16,5	14,3	16,9	14,0	52,8	43,0
Fulfillment expenses ratio	20%	20%	20%	21%	20%	19%
Profit contribution	21,5	16,1	19,2	14,3	61,9	53,7
Profit contribution margin	25%	23%	23%	22%	24%	24%
Marketing expenses	15,3	16,5	12,4	12,9	49,0	46,0
Marketing expenses ratio	18%	24%	15%	19%	19%	21%
G&A	13,5	12,6	15,3	10,3	43,6	34,5
G&A ratio	16%	18%	18%	15%	17%	16%
Adjusted EBITDA	-7,3	-13,0	-8,6	-8,8	-30,8	-26,8
Adjusted EBITDA margin	-9%	-19%	-10%	-13%	-12%	-12%

¹ Including impairment losses on financial assets
All figures unaudited

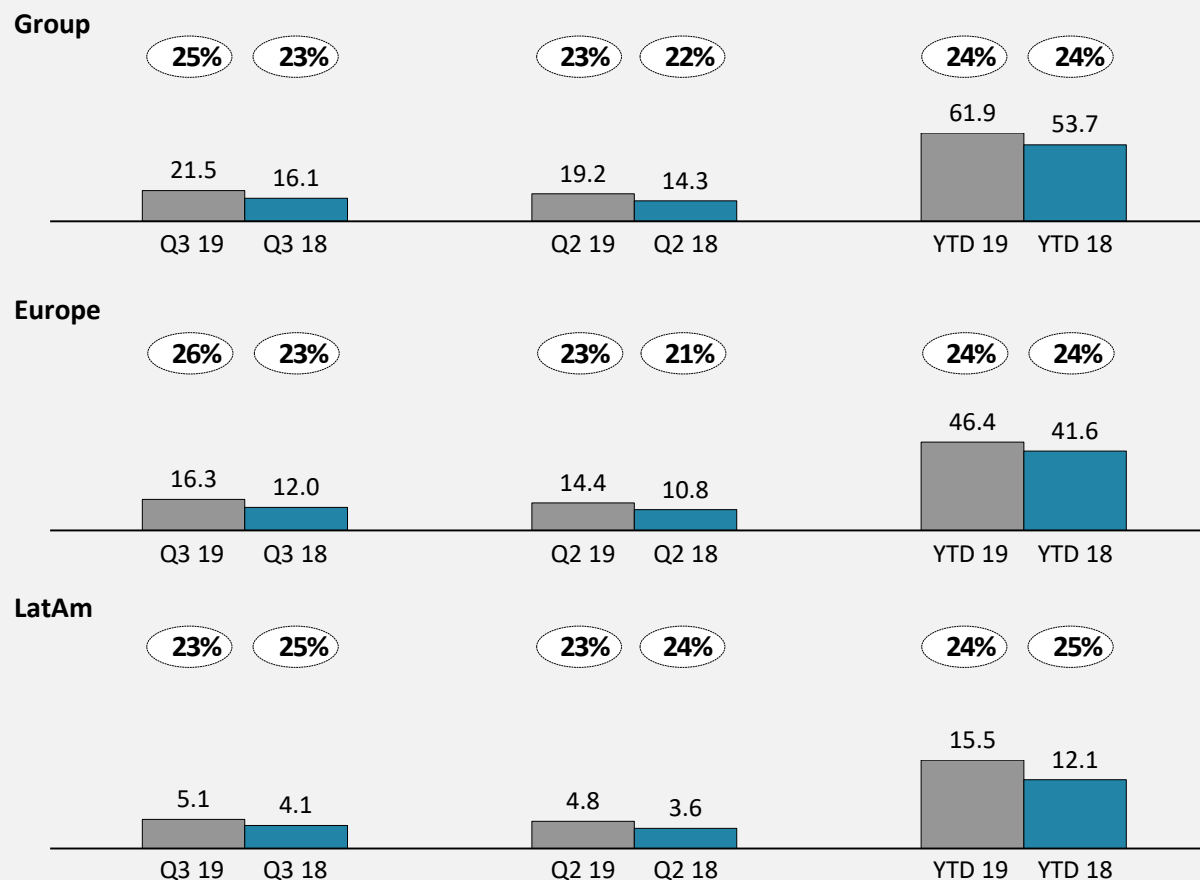
Gross profit margin

In EURm and in % of Revenue



Profit contribution margin

In EURm and in % of Revenue



Adjusted EBITDA reconciliation



In EURm

Group	Q3 2019	Q2 2019	YTD 2019
External revenue	84.5	84.8	262.5
Adjusted EBITDA	-7.3	-8.6	-30.8
Share based compensation expenses	1.1	1.0	3.2
EBITDA ¹	-8.4	-9.6	-34.0
Amortization & Depreciation of PP&E and right-of-use assets	8.3	8.0	23.7
EBIT	-16.8	-17.6	-57.7
Europe	Q3 2019	Q2 2019	YTD 2019
External revenue	62.5	63.9	197.4
Adjusted EBITDA	-5.8	-7.1	-27.9
Share based compensation expenses	0.8	0.8	2.5
EBITDA	-6.6	-7.9	-30.4
Amortization & Depreciation of PP&E and right-of-use assets	7.0	7.0	20.5
EBIT	-13.6	-15.0	-50.9
LatAm	Q3 2019	Q2 2019	YTD 2019
External revenue	22.0	20.9	65.1
Adjusted EBITDA	-1.5	-1.4	-2.9
Share based compensation expenses	0.3	0.2	0.7
EBITDA	-1.8	-1.6	-3.6
Amortization & Depreciation of PP&E and right-of-use assets	1.3	1.0	3.2
EBIT	-3.1	-2.6	-6.8

KPI definitions

KPI	Definition
Gross order value [in EUR]	Defined as the aggregated gross order value of the orders placed in the respective period, including VAT and without factoring in cancellations and returns as well as subsequent discounts and vouchers
Number of active customers [#]	Defined as the number of customers that have placed at least one non-canceled order in the 12 months prior to the respective date, without factoring in returns
Total gross orders	Defined as the number of orders placed in the relevant period, regardless of cancellations or returns
Average order value [in EUR]	Defined as the aggregated gross order value of the orders placed in the respective period, including VAT, divided by the number of orders, without factoring in cancellations and returns as well as subsequent discounts and vouchers
Growth at constant currency (CC)	Defined as growth using constant BRL/EUR exchange rates from the previous year
Adjusted EBITDA [in EUR]	Defined as earnings before interest, taxes, depreciation and amortization, adjusted for share-based payment expenses for employees, media services provided Company and costs incurred in connection with the listing of existing shares and other one-off expenses, mainly service fees for legal and other consulting services associated with the IPO

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