



# WESTWING

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## Q3 2018 Results

November 20, 2018

# Disclaimer | Forward Looking Statements

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*Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made, and are subject to significant risks and uncertainties. You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed on this call due to a number of factors, including without limitation, risks from macroeconomic developments, external fraud, inefficient processes at fulfillment centers, inaccurate personnel and capacity forecasts for fulfillment centers, hazardous material / conditions in production with regard to private labels, lack of innovation capabilities, inadequate data security, lack of market knowledge, risk of strike and changes in competition levels.*



## AGENDA

- Highlights
- Financial update
- Outlook and Q&A
- Appendix



OUR MISSION

“ To inspire and make  
every home a  
beautiful home ”





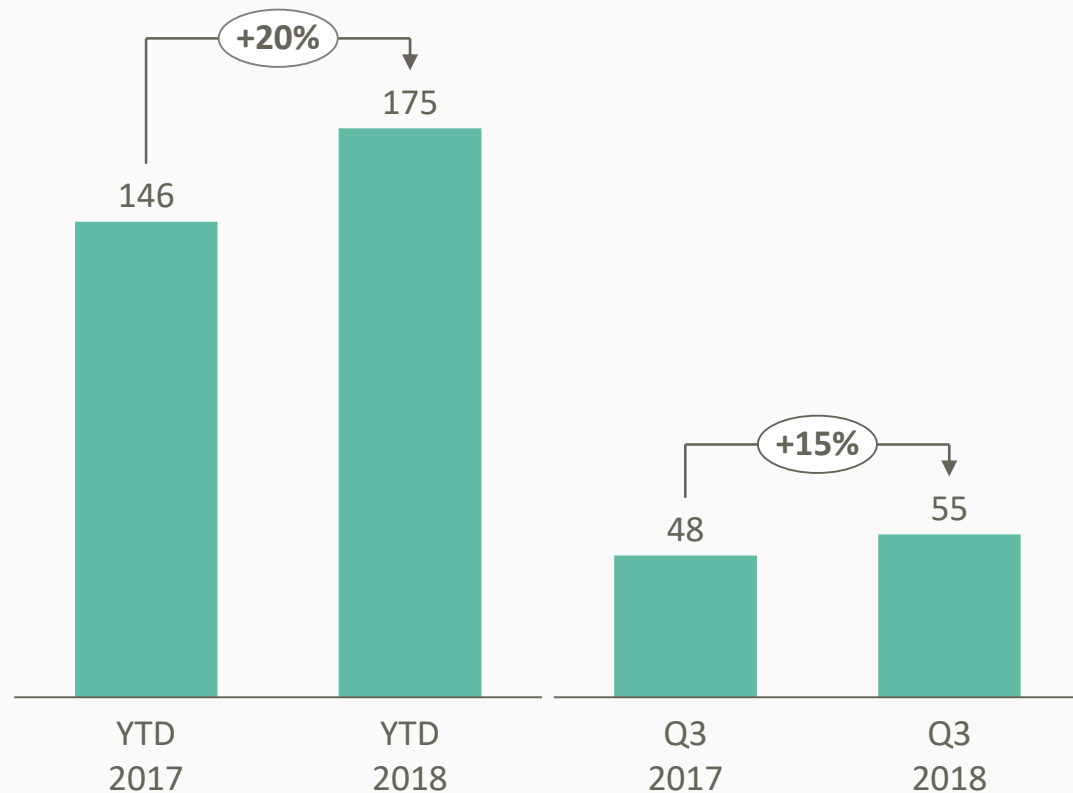
## Westwing is the leading inspiration-based Home & Living eCommerce brand in Europe

- Our mission is “To inspire and make every home a beautiful home”
- We sell beautiful home & living products like textiles, rugs, furniture, lighting, decoration
- Westwing is a “curated shoppable magazine”, fresh every day
- Our customers are 90% women, and they are very loyal:  
We do 85% of our sales with customers who visit us on average 100 times a year
- The opportunity is massive: EUR 117bn market in our geographies, very early in eCommerce
- Fueled by customer loyalty, we are profitably growing

# Profitable growth YTD 2018: 20% yoy Revenue growth at 1% Adj EBITDA

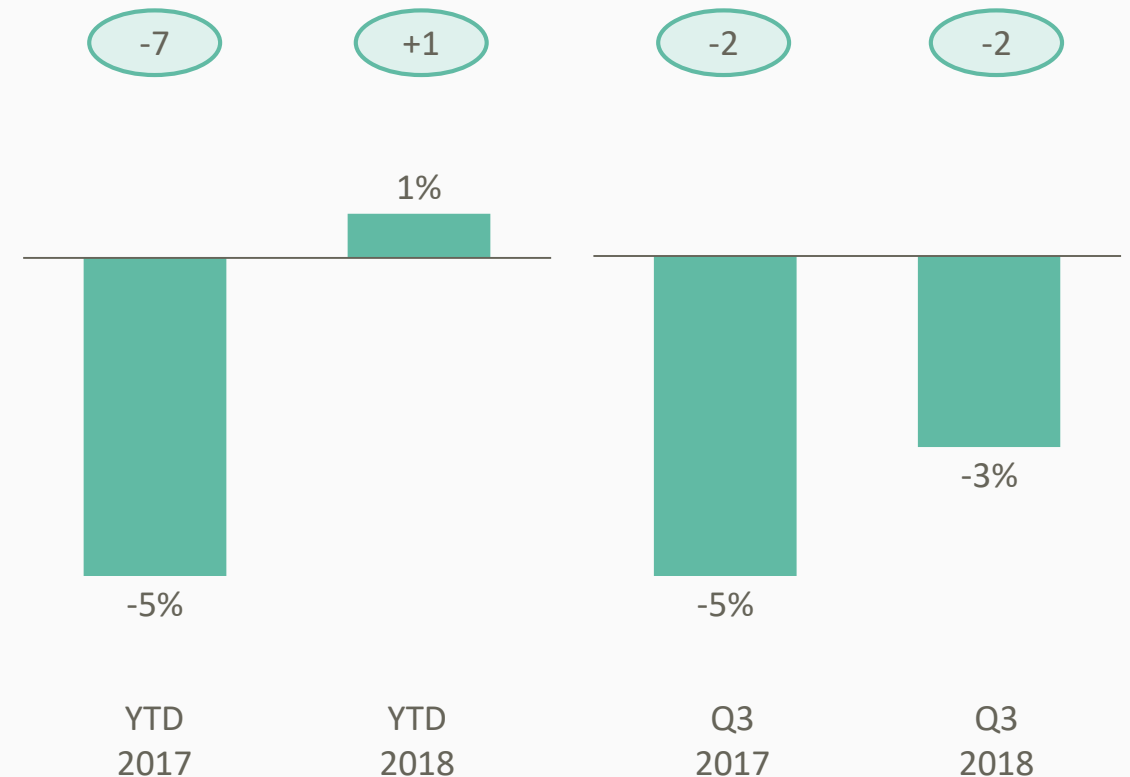
## Revenue | Strong growth despite unusually hot weather

(in EUR m)



## Adj EBITDA | Profitable growth YTD 2018

(in EUR m and % of Revenue)



Note: All figures continuing operations (ie excluding Brazil and Russia); Adj EBITDA excluding share-based compensation expenses, IPO costs recognized in profit and loss and central costs allocated to discontinued operations

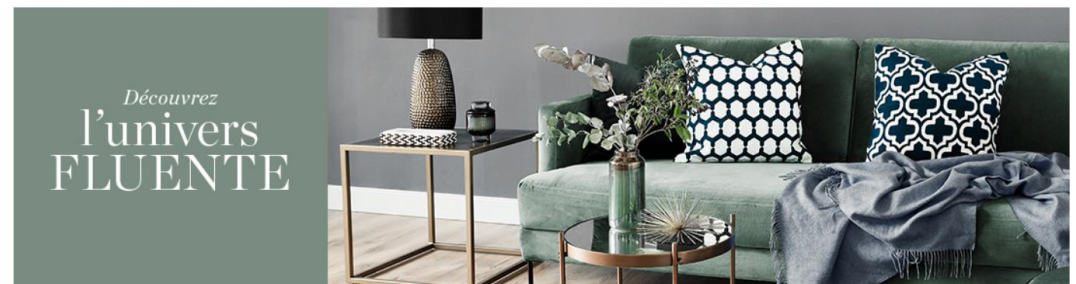
# Q3 2018 Financial Summary

- **Revenue growing 15% yoy in Q3 2018**, despite unusually warm weather; YTD profitable growth at 20% yoy
- **DACH Segment with 33% growth**, International segment flat; both segments proportionally affected by hot Q3
- **Adj EBITDA margin at -3% for Q3 2018**, profitable at 1% YTD



# Q3 2018 Business highlights

- Key strategic area Private Label by now (in Q3) 18% of Group GMV, increasing 7ppt vs Q3 2017; DACH already at 27%
  - Started ramp-up of inventories for massive push in coming year
  - Westwing Collection Fall/Winter successfully launched on Oct 25
- Strong growth in active customer base: +15% vs prior year to 921k in Q3; Continued strong customer loyalty: 82% orders from repeat customers
- Intensified organic marketing model internationalization by planning to hire 70+ marketers (especially creatives and content marketers)
- Surpassed 1,000,000 followers on Instagram
- Roll-out of business model progressing: Permanent assortment WestwingNow launched for our French customers
- Mobile visit share continuously increasing, 74% end of Q3
- Preparing the Christmas season with exciting offering across private label, daily themes, and permanent assortment





# New Private Label releases



**Side Table Alys**  
EUR 189



**Couch Table Lesley**  
EUR 399



**Fringe Poufs Adriana & Alison**  
EUR 129



**Pendant Light Aloisie**  
EUR 249



**Velvet Chair Louise**  
EUR 449

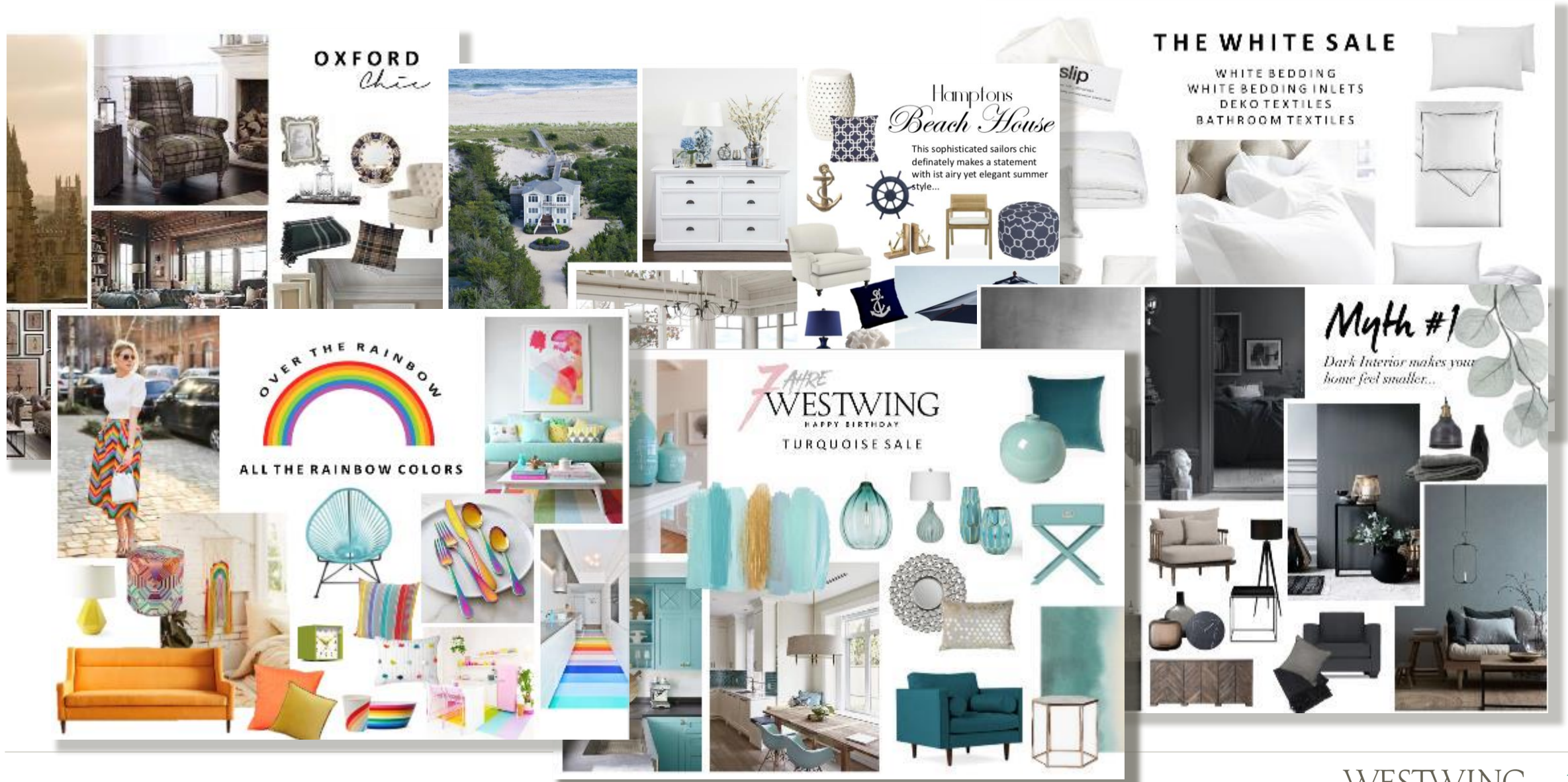


**Bone inlay mirror  
Clive**  
EUR 169



**Velvet Sofa Chelsea**  
EUR 1,399

# In Q3 we provided our customers a vast variety of themes and inspiration



# Successful IPO provides funding to pursue growth strategy



- First day of trading on **October 9, 2018**
- Priced at **EUR 26.00**, mid of price range of EUR 23.00-29.00
- Raised EUR 122m primary proceeds (incl partial exercise of Greenshoe)
- Proceeds will be used for:
  - Technology and platform investments
  - Private Label investments
  - Customer experience investments
  - International market growth
  - Repayment of debt

## Q3 2018 Customer highlights (1/3)

- Westwing has launched our permanent assortment WestwingNow in France. Our French customers now have access to our bestseller offering which is permanently available, curated from our private label and 3rd-party brand products, and shipped mostly within just a few days to our customers' homes.
- Westwing Private Label's 4-day mid-summer bedding theme in the Germany and Austria was one of our most successful themes this year with customers buying 5,646 items of bedding with attractive price points starting at EUR 17.
- Westwing Summer Festival was launched as a new concept in July. This three-day bonanza generated a GMV of EUR 1.2m and sold more than 32k products in Germany, Austria, Switzerland, Netherlands and Belgium.
- Westwing's Interior Design Service is expanding rapidly. With our team of expert interior designers, we are providing advice and suggest interior design concepts to our customers based on their existing homes, styles, tastes, and personal telephone and email conversations. This new offering has been met with strong demand, so strong that we now have a backlog of open customer requests and have had to temporarily pause taking on further requests while we ramp up our interior designer team.
- Westwing product detail pages on our sites and apps are now offering more inspiration and advice by showing Instagram pictures that other customers have uploaded next to the respective products. This new feature provides a glimpse into the homes of other stylish customers to see our products decorated in real-life inspiring homes.
- Westwing celebrated our 7th birthday with special content, a beautifully curated offering and a 20% extra discount for our customers in Germany, Austria, Switzerland and the Netherlands. In just one day we created EUR 801k of GMV, and we reached 1.5 million social media users through various activities such as the 'Westwing Interior Challenge'.
- Westwing Poland, Czech Republic and Slovakia are improving customer delivery: In Poland, our tests of a new 2-man-handling partner showed 50% reduction in customer delivery time, improved package tracking and in the end higher customer satisfaction. In the Czech Republic, our new SMS delivery notifications now inform our customers with 2-hour delivery window while personalized phone calls confirm large-product delivery arrangements.
- Westwing Private Label successfully launched the Westwing-exclusive 'partner bed inlet for women and men', which our team developed together with a German bed inlet manufacturer. The inlet has two different level of warmth to generate a perfect sleeping climate for a couple with different needs (the left side is lighter for men's needs, the right side is warmer for women's needs). Within a few days, we already sold triple-digit numbers of this new product.

## Q3 2018 Customer highlights (2/3)

- Westwing Spain recently launched a highly curated theme with a complete selection of home organization products. We sold 4,209 products and had 2.5 times more visitors than the average theme. We also leveraged this theme for public relations, organizing a workshop with Vanessa Travieso, a well-known home organization expert, in which 13 renowned media outlets attended, including Vogue, Interiores and Joyce magazine.
- Westwing has optimized the mobile experience in the daily themes sites and apps by enlarging the images across our homepage and theme pages. As we are strongly increasing mobile shopping through our Westwing apps and mobile sites with mobile visit share exceeding 70%, we are focusing heavily on making the mobile shopping experience as stunning as possible – and large images are a key part of that experience.
- Westwing's creative and sales teams selected the latest must-haves for the fall season, which were offered to our customers throughout Q3 2018. We had big themes and whole days dedicated to the fall season. From cozy textiles, rich colors, new scented candles, shiny metals and much more, we offered everything needed for autumn styling.
- Westwing is producing exciting content in our film and photo studios to inspire our customers. In Q3 alone, we created more than 800 images, more than 550 social media videos, and 22 more extensive videos for our sites and apps. We produce this quality content to make our product offering very relatable and to inspire our customers across our sites, apps, and social media channels.
- Westwing featured a shoppable house tour in one of the most spoken-about houses of this year: Karl Lagerfeld's former estate in Hamburg. Our customers got a spectacular sneak peek into the fashion icon's former home and could shop a highly curated product selection to bring this sophisticated look to their own homes.
- Westwing's Fall/Winter Catalogue 2018 from our permanent assortment has been sent out to our customers, showcasing bestseller products from our Private Label and 3rd party suppliers combined with inspiring editorial content on 116 pages.
- Westwing has launched visual cross-category navigation in our permanent assortment, enabling customers to browse from category to category without the necessity of leaving the product listing page. This new visual approach is very intuitive to use and will help customers navigate across categories in a very fast and smooth way.
- Westwing has rolled out the Product Ratings & Reviews feature in our permanent assortment offering also to our mobile apps on iOS and Android. This feature supports our customers to make the best home & living purchasing decisions by relying on the wisdom of our other customers.

## Q3 2018 Customer highlights (3/3)

- Westwing is now responding to product ratings and reviews of our customers by providing clarity where needed or informing the customer about corrections made on the site based on their feedback, and we are actively working with our factories and suppliers to improve based on review feedback.
- Westwing Germany and Switzerland are excited to announce the brand collaboration with byLassen. The Danish brand works with various designers, including two of Denmark's greatest architects: Mogens Lassen and Flemming Lassen. The design company is most known for its Kubus collection featuring edgy candle holders and design vases.
- Westwing launched the Westwing Box, a pilot concept which contained an in-house curated selection of 9 trend products inside a gorgeous Westwing-styled box. The first edition was limited to 300 boxes and was sold out in 20 minutes. We are investigating to make the Westwing Box a permanently recurring offering.
- Westwing has opened two pop-up stores, which in Hamburg and Milan allow our customers to get in physical and personal touch with our brand, team, and products. The Hamburg pop-up store offers 800 sqm full of Westwing products, while in Milan we offer products on 300 sqm. Our customers love our pop-up stores, and both will be open throughout the fourth quarter.
- Westwing has rolled out the digital printable vouchers to all countries in our permanent assortment offering. We now provide a much more convenient way to give very inspiring presents to our customers' friends & families.
- Westwing's Founder Delia Fischer held an intimate dinner with seven influencers/celebrities that our customers follow, such as Aylin Koenig, Vicky Heiler, Nina Schwichtenberg etc. in her home with a special décor celebrating summer. The event took place after a marketing campaign for Westwing Germany and was shared on the social media accounts of every influencer.
- Westwing is directly communicating with social media users and is establishing a team of community manager to focus on the direct and personal interaction with our followers. In Q3, we were in contact with an average of 389 followers per week for Germany only. Compared to Q2 2018, the number of interactions increased by 36%.
- Westwing migrated to the latest version of the programming language underlying our sites and apps, resulting in a faster browsing experience for our customers. Speedy browsing is paramount for customers to enjoy our offering.

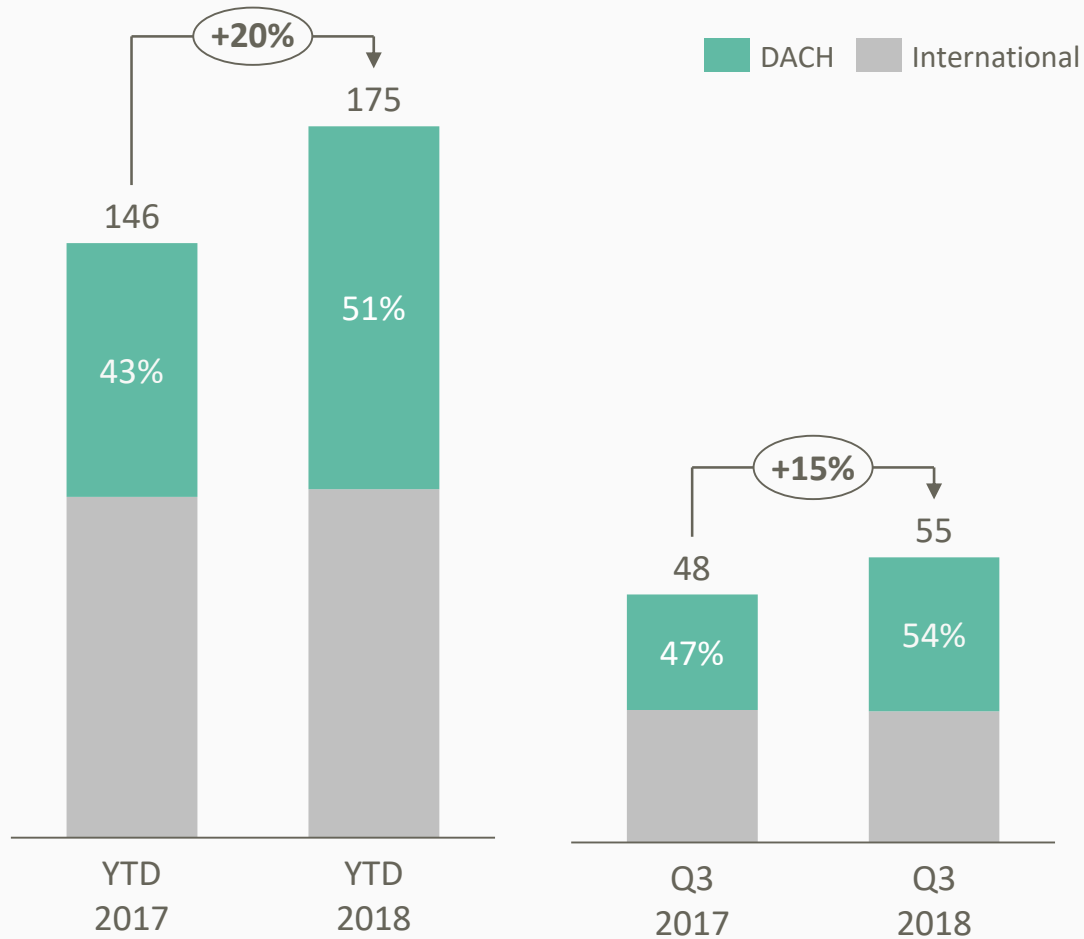


## AGENDA

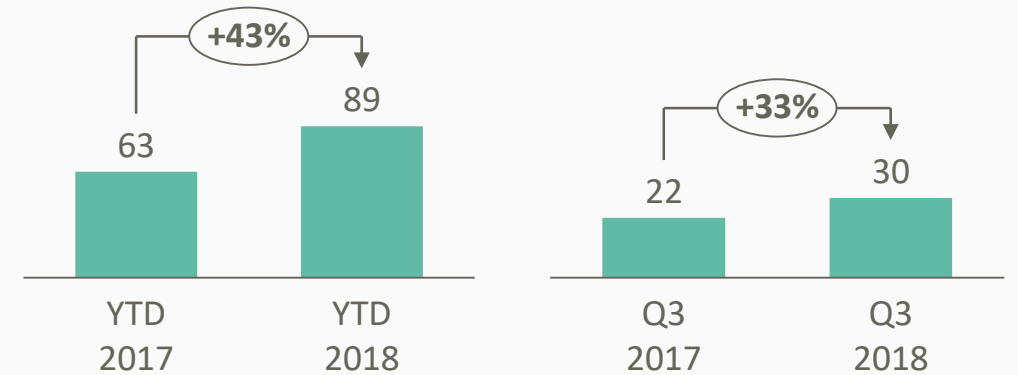
- Highlights
- Financial update
- Outlook and Q&A
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# Revenue: Strong, profitable growth YTD

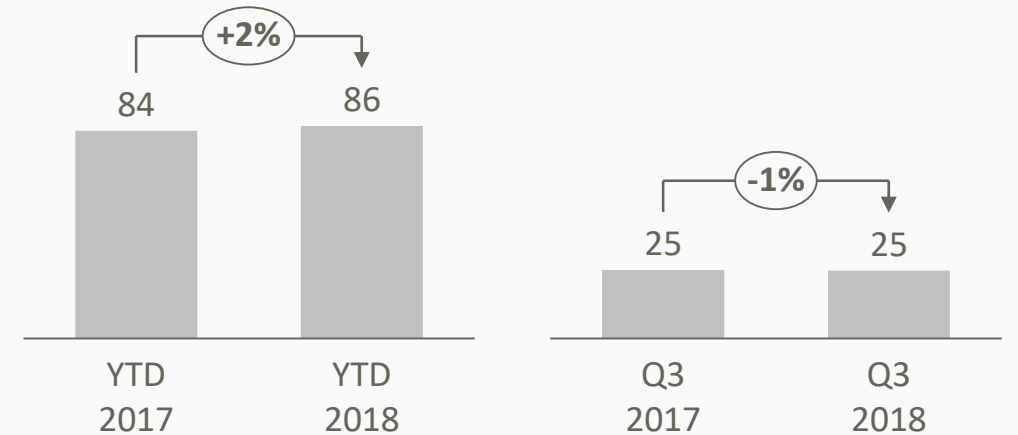
Group Revenue (in EUR m)



DACH Segment Revenue (in EUR m)



International Segment Revenue (in EUR m)

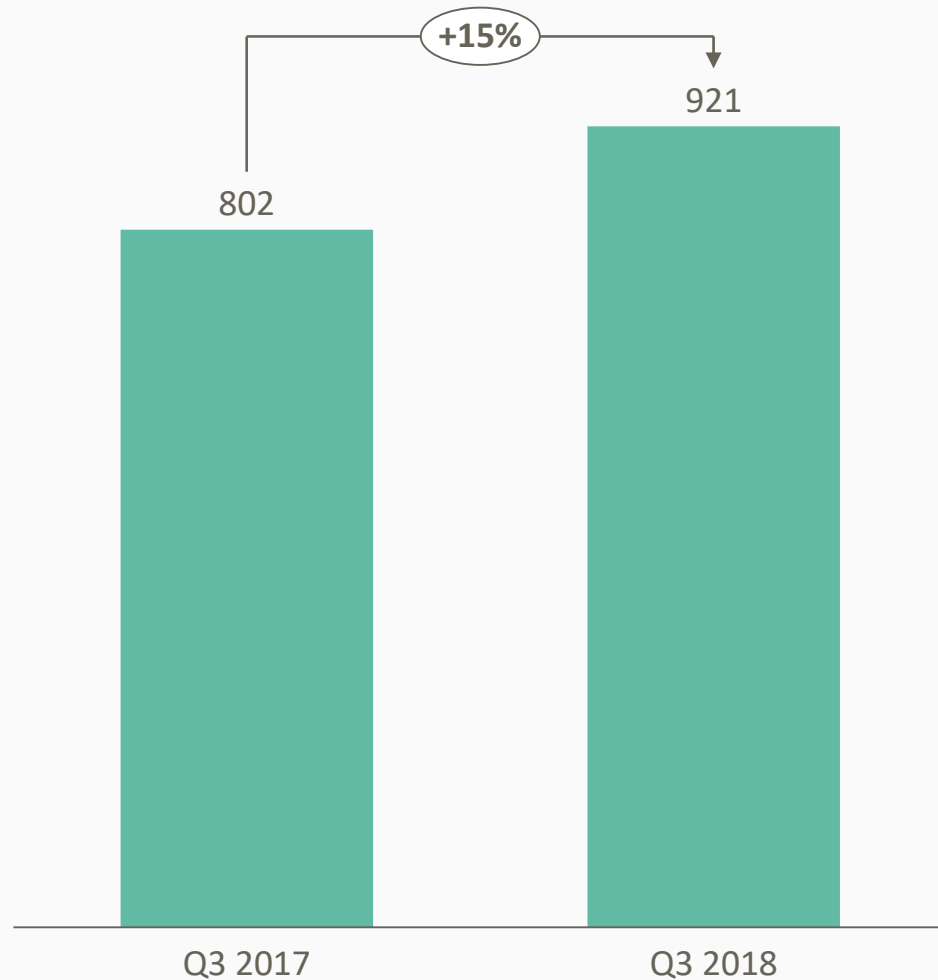


Note: All figures continuing operations (ie excluding Brazil and Russia)

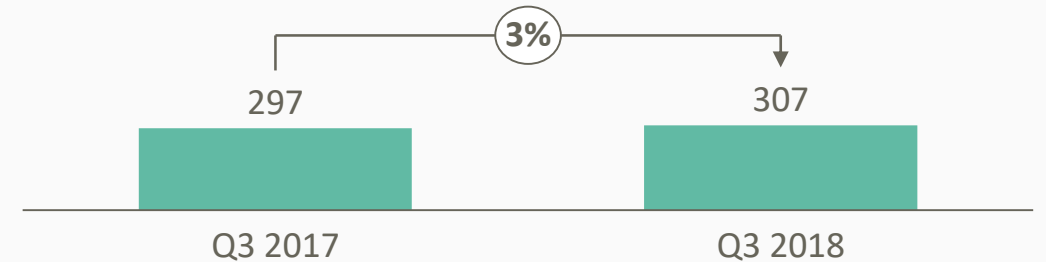


# Number of Active Customers and share of wallet increasing

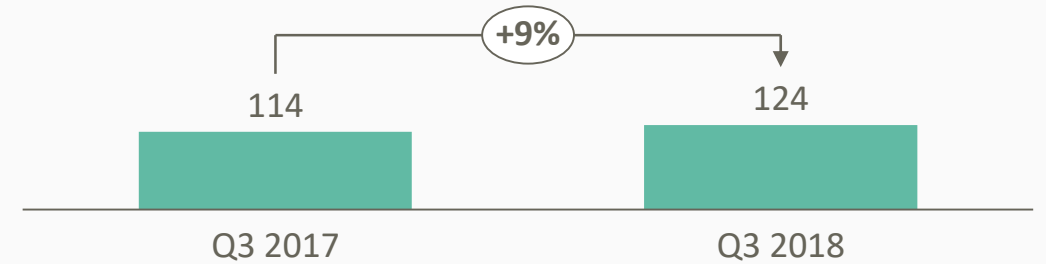
Active Customers (in k)



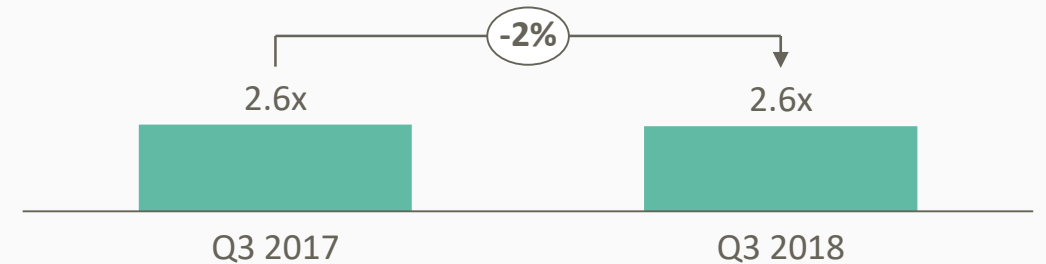
GMV per Active Customer LTM (in EUR)



Average basket size (in EUR)



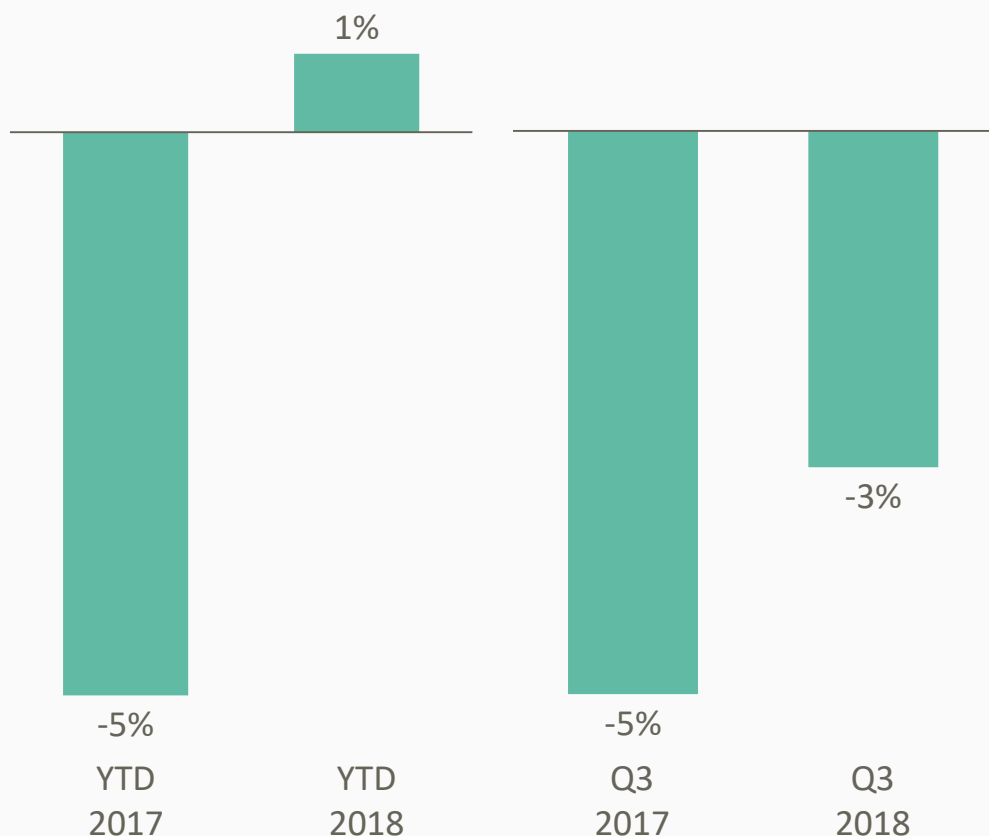
Average orders per Active Customer LTM



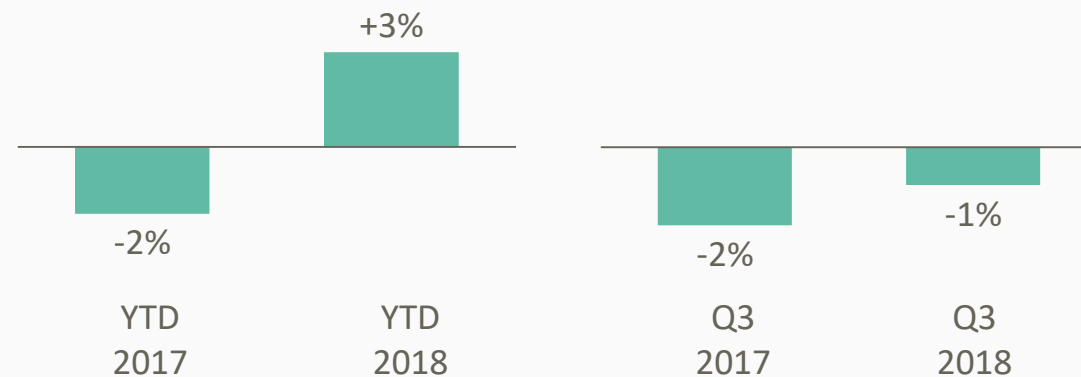
Note: All figures continuing operations (ie excluding Brazil and Russia)

# Profitability: Group profitable at 1% Adj EBITDA margin on YTD

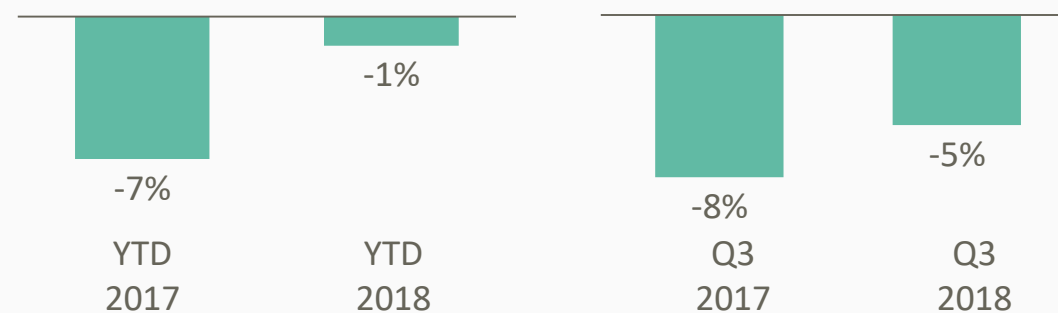
**Group Adj EBITDA (in % of Revenue)**



**DACH Segment Adj EBITDA (in % of Revenue)**



**International Segment Adj EBITDA (in % of Revenue)**



Note: All figures continuing operations (ie excluding Brazil and Russia); Adj EBITDA excluding share-based compensation expenses, IPO costs recognized in profit and loss and central costs allocated to discontinued operations

# Improved profitability through growth, operating leverage and cost discipline

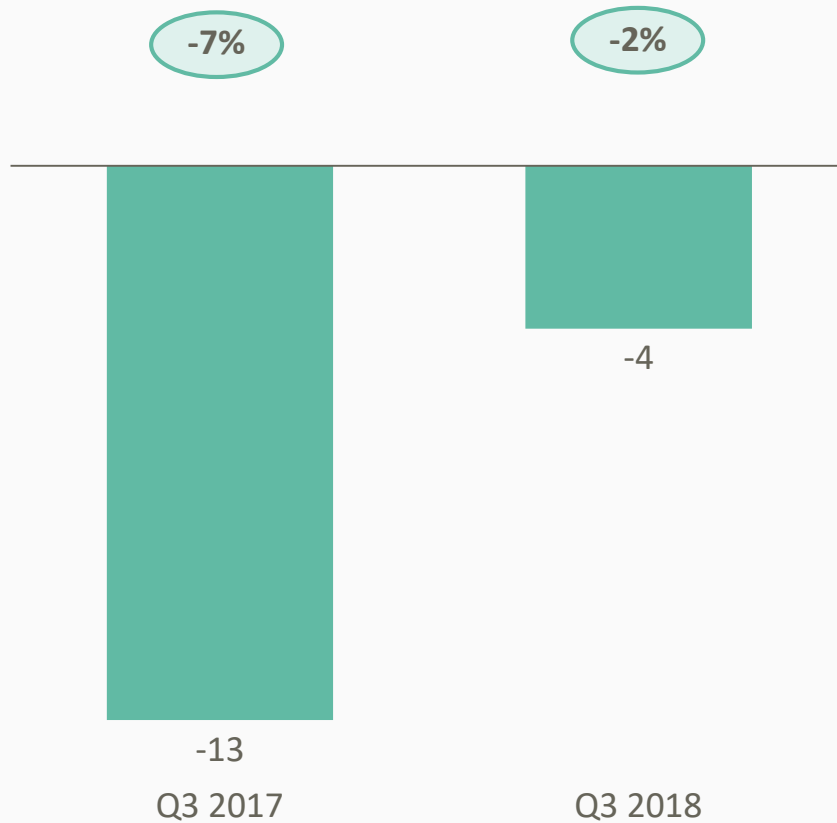
	YTD 2017	YTD 2018	Delta	Q3 2017	Q3 2018	Delta
<b>Revenue (EUR m)</b>	146	175	<b>19.6%</b>	48	55	<b>15.0%</b>
Gross margin	42.6%	42.6%	0.0%pts	41.9%	42.8%	<b>+0.9%pts</b>
Contribution margin	21.0%	20.4%	<b>-0.6%pts</b>	20.3%	18.3%	<b>-2.0%pts</b>
Marketing ratio	-6.8%	-6.8%	0.0%pts	-7.2%	-7.8%	<b>+0.6%pts</b>
G&A ratio	-24.1%	-16.9%	<b>-7.2%pts</b>	-23.7%	-18.4%	<b>-5.3%pts</b>
D&A	2.8%	3.0%	<b>+0.2%pts</b>	4.4%	3.9%	<b>-0.5%pts</b>
<b>Adj EBITDA</b>	-5.0%	0.7%	<b>+5.7pts</b>	-4.9%	-2.9%	<b>+2.0pts</b>

Note: All figures continuing operations (ie excluding Brazil and Russia); Adj EBITDA excluding share-based compensation expenses, IPO costs recognized in profit and loss and central costs allocated to discontinued operations; Other result and central costs allocated to discontinued operations not shown separately

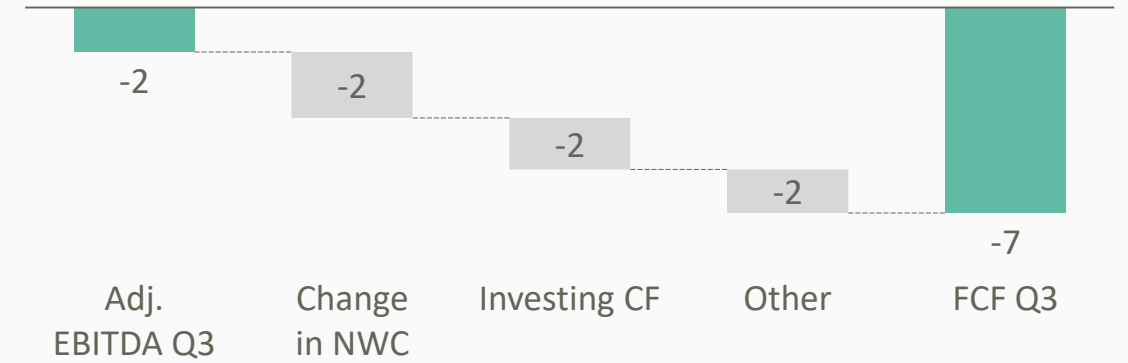
# Working Capital: Investments into Inventory and Customer Experience

## Net Working Capital (quarter end)

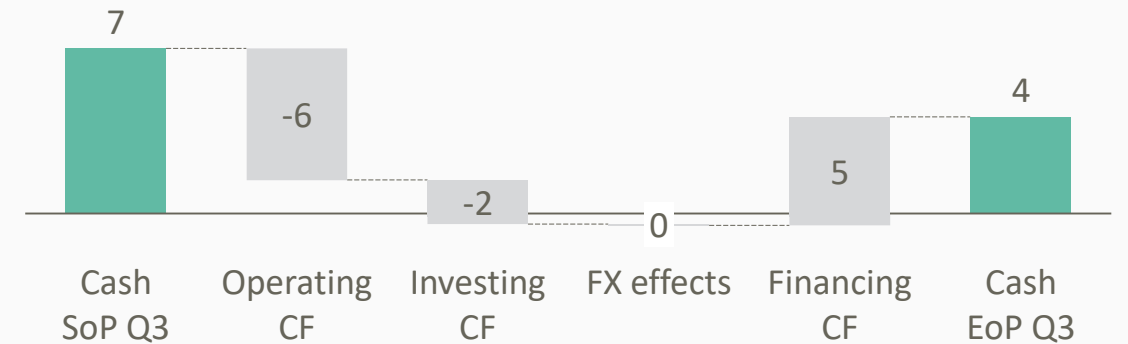
(in EUR m and in % of annualized quarterly revenue)



## Adj EBITDA to Free Cash Flow (in EUR m)



## Cash (in EUR m)



Note: All figures continuing operations (ie excluding Brazil and Russia); Adj EBITDA excluding share-based compensation expenses, IPO costs recognized in profit and loss and central costs allocated to discontinued operations



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# Guidance FY 2018 confirmed

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Revenue growth of 15-20%



Adj. EBITDA profitable at 1-2%

A photograph of a bedroom with a rustic, industrial aesthetic. The room features a bed with white linens and a dark knit blanket, a dark leather bench with a white fur pillow, and a large window with a white radiator. The walls are textured and peeling, and the ceiling has ornate white moldings. A green speech bubble with the text "Q&A" is overlaid in the center of the image.

Q&A



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# Consolidated income statement

EUR m, in % of revenue	YTD 2017	YTD 2018	Q3 2017	Q3 2018
<b>Revenue</b>	<b>146.4</b>	<b>175.2</b>	<b>47.6</b>	<b>54.7</b>
Cost of Sales	-84.1	-100.6	-27.6	-31.3
<b>Gross profit</b>	<b>62.4</b>	<b>74.6</b>	<b>19.9</b>	<b>23.4</b>
Fulfilment expenses	-31.8	-38.0	-10.1	-13.4
Marketing expenses	-10.0	-11.9	-3.4	-4.2
General and administrative expenses	-39.1	-32.9	-11.2	-15.5
Other operating expenses	-1.0	-0.5	-0.6	-0.1
Other operating income	0.7	0.4	0.2	0.1
<b>Operating result</b>	<b>-18.8</b>	<b>-8.3</b>	<b>-5.2</b>	<b>-9.8</b>
Financial result	-7.3	-7.9	-3.0	-1.1
<b>Result before income tax</b>	<b>-26.2</b>	<b>-16.2</b>	<b>-8.2</b>	<b>-10.9</b>
Income tax expense	-0.1	-0.2	-0.1	-0.1
<b>Result for the period from continuing operations</b>	<b>-26.3</b>	<b>-16.4</b>	<b>-8.3</b>	<b>-11.0</b>
Result for the period from discontinued operations	0.6	1.0	0.2	0.2
Result for the period	-25.8	-15.4	-8.1	-10.8
<b>Reconciliation to Adj EBITDA</b>				
<b>Operating result (EBIT)</b>	<b>-18.8</b>	<b>-8.3</b>	<b>-5.2</b>	<b>-9.8</b>
Share-based compensation expenses from continuing operations	4.0	-1.2	-0.2	2.0
IPO costs recognized in profit or loss	-	3.5	-	3.4
Central costs allocated to discontinued operations	3.3	1.8	1.0	0.6
D&A	4.1	5.3	2.1	2.1
<b>Adj. EBITDA</b>	<b>-7.3</b>	<b>1.2</b>	<b>-2.3</b>	<b>-1.6</b>
<b>Adj EBITDA margin (%)</b>	<b>-5.0%</b>	<b>0.7%</b>	<b>-4.9%</b>	<b>-2.9%</b>

Note: All figures continuing operations (ie excluding Brazil and Russia); Adj EBITDA excluding share-based compensation expenses, IPO costs recognized in profit and loss and central costs allocated to discontinued operations

# Adjusted income statement

EUR m, in % of revenue	YTD 2017	YTD 2018	Q3 2017	Q3 2018
<b>Revenue</b>	<b>146.4</b>	<b>175.2</b>	<b>47.6</b>	<b>54.7</b>
<i>Revenue Growth YoY</i>	3.2%	19.6%	8.4%	15.0%
Cost of Sales	-84.1	-100.6	-27.6	-31.3
<b>Gross Profit</b>	<b>62.4</b>	<b>74.6</b>	<b>19.9</b>	<b>23.4</b>
<b>Gross Margin</b>	<b>42.6%</b>	<b>42.6%</b>	<b>41.9%</b>	<b>42.8%</b>
Fulfilment expenses *	-31.6	-38.9	-10.3	-13.4
Contribution profit	30.7	35.7	9.7	10.0
<b>Contribution margin</b>	<b>21.0%</b>	<b>20.4%</b>	<b>20.3%</b>	<b>18.3%</b>
Marketing expenses	-10.0	-11.9	-3.4	-4.2
General and administrative expenses **	-35.3	-29.6	-11.3	-10.0
Other operating expenses	-1.0	-0.5	-0.6	-0.1
Other operating income	0.7	0.4	0.2	0.1
Central costs allocated to discontinued operations	3.3	1.8	1.0	0.6
Depreciation, amortization and impairments	4.1	5.3	2.1	2.1
<b>Adj EBITDA</b>	<b>-7.3</b>	<b>1.2</b>	<b>-2.3</b>	<b>-1.6</b>
<b>Adj EBITDA Margin</b>	<b>-5.0%</b>	<b>0.7%</b>	<b>-4.9%</b>	<b>-2.9%</b>

Note: All figures continuing operations (ie excluding Brazil and Russia); Adj EBITDA excluding share-based compensation expenses, IPO costs recognized in profit and loss and central costs allocated to discontinued operations;  
 \* Fulfilment expenses excluding share-based compensation expenses; General and administrative expenses excluding share-based compensation expenses and IPO costs recognized in profit and loss

# Segment reporting

(in EUR m)

DACH	YTD 2017	YTD 2018	Q3 2017	Q3 2018
<b>Revenue</b>	<b>62.5</b>	<b>89.3</b>	<b>22.2</b>	<b>29.5</b>
<i>YoY Growth (in %)</i>		43%		33%
<b>Adj. EBITDA</b>	<b>-1.3</b>	<b>2.6</b>	<b>-0.4</b>	<b>-0.2</b>
<i>Adj. EBITDA Margin %</i>	-2.1%	2.9%	-1.7%	-0.8%

International	YTD 2017	YTD 2018	Q3 2017	Q3 2018
<b>Revenue</b>	<b>83.9</b>	<b>85.8</b>	<b>25.4</b>	<b>25.1</b>
<i>YoY Growth (in %)</i>		2%		-1%
<b>Adj. EBITDA</b>	<b>-5.8</b>	<b>-1.2</b>	<b>-1.9</b>	<b>-1.3</b>
<i>Adj. EBITDA Margin %</i>	-6.9%	-1.4%	-7.6%	-5.2%

Note: All figures continuing operations (ie excluding Brazil and Russia); Adj EBITDA excluding share-based compensation expenses, IPO costs recognized in profit and loss and central costs allocated to discontinued operations

# Selected figures consolidated balance sheet and cash flow statement

(in EUR m)		
<b>Assets</b>	<b>FY 2017</b>	<b>9M 2018</b>
Non-Current Assets	13.8	32.5
Current Assets	48.9	40.8
thereof cash	13.8	4.0
Assets held for sale		7.8
<b>Total Assets</b>	<b>62.7</b>	<b>81.0</b>
<b>Total Liabilities + Equity</b>	<b>FY 2017</b>	<b>9M 2018</b>
Equity	-65.8	-27.6
Non-current Liabilities	55.9	36.4
Current liabilities	72.6	62.8
Liabilities held for sale		9.5
<b>Total Liabilities and Equity</b>	<b>62.7</b>	<b>81.0</b>
<b>Cash flow</b>	<b>9M 2017</b>	<b>9M 2018</b>
Operating activities	-16.6	-13.1
Investing activities	-3.7	-5.0
Financing activities	12.9	9.7

Note: Cash flow showing continuing operations only

# KPI overview

Group KPIs	Unit	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Private Label share	in % of GMV	7%	9%	11%	12%	13%	15%	18%
GMV	in EUR m	58	56	56	81	72	67	63
Number of orders	in k	510	492	496	723	611	555	507
Average basket size	in EUR	115	114	114	113	119	120	124
Active customers*	in k	794	788	802	838	881	907	921
Average orders LTM per active customer	in #	2.6	2.7	2.6	2.7	2.6	2.6	2.6
Average GMV LTM per active customer	in EUR	289	293	297	301	302	305	307
Mobile visit share	in %	67%	69%	71%	71%	72%	73%	74%

Note: All figures continuing operations (ie excluding Brazil and Russia)

\* Active Customer defined as customers who have placed at least one valid order during the twelve months prior to the relevant period end



OUR MISSION

“ To inspire and make  
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