



# WESTWING

FY 2020 Results

Munich, March 30, 2021

# 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.*

OUR MISSION

“ To inspire and make  
every home a  
beautiful home ”





## AGENDA

- Business Update
- Financial Update
- Summary and Q&A
- Appendix

# Summary

## FY 2020 RESULTS

### GROWTH

EUR 433m Revenue at very strong growth of 62% yoy; Q4 Revenue growth accelerated to 76% yoy

### PROFITABILITY

EUR 50m Adj EBITDA at 11.5% Adj EBITDA margin with strong unit economics and scale effects

### FREE CASH FLOW

EUR 40m Free Cash Flow at 9% Free Cash Flow margin; strong cash conversion of profits

## CUSTOMERS

Growth continues to be driven by existing customers as well as strong new customer acquisition, based on an accelerated, ongoing trend towards eCommerce

## eCOMMERCE MARKET

The Home & Living market opportunity is massive as our EUR +100bn market moves online; eCommerce adoption will remain strong and dynamic

## Q1 2021 UPDATE

Strong Q1 2021 at c. 92% expected GMV growth and an expected Adj EBITDA margin of around 14-15%

# Westwing Highlights 2020



Strong growth of 62% yoy

**EUR 433m**

Revenue

at strong profitability

**EUR 50m**

Adj EBITDA

High customer satisfaction during demand peak, with

**95%**

of customer service tickets answered within 24 hours<sup>(1)</sup>



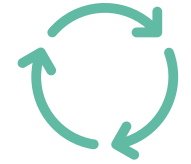
**4,074,495**

Orders placed by our customers

Ongoing high customer loyalty, with

**79%**

of orders placed by repeat customers alongside a high number of new customers



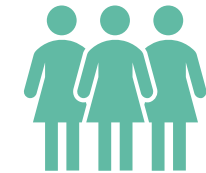
Strongly growing organic marketing reach,

**>6,200,000**

Instagram followers per end of 2020 (+93% vs. previous year)

**1,528,936**

Active Customers per end of 2020 (+61% vs. previous year)



Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business. (1) In our DACH Segment.

# COVID-19 update: Serious situation in Europe; health & safety is our number one priority; pro-actively managing risks

**Due to the serious COVID-19 situation in Europe, health & safety remain our number one priority...**

**Customer safety is of utmost importance to us.**

To live up to this priority, we operate with wide-ranging hygiene measures in our warehouses and, together with our freight carriers, in delivery.

Warehouses and photo studios continue to operate with **highest hygiene standards and effective distancing measures** in a safe work environment.

**Majority of office teams are mostly working from home** at excellent productivity levels. **Increasing focus on team cohesion.**

**...and we continue to pro-actively manage risks**

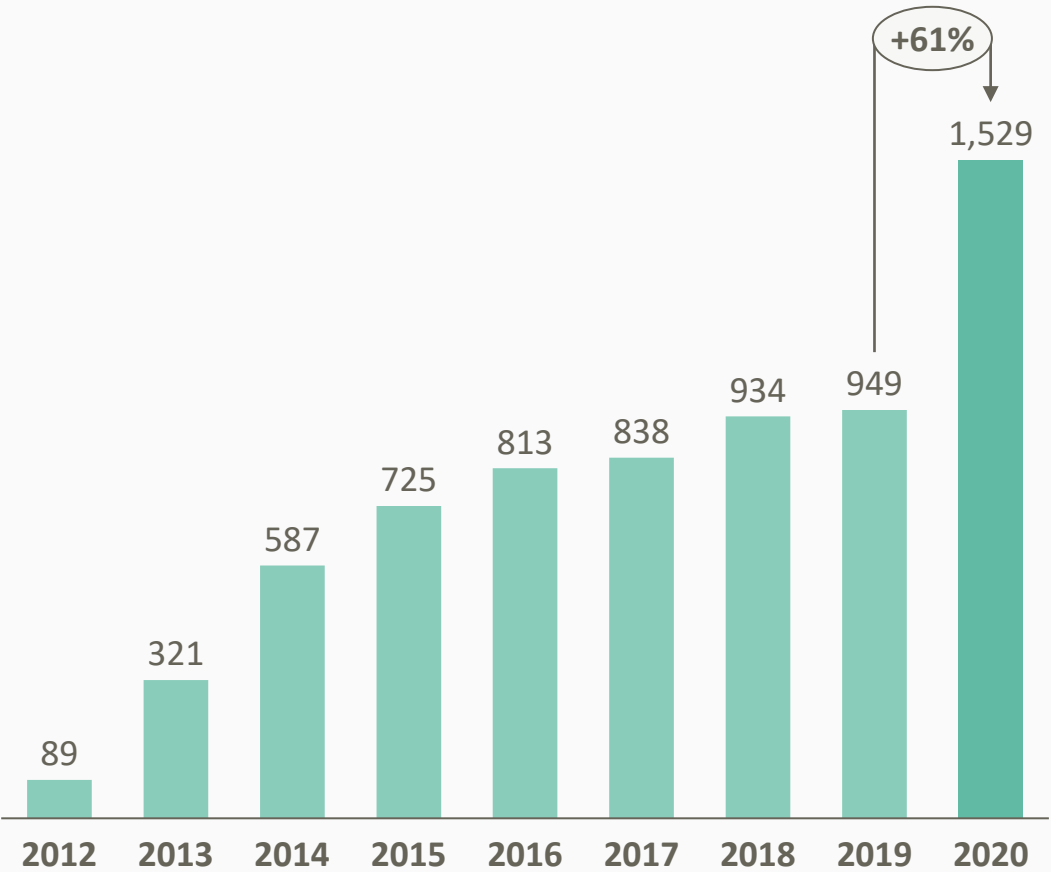
We take comprehensive safety measures to minimize the risk of a **temporary warehouse closure** due to a COVID-19 outbreak, yet a risk remains.

**Our supply chains are generally intact**, and we are in close contact with our suppliers to identify potential disruptions and act accordingly. Significantly increased freight rates for containers.

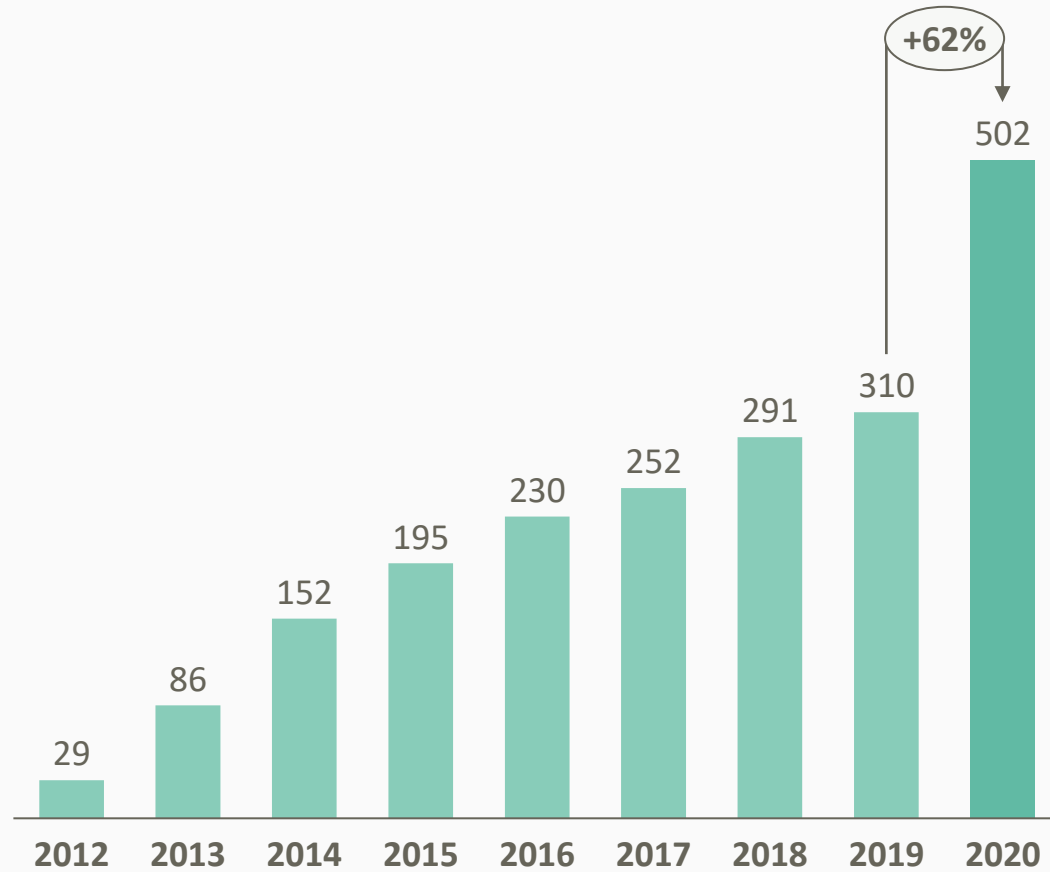
Due to the general online shift, **freight carriers might face capacity constraints**. We are working with existing and newly onboarded carrier partners to mitigate effects.

# Strong growth in customers and GMV due to accelerated eCommerce adoption...

Active Customers (in k)



GMV (in EUR m)

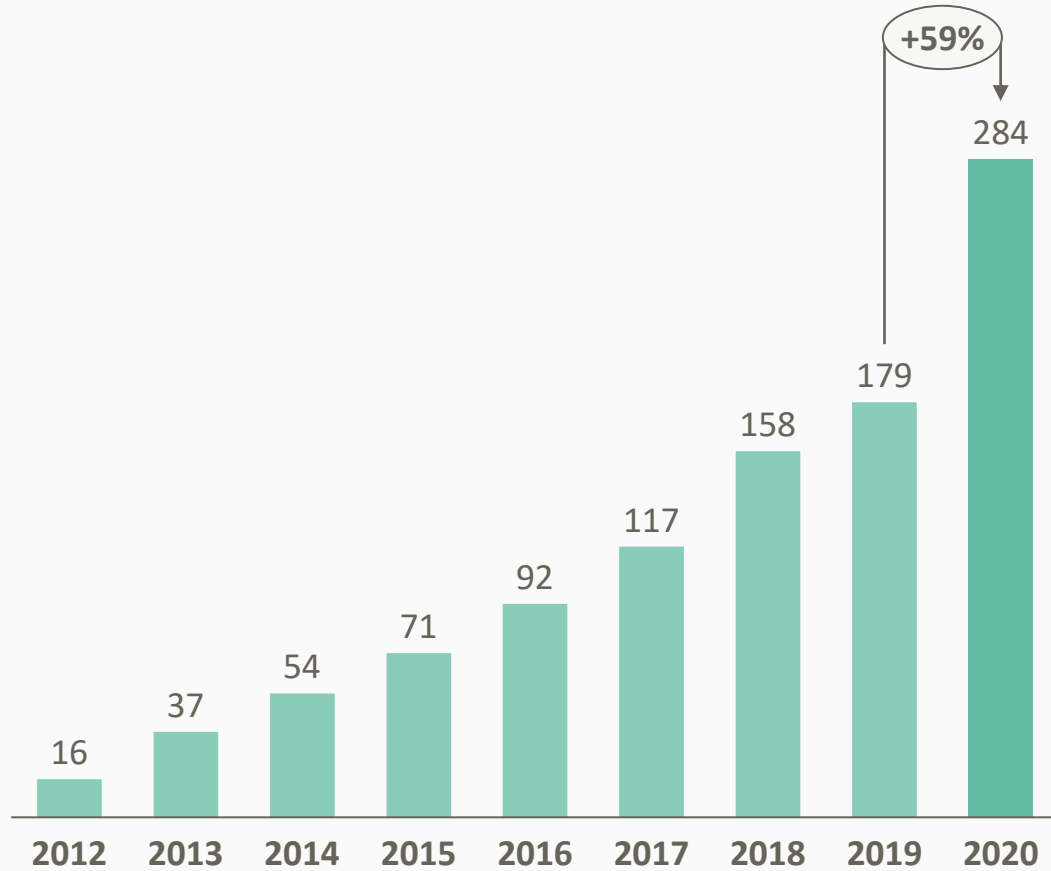


Note: All figures unaudited.

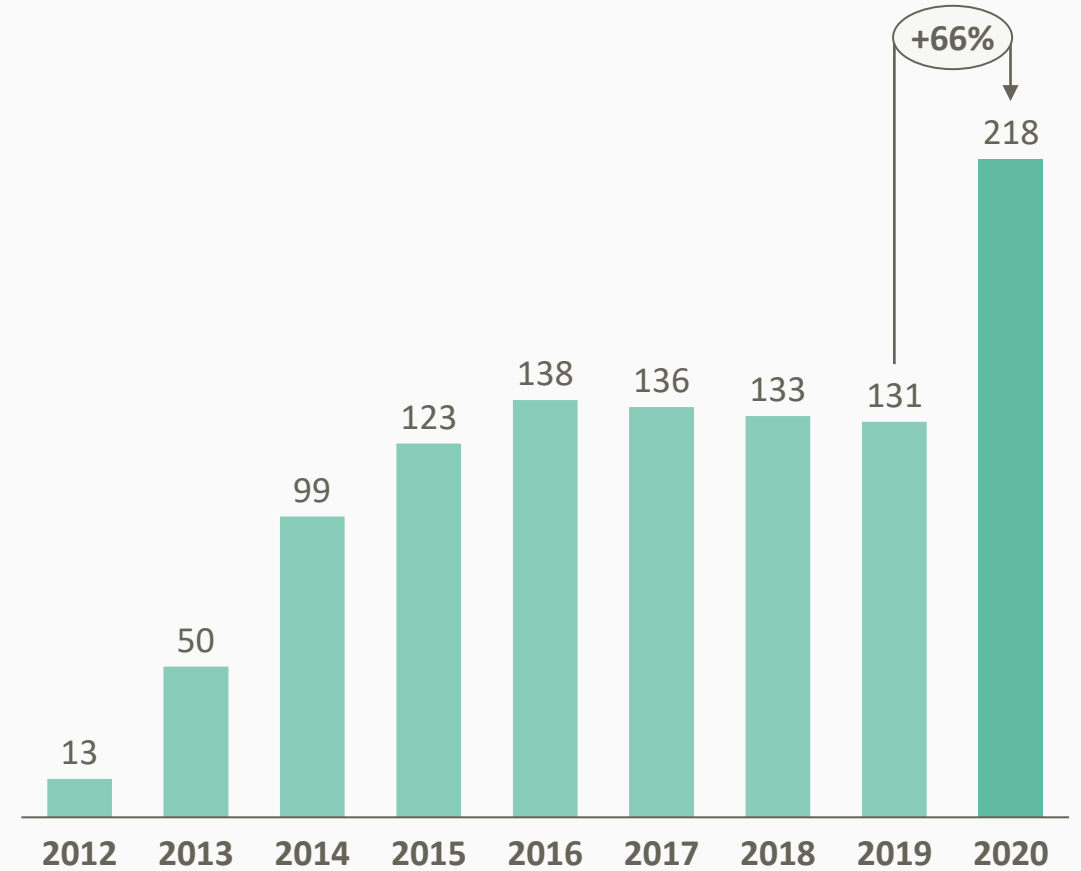


# ...across our whole country portfolio

Segment DACH GMV (in EUR m)



Segment International GMV (in EUR m)

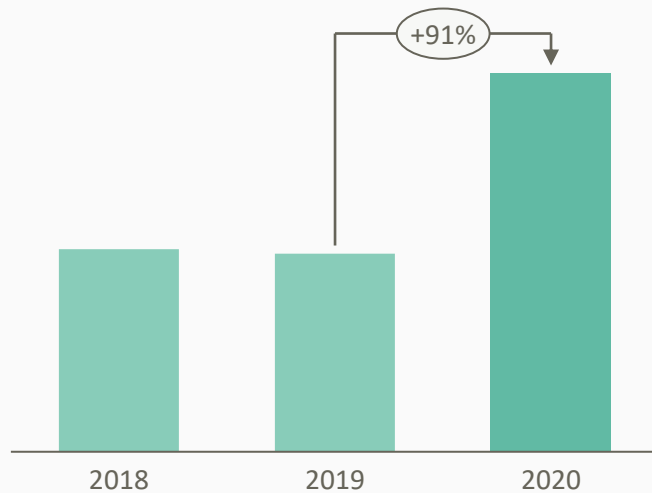


Note: All figures unaudited.

# Customer update 2020

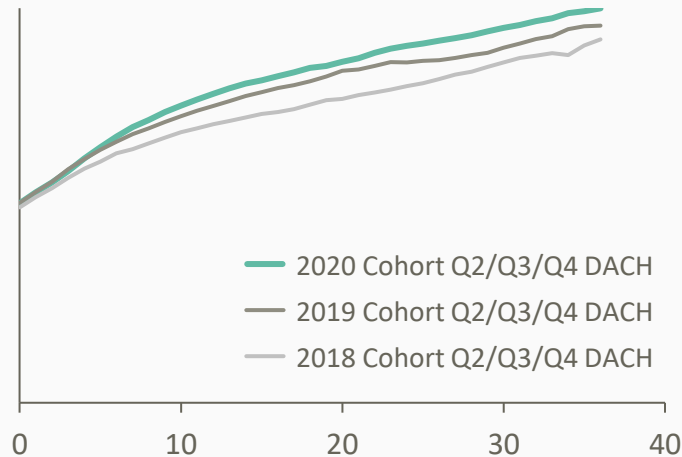
## Strong new customer acquisition and very loyal existing customer base

### Significantly increased new customer acquisition



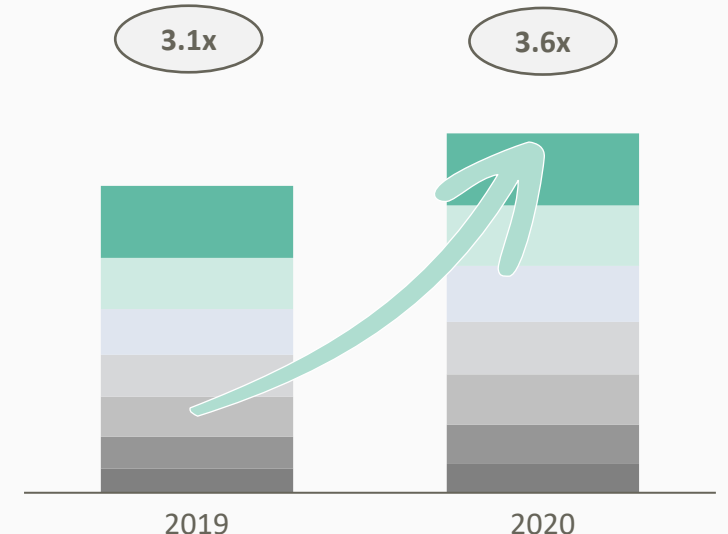
Number of new customers acquired

### New customers indicate strong repeat purchasing behavior



Cumulative average GMV per new Customer (in weeks after first purchase)

### Existing customers have shown higher loyalty and engagement



Total GMV per cohort (for 2012 – 2018 cohorts)

○ = Average orders per active customer

Strong new customer acquisition continues to indicate a structural, accelerated online shift.

Repeat purchase behaviour of recently gained new customers indicates they are likely to remain loyal customers.

As a result of the higher engagement, existing customers have grown their GMV considerably across the board.

# Home & Living eCommerce market provides a massive growth opportunity

The Home & Living eCommerce market will not reverse to pre-COVID levels...

**Consumer** habits don't reverse, when new ones provide a clear advantage on convenience and shopping experience

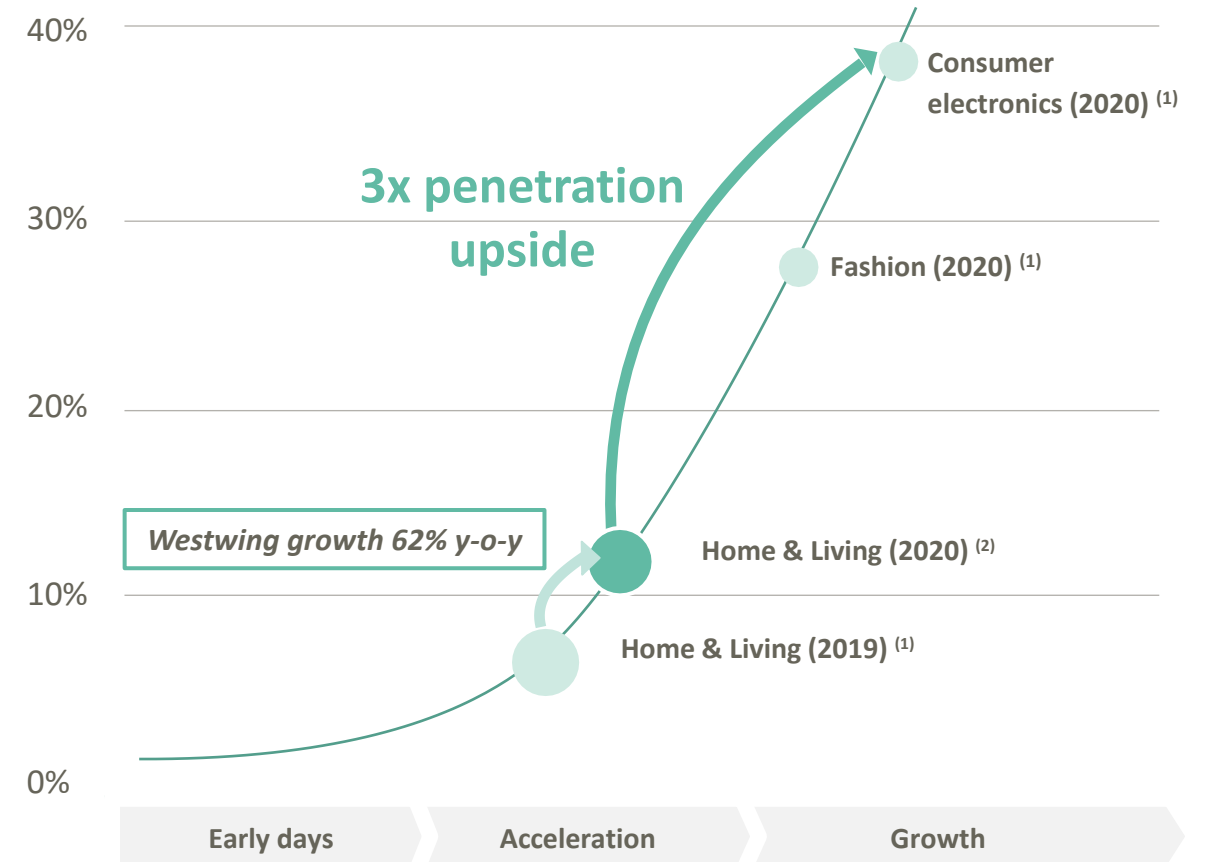
**Cocooning** trend remains, with people spending more time at home compared to pre-COVID times

**Demographic** trend supportive of further online adoption, as online-savvy Millennials enter the market

**Technological** trends such as Augmented Reality (AR) will further enhance use cases for Home & Living eCommerce

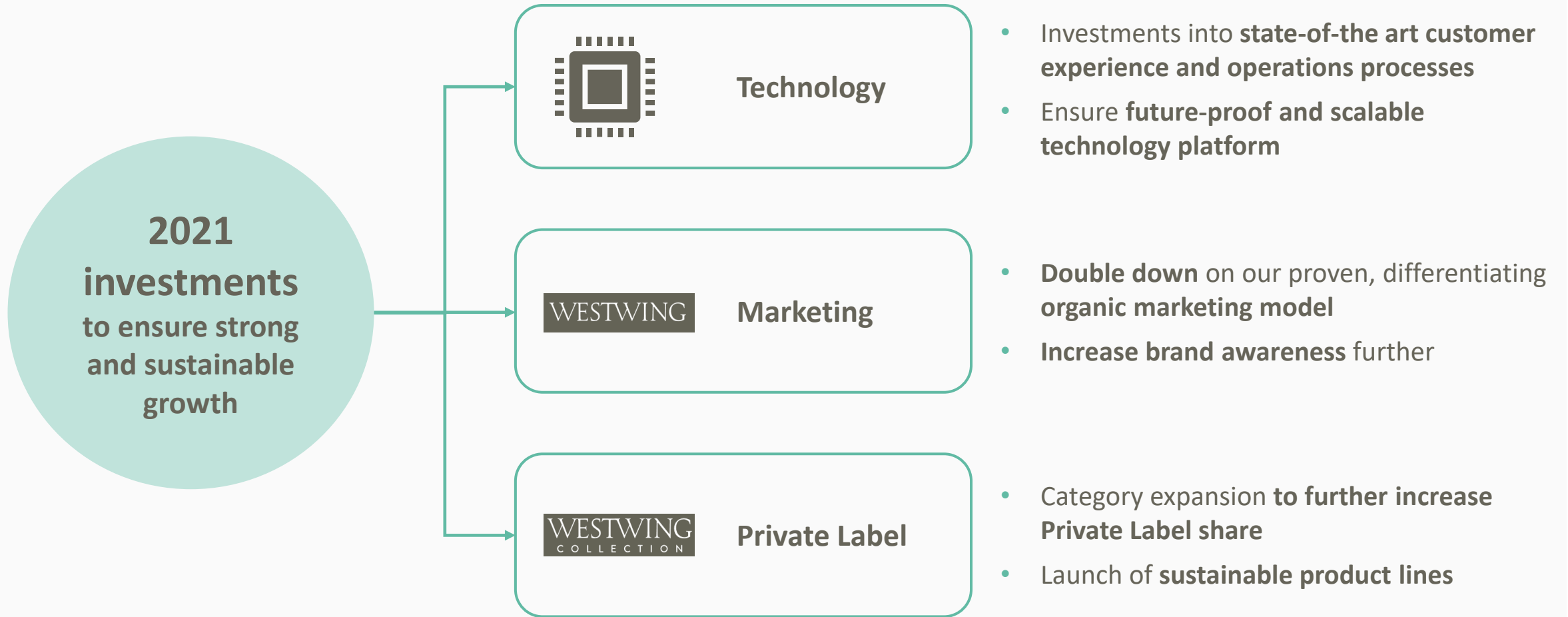
...and yet the market opportunity from higher online penetration remains massive.

Online market penetration in (%) of total market



Note: (1) Based on Euromonitor data from Jan 19, 2021 for Westwing's European market footprint. (2) Based on Westwing preliminary estimation.

# Investing significantly in 2021 to lay the foundation for sustainable growth



# Priorities 2021: Run the business well in a volatile environment and build the Westwing Customer Experience 2.0

**COVID will continue to impact our business significantly in 2021**

Health & Safety remain the basis of everything we do

We run the business with high flexibility in all areas

**Run our day-to-day business at highest quality standards and execute business critical initiatives**

- Ensure team cohesion during work-from-home environment
- Expand warehouse capacity
- Invest into HR to attract and retain talent
- Invest into product availability

## **Westwing Customer Experience 2.0**

The next level of our  
**Inspirational & Creative Core**

State of the art  
**Order & Post-Order Experience**

Ensure a scalable and reliable  
**Business Model & Platform**

Anchor **Sustainability** at the core of our company

# Strong start into 2021 at c. 92% expected GMV growth in Q1

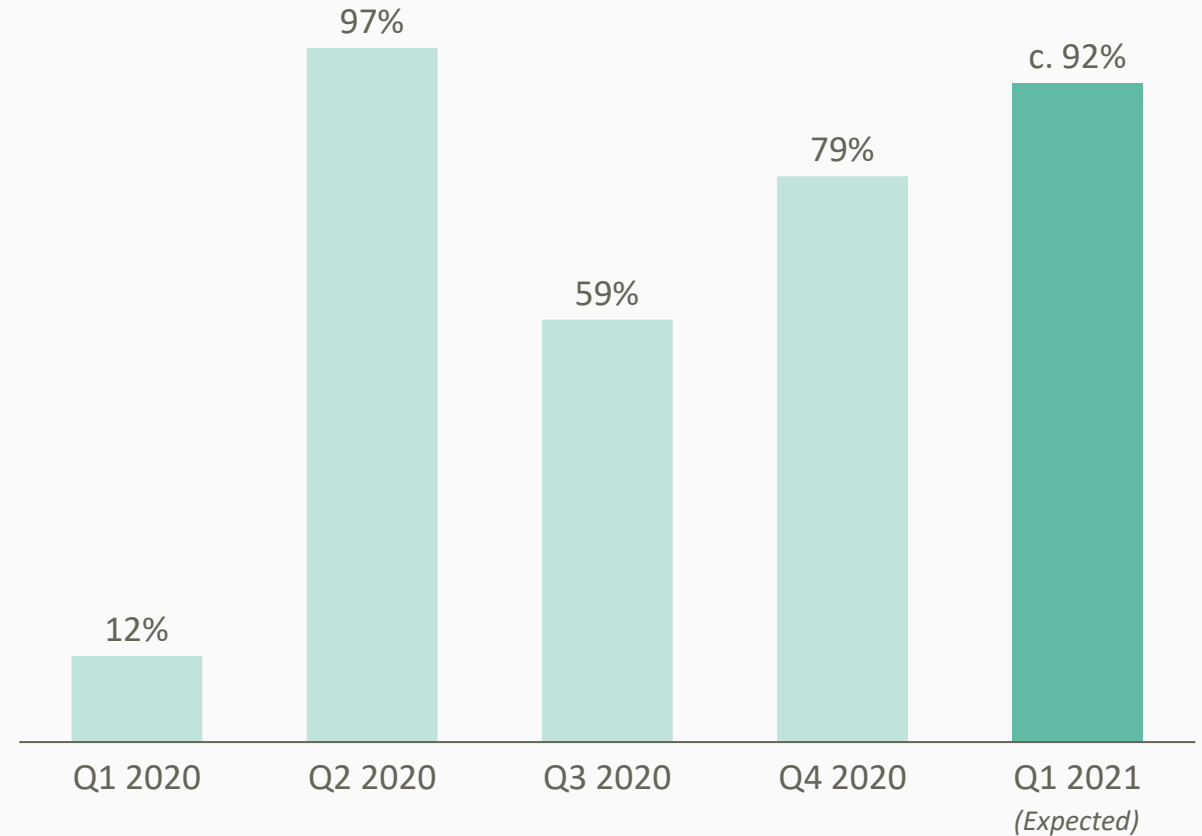
## Q1 2021 Highlights

- Overall **very strong start into 2021**
- Daily Themes business model with a **very attractive offering in line with Zeitgeist**, well received from our customers
- **Very healthy unit economics**, expected Adj EBITDA margin of around 14-15% in Q1 2021
- **Private Label share** expected to increase to c. 31% (c. +6%pts vs. Q1 2020) clearly showing the path towards the strategic target of 50%.
- Warehouse capacity investments to be accelerated for future growth

## Q1 2021 Challenges

- Product availability behind internal targets due to very strong demand
- Container availability is currently low and freight rates have increased subsequently

## Quarterly GMV growth (year-over-year)



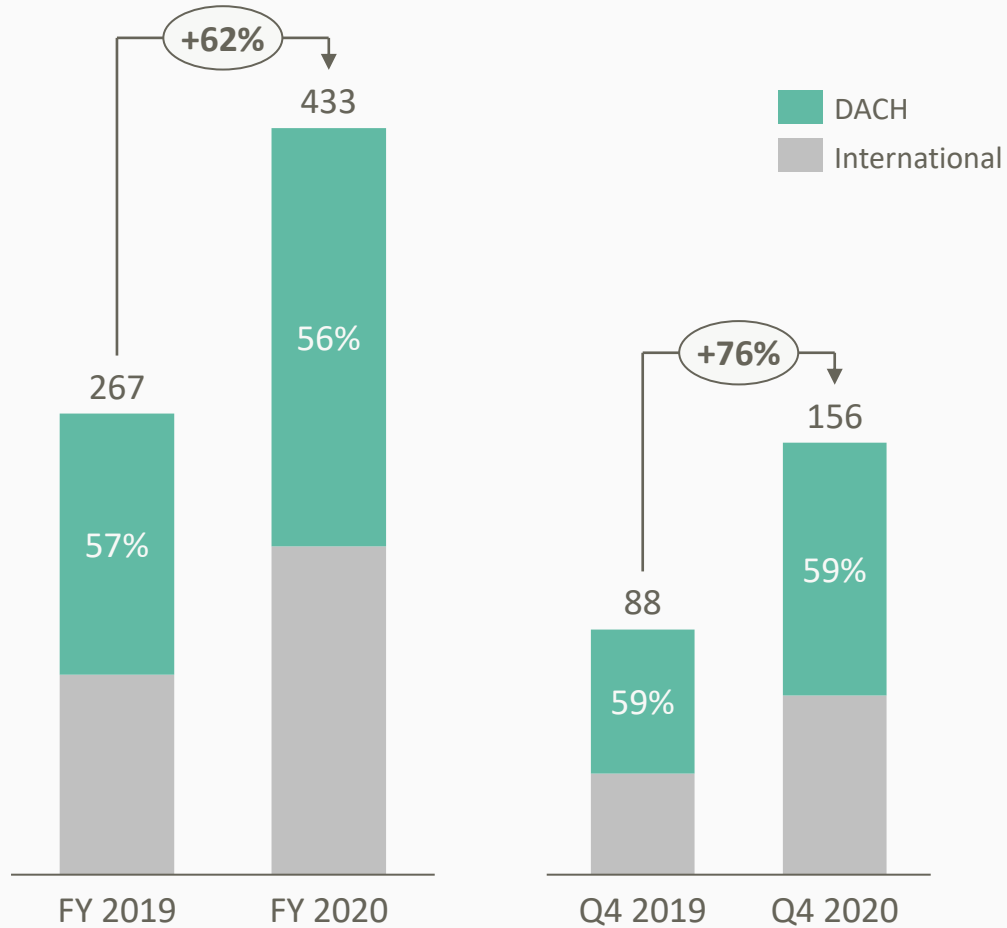


## AGENDA

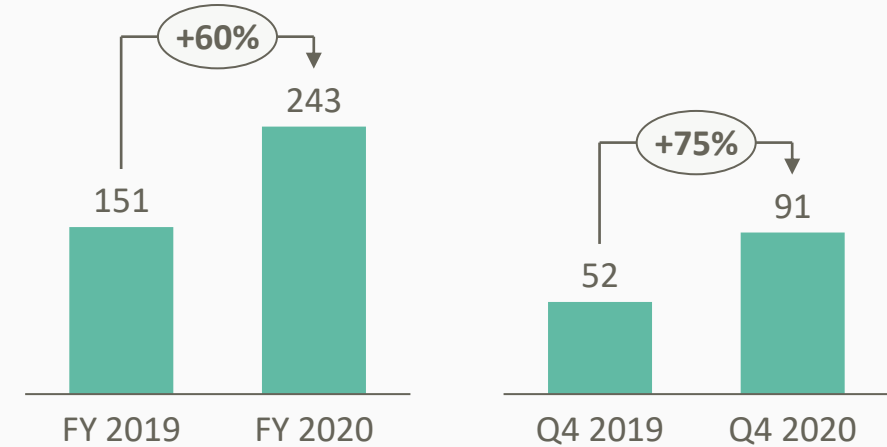
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# Revenue growth accelerated to 76% in Q4 2020 bringing FY 2020 revenues to EUR 433m

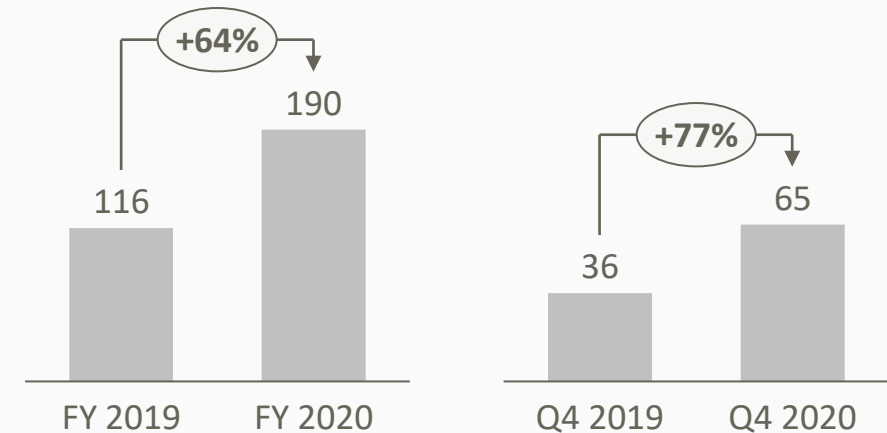
## Group Revenue (in EUR m)



## DACH Segment Revenue (in EUR m)



## International Segment Revenue (in EUR m)





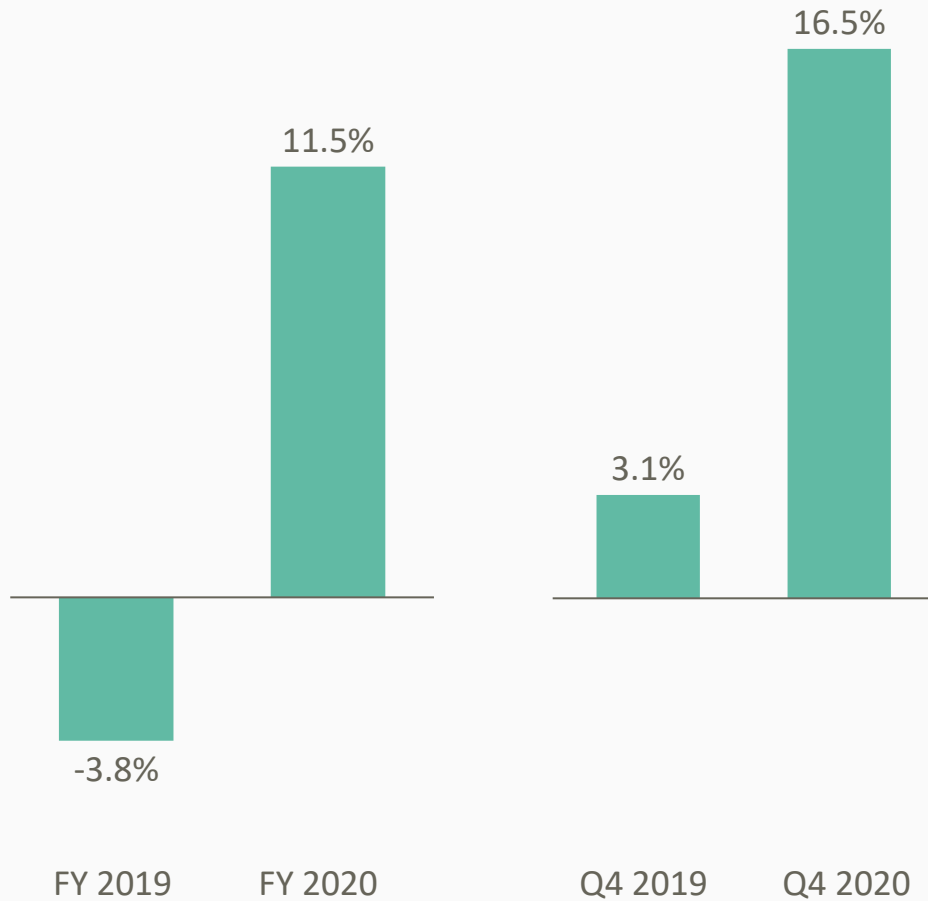
# Income statement details

<i>(in % of revenue)</i>	FY 2019	FY 2020	Delta	Q4 2019	Q4 2020	Delta	
<b>Gross Margin</b>	44.6%	49.4%	+4.8%pts	47.1%	51.3%	+4.2%pts	Gross margin on all-time high, mainly due to <b>margin discipline and pricing power</b> , but includes also some <b>special effects</b> , e.g. <b>low inventory write-offs</b> due to high inventory-turn
Fulfilment Costs	-23.2%	-19.9%	+3.3%pts	-21.1%	-18.8%	+2.3%pts	Efficiency improvements, scale effects in logistics, lower return rate
<b>Contribution margin</b>	21.4%	29.5%	+8.1%pts	26.0%	32.5%	+6.5%pts	
Marketing ratio	-8.6%	-7.1%	+1.5%pts	-8.2%	-7.0%	+1.2%pts	Scale effects in our organic marketing
G&A ratio	-19.6%	-13.1%	+6.5%pts	-16.9%	-10.8%	+6.1%pts	Operating leverage
D&A	3.4%	2.5%	-1.0%pts	2.9%	1.9%	-1.0%pts	
<b>Adj EBITDA</b>	-3.8%	11.5%	+15.4%pts	3.1%	16.5%	+13.4%pts	

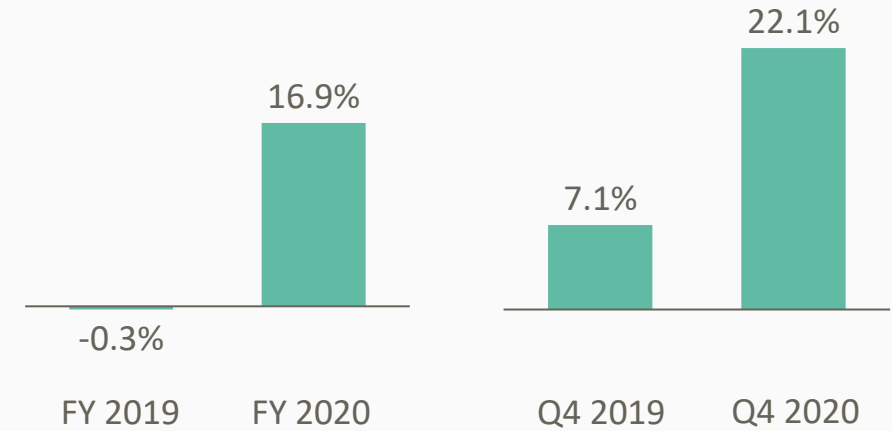
Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business.

# Group highly profitable; DACH and International segment both performing well

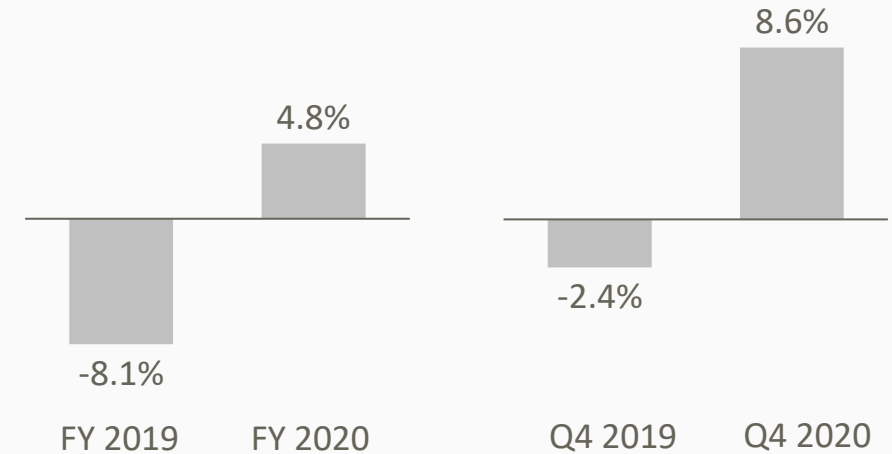
Group Adj EBITDA (in % of Revenue)



DACH Segment Adj EBITDA (in % of Revenue)



International Segment Adj EBITDA (in % of Revenue)

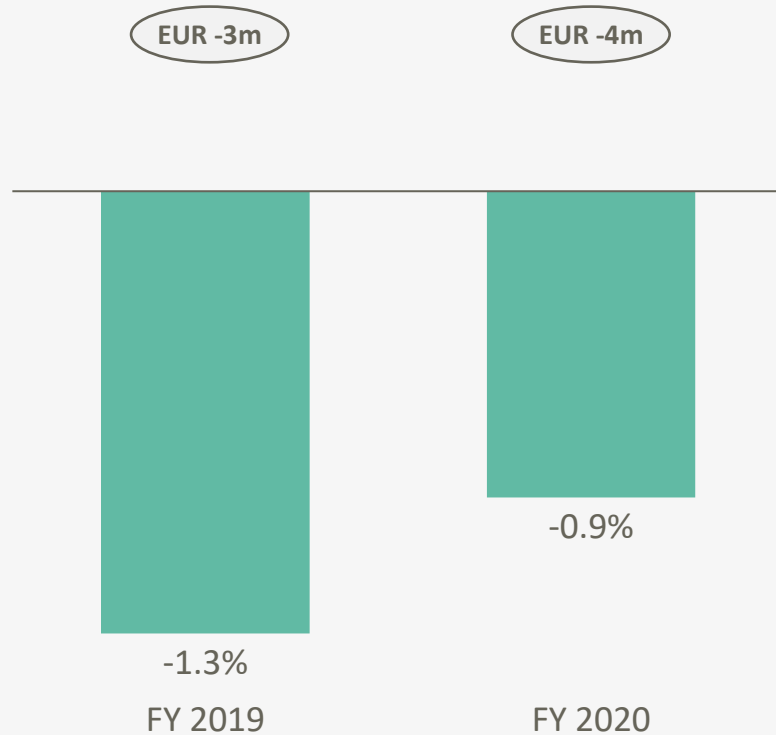


Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business.

# Net Working Capital negative at EUR -4m; CAPEX ratio very low at 1.9% due to scale effects

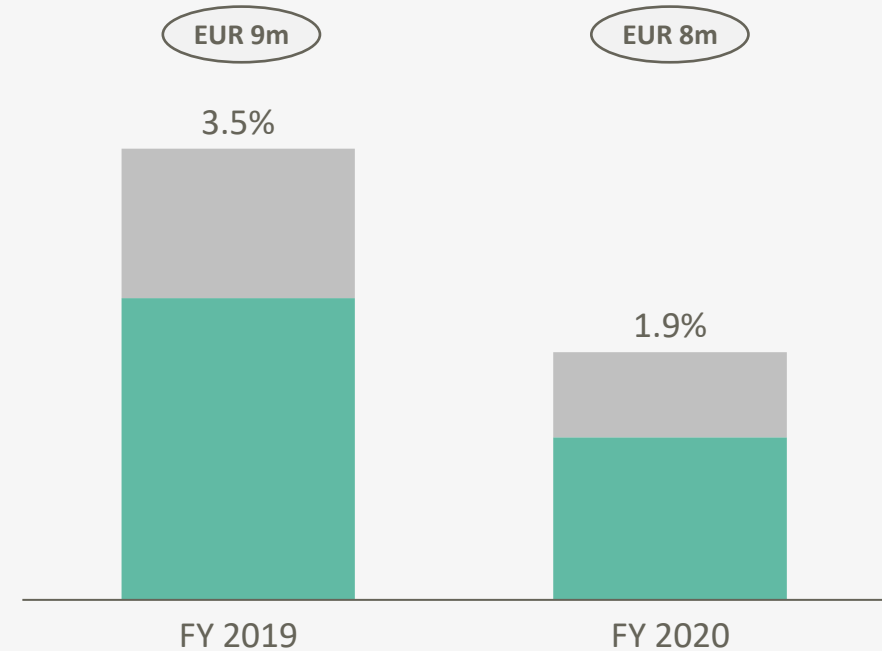
## Net Working Capital

(in EUR m and % of LTM revenue)



## Capex ratio

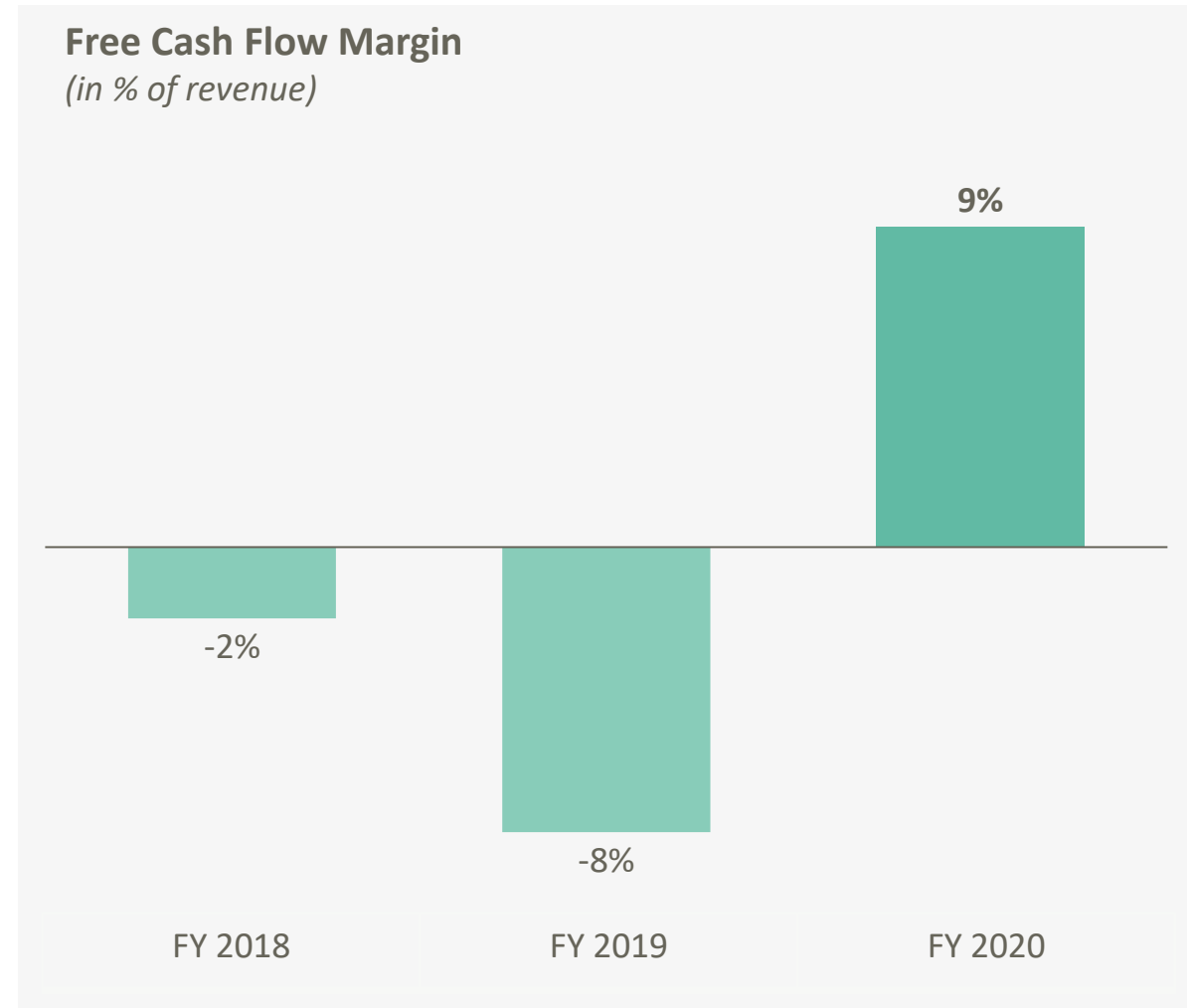
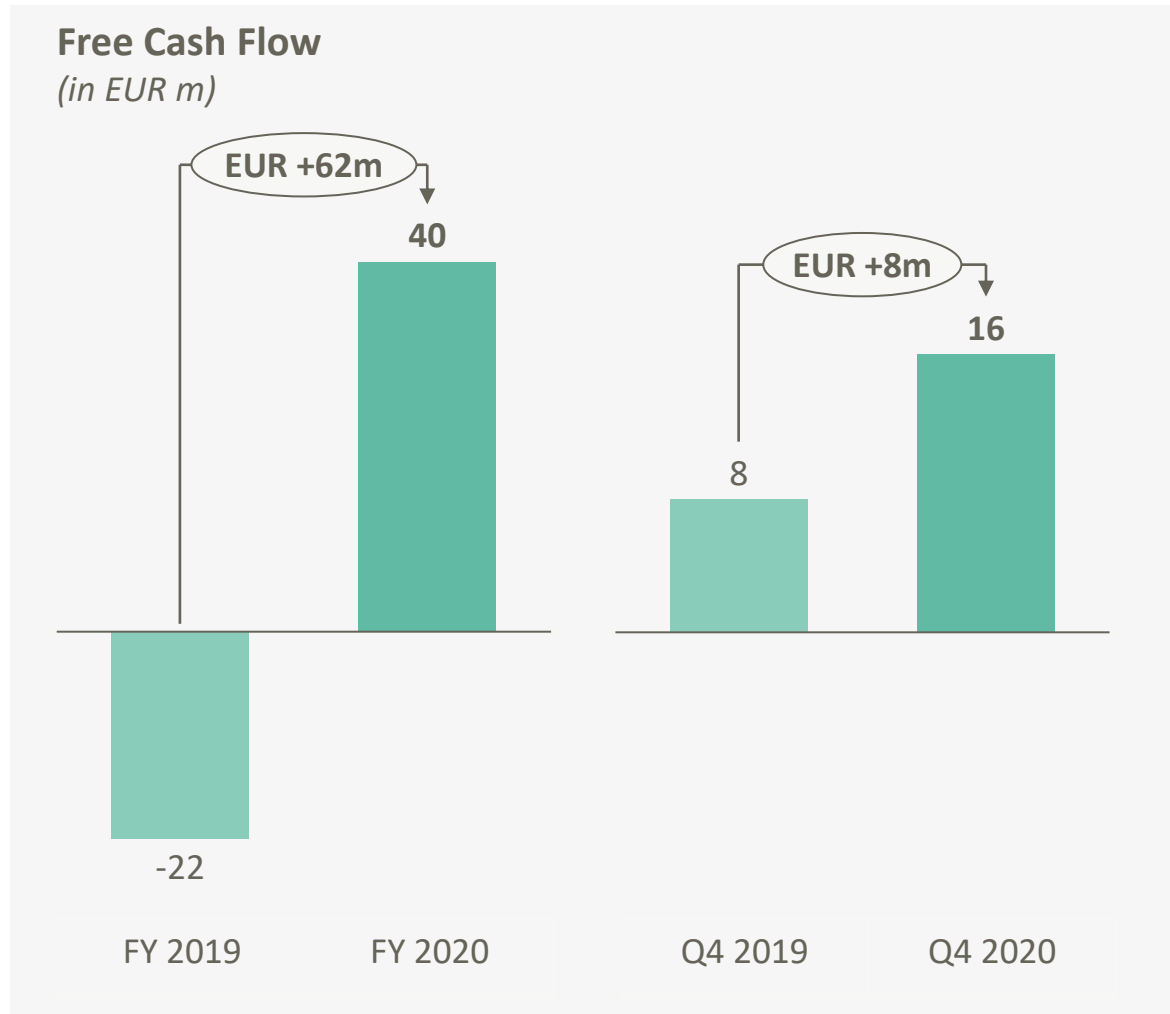
(in EUR m and as % of revenue)



Property, Plant, and Equipment

Intangible (mostly internal software development)

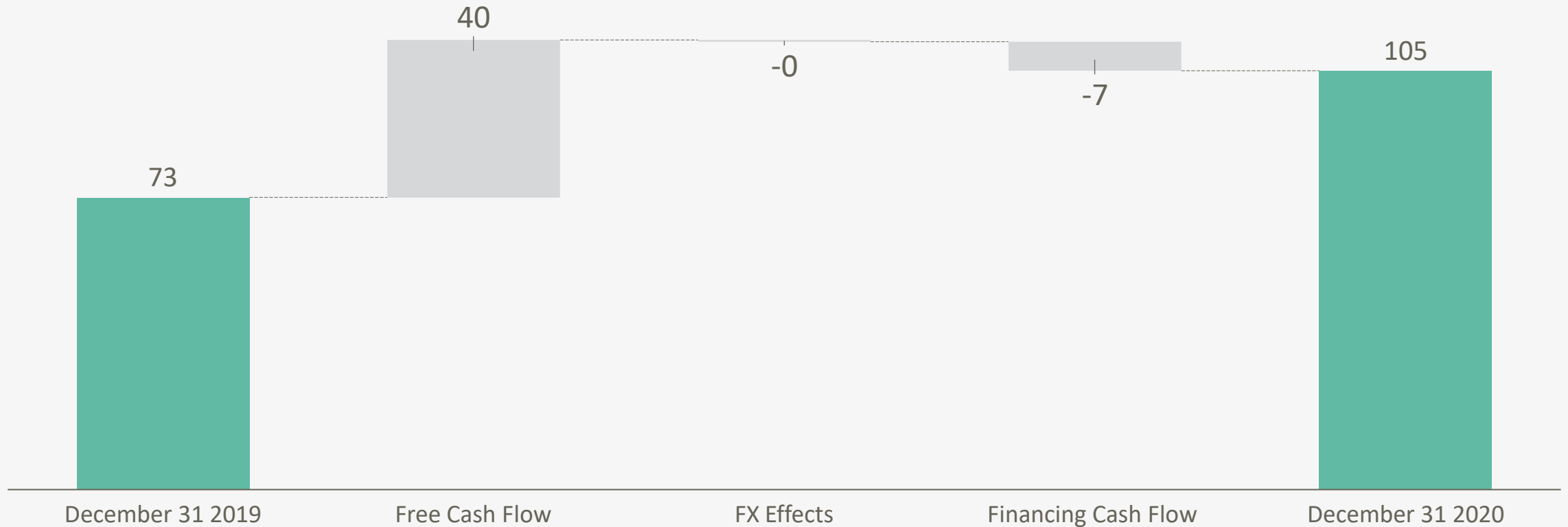
# Free Cash Flow improved by EUR +62m yoy to EUR 40m for FY 2020



Note: Free Cash Flow defined as the sum of Operating Cash Flow and Investing Cash Flow.

# Strong Net Cash position of EUR 105m per end of 2020

Cash bridge FY 2020  
(in EUR m)



# Guidance FY 2021

## Guidance FY 2021



**EUR 510-550m Revenue**  
(18-27% growth)



**EUR 42-55m Adj EBITDA**  
(8-10% margin)

## Comments

- **High level of uncertainty** around macro economic environment and consumer sentiment for Q2-Q4 2021
- **Profitability** is very much **driven by top line development** given strong operating leverage
- **As a growth company we continue to invest into attractive long-term profitable growth** irrespective of short-term 2021 growth scenarios
- Based on **best-in-class cash conversion** with negative Net Working Capital and low CAPEX, we will continue to **translate profitability into strong cash flows**

# Expected implications of guidance and announced investments in 2021

<i>(in % of revenue)</i>	FY 2019	FY 2020	FY 2021 <i>expected</i>	
<b>Gross Margin</b>	44.6%	49.4%	48-50%	Continued high gross margins, potentially slightly higher inventory related cost
<b>Fulfilment Costs</b>	-23.2%	-19.9%	-20-22%	Investments into customer experience and capacity expansion
<b>Contribution margin</b>	21.4%	29.5%	28-30%	Ongoing strong unit economics based on strong gross margin and efficient/scalable fulfilment platform
<b>Marketing ratio</b>	-8.6%	-7.1%	-8-9%	Marketing investments into long-term and sustainable growth, in line with our guided range of 8-10%
<b>G&amp;A ratio</b>	-19.6%	-13.1%	-13-14%	Increase in G&A costs mainly driven by growth investments into Technology and Private Label
<b>D&amp;A</b>	3.4%	2.5%	2-3%	
<b>Adj EBITDA</b>	-3.8%	11.5%	8-10%	
<b>NWC</b>	EUR -3m	EUR -4m	Negative	
<b>CAPEX</b>	EUR -9m	EUR -8m	EUR -10-15m	Higher CAPEX driven by more technology invests and warehouse capacity increases

Note: Indicative estimates for 2021. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business.



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# Westwing: The European eCommerce leader for home enthusiasts

## FY 2020 Summary

- EUR 433m revenue
- 62% yoy revenue growth
- 79% repeat customer orders

- EUR 50m Adj EBITDA
- 12% Adj EBITDA margin

- EUR 40m Free Cash Flow
- 9% Free Cash Flow margin
- EUR 105m net cash

## FY 2021 Guidance

- EUR 510-550m revenue
- EUR 42-55m Adj EBITDA

## Investment Highlights

### Opportunity is massive

Home & Living market of EUR 117bn very early in eCommerce and exiting growth momentum as online adoption accelerates

### Growth driven by loyalty

1.5 million active customers<sup>(1)</sup> and 79% of orders placed by repeat customers

### Private Label

Growth driver with bestsellers tailored to our customers and providing superior profitability

### Strong cash profile

Net Cash of EUR 105m<sup>(1)</sup>, negative NWC, very low CAPEX ratio (2-3%)

### Attractive Target P&L

10+% Adj EBITDA and strong cash conversion (2020 Free Cash Flow margin already at 9%)

Westwing Virtual Capital Markets Day, May 12, 2021

Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business. (1) As of 2020.



Q&A

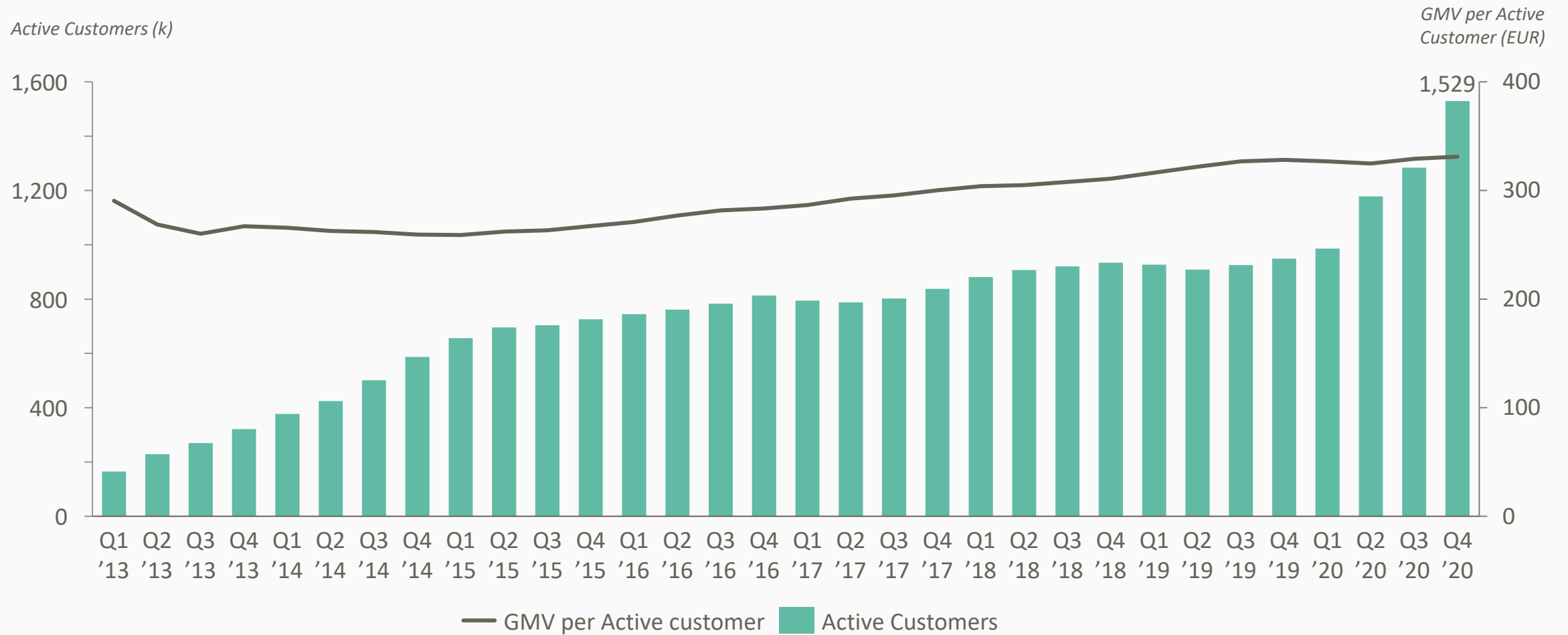


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# Growing Active Customer base while expanding share of wallet

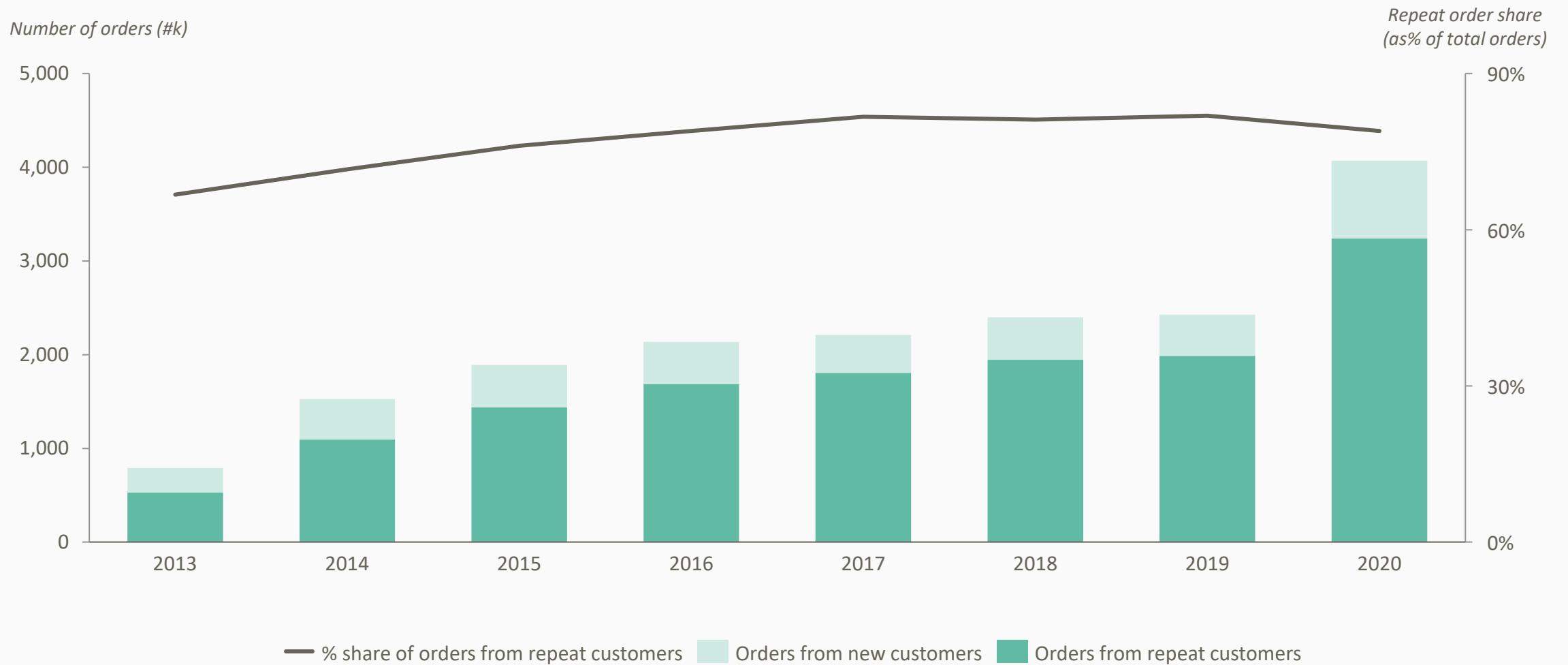
Active Customers and GMV per Active Customer (in #k and EUR)



Note: All figures unaudited. Active customer defined as a customer who has made a valid order within the last 12 months.

# Loyalty driven business model results in exceptional repeat order rates

Orders and repeat order share (in #k and % of total orders)



Note: All figures unaudited. Repeat orders defined as total number of valid orders (excluding failed and cancelled orders) from customers, which have placed a valid order before at Westwing.

# KPI overview

Group KPIs	Unit	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Private Label share	in % of GMV	7%	9%	11%	12%	13%	15%	18%	18%	21%	22%	27%	25%	25%	22%	26%	28%
Active customers	in k	794	788	802	838	881	907	921	934	927	909	926	949	986	1,178	1,284	1,529
Number of orders	in k	510	492	496	723	611	555	507	726	591	492	539	805	675	1,051	874	1,474
Average basket size	in EUR	115	114	114	113	119	120	124	122	129	132	132	121	127	122	129	119
Average orders LTM per active customer	in #	2.6	2.7	2.6	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.5	2.6	2.7	2.7
Average GMV LTM per active customer	in EUR	289	293	297	301	302	305	307	312	318	322	326	327	324	325	330	328
GMV	in EUR m	58	56	56	81	72	67	63	89	76	65	71	98	85	128	113	175
Mobile visit share	in %	67%	69%	71%	71%	72%	73%	74%	74%	75%	76%	77%	76%	76%	79%	80%	79%

## KPI definitions

Private Label share	GMV share of Own and Private Label: GMV of Own and Private Label business as % of GMV Group in the same reporting period
Active customers	A customer who has made a valid order within the last 12 months
Number of orders	Total number of valid orders (excluding failed and cancelled orders) of a reporting period
Average basket size	Weighted average value of an order: GMV divided by total number of orders of the same reporting period
Average orders LTM per active customer	Total number of orders of the last 12 months divided by active customers of a reporting period
Average GMV LTM per active customer	GMV of the last 12 month divided by active customers
GMV	Gross Merchandise Volume: Value of all valid customer orders placed of a reporting period (i.e. excluding cancelation and VAT, but including returns).
Mobile visit share	Share of daily unique visits per platform via mobile devices (tablets and smartphones) as % of all daily unique visits per platform of a reporting period

Note: All figures unaudited.

# Consolidated income statement

EUR m, in % of revenue	FY 2019	FY 2020	Q4 2019	Q4 2020
<b>Revenue</b>	<b>267</b>	<b>433</b>	<b>88</b>	<b>156</b>
Cost of Sales	-148	-219	-47	-76
<b>Gross profit</b>	<b>119</b>	<b>214</b>	<b>42</b>	<b>80</b>
Fulfilment expenses	-63	-86	-19	-29
Marketing expenses	-23	-31	-7	-11
General and administrative expenses	-65	-65	-17	-18
Other operating expenses	-2	-4	-1	-2
Other operating income	1	3	0	1
<b>Operating result</b>	<b>-33</b>	<b>31</b>	<b>-2</b>	<b>21</b>
Financial result	-4	-4	-0	-2
<b>Result before income tax</b>	<b>-37</b>	<b>28</b>	<b>-3</b>	<b>20</b>
Income tax expense	-1	2	-1	5
<b>Result for the period</b>	<b>-38</b>	<b>30</b>	<b>-3</b>	<b>25</b>
<b>Reconciliation to Adj EBITDA</b>				
<b>Operating result (EBIT)</b>	<b>-33</b>	<b>31</b>	<b>-2</b>	<b>21</b>
Share-based compensation expenses	11	8	2	1
Restructuring France and Italy	2	-0	0	-0
D&A	9	11	3	3
<b>Adj. EBITDA</b>	<b>-10</b>	<b>50</b>	<b>3</b>	<b>26</b>
<b>Adj EBITDA margin (%)</b>	<b>-3.8%</b>	<b>11.5%</b>	<b>3.1%</b>	<b>16.5%</b>

Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business. Previous-year figures for share-based compensation restated according to IAS 8.

# Adjusted income statement

EUR m, in % of revenue	FY 2019	FY 2020	Q4 2019	Q4 2020
<b>Revenue</b>	<b>267</b>	<b>433</b>	<b>88</b>	<b>156</b>
<i>Revenue Growth YoY</i>	5.3%	62.0%	12.2%	76.1%
Cost of Sales	-148	-219	-47	-76
<b>Gross Profit</b>	<b>119</b>	<b>214</b>	<b>42</b>	<b>80</b>
<b>Gross Margin</b>	<b>44.6%</b>	<b>49.4%</b>	<b>47.1%</b>	<b>51.3%</b>
Fulfillment expenses	-62	-86	-19	-29
Contribution profit	57	128	23	51
<b>Contribution margin</b>	<b>21.4%</b>	<b>29.5%</b>	<b>26.0%</b>	<b>32.5%</b>
Marketing expenses	-23	-31	-7	-11
General and administrative expenses	-52	-57	-15	-17
Other operating expenses	-2	-4	-1	-2
Other operating income	1	3	0	1
Depreciation and Amortization	9	11	3	3
<b>Adj EBITDA</b>	<b>-10</b>	<b>50</b>	<b>3</b>	<b>26</b>
<b>Adj EBITDA Margin</b>	<b>-3.8%</b>	<b>11.5%</b>	<b>3.1%</b>	<b>16.5%</b>

Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business.



# Segment reporting

(in EUR m)

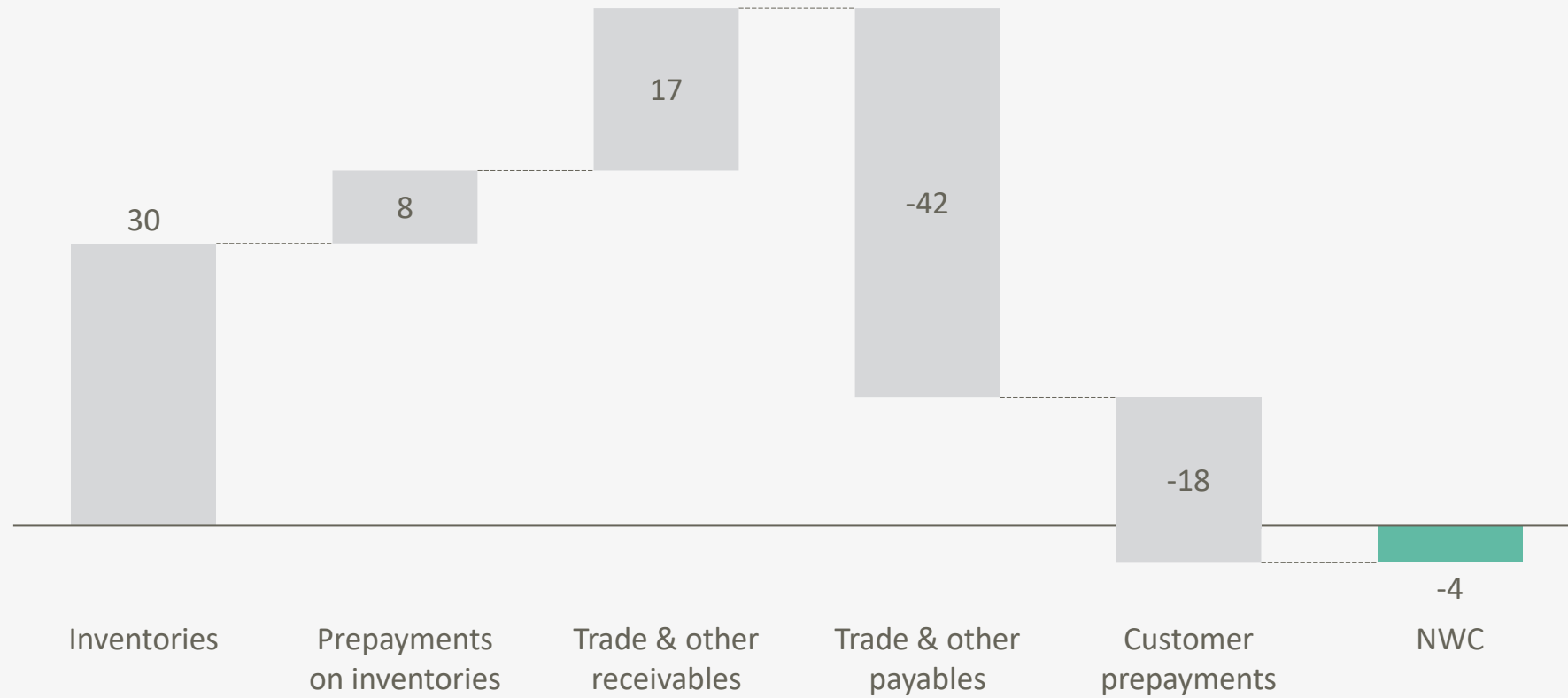
<b>DACH</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Q4 2019</b>	<b>Q4 2020</b>
<b>Revenue</b>	<b>151</b>	<b>243</b>	<b>52</b>	<b>91</b>
<i>YoY Growth (in %)</i>	<i>14%</i>	<i>60%</i>	<i>18%</i>	<i>75%</i>
<b>Adj. EBITDA</b>	<b>-0</b>	<b>41</b>	<b>4</b>	<b>20</b>
<i>Adj. EBITDA Margin %</i>	<i>-0.3%</i>	<i>16.9%</i>	<i>7.1%</i>	<i>22.1%</i>
<b>International</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Q4 2019</b>	<b>Q4 2020</b>
<b>Revenue</b>	<b>116</b>	<b>190</b>	<b>36</b>	<b>65</b>
<i>YoY Growth (in %)</i>	<i>-4%</i>	<i>64%</i>	<i>5%</i>	<i>77%</i>
<b>Adj. EBITDA</b>	<b>-9</b>	<b>9</b>	<b>-1</b>	<b>6</b>
<i>Adj. EBITDA Margin %</i>	<i>-8.1%</i>	<i>4.8%</i>	<i>-2.4%</i>	<i>8.6%</i>

Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business.

# Net Working Capital Bridge

## Net Working Capital (NWC) break down as of December 31, 2020

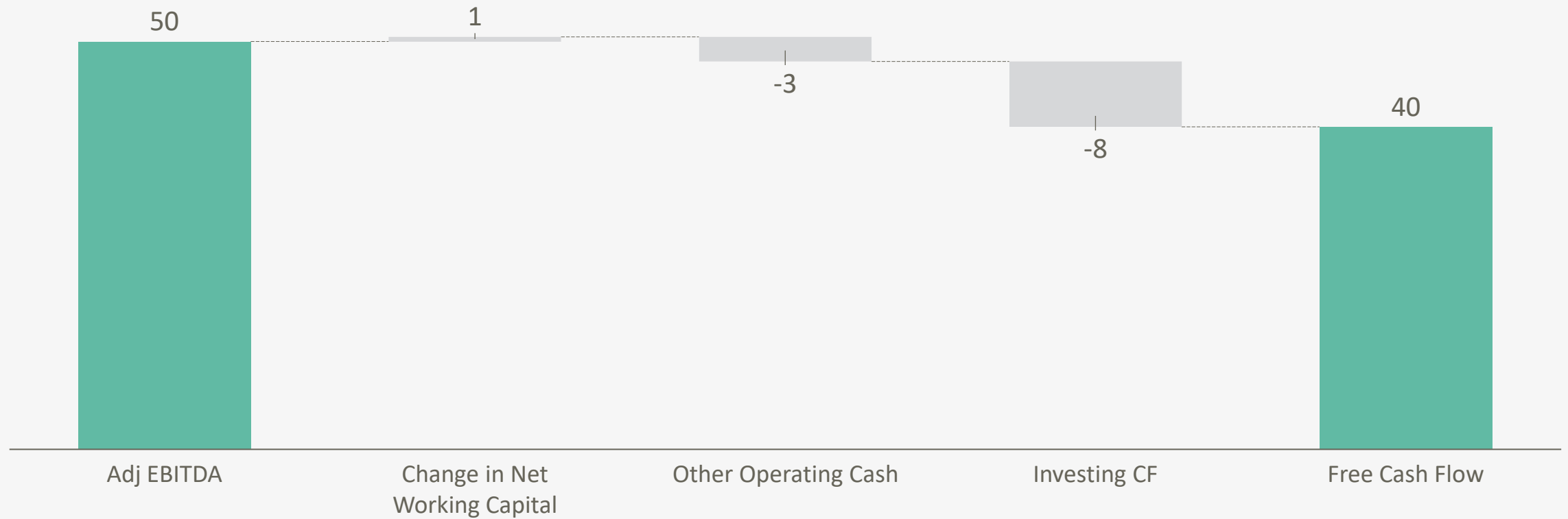
(EUR m)



# Free Cash Flow driven by operating profits with a 79% cash conversion from Adj EBITDA

## Free Cash Flow Bridge FY 2020

(in EUR m)



Note: Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the Italian and French business.

# Issued share capital

## Share Information *as of December 31, 2020*

Type of Shares	Ordinary bearer shares with no-par value (Stückaktien)
Stock Exchange	Frankfurt Stock Exchange
Market Segment	Regulated Market (Prime Standard)
Number of Shares issued	20,844,351
Issued Share Capital	EUR 20,844,351
Treasury Shares	541,250

## Stock Option Programs *as of December 31, 2020*

Program	# of options outstanding	Weighted average exercise price (EUR)
VSOP 2019 <sup>(1)</sup>	830,000	1.00 <sup>(1)</sup>
LTIP 2019 <sup>(2)</sup>	1,948,200	19.30 <sup>(2)</sup>
LTIP 2016	149,700	0.01
Other	951,859	9.36
<b>Total</b>	<b>3,879,759</b>	<b>12.20</b>

Note: (1) VSOP 2019 is a virtual, cash-settled option program which is capped at EUR 19.00, vesting end of 2022. (2) LTIP 2019 vesting end of 2022.

# Upcoming Events

Date	Event
April 1, 2021	Jefferies Pan-European Mid-Cap Virtual Conference
May 12, 2021	Publication of Q1 2021 results
May 12, 2021	Westwing Capital Markets Day
May 18, 2021	Berenberg: US Conference 2021
August 5, 2021	Annual General Meeting (virtual)
August 12, 2021	Publication of Q2 2021 results
September 20, 2021	Berenberg: German Corporate Conference
September 20-24, 2021	Baader: Investment Conference Small Cap Day
November 11, 2021	Publication of Q3 2021 results