

WESTWING

THE LEADER IN INSPIRATION-BASED
HOME & LIVING ECOMMERCE IN EUROPE

April 2020

Disclaimer

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 ”



Westwing has always been led by the founders

We are pursuing a long-term vision to revolutionize home & living



Founder & Chief Executive Officer

- At Westwing since 2011
- 20 years of professional experience, thereof 12 years eCommerce/Internet
- Bain & Company, dooyoo, Friendity, Daimler



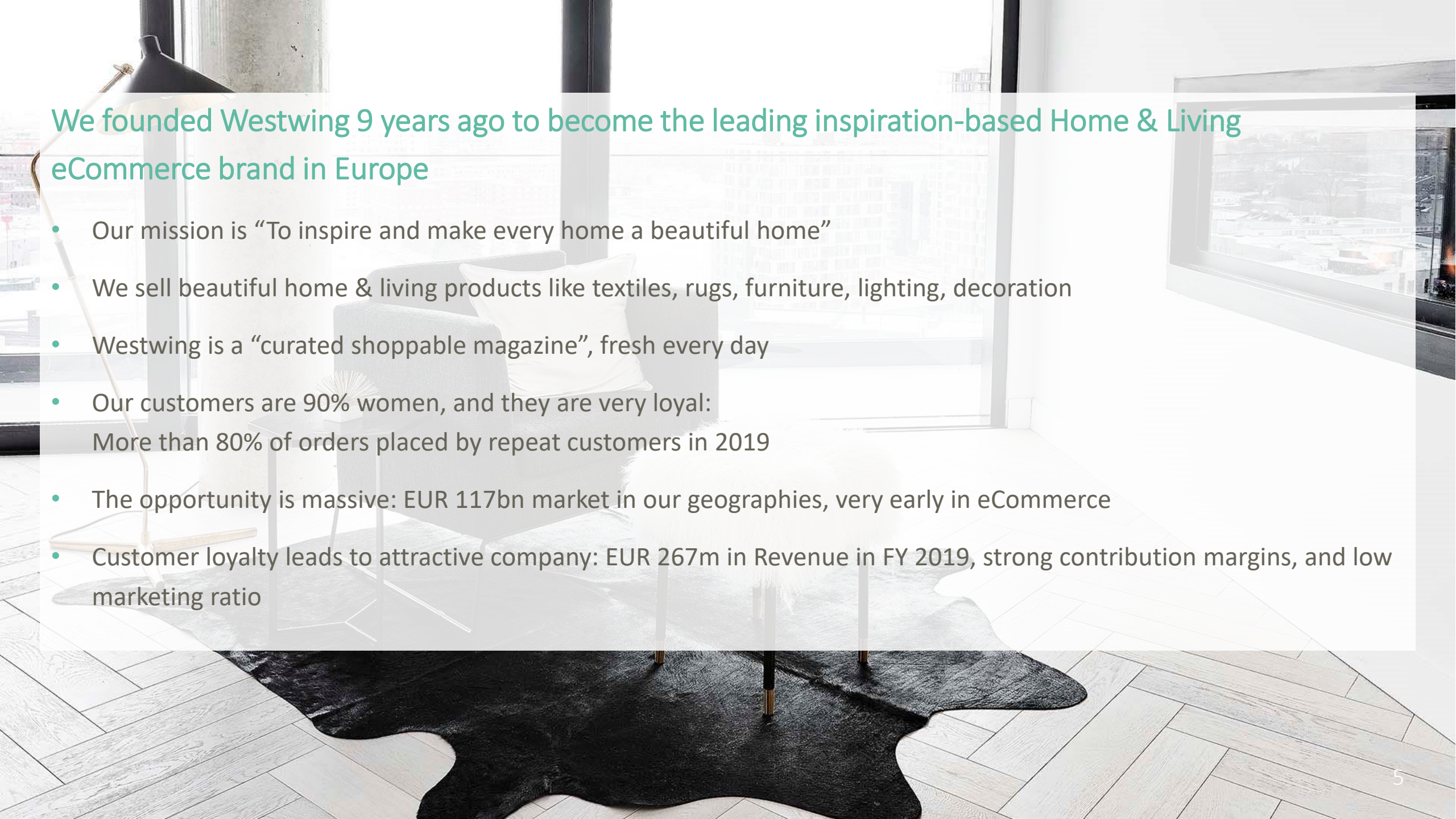
Chief Financial Officer

- At Westwing since 2014
- 15 years of professional experience
- CFO and COO at Confiserie Heilemann GmbH, Deutsche Private Equity GmbH, Bain & Company
- MBA from INSEAD Business School



Founder & Chief Creative Officer

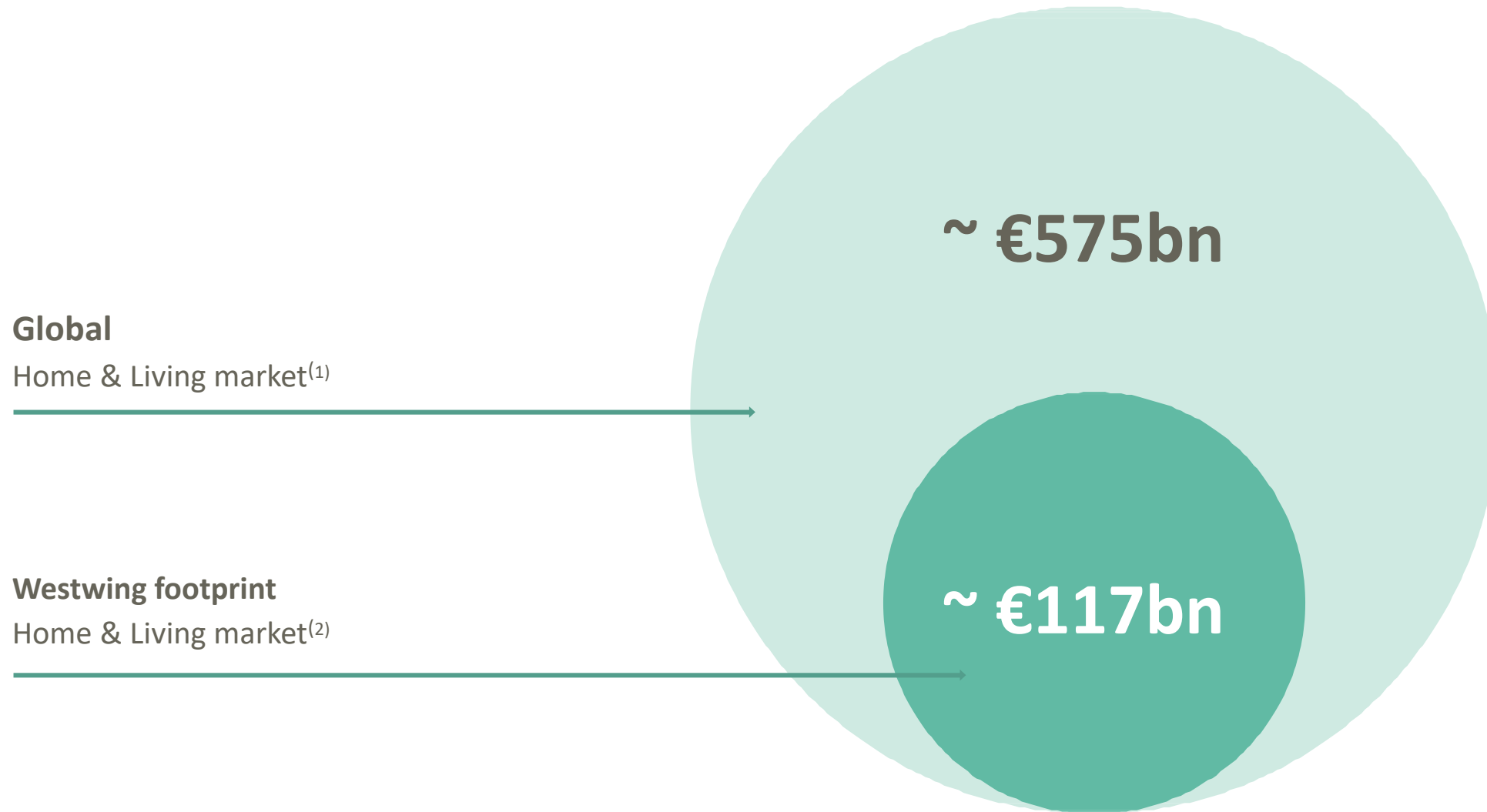
- At Westwing since 2011
- 13 years of professional experience
- ELLE Magazine, ELLE Décoration
- Currently on maternity leave, expected to return September 2020



We founded Westwing 9 years ago to become 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:
More than 80% of orders placed by repeat customers in 2019
- The opportunity is massive: EUR 117bn market in our geographies, very early in eCommerce
- Customer loyalty leads to attractive company: EUR 267m in Revenue in FY 2019, strong contribution margins, and low marketing ratio

We are targeting a huge addressable market ...

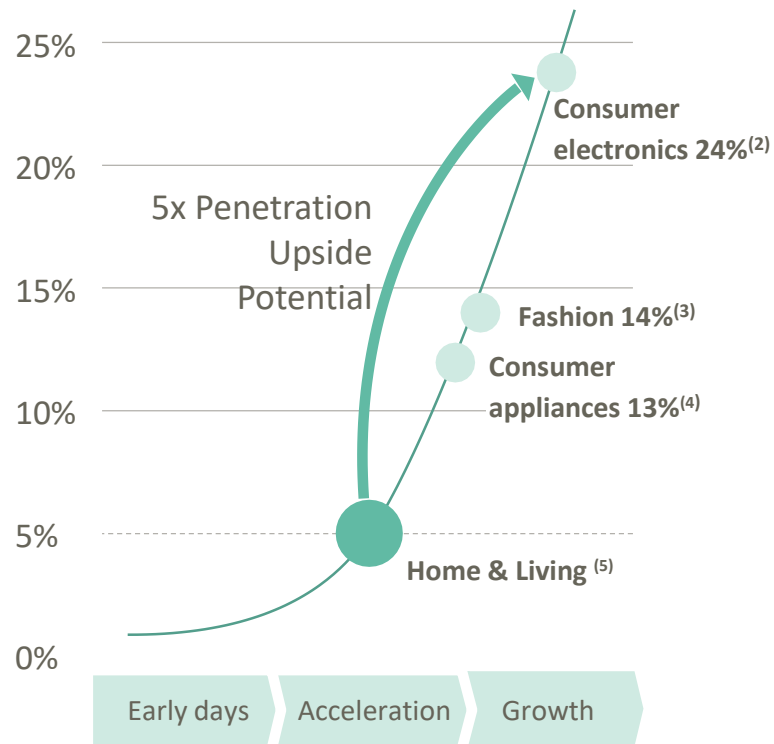


Source: Euromonitor

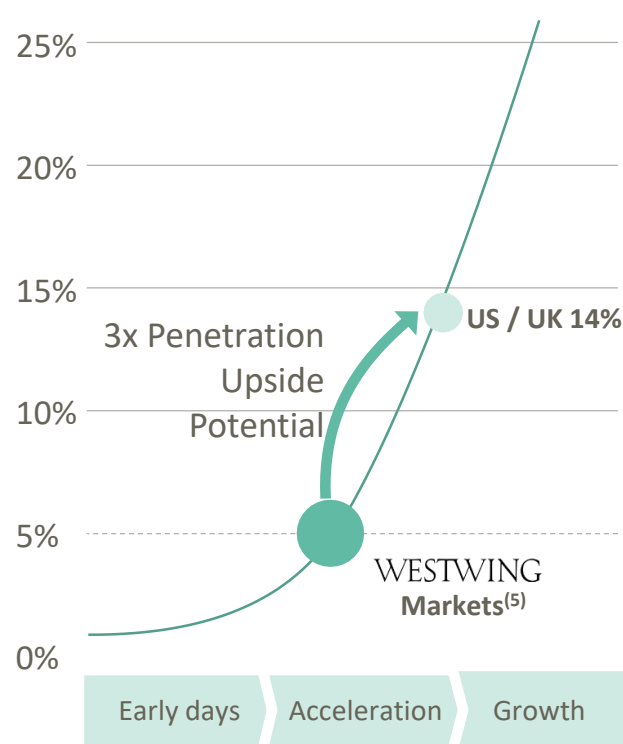
Notes: (1) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Refers to global retail value sales including sales tax at current prices (EUR using 2017 fixed exchange rates); (2) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Refers to retail value sales including sales tax at current prices (EUR using 2017 fixed exchange rates) for countries in which Westwing is present

...that is at the tipping point of online acceleration

Online penetration by industry in Westwing markets⁽¹⁾



Home & living online penetration by geography



Comments

Drivers of online acceleration later than other verticals

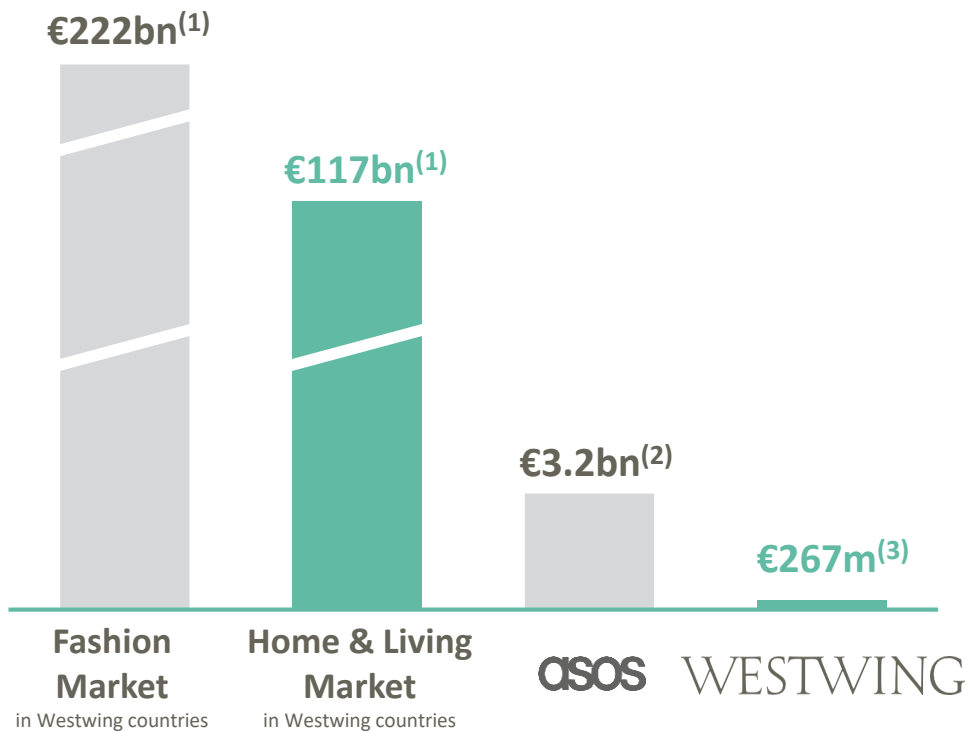
- Demographics: home & living customers are typically older than e.g. fashion or consumer electronics customers
- Shopping is not search-based, rather inspiration-based, so search-based websites don't work as well
- Highly fragmented market and no strong brands to push eCommerce adoption
- Complex operations that need to be set up due to breakable and large-sized products

Source: Euromonitor

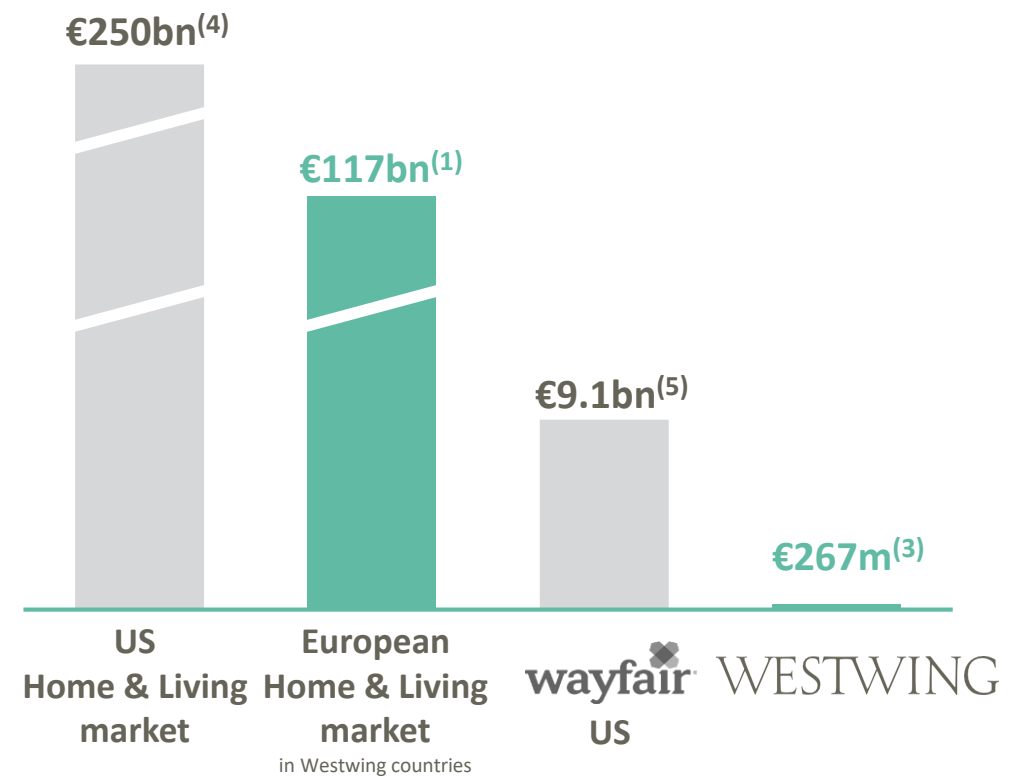
Notes: (1) All numbers refer to countries in which Westwing is present; online market size refers to internet retailing sales; in EUR using 2017 fixed exchange rates as per June 2018; (2) Consumer electronics market defined as Euromonitor Passport: category Consumer Electronics; (3) Fashion market defined as Euromonitor Passport: category Apparel and Footwear; (4) Consumer Appliances market defined as Euromonitor Passport: category Consumer Appliances; (5) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings".

Huge opportunity in Home & Living eCommerce for Westwing

Opportunity for Westwing when comparing to other industries: Fashion



Opportunity for Westwing when comparing to other Geographies: US



Notes: (1) Euromonitor Passport. Home & Living market: Home and Garden categories "Homewares" and "Home Furnishings". Fashion market: category Apparel and Footwear. Global retail value sales including sales tax for Westwing countries (2) Asos global retail sales as of FY 2019 ended 31 August 2019, ~37% of revenues are outside Europe and UK (3) FY 2019 (4) 2018 US Home and Living market as per Euromonitor, Wayfair estimates (5) Wayfair US Net Revenues FY2019

Highly fragmented & subscale
supplier base leading to the
absence of strong consumer
brands in Home & Living market

SAMSUNG



Cushion
?

APPLE

RALPH
LAUREN

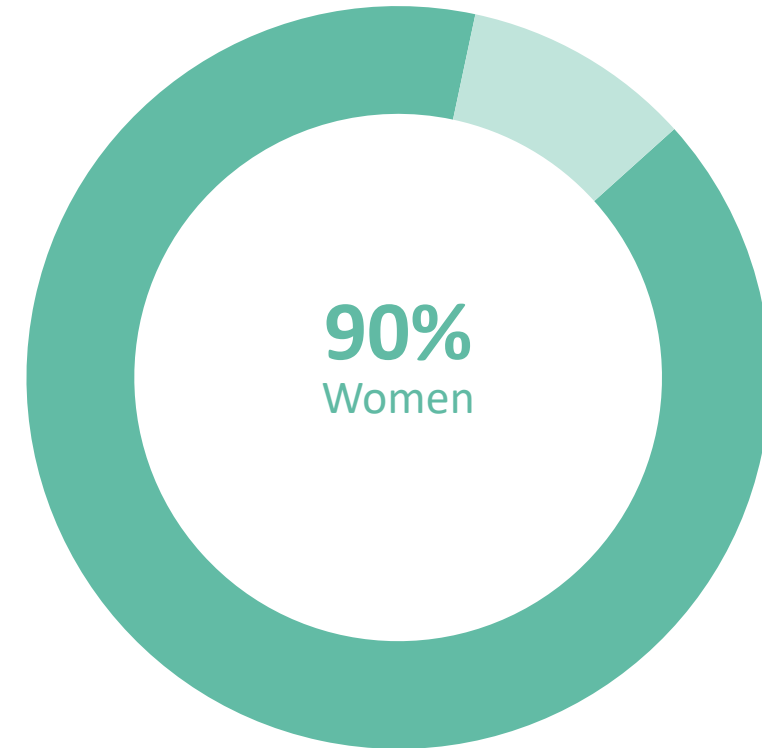




Our brand has very strong customer loyalty

More than
80% of orders
placed by
repeat
customers
in 2019

We focus on women as they take the vast majority of home decisions



Westwing customers

“Men buy, women shop”

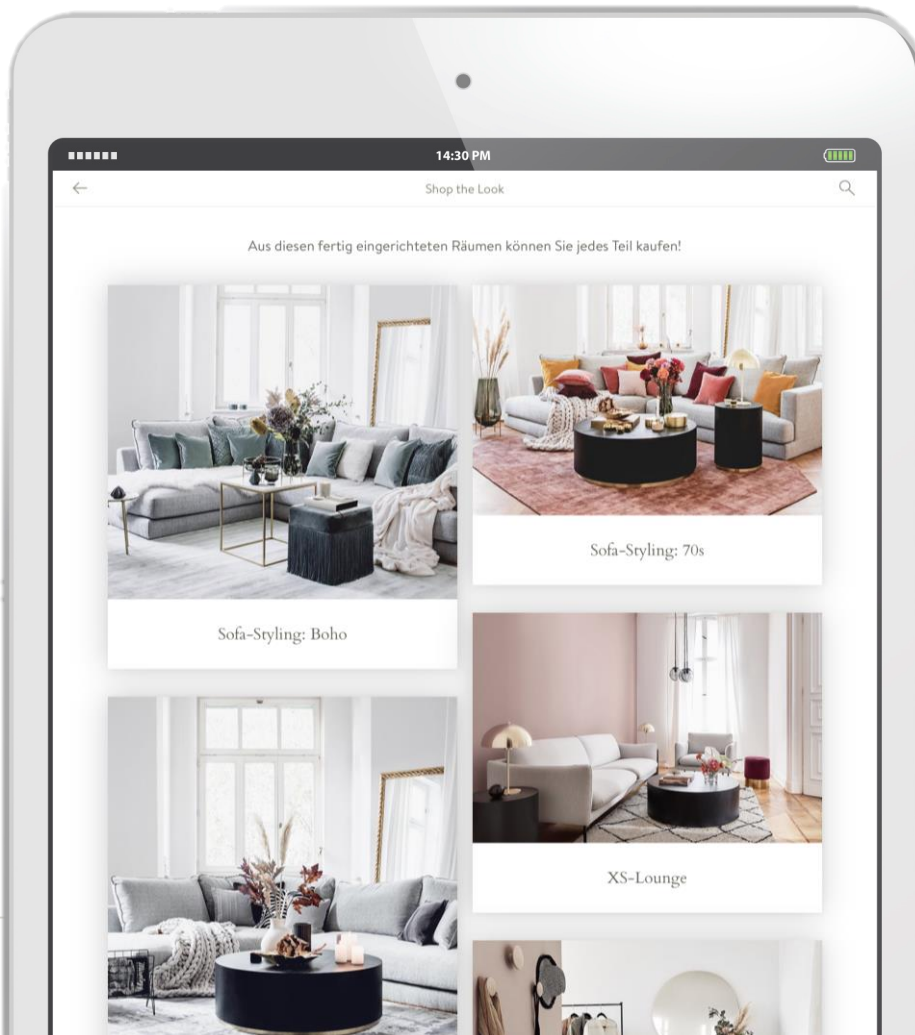


- **Women aged 25-60 years**
- **Interior decoration interested**
Want guidance and ideas. Want their home as stylish as their wardrobe
- **Want to have a home not just a house,**
see their home as reflection of their personality
- **Enjoy redecorating and hosting,**
important part of their lifestyle,
desire to add decoration pieces
- **Enjoy bargains,** no compromise on quality and style
- **Impulse buyers,** not necessarily always seeking to completely re-furnish

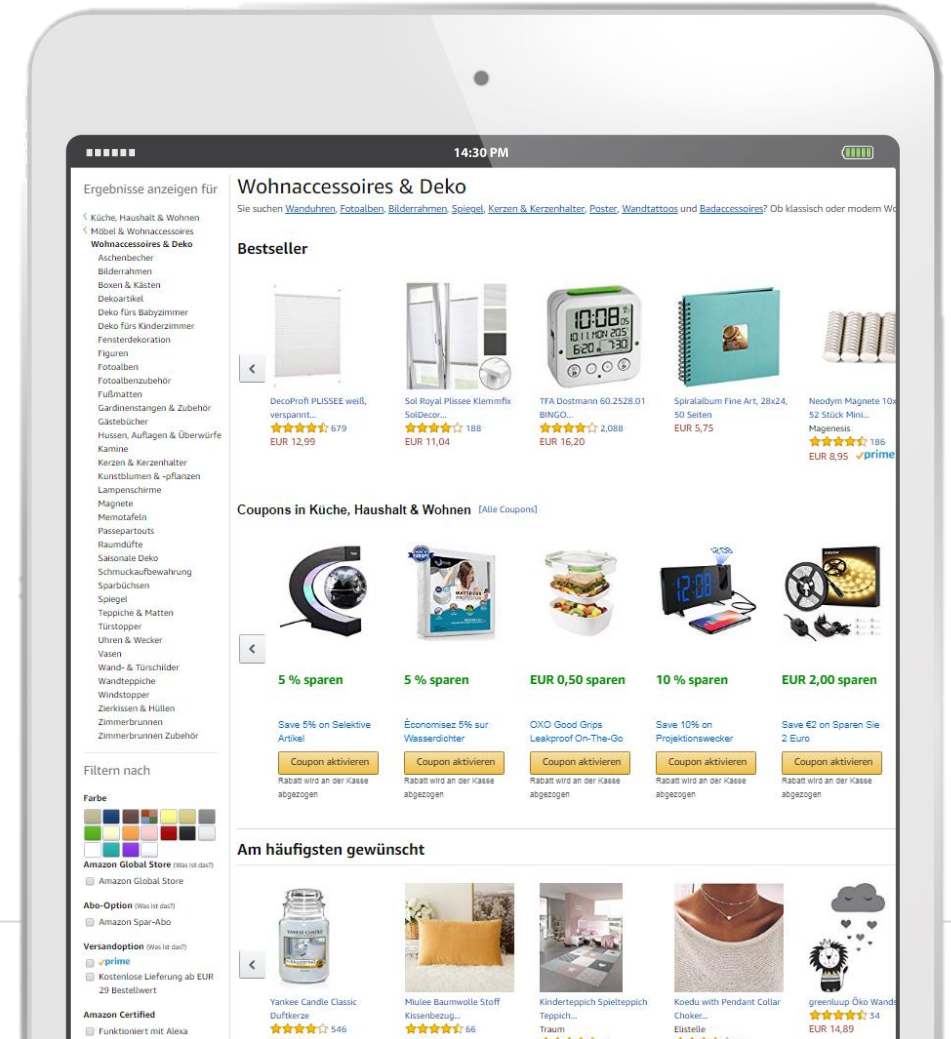
We are the leader in “inspiration-based eCommerce”, which works much better for home & living than typical eCommerce

WESTWING

Typical eCommerce

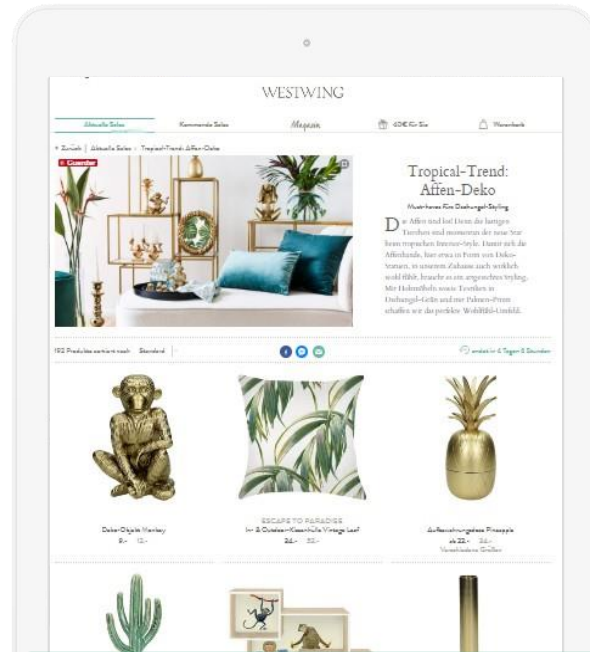


VS



We uniquely combine inspiration and shopping in a “curated shoppable magazine”

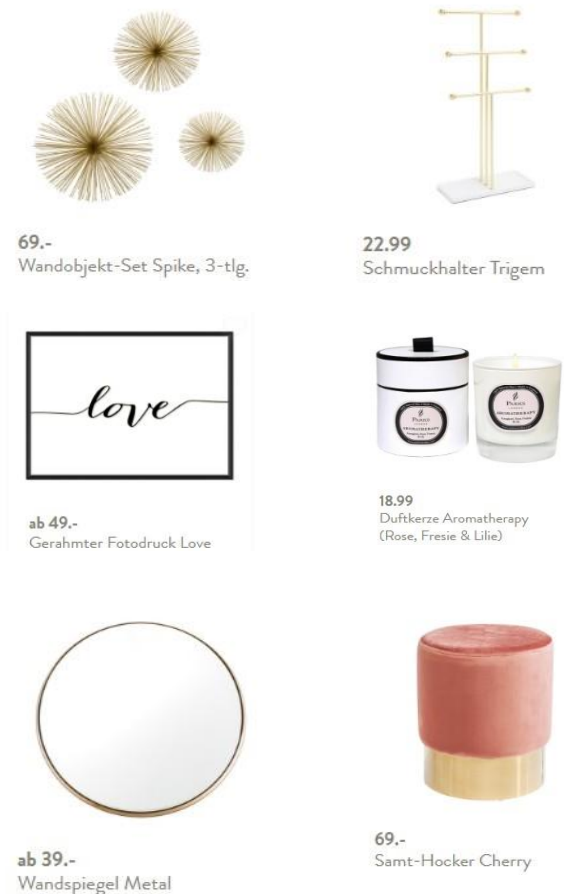
Inspiration/Content



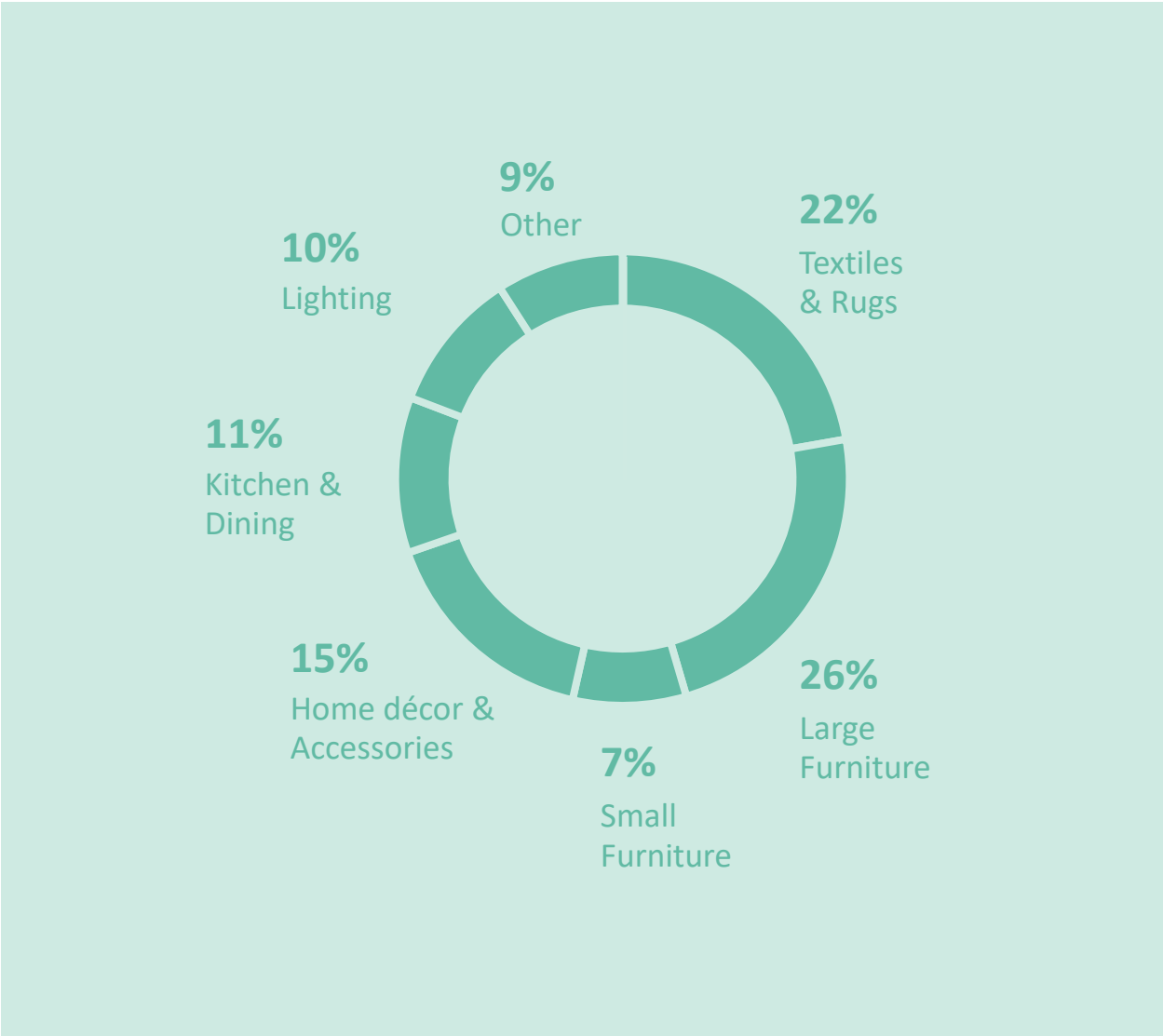
Combining ‘best of both worlds’ in an online curated platform



Commerce



Westwing sells gorgeous, inspirational products across the full range of the home & living category



Note: Based on GMV 2019

Westwing Creative Leadership team is where we invest significantly into



Sebastian Freitag
Creative Director
Daily Themes Global



Alexandra Tobler
Creative Director
Private Label



Marta Suchodolska
Creative Director
Poland/CEE



Alice Etro
Creative Director
Italy

Full Creative Team >100 world-class experts strong

- **Creatives covering all business areas**
Marketing, Daily Themes, Permanent Assortment, Own & Private Label, International
- **Key roles**
Editors, Creative Merchandisers, Stylists, Art Directors, Interior Designers, Photographers, Cinemagraphers
- **Typical backgrounds**
Magazine editors-in-chief and editors (from home & living and fashion), Fashion stylists, Interior designers, Filmmakers, Fashion photographers, Graphics designers



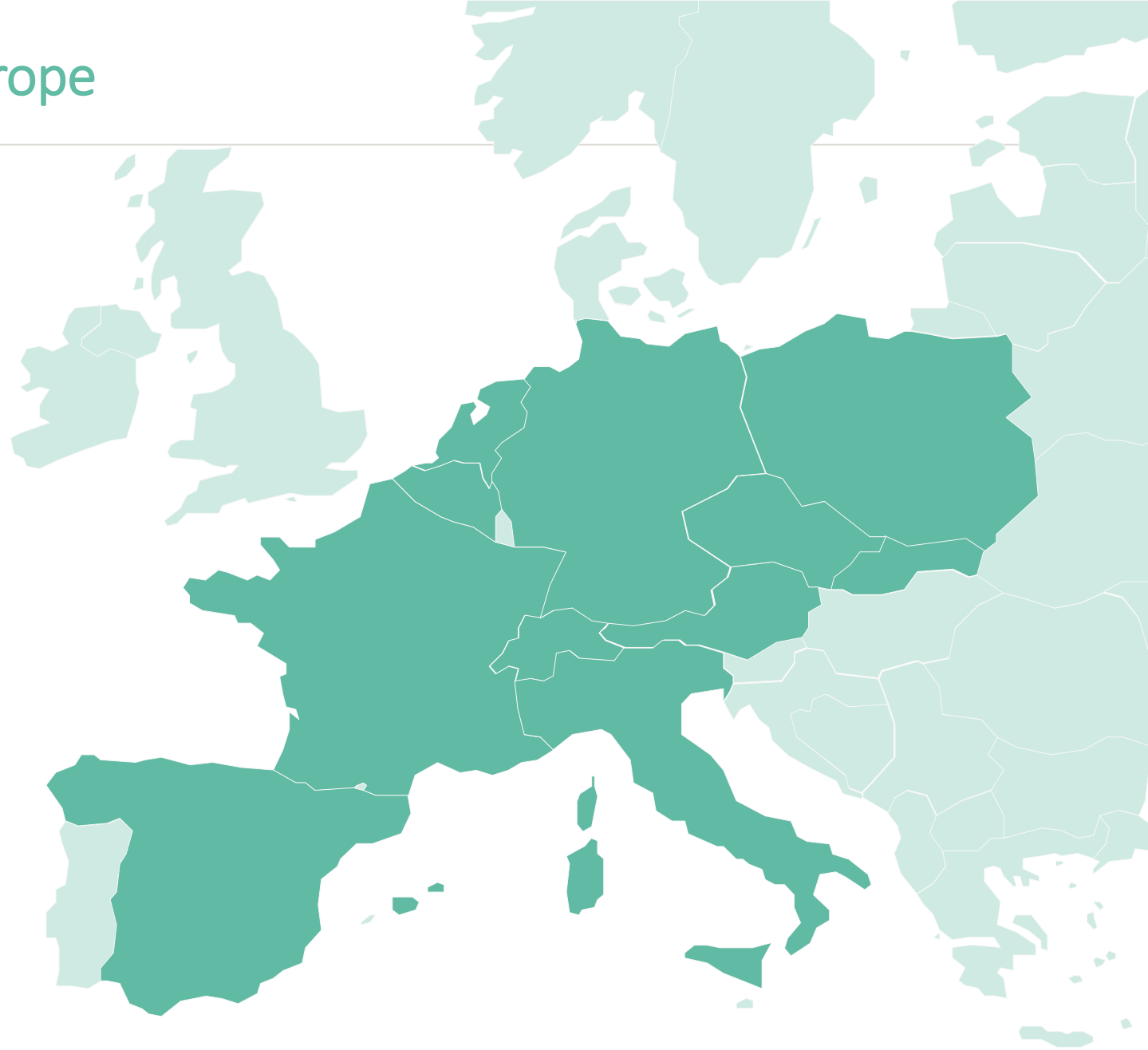
We are active in 11 countries in Europe

57%

**DACH
SEGMENT**
(3 countries)

43%

**INTERNATIONAL
SEGMENT**
(8 countries)



Highly scalable platform with full value chain control

Inspiration & Curation



- Dedicated, creative staff including over 100 editors, journalists and content creators

Integrated supply chain



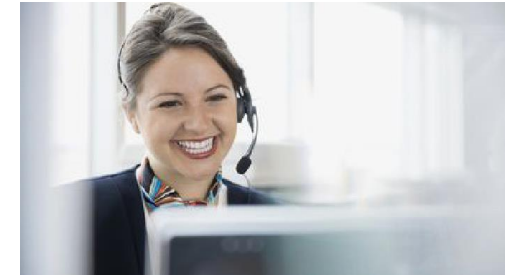
- 3rd party and Own & Private Label
- 5,000 suppliers from across the globe
- Growing share of Own & Private Label

Fulfillment



- 5 warehouses
- 20 last-mile carriers and multiple other logistics partners
- 15 payment methods

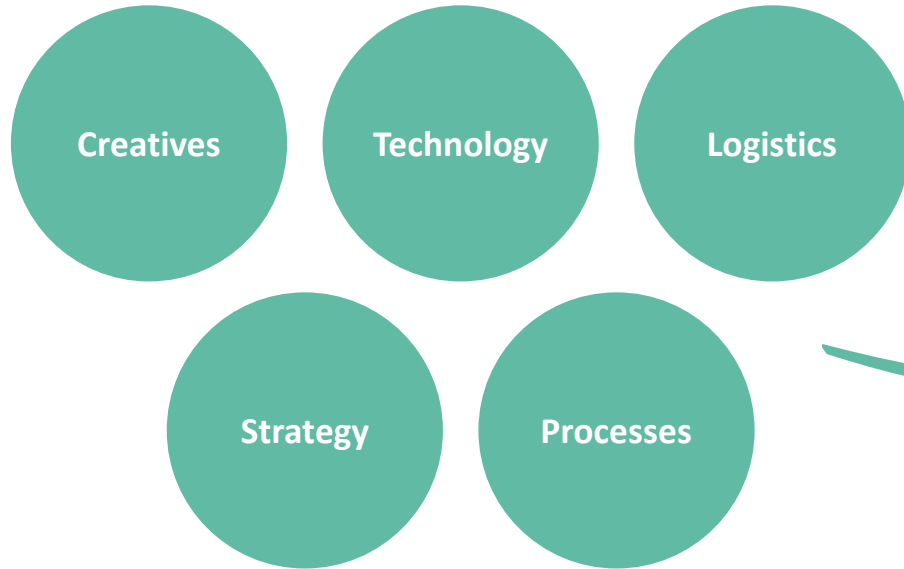
Customer service



- 4 Local customer service centers
- 107 internal Agents
- 350k new calls p.a.
- 550k tickets p.a.

Integrated business model in all of our 11 markets

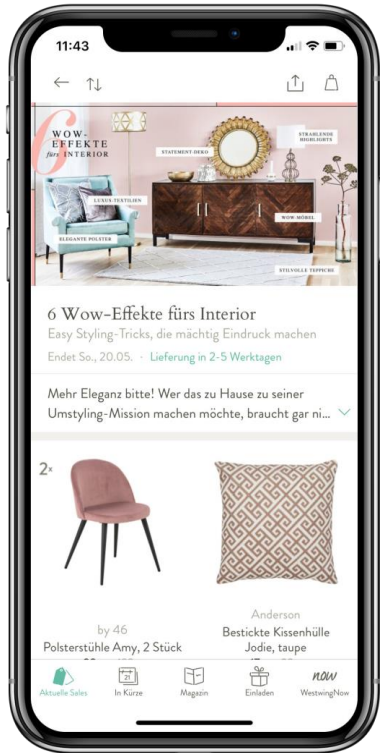
Tapping comprehensive platform



Virtuous cycle of all elements working together



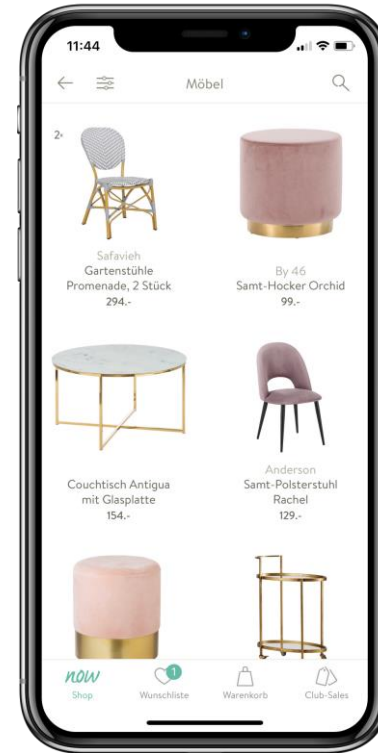
1 We operate a unique business model where we acquire customers in one model and monetize them in both models



DAILY THEMES

WESTWING

- Efficient acquisition and retention
- Very high customer engagement and repeat purchases
- Rich data on customer preferences and supplies



PERMANENT ASSORTMENT

WESTWINGNOW

- Scalable supply at even higher margins (esp. Own & Private Label)
- High growth and profitability
- Leverage collected customer data to offer relevant assortment

Acquire, retain, engage

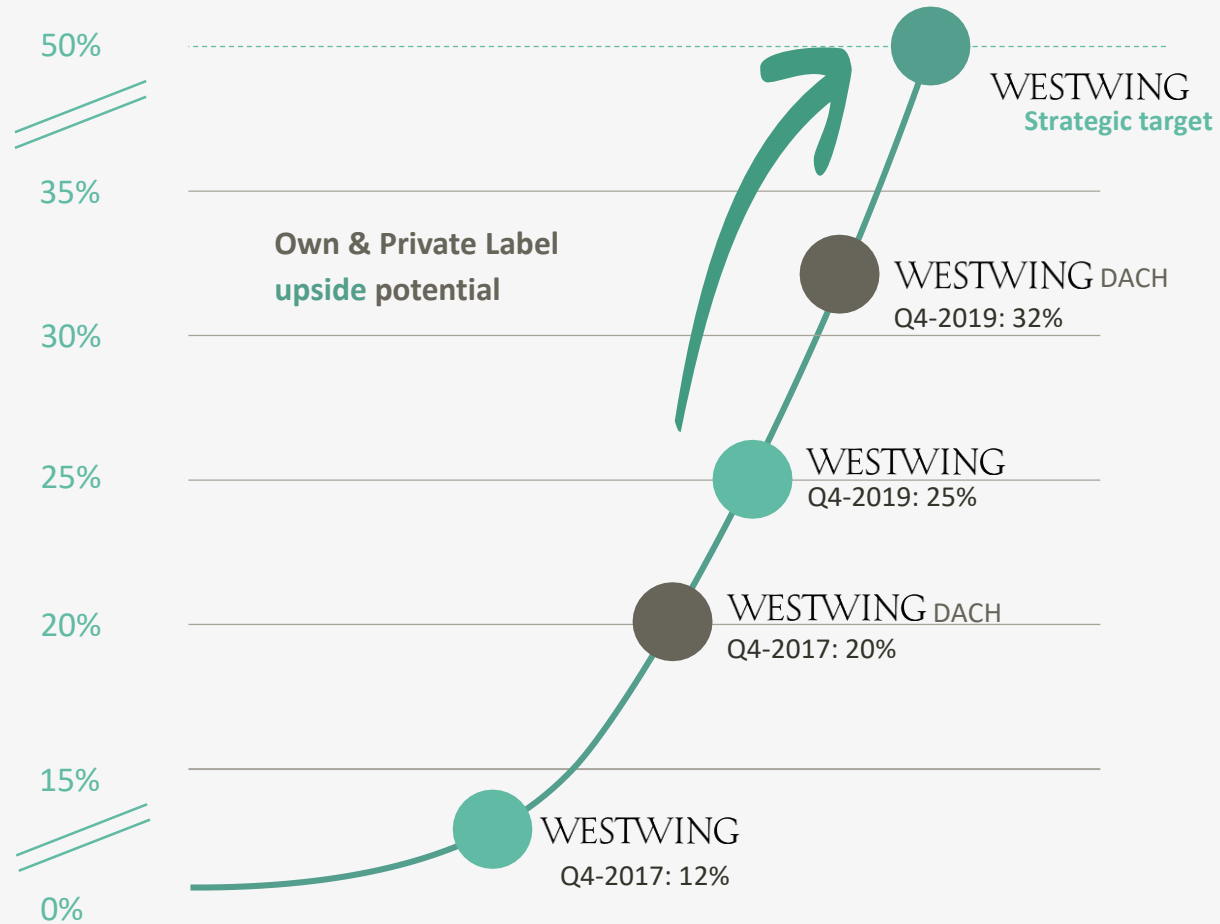
Cross-sell and up-sell

WESTWING PLATFORM

(Own & Private Label, marketing, technology, warehouses, data, etc.)

2 Own & Private Label is our most powerful strategic initiative, by now 25% of Group GMV

Own & Private Label share (% of GMV)

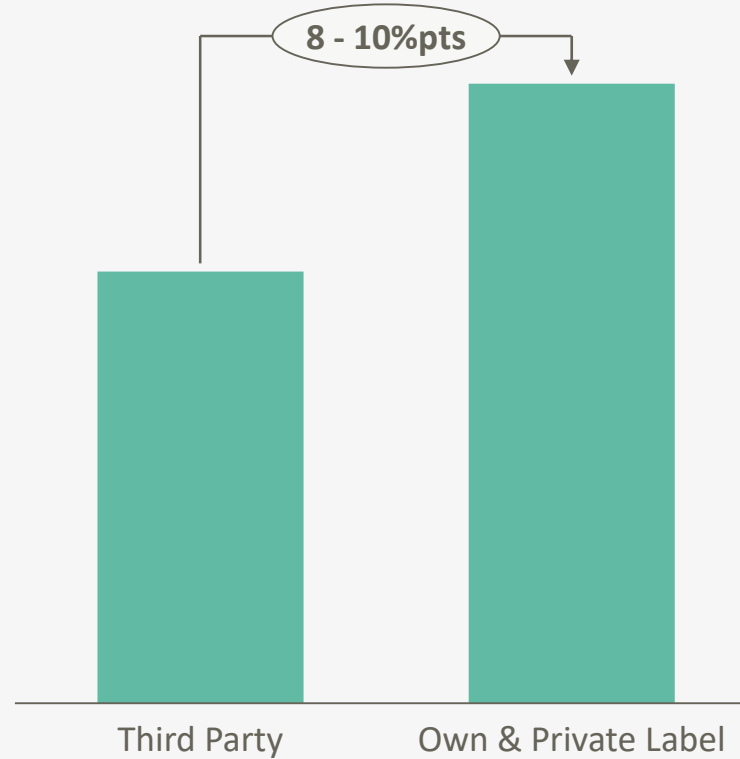


Own & Private Label at 8-10%pts higher contribution margin



Contribution Margin

(illustrative)



- Two exclusive Westwing Collections launched in 2019 with very positive response from customers
- 5,000 + Own & Private Label SKUs
- Beautiful products that our customers crave and desire
- Full control over supply chain and quality
- Highly competitive pricing
- Contribution margins are 8-10ppts higher

Some of our bestselling Own & Private Label products



SOFA LENNON

Price: Starting at €1,599



SOFA TABLE ANTIGUA

Price: €159



BED LINEN MIRJA

Price: Starting at €29.99⁽¹⁾



RUG JANE

Price: Starting at €99⁽¹⁾



HANGING LAMP AURELIA

Price: €249



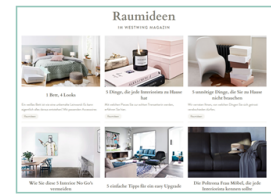
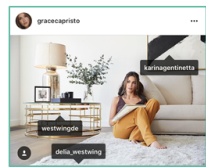
CHAIR TESS

Price: €199

Marketing: Our approach focuses on brand, engagement and inspiration

WESTWING

Influencers



Marketing focused on brand content and engagement

Strong organic visits driven by newsletter and social media

Curated, shoppable magazine
Focus on engagement

Focus on engagement
82%
share of orders from repeat customers

Fulfillment



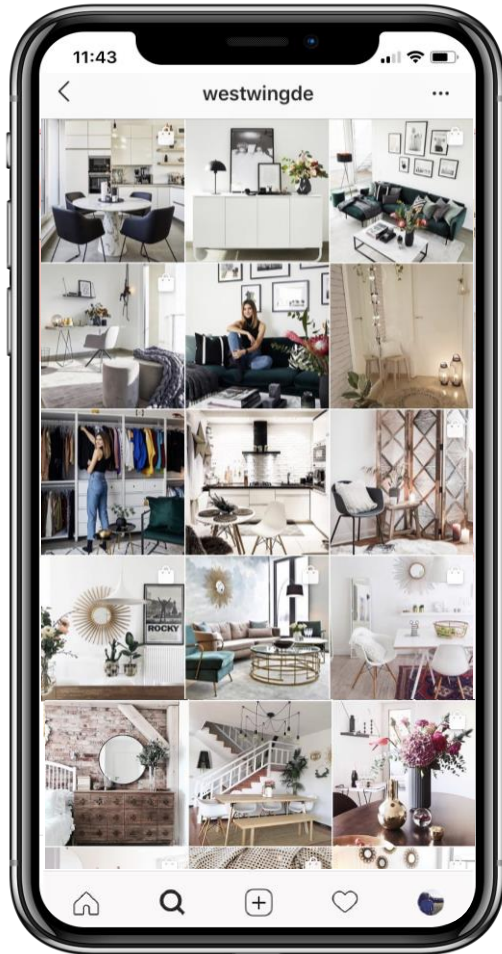
Purchase



Press

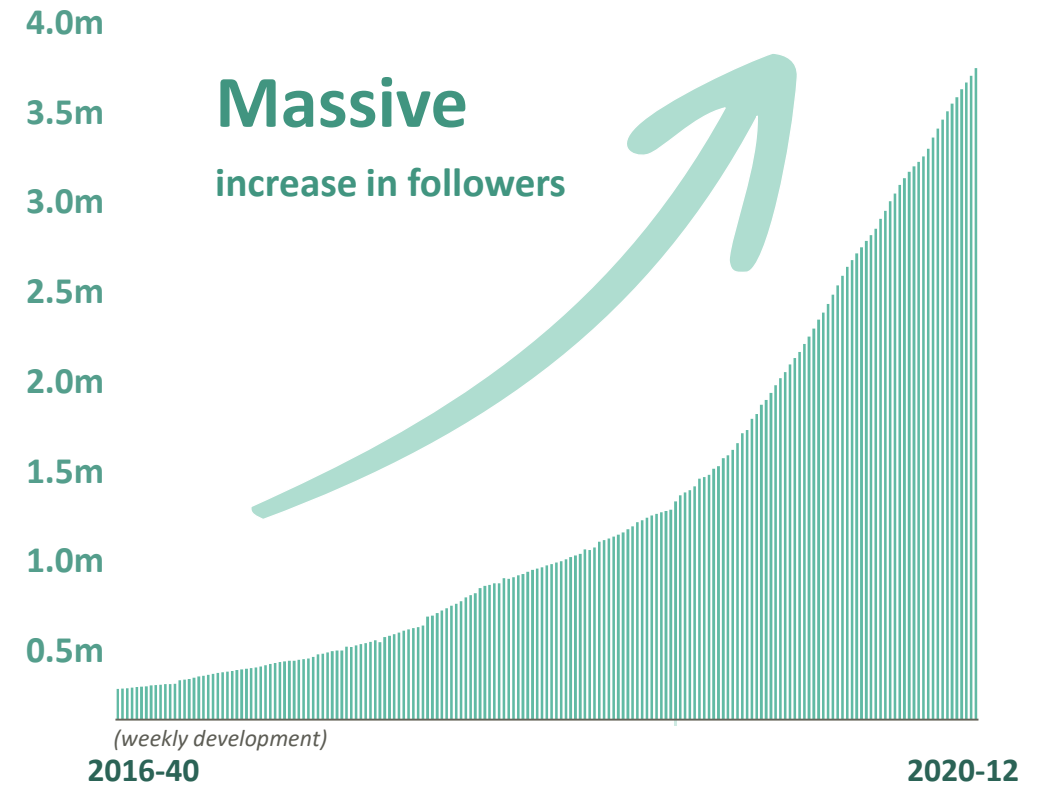


3 Organic Marketing model is asset-building and leverages our most important and fast-growing channel Instagram



- We use our content from daily themes and content produced in our social media film studio
- Free user-generated content #mywestwingstyle and influencers to expand our reach
- All based on our unique creativity and our love brand (hard to copy for competitors)
- Massive results after a few years with largely stable cost base

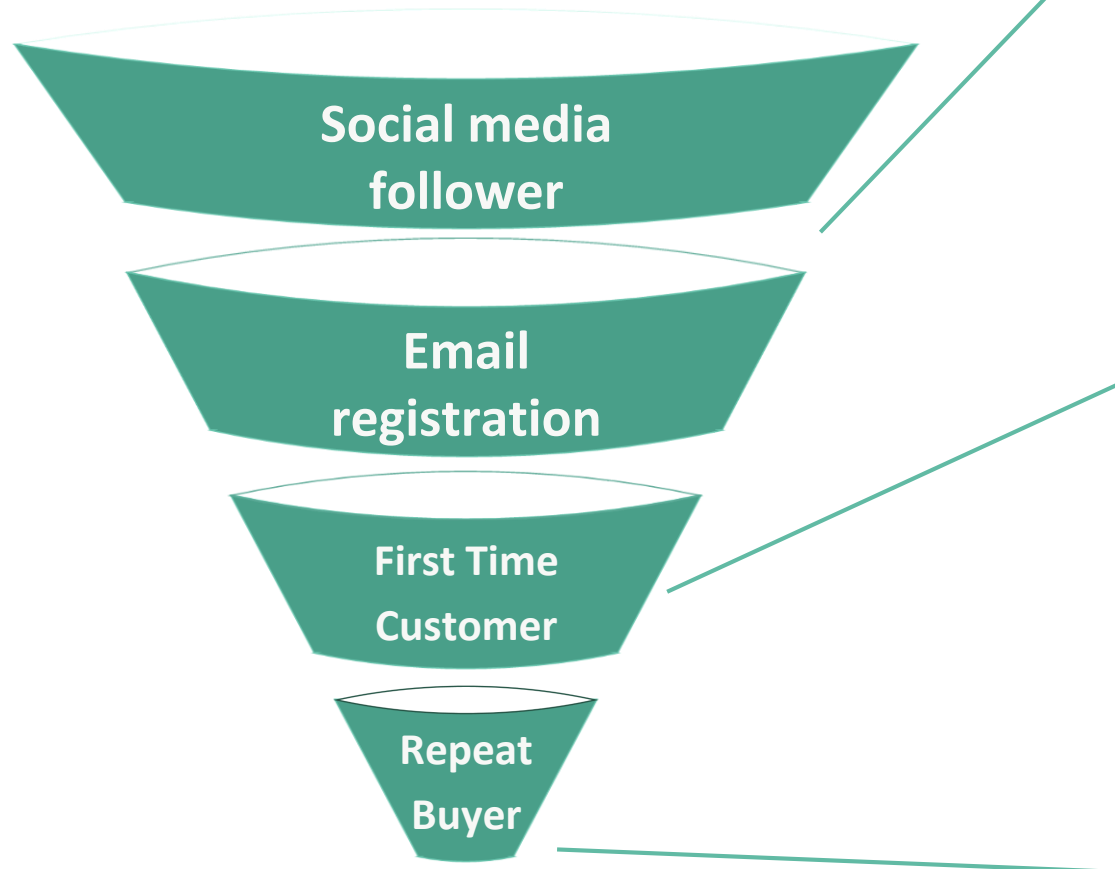
Instagram followers at >3.5 million across Europe



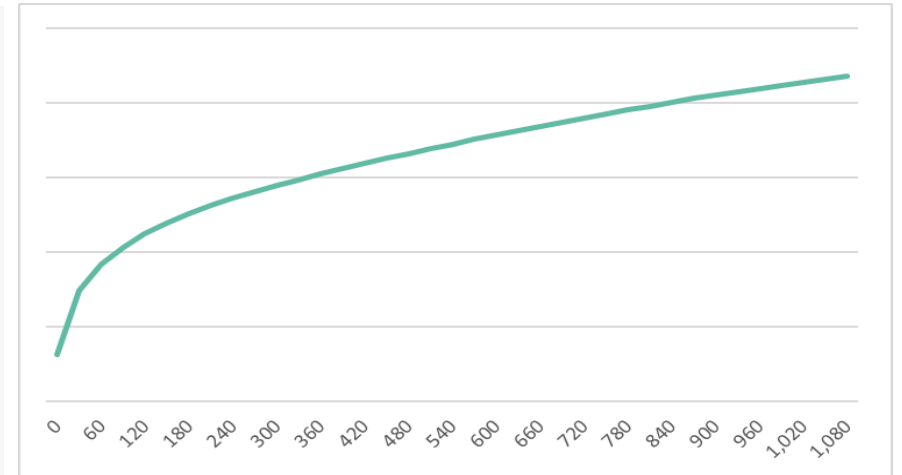
3 Marketing: New email addresses gradually convert to buyers, and then keep buying

Many interactions with Westwing prior to first purchase...

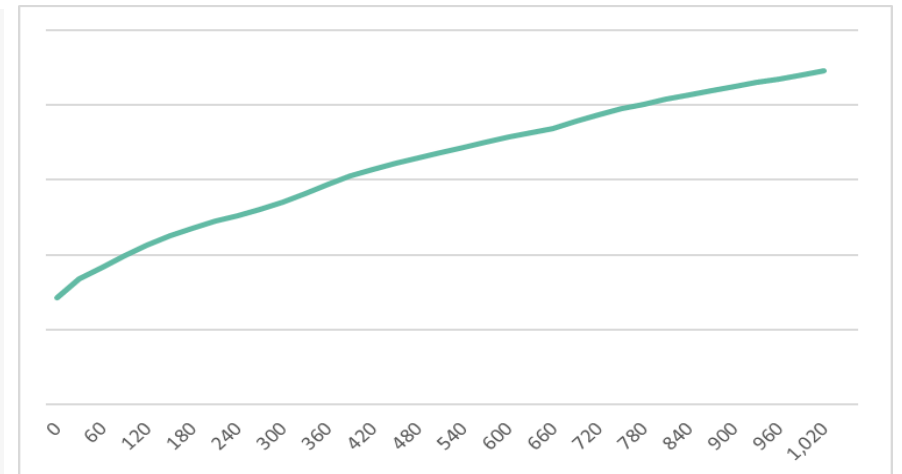
... conversion from Email registration to customer happens over time, thereafter steady spending pattern



First time Buyer conversion⁽¹⁾
(indexed, after x days, illustrative)

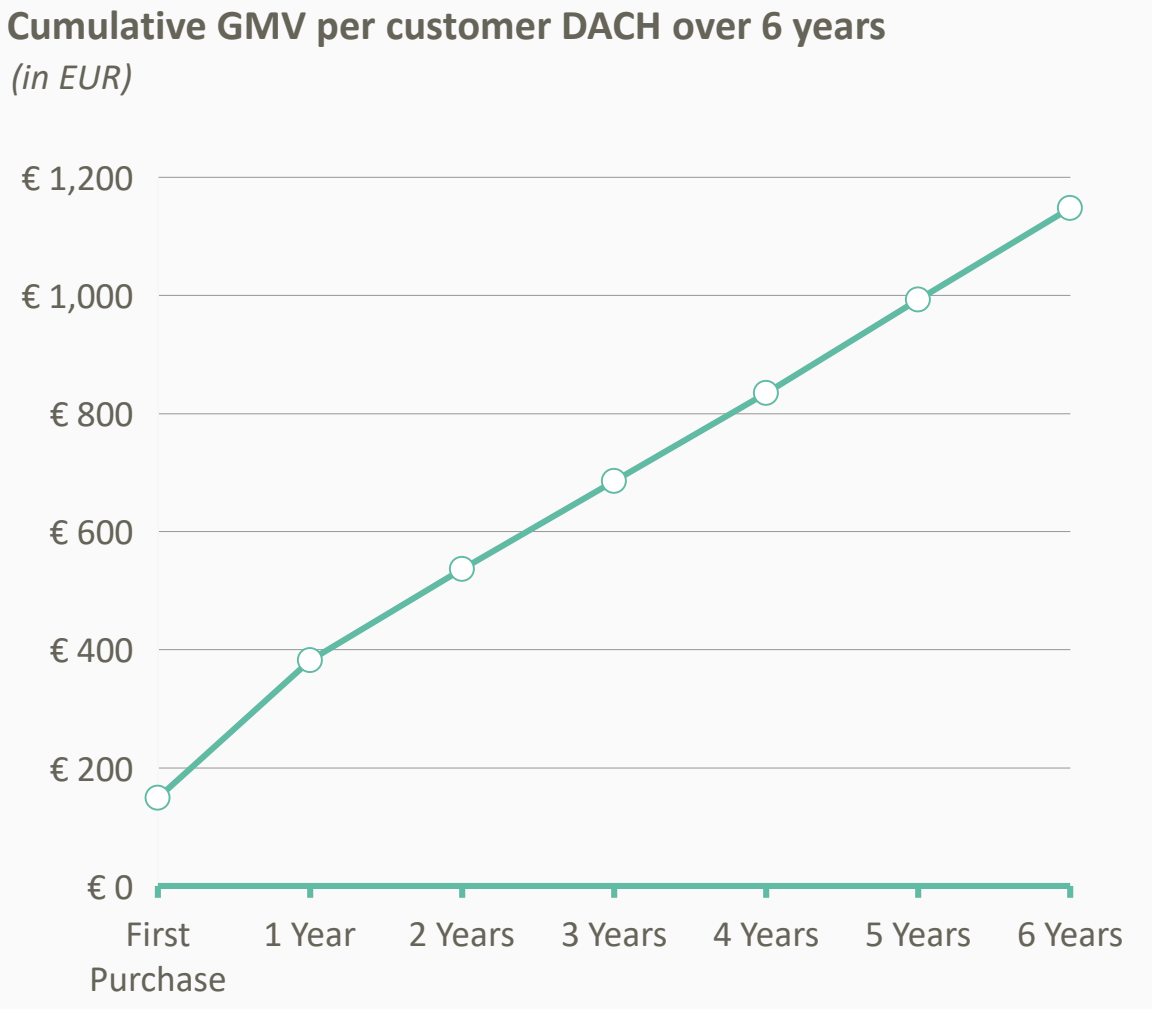


Cumulated GMV per Buyer
(indexed, after x days, illustrative)



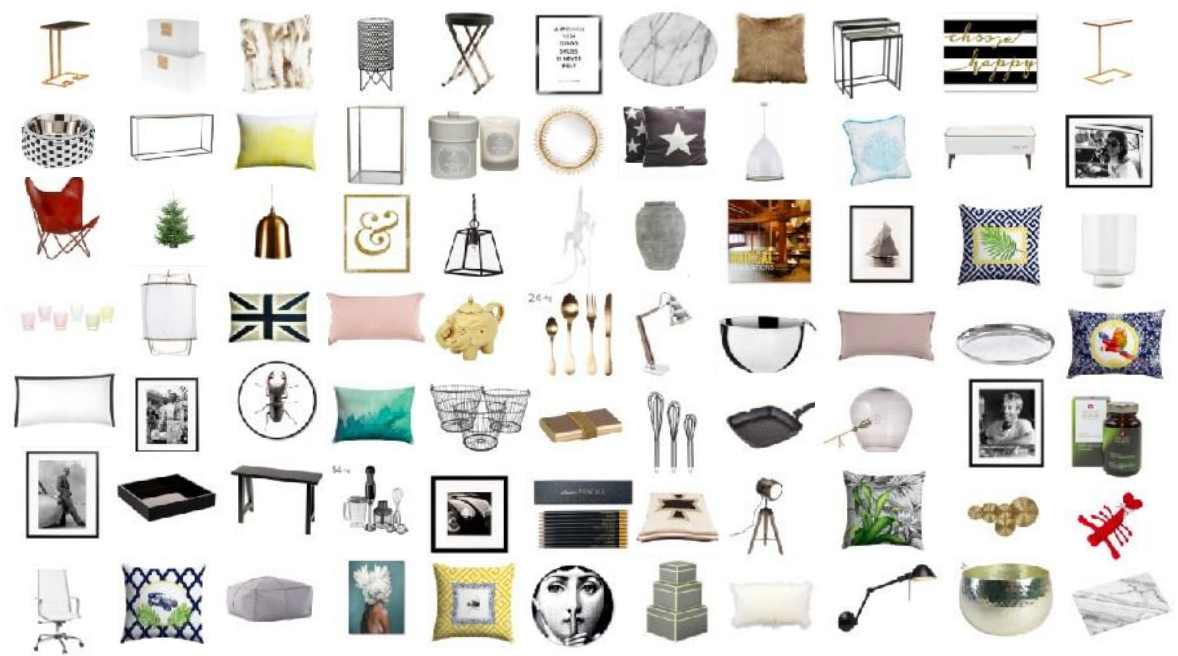
Note: (1) First time Buyer conversion is defined as the number of first time buyers as percent of the email registrations of a given cohort

Result #1: High customer loyalty results in substantial customer lifetime value



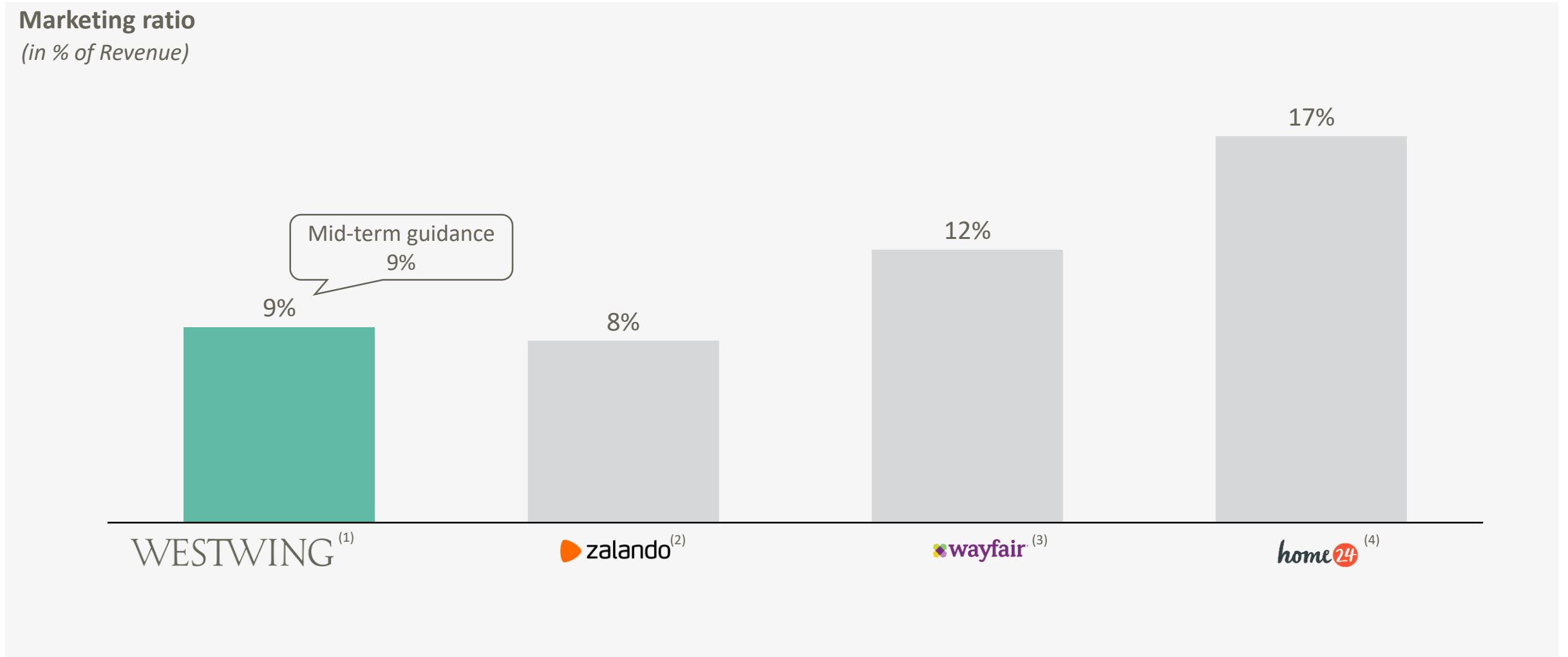
Exemplary real customer purchases

Helene L. from Augsburg (Germany)⁽¹⁾, some of her lifetime Westwing purchases



Scope: DACH, 2013 First Time Buyers
Note: (1) Customer name and city anonymized

3 Result #2: Marketing ration low compared to other companies due to focus on organic marketing and customer loyalty

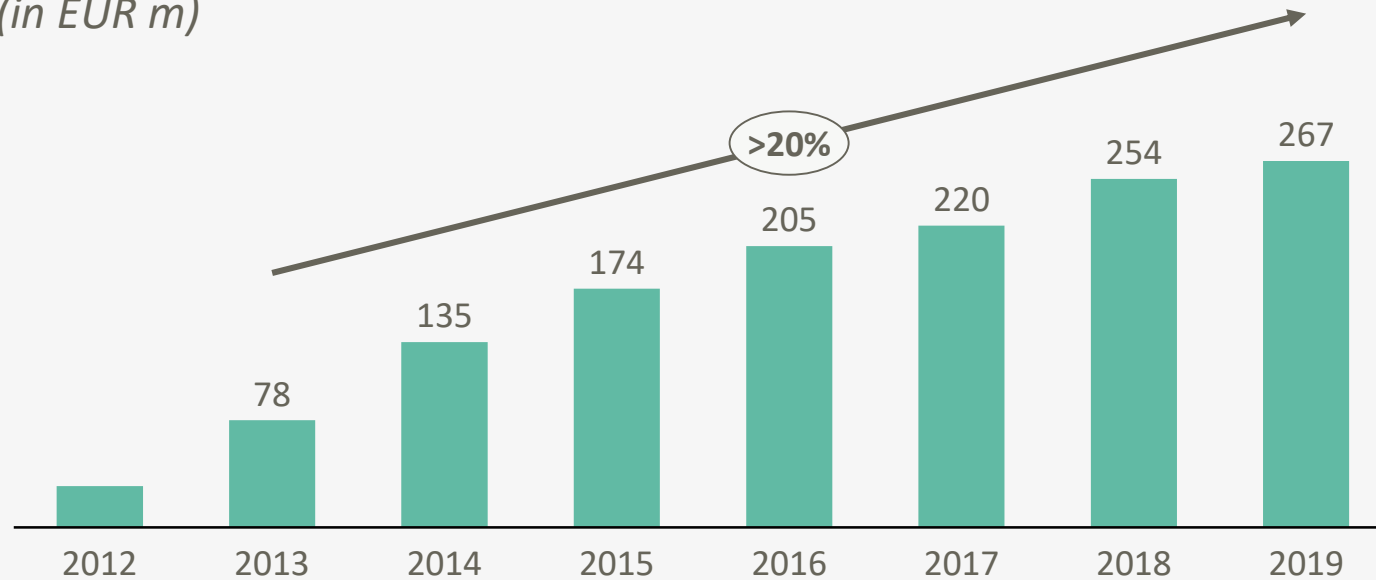


Source: Company reports

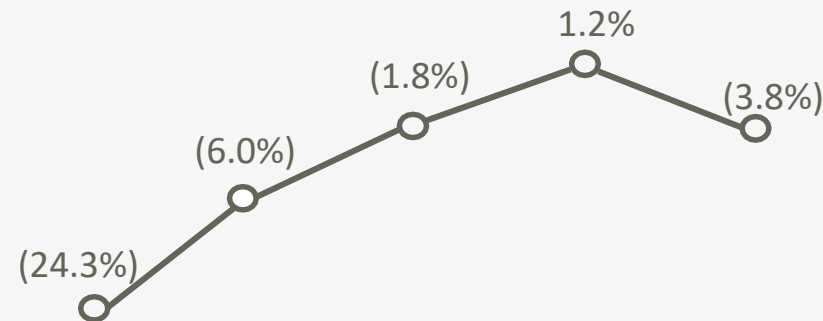
Notes: (1) Westwing as FY 2019; (2) Zalando as FY 2019; (3) Wayfair as FY 2019 includes advertising costs; (4) Home24 as FY 2019

Westwing with successful development since founding

Revenue
(in EUR m)



Adj. EBITDA margin
(% of
Revenue)



Guidance FY2020



Revenue growth of 5-10%



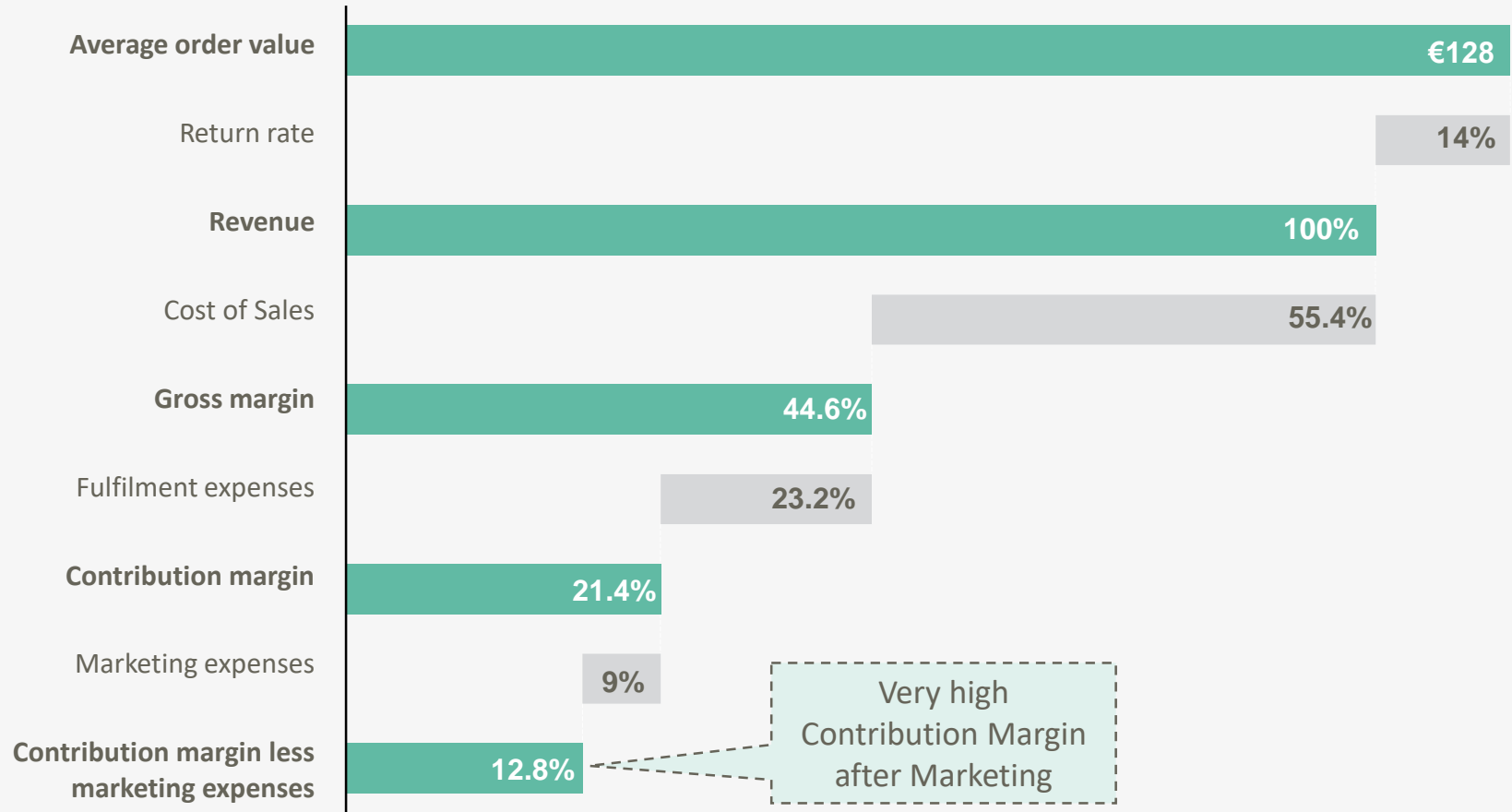
Adjusted EBITDA moderately better than FY 2019, positive by FY 2021

(Guidance subject to further development of COVID-19 situation)

Our Contribution Margin is attractive at 21.4%, with a 44.6% Gross Margin and 23.2% Fulfilment expenses

Revenue and cost breakdown FY 2019

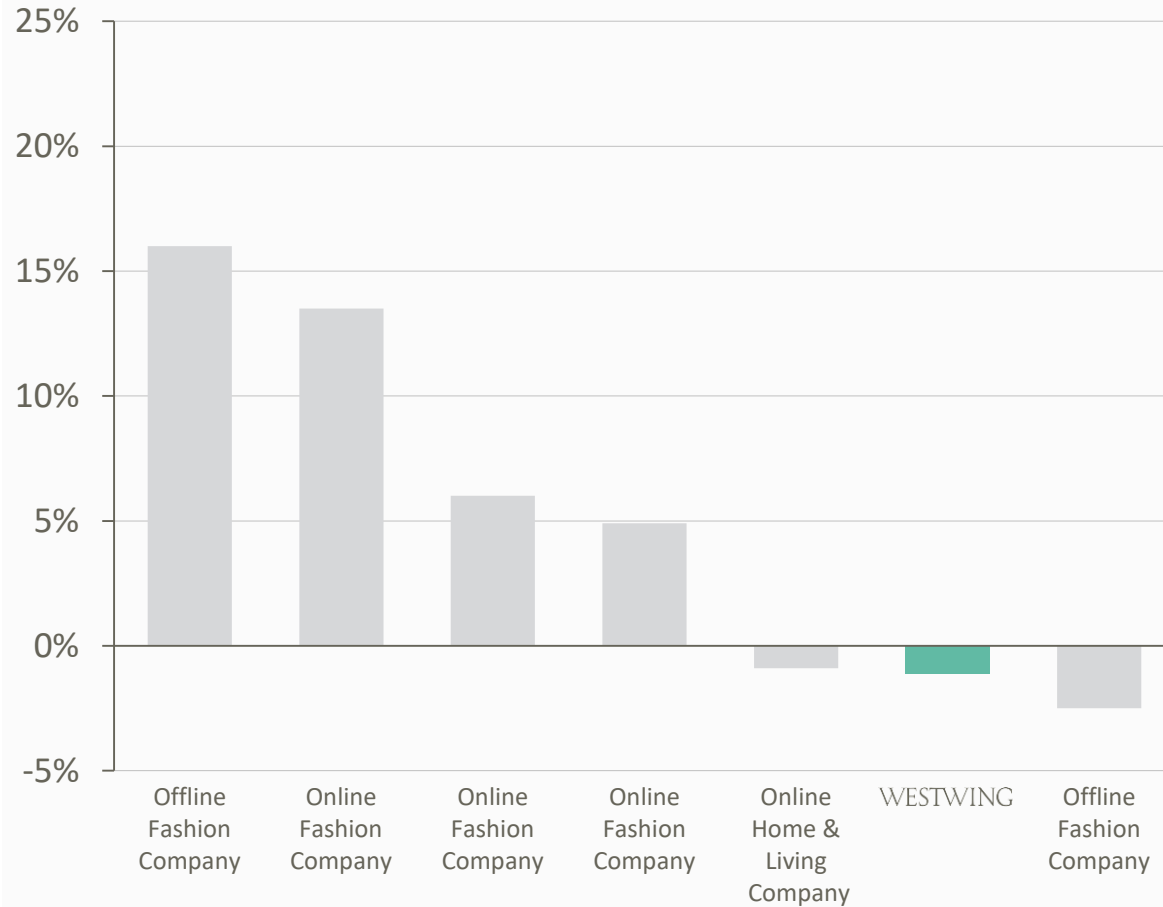
(EUR, in % of revenue, unaudited)



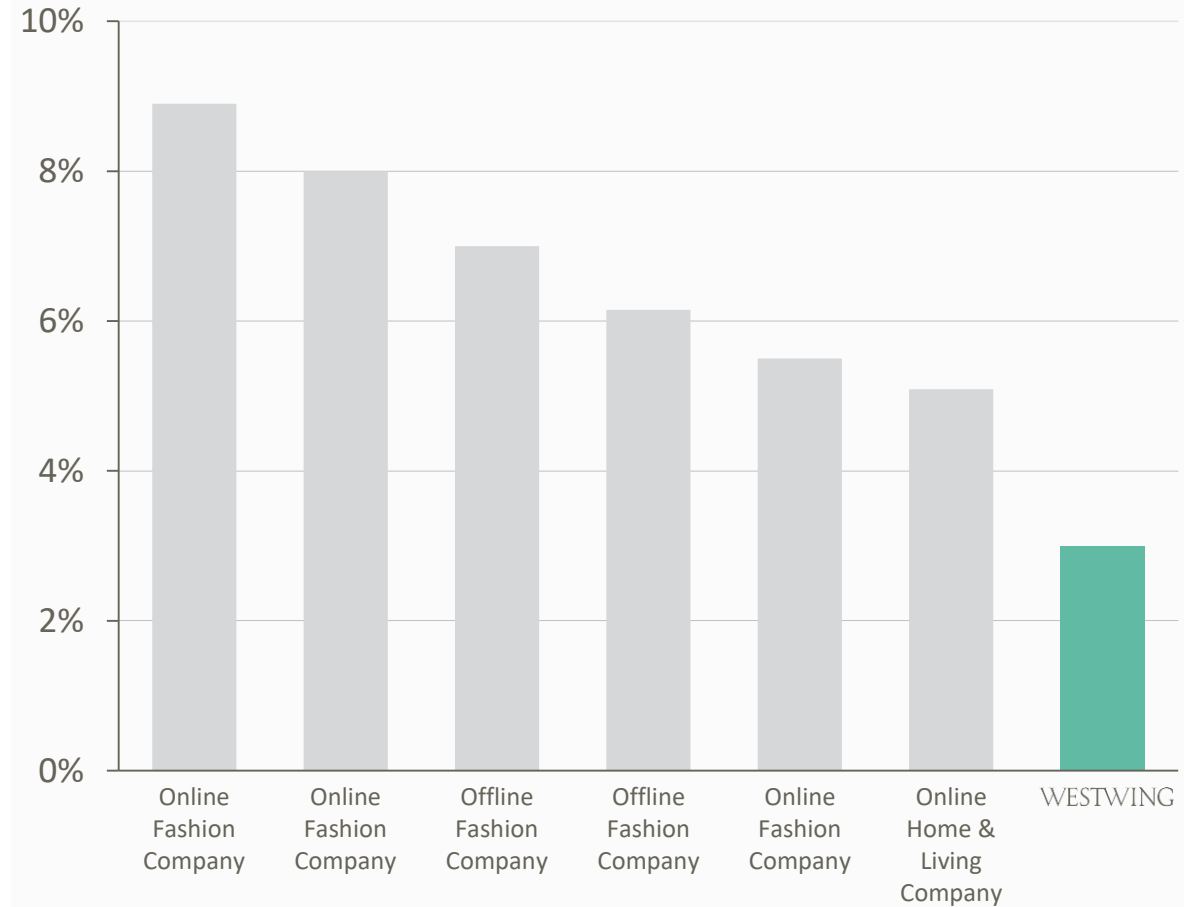
Scope: Group, excluding share-based compensation.

Westwing has best-in-class cash efficiency

Working Capital Ratio comparison
(% of Sales)



Capex Ratio comparison
(% of Sales)



Source: Berenberg „General Retail: Safety in numbers?“ Feb 14, 2019; Westwing based on FY 2019; Capex is defined as sum of property, plant, equipment, and intangible asset purchases.

Our attractive DACH segment is leading the way as blueprint for our international markets

Key elements of strategy

- Daily themes and loyalty model
- Permanent bestseller assortment
- Focus on Own & Private Label
- Brand building and Organic Marketing

Results FY 2019

Share of Group Revenue

57%

Revenue growth of

14%

Adj. EBITDA break even

0%

Note: All figures preliminary and unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

Our business combines a number of drivers for profitable growth



Strategic financial outlook: Long-term we continue to expect a target EBITDA margin of 10% and attractive cash flow

Item	2019	Long-term target	Comment
Gross margin	45%	47-49%	<ul style="list-style-type: none"> Second most important driver for increasing Adj. EBITDA margin based on higher share of high-margin Private Label (strategic target 50% share)
Contribution margin	21%	25-27%	<ul style="list-style-type: none"> Improvements mostly from Gross Margin Fulfillment costs expected to be stable after improvements in 2020
Marketing	9%	8-10%	<ul style="list-style-type: none"> Ratio of 9% currently expected for attractive growth
SG&A + Other	20%	10%	<ul style="list-style-type: none"> Most important driver for increasing Adj. EBITDA margin based on strong cost discipline paired with operating leverage
D&A	3%	3%	<ul style="list-style-type: none"> Expected to remain at current level
Adj. EBITDA	-4%	10%	<ul style="list-style-type: none"> Result of above, esp. improvements in Gross Margin and operating leverage
Free Cash Flow	-8%	7%	<ul style="list-style-type: none"> Stable working capital Operating leverage on technology (which is most of our Capex)

Note: All figures preliminary and unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018



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Westwing Definitions

Gross Merchandise Volume (GMV): Value of all valid customer orders placed in a given period. (i.e. excluding cancelation, but including returns), excluding VAT.

Revenue: Value of all valid customer orders shipped in a given period excluding cancelations, returns and VAT

Adjusted EBITDA: EBITDA adjusted for share-based compensation expenses, IPO costs recognized in profit or loss, and central costs allocated to discontinued operations

Private Label share of GMV: GMV of Private Label business as % of GMV Group in the same reporting period

Number of orders: Total number of valid orders (i.e. excluding cancelation)

Marketing ratio: Marketing costs as % of Revenue in a given period

Customer lifetime value (CLV): Cumulated contribution profit per customer since first order over specified time period

Net Working Capital (NWC): Inventories plus prepayments on Inventories plus Trade and other Accounts Receivables less Trade and other Accounts Payable less Customer prepayments

Capex: Purchase of property, plant and equipment plus Purchase of intangible assets (including capitalized technology costs)

KPI overview

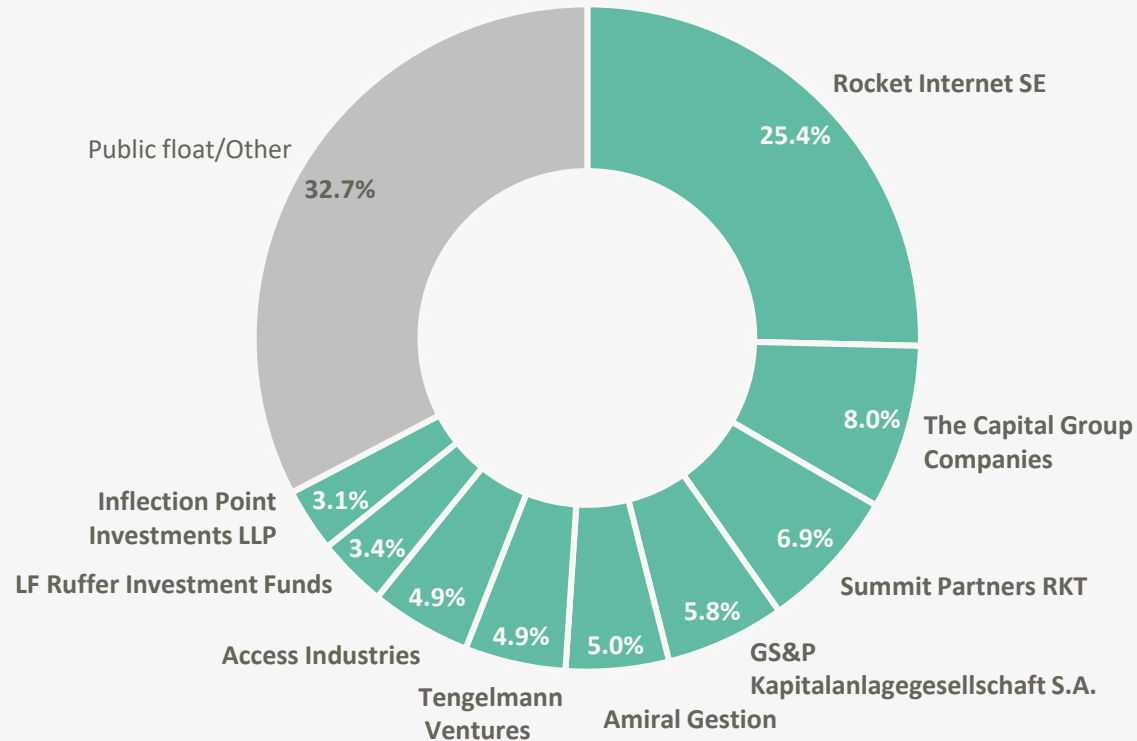
Group KPIs	Unit	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Own and Private Label share	in % of GMV	13%	15%	18%	18%	21%	22%	27%	25%
Active customers	in k	881	907	921	934	927	909	926	949
Number of orders	in k	611	555	507	726	591	492	539	805
Average basket size	in EUR	119	120	124	122	129	132	132	121
Average orders LTM per active customer	in #	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Average GMV LTM per active customer	in EUR	302	305	307	312	318	322	326	327
GMV	in EUR m	72	67	63	89	76	65	71	98
Mobile visit share	in %	72%	73%	74%	74%	75%	76%	77%	76%

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

Westwing Shareholder structure

Shareholder structure

as of April 2020 based on Voting Rights disclosures



Founders with long term commitment and incentive

- Pre-IPO investors have a 180 day lock-up period that expired on 8 April, 2019
- Top ~20 founders and managers with lock-up periods
- “Long-term incentive program 2019” vests for top ~20 people only end of 2022. There is no in-between vesting and constitutes ~10% pts of the 19% fully diluted active management shareholding

DACH Segment and International Segment: P&Ls

Segment revenue and adj. EBITDA development

(EUR, in % of revenue, 2019 unaudited)

	2015	2016	2017	2018	2019
DACH					
Revenue	62	79	98	133	151
Adj. EBITDA	(13)	(3)	1	6	(0)
Adj. EBITDA margin	(21%)	(4%)	1%	4%	(0%)
International					
Revenue	112	126	122	121	116
Adj. EBITDA	(29)	(9)	(5)	(3)	(9)
Adj. EBITDA margin	(26%)	(7%)	(4%)	(2%)	(8%)

- DACH is where we have implemented the complete business model first (i.e. daily themes, permanent assortment, Own & Private Label, organic marketing)
- We have started to roll it out to our International Segment. Most countries progressing well.

Neutral Net Working Capital: Low inventories and strong supplier payment terms

Net Working Capital (NWC) break down as of December 31 2019

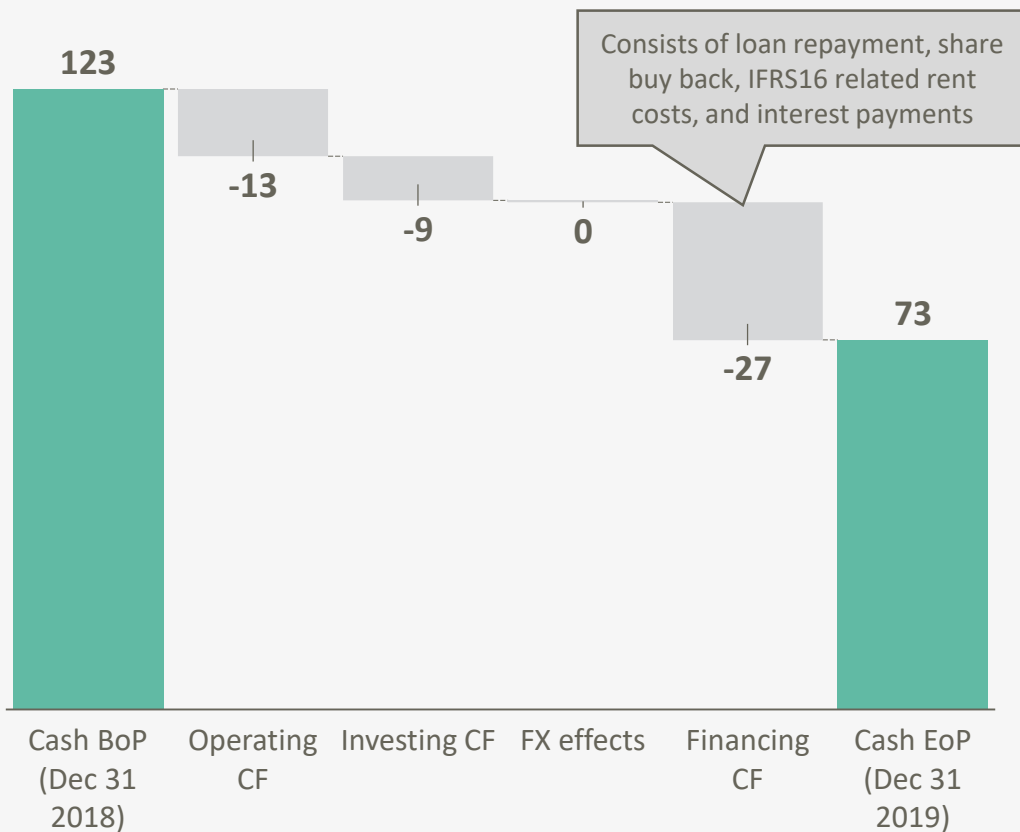
(EUR m)



Very strong balance sheet based on cash at hand and extremely cash-efficient business model

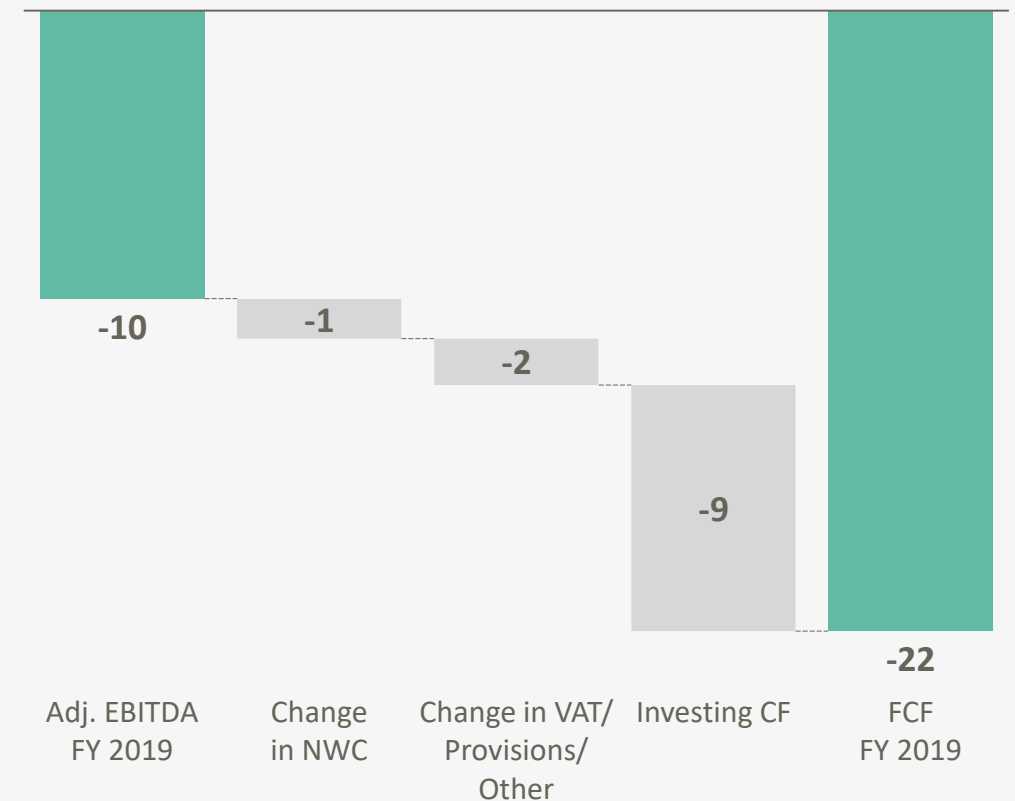
Cash Position as of December 31 2019

(in EUR m)



Adj EBITDA to Free Cash Flow FY2019

(in EUR m)



Note: Unaudited; Free Cash Flow defined as the sum of Operating Cash Flow and Investing Cash Flow. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

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