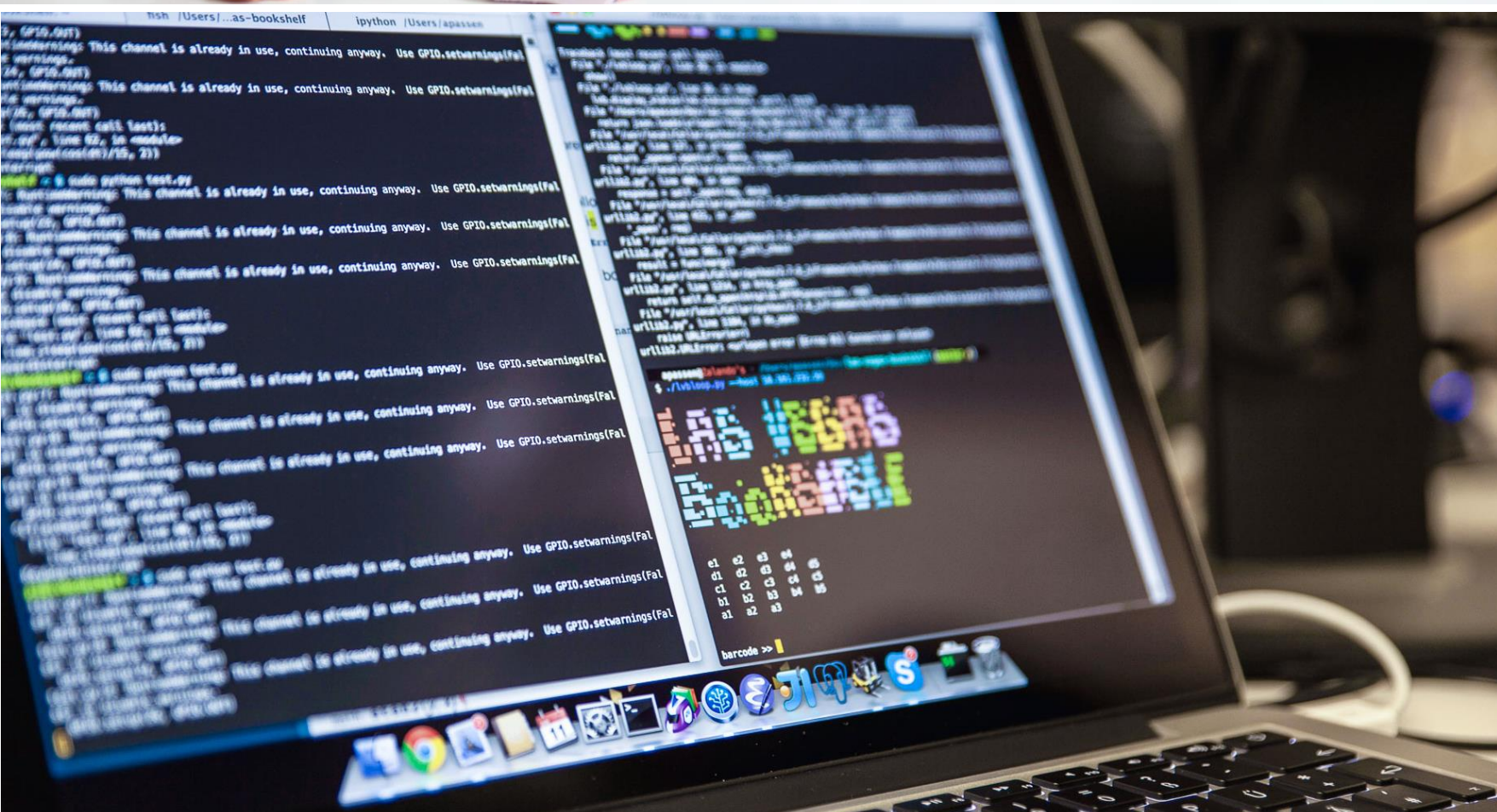




# EUROPE'S LEADING ONLINE FASHION DESTINATION

Q1 2017  
EARNINGS CALL



09-05-2017

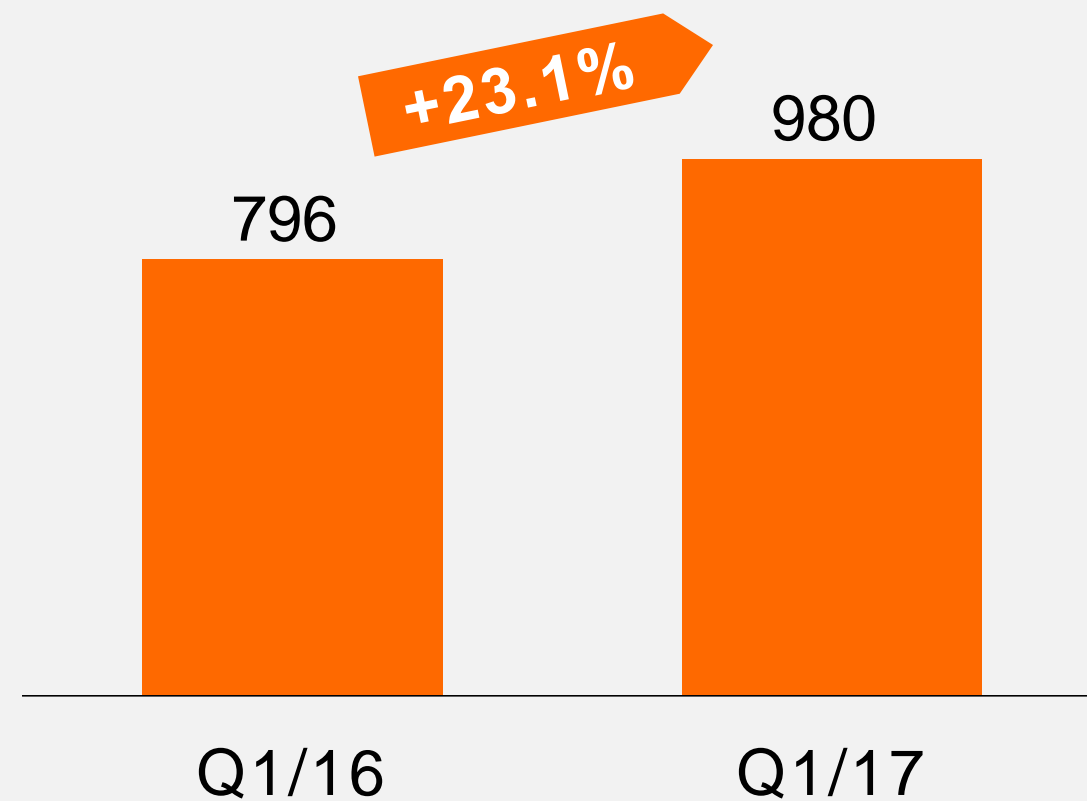


# **RESULTS HIGHLIGHTS AND BUSINESS UPDATE**

# SUCCESSFUL START INTO 2017: GROWTH AND PROFITABILITY ON TRACK

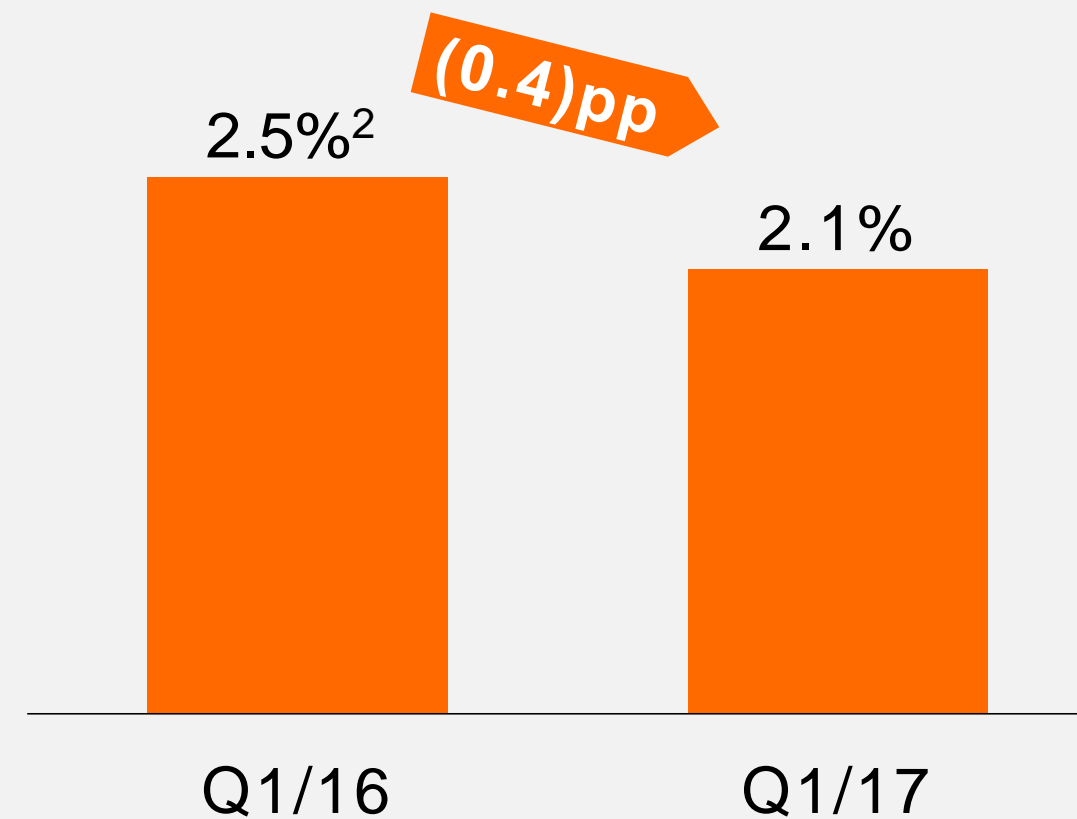
## REVENUE GROWTH IN LINE WITH GUIDED CORRIDOR

In €m



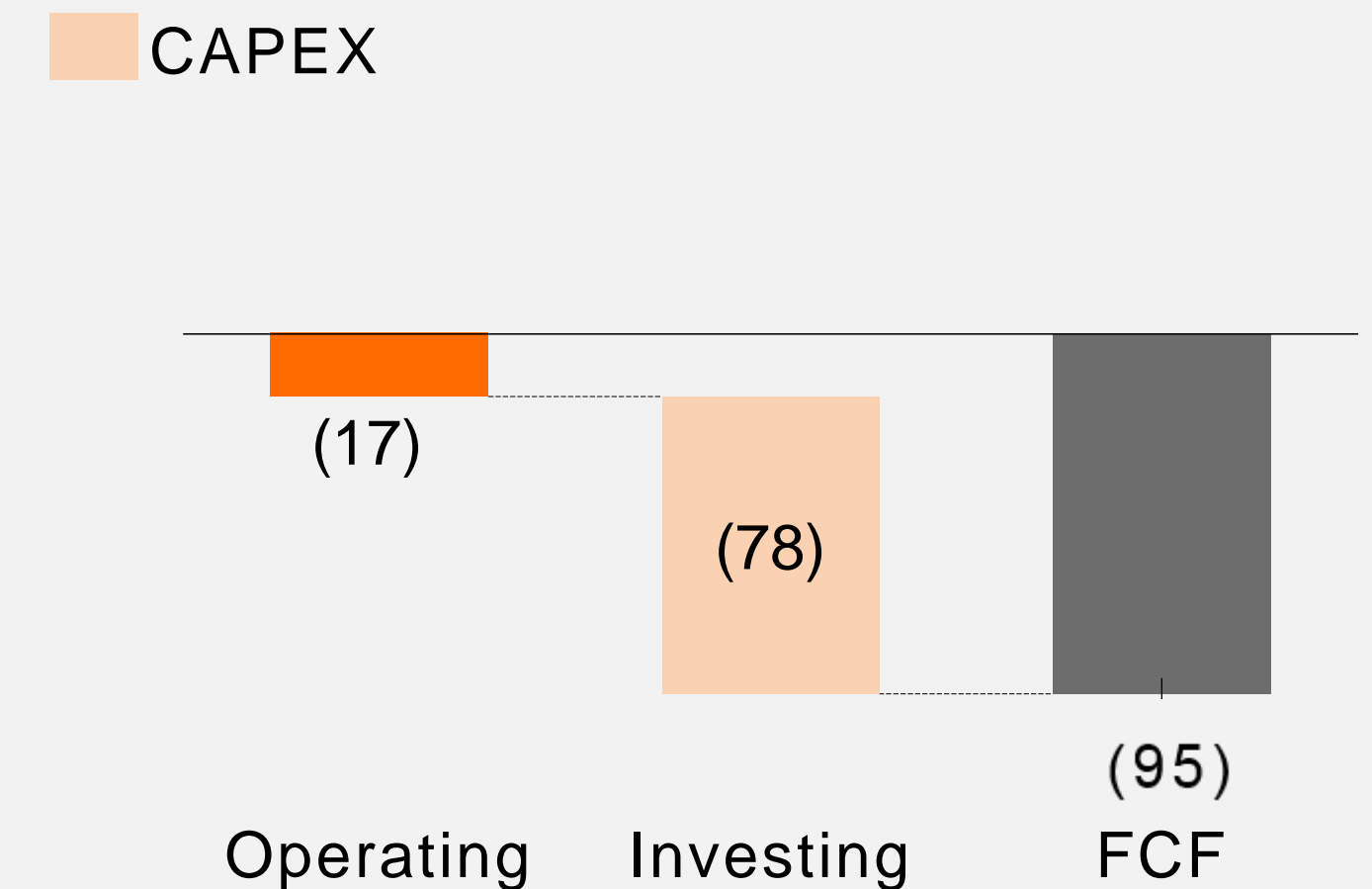
## PROFITABILITY STABLE DESPITE PLANNED INVESTMENTS

EBIT margin<sup>1</sup> in percent

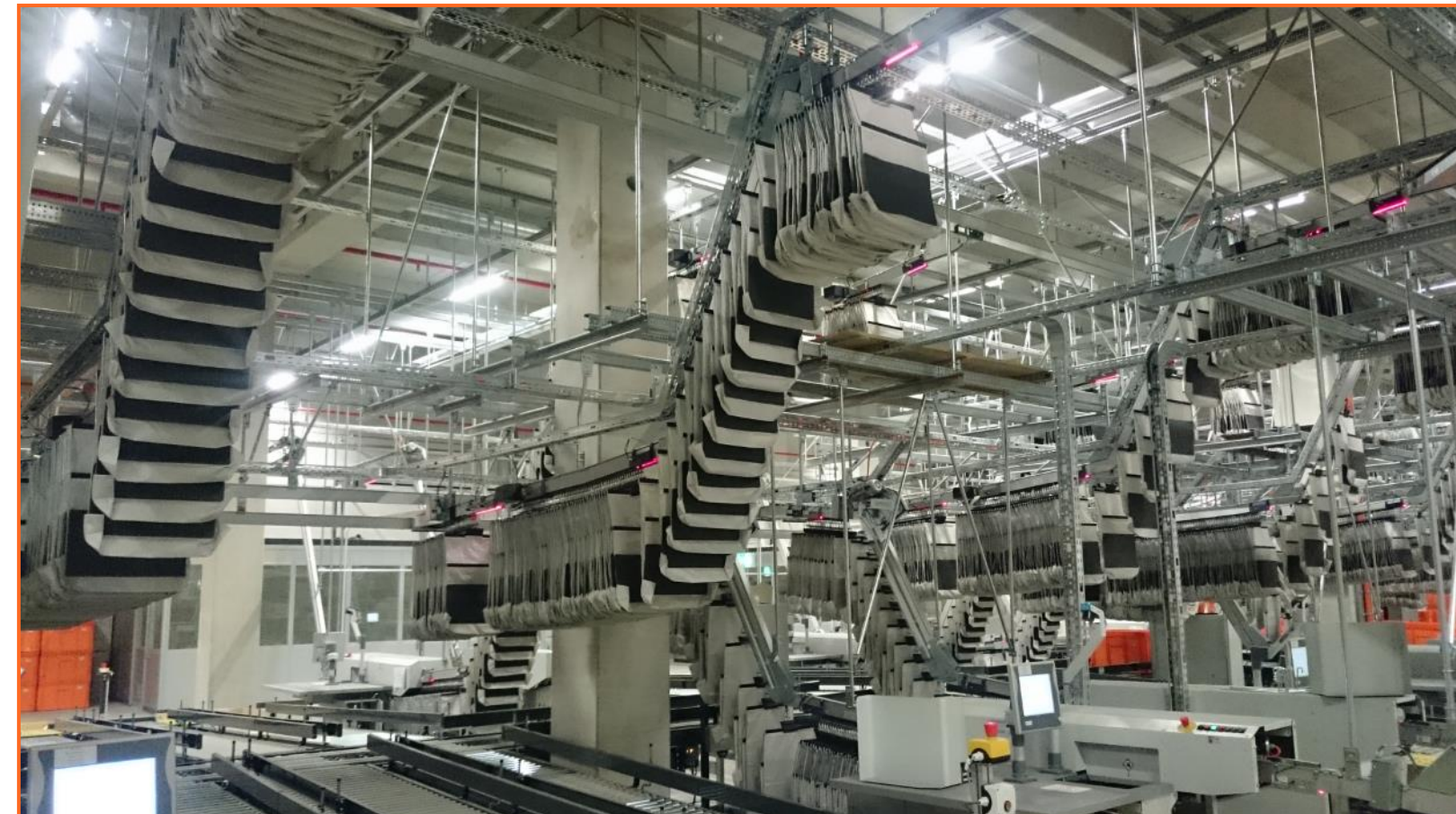


## INVESTMENTS IN LOGISTIC INFRASTRUCTURE LOWER FCF

In €m



## FURTHER EXPANDED OUR CONVENIENCE OFFERING ACROSS EUROPE,...



INCREASED AUTOMATION IN MGB  
THANKS TO BAGSORTER

REDUCED LEAD TIME BY  
ONE DAY IN NORWAY

RETURN ON  
DEMAND TESTS  
+ 4 GERMAN  
CITIES



LAUNCH OF PARIS SPOKE  
LEAD-TIME SHORTENED:  
2 DAYS FOR PARIS  
1 DAY FOR REST OF FR

SAME DAY DELIVERY  
UPGRADE  
+ 2 GERMAN CITIES



INTRODUCTION  
OF SIZING CHAT  
IN ALL COUNTRIES

>100.000 SKUs  
SHOP THE  
LOOK

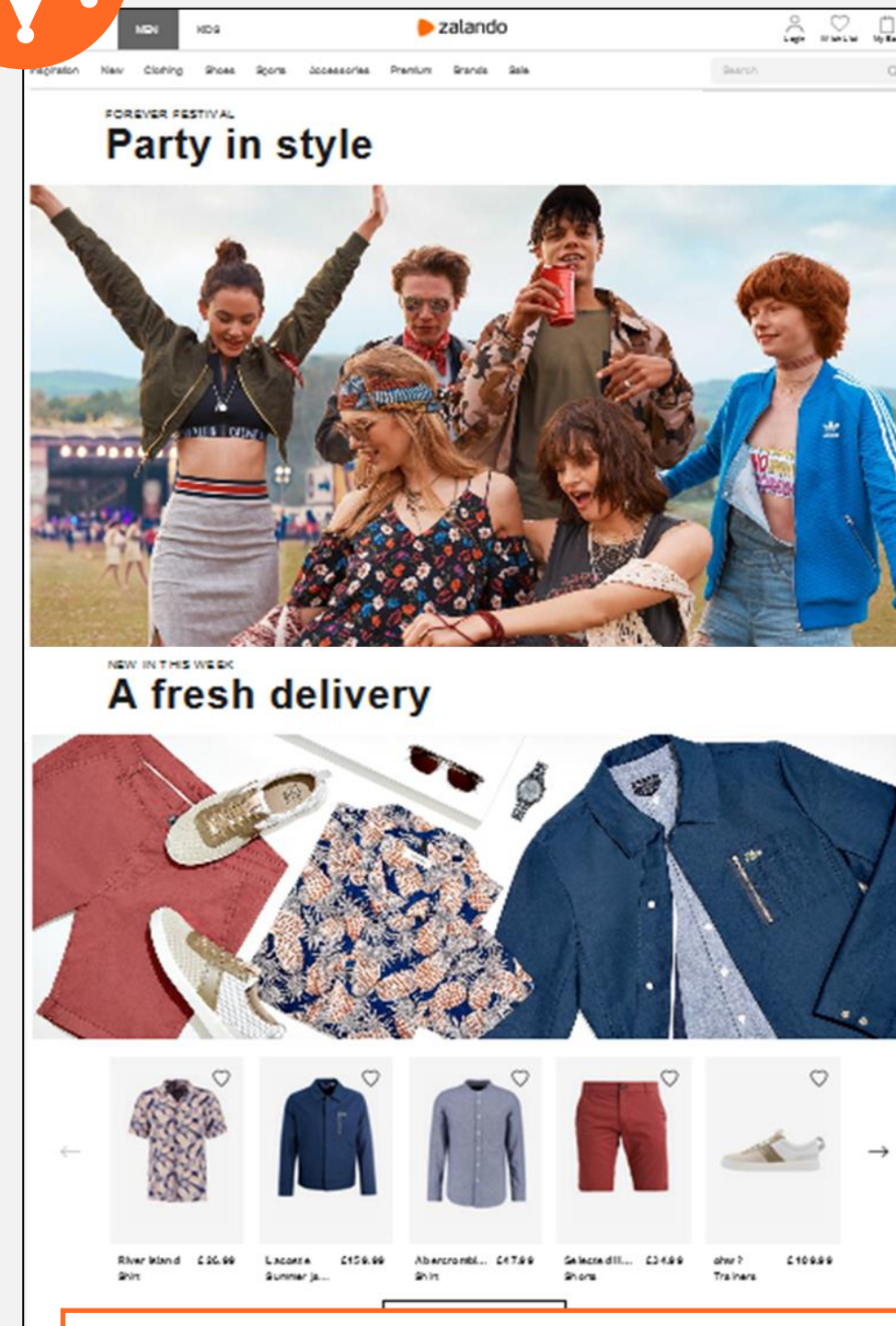




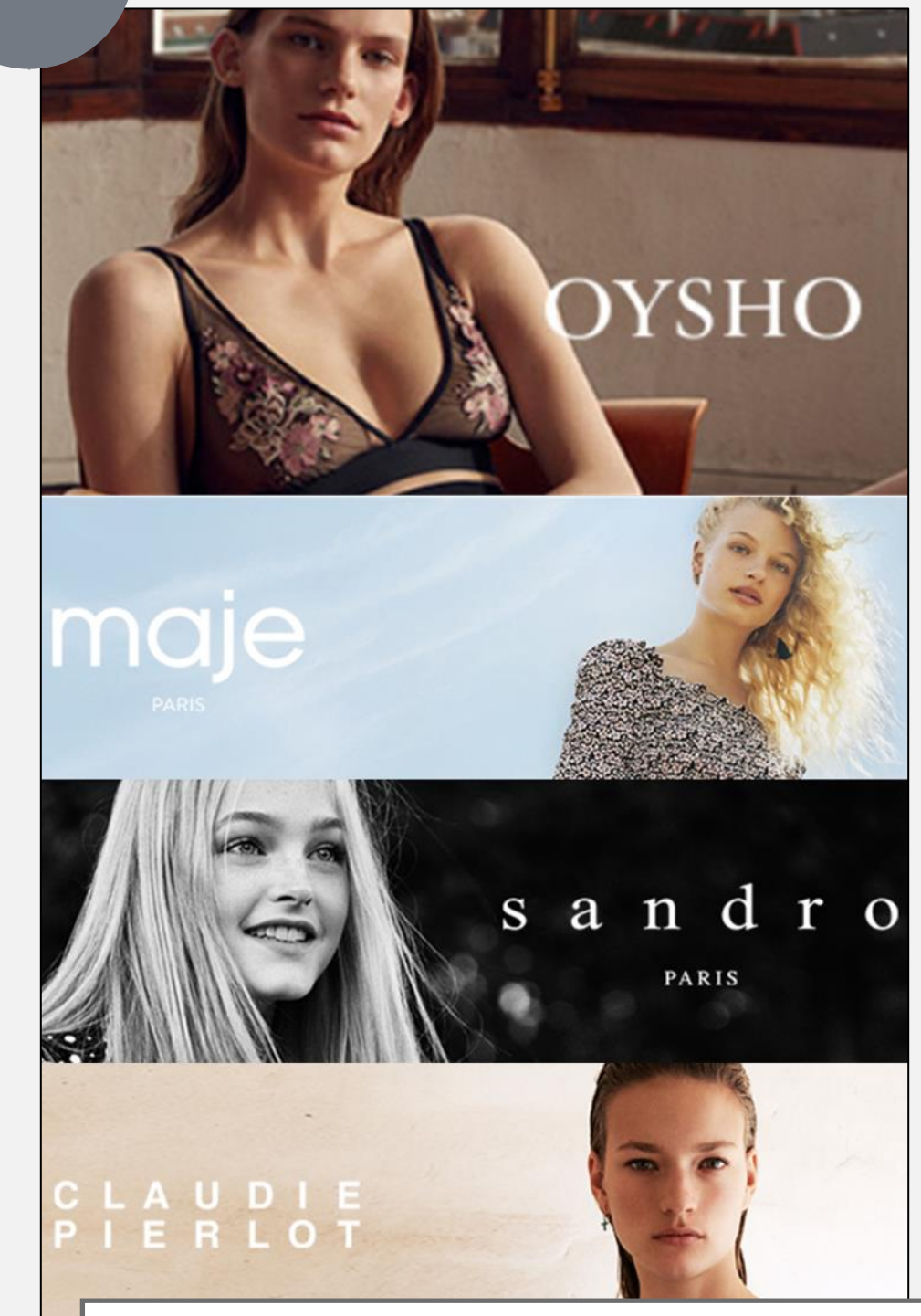
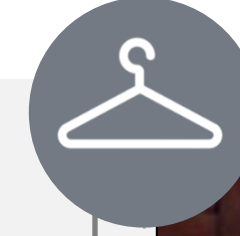
## ...BOOSTED ZALANDO'S FASHIONABILITY...



Pushed Zalando as fashion destination for men



Elevated our onsite home experience through a design refresh



Onboarded further highly fashionable brands to Zalando



## ...AND INVESTED INTO OUR CORPORATE BRAND FOR THE FIRST TIME BY HOSTING THE VIZIONS PLATFORM CONFERENCE



1.300+ visitors attended the sold-out conference



90+ Speakers from USA, China, Europe and Israel



5.6 million Twitter impressions, 100+ Journalists from the EU, 50+ Interviews that day



24hrs of content on 3 stages with 50 content streams



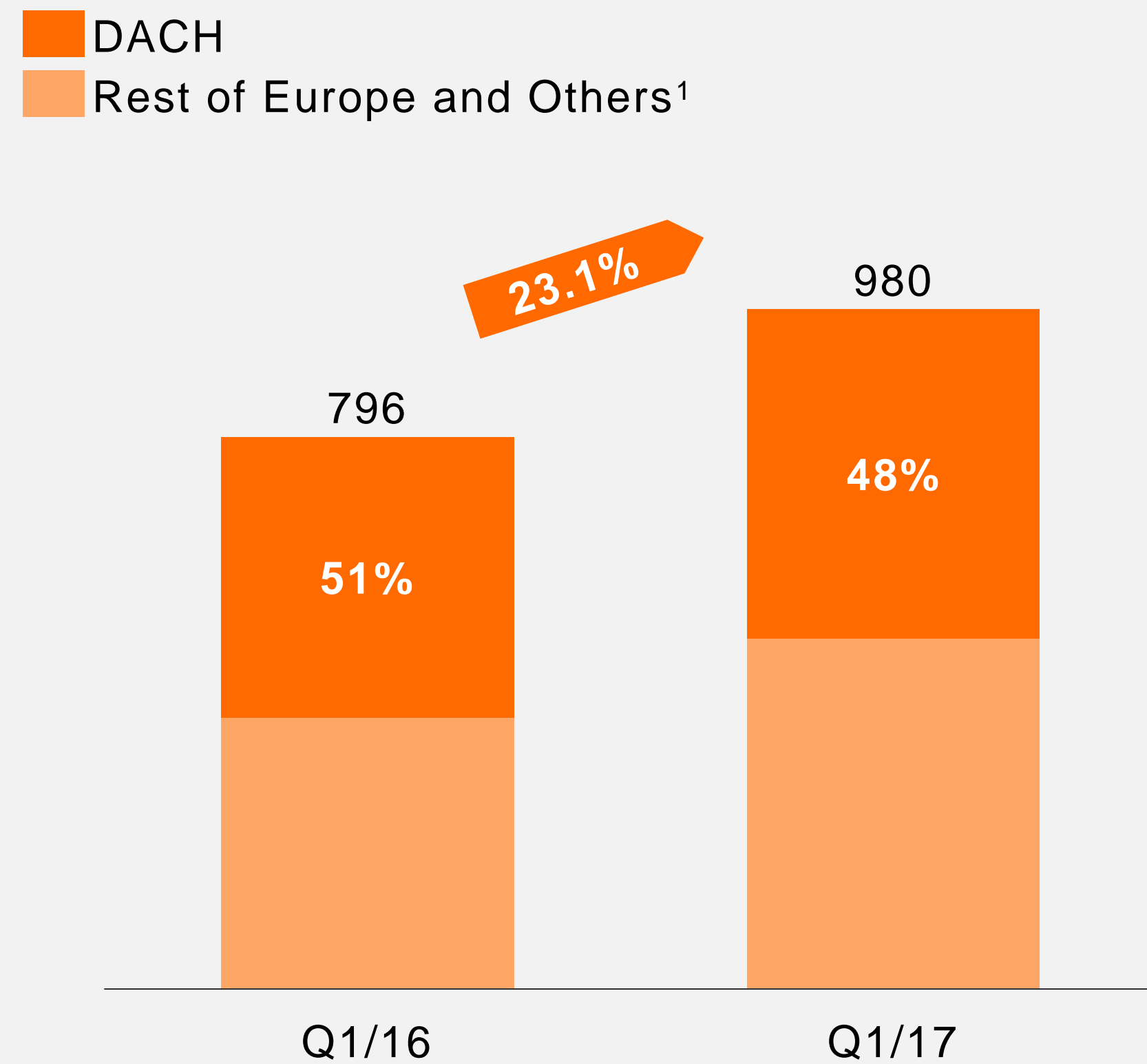
# **FINANCIAL UPDATE Q1 2017**



# GROWTH STORY ON TRACK

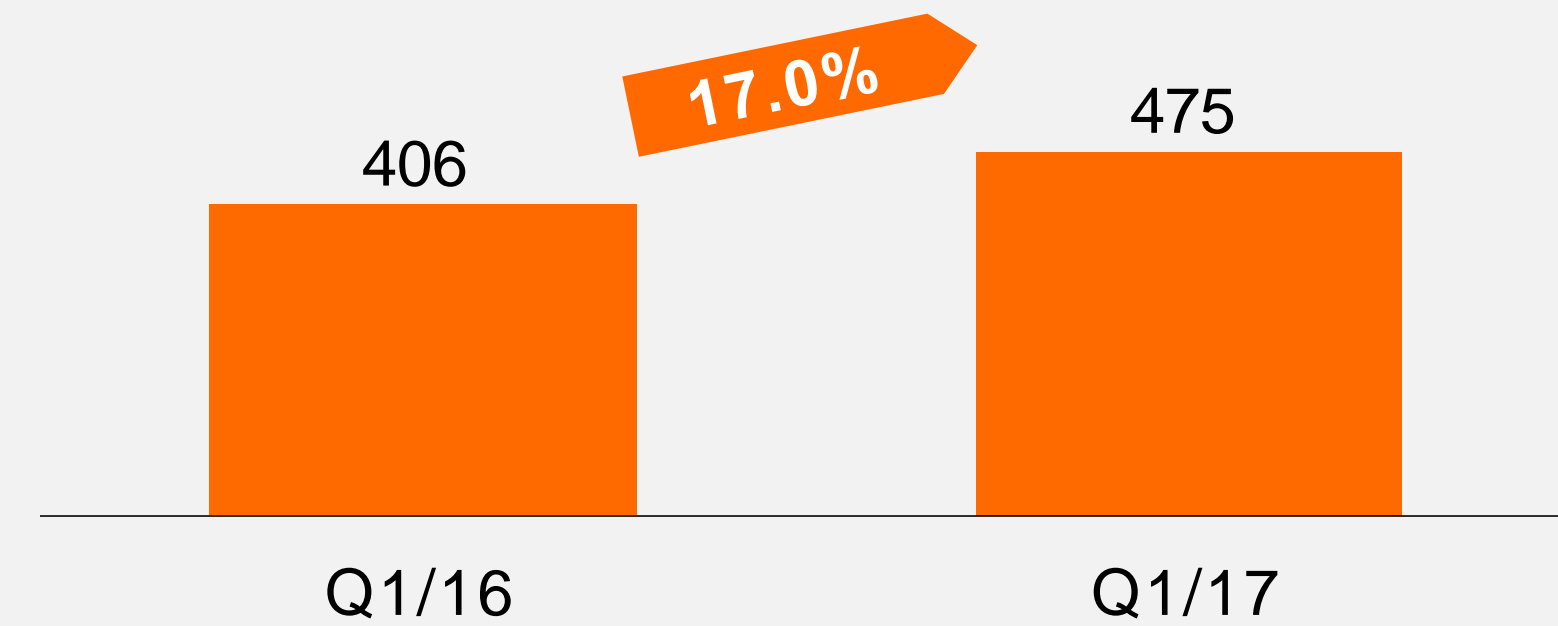
## GROUP REVENUE

In €m



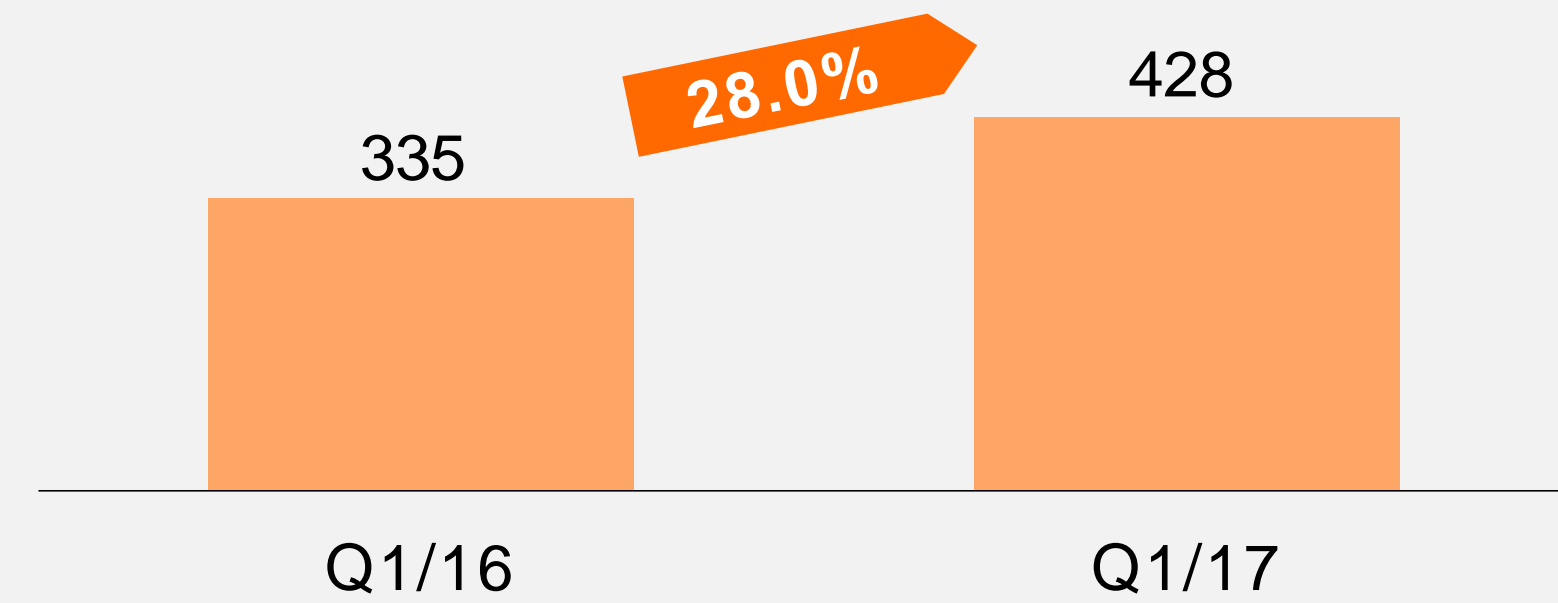
## DACH REVENUE

In €m



## REST OF EUROPE REVENUE

In €m

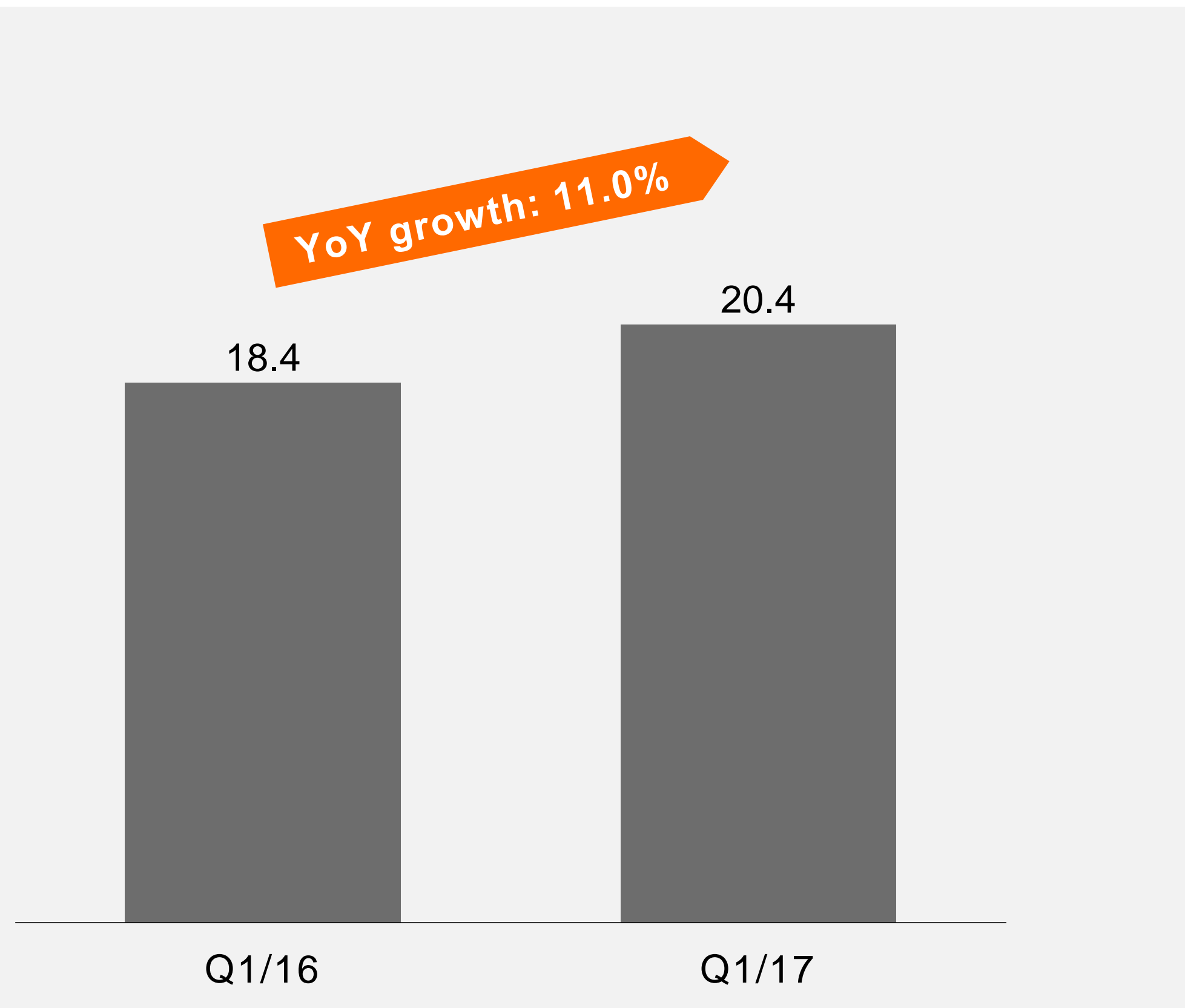




# INCREASING CUSTOMER BASE, ORDER FREQUENCY AND SHARE OF WALLET

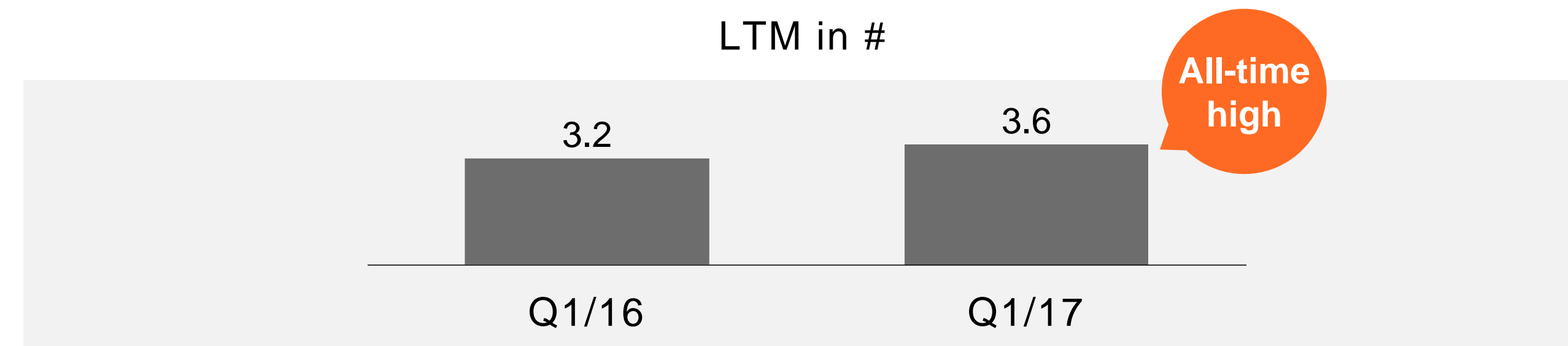
## ACTIVE CUSTOMERS

In #m

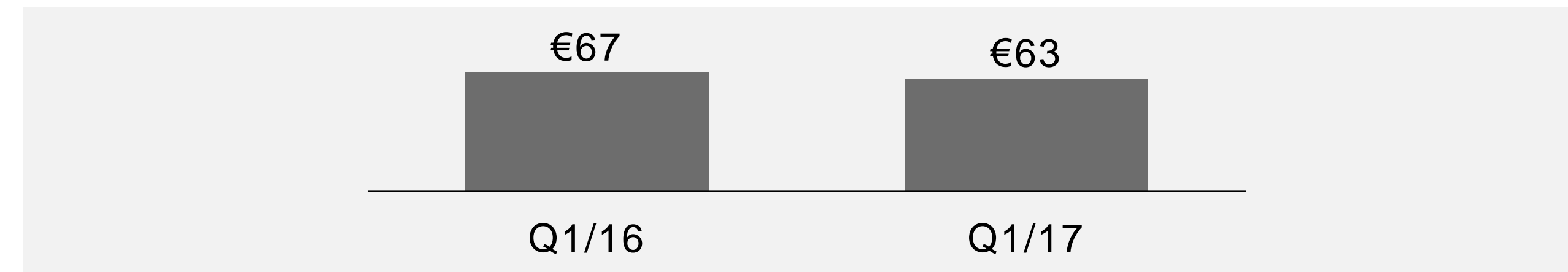


## AVERAGE ORDERS PER ACTIVE CUSTOMER

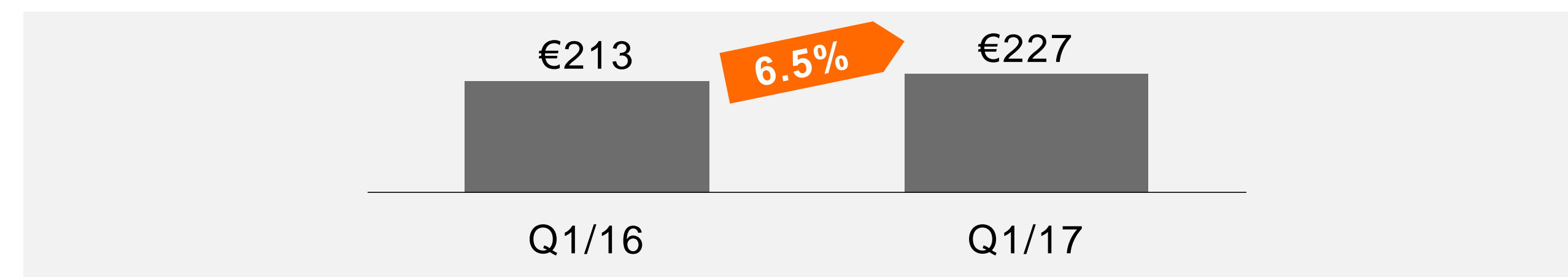
LTM in #



## AVERAGE BASKET SIZE AFTER RETURNS<sup>1</sup>



## GMV PER ACTIVE CUSTOMER<sup>2</sup>

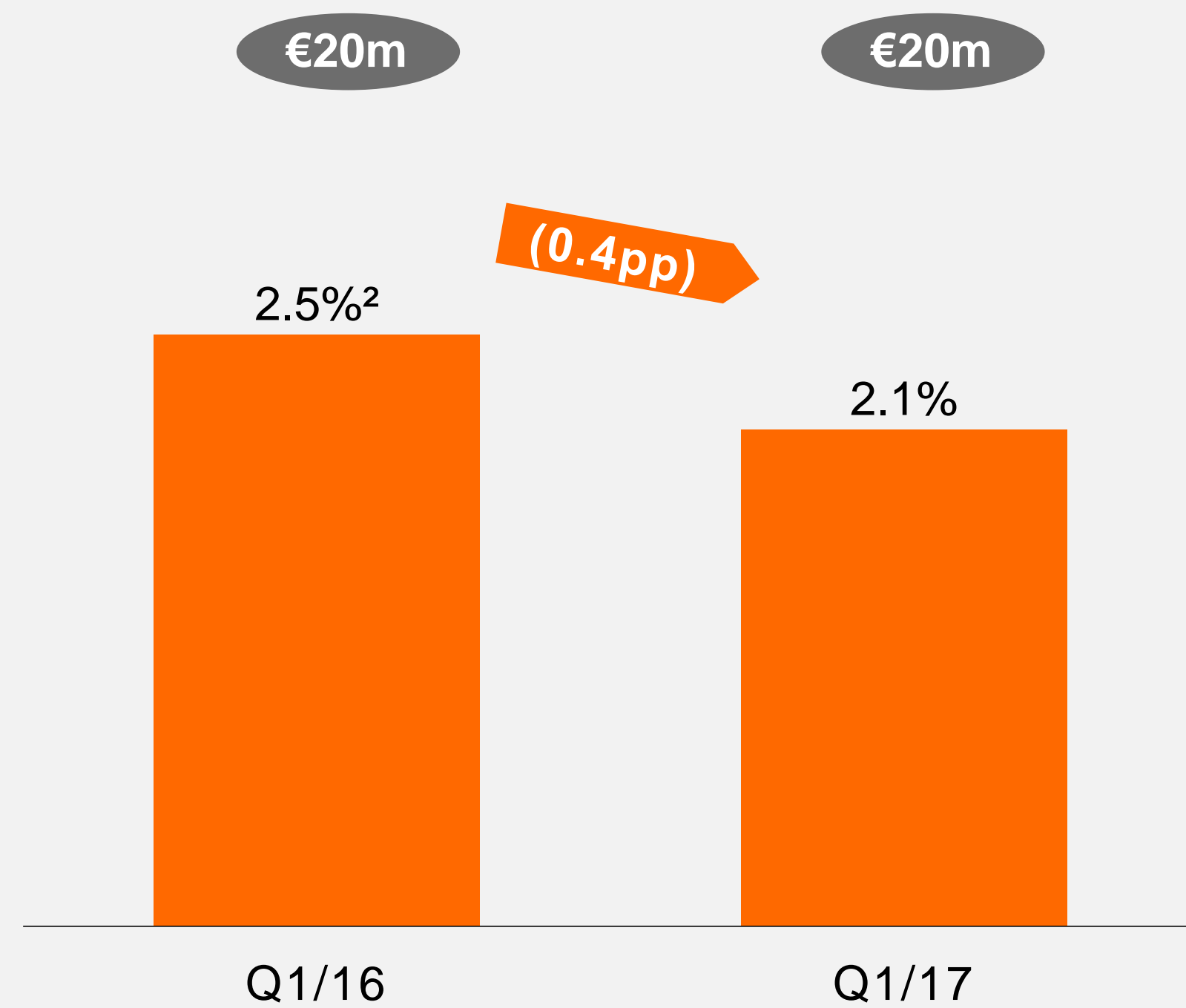




# GROUP PROFITABILITY STABLE DESPITE PLANNED INVESTMENTS

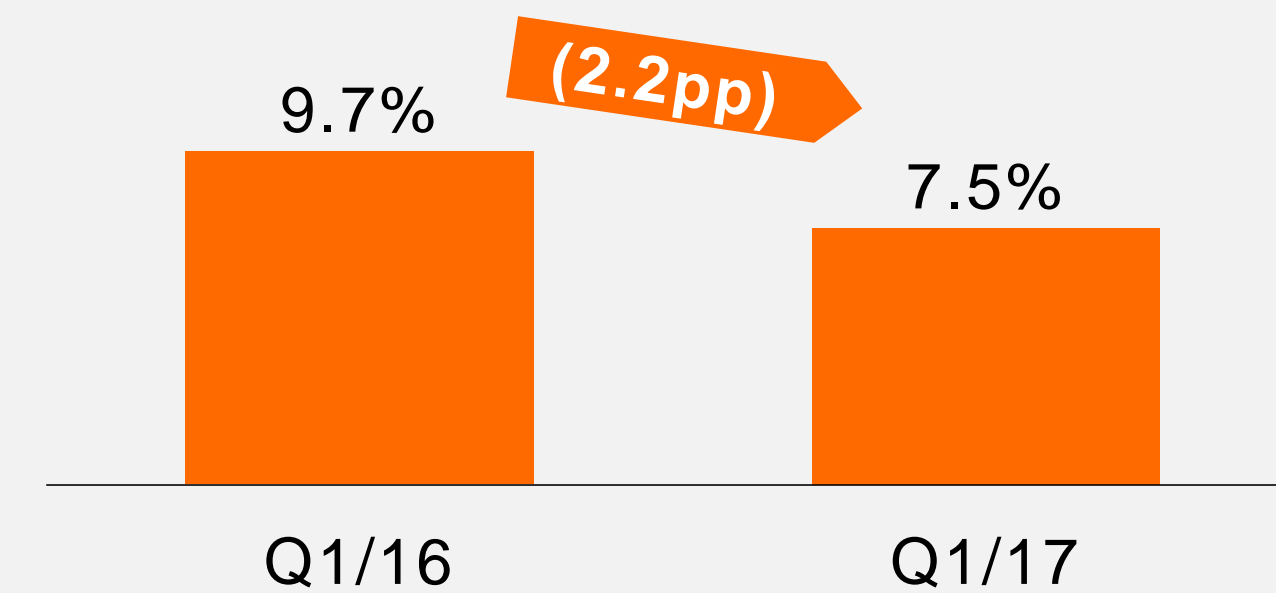
## GROUP EBIT PROFITABILITY

EBIT margin<sup>1</sup>



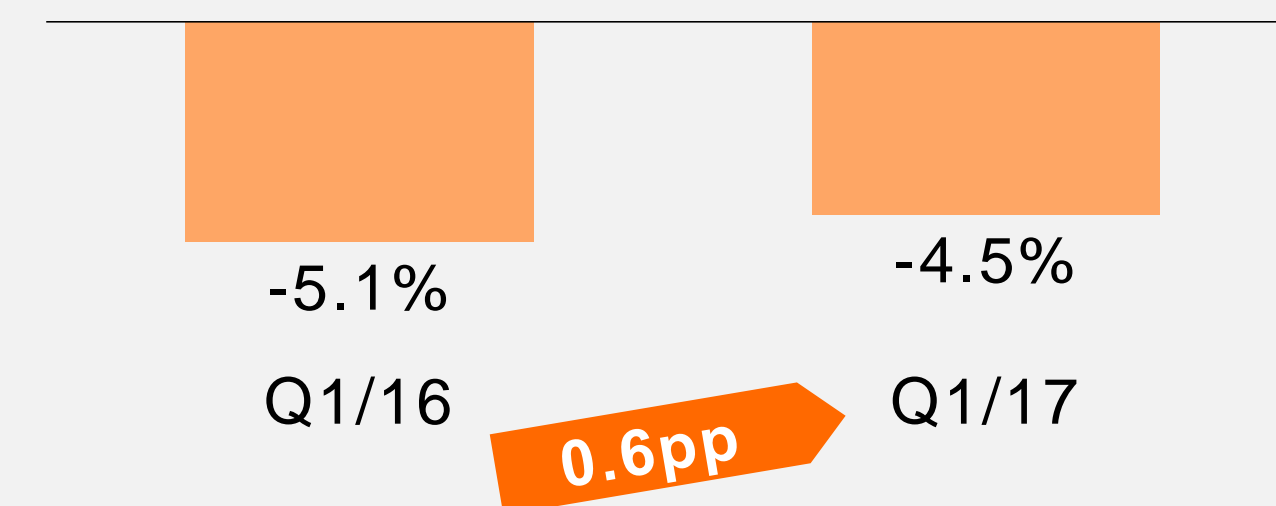
## DACH EBIT

EBIT margin<sup>1</sup>



## REST OF EUROPE EBIT

EBIT margin<sup>1</sup>





# FULFILLMENT COST INVESTMENTS IMPACT MARGIN, WHILE MARKETING LEVERAGE CONTINUES

## COSTS AND MARGINS

excl. SBC<sup>1</sup> in percent of revenue

	Q1		
	2016	2017	Delta
<b>COST OF SALES</b>	(58.0%)	(58.5%)	0.5%
<b>GROSS PROFIT</b>	42.0%	41.5%	(0.5%)
<b>FULFILLMENT COSTS</b>	(24.1%)	(24.9%)	0.8%
<b>MARKETING COSTS</b>	(10.5%)	(9.4%)	(1.1%)
<b>ADMINISTRATIVE EXPENSES &amp; OTHER</b>	(4.9%)	(5.1%)	0.2%
<b>EBIT</b>	2.5%	2.1%	(0.4%)

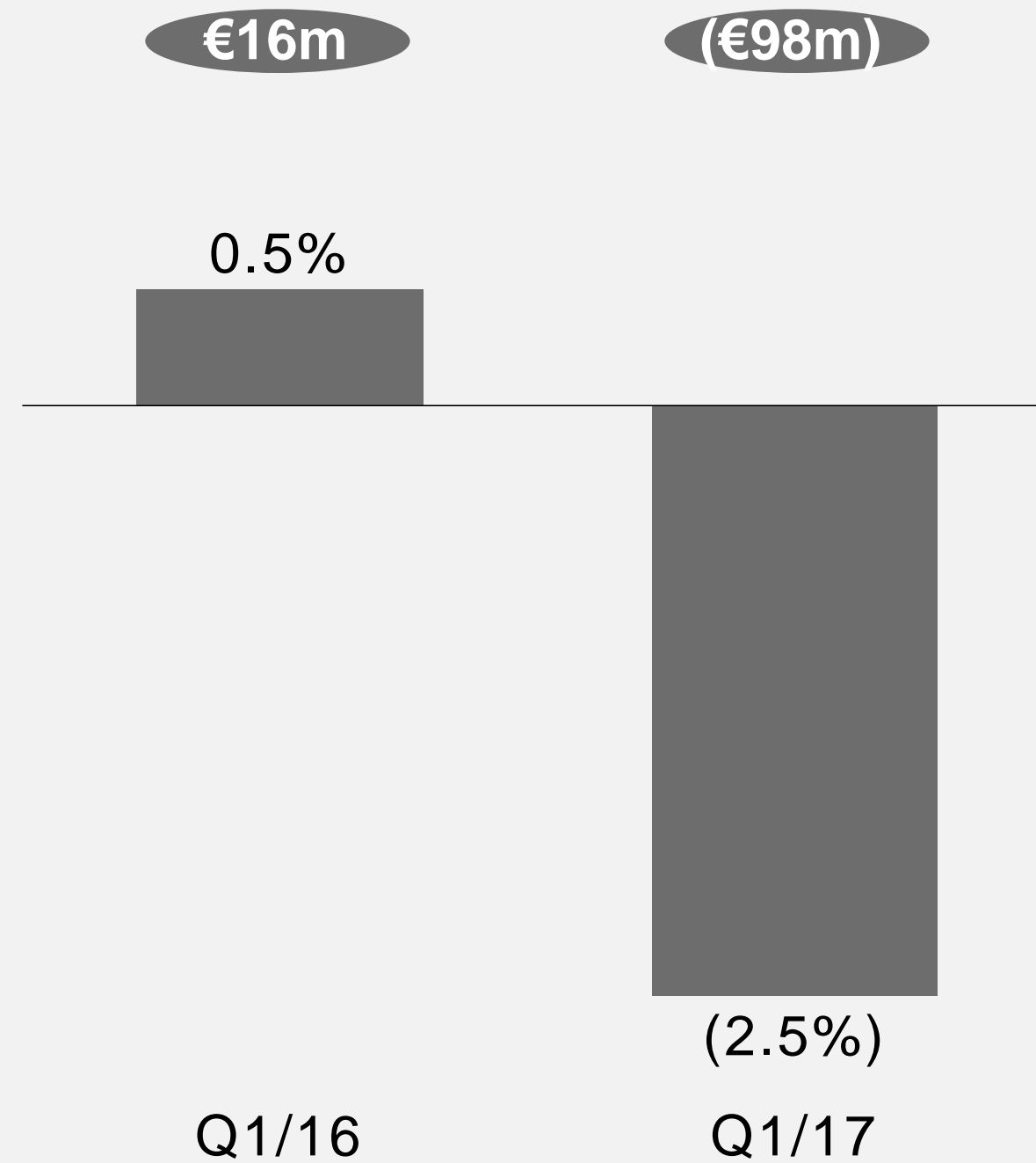
- Positive one-off effect (€7m = 0.9%) in Q1'16, due to allowance release



# STRONG WORKING CAPITAL AND GROWTH INVESTMENTS IN LOGISTICS INFRASTRUCTURE

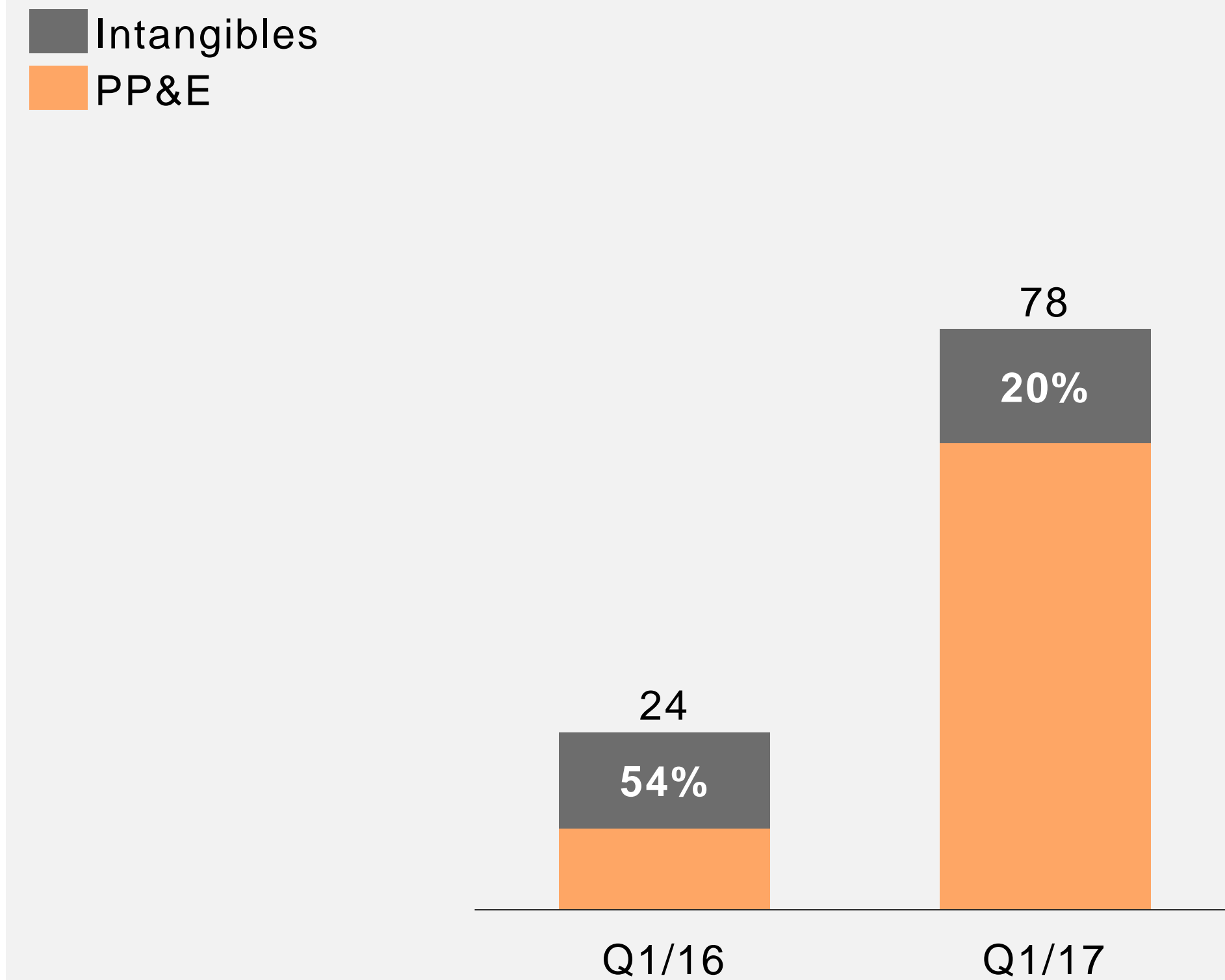
## NET WORKING CAPITAL (END OF Q1)

in percent of annualized Q1 revenue



## CAPITAL EXPENDITURE<sup>1</sup>

in €m

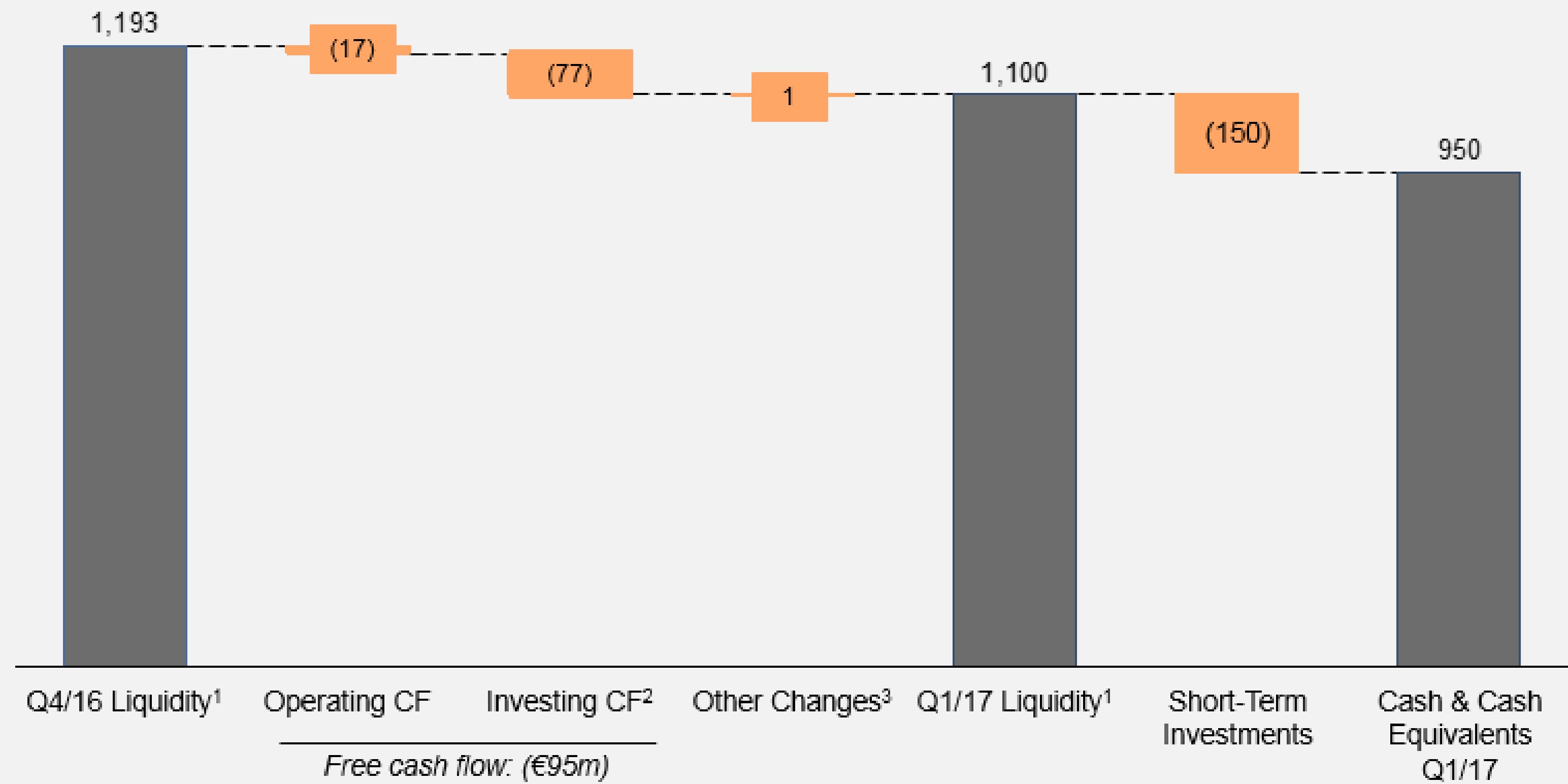




# LIQUIDITY REMAINS STRONG

## CASH FLOW DEVELOPMENT (Q1)

In €m





# OUTLOOK



## OUTLOOK FOR FY2017 UNCHANGED – FOCUS ON PROFITABLE GROWTH

**Revenue growth of 20 - 25%**

**Adj. EBIT<sup>1</sup> margin: 5.0 - 6.0%**

**Slightly negative working capital at year-end and ~€200m capex<sup>2</sup>**





# ISSUED SHARE CAPITAL

## SHARE INFORMATION

As of 31-Mar-2017

Type of Shares	Ordinary bearer shares with no-par value ( <i>Stückaktien</i> )
Stock Exchange	Frankfurt Stock Exchange
Market Segment	Regulated Market ( <i>Prime Standard</i> )
Index Listings	MDAX (2.3% share <sup>1</sup> )
<b>Total Number of Shares Outstanding</b>	<b>247,268,958</b>
<b>Issued Share Capital</b>	<b>€247,268,958</b>

## SHARE STOCK OPTION PROGRAMS

As of 31-Mar-2017

Program	# Options outstanding	Strike price
Various	76,670	1.00
SOP 2011	2,543,200	5.65
SOP 2013	9,817,500	15.63
SOP 2014 – Tranche pre IPO	4,946,863	17.72
SOP2014 – Tranche Mar 2015	607,489	22.79
SOP 2014 – Tranche May 2015	222,230	25.03
SOP 2014 – Tranche Aug 2015	190,812	29.92
SOP 2014 – Tranche Nov 2015	58,900	30.48
SOP 2014 – Tranche Mar 2016	326,216	31.60
<b>Total</b>	<b>18,789,880</b>	

## EMPLOYEE INCENTIVE PLAN<sup>2</sup>

As of 31-Mar-2017

Program	# Options outstanding	Strike price
EIP 2016 – Summer Tranche 2016	109,863	1.00
EIP 2016 – Summer Tranche 2016	555,437	27.10
EIP 2016 – Summer Tranche 2016	171,304	32.52
EIP 2016 – Winter Tranche 2016	17,494	1.00
EIP 2016 – Winter Tranche 2016	69,104	36.83
EIP 2016 – Winter Tranche 2016	36,368	44.20
<b>Total</b>	<b>959,570</b>	

# INCOME STATEMENT

€m	FY/14	FY/15	FY/16	Q1/16	Q1/17
<b>Revenue</b>	<b>2,214.0</b>	<b>2,958.2</b>	<b>3,639.0</b>	<b>796.1</b>	<b>980.2</b>
<i>% growth</i>	25.7%	33.6%	23.0%	23.7%	23.1%
Cost of Sales	(1,255.3)	(1,624.0)	(2,029.6)	(462.7)	(574.8)
<b>Gross Profit</b>	<b>958.7</b>	<b>1,334.1</b>	<b>1,609.4</b>	<b>333.4</b>	<b>405.4</b>
<i>% margin</i>	43.3%	45.1%	44.2%	41.9%	41.4%
Selling and Distribution Costs	(793.8)	(1,118.9)	(1,223.7)	(277.2)	(339.2)
Administrative Expenses	(109.1)	(129.0)	(191.3)	(40.6)	(52.8)
Other Operating Income	12.2	10.2	16.7	1.5	2.7
Other Operating Expenses	(5.8)	(7.0)	(4.1)	(0.7)	(1.1)
<b>EBIT</b>	<b>62.1</b>	<b>89.6</b>	<b>207.0</b>	<b>16.4</b>	<b>14.9</b>
<i>% margin</i>	2.8%	3.0%	5.7%	2.1%	1.5%
Net Financial Result	(4.5)	(3.0)	(14.1)	(6.2)	(3.6)
<b>EBT</b>	<b>57.7</b>	<b>86.6</b>	<b>192.9</b>	<b>10.3</b>	<b>11.3</b>
<i>% margin</i>	2.6%	2.9%	5.3%	1.3%	1.2%
Income and Other Tax	(10.5)	34.9	(72.5)	(5.7)	(6.2)
<b>Net Income</b>	<b>47.2</b>	<b>121.5</b>	<b>120.5</b>	<b>4.6</b>	<b>5.1</b>
<i>% margin</i>	2.1%	4.1%	3.3%	0.6%	0.5%
Depreciation & Amortization	25.8	34.2	48.2	9.1	12.6
<b>EBITDA</b>	<b>88.0</b>	<b>123.8</b>	<b>255.2</b>	<b>25.5</b>	<b>27.5</b>
<i>% margin</i>	4.0%	4.2%	7.0%	3.2%	2.8%
Share Based Compensation (SBC)	19.8	17.9	19.9	3.8	5.4
<b>Adj. EBIT (adj. for SBC)</b>	<b>82.0</b>	<b>107.5</b>	<b>216.3</b>	<b>20.2</b>	<b>20.3</b>
<i>% margin</i>	3.7%	3.6%	5.9%	2.5%	2.1%
<b>Adj. EBITDA (adj. for SBC)</b>	<b>107.8</b>	<b>141.7</b>	<b>264.5</b>	<b>29.3</b>	<b>32.8</b>
<i>% margin</i>	4.9%	4.8%	7.3%	3.7%	3.4%



## SHARE BASED COMPENSATION

€m	FY/14	FY/15	FY/16	Q1/16	Q1/17
<b>Per Income Statement Line Item</b>					
Cost of Sales	4.4	4.5	5.0	0.9	1.3
Selling and Distribution Costs	9.6	9.0	9.9	1.9	2.7
Administrative Expenses	5.8	4.5	5.0	0.9	1.3
<b>Share Based Compensation</b>	<b>19.8</b>	<b>17.9</b>	<b>19.9</b>	<b>3.8</b>	<b>5.4</b>
<b>As % of revenue</b>					
<b>Per Income Statement Line Item</b>					
Cost of Sales	0.2%	0.2%	0.1%	0.1%	0.1%
Selling and Distribution Costs	0.4%	0.3%	0.3%	0.2%	0.3%
Administrative Expenses	0.3%	0.2%	0.1%	0.1%	0.1%
<b>Share Based Compensation</b>	<b>0.9%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.6%</b>

## SEGMENTS

€m	FY/14	FY/15	FY/16	Q1/16	Q1/17
<b>Revenue</b>	<b>2,214.0</b>	<b>2,958.2</b>	<b>3,639.0</b>	<b>796.1</b>	<b>980.2</b>
DACH	1,234.0	1,580.1	1,813.8	405.8	475.0
Rest of Europe	862.6	1,211.6	1,570.2	334.5	428.3
Other	117.4	166.5	255.1	55.8	76.9
<b>As % of total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
DACH	55.7%	53.4%	49.8%	51.0%	48.5%
Rest of Europe	39.0%	41.0%	43.1%	42.0%	43.7%
Other	5.3%	5.6%	7.0%	7.0%	7.8%
<b>EBIT</b>	<b>62.1</b>	<b>89.6</b>	<b>207.0</b>	<b>16.4</b>	<b>14.9</b>
DACH	72.3	92.2	221.4	37.4	32.8
Rest of Europe	(18.6)	(10.2)	(6.2)	(18.5)	(21.4)
Other	8.4	7.5	(8.1)	(2.4)	3.4
<b>% margin</b>	<b>2.8%</b>	<b>3.0%</b>	<b>5.7%</b>	<b>2.1%</b>	<b>1.5%</b>
DACH	5.9%	5.8%	12.2%	9.2%	6.9%
Rest of Europe	(2.2%)	(0.8%)	(0.4%)	(5.5%)	(5.0%)
Other	7.2%	4.5%	(3.2%)	(4.4%)	4.4%
<b>Adjusted EBIT</b>	<b>82.0</b>	<b>107.5</b>	<b>216.3</b>	<b>20.2</b>	<b>20.3</b>
DACH	83.0	101.9	226.3	39.3	35.5
Rest of Europe	(11.6)	(3.3)	(3.3)	(17.0)	(19.1)
Other	10.5	8.9	(6.7)	(2.1)	3.9
<b>% adjusted margin</b>	<b>3.7%</b>	<b>3.6%</b>	<b>5.9%</b>	<b>2.5%</b>	<b>2.1%</b>
DACH	6.7%	6.4%	12.5%	9.7%	7.5%
Rest of Europe	(1.3%)	(0.3%)	(0.2%)	(5.1%)	(4.5%)
Other	9.0%	5.3%	(2.6%)	(3.7%)	5.1%



# BALANCE SHEET

€m	Q1/16	Q1/16 (% of total assets)	Q1/17	Q1/17 (% of total assets)
<b>Total Non-Current Assets</b>	<b>264.8</b>	<b>12.1%</b>	<b>456.6</b>	<b>17.0%</b>
Thereof: Property, Plant and Equipment	136.6	6.2%	300.3	11.2%
Other Financial Assets	24.1	1.1%	43.8	1.6%
Non-Financial Assets	3.3	0.2%	2.8	0.1%
Other Non-Current Assets	100.8	4.6%	109.7	4.1%
<b>Total Current Assets</b>	<b>1,931.6</b>	<b>87.9%</b>	<b>2,230.5</b>	<b>83.0%</b>
Thereof: Inventories	590.4	26.9%	718.7	26.7%
Trade and Other Receivables	162.8	7.4%	231.4	8.6%
Other Assets <sup>1</sup>	237.2	10.8%	330.5	12.3%
Cash and Cash Equivalents <sup>1</sup>	941.2	42.9%	949.9	35.3%
<b>Total Assets</b>	<b>2,196.4</b>	<b>100.0%</b>	<b>2,687.0</b>	<b>100.0%</b>
<b>Total Equity</b>	<b>1,278.3</b>	<b>58.2%</b>	<b>1,415.1</b>	<b>52.7%</b>
Thereof: Issued Capital	247.0	11.2%	247.2	9.2%
Capital Reserves	1,144.7	52.1%	1,166.4	43.4%
Retained earnings	(0.1)	(0.0%)	(5.3)	(0.2%)
Accumulated Gains (Loss)	(113.4)	(5.2%)	6.8	0.3%
<b>Total Non-Current Liabilities</b>	<b>29.6</b>	<b>1.3%</b>	<b>29.5</b>	<b>1.1%</b>
Thereof: Financial Liabilities	13.6	0.6%	10.5	0.4%
Other Non-Current Liabilities	16.0	0.7%	19.0	0.7%
<b>Total Current Liabilities</b>	<b>888.4</b>	<b>40.4%</b>	<b>1,242.5</b>	<b>46.2%</b>
Thereof: Trade Payables and Similar Obligations	737.7	33.6%	1,047.9	39.0%
Other Current Liabilities	150.8	6.9%	194.6	7.2%
<b>Total Equity &amp; Liabilities</b>	<b>2,196.4</b>	<b>100.0%</b>	<b>2,687.0</b>	<b>100.0%</b>
<b>Net Working Capital</b>	<b>15.5</b>	<b>0.7%</b>	<b>(97.7)</b>	<b>(3.6%)</b>

# CASH FLOW STATEMENT

€m	FY2014	FY2015	FY/16	Q1/16	Q1/17
<b>Net Income</b>	<b>47.2</b>	<b>121.5</b>	120.5	<b>4.6</b>	<b>5.1</b>
Non-Cash Expenses from Share-Based Payments	19.8	17.9	19.9	3.8	5.4
Cash Settlement of Claims from Share-Based Payments	0.0	(2.3)	0.0	0.0	0.0
Depreciation	25.8	34.2	48.2	9.1	12.6
Income Taxes	10.5	(34.9)	72.5	5.7	6.2
Income Taxes Paid, Less Refunds	0.0	(0.0)	(33.8)	(20.1)	(3.9)
Change in Provisions	1.0	(0.5)	0.1	3.6	(0.1)
Other Non-Cash Income	(0.2)	(1.0)	1.2	(0.0)	0.7
Change in Inventories and Receivables	(68.7)	(154.2)	(147.4)	(108.3)	(157.2)
Change in Trade Liabilities	94.9	154.9	264.3	89.6	126.5
Change in Other Assets/Other Liabilities	44.6	(16.2)	(69.7)	2.8	(11.9)
<b>Cash Flow from Operating Activities</b>	<b>174.9</b>	<b>119.4</b>	<b>275.8</b>	<b>(9.2)</b>	<b>(16.7)</b>
Payments for Investments in Fixed and Intangible Assets	(51.1)	(60.0)	(181.7)	(23.7)	(77.8)
Payments for Acquisitions	0.0	(16.8)	(30.4)	(0.9)	0.0
Cash Paid for Investments in Term Deposits	0.0	(155.0)	(65.0)	0.0	70.0
Change in Restricted Cash	(0.8)	35.3	0.0	(0.0)	0.4
<b>Cash Flow from Investing Activities</b>	<b>(51.9)</b>	<b>(196.5)</b>	<b>(277.1)</b>	<b>(24.6)</b>	<b>(7.4)</b>
Payments Received from Capital Increases	510.1	6.4	1.1	0.0	0.0
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0
Repurchase of treasury shares	0.0	(1.7)	(0.7)	0.0	0.0
Cash Repayments of Loans	(3.2)	(3.2)	(3.2)	(0.8)	(0.8)
<b>Cash Flow from Financing Activities</b>	<b>510.8</b>	<b>1.5</b>	<b>(2.9)</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>Change in Cash &amp; Cash Equivalents</b>	<b>633.8</b>	<b>(75.7)</b>	<b>(4.1)</b>	<b>(34.7)</b>	<b>(25.0)</b>
<b>Effects of Exchange Rate on Cash &amp; Cash Equivalents</b>	<b>0.0</b>	<b>0.9</b>	<b>0.5</b>	<b>(0.4)</b>	<b>2.2</b>



## KPI DEVELOPMENT

	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17
Site Visits (m) <sup>1</sup>	1,656.4	479.5	480.2	468.6	563.2	1,991.6	617.6
Mobile Visit Share (in % of Site Visits) <sup>2</sup>	57.1%	62.3%	64.7%	67.0%	68.1%	65.6%	68.8%
Active Customers (m) <sup>3</sup>	17.9	18.4	18.8	19.2	19.9	19.9	20.4
Number of Orders (m) <sup>4</sup>	55.3	15.6	17.5	16.4	19.6	69.2	19.9
Average Order per Active Customer	3.08x	3.20x	3.32x	3.39x	3.48x	3.48x	3.60x
Average Basket Size (in €) <sup>5</sup>	67.8	66.5	66.2	62.8	70.2	66.6	63.0
Fulfillment Cost Ratio (in % of revenue) <sup>6</sup>	26%	24%	23%	24%	22%	23%	25%
Marketing Cost Ratio (in % of revenue) <sup>7</sup>	12%	10%	10%	10%	10%	10%	9%

- (1) Site Visits defined as the number of series of page requests from the same uniquely identified client at Zalando, including website, m.site and apps in the measurement period. A visit is considered ended when no requests have been recorded in more than 30 minutes.
- (2) Mobile is defined as tablets, mobile site and apps.
- (3) Active Customers defined as the number of customers placing at least one order in the last twelve months in the measurement period irrespective of cancellations or returns.
- (4) Number of Orders defined as the number of customer orders placed in the measurement period irrespective of cancellations or returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period or have been cancelled.
- (5) Average Basket Size defined as the transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.
- (6) Fulfillment Cost Ratio defined as fulfillment cost as a proportion of revenue in the measurement period. Fulfillment costs mainly include logistics, content creation, service and payment expenses, as well as allocated overhead costs. Fulfillment costs therefore comprises all selling and distribution costs, except for marketing costs. All numbers shown excluding equity-settled SBC costs.
- (7) Marketing Cost Ratio defined as marketing cost as a proportion of revenue in the measurement period. Marketing cost mainly consists of advertising expenses including search engine marketing, television, online display and other marketing channels as well as allocated overhead cost. All numbers shown excluding equity-settled SBC costs.

# FINANCIAL CALENDAR 2017

May 2017				
M	T	W	T	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30	31		

June 2017				
M	T	W	T	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

August 2017				
M	T	W	T	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30	31	

November 2017				
M	T	W	T	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	

Date	Action
Tuesday, 16-May	NDR, Edinburgh
Wednesday, 17-May	Citi's European Internet and Digital Conference, London
Wednesday, 31-May	Annual General Meeting 2017
Monday + Tuesday, 19-20 June	Capital Markets Day 2017
Thursday, 22-June	dbAccess - German, Swiss & Austrian Conference, Berlin
Tuesday, 27-June	Erste Securities Polska Conference, Warsaw
Friday, 30-June	Kepler Cheuvreux One-Stop-Shop, Amsterdam
Thursday, 10-Aug	Q2/2017 Results
Tuesday, 7-Nov	Q3/2017 Results



# 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.