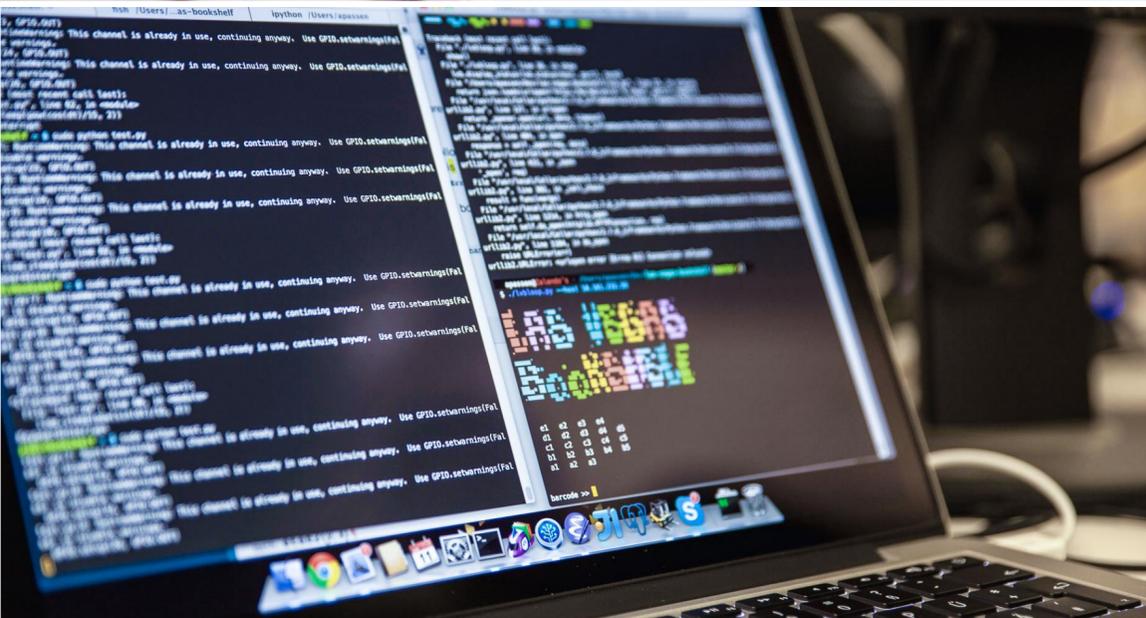




EUROPE'S LEADING ONLINE FASHION DESTINATION



Q2/2016 EARNINGS CALL

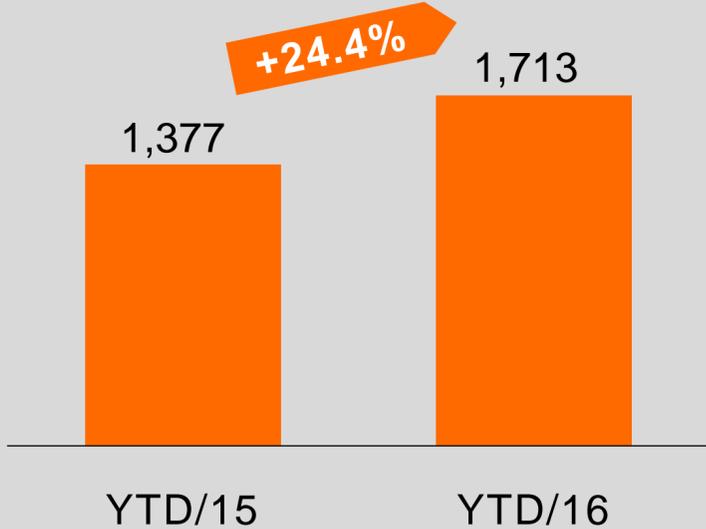


11-08-2016

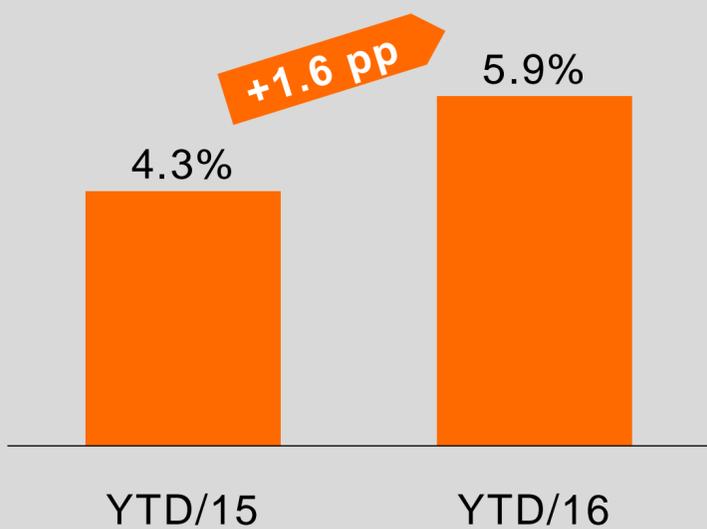
**RESULTS HIGHLIGHTS AND
BUSINESS UPDATE**

STRONG FIRST HALF 2016: STRONG GROWTH, CLEAR PROFITABILITY, AND POSITIVE CASH FLOW

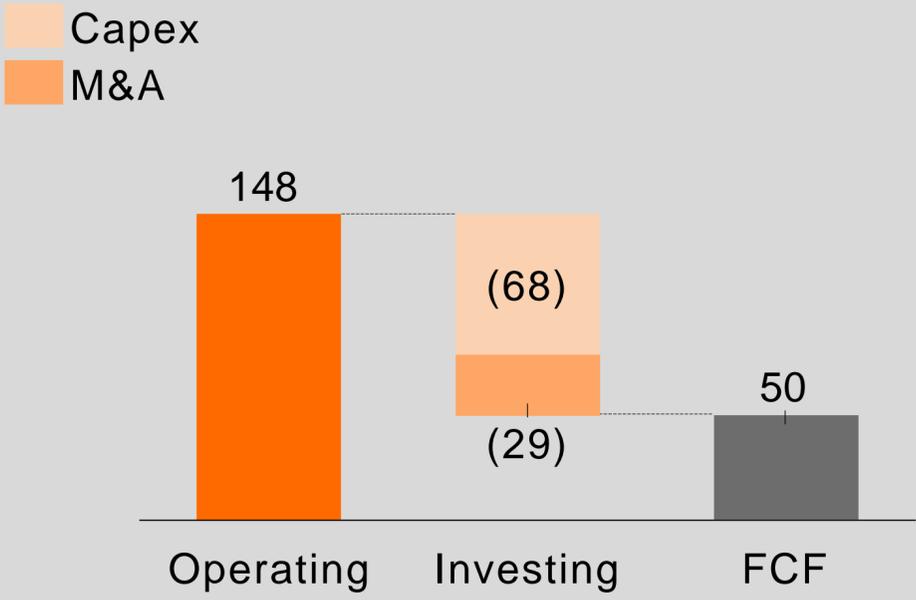
REVENUE GROWTH
AT UPPER END OF GROWTH CORRIDOR
In €m



PROFITABILITY
DRIVEN BY OPERATING LEVERAGE
EBIT margin excl. SBC¹ in percent



POSITIVE FREE CASH FLOW
DESPITE INVESTMENTS
In €m



(1) Excluding equity-settled stock based compensation costs ("SBC") of €7.5m in YTD/16.

CUSTOMER PROPOSITION CONTINUES TO DRIVE GROWTH

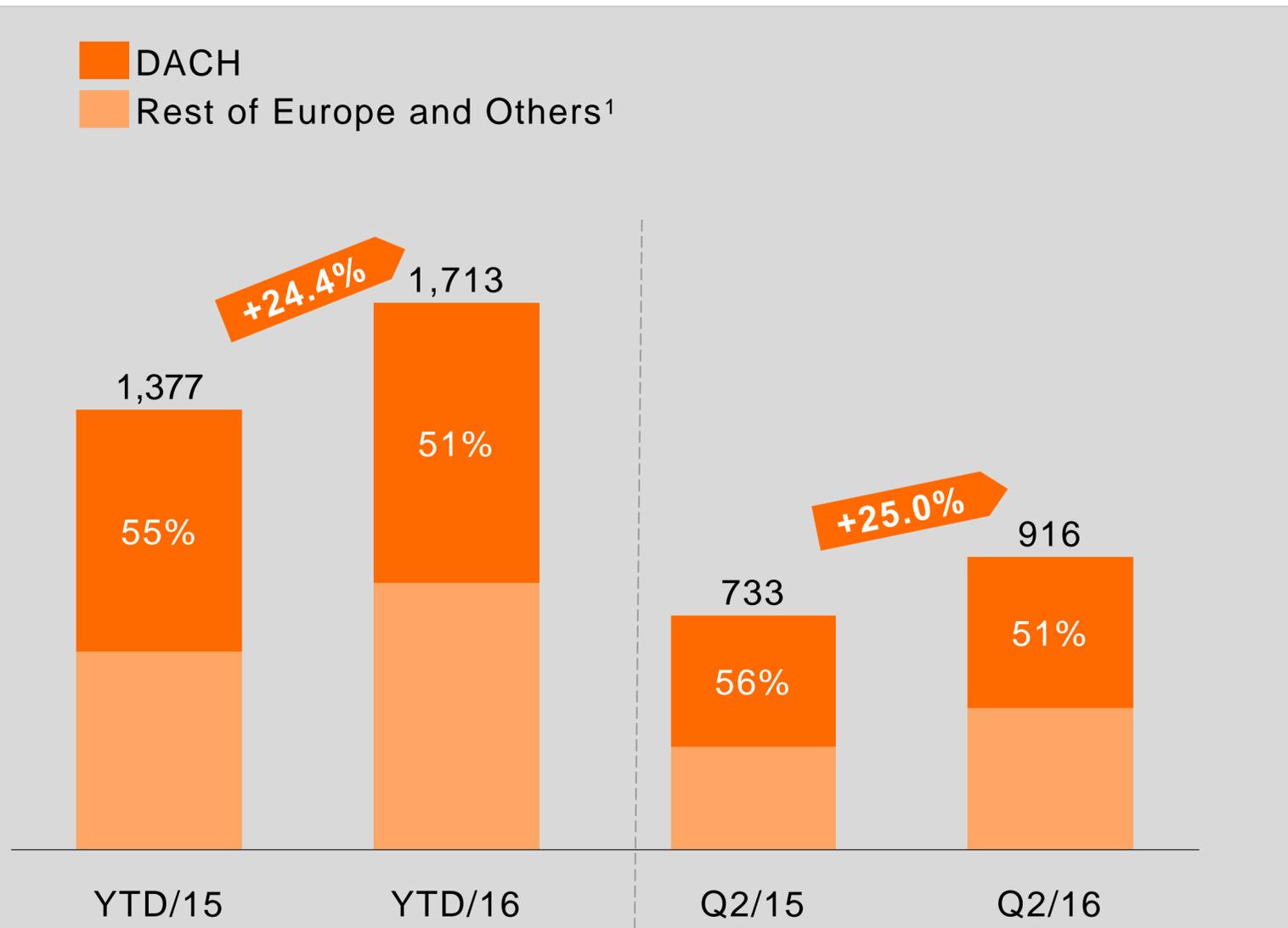


FINANCIAL UPDATE Q2/2016

STRONG REVENUE GROWTH AT UPPER END OF GROWTH CORRIDOR

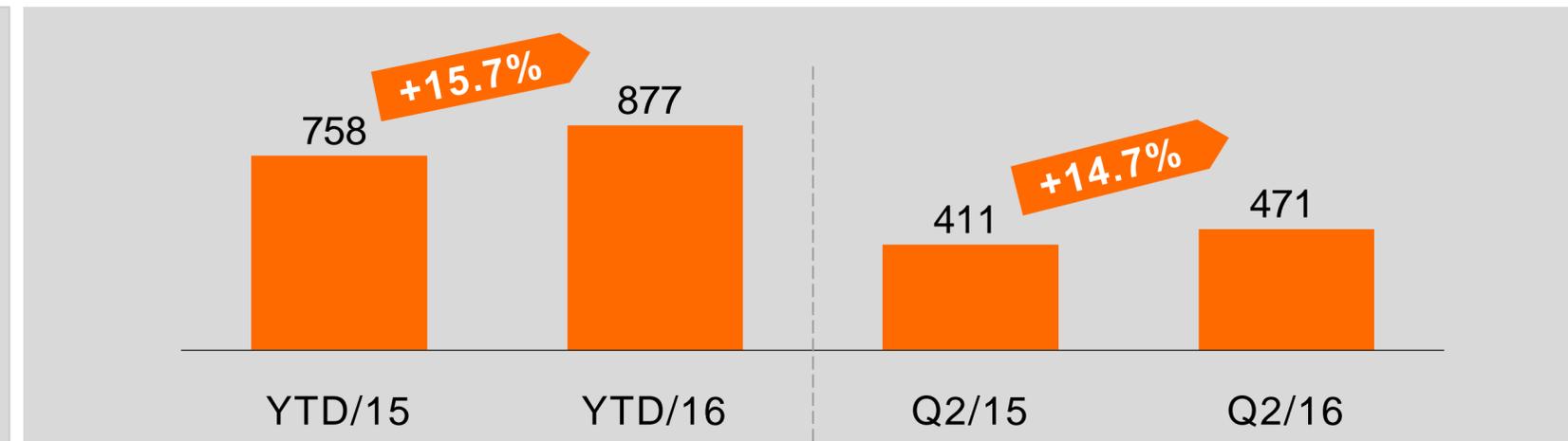
GROUP REVENUE

In €m



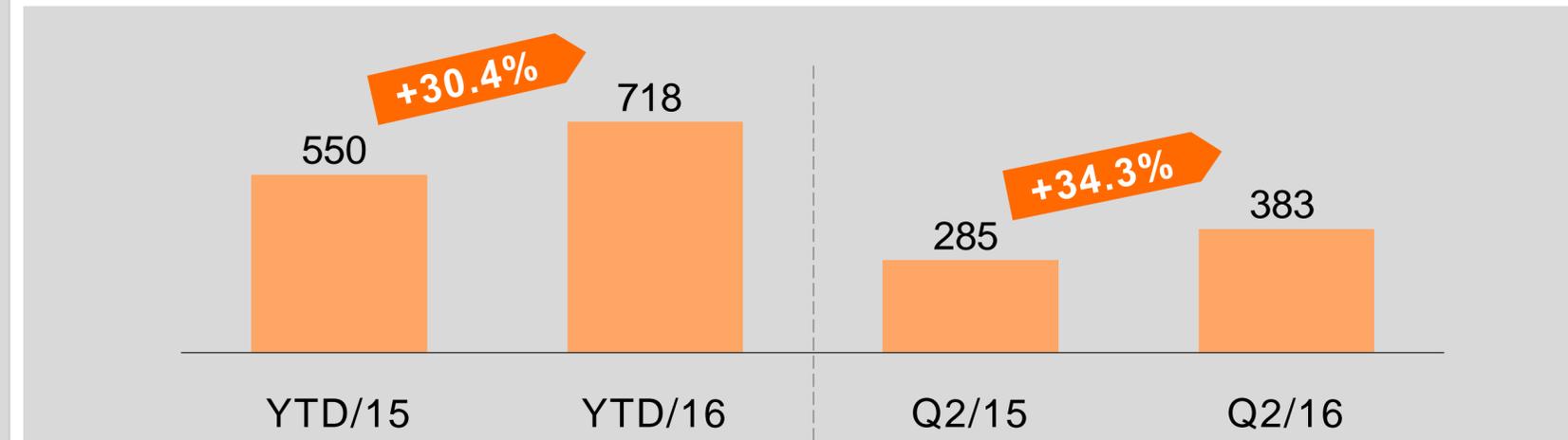
DACH REVENUE

In €m



REST OF EUROPE REVENUE

In €m



STRONG CUSTOMER KPIS WELL BALANCED

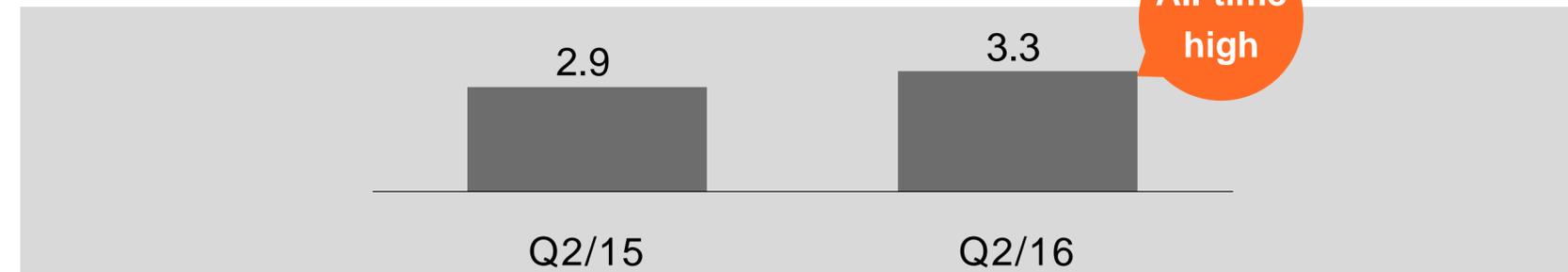
ACTIVE CUSTOMERS

In #m

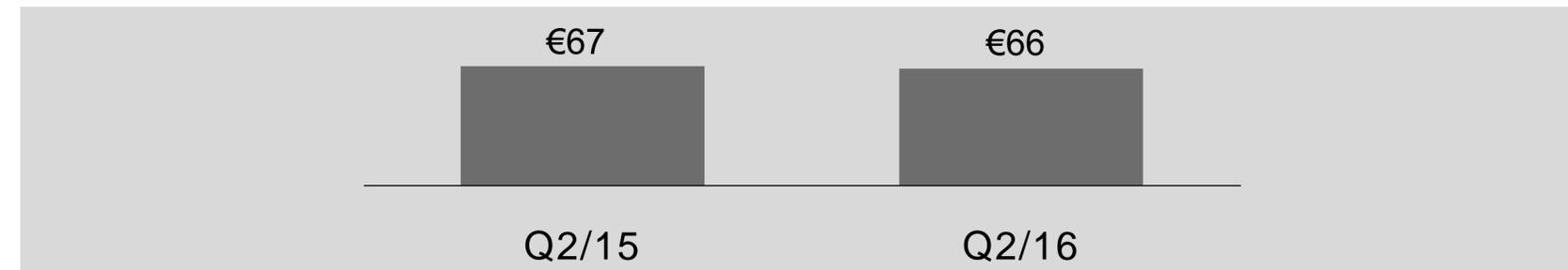


AVERAGE ORDERS PER ACTIVE CUSTOMER

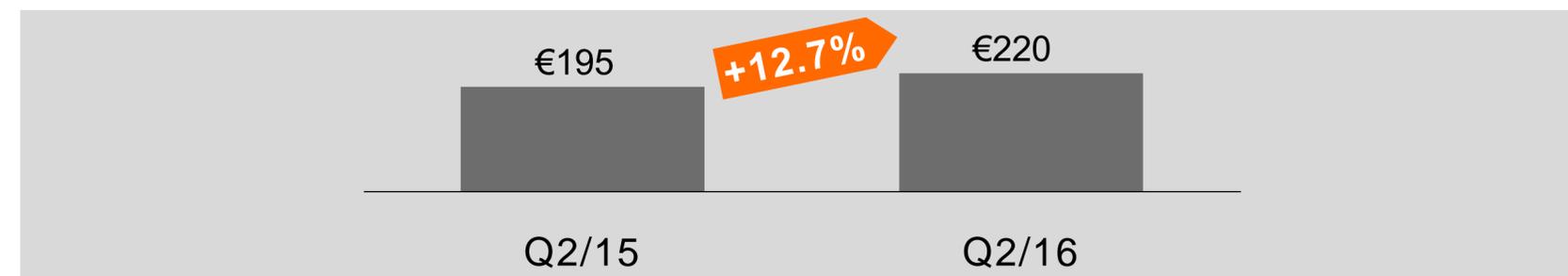
LTM in #



AVERAGE BASKET SIZE AFTER RETURNS¹



GMV PER ACTIVE CUSTOMER²

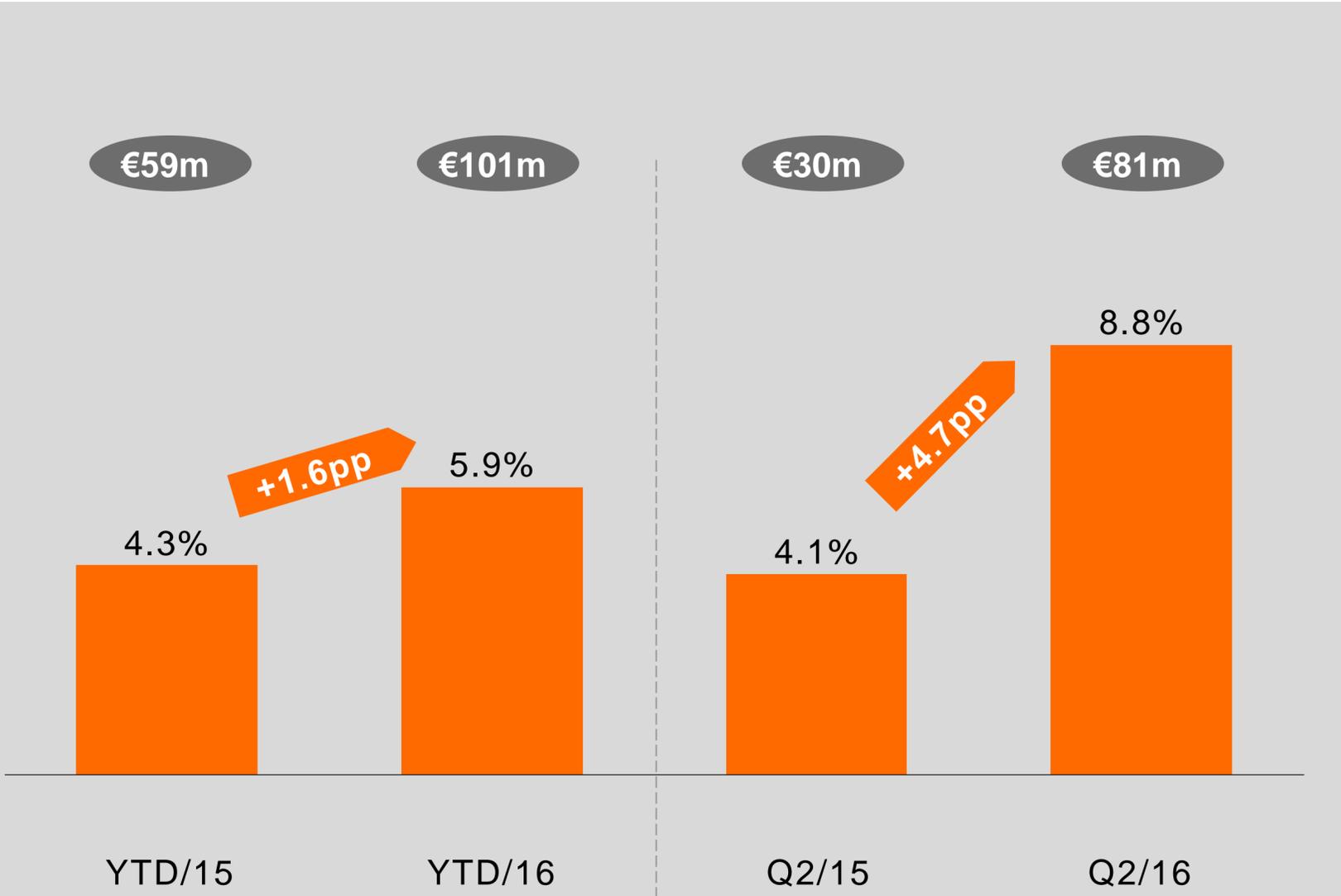


7 (1) Defined as the transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.
 (2) GMV (gross merchandise volume) per active customer = average orders per active customer (LTM in #) x average basket size after returns (in €).

INCREASING PROFITABILITY DRIVEN BY OPERATING LEVERAGE

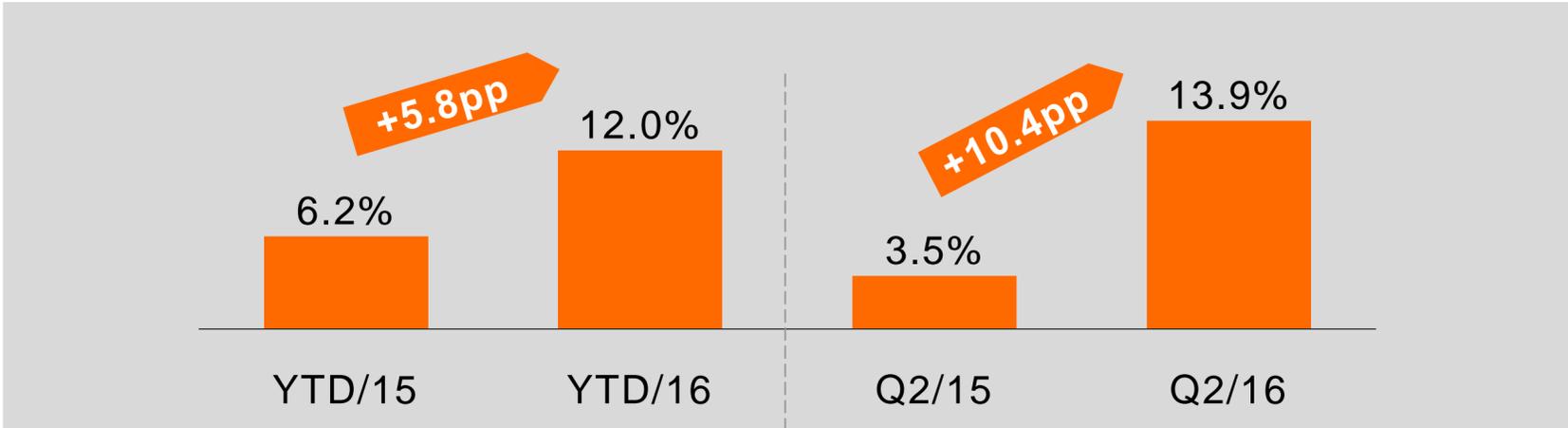
GROUP EBIT PROFITABILITY

EBIT margin (excl. SBC¹)



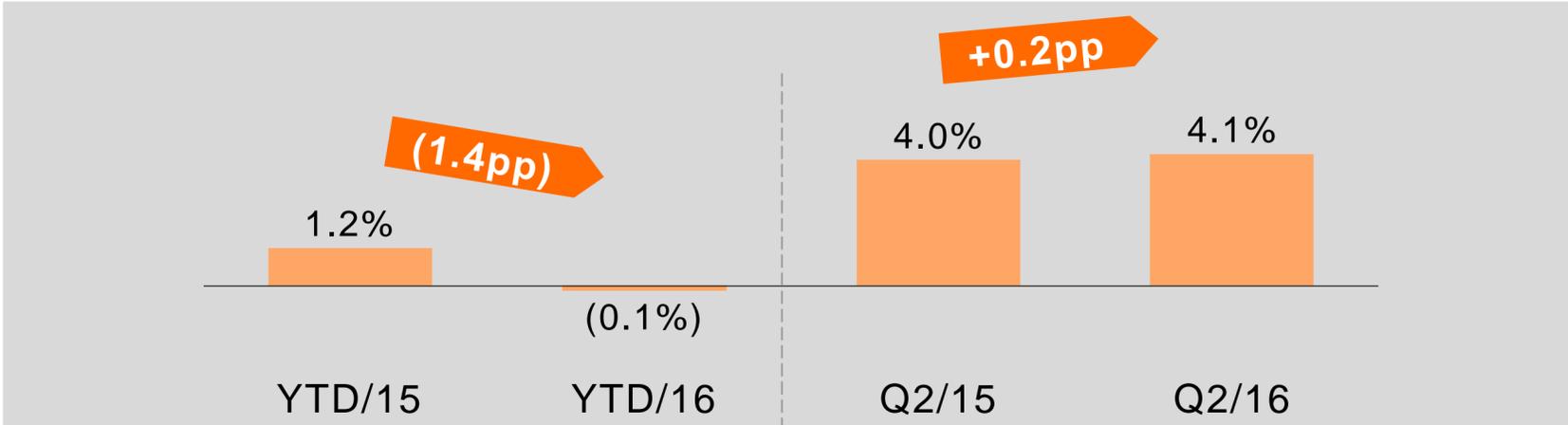
DACH EBIT

EBIT margin (excl. SBC¹)



REST OF EUROPE EBIT

EBIT margin (excl. SBC¹)



(1) Excluding equity-settled stock based compensation costs ("SBC") of €3.7m in Q2/16 and of €7.5m in YTD/16, respectively.

OPERATING LEVERAGE SUPPORTS STRONG EBIT MARGIN DEVELOPMENT

COSTS AND MARGINS excl. SBC¹ in percent of revenue

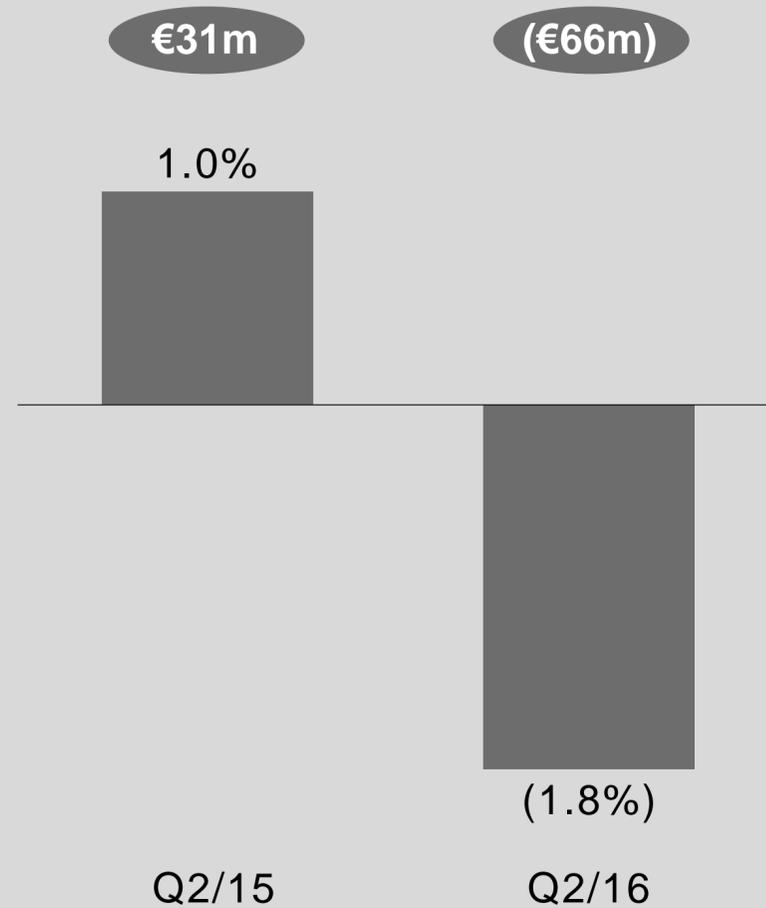
	YTD			Q2		
	2015	2016	Delta	2015	2016	Delta
COST OF SALES	(53.0%)	(55.1%)	2.1%	(51.5%)	(52.6%)	1.1%
GROSS PROFIT	47.0%	44.9%	(2.1%)	48.5%	47.4%	(1.1%)
FULFILLMENT COSTS	(26.6%)	(23.6%)	(3.0%)	(28.3%)	(23.1%)	(5.1%)
MARKETING COSTS	(11.9%)	(10.5%)	(1.4%)	(12.0%)	(10.5%)	(1.5%)
ADMINISTRATIVE EXPENSES & OTHER	(4.2%)	(4.9%)	0.7%	(4.1%)	(4.9%)	0.8%
EBIT	4.3%	5.9%	1.6%	4.1%	8.8%	4.7%

• Q2/15 impacted by invoice fraud of ~€30m or ~4 p.p.

WHILE NWC IMPROVEMENTS FREE UP ADDITIONAL CASH, WE CONTINUE TO EXECUTE ON OUR INVESTMENT PROJECTS

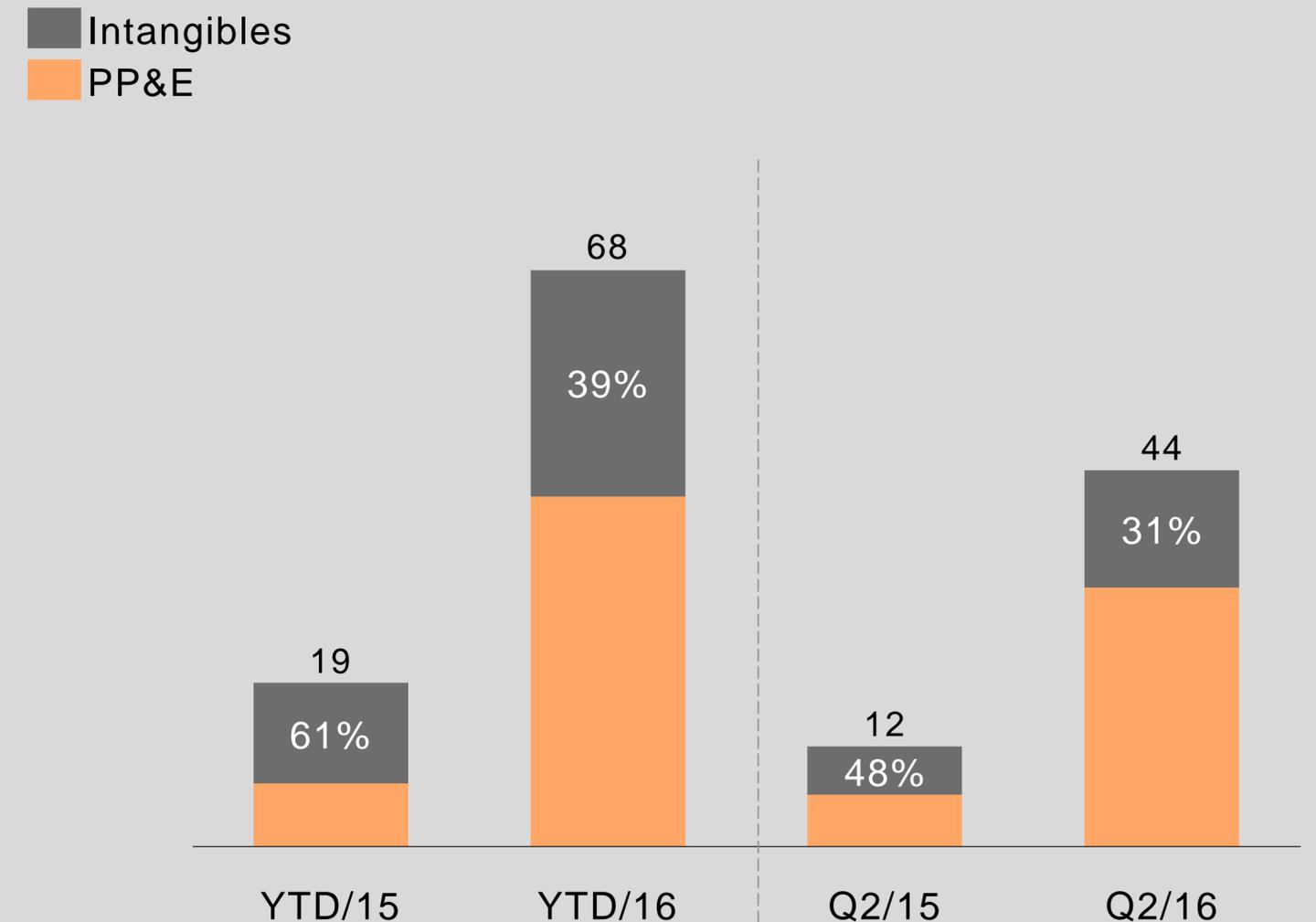
NET WORKING CAPITAL (END OF Q2)

in percent of annualized revenue



CAPITAL EXPENDITURE¹

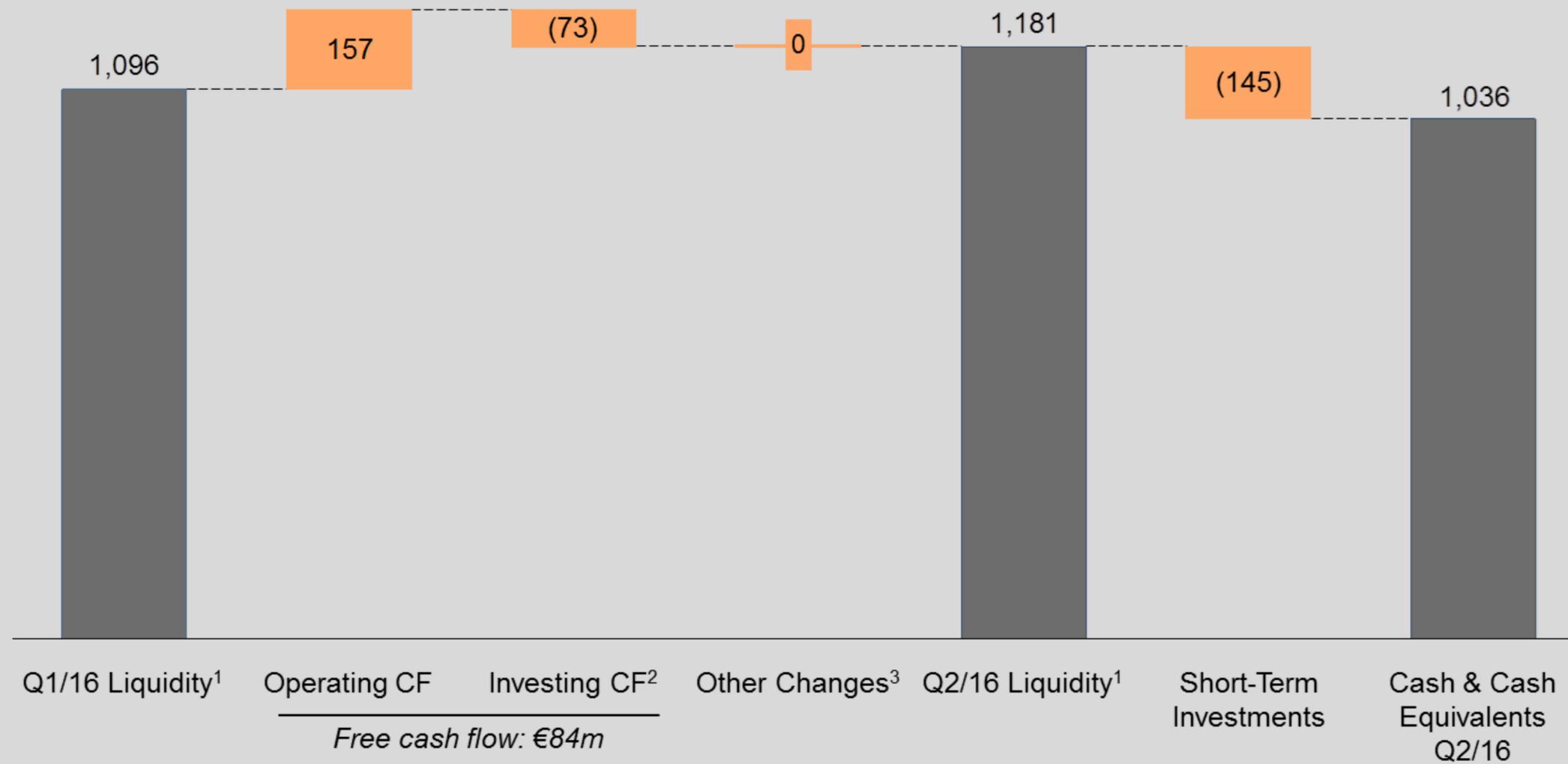
in €m



LIQUIDITY DRIVEN BY STRONG FREE CASH FLOW

CASH FLOW DEVELOPMENT (Q2)

In €m



(1) Both Q1/16 and Q2/16 liquidity include investments into short-term deposits with maturity of more than 3 and less than 12 months of €155m and €145m, respectively.
 (2) Includes investments in fixed and intangible assets and payments for acquisitions.
 (3) Includes financing cash flow (-€0.3m) and effect of exchange rate on cash and cash equivalents (+€0.8m).

OUTLOOK

OUTLOOK FOR FY2016 WITH INCREASED MARGIN GUIDANCE

Revenue growth at upper end of target corridor of 20 - 25%

Adj. EBIT¹ margin: 4.0 - 5.5%

~Neutral working capital at year-end and ~€200m capex²



ISSUED SHARE CAPITAL

SHARE INFORMATION

As of 30-Jun-2016

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 (3.8% share ¹)
Total Number of Shares Outstanding	247,147,408
Issued Share Capital	€247,147,408

SHARE STOCK OPTION PROGRAMS

As of 30-Jun-2016

Program	# Options outstanding	Strike price
Various	95,370	1.00
Stock Option Program 2011	2,646,050	5.65
Stock Option Program 2013	9,817,500	15.63
Stock Option Program 2014 – Tranche pre IPO	5,200,209	17.72
Stock Option Program 2014 – Tranche Mar 2015	644,145	22.79
Stock Option Program 2014 – Tranche May 2015	371,800	25.03
Stock Option Program 2014 – Tranche Aug 2015	193,500	29.92
Stock Option Program 2014 – Tranche Nov 2015	58,900	30.48
Stock Option Program 2014 – Tranche Mar 2016	342,450	31.60
Total	19,369,924	

INCOME STATEMENT

€m	FY/14	FY/15	Q2/15	Q2/16	YTD/16
Revenue	2,214.0	2,958.2	733.0	916.4	1,712.6
<i>% growth</i>	25.7%	33.6%	34.1%	25.0%	24.4%
Cost of Sales	(1,255.3)	(1,624.0)	(378.5)	(483.2)	(945.9)
Gross Profit	958.7	1,334.1	354.5	433.3	766.7
<i>% margin</i>	43.3%	45.1%	48.4%	47.3%	44.8%
Selling and Distribution Costs	(793.8)	(1,118.9)	(297.4)	(310.0)	(587.1)
Administrative Expenses	(109.1)	(129.0)	(31.7)	(48.9)	(89.5)
Other Operating Income	12.2	10.2	2.2	3.5	5.0
Other Operating Expenses	(5.8)	(7.0)	(2.0)	(0.7)	(1.4)
EBIT	62.1	89.6	25.7	77.2	93.6
<i>% margin</i>	2.8%	3.0%	3.5%	8.4%	5.5%
Net Financial Result	(4.5)	(3.0)	(0.9)	1.7	(4.5)
EBT	57.7	86.6	24.8	78.9	89.1
<i>% margin</i>	2.6%	2.9%	3.4%	8.6%	5.2%
Income and Other Tax	(10.5)	34.9	(1.8)	(28.0)	(33.7)
Net Income	47.2	121.5	23.0	50.9	55.5
<i>% margin</i>	2.1%	4.1%	3.1%	5.6%	3.2%
Depreciation & Amortization	25.8	34.2	8.0	10.1	19.2
EBITDA	88.0	123.8	33.7	87.3	112.8
<i>% margin</i>	4.0%	4.2%	4.6%	9.5%	6.6%
Share Based Compensation (SBC)	19.8	17.9	4.4	3.7	7.5
Adj. EBIT (adj. for SBC)	82.0	107.5	30.2	80.9	101.2
<i>% margin</i>	3.7%	3.6%	4.1%	8.8%	5.9%
Adj. EBITDA (adj. for SBC)	107.8	141.7	38.1	91.0	120.4
<i>% margin</i>	4.9%	4.8%	5.2%	9.9%	7.0%

SHARE BASED COMPENSATION

€m	FY/14	FY/15	Q2/15	Q2/16	YTD/16
Per Income Statement Line Item					
Cost of Sales	4.4	4.5	1.1	0.9	1.9
Selling and Distribution Costs	9.6	9.0	2.2	1.9	3.8
Administrative Expenses	5.8	4.5	1.1	0.9	1.9
Share Based Compensation	19.8	17.9	4.4	3.7	7.5
As % of revenue					
Per Income Statement Line Item					
Cost of Sales	0.2%	0.2%	0.2%	0.1%	0.1%
Selling and Distribution Costs	0.4%	0.3%	0.3%	0.2%	0.2%
Administrative Expenses	0.3%	0.2%	0.2%	0.1%	0.1%
Share Based Compensation	0.9%	0.6%	0.6%	0.4%	0.4%

SEGMENTS

€m	FY/14	FY/15	Q2/15	Q2/16	YTD/16
Revenue	2,214.0	2,958.2	733.0	916.4	1,712.6
DACH	1,234.0	1,580.1	411.0	471.4	877.3
Rest of Europe	862.6	1,211.6	285.3	383.2	717.7
Other	117.4	166.5	36.6	61.8	117.6
As % of total	100.0%	100.0%	100.0%	100.0%	100.0%
DACH	55.7%	53.4%	56.1%	51.4%	51.2%
Rest of Europe	39.0%	41.0%	38.9%	41.8%	41.9%
Other	5.3%	5.6%	5.0%	6.7%	6.9%
EBIT	62.1	89.6	25.7	77.2	93.6
DACH	72.3	92.2	11.9	63.8	101.1
Rest of Europe	(18.6)	(10.2)	9.7	14.4	(4.1)
Other	8.4	7.5	4.1	(1.0)	(3.4)
% margin	2.8%	3.0%	3.5%	8.4%	5.5%
DACH	5.9%	5.8%	2.9%	13.5%	11.5%
Rest of Europe	(2.2%)	(0.8%)	3.4%	3.8%	(0.6%)
Other	7.2%	4.5%	11.3%	(1.6%)	(2.9%)
Adjusted EBIT	82.0	107.5	30.2	80.9	101.2
DACH	83.0	101.9	14.4	65.7	105.0
Rest of Europe	(11.6)	(3.3)	11.3	15.9	(1.1)
Other	10.5	8.9	4.4	(0.6)	(2.7)
% adjusted margin	3.7%	3.6%	4.1%	8.8%	5.9%
DACH	6.7%	6.4%	3.5%	13.9%	12.0%
Rest of Europe	(1.3%)	(0.3%)	4.0%	4.1%	(0.1%)
Other	9.0%	5.3%	12.0%	(1.0%)	(2.3%)

BALANCE SHEET

€m	Q2/15	Q2/15 (% of total assets)	Q2/16	Q2/16 (% of total assets)
Total Non-Current Assets	175.6	9.0%	323.4	14.7%
Thereof: Property, Plant and Equipment	110.1	5.7%	169.4	7.7%
Other Financial Assets	26.3	1.4%	38.7	1.8%
Non-Financial Assets	4.0	0.2%	3.6	0.2%
Other Non-Current Assets	35.2	1.8%	111.6	5.1%
Total Current Assets	1,767.1	91.0%	1,878.6	85.3%
Thereof: Inventories	432.5	22.3%	445.3	20.2%
Trade and Other Receivables	167.3	8.6%	164.4	7.5%
Other Assets ¹	193.8	10.0%	233.0	10.6%
Cash and Cash Equivalents ¹	973.5	50.1%	1,035.9	47.0%
Total Assets	1,942.7	100.0%	2,202.0	100.0%
Total Equity	1,182.0	60.8%	1,332.5	60.5%
Thereof: Issued Capital	246.6	12.7%	247.1	11.2%
Capital Reserves	1,130.1	58.2%	1,148.9	52.2%
Retained earnings	(2.6)	(0.1%)	(0.9)	(0.0%)
Accumulated Loss	(192.2)	(9.9%)	(62.5)	(2.8%)
Total Non-Current Liabilities	33.0	1.7%	29.0	1.3%
Thereof: Financial Liabilities	16.0	0.8%	12.8	0.6%
Other Non-Current Liabilities	17.0	0.9%	16.2	0.7%
Total Current Liabilities	727.6	37.5%	840.5	38.2%
Thereof: Trade Payables and Similar Obligations	569.1	29.3%	675.3	30.7%
Other Current Liabilities	158.5	8.2%	165.2	7.5%
Total Equity & Liabilities	1,942.7	100.0%	2,202.0	100.0%
Net Working Capital	30.7	1.6%	(65.5)	(3.0%)

CASH FLOW STATEMENT

€m	FY2014	FY2015	Q2/15	Q2/16	YTD/16
Net Income	47.2	121.5	23.0	50.9	55.5
Non-Cash Expenses from Share-Based Payments	19.8	17.9	4.4	3.7	7.5
Cash Settlement of Claims from Share-Based Payments	0.0	(2.3)	(0.3)	0.0	0.0
Depreciation	25.8	34.2	8.0	10.3	19.3
Income Taxes	10.5	(34.9)	1.8	28.0	33.7
Income Taxes Paid, Less Refunds	0.0	(0.0)	0.0	(4.5)	(24.6)
Change in Provisions	1.0	(0.5)	0.1	(4.0)	(0.4)
Other Non-Cash Income	(0.2)	(1.0)	(1.6)	(1.0)	(1.0)
Change in Inventories and Receivables	(68.7)	(154.2)	44.6	144.1	35.8
Change in Trade Liabilities	94.9	154.9	(39.3)	(69.3)	20.3
Change in Other Assets/Other Liabilities	44.6	(16.2)	(5.7)	(1.2)	1.7
Cash Flow from Operating Activities	174.9	119.4	35.0	156.9	147.7
Payments for Investments in Fixed and Intangible Assets	(51.1)	(60.0)	(11.7)	(44.5)	(68.2)
Payments for Acquisitions	0.0	(16.8)	(11.4)	(28.3)	(29.2)
Cash Paid for Investments in Term Deposits	0.0	(155.0)	(20.0)	10.0	10.0
Change in Restricted Cash	(0.8)	35.3	17.8	(0.0)	(0.0)
Cash Flow from Investing Activities	(51.9)	(196.5)	(25.4)	(62.7)	(87.3)
Payments Received from Capital Increases	510.1	6.4	4.0	0.5	0.5
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0
Repurchase of treasury shares	0.0	(1.7)	0.0	0.0	0.0
Cash Repayments of Loans	(3.2)	(3.2)	(0.8)	(0.8)	(1.6)
Cash Flow from Financing Activities	510.8	1.5	3.2	(0.3)	(1.1)
Change in Cash & Cash Equivalents	633.8	(75.7)	12.8	93.9	59.2
Effects of Exchange Rate on Cash & Cash Equivalents	0.0	0.9	(0.2)	0.8	0.4

KPI DEVELOPMENT

	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16
Site Visits (m) ¹	1,363.8	392.8	411.8	393.9	457.9	1,656.4	479.5	480.2
Mobile Visit Share (in % of Site Visits) ²	42.3%	52.6%	56.6%	58.8%	59.9%	57.1%	62.3%	64.7%
Active Customers (m) ³	14.7	15.4	16.4	17.2	17.9	17.9	18.4	18.8
Number of Orders (m) ⁴	41.4	12.0	14.0	13.8	15.4	55.3	15.6	17.5
Average Order per Active Customer	2.82x	2.84x	2.89x	3.00x	3.08x	3.08x	3.20x	3.32x
Average Basket Size (in €) ⁵	66.6	68.0	67.4	63.3	72.1	67.8	66.5	66.2
Fulfillment Cost Ratio (in % of revenue) ⁶	22%	25%	28%	27%	23%	26%	24%	23%
Marketing Cost Ratio (in % of revenue) ⁷	13%	12%	12%	12%	11%	12%	10%	10%

(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 2016

November 2016				
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		

Date	Action
Tuesday, 6-Sep	Citi Global Tech Conference, New York
Wednesday, 7-Sep	Goldman Sachs Global Retail Conference, New York
Thursday, 8-Sep	NDR, San Francisco
Tuesday, 20-Sep	Berenberg & Goldman Sachs German Corporate Conference, Munich
Wednesday, 21-Sep	Baader Investment Conference, Munich
Oct-2016 ¹	Q3/2016 Trading Update
Thursday, 10-Nov	Q3/2016 Results
Thursday + Friday, 17-18-Nov	Morgan Stanley European Technology, Media and Telecoms Conference, Barcelona
Wednesday, 30-Nov	NDR, Paris

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