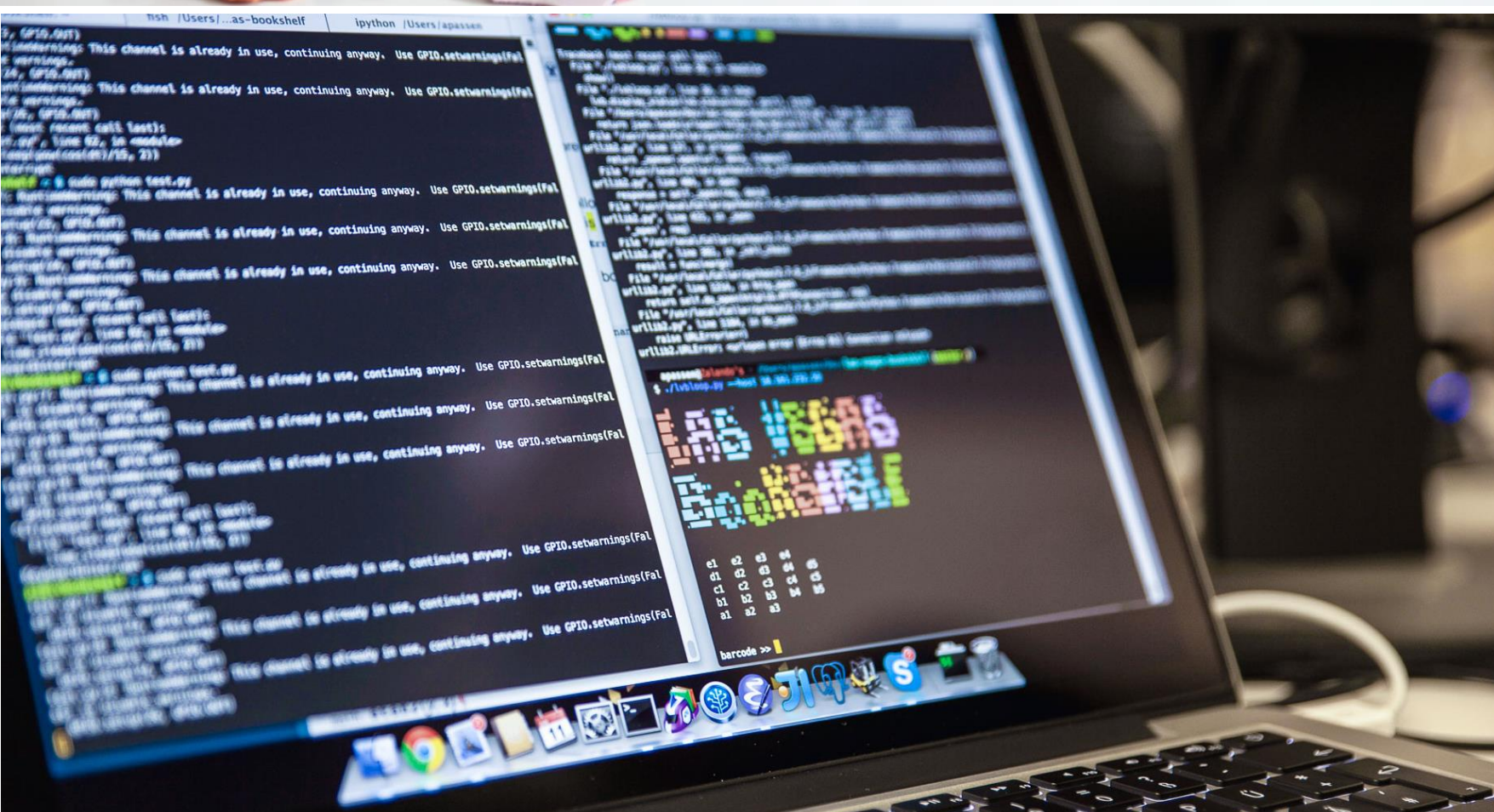
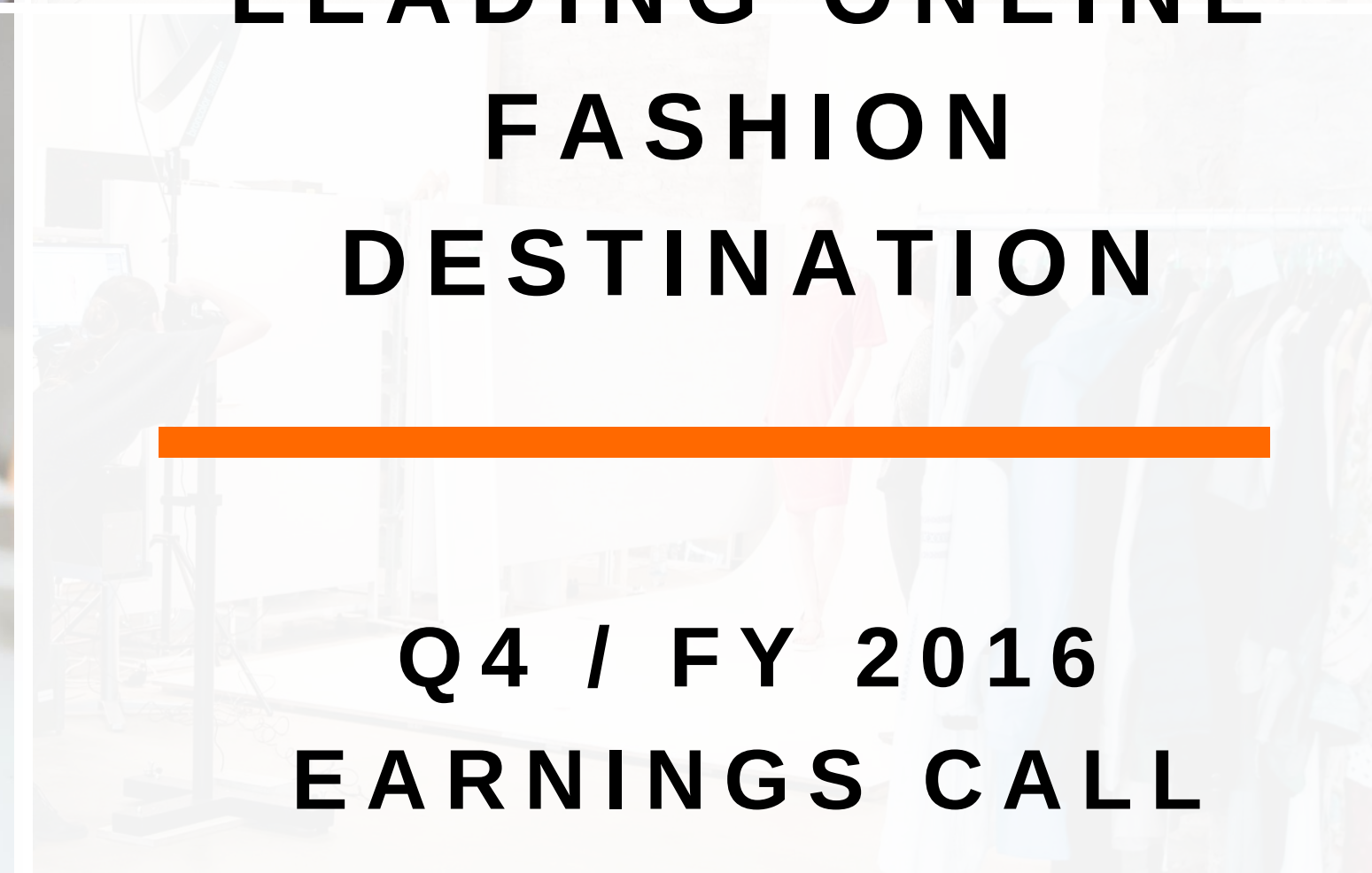




EUROPE'S LEADING ONLINE FASHION DESTINATION



Q4 / FY 2016
EARNINGS CALL

01-03-2017

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.

RESULTS HIGHLIGHTS AND BUSINESS UPDATE

ZALANDO EXCEEDS FULL-YEAR GUIDANCE

OUR GOALS BEGINNING 2016

RESULTS 2016

REVENUE & GROWTH

Upper end of 20-25%-range

Revenue: €3,639.0m

Growth: 23.0%



EBIT & MARGIN⁽¹⁾

Adj. EBIT margin: 3.0% - 4.5%

EBIT: €216.3m

Margin: 5.9%



NEUTRAL WORKING CAPITAL

+ ~200M CAPEX⁽²⁾

Net working capital: €(127.6)m

Capex: €181.7m



ZALANDO: THE LEADING FASHION DESTINATION FOR EUROPEAN CONSUMERS



ASSORTMENT

- ~90% seasonal assortment
- 300 new brands
- +50K to 200K SKUs
- Continued strong growth
+150%¹ in niches, e.g. special sizes



MOBILE

- Mobile share 68.1%
- +75% to 28m downloads
- +60% weekly active users y/y
- 25 App releases in 2016: new features include in-App returns



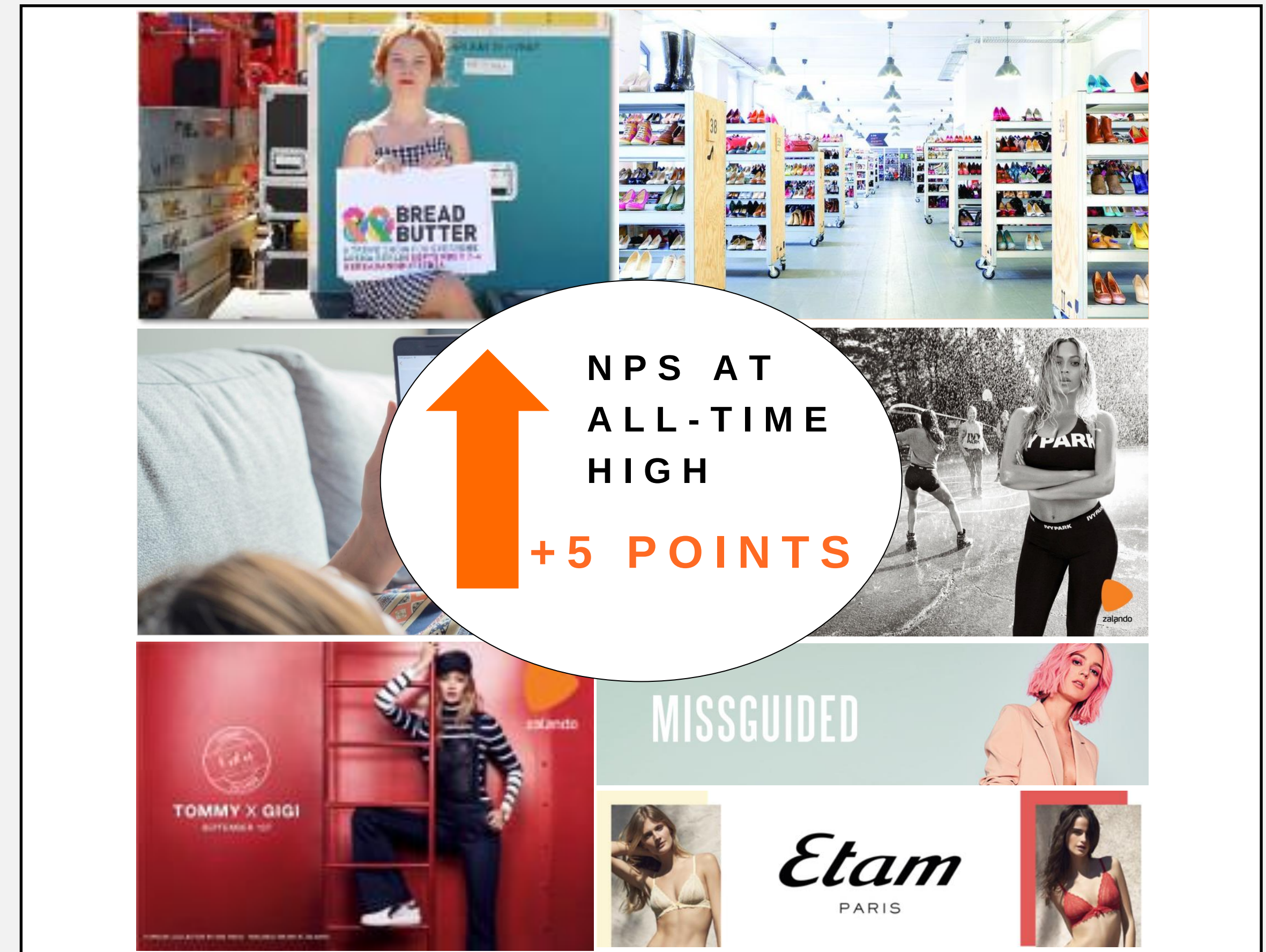
BRAND

- 80% organic traffic
- 1.9bn social impressions²
- Bread & Butter: 20K visitors
- Joint campaigns, e.g. Beyoncé, Gigi Hadid



CONVENIENCE

- Introduction of innovative local delivery and return services
- New payment method in France
- Additional partner Hermes
- Zalon stylists offer Plus Size style expertise



ZALANDO: THE LEADING FASHION PLATFORM FOR FASHION BRANDS



WHOLESALE SOLUTIONS

- Better: sharply improve data exchange
- Faster: increase speed of replenishment process
- Closer: share insights and collaborate more with suppliers



PARTNER PROGRAM

- Build: PP adds ~36k SKUs
- Expand: PP adds sports hardware
- Roll-out: PP goes international



DIGITAL SERVICES

- Kick-off of strategic cooperation of ZMS with P7S1
- ZMS runs ~200 campaigns
- 260 brands with own brandshop



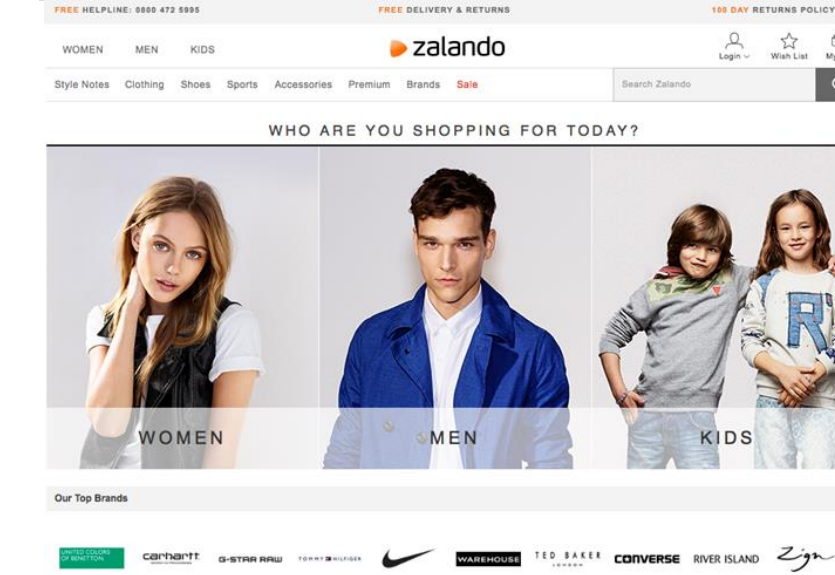
FULFILLMENT SERVICES

- Fulfillment by Zalando: key driver for Partner Program
- Gaxsys: offline store integration for effortless stock management



Tradebyte
Cycle of eCommerce.

engelhorn
sports
TED BAKER LONDON



gaxsys

WE CONTINUE TO BUILD EUROPE'S DIGITAL FASHION INFRASTRUCTURE

[]

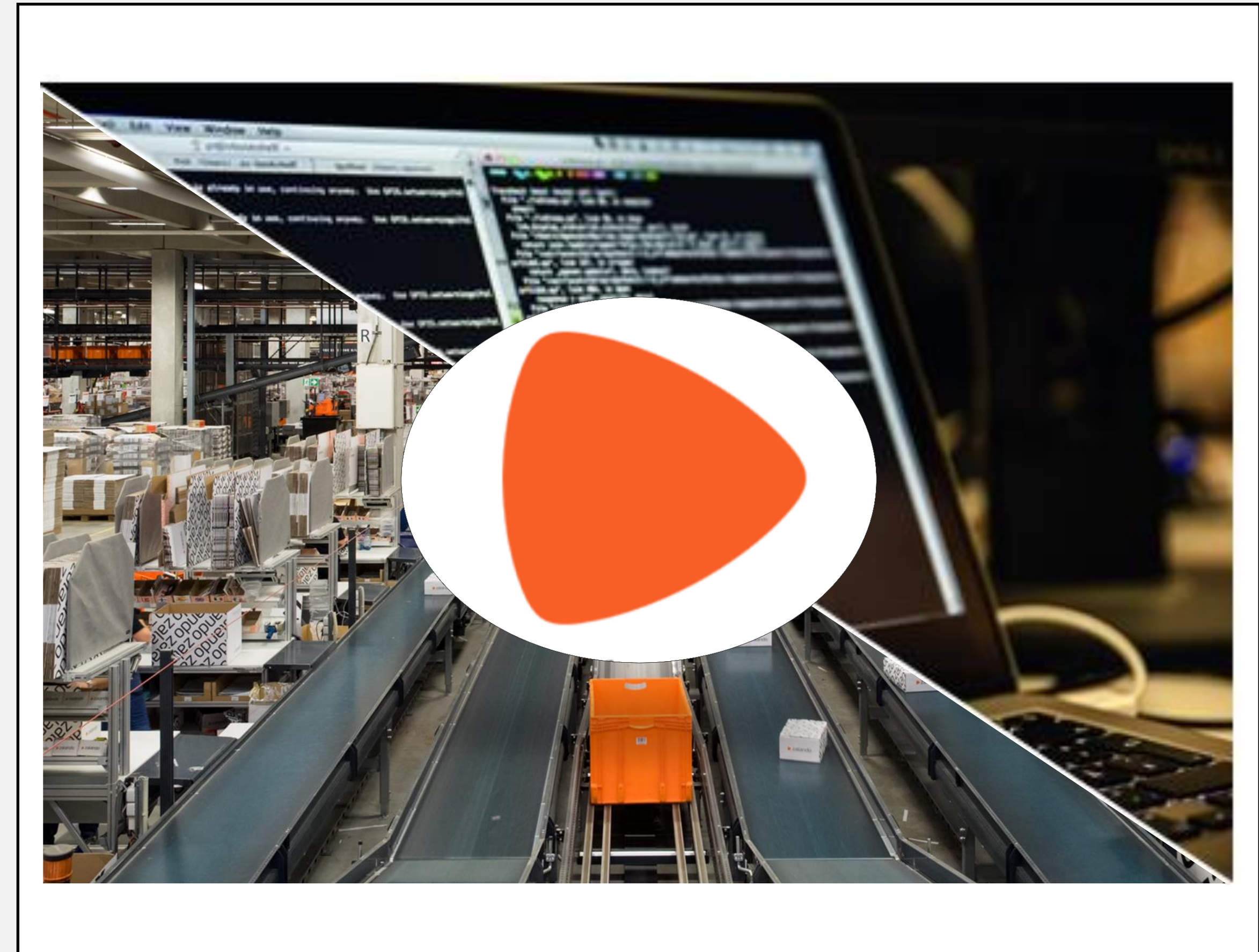
TECHNOLOGY

- Scaling up tech: More than 1.600 tech employees
- Zalando Fashion Store rebuilt with positive impact on conversion rate and loading time
- Migration to cloud computing generates costs savings



OPERATIONS

- Expansion to pan-European distribution footprint
- Increase of capacity and speed by international hub and spoke system
- Automation increases efficiency



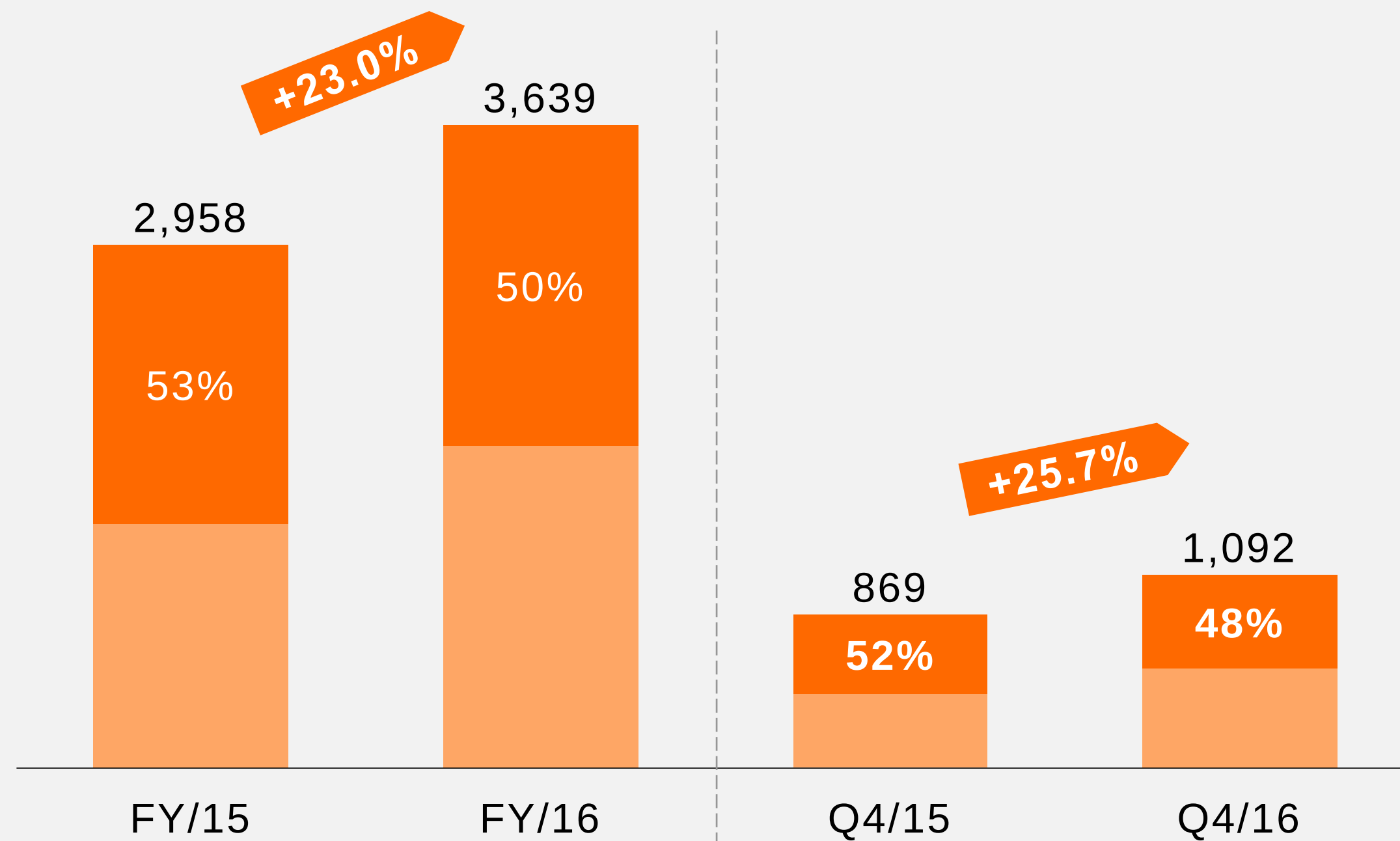
FINANCIAL UPDATE Q4 / FY 2016

ZALANDO'S REVENUE GROWTH OUTPERFORMS THE MARKET

GROUP REVENUE

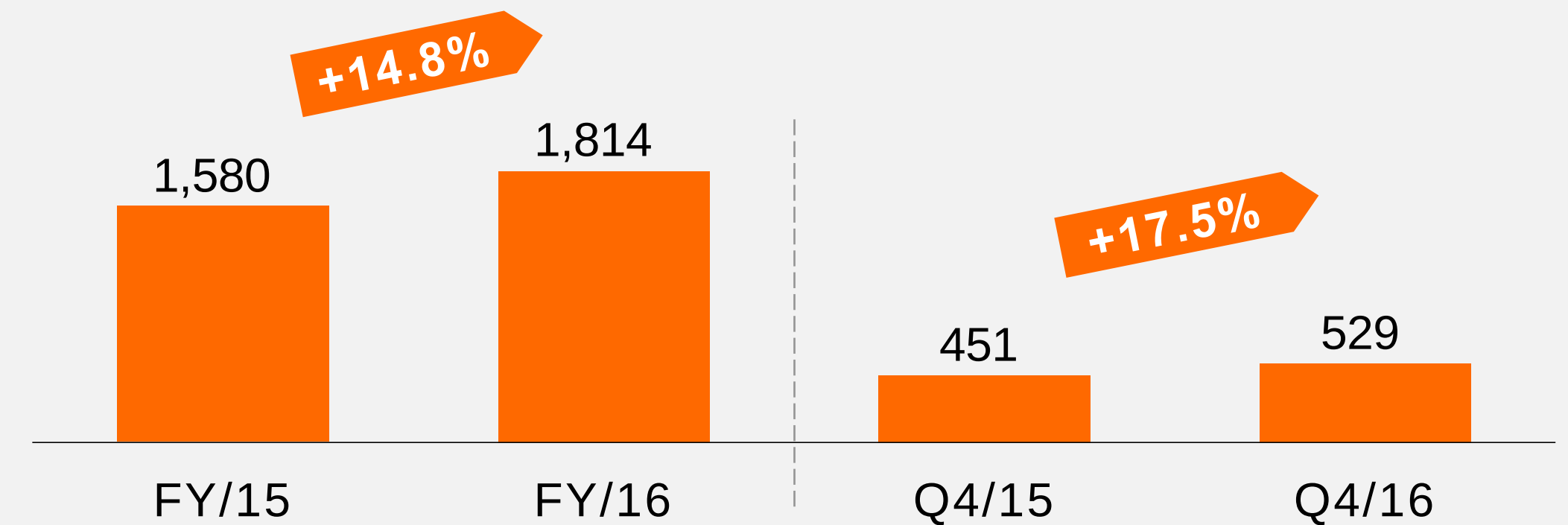
In €m

DACH
Rest of Europe and Other¹



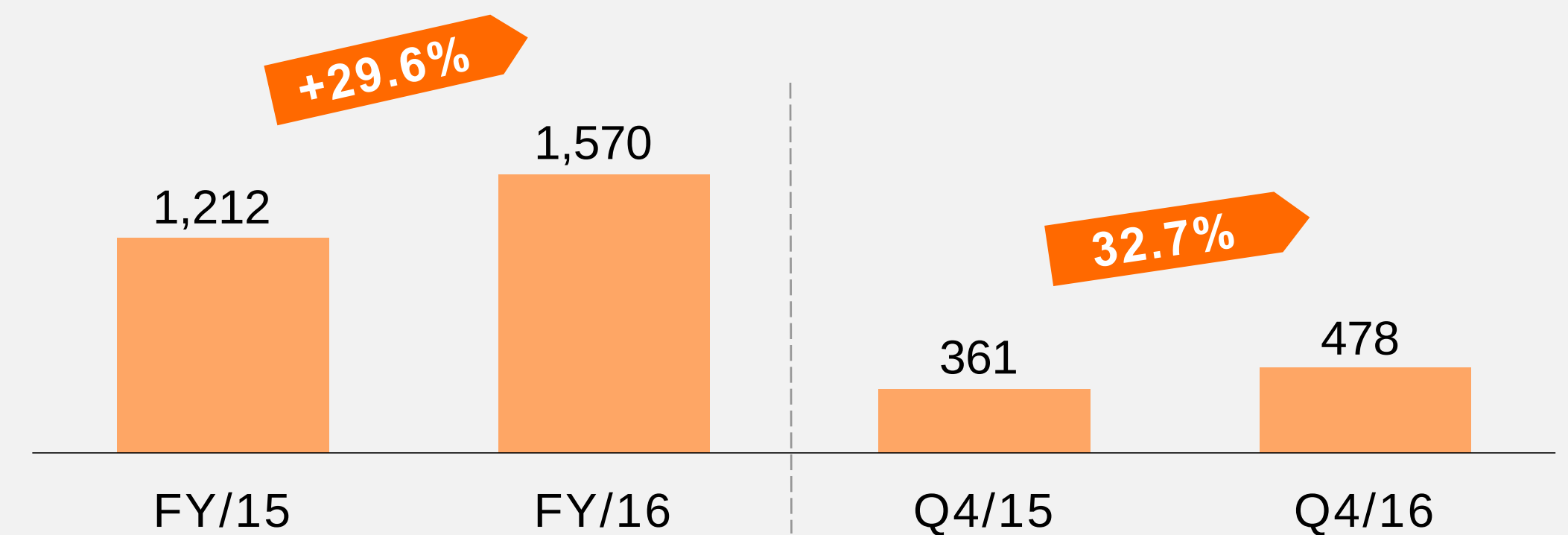
DACH REVENUE

In €m



REST OF EUROPE REVENUE

In €m



HIGH QUALITY CUSTOMER KPIs: SOLID BASE FOR FUTURE GROWTH

ACTIVE CUSTOMERS

In #m

YoY growth: +10.9%

17.9

19.9

Q4/15

Q4/16

AVERAGE ORDER PER ACTIVE CUSTOMER

LTM in #

3.1

3.5

All-time high

Q4/15

Q4/16

AVERAGE BASKET SIZE AFTER RETURNS¹

€72

€70

Q4/15

Q4/16

GMV PER ACTIVE CUSTOMER²

€222

+9.9%

€244

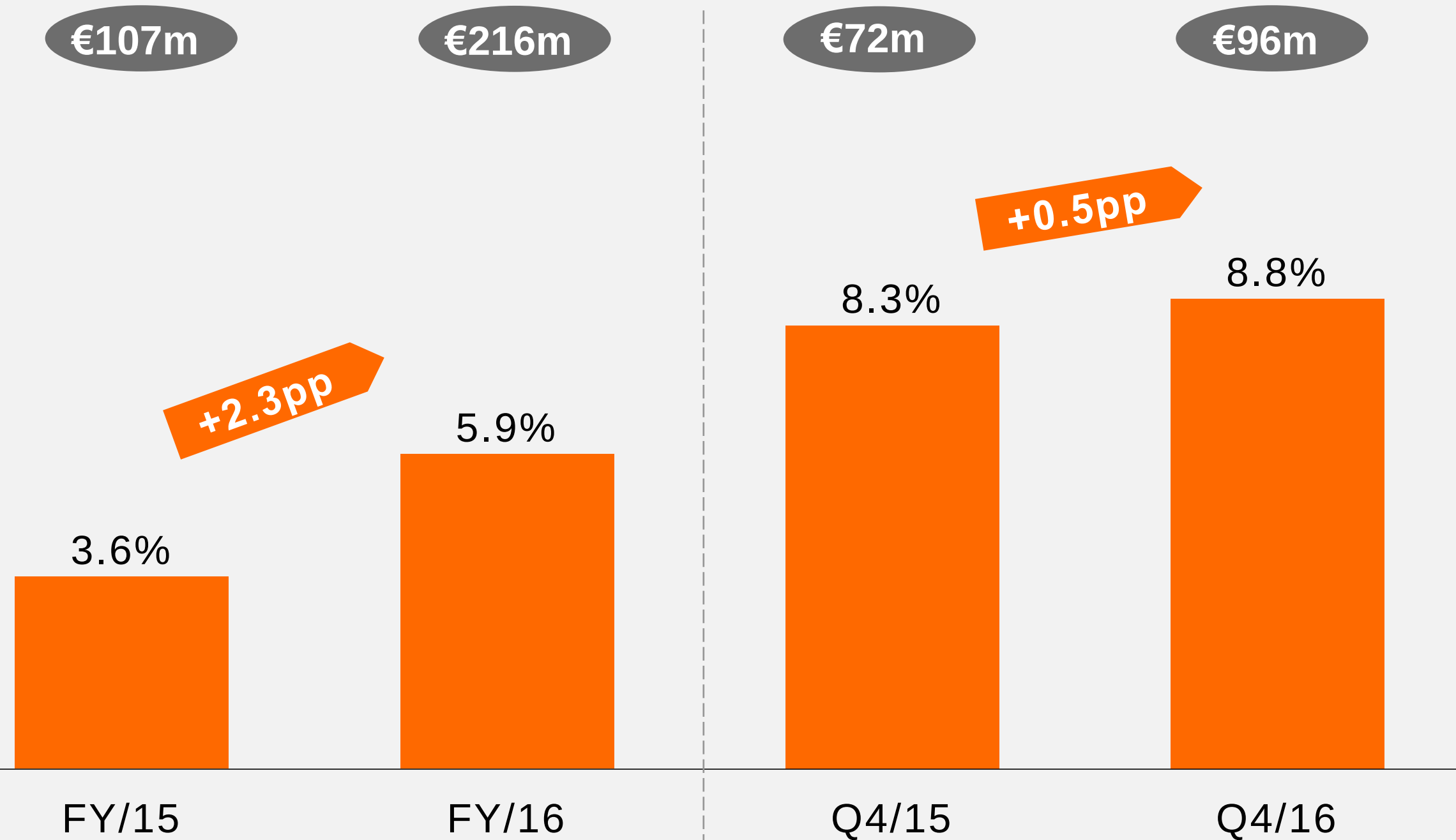
Q4/15

Q4/16

ZALANDO'S PROFITABILITY IMPROVES FURTHER

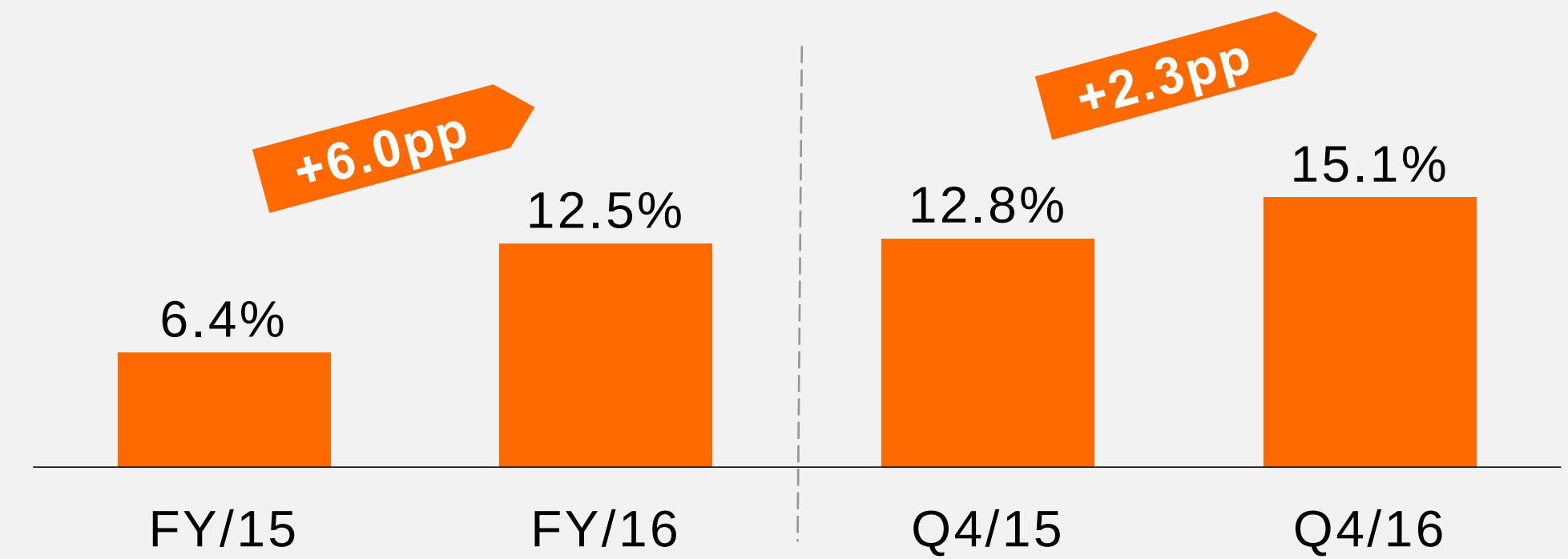
GROUP EBIT PROFITABILITY

Adj. EBIT margin¹



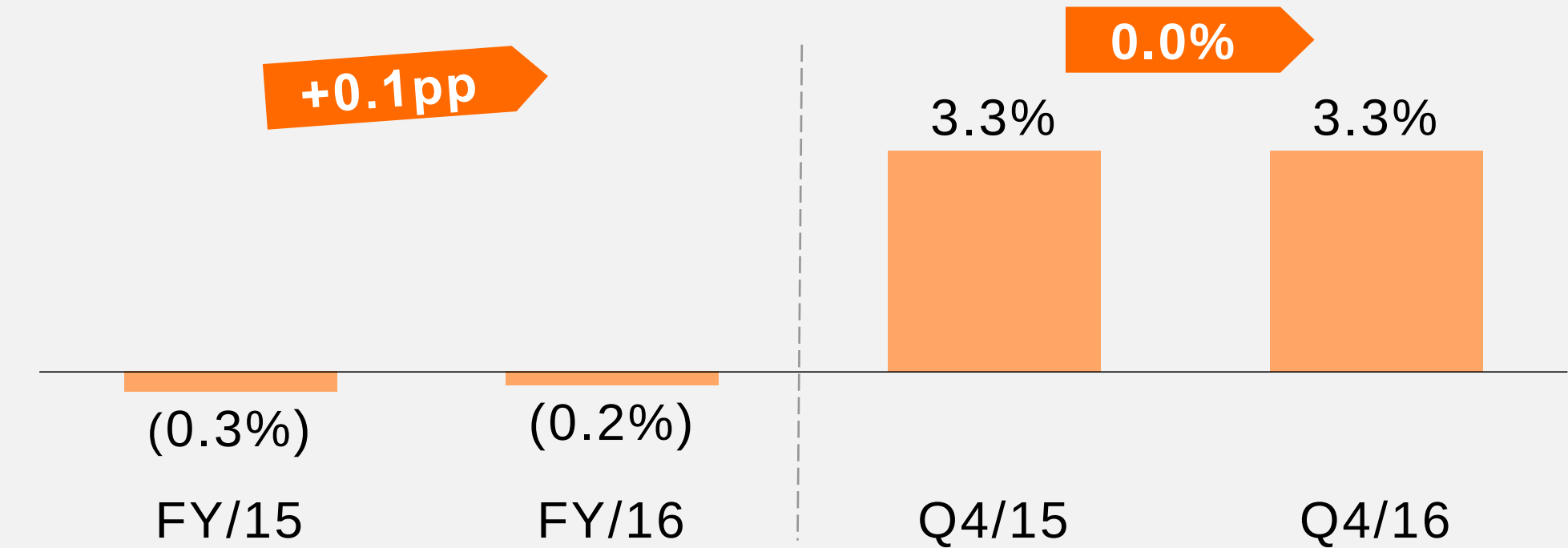
DACH EBIT

Adj. EBIT margin¹



REST OF EUROPE EBIT

Adj. EBIT margin¹



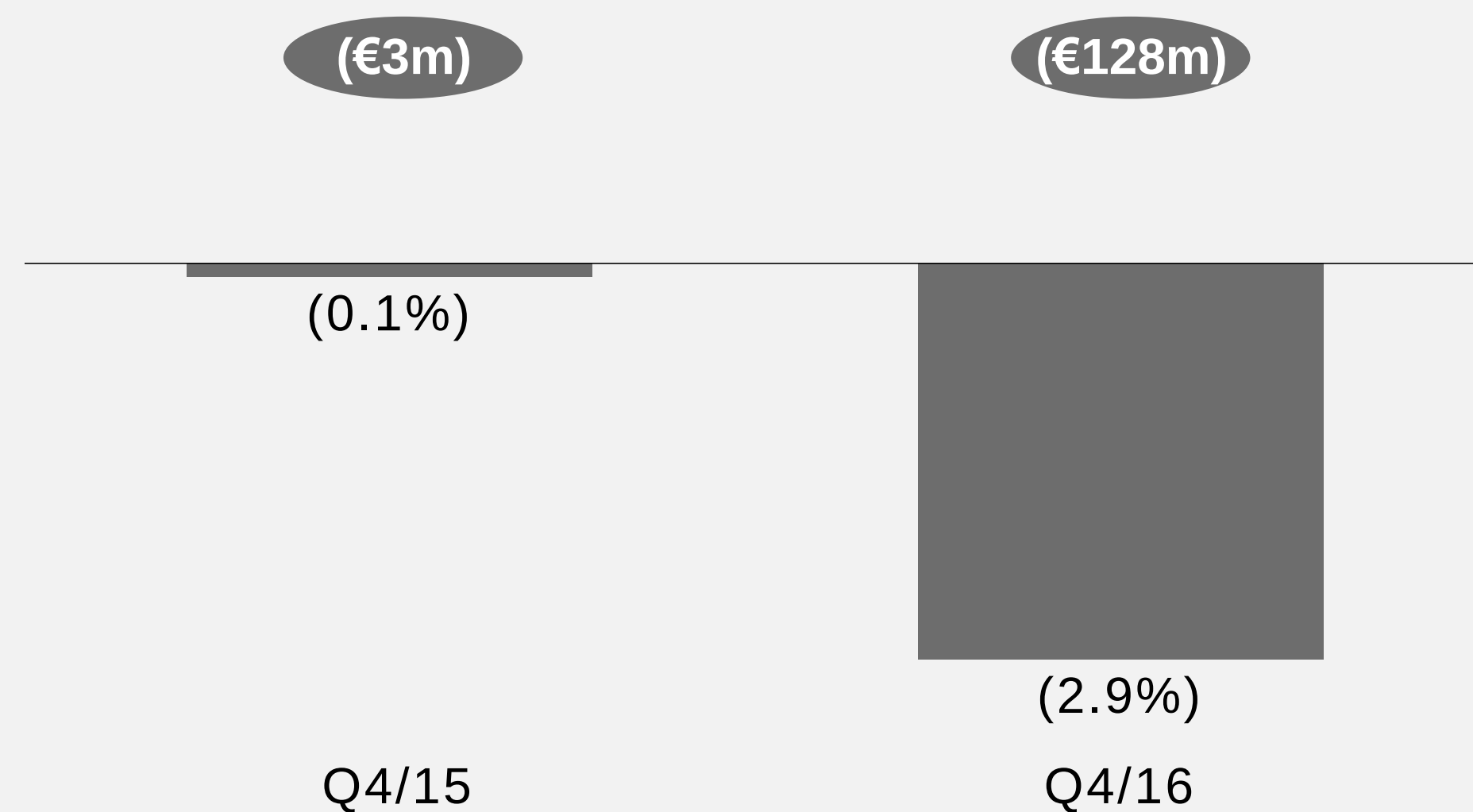
OPERATING COSTS DRIVE MARGIN IMPROVEMENT

COSTS AND MARGINS						
excl. SBC ¹ and non-operative one-time effects						
	FY 16			Q4		
	2015	2016	Delta	2015	2016	Delta
COST OF SALES	(54.7%)	(55.6%)	0.9%	(53.7%)	(54.2%)	0.6%
GROSS PROFIT	45.3%	44.4%	(0.9%)	46.3%	45.8%	(0.6%)
FULFILLMENT COSTS	(25.8%)	(23.2%)	(2.6%)	(23.3%)	(21.8%)	(1.5%)
MARKETING COSTS	(11.7%)	(10.2%)	(1.6%)	(11.1%)	(10.3%)	(0.8%)
ADMINISTRATIVE EXPENSES & OTHER	(4.1%)	(5.1%)	1.0%	(3.6%)	(4.9%)	1.3%
EBIT	3.6%	5.9%	2.3%	8.3%	8.8%	0.5%

CONTINUED FOCUS ON OPERATIONAL CAPITAL EFFICIENCY

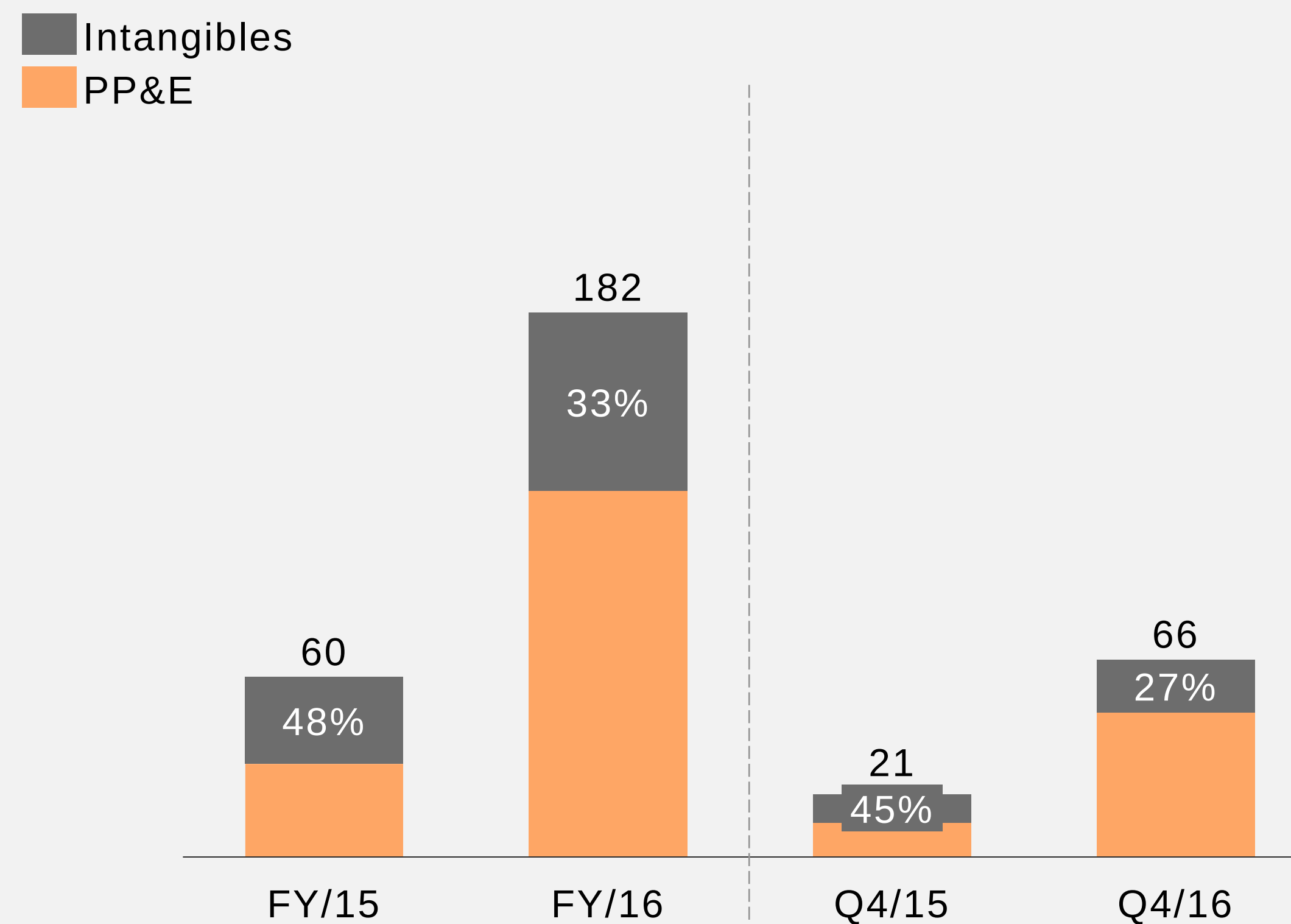
NET WORKING CAPITAL (END OF Q4)

in percent of annualized revenue

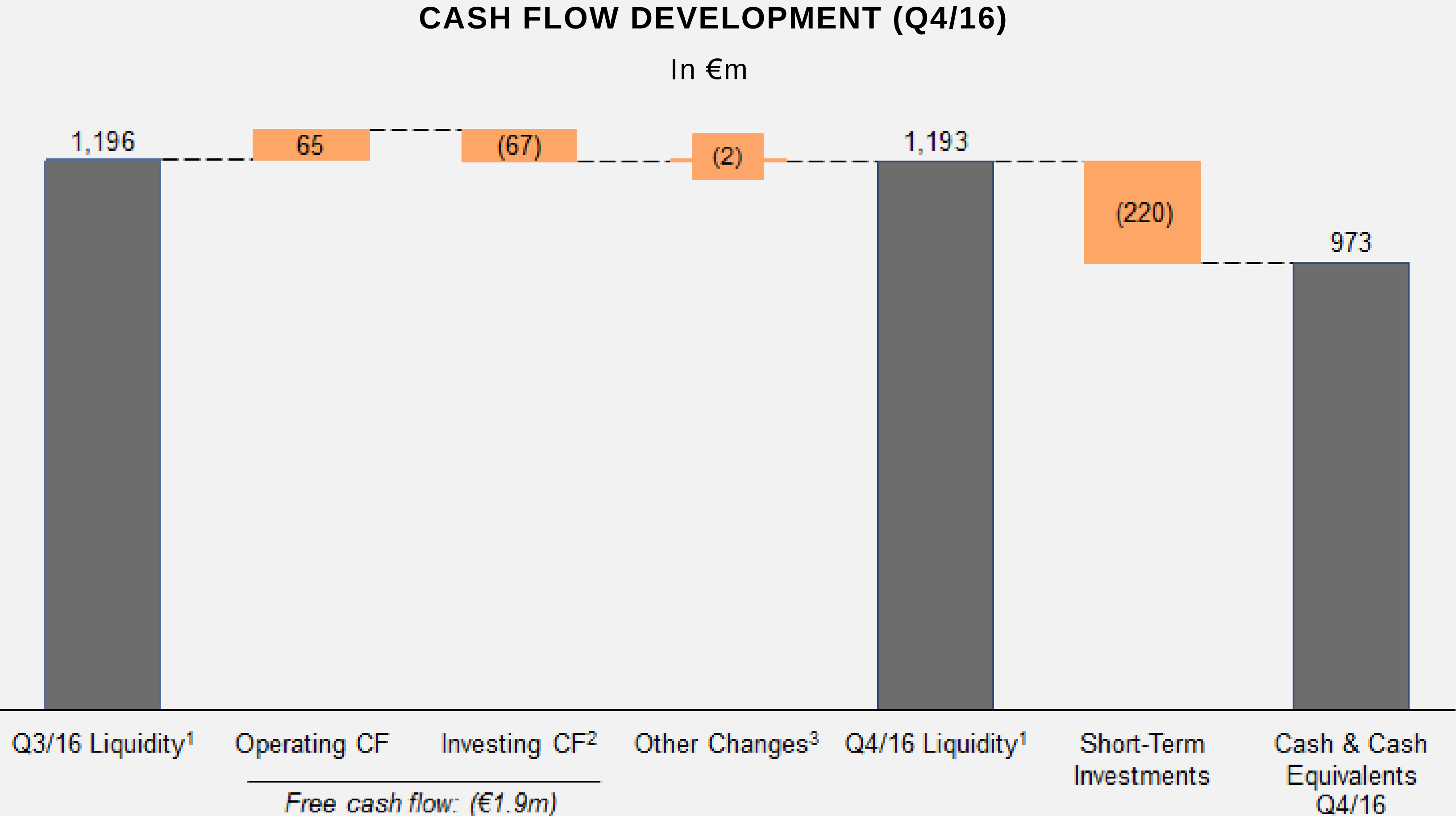


CAPITAL EXPENDITURE¹

in €m



LIQUIDITY REMAINS STABLE DESPITE SIGNIFICANT INVESTMENT



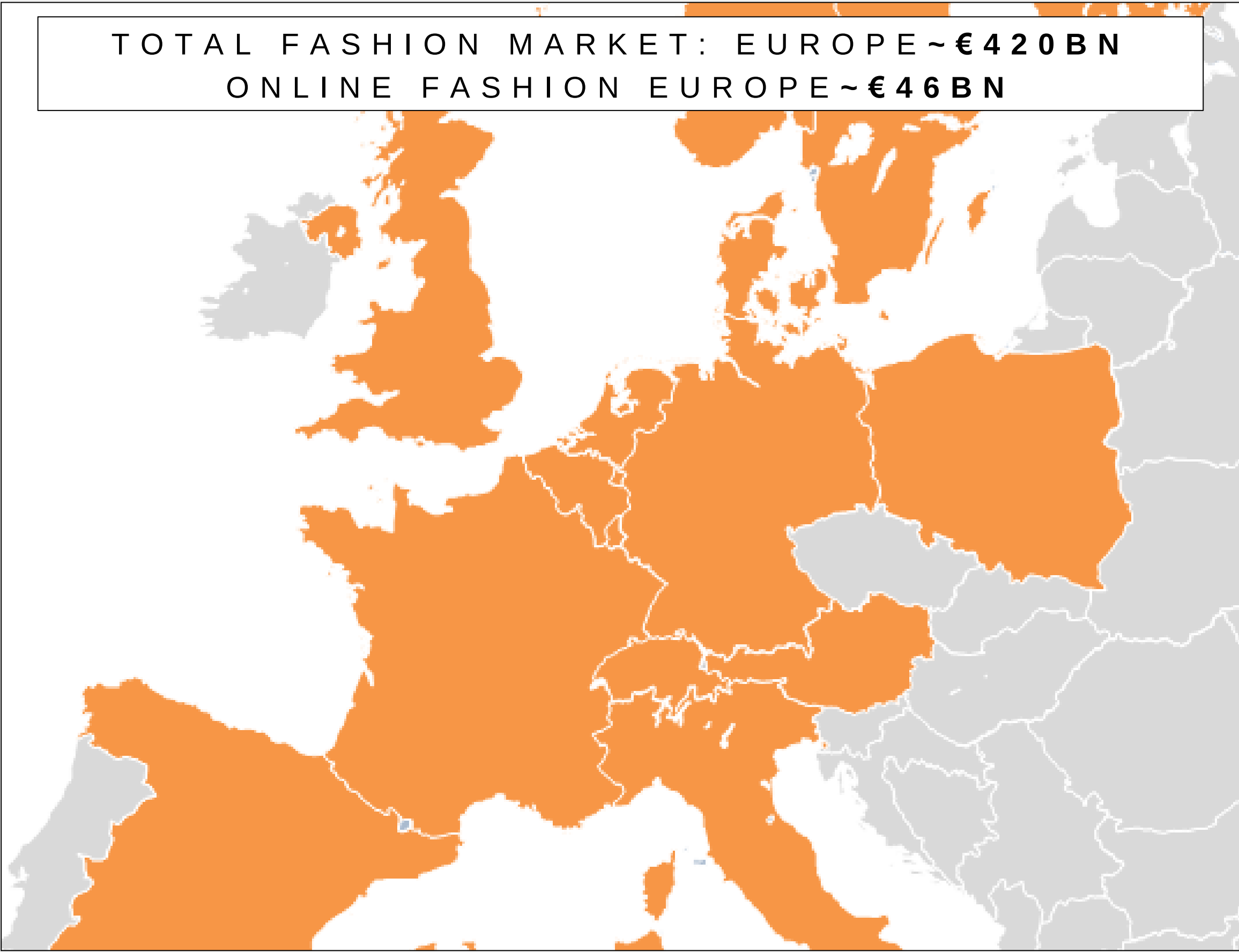
(1) Both Q3/16 and Q4/16 liquidity include investments into short-term deposits with maturity of more than 3 and less than 12 months of €220m.
(2) Includes investments in fixed, intangible assets and payments for acquisitions.
(3) Includes financing cash flow (-€1.5m) and effect of exchange rate on cash and cash equivalents (-€0.4m).

OUTLOOK

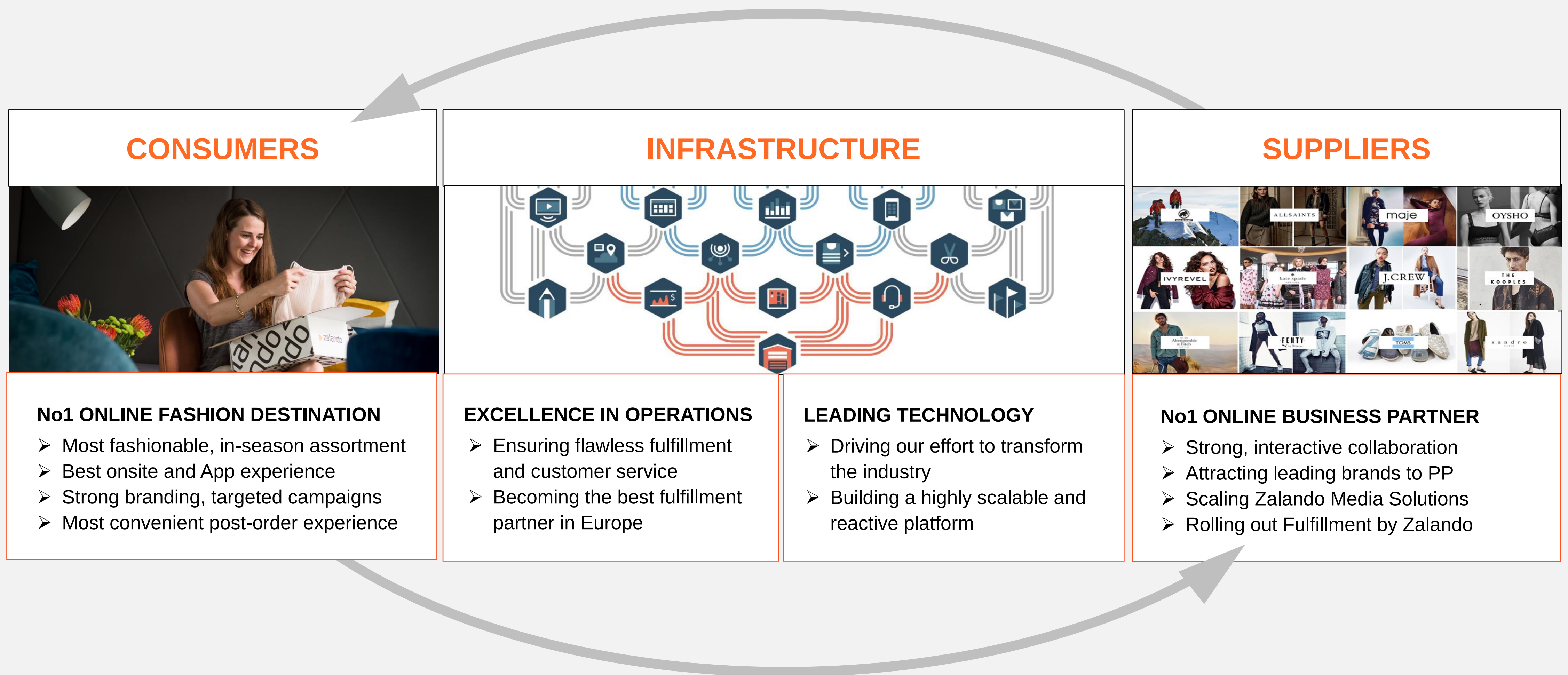
A WINNING STRATEGY:
FOCUS ON GAINING MARKET SHARE

ZALANDO MARKET SHARE DEVELOPMENT
based on GMV

SEGMENT & TOTAL MARKET ¹	2013	2016
DACH ~€90bn	~1.4%	~2.4%
REST OF EUROPE ~€330bn	~0.2%	~0.6%
TOTAL ZALANDO ~€420bn	~0.5%	>1%



ZALANDO'S STRATEGY FOCUSES ON THREE DIMENSIONS



OUTLOOK

OUR MULTI-YEAR OUTLOOK	2014	2015	2016	OUR OBJECTIVES 2017
REVENUE GROWTH OF 20-25%				REVENUE GROWTH OF 20-25%
SOLID PROFITABILITY				ADJ. EBIT-MARGIN ¹ : 5.0 – 6.0%
FREE CASH FLOW: NEUTRAL WORKING CAPITAL + STRATEGIC CAPEX SPEND				SLIGHTLY NEGATIVE WORKING CAPITAL + ~€200M CAPEX ²

18 (1) Adjusted EBIT margin excludes stock-based compensation of 0.4% and non-operative one-time effects.
(2) Excludes investments into M&A.

2017 OUTLOOK: REVENUE GROWTH

GUIDANCE 2017

REVENUE GROWTH OF 20%-25%

ADJ. EBIT-MARGIN¹: 5.0 – 6.0%

SLIGHTLY NEGATIVE WORKING
CAPITAL + ~€200M CAPEX²

#1 PRIORITY TO GRAB
MARKET SHARE

OUTPERFORMANCE OF
FASHION ONLINE MARKET BY
FACTOR 2-3X

TACKLE GROWTH
OPPORTUNITIES IN ROE
MARKETS

2017 OUTLOOK: EBIT MARGIN

GUIDANCE 2017

REVENUE GROWTH OF 20%-25%

ADJ. EBIT-MARGIN¹: 5.0 – 6.0%

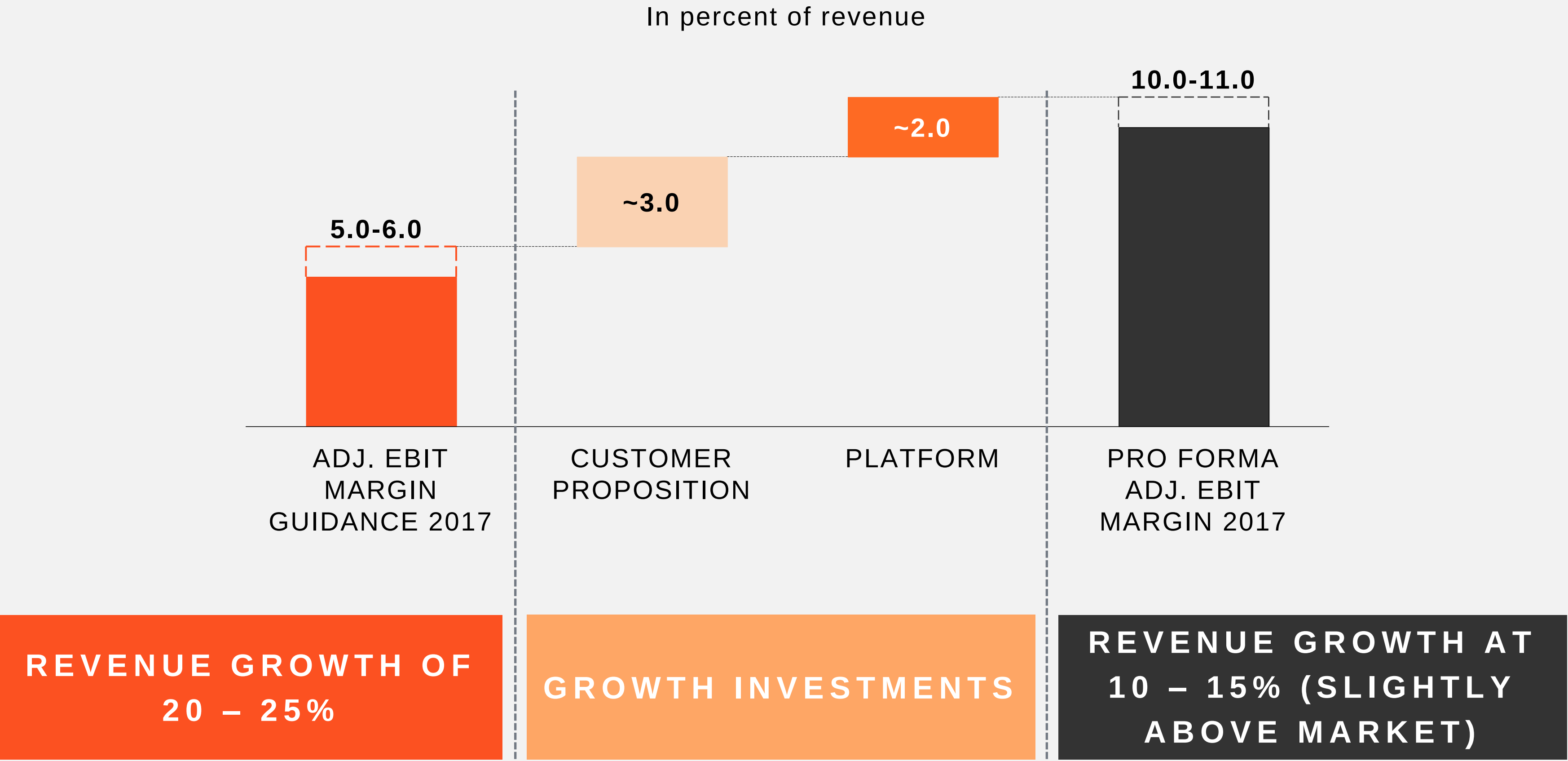
SLIGHTLY NEGATIVE WORKING
CAPITAL + ~€200M CAPEX²

#1 PRIORITY IS GROWTH

INVESTMENTS INTO
CUSTOMER PROPOSITION AND
PLATFORM INITIATIVES

MAINTAIN HEALTHY BALANCE
BETWEEN INVESTMENT AND
SUSTAINABLE PROFITABILITY

5%-6% ADJ. EBIT GUIDANCE FOR 2017 REFLECTS ONGOING GROWTH INVESTMENTS



2017 OUTLOOK: FREE CASH FLOW

GUIDANCE 2017

REVENUE GROWTH OF 20%-25%

ADJ. EBIT-MARGIN¹: 5.0 – 6.0%

SLIGHTLY NEGATIVE WORKING
CAPITAL + ~€200M CAPEX²

CONTINUED SELF-FUNDED
GROWTH

CONTINUED CAPEX TO FUEL
FUTURE GROWTH

ON OUR WAY TO A SUCCESSFUL 2017!

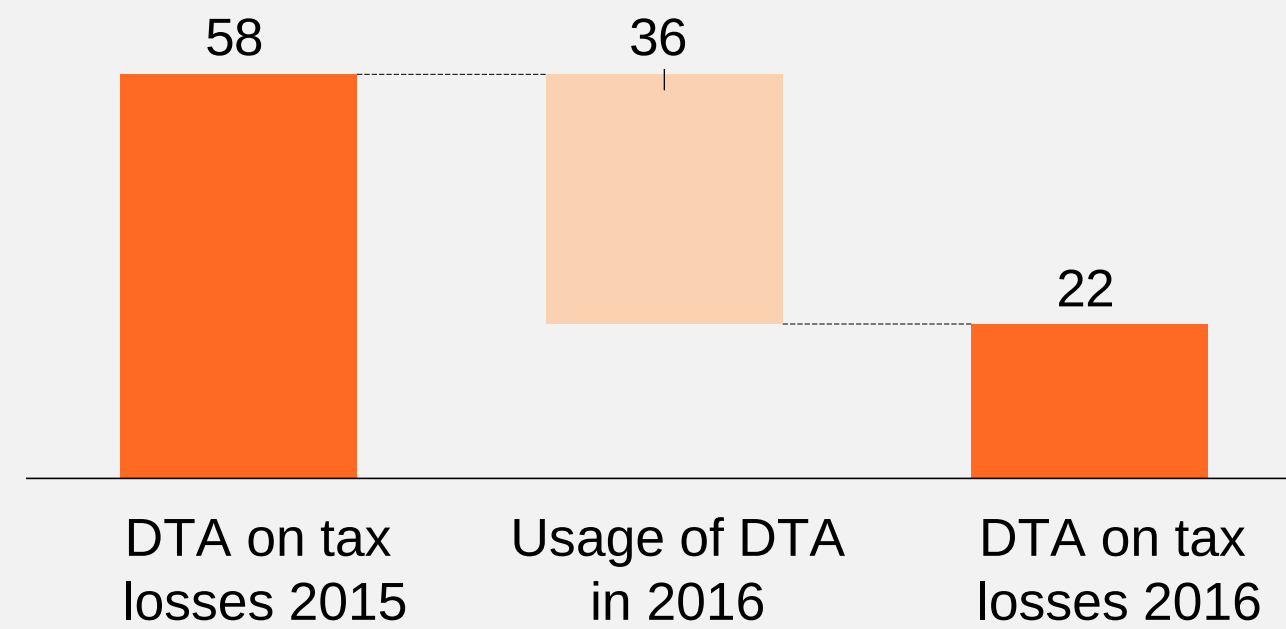




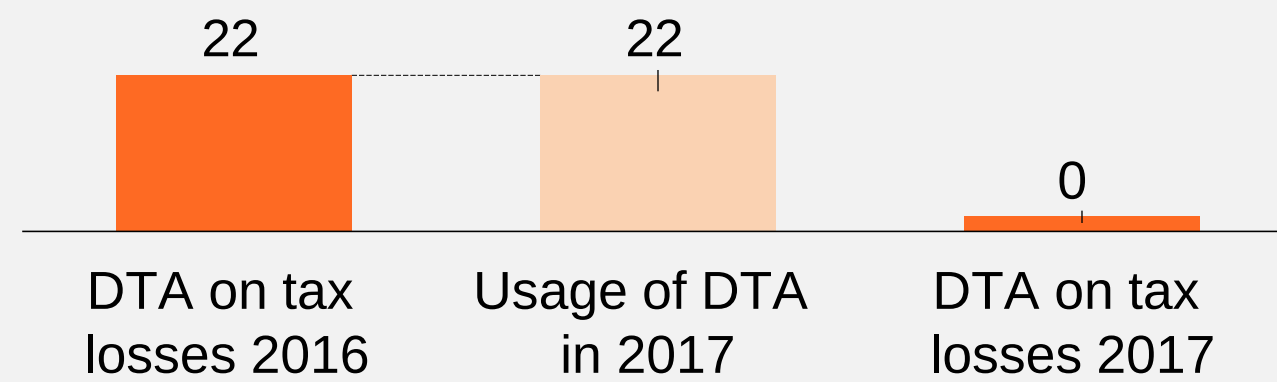
EFFECT OF DEFERRED TAXES ON INCOME STATEMENT

UNUSED TAX LOSSES (IN €M)

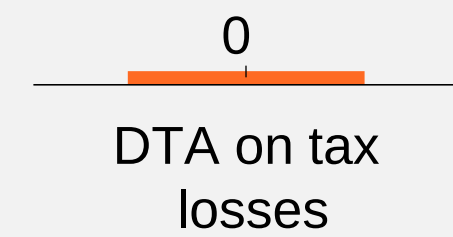
2016



2017



STEADY STATE

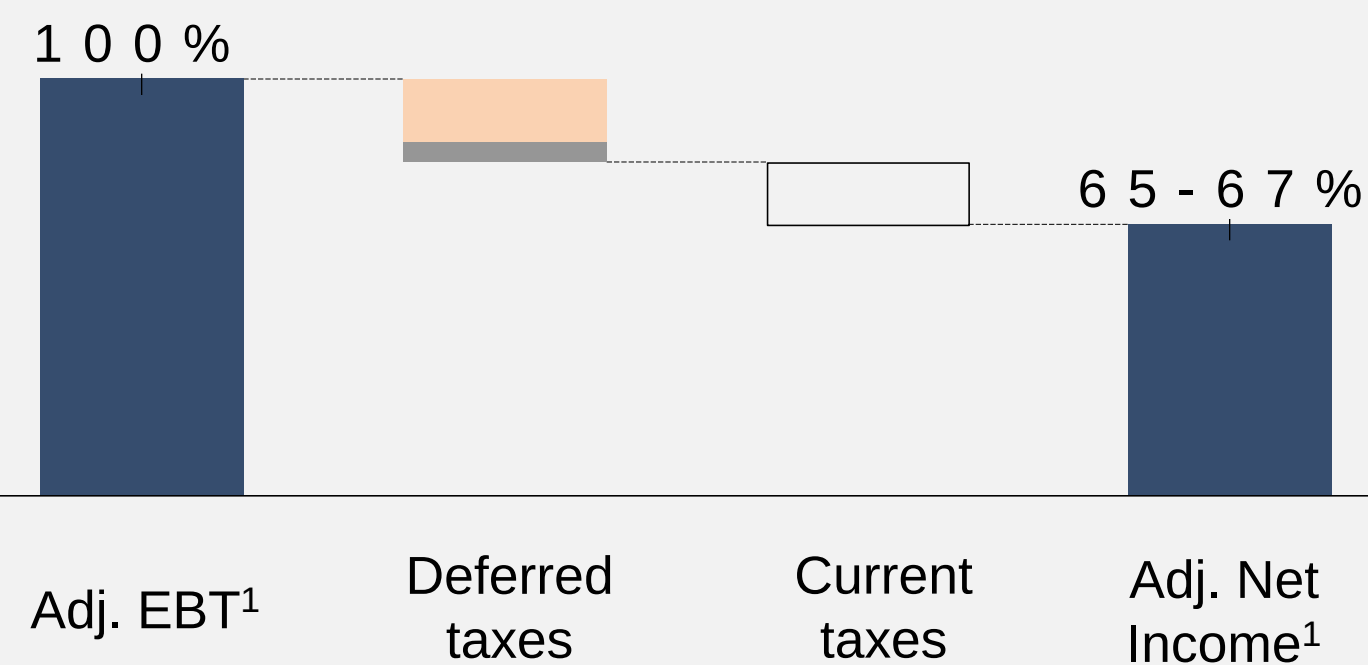


INCOME STATEMENT (IN % OF ADJ. EBT)

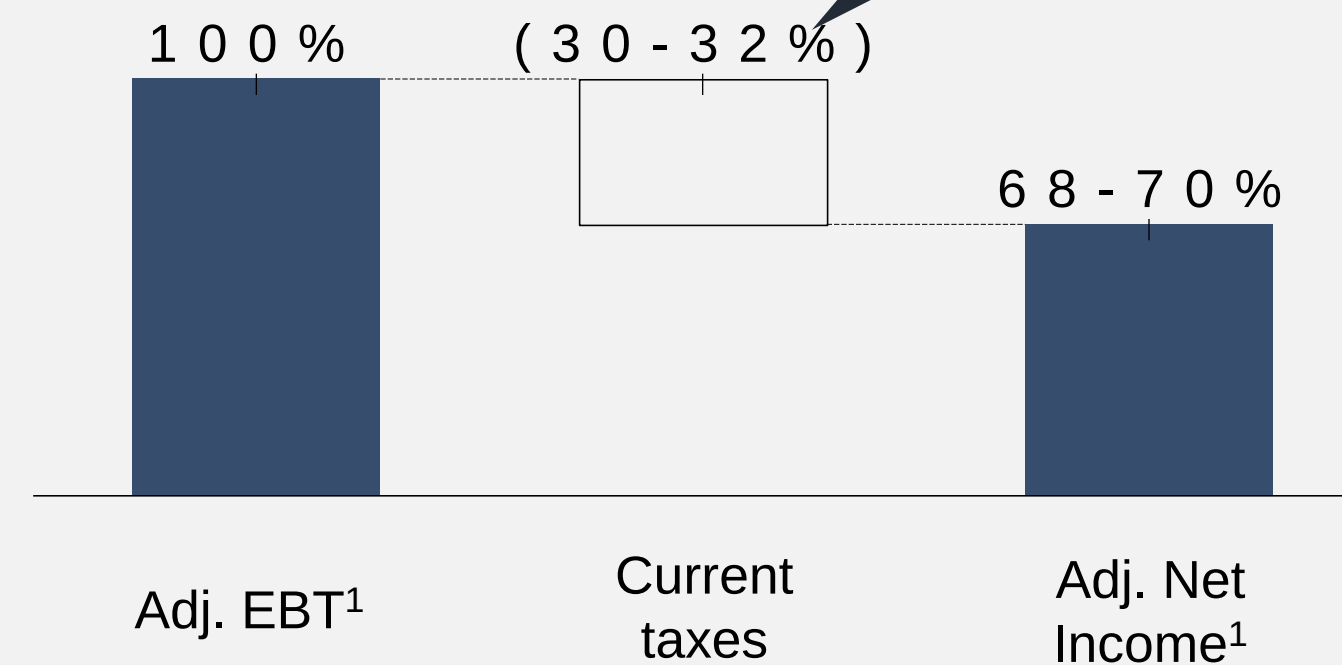
Usage of DTA on tax losses
Other



Usage of DTA on tax losses
Other



Cash tax rate



ISSUED SHARE CAPITAL

SHARE INFORMATION

As of 31-Dec-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 (2.3% share ¹)
Total Number of Shares Outstanding	247,255,868
Issued Share Capital	€247,255,868

SHARE STOCK OPTION PROGRAMS

As of 31-Dec-2016

Program	# Options outstanding	Strike price
Various	89,760	1.00
SOP 2011	2,543,200	5.65
SOP 2013	9,817,500	15.63
SOP 2014 – Tranche pre IPO	5,147,490	17.72
SOP2014 – Tranche Mar 2015	612,199	22.79
SOP 2014 – Tranche May 2015	240,980	25.03
SOP 2014 – Tranche Aug 2015	193,500	29.92
SOP 2014 – Tranche Nov 2015	58,900	30.48
SOP 2014 – Tranche Mar 2016	342,450	31.60
Total	19,045,979	

EMPLOYEE INCENTIVE PLAN²

As of 31-Dec-2016

Program	# Options outstanding	Strike price
EIP 2016 – Summer Tranche 2016	110,964	1.00
EIP 2016 – Summer Tranche 2016	562,810	27.10
EIP 2016 – Summer Tranche 2016	173,919	32.52
EIP 2016 – Winter Tranche 2016	41,083	1.00
EIP 2016 – Winter Tranche 2016	153,810	36.83
EIP 2016 – Winter Tranche 2016	41,881	44.20
Total	1,084,467	

(1) Average Jan-2017.

(2) The AGM of 31-May-16 authorized the Management Board to grant options under the Employee Incentive Plan..

INCOME STATEMENT

€m	FY/14	FY/15	FY/16	Q4/15	Q4/16
Revenue	2,214.0	2,958.2	3,639.0	868.5	1091.6
% growth	25.7%	33.6%	23.0%	30.5%	25.7%
Cost of Sales	(1,255.3)	(1,624.0)	(2,029.6)	(467.3)	(593.1)
Gross Profit	958.7	1,334.1	1,609.4	401.2	498.4
% margin	43.3%	45.1%	44.2%	46.2%	45.7%
Selling and Distribution Costs	(793.8)	(1,118.9)	(1,223.7)	(301.8)	(353.5)
Administrative Expenses	(109.1)	(129.0)	(191.3)	(34.0)	(53.1)
Other Operating Income	12.2	10.2	16.7	3.5	10.4
Other Operating Expenses	(5.8)	(7.0)	(4.1)	(2.3)	(1.6)
EBIT	62.1	89.6	207.0	66.6	100.7
% margin	2.8%	3.0%	5.7%	7.7%	9.2%
Net Financial Result	(4.5)	(3.0)	(14.1)	(1.2)	(6.3)
EBT	57.7	86.6	192.9	65.4	94.4
% margin	2.6%	2.9%	5.3%	7.5%	8.6%
Income and Other Tax	(10.5)	34.9	(72.5)	37.3	(34.4)
Net Income	47.2	121.5	120.5	102.7	60.0
% margin	2.1%	4.1%	3.3%	11.8%	5.5%
Depreciation & Amortization	25.8	34.2	48.2	10.0	17.8
EBITDA	88.0	123.8	255.2	76.6	118.5
% margin	4.0%	4.2%	7.0%	8.8%	10.9%
Share Based Compensation (SBC)	19.8	17.9	19.9	5.2	5.6
Adj. EBIT (adj. for SBC and non-operative one-time effects)	82.0	107.5	216.3	71.8	95.6
% margin	3.7%	3.6%	5.9%	8.3%	8.8%
Adj. EBITDA (adj. for SBC and non-operative one-time effects)	107.8	141.7	264.5	81.8	113.4
% margin	4.9%	4.8%	7.3%	9.4%	10.4%

SHARE BASED COMPENSATION

€m	FY/14	FY/15	FY/16	Q4/15	Q4/16
Per Income Statement Line Item					
Cost of Sales	4.4	4.5	5.0	1.3	1.4
Selling and Distribution Costs	9.6	9.0	9.9	2.6	2.8
Administrative Expenses	5.8	4.5	5.0	1.3	1.4
Share Based Compensation	19.8	17.9	19.9	5.2	5.6
As % of revenue	FY/14	FY/15	FY/16	Q4/15	Q4/16
Per Income Statement Line Item					
Cost of Sales	0.2%	0.2%	0.1%	0.1%	0.1%
Selling and Distribution Costs	0.4%	0.3%	0.3%	0.3%	0.3%
Administrative Expenses	0.3%	0.2%	0.1%	0.1%	0.1%
Share Based Compensation	0.9%	0.6%	0.5%	0.6%	0.5%

SEGMENTS

€m	FY/14	FY/15	FY/16	Q4/15	Q4/16
Revenue	2,214.0	2,958.2	3,639.0	868.5	1,091.6
DACH	1,234.0	1,580.1	1,813.8	450.7	529.4
Rest of Europe	862.6	1,211.6	1,570.2	360.5	478.4
Other	117.4	166.5	255.1	57.3	83.8
As % of total	100.0%	100.0%	100.0%	100.0%	100.0%
DACH	55.7%	53.4%	49.8%	51.9%	48.5%
Rest of Europe	39.0%	41.0%	43.1%	41.5%	43.8%
Other	5.3%	5.6%	7.0%	6.6%	7.7%
EBIT	62.1	89.6	207.0	66.6	100.7
DACH	72.3	92.2	221.4	55.3	82.2
Rest of Europe	(18.6)	(10.2)	(6.2)	9.8	18.7
Other	8.4	7.5	(8.1)	1.5	(0.2)
% margin	2.8%	3.0%	5.7%	7.7%	9.2%
DACH	5.9%	5.8%	12.2%	12.3%	15.5%
Rest of Europe	(2.2%)	(0.8%)	(0.4%)	2.7%	3.9%
Other	7.2%	4.5%	(3.2%)	2.7%	(0.2%)
Adjusted EBIT	82.0	107.5	216.3	71.8	95.6
DACH	83.0	101.9	226.3	57.9	80.0
Rest of Europe	(11.6)	(3.3)	(3.3)	11.8	15.7
Other	10.5	8.9	(6.7)	2.1	(0.1)
% adjusted margin	3.7%	3.6%	5.9%	8.3%	8.8%
DACH	6.7%	6.4%	12.5%	12.8%	15.1%
Rest of Europe	(1.3%)	(0.3%)	(0.2%)	3.3%	3.3%
Other	9.0%	5.3%	(2.6%)	3.6%	(0.1%)

BALANCE SHEET

€m	Q4/15	Q4/15 (% of total assets)	Q4/16	Q4/16 (% of total assets)
Total Non-Current Assets	253.1	12.0%	392.6	15.5%
Thereof: Property, Plant and Equipment	128.2	6.1%	243.0	9.6%
Other Financial Assets	25.0	1.2%	44.1	1.7%
Non-Financial Assets	3.5	0.2%	3.0	0.1%
Other Non-Current Assets	96.3	4.5%	102.5	4.0%
Total Current Assets	1,863.5	88.0%	2,145.6	84.5%
Thereof: Inventories	493.5	23.3%	576.9	22.7%
Trade and Other Receivables	149.7	7.1%	216.0	8.5%
Other Assets ¹	244.0	11.5%	380.0	15.0%
Cash and Cash Equivalents ¹	976.2	46.1%	972.6	38.3%
Total Assets	2,116.5	100.0%	2,538.2	100.0%
Total Equity	1,271.4	60.1%	1,407.5	55.5%
Thereof: Issued Capital	247.0	11.7%	247.2	9.7%
Capital Reserves	1,140.9	53.9%	1,161.0	45.7%
Retained earnings	1.4	0.1%	(2.4)	(0.1%)
Accumulated Loss	(118.0)	(5.6%)	1.6	0.1%
Total Non-Current Liabilities	31.3	1.5%	32.5	1.3%
Thereof: Financial Liabilities	14.4	0.7%	11.2	0.4%
Other Non-Current Liabilities	16.9	0.8%	21.4	0.8%
Total Current Liabilities	813.8	38.5%	1,098.2	43.3%
Thereof: Trade Payables and Similar Obligations	645.8	30.5%	920.5	36.3%
Other Current Liabilities	168.0	7.9%	177.7	7.0%
Total Equity & Liabilities	2,116.5	100.0%	2,538.2	100.0%
Net Working Capital	(2.6)	(0.1%)	(127.6)	(5.0%)

CASH FLOW STATEMENT

€m	FY2014	FY2015	FY/16	Q4/15	Q4/16
Net Income	47.2	121.5	120.5	102.7	60.0
Non-Cash Expenses from Share-Based Payments	19.8	17.9	19.9	5.2	5.6
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	10.0	17.8
Income Taxes	10.5	(34.9)	72.5	(37.3)	34.4
Income Taxes Paid, Less Refunds	0.0	(0.0)	(33.8)	(0.0)	(4.6)
Change in Provisions	1.0	(0.5)	0.1	(0.2)	(0.6)
Other Non-Cash Income	(0.2)	(1.0)	1.2	(0.3)	1.9
Change in Inventories and Receivables	(68.7)	(154.2)	(147.4)	101.8	(4.7)
Change in Trade Liabilities	94.9	154.9	264.3	(111.4)	(20.7)
Change in Other Assets/Other Liabilities	44.6	(16.2)	(69.7)	7.4	(24.0)
Cash Flow from Operating Activities	174.9	119.4	275.8	77.8	65.2
Payments for Investments in Fixed and Intangible Assets	(51.1)	(60.0)	(181.7)	(20.8)	(65.9)
Payments for Acquisitions	0.0	(16.8)	(30.4)	0.0	(1.2)
Cash Paid for Investments in Term Deposits	0.0	(155.0)	(65.0)	0.0	0.0
Change in Restricted Cash	(0.8)	35.3	0.0	(4.2)	0.0
Cash Flow from Investing Activities	(51.9)	(196.5)	(277.1)	(25.1)	(67.1)
Payments Received from Capital Increases	510.1	6.4	1.1	0.8	0.0
Repurchase of Treasury Shares	0.0	(1.7)	(0.7)	(1.7)	(0.7)
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0
Cash Repayments of Loans	(3.2)	(3.2)	(3.2)	(0.8)	(0.8)
Cash Flow from Financing Activities	510.8	1.5	(2.9)	(1.8)	(1.5)
Change in Cash & Cash Equivalents	633.8	(75.7)	(4.1)	51.0	(3.4)
Effects of Exchange Rate on Cash & Cash Equivalents	0.0	0.9	0.5	0.4	(0.4)

KPI DEVELOPMENT

	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
Site Visits (m) ¹	1,363.8	392.8	411.8	393.9	457.9	1,656.4	479.5	480.2	468.6	563.2	1,991.6
Mobile Visit Share (in % of Site Visits) ²	42.3%	52.6%	56.6%	58.8%	59.9%	57.1%	62.3%	64.7%	67.0%	68.1%	65.6%
Active Customers (m) ³	14.7	15.4	16.4	17.2	17.9	17.9	18.4	18.8	19.2	19.9	19.9
Number of Orders (m) ⁴	41.4	12.0	14.0	13.8	15.4	55.3	15.6	17.5	16.4	19.6	69.2
Average Order per Active Customer	2.82x	2.84x	2.89x	3.00x	3.08x	3.08x	3.20x	3.32x	3.39x	3.48x	3.48x
Average Basket Size (in €) ⁵	66.6	68.0	67.4	63.3	72.1	67.8	66.5	66.2	62.8	70.2	66.6
Fulfillment Cost Ratio (in % of revenue) ⁶	22%	25%	28%	27%	23%	26%	24%	23%	24%	22%	23%
Marketing Cost Ratio (in % of revenue) ⁷	13%	12%	12%	12%	11%	12%	10%	10%	10%	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 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
Monday, 6-March	NDR, Toronto
Tuesday + Wednesday, 7-8 March	NDR, New York + Boston
April-2017 ¹	Q1/2017 Trading Update
Tuesday, 9-May	Q1/2017 Results
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, 10-Aug	Q2/2017 Results
Tuesday, 7-Nov	Q3/2017 Results