

ZALANDO DELIVERS ON PROFITABLE GROWTH

- **Strong sales growth continues: revenues up 23.1% to EUR 980.2 million**
 - **Adjusted EBIT at prior year level: EUR 20.3 million**
 - **Full-year guidance confirmed**
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BERLIN, MAY 9, 2017 // In the first quarter of 2017 Zalando continued to outperform the European fashion e-commerce market and grew revenues strongly by 23.1% to EUR 980.2 million (Q1 2016: EUR 796.1 million). Adjusted EBIT remained on prior year levels at EUR 20.3 million (Q1 2016: EUR 20.2 million) with a margin of 2.1% (Q1 2016: 2.5%). Zalando confirms its full-year guidance of revenue growth in a range of 20-25% and an adjusted EBIT margin in the range of 5.0-6.0%.

“Our key priority is profitable growth, and that is what we delivered on in the first quarter,” said co-CEO Rubin Ritter. “We are determined to win further market share and reach more customers across Europe. That is why we will continue investing in the consumer experience, our technology and logistics infrastructure, as well as our brand partner proposition.”

Zalando surpassed 20 million active customers at the end of the first quarter 2017. The high customer base ordered more often, reflecting a more loyal shopping behavior, triggered also by an increasing use of mobile devices. This translated into continued strong growth in both the DACH and Rest of Europe segments, with a similar growth rate as in the prior year, despite increased scale. Zalando grew revenues in the DACH region by 17.0% to EUR 475.0 million (Q1 2016: EUR 405.8 million) and by 28.0% to EUR 428.3 million in the Rest of Europe segment (Q1 2016: EUR 334.5 million). The strong growth rate was also supported by prominent marketing campaigns such as the “Man Box campaign” with US actor James Franco and the addition of further highly fashionable brands such as Oysho.

Zalando continued to push forward strategic investments into its infrastructure as well as customer and brand proposition. Examples include the ramp-up of new fulfillment centers and investments such as same day delivery and instant returns to enhance Zalando’s customer experience. The resulting increase in fulfillment costs and a small decrease in gross margin were mostly offset by more efficient marketing activities, benefitting from a strong brand awareness and loyal customer base.

Capital expenditure in the first quarter of 2017 was at EUR 78 million, excluding M&A, reflecting investments primarily into infrastructure and in-house developed software. Zalando aims for about EUR 200 million in capital expenditure in 2017, excluding M&A.

Zalando's [quarterly statement](#) is available online. The [earnings presentation](#) for analysts and investors is available on the Zalando Investor Relations website. Zalando will report results for the second quarter 2017 on August 10, 2017, and publish a trading update prior to that. The publication date of the trading update will be announced in due time.

Zalando Group – Key figures (in EUR million)

	Q1 2017	Q1 2016	FY 2016
Group revenue	980.2	796.1	3,639.0
% growth	23.1%	23.7%	23.0%
DACH ¹	475.0	405.8	1,813.8
<i>% growth</i>	17.0%	16.9%	14.8%
Rest of Europe ²	428.3	334.5	1,570.2
<i>% growth</i>	28.0%	26.3%	29.6%
Other ³	76.9	55.8	255.1
<i>% growth</i>	37.8%	76.9%	53.2%
Adjusted group EBIT⁴	20.3	20.2	216.3
Adjusted group EBIT margin	2.1%	2.5%	5.9%
DACH ^{1 4}	35.5	39.3	226.3
<i>% margin</i>	7.5%	9.7%	12.5%
Rest of Europe ^{2 4}	(19.1)	(17.0)	(3.3)
<i>% margin</i>	(4.5%)	(5.1%)	(0.2%)
Other ^{3 4}	3.9	(2.1)	(6.7)
<i>% margin</i>	5.1%	(3.7%)	(2.6%)
Net working capital	(97.7)	15.5	(127.6)
Net income	5.1	4.6	120.5

1. DACH segment is comprised of Germany, Austria and Switzerland.

2. Rest of Europe segment includes all other countries in which Zalando presently operates.

3. The segment Other mainly includes revenues generated by the Zalando Lounge and outlet sales channels and the new platform initiatives.

4. Adjusted to exclude equity-settled stock based compensation costs and non-operating one-time effects. Adjusted EBIT does not contain any other non-operating one-time effects in the first quarter of 2017 nor in the first quarter of 2016, but in the full year 2016.

Zalando Group – Key performance indicators

	Q1 2017	Q1 2016	FY 2016
Site visits (m) ⁵	617.6	479.5	1,991.6
Mobile visit share (% of site visits) ⁶	68.8%	62.3%	65.6%
Active customers (m) ⁷	20.4	18.4	19.9
Number of orders (m) ⁸	19.9	15.6	69.2
Average order per active customer	3.6	3.2	3.5
Average basket size (EUR) ⁹	63.0	66.5	66.6
Headcount	12,583	10,268	11,998

⁵ Number of series of page views from the same device and the same source (via websites, mobile sites, tablet sites or apps). The series is considered ended when a page view is not recorded for longer than 30 minutes.

⁶ Tablets, mobile sites and apps.

⁷ Number of customers placing at least one order in the last twelve months irrespective of cancellations or returns.

⁸ 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.

⁹ Transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.

NOTES TO EDITORS

ABOUT ZALANDO

Zalando (<https://corporate.zalando.com>) is Europe's leading online fashion platform for women, men and children. We offer our customers a one-stop, convenient shopping experience with an extensive selection of fashion articles including shoes, apparel and accessories, with free delivery and returns. Our assortment of over 1,500 international brands ranges from popular global brands, fast fashion and local brands, and is complemented by our private label products. Our localized offering addresses the distinct preferences of our customers in each of the 15 European markets we serve: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, Poland and the United Kingdom. Our logistics network with four centrally located fulfillment centers in Germany allows us to efficiently serve our customers throughout Europe, supported by warehouses in Northern Italy and France with a focus on local customer needs. We believe that our integration of fashion, operations and online technology give us the capability to deliver a compelling value proposition to both our customers and fashion brand partners. Zalando's shops attract over 200 million visits per month. In the first quarter of 2017, more than 68 percent of traffic came from mobile devices, resulting in 20.4 million active customers by the end of the quarter.

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