

ZALANDO SET FOR STRONG GROWTH IN 2017

- **Half-year revenue up 21.5% to EUR 2,080.7 million, adjusted EBIT at prior year level of EUR 102.1 million, 4.9% margin**
 - **Second quarter revenue up 20.1% to EUR 1,100.5 million, adjusted EBIT at prior year level of EUR 81.8 million, 7.4% margin**
 - **Full-year revenue growth expected in upper half of 20-25% growth range, adjusted EBIT margin in lower half of 5-6% range**
 - **Expansion of European fulfillment footprint with further sites in Poland and Italy**
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BERLIN, AUGUST 10, 2017 // Zalando grew revenues in the first half of 2017 strongly by 21.5% to EUR 2,080.7 million (HY 2016: EUR 1,712.6 million). Adjusted EBIT remained on prior year levels at EUR 102.1 million with a margin of 4.9% (HY 2016: 101.2 million, 5.9% margin). For the full year, Zalando expects revenue growth in the upper half of its guided range of 20-25% and an adjusted EBIT margin in the lower half of the 5-6% range.

As part of its continued growth initiatives, Zalando plans to expand its European fulfillment network with two large fulfillment centers in Poland and Italy. Zalando already operates sites of a similar size in Erfurt, Mönchengladbach and Lahr (Germany), and prepares to launch initial operations in Gryfino near Szczecin (Poland) in the third quarter of 2017. These are complemented by smaller fulfillment centers in Brieselang near Berlin, as well as localized warehouses in Stradella near Milan, Moissy-Cramayel near Paris, and by the end of the year in Brunna near Stockholm.

Co-CEO Rubin Ritter said: “We firmly believe that growth is the right strategy to increase the value of our business. Our updated guidance reflects our focus on growth at solid profitability levels. It is in our DNA to continuously evaluate additional investment opportunities, test ideas, and then start scaling them. This can range from assortment additions to our recently launched customer loyalty program Zalando Zet.”

Zalando strongly executed on its platform strategy during the past quarter: The company launched Zalando Fulfillment Solutions with Bestseller as first flagship partner, allowing fashion brands access to its logistics infrastructure and know-how. The transactions of Anatwine and KICKZ were closed in the second quarter. Anatwine is a software solution developer that enables fashion brands to sell merchandise on marketplaces.

With the addition of KICKZ, a multi-channel basketball retailer, Zalando strengthened its sports and lifestyle segment, especially in the area of basketball. The assortment was further expanded with Nike, Lacoste, Pepe Jeans and Esprit joining the Zalando Partner Program.

In the second quarter of 2017, revenues grew by 20.1% to EUR 1,100.5 million. Main drivers were a growing active customer base as well as an increase in average orders to 3.7 times per year, marking another all-time high and indicating strengthened customer loyalty. Active customers increased by approximately 800,000 to 21.2 million compared to the previous quarter, the strongest increase since the fourth quarter 2015.

Adjusted EBIT came in at prior year level of EUR 81.8 million or a margin of 7.4% (Q2 2016: EUR 80.9 million, 8.8% margin). A slightly lower gross margin and increased fulfillment cost could not be fully offset by improved marketing cost. The increase in fulfillment cost is primarily attributable to higher logistic costs, as Zalando continued with its convenience investments around fast delivery and returns, plus further ramp-up of capacity and automation at its various fulfillment sites.

Capital expenditure in the first half of 2017 was EUR 130 million, excluding M&A, reflecting investments primarily into infrastructure and in-house developed software. Zalando aims for about EUR 250 million in capital expenditure in 2017, excluding M&A.

Zalando's [half-year report](#) and the [earnings presentation for analysts and investors](#) is available on the Zalando Investor Relations website. Zalando will report results for the third quarter 2017 on November 7, 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)

	Q2 2017	Q2 2016	HY 2017	HY 2016	FY 2016
Group revenue	1,100.5	916.4	2,080.7	1,712.6	3,639.0
% growth	20.1%	25.0%	21.5%	24.4%	23.0%
DACH ¹	542.9	471.4	1,017.9	877.3	1,813.8
% growth	15.2%	14.7%	16.0%	15.7%	14.8%
Rest of Europe ²	469.8	383.2	898.1	717.7	1,570.2
% growth	22.6%	34.3%	25.1%	30.4%	29.6%
Other ³	87.8	61.8	164.7	117.6	255.1
% growth	42.1%	68.9%	40.1%	72.6%	53.2%
Adjusted group EBIT⁴	81.8	80.9	102.1	101.2	216.3
Adjusted group EBIT margin	7.4%	8.8%	4.9%	5.9%	5.9%
DACH ^{1 4}	56.7	65.7	92.1	105.0	226.3
% margin	10.4%	13.9%	9.1%	12.0%	12.5%
Rest of Europe ^{2 4}	17.3	15.9	(1.8)	(1.1)	(3.3)
% margin	3.7%	4.1%	(0.2%)	(0.1%)	(0.2%)
Other ^{3 4}	7.8	(0.6)	11.7	(2.7)	(6.7)
% margin	8.9%	(1.0%)	7.1%	(2.3%)	(2.6%)
Net working capital	(37.0)	(65.5)	(37.0)	(65.5)	(127.6)
Capital expenditure	52.2	44.5	130.0	68.2	181.8
Net income	47.4	50.9	52.6	55.5	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.

Zalando Group – Key performance indicators

	Q2 2017	Q2 2016	HY 2017	HY 2016	FY 2016
Site visits (m) ⁵	595.2	480.2	1,212.8	959.7	1,991.6
Mobile visit share (% of site visits) ⁶	69.7%	64.7%	69.3%	63.5%	65.6%
Active customers (m) ⁷	21.2	18.8	21.2	18.8	19.9
Number of orders (m) ⁸	22.2	17.5	42.1	33.2	69.2
Average orders per active customer	3.7	3.3	3.7	3.3	3.5
Average basket size (EUR) ⁹	64.5	66.2	63.8	66.4	66.6
Headcount	13,218	10,639	13,218	10,639	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 almost 2,000 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 about 200 million visits per month. In the second quarter of 2017, 70 percent of traffic came from mobile devices, resulting in 21.2 million active customers by the end of the quarter.

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