

ZALANDO HEADING TOWARDS EUR 3 BILLION REVENUE IN 2015

- **Third quarter revenue up 42.2 per cent to EUR 713.1 million**
 - **Nine month revenue up 34.9 per cent to EUR 2.1 billion, almost reaching full-year 2014 revenue level; on track towards 33-35 per cent revenue growth in 2015**
 - **Profitable with nine-month adjusted EBIT at EUR 35.7 million or 1.7 per cent margin; margin impacted by ongoing strategic growth investments**
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BERLIN, NOVEMBER 12, 2015 // Zalando SE, Europe's leading online platform for fashion, has significantly grown market share in the third quarter and almost reached full year 2014 revenue levels after only nine months of 2015. On its guided growth trajectory, Zalando will reach close to EUR 3 billion in revenue for the full year 2015 and will have around 10,000 employees by year-end.

Group revenue in the third quarter 2015 grew by 42.2 per cent to EUR 713.1 million, adding more than EUR 200 million in incremental revenue compared to the prior year period (Q3 2014: EUR 501.4 million). Zalando's focus on the customer remained the key driver of growth, with customer satisfaction hitting an all-time high in the third quarter. Zalando introduced additional brands to extend the depth of its product range and further improved customer convenience, for example through faster delivery and easier returns. The evolving mobile offering plus successful brand building campaigns also helped to increase customer engagement.

Rubin Ritter, co-CEO of Zalando, said: "Our accelerated growth is driven by very strong customer metrics, so we are clearly making the right investments. We are confident that we will deliver a unique combination of fast growth and clear profitability for the full year, which is also the right path for us going forward."

Continued tech hiring and associated platform initiatives, plus the expansion of the fulfillment network will support Zalando's growth trajectory going forward. Initial work around its new fulfillment center in Lahr and the full build-out of its facility in Mönchengladbach have started and are on track.

Strong customer KPIs drive revenue growth

The number of active customers grew further to a total of 17.2 million (Q3 2014: 14.1 million) in the third quarter, or by 800,000 additional active customers compared to the second quarter of

2015. Zalando registered 394 million site visits in the third quarter of 2015 (Q3 2014: 322 million visits), with 58.8 per cent of visits coming from mobile devices (Q3 2014: 43.3 per cent). The Zalando app was downloaded in total around 14 million times by the end of the third quarter of 2015. Headcount rose further from 9,079 at the end of the second quarter to 9,444 at the end of the third quarter.

Fast growth coupled with profitability in the first nine months

Group revenue grew in the third quarter of 2015 to EUR 713.1 million (Q3 2014: EUR 501.4 million), putting total revenue for the first nine months of 2015 at EUR 2.1 billion (9M 2014: EUR 1.5 billion). In the *DACH* segment, revenue grew by 34.4 per cent to EUR 371.2 million in the third quarter to represent nine month revenue of EUR 1.1 billion (9M 2014: EUR 870.5 million). In the *Rest of Europe* segment, revenue grew by 52.1 per cent to EUR 300.8 million in the third quarter, putting nine month revenue at EUR 851.1 million (9M 2014: EUR 597.1 million). In the *Other* segment, revenue grew by 50.3 per cent in the third quarter to EUR 41.1 million to put nine month revenue at EUR 109.2 million (9M 2014: EUR 80.9 million).

The adjusted EBIT for the first nine months of 2015 increased by EUR 19.5 million to EUR 35.7 million, corresponding to an adjusted EBIT margin of 1.7 per cent (9M 2014: EUR 16.2 million, 1.0 per cent). For the seasonally weaker third quarter, in contrast, the adjusted EBIT decreased to EUR -23.5 million (Q3 2014: EUR 3.8 million). Gross margin remained at third quarter 2014 level, but fulfillment and marketing costs were higher: Fulfillment costs were impacted to secure a first-class customer experience even with fast-growing volumes and rose due to continued investments into the customer proposition and technology as well as lower than expected debt collection rates related to fraud cases in the first half of 2015. Marketing costs increased due to a fall/winter season switch in September 2015, compared with a late switch in October 2014, as well as strategic marketing investments into app downloads.

In the first nine months of 2015, adjusted EBIT in the *DACH* region was at EUR 44.0 million, representing a margin of 3.9 per cent (9M 2014: EUR 38.2 million, 4.4 per cent). Adjusted EBIT in the *Rest of Europe* segment was at EUR -15.1 million or a margin of -1.8 per cent (9M 2014: EUR -27.8 million, -4.6 per cent). The *Other* segment recorded an adjusted EBIT of EUR 6.8 million or a margin of 6.3 per cent (9M 2014: EUR 5.8 million, 7.1 per cent).

Zalando's third-quarter report is available [online](#), details can also be found in the [earnings presentation](#). Zalando will report figures for the fourth quarter and full year 2015 on March 1, 2016 and publish a trading update prior to that. The publication date of the trading update will be announced on the Zalando Investor Relations website in advance.

Zalando group – Revenue and adjusted EBIT (EUR million)

	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Group revenue	713.1	501.4	2,089.7	1,548.5	2,214.0
% growth	42.2%	24.2%	34.9%	27.7%	25.7%
DACH ¹	371.2	276.3	1,129.4	870.5	1,234.0
% growth	34.4%	13.5%	29.7%	18.7%	16.8%
Rest of Europe ²	300.8	197.8	851.1	597.1	862.6
% growth	52.1%	39.9%	42.5%	39.7%	36.9%
Other ³	41.1	27.3	109.2	80.9	117.4
% growth	50.3%	43.3%	35.0%	57.3%	55.0%
Adjusted group EBIT⁴	(23.5)	3.8	35.7	16.2	82.0
Adjusted group EBIT margin	(3.3%)	0.8%	1.7%	1.0%	3.7%
DACH ^{1 4}	(2.8)	10.9	44.0	38.2	83.0
Adjusted EBIT margin	(0.8%)	3.9%	3.9%	4.4%	6.7%
Rest of Europe ^{2 4}	(21.7)	(9.4)	(15.1)	(27.8)	(11.6)
Adjusted EBIT margin	(7.2%)	(4.7%)	(1.8%)	(4.6%)	(1.3%)
Other ^{3 4}	1.0	2.3	6.8	5.8	10.5
Adjusted EBIT margin	2.5%	8.4%	6.3%	7.1%	9.0%

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: All other sales channels are grouped into the segment Other, which mainly includes Zalando Lounge and the Zalando outlet stores in Berlin and Frankfurt.

⁴: Adjusted to exclude equity-settled stock based compensation costs.

Zalando group – Key performance indicators

	Q3 2015	Q3 2014	FY 2014
Site visits (m) ⁵	393.9	321.7	1,363.8
Mobile visit share (% of site visits) ⁶	58.8%	43.3%	42.3%
Active customers (m) ⁷	17.2	14.1	14.7
Number of orders (m) ⁸	13.8	9.7	41.4
Average order per active customer	3.0	2.8	2.8
Average basket size (EUR) ⁹	63.3	64.4	66.6
App downloads (m)	14	5	7
Headcount	9,444	7,176	7,588

⁵ 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.

⁶ Mobile is defined as tablets, mobile site and apps.

⁷ 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.

⁸ 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.

⁹ 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.

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 three centrally located fulfillment centers in Germany allows us to efficiently serve our customers throughout Europe. 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 131 million visits per month. In the third quarter of 2015, around 59 per cent of traffic came from mobile devices, resulting in close to 17.2 million active customers by the end of the quarter.

CONTACT ZALANDO

Boris Radke / Head of Corporate Communications
boris.radke@zalando.de
 +49 30 20968 1038