

EUROPE'S LEADING ONLINE FASHION DESTINATION



Q2/2017 EARNINGS CALL



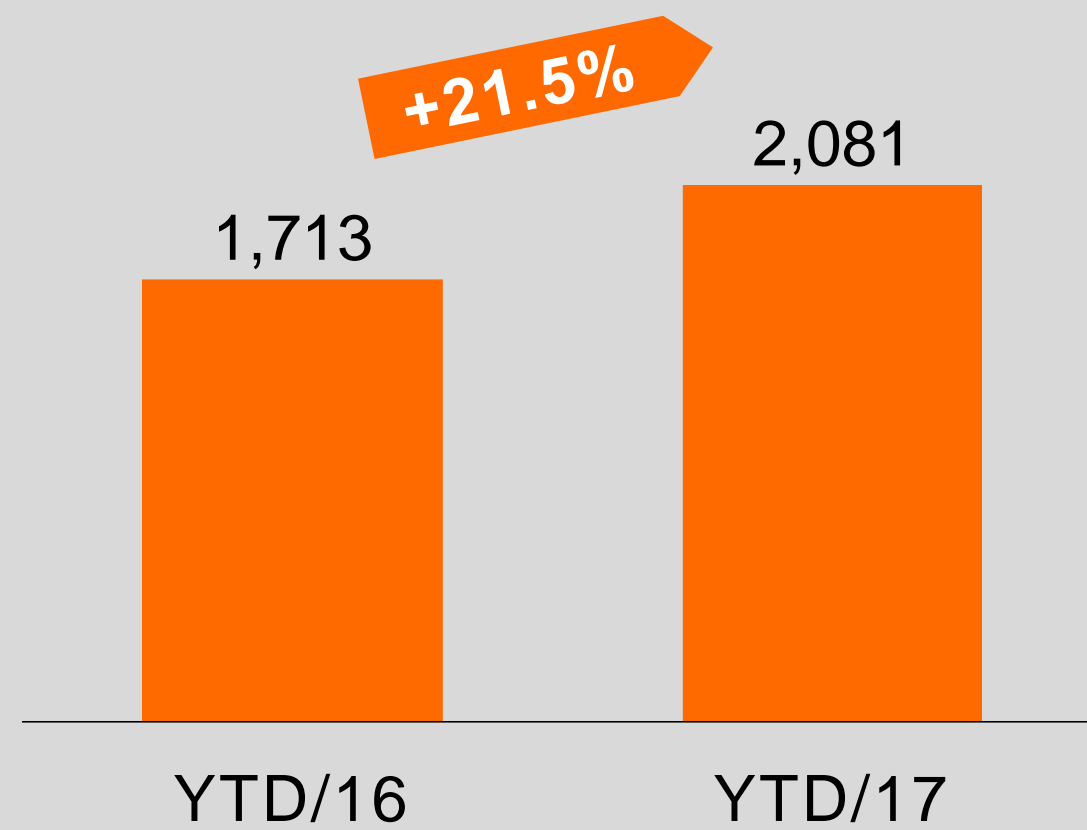
10-08-2017

**RESULTS HIGHLIGHTS AND
BUSINESS UPDATE**

H1/17: CONTINUED STRONG GROWTH AT SOLID PROFITABILITY

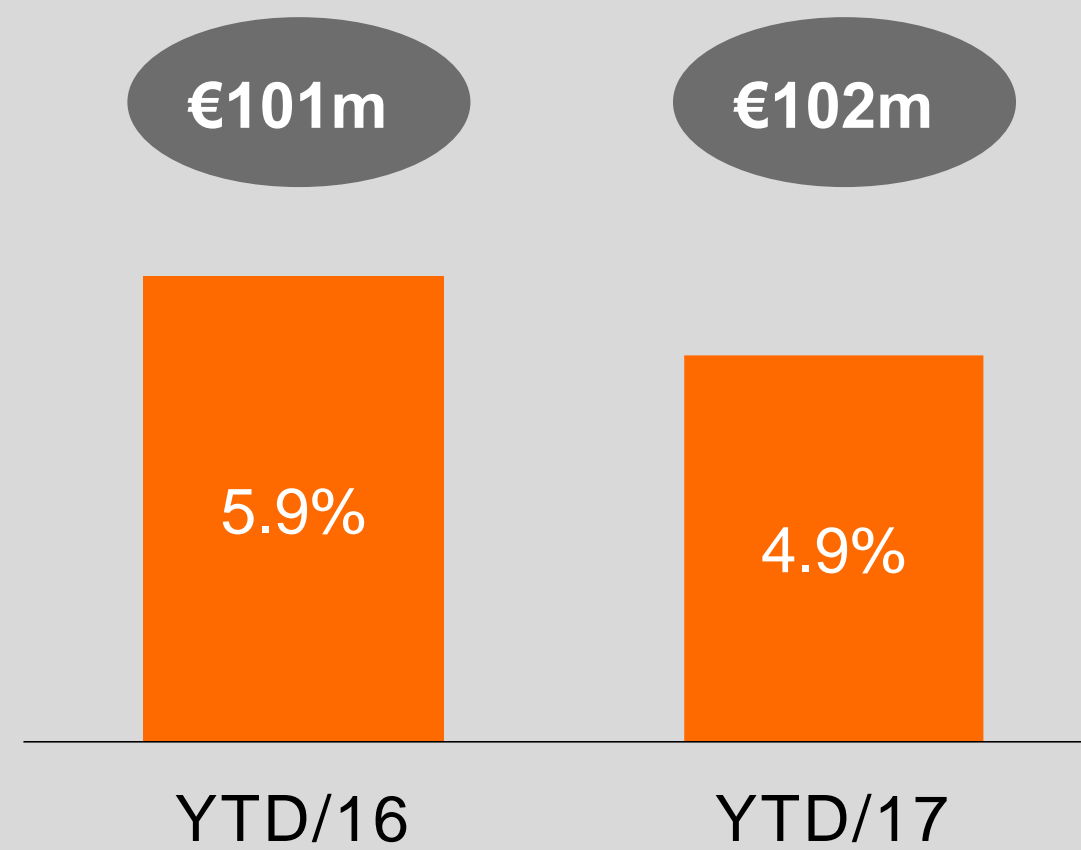
REVENUE GROWTH WITHIN TARGET CORRIDOR

In €m



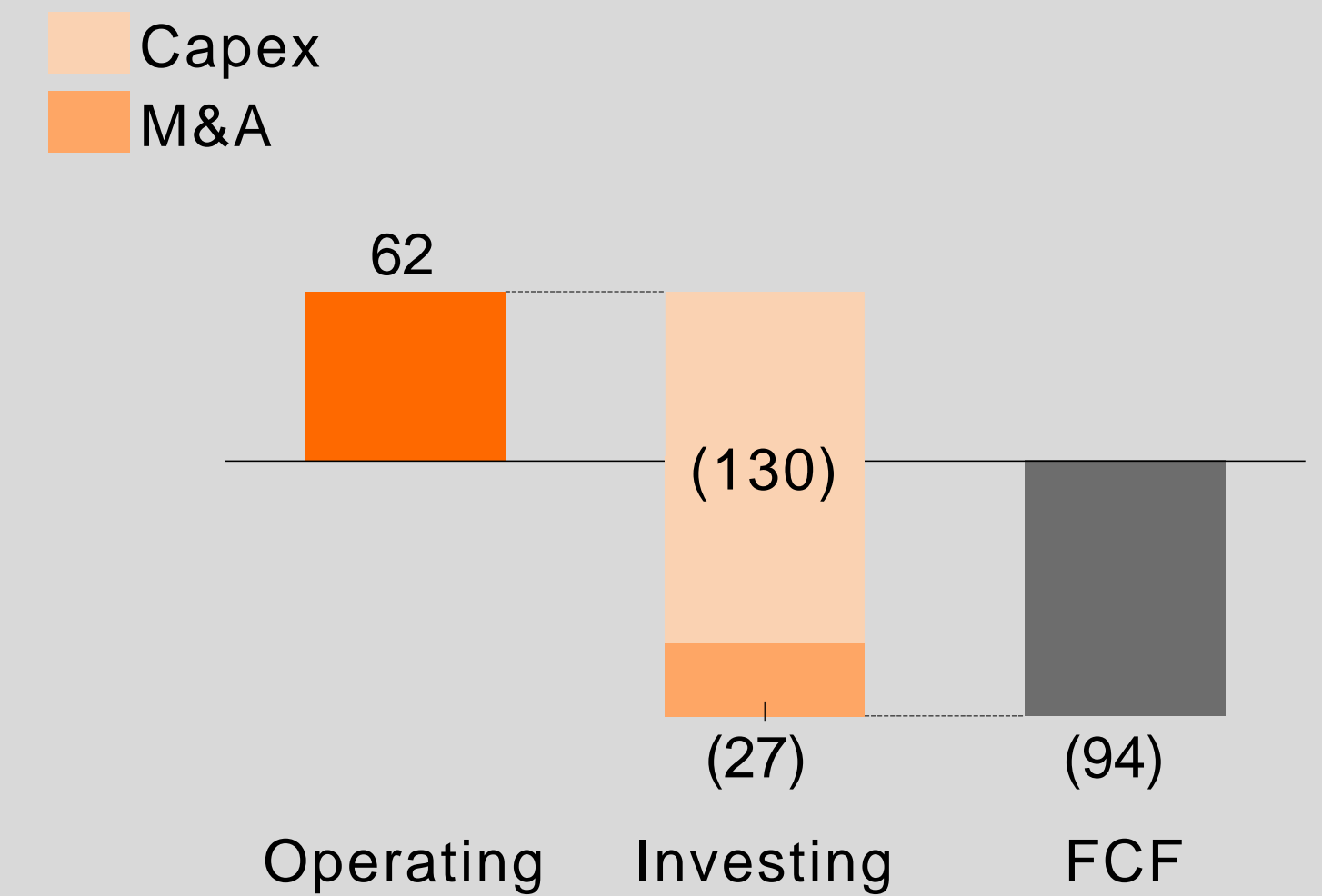
SOLID EBIT DESPITE PLANNED INVESTMENTS

EBIT margin excl. SBC¹ in percent



INVESTMENTS IN CUSTOMER CONVENIENCE LOWER FCF

In €m



EXECUTING ON OUR GROWTH OPPORTUNITIES

CUSTOMERS

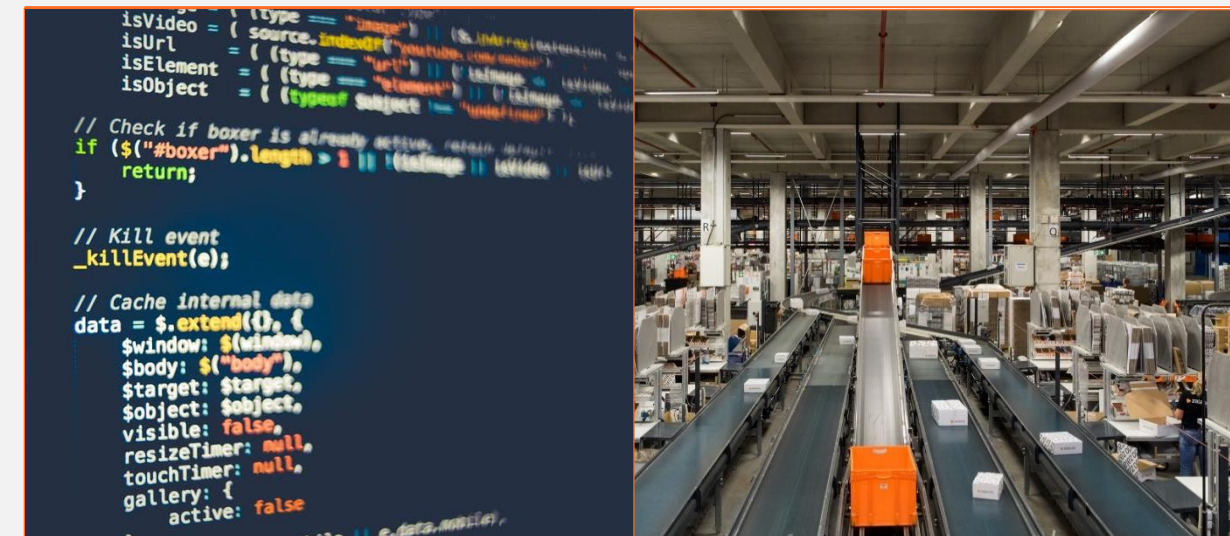


Membership program Zalando Zet

Assortment: +50K to 250K SKUs

New brands like H&M's weekday

INFRASTRUCTURE



Ramp-up of Hub & Spoke network

Expansion of Same Day Delivery and Return on Demand network

5 partners live on Zalando Fulfillment Solutions

BRAND PARTNERS

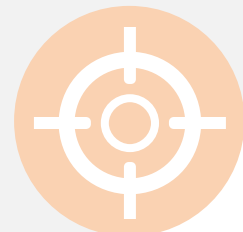


Nike joined Partner Program

Fashion Trade joint venture with Bestseller

Integration of offline stores: 4 x Tommy Hilfiger stores in Berlin

ZALANDO ZET – OUR FASHION TAILORED MEMBERSHIP PROGRAM



Program vision:
building a program that defines the best-in-class online fashion experience



Target customer:
existing customers with
a high fashion spend



Economic objective:
to increase customer satisfaction &
share of wallet



Convenient return-on-demand service

Faster delivery, including same-day

Early access to sales

Personal stylist service

Dedicated customer service

OUR LOGISTIC NETWORK IS FURTHER SCALING FOR GROWTH

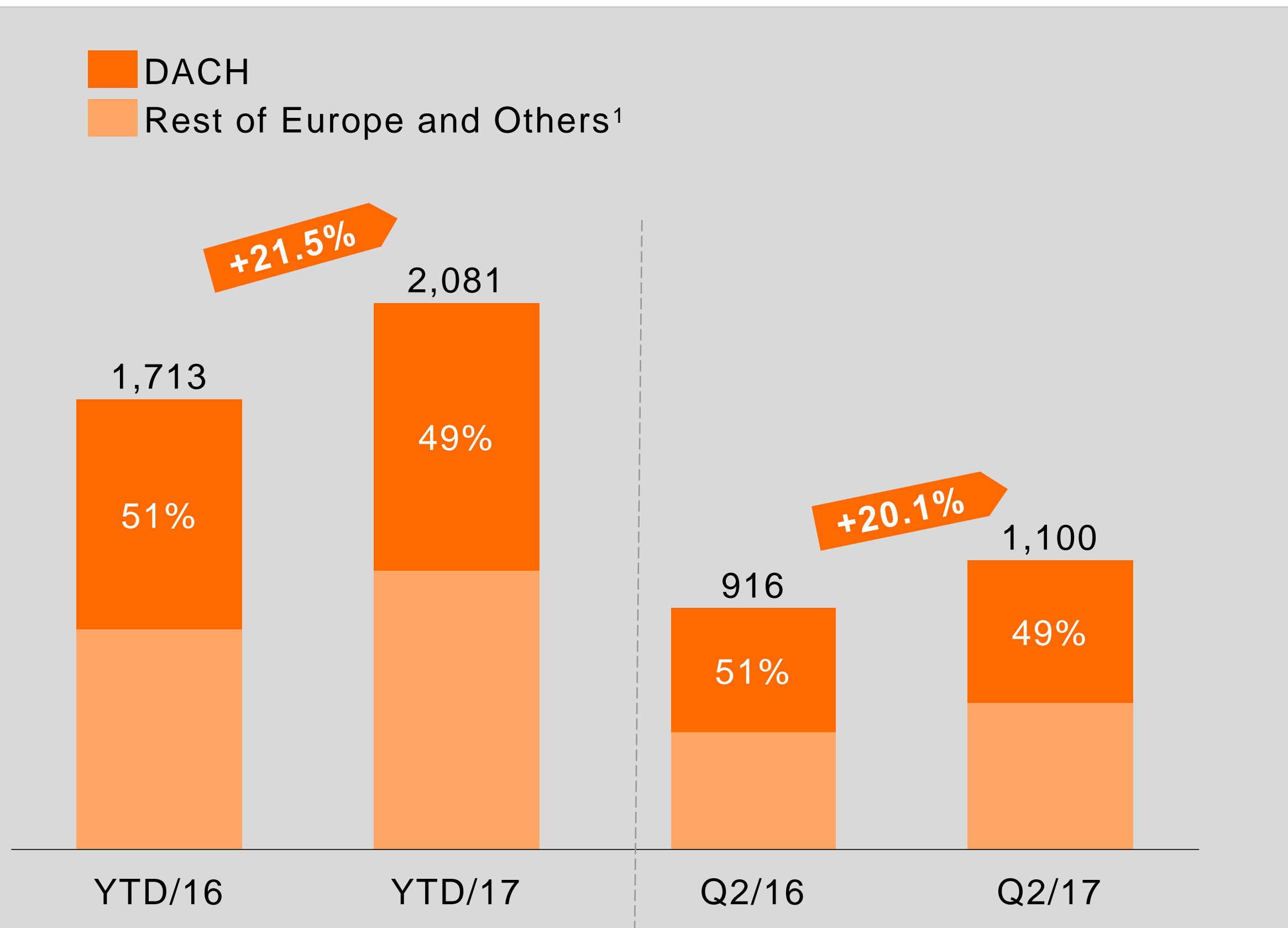


FINANCIAL UPDATE Q2/2017

ZALANDO CONTINUES TO DELIVER ON GROWTH CORRIDOR

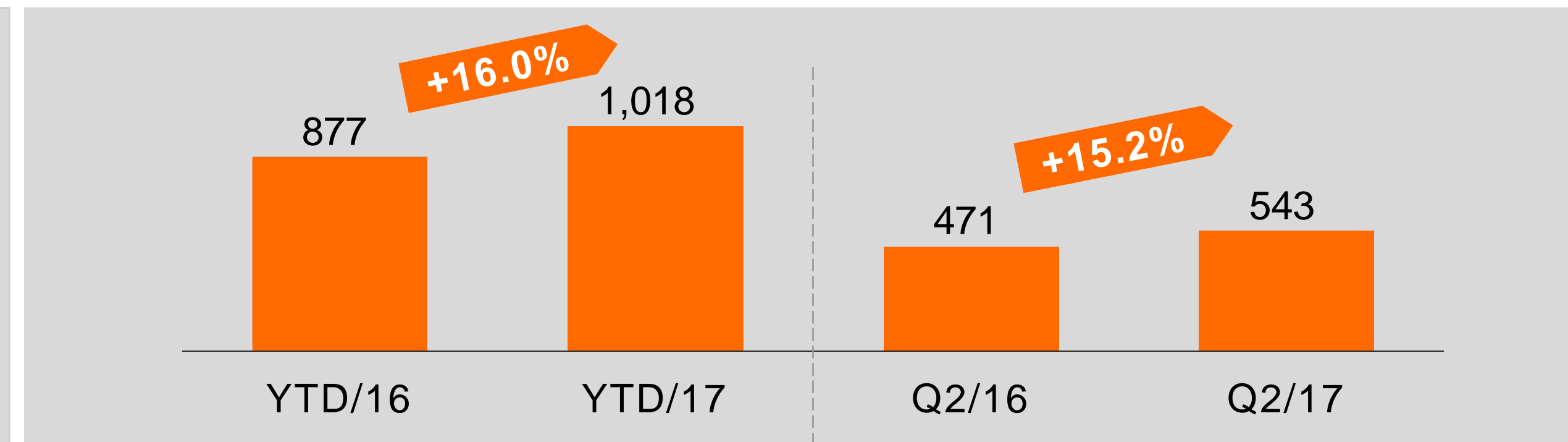
GROUP REVENUE

In €m



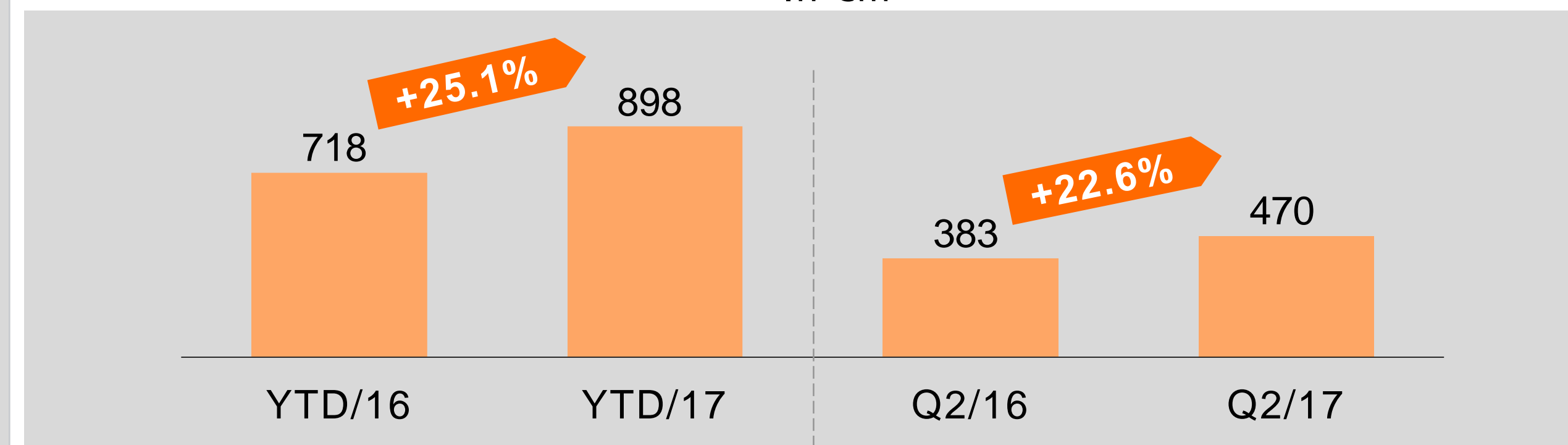
DACH REVENUE

In €m



REST OF EUROPE REVENUE

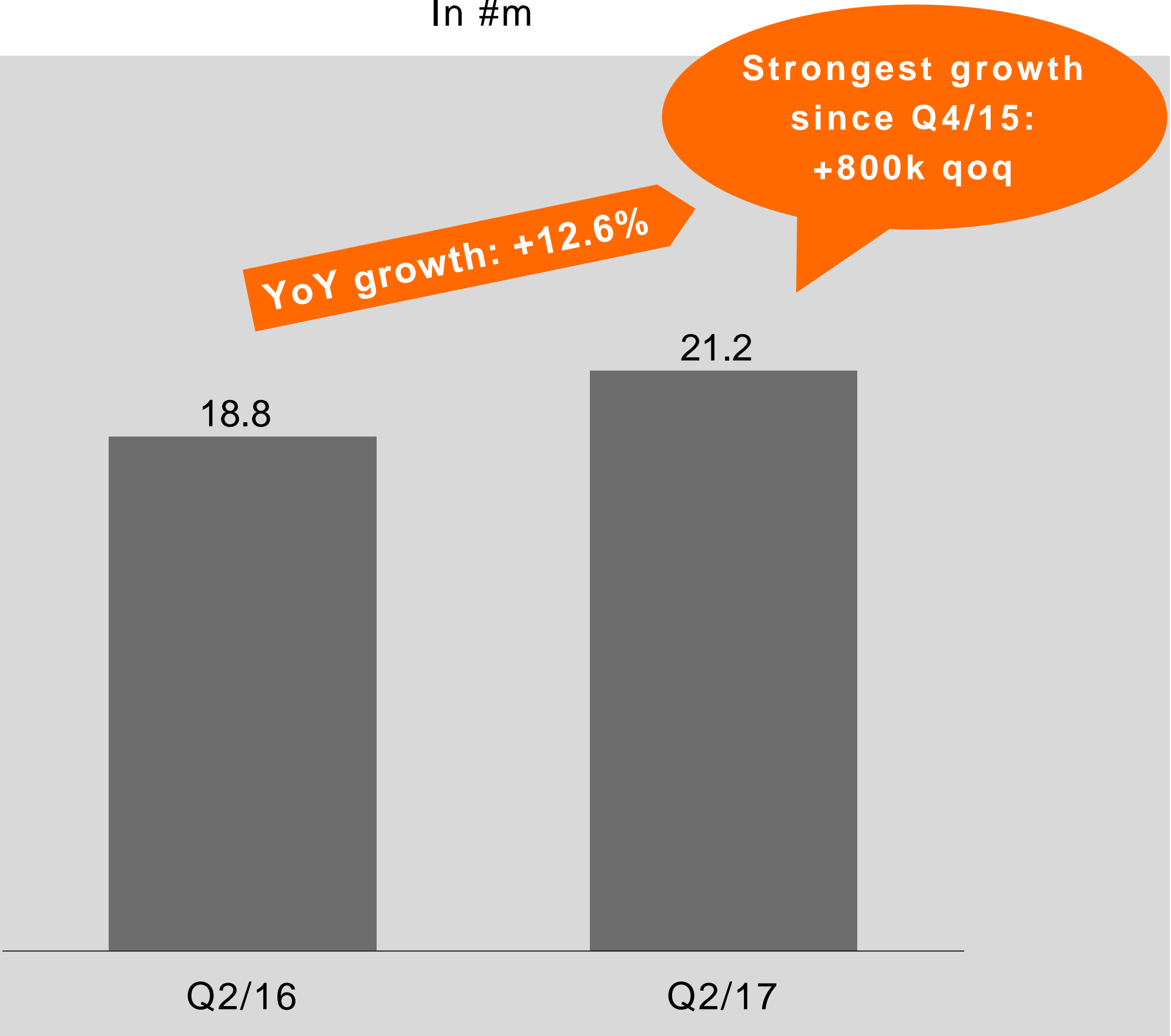
In €m



STRONG SEQUENTIAL ACTIVE CUSTOMER GROWTH

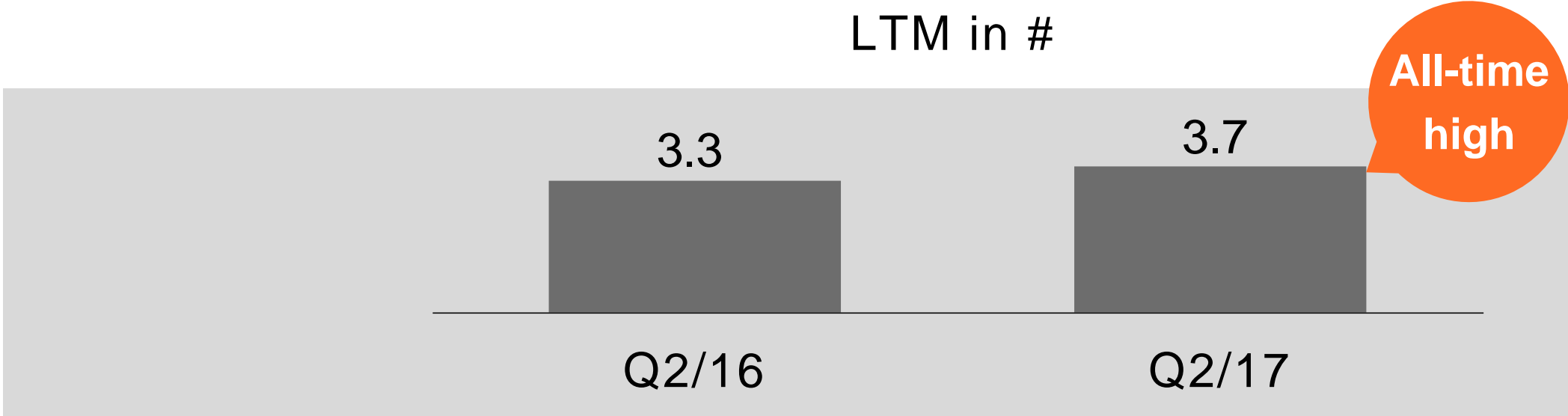
ACTIVE CUSTOMERS

In #m



AVERAGE ORDERS PER ACTIVE CUSTOMER

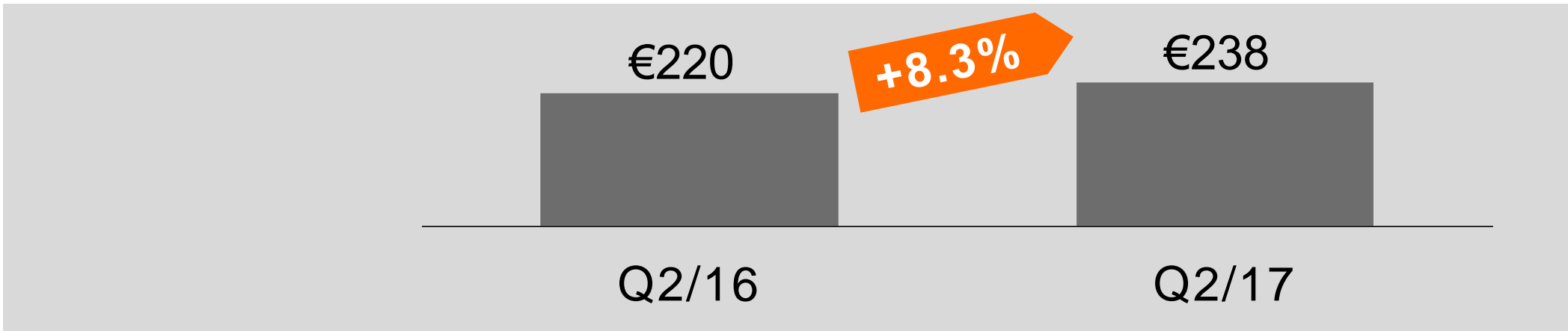
LTM in #



AVERAGE BASKET SIZE AFTER RETURNS¹



GMV PER ACTIVE CUSTOMER²

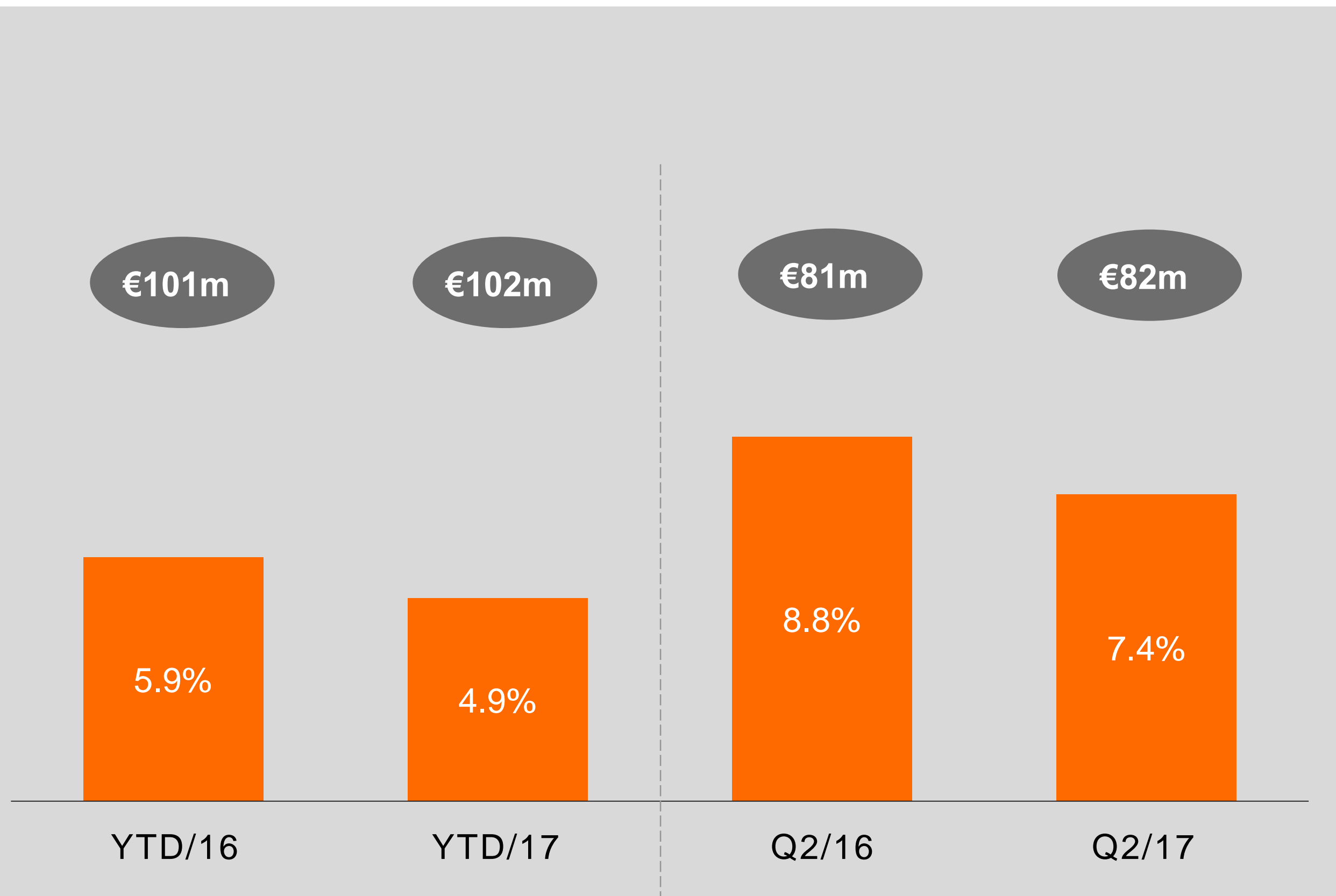


(1) Defined as the transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.
 (2) GMV (gross merchandise volume) per active customer = average orders per active customer (LTM in #) x average basket size after returns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

SOLID EBIT DESPITE PLANNED INVESTMENTS

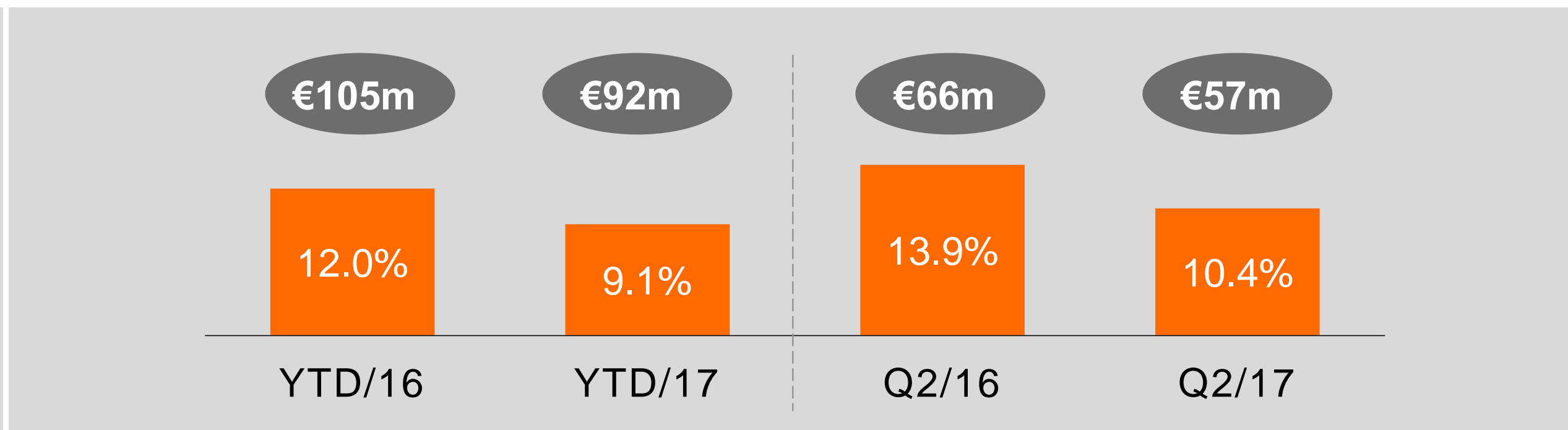
GROUP EBIT

EBIT margin (excl. SBC¹)



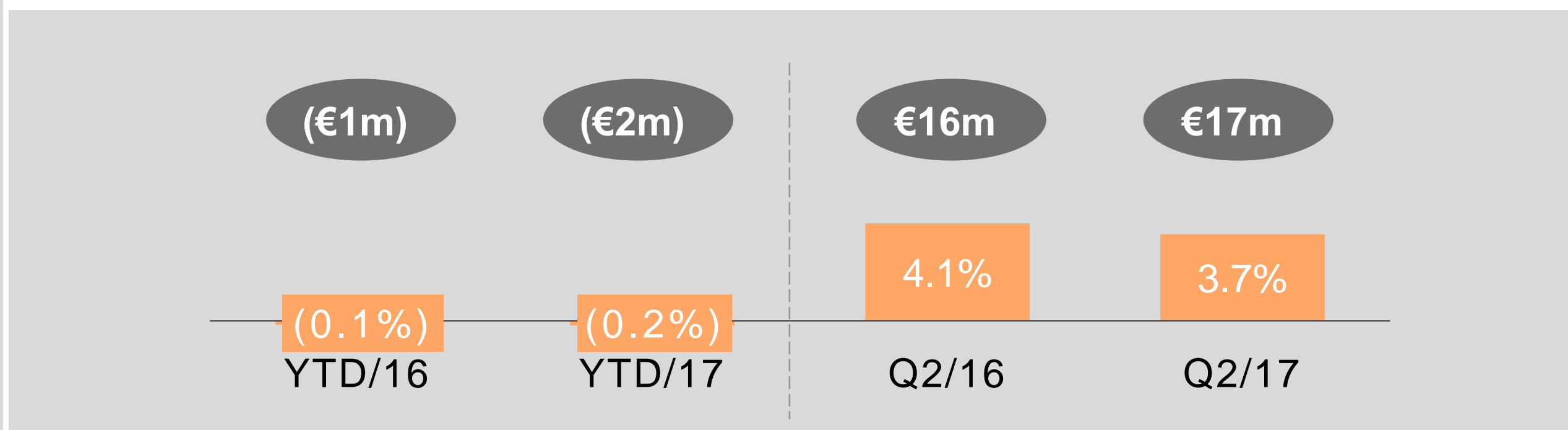
DACH EBIT

EBIT margin (excl. SBC¹)



REST OF EUROPE EBIT

EBIT margin (excl. SBC¹)



WE CONTINUE TO SHIFT MARKETING SPENDING TO FULFILLMENT INVESTMENTS AS WE SEE CONVENIENCE AS AN IMPORTANT LONG-TERM DRIVER OF GROWTH

COSTS AND MARGINS

excl. SBC¹ in percent of revenue

	YTD			Q2		
	2016	2017	Delta	2016	2017	Delta
Cost of sales	(55.1%)	(55.6%)	0.5pp	(52.6%)	(53.0%)	0.4pp
Gross Profit	44.9%	44.4%	(0.5pp)	47.4%	47.0%	(0.4pp)
Fulfillment costs	(23.6%)	(25.9%)	2.3pp	(23.1%)	(26.8%)	3.7pp
Marketing costs	(10.5%)	(8.3%)	(2.2pp)	(10.5%)	(7.3%)	(3.2pp)
Administrative expenses & Other	(4.9%)	(5.3%)	0.4pp	(4.9%)	(5.5%)	0.5pp
EBIT	5.9%	4.9%	(1.0pp)	8.8%	7.4%	(1.4pp)

Mostly higher logistic costs: convenience and warehouse ramp-up

SLIGHTLY NEGATIVE WORKING CAPITAL AND LOGISTICS INVEST

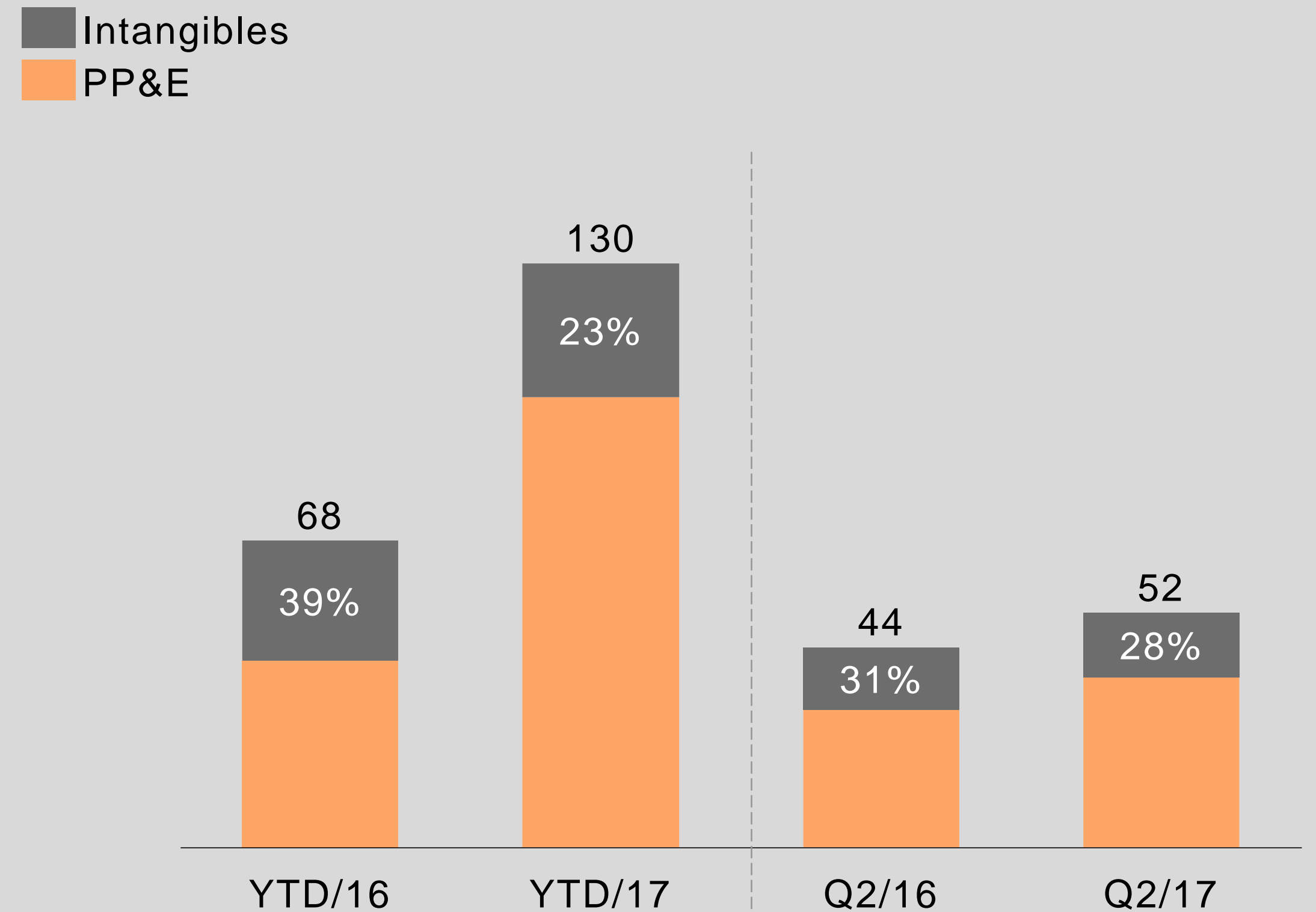
NET WORKING CAPITAL (END OF Q2)

in percent of annualized revenue



CAPITAL EXPENDITURE¹

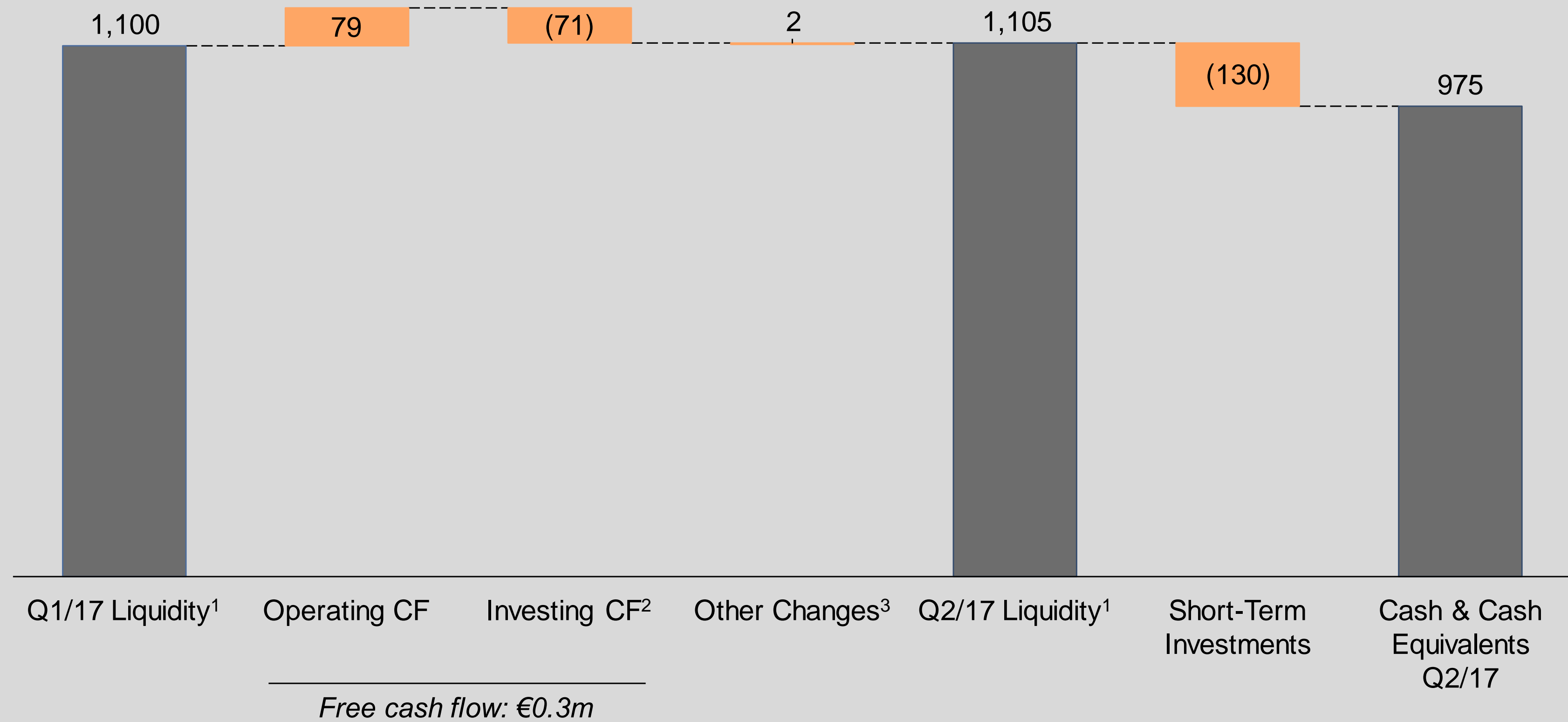
in €m



LIQUIDITY REMAINS STABLE AT STRONG LEVELS

CASH FLOW DEVELOPMENT (Q2)

In €m



(1) Both Q1/17 and Q2/17 liquidity include investments into short-term deposits with maturity of more than 3 and less than 12 months of €150m and €130m, respectively.
 (2) Includes investments in fixed and intangible assets and payments for acquisitions and change in restricted cash.
 (3) Includes financing cash flow (€1.0m) and effect of exchange rate on cash and cash equivalents (€1.5m).

OUTLOOK

OUTLOOK FOR FY2017

Revenue growth in the upper half of the range of 20 - 25%

Adj. EBIT¹ margin: in the lower half of the range of 5.0 - 6.0%

Slightly negative working capital at year-end and ~€250m capex²



ISSUED SHARE CAPITAL

SHARE INFORMATION

As of 30-June-2017

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	247,383,028
Issued Share Capital	€247,383,028

SHARE STOCK OPTION PROGRAMS

As of 30-June-2017

Program	# Options outstanding	Strike price
Various	65,450	1.00
SOP 2011	2,440,350	5.65
SOP 2013	9,817,500	15.63
SOP 2014 – Tranche pre IPO	4,946,863	17.72
SOP2014 – Tranche Mar 2015	607,489	22.79
SOP 2014 – Tranche May 2015	222,230	25.03
SOP 2014 – Tranche Aug 2015	190,812	29.92
SOP 2014 – Tranche Nov 2015	58,900	30.48
SOP 2014 – Tranche Mar 2016	326,216	31.60
Total	18,675,810	

EMPLOYEE INCENTIVE PLAN²

As of 30-June-2017

Program	# Options outstanding	Strike price
EIP 2016 – Summer Tranche 2016	107,616	1.00
EIP 2016 – Summer Tranche 2016	545,989	27.10
EIP 2016 – Summer Tranche 2016	171,196	32.52
EIP 2016 – Winter Tranche 2016	17,023	1.00
EIP 2016 – Winter Tranche 2016	67,388	36.83
EIP 2016 – Winter Tranche 2016	36,368	44.20
EIP 2017 – Summer Tranche 2017	143,896	1.00
EIP 2017 – Summer Tranche 2017	599,210	41.03
EIP 2017 – Summer Tranche 2017	230,938	49.23
Total	1,919,624	

INCOME STATEMENT

€m	FY/14	FY/15	FY/16	Q2/16	Q2/17	YTD/17
Revenue	2,214.0	2,958.2	3,639.0	916.4	1,100.5	2,080.7
<i>% growth</i>	25.7%	33.6%	23.0%	25.0%	21.5%	21.5%
Cost of Sales	(1,255.3)	(1,624.0)	(2,029.6)	(483.2)	(585.0)	1,159.8
Gross Profit	958.7	1,334.1	1,609.4	433.3	515.5	920.9
<i>% margin</i>	43.3%	45.1%	44.2%	47.3%	46.8%	44.3%
Selling and Distribution Costs	(793.8)	(1,118.9)	(1,223.7)	(310.0)	(377.7)	(717.0)
Administrative Expenses	(109.1)	(129.0)	(191.3)	(48.9)	(60.4)	113.2
Other Operating Income	12.2	10.2	16.7	3.5	1.5	4.3
Other Operating Expenses	(5.8)	(7.0)	(4.1)	(0.7)	(2.7)	(3.8)
EBIT	62.1	89.6	207.0	77.2	76.3	91.2
<i>% margin</i>	2.8%	3.0%	5.7%	8.4%	6.9%	4.4%
Net Financial Result	(4.5)	(3.0)	(14.1)	1.7	(2.3)	(5.9)
EBT	57.7	86.6	192.9	78.9	74.0	85.3
<i>% margin</i>	2.6%	2.9%	5.3%	8.6%	6.7%	4.1%
Income and Other Tax	(10.5)	34.9	(72.5)	(28.0)	(26.5)	(32.8)
Net Income	47.2	121.5	120.5	50.9	47.4	52.6
<i>% margin</i>	2.1%	4.1%	3.3%	5.6%	4.3%	2.5%
Depreciation & Amortization	25.8	34.2	48.2	10.1	13.6	26.1
EBITDA	88.0	123.8	255.2	87.3	89.8	117.3
<i>% margin</i>	4.0%	4.2%	7.0%	9.5%	8.2%	5.6%
Share Based Compensation (SBC)	19.8	17.9	19.9	3.7	5.5	10.9
Adj. EBIT (adj. for SBC)	82.0	107.5	216.3	80.9	81.8	102.1
<i>% margin</i>	3.7%	3.6%	5.9%	8.8%	7.4%	4.9%
Adj. EBITDA (adj. for SBC)	107.8	141.7	264.5	91.0	95.3	128.2
<i>% margin</i>	4.9%	4.8%	7.3%	9.9%	8.7%	6.2%

SHARE BASED COMPENSATION

€m	FY/14	FY/15	FY/16	Q2/16	Q2/17
Per Income Statement Line Item					
Cost of Sales	4.4	4.5	5.0	0.9	1.4
Selling and Distribution Costs	9.6	9.0	9.9	1.9	2.7
Administrative Expenses	5.8	4.5	5.0	0.9	1.4
Share Based Compensation	19.8	17.9	19.9	3.7	5.5
As % of revenue					
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%	0.2%	0.2%
Administrative Expenses	0.3%	0.2%	0.1%	0.1%	0.1%
Share Based Compensation	0.9%	0.6%	0.5%	0.4%	0.5%

SEGMENTS

€m	FY/14	FY/15	FY/16	Q2/16	Q2/17	YTD/17
Revenue	2,214.0	2,958.2	3,639.0	916.4	1,100.5	2080.7
DACH	1,234.0	1,580.1	1,813.8	471.4	542.9	1,017.9
Rest of Europe	862.6	1,211.6	1,570.2	383.2	469.8	898.1
Other	117.4	166.5	255.1	61.8	87.8	164.7
As % of total	100.0%	100.0%	100.0%	100.0%	100%	100%
DACH	55.7%	53.4%	49.8%	51.4%	49.3%	48.9%
Rest of Europe	39.0%	41.0%	43.1%	41.8%	42.7%	43.2%
Other	5.3%	5.6%	7.0%	6.7%	8.0%	7.9%
EBIT	62.1	89.6	207.0	77.2	76.3	91.2
DACH	72.3	92.2	221.4	63.8	54.0	86.8
Rest of Europe	(18.6)	(10.2)	(6.2)	14.4	15.0	(6.4)
Other	8.4	7.5	(8.1)	(1.0)	7.3	10.7
% margin	2.8%	3.0%	5.7%	8.4%	6.9%	4.4%
DACH	5.9%	5.8%	12.2%	13.5%	9.9%	8.5%
Rest of Europe	(2.2%)	(0.8%)	(0.4%)	3.8%	3.2%	(0.7%)
Other	7.2%	4.5%	(3.2%)	(1.6%)	8.3%	6.5%
Adjusted EBIT	82.0	107.5	216.3	80.9	81.8	102.1
DACH	83.0	101.9	226.3	65.7	56.7	92.1
Rest of Europe	(11.6)	(3.3)	(3.3)	15.9	17.3	(1.7)
Other	10.5	8.9	(6.7)	(0.6)	7.8	11.7
% adjusted margin	3.7%	3.6%	5.9%	8.8%	7.4%	4.9%
DACH	6.7%	6.4%	12.5%	13.9%	10.4%	9.1%
Rest of Europe	(1.3%)	(0.3%)	(0.2%)	4.1%	3.7%	(0.2%)
Other	9.0%	5.3%	(2.6%)	(1.0%)	8.8%	7.1%

BALANCE SHEET

€m	Q2/16	Q2/16 (% of total assets)	Q2/17	Q2/17 (% of total assets)
Total Non-Current Assets	323.4	14.7%	527.6	19.5%
Thereof: Property, Plant and Equipment	169.4	7.7%	331.8	12.2%
Other Financial Assets	38.7	1.8%	22.1	0.8%
Non-Financial Assets	3.6	0.2%	2.6	0.1%
Other Non-Current Assets	111.6	5.1%	171.0	6.3%
Total Current Assets	1,878.6	85.3%	2,182.9	80.5%
Thereof: Inventories	445.3	20.2%	663.4	24.5%
Trade and Other Receivables	164.4	7.5%	247.0	9.1%
Other Assets ¹	233.0	10.6%	297.0	11.0%
Cash and Cash Equivalents ¹	1,035.9	47.0%	975.1	36.0%
Total Assets	2,202.0	100.0%	2,710.5	100.0%
Total Equity	1,332.5	60.5%	1,473.6	54.4%
Thereof: Issued Capital	247.1	11.2%	247.3	9.1%
Capital Reserves	1,148.9	52.2%	1,171.7	43.2%
Retained earnings	(0.9)	(0.0%)	(0.6)	0.0%
Accumulated Gains (Loss)	(62.5)	(2.8%)	54.6	2.0%
Minority Interests	-	-	0.6	0.0%
Total Non-Current Liabilities	29.0	1.3%	55.8	2.1%
Thereof: Financial Liabilities	12.8	0.6%	9.8	0.4%
Other Non-Current Liabilities	16.2	0.7%	45.9	1.7%
Total Current Liabilities	840.5	38.2%	1,181.1	43.6%
Thereof: Trade Payables and Similar Obligations	675.3	30.7%	947.3	35.0%
Other Current Liabilities	165.2	7.5%	233.8	8.6%
Total Equity & Liabilities	2,202.0	100.0%	2,710.5	100%
Net Working Capital	(65.5)	(3.0%)	(37.0)	(1.4%)

CASH FLOW STATEMENT

€m	FY2014	FY2015	FY/16	Q2/16	Q2/17	YTD/17
Net Income	47.2	121.5	120.5	50.9	47.4	52.6
Non-Cash Expenses from Share-Based Payments	19.8	17.9	19.9	3.7	5.5	10.9
Cash Settlement of Claims from Share-Based Payments	0.0	(2.3)	0.0	0.0	0.0	0.0
Depreciation	25.8	34.2	48.2	10.3	13.6	26.1
Income Taxes	10.5	(34.9)	72.5	28.0	26.5	32.8
Income Taxes Paid, Less Refunds	0.0	(0.0)	(33.8)	(4.5)	(15.5)	(19.4)
Change in Provisions	1.0	(0.5)	0.1	(4.0)	(0.0)	(0.2)
Other Non-Cash Income	(0.2)	(1.0)	1.2	(1.0)	2.3	3.0
Change in Inventories and Receivables	(68.7)	(154.2)	(147.4)	144.1	53.5	(103.7)
Change in Trade Liabilities	94.9	154.9	264.3	(69.3)	(101.1)	25.3
Change in Other Assets/Other Liabilities	44.6	(16.2)	(69.7)	(1.2)	47.0	35.0
Cash Flow from Operating Activities	174.9	119.4	275.8	156.9	79.1	62.4
Payments for Investments in Fixed and Intangible Assets	(51.1)	(60.0)	(181.7)	(44.5)	(52.1)	(130.0)
Payments for Acquisitions	0.0	(16.8)	(30.4)	(28.3)	(26.7)	(26.7)
Cash Paid for Investments in Term Deposits	0.0	(155.0)	(65.0)	10.0	20.0	7.7
Change in Restricted Cash	(0.8)	35.3	0.0	(0.0)	7.3	90.0
Cash Flow from Investing Activities	(51.9)	(196.5)	(277.1)	(62.7)	(51.5)	(58.9)
Payments Received from Capital Increases	510.1	6.4	1.1	0.5	0.6	0.6
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0	0.0
Repurchase of treasury shares	0.0	(1.7)	(0.7)	0.0	(0.7)	0.7
Cash Repayments of Loans	(3.2)	(3.2)	(3.2)	(0.8)	(0.8)	(1.6)
Cash Flow from Financing Activities	510.8	1.5	(2.9)	(0.3)	(1.0)	(1.0)
Change in Cash & Cash Equivalents	633.8	(75.7)	(4.1)	93.9	26.7	1.8
Effects of Exchange Rate on Cash & Cash Equivalents	0.0	0.9	0.5	0.8	(1.5)	0.7

KPI DEVELOPMENT

	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17
Site Visits (m) ¹	1,656.4	479.5	480.2	468.6	563.2	1,991.6	617.6	595.2
Mobile Visit Share (in % of Site Visits) ²	57.1%	62.3%	64.7%	67.0%	68.1%	65.6%	68.8%	69.7%
Active Customers (m) ³	17.9	18.4	18.8	19.2	19.9	19.9	20.4	21.2
Number of Orders (m) ⁴	55.3	15.6	17.5	16.4	19.6	69.2	19.9	22.2
Average Order per Active Customer	3.08x	3.20x	3.32x	3.39x	3.48x	3.48x	3.60x	3.69x
Average Basket Size (in €) ⁵	67.8	66.5	66.2	62.8	70.2	66.6	63.0	64.5
Fulfillment Cost Ratio (in % of revenue) ⁶	26%	24%	23%	24%	22%	23%	25%	27%
Marketing Cost Ratio (in % of revenue) ⁷	12%	10%	10%	10%	10%	10%	9%	7%

(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

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
Tuesday, 5-Sep	NDR San Francisco
Wednesday, 6-Sep	Goldman Sachs Global Retail Conference, New York
Thursday, 7-Sep	Citi Global Tech Conference, New York
Tuesday, 12-Sep	NDR Geneva
Wednesday, 13-Sep	NDR Zurich
Thursday, 14-Sep	NDR Milan
Wednesday, 20-Sep	Berenberg & Goldman Sachs Annual German Corporate Conference, Munich
Thursday, 21-Sep	Baader Investment Conference, Munich
Tuesday, 7-Nov	Q3/2017 Results (a trading update will be published in October ¹)
Wednesday + Thursday, 15 + 16-Nov	Morgan Stanley European TMT Conference, Barcelona

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.