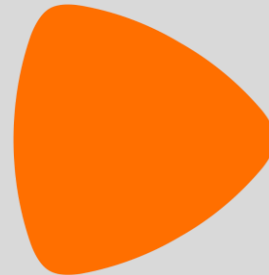




Zalando.
The starting point for fashion.



Investor Factbook

February 2020

Welcome To Zalando

Dear reader,

Zalando keeps the pace high. Only 12 years after founding the company in 2008, we today have more than 31m active customers in 17 European countries and have become Europe's leading online fashion destination. Building on this, more than 13.000 employees work hard every day to turn Zalando into the starting point for fashion for every fashion-loving European.

This factbook is designed to give you easy access to the most relevant capital markets information about Zalando.

Enjoy the read!

Robert, David, Rubin, Jim, David and the IR team

Zalando Management Board



David Schröder, Jim Freeman, Rubin Ritter, Robert Gentz, David Schneider



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Share & contact

Investment Highlights - The Starting Point for Fashion

1

Our vision is to become the **starting point for fashion**, the destination that consumers gravitate to for all their fashion needs.

2

The number 1 priority is to **focus on growth** with **20-25% topline CAGR** to achieve a scale of 20bn EUR GMV by 2023/24.

3

The most important building block on that journey is to transition our business towards a **true platform business**.

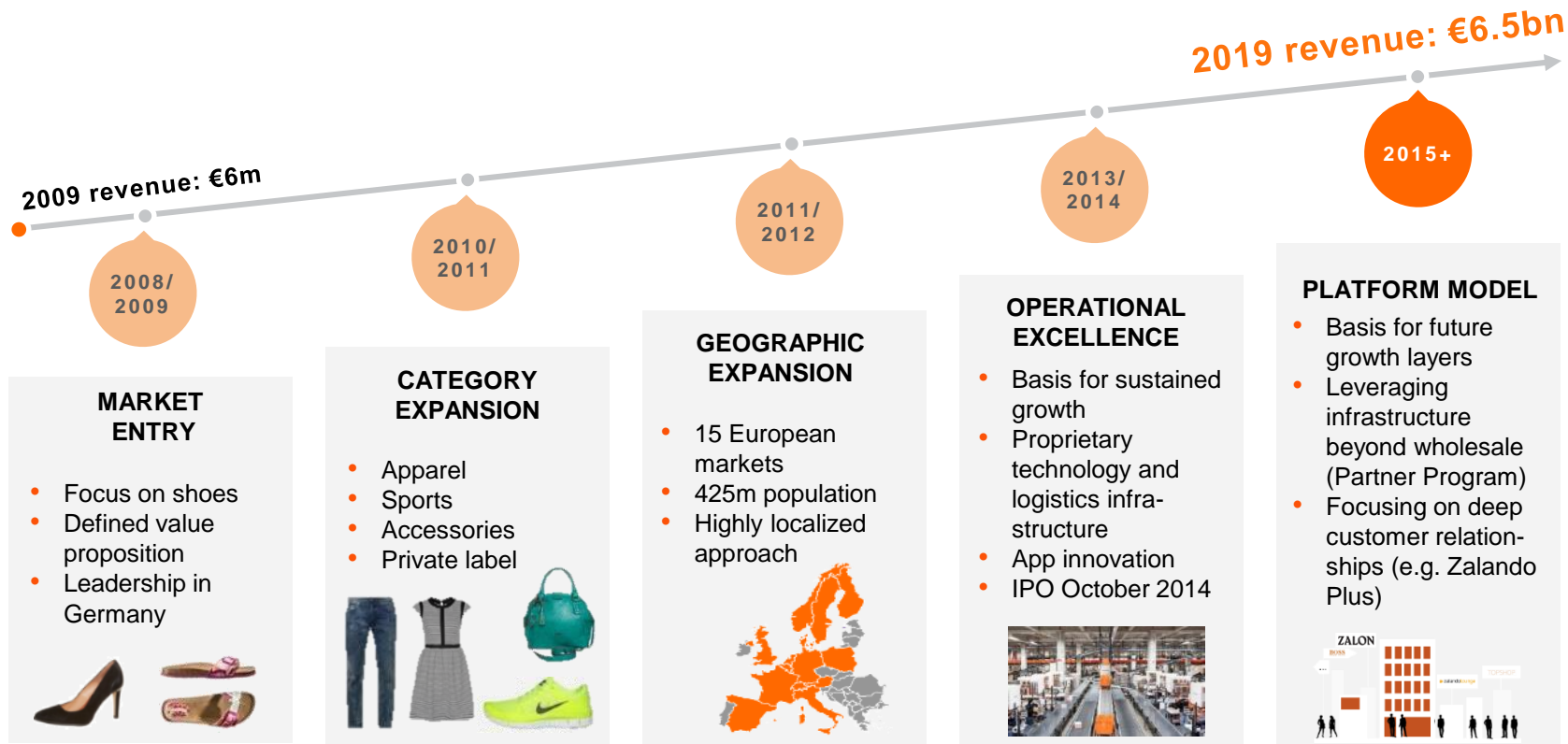
4

At scale our strategy will result in an **attractive financial profile**, characterized by double-digit margin profile and strong cash generation.

5

To become the starting point **we aim to invest** our economic surplus in our **customer experience across assortment, digital experience and convenience** to drive customer satisfaction and retention.

Strong Growth Track Record Since Foundation In 2008



Zalando In A Nutshell

UNMATCHED REACH



17

European countries



>80%

mobile traffic



>4bn

site visits last year



>31M

active customers

STRONG LOCALIZATION



>2,500

(local) Brands



>20

payment methods



>20

logistics partner



13

languages

PLATFORM STRATEGY



Zalando is leveraging its position to develop from a typical retailer to become the '**starting point for fashion**'

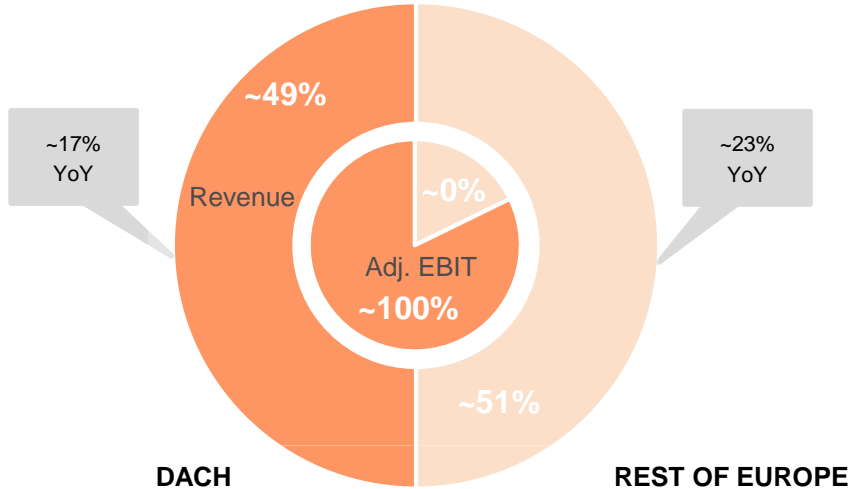
LOGISTICS & TECH CAPABILITIES



Best-in-class e-commerce logistics infrastructure and technology talent

We Are Present in 17 European Markets...

Fashion Store revenue & adj. EBIT FY/19 per region



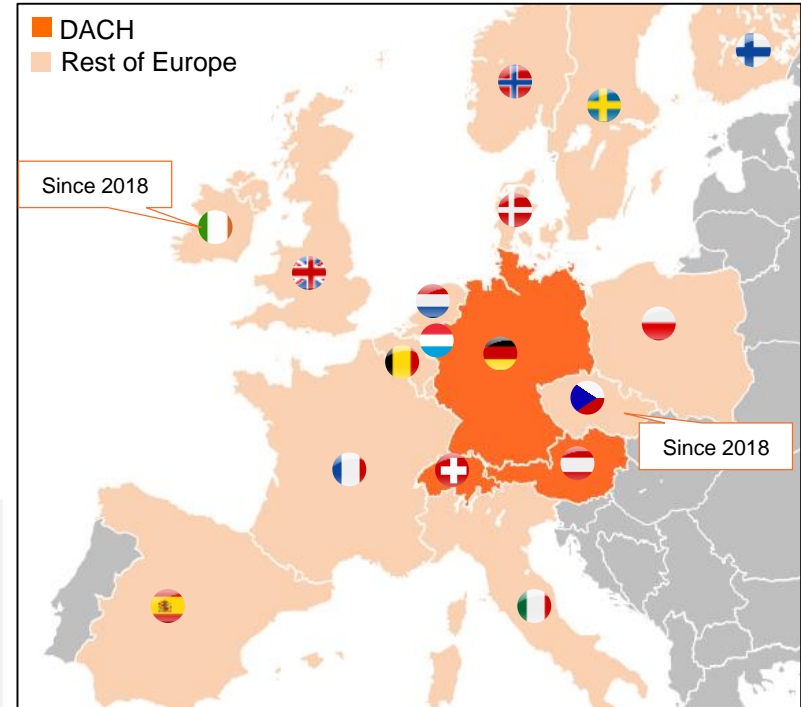
DACH

REST OF EUROPE

- Most mature Zalando markets
- Similar consumer behavior (e.g. higher gross baskets, high return rates, high invoice share)
- Proximity to warehouse footprint

- Some less developed online markets
- Diverse set of consumer behavior (e.g. return rates, payment methods, discount affinity, ...)

Geographical breakdown into the regions DACH & Rest of Europe



...With Our Success Build On Best-in-class E-commerce Logistics Infrastructure And Technology Talent

1. ERFURT (GER)
Start in 2012

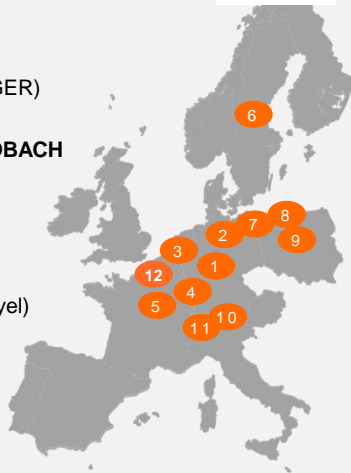
2. BRIESELANG (GER)
Start in 2011

3. MÖNCHENGLADBACH (GER)
Start in 2013

4. LAHR (GER)
Start in 2016

5. PARIS (FR, Moissy-Cramayel)
Start in 2016

6. STOCKHOLM (SWE)
Start in 2018



7. SZCZECIN (PL, Gryfino)
Start in 2017

8. OLSZTYNEK (PL)
Start in 2019

9. LODZ (PL, Gluchow)
Start in 2019

10. VERONA (IT)
Start in 2020

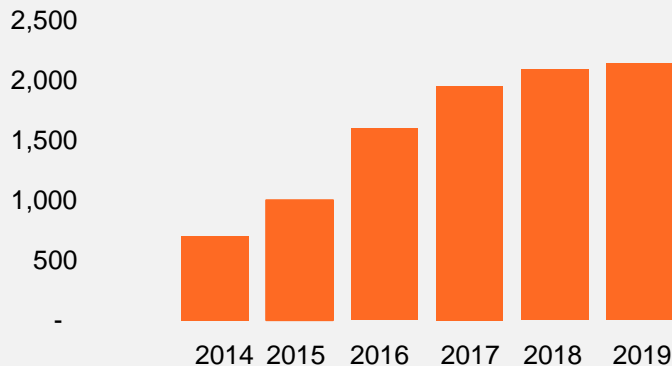
11. MILANO (IT, Stradella)
Start in 2016

12. ROTTERDAM (NL, Bleiswijk)

- 140.000 sqm
- €200m capex invest
- First parcel: mid 2021
- Fully automated: mid 2022



































Technology FTE



- **Create the capacity for future growth:**
12 warehouses can fulfill ~€14bn GMV
- **Get closer to our customers:**
We will deliver 30% of orders on the next day by 2020¹
- **Scale a differentiating asset** which we can open up to brand partners

- **Tech capabilities will allow us to** build a highly scalable, reactive platform to drive fashion commerce – for us and our partners
- **Micro Services/ cloud based architecture**
- **AI and data-driven methods** are weaving itself to all areas of our business (e.g. sizing advice, pricing, recommendations)

Our Competitive Advantage Is Our Clear Focus To Be A Pureplay Online Fashion Leader In Europe

		GENERAL E-COMMERCE	FASHION E-COMMERCE	VERTICAL FASHION PLAYERS	BRAND OWN E-COMMERCE	SOCIAL MEDIA
EXAMPLES						
ONLINE SCALE						
FASHION FOCUS/ EXPERTISE						
BUY-IN FROM BRANDS				n/m	n/m	
E-COMMERCE INFRASTRUCTURE/ TECHNOLOGY						n/m
GEOGRAPHIC						n/m

Zalando Is Still Managed By Its Founders, Supported By High-profile Experts That Secure A Well-rounded View Of The Business



Robert Gentz
Founder & Co-CEO

- Marketing / Sales
- Human Resources



David Schneider
Founder & Co-CEO

- Fashion Offer
- Assortment Strategy
- Category Management
- Brand Relations



Rubin Ritter
Co-CEO

- Strategy
- Corporate Communication & Public Affairs



Jim Freeman
CTO

- Product
- Technology



David Schröder
CFO

- Finance
- Operations

All Supervisory Board Members Have The Relevant Track Record From Various Businesses To Support Zalando



**CRISTINA
STENBECK¹**



**ANDERS HOCH
POVLSEN¹**



**ALEXANDER
SAMWER¹**



**JORGEN MADSEN
LINDEMANN¹**



**MARIELLA
RÖHM-KOTTMANN¹**



KELLY BENNETT¹



KONRAD SCHÄFERS²



BEATE SIERT²



ANTHONY BREW²



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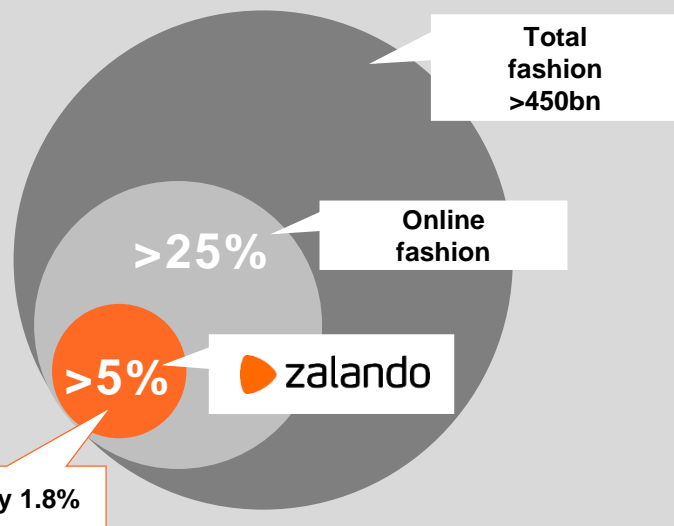
Business segments

Financials

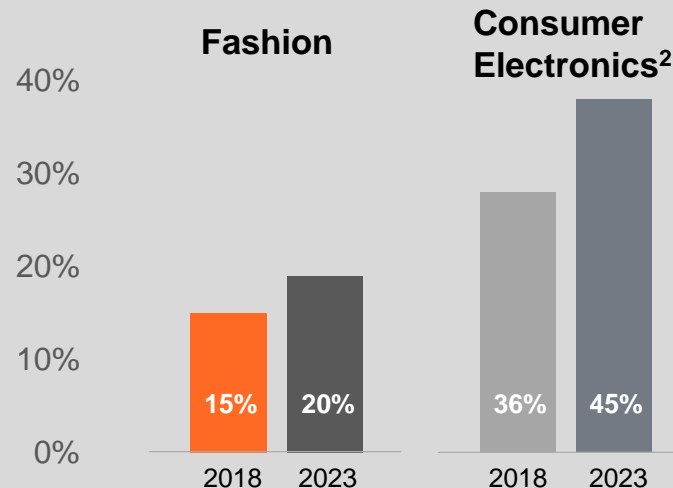
Share & contact

Facing an Immense Market Opportunity, Our Number One Priority Is to Capture Market Share

Fashion Market offers massive growth opportunity over the next 5-10 years¹...



...with low online share compared to other categories





Our Vision:

**Zalando.
The Starting Point
for Fashion**

What Are Successful Starting Points?

Music



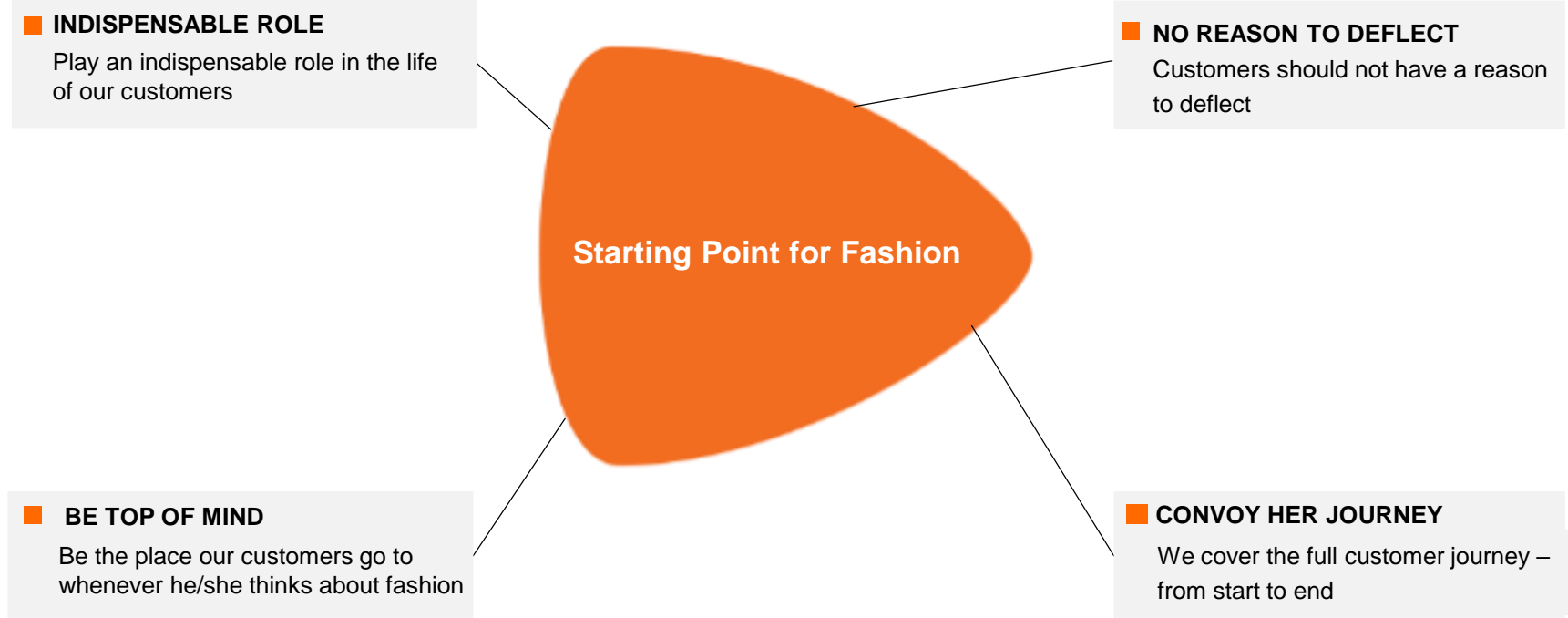
**Movies &
Series**



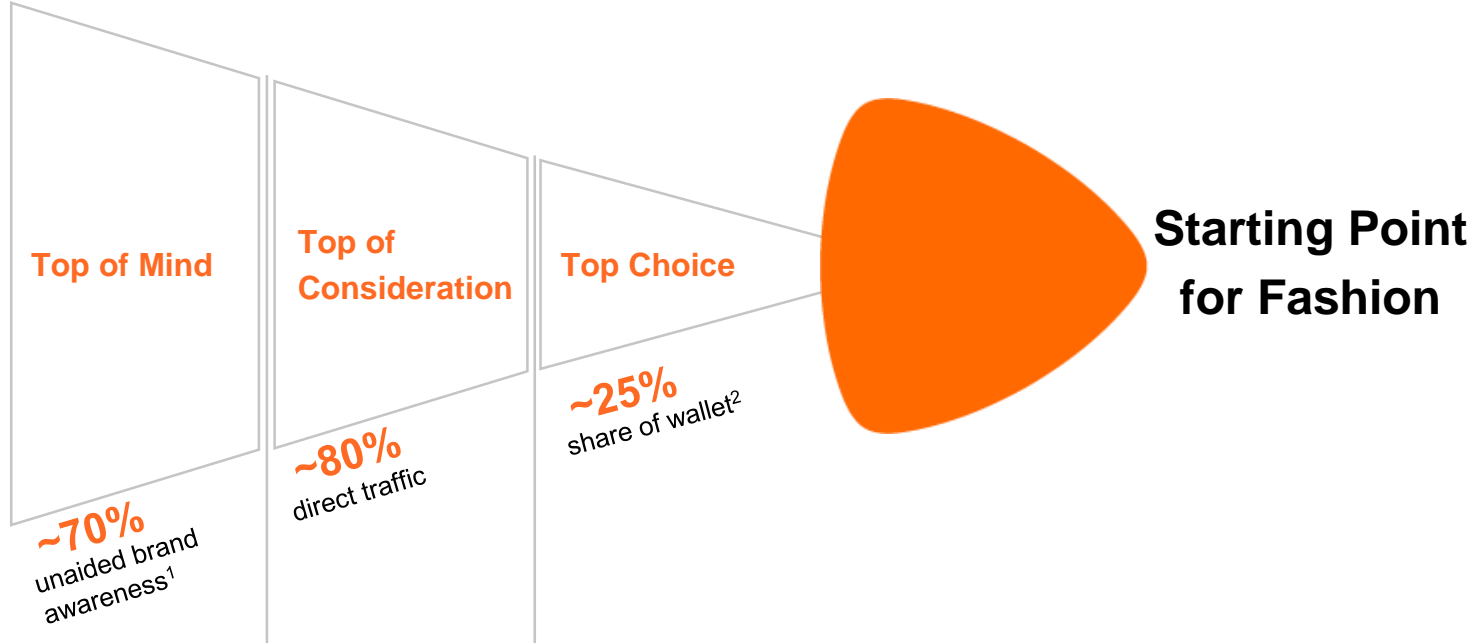
Fashion



Starting Point – What We Mean By This?



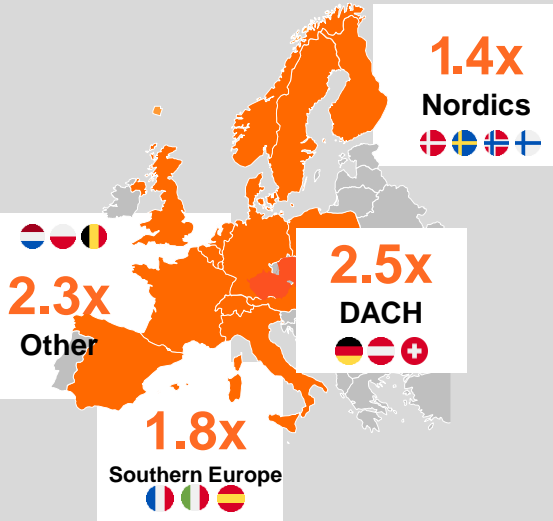
**As A Starting Point, We Need To Be Top Of Mind, Top Of Consideration
And Top Choice For Our Customers**



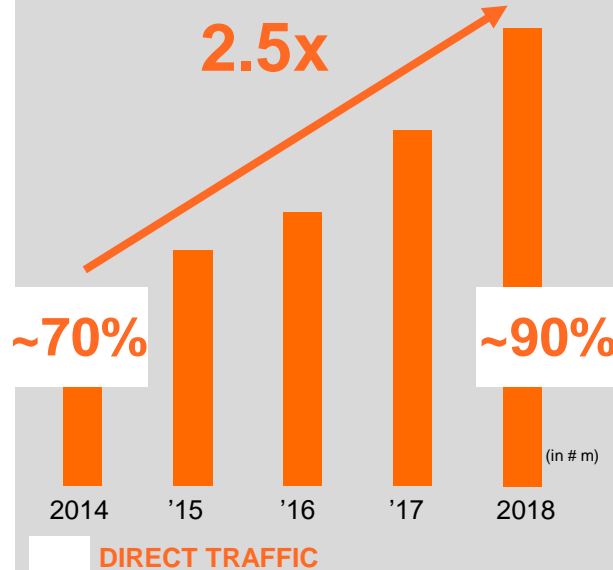
We See Clear Progress On Our Journey To Build The Starting Point For Fashion...

Unaided Brand Awareness

(relative to following competitor¹)



Site Visits



Most Visited Fashion Destination in Europe

(average # of monthly unique visitors in Europe 2018²)

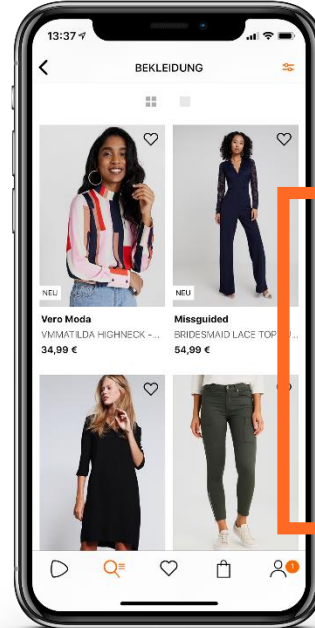


...With Customers Clearly Want One Multi-Brand Fashion Aggregator, Serving Them Head to Toe

45%
of orders
contain more
than one brand

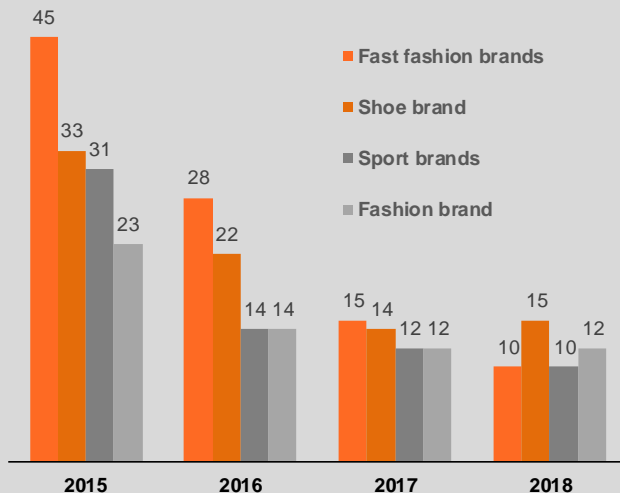


13
different brands
bought per year by
female customers

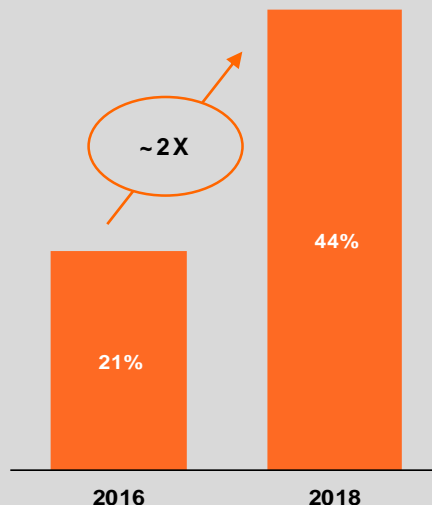


Slowing Monobrand E-com Growth And Greater Engagement Via App Reiterates Our View

**Monobrand E-com Growth Is Slowing Down, ...
% yoy**



...while customers gravitate towards app...



...and Increase Engagement¹



App users visit more often:
8.8x vs 3.5x on desktop



...spend more time:
104 vs 23 products seen



... shop more²:
+31% GMV



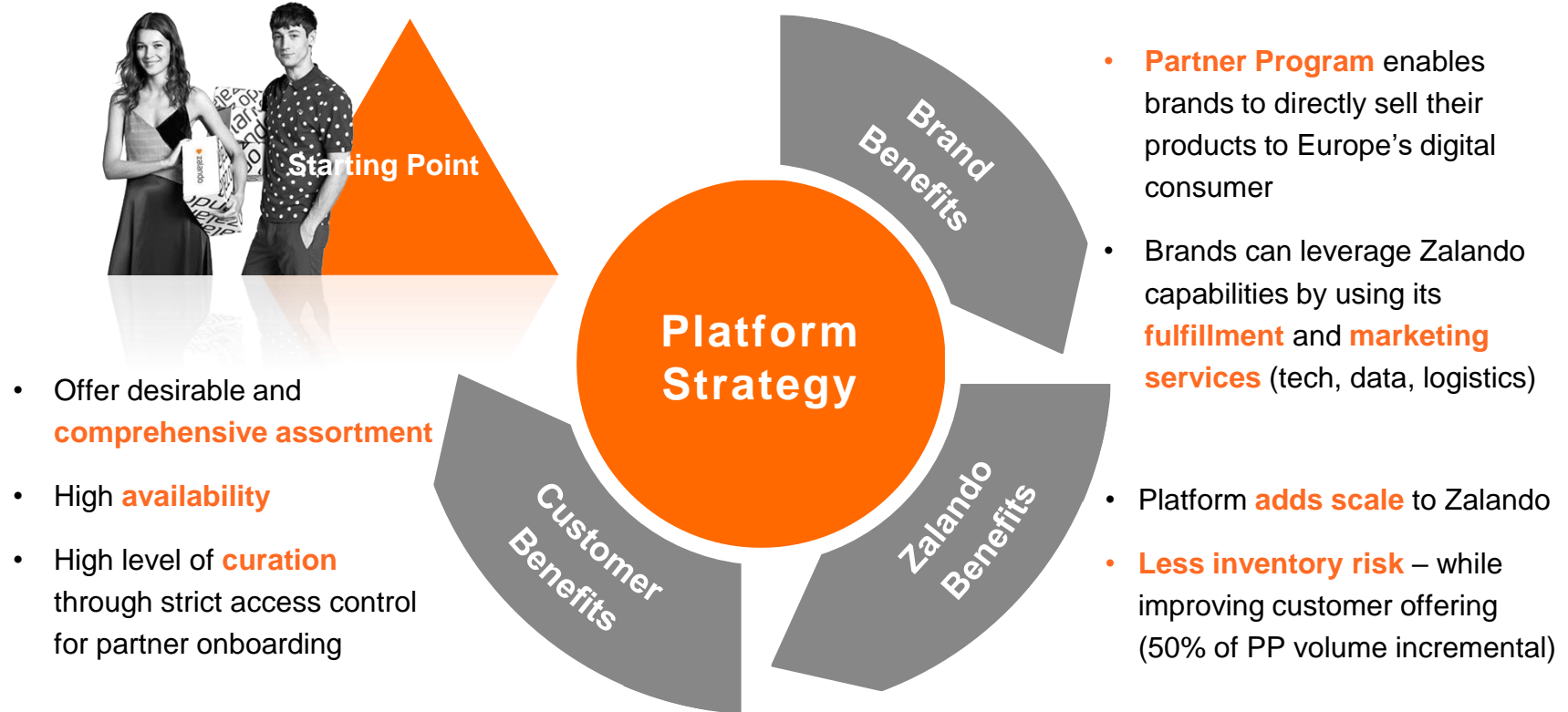
...and are happier³:
NPS +8

Source: Euromonitor

20

- (1) Data from December 2018, if not stated otherwise
- (2) Existing customers who uses the App compared to existing user without App usage (period: 6 months 2017-2018)
- (3) App vs Desktop customer (Jan-May 2018)

The Platform Strategy Is One Key Lever Towards Being the Starting Point



Only in partnership with our brand partners, we are able to offer a superior experience for our customers to enjoy

Partner Program offers growth opportunities and advantages to all parties

ZMS

Zalando Marketing Services

ZFS

Zalando Fulfillment Solutions



Partner Program

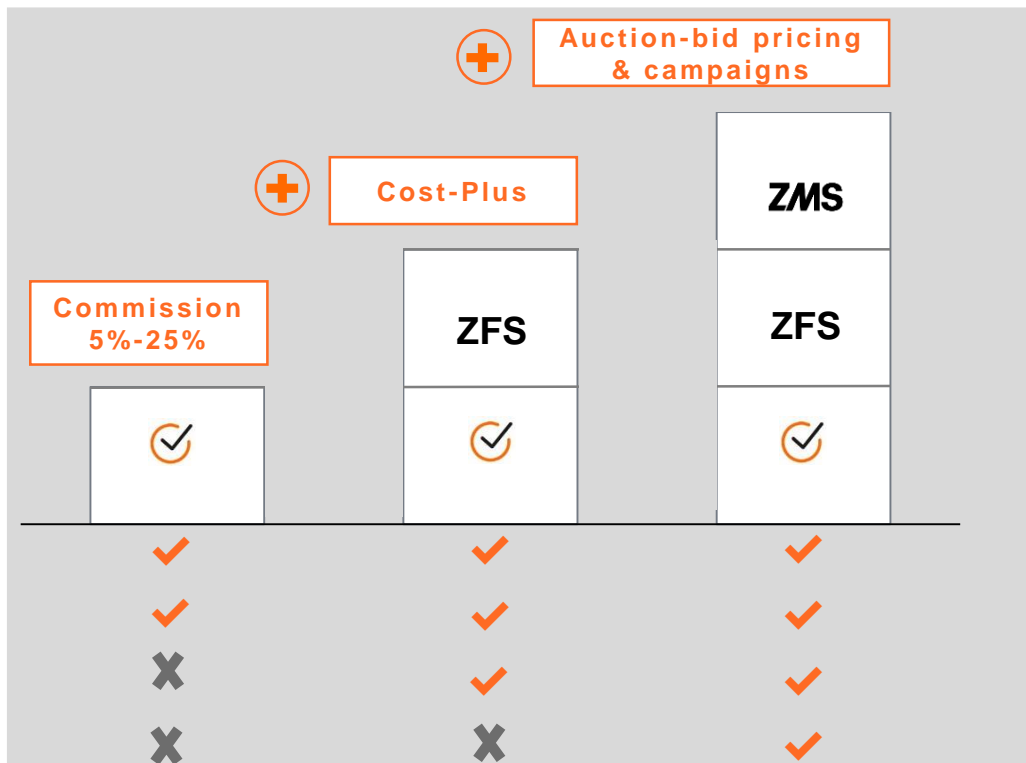
Direct-to-Consumer

Control of Product, Content & Pricing

Superior Order Economics, Convenience to

Consumer & Physical Access to Consumer

High Sell-Through & Brand Building



Our Success Is Build On Two Pillars: Wholesale Business Vs Partner Program

Wholesale / Classical Retail

- Zalando buys merchandise ahead of the season
- Zalando is responsible for pricing and fulfillment



GAP

Partner Program

- Brands have full control of the offer and price
- In PP brand takes care of Fulfillment



Massimo Dutti

GMV¹

~88%

~12%

SKUs¹

~70%

~30%

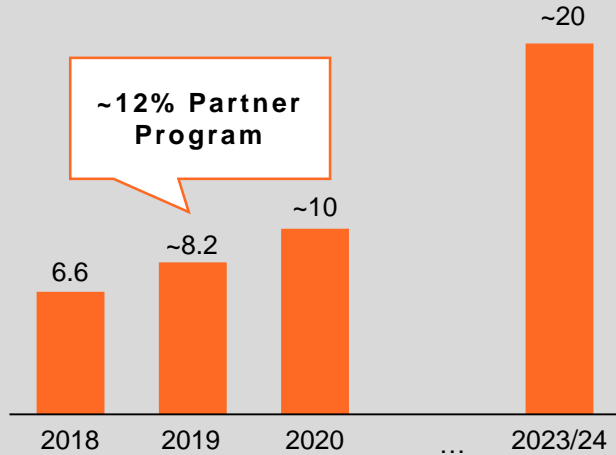
Additionally

- Zalando Fulfillment Solutions (ZFS): Zalando takes care of the fulfillment of the order
- Zalando Marketing Services (ZMS): Increase visibility & drives sales through campaigns/ad placements on our premises

We Aim To Achieve A Scale Of 20bn EUR GMV By 2023/24

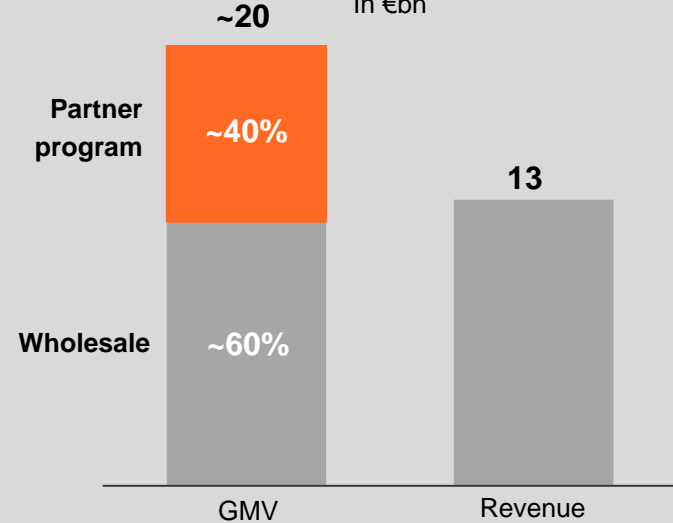
Growth Ambition 2023/24

In €bn GMV



Business Model Mix 2023/24

In €bn



CAGR¹

+20-25%

+15-20%

Platform Model to Drive Higher Long Term Profitability At Scale

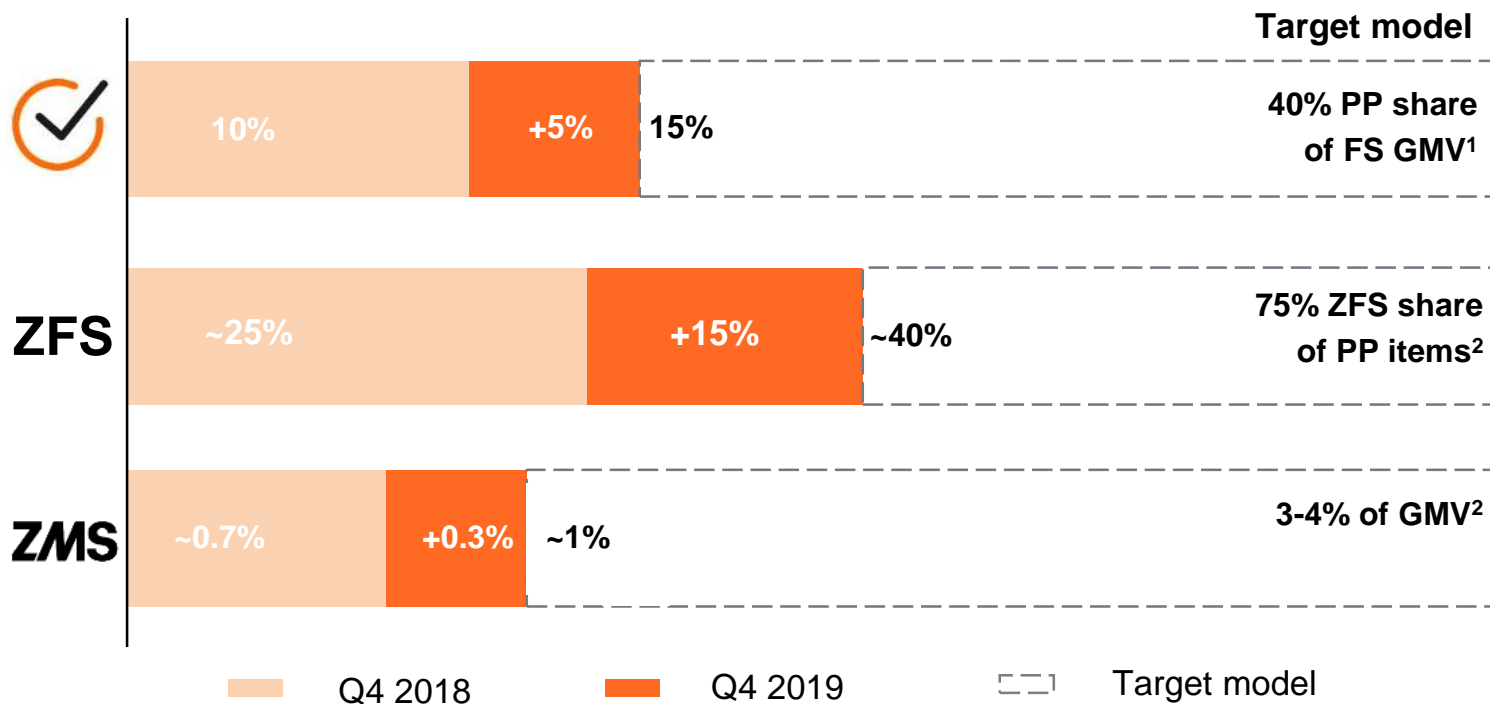
Target Margin (growth in line with / slightly above online market)

In % of revenue	Wholesale ¹	Partner Program	Group margin impact ²
Gross margin			↑
Fulfillment costs			→
Marketing costs			↓
Admin expense			↓
Adj. EBIT margin	6-8%	20-25%	10-13%

Key assumptions:

- PP share ~50% of GMV
- ZFS share ~75% of PP items
- ZMS revenue 3-4% of GMV
- Operating leverage and fixed cost degression
- Cash Flow: WC neutral and CapEx slightly above D&A

In 2019, we achieved several milestones along our Platform transition...



Financial Profile During Transition to Platform Model

	Transition phase 2019 - 2021	Years following	Target model
Growth	Continued high GMV growth of 20-25% for the next 5 years		• Growth in line with / slightly above online market
Profitability	• Margins between 2-4%, driven by growth investments and platform transition	• Margins start to increase as platform transition progresses (e.g. impact of ZMS)	• Target margin of 10-13%
Cash	• Cash Flow negative • NWC neutral • Capex of 4-5% of revenue, driven by logistics and technology investments		• Target margin leading to a strong cash generation



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Offprice

Other: Emerging Businesses

Financials

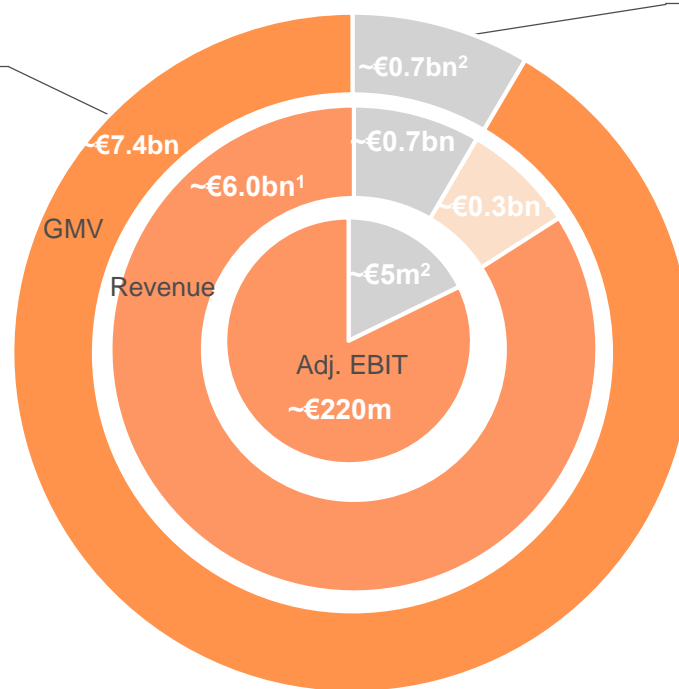
Share & contact

We Manage Our Business In Three Distinct Segments

Group revenue & adj. EBIT FY/19 per segment

FASHION STORE

- **The online shops**, i.e. the main sales channel in 17 European countries
- Characterized by a **high level of convenience** and a comprehensive **in-season assortment**
- Includes **private label business** zLabels
- Business model currently under transformation: **from wholesale to platform** (i.e. fast-growing partner program business)











OFFPRICE

- **Zalando Lounge**: shopping club for off-season and highly discounted merchandise with lower level of convenience (100% wholesale based)
- **Zalando Outlets**: 8 stores in DE

OTHERS

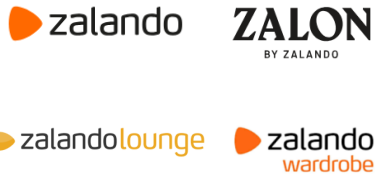
- **Emerging Businesses** which contains several different businesses like Zalon, Zalando Wardrobe, Zalando Marketing Solutions and inventory integration services from Anatwine and Tradebyte

Our Holistic Fashion Proposition to Customers and Brand Partners

Segments	Fashion Store	Offprice	Others	
			Emerging Businesses	Platform Enablers
Sales Channels / Service		 	 	  
Business models	<ul style="list-style-type: none"> Major sales channels Includes business models: <ul style="list-style-type: none"> Partner Program Zalando Fulfillment Solutions Private label business zlabels Distributed Commerce 	<ul style="list-style-type: none"> Lounge: shopping club for off-season merchandise Outlet: offline sales channel for excess inventory (8 stores +5 stores in the planning) 	<ul style="list-style-type: none"> Zalon: fashion curation service (stylists) Wardrobe: second hand channel Connected Retail: integration of brick-and-mortar stores 	<ul style="list-style-type: none"> ZMS: marketing services unit Brand facing inventory integration business (Saas)

By Introducing Customers to All Our Services We Cover More of Their Needs and Spend

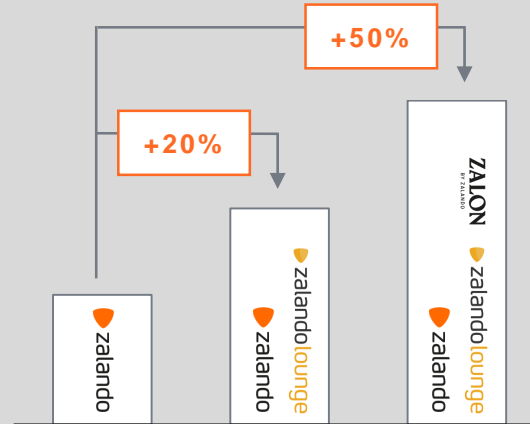
Zalando's Holistic Fashion Proposition



**“Zalando is my
one-stop-shop for
everything I want
in fashion”**

GMV per Active Customer¹

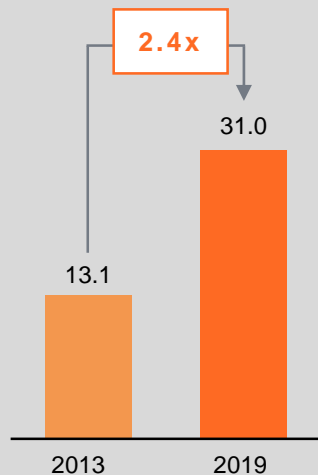
(in %)



As a result Our Customer Base Is Growing, Engaging More with Us And Happier Than Ever with Our Services

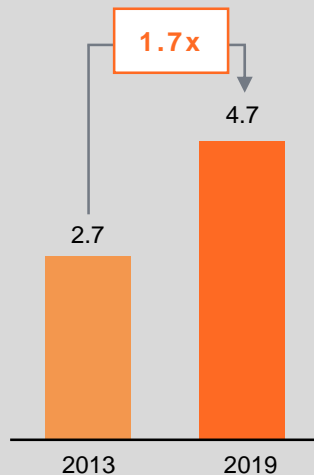
Active Customers

(# m)



Order Frequency

(# per customer, LTM)



Customer Satisfaction

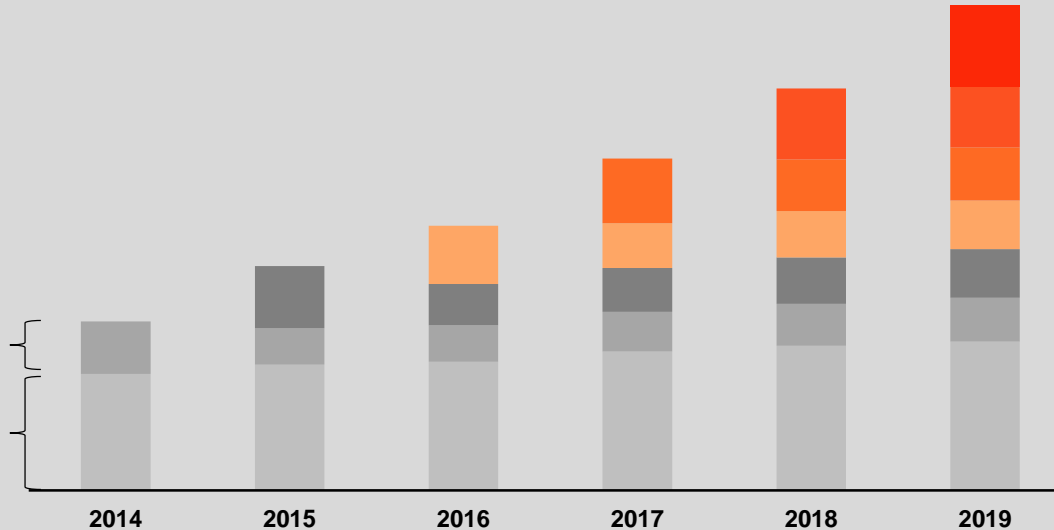
(Group NPS¹)

+14pts
2014-2018

Consequently, We Continue To Observe Healthy Development Of Our Customer Cohorts

TOTAL GMV PER COHORT¹ AND ORDER YEAR

GMV from
2014 cohort
GMV from
earlier cohorts



1. Old Cohorts Grow Again Over Time

2. Customer churn goes down

3. Every new cohort is bigger than the previous one



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Fashion Store









Offprice

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In Our Fashion Store, We Offer Brands Three Options Of Collaboration



Order Flow		Wholesale	Partner Program with ZFS	Partner Program without ZFS
	Control over product	Zalando buys product and has full control	Partner owns product, sets price and books full retail value	
	Customer Touchpoints	Zalando shop (payment, customer care, reimbursement)		
	Logistics	Zalando warehouse	Zalando warehouse	Brand warehouse
	Package	Zalando package	Zalando package	Brand package
	Delivery	Zalando provider (more favorable carrier conditions, delivery and returns experience; greater basket size)		

What We Want Our Customers To Say About The Starting Point For Fashion



Most Complete Assortment Makes Us The Starting Point For Fashion

includes
zLabels

	ALL BRANDS	FULL RANGE	NEVER SOLD OUT	ENGAGING CONTENT
ACHIEVEMENTS TODAY	<p>Massimo Dutti</p> <p>Bershka</p> <p>MONK SEE BY CHLOÉ</p> <p>BOSS HUGO BOSS</p> <p>L'ORÉAL SWAROVSKI</p> <p>MAYBELLINE NEW YORK</p> <p>MAC CLINIQUE</p> <p>ESTÉE LAUDER</p>		<p>Partner program backfilling</p> <p>EUR 190M</p> <p>in GMV 2018</p>	<p>~1000 Campaigns across</p> <p>17 Markets</p> 

Our Partner Program Helps Us To Complete The Assortment...



CHOICE

⊕ MORE ARTICLES

MORE ITEMS PER BASKET

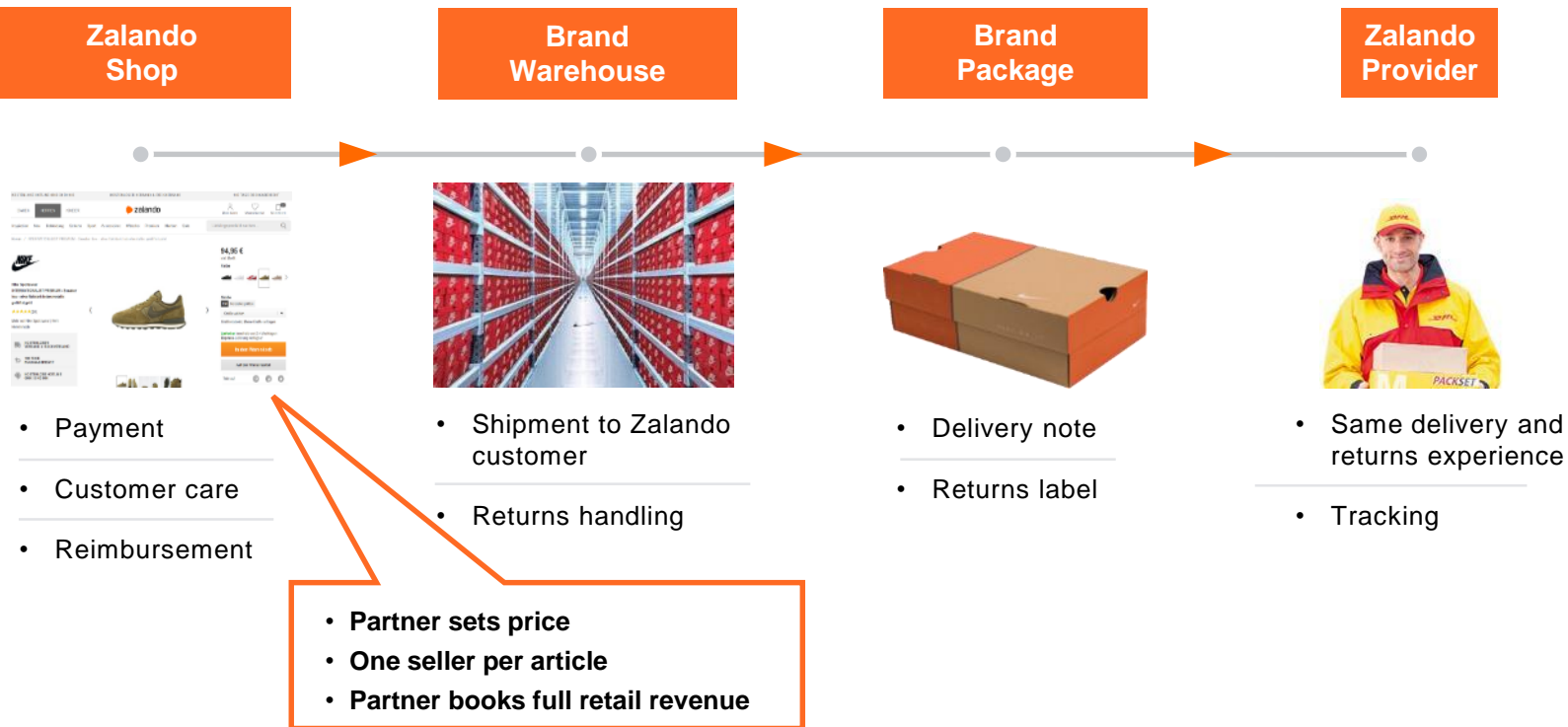


AVAILABILITY

⊕ MORE ITEMS PER ARTICLE

MORE TRANSACTIONS

...In Which Our Partners Having Full Control



Since Fulfillment Is Challenging For Partners At Times...

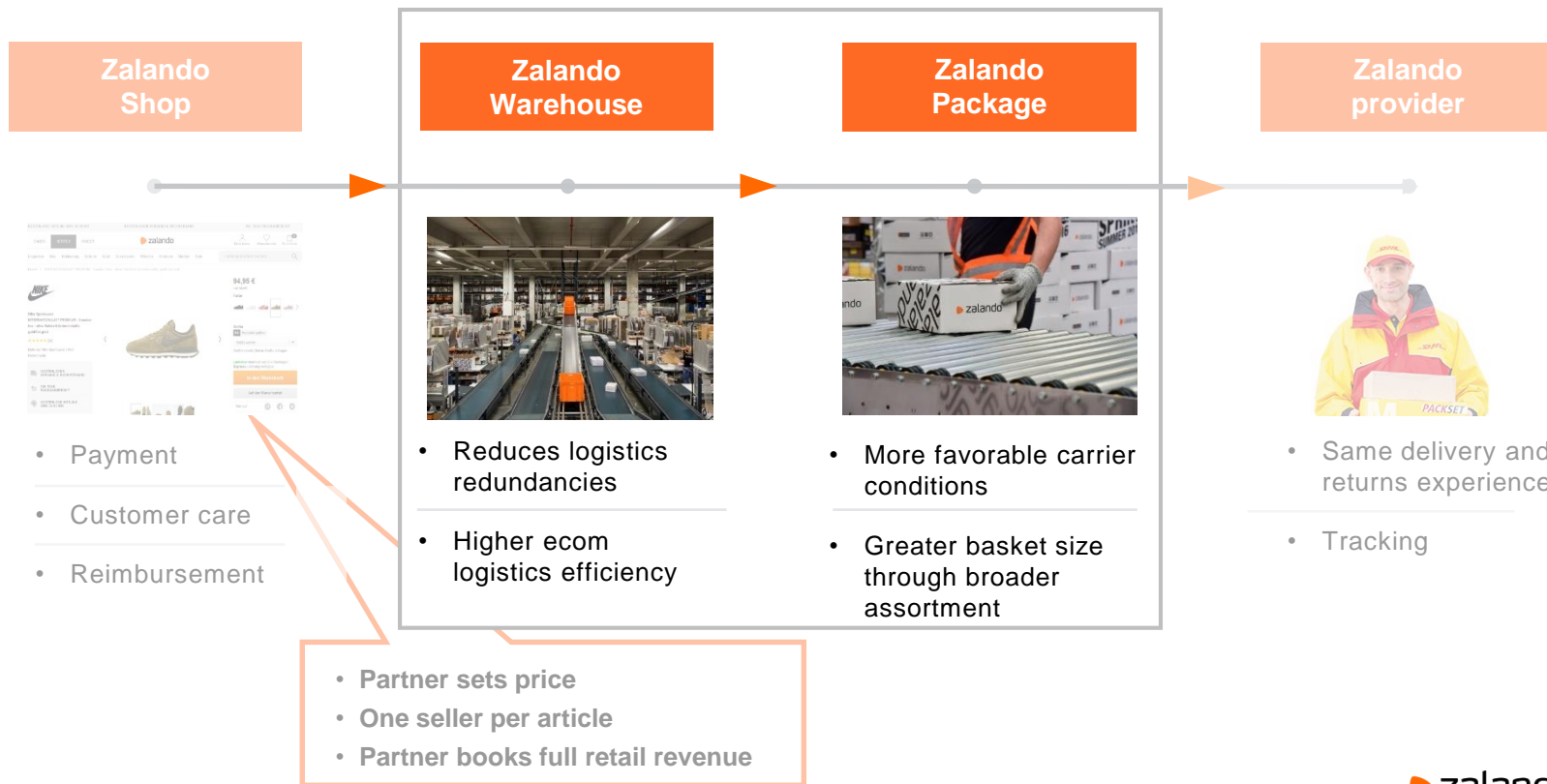
LIMITED EU CROSS BORDER
LOGISTICS NETWORK

HIGH
SHIPPING COSTS

HIGH
CUSTOMER
EXPECTATIONS



...They Can Make Use Of Our Fulfillment Capabilities Via Zalando Fulfillment Solutions



ZFS Unlocks Positive Platform Dynamics For Customers

Superior Convenience for Customers

1 parcel instead of 3-4 parcels



Larger Assortment for Customers

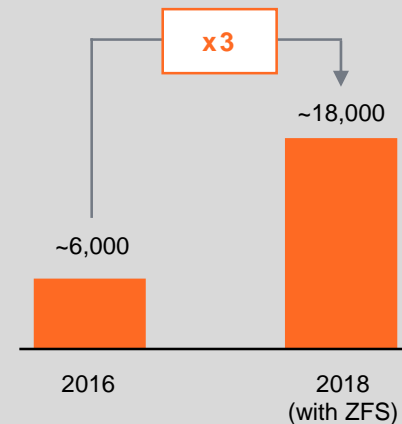
Unmatched unit economics for brands

~50%

lower shipping costs (on average) per item for brands

Making shopping economics in some case better than own e-com

Assortment of example brand on Zalando, SKUs



To Make The Look For Our Customers Complete, We Have Launched Our Beauty Segment In 2018...

> 10.500 SKUs

INITIAL FOCUS ON COLOR
COSMETICS AND SKIN CARE



**#300
BRANDS**
AND MANY
MORE TO
COME...



>60%
OF BEAUTY
ORDERS ARE
MIXED BASKET
ORDERS

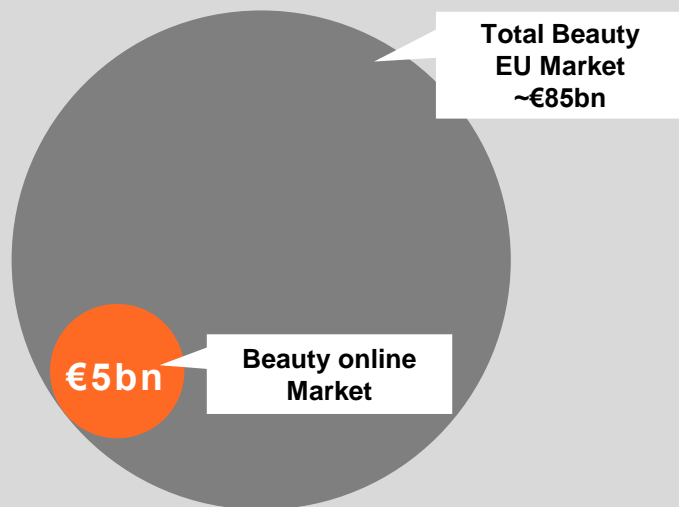


**ENGAGING
AND INSPIRING
CONTENT AND
ADVICE**

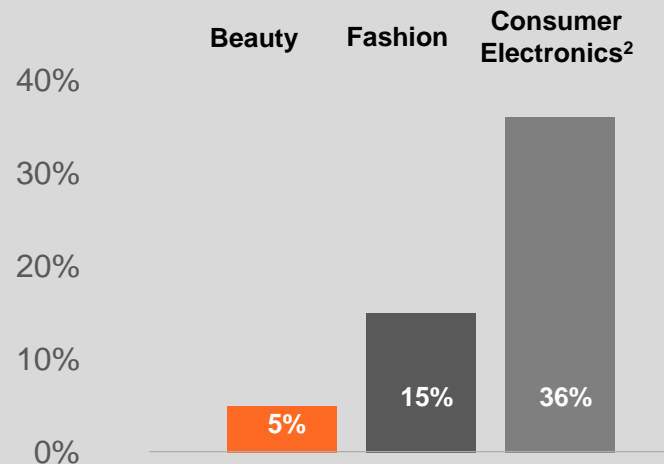


...With The European Beauty Market Harbours An Enormous Potential With Channel Shift Yet To Come

EU Beauty Market Size...



...with low online share compared to other categories



What We Want Our Customers To Say About The Starting Point For Fashion



Our strategic pillars

Inspiration



Advice



Relevance





Inspiration

from

to

Mainly
products

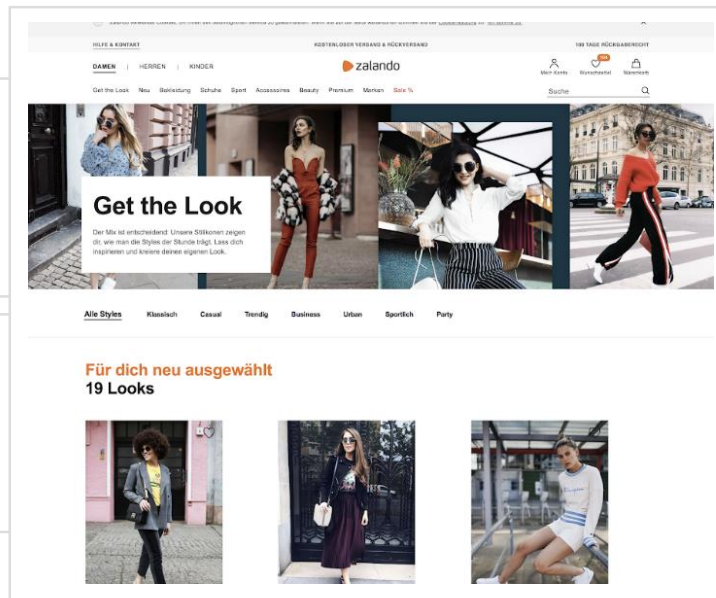


Shoppable content
available on all
customer journeys

Mainly our voice



Many voices





Advice

from

to

Disconnected
channels



Immersive journeys
across all channels

Static content

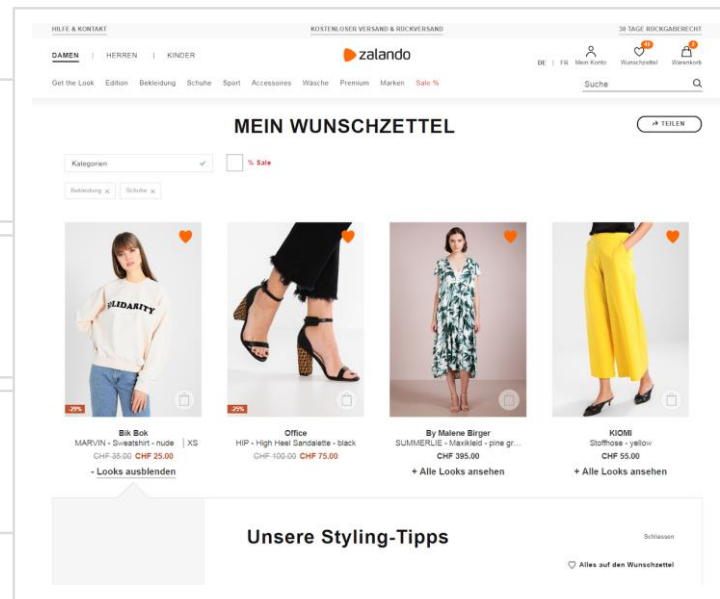


Different media

Focus on
individual items



Curation through
outfits and collections





Relevance

from

to

One-size-fits-all
experience

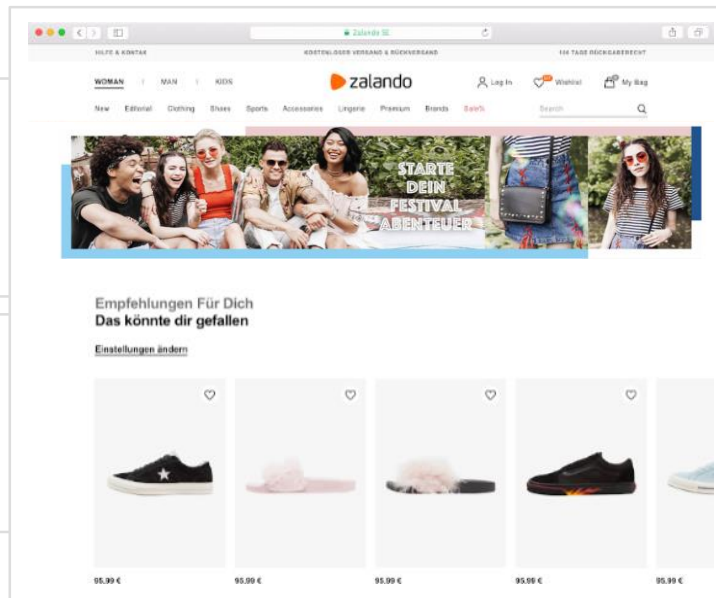


**Unique, personalized
experience including
preferences, such as
sizing**

Linear journey



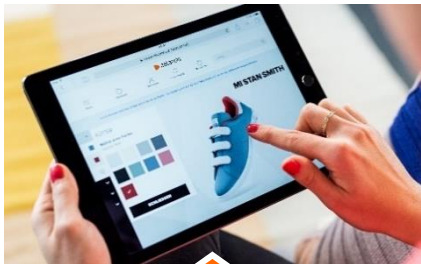
**Fluid & immersive
experience**



We Allow Customers To Spend More Time With Us In A Relevant Way

Digital Experience

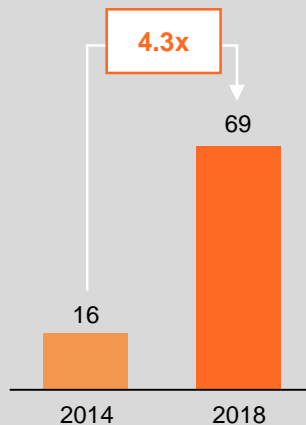
Personalized inspiration



“Zalando always knows what I want and what inspires me”

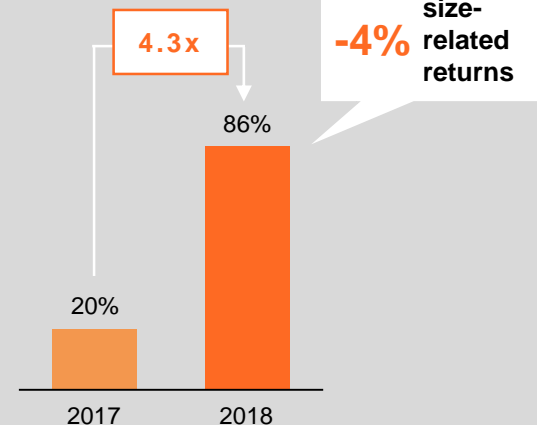
More Time Spend with Us

(time spend on the app;
per user per month in min)



Increasing Size Recommendations

(size flags as share of wholesale assortment)



What We Want Our Customers To Say About The Starting Point For Fashion

1

Assortment



“If it’s not on Zalando,
it doesn’t exist”

2

Digital Experience



“Zalando always knows what
I want and what inspires me”

3

Convenience



“I always buy fashion on Zalando
– it’s so convenient, why would
I look anywhere else?”

“Zalando is my one-stop-shop for everything I want in fashion”

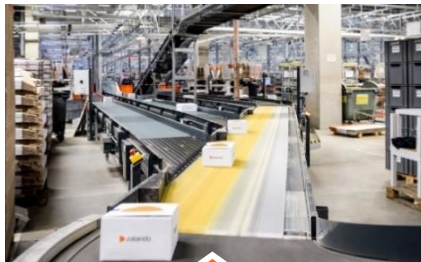
Zalando Convenience Delivers Five Key Services To Our Customers...



...With Ease Of Payments And Ease Of Returns Are At The Core Of Customer Satisfaction

Convenience

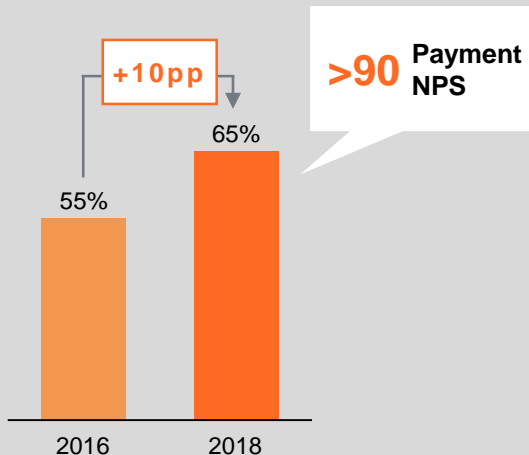
Frictionless service experience



"I always buy fashion on Zalando – it's so convenient, why would I look anywhere else?"

More Deferred Payments Offered ...

(share of customers offered deferred payments)



...and easier returns

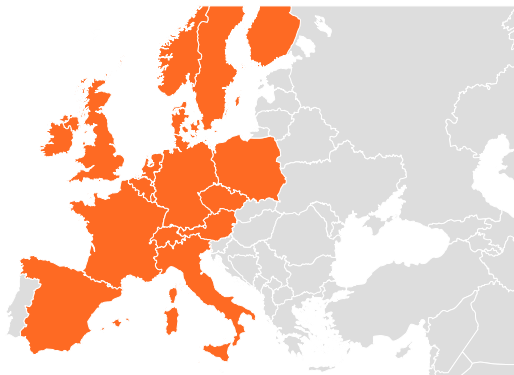
(NPS Q4/18)

93%

of customers are
very happy with
ease of returns

We Offer A Broad Range Of Payment Methods To Satisfy Local Customer Preferences

Countries



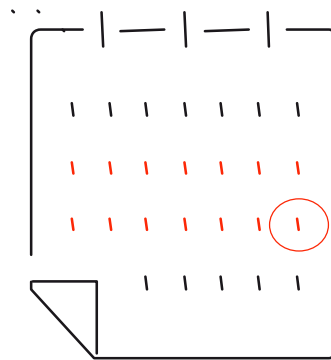
Our presence in 17 countries
requires localization

Payment Methods



22 different payment methods

Deferred Payments



>60% deferred payment share

We Recently Turned Every Living Room Into A Personal Fitting Room

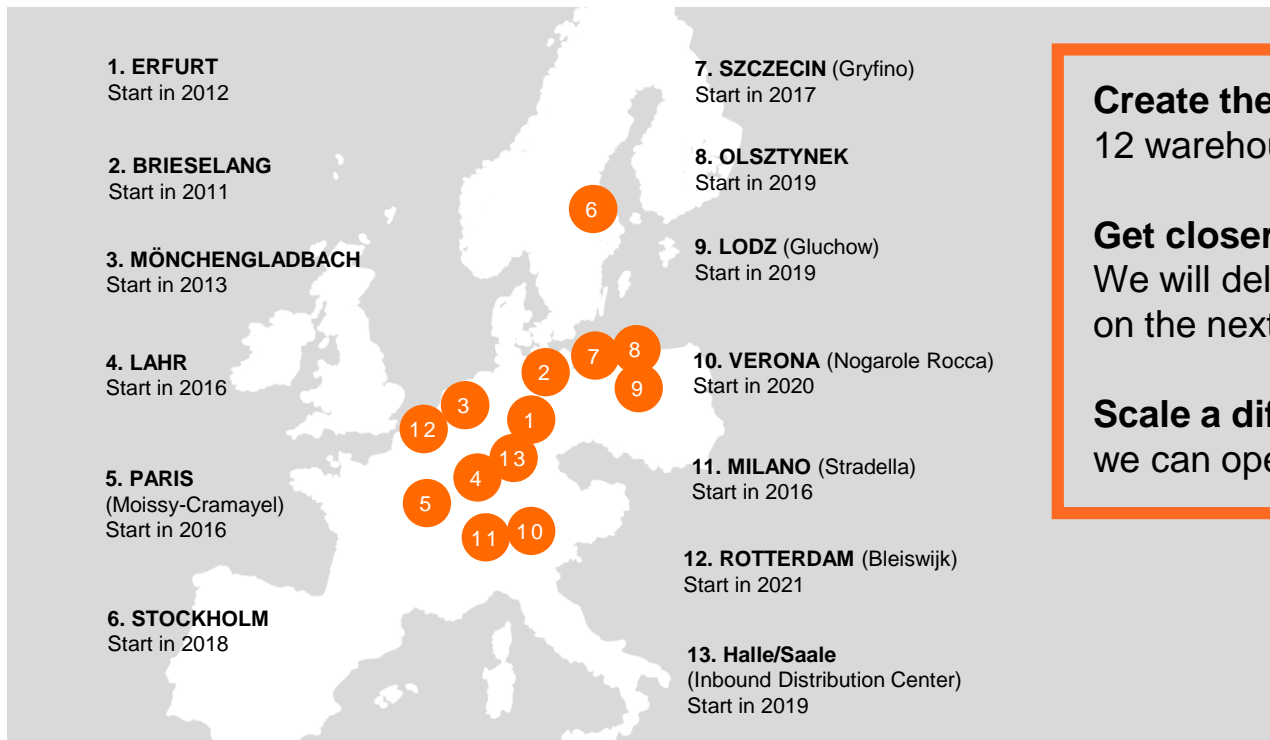
Traditional e-commerce customer flow



New Zalando Pay Later experience¹



To Ensure A Fast And Convenient Delivery And Return Handling To Our Customers...



Create the capacity for future growth:

12 warehouses allow > 14bn GMV

Get closer to our customers:

We will deliver 30% of orders on the next day by 2020¹

Scale a differentiating asset which we can open up to brand partners

...We Heavily Invested Into Our Warehouse Assets¹

		Type	Construction start	Full capacity exp.	Capex (€m)	Size (k sqm)	Status
1	Brieselang (GER)	Hub	2011	2014	<50	~30	Done
2	Erfurt (GER)	Hub	2012	2015	~100	~130	Done
3	Mönchengladbach (GER)	Hub	2013	2017	~100	~130	Done
4	Lahr (GER)	Hub	2015	2018	~150	~130	Done
5	Milan (IT)	Spoke	2015	2018	<50	~40	Done
6	Szczecin (PL)	Hub	2016	2019	~150	~130	Done
7	Paris (FR)	Spoke	2016	2018	<50	~20	Done
8	Stockholm (SWE)	Spoke	2017	2018	<50	~50	Done
9	Lodz (PL)	Hub	2017	2021	~100	~130	Construction
10	Olsztyn (PL)	Hub (Lounge)	2018	2021	~100	~80	Construction
11	Verona (IT)	Hub	2018	2021	~150	~130	Construction
12	Rotterdam (NL)	Hub	2019	2022	~200	~140	Construction
13	Halle/Saale (GER)	Inbound DC		2019	Third Party	~35	Done

We Continue To Focus On Warehouse Automation To Reduce Lead Time And Costs

Generation I (live)



Conveyor, linesorter,
outbound sorter

Generation II (live)



Bag sorter

Generation III (live)



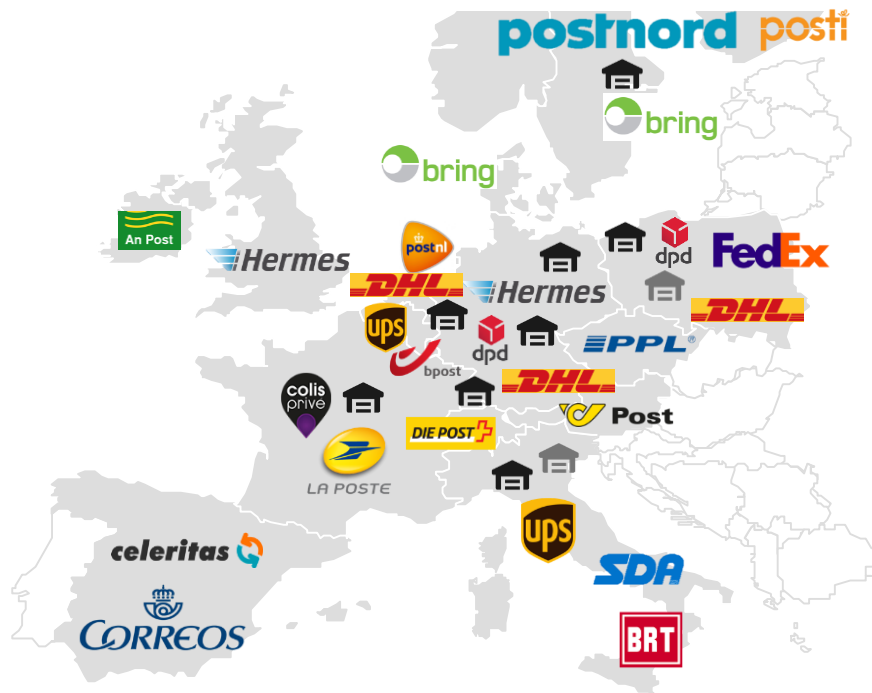
Warehouse robotics

Generation IV (coming)



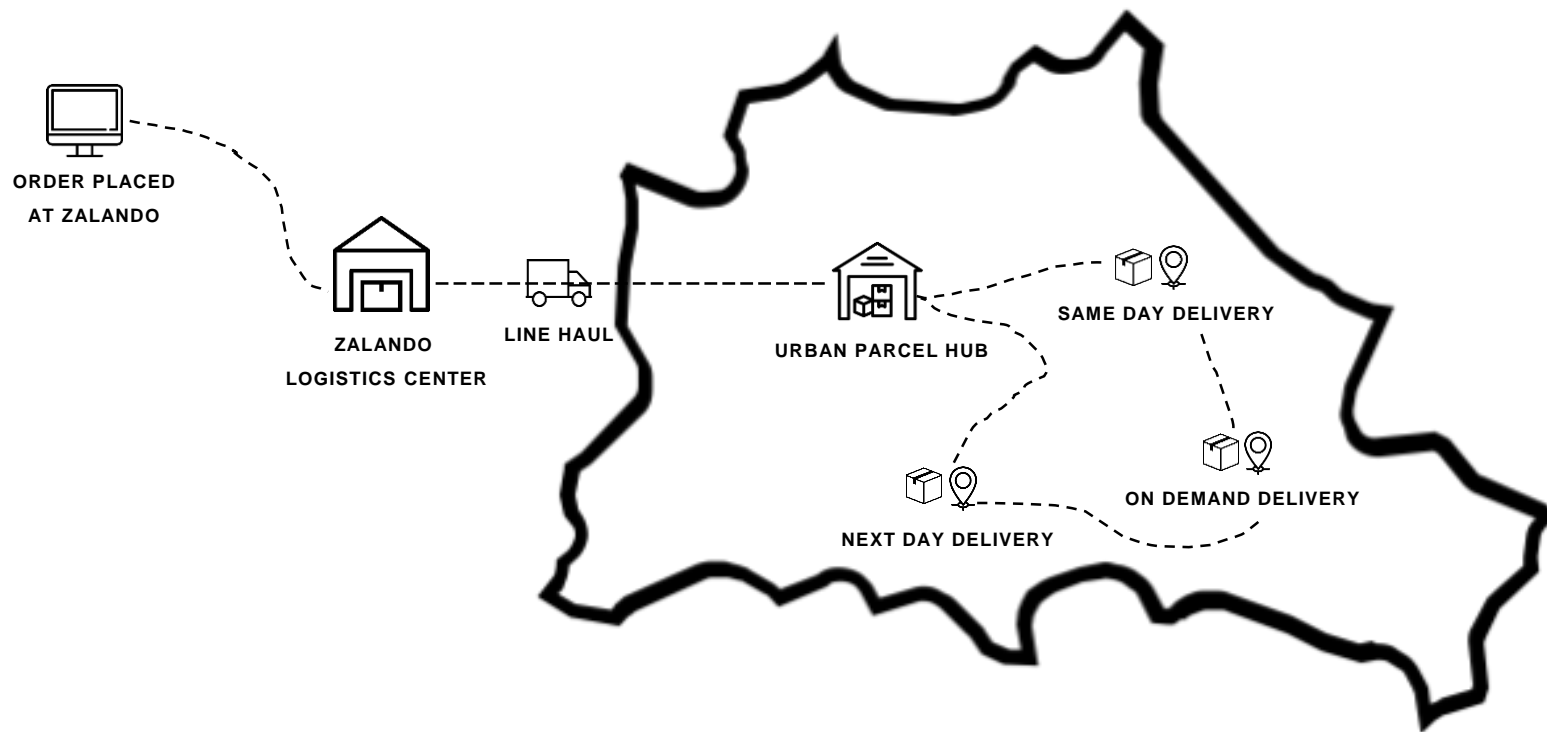
Shuttle technology and bag
sorter

Without Having Strong Partnerships With (Local) Logistics Partners, A 'Best-in-class' E-com Network Would Be Fruitless



- >10 international warehouses
- 25 domestic carrier integrations, 2 express carrier, 14 same day destinations
- Economies of scale and “unfair” order economics

We Furthermore Make Use Of A Local Delivery Network - Orchestrated Via Technology



To Enhance Our Customer Propositions Even Further, We Introduced Our To Fashion Tailored Membership Program Zalando Plus



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

Available to all customers
in Germany for €15 / year

 **zalando** *PLUS*

Faster delivery, including same-day

Early access to sales

Personal stylist service

Dedicated customer service

Now we are scaling it as part of our premium membership program Zalando Plus

Premium delivery for Zalando Plus



CHECK ORDER

SEND ORDER AND CONTINUE FOR
PAYMENT

DELIVERY OPTION

- ☒ Today, 19:00 - 21:30
Premium delivery in the evening
Only a few time windows left!
for free with **zalando PLUS**
- ☐ Sat, 26.05. - Mo, 28.05.
Premium delivery
for free with **zalando PLUS**
- ☐ Mo, 28.05. - Of, 29.05.
Standard Delivery
free
- ☐ Sat, 26.05.
Express Delivery
5,90 €

DELIVERY ADDRESS

Ms. Smart Delivery
Nazarethkirchstr. 89
5.0G Front building
13347 Berlin
Germany

BILLING ADDRESS

Corresponds to my delivery address

PAYMENT



VOUCHERS & DISCOUNT CODES (optional)

Zalando Plus expands in Europe



● Existing network

● Planned network



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Business segments

Fashion Store









Offprice

Other: Emerging Businesses

Financials

Share & contact

Our Holistic Fashion Proposition to Customers and Brand Partners

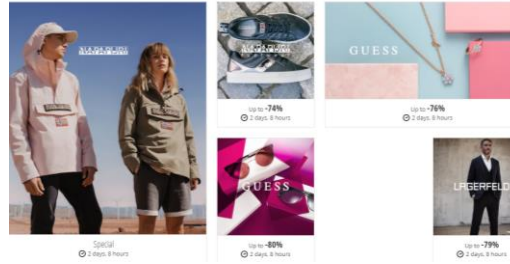
Segments	Fashion Store	Offprice	Others	
			Emerging Businesses	Platform Enablers
Sales Channels / Service		 	 	  
Business models	<ul style="list-style-type: none"> Major sales channels Includes business models: <ul style="list-style-type: none"> Partner Program Zalando Fulfillment Solutions Private label business labels Distributed Commerce 	<ul style="list-style-type: none"> Lounge: shopping club for off-season merchandise Outlet: offline sales channel for excess inventory (8 stores +5 stores in the planning) 	<ul style="list-style-type: none"> Zalon: fashion curation service (stylists) Wardrobe: second hand channel Connected Retail: integration of brick-and-mortar stores 	<ul style="list-style-type: none"> ZMS: marketing services unit Brand facing inventory integration business (Saas)

Offprice With Outstanding Development In The Last 8 Years – Successfully Leveraging The Zalando Platform

CUSTOMERS

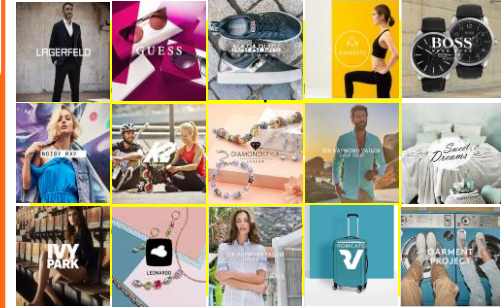


- Shopping club addressing discount affine customers
- Daily sales campaigns with 50-70% discount



- Synergetic with Zalando platform: additional consumer reach, solves overstock problem for brands and Zalando
- Strong financials: ~40% p.a. growth since 2016 and profitable
- 2/5 sourced internal, remaining part from external sources¹

BRANDS



- Allows brands to manage excess inventory while maintaining brand image
- International distribution

The Zalando Outlets Strategically Complement Other Offerings On The Zalando Platform





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The Zalando Group

Business segments

Fashion Store








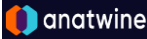
Offprice

Other: Emerging Businesses

Financials

Share & contact

Our Holistic Fashion Proposition to Customers and Brand Partners

Segments	Fashion Store		Offprice		Others	
	Sales Channels / Service		Sales Channels / Service		Emerging Businesses	Platform Enablers
Business models	 <ul style="list-style-type: none"> Major sales channels Includes business models: <ul style="list-style-type: none"> Partner Program Zalando Fulfillment Solutions Private label business zlabels Distributed Commerce 		  <ul style="list-style-type: none"> Lounge: shopping club for off-season merchandise Outlet: offline sales channel for excess inventory (8 stores +5 stores in the planning) 		  <ul style="list-style-type: none"> Zalon: fashion curation service (stylists) Wardrobe: “pre-owned” fashion channel Connected Retail: integration of brick-and-mortar stores 	   <ul style="list-style-type: none"> ZMS: marketing services unit Brand facing inventory integration business (Saas)
					Consumer-facing/ App based	Brand-facing/ B2B services

Zalon – Connecting Consumers With Stylists

CONSUMERS (M/W)

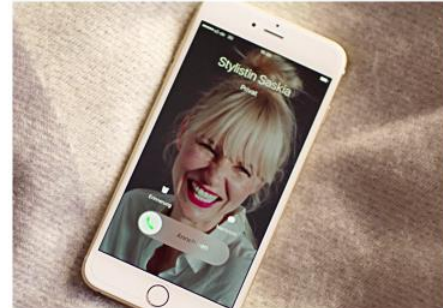


ZALON
PERSONALIZED STYLE
ADVICE FOR FREE



TOGETHER TOWARDS
THE PERFECT LOOK

FREELANCE STYLISTS



Zalando Marketing Services – Connecting Brands To Consumers

Brands

Zalando Marketing Services

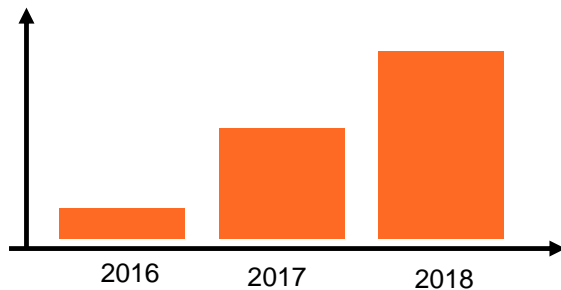
Consumers

Influencer Products (Collabary)

Consumer Insights

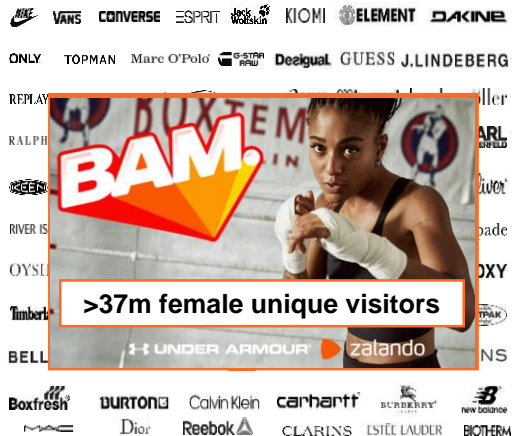
Media Products

No. of campaigns



>1bn visits per quarter

>31 active customers



Connected Retail - Connecting Offline Stores To Our Online World

DEEP SYSTEM INTEGRATION -
MANY TRIED IT, MANY FAILED



HANDSHAKE MODEL -
LEAN WAY OF INTEGRATING





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The Zalando Group

Zalando at a glance

Group strategy

Business segments

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Group Key Figures¹

Zalando Group Key Figures

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Quarter Q1/18	Quarter Q2/18	Half-Year H1/18	Quarter Q3/18	Quarter Q4/18	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Quarter Q3/19	Quarter Q4/19	Year FY/19
Group Key Performance Indicators																
Site Visits (m)	1,363.8	1,656.4	1,991.6	2,563.5	713.5	734.3	1,447.8	728.7	960.7	3,137.2	923.6	986.4	1,910.0	1,000.3	1,267.5	4,178.1
Mobile Visit Share (in % of Site Visits)	42.3%	57.1%	65.6%	70.7%	76.6%	78.4%	77.5%	80.0%	81.6%	79.3%	82.4%	83.5%	82.9%	84.4%	83.9%	83.7%
Active Customers (m)	14.7	17.9	19.9	23.1	23.9	24.6	24.6	25.1	26.4	26.4	27.2	28.3	28.3	29.5	31.0	31.0
Number of Orders (m)	41.4	55.3	69.2	90.5	25.4	29.0	54.4	27.7	34.1	116.2	31.4	36.1	67.5	34.7	42.6	144.9
Average Order per Active Customer (LTM)	2.82x	3.08x	3.48x	3.92x	4.02x	4.18x	4.18x	4.30x	4.40x	4.40x	4.49x	4.60x	4.54x	4.63x	4.68	4.68
Average Basket Size (in €) (LTM)	-	-	-	60.6	59.4	58.4	58.4	57.7	57.2	57.2	57.0	56.9	56.9	56.6	56.7	56.7
Results of Operations																
Gross merchandise volume (GMV) (in €bn)	-	-	-	5.48	1.43	1.65	3.08	1.52	2.04	6.64	1.75	2.03	3.78	1.89	2.54	8.21
Revenue (in €m)	2,214.0	2,958.2	3,639.0	4,489.0	1,196.0	1,330.0	2,526.0	1,200.2	1,661.6	5,387.9	1,378.2	1,597.3	2,975.5	1,521.1	1,985.9	6,482.5
EBIT (in €m)	62.1	89.6	207.0	187.6	(15.2)	87.3	72.1	(55.7)	102.7	119.2	(18.4)	92.0	73.6	(6.9)	99.1	165.8
EBIT (as % of revenue)	2.8%	3.0%	5.7%	4.2%	(1.3%)	6.6%	2.9%	(4.6%)	6.2%	2.2%	(1.3%)	5.8%	2.5%	(0.5%)	5.0%	2.6%
Adjusted EBIT (in €m)	82.0	107.5	216.3	215.1	0.4	94.0	94.4	(38.9)	117.8	173.4	6.4	101.7	108.1	6.3	110.4	224.9
Adjusted EBIT (as % of revenue)	3.7%	3.6%	5.9%	4.8%	0.0%	7.1%	3.7%	(3.2%)	7.1%	3.2%	0.5%	6.4%	3.6%	0.4%	5.6%	3.5%
EBITDA (in €m)	88.0	123.8	255.2	246.4	2.7	106.9	109.6	(33.7)	128.8	205.7	24.4	143.3	167.7	39.5	153.4	360.7
EBITDA (as % of revenue)	4.0%	4.2%	7.0%	5.5%	0.2%	8.0%	4.3%	(2.8%)	7.8%	3.8%	1.8%	9.0%	5.6%	2.6%	7.7%	5.6%
Adjusted EBITDA (in €m)	107.8	141.7	264.5	273.8	18.3	113.6	131.9	(16.9)	144.9	259.9	49.2	153.1	202.3	52.7	164.7	419.7
Adjusted EBITDA (as % of revenue)	4.9%	4.8%	7.3%	6.1%	1.5%	8.5%	5.2%	(1.4%)	8.7%	4.8%	3.6%	9.6%	6.8%	3.5%	8.3%	6.5%
Financial Position (in €m)																
Net working capital	(3.6)	(2.6)	(127.6)	(62.4)	(34.8)	16.1	16.1	(7.4)	(84.3)	(84.3)	(12.4)	(78.6)	(78.6)	(69.7)	(147.7)	(147.7)
Cash flow from operating activities	174.9	119.4	275.8	193.7	(75.9)	80.7	4.7	(25.9)	233.9	212.8	(58.6)	143.2	84.6	(0.7)	243.3	327.2
Cash flow from investing activities	(51.9)	(196.5)	(277.1)	(88.3)	(26.3)	(67.0)	(93.3)	(4.8)	(108.9)	(207.0)	(24.4)	(56.8)	(81.2)	(88.0)	(121.1)	(290.3)
Free cash flow	123.8	42.6	63.7	(85.0)	(122.2)	13.7	(108.5)	125.0	(13.8)	(78.4)	86.4	(88.7)	(2.3)	(88.7)	122.2	41.6
Capex	(51.1)	(60.0)	(181.7)	(243.9)	(41.8)	(67.0)	(108.8)	(60.6)	(109.1)	(278.4)	(42.3)	(55.1)	(97.4)	(88.0)	(121.1)	(306.5)
Cash and cash equivalents	1,051.0	976.2	972.6	1,065.5	928.5	874.7	874.7	877.0	995.0	995.0	869.8	954.4	954.4	867.0	976.5	976.5
Other																
Employees (as of reporting date)	7,588	9,987	11,998	15,091	15,418	15,612	15,612	15,455	15,619	15,619	15,528	13,965	13,965	13,693	13,763	13,763
Basic earnings per share (in €)	0.2	0.5	0.5	0.4	(0.1)	0.2	0.2	(0.2)	0.2	0.2	(0.7)	0.2	(0.6)	(0.1)	0.4	0.4

Income statement¹²

Zalando Group Income Statement (in €m)

	Year FY14	Year FY15	Year FY16	Year FY17	Quarter Q1/18	Quarter Q2/18	Half-Year H1/18	Quarter Q3/18	Quarter Q4/18	Year FY18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Quarter Q3/19	Quarter Q4/19	Year FY19
Revenue	2,214.0	2,958.2	3,639.0	4,489.0	1,196.0	1,330.0	2,526.0	1,200.2	1,661.6	5,387.9	1,378.2	1,597.3	2,975.5	1,521.1	1,985.9	6,482.5
% growth	25.7%	33.6%	23.0%	23.4%	22.0%	20.9%	21.4%	11.7%	24.6%	20.0%	15.2%	20.1%	17.8%	26.7%	19.5%	20.3%
Cost of Sales	(1255.3)	(1624.0)	(2029.6)	(2529.6)	(722.0)	(721.7)	(1443.6)	(726.5)	(936.8)	(3107.0)	(828.7)	(866.9)	(1683.9)	(896.4)	(1132.2)	(3724.3)
Gross Profit	958.7	1,334.1	1,609.4	1,959.4	474.0	608.4	1,082.4	473.7	724.8	2,280.9	549.5	730.4	1,291.6	624.7	853.8	2,758.2
% margin	43.3%	45.1%	44.2%	43.6%	39.6%	45.7%	42.9%	39.5%	43.6%	42.3%	39.9%	45.7%	43.4%	41.1%	43.0%	42.5%
Selling and Distribution Costs	(793.8)	(1,118.9)	(1,223.7)	(1,530.8)	(429.7)	(462.4)	(892.1)	(459.7)	(547.4)	(1,899.2)	(492.8)	(567.2)	(1,055.9)	(560.2)	(674.9)	(2,295.1)
Administrative Expenses	(109.1)	(129.0)	(191.3)	(242.9)	(61.1)	(64.4)	(125.4)	(70.4)	(73.1)	(268.9)	(77.8)	(70.3)	(129.5)	(72.9)	(77.9)	(298.9)
Other Operating Income	12.2	10.2	16.7	11.8	2.7	6.7	9.4	1.4	7.9	18.7	5.2	3.8	9.0	1.8	7.4	18.2
Other Operating Expenses	(5.8)	(7.0)	(4.1)	(9.9)	(1.1)	(1.0)	(2.2)	(0.7)	(9.4)	(12.3)	(2.5)	(4.6)	(7.1)	(0.2)	(9.2)	(16.6)
EBIT	62.1	89.6	207.0	187.6	(15.2)	87.3	72.1	(55.7)	102.7	119.2	(18.4)	92.0	108.1	(6.9)	99.1	165.8
% margin	2.8%	3.0%	5.7%	4.2%	(1.3%)	6.6%	2.9%	(4.6%)	6.2%	2.2%	(1.3%)	5.8%	3.6%	(0.5%)	5.0%	2.6%
Net Financial Result	(4.5)	(3.0)	(14.1)	(12.4)	(3.4)	(0.6)	(4.0)	(1.7)	(7.9)	(13.6)	(2.8)	(5.7)	(8.5)	(11.7)	(0.7)	(20.9)
EBT	57.7	86.6	192.9	175.2	(18.6)	86.7	68.1	(57.3)	94.8	105.6	(21.2)	86.3	99.7	(18.6)	98.4	144.9
% margin	2.6%	2.9%	5.3%	3.9%	(1.6%)	6.5%	2.7%	(4.8%)	5.7%	2.0%	(1.5%)	5.4%	3.6%	(1.2%)	5.0%	2.2%
Income and Other Tax	(10.5)	34.9	(72.5)	(73.6)	3.5	(34.9)	(31.4)	15.6	(38.7)	(54.4)	3.6	(49.4)	(45.8)	5.0	(13.0)	(45.2)
Net Income	47.2	121.5	120.5	101.6	(15.1)	51.8	36.7	(41.7)	56.1	51.2	(17.6)	45.5	27.9	(13.6)	85.4	99.7
% margin	2.1%	4.1%	3.3%	2.3%	(1.3%)	3.9%	1.5%	(3.5%)	3.4%	0.9%	(1.3%)	2.8%	0.9%	(0.9%)	4.3%	1.5%
Depreciation & Amortization	25.8	34.2	48.2	58.7	17.9	19.6	37.5	21.9	27.0	86.5	42.8	51.3	94.1	46.4	54.3	194.8
EBITDA	88.0	123.8	255.2	246.4	2.7	106.9	109.6	(33.7)	129.8	205.7	24.4	143.3	167.7	39.5	153.4	360.7
% margin	4.0%	4.2%	7.0%	5.5%	0.2%	8.0%	4.3%	(2.8%)	7.8%	3.8%	1.8%	9.0%	5.6%	2.6%	7.7%	5.6%
Share Based Compensation (SBC)	19.8	17.9	19.9	27.5	4.7	6.7	11.4	16.8	15.1	43.3	11.8	9.7	21.5	13.2	11.3	46.0
Restructuring costs / non-operating one-time effects	0.0	0.0	(10.6)	0.0	10.9	0.0	10.9	0.0	0.0	10.9	13.0	0	13.0	0.0	0.0	13.0
Adj. EBIT	82.0	107.5	216.3	215.1	0.4	94.0	94.4	(38.9)	117.8	173.4	6.4	101.7	108.1	6.3	110.4	224.9
% margin	3.7%	3.6%	5.9%	4.8%	0.0%	7.1%	3.7%	(3.2%)	7.1%	3.2%	0.5%	6.4%	3.6%	0.4%	5.6%	3.5%
Adj. EBITDA	107.8	141.7	264.5	273.8	18.3	113.6	131.9	(16.9)	144.9	259.9	49.2	153.1	202.3	52.7	164.7	419.7
% margin	4.9%	4.8%	7.3%	6.1%	1.5%	8.5%	5.2%	(1.4%)	8.7%	4.8%	3.6%	9.6%	6.8%	3.5%	8.3%	6.5%

Segments¹²

Segment Performance

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Quarter Q1/18	Quarter Q2/18	Half-Year H1/18	Quarter Q3/18	Quarter Q4/18	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Quarter Q3/19	Quarter Q4/19	Year FY/19
Revenue (in €m)	2,214.0	2,958.2	3,639.0	4,489.0	1,196.0	1,330.0	2,526.0	1,200.2	1,661.6	5,387.9	1,378.2	1,597.3	2,975.5	1,521.1	1,985.9	6,482.5
Fashion Store	-	-	-	4,150.5	1,093.9	1,233.4	2,327.3	1,101.3	1,539.1	4,967.7	1,268.5	1,478.1	2,746.6	1,397.8	1,820.5	5,964.9
thereof DACH	-	1,580.1	1,813.8	2,150.0	552.0	625.8	1,177.8	542.4	763.5	2,483.7	621.7	732.0	1,353.7	666.7	876.9	2,897.2
thereof Rest of Europe	-	1,211.6	1,570.2	2,000.4	541.9	607.6	1,149.5	558.9	775.6	2,484.0	646.8	746.1	1,392.9	731.1	943.6	3,067.7
Offprice	-	-	-	345.3	120.4	114.6	235.0	112.8	149.7	497.5	136.8	155.7	292.5	160.4	206.6	659.4
Other	-	166.5	255.1	345.3	99.8	100.8	200.6	111.4	132.8	444.8	102.6	45.2	147.8	42.2	62.2	252.3
Reconciliation	-	-	-	(352.0)	(118.1)	(118.7)	(236.8)	(125.1)	(160.0)	(522.0)	(129.7)	(81.7)	(211.4)	(79.4)	(103.3)	(394.1)
Adjusted EBIT (in €m)	82.0	107.5	216.3	215.1	0.4	94.0	94.4	(38.9)	117.8	173.4	6.4	101.7	108.1	6.3	110.4	224.9
Fashion Store	-	-	-	213.7	(0.2)	92.2	92.1	(40.9)	110.9	162.0	8.4	103.6	112.0	9.5	98.4	219.8
thereof DACH	-	101.9	226.3	193.5	16.6	60.0	76.7	(7.8)	71.1	139.9	26.3	67.5	93.8	40.1	85.5	219.5
thereof Rest of Europe	-	(3.3)	(3.3)	20.3	(16.8)	32.2	15.4	(33.1)	39.7	22.0	(18.0)	36.1	18.2	(30.7)	12.9	0.4
Offprice	-	-	-	27.6	8.5	7.5	16.0	8.1	11.1	35.2	3.8	6.9	10.7	3.2	13.7	27.7
Other	-	8.9	(6.7)	(26.3)	(8.3)	(7.5)	(15.8)	(4.7)	(4.0)	(24.4)	(6.2)	(8.9)	(15.1)	(6.4)	(1.7)	(23.3)
Reconciliation	-	-	-	(0.0)	0.4	1.7	2.1	(1.3)	(0.1)	0.7	0.4	0.1	0.5	0.1	0.0	0.6
Adjusted EBIT margin (in %)	3.7%	3.6%	5.9%	4.8%	0.0%	7.1%	3.7%	(3.2%)	7.1%	3.2%	0.5%	6.4%	3.6%	0.4%	5.6%	3.5%
Fashion Store	-	-	-	5.2%	(0.0%)	7.5%	3.6%	(3.7%)	7.2%	3.3%	0.7%	7.0%	4.1%	0.7%	5.4%	3.7%
Fashion Store – DACH	-	6.4%	12.5%	9.0%	3.0%	9.6%	3.0%	(1.4%)	9.3%	5.6%	4.2%	9.2%	6.9%	6.0%	9.8%	7.6%
Fashion Store – Rest of Europe	-	(0.3%)	(0.2%)	1.0%	(3.1%)	5.3%	0.6%	(5.9%)	5.1%	0.9%	(2.8%)	4.8%	1.3%	(4.2%)	1.4%	0.0%
Offprice	-	-	-	8.0%	7.1%	6.5%	0.6%	7.2%	7.4%	7.1%	2.8%	4.4%	3.7%	2.0%	6.6%	4.2%
Other	-	-	5.3%	(7.6%)	(8.3%)	(7.4%)	(0.6%)	(4.2%)	(3.0%)	(5.5%)	(6.0%)	(19.7%)	(10.2%)	(15.3%)	(2.7%)	(9.2%)
Reconciliation	-	-	-	(0.4%)	3.2%	3.8%	0.1%	3.2%	3.3%	3.4%	(0.3%)	(0.2%)	(0.2%)	(0.1%)	0.0%	(0.2%)

(1) New segment structure from Jan 1, 2018 onwards. Offprice reported separately from Q2/18 onwards. FY/14 to FY/16 not restated.

(2) Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects

Zalando Group Adj. cost lines

Zalando Group Adj. Cost Lines (excl. SBC, restructuring costs and non-operating one-time effects)

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Quarter Q1/18	Quarter Q2/18	Half-Year H1/18	Quarter Q3/18	Quarter Q4/18	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Quarter Q3/19	Quarter Q4/19	Year FY/19
Revenue (in €m)	2,214.0	2,958.2	3,639.0	4,489.0	1,196.0	1,330.0	2,526.0	1,200.2	1,661.6	5,387.9	1,378.2	1,597.3	2,975.5	1,521.1	1,985.9	6,482.5
Cost of Sales (in €m)	(1,250.9)	(1,619.6)	(2,024.6)	(2,522.7)	(721.3)	(720.7)	(1,442.1)	(725.5)	(935.8)	(3,103.4)	(817.7)	(866.3)	(1,683.9)	(895.5)	(1,131.4)	(3,710.9)
Cost of Sales (in % of revenue)	(56.5%)	(54.7%)	(55.6%)	(56.2%)	(60.3%)	(54.2%)	(57.1%)	(60.4%)	(56.3%)	(57.6%)	(59.3%)	(54.2%)	(56.6%)	(58.9%)	(57.0%)	(57.2%)
Gross Profit (in €m)	963.1	1,338.6	1,614.4	1,966.3	474.7	609.3	1,084.0	474.8	725.8	2,284.5	560.6	731.0	1,291.6	625.5	854.5	2,771.6
Gross Profit (in % of revenue)	43.5%	45.3%	44.4%	43.8%	39.7%	45.8%	42.9%	39.6%	43.7%	42.4%	39.9%	45.8%	43.0%	41.1%	43.0%	42.8%
Fulfillment Cost Ratio (in €m)	(492.7)	(762.5)	(842.8)	(1,161.4)	(336.5)	(374.8)	(711.3)	(360.3)	(421.9)	(1,493.5)	(394.3)	(435.4)	(829.7)	(435.5)	(501.4)	(1,766.6)
Fulfillment Cost Ratio (in % of revenue)	(22.3%)	(25.8%)	(23.2%)	(25.9%)	(28.1%)	(28.2%)	(28.2%)	(30.0%)	(25.4%)	(27.7%)	(28.6%)	(27.3%)	(27.9%)	(28.6%)	(25.2%)	(27.3%)
Marketing Cost Ratio (in €m)	(291.5)	(347.4)	(371.0)	(355.7)	(82.2)	(85.2)	(167.4)	(95.8)	(122.7)	(385.8)	(96.2)	(130.0)	(226.2)	(122.4)	(171.3)	(519.8)
Marketing Cost Ratio (in % of revenue)	(13.2%)	(11.7%)	(10.2%)	(7.9%)	(6.9%)	(6.4%)	(6.6%)	(8.0%)	(7.4%)	(7.2%)	(7.0%)	(8.1%)	(7.6%)	(8.0%)	(8.6%)	(8.0%)
Selling and Distribution Costs (in €m)	(784.2)	(1,109.9)	(1,213.7)	(1,517.0)	(418.7)	(460.0)	(878.7)	(456.1)	(544.6)	(1,879.3)	(490.5)	(565.4)	(1,055.9)	(557.9)	(672.7)	(2,286.4)
Selling and Distribution Costs (in % of rev)	(35.4%)	(37.5%)	(33.4%)	(33.8%)	(35.0%)	(34.6%)	(34.8%)	(38.0%)	(32.8%)	(34.9%)	(35.6%)	(35.4%)	(35.5%)	(36.7%)	(33.9%)	(35.3%)
Administrative Expenses & Other (in €m)	(96.9)	(121.2)	(184.3)	(234.2)	(55.6)	(55.3)	(110.9)	(57.5)	(63.4)	(231.8)	(63.7)	(63.9)	(127.6)	(61.4)	(71.4)	(260.3)
Administrative Expenses & Other (in % of rev)	4.4%	4.1%	5.1%	5.3%	4.7%	4.2%	(4.4%)	4.8%	3.7%	4.4%	(4.6%)	(4.0%)	(4.3%)	(4.0%)	(3.6%)	(4.0%)
Adj. EBIT (in €m)	82.0	107.5	216.3	215.1	0.4	94.0	94.4	(38.9)	117.8	173.4	6.4	101.7	108.1	6.3	110.4	224.9
Adj. EBIT (in % of revenue)	3.7%	3.6%	5.9%	4.8%	0.0%	7.1%	3.7%	(3.2%)	7.1%	3.2%	0.5%	6.4%	3.6%	0.4%	5.6%	3.5%
SBC per Income Statement Line Item (in €m)																
Cost of Sales	4.4	4.5	5.0	6.9	0.6	0.9	1.6	1.0	1.0	3.6	0.8	0.7	1.5	0.9	0.7	3.1
Selling and Distribution Costs	9.6	9.0	9.9	13.7	1.3	2.4	3.7	3.6	2.9	10.1	2.0	1.8	3.8	2.3	2.3	8.4
Administrative Expenses	5.8	4.5	5.0	6.9	2.7	3.4	6.1	12.2	11.2	29.5	8.9	7.3	16.2	10.0	8.3	34.5
Share Based Compensation	19.8	17.9	19.9	27.5	4.7	6.7	11.4	16.8	15.1	43.3	11.8	9.7	21.5	13.2	11.3	46.0
Restructuring costs / non-operating one-time effects	0.0	0.0	(10.6)	0.0	10.9	0.0	10.9	0.0	0.0	10.9	13.1	0.0	13.1	0.0	0.0	0.0
Total adjustments	19.8	17.9	9.3	27.5	15.6	6.7	22.3	16.8	15.1	54.2	24.8	9.7	34.6	13.2	11.3	59.1

Balance Sheet¹

Zalando Group Balance Sheet (in €m)

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Quarter Q1/18	Quarter Q2/18	Quarter Q3/18	Year FY/18	Quarter Q1/19	Quarter Q2/19	Quarter Q3/19	Year FY/19
Total Non-Current Assets	194.0	253.1	392.6	569.6	588.9	641.5	679.7	760.2	1,266.9	1,289.6	1,378.7	1,455.1
Thereof: Property, Plant and Equipment	111.0	128.2	243.0	350.5	377.0	427.6	462.9	546.4	562.0	599.3	638.2	708.4
Lease Assets									490.6	477.5	521.0	525.6
Other Financial Assets	49.4	25.0	44.1	31.8	20.1	21.8	21.3	18.7	18.4	15.4	16.6	11.7
Non-Financial Assets	3.7	3.5	3.0	3.5	3.3	3.2	3.8	3.8	3.6	13.0	12.4	7.3
Other Non-Current Assets	29.9	96.3	102.5	183.8	188.5	188.8	191.7	191.4	192.3	184.4	190.5	202.0
Total Current Assets	1,591.6	1,863.5	2,145.6	2,410.7	2,435.3	2,276.1	2,492.3	2,473.5	2,491.6	2,497.5	2,837.4	2,878.0
Thereof: Inventories	348.4	493.5	576.9	778.9	891.0	813.3	1,025.3	819.5	985.4	862.9	1,267.4	1,098.3
Trade and Other Receivables	140.1	149.7	216.0	278.7	294.8	310.8	323.8	395.1	376.6	401.8	387.2	462.3
Other Assets	52.1	244.0	380.0	287.6	321.1	277.2	266.2	263.9	259.8	278.4	315.7	340.9
Cash and Cash Equivalents	1,051.0	976.2	972.6	1,065.5	928.5	874.7	877.0	995.0	869.8	954.4	867.0	976.5
Total Assets	1,785.5	2,116.5	2,538.2	2,980.3	3,024.2	2,917.6	3,172.0	3,233.7	3,758.5	3,787.2	4,216.0	4,333.1
Total Equity	1,126.7	1,271.4	1,407.5	1,538.9	1,499.5	1,489.9	1,486.9	1,549.1	1,508.4	1,570.3	1,589.1	1,683.8
Thereof: Issued Capital	244.8	247.0	247.2	247.2	247.0	246.0	248.0	247.9	246.8	247.5	248.6	248.7
Capital Reserves	1,120.4	1,140.9	1,161.0	1,182.4	1,157.4	1,101.0	1,148.0	1,155.6	1,136.2	1,155.3	1,187.8	1,200.5
Retained earnings	0.9	1.4	(2.4)	8.7	10.4	7.2	(3.7)	(4.9)	(7.6)	(11.0)	(13.0)	(15.6)
Accumulated Loss	(239.4)	(118.0)	1.6	100.7	84.8	135.8	94.7	150.7	133.1	178.6	165.9	250.4
Minority Interests				(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Total Non-Current Liabilities	30.9	31.3	32.5	71.9	64.3	69.2	65.4	70.9	504.6	498.6	540.7	542.6
Thereof: Non-current Lease Liabilities	17.6	14.4	11.2	8.4	7.7	7.0	6.3	5.6	442.0	433.0	474.2	481.4
Financial Liabilities									4.8	4.1	3.4	2.7
Other Non-Current Liabilities	7.5	7.8	8.8	47.8	40.8	46.2	43.1	31.3	57.8	61.5	63.1	58.5
Total Current Liabilities	627.9	813.8	1,098.2	1,369.5	1,460.5	1,358.5	1,619.7	1,613.7	1,745.5	1,718.3	2,086.2	2,106.7
Thereof: Trade Payables and Similar Obligations	492.1	645.8	920.5	1,120.0	1,220.6	1,108.0	1,356.5	1,298.9	1,374.4	1,343.4	1,724.4	1,708.3
Other Current Liabilities	132.1	164.8	172.7	246.4	236.4	247.1	259.9	311.9	371.1	374.9	361.8	398.4
Total Equity & Liabilities	1,785.5	2,116.5	2,538.2	2,980.3	3,024.3	2,917.6	3,172.0	3,233.7	3,758.5	3,787.2	4,216.0	4,333.1
Net Working Capital	(3.6)	(2.6)	(127.6)	(62.4)	(34.8)	16.1	(7.4)	(84.3)	(12.4)	(78.6)	(69.7)	(147.7)

Cash Flow Statement

Zalando Group Cash Flow Statement (in €m)

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Quarter Q1/18	Quarter Q2/18	Quarter Q3/18	Quarter Q4/18	Year FY/18	Quarter Q1/19	Quarter Q2/19	Quarter Q3/19	Quarter Q4/19	Year FY/19
Net Income	47.2	121.5	120.5	101.6	(15.1)	51.8	(41.7)	56.1	51.2	(17.6)	45.5	(13.6)	85.4	99.7
Non-Cash Expenses from Share-Based Payment	19.8	17.9	19.9	27.5	4.7	6.7	16.8	15.1	43.3	11.8	9.7	13.2	11.3	46.0
Cash Settlement of Claims from Share-Based Pa	0.0	(2.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation & Amortization	25.8	34.2	48.2	58.7	17.9	19.6	21.9	27.0	86.5	42.8	51.3	46.3	54.3	194.8
Income Taxes	10.5	(34.9)	72.5	73.6	(3.5)	34.9	(15.6)	38.7	54.4	(3.6)	40.8	(5.0)	13.0	45.2
Income Taxes Paid, Less Refunds	0.0	(0.0)	(33.8)	(49.4)	(10.4)	(10.3)	(10.9)	(10.5)	(42.2)	(13.3)	(40.5)	(20.7)	(22.0)	(96.5)
Change in Provisions	1.0	(0.5)	0.1	(1.5)	0.1	(0.0)	(0.0)	0.2	0.3	0.2	0.2	0.7	5.0	6.1
Other Non-Cash Income	(0.2)	(1.0)	1.2	6.5	1.0	(0.4)	0.1	3.6	4.2	0.3	6.2	(1.3)	(0.2)	5.0
Change in Inventories and Receivables	(68.7)	(154.2)	(147.4)	(251.0)	(128.2)	61.7	(225.0)	134.5	(157.0)	(147.4)	97.2	(389.9)	94.1	(346.0)
Change in Trade Liabilities	94.9	154.9	264.3	198.4	92.4	(117.8)	250.1	(44.0)	180.6	75.0	(41.8)	389.0	(18.6)	403.6
Change in Other Assets/Other Liabilities	44.6	(16.2)	(69.7)	29.2	(34.8)	34.6	(21.6)	13.4	(8.5)	(6.7)	(25.4)	(19.5)	20.9	(30.7)
Cash Flow from Operating Activities	174.9	119.4	275.8	193.7	(75.9)	80.7	(25.9)	233.9	212.8	(58.6)	143.2	(0.7)	243.3	327.2
Payments received from the sale of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	57.0	1.9	58.9	22.5	0.0	0.0	0.0	22.5
Payments for Investments in Fixed and Intangible Assets	(51.1)	(60.0)	(181.7)	(243.9)	(41.8)	(67.0)	(60.6)	(109.1)	(278.4)	(42.3)	(55.1)	(88.0)	(121.1)	(306.5)
Payments for Acquisitions	0.0	(16.8)	(30.4)	(34.9)	(4.5)	0.0	(0.8)	(1.8)	(7.1)	0.0	(1.7)	0.0	0.0	(1.7)
Cash Paid for Investments in Term Deposits	0.0	(155.0)	(65.0)	180.0	20.0	0.0	0.0	0.0	20.0	(5.0)	0.0	0.0	0.0	5.0
Change in Restricted Cash	(0.8)	35.3	0.0	10.4	0.0	0.0	(0.4)	0.0	(0.4)	0.4	0.0	0.0	0.0	0.4
Cash Flow from Investing Activities	(51.9)	(196.5)	(277.1)	(88.3)	(26.3)	(67.0)	(4.8)	(108.9)	(207.0)	(24.4)	(56.8)	(88.0)	(121.1)	(290.3)
Free Cash Flow	123.8	42.6	63.7	(85.0)	(122.2)	13.7	(30.3)	125.0	(13.8)	(78.4)	86.4	(88.7)	122.2	41.6
Payments Received from Capital Increases	510.1	6.4	1.1	3.9	0.0	2.9	32.2	3.1	38.2	6.7	9.9	20.4	1.5	38.5
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchase of treasury shares	0.0	(1.7)	0.0	(11.3)	(33.2)	(66.9)	(0.4)	(10.8)	(111.3)	(38.8)	0.0	0.0	0.0	(38.8)
Cash payments for the principle portion of leasing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(10.0)	(12.8)	(15.3)	(16.1)	(54.2)
Cash Repayments of Loans	(3.2)	(3.2)	(3.2)	(3.2)	(0.4)	(0.7)	(0.7)	(1.0)	(2.8)	(0.4)	(0.7)	(1.0)	(0.7)	(2.8)
Cash Flow from Financing Activities	510.8	1.5	(2.9)	(10.6)	(33.6)	(64.7)	31.1	(8.6)	(75.9)	(42.6)	(3.5)	4.1	(15.4)	(57.3)
Change in Cash & Cash Equivalents	633.8	(75.6)	(4.1)	94.8	(135.9)	(51.0)	0.4	116.4	(70.1)	(125.5)	82.9	(84.6)	106.8	(20.4)
Effects of Exchange Rate on Cash & Cash Equivalents	0.0	0.9	0.5	(1.9)	(1.2)	(1.9)	1.8	1.6	0.3	0.4	1.6	(2.8)	2.7	1.9

Management Compensation Scheme¹

Non-Performance-Based Remuneration	Performance-Based Remuneration (Long-Term Incentives)
<p data-bbox="359 401 718 437">Fixed Remuneration</p> <ul style="list-style-type: none"> Gross annual fixed based salary amounts to €65k per member of the Management Board 	<p data-bbox="1161 401 1619 437">Long Term Incentive 2018</p> <ul style="list-style-type: none"> Each member of the Management Board receives 1,750,000 options for the five-year contract under the LTI 2018 Each option relates to one share in the company and has an exercise price of €47.44 Performance criterion:² Exercisable options (in% of total # of vested options) <ul style="list-style-type: none"> CAGR² ≥ 15.0% → 100% >15.0% but ≥ 14.5% → 90% <14.5% but ≥ 14.0% → 80% etc. <10.0% → 0%

(1) The new management compensation system became effective as of December 1, 2018, only applicable for the three Co-CEOs

(2) The Performance Criterion relates to the compound average growth rate (CAGR) of the Company's business during the relevant performance period. As relevant parameter for the growth of the Company's business the Company's consolidated revenues are used. However, should the share from the Company's so-called Partner Program increase to a 14% share in consolidated revenues, adjusted for the "grossed up Partner Program merchandise volume, then these adjusted consolidated revenues shall be used as the relevant parameter for the growth of the Company's business for the full relevant performance period.



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Business segments

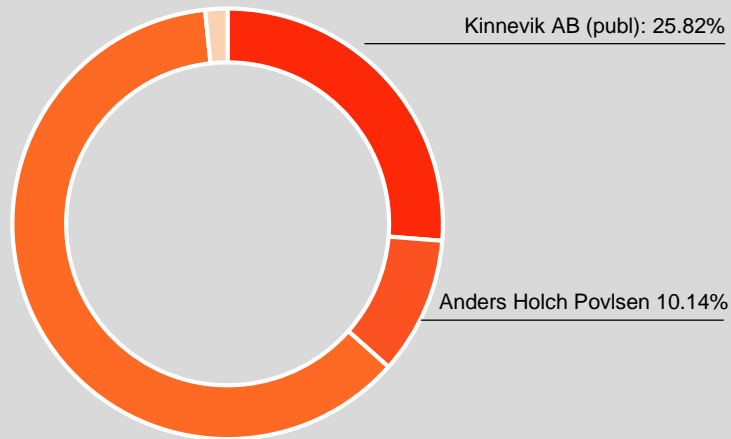
Financials

Share & contact

The Zalando Share

Shareholder structure¹²

Treasury shares. 1.65%



Other shareholders (free float) 62.38%

Share information¹

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, STOXX600, FTSE4Goods
First day of trading	October 1, 2014
Issue price	EUR 21.50
Total Number of Shares Outstanding	252,848,768
Issued Share capital	EUR 252,848,768
ISIN	DE000ZAL1111
WKN	ZAL111
Ticker Symbol	ZAL
Common Code	111189528
Thomson Reuters	ZALG.F
Bloomberg	ZAL.GR

Zalando Analyst Coverage¹



ROCCO STRAUSS



VOLKER BOSSE



CHRISTOPH BAST



DAVID HOLMES



ANDREW ROSS



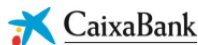
MICHELLE WILSON



ANEESHA SHERMAN



CLEMENT GENELOT



JOSÉ RITO



ADAM COCHRANE



ANDREAS RIEMANN



SIMON IRWIN



JAINA MISTRY



THOMAS MAUL



KONRAD GRYGÓ



TUSHAR JAIN



ADELA DASHIAN



CHRISTIAN SALIS



GEORGINA JOHANAN



JÜRGEN KOLB



WAYNE BROWN



TOBIAS SITTIG



GEOFF RUDDELL



DANIEL OVIN



MARK JOSEFSON



RALF MARINONI



SHERRI MALEK



EMILY COOLEDGE



REBECCA MCCLELLAN



ANNE CRITCHLOW



OLIVIA TOWNSEND



M.M. WARBURG & CO
BANK

JÖRG PHILIPP FREY



IKE BORUCHOW

Zalando Investor Relations Team



Patrick Kofler
Head of IR

Patrick.Kofler@zalando.de



Dorothee Schultz
Junior Manager IR

Dorothee.Schultz@zalando.de



Nils Pöppinghaus
Manager IR

Nils.Poeppinghaus@zalando.de



Jan Edelmann
Manager IR

Jan.Edelmann@zalando.de



Team Contact

T: +49 3020 9681 584
Zalando Tamara-Danz-Straße 1
10243 Berlin

investor.relations@zalando.de
<https://corporate.zalando.com/en>

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.

