



# Zalando

## The starting point for fashion.

**Investor Factbook, September 2020**



# Welcome To Zalando

Zalando keeps the pace high. Only 12 years after founding the company in 2008, we today have around 32m 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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Zalando at a glance

Group strategy

### 1. Business segments

### 2. Financials

### 3. Share, convertible bond & contact

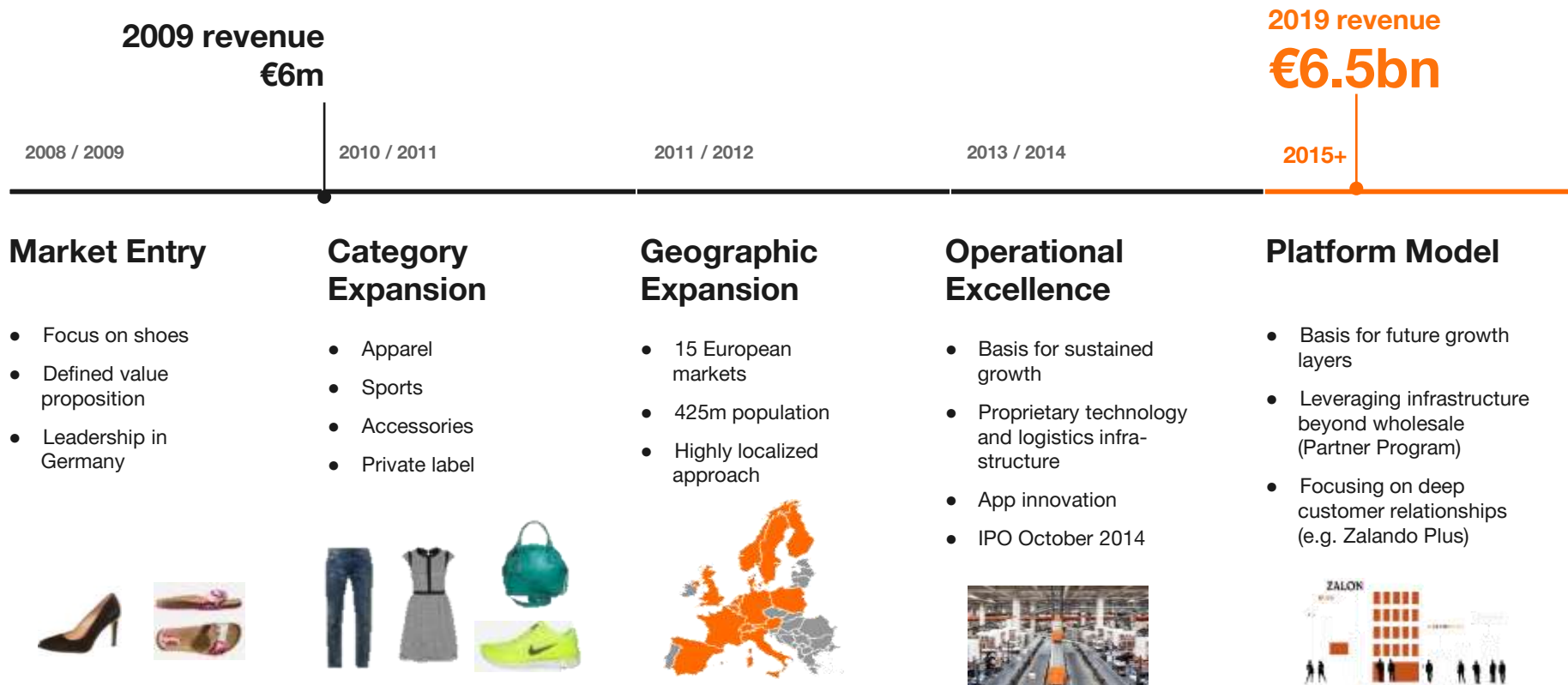
# Investment Highlights — The Starting Point for Fashion

- 01** Our vision is to become the **starting point for fashion**, the destination that consumers gravitate to for all their fashion needs.
- 02** 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.
- 03** The most important building block on that journey is to transition our business towards a **true platform business**.
- 04** At scale our strategy will result in an **attractive financial profile**, characterized by double-digit margin profile and strong cash generation.
- 05** 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**'

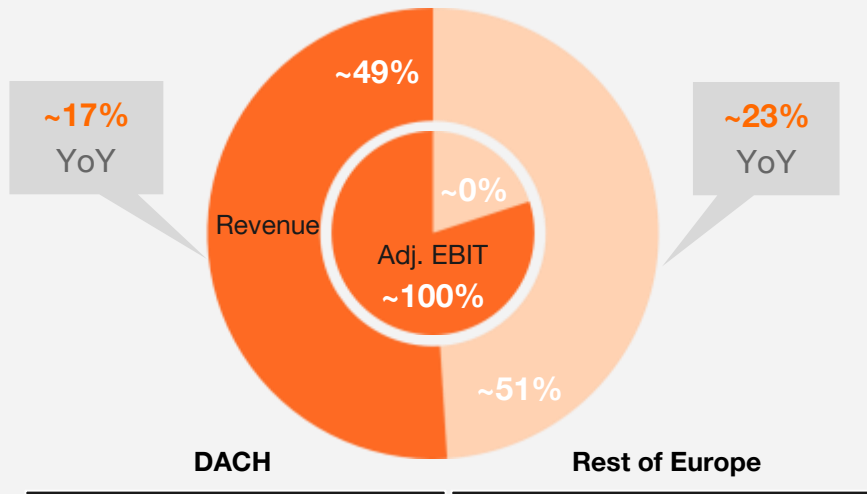
## Logistics & Tech Capabilities



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

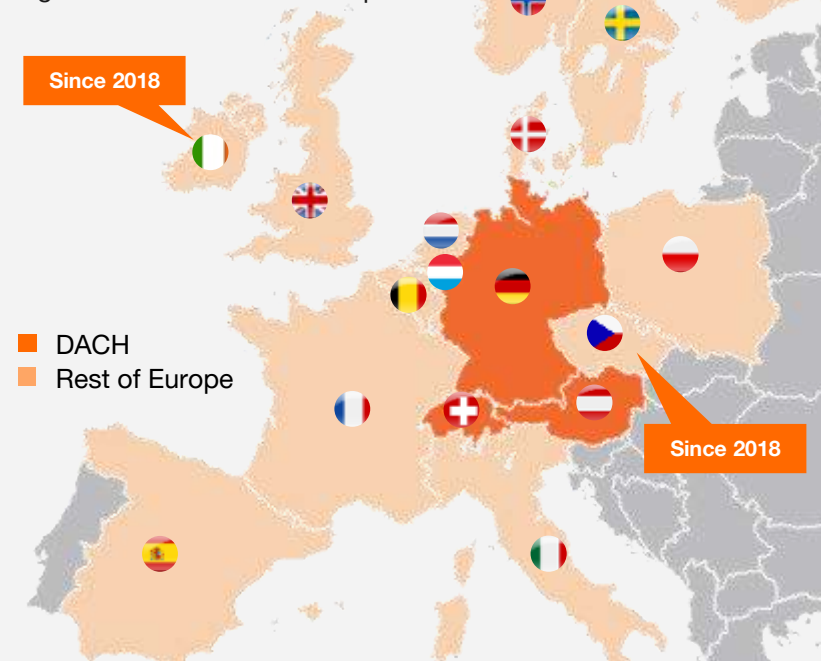
# We Are Present in 17 European Markets...

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

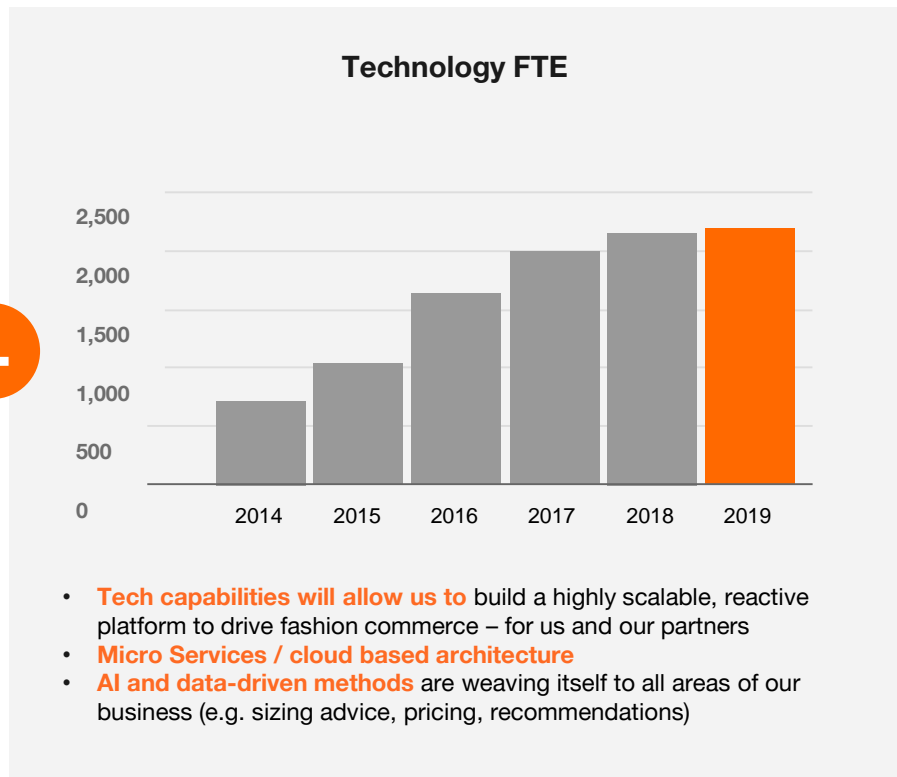
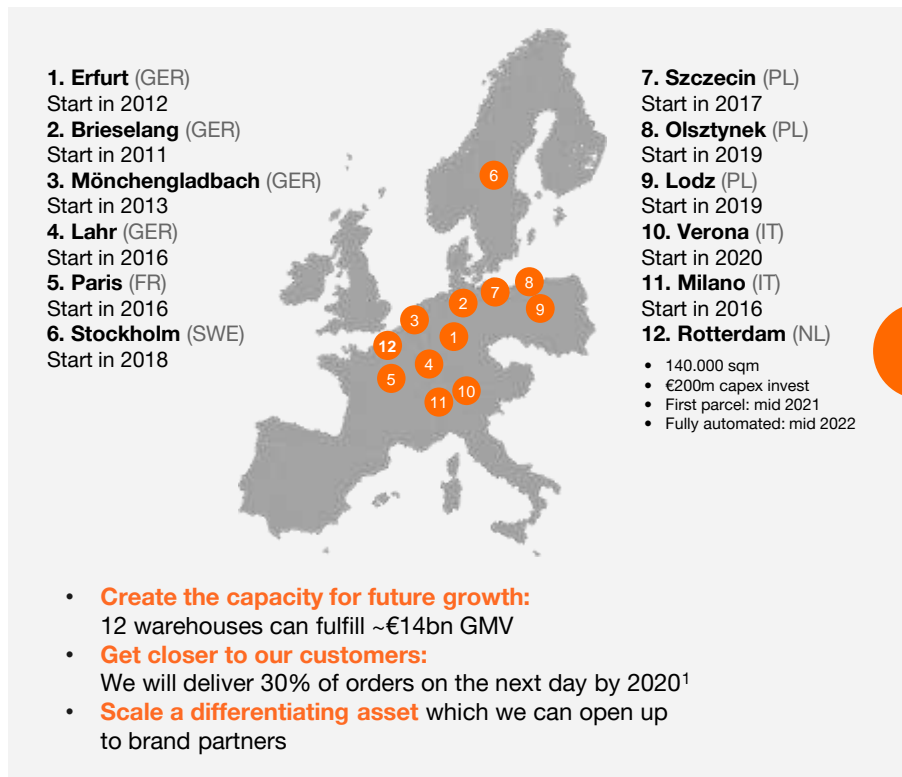


- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Most mature Zalando markets</li> <li>• Similar consumer behavior (e.g. higher gross baskets, high return rates, high invoice share)</li> <li>• Proximity to warehouse footprint</li> </ul> | <ul style="list-style-type: none"> <li>• Some less developed online markets</li> <li>• Diverse set of consumer behavior (e.g. return rates, payment methods, discount affinity, ...)</li> </ul> |
|---|---|

Geographical breakdown into the regions DACH & Rest of Europe



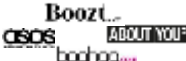































## ...With Our Success Build On Best-in-class E-commerce Logistics Infrastructure and Technology Talent





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

	 <b>zalando</b>	<b>GENERAL E-COMMERCE</b>	<b>FASHION E-COMMERCE</b>	<b>VERTICAL FASHION PLAYERS</b>	<b>BRAND OWN E-COMMERCE</b>	<b>SOCIAL MEDIA</b>
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



**Jennifer Hyman<sup>1</sup>**



**Anders Hoch  
Povlsen<sup>1</sup>**



**Anika  
Mangelmann<sup>2</sup>**



**Jorgen Madsen  
Lindemann<sup>1</sup>**



**Cristina Stenbeck<sup>1</sup>**



**Matti Ahtiainen<sup>2</sup>**



**Kelly Bennett<sup>1</sup>**



**Mariella Röhm-  
Kottmann<sup>1</sup>**



**Jade Buddenberg<sup>2</sup>**

(1)  
(2)

Current term until the end of Annual General Meeting 2021  
Employee representatives



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**Group strategy**

Sustainability strategy

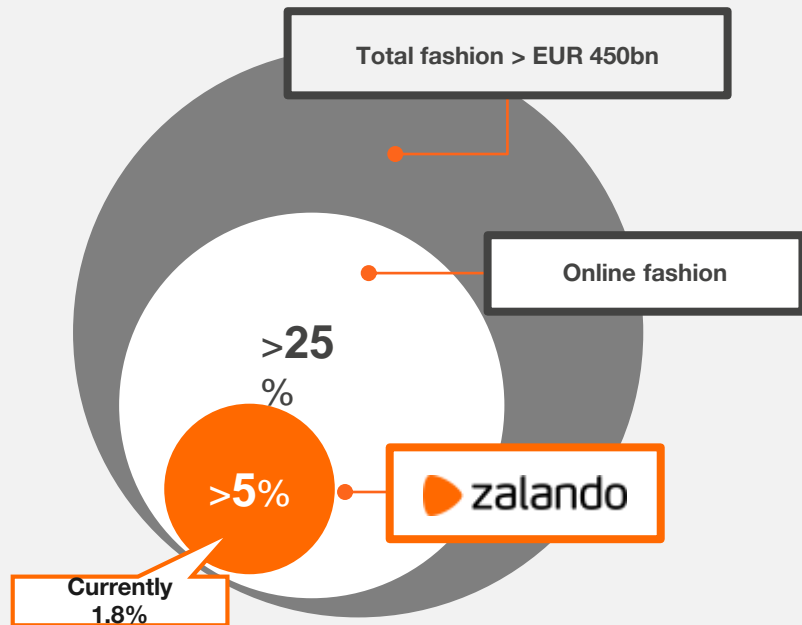
## 2. Business segments

## 3. Financials

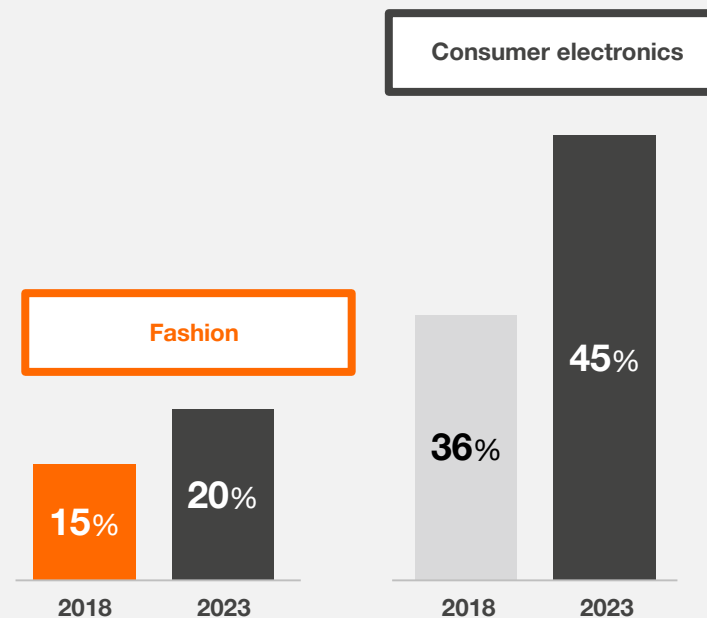
## 4. Share, convertible bond & contact

# 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 years<sup>(1)</sup>...



... with **low online share** compared to other categories



(1) Source: Company estimates and Euromonitor International, February 2019. Values based on actuals and estimates; fixed exchange rates. Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax  
(2) Source: United States online penetration, Statista, last update 2020-02

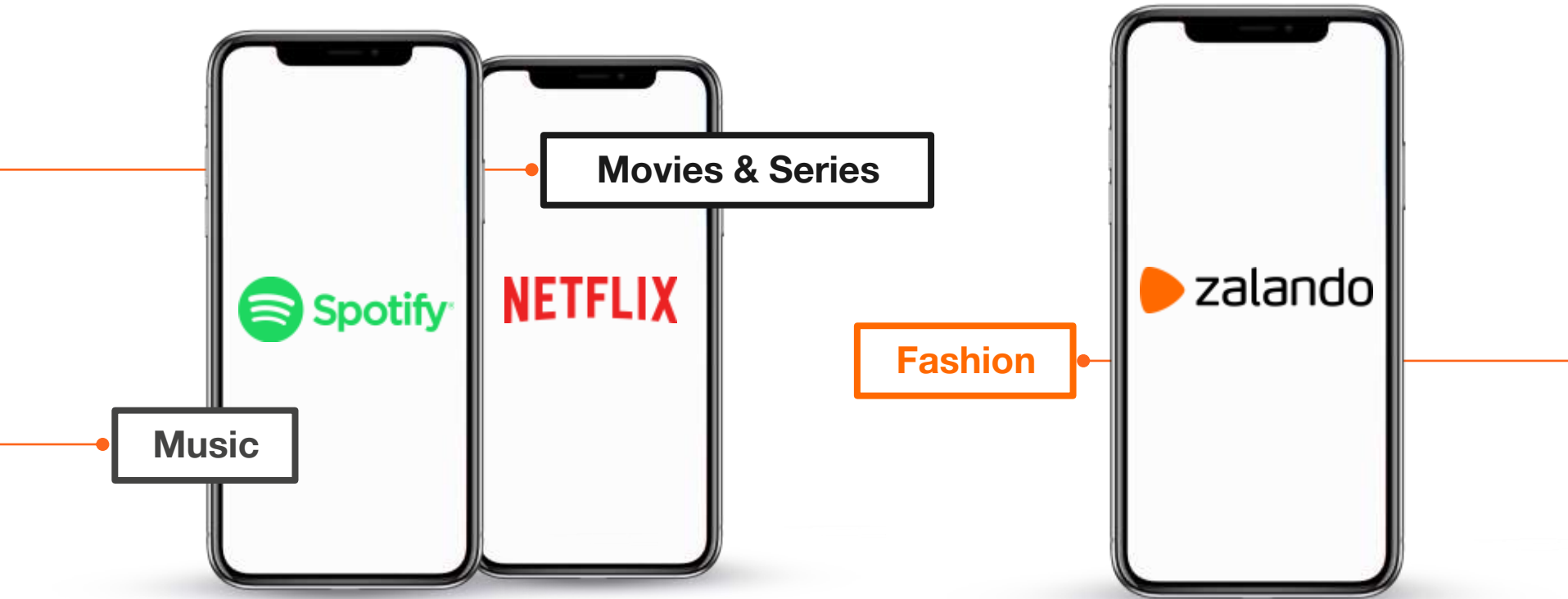


Our Vision:

**Zalando.  
The Starting Point  
for Fashion**



## What Are Successful Starting Points?



## Starting Point – What We Mean By This?

### Indispensable role

Play an indispensable role in the life of our customers

### Be top of mind

Be the place our customers go to whenever he/she thinks about fashion

**Starting  
Point  
for Fashion**

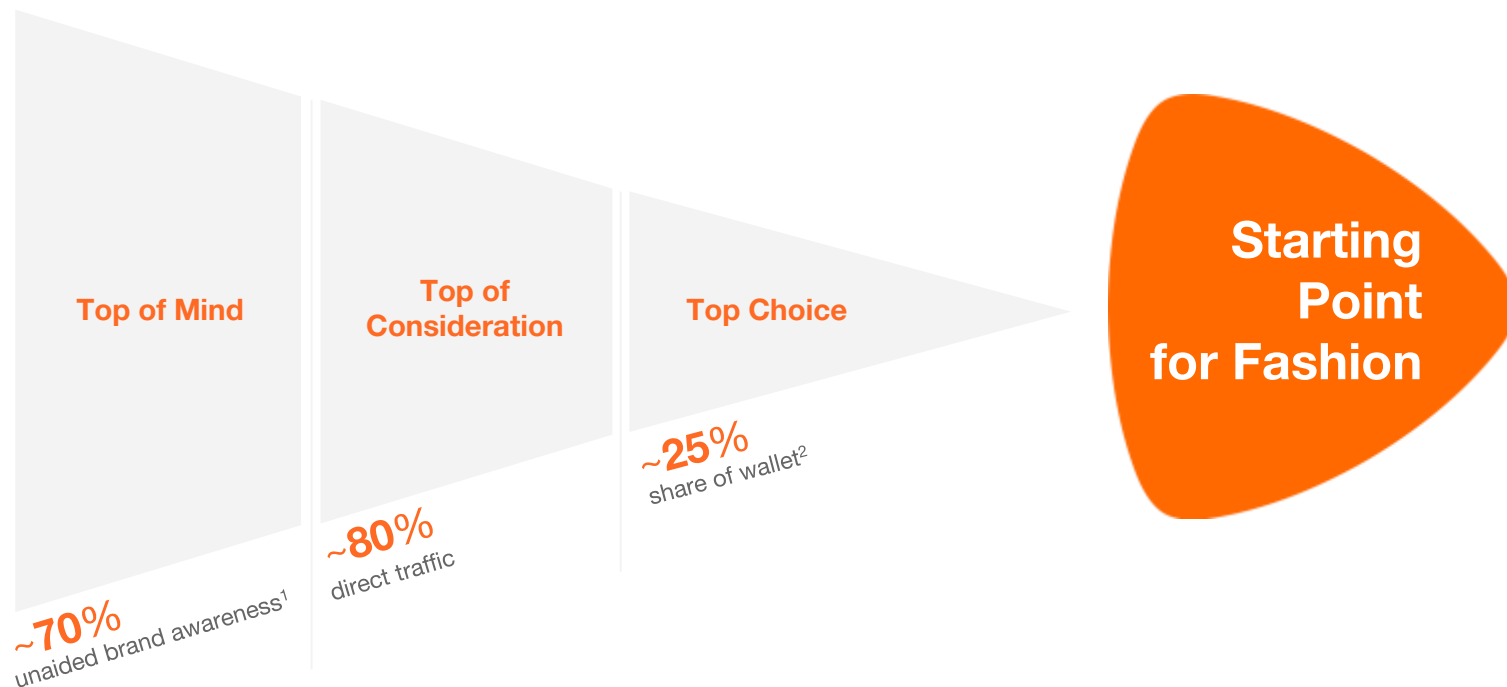
### No reason to deflect

Consumers should not have a reason to deflect

### Convoy her journey

We cover the full customer journey – from start to end

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



(1) Brand Monitor Q4/18; Zalando markets excl. UK, IE and CZ.

(2) GMV per active customer Q4/18 vs. estimated average customer fashion spend of €1,000.

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

## Unaided Brand Awareness

(relative to following competitor<sup>1</sup>)

2.3x

Other



1.4x

Nordics



2.5x

DACH

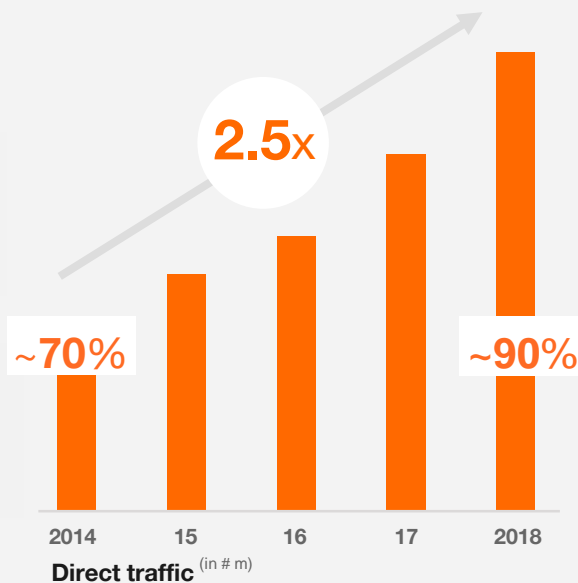


1.8x

Southern Europe



## Site Visits



## Most Visited Fashion Destination in Europe

(average # of monthly unique visitors in Europe 2018<sup>2</sup>)

Zalando

Inditex

H&M

Asos

Adidas

Nike

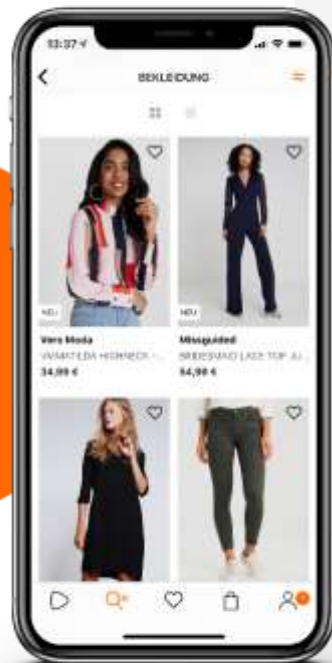
#1  
in Europe

(1) Brand Monitor Q4/18; simple average of relative positions across markets  
(2) Comscore data as of Dec 2018

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

45%

of orders  
contain more  
than one brand

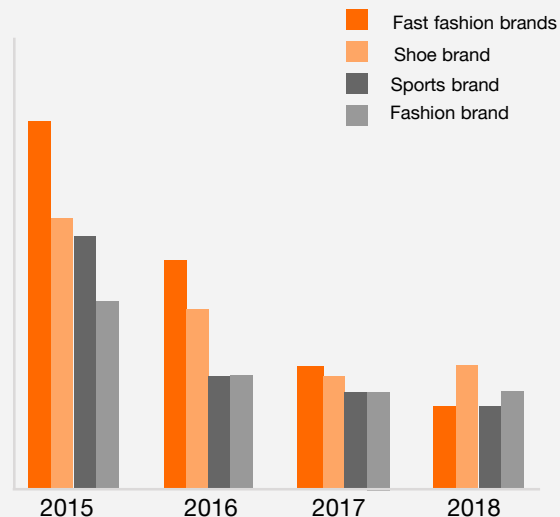


13

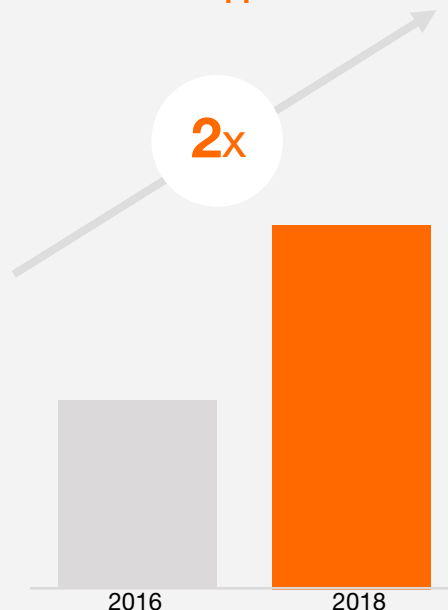
different brands  
bought per year by  
female customers

# 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 Engagement<sup>1</sup>



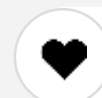
**App users visit more often:**  
8.8x vs 3.5x on desktop



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



**... shop more<sup>2</sup>:**  
+31% GMV



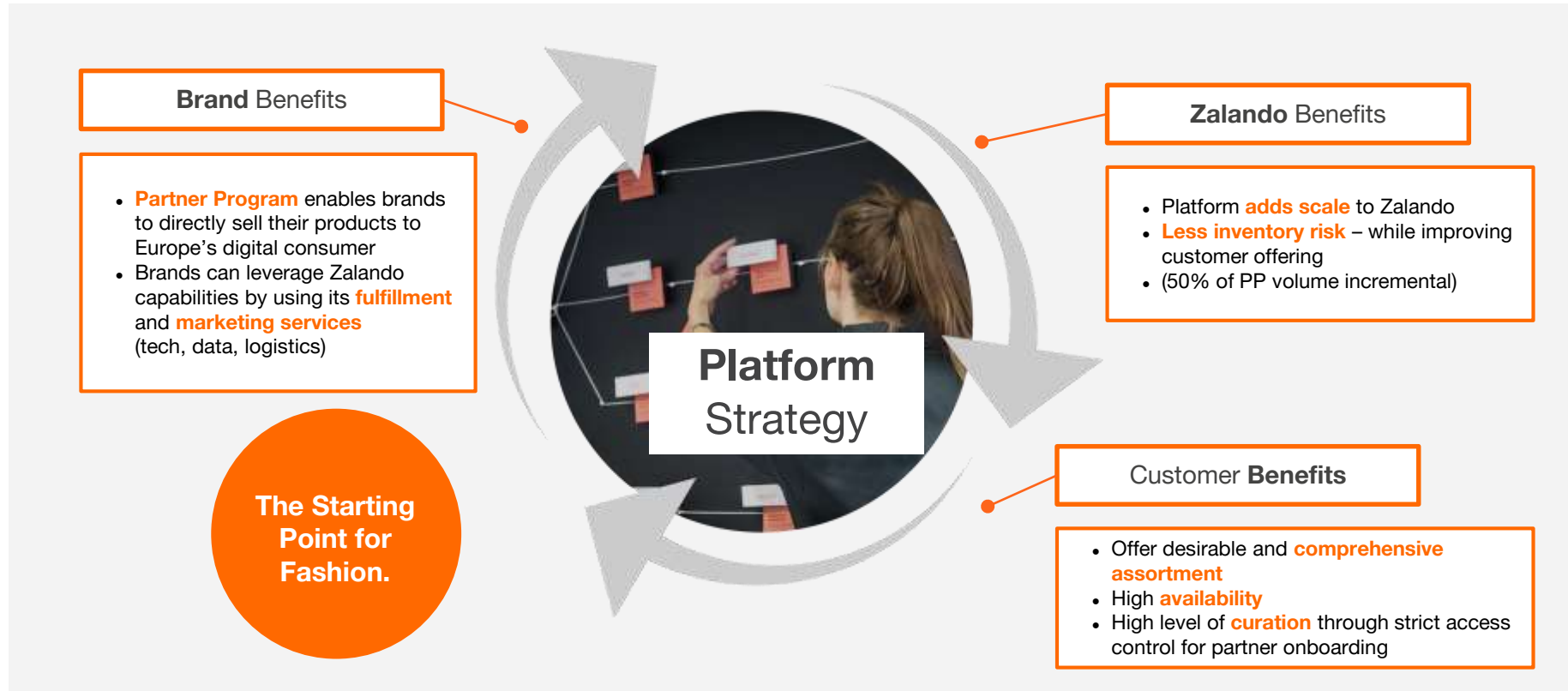
**...and are happier<sup>3</sup>:**  
NPS +8

- (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)

Source: Euromonitor



# 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

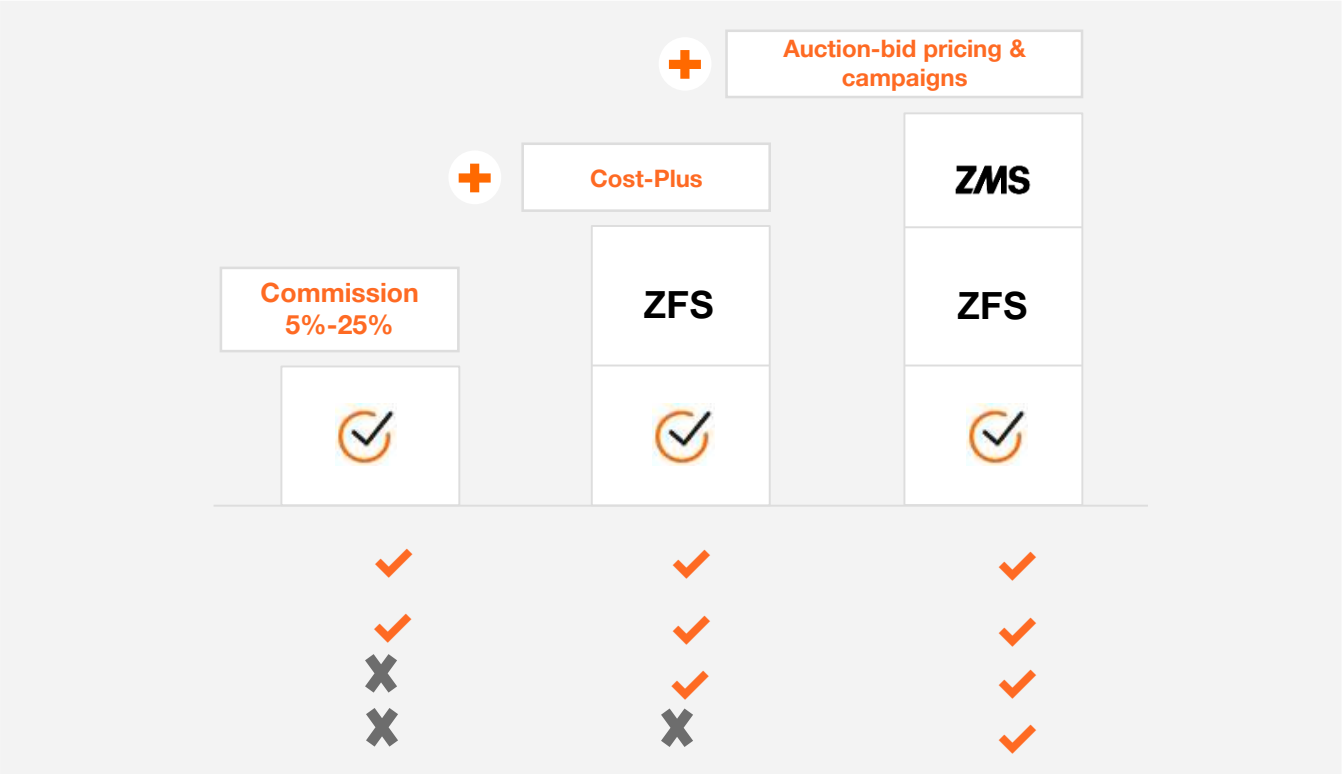
Zalando Marketing Services

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



## Partner Program

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



GMV<sup>1,2</sup>

~88%

~12%

SKUs<sup>2</sup>

~70%

~30%

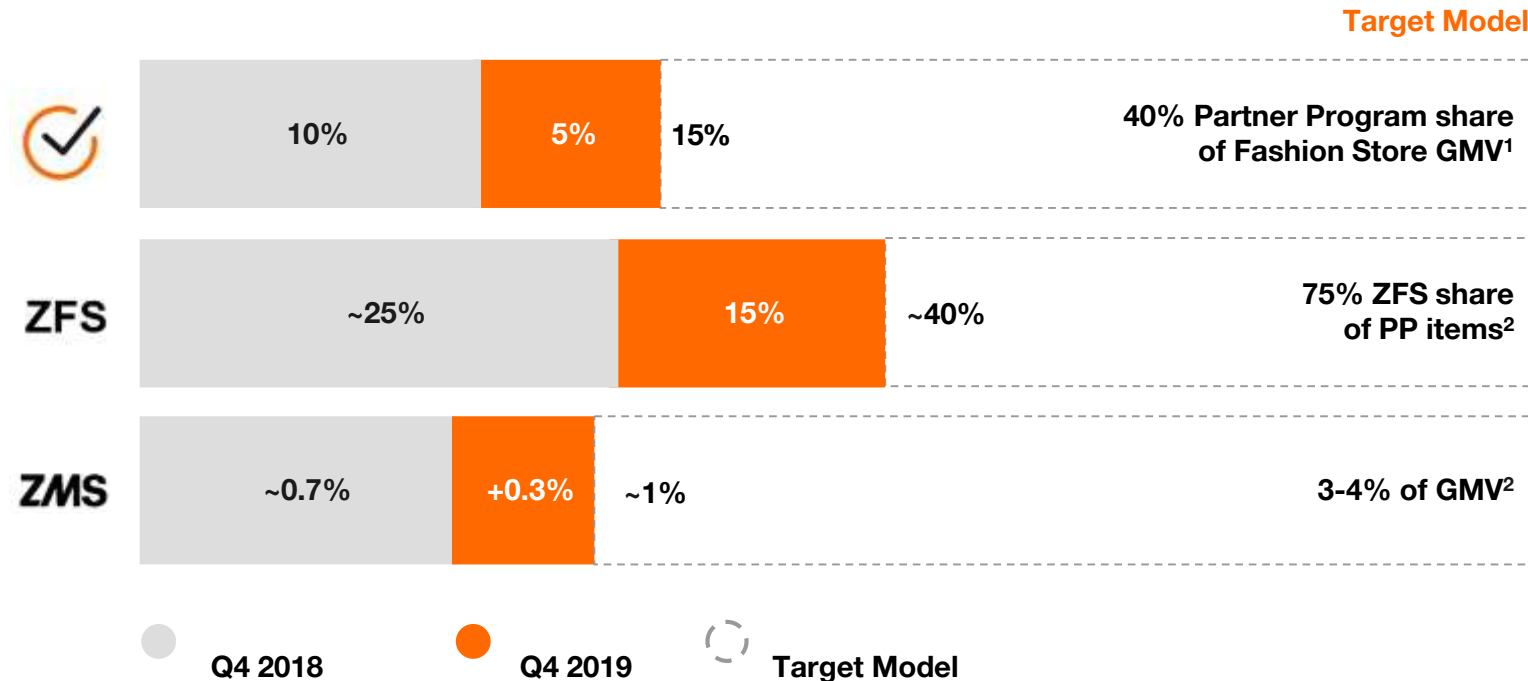
## Additionally

- 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

(1) 5-year CAGR (2018-2023): high end of range, 6-year CAGR (2018-2024): low end of range

(2) As of Q4/2019

# In 2019, We Achieved Important Milestones in Driving the Platform Transition

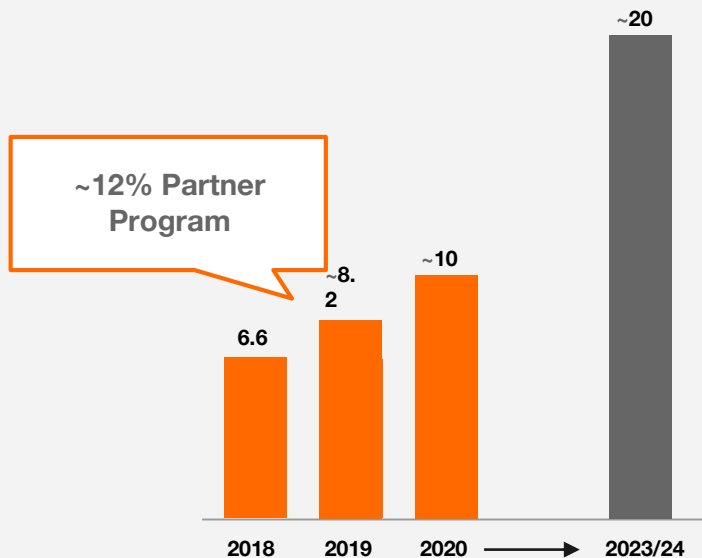


- 1) Partner Program share of 40% refers to our business model mix ambition for 2023/24. In our long-term target model, we aim for a 50% Partner Program share.  
2) Refers to our long-term target model ambition.

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

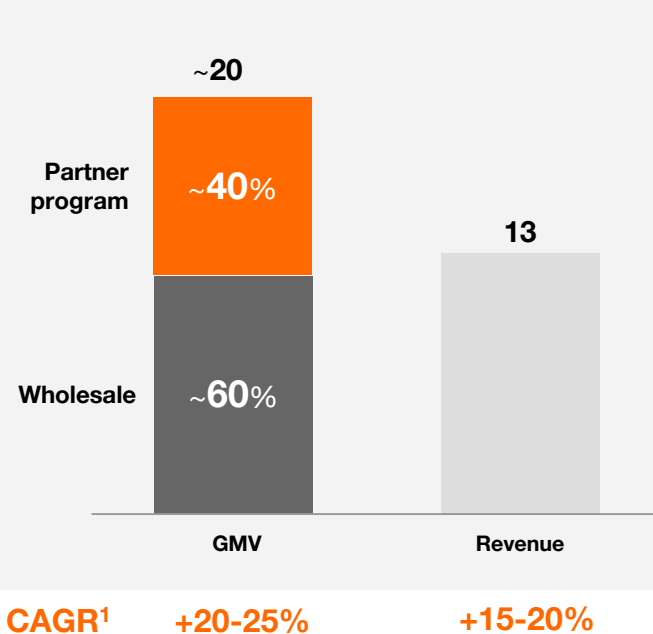
## Growth Ambition 2023/24

In €bn GMV



## Business Model Mix 2023/24

In €bn



(1) 5-year CAGR (2018-2023): high end of range, 6-year CAGR (2018-2024): low end of range

# Platform Model to Drive Higher Long Term Profitability At Scale

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

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

### Key assumptions:

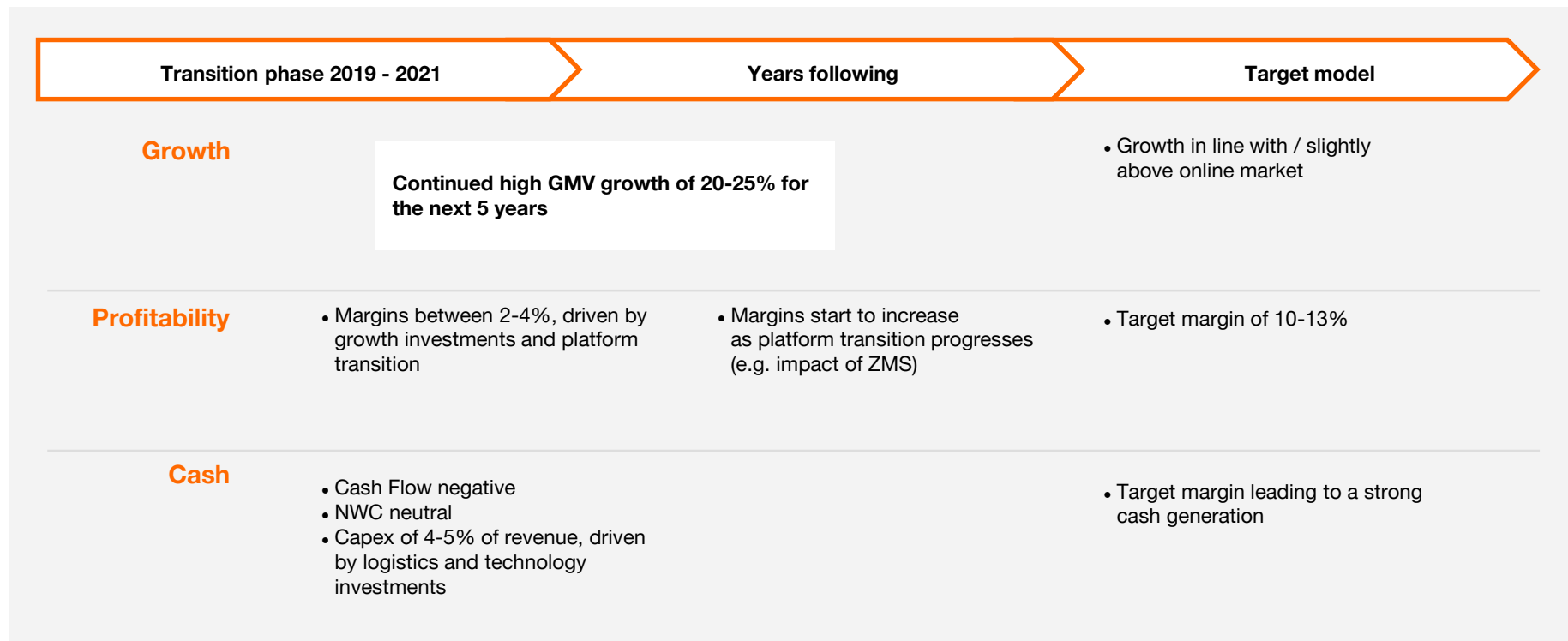
- PP share ~50% of GMV
- ZFS share ~75% of PP items
- ZMS revenue 3-4% of GMV
- Operating leverage and fixed cost degression
- Cash Flow: WC neutral and CapEx slightly above D&A

(1) Wholesale includes Offprice and Private label

(2) Trend vs. 2018 cost lines



# Financial Profile During Transition to Platform Model





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Group strategy







**Sustainability strategy**

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# do.MORE 2023 Strategy: Becoming a sustainable fashion platform with a net-positive impact for people and the planet...

Take a stand			Style with care	Shape our future	
					
<b>Carbon Neutrality</b>	<b>Optimized Packaging</b>	<b>Increased Ethical Standards</b>	<b>More Sustainable Fashion</b>	<b>Apply Principles Of circularity</b>	<b>Upskilling</b>
Of our operations, All deliveries And returns	Minimize waste and Keep materials in use; Eliminate single-use plastics	We will work Only with Partners who Align with them	Generate 20% of GMV by more Sustainable products	And extend the life of at least 50m fashion products	Our employees Receive skilling Chances that match Future work needs

## ... and bringing it to life by setting Science Based Targets



As first platform worldwide, we set **science-based targets** to reduce carbon emissions in line with the **1.5 degrees Celsius Paris Agreement** figure.

### We want to achieve two targets by 2025

#### We commit ...



1

To reduce scope 1 and 2 **greenhouse gas (GHG) emissions by 80 %** by 2025 against a 2017 base year.<sup>1, 2</sup>

To increase annual sourcing of **renewable electricity** from 34 % in 2017 to **100%** by 2025.

2

To reduce scope 3 GHG emissions from **private label products by 40 %** per million euros gross profit by 2025 from a 2018 base year.<sup>3</sup>

That **90 % of our suppliers will have science-based targets** by 2025.<sup>4</sup>

- 1) Scope 1 refers to direct greenhouse gas emissions (GHG) that occur from sources controlled by Zalando (e.g. emissions in our warehouses)
- 2) Scope 2 refers to indirect GHG emissions from consumption of purchased electricity and distant heating
- 3) Scope 3 refers to all other (indirect) value chain GHG emissions
- 4) Emissions covering purchased goods and services sold on its platform, packaging and last-mile-delivery partners

# 1.5



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Fashion Store

Offprice

Other: Emerging Businesses

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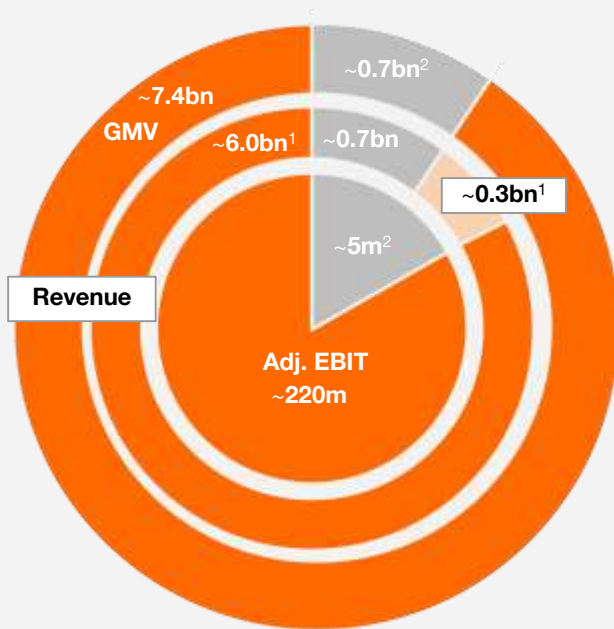


# We Manage Our Business In Three Distinct Segment

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

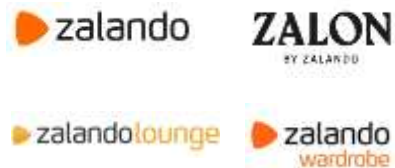


# Our Holistic Fashion Proposition to Customers and Brand Partners

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

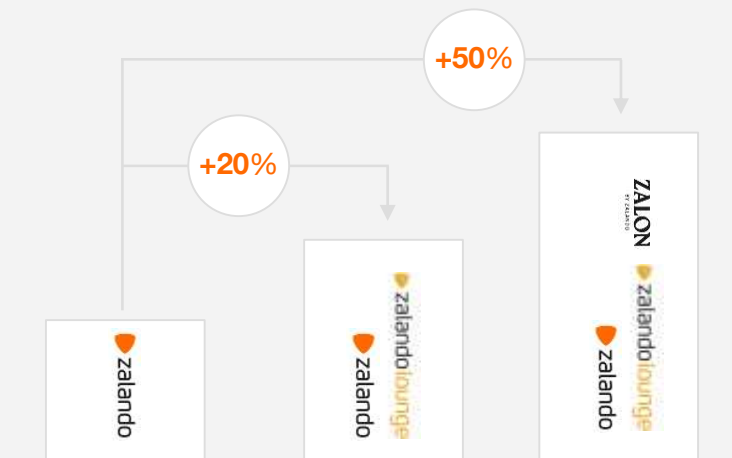
## By Introducing Customers to All Our Services We Cover More of Their Needs and Spend

### Zalando's Holistic Fashion Proposition



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

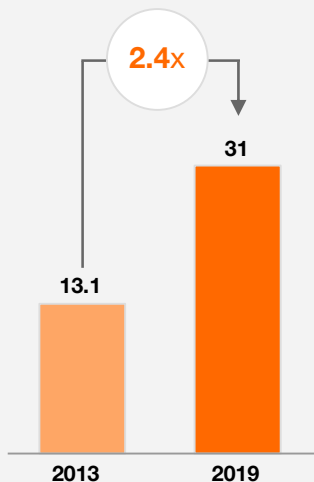
### GMV per Active Customer<sup>1</sup> (in %)



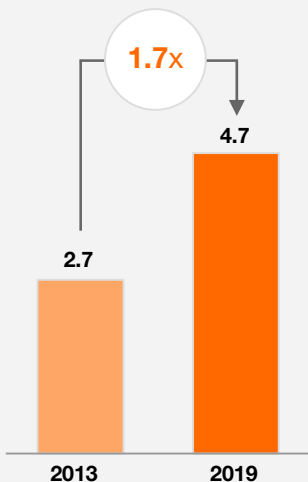
1) FY2018

# 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)

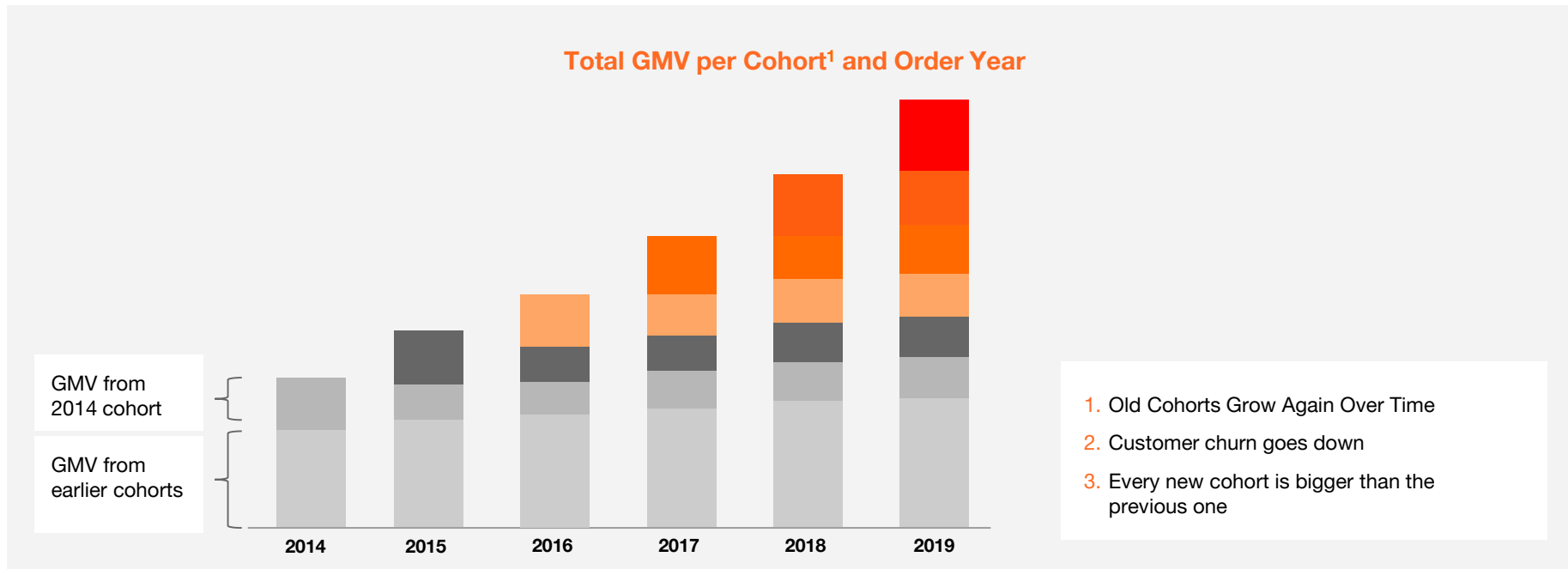


**Customer Satisfaction**  
(Group NPS<sup>1</sup>)

**+14pts**  
2014 – 2018

1) Net Promoter Score or NPS - NPS is a way to measure customer satisfaction. It is calculated as: 'How likely is it that you would recommend Zalando to a friend/colleague?'

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



1. Old Cohorts Grow Again Over Time
2. Customer churn goes down
3. Every new cohort is bigger than the previous one

1) Cohort refers to customers grouped by the calendar year in which they first placed an order with Zalando.



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Fashion Store









Offprice

Other: Emerging Businesses

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

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

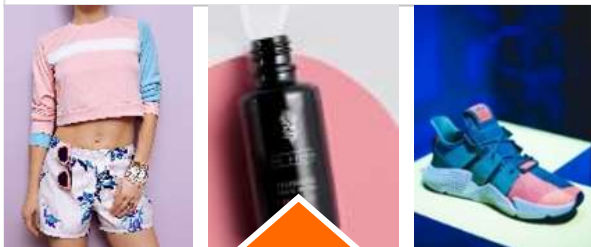


	Wholesale	Partner Program with ZFS	Partner Program without ZFS
Control over product	Zalando buys product and has full control	Partner owns product, sets price and books full retail value	
Customer Touchpoints	Zalando shop (payment, customer care, reimbursement)		
Logistics	Zalando warehouse	Zalando warehouse	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

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"**



# Most Complete Assortment Makes Us The Starting Point For Fashion

1 Assortment

includes zLabels

All Brands

Full Range

Never Sold Out

Engaging Content

Achievements  
Today

Massimo Dutti  
Bershka  
MONK L SEE BY CHLOÉ  
BOSS  
L'ORÉAL SWAROVSKI  
MAYBELLINE  
MAC CLINIQUE  
ESTÉE LAUDER



Partner program  
backfilling

EUR **190M**

in GMV 2018

~1000 Campaigns across  
17 Markets





## Choice

 More Articles

More items Per Basket



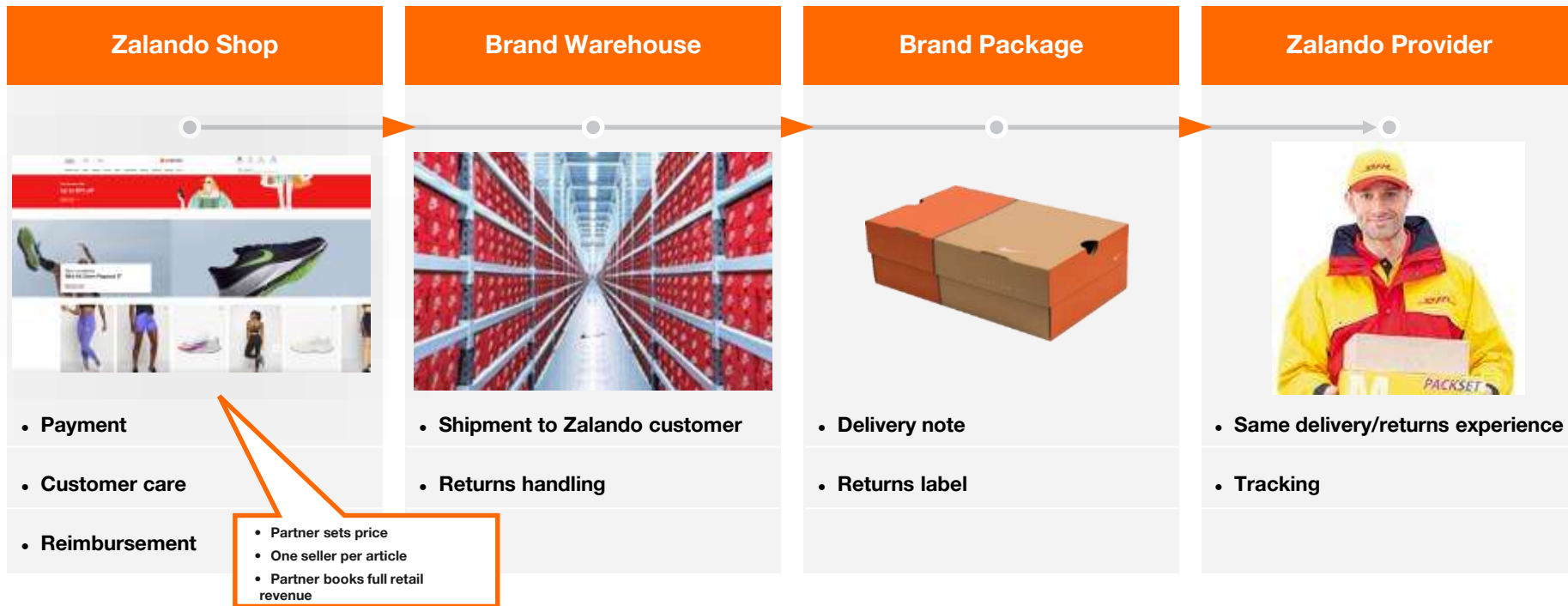
## Availability

More Items Per Article 

More Transactions

# ...In Which Our Partners Having Full Control

1 Assortment



## Since Fulfillment Is Challenging For Partners At Times...

LIMITED EU CROSS BORDER

**LOGISTICS NETWORK**

HIGH

**SHIPPING COSTS**

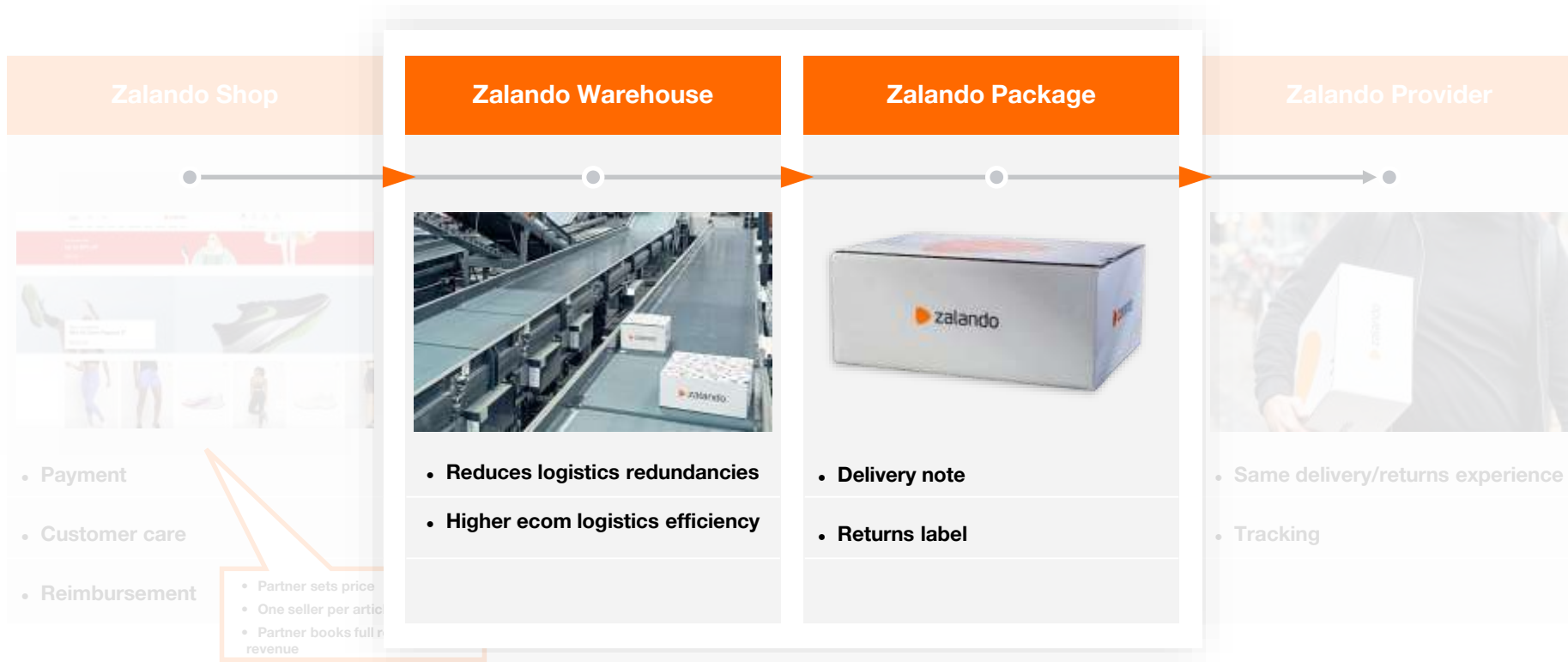
HIGH

**CUSTOMER  
EXPECTATIONS**



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

1 Assortment



## Superior Convenience for Customers

1 parcel instead of 3-4 parcels



1) FY2018

## Larger Assortment for Customers

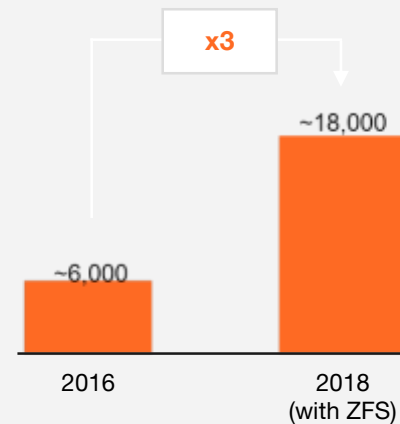
Unmatched unit economics for brands

**~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...

1 Assortment

**> 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



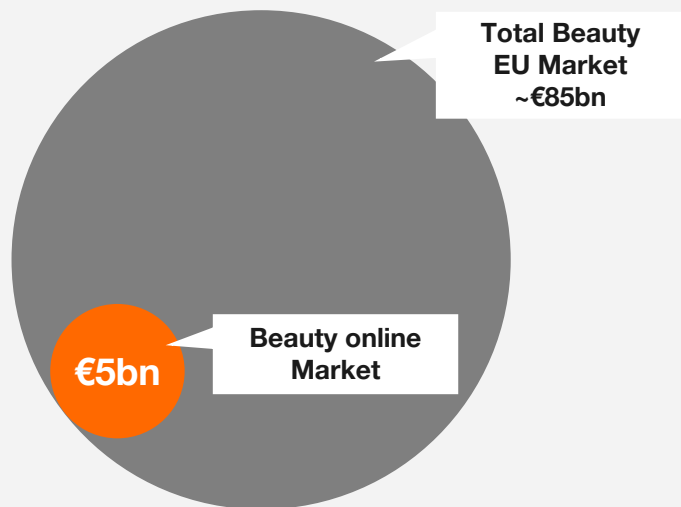
**ENGAGING  
AND INSPIRING  
CONTENT AND  
ADVICE**



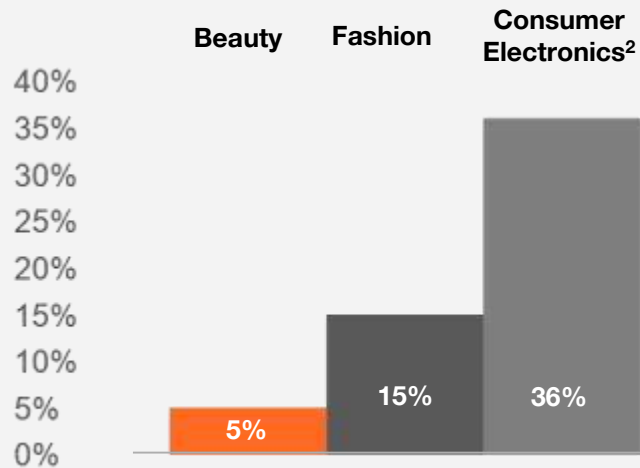
# ...With The European Beauty Market Harboring An Enormous Potential With Channel Shift Yet To Come

1 Assortment

## EU Beauty Market Size...



## ...with low online share compared to other categories



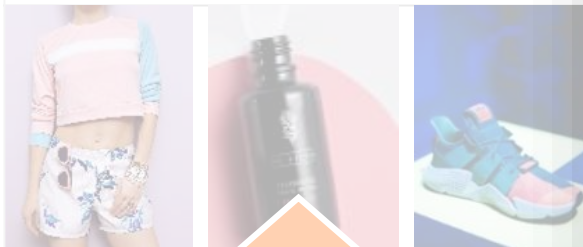
1) Source: Statista, Euromonitor



# 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”

## Inspiration



## Advice



## Relevance



from

to

Mainly  
products

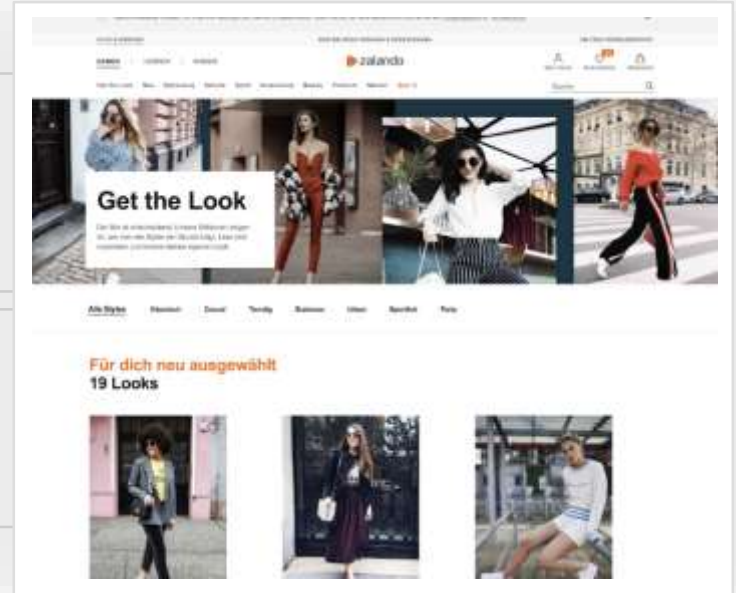


Shoppable content  
available on all customer  
journeys

Mainly our voice



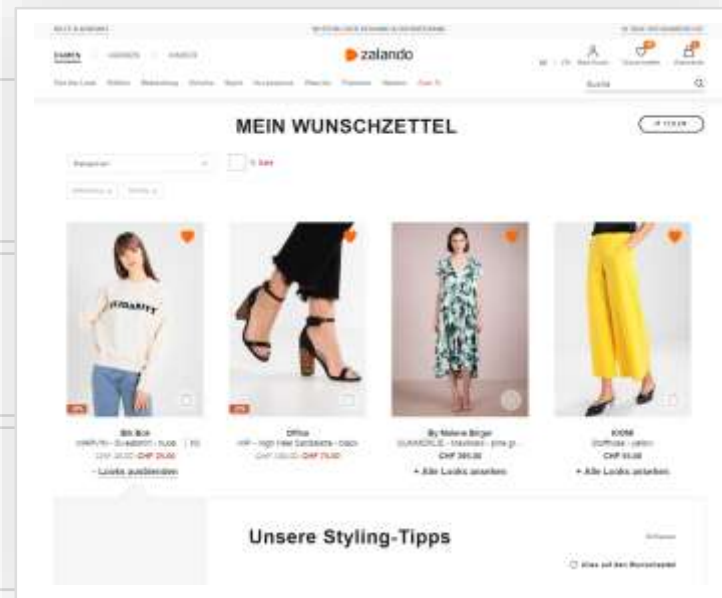
Many voices





from

to

**Disconnected  
channels****Immersive journeys across  
all channels****Static content****Different media****Focus on  
individual items****Curation through outfits  
and collections**



from

to

One-size-fits-all  
experience

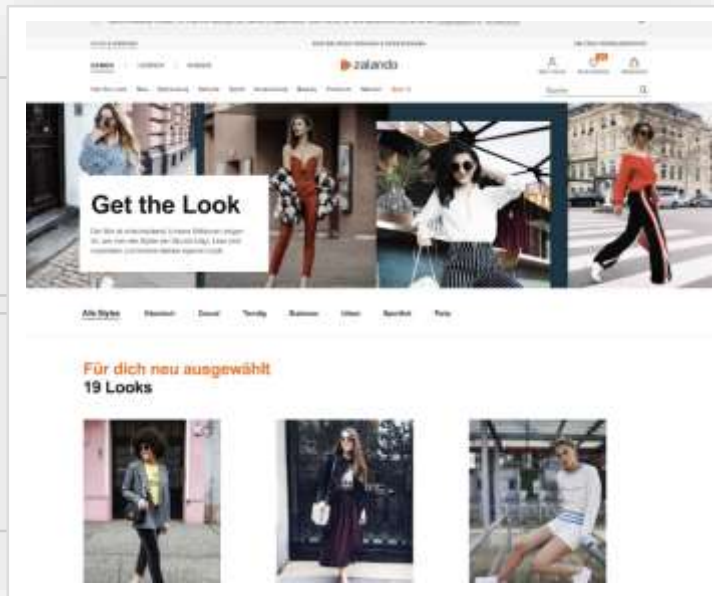


Unique, personalized  
experience including  
preferences, such as  
sizing

Linear journey



Fluid & immersive  
experience



## Digital Experience

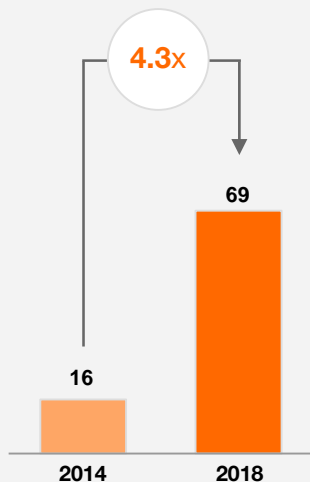
1 parcel instead of 3-4 parcels



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

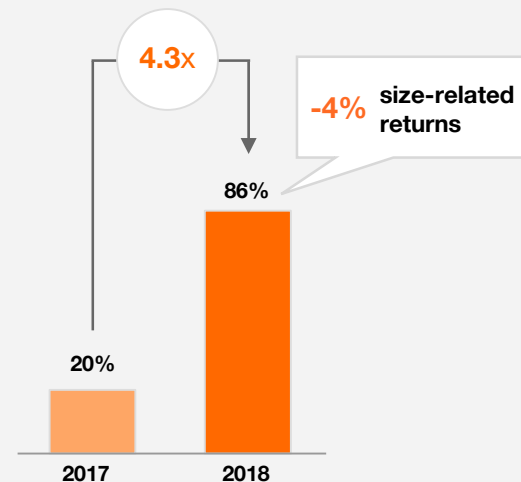
## More Time Spend with Us

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



## Increasing Size Recommendations

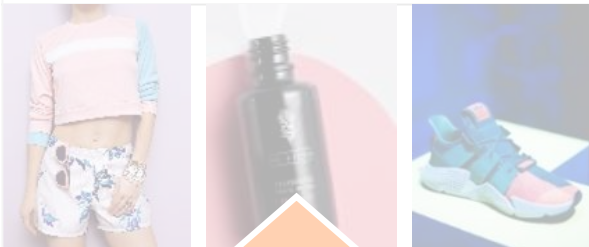
(size flags as share of wholesale assortment)



# 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"

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"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"**

1

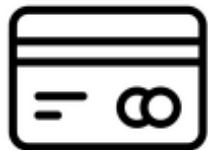
## Transactional Core



- Cart
- Check-Out
- Return Flow
- Transaction Handling

2

## Payments



- Payment processing
- Risk management & fraud prevention
- Receivables accounting
- Dunning & collection

3

## Logistics



- Warehouse logistics  
(inbound, storage, parcel outbound)
- Returns handling
- Transportation & shipping
- Network planning
- Warehouse engineering

4

## Customer Care



- Mail & phone support
- Chat
- Social Media
- Self-help / Smart FAQ



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

3 Convenience

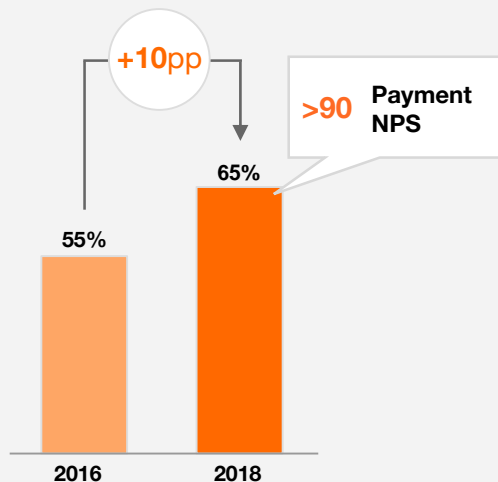
## Digital Experience

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%

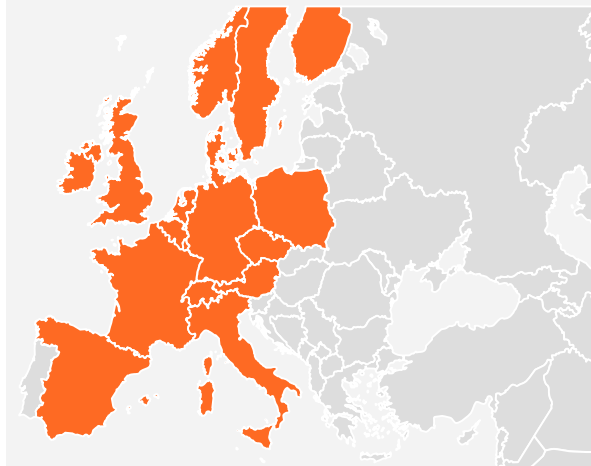
of customers are very happy with ease of returns

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

3 Convenience

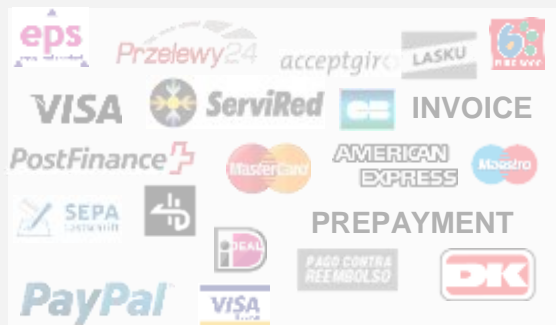
Payment options

## Countries



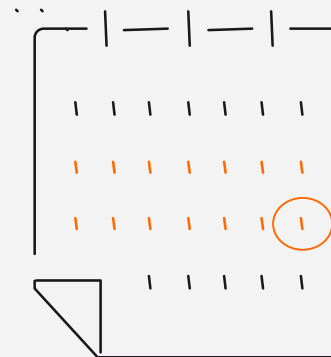
Our presence in 17 countries  
requires localization

## Payment Methods



22 different payment methods

## Deferred Payments



>60% deferred payment share

# We Recently Turned Every Living Room Into A Personal Fitting Room

3 Convenience

Ease of payment

## Traditional e-commerce customer flow



## New Zalando Pay Later experience<sup>1</sup>



1) One week to try at home and only the amount of the articles kept is captured on the card. Available in 10 of 17 countries

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

3 Convenience

Delivery time

- 1. **Erfurt**  
Start in 2012
- 2. **Brieselang**  
Start in 2011
- 3. **Mönchengladbach**  
Start in 2013
- 4. **Lahr**  
Start in 2016
- 5. **Paris** (Moissy-Cramayel)  
Start in 2016
- 6. **Stockholm**  
Start in 2018

- 7. **Szczecin** (Gryfino)  
Start in 2017
- 8. **Olsztynek** (PL)  
Start in 2019
- 9. **Lodz** (Gluchow)  
Start in 2019
- 10. **Verona** (Nogarole Rocca)  
Start in 2020
- 11. **Milano** (Stradella)  
Start in 2016
- 12. **Rotterdam** (Bleiswijk)  
13. **Halle/Saale** (Inbound Distribution Center)  
Start in 2019

## 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

1) 3pm cutoff time

## ...We Heavily Invested Into Our Warehouse Assets<sup>1</sup>

3 Convenience

Delivery time

		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	Done
10	Olsztynek (PL)	Hub (Lounge)	2018	2021	~100	~80	Done
11	Verona (IT)	Hub	2018	2021	~150	~130	Done
12	Rotterdam (NL)	Hub	2019	2022	~200	~140	Construction
13	Halle/Saale (GER)	Inbound DC		2019	Third Party	~35	Done

1) All warehouses are leased (except for the interior)

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

3 Convenience

Delivery time

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

3 Convenience

Delivery time

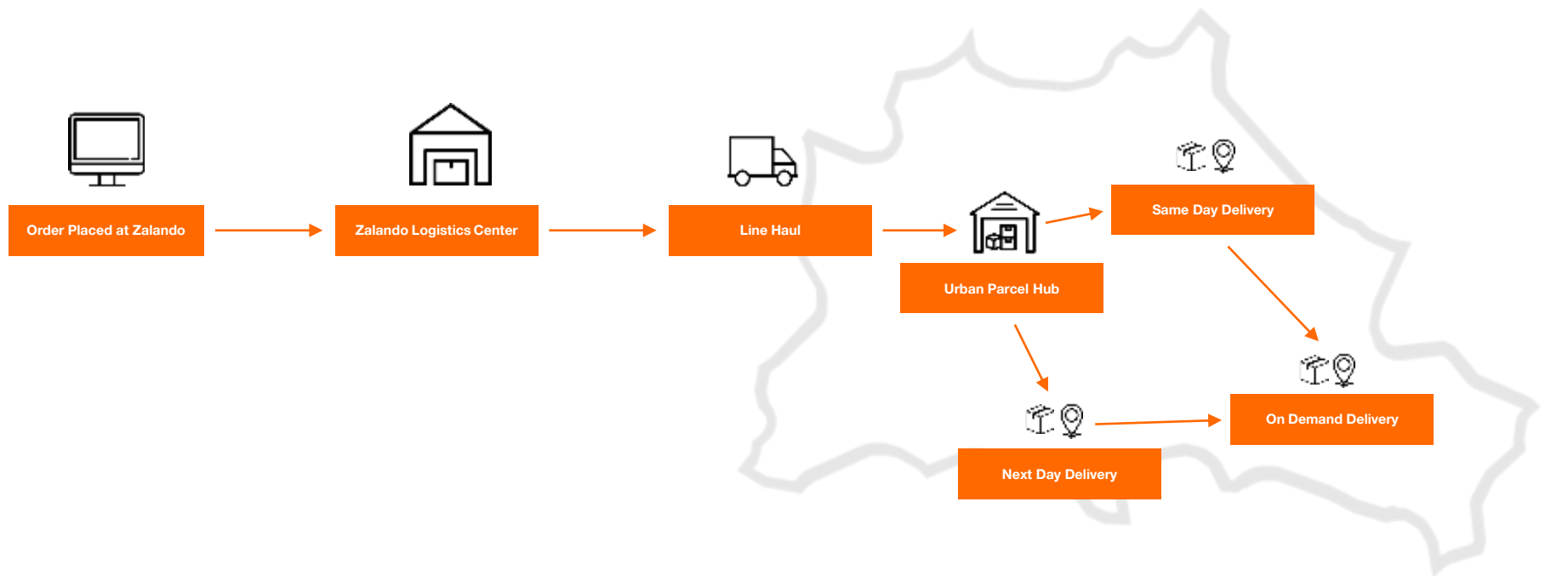


- **>10** international warehouses
- **25** domestic carrier integrations,  
**2** express carrier,  
**14** same day destinations
- Economies of scale and “unfair” order economics

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

3 Convenience

Delivery time





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

3 Convenience

Delivery time



## 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

3 Convenience

Delivery time

## Premium delivery for Zalando Plus

The screenshot shows the 'CHECK ORDER' step of the Zalando checkout process. At the top, a progress bar indicates four steps: 'step 1/4', 'address', 'plus card', and 'to payment', with the 'plus card' step currently active. Below the progress bar, the 'CHECK ORDER' section contains a 'SEND ORDER AND CONTINUE FOR PAYMENT' button. The 'DELIVERY OPTION' section lists four choices: '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, 29.05. - Di, 29.05.' (Standard Delivery, free), and 'Sat, 26.05.' (Express Delivery, 3.90 €). The 'DELIVERY ADDRESS' section shows 'Mr. Smart Delivery' at 'Rixdarethkirchstr. 88, 13347 Berlin, Germany'. The 'BILLING ADDRESS' section indicates it corresponds to the delivery address. The 'PAYMENT' section shows a 'PayPal' button. The 'VOUCHERS & DISCOUNT CODES (optional)' section is at the bottom.

DELIVERY OPTION	DELIVERY ADDRESS
<input checked="" type="radio"/> Today, 19:00 - 21:30 Premium delivery in the evening Only a few time windows left for free with <b>zalando plus</b>	Mr. Smart Delivery Rixdarethkirchstr. 88 13347 Berlin Germany
<input type="radio"/> Sat, 26.05. - Mo, 28.05. Premium delivery for free with <b>zalando plus</b>	BILLING ADDRESS Corresponds to my delivery address
<input type="radio"/> Mo, 29.05. - Di, 29.05. Standard Delivery free	PAYMENT PayPal
<input type="radio"/> Sat, 26.05. Express Delivery 3.90 €	VOUCHERS & DISCOUNT CODES (optional)

## Zalando Plus expands in Europe



Existing network

Planned network



# Table of Contents

## 1. The Zalando Group

## 2. Business segments

Fashion Store





Offprice

Other: Emerging Businesses

## 3. Financials

## 4. Share, convertible bonds & contact

# Our Holistic Fashion Proposition to Customers and Brand Partners

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

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

3 Convenience

Payment options

## Customers



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



**zalandolounge** **zalando outlet**

ALL CAMPAIGNS WOMEN MEN KIDS FAST DELIVERY LAST CHANCE

- 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 sources<sup>1</sup>



## Brands



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

1) Zalando Lounge sourcing split is as of FY 2018

## The Zalando Outlets Strategically Complement Other Offerings On The Zalando Platform












# Table of Contents

1. The Zalando Group
2. Business segments
  - Fashion Store
  - Offprice
  - Other: Emerging Businesses
3. Financials
4. Share & contact

# Our Holistic Fashion Proposition to Customers and Brand Partners

Segments	Fashion Store	Offprice	Others	
Sales Channels / Service		 	Emerging Businesses	Platform Enablers
Business models	<ul style="list-style-type: none"> <li>Major sales channels</li> <li>Includes business models:                             <ul style="list-style-type: none"> <li>Partner Program</li> <li>Zalando Fulfillment Solutions</li> <li>Private label business zlabels</li> <li>Distributed Commerce</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Lounge: shopping club for off-season merchandise</li> <li>Outlet: offline sales channel for excess inventory (8 stores +5 stores in the planning)</li> </ul>	 <ul style="list-style-type: none"> <li>Zalon: fashion curation service (stylists)</li> <li>Wardrobe: second hand channel</li> <li>Connected Retail: integration of brick-and-mortar stores</li> </ul> <div data-bbox="1267 856 1545 941">Consumer-facing / App based</div>	   <ul style="list-style-type: none"> <li>ZMS: marketing services unit</li> <li>Brand facing inventory integration business (Saas)</li> </ul> <div data-bbox="1591 856 1866 941">Brand-facing/ B2B services</div>



## Zalon – Connecting Consumers With Stylists

Consumers (M/W)



# ZALON

Personalized Style Advice for Free



Together Towards the Perfect Look

Freelance Stylists



## With Zalando Marketing Services brands can drive growth and branding ...

Brands can reach Europe's largest fashion audience **at the point of sale...**



**>1,000m site visits**

**>34m Active Customers**

**17 fashion markets**

...to push sales and to build their brand in a **multi-brand environment**

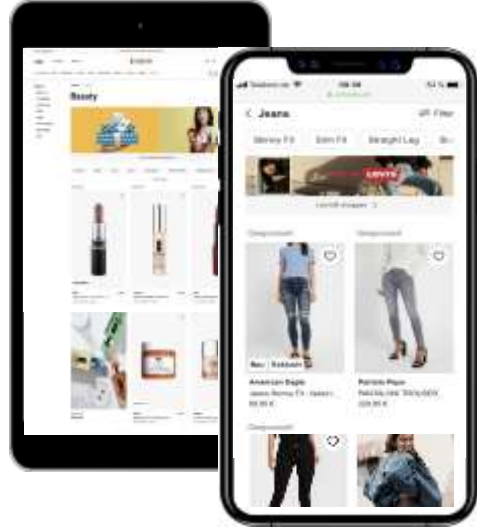


**>2,500 brands**

**>640,000 products**

...by tailoring content and reaching customers across all relevant touchpoints on and off Zalando's premises and leveraging our consumer insights tool

### Performance Marketing



Boost performance through highest visibility at the **point of sale**

### Branding Campaigns



Create awareness among Europe's largest fashion audience at the **point of sale**

### Consumer Insights



Understanding your customer via consumer & performance insights

## Connected Retail - Connecting Offline Stores To Our Online World

**Deep System Integration –  
Many Tried It, Many Failed.**



**Handshake Model – Lean Way  
Of Integrating.**





# Table of Contents

1. The Zalando Group
2. Business segments
3. Financials
4. Share, convertible bonds & contact

# Group Key Figures<sup>1</sup>

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20
<b>Group Key Performance Indicators</b>												
Site Visits (m)	1,363.8	1,656.4	1,991.6	2,563.5	3,137.2	923.9	986.4	1,910.3	4,178.1	1,137.5	1,296.2	2,433.7
Mobile Visit Share (in % of Site Visits)	42.3%	57.1%	65.6%	70.7%	79.3%	82.4%	83.5%	82.9%	83.7%	84.6%	85.9%	85.3%
Active Customers (m)	14.7	17.9	19.9	23.1	26.4	27.2	28.3	28.3	31.0	31.9	34.1	34.1
Number of Orders (m)	41.4	55.3	69.2	90.5	116.2	31.4	36.1	67.6	144.9	37.0	46.5	83.5
Average Order per Active Customer (LTM)	2.82x	3.08x	3.48x	3.92x	4.40x	4.49x	4.57x	4.53x	4.68x	4.72x	4.72x	4.72x
Average Basket Size (in €) (LTM)	-	-	-	60.6	57.2	57.0	56.7	56.7	56.6	56.4	56.9	56.9
<b>Results of Operations</b>												
Gross merchandise volume (GMV) (in €bn)	-	-	-	5.48	6.64	1.75	2.02	3.77	8.20	2.03	2.69	4.72
Revenue (in €m)	2,214.0	2,958.2	3,639.0	4,489.0	5,387.9	1,378.2	1,597.3	2,975.5	6,482.5	1,524.2	2,034.7	3,558.9
EBIT (in €m)	62.1	89.6	207.0	187.6	119.2	(18.4)	92.0	73.6	165.8	(113.1)	198.4	85.3
EBIT (as % of revenue)	2.8%	3.0%	5.7%	4.2%	2.2%	(1.3%)	5.8%	2.5%	2.6%	(7.4%)	9.7%	2.4%
Adjusted EBIT (in €m)	82.0	107.5	216.3	215.1	173.4	6.4	101.7	108.1	224.9	(98.6)	211.9	113.3
Adjusted EBIT (as % of revenue)	3.7%	3.6%	5.9%	4.8%	3.2%	0.5%	6.4%	3.6%	3.5%	(6.5%)	10.4%	3.2%
EBITDA (in €m)	88.0	123.8	255.2	246.4	205.7	24.4	143.3	167.7	360.7	(62.5)	250.6	188.1
EBITDA (as % of revenue)	4.0%	4.2%	7.0%	5.5%	3.8%	1.8%	9.0%	5.6%	5.6%	(4.1%)	12.3%	5.3%
Adjusted EBITDA (in €m)	107.8	141.7	264.5	273.8	259.9	49.2	153.1	202.3	419.7	(48.0)	264.1	216.1
Adjusted EBITDA (as % of revenue)	4.9%	4.8%	7.3%	6.1%	4.8%	3.6%	9.6%	6.8%	6.5%	(3.2%)	13.0%	6.1%
<b>Financial Position (in €m)</b>												
Net working capital	(3.6)	(2.6)	(127.6)	(62.4)	(84.3)	(12.4)	(78.6)	(78.6)	(147.7)	41.3	(31.2)	(31.2)
Cash flow from operating activities	174.9	119.4	275.8	193.7	212.8	(58.6)	143.2	84.6	327.2	(260.8)	385.8	124.9
Cash flow from investing activities	(51.9)	(196.5)	(277.1)	(88.3)	(207.0)	(24.4)	(56.8)	(81.1)	(290.3)	(41.8)	(43.3)	(85.1)
Free cash flow	123.8	42.6	63.7	(85.0)	(78.4)	(78.4)	86.4	8.1	41.6	(302.6)	342.5	39.9
Capex	(51.1)	(60.0)	(181.7)	(243.9)	(278.4)	(42.3)	(55.1)	(97.4)	(306.5)	(47.8)	(43.3)	(91.1)
Cash and cash equivalents	1,051.0	976.2	972.6	1,065.5	995.0	869.8	954.4	1,824.2	976.5	1,034.0	1,377.50	1,377.50
<b>Other</b>												
Employees (as of reporting date)	7,588	9,987	11,998	15,091	15,619	15,528	13,965	13,965	13,763	13,825	13,744	13,744
Basic earnings per share (in €)	0.2	0.5	0.5	0.4	0.2	(0.1)	0.2	0.1	0.4	(0.4)	0.5	0.1

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



# Income statement<sup>12</sup>

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20
<b>Revenue</b>	<b>2,214.0</b>	<b>2,958.2</b>	<b>3,639.0</b>	<b>4,489.0</b>	<b>5,387.9</b>	<b>1,378.2</b>	<b>1,597.3</b>	<b>2,975.5</b>	<b>6,482.5</b>	<b>1,524.2</b>	<b>2,034.7</b>	<b>3,558.9</b>
% growth	25.7%	33.6%	23.0%	23.4%	20.0%	15.2%	20.1%	17.8%	20.3%	10.6%	27.4%	19.6%
Cost of Sales	(1255.3)	(1624.0)	(2029.6)	(2529.6)	(3107.0)	(828.7)	(866.9)	(1695.6)	(3724.3)	(986.2)	(1131.5)	(2117.6)
<b>Gross Profit</b>	<b>958.7</b>	<b>1,334.1</b>	<b>1,609.4</b>	<b>1,959.4</b>	<b>2,280.9</b>	<b>549.5</b>	<b>730.4</b>	<b>1,279.9</b>	<b>2,758.2</b>	<b>538.0</b>	<b>903.2</b>	<b>1,441.3</b>
% margin	43.3%	45.1%	44.2%	43.6%	42.3%	39.9%	45.7%	43.0%	42.5%	35.3%	44.4%	40.5%
Selling and Distribution Costs	(793.8)	(1,118.9)	(1,223.7)	(1,530.8)	(1,899.2)	(492.8)	(567.2)	(1,060.1)	(2,295.1)	(579.7)	(622.5)	(1,202.1)
Administrative Expenses	(109.1)	(129.0)	(191.3)	(242.9)	(268.9)	(77.8)	(70.3)	(148.1)	(298.9)	(84.2)	(81.5)	(165.7)
Other Operating Income	12.2	10.2	16.7	11.8	18.7	5.2	3.8	9.0	18.2	14.1	1.5	15.6
Other Operating Expenses	(5.8)	(7.0)	(4.1)	(9.9)	(12.3)	(2.5)	(4.6)	(7.1)	(16.6)	(1.3)	(2.3)	(3.7)
<b>EBIT</b>	<b>62.1</b>	<b>89.6</b>	<b>207.0</b>	<b>187.6</b>	<b>119.2</b>	<b>(18.4)</b>	<b>92.0</b>	<b>108.1</b>	<b>165.8</b>	<b>(113.1)</b>	<b>198.4</b>	<b>85.3</b>
% margin	2.8%	3.0%	5.7%	4.2%	2.2%	(1.3%)	5.8%	3.6%	2.6%	(7.4%)	9.7%	2.4%
Net Financial Result	(4.5)	(3.0)	(14.1)	(12.4)	(13.6)	(2.8)	(5.7)	(8.5)	(20.9)	(20.7)	(0.7)	(21.4)
<b>EBT</b>	<b>57.7</b>	<b>86.6</b>	<b>192.9</b>	<b>175.2</b>	<b>105.6</b>	<b>(21.2)</b>	<b>86.3</b>	<b>99.7</b>	<b>144.9</b>	<b>(133.8)</b>	<b>197.7</b>	<b>63.9</b>
% margin	2.6%	2.9%	5.3%	3.9%	2.0%	(1.5%)	5.4%	3.6%	2.2%	(8.8%)	9.7%	1.8%
Income and Other Tax	(10.5)	34.9	(72.5)	(73.6)	(54.4)	3.6	(40.8)	(37.2)	(45.2)	47.3	(75.1)	(27.8)
<b>Net Income</b>	<b>47.2</b>	<b>121.5</b>	<b>120.5</b>	<b>101.6</b>	<b>51.2</b>	<b>(17.6)</b>	<b>45.5</b>	<b>27.9</b>	<b>99.7</b>	<b>(86.4)</b>	<b>122.5</b>	<b>36.1</b>
% margin	2.1%	4.1%	3.3%	2.3%	0.9%	(1.3%)	2.8%	0.9%	1.5%	(5.7%)	6.0%	1.0%
Depreciation & Amortization	25.8	34.2	48.2	58.7	86.5	42.8	51.3	94.1	194.8	50.6	52.2	102.8
<b>EBITDA</b>	<b>88.0</b>	<b>123.8</b>	<b>255.2</b>	<b>246.4</b>	<b>205.7</b>	<b>24.4</b>	<b>143.3</b>	<b>167.7</b>	<b>360.7</b>	<b>(62.5)</b>	<b>250.6</b>	<b>188.1</b>
% margin	4.0%	4.2%	7.0%	5.5%	3.8%	1.8%	9.0%	5.6%	5.6%	(4.1%)	12.3%	5.3%
Share Based Compensation (SBC)	19.8	17.9	19.9	27.5	43.3	11.8	9.7	21.5	46.0	14.5	13.5	27.9
Restructuring costs / non-operating one-time effects	0.0	0.0	(10.6)	0.0	10.9	13.0	0	13.0	13.0	0.0	0.0	0.0
<b>Adj. EBIT</b>	<b>82.0</b>	<b>107.5</b>	<b>216.3</b>	<b>215.1</b>	<b>173.4</b>	<b>6.4</b>	<b>101.7</b>	<b>108.1</b>	<b>224.9</b>	<b>(98.6)</b>	<b>211.9</b>	<b>113.3</b>
% margin	3.7%	3.6%	5.9%	4.8%	3.2%	0.5%	6.4%	3.6%	3.5%	(6.5%)	10.4%	3.2%
<b>Adj. EBITDA</b>	<b>107.8</b>	<b>141.7</b>	<b>264.5</b>	<b>273.8</b>	<b>259.9</b>	<b>49.2</b>	<b>153.1</b>	<b>202.3</b>	<b>419.7</b>	<b>(48.0)</b>	<b>264.1</b>	<b>216.1</b>
% margin	4.9%	4.8%	7.3%	6.1%	4.8%	3.6%	9.6%	6.8%	6.5%	(3.2%)	13.0%	6.1%

- 1) Prior year figures not re-stated for shifts between cost lines as a result of new segment structure as of Jan 2018.  
2) Adj, EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.

# Segments<sup>12</sup>

	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20
<b>Revenue (in €m)</b>	<b>5,387.9</b>	<b>1,378.2</b>	<b>1,597.3</b>	<b>2,975.5</b>	<b>6,482.5</b>	<b>1,524.2</b>	<b>2,034.7</b>	<b>3,558.9</b>
Fashion Store	4,967.7	1,268.5	1,478.1	2,746.6	5,964.9	1,391.6	1,870.2	3,261.8
thereof DACH	2,483.7	621.7	732.0	1,353.7	2,897.2	663.6	863.4	1,527.0
thereof Rest of Europe	2,484.0	646.8	746.1	1,392.9	3,067.7	728.0	1,006.8	1,734.8
Offprice	497.5	136.8	155.7	292.5	659.4	184.7	252.2	437.0
Other	444.8	102.6	45.2	147.8	252.3	37.4	40.1	77.5
Reconciliation	(522.0)	(129.7)	(81.7)	(211.4)	(394.1)	(89.6)	(127.8)	(217.4)
<b>Adjusted EBIT (in €m)</b>	<b>173.4</b>	<b>6.4</b>	<b>101.7</b>	<b>108.1</b>	<b>224.9</b>	<b>(98.6)</b>	<b>211.9</b>	<b>113.3</b>
Fashion Store	162.0	8.4	103.6	112.0	219.8	(99.6)	198.1	98.5
thereof DACH	139.9	26.3	67.5	93.8	219.5	(11.6)	124.4	112.8
thereof Rest of Europe	22.0	(18.0)	36.1	18.2	0.4	(88.0)	73.7	(14.3)
Offprice	35.2	3.8	6.9	10.7	27.7	7.8	15.8	23.6
Other	(24.4)	(6.2)	(8.9)	(15.1)	(23.3)	(6.8)	(1.3)	(8.1)
Reconciliation	0.7	0.4	0.1	0.5	0.6	(0.0)	(0.7)	(0.7)
<b>Adjusted EBIT margin (in %)</b>	<b>3.2%</b>	<b>0.5%</b>	<b>6.4%</b>	<b>3.6%</b>	<b>3.5%</b>	<b>(6.5%)</b>	<b>10.4%</b>	<b>3.2%</b>
Fashion Store	3.3%	0.7%	7.0%	4.1%	3.7%	(7.2%)	10.6%	3.0%
Fashion Store – DACH	5.6%	4.2%	9.2%	6.9%	7.6%	(1.7%)	14.4%	7.4%
Fashion Store – Rest of Europe	0.9%	(2.8%)	4.8%	1.3%	0.0%	(12.1%)	7.3%	(0.8%)
Offprice	7.1%	2.8%	4.4%	3.7%	4.2%	4.2%	6.3%	5.4%
Other	(5.5%)	(6.0%)	(19.7%)	(10.2%)	(9.2%)	(18.2%)	(3.3%)	(10.5%)
Reconciliation	3.4%	(0.3%)	(0.2%)	(0.2%)	(0.2%)	0.0%	0.6%	0.3%

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 adjusted cost lines

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20
<b>Revenue (in €m)</b>	<b>2,214.0</b>	<b>2,958.2</b>	<b>3,639.0</b>	<b>4,489.0</b>	<b>5,387.9</b>	<b>1,378.2</b>	<b>1,597.3</b>	<b>2,975.5</b>	<b>6,482.5</b>	<b>1,524.2</b>	<b>2,034.7</b>	<b>3,558.9</b>
Cost of Sales (in €m)	(1,250.9)	(1,619.6)	(2,024.6)	(2,522.7)	(3,103.4)	(817.7)	(866.3)	(1,683.9)	(3,710.9)	(985.2)	(1,130.6)	(2,115.7)
Cost of Sales (in % of revenue)	(56.5%)	(54.7%)	(55.6%)	(56.2%)	(57.6%)	(59.3%)	(54.2%)	(56.6%)	(57.2%)	(64.6%)	(55.6%)	(59.4%)
<b>Gross Profit (in €m)</b>	<b>963.1</b>	<b>1,338.6</b>	<b>1,614.4</b>	<b>1,966.3</b>	<b>2,284.5</b>	<b>560.6</b>	<b>731.0</b>	<b>1,291.6</b>	<b>2,771.6</b>	<b>539.0</b>	<b>904.1</b>	<b>1,443.1</b>
<b>Gross Profit (in % of revenue)</b>	<b>43.5%</b>	<b>45.3%</b>	<b>44.4%</b>	<b>43.8%</b>	<b>42.4%</b>	<b>39.9%</b>	<b>45.8%</b>	<b>43.0%</b>	<b>42.8%</b>	<b>35.4%</b>	<b>44.4%</b>	<b>40.5%</b>
Fulfillment Cost Ratio (in €m)	(492.7)	(762.5)	(842.8)	(1,161.4)	(1,493.5)	(394.3)	(435.4)	(829.7)	(1,766.6)	(454.1)	(514.9)	(996.0)
Fulfillment Cost Ratio (in % of revenue)	(22.3%)	(25.8%)	(23.2%)	(25.9%)	(27.7%)	(28.6%)	(27.3%)	(27.9%)	(27.3%)	(29.8%)	(25.3%)	(27.2%)
Marketing Cost Ratio (in €m)	(291.5)	(347.4)	(371.0)	(355.7)	(385.8)	(96.2)	(130.0)	(226.2)	(519.8)	(122.9)	(104.9)	(227.8)
Marketing Cost Ratio (in % of revenue)	(13.2%)	(11.7%)	(10.2%)	(7.9%)	(7.2%)	(7.0%)	(8.1%)	(7.6%)	(8.0%)	(8.1%)	(5.2%)	(6.4%)
<b>Selling and Distribution Costs (in €m)</b>	<b>(784.2)</b>	<b>(1109.9)</b>	<b>(1213.7)</b>	<b>(1517.0)</b>	<b>(1879.3)</b>	<b>(490.5)</b>	<b>(565.4)</b>	<b>(1055.9)</b>	<b>(2286.4)</b>	<b>(576.9)</b>	<b>(619.8)</b>	<b>(1196.8)</b>
<b>Selling and Distribution Costs (in % of rev)</b>	<b>(35.4%)</b>	<b>(37.5%)</b>	<b>(33.4%)</b>	<b>(33.8%)</b>	<b>(34.9%)</b>	<b>(35.6%)</b>	<b>(35.4%)</b>	<b>(35.5%)</b>	<b>(35.3%)</b>	<b>(37.9%)</b>	<b>(30.5%)</b>	<b>(33.6%)</b>
Administrative Expenses & Other (in €m)	(96.9)	(121.2)	(184.3)	(234.2)	(231.8)	(63.7)	(63.9)	(127.6)	(260.3)	(60.7)	(72.4)	(133.1)
Administrative Expenses & Other (in % of rev)	4.4%	4.1%	5.1%	5.3%	4.4%	(4.6%)	(4.0%)	(4.3%)	(4.0%)	(4.0%)	(3.6%)	(3.8%)
<b>Adj. EBIT (in €m)</b>	<b>82.0</b>	<b>107.5</b>	<b>216.3</b>	<b>215.1</b>	<b>173.4</b>	<b>6.4</b>	<b>101.7</b>	<b>108.1</b>	<b>224.9</b>	<b>(98.6)</b>	<b>211.9</b>	<b>113.3</b>
<b>Adj. EBIT (in % of revenue)</b>	<b>3.7%</b>	<b>3.6%</b>	<b>5.9%</b>	<b>4.8%</b>	<b>3.2%</b>	<b>0.5%</b>	<b>6.4%</b>	<b>3.6%</b>	<b>3.5%</b>	<b>(6.5%)</b>	<b>10.4%</b>	<b>3.2%</b>
<b>SBC per Income Statement Line Item (in €m)</b>												
Cost of Sales	4.4	4.5	5.0	6.9	3.6	0.8	0.7	1.5	3.1	1.0	0.9	1.8
Selling and Distribution Costs	9.6	9.0	9.9	13.7	10.1	2.0	1.8	3.8	8.4	2.7	2.6	5.4
Administrative Expenses	5.8	4.5	5.0	6.9	29.5	8.9	7.3	16.2	34.5	10.8	10.0	20.7
<b>Share Based Compensation</b>	<b>19.8</b>	<b>17.9</b>	<b>19.9</b>	<b>27.5</b>	<b>43.3</b>	<b>11.8</b>	<b>9.7</b>	<b>21.5</b>	<b>46.0</b>	<b>14.5</b>	<b>13.5</b>	<b>27.9</b>
Restructuring costs / non-operating one-time effects	0.0	0.0	(10.6)	0.0	10.9	13.1	0.0	13.1	13.1	0.0	0.0	0.0
<b>Total adjustments</b>	<b>19.8</b>	<b>17.9</b>	<b>9.3</b>	<b>27.5</b>	<b>54.2</b>	<b>24.8</b>	<b>9.7</b>	<b>34.6</b>	<b>59.1</b>	<b>14.5</b>	<b>13.5</b>	<b>27.9</b>

# Balance Sheet<sup>1</sup>

	Year FY/17	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20
<b>Total Non-Current Assets</b>	<b>569.6</b>	<b>760.2</b>	<b>1,266.9</b>	<b>1,289.6</b>	<b>1,289.6</b>	<b>1,455.1</b>	<b>1,500.5</b>	<b>1,451.0</b>	<b>1,451.0</b>
Thereof: Property, Plant and Equipment	350.5	546.4	562.0	599.3	599.3	708.4	704.1	713.3	713.3
Lease Assets			490.6	477.5	477.5	525.6	519.4	509.8	509.8
Other Financial Assets	31.8	18.7	18.4	15.4	15.4	11.7	27.0	14.6	14.6
Non-Financial Assets	3.5	3.8	3.6	13.0	13.0	7.3	10.3	7.7	7.7
Other Non-Current Assets	183.8	191.4	192.3	184.4	184.4	202.0	239.7	205.5	205.5
<b>Total Current Assets</b>	<b>2,410.7</b>	<b>2,473.5</b>	<b>2,491.6</b>	<b>2,497.5</b>	<b>2,497.5</b>	<b>2,878.0</b>	<b>3,094.5</b>	<b>3,229.5</b>	<b>3,229.5</b>
Thereof: Inventories	778.9	819.5	985.4	862.9	862.9	1,098.3	1,312.3	1,017.7	1,017.7
Trade and Other Receivables	278.7	395.1	376.6	401.8	401.8	462.3	360.7	475.9	475.9
Other Assets	287.6	263.9	259.8	278.4	278.4	340.9	387.5	358.4	358.4
Cash and Cash Equivalents	1,065.5	995.0	869.8	954.4	954.4	976.5	1,034.0	1,377.5	1,377.5
<b>Total Assets</b>	<b>2,980.3</b>	<b>3,233.7</b>	<b>3,758.5</b>	<b>3,787.2</b>	<b>3,787.2</b>	<b>4,333.1</b>	<b>4,595.0</b>	<b>4,680.5</b>	<b>4,680.5</b>
<b>Total Equity</b>	<b>1,538.9</b>	<b>1,549.1</b>	<b>1,508.4</b>	<b>1,570.3</b>	<b>1,570.3</b>	<b>1,683.8</b>	<b>1,638.1</b>	<b>1,775.2</b>	<b>1,775.2</b>
Thereof: Issued Capital	247.2	247.9	246.8	247.5	247.5	248.7	248.7	250.1	250.1
Capital Reserves	1,182.4	1,155.6	1,136.2	1,155.3	1,155.3	1,200.5	1,215.5	1,245.8	1,245.8
Retained earnings	8.7	(4.9)	(7.6)	(11.0)	(11.0)	(15.6)	10.2	(6.9)	(6.9)
Accumulated Loss	100.7	150.7	133.1	178.6	178.6	250.4	163.8	286.4	286.4
Minority Interests	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total Non-Current Liabilities</b>	<b>71.9</b>	<b>70.9</b>	<b>504.6</b>	<b>498.6</b>	<b>498.6</b>	<b>542.6</b>	<b>919.3</b>	<b>920.5</b>	<b>920.5</b>
Thereof: Non-current Lease Liabilities	8.4	5.6	442.0	433.0	433.0	481.4	477.5	471.1	471.1
Financial Liabilities			4.8	4.1	4.1	2.7	377.0	376.3	376.3
Other Non-Current Liabilities	63.5	65.3	57.8	61.5	61.5	58.5	64.8	73.1	73.1
					0.0				0.0
<b>Total Current Liabilities</b>	<b>1,369.5</b>	<b>1,613.7</b>	<b>1,745.5</b>	<b>1,718.3</b>	<b>1,718.3</b>	<b>2,106.7</b>	<b>2,037.6</b>	<b>1,984.7</b>	<b>1,984.7</b>
Thereof: Trade Payables and Similar Obligations	1,120.0	1,298.9	1,374.4	1,343.4	1,343.4	1,708.3	1,631.7	1,524.9	1,524.9
Other Current Liabilities	249.5	314.8	371.1	374.9	374.9	398.4	405.9	459.9	459.9
<b>Total Equity &amp; Liabilities</b>	<b>2,980.3</b>	<b>3,233.7</b>	<b>3,758.5</b>	<b>3,787.2</b>	<b>3,787.2</b>	<b>4,333.1</b>	<b>4,595.0</b>	<b>4,680.5</b>	<b>4,680.5</b>
<b>Net Working Capital</b>	<b>(62.4)</b>	<b>(84.3)</b>	<b>(12.4)</b>	<b>(78.6)</b>	<b>(78.6)</b>	<b>(147.7)</b>	<b>41.3</b>	<b>(31.2)</b>	<b>(31.2)</b>

1) Other assets includes investments into short-term deposits of €20m, which are not listed under Cash and Cash Equivalents due to their maturity of more than 3 but less than 12 months.

# Cash Flow Statement

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Quarter Q1/19	Quarter Q2/19	Half-Year H1/19	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20
<b>Net Income</b>	<b>47.2</b>	<b>121.5</b>	<b>120.5</b>	<b>101.6</b>	<b>51.2</b>	<b>(17.6)</b>	<b>45.5</b>	<b>27.9</b>	<b>99.7</b>	<b>(86.4)</b>	<b>122.6</b>	<b>36.2</b>
Non-Cash Expenses from Share-Based Payments	19.8	17.9	19.9	27.5	43.3	11.8	9.7	21.5	46.0	14.4	13.5	27.9
Cash Settlement of Claims from Share-Based Payr	0.0	(2.3)	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	86.5	42.8	51.3	94.1	194.8	50.6	52.2	102.8
Income Taxes	10.5	(34.9)	72.5	73.6	54.4	(3.6)	40.8	37.2	45.2	(47.3)	75.1	27.8
Income Taxes Paid, Less Refunds	0.0	(0.0)	(33.8)	(49.4)	(42.2)	(13.3)	(40.5)	(53.8)	(96.5)	(21.4)	(10.5)	(31.9)
Change in Provisions	1.0	(0.5)	0.1	(1.5)	0.3	0.2	0.2	0.4	6.1	(1.6)	(1.1)	(2.7)
Other Non-Cash Income	(0.2)	(1.0)	1.2	6.5	4.2	0.3	6.2	6.5	5.0	1.9	0.6	2.5
Change in Inventories and Receivables	(68.7)	(154.2)	(147.4)	(251.0)	(157.0)	(147.4)	97.2	(50.2)	(346.0)	(112.4)	179.3	67.0
Change in Trade Liabilities	94.9	154.9	264.3	198.4	180.6	75.0	(41.8)	33.2	403.6	(70.9)	(104.4)	(175.3)
Change in Other Assets/Other Liabilities	44.6	(16.2)	(69.7)	29.2	(8.5)	(6.7)	(25.4)	(32.1)	(30.7)	12.3	58.5	70.7
<b>Cash Flow from Operating Activities</b>	<b>174.9</b>	<b>119.4</b>	<b>275.8</b>	<b>193.7</b>	<b>212.8</b>	<b>(58.6)</b>	<b>143.2</b>	<b>84.6</b>	<b>327.2</b>	<b>(260.8)</b>	<b>385.8</b>	<b>125.0</b>
Payments received from the sale of fixed assets	0.0	0.0	0.0	0.0	58.9	22.5	0.0	22.5	22.5	6.0	0.0	6.0
Payments for Investments in Fixed and Intangible Assets	(51.1)	(60.0)	(181.7)	(243.9)	(278.4)	(42.3)	(55.1)	(97.4)	(306.5)	(47.8)	(43.3)	(91.1)
Payments for Acquisitions	0.0	(16.8)	(30.4)	(34.9)	(7.1)	0.0	(1.7)	(1.7)	(1.7)	0.0	0.0	0.0
Cash Paid for Investments in Term Deposits	0.0	(155.0)	(65.0)	180.0	20.0	(5.0)	0.0	(5.0)	5.0	0.0	0.0	0.0
Change in Restricted Cash	(0.8)	35.3	0.0	10.4	(0.4)	0.4	0.0	0.4	0.4	0.0	0.0	0.0
<b>Cash Flow from Investing Activities</b>	<b>(51.9)</b>	<b>(196.5)</b>	<b>(277.1)</b>	<b>(88.3)</b>	<b>(207.0)</b>	<b>(24.4)</b>	<b>(56.8)</b>	<b>(81.2)</b>	<b>(290.3)</b>	<b>(41.8)</b>	<b>(43.3)</b>	<b>(85.1)</b>
<b>Free Cash Flow</b>	<b>123.8</b>	<b>42.6</b>	<b>63.7</b>	<b>(85.0)</b>	<b>(13.8)</b>	<b>(78.4)</b>	<b>86.4</b>	<b>8.0</b>	<b>41.6</b>	<b>(302.6)</b>	<b>342.5</b>	<b>39.9</b>
Payments Received from Capital Increases	510.1	6.4	1.1	3.9	38.2	6.7	9.9	16.6	38.5	0.6	20.5	21.1
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	375.0	0.0	375.0
Repurchase of treasury shares	0.0	(1.7)	0.0	(11.3)	(111.3)	(38.8)	0.0	(38.8)	(38.8)	0.0	0.0	0.0
Cash payments for the principle portion of leasing li	0.0	0.0	0.0	0.0	0.0	(10.0)	(12.8)	(22.8)	(54.2)	(15.3)	(17.5)	(32.8)
Cash Repayments of Loans	(3.2)	(3.2)	(3.2)	(3.2)	(2.8)	(0.4)	(0.7)	(1.1)	(2.8)	(0.7)	(0.7)	(1.4)
<b>Cash Flow from Financing Activities</b>	<b>510.8</b>	<b>1.5</b>	<b>(2.9)</b>	<b>(10.6)</b>	<b>(75.9)</b>	<b>(42.6)</b>	<b>(3.5)</b>	<b>(46.1)</b>	<b>(57.3)</b>	<b>359.6</b>	<b>2.2</b>	<b>361.8</b>
<b>Change in Cash &amp; Cash Equivalents</b>	<b>633.8</b>	<b>(75.6)</b>	<b>(4.1)</b>	<b>94.8</b>	<b>(70.1)</b>	<b>(125.5)</b>	<b>82.9</b>	<b>(42.6)</b>	<b>(20.4)</b>	<b>57.0</b>	<b>344.7</b>	<b>401.7</b>
<b>Effects of Exchange Rate on Cash &amp; Cash Equivalents</b>	<b>0.0</b>	<b>0.9</b>	<b>0.5</b>	<b>(1.9)</b>	<b>0.3</b>	<b>0.4</b>	<b>1.6</b>	<b>2.0</b>	<b>1.9</b>	<b>0.5</b>	<b>(1.3)</b>	<b>(0.8)</b>

# Management Compensation Scheme<sup>1</sup>

## Non-Performance-Based Remuneration

### Fixed Remuneration

- Gross annual **fixed based salary** amounts to **€65k**
- per member of the Management Board

## Performance-Based Remuneration (Long-Term Incentives)

### Long Term Incentive 2018

- 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:**<sup>2</sup> Exercisable options
- (in% of total # of vested options)
  - CAGR2  $\geq 15.0\%$   $\rightarrow 100\%$
  - $>15.0\%$  but  $\geq 14.5\%$   $\rightarrow 90\%$
  - $<14.5\%$  but  $\geq 14.0\%$   $\rightarrow 80\%$  etc.
  - $<10.0\%$   $\rightarrow 0\%$

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

<sup>2)</sup> 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.

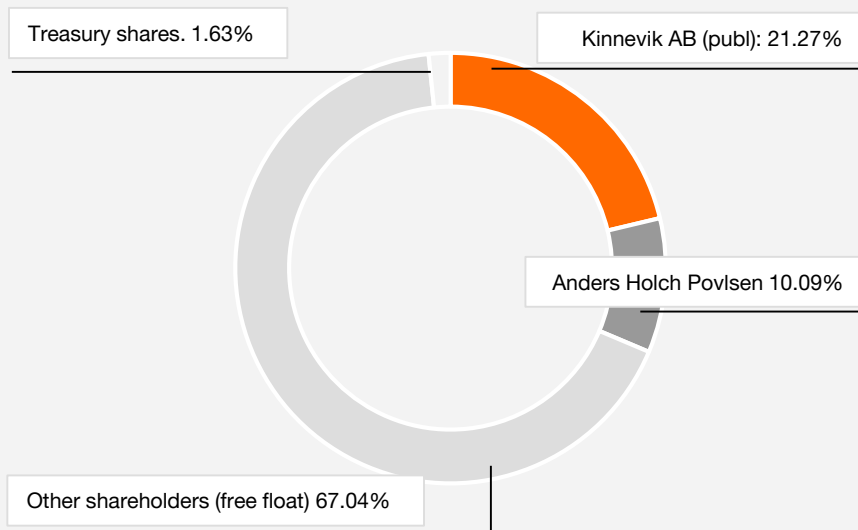


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# The Zalando Share

## Shareholder structure<sup>12</sup>



## Share information<sup>1</sup>

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	254,940,474
Issued Share capital	EUR 254,940,474
ISIN	DE000ZAL1111
WKN	ZAL111
Ticker Symbol	ZAL
Common Code	111189528
Thomson Reuters	ZALG.F
Bloomberg	ZAL.GR


































1) As of 11 September 2020

2) Free float definition of Deutsche Börse

# Convertible Bond 2020

	Tranche A (5 years)	Tranche B (7 years)
Issue size	€1,000mm	
Tranche size	€500mm	€500mm
Status	Senior, unsecured	Senior, unsecured
Denomination	EUR 100,000	EUR 100,000
Coupon	0.05% p.a.	0.625% p.a.
Maturity date	6 August 2025	6 August 2027
Issuer call	After year 3 at 130% trigger	After year 5 at 150% trigger
Reference share price	€61.50	€61.50
Initial conversion price	€87.64 (conversion premium: 42.5%)	€92.25 (conversion premium: 50%)
Trading venue	Open Market segment (Freiverkehr) of the Frankfurt Stock Exchange	Open Market segment (Freiverkehr) of the Frankfurt Stock Exchange
Security Codes		
ISIN	DE000A3E4589	DE000A3E4597
German WKN	A3E458	A3E459
Common Code	221365640	221365658

# Zalando Analyst Coverage<sup>1</sup>

						
Rocco Strauss	Volker Bosse	Christoph Bast	David Holmes	Andrew Ross	Michael Benedict	Aneesha Sherman
						
Clement Genelot	José Rito	Adam Cochrane	Andreas Riemann	Simon Irwin	Nizla Naizer	Thomas Maul
						
Konrad Grygo	Tushar Jain		Christian Salis	Georgina Johanan	Jürgen Kolb	Wayne Brown
						
Clara Kamenicek	Geoff Ruddell	Daniel Ovin	Mark Josefson	Ralf Marinoni	Sherri Malek	Emily Cooledge
						
Rebecca McClellan	Anne Critchlow	Olivia Townsend	Jörg Philipp Frey	Ike Boruchow		

1) As of 11 September 2020



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## 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.

