



# Zalando FY/2022

Strategy update

March 7, 2023

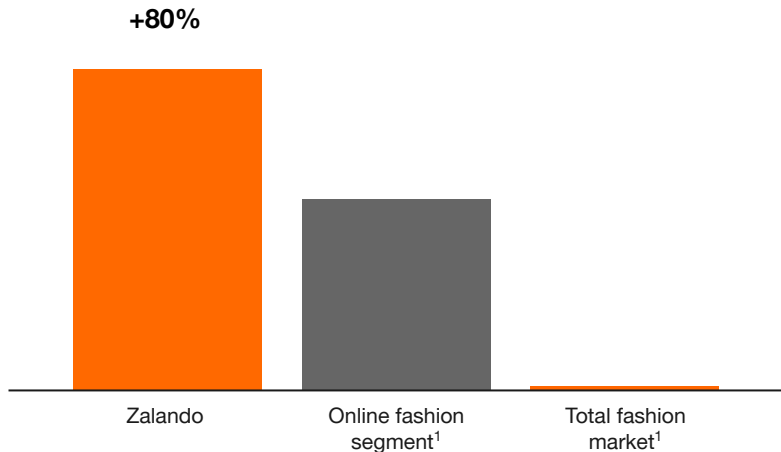
Robert Gentz (Co-CEO)

David Schneider (Co-CEO)



## Strong 3-year growth significantly ahead of the online fashion segment

3-year GMV growth in % (2022 over 2019)



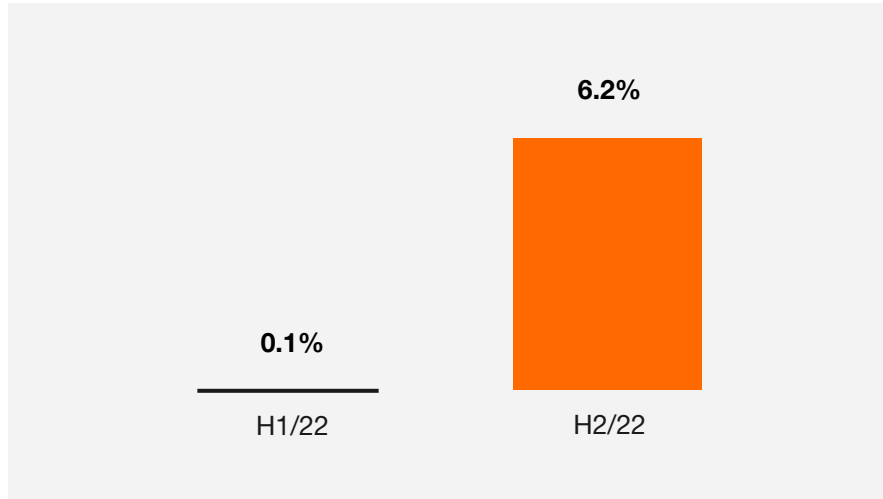
<sup>1</sup> Euromonitor International, February 2023, values based on actuals and estimates; fixed exchange rates. Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax



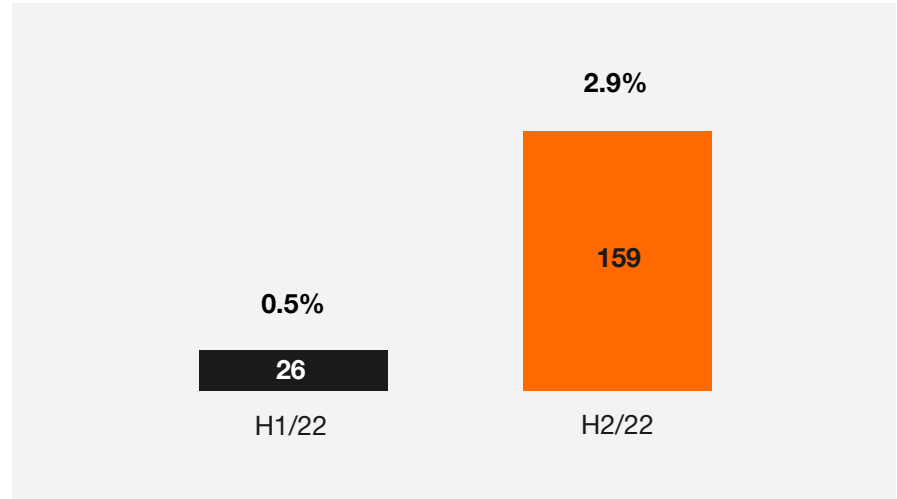


# In H2/22, we returned to growth and delivered improved profitability, against a challenging economic backdrop

### Zalando group GMV growth in %



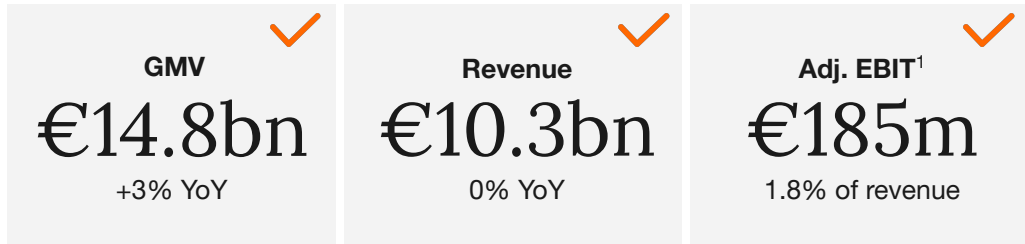
### Zalando group adjusted<sup>1</sup> EBIT in EUR m and % of revenue



<sup>1</sup> Excludes equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses

# We delivered on our updated 2022 guidance

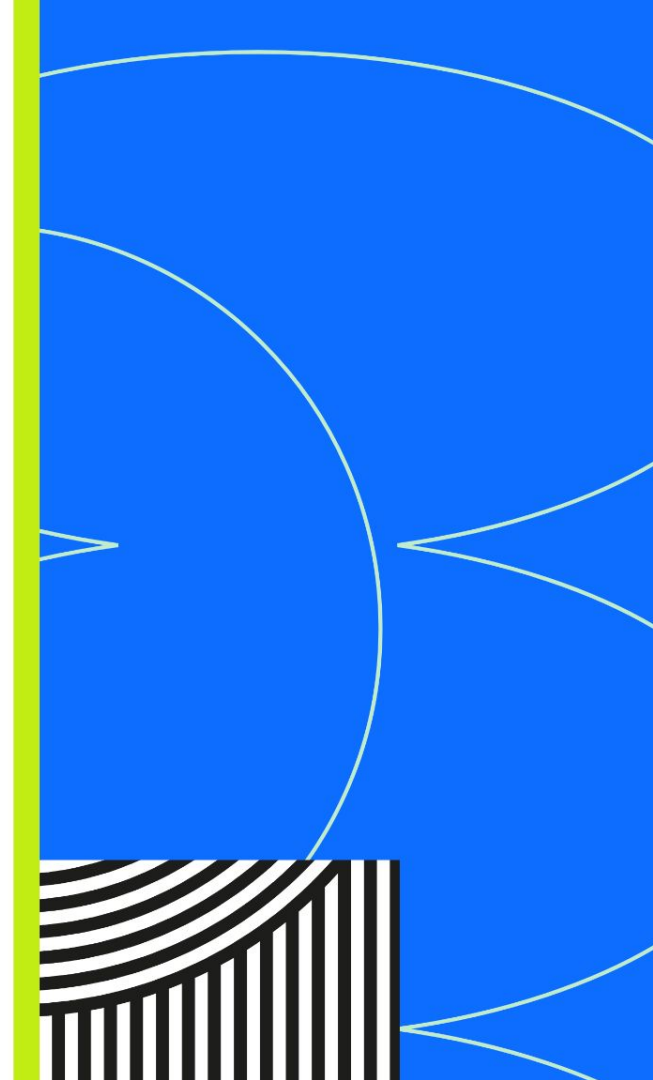
## FY/2022 results



<sup>1</sup> Excludes equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses



# 01 Delivering on our core strategy



**To turn Zalando into the starting point  
for every fashion-loving European**  
we focus on three strategic dimensions



**Customers**

We create deep customer relationships at scale



**Partners**

We transition towards a true platform business



**People & Planet**

We build a sustainable platform



# Customers | Delivered key customer milestones and expanded our service to more markets

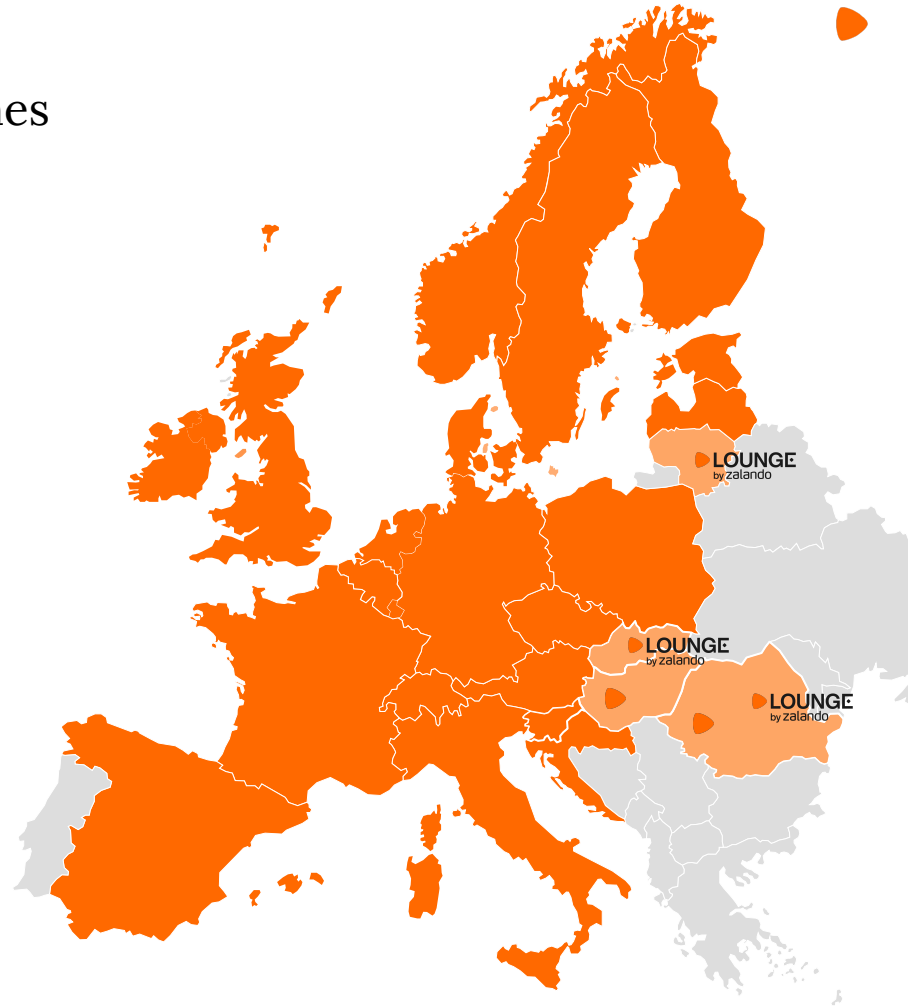
## Active customer development

More than  
**48m**  $\xrightarrow[YoY]{+5.7\%}$  More than  
**51m**

## Fashion Store and Lounge by Zalando markets

Fashion Store **23**  $\xrightarrow{+2}$  **25**

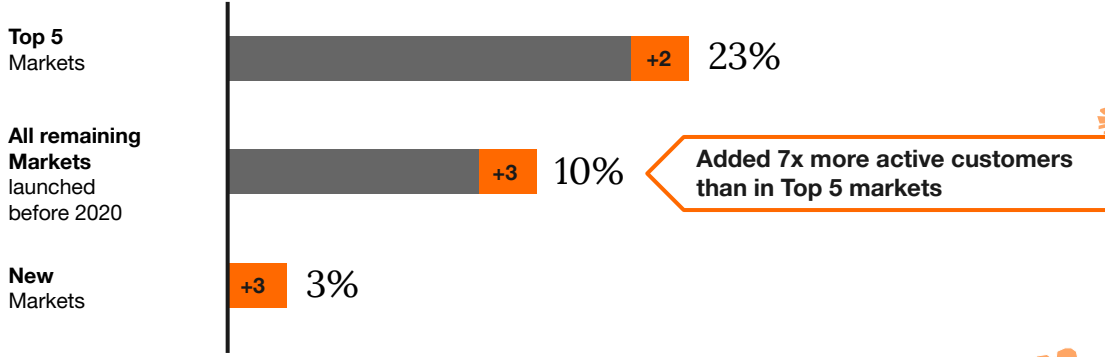
Lounge by Zalando **14**  $\xrightarrow[markets]{+3}$  **17**





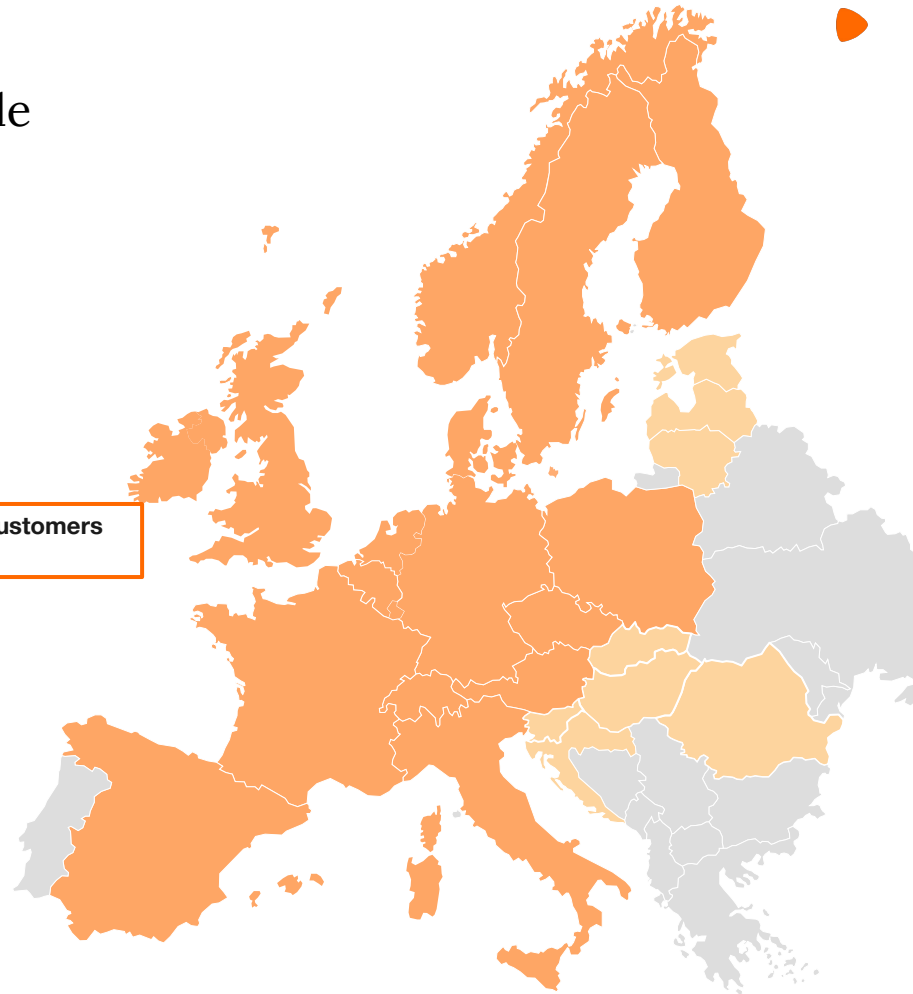
# Customers | As a result, we increased our scale in the massive European market

Population penetration<sup>1</sup> (active customers as % of total population)



■ 2020 ■ 2022

launched before 2020 ■  
new markets ■



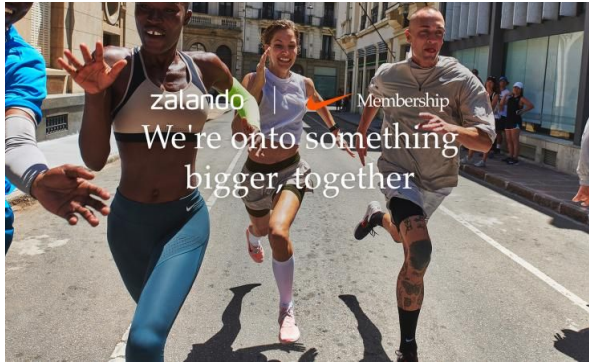
<sup>1</sup> Source: Statista, February 2023





# Partners | Building new and deepening existing relationships with key industry partners to engage customers with their most iconic brands

## Nike Membership on Zalando



**Deepening long-standing** partner relationship between Zalando and Nike

**Expanding offer** to include a differentiated selection of Nike member-only products and assortment, starting in certain markets<sup>1</sup>

## Sephora on Zalando



**Expanding existing** partner relationships between Zalando and Sephora

**Adding over** 50 high-profile prestige beauty brands on the platform and expanding partnership to Italy

## Apple & Beats Products on Zalando



**Building new** partner relationships between Zalando and Apple

**Introduction of** Apple Watch, AirPods, HomePods, Apple accessories and Beats headphones in certain markets<sup>2</sup>

<sup>1</sup> Germany, Austria, the Netherlands, France, Belgium, Denmark, Sweden, Finland, Italy and Poland

<sup>2</sup> Austria, Germany, France, Italy, and Switzerland



# Partners | With our enabling capabilities we further increased the opportunities for our partners on Zalando resulting in all-time high in Partner Business

### Enabling Direct-to-Consumer on Zalando

**Customer choice**

**Direct-to-Consumer**

**Partner business share<sup>1</sup>: 36%**


### Driving internationalisation across Europe

**Zalando-fulfilled partner business<sup>2</sup>: 58%**

### Connecting to consumers


**Zalando Marketing Services**

We connect brands to consumers



**Powerful performance solutions**

Turbo-charge your sales performance, for selected products or your whole assortment. Leverage our powerful performance marketing tools, driven by machine learning and constantly optimized to ensure your success.



**Revenue generated through Zalando Marketing Services (in % of GMV)<sup>3</sup>: 2%**

<sup>1</sup> Refers to Partner Program and Connected Retail, Q4/2022, Partner Business GMV expressed as %-share of Fashion Store GMV  
<sup>2</sup> Refers to Zalando Fulfillment Solutions, Q4/2022, ZFS items expressed as %-share of Partner Program items  
<sup>3</sup> Refers to Zalando Marketing Services, Q4/2022, ZMS revenues expressed as %-share of Fashion Store GMV



# People & Planet | Working towards our sustainability targets and driving a diverse and inclusive assortment with products in every category across price, size and style

## Carbon Footprint



### Partner Engagement

Learning platform to set Science Based Targets

**58%**

of our suppliers<sup>1</sup> have set science-based targets

<sup>1</sup> By emissions, including brand, packaging, and last-mile-delivery partners



### Adaptive Fashion

+ 300 styles launched with Tommy Hilfiger, Nike and within Zalando's own private labels

## Product Packaging



### Plastic Packaging Reduction

Improved folding techniques & stop of void fill usage

**~38%** reduction in single-use plastic packaging per item shipped

**99%** packaging material is recyclable



### Genderless

Inspiring customers with a dedicated **fashion hub** and **exclusive collections**



**+60%**

**Inclusive beauty** assortment since 2019

## Sustainability Assortment



### Circular Design Criteria

Private label assortment

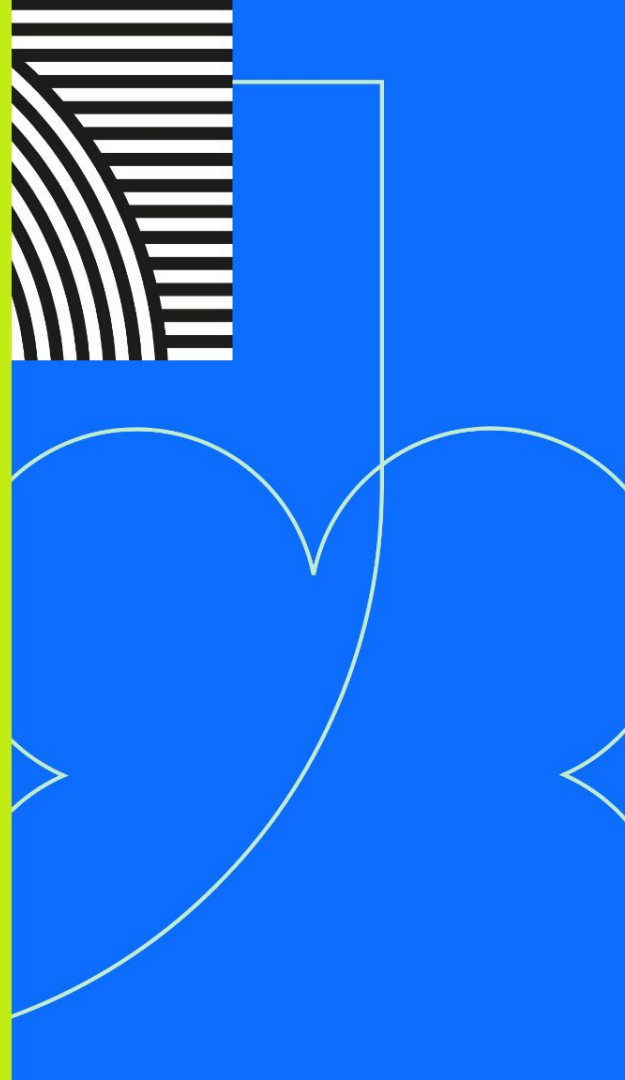
**~775,000** products designed and produced with **circular design criteria**



**+66**

Onboarded **black-owned brands** across beauty, jewelry and fashion in 2022

## 02 Evolving our approach





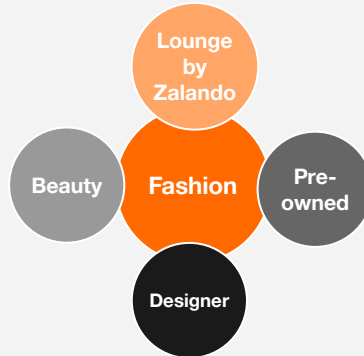
# Customers | Leveraging our portfolio of propositions for frequent and relevant engagement with customers to unlock our full growth potential

## Improve core fashion experience



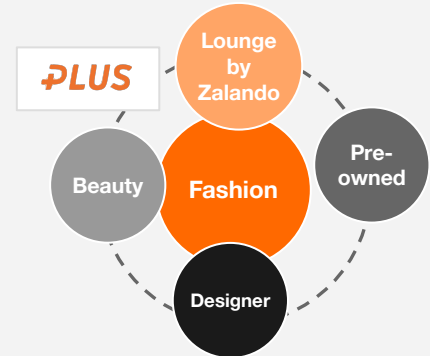
Increased engagement through elevated storytelling

## Elevate distinct propositions



~20% of customers are active in 2+ propositions

## Connect all our propositions



Over two million Zalando Plus members



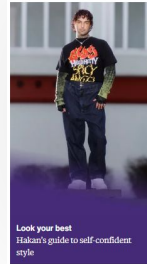
# Customers | Highsnobiety collaboration is gaining momentum and is bolstering our approach to turn customers to us when looking for fashion inspiration

>7.1m Number of unique viewers of curated product drops since start of Highsnobiety collaboration

>3x Higher click-through rate when compared to normal product drops

▶ Further build a fashion discovery experience to engage customers with a regular cadence of inspirational stories and exciting product releases

## Stories that inspire Curated weekly




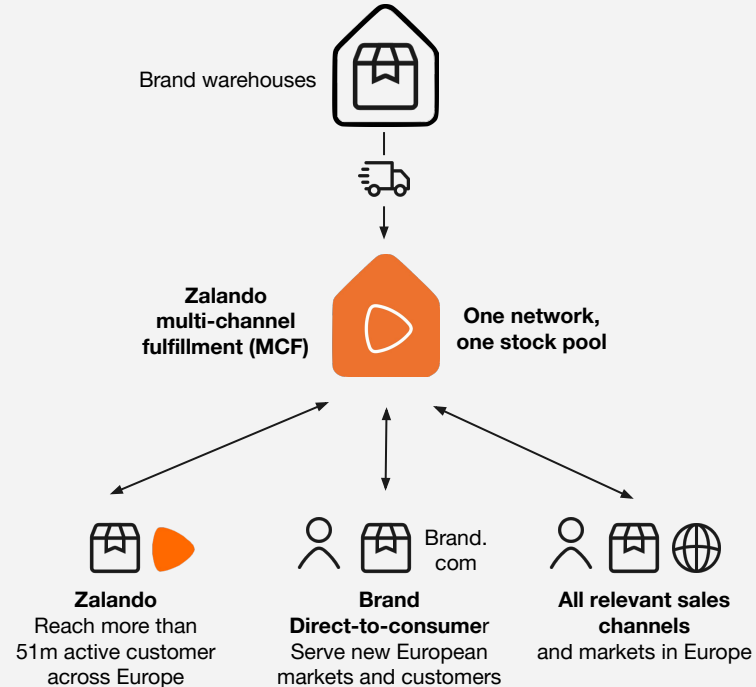


## Partners | In less than six months we turned an idea into a new capability that enables multi-channel fulfilment for our partners

**>50k** Number of items processed since October as part of pilot phase across six major European markets

**10** Number of partners signed

 Further invest into our highly differentiated fashion fulfillment capability to enhance and extend our role in the industry



# People & Planet | We accelerate climate action, circularity and D&I together with our partners and the industry

## Focus 2023

Reduce ✓

### Carbon

emissions of private label supply chain & partner brands

Enhance ✓

### Circularity

broaden assortment & build networks within industry

Enhance ✓

### D&I

specific action plan & expansion of inclusive assortment



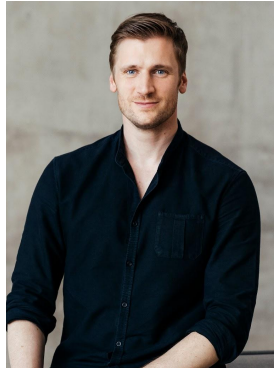




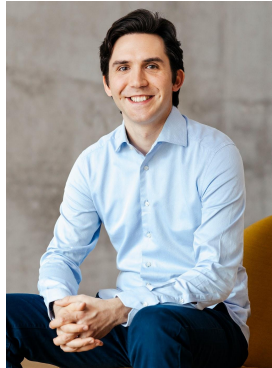
# We further deliver on our strategic ambitions and create long-term value for customers, partners, and shareholders



**Robert Gentz**  
Founder & Co-CEO



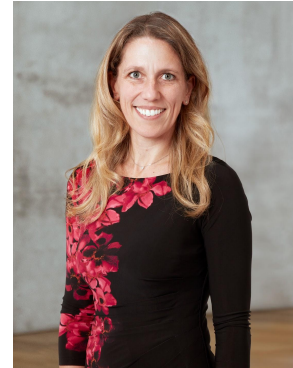
**David Schneider**  
Founder & Co-CEO



**David Schröder**  
COO



**Astrid Arndt**  
CPO



**Sandra Dembeck**  
CFO

## 03 Outlook



## 2023 outlook

<b>GMV</b>	1% - 7%
<b>Revenue</b>	(1)% - 4%
<b>Adj. EBIT<sup>1</sup></b>	EUR 280 - 350m

<sup>1</sup> Excludes equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses



## Confident to return to a double-digit growth trajectory in the medium term

	Mid-term	Long-term
Growth	<ul style="list-style-type: none"> <li>Return to double digit GMV growth rates</li> </ul>	<ul style="list-style-type: none"> <li>Long-term goal to serve 10% of European fashion market</li> <li>Deliver EUR 30bn GMV on the way to get there</li> </ul>
Profitability	<ul style="list-style-type: none"> <li>Deliver margin progression towards our adj. EBIT margin corridor of 3-6%</li> <li>Approaching high-end of corridor by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Double digit adj. EBIT margin ambition remains unchanged</li> </ul>

**Total fashion**  
~450bn EUR<sup>1</sup>

10%



<sup>1</sup> Source: Company estimates and Euromonitor International forecasts, February 2023, 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



## Key takeaways

- 01 **Zalando outgrew the online fashion segment**  
in a sustained period of significant disruption
- 02 **Further increased our scale across the European market**  
Achieved key customer milestone of >50m active customers and increasing partner business share of 36%
- 03 **Delivered on our updated 2022 guidance**  
Returned to growth and improved profitability in the second half of 2022 with financial discipline remaining a priority in 2023
- 04 **Driving profitable growth in 2023**  
FY/2023 guidance: adj. EBIT in the range of EUR 280m - 350m with GMV and revenue growth of 1% - 7% and (1)% - 4% YoY, respectively
- 05 **Remain laser focused on our long-term opportunities**  
and continue to selectively invest through the cycle across the core dimensions of our strategy





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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.