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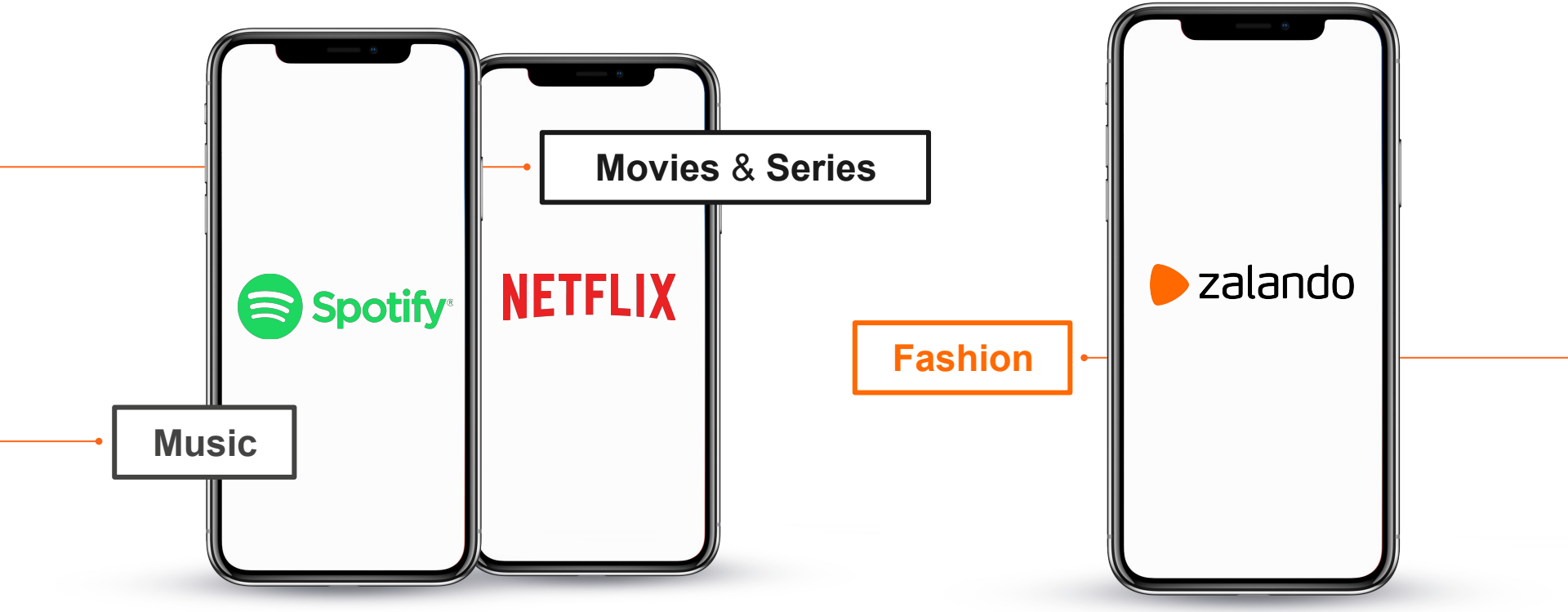
Zalando Press Call

February 27, 2020

Building the **Starting Point for Fashion**

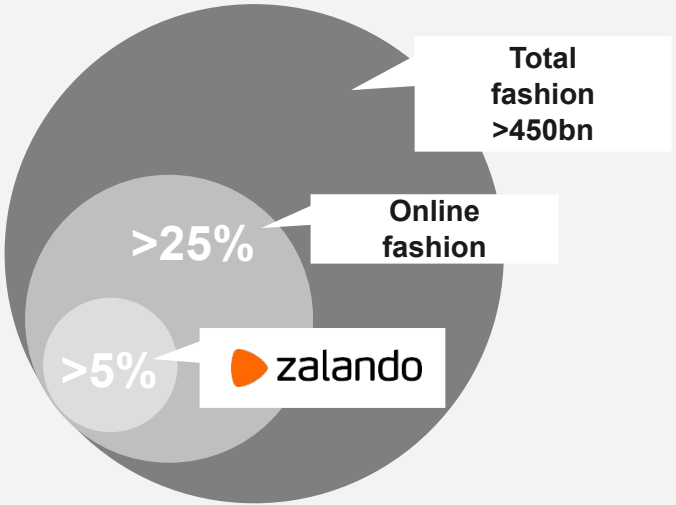
Rubin Ritter, Co-CEO

Our vision: To become the Starting Point for Fashion

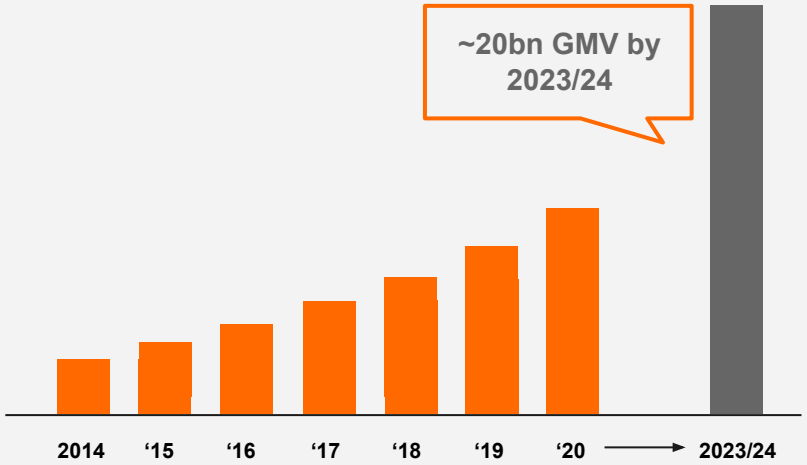


We remain convinced that online fashion is a long-term growth opportunity

We are targeting a huge market opportunity[1],…

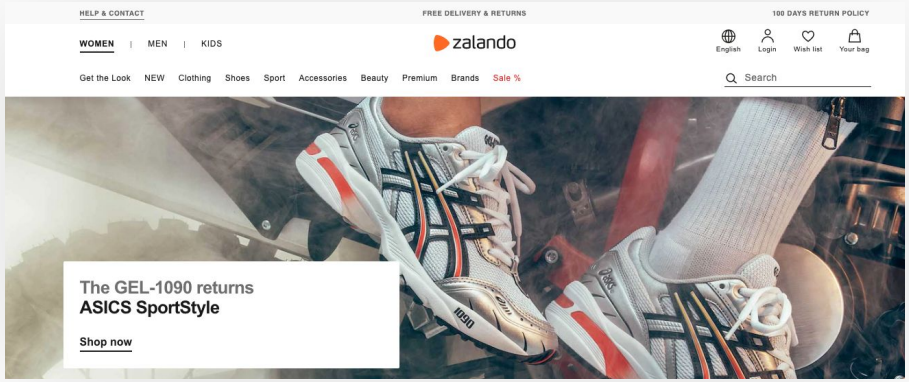


...aiming for €20bn GMV by 2023/24



(1) Source: Company estimates and Euromonitor International forecasts, February 2019. Euromonitor forecasts the overall European Fashion Market to grow to roughly 450bn EUR over the next 5-10 years. 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 2019, we have delivered towards our growth ambition



4.2bn
+33% Site Visits

56%
growth of GMV generated through app

31 million
active customers +4.6m

8.2bn
GMV

24%
GMV growth

Zalando Plus is set to become an essential lever in deepening our relationship with our most valuable customers

Plus customers are a lot happier[1]**, …**
Net-Promoter-Score in 2019

+4

…engage more with us…
Sessions per user

+70%

…and hence spend more
GMV per active Customer

>3x

(1) NPS comparison of Zalando Plus Customers vs Non-Plus Customers in Germany

Our 2020 initiatives to drive Active Customers growth

We double down on Premium

Large segment
Market Size: ~40bn EUR

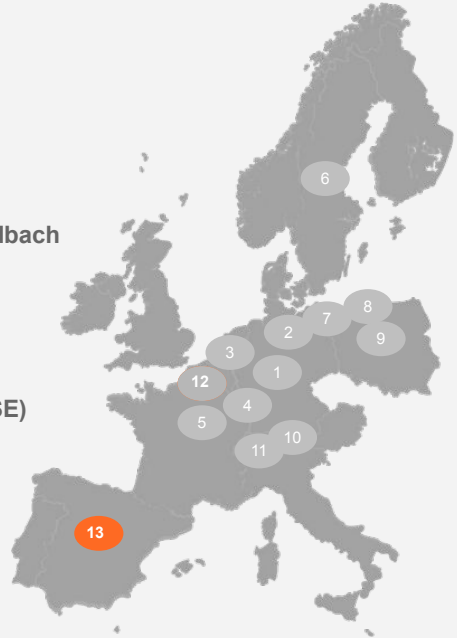
Shifting online
16% online CAGR

Customer interest
20m searches for luxury brands we do not have yet

Order economics
Above average basket sizes

Getting closer to our Spanish customers by opening a local warehouse

1. Erfurt
2. Brieselang
3. Mönchengladbach
4. Lahr
5. Paris (FR)
6. Stockholm (SE)
7. Szczecin (PL)
8. Olsztynek (PL)
9. Lodz (PL)
10. Verona (IT)
11. Milano (IT)
12. Rotterdam (NL)
13. Madrid (ES)



To be a sustainable fashion platform with a net-positive impact for people and the planet.

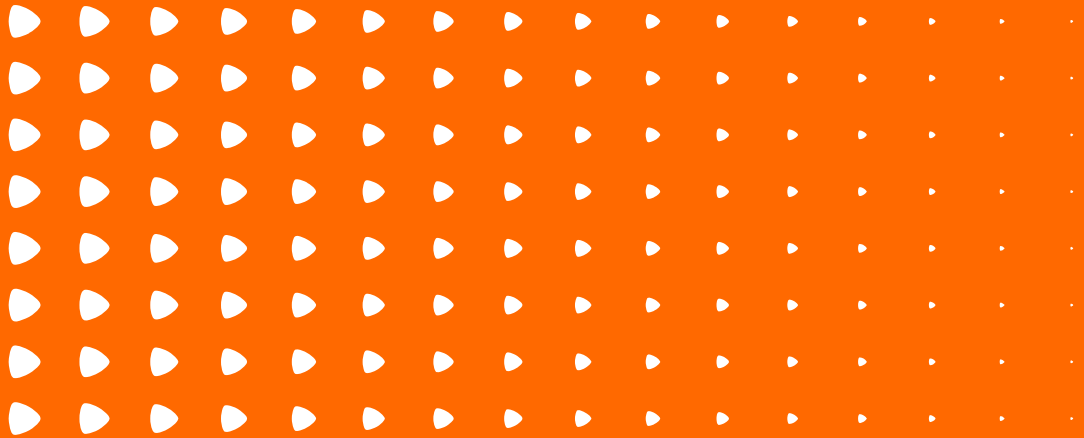
Zalando to launch pre-owned category on main destination after testing since 2018, connecting buyers and sellers of pre-owned products

Customers declutter their wardrobe

Pre-owned

Customers discover pre-owned item on Zalando

Building the
Starting
Point
for Fashion



David Schröder, CFO

Business Update

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In 2019 we delivered strong financial results

GMV

€8.2bn

+24%

2019

Revenue

€6.5bn

+20%

2019

Adjusted EBIT

€225m

+30%

2019

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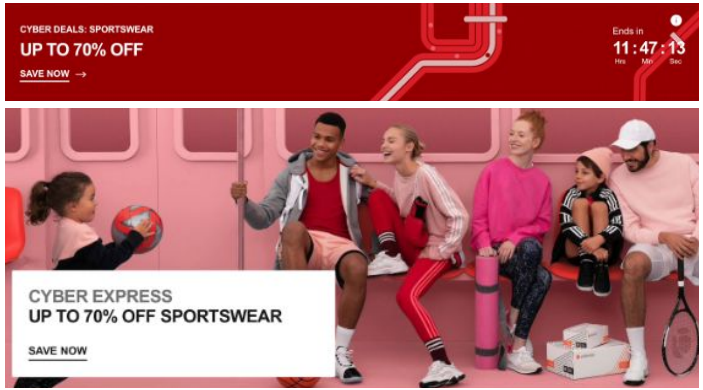
Cyber Week marked another important proof point for the potential of our platform business



~20%
Partner Program Share

33m
Site Visits on Black Friday

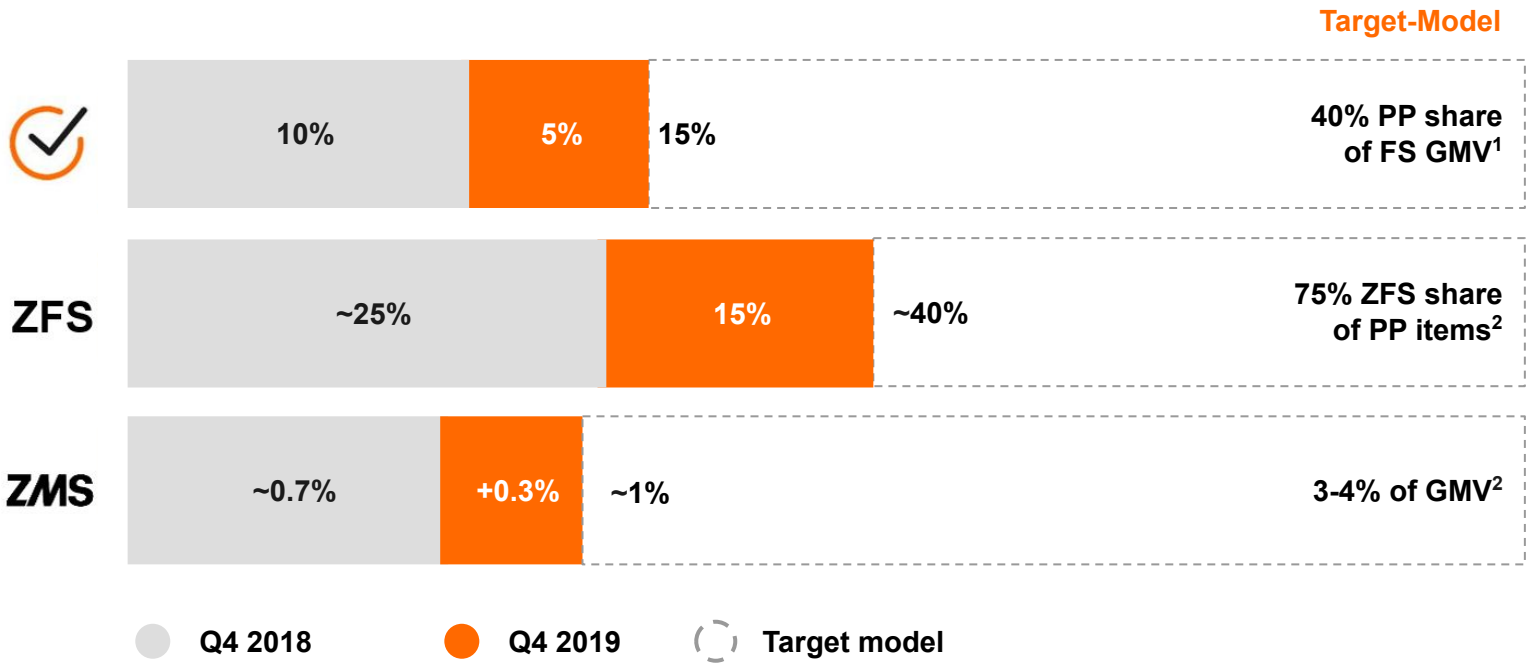
+5
YoY in NPS in Cyber Week

~840k
Newly Acquired Customers

7,200
Orders/Minute at Peak Times

32%
YoY GMV Growth

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.

In 2020, we will focus on four areas to drive the platform transition

- **Internationalization of existing Partners**
- **New Partner Integration & Range Extension of existing Partners**
- **ZFS / Offprice Integration**
- **Next Generation of Tooling**

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For 2020, we remain committed to our previous transition phase guidance, with strong growth momentum and continued investments in our customers and our platform

GMV growth of 20-25% and Revenue growth of 15-20%

Adj. EBIT[1] of €225 – 275m

Slightly negative working capital and around €330m capex[2]

Excluding a potential negative impact from Coronavirus

1) Excluding equity-settled share-based payment expense ("SBC") of ~€50m, restructuring costs and non-operating one-time effects for FY/20E
2) Excludes M&A transactions

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Q&A

Anne Pascual, SVP Product Design

Reimagining Pre-owned Fashion

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We’re deepening our relationship with customers

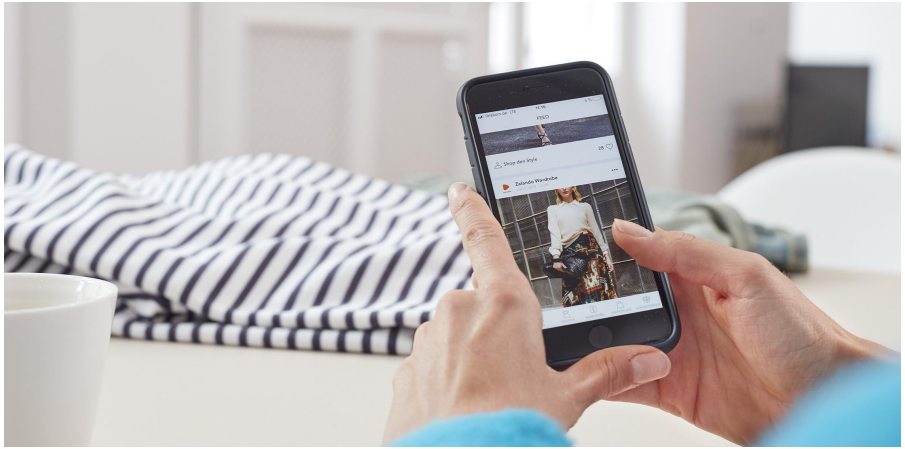
Fashion is about creating memorable moments, experiences and stories.

Customers want to discover pre-owned items and declutter

Especially Millennials and GenZ are requesting this.

Make it easy to buy and sell pre-owned

Customers love our Wardrobe app and how easy it is to buy and sell pre-owned items.



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Our Answer:
A new category pre-owned fashion

Buy pre-owned items on Zalando with the same seamless experience.

But we want to take it even further.

Extend the life of your fashion and sell the items you no longer wear to Zalando.

The starting point for fashion, new and pre-owned.

We are growing stronger by adding another dimension.

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2020 Strategic Focus

Zalando Premium

Lena-Sophie Röper,
Buying Director Premium & Luxury

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We double down on Premium

Zalando‘s designer destination heavily grows contemporary and expands into luxury.

The premium & luxury market

Lucrative
Approximately 9% of the total fashion market

Digital
Online sales share projected to grow heavily

Growing
Outpacing overall European fashion market

Our Customers seek for Luxury

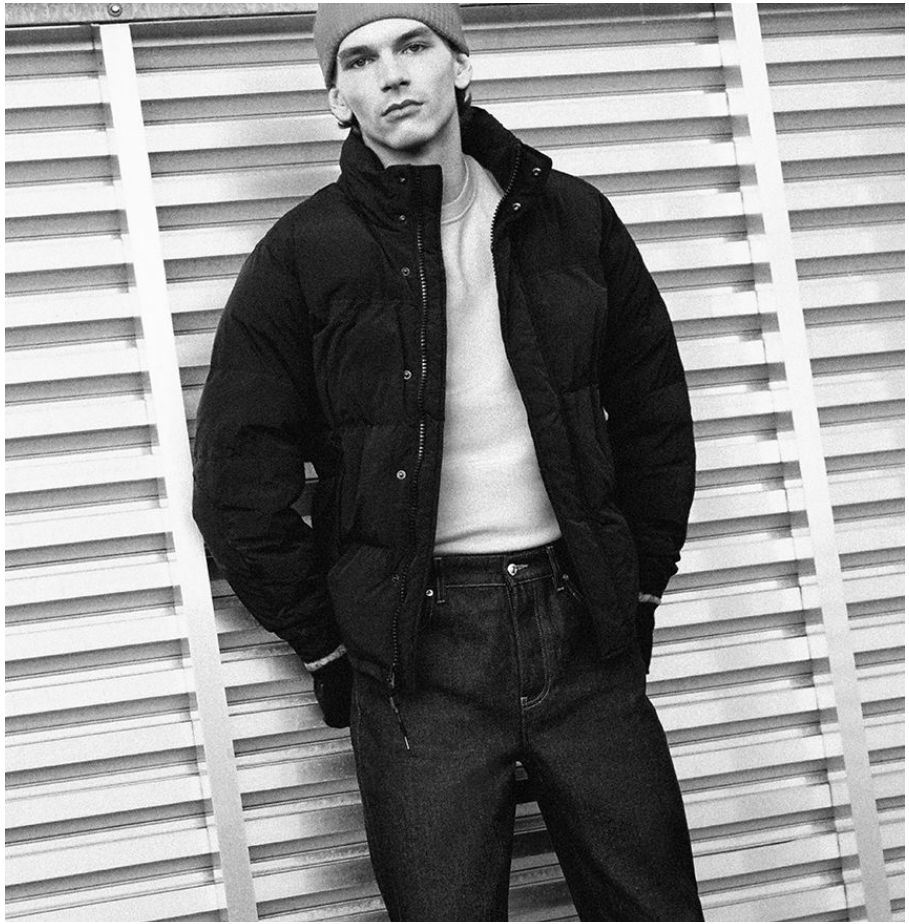
Over 20 Million
no-hit searches for
luxury brands in 2019.

Zalando Premium

Successful
Fastest growing Business Category within Zalando

Expanding
Acquired > 50 contemporary and entry luxury brands over the past 12 months

Next Gen
Premium customer base grew 23% in 2019; Gen Z customer base for premium grew 48% in 2019



The new luxury consumer

Young

By 2025, >55% of Luxury customers will be Millennials and Gen Z*

Diverse

A great outfit is not defined by price but created through personal self-expression and creative individualism

Aware

Purchase decisions are influenced by relevance on social media, a brand's authenticity and cultural credibility

* ICSC - Global Luxury Retail in the Digital Era

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Mix and match: The new norm

Luxury

Premium

Streetstyle

Vintage

Pre-Owned

Our customer promises

World-class fashion inspiration

New marketing plan and dedicated content & production team

Unlimited choice

One platform for all fashion needs and aspirational desires

Convenient, seamless experience

One checkout for all fashion needs

Zalando's USP for Brands

Largest customer base in Europe
~31 million customers in 17 countries

Key market access point
> 60% of our premium customers are Millennials and Gen Z

Platform services
Extensive data access, fulfilment and marketing services

Building bridges
A great experience for new luxury customers looking for emerging designer & luxury brands

Outlook

Dedicated premium marketing & PR
Known and loved for mainstream and premium / luxury fashion

Luxury digital experience
An onsite destination with a luxury experience

Building strong partnerships
Continue to be the best possible partner

Zalando Premium Goes Big

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