

## STRONG CUSTOMER GROWTH FUELS ZALANDO REVENUES IN THIRD QUARTER

---

- **Third quarter 2017: revenues up 28.7% to EUR 1,074.7 million, adjusted EBIT at EUR 0.4 million (0.0% margin)**
  - **Active customers increase quarter-on-quarter by one million to 22.2 million**
  - **Growth focus to continue through rest of the year, adjusted EBIT margin in the fourth quarter expected slightly below last year's strong level**
- 

BERLIN, NOVEMBER 7, 2017 // Zalando reported very strong revenue growth in the third quarter of 2017, with revenues up by 28.7% to EUR 1,074.7 million (Q3 2016: EUR 834.8 million). For the same period, Europe's leading online platform for fashion achieved a positive adjusted EBIT of EUR 0.4 million, corresponding to a margin of 0.0% (Q3 2016: EUR 19.5 million, 2.3% margin).

Zalando reaccelerated growth in the DACH region to 22.3% year-on-year to EUR 497.7 million (Q3 2016: EUR 407.1 million, 9.7% growth) and further expanded its business in the Rest of Europe region by 30.9% to EUR 489.7 million (Q3 2016: EUR 374.0 million). In the third quarter, Zalando increased active customers by one million to 22.2 million quarter-on-quarter, the highest absolute growth since the second quarter of 2015. At the same time order frequency increased to a record average of 3.8 times per active customer in the last twelve months.

Co-CEO Rubin Ritter said: "The very strong revenue growth in the third quarter underlines our growth focus and shows that our investments already pay off. For the fourth quarter as well as the coming years, we continue to focus on growth with the goal to double our business by 2020 and remain willing to further invest to reach this ambition."

Given Zalando's strong growth focus, the company continues to expect revenue growth in the upper half of its guided range of 20-25%, despite a weaker than expected October. As a result, Zalando forecasts adjusted EBIT margin in the fourth quarter to be slightly below last year's strong level, leading to a full year adjusted EBIT margin of slightly below 5%.

Investments will continue through the fourth quarter and beyond. In the third quarter, key investments included the further build-out of Zalando's logistics and technology infrastructure to ensure future capacity for its growing customer base and to enable partner services. The fulfillment hub in Lahr is now live with initial automated processes and is further ramping up capacity. First parcels left the new logistic sites in Gryfino near Szczecin as well as in Brunna near Stockholm, which started test operations. Both sites will ramp up operations over the next few months. In addition, Zalando recently announced a second fulfillment hub in Poland, which will be located in Gluchow near Lodz, where construction will start in November 2017.

In the first nine months of 2017, Zalando grew revenues by 23.9% to EUR 3,155.3 million (first nine months 2016: EUR 2,547.4 million) and achieved an adjusted EBIT of EUR 102.5 million, which corresponds to a margin of 3.2% (first nine months of 2016: EUR 120.7 million or 4.7%).

Capital expenditure in the first nine months of 2017 was EUR 175.6 million, excluding M&A, reflecting investments primarily into logistics infrastructure, plus also in-house developed software. Zalando continues to aim for about EUR 250 million capital expenditure in 2017, excluding M&A.

Zalando's [quarterly statement](#) and the [earnings presentation for analysts and investors](#) is available on the Zalando Investor Relations website. Zalando will report results for the full year and fourth quarter 2017 on March 1, 2018, and publish a trading update prior to that. The publication date of the trading update will be announced in due time.

## Zalando Group – Key figures (in EUR million)

	Q3 2017	Q3 2016	9M 2017	9M 2016	FY 2016
<b>Group revenue</b>	<b>1,074.7</b>	<b>834.8</b>	<b>3,155.3</b>	<b>2,547.4</b>	<b>3,639.0</b>
<b>% growth</b>	<b>28.7%</b>	<b>17.1%</b>	<b>23.9%</b>	<b>21.9%</b>	<b>23.0%</b>
DACH <sup>1</sup>	497.7	407.1	1,515.6	1,284.4	1,813.8
<i>% growth</i>	22.3%	9.7%	18.0%	13.7%	14.8%
Rest of Europe <sup>2</sup>	489.7	374.0	1,387.8	1,091.8	1,570.2
<i>% growth</i>	30.9%	24.3%	27.1%	28.3%	29.6%
Other <sup>3</sup>	87.2	53.7	251.9	171.3	255.1
<i>% growth</i>	62.5%	30.8%	47.1%	56.9%	53.2%
<b>Adjusted group EBIT<sup>4</sup></b>	<b>0.4</b>	<b>19.5</b>	<b>102.5</b>	<b>120.7</b>	<b>216.3</b>
<b>Adjusted group EBIT margin</b>	<b>0.0%</b>	<b>2.3%</b>	<b>3.2%</b>	<b>4.7%</b>	<b>5.9%</b>
DACH <sup>1 4</sup>	15.7	41.4	107.8	146.3	226.3
<i>% margin</i>	3.2%	10.2%	7.1%	11.4%	12.5%
Rest of Europe <sup>2 4</sup>	(16.2)	(17.9)	(17.9)	(19.0)	(3.3)
<i>% margin</i>	(3.3%)	(4.8%)	(1.3%)	(1.7%)	(0.2%)
Other <sup>3 4</sup>	0.9	(4.0)	12.6	(6.6)	(6.7)
<i>% margin</i>	1.1%	(7.4%)	5.0%	(3.9%)	(2.6%)
<b>Net working capital</b>	<b>(115.3)</b>	<b>(157.9)</b>	<b>(115.3)</b>	<b>(157.9)</b>	<b>(127.6)</b>
<b>Capital expenditure</b>	<b>45.7</b>	<b>47.7</b>	<b>175.6</b>	<b>115.9</b>	<b>181.7</b>
<b>Net income</b>	<b>(11.1)</b>	<b>5.0</b>	<b>41.5</b>	<b>60.5</b>	<b>120.5</b>

<sup>1.</sup> DACH segment is comprised of Germany, Austria and Switzerland.

<sup>2.</sup> Rest of Europe segment includes all other countries in which Zalando presently operates.

<sup>3.</sup> The segment Other mainly includes revenues generated by the Zalando Lounge and outlet sales channels and the new platform initiatives.

<sup>4.</sup> Adjusted to exclude equity-settled stock based compensation costs.

## Zalando Group – Key performance indicators

	Q3 2017	Q3 2016	9M 2017	9M 2016	FY 2016
Site visits (m) <sup>5</sup>	615.6	468.6	1,828.4	1,428.4	1,991.6
Mobile visit share (% of site visits) <sup>6</sup>	71.8%	67.0%	70.1%	64.6%	65.6%
Active customers (m) <sup>7</sup>	22.2	19.2	22.2	19.2	19.9
Number of orders (m) <sup>8</sup>	22.5	16.4	64.7	49.6	69.2
Average orders per active customer	3.8	3.4	3.8	3.4	3.5
Average basket size (EUR) <sup>9</sup>	62.0	62.8	63.2	65.1	66.6
Headcount	14,217	11,998	14,217	11,998	11,998

<sup>5</sup>. Number of series of page views from the same device and the same source (via websites, mobile sites, tablet sites or apps). The series is considered ended when a page view is not recorded for longer than 30 minutes.

<sup>6</sup>. Tablets, mobile sites and apps.

<sup>7</sup>. Number of customers placing at least one order in the last twelve months irrespective of cancellations or returns.

<sup>8</sup>. Number of customer orders placed in the measurement period irrespective of cancellations or returns. An order is counted on the day the customer places the order.

<sup>9</sup>. Transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.

## NOTES TO EDITORS

### ABOUT ZALANDO

Zalando (<https://corporate.zalando.com>) is Europe's leading online fashion platform for women, men and children. We offer our customers a one-stop, convenient shopping experience with an extensive selection of fashion articles including shoes, apparel and accessories, with free delivery and returns. Our assortment of almost 2,000 international brands ranges from popular global brands, fast fashion and local brands, and is complemented by our private label products. Our localized offering addresses the distinct preferences of our customers in each of the 15 European markets we serve: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, Poland and the United Kingdom. Our logistics network with five centrally located fulfillment centers allows us to efficiently serve our customers throughout Europe, supported by warehouses in Northern Italy, France, and Sweden with a focus on local customer needs. We believe that our integration of fashion, operations and online technology gives us the capability to deliver a compelling value proposition to both our customers and fashion brand partners. Zalando's shops attract over 200 million visits per month. In the third quarter of 2017, 72% of traffic came from mobile devices, resulting in 22.2 million active customers by the end of the quarter.

### CONTACT ZALANDO

René Gribnitz / Vice President Communications  
[rene.gribnitz@zalando.de](mailto:rene.gribnitz@zalando.de)

Alexander Styles / Financial Communications  
[alexander.styles@zalando.de](mailto:alexander.styles@zalando.de)  
 +49 30 20968 2022