



Roadshow presentation

June 2020



Agenda

Our vision: The Starting Point for Fashion

Platform as key lever
to become the Starting Point

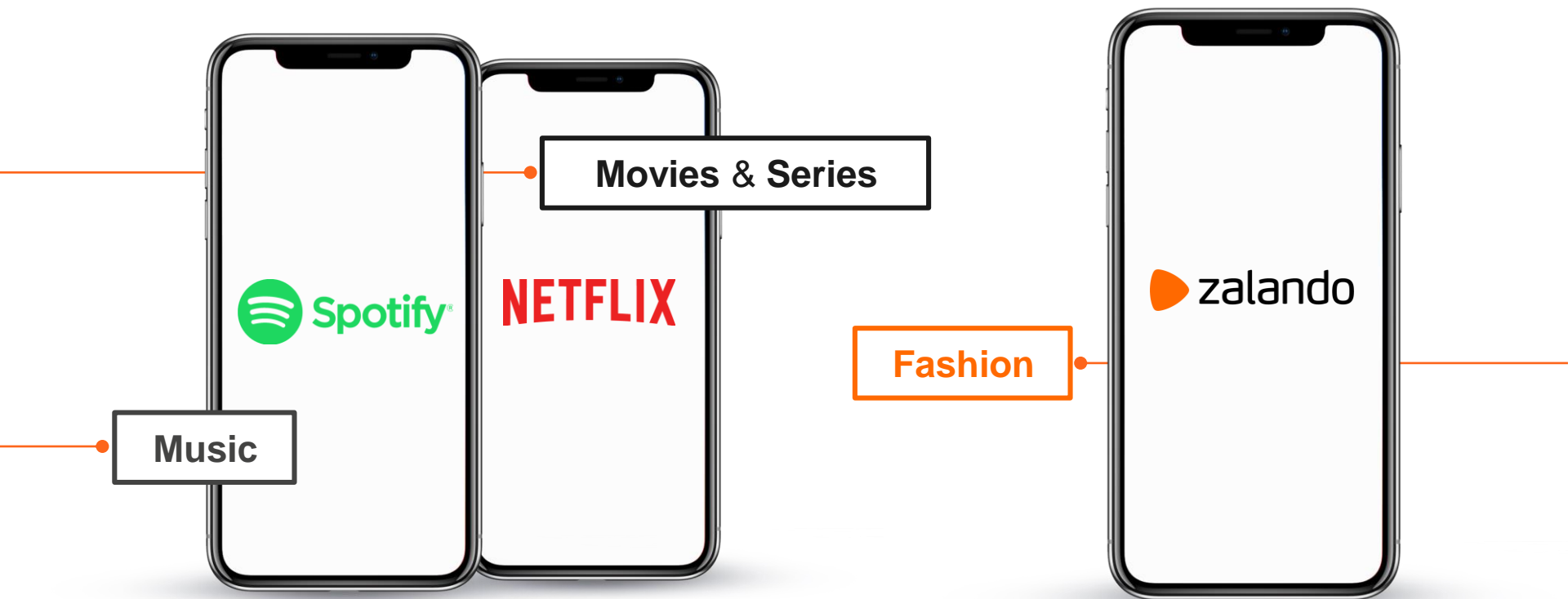
Our business model of the future

Executing our strategy in times of Covid-19

Q1/2020 Results



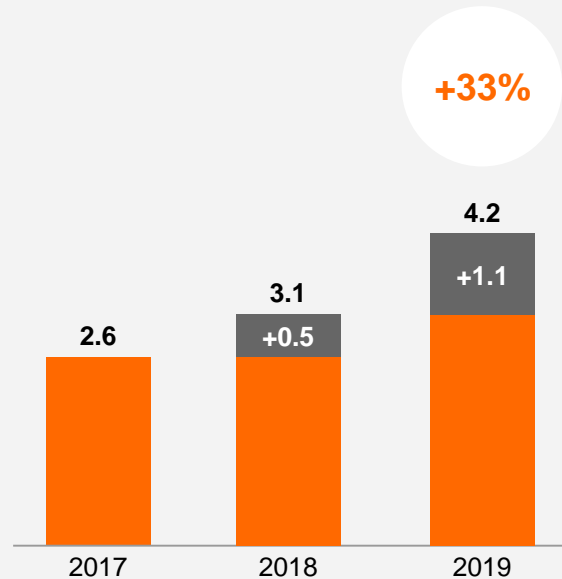
Our vision: To become the Starting Point for Fashion



In 2019, we have delivered towards our ambition

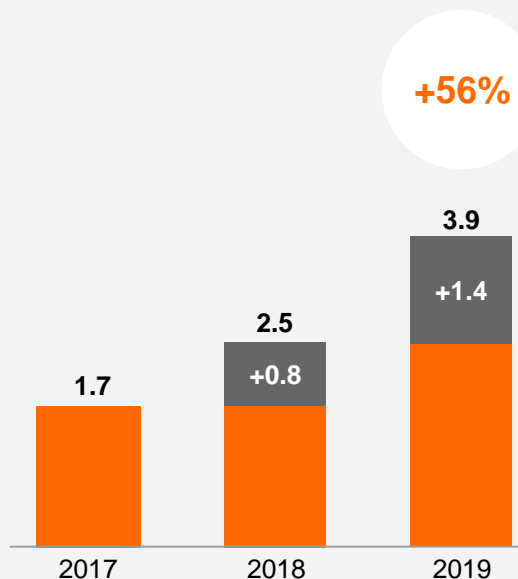
Visits
in bn #

+33%



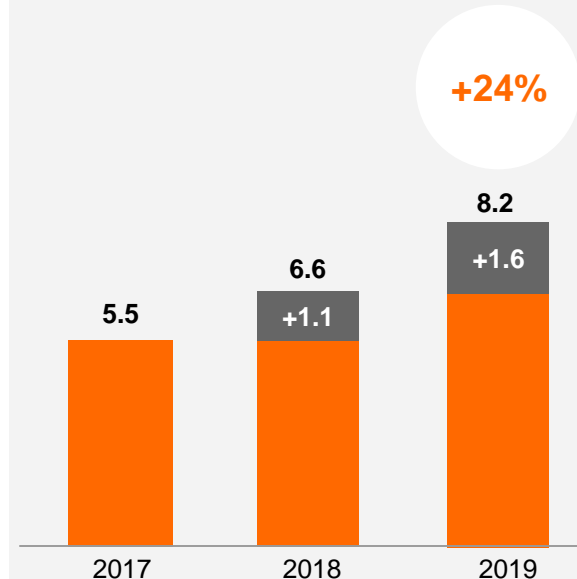
App GMV
in bn €

+56%



GMV
in bn €

+24%

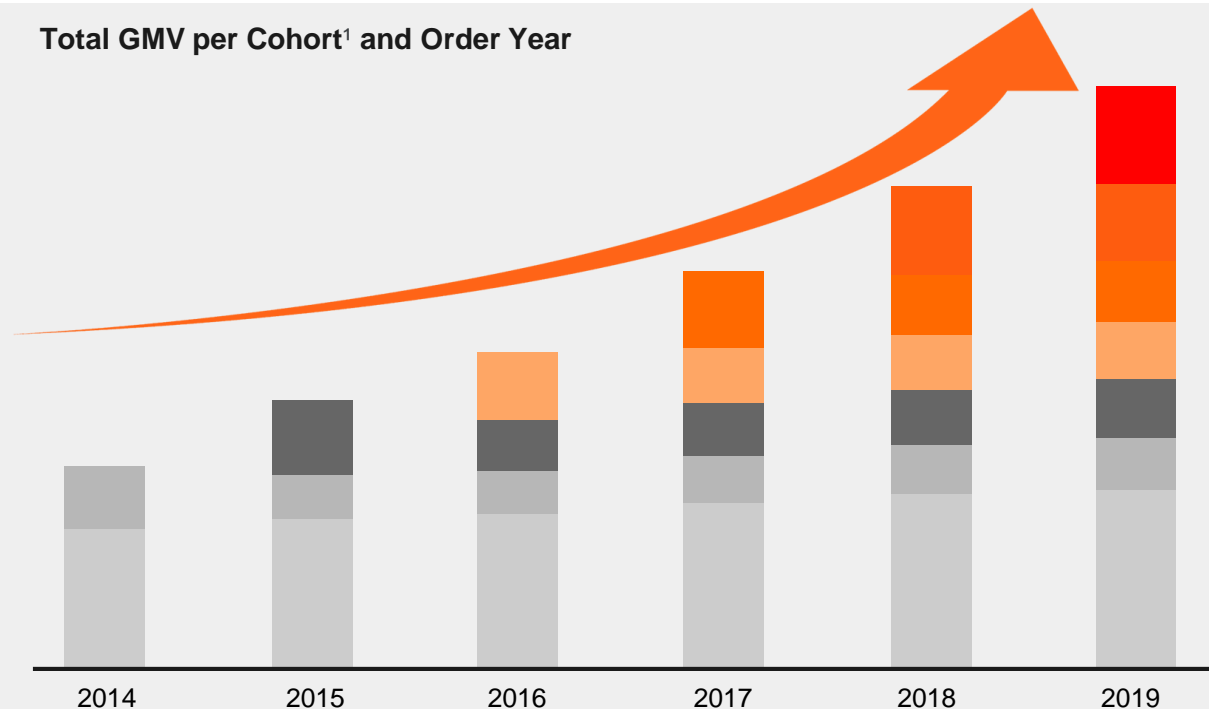


Our vision is build on two key levers - Deep Customer Relationships and our Platform Strategy



Cohort analysis shows that we are creating a healthy customer base

Total GMV per Cohort¹ and Order Year



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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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



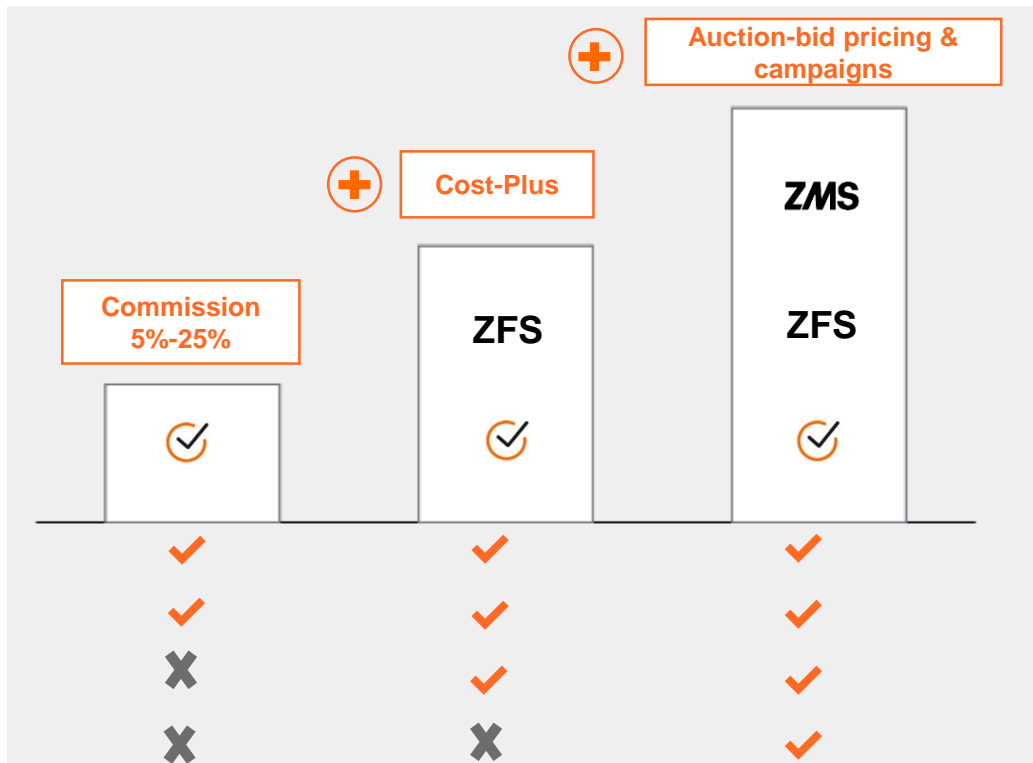
Partner Program

Direct-to-Consumer

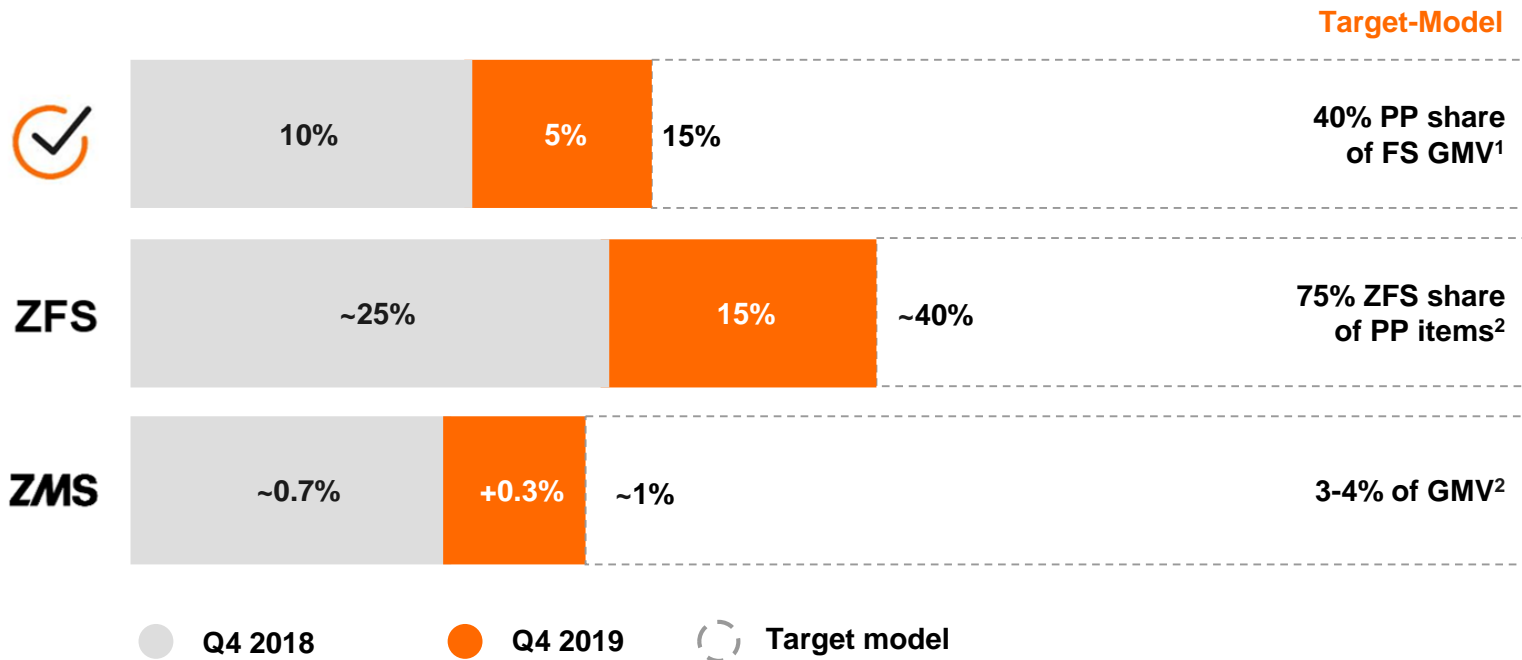
Control of Product, Content & Pricing

Superior Order Economics, Convenience to Consumer & Physical Access to Consumer

High Sell-Through & Brand Building



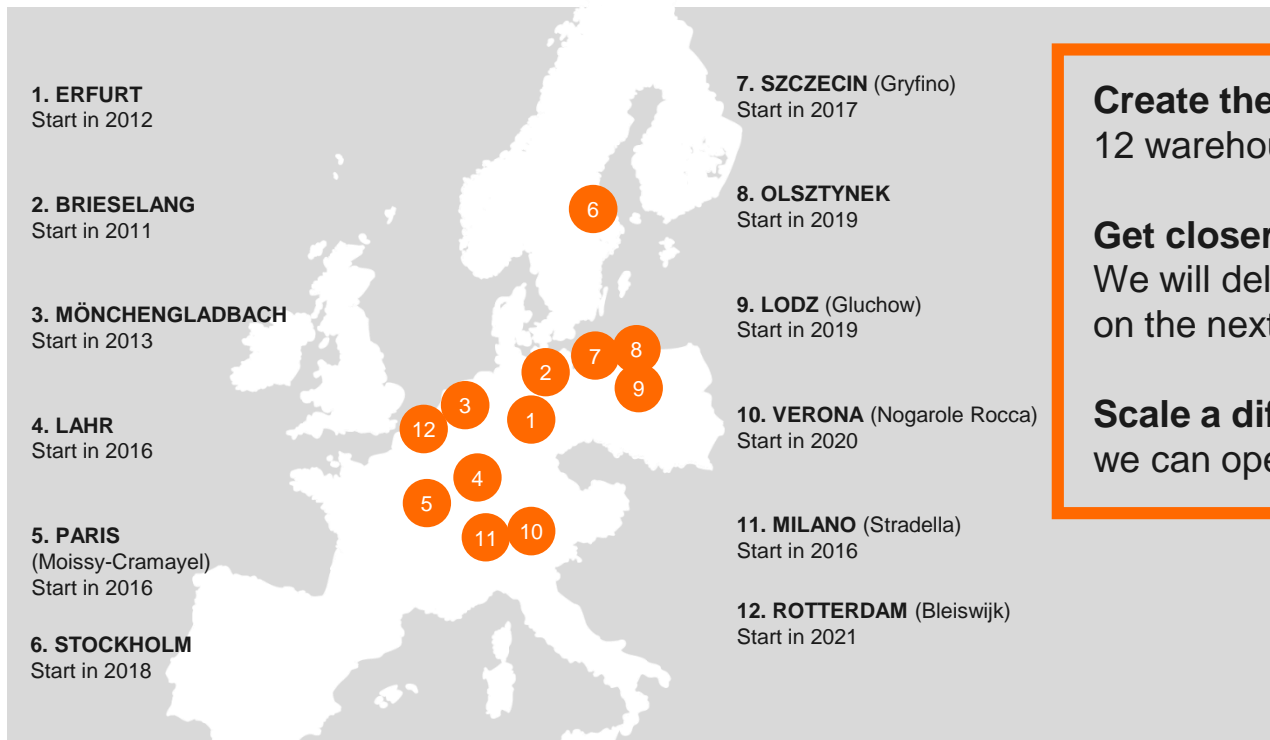
In 2019, we achieved important milestones in driving the Platform Transition



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.

ZFS leveraging our European logistic network to enable PP success



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

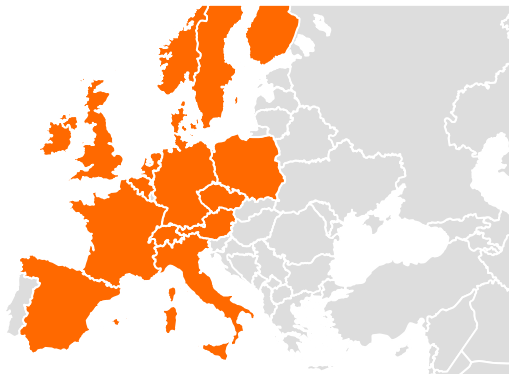
We offer a broad range of payment methods and logistic partners to satisfy local customer preferences

Payment Methods



22 different payment methods

Countries



Our presence in 17 countries
requires localization

Logistic partners



25 domestic carrier integrations, 2
express carrier, 14 same day
destinations

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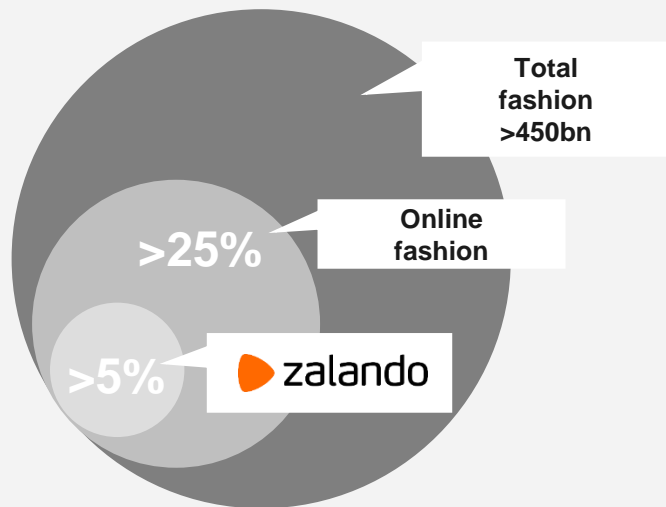
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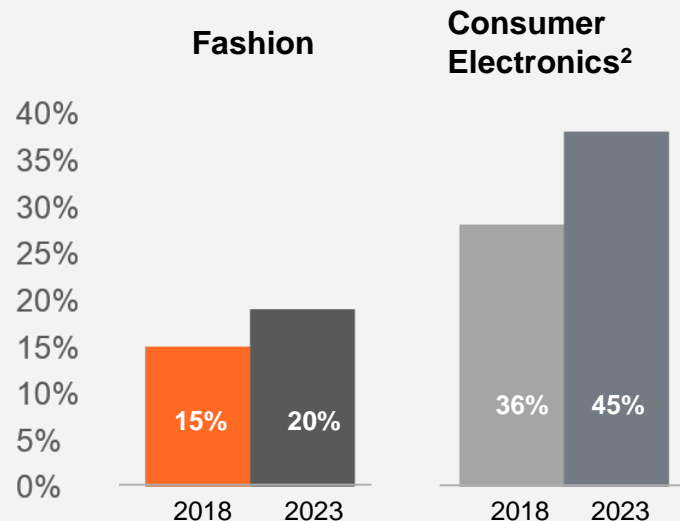


We remain convinced that online fashion is a long-term growth opportunity

We are targeting a massive opportunity in 5-10 years¹...



...with low online share compared to other categories



(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.

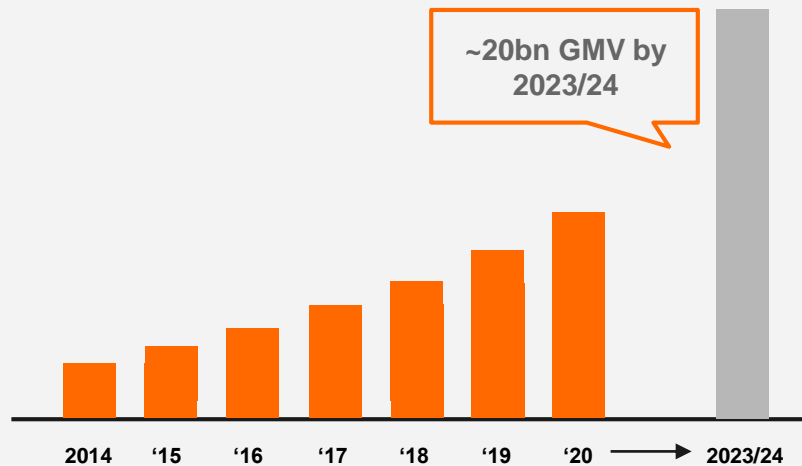
Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax

(2) Source: United States online penetration, Statista, last update 2018-10

We aim to achieve a scale of 20bn EUR GMV by 2023/24

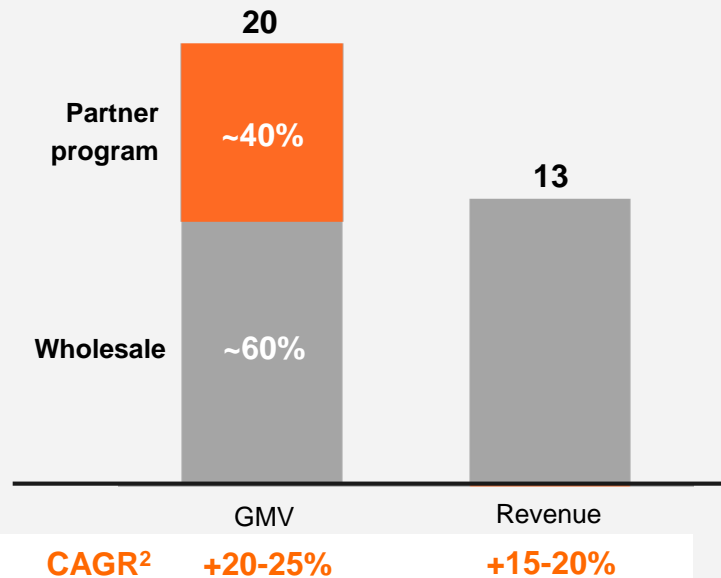
Growth Ambition 2023/24

in €bn GMV¹



Business Model Mix 2023/24

in €bn



(1) GMV (Gross Merchandise Volume) incl. VAT

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

Key assumptions:

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

(1) Wholesale includes Offprice and Private label
 (2) Trend vs. 2018 cost lines

Financial profile during transition to platform model

	2019	Transition Phase 2019 – 2021	Years Following	Target Model
GROWTH		Continued high GMV growth of 20-25% until 2023/24		Growth in line with / slightly above online market
PROFITABILITY		Margins between 2-4%, driven by growth investments and platform transition	Margins start to increase as platform transition progresses (e.g. impact of ZMS)	Target margin of 10-13%
CASH		<ul style="list-style-type: none">• Cash flow negative• NWC neutral• Capex of 4-5% of revenue		Target margin leading to a strong cash generation

Investment Highlights - The Starting Point for Fashion

1

Our vision is to become the **Starting Point for Fashion**, the destination that consumers gravitate to for all their fashion needs.

2

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

3

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

4

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

5

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

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Q1/20 Results



Our #1 priority is to ensure the safety of our employees



All colleagues who can **work from home** are in home office



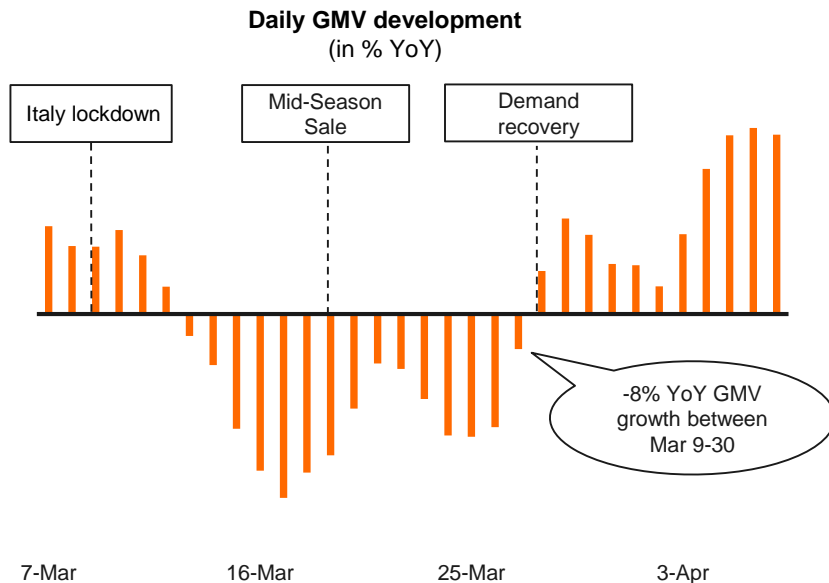
For colleagues who cannot work from home, we do everything possible to create a **safe working environment**.



We are focused on ensuring **business continuity** despite high absence rates and struggling carrier networks.



Our #2 priority is to safeguard our financial success



Developed different demand scenarios for the year and stress-tested our financial health



Initiated cost savings and drew our revolving credit facility to remain flexible also in worst case



Adjusted our trading routines to the new environment (preponed mid-season sale, adjusted marketing steering and messaging to customers)

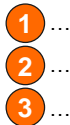
Our #3 priority is to find the right strategic response



Opportunity to be part of **the solution for the fashion industry**



Accelerate our **Starting Point strategy**, specifically platform transition



Adjust our priorities for the year accordingly



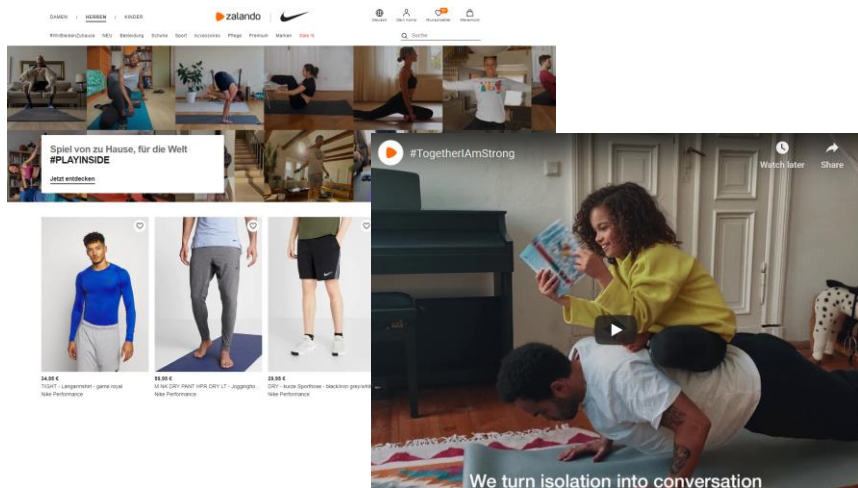
We see first signs that customers may shift to online even faster: highest number of new customers ever achieved in month of April

New customer groups discover e-commerce

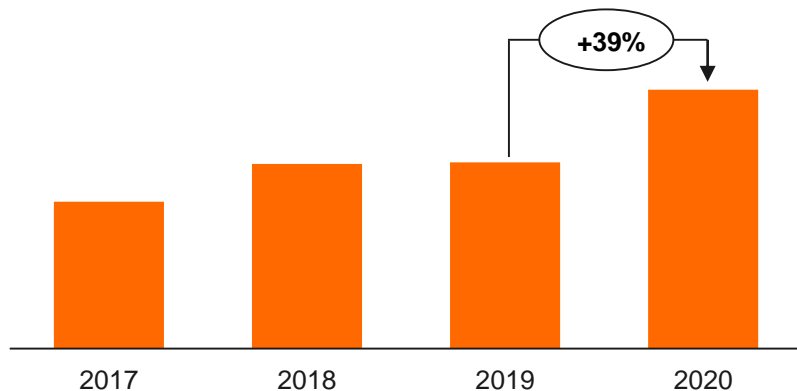
Growing new customer numbers

Starting Point strategy

Shift towards social first



Accelerating new customer growth in # new customers in April for each year



Brands need to shift towards digital even faster - and we are supporting them by accelerating the platform transition

Brands requiring additional sources of demand

Promote Partner Program and supporting services

Starting Point strategy

Our offer to the brands

- Faster integration
- Early pay-out to support cash needs
- Matching ZMS investments
- Increased visibility in shop
- Dedicated partner sales event on May 10-12

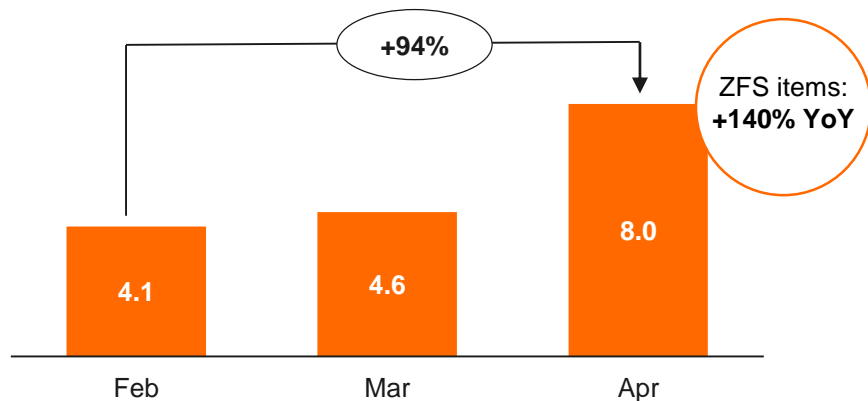
Signing-up new brands



+50
partners in
last 3 weeks

Accelerating Partner Program growth

Items shipped (in m)



We are supporting bricks and mortar retail by accelerating our Connected Retail program, driving offline/online convergence

Bricks and mortar store revenues suffer significantly

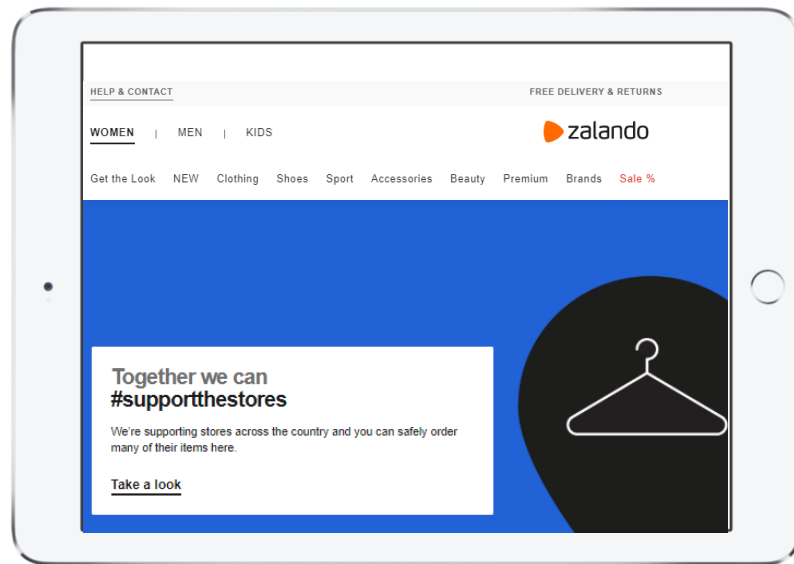
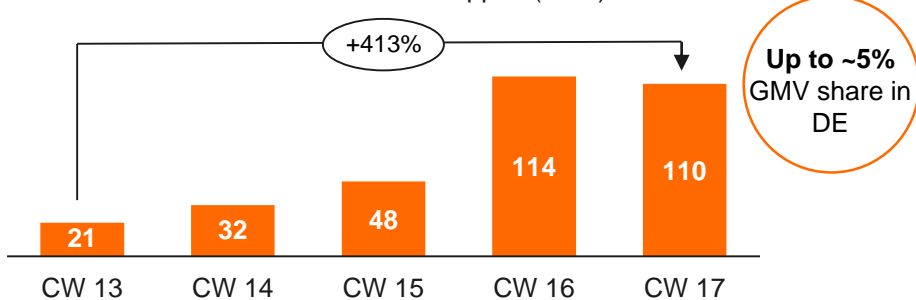
Promote Connected Retail Program and increase visibility

Starting Point strategy

Our offer to the stores

- Zero commission for April and May
- Weekly pay-out of revenues
- Accelerated integration speed
- High visibility onsite

Connected Retail items shipped (in #k)



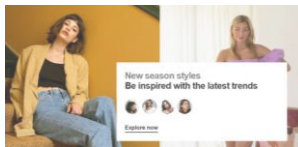
We have the right assets and the right strategy to grow stronger throughout this crisis

We have the right assets...

Customer Reach
32m Active Customers



Strong Partnerships
2500+ brand relationships



European Logistics Network
11 sites in 4 countries



Cash Balance
>1bn EUR



...and the right strategy...

Our Vision:
to become the Starting Point for Fashion



...to grow stronger throughout this crisis.

Confident to finish 2020 with strong growth and profitability,
remaining on track to our targets 2023/2024

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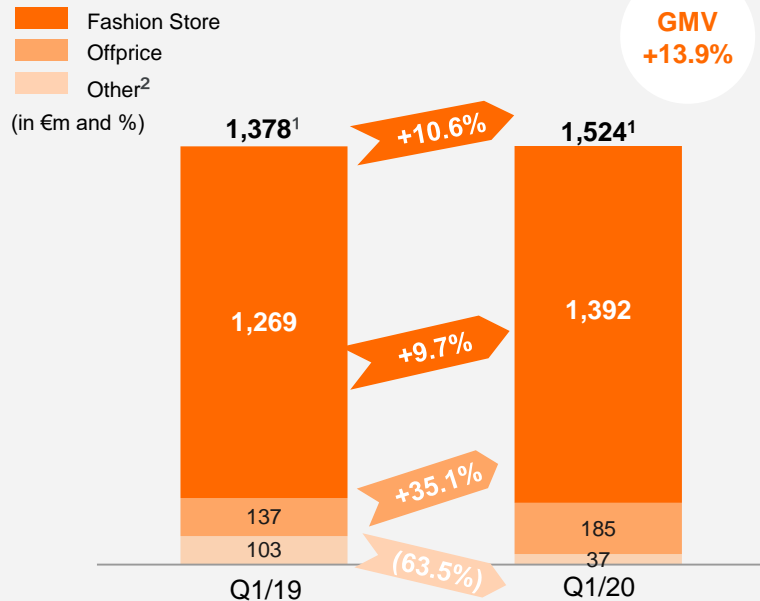
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Q1/20 Results

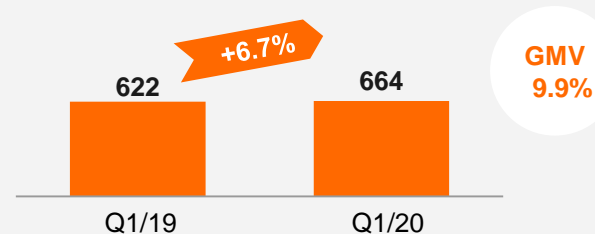


Continued double digit growth in a highly challenging environment

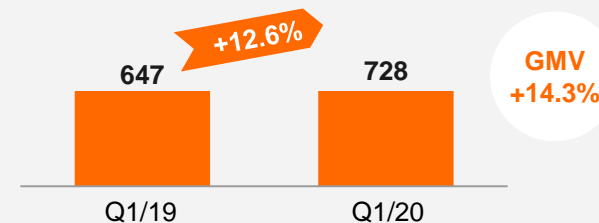
Revenue: Group (Q1)



Fashion Store – DACH (Q1)



Fashion Store – Rest of Europe (Q1)

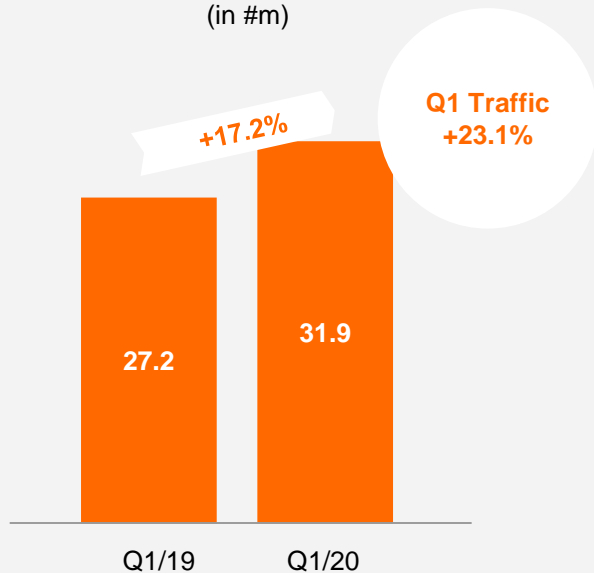


1) Q1/20 (Q1/19) contains -€89.6m (-€129.7m) reconciliation of internal revenues

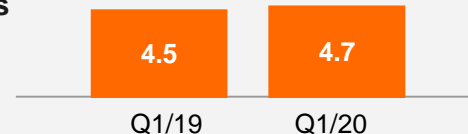
2) Other segments including various emerging businesses; private label offering zLabels no longer presented as separate unit since Q2/19

Underlying customer metrics largely proven to be resilient

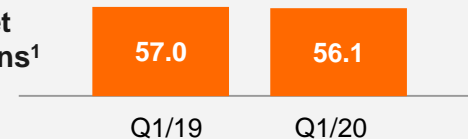
Active customers
(in #m)



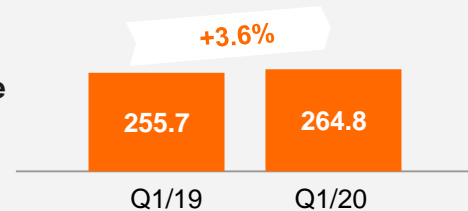
Average orders per active customer
(LTM in #)



Average basket size after returns¹
(LTM in €)



GMV per active customer²
(LTM in €)



1) Defined as GMV divided by the number of orders

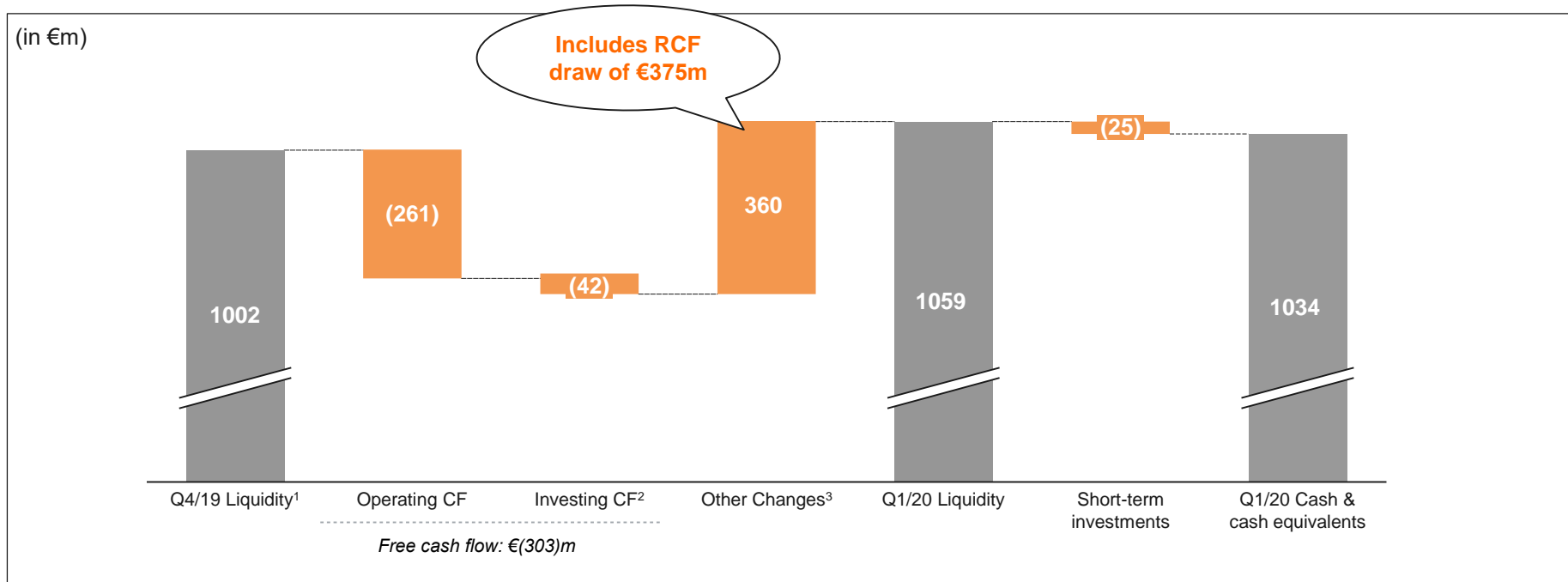
2) Defined as GMV divided by the number of active customers

Short-term adjustments in commercial steering and continued improvements in overhead efficiency could not compensate for the deterioration in gross margin

Costs and savings (in % of revenue, unadjusted)	Q1			
	2019	2020	Delta	
Cost of sales	(60.1%)	(64.7%)	4.6pp	
Gross profit	39.9%	35.3%	(4.6pp)	SS20 inventory write-off and price investments
Fulfillment costs	(28.7%)	(29.9%)	1.2pp	Lower utilization and higher sickness rate
Marketing costs	(7.0%)	(8.1%)	1.1pp	Elevated ROI based marketing investment
Administrative expenses & Other	(5.4%)	(4.7%)	(0.7pp)	
EBIT	(1.3%)	(7.4%)	(6.2pp)	
Adj. EBIT ¹	0.5%	(6.5%)	(6.9pp)	

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

Our strong cash position allows us to navigate confidently through this challenging time



(1) Both Q1/20 and Q4/19 liquidity include investments into short-term deposits with maturity of more than 3 and less than 12 months of €25m, respectively.

(2) Includes investments in fixed and intangible assets and payments for acquisitions and change in restricted cash (+€0.0m)

(3) Includes financing cash flow (€359.6m) and effect of exchange rate on cash and cash equivalents (+€0.5m).

Updated FY/2020 outlook

GMV and Revenue growth of 10-20%

Adj. EBIT¹: €100 – 200m

Negative net working capital and €230-280m in Capex²

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

Appendix

Management Board

The Zalando Share

Zalando Investor Relations Team



Management Board



Robert Gentz
Co-CEO

- Marketing / Sales
- Human Resources



David Schneider
Co-CEO

- Fashion Offer (Assortment)



Rubin Ritter
Co-CEO

- Strategy



Jim Freeman
CTO

- Product
- Technology



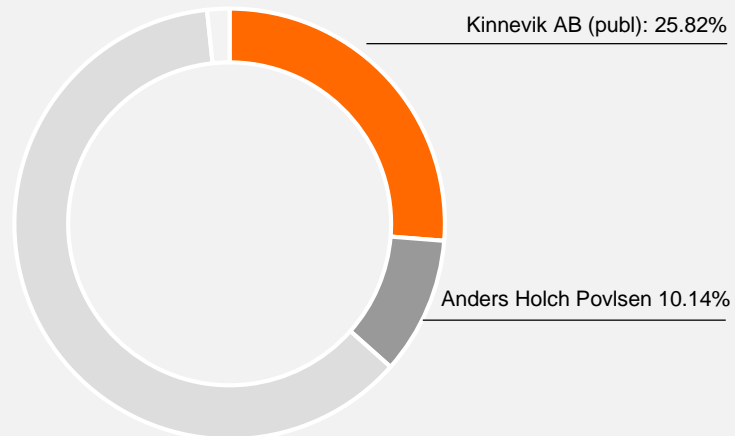
David Schröder
CFO

- Finance
- Operations

The Zalando Share

Shareholder structure^{1,2}

Treasury shares. 1.65%



Other shareholders (free float) 62.38%

Kinnevik AB (publ): 25.82%

Anders Holch Povlsen 10.14%

Share information¹

Type of Shares

Ordinary bearer shares
with no-par value (*Stückaktien*)

Stock Exchange

Frankfurt Stock Exchange

Market Segment

Regulated Market (*Prime Standard*)

Index Listings

MDAX, STOXX600, FTSE4Goods

First day of trading

October 1, 2014

Issue price

EUR 21.50

Total Number of Shares Outstanding

254,109,220

Issued Share capital

EUR 254,109,220

Zalando Investor Relations Team



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Upcoming events

All events
are virtual

Date	Event
Wednesday, May 13	UBS Pan European Small and Mid-Cap Conference 2020
Thursday, May 14	Exane BNP Paribas Frankfurt E-Commerce Day
Thursday, May 14	Roadshow Frankfurt, Hamburg & Austria
Monday/Tuesday, May 18-19	US-Roadshow
Monday/Tuesday, May 18-19	Roadshow Scandinavia
Wednesday, May 20	Roadshow Zurich
Thursday, May 28	Morgan Stanley Annual Berlin Internet Field Trip
Tuesday, June 2	Roadshow Paris
Monday, June 15	Barclays Internet Day
Tuesday/Wednesday, June 16-17	Erste Consumer Conference
Tuesday, June 23	Annual General Meeting
Tuesday, August 11	Q2/2020 Results

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.

