



Zalando.
The starting point for fashion.



Roadshow presentation

November 2019



Agenda

Our vision:
The starting point for fashion

Platform as key lever
to become the starting point

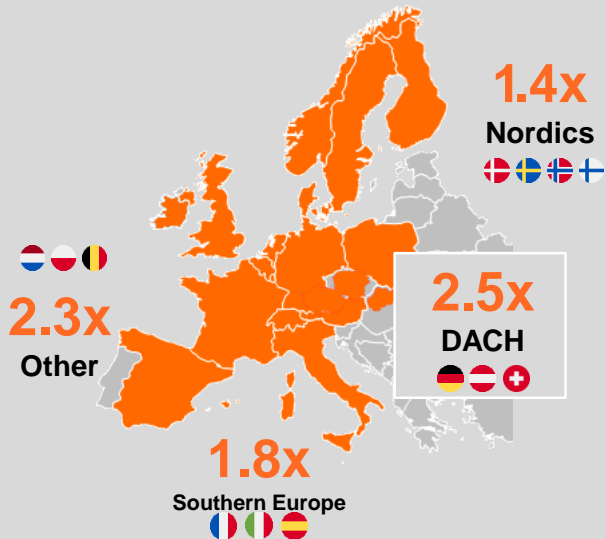
Our business model of the future

Q2 2019 results

We see clear progress on our journey to build the starting point for fashion

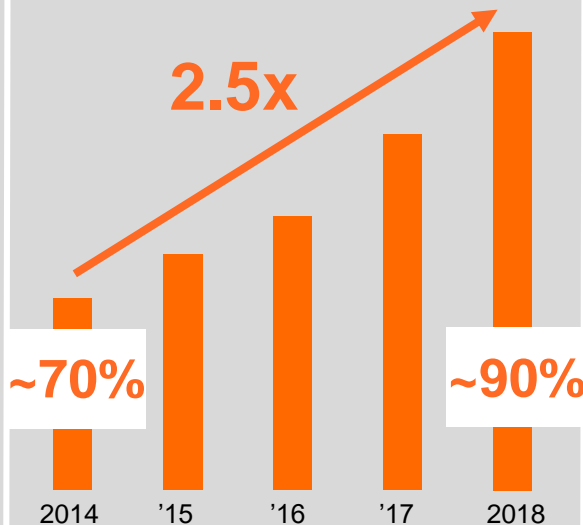
Unaided brand awareness

(relative to following competitor¹)



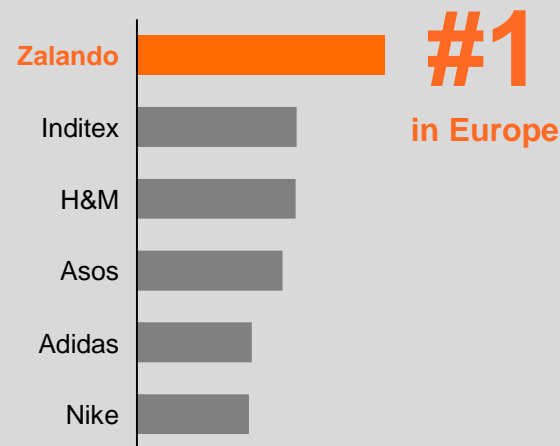
Site visits & direct traffic

(in # m; in %)



Visits to fashion destinations in Europe

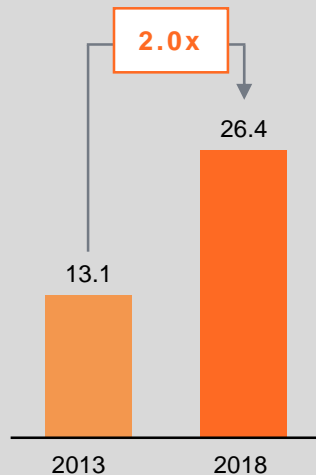
(average # of monthly unique visitors 2018²)



Our customer base is growing, engaging more with us and happier than ever with our service

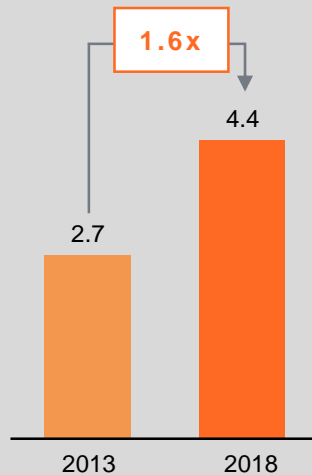
Active Customers

(# m)



Order Frequency

(# per customer, LTM)



Customer Satisfaction

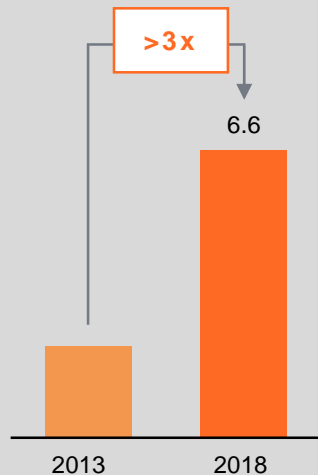
(Group NPS)

+14pts
2014-2018

We have grown into Europe's leading online destination for fashion

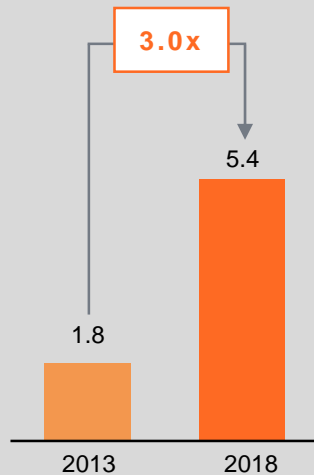
GMV

(in € bn)



Revenues

(in € bn)



17
countries



>1,000m
visits last quarter



>80%
mobile traffic



>29m
active customers



Agenda

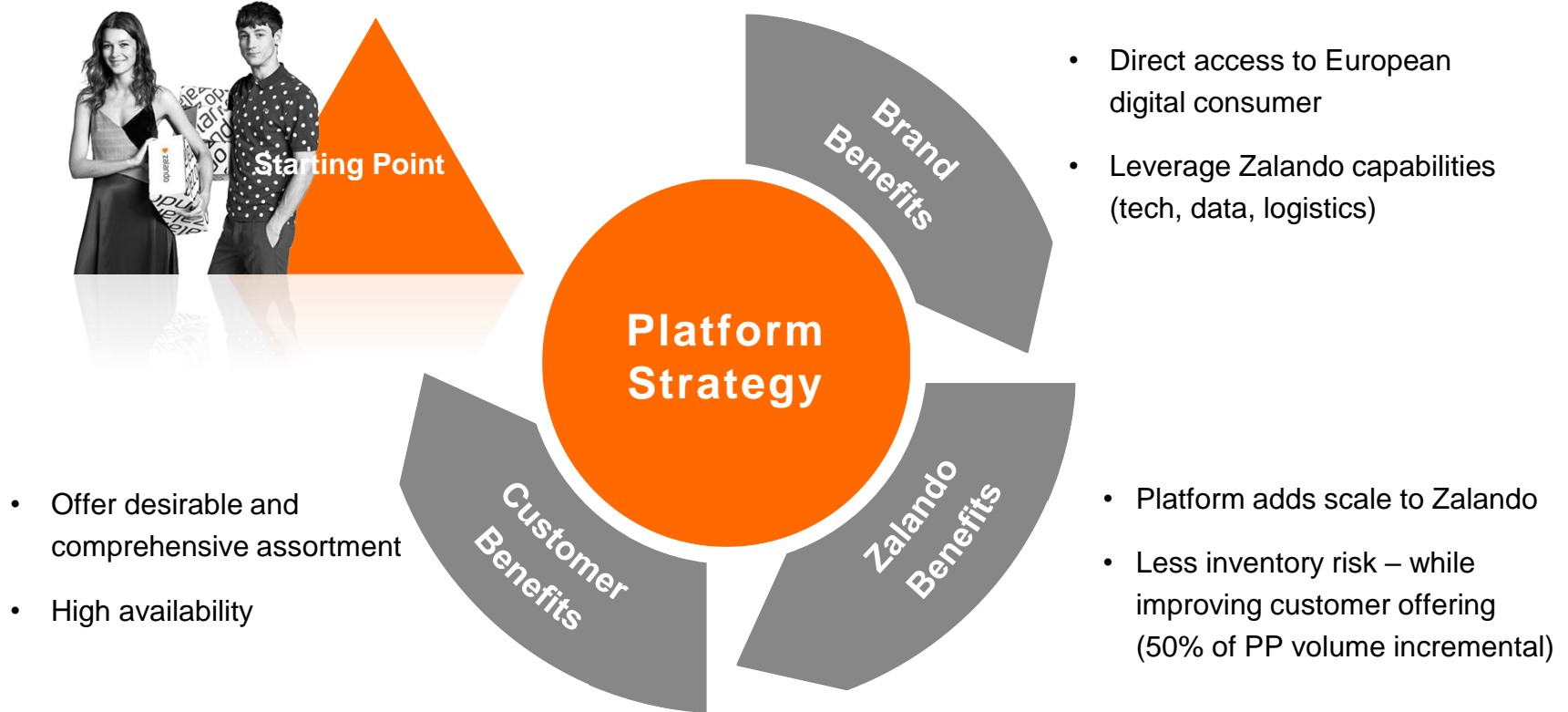
Our vision:
The starting point for fashion

**Platform as key lever
to become the starting point**

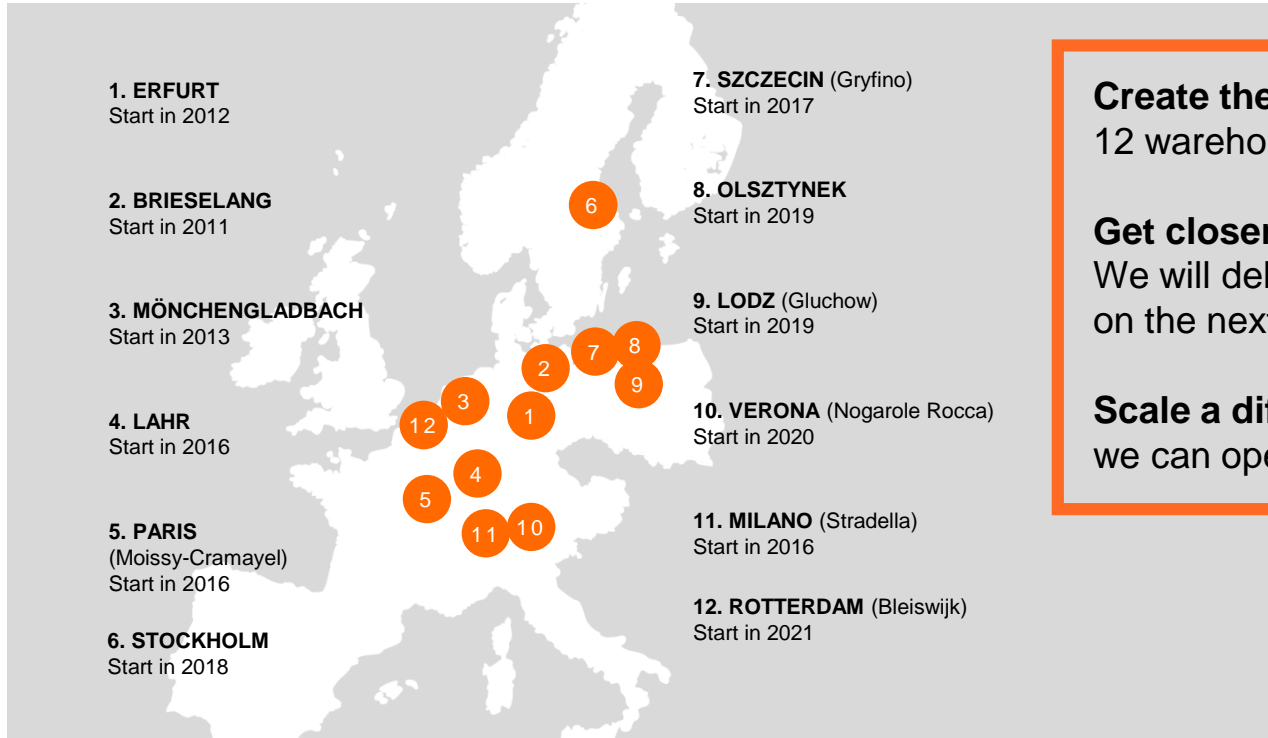
Our business model of the future

Q2 2019 results

The platform strategy is one key lever towards being the starting point



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

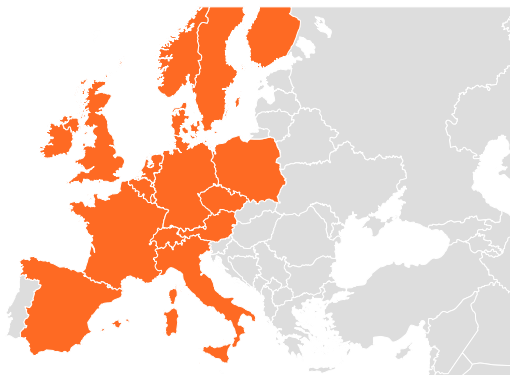
We offer a broad range of payment methods and logistic partners to satisfy local customer preferences

Payment Methods



22 different payment methods

Countries



Our presence in 17 countries
requires localization

Logistic partners



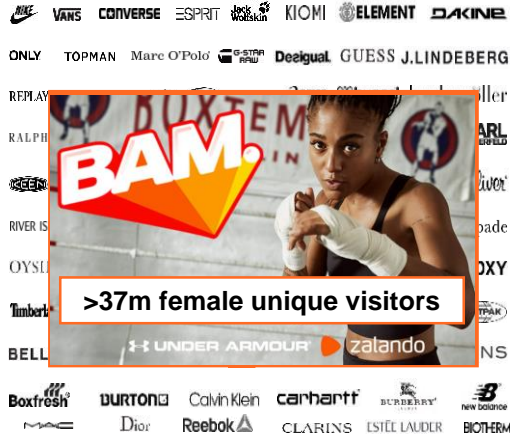
>15 local logistic partners

Connecting brands to consumers with Zalando Marketing Services

Brands

Zalando Marketing Services

Consumers

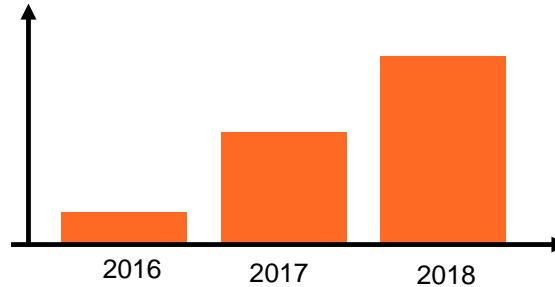


Influencer Products (Collabary)

Consumer Insights

Media Products

No. of campaigns



>1000 m visits per quarter

>29 m active customers



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The starting point for fashion

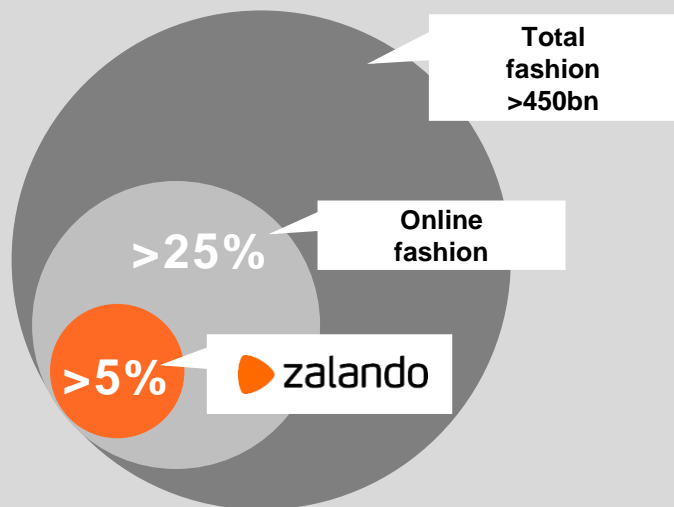
Platform as key lever
to become the starting point

Our business model of the future

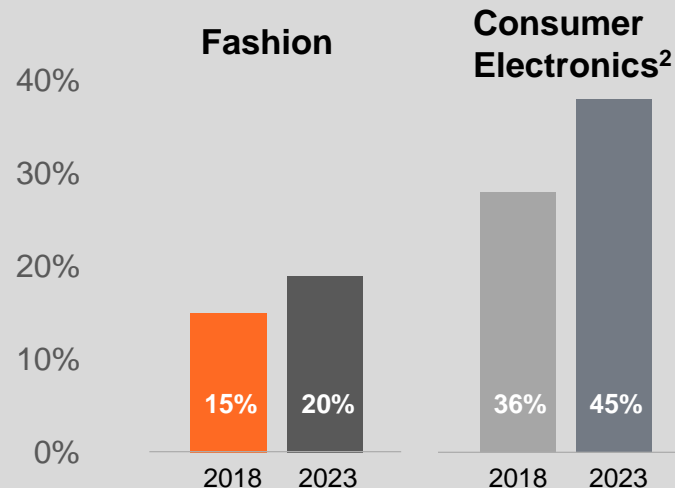
Q2 2019 results

Facing an immense market opportunity, our number one priority is to capture market share

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



...with low online share compared to other categories

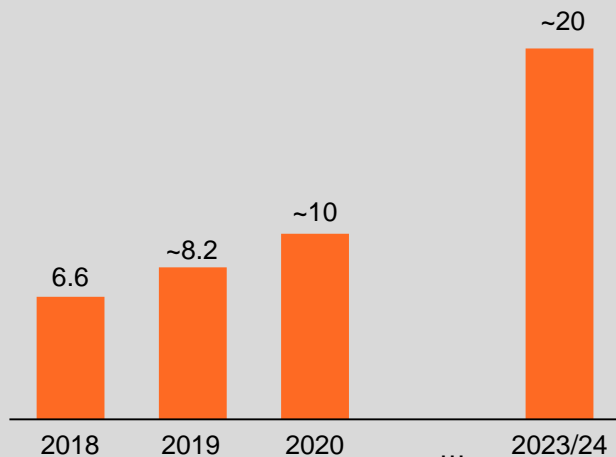


(1) Source: Company estimates and Euromonitor International, February 2019. Values based on actuals and estimates; fixed exchange rates. Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax
(2) Source: United States online penetration, Statista, last update 2018-10

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

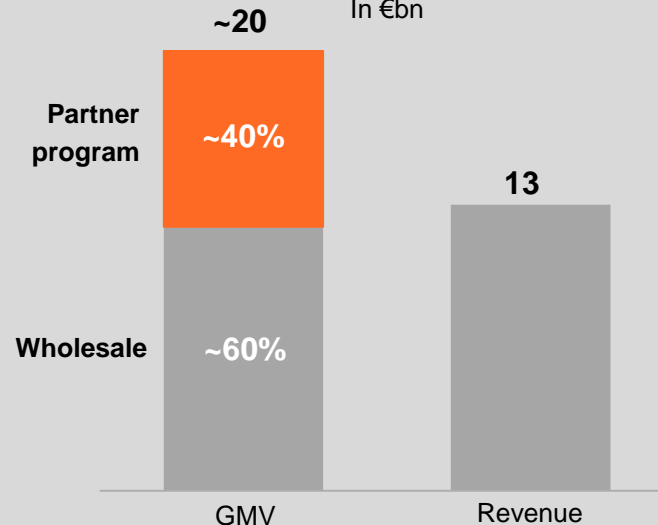
Growth Ambition 2023/24

In €bn GMV



Business Model Mix 2023/24

In €bn



CAGR¹

+20-25%

+15-20%

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 regression
- Cash Flow: WC neutral and CapEx slightly above D&A

Financial profile during transition to platform model

	Transition phase 2019 - 2021	Years following	Target model
Growth	Continued high GMV growth of 20-25% for the next 5 years		<ul style="list-style-type: none">• Growth in line with / slightly above online market
Profitability	<ul style="list-style-type: none">• Margins between 2-4%, driven by growth investments and platform transition	<ul style="list-style-type: none">• Margins start to increase as platform transition progresses (e.g. impact of ZMS)	<ul style="list-style-type: none">• Target margin of 10-13%
Cash	<ul style="list-style-type: none">• Cash Flow negative• NWC neutral• Capex of 4-5% of revenue, driven by logistics and technology investments		<ul style="list-style-type: none">• Target margin leading to a strong cash generation

Platform model drives superior financial model maximizing shareholder value

1

Our vision is to become the **starting point for fashion**, the destination that consumers gravitate to for all their fashion needs.

2

The most important building block on that journey is to transition our business towards a **true platform business**, with the PP, ZFS and ZMS as the most important elements.

3

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



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Our vision:
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Our business model of the future

Q3 2019 results

Strong financial performance
driven by outstanding traffic and active customer growth

Starting point strategy: Site visits >1bn for the first time and continued outstanding active customer growth

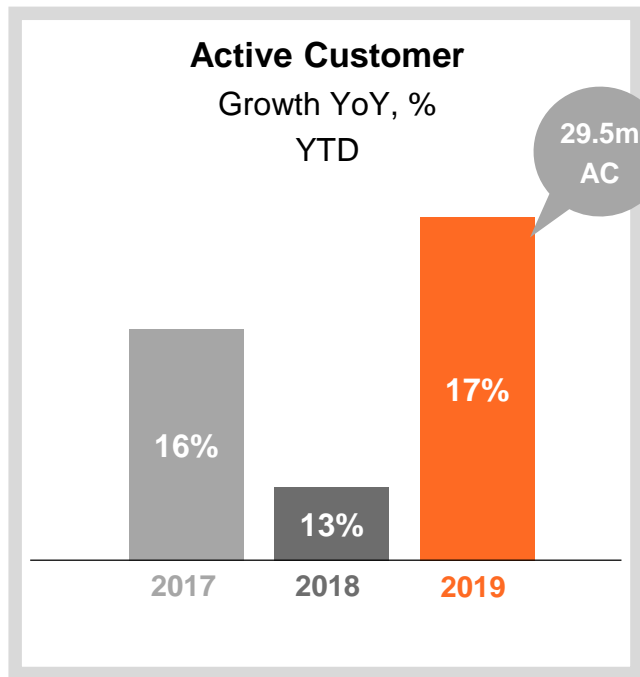
Strong financial performance: GMV +24.6%, revenue +26.7%, adj. EBIT €6.3m

Outlook confirmed: GMV growth of 20% to 25%, revenue growth around 20%, adj. EBIT between €200-225m

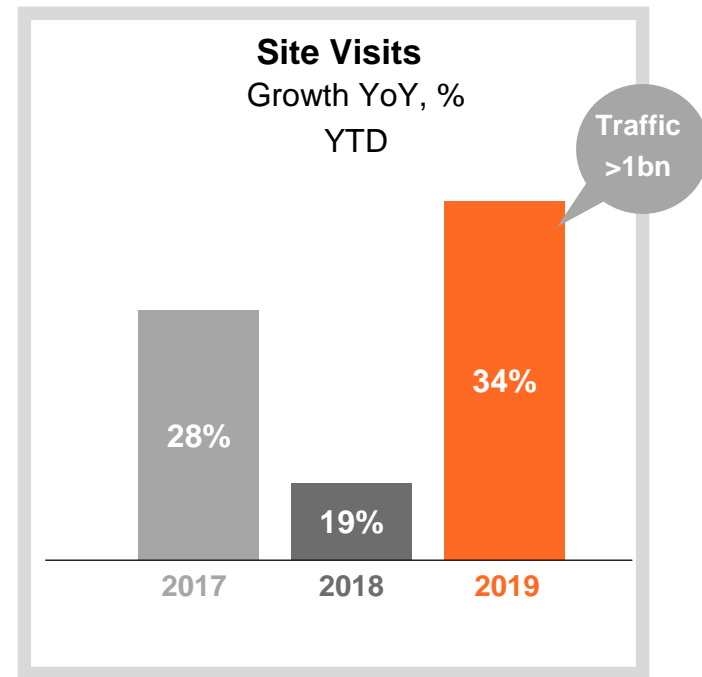
Platform transition: Continued strong adoption of our platform services ZFS and ZMS

Sustainability: Becoming a sustainable fashion platform with a net positive impact for people and planet

We continue to deliver against our starting point strategy as we broaden our customer base and create deeper customer relationships...



**Starting Point
for Fashion**



...and continue to capture market share across Europe
based on a highly localized and customer centric approach

GERMANY 🇩🇪

Strengthening our market leadership position by **creating deeper customer relationships** with Zalando Plus - **Plus customers** already drive **10% share of GMV** in DE after only 2 quarters.

SWEDEN 🇸🇪

Continuing on our **strong growth trajectory** on the back of investments into **local assortment** and **local warehouse**.

SPAIN 🇪🇸

Developing less mature online fashion market by **increasing brand awareness**, **investing in customer acquisition** and **driving convenience improvements** resulting in significant growth acceleration.

CZECH REPUBLIC 🇨🇪

Fastest growing country on the back of **strong customer proposition** and investments in **customer acquisition**, paving the way towards **market leadership** (e.g. in CZ acquired 1% of population in July).

do.MORE Strategy 2023:

Becoming a sustainable fashion platform with a net positive impact for people and planet

CARBON NEUTRALITY

Of our operations, all deliveries and returns



OPTIMIZED PACKAGING

Minimize waste and keep materials in use; eliminate single-use plastics.



APPLY PRINCIPLES OF CIRCULARITY

And extend the life of at least 50m fashion products.



MORE SUSTAINABLE FASHION

Generate 20% of GMV by more sustainable products.



INCREASED ETHICAL STANDARDS

We will work only with partners who align with them



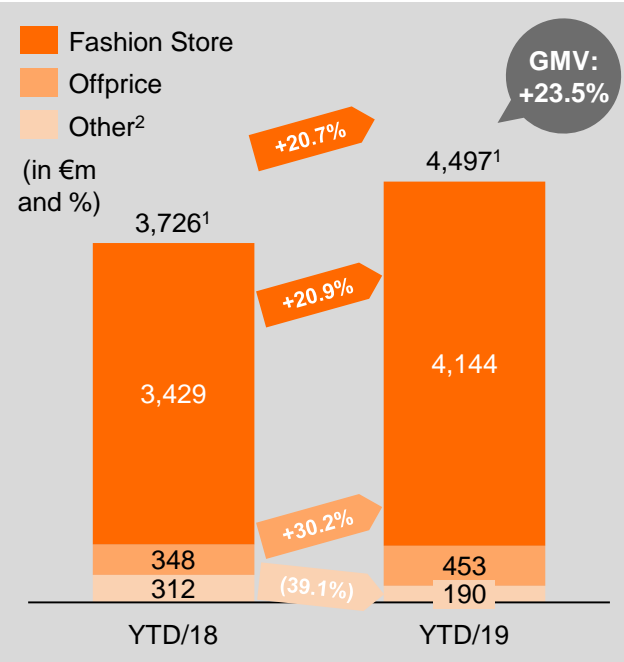
UPSKILLING

Our employees receive skilling chances that match future work needs

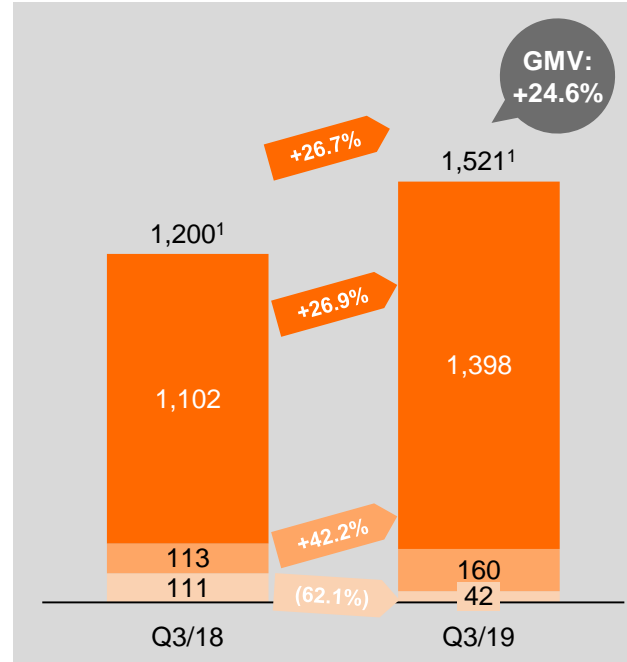


All regions contributed to strong revenue development

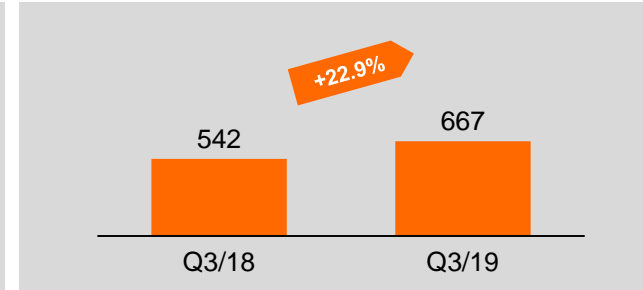
Revenue: Group (YTD)



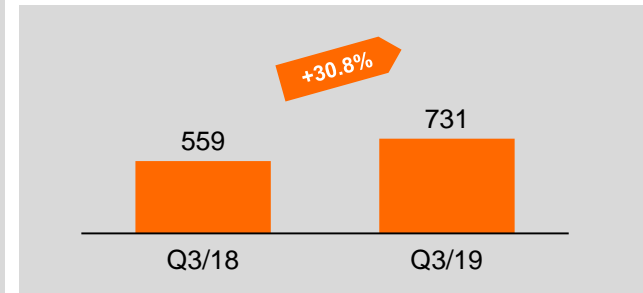
Group (Q3)



Fashion Store – DACH (Q3)

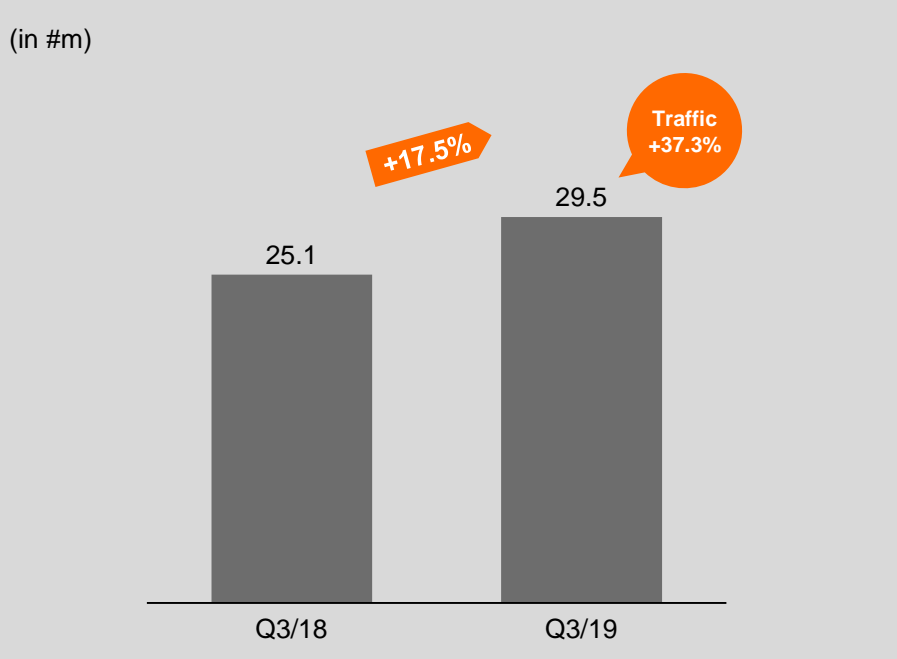


Fashion Store – Rest of Europe (Q3)

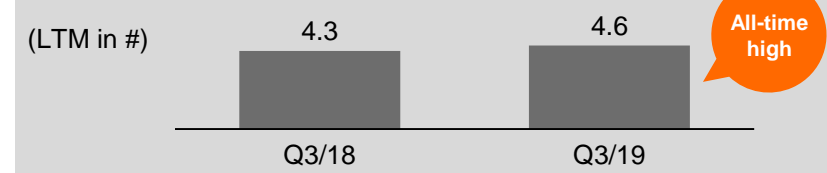


Growth in Active Customers further accelerated

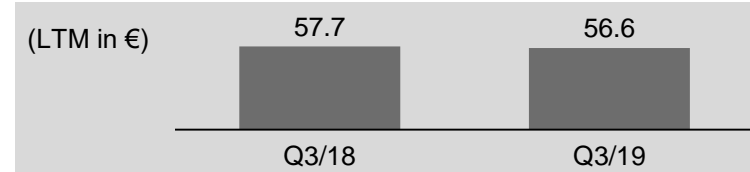
Active customers



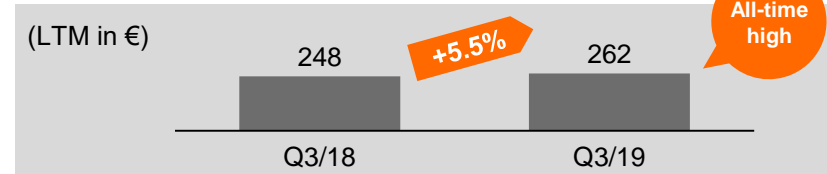
Average orders per active customer



Average basket size after returns¹

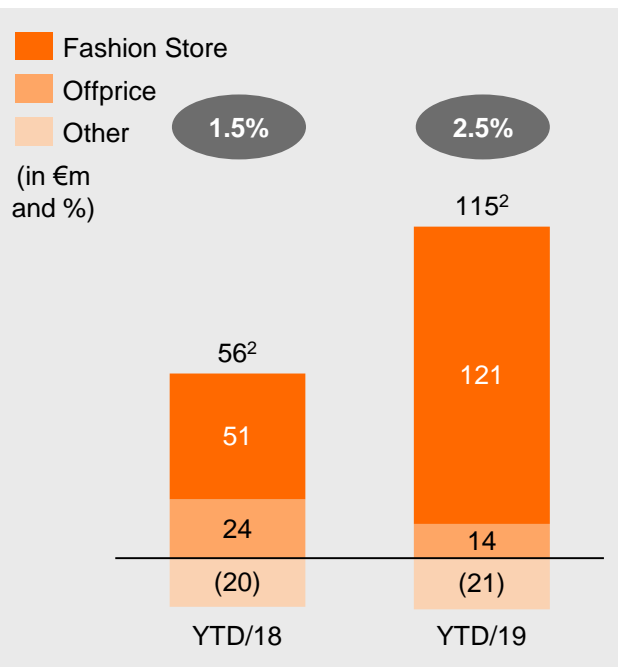


GMV per active customer²

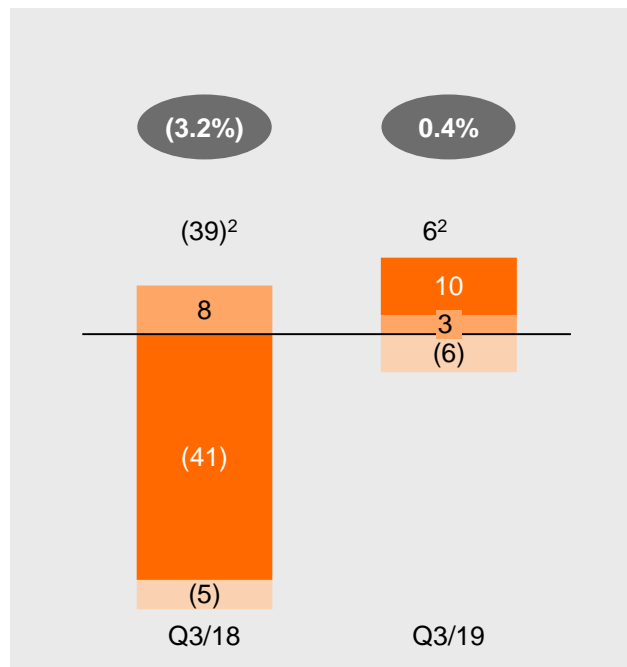


Adj. EBIT of €6m in Q3/19 – strong recovery from depressed level of last year

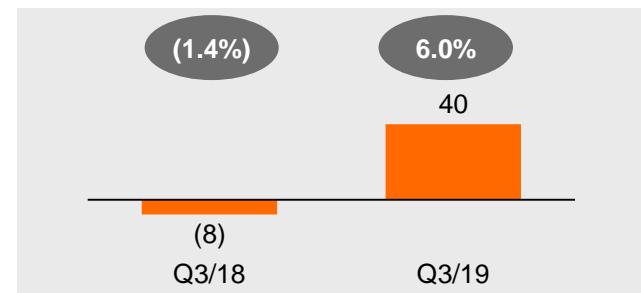
Adj. EBIT: Group (YTD)¹



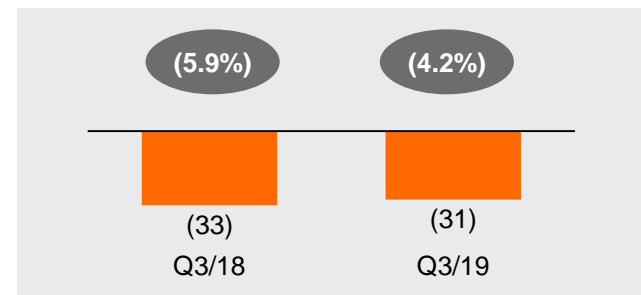
Group (Q3)¹



Fashion Store – DACH (Q3)



Fashion Store – Rest of Europe (Q3)



Healthy gross margin improvement due to reversal allowance of defective returns in Q3/18 and good trading environment

Costs and margins¹

(in % of revenue)

	Y T D			Q 3		
	2018	2019	Delta	2018	2019	Delta
Cost of sales	(58.2%)	(57.4%)	(0.8pp)	(60.4%)	(58.9%)	(1.6pp)
Gross profit	41.8%	42.6%	0.8pp	39.6%	41.1%	1.6pp
Fulfillment costs	(28.8%)	(28.1%)	(0.6pp)	(30.0%)	(28.6%)	(1.4pp)
Marketing costs	(7.1%)	(7.8%)	(0.7pp)	(8.0%)	(8.0%)	(0.1pp)
Administrative expenses & Other	(4.5%)	(4.2%)	(0.4pp)	(4.8%)	(4.0%)	(0.7pp)
Adj. EBIT	1.5%	2.5%	1.1pp	(3.2%)	0.4%	3.7pp

Higher warehouse utilization

FY 2019 outlook confirmed

GMV growth in 20 – 25% range; revenue growth around the low end of this range

Adj. EBIT¹ in upper half of initial €175 – 225m range

Slightly negative working capital and around €300m capex²



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

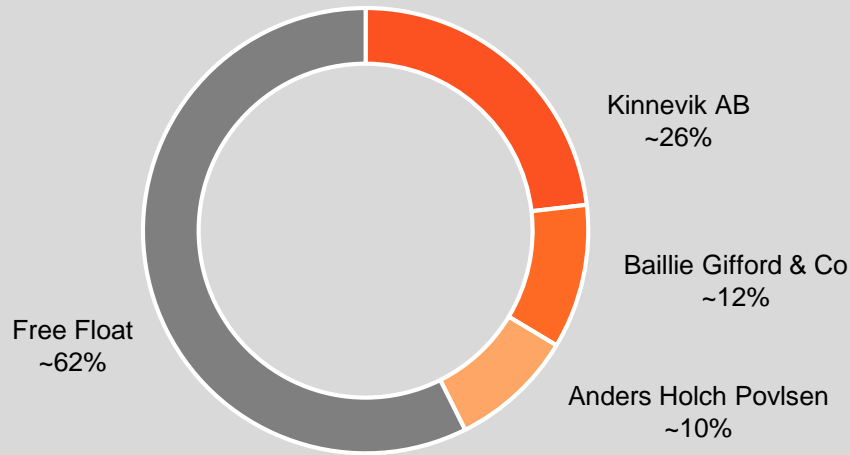


David Schröder
CFO

- Finance
- Operations

The Zalando share

Shareholder structure



Share information

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
Total Number of Shares Outstanding	252,765,235
Issued Share Capital	€252,765,235

Zalando Investor Relations Team



Patrick Kofler – Team Lead IR
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Upcoming events

Date	Event
Monday/Tuesday, November 4+5	Roadshow Switzerland (Geneva and Zurich)
Tuesday, November 5	Roadshow Frankfurt
Tuesday, November 12	UBS European Conference London
Wednesday/Thursday, November 13+14	Morgan Stanley TMT Conference, Barcelona
Monday/Tuesday, November 18 + 19	Roadshow Australia
Thursday, November 21	Roadshow Hongkong
Friday, November 22	Morgan Stanley's Eighteenth Annual Asia Pacific Summit, Singapore
Tuesday, January 14	German Investment Seminar, New York
Tuesday, January 21	GCC KeplerChevreux, Frankfurt
Thursday, February 27	FY/2019 Results

