



Roadshow presentation

March 2020



Agenda

Our vision:
The starting point for fashion

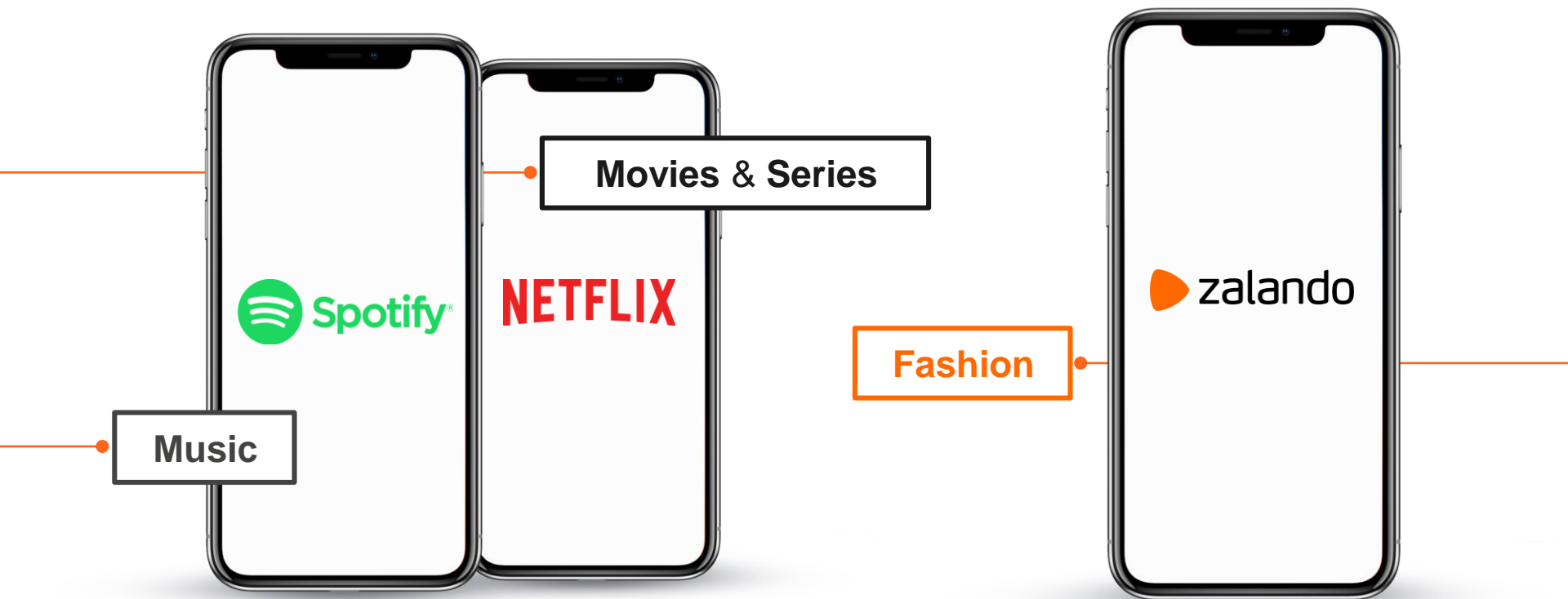
Platform as key lever
to become the starting point

Our business model of the future

FY/2019 Results



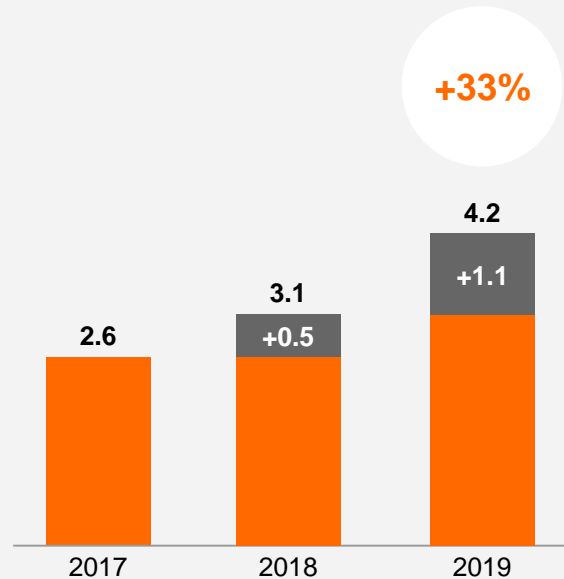
Our vision: To become the Starting Point for Fashion



In 2019, we have delivered towards our ambition

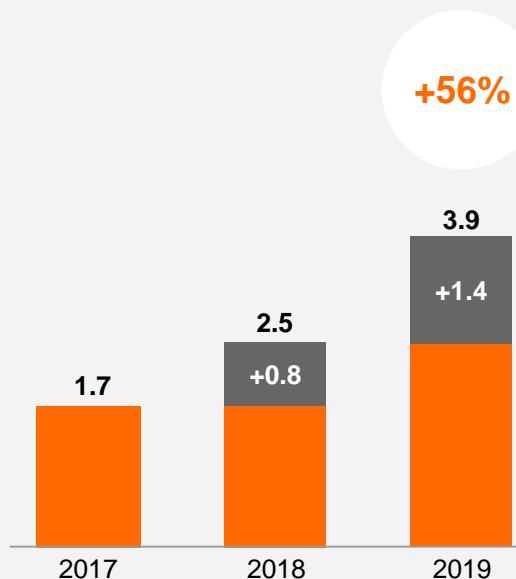
Visits
in bn #

+33%



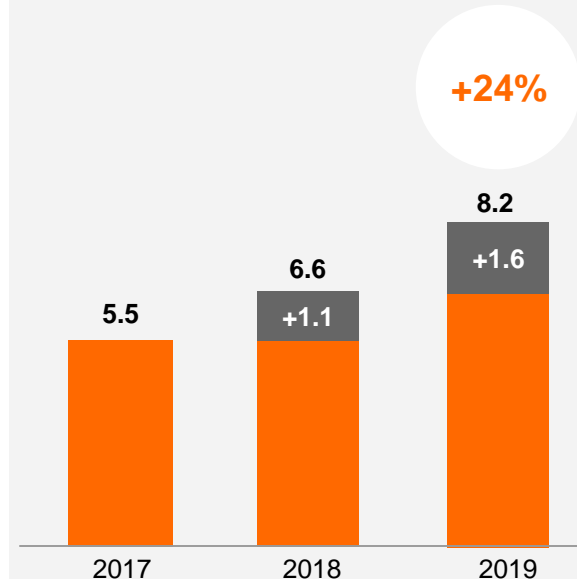
App GMV
in bn €

+56%



GMV
in bn €

+24%



We are taking decisive and transformative steps to enable our future growth

Starting Point for Fashion

1

Deepen Customer Relationships

Zalando plays an indispensable role in customers' lives

2

Grow Active Customer Base

Zalando is relevant to a broad audience across Europe

3

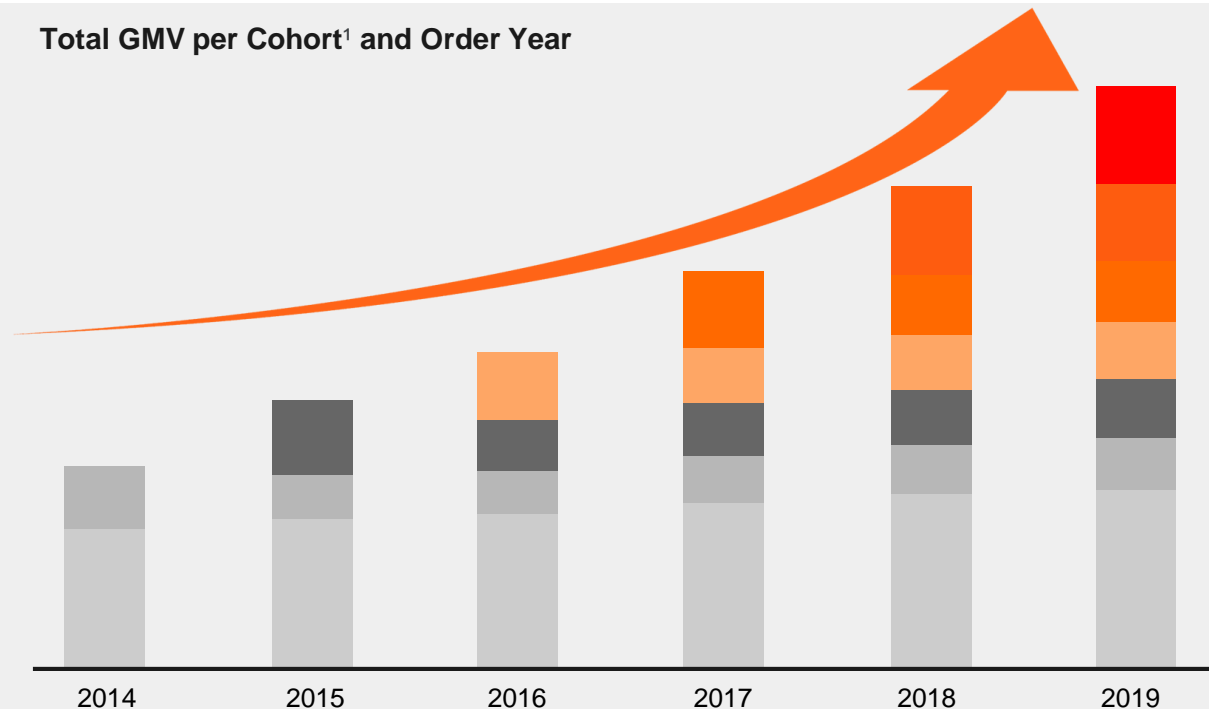
Drive Platform Transition

Zalando is the digital strategy for fashion brands

Cohort analysis shows that we are creating a healthy customer base

1

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.

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

Plus customers are a lot happier¹, ...
Net-Promoter-Score in 2019

+4



...engage more with us...
Sessions per user²

+70%



...and hence spend more
GMV per active Customer²

>3x



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

(2) Comparison of NPS, Sessions per User and GMV per active customer is based on FY/19 numbers based on Plus vs Non-Plus Customers in Germany

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

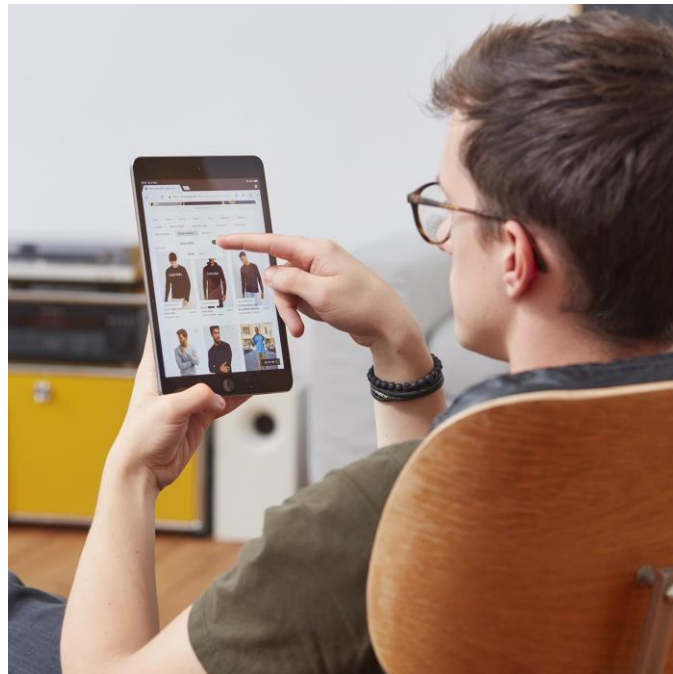
1



Customers declutter their wardrobe



Pre-owned



Customers discover pre-owned item on Zalando

Stronger cohort dynamics and our data-driven marketing approach allow us to scale active customer growth

2

In 2018, we refined our Marketing approach...

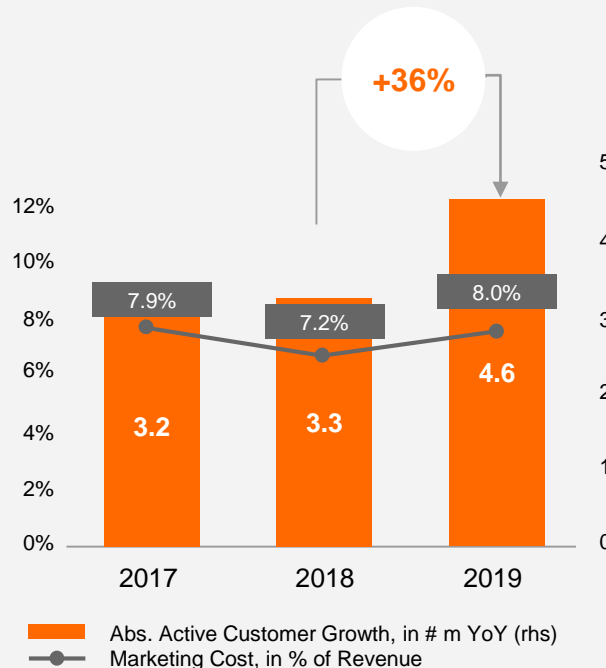
“The Amazing Ways Retail Giant Zalando Is Using Artificial Intelligence (...) To Understand Its Customers Better.”

(Forbes, 2019)

“German fashion retailer Zalando plans to roll out an online shopping service that uses artificial intelligence to make personalized suggestions.”

(Handelsblatt, 2018)

...which has resulted in an acceleration of Active Customer Growth



Our 2020 initiatives to drive Active Customers growth

2

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)

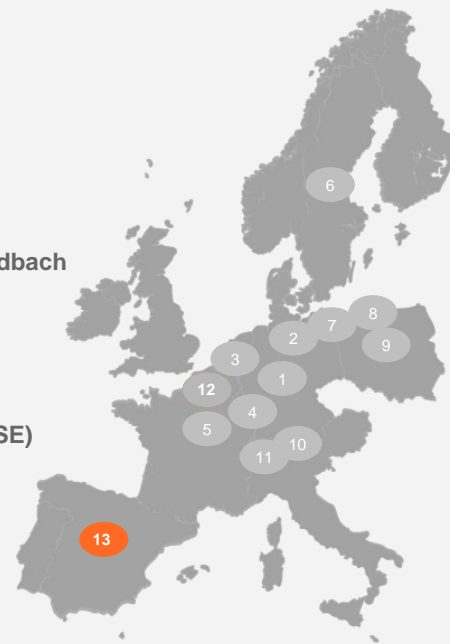
9. Lodz (PL)

10. Verona (IT)

11. Milano (IT)

12. Rotterdam (NL)

13. Madrid (ES)



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

Our business model of the future

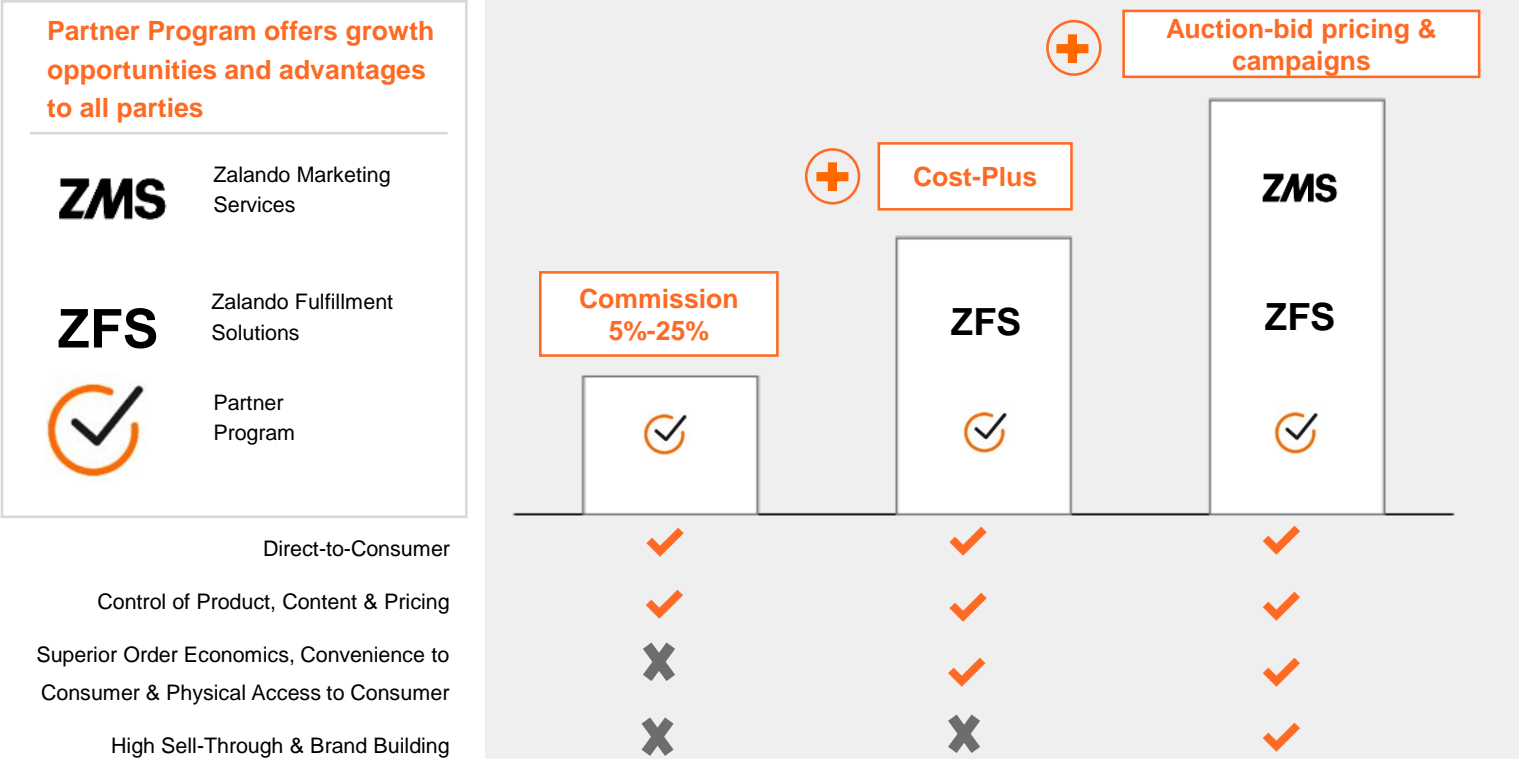
FY/2019 Results



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

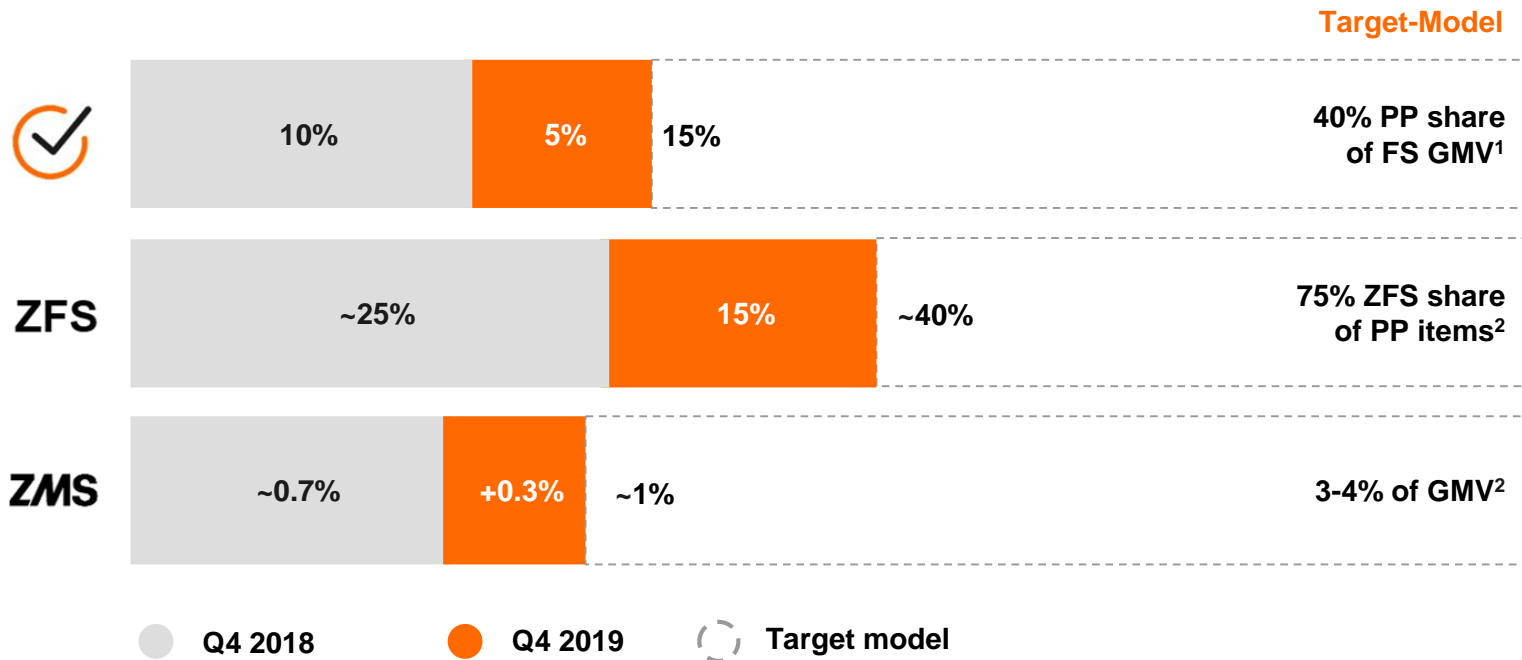


Only in partnership with our brand partners, we are able to offer a superior experience for our customers to enjoy



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

3



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.

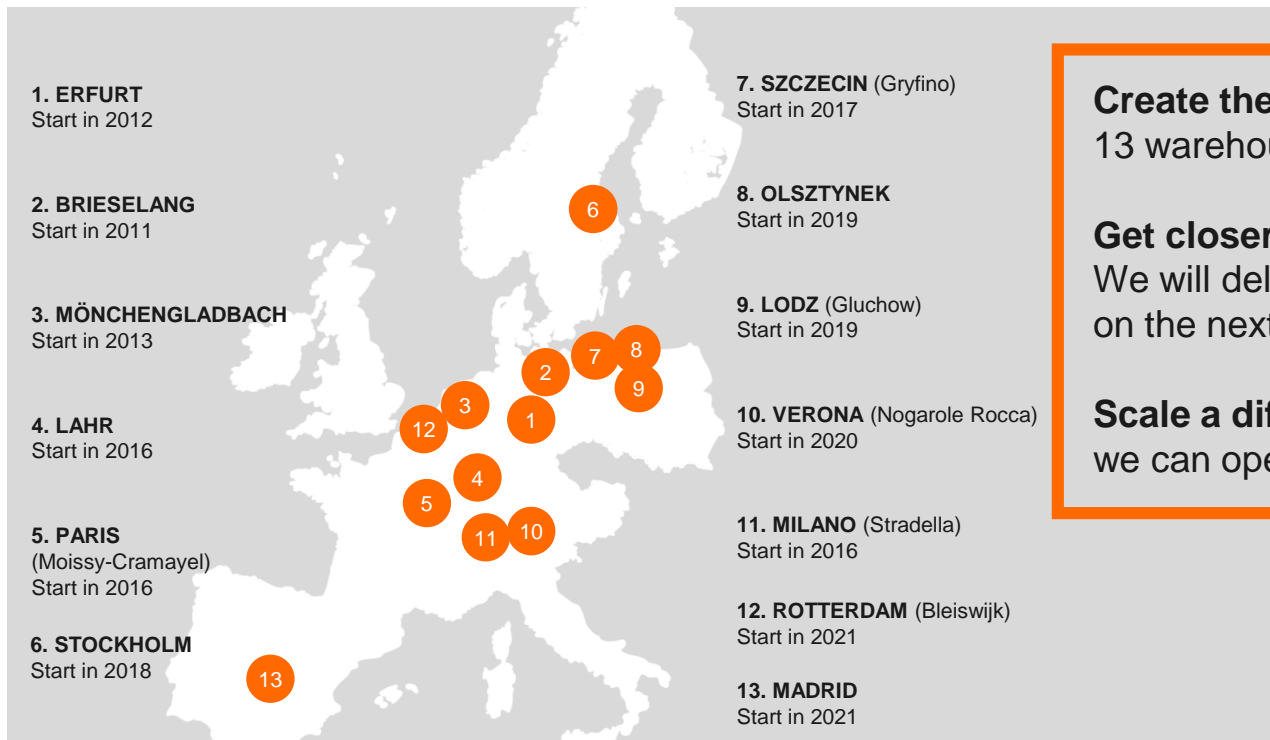
2) Refers to our long-term target model ambition.

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



- **Internationalization of existing Partners**
Partner Program
Share Germany: >25%
- **New Partner Integration & Range Extensions of existing Partners**
- **Zalando Fulfillment Solutions Initiatives**
ZFS and Switzerland
ZFS and Offprice Integration
ZFS Multi-Channel Fulfillment
- **Next Generation of Tooling**

ZFS leveraging our European logistic network to enable PP success



Create the capacity for future growth:

13 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

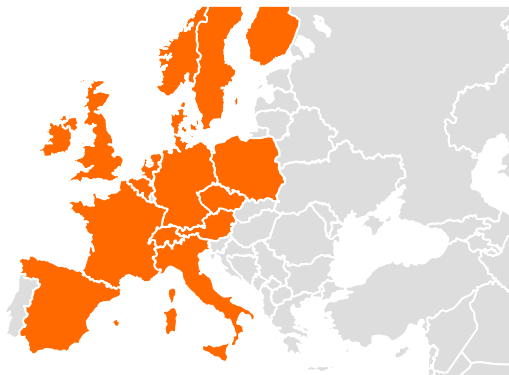
We offer a broad range of payment methods and logistic partners to satisfy local customer preferences

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

Connecting brands to consumers with Zalando Marketing Services

Brands

Zalando Marketing Services

Consumers



NIKE VANS CONVERSE ESPRIT Jack & Jones KIOMI ELEMENT DAKINE

ONLY TOPMAN Marc O'Polo G-STAR RAW Desigual GUESS J.LINDBERG

REPLAY RALPH LAUREN

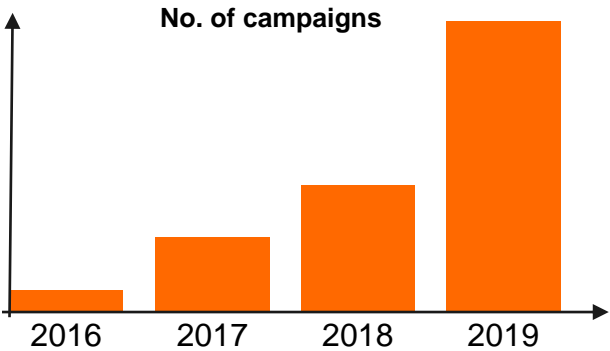
BAM.

>37m female unique visitors

UNDER ARMOUR zalando

Boxfrensh BURTON Calvin Klein carhartt BURBERRY new balance B

MAC Dior Reebok CLARINS ESTÉE LAUDER BIOTHERM



>1000m visits per quarter

>31m active customers

We are building Europe's leading fashion data platform to improve the customer experience, power the fashion ecosystem and maximize business value

For our customers



Improving the customer experience through personalization and inspiration:

- Catalogue and search optimization
- Product recommendation
- Algorithmic outfit creation
- Size recommendation
- Personalized service offering

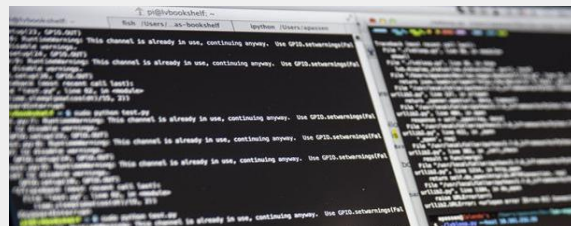
For our partners



Enabling business opportunities through customer insights:

- Detailed customer & competitive insights
- Data driven marketing & merchandising
- Targeted brand & performance marketing (ZMS)
- Inventory management (ZFS)
- Targeted and testable product & content development

For ourselves



Scaling efficiently and maximizing value by leveraging the power of big data and AI:

- Demand forecasting
- ROI based performance marketing
- Pricing & inventory management
- Deferred payment risk management
- Logistics network optimization

Unique data infrastructure and state of the art governance allow all Zalando teams to drive data based value creation

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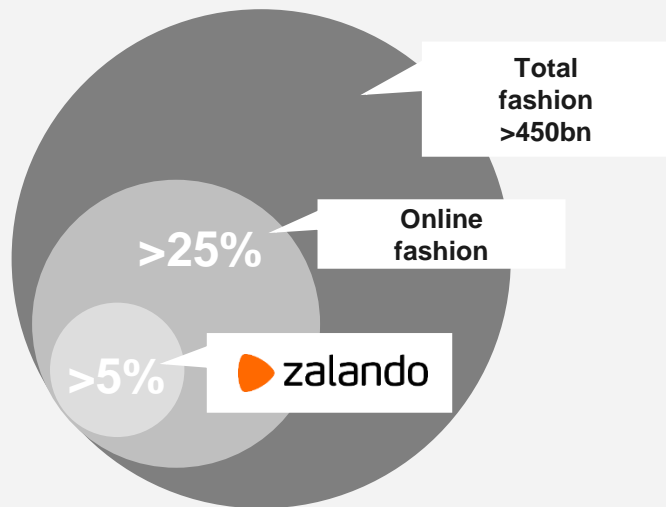
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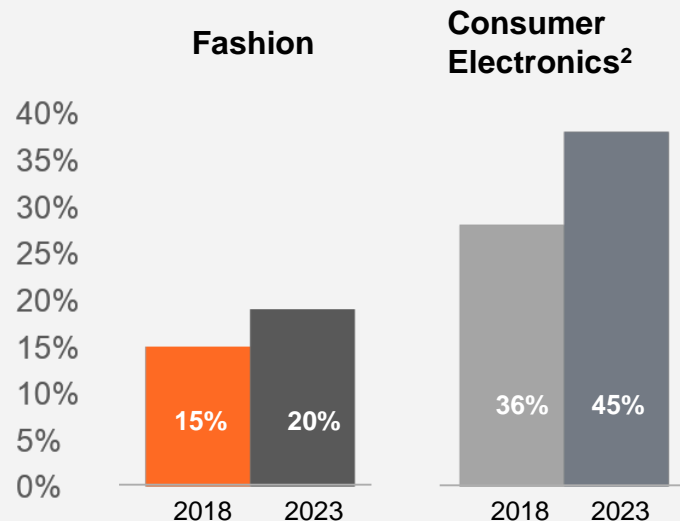


We remain convinced that online fashion is a long-term growth opportunity

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.

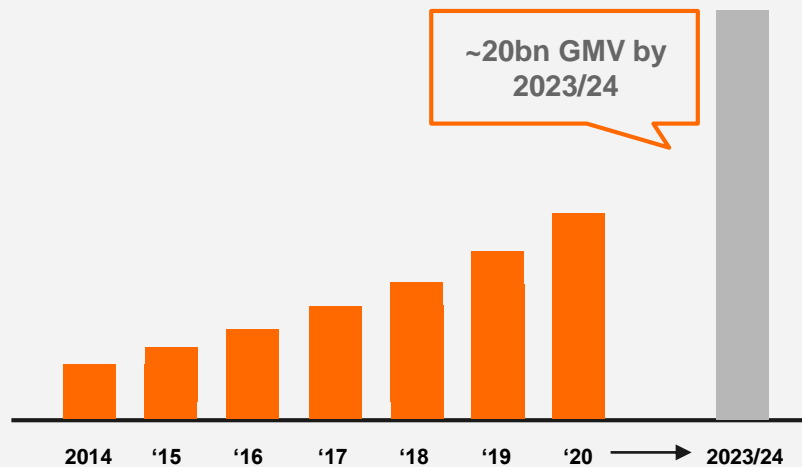
Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax

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

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

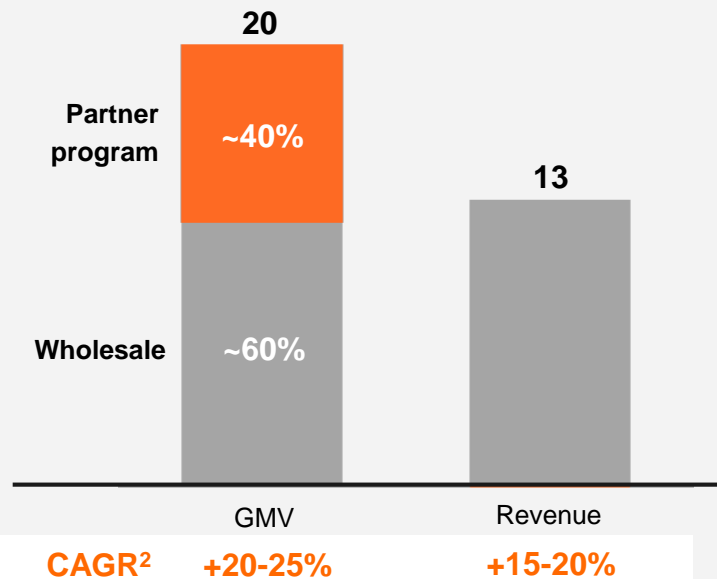
Growth Ambition 2023/24

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:

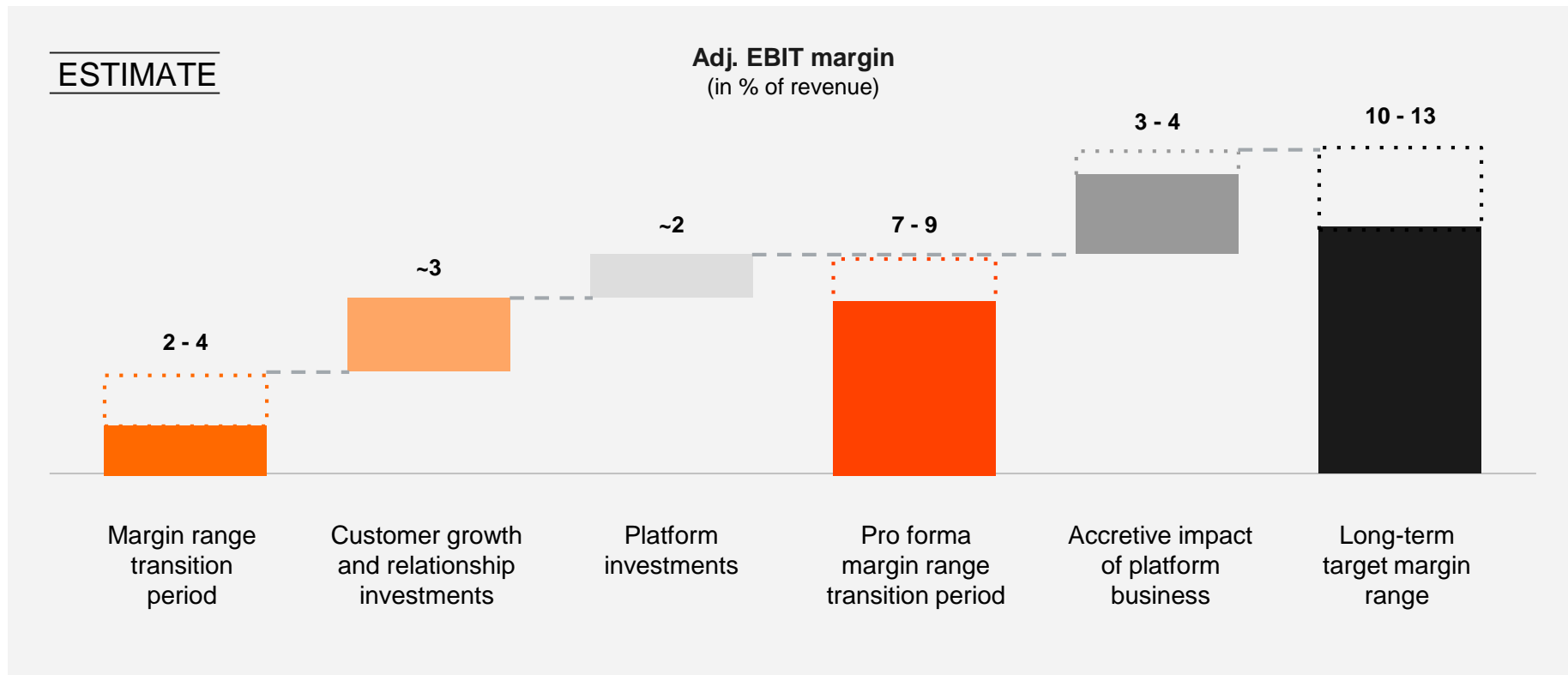
- PP share ~50% of GMV
- ZFS share ~75% of PP items
- ZMS revenue 3-4% of GMV
- Operating leverage and fixed cost degression
- Cash Flow: WC neutral and CapEx slightly above D&A

(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

We continue to invest significantly into above-market growth to maximize company value



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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FY/2019 Results



In 2019, we made strong progress on our strategic agenda and delivered strong financial results

Starting Point Strategy:

Accelerated traffic (+33% YoY) and active customer growth (+4.6m YoY)

Platform Transition:

15% Partner Program share (+5pp) in Q4 and strong progress along our B2B services ZFS and ZMS

Strong Financial Performance:

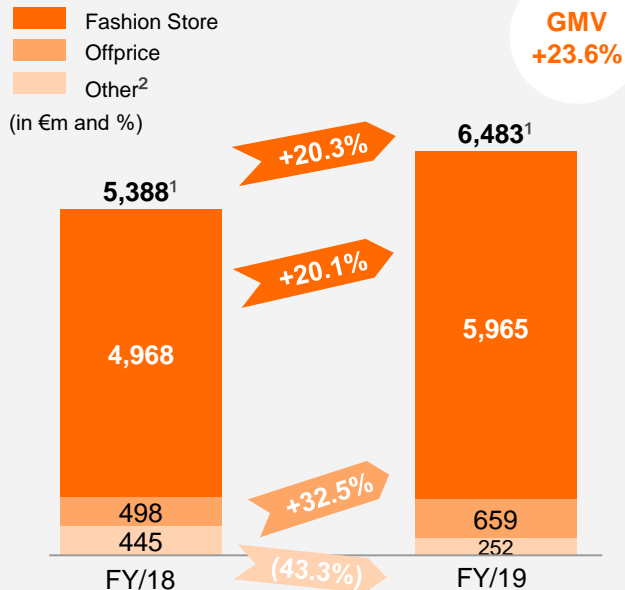
GMV +23.6%, revenue +20.3%, adj. EBIT €224.9m

Operating Leverage:

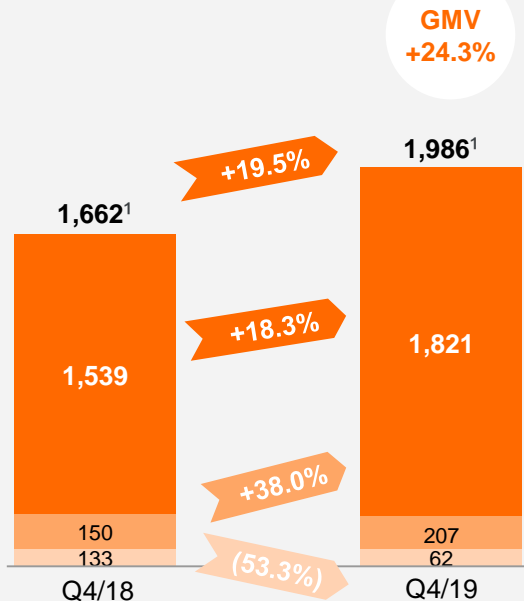
Profit contribution before marketing increased (+0.8pp YoY) and admin cost ratio improved (-0.3pp YoY)

2019 saw an acceleration in GMV growth, driven by healthy customer demand and increasing adoption of Partner Program

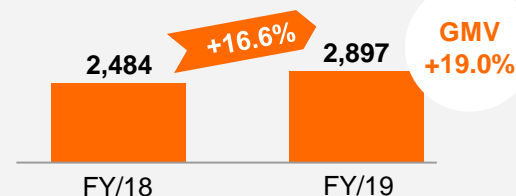
Revenue: Group (FY)



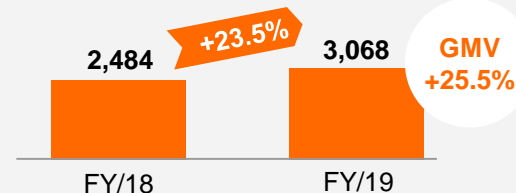
Group (Q4)



Fashion Store – DACH (FY)



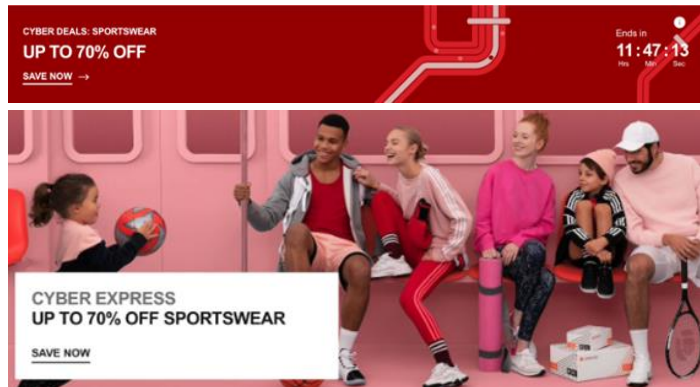
Fashion Store – Rest of Europe (FY)



1) FY/19 (FY/18) contains -€394m (-€522m) reconciliation of internal revenues; Q4/19 (Q4/18): -€103.3m (-€160.0m)

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

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

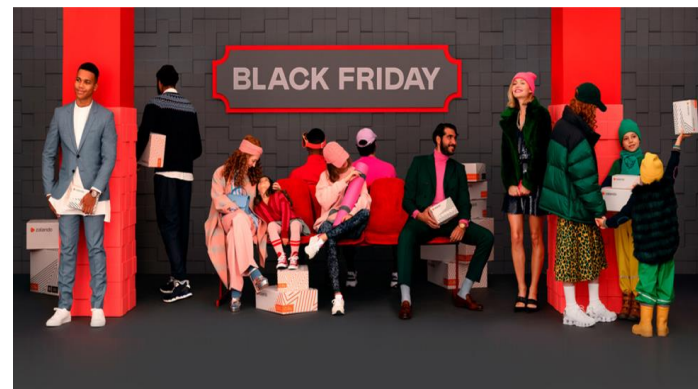
Newly Acquired
Customers

7,200

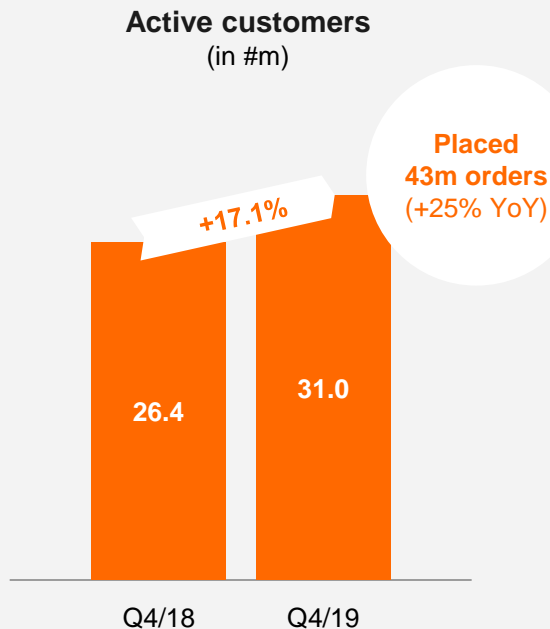
Orders/Minute
at Peak Times

32%

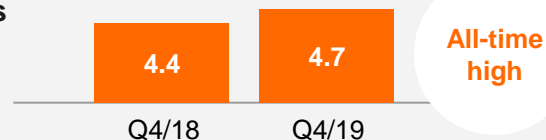
YoY GMV
Growth



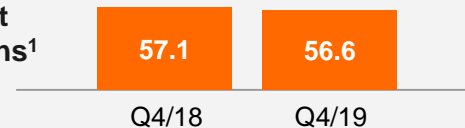
We continue to grow our active customer base and to deepen our customer relationships



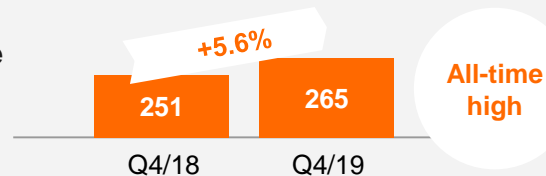
Average orders per active customer
(LTM in #)



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

In 2019 our operating leverage increased due to higher profit contribution before marketing and lower admin costs

Costs and margins ¹ (in % of revenue)	FY			Q4			
	2018	2019	Delta	2018	2019	Delta	
Cost of sales	(57.6%)	(57.2%)	(0.4pp)	(57.0%)	(56.3%)	0.7pp	<p>Price investments during Cyber Week to capture additional demand</p> <p>Continued high utilization</p> <p>Elevated marketing investment as guided</p>
Gross profit	42.4%	42.8%	0.4pp	43.7%	43.0%	(0.7pp)	
Fulfillment costs	(27.7%)	(27.3%)	(0.5pp)	(25.4%)	(25.2%)	(0.2pp)	
Marketing costs	(7.2%)	(8.0%)	0.9pp	(7.4%)	(8.6%)	1.2pp	
Administrative expenses & Other	(4.3%)	(4.0%)	(0.3pp)	(3.8%)	(3.6%)	(0.2pp)	
Adj. EBIT	3.2%	3.5%	0.3pp	7.1%	5.6%	1.5pp	

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

FY/2020 Outlook

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

Adj. EBIT¹: €225 – 275m

Slightly negative working capital and around €330m 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

**Excluding a potential
negative impact from
Coronavirus**

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



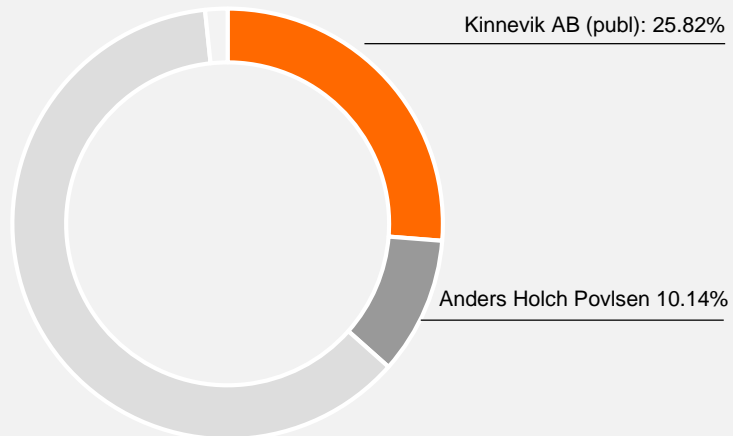
David Schröder
CFO

- 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

252,848,768

Issued Share capital

EUR 252,848,768

Zalando Investor Relations Team



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Upcoming events

Date	Event
Tuesday, March 3	Roadshow Frankfurt
Wednesday/Thursday, March 4+5	Roadshow London
Tuesday, Wednesday, Thursday, March 17-19	Roadshow Scandinavia (Copenhagen, Oslo, Helsinki)
Monday, March 23	Roadshow Stockholm
Tuesday, March 24	Bankhaus Lampe Deutschlandkonferenz, Baden-Baden
Wednesday, March 25	2020 Credit Suisse Digital Consumer Retail Conference, London
Friday, March 27	Roadshow Munich
Tuesday, March 31	One-Stop-Shop Kepler Cheuvreux, Milan
Thursday, May 7	Q1/2020 Results
Wednesday, May 20	Annual General Meeting, Berlin

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.

