

ZALANDO CONTINUES ON HIGH GROWTH PATH

- **2016 guidance: revenue growth at upper end of 20-25 per cent growth corridor, adjusted EBIT margin of 3.0-4.5 per cent**
 - **2015 revenues of EUR 2,958 million, adjusted EBIT of EUR 107.5 million (3.6 per cent margin)**
 - **Growth of 33.6 per cent in 2015 driven by focus on customer proposition, reinforced by additional market opportunities**
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BERLIN, MARCH 1, 2016 // Zalando expects continued strong revenue growth in the financial year 2016 at the upper end of its medium-term target growth corridor of 20-25 per cent, following an outstanding financial year 2015 with strong growth and solid margins. Zalando will continue to invest in its customer proposition to support growth in the near term. Meanwhile, it will also invest in its multi-year platform strategy to sustain growth within the target corridor in the medium-term. The company aims for roughly neutral working capital at year-end and about EUR 200 million of capital expenditures in 2016, excluding M&A. Despite these continued investments, Zalando expects a solid adjusted EBIT margin of 3.0-4.5 per cent for 2016.

“Our market position has never been stronger, and we have never faced so many great opportunities,” said Rubin Ritter, Member of the Management Board. “We want to excite even more customers and gain further market share. We deliberately pursue growth while maintaining solid profitability - we think this is the best way to create long-term value.”

Zalando grew revenue by 33.6 per cent year-on-year – well above the medium-term 20-25 per cent target corridor. A continued focus on the customer proposition, reinforced by additional market opportunities, drove revenue growth in 2015. Zalando launched new features to enhance customer satisfaction, such as easier and faster delivery and returns. Broadening the assortment, including deepened relationships with partner brands, further improved Zalando’s offering.

With a strong focus on mobile and app development, mobile traffic increased from 48 per cent to 60 per cent year-on-year, while app downloads more than doubled to 16 million in 2015, from around 7 million in 2014. Zalando’s brand value was enhanced through successful joint campaigns with brand partners. As a result, the number of active customers increased 22 per cent to almost 18 million at year-end, and average orders per active customers reached an all-time high.

In 2015, Zalando made progress with its platform strategy, in order to build the infrastructure for online and mobile fashion commerce that brings customers, brands and intermediaries together on the Zalando platform. Zalando launched additional platform products, such as Zalon, a curated shopping service, and Zalando Media Solutions, a digital advertising service. The acquisitions of Metrigo and nugg.ad, as well as the acquisition of a stake in Anatwine supported the development of the platform.

Key enablers for the platform strategy are investments into Zalando's technology and fulfillment capabilities. To strengthen its technology capabilities, Zalando opened tech hubs in Dublin and Helsinki, and increased headcount to approximately 1,000 tech employees by year-end 2015. The fulfillment footprint is expanding with a third large fulfillment center planned in Lahr, Germany, and a first satellite warehouse in Stradella, Italy. Due to Zalando's strong growth momentum, planning for a further large hub has been accelerated.

Zalando achieved total revenues of EUR 2,958 million in 2015. Revenue grew 28 per cent in the DACH region, with revenues of EUR 1,580 million. Meanwhile, the Rest of Europe region grew 40.5 per cent over the same period, contributing EUR 1,212 million in revenues. Despite investment in customer proposition and platform initiatives, Zalando demonstrated solid profitability with an adjusted EBIT of EUR 107.5 million, or a margin of 3.6 per cent. The adjusted EBIT margin in the DACH region was 6.4 per cent. Rest of Europe came close to break-even with an adjusted EBIT margin of -0.3 per cent. At the end of 2015, Zalando had approximately 10,000 employees.

Zalando's full annual report is available [online](#). Zalando will report figures for the first quarter 2016 on May 12, 2016, and publish a trading update prior to that. The publication date of the trading update will be announced on the Zalando Investor Relations website ahead of time.

Zalando group – Revenue and adjusted EBIT (EUR million)

	Q4 2015	Q4 2014	FY 2015	FY 2014
Group revenue	868.5	665.6	2,958.2	2,214.0
% growth	30.5%	21.1%	33.6%	25.7%
DACH ¹	450.7	363.5	1,580.1	1,234.0
<i>% growth</i>	24.0%	12.7%	28.0%	16.8%
Rest of Europe ²	360.5	265.5	1,211.6	862.6
<i>% growth</i>	35.8%	31.0%	40.5%	36.9%
Other ³	57.3	36.5	166.5	117.4
<i>% growth</i>	57.1%	50.2%	41.8%	55.0%
Adjusted group EBIT⁴	71.8	65.7	107.5	82.0
Adjusted group EBIT margin	8.3%	9.9%	3.6%	3.7%
DACH ^{1 4}	57.9	44.8	101.9	83.0
<i>% margin</i>	12.8%	12.3%	6.4%	6.7%
Rest of Europe ^{2 4}	11.8	16.2	(3.3)	(11.6)
<i>% margin</i>	3.3%	6.1%	(0.3%)	(1.3%)
Other ^{3 4}	2.1	4.8	8.9	10.5
<i>% margin</i>	3.6%	13.0%	5.3%	9.0%

¹. DACH segment is comprised of Germany, Austria and Switzerland.

². Rest of Europe segment includes all other countries in which Zalando presently operates.

³. All other sales channels are grouped into the segment Other, which mainly includes Zalando Lounge and the Zalando outlet stores in Berlin and Frankfurt.

⁴. Adjusted to exclude equity-settled stock based compensation costs.

Zalando group – Key performance indicators

	Q4 2015	Q4 2014	FY 2015	FY 2014
Site visits (m) ⁵	457.9	387.6	1,656.4	1,363.8
Mobile visit share (% of site visits) ⁶	59.9%	47.9%	57.1%	42.3%
Active customers (m) ⁷	17.9	14.7	17.9	14.7
Number of orders (m) ⁸	15.4	11.6	55.3	41.4
Average order per active customer	3.1	2.8	3.1	2.8
Average basket size (EUR) ⁹	72.1	71.7	67.8	66.6
App downloads (m)	16	7	16	7
Headcount	9,987	7,588	9,987	7,588

⁵ Site visits defined as the number of series of page requests from the same uniquely identified client at Zalando, including website, m.site and apps in the measurement period. A visit is considered ended when no requests have been recorded in more than 30 minutes.

⁶ Mobile is defined as tablets, mobile sites and apps.

⁷ Active customers defined as the number of customers placing at least one order in the last twelve months in the measurement period irrespective of cancellations or returns.

⁸ Number of orders defined as the 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. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period or have been cancelled.

⁹ Average basket size defined as the 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 over 1,500 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 three centrally located fulfillment centers in Germany allows us to efficiently serve our customers throughout Europe. We believe that our integration of fashion, operations and online technology give us the capability to deliver a compelling value proposition to both our customers and fashion brand partners.

Zalando's shops attract over 135 million visits per month. In the fourth quarter of 2015, around 60 per cent of traffic came from mobile devices, resulting in close to 17.9 million active customers by the end of the quarter.

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