



# Investor & Analyst Presentation

9M report 2018, November 14<sup>th</sup>, 2018

Dr. Cornelius Patt, CEO



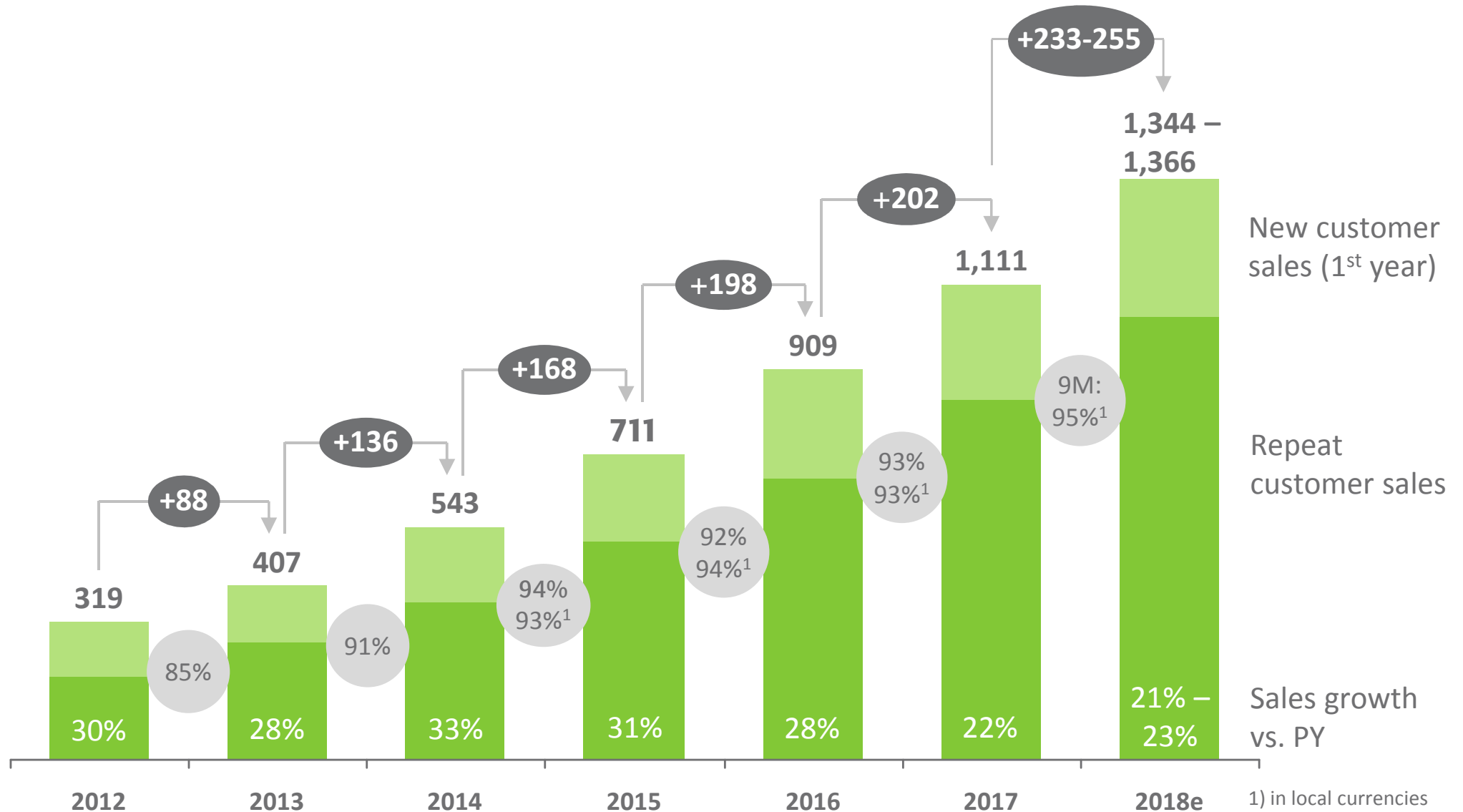
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This document contains statements related to our future business and financial performance and future events or developments involving zooplus that may constitute forward-looking statements. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of zooplus' management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond zooplus' control, affect zooplus' operations, performance, business strategy and results and could cause the actual results, performance or achievements of zooplus to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. Further information about risks and uncertainties affecting zooplus is included throughout our most recent annual and interim reports, which are available on the zooplus website, [www.zooplus.de](http://www.zooplus.de). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of zooplus may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. zooplus neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

- » Sales increased by 23% to € 974 m in 9M 2018 (9M 2017: 21%)
- » Private label sales for food and cat litter increased by 36% in 9M 2018
- » Customer loyalty further increased to 95% sales retention rate (fx-adjusted)
- » Improved gross margin in Q2 confirmed in Q3 2018
- » Cost ratio improved versus Q2 by 1.1%p
- » Profit before tax (EBT) in Q3 improved vs. Q2 2018 by € 5.3 m to € 1.6 m
- » Growth financed internally: positive operating cash flow of € 20.4 m
- » Sales and profit guidance for full year 2018 confirmed:
  - Sales growth of 21% to 23%
  - Earnings before taxes (EBT) in the range of -0.5 to +0.5%

# Sales continue to grow super linear – high retention core of the growth path

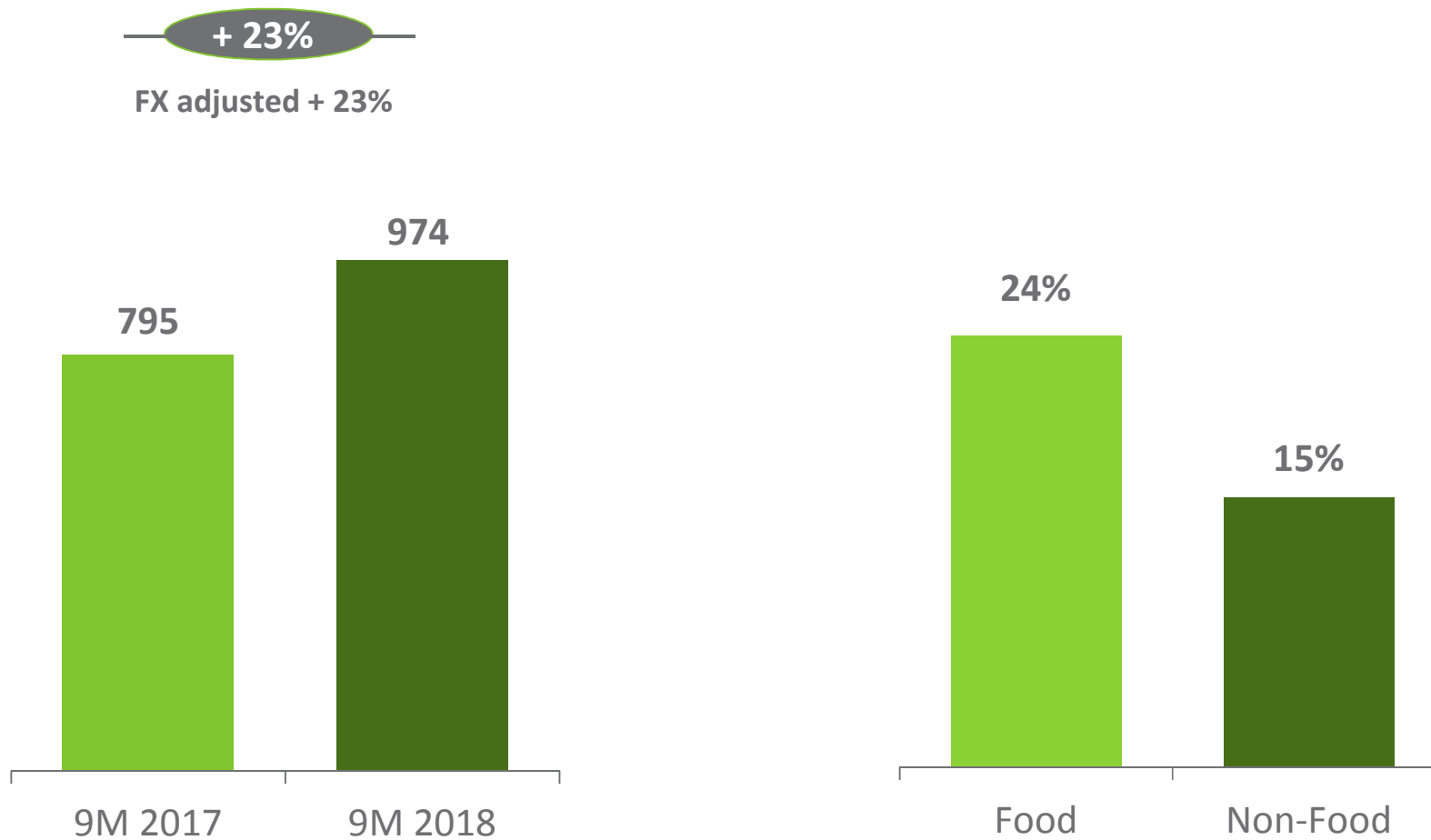


Sales increased by 23% to € 974 m in 9M 2018



### Sales (€ m)

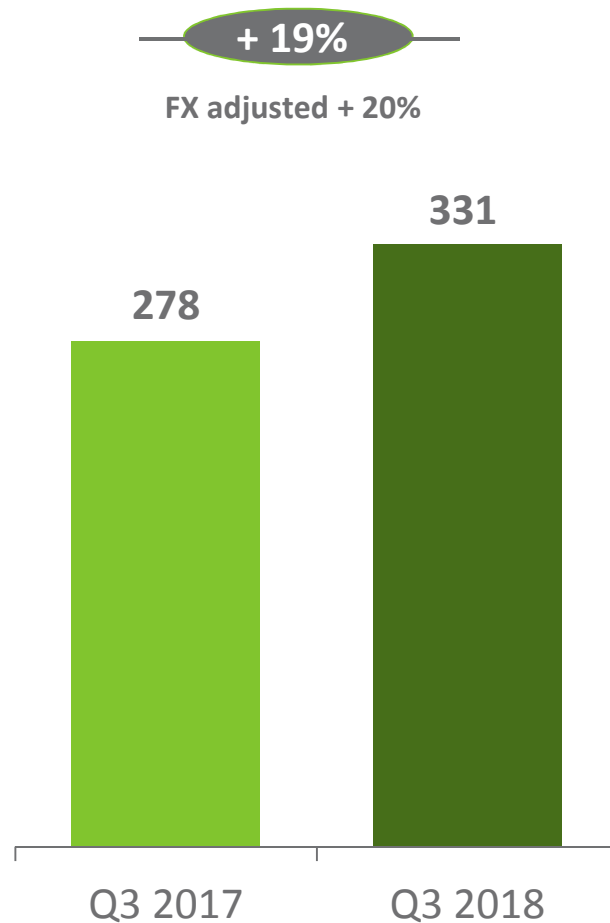
### Sales growth by category



Sales increased by 19% to € 331 m in Q3 2018



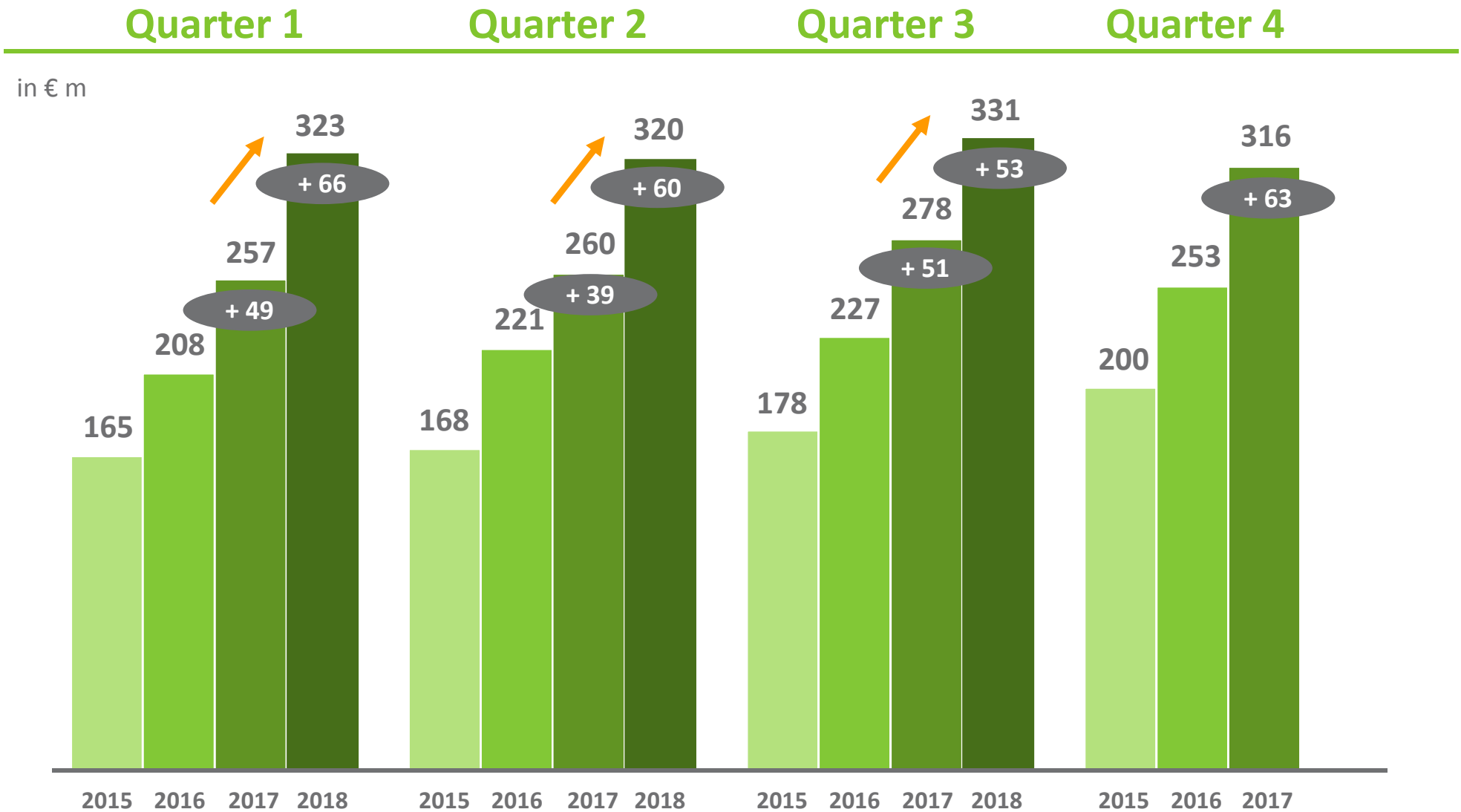
## Sales (€ m)



» Overall sales development in Q3 impacted by:

- » Sales price increases
- » Reducing non-profitable orders
- » Lower growth of new customer intake in Q1 and Q2 impacting sales growth in Q3

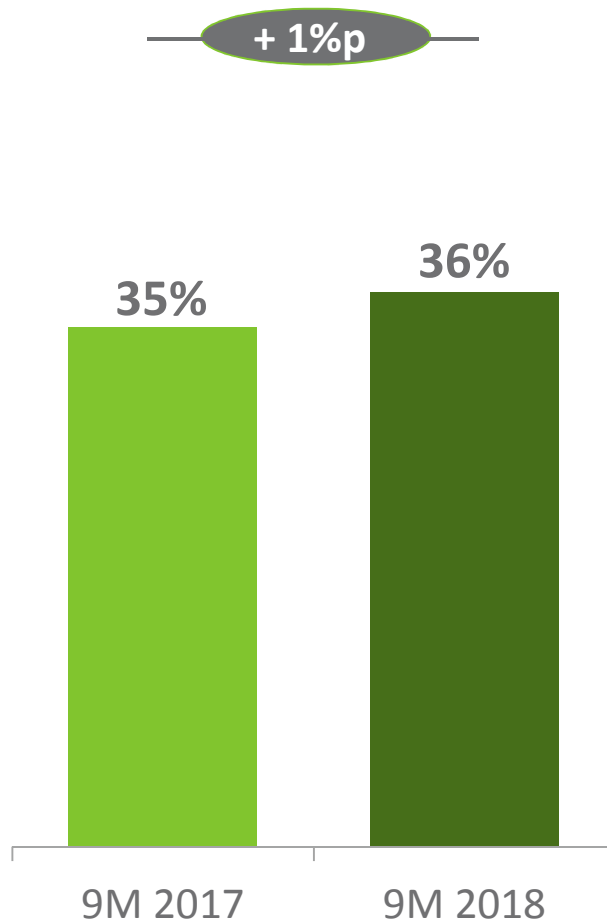
# Quarter on quarter sales development



# Private label sales continue to grow significantly faster than branded products in 9M 2018



## Private label growth

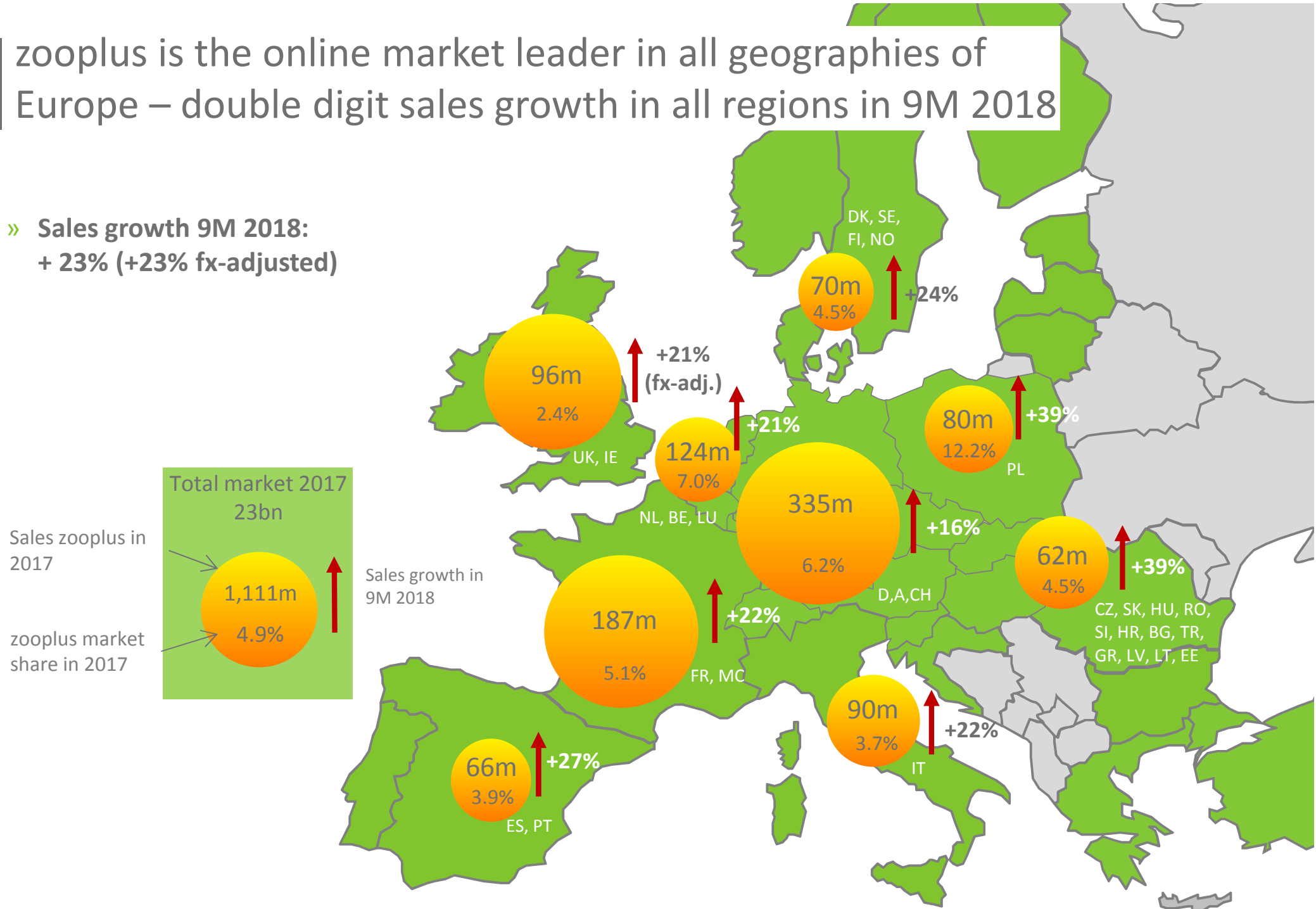


- » Private label food and cat litter
- » Strong focus on increasing share of private label
- » Margin advantage of private label reinvested in growing private label business



# zooplus is the online market leader in all geographies of Europe – double digit sales growth in all regions in 9M 2018

» Sales growth 9M 2018:  
+ 23% (+23% fx-adjusted)



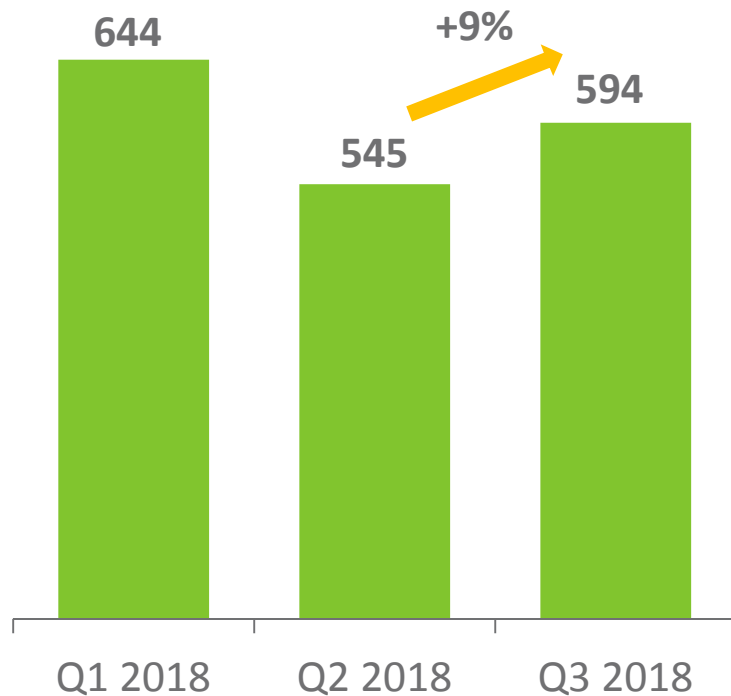
Source: zooplus sales, unaudited data, growth rates compared to 9M 2017; market shares based on Euromonitor 2016 market data and zooplus estimation

# New customer intake increased in Q3 2018 compared to Q2 2018



## Registered new customers (in k)

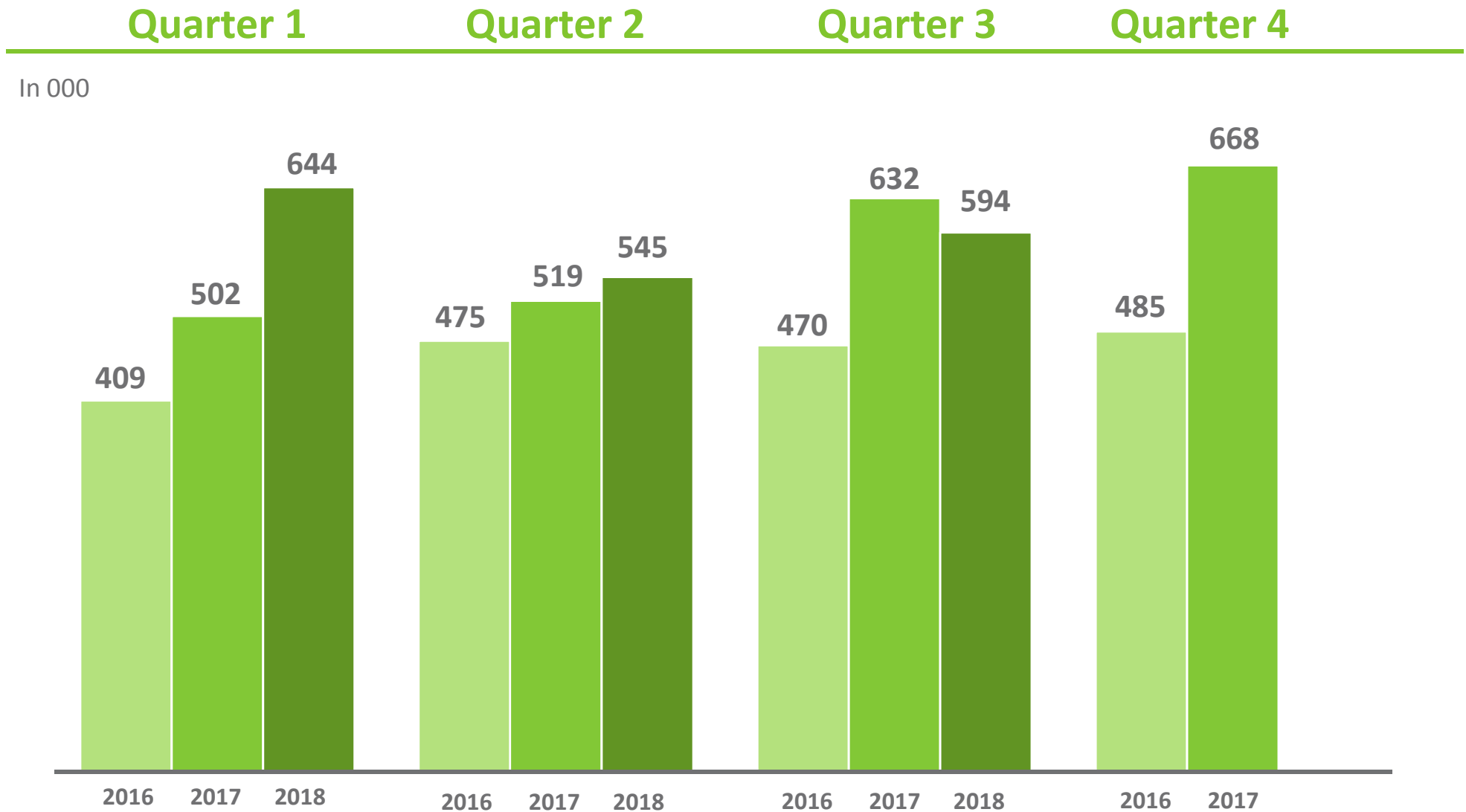
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Q3 2018 intake of registered new customers increased after a reduction in Q2:

- » Increased marketing activities
- » Improved Google bidding

# Quarter on quarter registered new customer development

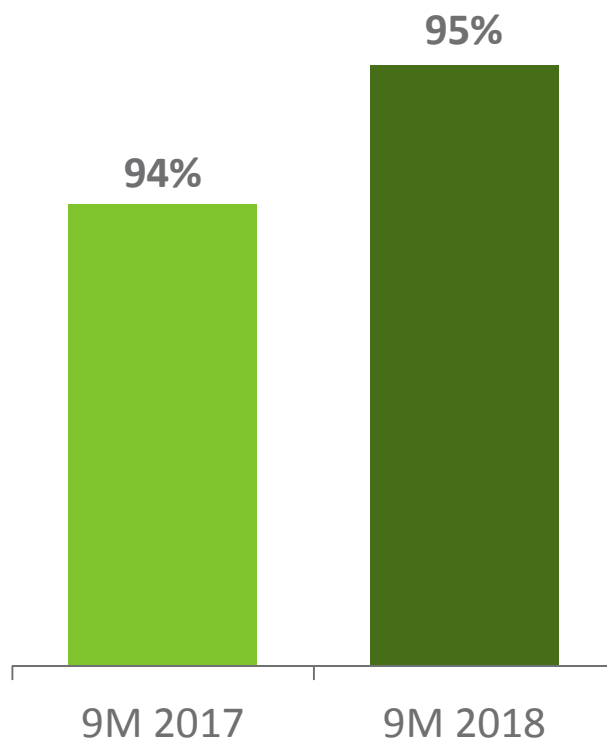


In a competitive market zooplus manages to further increase sales retention to record level of 95%



## Retention rate<sup>1</sup>

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European-wide increase of customer sales retention in 9M 2018 to a new all-time high:

- » Attractive pricing
- » Private label share increase
- » Improved logistics quality
- » Improvement of mobile applications

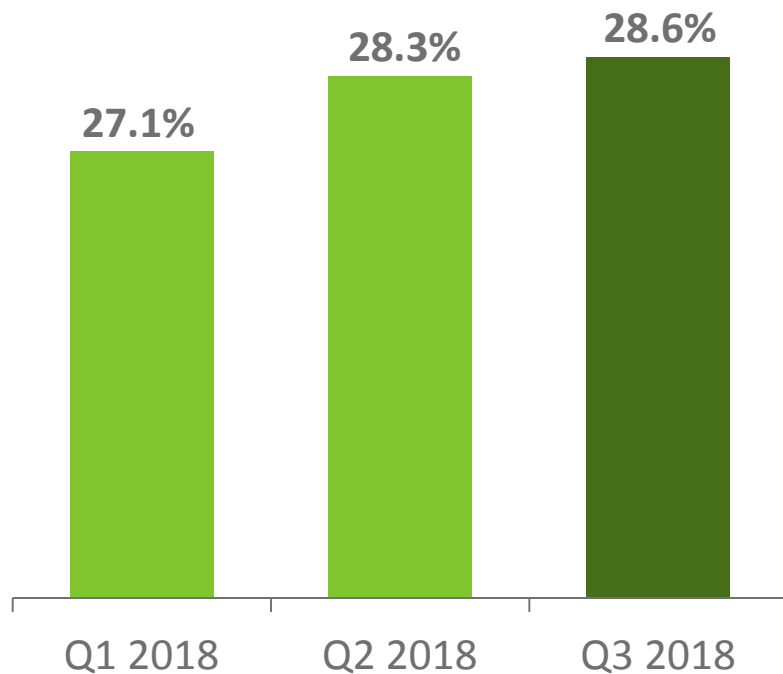
<sup>1</sup> Sales retention (net, non-BMF)

# Gross margin stabilization in Q2 2018 confirmed in Q3 2018



## Gross margin<sup>1</sup>

in % of sales



- » Less customer and transactional discounts
- » Reduction of non-profitable orders
- » Higher charges for shipping
  - Changes in free-shipping thresholds
  - Charges for 2<sup>nd</sup> parcel in an order
- » Margin increase due to better sourcing

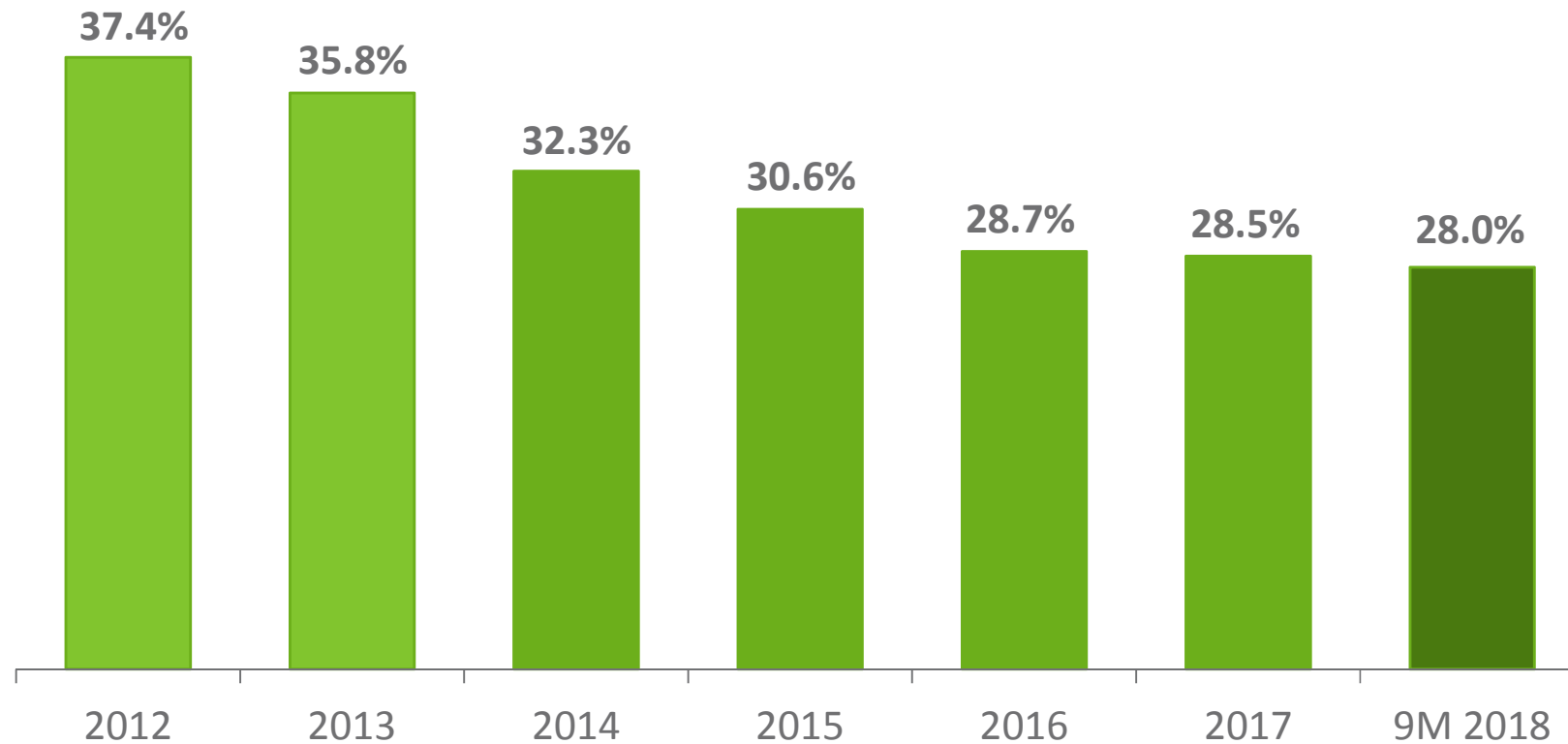
<sup>1</sup> Sales – CoGS

# Long-term gross margin decline halted



## Gross margin<sup>1</sup>

in % of sales

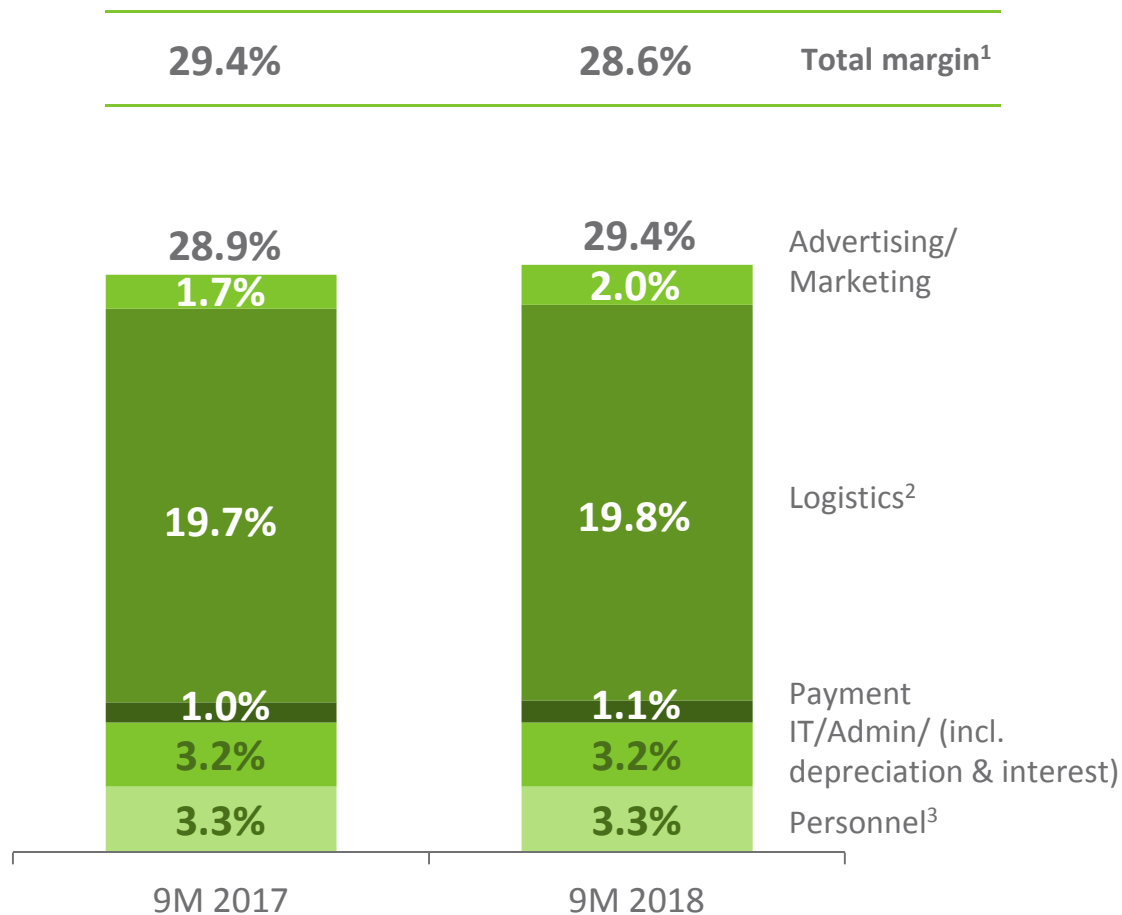


<sup>1</sup> Sales – CoGS; years prior to 2018 adjusted from published external figures to new IFRS 15

# Cost ratio in 9M 2018 impacted by stronger investment focus since H2 2017



## Total margin & cost structure (in % of sales)



- » Higher traffic acquisition spend
- » Logistics costs impacted by start-up costs for new fulfillment centers
- » Admin costs impacted by higher depreciation
- » Higher personnel costs in perspective of investment in people in IT and other key functions

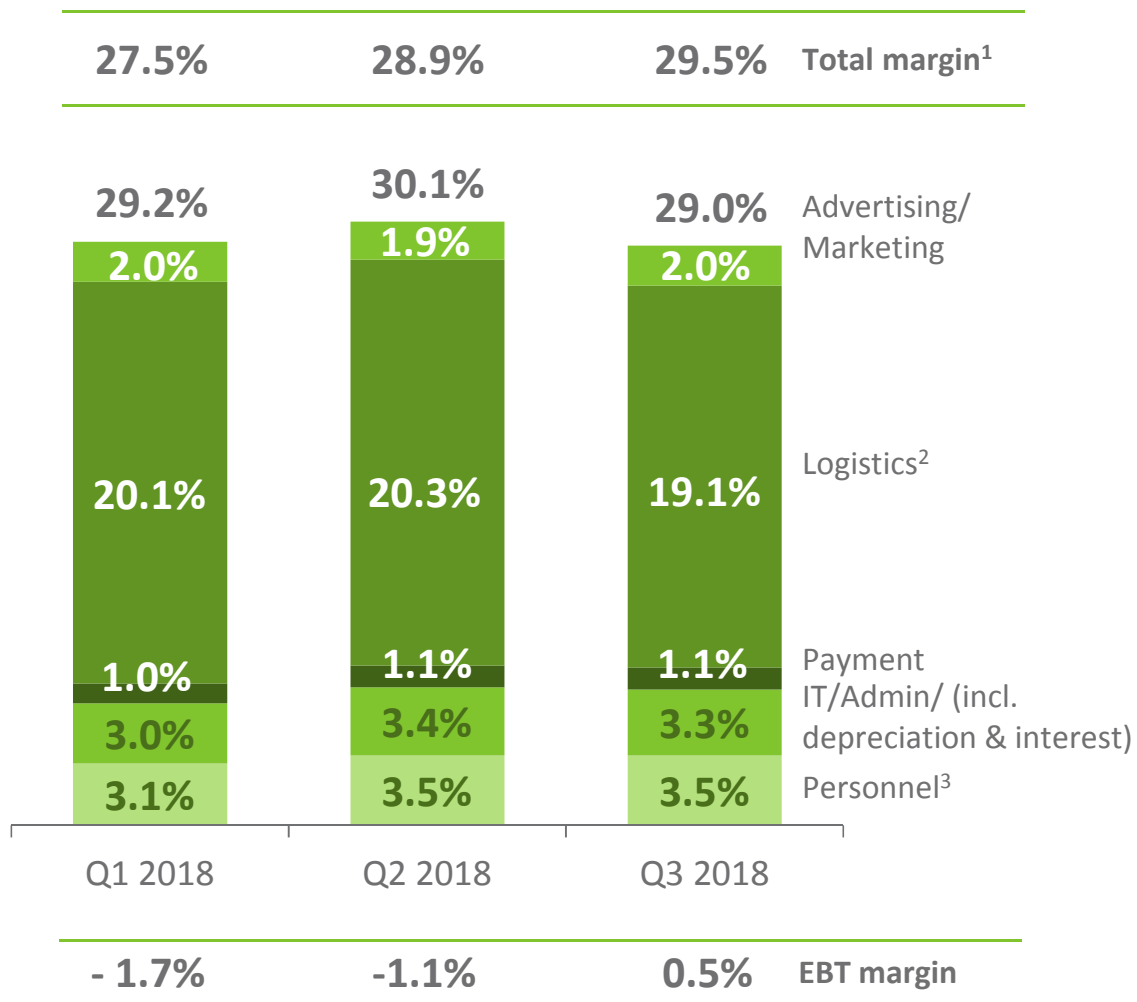
<sup>1</sup> Gross margin + other income on sales    <sup>3</sup> All in, including LTI & SOP

<sup>2</sup> Logistics costs reclassified to depreciation and interests according to IAS 17

# Back on improved cost ratio path and positive EBT in Q3 2018



## Total margin & cost structure (in % of sales)



- » Improved value per parcel with positive impact on logistics costs
- » Further progress in routing efficiencies in logistics network
- » Scale in IT/Admin, although increasing depreciation

<sup>1</sup> Gross margin + other income on sales    <sup>3</sup> All in, including LTI & SOP

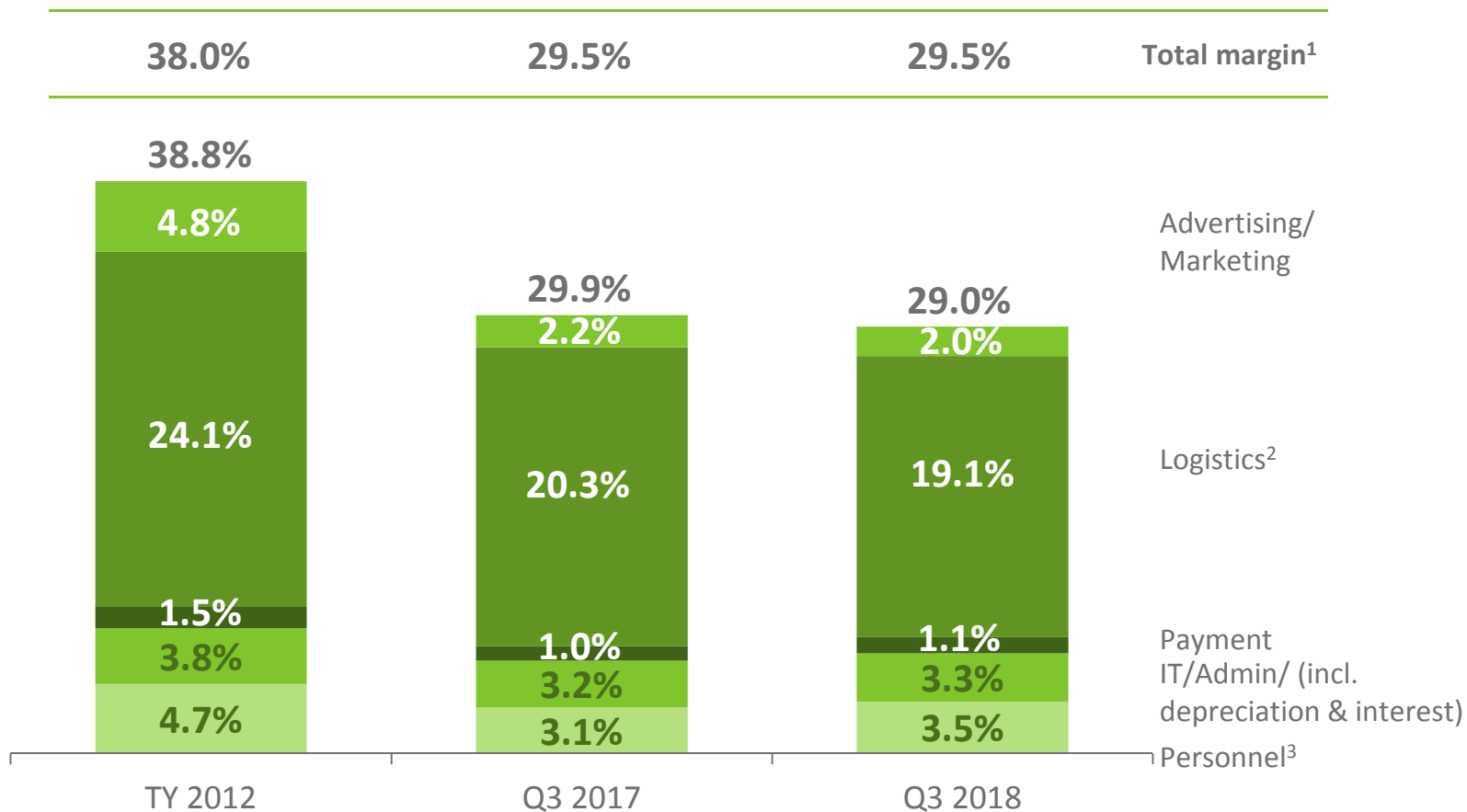
<sup>2</sup> Logistics costs reclassified to depreciation and interests according to IAS 17



# Cost efficiency and cost control continue to be major focus points



## Total margin & cost structure (in % of sales)



<sup>1</sup> Gross margin + other income on sales    <sup>3</sup> All in, including LTI & SOP

<sup>2</sup> Logistics costs reclassified to depreciation and interests according to IAS 17

# zooplus logistics – significant expansion of pan-European network in 9M 2018



Coventry (UK)



- » Size of UK FC tripled in Q2 incurring one-off costs and reduced efficiency for transition period

Krosno (PL)



- » New FC Poland started end of September 2018 – 40,000 sqm
- » New FC Spain started in September 2018 – closing of white spot in network and strong improvement of delivery speed to customers

Madrid (ES)



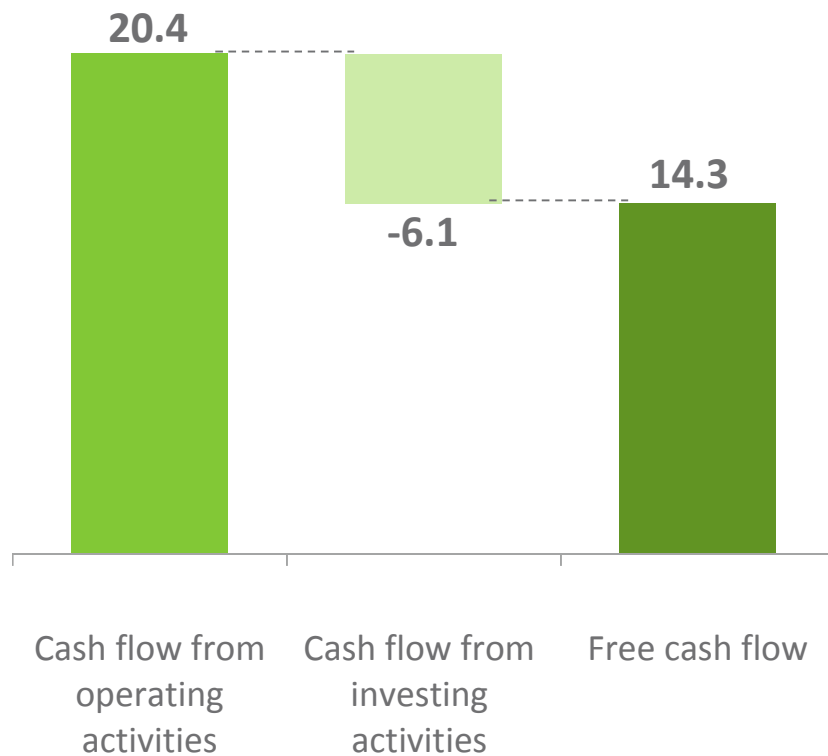
- » New FC Spain operated by 4<sup>th</sup> FC partner – XPO Logistics

Operating cash flow continues to be positive – further improvements in working capital



## Cash flow (€ m)

9M 2018








Major focus on working capital and operating cash flow improvements with main drivers:

- » Inventory turn
- » Payment days

# Major focus points H2 2018 – zooplus is on track



- » Retention rate ✓  Increase from 94% to 95% in Q3
- » New cohort size ✓  Back on growth trend in Q3
- » Gross margin management ✓  Increase in Q2 confirmed in Q3 2018
- » Logistics / cost efficiency ✓  Decrease by 1.1%p vs. previous quarter
- » Working capital ✓  Positive cash-flow

# New management board from December 2018 on



- » Dr. Cornelius Patt Chief Executive Officer (CEO)
- » Andreas Grandinger Chief Financial Officer (CFO)
- » Florian Welz Chief Commercial Officer (CCO)
- » Dr. Mischa Ritter Chief Operations Officer (COO)

Management compensated by fixed salary + stock options plan tied to stock price increase

# Q & A

# Key Financials 9M 2018



P&L in € m	9M 2018	9M 2017	Δ abs	Δ %p
<b>Sales</b>	<b>973.8</b>	<b>794.5</b>		
abs.	179.3			
Δ in %	22.6%			
Other income	6.1 0.6%	39.9 5.0%	-33.9	-4.4%p
COGS	-701.0 -72.0%	-601.0 -75.6%	-99.9	3.7%p
Logistics	-193.1 -19.8%	-156.7 -19.7%	-36.5	-0.1%p
Payment	-10.4 -1.1%	-8.0 -1.0%	-2.4	-0.1%p
Customer acquisition	-19.3 -2.0%	-13.3 -1.7%	-6.0	-0.3%p
Personnel	-32.4 -3.3%	-26.0 -3.3%	-6.4	-0.1%p
G&A	-24.1 -2.5%	-21.8 -2.7%	-2.4	0.3%p
<b>EBITDA</b>	<b>-0.5</b> <b>0.0%</b>	<b>7.6</b> <b>1.0%</b>	<b>-8.0</b>	<b>-1.0%p</b>
I&DA	-7.1 -0.7%	-3.4 -0.4%	-3.7	-0.3%p
<b>EBT</b>	<b>-7.6</b> <b>-0.8%</b>	<b>4.2</b> <b>0.5%</b>	<b>-11.8</b>	<b>-1.3%p</b>
EPS in EUR (basic)	-0.79	0.28		
<b>Balance Sheet</b>				
Total Assets	281.0	239.5	41.6	
Equity (Ratio in %)	107.0 38.1%	111.4 46.5%	-4.3	
<b>Cash Flow</b>				
Free Cash Flow	14.3	-3.8	18.1	

Income from marketing services which was reported within other income in 2017 is now directly offset against the cost of goods sold due to IFRS 15 (application as of January 1, 2018).

# Profit & Loss 9M 2018



in € m	9M 2018		9M 2017	
	abs	%	abs	%
<b>Sales</b>	<b>973.8</b>	<b>100.0%</b>	<b>794.5</b>	<b>100.0%</b>
Other income	6.1	0.6%	39.9	5.0%
Cost of materials	-701.0	-72.0%	-601.0	-75.6%
Personnel costs	-32.4	-3.3%	-26.0	-3.3%
Depreciation	-6.6	-0.7%	-3.1	-0.4%
Other expenses	-247.0	-25.4%	-199.8	-25.1%
<i>thereof logistics / fulfillment</i>	<i>-193.1</i>	<i>-19.8%</i>	<i>-156.7</i>	<i>-19.7%</i>
<i>thereof marketing</i>	<i>-19.3</i>	<i>-2.0%</i>	<i>-13.3</i>	<i>-1.7%</i>
<i>thereof payment</i>	<i>-10.4</i>	<i>-1.1%</i>	<i>-8.0</i>	<i>-1.0%</i>
<i>thereof other costs</i>	<i>-24.1</i>	<i>-2.5%</i>	<i>-21.8</i>	<i>-2.7%</i>
<b>Earnings before interest and taxes (EBIT)</b>	<b>-7.1</b>	<b>-0.7%</b>	<b>4.5</b>	<b>0.6%</b>
Financial income	-0.5	-0.1%	-0.3	0.0%
Financial expenses	0.0	0.0%	0.0	0.0%
<b>Earnings before taxes (EBT)</b>	<b>-7.6</b>	<b>-0.8%</b>	<b>4.2</b>	<b>0.5%</b>
Taxes on income	1.9	0.2%	-2.2	-0.3%
<b>Consolidated net result</b>	<b>-5.7</b>	<b>-0.6%</b>	<b>2.0</b>	<b>0.2%</b>
Differences from currency translation	-1.0	-0.1%	-0.3	0.0%
Hedge reserve	0.7	0.1%	-2.1	-0.3%
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>-0.3</b>	<b>0.0%</b>	<b>-2.4</b>	<b>-0.3%</b>
<b>Comprehensive income</b>	<b>-6.0</b>	<b>-0.6%</b>	<b>-0.4</b>	<b>-0.1%</b>
<b>Earnings per share in €</b>				
basic	-0.79	-	0.28	-
diluted	-0.79	-	0.28	-



# Balance Sheet as of September 30th, 2018



## Assets

in € m		Sept. 30th. 2018	Dec. 31st. 2017	Δ abs
<b>A.</b>	<b>Non-current assets</b>			
I.	PP&E	48.1	15.0	33.1
II.	Intangible assets	14.4	13.1	1.3
III.	Other financial assets	0.0	0.0	0.0
IV.	Deferred tax assets	0.7	0.0	0.7
	<b>Total non-current assets</b>	<b>63.1</b>	<b>28.1</b>	<b>35.1</b>
<b>B.</b>	<b>Current assets</b>			
I.	Inventories	89.7	104.5	-14.8
II.	Advance payments	0.6	0.6	0.0
III.	Accounts receivable	31.5	26.4	5.1
IV.	Other current assets	20.6	27.5	-6.9
V.	Contract assets	13.0	0.0	13.0
VI.	Tax receivables	0.7	1.2	-0.4
VII.	Derivative financial instruments	0.5	0.0	0.5
VIII.	Cash and cash equivalents	61.2	51.2	10.0
	<b>Total current assets</b>	<b>217.9</b>	<b>211.4</b>	<b>6.5</b>
		<b>281.0</b>	<b>239.5</b>	<b>41.6</b>

## Equity and Liabilities

in € m		Sept. 30th. 2018	Dec. 31st. 2017	Δ abs
<b>A.</b>	<b>Equity</b>			
I.	Capital subscribed	7.1	7.1	0.0
II.	Capital reserves	100.2	98.8	1.4
III.	Other reserves	-1.7	-1.4	-0.3
IV.	Profit and Loss carried forward	1.4	6.8	-5.4
	<b>Total equity</b>	<b>107.0</b>	<b>111.4</b>	<b>-4.3</b>
<b>B.</b>	<b>Non-current liabilities</b>	<b>34.6</b>	<b>11.1</b>	<b>23.5</b>
<b>C.</b>	<b>Current liabilities</b>			
I.	Accounts payable	91.0	78.1	12.9
II.	Derivative financial instruments	0.0	0.5	-0.5
III.	Other current liabilities	20.3	24.6	-4.3
IV.	Contract liabilities	17.2	0.0	17.2
V.	Tax liabilities	0.1	1.3	-1.3
VI.	Finance lease	8.0	2.1	5.9
VII.	Provisions	2.9	7.4	-4.5
VIII.	Deferred income	0.0	2.9	-2.9
	<b>Total current liabilities</b>	<b>139.4</b>	<b>117.0</b>	<b>22.4</b>
		<b>281.0</b>	<b>239.5</b>	<b>41.6</b>

# Cash flow 9M 2018



in € m	9M 2018	9M 2017
<b>EBT</b>	<b>-7.6</b>	<b>4.2</b>
Cash flow from operating activities	20.4	1.5
Cash flow from investing activities	-6.1	-5.3
<b>Free cash flow</b>	<b>14.3</b>	<b>-3.8</b>
Cash flow from financing activities	-3.8	0.6
Currency effects on cash and cash equivalents	-0.4	-0.1
<b>Net change of cash and cash equivalents</b>	<b>10.0</b>	<b>-3.3</b>
Cash on hand, bank deposits	61.2	51.7