zooplus AG presents 9-month figures: Strong sales growth of 18% combined with high operating profitability; EBITDA increases to EUR 47.8 m

- **Sales 18% higher at EUR 1.3 bn (9M 2019: EUR 1.1 bn)**
- **Sales retention rate reaches new record level of 97% (9M 2019: 91%)**
- **Significant increase in operating profitability with EBITDA of EUR 47.8 m (9M 2019: EUR 6.7 m)**
- **Effective management of product sales mix helps gross margin expand to 30.5% (9M 2019: 28.5%)**
- **Strong free cash flow of EUR 52.8 m (9M 2019: EUR 9.5 m) underscores the Group's internal financing power**
- **Sales and earnings targets for 2020 raised again in October**
- **Company is holding its virtual Capital Markets Day today (10:00 a.m. to 1:00 p.m. CET)**

Munich, November 17, 2020 – zooplus AG (WKN 511170, ISIN DE0005111702, ticker symbol ZO1), Europe's leading online retailer of pet supplies, significantly increased sales and profitability in the first nine months of the 2020 financial year. Despite the adverse economic climate caused by the ongoing COVID-19 pandemic, zooplus was able to maintain its business operations uninterrupted throughout the year and safely supply its new and loyal existing customers door-to-door throughout Europe.

In the first nine months of 2020, the zooplus Group generated sales of EUR 1.3 bn (9M 2019: EUR 1.1 bn), corresponding to sales growth of 18%. At the same time, zooplus significantly improved its operating profitability, measured by earnings before interest, taxes, depreciation and amortization (EBITDA), in the reporting period and achieved an EBITDA of EUR 47.8 m (9M 2019: EUR 6.7 m), equivalent to an EBITDA margin (in % of sales) of 3.7% (9M 2019: 0.6%). In the third quarter, the Group recorded sales of EUR 436.4 m (Q3 2019: EUR 377.7 m) and EBITDA of EUR 18.4 m (Q3 2019: EUR 2.2 m).

The primary driver of the strong sales performance was zooplus' business with loyal existing customers in all European markets. Due to the measures implemented at the start of the year to increase customer loyalty and sales per customer, the Group recorded an increase in the currency-adjusted sales retention rate to a new record level of 97% (9M 2019: 91%, FY 2019: 91%; previous record: 95% in FY 2018). This performance has more than compensated for the temporary decline in this performance indicator experienced in 2019.

In its acquisition of new customers, the Group continued the quality-oriented approach it has been pursuing since the beginning of the year and was able to increase the sales volume with active repeat new customers (measured from the second transaction onwards) by 17% in the first nine months. Marketing expenses were focused on selected measures and, at EUR 20.2 m (1.6% of sales), were significantly below the level in the prior year (9M 2019: EUR 36.9 m; 3.3% of sales). As a result, zooplus was able to boost its marketing efficiency, while at the same time sustainably enhancing its new business growth based on the significant improvement in customer quality. These successes not only underscore the appeal of zooplus' customer proposition, but also the Group's strategic focus for acquiring high-sales and high-yielding new customers.

Improvements in the management of the product sales mix and proactive measures to eliminate unprofitable sales had a positive impact on the development of the gross margin. In the reporting period, the gross margin increased to 30.5% (9M 2019: 28.5%). Sales in the exclusive own brand business in the food and litter segment once again reported disproportionately strong growth of 32% (9M 2020 vs. 9M 2019), thus supporting the positive margin trend. This high-margin product range now accounts for 18% of the total sales of food and litter (9M 2019: 16%). Stronger demand for accessories is also having a positive impact on the gross margin. The logistics area was also able to ensure that customers received consistently good experience despite the temporary challenging environment. As a result, this area was able to maintain and further improve its high level of efficiency compared to the prior year.

Based on the above, EBITDA rose strongly to EUR 47.8 m (9M 2019: EUR 6.7 m) and, at EUR 15.2 m, the consolidated net result in the first nine months of 2020 turned into a profit of EUR 15.2 million following a loss in the same period of 2019 (9M 2019: loss of EUR 10.6 m).

Free cash flow development was driven by the strong operating result and a continuous optimization of working capital. In total, the Group generated free cash flow in the nine-month period of EUR 52.8 m (9M 2019: EUR 9.5 m).

Dr. Cornelius Patt, CEO of zooplus AG comments: "At the end of the third quarter, we were once again able to look back on a more than satisfying business development for the zooplus Group. All of the key financial figures – from sales, EBITDA and net profit to free cash flow – showed a significant improvement in the first nine months of 2020 over the prior year. The solid foundation for the sustained success of our business model is expressed, in particular, by the customer-based key indicators. The number of our active repeat customers increased from 4.2 million to 4.9 million and the sales retention rate at the end of September reached a new record of 97%. This is a clear sign that a growing number of people are coming to appreciate the advantages of secure and convenient online shopping at zooplus, as well as our product range and our reliability, which is something they can count on even in challenging times. We have now entered the final quarter of 2020 with this tailwind and are well on track to achieve the new targets for the current financial year announced in mid-October."

In light of the continued robust online demand for pet supplies throughout Europe in the third quarter and based upon the updated expectations for the business performance in Q4 2020, the zooplus Management Board raised its guidance for the current financial year for the third time on October 15, 2020. The Group now expects year-on-year sales growth in the range of 16% to 19%, corresponding to forecast sales of EUR 1.770 bn to EUR 1.810 bn. Earnings before interest, taxes, depreciation and amortization (EBITDA) are expected to be in the range of EUR 50 m to EUR 65 m.

The report for the third quarter and the first nine months of 2020 is available to download at https://investors.zooplus.com.

Company's virtual Capital Markets Day takes place today

zooplus AG is holding a virtual Capital Markets Day today, Tuesday, November 17, 2020, from 10:00 a.m. to 1:00 p.m. CET. In addition to presenting the current nine-month figures, the Management Board will provide an overview of the corporate strategy and overall business performance. Registration for this event is available at the following link (contact: cmd@zooplus.com): https://mbw-live.de/20201117_Zooplus/

Company profile:

zooplus AG was founded in 1999 and today is Europe's leading online retailer of pet supplies measured by sales. Sales totaled more than EUR 1.5 bn in the 2019 financial year. The company's business model has been launched successfully in roughly 30 European countries. zooplus sells products for all major pet breeds. The product range includes pet food (dry and wet food and food supplements) and accessories such as scratching posts, dog baskets, and toys in all price categories. In addition to a selection of over 8,000 products, zooplus customers benefit from a variety of interactive content and community offerings. The pet supplies market is an important market segment in the European retail landscape. Gross sales of pet food and accessories within the European Union amount to around EUR 30 bn. Based on the continued vigorous growth anticipated in the European E-commerce market, zooplus expects its dynamic performance to continue.

Online at: www.zooplus.de

Investor relations contact:

zooplus AG
Diana Apostol
Sonnenstraße 15
80331 Munich
Phone: + 49 (0) 89 95006-210
Fax: + 49 (0) 89 95006-503
Email: ir@zooplus.com
Website: https://investors.zooplus.com

Media contact:

cometis AG
Georg Grießmann
Unter den Eichen 7
65195 Wiesbaden
Phone: +49 (0) 611 205855-61
Fax: +49 (0) 611 205855-66
Email: griessmann@cometis.de
Website: www.cometis.de