



WESTWING

THE LEADER IN INSPIRATION-BASED ECOMMERCE
IN HOME & LIVING IN EUROPE

November 2018

A close-up of a bed with several pillows in shades of green and beige, some with frayed edges. A white, textured blanket is draped over the bottom left.

OUR MISSION

“To inspire and make
every home
a beautiful home”



Westwing has always been led by the founders

We are pursuing a long-term vision to revolutionize home & living



STEFAN SMALLA

Founder & Chief Executive Officer

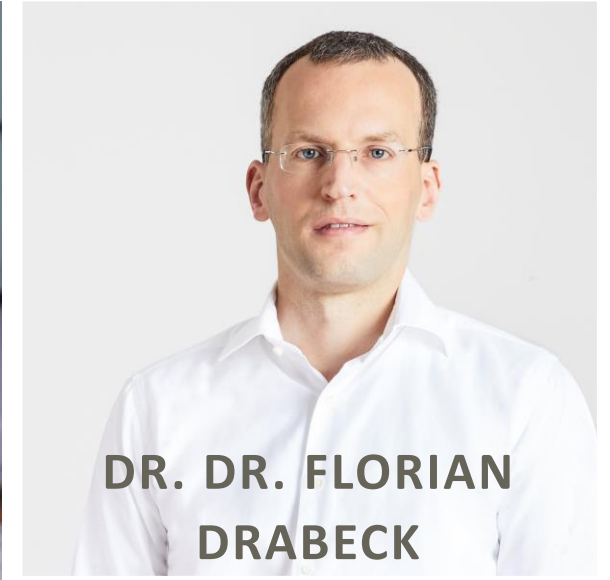
- At Westwing since 2011
- 20 years of professional experience, thereof 12 years eCommerce/Internet
- Bain & Company, dooyoo, Friendity, Daimler



DELIA FISCHER

Founder & Chief Creative Officer

- At Westwing since 2011
- 13 years of professional experience
- ELLE Magazine, ELLE Décoration



**DR. DR. FLORIAN
DRABECK**

Chief Financial Officer

- At Westwing since 2011
- 12 years of professional experience
- RBR Capital Advisors, Bain & Company
- 2 PhD's (Mathematics, Economics), CFA

We founded Westwing 7 years ago to become the leading inspiration-based Home & Living eCommerce brand in Europe

- Our mission is “To inspire and make every home a beautiful home”
- We sell beautiful home & living products like textiles, rugs, furniture, lighting, decoration
- Westwing is a “curated shoppable magazine”, fresh every day
- Our customers are 90% women, and they are very loyal:
We do 85% of our sales with customers who visit us on average 100 times a year
- The opportunity is massive: EUR 117bn market in our geographies, very early in eCommerce

Customer loyalty leads to profitable growth

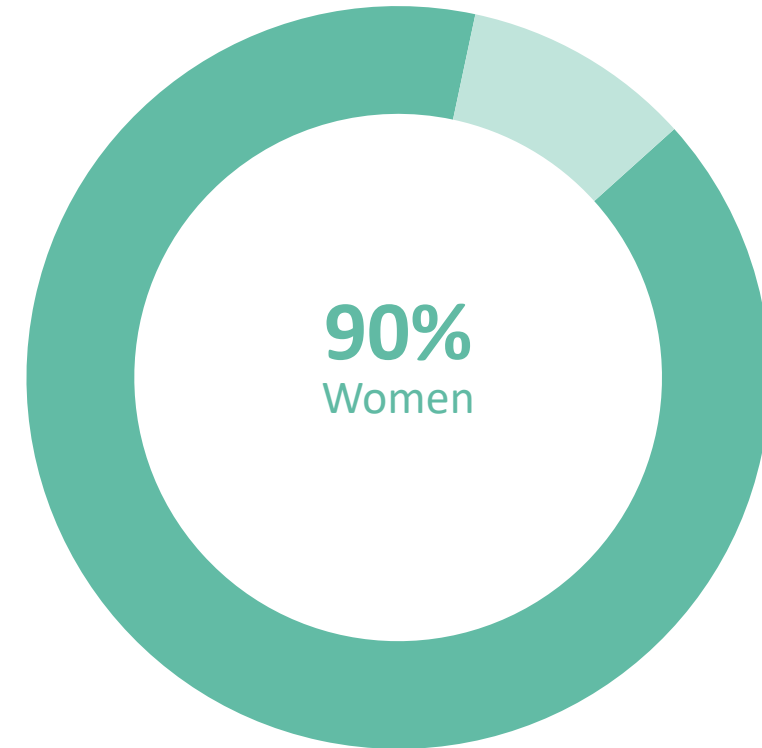
- EUR 248m revenue (LTM per Q3-2018), and we are Adj. EBITDA profitable
- Highlights from our most recent financials (LTM per Q3-2018):
18% revenue growth with 6% marketing cost ratio and 1.8% Adj. EBITDA margin



Our brand has very strong customer loyalty

85%
of our sales are with
customers who
visit us on average
100x
per year

We focus on women as they take the vast majority of home decisions



2017 Westwing customers

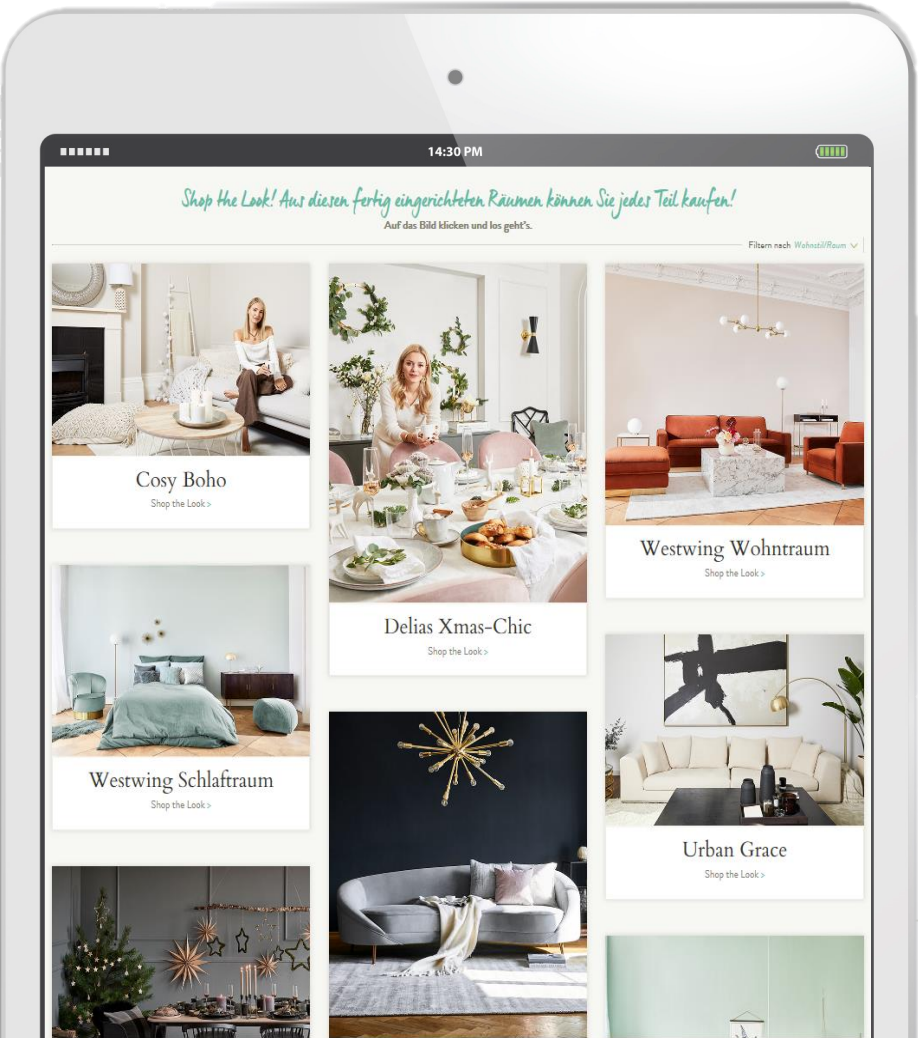
“Men buy, women shop”



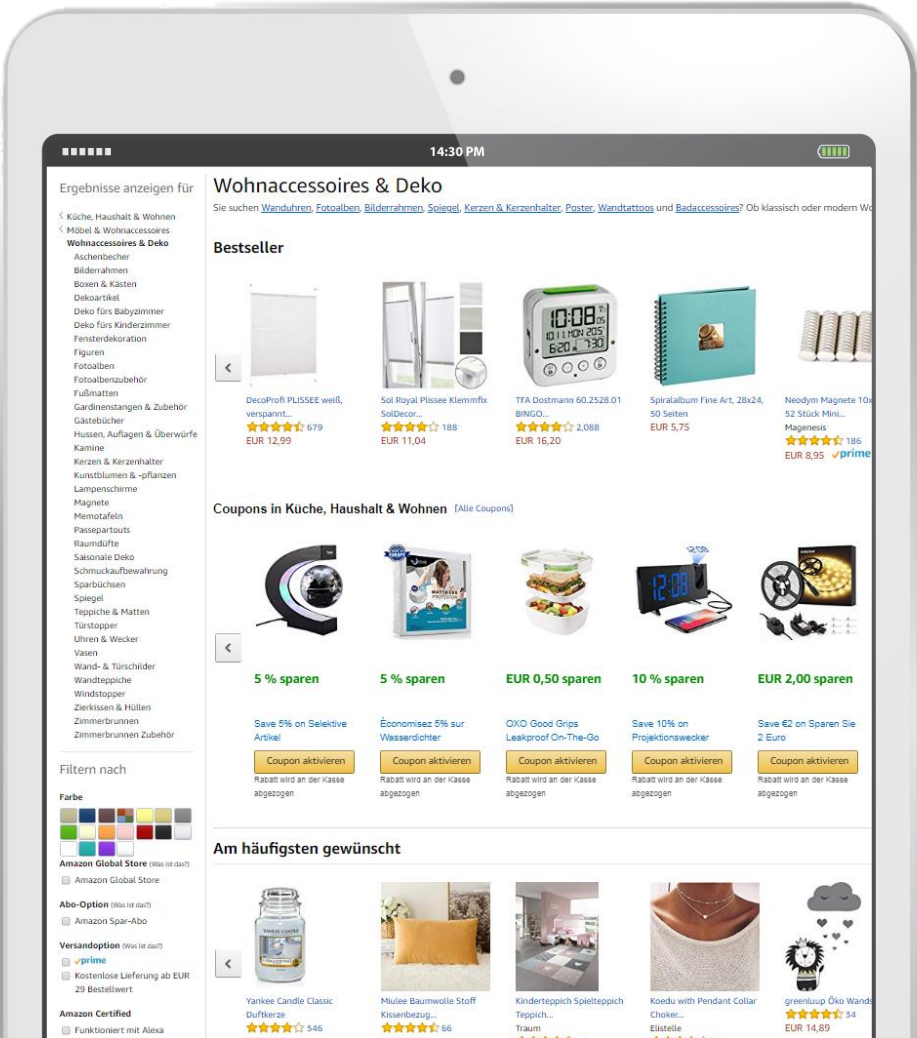
- **Women aged 25-60 years**
- **Interior decoration interested**
Want guidance and ideas. Want their home as stylish as their wardrobe
- **Want to have a home not just a house,**
see their home as reflection of their personality
- **Enjoy redecorating and hosting:**
important part of their lifestyle;
desire to add decoration pieces
- **Enjoy bargains,** no compromise on quality and style
- **Impulse buyers,** not necessarily always seeking to completely re-furnish

We are the leader in “inspiration-based eCommerce”, which works much better for home & living than typical eCommerce

WESTWING

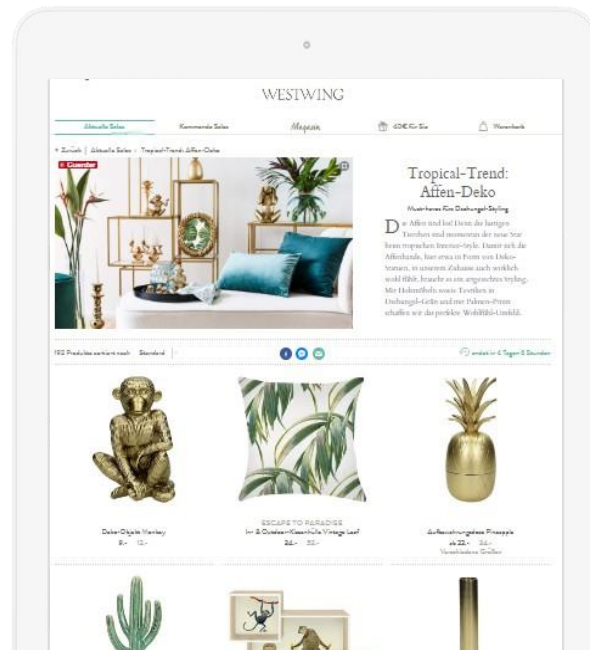
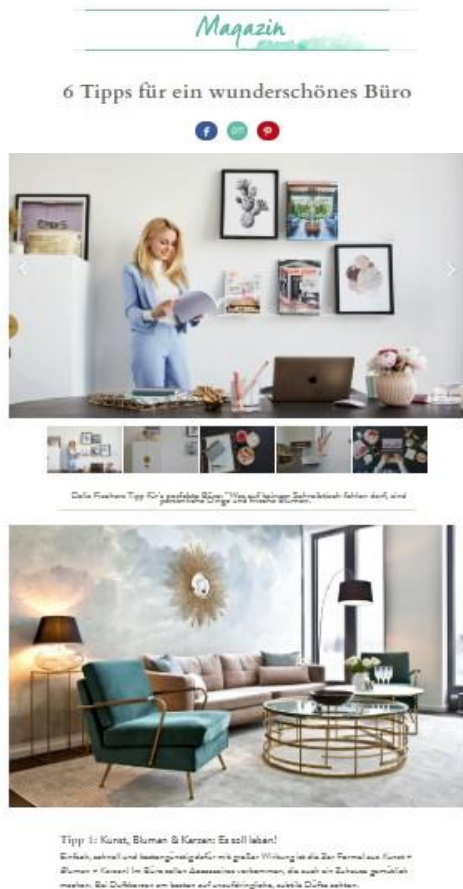


VS



We uniquely combine inspiration and shopping in a “curated shoppable magazine”

Inspiration/Content

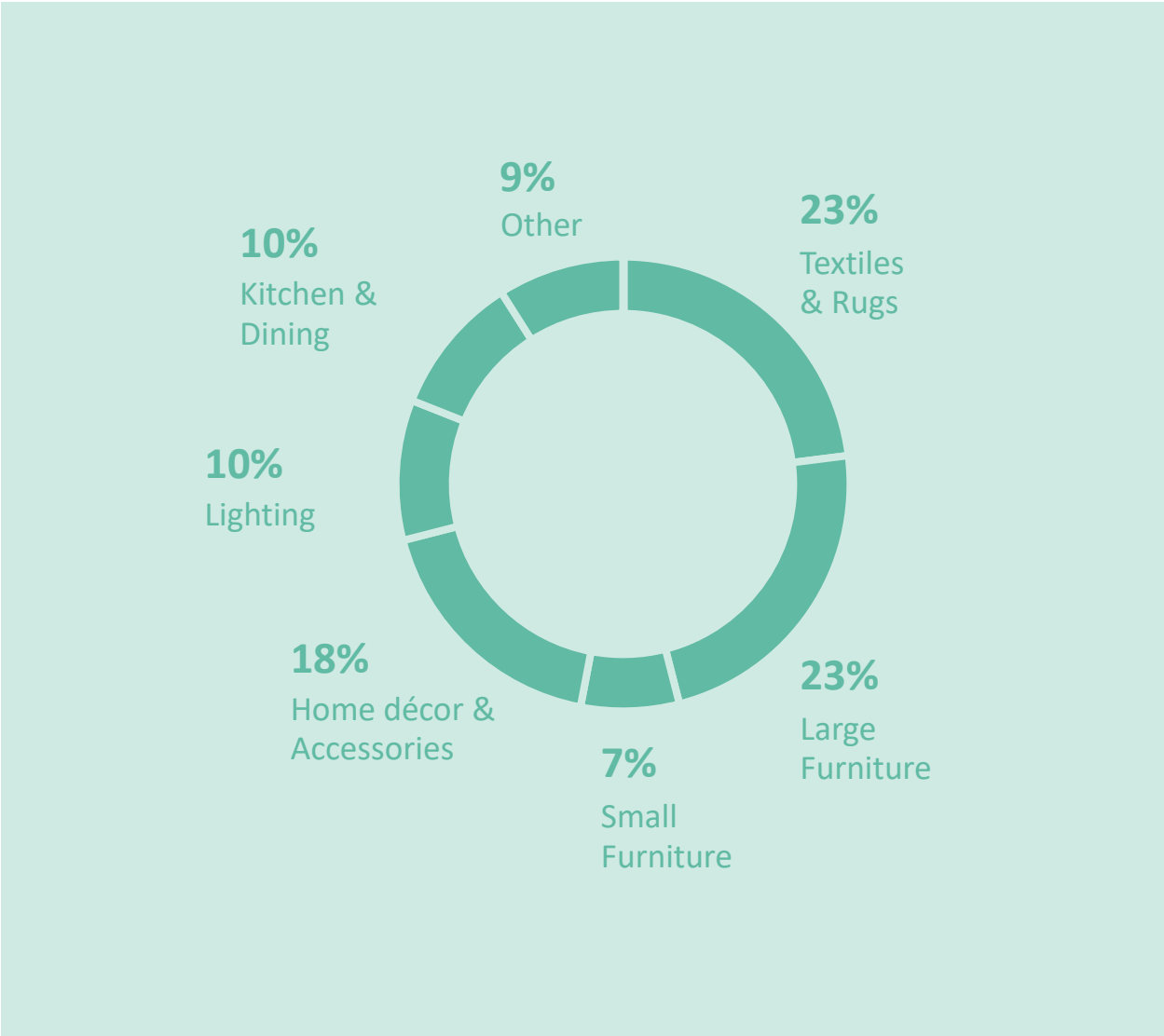


Combining ‘best of both worlds’
in an online curated platform

Commerce




Westwing sells gorgeous, inspirational products across the full range of the home & living category



Note: Based on GMV 2017

Our Creative Team is powering our brand and business model with >100 world-class Creatives


Senior Creative Leaders (4 of 10 Senior Creative Directors)



Munich

Before founding Westwing, Delia worked at ELLE Magazine / ELLE Decoration / Burda Media as Editor for Home & Living, Lifestyle and Beauty


DELIA FISCHER
Founder &
Chief Creative Officer



Warsaw

Marta is an experienced home & living journalist. Before Westwing, she worked for the most popular Polish interior design magazine „Cztery Kąty” and „Dom&Wnętrze”. She also ran a TV show. Marta studies Exterior Architecture.


MARTA SUCHODOLSKA
Creative Director



Munich

Before joining Westwing, Christine worked for more than 20 years as a journalist for several women magazines such as EKKE, Marie Claire, Glamour, Vogue Business. Most recently, she was the deputy editor-in-chief of ELLE Decoration Germany

CHRISTINE BÜRG
Founder &
Creative Director



Milan

Alexandra is an architect and a product designer with a vast international experience. She worked as a product designer in the biggest Design Studio in Brazil (India da Costa) and also as interior designer at Esther Giobbi.

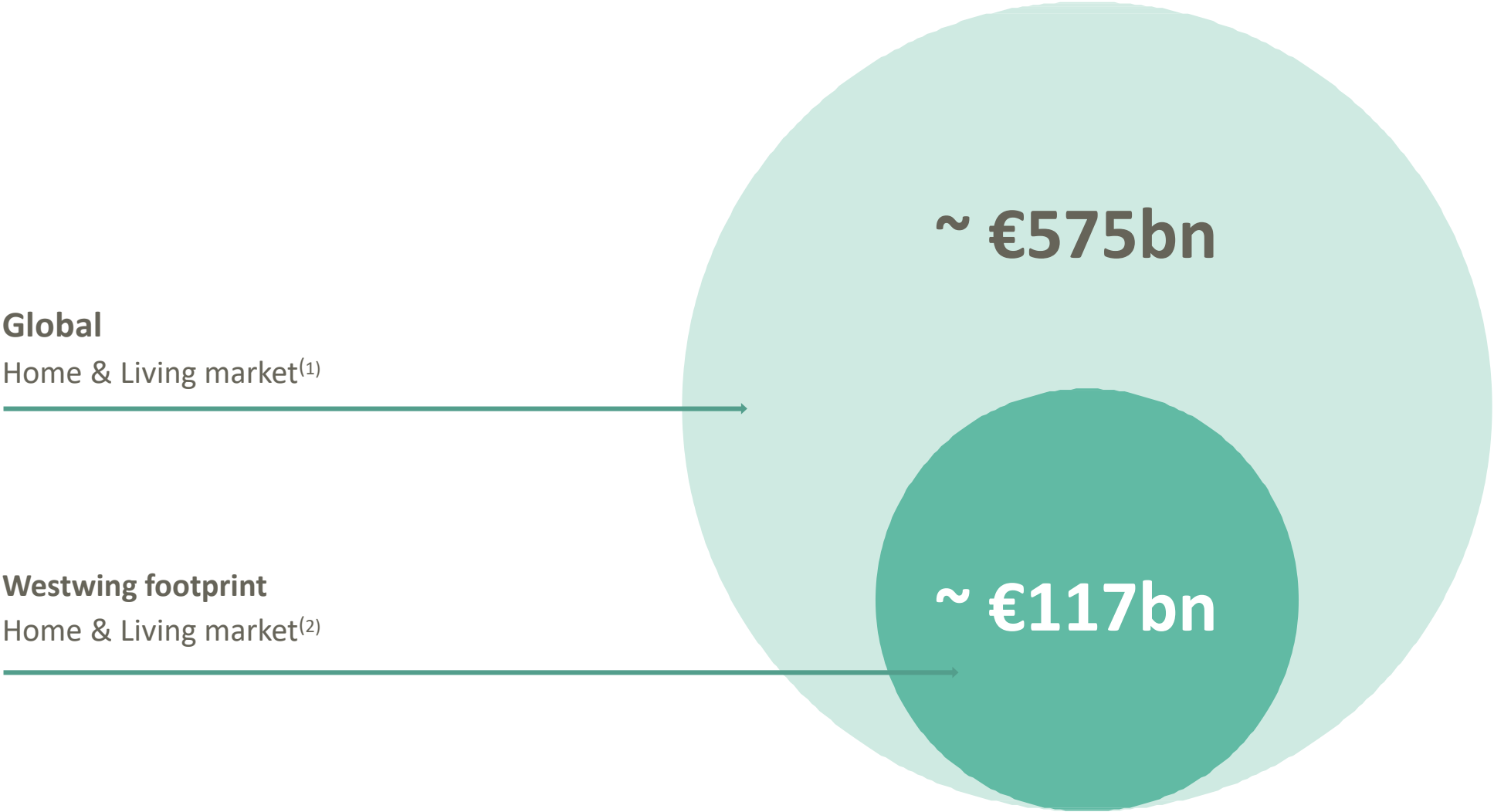
ALEXANDRA TOBLER
Creative Director

Full Creative Team >100 world-class experts strong

- **Creatives covering all business areas**
Marketing, Daily Themes, Permanent Assortment, Own & Private Label, International
- **Key roles**
Editors, Creative Merchandisers, Stylists, Art Directors, Interior Designers, Photographers, Cinemagraphers
- **Typical backgrounds**
Magazine editors-in-chief and editors (from home & living and fashion), Fashion stylists, Interior designers, Filmmakers, Fashion photographers, Graphics designers



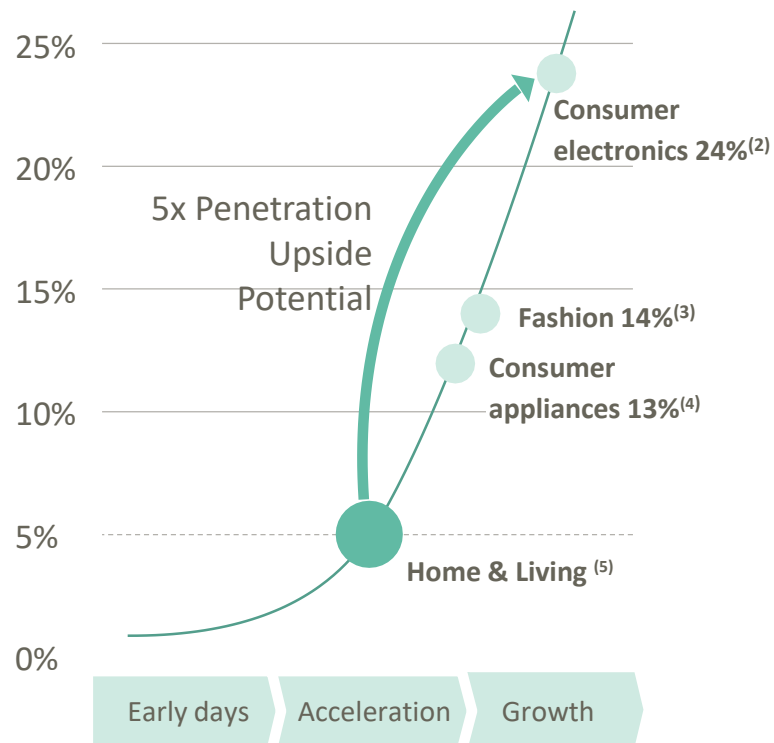
We are targeting a huge addressable market ...



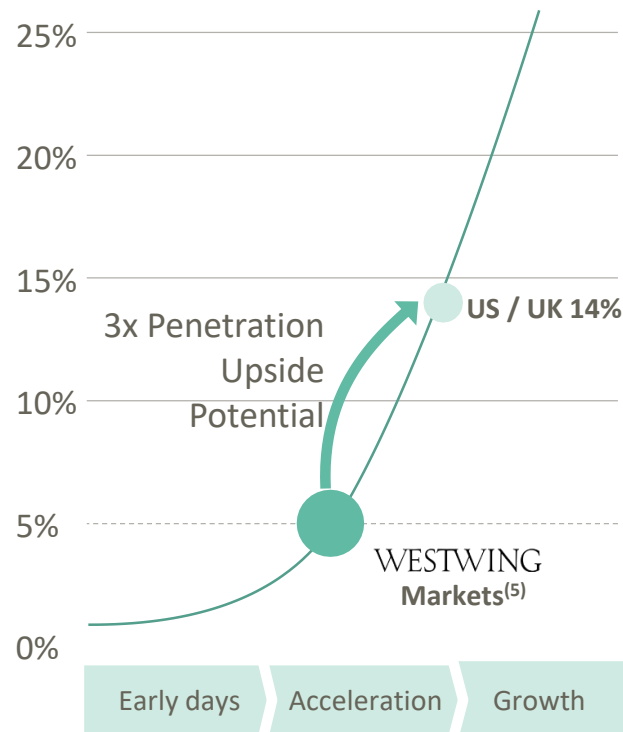
Source: Euromonitor
Notes: (1) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Homewares includes dining and kitchen sub-categories, while Home Furnishings includes indoor living, outdoor living and lighting sub-categories. Refers to global retail value sales including sales tax at current prices (EUR using 2017 fixed exchange rates); (2) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Refers to retail value sales including sales tax at current prices (EUR using 2017 fixed exchange rates) for countries in which Westwing is present

...that is at the tipping point of online acceleration

Online penetration by industry in Westwing markets⁽¹⁾



Home & living online penetration by geography



Comments

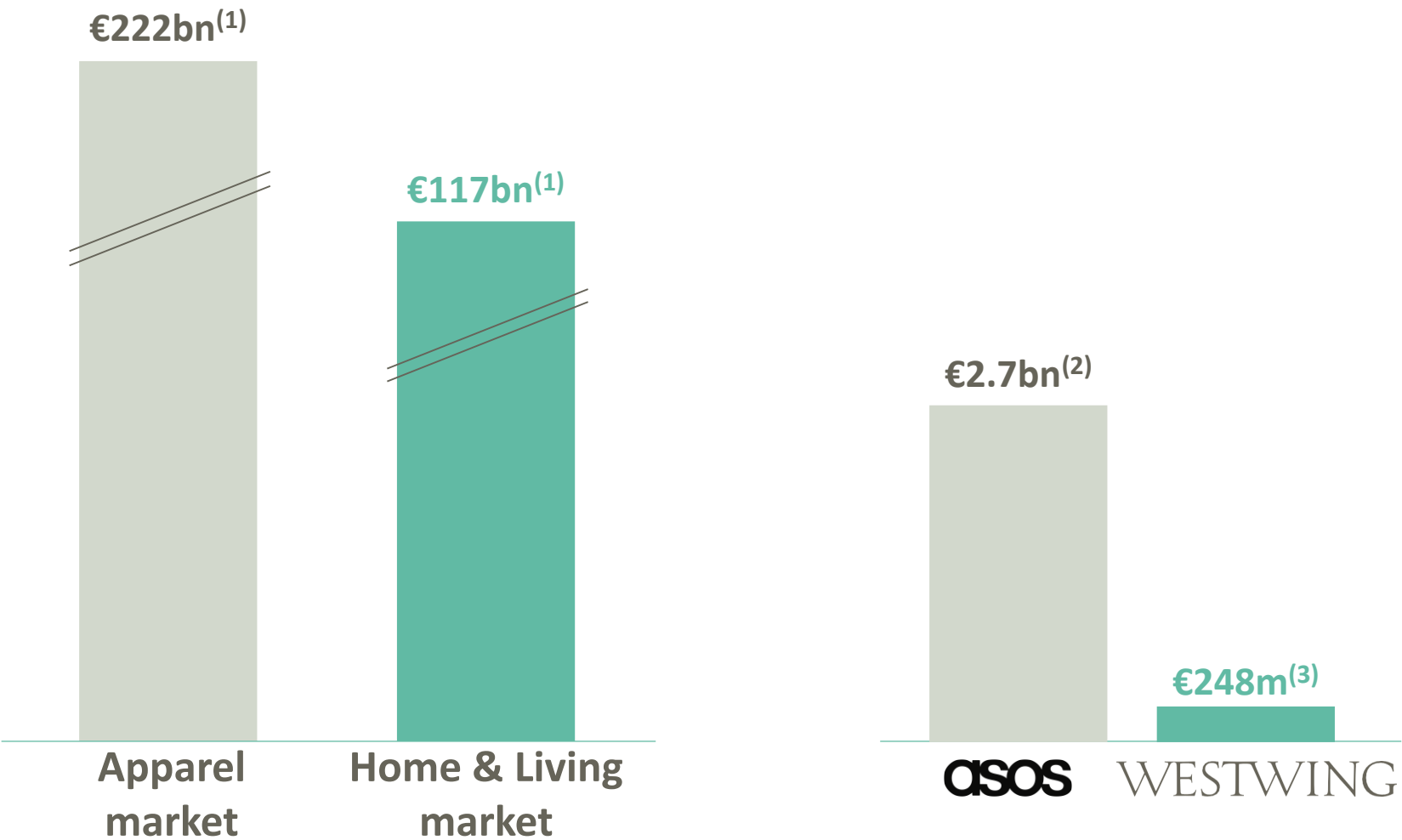
Drivers of online acceleration later than other verticals

- Demographics: home & living customers are typically older than e.g. fashion or consumer electronics customers
- Shopping is not search-based, rather inspiration-based, so Google and Amazon don't work as well
- Highly fragmented market and no strong brands to push eCommerce adoption
- Complex operations that need to be set up due to breakable and large-sized products

Source: Euromonitor

Notes: (1) All numbers refer to countries in which Westwing is present, i.e. Germany, Austria, Switzerland, Italy, France, Spain, Belgium, Netherlands, Poland, Slovakia and Czech Republic; online market size refers to internet retailing sales; in EUR using 2017 fixed exchange rates as per June 2018; (2) Consumer electronics market defined as Euromonitor Passport: category Consumer Electronics; (3) Fashion market defined as Euromonitor Passport: category Apparel and Footwear; (4) Consumer Appliances market defined as Euromonitor Passport: category Consumer Appliances; (5) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings".

Ample space to grow in Home & Living market



Notes: (1) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Fashion market defined as Euromonitor Passport: category Apparel and Footwear. Global retail value sales including sales tax at current prices for countries in which Westwing is present
(2) Asos global retail sales as of FY 2018 ended 31 August 2018, ~32% of revenues are outside Europe and UK
(3) Revenue as LTM per Q3-2018

Highly fragmented & subscale
supplier base leading to the
absence of strong consumer
brands in Home & Living market

SAMSUNG

RALPH
LAUREN

APPLE

Cushion
?

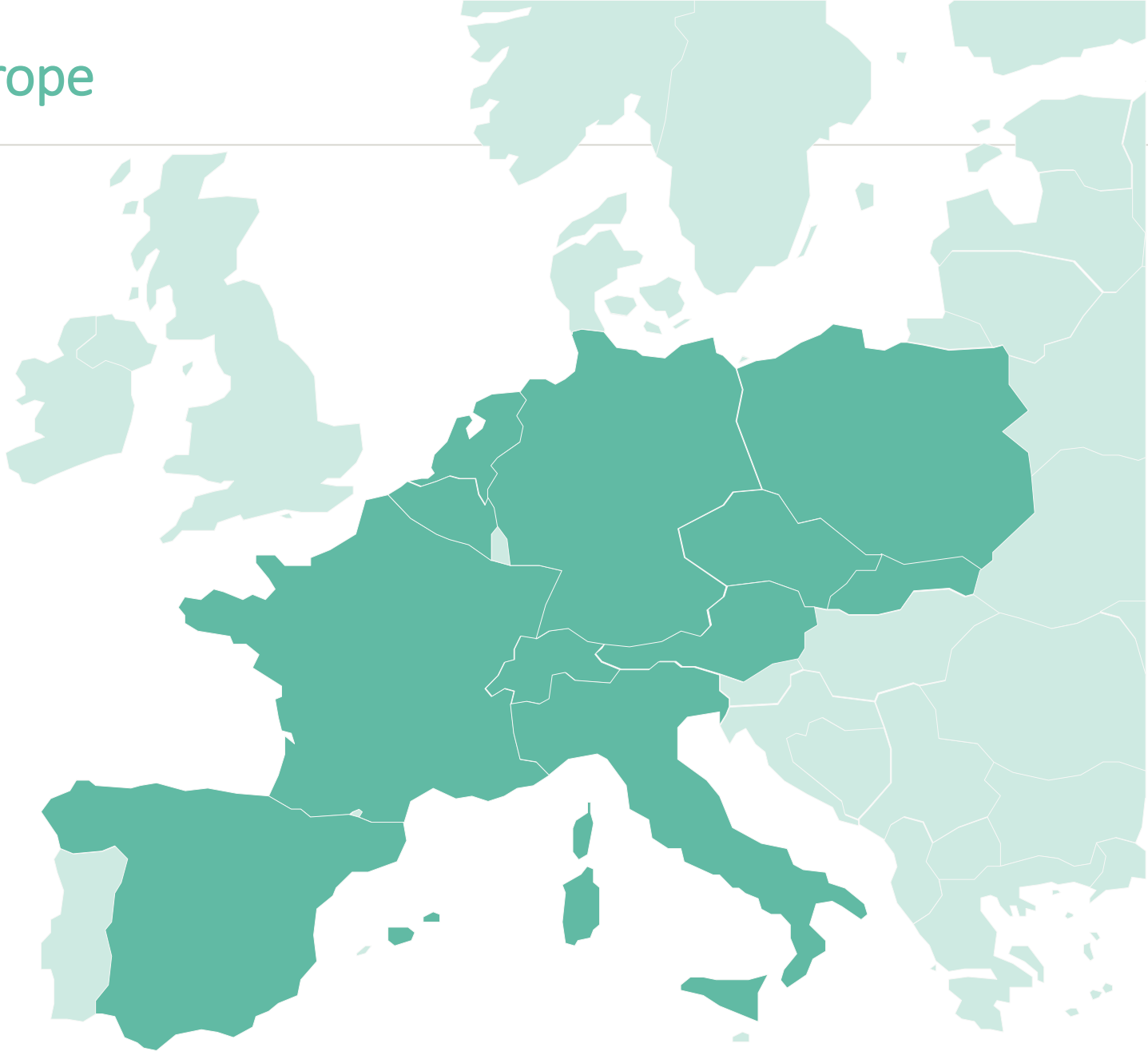
We are active in 11 countries in Europe

50%

DACH
SEGMENT

50%

INTERNATIONAL
SEGMENT



Note: Segment basis is LTM per Q3-2018 Revenue

Highly scalable platform with full value chain control

Inspiration & Curation



- Dedicated, creative staff including over 100 editors, journalists and content creators

Integrated supply chain



- 3rd party and Own & Private Label
- 5,000 suppliers from across the globe
- Growing share of Own & Private Label

Fulfillment⁽¹⁾



- 7 warehouses with c. 70k sqm
- 20 last-mile carriers and multiple other logistics partners
- 15 payment methods

Customer service⁽²⁾



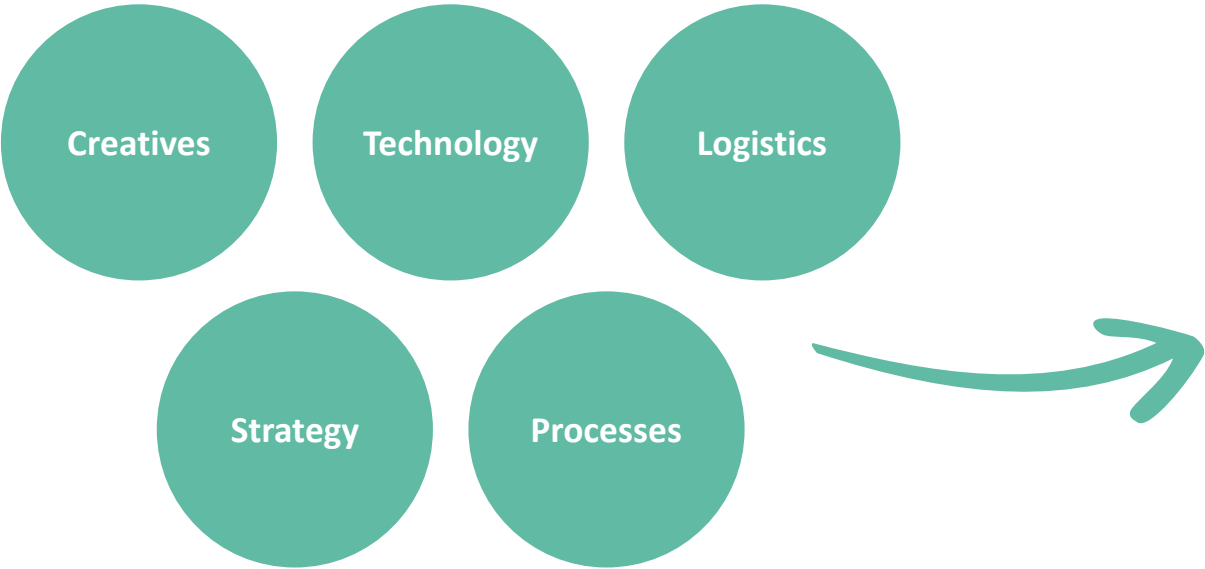
- 5 local customer service centers
- 127 staff
- 317k calls p.a.
- 429k emails p.a.
- 28k chats p.a.

Notes: (1) As of November 2018

(2) As of June 2018

Our full business model: Rolled out in DACH since 2015; international roll-out ongoing







Tapping comprehensive platform



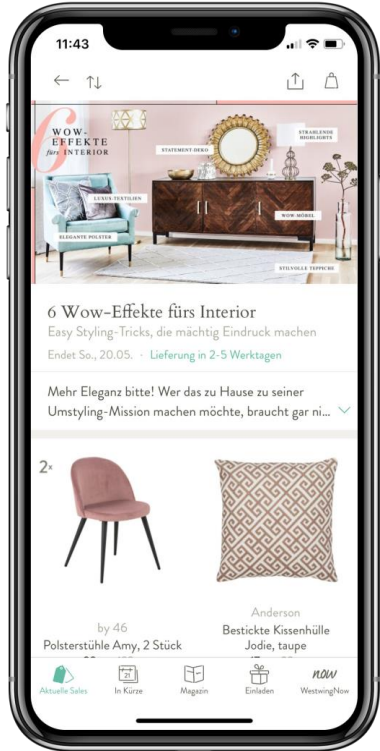
Virtuous cycle of all elements working together



Roll-out of our proven DACH business model into our international markets is a key part of our strategy

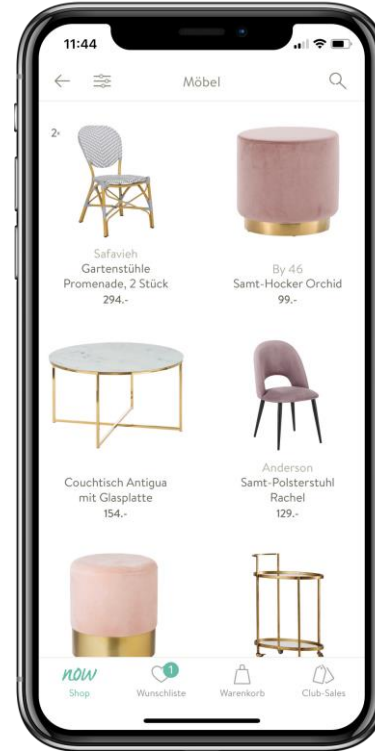
	International	DACH
Daily themes and loyalty model		
Permanent bestseller assortment		
Organic and content marketing		
Own & Private Label share (Q3-2018)	7%	27%
Revenue y-o-y growth (LTM Q3-2018)	2%	40%
Adj. EBITDA margin (LTM Q3-2018)	0%	4%

We operate a unique business model where we acquire customers in one model and monetize them in both models



WESTWING

- Efficient acquisition and retention
- Very high customer engagement and repeat purchases
- Rich data on customer preferences and supplies



WESTWING^{now}

- Scalable supply at even higher margins (esp. Own & Private Label)
- High growth and profitability
- Leverage collected customer data to offer relevant assortment

Acquire, retain, engage

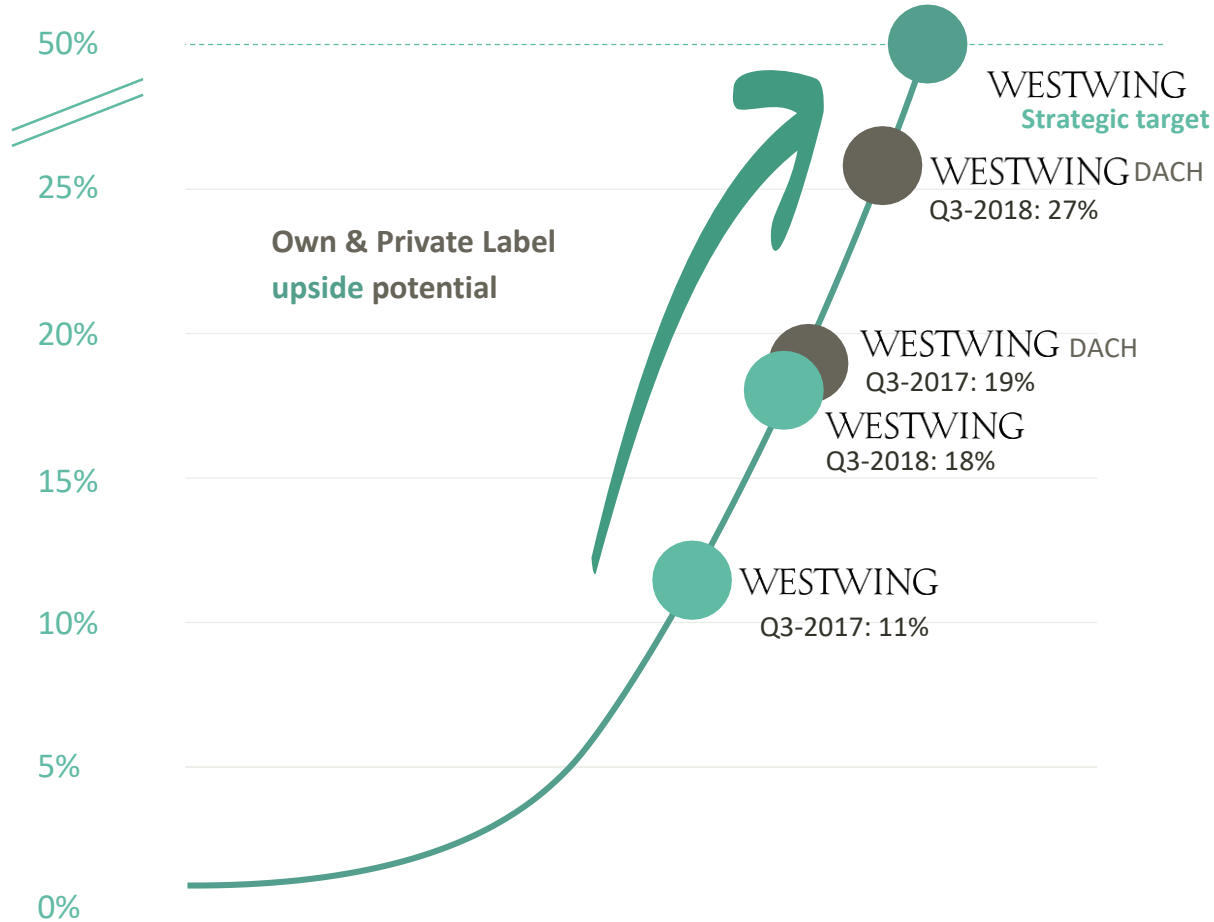
Cross-sell and up-sell

WESTWING PLATFORM

(Own & Private Label, marketing, technology, warehouses, data, etc)

Own & Private Label is our most powerful strategic initiative

Own & Private Label share (% of GMV)



- 5,000 + Own & Private Label SKUs
- Beautiful products that our customers crave and desire
- Full control over supply chain and quality
- Highly competitive pricing
- Contribution margins are ~8-10ppts higher

Some of our bestselling Own & Private Label products



SOFA CUCITA

Selling Price: €1,199



VELVET POUF HARLOW

Selling Price: €139



BED LINEN MALIN

Selling Price: €49



SILVERWARE SHINE

Selling Price: €49



RUG NAIMA

Selling Price: Starting at €79⁽¹⁾



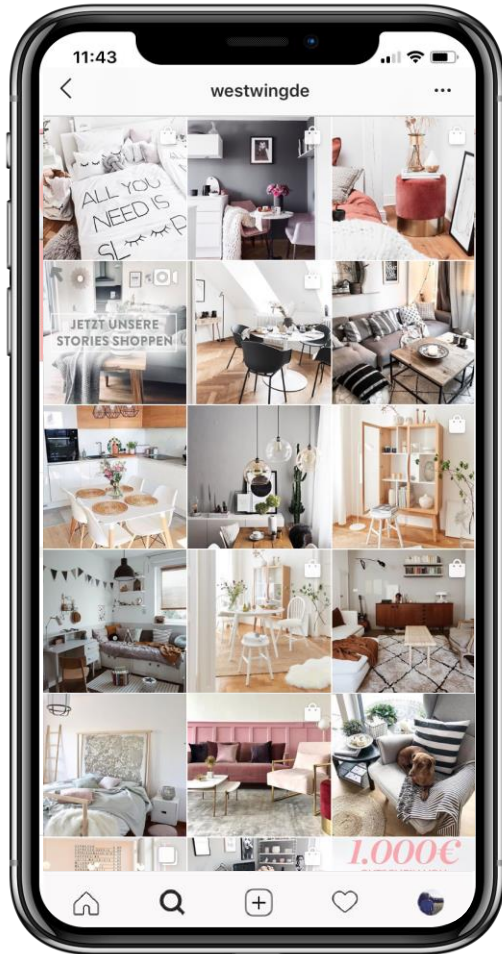
CHAIR CLAIRE

Selling Price: €114

Notes: Selling price includes VAT in Germany and are as of November 2018

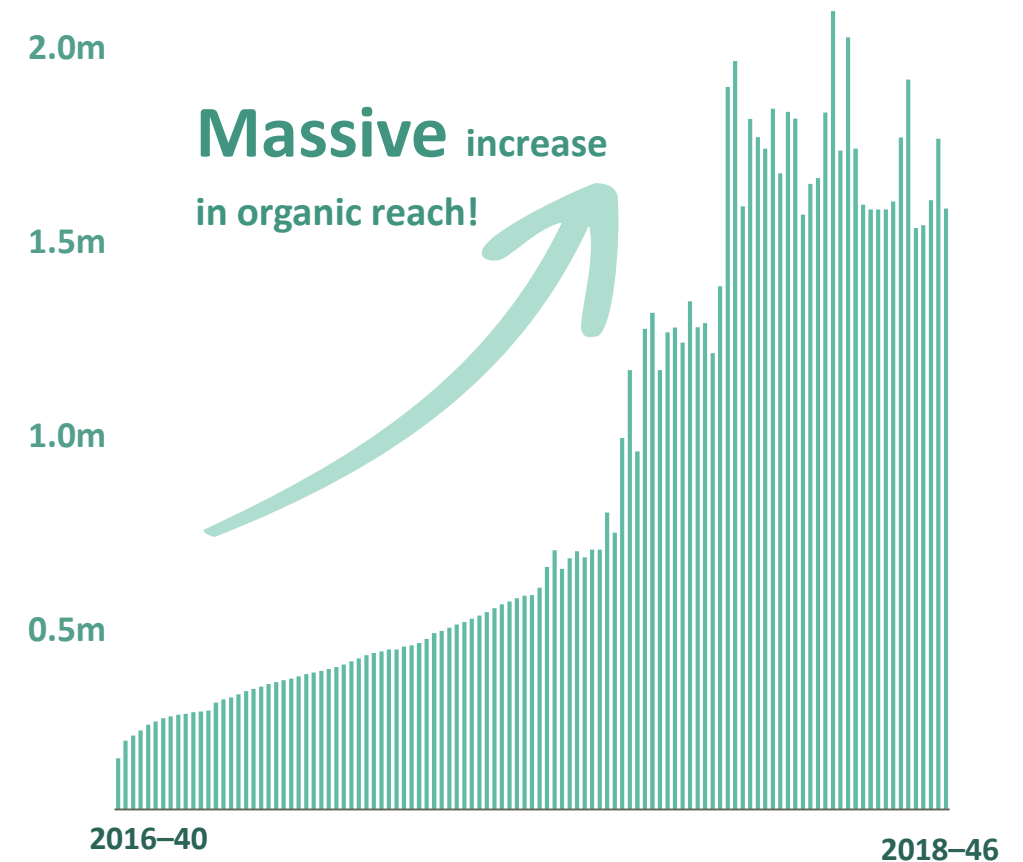
(1) Price of Rug Naima depend on the size of the carpet

Organic marketing model is asset-building and leverages our most important and fast-growing channel Instagram

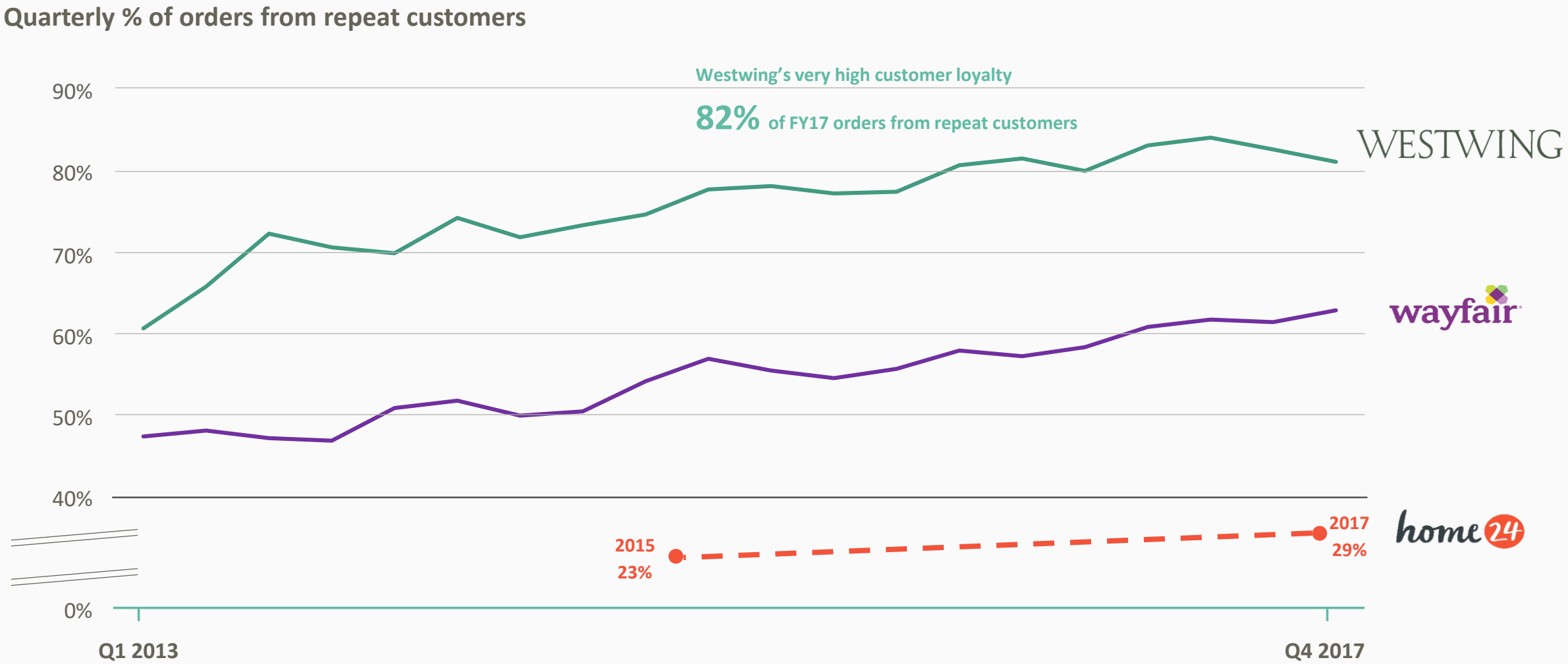


- We use our content from daily themes and content produced in our social media film studio
- Free user-generated content #mywestwingstyle and influencers to expand our reach
- All based on our unique creativity and our love brand (hard to copy for competitors)
- Massive results after a few years with largely stable cost base

Instagram organic weekly reach now >1.5 million



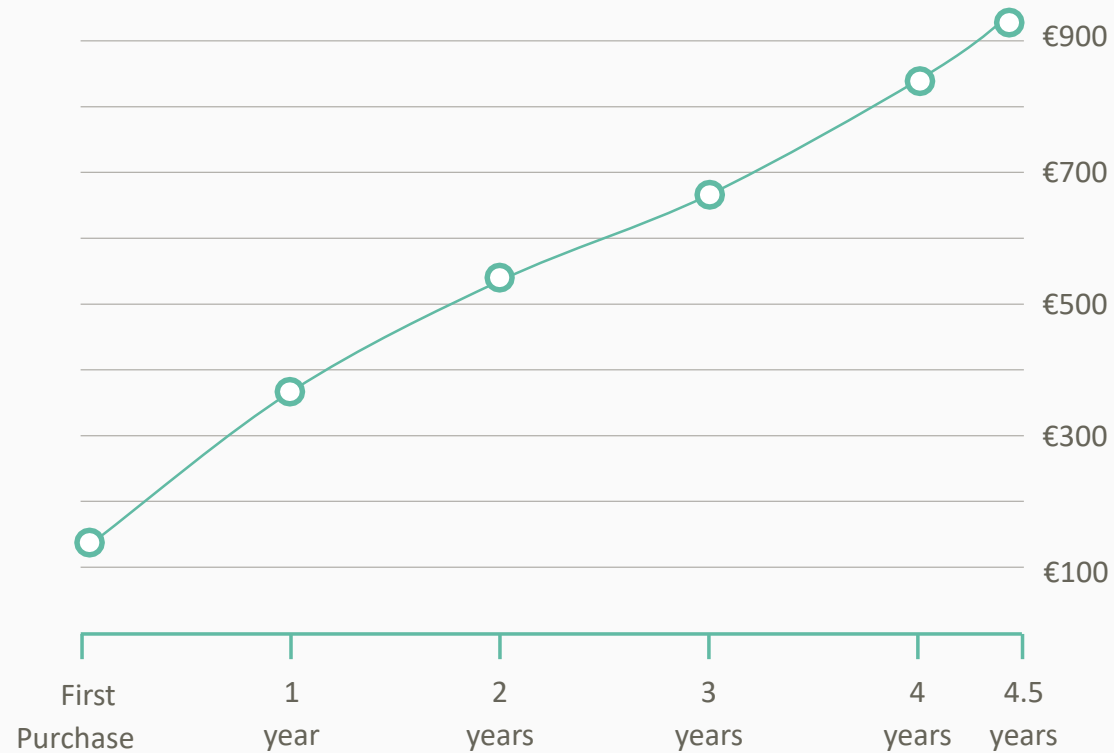
Result #1: Very high customer loyalty



Source: Company reports

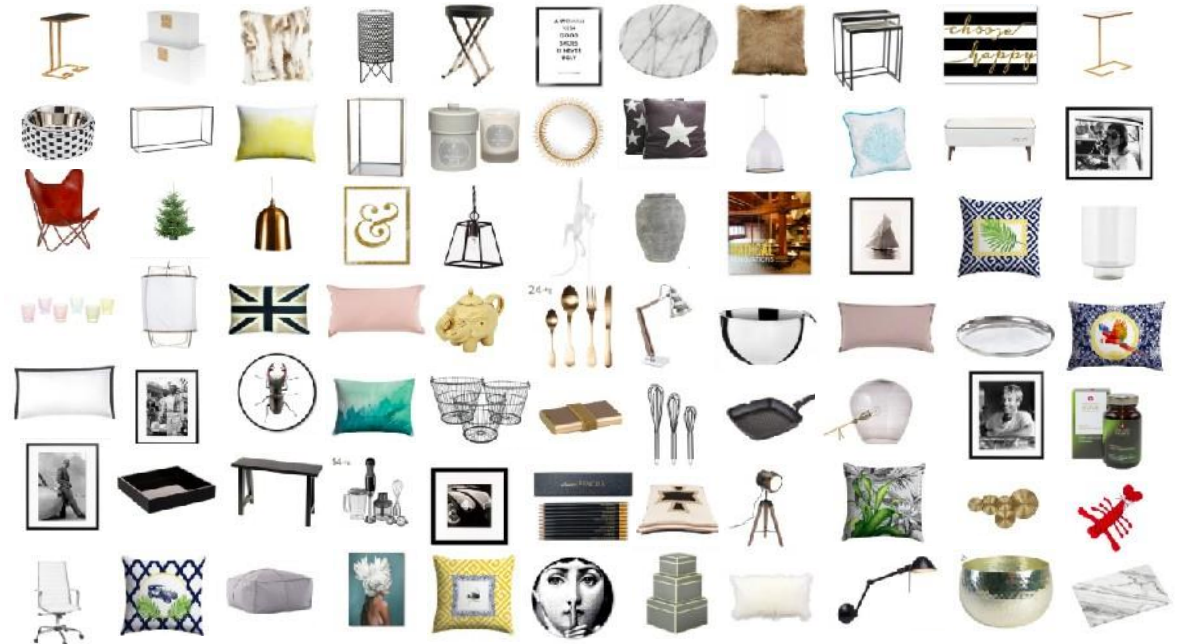
Result #2: Substantial customer lifetime value

Cumulative GMV per customer DACH (in EUR)

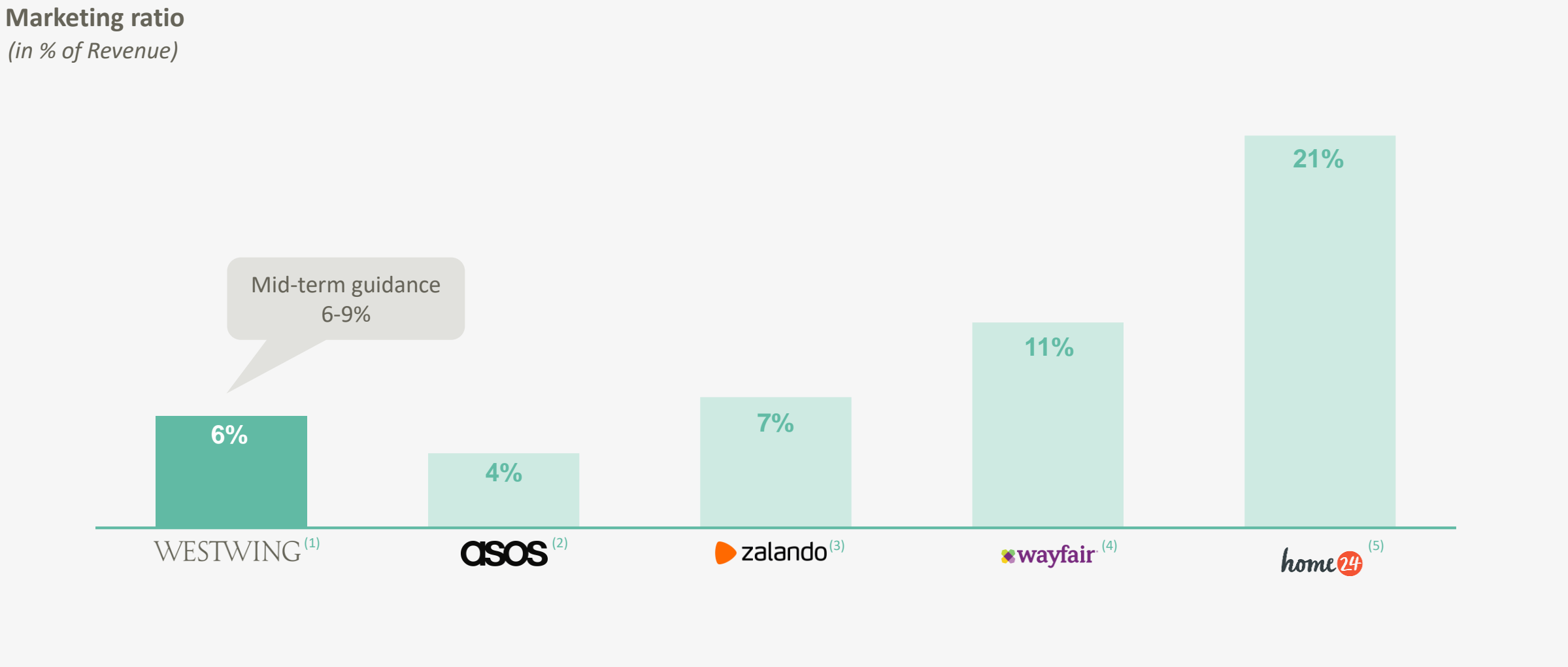


Exemplary real customer purchases

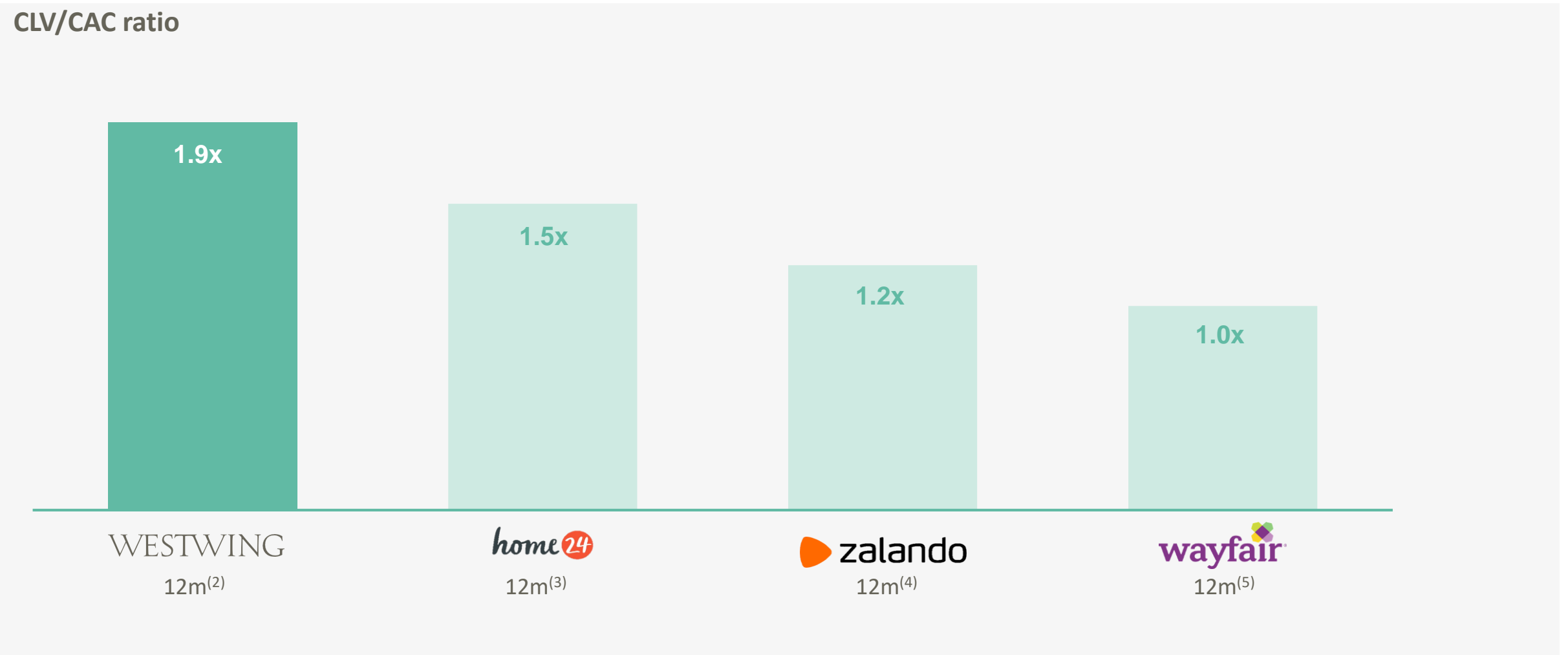
Helene L. from Augsburg (Germany)⁽¹⁾, some of her lifetime Westwing purchases



Result #3: Best-in-class marketing ratio



Result #4: Superior CLV/CAC⁽¹⁾ ratio ahead of other eCommerce companies

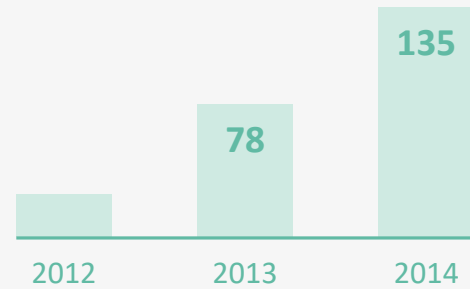


Notes: (1) CLV = Customer Lifetime Value, CAC = Customer Acquisition Cost; (2) Westwing average Q4 2016 and Q1 2017; (3) Target 12m CLV/CAC ratio mentioned in home24's prospectus. Home24 numbers do not include branding/TV cost so actual LTV/CAC is lower; (4) October 2011 cohort for Germany as per Zalando disclosure in IPO prospectus; (5) Target 12m CLV/CAC ratio mentioned in Wayfair earnings call transcript Q4 2017

Financials: We are growing profitably

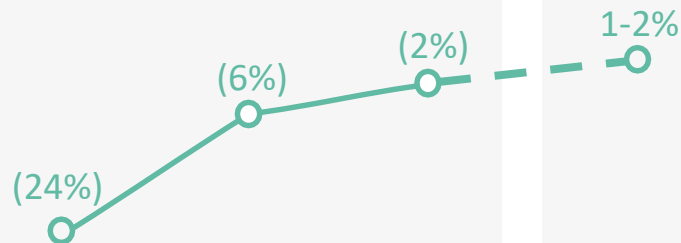
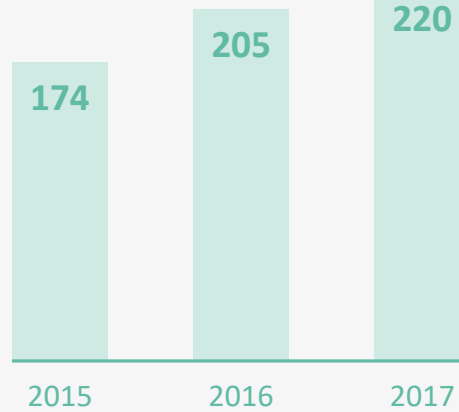
Phase I: Rapid growth/rollout

Revenue
(in EUR m)

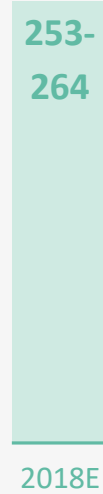


ADJ. EBITDA margin
(% of Revenue)

Phase II: Move to profitability



Phase III: Profitable growth



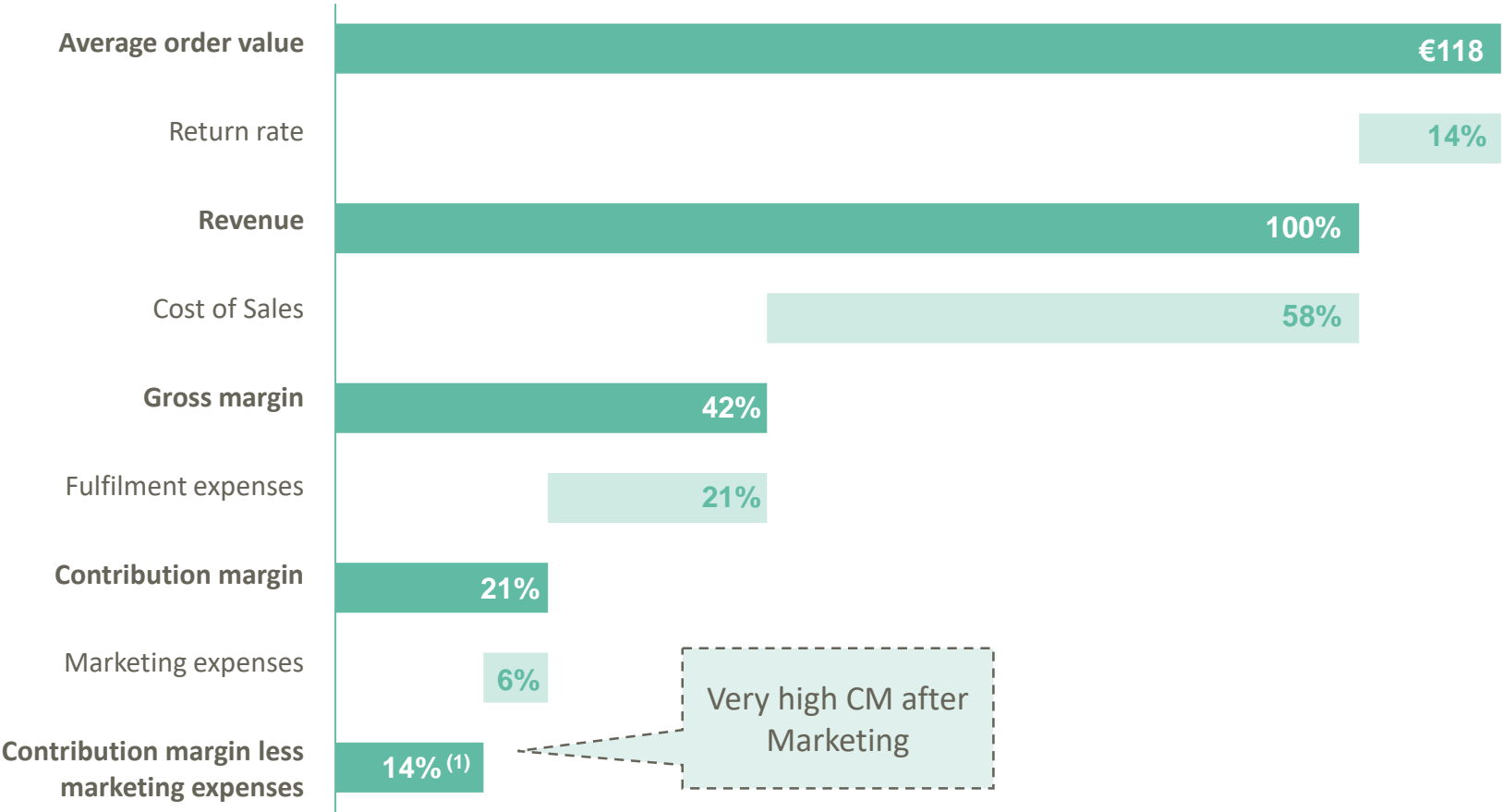
- Expected revenue growth: 15-20% for FY 2018
- Revenue growth 9M-2018: 20% yoy
- Expected Adj. EBITDA: 1-2% for FY 2018
- Adj. EBITDA 9M-2018: 1%

Note: EBITDA adjusted for share-based compensation expenses, IPO costs recognized in profit or loss, and central costs allocated to discontinued operations.

Our Contribution Margin is attractive at 21%, with a 42% Gross Margin and 21% Fulfilment cost

Revenue and cost breakdown LTM per Q3-2018

(EUR, in % of revenue)



Scope: Group, excluding share-based compensation.
Note: (1) Rounding difference

DACH Segment and International Segment: P&Ls

Segment revenue and adj. EBITDA⁽¹⁾ development (EUR, in % of revenue)

	2015	2016	2017	LTM 2018 ⁽²⁾
DACH				
Revenue	62	79	98	124
Adj. EBITDA	(13)	(3)	1	5
Adj. EBITDA margin	(21%)	(4%)	1%	4%
International				
Revenue	112	126	122	124
Adj. EBITDA	(29)	(9)	(5)	0
Adj. EBITDA margin	(26%)	(7%)	(4%)	0%

- DACH is where we have implemented the complete business model first (i.e. daily themes, permanent assortment, Own & Private Label, organic marketing)
- Once proven, we have started to roll it out to our International Segment

Scope: Group, unaudited

Notes: (1) EBITDA adjusted for share-based compensation expenses, IPO costs recognized in profit or loss, and central costs allocated to discontinued operations

(2) LTM per Q3-2018

Our DACH segment is leading the way

- Daily themes and loyalty model
- Brand building
- Organic and content marketing
- Permanent bestseller assortment
- Focus on Own & Private Label

International rollout of
DACH role model ongoing

50%

Group Sales

Growth of

40%

Adj. EBITDA margin of

4%

Our business combines a number of drivers for profitable growth



Disclaimer

This presentation (the “Presentation”) is being provided for informational purposes only and should not be relied on for any purpose. The Presentation does not purport to be a full or complete description of Westwing or its direct or indirect shareholders. This Presentation does not, and is not intended to, constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of Westwing, nor shall it or any part of it form the basis of or be relied upon in connection with or act as any inducement or recommendation to enter into any contract or commitment or investment decision or other transaction whatsoever. This document is not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. The following Presentation and discussion may contain forward looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Presentation and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our prospects, growth, strategies, the industry in which we operate and potential or ongoing acquisitions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the development of our prospects, growth, strategies, the industry in which we operate, and the effect of acquisitions on us may differ materially from those made in or suggested by the forward-looking statements contained in this Presentation. In addition, even if the development of our prospects, growth, strategies and the industry in which we operate are consistent with the forward-looking statements contained in this Presentation, those developments may not be indicative of our results, liquidity or financial position or of results or developments in subsequent periods not covered by this Presentation. The Presentation only speaks as of its date. We undertake no obligation, and do not expect to publicly update, or publicly revise, any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Presentation. All statements in this Presentation attributable to third party industry experts represent our interpretation of data, research opinion or viewpoints published by such industry experts, and have not been reviewed by them. Each publication of such industry experts speaks as of its original publication date and not as of the date of this document. Nothing that is contained in this Presentation constitutes or should be treated as an admission concerning the financial position of Westwing.



Contact:

Westwing Group AG
Moosacher Strasse 88
80809 Munich
Germany

www.westwing.com

Investor Relations

Vidhi von Liel
ir@westwing.de

Press

Hannah Neumann
presse@westwing.de

Corporate Communications

Christian Falkowski
cfalkowski@heringschuppener.com