

An outdoor lounge area featuring a wicker sofa with dark cushions and several pillows, a matching coffee table with a bowl of lemons, and a stone wall in the background. The area is covered by a wooden pergola structure with hanging lanterns. The scene is set in a bright, sunny outdoor environment with palm trees and a clear sky.

# WESTWING

Q1 2020 Results

*UNAUDITED*

Munich, May 12, 2020

# Disclaimer | Forward Looking Statements

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*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.*



OUR MISSION

“ To inspire and make  
every home a  
beautiful home ”





## AGENDA

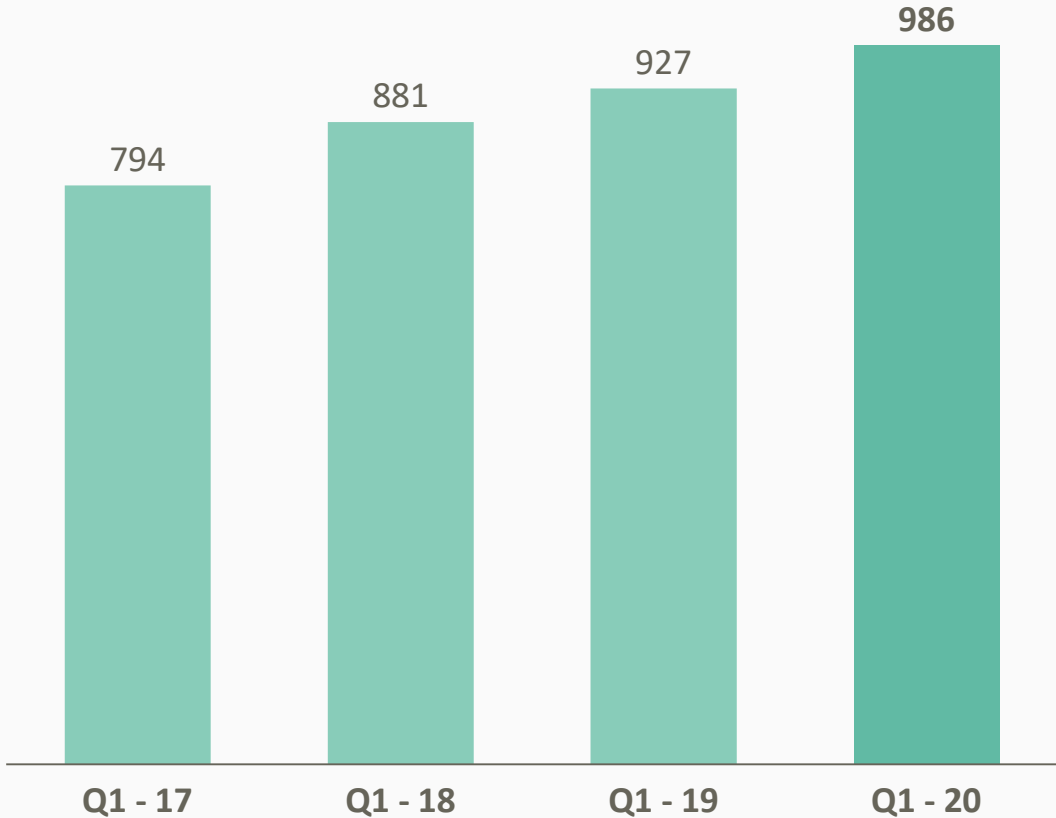
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# Summary

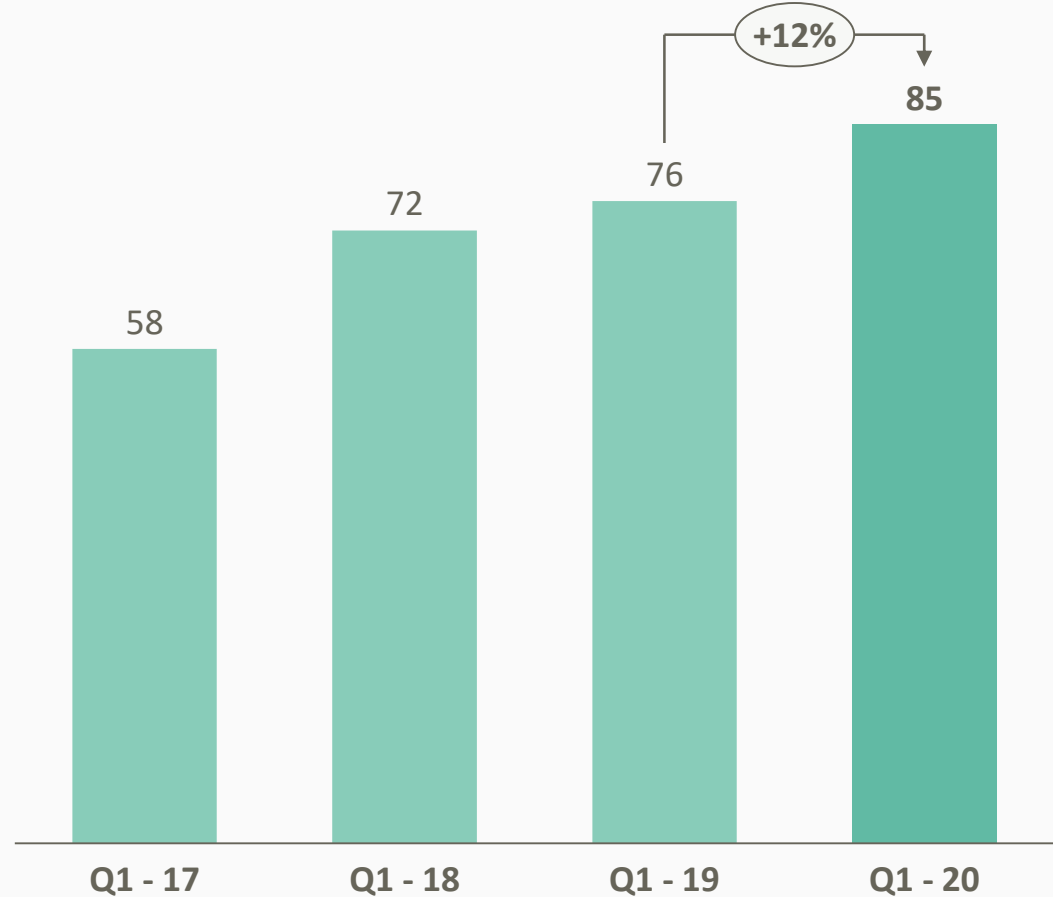
<b>Q1 2020 RESULTS</b>	<b>GROWTH</b>	Continued strong Active Customer momentum drove 10% revenue growth in Q1 2020
	<b>PROFITABILITY</b>	Adj EBITDA at -1.8% significantly better compared to -6.3% in Q1 2019
	<b>FREE CASH FLOW</b>	FCF at EUR -6m, improved by EUR +10m compared to Q1 2019
<b>Q2 2020, COVID-19</b>		Revenue growth at c. 80% Q2-to-date due to accelerated channel shift; growth happening at strong margins; selective disruptions managed successfully; health & safety highest priority
<b>FOCUS AREAS</b>		Focus on more customer paying off, now at more than 1 million active customers in last twelve months; Operations/fulfilment running smoothly and handling increased volumes very well
<b>GUIDANCE</b>		Despite strong recent trading, unchanged guidance for FY 2020 due to poor visibility: Revenue: 5-10% growth, Adj EBITDA moderately better than FY 2019, positive by FY 2021

# Ongoing strong active customer momentum in Q1 drove 12% GMV Growth

Active Customers LTM (in k)



GMV (in EUR m)



Note: All figures unaudited

# All our actions are aimed at our biggest priority: More loyal customers (to drive profitable growth)

## ENGAGING MARKETING

- Focus on organic, asset-building marketing channels with inspiring and engaging content to drive loyalty
- Reaching over 3.5 million followers on Instagram and many more through other channels
- Ongoing focus on reactivation of existing customers across all channels

## INSPIRATION & CURATION

- Providing our customers inspiring and fresh offering every day, adding continuously exciting new themes and brands
- Dedicated, creative staff including over 100 editors, journalists and content creators
- All based on our unique creativity, which is a truly differentiating factor vs competitors

## OWN & PRIVATE LABEL

- Westwing Collection offering trendy and fresh bestsellers tailored to our customers' taste
- Full control over supply chain to offer our customer great quality at a good price

## OPERATIONS & TECHNOLOGY

- Delivering elevated demand in time through flexible, high-quality, low-cost logistics and customer service with a personal touch
- Investing into scaling our sites and apps, and providing world-class customer experience

**Extremely loyal customer base with >80% of orders placed by repeat customers**  
(vast majority of our high Q2 growth driven by existing cohorts)

# Q2 2020 and COVID-19 Situation

## CURRENT STATUS

## OUTLOOK & RISKS

## MITIGATING MEASURES



### HEALTH & SAFETY

- Safety of our customers, teams, and partners has utmost priority
- Warehouse processes adjusted (e.g. distancing, temperature checks, strictest hygiene standard)
- Majority of our office team are working from home office
- Productivity levels remain very good

- We will keep all necessary safety measures in place as long as needed, with a strong bias towards caution

- Currently no further extension of existing measures required
- Ongoing assessment of potential risks



### DEMAND

- Q2-to-date with c. 80% revenue growth due to accelerated online channel shift
- Elevated growth across all customer cohorts, across all countries, and across our whole product portfolio
- Communication, marketing, offering adapted to changed Zeitgeist

- Limited visibility on how demand will develop mid-term, also with regards to impact of upcoming recession on consumer sentiment
- We will have more customers (loyal ones, reactivated ones, new ones) in our pipeline to benefit from our loyalty model in any scenario

- Continue to anticipate and react on changing consumer demand and the Zeitgeist in our communication, marketing, and offering
- Generally plan defensively and not aggressively (for now)



# Q2 2020 and COVID-19 Situation (continued)

## CURRENT STATUS

- Supply chain disruptions, especially from Asia – some getting better (e.g. China), some getting worse (e.g. India)
- Added new, very attractive brands and more offering from existing brands with an attractive online growth channel while stores are not providing growth

## OUTLOOK & RISKS

- Risk of bestseller stockouts due to disrupted supply chain as well as hard-to-predict demand going forward
- Risk of supplier disruptions (e.g. delays, stock, financial distress)

## MITIGATING MEASURES

- Stocking addtl. buffers on inventory (c. EUR 5m) to prevent shortages
- Establishing alternative sources for out-of-stock risk product
- Developing workarounds with existing suppliers (e.g. new sofa textiles)
- Implementing container shipping alternatives (via train or air freight)



### SUPPLY CHAIN

- No major issues in handling the increased demand, closely monitoring and managing development
- Operations running well, warehouses and fulfilment are fully operational
- Carrier partners working very hard to deal with increasing volumes






- Carriers might be taking mitigating actions if they reach their capacity
- Risk of forced warehouses closures (although zero indications on that)
- Potential need for additional capacity in Q4

- Increasing capacity with existing carriers through close collaboration
- Onboarding of new carriers to increase overall capacity
- Starting to plan Q4 scenarios and options for flexible capacity



### OPERATIONS & LOGISTICS

# Focus areas 2020

AREA	STATUS	
MORE CUSTOMERS		Focus on customer growth already pays off; Westwing inspired more than 1 million active customers in the last twelve months as per end of April
COST DISCIPLINE		Ongoing costs discipline brought G&A ratio down by 0.8%pts yoy in Q1, demonstrating the significant operating leverage of our business model
PRIVATE LABEL		Q1 Private Label Share at 25% of Group GMV, up by 4%pts year-over-year
SILENT OPERATIONS		Fulfilment cost ratio improved by 1.4%pts in Q1 vs. Q1 last year; despite COVID-19, warehouses and customer service running efficiently and stable
MITIGATE COVID-19 IMPACT		Topline very strong recently, but risks from COVID-19 situation remain

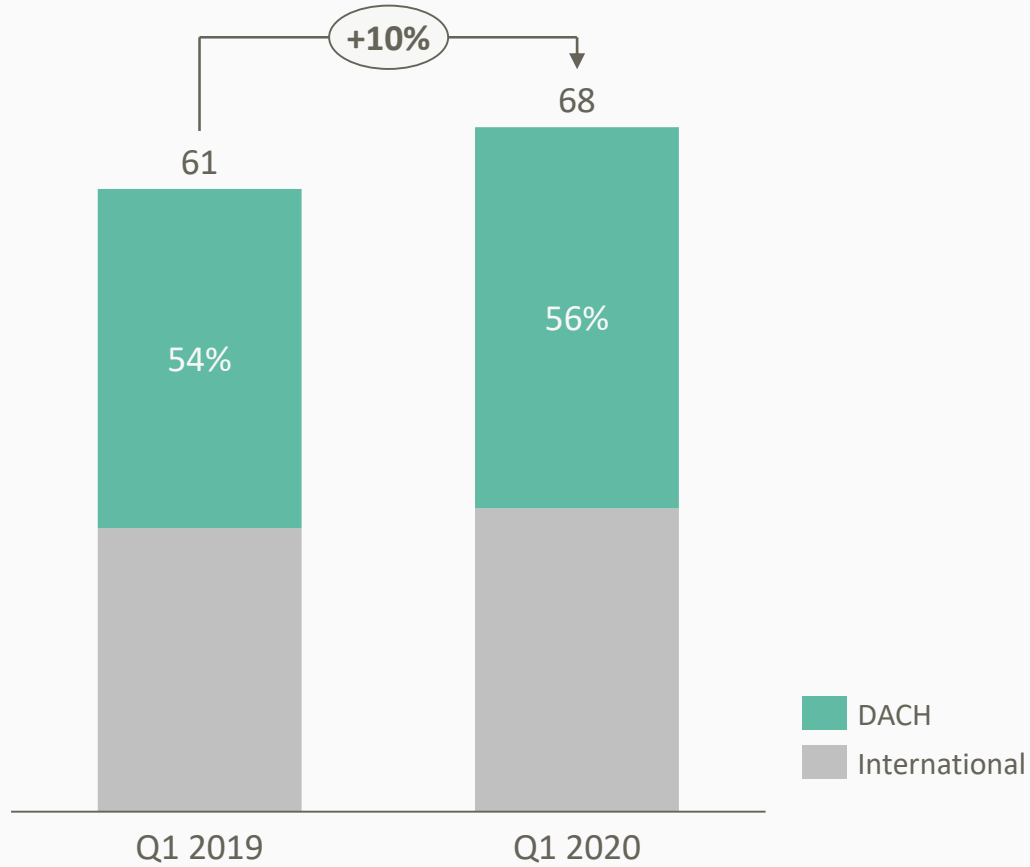


## AGENDA

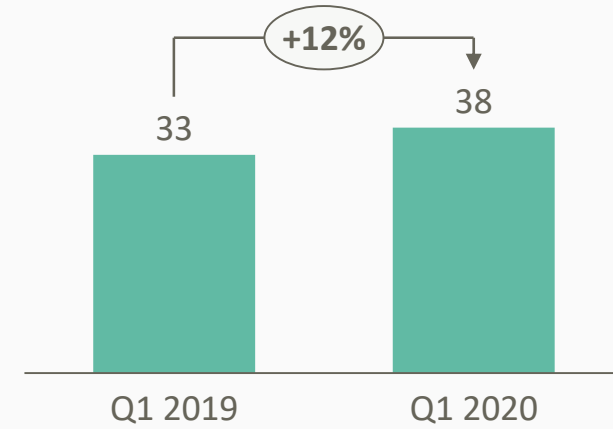
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# Revenue growth at 10% in Q1 2020

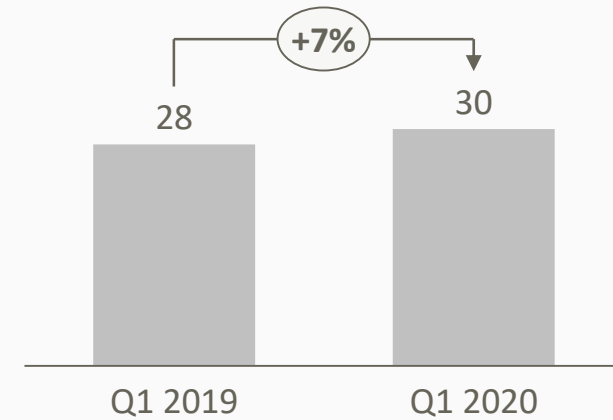
Group Revenue (in EUR m)



DACH Segment Revenue (in EUR m)



International Segment Revenue (in EUR m)



Note: All figures unaudited

# Income statement details

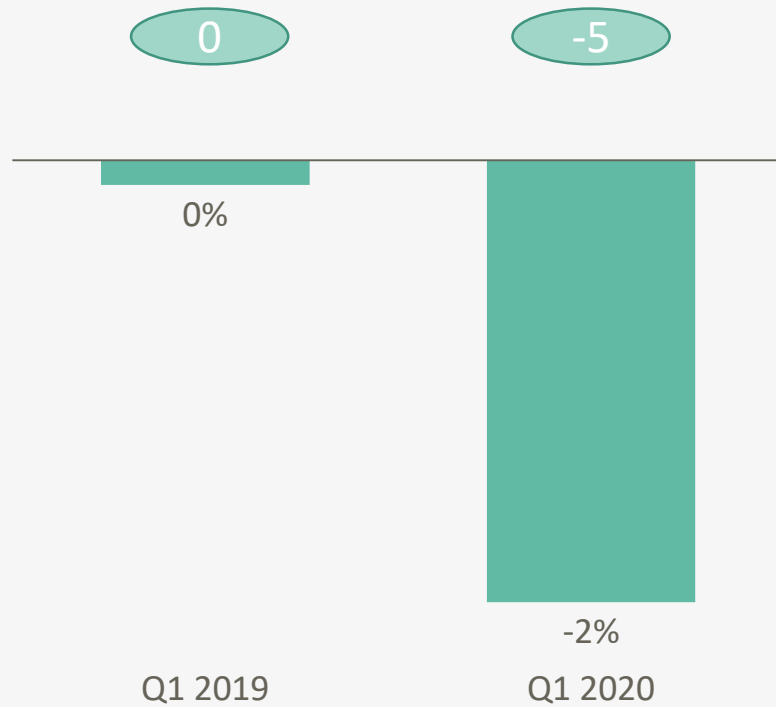
<i>(in % of revenue, unaudited)</i>	Q1 2019	Q1 2020	Delta	
<b>Gross Margin</b>	42.4%	46.7%	<b>+4.3%pts</b>	Gross margin on all-time high due to margin discipline and increased private label share
Fulfilment Costs	-23.8%	-22.4%	<b>+1.4%pts</b>	Fulfilment in Q1 2019 impacted by Warehouse move
<b>Contribution margin</b>	18.6%	24.3%	<b>+5.7%pts</b>	
Marketing ratio	-7.3%	-9.5%	<b>-2.3%pts</b>	Marketing investments at target level for future growth
G&A ratio	-20.7%	-19.9%	<b>+0.8%pts</b>	Cost discipline and operating leverage
D&A	3.2%	3.5%	<b>+0.3%pts</b>	
<b>Adj EBITDA</b>	-6.3%	-1.8%	<b>+4.5%pts</b>	Improvements led to strong Adj EBITDA

Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business

# Negative Net Working Capital and low Capex ratio in Q1 2020

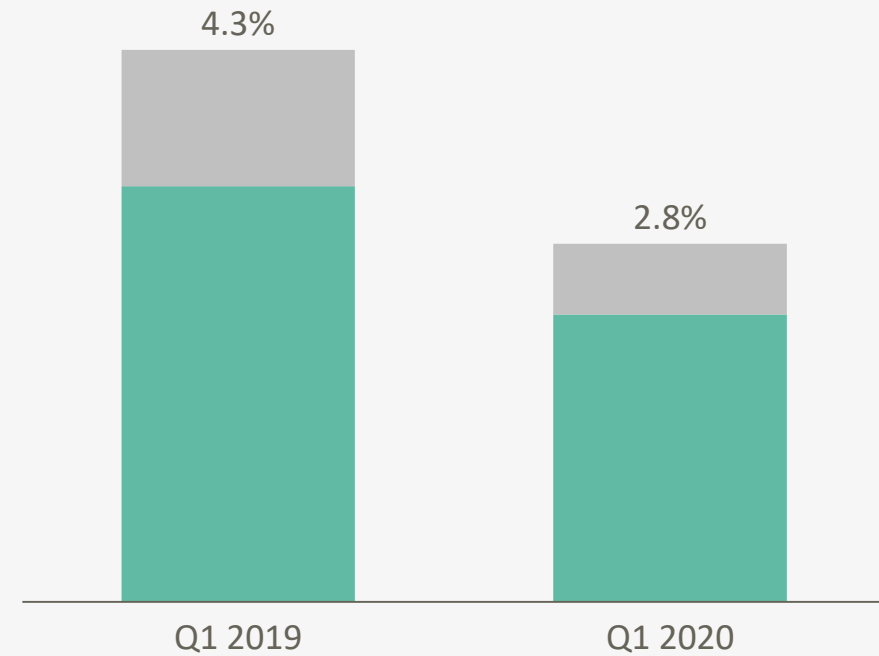
## Net Working Capital

(in EUR m and % of LTM revenue)



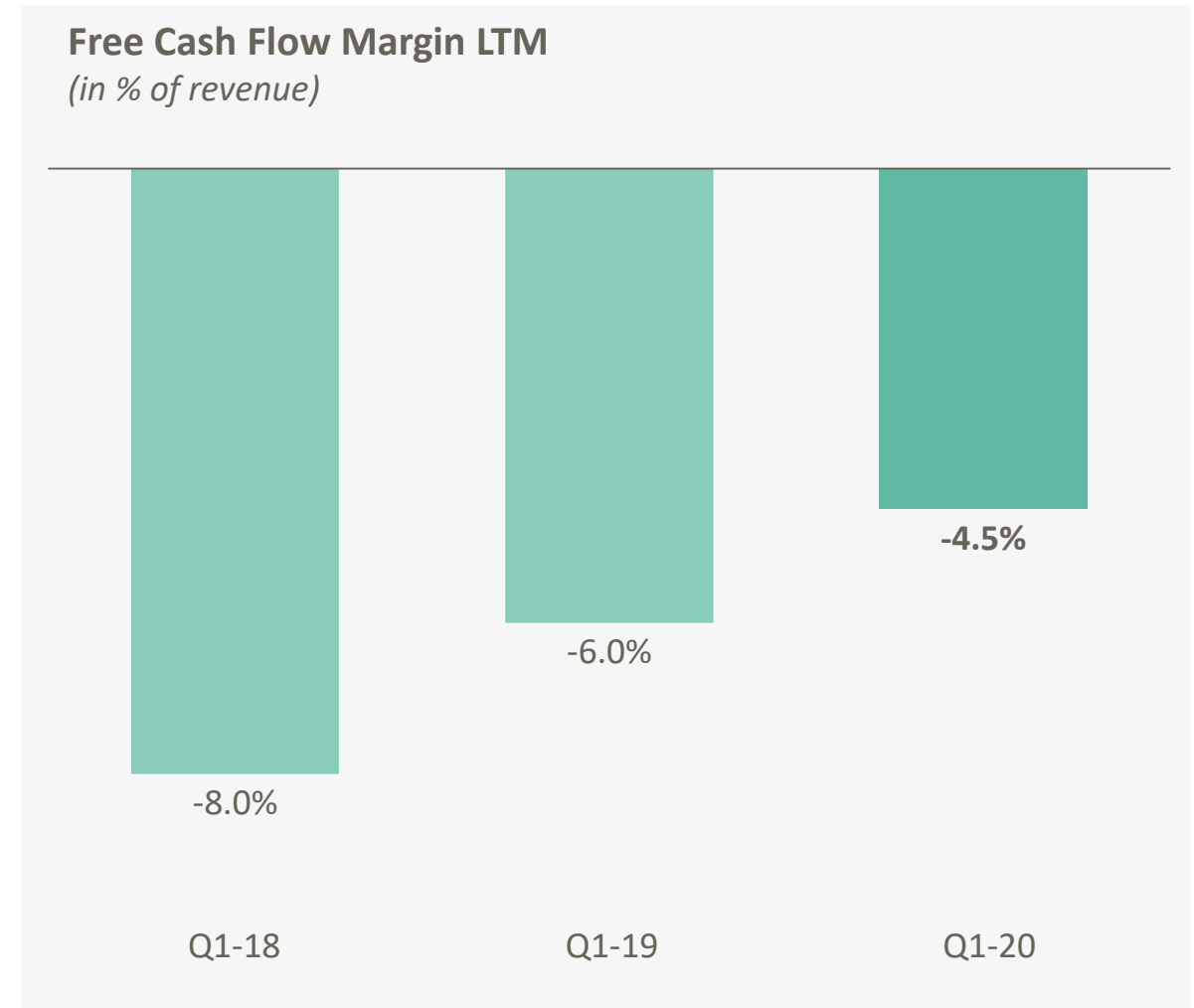
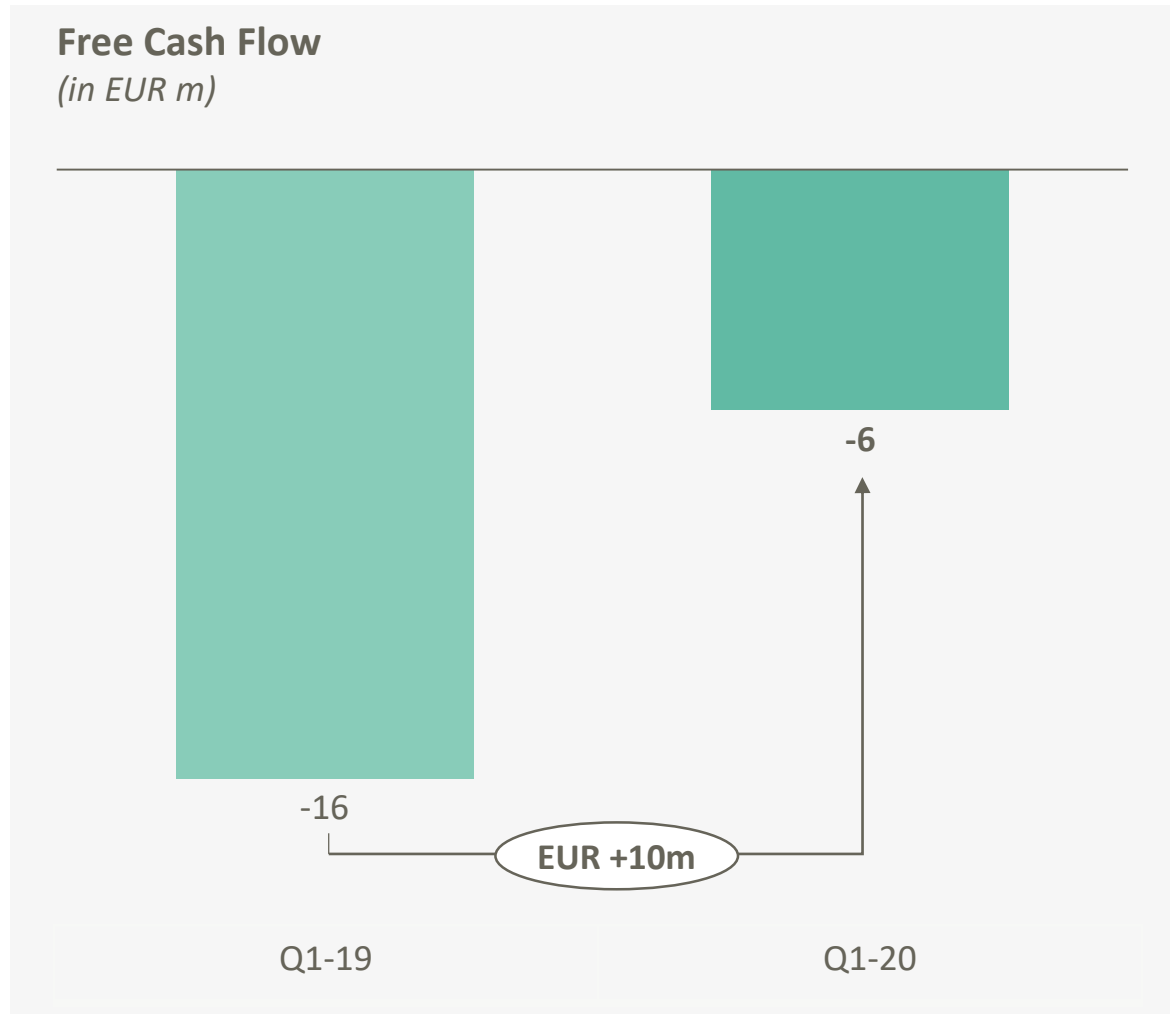
## Capex ratio

(as % of revenue)



Property, Plant, and Equipment  
Intangible (mostly internal software development)

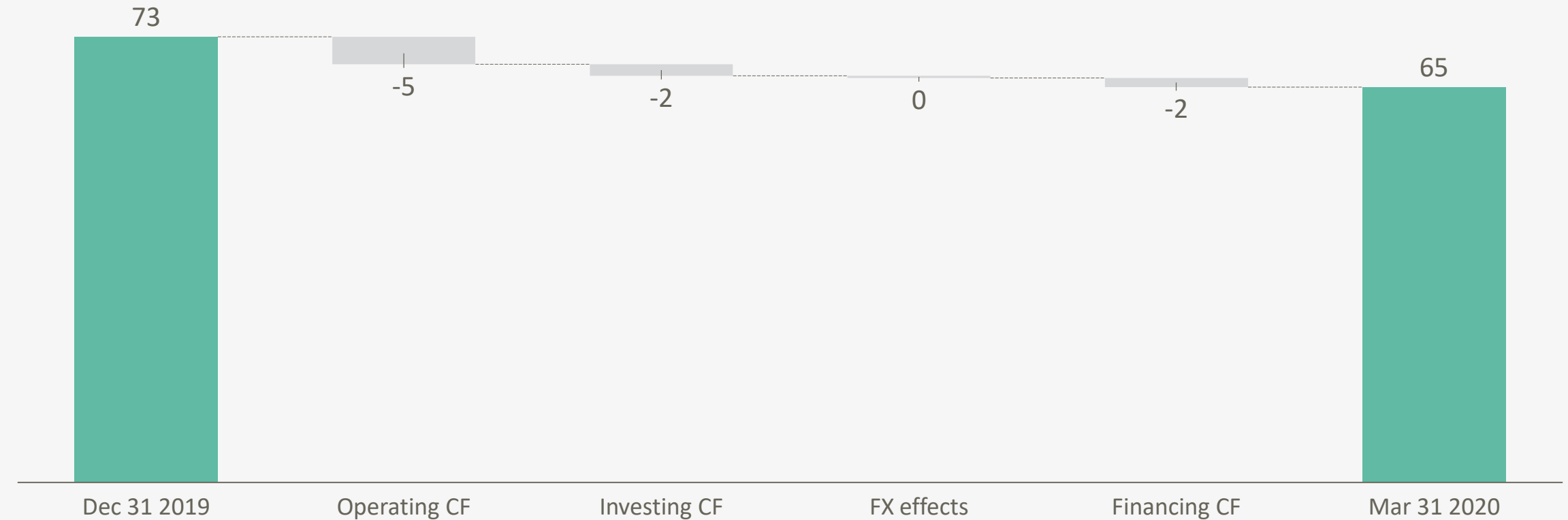
# Free Cash Flow improved by EUR +10m year over year to EUR -6m in Q1 2020



Note: All figures unaudited; Free Cash Flow defined as the sum of Operating Cash Flow and Investing Cash Flow.

# Strong Net Cash position of EUR 65m end of Q1 2020

Cash bridge in Q1 2020  
(in EUR m)







Revenue growth of 5-10%



Adjusted EBITDA moderately better than FY 2019, positive by FY 2021

- From today's perspective, the Company considers the uncertainties and resulting full year impact created by COVID-19 not reliably quantifiable.
- Therefore, despite a solid Q1 and very good Q2-to-date trading, we are not amending our previously provided guidance for the full year 2020 at this point in time



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# Westwing: the leading inspiration-based Home & Living eCommerce brand in Europe

## Opportunity is massive

Home & living market of EUR 117bn is very early in eCommerce with huge growth potential from higher online penetration

## Growth driven by loyalty

>1 million active customers<sup>(1)</sup> and >80% of orders placed by repeat customers<sup>(2)</sup>

## Own & Private Label

Growth driver with bestsellers tailored to our customers with superior profitability

## Strong cash profile

Net Cash of EUR 65m<sup>(3)</sup>, negative NWC, very low CAPEX ratio (2-3%)

## Attractive Target P&L

Clear path towards 10+% Adj EBITDA and 7+% Free Cash Flow margin



Q&A



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# KPI overview

Group KPIs	Unit	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Own and Private Label share	in % of GMV	7%	9%	11%	12%	13%	15%	18%	18%	21%	22%	27%	25%	25%
Active customers	in k	794	788	802	838	881	907	921	934	927	909	926	949	986
Number of orders	in k	510	492	496	723	611	555	507	726	591	492	539	805	675
Average basket size	in EUR	115	114	114	113	119	120	124	122	129	132	132	121	127
Average orders LTM per active customer	in #	2.6	2.7	2.6	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.5
Average GMV LTM per active customer	in EUR	289	293	297	301	302	305	307	312	318	322	326	327	324
GMV	in EUR m	58	56	56	81	72	67	63	89	76	65	71	98	85
Mobile visit share	in %	67%	69%	71%	71%	72%	73%	74%	74%	75%	76%	77%	76%	76%

## KPI definitions

Own and Private Label share

GMV share of Own and Private Label: GMV of Own and Private Label business as % of GMV Group in the same reporting period

Active customers

A customer who has made a valid order within the last 12 month

Number of orders

Total number of valid orders (excluding failed and cancelled orders) of a reporting period

Average basket size

Weighted average value of an order: GMV divided by total number of orders of the same reporting period

Average orders LTM per active customer

Total number of orders of the last 12 months divided by active customers of a reporting period

Average GMV LTM per active customer

GMV of the last 12 month divided by active customers

GMV

Gross Merchandise Volume: Value of all valid customer orders placed of a reporting period (i.e. excluding cancelation and VAT, but including returns).

Mobile visit share

Share of daily unique visits per platform via mobile devices (tablets and smartphones) as % of all daily unique visits per platform of a reporting period

# Consolidated income statement

EUR m, in % of revenue , unaudited	FY 2018	FY 2019	Q1 2019	Q1 2020
<b>Revenue</b>	<b>254</b>	<b>267</b>	<b>61</b>	<b>68</b>
Cost of Sales	-145	-148	-35	-36
<b>Gross profit</b>	<b>108</b>	<b>119</b>	<b>26</b>	<b>32</b>
Fulfilment expenses	-54	-63	-15	-15
Marketing expenses	-18	-23	-5	-6
General and administrative expenses	-56	-66	-16	-15
Other operating expenses	-1	-2	-0	-1
Other operating income	1	1	0	1
<b>Operating result</b>	<b>-20</b>	<b>-34</b>	<b>-9</b>	<b>-5</b>
Financial result	-7	-4	-0	-1
<b>Result before income tax</b>	<b>-26</b>	<b>-38</b>	<b>-10</b>	<b>-6</b>
Income tax expense	0	-1	-0	-0
<b>Result for the period from continuing operations</b>	<b>-26</b>	<b>-39</b>	<b>-10</b>	<b>-6</b>
Result for the period from discontinued operations	24	-	-	-
Result for the period	-2	-39	-10	-6
<b>Reconciliation to Adj EBITDA</b>				
<b>Operating result (EBIT)</b>	<b>-20</b>	<b>-34</b>	<b>-9</b>	<b>-5</b>
Share-based compensation expenses	8	12	4	2
Restructuring France and Italy	-	2	-	-0
IPO costs recognized in profit or loss	4	-	-	-
Central costs allocated to discontinued operations	3	-	-	-
D&A	7	9	2	2
<b>Adj. EBITDA</b>	<b>3</b>	<b>-10</b>	<b>-4</b>	<b>-1</b>
<b>Adj EBITDA margin (%)</b>	<b>1.2%</b>	<b>-3.8%</b>	<b>-6.3%</b>	<b>-1.8%</b>

Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

# Adjusted income statement

EUR m, in % of revenue , unaudited	FY 2018	FY 2019	Q1 2019	Q1 2020
<b>Revenue</b>	<b>254</b>	<b>267</b>	<b>61</b>	<b>68</b>
<i>Revenue Growth YoY</i>	15.6%	5.3%	-1.0%	10.0%
Cost of Sales	-145	-148	-35	-36
<b>Gross Profit</b>	<b>108</b>	<b>119</b>	<b>26</b>	<b>32</b>
<b>Gross Margin</b>	<b>42.7%</b>	<b>44.6%</b>	<b>42.4%</b>	<b>46.7%</b>
Fulfillment expenses	-55	-62	-15	-15
Contribution profit	53	57	11	16
<b>Contribution margin</b>	<b>21.0%</b>	<b>21.4%</b>	<b>18.6%</b>	<b>24.3%</b>
Marketing expenses	-18	-23	-4	-6
General and administrative expenses	-42	-52	-13	-13
Other operating expenses	-1	-2	-0	-1
Other operating income	1	1	0	1
Central costs allocated to discontinued operations	3	-	-	-
Depreciation and Amortization	7	9	2	2
<b>Adj EBITDA</b>	<b>3</b>	<b>-10</b>	<b>-4</b>	<b>-1</b>
<b>Adj EBITDA Margin</b>	<b>1.2%</b>	<b>-3.8%</b>	<b>-6.3%</b>	<b>-1.8%</b>

Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018



# Segment reporting

(in EUR m), unaudited

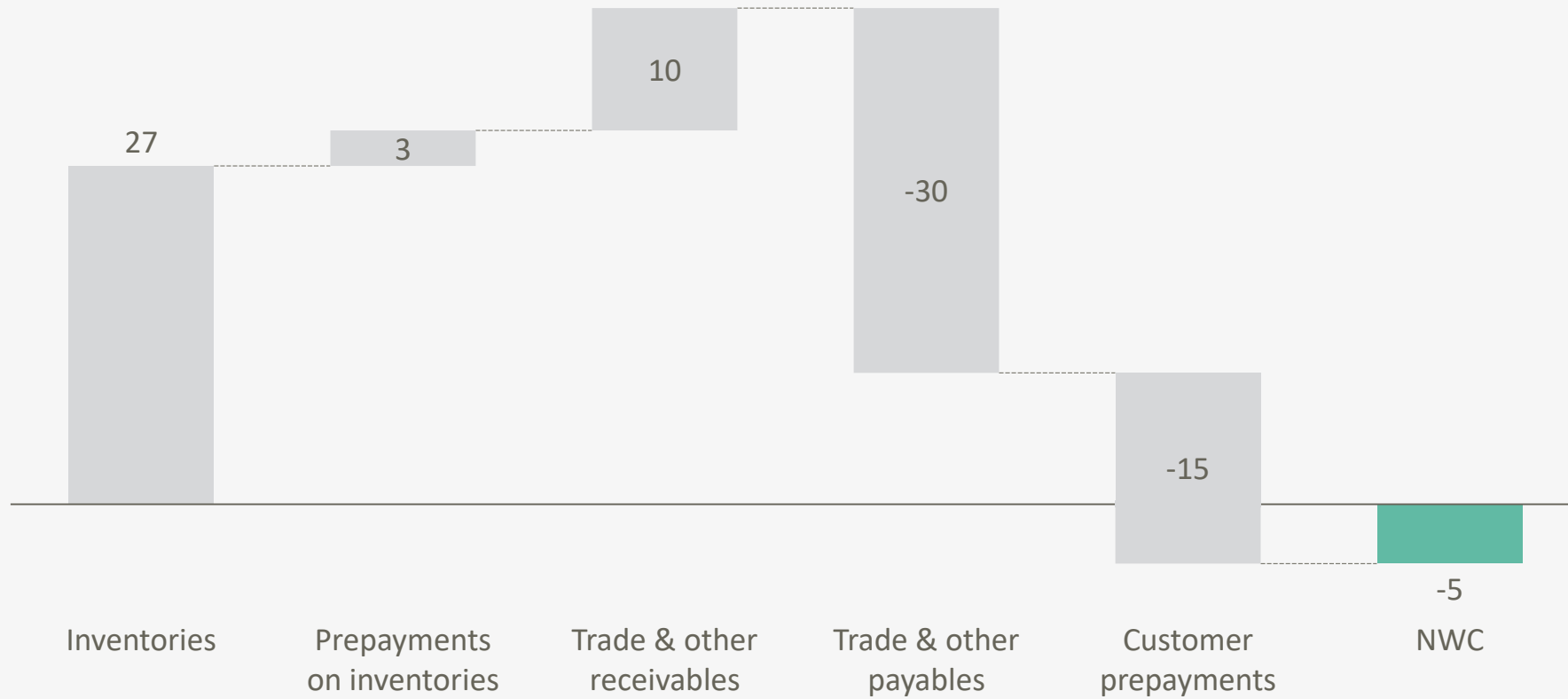
<b>DACH</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Q1 2019</b>	<b>Q1 2020</b>
<b>Revenue</b>	<b>133</b>	<b>151</b>	<b>33</b>	<b>38</b>
<i>YoY Growth (in %)</i>	36%	14%	11%	12%
<b>Adj. EBITDA</b>	<b>6</b>	<b>-0</b>	<b>-1</b>	<b>1</b>
<i>Adj. EBITDA Margin %</i>	4.3%	-0.3%	-2.7%	2.4%
<b>International</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Q1 2019</b>	<b>Q1 2020</b>
<b>Revenue</b>	<b>121</b>	<b>116</b>	<b>28</b>	<b>30</b>
<i>YoY Growth (in %)</i>	-1%	-4%	-13%	7%
<b>Adj. EBITDA</b>	<b>-3</b>	<b>-9</b>	<b>-3</b>	<b>-2</b>
<i>Adj. EBITDA Margin %</i>	-2.2%	-8.1%	-10.3%	-6.7%

Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

# Net Working Capital Bridge

## Net Working Capital (NWC) break down as of Mar 31, 2020

(EUR m)



Note: All figures unaudited

# Financial calendar

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Date	Event
August 13 <sup>th</sup> , 2020	Publication of Q2 2020 results
November 10 <sup>th</sup> , 2020	Publication of Q3 2020 results