



Zalando Q1/24 Earnings Call

May 7, 2024

Dr. Sandra Dembeck (CFO)

zalando



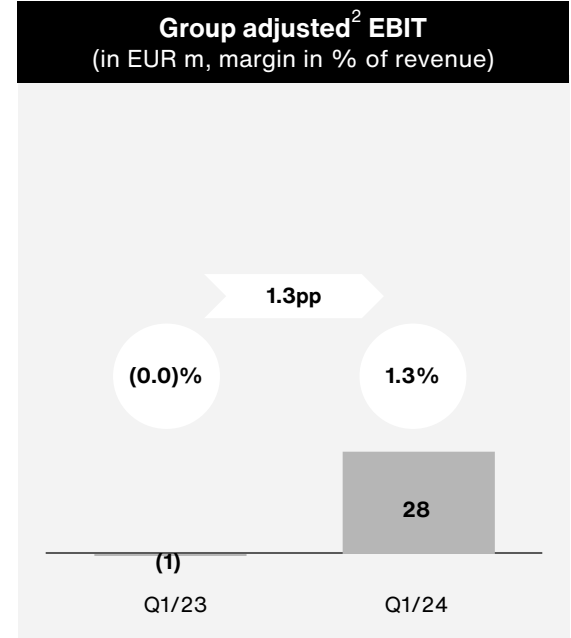
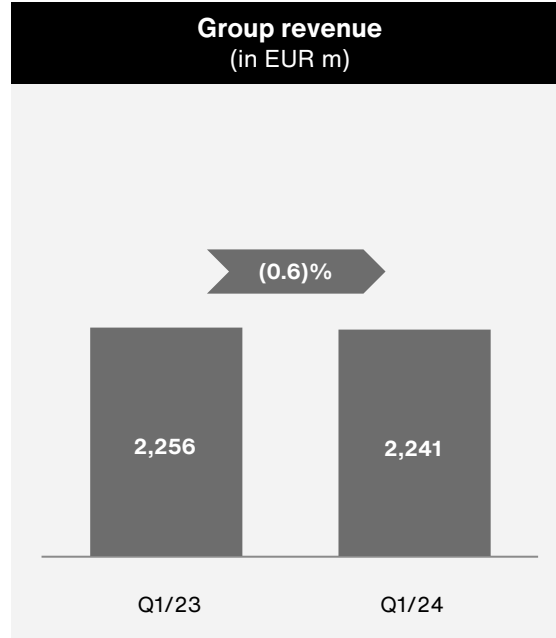
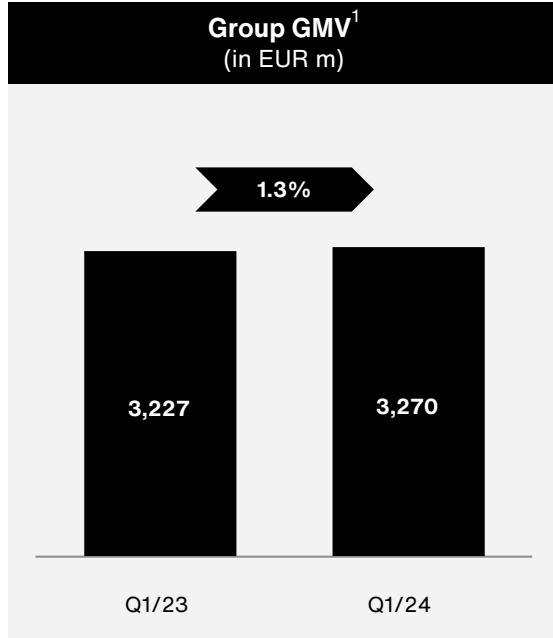
Executive summary

- 01 Returned to growth in the first year of our ecosystem strategy**
GMV growth of +1.3% after three quarters of muted growth in a challenging environment. Growth accelerated by +4pp compared to Q4/23
- 02 Continued adjusted EBIT margin expansion**
Adjusted EBIT margin up +1.3pp to 1.3% (EUR 28.3m) driven by improved gross margin and a reduction in OPEX
- 03 Accelerated B2C growth by elevating and expanding our multi-brand platform**
Partner Business continues to outgrow retail business
- 04 B2B growth driven by increased adoption of ZEOS fulfillment**
Strong revenue growth of +13.4%, increased the number of merchants using multi-channel fulfillment by five bringing the total number of merchants to 27
- 05 Reiterating full year 2024 guidance**
Both GMV and revenue growth of 0% - 5%, adjusted EBIT in the range of EUR 380 - 450m, CAPEX of EUR 250 - 350m and negative net working capital



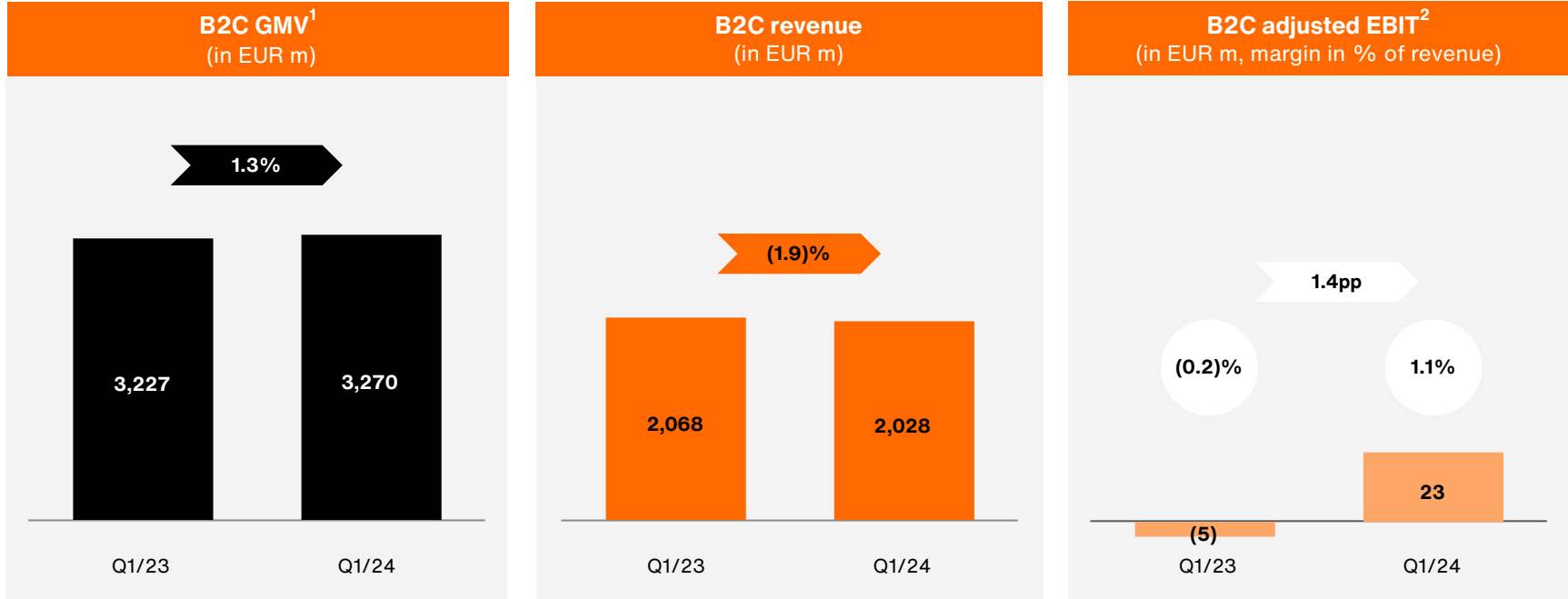


In Q1, we returned to GMV growth and continued our margin expansion





B2C segment driving GMV growth and adjusted EBIT margin expansion

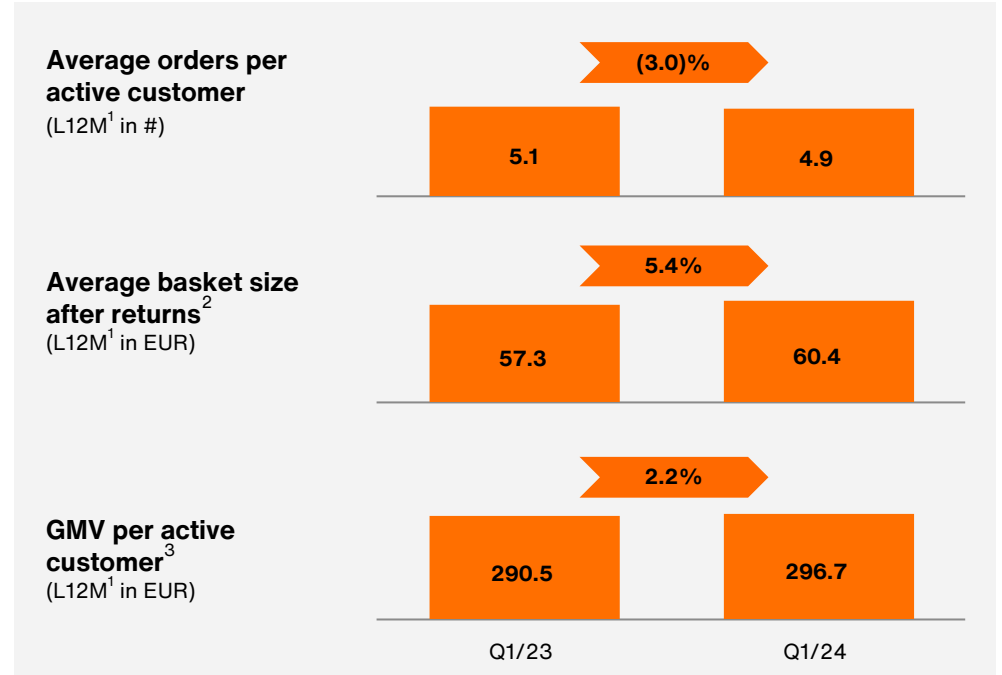
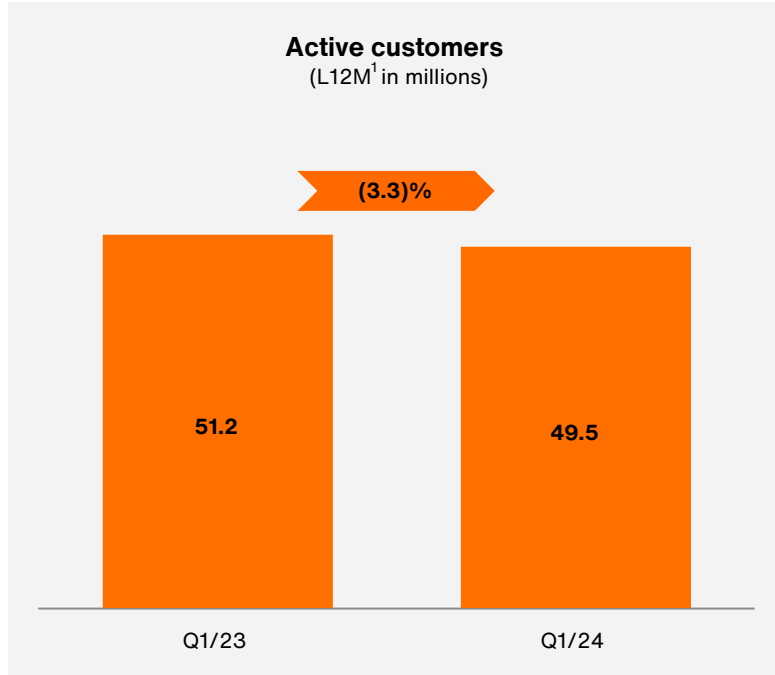


4 ¹ Gross Merchandise Volume after Returns (GMV): dynamically reported.

² Excluding equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses



GMV per active customer continued to increase driven by higher average basket size



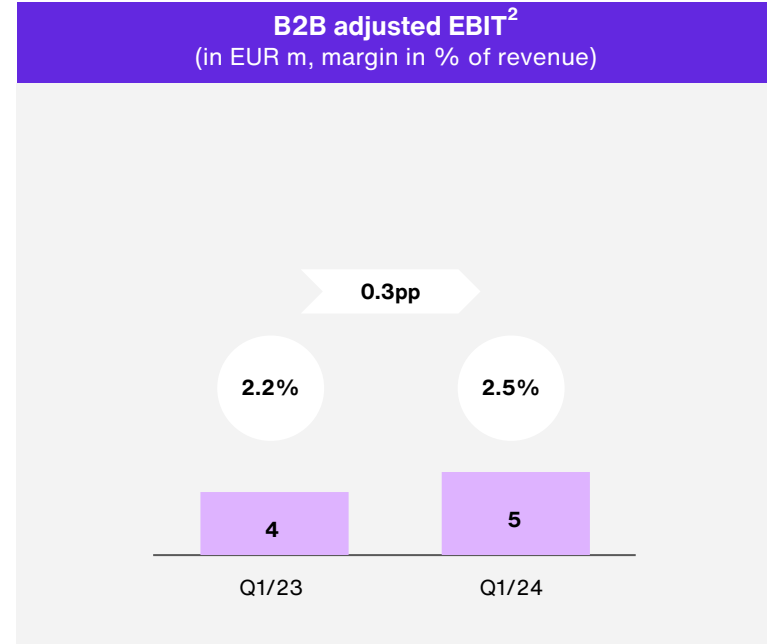
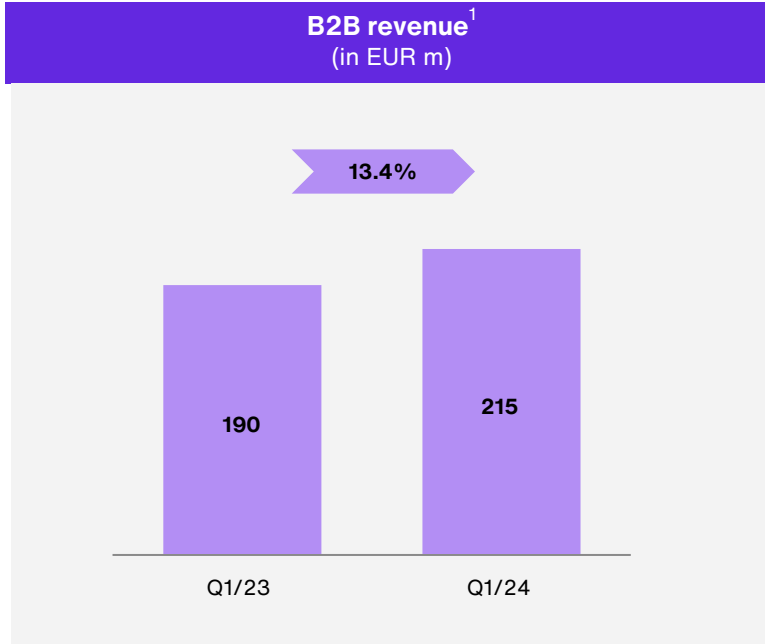
¹ L12M = last twelve months.

² Defined as GMV divided by the number of orders

³ Defined as GMV divided by the number of active customers



B2B segment outperformed the group revenue growth rate driven by ZEOS fulfillment



6 ¹ Q1/24 contains EUR 1.7m | Q1/23 EUR 2.1m reconciliations of intersegment revenue

² Excluding equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses

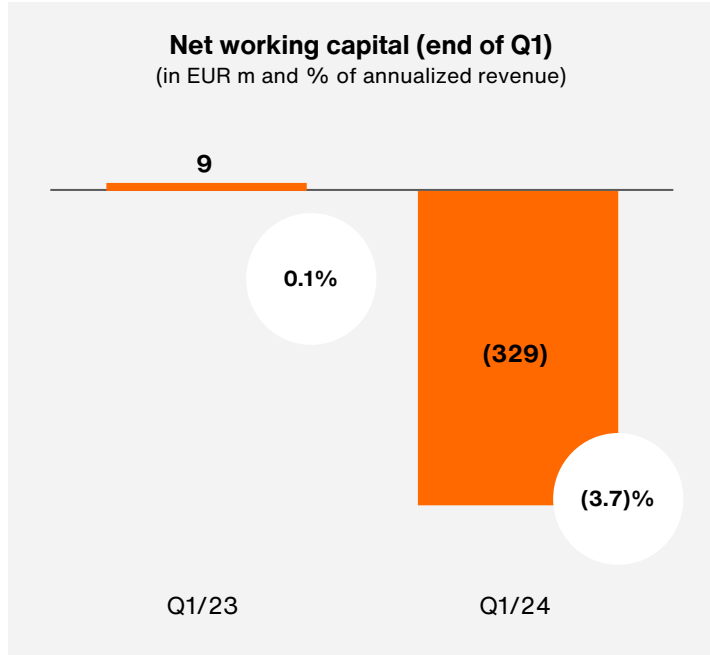


Increased group profitability through improved gross margin and reduced fulfillment costs

Costs and margin (in % of revenue)	Q1/23	Q1/24	YoY Δ	
Gross profit	37.9%	38.2%	0.3pp	Improved inventory management in our retail business and higher partner business share in B2C
Fulfillment costs	(26.4)%	(24.6)%	1.8pp	Favorable order economics and scaling of our ZEOS fulfillment business
Marketing costs	(7.3)%	(8.2)%	(0.9)pp	Investments to leverage the timely start to the spring/summer season for demand generation and brand building
Administrative expenses & Other	(5.4)%	(5.5)%	(0.1)pp	
EBIT	(1.2)%	0.0%	1.2pp	
Adjusted EBIT ¹	(0.0)%	1.3%	1.3pp	



Continued inventory reduction resulted in improvement of net working capital



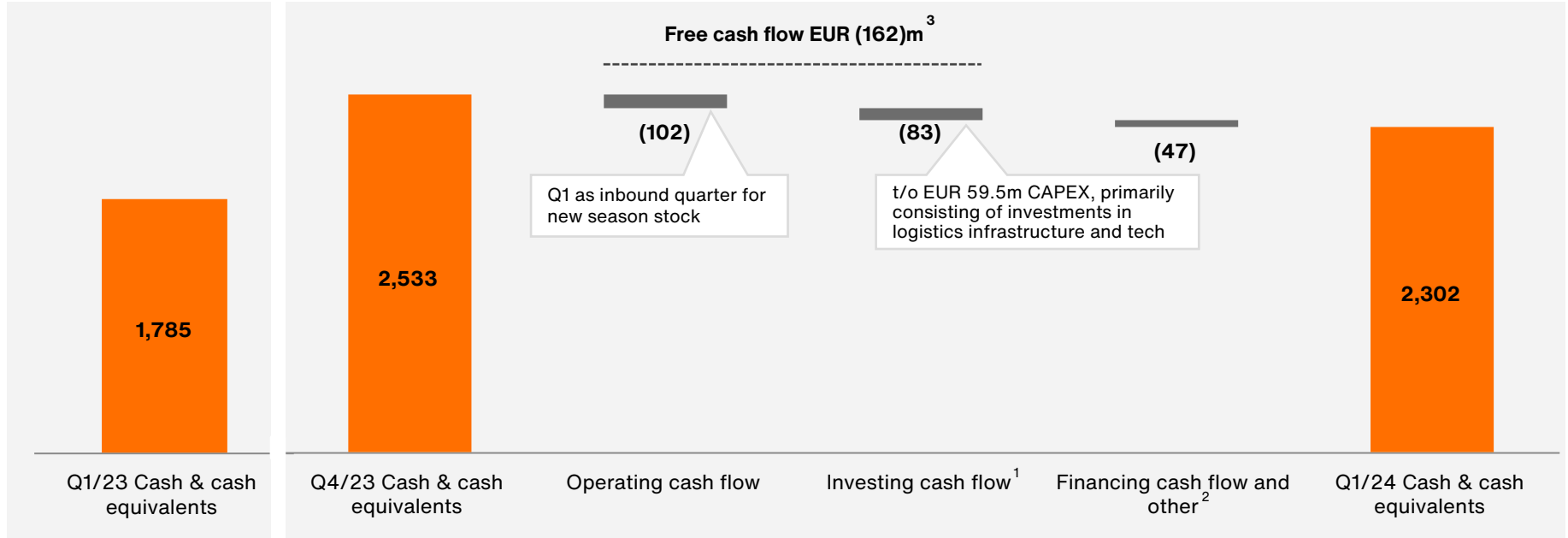
EUR m	Q1/23	Q1/24	YoY Δ
Inventories	2,058	1,584	(23.0)%
Trade receivables	738	762	3.3%
Trade payables	2,787	2,674	(4.1)%
Net working capital	9	(329)	

Improved inventory management



Cash and cash equivalents increased year-over-year to EUR ~2.3 billion

in EUR m



¹ Includes investments in fixed assets of EUR (37.6)m and intangible assets of EUR (21.9)m, investments in term deposits of EUR (28.0)m and restricted cash of EUR 4.9m

² Includes financing cash flow of EUR (40.7)m and effect of exchange rate on cash and cash equivalents of EUR (6.4)m

³ Includes operating cash flow of EUR (102.0)m, payments for investments in fixed assets of EUR (37.6)m and payments for investments in intangible assets EUR of (21.9)m

Reiterating our full year 2024 guidance

In 2024 we return to growth, continue to increase profitability and invest in future growth

		Guidance 2024
Growth	GMV	0% - 5%
	Revenue	0% - 5%
Profitability	Adjusted ¹ EBIT (in EUR m)	380 - 450
Cash	Capex (in EUR m)	250 - 350
	Net working capital (in EUR m)	negative

10 ¹ Excludes equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses



Key takeaways

- 01 Returned to growth in the first year of our ecosystem strategy**
GMV growth of +1.3% after three quarters of muted growth in a challenging environment. Growth accelerated by +4pp compared to Q4/23
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Q&A



Appendix





Issued share capital

Share information

(as of Mar 31, 2024)

Type of shares	Ordinary bearer shares with no-par value (Stückaktien)
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated Market (Prime Standard)
Index listings	DAX
Total number of shares outstanding	263,785,700
Issued capital	EUR 263,785,700

Stock options programs Management Board (as of Mar 31, 2024)

Program	# Options outstanding	Weighted average exercise price (EUR)
LTI 2018 ²	4,296,949	47.44
LTI 2019	296,442	24.38
LTI 2021	2,596,413	24.80
ZOP 2021	132,388	12.95
Total	7,322,192	37.85

Stock options programs Senior Management (as of Mar 31, 2024)

Program	# Options outstanding	Weighted average exercise price (EUR)
SOP 2014 ¹	319,385	28.24
EIP ¹	2,625,482	38.65
ZOP 2019	6,638,104	25.27
Total	9,582,971	29.03

14 ¹ Settled with new shares

² Only to 35% to be settled with new shares, remaining backed by treasury shares



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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.