

## ZALANDO ADVANCES ON GROWTH COURSE

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- **Revenue growth of 20-25 % targeted for 2018, adding about EUR 1 billion at midpoint**
  - **Adjusted EBIT of EUR 220-270 million in 2018**
  - **Go-live of beauty category end of March**
  - **Plans to create about 2,000 jobs this year, most of which in Berlin**
  - **Successful 2017 with continued track record of profitable growth**
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BERLIN, MARCH 1, 2018 // Zalando SE expects to outpace the European online fashion market by growing revenues 20-25 % in 2018, adding about EUR 1 billion in revenues at the midpoint of the range. Europe's leading online platform for fashion aims to increase adjusted EBIT to EUR 220-270 million (or a margin of around 4-5 %).

To enable growth, Zalando will continue to invest in four pillars that elevate its customer proposition: assortment, digital experience, convenience, and emerging businesses.

The company will expand its assortment with new brands like Swarovski or Massimo Dutti, as well as by launching the beauty category by the end of March. This year, Zalando plans to enter two European markets adjacent to its existing markets. In terms of digital experience, Zalando will focus on an increasingly personalized customer experience, providing each customer with their own personal Zalando shop.

The further expansion and automation of Zalando's logistics footprint aims at providing capacity for revenue growth and improving convenience for customers. This includes the construction of fulfillment hubs in Lodz (Gluchow) and Verona (Nogarole Rocca), the ramp-up of Szczecin (Gryfino), and the satellite warehouse in Stockholm (Brunna), as well as further automation in Lahr.

As the basis for continued growth of the company, Zalando will invest heavily into talent and create about 2,000 additional jobs this year, most of which in Berlin. In 2017, Zalando had already increased employee numbers from 12,000 to 15,000.

Zalando Co-CEO Rubin Ritter said: "In 2017, we made significant headway and won market share in all our markets. In 2018, we will target our 20-25 % growth corridor for the fourth consecutive year, underlining our conviction that focus on growth and market share wins is the right path to maximize long-term value."

In 2017, Zalando grew revenues in the upper half of the guided 20-25 % range by 23.4 % to EUR 4,489.0 million. Revenue growth in the DACH region re-accelerated by 18.3 % to EUR 2,145.6 million and grew even stronger in Rest of Europe by 25.7 % to EUR 1,973.6 million, as well as in the "Other" segment by 45.0 % to EUR 369.9 million.

Revenue growth was mainly driven by a larger customer base and increased order numbers. The customer base grew strongly from 19.9 million in 2016 to 23.1 million active customers at

the end of 2017, adding 3.2 million active customers over the year. The larger customer base also ordered more frequently, with the average number of orders per active customer rising to an all-time high of 3.9, up from 3.5 in 2016.

Zalando recorded an adjusted EBIT of EUR 215.1 million in 2017, resulting in a margin of 4.8 %. With a net income of EUR 101.6 million, Zalando remains sustainably profitable. A lower marketing cost ratio could not fully offset the higher fulfillment cost ratio as investments into capacity and customer experience continued. These investments saw the ramp-up of new fulfillment centers in France, Italy, Sweden, Poland and Southern Germany. Other investments included same-day delivery, return pick-ups, and Zalando Fulfillment Solutions, a service for brand partners, where the company takes on the fulfillment services for brands that are selling in its partner program.

Capital expenditure in 2017 amounted to EUR 243.9 million, excluding M&A, reflecting investments primarily into logistics infrastructure, including increased automation and in-house developed software. Capital expenditure in 2018 is expected to be around EUR 350 million, excluding M&A, with a similar investment focus as 2017.

Zalando's fully digital annual report 2018, "[Your Zalando X](#)" is now available online. As we approach Zalando's 10th anniversary, it's all about personalization. Enjoy creating your own report and personalizing your reading experience by customizing your personal chatbot, ZAC.

The earnings presentation for analysts and investors is available on the Zalando [Investor Relations](#) website. Zalando will report results for the first quarter 2018 on May 8, 2018.

## ZALANDO GROUP – KEY FIGURES (IN EUR MILLION)

	Q4 2017	Q4 2016	FY 2017	FY 2016
<b>Group revenue</b>	<b>1,333.7</b>	<b>1,091.6</b>	<b>4,489.0</b>	<b>3,639.0</b>
<b>% growth</b>	<b>22.2 %</b>	<b>25.7 %</b>	<b>23.4 %</b>	<b>23.0 %</b>
DACH <sup>1</sup>	630.0	529.4	2,145.6	1,813.8
<i>% growth</i>	19.0 %	17.5 %	18.3 %	14.8 %
Rest of Europe <sup>2</sup>	585.8	478.4	1,973.6	1,570.2
<i>% growth</i>	22.5 %	32.7 %	25.7 %	29.6 %
Other <sup>3</sup>	117.9	83.8	369.9	255.1
<i>% growth</i>	40.7 %	46.2 %	45.0 %	53.2 %
<b>Adjusted group EBIT<sup>4</sup></b>	<b>112.6</b>	<b>95.6</b>	<b>215.1</b>	<b>216.3</b>
<b>Adjusted group EBIT margin</b>	<b>8.4 %</b>	<b>8.8 %</b>	<b>4.8 %</b>	<b>5.9 %</b>
DACH <sup>1 4</sup>	80.7	80.0	188.5	226.3
<i>% margin</i>	12.8 %	15.1 %	8.8 %	12.5 %
Rest of Europe <sup>2 4</sup>	39.6	15.7	21.6	(3.3)
<i>% margin</i>	6.8 %	3.3 %	1.1 %	(0.2 %)
Other <sup>3 4</sup>	(7.6)	(0.1)	5.0	(6.7)
<i>% margin</i>	(6.5 %)	(0.1 %)	1.3 %	(2.6 %)
<b>Net working capital</b>	<b>(62.4)</b>	<b>(127.6)</b>	<b>(62.4)</b>	<b>(127.6)</b>
<b>Capital expenditure</b>	<b>68.2</b>	<b>65.9</b>	<b>243.9</b>	<b>181.7</b>
<b>Net income</b>	<b>60.1</b>	<b>60.0</b>	<b>101.6</b>	<b>120.5</b>

<sup>1</sup>. DACH segment is comprised of Germany, Austria and Switzerland.

<sup>2</sup>. Rest of Europe segment includes all other countries in which Zalando presently operates.

<sup>3</sup>. The segment Other mainly includes revenues generated by the Zalando Lounge and outlet sales channels and the new platform initiatives.

<sup>4</sup>. Adjusted to exclude equity-settled stock based compensation costs and other non-operating one-time effects.

## ZALANDO GROUP – KEY PERFORMANCE INDICATORS

	Q4 2017	Q4 2016	FY 2017	FY 2016
Site visits (m) <sup>5</sup>	735.1	563.2	2,563.5	1,991.6
Mobile visit share (% of site visits) <sup>6</sup>	72.1 %	68.1 %	70.7 %	65.6 %
Active customers (m) <sup>7</sup>	23.1	19.9	23.1	19.9
Number of orders (m) <sup>8</sup>	25.8	19.6	90.5	69.2
Average orders per active customer	3.9	3.5	3.9	3.5
Average basket size (EUR) <sup>9</sup>	67.8	70.2	64.5	66.6
Headcount	15,091	11,998	15,091	11,998

<sup>5</sup>. Number of series of page views from the same device and the same source (via websites, mobile sites, tablet sites or apps). The series is considered ended when a page view is not recorded for longer than 30 minutes.

<sup>6</sup>. Tablets, mobile sites and apps.

<sup>7</sup>. Number of customers placing at least one order in the last twelve months irrespective of cancellations or returns.

<sup>8</sup>. Number of customer orders placed in the measurement period irrespective of cancellations or returns. An order is counted on the day the customer places the order.

<sup>9</sup>. Transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.

## NOTES TO EDITORS

## ABOUT ZALANDO

Zalando (<https://corporate.zalando.com>) is Europe's leading online fashion platform for women, men and children. We offer our customers a one-stop, convenient shopping experience with an extensive selection of fashion articles including shoes, apparel and accessories, with free delivery and returns. Our assortment of almost 2,000 international brands ranges from popular global brands, fast fashion and local brands, and is complemented by our private label products. Our localized offering addresses the distinct preferences of our customers in each of the 15 European markets we serve: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, Poland and the United Kingdom. Our logistics network with five centrally located fulfillment centers allows us to efficiently serve our customers throughout Europe, supported by warehouses in Northern Italy, France, and Sweden with a focus on local customer needs. We believe that our integration of fashion, operations and online technology gives us the capability to deliver a compelling value proposition to both our customers and fashion brand partners. Zalando's shops attract about 245 million visits per month. In the fourth quarter of 2017, 72 % of traffic came from mobile devices, resulting in 23.1 million active customers by the end of the quarter.

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