



home24

# home24 Earnings Presentation Q2-18

12 September 2018

# Today's agenda

- 1 Vision & Highlights
- 2 Q2 Financial Update
- 3 Outlook and Q&A



1

Vision & Highlights



# Our vision: to offer the best value and an inspiring home & living experience to mass market consumers

**Superior assortment**

Private label

**50/50<sup>1</sup>**

3rd party

Broad and relevant selection

**Great value for money**

**BESTPREISGARANTIE**  
BEI UNS GIBT'S DEN GÜNSTIGSTEN PREIS

Superior price / value for money, with 100% free delivery and returns<sup>2</sup>

**Fast & convenient delivery**

**50+ carriers managed via home24 platform**

Fast and reliable delivery, into your home with flexible slot scheduling<sup>3</sup>

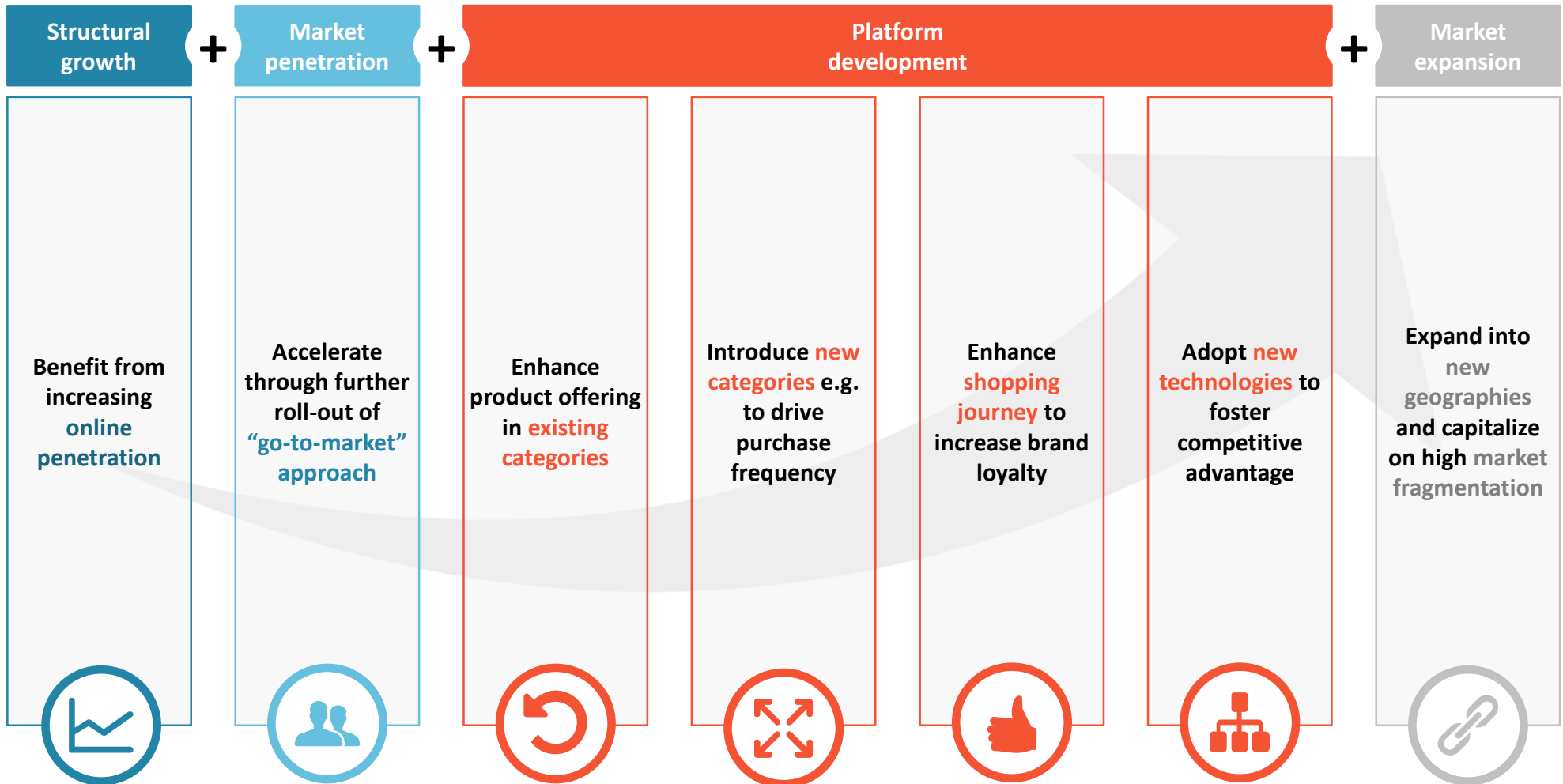
**Amazing experience**

**#1**  
Home & living destination<sup>4</sup>

Unique home & living tailored shopping experience online and in showrooms

<sup>1</sup> Approximation of 2017 revenue split <sup>2</sup> On all items in Europe <sup>3</sup> In Europe for 2 man handling <sup>4</sup> Best iOS shopping app in Apple app store for Germany (2015)

# home24 has multiple drivers for sustainable long-term growth



# Platform strategy: we will continue to invest into great assortment and customer experience, driven by tech & data



Enhance product offering in existing categories



Fill white spots



New styles



New price points



New private labels



Introduce new categories



B2C marketplace



Decoration, home textiles & Kitchenware



B2B sales channel



Modular kitchens



Enhance the shopping journey



Flexible delivery times



Payment by installments



Personalization 2.0



CRM optimization



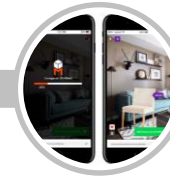
Adopt new technologies



Anticipate customer behaviour (AI)



Intelligent data control



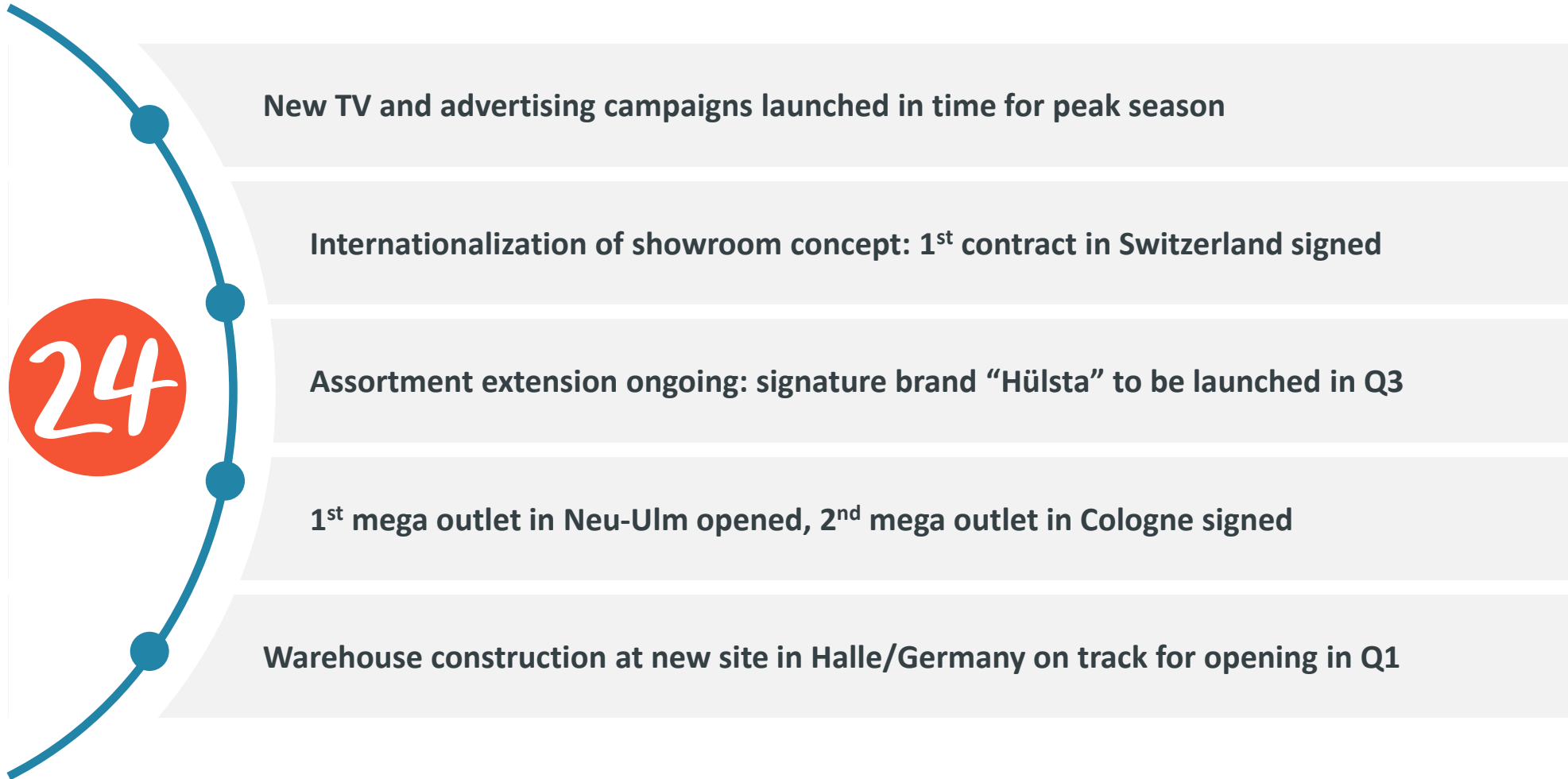
Augmented reality



Virtual reality



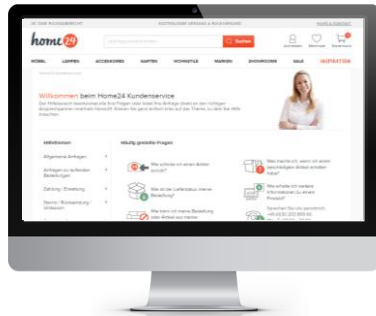
# Well on track in delivering strategic growth initiatives



# Q2 2018 highlights



## FULFILMENT PLATFORM RUNNING



Conversion to new fulfilment software successfully completed



## SUCCESSFUL CAPITAL MARKET DEBUT



Successful IPO leading to EUR 172.5m in gross cash proceeds incl. Greenshoe



## SIGNIFICANT GROWTH



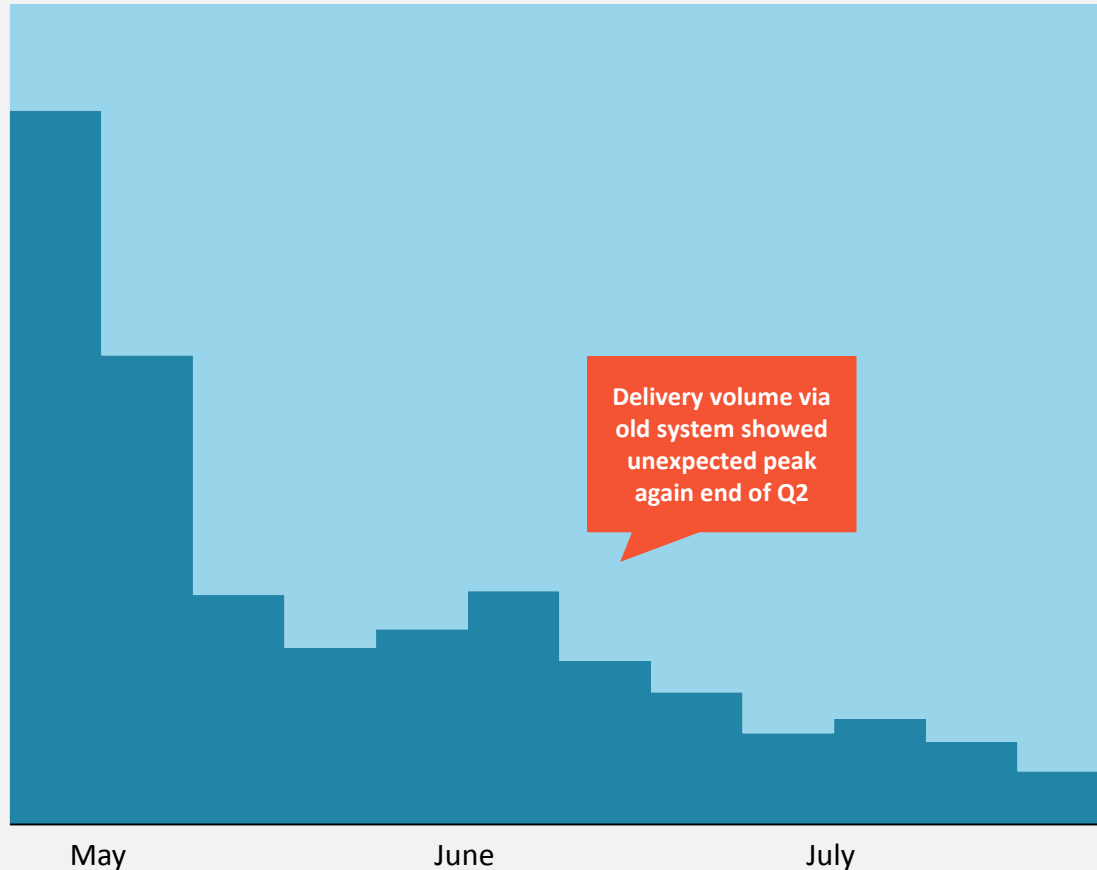
+19% YoY (H1) and +8% YoY (Q2) revenue growth<sup>1</sup>, despite challenging Q2

<sup>1</sup> Based on constant currency using previous year BRL/EUR FX rates



# Introduction of new fulfilment system (ERP) completed

Outbound deliveries from previous ERP system in % of total EU deliveries per CW (EURm)



■ New ERP system (SAP) ■ Old ERP system (Navision)

- **High scalability** of new system allows to **implement growth plans** in upcoming quarters
- **Transition** between the old and the new system **completed**: new orders flowing through new system as of mid April
- **Temporary parallel operation** of old and the new ERP system preferred go-live scenario vs. migration of live orders
- **Unexpected high open order volume** at end of Q2 in old system as a result of warehouse handling inefficiency in dual systems
- **Continuous system improvement** ongoing. Efficiency of fulfilment processes returning to pre transition levels

# Promising capital market debut



## IPO at a glance

<b>First day of trading</b>	June 15, 2018
<b>Price range</b>	EUR 19.50 – EUR 24.50
<b>Offering price</b>	EUR 23.00
<b>Offer size</b>	Primary only offering of c. EUR 150m 15% primary Greenshoe on base deal fully exercised in Q3
<b>Share capital</b>	EUR 24.998.496 pre Greenshoe EUR 25.976.757 post Greenshoe

# In a difficult market environment, home24 is still in a position to significantly outperform the market



## Group Revenue

cc <sup>1</sup>	<b>+30%</b> Q1-18 YoY	<b>+8%</b> Q2-18 YoY	<b>+19%</b> H1-18 YoY
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## Group Active Customers

**+20% to  
1.16m**  
Q2-18 YoY

## Group Adjusted EBITDA<sup>2</sup>

**+/- 0pp at -9%**  
H1-18 YoY

- **Q2 revenue with +8%** at upper end of range communicated on July 14
- **H1 revenue increase of 19%** YoY adjusted for FX effects
- **Number of active customers increased by 20%** YoY to 1.16m
- Despite challenging Q2 **overall profitability on PY level**

<sup>1</sup> Based on constant currency using previous year BRL/EUR FX rates

<sup>2</sup> Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects of EUR 1.3m. 2018 figures subject to IFRS 16

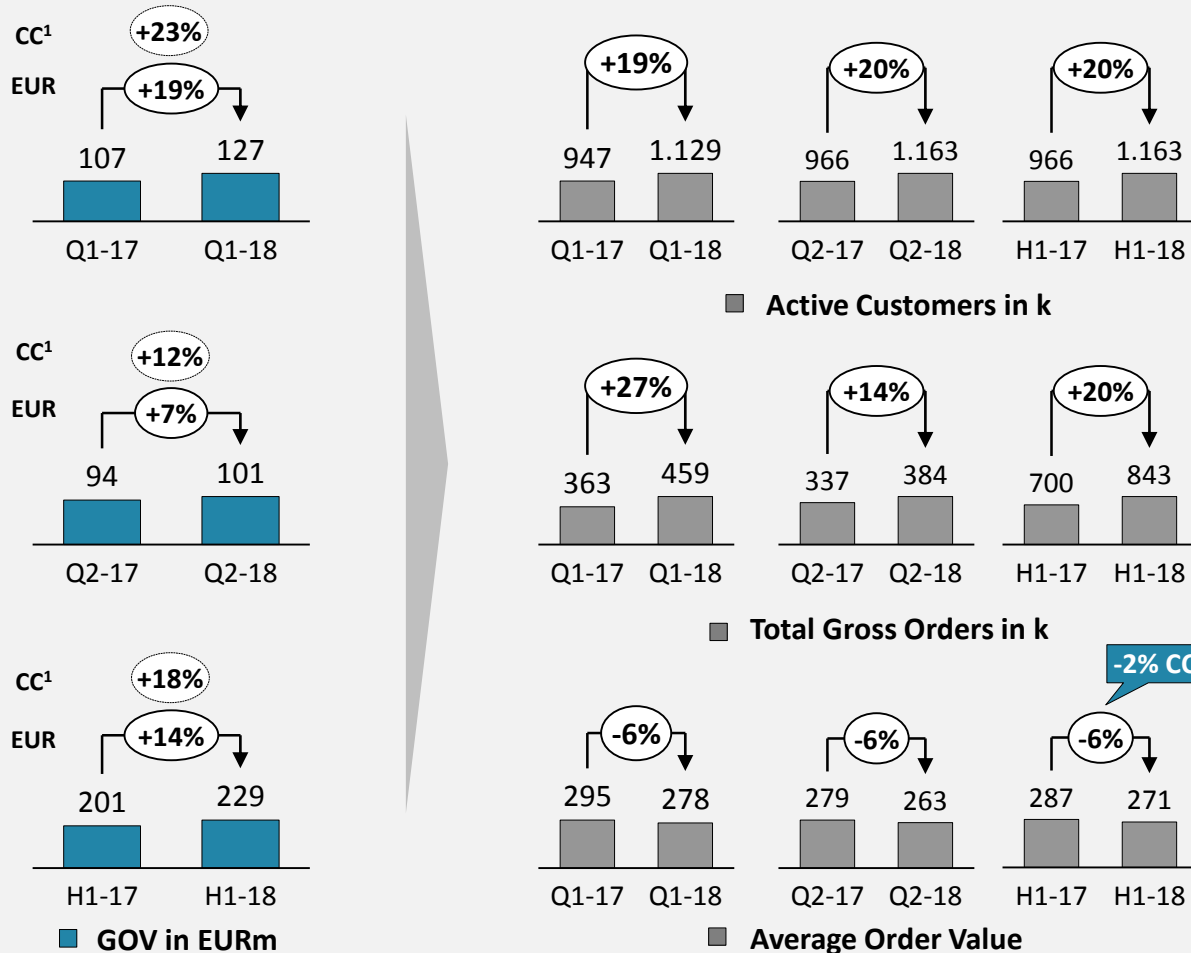
# 2

## Q2 Financial Update



# Significant growth against industry trend even in very challenging environment

GOV and AOV in EURm , Total Gross Orders and Active Customers in #, Growth Y-o-Y in %



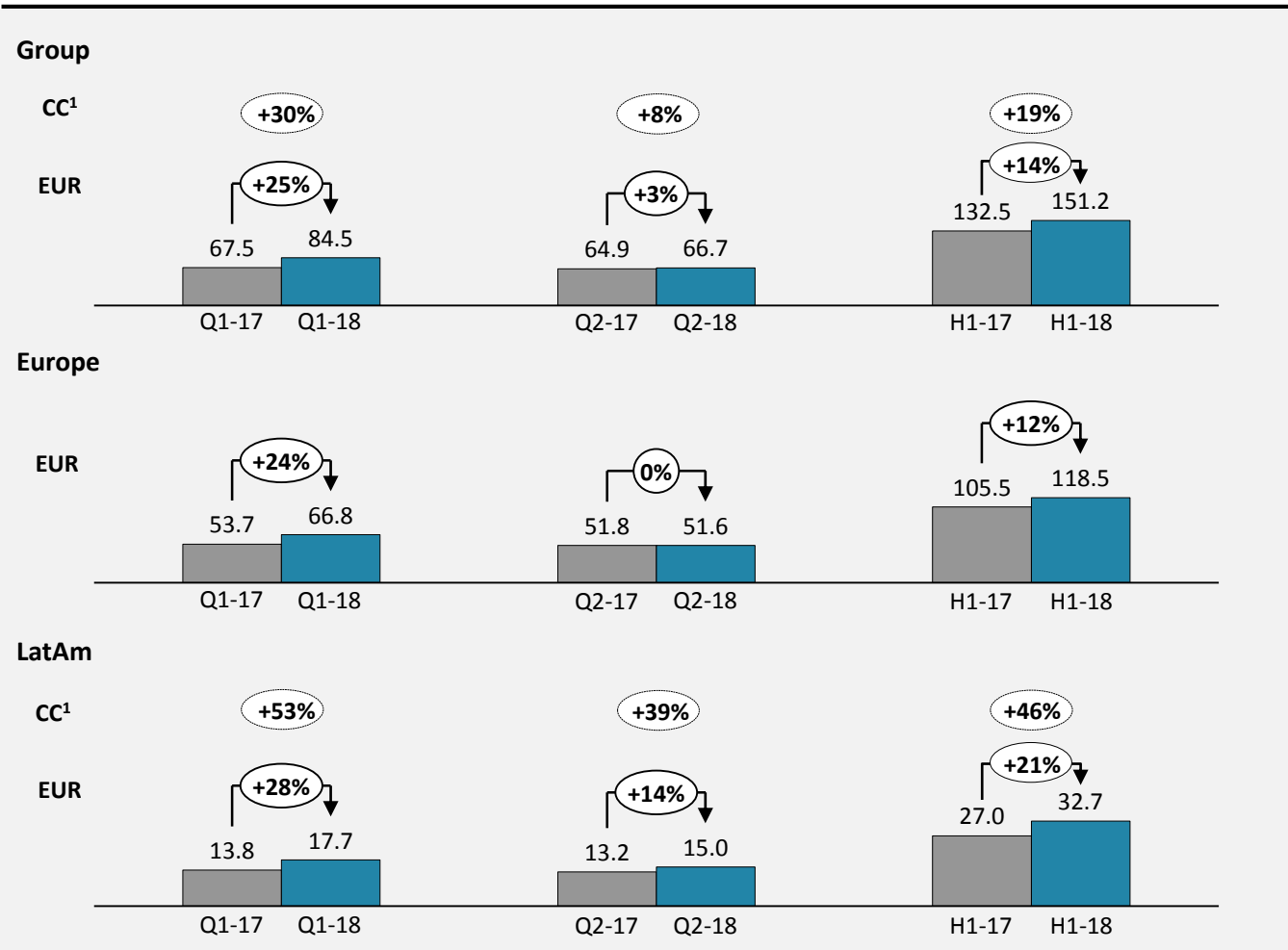
- H1-18 GOV growth of 18%<sup>1</sup>
- Temporary deceleration of growth in Q2
- General demand slump in the market for large furniture, **home24's core business in DACH**, due to the extraordinary **hot and dry weather** April to August in Germany
- **Outperformed growth in comparison to offline peer group** which in parts experienced double-digit sales declines

<sup>1</sup> Based on constant currency using previous year BRL/EUR FX rates

# Revenue improved by 19 percent year-on-year to EUR 151m in H1-18



Revenue in EURm and Growth Y-o-Y in %

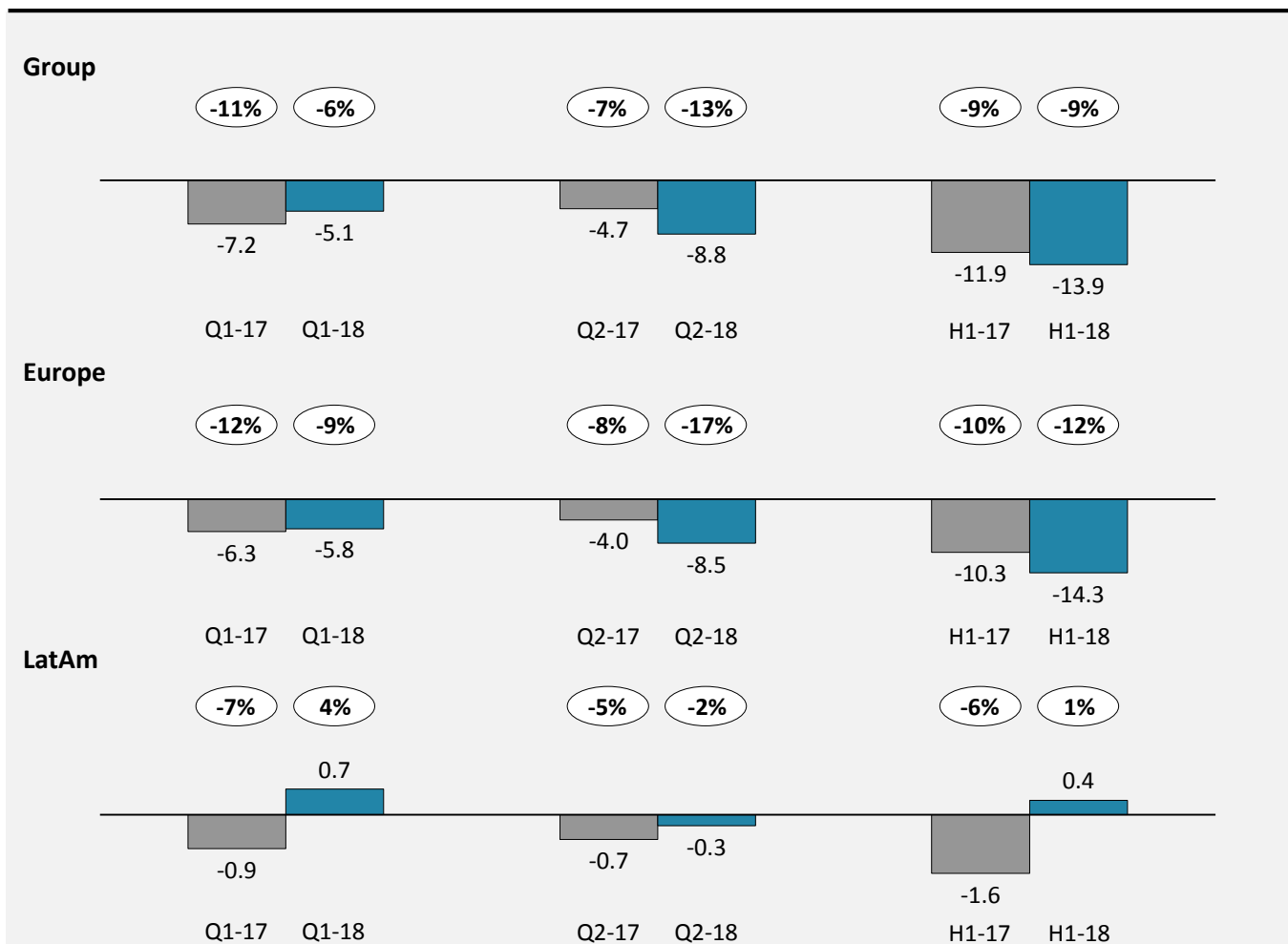


- Significant revenue increase of 14% YoY. **Adjusted for FX effects, increase amounts to 19%**
- EU growth significantly affected by Q2 demand shock in DACH region.** In addition, processing speed of open orders below target level, resulting in lower realized revenues than expected
- Strong proof of scalability of home24 model in Brazilian market:** 46% growth in local currency H1; albeit 25% pp lost due to fx

<sup>1</sup> Based on constant currency using previous year BRL/EUR FX rates

# Lower revenue level impacts Q2 profitability in Europe. Brazil with positive adjusted EBITDA for H1

Adj. EBITDA<sup>1</sup> in EURm and in % of Revenue

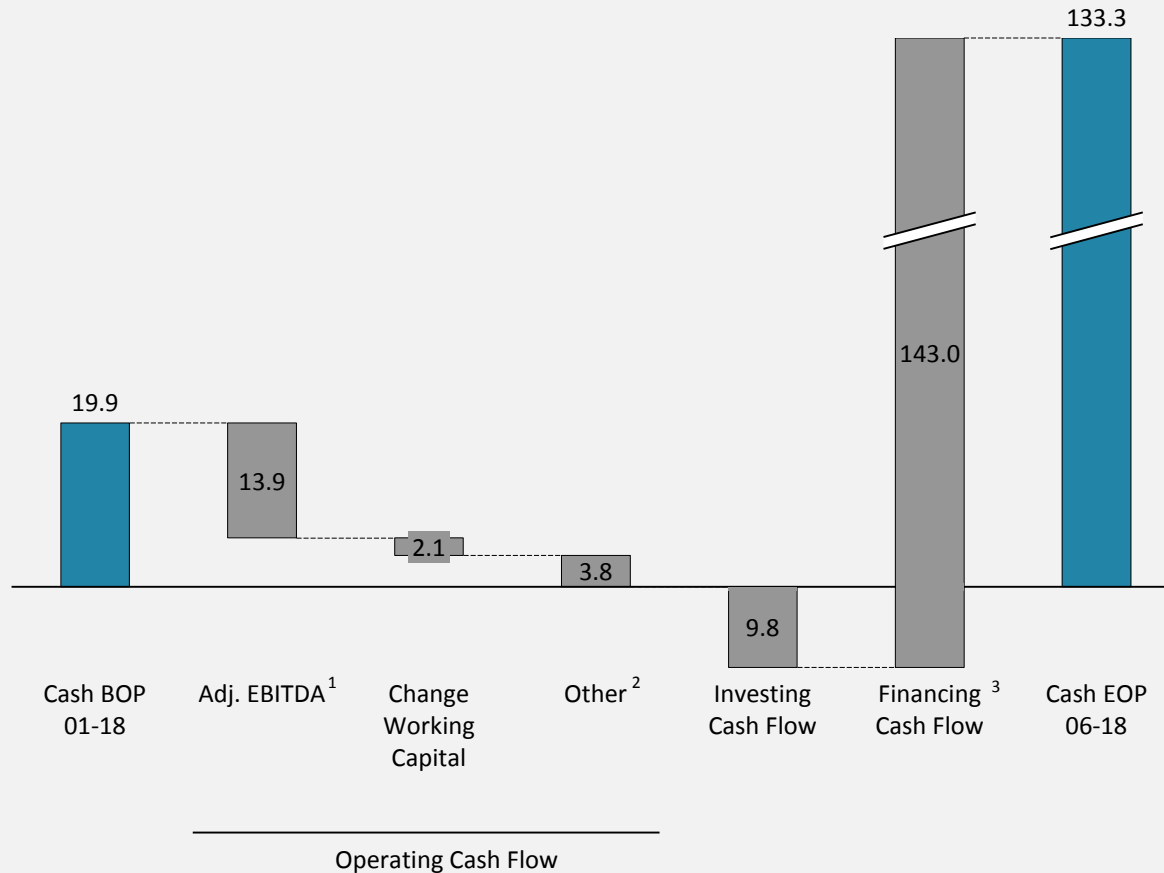


- Despite challenging Q2 overall profitability for H1 on PY level
- Broadly flat Gross Margin YOY anticipates devaluation of inventory reserve as a result from lower demand in H1
- One-time effects from temporary parallel usage of the two ERP systems. (e.g. warehouse handling, customer service, cancellation of delayed deliveries)
- Marketing ratio impacted by topline demand slump and efficiency temporarily not being on PY level
- Stable SG&A despite growth even at like for like level excluding IFRS16

<sup>1</sup> Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects of EUR 1.3m. 2018 figures subject to IFRS 16

# Liquidity position positively influenced by IPO proceeds

Cash flow in EURm



- Cash flow from operating activities improved compared to PY period
- Net proceeds from IPO amount to EUR 147.6m
- Investing activities remain focused on internally developed software and acquisition of the new ERP system

<sup>1</sup> Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects of EUR 1.3m <sup>2</sup> mainly consists of delta provisions, interest, tax payments, FX effects and IPO costs

<sup>3</sup> Adoption of IFRS 16 leads to shift of EUR 3.9m from operating cash flow to financing cash flow



3

Outlook & Q&A



# Medium-term growth and earnings guidance confirmed



- Revenue growth target confirmed at c. 2x+ expected online market growth, both for FY18 and medium term, consistently outperforming offline peers
- Q3 financial performance still affected by weather-related lower market demand period until August and ERP introduction
- Full year 2018 revenue growth significantly depends on the lower demand period being compensated in the period September to December and, thus, may be below previous expectations
- Strategic goal to reach adjusted EBITDA breakeven on a Group level until end of 2019 confirmed



Q&A



4

Appendix



# Financial calendar – upcoming events

Date	Event
<b>Today, September 12<sup>th</sup></b>	<b>Publication of half-yearly financial report</b>
September 25 <sup>th</sup> & 26 <sup>th</sup>	Attendance of Berenberg & Goldman Sachs German Corporate Conference, Munich (DE)
<b>November 27<sup>th</sup></b>	<b>Publication of quarterly financial report (Q3)</b>
December 3 <sup>rd</sup>	Attendance of Berenberg European Conference (Pennyhill), Ascot (UK)

# Despite challenging Q2 overall profitability on PY level

In EURm and in % of Revenue

	ACT Q1-17	ACT Q1-18	ACT Q2-17	ACT Q2-18	ACT HY-17	ACT HY-18
Revenue	67,5	84,5	64,9	66,7	132,5	151,2
Revenue Growth CC <sup>1</sup>	1%	30%	6%	8%	4%	19%
Cost of Sales	37,7	46,6	37,0	38,3	74,6	84,9
Gross Profit Margin Rate	44%	45%	43%	43%	44%	44%
Fulfillment Expenses	12,2	14,7	11,0	14,0	23,2	28,7
Fulfillment Expenses Ratio	18%	17%	17%	21%	17%	19%
Profit Contribution	17,7	23,2	17,0	14,3	34,7	37,5
Profit Contribution Margin	26%	27%	26%	22%	26%	25%
Marketing Expenses	12,7	16,7	9,1	12,9	21,9	29,5
Marketing Expenses Ratio	19%	20%	14%	19%	17%	20%
SG&A	12,2	11,6	12,5	10,3	24,7	21,9
SG&A Rate	18%	14%	19%	15%	19%	15%
Adjusted EBITDA <sup>2</sup>	-7,2	-5,1	-4,7	-8,8	-11,9	-13,9
Adjusted EBITDA Margin	-11%	-6%	-7%	-13%	-9%	-9%

<sup>1</sup> Based on constant currency using previous year BRL/EUR FX rates <sup>2</sup> Adjusted to exclude share-based marketing spend, share-based payments and one-time IPO effects

KPI	Definition
Average order value [in EUR]	<ul style="list-style-type: none"><li>▪ Gross order value for the relevant period, divided by the number of orders for such period</li></ul>
Gross order value [in EUR]	<ul style="list-style-type: none"><li>▪ Aggregated value of orders placed in the relevant period, including value-added tax, irrespective of cancellations, returns as well as subsequent discounts and vouchers</li></ul>
Number of active customers [#]	<ul style="list-style-type: none"><li>▪ Number of customers having made at least one valid order (i.e. not failed, declined or cancelled) starting the fulfillment process (before rejected &amp; returned) within the last twelve months before end of period</li></ul>
Open customer orders [in EUR]	<ul style="list-style-type: none"><li>▪ Gross order value of customer orders, which have not been delivered to the customer as of reporting date</li></ul>
Platform	<ul style="list-style-type: none"><li>▪ IT platform including an automatic back-end fulfillment system to optimize end-to-end processes from sourcing, through warehousing, packaging, delivery, payment processing and customer service and an advanced big data analysis tool also based on proprietary software</li></ul>

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