



home24

home24 FY 2018/Q4 Trading Update

13 February 2019

Our mission: to be the online destination for Home & Living

- **Huge and uniquely attractive Home & Living market opportunity of EUR 117 billion**
- **Markets characterized by low online penetration of c. 6%¹ with huge catch-up potential**
- **Leading pure-play Home & Living online platform in Continental Europe and Brazil**
- **Unique model, combining third-party brands with attractive private labels drive high margins**
- **Scalable end-to-end automated and vertically integrated value chain**
- **Pioneering technologies improve shopping experience and empower data-driven decisions**
- **Strong financial profile, combining strong growth and path to profitability**
- **Multiple drivers for long-term growth & differentiation with significant margin upside**

Today's agenda

- 1 Management Update**
- 2 Preliminary FY Financials**
- 3 Outlook and Q&A**



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Management Update



Management update



Marc Appelhoff

Founder Fashion For Home

Management Board
Marketing, Sales, Finance



Christoph Cordes

Founder Fashion For Home

Management Board
Operations, Assortment



Johannes Schaback

Founder Visual Meta

Management Board
Technology, Data



Philipp Kreibohm

Founder home24

Management Board
Business development, HR, Legal



Planned to switch to
supervisory board after
the AGM in June

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Preliminary FY Financials





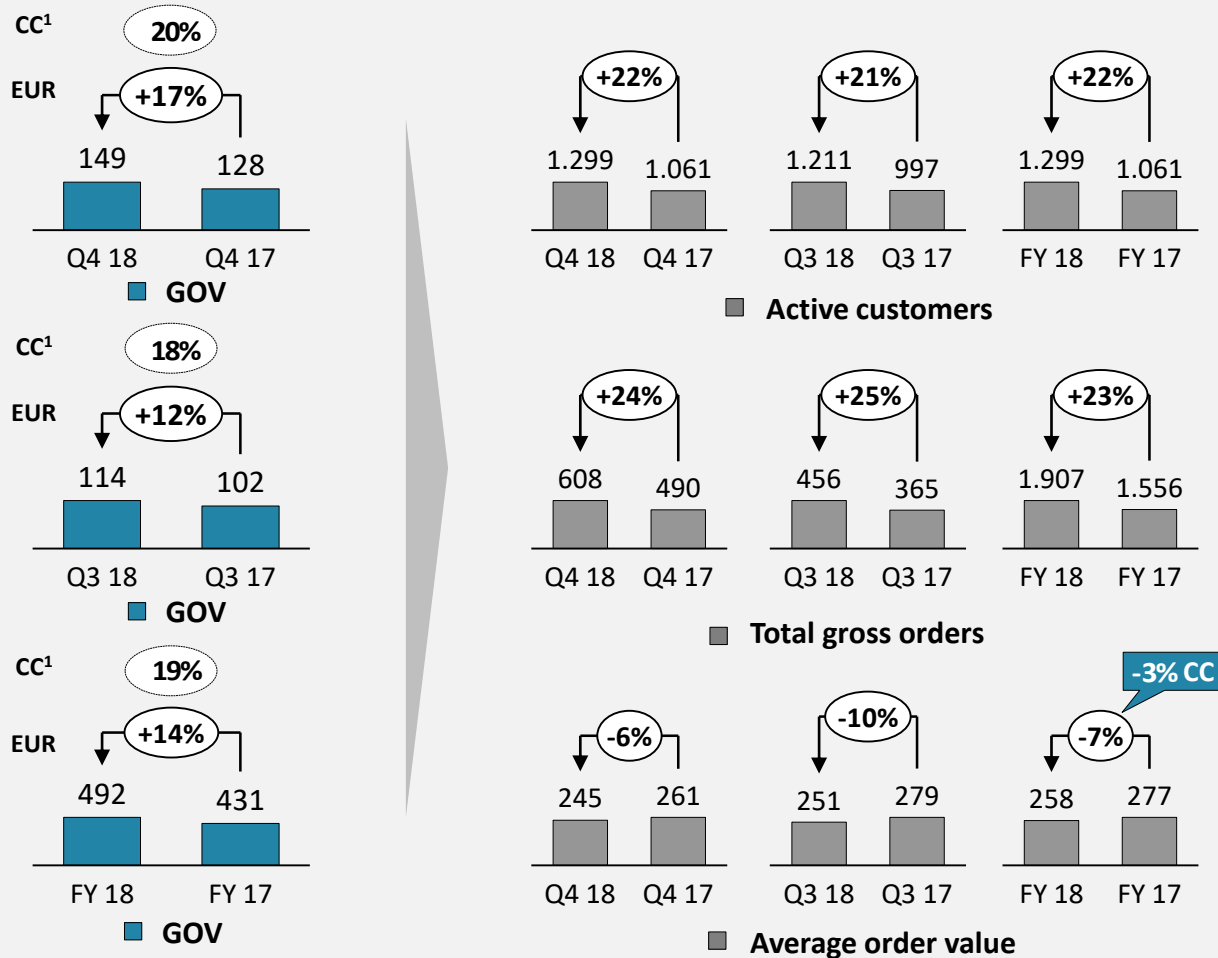
¹ Based on constant currency using previous year BRL/EUR FX rates

² Sources: Euromonitor International, BVDM; -2% to +4% market growth depending on country and source
All figures preliminary and unaudited

Continuous increase in order intake growth rates since Q2



GOV in EURm, Active customers and Total gross orders in k, Average order value in EUR

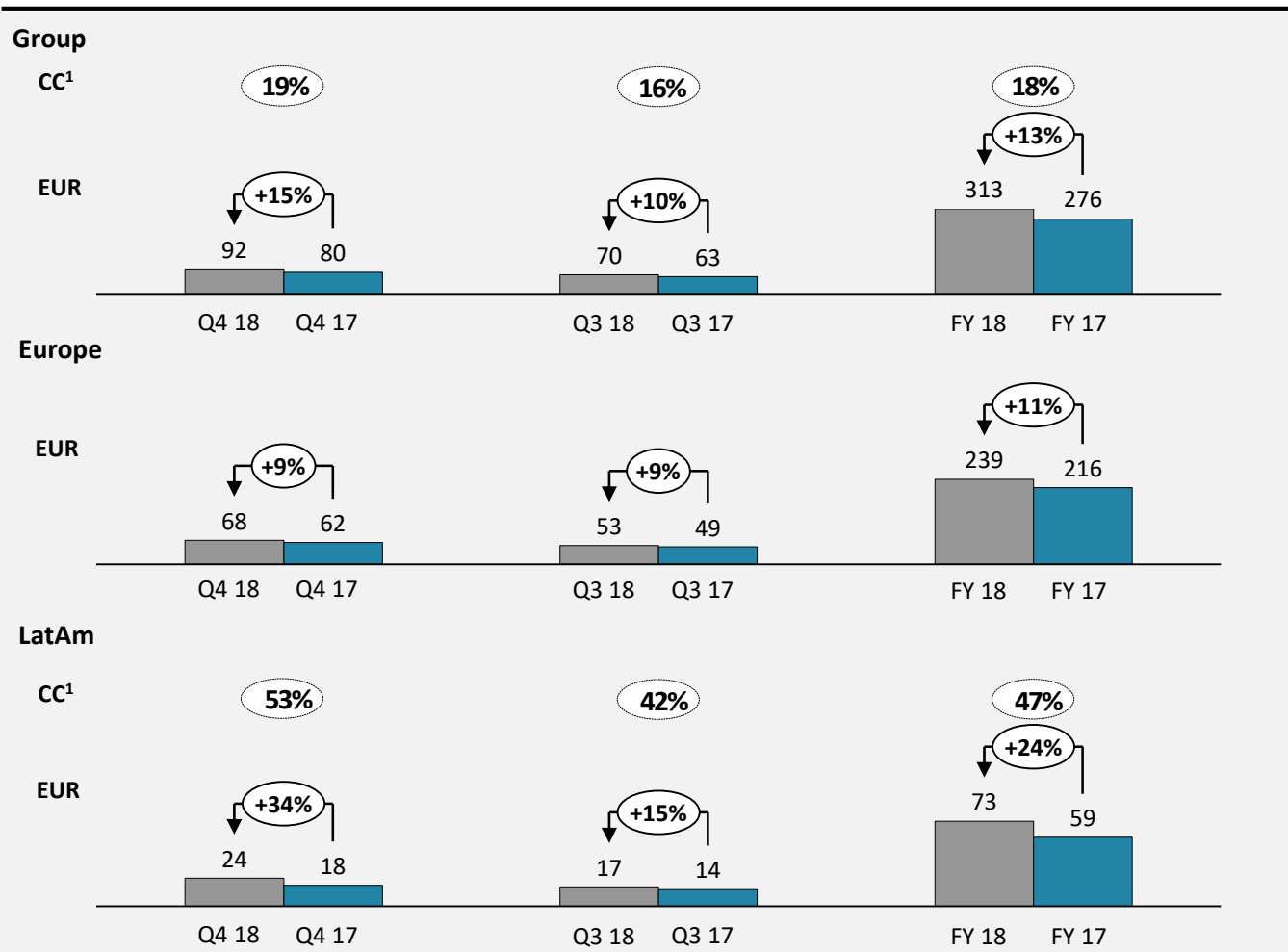


- Continued marketing investments enabled home24 to partially offset the weather-related weakness in demand to gain market share and continue to grow
- Around the Black Friday shopping event at the end of November 2018, home24 reported the most successful week in the company's history

¹ Based on constant currency using previous year BRL/EUR FX rates
All figures preliminary and unaudited

home24 grew by 18% YoY in 2018 with revenues of c. EUR 313m

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



- The offline market declined in some countries. The total furniture market in the home24 geographies showed virtually no growth in 2018²
- home24 significantly outperformed the online furniture market, which grew by c. 10% in the home24 geographies in 2018²
- In the absence of negative demand side effects, LatAm continued its strong growth trajectory
- In Q4 2018, home24 increased its revenue by 19%¹ to EUR 92m YoY, with partial shift of revenue recognition to Q1 2019

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

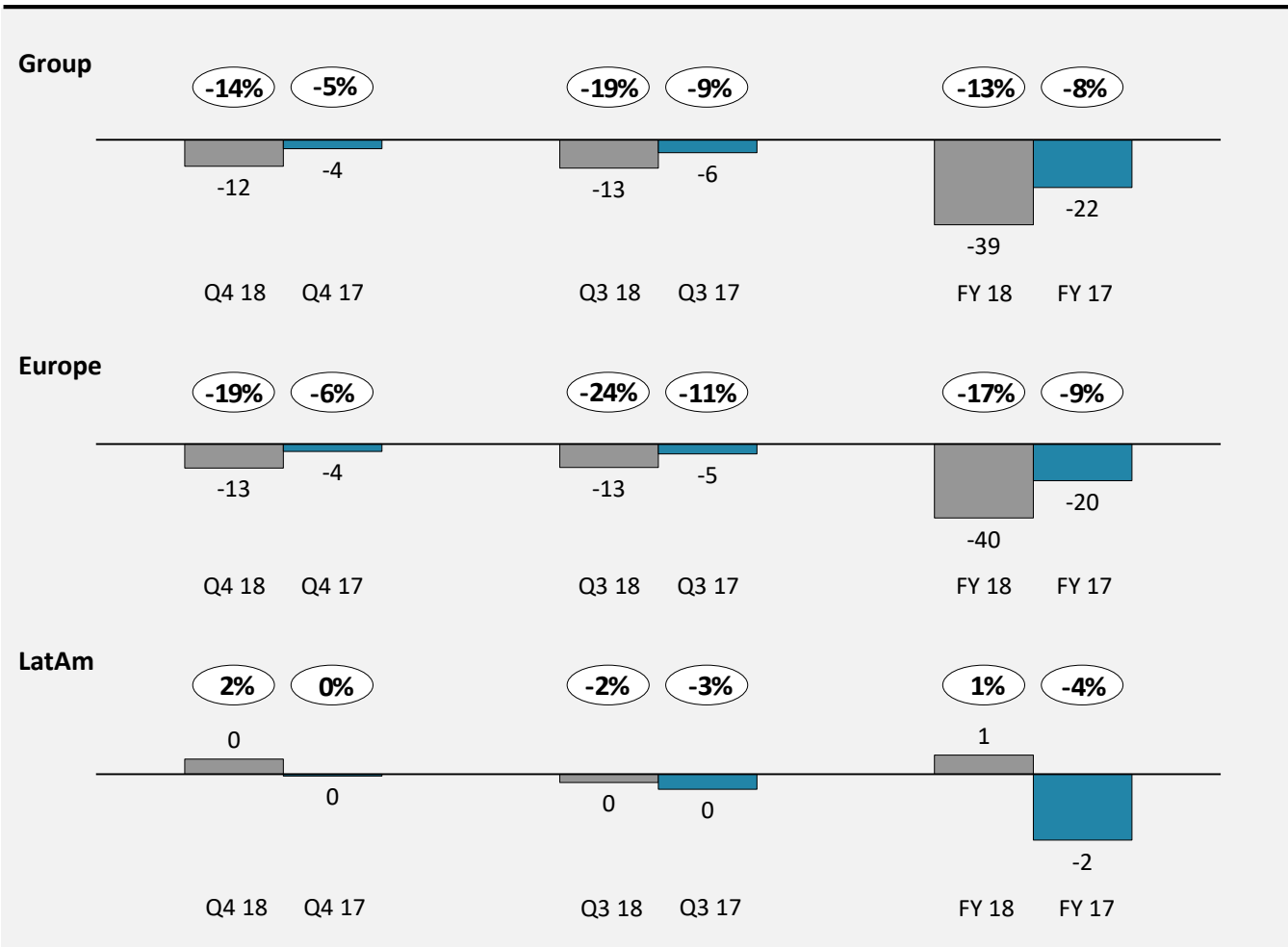
² Sources: Euromonitor International, BVDM

All figures preliminary and unaudited

Adjusted EBITDA for 2018 amounted to c. EUR -39m or -13%



Adj. EBITDA¹ in EURm and in % of Revenue



- Adjusted EBITDA for 2018 reflects missing operating leverage caused by the weak demand in EU April to October and Q4 revenue shift, plus key investments ramp-up
- LatAm first region to be profitable on adjusted EBITDA basis, at EUR 0.6m for 2018
- Transition to new ERP system in EU caused temporarily higher handling and personnel costs thus also impacting earnings
- Key investments for 2019 already with cost impact in Q3/4 2018, e.g. EU warehouse and mega outlets

¹ Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects of EUR 1.5m. 2018 figures subject to IFRS 16
All figures preliminary and unaudited

FY 2018 with significant progress in difficult market environment

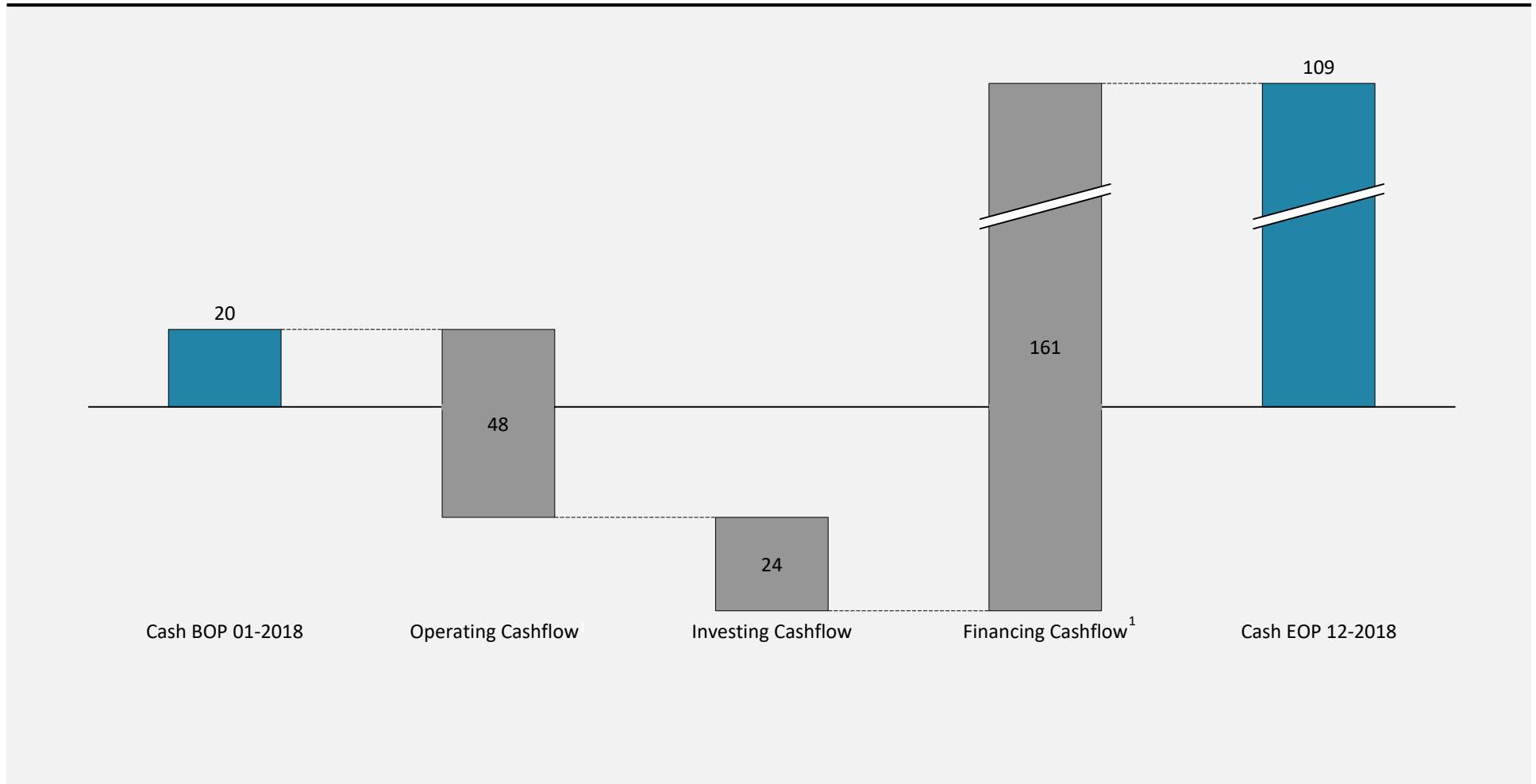
		Main financials				
		2015	2016	2017	2018	2018 financials key drivers
Growth (in CC) ¹	Revenue	51%	5%	12%	18%	<ul style="list-style-type: none"> Re-acceleration of growth in FY 2018, albeit below expectations Outperformance of online market growth by factor 2 broadly intact Slower YE revenue realization and weak EU demand drag on FY 2018 growth
	Cost of sales	62%	58%	55%		<ul style="list-style-type: none"> Stable Cost of Sales in EU Slight increase in LatAm Cost of Sales
Margin	Fulfillment costs	22%	20%	17%		<ul style="list-style-type: none"> SAP introduction led to warehouse handling inefficiencies and increased fulfilment costs in EU Price increases of distribution carriers through towards end of year
	Marketing costs	22%	17%	18%		<ul style="list-style-type: none"> Various temporary effects on marketing efficiency after Q1 2018, esp. missing operating leverage during weak demand period in EU and delayed YE revenue realization
	Adj. EBITDA ²	-32%	-16%	-8%	-13%	<ul style="list-style-type: none"> Lower operating leverage on overheads than planned, parallel ERP systems operations (incl. lower Gross to Net ratios) and ramp-up costs of investments Positive accounting effect from reclassification of rental expenses (IFRS 16)
Cash Flow	Investing CF in EURm	-20	-14	-14	-24	<ul style="list-style-type: none"> SAP introduction paired with significant post IPO investments into warehouses and outlets
	CF from change in Working Capital in EURm	-20	5	-2		<ul style="list-style-type: none"> Discontinued factoring facility in EU leading to overall negative CF from WC Cash generation in growth phase due to negative Working Capital cycle

¹ Revenue growth shown in year-on-year constant currency

² Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects. 2018 figures subject to IFRS 16
All figures preliminary and unaudited

Liquidity position remains strong despite higher investments

Cash flow FY in EURm



¹ Adoption of IFRS 16 leads to shift of EUR 7.7m from operating cash flow to financing cash flow
All figures preliminary and unaudited

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Outlook & Q&A



Path to profitability: selected key milestones

Q1 2019

- Warehouse EU
- Brazil offline B2B roll-out
- Mega Outlet West
- In-house programmatic customer acquisition
- Old ERP switch off

Q2 2019

- Mobile push
- 3rd party assortment extension & private label add. styles push
- Mega Outlet North
- Personalized customer acquisition & conversion

Q3 2019

- Warehouse Brazil
- Additional brands
- EU warehouse automation phase 2
- Regional Returns clearance EU
- Customer Service automation phase 2

2019
Forecast
confirmed:

Revenue growth
rate at or above
FY18 level

Break even on
adjusted EBITDA
basis by the end
of 2019

Milestone achievement over the course of the year will drive revenue growth and margin improvements, esp. in H2 2019

Main financials

		2018	Target
Growth (in CC) ¹	Revenue	18%	➔
	Cost of sales		➔
Margin	Fulfillment costs		➔
	Marketing costs		➔
	Adj. EBITDA ²	-13%	➔
Cash Flow	Investing CF in EURm	-24	➔
	CF from change in Working Capital		➔

2019 initiatives

- Drive conversion rate optimization and repeat through strategic assortment extensions, technology innovations and more personalized offering & promotions
- Return to 'pre summer level' of 1st order profitable customer cohort acquisition
- Tap into vast growth opportunity in Brazil with offline B2B in highly fragmented market
- Attractive private label extensions ensure high sales share at attractive margins, despite 3rd party assortment extension in new categories
- Mega outlets enable higher return recovery rates after initial ramp up phase
- New warehouses enable orders to be processed even more efficiently after ramp up phase
- Additional invests into automation for existing warehouses to drive handling costs down
- Regional clearance of returned goods to reduce distribution costs and handling damages
- More precise targeting of potential customers and personalizing the shopping experience to reduce customer acquisition costs and increase repeat sales
- Further automation of attribution and customer acquisition in back of proprietary data platform
- Operating leverage and efficiency gains in overhead
- Further invest into process automation, e.g. in customer service
- Avoidance of redundant ERP costs through shutdown of the old system
- Continued investment into technology innovation and 2019 extra effort in supply chain infrastructure and offline outlet strategy
- Working Capital cycle to remain negative, providing additional cash in growth phase also pre break-even

¹ Revenue growth shown in year-on-year constant currency

² Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects. 2018 figures subject to IFRS 16

All figures preliminary and unaudited

Summary & outlook



- Significant outperformance of the online furniture market in our geographies, which grew by c. 10%, and especially the total market, that showed virtually no growth in 2018
- 2018 revenues of EUR 313 million corresponds to 18% currency-adjusted revenue growth, considering Q4 shift at c. 2x online market growth
- In the absence of demand and system effects, Brazil showing strong growth and profitable for the full year 2018 with EUR 0.6 million on adjusted EBITDA basis
- Group adjusted EBITDA 2018 at -13%, reflecting missing operating leverage caused by the weak demand in EU April to October and Q4 revenue shift, as well as ramp-up costs of key investments on path to profitability
- Clear milestones defined to reach goal of break even on adjusted EBITDA basis by the end of 2019

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



Q&A



Financial calendar – upcoming events

Date	Event
April 25 th	Publication of annual financial report
May 28 th	Publication of quarterly financial report (Q1)
June 19 th	Annual General Meeting
September 3 rd	Publication of half-yearly financial report
November 26 th	Publication of quarterly financial report (Q3)

KPI definitions

KPI	Definition
Gross order value [in EUR]	Defined as the aggregated value of orders placed in the relevant period, incl. VAT, irrespective of cancellations, returns, subsequent discounts and vouchers
Number of active customers [#]	Number of customers having placed at least one not cancelled order during the twelve months prior to the respective date, irrespective of returns
Total gross orders	The number of orders placed in the relevant period, irrespective of cancellations and returns
Average order value [in EUR]	Gross order value for the relevant period, divided by the number of orders for such period

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