

home24



home24 Q1 2019 Trading Update

28 May 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 Business Update**
- 2 Q1 Financials**
- 3 Outlook**



Management summary



1

Business Update



Recap: Selected key milestones on path to profitability

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

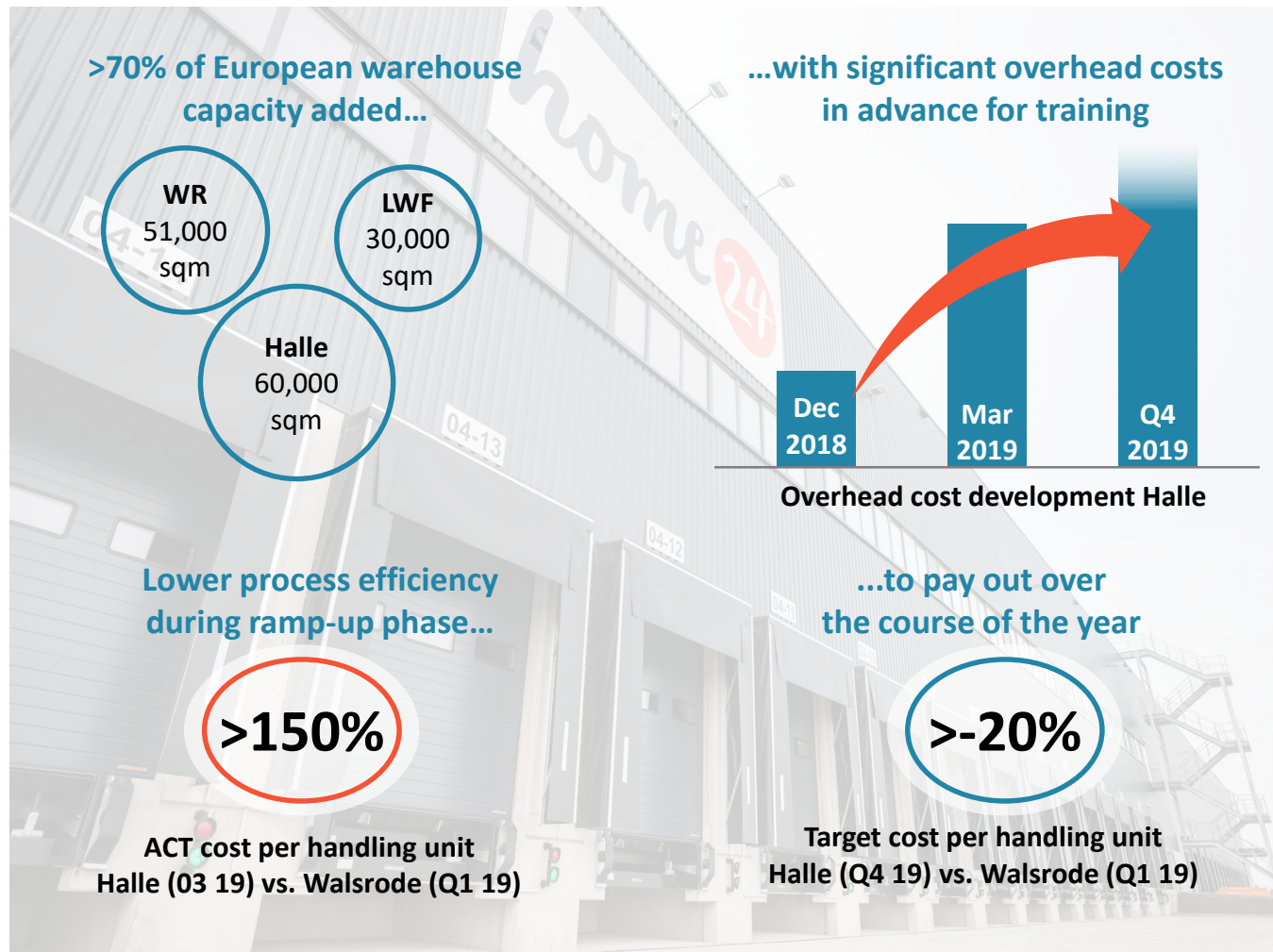
- Warehouse Brazil
- Additional brands
- EU warehouse automation phase 2
- Regional returns clearance EU
- Customer service automation phase 2

2019
Forecast
confirmed:

Revenue growth
rate at or above
FY18 level

Break even on
adjusted EBITDA
basis by the end
of 2019

Successful go live of new European warehouse facility



- First **inbound** goods in new European warehouse in Halle on **04.02.2019**. First **outbound** goods delivered on **25.02.2019**
- **Capacity** to grow further from **30,000 sqm** (March) up to **60,000 sqm** (July)
- **Ramp up** phase with relevant impact on Q1 profitability
- **Higher efficiency** of WH Halle compared to existing locations **due to various process improvements** e.g. ABC-classification, tugger trains etc.
- **Additional capacities** to push share of WH assortment and therefore **shorter delivery times of top sellers**

Successful opening of mega outlet west (Cologne)

German outlet footprint established...

Mega North (as of Q2)

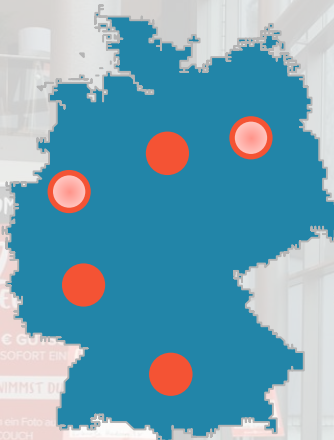
Logistic: 3,500 sqm
Sales: 3,000 sqm

West I

Logistic: 800 sqm
Sales: 1,200 sqm

Mega West II

Logistic: 1,500 sqm
Sales: 6,500 sqm



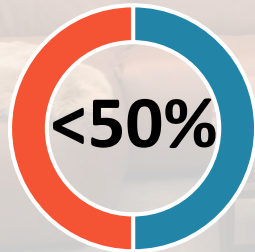
East

Logistic: 100 sqm
Sales: 800 sqm

Mega South

Logistic: 1,500 sqm
Sales: 3,500 sqm

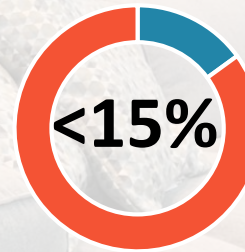
...ramping up to clear the majority of returns related COGS at significantly higher recovery rates



03 19 3rd party reseller vs. outlet COGS Share

>+200%

03 19 YoY outlet revenue growth



03 19 3rd party reseller vs. outlet revenue share

- **Opening** of largest mega outlet in Cologne (Germany) on **22.02.2019**
- **Ramp up** phase with relevant impact on Q1 profitability, partly also Q2
- **Full positive margin effects** visible starting **Q3** once:
 - All outlet locations up and efficiently running (Q2)
 - Decentralized return process to be implemented during Q3
 - More efficient sell-down of unwanted inventory
 - Additional exposure for home24 brand

Programmatic customer acquisition & retention

Various audiences of existing customer created, e.g. ...

Internet savvy



Movers



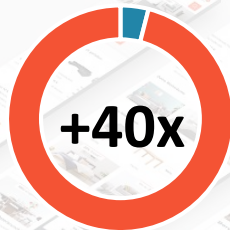
High-quality



Lookalikes



...that help to scale efficient display channel



YoY Q1 19 EU display marketing spend

...and drive retention



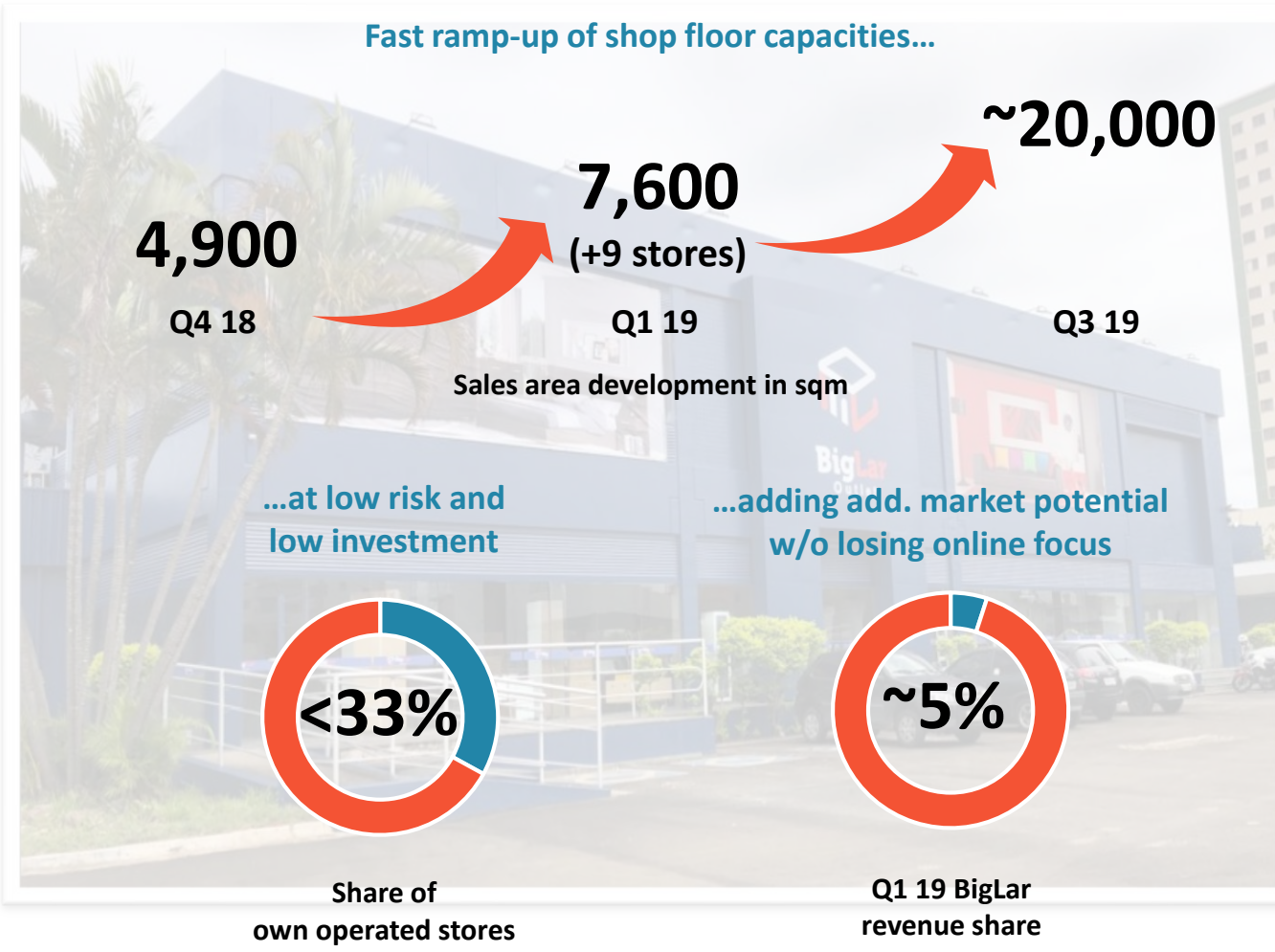
YoY Q1 19 EU revenue growth from CRM



YoY Q1 19 EU revenue growth from App

- First version of inhouse **customer database** taken live to improve **customer acquisition** and **retention**
- Database enables **switch from independent channel based marketing to more audience based marketing**
- New and more efficient **loop from existing customers to audience acquisition** based on various predefined audience profiles
- Audience based marketing enables more **efficient scaling of previously less efficient marketing channels** in order to improve marketing cost ratios

Brazil offline B2B roll-out tapping into vast offline potential



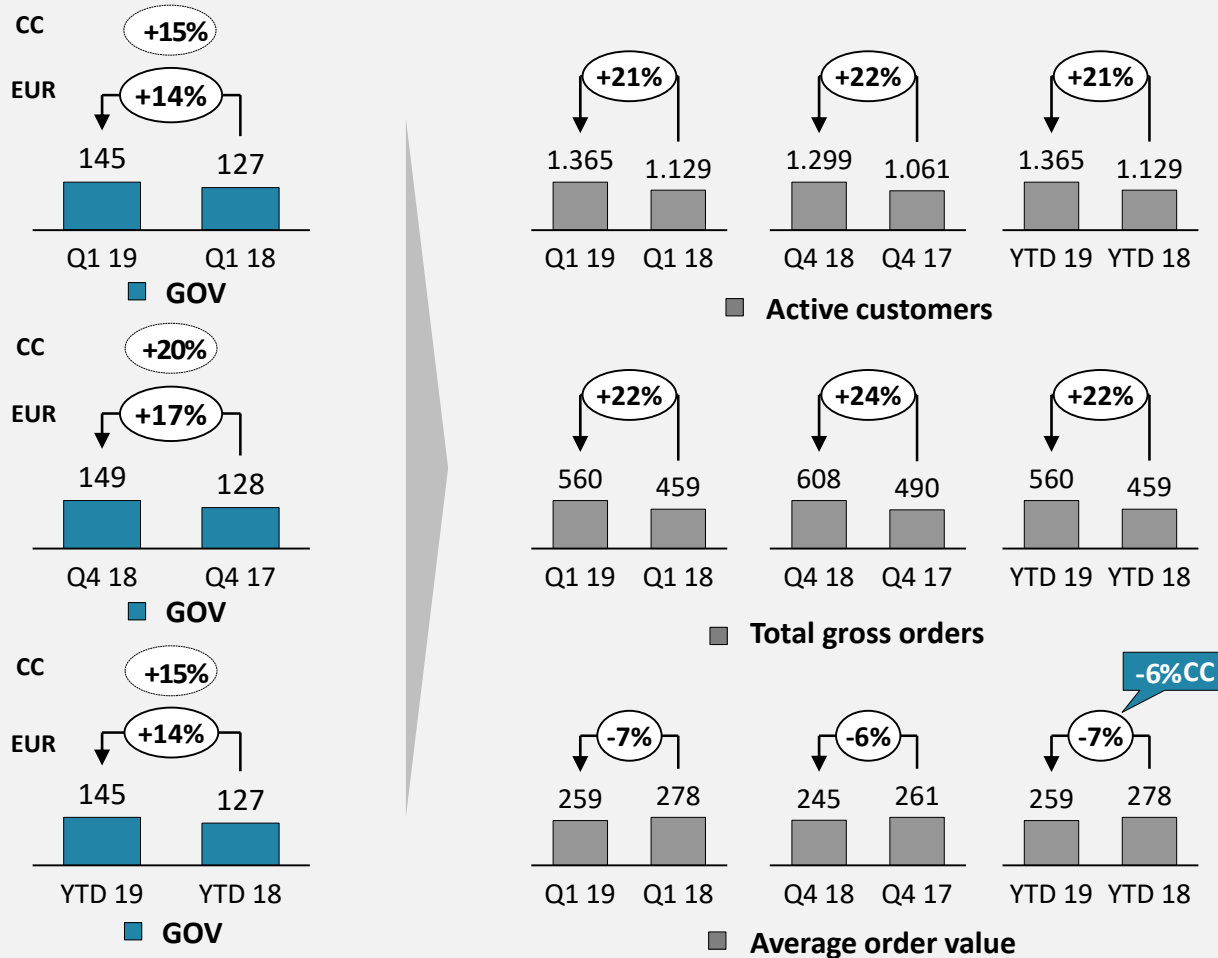
- **Invest case:** Tap into huge low/middle income market without internet purchasing behavior through omni channel model
- **Sub-brand: BigLar** for price differentiation
- **Showroom type concept** with own operated stores and partner stores
- **Partner advantages:**
 - One supplier, no minimum order quantities
 - No need to hold stock
 - Access to import goods
 - Faster deliveries through home24 fulfillment
- All orders entering home24 **web shop fulfillment process** incl. last mile delivery

2

Q1 Financials

Significant increase in order intake despite strong YoY baseline

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



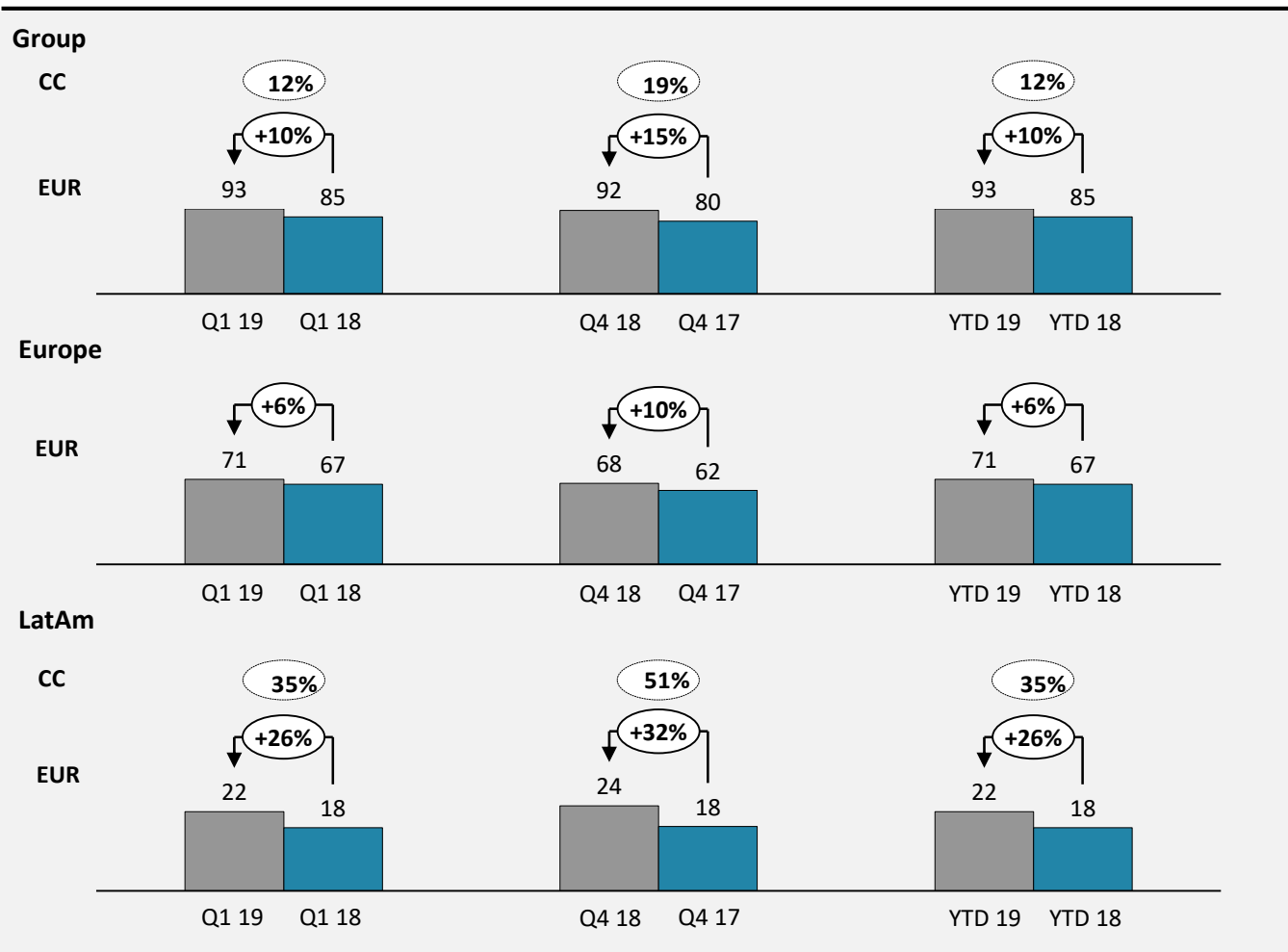
- Increase in **order intake in line with expectations** – especially considering Q1 18 being the strongest revenue growth comparable that saw higher online market growth
- **Both segments fueling GOV growth**, as the European growth rate also exceeds +11% YoY
- **Basket size expected to stabilize** per segment at current lower level, assuming no further category shift
- Brazilian currency broadly stabilizing, reducing the gap on constant currency reporting

All figures preliminary and unaudited

In Q1 2019 home24 grew by 12% YoY in CC with revenues of c. EUR 93m



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

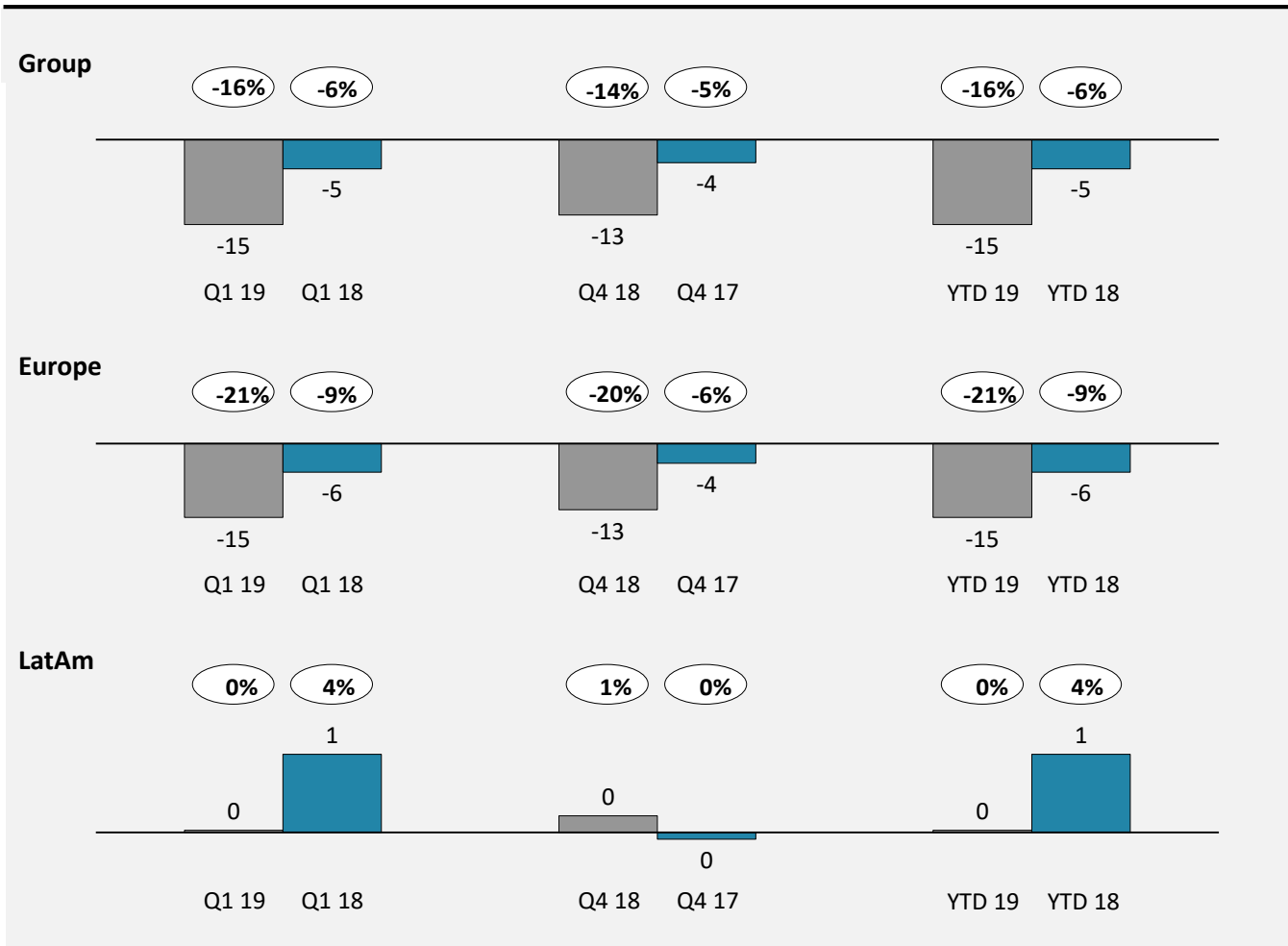


All figures preliminary and unaudited

- Order intake of +15% translates into **IFRS revenue growth of +12% YoY in CC**, again considering Q1 18 being the strongest comparable (+30% YoY in CC)
- EU order backlog remains high, broadly at YE level** implying a change in revenue realization pattern. Therefore **IFRS remain below GOV growth rates** in EU as in Q4 18. The underlying factors are expected to reverse (e.g. increased delivery times during WH ramp up), **in coming quarters**
- LatAm growth rates remain strong** at a realistic level for the remainder of the year

Adjusted EBITDA for Q1 2019 amount to c. EUR -15m or -16% of the Revenue

Adj. EBITDA in EURm and in % of Revenue

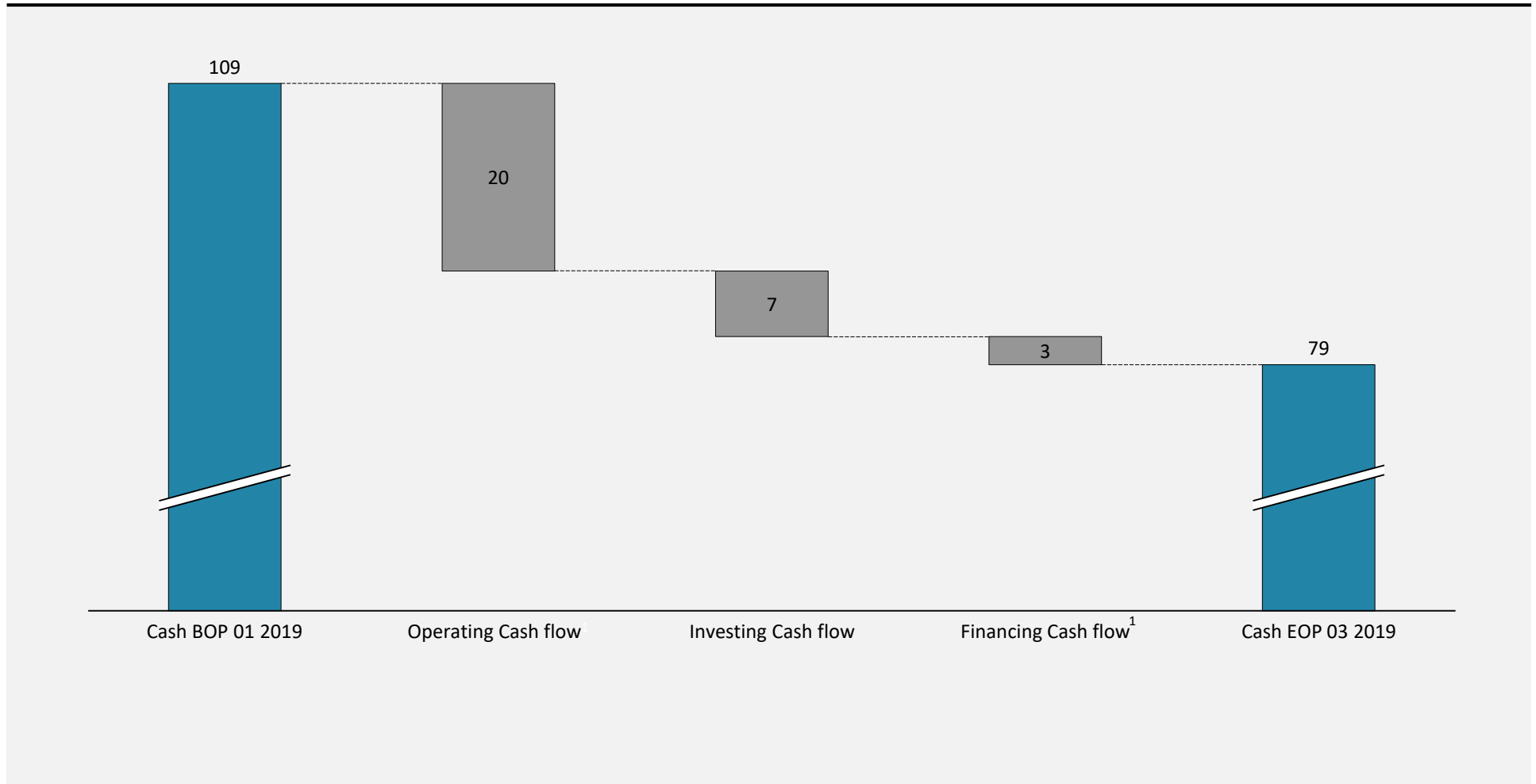


All figures preliminary and unaudited

- Adjusted EBITDA reflecting investment ramp ups as well as shifted revenue realization
- Downside effects weighing on Q1 to diminish as laid out over the course of the year e.g.:
 - WH ramp up at increased efficiency
 - Outlet ramp up at increased efficiency
 - Biglar ramp up at increased efficiency
 - ATL Marketing efficiency
- LatAm remains profitable in Q1 despite investments into further growth

Investments on path to profitability with visible effects on capital expenditures and operational cash flow

Cash flow Q1 2019 in EURm



¹ Adoption of IFRS 16 leads to shift of EUR 2.1m from operating cash flow to financing cash flow
All figures preliminary and unaudited

3

Outlook &
Q&A



Outlook and Q&A



- Milestone achievement and absence of adverse 2018 one-time effects will drive revenue growth and margin improvements, esp. in H2 2019
- On track regarding financials and milestones for Q2 2019
- **2019 Forecast confirmed:**
 - Revenue growth rate at or above FY18 level in constant currency with the LatAm segment to contribute disproportional to the growth
 - Adj. EBITDA margin to improve to a range between -4% and -9% for 2019 as a whole
 - Break even on adjusted EBITDA basis at the end of 2019
- **Mid term guidance confirmed:**
 - Full year break even on adj. EBITDA basis achievable in 2020
- **Long term margin profile confirmed:**
 - Gross profit margin to reach +50% (in % of revenue)
 - Gross profit margin after fulfilment costs to trend towards low thirties (in % of revenue)
 - Marketing expenses to converge to low teens (in % of revenue)
 - Adj. EBITDA margin to reach the low teens (in % of revenue)



Q&A



Profit and loss statement- Group



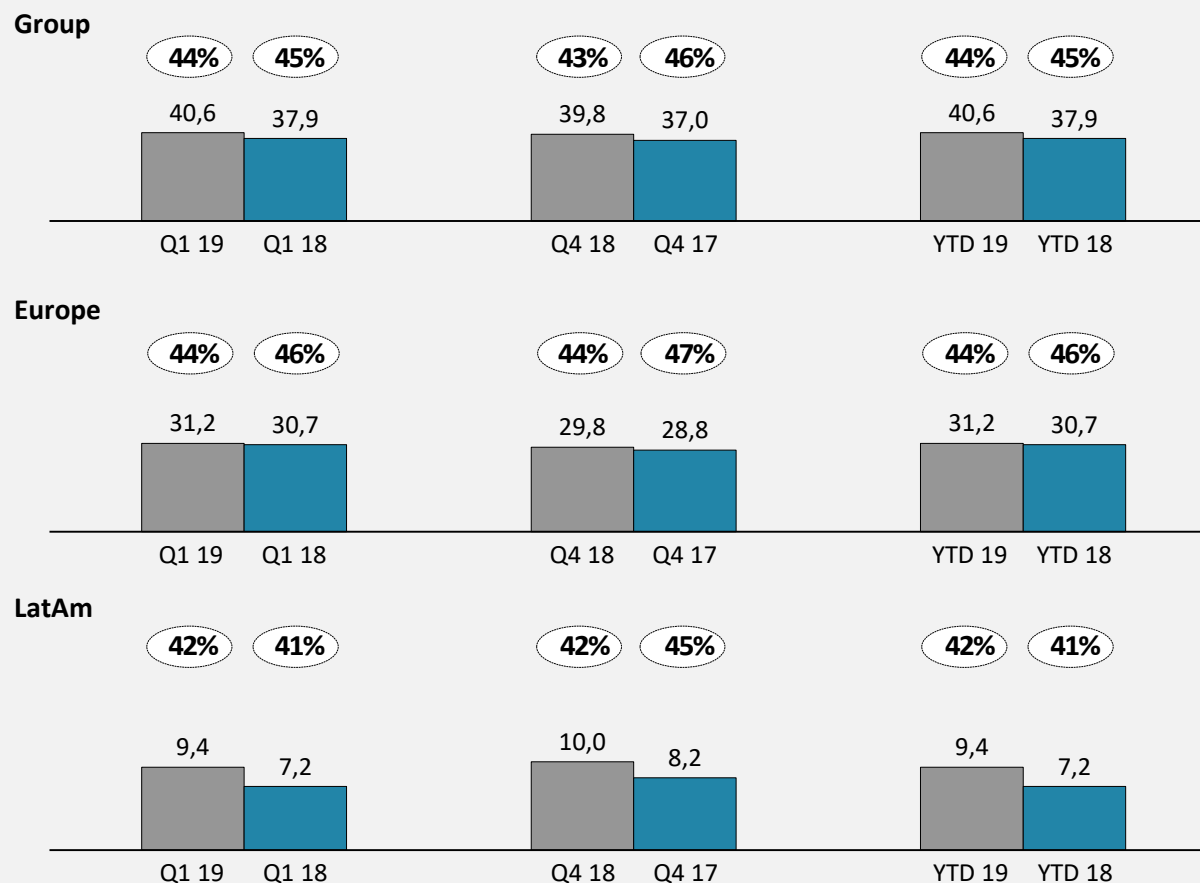
In EURm and in % of Revenue

	Q1 19	Q1 18	Q4 18	Q4 17	YTD 19	YTD 18
Revenue	93.2	84.5	91.6	79.7	93.2	84.5
Revenue growth CC	12%	30%	19%	23%	12%	30%
Cost of sales	52.6	46.6	51.8	42.7	52.6	46.6
Gross profit	40.6	37.9	39.8	37.0	40.6	37.9
Gross profit margin	44%	45%	43%	46%	44%	45%
Fulfillment expenses ¹	19.3	14.7	18.5	13.6	19.3	14.7
Fulfillment expenses ratio	21%	17%	20%	17%	21%	17%
Profit contribution	21.2	23.2	21.3	23.4	21.2	23.2
Profit contribution margin	23%	27%	23%	29%	23%	27%
Marketing expenses	21.2	16.6	20.1	15.5	21.2	16.6
Marketing expenses ratio	23%	20%	22%	19%	23%	20%
G&A	14.9	11.7	14.4	12.0	14.9	11.7
G&A ratio	16%	14%	16%	15%	16%	14%
Adjusted EBITDA	-14.9	-5.1	-13.2	-4.0	-14.9	-5.1
Adjusted EBITDA margin	-16%	-6%	-14%	-5%	-16%	-6%

¹ Including impairment losses on financial assets
All figures preliminary and unaudited

Gross profit margin

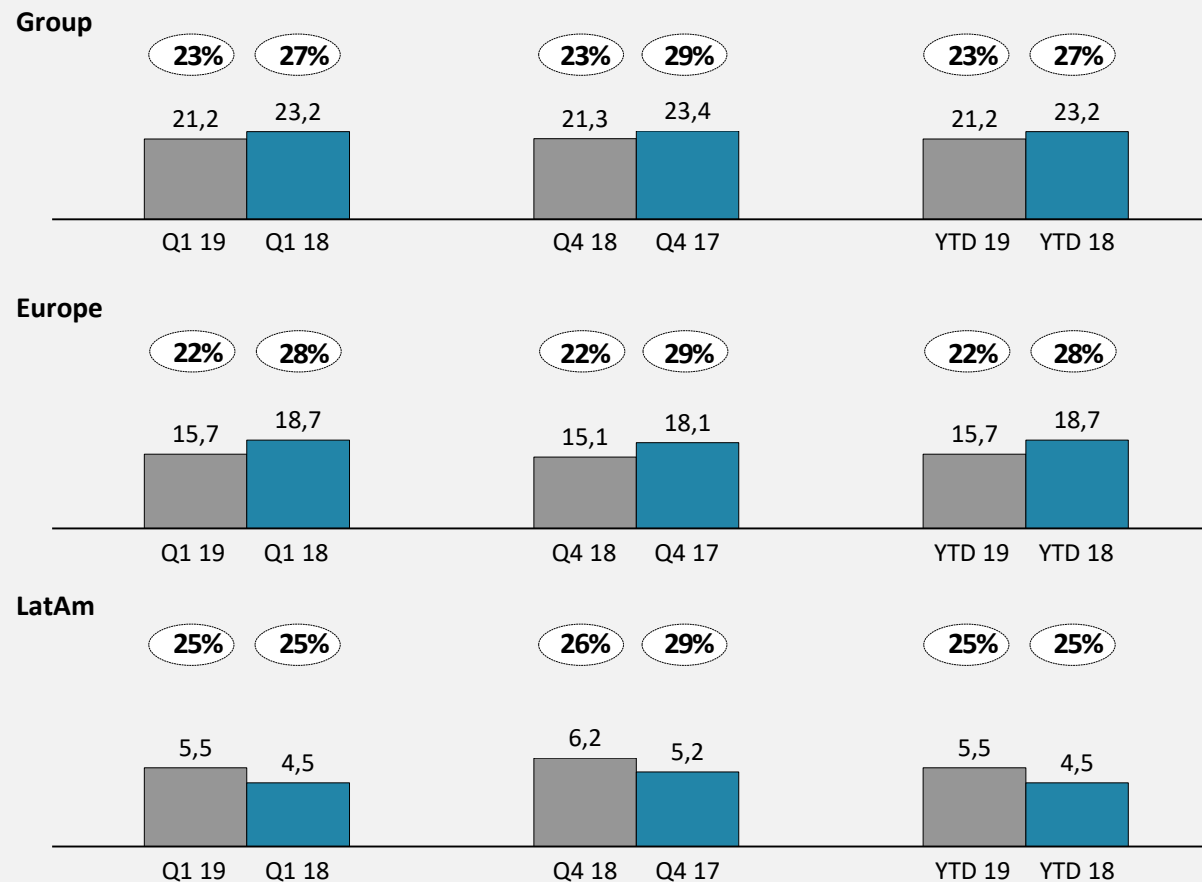
In EURm and in % of Revenue



All figures preliminary and unaudited

Profit contribution margin

In EURm and in % of Revenue



Adjusted EBITDA reconciliation



In EURm

Group	Q1 2019	Q4 2018	YTD 2019
External revenue	93.2	91.6	93.2
Adjusted EBITDA	-14.9	-13.2	-14.9
Share based compensation expenses	1.1	2.2	1.1
Costs related to the IPO	0.0	0.1	0.0
EBITDA ¹	-16.0	-15.4	-16.0
Amortization & Depreciation of PP&E and right-of-use assets	7.3	4.9	7.3
EBIT	-23.3	-20.3	-23.3
Europe	Q1 2019	Q4 2018	YTD 2019
External revenue	71.0	67.7	71.0
Adjusted EBITDA	-14.9	-13.3	-14.9
Share based compensation expenses	1.0	1.7	1.0
Costs related to the IPO	0.0	0.1	0.0
EBITDA	-15.8	-15.1	-15.8
Amortization & Depreciation of PP&E and right-of-use assets	6.5	4.2	6.5
EBIT	-22.3	-19.2	-22.3
LatAm	Q1 2019	Q4 2018	YTD 2019
External revenue	22.2	23.9	22.2
Adjusted EBITDA	0.0	0.1	0.0
Share based compensation expenses	0.2	0.5	0.2
Costs related to the IPO	0.0	0.0	0.0
EBITDA	-0.2	-0.4	-0.2
Amortization & Depreciation of PP&E and right-of-use assets	0.9	0.7	0.9
EBIT	-1.1	-1.1	-1.1

All figures preliminary and unaudited

Financial calendar – upcoming events

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

KPI definitions

KPI	Definition
Gross order value [in EUR]	Defined as the aggregated gross order value of the orders placed in the respective period, including VAT and without factoring in cancellations and returns as well as subsequent discounts and vouchers
Number of active customers [#]	Defined as the number of customers that have placed at least one non-canceled order in the 12 months prior to the respective date, without factoring in returns
Total gross orders	Defined as the number of orders placed in the relevant period, regardless of cancellations or returns
Average order value [in EUR]	Defined as the aggregated gross order value of the orders placed in the respective period, including VAT, divided by the number of orders, without factoring in cancellations and returns as well as subsequent discounts and vouchers
Growth at constant currency (CC)	Defined as growth using constant BRL/EUR exchange rates from the previous year
Adjusted EBITDA [in EUR]	Defined as earnings before interest, taxes, depreciation and amortization, adjusted for share-based payment expenses for employees, media services provided Company and costs incurred in connection with the listing of existing shares and other one-off expenses, mainly service fees for legal and other consulting services associated with the IPO

Disclaimer



This presentation has been prepared by home24 SE (the “Company”). All material contained in this document and the information presented is for information purposes only and does not purport to be a full or complete description of the Company and its affiliated entities. This presentation must not be relied on for any purpose.

This presentation contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management of the Company. Forward-looking statements should not be construed as a promise of future results and developments and involve known and unknown risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements, and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. The Company does not assume any obligations to update any forward-looking statements.

This presentation contains certain financial measures that are not calculated in accordance with IFRS and are therefore considered “non-IFRS financial measures”. The management of the Company believes that these non-IFRS financial measures used by the Company, when considered in conjunction with, but not in lieu of, other measures that are computed in accordance with IFRS, enhance an understanding of the Company’s results of operations, financial position and cash flows. A number of these non-IFRS financial measures are also commonly used by securities analysts, credit rating agencies and investors to evaluate and compare the periodic and future operating performance and value of other companies with which the Company competes. These non-IFRS financial measures should not be considered in isolation as a measure of the Company’s profitability or liquidity, and should be considered in addition to, rather than as a substitute for, income data or cash flow data prepared in accordance with IFRS. In particular, there are material limitations associated with the use of non-IFRS financial measures, including the limitations inherent in determination of each of the relevant adjustments. The non-IFRS financial measures used by the Company may differ from, and not be comparable to, similarly-titled measures used by other companies.

Certain numerical data, financial information and market data, including percentages, in this presentation have been rounded according to established commercial standards. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts.