home24 Q2 2019 Trading Update

3 September 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**
- **A 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**
- **Attractive margin profile,** combining strong growth and **path to profitability**
- Multiple **drivers for long-term growth & differentiation** with significant margin upside

[1] Source: Euromonitor International for home24 geographies

Today's agenda

1 Business Update

2 Q2 Financials

3 Outlook

Management summary

Revenue in Q2 2019 at EUR 85m. In the absence of negative one-time effects, order intake of +17% YoY translates into strong IFRS revenue growth of +28% YoY (all at constant currency). First step towards adj. EBITDA break-even, with -10% in Q2 (vs. -16% in Q1).

Q2 back on track in EU regarding growth (+24% YoY) and profitability improvements (-11% adj. EBITDA; +5%p YoY and +10%p vs Q1), first payoffs of post IPO investments.

LatAm with continued strong growth in CC (+43% YoY). Adj. EBITDA at -7% affected by investment ramp-up effects in warehousing and showrooms (-5%p YoY and -7%p vs Q1).

All key-milestones YTD achieved and major post IPO investment projects completed, paving the way to break even in Q4 2019 on adj. EBITDA level.

Cash position of 51€m at end of Q2 a result of massive key investments in new logistics centers and new outlets as well as a corresponding inventory build-up in these locations

Growth and profitability outlook for 2019 confirmed. Cash position expected to reduce only moderately towards the end of the year on back of completed post IPO investment projects and Q4 adj. EBITDA break-even

All figures unaudited

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Business Update

Recap: Selected key milestones on path to profitability

Q1 2019

- Warehouse EU ✓
- Brazil offline 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

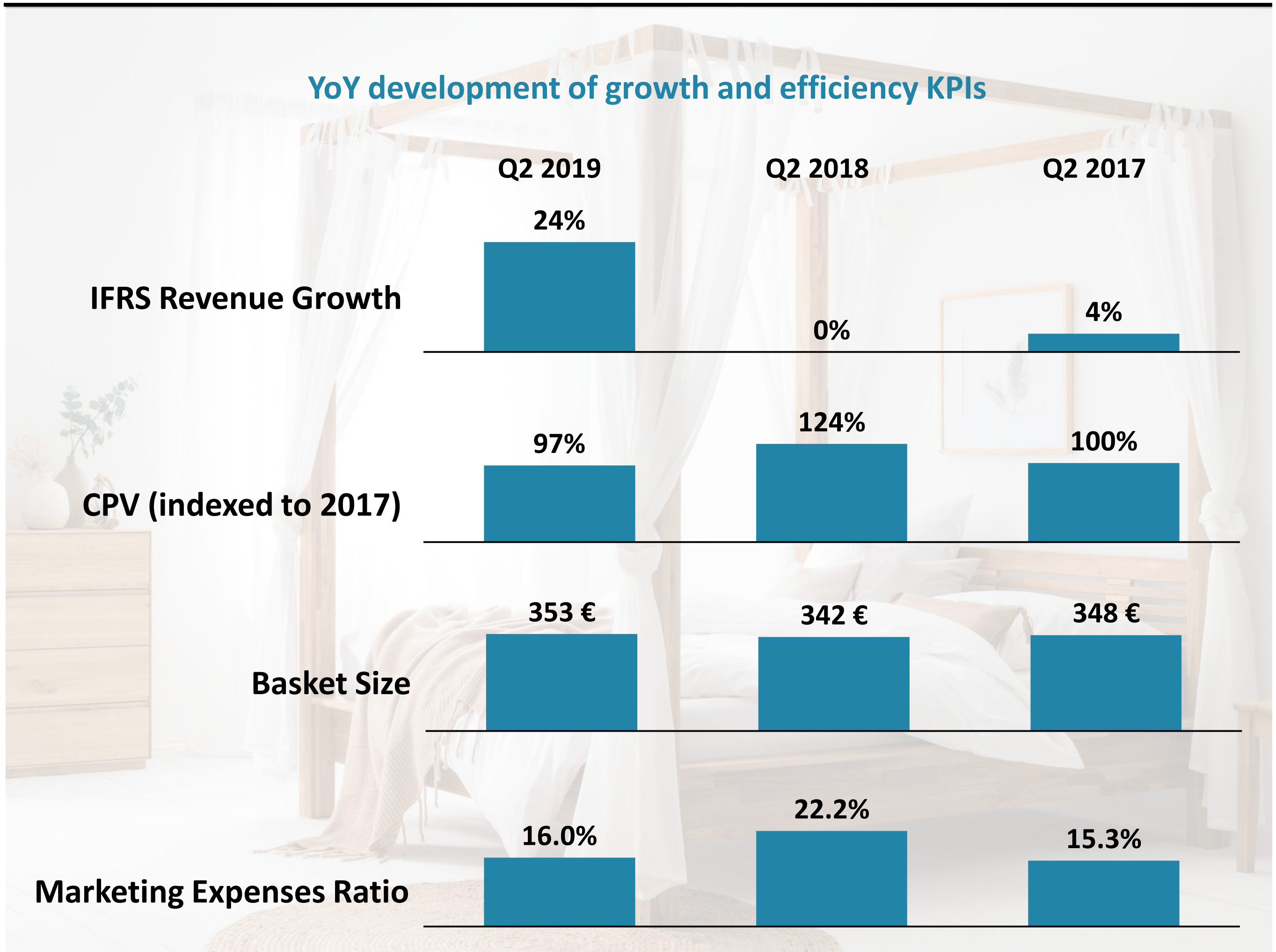
- Warehouse Brazil
- Additional brands
- EU warehouse automation phase 2
- Regional returns clearance EU
- Customer service automation phase 2

2019 Forecast confirmed:

Revenue growth rate at or above FY18 level (18%+ CC)

Break even on adjusted EBITDA basis by the end of 2019

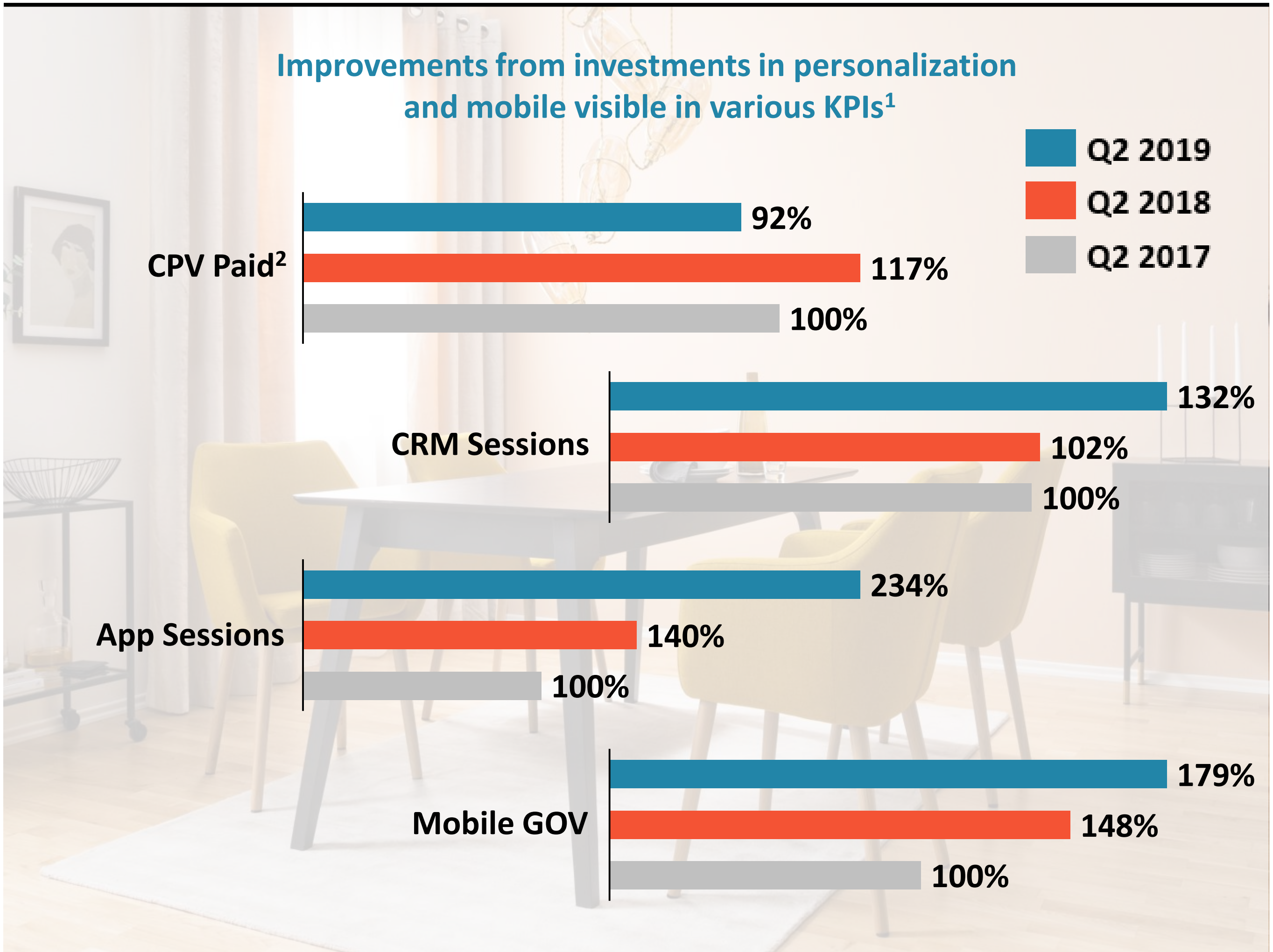
Europe back on growth track at improved marketing efficiency in the absence of one-time effects



- **Marketing efficiency** in EU in the absence of 2018 demand shocks **at 2017 levels**
- **Significant improvements despite ramp up of TV**, especially compared to 2017 (TV with overall lower short-term marketing efficiency, especially post IPO)
- **Improvements** in Gross to Net Ratio, Gross Profit- and Profit Contribution Margin **as post IPO investments further materialize**, will **further drive marketing efficiency** to improve beyond pre-IPO levels

All figures unaudited

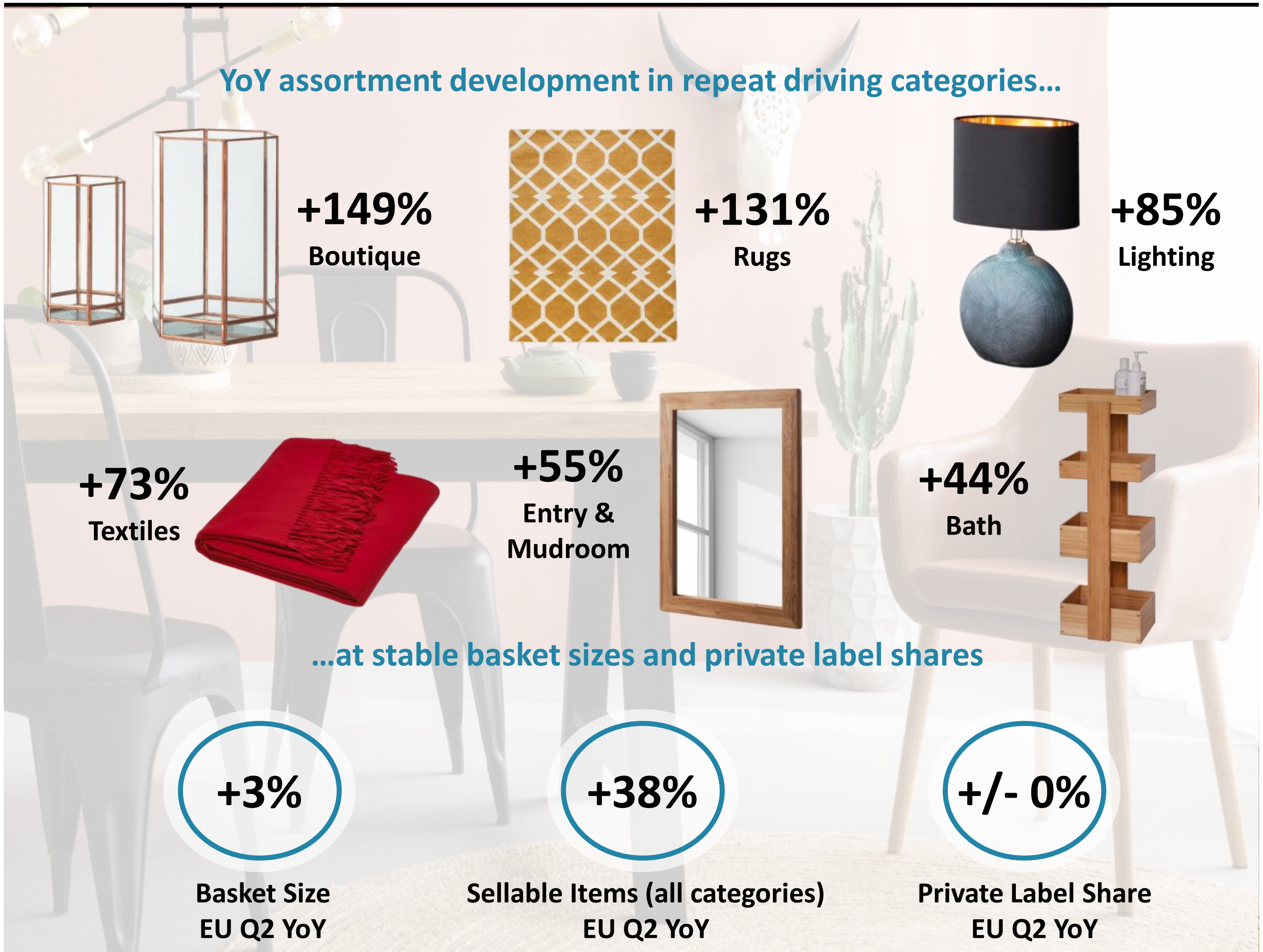
Apart from normalization in demand, a significantly more efficient customer acquisition has been achieved



- Various initiatives focusing on **personalization** and **mobile** enable improved customer acquisition:
  - roll out **user-based bidding** for google based channels
  - more **refined audiences** across marketing channels
  - **personalization of mailing** content/recommendations
  - **increased email database** with subscriber exclusive campaigns
  - improved lead generation strategy for **APP** combined with various **product developments**
  - **mobile first initiatives** drive monetization of increasing mobile traffic

[1] *All figures indexed to Q2 2017; EU only*
[2] *Excluding TV*
All figures unaudited

Assortment investments support growth and marketing efficiency



- Significant **investments** in the overall **assortment**
- **Focus** on assortment extension in **categories with higher cross- and upselling potential** in order to improve long term repurchase rates, mainly with 3rd party assortment
- Categories with **highest assortment extension outperform** average category **revenue growth** rates
- **Basket size and private label** share stable or improving through **counteracting measures**, e.g. release of extensive mid-century collection (>1000 items) with significant private label share

[1] *DE webshop, number of sellable items at end of quarter*
All figures unaudited

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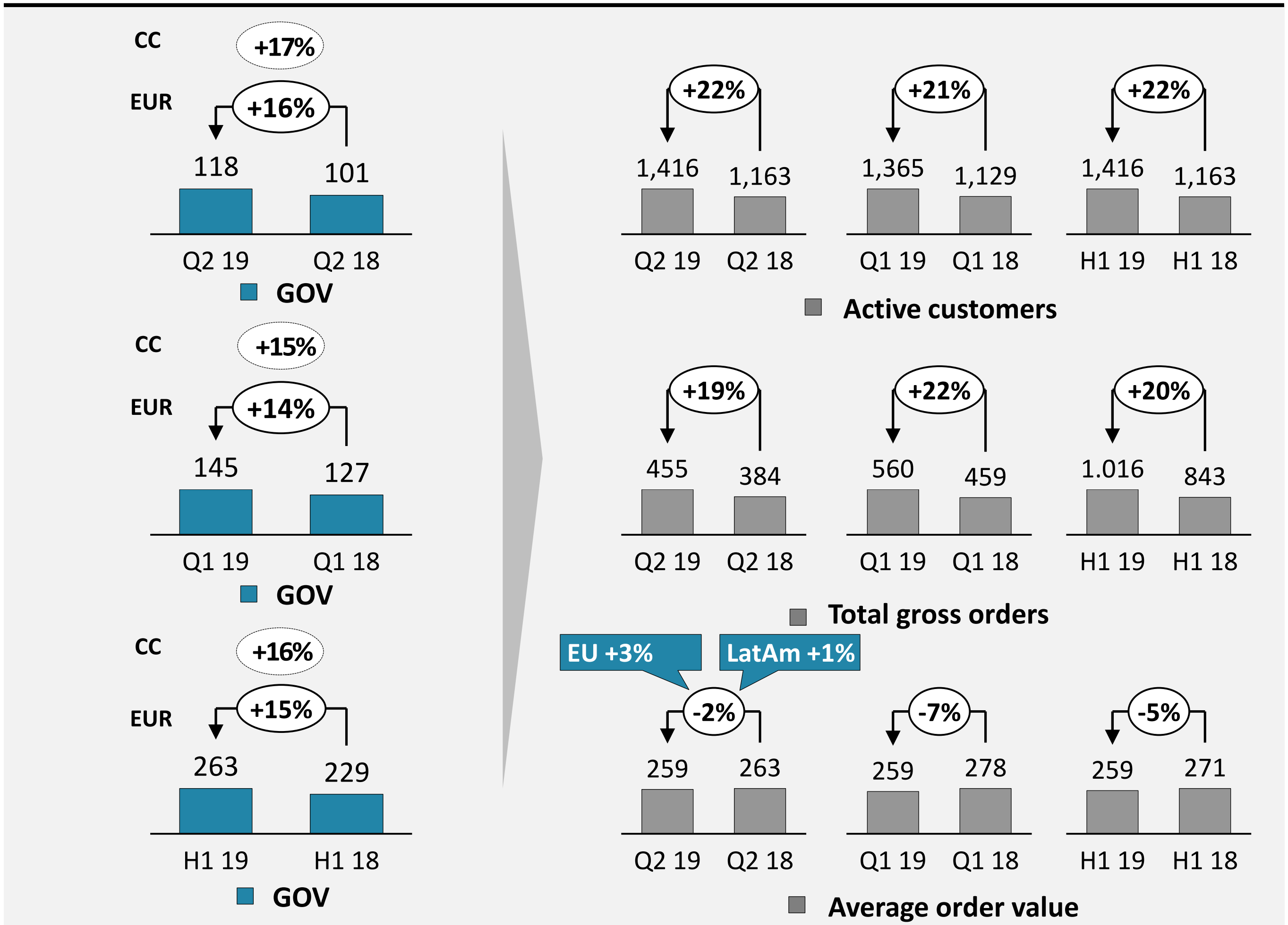
Q2 Financials

Further step-up in YoY order intake growth rates

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



- Further **increase in YoY order intake growth rates.** Q2 GOV in EUR with strongest YoY growth rate on Group level since Q1 18
- **Positive basket size development per segment.** Negative group impact results from differences in growth rates and basket sizes of segments
- Brazilian currency broadly stabilizing, reducing the gap on constant currency reporting

All figures unaudited

In Q2 home24 grew by 28% YoY in CC to revenues of EUR 85m

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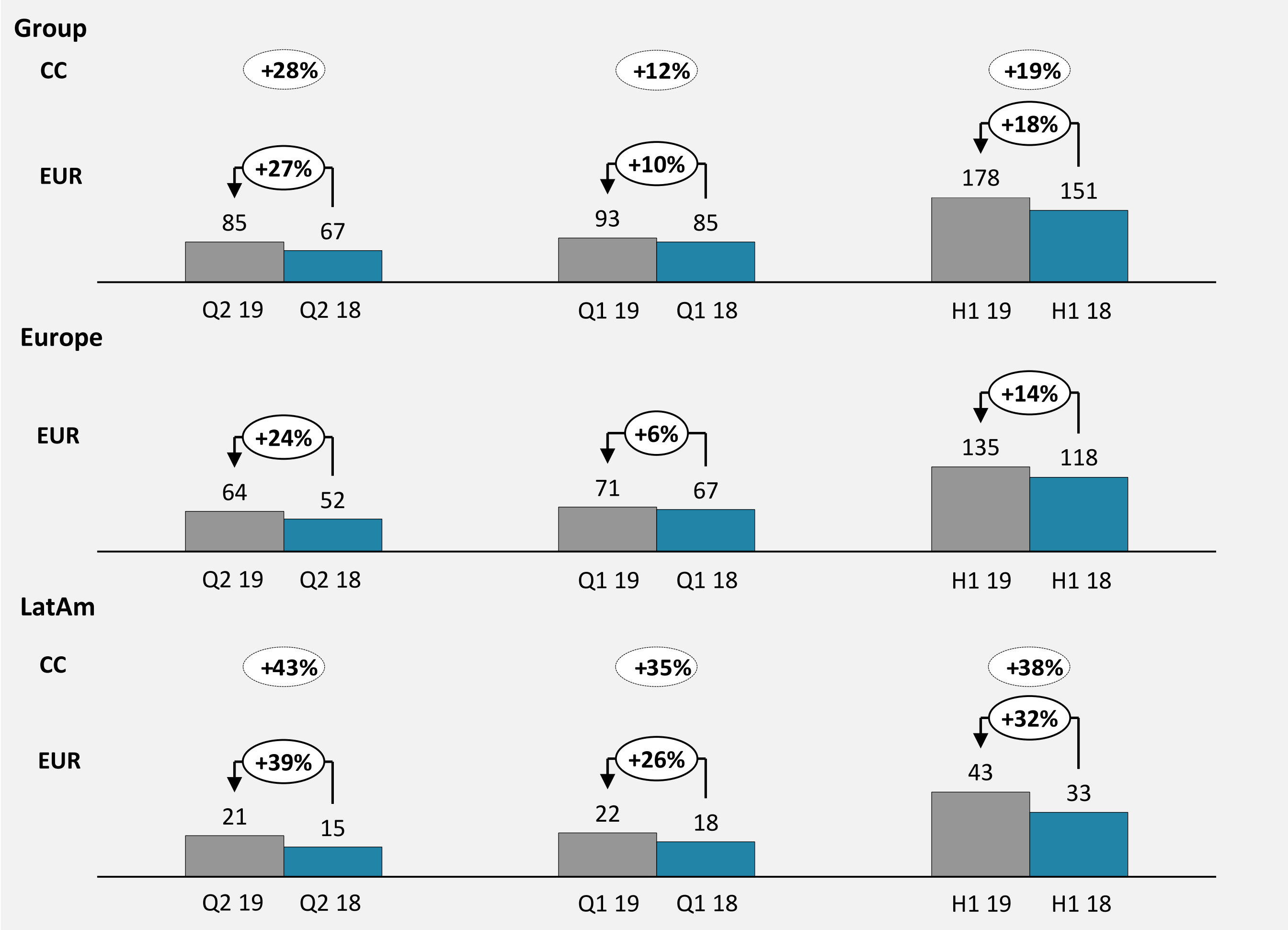
Revenue in EURm and Growth y-o-y in %

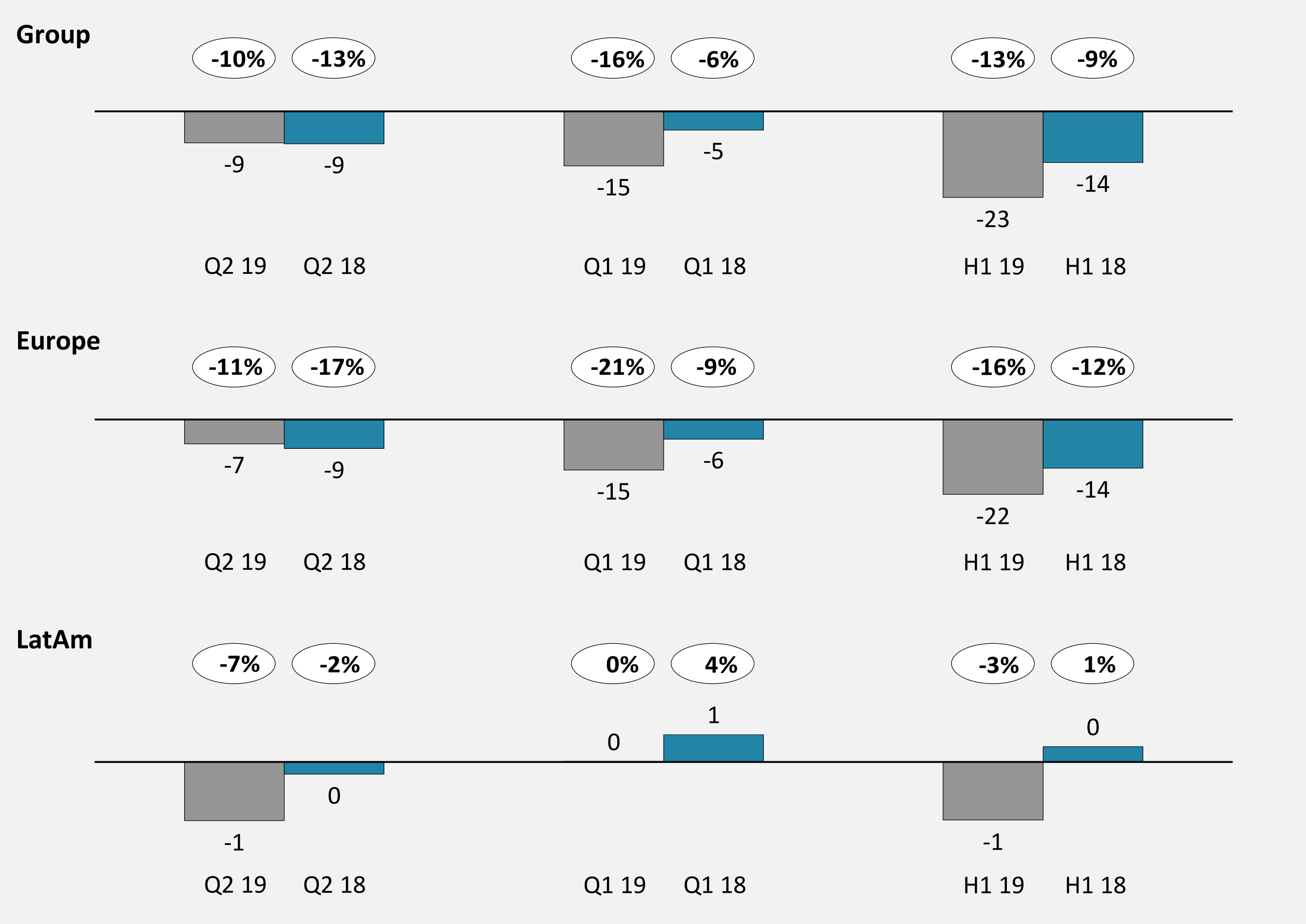


- Order intake of +17% translates into **IFRS revenue growth of +28% YoY in CC**
- Q2 IFRS **growth in EU supported by two factors**:
  - Expected decline in order backlog as a result of **normalized delivery times** for new warehouse in Halle (Q1 one-time effect)
  - **Improved YoY G2N rates in absence of 2018 one-time effects,** delivering est. 7% of additional growth until year end
- **LatAm growth rates strong** especially in CC, also fueled by offline expansion

All figures unaudited

Adjusted EBITDA for Q2 2019 amount to c. EUR -9m or -10% of the Revenue

Adj. EBITDA in EURm and in % of Revenue

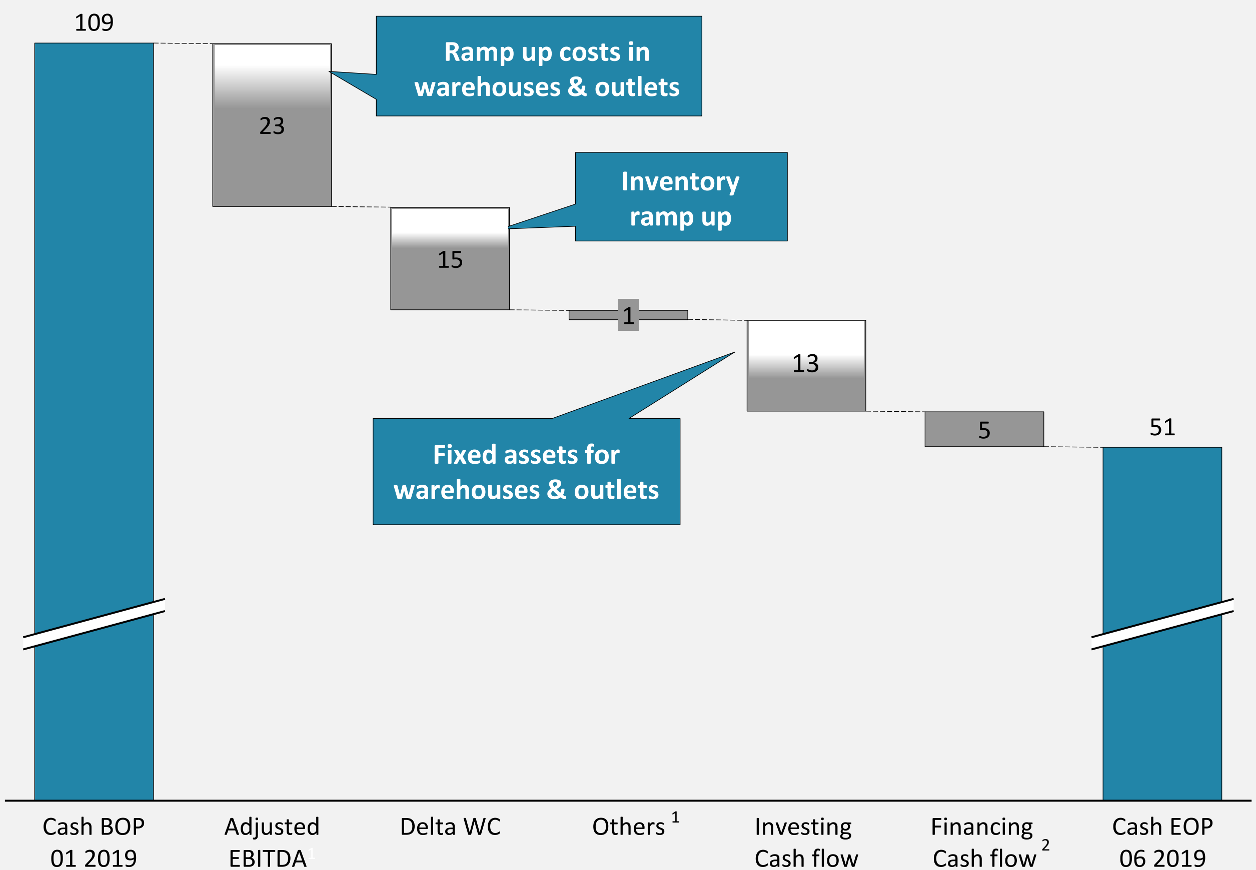


- Q2 Adj. EBITDA with **first significant step towards Q4 break-even**
- **EU with strong improvements** driven by
  - **absence of negative one-time impacts** (weather & ERP introduction)
  - first **payoffs from post IPO investments** (still partly in ramp-up phase)
- **Q2 profitability in LatAm** vice versa to EU **seasonally weaker,** but also negatively effected by temporary effects of **ramp-up cost** of offline roll-out and warehouse expansion

All figures unaudited

Seasonally induced Working Capital effect paired with inventory investments lead to reduced cash position at end of Q2

Cash flow H1 2019 in EURm



- Temporary **ramp up costs** in warehouse and outlet setup negatively effecting adjusted EBITDA in H1
- **Cash outflow** from adjusted EBITDA **significantly reduced in Q2** from EUR -15m (Q1) to EUR -9m
- Seasonally induced higher WC paired with inventory ramp up post warehouse investments lead to **temporarily negative WC effect** of EUR -5m (Q1) and EUR -10m (Q2)
- **Investments** in new logistics centers and new outlets (EUR 6m) **impact H1 cash outflow**

[1] *Including e.g. changes in provisions, changes in other assets/liabilities, tax expenses and FX effects*
[2] *Adoption of IFRS 16 leads to shift of EUR 4.7m from operating cash flow to financing cash flow*
All figures unaudited

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Outlook & Q&A

Outlook and Q&A

- Milestone achievement and absence of adverse 2018 one-time effects will further drive revenue growth and margin improvements
- Close view on cash position and cash management. YE cash position to only reduce moderately as investment ramp-up slows and WC partly reverses
- On track regarding financials and milestones for Q3 2019
- **Previous 2019 Forecast confirmed:**
  - Revenue growth rate at or above FY18 level (+18%) in CC with the LatAm segment to contribute disproportional to the growth
  - Adj. EBITDA margin to improve to a range between –6% and –9% for 2019 as a whole
  - Break even on adjusted EBITDA in Q4 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)

All figures unaudited


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Q&A

Profit and loss statement- Group

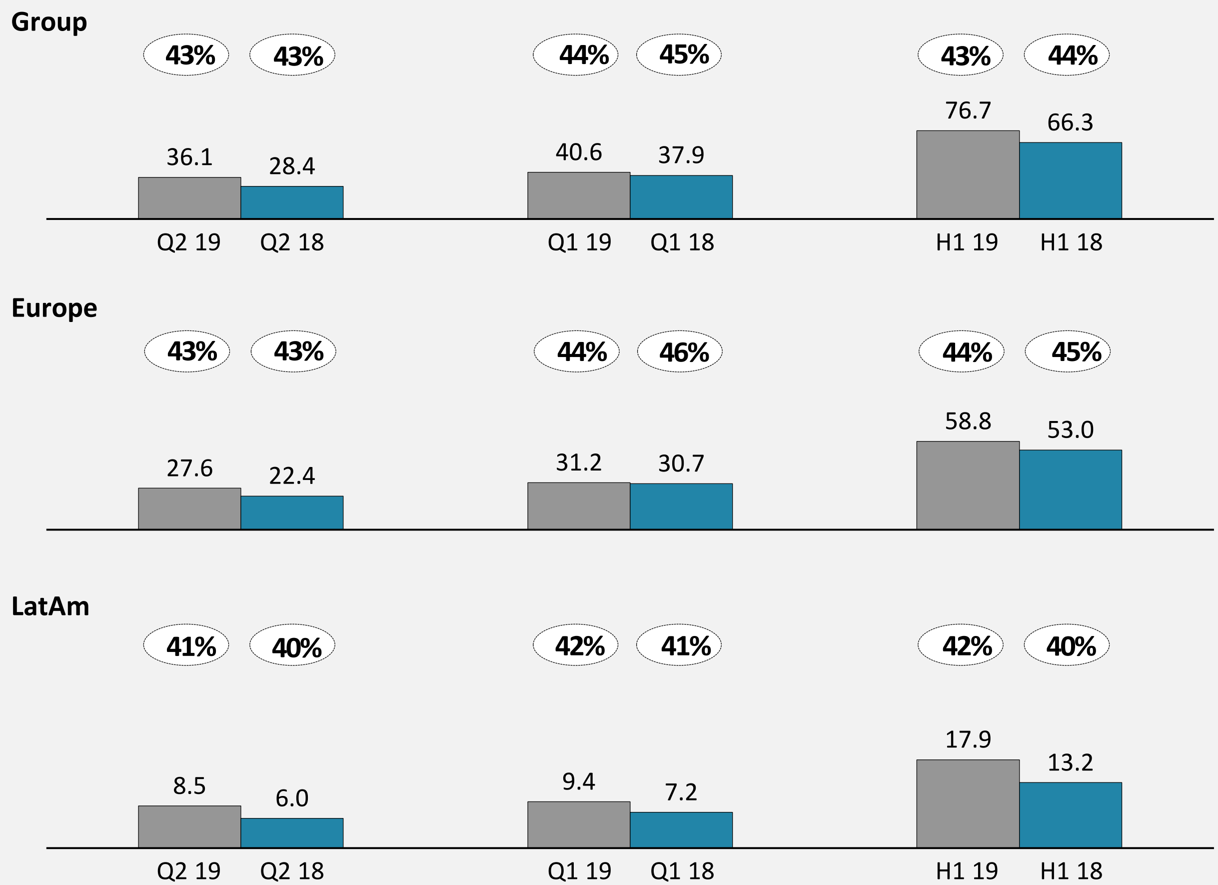
In EURm and in % of Revenue

	Q2-19	Q2-18	Q1-19	Q1-18	H1-19	H1-18
Revenue	**84.8**	**66.7**	**93.2**	**84.5**	**178.0**	**151.2**
Revenue growth CC	**28%**	**8%**	**12%**	**30%**	**19%**	**19%**
Cost of sales	48.7	38.3	52.6	46.6	101.3	84.9
Gross profit	**36.1**	**28.4**	**40.6**	**37.9**	**76.7**	**66.3**
Gross profit margin	**43%**	**43%**	**44%**	**45%**	**43%**	**44%**
Fulfillment expenses[1]	16.9	14.0	19.4	14.7	36.2	28.7
Fulfillment expenses ratio	20%	21%	21%	17%	20%	19%
Profit contribution	**19.2**	**14.3**	**21.2**	**23.2**	**40.4**	**37.5**
Profit contribution margin	**23%**	**22%**	**23%**	**27%**	**23%**	**25%**
Marketing expenses	12.4	12.9	21.3	16.7	33.7	29.5
Marketing expenses ratio	15%	19%	23%	20%	19%	20%
G&A	15.3	10.3	14.8	11.6	30.2	21.9
G&A ratio	18%	15%	16%	14%	17%	15%
Adjusted EBITDA	**-8.6**	**-8.8**	**-14.9**	**-5.1**	**-23.4**	**-13.9**
Adjusted EBITDA margin	**-10%**	**-13%**	**-16%**	**-6%**	**-13%**	**-9%**

[1] Including impairment losses on financial assets
All figures unaudited

Gross profit margin

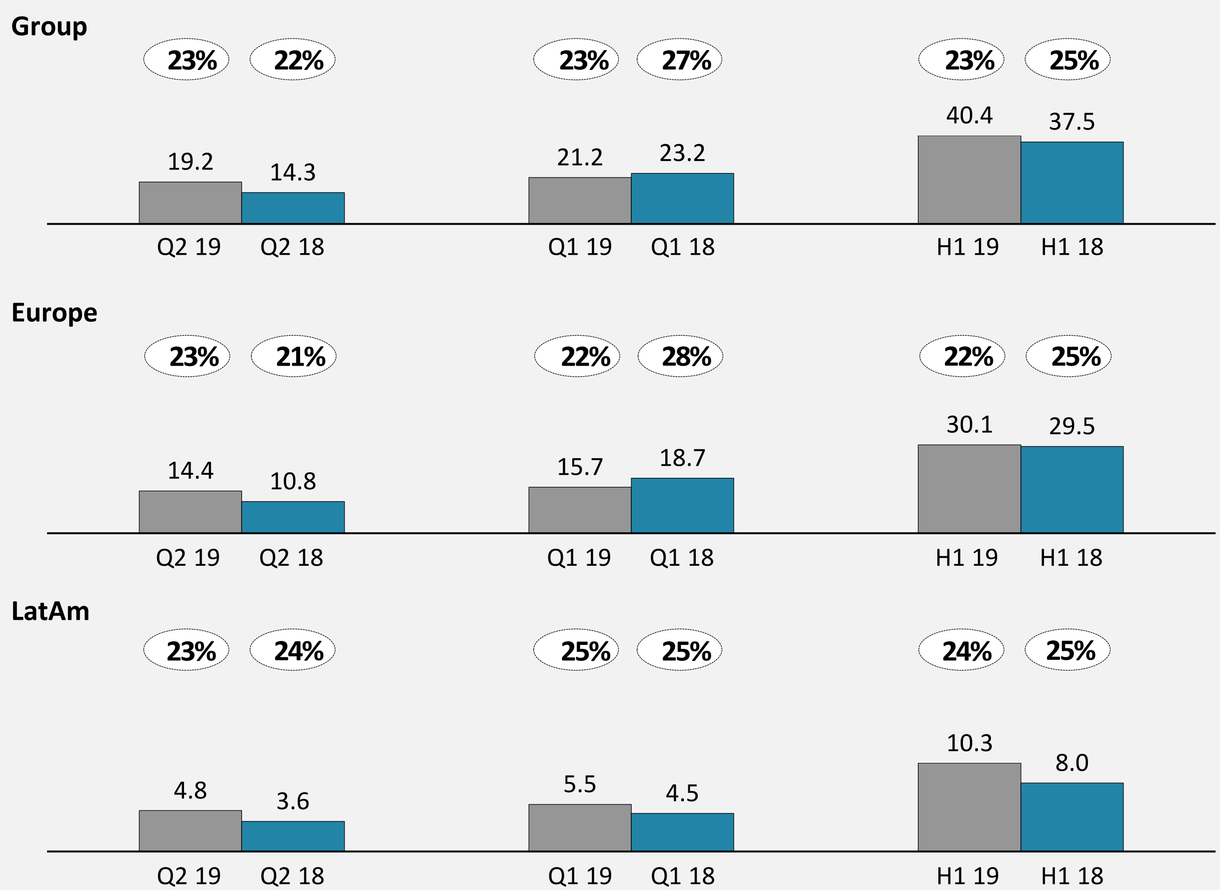
In EURm and in % of Revenue



All figures unaudited

Profit contribution margin

In EURm and in % of Revenue



All figures unaudited

Adjusted EBITDA reconciliation

In EURm

Group	Q2 2019	Q1 2019	H1 2019
External revenue	84.8	93.2	178.0
Adjusted EBITDA	-8.6	-14.9	-23.4
Share based compensation expenses	1.0	1.1	2.1
Costs related to the IPO	0.0	0.0	0.0
EBITDA [1]	-9.6	-16.0	-25.5
Amortization & Depreciation of PP&E and right-of-use assets	8.0	7.4	15.4
EBIT	-17.6	-23.4	-40.9
Europe	**Q2 2019**	**Q1 2019**	**H1 2019**
External revenue	63.9	71.0	134.9
Adjusted EBITDA	-7.1	-14.9	-22.0
Share based compensation expenses	0.8	1.0	1.8
Costs related to the IPO	0.0	0.0	0.0
EBITDA	-7.9	-15.8	-23.8
Amortization & Depreciation of PP&E and right-of-use assets	7.0	6.5	13.5
EBIT	-15.0	-22.3	-37.3
LatAm	**Q2 2019**	**Q1 2019**	**H1 2019**
External revenue	20.9	22.2	43.1
Adjusted EBITDA	-1.4	0.0	-1.4
Share based compensation expenses	0.2	0.2	0.3
Costs related to the IPO	0.0	0.0	0.0
EBITDA	-1.6	-0.2	-1.8
Amortization & Depreciation of PP&E and right-of-use assets	1.0	0.9	1.9
EBIT	-2.6	-1.1	-3.7

All figures unaudited

Financial calendar – upcoming events

Date	Event
September 4th	**Goldman Sachs Annual Global Retailing Conference** **New York (USA)**
September 23rd	Berenberg & Goldman Sachs German Corporate Conference Munich (Germany)
November 26th	**Publication of quarterly financial report (Q3)**
December 2nd	Berenberg European Conference (Pennyhill), Ascot (UK)

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

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