Full Year/Fourth Quarter 2017 Results

March 14, 2018

windeln.de

Everything for my baby

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2017 was a challenging year but we made good progress in several areas

- **EUR 211.9m in revenues and +8.8% growth in 2017 yoy despite increased focus on profitable growth**
  - +18.2% growth yoy in China and +22.2% in rest of Europe; DACH region lower (-18.9%) due to focus of marketing spent on profitability
  - Q4 revenues of EUR 52.5m; -8.1% compared to previous year given higher revenue base in China, temporary integration effects and lower DACH revenues

- **Adj. EBIT improved yoy to EUR 24.9m (-11.8% margin) after EUR -26.7m (-13.7%) in previous year**
  - Operating contribution margin improved to EUR 10.1m (4.8% of revenues) after EUR 4.6m (2.4% of revenues) in previous year due to lower fulfilment cost and marketing cost ratio
  - Adj. other SG&A of EUR 35.1m (-16.5% of revenues) in 2017 to be significantly lowered going forward through measures initiated in February (cost reduction headquarter, focusing of international businesses)
  - Adjustment items in 2017 related to earn out payments related to acquisition and write down of intangible assets

- **Net liquidity position of EUR 25.7m as of December 31; additional capital increase of EUR 5.2m in February**

- **New CEO Matthias Peuckert to start on May 1, 2018**

- **Adj. EBIT break-even target for early 2019**
  - Similar revenue growth expected for 2018 as in 2017 (+8.8%)
  - Significant improvement in operating contribution, EBIT and free cash flow expected in 2018

Business Highlights

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Improvements for our customers in Europe in 2017

AREA	CUSTOMER BENEFITS
Shop system migration	• Faster loading times • New features in payment and checkout
Native App	• New tools and features, e.g. “easy rebuy” function, improved search function • Improved order process for mobile devices
Furniture Dropshipping	• Extension of category “children´s furniture” • Premium service (delivery and setup)
Private label	• Introduction of Avani: ethically, fair produced, biological products • Introduction of Darly: High quality standard and premium diapers and wipes
Other	• Personalized product recommendations in DACH • Launch of magazine in CH

Introduce new tools

Increase mobile visibility

Improve service offerings

Optimize assortment

Improvements for our customers in China in 2017

AREA	CUSTOMER BENEFITS
China UnionPay	• Simple cross-border payments (internationally accepted, secure & cashless) • One of the most preferred payment methods in Asia, no currency conversion fees
Office in Shanghai	• Closer observation of the Chinese baby and children market • Quicker identification of changing needs
Test phase bonded warehouse	• Significantly faster delivery times
Server in China	• Faster loading times for Chinese webshop

Closer to Chinese parents

Improve service offer

Higher convenience

Faster delivery

Tmall Global awards

- „Most popular international brand 2016"
- „Company that built the most popular product in 2017"

Matthias Peuckert to join as CEO on May 1, 2018

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Members of the Management Board

Responsible for Sales/Countries, Strategy & Projects, Product Management, Marketing and IT

Matthias Peuckert
Designated CEO, replacing A. Brand & K. Urban

Alexander Brand
Co-CEO & Founder

Responsible for Sales, Strategy & Projects and IT

Konstantin Urban
Co-CEO & Founder

Responsible for Sales, Product Management and Marketing

Jürgen Vedie
COO

Responsible for Logistics, Category Management, Customers Service and Purchasing

Dr. Nikolaus Weinberger
CFO

Responsible for Finance, Controlling, Accounting, Corporate Communications, Legal, HR and Facility Management

Focus in 2018: Leaner and more efficient organization

Streamline business and create leaner organization in 2018 to lay foundation for a structural profitable business and sustainable growth going forward

2018: efficiency focus

Organizational improvements

- Reorganization e.g. European Shop Management & IT
- Reduction of workforce: from 387 active FTEs to 250 FTEs end of 2018

Cost reduction EUR 4-5 million annually

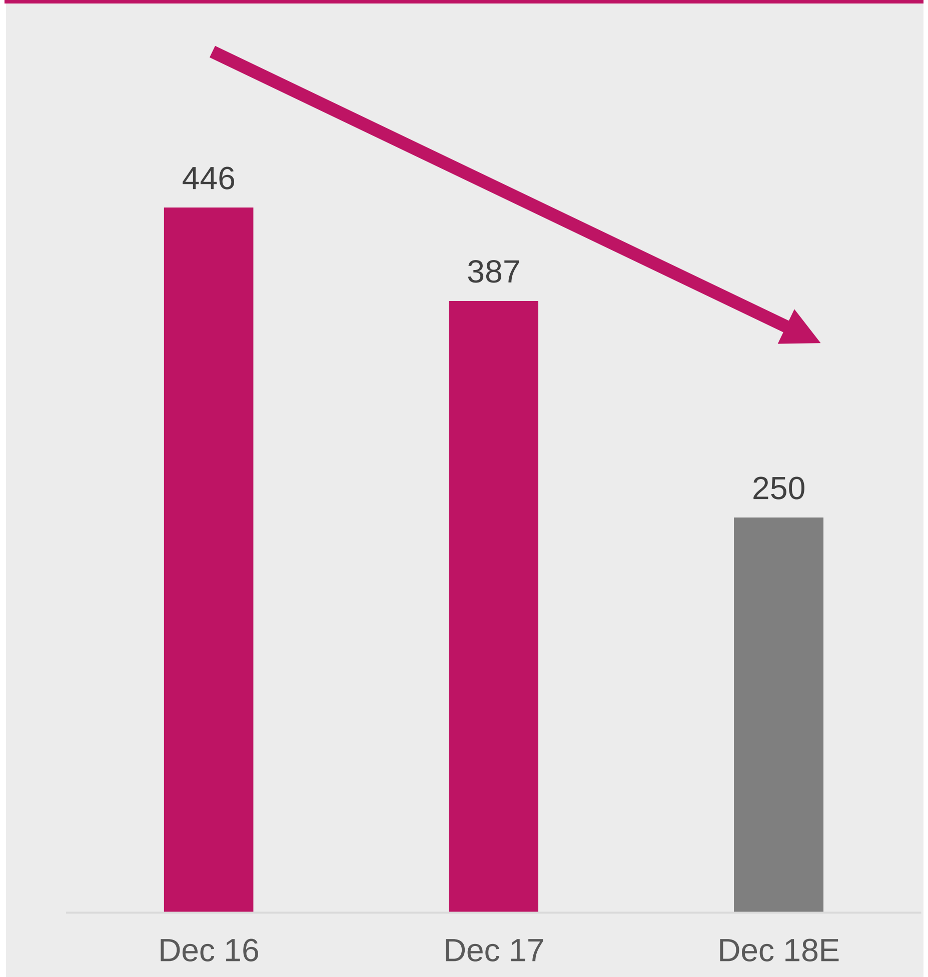
Focus on regions with high profitability potential

- Closing of Italian shop (completed)
- Explore divestiture of Feedo Group
- Focus on DACH, China and Bebitus (Spain, Portugal, France)

Cost reduction EUR 5-6 million annually

We are reducing headcount significantly

Number of active FTEs*



Comments

- Relocated customer service
- Closed Swiss office
- Reorganized certain internal departments
- Integrated Bebitus
- Closed Italian shop
- Explore divestiture of Feedo Group
- Reduced headcount at headquarter

* Full time equivalents

Financial highlights

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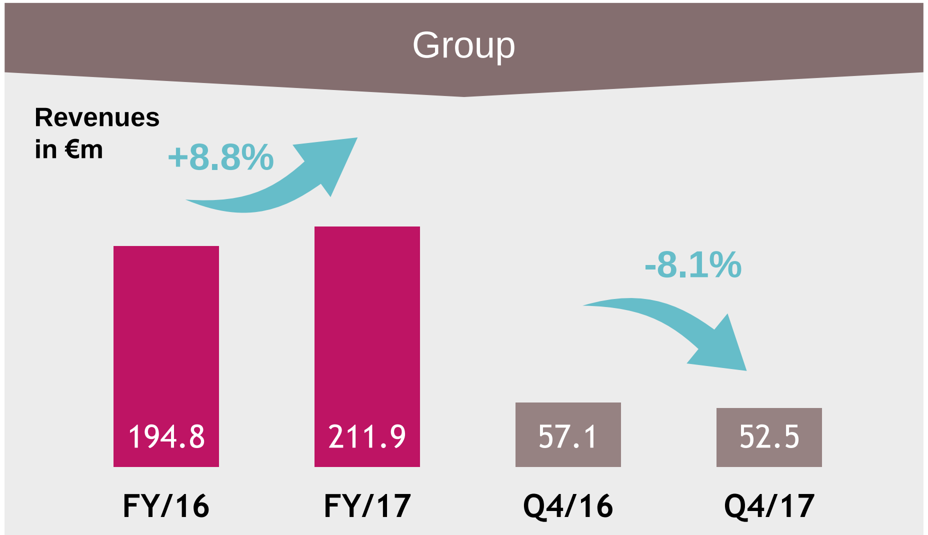
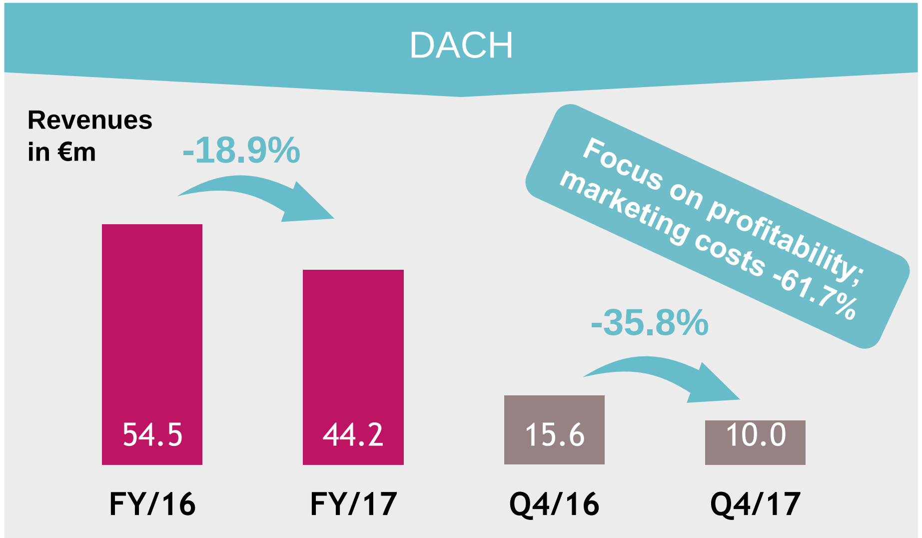
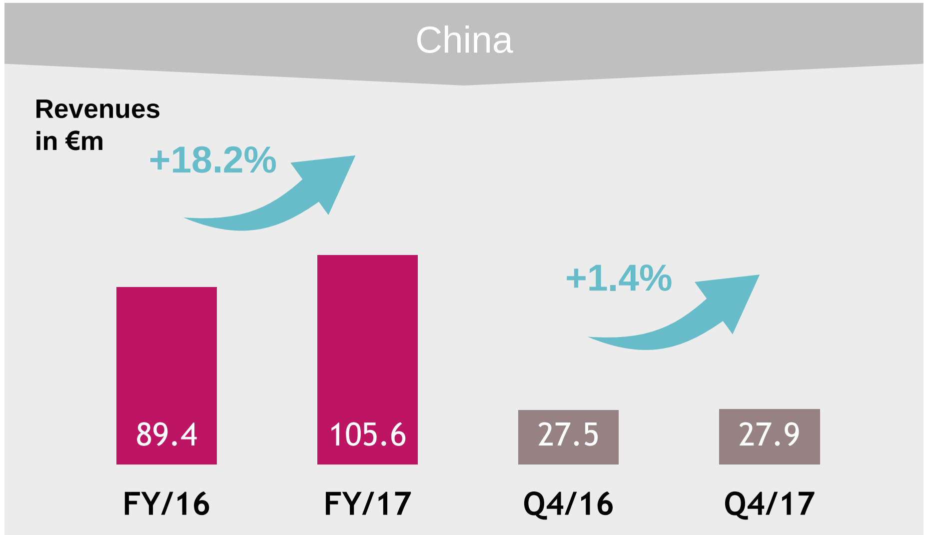
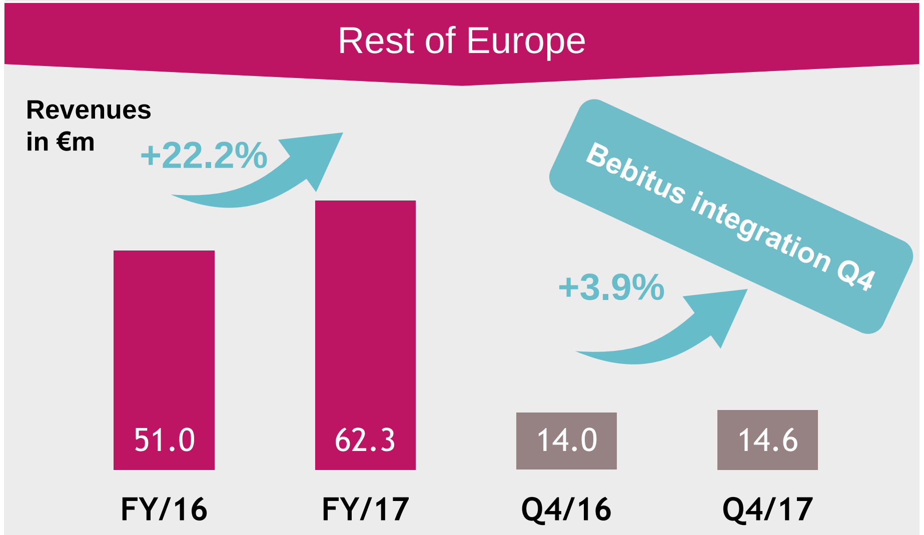
Revenue growth of 8.8% year over year



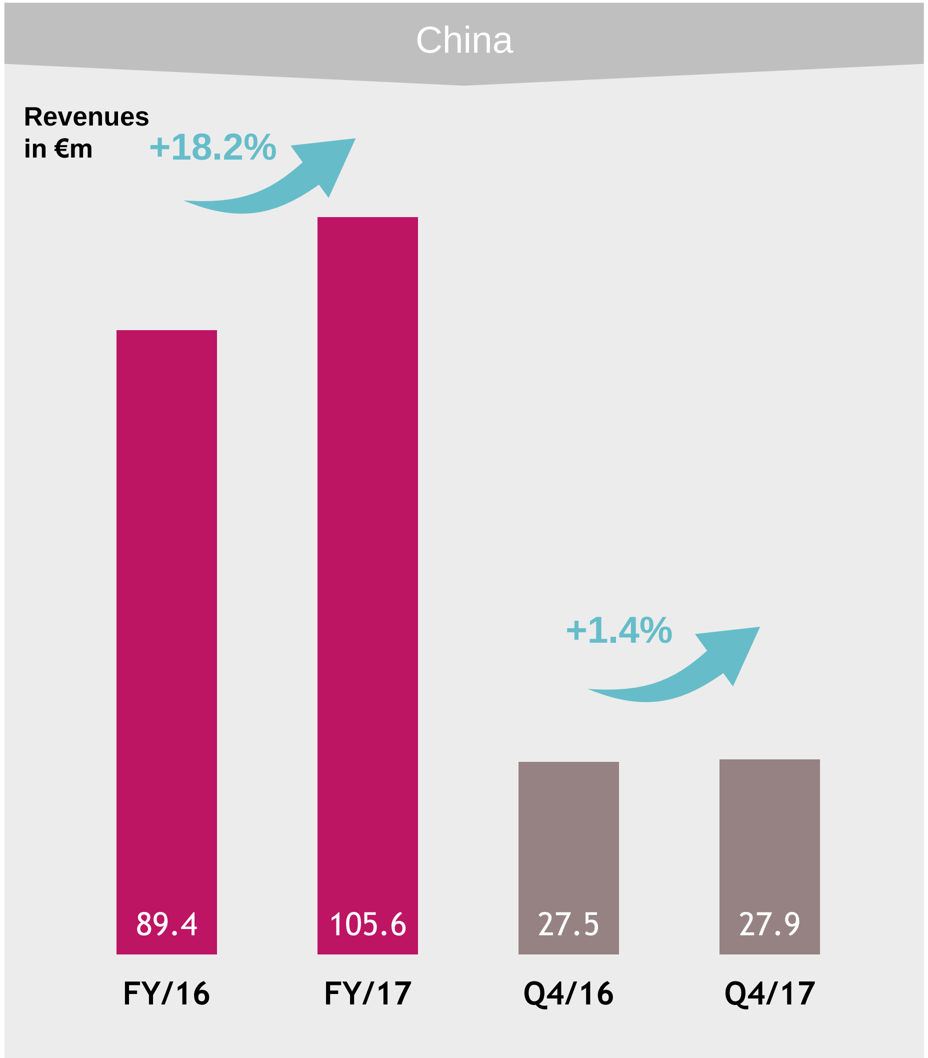






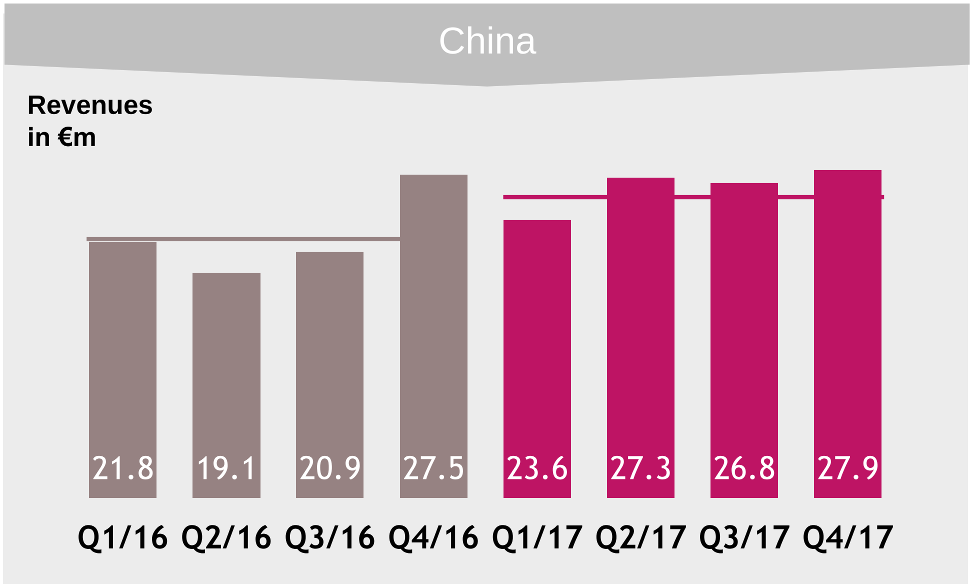
Note: Continuing operations shown (i.e. excluding discontinued segment Shopping Clubs).

18.2% revenue growth in China year over year

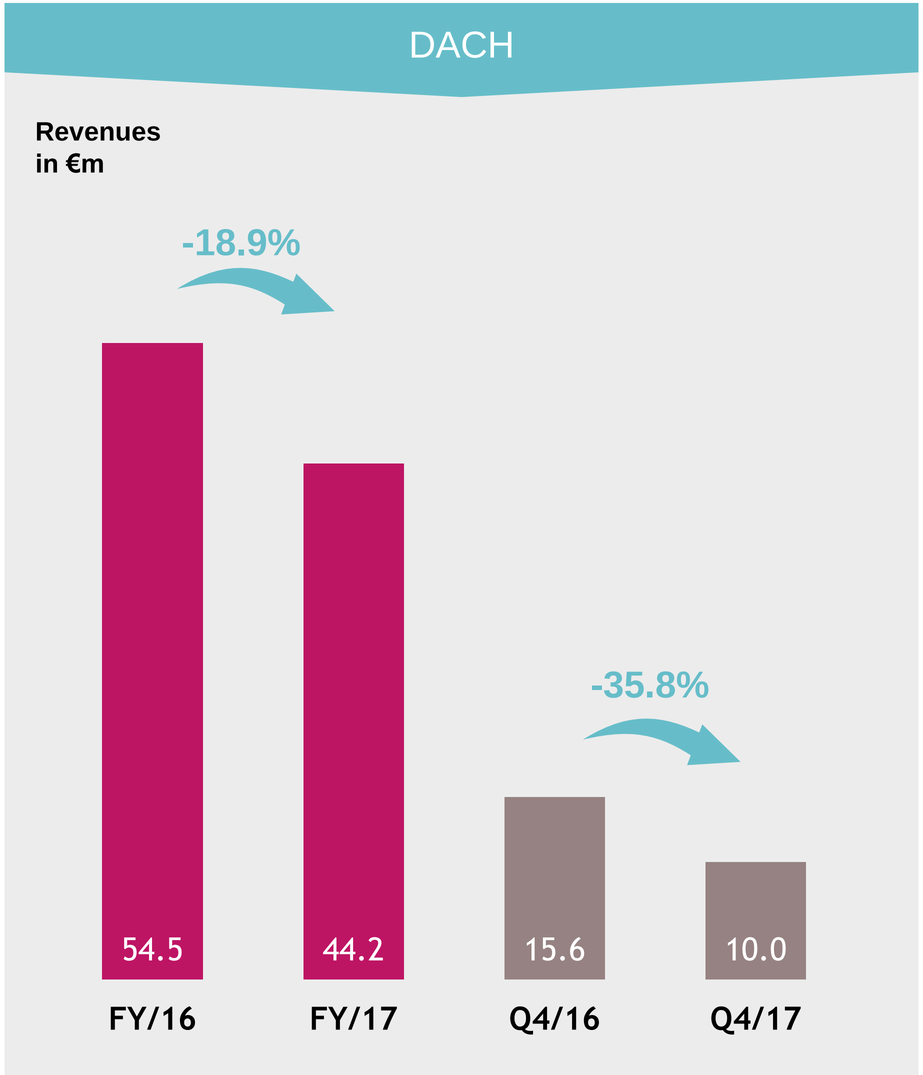


Comments

- Strong growth on Tmall Global in FY 2017 (revenues of EUR 10.7 million after EUR 1.6 million in 2016)
- Quarter over quarter growth lower due to high revenues basis in Q4 2016

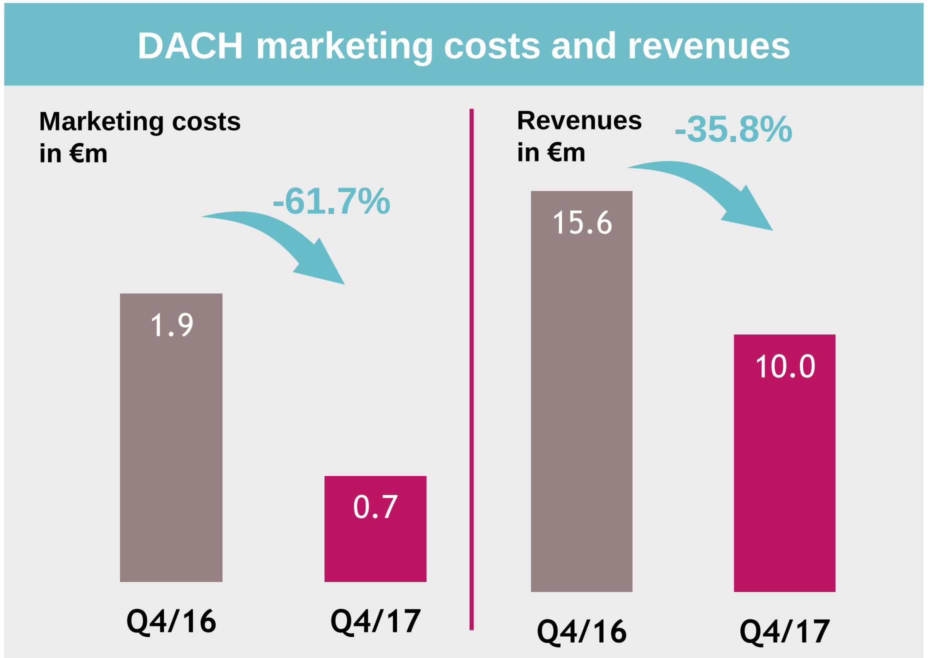


DACH revenues driven by profitability focus

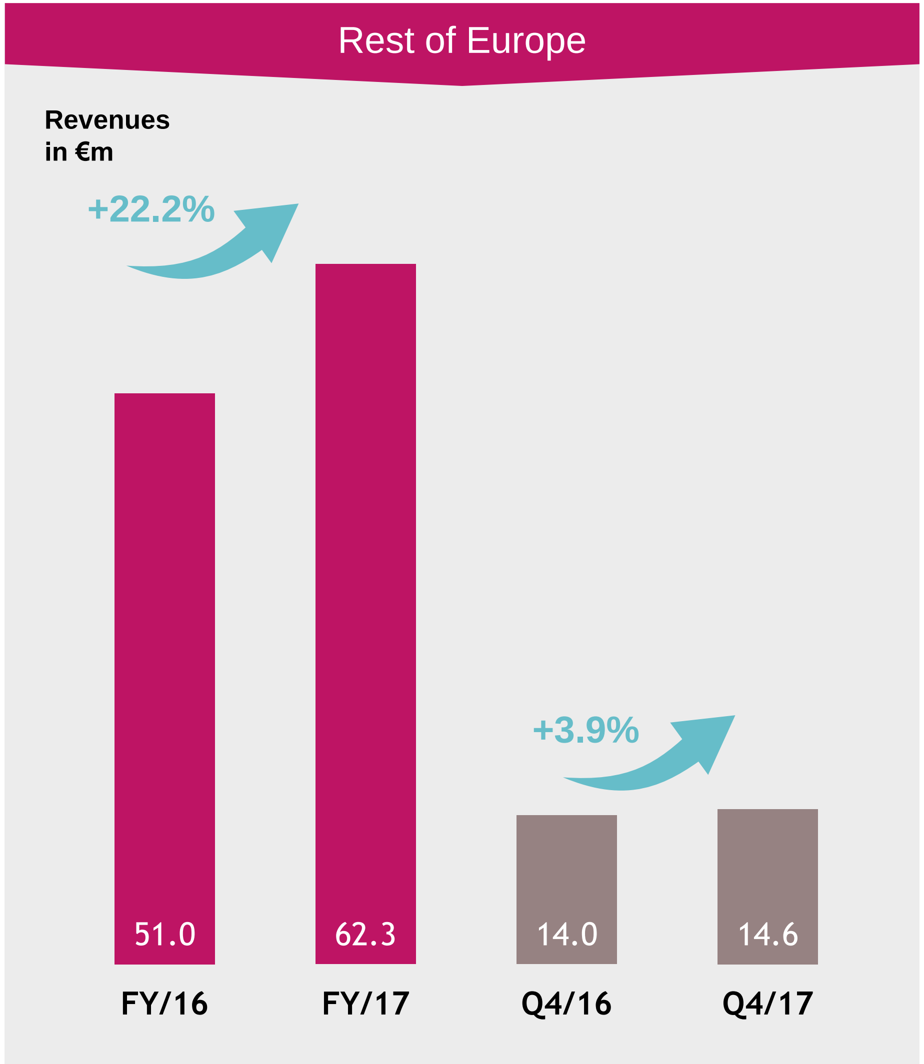


Comments

- Margin focused marketing approach /deliberate lowering of marketing expenses
- Focus on increasing revenue share of non-consumable products/cross - selling

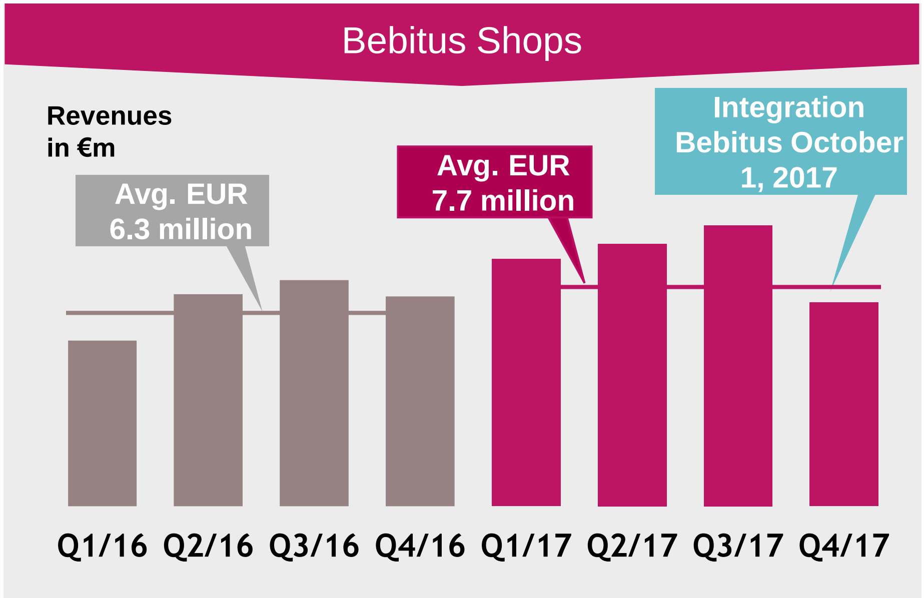


+22% growth in rest of Europe year over year



Comments

- Strong growth on year over year basis
- Bebitus with weaker Q4 due to temporary integration effects (effective October 1, 2017)
- Closure of Italian shop (revenues of EUR 4.8 million in 2017 and EUR 1.3 million in Q4 2017)



Note: Includes revenues outside of DACH region from windeln.de shop.

Improved operating contribution and EBIT; lowering of Other SG&A addressed

EUR m % of Revenues	Q1 2017 (By quarter)	Q2 2017	Q3 2017	Q4 2017	FY 2016 (Full year)	FY 2017	Comments on Q4
Revenues	*51.9*	*54.6*	*52.9*	*52.5*	*194.8*	*211.9*	Low 4th quarter
Gross profit	23.3%	25.8%	24.8%	24.7%	26.6%	24.7%	Higher share of intl. revenues
Fulfilment costs [1]	(15.4)%	(14.2)%	(13.9)%	(15.2)%	(17.4)%	(14.7)%	Addition of PostNL; regional mix
Marketing costs [2]	(6.0)%	(5.3)%	(4.9)%	(4.9)%	(7.0)%	(5.3)%	Margin based marketing focus
Operating contribution	1.9%	6.4%	6.0%	4.7%	2.4%	4.8%	Improved yoy
Other SG&A [3]	(15.8)%	(16.9)%	(16.3)%	(17.1)%	(16.1)%	(16.5)%	To be lowered through recently initiated measures
Adj. EBIT [4]	(14.0)%	(10.5)%	(10.3)%	(12.4)%	(13.7)%	(11.8)%	Improved yoy
Adj. EBIT	*(7.2)*	*(5.7)*	*(5.5)*	*(6.5)*	*(26.7)*	*(24.9)*	

Note: Adjusted continuing operations shown (i.e. excluding discontinued segment Shopping Clubs).

1 Consist of logistics and rental expenses, which are recognized within selling and distribution expenses in the consolidated statement of profit and loss. Adjusted fulfilment costs exclude income and expenses in connection with the reorganization of warehouses.

2 Recognized within selling and distribution expenses and consist mainly of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for our marketing tools.

3 Defined as selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted other SG&A expenses exclude income and expenses from acquisition and integration of subsidiaries, share-based compensation, and impairments of intangible assets.

4 Excludes exclude income and expenses in connection with the reorganization of warehouses, from acquisition and integration of subsidiaries, share-based compensation, and impairments of intangible assets.

EBIT adjustments mainly related to earn-outs and impairments

kEUR	FY 2016	FY 2017
Earnings before interest and taxes (EBIT)	***(35,313)***	***(43,583)***
costs of acquisition, integration & expansion	**633**	**121**
share-based compensation	**5,597**	**8,128**
costs of reorganization	**984**	**94**
impairment of intangible assets	**-**	**10,294**
costs of restructuring under corporate law	**139**	**-**
ERP system change	**1,248**	**-**
Adjusted EBIT	***(26,712)***	***(24,946)***
Adjusted EBIT margin	***(13.7)%***	***(11.8)%***

- Share-based compensation related to acquisitions:
  Bebitus EUR 7,818k
  Feedo EUR -103k
- Stock option programs of windeln.de SE: EUR 413k

- Switzerland (one domain strategy): EUR 1,816k
- Bebitus (France only): EUR 2,731k
- Feedo (no integration): EUR 5,747k

Earn-out payments expected to be completed in 2018

	Feedo	Bebitus
Acquisition structure	Base purchase price in 2015 + Earn Out for 2015 to 2018; full reps & warranties	Base purchase price in 2015 + Earn Out for 2015 to 2017; full reps & warranties
Purchase price paid 2015 *thereof Cash* *thereof shares*	€ 8,807k *€ 7,000k* *€ 1,807*	€ 5,099k *€ 5,099k* -
Earn Out for 2015 / 2016 (paid) *thereof Cash* *thereof Shares*	€ 1,183k *€ 184k (paid in Q2 2017)* *€ 1,034k (issued in Q3 2017)*[1] • Leaver event • Simplification of payment terms	€ 8,412k *€ 1,700k (paid Q3 2017)* *€ 6,133k (issued in Q3 2017)*[2]
Earn Out for 2017 (to be paid) ***Cash or Shares***	**€ 0** **Fair value Dec 31, 2017**	**€ 4,896k** ***to be paid H2 2018*** **Early settlement July 2017 (@25% discount)**
Earn Out for 2018 (to be paid) ***Cash or Shares***		**NA**

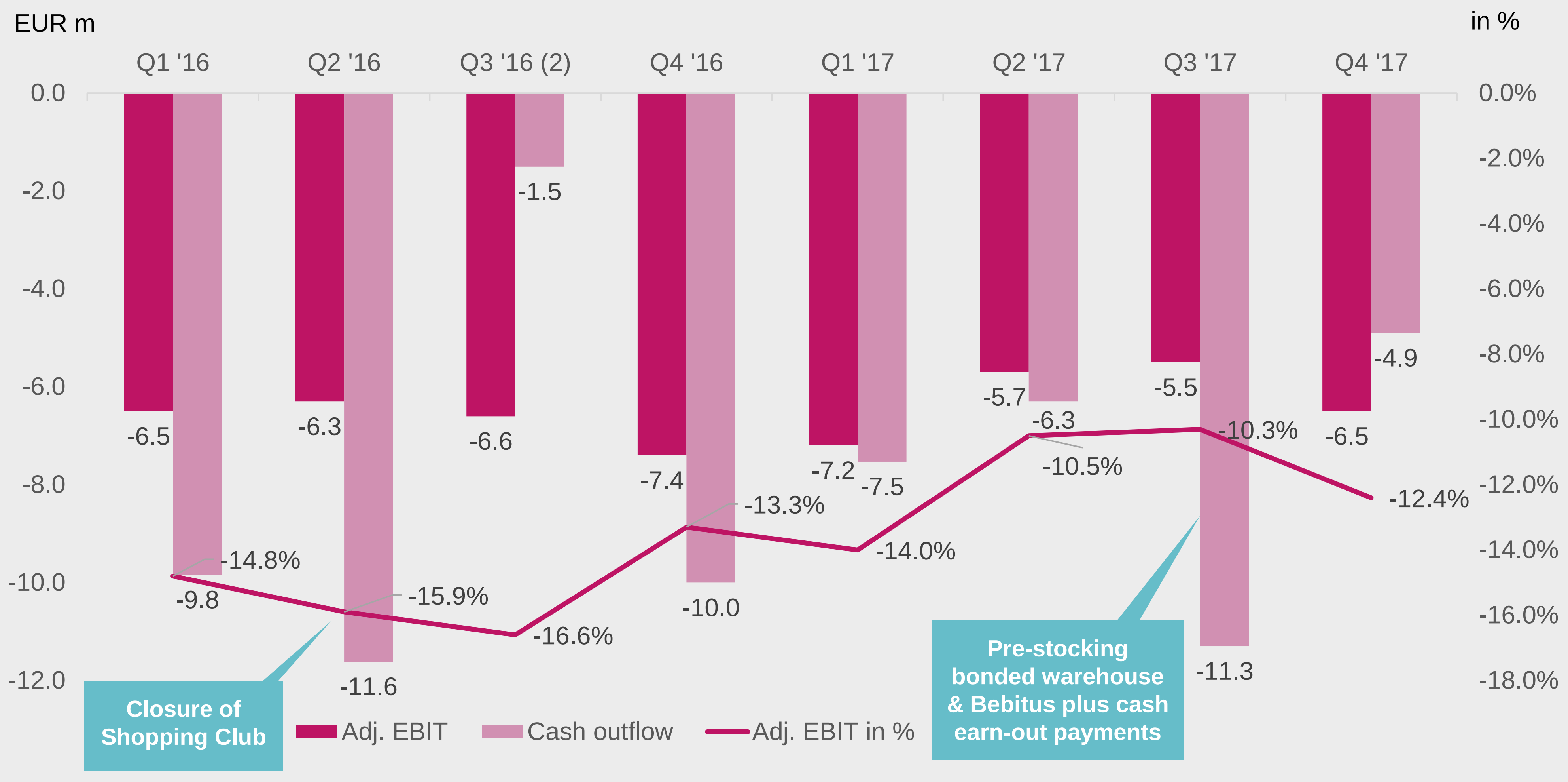
Revenue multiple 0.5x 2017 at +26% yoy revenues growth

1 Total issuance of 312,438 new shares.
2 Settled with 1,906,695 shares (thereof 1,842,012 new shares and 64,683 existing treasury shares).

Adj. EBIT and change in net liquidity by quarter

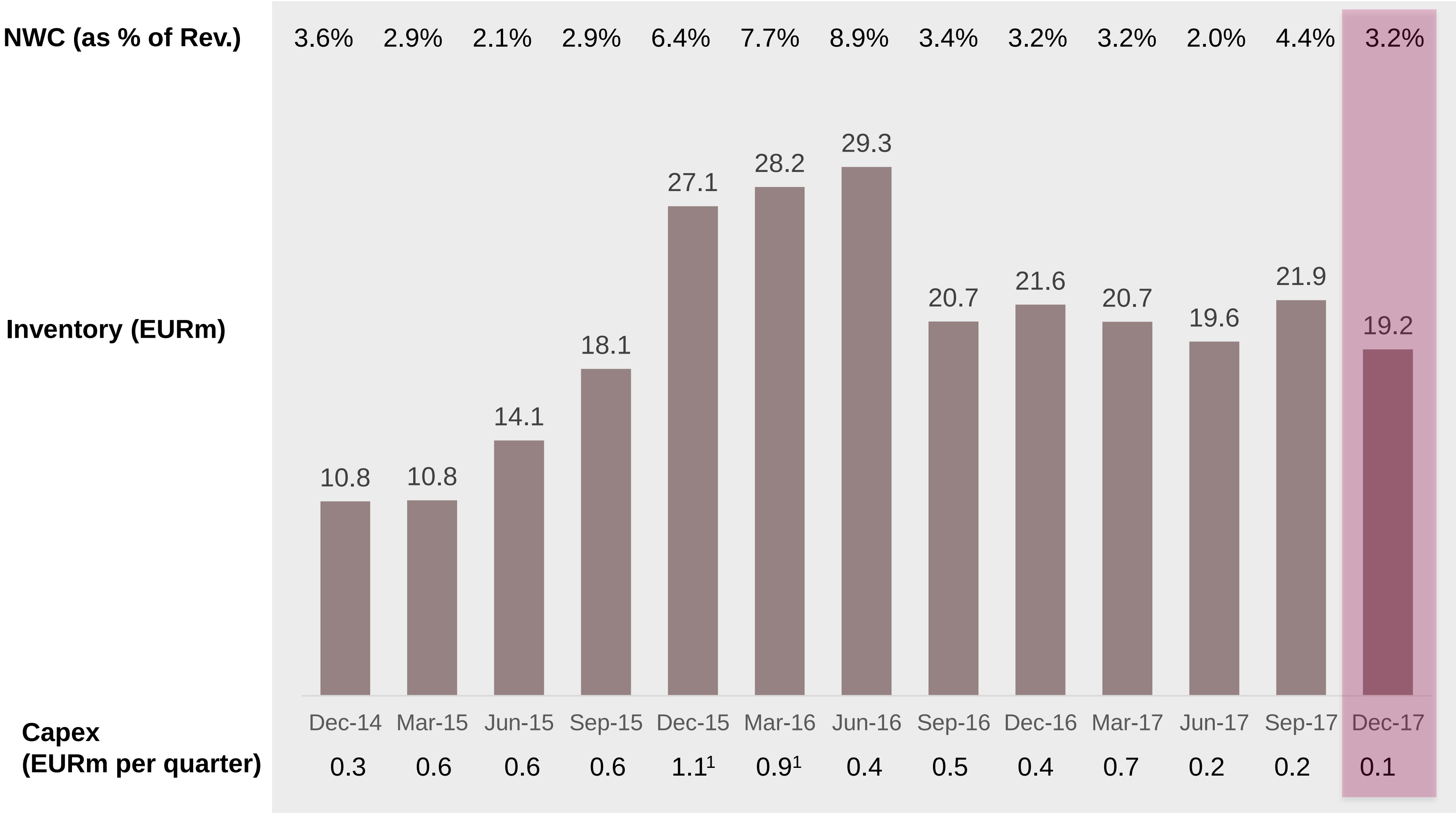
Net Liquidity[1)]
EUR 25.7m

Change in net liquidity position[1)] and adjusted EBIT



1) Includes cash and cash equivalents, time deposits and restricted cash excluding cash inflow from borrowing base (3.5 million)
2) Excluding inventory reduction of approx. EUR 8.6m related to closure of shopping club.

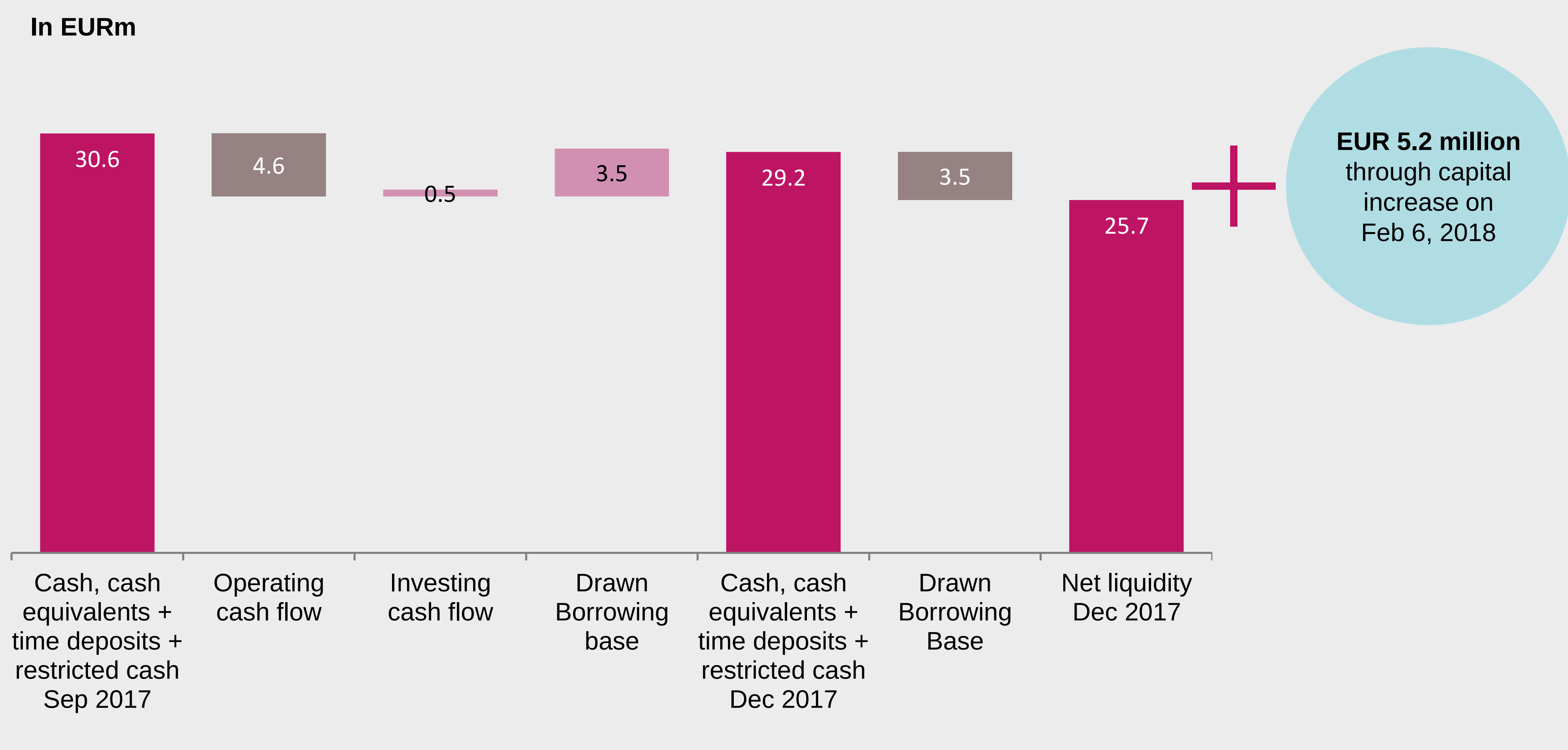
Net working capital by quarter



1 Includes Capex related to ERP (AX) introduction

Liquidity position strengthened by capital increase

Liquidity bridge (December 31, 2017)



Outlook 2018

Revenues	• Growth similar to previous year (8.8%)
Operating contribution margin	• Significant improvement
Adj. EBIT	• Significant improvement
Free Cash Flow	• Significant improvement

Break-even early 2019

Questions

Appendix

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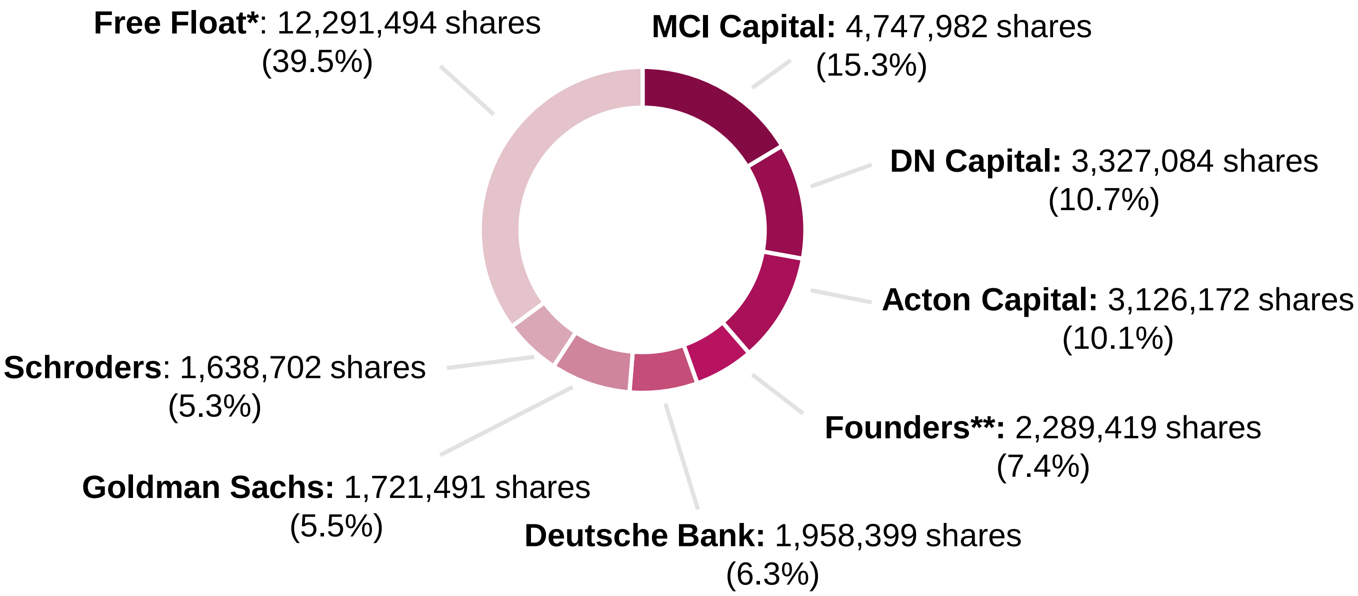
Our shareholder structure

Shareholder structure[1)]



Basic share data

WKN	WNDL11
ISIN	DE000WNDL110 DE000WNDL1J7
Market place	Frankfurt Stock Exchange
Type of share	No-par value bearer shares
Initial listing	May 6, 2015
Designated Sponsor	Equinet AG
Number of shares as of February, 2018	31,100,743
Share capital	EUR 31,100,743

Supervisory Board members

Willi Schwerdtle (Chairman)	Petra Schäfer (Globus)
Dr. Christoph Braun (Acton Capital)	Tomasz Czechowicz (MCI Capital)
Dr. Edgar Carlos Lange (Lekkerland)	Nenad Marovac (DN Capital)

As of February 12, 2018
Disclaimer: The shareholder structure pictured above is based on the published voting rights announcements and company information. windeln.de SE assumes no responsibility for the correctness, completeness or currentness of the figures. Total number of shares: 31,100,743

**Free float according to the definition of Deutsche Börse*
*** Aggregate shareholding of the founders (Alexander Brand & Konstantin Urban)*

Key performance indicators quarter over quarter (continuing operations)

	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1 '17	Q2 ´17	Q3 '17	Q4 ´17
Site Visits (in thousand) [1]	5,089	6,261	7,463	8,798	9,897	10,524	12,771	18,532	21,346	22,106	23,030	27,507	26,037	21,884	21,843	20,747
Mobile Visit Share (in % of Site Visits) [2]	37.7%	45.4%	49.4%	50.0%	55.5%	57.4%	54.1%	55.2%	58.6%	62.0%	65.3%	66.7 %	68.6%	69.8%	72.4%	72.1%
Mobile Orders (in % of Number of Orders) [3]	27.2%	32.3%	35.0%	36.0%	39.9%	40.3%	38.4%	39.0%	42.6%	43.9%	46.2%	48.7 %	46.3%	47.3%	48.7%	47.4%
Active Customers (in thousand) [4]	302	332	382	442	496	546	670	859	928	965	998	1,065	1,073	1,103	1,126	1,051
Number of Orders (in thousand) [5]	231	257	301	349	365	377	459	603	594	532	537	674	630	580	561	586
Average Orders per Active Customer (in number of Orders) [6]	2.5	2.5	2.5	2.6	2.6	2.5	2.5	2.4	2.4	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Orders from Repeat Customers (in thousand) [7]	176	198	232	270	284	293	349	432	440	391	387	458	468	442	501	436
Share of Repeat Customer Orders (in % of Number of Orders) [8]	80.9%	81.8%	82.1%	82.1%	81.9%	81.8%	80.7%	77.6%	77.4%	76.9%	76.2%	76.6 %	75.6%	76.2%	83.2%	76.2%
Gross Order Intake (in € thousand) [9]	20,642	23,489	28,116	34,265	35,446	37,677	41,649	56,363	54,522	47,886	47,066	55,022	52,210	52,773	50,320	50,990
Average Order Value (in €) [10]	89.5	91.3	93.5	98.2	97.2	99.9	90.8	93.5	91.9	90.0	87.6	81.6	82.9	91.0	89.8	87.1
Returns (in % of Gross Revenues from orders) [11]	4.0%	4.3%	5.8%	3.5%	4.1%	5.1%	4.8%	3.6%	6.3%	5.8%	5.1%	3.9 %	3.9%	2.9%	2.9%	2.9%

Definitions of key performance indicators

1) We define Site Visits as the number of series of page requests from the same device and source in the measurement period and include visits to our online magazine. A visit is considered ended when no requests have been recorded in more than 30 minutes. The number of site visits depends on a number of factors including the availability of the products we offer, the level and effectiveness of our marketing campaigns and the popularity of our online shops. Measured by Google Analytics.
2) We define Mobile Visit Share (in % of Site Visits) as the number of visits via mobile devices (smartphones and tablets) to our mobile optimized websites divided by the total number of Site Visits in the measurement period. We have excluded visits to our online magazine. Until the end of 2016 we have also excluded visits from China because the most common online translation services on which most of our customers who ordered in our German shop for delivery to China relied to translate our website content were not able to do so from their mobile devices, and therefore very few of such customers ordered from their mobile devices. As we have started a customized website for our Chinese customers in December 2016 we include visits from China from Q1 2017 onwards. Measured by Google Analytics.
3) We define Mobile Orders (in % of Number of Orders) as the number of orders via mobile devices to our mobile optimized websites divided by the total Number of Orders in the measurement period. From Q1 2017 onwards we include orders from China. Measured by Google Analytics.
4) We define Active Customers as the number of unique customers placing at least one order in one of our shops in the 12 months preceding the end of the measurement period, irrespective of returns.
5) We define Number of Orders as the number of customer orders placed in the measurement period irrespective of returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period or have been cancelled. Every order which has been placed, but for which the products in the order have not been shipped (e.g., the products are not available or the customer cancels the order), is considered ''cancelled''. Cancelled orders are not included in the Number of Orders.
6) We define Average Orders per Active Customer as Number of Orders in the last twelve months divided by the number of Active Customers.
7) We define Orders from Repeat Customers as the number of orders from customers who have placed at least one previous order, irrespective of returns.
8) We define Share of Repeat Customer Orders as the number of orders from Repeat Customers divided by the Number of Orders in the last twelve months.
9) We define Gross Order Intake as the aggregate Euro amount of customer orders placed in the measurement period minus cancellations. The Euro amount includes value added tax and excludes marketing rebates.
10) We define Average Order Value as Gross Order Intake divided by the Number of Orders in the measurement period.
11) We define Returns (in % of Gross Revenues from Orders (until Q1 2017 in % of Net Merchandise Value)) as the returned amount in Euro divided by Gross Revenues from Orders in the measurement period. From Q2 2016 onwards including Bebitus and Feedo returns. Gross Revenues from Orders are defined as the total aggregated Euro amount spent by our customers minus cancellations but irrespective of returns. The Euro amount does not include value added tax. As the Gross Revenues from Orders do not exclude returns and include all marketing rebates it is more reasonable to use this KPI for the return rate calculation than the Net Merchandise Value. The change of the calculation logic has no material impact on the reported return rate. Therefore, the calculation has been changed accordingly from Q2 2017 onwards.

Income statement (continuing operations)

kEUR	FY 2017	FY 2016	Q4 2017	Q4 2016
Revenues	**211,899**	**194,756**	**52,483**	**57,131**
Cost of sales	-159,564	-142,984	-39,505	-43,628
Gross profit	**52,335**	**51,772**	**12,978**	**13,503**
% margin	*24.7%*	*26.6%*	*24.7%*	*23.6%*
Selling and distribution expenses	-75,021	-68,413	-26,937	-18,485
Administrative expenses	-21,421	-18,804	-3,039	-1,109
Other operating income	1,306	971	446	227
Other operating expenses	-782	-839	-86	-187
EBIT	**-43,583**	**-35,313**	**-16,638**	**-6,051**
% margin	*-20.6%*	*-18.1%*	*-31.7%*	*-10.6%*
Financial result	1,616	864	99	117
EBT	**-41,967**	**-34,449**	**-16,539**	**-5,934**
% margin	*-19.8%*	*-17.7%*	*-31.5%*	*-10.4%*
Income taxes	4,053	-16	4,019	-
Profit or loss from continuing operations	**-37,914**	**-34,465**	**-12,520**	**-5,934**
% margin	*-17.9%*	*-17.7%*	*-23.9%*	*-10.4%*

EBIT	**-43,583**	**-35,313**	**-16,683**	**-6,051**
Share-based compensation	8,128	5,597	-101	2,324
Acquisition, integration and expansion costs	121	633	-12	19
Reorganization	94	984	197	397
Intangible assets	10,294	-	10,043	-
Costs of restructuring under corporate law	-	139	-	3
One-time costs of ERP system change	-	1,248	-	593
Adjusted EBIT	**-24,946**	**-26,712**	**-6,511**	**-7,363**
% margin	*-11.8%*	*-13.7%*	*-12.4%*	*-12.9%*

Balance sheet and cash flow statement

Consolidated statement of financial position

kEUR	December 31, 2017	December 31, 2016 R[3]
Total non-current assets	**22,714**	**35,520**
Inventories	19,174	21,645
Prepayments	332	374
Trade receivables	2,298	2,508
Miscellaneous other current assets[1]	11,052	10,326
Cash and cash equivalents	26,465	51,302
Total current assets	**59,321**	**86,155**
Total assets	**82,035**	**121,675**
Issued capital	28,472	26,318
Share premium	168,486	159,993
Treasury shares	-	-370
Accumulated loss	-143,387	-105,473
Cumulated other comprehensive income	-298	-233
Total equity	**53,273**	**80,235**
Total non-current liabilities	**2,289**	**7,004**
Other provisions[3]	315	424
Financial liabilities	3,575	64
Trade payables	14,779	17,517
Deferred revenues[3]	3,057	4,555
Miscellaneous current liabilities[2]	4,747	11,876
Total current liabilities	**26,473**	**34,436**
Total equity & liabilities	**82,035**	**121,675**

Consolidated statement of cash flows

kEUR	FY 2017	FY 2016	Q4 2017	Q4 2016[4]
Net cash flows from/used in operating activities	**-27,963**	**-31,224**	**-4,607**	**-9,554**
Net cash flows from/used in investing activities	-201	-6,113	484	-4,752
Net cash flows from/used in financing activities	3,339	-39	3,434	1
Cash and cash equivalents at the beginning of the period	51,302	88,678	27,152	65,581
Net increase/decrease in cash and cash equivalents	**-24,825**	**-37,376**	**-689**	**-14,278**
Cash and cash equivalents at the end of the period	**26,465**	**51,302**	**26,465**	**51,302**

1 Miscellaneous other current assets include income tax receivables, other current financial assets and other current non-financial assets.
2 Miscellaneous other current liabilities include income tax payables, other current financial liabilities and other current non-financial liabilities.
3 Restatement of 2016 comparative numbers from adoption of IFRS 15: recognition of loyalty bonuses within deferred revenues as part of contract liabilities.
4 Includes approx. EUR 8.6m inventory reduction due to closure of shopping club.