



Nine months and third quarter 2018 results

November 8, 2018



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Progress on restructuring, cost structure improved

- **We stabilized China and DACH revenues and expect growth in Q4. We made progress on improving pure product margins at European shops, lowered the SG&A cost base further and improved net working capital. The Feedo divestiture has been closed**
- **Revenues EUR 78.5 million in 9M and EUR 22.2 million in Q3 (compared to EUR 23.5 million in Q2 2018)**
 - China EUR 40.9 million in 9M and EUR 11.8 million in Q3 (compared to EUR 11.6 million in Q2) impacted by less Tmall promotions
 - DACH EUR 18.3 million in 9M and EUR 5.7 million in Q3 (compared to EUR 5.3 million in Q2) despite typically weaker summer months
 - Rest of Europe (Bebitus) EUR 19.3 million in 9M and EUR 4.7 million in Q3 (compared to EUR 6.6 million in Q2) due to continued profitability focus
- **Adj. EBIT of EUR (16.0) million ((20.5)% margin) in 9M and EUR (4.9) million ((22.2)% margin) in Q3 (compared to EUR (5.9) million in Q2 2018)**
 - Gross profit margin at 23.4% in Q3 (with improvement at European shops), adjusted fulfilment at 17.0% (negative fix cost effects from lower volume) and adjusted marketing 4.7% (focused spending)
 - Operating contribution EUR 1.7 million in 9M and EUR 0.4 million in Q3
 - Adj. other SG&A EUR 5.3 million in Q3 further reduced and significantly lower than previous year (EUR 7.9 m)
 - Further improvement of profitability subject to further recovery of the Chinese business, further progress on margin improvement at the European shops and continuation of lowering SG&A cost base
- **Total cash available of EUR 13.0 million as of 30-September**
 - Cash burn of EUR 4.1 million in Q3; positive impact from net working capital reduction
 - Assessment of financing options



Progress on restructuring

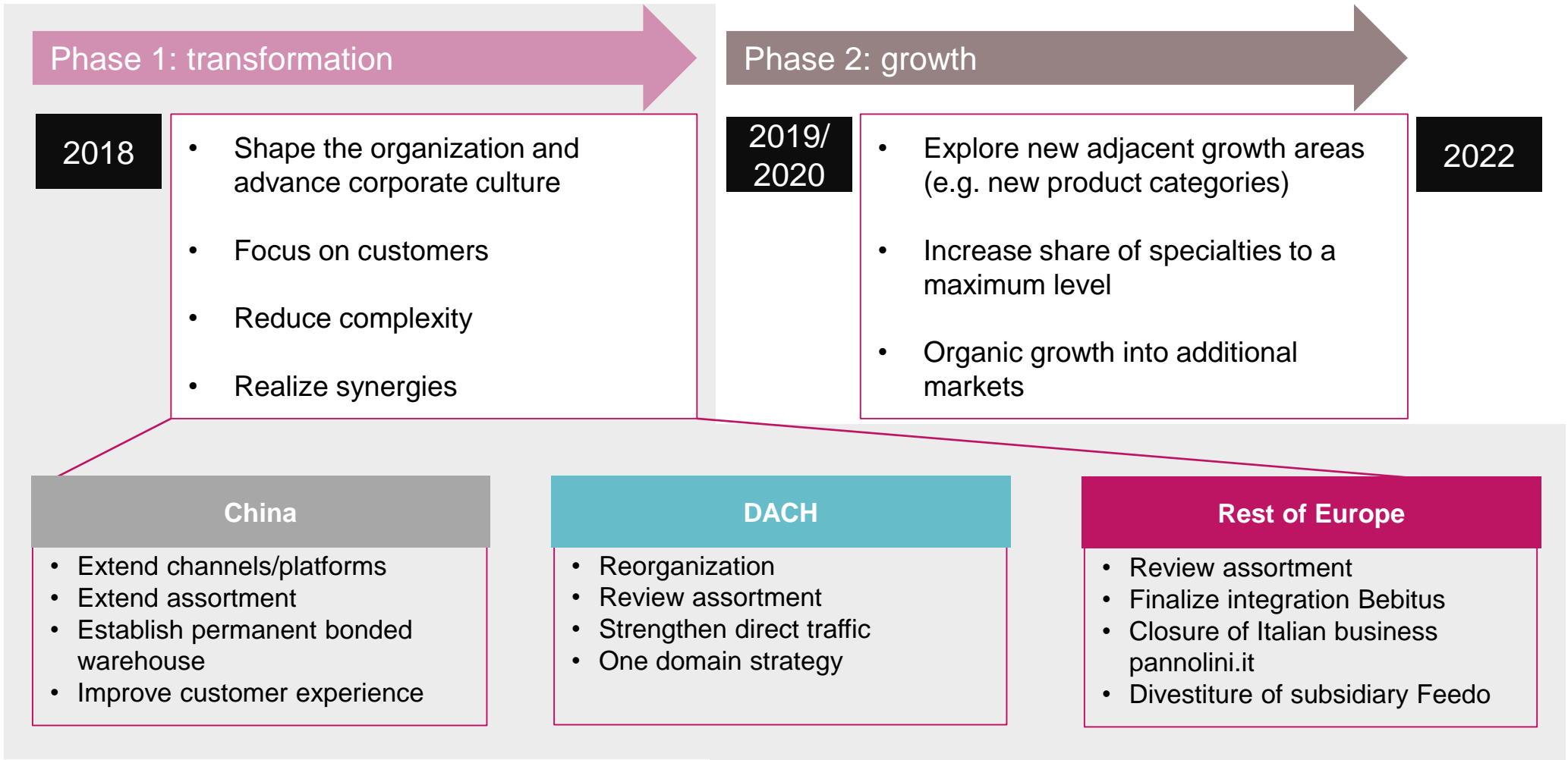


Announced
February 2018

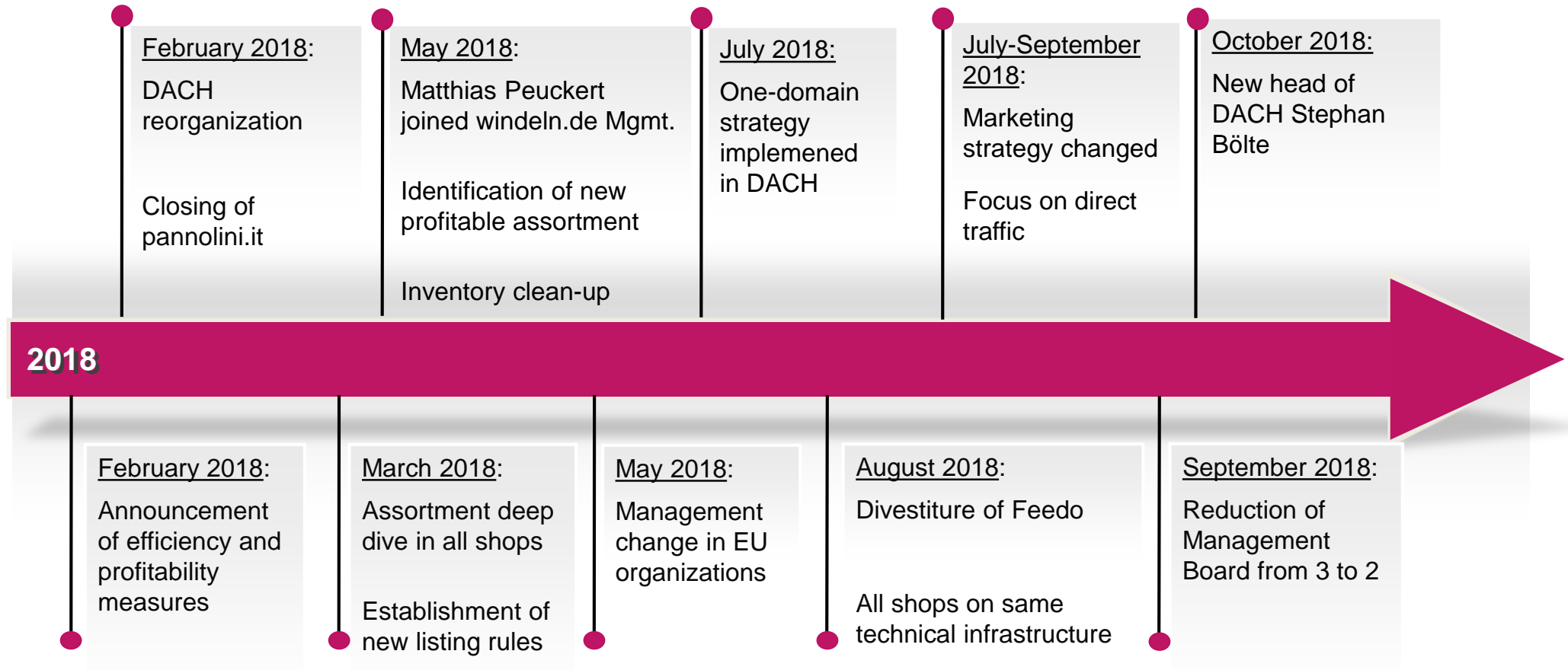


In February 2018 announced efficiency and profitability measures and change in strategy

Strategy: Develop windeln.de to online retailer for young families (i.e. not only baby products)



Accomplishments in 2018 already



Significant topics in third quarter

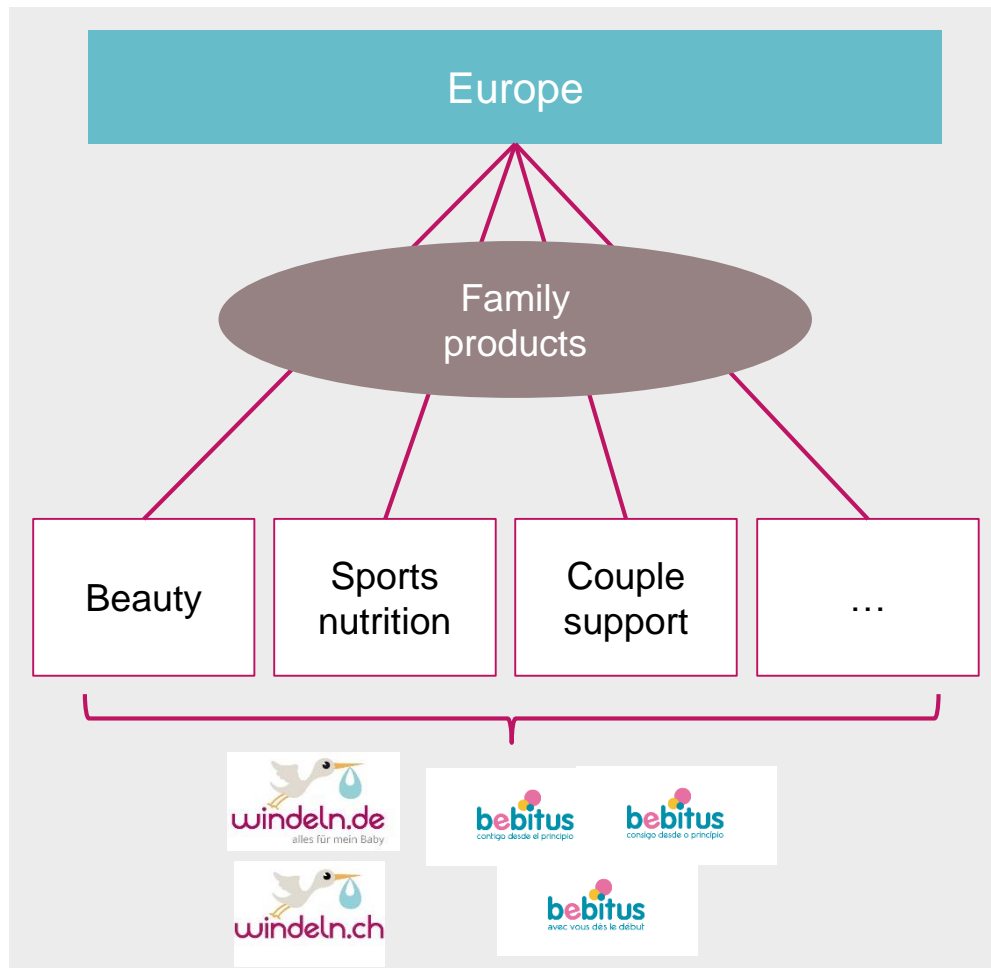


Divestiture of Feedo Group	Closing of divestiture on August 28, 2018
Introduction China iOS App	<ul style="list-style-type: none">• Available since August 1, 2018• New tools: special category navigation, sorting function and promotion functionalities
Product relaunch of largest IMF market players	<ul style="list-style-type: none">• Aptamil Profutura and Pronutra Advance• Relaunch on September 19, 2018• windeln.de first certified partner to offer these products in China
Introduction of dynamic Pricing tool	<ul style="list-style-type: none">• Orientation and comparison with market• Minimum margins• Quicker and closer to profitability boundaries

Category extension to offer products for the whole family



Category extension differs between the different regions

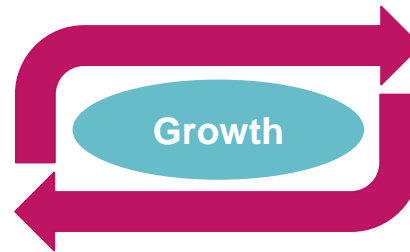


Diversification strategy for China to be less dependent on certain product categories and distribution channels



China strategy: diversification

Diversification of **distribution channels** to enlarge platform business



Expansion of **product range** e.g. nutrition, beauty products

New platforms

Enlarge presence on leading Chinese cross-border e-commerce platforms JD.com and Kaola



New regions

Entering opportunistically new regions in Asia with high birth rates for selective products



New cooperations

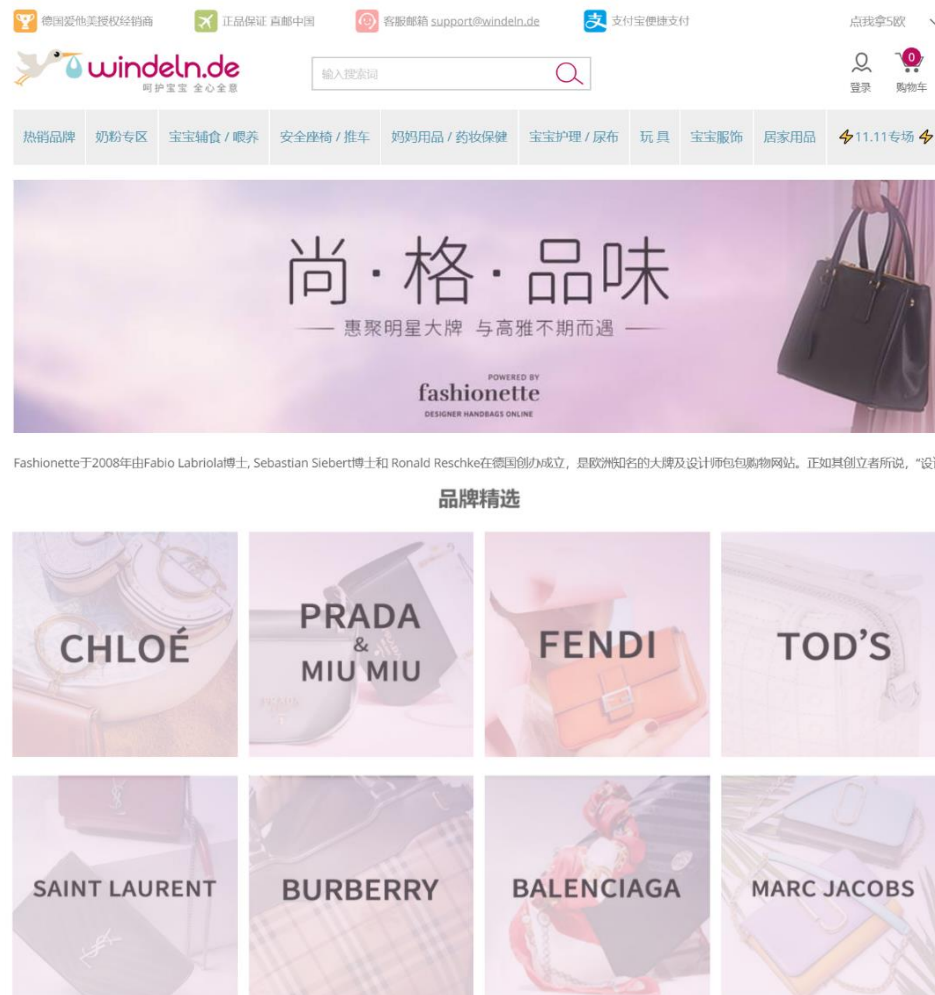
e.g. with Fashionette to expand product range and offer customers more high-margin European quality products



Recently launched cooperation with Fashionette to sell luxury goods in our Chinese web shop



Using windeln.de infrastructure and access to Chinese customers



Live since
November
2018

Testphase
until January
2019

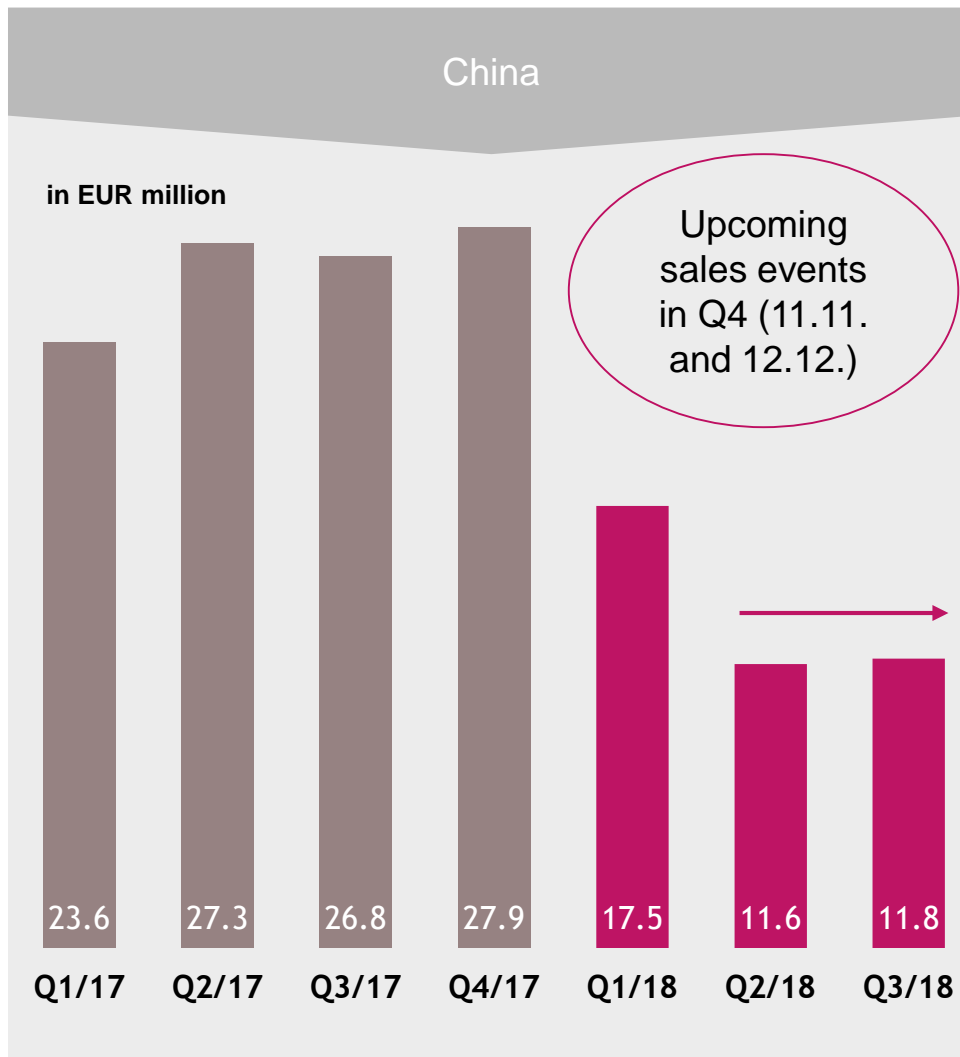
<https://www.windeln.com.cn/fashionette/>



9M and Q3 2018 financials



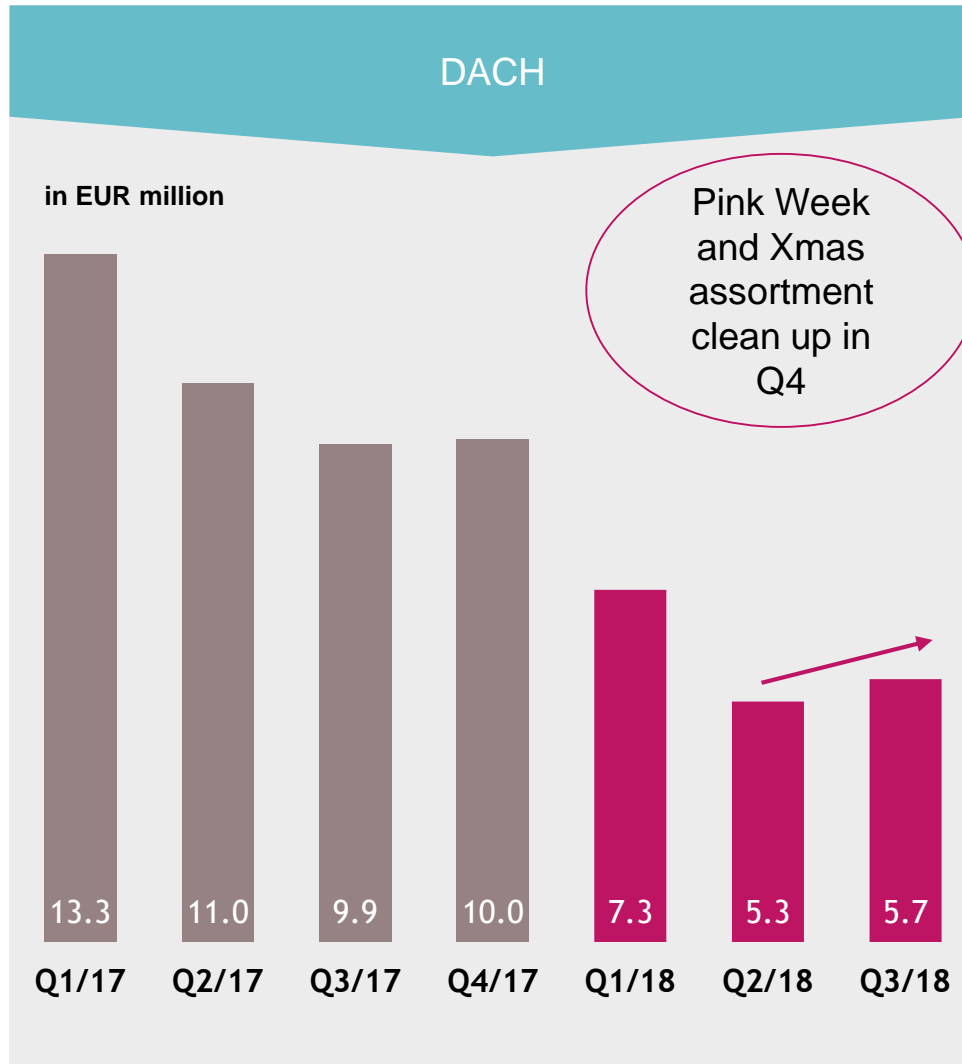
China revenues stabilized; major sales events upcoming



- Inventory reduction of old Aptamil products at lower price levels (and gross margin) in advance of new product launch
- Limited participation on promotion events on Tmall until smooth process was guaranteed again after temporary delays at customs in Q2
- New promotion video with Tmall Global / Alibaba:



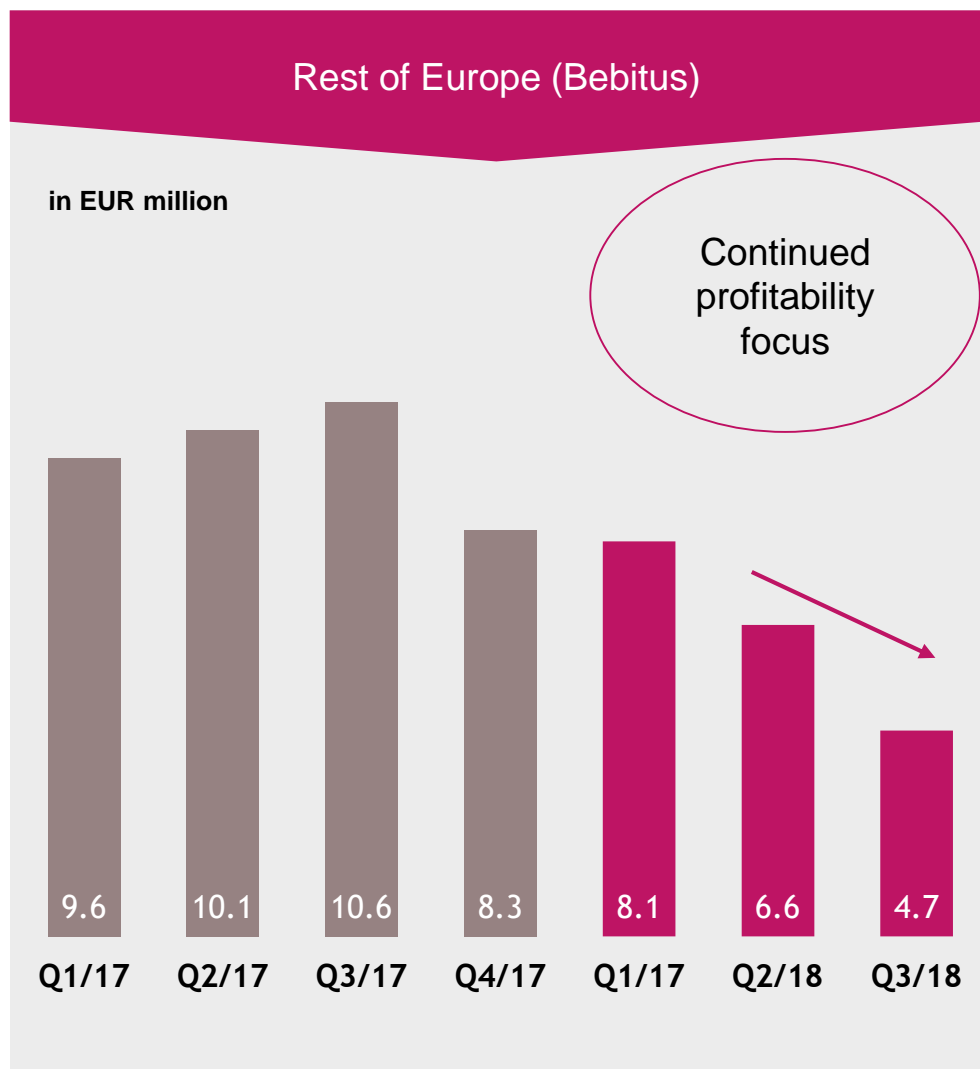
DACH region back to (some) growth again



- New head of DACH business Stephan Bölte who joined us from Amazon
- Introduced “Top Deals”, “Flash Deals” and “Daily Deals”
- Starter box “Storchenbox” introduced (50% already sold – inline with sales plan)
- Product margins increased
- Inventory reduction
- Further growth expected in Q4



Bebitus focused on increasing product margins at the expense of revenues



- Successful restructuring and repositioning of category diapers
- Product margins increased
- 20% inventory reduction within 3 months (approx. EUR 560k)
- Go-live new checkout on Bebitus.pt
- Launch of Bebitus.com-magazine



Operating contribution needs to improve further; better SG&A cost structure



<i>EUR million</i> % of revenues	Q1 2018	Q2 2018	Q3 2018	9M 2017	9M 2018	Q3 Development
Revenues	32.8	23.5	22.2	142.1	78.5	Sales stabilized (except Bebitus)
Gross profit¹	24.7%	24.0%	22.4%	25.5%	23.8%	Pure product margin increased (excl. inventory sell down)
Fulfilment costs²	(15.9)%	(19.7)%	(15.8)%	(14.8)%	(17.0)%	Negative scale effects
Marketing costs³	(4.6)%	(4.6)%	(4.8)%	(4.9)%	(4.7)%	Below 5% of revenues
Operating contr.	1.3	(0.1)	0.4	8.2	1.7	Slightly positive again; China contribution important
Operating contr.	4.1%	(0.2)%	1.8%	5.8%	2.1%	
Other SG&A⁴	(6.5)	(5.8)	(5.3)	(24.2)	(17.7)	Decreased (again) in absolute terms
Other SG&A⁴	(20.3)%	(24.6)%	(24.0)%	(17.1)%	(22.7)%	
Adj. EBIT⁵	(5.2)	(5.9)	(4.9)	(16.0)	(16.0)	Below EUR (5.0) million (plus impact from divestiture Feedo and closure Italy)
<i>incl. Feedo / Pannolini⁵</i>	(5.9)	(6.8)	(5.1)	(18.5)	(17.9)	
Adj. EBIT⁵	(16.2)%	(24.9)%	(22.2)%	(11.3)%	(20.5)%	
Change in Cash av.	(11.3)	2.7	(4.1)	(25.4)	(16.2)	Cash burn EUR (4) million

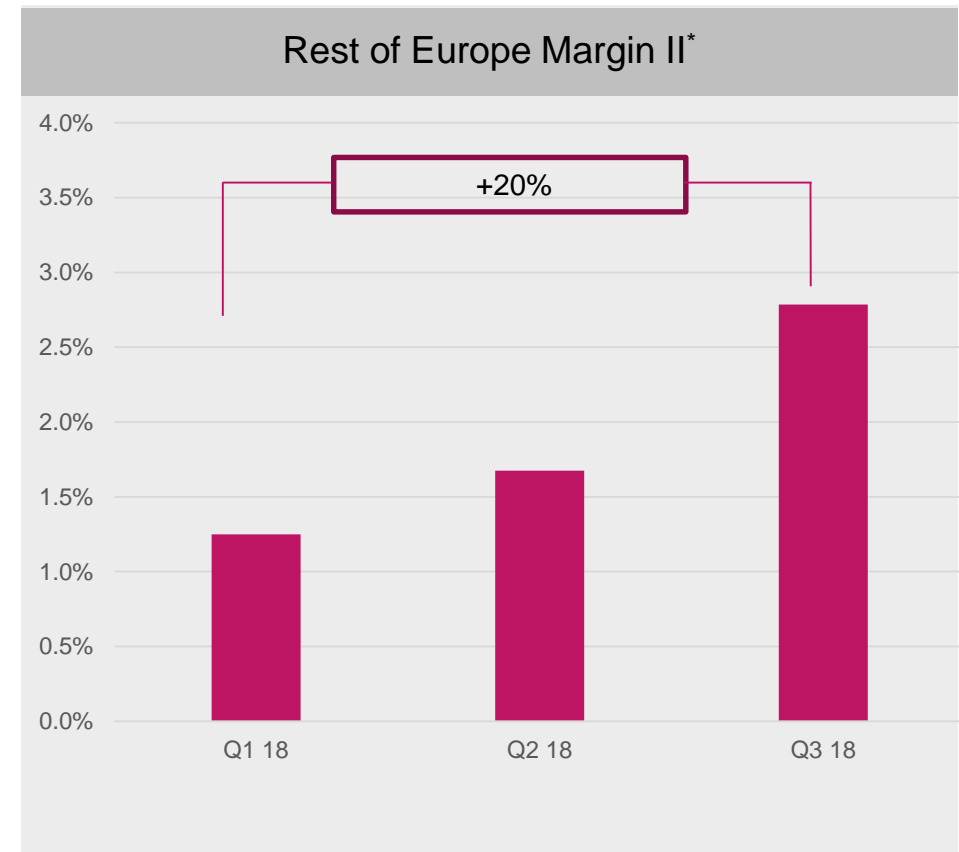
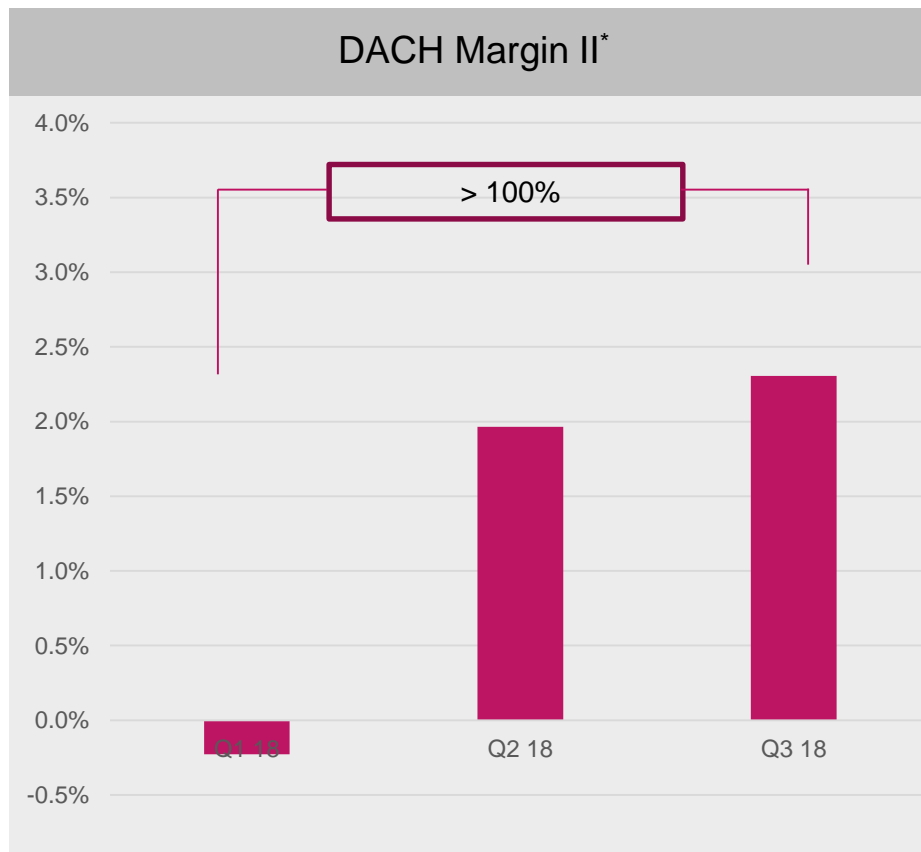
Note: 1,2,3,4,5 see appendix for definitions

Product margins developed positively



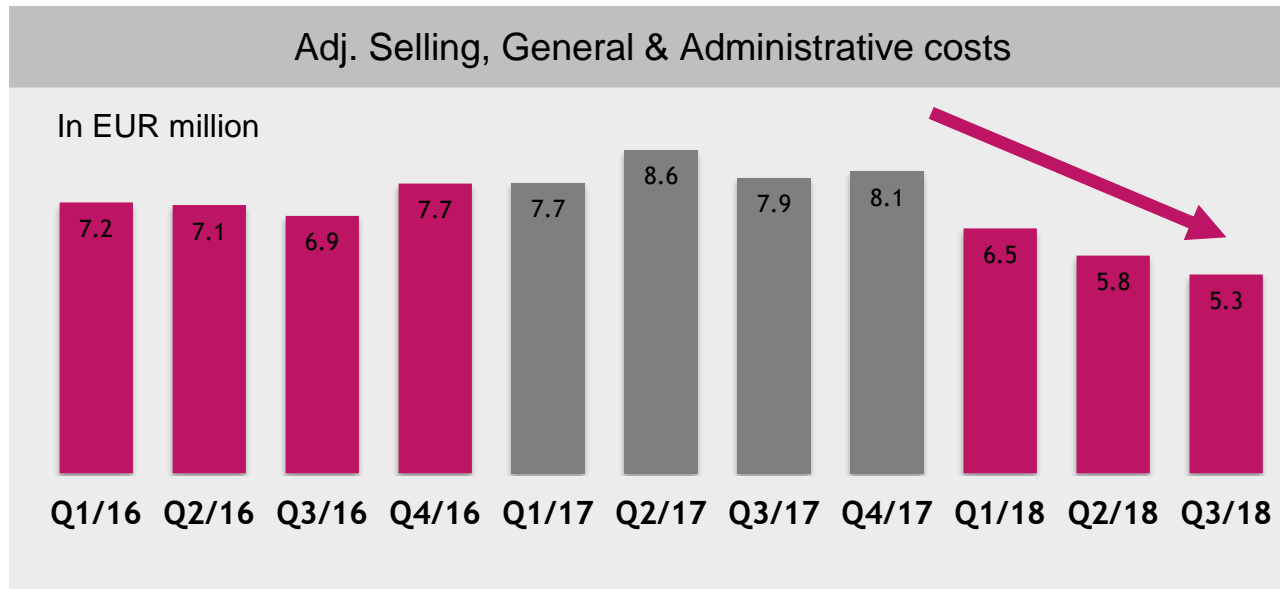
Measures taken

- Review and clean up of existing assortment
- Extension of product assortments
- New pricing tool, introduction of minimum pricing



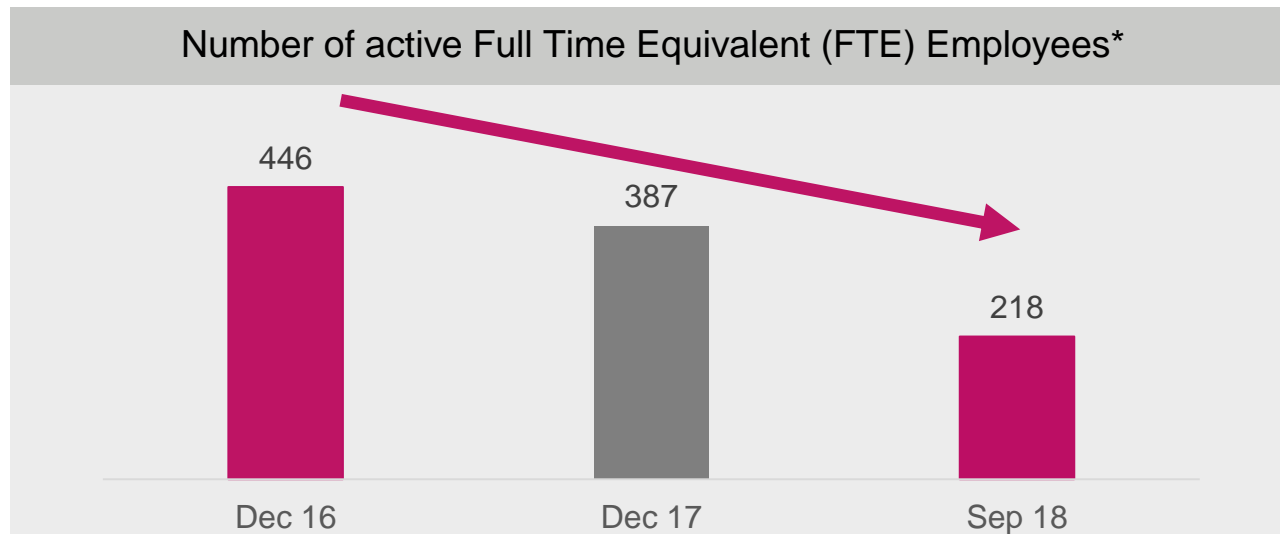
* Margin II defined as revenues minus cost of sales minus fulfilment costs. Excludes sales to business customers to clean up inventory

SG&A expenses were decreased



Measures taken so far

- Simplification of organizational structure
- Reduction of senior management / Management Board
- Integration of Bebitus
- Divestiture of Feedo
- Outsourcing customer service
- Build-up IT capabilities in Sibiu

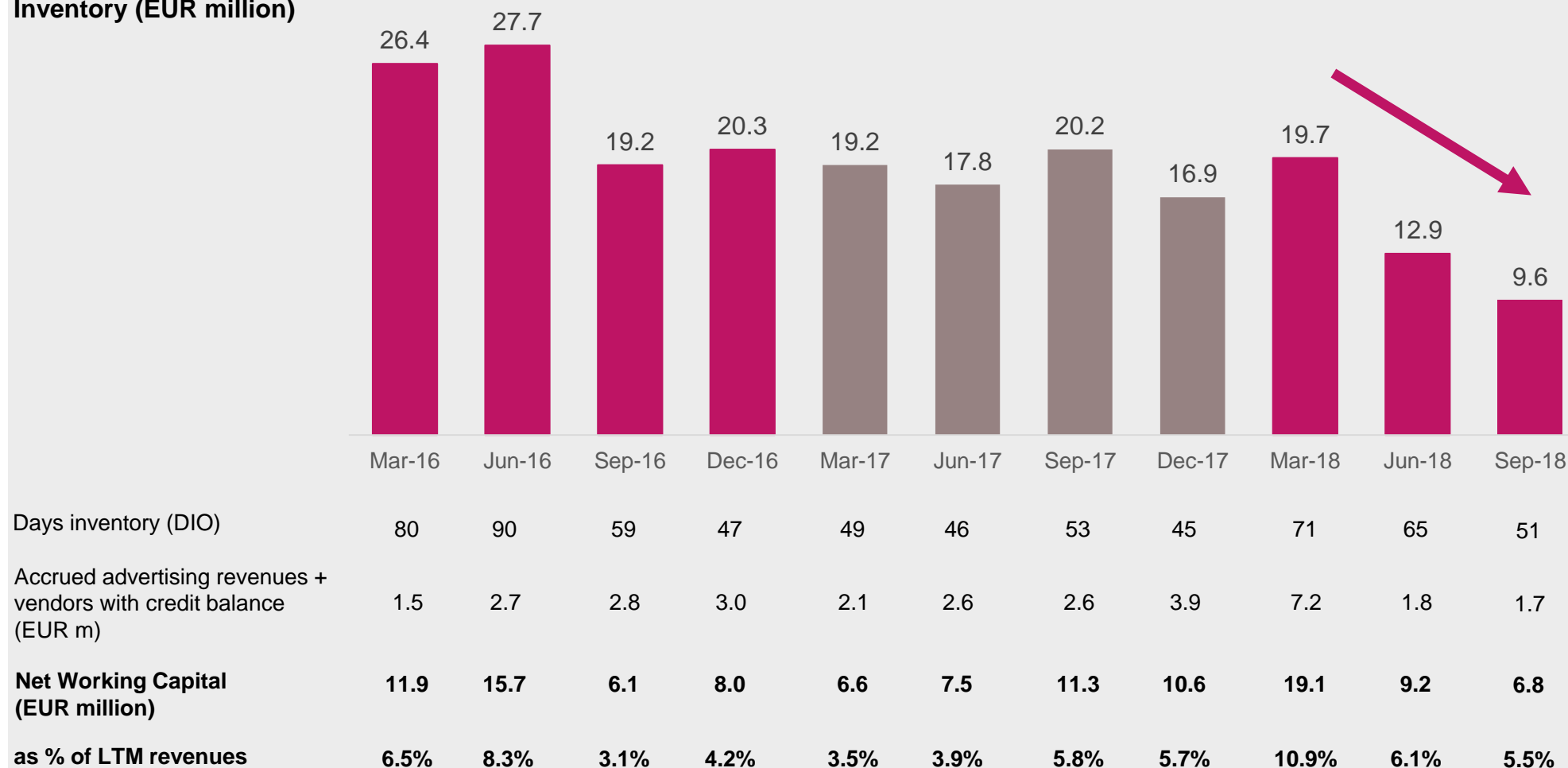


* Currently, 12 FTE employees are in parental leave or absent because of long-term illness

Net working capital significantly lowered

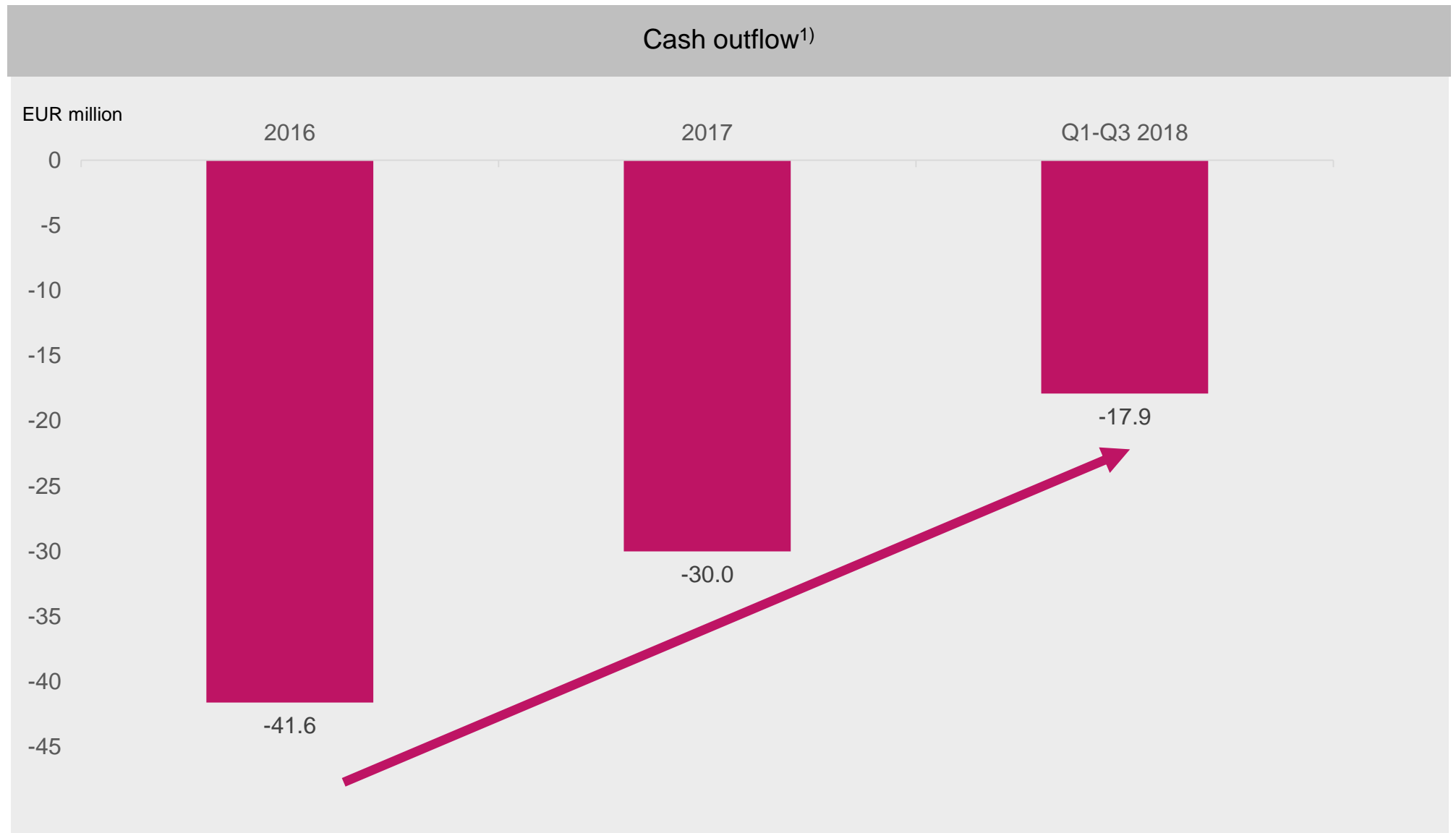


Inventory (EUR million)



Note: Net Working Capital (NWC) defined as inventories, prepayments, trade receivables, accrued advertising subsidies, vendors with credit balance minus trade payables and deferred revenues. Continued operations shown (excl. Feedo Group).

Cash outflow reduced in 2018

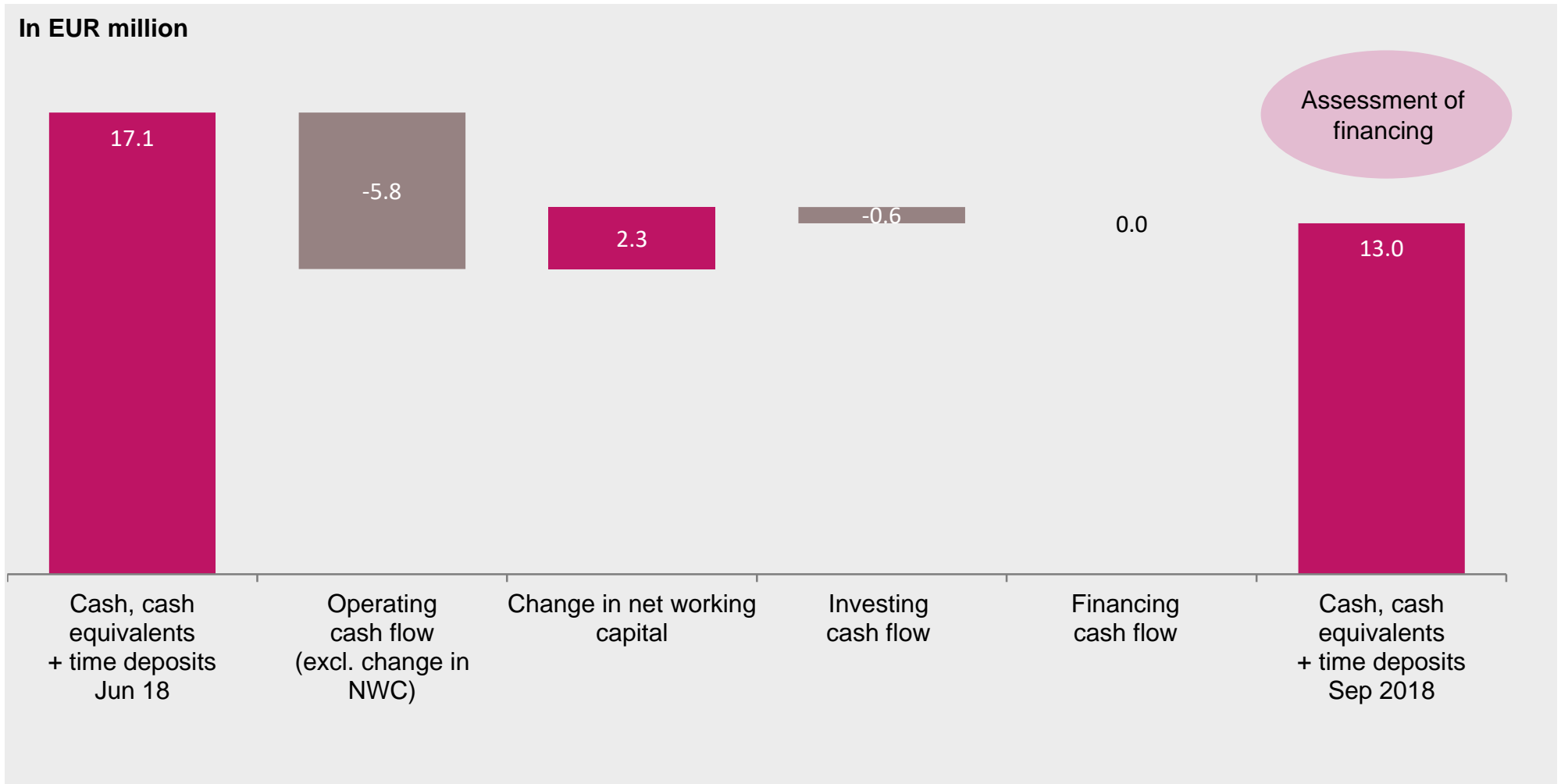


1) Includes cash and cash equivalents, time deposits and restricted cash (excluding drawn financing and capital increase in 2018).

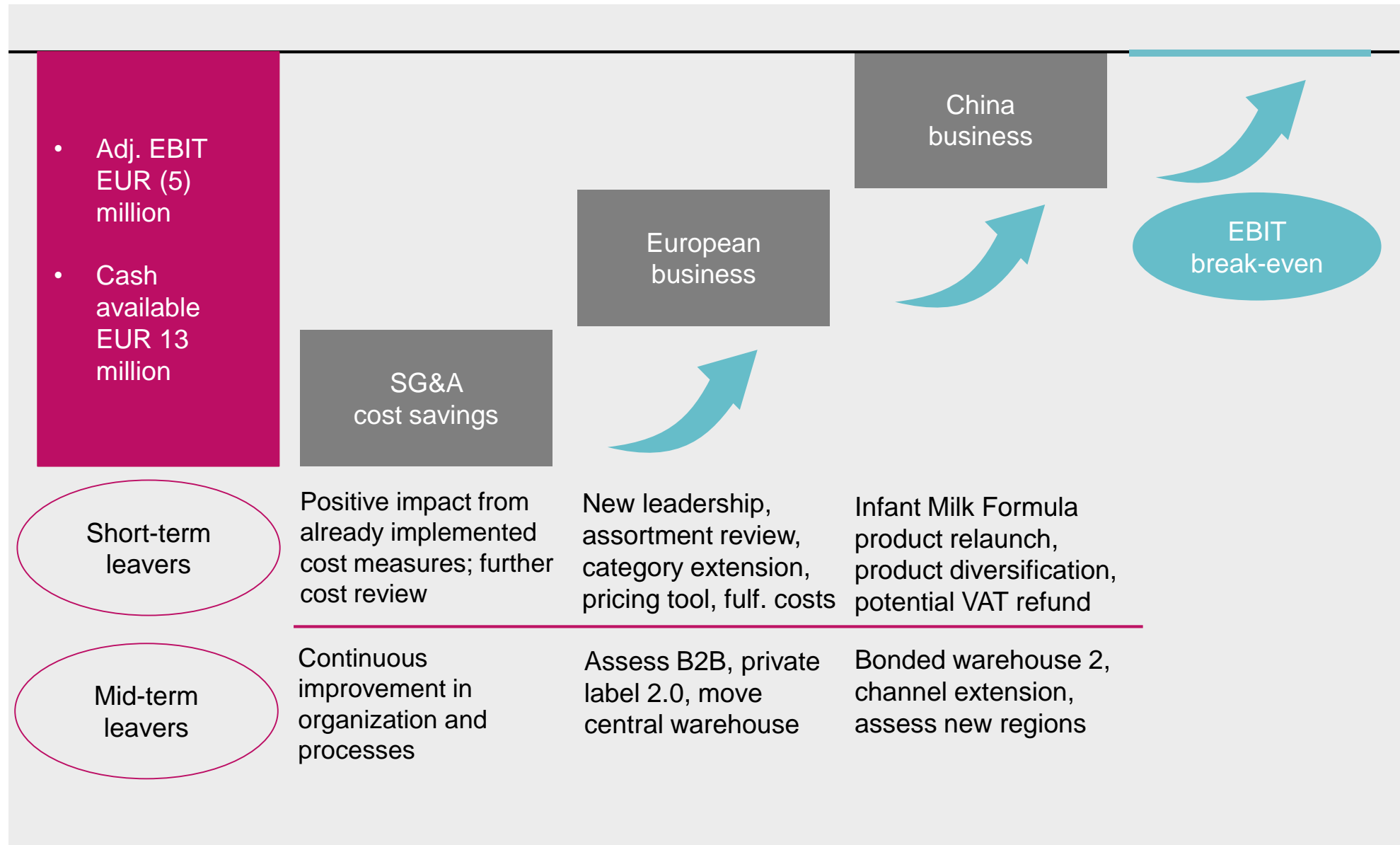
2) EUR 5.2m net proceeds from capital increase not included.

Note: Excludes Feedo from Q1 2018 onwards.

Liquidity position



Key drivers to increase profitability





Questions

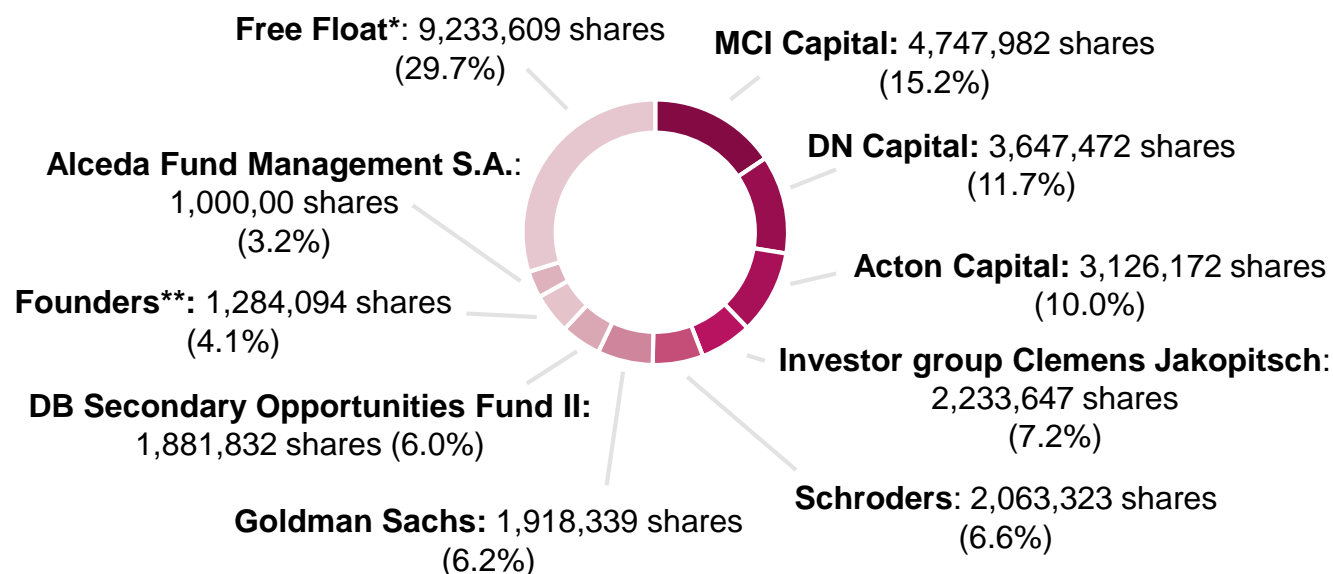


Appendix



Shareholder structure

Shareholder structure¹⁾



Basic share data

WKN	WNDL11
ISIN	DE000WNDL110
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 June, 2018	31,136,470
Share capital	EUR 31,136,470

Supervisory Board members

Willi Schwerdtle (Chairman)	Dr. Hanna Eisinger (get2trade)
Dr. Christoph Braun (Acton Capital)	Tomasz Czechowicz (MCI Capital)
Dr. Edgar Carlos Lange (Lekkerland)	Clemens Jakopitsch (Behördenengineering Jakopitsch)

As of October 15, 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: 31,136,470

*Free float according to the definition of Deutsche Börse

** Aggregate shareholding of the founders Alexander Brand & Konstantin Urban

Key performance indicators quarter over quarter



Excl. pannolini and Feedo	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	H1 '18	Q3 '18	9M '18
Site Visits (in thousand) ¹	22,549	18,119	18,340	16,800	12,255	9,127	21,382	9,907	31,289
Mobile Visit Share (in % of Site Visits) ²	70.5%	71.4%	74.1%	75.0%	72.3%	71.8%	72,1%	70.3%	71.5%
Mobile Orders (in % of Number of Orders) ³	47.9%	48.8%	49.6%	52.7%	53.3%	55.2%	54.2%	55.1%	54.4%
Active Customers (in thousand) ⁴	900	915	919	859	742	681	681	615	615
Number of Orders (in thousand) ⁵	523	468	457	464	330	283	614	244	857
Average Orders per Active Customer (in number of Orders) ⁶	2.2	2.2	2.2	2.2	2.0	2.2	2.2	2.1	2.1
Orders from Repeat Customers (in thousand) ⁷	391	354	424	352	302	233	535	192	727
Share of Repeat Customer Orders (in % of Number of Orders) ⁸	75.7%	76.2%	84.6%	76.6%	87.0%	74.9%	74.9%	79.8%	79.8%
Gross Order Intake (in kEUR) ⁹	45,166	45,712	43,463	43,214	29,774	25,514	55,288	21,916	77,204
Average Order Value (in EUR) ¹⁰	86.3	97.6	95.1	93.2	90.2	90.0	90.1	90.0	90.1
Returns (in % of Gross Revenues from orders) ¹¹	3.9%	2.8%	2.9%	3.0%	3.4%	3.6%	3.5%	4.3%	3.7%

Income statement (continuing operations)



kEUR	9M 2018	9M 2017 R*	Q3 2018	Q3 2017 R*
Revenues	78,549	142,109	22,178	47,200
Cost of sales	-60,167	-105,917	-17,255	-35,066
Gross profit	18,382	36,192	4,923	12,134
<i>% margin</i>	23.4%	25.5%	22.2%	25.7%
Selling and distribution expenses	-29,573	-43,035	-7,936	-13,932
Administrative expenses	-6,609	-17,489	-2,318	-5,600
Other operating income	773	504	294	207
Other operating expenses	-639	-597	-183	-106
EBIT	-17,666	-24,425	-5,220	-7,297
<i>% margin</i>	-22.5%	-17.2%	-23.5%	-15.5%
Financial result	-15	1,089	5	1,125
EBT	-17,681	-23,336	-5,215	-6,172
<i>% margin</i>	-22.5%	-16.4%	-23.5%	-13.1%
Income taxes	-16	30	-2	27
Profit or loss from continuing operations	-17,697	-23,306	-5,217	-6,145
<i>% margin</i>	-22.5%	-16.4%	-23.5%	-13.0%
Profit or loss from discontinued operations	-10,575	-2,174	-713	-95
Profit or loss for the period	-28,272	-25,480	-5,930	-6,420
EBIT	-17,666	-24,425	-5,220	-7,297
Share-based compensation	-323	8,133	64	2,630
Acquisition, integration and expansion costs	-	104	-	-94
Reorganization	1,227	-103	169	-
Intangible assets	-	251	-	251
Closure pannolini.it	771	-	57	-
Adjusted EBIT	-15,991	-16,040	-4,930	-4,510
<i>% margin</i>	-20.5%	-11.3%	-22.2%	-9.6%

* Restated for presentation of discontinued operations in connection with the planned divestiture of Feedo Group, and restated for the effects of the first application of IFRS 9

Balance sheet and cash flow statement



Consolidated statement of financial position		
kEUR	September 30, 2018	December 31, 2017 R ³
Total non-current assets	12,617	22,714
Inventories	9,573	19,174
Prepayments	19	332
Trade receivables	942	2,258
Miscellaneous other current assets ¹	5,739	11,052
Cash and cash equivalents	12,135	26,465
Total current assets	28,408	59,281
Total assets	41,025	81,995
Issued capital	31,136	28,472
Share premium	170,488	168,486
Accumulated loss	-171,699	-143,427
Cumulated other comprehensive income	180	-298
Total equity	30,105	53,233
Total non-current liabilities	522	2,289
Other provisions	137	315
Financial liabilities	51	3,575
Trade payables	5,456	14,779
Deferred revenue	1,840	3,057
Miscellaneous current liabilities ²	2,914	4,747
Total current liabilities	10,398	26,473
Total equity & liabilities	41,025	81,995

Consolidated statement of cash flows				
kEUR	9M 2018	9M 2017 ⁴	Q3 2018	Q3 2017
Net cash flows from/used in operating activities	-17,261	-23,356	-3,477	-10,242
Net cash flows from/used in investing activities	1,371	-685	-16	-357
Net cash flows from/used in financing activities	1,552	-95	-38	-69
Cash and cash equivalents at the beginning of the period	26,465	51,302	15,656	37,837
Net increase/decrease in cash and cash equivalents	-14,338	-24,136	-3,531	-10,668
Cash and cash equivalents at the end of the period	12,135	27,152	12,135	27,152

- 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 Restated for the effects of the first application of IFRS 9
- 4 Restated for presentation of short-term time deposits

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 and mobile apps divided by the total number of Site Visits in the measurement period. We have excluded visits to our online magazine and until the end of 2016 we also excluded visits from China. We excluded visits from China because the most common online translation services on which most of our customers who order for delivery to China rely to translate our website content are not able to do so from their mobile devices, and therefore very few of such customers order 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 and mobile apps divided by the total Number of Orders in the measurement period. We have included orders from China from Q1 2017 onwards. 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.

Footnotes to page 15



Note: Adjusted continuing operations shown (i.e. excluding discontinued operation Feedo Group).

- 1 The adjustments of gross profit relate to income expenses of the shop pannolini.it until the shop's closure, and expenses for share-based compensation.
- 2 Fulfilment costs consist of logistics and warehouse rental expenses which are recognized within selling and distribution expenses in the consolidated statement of profit and loss. Fulfilment expenses incurred in the shop pannolini.it are adjusted until the shop's closure. In 2017, costs related to the closure of the Swiss location and income from the release of provisions for onerous contracts are adjusted.
- 3 Marketing costs mainly consist of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for the marketing tools of the Group. Marketing expenses incurred in the shop pannolini.it are adjusted until the shop's closure.
- 4 Other selling, general and administration expenses (other SG&A expenses) consist of selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted SG&A expenses exclude expenses from share-based compensation, reorganization measures and income and expenses incurred in the shop pannolini.it until the shop's closure. Furthermore, expenses for the integration of subsidiaries were adjusted in the comparative period.
- 5 Adjusted for expenses and income in connection with share-based compensation, reorganization measures and income and expenses of the closed shop pannolini.it. In the prior year comparative period, expenses for the integration of subsidiaries were adjusted.

