



EUROPE'S LEADING ONLINE FASHION DESTINATION

Q3 2015 Earnings Call
12 November 2015

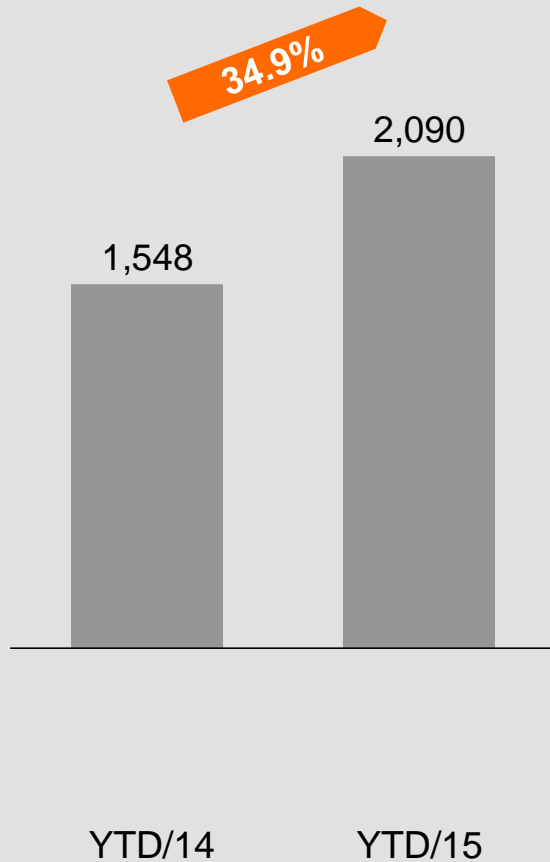
Results highlights and business update



ACCELERATING GROWTH THROUGH TARGETED INVESTMENTS

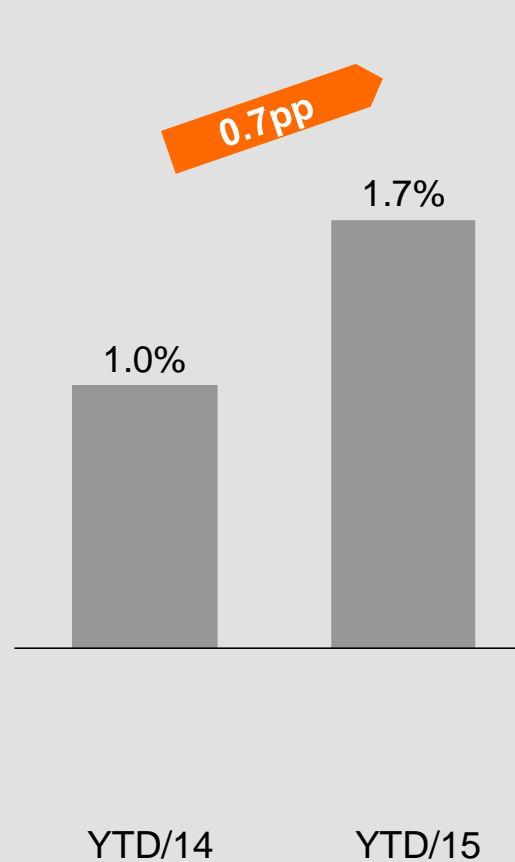
Growth accelerates further YTD

(Revenue in €m)



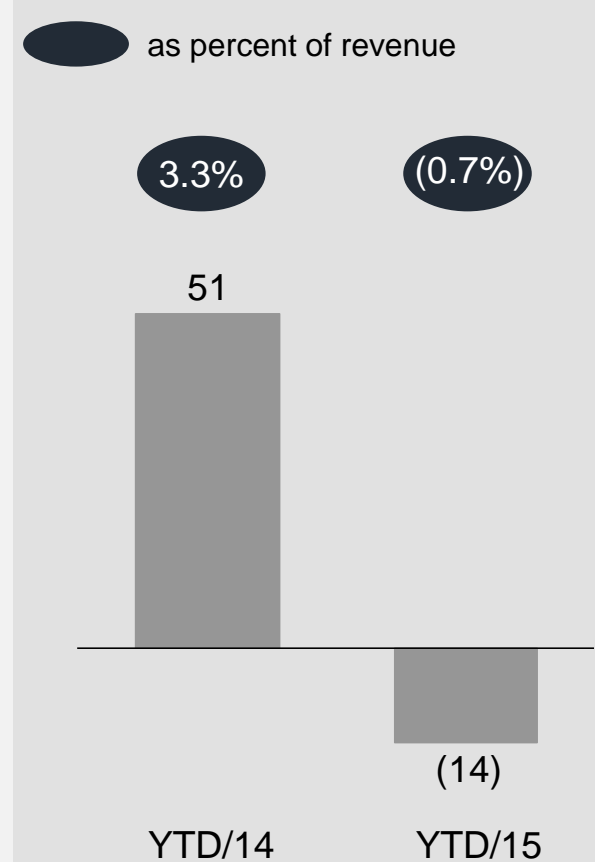
YTD profitability despite growth investments

(EBIT margin excl. SBC¹ in percent)



Free cash flow impacted by operating investments

(Total free cash flow² in €m)



(1) Excluding equity-settled stock based compensation costs ("SBC") of €12.7m in YTD/15.

(2) Includes operating cash flow less investing cash flow (investments in fixed, intangible assets and payments for acquisitions); excludes changes in restricted cash (€39.5) and investments into short-term deposits with maturity of more than 3 and less than 12 months (-€155m).

Q3 growth
boosters on top:

- Very strong clearance in Jul. & Aug.
- Strong Sep. with **season switch** to fall winter
- Weak comparison period Q3/14

Customer proposition
continues to drive growth:

Customer
satisfaction
at all-time
high



- **Assortment:** more brands, more value for money
- **Mobile:** 59% mobile traffic, 14m app downloads
- **Convenience:** faster delivery & easier returns
- **Brand:** local & engaging brand building campaigns

CONNECTING PEOPLE AND FASHION



- ✓ **Tech talent hiring at full speed: +30% YTD to ~900 employees**
- ✓ **Pushing forward platform initiatives and others such as Zalon and ZMS¹**
- ✓ **Build-out of Mönchengladbach and initial work around Lahr warehouses started**

Calvin Klein
underwear



 zalando

- ✓ **Joint campaign with Calvin Klein, featuring Joan Smalls launches on 15-Nov-2015**
- ✓ **More brands offered (Banana Republic live; further extension of premium brands)**
- ✓ **Brand solutions mobile & scaling quickly (>70 brands with >800 brands shops)**

Financial update Q3 2015 and YTD 2015

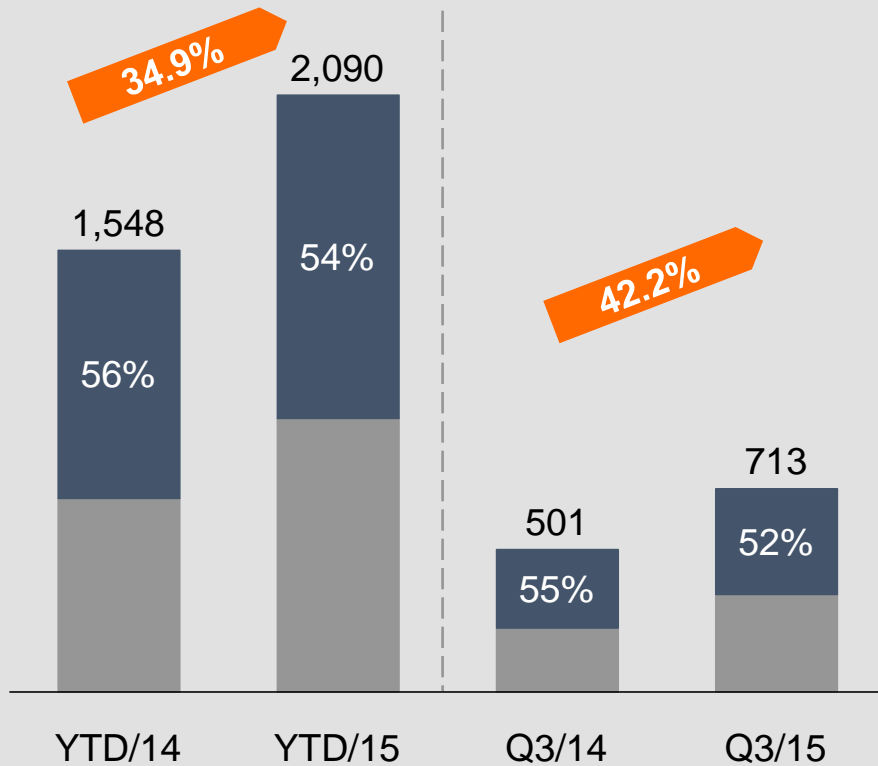


SUBSTANTIAL GROWTH IN Q3

Group revenue

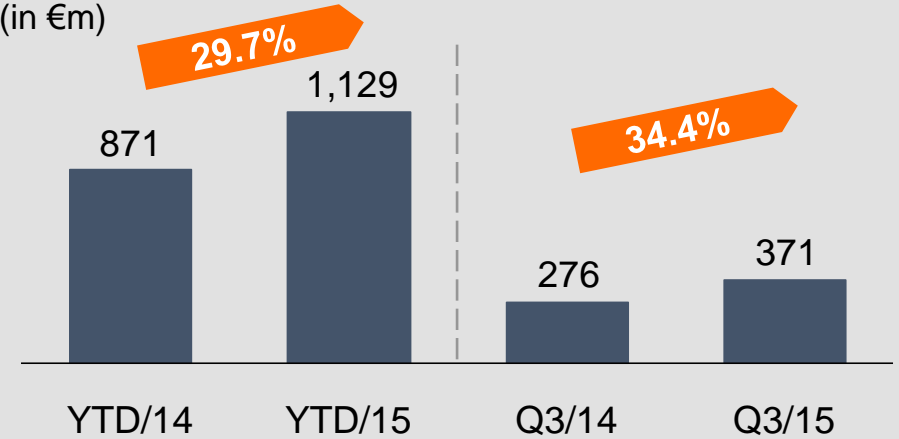
(in €m)

- DACH
- Rest of Europe and Others¹



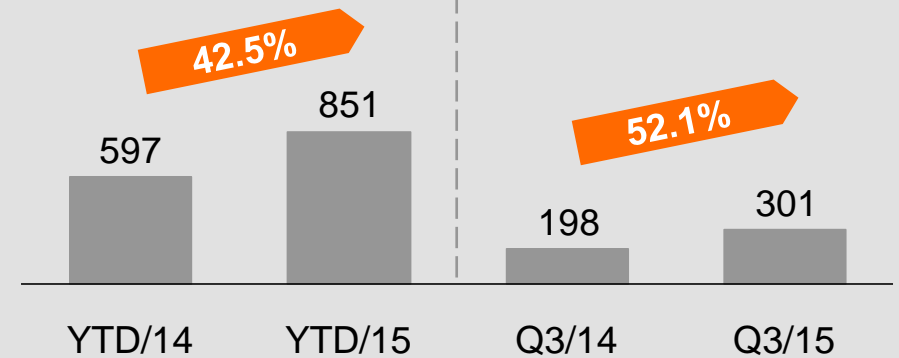
DACH revenue

(in €m)



Rest of Europe revenue

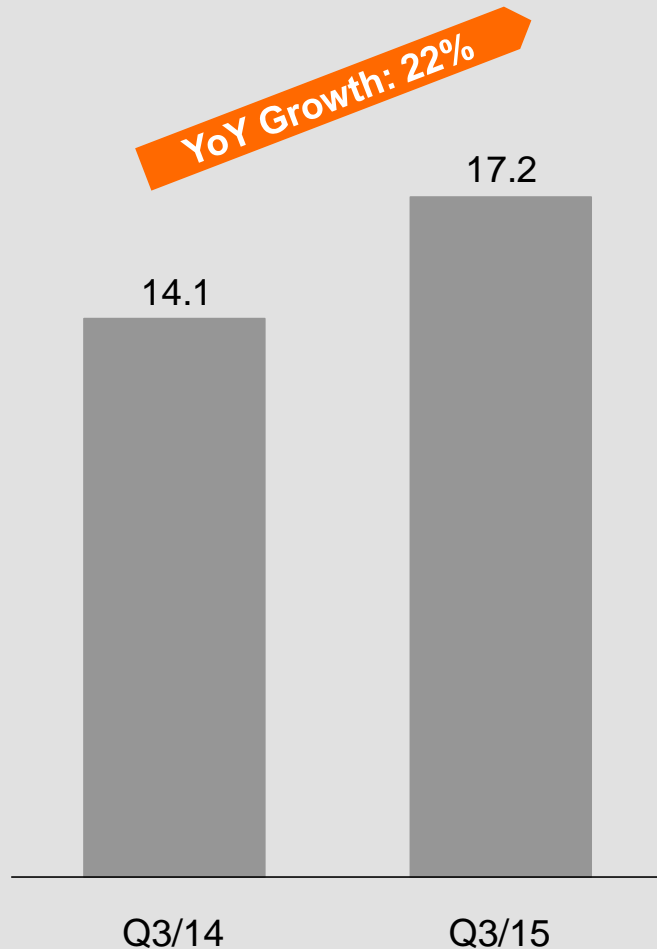
(in €m)



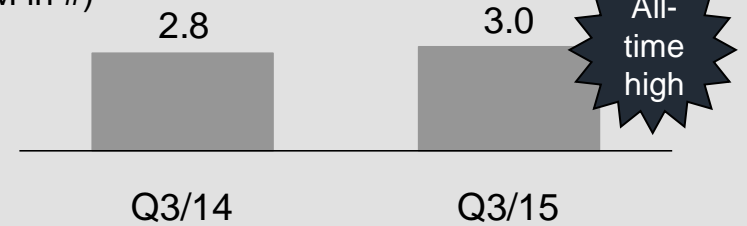
(1) Segment "Others" includes revenues from Zalando Lounge, as well as two outlet stores in Berlin and Frankfurt and others.

STRONG CUSTOMER KPIS DRIVE REVENUE GROWTH

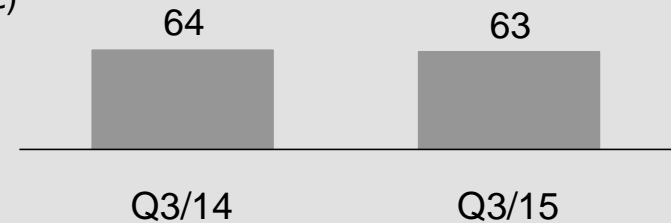
Active customers (in m)



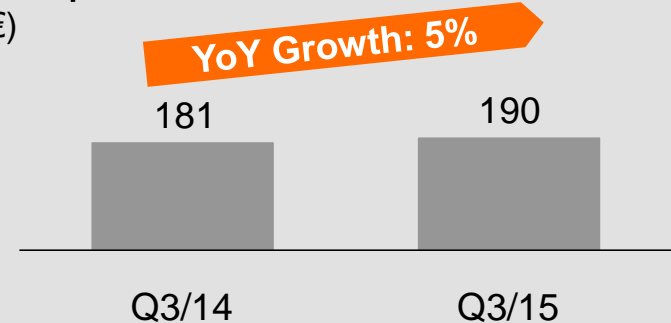
Average orders per active customer (LTM in #)



Average basket size after returns¹ (in €)



GMV per active customer² (in €)



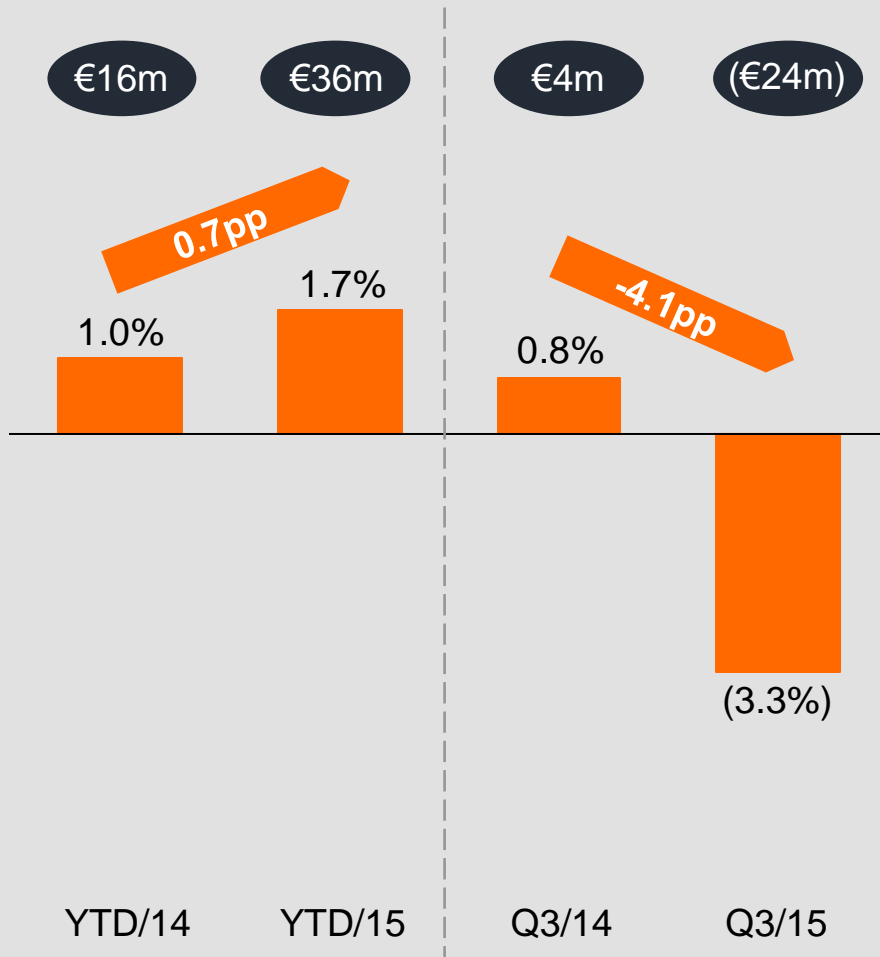
(1) Defined as the transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.

(2) GMV (gross merchandise volume) per active customer = average orders per active customer (LTM in #) x average basket size after returns (in €).

INCREASED INVESTMENTS IMPACT PROFITABILITY IN Q3

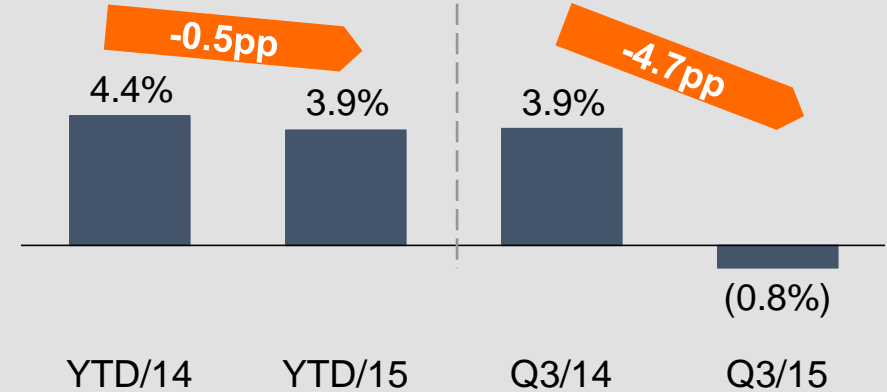
Group EBIT profitability

EBIT margin (excl. SBC¹)



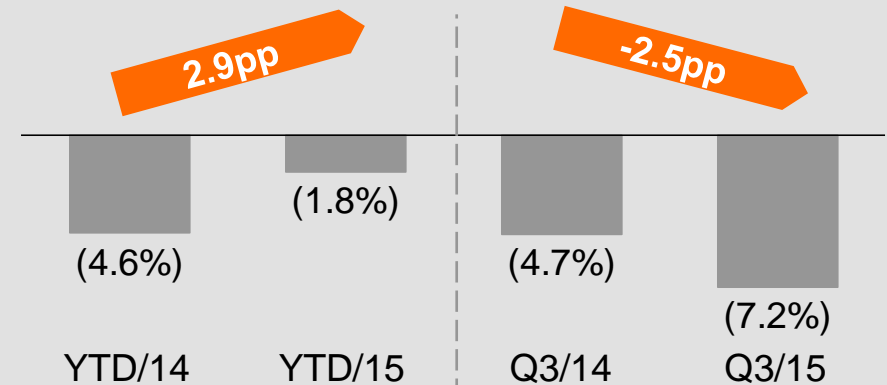
DACH EBIT

EBIT margin (excl. SBC¹)



Rest of Europe EBIT

EBIT margin (excl. SBC¹)



(1) Excluding equity-settled stock based compensation costs ("SBC") of €4.3m and €12.7m in Q3 and YTD/2015, respectively.

STABLE GROSS MARGIN DESPITE GROWTH MOMENTUM

Costs and margins (YTD and Q3)

(excl. SBC in percent of revenue¹)

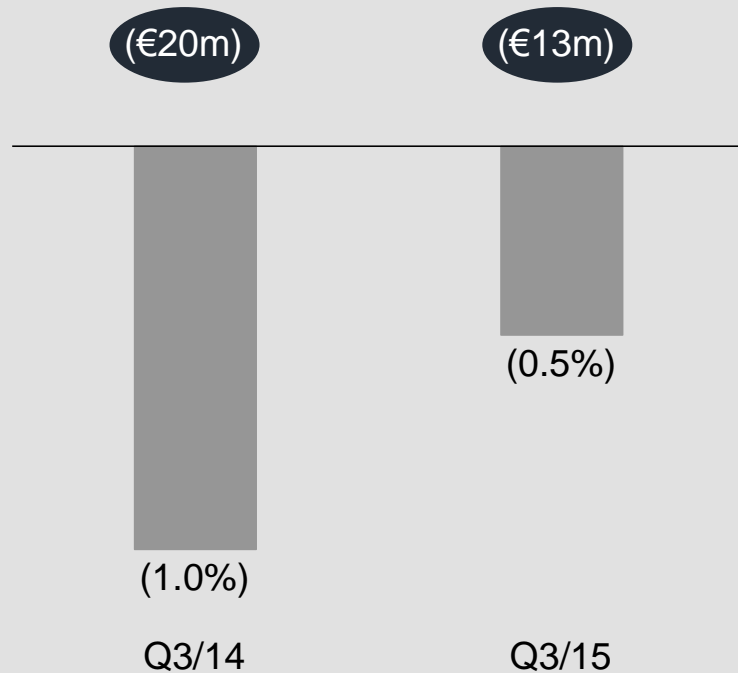
	YTD			Q3		
	2014	2015	Delta	2014	2015	Delta
Cost of sales	(58.2%)	(55.2%)	(3.0pp)	(59.3%)	(59.4%)	0.1pp
Gross profit	41.8%	44.8%	3.0pp	40.7%	40.6%	(0.1pp)
Fulfillment costs	(23.2%)	(26.8%)	3.6pp	(22.7%)	(27.1%)	4.4pp
Marketing costs	(12.8%)	(12.0%)	(0.8pp)	(11.4%)	(12.3%)	0.9pp
Administrative expenses & Other	(4.7%)	(4.3%)	(0.5pp)	(5.8%)	(4.5%)	(1.3pp)
EBIT	1.0%	1.7%	0.7pp	0.8%	(3.3%)	(4.1pp)

- Fast growth inefficiencies
- Customer proposition invest
- H1 payment clean-up
- Tech invest (mobile)

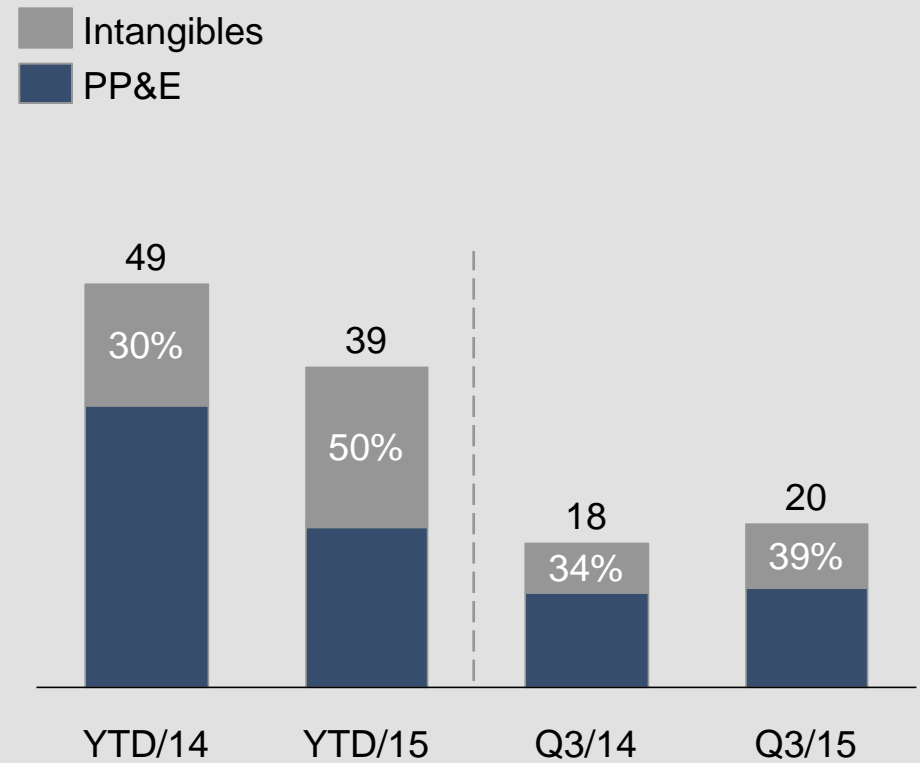
- Sep FW launch
- Strategic (app downloads)

(1) Excluding equity-settled stock based compensation costs ("SBC").

Net working capital (end of Q3)
(as of 30-Sep, in % of annualized Q3 revenue)



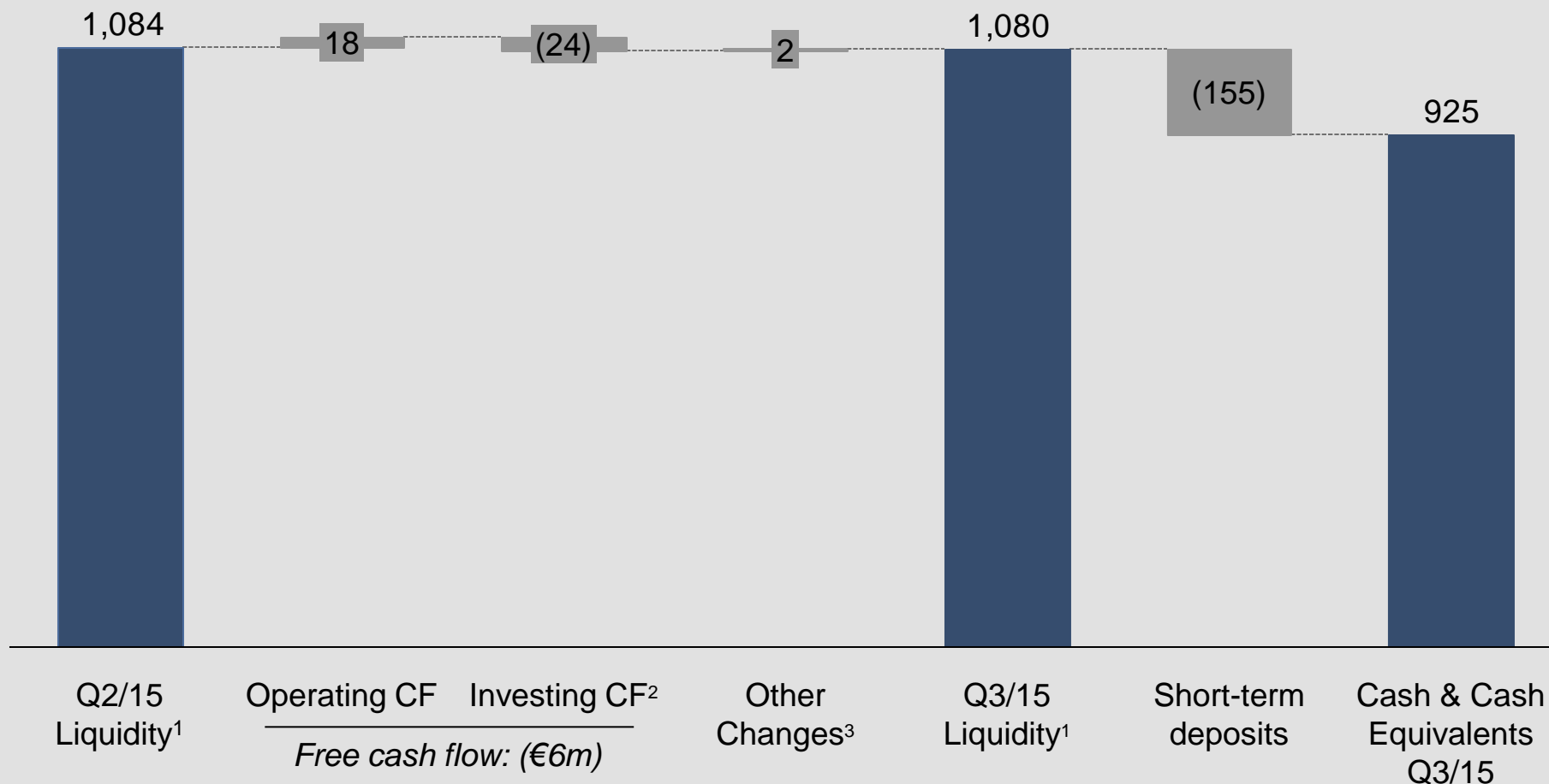
Capital expenditure¹ (YTD and Q3)
(in €m)



(1) Excludes payments for acquisitions of €4.6m and €16.8m in Q3 and YTD 2015, respectively.

Cash flow development (Q3)

(in €m)



(1) Q2/15 and Q3/15 liquidity include investments into short-term deposits with maturity of more than 3 and less than 12 months of €110m and €155.0m, respectively.

(2) Includes investments in fixed, intangible assets and payments for acquisitions; excludes changes in restricted cash (€6m) and investments into short-term deposits with maturity of more than 3 and less than 12 months (-€45.0m).

(3) Includes changes in restricted cash (€6.0m), financing cash flow (€-0.6m) and effect of exchange rate on cash and cash equivalents (€-2.9m).

Outlook





Revenue growth of 33% - 35%



Adj. EBIT¹ margin of 3% - 4%



Continued focus on operational capital efficiency

(1) Adjusted EBIT margin excludes stock-based compensation of 0.6%.

Q&A



Share information (as of 30-Sep-15)

Type of Shares	Ordinary bearer shares with no-par value (<i>Stückaktien</i>)
Stock Exchange	Frankfurt Stock Exchange
Market Segment	Regulated Market (<i>Prime Standard</i>)
Index Listings	MDAX (2.1% share ¹)
Total Number of Shares Outstanding	246,797,718
Issued Share Capital	€246,797,718

Stock option programs (as of 30-Sep-15)

Program	# Options outstanding	Strike price
Various	248,710	1.00
Stock Option Program 2011	2,842,400	5.65
Stock Option Program 2013	9,817,500	15.63
Stock Option Program 2014 – Tranche pre IPO	5,244,738	17.72
Stock Option Program 2014 – Tranche Mar 2015	654,080	22.79
Stock Option Program 2014 – Tranche May 2015	371,800	25.03
Stock Option Program 2014 – Tranche Aug 2015	193,500	29.92
Total	19,372,728	

(1) Average September-2015.

INCOME STATEMENT

€m	FY/13	FY/14	Q1/15	Q2/15	Q3/15	YTD/15
Revenue	1,762.0	2,214.0	643.6	733.0	713.1	2,089.7
<i>% growth</i>	52.1%	25.7%	28.5%	34.1%	42.2%	34.9%
Cost of Sales	(1,047.0)	(1,255.3)	(353.5)	(378.5)	(424.7)	(1,156.7)
Gross Profit	715.1	958.7	290.1	354.5	288.4	933.0
<i>% margin</i>	40.6%	43.3%	45.1%	48.4%	40.4%	44.6%
Selling and Distribution Costs	(733.5)	(793.8)	(236.8)	(297.4)	(282.9)	(817.0)
Administrative Expenses	(105.1)	(109.1)	(29.1)	(31.7)	(34.2)	(95.0)
Other Operating Income	12.5	12.2	3.0	2.2	1.5	6.7
Other Operating Expenses	(2.9)	(5.8)	(2.0)	(2.0)	(0.7)	(4.7)
EBIT	(113.9)	62.1	25.1	25.7	(27.8)	23.0
<i>% margin</i>	(6.5%)	2.8%	3.9%	3.5%	(3.9%)	1.1%
Net Financial Result	(3.3)	(4.5)	5.4	(0.9)	(6.3)	(1.8)
EBT	(117.3)	57.7	30.6	24.8	(34.1)	21.2
<i>% margin</i>	(6.7%)	2.6%	4.7%	3.4%	(4.8%)	1.0%
Income and Other Tax	0.7	(10.5)	(6.3)	(1.8)	5.6	(2.4)
Net Income	(116.6)	47.2	24.3	23.0	(28.5)	18.8
<i>% margin</i>	(6.6%)	2.1%	3.8%	3.1%	4.0%	0.9%
Depreciation & Amortization	14.9	25.8	7.5	8.0	8.7	24.2
EBITDA	(99.0)	88.0	32.6	33.7	(19.1)	47.2
<i>% margin</i>	(5.6%)	4.0%	5.1%	4.6%	(2.7%)	2.3%
Share Based Compensation (SBC)	5.3	19.8	4.0	4.4	4.3	12.7
Adj. EBIT (adj. for SBC)	(108.6)	82.0	29.1	30.2	(23.5)	35.7
<i>% margin</i>	(6.2%)	3.7%	4.5%	4.1%	(3.3%)	1.7%
Adj. EBITDA (adj. for SBC)	(93.7)	107.8	36.6	38.1	(14.8)	59.9
<i>% margin</i>	(5.3%)	4.9%	5.7%	5.2%	(2.1%)	2.9%

SHARE BASED COMPENSATION

€m	FY/13	FY/14	Q1/15	Q2/15	Q3/15	YTD/15
Per Income Statement Line Item						
Cost of Sales	0.5	4.4	1.0	1.1	1.1	3.2
Selling and Distribution Costs	2.1	9.6	2.0	2.2	2.2	6.4
Administrative Expenses	2.7	5.8	1.0	1.1	1.1	3.2
Share Based Compensation	5.3	19.8	4.0	4.4	4.3	12.7
As % of revenue						
Per Income Statement Line Item						
Cost of Sales	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%
Selling and Distribution Costs	0.1%	0.4%	0.3%	0.3%	0.3%	0.3%
Administrative Expenses	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%
Share Based Compensation	0.3%	0.9%	0.6%	0.6%	0.6%	0.6%

SEGMENTS

€m	FY/13	FY/14	Q1/15	Q2/15	Q3/15	YTD/15
Revenue	1,762.0	2,214.0	643.6	733.0	713.1	2,089.7
DACH	1,056.1	1,234.0	347.1	411.0	371.2	1,129.4
Rest of Europe	630.2	862.6	265.0	285.3	300.8	851.1
Other	75.7	117.4	31.5	36.6	41.1	109.2
As % of total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DACH	59.9%	55.7%	53.9%	56.1%	52.1%	54.0%
Rest of Europe	35.8%	39.0%	41.2%	38.9%	42.2%	40.7%
Other	4.3%	5.3%	4.9%	5.0%	5.8%	5.2%
EBIT	(113.9)	62.1	25.1	25.7	(27.8)	23.0
DACH	5.3	72.3	30.2	11.9	(5.1)	37.0
Rest of Europe	(100.8)	(18.6)	(6.3)	9.7	(23.4)	(20.0)
Other	(18.4)	8.4	1.2	4.1	0.6	6.0
% margin	(6.5%)	2.8%	3.9%	3.5%	(3.9%)	1.1%
DACH	0.5%	5.9%	8.7%	2.9%	(1.4%)	3.3%
Rest of Europe	(16.0%)	(2.2%)	(2.4%)	3.4%	(7.8%)	(2.3%)
Other	(24.3%)	7.2%	3.9%	11.3%	1.6%	5.5%
Adjusted EBIT	(108.6)	82.0	29.1	30.2	(23.5)	35.7
DACH	8.2	83.0	32.3	14.4	(2.8)	44.0
Rest of Europe	(99.1)	(11.6)	(4.7)	11.3	(21.7)	(15.1)
Other	(17.8)	10.5	1.4	4.4	1.0	6.8
% adjusted margin	(6.2%)	3.7%	4.5%	4.1%	(3.3%)	1.7%
DACH	0.8%	6.7%	9.3%	3.5%	(0.8%)	3.9%
Rest of Europe	(15.7%)	(1.3%)	(1.8%)	4.0%	(7.2%)	(1.8%)
Other	(23.5%)	9.0%	4.5%	12.0%	2.5%	6.3%

BALANCE SHEET

€m	Q3/14	Q3/14 (% of total assets)	Q3/15	Q3/15 (% of total assets)
Total Non-Current Assets	188.0	10.7%	192.9	9.1%
Thereof: Property, Plant and Equipment	112.1	6.4%	119.8	5.7%
Other Financial Assets	48.9	2.8%	30.8	1.5%
Non-Financial Assets	0.0	0.0%	3.7	0.2%
Other Non-Current Assets	27.0	1.5%	38.6	1.8%
Total Current Assets	1,572.7	89.3%	1,919.6	90.9%
Thereof: Inventories	419.7	23.8%	590.4	27.9%
Trade and Other Receivables	103.5	5.9%	154.6	7.3%
Other Assets ¹	582.6	33.1%	249.8	11.8%
Cash and Cash Equivalents ¹	466.8	26.5%	924.9	43.8%
Total Assets	1,760.8	100.0%	2,112.6	100.0%
Total Equity	1,076.9	61.2%	1,164.8	55.1%
Thereof: Issued Capital	244.8	13.9%	246.8	11.7%
Capital Reserves	1,119.0	63.6%	1,134.4	53.7%
Retained earnings	0.1	0.0%	4.2	0.2%
Accumulated Loss	(287.0)	(16.3%)	(220.6)	(10.4%)
Total Non-Current Liabilities	26.7	1.5%	33.8	1.6%
Thereof: Financial Liabilities	16.4	0.9%	15.2	0.7%
Other Non-Current Liabilities	10.3	0.6%	18.6	0.9%
Total Current Liabilities	657.1	37.3%	914.0	43.3%
Thereof: Trade Payables and Similar Obligations	543.2	30.8%	758.2	35.9%
Other Current Liabilities	113.9	6.5%	155.8	7.4%
Total Equity & Liabilities	1,760.8	100.0%	2,112.6	100.0%
Net Working Capital	(19.9)	(1.1%)	(13.3)	(0.6%)

(1) Other assets includes investments into short-term deposits of €155m, which are no longer listed under Cash and Cash Equivalents due to their maturity of more than 3 but less than 12 months.

CASH FLOW STATEMENT

€m	FY/14	Q1/15 YTD	Q2/15 YTD	Q3/15 YTD	Q3/15
Net Income	47.2	24.3	47.3	18.8	(28.5)
Non-Cash Expenses from Share-Based Payments	19.8	4.0	8.4	12.7	4.3
Cash Settlement of Claims from Share-Based Payments	0.0	(2.0)	(2.3)	(2.3)	0.0
Depreciation	25.8	7.5	15.5	24.2	8.7
Change in Provisions	1.0	(0.4)	(0.3)	(0.3)	(0.0)
Other Non-Cash Income	(0.2)	(0.9)	(2.5)	(0.7)	1.8
Change in Inventories and Receivables	(68.7)	(155.4)	(110.8)	(256.0)	(145.2)
Change in Trade Liabilities	94.9	117.5	78.2	266.3	188.2
Change in Other Assets/Other Liabilities	55.1	(6.4)	(10.2)	(21.2)	(11.0)
Cash Flow from Operating Activities	174.9	(11.8)	23.3	41.6	18.3
Payments for Investments in Fixed and Intangible Assets	(51.1)	(8.4)	(19.3)	(39.1)	(19.9)
Payments for Acquisitions	0.0	0.0	(12.2)	(16.8)	(4.6)
Cash Paid for Investments in Term Deposits	0.0	(90.0)	(110.0)	(155.0)	(45.0)
Change in Restricted Cash	(0.8)	15.8	33.5	39.5	6.0
Cash Flow from Investing Activities	(51.9)	(82.6)	(108.0)	(171.4)	(63.5)
Payments Received from Capital Increases	510.1	1.5	5.5	5.7	0.2
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0
Cash Repayments of Loans	(3.2)	(0.8)	(1.6)	(2.4)	(0.8)
Cash Flow from Financing Activities	510.8	0.7	3.9	3.2	(0.6)
Change in Cash & Cash Equivalents	633.8	(93.7)	(80.8)	(126.6)	(45.8)
Effects of Exchange Rate on Cash & Cash Equivalents	0.0	3.6	3.4	0.5	(2.9)

KPI DEVELOPMENT

	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15
Site Visits (m) ¹	1,217.0	331.8	322.7	321.7	387.6	1,363.8	392.8	411.8	393.9
Mobile Visit Share (in % of Site Visits) ²	26.8%	36.2%	40.7%	43.3%	47.9%	42.3%	52.6%	56.6%	58.8%
Active Customers (m) ³	13.1	13.5	13.7	14.1	14.7	14.7	15.4	16.4	17.2
Number of Orders (m) ⁴	35.1	9.7	10.4	9.7	11.6	41.4	12.0	14.0	13.8
Average Order per Active Customer	2.68x	2.74x	2.77x	2.81x	2.82x	2.82x	2.84x	2.89x	3.00x
Average Basket Size (in €) ⁵	62.5	63.9	65.7	64.4	71.7	66.6	68.0	67.4	63.3
Fulfillment Cost Ratio (in % of revenue) ⁶	24%	24%	23%	23%	20%	22%	25%	28%	27%
Marketing Cost Ratio (in % of revenue) ⁷	18%	14%	13%	11%	14%	13%	12%	12%	12%

(1) Site Visits defined as the number of series of page requests from the same uniquely identified client at Zalando, including website, m.site and apps in the measurement period. A visit is considered ended when no requests have been recorded in more than 30 minutes.

(2) Mobile is defined as tablets, mobile site and apps.

(3) Active Customers defined as the number of customers placing at least one order in the last twelve months in the measurement period irrespective of cancellations or returns.

(4) Number of Orders defined as the number of customer orders placed in the measurement period irrespective of cancellations or 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.

(5) Average Basket Size defined as the transactional revenue (incl. VAT and transactional volume of Partner Program) after cancellations or returns divided by the number of orders.

(6) Fulfillment Cost Ratio defined as fulfillment cost as a proportion of revenue in the measurement period. Fulfillment costs mainly include logistics, content creation, service and payment expenses, as well as allocated overhead costs. Fulfillment costs therefore comprises all selling and distribution costs, except for marketing costs. All numbers shown excluding equity-settled SBC costs.

(7) Marketing Cost Ratio defined as Marketing cost as a proportion of revenue in the measurement period. Marketing cost mainly consists of advertising expenses including search engine marketing, television, online display and other marketing channels as well as allocated overhead cost. All numbers shown excluding equity-settled SBC costs.

FINANCIAL CALENDAR 2016

March 2016				
M	T	W	T	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30	31	

May 2016				
M	T	W	T	F
2	3	4	5	9
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31			

August 2016				
M	T	W	T	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29				

November 2016				
M	T	W	T	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30		

Date	Action
Friday, 13-Nov, 2015	Morgan Stanley European TMT Conference, Barcelona
Monday, 11-Jan	Commerzbank German Investment Seminar 2016, New York City
Tuesday, 1-Mar	Q4/2015 Results
Tuesday/Wednesday, 22-23 Mar	Capital Markets Day
Thursday, 12-May	Q1/2016 Results
May/June	Annual General Meeting 2016
Thursday, 11-Aug	Q2/2016 Results
Thursday, 10-Nov	Q3/2016 Results

DISCLAIMER

These materials do not constitute an offer of securities for sale or a solicitation of an offer to purchase securities of Zalando SE (together with its subsidiaries, the “Company”) in any jurisdiction. The distribution of this presentation may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which the Company operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes,” “expects,” “predicts,” “intends,” “projects,” “plans,” “estimates,” “aims,” “foresees,” “anticipates,” “targets,” and similar expressions. The forward-looking statements contained in this presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are uncertain and subject to risks. Actual events may differ significantly from any anticipated development due to a number of factors, including without limitation, changes in general economic conditions, in particular economic conditions in Germany, changes affecting interest rate levels, changes in competition levels, changes in laws and regulations, environmental damages, the potential impact of legal proceedings and actions and the Group’s ability to achieve operational synergies from past or future acquisitions. The Company does not guarantee that the assumptions underlying the forward-looking statements in this presentation are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or any obligation to update the statements in this presentation to reflect subsequent events. The forward-looking statements in this presentation are made only as of the date hereof. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients thereof shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. Consequently, the Company does not undertake any obligation to review, update or confirm investors’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of the presentation.

This presentation contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the basis of any analysis or other evaluation. In addition, the information in this presentation is subject to change. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein.