

An outdoor lounge area featuring a wicker sofa with dark cushions and several pillows, a matching coffee table with a bowl of lemons, and a stone wall in the background. The area is covered by a wooden pergola structure with hanging lanterns. The scene is set in a bright, sunny outdoor environment with palm trees and a clear sky.

WESTWING

Q2 2020 Results

UNAUDITED

Munich, August 13, 2020

Disclaimer | Forward Looking Statements

Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made and are subject to significant risks and uncertainties. You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed on this call due to a number of factors, including without limitation, risks from macroeconomic developments, external fraud, inefficient processes at fulfillment centers, inaccurate personnel and capacity forecasts for fulfillment centers, hazardous material / conditions in production with regard to private labels, lack of innovation capabilities, inadequate data security, lack of market knowledge, risk of strike and changes in competition levels.

An outdoor dining table set on a patio. The table is rectangular and made of light-colored wood, with a yellow cloth draped over one side. It is set with various dishes, including bowls of fruit and bread, and a glass of beer. Three wicker chairs with black metal frames are tucked under the table. In the background, there is a stone wall, lush greenery, and a swimming pool. The scene is bathed in warm, golden light, suggesting late afternoon or early morning.

OUR MISSION

“ To inspire and make
every home a
beautiful home ”



AGENDA

- Business Update
- Financial Update
- Summary and Q&A
- Appendix

Summary

Q2 2020 RESULTS

GROWTH

91% of revenue growth yoy and increase of active customers to 1.2m

PROFITABILITY

13% Adj EBITDA margin based on strong contribution margin in combination with scale effects

FREE CASH FLOW

EUR 23m Free Cash Flow generation, bringing LTM Free Cash Flow margin to 6%

ACCELERATED SHIFT TO ONLINE

Growth across all customer cohorts (existing and new customers) and across all countries; adapted customer behaviour will be long-term beneficial and accelerate online shift

IMPLICATIONS

Q2 validated our target P&L and opportunity to build a highly cash-generating business

GUIDANCE

25-35% growth at 3-5% Adj EBITDA margin for full year 2020 (as per update July 16th, 2020)

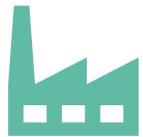
Covid-19 situation update: health & safety are our number one priority; supply chains recovering



Warehouses and photo studios continue to operate with **highest hygiene standards and effective distancing measures** in a safe work environment



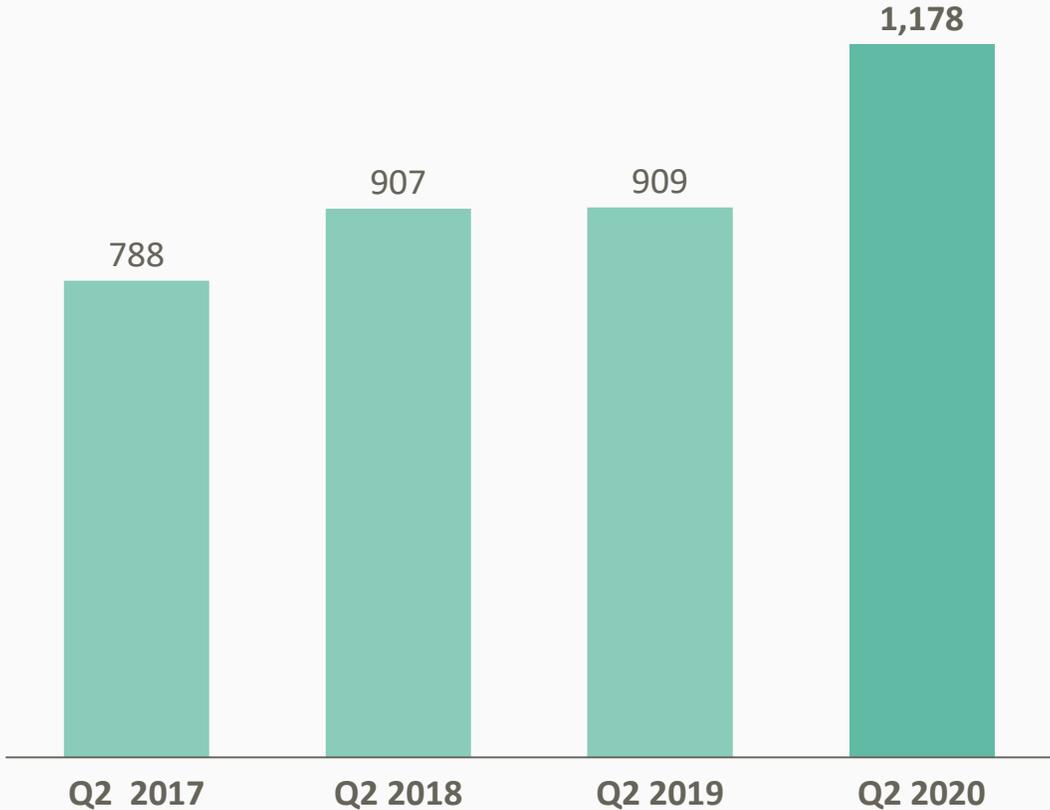
Majority of office teams are working from home at excellent productivity levels



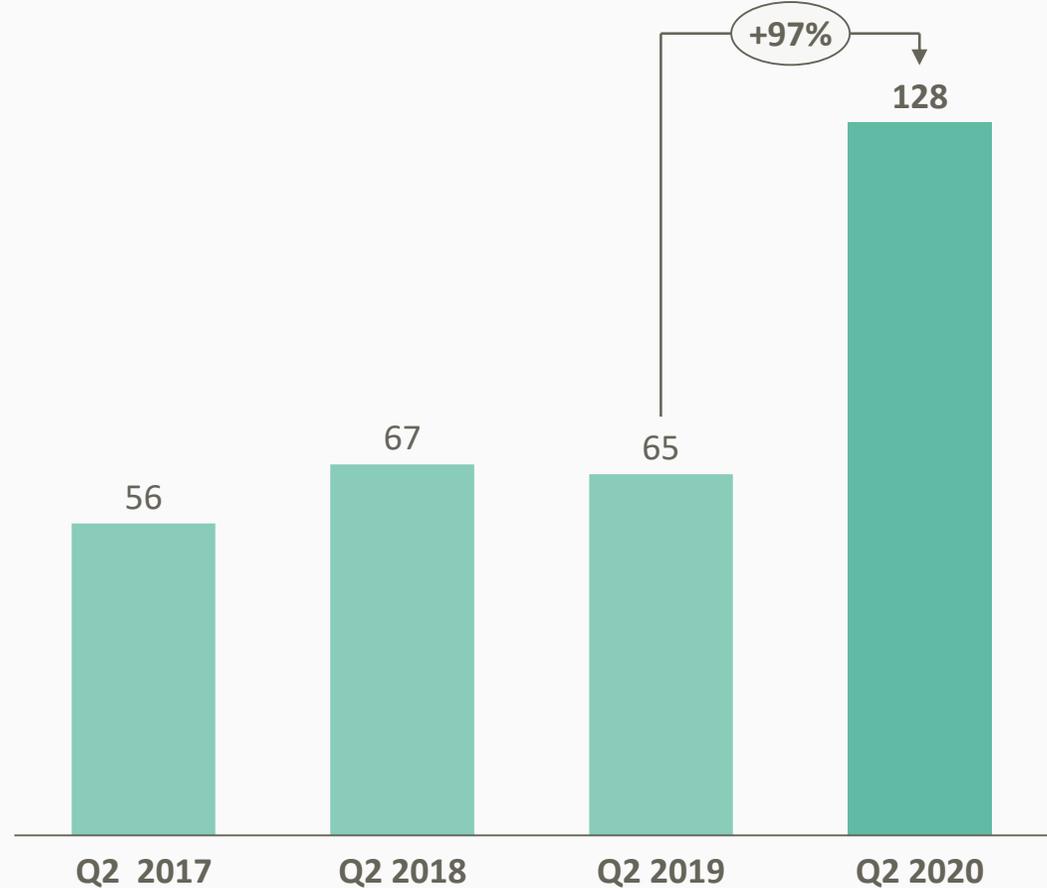
Supply chains across the world are recovering, e.g. China and Europe fully recovered, India still problematic, freight routes are open again

Accelerated online shift in Q2 drove very strong customer and GMV growth...

Active Customers LTM (in k)



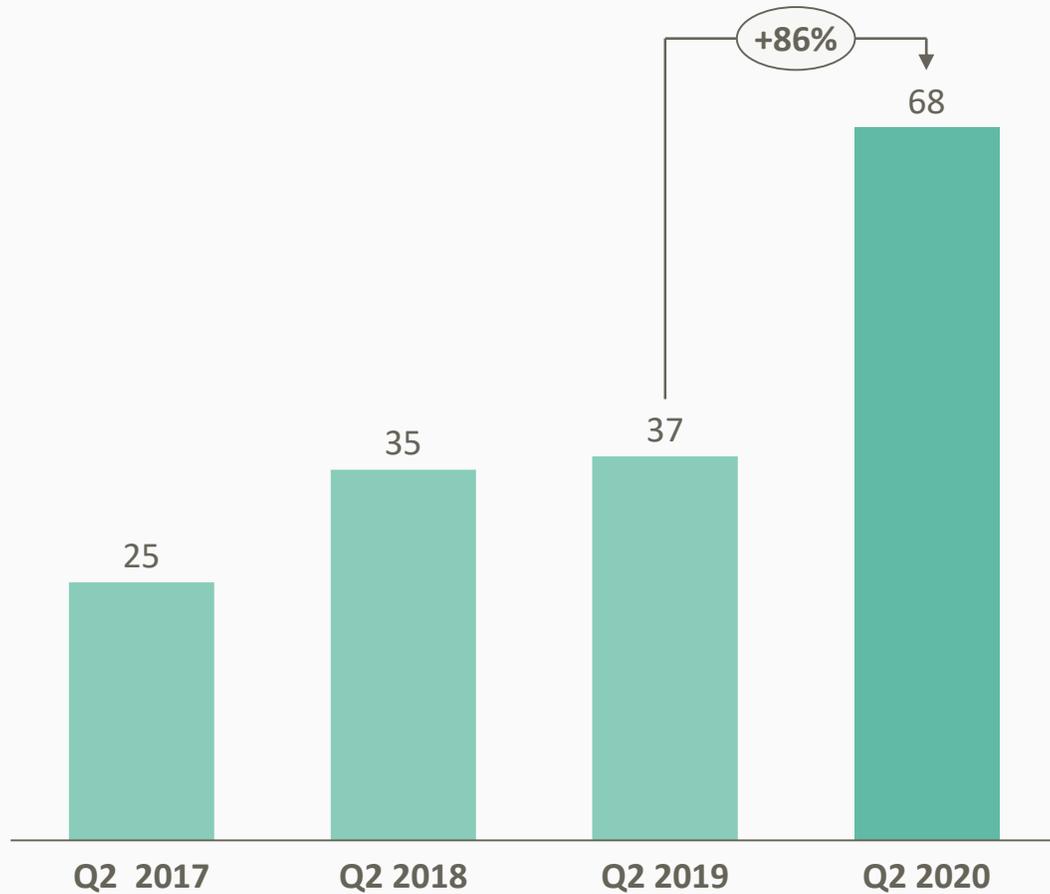
GMV (in EUR m)



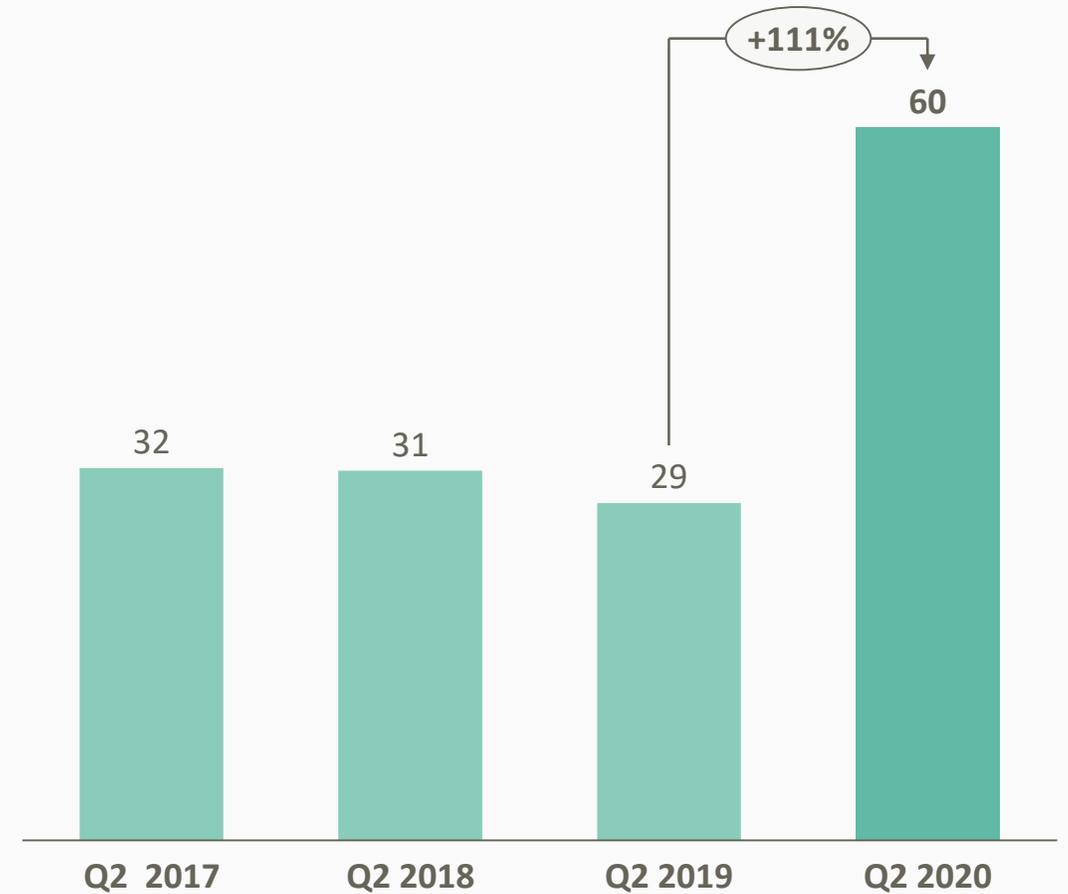
Note: All figures unaudited.

...across our whole country portfolio

Segment DACH GMV (in EUR m)



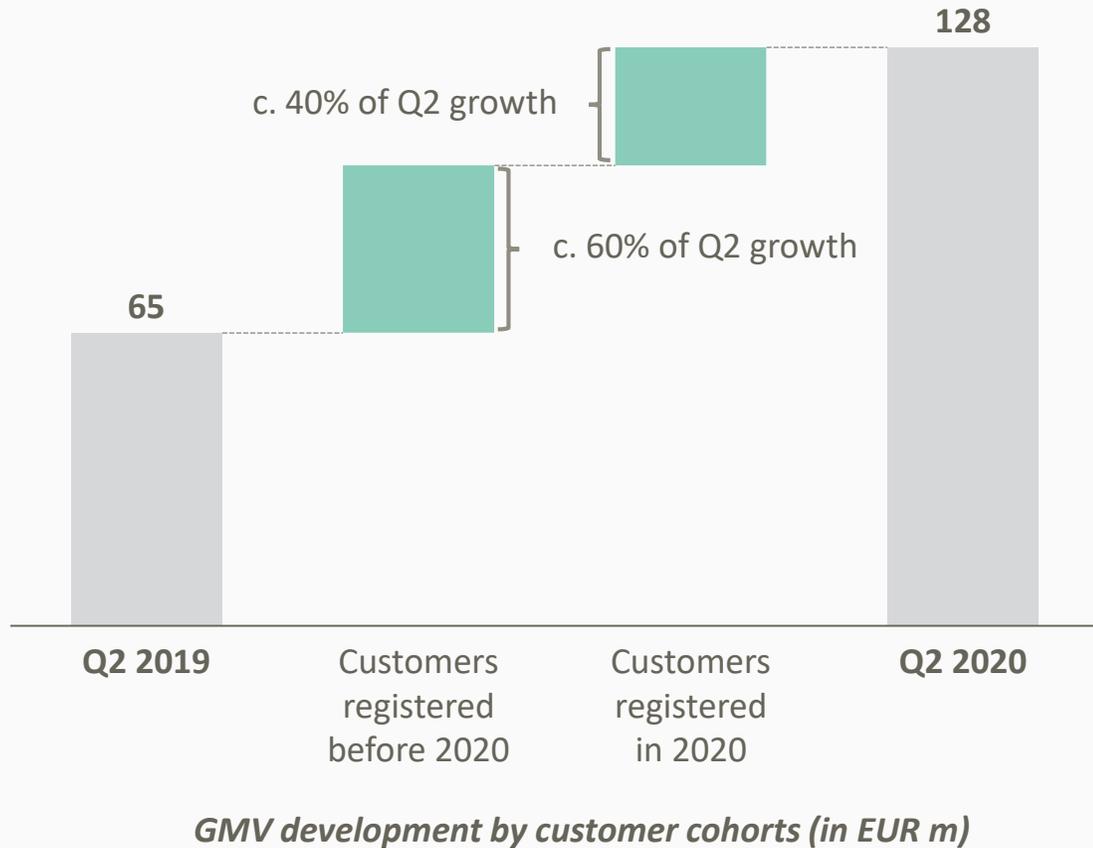
Segment International GMV (in EUR m)



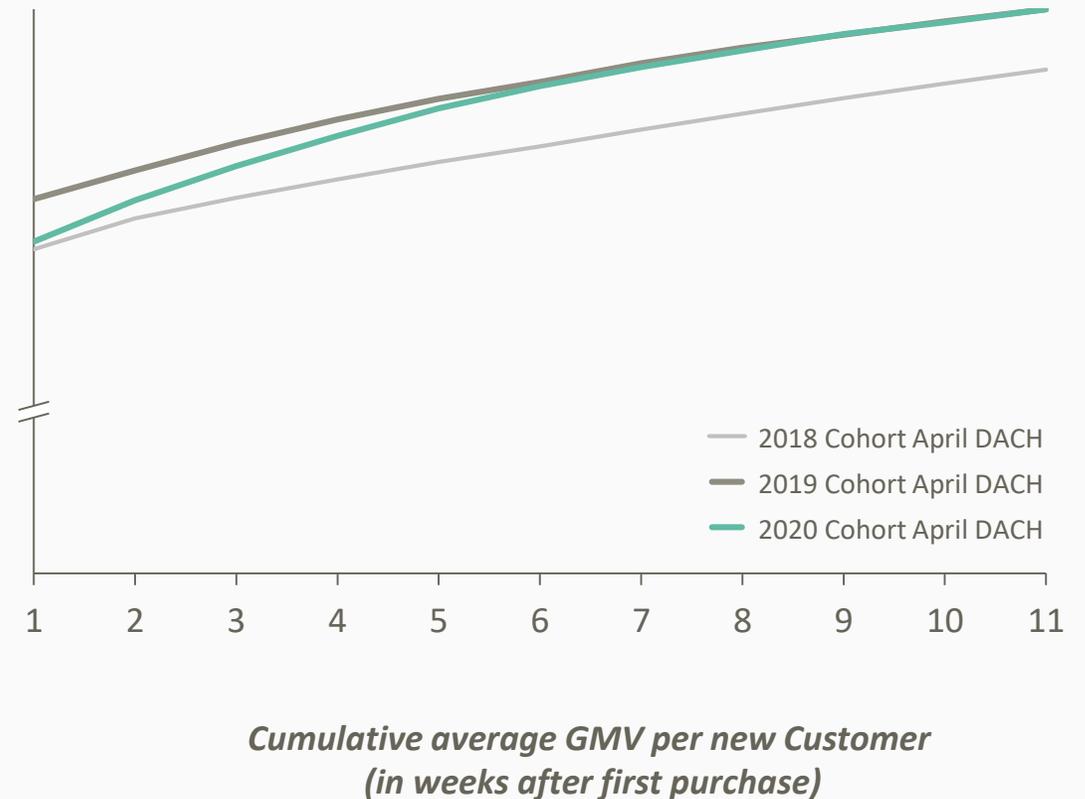
Note: All figures unaudited.

Growth was driven by both, repeat customers and strong customer acquisition

Growth was driven by existing and new customers...

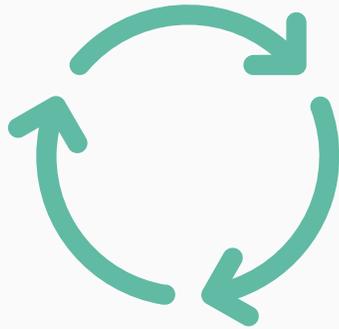


...while new customers also indicate strong repeat purchasing behavior



Loyalty continues very strong, even during rapid new customer growth

Repeat Visits

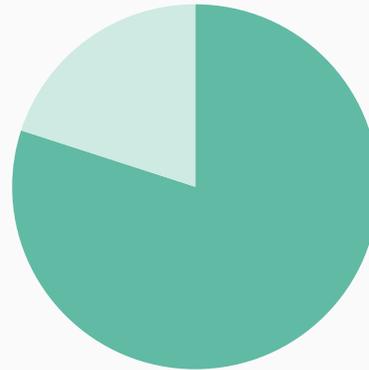


85%

of sales from customers who
visit us on average

>100x per year

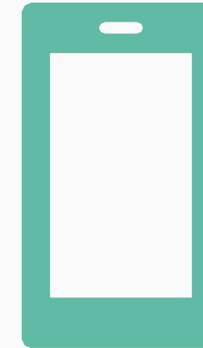
Repeat Purchases



80%

of orders from
repeat customers
(at high new customer growth)

Mobile Focused



79%

of GMV realized on sticky
mobile channels and

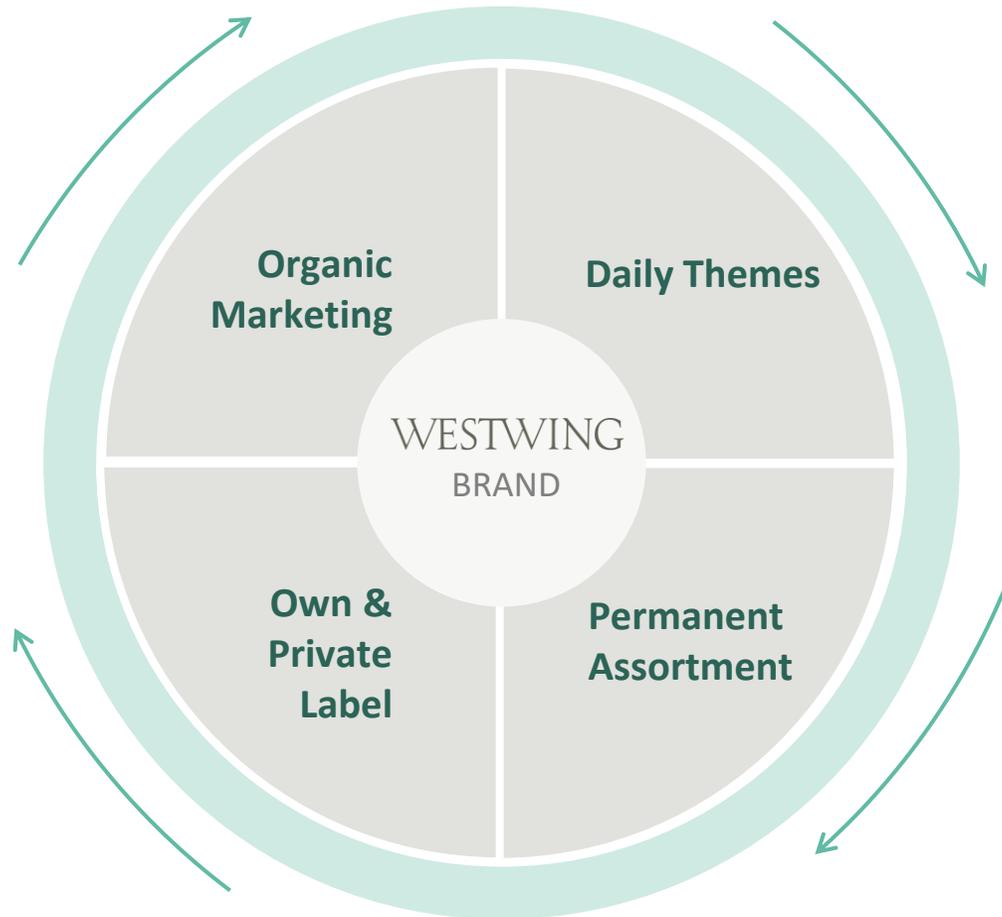


mobile app rating

We have ramped up growth investments

	Q2 2020 Situation	Ramp-up of growth investments
Marketing	With stable absolute marketing investments, marketing ratio decreased to 5%	Increase marketing ratio gradually back to 8-10% , esp. focus on organic marketing
Technology	With stable absolute technology investments, CAPEX ratio decreased to 2%	Expand investment into technology platforms and talent as growth enabler for the whole business
Logistics	Q2 level shift in growth was handled reliably within our current warehouse set-up	Some investments into warehouse capacity increases for Q4 2020 (no substantial financial impact)
Own & Private Label	Selective bestseller availability challenges due to demand increase coupled with supply disruptions	Expand supply chain and buying teams to further increase Own & Private Label share

All investment decisions are aligned around our long-term strategy



✓ Westwing is in a pole position to leverage the accelerated shift of the home & living industry to eCommerce

✓ Home & living shopping works best when led by inspiration

✓ Our unique combination of daily themes, permanent assortment, Own & Private label and organic marketing drives profitable growth based on superior loyalty

✓ Our platform and operating model provide great customer experience and are scalable at the same time

✓ Target P&L and profitability of 10% Adj EBITDA confirmed; last-twelve months Free Cash Flow margin at 6%

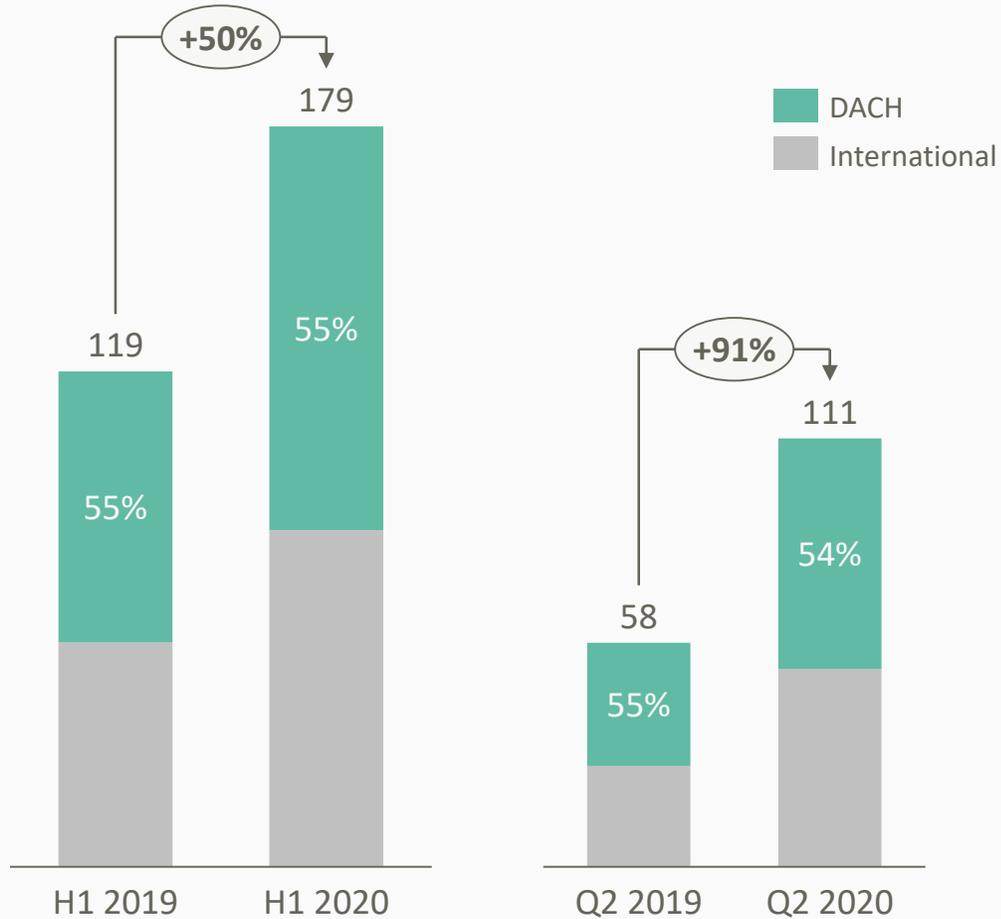


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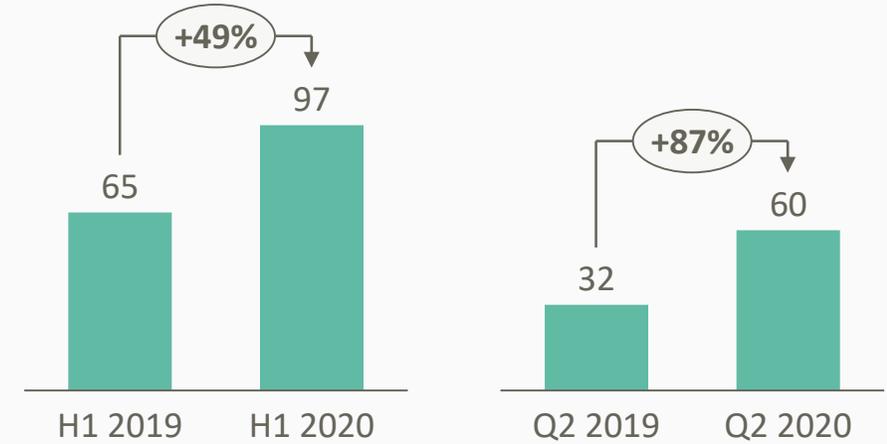
- Business Update
- **Financial Update**
- Summary and Q&A
- Appendix

Revenue growth at 91% in Q2 2020

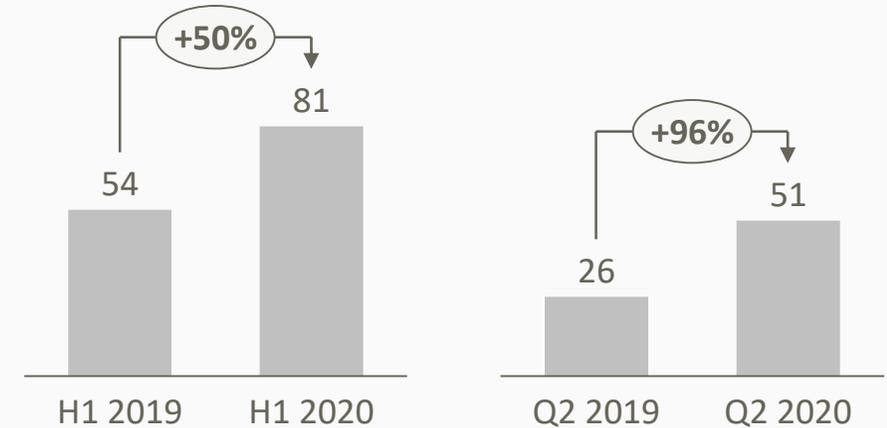
Group Revenue (in EUR m)



DACH Segment Revenue (in EUR m)



International Segment Revenue (in EUR m)



Note: All figures unaudited.

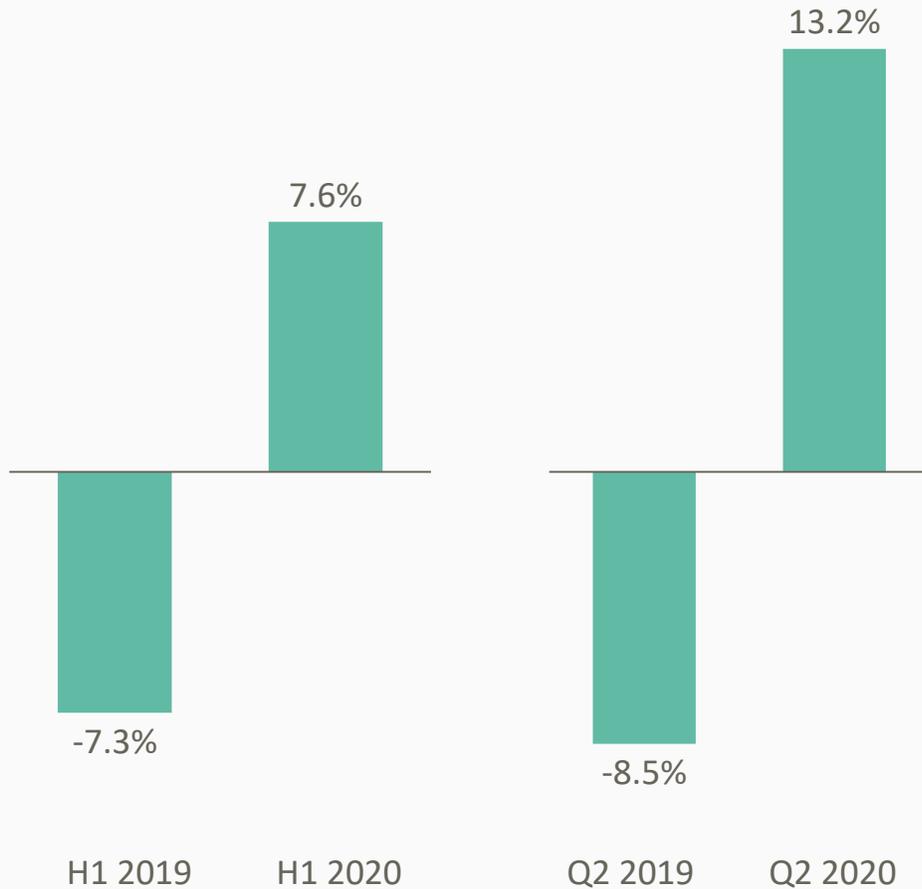
Income statement details

<i>(in % of revenue, unaudited)</i>	Q1 2019	Q1 2020	Delta	Q2 2019	Q2 2020	Delta	
Gross Margin	42.4%	46.7%	+4.3%pts	43.4%	48.6%	+5.2%pts	Gross margin on all-time high due to margin discipline
Fulfilment Costs	-23.8%	-22.4%	+1.4%pts	-24.9%	-19.9%	+4.9%pts	Fulfilment in Q2 2019 impacted by Warehouse move, Q2 2020 very with efficient warehousing
Contribution margin	18.6%	24.3%	+5.7%pts	18.5%	28.7%	+10.2%pts	
Marketing ratio	-7.3%	-9.5%	-2.3%pts	-8.4%	-5.4%	+3.0%pts	Operating leverage
G&A ratio	-20.7%	-19.9%	+0.8%pts	-22.1%	-12.3%	+9.7%pts	Operating leverage
D&A	3.2%	3.5%	+0.3%pts	3.6%	2.3%	-1.2%pts	
Adj EBITDA	-6.3%	-1.8%	+4.5%pts	-8.5%	13.2%	+21.7%pts	

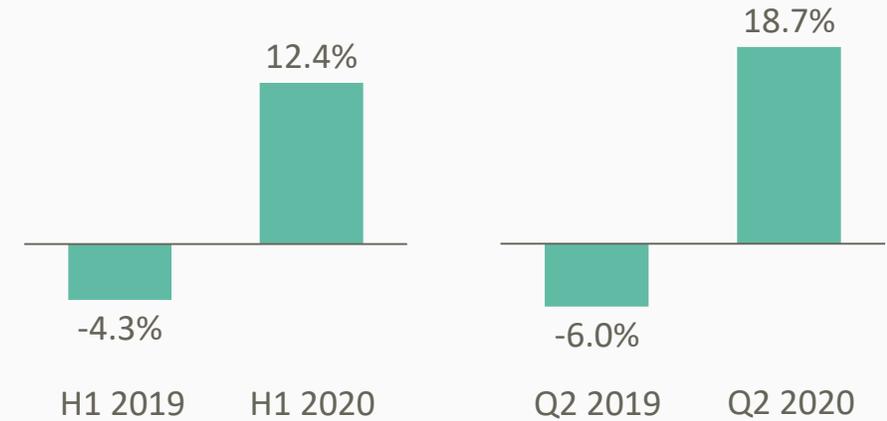
Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business.

Group highly profitable; DACH and International segment both performing well

Group Adj EBITDA (in % of Revenue)



DACH Segment Adj EBITDA (in % of Revenue)



International Segment Adj EBITDA (in % of Revenue)

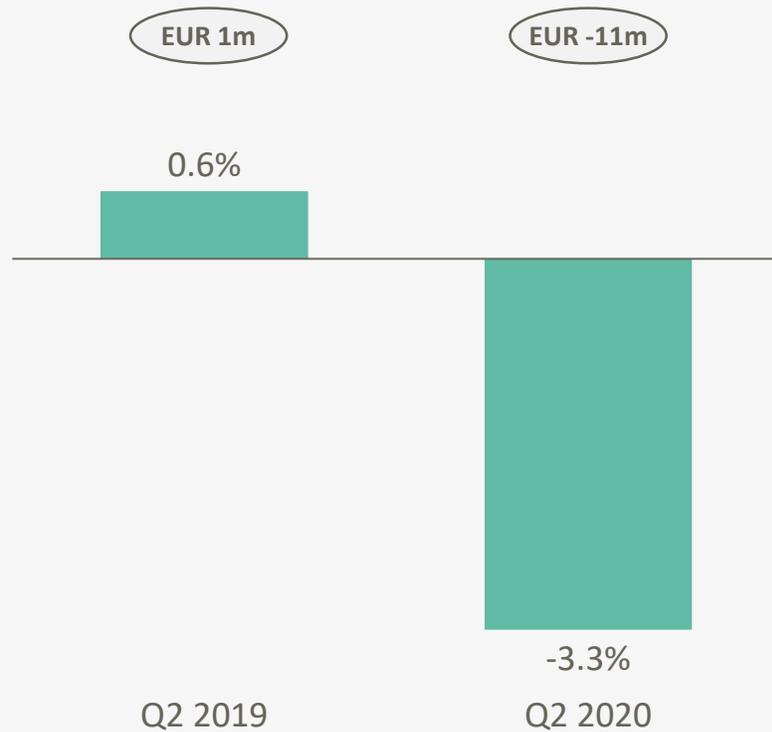


Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business.

Net Working Capital remained negative; CAPEX ratio very low

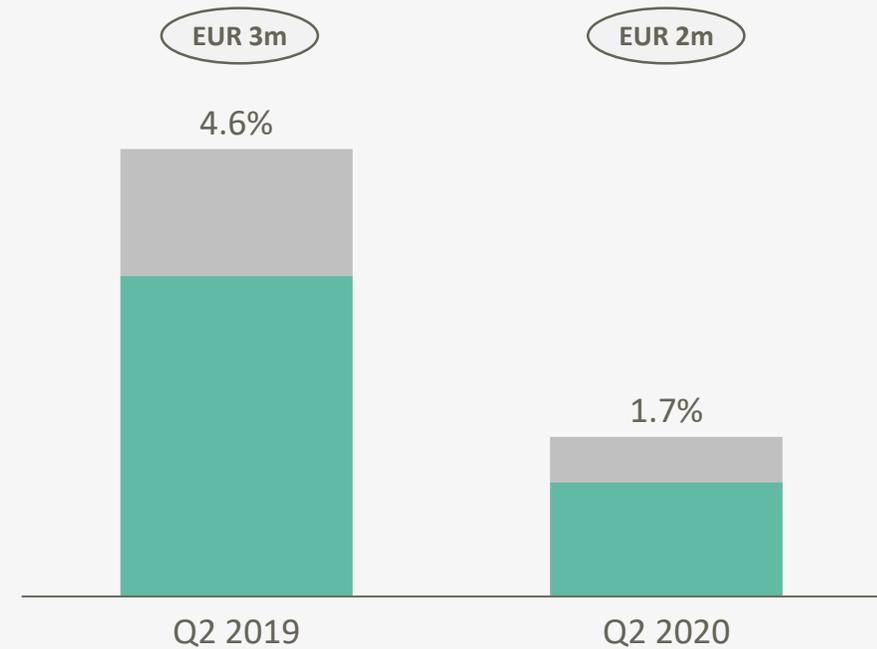
Net Working Capital

(in EUR m and % of LTM revenue)



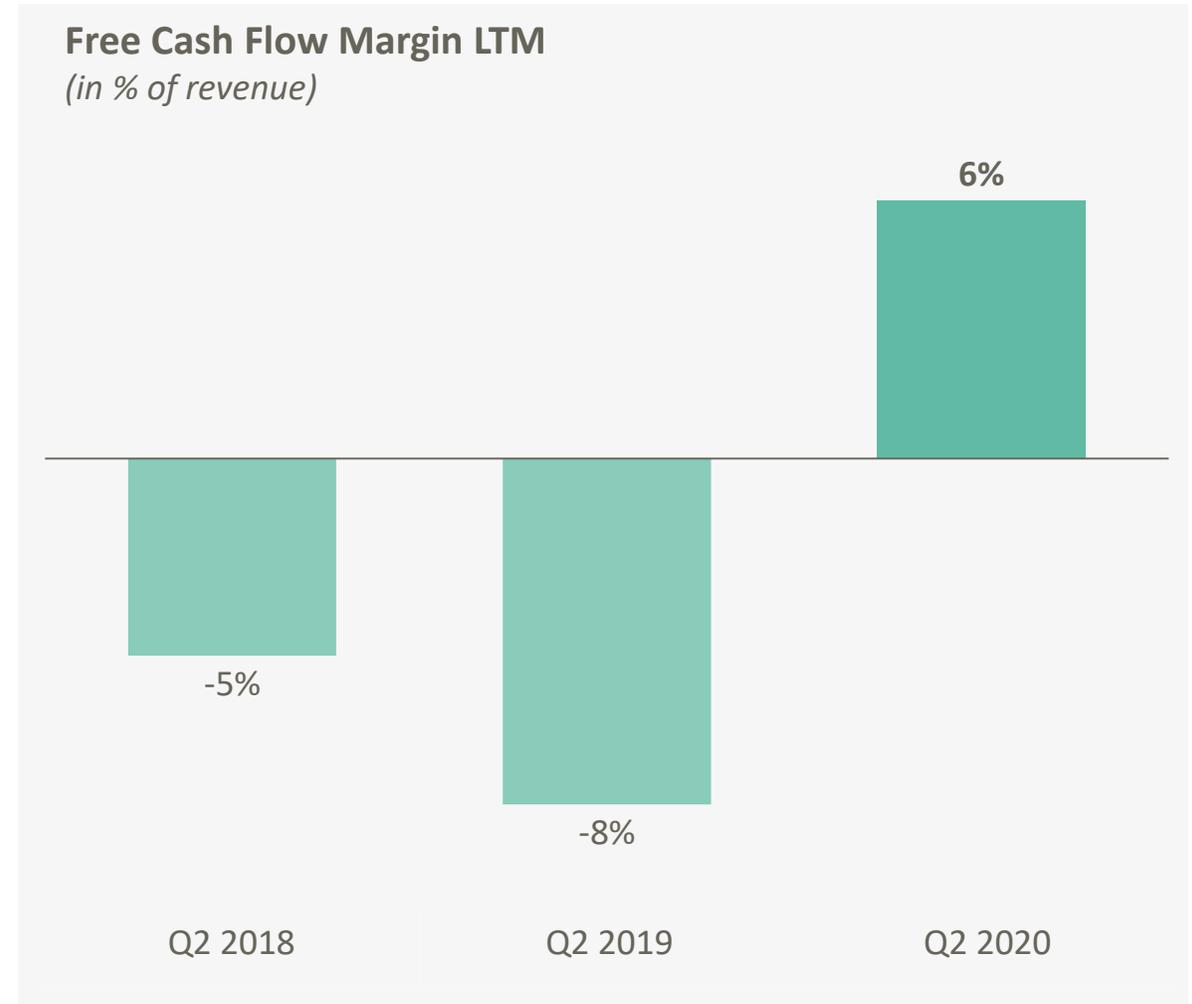
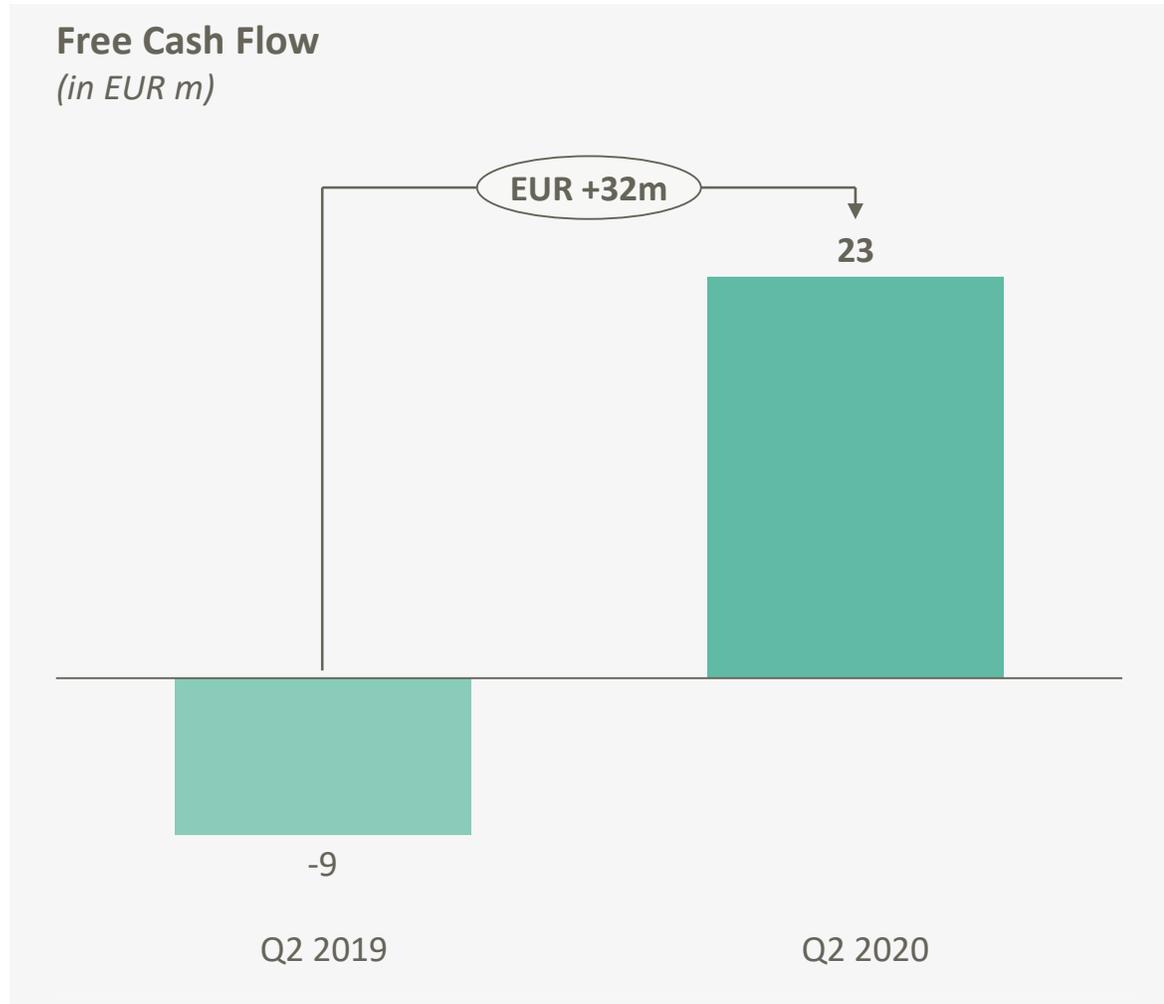
Capex ratio

(in EUR m and as % of revenue)



- Property, Plant, and Equipment
- Intangible (mostly internal software development)

Free Cash Flow improved by EUR +32m year over year to EUR 23m in Q2 2020

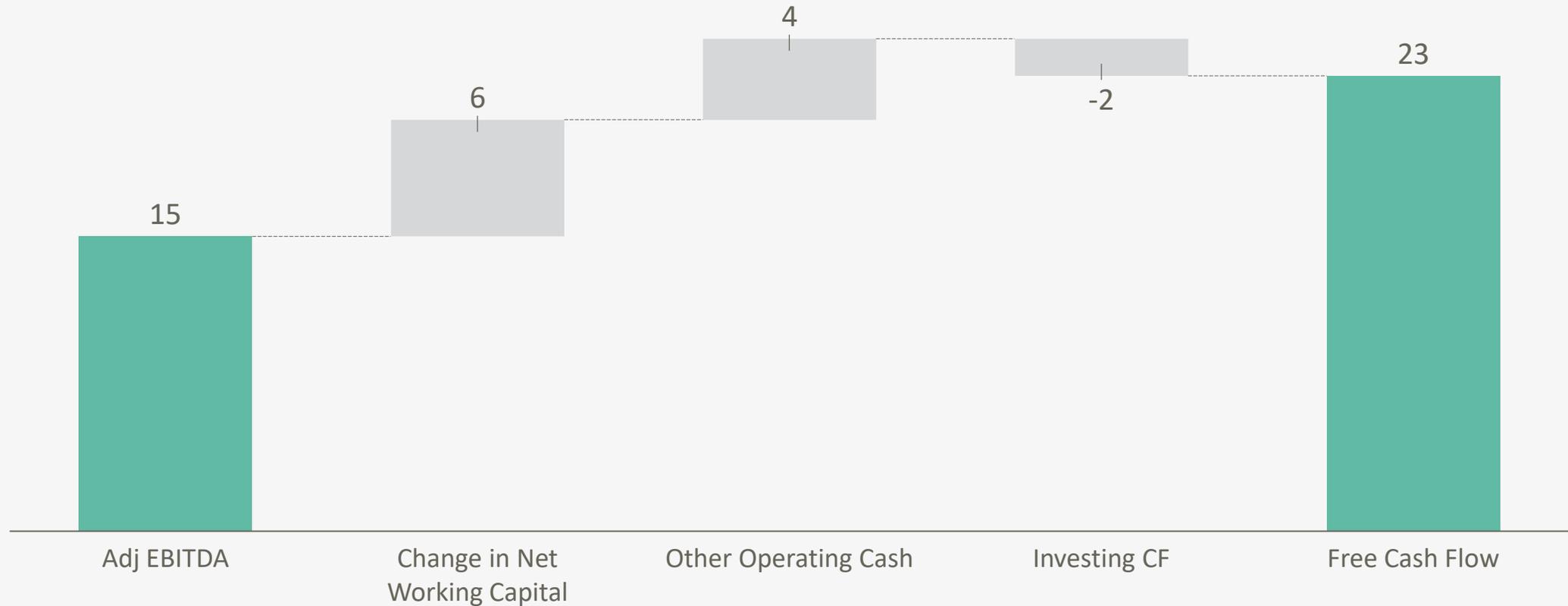


Note: All figures unaudited; Free Cash Flow defined as the sum of Operating Cash Flow and Investing Cash Flow.

Free Cash Flow driven by operating profits supported by working capital effects

Free Cash Flow Bridge Q2 2020

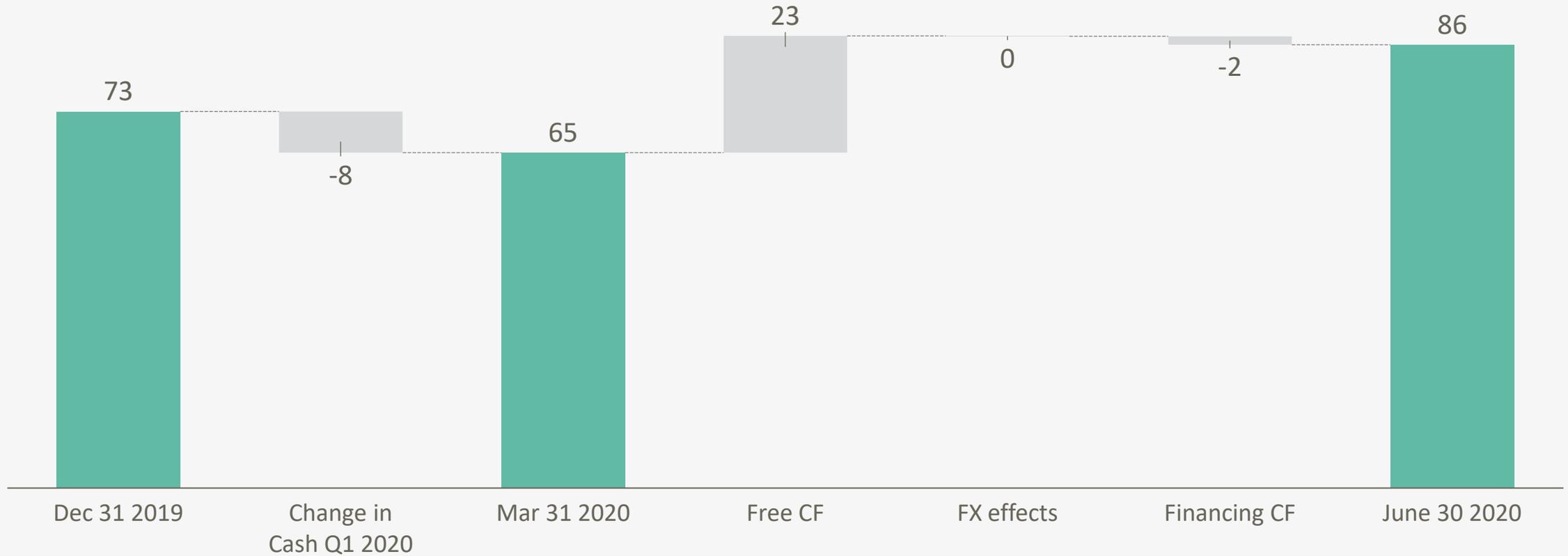
(in EUR m)



Note: All figures unaudited.

Strong Net Cash position of EUR 86m end of Q2 2020

Cash bridge Q2 2020
(in EUR m)



Note: All figures unaudited.

Guidance FY 2020



Revenue growth of 25-35%



Adjusted EBITDA margin at 3-5%

- In light of the strong Q2 results, guidance for FY2020 has been raised on July 16th, 2020
- July GMV growth at 54% yoy; still exceptional levels, but less elevated than in Q2
- FY 2020 guidance reflects the high volatility and uncertainty around economic outlook/consumer sentiment for the remainder of the year

Long-term target P&L confirmed by Q2 2020 P&L structure

<i>(in % of revenue)</i>	Q1 2020	Q2 2020	Long-term target	
Gross Margin	47%	49%	47 - 49%	Increase of Own & Private Label share to retain current gross margin levels
Contribution margin	24%	29%	25 - 27%	Freight cost increases and investments into customer experience
Marketing ratio	-10%	-5%	-8 to -10%	Return to 8-10% marketing ratio to support attractive growth
G&A ratio	-20%	-12%	-10%	Further operating leverage and careful invests
D&A	+4%	+2%	+3%	
Adj EBITDA	-2%	13%	10%	Basis for attractive cash generation
Free Cash Flow	-9%	20%	7%	Strong cash conversion due to neutral/ slightly negative Net Working Capital and low Capex

Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business.



AGENDA

- Business Update
- Financial Update
- Summary and Q&A
- Appendix

Westwing: the leading inspiration-based Home & Living eCommerce brand in Europe

Opportunity is massive

Home & living market of EUR 117bn is very early in eCommerce with huge growth potential from higher online penetration

Growth driven by loyalty

1.2 million active customers⁽¹⁾ and >80% of orders placed by repeat customers

Own & Private Label

Growth driver with bestsellers tailored to our customers with superior profitability

Strong cash profile

Net Cash of EUR 86m⁽¹⁾, negative NWC, very low CAPEX ratio (2-3%)

Attractive Target P&L

10+% Adj EBITDA and strong cash conversion
(Q2 2020 LTM Free Cash Flow margin already at 6%)



Q&A



AGENDA

- Business Update
- Financial Update
- Summary and Q&A
- Appendix

KPI overview

Group KPIs	Unit	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Own and Private Label share	in % of GMV	7%	9%	11%	12%	13%	15%	18%	18%	21%	22%	27%	25%	25%	22%
Active customers	in k	794	788	802	838	881	907	921	934	927	909	926	949	986	1,178
Number of orders	in k	510	492	496	723	611	555	507	726	591	492	539	805	675	1,051
Average basket size	in EUR	115	114	114	113	119	120	124	122	129	132	132	121	127	122
Average orders LTM per active customer	in #	2.6	2.7	2.6	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.5	2.6
Average GMV LTM per active customer	in EUR	289	293	297	301	302	305	307	312	318	322	326	327	324	325
GMV	in EUR m	58	56	56	81	72	67	63	89	76	65	71	98	85	128
Mobile visit share	in %	67%	69%	71%	71%	72%	73%	74%	74%	75%	76%	77%	76%	76%	79%

KPI definitions

Own and Private Label share

GMV share of Own and Private Label: GMV of Own and Private Label business as % of GMV Group in the same reporting period

Active customers

A customer who has made a valid order within the last 12 month

Number of orders

Total number of valid orders (excluding failed and cancelled orders) of a reporting period

Average basket size

Weighted average value of an order: GMV divided by total number of orders of the same reporting period

Average orders LTM per active customer

Total number of orders of the last 12 months divided by active customers of a reporting period

Average GMV LTM per active customer

GMV of the last 12 month divided by active customers

GMV

Gross Merchandise Volume: Value of all valid customer orders placed of a reporting period (i.e. excluding cancelation and VAT, but including returns).

Mobile visit share

Share of daily unique visits per platform via mobile devices (tablets and smartphones) as % of all daily unique visits per platform of a reporting period

Note: All figures unaudited.

Consolidated income statement

EUR m, in % of revenue, unaudited	H1 2019	H1 2020	Q2 2019	Q2 2020
Revenue	119	179	58	111
Cost of Sales	-68	-93	-33	-57
Gross profit	51	86	25	54
Fulfilment expenses	-30	-37	-15	-22
Marketing expenses	-9	-12	-5	-6
General and administrative expenses	-34	-31	-17	-16
Other operating expenses	-1	-1	-0	-1
Other operating income	1	1	0	1
Operating result	-22	5	-12	10
Financial result	-1	-1	-1	-0
Result before income tax	-23	4	-13	9
Income tax expense	0	-1	0	-1
Result for the period	-23	3	-13	8
Reconciliation to Adj EBITDA				
Operating result (EBIT)	-22	5	-12	10
Share-based compensation expenses	7	4	3	2
Restructuring France	2	-0	2	-0
D&A	4	5	2	3
Adj. EBITDA	-9	13	-5	15
Adj EBITDA margin (%)	-7.3%	7.6%	-8.5%	13.2%

Note: All figures unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business. Previous-year figures for share-based compensation restated according to IAS 8.

Adjusted income statement

EUR m, in % of revenue, unaudited	H1 2019	H1 2020	Q2 2019	Q2 2020
Revenue	119	179	58	111
<i>Revenue Growth YoY</i>	-0.8%	49.5%	-0.6%	91.3%
Cost of Sales	-68	-93	-33	-57
Gross Profit	51	86	25	54
Gross Margin	42.9%	47.9%	43.4%	48.6%
Fulfillment expenses	-29	-37	-14	-22
Contribution profit	22	48	11	32
Contribution margin	18.5%	27.0%	18.5%	28.7%
Marketing expenses	-9	-12	-5	-6
General and administrative expenses	-26	-27	-13	-14
Other operating expenses	-1	-1	-0	-1
Other operating income	1	1	0	1
Depreciation and Amortization	4	5	2	3
Adj EBITDA	-9	13	-5	15
Adj EBITDA Margin	-7.3%	7.6%	-8.5%	13.2%

Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business.

Segment reporting

(in EUR m), unaudited

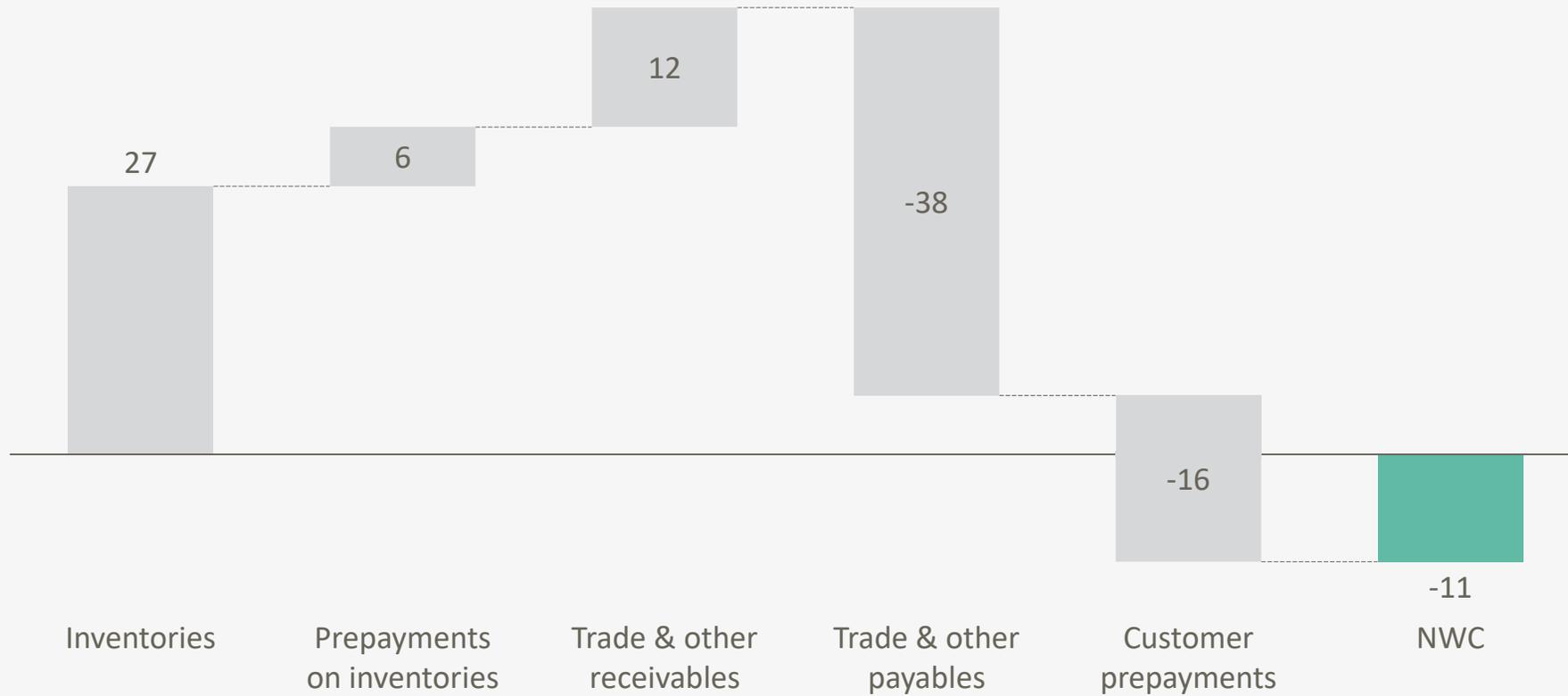
DACH	H1 2019	H1 2020	Q2 2019	Q2 2020
Revenue	65	97	32	60
<i>YoY Growth (in %)</i>	<i>9%</i>	<i>49%</i>	<i>7%</i>	<i>87%</i>
Adj. EBITDA	-3	12	-2	11
<i>Adj. EBITDA Margin %</i>	<i>-4.3%</i>	<i>12.4%</i>	<i>-6.0%</i>	<i>18.7%</i>
International	H1 2019	H1 2020	Q2 2019	Q2 2020
Revenue	54	81	26	51
<i>YoY Growth (in %)</i>	<i>-11%</i>	<i>50%</i>	<i>-9%</i>	<i>96%</i>
Adj. EBITDA	-6	2	-3	4
<i>Adj. EBITDA Margin %</i>	<i>-10.8%</i>	<i>2.1%</i>	<i>-11.2%</i>	<i>7.3%</i>

Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business.

Net Working Capital Bridge

Net Working Capital (NWC) break down as of June 30, 2020

(EUR m)



Note: All figures unaudited.

Issued share capital

Share Information *as of June 30, 2020*

Type of Shares	Ordinary bearer shares with no-par value (Stückaktien)
Stock Exchange	Frankfurt Stock Exchange
Market Segment	Regulated Market (Prime Standard)
Number of Shares issued	20,740,809
Issued Share Capital	EUR 20,740,809
Treasury Shares	737,300

Stock Option Programs *as of June 30, 2020*

Program	# of options outstanding	Weighted average exercise price (EUR)
VSOP 2019 ⁽¹⁾	890,000	1.00
LTIP 2019	2,033,700	19.30
LTIP 2016	285,000	0.01
Other	1,109,100	8.15
Total	4,317,800	11.39

Note: All figures unaudited. (1) VSOP 2019 is a virtual, cash-settled option program.

Upcoming Events

Date	Event
September 2 nd , 2020	Hauck & Aufhäuser Stock Picker Conference
September 17 th , 2020	Citi Group Growth Conference
September 21 st , 2020	Berenberg and Goldman Sachs Ninth German Corporate Conference
September 24 th , 2020	Baader Investment Conference 2020
November 10th, 2020	Publication of Q3 2020 results
November 16 th , 2020	Deutsches Eigenkapitalforum 2020 (incl. Analyst Day)