



WESTWING

FY 2019 Results

PRELIMINARY & UNAUDITED

Munich, March 19, 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.



AGENDA

- Results and Business Update
- Financial Details
- Q&A
- Appendix



OUR MISSION

“ To inspire and make
every home a
beautiful home ”



High-level Update on Coronavirus situation (details later)

- Focus on team members' health. Most office workers in home office
- We are open for business and delivering to our customers
- Topline not affected as of now. Continuing in line with expectations
- Some warehouse and supply chain issues, but nothing majorly disruptive yet
- The situation is evolving and we are taking all actions necessary

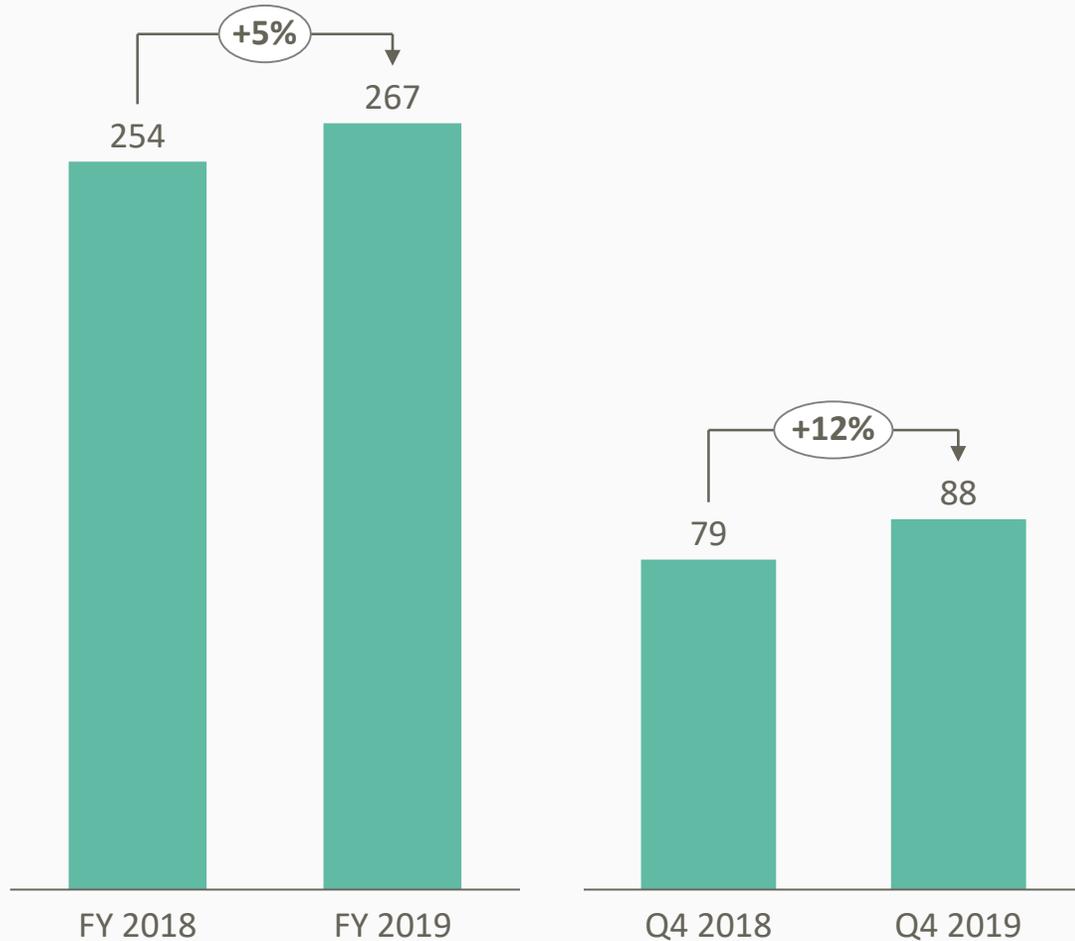
Improvements in Q4

- Profitable growth in Q4: revenue growth 12%, Adj. EBITDA margin 3%, Free Cash-Flow EUR 8m
- Improvements from weak H1 throughout H2: Operations stable and cost-efficient, Marketing scaling, International back to growth, Private Label share increasing
- Increasing Active Customers by 23,000 in Q4 to 949,000, based on strong seasonal offering and continued loyalty
- Lowlights: FY 2019 growth only 5% and Adj EBITDA margin of only -4%; churn slightly increasing in DACH; lack of operating leverage for the year
- Cash efficiency: Net Working Capital negative, cash balance at EUR 73m
- Focus 2020: 1. More Customers, 2. Cost Discipline, 3. Private Label, 4. Silent Operations Running, 5. Mitigate Coronavirus impact

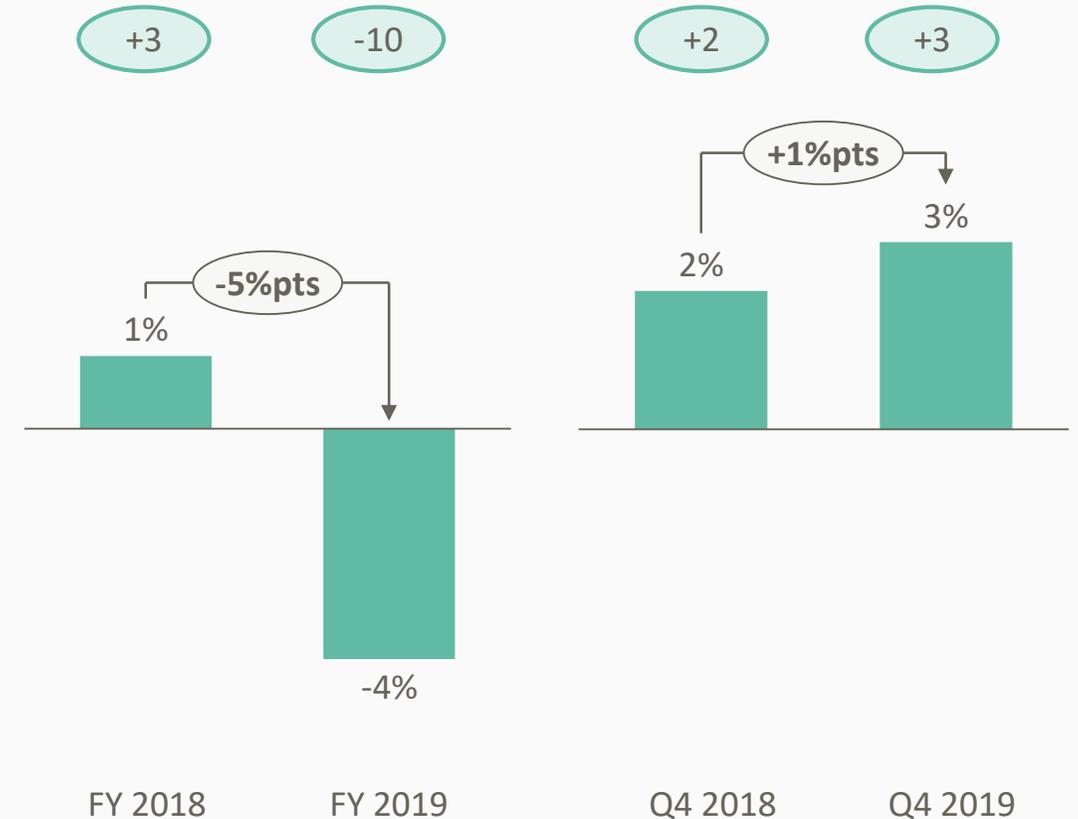


Q4 2019 continues recent positive trend: profitable quarter, better than last year

Group Revenue (in EUR m)



Group Adj EBITDA (in EUR m, % of Revenue)



Note: All figures preliminary and unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

Where do we stand today

949,000 active customers

+23,000 quarter-over-quarter
+15,000 year-over-year

Warehouse footprint stable

New Poland warehouse running smoothly and at full capacity, no new warehouses or moves planned in 2020

Marketing at 9% cost ratio

Increased marketing investments for new customer growth, paybacks within 15 months, Organic as main focus

International back to growth

Minor growth in Q3 and Q4, Italy problems addressed, International segment at 41% of Group revenues in Q4

Private Label at 24% Group share (+8%pts year-over-year)

Westwing Collection loved by our customers, high margins for strong profitability impact

Single-digit growth is too low for our ambition

We're not back at fundamentally double-digit growth yet, and need it to gain operating leverage and win the market

SG&A Cost being addressed

France centralized, Italy restructured, complexity/cost reductions in HQ

Loyalty model intact, yet churn slightly increasing

Especially in DACH we have seen churn increase; being addressed

Strong cash position EUR 73m

Internally focusing on cash-flow, as Adj EBITDA impacted by accounting effects

Coronavirus situation: Comments on what we are seeing and doing

What we are seeing

- Lockdowns and limitations in many of our regions; yet, the trade of goods is not yet impacted and we continue to deliver to our customers
- Topline impact so far very limited and hardly visible
- Supply chain starting to be impacted by delayed deliveries from China (mostly relevant for Own & Private Label) as well as some 3rd-party suppliers delaying
- In addition, we see unclarities across the supply chain and potential shortages in the future
- **High uncertainty and unclarity about future developments**



What we are doing

- Senior leader task force (led by CEO) established to coordinate all activities
- Safety of customers, teams, partners has utmost priority
- Moved vast majority of office team to home office, limited travel, moved meetings to videoconference
- Stocking buffers on inventory (c. EUR 5m) to prevent shortages; establishing alternative sources for out-of-stock risk products, aligned with suppliers
- Developing fallback options to leverage our de-centralized operations setup to mitigate warehouse related risk (e.g. France orders previously fulfilled from Italy warehouse re-routed from Poland)
- Focusing offering more on cocooning/at-home trend; in general, people staying more at home should be beneficial to our business (we can react very short-term in our daily themes business model, and are doing so)
- Westwing is well capitalized with EUR 73m of cash on the bank as of end of 2019 and could emerge well after any potential crisis
- **While we stand strong now, we are very aware of the risks. The situation is rapidly evolving, and we will add additional measures as appropriate**

Westwing Executive Team: Highly committed for many years and long-term delivering on the Westwing mission

Recent changes to Management

- Delia Lachance (née Fischer) has started her maternity leave and has stepped down from Management Board into 'regular' employee contract. We expect the maternity leave to take 6 months
- Sebastian Säuberlich will become CFO and member of the Management Board. Sebastian has been with the company since 2014, as MD in the DACH business, COO in the Private Label business, and most recently as CFO DACH
- Sebastian will be taking over from Florian Drabeck who will pursue other interests
- Andreas Hoerning has consolidated responsibilities for our Private Label and Permanent Assortment businesses, to drive further Private Label share gains and reap cost efficiencies. Andreas has been with us since 2015 as Founder of our Private Label business
- Michael Stolle has become COO of the Group. He has been with the company since 2013 and most recently as Founder of our Permanent Assortment business

Westwing Executive Team



Stefan Smalla
Founder & CEO
Member of Mgmt Board
9 years at Westwing



Sebastian Säuberlich
CFO
Member of Mgmt Board
5 years at Westwing



Delia Lachance
Founder & Chief Creative Officer
9 years at Westwing
On maternity leave



Matthias Siepe
Founder & MD Daily Themes
9 years at Westwing



Andreas Hoerning
MD Private Label and Permanent Assortment
5 years at Westwing



Sebastian Freitag
Creative Director
8 years at Westwing



Michael Stolle
COO
6 years at Westwing



Tobias Seitz
CMO
6 years at Westwing



Adam Maschek
CTO
8 years at Westwing

We inspired our customers with a vast variety of daily themes through Q4



New Own & Private Label product releases



Cushion
Allard & Adin
From EUR 30



Three-seater Sofa Solomon
EUR 1,599



Tableware Thalia
From EUR 15.99



Dining Chair Sissi
EUR 249



Vase Latona
EUR 39

Cotton Sateen Bedding Aloha
EUR 59



New Westwing Collection Spring/Summer 2020 launched



“The inspiration of this collection was to design distinctive pieces, which transform every room into a unique experience and complement each other in terms of quality, design, and characteristic materials.”

Focus 2020

Key focus areas for the business 2020:

1. More Customers
2. Cost Discipline
3. Private Label
4. Silent Operations Running
5. Mitigate Coronavirus impact

Guidance:

- Revenue growth of 5-10%
- Adjusted EBITDA moderately better than FY 2019, positive by FY 2021
- Subject to further development of Coronavirus situation



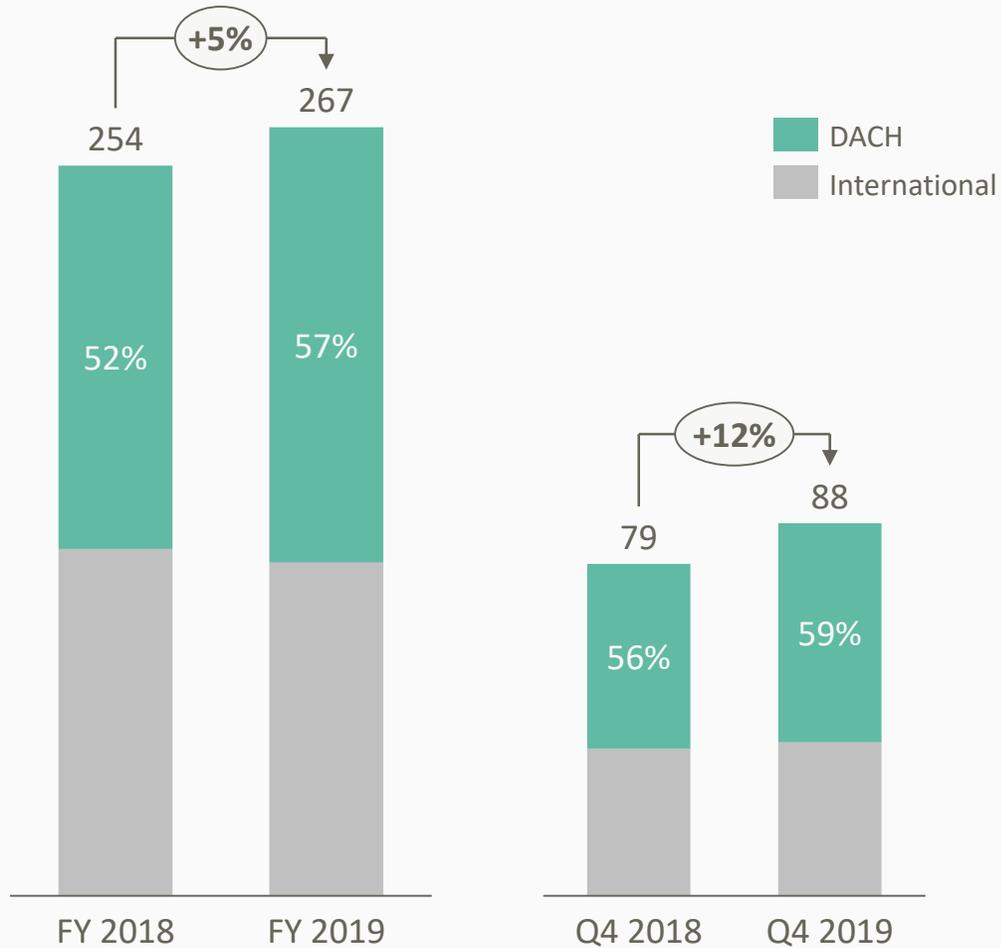


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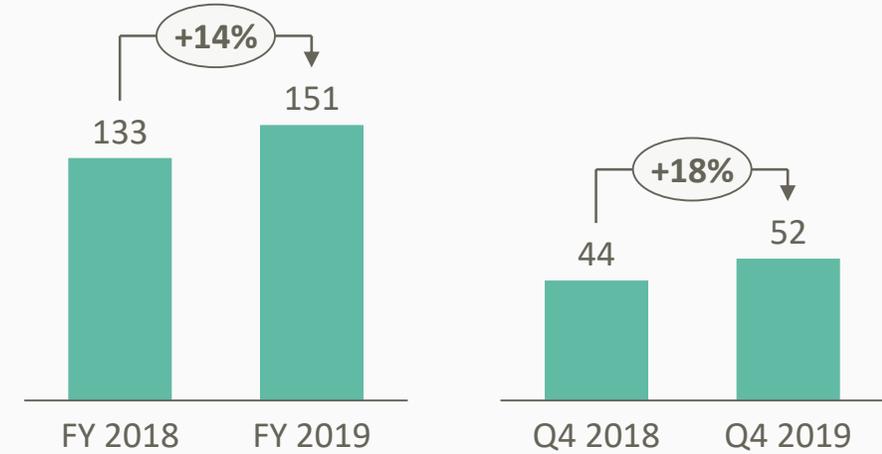
- Results and Business Update
- Financial Details
- Q&A
- Appendix

Revenue growth at 12% in Q4 2019

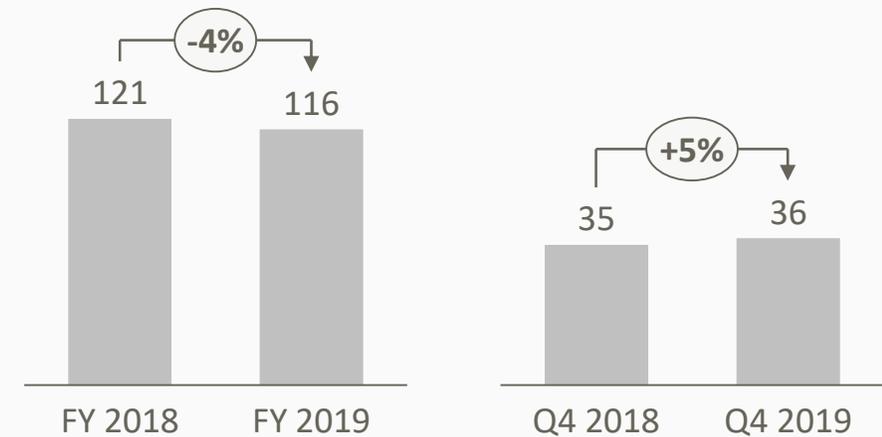
Group Revenue (in EUR m)



DACH Segment Revenue (in EUR m)



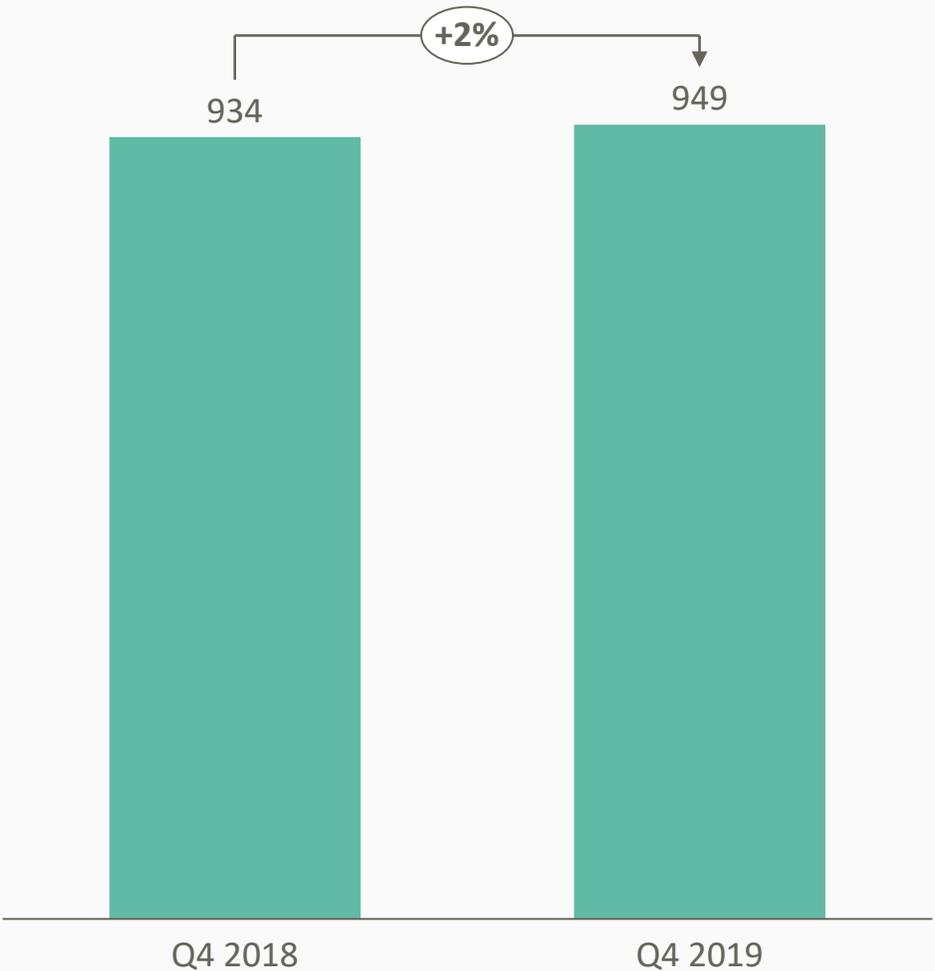
International Segment Revenue (in EUR m)



Note: All figures preliminary and unaudited

Active Customers growing to 949k

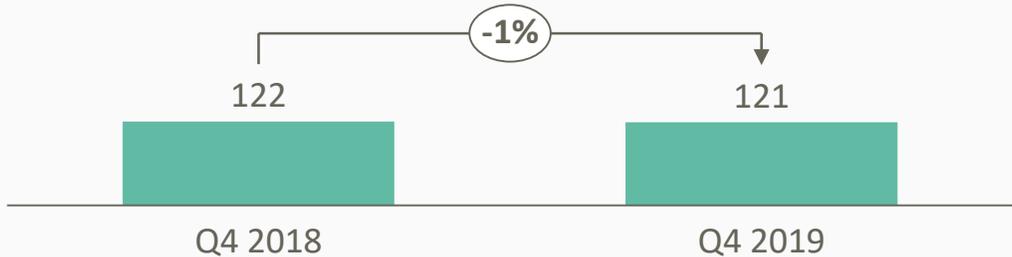
Active Customers (in k)



GMV per Active Customer LTM (in EUR)



Average basket size (in EUR)



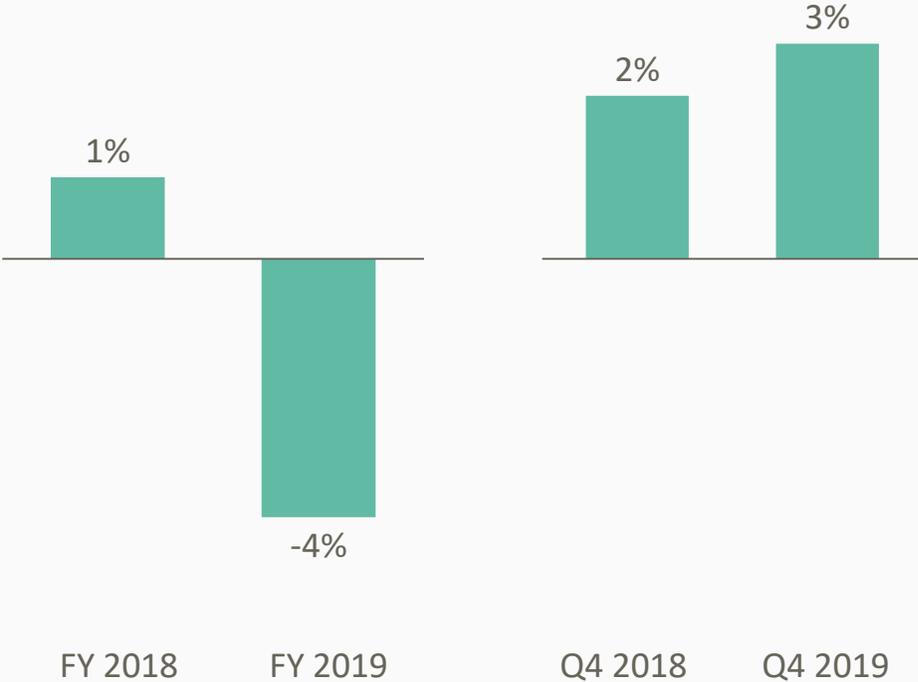
Average orders per Active Customer LTM



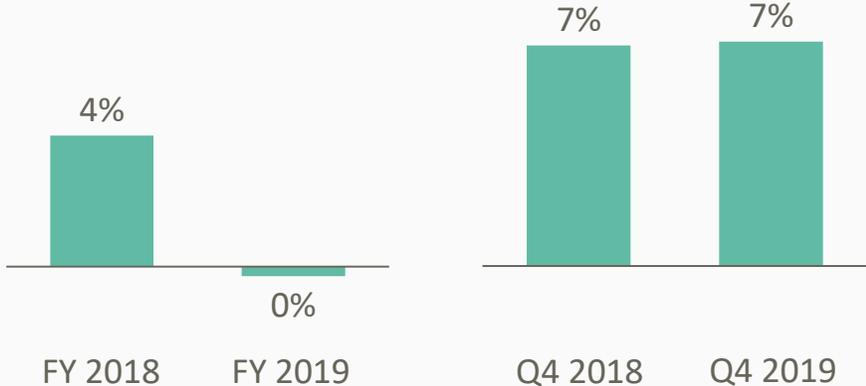
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Adj EBITDA margin Q4 2019 back to profitability

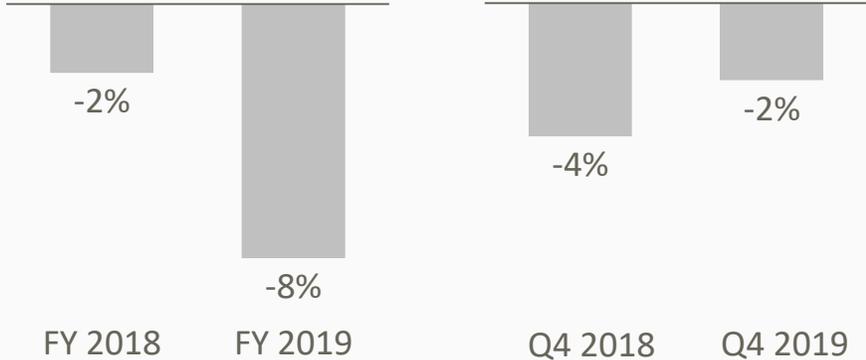
Group Adj EBITDA (in % of Revenue)



DACH Segment Adj EBITDA (in % of Revenue)



International Segment Adj EBITDA (in % of Revenue)



Note: All figures preliminary and unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

Income statement details

<i>(unaudited)</i>	FY 2018	FY 2019	Delta	Q4 2018	Q4 2019	Delta	
Revenue (EUR m)	254	267	+5.3%	79	88	+12.2%	Gross margin on all-time high due to margin discipline and increased private label share
Gross margin	42.7%	44.6%	+1.9%pts	43.0%	47.1%	+4.1%pts	Contribution margin improving due to logistics inefficiencies addressed and high gross margin
Contribution margin	21.0%	21.4%	+0.4%pts	22.4%	26.0%	+3.6%pts	Marketing investments at target level for future growth
Marketing ratio	-7.0%	-8.6%	-1.6%pts	-7.4%	-8.2%	-0.7%pts	Gradually moving again towards operating leverage
G&A ratio	-16.6%	-19.6%	-3.0%pts	-16.0%	-16.9%	-0.8%pts	Improvements led to strong Adj EBITDA
D&A	2.8%	3.4%	+0.6%pts	2.4%	2.9%	+0.5%pts	
Adj EBITDA	1.2%	-3.8%	-5.0%pts	2.3%	3.1%	+0.8%pts	

Note: All figures preliminary and unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

Negative Net Working Capital and low Capex ratio

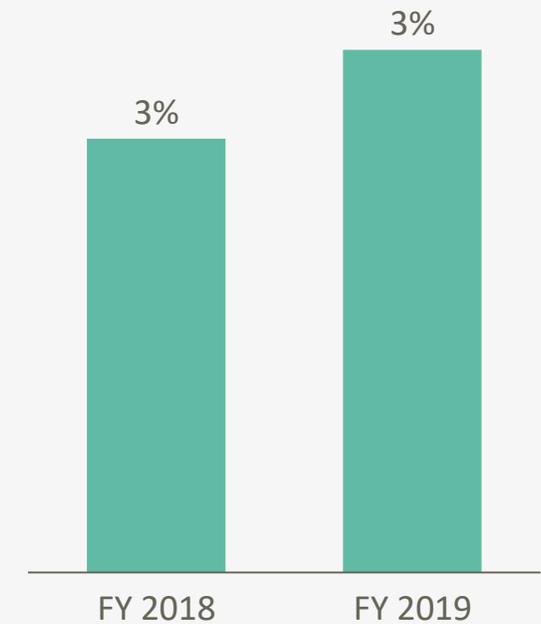
Net Working Capital (NWC) break down as of Dec 31, 2019

(EUR m)



Capex ratio FY 2019

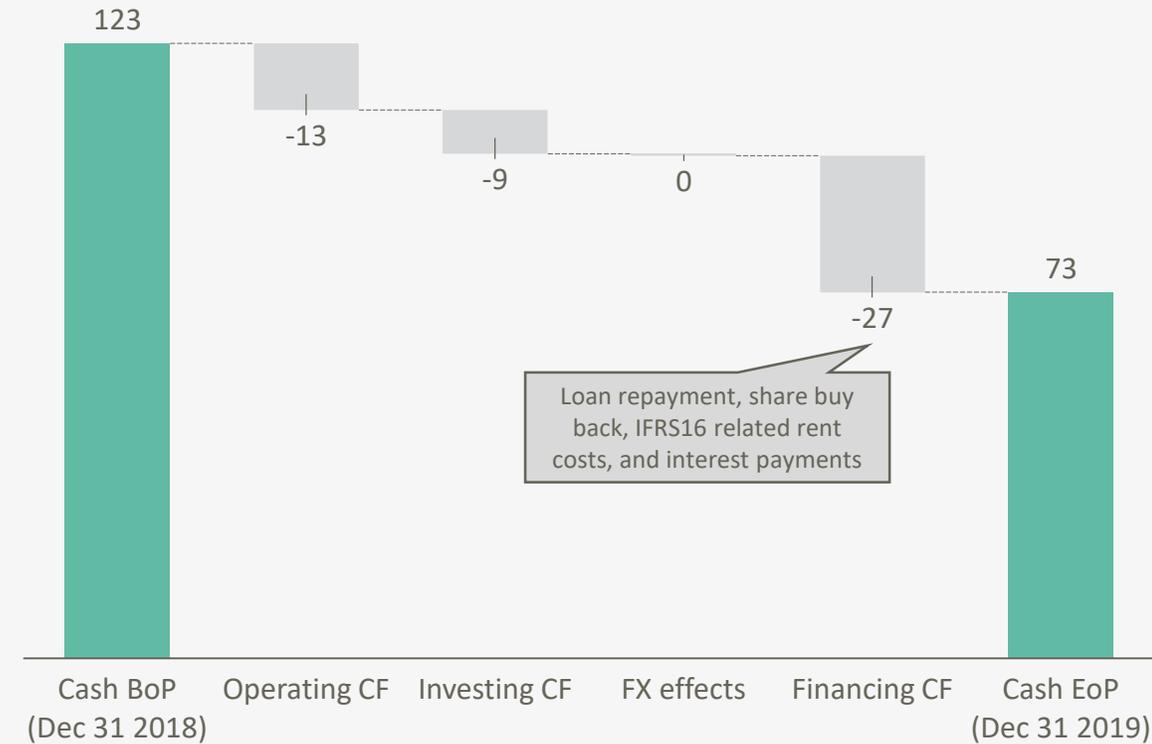
(as % of Revenue)



Note: All figures preliminary and unaudited

Strong Net Cash position of EUR 73m; Free Cash-Flow of EUR 8m in Q4 and EUR -22m in FY 2019

Cash bridge in FY 2019
(in EUR m)



Adj EBITDA to Free Cash Flow FY 2019
(in EUR m)



Note: All figures preliminary and unaudited; Free Cash Flow defined as the sum of Operating Cash Flow and Investing Cash Flow. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018



AGENDA

- Results and Business Update
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Q&A



AGENDA

- Results and Business Update
- Financial Details
- 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
Own and Private Label share	in % of GMV	7%	9%	11%	12%	13%	15%	18%	18%	21%	22%	27%	25%
Active customers	in k	794	788	802	838	881	907	921	934	927	909	926	949
Number of orders	in k	510	492	496	723	611	555	507	726	591	492	539	805
Average basket size	in EUR	115	114	114	113	119	120	124	122	129	132	132	121
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
Average GMV LTM per active customer	in EUR	289	293	297	301	302	305	307	312	318	322	326	327
GMV	in EUR m	58	56	56	81	72	67	63	89	76	65	71	98
Mobile visit share	in %	67%	69%	71%	71%	72%	73%	74%	74%	75%	76%	77%	76%

Note: All figures preliminary and unaudited

Consolidated income statement

EUR m, in % of revenue, unaudited	FY 2018	FY 2019	Q4 2018	Q4 2019
Revenue	254	267	79	88
Cost of Sales	-145	-148	-45	-47
Gross profit	108	119	34	42
Fulfilment expenses	-54	-63	-16	-19
Marketing expenses	-18	-23	-6	-7
General and administrative expenses	-56	-66	-21	-18
Other operating expenses	-1	-2	-0	-1
Other operating income	1	1	0	0
Operating result	-20	-34	-10	-3
Financial result	-7	-4	1	-0
Result before income tax	-26	-38	-8	-3
Income tax expense	0	-1	1	-1
Result for the period from continuing operations	-26	-39	-8	-4
Result for the period from discontinued operations	24	-	23	-
Result for the period	-2	-39	15	-4
Reconciliation to Adj EBITDA				
Operating result (EBIT)	-20	-34	-10	-3
Share-based compensation expenses	8	12	8	3
Restructuring France and Italy	-	2	-	0
IPO costs recognized in profit or loss	4	-	1	-
Central costs allocated to discontinued operations	3	-	1	-
D&A	7	9	2	3
Adj. EBITDA	3	-10	2	3
Adj EBITDA margin (%)	1.2%	-3.8%	2.3%	3.1%

Note: All figures preliminary and unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

Adjusted income statement

EUR m, in % of revenue , unaudited	FY 2018	FY 2019	Q4 2018	Q4 2019
Revenue	254	267	79	88
<i>Revenue Growth YoY</i>	15.6%	5.3%	7.6%	12.2%
Cost of Sales	-145	-148	-45	-47
Gross Profit	108	119	34	42
Gross Margin	42.7%	44.6%	43.0%	47.1%
Fulfillment expenses	-55	-62	-16	-19
Contribution profit	53	57	18	23
Contribution margin	21.0%	21.4%	22.4%	26.0%
Marketing expenses	-18	-23	-6	-7
General and administrative expenses	-42	-52	-13	-15
Other operating expenses	-1	-2	-0	-1
Other operating income	1	1	0	0
Central costs allocated to discontinued operations	3	-	1	-
Depreciation and Amortization	7	9	2	3
Adj EBITDA	3	-10	2	3
Adj EBITDA Margin	1.2%	-3.8%	2.3%	3.1%

Note: All figures preliminary and unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

Segment reporting

(in EUR m), unaudited

DACH	FY 2018	FY 2019	Q4 2018	Q4 2019
Revenue	133	151	44	52
<i>YoY Growth (in %)</i>	36%	14%	25%	18%
Adj. EBITDA	6	-0	3	4
<i>Adj. EBITDA Margin %</i>	4.3%	-0.3%	7.0%	7.1%

International	FY 2018	FY 2019	Q4 2018	Q4 2019
Revenue	121	116	35	36
<i>YoY Growth (in %)</i>	-1%	-4%	-9%	5%
Adj. EBITDA	-3	-9	-1	-1
<i>Adj. EBITDA Margin %</i>	-2.2%	-8.1%	-4.1%	-2.4%

Note: All figures preliminary and unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French and Italian business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018

Selected figures consolidated balance sheet and cash flow statement

(in EUR m), unaudited

Assets	FY 2018	FY 2019
Non-Current Assets	33	52
Current Assets	164	114
thereof cash	123	73
Total Assets	197	165
Total Liabilities + Equity	FY 2018	FY 2019
Equity	105	74
Non-current Liabilities	32	27
Current liabilities	60	64
Total Liabilities and Equity	197	165
Cash flow	FY 2018	FY 2019
Operating activities	-10	-13
Investing activities	4	-9
Financing activities	114	-27

Note: All figures preliminary and unaudited

Financial calendar

March 19th, 2020

Publication of key FY 2019 figures

March 27th, 2020

Publication of Annual Report FY 2019

May 12th, 2020

Publication of Q1 2020 results

May 15th, 2020

Annual General Meeting

March

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August 13th, 2020

Publication of Q2 2020 results

November 10th, 2020

Publication of Q3 2020 results