

An outdoor lounge area featuring a wicker sofa with dark cushions and several patterned pillows. A low wicker coffee table holds a bowl of lemons. The seating is set against a rustic stone wall under a wooden pergola structure. A large white cushion sits on the ground in the foreground. The background shows a landscape with palm trees and a clear sky.

WESTWING

Deutsches Eigenkapitalforum 2020

Analyst Presentation

- Westwing Group AG -

November 18, 2020



AGENDA

- Introduction
- Market Framework, Positioning and USP
- Strategy & Business Model
- Financial Key Figures and Outlook
- Appendix

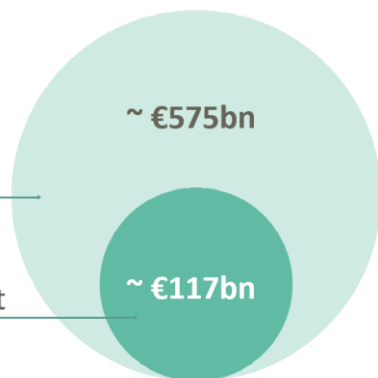
Westwing at a glance

Basics

- **Industry:** Home & Living eCommerce
- **Founded:** 2011 (listed since 2018)
- **Revenue:** EUR 415 - 440m in FY2020⁽¹⁾
- **Active Customers:** 1.3m⁽²⁾
- **Employees:** c. 1,500

Global
Home & Living market

Westwing footprint
Home & Living market



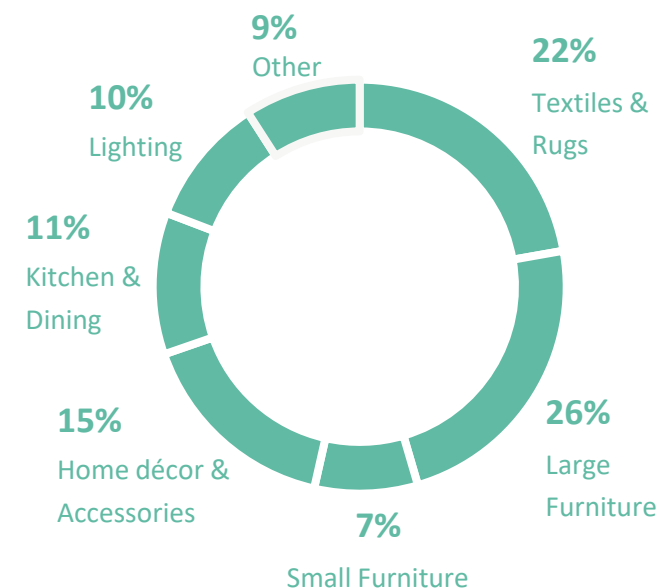
Footprint

- Active in **11 European countries**
- Reporting in two segments, DACH and International
- **DACH at 55%** and **International at 45%** sales share



Offering

- Offering the **full range of home & living categories**
- **5,000 suppliers** from across the globe
- **Own & Private Label** with exclusive Westwing Collections



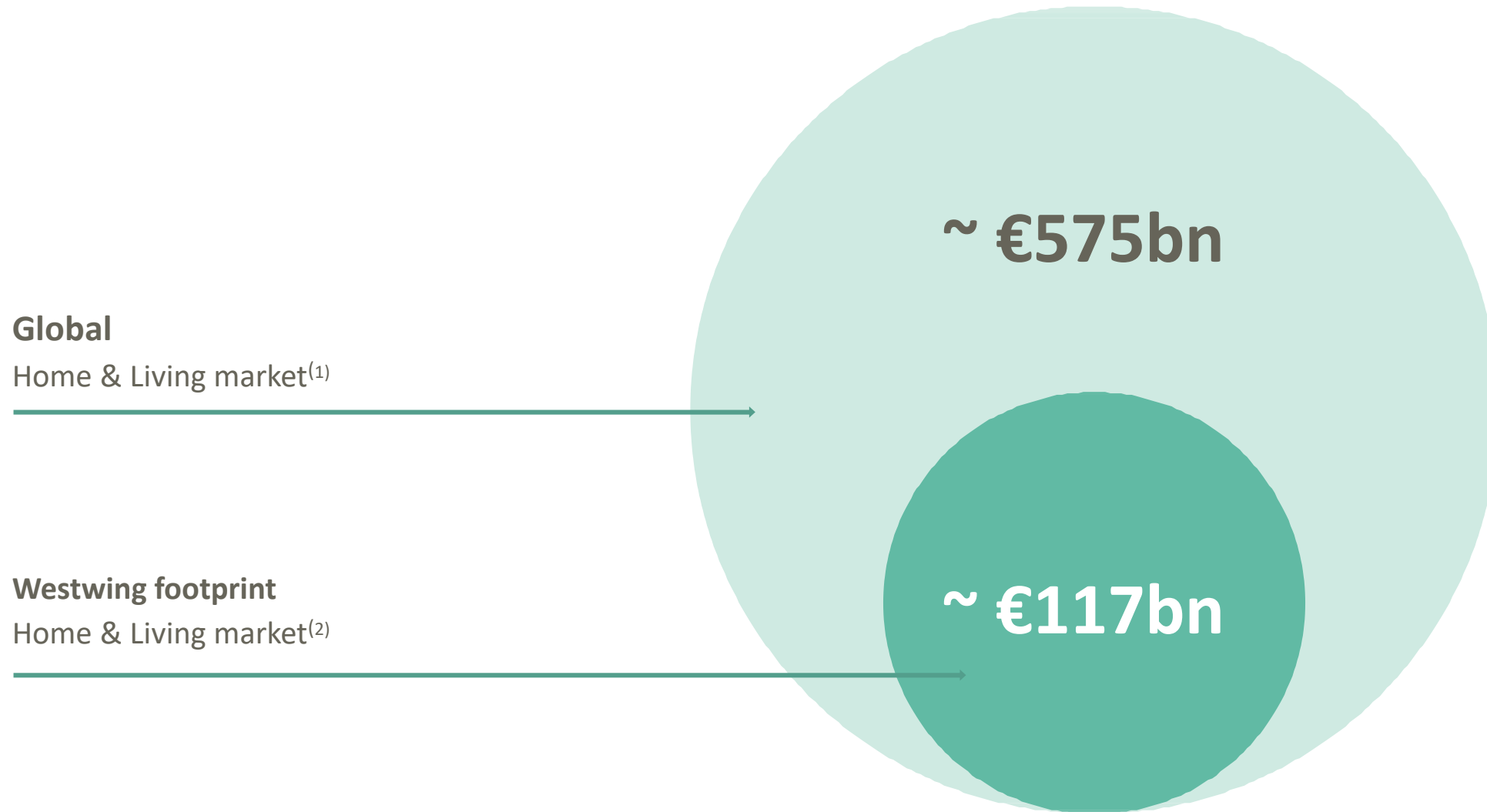
Note: (1) As per FY2020 guidance from Oct 19, 2020. (2) As of end of Q3 2020. All figures unaudited;



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We are targeting a huge addressable market ...

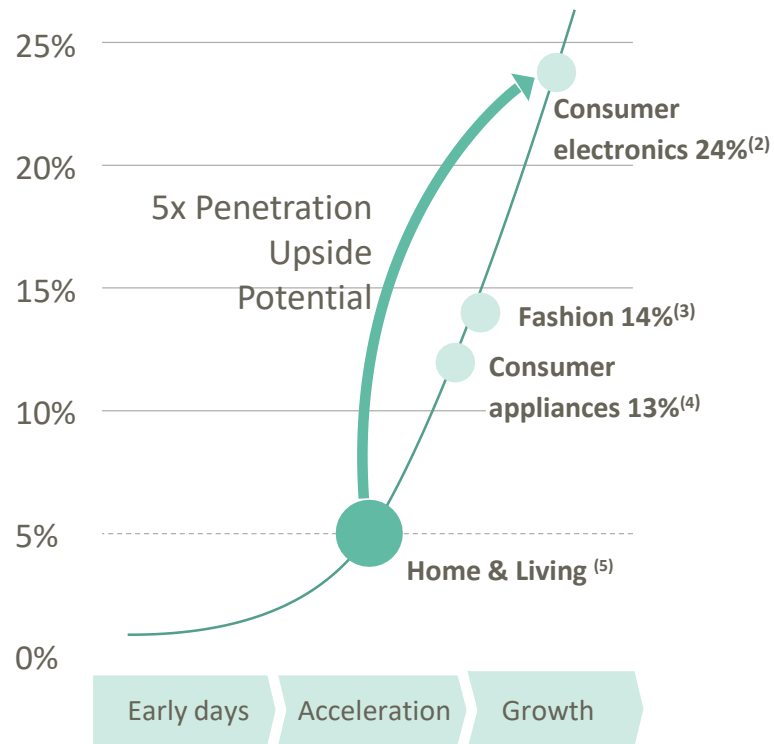


Source: Euromonitor

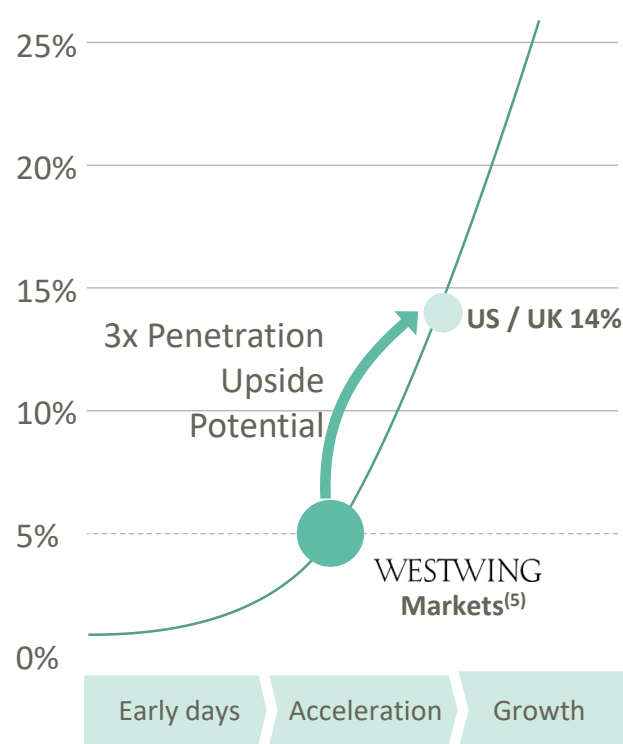
Notes: (1) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Refers to global retail value sales including sales tax at current prices (EUR using 2017 fixed exchange rates); (2) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Refers to retail value sales including sales tax at current prices (EUR using 2017 fixed exchange rates) for countries in which Westwing is present

...that is at the tipping point of online acceleration

Online penetration by industry in Westwing markets⁽¹⁾



Home & living online penetration by geography



Comments

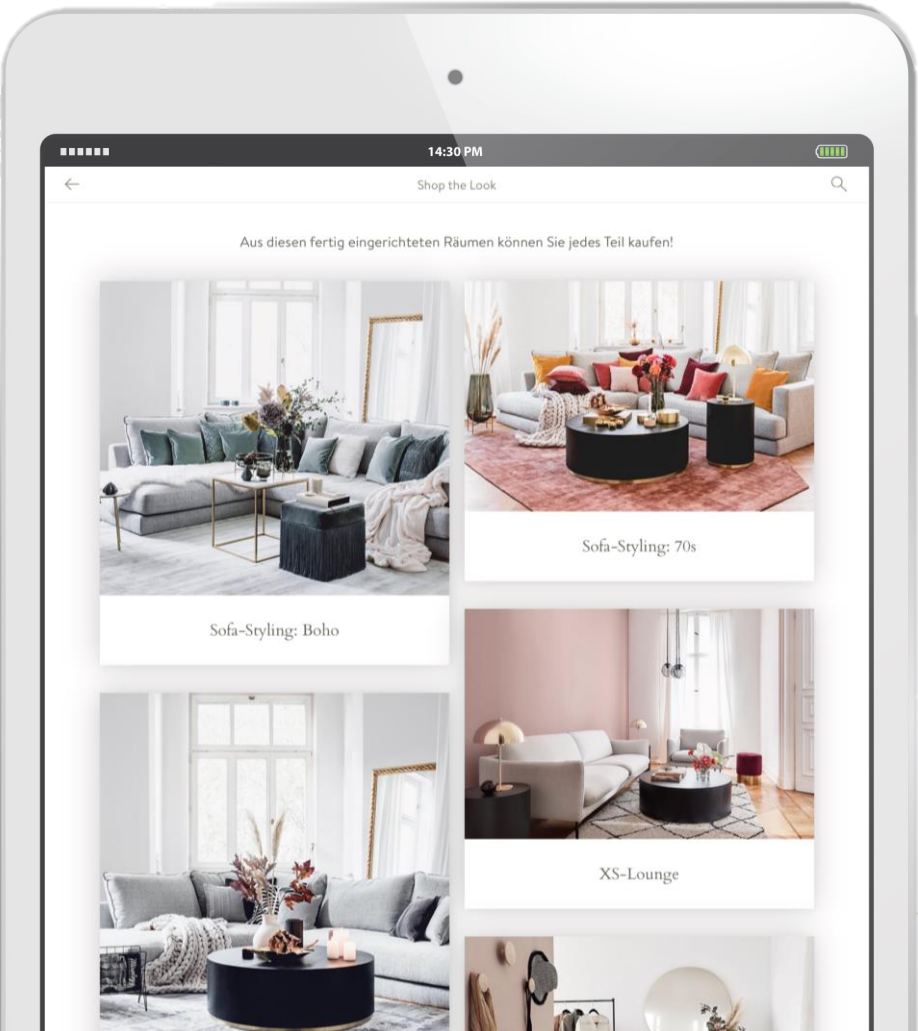
- Drivers of online acceleration later than other verticals
- Demographics: home & living customers are typically older than e.g. fashion or consumer electronics customers
 - Shopping is not search-based, rather inspiration-based, so search-based websites don't work as well
 - Highly fragmented market and no strong brands to push eCommerce adoption
 - Complex operations that need to be set up due to breakable and large-sized products

Source: Euromonitor

Notes: (1) All numbers refer to countries in which Westwing is present; online market size refers to internet retailing sales; in EUR using 2017 fixed exchange rates as per June 2018; (2) Consumer electronics market defined as Euromonitor Passport: category Consumer Electronics; (3) Fashion market defined as Euromonitor Passport: category Apparel and Footwear; (4) Consumer Appliances market defined as Euromonitor Passport: category Consumer Appliances; (5) Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings".

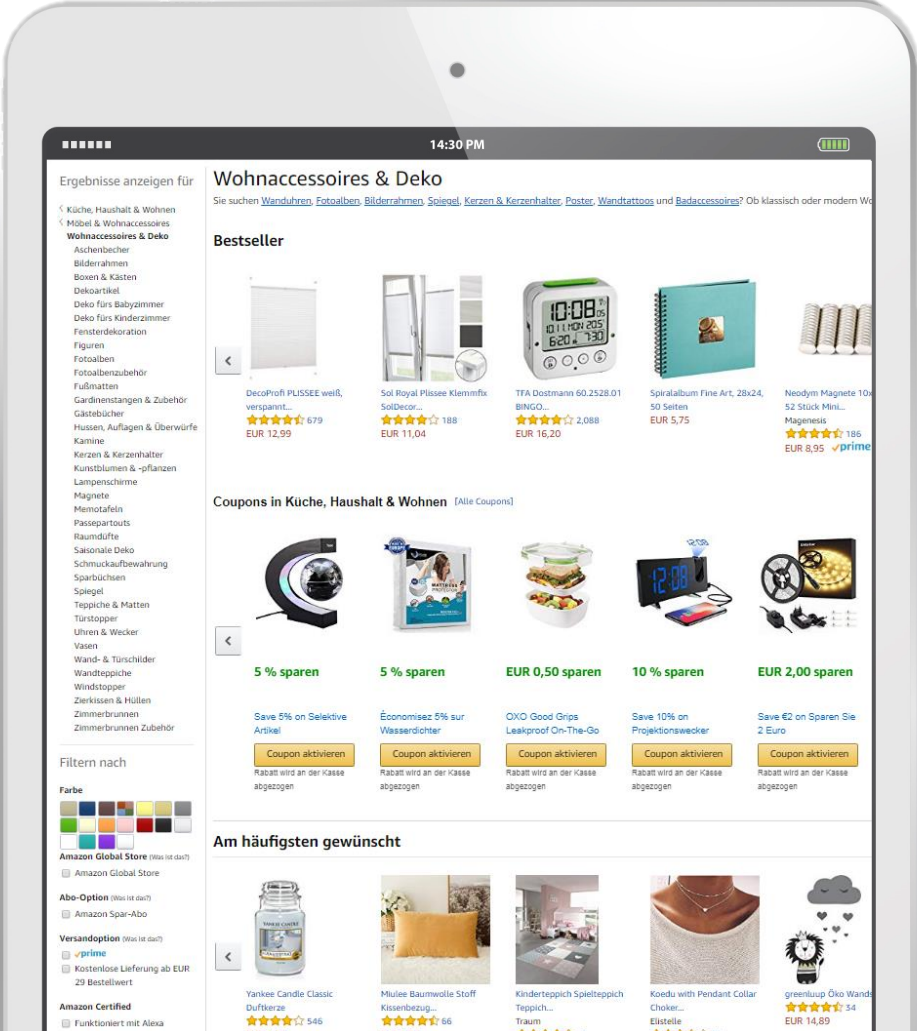
We are the leader in “inspiration-based eCommerce”, which works much better for home & living than typical eCommerce

WESTWING



VS

Typical eCommerce

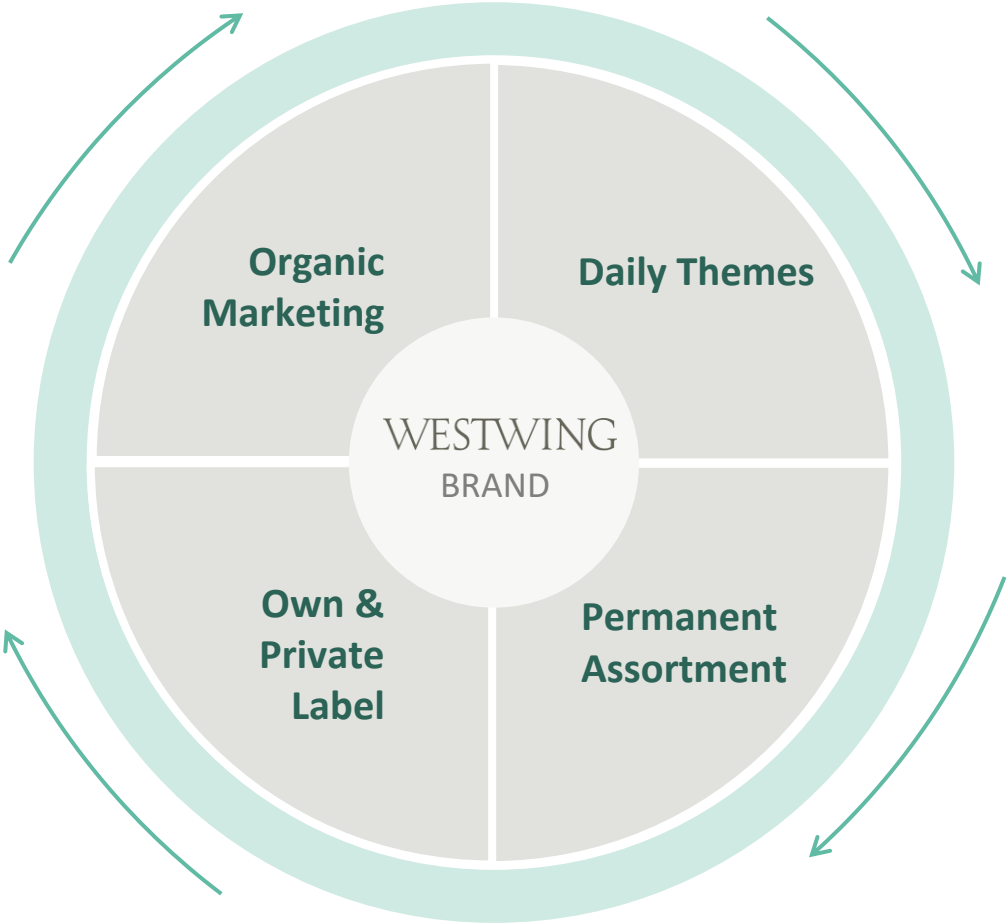




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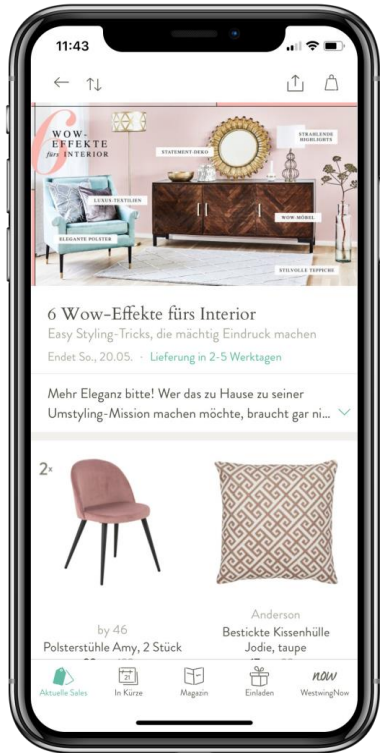
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Westwing Business Model centers around loyalty



Note: All figures unaudited.

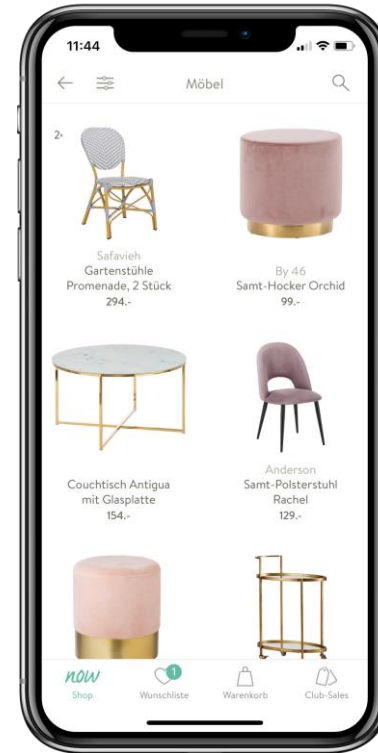
We operate a unique business model where we acquire customers in one model and monetize them in both models



DAILY THEMES

WESTWING

- Efficient acquisition and retention
- Very high customer engagement and repeat purchases
- Rich data on customer preferences and supplies



PERMANENT ASSORTMENT

WESTWINGNOW

- Scalable supply at even higher margins (esp. Own & Private Label)
- High growth and profitability
- Leverage collected customer data to offer relevant assortment

Acquire, retain, engage

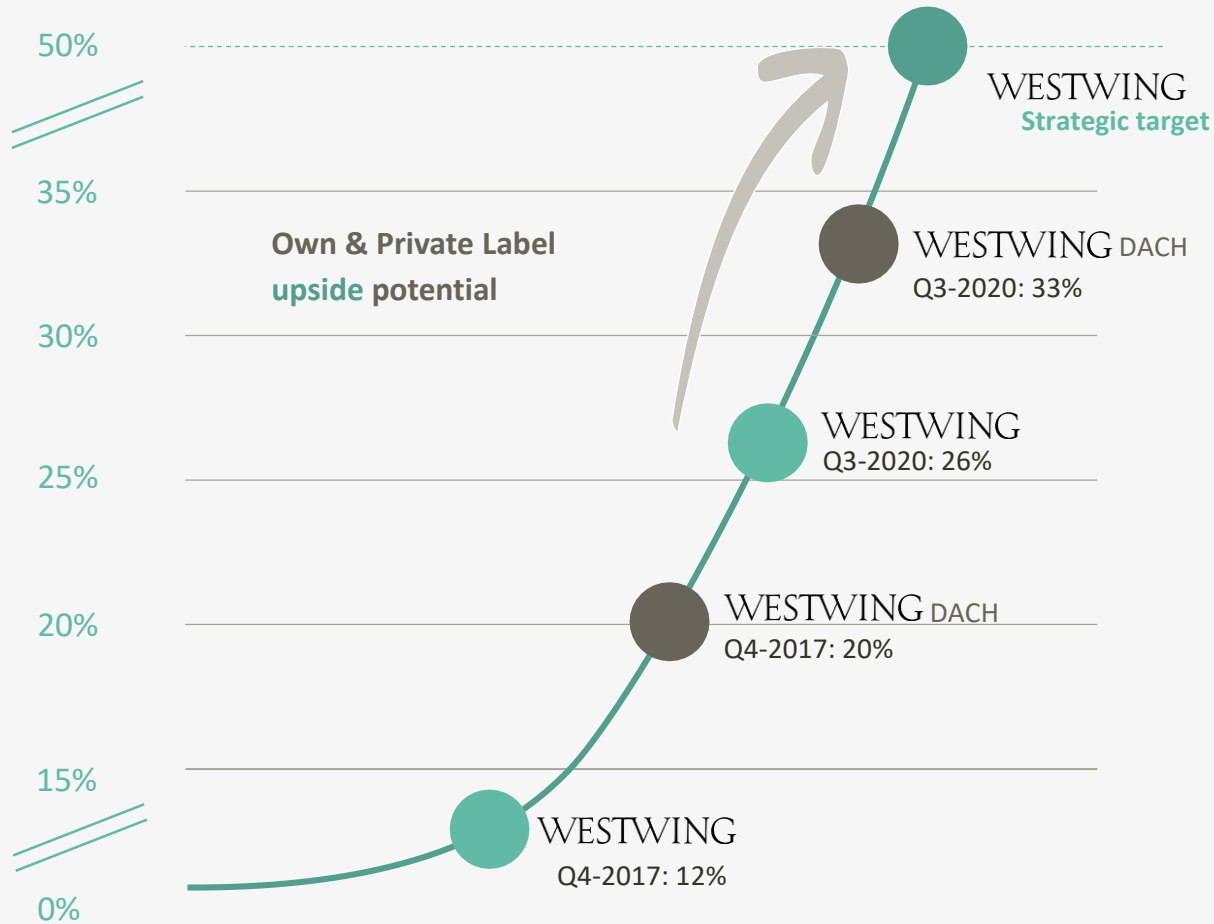
Cross-sell and up-sell

WESTWING PLATFORM

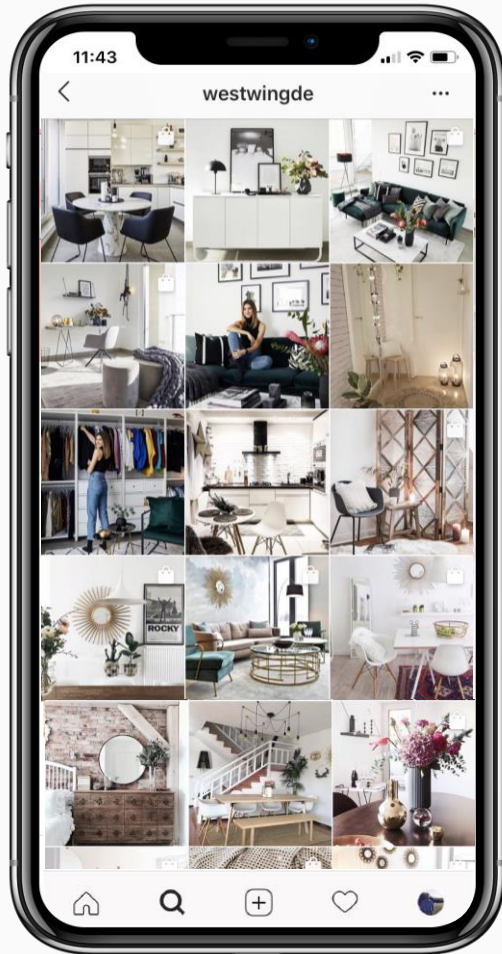
(Own & Private Label, marketing, technology, warehouses, data, etc.)

Own & Private Label is our most powerful strategic initiative with significant margin upside, by now 26% of Group GMV

Own & Private Label share (% of GMV)



Our organic marketing approach focuses on brand, engagement and inspiration



- We use our content from daily themes and content produced in our social media film studio
- Free user-generated content and influencers to expand our reach
- All based on our unique creativity and our love brand (hard to copy for competitors)
- Massive results after a few years and strongly growing

Instagram followers now at >5 million across Europe and growing

5m
4m
3m
2m
1m

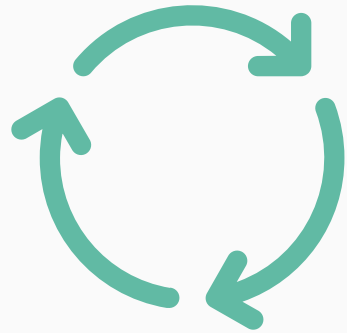
2016-40

Weekly development of Instagram followers (in m)

2020-40

Westwing business model results in superior loyalty metrics

Repeat Visits

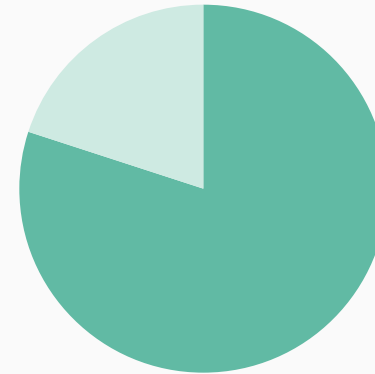


85%

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)



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Very attractive long-term target P&L confirmed by FY2020 P&L structure

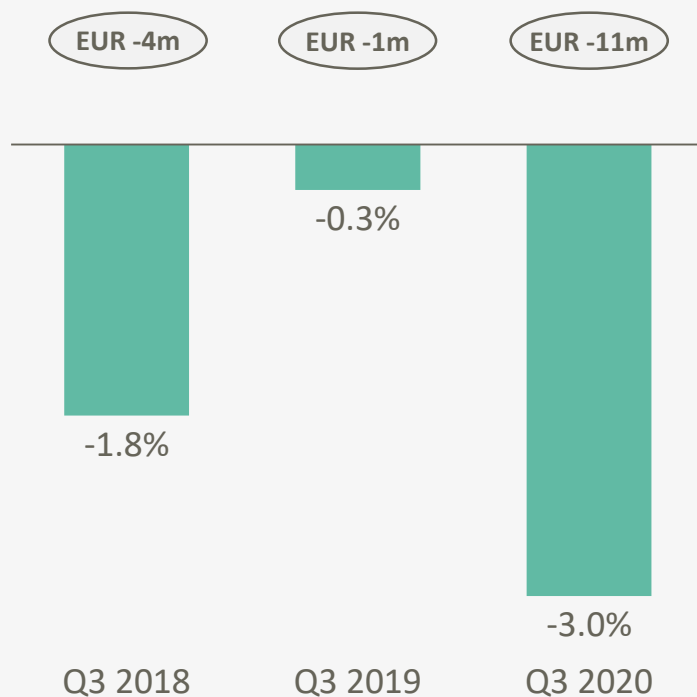
<i>(in % of revenue)</i>	FY 2019	Q1 2020	Q2 2020	Q3 2020	Long-term target	
Gross Margin	45%	47%	49%	49%	47 - 49%	Increase of Own & Private Label share to retain current gross margin levels
Contribution margin	21%	24%	29%	29%	25 - 27%	Freight cost increases and investments into customer experience; special effect of low return rate in Q2/Q3
Marketing ratio	-9%	-10%	-5%	-8%	-8 to -10%	8-10% marketing ratio to support attractive growth
G&A ratio	-20%	-20%	-12%	-13%	-10%	Further operating leverage and careful growth invests
D&A	+3%	+4%	+2%	+3%	+3%	
Adj EBITDA	-4%	-2%	13%	11%	10%	Basis for attractive cash generation
Free Cash Flow	-8%	-9%	20%	7%	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.

Westwing's business model provides a very strong cash conversion

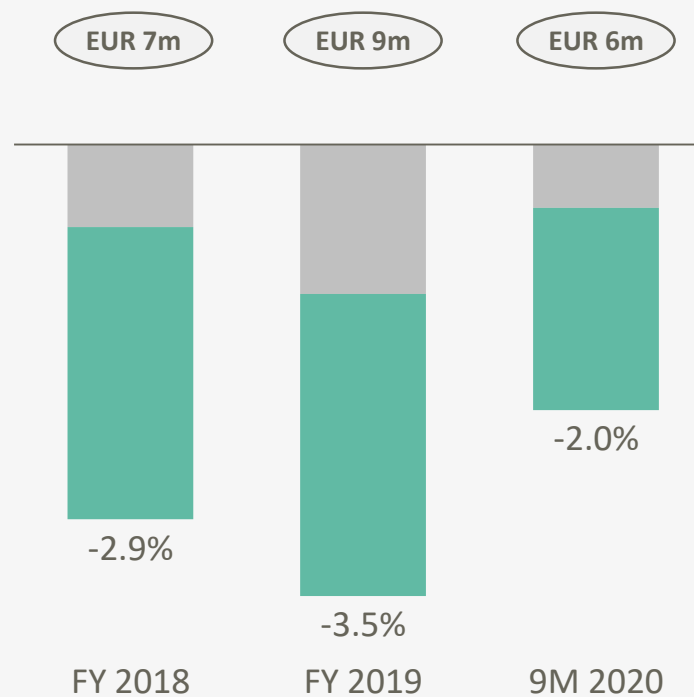
Negative Net Working Capital

(in EUR m and % of LTM revenue)



Very low Capex ratio

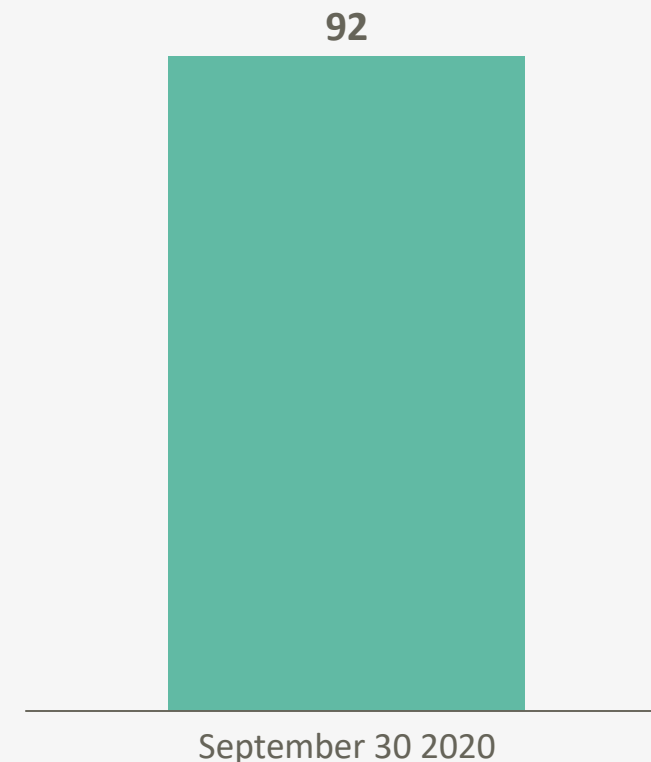
(in EUR m and as % of revenue)



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

Significant Net Cash buffer

(in EUR m)



Note: All figures unaudited.

Guidance FY 2020 and outlook

Guidance FY2020 (as per Oct 19, 2020)



EUR 415 - 440m Revenue
(55 - 65% growth)



EUR 37 - 48m Adj EBITDA
(9 - 11% margin)

Outlook

- **Focus is now on delivering a great 2020, but 2020 will be an exceptional year in terms of growth and profitability**
 - Significant scale-effects through strong growth from Q2 onwards
 - Some special effects in contribution margin
- **Westwing is pursuing a long-term profitable growth strategy**, which now requires further growth investments:
 - Increasing Marketing, mainly organic channels
 - Catch-up investments into Technology (capitalized part as Technology-CAPEX)
 - Expansion of Own & Private Label business
- While we are confident and optimistic, the **growth outlook remains volatile** and there is **high uncertainty around 2021 development**

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

3.4 million Orders⁽¹⁾
&
1.3 million Active Customers⁽²⁾

EUR 415 - 440 million
Revenue⁽³⁾

EUR 37 - 48 million
Adj EBITDA⁽³⁾

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

1.3 million active customers⁽²⁾ and >80% of orders placed by repeat customers

Own & Private Label

Growth driver with bestsellers tailored to our customers and providing superior profitability

Strong cash profile

Net Cash of EUR 92m⁽²⁾, negative NWC, very low CAPEX ratio (2-3%)

Attractive Target P&L

10+% Adj EBITDA and strong cash conversion (Q3 2020 LTM Free Cash Flow margin already at 9%)



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Growth driven both by existing and new customers: Existing customers with continued higher engagement repurchase rate in Q3

Indications that customer behaviour has fundamentally changed towards more eCommerce

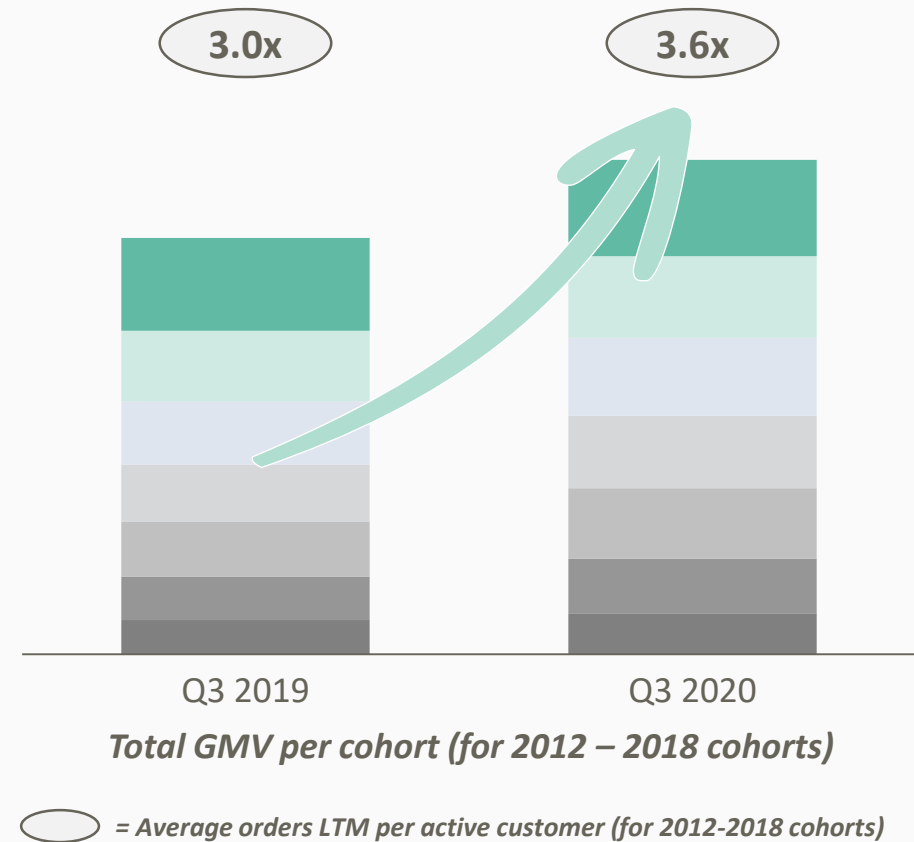
Our already very loyal cohorts continue to show **higher engagement across the board**

We see an **increased order and repurchase frequency** across all older cohorts

GMV per active buyer is increasing for all our cohorts

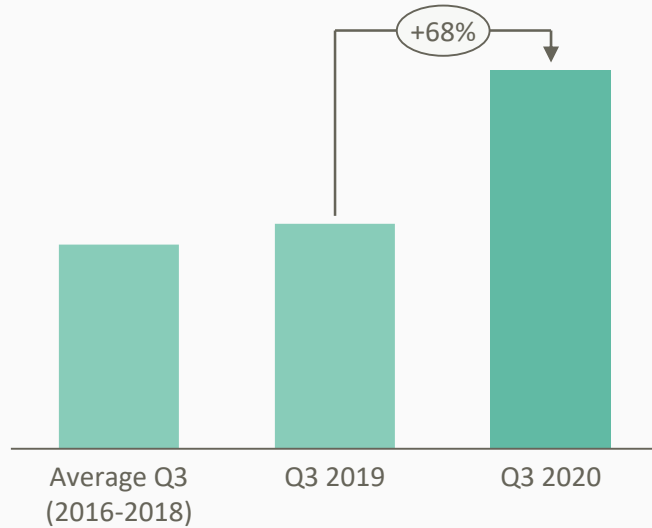
We **welcomed back many customers**, who had not bought at Westwing for a longer time

As a result, existing cohorts have grown their GMV considerably compared to last year



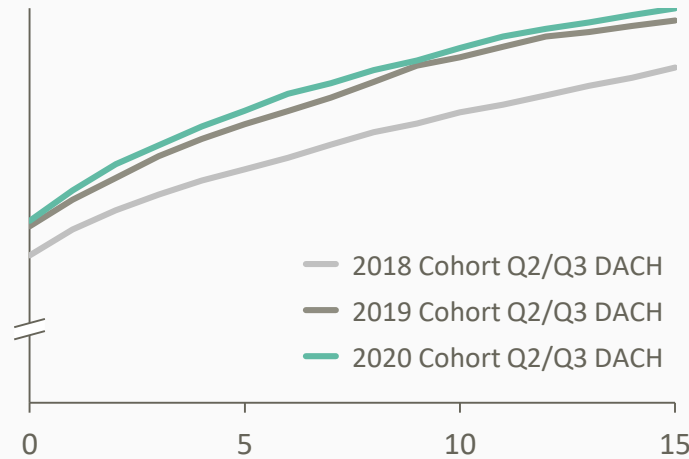
Growth driven both by existing and new customers: New customer metrics also remained very strong in Q3

Ongoing strong new customer acquisition due to structural online shift



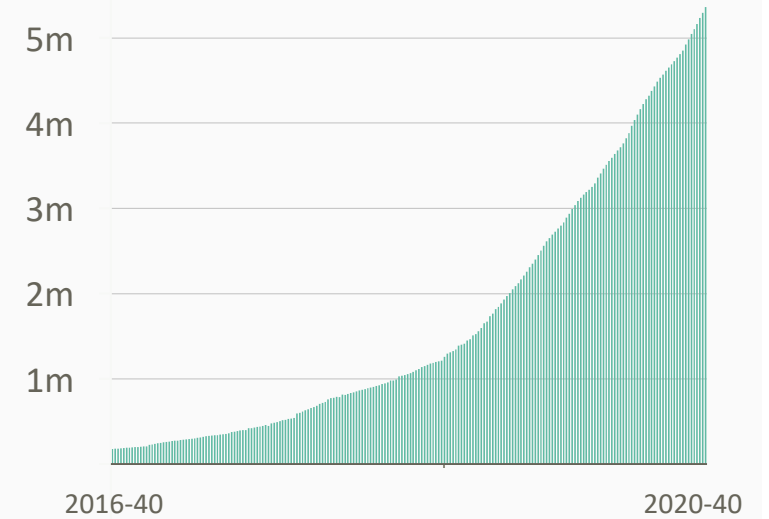
Number of new customers acquired

New customers continue to indicate strong repeat purchasing behavior



Cumulative average GMV per new Customer (in weeks after first purchase)

Instagram followers now at >5 million across Europe and growing



Weekly development of Instagram followers (in m)

Strong new customer acquisition continues to indicate a structural, accelerated online shift.

Repeat purchase behaviour of recently gained new customers indicate they are likely to remain loyal customers.

Underlying new customer drivers developing very well, e.g. our strongly growing organic audience on Instagram.

Note: Q2/Q3 DACH cohorts 2018 and 2019 include only data on which we have comparable data in 2020. All figures unaudited.

Adjusted income statement

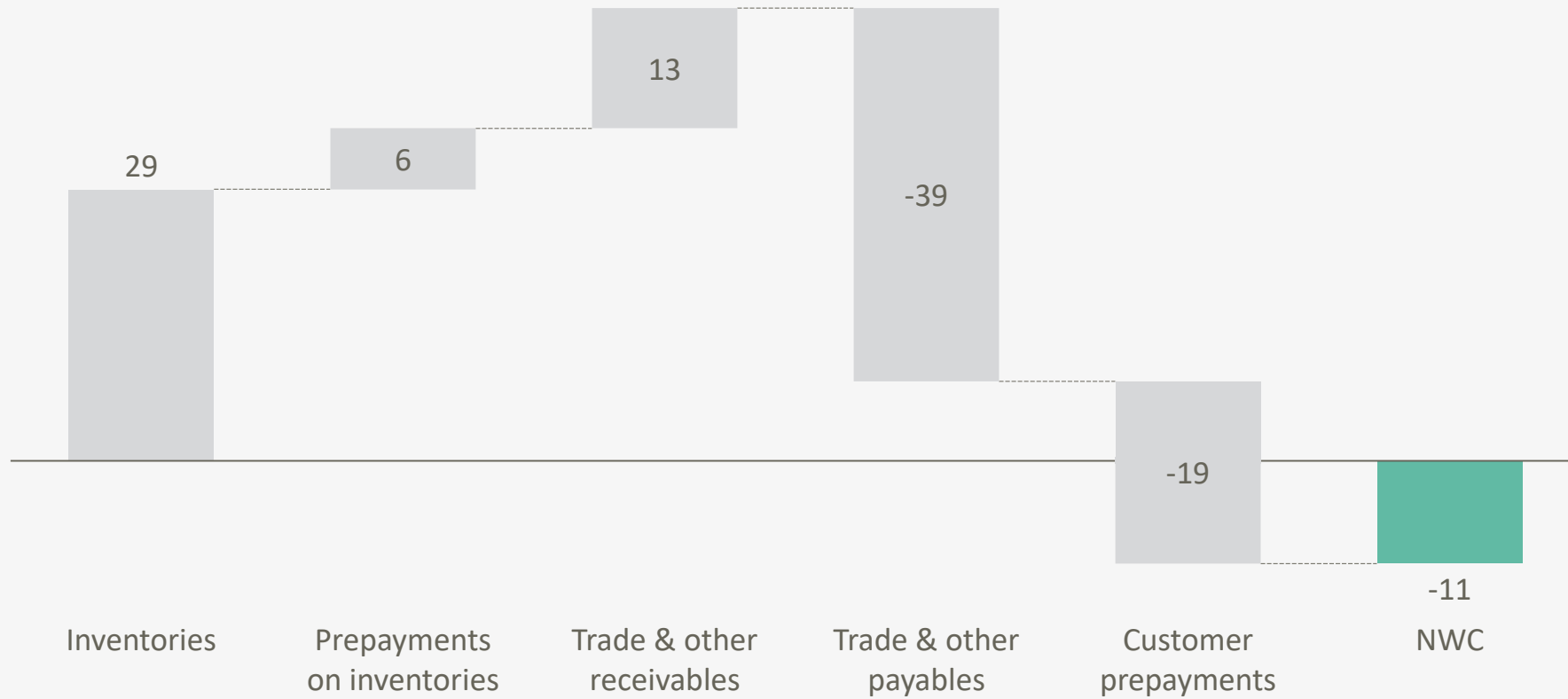
EUR m, in % of revenue, unaudited	YTD 2019	YTD 2020	Q3 2019	Q3 2020
Revenue	179	277	59	99
<i>Revenue Growth YoY</i>	2.1%	55.0%	8.7%	65.9%
Cost of Sales	-101	-143	-33	-50
Gross Profit	78	134	26	48
Gross Margin	43.3%	48.3%	44.3%	49.2%
Fulfillment expenses	-43	-57	-14	-20
Contribution profit	34	77	12	29
Contribution margin	19.1%	27.8%	20.2%	29.3%
Marketing expenses	-16	-20	-7	-8
General and administrative expenses	-38	-40	-12	-13
Other operating expenses	-1	-2	-0	-1
Other operating income	1	2	0	0
Depreciation and Amortization	7	8	3	3
Adj EBITDA	-13	24	-4	11
Adj EBITDA Margin	-7.3%	8.8%	-7.1%	10.9%

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 September 30, 2020

(EUR m)



Note: All figures unaudited.

Upcoming Events

Date	Event
November 19, 2020	Berenberg West Coast Consumer & E-Commerce Conference
November 30, 2020	Berenberg European Conference Pennyhill
March 30, 2021	Publication of FY 2020 results
May 12, 2021	Publication of Q1 2021 results
August 12, 2021	Publication of Q2 2021 results
November 11, 2021	Publication of Q3 2021 results

OUR MISSION

“ To inspire and make
every home a
beautiful home ”

