WESTWING

H1 2019 Results

August 13, 2019

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.

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OUR MISSION

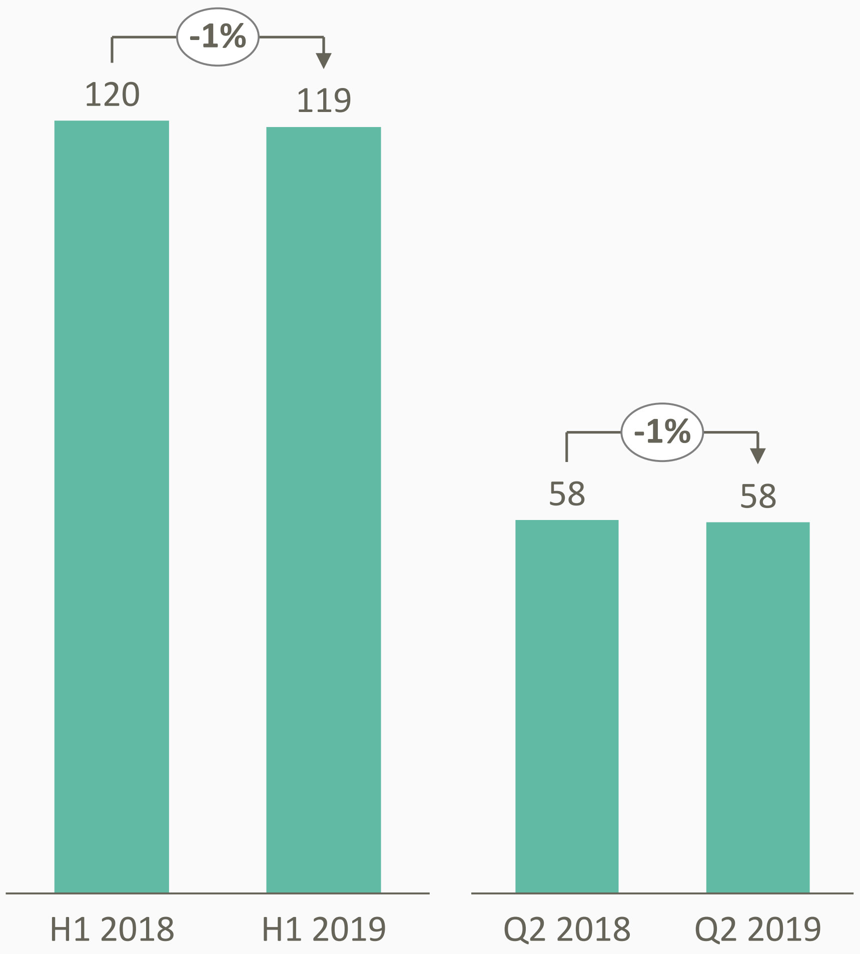
“To inspire and make every home a beautiful home”

Summary

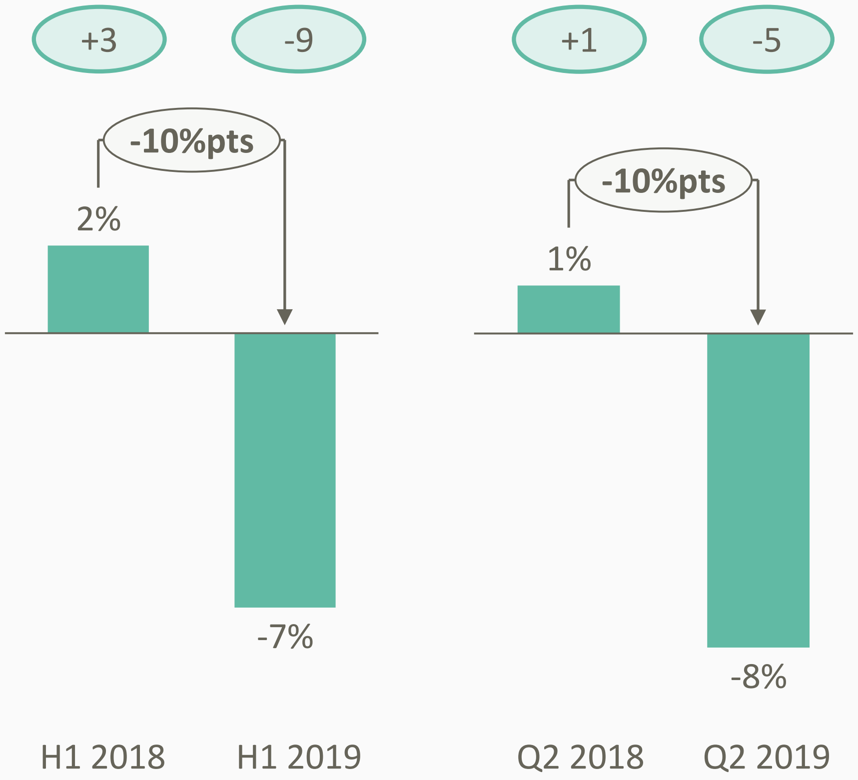
- Westwing's H1 results came in at EUR 119m revenue (-1% year-on-year growth) and -7% Adj. EBITDA margin; Q2 was similar to Q1 as indicated in our May update. Main drivers were:
  - Growth: Not enough new customers due to low marketing impact, not offering enough high-converting low-price-point products, and continued challenges in Italy
  - Profitability: Delayed warehouse move and parallel operations of old warehouse for too long, inefficiencies in some logistics processes, insufficient gross margin discipline; in addition, lack of operating leverage
- Return to profitable growth expected for Q4: We have fixed the underlying root causes. We believe the last months have been the trough and we are already seeing leading indicators pointing in the right direction
  - Contribution margin is increasing as gross margin has been addressed and warehouse move is now complete
  - Marketing impact strong: 'New email registrations', which over time turn into new customers, are growing at double-digit rate
  - Growth is improving and July was best month of the year in GMV growth
- Our business model and core DACH business remain fundamentally strong based on high customer loyalty, an efficient marketing model, and increasing private label share; this is despite recent operational challenges
  - We are gradually replicating our business model internationally based on a clear DACH blueprint
  - Our balance sheet is very strong with EUR 78m of net cash; we expect roughly zero free cash-flow for H2

H1 2019 with flat growth and profitability lower compared to prior year, as indicated in guidance update

Group Revenue *(in EUR m)*



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



We have had similar issues in Q2 as in Q1; we have fixed the underlying root causes as the foundation for return to profitable growth in Q4

H1 marked by mostly execution problems and subsequent results consolidation; we have worked hard to improve and fix these issues:

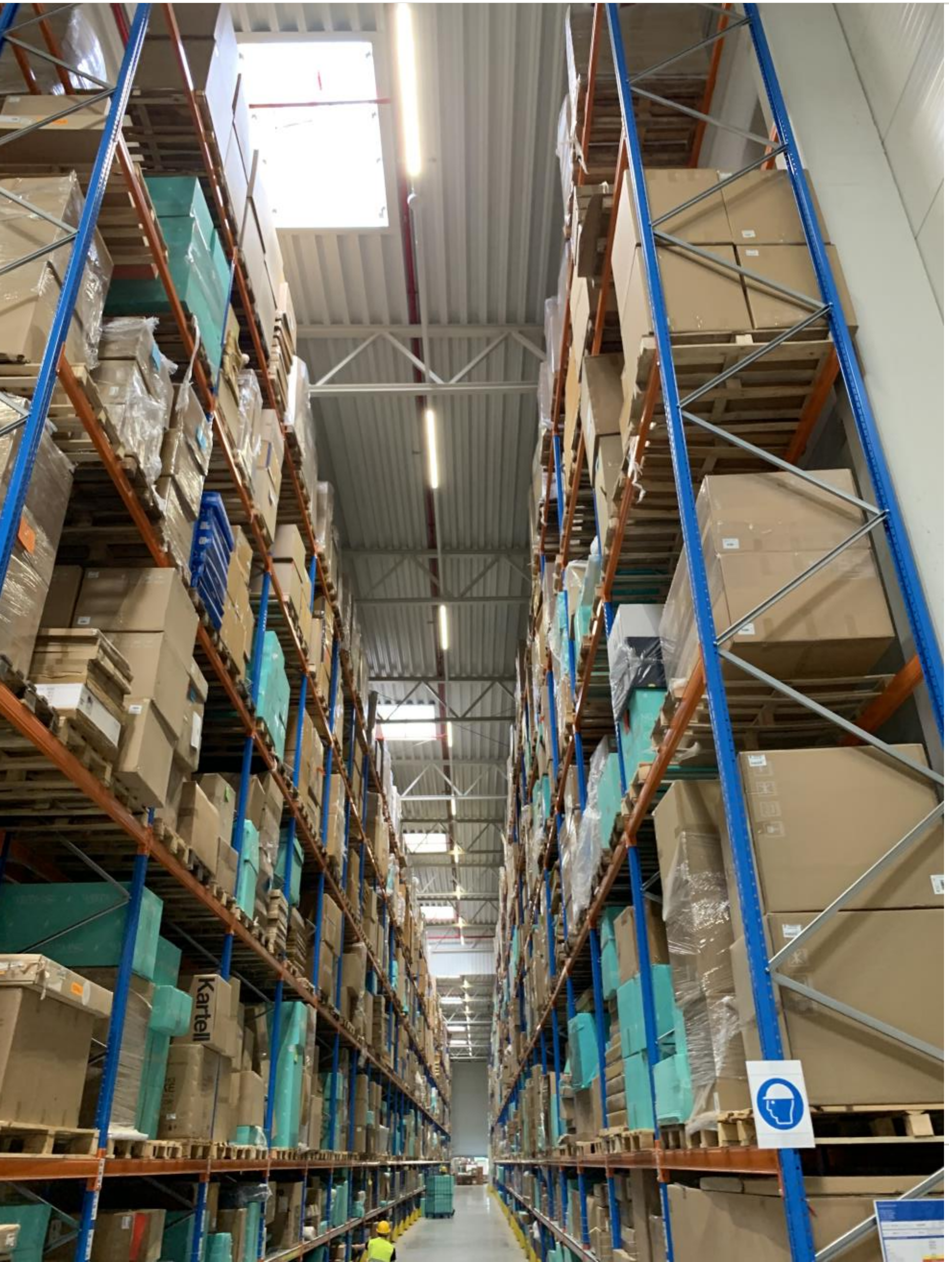
Growth	Increased share of low price point products in DACH assortment Increased marketing investments short-term, especially into social media Transformation of Italy business continuing, however no significant financial impact yet Increased Private Label share to 22% of Group GMV, launched new Westwing Collection
Contribution margin, logistics	Completed warehouse move from Berlin to Poznan, and closed Berlin warehouse; the project took longer and was more expensive than originally planned; yet now it is done Increased target gross margins Cost-optimized the parcel carrier selection to counter freight cost increases
G&A, costs	Centralization of French business ongoing; restructuring costs limited to EUR 2m[1] Operating leverage as growth picks up

With leading indicators improving, we expect to return to profitable growth in Q4:

- Contribution margin and Gross margin improving and showing positive trend towards end of quarter
- Growth is improving and July was best month of the year in GVM growth
- New email registrations growth (leading indicator, as email registrations convert to new customers over time) improved from negative in Jan-May to double-digit positive in Jun-Jul

Note: Unaudited
(1) Given their non recurring nature, we will exclude these restructuring cost from our Adj EBITDA

Warehouse move to Poland and closure of Berlin warehouse completed; was more complex than planned and as a result delayed and more expensive



What we had planned:

- Move of our largest warehouse from Berlin to Poland to (i) benefit from cost savings and (ii) have additional capacity for growth (in particular, Private Label and permanent assortment)

What did not work well:

- Project delayed, e.g. due to local regulatory issues; required us to run our original warehouse in Berlin in parallel longer than planned
- In addition, due to the challenges, attention was diverted from other areas of the business (e.g. returns process); direct and indirect costs related to the move around 3%pts of revenue in H1 2019

Where we are today:

- New warehouse is fully running, and the Berlin warehouse is closed
- With the parallel warehouse operations cost gone, we are now focused on reaping the benefits of the original business case in H2

New Own & Private Label product releases

8 new models upholstered beds
from EUR 499

Velvet Cushion Palm Springs
EUR 27

Renforcé Bedding Anja
from EUR 29.99

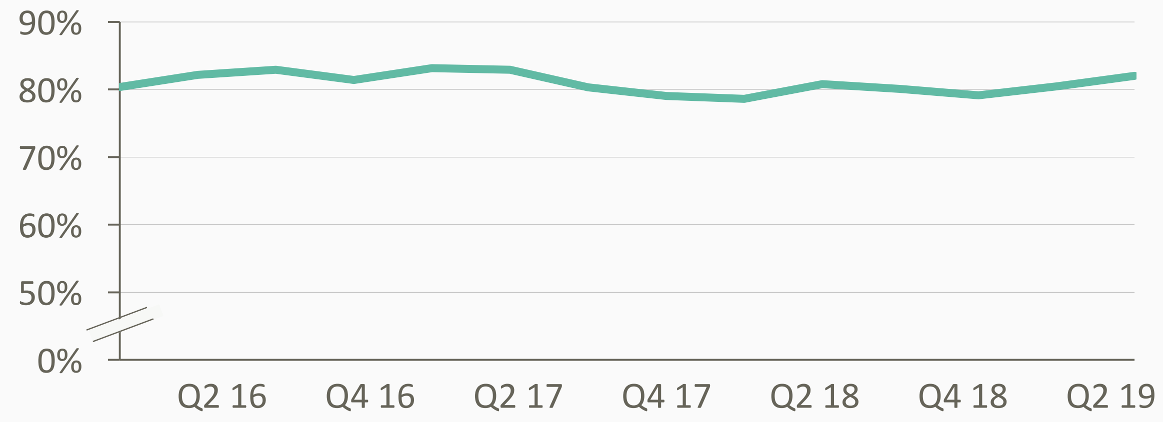
Handmade Jute Rug Shakia
from EUR 89

Teddy Sofa Fluente
EUR 799

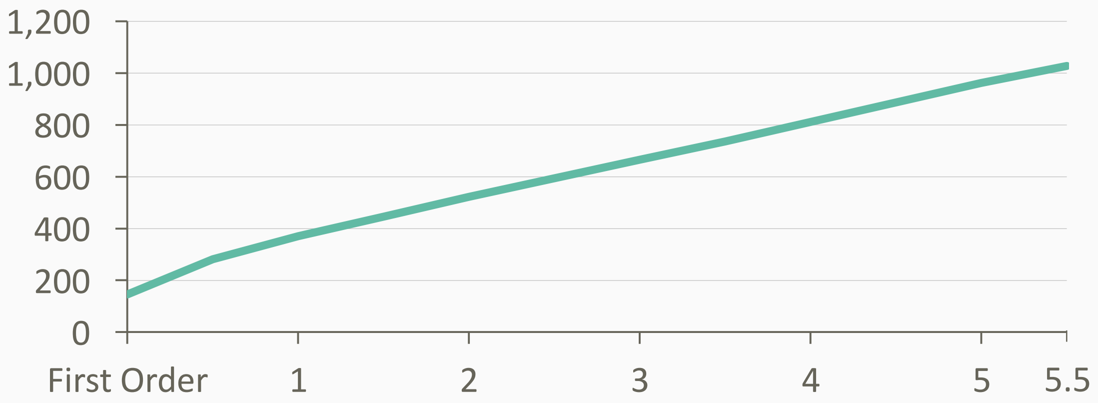
We inspired our customers with a vast variety of daily themes

What gives us confidence: Our business model as exemplified by our DACH business is strong based on customer loyalty

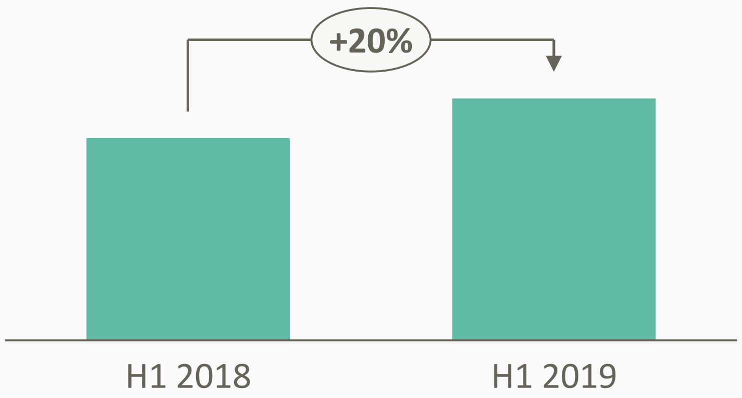
Repeat order share DACH *(in % of total orders)*



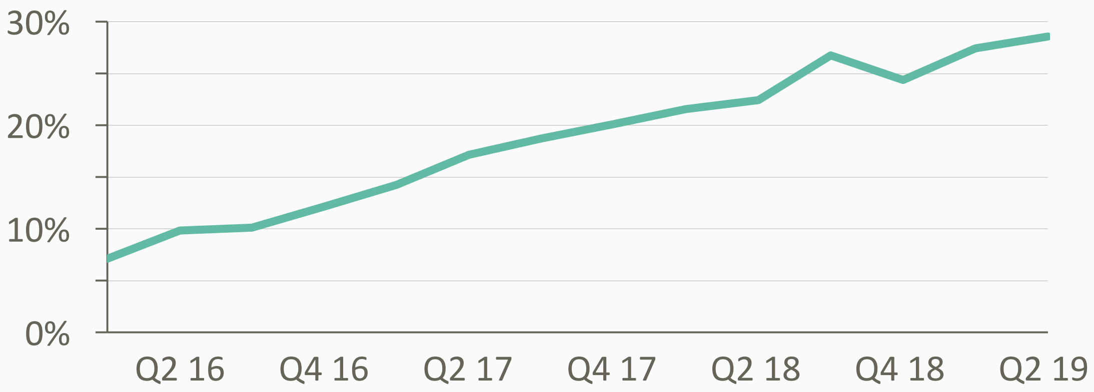
Cumulated GMV per DACH customer after 5.5 years[1] *(in EUR)*



Active Customers DACH



Private Label Share DACH *(in % of total GMV)*



Note: (1) 2013 First Time Buyers

Outlook for H2 2019: Significant improvements expected

- We expect to return to profitable growth in Q4 which is also our seasonally strongest quarter of the year

- We expect Free Cash-Flow roughly neutral for H2 (seasonally negative in Q3 and positive in Q4). We have a strong cash position (EUR 78m net cash[(1)]), and once we are again profitably growing we will have limited cash consumption

- Key focus areas in H2 2019 are:
  1. Gross margin: We will increase the private label share and ensure margin discipline
  2. Logistics: With warehouse move completed, we focus on operational improvements
  3. Marketing: We have increased marketing investments for Q2/3; focus on social media

- Based on H1 results, we expect to finish FY 2019 at the lower end of our updated guidance of 6-12% revenue growth and -1% to 1% Adj. EBITDA margin

Note: (1) Net Cash defined as Cash on bank (EUR 92m) less Debt (EUR 15m)

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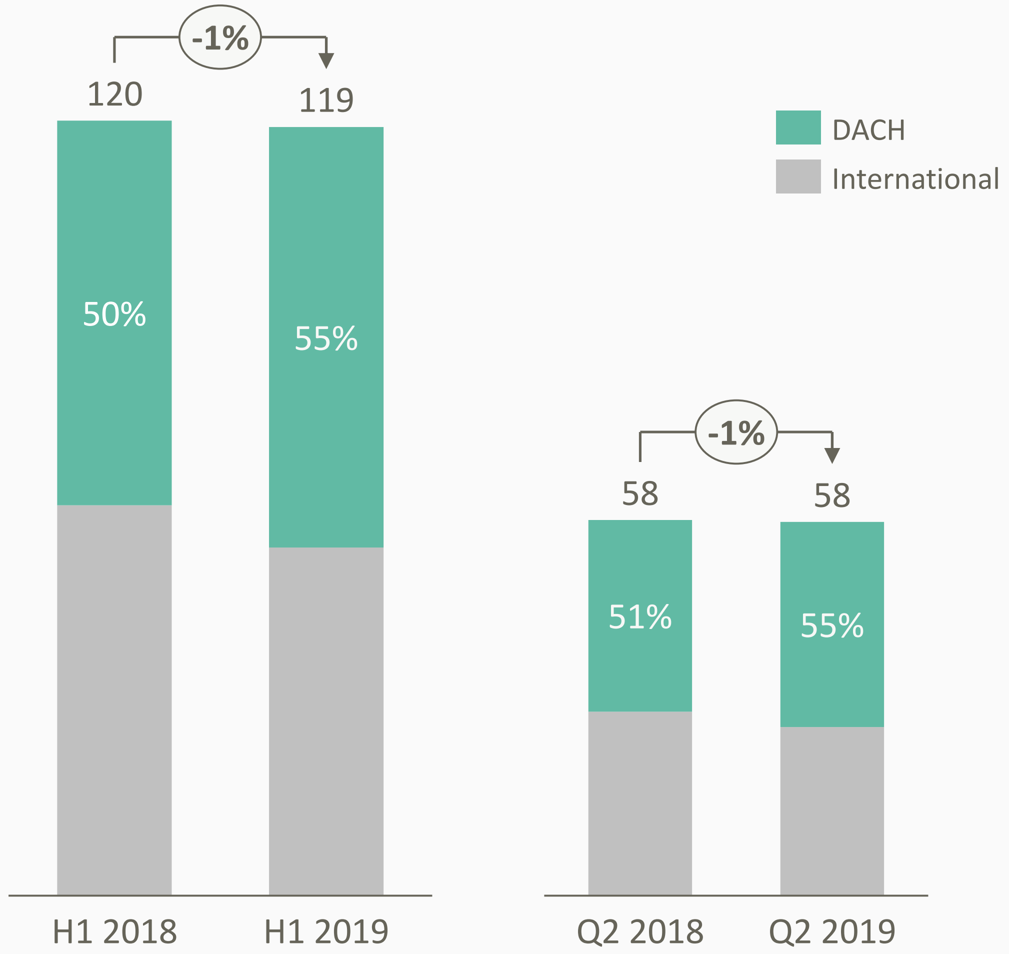
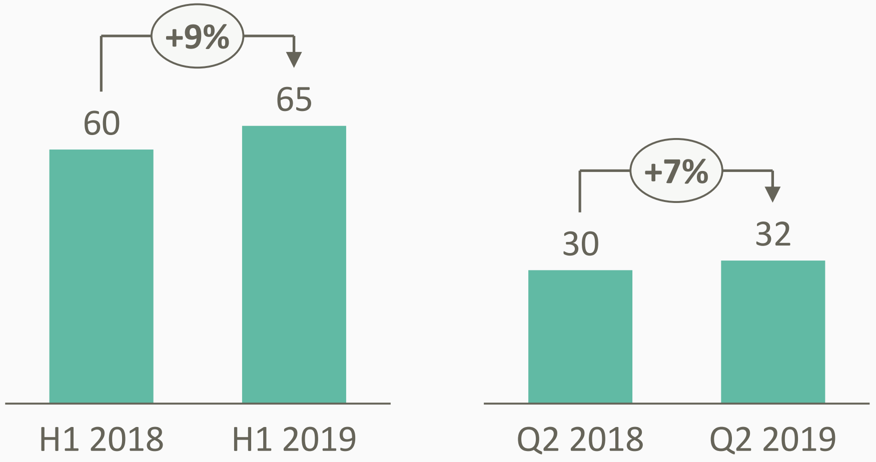
Revenue flat, impact of growth investments not yet visible, strong H1 2018 baseline (esp. DACH)

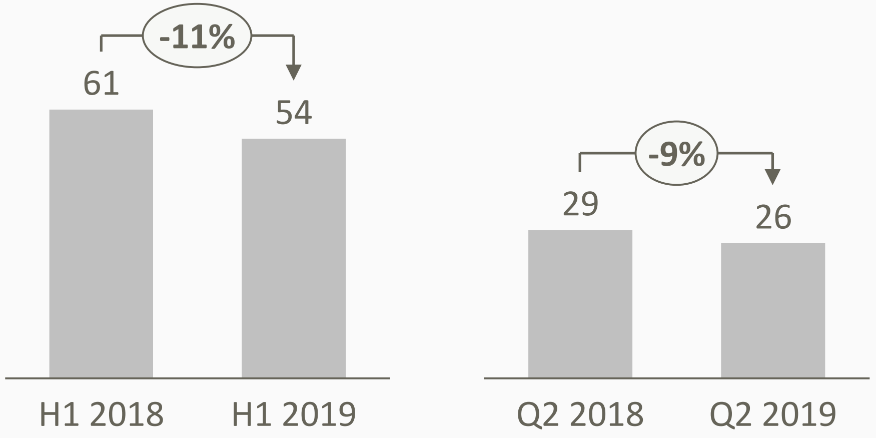
Group Revenue *(in EUR m)*



DACH Segment Revenue *(in EUR m)*

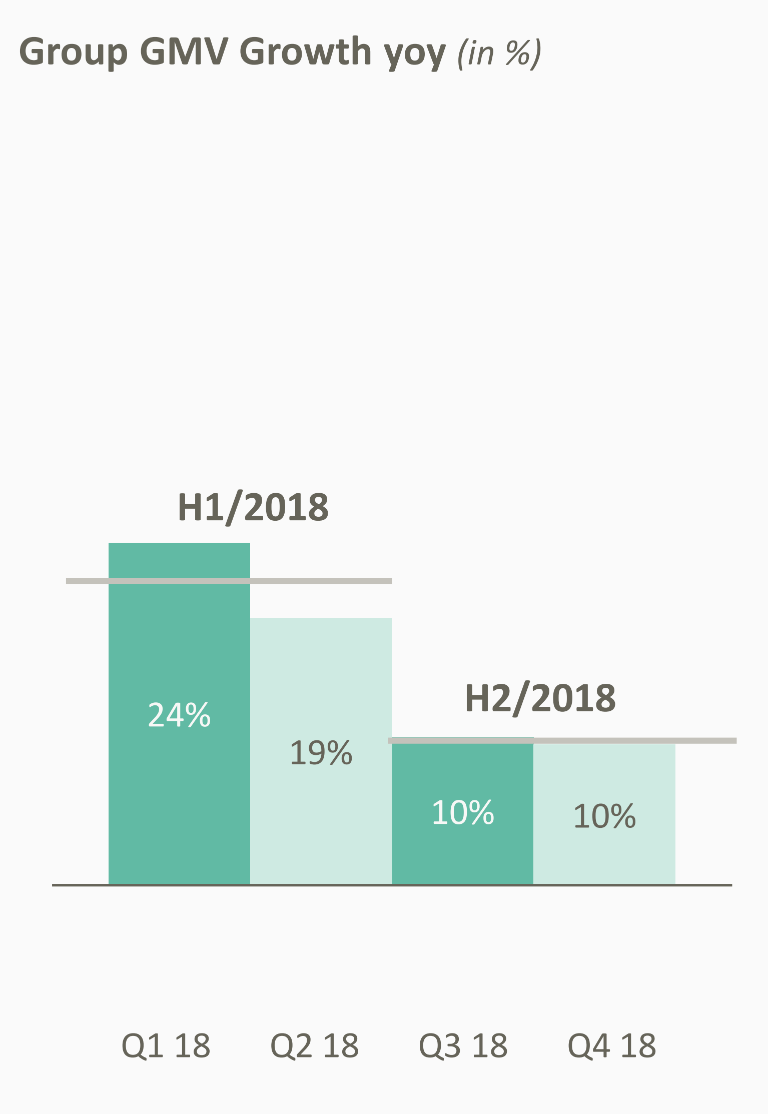


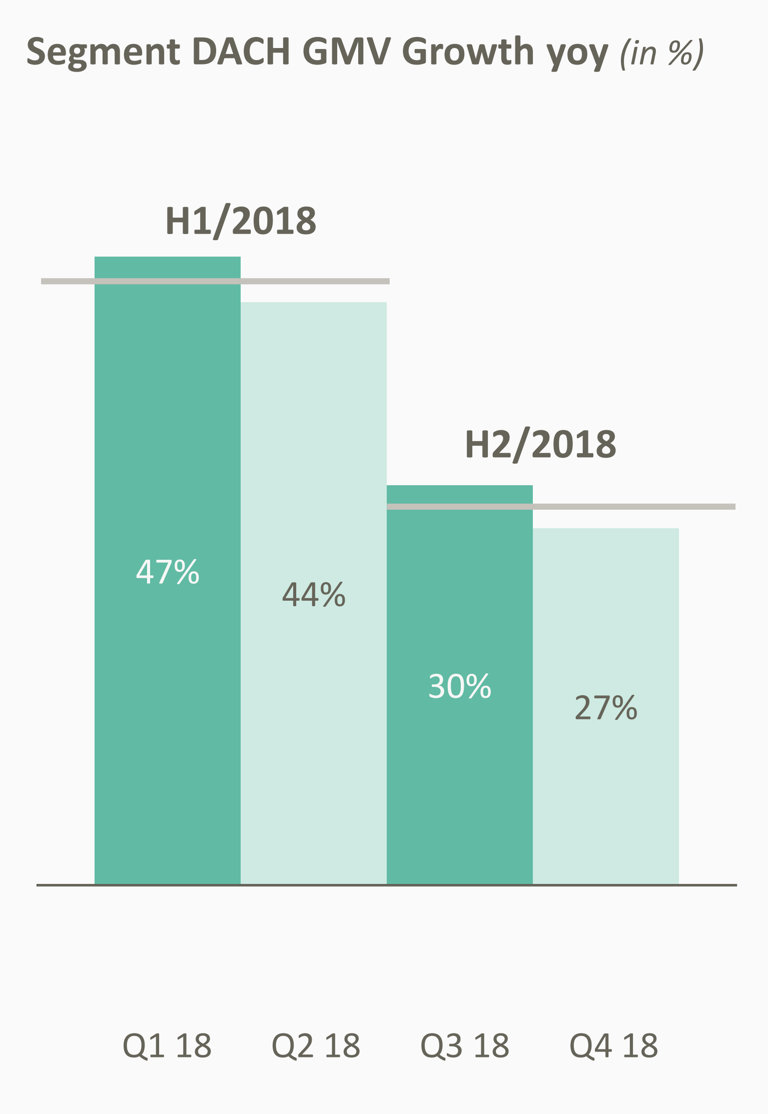
International Segment Revenue *(in EUR m)*

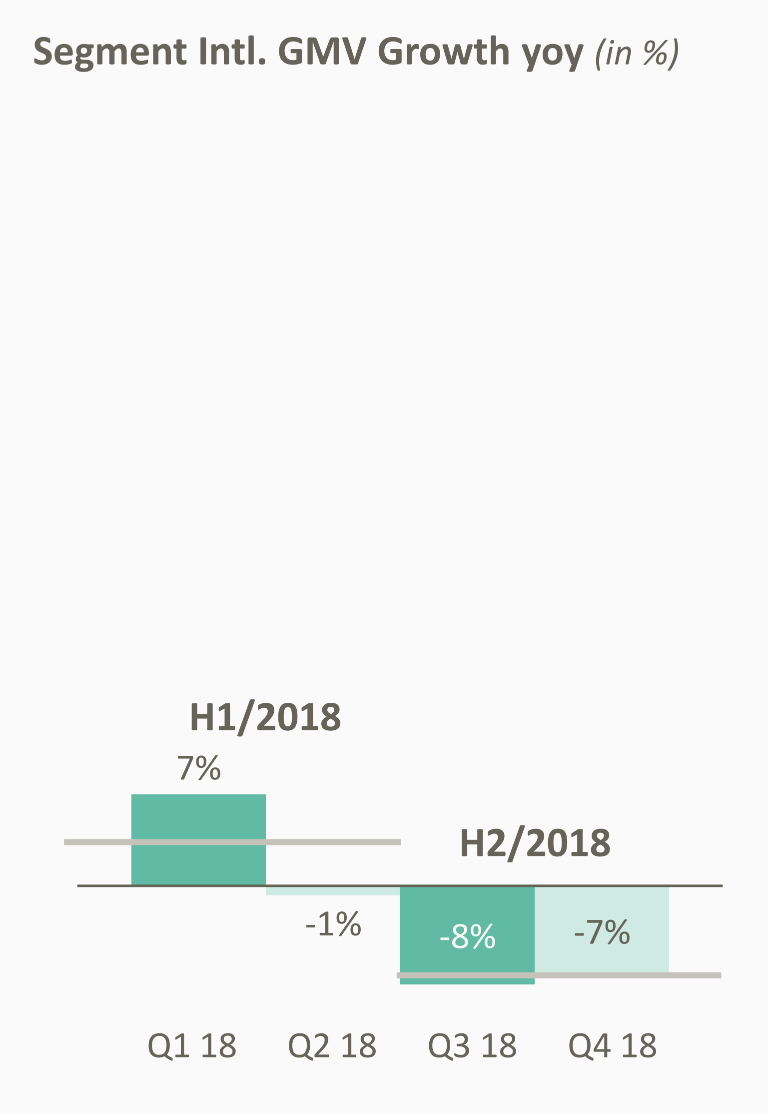


Note: Unaudited

Context: Especially in DACH, H1 2018 had very strong growth resulting in high baseline for H1 2019 growth



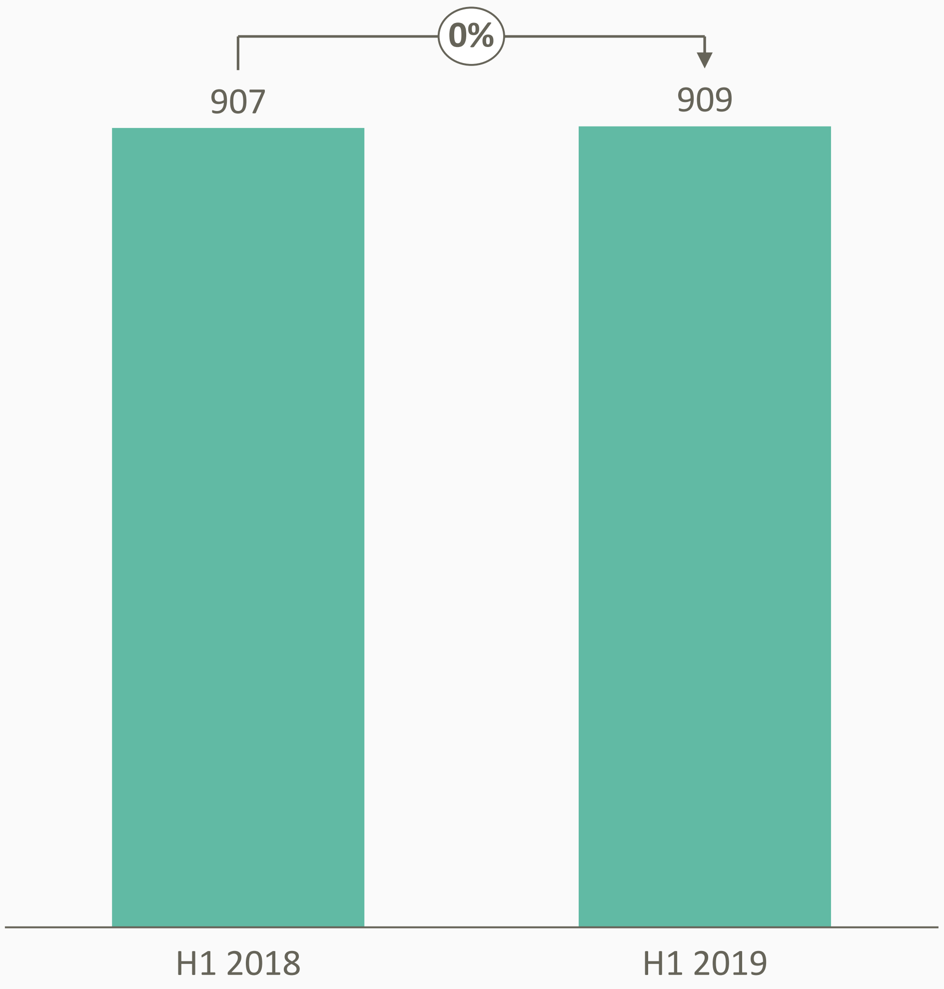




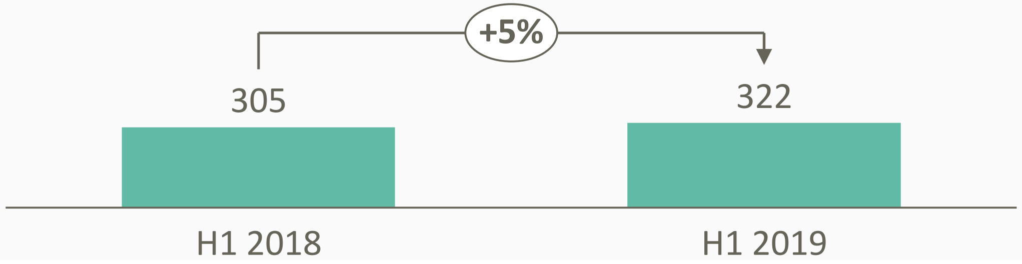
Note: Unaudited. Based on GMV to exclude shipping effects.

Active Customers flat due to International Segment / Italy issues; share of wallet (GMV per Active Customer) continues to increase steadily

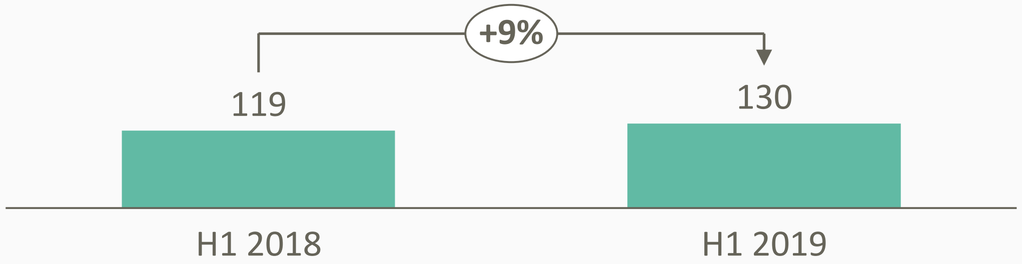
Active Customers *(in k)*



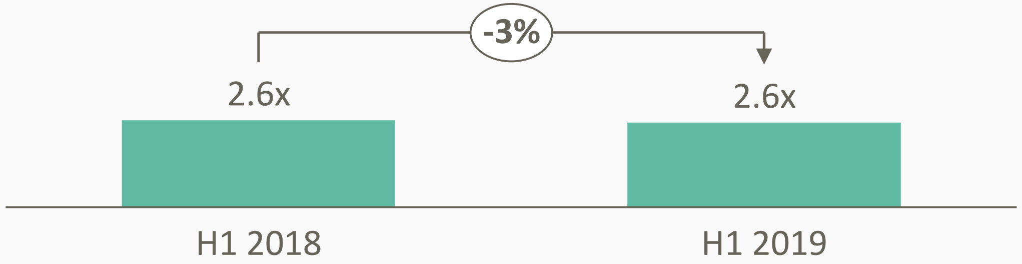
GMV per Active Customer LTM *(in EUR)*



Average basket size *(in EUR)*

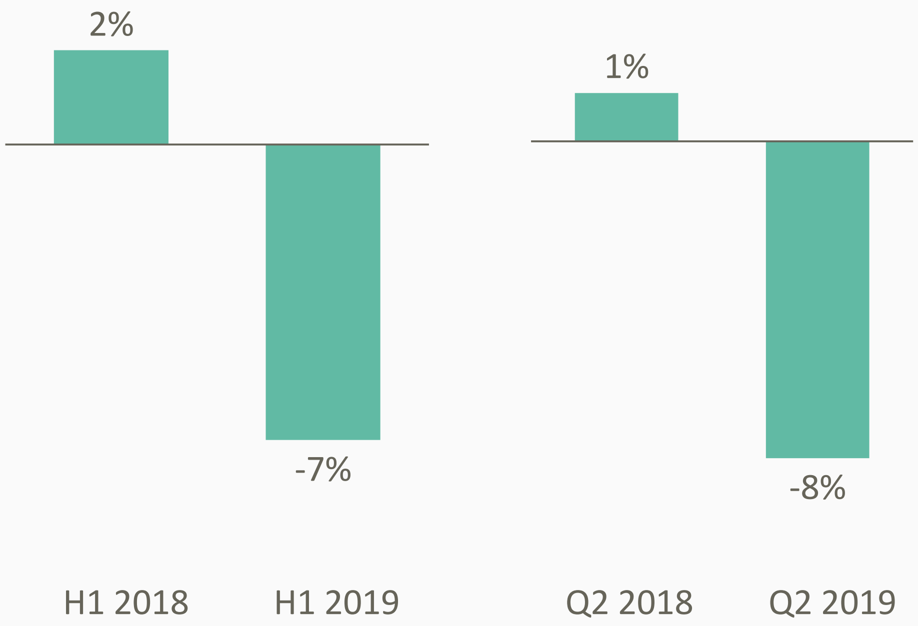


Average orders per Active Customer LTM

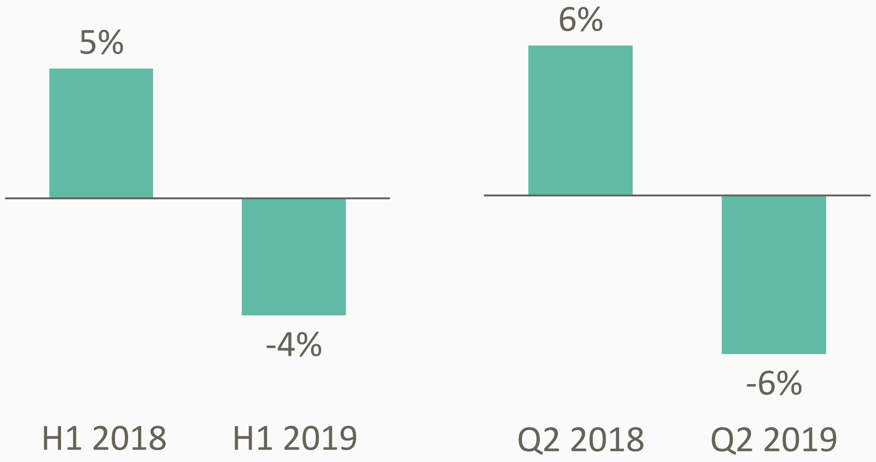


Adj EBITDA margin H1 2019 impacted by contribution margin / warehouse move and investments into future growth

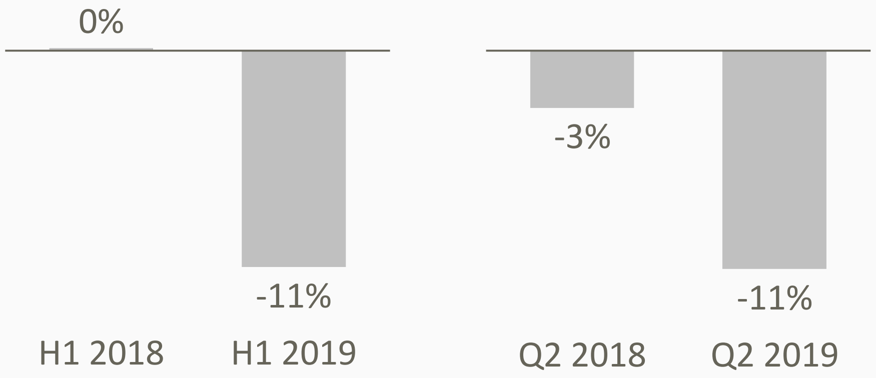
Group Adj EBITDA *(in % of Revenue)*



DACH Segment Adj EBITDA *(in % of Revenue)*



International Segment Adj EBITDA *(in % of Revenue)*



Note: Unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the centralization of the French 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

	H1 2018	H1 2019	Delta	Q2 2018	Q2 2019	Delta
Revenue (EUR m)	120	119	-0.8%	58	58	-0.6%
Gross margin	42.5%	42.9%	+0.4%pts	42.7%	43.4%	+0.7%pts
Contribution margin	21.3%	18.5%	-2.8%pts	21.2%	18.5%	-2.7%pts
Marketing ratio	-6.3%	-7.8%	-1.5%pts	-6.7%	-8.4%	-1.6%pts
G&A ratio	-16.3%	-21.4%	-5.1%pts	-17.3%	-22.1%	-4.8%pts
D&A	2.7%	3.4%	+0.7%pts	2.8%	3.6%	+0.7%pts
Adj EBITDA	2.3%	-7.3%	-9.7%pts	1.3%	-8.5%	-9.8%pts

Gross margin improved with higher gross margin target and discipline, and Private Label share

Impact of warehouse move and inefficiencies. With move completed, this will improve significantly in H2

Increased for Q2/3; focus on social media and <10% marketing cost ratio

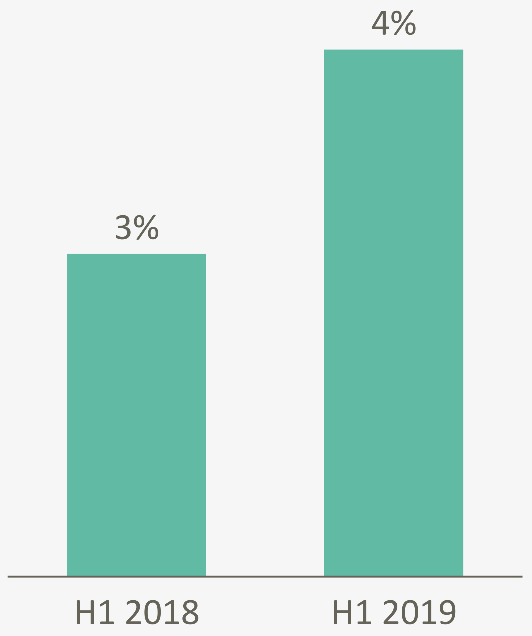
Addressed with centralization of France and ongoing cost and complexity reduction; need growth for operating leverage

Note: Unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the centralization of the French business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central costs allocated to discontinued operations in FY2018.

Roughly neutral Net Working Capital and low Capex ratio

Net Working Capital (NWC) break down as of Jun 30, 2019
(EUR m)

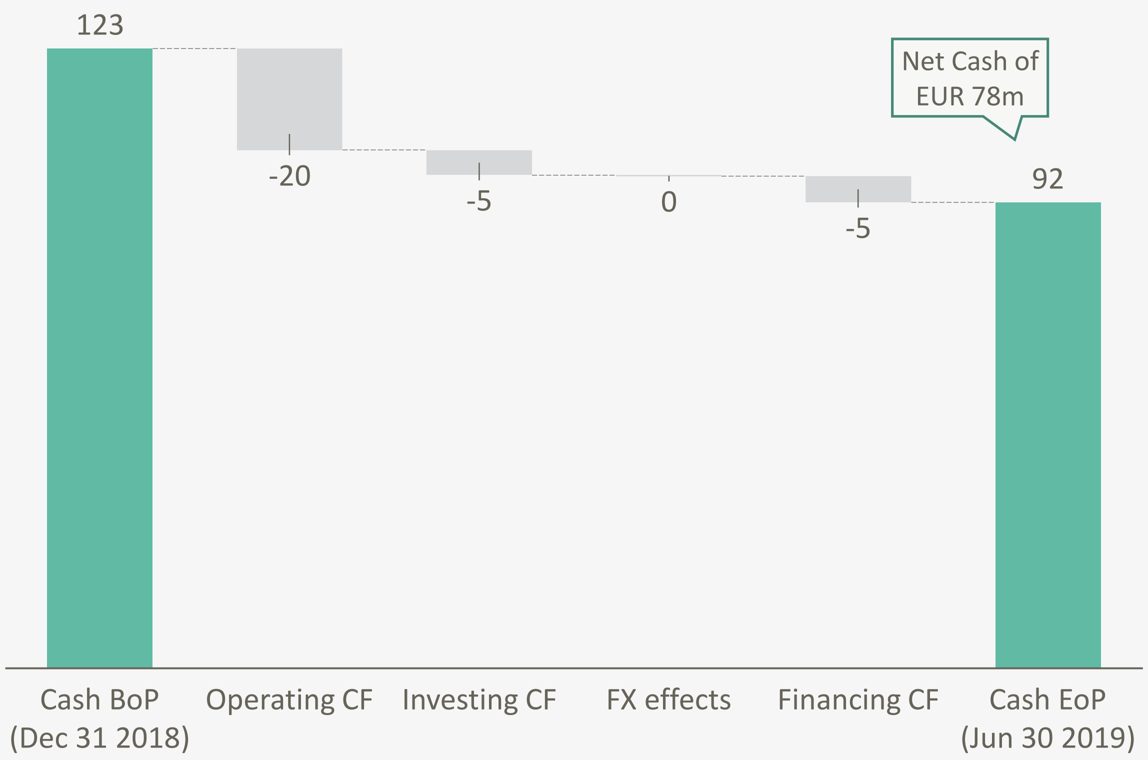
Capex ratio H1 2019
(as % of Revenue)



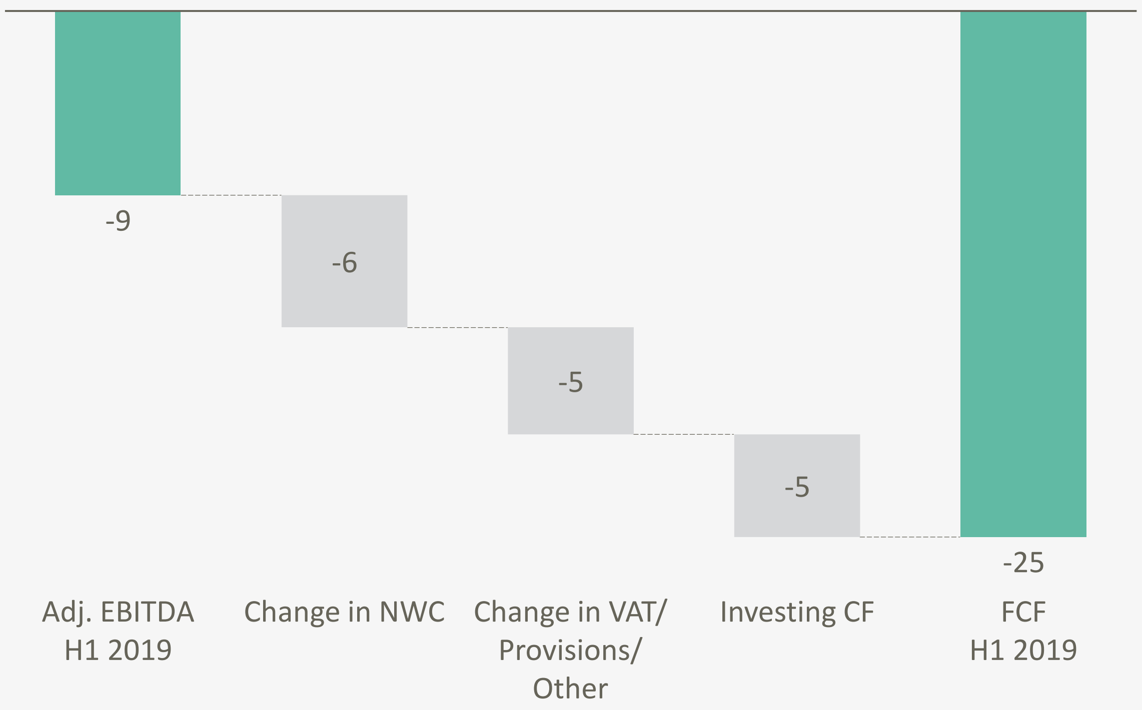
Note: Unaudited; (1) Previously called "Customer prepayments", relabeled in line with IFRS15

Strong Net Cash of EUR 78m; after negative Free Cash Flow in H1 we expect improvements for the remainder of the year and roughly neutral FCF for H2

Cash bridge in H1 2019
(in EUR m)



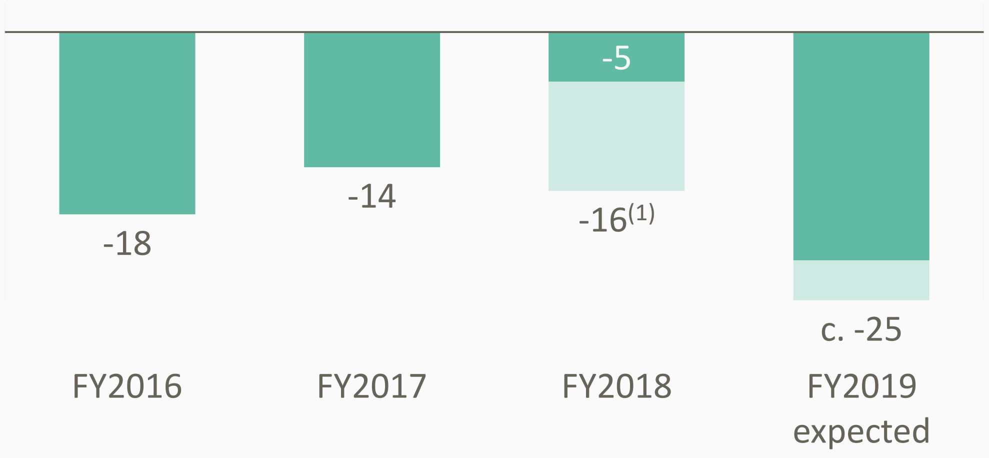
Adj EBITDA to Free Cash Flow H1 2019
(in EUR m)



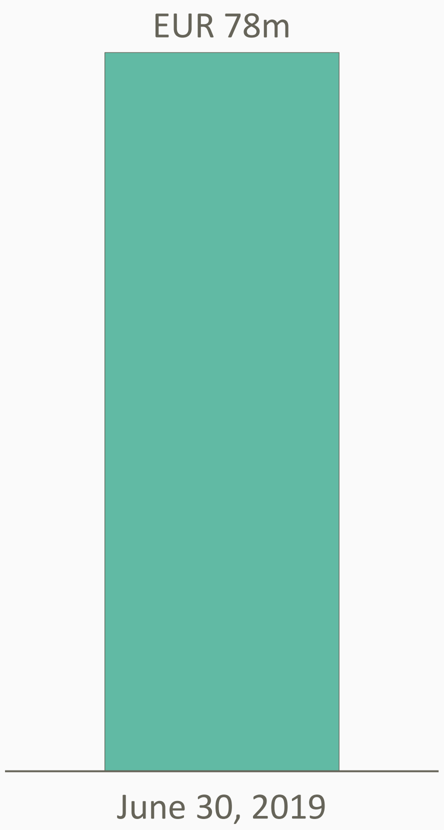
Note: Unaudited; Free Cash Flow defined as the sum of Operating Cash Flow and Investing Cash Flow. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the centralization of the French business in FY 2019, (iii) IPO costs recognized in profit or loss in FY2018 and (iv) central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

Context: Strong Cash position, in particular considering historic cash consumption

Free Cash Flow FY2016 - FY2019e *(in EURm)*



Net Cash[2] *(in EURm)*



Comments on FY 2019

- Our Cash Flow has historically been very volatile throughout the year due to seasonality with Q4 being by far the strongest quarter
- We expect H2 Free Cash Flow to be roughly neutral
- Outstanding debt of EUR 15m planned to be repaid in Q3
- *Management Board and Supervisory Board have authorized a share buy back of up to EUR 4m via the market to cover share issuances related to our stock option programs. The buy back will end at the latest in Dec 2020*

Note: Unaudited. (1) FY2018 Free Cash Flow adjusted for positive effect of EUR 11m proceeds from Brazil divesture. (2) Net Cash defined as Cash on bank (EUR 92m) less Debt (EUR 15m)

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Q&A

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

Consolidated income statement

EUR m, *in % of revenue*	H1 2018	H1 2019	Q2 2018	Q2 2019
Revenue	**120**	**119**	**58**	**58**
Cost of Sales	-69	-68	-33	-33
Gross profit	**51**	**51**	**25**	**25**
Fulfilment expenses	-25	-30	-12	-15
Marketing expenses	-8	-9	-4	-5
General and administrative expenses	-17	-34	-7	-18
Other operating expenses	-0	-1	0	-0
Other operating income	0	1	0	0
Operating result	2	-22	3	-12
Financial result	-7	-1	-3	-1
Result before income tax	**-5**	**-23**	**-1**	**-13**
Income tax expense	-0	0	-0	0
Result for the period from continuing operations	**-5**	**-23**	**-1**	**-13**
Result for the period from discontinued operations	1	-	0	-
Result for the period	-5	-23	-0	-13
Reconciliation to Adj EBITDA				
Operating result (EBIT)	**2**	**-22**	**3**	**-12**
Share-based compensation expenses from continuing	-3	7	-4	3
Centralization France	-	2	-	2
IPO costs recognized in profit or loss	0	-	0	-
Central costs allocated to discontinued operations	1	-	1	-
D&A	3	4	2	2
Adj. EBITDA	**3**	**-9**	**1**	**-5**
Adj EBITDA margin (%)	**2.3%**	**-7.3%**	**1.3%**	**-8.5%**

Note: Unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the centralization of the French 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*	H1 2018	H1 2019	Q2 2018	Q2 2019
Revenue	**120**	**119**	**58**	**58**
Revenue Growth YoY	21.9%	-0.8%	14.2%	-0.6%
Cost of Sales	-69	-68	-33	-33
Gross Profit	**51**	**51**	**25**	**25**
Gross Margin	**42.5%**	**42.9%**	**42.7%**	**43.4%**
Fulfillment expenses	-25	-29	-13	-14
Contribution profit	26	22	12	11
Contribution margin	**21.3%**	**18.5%**	**21.2%**	**18.5%**
Marketing expenses	-8	-9	-4	-5
General and administrative expenses	-20	-26	-10	-13
Other operating expenses	-0	-1	0	-0
Other operating income	0	1	0	0
Central costs allocated to discontinued operations	1	-	1	-
Depreciation and Amortization	3	4	2	2
Adj EBITDA	**3**	**-9**	**1**	**-5**
Adj EBITDA Margin	**2.3%**	**-7.3%**	**1.3%**	**-8.5%**

Note: Unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the centralization of the French 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)

DACH	H1 2018	H1 2019	Q2 2018	Q2 2019
Revenue	**60**	**65**	**30**	**32**
YoY Growth (in %)	*48%*	*9%*	*39%*	*7%*
Adj. EBITDA	**3**	**-3**	**2**	**-2**
Adj. EBITDA Margin %	*4.8%*	*-4.3%*	*5.7%*	*-6.0%*

International	H1 2018	H1 2019	Q2 2018	Q2 2019
Revenue	**61**	**54**	**29**	**26**
YoY Growth (in %)	*4%*	*-11%*	*-3%*	*-9%*
Adj. EBITDA	**0**	**-6**	**-1**	**-3**
Adj. EBITDA Margin %	*0.1%*	*-10.8%*	*-2.9%*	*-11.2%*

Note: Unaudited. Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the centralization of the French 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)

Assets	FY 2018	H1 2019
Non-Current Assets	33	51
Current Assets	164	133
thereof cash	123	92
Total Assets	197	183

Total Liabilities + Equity	FY 2018	H1 2019
Equity	105	88
Non-current Liabilities	32	28
Current liabilities	60	68
Total Liabilities and Equity	197	183

Cash flow	H1 2018	H1 2019
Operating activities	-8	-20
Investing activities	-3	-5
Financing activities	5	-5

Note: Unaudited

Financial calendar

August 13th, 2019	Publication of Financial Report H1 2019
November 07th, 2019	Publication of Financial Report Q3 2019

August

			1	2	3	4
5	6	7	8	9	10	11
12	**13**	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

				1	2	3
4	5	6	**7**	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	