



WESTWING

Q3 2020 Results

UNAUDITED

Munich, November 10, 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.

OUR MISSION

“ To inspire and make
every home a
beautiful home ”





AGENDA

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

Summary

Q3 2020 RESULTS

GROWTH

Very strong 66% revenue growth; Q4-to-date growth slightly accelerating

PROFITABILITY

11% Adj EBITDA margin based on structurally strong contribution margin and scale effects

FREE CASH FLOW

EUR 7m Free Cash Flow; positive during the seasonally weaker summer quarter

STRUCTURAL SHIFT TO ONLINE

New customers gained in recent months continue to indicate strong repeat purchase behaviour; existing customers continue with higher engagement and repurchase rates

COVID-19 UPDATE

Amid an escalating COVID-19 situation in Europe, health & safety remains our number one priority; pro-active management of related risks in supply and operations

GUIDANCE 2020

(as per guidance update from Oct 19, 2020)

EUR 415 - 440m revenue (55 - 65% growth) and EUR 37 - 48m Adj EBITDA (9 - 11% margin)

COVID-19 update: Escalating situation in Europe; health & safety number one priority; pro-actively managing risks

Amid an escalating COVID-19 situation in Europe, health & safety remains our number one priority...

Customer safety is of utmost importance to us, to live up to this priority we operate with wide-ranging hygiene measures in warehousing and, together with our freight carriers, in delivery.

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.

...and we continue to pro-actively manage risks

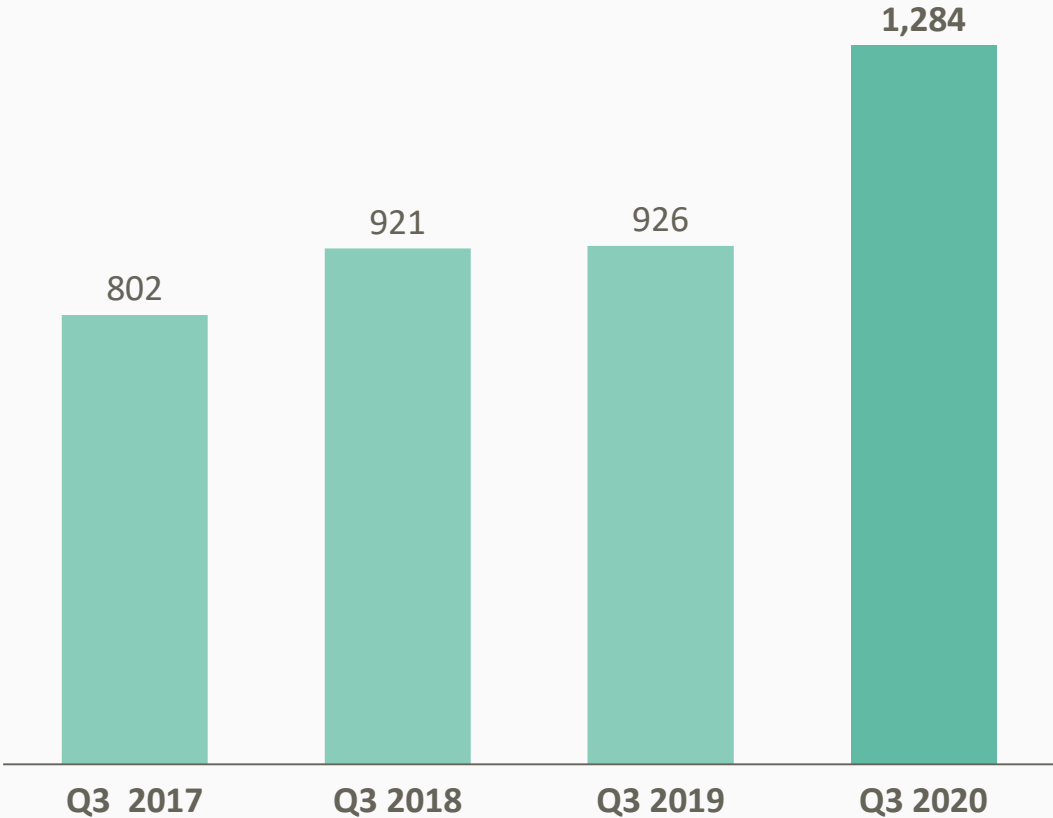
We take comprehensive safety measures to minimize the risk of a **temporary warehouse closure** due to a COVID-19 outbreak, yet a risk remains.

Due to the general online shift, **freight carriers might face capacity constraints.** We are working with existing and newly onboarded carrier partners to mitigate effects.

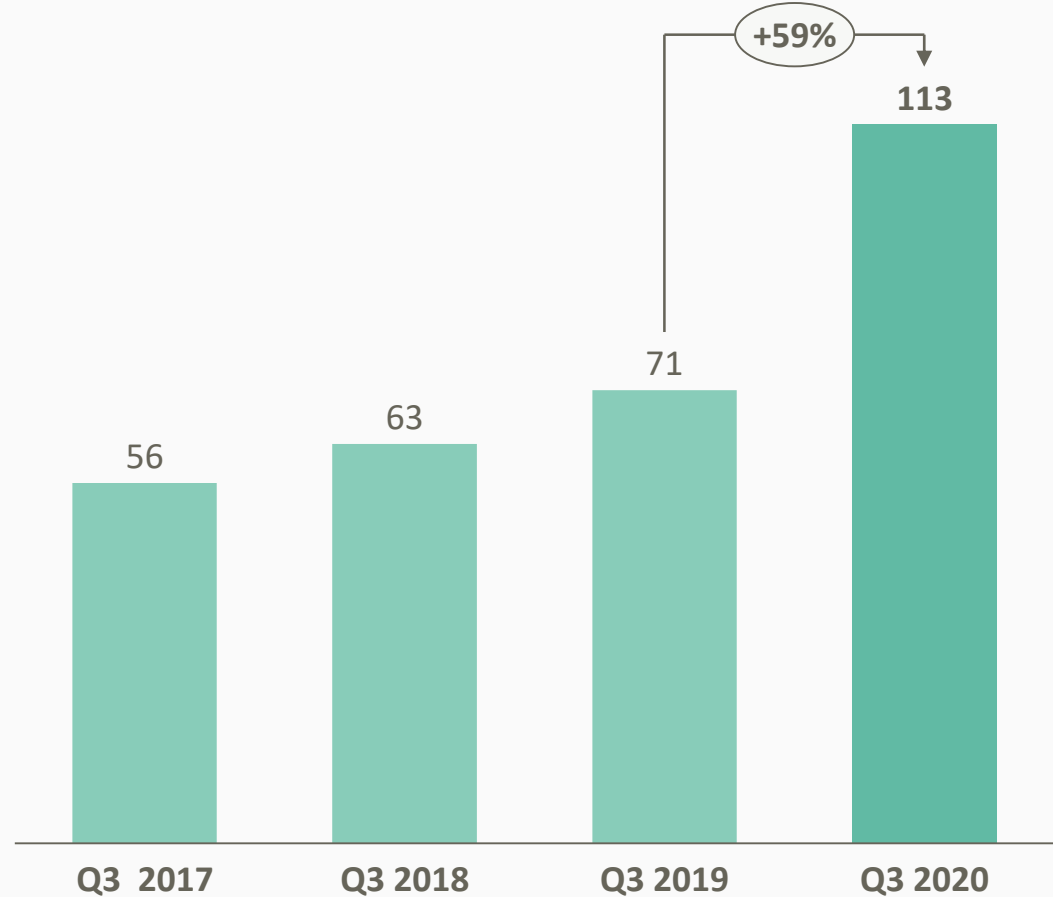
Rigid border closures would severely affect our supply and delivery processes, as most of these processes are cross border.

Sustainably higher online penetration, which continued through Q3, drove strong customer and GMV growth...

Active Customers LTM (in k)



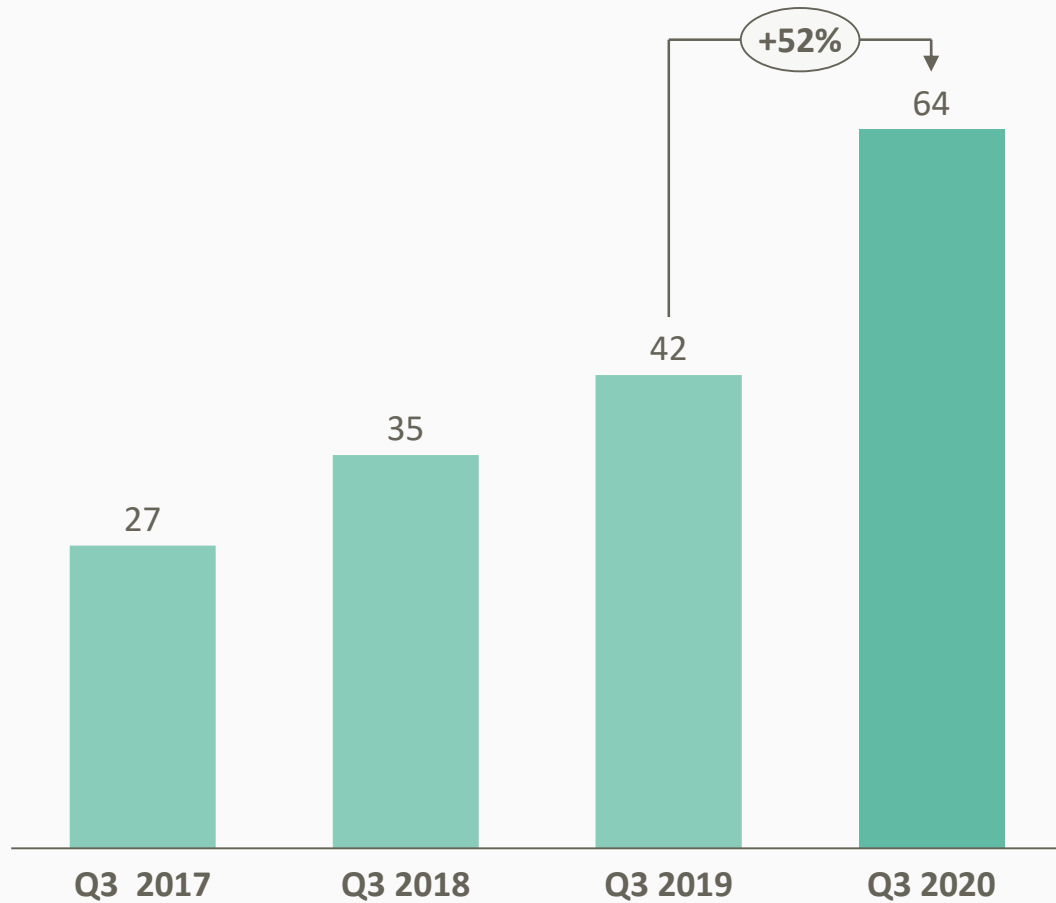
GMV (in EUR m)



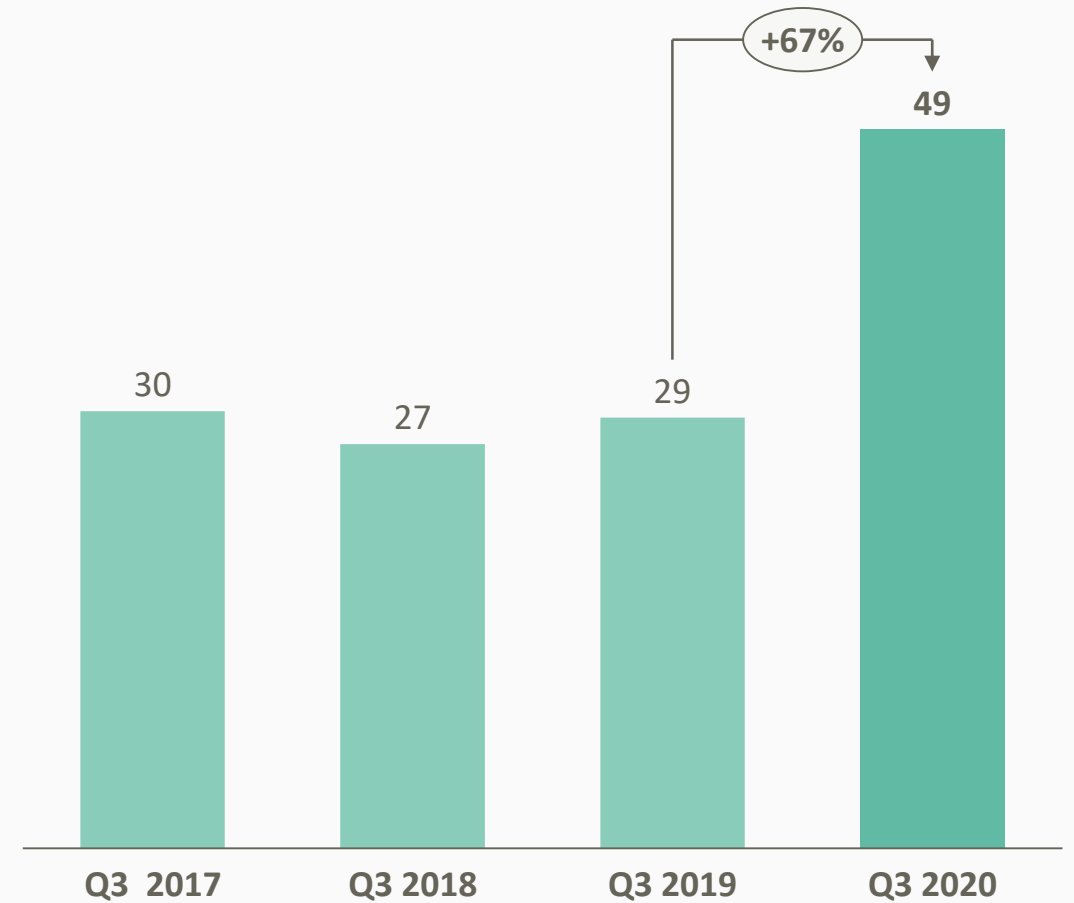
Note: All figures unaudited.

...across our whole country portfolio

Segment DACH GMV (in EUR m)



Segment International GMV (in EUR m)



Note: All figures unaudited.

Growth 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

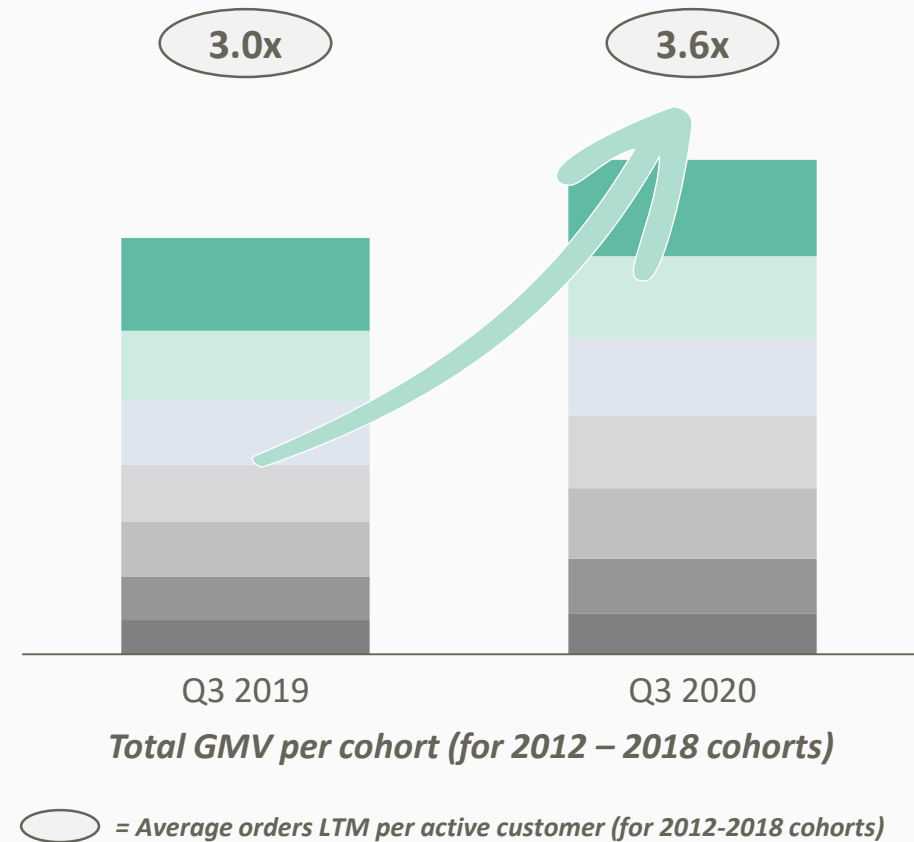
Our already very loyal cohorts continue to show **higher engagement across the board**

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

GMV per active buyer is increasing for all our cohorts

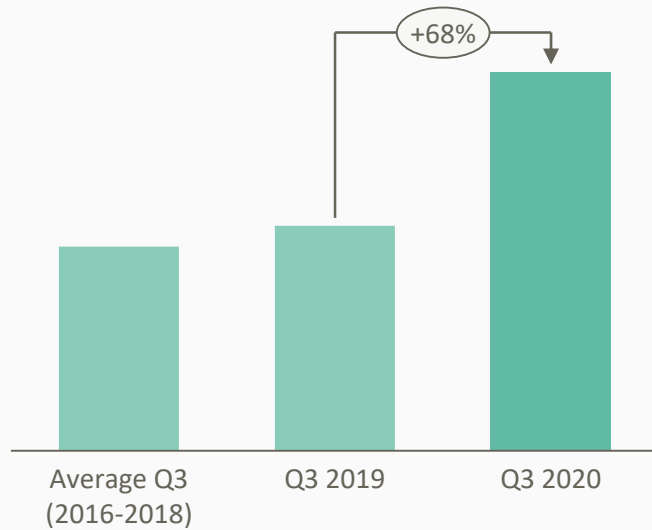
We **welcomed back many customers**, who had not bought at Westwing for a longer time

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



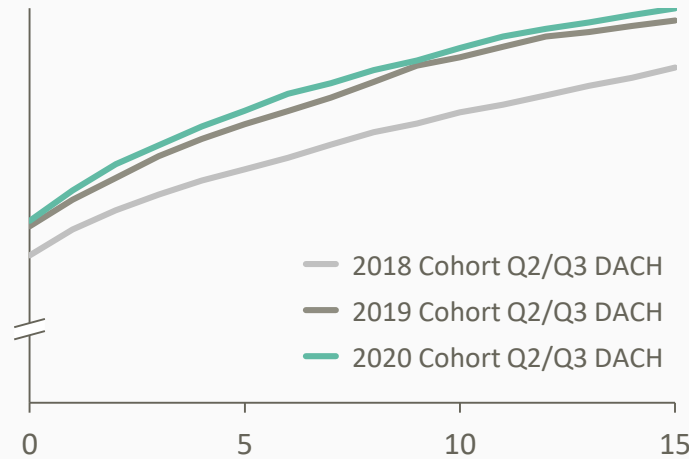
Growth driven both by existing and new customers: New customer metrics also remained very strong in Q3

Ongoing strong new customer acquisition due to structural online shift



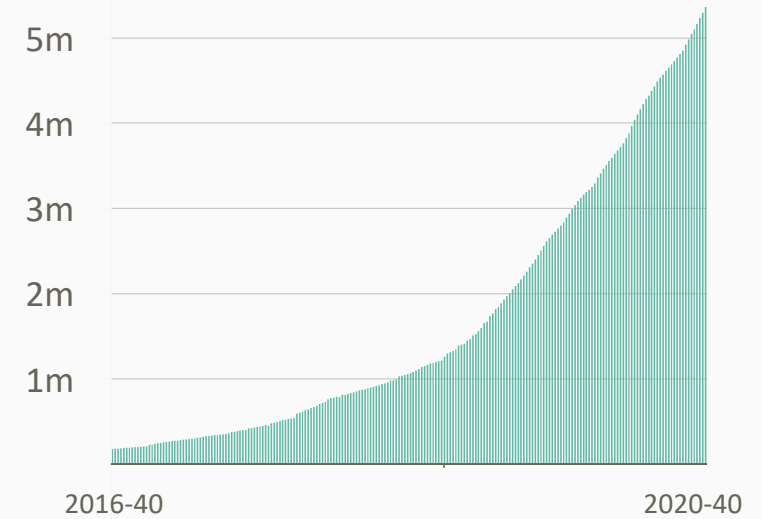
Number of new customers acquired

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.

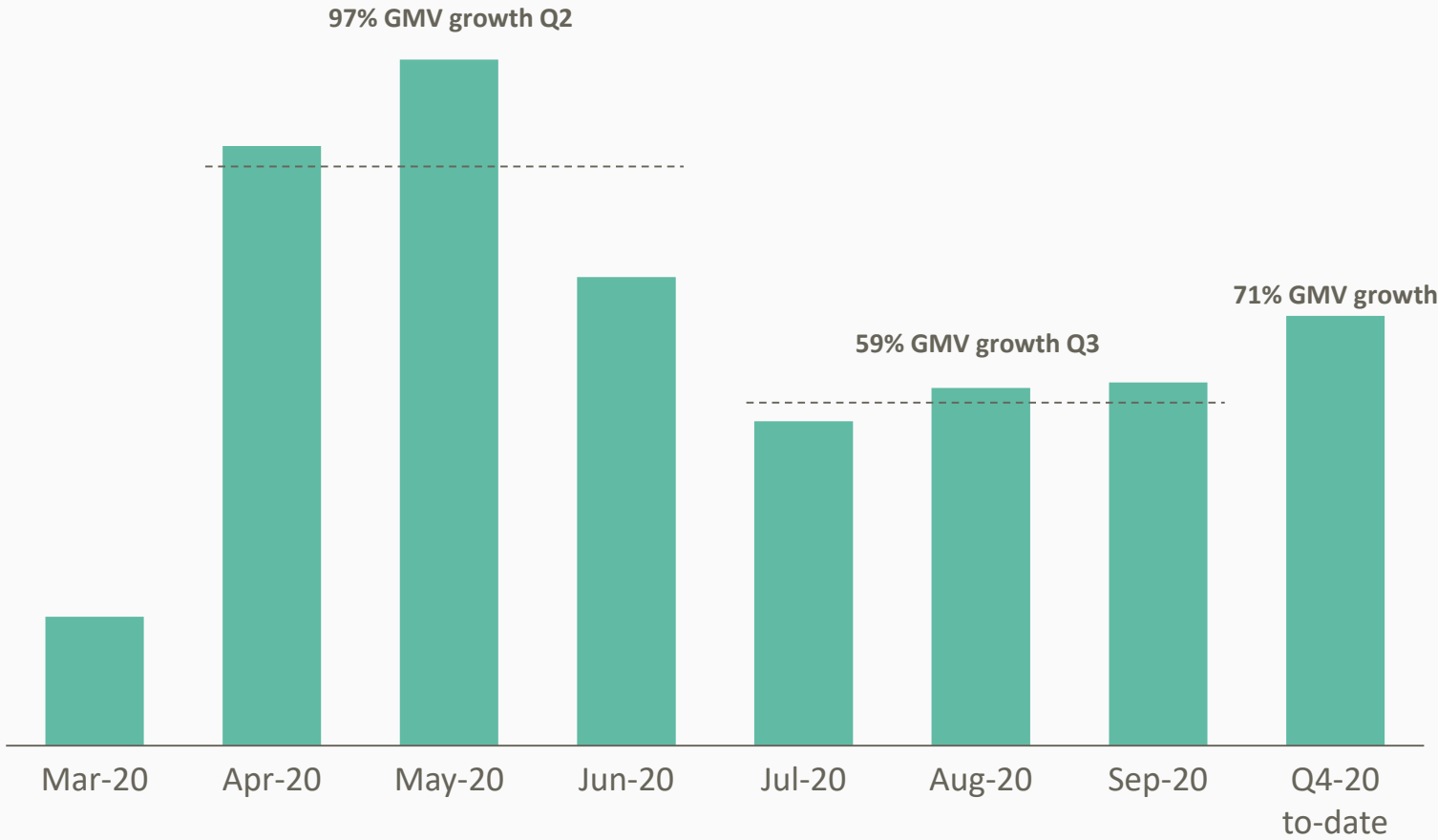
Repeat purchase behaviour of recently gained new customers indicate they are likely to remain loyal customers.

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.

Q4-to-date growth slightly accelerating, further indications of structural shift; this has led to guidance increase to EUR 415-440m revenue for FY 2020

Monthly GMV growth (year over year)



- **Growth rates stabilized in Q3 on a very high level** despite lock-down measures had been eased and stationary shops opened again
- **Q4-to-date growth slightly accelerating**, we have prepared our operations and supply accordingly
- Both developments support indications of **structural shift**

Note: All figures unaudited

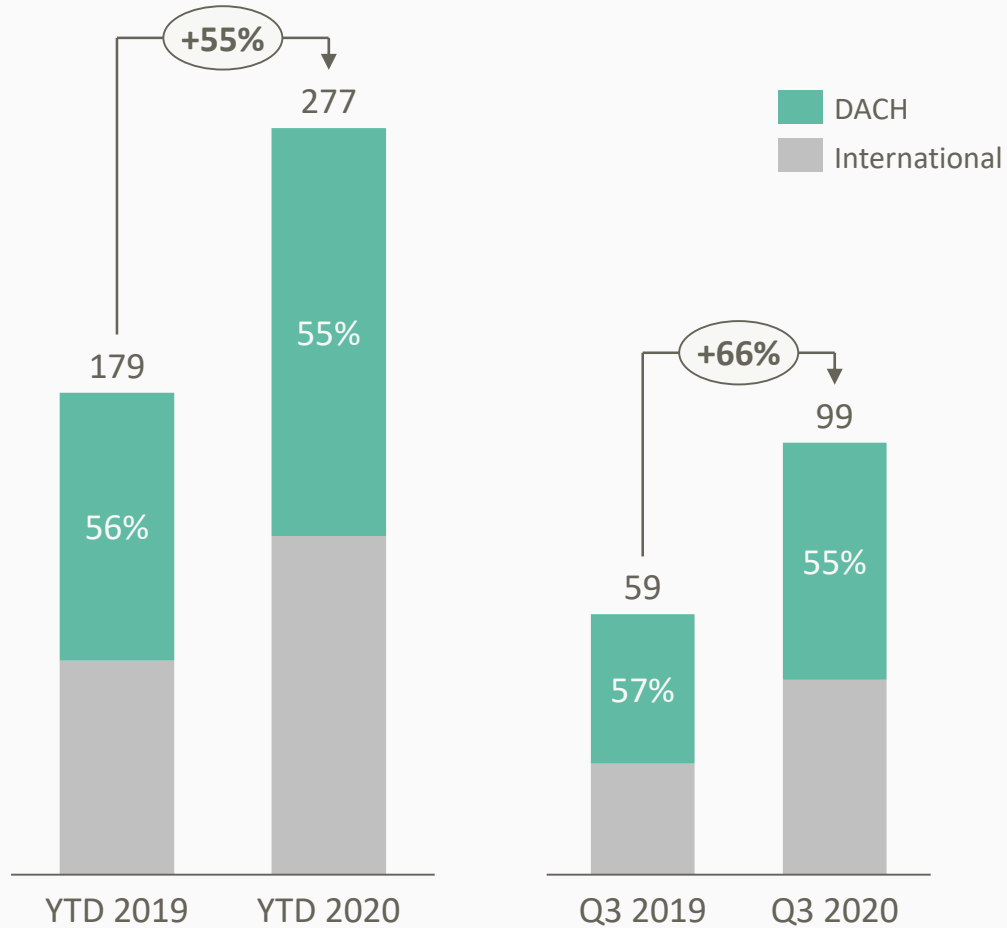


AGENDA

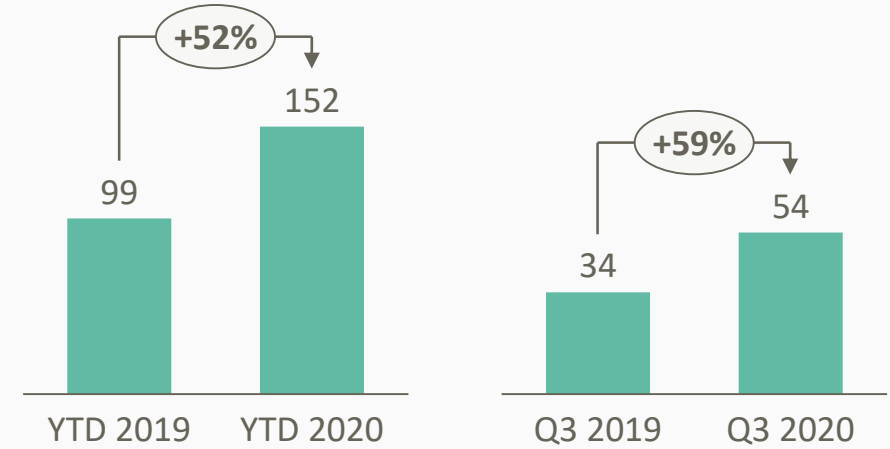
- Business Update
- **Financial Update**
- Summary and Q&A
- Appendix

Revenue growth at 66% in Q3 2020

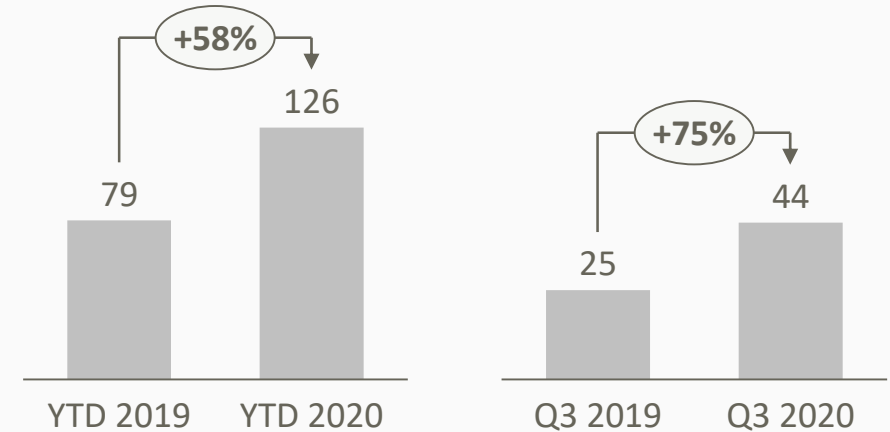
Group Revenue (in EUR m)



DACH Segment Revenue (in EUR m)



International Segment Revenue (in EUR m)



Note: All figures unaudited.

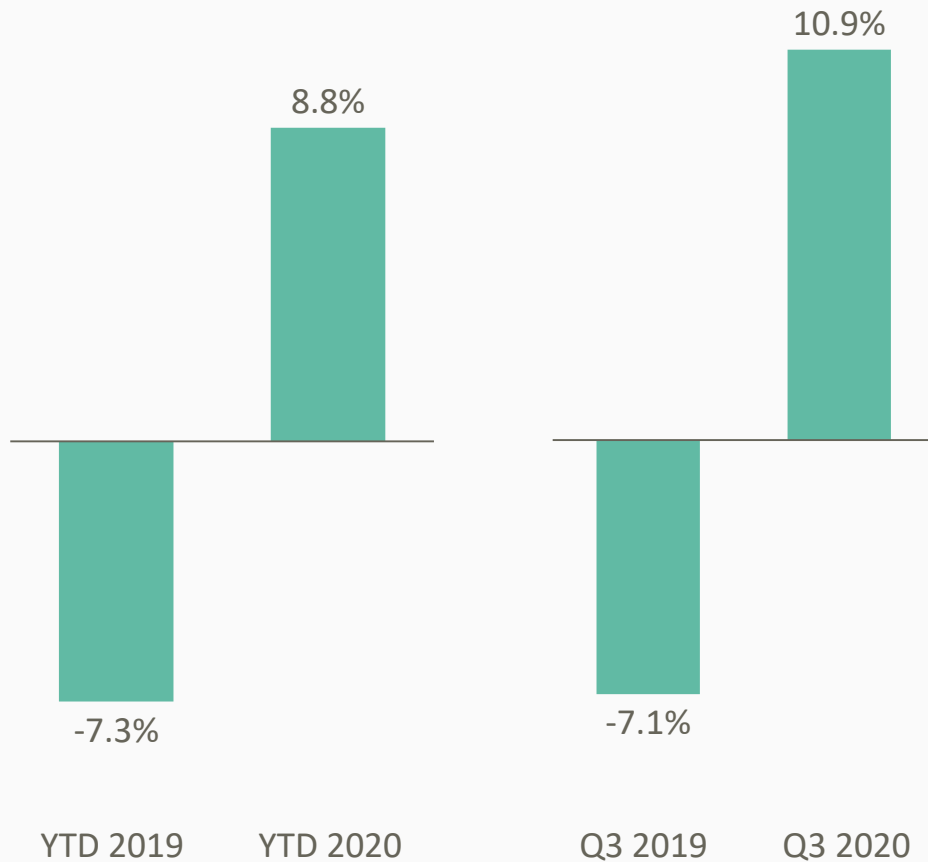
Income statement details

<i>(in % of revenue, unaudited)</i>	YTD 2019	YTD 2020	Delta	Q3 2019	Q3 2020	Delta	
Gross Margin	43.3%	48.3%	+5.0%pts	44.3%	49.2%	+4.9%pts	Gross margin on all-time high, mainly due to margin discipline , but includes also some special effects , e.g. low inventory write-offs due to high growth and high inventory-turn
Fulfilment Costs	-24.3%	-20.5%	+3.8%pts	-24.2%	-19.9%	+4.2%pts	Efficiency improvements, scale effects and special effects from currently low return rate that we expect to revert in 2021
Contribution margin	19.1%	27.8%	+8.8%pts	20.2%	29.3%	+9.1%pts	
Marketing ratio	-8.8%	-7.3%	+1.6%pts	-10.9%	-7.8%	+3.1%pts	Very high invest in Q3 2019, now back to lower end of target ratio between 8-10%
G&A ratio	-21.0%	-14.5%	+6.5%pts	-20.2%	-13.2%	+7.0%pts	Operating leverage
D&A	3.7%	2.8%	-0.9%pts	4.3%	2.7%	-1.6%pts	
Adj EBITDA	-7.3%	8.8%	+16.0%pts	-7.1%	10.9%	+18.0%pts	

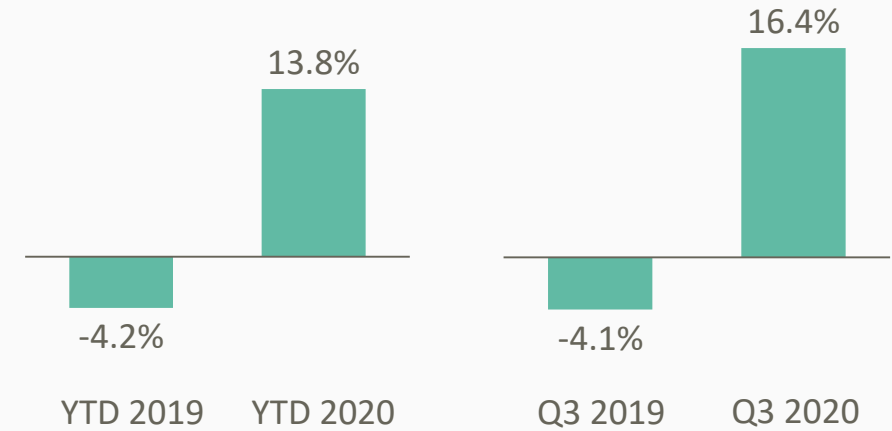
Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business.

Group highly profitable; DACH and International segment both performing well

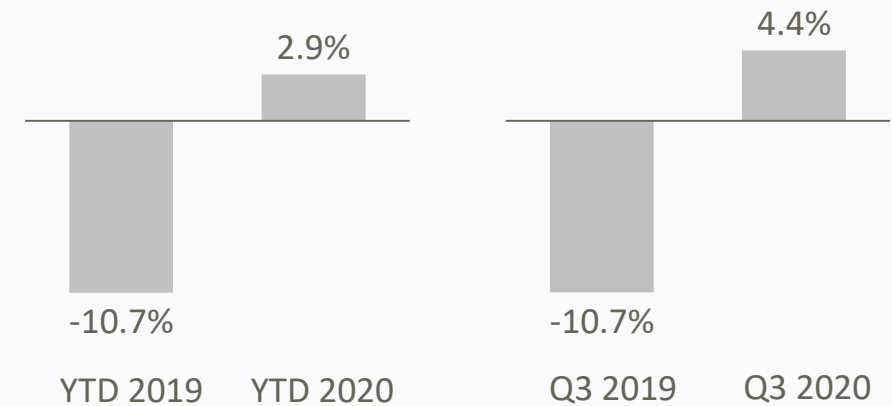
Group Adj EBITDA (in % of Revenue)



DACH Segment Adj EBITDA (in % of Revenue)



International Segment Adj EBITDA (in % of Revenue)

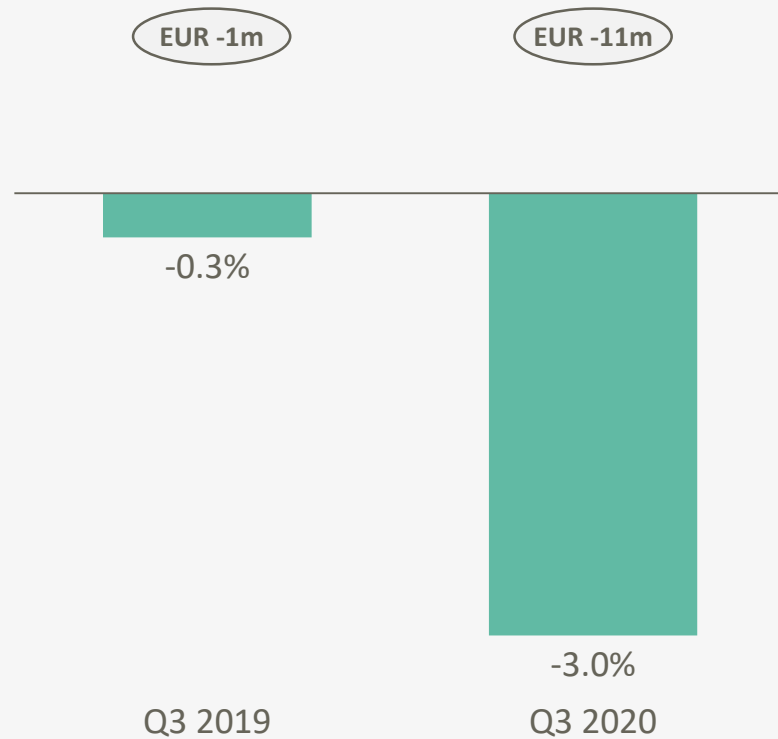


Note: All figures unaudited; Adj EBITDA is excluding (i) share-based compensation expenses, (ii) expenses for the restructuring of the French business.

Net Working Capital negative at EUR -11m; CAPEX ratio very low at 1.9%

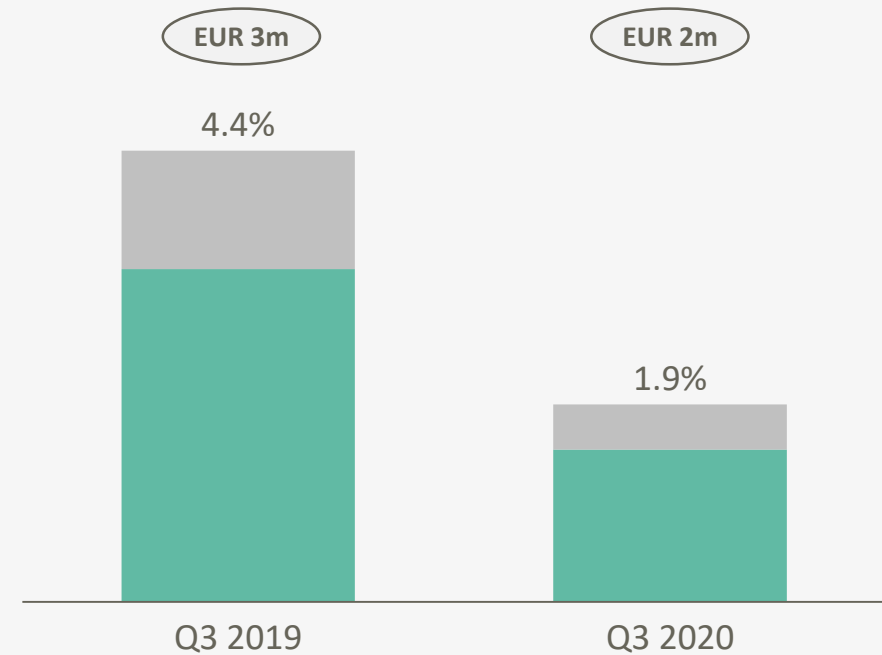
Net Working Capital

(in EUR m and % of LTM revenue)



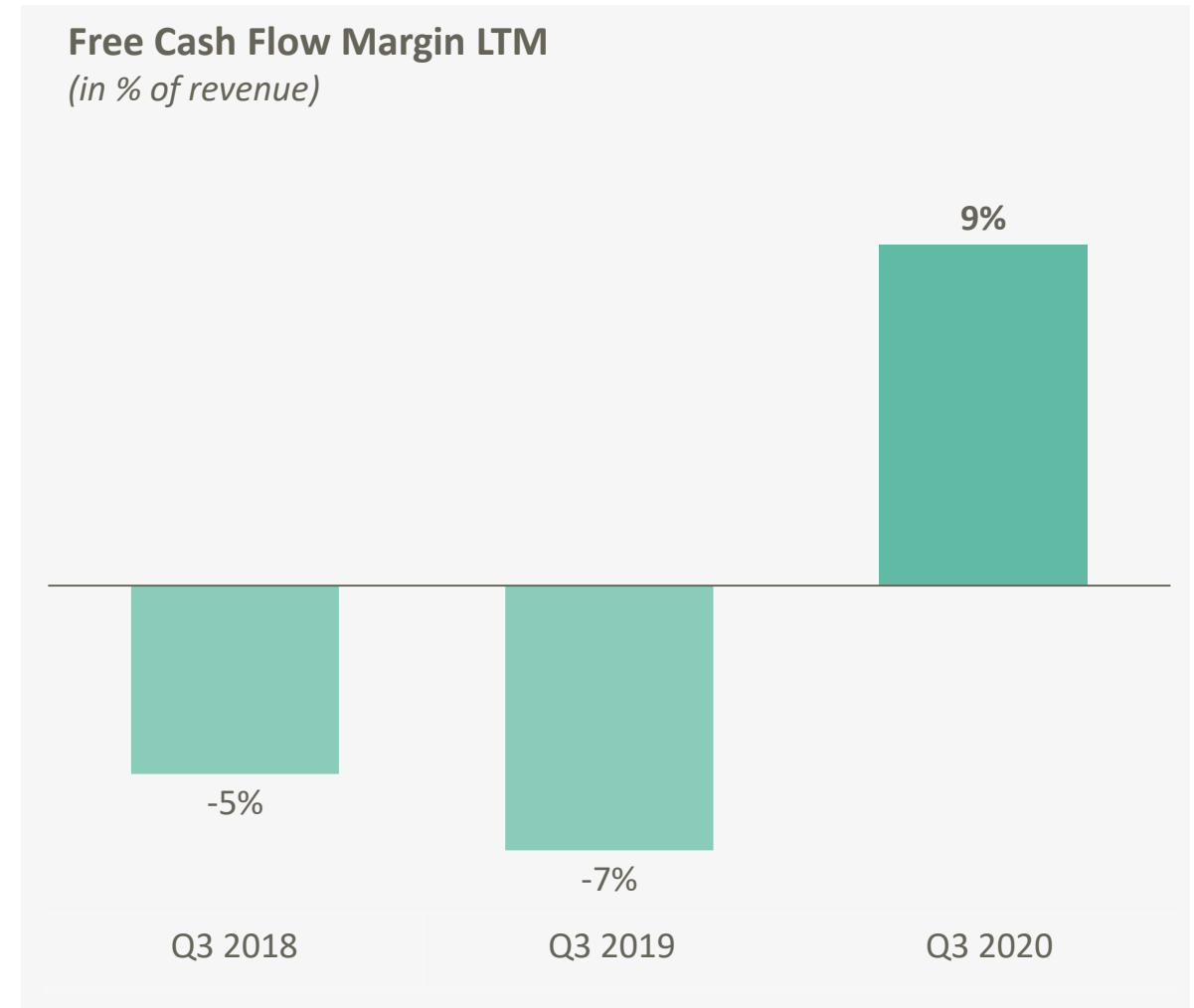
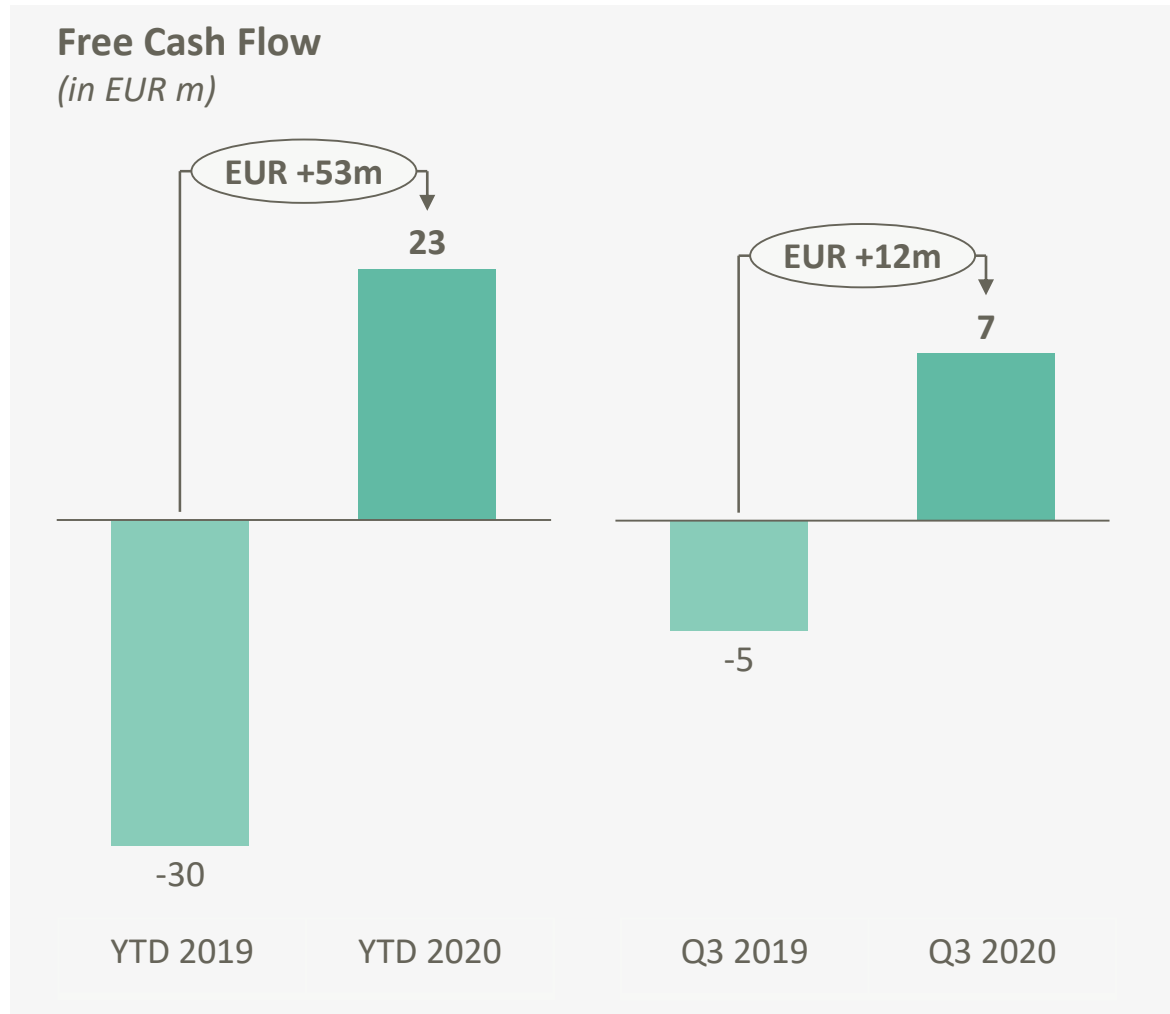
Capex ratio

(in EUR m and as % of revenue)



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

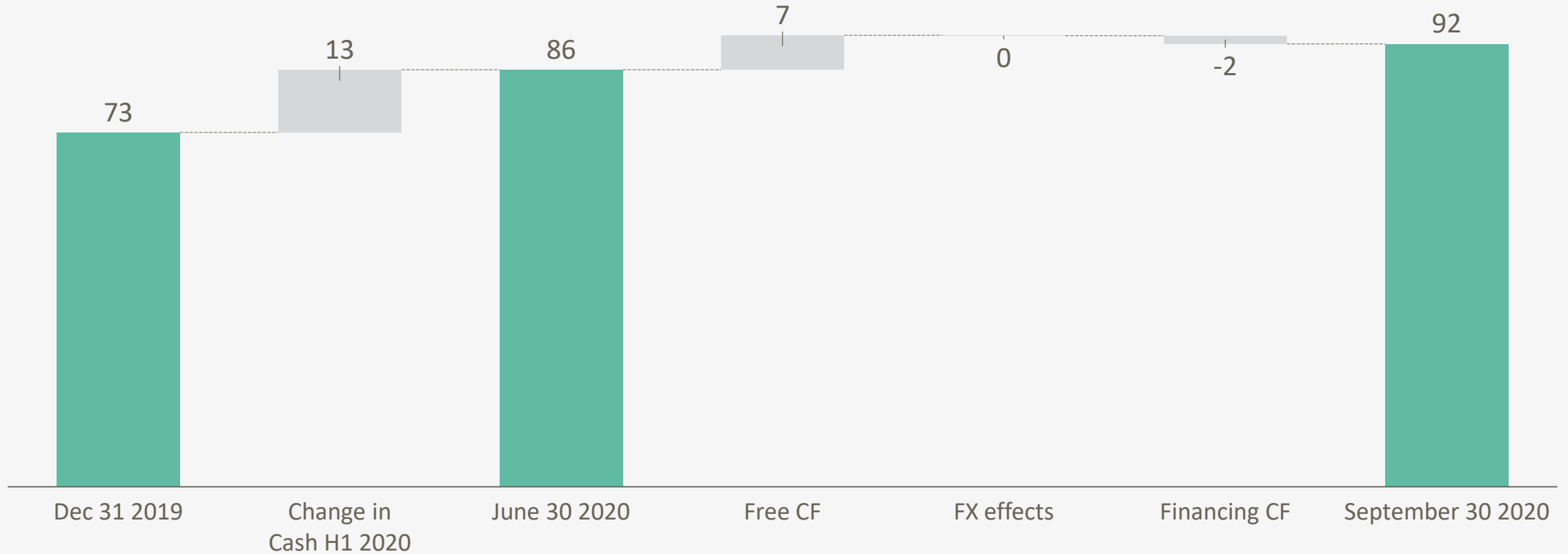
Free Cash Flow improved by EUR +53m year over year to EUR 23m YTD 2020



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

Strong Net Cash position of EUR 92m end of Q3 2020

Cash bridge Q3 2020
(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**



AGENDA

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

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%)

A photograph of a bedroom corner. On the left, a bed with white linens and pillows is partially visible. To the right, a round, dark-colored side table holds a lit lamp with a glass shade, a vase with dried flowers, and a small cup. A green speech bubble with the text 'Q&A' is overlaid on the image.

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	Q3 2020
Own and Private Label share	in % of GMV	7%	9%	11%	12%	13%	15%	18%	18%	21%	22%	27%	25%	25%	22%	26%
Active customers	in k	794	788	802	838	881	907	921	934	927	909	926	949	986	1,178	1,284
Number of orders	in k	510	492	496	723	611	555	507	726	591	492	539	805	675	1,051	874
Average basket size	in EUR	115	114	114	113	119	120	124	122	129	132	132	121	127	122	129
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	2.7
Average GMV LTM per active customer	in EUR	289	293	297	301	302	305	307	312	318	322	326	327	324	325	330
GMV	in EUR m	58	56	56	81	72	67	63	89	76	65	71	98	85	128	113
Mobile visit share	in %	67%	69%	71%	71%	72%	73%	74%	74%	75%	76%	77%	76%	76%	79%	80%

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	YTD 2019	YTD 2020	Q3 2019	Q3 2020
Revenue	179	277	59	99
Cost of Sales	-101	-143	-33	-50
Gross profit	78	134	26	48
Fulfilment expenses	-44	-57	-14	-20
Marketing expenses	-16	-20	-7	-8
General and administrative expenses	-48	-47	-14	-16
Other operating expenses	-1	-2	-0	-1
Other operating income	1	2	0	0
Operating result	-31	10	-9	5
Financial result	-4	-2	-2	-1
Result before income tax	-34	8	-11	4
Income tax expense	-0	-3	-0	-2
Result for the period	-35	5	-12	2
Reconciliation to Adj EBITDA				
Operating result (EBIT)	-31	10	-9	5
Share-based compensation expenses	9	7	2	3
Restructuring France and Italy	2	-0	-0	-0
D&A	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. Previous-year figures for share-based compensation restated according to IAS 8.

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.

Segment reporting

(in EUR m), unaudited

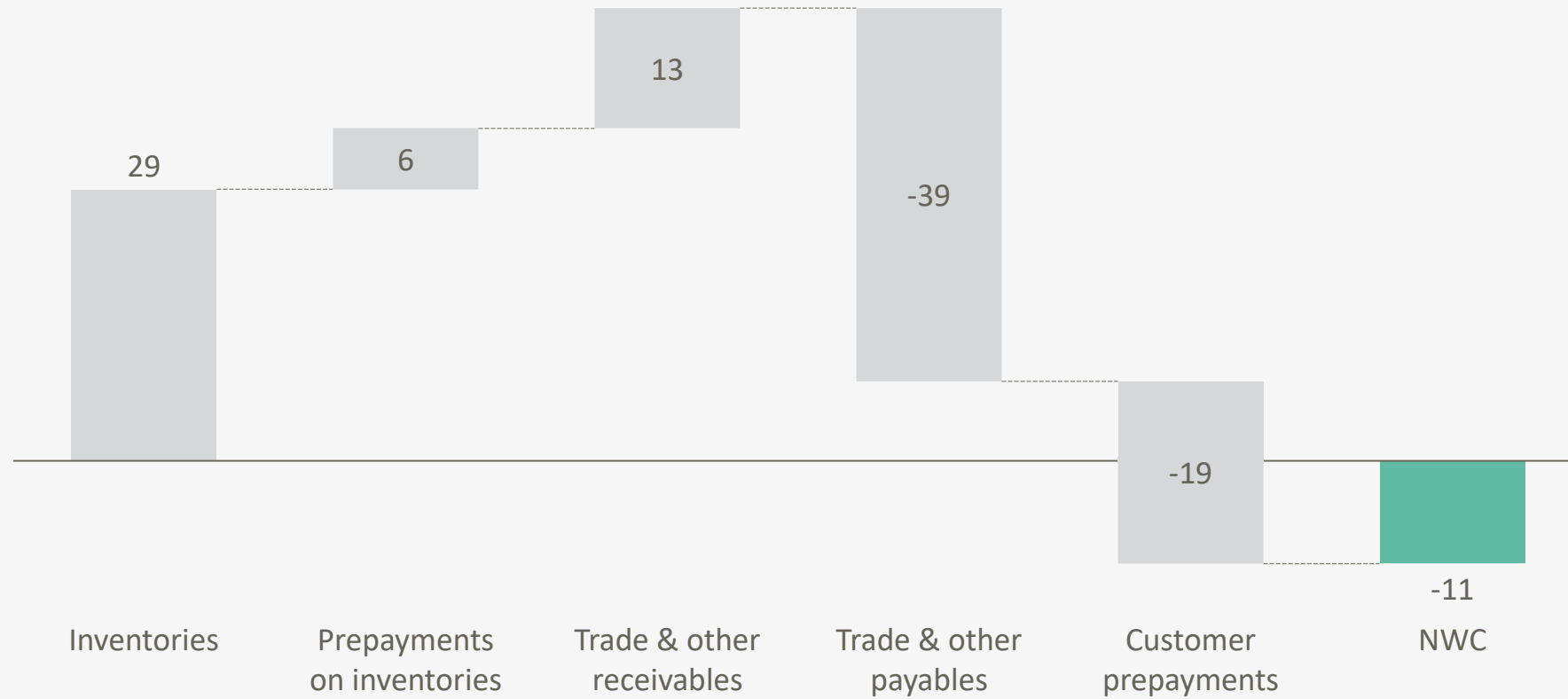
DACH	YTD 2019	YTD 2020	Q3 2019	Q3 2020
Revenue	99	152	34	54
<i>YoY Growth (in %)</i>	<i>11%</i>	<i>52%</i>	<i>15%</i>	<i>59%</i>
Adj. EBITDA	-4	21	-1	9
<i>Adj. EBITDA Margin %</i>	<i>-4.2%</i>	<i>13.8%</i>	<i>-4.1%</i>	<i>16.4%</i>
International	YTD 2019	YTD 2020	Q3 2019	Q3 2020
Revenue	79	126	25	44
<i>YoY Growth (in %)</i>	<i>-7%</i>	<i>58%</i>	<i>1%</i>	<i>75%</i>
Adj. EBITDA	-9	4	-3	2
<i>Adj. EBITDA Margin %</i>	<i>-10.7%</i>	<i>2.9%</i>	<i>-10.7%</i>	<i>4.4%</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 September 30, 2020

(EUR m)

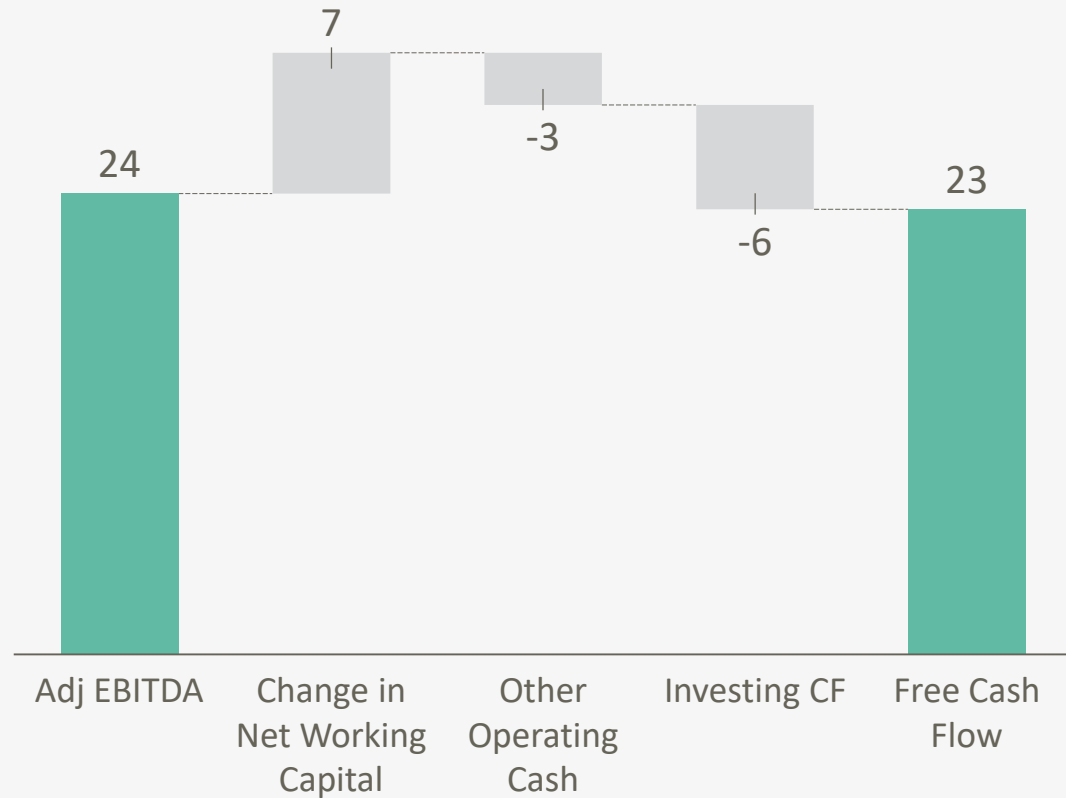


Note: All figures unaudited.

Free Cash Flow driven by operating profits and Net Working Capital

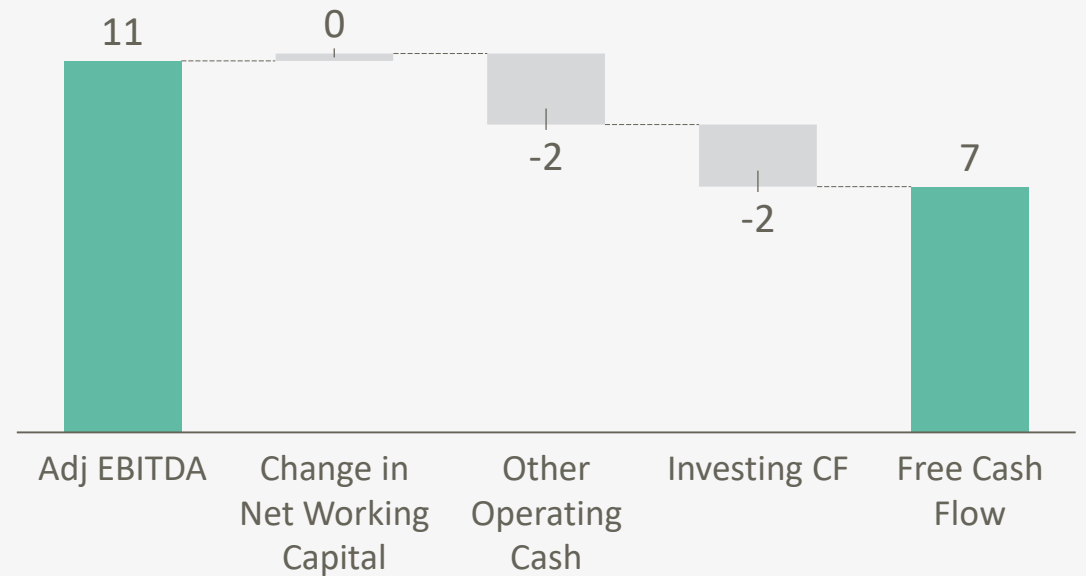
Free Cash Flow Bridge YTD 2020

(in EUR m)



Free Cash Flow Bridge Q3 2020

(in EUR m)



Note: All figures unaudited.

Issued share capital

Share Information *as of September 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	698,300

Stock Option Programs *as of September 30, 2020*

Program	# of options outstanding	Weighted average exercise price (EUR)
VSOP 2019 ⁽¹⁾	880,000	1.00 ⁽¹⁾
LTIP 2019 ⁽²⁾	2,034,150	19.30 ⁽²⁾
LTIP 2016	273,000	0.01
Other	1,074,750	8.32
Total	4,261,900	11.52

Note: All figures unaudited. (1) VSOP 2019 is a virtual, cash-settled option program which is capped at EUR 19.00, vesting end of 2022. (2) LTIP 2019 vesting end of 2022.

Upcoming Events

Date	Event
November 18, 2020	Deutsches Eigenkapitalforum 2020 (incl. Analyst Day)
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