home24 FY 2018/Q4 Trading Update

13 February 2019
Our mission: to be the online destination for Home & Living

- **Huge and uniquely attractive Home & Living market** opportunity of EUR 117 billion
- Markets characterized by low online penetration of c. 6%\(^1\) with huge catch-up potential
- **Leading pure-play Home & Living online platform** in Continental Europe and Brazil
- **Unique model**, combining third-party brands with attractive private labels drive **high margins**
- Scalable end-to-end automated and vertically integrated value chain
- **Pioneering technologies** improve shopping experience and empower **data-driven decisions**
- **Strong financial profile**, combining strong growth and **path to profitability**
- Multiple **drivers for long-term growth & differentiation** with significant margin upside

\(^1\) Source: Euromonitor International for home24 geographies
Today’s agenda

1. Management Update
2. Preliminary FY Financials
3. Outlook and Q&A
Management Update
Management update

Marc Appelhoff
Founder Fashion For Home
Management Board
Marketing, Sales, Finance

Christoph Cordes
Founder Fashion For Home
Management Board
Operations, Assortment

Johannes Schaback
Founder Visual Meta
Management Board
Technology, Data

Philipp Kreibohm
Founder home24
Management Board
Business development, HR, Legal

Planned to switch to supervisory board after the AGM in June
Preliminary FY Financials
Management summary - preliminary unaudited financials

Re-acceleration of revenue growth to 19%\(^1\) and EUR 92m in Q4 2018, despite partial shift of revenue recognition to Q1 2019

Total annual revenues for 2018 of EUR 313m corresponds to 18%\(^1\) revenue growth

Significant outperformance of the online furniture market in our geographies, which grew by c.10%, and the total market that showed no growth\(^2\)

LatAm first region that is profitable for the full year 2018 with EUR 0.6m on adjusted EBITDA basis, on the back of significant growth

Group adjusted EBITDA 2018 at -13%, reflecting missing operating leverage caused by the weak demand in EU April to October, Q4 revenue shift and key investments ramp-up

Concrete milestones defined for 2019 to reach goal of break even on adjusted EBITDA basis by the end of 2019

\(^1\) Based on constant currency using previous year BRL/EUR FX rates
\(^2\) Sources: Euromonitor International, BVDM; -2% to +4% market growth depending on country and source

All figures preliminary and unaudited
Continuous increase in order intake growth rates since Q2

- Continued marketing investments enabled home24 to partially offset the weather-related weakness in demand to gain market share and continue to grow
- Around the Black Friday shopping event at the end of November 2018, home24 reported the most successful week in the company's history

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**GOV in EURm, Active customers and Total gross orders in k, Average order value in EUR**

- **CC**
  - **GOV**: Based on constant currency using previous year BRL/EUR FX rates
  - **Active customers**: All figures preliminary and unaudited

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**Average order value**

- FY 18: 1.299
- FY 17: 1.061
- Q4 18: 1.299 (+22%)
- Q4 17: 1.061 (+22%)
- Q3 18: 1.211 (+21%)
- Q3 17: 997
- FY 18: 1.907 (+23%)
- FY 17: 1.556

**Total gross orders**

- FY 18: 245
- FY 17: 261
- Q4 18: 245 (-6%)
- Q4 17: 261
- Q3 18: 251
- Q3 17: 279 (-10%)
- FY 18: 258 (-7%)
- FY 17: 277

**Active customers**

- FY 18: 149
- FY 17: 128
- Q4 18: 149 (+17%)
- Q4 17: 128
- Q3 18: 114 (+12%)
- Q3 17: 102
- FY 18: 608 (+24%)
- FY 17: 490

**GOV**

- FY 18: 492
- FY 17: 431
- Q4 18: 492 (+14%)
- Q4 17: 431
- Q3 18: 608 (+24%)
- Q3 17: 490
- FY 18: 1.299 (+22%)
- FY 17: 1.061 (+22%)

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1 Based on constant currency using previous year BRL/EUR FX rates
All figures preliminary and unaudited
home24 grew by 18% YoY in 2018 with revenues of c. EUR 313m

Revenue in EURm and Growth Y-o-Y in %

- The offline market declined in some countries. The total furniture market in the home24 geographies showed virtually no growth in 2018²
- home24 significantly outperformed the online furniture market, which grew by c. 10% in the home24 geographies in 2018²
- In the absence of negative demand side effects, LatAm continued its strong growth trajectory
- In Q4 2018, home24 increased its revenue by 19%¹ to EUR 92m YoY, with partial shift of revenue recognition to Q1 2019

¹ Based on constant currency using previous year BRL/EUR FX rates
² Sources: Euromonitor International, BVDM
All figures preliminary and unaudited
Adjusted EBITDA for 2018 amounted to c. EUR -39m or -13%  

Adj. EBITDA\(^1\) in EURm and in % of Revenue  

<table>
<thead>
<tr>
<th>Group</th>
<th>Q4 18</th>
<th>Q4 17</th>
<th>Q3 18</th>
<th>Q3 17</th>
<th>FY 18</th>
<th>FY 17</th>
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<tbody>
<tr>
<td>Europe</td>
<td></td>
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<tr>
<td></td>
<td>-14%</td>
<td>-5%</td>
<td>-19%</td>
<td>-9%</td>
<td>-13%</td>
<td>-8%</td>
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<tr>
<td></td>
<td>-12</td>
<td>-4</td>
<td>-13</td>
<td>-6</td>
<td>-39</td>
<td>-22</td>
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<tr>
<td>LatAm</td>
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<tr>
<td></td>
<td>2%</td>
<td>0%</td>
<td>-2%</td>
<td>-3%</td>
<td>1%</td>
<td>-4%</td>
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<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-2</td>
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</tr>
</tbody>
</table>

\(^1\) Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects of EUR 1.5m. 2018 figures subject to IFRS 16. All figures preliminary and unaudited.
FY 2018 with significant progress in difficult market environment

<table>
<thead>
<tr>
<th>Main financials</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>51%</td>
<td>5%</td>
<td>12%</td>
<td>18%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>62%</td>
<td>58%</td>
<td>55%</td>
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<tr>
<td>Fulfillment costs</td>
<td>22%</td>
<td>20%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Marketing costs</td>
<td>22%</td>
<td>17%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Adj. EBITDA²</td>
<td>-32%</td>
<td>-16%</td>
<td>-8%</td>
<td>-13%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>2018 financials key drivers</th>
<th></th>
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<tbody>
<tr>
<td>Re-acceleration of growth in FY 2018, albeit below expectations</td>
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<tr>
<td>Outperformance of online market growth by factor 2 broadly intact</td>
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<tr>
<td>Slower YE revenue realization and weak EU demand drag on FY 2018 growth</td>
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<tr>
<td>Stable Cost of Sales in EU</td>
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<tr>
<td>Slight increase in LatAm Cost of Sales</td>
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<tr>
<td>SAP introduction led to warehouse handling inefficiencies and increased fulfilment costs in EU</td>
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<tr>
<td>Price increases of distribution carriers through towards end of year</td>
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</tr>
<tr>
<td>Various temporary effects on marketing efficiency after Q1 2018, esp. missing operating leverage during weak demand period in EU and delayed YE revenue realization</td>
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</tr>
<tr>
<td>Lower operating leverage on overheads than planned, parallel ERP systems operations (incl. lower Gross to Net ratios) and ramp-up costs of investments</td>
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<tr>
<td>Positive accounting effect from reclassification of rental expenses (IFRS 16)</td>
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</tr>
<tr>
<td>SAP introduction paired with significant post IPO investments into warehouses and outlets</td>
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<tr>
<td>Discontinued factoring facility in EU leading to overall negative CF from WC</td>
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<tr>
<td>Cash generation in growth phase due to negative Working Capital cycle</td>
<td></td>
</tr>
</tbody>
</table>

1 Revenue growth shown in year-on-year constant currency
2 Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects. 2018 figures subject to IFRS 16
All figures preliminary and unaudited
Liquidity position remains strong despite higher investments

Cash flow FY in EURm

Cash BOP 01-2018: 20
Operating Cashflow: 48
Investing Cashflow: 24
Financing Cashflow: 161
Cash EOP 12-2018: 109

Adoption of IFRS 16 leads to shift of EUR 7.7m from operating cash flow to financing cash flow
All figures preliminary and unaudited
Outlook & Q&A
Path to profitability: selected key milestones

Q1 2019
- Warehouse EU
- Brazil offline B2B roll-out
- Mega Outlet West
- In-house programmatic customer acquisition
- Old ERP switch off

Q2 2019
- Mobile push
- 3rd party assortment extension & private label add. styles push
- Mega Outlet North
- Personalized customer acquisition & conversion

Q3 2019
- Warehouse Brazil
- Additional brands
- EU warehouse automation phase 2
- Regional Returns clearance EU
- Customer Service automation phase 2

2019 Forecast confirmed:
Revenue growth rate at or above FY18 level
Break even on adjusted EBITDA basis by the end of 2019

1 Based on constant currency using previous year BRL/EUR FX rates
Milestone achievement over the course of the year will drive revenue growth and margin improvements, esp. in H2 2019

### Main financials

<table>
<thead>
<tr>
<th>Growth (in CC)</th>
<th>2018</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>18%</td>
<td></td>
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<tr>
<td>Adj. EBITDA</td>
<td>-13%</td>
<td></td>
</tr>
<tr>
<td>Investing CF in EURm</td>
<td>-24</td>
<td></td>
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<tr>
<td>CF from change in Working Capital</td>
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</tbody>
</table>

### 2019 initiatives

- Drive conversion rate optimization and repeat though strategic assortment extensions, technology innovations and more personalized offering & promotions
- Return to ‘pre summer level’ of 1st order profitable customer cohort acquisition
- Tap into vast growth opportunity in Brazil with offline B2B in highly fragmented market
- Attractive private label extensions ensure high sales share at attractive margins, despite 3rd party assortment extension in new categories
- Mega outlets enable higher return recovery rates after initial ramp up phase
- New warehouses enable orders to be processed even more efficiently after ramp up phase
- Additional investments into automation for existing warehouses to drive handling costs down
- Regional clearance of returned goods to reduce distribution costs and handling damages
- More precise targeting of potential customers and personalizing the shopping experience to reduce customer acquisition costs and increase repeat sales
- Further automation of attribution and customer acquisition in back of proprietary data platform
- Operating leverage and efficiency gains in overhead
- Further invest into process automation, e.g. in customer service
- Avoidance of redundant ERP costs through shutdown of the old system
- Continued investment into technology innovation and 2019 extra effort in supply chain infrastructure and offline outlet strategy
- Working Capital cycle to remain negative, providing additional cash in growth phase also pre break-even

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1 Revenue growth shown in year-on-year constant currency
2 Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects. 2018 figures subject to IFRS 16
All figures preliminary and unaudited
Significant outperformance of the online furniture market in our geographies, which grew by c. 10%, and especially the total market, that showed virtually no growth in 2018

2018 revenues of EUR 313 million corresponds to 18% currency-adjusted revenue growth, considering Q4 shift at c. 2x online market growth

In the absence of demand and system effects, Brazil showing strong growth and profitable for the full year 2018 with EUR 0.6 million on adjusted EBITDA basis

Group adjusted EBITDA 2018 at -13%, reflecting missing operating leverage caused by the weak demand in EU April to October and Q4 revenue shift, as well as ramp-up costs of key investments on path to profitability

Clear milestones defined to reach goal of break even on adjusted EBITDA basis by the end of 2019

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1 Based on constant currency using previous year BRL/EUR FX rates
## Financial calendar – upcoming events

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 25th</td>
<td>Publication of annual financial report</td>
</tr>
<tr>
<td>May 28th</td>
<td>Publication of quarterly financial report (Q1)</td>
</tr>
<tr>
<td>June 19th</td>
<td>Annual General Meeting</td>
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<tr>
<td>September 3rd</td>
<td>Publication of half-yearly financial report</td>
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<tr>
<td>November 26th</td>
<td>Publication of quarterly financial report (Q3)</td>
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</table>
# KPI definitions

<table>
<thead>
<tr>
<th>KPI</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td><strong>Gross order value [in EUR]</strong></td>
<td>Defined as the aggregated value of orders placed in the relevant period, incl. VAT, irrespective of cancellations, returns, subsequent discounts and vouchers</td>
</tr>
<tr>
<td><strong>Number of active customers [#]</strong></td>
<td>Number of customers having placed at least one not cancelled order during the twelve months prior to the respective date, irrespective of returns</td>
</tr>
<tr>
<td><strong>Total gross orders</strong></td>
<td>The number of orders placed in the relevant period, irrespective of cancellations and returns</td>
</tr>
<tr>
<td><strong>Average order value [in EUR]</strong></td>
<td>Gross order value for the relevant period, divided by the number of orders for such period</td>
</tr>
</tbody>
</table>

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