



home24

home24 Earnings Presentation Q3-18

27 November 2018

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

- **Huge and uniquely attractive Home & Living market** opportunity of EUR 117 billion
- **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**
- Markets characterized by **low online penetration** of 5% with **huge catch-up potential**
- **Pioneering technologies** improve shopping experience and empower **data-driven decisions**
- **Strong financial profile**, combining accelerating growth and **path to profitability**
- Multiple **drivers for long-term growth & differentiation** with significant margin upside

home24: Back on growth path



Q2 2018

Significant revenue increase of 8%¹ despite challenging weather conditions

Introduction of new fulfilment software led to lower processing speed

Q3 2018

Back on growth path with 16%¹ currency-adjusted growth

Strengthening of **position as first online destination** in Home&Living market

Significant investments will have **positive impact** on revenue and profitability in FY 2019

Forecast: Q4 2018

25-31%¹ revenue growth expected

Full year revenue of EUR 315-323m forecast, equaling **>20%¹ growth compared to 2017**

2019 Forecast confirmed:

Revenue growth rate at or above FY18 level

Break-even at the end of 2019 on the basis of adjusted EBITDA

¹ Based on constant currency using previous year BRL/EUR FX rates

Today's agenda

- 1 Business Highlights
- 2 Financial Update
- 3 Outlook and Q&A



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Business Highlights



Q3 2018 highlights: Investments support growth trajectory



FULFILMENT PLATFORM



- ✓ All orders in the old ERP system now fulfilled, sundown in progress
- ✓ New system catalyst for growth and process efficiency to reduce costs



BRAND INVEST AND MARKET SHARE



- ✓ Increased market share, gaining share in difficult market environment
- ✓ Investing in broader traffic acquisition and higher brand awareness



GO-TO-MARKET APPROACH



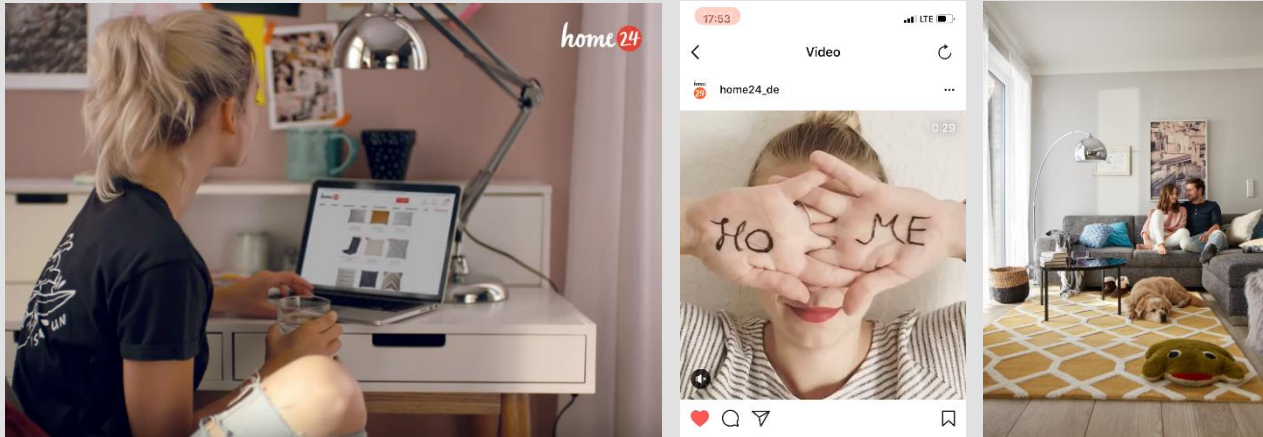
- ✓ New showrooms in DE, CH and Brazil opened
- ✓ First mega outlet in Neu-Ulm opened

Fulfilment platform as catalyst for growth



- **Dual ERP system phase** operationally **terminated**: all orders from old system have been fulfilled
- Old ERP **sunset** expected by **end of Q4-18** for all non-legal/tax related topics
- **New ERP** and data platform steadily **gaining efficiency**, with positive P&L effects through next 4 quarters
- Investment in **new warehouse logistics center** in Halle fully on track to provide **further efficiency gains**

Continuous investments in further strengthening unique market position



- Significant **marketing investments** support **positive long-term effects** and **efficient** future marketing **scaling**
- Well perceived TV campaign supported by Facebook, Instagram and YouTube formats
- 360° campaigns across online and offline channels (e.g. “Drinnenzeit”)
- Scaling of Social and Display channels as growth drivers
- Data driven attribution and traffic acquisition
- In a challenging environment, **home24 invests to gain market share**

New showroom and mega outlet to complement go-to-market approach



- Opening of **two additional showrooms**. home24 showroom concept now also represented in **Switzerland**
- **Focus** of the assortment shown in the showrooms is on **private labels**, building on home24's strengths in **curated, value for money** offering
- In addition to the **mega outlet in Neu-Ulm** (launched in November) home24 will open **two mega outlets in Hanover and Cologne** in Q1 2019
- Both concepts, showrooms and mega outlets, have proven themselves as a **complementary part of the home24 strategy to attract customers and further strengthen brand awareness**

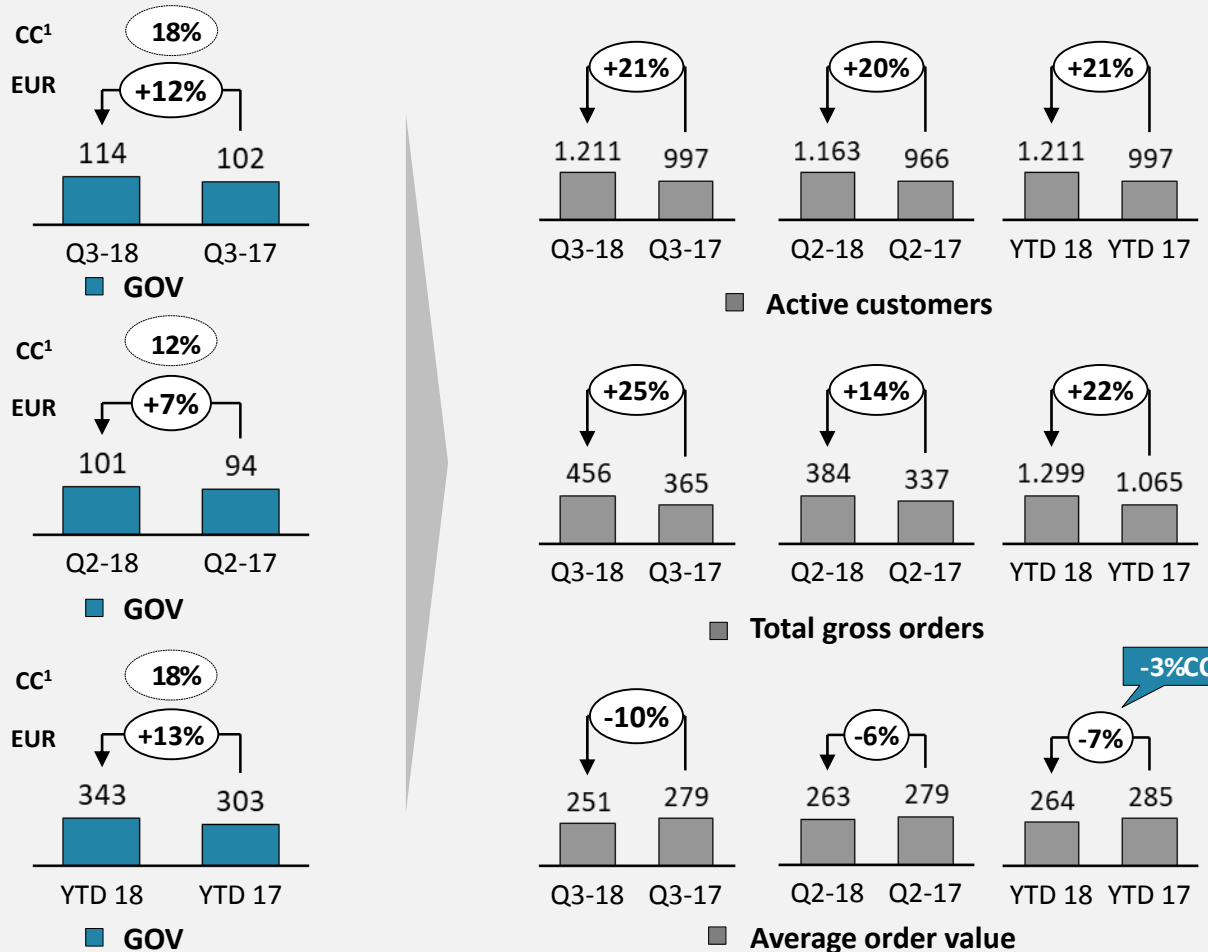
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Q3 Financial Update



Order intake growth reinitiated in continuously challenging environment, topline back on growth path

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

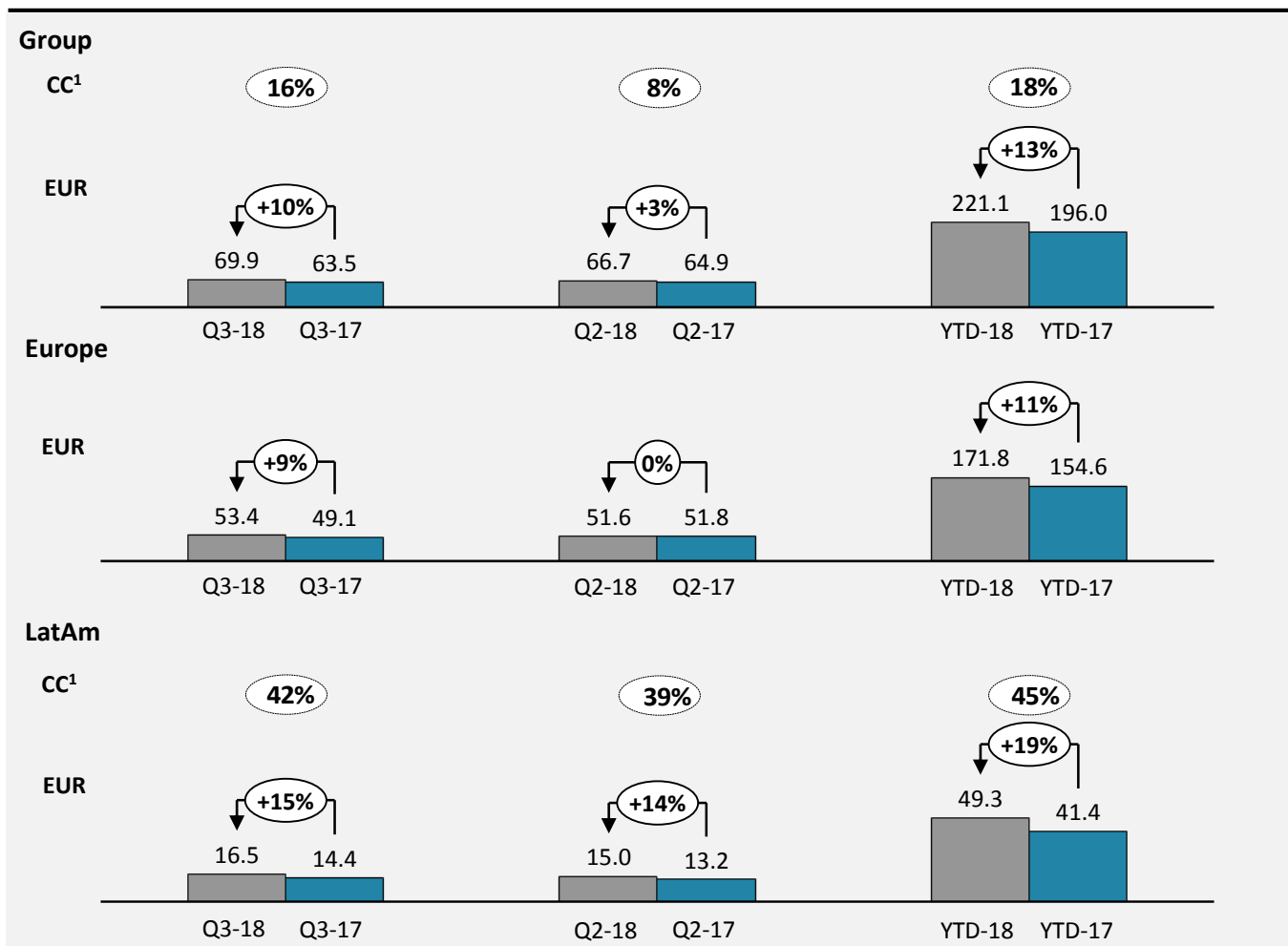


- **Growth reinitiated**, but still impacted by the significant weather-related decline in demand in Continental Europe
- home24 was able to **gain market share** over its competitors
- Q3 in line with YTD-18 **GOV growth of 18%**¹
- Catch-up effect post summer not yet materialized

¹ Based on constant currency using previous year BRL/EUR FX rates

In Q3-18 adjusted revenue growth doubled to 16% after 8% growth in Q2-18

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

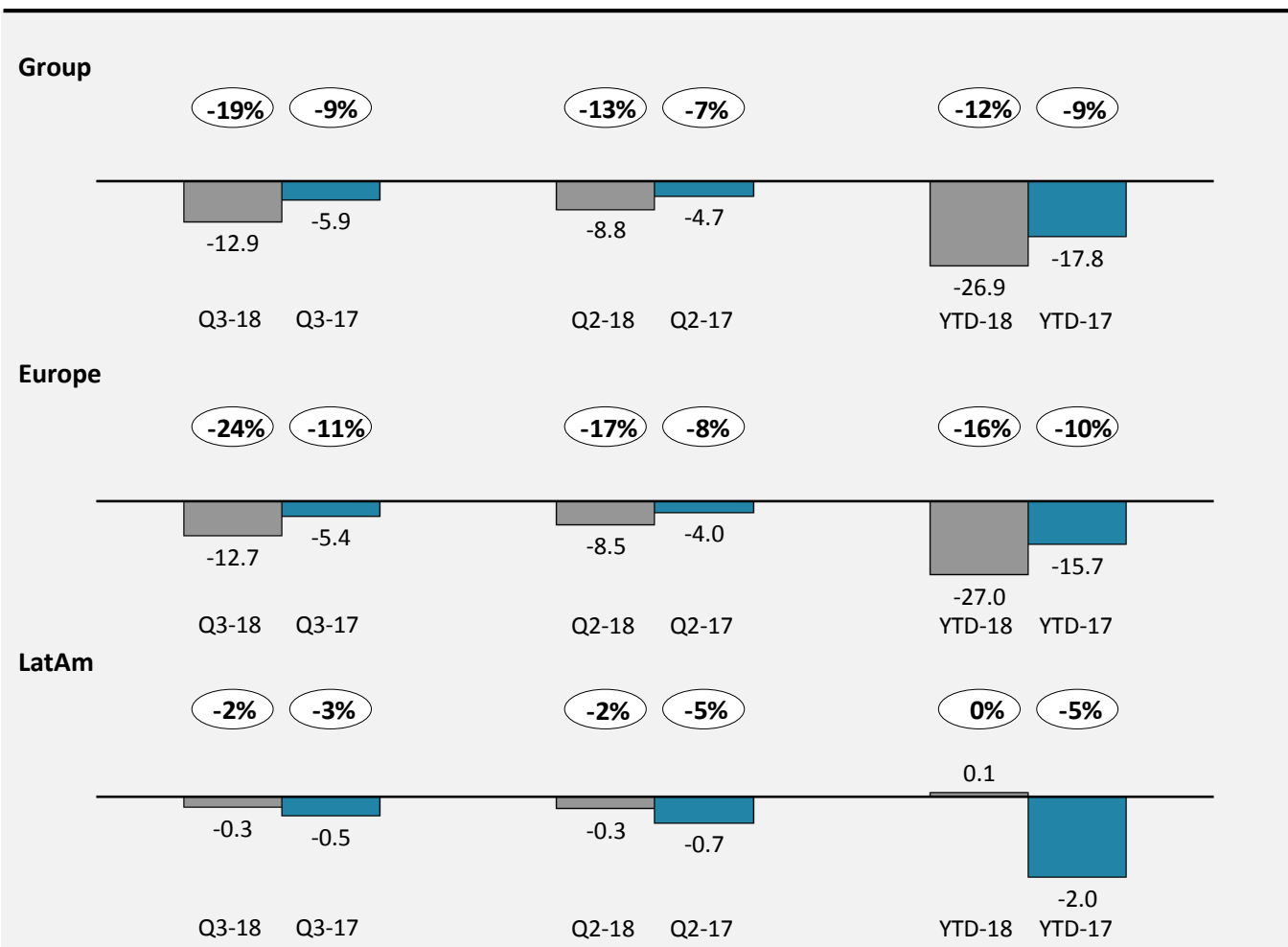


- home24 generated net revenues of EUR 221m YTD-18 (PY: EUR 196m) and, adjusted for foreign currency effects, thus achieved a significant increase of 18% year-on-year¹
- Q3 revenue improved by 16% year-on-year to EUR 70m¹
- Business in Brazil, which was not affected by weather conditions, consistently performed well YTD-18, increasing revenue by 45% year-on-year¹

¹ Based on constant currency using previous year BRL/EUR FX rates

home24 with significant investments - positive impact on revenue and profitability in the coming year

Adj. EBITDA¹ in EURm and in % of Revenue



- Investments reduce profitability YTD 2018:
 - Continued **marketing invests** despite weaker demand and **to acquire active lower funnel and gain market share**
 - Transition to new ERP system temporarily caused additional costs; **new system** will enable **highly efficient processes at lower costs**
 - Additional **start-up investments** were made in **further growth**, e.g. in new logistics centre, assortment, technology, showrooms and outlets with **payback only throughout 2019**

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

Profit and loss statement- Group

In EURm and in % of Revenue

	ACT Q3-18	ACT Q3-17	ACT Q2-18	ACT Q2-17	ACT YTD-18	ACT YTD-17
Revenue	69,9	63,5	66,7	64,9	221,1	196,0
Revenue growth CC ¹	16%	18%	8%	7%	18%	8%
Cost of sales	39,5	35,3	38,3	37,0	124,4	109,9
Gross profit	30,4	28,2	28,4	28,0	96,7	86,0
Gross profit margin	44%	44%	43%	43%	44%	44%
Fulfillment expenses	14,3	10,2	14,0	11,0	43,0	33,4
Fulfillment expenses ratio	20%	16%	21%	17%	19%	17%
Profit contribution	16,1	18,0	14,3	17,0	53,7	52,6
Profit contribution margin	23%	28%	22%	26%	24%	27%
Marketing expenses	16,5	11,4	12,9	9,1	46,0	33,3
Marketing expenses ratio	24%	18%	19%	14%	21%	17%
G&A	12,6	12,4	10,3	12,5	34,5	37,1
G&A ratio	18%	20%	15%	19%	16%	19%
Adjusted EBITDA ²	-12,9	-5,9	-8,8	-4,7	-26,9	-17,8
Adjusted EBITDA margin	-19%	-9%	-13%	-7%	-12%	-9%

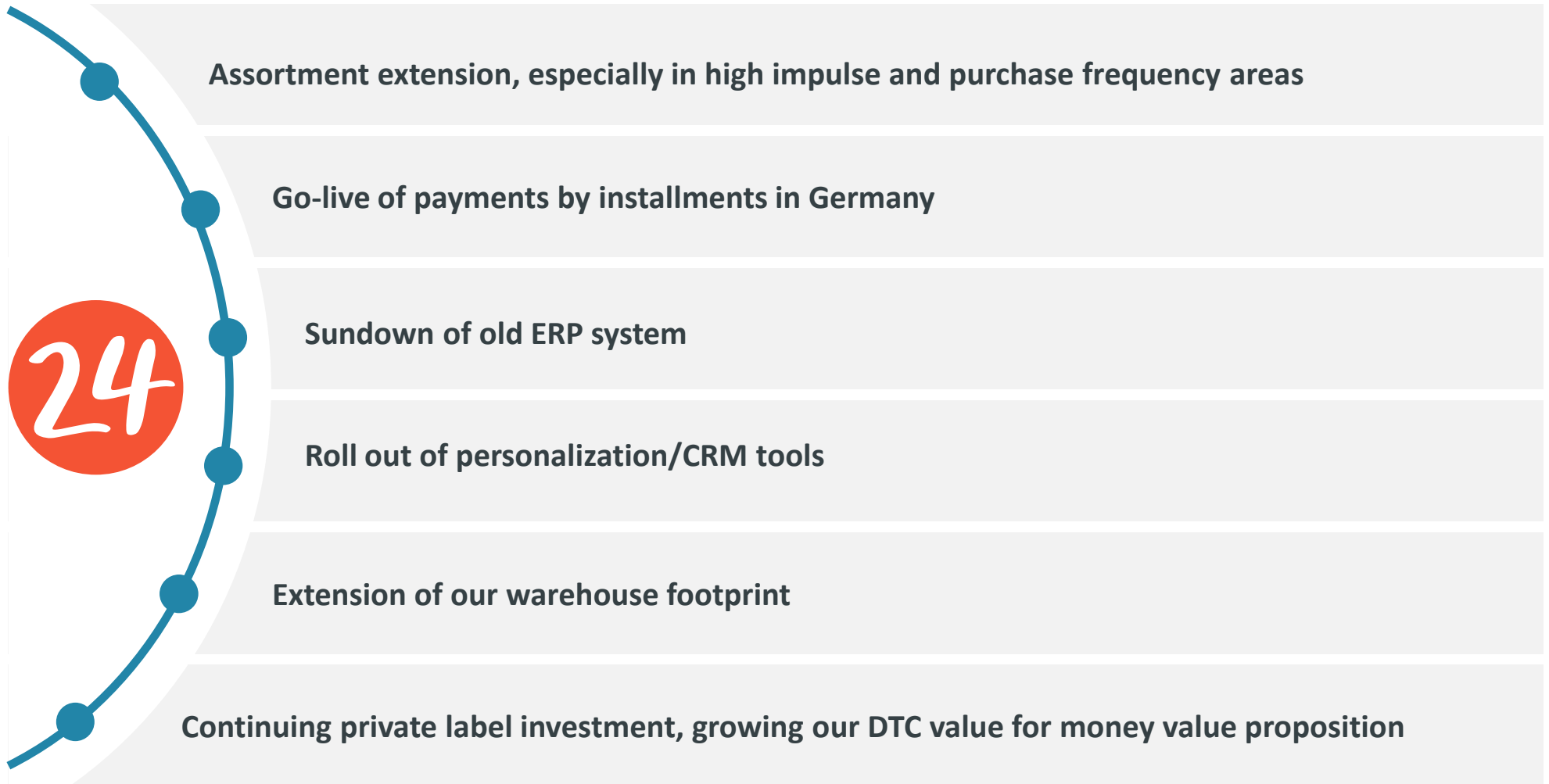
¹ Based on constant currency using previous year BRL/EUR FX rates ² Adjusted to exclude share-based marketing spend, share-based payments and one-time IPO effects

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Outlook & Q&A



Well on track in delivering strategic growth initiatives



Summary & outlook



- **Challenging market conditions in Q2 and Q3**
 - Unusually long and hot weather period until late autumn in Continental Europe
 - Online and offline furniture market experienced up to double digit decline in revenue in the previous quarters
- **home24 was able to withstand this trend and able to gain market shares over its competitors In a challenging environment**
 - Record revenues during Black Friday period
 - Revenue growth expected to further accelerate to 25-31%¹ in Q4-18
 - Forecast of revenue for full year 2018 between EUR 315-323 million – equivalent to > 20%¹ growth (YoY) adjusted for currency effects
 - Post IPO investments lead to profitability below previous year
- **Medium-term earnings forecast confirmed**
 - Revenue growth rate that is at or above the FY18 level
 - Break-even at the end of 2019 on the basis of adjusted EBITDA

¹ Based on constant currency using previous year BRL/EUR FX rates

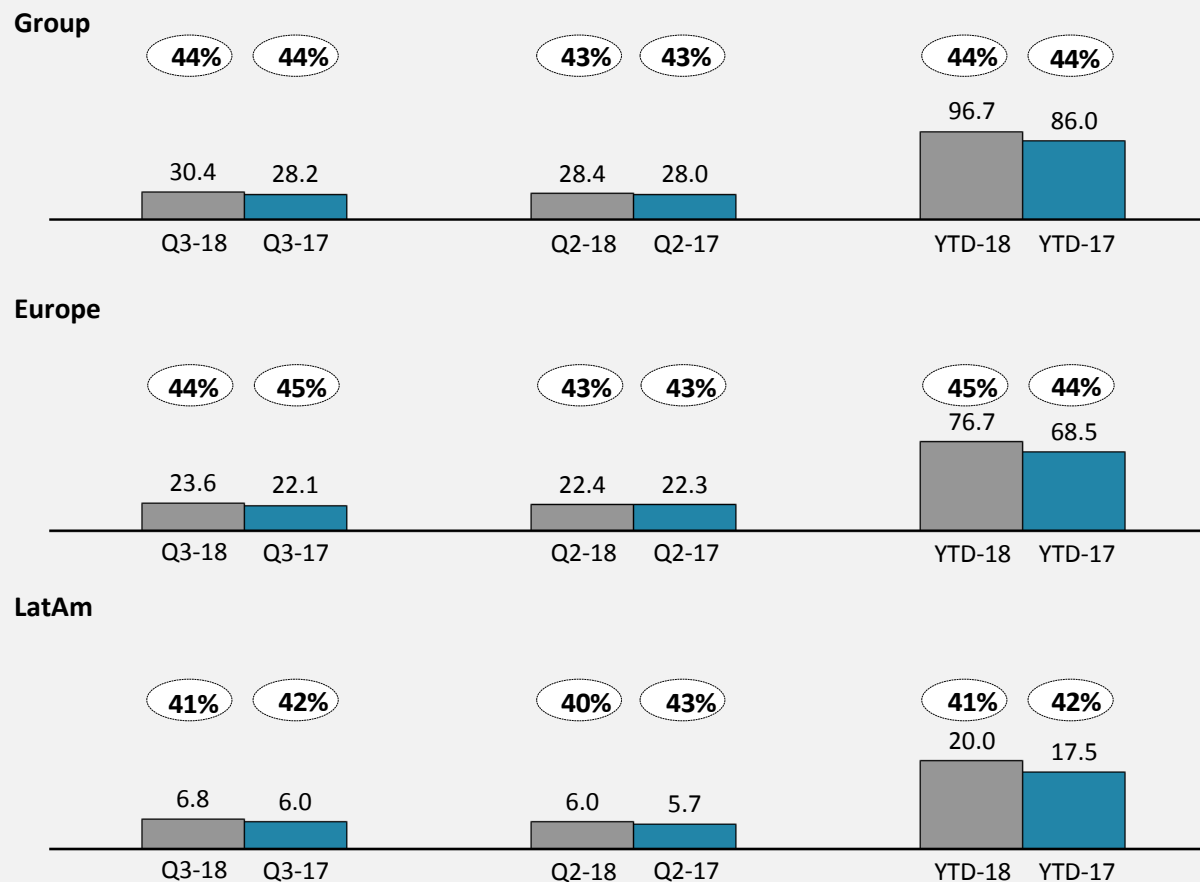


Q&A



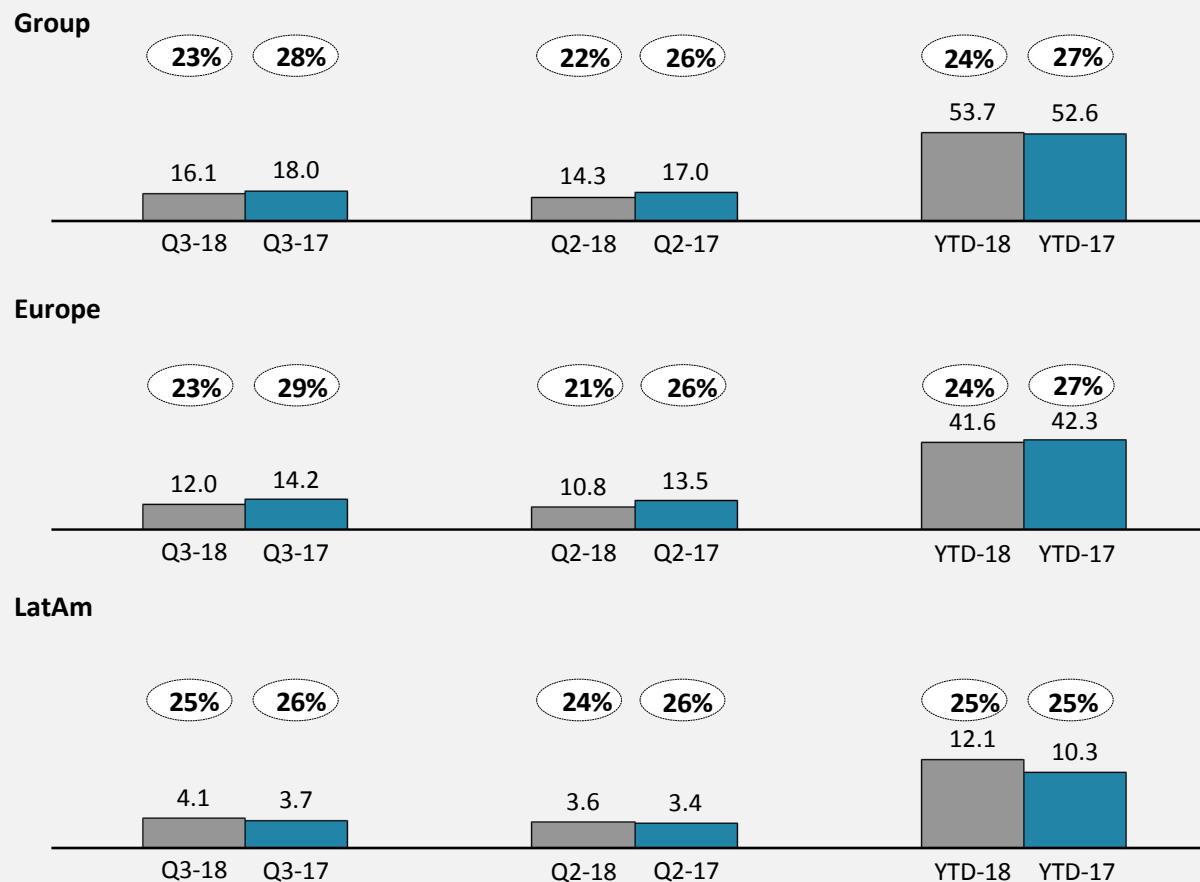
Gross Margin

In EURm and in % of Revenue



Profit contribution

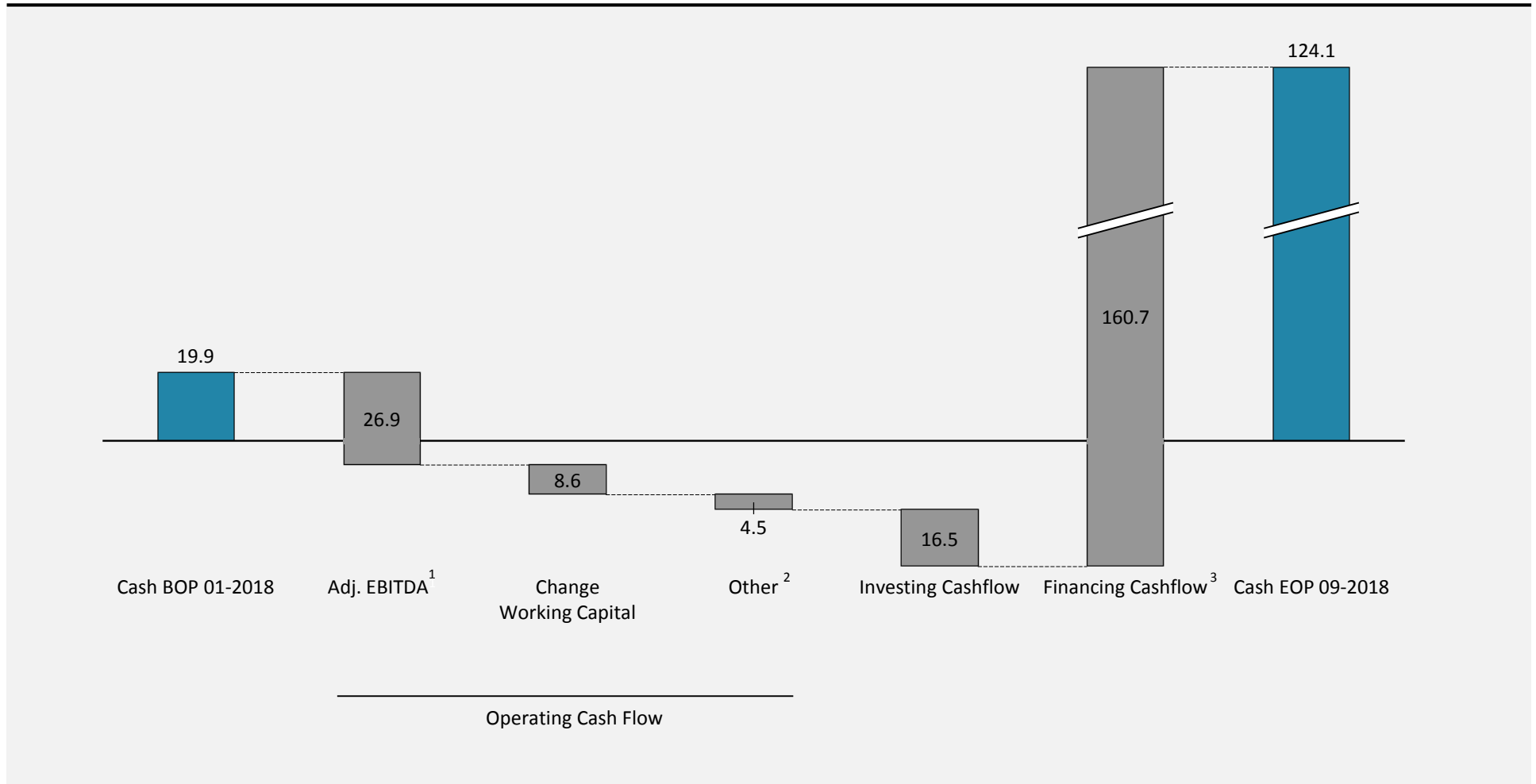
In EURm and in % of Revenue



Liquidity position remains strong despite higher investments



Cash flow YTD in EURm



¹ Adjusted to exclude share-based marketing spend and share-based payments as well as one-time IPO effects of EUR 1.5m² mainly consists of delta provisions, interest, tax payments, FX effects and IPO costs

³ Adoption of IFRS 16 leads to shift of EUR 5.7m from operating cash flow to financing cash flow

Adjusted EBITDA reconciliation



In EURm

Group	Q3-2018	Q2-2018	YTD-2018
External revenue	69.9	66.7	221.1
Adjusted EBITDA¹	-12.9	-8.8	-26.9
Share based compensation expenses	2.1	2.8	8.0
Costs related to the IPO	0.1	1.3	1.5
Amortization & Depreciation of PP&E and right-of-use assets	3.6	4.5	13.0
Finance costs - net	0.4	1.0	2.5
Loss before taxes	-19.3	-18.5	-51.8
Europe	Q3-2018	Q2-2018	YTD-2018
External revenue	53.4	51.6	171.8
Adjusted EBITDA¹	-12.7	-8.5	-27.0
Share based compensation expenses	1.9	2.5	7.1
Costs related to the IPO	0.1	1.3	1.5
Amortization & Depreciation of PP&E and right-of-use assets	3.1	4.0	11.2
Finance costs - net	-0.1	0.5	0.8
Loss before taxes	-17.7	-16.8	-47.6
LatAm	Q3-2018	Q2-2018	YTD-2018
External revenue	16.5	15.0	49.3
Adjusted EBITDA¹	-0.3	-0.3	0.1
Share based compensation expenses	0.3	0.3	0.8
Costs related to the IPO	0.0	0.0	0.0
Amortization & Depreciation of PP&E and right-of-use assets	0.6	0.6	1.8
Finance costs - net	0.5	0.5	1.7
Loss before taxes	-1.6	-1.8	-4.2

¹ Adjusted to exclude share-based marketing spend, share-based payments and one-time IPO effects

KPI definitions: External Investor Reporting



KPI	Definition
Gross order value [in EUR]	<ul style="list-style-type: none">▪ Defined as the aggregated value of the orders placed in the relevant period, including value-added tax, irrespective of cancellations, returns as well as subsequent discounts and vouchers
Number of active customers [#]	<ul style="list-style-type: none">▪ The number of customers having placed at least one not cancelled order during the twelve months prior to the respective date, irrespective of returns
Total orders gross	<ul style="list-style-type: none">▪ The number of orders placed in the relevant period, irrespective of cancellations and returns
Average order value [in EUR]	<ul style="list-style-type: none">▪ Gross order value for the relevant period, divided by the number of orders for such period

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