



# ZOOPLUS AG INVESTOR PRESENTATION

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**zoo**plus

# DISCLAIMER



This document includes supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of zooplus' financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

This document contains statements related to our future business and financial performance and future events or developments involving zooplus that may constitute forward-looking statements. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of zooplus' management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond zooplus' control, affect zooplus' operations, performance, business strategy and results and could cause the actual results, performance or achievements of zooplus to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. Further information about risks and uncertainties affecting zooplus is included throughout our most recent annual and interim reports, which are available on the zooplus website, [investors.zooplus.com](https://investors.zooplus.com). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of zooplus may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. zooplus neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

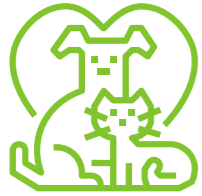
# ZOOPLUS AG A LEADING PLAYER IN THE BOOMING PET SUPPLIES CATEGORY



- ✓ Number one online retailer in Europe and second in total market <sup>1</sup>
- ✓ EUR 1.5 bn in sales (2019)
- ✓ 95% revenue retention rate <sup>2</sup>
- ✓ 8.1 million active customers <sup>2</sup>
- ✓ Digital offering for pet owners in 30 countries and 24 languages

1) in terms of sales and active customer base; 2) as of end of H1 2020, based on LTM

# 20+ years into the business, we know what we stand for – Our USPs



Specialist retailer



Customer benefits first



100% ecommerce



Efficiency-driven



Product=Data+Tech driven



Strategic Partner



Pan-European



Governance compliant

ZOOPLUS IS THE DEDICATED PET SPECIALIST THAT CARES **zoo**plus



**WE'RE DOING  
ALL WE CAN  
TO SUPPORT YOU**

**BECAUSE  
WE LOVE PETS...**

# MEGATRENDS ARE FUELING GROWTH PROSPECTS IN PET SUPPLY CATEGORY



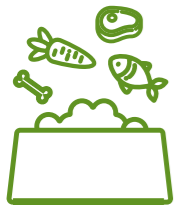
## GROWING PET POPULATION

*Over 80m households in Europe with one pet or more*



## HUMANIZATION OF PETS

*Pets are increasingly viewed as a family member with spend per pet increasing*



## SPECIALIZED PET NUTRITION

*Premiumisation trend in pet food driving specialty trade to grow faster than grocery segment*



## HUGE COMMERCIAL OPPORTUNITY IN PETS



# PET SUPPLIES RETAIL LANDSCAPE IN EUROPE

## COMPETITION FALLS INTO THREE CATEGORIES



We're operating in a highly fragmented market

### ONLINE PURE PLAY



- ✓ Valuable industry partner to suppliers
- ✓ Ideally positioned to capture growing online share
- ✓ Low CAPEX requirements and significant scale advantages
- ✓ Strong logistics network
- ✓ Own brand portfolio adds to differentiation and supports incremental value creation

### MASS GENERALIST



- Limited access to premium brands
- Supporting digitization of category
- Low offering overlap: only 20% of zooplus Top 500 Sellers available on amazon prime
- High e-commerce and logistics competencies

### BRICKS AND MORTAR



- Online offering competing with physical store presence
- High CAPEX requirements
- Low logistics / FC capacity
- High dependancy towards own white label products
- Low e-commerce competencies

### REGIONAL ONLINER



- Low scale advantages
- Pricing is only USP
- High operating cost
- Low logistics / FC capacity
- Mostly no own brands

# ZOOPLUS AG IS DOMINATING THE EUROPEAN ONLINE SPACE FOR PET SUPPLIES

€ 25bn

market opportunity  
in Europe<sup>1</sup>

» CAGR ~3% p.a.

*channel shift still ongoing*



**16%**  
**online**

- Pet Supplies still underrepresented in the online sphere compared to other categories
- zooplus is an important retail partner in Europe for brands and driving digitization of category
- Market is resilient to economic cycles
- Highly recurring and fast turnover of product due to constant demand
- Low return rates and future growth prospects make for an attractive category to operate in

1) total net market for pet supplies in Europe = online + offline market, based on Euromonitor International 2020 and management estimates



# ZOOPLUS OFFERS A UNIQUE CUSTOMER PROPOSITION IN EUROPE AND AN EXCELLENT CONSUMER EXPERIENCE



ACCESS TO ALL  
LEADING PREMIUM  
BRANDS



1.

BEST VALUE FOR  
MONEY & REWARDS



2.

SEAMLESS SHOPPING  
EXPERIENCE



3.

DEDICATED  
CUSTOMER CARE



4.

FAST & CONVENIENT  
DELIVERY



5.

our key drivers for consumer satisfaction in a digital world

# ZOOPLUS IS THE ONLY CATEGORY SPECIALIST WITH A PAN-EUROPEAN LOGISTICS NETWORK



## SCALE ADDING TO RESILIENCE ADVANTAGE OF ZOOPLUS IN COVID-19 TIMES



TECH DRIVEN CAPACITY & REPLENISHMENT



FCs RUNNING AT FULL OUTPUT



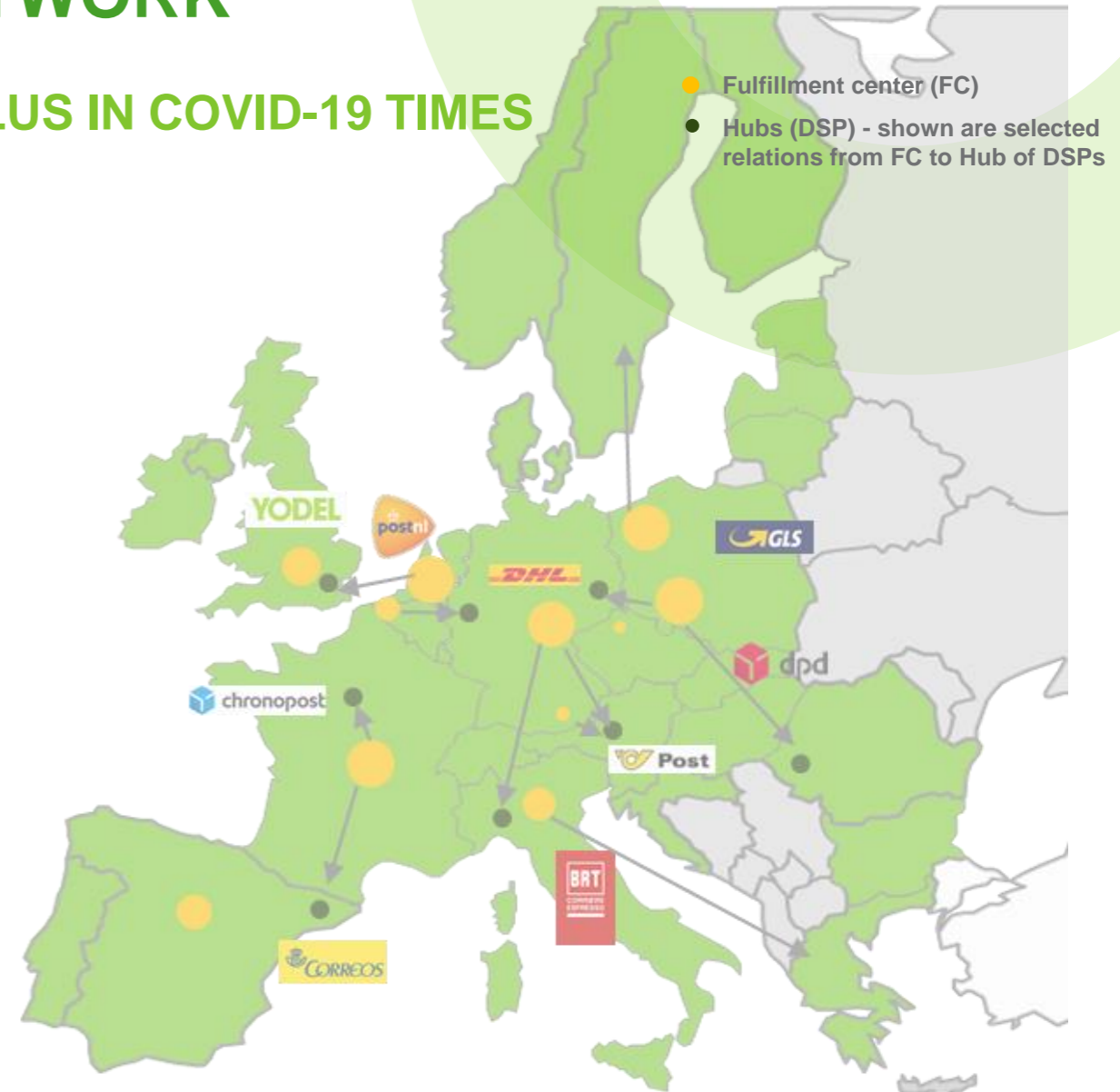
SHELF SPACE FOR STOCKING UP



PRODUCT AVAILABILITY



COMPETITIVE DELIVERY TIME



**11 fulfillment centers across Europe operated by partners with low CAPEX requirement**

# COVID-19 AND PET SUPPLIES CATEGORY IN EUROPE

## TACTICAL IMPACT ON BUSINESS

Helped us temporarily reduce our ad spend without losing reach

Organic Traffic

Paid Traffic



Served as a push for first-time e-commerce usage in our category



Consumption patterns remained unchanged in our category



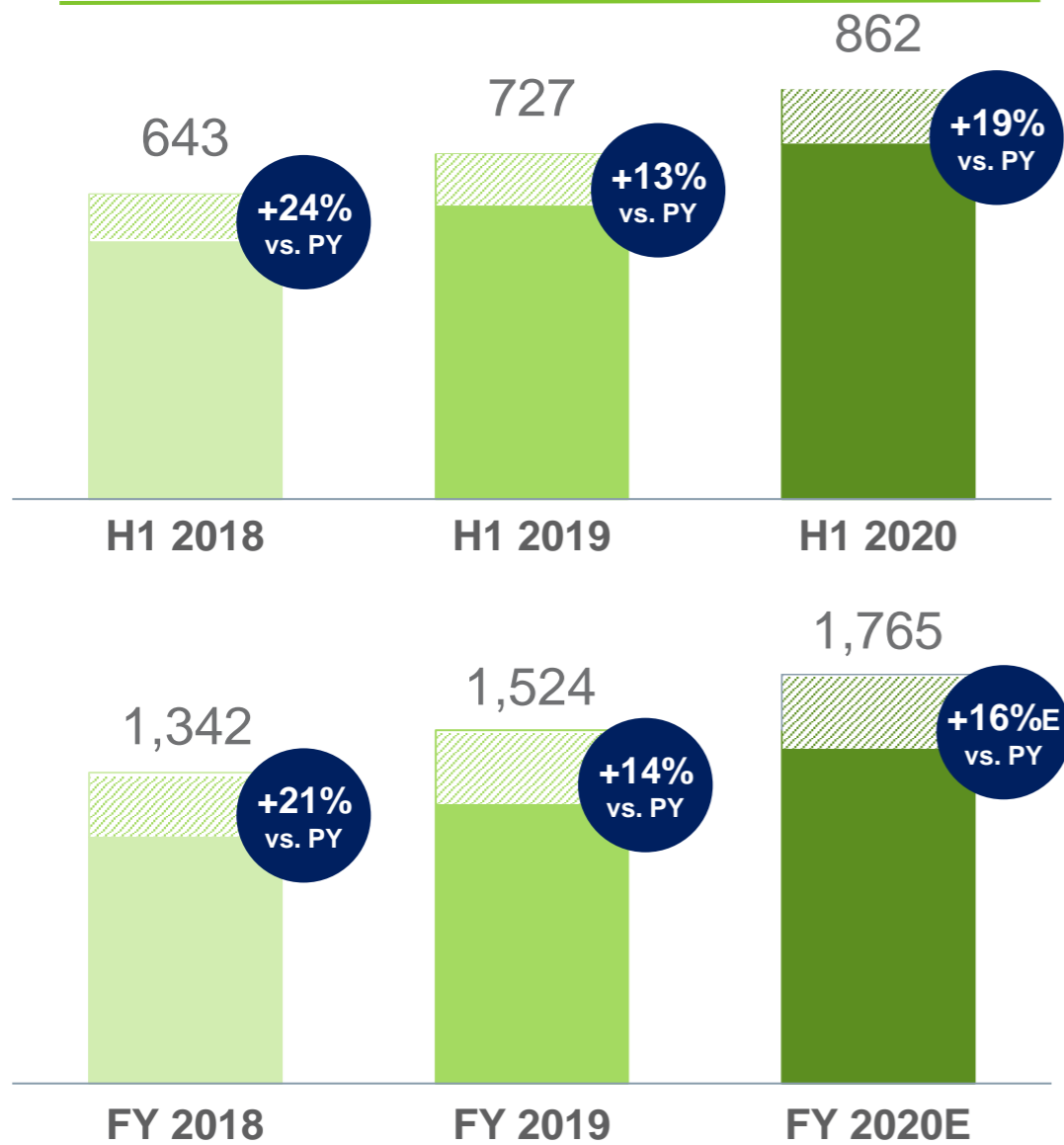
Offliners were classified as essential and did not go out of business



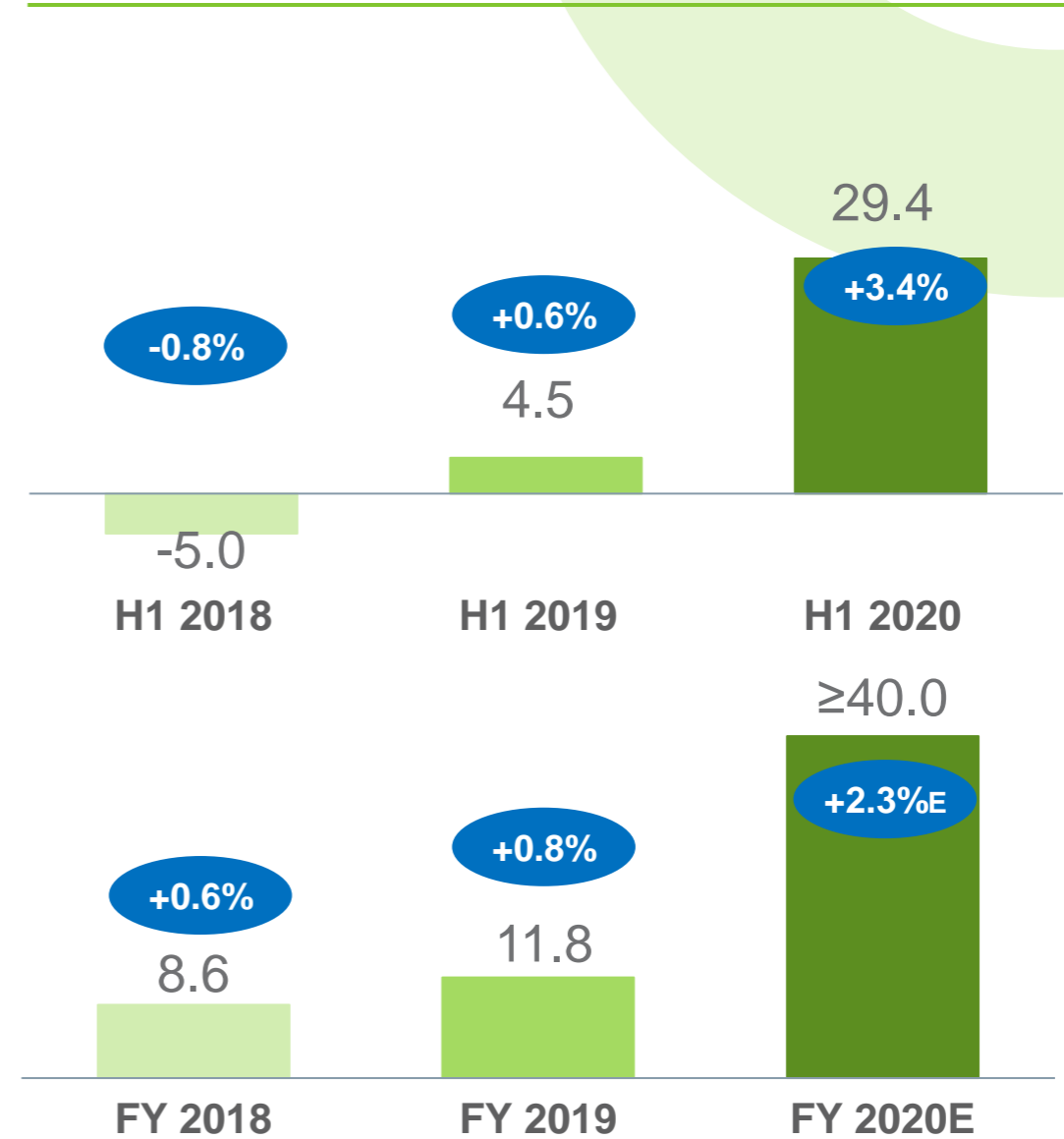
# KEY FINANCIAL HIGHLIGHTS – STRONG PERFORMANCE IN H1 2020



SALES (in EUR m)



EBITDA (in EUR m, in % of sales)



New Customer Sales      Existing Customer Sales

# STRATEGIC BUSINESS KPIs – ALL INDICATORS SIGNIFICANTLY IMPROVED IN H1 2020

	H1 2018	H1 2019	H1 2020
Revenue Retention Rate	94%	92%	95%
New Customer 2 <sup>nd</sup> Order Sales	+20%	-8%	+21%
Customer Acquisition Cost (in €)	11	16	10
Own Brands Share (% of food Sales)	14%	15%	17%
Gross Margin (% of Sales)	27.7%	28.4%	30.5%
Basket Size (in €)	54	55	57
Operational Efficiency <sup>1)</sup> (in % of Sales)	22.0%	21.0%	20.8%

- Revenue Retention and NC 2<sup>nd</sup> Order Sales are the key contributors to sustainable top line growth
- Customer Acquisition Cost significantly reduced
- Own Brands Share is a key driver for Gross Margin
- Basket size increase is helpful for operational efficiency

1) Logistics costs + payment costs + customer care costs

# BETTER NEW CUSTOMER QUALITY IN H1 2020 TRANSLATES INTO SUSTAINABLE GROWTH

Repeat purchasing new accounts <sup>1)</sup>	H1 2019	H1 2020
○ Sales	-8%	+21%
○ Accounts	-4%	+14%
○ Sales per Account	-5%	+6%
○ Share of new accounts with repeat purchases <sup>2)</sup>	28%	32%

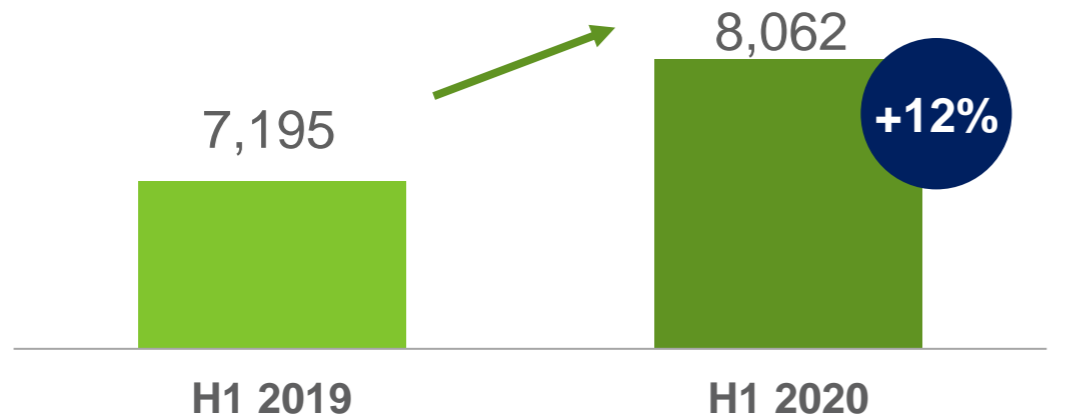
- Key lesson taken from 2019 – we need to focus on quality customers. Only **repurchasing accounts** contribute to future growth
- Improved early stage cohort behavior compared to H1 2019 cohort reflects revised acquisition channel mix, unbiased customer value proposition and better use of loyalty & retention tools
- Sales volume from 2<sup>nd</sup> order on with **strong increase** – both driven by loyalty and basket size

1) At least one consecutive order

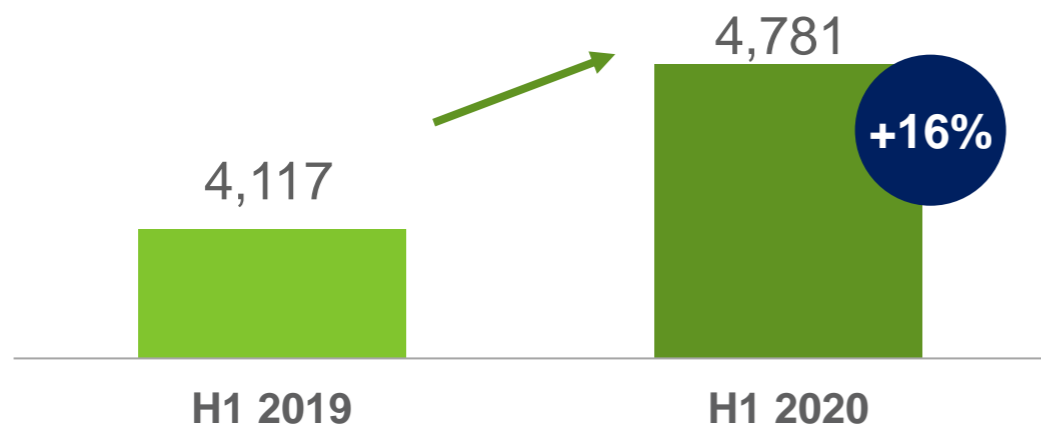
2) Of all new accounts, note - only limited opportunity for repurchases after 6 months into the year of acquisition

# ZOOPLUS HAS A GROWING LOYAL CUSTOMER BASE AND A HIGH REVENUE RETENTION RATE

ACTIVE CUSTOMER BASE<sup>1</sup> (in k)



ACTIVE REPEAT CUSTOMER BASE<sup>2</sup> (in k)

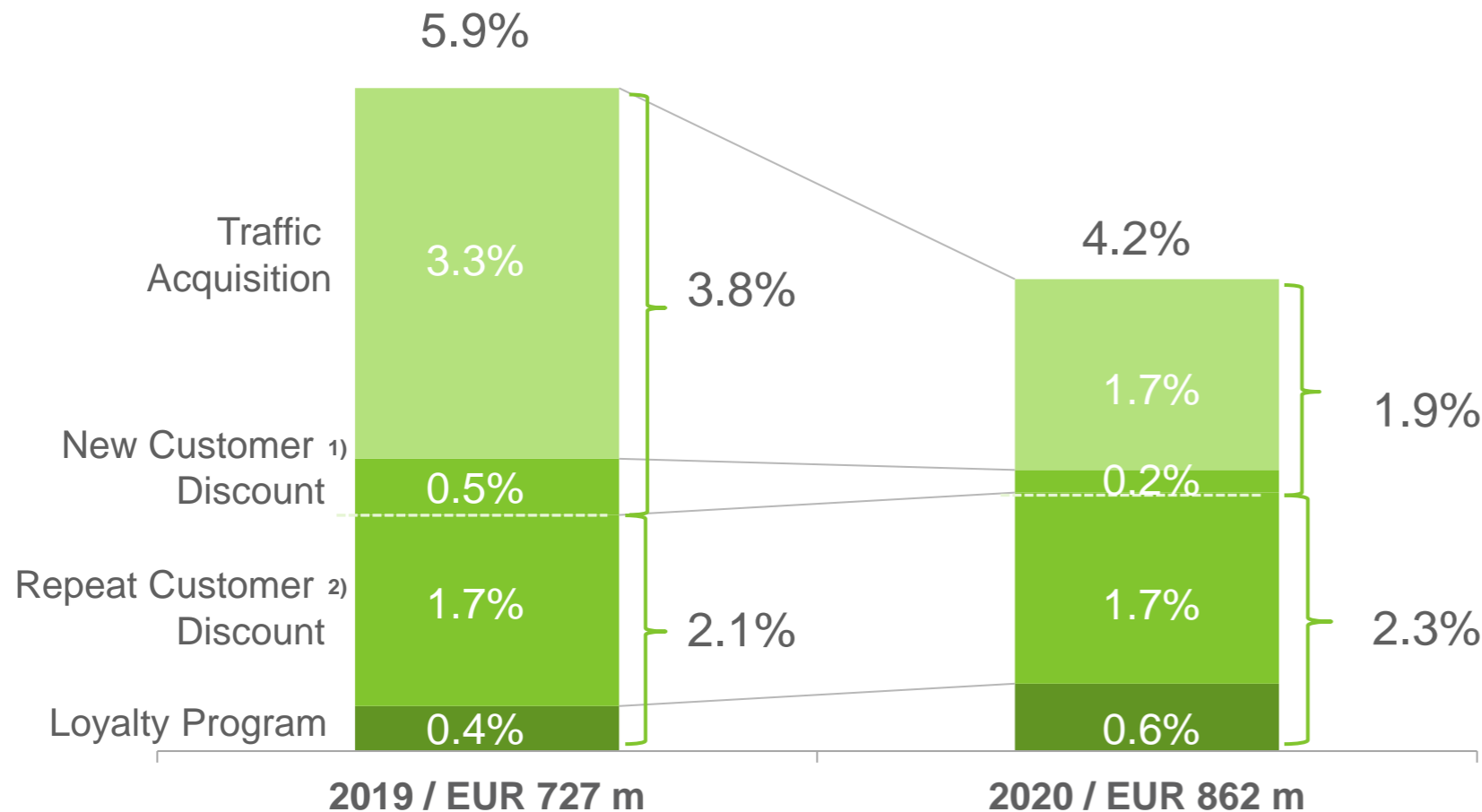


**95%**  
Revenue Retention  
Rate<sup>3</sup>

1) All customers with one order in LTM;  
2) All customers with one consecutive order (=at least 2 orders) in LTM; 3) Sales retention 12 months rolling (net, non-BMF); All figures based on H1 2020 figures

# OUR NEW STRATEGY BALANCES CUSTOMER QUALITY, SCALING AND EFFICIENCY

## SPEND ON CUSTOMER ACQUISITION AND LOYALTY (AS % OF SALES)



- Massive increase in new business acquisition efficiency: **budget at 50%**, with **new business at 120%** of PY
- Tactical situation in months March, April and May helped efficiency
- **91% → 95% revenue retention** increase driven by quality focus and better use of **retention and loyalty tools**
- Main driver for growth: **consistently positive customer experience throughout Q1 & Q2**

1) New: Starter coupons; 2) Repeat: SaverPlan discounts



# LOYALTY PROGRAMS DRIVING CUSTOMER RETENTION AND REPURCHASE RATE

## SaverPlan



Best Value for Money

## zooPoints

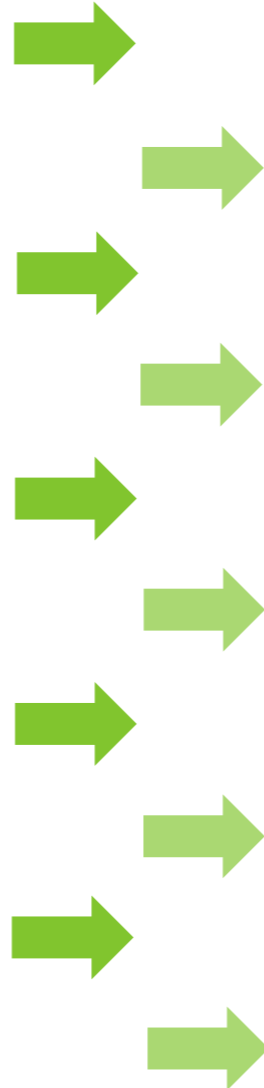


Interactive Shopping Experience

## zooplus APP



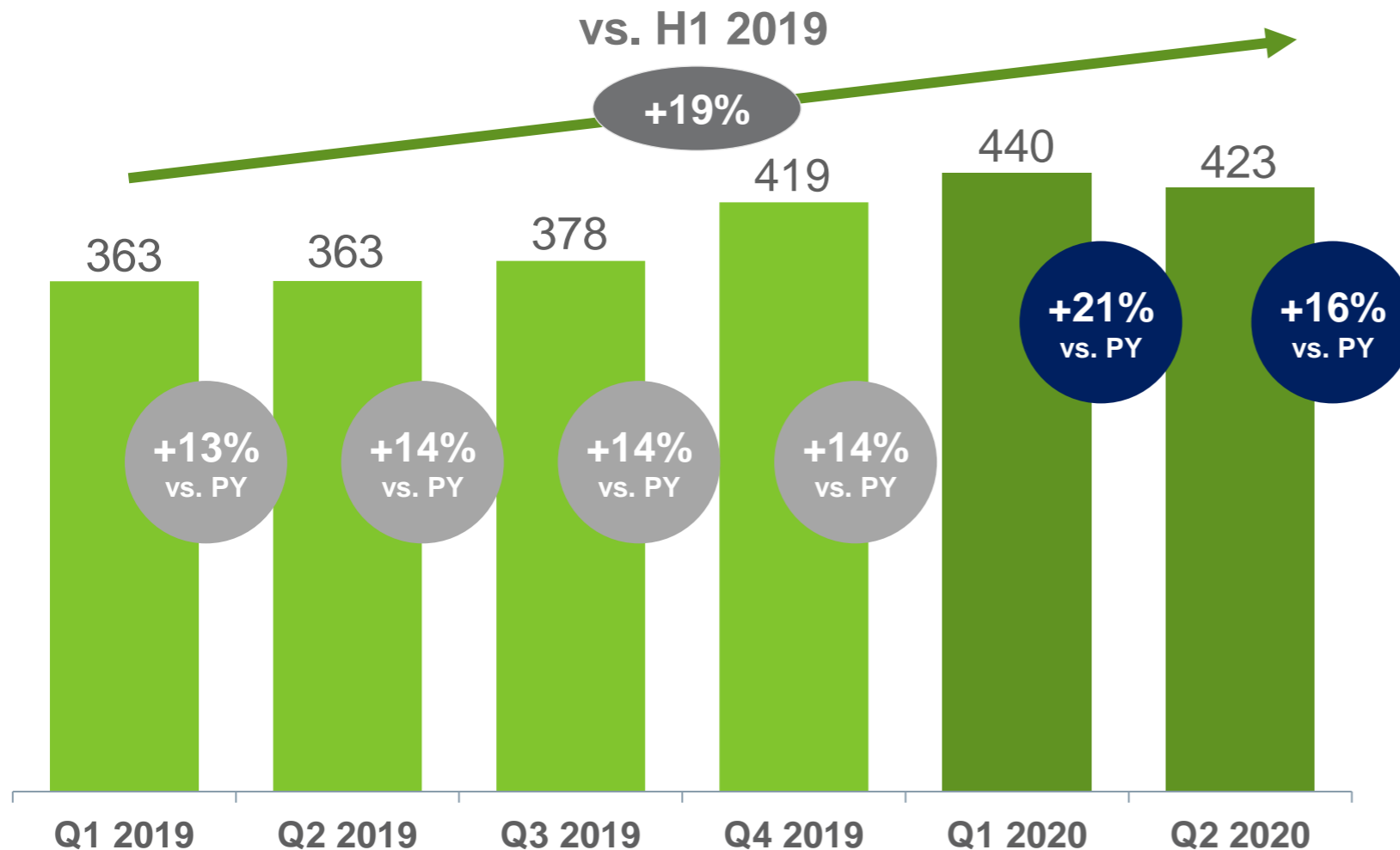
Multi-platform Shopping Experience



# SALES VOLUME INCREASED BY EUR 136 m VS. H1 2019 – GROWTH PATH CONTINUED IN Q2 2020



SALES (in EUR m)

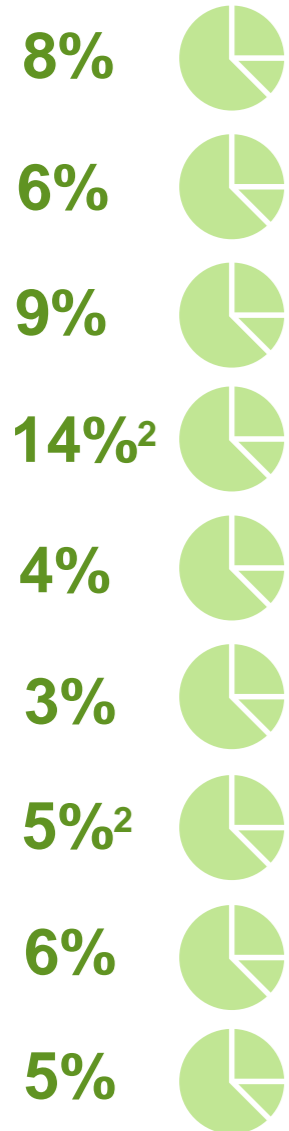


- zooplus continued to benefit from strong online demand and high loyalty of existing customers
- Strong y-o-y development affirms successful efforts on improving customer activation and sales retention combined with solid sales execution
- High growth of accessories sales (+32% vs. Q2 2019) proves success of the active steering of the product sales mix meeting increased customer demand in Q2

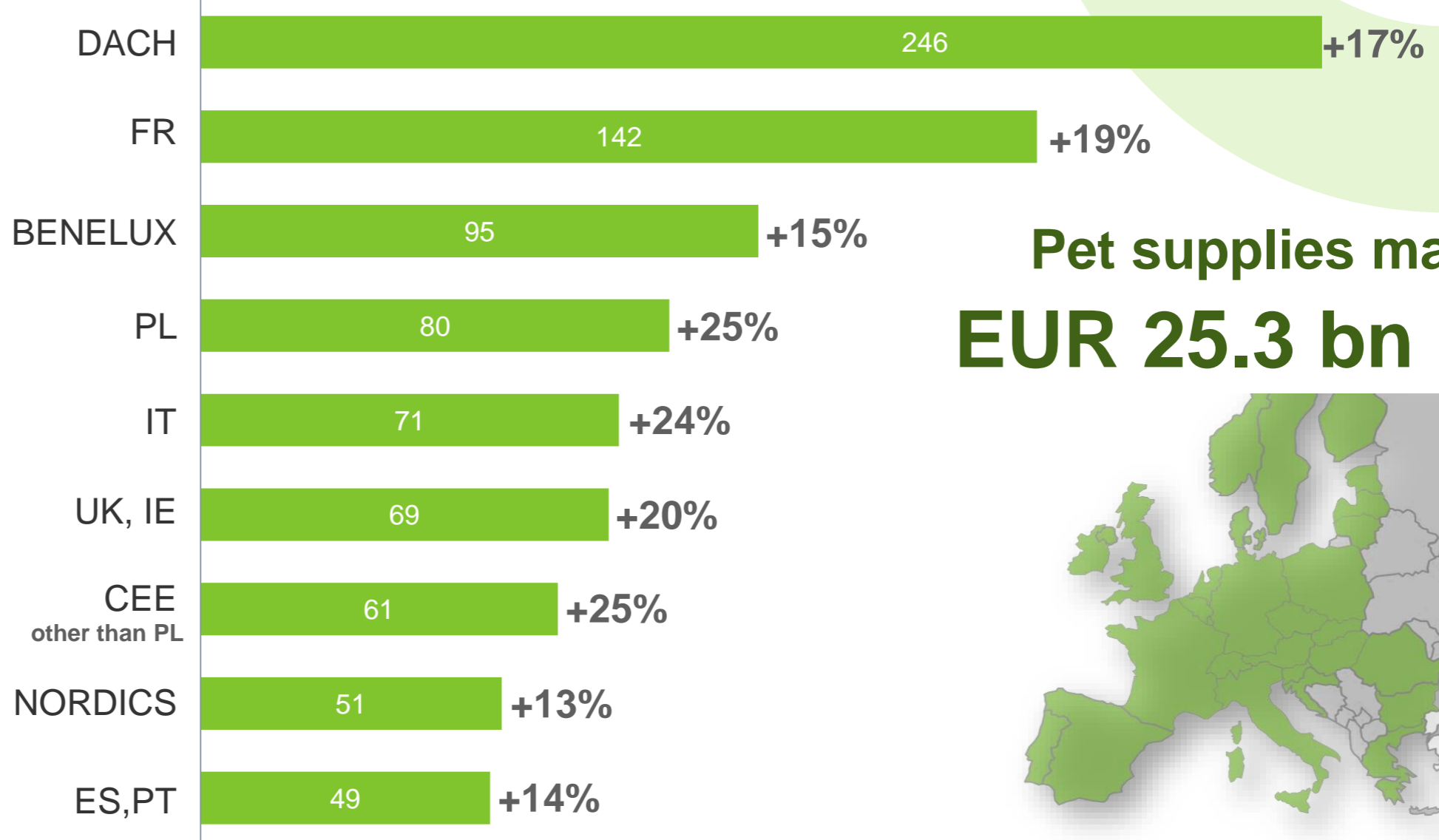
# ZOOPLUS IS THE ONLINE MARKET LEADER IN EUROPE AND IS GAINING SHARE FROM OFFLINE



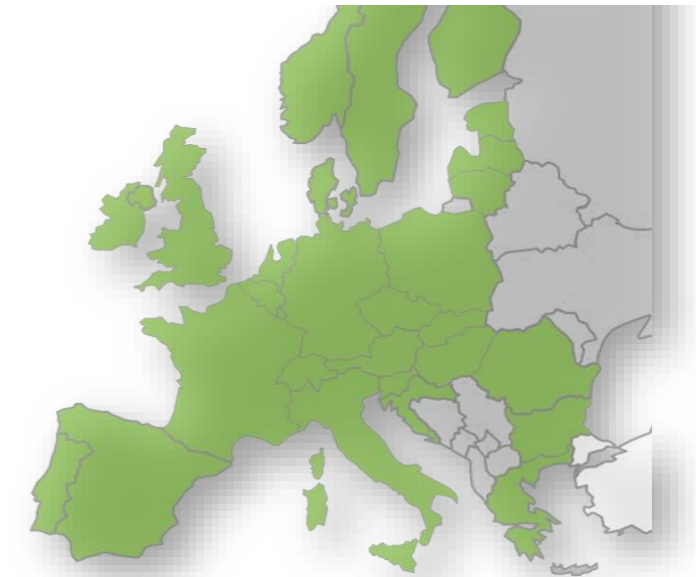
## TOTAL MARKET SHARE<sup>1</sup>



## ZOOPLUS SALES BY REGION IN H1 2020 (in EUR m)



Pet supplies market<sup>1</sup>  
**EUR 25.3 bn**

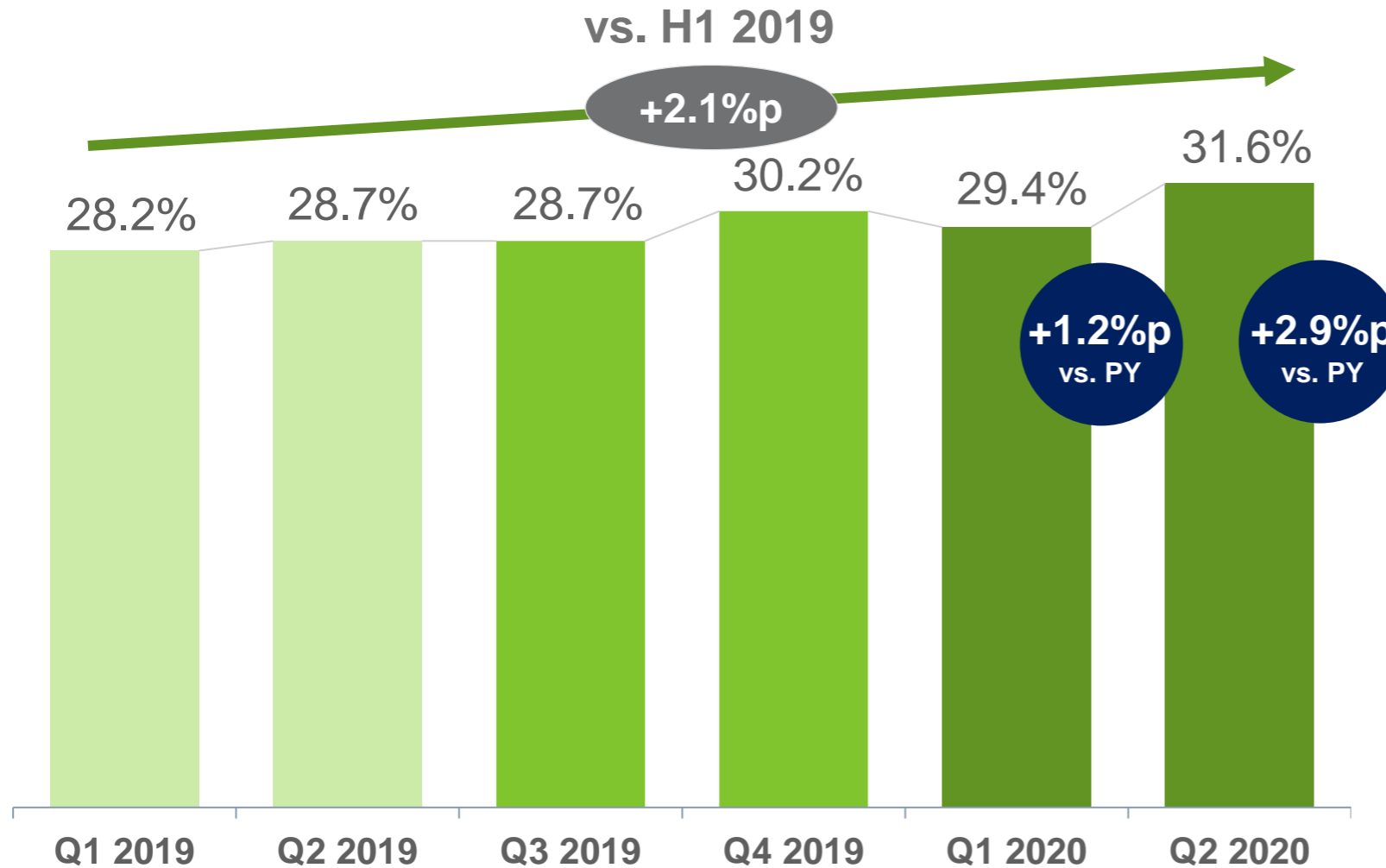


1) Total net market = online + offline market, based on Euromonitor International 2020 and management estimates as of June 2020 in relation to zooplus FY 2019 sales figures;

2) change vs . prior disclosure due to updated market data reflecting an overall larger total market in Poland and CEE; zooplus continues to outperform total market growth in respective markets.

# GROSS MARGIN FURTHER IMPROVED IN Q2 2020 – STRONG INCREASE COMPARED TO PY

## GROSS MARGIN<sup>1</sup>

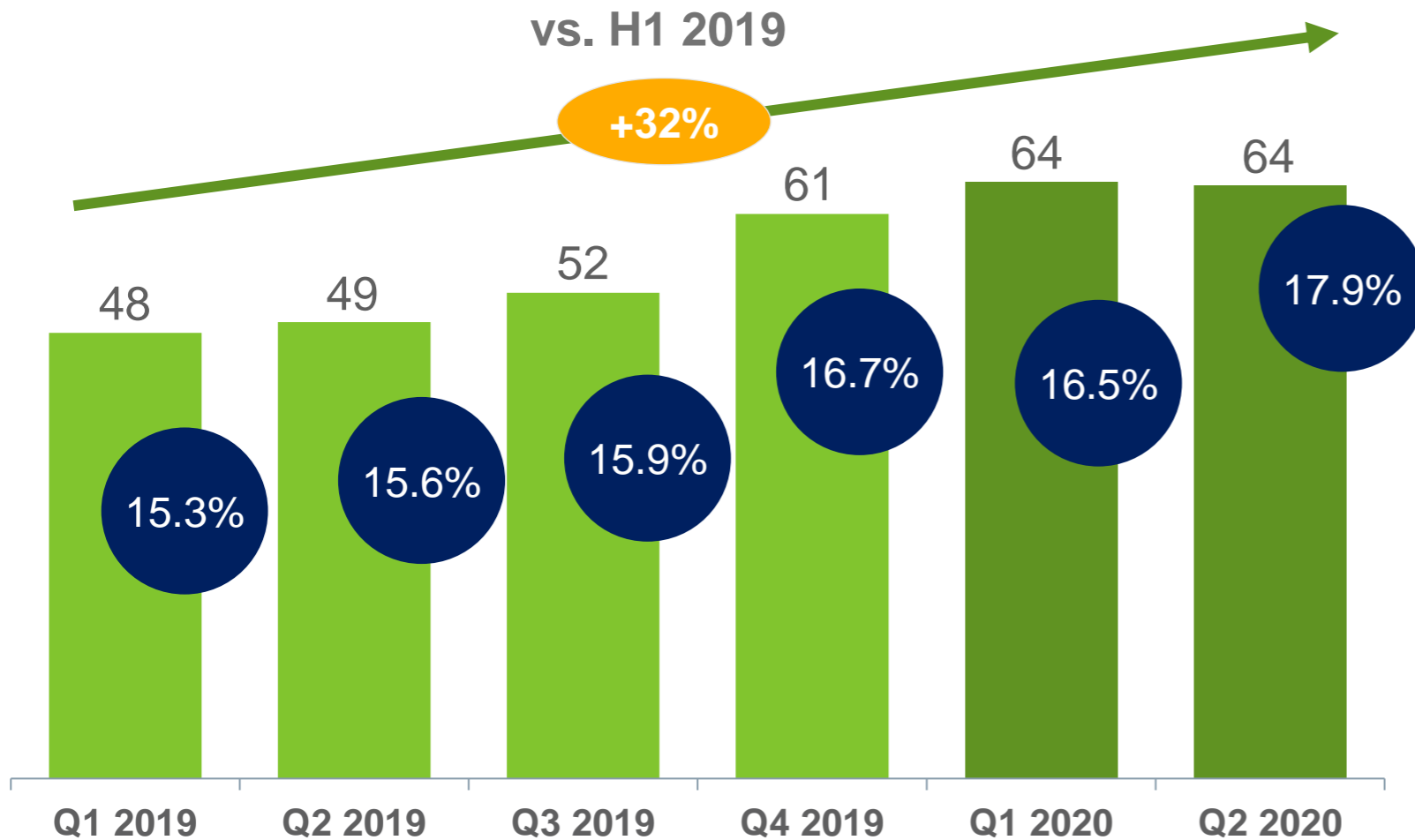


- Sustainable increase in margin in food segment driven by active management of **product sales mix**
- Surge in demand for **accessories** in Q2 and the continued trend towards **own brand** sales driving gross margin improvement
- Solid yield management focusing on **loss leaders (avoidance)** supports positive development of gross margin

1) Gross margin = sales – cost of goods (as a % of sales)

# OWN BRANDS PORTFOLIO CONTINUES TO OUTPERFORM TOTAL FOOD AND LITTER SALES

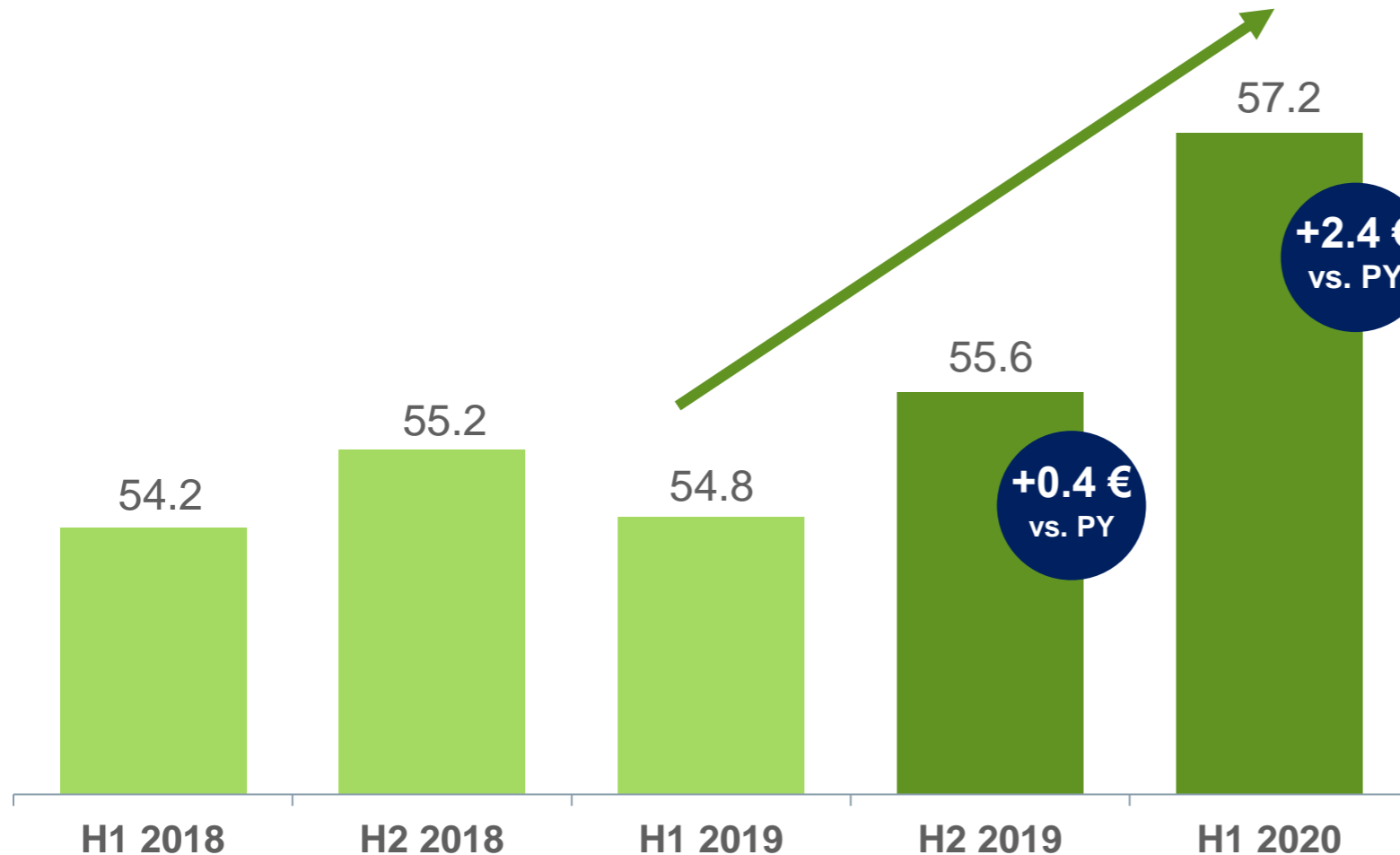
OWN BRAND SALES & SALES SHARE FOOD & LITTER (in EUR m)



- High-margin business in the mid to premium segment contributing to gross margin expansion
- Growth index own brands / food 2.2 in Q2 2020 (H1 2020: 1.7)

# STRONG INCREASE OF BASKET VALUE – DRIVER FOR LOGISTICS EFFICIENCY

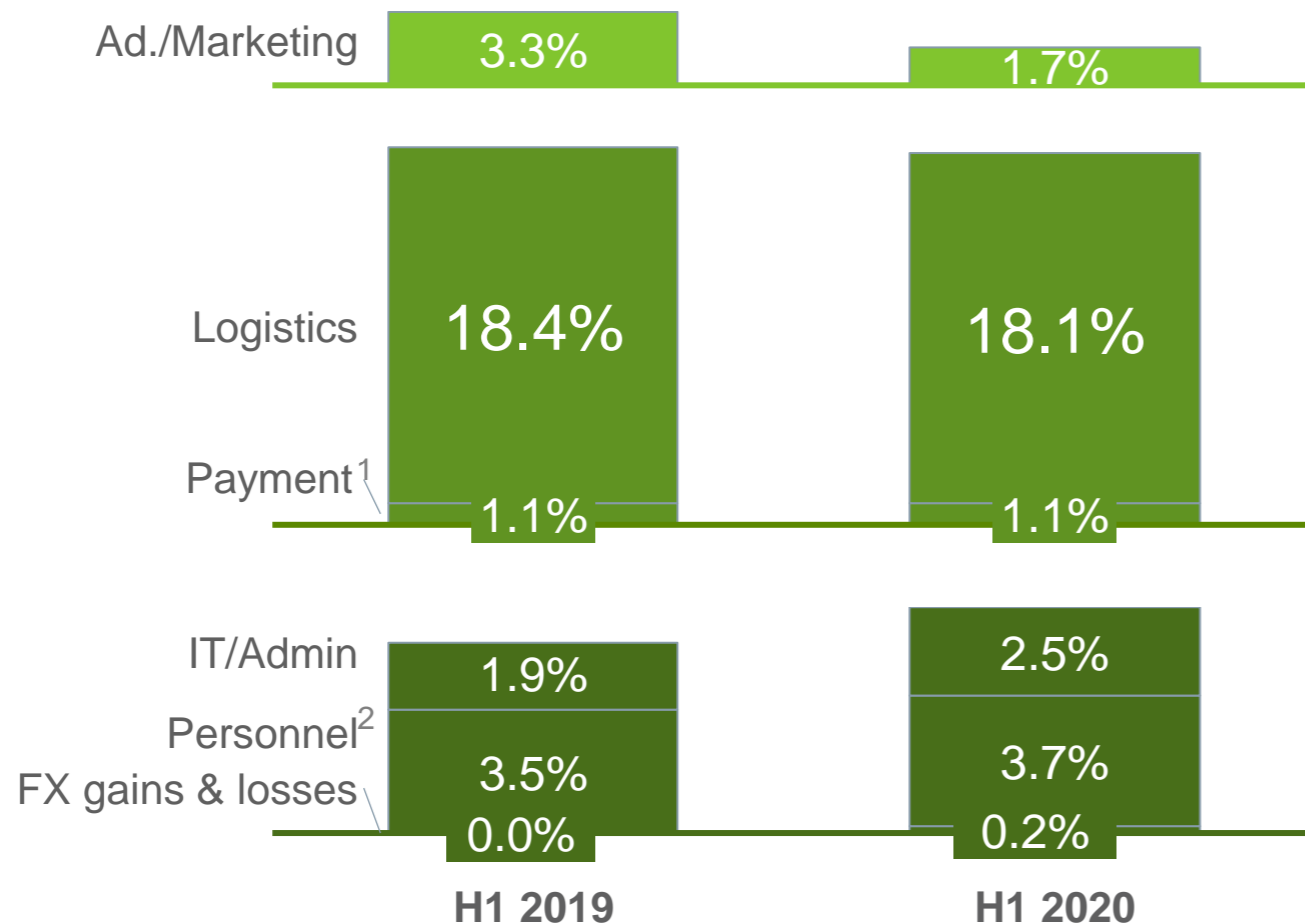
AVERAGE BASKET VALUE (NON-BMF; in EUR)



- **Successful upselling** measures and incentives drive basket value in H1 2020. Accessories sales make a helpful contribution
- **Bigger baskets** correlate positively with repurchase likelihood
- Increased basket value with positive impact on **logistics cost efficiency** – Price increases in delivery and additional logistics cost related to protective COVID-19 measures fully compensated

# COST EFFICIENT OPERATION CREATING MOAT FOR ONLINE AND OFFLINE COMPETITORS

## COST STRUCTURE (in % of SALES)

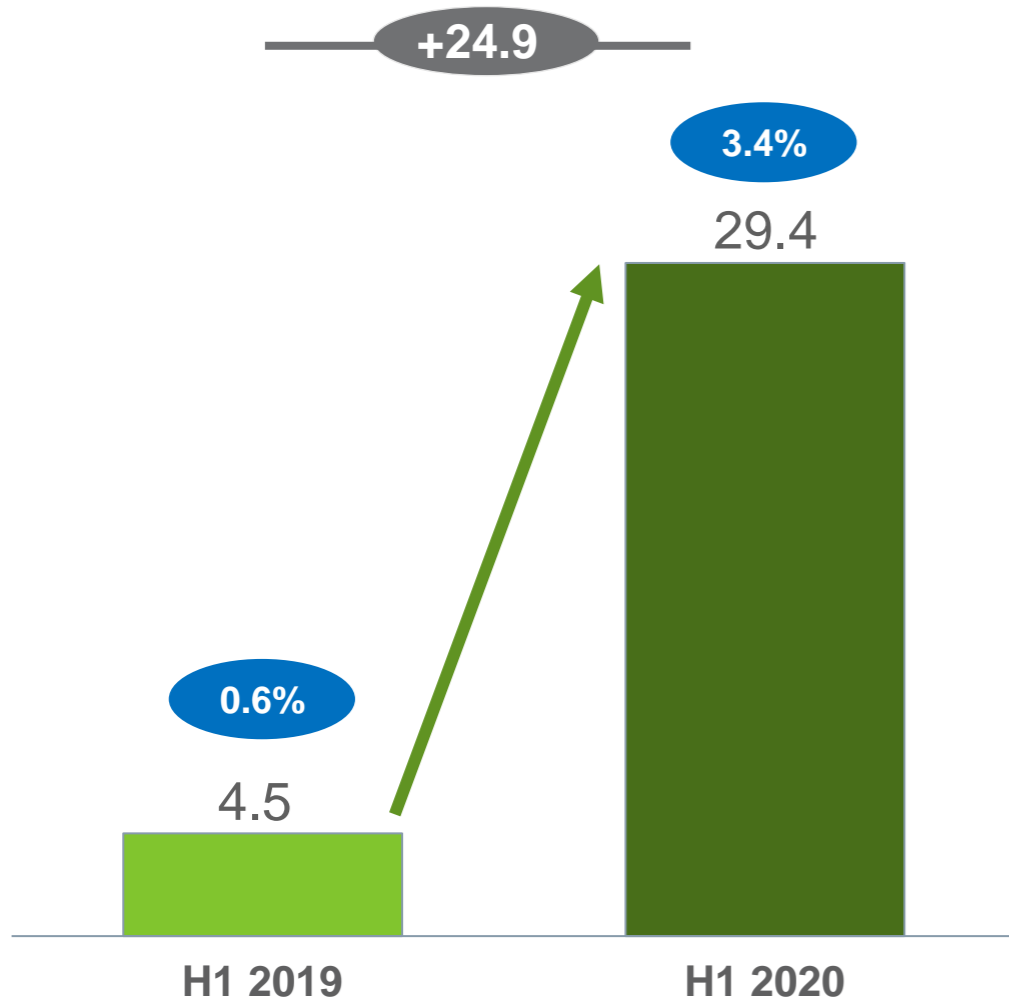


- Reduced marketing spend vs. PY – back in efficient territory while increasing new business intake
- Larger baskets prompting for higher value per parcel, offsetting additional cost for higher FC capacity
- Increase in IT/ Admin cost base reflecting higher non-operating expenses for strategic projects

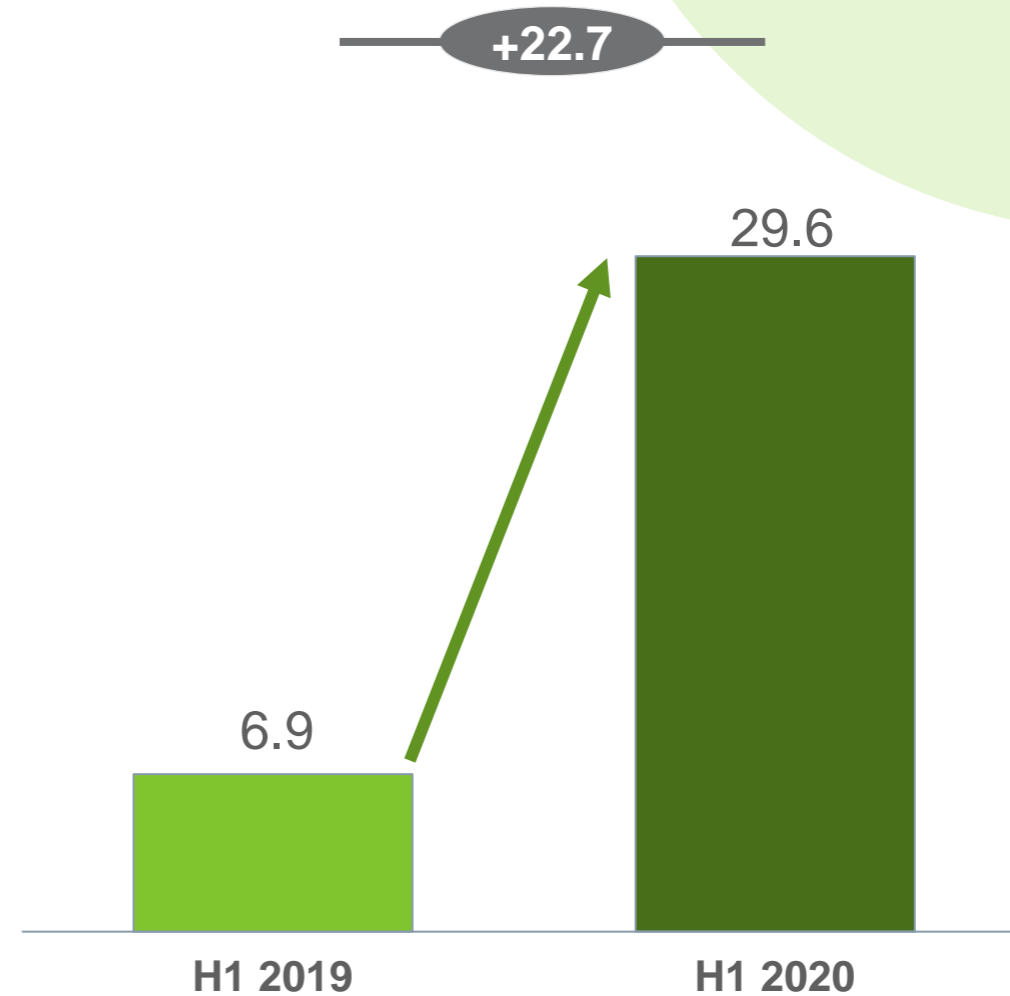
1) Impairment expenses on financial assets reclassified to payment  
 2) Including LTI & SOP; own work capitalized reclassified to personnel

# EBITDA DRIVEN BY PRODUCT MIX & COST EFFICIENCY, SOLID FREE CASHFLOW IN H1 2020

EBITDA (in EUR m)



CASH FLOW H1 2020 (in EUR m)



% values: EBITDA margin (of sales)



# STRONG FREE CASHFLOW GENERATION UNDERLINES OWN FINANCING CAPABILITIES OF ZOOPLUS

CLEAR PRIORITIES FOR CASH: FUEL FUTURE GROWTH

1

REINVEST INTO CUSTOMER GROWTH & CUSTOMER LOYALTY

2

REINVEST INTO STOCK AND PRODUCT AVAILABILITY

3

REINVEST INTO ENHANCING CUSTOMER EXPERIENCE

# **GUIDANCE 2020**

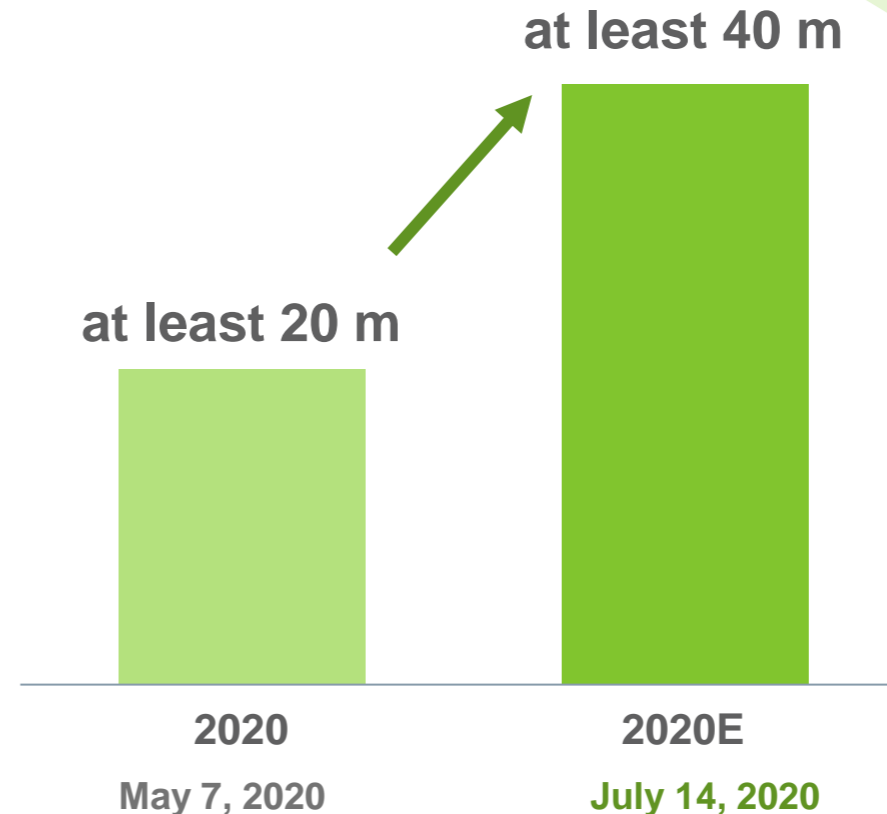
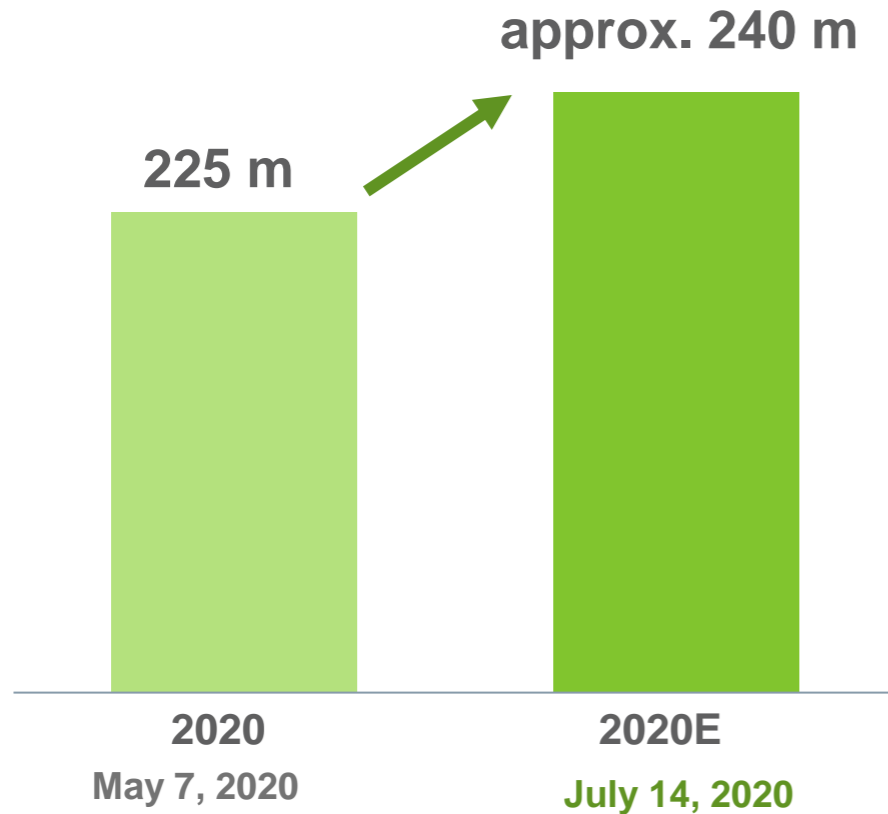
**(Updated on July 14, 2020)**



# UPDATED FINANCIAL YEAR 2020 OUTLOOK – ZOOPLUS INCREASES TARGETS DUE TO RESILIENT DEMAND

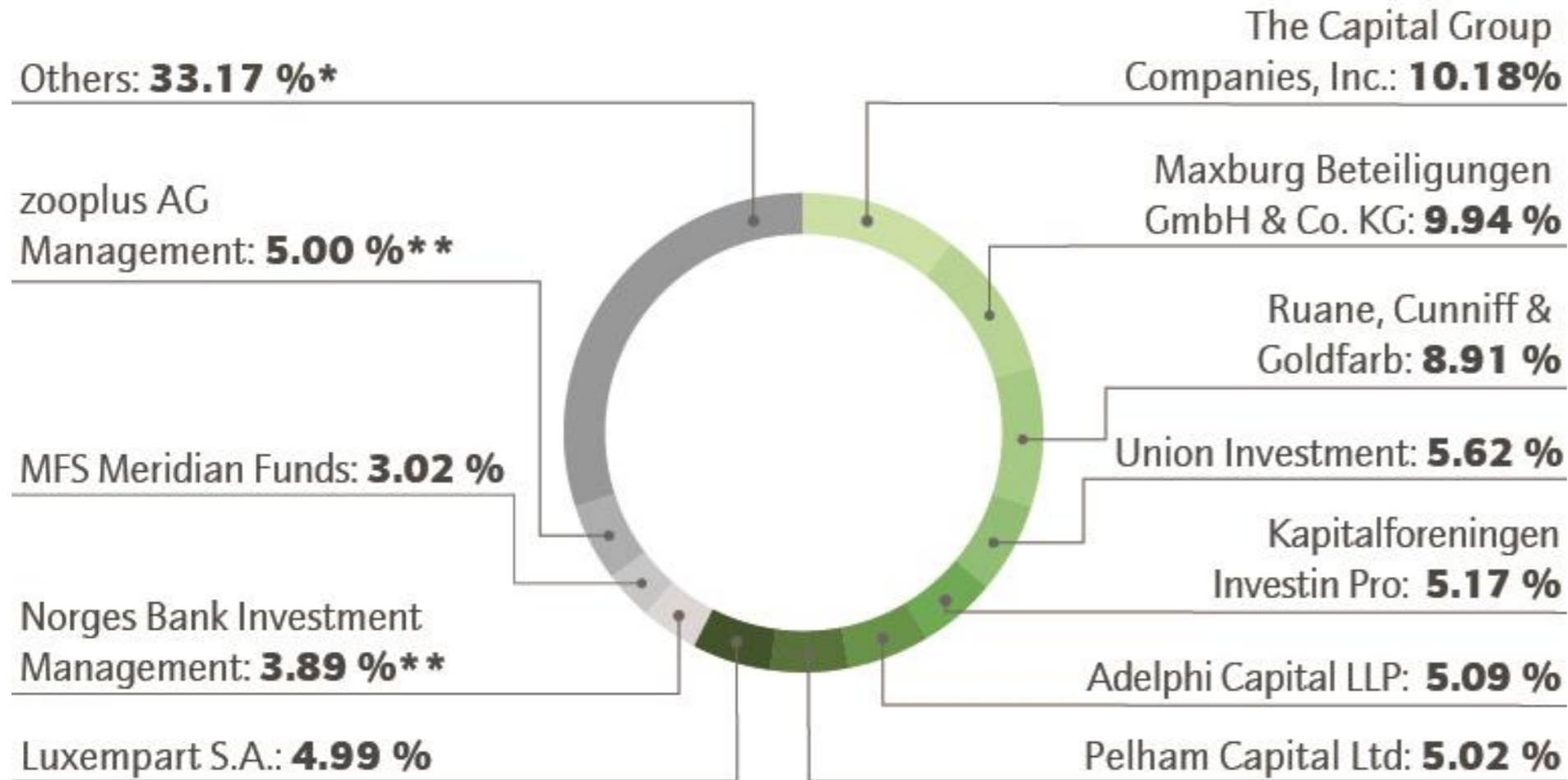
SALES GROWTH (in EUR m)

EBITDA (in EUR m)



**UPDATED THE FINANCIAL YEAR 2020 OUTLOOK ON JULY 14, 2020**

# SHAREHOLDER STRUCTURE



As of July 29, 2020; Calculation based on a total number of voting rights of 7,149,178; Share ownership according to published voting rights notifications; Free float of 90.06% according to the definition of Deutsche Börse: \*\* including equity instruments

# ZOOPLUS AG: THE DEDICATED PET SPECIALIST

## REASONS TO INVEST IN ZOOPLUS AG



- (1) **Leading player** in the **resilient pet supplies category** and a **booming pet market**
- (2) **Dominating the European online space** – only retailer present in **30 countries**
- (3) **Pet care is expected to prove resistant** to the recession created by **COVID-19<sup>1</sup>**
- (4) Fast growing **additional ,best value for money‘ own brands business** next to classical brand retail
- (5) **Revenue Retention Rate of 95%** with an extremely loyal customer base
- (6) **Strong free cashflow** generation and **self-financing capabilities**
- (7) Underlying business is **structurally profitable**

# IR CONTACT & FINANCIAL CALENDAR



Next publications	Date
9-Monthly Report 2020	November 17, 2020



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