



zooplus AG Annual Report 2020
Investor & Analyst Earnings Call Presentation

March 25, 2021

Dr. Cornelius Patt, CEO



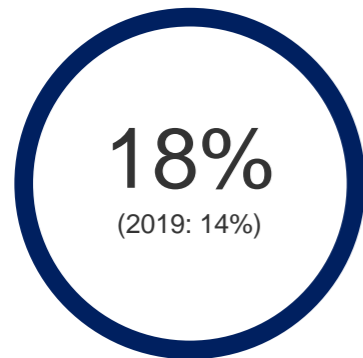
AGENDA

- 1** OPERATIONAL HIGHLIGHTS
- 2** FINANCIALS
- 3** STRATEGIC UPDATE
- 4** GUIDANCE 2021 AND STRATEGIC OUTLOOK
- 5** Q&A

2020 AT A GLANCE: WE STRENGTHENED OUR POSITION AS EUROPE'S LEADING ONLINE PET PLATFORM



SALES GROWTH



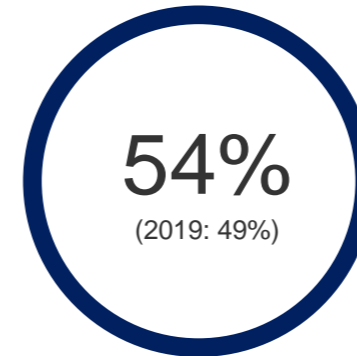
We generated **strong double-digit sales growth** with **strong momentum** in Q4 (+20%), taking **quarterly sales to >EUR 500m**

REVENUE RETENTION¹



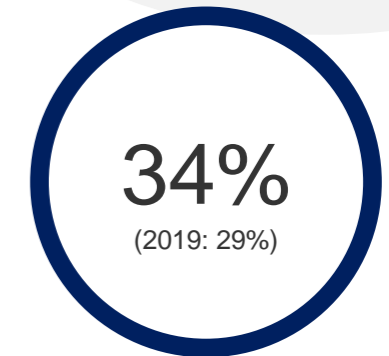
We have established **unrivalled loyal customer relationships, at a record high**, reducing revenue **churn to practically zero**

SUBSCRIBE & SAVE SHARE²



We have **successfully expanded** our flagship **Subscribe & Save program**, increasing loyalty and sales per account

OWN BRANDS SALES GROWTH



We see a **continued popularity** of our **premium Own Brands business**, supporting our long-term growth profile

1) Revenue retention (net, fx adjusted)

2) of zooplus active repeat sales

OPERATIONAL HIGHLIGHTS

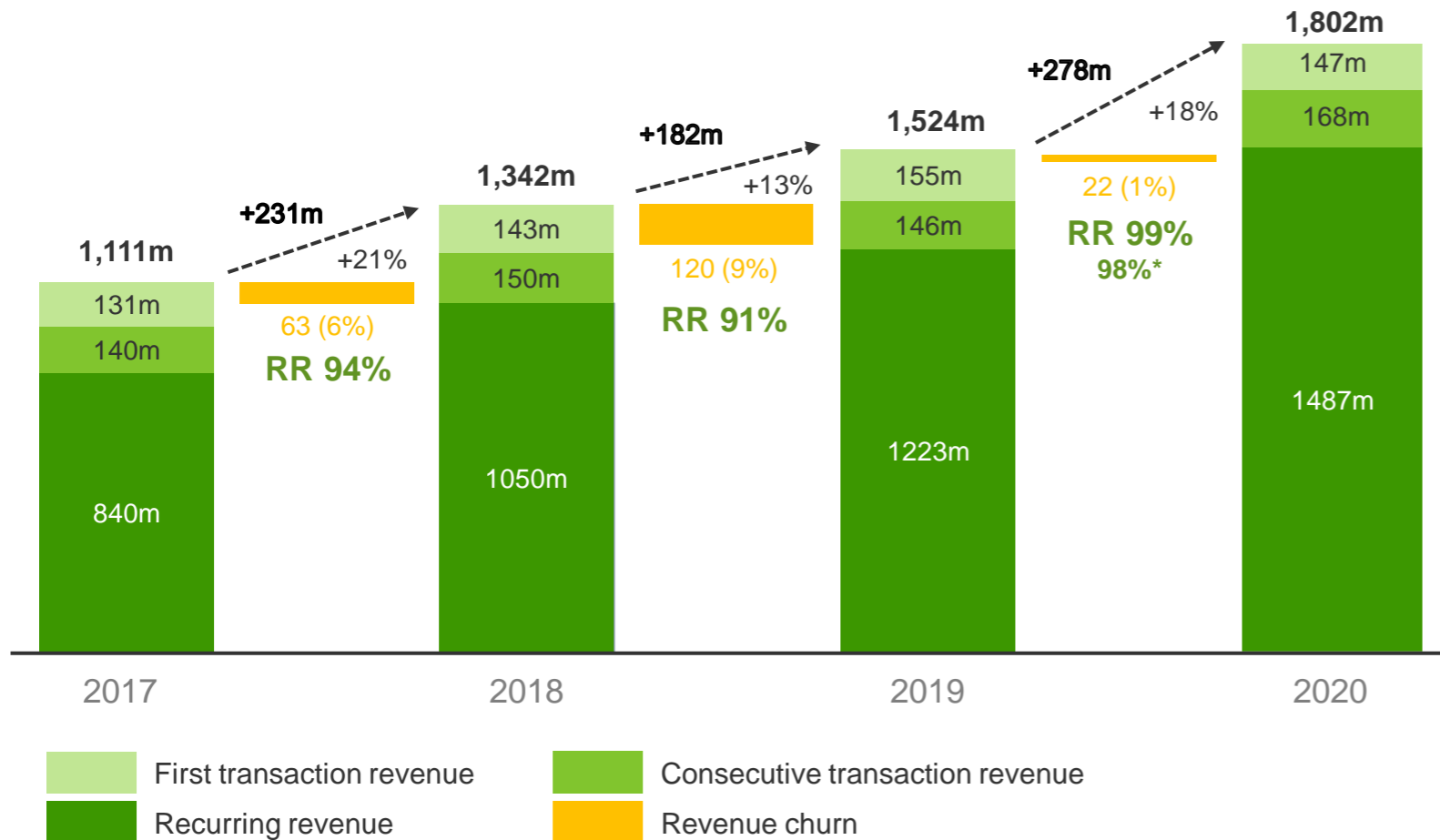
FY 2020 Investor & Analyst Call



OUR GROWTH MODEL IS BUILT ON RECURRING REVENUE



Revenues (in EUR)



- Strong levels of account loyalty and reliable yearly revenues producing very **high level of revenue retention**
- Highest absolute growth** in company's history in 2020 of EUR 278m (2019: EUR 182m)
- Significantly **reduced churn** to 1% of PY sales
- 2020 with **highest new customer sales** volume of EUR 315m (2019: EUR 301m)
- Largest share of consecutive transaction revenue **confirming superior quality of newly added cohort in 2020**

RR = Revenue retention (net, non-fx adjusted) based on order date
 Total new revenue: 2017: EUR 271m, 2018: EUR 293m; 2019: EUR 301m; 2020: EUR 315m
 * Revenue retention 2020 based on IFRS (shipping date) after accruals and deferrals

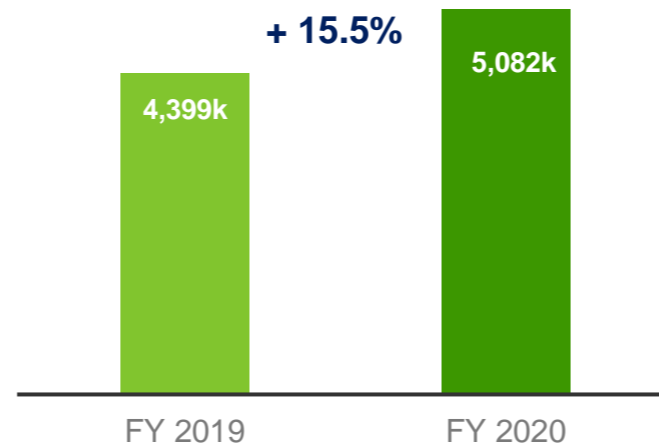
WE SAW UNRIVALLED CUSTOMER LOYALTY

INDUSTRY-LEADING REVENUE RETENTION



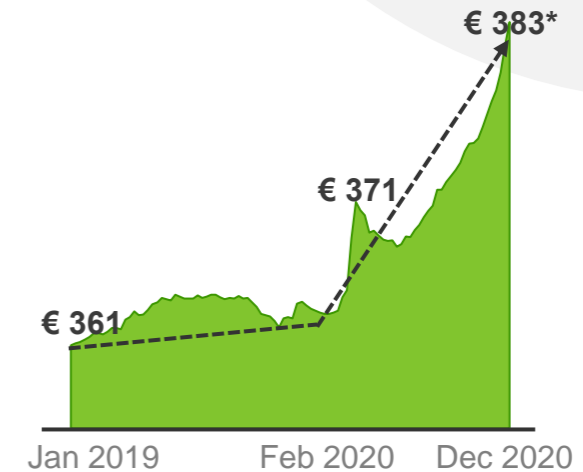
- Strategic focus on loyalty yielding positive results and serving as sustainable base for future growth
- Certain markets and older cohorts already performing above 100%

ACTIVE REPEAT CUSTOMER BASE



- Improved quality of newer cohorts with better retention and higher sales per customer
- Active customer base at 8.3 million (+9% vs. PY)

SALES PER ACTIVE REPEAT CUSTOMER



- Shifting customers towards higher baskets through cross- and up-selling
- Loyalty measures supporting increase in sales per account

Active repeat customer = customers with at least two orders in the last 12 months; 12 months rolling

* Gross sales

SUBSCRIBE & SAVE SHOWS VERY STRONG METRICS FOR CUSTOMER LOYALTY



SHARE OF SALES¹

54%

From our **Subscribe & Save** flagship loyalty tool

SALES GROWTH²

32%

In comparison to our total sales growth of 18%

SALES PER ACTIVE REPEAT ACCOUNT³

€ 536

86% higher sales vs. active repeat accounts without **Subscribe & Save**

ACTIVE SUBSCRIBE & SAVE ACCOUNTS

2.0m

As of **end of FY 2020** (+32 % vs PY)

LONG TERM ACTIVITY RATE

62%

Share of active **Subscribe & Save** customers in 6th year after acquisition vs. 38% on average

1) Of zooplus active repeat customer sales (customers with at least two orders in 2020)

2) Sales of **Subscribe & Save** gross sales of active repeat customer sales

3) Gross sales

WE SEE STRONG GROWTH DYNAMICS IN OUR HIGH-MARGIN BUSINESSES



OWN BRANDS

- 34% growth in 2020; 16% of total sales
- Proves our capabilities in digital brand building
- Vertical integration for strong margins



PET CARE & ACCESSORIES

- Growth in line with overall business development
- Additional avenue for customer acquisition
- High-margin additional sales per account when sold to repeat customers



LOCAL CHAMPION BRANDS

- Localized shopping experience as a driver for customer satisfaction
- Opportunity to internationalize and upscale growth



SUPER PREMIUM BRANDS

- Assortment completeness drives customer satisfaction
- Largest retail channel in Europe (online + offline) for industry brands with premium and super premium focus

OUR SCALABLE LOGISTICS PLATFORM PROVED TO BE CRISIS RESISTANT

Our proprietary logistics platform is the backbone of our highly efficient operations. During the COVID-19 pandemic, the setup proved its resilience:

- Robust and resilient **supply chain** and **product availability** above 95% across all markets, ensuring **scalable and flexible output**
- **Limited capex** due to strategic partnering and outsourcing model
- **Competitive edge** coming from **proprietary technology** for managing our network of 11 fulfillment centers, more than 15 distribution partners, and around 100 direct links between fulfillment centers and delivery service providers
- **Algorithm-driven approach** to balancing efficiency and customer satisfaction: return shipment level at ~1% only



FINANCIALS

FY 2020 Investor & Analyst Call



2020 FINANCIALS AT A GLANCE



SALES



2019: EUR 1,524m

GROSS MARGIN



2019: 29.0%

EBITDA



2019: EUR 11.8m

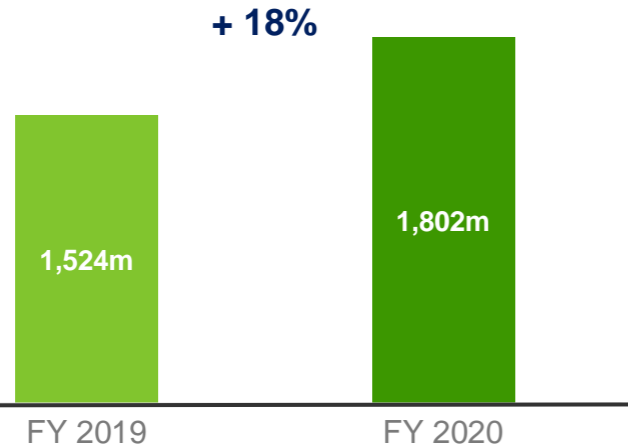
FREE CASH FLOW



2019: EUR 24.9m

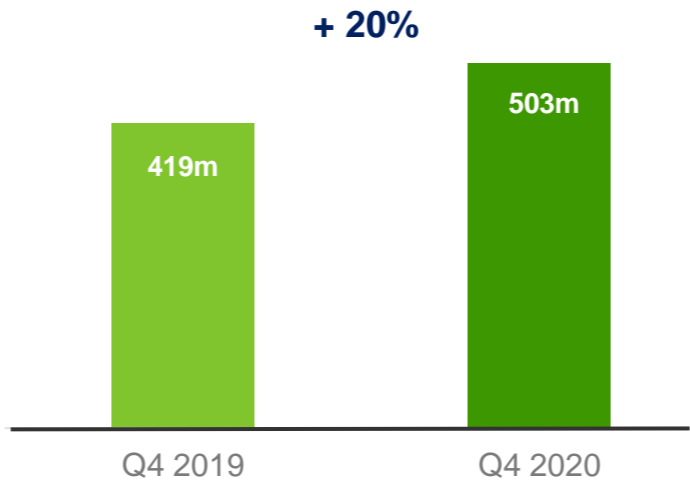
DOUBLE-DIGIT TOP-LINE GROWTH ACROSS ALL MARKETS

SALES FY 2020 (IN EUR)



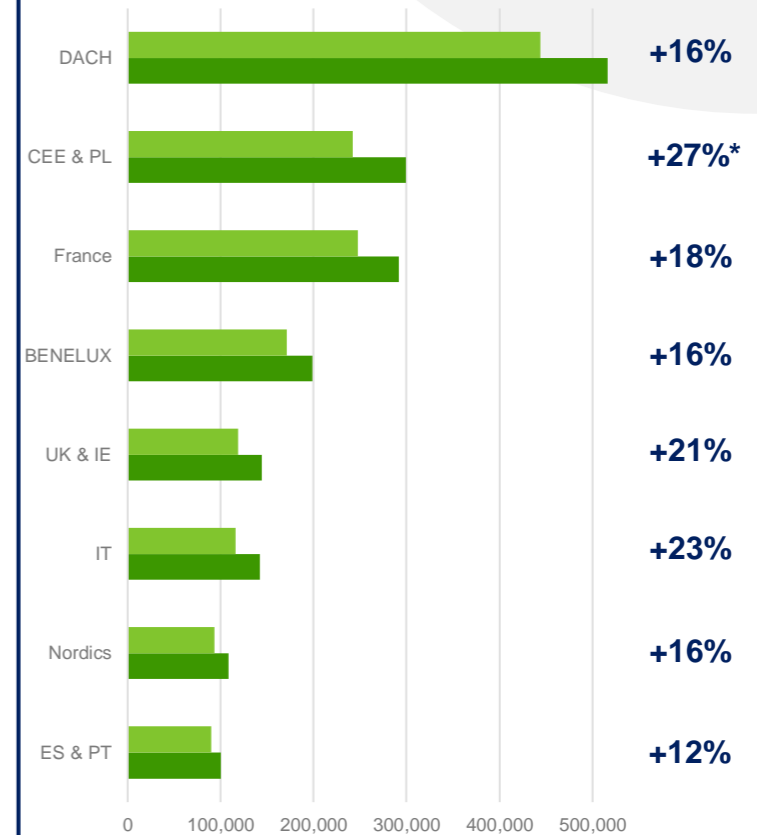
- 54% of zooplus active repeat sales generated by Subscribe & Save customers
- 16% sales share of Own Brands business

SALES Q4 2020 (IN EUR)



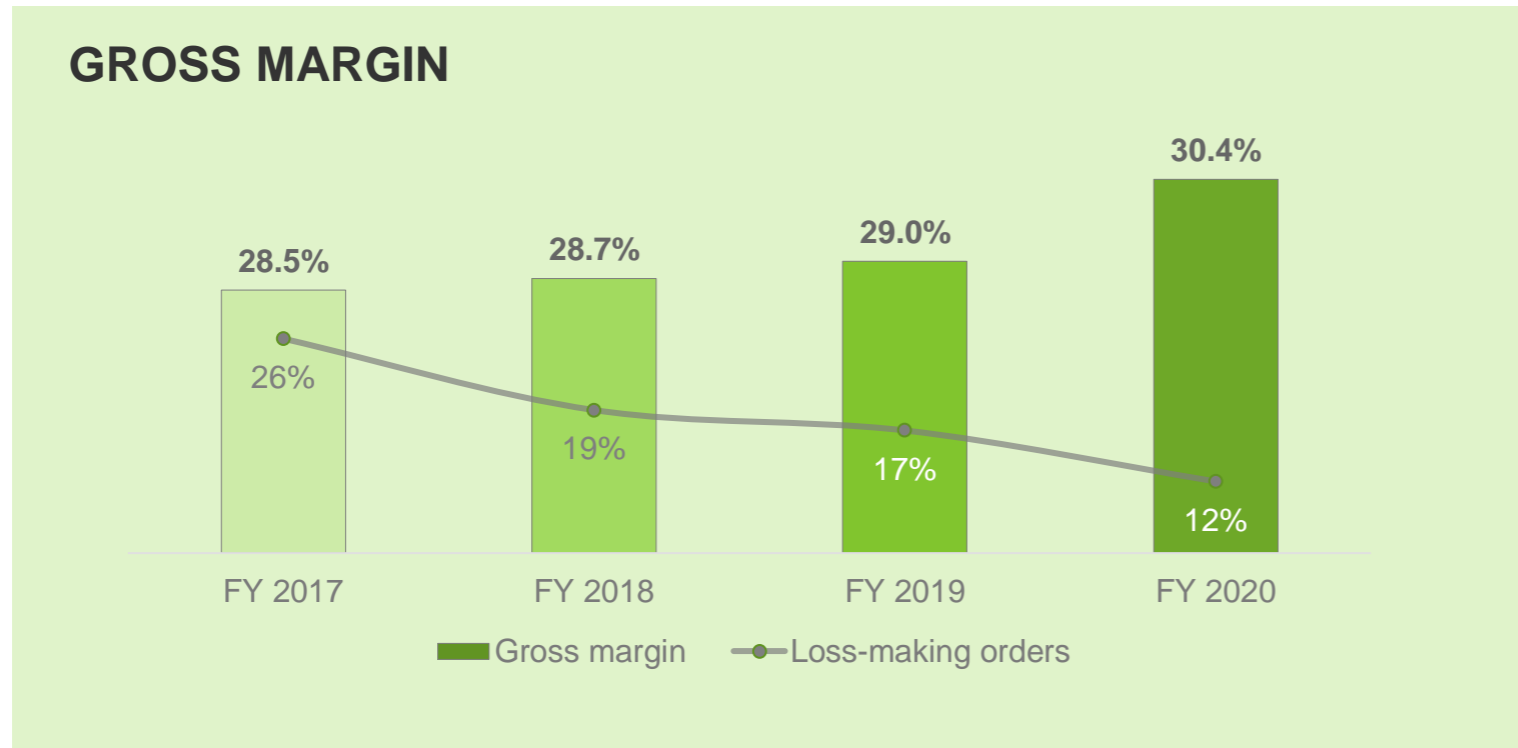
- Q4 sales result in a run-rate of > EUR 2bn
- Q4 growth rate of 20% is a significant step up from the 16% growth rate in Q3

DOUBLE-DIGIT GROWTH IN ALL MARKETS (YOY)



* Sales growth of markets based on local currencies

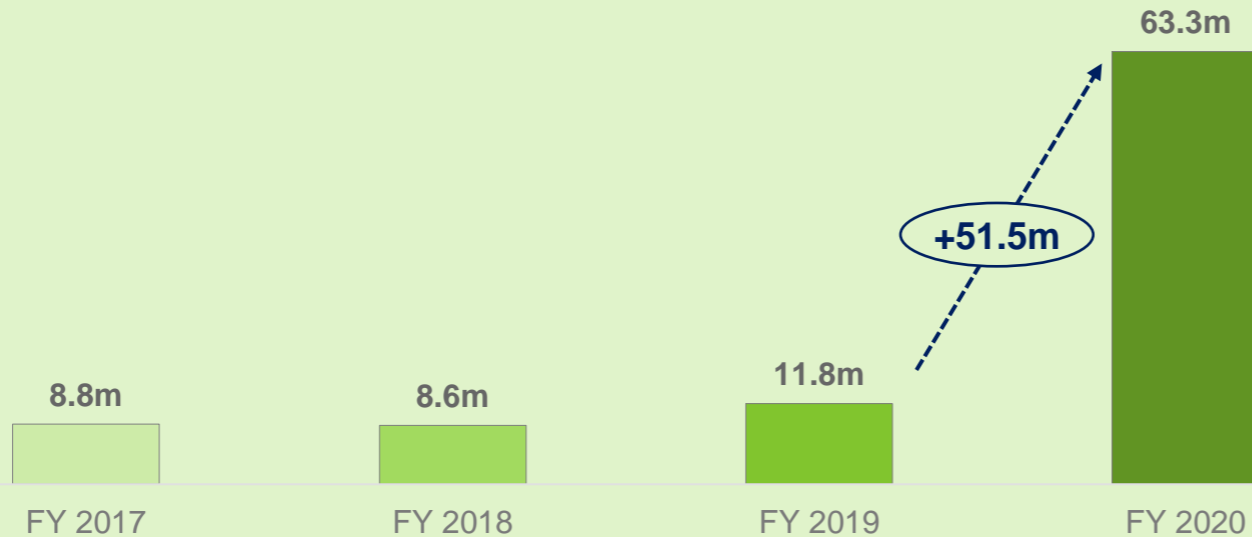
STABILIZATION OF OUR GROSS MARGIN INFLUENCED BY COVID-19 ENVIRONMENT



- Consistently **keeping the gross margin between 28.5% and 30.4%** since 2017
- **Increase** in 2020 gross margin resulting from **reduced promotional activities** and a **decreased share of loss-making orders**
- **Loyalty benefits** included in gross margin
- Long-term-picture: **high margin sales will drive overall margin**

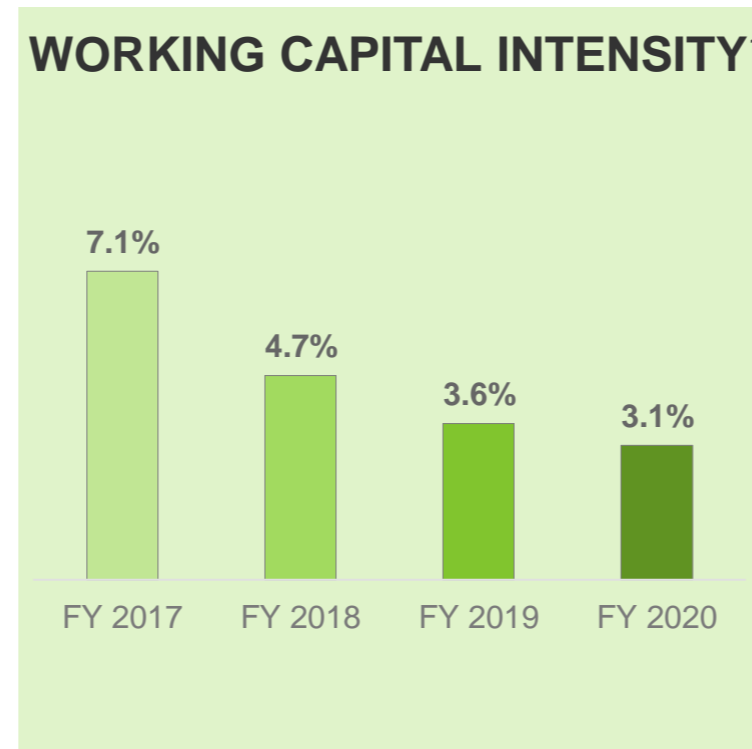
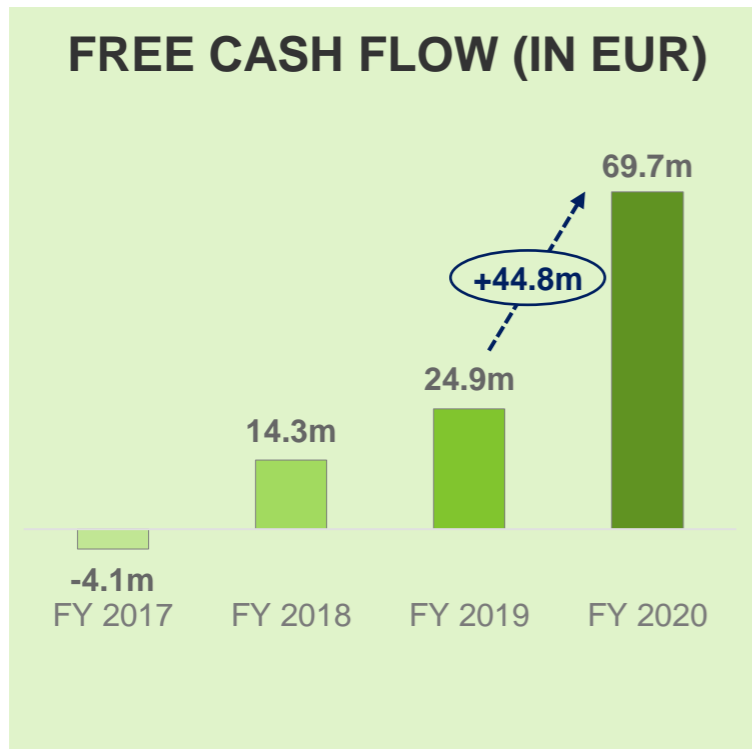
EBITDA PERFORMANCE DRIVEN BY MARGIN INCREASE AND REDUCED TRAFFIC ACQUISITION SPEND

EBITDA (IN EUR)



- EBITDA margin of 3.5% (compared to 0.8% in 2019)
- EBITDA increased due to better gross margin and more **targeted approach to investments into traffic acquisition**
 - 1.4%p gross margin increase
 - 1.8%p reduced traffic acquisition costs

STRONG CASH FLOW DEVELOPMENT WHILE INVESTING IN PRODUCT AVAILABILITY



- FCF reached a **record high in 2020 of EUR 69.7m** mainly driven by a high operating profitability
- **FCF level stands at 110%** of EBITDA at year end
- **Working Capital intensity continued to decrease in 2020** supporting strong FCF generation

1) As percentage of sales

WE DELIVERED ON WHAT WE PROMISED



Record level of growth of EUR 278m in zooplus history to EUR 1,802m |
driven by loyal customer relationships and healthy new customer business



24% gross profit increase |
from EUR 442m in 2019 to EUR 547m in 2020, driven by gross margin and sales growth



EBITDA increased to a total of EUR 63.3m |
at the upper end of the increased guidance in the range of EUR 50m to EUR 65m



Free Cash Flow reached a record high of EUR 69.7m in 2020 |
highlighting the strong financing performance of zooplus



STRATEGIC UPDATE

FY 2020 Investor & Analyst Call



OUR STRATEGY MAXIMIZES THE VALUE CREATED BY ZOOPLUS



①

Expanding Addressable Market

- Pan-European footprint in a highly attractive specialist category
- Ecommerce only focus and clear online market leadership in all EU countries

②

Consistently Strong Growth

- Customer Centricity for account quality, loyalty and spend per account
- Recurring demand turned into recurring revenues

③

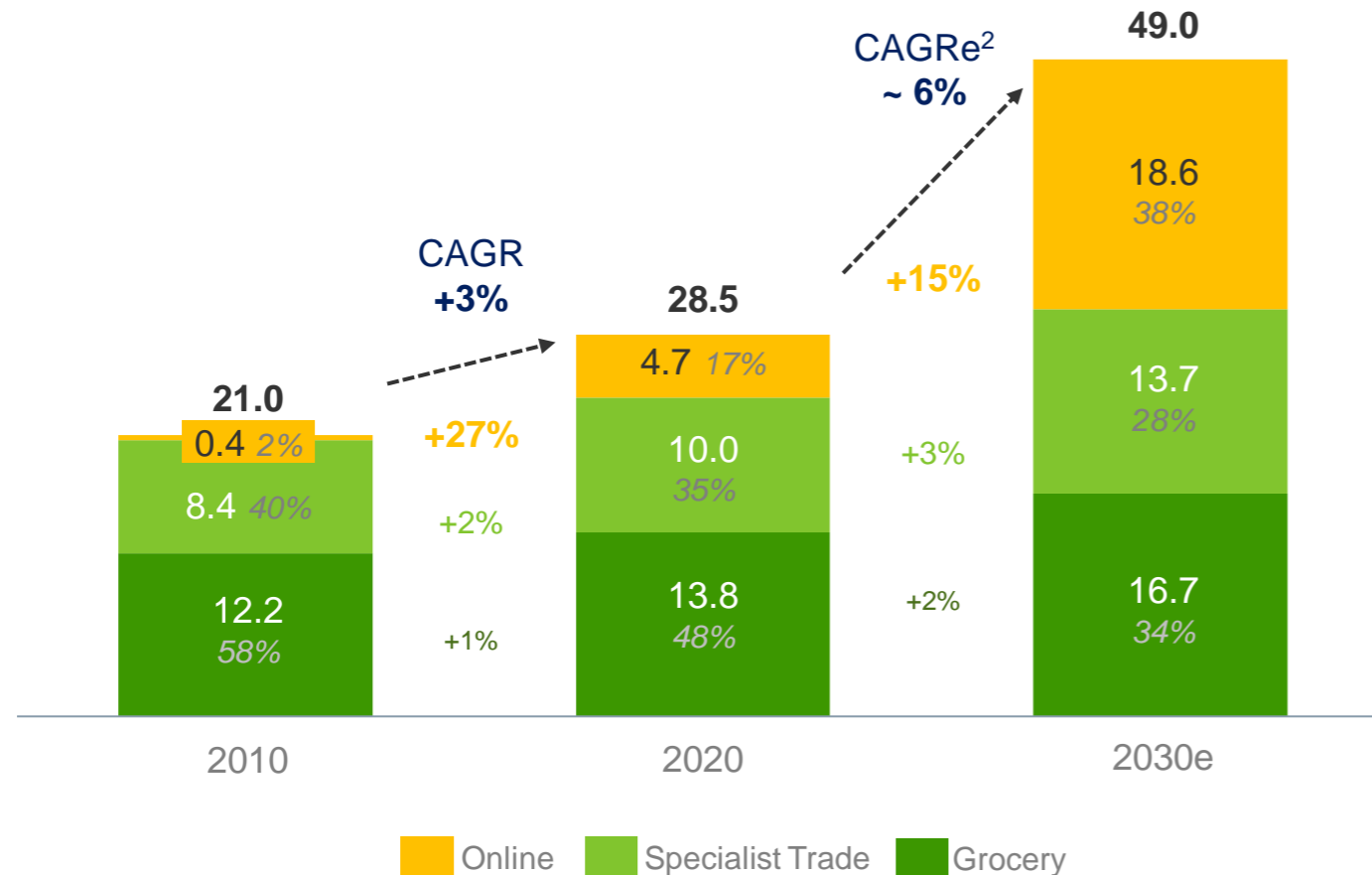
Structural Profitability

- Operating leverage and scale effects driving cost efficiency
- High margin sales for sustainable gross margin increase

EXPANDING CATEGORY AND STRONG ONLINE SHIFT CREATE SUBSTANTIAL FURTHER GROWTH OPPORTUNITIES



Absolute market growth (in EUR bn) and channel share¹



- European Pet Supplies Market is estimated to grow at a **CAGR of approximately 6%** 2020 - 2030
- Online is expected to become the leading retail channel in the European pet supplies category**
- By 2030, online share of category to go up to a level of 38% (2020:17%)
- zooplus expects to consistently capture further market share**, reaching a total of
 - 9% to 10% by 2025
 - 11% to 13% by 2030

1) Management assumption based on 2020 Euromonitor, FEDIAF and industry partners' estimates

2) Morgan Stanley expects CAGR to grow by 5%p to 8% in the US market

WE ARE LEVERAGING OUR PROVEN 'GO TO MARKET' STRATEGY



DEVELOPMENT OF PAN-EUROPEAN FOOTPRINT

Analysis of online market & competitive landscape

Define highly attractive value proposition for pet parents

Efficient acquisition, strong retention and cross & upselling

Scaling and efficiency gains

CAREFUL ADAPTION TO LOCAL PREFERENCES

Content & Platform

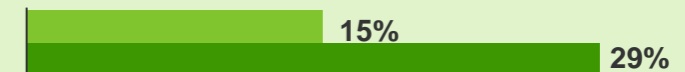
Brands, Assortment & Price

Payment & Delivery Options

Logistics & Customer Care

SUCCESSFUL STRATEGIES IN DIFFERENT MARKET DYNAMICS

Markets with very strong value proposition & high market share



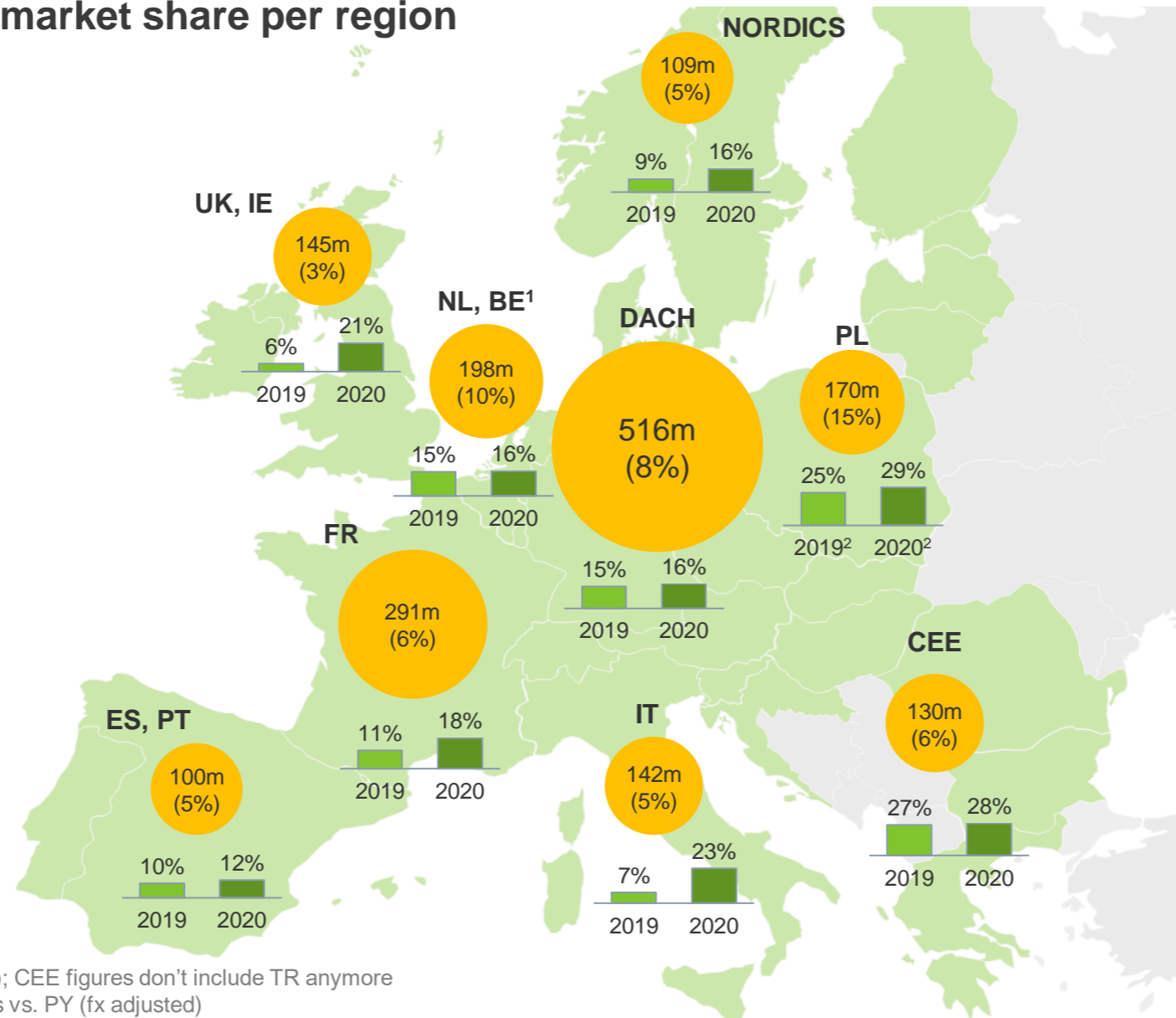
Markets with intense competition & low market share



Market penetration Revenue growth

THIS RESULTS IN PAN-EUROPEAN LEADERSHIP AND DOUBLE-DIGIT GROWTH IN ALL MARKETS

Sales (in EUR) and market share per region



- Polish market proves that a **high market share is not an indicator for online market saturation**
- High online penetration in a country market does not limit the ability to achieve strong growth rates**
- Robust growth of online market share in general will allow zooplus to reach a total **market share of 11% to 13% in 2030**



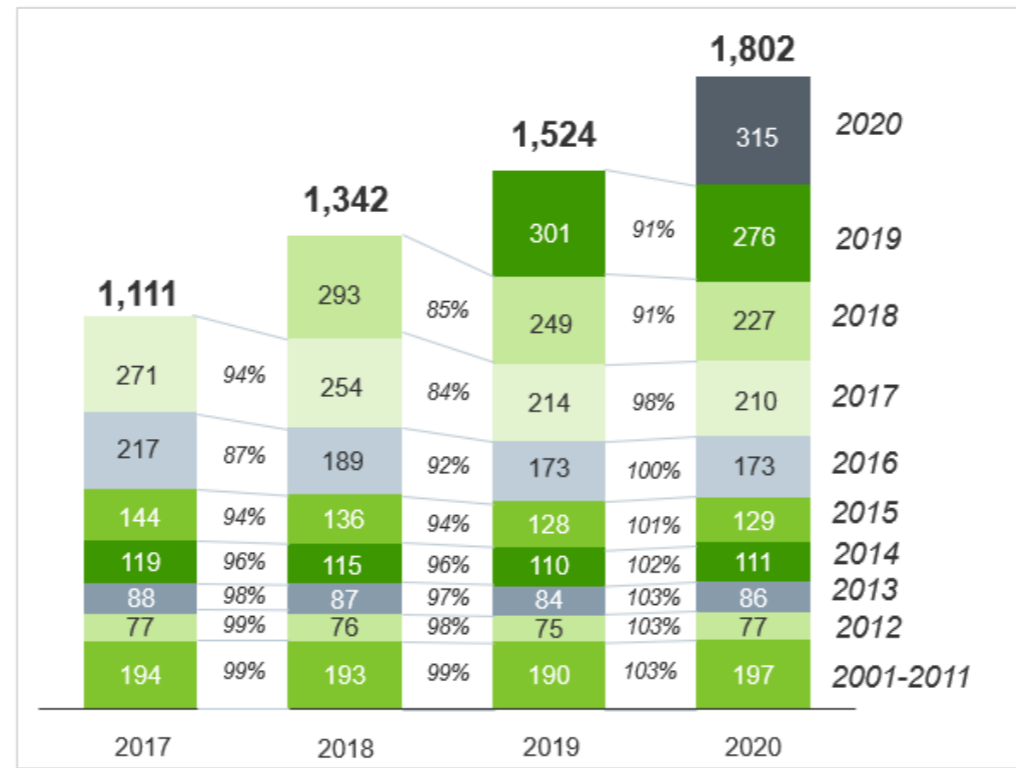
Growth rates vs. PY (non-fx adjusted); CEE figures don't include TR anymore
 1) incl. Luxembourg 2) Growth figures vs. PY (fx adjusted)

CUSTOMER CENTRIC GROWTH IS THE WINNING FORMULA



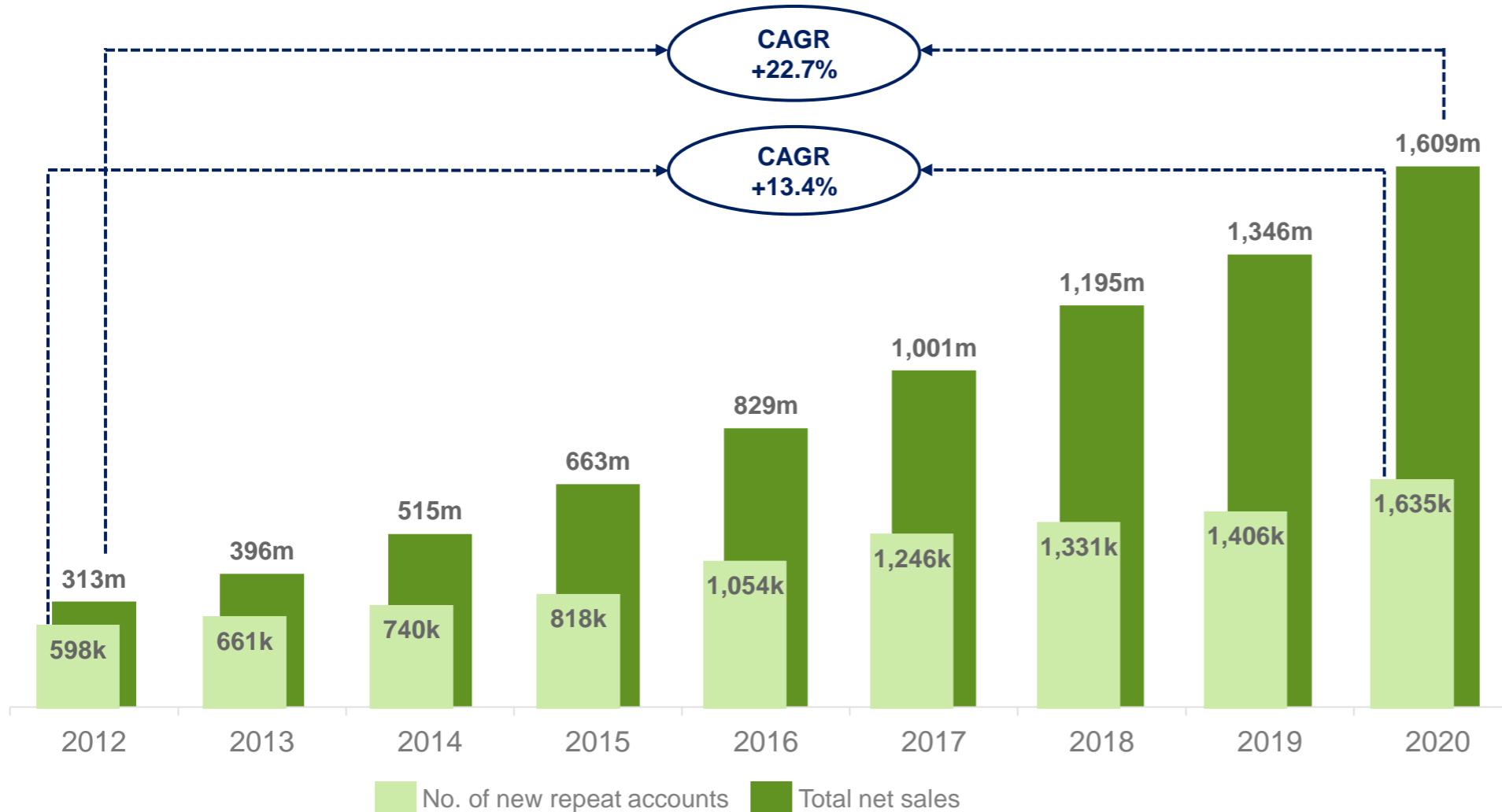
GROWING CUSTOMER BASE

QUALITY-FOCUSED ACQUISITION



TOTAL SALES GROWTH IS DRIVEN BY NUMBER OF ACCOUNTS AND DEVELOPING ACCOUNT QUALITY

Number of new customers with repeat purchase activity – only zooplus shop brand

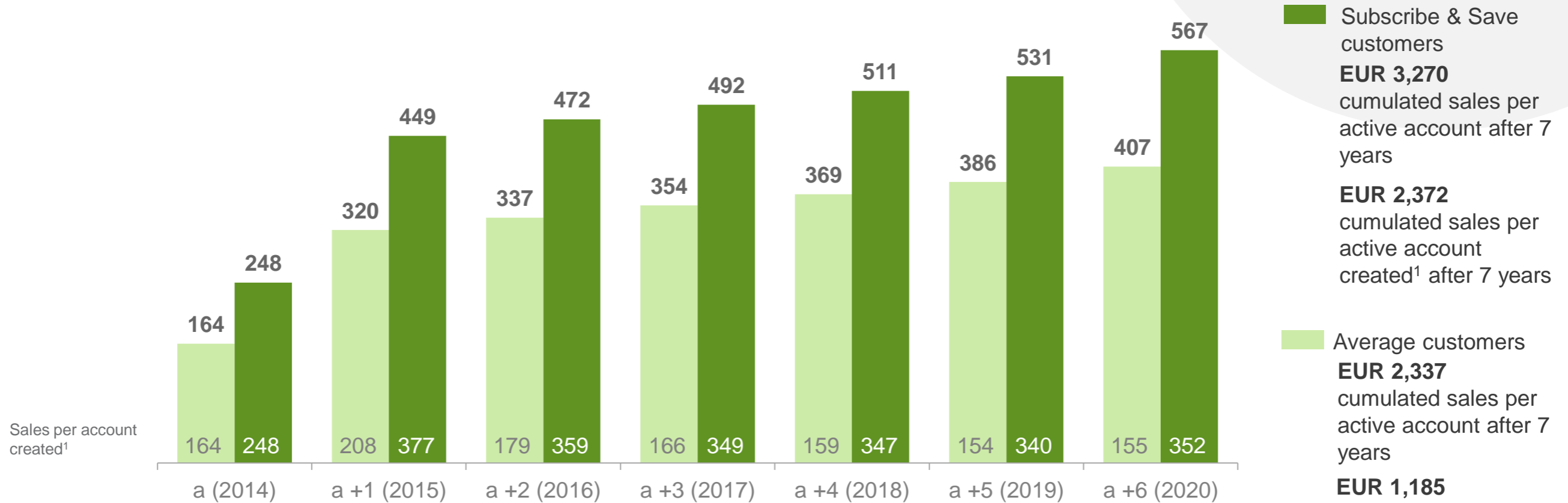


- **New** repeat account acquisition growing steadily, at a 2012 to 2020 CAGR of 13%
- **Total net sales** (zooplus shop brand) growing significantly faster, at a CAGR of 23%
- Account loyalty and spend per account are **hidden additional drivers**
- Share of repeat purchasing accounts (of all new accounts set up) also **increased**:
 - 2012: 40% (598k of 1503k)
 - 2020: 61% (1635k of 2659k)

SUBSCRIBE & SAVE SIGNIFICANTLY DRIVES CUSTOMER LIFETIME VALUE



Sales per customer for customers acquired in 2014 (in EUR)



	a (2014)	a +1 (2015)	a +2 (2016)	a +3 (2017)	a +4 (2018)	a +5 (2019)	a +6 (2020)
Share of remaining accounts Subscribe & Save	100% ¹	84%	76%	71%	68%	64%	62%
Share of remaining accounts avg customers	100% ¹	65%	53%	47%	43%	40%	38%

Subscribe & Save customers
EUR 3,270
 cumulated sales per active account after 7 years

Average customers
EUR 2,337
 cumulated sales per active account after 7 years

EUR 1,185
 cumulated sales per active account created¹ after 7 years

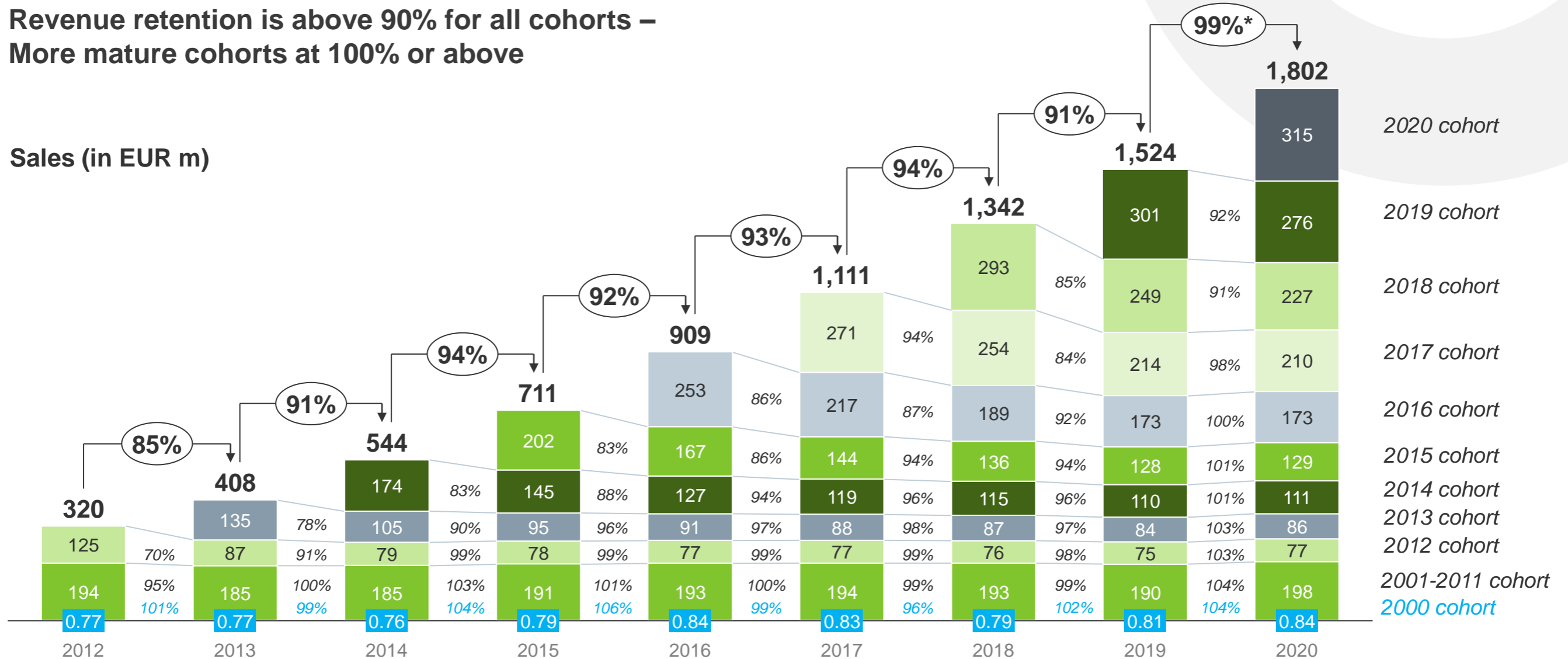
Gross sales
 1) Customers with at least one consecutive purchase after first transaction

RECURRING DEMAND BREEDS RECURRING REVENUES



Revenue retention is above 90% for all cohorts –
More mature cohorts at 100% or above

Sales (in EUR m)

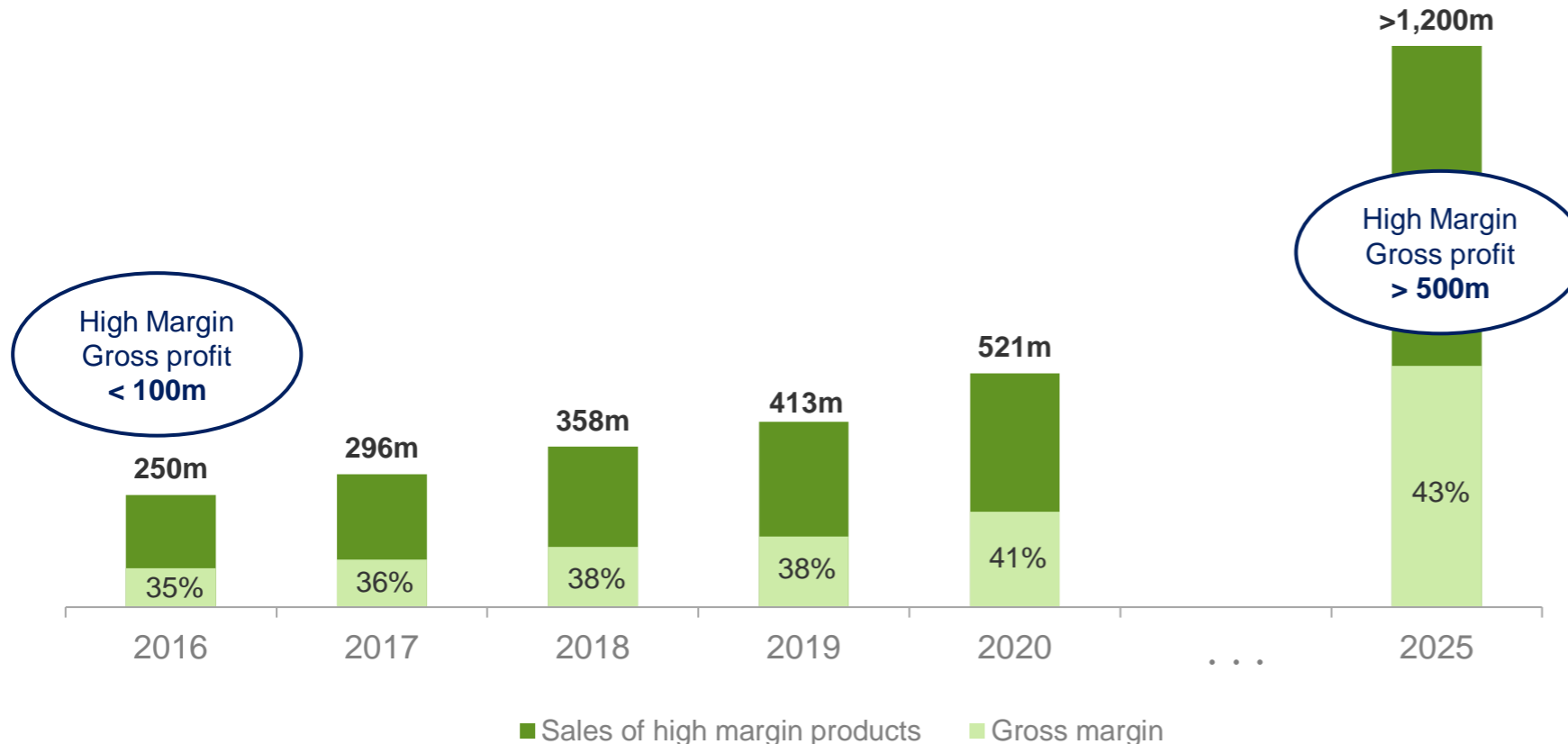


All sales and retention figures non-fx adjusted (BMF); sales 2000: EUR 2.2m
*98% Revenue retention 2020 based on IFRS (shipping date) after accruals and deferrals

ZOOPLUS WILL INCREASE SALES SHARE OF HIGH MARGIN PRODUCTS



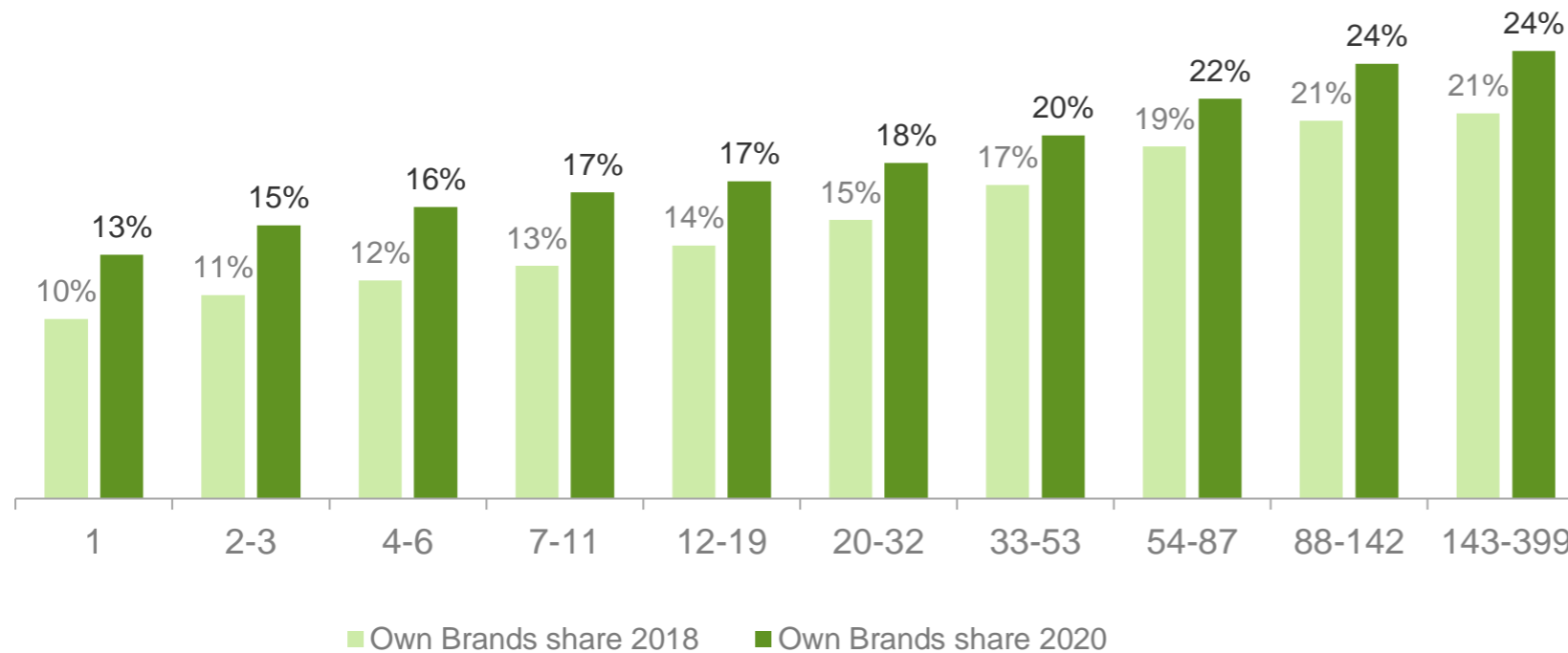
Sales of Own Brands and Pet Care & Accessories (in EUR)



- High margin categories (Own Brands and pet care & accessories) with **gross margin of ~41%**
- High margin sales will **more than double** until 2025, outperforming total zooplus growth rate
- This will be **driven by range completeness** and **improvements in upselling**
- Potential to further support margin through **vertical integration** along value chain in Own Brands

POPULARITY OF OWN BRANDS INCREASED SIGNIFICANTLY ACROSS ALL COHORTS

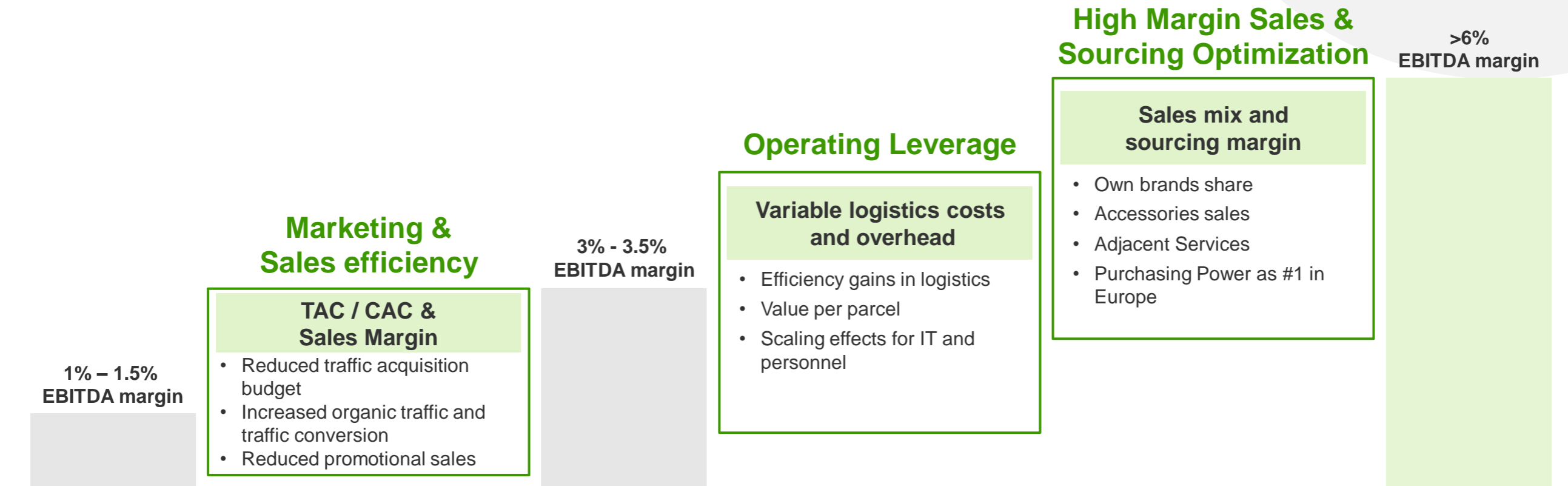
Sales share of Own Brands business along cohort stages (no. of transactions)¹



- Sales share of **highly profitable Own Brands business** increases continuously over different cohort stages (no. of transactions)
- **Attractiveness of Own Brands business** to new and early-stage customers increased strongly since 2018
- Own brands business for new and early-stage customers a **key driver for high customer retention and differentiation to competitors**

1) Own Brands sales share based on total food sales

OUR PATH TO >6% EBITDA MARGIN



GUIDANCE 2021 AND STRATEGIC OUTLOOK

FY 2020 Investor & Analyst Call



2021 GUIDANCE



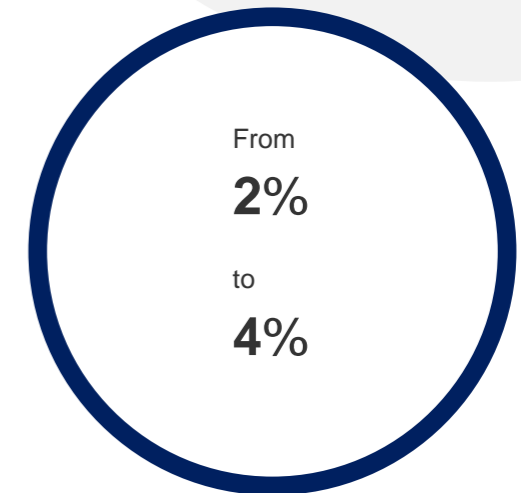
SALES



EBITDA



EBITDA MARGIN



**Management Board currently assumes FY 2021 sales in the mid- to upper range.*

WE AIM TO MAKE FULL USE OF OUR STRATEGIC OPPORTUNITY



	Strategic KPIs	
	2020	2025
TAM (in EUR)	28-29bn	35-37bn
Market share	6-7%	9-10%
Own brands (% of sales)	16%	23%
High margin sales (in EUR)	0.5bn	≥1.2bn

	Financial KPIs	
	2020	2025
Revenue (in EUR)	1.8bn	3.4-3.8bn
EBITDA EBITDA margin	EUR 63m 3.5%	≥ EUR 130m ≥ 4%

Q&A

FY 2020 Investor & Analyst Call



SAFE HARBOR STATEMENT



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 based on 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, www.zooplus.de. 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.

**THANK
YOU**

zooplus