

windeln.de posts 21% revenue growth in fiscal year 2016; Q4 improved

- **Final quarter revenues of EUR 57.1 million the highest since the company's foundation and improved profitability compared to the third quarter**
- **European operations outside Germany as growth drivers: Revenue contribution from International Shops more than doubled**
- **Latest outlook for 2016 fulfilled: revenues of EUR 194.8 million, gross profit margin of 26.6% and adjusted EBIT margin at -13.7%**
- **Adjusted EBIT expected to break even in the course of 2019**

Munich, March 15, 2017. windeln.de SE, the leading online retailer for baby and toddler products in Europe and for customers in China, achieved revenues of EUR 194.8 million in fiscal year 2016 with its continuing operations (i.e. excluding the discontinued Shopping Club segment). This corresponds to a 21% increase over the previous year (2015: EUR 161.0 million). At revenues of EUR 57.1 million (an increase of 25% over the third quarter), the fourth quarter of 2016 was the quarter with the highest sales since the company was founded. This positive sales development can be attributed to a strong Christmas business. At the same time, windeln.de succeeded in significantly expanding its active customer base throughout the year. As of December 31, 2016, the Group had approximately 1.07 million active customers, an increase of 24% over the previous year.

European operations outside of Germany with strong growth contribution

Around 71% of total revenues in 2016 were attributable to the segment German Shop, which also includes the China business. Revenues here reached the previous year's level at EUR 139.0 million. This was achieved despite regulatory changes in the second quarter for cross-border e-commerce business to China and the implementation of a new ERP system in 2016, which had led to sales losses. After the Chinese business recovered in the third quarter, business in China continued to gain momentum in the final quarter. Sales to Chinese customers reached EUR 27.5 million in the fourth quarter of 2016, an increase of 31% over the previous quarter. This fourth quarter thus significantly contributed to the fact that windeln.de achieved annual sales in China at the previous year's level. The International Shops segment comprised of European operations outside Germany (feedo, bebitus, Pannolini.it and windeln.ch) more than doubled its revenues contribution for the year, reaching EUR 55.9 million. This means that group revenues from other European countries rose to 29% from 13% in the previous year.

"The regulatory change in China and the introduction of a new ERP system made 2016 a difficult financial year for us. We are therefore not satisfied with 2016. However, the positive developments in the second half of 2016 show us that we are on the right track to improving our customers' shopping experience, to continually increasing our revenues and to creating efficient cost structures," explains Alexander Brand, co-founder and Management Board member of windeln.de.

Implemented strategic and operational measures already taking some effect

The company is making good progress implementing the measures defined by the STAR program to promote revenues growth and improve profitability. Significant steps taken in fiscal year 2016 include opening the Tmall global shop, discontinuing the Shopping Clubs segment, relaunching Nakiki as ready-to-ship online shop and outsourcing customer service. At the same time, the measures implemented, such as the reduction of the number of brands, had an impact on sales. The gross profit margin in the fourth quarter of 23.6% was lower due to Christmas business promotions in China and costs associated with a purchasing project. Gross profit from sales of the continuing divisions rose by 22% from the previous year to EUR 51.8 million. The gross profit margin of 26.6% saw a slight rise over the previous year's figure of 26.5% despite full consolidation of the acquired feedo and bebitus business with yet lower gross margins.

Adjusted EBIT of EUR -26.7 million for continuing operations (2015: EUR -9.3 million) reflected European expansion, the regulatory change in China and the introduction of the new ERP system. The adjusted EBIT margin amounted to -13.7%. The adjusted EBIT margin in the fourth quarter managed to improve on the three preceding quarters to -12.9%. This was achieved by lower fulfilment costs, lower marketing and lower other SG&A costs as percentage of revenues.

Konstantin Urban, co-founder and management board member of windeln.de, explains: "We achieved important milestones in the further development of windeln.de in 2016. Discontinuing our Shopping Club business and focusing on our business model is now behind us. With the relaunch of Nakiki as online shop, we were able to expand our target audience to families with older children through select products, especially in the areas of children's clothes and toys." One-time expenses of around EUR 2 million in connection with discontinuing the Shopping Club were in the realm of expectation.

Net working capital strongly improved over the previous year, amounting to around EUR 6.6 million (2015: EUR 11.4 million) on December 31, 2016. This was primarily due to inventory reduction in the third quarter of 2016, also in connection with discontinuing the Shopping Club segment. As of December 31, 2016, windeln.de's cash and cash equivalents (including time deposits) amounted to around EUR 56 million plus a borrowing base financing line.

Break-even expected in the course of fiscal year 2019

For 2017, the company is striving for a moderate double-digit increase in revenues. At the same time, special focus is being given to increasing profitability, supported by both the scale effects of revenues growth and the cost-cutting measures already initiated. The Group therefore expects a moderate improvement in the operating contribution margin and adjusted EBIT as a percentage of revenues, although the full effects of the measures implemented will not materialize until 2018. CFO Dr. Nikolaus Weinberger summarizes the medium-term goals as follows: "In an e-commerce market that is continuing to grow, we are planning to achieve average annual growth of at least 15%. We are pursuing the clear objective of breaking even on the basis of adjusted EBIT in the course of 2019."

Select key figures for fiscal year 2016 and for the fourth quarter of 2016 (excluding the discontinued Shopping Club segment)

	2016	2015	Q4 2016	Q4 2015
Revenues (EUR millions)	194.8	161.0	57.1	55.1
German Shop	139.0	140.3	41.7	43.1
International Shops	55.9	20.7	15.5	12.0
Adjusted EBIT (EUR millions)	-26.7	-9.3	-7.4	-3.9
<i>in % of revenues</i>	-13.7%	-5.8%	-12.9%	-7.1%
German shop	-1.6	5.6	-0.7	1.8
<i>in % of revenues</i>	-1.2%	4.0%	-1.8%	4.1%
International Shops	-11.4	-5.4	-2.9	-2.7
<i>in % of revenues</i>	-20.5%	-26.0%	-18.8%	-22.9%
Reconciliation to Group EBIT	-13.7	-9.5	-3.8	-3.0

Discontinued Shopping Club segment

	2016	2015*	Q4 2016	Q4 2015*
Revenues (EUR millions)	14.8	17.6	0.1	5.2
Contribution to EBIT (EUR millions)**	-7.5	-6.7	-0.3	-2.2
<i>in % of revenues</i>	-50.6%	-37.8%	-416.4%	-41.9%

* In 2015, share-based payment was retroactively corrected. Details on the correction are explained in the 2016 Annual Report.

** Includes restructuring costs related to the closure of the Shopping Club segment.



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About windeln.de

windeln.de is one of the leading online retailers for baby, toddler and children's products in Europe. The windeln.de shops are tailored to the needs of our customers in 10 European countries: Germany, Austria, Switzerland, Czech Republic, Poland, Slovakia, Spain, Portugal, France and Italy. The company also operates a successful e-commerce business with products for babies and toddlers for customers in China. The broad product portfolio includes everything from diapers, baby food, children's furniture, toys, clothes and strollers to child car seats. windeln.de was founded in October 2010 and currently has more than 500 employees in Germany and abroad. The company has been listed in the Prime Standard of the Frankfurt Stock Exchange since May 6, 2015. For more information, go to <http://corporate.windeln.de>.

Our shops: www.windeln.de, www.nakiki.de, www.windeln.ch, www.kindertraum.ch, www.toys.ch, www.pannolini.it, www.feedo.cz, www.feedo.sk, www.feedo.pl, www.bebitus.es, www.bebitus.pt, www.bebitus.fr, www.windeln.com.cn