

## windeln.de with 9% revenue growth and improved EBIT in 2017

- **First time exceeding annual revenues of EUR 200 million (EUR 211.9 million) in 2017 (+8.8% growth year over year); EUR 52.5 million of revenues in 4<sup>th</sup> quarter 2017**
- **Improved adj. EBIT of EUR -24.9 million (-11.8% margin) in 2017 compared to EUR -26.7 million (-13.7% margin) in 2016; EUR -6.5 million adj. EBIT in 4<sup>th</sup> quarter 2017**
- **Net liquidity of EUR 25.7 million as of December 31, 2017 strengthened by EUR 5.2 million capital increase in February 2018**
- **Adj. EBIT break-even targeted early 2019 driven by efficiency and profitability measures initiated in February**

**Munich, March 14, 2018:** windeln.de SE, one of the leading online retailers for baby and toddler products in Europe and for customers in China, achieved revenues of EUR 211.9 million in 2017, which corresponds to an +8.8% increase over the previous year (2016: EUR 194.8 million) and improved adjusted EBIT of EUR -24.9 million (-11.8% margin) compared to EUR -26.7 million (-13.7% margin) in the previous year. With recorded revenues of EUR 52.5 million, fourth quarter revenues in 2017 were -8.1% lower than in the previous year, which can be attributed to the continued focus on profitability, temporary integration effects at Bebitus, and a high revenue basis for China in the fourth quarter of the previous year. Adjusted EBIT improved year over year from EUR -7.4 million (-13.3% margin) in the fourth quarter 2016 to EUR -6.5 million (-12.4% margin) in the fourth quarter 2017.

## China and Europe with solid revenue growth; DACH lower due to reduced marketing spent

In 2017 revenues with Chinese customers increased to EUR 105.6 million (+18.2% compared to the previous year) and accounted for approximately 50% of group revenues. Especially the business on the Tmall Global platform developed strongly. With EUR 27.9 million of revenues in the fourth quarter 2017, growth (+1.4%) over the previous year was lower due to the particularly high revenues base in the fourth quarter of the previous year.

Revenues in the DACH region (Germany, Austria and Switzerland) decreased to EUR 44.2 million in 2017 (-18.9% year over year) as a result of profitability focus and reduced marketing expenses (-50% marketing spent year over year) and accounted for about 21% of Group revenues. Revenues in the fourth quarter 2017 amounted to EUR 10.0 million (-35.8% compared to previous year).

“We deliberately cut out sales that are not profitable in order to improve profitability in Germany. Nevertheless, we intend to grow again mid-term in our home market and are convinced that we can achieve this with the right products, content and services” explains Jürgen Vedio, COO and member of the management board.

Approximately 29% of group revenues in 2017 were attributable to the European region outside of DACH with revenues of EUR 62.3 million and growth of +22.2% over the previous year. Revenues of the fourth quarter 2017 amounted to EUR 14.6 million (+3.9% year over year). As of October 1, 2017, the business of Bebitus in Spain, Portugal and France was fully integrated into the Group which resulted in temporarily lower revenues in the fourth quarter 2017. The integration of Bebitus was a key project of the Group in 2017 and will improve efficiency going forward.

### **Improvement in adjusted EBIT margin**

In 2017, adjusted EBIT improved to EUR -24.9 million and -11.8% margin compared to EUR -26.7 million (-13.7% margin) in the previous year. Adjustments to EBIT for 2017 of EUR 18.6 million primarily include share-based compensation related to the earn-out agreements for previous acquisitions (EUR 7.7 million) and the impairment of intangible assets (EUR 10.3 million). Expenses for fulfilment and marketing were both reduced. The adjusted fulfilment cost ratio amounted to 14.7% in 2017 compared to 17.4% in 2016, the marketing cost ratio was 5.3% in 2017 after 7.0% in 2016. Operating contribution margin (gross profit margin minus expenses for marketing and fulfilment) as an important indicator for the company significantly increased to EUR 10.1 million (4.8% of revenues) for the financial year 2017 compared to the previous year's level of EUR 4.6 million (2.4% of revenues). Adjusted other SG&A costs were EUR 35.1 million (16.5% of revenues) and will be reduced significantly through the implementation of the recently initiated efficiency and profitability measures.

The net liquidity position at the end of financial year 2017 amounted to EUR 25.7 million (EUR 29.2 million including drawn credit lines of EUR 3.5 million). Through the capital increase at the beginning of February 2018, additional cash of EUR 5.2 million was raised. The participation of new and existing shareholders as well as the entire management board in the capital increase reflects the faith in the Group's new strategic orientation.

### **Recently initiated efficiency and profitability measures drive break-even target early 2019**

The company's management went through a thorough assessment of the windeln.de businesses in the context of the upcoming CEO change and initiated several measures to further increase efficiency and reduce costs on February 6, 2018. The measures initiated include (i) reorganizing operations and reducing headquarter costs in Germany, and (ii) focusing international operations on regions with short- to mid-term profitability potential.

For 2018, management expects revenue growth at the level of 2017. The Group expects a significant improvement in the operating contribution margin, adjusted EBIT margin and Free Cash Flow in 2018. Adjusted EBIT break-even is expected to be reached early 2019.

CFO Dr. Nikolaus Weinberger summarizes: "2017 was a challenging year for our company but we made good progress in several areas and increased operating contribution margin. To ensure further progress on profitability in 2018 and to reach adjusted EBIT break-even early 2019, we initiated further measures to streamline operations and reduce costs earlier this year. We made good progress on several measures already."

### Select key figures for financial year 2017 and for the fourth quarter of 2017

	2017	2016	Q4 2017	Q4 2016
Revenues (EUR million)	211.9	194.8	52.5	57.1
China	105.6	89.4	27.9	27.5
DACH	44.2	54.5	10.0	15.6
Other European Countries	62.3	51.0	14.6	14.0
Operating Contribution (EUR millions)	10.1	4.6	2.4	1.1
<i>in % of revenues</i>	4.8%	2.4%	4.7%	2.0%
Adjusted EBIT (EUR millions)	-24.9	-26.7	-6.5	-7.4
<i>in % of revenues</i>	-11.8%	-13.7%	-12.4%	-12.9%

### Corporate Communications

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### About windeln.de

windeln.de is one of the leading online retailers for baby, toddler and children products in Europe. 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. The Company has been listed in the Prime Standard of the Frankfurt Stock Exchange since May 6, 2015. For more information, go to <https://corporate.windeln.de>.

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