



Full Year/Fourth Quarter 2018 Results

March 20, 2019



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In 2018 focus was on restructuring; Q4 2018 with positive development



- **In 2018 significant restructuring focused on reduction of complexity; in 2019 focus on sustainable growth**
- **EUR 104.8m in full year revenues and EUR 26.3m in Q4**
 - Lower revenues year-over-year given restructuring (-44% 2018 to 2017, -43% Q4 2018 to Q4 2017)
 - Revenues growth of 18% in Q4 quarter over quarter supported by Xmas season and sales events
- **Adj. EBIT improved year over year to EUR -18.5m after EUR -24.9m in previous year**
 - Adj. other SG&A significantly reduced from EUR 32.3m in 2017 to EUR 22.5m in 2018 (-30% yoy)
 - Q4 adjusted EBIT at EUR -2.5m (-9.7% as % of revenues)
- **Successful capital increase with gross proceeds of EUR 10.1m bringing pro forma liquidity position to EUR 17.7m end of February**
- **Positive outlook for 2019; adj. EBIT break-even target for early 2020**
 - Clear revenue growth, improvement of operating contribution and adj. EBIT in 2019
 - Cash outflow to be further reduced in 2019 despite moderate working capital build up to support growth

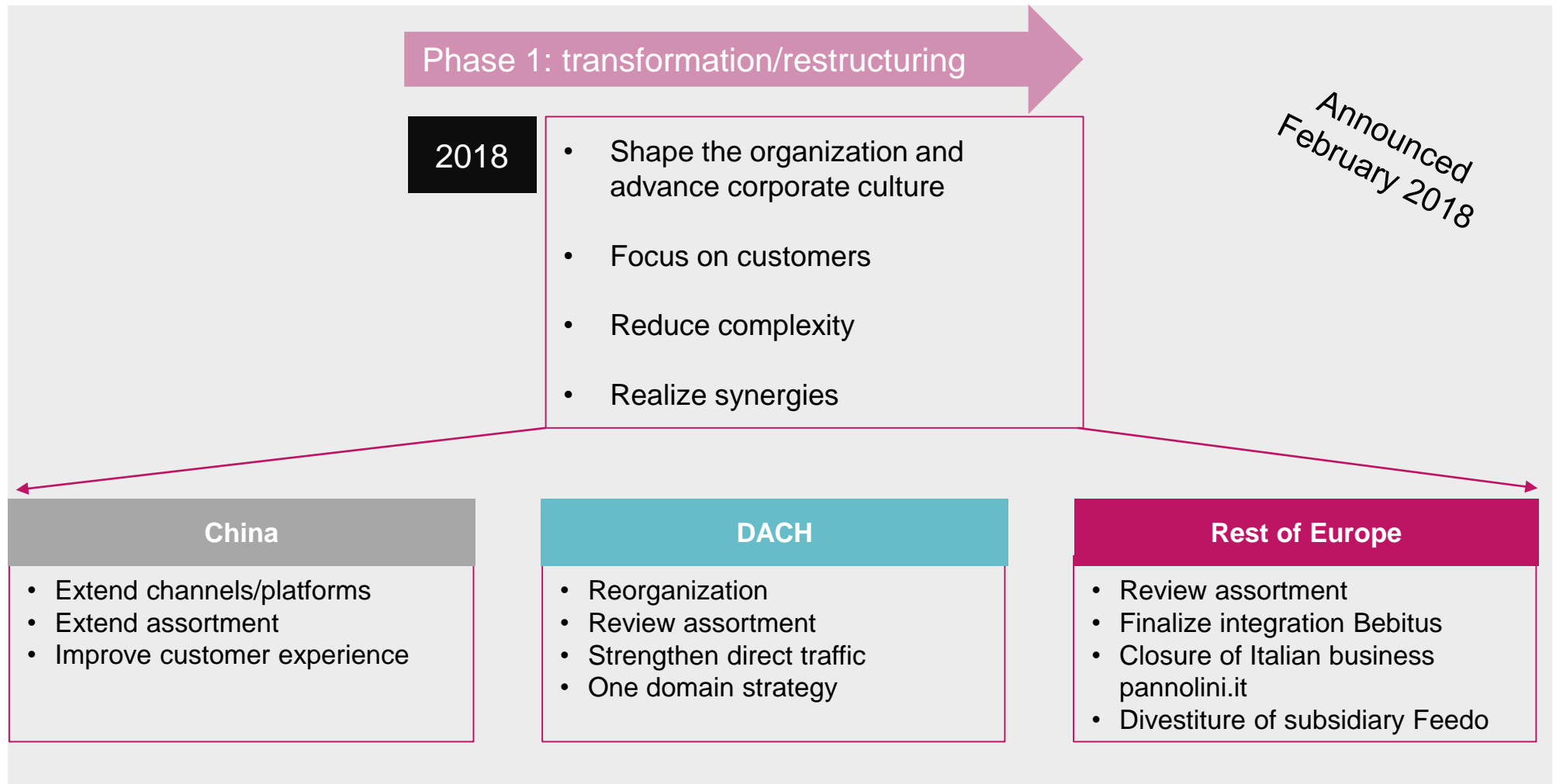
Business Highlights and Strategy

Matthias Peuckert

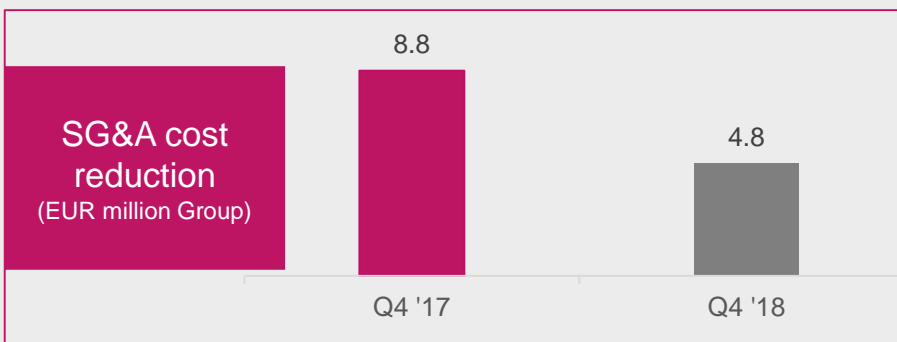
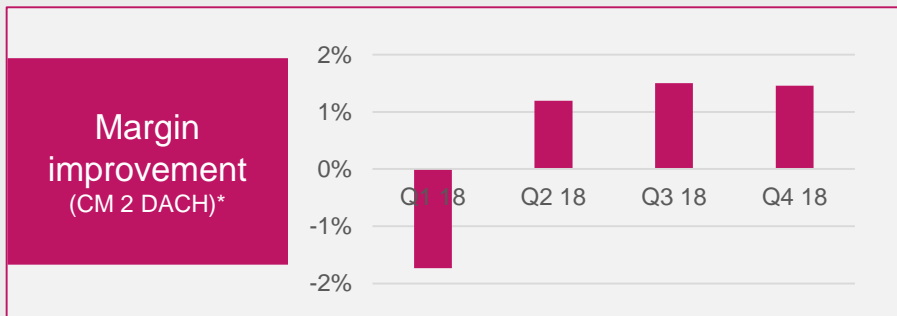
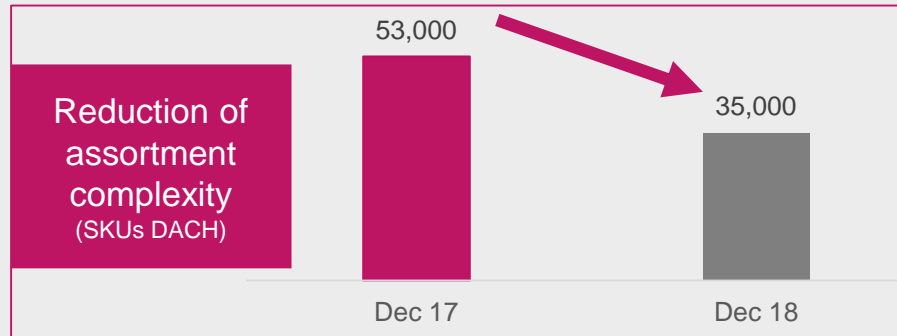




2018 was a year of restructuring



Significant topics in 2018 – Europe



Enhancement of shopping experience

- More personalized product offering (e.g. pregnancy calendar and Storchenbox)
- New search tool implemented
- New check out process

Category extension

- Focus on family products
- Extension of customer lifecycle and shopping basket by implementation of new categories (supplements, drugstore and partnership products)

Introduction of dynamic Pricing tool

- Price monitoring & matching
- Margin floor defined
- Tailor made pricing strategies for categories

Focus on profitability

- Divestiture of Feedo in August 2018
- Closing of pannolini.it (office and warehouse) in February 2018

Management change

- Reduction from four to two Management Board members in Germany
- Significant reduction of senior management team
- Change at Bebitus

* Contribution Margin II: gross profit margin minus fulfilment costs to private customers incl. advertising cost subsidies and before returns.

Significant topics in 2018 – China

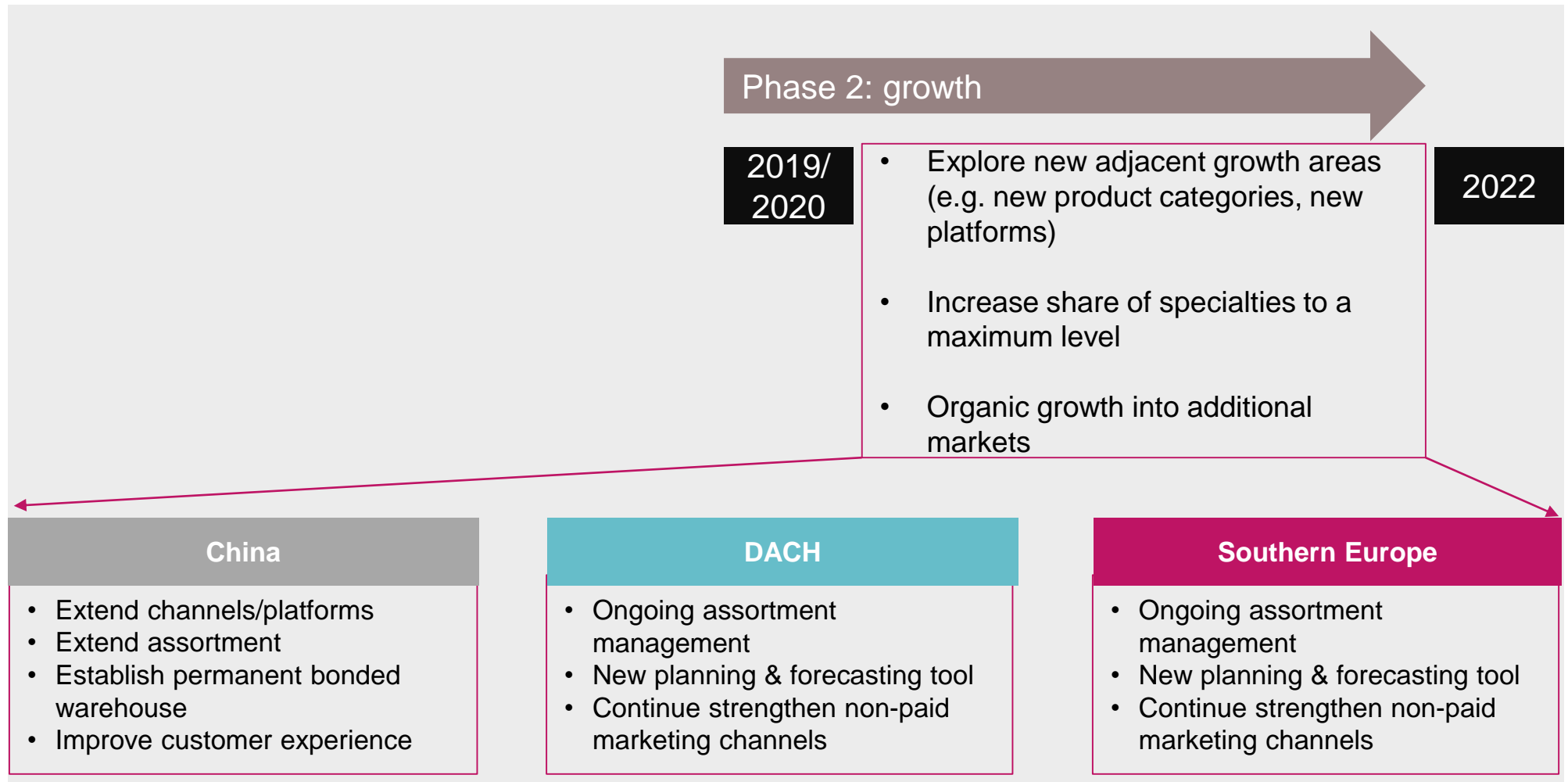


<p>Oversupply</p>	<ul style="list-style-type: none"> • Production oversupply Q1/18 • Oversupply lasted until Q3/18 • High pressure on sales prices 	<p>Introduction of China iOS App</p>	<ul style="list-style-type: none"> • Available since August 1, 2018 • New tools: special category navigation, sorting function and promotion functionalities
<p>Customs</p>	<ul style="list-style-type: none"> • Change in customs regulation • Very strict controls in Q2 • Solution: 5 port strategy 	<p>Category extension with other European high-quality products</p>	<p>Leveraging existing relationships with Chinese customers by adding more European high-quality family products including strategic partnerships</p>
<p>Product relaunch IMF</p>	<ul style="list-style-type: none"> • Aptamil Profutura and Pronutra Advance • Relaunch on September 19, 2018 	<p>Enhancement of shopping experience</p>	<ul style="list-style-type: none"> • Permanent Bonded Warehouse accelerating delivery times and lowering shipment fees for customers • Improved customer service tools

2019 focus: sustainable growth



Strategy: Develop windeln.de to online retailer for young families (i.e. not only baby products)



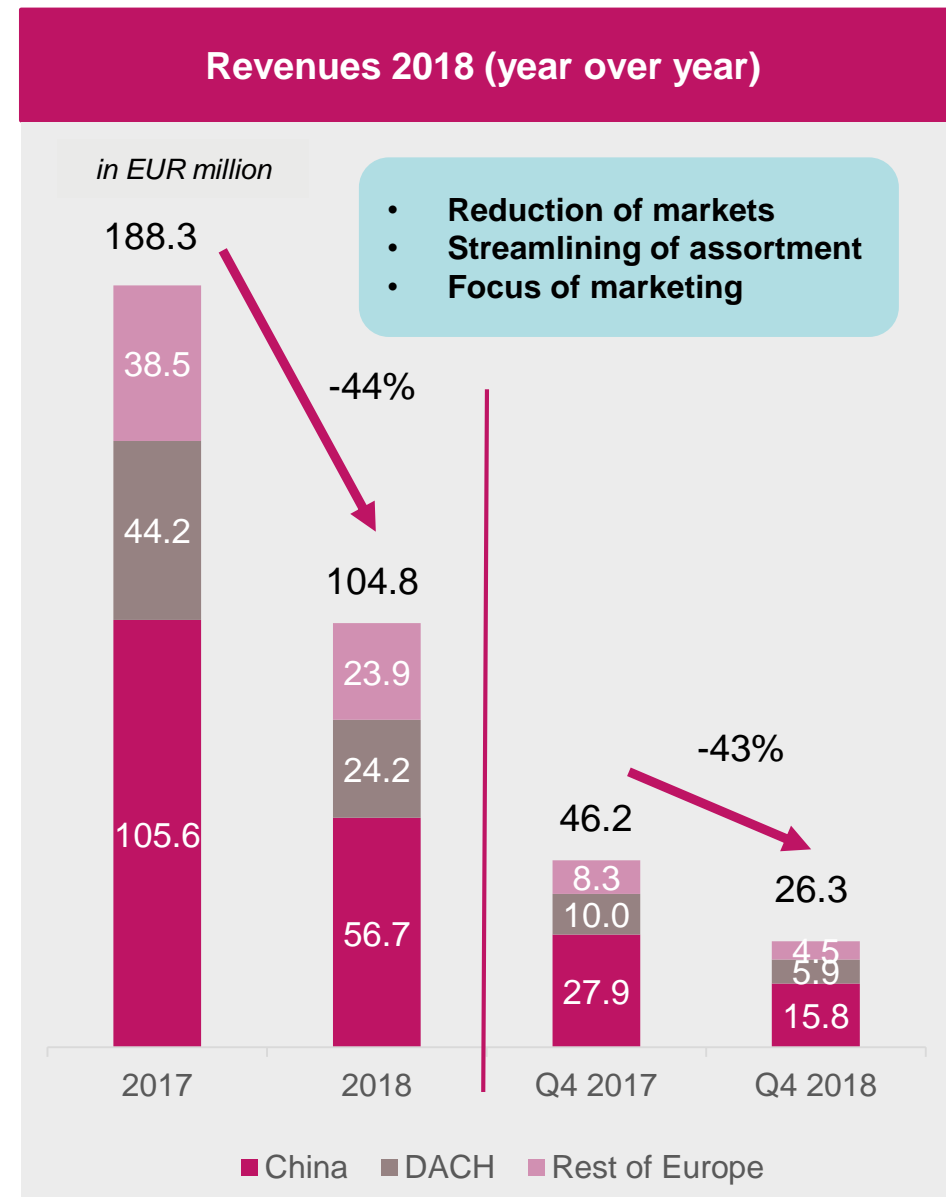
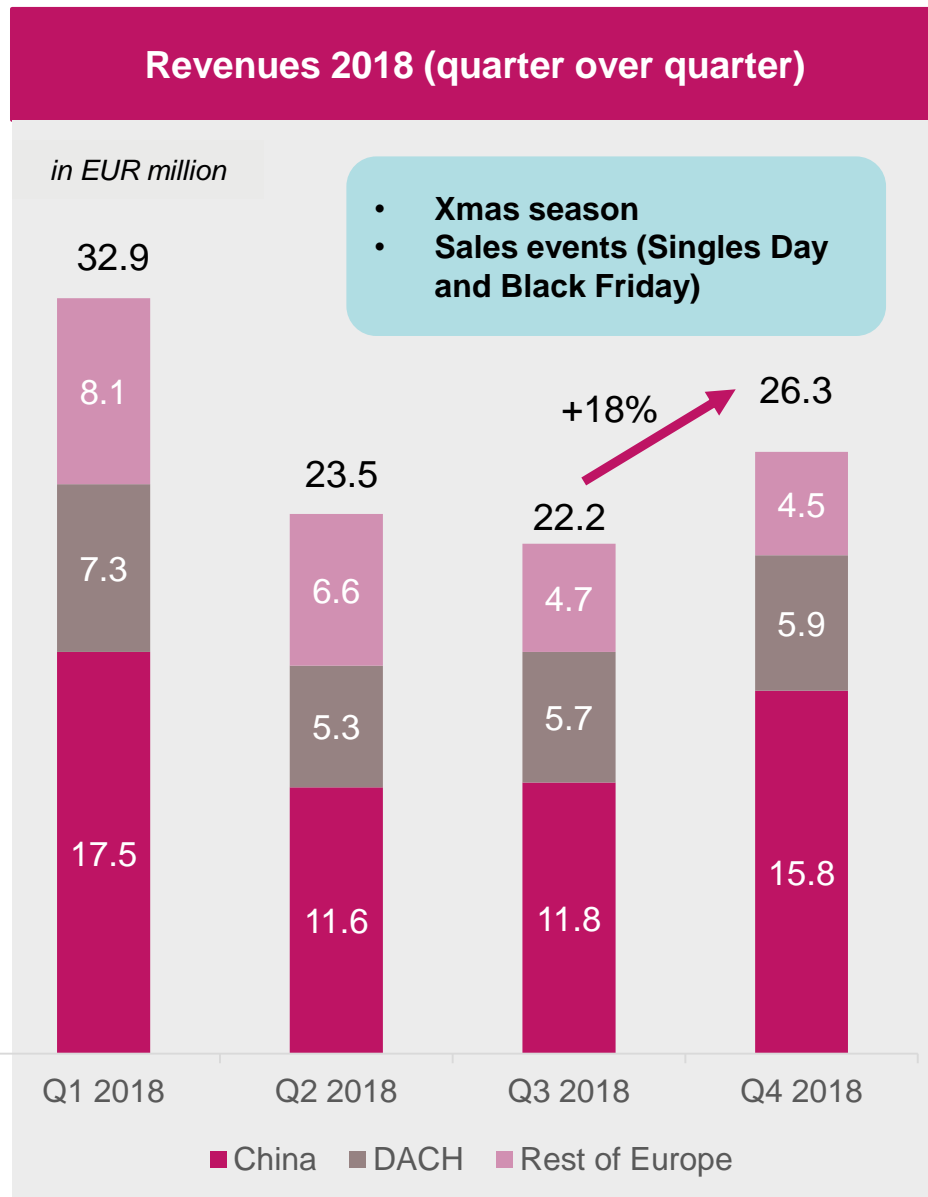


Financial highlights and outlook

Dr. Nikolaus Weinberger



In Q4 2018 positive revenues development after year of restructuring



Financials improved in Q4

EUR million % of revenues	Full year		By quarter				Q4 Development
	FY 2017	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	
Revenues	188.3	104.8	32.8	23.5	22.2	26.3	Increased
Gross profit¹	25.6%	24.8%	24.7%	24.0%	22.4%	27.7%	Increased; price adjustment
Fulfilment costs²	(14.9)%	(16.3)%	(15.9)%	(19.7)%	(15.8)%	(14.0)%	Lowered
Marketing costs³	(4.8)%	(4.8)%	(4.6)%	(4.6)%	(4.8)%	(5.1)%	Stable
Operating contr.	11.0	3.9	1.3	(0.1)	0.4	2.3	Clearly positive
Operating contr.	5.8%	3.8%	4.1%	(0.2)%	1.8%	8.7%	
Other SG&A⁴	(32.3)	(22.5)	(6.5)	(5.8)	(5.3)	(4.8)	Decreased
Other SG&A⁴	(17.1)%	(21.6)%	(20.3)%	(24.6)%	(24.0)%	(18.3)%	
Adj. EBIT⁵	(21.3)	(18.5)	(5.2)	(5.9)	(4.9)	(2.5)	
<i>incl. Feedo</i>	(24.9)	(20.4)	(5.9)	(6.8)	(5.1)	(2.5)	Operating result improved (Q4 price adjustment)
Adj. EBIT⁵	(11.3)%	(17.8)%	(16.2)%	(24.9)%	(22.2)%	(9.7)%	
Total Liquidity	29.0	11.1	14.2	16.9	12.8	11.1	Cash burn reduced

EBIT adjustments related to restructuring

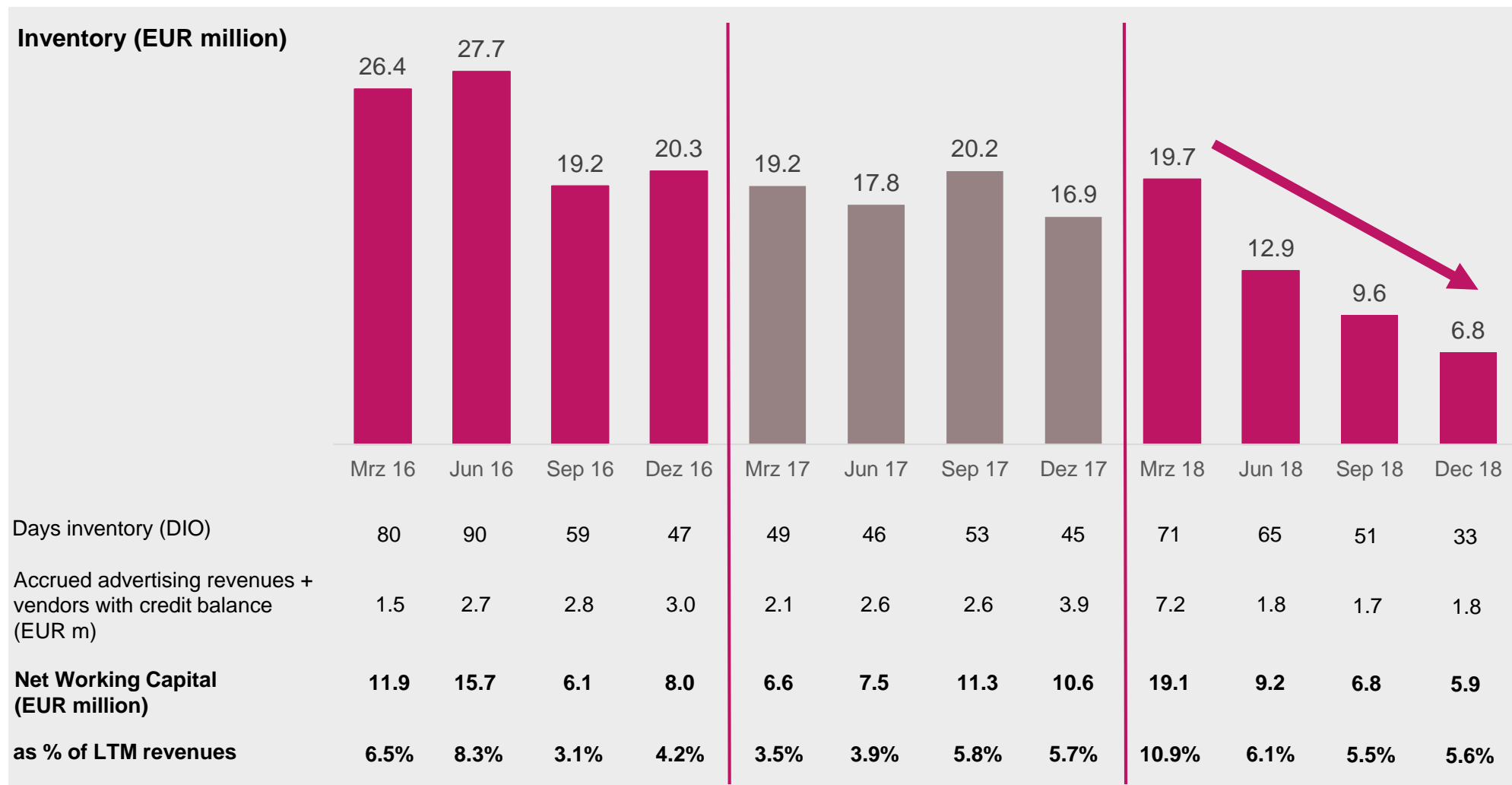
kEUR	2018	2017 R
Earnings before interest and taxes (EBIT)	-27,562	-34,281
adjusted for costs of acquisition, integration and expansion	-	90
adjusted for share-based compensation	-321	8,231
adjusted for costs of reorganization	1,584	94
adjusted for impairment of intangible assets	6,991	4,547
adjusted for closure of pannolini.it	778	-
Adjusted EBIT	-18,530	-21,139

Group restructuring costs

Feedo sale and Bebitus restructuring

Pannolini closure

Net working capital significantly reduced



Note: Net Working Capital (NWC) defined as inventories, prepayments, trade receivables, accrued advertising subsidies, vendors with credit balance minus trade payables and deferred revenues. Continued operations shown (excl. Feedo Group).

Successful capital increase to fund the further progress of the company



Transaction Details

- 6,850,023 new shares; oversubscription of private offering
- Two new Asian investors subscribed 4.5 million shares
- Gross proceeds: EUR 10.1 million
- 9,963,670 total number of shares post capital increase
- Registration of capital increase on 14th of March 2019
- Trading admission of new shares expected in Q2 2019

Use of Proceeds

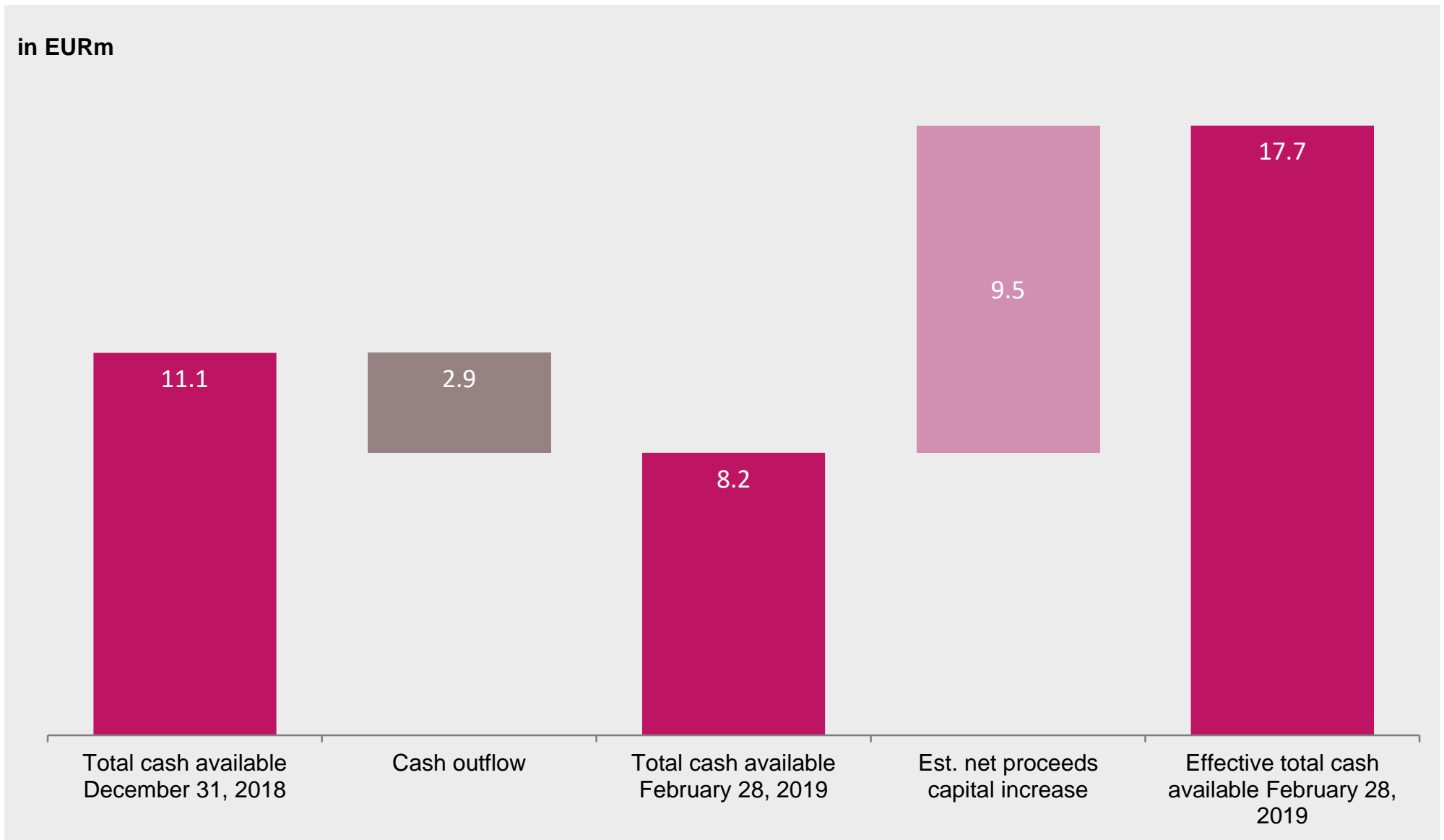
Growth in China

- Second bonded warehouse
- Channel/platform extension
- Category extension
- Collaborations with other German high-quality brands
- Organic growth in additional markets
- Net working capital

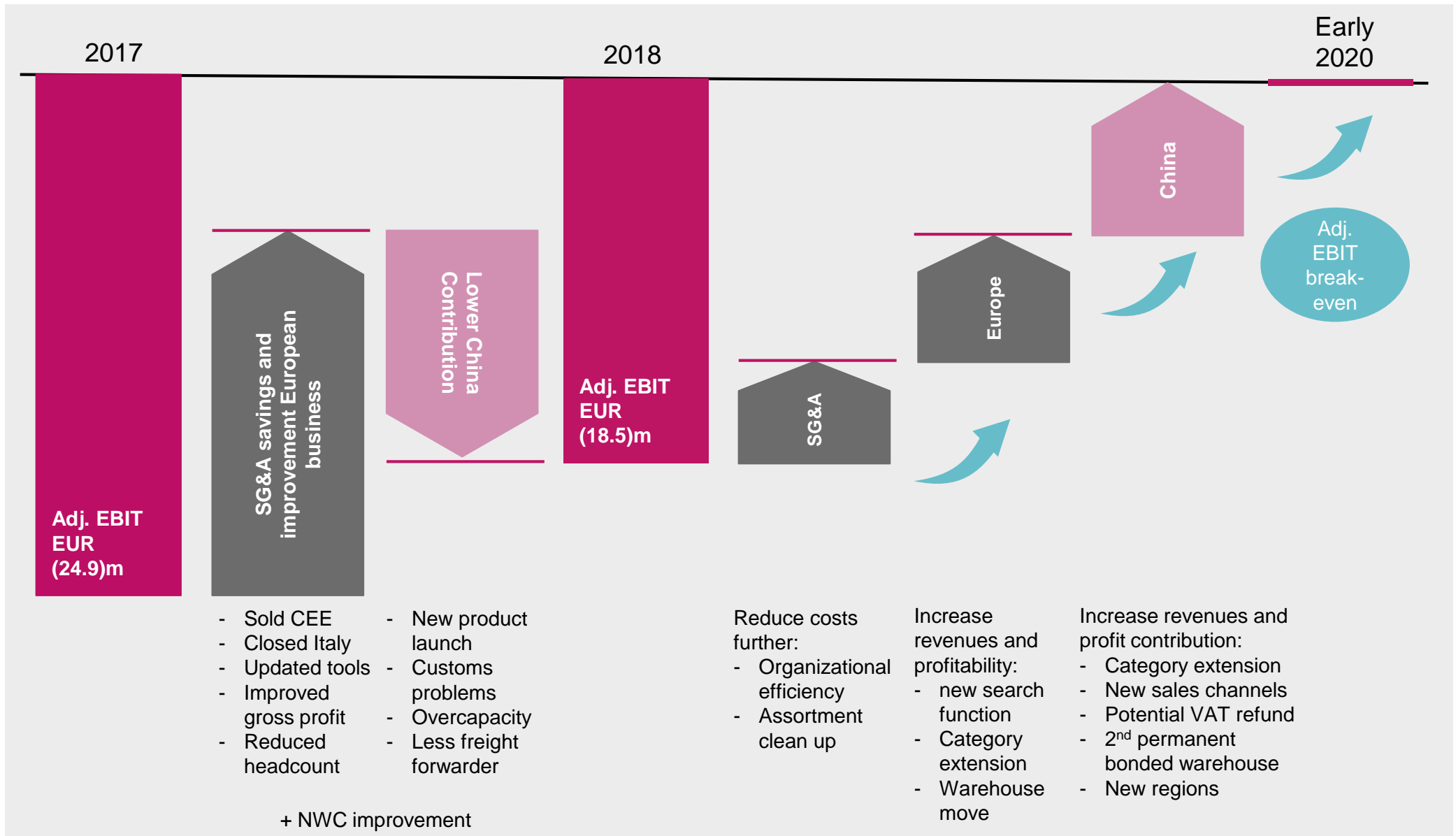
Complete Restructuring

- Assortment optimization
- Warehouse move
- Strengthen direct traffic
- Intensify social media marketing

Liquidity position strengthened with capital increase



Our target is to reach adj. EBIT break-even early next year



Outlook 2019



Operational

- Expand in Chinese market supported by Asian investors (new platforms, new categories, new partners)
- Enhance customer offering, drive gross profit margin extension

Financial

- Clear revenue growth compared to 2018
- Clear improvement of operating contribution margin
- Further improvement in adj. EBIT
- Clear reduction of cash outflow (despite moderate increase in net working capital)

**Adj. EBIT
break-even
early 2020**





Questions



Appendix



Key performance indicators quarter over quarter (continuing operations)



Excl. pannolini and Feedo	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4'18
Site Visits (in thousand) ¹	22,549	18,119	18,340	16,800	12,255	9,127	9,907	10,073
Mobile Visit Share (in % of Site Visits) ²	70.5%	71.4%	74.1%	75.0%	72.3%	71.8%	70.3%	75,5%
Mobile Orders (in % of Number of Orders) ³	47.9%	48.8%	49.6%	52.7%	53.3%	55.2%	55.1%	58,7%
Active Customers (in thousand) ⁴	900	915	919	859	742	681	615	544
Number of Orders (in thousand) ⁵	523	468	457	464	330	283	244	258
Average Orders per Active Customer (in number of Orders) ⁶	2.2	2.2	2.2	2.2	2.0	2.2	2.1	2,0
Orders from Repeat Customers (in thousand) ⁷	391	354	424	352	302	233	192	195
Share of Repeat Customer Orders (in % of Number of Orders) ⁷	75.7%	76.2%	84.6%	76.6%	87.0%	74.9%	79.8%	75.9%
Gross Order Intake (in kEUR) ⁸	45,166	45,712	43,463	43,214	29,774	25,514	21,916	23,655
Average Order Value (in EUR) ⁹	86.3	97.6	95.1	93.2	90.2	90.0	90.0	91.8
Returns (in % of Gross Revenues from orders) ¹⁰	3.9%	2.8%	2.9%	3.0%	3.4%	3.6%	4.3%	3.1%

Footnotes to page 11



Note: Adjusted continuing operations shown (i.e. excluding discontinued operation Feedo Group).

- 1 The adjustments of gross profit relate to income expenses of the shop pannolini.it until the shops closure, and expenses for share-based compensation.
- 2 Fulfilment costs consist of logistics and warehouse rental expenses which are recognized within selling and distribution expenses in the consolidated statement of profit and loss. Fulfilment expenses incurred in the shop pannolini.it are adjusted until the shops closure. In 2017, costs related to the closure of the Swiss location and income from the release of provisions for onerous contracts are adjusted.
- 3 Marketing costs mainly consist of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for the marketing tools of the Group. Marketing expenses incurred in the shop pannolini.it are adjusted until the shops closure.
- 4 Other selling, general and administration expenses (other SG&A expenses) consist of selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted SG&A expenses exclude expenses from share-based compensation, reorganization measures, impairments of intangible assets and income and expenses incurred in the shop pannolini.it until the shops closure. Furthermore, expenses for the integration of subsidiaries were adjusted in the comparative period.
- 5 Adjusted for expenses and income in connection with share-based compensation, reorganization measures, impairments of intangible assets and income and expenses of the closed shop pannolini.it. In the prior year comparative period, expenses for the integration of subsidiaries were adjusted.

Definitions of key performance indicators



- 1) We define site visits as the number of series of page requests from the same device and source in the measurement period and include visits to our online magazine. A visit is considered ended when no requests have been recorded in more than 30 minutes. The number of site visits depends on a number of factors including the availability of the offered products, the effectiveness of our marketing campaigns and the popularity of our online shops. Measured by Google Analytics.
- 2) We define mobile visit share (as % of site visits) as the number of visits via mobile devices (smartphones and tablets) to our mobile optimized websites and mobile apps divided by the total number of site visits in the measurement period. Site visits of our online magazine are excluded. Additionally, we excluded visits from China until end of 2016, because the most common online translation services on which most of our customers who order for delivery to China rely to translate our website content are not able to do so from their mobile devices. Therefore, only few Chinese customers ordered via their mobile devices. Due to the launch of our website in Chinese language in December 2016, site visits from China are included since Q1 2017. Measured by Google Analytics.
- 3) We define mobile orders (as % of number of orders) as the number of orders via mobile devices to our mobile optimized websites and mobile apps divided by the total number of orders in the measurement period. Since Q1 2017, orders from China are included. Measured by Google Analytics.
- 4) We define active customers as the number of unique customers placing at least one order in one of our shops in the 12 months preceding the end of the measurement period, irrespective of returns..
- 5) We define number of orders as the number of customer orders placed in the measurement period irrespective of returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period or have been cancelled. Every order which has been placed, but for which the products in the order have not been shipped (e. g., the products are not available or the customer cancels the order), is considered “cancelled”. Cancellations are deducted from the number of orders.
- 6) We define average orders per active customer as number of orders divided by the number of active customers in the last 12 months.
- 7) We define orders from repeat customers as the number of orders from customers who have placed at least one previous order, irrespective of returns. The share of repeat customer orders represents the number of orders from repeat customers in the last twelve months divided by the number of orders in the last twelve months.
- 8) We define gross order intake as the aggregate Euro amount of customer orders placed in the measurement period minus cancellations. The Euro amount includes value added tax and excludes marketing rebates.
- 9) We define average order value as gross order intake divided by the number of orders in the measurement period..
- 10) We define returns (as % of gross revenues from orders) as the returned amount in Euro divided by gross revenues from orders in the measurement period. Since Q2 2016 including Bebitus returns. Gross revenues from orders are defined as the total aggregated Euro amount spent by our customers minus cancellations but irrespective of returns. The Euro amount does not include value added tax. Until Q1 2017 returns were calculated in relation to the net merchandise value. As the gross revenues from orders do not exclude returns and include all marketing rebates/discounts, it is more reasonable to use this KPI for the return rate calculation than the net merchandise value. The change of the calculation logic has no material impact on the reported return rate. The new calculation method is applied from Q2 2017 onwards.

Income statement (continuing operations)

KEUR	FY 2018	FY 2017 R*	Q4 2018	Q4 2017
Revenues	104,818	188,332	26,269	46,223
Cost of sales	-79,151	-140,206	-18,984	-34,289
Gross profit	25,667	48,126	7,285	11,934
<i>% margin</i>	24.5%	25.6%	27.7%	25.8%
Selling and distribution expenses	-44,751	-62,089	-15,178	-19,054
Administrative expenses	-8,626	-20,377	-2,017	-2,888
Other operating income	954	708	181	204
Other operating expenses	-806	-649	-167	-52
EBIT	-27,562	-34,281	-9,896	-9,856
<i>% margin</i>	-26.3%	-18.2%	-37.7%	-21.3%
Financial result	-3	1,081	12	-8
EBT	-27,565	-33,200	-9,884	-9,864
<i>% margin</i>	-26.3%	-17.6%	-37.6%	-21.3%
Income taxes	446	2,954	462	2,924
Profit or loss from continuing operations	-27,119	-30,246	-9,422	-6,940
<i>% margin</i>	-25.9%	-16.1%	-35.9%	-15.0%
Profit or loss from discontinued operations	-10,573	-7,573	2	-5,399
Profit or loss for the period	-37,692	-37,819	-9,420	-12,399
EBIT	-27,562	-34,281	-9,896	-9,856
Share-based compensation	-321	8,231	2	98
Acquisition, integration and expansion costs	-	90	-	-14
Reorganization	1,584	94	357	197
Intangible assets	6,991	4,547	6,991	4,296
Closure pannolini.it	778	-	7	-
Adjusted EBIT	-18,530	-21,319	-2,539	-5,279
<i>% margin</i>	-17.8%	-11.3%	-9.7%	-11.4%

* Restated for presentation of discontinued operations in connection with the divestiture of Feedo Group, and restated for the effects of the first application of IFRS 9

Balance sheet and cash flow statement



Consolidated statement of financial position

kEUR	December 31, 2018	December 31, 2017 R ³
Total non-current assets	5,345	22,714
Inventories	6,820	19,174
Prepayments	-	332
Trade receivables	1,417	2,258
Miscellaneous other current assets ¹	5,254	11,052
Cash and cash equivalents	11,136	26,465
Total current assets	24,627	59,281
Total assets	29,972	81,995
Issued capital	31,136	28,472
Share premium	170,391	168,486
Accumulated loss	-181,119	-143,427
Cumulated other comprehensive income	186	-298
Total equity	20,594	53,233
Total non-current liabilities	38	2,289
Other provisions	235	315
Financial liabilities	39	3,575
Trade payables	4,573	14,779
Deferred revenue	1,581	3,057
Miscellaneous current liabilities ²	2,912	4,747
Total current liabilities	9,340	26,473
Total equity & liabilities	29,972	81,995

Consolidated statement of cash flows

kEUR	FY 2018	FY 2017	Q4 2018	Q4 2017
Net cash flows from/used in operating activities	-18,729	-27,963	-1,468	-4,607
Net cash flows from/used in investing activities	1,846	-201	475	484
Net cash flows from/used in financing activities	1,543	3,339	-9	3,434
Cash and cash equivalents at the beginning of the period	26,465	51,302	12,135	27,152
Net increase/decrease in cash and cash equivalents	-15,340	-24,825	-1,002	-689
Cash and cash equivalents at the end of the period	11,136	26,465	11,136	26,465

1 Miscellaneous other current assets include income tax receivables, other current financial assets and other current non-financial assets.

2 Miscellaneous other current liabilities include income tax payables, other current financial liabilities and other current non-financial liabilities.

3 Restated for the effects of the first application of IFRS 9

