

windeln.de publishes final FY and Q4 2018 financial results; positive adj. EBIT development in Q4

- Revenues EUR 104.8 million in FY 2018 and EUR 26.3 million in Q4 2018; sales uplift from Christmas season and sales events (+18% revenues growth compared to Q3)
- Adj. EBIT EUR -18.5 million (-17.8% margin) in FY 2018 and EUR -2.5 million in Q4 2018 (-9.7% margin); improved quarter over quarter operational contribution margin and lower adj. SG&A costs in Q4 2018
- Successful capital increase to complete to increase growth in the Chinese market and restructuring measures in Europe
- Total cash available EUR 11.1 million as of Dec 31, 2018; additional gross proceeds from capital increase of EUR 10.1 million
- Significant revenue growth and further improvement of adj. EBIT expected in 2019; break even on basis of adjusted EBIT expected early 2020

Munich, March 20, 2019: windeln.de SE ("windeln.de", "Company" or "Group"), one of the leading online retailers for family products in Europe and to customers in China, published final financial results for the full year (FY) 2018 and fourth quarter (Q4) after having published its preliminary results on February 7, 2019. The Company achieved revenues of EUR 104.8 million in 2018 (2017: EUR 188.3 million, without Feedo) and adjusted (adj.) EBIT of EUR -18.5 million (-17.8% margin) compared to -21.3 million (-11.3% margin) in 2017. Besides temporarily softer demand in China in the first nine months of last year, the revenue development in 2018 resulted from efficiency and profitability measures introduced in February 2018. In Q4 2018, however, the Group recorded a revenue uplift and generated EUR 26.3 million of revenues (Q4 2017: EUR 46.2 million, without Feedo) which corresponds to an increase by 18% compared to the previous (third) quarter and improved adj. EBIT at EUR -2.5 million (-9.7% margin) in Q4 2018 (Q4 2017: -5.3 million, -11.4% margin). This positive trend and the successful capital increase concluded in March 2019 create a positive base for the further development of the Company. The Group expects clear revenue growth in 2019 on a year over year basis, a further improvement in adj. EBIT and break even on basis of adjusted EBIT in early 2020.

Revenue growth in China and DACH, stabilizing revenues at Bebitus shops

Revenues of the China business in FY 2018 amounted to EUR 56.7 million (2017: EUR 105.6 million). This decrease is mainly due to three factors in the first nine months: price pressure on products due to oversupply in the first quarter, temporarily stricter custom controls which led to order delays of several weeks, and an upcoming product relaunch of the largest milk powder suppliers in September 2019. The market recovered in Q4, consequently revenues amounted to EUR 15.8 million (Q4 2017: EUR 27.9 million) which is an increase of +33% compared to Q3 2018 driven by strong sales events around Singles Day (11.11.) and Black Friday.

Revenues in the DACH region (Germany, Austria and Switzerland) amounted to EUR 24.2 million in FY 2018 (FY 2017: EUR 44.2 million) and EUR 5.9 million in Q4 2018 after EUR 5.7 million in the previous quarter (Q4 2017: EUR 10.0 million). Similar to the DACH region, the Rest of Europe (RoE; Spain, Portugal

and France) covered by the Bebitus shops, was affected by the ongoing focus on improving margins and profitability of the business. RoE generated revenues of EUR 23.9 million in FY 2018 (FY 2017: EUR 38.5 million, without Feedo) and EUR 4.5 million in Q4 2018 (Q4 2017: EUR 8.3 million, without Feedo).

Improved contribution margin and further cost reductions lead to an improvement of adj. EBIT in FY 2018; reduced cash burn in Q4 2018

First effects of the efficiency and profitability measures initiated in February 2018 are reflected in the numbers of Q4 2018. Operating contribution margin (difference between gross profit and expenses for adj. marketing and adj. fulfillment costs) amounted to and EUR 3.9 million in FY 2018 (3.8% of revenues) and EUR 2.3 million (8.7% of revenues) in Q4 2018. This corresponds to a significant improvement by EUR 1.9 million compared to Q3 2018 and is only slightly below the level of EUR 2.8 million in the same quarter of the previous year despite lower revenues. This is the result of an increased gross profit margin of 27.7% in Q4 2018 (Q4 2017: 25.8%) which arises from a higher revenue share from China, the optimization of the product range and subsequently improved purchasing conditions. Adj. other selling, general and administrative costs (SG&A costs) have further decreased and were at EUR -4.8 million in Q4 2018 (Q4 2017: EUR -8.1 million) and at EUR -22.5 million on FY 2018 (-21.6% of revenues) significantly below the previous year (FY 2017: EUR -32.3 million; -17.1% of revenues).

For the full year 2018, windeln.de reports an improved adj. EBIT of EUR -18.5 million compared to EUR -21.3 million in the same period last year. Compared to the press release on February 7, 2019, adj. EBIT from continuing operations has changed by EUR -0.1 million and -0.2% due to additional cost accruals recognized in the year-end closing process. In Q4 adj. EBIT improved to EUR -2.5 million after EUR -5.3 million in the same period of the previous year and EUR -4.9 million in Q3 2018.

The Group's total cash available amounted to EUR 11.1 million as of December 31, 2018. The total change in cash available was EUR -1.6 million in Q4 2018. This is also an improvement to the previous quarter due to improved operating performance and lower net working capital as of December 31, 2018, mainly because of the reduction of inventory and trade receivables.

Capital increase with subscription rights to finance growth in China and to complete restructuring

The Group has successfully executed the capital increase resolved by the Extraordinary General Meeting on January 9, 2019. The share capital was increased by EUR 6,850,023.00 from EUR 3,113,647.00 to EUR 9,963,670.00 through the issue of a total of 6,850,023 no-par value bearer shares with a nominal value of EUR 1.00 each and dividends entitlement as of January 1, 2018, ("New Shares") against cash contributions. Based on the fixed subscription price of EUR 1.48 per New Share, the Group has raised gross issue proceeds of approx. EUR 10.1 million. With the issue proceeds, windeln.de intends to realize projects for the announced growth path in China and to conclude the restructuring program.

CFO Dr. Nikolaus Weinberger explains: „In 2018 we focused on increasing gross profit margin and cost optimization, which led to improvements in the operating result. In Q4, operating result and cash flow were also positively impacted by sales events, the Christmas season and low net working capital. With the recently completed successful capital increase, we strengthened our capital base and can invest in sustainable growth.

We are pleased to have expanded our investor base in our largest sales region Asia and will further expand our expertise in China with their support.”

For 2019, the Group continues to follow the 2018 initiated restructuring path and expects clear revenue growth compared to 2018, further improvement of adjusted EBIT and a moderate build-up of net working capital to enable the growth of the China business as it will be specifically invested in the Chinese market. In addition, new product categories shall be developed in order to position windeln.de as international business for families with young children in Europe and China. The Management Board also expects a clear improvement of the operating contribution margin (in % of revenues). Achieving break even on the basis of adjusted EBIT is expected in early 2020.

CEO Matthias Peuckert comments on the outlook and the strategic objective for 2019: *“After the restructuring year 2018, we focus on the long-term performance of the company for 2019 and on profitable revenue growth as well as further margin optimizations. We are investing specifically in the Chinese market and are adding new product categories to position windeln.de as a comprehensive business for families with young children in Europe and China.”*

Select key figures for the fourth quarter and full year 2018

	Q4 2018	Q4 2017	2018	2017
Revenues (EUR million)	26.3	46.2	104.8	188.3
China	15.8	27.9	56.7	105.6
DACH	5.9	10.0	24.2	44.2
Rest of Europe	4.5	8.3	23.9	38.5
Operating Contribution (EUR million)	2.3	2.8	3.9	11.0
<i>in % of revenues</i>	<i>8.7%</i>	<i>6.0%</i>	<i>3.8%</i>	<i>5.8%</i>
Adjusted EBIT (EUR million)	-2.5	-5.3	-18.5	-21.3
<i>in % of revenues</i>	<i>-9.7%</i>	<i>-11.4%</i>	<i>-17.8%</i>	<i>-11.3%</i>

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About windeln.de

windeln.de is one of the leading online retailers for family products in Europe. The Group 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>.

Our shops: www.windeln.de, www.windeln.ch, www.bebitus.es, www.bebitus.pt, www.bebitus.fr, www.windeln.com.cn, windeln.de.tmall.hk/