

## windeln.de successfully implements strategic and operational measures in the third quarter

- **Revenues growth of 30% in first nine months of the year, despite delisting of brands**
- **German Shop off to a good start in fourth quarter, with nakiki relaunch and Tmall campaigns**
- **Strongly improved operating cash flow due to reduction of inventories**
- **Good progress in implementing measures announced late July**

Munich, Germany, November 15, 2016. In the first nine months of 2016, windeln.de SE, Europe's leading online retailer for baby and children's products, realized revenues growth of 30% on the previous year, with revenues of EUR 137.6 million for its continuing operations (i.e., excluding the discontinued Shopping Clubs segment).

The Company's International Shops segment, which comprises its activities in European countries other than Germany (feedo, bebitus, pannolini and windeln.ch), already accounted for 31% of revenues in the third quarter and has more than quadrupled its revenues over the course of the year to date. With revenues of EUR 97.3 million, the German Shop matched the previous year's revenues despite the Company's delisting of brands with lower revenues contribution to reduce operational complexity. The business with Chinese customers handled through windeln.de's German Shop picked up considerably in the third quarter, following a temporary dip in revenues in the second quarter due to regulatory changes. The China region has also achieved slightly positive growth over the first nine months of the year. The shop, which windeln.de launched on Alibaba's Tmall Global platform early August, has provided a first positive contribution to this trend.

"The third quarter shows that we are on the right track to grow our revenues with significantly more cost-efficient structures and a focus on the brands generating the strongest revenues," says Alexander Brand, co-founder and board member of windeln.de. "We also got off to a good start in the fourth quarter: nakiki's ready-to-ship business and our Tmall Global shop are providing a positive contribution to the higher order intake in our German Shop segment." On "11/11", a key shopping date in China, Tmall order intake amounted to approx. EUR 0.9 million.

### **Implementation of strategic and operational measures influences short-term financial performance**

The Company's financial performance in the third quarter was affected by temporary factors resulting from the focusing of its business model as well as the measures implemented to improve profitability (STAR project). The delisting of almost 400 brands triggered a temporary decline in revenues and a correspondingly lower gross profit margin due to the sell off of products. A reduced price level in China further affected the third quarter. Over the first nine months of the year, the gross profit margin for continuing activities nonetheless increased by 41.0% to EUR 38.3 million, which corresponds to an improved gross profit margin of 27.8% (previous year: 25.6%) for the first nine months of the year.

The adjusted EBIT figure of EUR -19.3 million (previous year: EUR -5.4 million) for continuing operations primarily reflects the costs of international expansion and the temporarily lower revenues for the Company's business in China. Moreover, in the third quarter the relaunch of nakiki, the STAR measures and the setup of the Company's Tmall Global shop in China resulted in increased costs. The adjusted EBIT margin amounted to -14.1% and was thus close to the figure for the first six months of the year.

Beyond the scope of the Company's continuing operations, the exit of its Shopping Clubs business in the third quarter entailed high one-time expenses for the Company besides the loss of revenues. "At around EUR 1.5 million, the costs incurred to date in connection with the exit of the shopping club business are in line with our expectations," says CFO Dr. Nikolaus Weinberger. In addition, the write-down of nakiki's inventories had a negative impact of approx. EUR 1 million. Weinberger: "From 2017 onwards, we will already see positive effects of the more cost-efficient processes being implemented."

Due to the decrease in inventories and the associated strong improvement in working capital, the Company's third-quarter operating cash flow was almost balanced at EUR -0.8 million, while its free cash flow amounted to EUR -1.6 million. As of September 30, 2016, windeln.de thus has total liquidity of approx. EUR 80 million, which consists of cash and cash equivalents of EUR 66 million and a borrowing base financing facility up to EUR 14 million.

Order intake in October for the German business via windeln.de's shop was very strong, at +26% over the previous month. "We are confident that we will benefit from the measures taken that are intended to increase customer loyalty, the favorite children's brands that are now available permanently at nakiki and the acceptance of our Chinese Tmall shop," says Konstantin Urban, co-founder and board member of windeln.de.

Based on the numbers for the third quarter and the positive fourth-quarter trend to date, windeln.de expects revenues of between EUR 190 and 200 million, a gross profit margin of approx. 27% and an adjusted EBIT margin of -12% to -14% for the fiscal year 2016 as a whole. For 2017, windeln.de expects continuing growth and improved profitability as a result of the successful implementation of these measures.

**Overview of figures for the first nine months of 2016 and the third quarter of 2016 (excluding discontinued Shopping Clubs business segment)**

	9M 2016	9M 2015*	Q3 2016	Q3 2015*
Revenues (in EUR million)	137.6	105.9	45.7	38.2
Gross profit (EUR million)	38.3	27.1	11.9	9.4
<i>in % of revenues</i>	27.8%	25.6%	26.0%	24.6%

Adjusted EBIT (in EUR million)	-19.3	-5.4	-6.6	-3.8
<i>in % of revenues</i>	-14.1%	-5.1%	-14.5%	-10.0%
<b>Revenues by business segment (in EUR million)</b>				
German Shop	97.3	97.2	31.4	32.7
International Shops	40.4	8.8	14.4	5.4
<b>Adjusted EBIT contribution by business segment</b>				
German Shop (in EUR million)	-0.9	3.9	-0.8	0.5
<i>in % of revenues</i>	-0.9%	4.0%	-2.4%	1.4%
International Shops (in EUR million)	-8.5	-2.6	-2.6	-1.8
<i>in % of revenues</i>	-21.1%	-30.2%	-17.9%	-32.8%
Reconciliation to Group EBIT (in EUR m)	-9.9	-6.6	-3.3	-2.5

### Discontinued Shopping Clubs business segment

	9M 2016	9M 2015*	Q3 2016	Q3 2015*
Revenues (in EUR million)	14.8	12.4	5.1	5.1
EBIT contribution (in EUR million)**	-7.2	-4.5	-4.3	-1.8
<i>in % of revenues</i>	-49.0%	-36.1%	-84.8%	-35.6%

\* Share-based payments were adjusted retroactively in the 9M 2015 comparative period. Please refer to the report for the first nine months of 2015 for details of the adjustment.

\*\* Includes restructuring costs in connection with the closure of the Shopping Clubs business segment. The adjusted EBIT contribution amounted to EUR -4.7 million for the first nine months of 2016 and to EUR -1.8 million for the third quarter of 2016.



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## **About windeln.de**

windeln.de is one of the leading pure online retailers for baby, toddler and children's products with a presence in ten European countries, including Germany, Austria, Switzerland, the Czech Republic and Spain. The Company also operates a successful e-commerce business with products for babies and toddlers for customers in China. windeln.de offers approximately 50,000 products and around 350 brands sold via the German Shop windeln.de (including nakiki.de) and the international shops windeln.ch, pannolini.it, feedo and bebitus. The 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>.

windeln.de shops: [www.windeln.de](http://www.windeln.de), [www.nakiki.de](http://www.nakiki.de), [www.windeln.ch](http://www.windeln.ch), [www.kindertraum.ch](http://www.kindertraum.ch), [www.toys.ch](http://www.toys.ch), [www.pannolini.it](http://www.pannolini.it), [www.feedo.cz](http://www.feedo.cz), [www.feedo.sk](http://www.feedo.sk), [www.feedo.pl](http://www.feedo.pl), [www.bebitus.es](http://www.bebitus.es), [www.bebitus.pt](http://www.bebitus.pt), [www.bebitus.fr](http://www.bebitus.fr)