zooplus AG:
Growth course continues in 2018; sales and earnings in line with 2018 guidance

- **Sales increase by 21% to EUR 1,342 m (2017: EUR 1,111 m)**
- **Gross margin rises slightly year-on-year to 28.7% (2017: 28.5%)**
- **EBITDA reaches EUR 8.6 m (2017: EUR 8.8 m)**
- **Earnings before taxes (EBT) at EUR -2.3 m due to continued investment (2017: EUR 4.1 m)**
- **Free cash flow amounts to EUR 14.3 m (2017: EUR -4.1 m)**
- **Sales growth in 2019 expected in the range of 14% to 18% and EBITDA expected in the range of EUR 10 m to EUR 30 m**

Munich, March 20, 2019 – zooplus AG (WKN 511170, ISIN DE0005111702, ticker symbol ZO1), Europe's leading online retailer of pet supplies, continued its growth course in the 2018 financial year. The company achieved sales of EUR 1,342 m (2017: EUR 1,111 m), representing a year-on-year increase of EUR 231 m or 21%, which was in line with the guidance provided for the 2018 financial year. Currency-adjusted sales growth was slightly higher and, after rounding, also equaled 21%. The key driver of the company's sales growth was the strong loyalty of its existing customers as shown by the rise in the sales retention rate in the past financial year to a level of 95% exchange rate adjusted (2017: 93%). At the same time, the private label business developed very positively and achieved a year-on-year increase in sales of 35%. Overall, zooplus managed to further strengthen its leading market position in the online pet supply segment throughout Europe.

Earnings before taxes (EBT) amounted to EUR -2.3 m (2017: EUR 4.1 m) and reflect investments in the company's further business expansion, particularly in the areas of marketing, logistics and IT. EBITDA reached EUR 8.6 m (2017: EUR 8.8 m). The gross margin developed favorably in the reporting year. For the first time in years, the gross margin slightly increased, reaching a level of 28.7% versus the prior year's level of 28.5%. zooplus thereby achieved the targeted stabilization in the gross margin previously indicated. The total cost ratio increased from 28.8% to 29.5% and mainly reflects an increase in expenses related to acquisitions of new customers, investments in logistics and a higher level of depreciation and amortization. There was a favorable end to the cost increases in the second half of the year, resulting in an overall improvement in the total cost ratio compared to the first six months of the year, led by a significant improvement of 1.0 percentage points in the logistics cost ratio compared to the first half of 2018.

Free cash flow recorded a very positive development and amounted to EUR 14.3 m in 2018 (2017: EUR -4.1 m). This meant that the operating business could provide the funds needed to implement the growth strategy. The further optimization of working capital played a major role in achieving this.

Dr. Cornelius Patt, CEO of zooplus AG, explains: "We are satisfied overall with our business development in 2018 and were within the target range for both sales and earnings. Taking a look at 2019, one of our key goals is to maintain the high level of customer loyalty among existing customers and continue to strengthen the acquisition of new customers. To achieve this, we intend to increase our expenses to win customers and also take new, additional paths in the areas of marketing and customer acquisition. We will significantly strengthen the zooplus brand through more personalization and emotionalization, as well as by expanding our use of social media marketing and selected offline marketing tools. As a result, we expect to build a broader base for further strong sales growth no later than in the second half of 2019. We plan to offset the higher marketing expenses by increasing our cost efficiency in other cost areas."

Based on the above actions, zooplus AG expects sales growth to range from 14% to 18% in the 2019 financial year.

From today’s perspective, the sales forecast announced in 2016 for EUR 2 bn in the 2020 financial year appears too ambitious. This level will be reached, but just slightly later than originally forecast and will by no means negatively affect the strength of zooplus’ business model or its excellent prospects for future growth.

For the 2019 financial year, the guidance for EBITDA is in the range of EUR 10 m to EUR 30 m. As a result of the changes to the IFRS standards on leases, from 2019 on all lease expenses for the fulfillment centers operated with external partners will be included in depreciation and amortization. Previously, lease expenses were included in the logistics expenses within earnings before interest, taxes, depreciation and amortization (EBITDA). With this change, the EBITDA becomes a better reflection of the success of zooplus' business model and facilitates better comparability with other listed companies. For this reason, the Management Board will use EBITDA as a transparent indicator of the company's operating results starting with the 2019 financial year. Compared to the previous indicator of earnings before taxes (EBT), this guidance corresponds to a target corridor of EUR -15 m to EUR +5 m, which reflects the continued focus on investments to further expand the business model and the company's leading market position in Europe.

At the same time, we expect to continue to improve working capital and generate positive free cash flow again in 2019.

The full 2018 Annual Report is available on the company's website at http://investors.zooplus.com.

Company profile:

zooplus AG was founded in 1999 and today is Europe's leading online retailer of pet supplies measured by sales. In the 2018 financial year, sales totaled EUR 1,342 m. The company's business model has been launched successfully in 30 European countries. zooplus sells products for all major pet breeds. The product range includes pet food (dry and wet food and food supplements) and accessories such as scratching posts, dog baskets, and toys in all price categories. In addition to a selection of over 8,000 products, zooplus customers benefit from a variety of interactive content and community offerings. The pet supplies market is an important market segment in the European retail landscape. Sales of pet food and accessories within the European Union amount to around EUR 26 bn. Based on the continued vigorous growth anticipated in the European e-commerce market, zooplus expects its dynamic performance to continue.

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