



K I N N E V I K

PRESS RELEASE

26 February 2019

**FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL-YEAR 2018  
FOR GLOBAL FASHION GROUP**

**Kinnevik AB (publ) ("Kinnevik") today published financial results for the fourth quarter and full-year 2018 for Global Fashion Group, comprising the regional businesses Lamoda, Dafiti, Zalora and The Iconic.**

Global Fashion Group will host a conference call today, 26 February 2019, at 09.30 CET. Participants are welcome to join by phone using the below dial-in details:

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Summary financials for Global Fashion Group can be found on the following pages of this press release.

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Kinnevik is an industry focused investment company with an entrepreneurial spirit. Our purpose is to build digital businesses that provide more and better choice. We do this by working in partnership with talented founders and management teams to create, develop and invest in fast growing businesses in developed and emerging markets. We believe in delivering both shareholder and social value by building companies that contribute positively to society. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families. Kinnevik's shares are listed on Nasdaq Stockholm's list for large cap companies under the ticker codes KINV A and KINV B.

KINNEVIK AB (PUBL)

26<sup>th</sup> FEBRUARY 2019

**GLOBAL FASHION GROUP**  
**ACCELERATION OF CUSTOMER GROWTH DRIVES STRONG TOP LINE GROWTH  
AND IMPROVED PROFITABILITY IN 2018**

**Luxembourg, 26th February 2019** – Global Fashion Group (GFG), the leading online fashion and lifestyle destination in growth markets, delivers accelerated top line growth, with full year Net Merchandise Value (NMV) increasing by 22.5% to EUR 1,453 million year on year (YoY) on a constant currency basis. Full year Revenue of EUR 1,156 million represented a 18.7% growth YoY and Adjusted EBITDA margin reached (4.3)% for the full year, increasing by 4.6 percentage points.

**Christoph Barchewitz and Patrick Schmidt, Co-Chief Executive Officers, said:** “It has been a year of significant progress for GFG. We continued to execute our growth strategy, building new and strengthening existing brand partnerships as well as enhancing our inspiring and seamless customer experience. Through our best-in-class fulfilment infrastructure and intuitive online shopping experience, we have delivered over 27m orders to 11.4m active customers. These efforts are clearly reflected in our results: We increased our number of Active Customers by 14.7% YoY, drove Net Merchandise Value growth of c.23% on a constant currency basis and delivered significantly improved profitability.”

#### **Accelerated growth in our active customer base**

With a growth of 14.7% compared to 2017, Active Customers for the Group reached 11.4 million at the end of this year. Our customers have increased their spending throughout the year with NMV per Active Customer growing by 6.8% on a constant currency basis. Orders also showed strong growth this year, rising by 22.2% to 27.5 million, with our customers ordering 6.5% more frequently than in the prior year. The average order value also increased by 0.3% compared to last year on a constant currency basis.

#### **Continued NMV and Revenue growth**

Net Merchandise Value, which represents customer checkout value, reached EUR 1,453 million for the full year and grew by 22.5% on a constant currency basis. Q4 2018 NMV was EUR 452 million, growing 22.4% on a constant currency basis. There has been significant growth in marketplace sales throughout 2018, with marketplace NMV growing nearly 90% YoY, bringing the marketplace contribution to NMV to approximately 15% for the year. Full year Revenue reached EUR 1,156 million, growing 18.7% on a constant currency basis and Revenue for Q4 was EUR 357 million, representing constant currency growth of 17.7%.

#### **Improved profitability driven by continued scale benefits and operational improvements**

Full year Gross Profit margin reduced by (0.5) percentage points to 38.9%. Gross Profit margin in Q4 2018, at 38.8%, was 0.8 percentage points higher than the Q4 2017 margin. A stronger Q4 YoY Gross Margin in ASIA PACIFIC and LATAM was partially offset by continued price investments in CIS. Continued scale benefits along with improved marketing efficiencies have led to significantly reduced Adjusted EBITDA losses. Our marketing efficiencies enabled us to reduce marketing costs as a percentage of Revenue, whilst continuing to drive payback times of less than twelve months. For the year 2018, the Adjusted EBITDA was EUR (49.8) million, on a proforma basis after adjusting for the impact of IFRS 16. Adjusted EBITDA margin on a proforma basis improved by 4.6 percentage points to (4.3)%. Developments in two of our segments confirm that profitability continued to improve. The LATAM segment and THE ICONIC, part of the ASIA PACIFIC segment, together representing over 50% of the Group’s NMV, achieved positive Adjusted EBITDA for the full year of 2018 for the first time.

#### **Solid financial position**

The closing cash position at the end of Q4 2018 was EUR 105 million. The sale of Namshi, which closed

on February 25, 2019, generated additional proceeds of EUR 114 million.

Our working capital stood at EUR (10) million, as of December 31, 2018, demonstrating capital efficient business growth over the course of the year.

We have increased our investment in capex during the year, as we invest in fulfilment centre automation at THE ICONIC and increase our internally generated intangible assets, focusing further on our in house Technology developments.

## Segment overview

### ASIA PACIFIC

Active Customers reached 3.5 million in the year, growing by 18.3% YoY. NMV per Active Customer also grew strongly by 16.1% on a constant currency basis.

Full year NMV of EUR 502 million represented a constant currency growth of 37.4% YoY. NMV for Q4 2018 of EUR 160 million grew by 38.5%, on a constant currency basis. Full year Revenue of EUR 409 million represented a 33.3% growth YoY, whilst Q4 2018 Revenue was EUR 128 million, a 34.9% growth from last year on a constant currency basis. Full year Gross Margin decreased by (1.5) percentage points, driven by price investments at ZALORA. Q4 2018 Gross Margin increased by 3.6 percentage points from last year to 38.8%.

The fourth quarter in 2018 was a peak sales period for both THE ICONIC and ZALORA. THE ICONIC delivered the highest sales month ever in November 2018, thanks to the most successful promotions to date: Click Frenzy and Black Friday. THE ICONIC's 2018 annual Swim Show was a major success. Having been dubbed "The World's Most Body-Positive Runway" by major media outlets, the annual show continues to promote body positivity and diversity. It further highlights the strength of THE ICONIC's strategic marketing direction in harnessing cultural relevance to achieve long-term brand equity.

Sales at ZALORA were strong as well, driven by prominent promotions like: Singles Day, Black Friday, Cyber Monday and 12.12. ZALORA also launched an exclusive bag collection in collaboration with Korean-pop celebrity, Ms Jessica Jung, marking Jessica's first collaboration with a Southeast Asia-based retailer, and her first foray in designing a handbag. In December, ZALORA and Nike co-hosted the launch of its Nike Hyperflora line which is exclusively available on ZALORA in Singapore, Malaysia, Indonesia and Philippines.

2018 also saw the appointment of Gunjan Soni as Chief Executive Officer of Zalora, who joined in January 2019, and Erica Berchtold who joined THE ICONIC in February 2019 as Chief Executive Officer. Both bringing with them a considerable wealth of fashion and lifestyle retail experience.

### LATAM

Active Customers in LATAM reached 5.2 million, increasing 16.5% YoY. NMV per Active Customer remained broadly flat on a constant currency basis.

Full year NMV reached EUR 484 million, an uplift of 18.5% from 2017. NMV of EUR 148 million in Q4 2018 represented a 15.8% uplift YoY, on a constant currency basis. LATAM achieved full year Revenue of EUR 359 million. Q4 2018 Revenue was EUR 111 million, growing 15.7% YoY on a constant currency basis. Full year Gross Margin decreased by (1.1) percentage points. Gross margin in Q4 increased by

0.2 percentage points YoY and was 40.5% in Q4 2018.

The LATAM segment reached breakeven Adjusted EBITDA on a full year basis for the first time, driven by margin improvements in all countries. There was a strong YoY sales acceleration in Colombia driven by portfolio improvements and an enhanced overall customer experience. There was also very strong growth in the Argentina Marketplace business, growing more than 3 times YoY, which resulted in an improving Adjusted EBITDA margin and stronger cashflow.

We have been focussing on enhancing the customer experience both online and offline. Social media followers reached 29.5 million by the end of Q4 2018 and we introduced a new, more agile and smart way of delivery to our customers in Chile, through Dafiti bicycles. This reinforces our care and respect for the environment and our commitment to offering alternative delivery methods to our customers.

## **CIS**

In our CIS segment, Active Customers grew by 7% YoY reaching 2.7 million with NMV per Active Customer growing at a similar rate. Full year NMV of EUR 467 million represented a growth of 13.9% from 2017. NMV of EUR 144 million in Q4 2018 increased YoY by 15.6% on a constant currency basis, resulting in a Q4 2018 Revenue of EUR 115 million and demonstrated constant currency growth of 7.0%. Full year Revenue reached EUR 376 million with a constant currency growth of 6.7%. Full year Gross Profit margin increased by 1.3 percentage points from 2017 to 38.7%. Q4 2018 Gross Profit margin declined by (0.8) percentage points.

In Q4 we also partnered with and launched, O'Stin, a popular Russian fashion brand with over 700 offline stores, which is now available online to all lamoda customers.

### **Press contact:**

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### **About Global Fashion Group**

Global Fashion Group ("GFG") is the leading fashion and lifestyle destination in Asia Pacific, Latin America and CIS. We connect over 8,000 global, local and own brands to a market of more than one billion consumers through four established e-commerce platforms: THE ICONIC, ZALORA, Dafiti and lamoda. Through an inspiring and seamless customer experience enabled by our own technology ecosystem and operational infrastructure, we are dedicated to being the #1 fashion and lifestyle destination in our markets. With 19 offices and 10 fulfilment centres across four continents, GFG proudly employs a dynamic and diverse team with deep local knowledge and expertise. In 2018, GFG delivered over 27 million orders to over 11 million active customers, generating Net Merchandise Value of approximately EUR 1.5 billion. For more information, visit <http://global-fashion-group.com>.

**GLOBAL FASHION GROUP**

	FY 2016	FY 2017	FY 2018	Q4 2017	Q4 2018
<b>Active Customers<sup>1</sup> m</b>	9.0	10.0	11.4	10.0	11.4
<i>% Growth</i>		11.0%	14.7%	11.0%	14.7%
<b>NMV<sup>2</sup> EURm</b>	1,076.0	1,343.2	1,453.5	401.3	452.3
<i>% Constant Currency Growth<sup>3,4</sup></i>		21.3%	22.5%	24.6%	22.4%
<i>% EUR Growth</i>		24.8%	8.2%	16.6%	12.7%
<b>NMV / Active Customer<sup>2,1</sup> EUR</b>	119.8	134.7	127.1	134.7	127.1
<i>% Constant Currency Growth<sup>3,4</sup></i>		9.2%	6.8%	9.2%	6.8%
<i>% Growth</i>		12.4%	(5.6%)	12.4%	(5.6%)
<b>Revenue EURm</b>	886.9	1,095.0	1,155.9	328.0	356.6
<i>% Constant Currency Growth<sup>3,4</sup></i>		20.1%	18.7%	22.8%	17.7%
<i>% EUR Growth</i>		23.5%	5.6%	16.1%	8.7%
<b>Gross Profit EURm</b>	361.4	430.9	449.7	124.6	138.4
<i>% Margin of Revenue</i>		39.4%	38.9%	38.0%	38.8%
<b>Adjusted EBITDA<sup>5</sup> EURm</b>	(130.8)	(98.0)	(49.8)	(21.4)	(3.8)
<i>% Margin of Revenue</i>		(8.9%)	(4.3%)	(6.5%)	(1.1%)
<b>Capex<sup>6</sup> EURm</b>	38.3	33.2	41.8		
<b>Balance Sheet (EURm)</b>	<b>31-Dec-16</b>	<b>31-Dec-17</b>	<b>31-Dec-18</b>		
<b>Net working capital<sup>7</sup></b>	(0.3)	(0.6)	(10.3)		
<b>Number of Orders<sup>8</sup> m</b>	19.4	22.5	27.5	6.9	8.4
<i>% Pro forma Growth<sup>2</sup></i>		16.8%	22.2%	20.3%	22.0%
<i>% Growth</i>		15.9%	22.2%	20.3%	22.0%
<b>Order Frequency<sup>9</sup></b>	2.2	2.3	2.4	2.3	2.4
<i>% Pro forma Growth<sup>2</sup></i>		5.2%	6.5%	5.2%	6.5%
<i>% Growth</i>		4.4%	6.5%	4.4%	6.5%
<b>Average Order Value<sup>10</sup> EUR</b>	55.4	59.7	52.8	58.5	54.1
<i>% Constant Currency Growth<sup>3,4</sup></i>		3.9%	0.3%	3.5%	0.3%
<i>% Growth</i>		7.7%	(11.4%)	(3.1%)	(7.6%)

**Notes:**

- Number of customers who have purchased at least one item after cancellations, returns and rejections in the last twelve months.
- Value of goods sold after cancellations, rejections and returns including VAT/GST and delivery fees
- Growth rate is shown on a constant currency basis and therefore excludes the effect of foreign currency movements
- To ensure comparability between periods we have adjusted prior periods for acquisitions, disposals and corporate restructurings and adjustments for the impacts of hyperinflation
- Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortisation of intangible assets, impairment losses, share-based payment expenses and a one-off provision release. 2018 adjusted for IFRS 16 impact.
- Capital expenditure represents the acquisition of property, plant and equipment and intangible assets in the reporting period
- Net working capital represents inventories and trade and other receivables less trade and other payables and other financial liabilities.
- Number of orders placed by customers after cancellations, rejections and returns
- Average number of orders per customer per year (calculated as last twelve months' orders divided by active customers)
- Net Merchandise Value (NMV) per net order.

## ASIA PACIFIC

	FY 2016	FY 2017	FY 2018	Q4 2017	Q4 2018
Active Customers <sup>1</sup> m	2.7	3.0	3.5	3.0	3.5
% Growth		8.7%	18.3%	8.7%	18.3%
NMV <sup>2</sup> EURm	306.0	387.2	501.9	118.4	160.1
% Constant Currency Growth <sup>3,4</sup>		30.8%	37.4%	40.6%	38.5%
% EUR Growth		26.5%	29.6%	31.1%	35.2%
NMV / Active Customer <sup>2,1</sup> EUR	111.8	130.1	142.5	130.1	142.5
% Constant Currency Growth <sup>3,4</sup>		20.3%	16.1%	20.3%	16.1%
% Growth		16.4%	9.5%	16.4%	9.5%
Revenue EURm	261.2	323.5	409.0	97.1	128.3
% Constant Currency Growth <sup>3,4</sup>		27.8%	33.3%	37.7%	34.9%
% EUR Growth		23.9%	26.5%	28.6%	32.2%
Gross Profit EURm	103.2	125.2	152.1	34.2	49.8
% Margin of Revenue		38.7%	37.2%	35.2%	38.8%

## LATAM

	FY 2016	FY 2017	FY 2018	Q4 2017	Q4 2018
Active Customers <sup>1</sup> m	4.0	4.5	5.2	4.5	5.2
% Growth		12.1%	16.5%	12.1%	16.5%
NMV <sup>2</sup> EURm	416.6	493.6	484.3	145.0	148.0
% Constant Currency Growth <sup>3,4</sup>		17.2%	18.5%	25.2%	15.8%
% EUR Growth		18.5%	(1.9%)	12.0%	2.0%
NMV / Active Customer <sup>2,1</sup> EUR	104.7	110.6	93.1	110.6	93.1
% Constant Currency Growth <sup>3,4</sup>		4.5%	1.7%	4.5%	1.7%
% Growth		5.7%	(15.8%)	5.7%	(15.8%)
Revenue EURm	315.5	365.2	359.0	108.4	110.7
% Constant Currency Growth <sup>3,4</sup>		12.5%	18.8%	18.2%	15.7%
% EUR Growth		15.8%	(1.7%)	8.9%	2.0%
Gross Profit EURm	136.8	155.4	149.0	43.6	44.8
% Margin of Revenue		42.6%	41.5%	40.3%	40.5%

## CIS

	FY 2016	FY 2017	FY 2018	Q4 2017	Q4 2018
Active Customers <sup>1</sup> m	2.3	2.5	2.7	2.5	2.7
% Growth		11.9%	7.0%	11.9%	7.0%
NMV <sup>2</sup> EURm	353.4	462.5	467.3	137.9	144.3
% Constant Currency Growth <sup>3</sup>		18.3%	13.9%	12.2%	15.6%
% EUR Growth		30.9%	1.0%	10.9%	4.7%
NMV / Active Customer <sup>2,1</sup> EUR	156.2	182.7	172.5	182.7	172.5
% Constant Currency Growth <sup>3</sup>		5.7%	6.4%	5.7%	6.4%
% Growth		16.9%	(5.6%)	16.9%	(5.6%)
Revenue EURm	305.1	395.1	376.4	118.8	115.5
% Constant Currency Growth <sup>3,4</sup>		18.6%	6.7%	14.5%	7.0%
% EUR Growth		29.5%	(4.7%)	11.6%	(2.7%)
Gross Profit EURm	120.5	147.8	145.8	45.7	43.5
% Margin of Revenue		37.4%	38.7%	38.5%	37.7%

Please refer to page 4 for footnotes.

### Other releases in connection with GFG's results

Shareholders of Kinnevik AB ("Kinnevik") should read this press release in conjunction with all relevant releases by Kinnevik in connection with GFG's results for the same period.

Shareholders of Rocket Internet SE ("Rocket") should read this press release in conjunction with all relevant releases by Rocket in connection with GFG's results for the same period.