



K I N N E V I K

PRESSMEDDELANDE

20 november 2018

**RESULTATRAPPORT FÖR TREDJE KVARTALET 2018 FÖR
GLOBAL FASHION GROUP**

Kinnevik AB (publ) ("Kinnevik") offentliggjorde idag resultatet för det tredje kvartalet 2018 för Global Fashion Group, vilket innefattar de regionala verksamheterna Lamoda, Dafiti, Zalora, The Iconic och Namshi.

Global Fashion Group kommer att hålla en telefonkonferens idag den 20 november 2018 kl. 10.00 CET för att presentera resultatet för det tredje kvartalet 2018. De som vill delta via telefon är välkomna att ringa in på nedan telefonnummer:

UK: +44 (0)330 336 9105

Sverige: +46 (0)8 5033 6574

Pinkod: 8947333

Resultatet i sammandrag för Global Fashion Group återfinns på efterföljande sidor i pressmeddelandet.

För ytterligare information, besök www.kinnevik.com eller kontakta:

Torun Litzén, Informations- och IR-chef

Telefon +46 (0)70 762 00 50

Email press@kinnevik.com

Kinnevik är ett sektorfokuserat investeringsbolag som brinner för entreprenörskap. Tillsammans med drivna grundare och företagsledare bygger vi digitala bolag som erbjuder människor fler och bättre valmöjligheter. Vi skapar, utvecklar och investerar i snabbt växande bolag i både utvecklade marknader och tillväxtmarknader. Vi tror på att skapa både aktieägarvärde och socialt värde genom att bygga bolag som bidrar positivt till samhället. Kinnevik grundades 1936 av familjerna Stenbeck, Klingspor och von Horn. Kinneviks aktier handlas på Nasdaq Stockholms lista för stora bolag under kortnamnen KINV A och KINV B.

KINNEVIK AB (PUBL)

20th NOVEMBER 2018

GLOBAL FASHION GROUP
REACHED 11 MILLION ACTIVE CUSTOMERS AND DELIVERED CONTINUED
STRONG GROWTH AND IMPROVED PROFITABILITY IN Q3 2018

Luxembourg, 20th November 2018 – Global Fashion Group (GFG), the leading online fashion and lifestyle destination for high growth markets, showed continued top line growth with Net Merchandise Value increasing by 22.7% year on year on a constant currency basis, and improved profitability by 4.6 percentage points in the third quarter of 2018 (ended 30 September 2018). We continued to execute our growth strategy across our core markets and make further progress with our brand partners and customers.

Customer measures continue to improve

Active Customers for the Group reached 11.0 million, adding 1 million since the start of the year, and representing year on year (YoY) growth of 15.8%. Net Orders grew by 25.1%, reflecting the continued secular growth in online retail in our end-markets and increasing order frequency of our customer base.

Continued Net Merchandise Value (NMV) and Revenue growth

Net Merchandise Value, which includes sales on GFG's marketplace platform, was EUR 289.5 million for the quarter, growing 22.7% on a constant currency basis and 9.2% in absolute EUR terms. There has been significant growth in marketplace sales throughout 2018, specifically in Russia/CIS, Argentina and Australasia, bringing the marketplace contribution to NMV to approximately 15% year to date. Group Revenue (which includes only commission earned on marketplace NMV and delivery fees) for the quarter was EUR 264.6 million, representing constant currency growth of 16.9% or 3.2% growth in absolute EUR terms.

Improved profitability driven by further scale benefits and operational improvements

Gross Profit margin, in Q318, at 36.2% was 2.4 percentage points lower than the Q317 margin. A stronger YoY Gross Margin in Australasia was offset by continued price investments in Southeast Asia (SEA), Latin America (LatAm) and Russia/CIS. Gross Profit margin decline was more than compensated by operational efficiency improvements, driven by optimised marketing investment, and fixed-cost scale benefits across the Group. This resulted in an overall YoY Adjusted EBITDA margin improvement of 4.6 percentage points to (8.1)% of Net Revenue for Q318.

Regional overview

Dafiti (LatAm)

In the LatAm region, NMV of EUR 91.5 million in the quarter represented a 14.4% uplift YoY, on a constant currency basis. Revenue was EUR 82.3 million, growing 13.6% YoY on a constant currency basis. Continued depreciation of the Brazilian Real and the Argentinian Peso resulted in absolute EUR NMV and Revenue declining YoY by (7.0)% and (10.8)%, respectively. Gross Profit margin declined by 2.2 percentage points YoY and was 40.8% in Q3, driven largely by country mix effects.

During the quarter, the improvement in Dafiti's fulfilment network across the country enabled faster delivery at lower costs to the North and Northeast of Brazil, combined with enhanced delivery flexibility.

Lamoda (Russia / CIS)

In the Russia / CIS region, NMV of EUR 91.7 million increased by 20.8% on a constant currency basis, driven by accelerated marketplace growth. Revenue was EUR 85.0 million and demonstrated constant currency growth of 9.0%. Depreciation in the Ruble reduced NMV and Revenue growth in absolute EUR terms to 9.6% and (0.8)%, respectively. Gross Profit margin declined by 0.8 percentage points partly due to delayed uptake of Lamoda's Fall/Winter inventory given an extended warm weather period.

In Q3, Lamoda further developed its relationship with Inditex, now offering two Inditex brands, Pull&Bear and Oysho through the marketplace platform to customers. Lamoda continued to open pickup points in

new regions that led to an order increase for this delivery method. A new order confirmation tool was launched in Q3. It has enhanced customer experience and resulted in a decrease in customer service costs.

THE ICONIC (Australasia)

In the Australasia region, NMV of EUR 65.0 million grew by 38.6%, on a constant currency basis. Revenue was EUR 55.2 million, 35.3% growth from last year on a constant currency basis. Due to depreciation of the Australian Dollar, NMV and Revenue growth in absolute EUR terms were 29.6% and 26.5%, respectively. Gross Profit margin increased by 0.8 percentage points to 45.7%.

During the quarter THE ICONIC launched its designated Kids category to further enhance relevance to its customer base and capture this additional growth opportunity. To support the continued growth of the Australasia region, THE ICONIC secured additional warehouse space at its fulfilment centre, almost doubling the size and increasing the storage capacity to 4 million items. Further fulfilment efficiency benefits are expected in the future, with the Automated Storage and Retrieval System (ASRS) now fully operational, meaning a large part of the process for placing and retrieving of items is now automated.

ZALORA (SEA)

In the SEA region, NMV of EUR 41.4 million in the quarter represented a 27.8% uplift YoY, again on a constant currency basis. Revenue was EUR 38.6 million, growing 22.7% YoY on a constant currency basis. In absolute EUR terms, the NMV and Revenue growth were 25.8% and 21.3%, respectively. Gross Profit margin declined YoY by 9.6 percentage points in the quarter to 22.6%, driven by strategic price investments across the region, partially offset by reduced marketing spend.

In the quarter, Zalora launched Revolve as an important new brand fashion partner, with Hong Kong as a pilot market. Zalora also launched an exclusive celebrity collaboration with four of the biggest celebrities in the Philippines, with over 12 million combined followers on Instagram alone, to drive marketing of the Zalora brand.

Solid financial position

GFG's closing cash position at the end of the quarter was EUR 108.8 million. EUR 50.0 million of its Revolving Credit Facility remains undrawn.

Press contact:

press@global-fashion-group.com

About Global Fashion Group

Global Fashion Group (GFG) is the leading online fashion and lifestyle destination for high growth markets. We deliver a world-class online shopping experience to consumers in traditionally underserved markets, offering them in total over 8,000 international and local brands, alongside our own labels. GFG operates four branded platforms across four continents: Dafiti (LatAm), Lamoda (Russia / CIS), THE ICONIC (Australasia) and ZALORA (SEA). GFG additionally holds a joint venture stake in Namshi (Middle East). By connecting our customers and brands via an end-to-end value chain, we are the go-to destination for aspirational consumers who demand fast, flexible and reliable service. GFG is well-placed to further develop its strong positions in the most attractive global growth markets and capture substantial long-term growth. For more information, visit <http://global-fashion-group.com>

GLOBAL FASHION GROUP CONSOLIDATED

GLOBAL FASHION GROUP³

Key Financials (EURm)	FY 2016	FY 2017	9M 2017	9M 2018	Q3 2017	Q3 2018
Net Merchandise Value ¹	902.6	1,130.6	792.9	850.7	265.1	289.5
% Constant Currency Growth ^{2,3}		21.1%	19.9%	22.2%	22.2%	22.7%
% EUR growth		25.3%	29.1%	7.3%	20.7%	9.2%
Revenue	886.9	1,095.0	767.0	799.3	256.4	264.6
% Constant Currency Growth ^{2,3}		20.1%	18.8%	18.7%	21.3%	16.9%
% EUR growth		23.5%	26.9%	4.2%	19.0%	3.2%
Gross profit	361.4	430.9	306.4	311.3	98.9	95.9
% margin of Net revenue		39.4%	39.9%	38.9%	38.6%	36.2%
Adjusted EBITDA ⁴	(130.8)	(98.0)	(76.5)	(60.4)	(32.6)	(21.3)
% margin of Net revenue		(8.9%)	(10.0%)	(7.6%)	(12.7%)	(8.1%)
Capex ⁵	36.0	30.3	22.1	24.7	5.2	10.7

Balance Sheet (EURm)	31-Dec-16	31-Dec-17	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18
Net working capital ⁶	(0.3)	(0.6)	3.1	18.2	3.1	18.2
Cash position	244.2	251.4	266.1	108.8	266.1	108.8

Key Performance Indicators	FY 2016	FY 2017	9M 2017	9M 2018	Q3 2017	Q3 2018
Active customers ⁷ (m)	9.0	10.0	9.5	11.0	9.5	11.0
% growth		11.0%	10.7%	15.8%	10.7%	15.8%
% pro forma growth ³		11.0%	10.7%	15.8%	10.7%	15.8%
Net Orders ⁸ (m)	19.4	22.5	15.7	19.1	5.5	6.9
% growth		15.9%	14.0%	22.2%	18.1%	25.1%
% pro forma growth ³		16.8%	15.3%	22.2%	18.1%	25.1%

Source:

Company's unaudited consolidated quarterly financial statements and audited full year financial statements based on IFRS and unaudited management reports.

Notes:

- (1) Net Merchandise Value (NMV) is defined as the value of goods sold after actual and provisioned returns and rejections. NMV excludes other revenue items such as delivery fees for example.
- (2) Growth rate is shown on a constant currency basis and therefore excludes the effect of foreign currency movements.
- (3) To ensure comparability between periods we have adjusted prior periods for acquisitions, disposals and corporate restructurings.
- (4) 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.
- (5) Capital expenditure represents the acquisition of property, plant and equipment and intangible assets.
- (6) Net working capital represents inventories and trade and other receivables less trade and other payables and other financial liabilities.
- (7) Number of customers who have purchased at least one item after cancellations, returns and rejections in the last twelve months.
- (8) Defined as total number of orders sold to customers after deducting returned orders.

Dafiti (LatAm)

Key Financials (EURm)	FY 2016	FY 2017	9M 2017	9M 2018	Q3 2017	Q3 2018
Net Merchandise Value ¹	323.6	388.7	275.1	266.2	98.4	91.5
% Constant Currency Growth ^{2,3}		16.9%	14.6%	17.1%	22.1%	14.4%
% EUR growth		20.1%	23.6%	(3.2%)	17.5%	(7.0%)
Revenue	315.5	365.2	256.8	248.3	92.2	82.3
% Constant Currency Growth ^{2,3}		12.5%	10.1%	18.7%	19.5%	13.6%
% EUR growth		15.8%	18.9%	(3.3%)	15.1%	(10.8%)
Gross profit	136.8	155.4	111.8	104.2	39.7	33.5
% margin of Net revenue		42.6%	43.5%	41.9%	43.0%	40.8%

Lamoda (Russia / CIS)

Key Financials (EURm)	FY 2016	FY 2017	9M 2017	9M 2018	Q3 2017	Q3 2018
Net Merchandise Value ¹	300.0	388.9	272.8	272.6	83.6	91.7
% Constant Currency Growth ^{2,3}		17.2%	19.7%	13.6%	12.7%	20.8%
% EUR growth		29.6%	39.9%	(0.1%)	17.4%	9.6%
Revenue	305.1	395.1	276.3	260.9	85.8	85.0
% Constant Currency Growth ^{2,3}		18.6%	20.6%	6.6%	14.3%	9.0%
% EUR growth		29.5%	39.1%	(5.6%)	17.5%	(0.8%)
Gross profit	120.5	147.7	102.0	102.3	28.4	27.5
% margin of Net revenue		37.4%	36.9%	39.2%	33.1%	32.3%

The Iconic (Australasia)

Key Financials (EURm)	FY 2016	FY 2017	9M 2017	9M 2018	Q3 2017	Q3 2018
Net Merchandise Value ¹	136.3	203.2	139.4	185.8	50.1	65.0
% Constant Currency Growth ²		49.1%	47.2%	44.0%	59.8%	38.6%
% EUR growth		49.1%	51.6%	33.3%	58.0%	29.6%
Revenue	128.0	181.4	125.3	159.5	43.6	55.2
% Constant Currency Growth ²		41.5%	39.4%	37.8%	48.5%	35.3%
% EUR growth		41.7%	43.8%	27.3%	46.9%	26.5%
Gross profit	57.7	77.9	55.7	71.2	19.6	25.2
% margin of Net revenue		42.9%	44.5%	44.6%	44.9%	45.7%

Zalora (SEA)

Key Financials (EURm)	FY 2016	FY 2017	9M 2017	9M 2018	Q3 2017	Q3 2018
Net Merchandise Value ¹	142.6	149.8	105.6	126.0	32.9	41.4
% Constant Currency Growth ^{2,3}		12.7%	7.5%	27.0%	8.1%	27.8%
% EUR growth		5.0%	0.9%	19.3%	(0.3%)	25.8%
Revenue	133.7	142.7	101.5	121.7	31.8	38.6
% Constant Currency Growth ^{2,3}		14.5%	9.5%	25.8%	9.6%	22.7%
% EUR growth		6.7%	2.5%	19.8%	0.3%	21.3%
Gross profit	46.0	47.7	35.6	31.6	10.2	8.7
% margin of Net revenue		33.4%	35.1%	26.0%	32.2%	22.6%

Please refer to page 3 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.