zooplus AG closes a successful first quarter of 2020 with a significant increase in sales and earnings

- **Increased demand for pet supplies during the COVID-19 pandemic drives sales increase of 21%**
- **zooplus achieves sales of EUR 440 m in Q1 2020**
- **Own brands business with food and litter continues to achieve above-average growth of 34%**
- **EBITDA reaches EUR 8.1 m**
- **Sales retention rate rises to 94%**
- **Strong free cash flow of EUR 40.4 m, partially driven by extraordinary effects**
- **Sales and earnings targets raised for the current financial year**

Munich, May 14, 2020 – zooplus AG (WKN 511170, ISIN DE0005111702, ticker symbol ZO1), Europe's leading online retailer of pet supplies, completed a successful first quarter of 2020. zooplus managed to maintain uninterrupted operations throughout the first quarter of 2020, despite restrictions related to the COVID-19 pandemic, and made safe deliveries door-to-door throughout Europe to not only loyal existing customers but also to new customers. The company generated sales of EUR 439.9 m (Q1 2019: EUR 363.2 m), which corresponds to a sales growth rate of 21% (in local sales currencies: 22%).

The primary driver of sales growth in the quarter was the company's business with loyal existing customers, which reflects the high level of trust customers place in the zooplus product promise, even in times of crisis. The sales retention rate rose significantly compared with the end of 2019 (91%) and now stands at 94% (in relevant sales currencies: also 94%). Even with a considerable reduction in expenses to acquire new customers, zooplus registered an unchanged high number of new customers versus the same prior-year period. At the same time, there was a significant improvement in the quality of new customers. The number of new customers with two or more transactions increased by 11%, with a corresponding rise in sales of 16%. The organic growth in new customers during the crisis confirms zooplus' positioning as Europe's leading online specialist retailer for pet supplies and has further supported the company's dynamic sales development in the first quarter of 2020.

With a sales increase of 34%, the own brands business in the food and litter segment continues to make an above-average contribution to the positive overall development. This high-margin product range amounted to 16% of the total sales of food and litter in the first quarter of 2020 (Q1 2019: 15%).

The gross margin continued to develop positively at 29.4% (Q1 2019: 28.2%) and is above the level recorded in full-year 2019 (FY 2019: 29.0%). The further increase in high-margin sales of own brands portfolio and the improvement achieved through centralized yield management had a beneficial effect on the gross margin development in the first quarter of 2020.

Operating profitability, measured in terms of earnings before interest, taxes, depreciation and amortization (EBITDA), amounted to EUR 8.1 m in the first quarter, for a comparatively substantial increase over the prior-year quarter (Q1 2019: EUR 2.2 m). Measures introduced by the centralized yield management and the decline in marketing expenses as a percentage of sales both had a positive effect on EBITDA. Next to a renewed and stronger focus on the efficiency in online marketing, this decline was partly due to a pause in the active efforts to acquire new customers, starting in mid-March. The focus remained on fulfilling the product promise to the loyal customer base, particularly in periods of high demand. As a result, marketing expenses amounted to 2.2% of sales in the first quarter of 2020 (Q1 2019: 2.7% / FY 2019: 3.3%). Lower efficiency in the logistics area caused, above all, from adding transport and fulfillment capacities and incurring higher load redistribution costs, had a counter effect on earnings. This is offset by the positive effect on the value per parcel from the higher order volume per customer due to the surge in demand. As a result, the Group was able to more than compensate for the higher logistics expenses.

The robust operating result and sharply higher sales growth in March had a positive effect on the Group’s liquidity. The Group’s internal financing strength was underscored in the first quarter of 2020 by significantly higher free cash flow of EUR 40.4 m (prior-year quarter: EUR 10.5 m), which was supported, among other things, from a sales-related reduction in inventories.

Dr. Cornelius Patt, CEO of zooplus AG, in his comments says: "As an internet-based company in the pet supplies segment, we are ideally positioned to meet our customer proposition without interruption throughout the period of the corona pandemic. Our customers have reciprocated with their continued loyalty enabling us to record an increase in the sales retention ratio to a level of 94% in the first quarter of 2020. In the second quarter, we continue to see robust demand for pet supplies in Europe from both new and existing customers. As a result, we are looking forward to the remainder of the financial year with confidence. We also raised our sales and earnings targets for the 2020 financial year just a few days ago. We will however continuously monitor the developments in our sector along the supply chain and maintain close contact with all our partners to ensure the continuity of the flow of goods and the maintenance of the logistics infrastructure during the COVID-19 pandemic in Europe. Our top priority is to ensure our loyal customer base continues to have uninterrupted access to their favorite brands and products".

Based on a year-on-year rise in sales of EUR 76.8 m and operating profitability, measured by EBITDA of EUR 8.1 m, the Group is fully on track to achieve its 2020 full-year targets originally announced on March 25, 2020 and updated on May 7, 2020 (year-on-year sales growth of EUR 225 m to a sales volume of EUR 1.75 bn and earnings before interest, taxes, depreciation and amortization (EBITDA) of at least EUR 20 m). The assumption for achieving the updated guidance is that the impact of the corona pandemic on both the overall economic situation and the situation of the Group does not change significantly to an unknown extent in the further course of the financial year.

zooplus AG has adjusted its reporting structure with the commencement of the 2020 financial year. Starting in the first quarter of 2020, the company will publish an interim statement for the first and third quarters of the financial year in line with general practice, instead of its previous practice of publishing quarterly reports. The quarterly statement for the first quarter 2020 is available for downloading on the company’s website at https://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. Sales totaled more than EUR 1.5 bn in the 2019 financial year. The company's business model has been launched successfully in roughly 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. Gross sales of pet food and accessories within the European Union amount to around EUR 30 bn. Based on the continued vigorous growth anticipated in the European E-commerce market, zooplus expects its dynamic performance to continue.

Online at: www.zooplus.de

Investor relations contact:

zooplus AG
Diana Apostol
Sonnenstrasse 15
80331 Munich
Phone: + 49 (0) 89 95006-210
Fax: + 49 (0) 89 95006-503
Email: ir@zooplus.com
Website: https://investors.zooplus.com

Media contact:

cometis AG
Georg Grießmann
Unter den Eichen 7
65195 Wiesbaden
Phone: +49 (0)611-205855-61
Fax: +49 (0)611-205855-66
Email: griessmann@cometis.de
Website: www.cometis.de