

▶ zalando (XTRA: ZAL) 4Q16 Trading Update: Strong Sales, but Slightly Below Analysts' Estimates

- Zalando reported that it expects 4Q16 revenue to grow 25%–26% year over year to €1,086–€1,094 million, according to preliminary figures.
- The company expects to achieve 4Q16 adjusted EBIT of €81–€104 million, corresponding to an adjusted EBIT margin of 7.5%–9.5%.
- Management reiterated expectations of delivering FY16 year-over-year revenue growth of 22.9%–23.1%. Following clear profitability improvements, Zalando expects an adjusted FY16 EBIT margin of 5.6%–6.2%, up from 3.6% in FY15. The company will report full and detailed 4Q16 and FY16 results on March 1, 2017.

4Q16 Trading Update

German-based online fashion retailer Zalando reported that it expects 4Q16 revenue to grow 25%–26% year over year to €1,086–€1,094 million. 4Q16, which ended December 31, marks the first quarter in which Zalando broke the €1 billion revenue barrier.

Zalando meaningfully increased profitability in the quarter. For 4Q16, the company expects to achieve an adjusted EBIT of about €81–€104 million, corresponding to an adjusted EBIT margin of 7.5%–9.5%, up from EBIT of €72 million and an adjusted EBIT margin of 8.3% in 4Q15.

FY16 Results

The company expects to report strong FY16 revenues of about €3,633–€3,642 million, up 22.9%–23.1% year over year. Adjusted EBIT for FY16 is expected to come in at €202–€225 million, corresponding to an adjusted EBIT margin of 5.6%–6.2%, up from 3.6% in FY16.

FY16 revenue consensus estimates stand at €3,677 million, implying annual year-over-year growth of 24.3%. Consensus expects operating profit of €198 million, implying an adjusted FY16 EBIT margin of 5.4%.

Outlook

Zalando intends to open a satellite warehouse in Sweden in FY17, similar to those it operates in France and Italy. The facility aims to further improve the company's customer proposition in Nordic markets including Sweden, Norway, Finland and Denmark.

The company will report full and detailed 4Q16 and FY16 results, as well as FY17 guidance on March 1, 2017.



FLASH REPORT

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