

▶ zalando (XTRA: ZAL) 3Q17 Trading Update: Strong Sales Growth, but Declining Profit Margins Due to Growth Investments

- Zalando expects to report 3Q17 revenues of €1,064–€1,081 million, according to preliminary figures, representing growth of 27.5%–29.5% year over year.
- The company expects to achieve 3Q17 adjusted EBIT of €(5.0)–€5.0 million, corresponding to an adjusted EBIT margin of (0.5)%–0.5%.
- The company will report full and detailed 3Q17 results on November 7, 2017.
- Zalando will enter the beauty market in spring 2018 to tap into the online beauty shopping opportunity in Europe and complement its fashion assortment.

3Q17 Trading Update

Germany-based online fashion retailer Zalando reported that it expects 3Q17 revenues of €1,064–€1,081 million, according to preliminary figures, representing growth of 27.5%–29.5% year over year. This is above the consensus estimate for 3Q17 revenues of €1,062 million. 3Q17 revenue growth compares to 21.5% growth in 1H17 and is ahead of the company's full-year guidance to be in the upper half of the 20%–25% range.

Zalando expects to achieve 3Q17 adjusted EBIT of €(5.0)–€5.0 million, corresponding to an adjusted EBIT margin of (0.5)%–0.5%. The company is investing heavily in technology and logistics infrastructure, brand proposition and customer experience to continue its aggressive growth strategy and win market share.

Outlook

The company will report full and detailed 3Q17 results on November 7, 2017.

Zalando will enter the beauty market in spring 2018 to tap into the online beauty shopping opportunity in Europe and complement its fashion assortment. It will sell cosmetics, skin care and fragrances across various price points. The new category will initially be launched in Germany, with other markets to follow.

The consensus estimate for FY17 revenues stands at €4,489 million, implying annual year-over-year growth of 23%. Consensus expects operating profit of €225 million, implying an adjusted FY17 EBIT margin of 5.0%. FY17 EPS is expected at €0.59, representing annual year-over-year growth of 20.5%.



FLASH REPORT

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