

17th November 2015

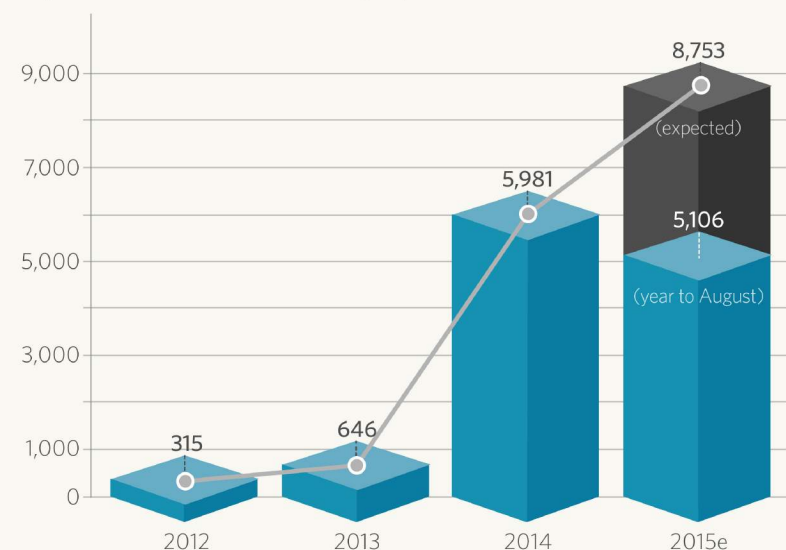
CCIA – European Ecommerce

Mark Hiley – The Analyst

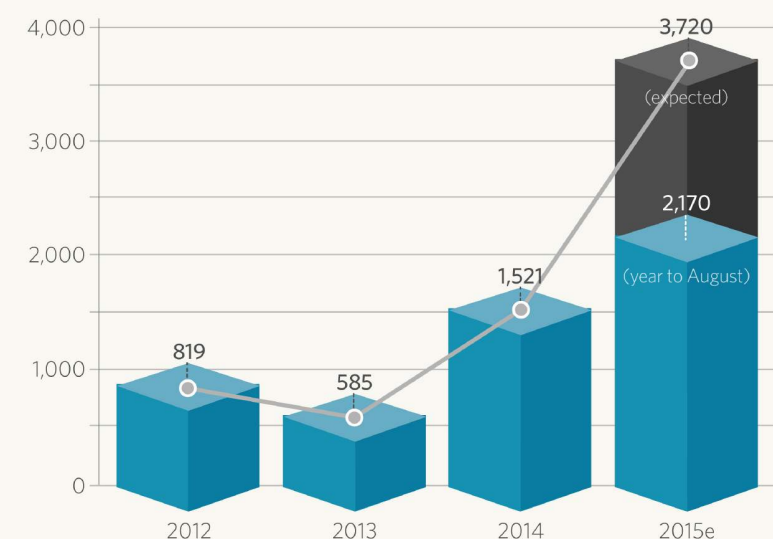
Introduction

- Consistent trend since 2012 of increased capital raising in the internet sector in Europe by European domiciled businesses.
- At least €12bn raised by public companies and €5bn by private companies in the period since 2012, within our sample group.

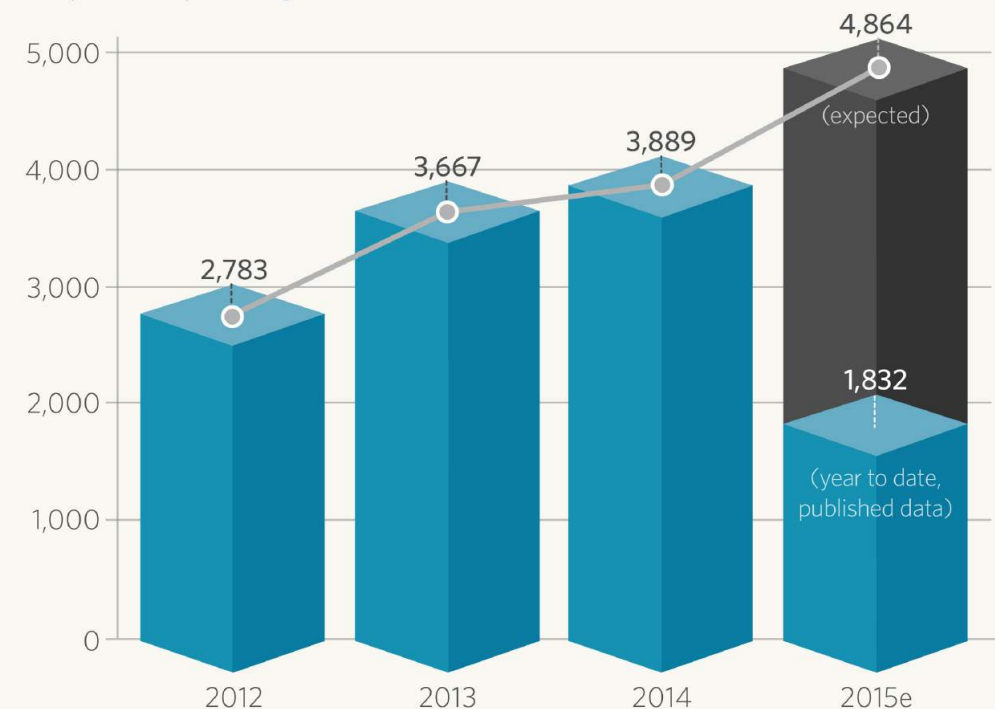
Capital Raised: Public Markets (€m)



Capital Raised: Private Markets (€m)



Corporate Spending: Total (€m)



Success Stories (Part 1)

- **Just Eat** - €3.6bn market capitalisation
- **Yoox** - €1.7bn market capitalisation
- **Rightmove** - €5bn market capitalisation
- **Zalando** - €7.2bn market capitalisation

JUST EAT

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€1.9bn IPO in 2014 and a further
€615m in 2015 to fund acquisitions

Business today:
**100m annual orders,
60,000 restaurant clients,
11m customers, market
capitalisation €3.6bn**

 **YOOX**

THE ANALYST

€200m valuation at IPO in 2009,
further €400m fundraising in 2015

2014 operating expenditure - € 162m
2014 capital expenditure - € 39m

Business today:
**1.3m active customers,
955 employees, €640m revenues,
€1.7bn market capitalisation**

 **rightmove**

THE ANALYST

€600m valuation at
IPO in 2006

2014 operating expenditure - €50m
2014 capital expenditure - €2m

Business today:
**20,000 estate agent customers,
€275m revenue, >1m listings,
>100m monthly visits, 400 employees,
72% operating margins,
€5bn market capitalisation**

 **zalando**

THE ANALYST

2014/15 capital raise
€900m

2014 operating expenditure - €900m
2014 capital expenditure - €55m

Business today:
**17m active customers,
€3bn revenue, 5% margins,
€7.2bn market capitalisation**

Success Stories (Part 2)

- **Farfetch** - €880m valuation
- **WorldStores** - Revenue >€135m
- **Lyst** - Total sales €130m
- **Delivery Hero** - €114m transaction value

lyst

THE ANALYST

Unknown valuation, raised **€35m** in April 2015 (total raise **€53m** so far)

11,500 brands on site,
total sales **€130m**,
€350 average order value



Chris Morton
(Founder)

FARFETCH

THE ANALYST

€880m valuation at recent **€76m** raise in 2015
(total raise **€170m** so far)

>€440m marketplace
merchandise value (**€265m**
2014), **€110m** revenue,
€570 average order value

>250-1,000
fashion boutiques



José Neves
(Founder)

worldstores

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WorldStores raised **€34m** from
Goldman Sachs in March 2015

>76 niche sites,
Revenue **>€135m**

>750,000 product lines
kiddicare MODERN.
casafina
MattressesWorld



Joe Murray & Richard Tucker
(Founders)

Delivery Hero

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€114m transaction value

7m monthly orders
200,000 listed restaurants

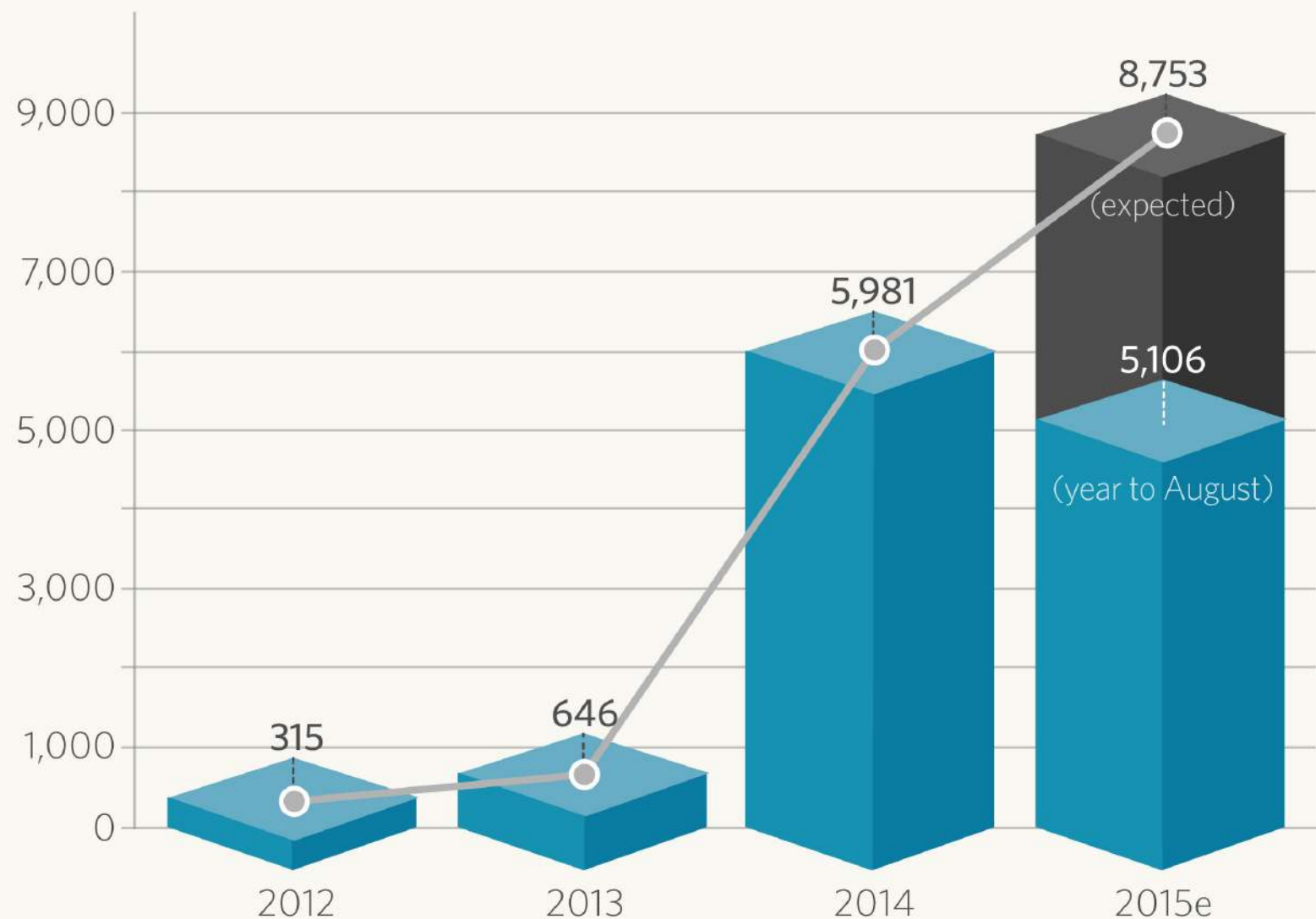
Operating in 34 markets
worldwide, across 5 continents.
Over 2,000 employees across
the globe

Capital Raised (Public)

- Over €12bn capital inflows into public equities in our ecommerce sample set domiciled in Europe in 2012.
- Capital flows increased by over ten times during this period.
- Over €5bn invested in 2015.
- Healthy public equity markets in ecommerce in Europe.

Capital Raised: Public Markets (€m)

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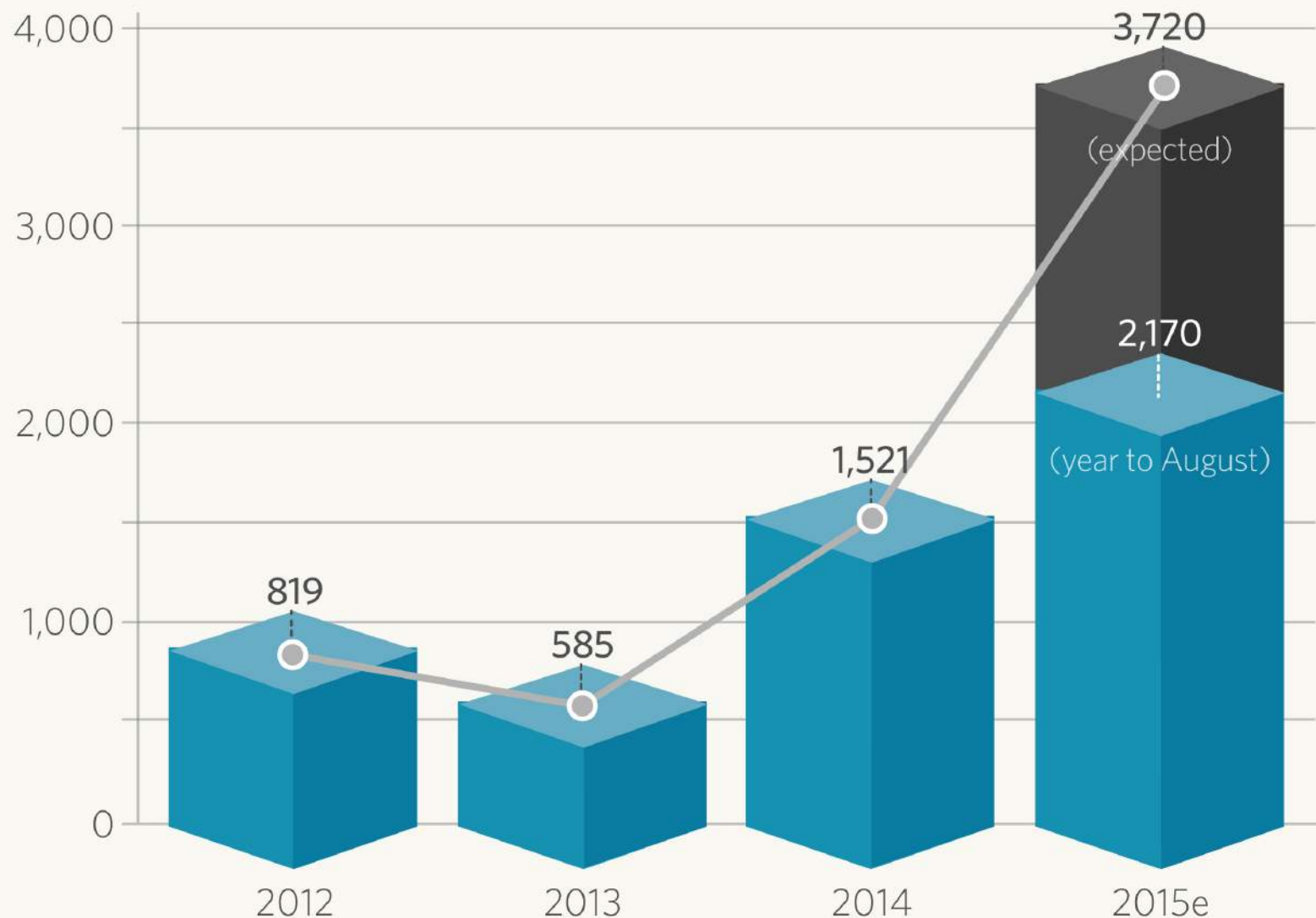


Capital Raised (Private)

- Over €5bn raised in private markets since 2012.
- Capital flows increased by seven times during the period.
- Over €2bn raised in 2015 year to August, full year likely to exceed €3.5bn.
- Healthy private capital markets in ecommerce in Europe, but balance of volumes increasingly shifting to public markets.

Capital Raised: Private Markets (€m)

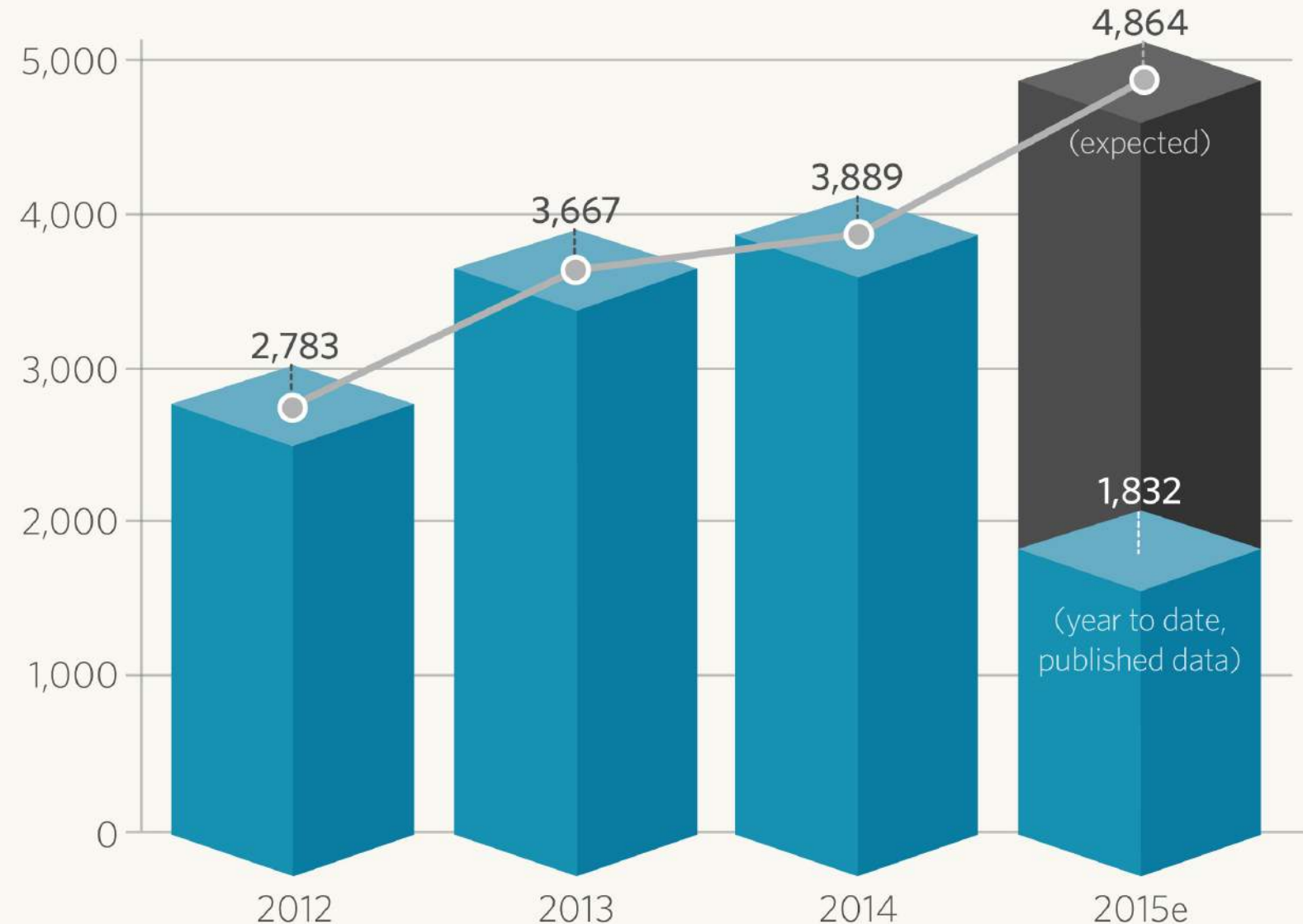
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Corporate Spending

- Over €10bn operating spend (SG&A) accumulated since 2012.
- Over €4bn expected to be spent in 2015. Sector spending increasing by at least 25% this year.
- €1.5bn invested in assets since 2012, with €600m expected in 2015.
- Corporates are willing and able to spend the capital they raise. More businesses are raising more money and spending more to build scale.

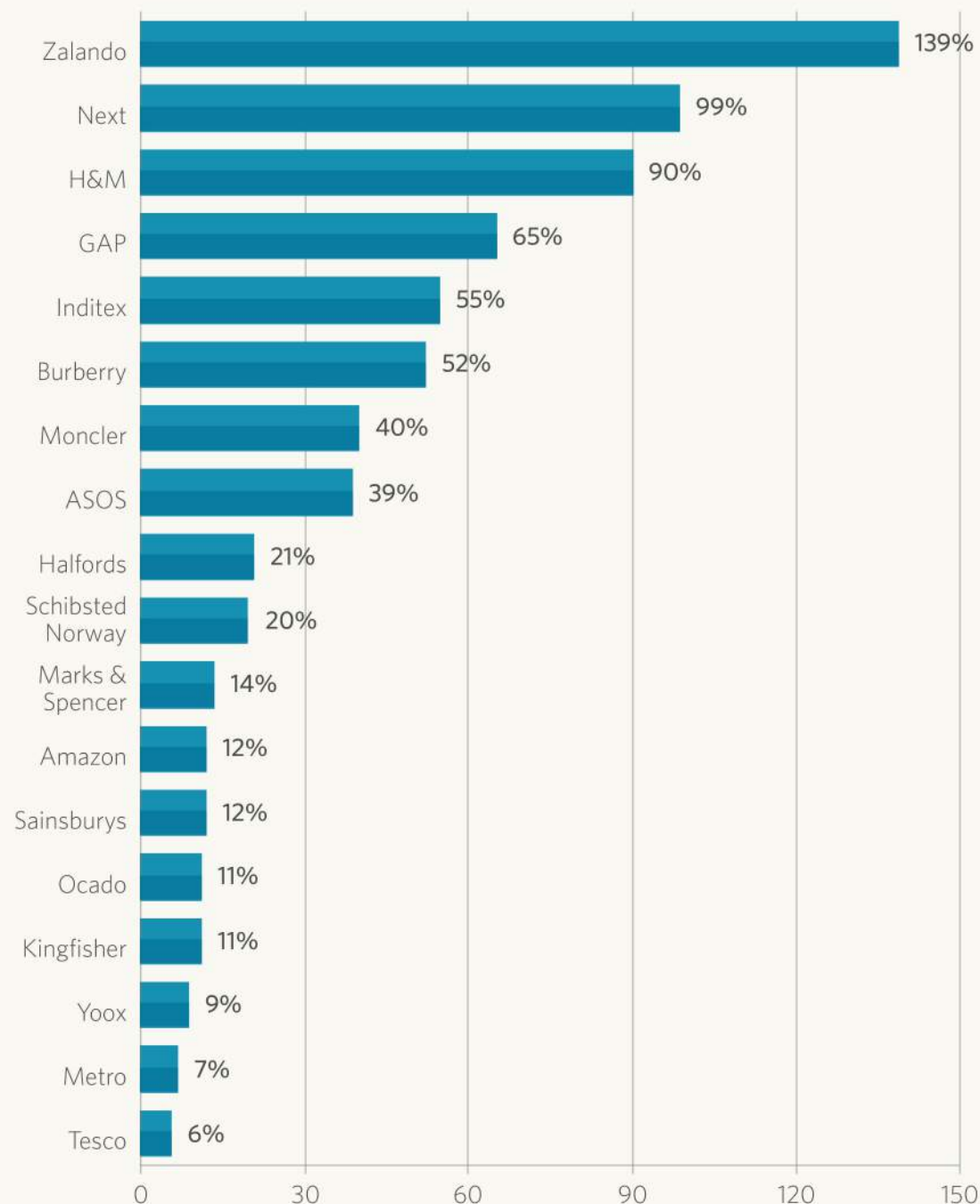
Corporate Spending: Total (€m)



ROI Online / Offline

- Online ROI is still substantially below offline ROI. However, in our view this is due to the immaturity of the business models, rather than competitive barriers.
- When scaled, online retail will have a faster capital turn than offline models. This is due to the lower physical asset requirement for an online model.
- Early evidence suggest online models will generate higher margins than offline. This is due to lower costs required to service the customer.

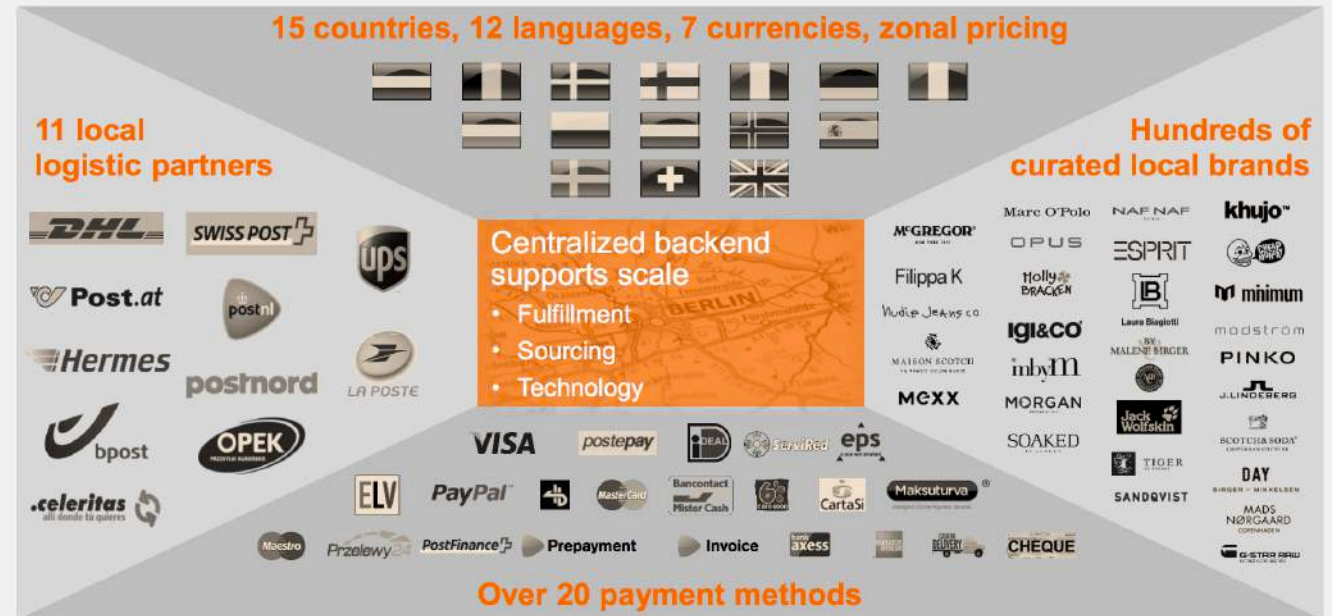
Return on Capital (pre-tax)



Case Study: Zalando

- In the last eight years, Zalando has grown to be one of Europe's most successful companies.
- In 2015, the company will generate close to €3bn of revenue, from an active customer base of around 18million.
- They are profitable, and capitalised on the German stock market at a total value of €7bn.

LOCALIZED CUSTOMER EXPERIENCE & CENTRALIZED BACKEND

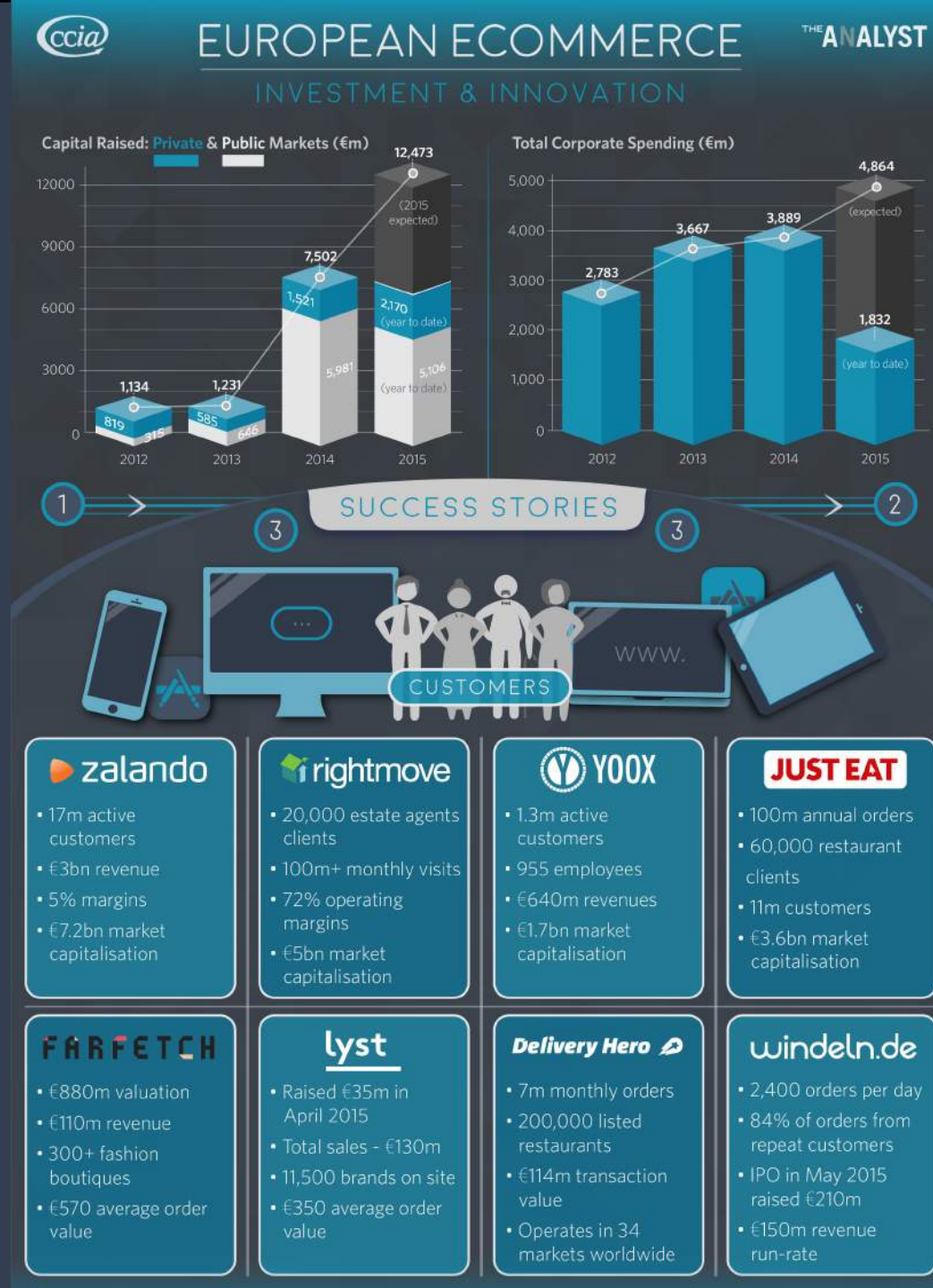


TARGETING A LARGE & FRAGMENTED MARKET OPPORTUNITY



Conclusion

- European ecommerce companies have good access to the capital markets, and have raised at least €12bn in the public markets, and at least €5bn in the private markets, since 2012.
- This capital can be deployed in building businesses in Europe. Ecommerce companies have spent over €12bn in operational and capital expenditure since 2012.
- Our research and data shows that companies in Europe can raise money and spend money, whilst the barriers to entry are typical of those faced by most businesses in Europe.



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