

Company presentation

- DVFA Autumn Conference 5 September 2017 -



SLEEPZ in a nutshell



Mission statement



- WE ARE...
an e-commerce group focusing on the segment of sleep products.
- WE ARE ESTABLISHING OURSELVES...
as a union for sleep products and home decor.
- WE ARE ONE OF THE...
largest independent online retailers in our segment in Germany, and
- WE WANT...
to further solidify this position on the market.



Business model

Products

- wide selection of mattresses, (box-spring) beds, slatted frames, bedding, linens, bedroom furniture
- own brands developed in-house and third-party brands

Customers

- mainly B2C
- increasingly B2B

Marketing

- multichannel approach:
own online stores, marketplaces, shopping clubs & B2B, showrooms

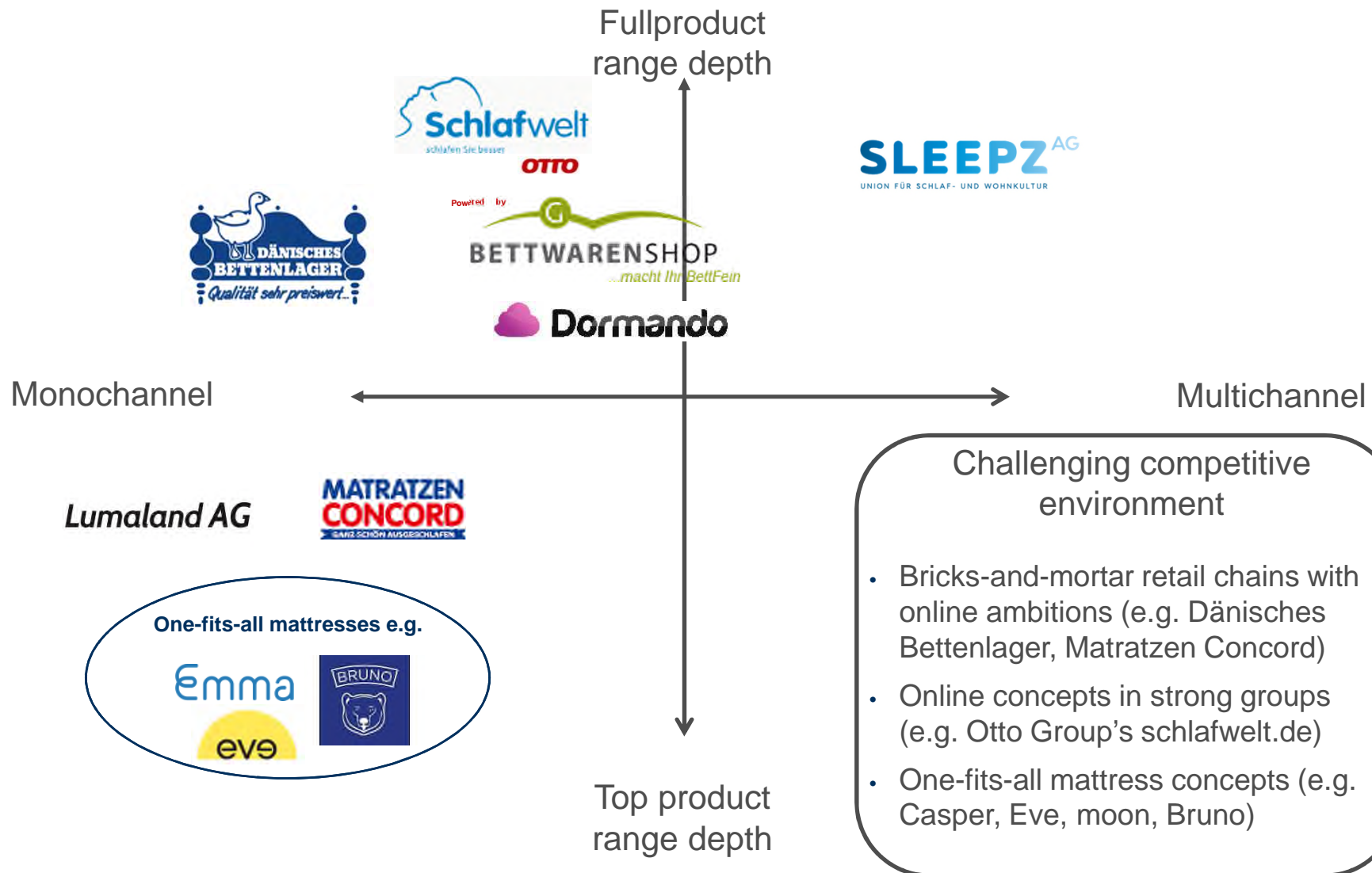
Top service level

- high product availability
- rapid fulfilment (“Amazon Prime”)
- professional advice/service focus

Bundling expertise and resources

- centralising key functions
- group-wide projects
- cooperation with strategic partners

Positioning



First half of 2017



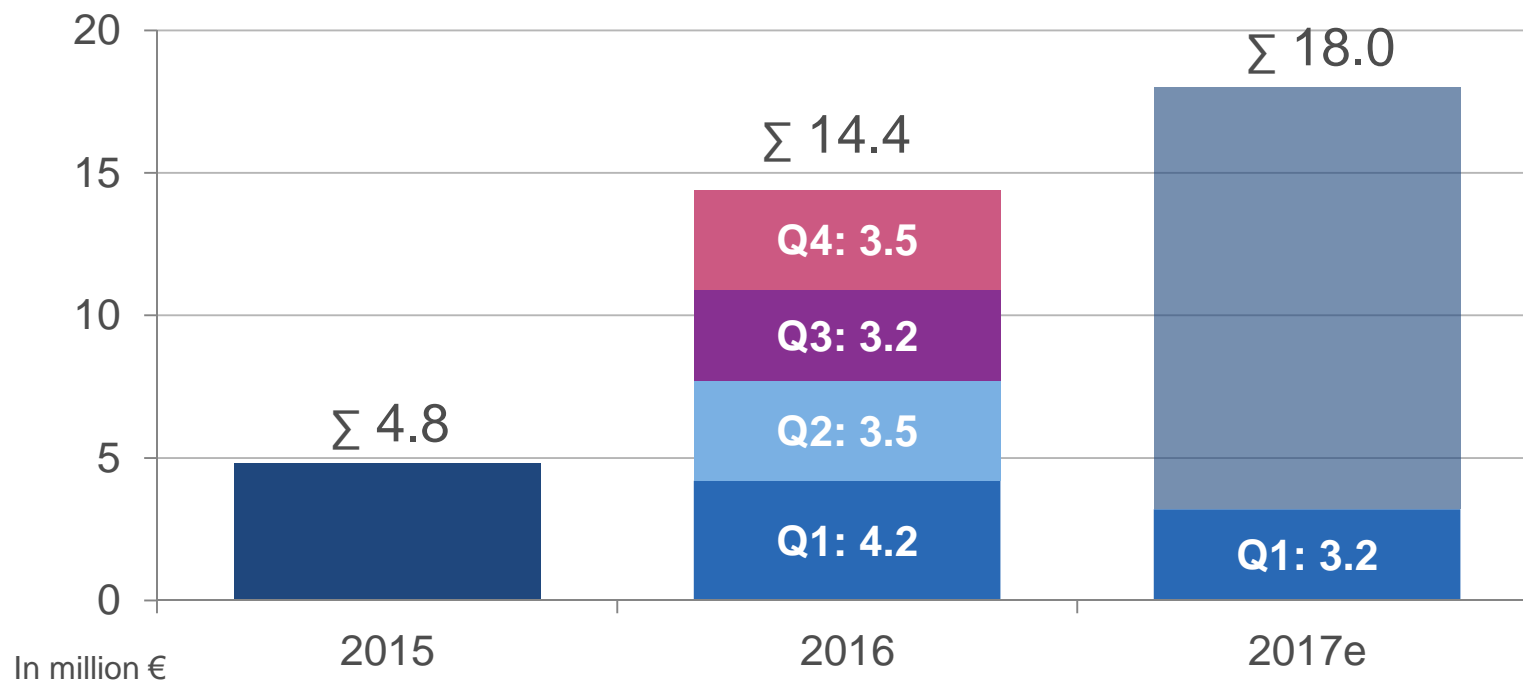
Consolidated figures Q1/2017

- Gross profit virtually at the same level despite decrease in revenue
- EBITDA unchanged due to contribution margin increase
- Significant improvement in results for the period due to lower losses in the discontinued VC business

	01.01.-31.03.2017	01.01.-31.03.2016
Sales revenue in million EUR	3.2	4.2
Material costs in million EUR	-2.1	-3.0
Cost-of-materials ratio in %	66.2	69.5
Gross profit in million EUR	1.1	1.3
EBITDA in million EUR	-0.4	-0.4
Result from continuing operations in million EUR	-0.6	-0.5
Consolidate net result in million EUR	-0.8	-2.3
Earnings per share in EUR	-0.04	-0.11

Revenue development

- Revenue development reflects shift to products with stronger margins
- Revenue in Q1/2017 influenced by lower marketing expenses and extraordinary effects in the same period of the previous year
- Revenue increase of approximately 25% still anticipated for 2017



Significant events

- April 2017
- Simplified capital reduction due to consolidation of shares at a ratio of 3:1
 - Aim of measures: Offsetting any losses incurred and impairments
- May 2017
- Capital increase from authorised capital due to 690,000 shares issued to Heliad Equity Partners
 - Aim of measure: Strengthen equity basis and liquidity in the short term (inflow approx. € 930 thousand*)
- June 2017
- Capital increase from authorised capital due to 690,000 shares issued to Alessanderx S.p.A.
 - Aim of measure: Further strengthen liquidity and enter into a strategic partnership (inflow approx. € 1,100 thousand*)
- June 2017
- Sale of the remainder of the VC portfolio to private investors for € 5,000 thousand (carrying amounts as at 31 March 2017 – IFRS: € 5,335 thousand; HGB € 4,034 thousand)
 - Aim of measure: Another injection of liquidity (inflow: € 1,500 thousand, remainder of loan repayment) and end of VC activities

Potential results

Heliad capital increase

- Investor with experience on the capital market and a large network and activities in online retail
- Examining an acquisition of the rival “Cubitabo”

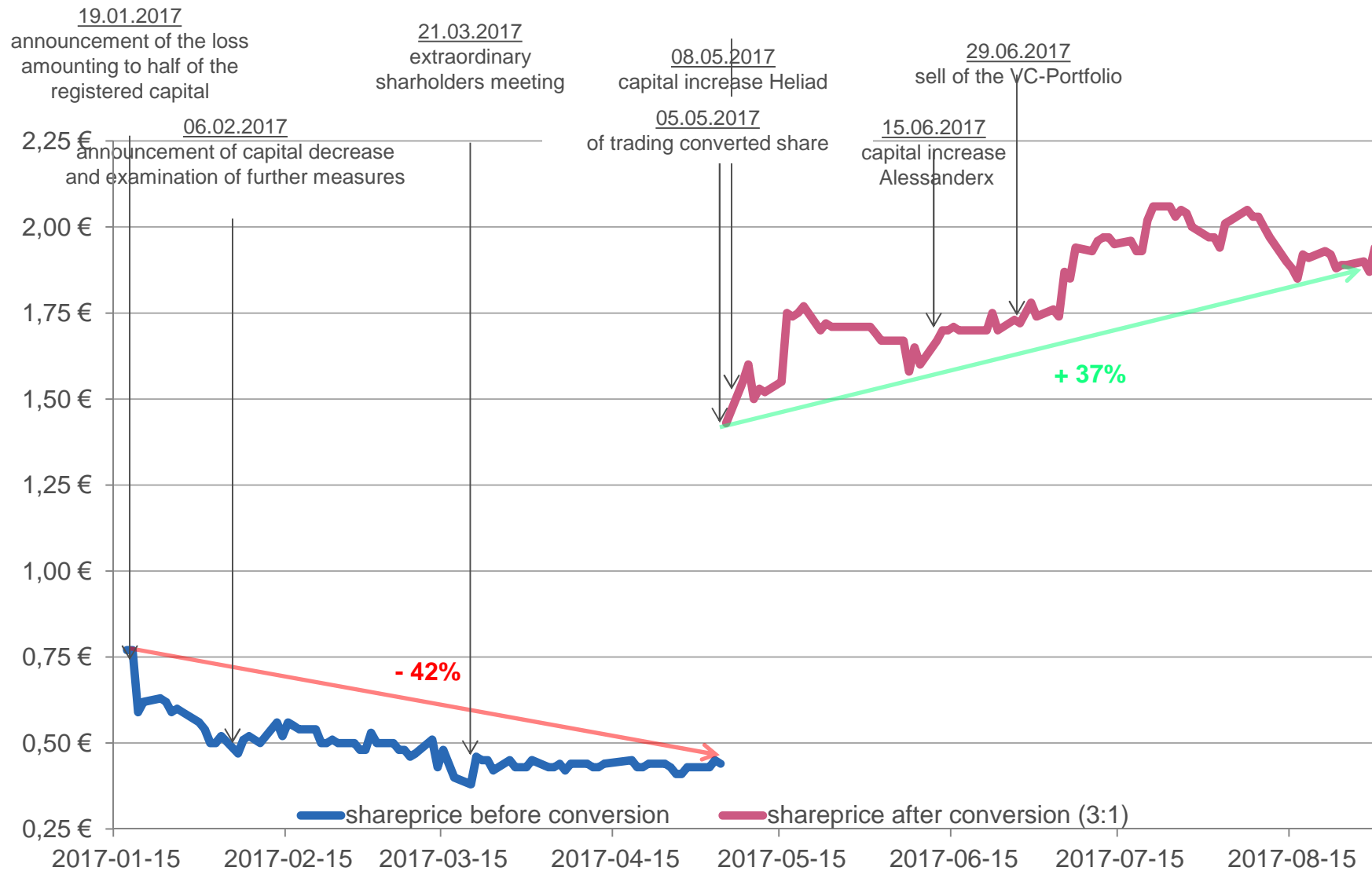
Alessanderx capital increase

- Successful mattress manufacturer (“Magniflex”)
- More extensive range, large volumes, attractive margins
- Joint product development and projects
- Five-year holding period agreement

Disposal
VC portfolio

- 20-50% share in future sales proceeds above the sale price plus follow-up investments
- No other impairment risks from the VC portfolio
- Focus on the core business and end of VC activities

Reaction of the capital market



* Shareprice XETRA end of the day

„Roadmap to Value“



Project overview



1. Centralising key functions
2. Optimising retail processes
3. Expanding product development
4. Building up the project business

1. Centralising key functions

Marketing	Purchasing, Product Development, Project Business	Finance, Controlling	IT, Processes
<ul style="list-style-type: none">• Establishing SLEEPZ AG as a brand• Initiating/implementing projects throughout the Group• Optimising product placements; acquiring new customers• Assisting the subsidiaries with marketing projects	<ul style="list-style-type: none">• Developing a Group-wide purchasing strategy• Bundling expertise in the area of product development and own brands• Stepping up B2B project transactions	<ul style="list-style-type: none">• Expanding Group Controlling• KPI management for the subsidiaries• Cash pooling in the medium term• Tax optimisation (loss carryforwards)	<ul style="list-style-type: none">• Establishing a uniform IT landscape:• Materials management• Shop solutions• Accounting• Standardising processes
In progress	by the end of 2018	By the end of 2018	by the end of 2018

2. Optimising retail processes

Status

- Relaunch of the online store on perfekt-schlafen.de complete
- Marketing strategy for “Grafenfels” now focusing on online marketing only; price model can be adjusted as a result (sales price “halved”)
- “Just-in-prime” fulfilment implemented within the Group, Matratzen Union and sleepz Home Amazon-Prime retailers for bestseller products
- High product availability in a warehouse with a surface of 5,500 m²

Medium term

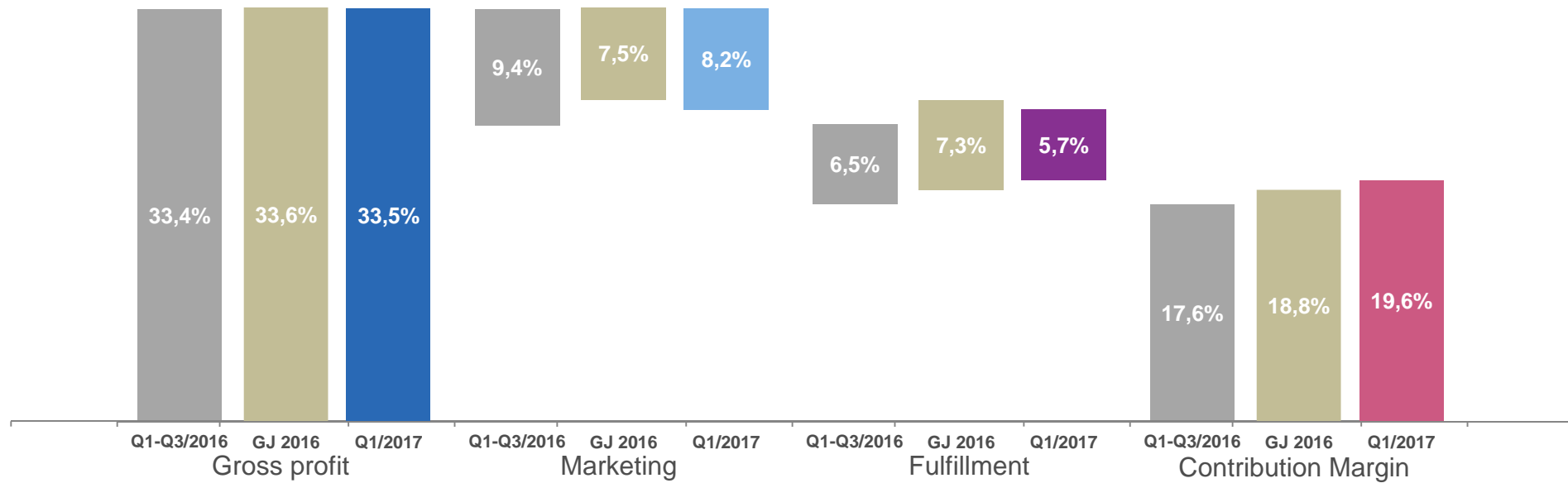
- Optimising processes with Group-wide shopping solutions and materials management
- Project-related drop shipping with strategic partners
- Establishing a central warehouse if necessary

Ongoing

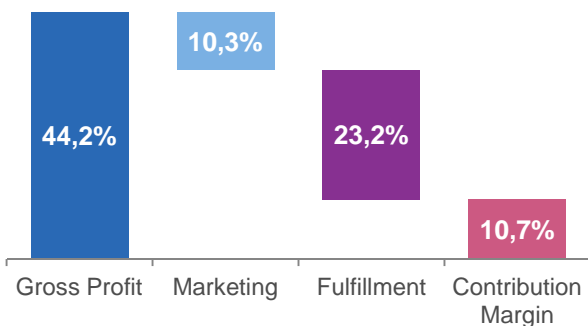
- Further increasing the top contribution margin by:
 - Optimising the product range
 - Using economies of scale

2. Optimising retail processes

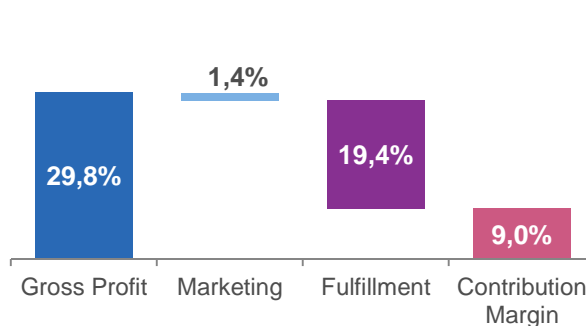
Development of Contribution Margin*



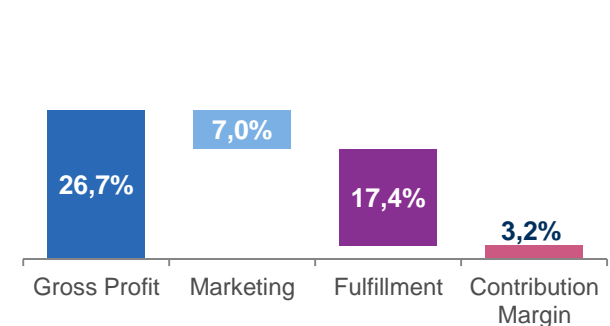
Zalando GJ 2016 **



zooplus GJ 2016 **



Windeln.de GJ 2016**



* exkl. Grafenfels; ** source: Montega

3. Expanding product development

Status

- Wide range of experience in the development of own brands in the mattress business for direct sales and for third-parties, among others



- New initial products in the box-spring bed segment

Medium term

- Strategic partnership with Alessanderx and expansion of the business thanks to joint product development and large production capacity made available

3. Expanding product development

- “Grafenfels WEISS” in Stiftung Warentest’s latest test
- Result demonstrates SLEEPZ’s product development expertise



GRAFENFELS

Stiftung Warentest	GUT (2,5)
test	Grafenfels WEISS Kaltschaummatratze (Härtegrad 3, 90 x 200 cm)
	Im Test: 19 Kaltschaummatratzen
	Ausgabe 9/2017
	www.test.de

17VI11

- Rivals:
Best mattress GOOD (2.3), 10 others GOOD (2.5), 5 SATISFACTORY, 2 PASS
- “Test winner” in the most important category:
“Performance characteristics” (good 2.1)
- Good results in the “Covers” (good 1.7), “Health and environment” (good 1.6), and “Handling” (good 2.0) categories
- Room for improvement in the “Durability” (satisfactory 3.9) and “Declaration/Advertising” (pass 4.5) categories

3. Expanding product development

- Expanding product development to strong-margin products

Shan box-spring bed
designed by Starcoiffeur
Shan Rahimkhan



4. Building up the project business

Status

- Various projects implemented, including

limango

 WESTWING
HOME AND LIVING

GROUPON

greylabelz

- sleepz Home established as a valued partner for product development and logistics processes

Medium term

- Further expanding activities for shopping clubs
- Establishing itself as a partner for large projects, for instance, hotels or ships
- Strengthening the business thanks to partnership with Alessanderx

„Why to invest“



Objectives



25% revenue growth to around € 18 million in 2017



Further growth, potentially with acquisitions as well



Reach a revenue category of € 100-200 million in the next 3-5 years



Establishing itself as one of the leading online retailers in the segment of sleep products in Germany



Achieving profitability within the Group in 2018



Target margin in the medium term: EBIT margin of 5-10%

Thank you for your
attention!



Appendix



SWOT

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">• Many years of expertise on the management team• Long-standing relationships with manufacturers• “Just-in-prime” fulfilment• Strong contribution margin	<ul style="list-style-type: none">• Group structure not yet optimal• Capital resources/capitalisation• Group-wide processes in progress• Mattresses still too dominant in the product mix
<ul style="list-style-type: none">• Increased awareness of sleep-related topics• Growing online market• Still no established market leader• Optimising and linking expertise within the Group• Access to the capital market	<ul style="list-style-type: none">• Fierce competition in the product segment of mattresses• Bricks-and-mortar retail chains increasingly focusing on online retail
OPPORTUNITIES	THREATS



* as of 31.03.2017

** "Matratzen Union group" includes the eponymous company, Markenschlaf GmbH, Ecom Union GmbH and Denkvertrieb GmbH

sleepz Home GmbH



- Business model: online retailer in the segment of sleep products; full-range supplier
- USP:
 - about 50.000 brand products available
 - online-matresses-configurator
 - stationary showroom
- Foundet in: 2012
- SLEEPZ-acquisition: 05/2015
- Headquarter: Ludwigsfelde
- Employees: 36 as of 31.03.2017
- Turnover in 2016: 5.9 Mio. €

www.sleepz-home.com
www.perfekt-schlafen.de
www.schoene-traeume.de
www.matratzendiscount.de
www.forliving.de

perfekt schlafen

**Matratzen
DISCOUNT**

for LIVING

st
schöne-träume.de

Matratzen Union Group



- Business model: onlineretailer with focus on mattresses/box-spring beds and (bedroom-)furniture
- USP:
 - >3.000 products in stock; fast delivery, factory sales
 - online configurator for box spring beds
- Founded in: 2011
- SLEEPZ-acquisition: 12/2015
- Headquarter: Wolfhagen
- Employees : 31 per 31.03.2017
- Turnover in 2016: 8.4 Mio. €

www.matratzenunion.de

www.markenschlaf.de

www.schlafhandel.de

www.schlafnett.de

www.onletto.de

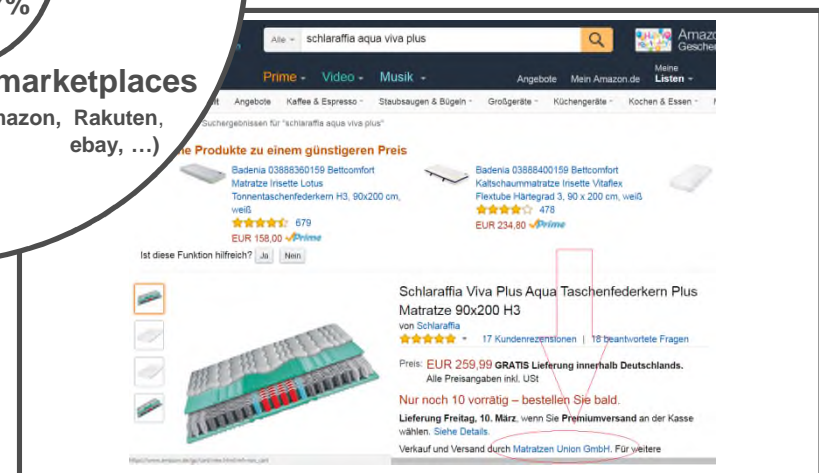
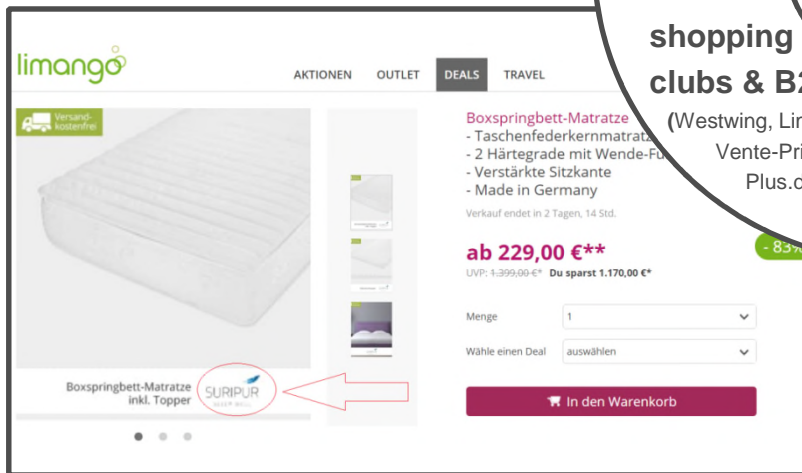
SchlafHändler **onletto**[®]
Online Outlet

MARKENSCHLAF[®]

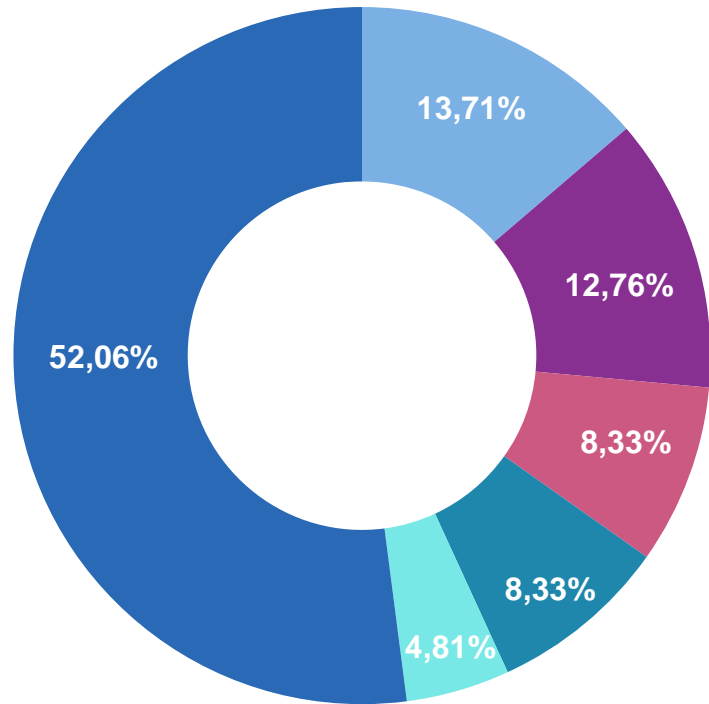
Schlaf**nett**

Matratzen[®]
UNION

Multi-channel approach*



share



- * ■ Carin Pepper-Hellstedt
- Oliver Borrmann
- Heliad Equity Partners GmbH & Co. KGaA
- Alessanderx S.p.A.
- Roland Berger Holding GmbH
- Freefloat

Share data

- Share capital 8,280,391.00 €
- Shares 8,280,391
- Tradeable shares
ISIN DE000A2E3772 7,590,391
- Non-tradeable shares
ISIN DE000A2E4L59 690.,000

Frankfurt stock exchange

- Transparency level Prime Standard
- symbol BTBB

Warsaw stock exchange

- Transparency Level regulated market
- symbol SLZ

* all figures refer to the number of shares pursuant to latest voting rights notification and the current share capital; rounded values

Coverage

Date	Research house	Analyst	Recommendation	Target price
21.08.2017	Montega	Alexander Braun	„hold“	2.00 €
03.07.2017	SMC Research	Holger Steffen	„speculative buy“	2.35 €
01.06.2017	Montega	Alexander Braun	„buy“	2.00 €
09.05.2017	Montega	Alexander Braun	„buy“	2.00 €

Financial calender



15.09.2017	Publication half-year report
30.11.2017	Publication quarterly statement (due date Q3)

kontakt



Corinna Riewe
Investor Relations
Tel: +49 30 2030 5567
Email: cr@sleepz.com

SLEEPZ AG | Schlüterstrasse 38 | 10629 Berlin
www.sleepz.com | welcome@sleepz.com

