

allegro

Allegro.eu Q3 2020

Results presentation

26 November 2020



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Agenda

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1 Q3 2020 and 9M 2020 YTD highlights

Continued progress driving inputs as the team remains in home working mode

GMV continues to grow at 8,253.1 mPLN, +49% YoY for Q3 and 24,259.7 mPLN, +52% YoY% for 9M YTD

Revenue for Q3 was 928.7 mPLN, +50% YoY and reached 2,698.8 mPLN, +51% YoY% for 9M YTD

Adjusted EBITDA for Q3 was 408.5 mPLN, +26.7% YoY and 1,216.5 mPLN, +27.5% YoY for 9M YTD

Capex to revenue was 6.1% for 9M YTD, +0.3 pp vs 2019 with Allegro Fulfillment investments still ahead

New long-term financing drops proforma leverage at 30 Sep to 2.9x and cuts NTM cash financing expenses by 48%

FY 2020 expectation on GMV and Adjusted EBITDA moving up to low 50s% and mid 20s% YoY respectively

1 Q3 2020 and 9M 2020 key results

GMV

8,253 mPLN Q3'20
+49% YoY
24,260 mPLN 9M'20
+52% YoY

Active Buyers

12.6 m
+12.9% YoY

GMV per Active Buyer

PLN 2,464
+28.6% YoY

Take Rate

9.40% Q3'20
+0.10pp YoY
9.19% 9M'20
-0.12pp YoY

Revenue

929 mPLN Q3'20
+50% YoY
2,699 mPLN 9M'20
+51% YoY

Adjusted EBITDA

409 mPLN Q3'20
+26.7% YoY
1,217 mPLN 9M'20
+27.5% YoY

Adjusted EBITDA margin

44.0% Q3'20
-8.0pp YoY
45.1% 9M'20
-8.3pp YoY

Cash Conversion¹

88.5% Q3'20
-1.1pp YoY
86.4% 9M'20
-2.7pp YoY

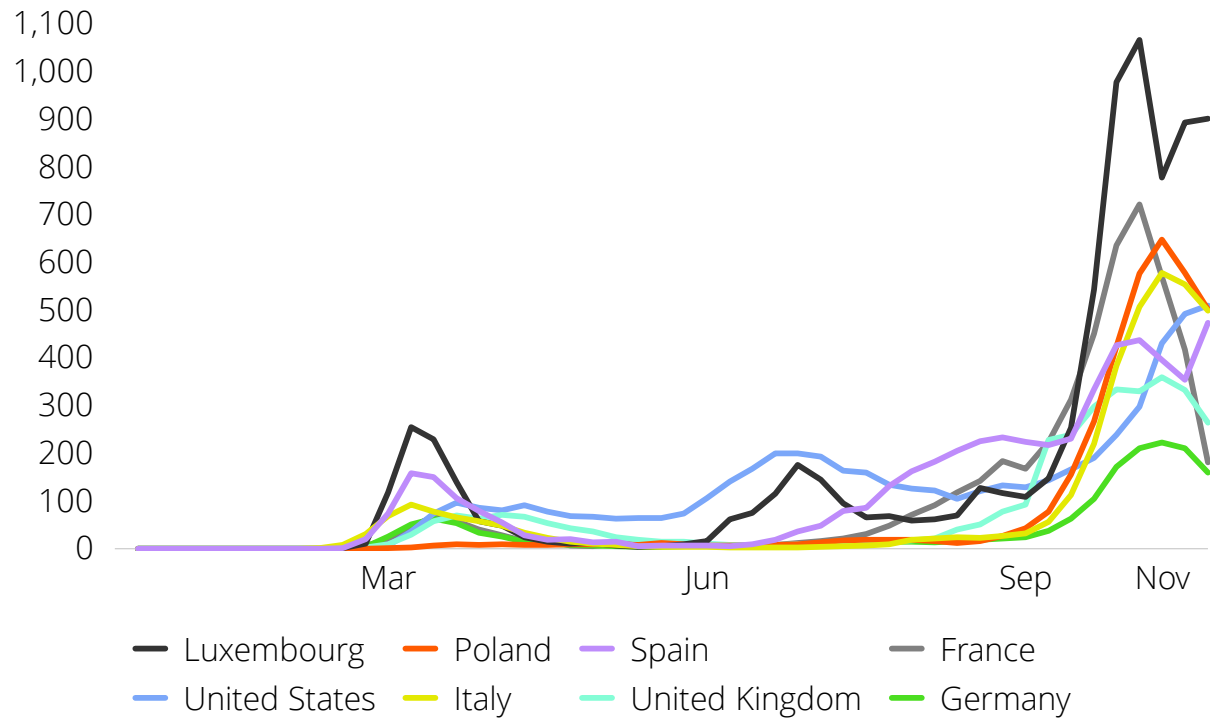
1. Defined as (Adjusted EBITDA – Capex) / Adjusted EBITDA

Source: Company information

1 COVID-19 update

Daily new confirmed COVID-19 cases per 1m people

Shown is the rolling 7-day average



- Poland experiencing a stronger COVID-19 wave than in Q2
- Non-essential stores in shopping malls and retail parks are closed from 7 Nov to 27 Nov
- Allegro continues to support society providing uninterrupted and safe shopping from home
- YoY GMV growth moved up following introduction of latest restrictions
- Logistics infrastructure prepared to handle increased online traffic and possible “national lockdown”
- Additional security measures in warehouse: disinfection, shifts shortening and distancing
- Obligatory Home Office until y/e with satisfactory productivity and ongoing recruitment conducted online

2 Key Business developments during Q3 2020

Smart!

- Transitioned from free Smart! Back to paid subscription after lockdown with membership growing strongly
- Smart! Week (late September) delivered 3x more GMV than last year

DEX

- Signed 7 year long-term supply and cooperation agreement with InPost
- Delivery promise is now presented throughout the entire shopping path
- New distribution center for fulfillment services under development near Warsaw

Selection & Price

- We released an improved onboarding process for EEA sellers, speeding up their acquisition
- Merchants and selection continue to grow while payment terms transitioned back to 14 day standard for SMEs
- We provide consumers with best process for top products thanks to our Price Management Toolbox

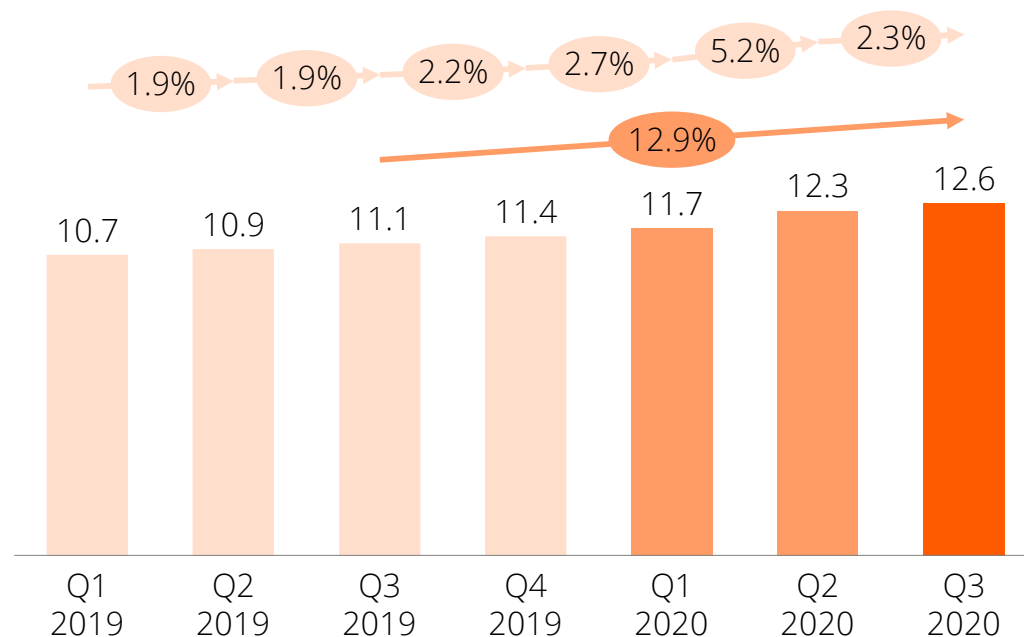
Allegro Pay

- Allegro Pay pilot phase scaling up by adding successive test cohorts
- First collection cycles got underway early in Q4
- We are on track to complete the pilot phase by the end of 2020

2 In Q3 2020 Allegro added 0.3m Active Buyers as GMV per Active Buyer continues to climb strongly, up 7.4% in the quarter

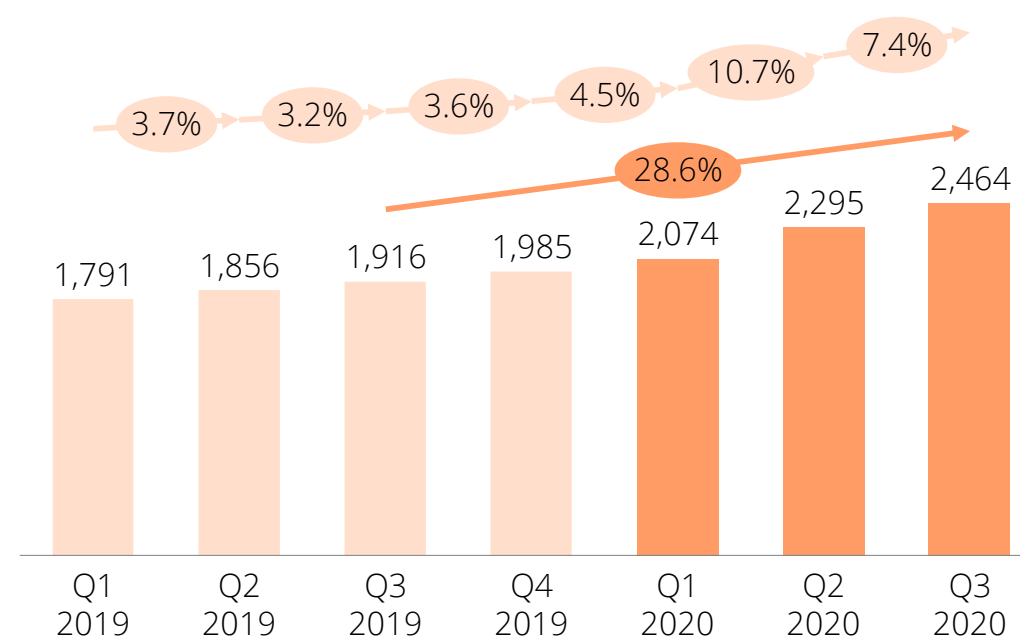
Active Buyers (period end)¹

m



LTM GMV / Active Buyer (period end)¹

PLN



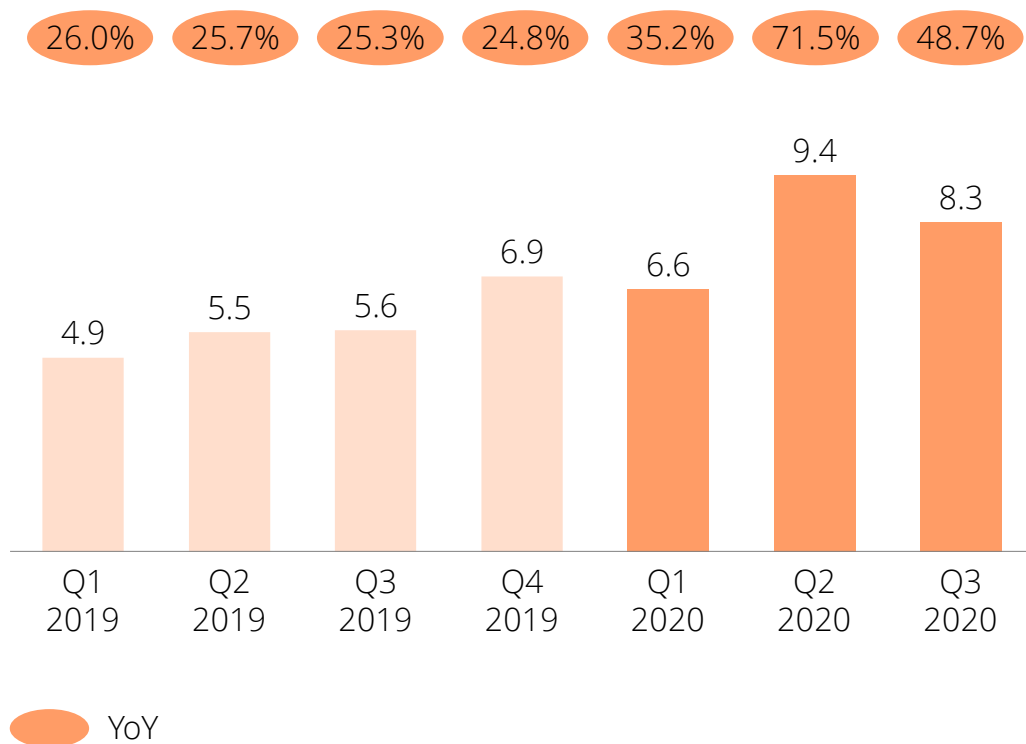
○ QoQ ● YoY

1. Active Buyer (period end) is defined as a unique e-mail address that has made at least one transaction in the last 12 months. Active Buyers (period end) and LTM GMV / Active Buyer (period end) are for Allegro.pl marketplace only (excluding eBilet)

Source: Company information

2 GMV in Q3 2020 up by 48.7% YoY as incremental Buyer Engagement mostly sustained post lockdown

GMV¹
bnPLN



GMV for 9M YTD was 24.3 bnPLN up by 52.5% YoY.

GMV LTM has moved on to 31.1 bnPLN at the end of Q3, up by 9.5% QoQ and 45.3% YoY.

Acceleration in spend is broad-based post lockdown – YoY Q3 vs YoY Q1 GMV / Buyer:

- Smart! +5.5pp
- Non-Smart! +5.1pp

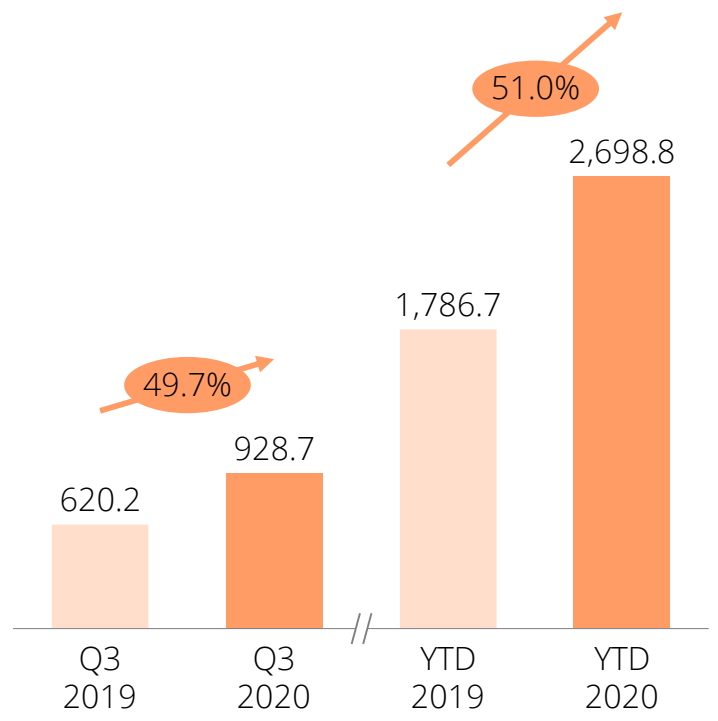
eBilet a 1.8pp drag on Q3 2020 growth as trading still severely affected by COVID-19 restrictions.

1. GMV of Allegro Group: Allegro.pl marketplace and eBilet

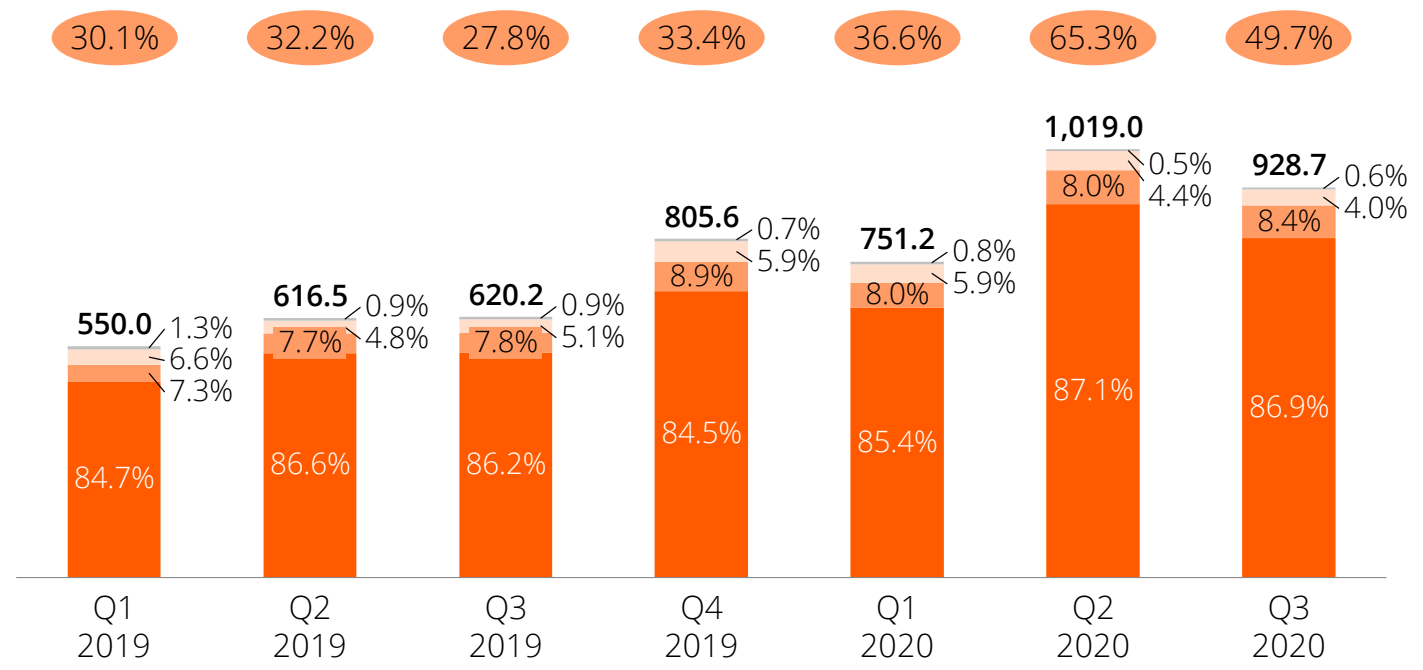
Source: Company information

2 Q3 2020 Revenue up 49.7% and 51.0% for 9M YTD

Net revenue
mPLN



Net revenue structure
mPLN



● YoY

● YoY

■ Marketplace¹

■ Advertising²

■ Price comparison (Ceneo)

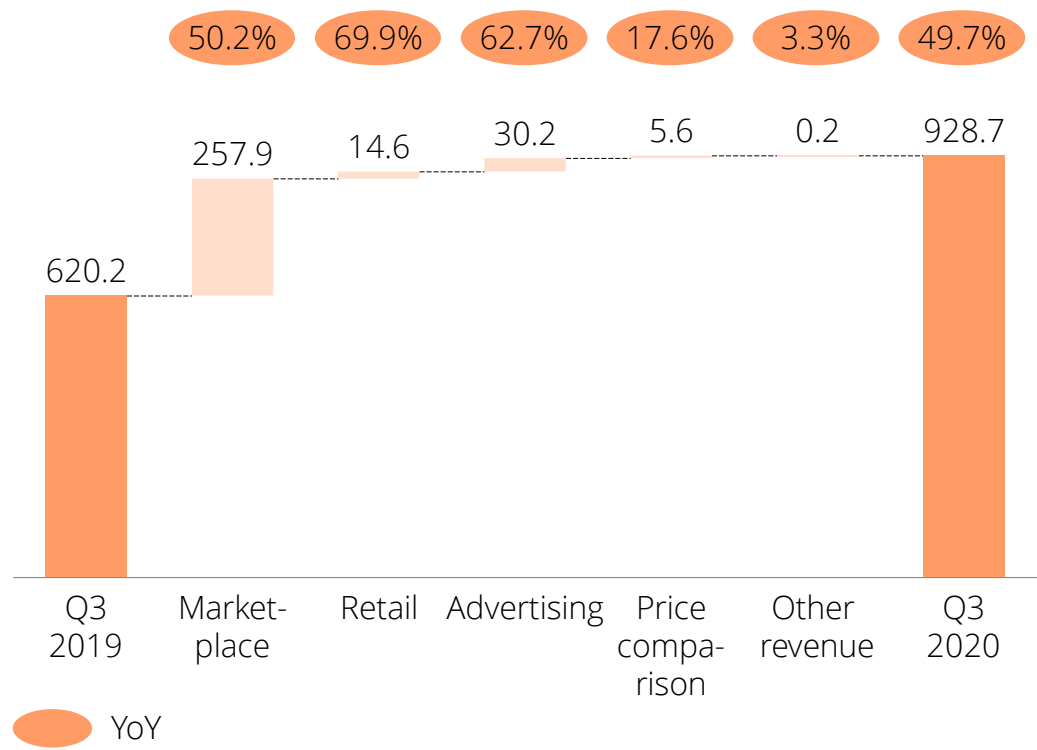
■ Other³

1. Corresponds to 3P Marketplace revenue and 1P Retail revenue
 2. Advertising revenue includes Allegro marketplace advertising and Ceneo advertising revenues
 3. Other revenue is primarily from hosting services and financial services

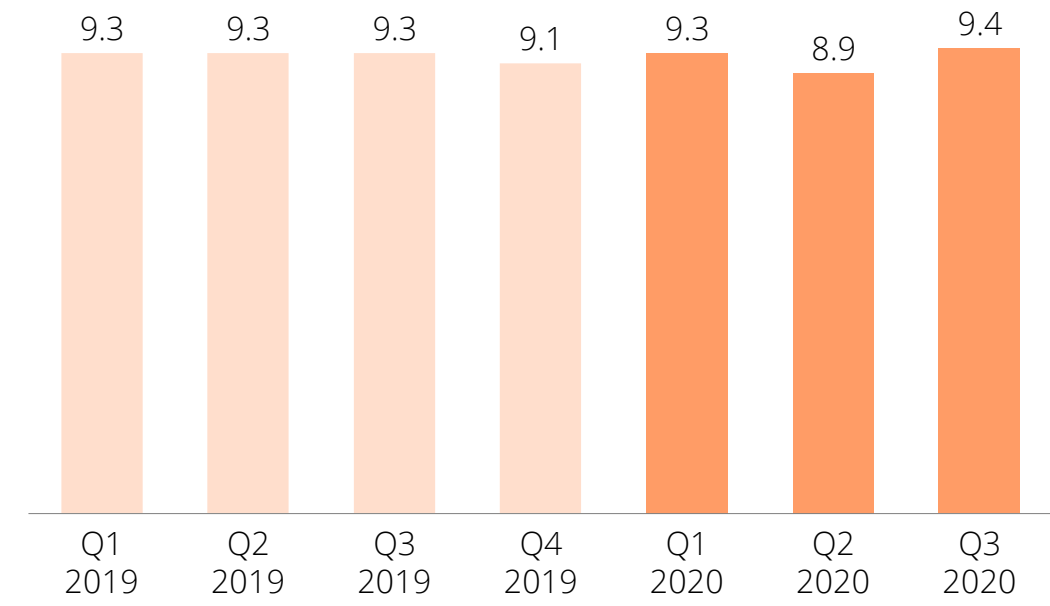
Source: Company information

2 GMV and advertising drive revenue growth as take rate stabilizes

Net Revenue Bridge mPLN



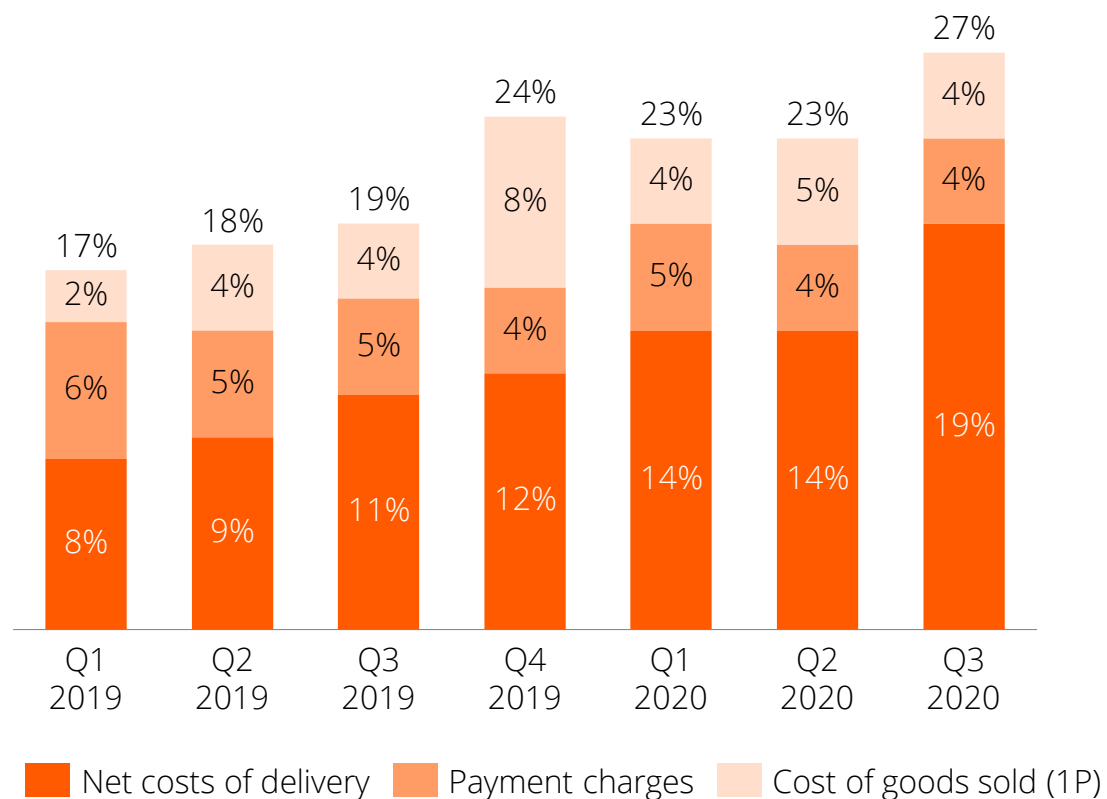
Take rate¹ %



1. Defined as 3P Marketplace Revenue / (GMV - 1P GMV)
Source: Company information

2 Smart! subscription growth drives net delivery costs funded by Allegro

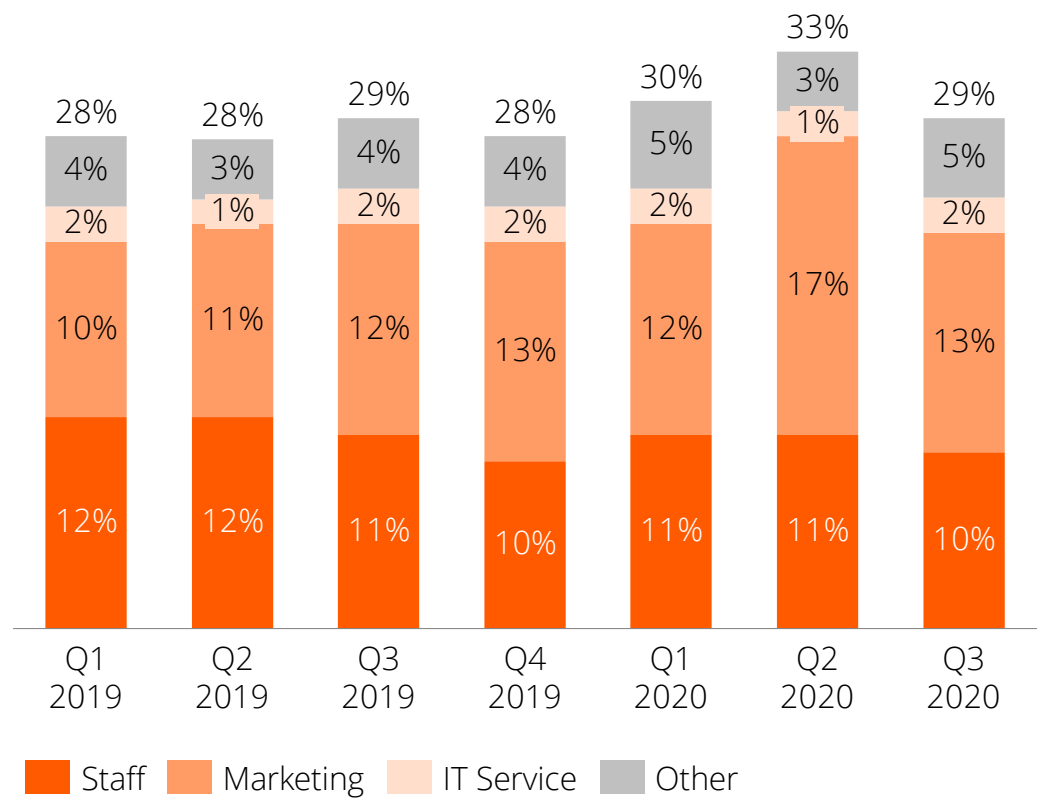
Cost of sales as % net revenue



- Net costs of delivery increase as conversion of Smart! stay-at-home users to paying Smart! subscribers fuels Smart! growth
- We introduced co-financing by sellers on Smart! courier deliveries and lowered unit delivery cost, bringing down the Net cost of delivery per shipped package by 17.4% YoY in Q3 2020

2 Structure of SG&A similar to pre-lockdown

SG&A as % net revenue¹

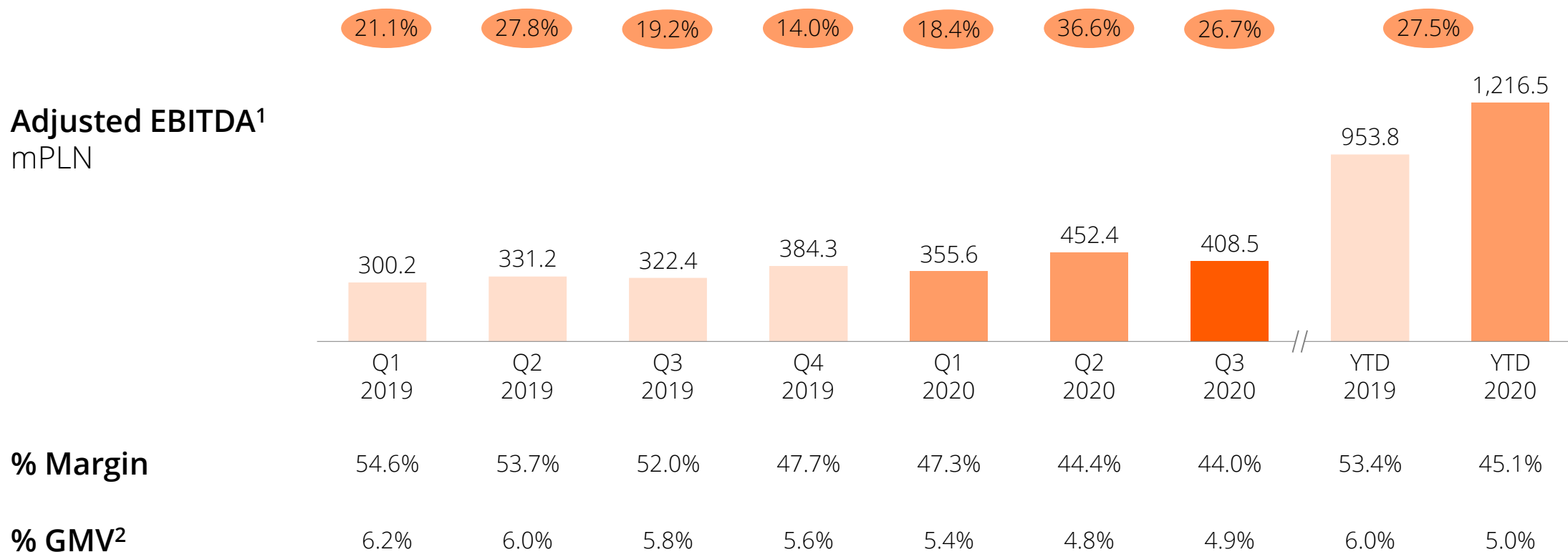


- Q3 Marketing spend as a share of revenue fell by 4pp as Q2 included ~81.2 mPLN one-off promotional activities (free Smart! stay-at-home) executed during the COVID-19 lockdown period
- PPC spend drives Allegro share of voice and traffic, contributing to GMV / Active Buyer growth
- Operating leverage visible in staff costs despite strong ramp-up in employment to support growth initiatives

1. In calculating the above percentages of revenue, category expenses are after deduction of amounts relating to items included in the adjustments made to arrive at Adjusted EBITDA (see slide 15)

Source: Company information

2 Adjusted EBITDA at 408.5 mPLN in Q3 2020, up by 26.7% YoY



● YoY

1. Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items

2. GMV of Allegro Group: Allegro.pl marketplace and eBilet

Source: Company information

2 Almost all costs of Allegro.eu's IPO and refinancing recognised in Q3

Reconciliation of Adjusted EBITDA [PLN m]		Q3 2020	Q3 2019	%
Adjusted EBITDA		408.5	322.4	26.7%
Transaction costs		(0.4)	-	-
1	IPO costs ^{1,2}	(60.4)	-	-
Monitoring costs ¹		(1.1)	(1.0)	8.3%
Regulatory proceeding costs ¹		(0.7)	(0.5)	28.4%
Group restructuring costs ¹		(0.1)	(0.0)	214.0%
2	Pre-IPO Management Incentive Plan ²	(45.3)	(1.1)	4062.9%
3	Grant in shares for employees ²	(14.6)	-	-
COVID-19 related support for employees ²		(0.4)	-	-
Donations to various public benefit organisations ³		(0.8)	-	-
EBITDA		284.7	319.8	(11)%
Amortisation and Depreciation		(117.0)	(109.2)	7.1%
Operating profit		167.8	210.6	(20.3)%
Net Financial result		(252.4)	(110.3)	129.0%
4	<i>Including refinancing costs</i>	(158.6)	-	-
Profit before Income tax		(84.7)	100.4	(184.4)%
5	Income tax expenses	(47.0)	(27.0)	74.1%
6	Net Profit	(131.7)	73.4	(279.4)%

- 1 Legal and advisory fees related to the IPO were accrued in Q3
- 2 Shared based compensation costs (IFRS 2) of certain elements of the previous management incentive plan. Fully settled in shares at IPO
- 3 2,532 employees received a 10,000 PLN share grant on the first day of trading (12 Oct) for delivery in 12 months. Additional 10.7 mPLN to recognize in Q4
- 4 The Group recognized a non-cash charge of 132.7 mPLN to repay existing borrowings in October. An early payment charge of 25.9 mPLN to repay the second lien was also accrued
- 5 High effective tax charge due to non-deductible nature of most one-off expenses in the period
- 6 Excluding EBITDA Adjustments and refinancing costs Adjusted Net Profit was 147.4 mPLN

1. Adjustments mainly related to Other Expenses Net line in Financial Statement with 2 mPLN of IPO costs adjusting Staff costs net line

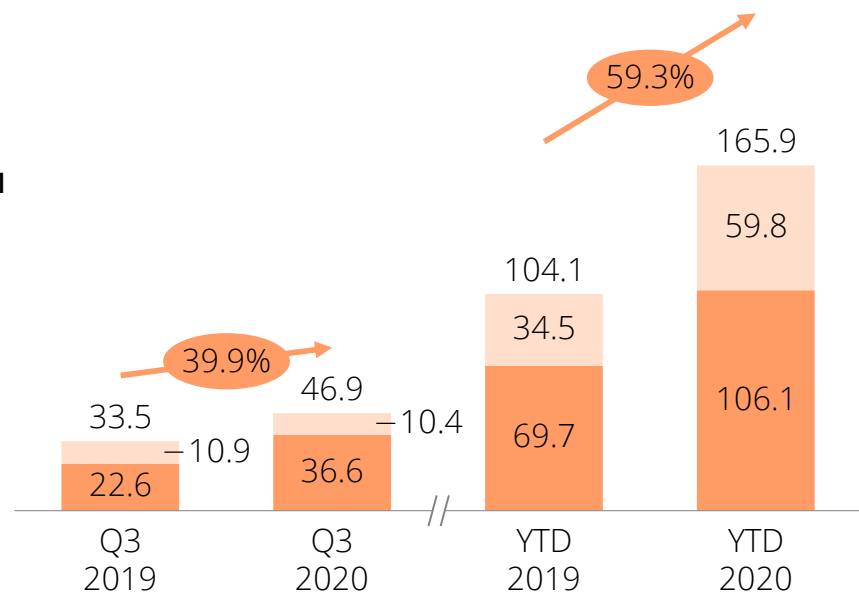
2. Adjustments related to Staff costs net line in Financial Statement

3. Adjustments related to Marketing service expenses in Financial Statement

Source: Company information

2 Capex to revenue 6.1% for 9M YTD, +0.3pp vs 2019 ahead of Allegro Fulfillment investments

**Capital expenditures¹
by type**
mPLN



- In Q3 2020 capital expenditure represented 5.0% of net revenue. YoY increase mainly in capitalized development costs
- YTD 2020 capital expenditure was 6.1% of net revenues with IT investments accelerated to secure capacity in the COVID-19 environment
- Significant fulfillment capex expected in 2021 as new distribution center (DC) is fitted out. Pilot phase will use the existing 1P DC

	Q3 2019	Q3 2020	YTD 2019	YTD 2020
% cash conversion²	89.6%	88.5%	89.1%	86.4%
% of revenue	5.4%	5.0%	5.8%	6.1%

● YoY
 ■ Capitalised development costs
 ■ Other

1. Presented values are related to cash flow from investing activities and does not include leased assets (which are presented in balance sheet)

2. Defined as (Adjusted EBITDA – Capex) / Adjusted EBITDA

Source: Company information

2 Greater financial flexibility post IPO with proforma leverage down to 2.9x

[PLN m]	Jun-20	Sep-20	Sep-20 Proforma
Adjusted EBITDA LTM	1,514.7	1,600.8	1,600.8
Borrowings at amortized cost	6,169.5	6,163.1	5,437.4
Lease liabilities	78.5	77.4	77.4
Cash and cash equivalents	(574.8)	(725.2)	(851.6)
Net Debt	5,673.2	5,515.3	4,663.2
Leverage¹	3.7x	3.4x	2.9x
Equity	6,923.9	6,806.9	7,779.2
Net debt to Equity	82%	81%	60%
LTM/NTM Debt Service total	712.0	711.8	192.4
LTM Interest, fees and swaps	382.7	366.8	-
LTM debt repayments	329.3	345.0	-
NTM post IPO interest, fees and swaps	-	-	192.4

- Primary proceeds from the IPO was a net 972.3 mPLN
- The Group refinanced on 14 October 2020, with nominal bank borrowings falling by 651.7 mPLN from 6,151.7 mPLN to 5,500 mPLN
- Estimated next twelve month debt service on borrowings falls by 519.4 mPLN (73%) with financing cost down 48% to 192.4 mPLN
- 5 Year bullet repayment and lower debt service provides the Group with flexibility to pursue investment opportunities

1. Defined as Net Debt (Borrowings + Lease liabilities – Cash and Cash Equivalents) / LTM Adjusted EBITDA

2 Targets and expectations: 2020 GMV and Adjusted EBITDA moving up

	2019	H1 2020	FY 2020 Prospectus	YTD 2020 After 9M	FY 2020 update	Comments
GMV	25% YoY growth	54% YoY growth	Mid 40s% YoY growth	52% YoY growth	Low 50s% YoY growth	<ul style="list-style-type: none"> • Stronger sustained demand • Return of lockdown measures
Revenue	31% YoY growth	52% YoY growth	Broadly in-line with H1 2020 growth	51% YoY growth	Unchanged	
Adjusted EBITDA¹	20% YoY growth	28% YoY growth	H2 2020 more in-line with 2019 growth	28% YoY growth	Mid 20s% YoY growth	<ul style="list-style-type: none"> • Lifted by operating leverage
CAPEX	5.5% of revenue	6.7% of revenue	230-270 mPLN	166 mPLN	Unchanged	
Capital Structure	Approx. 1 bnPLN primary issuance at IPO FY 2020 net debt / Adjusted EBITDA ¹ below 3x			3.4x	On-track	

1. Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items

3 Summary

Staying focused on retail basics, driving inputs and scaling the organization

Challenging home working environment continues as Poland fights with strong COVID-19 second wave

Smart! growing rapidly, take-rates stabilized, Allegro Pay trials ongoing and fulfillment project gaining traction

Strong Q3 financial results and 2020 expectations revised upwards



4 Questions & Answers

