Fast Forward to 2020
Capital Markets Day
London, 6 July 2016
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Agenda

- STRATEGIC VISION
- FINANCIAL TARGETS
- PLATFORM
- MULTI-BRAND IN-SEASON
- ONLINE FLAGSHIP STORES POWERED BY YNAP
- MULTI-BRAND OFF-SEASON
- THE MIDDLE EAST AND CHINA
Fast Forward to 2020

Strategic Vision
We Have Come a Long Way
Since our Debut on the Stock Exchange...
3 December 2009
Debut of YOOX GROUP on the Milan Stock Exchange
5 October 2015
Creation and Stock Exchange Debut of YOOX NET-A-PORTER GROUP
... Creating the Leading Online Luxury Fashion Retailer

A **Global** company with Anglo-Italian roots

A **unique ecosystem** covering all luxury customer segments globally

The **global partner of choice** of the world’s leading luxury brands for all online distribution channels
Italian fashion house plans to go public in style. E-Commerce company YOOX is a rare success in a tough business.

– The Wall Street Journal (USA), 10 September 2009

YOOX and NET-A-PORTER make a striking combo

– International New York Times (USA), 1 April 2015

2009 - 2015: Showing our Strength in Numbers

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Value¹</td>
<td>€226m</td>
<td>€2.5b</td>
</tr>
<tr>
<td>Net Revenues²</td>
<td>€137m</td>
<td>€1.7b</td>
</tr>
<tr>
<td>Employees</td>
<td>287</td>
<td>3,901</td>
</tr>
<tr>
<td>Customers</td>
<td>0.5m</td>
<td>2.5m</td>
</tr>
<tr>
<td>Monthly Unique Visitors</td>
<td>6m</td>
<td>27m</td>
</tr>
<tr>
<td>Orders</td>
<td>1m</td>
<td>7m</td>
</tr>
<tr>
<td>Orders processed</td>
<td>1 every 27s</td>
<td>1 every 4s</td>
</tr>
<tr>
<td>Countries reached</td>
<td>67</td>
<td>&gt;180</td>
</tr>
</tbody>
</table>

1. Fully diluted Enterprise Value, calculated as of 3 December 2009 and 5 July 2016, respectively. Net Financial position for 2015 EV calculated as of 31 March 2016 and adjusted for €100m capital increase.
2. Net Revenues refer to last 12 months as of 30 September 2009 for YOOX and last 12 months as of 31 March 2016 for YNAP. For all the definitions (indicated with * * *), please refer to slide 121
Since 2009, We Have Outpaced the Market Together ...

YNAP\textsuperscript{3} AND MARKET HISTORICAL PERFORMANCE

\begin{itemize}
  \item \textbf{YNAP Pro-forma Net Revenues and CAGR:} +34% \textbf{2009} \rightarrow \textbf{2015} +29% \textbf{€1.7bn}
  \item \textbf{YNAP 2015 Market Share:} 10%
  \item \textbf{Online Personal Luxury Goods Market CAGR:} €16.8bn
\end{itemize}

\textsuperscript{3} Combined YOOX GROUP and the NET-A-PORTER GROUP Net Revenue CAGR for 2009 - 2015

Note: For sources cited on this slide, please refer to slide 122
... but the Best is yet to Come: Even Larger Market Opportunities Ahead!

YNAP AND MARKET GROWTH EXPECTATIONS

YNAP PRO-forma Net Revenues and CAGR

Online Personal Luxury Goods Market CAGR

2015
€1.7bn

+15%

2020

DRIVERS OF FUTURE MARKET GROWTH

Mobile penetration

Big Data

Technology Innovation

Omni-channel

Millennials

YNAP EXPECTED TO CONTINUE GAINING MARKET SHARE AND MAINTAIN LEADERSHIP POSITION

Note: For sources cited on this slide, please refer to slide 122
Delivering Our Vision of Reshaping Luxury Fashion Retail... Again!

Customer-centric approach, focused on Mobile usage

Personalised customer journey powered by Smart Data

4 KEY PRINCIPLES

Creative Content to delight our customers

Impeccable Service as part of the experience
The Organizational Vision

- **One firm** operating 3 distinct **business lines**
- **4 Brands** catering to their respective customer bases through their distinctive identities and value propositions
- **One shared global platform** servicing all Brands, empowering innovation while fully unlocking synergies
- **Common Corporate Functions** to share and deploy best practices and encourage cross-fertilisation

<table>
<thead>
<tr>
<th>CORPORATE FUNCTIONS</th>
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<tbody>
<tr>
<td><strong>MULTI-BRAND IN-SEASON</strong></td>
</tr>
<tr>
<td>NET-A-PORTER</td>
</tr>
</tbody>
</table>

“POWERED BY YOOX NET-A-PORTER GROUP”

- VALENTINO
- DSQUARED
- CHLOÉ
- EMILIO PUCCI
- ARMANI
- MONCLER
- and many more …

THE PLATFORM
(Technology and R&D, Operations and Private Label Sourcing)
One Group ...

... With a culture built on common values of **customer centricity & innovation**, and encouraging **differentiation** at brand-level

... Made of **1 dream team** combining the best talent of NET-A-PORTER, YOOX, and the industry

... Which **values and promotes diversity** by implementing **family-friendly** and **female-empowering** initiatives

... Instilling a **spirit of togetherness** by fostering collaboration, learning and curiosity

... With the goal of being the **world’s most sought-after employer** in online fashion
Mobile as the Driving Force Behind YNAP’s Growth

- Smartphone sales growth outpaced other devices
- Within Mobile, Native Apps are gaining share
- Increased traffic on mobile devices has been the key driver behind mobile sales growth

YNAP MOBILE CUSTOMERS PROVING THE MOST VALUABLE (2015)

More Loyal...
Retention Rate

...More Engaged...
Orders Per Annum

...Spend More!!
Annual Spend (€)

Note: Net Revenues and traffic split by device include data from all 3 business lines. Customer data (Retention rate, orders per annum, annual spend) refers to Net-A-Porter and YOOX only. Mobile customer defined as a customer who placed at least 1 order on a mobile device in previous 12 months. This customer could be either a mobile-only customer or a cross-channel customer.
Winning in the Next 5 Years by Harnessing the Power of Mobile

- 95% of luxury consumers are already mobile equipped
- Mobile will be at the heart of our strategy, with native apps as the strongest tool for conversion, engagement and retention

Conversion Driver

Physical and Digital Store Bridge

Personalization Enabler

Media Gateway

Constant Engagement Tool

Service Delivery Channel
Translating Smart Data into Smart Strategies, for our Customers

Converge multiple customer data sources, both internal (across all of our online stores) and external.

Refine this data and develop a holistic view of our customer; that is smart and actionable.

Use this smart view to inform Marketing and Retailing strategies to unlock value from:

TWO OF OUR BIGGEST ASSETS

- **UNMATCHED BASE OF 2.5 MILLION HIGH-VALUE CUSTOMERS GLOBALLY**
  - Personalisation across all customer touchpoints
  - Extending insights into our luxury ecosystem to our Brand Partners

- **THE WORLD’S BIGGEST LUXURY FASHION CLOSET**
  - “Omni-stock” Program:
    Develop intelligent stock allocation and fulfilment decisions across our global logistics network to maximise return on inventory
Uniquely Positioned to Capture Market Share through our Leading Brands

**MULTI-BRAND IN-SEASON**

- Strong growth in **High Net Worth** customer base
- **International expansion**
- **Product** to cement positioning and launch of **fine jewellery & watches**
- **Content** to drive acquisition and engagement
- **Unparalleled one-to-one service** to increase retention

**MULTI-BRAND OFF-SEASON**

- Strong **increase in customer base** focused on higher-value customers
- Marketing investments to drive YOOX brand **awareness**
- THE OUTNET **international expansion**
- **Growth in product offering**, preserving the best quality
- **Private labels** to complement current offer

**ONLINE FLAGSHIP STORES**

“POWERED BY YOOX NET-A-PORTER GROUP”

- **Strong organic growth** from more focused portfolio of higher-potential existing partnerships
- **New select business developments** with **promising** online potential
- **Business model evolution** for brands to seize the omni-channel opportunity
- **New suite of luxury value-added services** to complement our offer

….all empowered by **mobile**
Confirming our Position as the World’s Most Global Fashion E-tailer

- Strong **focus on internationalisation** while maintaining our **leadership position in the US**

  - **United States** – the world’s biggest online luxury market – to remain our **no. 1 country**
  
  - Extend outreach in large e-commerce markets where YNAP is underpenetrated **(Germany, France)**
  
  - Increase **focus** on most promising European opportunities (incl. **Russia**)

  - **Break into the Middle East** with a full in-country presence that completes our coverage of all relevant luxury markets

  - **Expand** our presence in **Japan and China** to harness their full potential

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**YPX NET-A-PORTER GROUP**
One Global Platform Powering our Future Strategies

THE PLATFORM

**SHARED**
Converging while enhancing

The world’s biggest fashion closet seamlessly accessible from anywhere

**TAILORED FOR LUXURY**
Setting the standard for service in luxury fashion

Premier same-day delivery in NY, London, Milan, Dubai, Shanghai, Tokyo

**INNOVATIVE**
Empowering innovation leveraging smart data

Knowing our prospective ~6M customers one-by-one

**SCALABLE**
Investing now, leveraging much beyond 2020

~340,000 SQM by 2019 able to accommodate sales growth of over €5bn
Well Equipped to Tackle the Next Chapter of Growth in the Luxury Market

A proven and highly resilient business model:
The world’s most geographically diversified fashion e-tailer
Broad and well-balanced offer across customer profiles and price points through 3 business lines

Uniquely positioned at the high-end of the fast-growing online fashion market

Talented, experienced and forward-looking management team

The independent global partner of choice of the world’s leading luxury brands

One Scalable Global Platform tailored to luxury fashion

Successful track record of strong profitable growth and industry-leading innovation
Fast Forward to 2020

Financial Targets
Update on Current Trading (at constant FX¹)

- Q2 2016 Order Value growth in the high teens until mid-June
  - Growth accelerated compared to Q1 across all three business lines
  - Multi-brand Off-Season outpaced the Group’s average

- From Mid-June onwards, Order Value growth slowed down, but still in the double digits
  - UK flat year-on-year

¹. FY2015 Average Exchange Rates.
### Sensitivity of Potential Impact of Brexit on 2016

#### CURRENCY IMPACT

<table>
<thead>
<tr>
<th>Impact on</th>
<th>Sensitivity to average GBP/EUR in H2 2016</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016 Group Net Revenue Growth</td>
<td>0.80 0.85</td>
<td>Well-balanced GBP-denominated revenues and costs</td>
</tr>
<tr>
<td></td>
<td>-1.5% -2.5%</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA*</td>
<td>~nil ~nil</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>+10bps +20bps</td>
<td></td>
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</tbody>
</table>

#### SLOWDOWN IN DEMAND

<table>
<thead>
<tr>
<th>Impact on</th>
<th>Sensitivity to UK &amp; Europe Slowdown Scenario in H2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016 Group Net Revenue Growth</td>
<td>Moderate: UK Single Digit: (1 - 1.5%) Europe High Teens:</td>
</tr>
<tr>
<td></td>
<td>-20bps</td>
</tr>
</tbody>
</table>

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2. Average 2015 exchange rates

For all the definitions (indicated with * * *), please refer to slide 121
Brexit Expected not to have Long-Term Impact on Our 5-Year Plan

- **Conservative view on UK growth already factored into plan assumptions**
  - 5-Year Plan already accounts for a declining share of the UK contribution to Group Net Revenues, moving from 15.8% in FY2015 to ~12.0% in FY2020, to reflect already relatively high penetration of online luxury goods and stage of e-commerce maturity.

- **No meaningful impact from potential introduction of custom duties**
  - Whilst Brexit will not automatically lead to an introduction of customs between the UK and the EU, the potential risk has been taken into account starting from mid 2018.
  - By then, the new Omni-stock logistics set-up will be in place and will significantly mitigate any potential additional customs burden. Its impact would be limited to ~10% of Group COGS by 2020 under the theoretical assumption that no price adjustment is made to mitigate the effect.

- **Depreciation of GBP/EUR FX**
  - Impact expected to be neutral on Group’s profitability due to balanced GBP-denominated revenues and costs.
2020 Financial Targets – Net Revenues

- Forecasts provided at FY2015 average exchange rates

YNAP AND MARKET GROWTH EXPECTATIONS

2015

€1.7bn

2020

€3.7bn - €4.1bn

11% - 12%

YNAP 2020 Market Share

10%

YNAP 2015 Market Share

Note: For sources cited on this slide, please refer to slide 122
2020 Financial Targets – Profitability and Cash Flow

- Forecasts provided at FY2015 average exchange rates

### Adjusted EBITDA Margin as % of NR

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.0%</td>
<td>11 - 13%</td>
</tr>
</tbody>
</table>

### Capital Expenditure as % of NR

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.0%</td>
<td>4 - 5%</td>
</tr>
</tbody>
</table>

### Ordinary Net Working Capital as % of NR

<table>
<thead>
<tr>
<th>Month</th>
<th>Dec 2014</th>
<th>Dec 2015</th>
<th>Dec 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.6%</td>
<td>5.8%</td>
<td>5 - 6%</td>
</tr>
</tbody>
</table>

**Comments**

- Margin enhancement to reflect P&L synergy ramp-up
- Position within the range dependent upon sales growth
- Capex as % of NR to peak in 2016 and 2017 and expected to decrease to 4-5% of Net Revenues by 2020
- Optimised inventory management driven by Omni-stock programme

*Note: 2015 pro-forma financials, 2020 forecasts.*
Evolution of Net Revenue Mix

**BY BUSINESS LINE**

- Mix to remain broadly stable
- Multi-brand In-Season still the largest contributor
- Multi-brand Off-Season likely to outpace the Group’s average growth in periods of uncertainty
- Share of the Online Flagship Stores to slightly diminish as a result of partial adoption of new partnership model, entailing YNAP to book its fee as opposed to the entire transaction value

**BY GEOGRAPHY**

- North America to remain no. 1 country
- Rest of Europe to maintain its share
- APAC and Rest of the World gaining share over the UK
  - Over-indexed growth in Mainland China, Singapore, South Korea and Taiwan
  - Rest of the World growth fuelled by the Middle East
EBITDA Margin Improvement Driven by Gross Margin Gains, Operating Leverage and Synergies

- Evolution of Adjusted EBITDA* margin factors in synergies
Gross Margin Evolution

INITIATIVES DRIVING GROSS MARGIN

- Omni-stock programme enabling lower average markdown and higher sell-through for Multi-brand In-Season and The Outnet
- Improved buying terms across Multi-brand In-Season and Off-Season upon volume increase
- Growing share of higher-margin private label
- Further pricing sophistication yielding increased margins
Operating Leverage on Fulfilment and G&A Costs the Main Driver for EBITDA Margin Gains

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FULFILMENT AS % OF NR</strong></td>
<td>9.2%</td>
<td>10.0%</td>
<td></td>
</tr>
<tr>
<td><strong>SALES &amp; MARKETING AS % OF NR</strong></td>
<td>11.9%</td>
<td>12.2%</td>
<td></td>
</tr>
<tr>
<td><strong>G&amp;A + OTHER INCOME &amp; EXPENSES AS % OF NR</strong></td>
<td>9.8%</td>
<td>9.3%</td>
<td></td>
</tr>
</tbody>
</table>

**Comments**

- Lower handling costs as a result of greater stock allocation in Italy as opposed to New York and London
- Increased efficiency of customer care
- Efficiency in personnel costs and vendor terms reinvested into marketing spend
- Operating leverage on fixed costs
Positive Free Cash Flow Generation from 2018

**Ordinary Net Working Capital** and % of NR

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
<th>% of NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>96m</td>
<td>5.8%</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
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<td>2018</td>
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<tr>
<td>2019</td>
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<td></td>
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<tr>
<td>2020</td>
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</tbody>
</table>

**Capital Expenditure** and % of NR

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
<th>% of NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>84m</td>
<td>5.0%</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
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<td>2017</td>
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<td>2019</td>
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<tr>
<td>2020</td>
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**Main Initiatives**

- Improvement mainly driven by inventory: better sell-through thanks to Omni-stock programme, increased share of private label, extended off-season buying opportunities throughout the year and shorter lead times due to inbound process improvement

**NET WORKING CAPITAL**

- Technology integration investments and significant upgrades
- Expansion of global logistics network to accommodate volume growth and implement Omni-stock programme
Confirming €85m of Annual Run-rate Synergies by 2018, Enabled by €95m Cumulated One-off Costs

**ANNUAL RUN-RATE SYNERGIES (2018)**

EBITDA + CAPEX SAVINGS: **€85M**

**CUMULATED ONE-OFF COSTS (2015-2018)**

OPEX + CAPEX: **€95M**

**HIGHLIGHTS**

- Expected synergies mainly arising from P&L benefits
- One-off capital expenditure mainly concentrated in FY2016 - FY2017
Fast Forward to 2020
Technology Platforms: Existing Configuration

### YOOX GROUP

<table>
<thead>
<tr>
<th>IN-SEASON + OFS</th>
<th>OFF-SEASON</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>API LAYER</strong></td>
<td></td>
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<tr>
<td><strong>CORE E-COMMERCE PLATFORM</strong></td>
<td></td>
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<tr>
<td><strong>PRODUCT INFORMATION MANAGEMENT</strong></td>
<td></td>
</tr>
<tr>
<td><strong>ORDER MANAGEMENT SYSTEM</strong></td>
<td></td>
</tr>
<tr>
<td><strong>BACK-END SYSTEMS (ERP, WMS)</strong></td>
<td></td>
</tr>
</tbody>
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- B2B and B2C with scale in mind
- Integrated ecosystem
- Data driven
- Differentiated front end while shared back end
- Home grown system

### THE NET-A-PORTER GROUP

<table>
<thead>
<tr>
<th>NET-A-PORTER</th>
<th>MR PORTER</th>
<th>THE OUTNET</th>
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</thead>
<tbody>
<tr>
<td><strong>CORE E-COMMERCE PLATFORM</strong></td>
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<td></td>
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</tr>
</tbody>
</table>

- Primarily B2C focused
- Closed loop ecosystem
- Content driven
- Channelised systems
- Home grown system

For all the definitions (indicated with *) please refer to slide 121
Operations: Existing Organisation

YOOX GROUP

- Efficiency driven
- Highly localised
- “Hub and Spoke” design best suited to drive retail efficiency
- Vast majority of stock centralised in Italy hub
- Strong focus on inventory efficiency
- Emphasis on innovation

NET-A-PORTER GROUP

- “Luxury-quality” driven
- Segregated inventory model
- Each warehouse hosts stock to meet expected local demand
- Focus on speed of delivery
- Emphasis on innovation

MAP NOTES

- Just-In-Time Intercompany Flows
- Last-Mile delivery
The Path Ahead: Enhancing While Converging

PILLARS OF OUR TECHNO-LOGISTICS PLATFORM EVOLUTION STRATEGY

Innovation
Shape the future of luxury online

Omni-Channel Enabled
Enable fully integrated omni-channel solutions for luxury brands

Scalable Differentiation
Deliver highly differentiated brand experiences through a shared and scalable platform

Operational Excellence
Enhance quality for the customer while improving operational efficiency

Data-driven luxury retail and inventory management
Combine data-rich customer interactions and smart globally integrated operations to maximise inventory ROI
Data-Driven Inventory Management: the Omni-stock Programme

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**GLOBAL VISIBILITY OF INVENTORY**

**HUB AND SPOKE LOGISTICS MODEL**

**NETWORK SPECIALISATION BY DIVISION**

**DATA-DRIVEN & FLEXIBLE ALLOCATION OF INVENTORY**

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**MAIN ADVANTAGES**

- Increased sales
- Lower cost of goods
- Reduced “out of stock” issues
- Higher full price sell-through

- Improved operational efficiency
- Improved geographical scalability
- Faster delivery times
- Natural hedge of inventory risk
The Omni-stock Programme in Practice

**IN-SEASON**
- Opening of new dedicated hub in Italy
- High quality, higher cost operations
- Lower degree of inventory centralisation, threshold-based stock levels held in local distribution centres to guarantee same day and next day delivery
- Flexible daily replenishment flows (threshold based) and Just-in-Time flows
- Order flows optimised for faster service levels

**OFF-SEASON**
- Interporto (Bologna) continues as the Off-Season hub
- Higher efficiency operations (still differentiated between YOOX and THE OUTNET)
- Higher degree of inventory centralisation
- Just-in-Time flows connecting hub and spoke upon customer placing an order
- Order flows optimised to balance speed of delivery and related costs

Distribution Centres in peripheral markets shared across In-Season & Off-Season
The Omni-stock Programme: A Flexible Tool to Hedge Inventory Risk

**GLOBAL INVENTORY VISIBILITY**

- Provides global visibility over the Group’s largest inventory pool held in the central hub
- A great tool to weather local macroeconomic turbulences or slowdown in demand

**FULLY FLEXIBLE STOCK ALLOCATION**

- Integrated system connecting warehouses globally allowing maximum flexibility of stock allocation
- Stock can be freely allocated between central hub and local DCs each season
- Inventory held centrally can be instantly “switched on and off” in each country

**BREXIT RISK MINIMISATION**

- Regardless of any Brexit impact on trade agreements between Europe and the UK, the ability to allocate stock in both Europe and the UK to serve the local UK demand will minimise the country-specific risk
- By the time potential changes are in effect, the Omni-stock programme will be fully in place
Brexit: Potential Scenario of EU-UK Duty Introduction

**CURRENT LOGISTICS SET-UP**

- Inventory serving UK and EU located in London
- Duties levied upon:
  - Products imported in the UK
  - Orders shipped out of the UK

**OMNI-STOCK PROGRAMME**

- Inventory serving EU located in Italy rather than in the UK
- Inventory serving the UK partially located in Italy and partially in the UK
- Duties levied only on products shipped inter-company from Italy to the UK

When Omni-stock programme fully in place, custom duties reduction vs. “current set-up” scenario of up to 75%
YOOX NET-A-PORTER GROUP

Shared Scalable Platform Powering Luxury Omni-channel Globally

**TIMELINE OF KEY MILESTONES**

1. Roll-out of new Order Management System on former YOOX GROUP’s online stores  
   **Q4 2016**
2. Migration of former THE NET-A-PORTER GROUP onto YOOX GROUP’s ERP  
   **Q1 2017**
3. First Online Flagship Store to launch on new core e-commerce platform  
   **Q3 2017**
4. Convergence and Omni-stock programme completed for Off-Season  
   **H2 2017**
5. Roll-out of new OMS on former NET-A-PORTER GROUP’s online stores, convergence and Omni-stock programme completed for In-Season with opening of new In-Season hub  
   **2018**
Capex/Net Revenue Ratio to Decrease from Current Levels by 2020

TECHNOLOGY
Technology Capex as a % of Net Revenues to peak in 2016 and 2017 due to concentration of convergence activities. Set to stabilise in the region of ~3% of Net Revenues by 2020

OPERATIONS
Capex to peak in 2017 and 2018, driven by capacity expansion in Italy and automation investments. Assuming opening of a new automated facility in the US for the Multi-brand Off-Season business line in 2019, with investments starting in 2018
Fast Forward to 2020
Platform - Technology
# Pillars of Technology Strategy

## MISSION

Generating highly differentiated and innovative brand and customer experiences enabled by one shared, scalable platform

<table>
<thead>
<tr>
<th>FRONT END</th>
<th>SMART DATA</th>
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<tbody>
<tr>
<td>NET-A-PORTER</td>
<td>INNOVATION</td>
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<tr>
<td>MR.PORTER</td>
<td>MOBILE CENTRICITY</td>
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<tr>
<td>YOOX</td>
<td>DIFFERENTIATION</td>
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<tr>
<td>THE OUTNET</td>
<td>RETAIL EXCELLENCE</td>
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<tr>
<td>OFS</td>
<td>EASE OF INTEGRATION</td>
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<td></td>
<td>STABILITY, PERFORMANCE AND SCALABILITY</td>
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<td>API LAYER</td>
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<td>CORE E-COMMERCE PLATFORM</td>
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<td>PRODUCT INFORMATION MANAGEMENT</td>
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<td>ORDER MANAGEMENT SYSTEM</td>
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<td>BACK-END SYSTEMS (ERP, Warehouse Management System)</td>
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<tr>
<td>INFRASTRUCTURE</td>
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Customers, Brand Partners, Content

Back-end Operations
The IBM Collaboration

**THE RATIONALE**

Expedite and facilitate the post-merger system integration process, minimising costs and execution risk

Channel in-house technology resources towards developing differentiated solutions, and personalised experiences tailor made for online luxury

**THE PROJECT**

Integrate two of IBM’s best-in-class software:

- Order Management System (Sterling)
- E-commerce suite (Websphere)

**THE OUTCOMES**

**Ease of integration** with brands’ retail stores and distribution centres to **upscale omni-channel offering**

**Speed up** full deployment of **Omni-stock programme** across the Group

Gaining **privileged access** to **new technology trends** as they emerge (IBM Innovation Lab, Fashion & Luxury Innovation Committee, etc.)
Innovation

Constant focus on innovating and experimenting to redefine the way luxury fashion is going to be experienced online globally in the future, strengthening YNAP’s Intellectual Property

Scanning the technology horizon for the next relevant innovations in order to deliver our mission to customers and brands globally
Mobile Centricity

Enabling YNAP to be the global reference point for converging mobile and the luxury experience

**DEVICES**

- Fully responsive web design for all devices, native apps for small screens (Feature-rich)
- Constant exploration of new devices and operating systems (current focus on iOS & Android)

**SCALABILITY & TIME-TO-MARKET**

- Shared native mobile development framework, which enables:
  - Fast deployment of new native apps
  - Introduction of new services for existing apps

**OMNI-CHANNEL AND PERSONALISATION**

- Full support for brand partners in leveraging their apps to provide omni-channel experience
- Personalised front-end experience across devices, brands and countries
- Geo-localisation capabilities to provide in-context messages and recommendations

**EXTENDED ECOSYSTEM**

- Extension of our ecosystem to enrich the customer experience
  - Locally-relevant products, content and services worldwide
Differentiation and Retail Excellence
Enhancing the tools that will enable the next wave of online luxury retailing - where smart data meets editorial content and fashion sense

**CONTENT MANAGEMENT**
- Enhance content management systems to seamlessly blend content & commerce
- Leverage smart data insights to provide personalised content
- Deploy content across devices to allow for omni-channel content strategies
- Draw on multi-tenant platform to deliver front-end differentiation

**COGNITIVE COMMERCE**
- Deploy staged-approach to deliver personalised experiences for our luxury fashion customers:
  1. Personalise product, pricing and promotions
  2. Develop a single view of the luxury customer
  3. Combine data-driven customer profiling algorithms with fashion expertise

**ORDER & INVENTORY MANAGEMENT**
- Use advanced predictive algorithms to optimise stock allocation and maximise inventory value
- Enhance order management capabilities to inform fulfilment choices, optimising service, margins and costs (e.g. pre-order, order splitting and consolidation, etc.)
- Develop “open network” able to integrate with third party DCs and stores to enable omni-channel functionalities and evolving business models

**PRODUCT INFORMATION MANAGEMENT**
- Single view of product information which allows for:
  - Catalogue visibility across online stores and geographies
  - Greater process efficiency and product data consistency
  - Enriching and integrating our product data with external third parties (e.g. our partner brands)
Platform Foundations: Ease of Integration, Stability, Performance, Scalability

- **Service Oriented Architecture (SOA)** facilitates design and maintenance of partner integrations:
  - Key enabler of omni-channel
  - Able to cater to evolving business needs
  - Decreases Total Cost of Ownership and increases efficiency

- **Externalised internal digital assets and services in form of APIs:**
  - E.g. Exposing our shipping services and brands’ digital content to work with 3rd party channels

- **“Build once, use many” - One platform serving multiple tenants, preserving differentiation**
  - Increases scalability
  - Reduces time-to-market
  - Decreases Total Cost of Ownership

- **Cloud-focused strategy designed to:**
  - Improve scalability and cost efficiency
  - Allow for better accessibility and performance in markets across the world

- **Uniform development process coupled with rigorous security testing**
- Constant monitoring of cyber security trends allowing for proactive risk mitigation and effective defence
Fast Forward to 2020

Platform - Operations
Our Operations Value Chain

- Inbound Logistics
- Digital Production
- Fulfilment
- Deliveries
- Customer Care
Our Global Operations Today

- 1 order processed every 4 seconds
- 7 million orders shipped in 2015 in 180 countries
- 8.7 million items stocked worldwide in June 2016
- 4.4 million pictures shot in 2015
- 99 photo studios at 30 June 2016 and 84 photographers

- 25 countries served with same or next-day delivery
- Proprietary fleet of 55 vans for Premier Delivery
- ~270,000 orders dispatched through Premier Delivery in London, Manhattan, Connecticut and Hong Kong in 2015
- ~250,000 SQM in warehouse capacity at 30 June 2016

**Market-specific delivery options**

- Butler service in China
- Nominated-day delivery in Japan and UK
- Pick-up and drop-off points in continental Europe
Evolution of Our Global Operations

- **Q4 2016**
  - Consolidation of HK warehouse

- **H1 2017**
  - New studios at Interporto & capacity expansion

- **H2 2017**
  - The Outnet starts to be fulfilled from Interporto (for Europe/APAC)
  - The Outnet starts to be served from Off-Season US distribution centre
  - Interporto capacity expansion continues
  - Opening of distribution centre in Dubai

- **2018**
  - Opening of In-Season hub, achieving key Omni-stock milestone
  - Upgrade of APAC’s distribution centre network

- **2019**
  - Opening of new (replacement) Off-Season warehouse in the US

~340,000 SQM BY 2020

TO SUPPORT A > €5BN BUSINESS
Opening Additional Facility in Italy to Serve as the In-Season Global Hub

Advantages of Italy:
- Proximity to our biggest suppliers
- Strategic location close to our customers, at the heart of continental Europe
- Allow for Premier delivery in Milan
- Significantly more efficient cost structure
- Natural hedge against Brexit

Marrying high quality operations with technological innovation
- Latest technology in order storage & retrieval systems
  - Full deployment of RFID tagging
    - 46,000 SQM
- ~€30 million automation capex throughout 2016, 2017, 2018
Ultimate Level of Craftsmanship and Customisation for the In-Season Business...

- High Average Order Value (>€600) and high product depth (>50) command and allows for:
  - High craftsmanship in photo shooting and retouching
  - Highly curated styling
  - Videos
  - Rich editors’ notes
  - Detailed size and fit information

- Over 250 highly skilled photographers, stylists, size and fit specialists, photo retouchers, videographers and editors
- Digital Production facilities designed for In-Season business to be leveraged for Online Flagship Stores
... Innovation for the Off-Season Business

- Wide assortment, shallow depth, lower AOV, high volumes command for high degree of automation in the photo shooting process
- Use of internally engineered automated equipment coupled with manual photo shooting to allow for differentiation based on item value/product depth
- 1 picture every 3 seconds, 4 million shots per year
Delivering Excellence into Our Customers’ Hands

HIGHLY CUSTOMIS ED PACK AGING GUIDELINES AND PERSONALISED SERVICES FOR IN-SEASON

- High item value for In-Season and most Online Flagship Stores allow for more sophisticated, yet complex packaging guidelines, implying lower unit throughput
- Tailored packaging guidelines defined with our mono-brand partners to fully reflect their brand identities
- Outstanding personalised packaging for a fully bespoke customer experience

HIGH QUALITY PACKAGING FOR OFF-SEASON COUPLED WITH WORLD-CLASS EFFICIENCY PROCESSES

- Off-Season online stores entail a more efficient packing process allowing management of peaks in fulfilment of up to 75,000 orders per day with a productivity of up to 70 orders each hour per single operator

“I am so impressed by the service that I received. I had made this purchase as a surprise birthday present for my husband and I am sure that he will be very happy! The packaging is so beautiful. Thank you!!”

“Shopping on your site is a pleasure. I also appreciate the care you take in packing the goods for delivery. Thank you for your service!”
The Pillars of our Customer Care Strategy

**CROSS FERTILISE THE TWO CUSTOMER CARE CULTURES**

- One team at the Group level, **differentiated by brand**
- Mixed in-house/outsourced model leveraging the best of the two practices

**FURTHER ENHANCING QUALITY WHILE DRIVING EFFICIENCY**

- Increase no. of languages
- Leverage new channels for real-time interactions (livechats, in-app messaging)
- Differentiate service levels based on customer profiles
- Complement world class in-house team with select top notch outsourced capabilities
- Package customer care value added services for the Online Flagship Stores

**CONTINUE TO BE SELF-FINANCED**

- Today sales generated by customer care contacts outweigh customer care costs
- Extend NET-A-PORTER Team’s proven cross and upselling capabilities to YOOX and the Online Flagship Stores
- Empower customer care representatives with up and cross-selling tools integrated with a rich and data-driven single view of the customer
Fast Forward to 2020

Multi-Brand In-Season
THE NET-A-PORTER GROUP at a Glance

A history fuelled by innovation, service and brand building

1. See-through stake based on ordinary capital
   For all the definitions (indicated with “*” *), please refer to slide 121
A 16% Market Share Today and Untapped Growth Lies Ahead

A SMALL SHARE OF MULTIBRAND ONLINE LUXURY

MULTIBRAND ONLINE PERSONAL LUXURY GOODS MARKET

€5.7bn (2015) 16%

YNAP Multi-Brand In-Season Business Line

MULTIBRAND FULL PRICE: THE PREFERRED SOURCE OF ONLINE RESEARCH

<table>
<thead>
<tr>
<th>Source</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-brand full price</td>
<td>39%</td>
</tr>
<tr>
<td>Dept. stores</td>
<td>34%</td>
</tr>
<tr>
<td>Multi-brand off price</td>
<td>34%</td>
</tr>
<tr>
<td>Official brand sites</td>
<td>31%</td>
</tr>
<tr>
<td>Luxury forum</td>
<td>29%</td>
</tr>
<tr>
<td>Multi-brand event</td>
<td>26%</td>
</tr>
<tr>
<td>Luxury blogs</td>
<td>21%</td>
</tr>
<tr>
<td>Facebook</td>
<td>15%</td>
</tr>
<tr>
<td>Twitter</td>
<td>13%</td>
</tr>
<tr>
<td>Other social media</td>
<td>12%</td>
</tr>
</tbody>
</table>

INDEPENDENT INDUSTRY ANALYSIS CONFIRMS GROWTH IN MULTIBRAND RETAILING

- Luxury shoppers are increasingly turning to multibrand retailer sites to easily compare products and prices
- Luxury brands becoming more comfortable selling and marketing on both their own site and on luxury e-tailers’
  - Brands accept that these channels are not mutually exclusive
- Multi-brand e-tailers enable luxury brands to reach time-pressed consumers and those who are seeking wider selection

Note: For sources cited on this slide, please refer to slide 122.
For all the definitions (indicated with * * *), please refer to slide 121.
## 2015-2020 Multi-Brand In-Season Sales and Profitability Trends

<table>
<thead>
<tr>
<th>STRONG TOP-LINE GROWTH</th>
<th>PROFITABILITY AND CASH FLOW ENHANCEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET REVENUES</td>
<td>GROSS MARGIN*</td>
</tr>
</tbody>
</table>

### KEY DRIVERS

- **Increase in customer base**, with **over-indexed growth of HNWIs**
  - Target the Household

- **Increase in retention rate and share of wallet** at stable cost

- Increased penetration of **best-performing categories** and select **add-ons**
  - Launch of Fine Jewellery & Watches
  - Launch of MR PORTER private label
  - Increasing share of shoes, bags & accessories

- **Maintain core focus in the US**, coupled with **strong international expansion**
  - Robust local strategies

- **Marketing as % of NR**
  - Increase ROI thanks to in-housing of performance-marketing team
  - Greater share of own “assets” in the marketing mix
  - Synergies across NET-A-PORTER and MR PORTER (combined web marketing, Personal Shoppers and Client Relations teams, events, select advertising campaigns)

- **EBITDA pre corporate costs**

- **Inventory turns**
  - Higher sell-through thanks to Omni-stock programme
  - Better management of product lifecycle
  - MR PORTER private label
  - Increasing share of de-risked stock (e.g., return to vendor, etc.)

- **Working capital**
A Strategy Designed to Engage and Grow a High-value Customer Base

**Increase** customer acquisition, engagement and retention **at stable cost** by better leveraging our **own assets** (proprietary media channels, Personal Shopping and Client Relations teams)

Leverage data to fuel **sophisticated CRM programme**

<table>
<thead>
<tr>
<th>ACQUISITION</th>
<th>ENGAGEMENT / SHARE OF WALLET</th>
<th>RETENTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house performance marketing</td>
<td>Regionally relevant and short-form content</td>
<td>“Newness” (daily content, frequent product uploads)</td>
</tr>
<tr>
<td>Social channels</td>
<td>Household-focused proposition</td>
<td>1:1 Personalised value propositions</td>
</tr>
<tr>
<td>Client Relations team</td>
<td>Personal Shopping team</td>
<td>Household loyalty scheme</td>
</tr>
<tr>
<td>Brand Ambassadors: Existing HNW customers; Opinion leaders</td>
<td>PORTER magazine</td>
<td>Further enhanced service</td>
</tr>
<tr>
<td>Strategic lifestyle partnerships</td>
<td></td>
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</tr>
</tbody>
</table>
Focus on HNW continues to yield strong results

Our HNW customers - the Extremely Important Persons (“EIPs”): net spend ~€10,000 per year

Significantly outperform other customer segments

- Higher spending
  - AOV:
    - Non-EIP: 1
    - EIP: 3
    - 3x

- Higher engagement...
  - Order Frequency:
    - Non-EIP: 1
    - EIP: 12
    - 12x

- ...incredible loyalty
  - Retention:
    - >95%
    - for EIPs

Mirrors global HNWI distribution

- ~2% ACTIVE CUSTOMERS
- 40% NET REVENUES
- <1% WORLD POPULATION
- ~50% GLOBAL WEALTH
## Proven EIP Acquisition Strategy

| SOPHISTICATED CRM | - Strengthen existing profiling capabilities to  
|                   |   - Identify prospective high-value customers  
|                   |   - Drive migration to EIP status  
| BRAND AMBASSADORS | - Tap into HNW network of our most engaged EIPs  
|                   | - Create an influential community  
|                   | - Highly-cost effective  
| CLIENT RELATIONS  | - Create opportunities to introduce new customers  
|                   | - Offer offline “Money Can’t Buy” experiences to increase engagement  
| TARGET NEXT GENERATION OF EIPs | - Promote unique benefits of invitation-only EIP programme  
|                   | - Strengthen proposition to lure potential high-value customers  
|                   |   - Content  
|                   |   - Social  
|                   |   - Loyalty program  

Maximise Synergies between NET-A-PORTER and MR PORTER, while Targeting the Household

Significant opportunity to expand the customer base that shops across NET-A-PORTER and MR PORTER, while preserving brand differentiation

- Gifting
- Shared basket and optional unified sign-on
- Shared loyalty programme

Marketing and organisational efficiencies through combined In-Season approach:

- Shared performance-marketing and CRM teams
- 1 Personal Shopping team
- Combined media campaigns and EIP events

Note: For sources cited on this slide, please refer to slide 122
Providing the Ultimate Level of Service via Client Relations & Personal Shoppers

Drive EIP customer acquisition (Client Relations) and engagement (Personal Shoppers)

Differentiation through service
- Unique opportunities created to engage with prospective high-value customers via existing community
- 1:1 relationships that go beyond online shopping
- Offline experiences

Increased local presence and face-to-face interaction in priority areas to capitalise on their proven success

| >40% | INCREASE IN EIP SPEND AFTER SHOPPING EVENTS⁴ |
| 1.5x | HIGHER GROWTH IN EIP SALES MADE VIA PERSONAL SHOPPERS⁴ |
| 15 | LANGUAGES SPOKEN BY CLIENT RELATIONS & PERSONAL SHOPPERS |
| Up to 40% | UPLIFT IN EIP ANNUAL SPEND VIA PERSONAL SHOPPERS⁴ |

Note: For sources cited on this slide, please refer to slide 122
Mobile Permeates All Aspects of Our Strategy

Where we are today - our two-pronged approach

- Native apps as an effective engagement and retention channel for existing customers
- Mobile sites as an acquisition tool through which more and more customers constantly discover us

Where we are heading - enhancing our mobile-centric approach deployed across 3 dimensions to ensure a best-in-class, personalised experience across native apps and mobile sites

- A 24/7 in-pocket concierge for EIPs
- Focus on own proprietary social platforms and key external ones to push content to drive acquisition and conversion
  - Instagram, Facebook, Snapchat, WeChat
- A platform to target the next wave of customers
  - New technology for millennials and beyond
  - In-app messaging with AI bots

Note: For sources cited on this slide, please refer to slide 122
Unparalleled and Unique Product Offering

Highly-curated product
- Captivating fashion edit
- The world’s most sought after designers
- Exclusive capsules and collaborations

Elevated through our unique combination of
- Styling
- Editorial

Offer continues to evolve…

...TO LURE NEXT CUSTOMERS
- Increase share of Shoes & Bags
- Focus on categories beneficial for EIP pipeline (e.g. Sportswear, Beauty)
- Launch of MR PORTER private label

...TO INCREASE HNWI SHARE OF WALLET & ACQUIRE PREMIUM EIPs
- New prestige brand and category wins
The Fine Jewellery and Watches Opportunity

**THE MARKET**

- **Hard Luxury**, an **under-penetrated category online**
- **Almost no competition** as mainly purchased through brands' online flagship stores
- **Increasing appetite for branded jewellery**
  - Branded jewels accounted for 20% in 2011, expected to reach 30-40% share\(^\text{10}\)

**OUR POTENTIAL**

- **Perfect complement** to high-fashion
- **Attractive add-on for HNW customers**
- **Consignment model** (**zero inventory**)
- **AOV** and **Cash Flow enhancing**
- **Unique opportunity for Brands** to feature their pieces styled with the world’s best fashion offer
- **Great performance by Tiffany and Zenith**

€100m IN SALES OPPORTUNITY BY 2020

Note: For sources cited on this slide, please refer to slide 122
Introducing “Mr P.”, MR PORTER’s own label

RATIONALE

- Cement MR PORTER positioning and drive brand awareness among prospective customers
- Fill the assortment
- Increase customer loyalty
- Enhance retail margin and cash flow

THE STRATEGY

- Timing: Launching in 2017
- Distribution: Exclusive to MR PORTER.COM
- Positioning: Between Contemporary and Casual
- Assortment comprised of:
  - Wardrobe essentials
  - Mostly Ready-to-Wear, complemented by shoes and accessories
We Use Content to Bring Product to Life and Inspire Our Customers...

Core to our DNA

- We invented “Content to Commerce”, revolutionising the way we shop luxury fashion
- A key differentiator, establishing us as an authoritative voice

Increasingly leveraged as powerful marketing channel

- Drives traffic, customer acquisition and engagement
- Always shoppable, searchable and shareable
- Improves “stickiness” through regionally-relevant and daily short-form content
- Widely distributed across all relevant platforms within our network and beyond (social channels)
- Enhances Search Engine Optimisation
...So We Launched PORTER, the First Shoppable Print Fashion Magazine

The Rationale: completing our offer for customers and our proposition for brands

- Our research shows that customers still mostly consume fashion through print
- Closed the gap between content and commerce fuelled by the NET-A-PORTER native app and created a physical embodiment of the Brand
- Rounded off our proposition as a partner to brands, from retail to media

Leveraged as a marketing tool for NET-A-PORTER

- Offers a great opportunity to increase acquisition and deepen engagement

  55% | PORTER SUBSCRIBERS HASN’T SHOPPED ON NAP YET⁷

  2.6x | HIGHER ORDER FREQUENCY FOR PORTER SUBSCRIBERS⁷

- Entrench brands’ loyalty and act as an incubator for target brands

  TIFFANY
  CHANEL
  STARTED THEIR RELATIONSHIP ON PORTER BEFORE LAUNCHING ON NET-A-PORTER

Expected to break even by end of 2017, monetised by:

- Advertising
- Circulation

Note: For sources cited on this slide, please refer to slide 122
Strong Focus on International Expansion and Strengthen Leading Position in the US

PRIORITIES
- Strengthen dominant position in the US, still no.1 country by 2020
- Strong focus on international expansion, leveraging YOOX’s localisation expertise and platform
  - Capture full potential in APAC
  - Accelerate growth in the Middle East through full in-country presence
  - Increase outreach in most promising countries in continental Europe

OVERARCHING STRATEGY
- Focus on localisation
- Develop a tailored regional approach, targeting top cities first
- Marketing: strengthen brand awareness initiatives, focusing on:
  - Local marketing and PR teams
    - Social channels
    - Local lifestyle partnerships
    - Locally-relevant content
  - Localised service proposition
    - Language
    - In-language customer care
    - Payment options
    - Delivery methods
North America - An EIP-concentrated City Approach

- **Top HNWI Cities**
  - Boston
  - Washington D.C.
  - New York
  - Los Angeles
  - San Francisco
  - San Jose
  - Miami
  - Dallas
  - Seattle
  - San Jose
  - Houston
  - Philadelphia
  - Chicago

**Target EIPs on a city-by-city basis**

- Maintain momentum in New York
- Strong localised proposition in core cities, e.g.:
  - Local Personal Shoppers (“PS”) in Los Angeles
  - West Coast base for Personal Shoppers, Client Relations (“CR”) and PRs
- Increase awareness in remaining target cities, e.g.:
  - Local Personal Shoppers in San Francisco
- Further invest in a state-level approach, e.g.:
  - Brand-building activities
  - Lifestyle partnerships

<table>
<thead>
<tr>
<th>2016 2H</th>
<th>2017 1H</th>
<th>2017 2H</th>
<th>2018 1H</th>
<th>2018 2H</th>
<th>2019</th>
<th>2020</th>
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</tr>
<tr>
<td>– On-the-ground PS presence in LA and SF</td>
<td>– West Coast base for PS &amp; CR</td>
<td>– Build local presence in secondary cities</td>
<td>– On-ground Brand-building activities &amp; Lifestyle partnerships state by state</td>
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</tbody>
</table>

*Note: For sources cited on this slide, please refer to slide 122*
APAC & Middle East - Unlocking our Untapped Potential

MIDDLE EAST
Lift-off, establish full in-country presence
- Increase presence of Personal Shoppers (“PS”)
- Influencer program

CHINA
Exploit high mobile penetration

JAPAN
Break into the market
- Client Relations to build future EIP customer base

HONG KONG & AUSTRALIA
Maintain focus and increase outreach
- Client Relations team (“CR”) in Australia

Core cities
Secondary cities

Note: For sources cited on this slide, please refer to slide 122
Europe - Securing our Position in Continental Europe

GERMANY and FRANCE
Build on localised approach

ITALY
Establish our presence
- Local Personal Shopping team (“PS”)
- Premier delivery in Milan

RUSSIA
Gain a foothold in the market
- Local Client Relations team (“CR”)
- Local delivery options

UK
Adopt a nimble approach

<table>
<thead>
<tr>
<th>2016 2H</th>
<th>2017 1H</th>
<th>2017 2H</th>
<th>2018 1H</th>
<th>2018 2H</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS in Italy</td>
<td>Premier delivery in Milan</td>
<td>CR in Russia</td>
<td>Tailored delivery options, currencies and payment methods in all countries</td>
<td>MRP localisation in FR &amp; DE</td>
<td>NAP &amp; MRP localisation in Italy and RU</td>
<td></td>
</tr>
</tbody>
</table>

Note: For sources cited on this slide, please refer to slide 122
Fast Forward to 2020

Online Flagship Stores Powered by YOOX NET-A-PORTER GROUP
The Online Flagship Stores 10 Years Ago...

THE MARKET CONTEXT

- Pre-digital
- Pre-mobile
- In her early days of discovering social networks
- Not expecting interaction between online and offline

- Hassle-free e-commerce
- Ownership of their online flagship stores’ marketing and retail strategies
- Online Flagship Store as a digital window rather than a real shop
- Pre “Omni-channel”
- Implied limited interest in value-adding services

THE CONSUMER

BRANDS EXPECTATIONS

OUR ANSWER

TURNKEY E-COMMERCE SOLUTION

to provide luxury fashion brands with a turnkey solution for their global e-commerce expansion

For all the definitions (indicated with “*”), please refer to slide 121
...The Next 5 Years of the Online Flagship Stores

THE MARKET CONTEXT

THE CONSUMER

- Digitally-savvy
- Hyper-connected
- Socially engaged
- Expecting a seamless and consistent experience between online and offline

BRANDS EXPECTATIONS

- Hassle-free e-commerce
- Ownership of their online flagship stores’ marketing and retail strategies
- Large digital sales
- Various degrees of interaction between physical and digital stores
- Highly differentiating and value-adding digital services

OUR ANSWER

A FLEXIBLE, CUSTOMISABLE & EASY-TO-INTEGRATE E-COMMERCE SOLUTION

to accompany luxury fashion brands in the next wave of digital transformation, through a flexible partnership capable of fully integrating with brands’ retail assets
Online to Play an Increasingly Strategic Role for Luxury Brands

LUXURY GOODS GROWTH DRIVEN BY STORE OPENINGS AND PRICE INCREASES OVER THE LAST DECADE

- >40% of top Luxury and Fashion Brand retail stores opened in the last 5 years
- Growth in store network substantially outpaced underlying demand
- 60% of sales growth over last 10 years driven by price increases but rise of e-commerce and tourism is putting pressure on Brands to rebalance pricing

FUTURE GROWTH TO BE DRIVEN BY INCREASE IN STORE PRODUCTIVITY AND MONO-BRAND E-COMMERCE

- Brands planning to increase sales density in their existing store network
- Brands’ online flagship stores will be a key driver of sales and demand
- Omni-channel will contribute to store’s productivity

Emerging trends suggest growing market opportunity for YOOX NET-A-PORTER

€4.7bn (2015)

MONO-BRAND ONLINE PERSONAL LUXURY GOODS MARKET

... YNAP uniquely positioned to help luxury brands navigate the next wave of e-commerce

Note: For sources cited on this slide, please refer to slide 122
## A Fully Tailored Mono-Brand Offering

- Customising our solution based on brand’s specific needs, assets and digital ambitions

<table>
<thead>
<tr>
<th>BRAND OBJECTIVE</th>
<th>YOOX NET-A-PORTER GROUP OFFERING</th>
<th>CUSTOMER EXPERIENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deep Retail Integration</td>
<td>FULLY-INTEGRATED OMNI-CHANNEL</td>
<td>Seamless online-offline brand experience</td>
</tr>
<tr>
<td>- Maximum customer loyalty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Retail efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light Retail Integration</td>
<td>LIGHT OMNI-CHANNEL</td>
<td>Retail stores as service hubs</td>
</tr>
<tr>
<td>- Improved customer loyalty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Store traffic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-commerce focus</td>
<td>TURNKEY</td>
<td>Rich digital brand experience</td>
</tr>
<tr>
<td>- Maximised attention to digital sales</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SETTING UP OMNI-CHANNEL E-COMMERCE OPERATIONS ADDS NEW COMPLEXITIES FOR BRANDS**

- B2C Logistics
- B2C Invoicing
- Global Customer Care
- Light IT Integration
- Deep IT Integration
- Digital Marketing
- Training of Retail Staff and New Incentive Schemes
- E-Commerce-Specific Buying and Merchandise
- Organisaton Redesign
- Luxury Oriented Front-End Technology
Our Proposition to Brands: Speed, Reduced Investments, Complexity & Risk

- Across all 3 models, Brands fully own the retailing and marketing strategies for their Online Flagship Stores
- Increasing degree of omni-channel enablement commands increasing level of operational involvement from Brands (greater empowerment of retail stores for e-commerce fulfilment & sales)
- As “e-commerce” evolves into “omni-channel”, bringing greater complexity, YNAP’s value proposition - accelerating time-to-market, reducing costs, investments and execution risk - increases
## Enhancing Our Service Suite

### NEW SERVICES
- DATA INSIGHTS
- INNOVATIVE NATIVE APPS
- CREATIVITY & DIGITAL PROJECTS
- EDITORIAL CONTENT
- CUSTOMER SERVICE INNOVATION
- CONSULTANCY SERVICES

### DISCRETIONARY SERVICES
- LIGHT OMNI-CHANNEL
- DIGITAL MARKETING SERVICES
- MERCHANDISE PLANNING & BUYING CONSULTANCY
- WEB DESIGN & CREATIVITY
- DIGITAL PRODUCTION

### CORE SERVICES
- TECHNOLOGY
- FINANCIAL SERVICES
- FULFILMENT
- DELIVERIES
- CUSTOMER CARE

Brands to directly invoice the final customer (Single view of the customer)

YNAP’s Order Management System to integrate with Brands’ retail systems to enable “Ship from Store” (Single view of inventory)
Technology for Online Flagship Stores: Enabling B2B Success Through...

**Increased flexibility**
Delivering unique brand experiences and customising user interfaces to fully reflect brands’ identity online

**Ease of integration**
Allowing top-notch omni-channel integration with luxury brands and their retail assets

**Sophisticated content management and business tools**
Further enhancing blending of content and commerce, while allowing for user-friendly management of all customer-facing interfaces by both internal and external stakeholders

**Mobile centricity**
Ensuring “always on” brand experience on mobile devices to be increasingly leveraged as gateways for unique services and a richer omni-channel experience through mobile-only interactions

**Enhanced scalability**
Allowing to scale and integrate more easily and efficiently while adding new stores, geographies, volumes and features
Upscaling Our Omni-Channel Offering

SINGLE VIEW OF THE CUSTOMER
Online & offline customer information integrated in a single database

SHIP FROM STORE AND SAME-DAY DELIVERY
Buy online and ship from the nearest store

FASHION ADVICE
Phone & Live Chat assistance while shopping online

BUY ON CALL
Buy over the phone via experienced consultants

BOOKING OF IN-STORE APPOINTMENT
Book an in-store tailoring appointment online

CLICK & COLLECT
Buy online & pick up in store

CLICK & RESERVE
Reserve online and pay in store upon pick-up

RETURN IN STORE
Buy online & return in store

CLICK FROM STORE
Buy online from in-store Kiosks or iPads

CLICK & EXCHANGE
Buy online, return and exchange in store

BUY ON CALL
A New Frontier in Digital Luxury Services

DATA INSIGHTS
- Insights into our Brand Partners’ customer shopping behaviour on YNAP’s proprietary stores to inform Brands’ strategies
- Blind benchmarks with comparable brands to inform e-commerce buying & marketing decisions

NATIVE APP SERVICES
- Leverage YNAP mobile focus to the benefit of Brands’ strategies, developing their native apps:
  - Drive omni-channel shopping experience (beacon integration, etc.)
  - Enhance service levels to Brands’ VIP customers (concierge services, in-app messaging services)
  - Constantly engage with brands’ lovers leveraging Brands’ rich content and storytelling

CREATIVITY & DIGITAL PROJECTS
- Ideation and development of creative concepts for luxury websites, staying true to the Brand’s vision and identity while ensuring best user experience
- Creation and execution of Brand’s digital marketing projects for specific collections or events

EDITORIAL CONTENT
- Digital storytelling to turn brand assets into compelling shopping experiences
- Conception and execution of editorial plans

CUSTOMER SERVICE
- Dedicated service for top Brands’ customers providing personal shopping services and product advice
Leveraging In-Season Proximity

**Luxury Operations**
- Personalised stickers to seal every order
- Client initials
- Handwritten cards
- Olfactory sensations
- Leverage NET-A-PORTER’s unparalleled skills in fashion photography, photo-retouching, styling and video-making to further enhance brands’ capability to portray their collections
- Same-day delivery capabilities in the world’s fashion capitals (London, New York, Hong Kong, to be extended to Milan, Tokyo, Shanghai, Dubai) through proprietary fleet and dedicated team (operating week days, weekends, during office hours or in the evening)

**Photography and Video Making**
- Brand visibility across multiple NET-A-PORTER and MR PORTER platforms: online, print, social, mobile
- Brand exposure to the largest and most sophisticated luxury customer base

**Delivery**
- Visibilty on NET-A-PORTER and MR PORTER

**Highly Qualified Audience**
Strategy Pillars for the Next 5 Years

**FOCUS**

- Fashion to remain core focus: leverage the proximity to NET-A-PORTER and MR PORTER (consistent target customer and brand selection)
  - Other segments and categories by opportunity
- Dynamic and profit-driven portfolio management for both renewals and new partnerships, with focus on:
  - Fewer bigger partnerships and upcoming fashion stars
  - Digitally ambitious brands

**MAXIMISE SYNERGIES ACROSS BUSINESS LINES**

- Luxury customer operations and value-added services with Multi-brand In-Season
- Business development
- YOOX and THE OUTNET’s privileged access to Online Flagship Stores’ off-season stock

**FOSTER INNOVATION**

- Data insights and holistic digital understanding of the luxury customer profile
- Shape the future of luxury in the digital age
- Be the Research Lab for luxury brands

**LEAD IN LUXURY OMNI-CHANNEL**

- Support luxury brands to fully seize the omni-channel opportunity
## Evolution of Key Terms

<table>
<thead>
<tr>
<th>TERMS</th>
<th>TURNKEY &amp; LIGHT OMNI-CHANNEL</th>
<th>FULLY-INTEGRATED OMNI-CHANNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTRACT LENGTH</strong></td>
<td>Long-term contract (Mostly 5y+)</td>
<td>Long-term contract (Mostly 5y+)</td>
</tr>
<tr>
<td><strong>GEOGRAPHICAL SCOPE</strong></td>
<td>GLOBAL</td>
<td>GLOBAL</td>
</tr>
<tr>
<td><strong>INITIAL SET-UP FEE</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>RUNNING ECONOMICS</strong></td>
<td>Revenue Share based</td>
<td>Revenue Share based</td>
</tr>
</tbody>
</table>
## 2015-2020 Online Flagship Stores Sales and Profitability Trends

### STRONG TOP-LINE GROWTH

- **Organic growth** of existing online stores to contribute most of the growth
- New select **business developments**
- Enhanced **omni-channel** proposition
- New **value-added services**

### CONSERVATIVE OUTLOOK ON PROFITABILITY

- **Conservative outlook on revenue share** evolution
- **Premium-pricing** for discretionary and value-added services to partially counterbalance

### KEY DRIVERS

- Over time, as more Brands embrace the fully-integrated omni-channel model with direct invoicing, **GMV**\(^*\) will become the **most relevant indicator for underlying revenue growth**: YNAP will only book its fees as opposed to 100% of transaction value
- As a result, reported Net Revenue growth will be slightly diluted compared to GMV growth

- **EBITDA Pre Corporate Costs**\(^*\) as % of Net Revenues will be slightly diluted over the Plan period
Fast Forward to 2020

Multi-brand Off-Season
A Large Market with Significant Growth Potential Ahead

**YOOX AND THE OUTNET CURRENTLY REPRESENT 10% OF THE ONLINE OFF-PRICE LUXURY GOODS MARKET...**

**OFF-PRICE PERSONAL LUXURY GOODS MARKET**

<table>
<thead>
<tr>
<th>Total</th>
<th>Online</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>€31.8bn</td>
<td>€5.9bn</td>
<td>10%</td>
</tr>
</tbody>
</table>

**...FUTURE PROSPECTS LOOK BRIGHT**

- Off-price retailers well positioned for future growth, benefitting from industry’s over supply
  - Brands still find it difficult to plan inventory levels due to lengthy stocking cycles and extremely fickle demand
  - Luxury Brands with high pricing power and large fixed costs unlikely to risk stock-outs as mark-down sales still generate profit
- Luxury fashion houses currently reconsidering their strategic approach to the channel
  - Some Brands are reducing mark-down exposure in regular stores while leveraging more off-price retailers for de-stocking
- Bain & Co. expects the off-price format to outpace the growth of the total luxury market moving from a 10% share in 2015 to 13% in 2020, implying a ~8% CAGR (vs. 2-3% of the total luxury market)
  - In US alone, 60 new outlets (out of 215) are planned over the next 3 years
- Behavioural shift with Millennials attracted towards off-price market

Note: For sources cited on this slide, please refer to slide 122
For all the definitions (indicated with * * *), please refer to slide 121
Full and Strengthened Coverage of the Premium Fashion Off-Season Market through 2 Distinct Brands

**YOOX**
- 2/3 women, 1/3 men
- Mainly between 20 and 40
- Curious, like to style themselves, global

1. Broad offering of off-season premium fashion complemented by select full-price pieces, art and design (~600,000 SKUs)
2. Wider range of price points
3. “Treasure hunting” shopping

**THE OUTNET**
- Mostly women
- Mainly between 35 and 45
- Style-conscious, searching for inspiration

1. Highly curated offer (~35,000 SKUs) of previous season high-fashion, relevant to current trends
2. Focused on higher price points
3. “Style-advice” shopping
Significant Synergy Potential by Leveraging Complementary Strengths

**YOOX**

- The world’s leading online lifestyle store for fashion, design and art
- Italian roots enabling proximity and privileged relationships with luxury brands
- Sophisticated proprietary pricing algorithm
- Truly global fashion e-commerce player with deep localisation expertise
- Best-in-class analytical retailing capabilities

**THE OUTNET**

- The most fashionable fashion outlet
- Authoritative editorial content a key marketing lever
- Unparalleled buying and merchandising skills creating the world’s most chic curated off-season offer
- Highly luxurious customer service and experience
- Strong brand marketing expertise
- Unmatched capabilities in product presentation
## 2015-2020 Multi-Brand Off-Season Sales and Profitability Trends

### STRONG TOP-LINE GROWTH

<table>
<thead>
<tr>
<th>NET REVENUES</th>
<th>KEY DRIVERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Growth of <strong>high-quality product</strong> offer</td>
<td></td>
</tr>
<tr>
<td>- <strong>Strong growth</strong> of YOOX customer base through investment in awareness and focus on high-value customers</td>
<td></td>
</tr>
<tr>
<td>- Personalised mobile propositions to drive <strong>engagement</strong> and <strong>loyalty</strong></td>
<td></td>
</tr>
<tr>
<td>- Strong <strong>international expansion</strong> at THE OUTNET through a localised approach</td>
<td></td>
</tr>
<tr>
<td>- The <strong>US</strong> the single largest country; <strong>Europe</strong> to remain a key contributor</td>
<td></td>
</tr>
<tr>
<td>- Launch of YOOX’s <strong>Private label</strong></td>
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</tr>
</tbody>
</table>

### PROFITABILITY AND CASH FLOW ENHANCEMENTS

<table>
<thead>
<tr>
<th>GROSS MARGIN*</th>
<th>MARKETING AS % OF NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Better sell-through on initial price, driven by increased frequency of new product uploads</td>
<td></td>
</tr>
<tr>
<td>- Improved product sourcing conditions by combining buying efforts</td>
<td></td>
</tr>
<tr>
<td>- THE OUTNET pricing sophistication</td>
<td></td>
</tr>
<tr>
<td>- Omni-stock programme</td>
<td></td>
</tr>
<tr>
<td>- Increasing share of higher-margin private label</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA PRE CORPORATE COSTS***

- Higher sell-through thanks to Omni-stock programme
- Shorter lead-times due to in-bound process improvements
- Enhanced time-to-market thanks to flexible Private label sourcing cycle

**INVENTORY TURNS**

**WORKING CAPITAL***
YOOX: An All-Encompassing Strategy to Appeal to High-Value Customers...

**MARKETING**
- Focus on targeting high-value customers
- Increase awareness through ad hoc advertising initiatives
- Bring products to life through storytelling

**PRODUCT**
- Catalogue curation and refinement to appeal to high-value customers
- Focus on top performing brands (top 150 accounting for ~60% of sales)
- Enhanced on-site product presentation
- Launch of Private Label
- Continue to complement Off-Season offer with select full-price categories (e.g. sportswear)

**SERVICE**
- Best-in-class service across all customer touchpoints
- Smooth, localised and personalised mobile experience
- Geo-localised services for top customers in major cities
- Enhanced customer care (faster response times tailored to customer segments)
- Style advisory for top customers

And many many more…

**BRAND**
- YOOX: An All-Encompassing Strategy to Appeal to High-Value Customers...

**PRODUCT**
- EMILIO PUCCI
- BALenciaga
- VALENTiNO
- DIESEL
- PRADA
- CHLOÉ
- DSQUARED²
- GUCCI
- ARMANI
- BOTTEGA VENETA
- ALEXANDER MCQUEEN
- NIKE
- MOSCHINO

**SERVICE**
- YOOX TODAY
- YOOX TOMORROW
THE OUTNET: Enhancing our Value Proposition while Staying True to Our DNA

**MARKETING**
- Brand-driven strategy fuelled by content and awareness initiatives to be complemented with increased focus on conversion
- Brand-building and targeted city-approach to remain at the core of marketing strategies
- Leverage newly combined performance-based marketing team to maximise ROI
- Design highly-localised strategies to drive conversion upon new market entries

**PRODUCT**
- Open up new revenue streams:
  - Mono-brands’ previous seasons
  - Select retail buying opportunities leveraging YOOX’s network
- Grow shoes and handbags
- Add activewear
- Strengthen shoe business on IRIS & INK
- Highly curated product offering to be enriched by complementary categories

**SERVICE**
- Expand Front Row VIP loyalty program initiatives and further personalise on-site experience
- Further personalise products and content through more sophisticated geo-targeting and customer profiling (e.g., exclusive VIP treatment)
- Personalise packaging design and look

**SOURCING MIX**
- Manufacturers
- Retailers, mono-brand

**PRODUCT MIX**
- Ready-to-wear
- Accessories, shoes, activewear

**THE OUTNET FRONT ROW**

THE OUTNET TODAY

THE OUTNET TOMORROW

AWARENESS

ENGAGEMENT

CONVERSION

BRAND

PRODUCT

MARKETING

PRODUCT

SERVICE

THE OUTNET: Enhancing our Value Proposition while Staying True to Our DNA

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**THE OUTNET FRONT ROW**

THE OUTNET TODAY

THE OUTNET TOMORROW

AWARENESS

ENGAGEMENT

CONVERSION

BRAND

PRODUCT

MARKETING

PRODUCT

SERVICE
Seizing The Private Label Opportunity...

Almost 10%
OF OFF-SEASON NET REVENUES BY 2020

RATIONALE

- Proven strategy for margin and cash flow enhancement
- Extend depth of best-selling categories
- Strengthen relationships with customers
- Unlock value from 16 years of customer insights

LEVERAGING IRIS & INK TRACK RECORD

- Launched in September 2012 as THE OUTNET's private label of elevated wardrobe essentials
- Already ranks amongst top 10 brands and expected to gain share
- To debut on YOOX.COM in the Fall

LAUNCHING YOOX's PRIVATE LABEL

- In 2017, YOOX will launch a portfolio of labels catering to different audiences (by gender, by age, etc.) servicing different needs: wardrobe essentials, seasonal trends, special occasions
- Exclusively distributed on YOOX and THE OUTNET
- “Made in Italy” differentiating factor
...Leveraging Our New Cross-Brand Private Label Sourcing Platform

**RATIONALE**

- Drive economies of scale in sourcing and production by pooling efforts and resources to maximise margins
- Build one efficient supplier network to optimise production cycle and collection time-to-market
  - Leverage Italy, among other countries, as the world’s most important fashion production hub
- Empower our Brands to focus on concept development, research, design and retail merchandising to ensure differentiation

**PRIVATE LABEL SOURCING PLATFORM**

**KEY RESPONSIBILITIES**

- **PRODUCT PLANNING**
- **SUPPLIER SELECTION AND MANAGEMENT** (Including negotiation terms)
- **COLLECTION PROGRESS MONITORING**
- **DELIVERY PLANNING AND MANAGEMENT**
- **QUALITY CONTROL AND SAMPLING**
Precision Marketing as Our Way to Unlock Value from Smart Data

Leveraging an unmatched quantity of internal and external data...

...refine it into smart customer profiles...

...and tailor the best offer to each person at the right price

- Higher marketing ROI
- Higher retention rate
- Increased share of wallet
- Better retail margin
Native App as the Gateway to Our World

BEST-IN-CLASS UX
Search & Browse
Payments

PERSONALISATION
Recommendation
Geolocalisation

SERVICE
Loyalty
Style Advisory
THE OUTNET: Harnessing Growth through International Expansion

- Untapped growth potential worldwide
- Accelerated international roll-out plan, building on YOOX’s localisation asset capabilities and expertise (language site, in-language customer care, payments and delivery options)
- Full deployment of THE OUTNET's proven marketing recipe for brand building and awareness
The United States to Remain our Largest Single Market and Key Focus

Embrace Multi-channel Approach to Marketing

- Initiatives across PR, events, digital and print advertising, strategic partnerships and performance-based web marketing

Build on THE OUTNET’S City-Approach success

- THE OUTNET to build on existing success in core cities (New York, Los Angeles, Miami) by expanding to San Francisco, Chicago, Washington D.C., Boston, Dallas and Houston
- YOOX to leverage THE OUTNET’S existing presence in core cities to build brand awareness

Tailor YOOX’s product offering to local tastes

- Introduction of local buying
- Selective visibility of global catalogue
Continental Europe to Remain Key Contributor to the Off-Season Business

ITALY

Consolidate YOOX’s leadership
- Offline initiatives to drive awareness targeting key cities first
- Wider delivery options including pick-up and returns solutions
- VIP-dedicated services

GERMANY and FRANCE

Strengthen existing presence
- THE OUTNET to launch in-language website, customer care and locally relevant payment systems in 2017

RUSSIA

Capture Europe’s fastest growth opportunity
- YOOX to bolster leading position by strengthening dedicated team, locally-relevant partnerships, enhanced customer services
- Starting from H2 2017, THE OUTNET to roll out a phased localisation strategy with dedicated delivery, local payment options, in-language website and customer care leveraging YOOX’s existing operational capabilities
Strengthening Presence and Exploiting New Opportunities in APAC and ME

JAPAN
- YOOX to further strengthen its leading position in the high-end market segment with a strong mobile-centric proposition to drive loyalty and engagement
- THE OUTNET to launch with a fully localised proposition leveraging YOOX’s existing local team and infrastructure

CHINA
- Leverage the off-season market opportunity mainly through YOOX and continue to build on its unparalleled track record

MIDDLE EAST
- Launch of full in-country presence

AUSTRALIA
- Deepen localisation efforts and in-country marketing initiatives
- Continue to strengthen THE OUTNET focus to drive growth

THE FOUR ASIAN TIGERS
- Seize growth opportunities in highly promising online luxury markets through more robust localised strategies

2016 2017 2018 2019 2020

THE OUTNET: full localisation in Japan
THE OUTNET: introduction of AliPay, AUD, HKD, SGD
THE OUTNET: localisation S. Korea
THE OUTNET: localisation in China
Middle East launch
YOOX: introduction of AUD, TWD and SKW
Fast Forward to 2020
The Middle East and China
The Middle East and China: More Than Quadrupling by 2020

THE MARKET
- High internet and mobile penetration
- Limited competition in our space
- Strong luxury consumption

YOOX NET-A-PORTER GROUP
- Stepping up our technology and operational capabilities
- Strengthening our marketing focus
- Setting the local market standards for luxury shopping online

Confirming YOOX NET-A-PORTER GROUP as the only truly Global Fashion E-commerce Player

1. Middle East Net Revenues include Gulf Cooperation Council Region ("GCC") and China Net Revenues are related to Mainland China only
For all the definitions (indicated with * *), please refer to slide 121
Middle East: already in the Top 10, set to further Outpace Global Luxury Growth

~3% of global luxury consumption in 2015

Biggest opportunity in the GCC, boasting some of the world’s highest GDP per-capita

Local retail landscape dominated by mono-brand formats

Dubai set to become the hub of trade and tourism across Middle East, Africa and Asia

Dubai the most attractive city for UHNWIs in the region, ranking 8th globally

MIDDLE EASTERN PERSONAL LUXURY GOODS MARKET

2012: €6.3bn, +9%
2015: €8.1bn, +10%
2020: €12.2bn

Note: For sources cited on this slide, please refer to slide 122
Capturing a Burgeoning and Untapped E-Commerce Opportunity

Promising E-commerce Landscape

- Already high internet penetration
- Smartphone adoption set to increase by ~50% reaching 176% in 2020, with UAE and Saudi Arabia boasting two of the world’s highest penetration rates
- High Government investments in IT infrastructure and e-services
- ~50% of population under 30

Still very limited competition in Our Space

- No international fashion e-commerce player serves the region with adequate service levels to match local expectations
- Size of Net-A-Porter’s current business in the region – carried out with limited degree of localisation – suggests significant opportunity
- Local players primarily address low-end segment of the market and mainly in flash-sale formats
- Almost no luxury brand operates a fully localised online store in the region

2015 INTERNET PENETRATION IN THE GCC

<table>
<thead>
<tr>
<th>GCC Average</th>
<th>Bahrain</th>
<th>Qatar</th>
<th>UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCC Average</td>
<td>93.4%</td>
<td>93.4%</td>
<td>92.4%</td>
</tr>
<tr>
<td>2015 Penetration</td>
<td>84%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: For sources cited on this slide, please refer to slide 122
An Unmatched Customer Base, with a high Concentration of HNWIs

Comparison between GCC customers and Global Average

Customer Age by Brand

- Younger

- Average Order Value (€)

  - NAP + MRP
  - NAP

  … with orders worth 50% more

Annual Spend (€)

- Spend ~2.5x more a year…

- Return Rate (%)

  - NAP
  - MRP

  … and return much less!

Focus on EIPs

- Share of EIPs over Total Customer Base

  - Non EIPs
  - EIPs

  x3

- AOV from GCC EIPs vs Global

  - NAP
  - MRP

  … and spend more than their global fellows!

5. Data refer to Net-A-Porter and Mr Porter customers in FY2015 except for customer age, which also includes The Outnet.
Peculiar E-commerce Market with Several Hurdles and Specificities...

**CUSTOMER**
- Highly concentrated luxury goods demand leading to high customer expectations
- Right-to-left Arabic writing chiefly impacting user-interface design
- Local culture and religious calendar requiring specific commercial planning and sensitivity around marketing and digital production

**PAYMENTS**
- Concerns about online payment privacy and security leading to very low credit card adoption
- Extensive use of cash-on-delivery (70/80% of all online transactions), creating the need to transact in local currencies
- Different currencies across countries

**LOGISTICS**
- B2C logistics infrastructure still in its early development stage
- E-commerce-unfriendly addressing systems
- Uncompetitive nature of domestic delivery
- Informal customs policies between countries

**REGULATION**
- Relatively immature e-commerce regulatory framework and lack of awareness and enforcement mechanisms
- Diverse legal structures from country to country
...Addressed with our Proven 10-Step Approach to Localisation
Envisaged Operations Set-up

- Set up of a local Middle Eastern entity equipped with local operations, retail and marketing capabilities operating as a YOOX NET-A-PORTER GROUP’s subsidiary
- The local entity will be in charge of developing and managing YNAP’s business in the Region according to our Brands’ guidelines
- It will fully leverage YNAP Group’s global technology and operations platform (i.e. to leverage YNAP’s favourable sourcing and buying capabilities in Italy; access YNAP’s just-in-time and replenishment Omni-stock set-up)
- As a strategic shareholder Alabbar is in the position to provide valuable insight and support through his deep knowledge of regional luxury consumers and access to extensive local network

KEY MILESTONES

1. Limited Liability Company with retail trading licence established in Dubai
2. Opening of local distribution centre in Dubai
3. Set up of customer care team
4. Just-in-time inventory flows from Italy for Off-Season
5. Just-in-time and replenishment flows from Italy for In-Season
6. Potential local sourcing
Preliminary Roll-out Timeline

Launch of YOOX

Launch of NET-A-PORTER

Launch of MR PORTER

Launch of THE OUTNET

2017

2018

2019

6. Choice of Online Flagship Stores is arbitrary and for illustrative purposes only
Serving the Chinese Luxury Consumer at Home and Abroad

THE CHINESE LUXURY CONSUMER

- Very young
- Digitally native, mobile savvy, socially connected
- Second generation luxury consumer, strongly upwardly mobile
- Extremely attentive to superior service
- Savvy about the relationship between quality and price
- Often seeking “VIP” status
- Increasingly female
- Often travelling and shopping abroad (HK, JP, AUS, SING, TAIWAN but also EU and US)

CHINESE LUXURY GOODS CONSUMPTION

- €65 billion spent outside of China
- €15 billion spent in Mainland China, of which ~ €1bn online

Diagram:
- HK
- Europe
- US
- JP
- Other

€15 billion
Spent in Mainland China, of which ~ €1bn online
Capturing the Market Potential within Mainland China

- Leverage convergence of platform to trigger enhanced customer experience: localisation, U|X, payments, with a strong focus on mobile

**MULTI-BRAND IN-SEASON**

- Capitalize on early positive Net-A-Porter momentum in the market
- Special attention on growing local EIP base
- Enhance and fully localise Net-A-Porter and Mr Porter from 2018

**MULTI-BRAND OFF-SEASON**

- Focus on YOOX.CN as the key Brand to grow local awareness
- Step-up local marketing, PR and brand building activities
- Leverage YOOX.CN position as China’s most authentic online fashion store, tailoring it to local preferences

**ONLINE FLAGSHIP STORES**

- Focus on select major luxury brands with strong recognition in the market
- Evaluate “O2O” opportunities, based on partner’s strategies and capabilities
- Develop select services to increase partner’s visibility and digital presence
- Evaluate partnership opportunities between Online Flagship Stores and local platforms
WeChat as the Cornerstone of our Mobile Strategy in China

**YOOX NET-A-PORTER GROUP** will increasingly integrate WeChat into its China business, making it the pillar of social strategies for all its Brands and Online Flagship Stores.
Definitions

Adjusted EBITDA: reported EBITDA before the non-cash costs associated with Stock Option Plans and Share-based Incentive Plans

EBITDA Pre Corporate Costs is defined as earnings before general and administrative expenses, other income and expenses, depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes. Since EBITDA Pre Corporate Costs is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that used by other groups. Accordingly, the resulting figures may not be comparable. EBITDA Pre Corporate Costs corresponds to the operating profit by business line reported in the Group’s consolidated financial statements.

Gross profit is earnings before fulfilment costs, sales and marketing costs, general and administrative expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes. Since gross profit is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that adopted by other groups. Accordingly, the resulting figures may not be comparable.

NCR: Not Country Related

Net working capital is current assets, net of current liabilities, with the exception of cash and cash equivalents, bank loans and borrowings and other financial payables falling due within one year and financial assets and liabilities included under other current assets and liabilities. Net working capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups. Accordingly, the balance obtained by the Company may not be comparable with the figures obtained by other groups.

Gross Merchandise Value (“GMV”) is defined as retail value of sales to final customers of all the Online Flagship Stores (including the JV), net of returns and customer discounts. Set-up, design and maintenance fees for the Online Flagship Stores, accounted for within “Rest of the World and Not Country Related”, are excluded.

EIPs are defined as customers with a yearly net spend of over £7,500, converted into Euros at the FY2015 average EUR/GBP exchange rate of 0.726.
Sources

STRATEGIC VISION


FINANCIAL TARGETS


MULTI-BRAND IN-SEASON

4. Data relates to NET-A-PORTER EIPs in FY2015
5. Data relates to In-Season EIP data in FY2015
7. Data based on internal surveys
Sources

ONLINE FLAGSHIP STORES POWERED BY YNAP

3. Reference period January - June 2016; for the analysis, stores within a range of 10 km from the customer’s ZIP code have been considered

MULTI-BRAND OFF-SEASON


THE MIDDLE EAST AND CHINA

3. YOOX NET-A-PORTER GROUP’s calculations based on Euromonitor Passport (June 2016) estimates for internet penetration in GCC
4. YOOX NET-A-PORTER GROUP’s calculations based on Euromonitor Passport (June 2016) estimates for smartphone adoption in GCC