

# eluméo

Berenberg Pan-European  
Discovery Conference  
Cascais, 23 June 2016

**One of the leading electronic jewelers in Europe**



## Management team: more than 70 years of combined professional experience

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### **Boris Kirn**

Chief Operating Officer  
CEO at K1010 and various management  
positions at Hewlett-Packard

### **Deborah Cavill**

Non-executive Board member  
Experienced jewelry designer since  
2003

### **Bernd Fischer**

Chief Financial Officer  
More than 10 years of  
management experience as CFO

### **Mitsunari Yoshimoto**

Chief Production Officer  
Gemstone buyer with more than  
10 years of experience

### **Thomas Jarmuske**

Chief Merchandising Officer  
15 years of media and TV experience  
6 years in gemstone merchandising

### **Wolfgang Boyé**

Chairman of the Board  
10 years of electronic  
retailing experience

### **Don Kogen**

Vice Chairman of the Board  
More than 20 years of experience in the  
gemstone and jewelry industry







# elumeo at a glance

## Key facts

- elumeo is a manufacturer and electronic retailer of gemstone jewelry
- Our mission is to make fine jewelry an affordable luxury for everyone
- We are positioned as the price leader, selling one of the widest product ranges at the most competitive prices

## Key financials and key performance indicators

	2009 <sup>(1)</sup>	2015 <sup>(2)</sup>	CAGR 09-15
Revenues (€m)	19.2	72.8	24.9%
Products sold <sup>(3)</sup>	291k	919k	21.1%
Active customers <sup>(3)(4)</sup>	35k	97k	18.5%
Unique visitors	237k	2,015k	42.9%
Countries	1	12	

## elumeo's success story

### 2008

- Foundation of elumeo
- Germany launched
- Launch of first online shop in Germany

### 2010/11

- UK acquired
- Italy launched

### 2012

- Webshop France

### 2014

- Formal merger<sup>(5)</sup> creating elumeo SE
- Webshop in Spain and the Netherlands
- Launch of Mobile App
- Launch of TV App

### 2015

- Webshop Belgium
- Webshop USA
- Webshop Italy
- Schmuck.de acquired
- Juwelo France S.A.S formed
- Cost leadership enhanced



(1) Juwelo Germany; (2) elumeo Group; (3) 2014 data shown post returns for Germany, UK and Italy; (4) Active customers defined as customers who purchased and did not return at least one product during the corresponding year; (5) Merger between the production, trading and distribution companies, which started their operations through a Joint Venture formed in 2008



## elumeo share price development has been disappointing so far



- IPO on 3 July 2015 with an issue price of EUR 25.00 per share
- Drop to EUR 14.40 on 12 November 2015 after Ad-Hoc resulting from UK activities
- Recovery after publication of 9M figures
- Further deterioration of share price in 2016

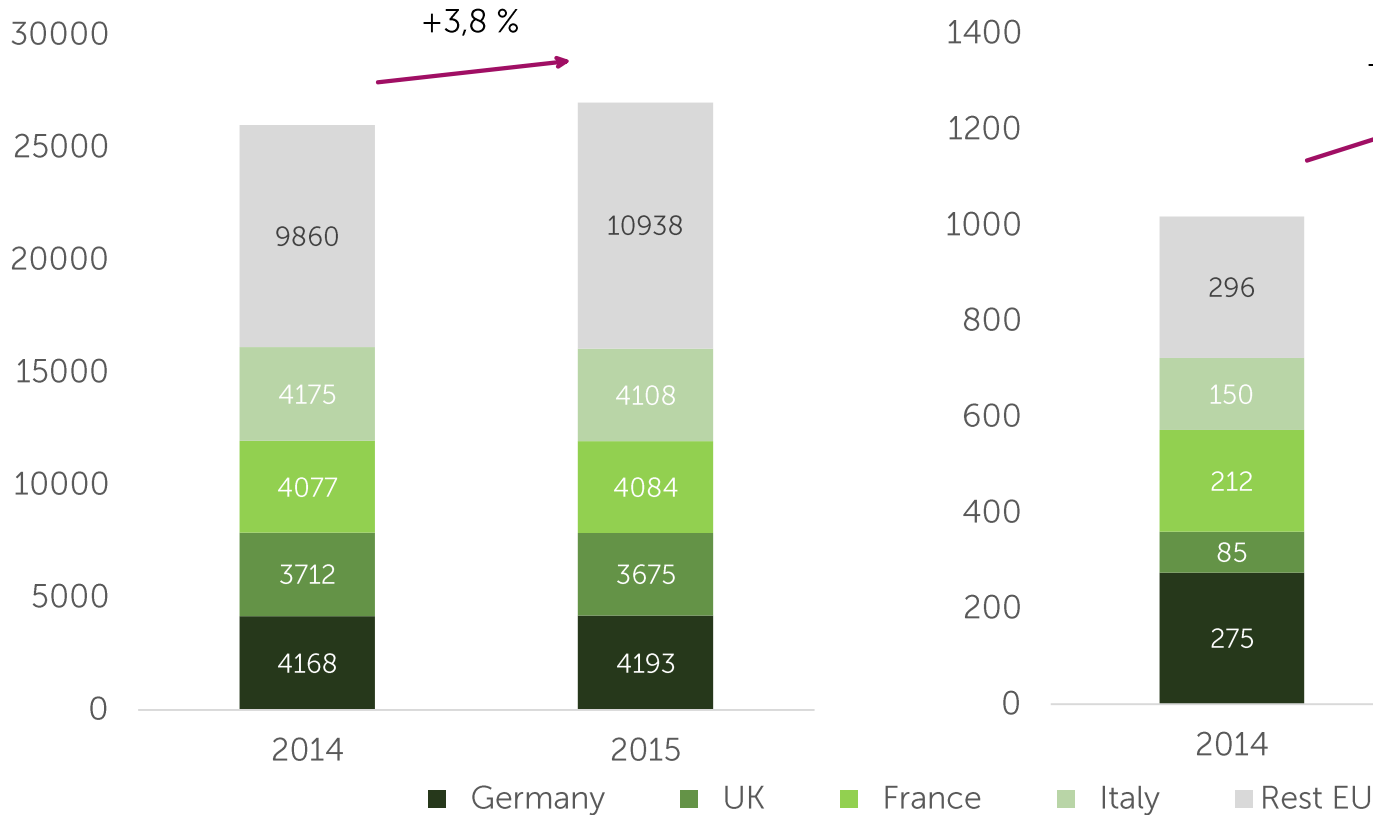
Source: Frankfurt Stock Exchange



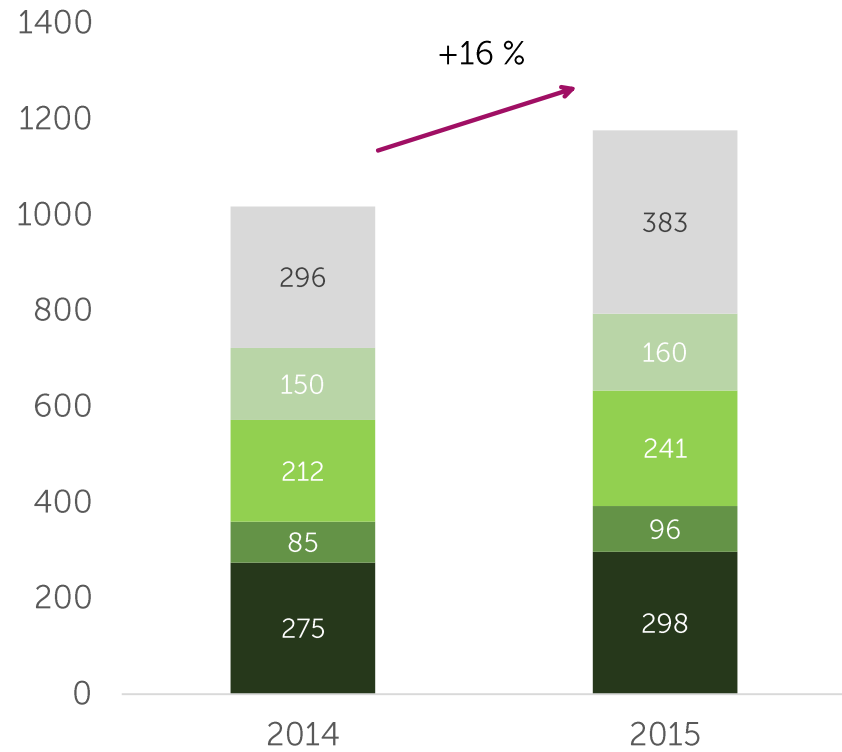


# EU Jewelry Market : Online grows 4 times faster

Total Market Size EU EUR million 2014 – 2015



Online Sales EU EUR million 2014 - 2015



Source: Euromonitor International Passports 2012/2013

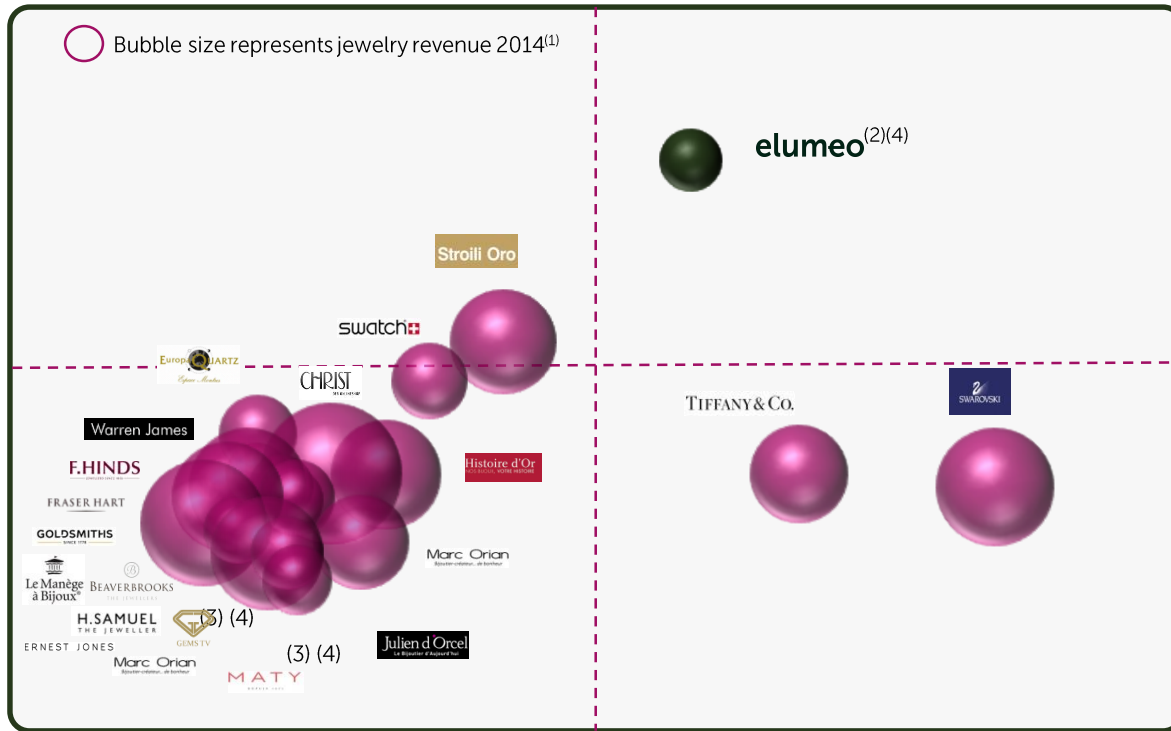
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# Huge transformation opportunity ahead

## The top 20 players in the European market for fine jewelry

2009-2014 jewelry revenue CAGR<sup>(1)</sup>



## Key Facts

- Sizeable market of € 34.2 bn
- Italy, France, UK and Germany account for 70% of the market
- Highly fragmented, no player holds more than 2% market share
- Still very national market with only three of the players active in multiple countries
- elumeo is the only electronic jeweler with presences in all major European markets

(1) Top 20 European jewelry retailers according to Euromonitor (Real jewelry only excluding high-end segment such as Cartier or Bulgari). Based on 2014 revenues, 2014 estimated by elumeo's management based on 2013 revenues and historical growth; (2) elumeo added by elumeo's management, 2009 and 2014 revenue based on elumeo's accounts; (3) Gems TV and Maty added by elumeo's management, CAGR shown for 2008 – 2014, 2008 and 2013 figures from company filings, 2014 estimated by elumeo's management based on 2013 revenues and historical growth; (4) Blue Spirit (59 €m); Pandora (58 €m); mappin@webb (50 €m) excl. from Top 20; (5) Information gathered by elumeo's management from public sources as of April 2015

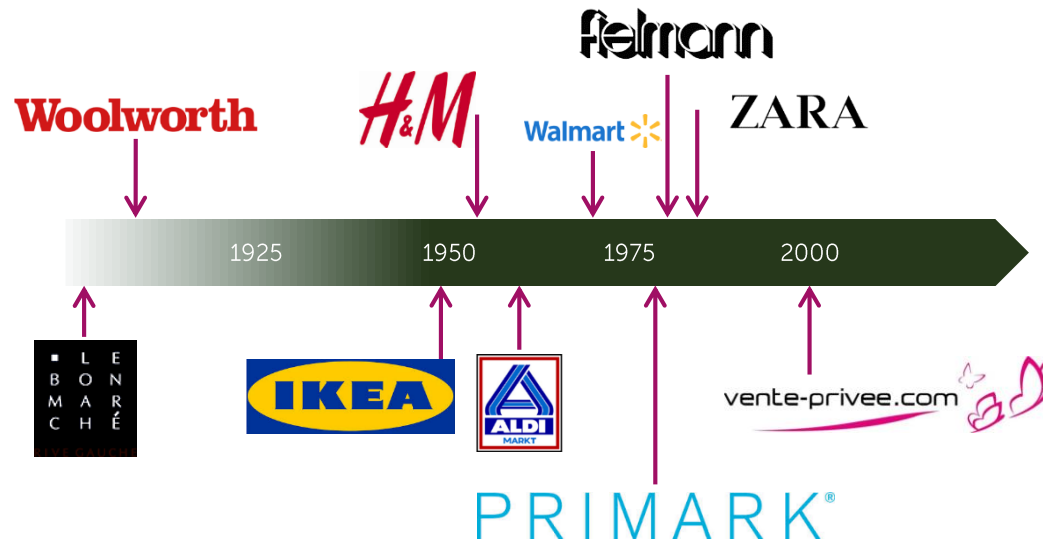




# Transformation will be driven by four forces

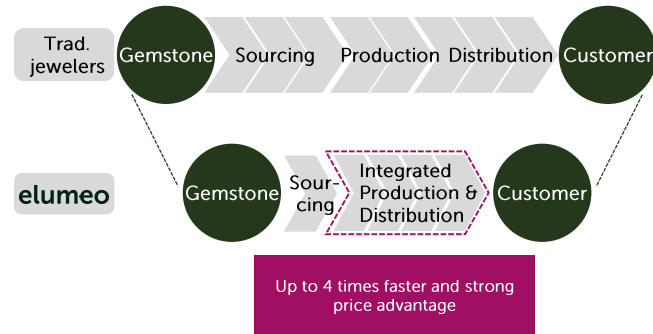
Lessons learned from innovation in retail

70-80 % of market non branded



# Three pillars provide strong competitive advantages

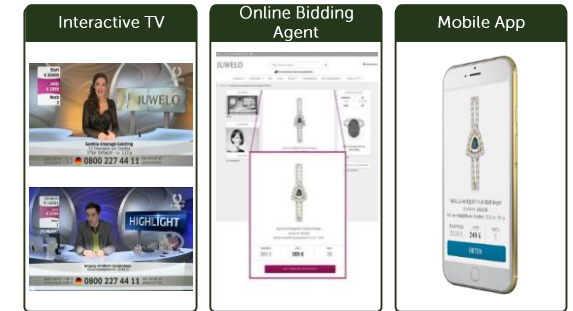
Vertically integrated and scalable value chain



Multiple electronic distribution channels



Live and interactive sales features



Fast reaction times and low production cost

Presence in all electronic distribution channels

Video content transports both facts and emotion

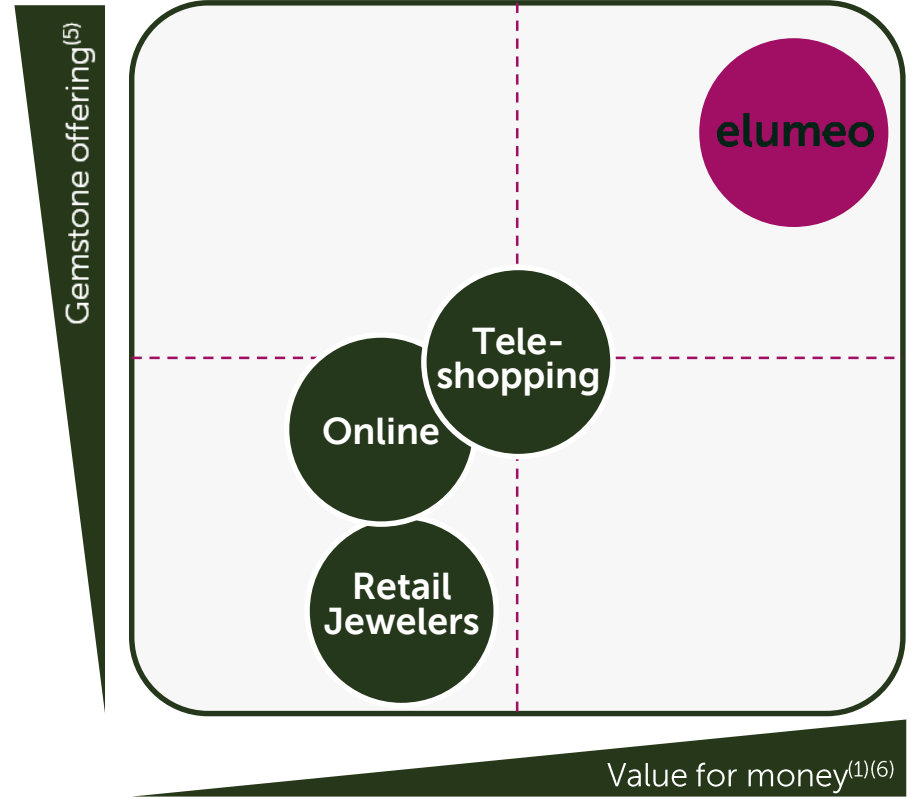


# elumeo makes fine jewelry an affordable luxury for everyone

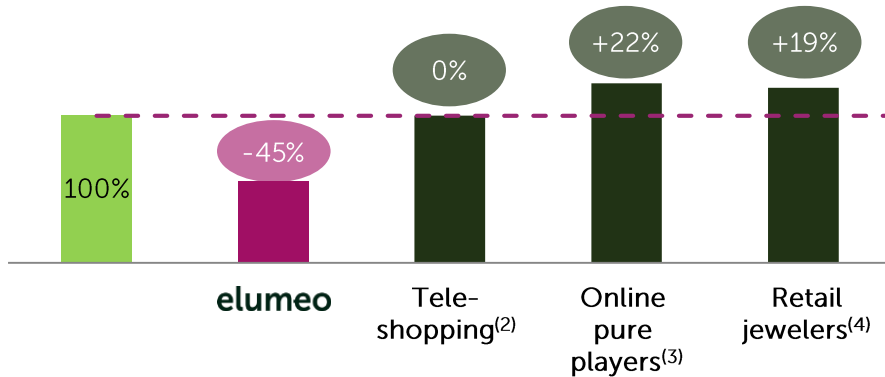
## Sample product portfolio



## Positioning towards affordable luxury



## Most competitive product price range<sup>(1)</sup>

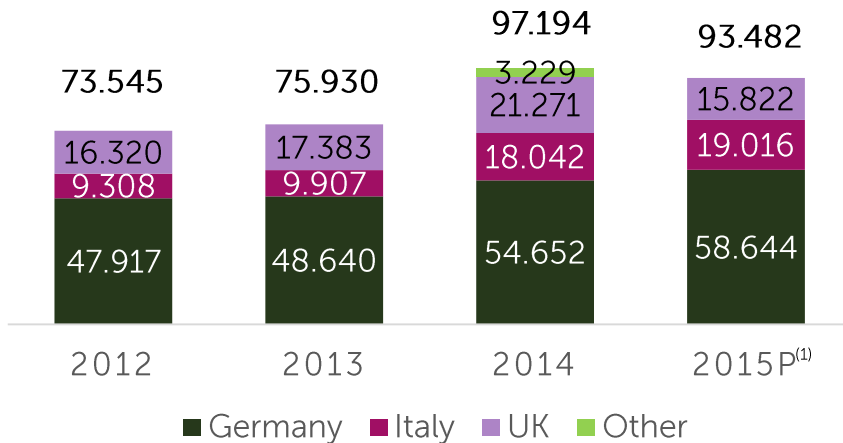


(1) Based on elumeo's market observations between Nov-14 and May-15. Based on the average variance of each item of a selection of 12 comparable jewelry items to the average price of this selection; (2) HSE24, QVC and GEMS TV; (3) Amazon.de, Rakuten.de and Valmano.de; (4) Include Berlin branches of Christ, Wempe, Juwelier Fidan, Goldschmiede Hahs, Juwelier und Goldschmied Lutz Bugday, Beckmann & Schönherr, Schmuckmanufaktur, Juwelier am Tauentzien; (5) Number of gemstone variations; (6) Pricing position relative to competitors, based on elumeo's market observation as explained in footnote (1), (2), (3) and (4)

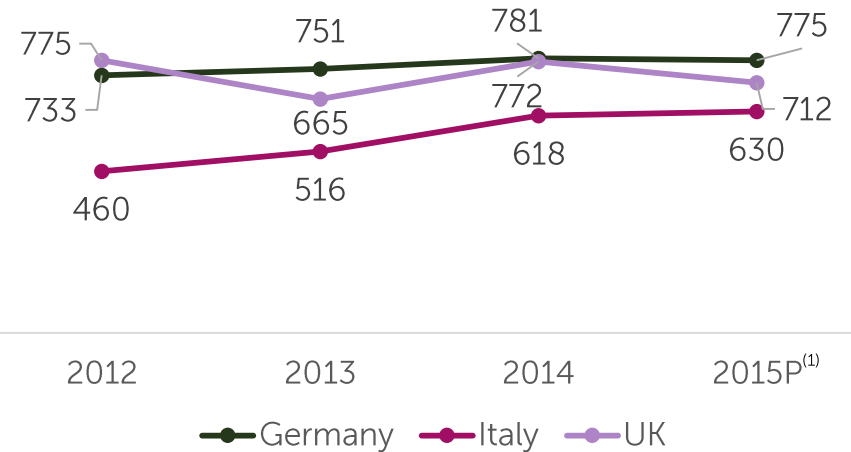


# Great value for money creates superbly loyal customers

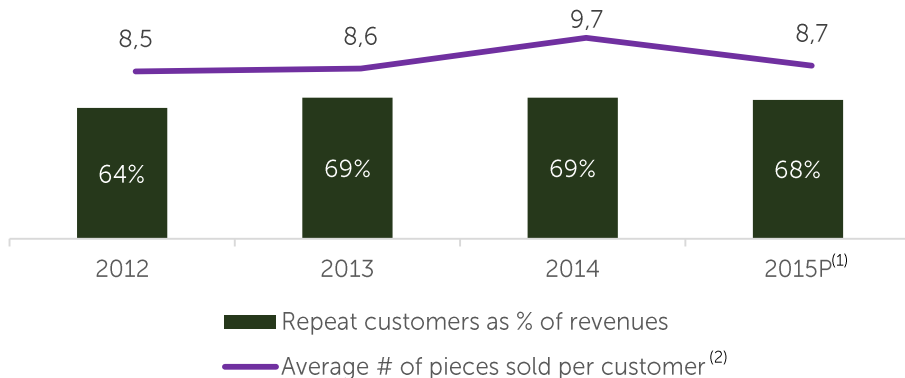
## Active Customers 2012-15



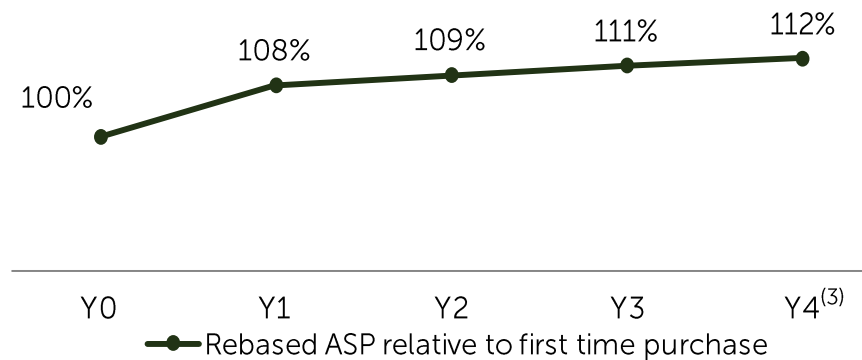
## Revenue per Customer 2012-15 (€)



## High level of client loyalty



## Customer experience driving ASP increase



(1) Projected Full Years based on 9M figures

(2) Calculated as total pieces sold for the year (after returns) divided by total customers; (3) Average of the percentage increase of the ASP of customer cohorts per year with one cohort created for each business year





# elumeo's growth strategy founded on three pillars

## 1 Enhance cost leadership

- Optimise production
- Automate logistics
- Leverage purchasing power

## 2 Drive digitalisation

- Rollout of Mobile App and Bidding Agent across Europe
- Mobile App including video stream
- Further development of Smart TV App

## 3 Expand

- Broaden product offering
- Establish at least 10 more local language webshops
- Launch of two new markets with local operations by 2019



# elumeo made progress on all three strategic areas in 2015

## 1 Enhance cost leadership

- New Factory in Chanthaburi
- Automated warehouse in the UK and Germany
- Agile integrated gem buying



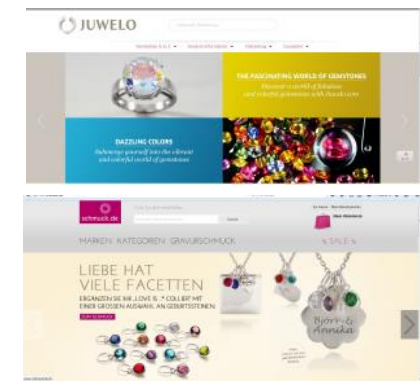
## 2 Drive digitalisation

- Enhanced customer experience in Germany
- Mobile Apps in GER, ITA, FR
- Mobile App in the UK
- Smart TV Apps for Samsung, Android TV, Amazon Fire TV



## 3 Expand

- Webshop Belgium
- Webshop USA
- Schmuck.de acquired
- Webshop USA
- Webshop Italy
- Juwelo France S.A.S. formed



# Initiatives to enhance the cost leadership

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## New factory in Chanthaburi (Thailand)



- The factory building has been completed and all equipment installed
- Official opening ceremony in November 2015, factory now fully operational
- After a very attractive financing offer by SCB (Siam Commercial Bank) the factory was purchased (fully debt financed) to secure the strategically indispensable production site

## Automated warehouses in GER and the UK



- Fully automated commissioning systems in our warehouses in Germany and the UK implemented in Sep/Oct 2015
- Initial problems with warehousing system in the UK now solved
- We have refined our vertically integrated value chain model by reducing our fulfillment costs through automated logistics
- These new systems have increased efficiency across production and shipping of our products to the end customer and reduced friction and human error

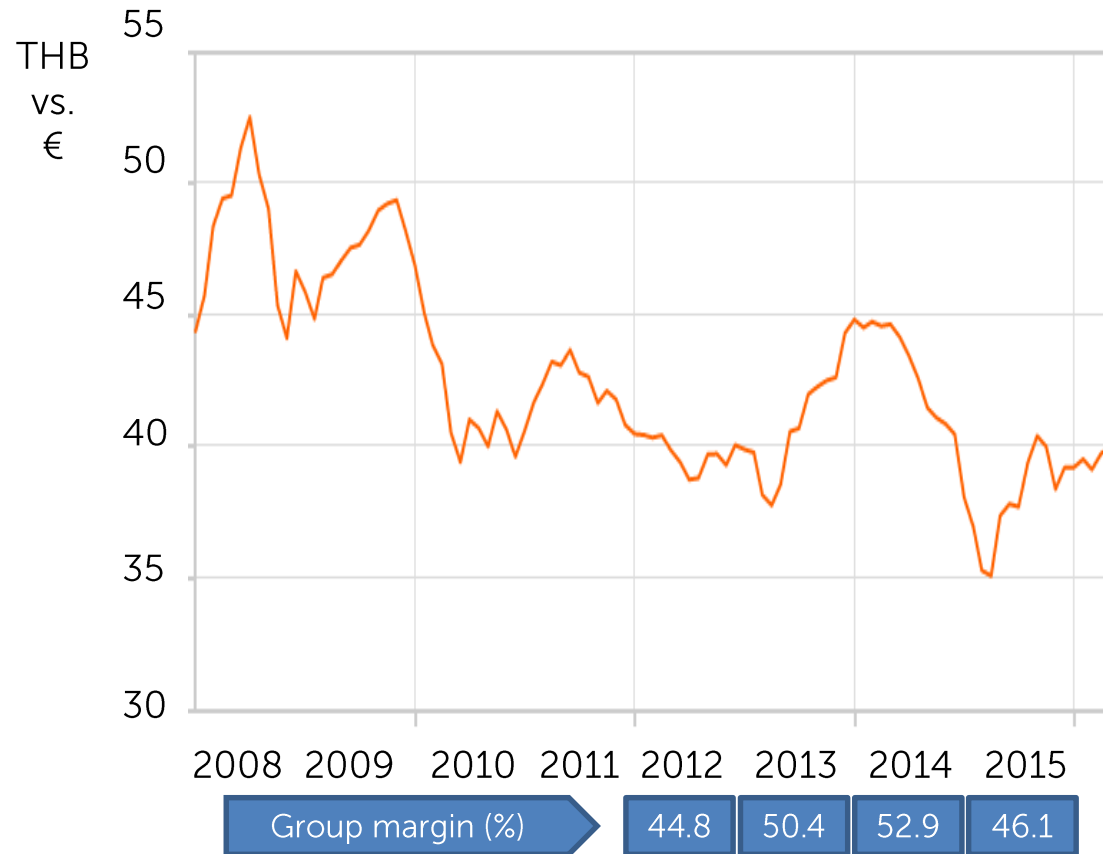


# Agile integrated gemstone-buying: In 2015 elumeo has driven integration one level further





# In 2015 part of the gains in efficiency have been offset by historically low exchange rate between Thai Baht and Euro



- The THB/€ exchange rate directly drives gemstone and labor cost as well as third party purchases in the COGS
- These cost comprise more than 65% of total COGS
- Due to our flexible pricing model fluctuations in exchange rates can be compensated, albeit with a time lag



# In Q2 2016 new formats have been successfully launched



- A new daily format initially launched in Germany and subsequently rolled out in the UK and in Italy
- Annette Freising, MD of Juwelo Germany, presents a special, daily piece
- Customers can order the piece and it is specifically produced for them in Thailand and delivered within 30 days
- The Sarah Jessica Parker D Flawless Diamond Collection designed by KAT FLORENCE has been exclusively presented on Juwelo in Germany and Italy and Rocks & Co in the United Kingdom
- After the successful rollout of the automated warehousing systems across Europe together with new article numbers customers can now automatically order rings in their own ringsize



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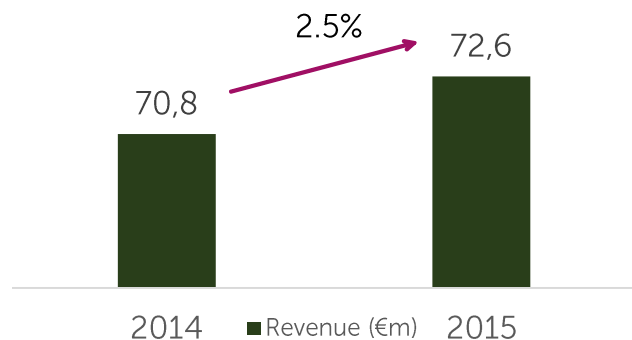
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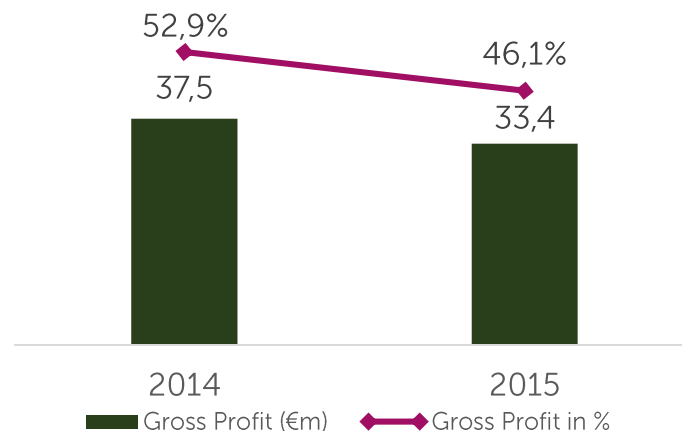


# 2015 vs. 2014 performance – Overview

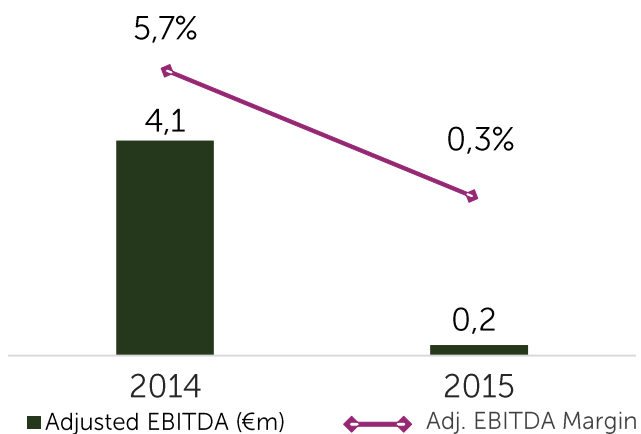
## Revenues



## Gross profit



## Adjusted EBITDA and margin



## Comments

- Total increase in sales of 2.5% in 2015 compared to 2014
- Strong decline in adjusted EBITDA margin due significant drop in performance in UK
- Positive margin impact of new purchasing model not yet reflected in group margins due to existing product and THB/EUR decline

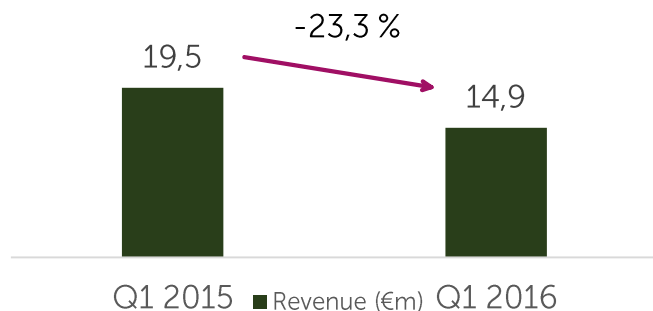
Source: Annual Report, audited



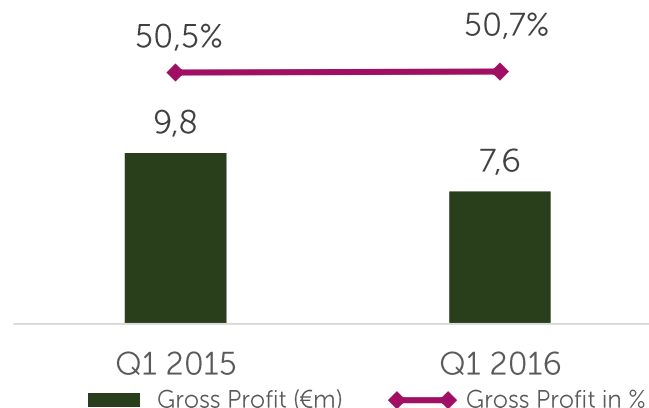


# Q1 2016 vs. Q1 2015 performance – Overview

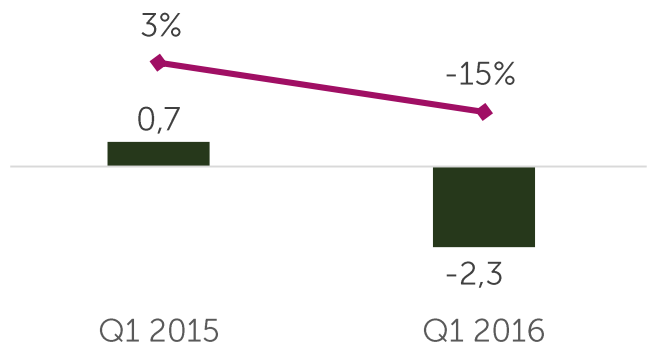
## Revenues



## Gross profit



## Adjusted EBITDA and margin



## Comments

- Revenues down mainly due to considerably longer lasting sale in Q1 2015 and reflects focus on margin recovery
- Gross margin is back on 50% level after weak pre Quarters
- Development after Q1 2016 shows revenue growth against prior year

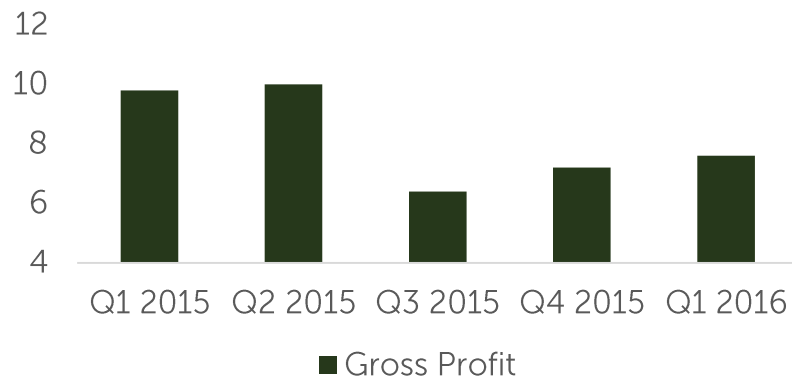
■ Adjusted EBITDA ◆ EBITDA % of rev. Gross Profit in %

Source: derived from unaudited figures

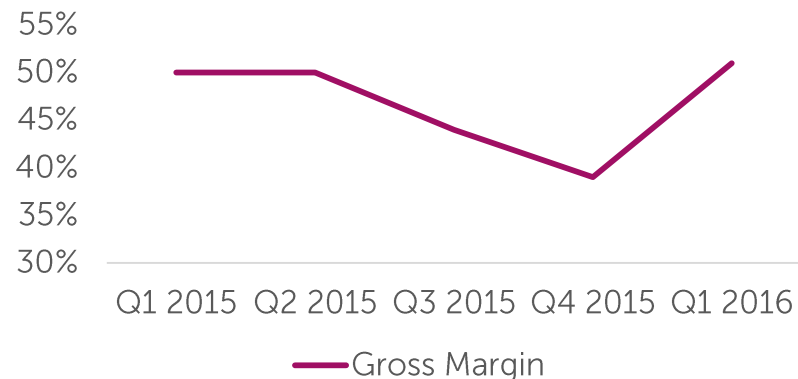


# Gross Profit and -Margin back on track after challenging second half 2015

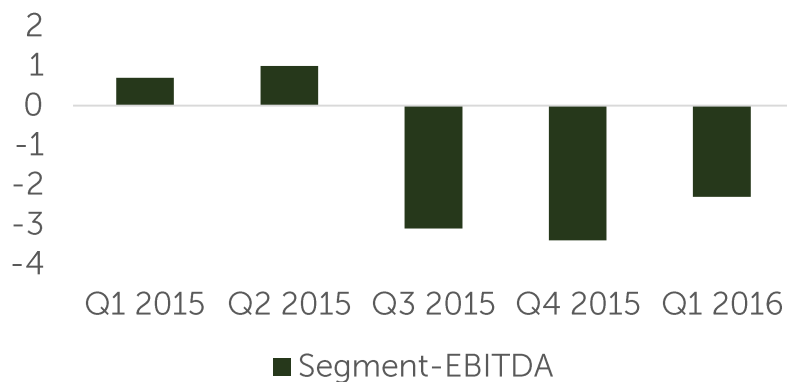
## Gross Profit (EURm)



## Gross Margin (%)



## Segment EBITDA (EURm)



## Comments

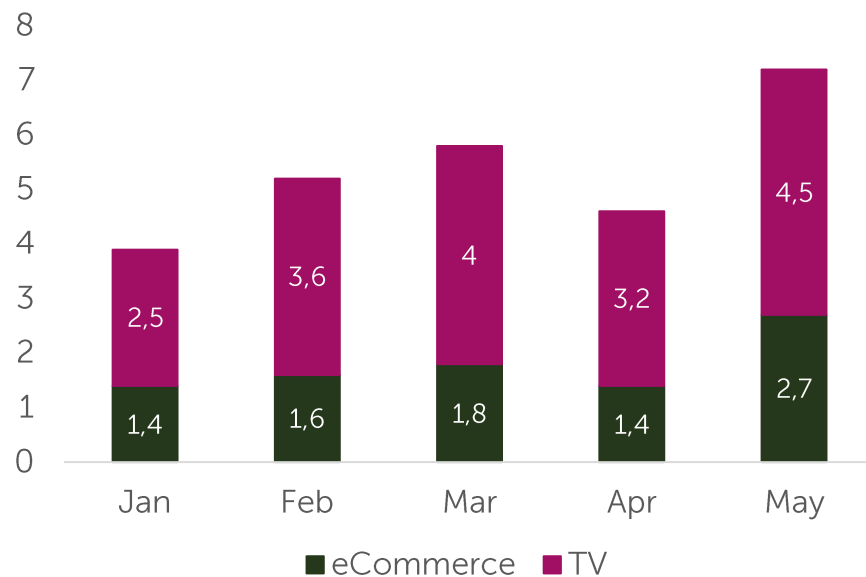
- Gross Profit increased by 18.6% in Q1 2016 compared to Q3 2015 and 5.6% compared to Q4 2015
- Gross Margin fully recovered and back on 50% plus level
- Losses reduced

Source: Q1 2016 release, unaudited



# The positive trend gained momentum in Q2

## 2016 Revenue per month EURm



## Comments

- Clear positive trend in revenues on a monthly basis in 2015
- Increase in eCommerce sales from EUR 6.3 million to EUR 8.9 million in the first five months 2016 vs. 2015 accumulated
- Due to higher priced products, Q2 2016 gross margin will not reach the Q1 level
- Gross profit continues to recover

Source: derived from unaudited figures



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# 2016 Outlook

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Following a large number of sales initiatives the outlook for 2016 is positive

- The cooperation with Kat Florence Jeweller and the usage of Sarah Jessica Parker as brand testimonial will increase visibility of Juwelo in many markets
- Relaunch of the webshop in the United Kingdom
- Launch of the new webshop in Italy
- Relaunch of schmuck.de
- Launch of Juwelo.com in the United States

Based on these initiatives we expect revenues to grow in 2016 between 15% and 20% which is slightly lower than previous expectations due to postponing the launch of Juwelo France to Q4 2016/Q1 2017

In 2016 we expect a positive impact from our new purchasing model and a continuous increase of group margin as the share of sales of these products increases.

- Currently the gross margin achieved with the new products is slightly above 57%
- We do not expect the exchange rate between the Euro and the Thai Baht to deteriorate further and therefore expect to retain these positive effects





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# Consolidated Income Statement

	01.01. - 31/03/2016	01.01. - 31/03/2015
Revenue	14,930	19,478
Cost of goods sold	7,360	9,648
<b>Gross profit</b>	<b>7,570</b>	<b>9,830</b>
Selling expenses	7,363	7,224
Administrative expenses	3,639	3,668
Other operating income	11	40
Other operating expenses	0	62
<b>Earnings before interest and taxes (EBIT)</b>	<b>-3,420</b>	<b>-1,084</b>
Interest income	0	2
Interest and similar expenses	-140	-26
Financial result	-140	-24
<b>Earnings before income taxes (EBT)</b>	<b>-3,560</b>	<b>-1,108</b>
Income tax	-318	450
<b>Earnings for the period</b>	<b>-3,878</b>	<b>-658</b>
<i>Earnings of shareholders of elumeo SE</i>	-3,878	-658
<b>Earnings per share in EUR - basis and diluted</b>	<b>-0.71</b>	<b>-0.16</b>

Source: Q1 2016 release, unaudited





# Balance sheet

## ASSETS

	31/03/2016	31/12/2015
<b>Non-current assets</b>		
Intangible assets	999	1,011
Property, plant and equipment	11,603	11,676
Other financial assets	413	420
Other non-financial assets	2,026	2,088
Deferred tax assets	2,387	2,645
<b>Total non-current assets</b>	<b>17,427</b>	<b>17,840</b>
<b>Current assets</b>		
Inventories	39,742	40,428
Trade receivables	1,610	2,216
Receivables due from related parties	491	574
Other financial assets	211	224
Other non-financial assets	2,469	1,282
Cash and cash equivalents	9,262	13,590
<b>Total current assets</b>	<b>53,785</b>	<b>58,313</b>
<b>Total assets</b>	<b>71,212</b>	<b>76,153</b>

Source: Q1 2016 release, unaudited



# Balance sheet

## EQUITY & LIABILITIES

	31/03/2016	31/12/2015
<b>Equity</b>		
Issued capital	5,500	5,500
Capital reserve	33,537	33,397
Retained earnings	6,237	10,115
Foreign currency translation reserve	1,628	2,045
<b>Total equity</b>	<b>46,903</b>	<b>51,057</b>
<b>Non-current liabilities</b>		
Financial debt	11,593	11,771
Other non-current financial liabilities	1,007	1,071
Provisions	491	466
Other non-financial liabilities	25	25
<b>Summe non-current liabilities</b>	<b>13,116</b>	<b>13,333</b>
<b>Current liabilities</b>		
Financial debt	2,575	1,198
Other financial liabilities	311	568
Provisions	51	42
Liabilities due to related parties	31	100
Trade payables	6,263	7,422
Tax liabilities	0	164
Other non-financial liabilities	1,962	2,269
<b>Summe current liabilities</b>	<b>11,193</b>	<b>11,762</b>
<b>Total equity &amp; liabilities</b>	<b>71,212</b>	<b>76,153</b>

Source: Q1 2016 release, unaudited





# Cash Flow Statement

	01.01. - 31.03.2016	01.01. - 31/03/2015
<b>Earnings before interest and taxes (EBIT)</b>	<b>-3,420</b>	<b>-1,084</b>
+/- Depreciation and amortisation on non-current assets	+415	+186
+/- Increase/decrease in provisions	+34	-81
+/- Equity-settled share-based remuneration	+141	0
+/- Other non-cash expenses/income	+16	+1,902
+/- Loss/gain on disposal of non-current assets	+11	0
+ Proceeds from interest income	+0	+0
- Interest expenses paid	-383	-4
+ Proceeds from income tax	0	+6
- Income tax paid	-164	0
-/+ Increase/decrease in inventories	+686	-16,565
-/+ Increase/decrease in other assets	-777	+77
+/- Increase/decrease in other liabilities	-1,535	+7,765
<b>= Cash flow from operating activities</b>	<b>-4,977</b>	<b>-7,797</b>

Source: Q1 2016 release, unaudited



# Cash Flow Statement

	01.01. - 31.03.2016	01.01. - 31/03/2015
- Payments for investments in intangible assets	-34	-15
- Payments for investments in property, plant and equipment	-512	-409
<b>= Cash flow from investing activities</b>	<b>-546</b>	<b>-424</b>
+ Proceeds from increase in financial debt	+1,782	+7,551
- Payments for the redemption of financial debt	-740	0
+ Proceeds from increase in financial liabilities	-54	+4
<b>= Cash flow from financing activities</b>	<b>+987</b>	<b>+7,555</b>
<b>= Cash and cash equivalents on end of reporting period</b>	<b>+8,901</b>	<b>+1,886</b>

Source: Q1 2016 release, unaudited





## 5 Points of contact

**Executive Board:** Wolfgang Boyé, Don Kogen, Bernd Fischer, Boris Kirn, Thomas Jarmuske, Deborah Cavill, Anette Bronder, Roland Sand

**Investor Relations contact:**

Alexander Enge

Erkelenzdamm 59/61

10999 Berlin

E-Mail: [IR@elumeo.com](mailto:IR@elumeo.com)

Phone: +49 30 69 59 79-231

Fax: +49 30 69 59 79-650

