

# eluméo

**Q1 2017 financial presentation**  
11 May 2017

**The leading electronic retailer  
for gemstone jewelry in Europe**





# Highlights in 2017

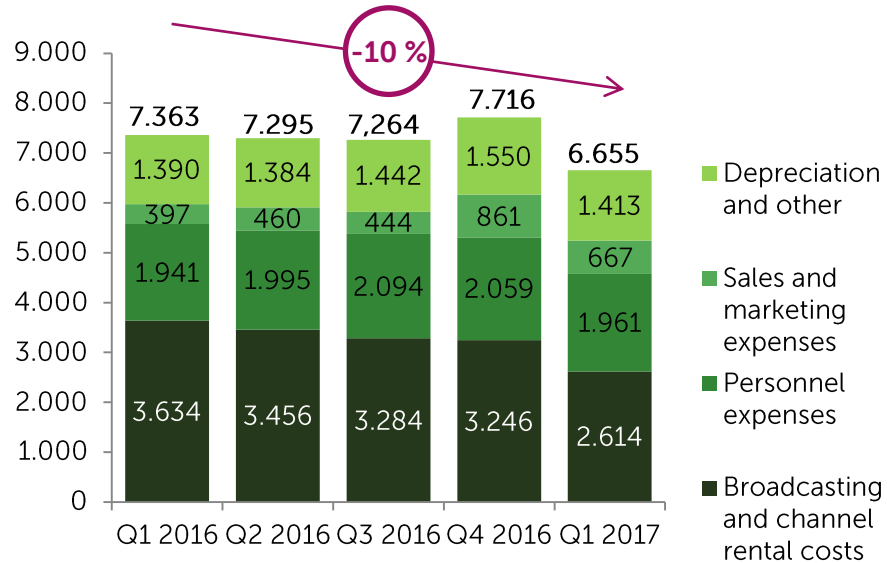
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- 1 elumeo has continued to reduce operational cost and overhead in an effort to streamline the organization
- 2 All sales activities have now been successfully restructured and relaunched
- 3 The newly developed B2B-Segment already contributes significant revenues and is growing fast
- 4 eCommerce sales continue to grow strongly
- 5 elumeo SE has returned to operating profitability in March 2017 and expects to continue to grow profitability for the remaining three quarters

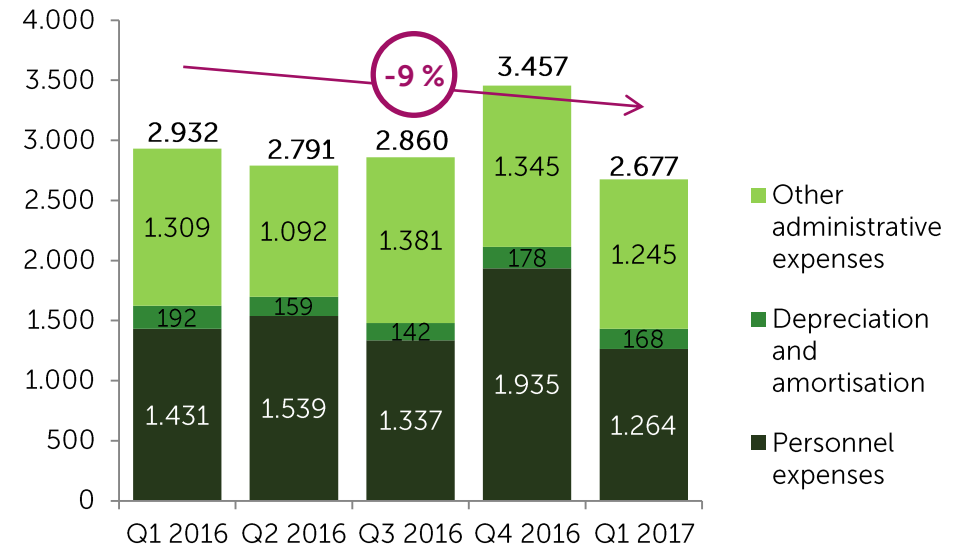


# Cost of operations have been reduced significantly

## Selling Expenses



## Administrative Expenses <sup>(1)</sup>



(1) Excluding SOP related cost and foreign currency translation

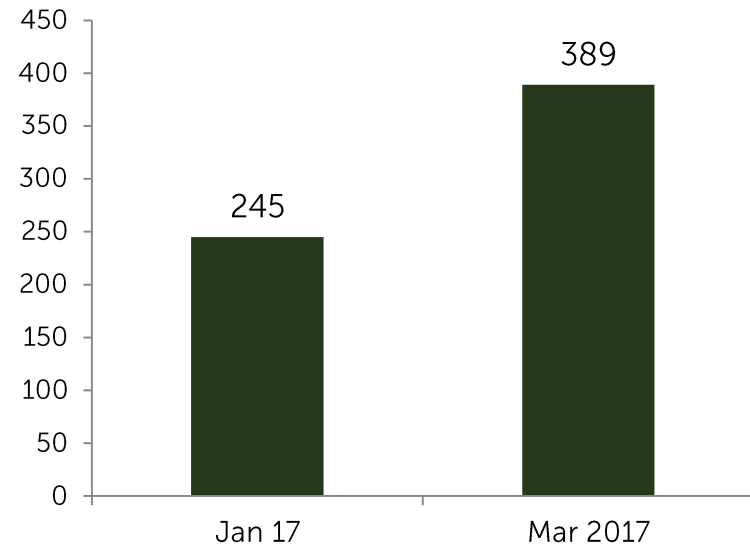


# New collections have been introduced to select B2B-Clients

Dedicated jewelry collections



Revenue Development (€ '000)



# Italian activities restructured in Q1 2017 and relaunched in April 2017

## Restructuring approach

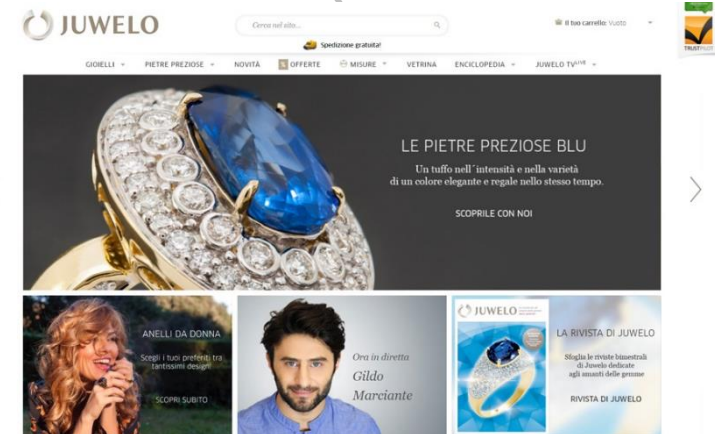
- Juwelo Italia has moved from a 4-Shift 17.5 hours schedule to a 3-Shift 16 hours schedule with a special recorded show from 8 to 10 in the morning
- The TV offering has been given a newer and fresher look, similar to Rocks & Co in the UK
- elumeo's brands "Cavill", "Amayani" and "Lance Fischer" have been successfully introduced to the Italian market
- In April 2017 revenues have already increased more than 20% over April 2016

## Redesign and relaunch of Juwelo Italia



Live-TV

Webshop



I nostri consigli:  
Ecco la selezione dei nostri gioielli più interessanti!

# eCommerce continues to show highest growth-rates

Development of european eCommerce (€ Mn.)

Key facts



- elumeo's continued investment into eCommerce has resulted in an increase of revenues in this field
- Share of web-only new customers for Germany increased from 45% in Q1 2016 to 59% in Q1 2017<sup>(1)</sup>
- Share of eCommerce sales increased from 31% in Q1 2016 to 36% in Q1 2017

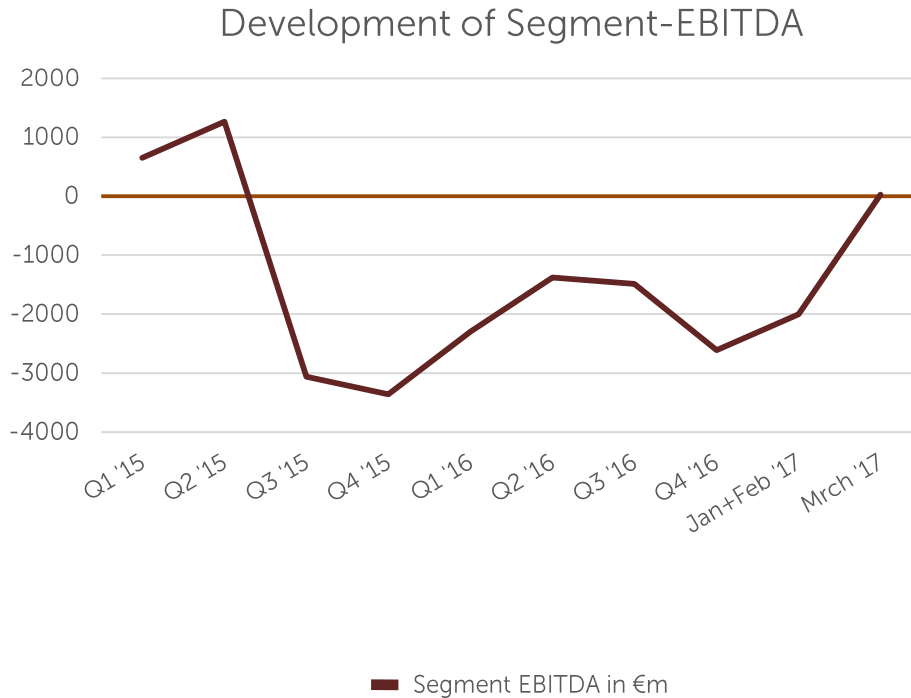
(1) Unaudited  
Source: Quarterly release Q1 2017



# elumeo on track to return to profitability in HY1 2017

## Development Segment EBITDA

## Key Highlights



- Restructuring of the activities in the UK and Italy successful
- Significant reduction in operating costs and overhead also in Germany
- First B2B activities showed promising results in Q1 2017





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# Summary of Q1 2017 results

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Group's total sales for Q1 2017 increased by 15.4% to EUR 17.2 million after EUR 14.9 million in Q1 2016

- Germany with good development. Compared to previous year higher sales with 3<sup>rd</sup> party product at lower margin. New programming schedules have driven revenues and margins and were very well accepted by German customers
- Italy showed delayed development in customer reaction on new programme schedules. Decrease in revenues in total Q1 2017 compared to previous year. But since March 2017 we see a positive development compared to previous year.
- United Kingdom showed improvement in revenues to previous periods but only in GBP due to the devaluation of the GBP. First two months in 2017 were used for strong sale to optimize stock levels. Reduced costs already show significant reduction of losses.

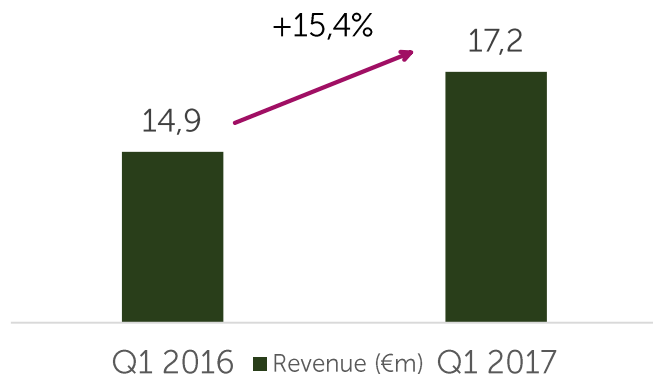
Gross margin was diluted by strong increase of high value products from third party suppliers as well as strong sales activities in United Kingdom.

Reduced costs show first impact on overall results. March and ongoing significantly improved EBITDA

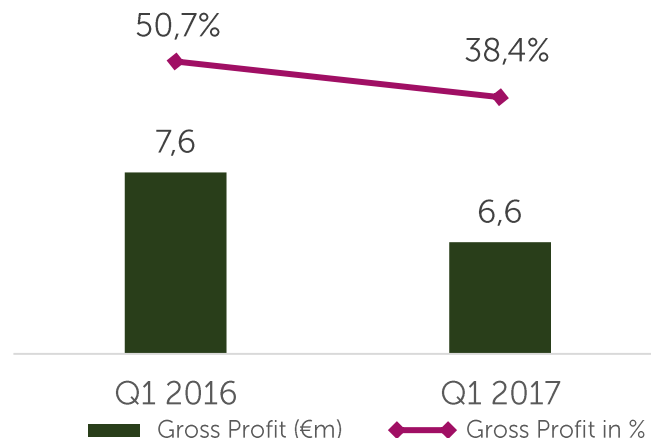


# Q1 2017 vs. Q1 2016 performance – Overview

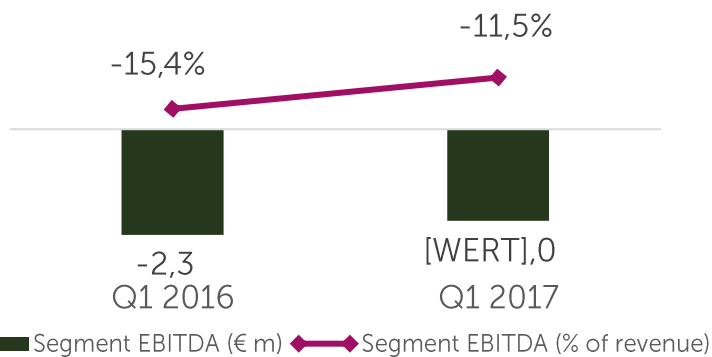
## Revenues



## Gross profit



## Segment EBITDA and margins



Source: Q1 2017 Quarterly release, unaudited

## Comments

- Increased sales of 15.4% driven by Germany. United Kingdom and Italy declined – Italy showing first improvements from March on
- Improved Segment EBITDA – in March 2017 return to positive result
- Strong decline in gross margin by significantly higher share of high value products with lower margin and strong sales activities in UK



# Consolidated Income Statement

EUR thousand   % of revenue	1 Jan - 31 Mar 2017		1 Jan - 31 Mar 2016		QoQ in %					
Revenue	17.232	100,0%	14.930	100,0%	15,4%					
Cost of goods sold	10.607	61,6%	7.360	49,3%	44,1%					
<b>Gross profit</b>	<b>6.625</b>	<b>38,4%</b>	<b>7.570</b>	<b>50,7%</b>	<b>-12,5%</b>	<b>adjusted Expenses</b>	<b>Q1 2017</b>	<b>Q1 2016</b>	<b>Variance</b>	
Selling expenses	6.655	38,6%	7.363	49,3%	-9,6%	Selling Expenses	6.442	7.355	-914	-12,4%
Administrative expenses	3.387	19,7%	3.639	24,4%	-6,9%	Admin Expenses	2.586	2.929	-343	-11,7%
Other operating income	305	1,8%	11	0,1%	>1,000%	<b>adjusted SG&amp;A</b>	<b>9.027</b>	<b>10.284</b>	<b>-1.257</b>	<b>-12,2%</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>-3.112</b>	<b>-18,1%</b>	<b>-3.420</b>	<b>-22,9%</b>	<b>9,0%</b>					
Interest and similar expenses	-166	-1,0%	-140	-0,9%	-18,8%					
Financial result	-166	-1,0%	-140	-0,9%	-18,8%					
<b>Earnings before income taxes (EBT)</b>	<b>-3.278</b>	<b>-19,0%</b>	<b>-3.560</b>	<b>-23,8%</b>	<b>7,9%</b>					
Income tax	75	0,4%	-318	-2,1%	123,8%					
<b>Earnings for the period</b>	<b>-3.202</b>	<b>-18,6%</b>	<b>-3.878</b>	<b>-26,0%</b>	<b>17,4%</b>					



## Revenue split by Country

EUR thousand   % of revenue from product sales	1 Jan - 31 Mar 2017		1 Jan - 31 Mar 2016		QoQ in %
Germany	11.662	67,7%	8.966	60,1%	30,1%
Italy	2.366	13,7%	2.933	19,7%	-19,4%
United Kingdom	2.522	14,7%	2.699	18,1%	-6,5%
Other countries	665	3,9%	319	2,1%	108,3%
<b>Revenue from product sales</b>	<b>17.216</b>	<b>100,0%</b>	<b>14.917</b>	<b>100,0%</b>	<b>15,4%</b>



# Segment Report

EUR thousand   % of (segment) revenue	1 Jan - 31 Mar 2017					
	Revenue		Gross profit		Segment-EBITDA	
Sales division Germany & Italy	14.044	81,5%	5.537	39,4%	-1.030	-7,3%
Sales division Others	3.188	18,5%	426	13,4%	-816	-25,6%
Group functions & eliminations	0	0,0%	662	n.a.	-129	n.a.
<b>Total</b>	<b>17.232</b>	<b>100,0%</b>	<b>6.625</b>	<b>38,4%</b>	<b>-1.975</b>	<b>-11,5%</b>

EUR thousand   % of (segment) revenue	1 Jan - 31 Mar 2016					
	Revenue		Gross profit		Segment-EBITDA	
Sales division Germany & Italy	11.912	79,8%	5.656	47,5%	-966	-8,1%
Sales division Others	3.018	20,2%	1.232	40,8%	-1.153	-38,2%
Group functions & eliminations	0	0,0%	682	n.a.	-178	n.a.
<b>Total</b>	<b>14.930</b>	<b>100,0%</b>	<b>7.570</b>	<b>50,7%</b>	<b>-2.298</b>	<b>-15,4%</b>



## Split of Selling expenses

EUR thousand   % of revenue	1 Jan - 31 Mar 2017		1 Jan - 31 Mar 2016		QoQ in %
Broadcasting and channel rental costs	2.614	15,2%	3.634	24,3%	-28,1%
Personnel expenses	1.627	9,4%	1.587	10,6%	2,5%
Expenses for external personnel services	334	1,9%	354	2,4%	-5,5%
Sales and marketing expenses	667	3,9%	397	2,7%	67,9%
Depreciation and amortisation	140	0,8%	142	0,9%	-1,1%
Other selling expenses	1.273	7,4%	1.249	8,4%	1,9%
<b>Selling expenses</b>	<b>6.655</b>	<b>38,6%</b>	<b>7.363</b>	<b>49,3%</b>	<b>-9,6%</b>

- Decrease of broadcasting costs – mainly UK
- Sales & Marketing costs up reflecting increased web shop business
- Other selling expenses include
  - Payment costs
  - Telephone platform
  - Presenter and Producer



## Split of administrative expenses

EUR thousand   % of revenue	1 Jan - 31 Mar 2017		1 Jan - 31 Mar 2016		QoQ in %
Personnel expenses	1.264	7,3%	1.431	9,6%	-11,7%
Depreciation and amortisation	168	1,0%	192	1,3%	-12,6%
Equity-settled share-based remuneration	103	0,6%	141	0,9%	-26,9%
Net losses from foreign currency translation	608	3,5%	567	3,8%	7,2%
Other administrative expenses	1.245	7,2%	1.309	8,8%	-4,9%
<b>Administrative expenses</b>	<b>3.387</b>	<b>19,7%</b>	<b>3.639</b>	<b>24,4%</b>	<b>-6,9%</b>

- Personnel expenses decreased (cost – saving)
- Losses from foreign currency translation primarily because of devaluation of GBP
- Other administrative expenses include
  - Rent
  - Directors remuneration
  - Travelling expenses
  - Fees for consulting and Audit
 Reduction on various positions





# Segment EBITDA

EUR thousand   % of revenue	1 Jan - 31 Mar 2017		1 Jan - 31 Mar 2016		QoQ in %
<b>Total segment EBITDA</b>	<b>-1.975</b>	<b>-11,5%</b>	<b>-2.298</b>	<b>-15,4%</b>	<b>14,0%</b>
Effects from foreign currency translation	-608	-3,5%	-567	-3,8%	-7,2%
Equity-settled share-based remuneration	-103	-0,6%	-141	-0,9%	26,9%
Segment reconciliation items	-710	-4,1%	-707	-4,7%	-0,4%
<b>EBITDA</b>	<b>-2.686</b>	<b>-15,6%</b>	<b>-3.005</b>	<b>-20,1%</b>	<b>10,6%</b>
Depreciation and amortisation on property, plant and equipment and intangible assets	-426	-2,5%	-415	-2,8%	-2,6%
<b>EBIT</b>	<b>-3.112</b>	<b>-18,1%</b>	<b>-3.420</b>	<b>-22,9%</b>	<b>9,0%</b>
Income tax	75	0,4%	-318	-2,1%	123,8%
Financial result	-166	-1,0%	-140	-0,9%	-18,8%
<b>Earnings for the period</b>	<b>-3.202</b>	<b>-18,6%</b>	<b>-3.878</b>	<b>-26,0%</b>	<b>17,4%</b>



# Balance sheet

## ASSETS

EUR thousand   % of balance sheet total	31 Mar 2017		31 Dec 2016		Change in %
<b>Non-current assets</b>					
Intangible assets	879	1,4%	925	1,5%	-4,9%
Property, plant and equipment	11.117	17,6%	11.244	18,1%	-1,1%
Other financial assets	527	0,8%	522	0,8%	1,0%
Other non-financial assets	2.046	3,2%	2.020	3,3%	1,3%
Deferred tax assets	1.610	2,6%	1.465	2,4%	9,9%
<b>Total non-current assets</b>	<b>16.180</b>	<b>25,6%</b>	<b>16.177</b>	<b>26,1%</b>	<b>0,0%</b>
<b>Current assets</b>					
Inventories	39.769	63,0%	38.933	62,7%	2,1%
Trade receivables	3.130	5,0%	3.473	5,6%	-9,9%
Receivables due from related parties	236	0,4%	279	0,4%	-15,2%
Other financial assets	84	0,1%	82	0,1%	2,4%
Other non-financial assets	1.731	2,7%	1.309	2,1%	32,2%
Cash and cash equivalents	1.961	3,1%	1.837	3,0%	6,8%
<b>Total current assets</b>	<b>46.912</b>	<b>74,4%</b>	<b>45.912</b>	<b>73,9%</b>	<b>2,2%</b>
<b>Total assets</b>	<b>63.092</b>	<b>100,0%</b>	<b>62.089</b>	<b>100,0%</b>	<b>1,6%</b>

- In Q1 2017 only small investments for replacement
- Inventories: slightly increased to support the B2B business



# Balance sheet

## EQUITY & LIABILITIES

EUR thousand   % of balance sheet total	31 Mar 2017		31 Dec 2016		Change in %
<b>Equity</b>					
Issued capital	5.500	8,7%	5.500	8,9%	0,0%
Capital reserve	33.964	53,8%	33.862	54,5%	0,3%
Retained losses	-8.611	-13,6%	-5.408	-8,7%	-59,2%
Foreign currency translation reserve	6.065	9,6%	5.022	8,1%	20,8%
<b>Total equity</b>	<b>36.919</b>	<b>58,5%</b>	<b>38.975</b>	<b>62,8%</b>	<b>-5,3%</b>
<b>Non-current liabilities</b>					
Financial debt	3.994	6,3%	4.011	6,5%	-0,4%
Other non-current financial liabilities	499	0,8%	573	0,9%	-12,9%
Provisions	657	1,0%	602	1,0%	9,2%
Other non-financial liabilities	25	0,0%	25	0,0%	0,0%
<b>Total non-current liabilities</b>	<b>5.176</b>	<b>8,2%</b>	<b>5.211</b>	<b>8,4%</b>	<b>-0,7%</b>
<b>Current liabilities</b>					
Financial debt	10.160	16,1%	8.904	14,3%	14,1%
Other financial liabilities	305	0,5%	311	0,5%	-1,8%
Provisions	384	0,6%	684	1,1%	-43,9%
Liabilities due to related parties	57	0,1%	11	0,0%	443,3%
Trade payables	7.918	12,6%	6.181	10,0%	28,1%
Advance payments received	671	1,1%	111	0,2%	502,6%
Other non-financial liabilities	1.502	2,4%	1.701	2,7%	-11,7%
<b>Total current liabilities</b>	<b>20.998</b>	<b>33,3%</b>	<b>17.903</b>	<b>28,8%</b>	<b>17,3%</b>
<b>Total equity &amp; liabilities</b>	<b>63.092</b>	<b>100,0%</b>	<b>62.089</b>	<b>100,0%</b>	<b>1,6%</b>

- Equity reduced according to the business development
- Advance payments increased as "Creation-model" (where customers can choose metal and ring-size) was expanded



# Cash Flow Statement

EUR thousand	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016
<b>Earnings before interest and taxes (EBIT)</b>	<b>-3.112</b>	<b>-3.420</b>
+/- Depreciation and amortisation on non-current assets	+426	+415
+/- Increase/decrease in provisions	-245	+34
+/- Equity-settled share-based remuneration	+103	+141
+/- Other non-cash expenses/income	+817	+16
+/- Loss/gain on disposal of non-current assets	0	+11
+ Proceeds from interest income	0	+0
- Interest expenses paid	-157	-383
- Income tax paid	-7	-164
-/+ Increase/decrease in inventories	-837	+686
-/+ Increase/decrease in other assets	+49	-777
+/- Increase/decrease in other liabilities	+2.155	-1.535
<b>= Cash flow from operating activities</b>	<b>-807</b>	<b>-4.977</b>

- Other non cash expenses mainly relate to FX translation reserve



# Cash Flow Statement

EUR thousand	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016
- Payments for investments in intangible assets	-7	-34
- Payments for investments in property, plant and equipment	-50	-512
<b>= Cash flow from investing activities</b>	<b>-57</b>	<b>-546</b>
+ Proceeds from increase in financial debt	+1.538	+1.782
- Payments for the redemption of financial debt	-689	-740
+ Proceeds from increase in financial liabilities	-79	-54
<b>= Cash flow from financing activities</b>	<b>+770</b>	<b>+987</b>
+/- Net increase/decrease in cash and cash equivalents	-95	-4.536
+/- Effects of foreign currency translation on cash and cash equivalents	-2	-61
+ Cash and cash equivalents on beginning of reporting period	+1.836	+13.498
<b>= Cash and cash equivalents on end of reporting period</b>	<b>+1.740</b>	<b>+8.901</b>



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# 2017 Outlook

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In 2017 elumeo will benefit from a large number of initiatives to reduce operational cost

- Efficiency has been increased in all territories resulting in a higher productivity and lower cost.
- As a result cost of reach and personnel costs have been reduced in all territories.

After a challenging first half year in 2016 sales have showed better results in HY2 2016. This trend has gained momentum during the first quarter of 2017

- The newly introduced sales formats continue to produce good results with a rollout of new collections of jewelry across all territories.
- In the USA elumeo has successfully launched some of its collections in B2B transactions resulting in a better utilization of the capacity of the factory.

Returning elumeo Group to profitability while improving liquidity remains the top priority in 2017. Following the successful restructuring of the Group, elumeo plans to achieve a slightly positive total-segment-EBITDA in the remaining quarters of 2017.



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## 4 Points of contact

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

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