

# elumeo

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



Investor Presentation for Deutsches Eigenkapitalforum November 27, 2019

## Table of contents

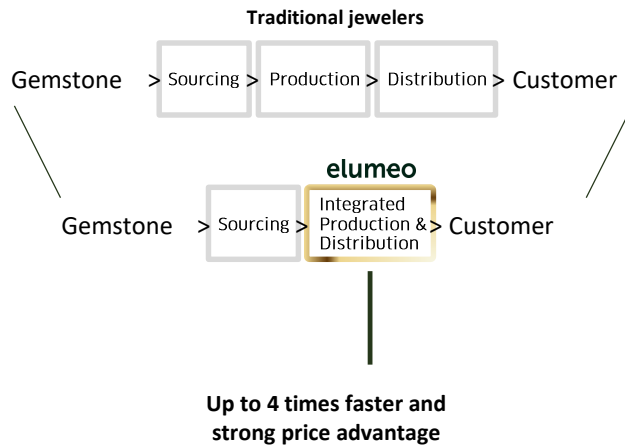
---

1	elumeo at a glance
2	Restructuring – status + next steps
3	Financials 9M 2019
4	Outlook



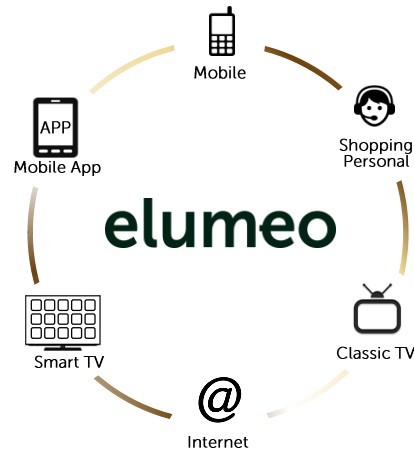
# elumeo's business model is founded on three pillars

Vertically integrated and scalable value chain



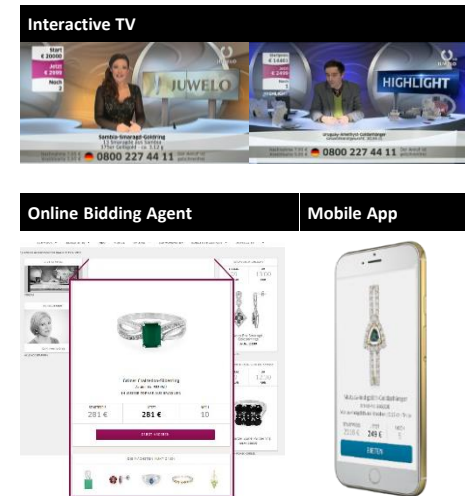
Fast reaction times and low production cost

Multiple electronic distribution channels



Presence in all electronic distribution channels

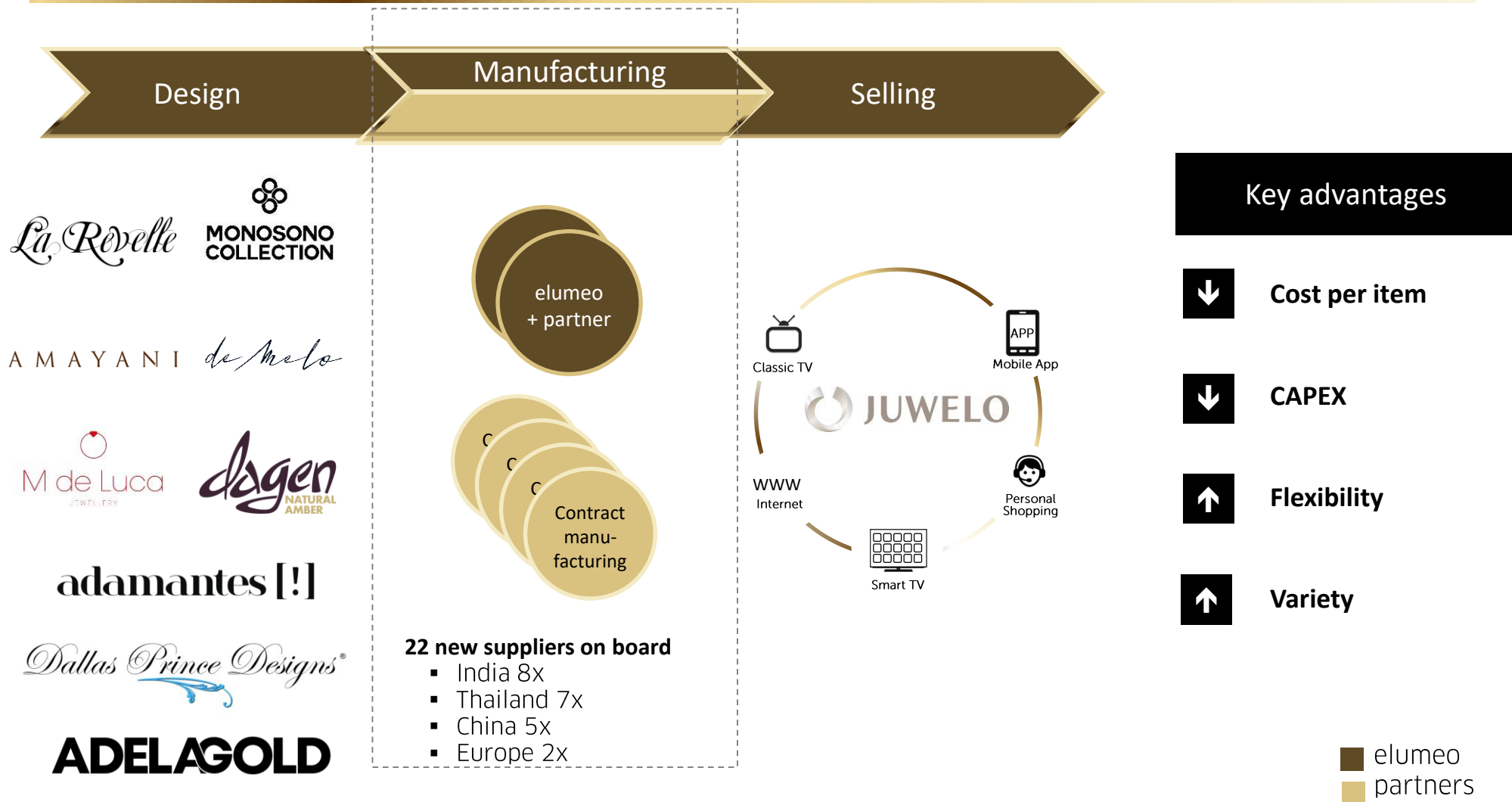
Live and interactive sales features



Video content transports both facts and emotion

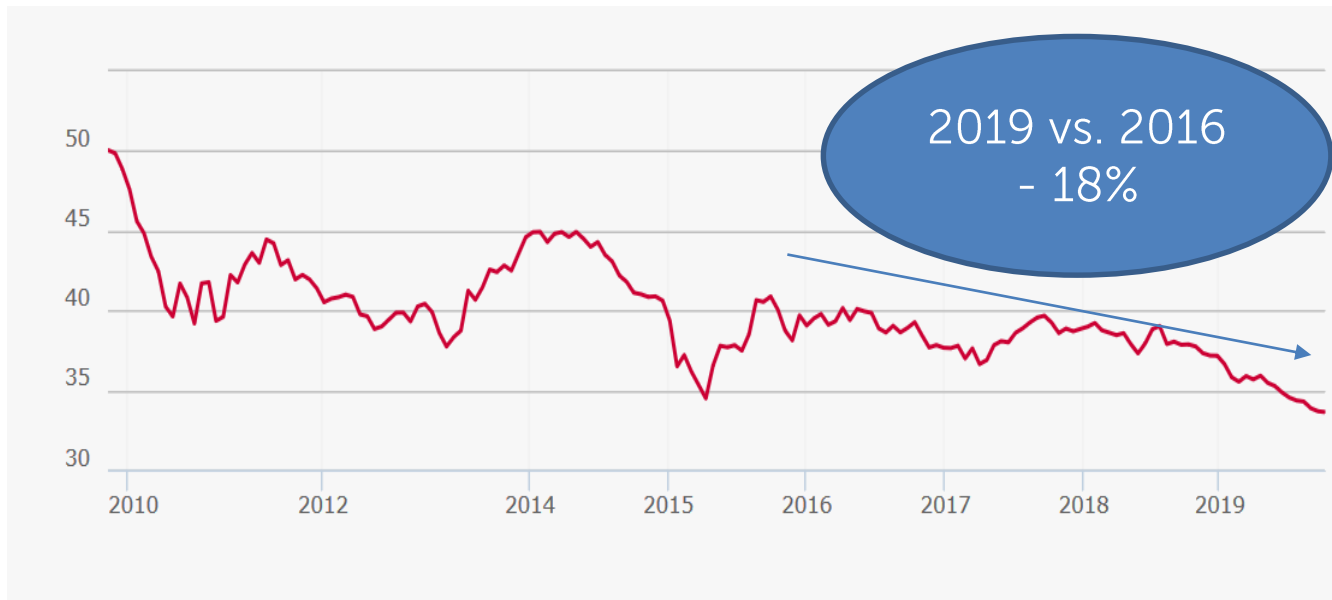


We design our own products, manufacture them in our global network and sell jewellery directly to our customers (D2C)



# The gains in efficiency have been offset by the historically low exchange rate between Thai Baht and Euro/GBP

## Thai Baht and Euro/GBP



- 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
- As a consequence elumeo group has experienced considerable pressure on gross margins since 2015



## Table of contents

---

1	elumeo at a glance
2	Restructuring – status + next steps
3	Financials H1 2019
4	Outlook



# Turnaround based on three pillars: we promised and delivered!

## Restructuring concept (Nov 2018)

### We promised

### ...and delivered



#### Customer first

- Attractive products
- Exciting shows
- Use customer knowledge
- Improve online

- New products (amber, enamel, Art Nouveau...)
- New shows (Dallas Prince, Gavin...)
- Online new features (videos, virtual try-on...)

#### New suppliers

- Close Thai factory
- Build up network of specialized contract manufacturers

- 2 Hubs in Jaipur + Bangkok
- 35 new suppliers (India, Thailand, China, Europe) with 47 factories
- 70% of air time

#### Cost cutting

- 6 Mio. EUR in 2019

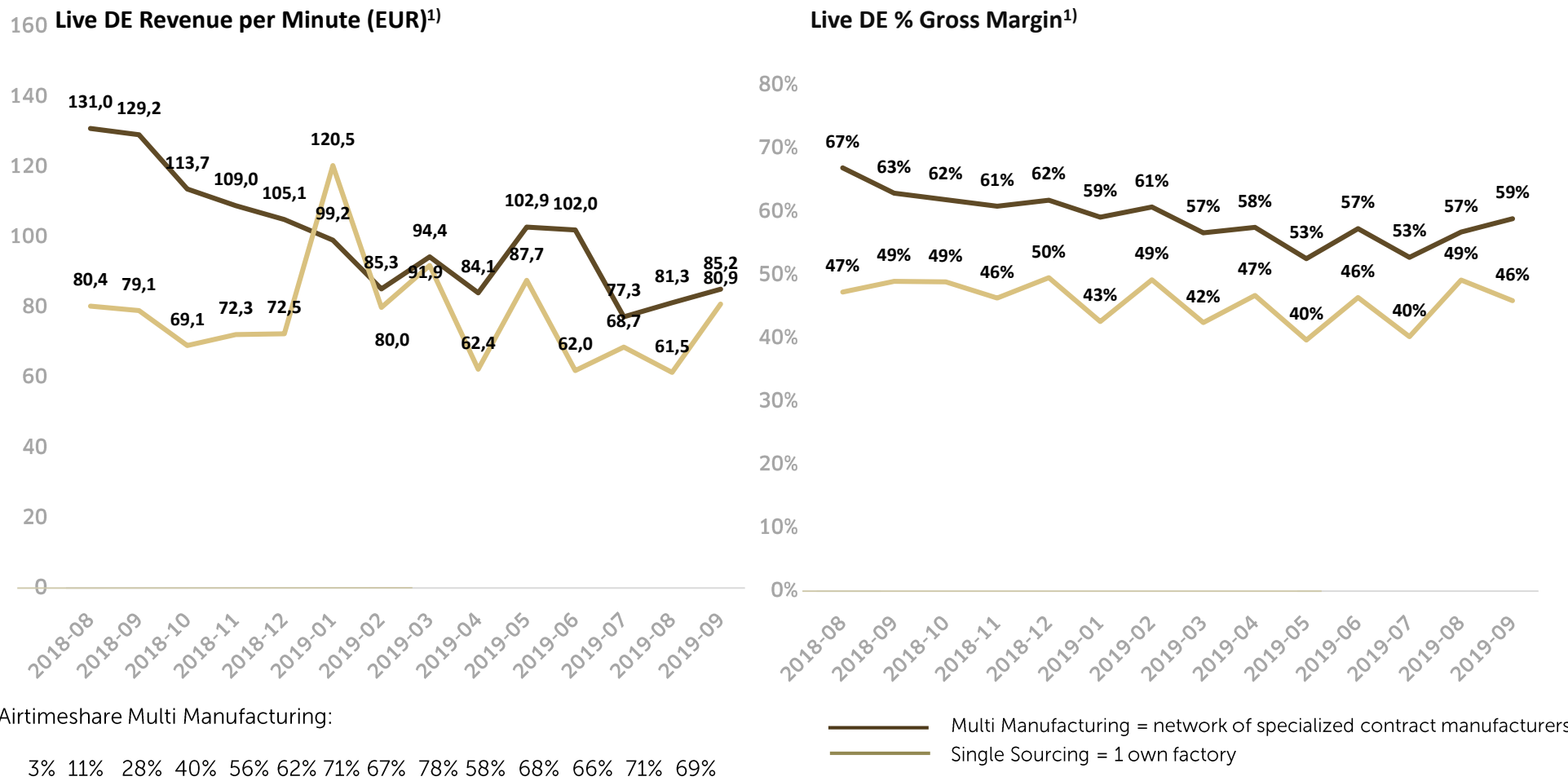
- Around 5 Mio. EUR\* reduced expenses in 9M 2019 compared to 9M 2018

\*incl. Overhead costs from the closed production in Thailand





# Products from new suppliers perform better





# Juwelo Italia closed: Juwelo Germany ships to Italian customers directly from Berlin using a localized Italian signal



Cleanfeed Camera 1



German Product Database



Cleanfeed Camera 1



Cleanfeed Camera 2



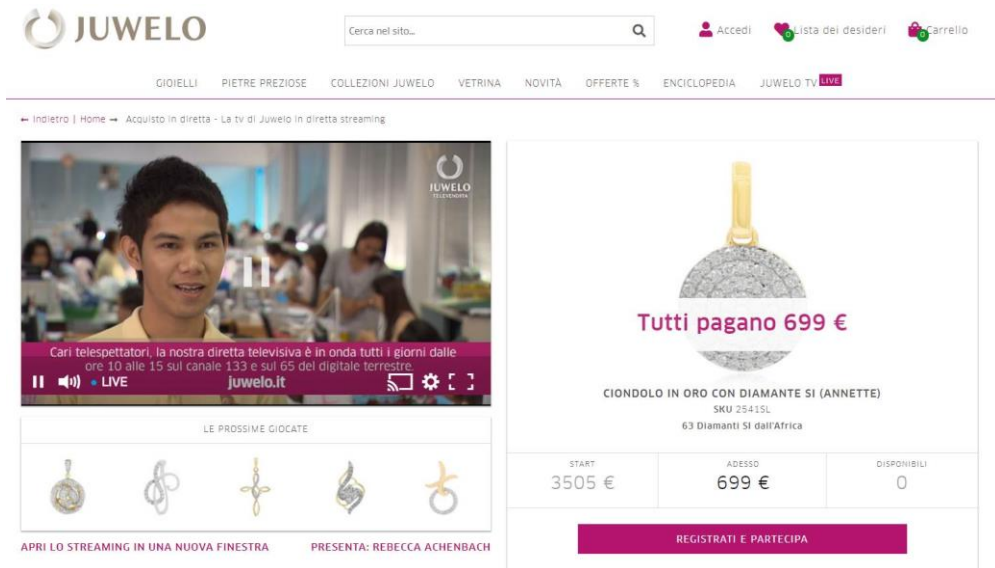
Programm Camera 1



Programm Camera 2



# Mobile App and Livestream also available in localized version



# WEB: Successful implementation of several measures to improve customer experience and shop performance

## Measures Q1 – Q3 2019

**Product videos from live show as on-demand service for web shop**

Effect: Average increase of daily revenue by 10%

**Increased product attractiveness & optimized product flow between TV and web shop**

Effect: +6.7% higher margin across all web revenues

**KPI-based product sorting introduced in web shop**

Effect: A/B test compared with previous sorting shows 18% revenue uplift

**Mobile-First: Website navigation optimized for smartphones**

Effect: Organic mobile sessions increased by 16% YTD vs. PY

**Augmented Reality: Feature enables to virtually try on the jewelry**

Effect: First results show 20% increase in customer satisfaction (based on Net Promoter Score)

**Inspiration & Gamification: A multitude of interactive web specials such as Wheel of Fortune, Gemstone Memory or Knowledge Quiz - always with sales trigger**

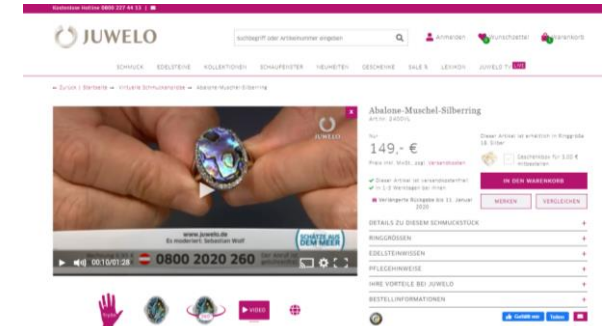
Effect: Up to 100% more revenue (vs. average day)

**Automated e-mail lifecycle successfully launched**

Effect: Traffic acquisition via e-mail increased by 20% vs. PY

**Product Configurator & Onboarding: “Easy product filtering in 3 clicks”**

Effect: Improvement of CVR and new customers: Configurator is involved in 10% of all new customer paths, 40% of sessions led to purchase



Product video on demand



Augmented reality



Product configurator

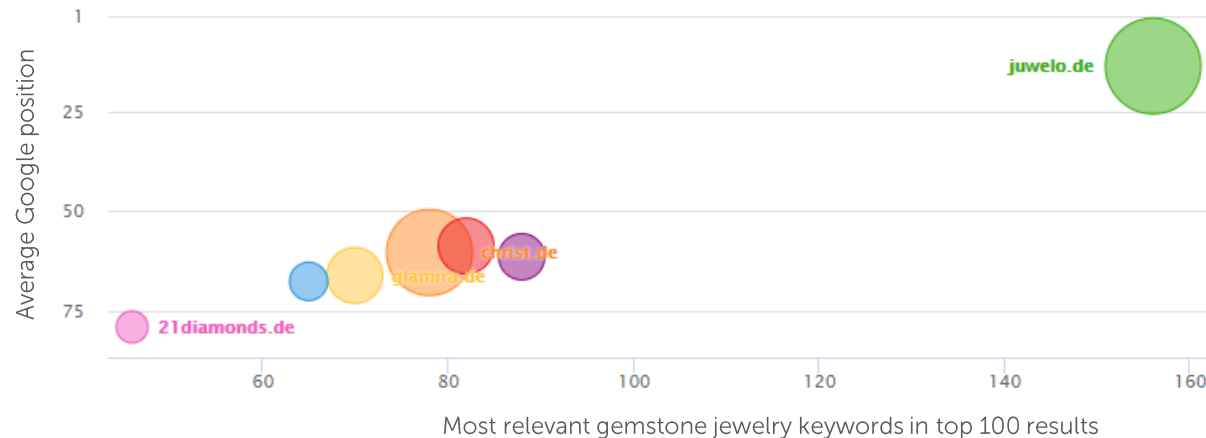


# SEO optimizations result in Juwelo.de clearly outperforming the competitors and increasing organic traffic by 70%

## SEO improvements (organic traffic)

- After a strategic SEO Audit end of 2018, we improved the website content, navigation elements, page speed, mobile responsiveness and the onpage user experience
- Effect:
  - Increase of organic visits per day by 70% from 1.100 in Nov. 2018 to 1.870 in Nov. 2019
  - Juwelo is now outperforming the competitors based on a set of most relevant keywords and their average search position

### Top Competitors ⓘ



Source: Semrush SEO tool November 2019



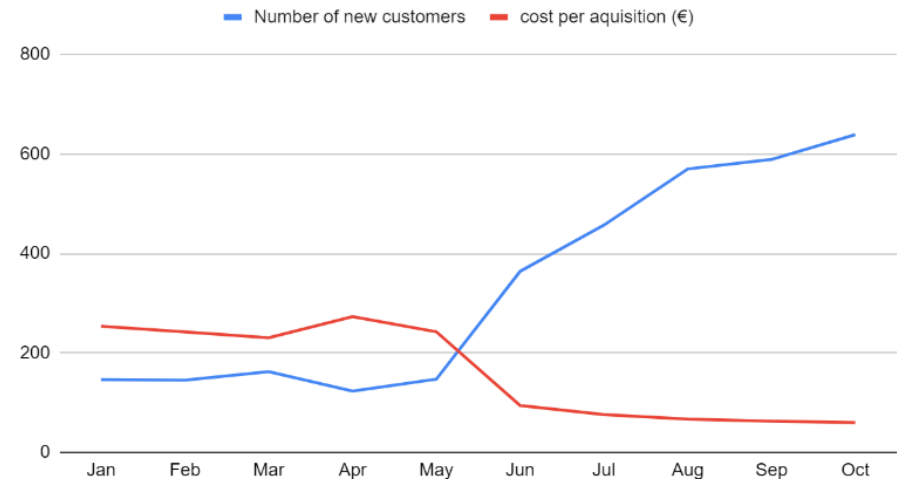


# Optimization of performance marketing accounts led to increase in new customers and decrease of cost per new customer

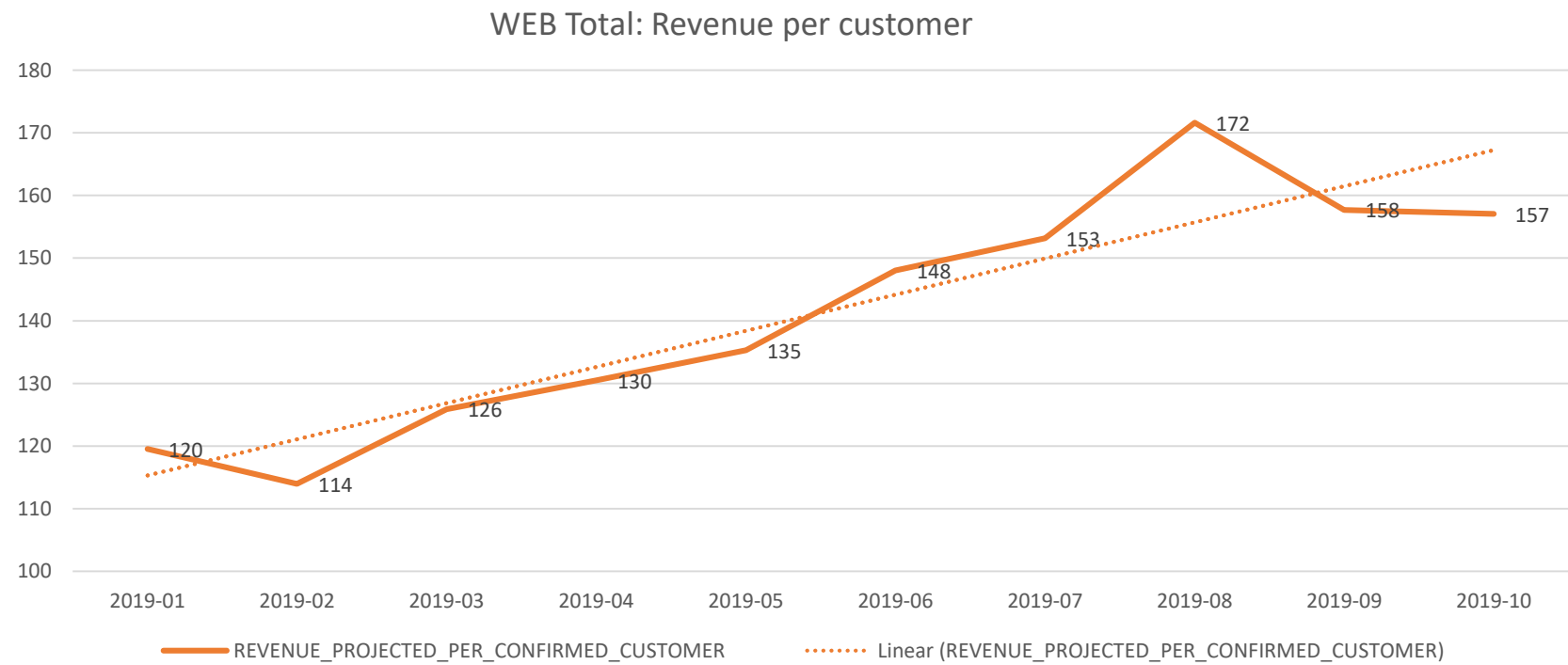
## Paid online marketing improvements

- Optimization of paid traffic accounts:
  - Google Ads
  - Criteo
  - Bing
- Automated bidding strategies and budget allocation based on AI algorithms from Google and Facebook
- Successfully introduced new types of advertising (ex. social commerce on Facebook)
- Effect
  - Increase of new customers from 146 in January to 639 in October (through performance marketing)
  - Cost per acquisition decreased from 253 EUR to 59 EUR

Number of new customers & cost per acquisition



# Revenue per confirmed customer clearly improved



## Way forward: Highly personalized shopping experience, omnichannel communication and expansion to new social platforms

---

- Individual Juwelo-Customer-Journey: Personalized and curated product recommendations based on customer data and preferences
- Increase Social Commerce: “Pull marketing” using attractive content on four relevant platforms: Instagram, Facebook, Pinterest, and Youtube
- Mobile App: Stronger integration of the app into the digital Juwelo landscape, integration of shop functions
- Juwelo price check via AI-based product image search: Take photo of jewelry with smartphone, AI finds similar products at best prices in huge Juwelo assortment
- Expand product portfolio: attract younger target group with new jewellery designs
- Convert system to modern headless CMS architecture to provide even more efficient and channel-independent content
- Loyalty program to increase sales and purchase frequency per customer
- Automated Refer-a-Friend program for new customer acquisition





## Table of contents

---

1	elumeo at a glance
2	Restructuring – status + next steps
3	Financials 9M 2019
4	Outlook



## Summary of 9M 2019 results

---

Group's total revenues for 9M 2019 decreased by -17,5% (Q3 2019 -9,1%) while grossprofit increased by +11,0% (Q3 2019 +0,8%)

- Grossmargin significantly improved
- Selling and administrative expenses reduced as planned. Main drivers of cost reduction:
  - cost of reach
  - sales and marketing expenses
  - external services
- Segment-EBITDA significantly improved by +74,0% in 9M 2019 (Q3 2019 +64,1%)



## Selected key data 9M 2019

EUR thousand	Q3 2019		Q3 2018		YoY	9M 2019		9M 2018		YoY
[unless indicated otherwise]										
Information related to continuing business										
Revenue	10,205	100.0%	11,229	100.0%	-9.1%	33,468	100.0%	40,567	100.0%	-17.5%
Product revenue by regions										
[absolutely and in % of product revenue]										
Germany	8,782	86.1%	9,203	82.1%	-4.6%	28,657	85.7%	32,318	79.7%	-11.3%
Italy	1,408	13.8%	1,996	17.8%	-29.5%	4,757	14.2%	6,254	15.4%	-23.9%
Other countries	7	0.1%	17	0.2%	-57.5%	19	0.1%	1,962	4.8%	-99.0%
[The following disclosures represent: absolute values and in % of revenue]										
Gross profit	5,155	50.5%	5,115	45.5%	0.8%	15,861	47.4%	14,284	35.2%	11.0%
EBITDA	-1,142	-11.2%	-5,560	-49.5%	79.5%	-3,105	-9.3%	-14,169	-34.9%	78.1%
Toatal Segment EBITDA	-955	-9.4%	-2,662	-23.7%	64.1%	-2,139	-6.4%	-8,223	-20.3%	74.0%
Total segment EBIT	-1,254	-12.3%	-2,875	-25.6%	56.4%	-3,066	-9.2%	-8,836	-21.8%	65.3%
Selling and administrative expenses	6,443	63.1%	7,935	70.7%	-18.8%	19,019	56.8%	23,233	57.3%	-18.1%
[absolutely and in % of balance sheet total]										

All data and numbers are unaudited



# Selected key data 9M 2019

EUR thousand [unless indicated otherwise]	Q3 2019	Q3 2018	YoY	9M 2019	9M 2018	YoY
<b>Information related to continuing business</b>						
<b>Total assets<sup>1</sup></b>				<b>23,419</b> 100.0%	<b>28,827</b> 100.0%	-18.8%
<b>Total equity<sup>1</sup></b>				<b>2,760</b> 11.8%	<b>6,677</b> 23.2%	-58.7%
[absolutely and in % of balance sheet total]						
<b>Working capital<sup>1</sup></b>				<b>7,827</b> 33.4%	<b>11,544</b> 40.0%	-32.2%
[absolutely and in % of balance sheet total]						
<sup>1</sup> Prior year disclosure: 31 Dec 2018						
[The following disclosures represent: absolute values and in % of revenue]						
<b>Net cash flow from operating activities</b>	0.0%	0.0%	n.a	<b>392</b> 1.2%	<b>-9,489</b> -23.4%	104.1%
<b>Net cash flow from investing activities</b>	0.0%	0.0%	n.a	<b>-131</b> -0.4%	<b>-401</b> -1.0%	67.2%
<b>Net cash flow from financing activities</b>	0.0%	0.0%	n.a	<b>-2,018</b> -6.0%	<b>-203</b> -0.5%	-896.4%
Items sold [pieces]	169,299	180,916	-6.4%	482,338	713,709	-32.4%
Average sales price (ASP) [EUR]	60	62	-2.9%	69	57	22.1%
Gross profit per item sold [EUR]	30	28	7.7%	33	20	64.3%
<u>New customer breakdown (Germany only)</u>						
[in % of new customers]						
TV only	18%	25%	-26%	22%	25%	-10%
Web only	68%	59%	15%	61%	59%	3%
Others	13%	16%	-16%	16%	16%	3%

All data and numbers are unaudited



# Cost development of selling and administrative expenses

## Selling expenses

EUR thousand   % of revenue	Q3 2019		Q3 2018		QoQ in %	1 Jan - 30 Sep 2019		1 Jan - 30 Sep 2018		9Mo9M in %
Broadcasting and channel rental costs	1,281	12.5%	2,131	19.0%	-39.9%	3,962	11.8%	6,240	15.4%	-36.5%
Personnel expenses	1,678	16.4%	1,666	14.8%	0.7%	4,900	14.6%	5,005	12.3%	-2.1%
Expenses for external personnel services	276	2.7%	377	3.4%	-26.7%	855	2.6%	1,072	2.6%	-20.3%
Sales and marketing expenses	396	3.9%	597	5.3%	-33.6%	1,090	3.3%	1,811	4.5%	-39.8%
Depreciation and amortization	83	0.8%	97	0.9%	-14.9%	265	0.8%	271	0.7%	-2.2%
Other selling expenses	803	7.9%	1,243	11.1%	-35.4%	2,566	7.7%	3,505	8.6%	-26.8%
<b>Selling expenses</b>	<b>4,516</b>	<b>44.3%</b>	<b>6,111</b>	<b>54.4%</b>	<b>-26.1%</b>	<b>13,637</b>	<b>40.7%</b>	<b>17,904</b>	<b>44.1%</b>	<b>-23.8%</b>

## Administrative expenses

EUR thousand   % of revenue	Q3 2019		Q3 2018 restated*		QoQ in %	1 Jan - 30 Sep 2019		1 Jan - 30 Sep 2018 restated*		9Mo9M in %
Personnel expenses	742	7.3%	744	6.6%	-0.3%	2,219	6.6%	2,064	5.1%	7.5%
Depreciation and amortization	217	2.1%	116	1.0%	87.1%	662	2.0%	342	0.8%	93.5%
Equity-settled share-based remuneration	7	0.1%	-64	-0.6%	110.9%	37	0.1%	44	0.1%	-17.8%
Other administrative expenses	961	9.4%	1,028	9.2%	-6.6%	2,464	7.4%	2,879	7.1%	-14.4%
<b>Administrative expenses</b>	<b>1,927</b>	<b>18.9%</b>	<b>1,824</b>	<b>16.2%</b>	<b>5.6%</b>	<b>5,382</b>	<b>16.1%</b>	<b>5,330</b>	<b>13.1%</b>	<b>1.0%</b>

All data and numbers are unaudited



## Table of contents

---

1	elumeo at a glance
2	Restructuring – status + next steps
3	Financials 9M 2019
4	Outlook



## 2019 Outlook

---

On 09 November 2018 elumeo SE decided to change its product sourcing to two smaller sites that will be operated in close cooperation with local partners (Bangkok and Jaipur).

On 22 November 2019, the Executive Board of elumeo SE decided to close the site in Rome and to serve the Italian market from its base in Berlin.

In its current reporting structure, elumeo SE does not expect any significant effects on the consolidated result for 2019. At the same time, the possible effects of a reclassification of the site to discontinued operations on Group reporting in accordance with IFRS 5 are being reviewed. The exact effects will be determined when the 2019 annual financial statements are prepared.

Following results are expected for 2019:

- We expect Revenues to be below prior year
- The gross profit margin will continue to improve
- Cost, in particular cost of reach and costs for external service providers, will be significantly reduced in order to achieve the expected earnings improvements

Further improving elumeo group's profitability while maintaining liquidity remains the top priority.





# Points of contact

---

## **Executive Board**

Wolfgang Boyé, Boris Kirn, Frank Broer, Gregor Faßbender-Menzel

## **Investor Relations**

Bernd Fischer

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

