

eluméo

Q3/9M 2016 financial presentation
17 November 2016

One of the leading electronic jewelers in Europe



Management team: more than 70 years of combined professional experience



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



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elumeo at a glance

Key facts

- elumeo is the leading manufacturer and electronic retailer of gemstone jewelry in Europe
- 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 ⁽¹⁾ | 2015 ⁽²⁾ | CAGR 09-15 |
|------------------------------------|---------------------|---------------------|---------------|
| Revenues (€m) | 19.2 | 72.6 | 24.8% |
| Products sold ⁽³⁾ | 291k | 919k | 21.1% |
| Active customers ⁽³⁾⁽⁴⁾ | 35k | 97k | 18.5% |
| Unique visitors | 237k | 2,881k | 51.6% |
| Countries | 1 | 12 | |

elumeo's success story

2008

- Foundation of elumeo
- Germany launched
- Webshop Germany

2010/11

- UK acquired
- Italy launched

2012

- Webshop France

2014

- Formal merger⁽⁵⁾ 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 & re-launched
- Juwelo France S.A.S formed
- Cost leadership enhanced



(1) Juwelo Germany; (2) elumeo Group; (3) 2015 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



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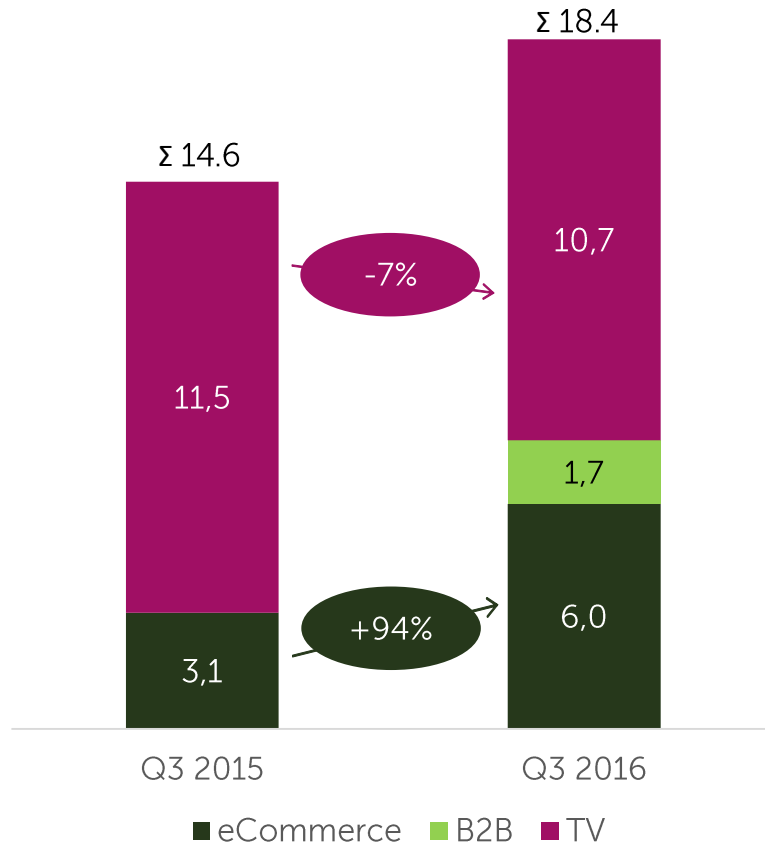
Highlights in Q3

- 1 Revenues in Q3 2016 are well above the level of the prior-year period that was influenced by one-off effects
- 2 eCommerce sales continue to grow strongly and classic TV business in the German market has also developed positively
- 3 Gross profit margin continues to be under pressure from UK business
- 4 Activities in the United Kingdom will be restructured until the end of the year
- 5 schmuck.de has been successfully relaunched

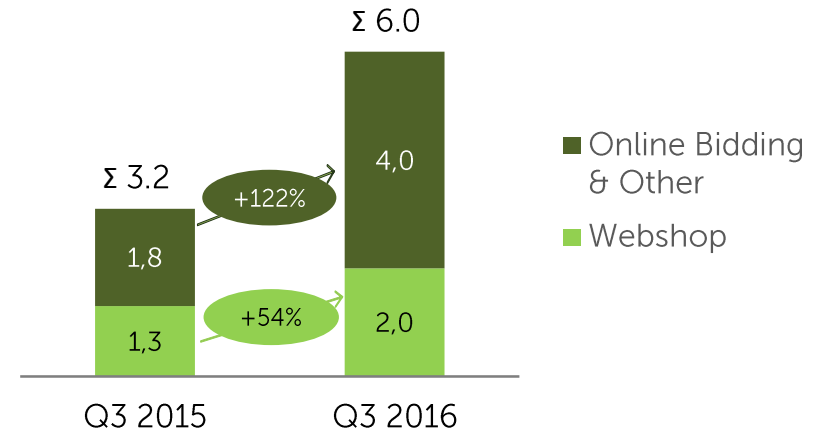


eCommerce continues to show highest growth-rates

Revenue in EURm



Development of eCommerce (EURm)



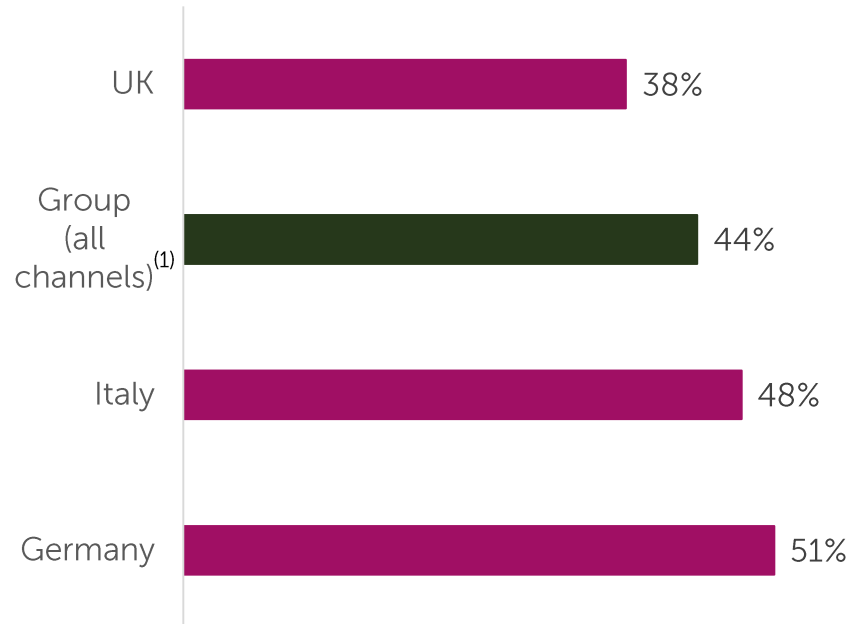
Key facts

- Classic web-shop still has constant growth in Revenues and gross profit
- Share of web-only new customers for Germany increased from 47% in Q3 2015 to 58% in Q3 2016
- Share of eCommerce revenues grew from 21.2% in Q3 2015 to 32.6% Q3 2016



Margin pressure in the UK and positive development in Germany

Gross profit margin TV Q3 per country



Comments

- 1 Gross profit margin in TV in the UK declined to 37.9% reducing Group gross margin significantly
- 2 TV in Germany continued to show gross profit margin improvement with 50.6%

Source: Quarterly release, unaudited
(1) Consolidated Group margin Q3 2016



elumeo SE will restructure its business in the UK

R&C is broadcasting in three channels

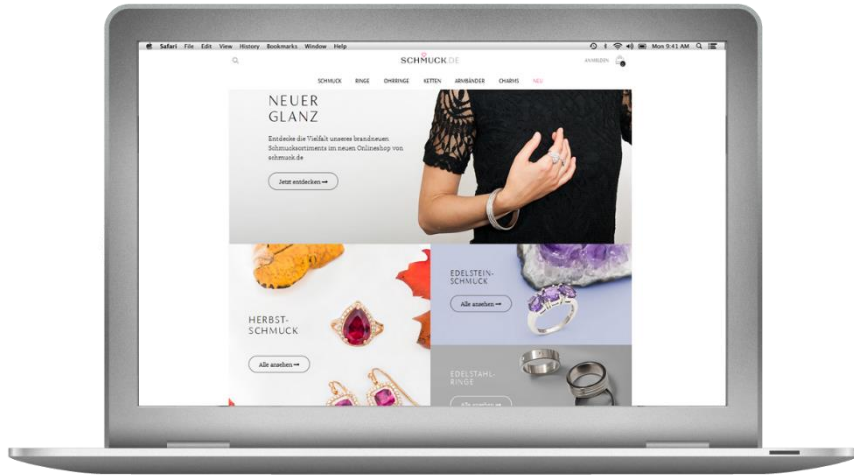


Approach towards securing profitability

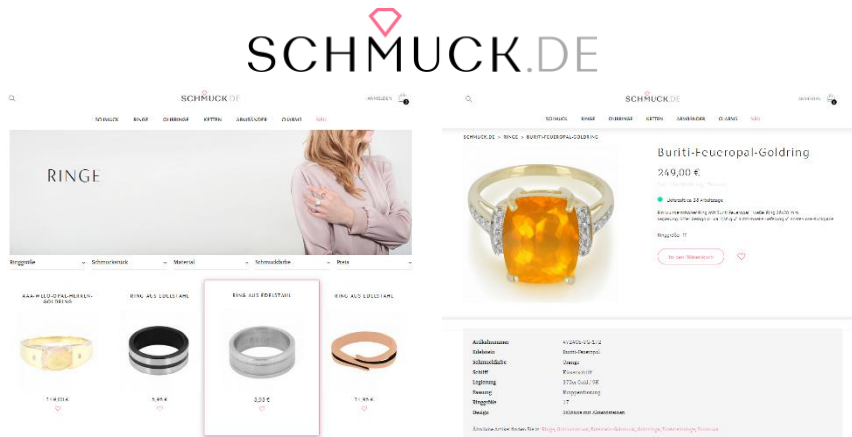
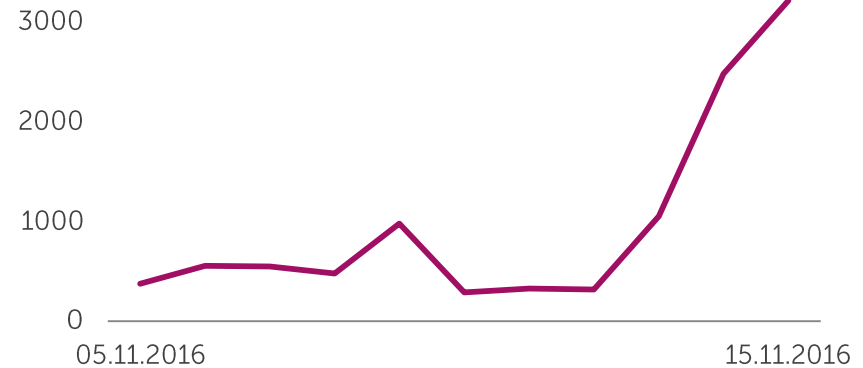
- 1 Rocks & Co has completed a review of the profitability of all distribution channels in the UK
- 2 Strategic options have been developed for each of the distribution channels
- 3 elumeo expects to complete the sale of non-performing distribution channels until the end of the year



schmuck.de has been successfully relaunched



Online page views



Comments

- range of affordable gemstone jewelry expanded to include accessories such as engagement rings, watches and other classic jewelry without gemstones
- younger look and feel
- Relaunch completed in November 2016



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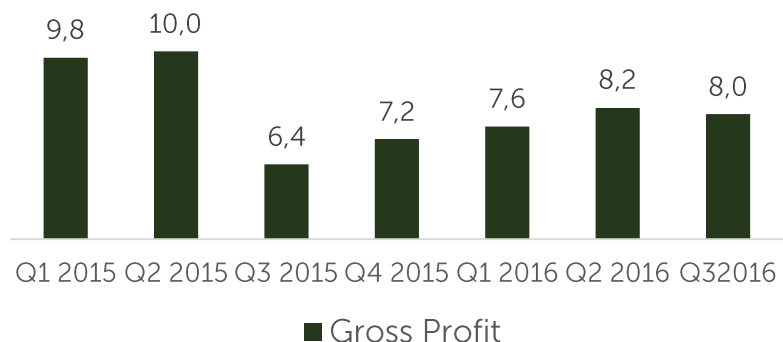
Summary of Q3 2016 results

- **Revenues** increased by 25.9% from EUR 14.7 million in Q3 2015 to EUR 18.5 million in Q3 2016, with prior year period influenced by one-off effects
- **Revenue** increased in Italy in Q3 2016 by 18.2% to EUR 2.6 million compared to prior quarter (EUR 2.2 million in Q2 2016) but decreased by 18.8% compared to prior year quarter (EUR 3.2 million in Q3 2015)
- At 43.5% in Q3 2016, the gross profit margin was at the same level of Q3 2015
 - With a gross profit margin of 37.9%, TV activities in the UK in particular exerted great pressure on earnings
 - Gross profit margin for TV in Germany improved to 50.6%, developed positively
- **Gross profit** increased from EUR 6.4 million in Q3 2015 to EUR 8.0 million Q3 2016
- **Total segment EBITDA** in Q3 2016 was significantly higher than in Q3 2015, which was adversely affected by one-off effects, and improved from EUR -3.1 million to EUR -1.5 million.

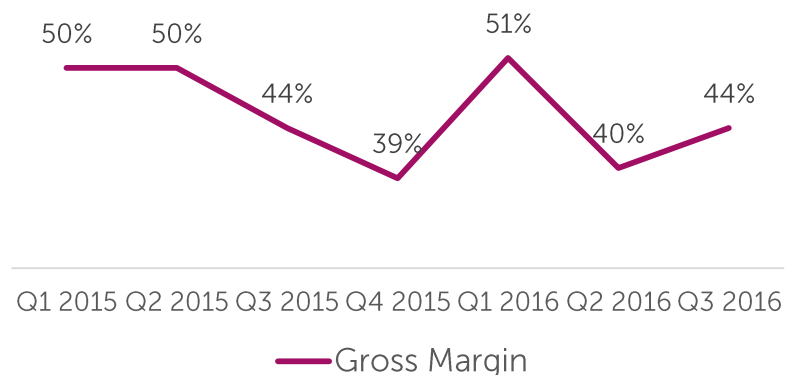


Gross Profit and -Margin back on track after challenging second half 2015

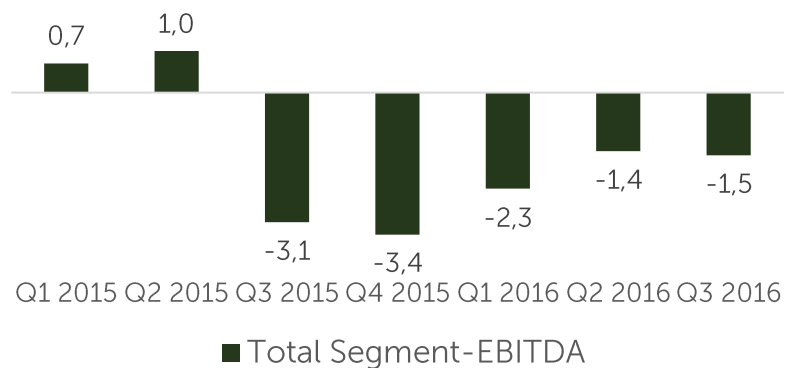
Gross Profit (EURm)



Gross Margin (%)



Total Segment EBITDA (EURm)



Comments

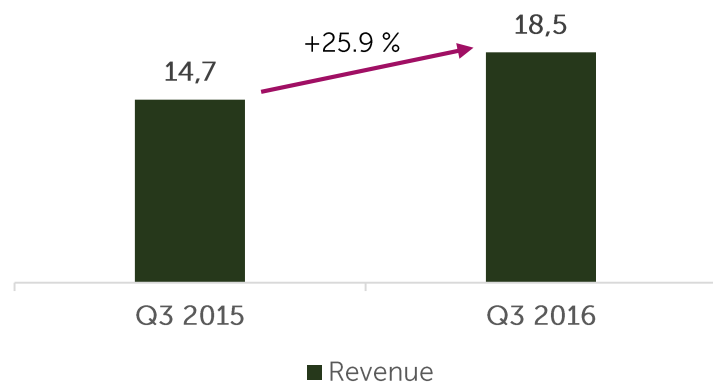
- Following the continued decline since the beginning of 2016 the GBP against the THB the UK business is still under pressure.
- Losses in Q3 2016 significantly lower compared to Q3 2015

Source: Quarterly release, unaudited

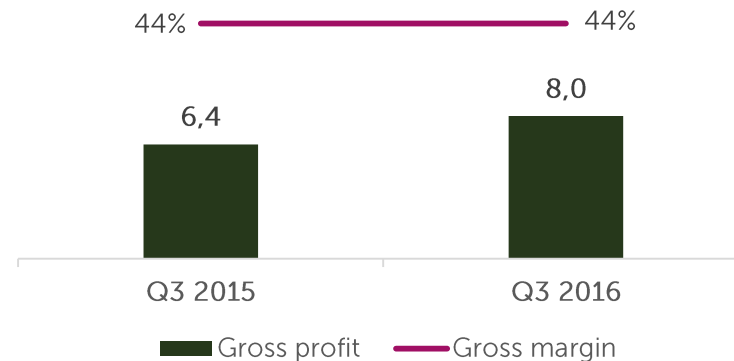


Q3 2016 vs. Q3 2015 performance – Overview

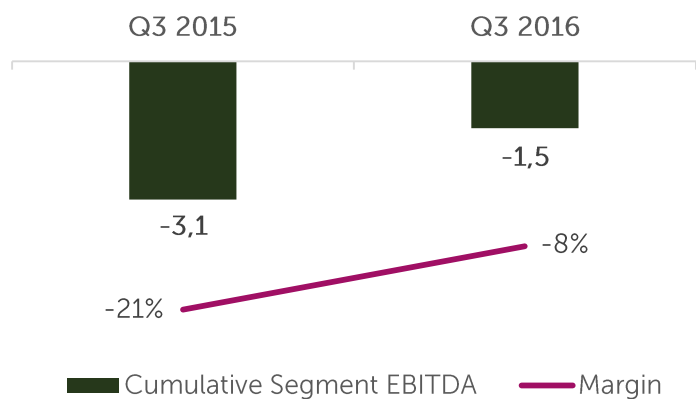
Revenue in EURm



Gross profit in EURm



Total Segment EBITDA and margin



Source: Quarterly release, unaudited

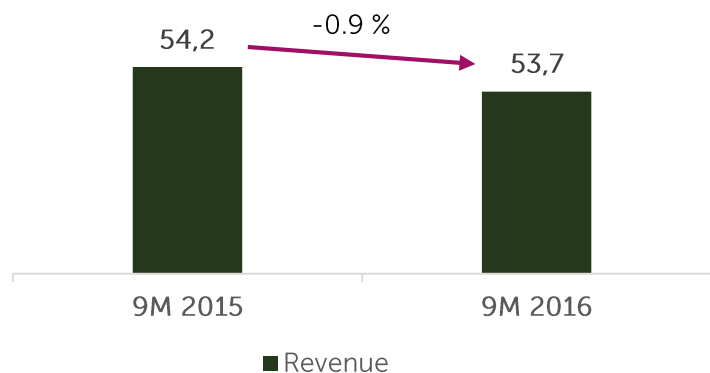
Comments

- Q3 2016 revenues significantly above prior year period
 - Germany + 22.2% from EUR 9.0 million in Q3 2015 to EUR 11.0 million in Q3 2016
 - Italy -18.8% from EUR 3.2 million in Q3 2015 to EUR 2.6 million in Q3 2016, but 12.6% higher than in Q2 2016 (EUR 2.2 million)
 - UK +28.0% from EUR 2.5 million in Q3 2015 to EUR 3.2 million in Q3 2016
- Gross Margin on the same level and increased against prior Quarter
- Losses in total Segment EBITDA halved from EUR -3.1 million in Q3 2015 to EUR -1.5 million in Q3 2016

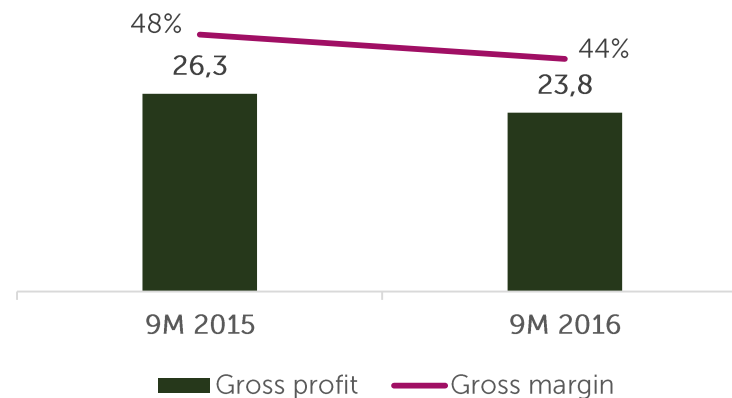


9M 2016 vs. 9M 2015 performance – Overview

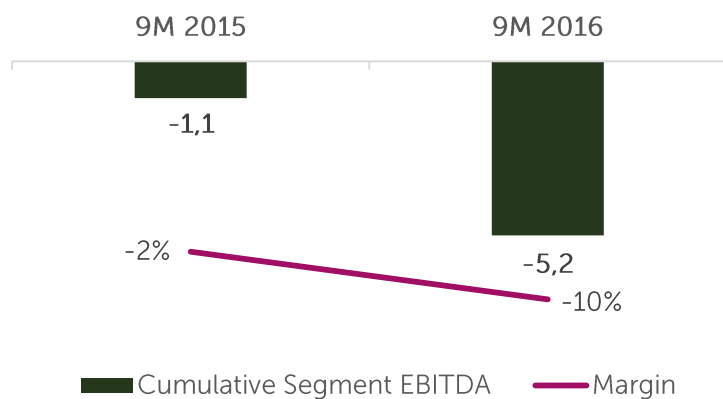
Revenue in EURm



Gross profit in EURm



Total Segment EBITDA and margin



Source: Quarterly release, unaudited

Comments

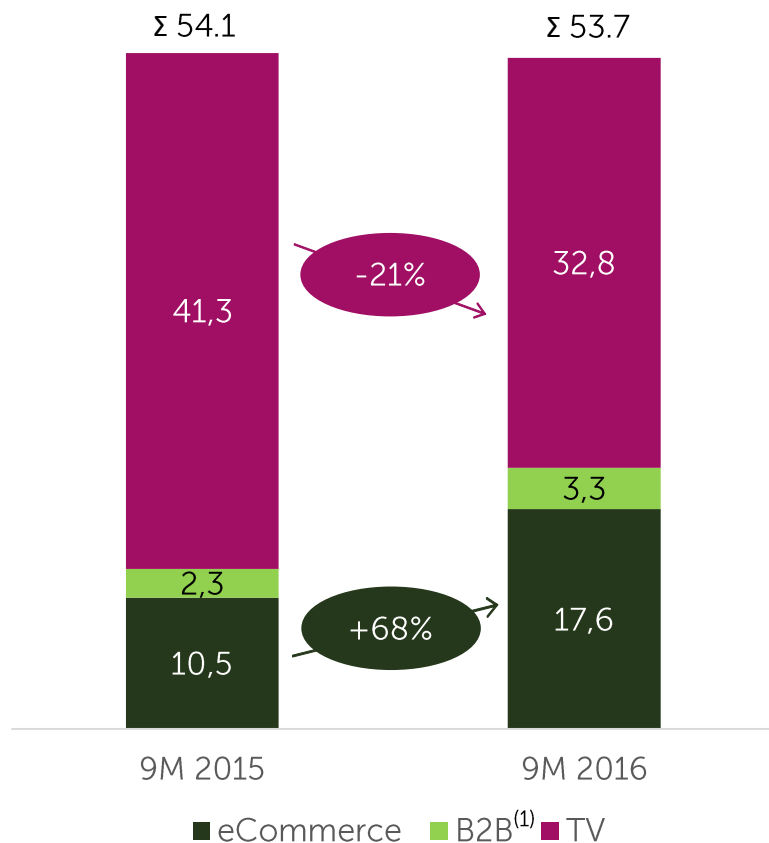
- 9M 2016 revenues slightly below prior year period
 - Germany -3.0% from EUR 33.4 million in 9M 2015 to EUR 32.4 million in 9M 2016
 - Italy -24.5% from EUR 10.2 million in 9M 2015 to EUR 7.7 million in 9M 2016
 - UK -4.8% from EUR 10.4 million in 9M 2015 to EUR 9.9 million in 9M 2016
- Gross Margin decreased in 9M 2016 due to increased volume of high-value items
- Total Segment EBITDA decreased from EUR -1.1 million in 9M 2015 to EUR -5.2 million in 9M 2016

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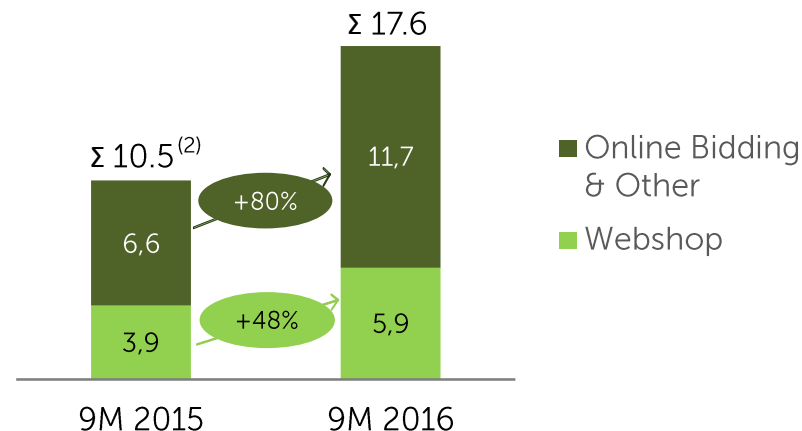


eCommerce continues to show highest growth-rates

Revenue in EURm



Development of eCommerce (EURm)



Key facts

- Classic web-shop still has constant growth in Revenues and gross profit
- Share of web-only new customers for Germany increased from 45% in 9M 2015 to 54% in 9M 2016
- Share of eCommerce revenues grew from 19.4% in 9M 2015 to 32.8% 9M 2016
- Share of web shop gross profit grew from 6.9% 9M 2015 to 8.8% in 9M 2016

Source: Quarterly Release, unaudited

(1) 9M 2015 B2B revenue of EUR 2.3 million with Juwelo.com, was operated together with a Joint Venture partner in the USA; (2) revenue of EUR 2.3 million with Juwelo.com, was operated together with a Joint Venture partner in the USA not included



Consolidated Income Statement

| EUR thousand | Note | Q3 2016 | Q3 2015 | 1 Jan - 30 Sep 2016 | 1 Jan - 30 Sep 2015 |
|--|------|---------------|---------------|------------------------|------------------------|
| Revenue | (2.) | 18,456 | 14,683 | 53,709 | 54,164 |
| Cost of goods sold | (3.) | 10,422 | 8,272 | 29,904 | 27,909 |
| Gross profit | | 8,034 | 6,411 | 23,806 | 26,256 |
| Selling expenses | (4.) | 7,264 | 7,232 | 21,923 | 20,871 |
| Administrative expenses | (5.) | 3,749 | 2,448 | 11,624 | 7,586 |
| Other operating income | (7.) | 157 | 34 | 241 | 89 |
| Other operating expenses | (8.) | 0 | 766 | 0 | 940 |
| Earnings before interest and taxes (EBIT) | | -2,822 | -4,002 | -9,501 | -3,051 |
| Interest income | | 0 | 1 | 1 | 4 |
| Interest and similar expenses | | -142 | -95 | -427 | -226 |
| Financial result | | -142 | -95 | -426 | -222 |
| Earnings before income taxes (EBT) | | -2,964 | -4,097 | -9,927 | -3,273 |
| Income tax | | 78 | 726 | -196 | 439 |
| Earnings for the period | | -2,886 | -3,370 | -10,123 | -2,834 |
| <i>Earnings of shareholders of elumeo SE</i> | | -2,886 | -3,370 | -10,123 | -2,834 |
| Earnings per share in EUR (basis and diluted) | (9.) | -0.52 | -0.61 | -1.84 | -0.63 |

Selling expenses

- Higher due to increased Web – Shop costs, partly set off by lower reach costs and personnel expense

Administrative Expenses

- Adjusted for foreign exchange losses, rechargeable costs and equity-settled share-based payment commitments, administrative expenses in Q3 2016 are stable

Source: Quarterly release, unaudited



Balance sheet

ASSETS

| | Note | 30 Sep 2016 | 31 Dec 2015 |
|--------------------------------------|-------|---------------|---------------|
| EUR thousand | | | |
| Non-current assets | | | |
| Intangible assets | (11.) | 980 | 1,011 |
| Property, plant and equipment | (11.) | 11,374 | 11,676 |
| Other financial assets | | 460 | 420 |
| Other non-financial assets | | 2,018 | 2,088 |
| Deferred tax assets | (14.) | 2,627 | 2,645 |
| Total non-current assets | | 17,459 | 17,840 |
| Current assets | | | |
| Inventories | (12.) | 42,495 | 40,428 |
| Trade receivables | | 3,946 | 2,216 |
| Receivables due from related parties | | 478 | 574 |
| Other financial assets | | 123 | 224 |
| Other non-financial assets | | 1,660 | 1,282 |
| Cash and cash equivalents | | 2,051 | 13,590 |
| Total current assets | | 50,754 | 58,313 |
| Total assets | | 68,213 | 76,153 |

- Non current assets decreased by higher depreciation than investments
- Adjusted for third-party products (with full right to return)
Inventories are slightly lower compared to prior year.
- Cash and cash equivalents down due to negative operating cash flow.
- Trade receivables higher due to balance sheet date.

Source: Quarterly release, unaudited



Balance sheet

EQUITY & LIABILITIES

| EUR thousand | Note | 30 Sep 2016 | 31 Dec 2015 |
|---|-------|---------------|---------------|
| Equity | | | |
| Issued capital | (13.) | 5,500 | 5,500 |
| Capital reserve | (13.) | 33,800 | 33,397 |
| Retained earnings | | -8 | 10,115 |
| Foreign currency translation reserve | | 3,545 | 2,045 |
| Total equity | | 42,836 | 51,057 |
| Non-current liabilities | | | |
| Financial debt | | 4,023 | 11,771 |
| Other non-current financial liabilities | | 860 | 1,071 |
| Provisions | | 542 | 466 |
| Other non-financial liabilities | | 25 | 25 |
| Total non-current liabilities | | 5,450 | 13,333 |
| Current liabilities | | | |
| Financial debt | | 8,334 | 1,198 |
| Other financial liabilities | | 317 | 568 |
| Provisions | | 147 | 42 |
| Liabilities due to related parties | | 26 | 100 |
| Trade payables | | 9,253 | 7,422 |
| Tax liabilities | | 0 | 164 |
| Other non-financial liabilities | | 1,850 | 2,269 |
| Total current liabilities | | 19,927 | 11,762 |
| Total equity & liabilities | | 68,213 | 76,153 |

- Equity decreased due to the negative result after taxes
- Non-current liabilities declined mainly due to the reclassification of a loan in the amount of EUR 7.5 million to current liabilities and reduction of financial liabilities from lease agreement
- Current liabilities increased by the reclassification of the loan and increased Trade payables that are related to higher inventories. Other current non financial liabilities declined by less Debtors with credit value (please see also Trade receivables)

Source: Quarterly release, unaudited



Cash Flow Statement

| | 01.01. - 30.09.2016 | 01.01. - 30/09/2015 |
|---|------------------------|------------------------|
| Earnings before interest and taxes (EBIT) | -9,501 | -3,051 |
| +/- Depreciation and amortisation on non-current assets | +1,296 | +627 |
| +/- Increase/decrease in provisions | +181 | -167 |
| +/- Equity-settled share-based remuneration | +403 | +69 |
| +/- Other non-cash expenses/income and transactions | +1,639 | -861 |
| + Proceeds from interest income | +1 | +1 |
| - Interest expenses paid | -658 | -232 |
| + Proceeds from income tax | 0 | +6 |
| - Income tax paid | -164 | -1,998 |
| -/+ Increase/decrease in inventories | -2,067 | -17,123 |
| -/+ Increase/decrease in other assets | -2,072 | -2,823 |
| +/- Increase/decrease in other liabilities | +1,352 | +1,088 |
| = Cash flow from operating activities | -9,590 | -24,463 |

- Operating cash flow driven by negative EBIT
- Higher depreciation for the factory and investments in automated warehouse
- Other non Cash expenses/income changed due to FX losses

Source: Quarterly release, unaudited



Cash Flow Statement

| | 01.01. - 30.09.2016 | 01.01. - 30/09/2015 |
|---|------------------------|------------------------|
| - Payments for investments in intangible assets | -121 | -393 |
| - Payments for investments in property, plant and equipment | -888 | -8,274 |
| = Cash flow from investing activities | -1,008 | -8,665 |
| + Proceeds from increase in financial debt | +1,933 | +15,314 |
| - Payments for the redemption of financial debt | -2,554 | -2,531 |
| + Proceeds from increase in financial liabilities | -190 | +4 |
| + Proceeds from capital increase net of transaction cost | 0 | +34,088 |
| = Cash flow from financing activities | -811 | +46,875 |
| = Cash and cash equivalents on end of reporting period | +2,028 | +16,302 |

- Investing activities mainly for maintenance
- Financing activities decreased due to payback of overdraft and payment of finance lease

Source: Quarterly release, unaudited



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2016 Outlook

- elumeo intends to restructure its TV distribution and sell distribution channels which are no longer profitable. elumeo SE expects to complete this by the end of financial year 2016.
- Group's EBITDA to be slightly negatively impacted by this restructuring in Q4 2016
- elumeo is expecting a decline in revenues in the *Sales Division Others* segment with a substantial reduction in losses in this segment
- No positive segment EBITDA for the segment *sales division Germany & Italy* is expected for 2016 as a whole
- Negative segment EBITDA for the segment *Group Functions and Eliminations* (no sales revenue) expected
- Due to the development in the UK and Italy within the first 6 month 2016 in particular, elumeo expects only slightly increased Group revenues in 2016 compared to prior year
- At the end of 2016, a reduction in inventories to the level of 31 December 2015 is also planned, which will be supported by a temporary reduction in production. This is expected to have a positive effect on operating liquidity in Q1 2017 at the latest.



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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

Phone: +49 30 69 59 79-231

Fax: +49 30 69 59 79-650

