

eluméo

Company presentation
@ Meet the Founders

December 2015

One of the leading electronic jewelers in Europe

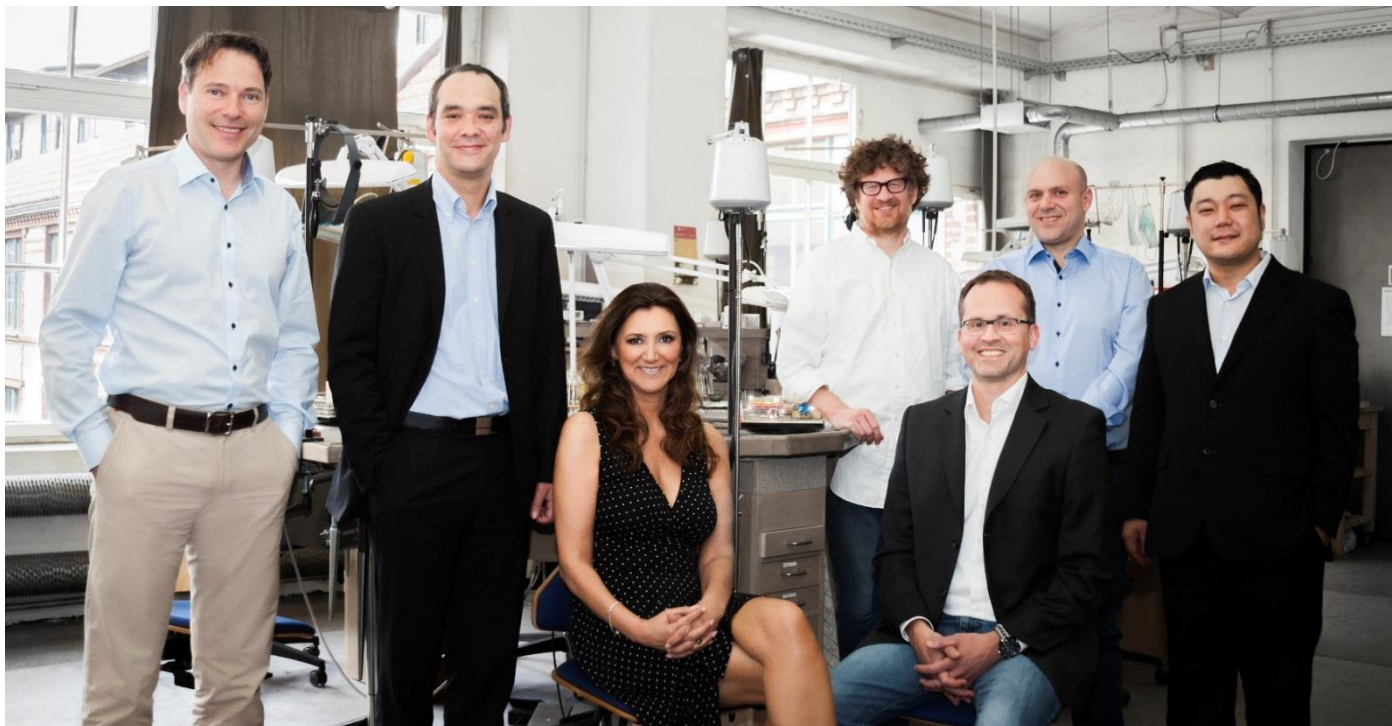


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Management team: more than 70 years of combined professional experience



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



Table of contents

1 elumeo at a glance

2 Highlights in H2 2015

3 Financials

4 Outlook Q4 2015 and 2016

5 Points of contact

6 Appendix



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 ⁽¹⁾	2014 ⁽²⁾	CAGR 09-14
Revenues (€m)	19.2	70.8	29.8%
Products sold ⁽³⁾	291k	947k	26.6%
Active customers ⁽³⁾⁽⁴⁾	35k	97k	22.6%
Unique visitors	237k	2,015k	53.4%
Countries	1	8	

elumeo's success story

2008

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

2010/11

- UK acquired
- Italy launched

2012

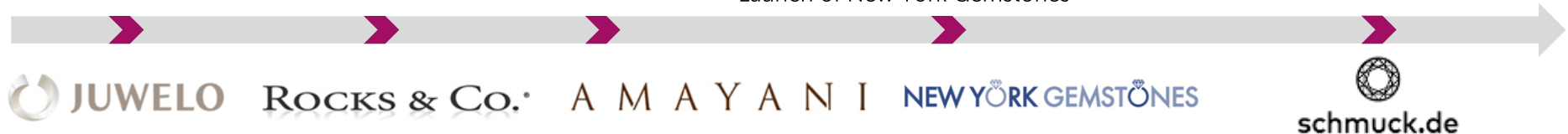
- France launched (eCommerce platform)

2014

- Formal merger⁽⁵⁾ creating elumeo SE
- Spain and Netherlands launched (eCommerce platforms)
- Launch of Bidding agent in France
- Launch of Samsung Smart TV App in Germany
- Launch of Mobile App in Germany
- Launch of New York Gemstones

2015

- Webshop Belgium
- Website USA
- Schmuck.de acquired
- Juwelo France S.A.S formed
- Mobile App across Europe
- TV APPs on multiple platforms
- New JAHDO Collection



(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 has recovered after weak 9M results



- 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
- Continued recovery since then, in particular after publication of 9M figures

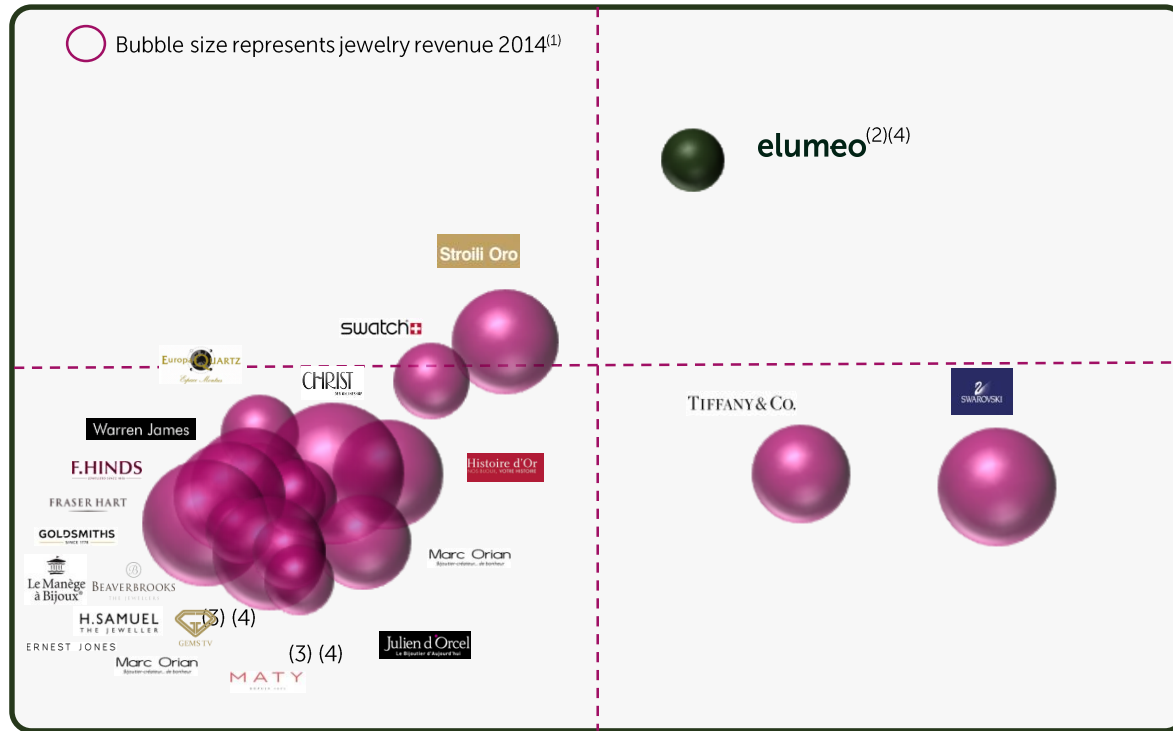
Source: Frankfurt Stock Exchange



Huge transformation opportunity ahead

The top 20 players in the European market for fine jewelry

2009-2014 jewelry revenue CAGR⁽¹⁾



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

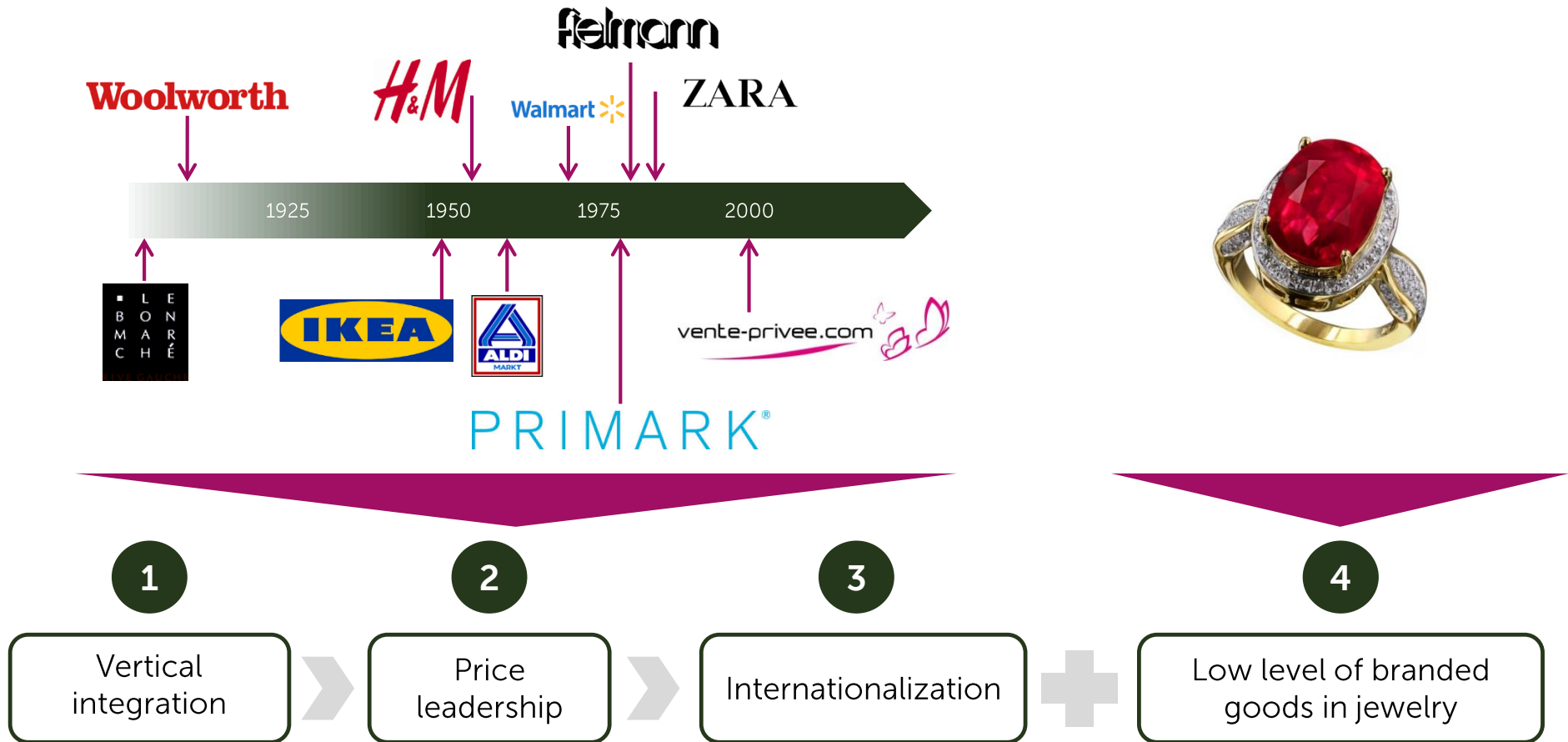
(1) Top 20 European jewelry retailers according to Euromonitor (Real jewelry only excluding high-end segment such as Cartier or Bulgari). Based on 2014 revenues, 2014 estimated by elumeo's management based on 2013 revenues and historical growth; (2) elumeo added by elumeo's management, 2009 and 2014 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

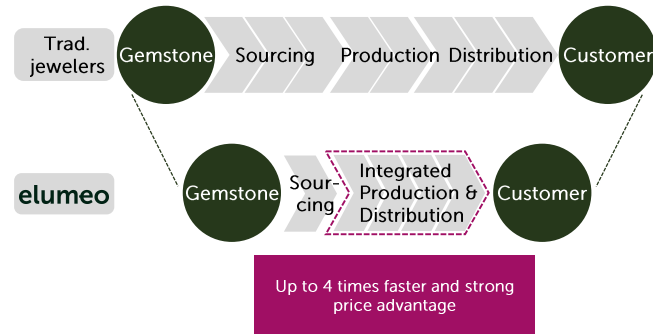
Lessons learned from innovation in retail

70-80 % of market non branded



Three pillars provide strong competitive advantages

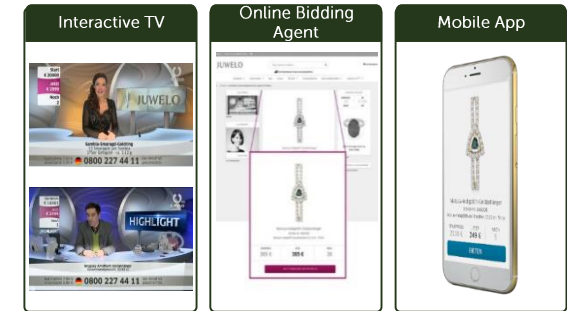
Vertically integrated and scalable value chain



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

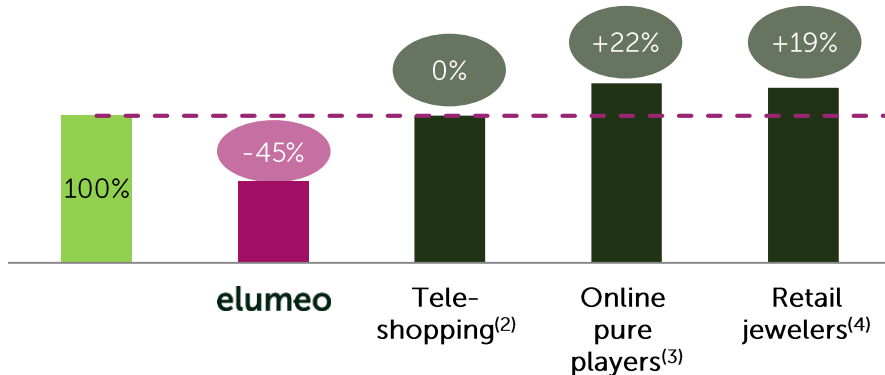


elumeo makes fine jewelry an affordable luxury for everyone

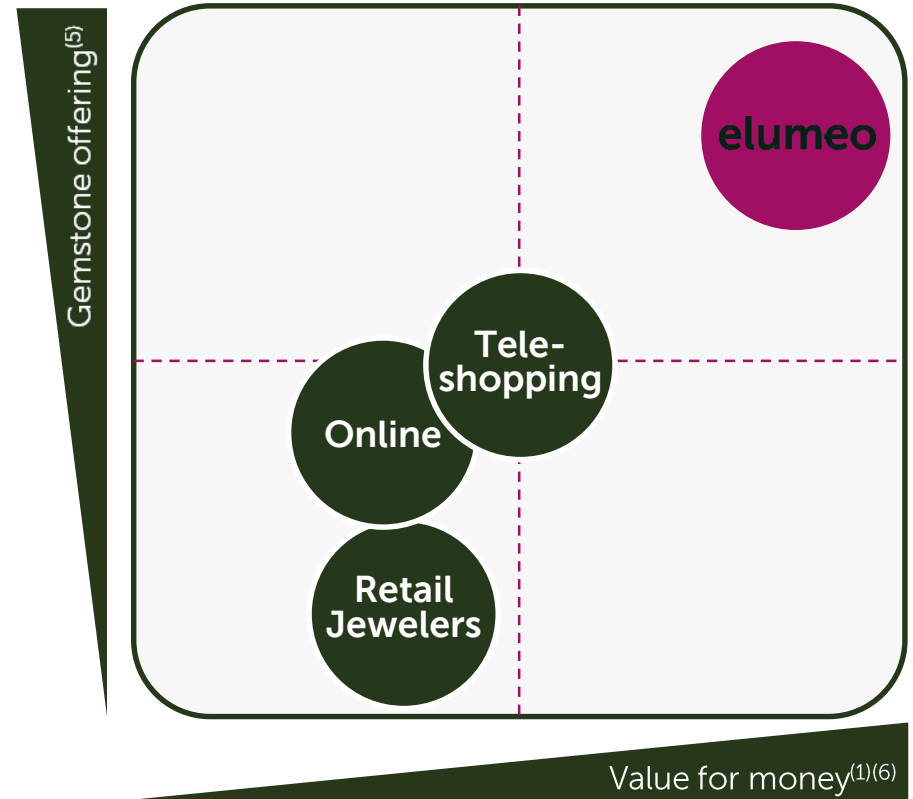
Sample product portfolio



Most competitive product price range⁽¹⁾



Positioning towards affordable luxury

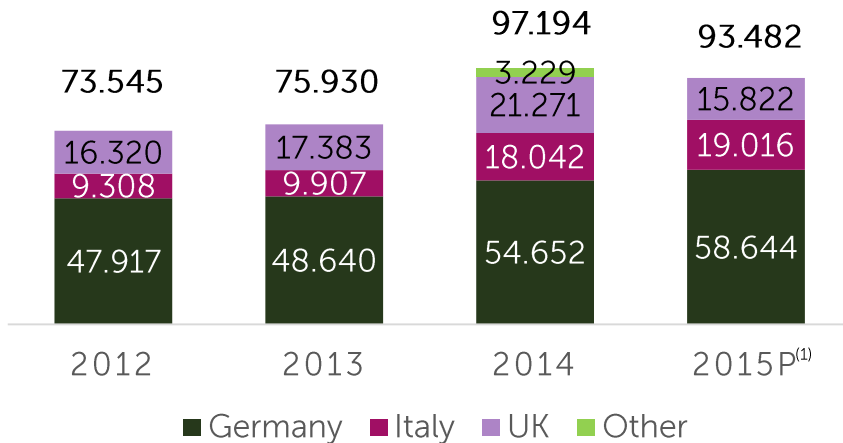


(1) Based on elumeo's market observations between Nov-14 and May-15. Based on the average variance of each item of a selection of 12 comparable jewelry items to the average price of this selection; (2) HSE24, QVC and GEMS TV; (3) Amazon.de, Rakuten.de and Valmano.de; (4) Include Berlin branches of Christ, 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)

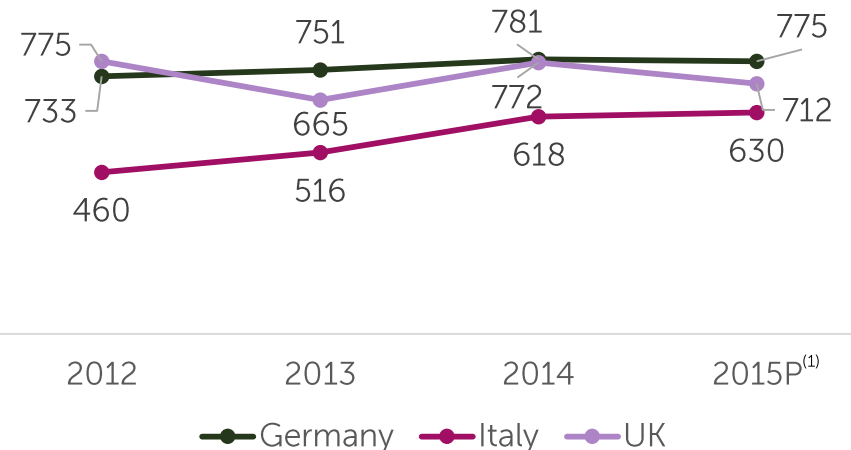


Great value for money creates superbly loyal customers

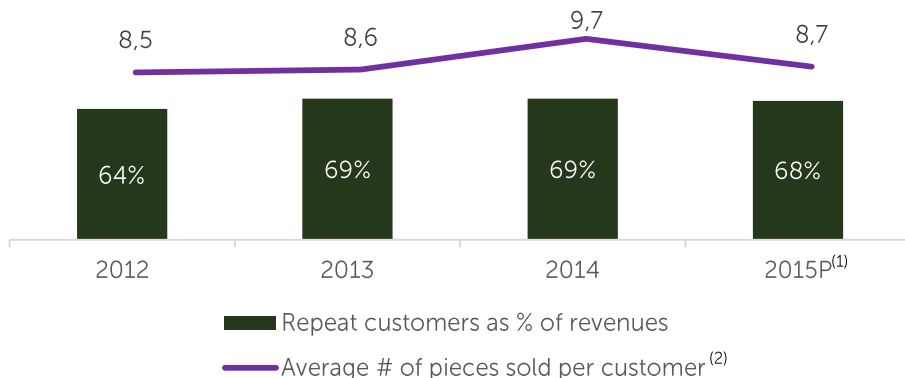
Active Customers 2012-15



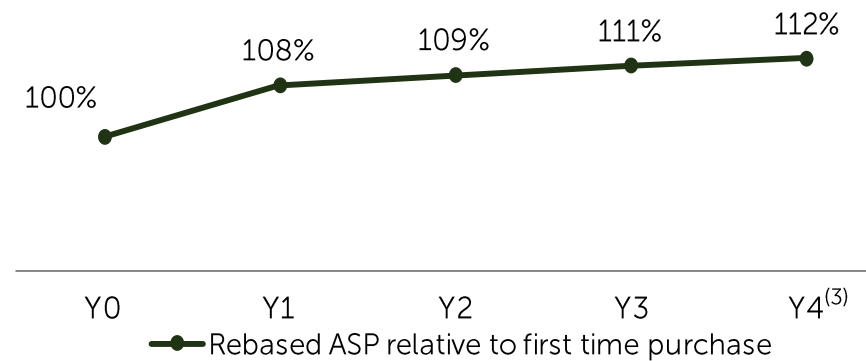
Revenue per Customer 2012-15 (€)



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



Vertically integrated and scalable business model driving up profitability

3rd party providers

Purchase & Cut

- Advantageous long-term contacts to mines worldwide



In-house operations

Design & Manufacture

- Factory building in Thailand meeting certified TÜV standard



Distribution & Sales

- Effective direct reach to end-consumers using an entertaining and interactive broadcasting format

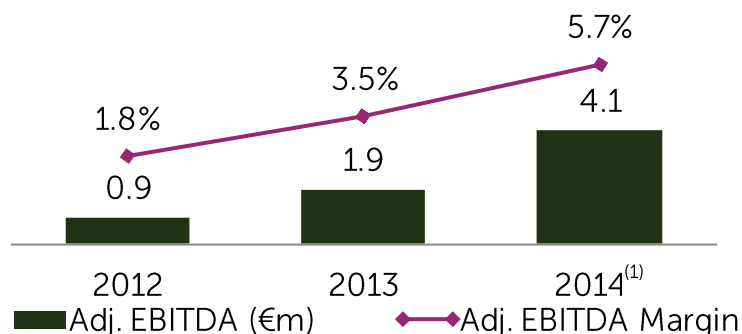


IT Infrastructure

- Strong purpose built backbone functions supporting CRM, Merchandising, etc.
- Critical systems in-house

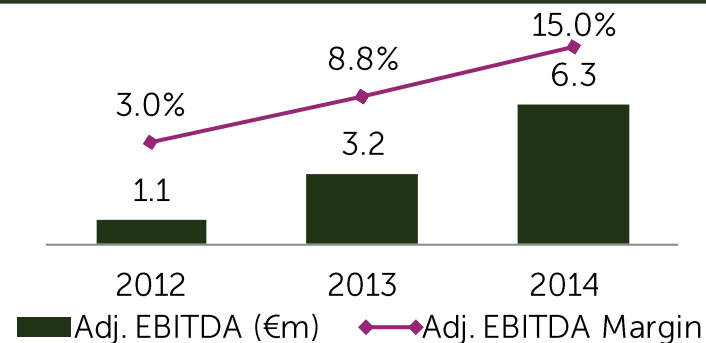
elumeo Group

elumeo's group Adjusted EBITDA



elumeo Germany

Germany's Adjusted EBITDA



(1) Company calculation reflecting EBITDA including COGS at production prices



Strategy

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



Table of contents

1 elumeo at a glance

2 Highlights in H2 2015

3 Financials

4 Outlook Q4 2015 and 2016

5 Points of contact

6 Appendix



elumeo made progress on all three strategic areas in H2 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
- Website USA
- Schmuck.de acquired
- Webshop USA (90%)
- Juwelo France S.A.S. formed
- Webshop Scandinavia (70%)



Initiatives to enhance the cost leadership

New factory in Chanthaburi (Thailand)



- The factory building has been completed and all equipment installed
- Officially opening on November 16 followed by a gradual move of the existing factory into the new premises
- 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

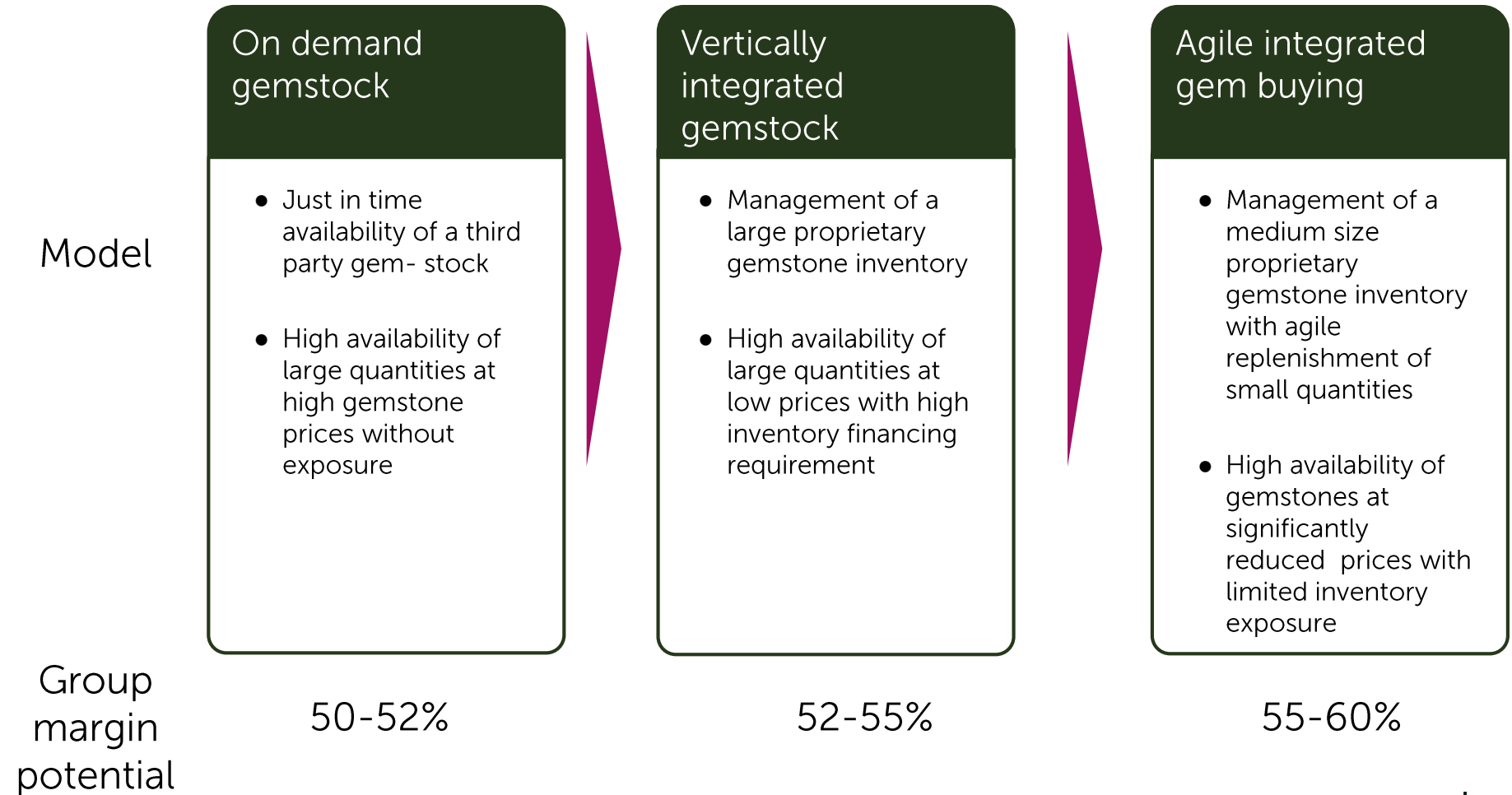
Automated warehouses in GER and the UK



- Fully automated commissioning systems in our warehouses in Germany and the UK implemented in Sep/Oct 2015
- We have refined our vertically integrated value chain model by reducing our fulfillment costs through automated logistics
- These new systems will increase efficiency across production and shipping of our products to the end customer and reduce friction and human error



Agile integrated gemstone-buying: In Q3 2015 elumeo has driven integration one level further



Customer experience has been enhanced in Germany and multiple Apps launched all across Europe

Free calling

In order to ease the telephone access to Juwelo, we have reintroduced free calling for mobile phone customers and have unified the telephone numbers for the DACH region

Germany: 0800 227 44 11 / 030 223 899 00
 Austria: 0800 221 227 / +49 30 22389900
 Switzerland: 00800 410 40000 / +49 30 22389900

Unified number: 0800 2020 260

Startprice

In order to increase credibility with potential customers, we have reduced the startprices by 60%

Startpreis € 7999	Startpreis € 699
Jetzt 299	Jetzt 299
Noch 3	Noch 1

New payment

Direct Debit
 Invoice
 Installments

Smart TV Apps

SAMSUNG
 HbbTV
 amazon fireTV
 androidtv

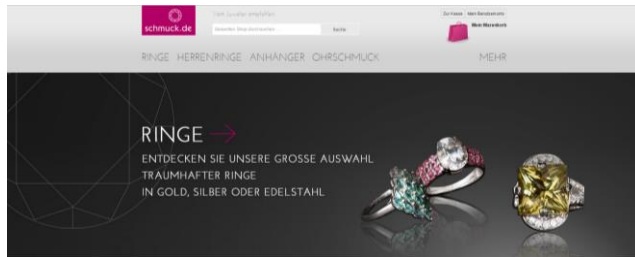
Mobile phone Apps

Item	Startpreis	Jetzt	Noch	Country
Anello in argento con Topazio Marabala	3365 €	673 €	1	Italy
Anillo en oro con Tanzanita	41607 €	9300 €	1	Spain
Bague en or et Tanzanite AAA	41607 €	9300 €	1	Netherlands
Gouden ring met een robijn	5129 €	1100 €	1	France



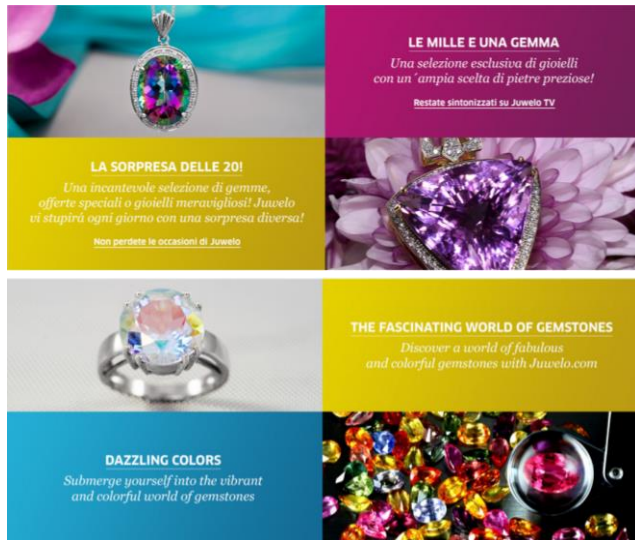
elumeo has expanded its offering in many dimensions

JÄHDÜ
designed by Johanna Joop



- New line JÄHDÜ developed in cooperation between Juwelo and Johanna Joop and presented by Germany's most famous jewelry designer Jette Joop in special, dedicated shows on television and in the webshop

- Acquisition of domain schmuck.de effective 01 October 2015 will increase online presence in Germany by offering an extended product range designed to appeal to the younger generation



- Webshop launches of Juwelo.com and Juwelo.it are expected in Q4 2015
- Juwelo.com will be operated by our 100% US subsidiary Juwelo USA, Inc.
 - Legal entity has been founded
 - Partnering with eFulfillment Service, Inc., a leading and award-winning eCommerce fulfillment center in the US
- Web shop juwelo.it will be operated by Juwelo Italia S.r.L.



Table of contents

1 elumeo at a glance

2 Highlights in H2 2015

3 Financials

4 Outlook Q4 2015 and 2016

5 Points of contact

6 Appendix



Summary of preliminary Q3 results

Group's total sales for the nine-months period in 2015 increased by around 8% to EUR 54.1 million after EUR 50.0 million in 2014

- Following the relocation of the UK activities from Leamington Spa to Birmingham the UK warehouse faced a number of technical issues. This resulted in a large-scale and unexpected unavailability of products impacting sales for the months of September and October. Since November sales have reached the previous levels
- In a move to raise margins for newly produced product by raising Average Selling Prices (ASPs) we have experienced an expected short-term reduction in sales volumes. In Q4 2015 the sales volumes have started to get back to the previous growth trajectory

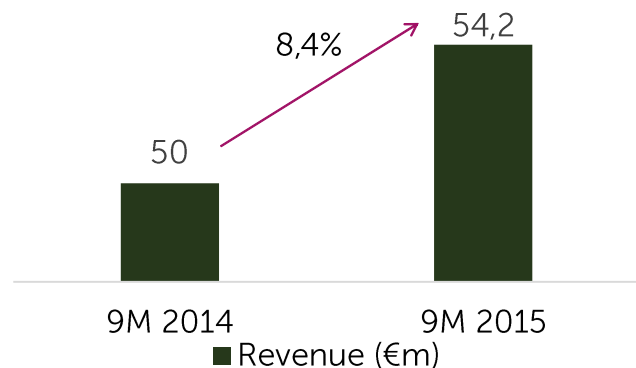
Following the implementation of our new gemstone acquisition model, we have been able to raise group margins for our new products significantly, thus increasing our potential for gross margin in Q4 and 2016.

- Q3 2015 margins will not yet fully reflect this change due to existing legacy product

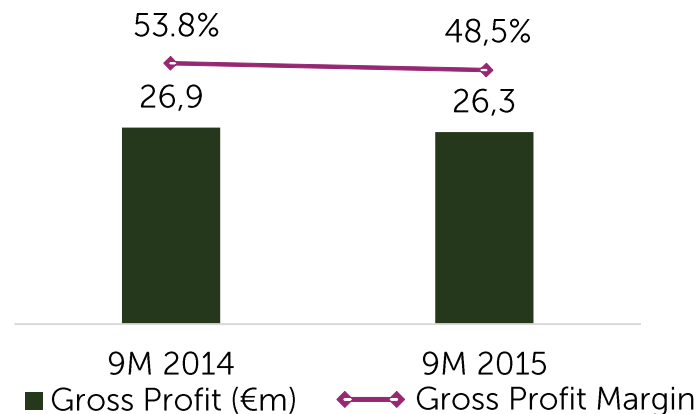


9M 2015 vs. 9M 2014 performance – Overview

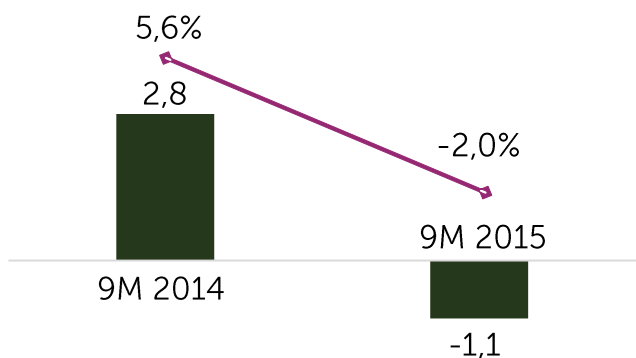
Revenues



Gross profit



Adjusted EBITDA and margin



Comments

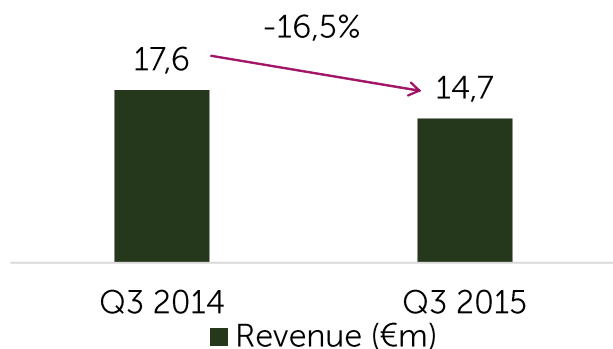
- Total increase in sales of 8.4% and in pieces sold of 16.0% in 9M 2015 compared to 9M 2014
- Share of new customers for Germany from web-only increased from 25% in 9M 2014 to 46% in 9M 2015
- Significant drop in high-margin revenues in UK
- High rate of high-value sales at low margins in Germany

Source: Derived from elumeo's internal systems, unaudited

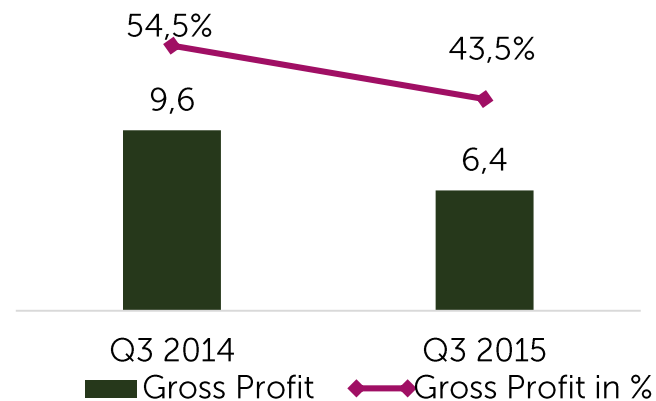


Q3 2015 vs. Q3 2014 performance – Overview

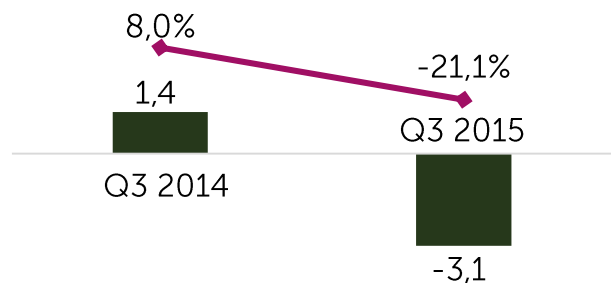
Revenues



Gross profit



Adjusted EBITDA and margin



Comments

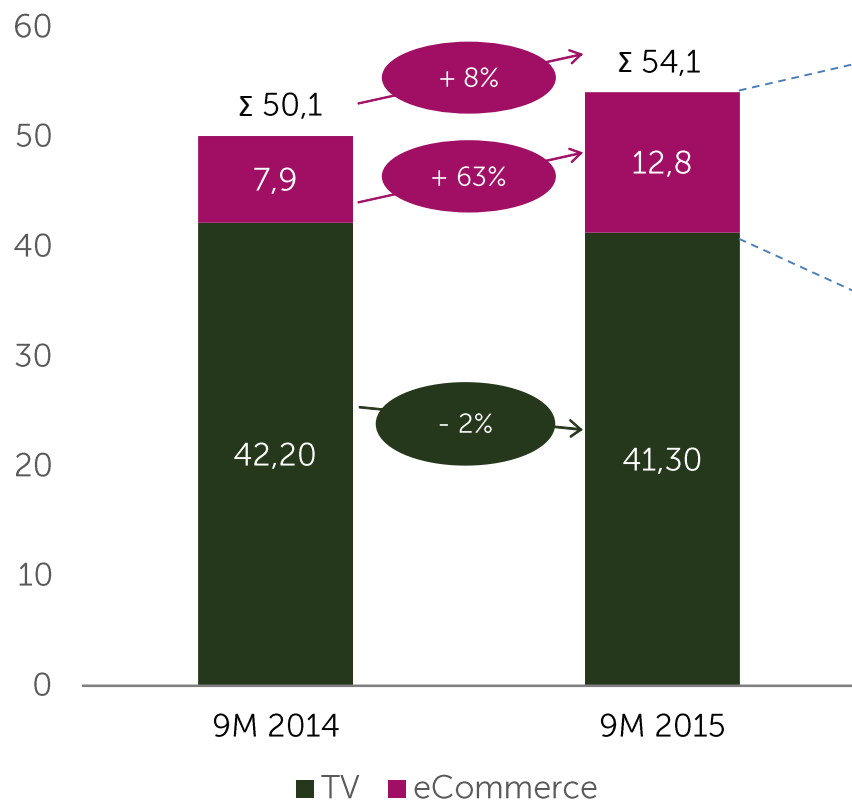
- Decrease of 16.5% in revenues and of 20% in pieces sold in Q3 2015 compared to Q3 2014
- Share of new customers for Germany from web-only increased from 30% in Q3 2014 to 47% in Q3 2015
- Significant drop in high-margin revenues in UK
- High rate of high-value sales at low margins in Germany

Source: Derived from elumeo's internal systems, unaudited

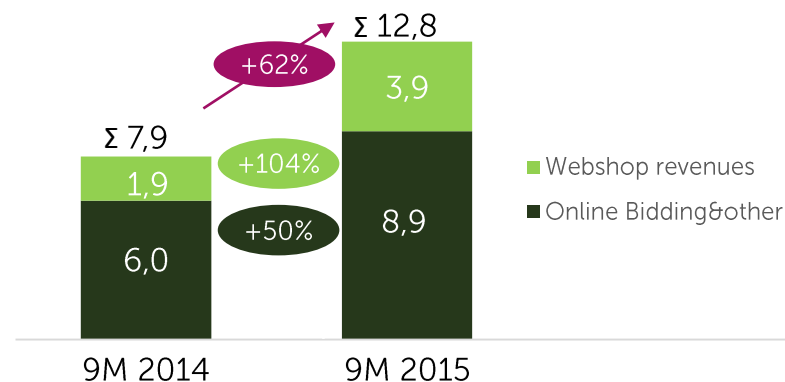


eCommerce continues to show highest growth-rates

Revenue in EURm



Development of European eCommerce (€ Mn.)



Key facts

- elumeo's continued investment into eCommerce has resulted in an increase of revenues in this field
- Juwelo.de has been the largest contributor in sales. Juwelo.fr, Juwelo.es and Juwelo.nl have shown promising growth rates
- The launch of juwelo.it and juwelo.com is proceeding according to plan and should be completed before the end of 2015

Source: Derived from elumeo's internal systems, unaudited



Table of contents

1 elumeo at a glance

2 Highlights in H2 2015

3 Financials

4 Outlook Q4 2015 and 2016

5 Points of contact

6 Appendix



Q4 2015 and 2016 Outlook

Following a large number of sales initiatives the outlook for Q4 2015 and into 2016 is positive

- Introduction of the JAHDO line designed by Johanna Joop
- Relaunch of the webshop in the United Kingdom
- Launch of a new webshop in Italy
- Increased distribution 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 in these products increases. Currently the gross margin achieved with the new products is slightly above 57%



Table of contents

1 elumeo at a glance

2 Highlights in H2 2015

3 Financials

4 Key investment highlights

5 Points of contact

6 Appendix





5 Points of contact

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Table of contents

1 elumeo at a glance

2 Highlights in H2 2015

3 Financials

4 Key investment highlights

5 Points of contact

6 Appendix



Profit and Loss Statement

	Q3 2015		Q3 2014		01.01. - 30.09.2015		01.01. - 30.09.2014	
Revenue	14.683	100%	17.586	100%	54.164	100%	50.038	100%
Cost of goods sold	8.272	56,3%	8.022	45,6%	27.909	51,5%	23.095	46,2%
Gross profit	6.411	43,7%	9.564	54,4%	26.256	48,5%	26.944	53,8%
Selling expenses	7.232	49,3%	6.776	38,5%	20.871	38,5%	19.719	39,4%
Administrative expenses	2.448	16,7%	2.766	15,7%	7.586	14,0%	7.023	14,0%
Other operating income	34	0,2%	13	0,1%	89	0,2%	1.547	3,1%
Other operating expenses	766	5,2%	88	0,5%	940	1,7%	273	0,5%
Earnings before interest and taxes (EBIT)	-4.002	-27,3%	-52	-0,3%	-3.051	-5,6%	1.476	2,9%
Interest income	1	0,0%	0	0,0%	4	0,0%	3	0,0%
Interest and similar expenses	-95	-0,7%	-0	0,0%	-226	-0,4%	-0	0,0%
Financial result	-95	-0,6%	-0	0,0%	-222	-0,4%	3	0,0%
Earnings before income taxes (EBT)	-4.097	-27,9%	-52	-0,3%	-3.273	-6,0%	1.479	3,0%
Income tax	726	4,9%	316	1,8%	439	0,8%	90	0,2%
Earnings for the period	-3.370	-23,0%	264	1,5%	-2.834	-5,2%	1.569	3,1%



Adjusted EBITDA

EBITDA (before special influences)	-3.765	-25,6%	136	0,8%	-2.424	-4,5%	1.984	4,0%
Effects from foreign currency translation	-131	-0,9%	826	4,7%	271	0,5%	872	1,7%
Directly attributable transaction cost recognised as expenses as well as other IPO and restructuring related expenses	537	3,7%	88	0,5%	711	1,3%	273	0,5%
Equity-settled share-based remuneration	69	0,5%	0	0,0%	69	0,1%	0	0,0%
Extraordinary expenses attributable to relocation of R&C	229	1,6%	0	0,0%	229	0,4%	0	0,0%
Income from TV production services	0	0,0%	-8	0,0%	0	0,0%	-705	-1,4%
Selling and administrative expenses for the provision of TV production services	0	0,0%	322	1,8%	0	0,0%	1.230	2,5%
Income from the release of the negative goodwill from the acquisition of PWK	0	0,0%	0	0,0%	0	0,0%	-805	-1,6%
Income relating to past accounting periods	0	0,0%	0	0,0%	0	0,0%	-19	0,0%
Special influences	704	4,8%	1.228	7,0%	1.280	2,4%	846	1,7%
Adjusted EBITDA	-3.060	-20,8%	1.363	7,8%	-1.144	-2,1%	2.830	5,7%



Balance sheet

ASSETS

EUR thousand	30 Sep 2015	31 Dec 2014
Non-current assets		
Intangible assets	1.045	727
Property, plant and equipment	9.637	2.286
Receivables due from related parties	0	74
Other financial assets	490	388
Other non-financial assets	2.005	509
Deferred tax assets	2.787	2.167
Total non-current assets	15.964	6.152
Current assets		
Inventories	38.542	21.419
Trade receivables	3.568	1.961
Receivables due from related parties	558	635
Other financial assets	177	77
Other non-financial assets	3.973	2.170
Cash and cash equivalents	16.306	2.431
Total current assets	63.123	28.694
Total assets	79.087	34.846



Balance sheet

EQUITY & LIABILITIES

EUR thousand	30 Sep 2015	31 Dec 2014
Equity		
Issued capital	5.500	4.000
Retained earnings	16.202	19.037
Net assets attributable to shareholders	0	0
Foreign currency translation reserve	698	1.489
Total equity	55.058	24.525
Non-current liabilities		
Financial debt	11.773	0
Trade payables	45	0
Other non-current financial liabilities	299	176
Provisions	431	365
Other non-financial liabilities	25	25
Sum non-current liabilities	12.574	566



Balance sheet

EQUITY & LIABILITIES

EUR thousand	30 Sep 2015	31 Dec 2014
Current liabilities		
Financial debt	1.014	0
Other financial liabilities	104	10
Provisions	87	320
Liabilities due to related parties	53	9
Trade payables	8.535	7.342
Tax liabilities	0	117
Other non-financial liabilities	1.662	1.957
Sum current liabilities	11.455	9.755
Total equity & liabilities	79.087	34.846



Cash Flow Statement

EUR thousand	1 Jan - 30 Sep 2015	1 Jan - 31 Dec 2014
Earnings before interest and taxes (EBIT)	-3.051	+2.513
+/- Depreciation and amortisation on non-current assets	627	696
+/- Increase/decrease in provisions	-167	290
+/- Equity-settled share-based payments	69	0
+/- Other non-cash expenses/income	-861	118
+/- Loss/gain on disposal of non-current assets	0	-6
+ Proceeds from interest income	1	6
- Interest expenses paid	-232	-3
+ Proceeds from income tax	6	14
- Income tax paid	-1.998	-5
-/+ Increase/decrease in inventories	-17.123	-10.792
-/+ Increase/decrease in other assets	-2.823	2.169
+/- Increase/decrease in other liabilities	1.088	3.634
= Cash flow from operating activities	-24.463	-1.366



Cash Flow Statement

EUR thousand	1 Jan - 30 Sep 2015	1 Jan - 31 Dec 2014
- Payments for investments in intangible assets	-393	-751
- Payments for investments in property, plant and equipment	-8.274	-935
+ Proceeds from sale of intangible assets		
and property, plant and equipment	1	11
+ Proceeds from acquisition of subsidiaries		
(including cash and cash equivalents)	0	16
= Cash flow from investing activities	-8.665	-1.659
+ Proceeds from increase in financial debt	12.787	0
+ Proceeds from increase in financial liabilities	4	62
+ Proceeds from capital increases of shareholders	34.088	120
-/+ Other proceeds from shareholders	0	3.488
= Cash flow from financing activities	+46.880	+3.670
= Cash and cash equivalents on end of reporting period	+16.306	+2.431

