

eluméo

Half year 2017 financial presentation
10 August 2017

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



Table of contents

1 Highlights in H1 2017

2 Financials

3 Outlook

4 Points of contact



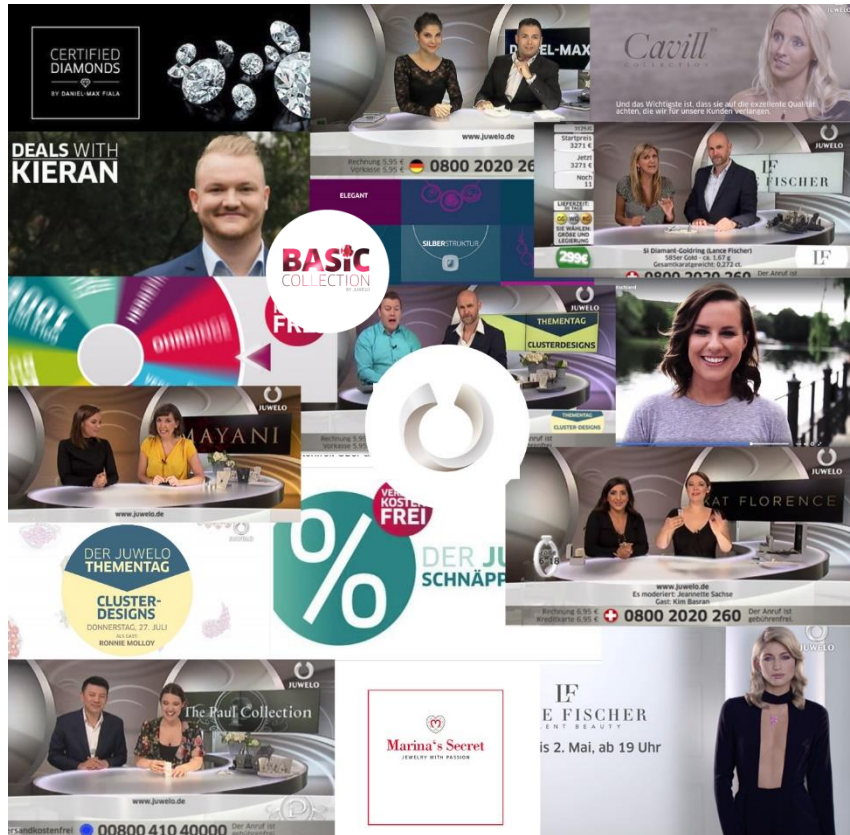
Highlights in Q2 2017

- 1 Growth in continental Europe with lower operational cost
- 2 The newly developed B2B-Segment grew strongly in the second quarter
- 3 eCommerce sales continue to grow in continental Europe and USA
- 4 Segment EBITDA in Q2 TEUR -379. Strong EUR led to positive FX-effect in Q2 with a positive EBITDA of TEUR 431
- 5 elumeo SE has improved profitability significantly and expects to continue growing profitability in the remaining two quarters

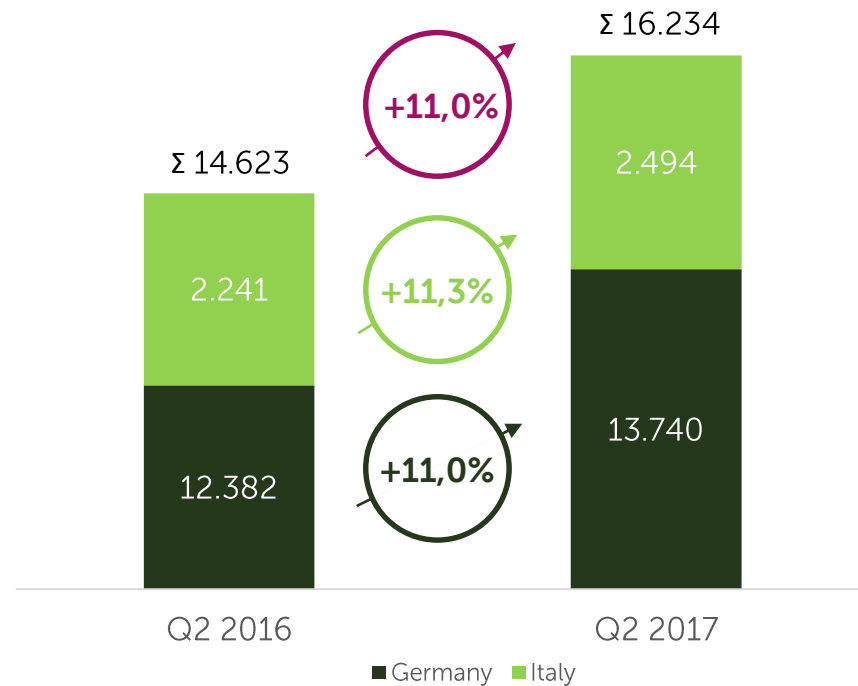


Germany and Italy are back on track

Recently introduced new formats and sales initiatives



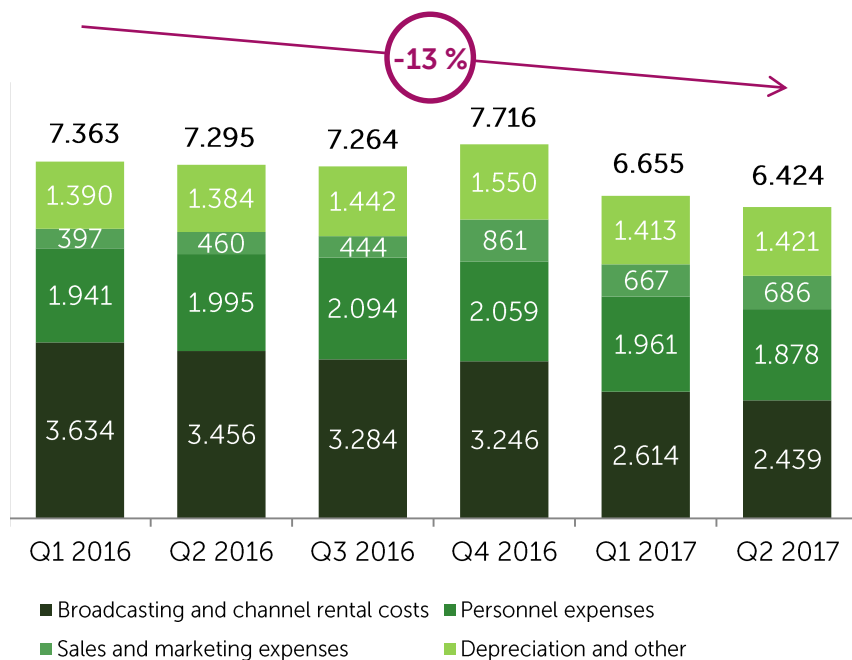
Revenue Development Germany and Italy (€)¹⁾



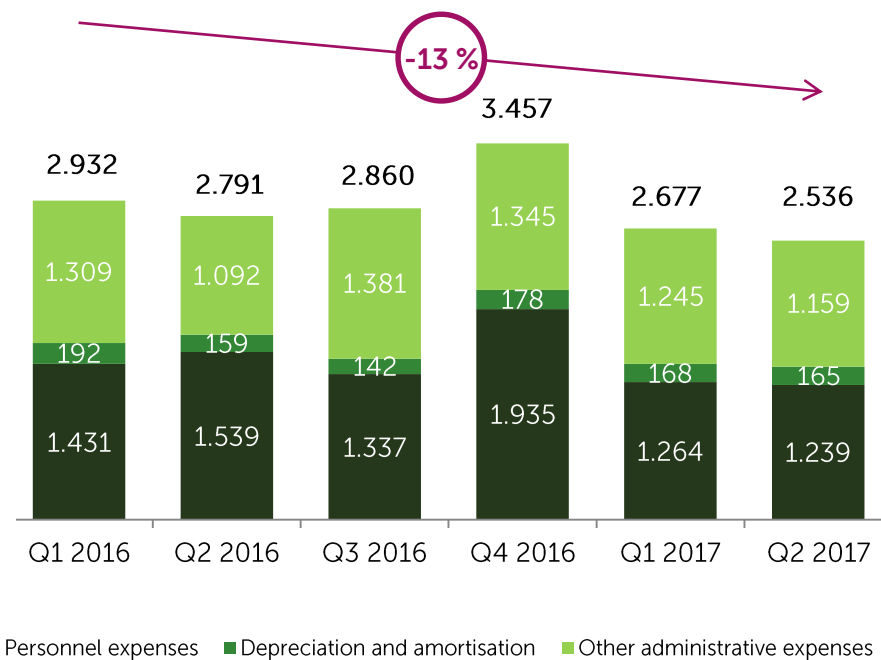
(1) Unaudited
Source: Quarterly release Q2 2017, unaudited

Cost of operations continue to fall in Q2

Selling Expenses



Administrative Expenses ⁽¹⁾



(1) Excluding SOP related cost and foreign currency translation

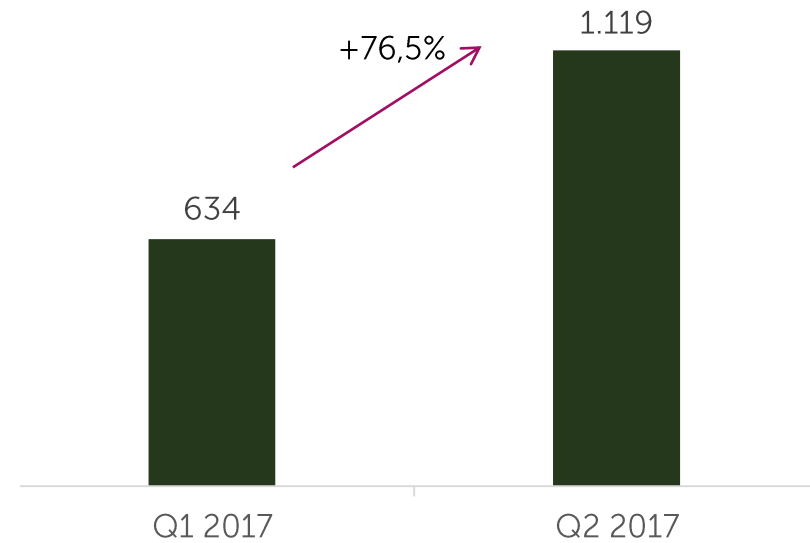


The newly introduced B2B business shows great growth

Dedicated jewelry collections



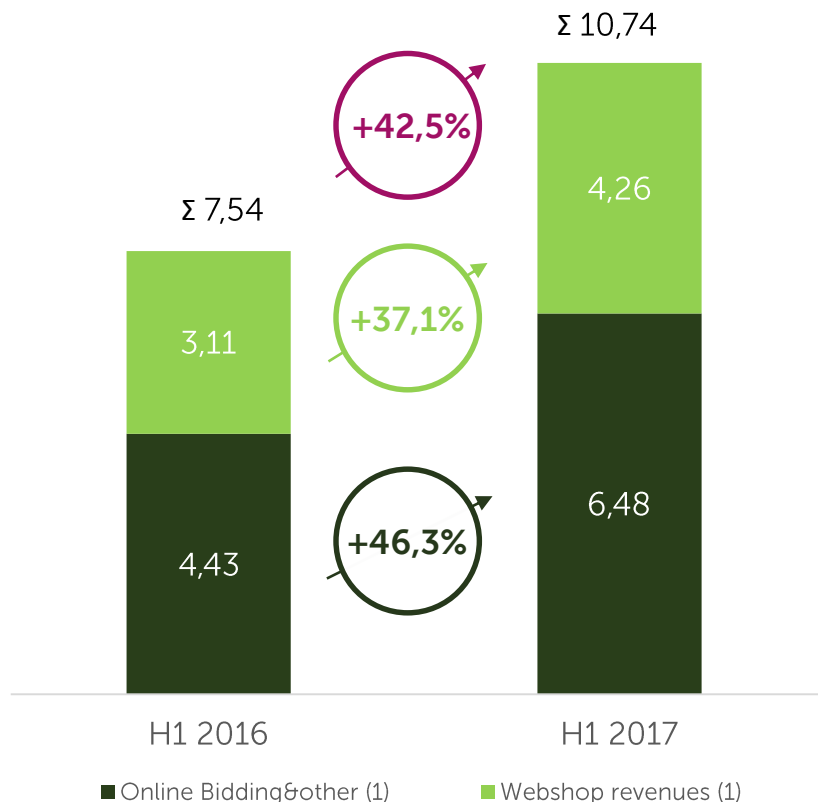
Revenue Development (€ '000)



eCommerce continues to show highest growth-rates

Development of continental 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 56% in Q2 2016 to 59% in Q2 2017⁽¹⁾
- Share of eCommerce sales increased from 32,7% in H1 2016 to 36,6% in H1 2017
- eCommerce sales in the UK dropped mainly due to lower revenues from personal shopping but are in line with overall reduction of business volume

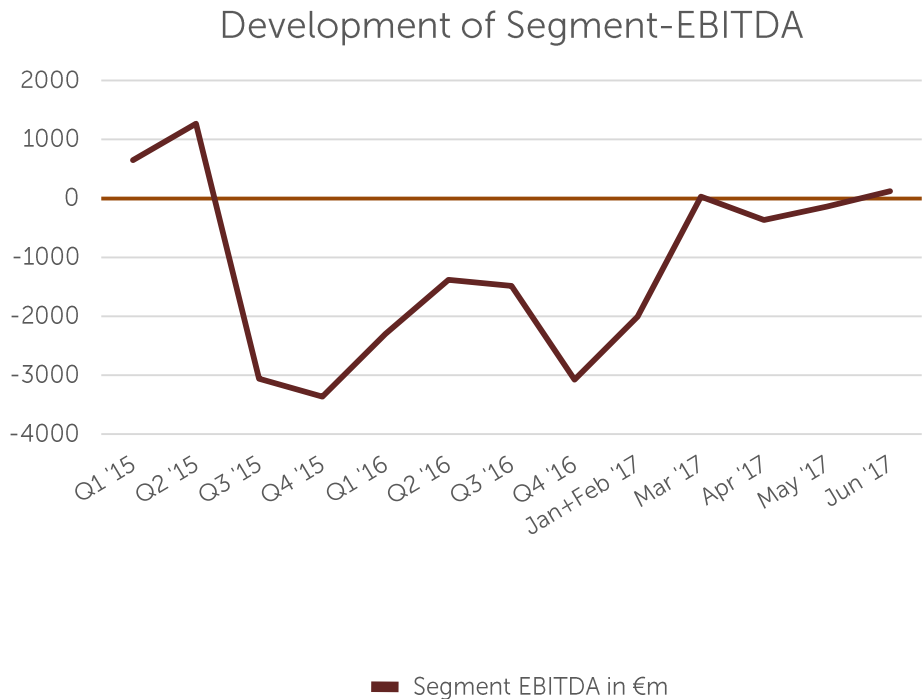
(1) Unaudited
Source: Quarterly release Q2 2017, unaudited



elumeo has returned to profitability as expected

Development Segment EBITDA

Key Highlights



- After challenging results in 2015/2016 elumeo SE shows significantly improved profitability in H1 2017 again
- Significant reduction in operating costs in all major sales territories and in Overhead
- B2B activities improved in Q2 2017 versus Q1 2017 and expect to grow further in H2 2017



Table of contents

1 Highlights in Q1 2017

2 Financials

3 Outlook

4 Points of contact



Summary of H1 2017 results

Group's total sales for H1 2017 increased by 3% to EUR 36.3 million after EUR 35.2 million in H1 2016

- Germany with strong growth of 19% in H1 2017 while still double digit growth in Q2 with 11% against the respective prior year period. New programming schedules have driven revenues and margins and have been very well received by German customers
- Italy back on growth path with 11% in Q2 2017 against Q2 2016. New programming schedules and guest shows driving revenues and margins and start being accepted by Italian customers.
- United Kingdom showed decline in revenues in Q2 2017 as expected. Costs have been significantly reduced leading to improved results overall. Further steps needed to return to profitability in the United Kingdom.
- B2B Business in the US showed strong growth in Q2 2017 versus Q1 2017 from TEUR 634 to TEU 1.119

Gross margin Q2 2017 with 42,5% improved compared to Q2 2016 with 40,3% and Q1 2017 with 38.4%.

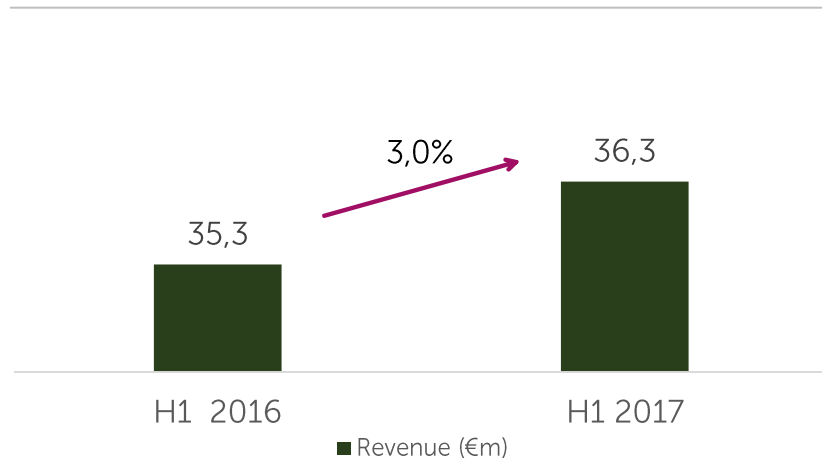
Strong EUR caused FX gains of TEUR 895 leading to a positive EBITDA of TEUR 431

Source: Annual Report, audited

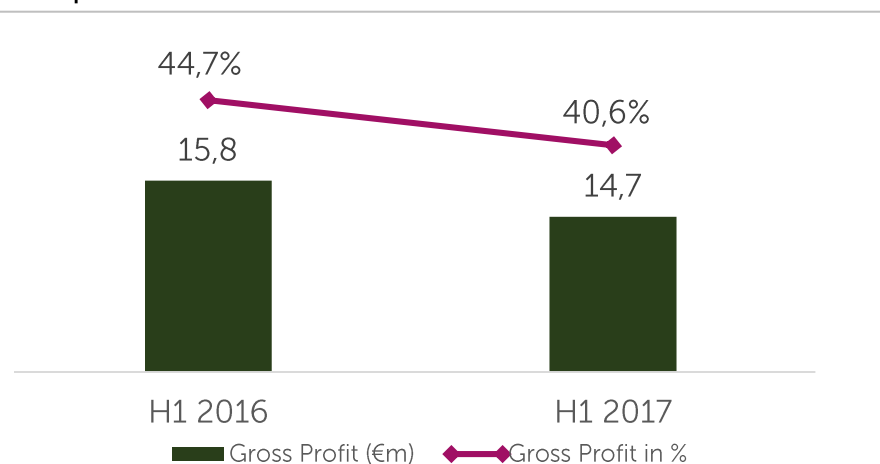


H1 2017 vs. H1 2016 performance – Overview

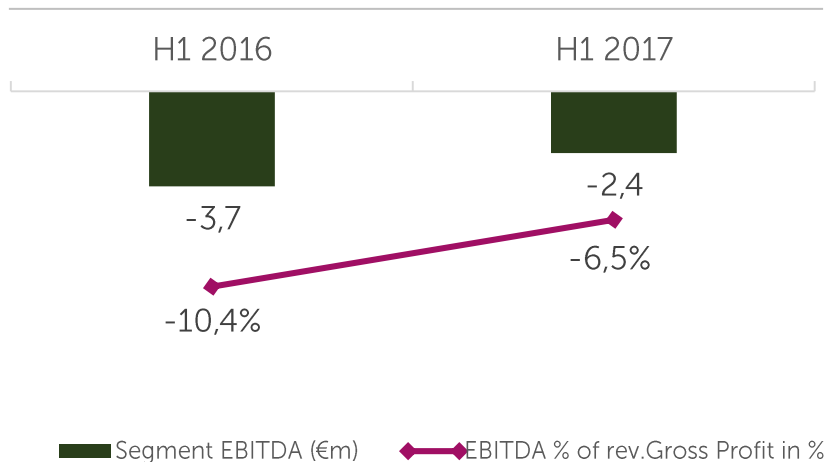
Revenues



Gross profit



Total-Segment-EBITDA and margin



Comments

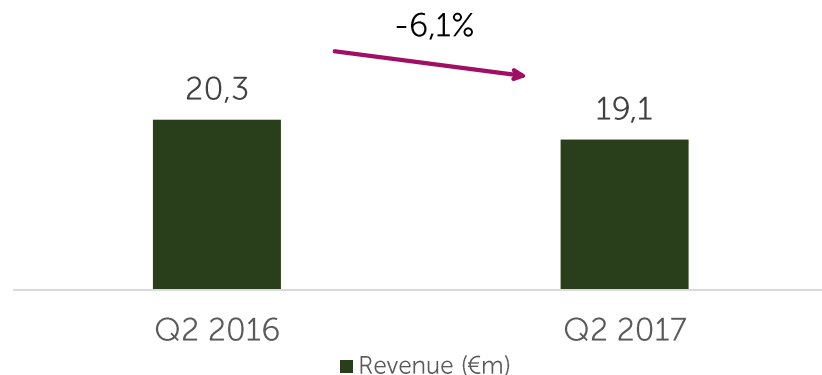
- Germany shows strong growth in H1 2017
- Italy after a period of declining revenues back on growth path again
- UK after strong sale in Q1 2017 now shows declining revenues due to reduced TV-distribution
- %-margin in H1 2017 lower due to strong sale in UK in Q1 2017 and a strong Q1 2016 with a >50% margin (repositioning of price points)

Source: Annual Report, audited

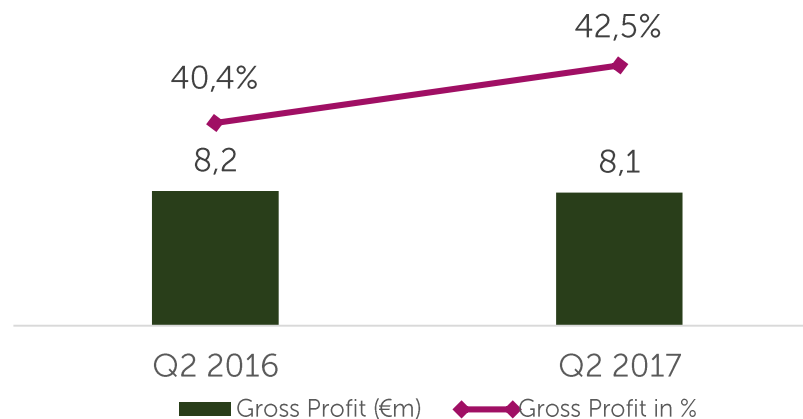


Q2 2017 vs. Q2 2016 performance – Overview

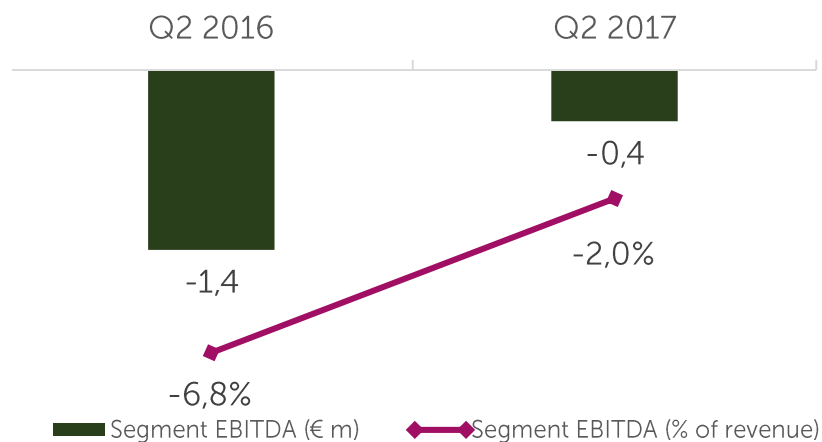
Revenues



Gross profit



Total-Segment-EBITDA and margin



Source: Annual Report, audited

Comments

- Sales in Q2 driven by good performance of Germany and Italy. United Kingdom declined as expected. B2B shows good growth in Q2 2017 versus Q1 2017
- Gross margin in Q2 2017 slightly improved due to higher share of self-produced jewelry compared to Q2 2016
- Cost-reductions show positive impact on the improved Total-Segment-EBITDA



Consolidated Income Statement

EUR thousand % of revenue	Note	Q2 2017		Q2 2016		QoQ in %	1 Jan - 30 Jun 2017		1 Jan - 30 Jun 2016		HoH in %
Revenue	(4.)	19.087	100,0%	20.323	100,0%	-6,1%	36.319	100,0%	35.253	100,0%	3,0%
Cost of goods sold	(5.)	10.975	57,5%	12.122	59,6%	-9,5%	21.581	59,4%	19.482	55,3%	10,8%
Gross profit		8.112	42,5%	8.201	40,4%	-1,1%	14.738	40,6%	15.772	44,7%	-6,6%
Selling expenses	(6.)	6.424	33,7%	7.295	35,9%	-12,0%	13.078	36,0%	14.658	41,6%	-10,8%
Administrative expenses	(7.)	2.040	10,7%	4.237	20,8%	-51,8%	5.427	14,9%	7.876	22,3%	-31,1%
Other operating income	(8.)	360	1,9%	72	0,4%	396,4%	664	1,8%	84	0,2%	691,7%
Earnings before interest and taxes (EBIT)		8	0,0%	-3.259	-16,0%	100,3%	-3.103	-8,5%	-6.679	-18,9%	53,5%
Interest income		0	0,0%	1	0,0%	-79,0%	0	0,0%	1	0,0%	-79,1%
Interest and similar expenses		-164	-0,9%	-145	-0,7%	-12,7%	-330	-0,9%	-285	-0,8%	-15,7%
Financial result	(9.)	-163	-0,9%	-144	-0,7%	-13,3%	-329	-0,9%	-284	-0,8%	-16,0%
Earnings before income taxes (EBT)		-155	-0,8%	-3.403	-16,7%	95,4%	-3.433	-9,5%	-6.963	-19,8%	50,7%

adjusted expenses	Q2 2017	Q2 2016	variance	
selling expenses	6.424	7.295	-871	-11,9%
admin expenses	2.562	2.791	-228	-8,2%
Adjusted SG&A	8.986	10.086	-1.100	-10,9%



Revenue split by Country

	Q2 2017		Q2 2016		QoQ	1 Jan - 30 Jun 2017		1 Jan - 30 Jun 2016		HoH
EUR thousand % of revenue from product sales					in %					in %
Germany	13.740	72,0%	12.382	61,0%	11,0%	25.402	70,0%	21.348	60,6%	19,0%
Italy	2.494	13,1%	2.241	11,0%	11,3%	4.860	13,4%	5.174	14,7%	-6,1%
United Kingdom	1.700	8,9%	4.041	19,9%	-57,9%	4.222	11,6%	6.740	19,1%	-37,4%
Other countries	1.144	6,0%	1.646	8,1%	-30,5%	1.809	5,0%	1.966	5,6%	-8,0%
Revenue from product sales	19.077	100,0%	20.310	100,0%	-6,1%	36.293	100,0%	35.227	100,0%	3,0%



Segment Report

EUR thousand % of (segment) revenue	1 Jan - 30 Jun 2017					
	Revenue		Gross profit		Segment-EBITDA	
Sales division Germany & Italy	30.288	83,4%	12.211	40,3%	-666	-2,2%
Sales division Others	6.031	16,6%	1.215	20,2%	-1.421	-23,6%
Group functions & eliminations	0	0,0%	1.311	n.a.	-267	n.a.
Total	36.319	100,0%	14.738	40,6%	-2.354	-6,5%

EUR thousand % of (segment) revenue	1 Jan - 30 Jun 2016					
	Revenue		Gross profit		Segment-EBITDA	
Sales division Germany & Italy	26.548	75,3%	11.266	42,4%	-1.843	-6,9%
Sales division Others	8.706	24,7%	3.281	37,7%	-1.543	-17,7%
Group functions & eliminations	0	0,0%	1.225	n.a.	-291	n.a.
Total	35.253	100,0%	15.772	44,7%	-3.677	-10,4%



Split of Selling expenses

EUR thousand % of revenue	Q2 2017		Q2 2016		QoQ in %	1 Jan - 30 Jun 2017		1 Jan - 30 Jun 2016		HoH in %
Broadcasting and channel rental costs	2.439	12,8%	3.456	17,0%	-29,4%	5.053	13,9%	7.090	20,1%	-28,7%
Personnel expenses	1.577	8,3%	1.633	8,0%	-3,4%	3.204	8,8%	3.220	9,1%	-0,5%
Expenses for external personnel services	301	1,6%	362	1,8%	-17,0%	635	1,7%	716	2,0%	-11,3%
Sales and marketing expenses	686	3,6%	460	2,3%	49,0%	1.353	3,7%	858	2,4%	57,7%
Depreciation and amortisation	140	0,7%	140	0,7%	0,3%	280	0,8%	282	0,8%	-0,4%
Other selling expenses	1.280	6,7%	1.244	6,1%	2,9%	2.553	7,0%	2.493	7,1%	2,4%
Selling expenses	6.424	33,7%	7.295	35,9%	-12,0%	13.078	36,0%	14.658	41,6%	-10,8%

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



Split of administrative expenses

EUR thousand % of revenue	Q2 2017		Q2 2016		QoQ in %	1 Jan - 30 Jun 2017		1 Jan - 30 Jun 2016		HoH in %
Personnel expenses	1.239	6,5%	1.539	7,6%	-19,5%	2.503	6,9%	2.970	8,4%	-15,7%
Depreciation and amortisation	165	0,9%	159	0,8%	3,6%	333	0,9%	351	1,0%	-5,2%
Equity-settled share-based payments	85	0,4%	110	0,5%	-22,0%	188	0,5%	250	0,7%	-24,8%
Losses from foreign currency translation	-608	-3,2%	1.336	6,6%	-145,5%	0	0,0%	1.903	5,4%	-100,0%
Other administrative expenses	1.158	6,1%	1.092	5,4%	6,1%	2.404	6,6%	2.401	6,8%	0,1%
Administrative expenses	2.040	10,7%	4.237	20,8%	-51,8%	5.427	14,9%	7.876	22,3%	-31,1%

- Personnel expenses decreased (cost – saving)
- Losses from foreign currency translation from Q1 2017 reversed in Q2 2017
- Other administrative expenses include
 - Rent and ancillary costs
 - Executive Board remuneration
 - Travelling expenses
 - Fees for consulting and Audit



Total-Segment-EBITDA

	Note	Q2 2017		Q2 2016		QoQ in %	1 Jan - 30 Jun 2017		1 Jan - 30 Jun 2016		HoH in %
EUR thousand % of revenue											
Total segment EBITDA		-379	-2,0%	-1.379	-6,8%	72,5%	-2.354	-6,5%	-3.677	-10,4%	36,0%
Effects from foreign currency translation	(7.)	895	4,7%	-1.336	-6,6%	167,0%	287	0,8%	-1.903	-5,4%	115,1%
Equity-settled share-based remuneration	(17.)	-85	-0,4%	-110	-0,5%	22,0%	-188	-0,5%	-250	-0,7%	24,8%
Segment reconciliation items		809	4,2%	-1.446	-7,1%	156,0%	99	0,3%	-2.153	-6,1%	104,6%
EBITDA		431	2,3%	-2.825	-13,9%	115,2%	-2.255	-6,2%	-5.831	-16,5%	61,3%
Depreciation and amortization on property, plant and equipment and intangible assets	(14.)	-422	-2,2%	-433	-2,1%	2,5%	-848	-2,3%	-848	-2,4%	0,0%
EBIT		8	0,0%	-3.259	-16,0%	100,3%	-3.103	-8,5%	-6.679	-18,9%	53,5%
Income tax	(10.)	-141	-0,7%	43	0,2%	-425,3%	-66	-0,2%	-274	-0,8%	75,9%
Financial result	(9.)	-163	-0,9%	-144	-0,7%	-13,3%	-329	-0,9%	-284	-0,8%	-16,0%
Earnings for the period		-297	-1,6%	-3.359	-16,5%	91,2%	-3.499	-9,6%	-7.237	-20,5%	51,7%



Balance sheet

ASSETS

EUR thousand % of balance sheet total	Note	30 June 2017		31 Dec 2016		Change in %
Non-current assets						
Intangible assets	(14.)	827	1,4%	925	1,5%	-10,5%
Property, plant and equipment	(14.)	10.399	17,5%	11.244	18,1%	-7,5%
Other financial assets	(16.)	507	0,9%	522	0,8%	-2,9%
Other non-financial assets	(16.)	1.937	3,3%	2.020	3,3%	-4,1%
Deferred tax assets	(22.)	1.524	2,6%	1.465	2,4%	4,0%
Total non-current assets		15.194	25,6%	16.177	26,1%	-6,1%
Current assets						
Inventories	(15.)	36.904	62,1%	38.933	62,7%	-5,2%
Trade receivables		3.820	6,4%	3.473	5,6%	10,0%
Receivables due from related parties	(25.)	227	0,4%	279	0,4%	-18,6%
Other financial assets	(16.)	81	0,1%	82	0,1%	-0,8%
Other non-financial assets	(16.)	1.725	2,9%	1.309	2,1%	31,7%
Cash and cash equivalents		1.472	2,5%	1.837	3,0%	-19,8%
		44.22				
Total current assets		9	74,4%	45.912	73,9%	-3,7%
				62.08		
Total assets		59.423	100,0%	9100,0		-4,3%



Balance sheet

EQUITY & LIABILITIES

EUR thousand % of balance sheet total	Note	30 June 2017		31 Dec 2016		Change in %
Equity						
Issued capital	(17.)	5.500	9,3%	5.500	8,9%	0,0%
Capital reserve	(17.)	34.050	57,3%	33.862	54,5%	0,6%
Retained losses		-8.907	-15,0%	-5.408	-8,7%	-64,7%
Foreign currency translation reserve	(13.)	4.057	6,8%	5.022	8,1%	-19,2%
Total equity		34.700	58,4%	38.975	62,8%	-11,0%
Non-current liabilities						
Financial debt	(18.)	3.658	6,2%	4.011	6,5%	-8,8%
Other non-current financial liabilities	(19.)	424	0,7%	573	0,9%	-26,1%
Provisions		642	1,1%	602	1,0%	6,6%
Other non-financial liabilities	(20.)	25	0,0%	25	0,0%	0,0%
Total non-current liabilities		4.748	8,0%	5.211	8,4%	-8,9%
Current liabilities						
Financial debt	(18.)	9.629	16,2%	8.904	14,3%	8,1%
Other financial liabilities	(19.)	304	0,5%	311	0,5%	-2,2%
Provisions		272	0,5%	684	1,1%	-60,3%
Liabilities due to related parties	(25.)	13	0,0%	11	0,0%	24,3%
Trade payables		7.489	12,6%	6.181	10,0%	21,2%
Advance payments received		361	0,6%	111	0,2%	224,4%
Other non-financial liabilities	(20.)	1.907	3,2%	1.701	2,7%	12,1%
Total current liabilities		19.975	33,6%	17.903	28,8%	11,6%
Total equity & liabilities		59.423	100,0%	62.089	100,0%	-4,3%



Cash Flow Statement

EUR thousand	Note	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016	HoH in %
Earnings before taxes (EBT)		-3.103	-6.679	53,5%
+/- Depreciation and amortisation on non-current assets	(14.)	+848	+848	0,0%
+/- Increase/decrease in provisions		-372	+60	-716,1%
+/- Equity-settled share-based remuneration	(17.)	+188	+250	-24,8%
+/- Other non-cash expenses/income and items		-977	+1.276	-176,6%
+/- Loss/gain on disposal of non-current assets		+4	0	n.a
+ Proceeds from interest income		+0	+1	-90,7%
- Interest expenses paid		-365	-526	30,7%
- Income tax paid		0	-164	100,0%
-/+ Increase/decrease in inventories	(15.)	+2.028	-523	487,5%
-/+ Increase/decrease in other assets		-708	-181	-291,3%
+/- Increase/decrease in other liabilities		+1.763	-64	>1.000%
= Cash flow from operating activities	(21.)	-693	-5.702	87,8%

- Other non cash expenses mainly relate to FX-result



Cash Flow Statement

EUR thousand	Note	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016	HoH in %
-				
- Payments for investments in intangible assets		-7	-60	88,1%
- Payments for investments in property, plant and equipment		-109	-682	84,0%
+ Proceeds from sale of intangible assets and property, plant and equipment		+1	0	n.a
= Cash flow from investing activities	(21.)	-115	-742	84,5%
+ Proceeds from increase in financial debt		+2.049	+1.921	6,6%
- Payments for the redemption of financial debt		-1.842	-2.761	33,3%
+ Proceeds from increase in financial liabilities		-154	-131	-18,1%
= Cash flow from financing activities	(21.)	+53	-971	105,5%
+/- Net increase/decrease in cash and cash equivalents		-755	-7.415	89,8%
+/- Effects of foreign currency translation on cash and cash equivalents		-1	-71	98,8%
+ Cash and cash equivalents on beginning of reporting period		+1.836	+13.498	-86,4%
= Cash and cash equivalents on end of reporting period		+1.081	+6.012	-82,0%



Table of contents

1 Highlights in Q1 2017

2 Financials

3 Outlook

4 Points of contact



2017 Outlook

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.
- In particular cost of reach and personnel costs have been reduced in all territories.

After a challenging first half year in 2016 sales have shown better results in HY2 2016. This trend has gained momentum during the first half 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 positive Total-Segment-EBITDA in Q2-Q4 2017.



Table of contents

1 Highlights in 2016

2 Financials

3 Outlook and 2017

4 Points of contact





4 Points of contact

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