

# elumeo

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

Investor Presentation for the financial year 2017



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## Summary: Highlights in 2017

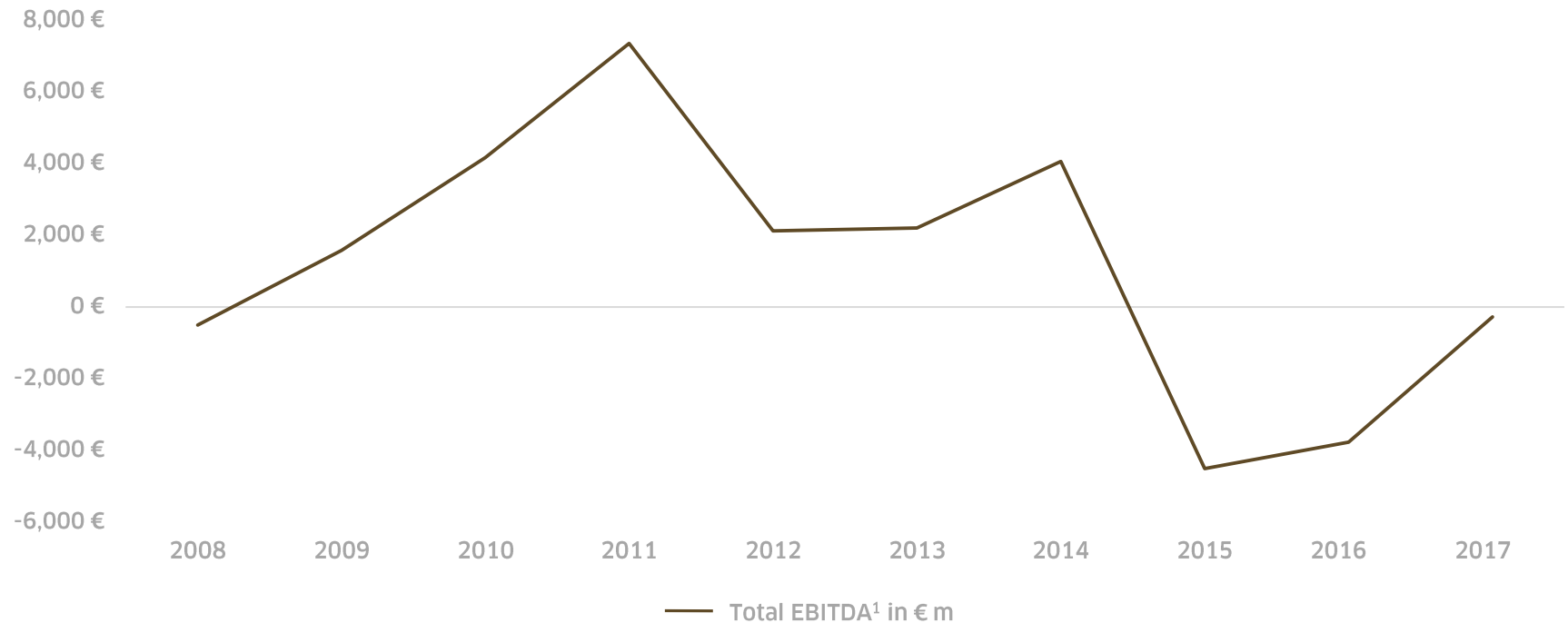
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- 1 Operations in the United Kingdom have been closed
- 2 Introduction of more branded goods with a higher value appeal in order to allow for higher margins
- 3 Launch of a Business to Business Unit with sales of jewellery to clients in the United States in order to compensate for the reduction of sales volume in the United Kingdom
- 4 Reduction of operating costs all across the group in order to reduce the fixed cost base
- 5 Continued investment in eCommerce drives growth



# elumeo is back on track

## Development of Total Segment EBITDA<sup>1</sup>



- (1) Total EBITDA for the years 2008-2013 refers to internal business evaluations (not audited) that are not consistent and have not been prepared in accordance with International Financial Reporting Standards (IFRS). For the years 2014-2015, the adjusted EBITDA and the total segment EBITDA were taken into account including the discontinued operations in the United Kingdom. For the years 2008-2013, EBITDA was adjusted according to comparable standards.
- (2) 2016 and 2017 total-segment EBITDA for continued operations



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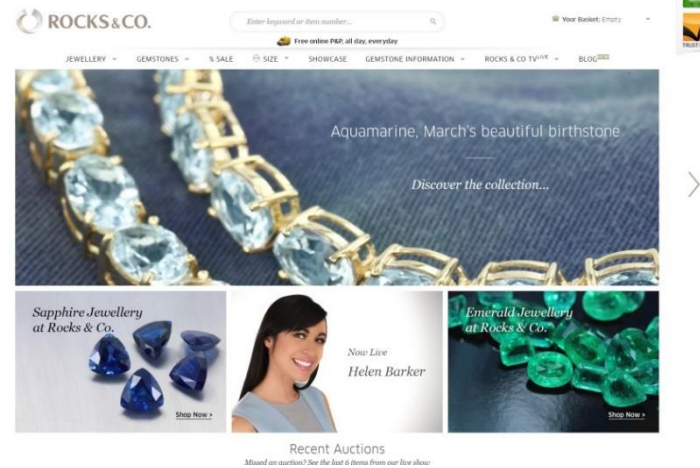
# UK Activities have been closed in Q4 2017

- All UK Web-Activities have been transferred to the German eCommerce operations



Live-TV

Webshop



- Live TV broadcasting has ceased at the end of Q4 2017
- All employees have been made redundant as of Feb 2018
- Disposal of assets has successfully started



# elumeo continues to operate in a difficult FX environment

Thai Baht/Euro FX rate



- 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





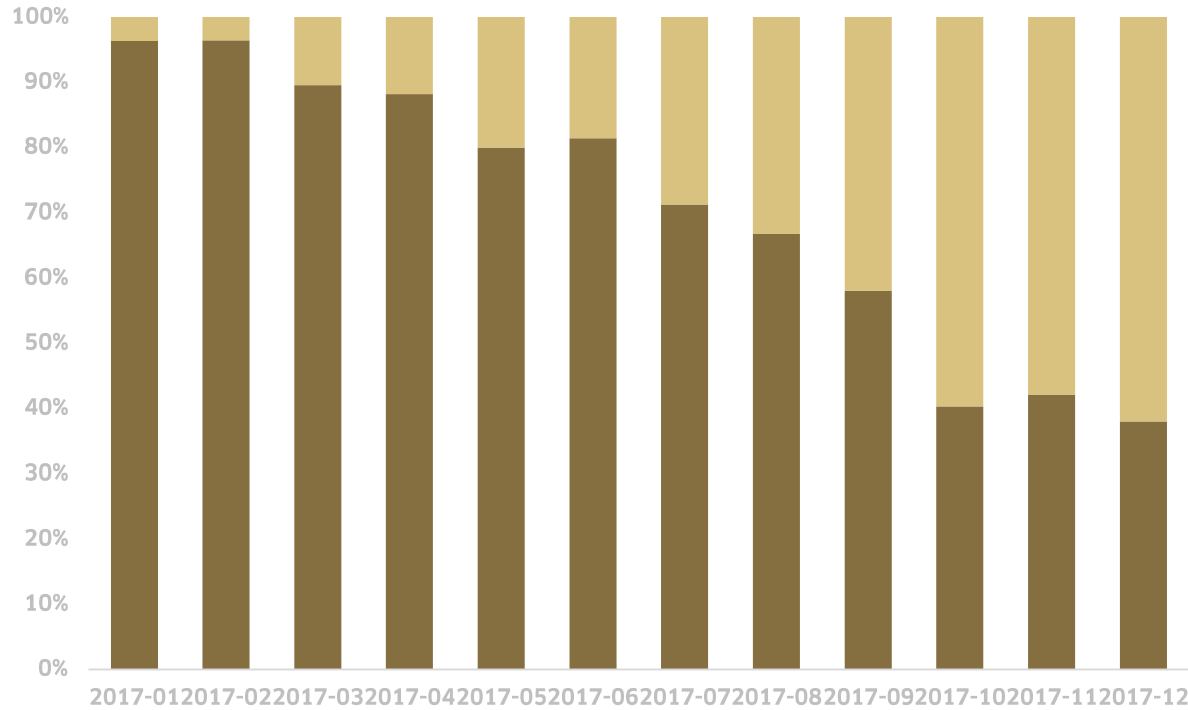
# Branded collections have been launched in 2017 to increase margins





# The branded collections have made a significant contribution to overall margins

Share of total broadcasting hours per month<sup>(1)</sup>



Group gross margin per broadcasting minute<sup>(2)</sup>



Collection based brands



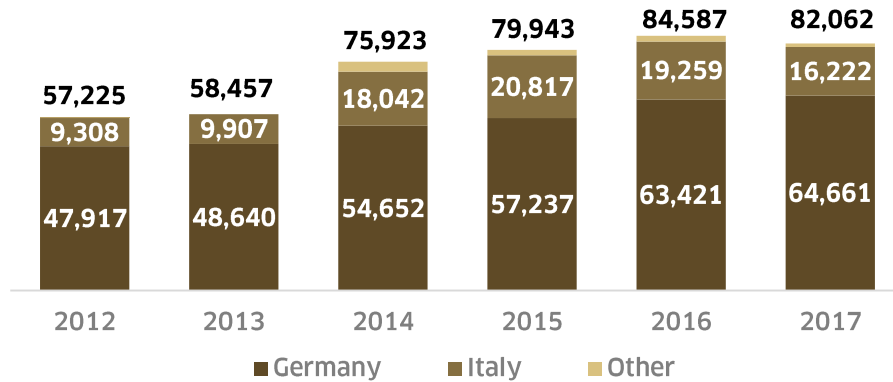
Traditional jewellery

(1) Share of products of 18 live broadcasting hours per day  
 (2) Group gross margin generated from TV-Business only divided by respective daily broadcasting time (1080 minutes per day)

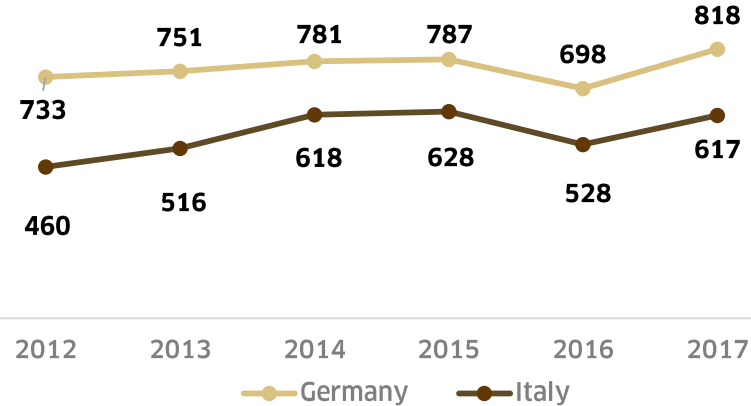


# elumeo's customers continue to show high level of loyalty

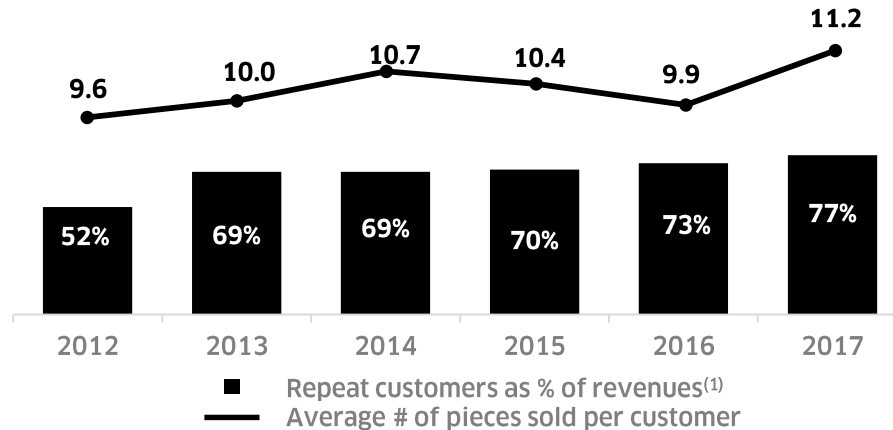
## Active Customers 2012-17



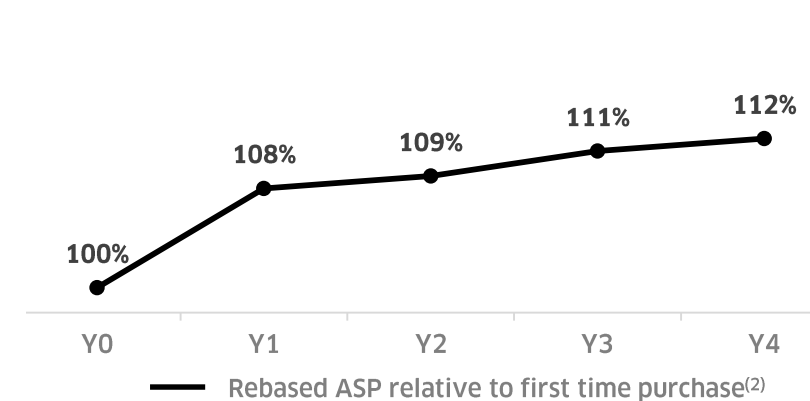
## Revenue per Customer 2012-17 (€)



## High level of client loyalty



## Customer experience driving ASP increase



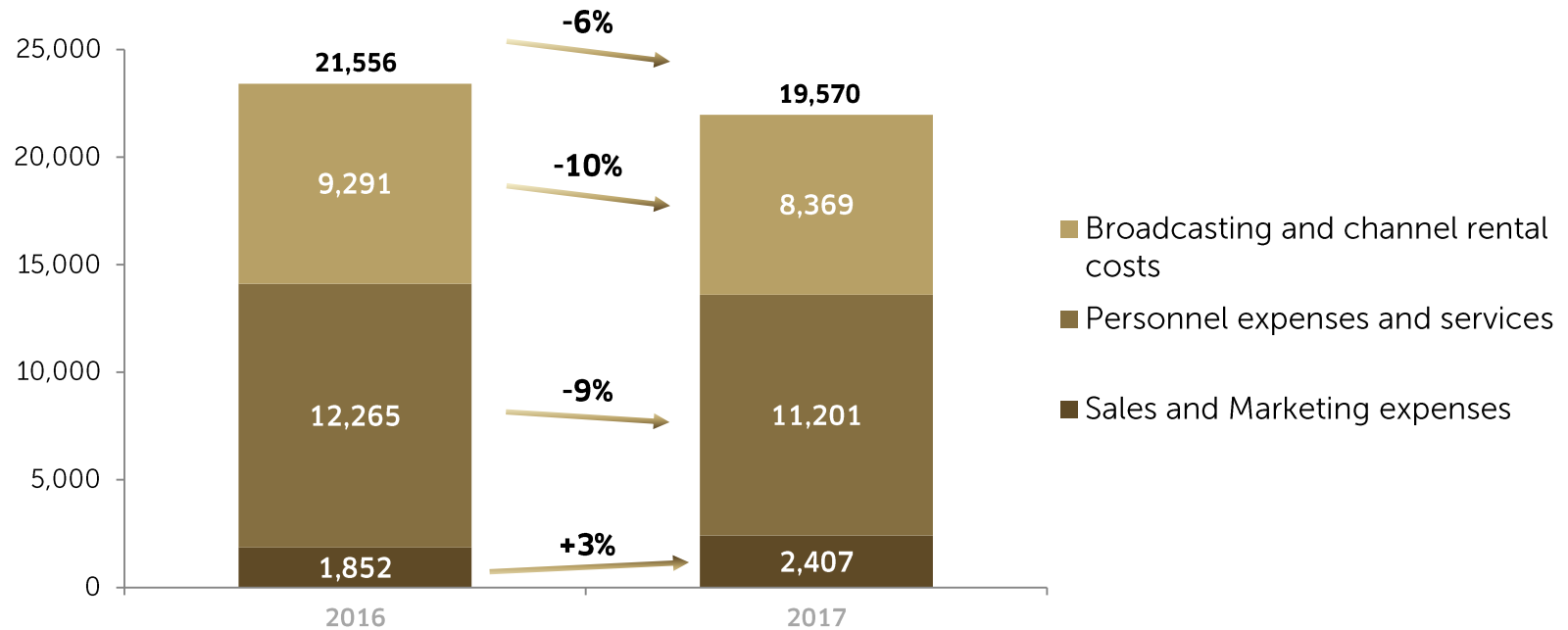
(1) Calculated as total pieces sold for the year (after returns) divided by total customers;

(2) Average of the percentage increase of the ASP of customer cohorts per year with one cohort created for each business year



# Cost of operations have been reduced significantly

## Development of operating expenses (EUR m)



(1) Source: elumeo financial Group Statement 2017, audited

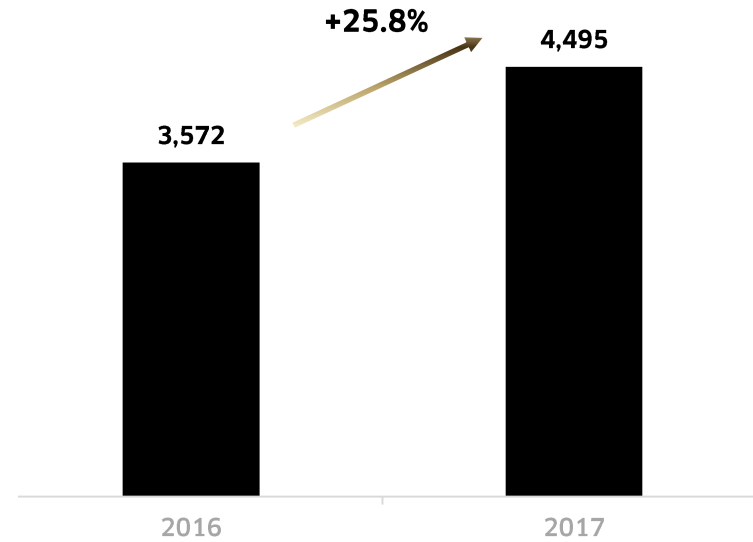


# The newly introduced B2B business shows strong growth

Dedicated jewellery collections

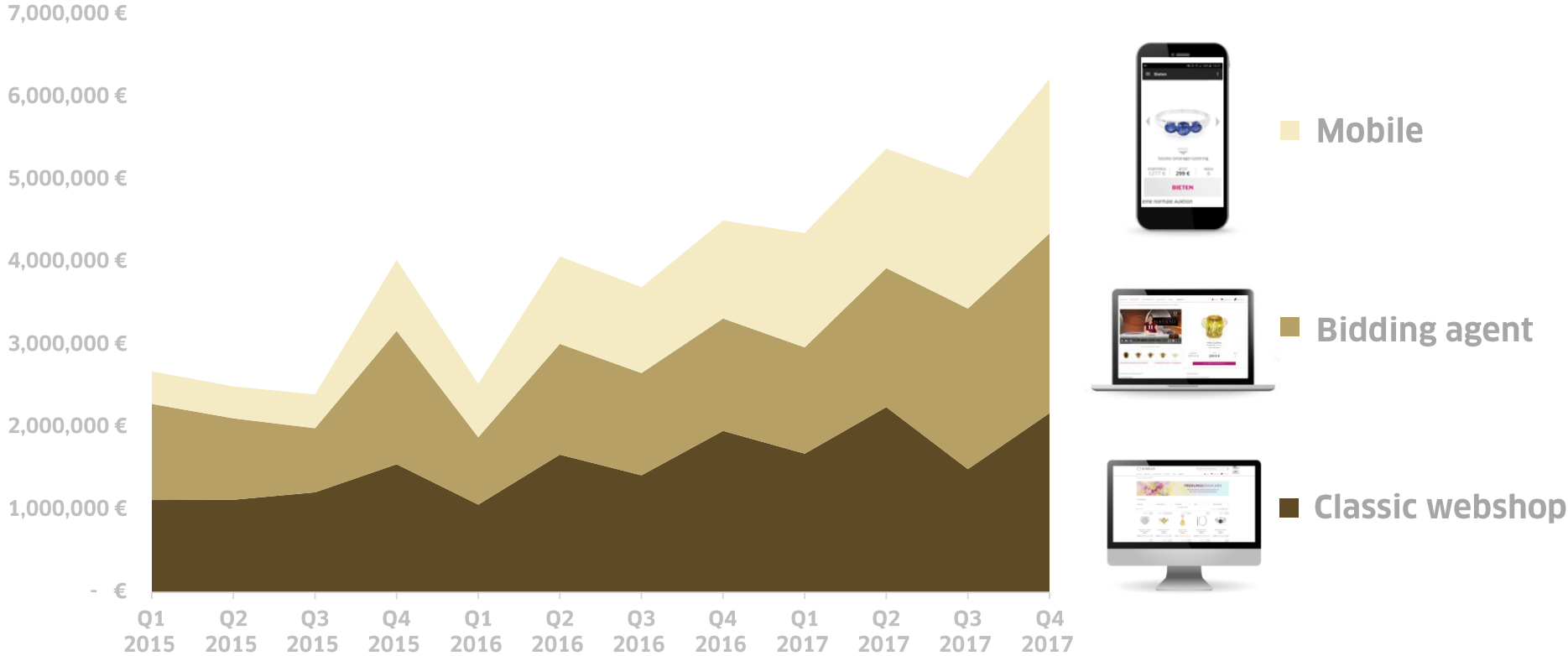


Revenue Development (€ '000)



# Mobile has become a key driver in our eCommerce business....

Quarterly revenues by sales channel of German eCommerce business

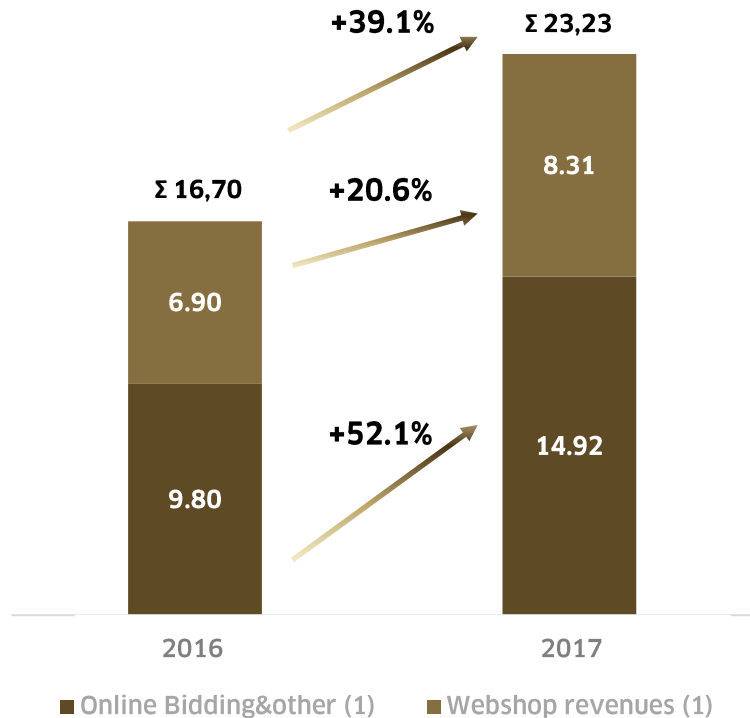


(1) Unaudited Source: Group Financial report 2017, derived from internal ERP-System



# ...which has helped to drive overall revenues

## Development of continental European eCommerce (€ m)



## Key facts

- elumeo group's continued investment into eCommerce has resulted in an increase of revenues in this field
- Highest growth rates for mobile applications
- Share of web-only new customers for Germany increased from 55% in 2016 to 59% in 2017
- Share of eCommerce revenues increased from 29.3% in 2016 to 34.6% in 2017

(1) Source: Group Financial report 2017



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# Summary of 2017 results

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Group's total revenues (w/o UK) for 2017 increased by 16% to EUR 67,5 million after EUR 58.4 million in 2016

- Germany with strong growth of 20% in 2017. New programme schedules have driven revenues and have been very well received by German customers.
- Italy back on a growth path with 6% in Q2-Q3 2017 against respective prior year period. New programme schedules and guest shows are driving revenues and start being accepted by Italian customers.
- Business in the United Kingdom closed in Dec 2017 to stop further losses.
- B2B business showed strong increase in 2017 versus 2016 with 26% growth in revenues
- TV-revenues grew by 5% - E-commerce-revenues grew by 36%

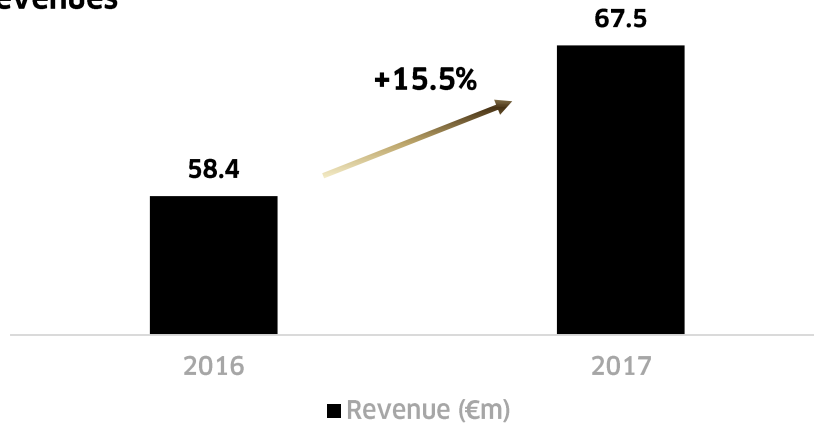
Gross profit margin 2017 with 44.1% on similar level as 2016 45.5%.

Strong EUR resulted in FX gains of kEUR 577 leading to a positive EBITDA of kEUR 10 from continuing operations for 2017

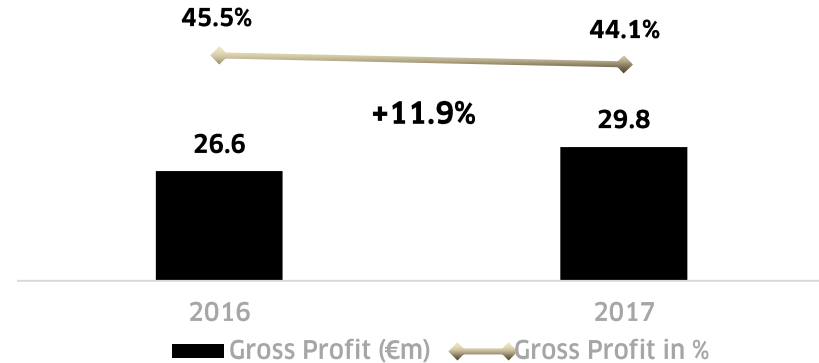


# 2017 vs. 2016 performance – Overview

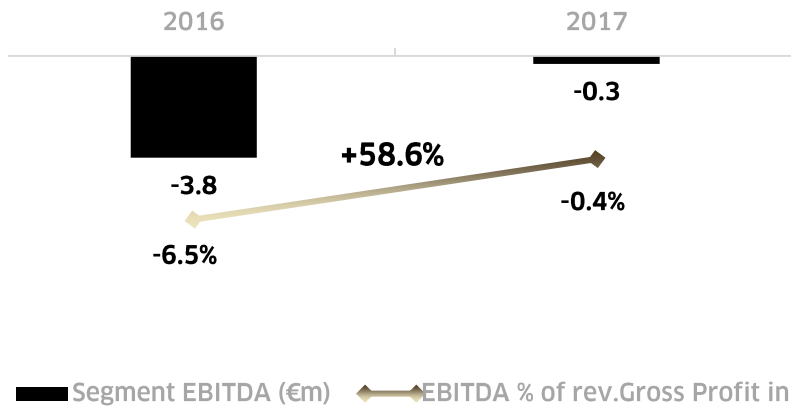
## Revenues



## Gross profit



## Total segment EBITDA and margin



## Comments

- Germany is driving revenue growth
- Italy revenues on prior year level
- Margin increased by 12%
- Total segment EBITDA significantly improved

Source: Audited Group Financial Statements 2017



## Revenue split by region

EUR thousand   % of revenue from product sales	1 Jan - 31 Dec 2017		1 Jan - 31 Dec 2016		YoY in %
Germany	52,907	78.4%	44,284	75.8%	19.5%
Italy	10,001	14.8%	10,163	17.4%	-1.6%
Other countries	4,593	6.8%	3,980	6.8%	15.4%
<b>Revenue from product sales</b>	<b>67,501</b>	<b>100.0%</b>	<b>58,427</b>	<b>100.0%</b>	<b>15.5%</b>

EUR thousand   % of revenue from product sales	Q4 2017		Q4 2016		QoQ in %
Germany	14,192	81.9%	11,909	81.3%	19.2%
Italy	2,412	13.9%	2,425	16.6%	-0.5%
Other countries	732	4.2%	319	2.2%	129.6%
<b>Revenue from product sales</b>	<b>17,337</b>	<b>100.0%</b>	<b>14,653</b>	<b>100.0%</b>	<b>18.3%</b>



## Group segment reporting - continuing operations

EUR thousand   % of (segment) revenue	1 Jan - 31 Dec 2017					
	Revenue		Gross profit		Segment-EBITDA	
Sales division Germany & Italy	62,968	93.2%	26,123	41.5%	-220	-0.3%
Sales division Others	4,593	6.8%	1,189	25.9%	558	12.1%
Group functions & eliminations	0	0.0%	2,515	n.a.	-614	n.a.
<b>Total</b>	<b>67,560</b>	<b>100.0%</b>	<b>29,826</b>	<b>44.1%</b>	<b>-276</b>	<b>-0.4%</b>

EUR thousand   % of (segment) revenue	1 Jan - 31 Dec 2016					
	Revenue		Gross profit		Segment-EBITDA	
Sales division Germany & Italy	54,496	93.2%	23,389	42.9%	-3,460	-6.3%
Sales division Others	3,980	6.8%	912	22.9%	406	10.2%
Group functions & eliminations	0	0.0%	2,359	n.a.	-718	n.a.
<b>Total</b>	<b>58,476</b>	<b>100.0%</b>	<b>26,659</b>	<b>45.6%</b>	<b>-3,772</b>	<b>-6.5%</b>



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## 2018 Outlook

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After closing the business in the UK, elumeo group expects a further positive development throughout 2018

- The newly introduced sales formats continue to produce further growth in existing markets
- We expect quarterly results to improve on a steady basis
- Low single-digit million euro total-segment EBITDA expected for 2018

In 2018 elumeo group expects eCommerce and mobile Commerce to continue to expand their contribution to the group's overall development

- In march 2018 all elumeo web shops have been relaunched with a fresh, modern design
- elumeo's mobile apps for iOS and Android will be released with new features in Q2 2018

elumeo expects the B2B business to continue growing in 2018

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



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## Statement of income of continuing operations

EUR thousand   % of revenue	Note	1 Jan - 31 Dec 2017		1 Jan - 31 Dec 2016 restated*		YoY in %
Revenue	(1.)	67,560	100.0%	58,476	100.0%	15.5%
Cost of goods sold	(2.)	37,734	55.9%	31,817	54.4%	18.6%
<b>Gross profit</b>		<b>29,826</b>	<b>44.1%</b>	<b>26,659</b>	<b>45.6%</b>	<b>11.9%</b>
Selling expenses	(3.)	23,669	35.0%	23,429	40.1%	1.0%
Administrative expenses	(4.)	8,895	13.2%	12,756	21.8%	-30.3%
Other operating income	(5.)	1,143	1.7%	528	0.9%	116.5%
Other operating expenses		0	0.0%	48	0.1%	-100.0%
<b>Earnings before interest and taxes (EBIT)</b>		<b>-1,595</b>	<b>-2.4%</b>	<b>-9,045</b>	<b>-15.5%</b>	<b>82.4%</b>
Interest income		0	0.0%	2	0.0%	-75.0%
Interest and similar expenses		-612	-0.9%	-598	-1.0%	-2.4%
Financial result	(6.)	-612	-0.9%	-596	-1.0%	2.6%
<b>Earnings before income taxes (EBT)</b>		<b>-2,207</b>	<b>-3.3%</b>	<b>-9,641</b>	<b>-16.5%</b>	<b>77.1%</b>
Income tax	(8.)	72	0.1%	-983	-1.7%	107.3%
<b>Earnings for the period from continuing operations</b>		<b>-2,135</b>	<b>-3.2%</b>	<b>-10,625</b>	<b>-18.2%</b>	<b>79.9%</b>



## Statement of income of discontinued operations

EUR thousand   % of revenue	1 Jan - 31 Dec 2017		1 Jan - 31 Dec 2016		YoY in %
Revenue	8,474	100.0%	12,983	100.0%	-34.7%
Cost of goods sold	7,318	86.4%	8,447	65.1%	-13.4%
<b>Gross profit</b>	<b>1,156</b>	<b>13.6%</b>	<b>4,536</b>	<b>34.9%</b>	<b>-74.5%</b>
Selling expenses	2,468	29.1%	6,058	46.7%	-59.3%
Administrative expenses	2,568	30.3%	2,941	22.6%	-12.7%
Other operating expenses	12	0.1%	0	0.0%	n.a
<b>Earnings before interest and taxes (EBIT) from discontinued operations</b>	<b>-3,892</b>	<b>-45.9%</b>	<b>-4,463</b>	<b>-34.4%</b>	<b>12.8%</b>
<b>Earnings before income taxes (EBT) from discontinued operations</b>	<b>-3,892</b>	<b>-45.9%</b>	<b>-4,463</b>	<b>-34.4%</b>	<b>12.8%</b>
Income tax	-16	-0.2%	-435	-3.4%	96.2%
<b>Earnings for the period from discontinued operations</b>	<b>-3,908</b>	<b>-46.1%</b>	<b>-4,899</b>	<b>-37.7%</b>	<b>20.2%</b>



## Split of selling expenses – continuing operations

EUR thousand   % of revenue	1 Jan - 31 Dec 2017		1 Jan - 31 Dec 2016		YoY in %
Broadcasting and channel rental costs	8,369	12.4%	9,291	15.9%	-9.9%
Personnel expenses	6,297	9.3%	6,297	10.8%	0.0%
Expenses for external personnel services	1,190	1.8%	1,479	2.5%	-19.5%
Sales and marketing expenses	2,407	3.6%	1,852	3.2%	30.0%
Depreciation and amortisation	407	0.6%	398	0.7%	2.4%
Other selling expenses	4,999	7.4%	4,112	7.0%	21.6%
<b>Selling expenses</b>	<b>23,669</b>	<b>35.0%</b>	<b>23,429</b>	<b>40.1%</b>	<b>1.0%</b>

- Decrease of broadcasting costs – Germany and Italy
- Sales & marketing costs are reflecting increased web shop business
- Other selling expenses include
  - Payment costs
  - Telephone platform expenses
  - Presenter and producer fees



## Split of administrative expenses – continuing operations

EUR thousand   % of revenue	1 Jan - 31 Dec 2017		1 Jan - 31 Dec 2016		YoY in %
Personnel expenses	3,714	5.5%	4,489	7.7%	-17.3%
Depreciation, amortisation and impairment loss	734	1.1%	739	1.3%	-0.7%
Equity-settled share-based payments	317	0.5%	465	0.8%	-31.8%
Losses from foreign currency translation	0	0.0%	2,832	4.8%	-100.0%
Other administrative expenses	4,131	6.1%	4,230	7.2%	-2.4%
<b>Administrative expenses</b>	<b>8,895</b>	<b>13.2%</b>	<b>12,756</b>	<b>21.8%</b>	<b>-30.3%</b>

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



## Total segment EBITDA of continuing operations

EUR thousand   % of revenue	1 Jan - 31 Dec 2017		1 Jan - 31 Dec 2016		YoY in %
<b>Total segment EBITDA</b>	<b>-276</b>	<b>-0.4%</b>	<b>-3,772</b>	<b>-6.5%</b>	<b>92.7%</b>
Effects from foreign currency translation	577	0.9%	-2,832	-4.8%	120.4%
Equity-settled share-based remuneration	-317	-0.5%	-465	-0.8%	31.8%
Non-recurring expenses/income from terminations for severance payments and paid release from work of employees	40	0.1%	-340	-0.6%	111.8%
Non-recurring expenses related to the restructuring of the business in the United Kingdom	0	0.0%	-48	-0.1%	100.0%
Net losses from disposal of assets	-13	0.0%	0	0.0%	n.a
Segment reconciliation items	287	0.4%	-3,685	-6.3%	107.8%
<b>EBITDA</b>	<b>10</b>	<b>0.0%</b>	<b>-7,457</b>	<b>-12.8%</b>	<b>100.1%</b>



# Consolidated statement of financial position

## ASSETS

EUR thousand   % of balance sheet total	31 Dec 2017		31 Dec 2016		YoY in %
<b>Non-current assets</b>					
Intangible assets	755	1.4%	925	1.5%	-18.4%
Property, plant and equipment	9,374	17.1%	10,884	17.5%	-13.9%
Other financial assets	394	0.7%	405	0.7%	-2.8%
Other non-financial assets	1,871	3.4%	2,020	3.3%	-7.4%
Deferred tax assets	1,866	3.4%	1,465	2.4%	27.3%
<b>Total non-current assets</b>	<b>14,258</b>	<b>26.1%</b>	<b>15,700</b>	<b>25.3%</b>	<b>-9.2%</b>
<b>Current assets</b>					
Inventories	33,548	61.3%	38,933	62.7%	-13.8%
Trade receivables	2,963	5.4%	3,308	5.3%	-10.4%
Receivables due from related parties	224	0.4%	279	0.4%	-19.7%
Other financial assets	43	0.1%	37	0.1%	14.1%
Other non-financial assets	1,675	3.1%	1,035	1.7%	61.9%
Cash and cash equivalents	1,512	2.8%	1,821	2.9%	-17.0%
<b>Total current assets</b>	<b>39,965</b>	<b>73.1%</b>	<b>45,413</b>	<b>73.1%</b>	<b>-12.0%</b>
Assets held for sale	485	0.9%	977	1.6%	-50.3%
<b>Total assets</b>	<b>54,709</b>	<b>100.0%</b>	<b>62,089</b>	<b>100.0%</b>	<b>-11.9%</b>



# Consolidated statement of financial position

## EQUITY & LIABILITIES

EUR thousand   % of balance sheet total	31 Dec 2017		31 Dec 2016		YoY in %
<b>Equity</b>					
Issued capital	5,500	10.1%	5,500	8.9%	0.0%
Capital reserve	34,179	62.5%	33,862	54.5%	0.9%
Retained earnings/losses	-11,452	-20.9%	-5,408	-8.7%	-111.7%
Foreign currency translation reserve	3,725	6.8%	5,022	8.1%	-25.8%
<b>Total equity</b>	<b>31,952</b>	<b>58.4%</b>	<b>38,975</b>	<b>62.8%</b>	<b>-18.0%</b>
<b>Non-current liabilities</b>					
Financial debt	3,382	6.2%	4,011	6.5%	-15.7%
Other non-current financial liabilities	273	0.5%	573	0.9%	-52.4%
Provisions	676	1.2%	602	1.0%	12.3%
Other non-financial liabilities	25	0.0%	25	0.0%	0.0%
<b>Summe non-current liabilities</b>	<b>4,355</b>	<b>8.0%</b>	<b>5,211</b>	<b>8.4%</b>	<b>-16.4%</b>
<b>Current liabilities</b>					
Financial debt	7,577	13.9%	8,904	14.3%	-14.9%
Other financial liabilities	304	0.6%	294	0.5%	3.2%
Provisions	547	1.0%	580	0.9%	-5.7%
Liabilities due to related parties	7	0.0%	0	0.0%	n.a
Trade payables	7,340	13.4%	5,064	8.2%	44.9%
Advance payments received	158	0.3%	111	0.2%	42.0%
Tax liabilities	100	0.2%	0	0.0%	n.a
Other non-financial liabilities	1,236	2.3%	1,004	1.6%	23.1%
<b>Summe current liabilities</b>	<b>17,270</b>	<b>31.6%</b>	<b>15,958</b>	<b>25.7%</b>	<b>8.2%</b>
Liabilities held for sale	1,132	2.1%	1,945	3.1%	-41.8%
<b>Total equity &amp; liabilities</b>	<b>54,709</b>	<b>100.0%</b>	<b>62,089</b>	<b>100.0%</b>	<b>-11.9%</b>





## Consolidated statement of cash flows

EUR thousand	1 Jan - 31 Dec 2017	1 Jan - 31 Dec 2016	YoY in %
Earnings before taxes (EBT) from continuing operations	-2,207	-9,641	77.1%
Earnings before taxes (EBT) from discontinued operations	-3,892	-4,463	12.8%
<b>Earnings before taxes (EBT)</b>	<b>-6,099</b>	<b>-14,105</b>	<b>56.8%</b>
+/- Depreciation and amortisation on non-current assets	+1,606	+1,588	1.1%
+/- Increase/decrease in provisions	+41	+683	-94.0%
+/- Equity-settled share-based remuneration	+317	+465	-31.8%
+/- Other non-cash expenses/income	-1,310	+1,610	-181.4%
+/- Loss/gain on disposal of non-current assets	+13	+0	>1.000%
- Non-cash current interest income	-0	-0	-5.0%
- Interest expenses paid related to prior accounting periods	-73	-299	75.7%
+ Non-cash current interest expenses	+33	+102	-67.8%
+ Proceeds from income tax	0	+5	-100.0%
- Income tax paid	-0	-164	100.0%
-/+ Increase/decrease in inventories	+4,584	-2,512	282.5%
-/+ Increase/decrease in other assets	-377	-1,476	74.5%
+/- Increase/decrease in other liabilities	+2,572	-2,234	215.1%
<b>= Net cash flow from operating activities from continuing operations</b>	<b>+5,199</b>	<b>-11,874</b>	<b>143.8%</b>
= Net cash flow from operating activities from discontinued operations	-3,224	+1,951	-265.2%



## Consolidated statement of cash flows

EUR thousand	1 Jan - 31 Dec 2017	1 Jan - 31 Dec 2016	YoY in %
- Payments for investments in intangible assets	-6	-121	94.8%
- Payments for investments in property, plant and equipment and property, plant and equipment	-225 +3	-853 0	73.6% n.a
<b>= Net cash flow from investing activities from continuing operations</b>	<b>-229</b>	<b>-973</b>	<b>76.5%</b>
= Net cash flow from investing activities from discontinued operations	-2	-55	96.6%
+ Proceeds from increase in financial debt	+2,273	+1,755	29.6%
- Payments for the redemption of financial debt	-3,989	-2,170	-83.8%
- Payments (net) for redemption of financial liabilities	-288	-272	-6.0%
<b>= Net cash flow from financing activities from continuing operations</b>	<b>-2,005</b>	<b>-688</b>	<b>191.4%</b>
= Net cash flow from financing activities from discontinued operations	-8	+3	-354.9%
+/- Net increase/decrease in cash and cash equivalents	-268	-11,635	97.7%
+/- Effects of foreign currency translation on cash and cash equivalents	-15	-26	41.9%
+/- Changes in cash and cash equivalents reclassified as part of a disposal group	-43	0	n.a
+ Cash and cash equivalents on beginning of period	+1,836	+13,498	-86.4%
<b>= Cash and cash equivalents on end of period</b>	<b>+1,511</b>	<b>+1,836</b>	<b>-17.7%</b>



# Points of contact

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## **Executive Board**

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Thomas Jarmuske, Deborah Cavill, Anette Bronder, Roland Sand

## **Investor Relations contact**

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