

### elumeo SE publishes quarterly release for the first nine months of 2018

- Group outsourcing own production
- Declining revenues in the Business Customer segment and in the Classic TV business
- Comprehensive restructuring programme showing first successes in return to growth and profitability

**Berlin, 14 November 2018** – elumeo SE, Europe’s leading electronic gemstone jewelry retailer, published its quarterly release for the first nine months of 2018 today.

elumeo SE recorded a 19.2% year-on-year decline in revenues for the nine-month period of 2018 (9M 2018: EUR 40.6 million, 9M 2017: EUR 50.2 million). Besides the decline in revenues in the Business Customer (B2B) segment, the decline was driven largely by lack of diversity in the product range due to the capacity reduction resolved in May and the resulting increase in unit and idle capacity costs for in-house production.

The gross profit margin of 33.5% in the third quarter of 2018 fell below the same period of the previous year (Q3 2017: 45.2%). This reflects special effects from the manufactory’s capacity reduction of approx. EUR 0.75 million. As a result, total segment EBITDA for the nine-month period of 2018 was lower than last year at EUR -8.4 million (9M 2017: EUR -44 thousand).

At its meeting on 9 November 2018, the Executive Board resolved to outsource the remaining share of production to two smaller sites operated in close cooperation with local partners. This move is intended to further reduce fixed costs and increase production flexibility. The Board also committed to further opening the vertically integrated value chain to external suppliers both to increase product range diversity and to lower sales costs. To further improve earnings, the Group has launched a cost-cutting programme of up to EUR 6.0 million. The programme will begin to take effect as early as the fourth quarter of 2018, with most changes expected in 2019. After deducting countervailing effects (increasing business volume), the programme is targeting an annual net earnings effect from sales and margin increases as well as cost reductions of up to approx. 9.0 million.

In an effort to counter increased costs and the Thai baht’s depreciation to the Euro, elumeo SE had already announced in early August its intention to open up the vertical value chain for third-party suppliers. “Outsourcing to two manufactories represents a significant step towards gaining considerable flexibility in production while improving our fixed cost structure,” says Bernd Fischer, CFO of elumeo SE. “Product production will be controlled from a central, vertically integrated platform ensuring uniform compliance with our high standards of quality and social responsibility.”

## Corporate News

Ingo Stober, Chief Restructuring Officer and member of elumeo SE's management board since 9 November 2018, is responsible for the development and implementation of the comprehensive restructuring and transformation program. "We have identified potential in many areas and will pursue this in detail as part of our restructuring programme to ensure its implementation," says the 43-year-old resident of Berlin.

Broadcasts on products from the Jaipur manufactory between August and October are already showing strong results. "We are doing all we can to push ahead with this transformation and are confident the development of our collections and broadcasting formats will offer our customers significant innovation," explains Wolfgang Boyé, Chairman of the Executive Board of elumeo SE.

The complete quarterly release for the nine-month period of 2018 is available for download as of today on the company's website <http://www.elumeo.com> in the Investor Relations / Financial Reports section.

### **About elumeo SE:**

The elumeo Group, which has its headquarters in Berlin, is the leading European online retailer of high-quality gemstone jewelry, mostly produced in Thailand and India. The publicly traded company elumeo offers its customers colored gemstone jewelry at comparatively low prices via a number of electronic distribution channels (including television, the Internet, smart TV and a smartphone app). Its distribution model relies exclusively on direct sales made via the elumeo Group's home-shopping TV channels in Germany and Italy, and via online stores in Germany, the UK, Italy, France, the Netherlands, Spain, Belgium and the USA.

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