



Report > for the first 9 months of 2003

> **SALES** ... Stabilized despite permanent heatwave in July and

August ... > **EARNINGS** ... EBIT virtually constant ...

> **OUTLOOK** ... Additional revenues expected from longer Saturday

opening hours – Further fashion outlets in Kuchen and Hechingen –

New store in Landshut – Start of traditional »Munich Christmas House«

Key figures > Group

	€m	01.01.-30.09.2003	01.01.-30.09.2002
Gross sales (incl. sales tax)		62.3	63.7
Gross profit ¹		24.3	25.2
EBITDA		1.6	1.9
EBIT		-1.1	-0.9
Net loss		-2.2	-1.2
Earnings per share ² (€)		-0.79	-0.56
Cash flow acc. to DVFA		-1.0	-0.7
Capital expenditures		2.4	4.9
Employees (number, as of 30.09.) ³		544	543
Apprentices (number)		75	82

1) Net sales - cost of materials 2) Basis 2002: 3.15 million shares; 2003: 3.36 million shares 3) Without apprentices

... > Despite the heatwave in July and August, consolidated sales continued to stabilize ...

> On the cost side, savings conceived at the beginning of the year and launched on May 1, 2003 are now taking hold ... > The extension of Saturday shopping hours introduced in June will continue to boost sales ... > Further new openings in Landshut, Kuchen and Hechingen ... > Traditional »Munich Christmas House« expected to be great attraction

■ > **SALES** In the first nine months of 2003 consolidated gross sales amounted to € 62.3 (prior year: 63.7) million – just 2.1% down on the same period last year. As of June 30, 2003 the year-on-year decline was still 2.4%. Despite the extreme heatwaves in July and August, with new records being set almost daily, consolidated sales thus continued to solidify.

Total sales in the German retail clothing sector fell by an average of 5% during the same period (»TextilWirtschaft«). The continuing problem of unemployment, discussions about imminent reforms and dismal economic prospects for the coming year all combined to depress the market. The controversial debate about possible tax relief from 2004 hurt sales more than it helped.

One ray of hope for the German retail trade are the new, extended opening hours. As of June, shops have been allowed to stay open until 8 pm also on Saturdays. It is mainly stores in premier locations and large shopping centers which benefit from the new opening hours. Ludwig Beck is fully utilizing the extended shopping hours on Saturdays. With its unique location in the heart of Munich, Ludwig Beck is well placed to benefit more than most from the new regulations. A constant third of daily takings are achieved in the period between 4 pm (former closing time) and 8 pm.

The latest stores of Ludwig Beck Vertriebs GmbH, opened on September 10, 2003 in the new »Forum Allgäu« in Kempten, got off to a successful start. The shopping center quickly established itself in the region. The two newly opened stores operated by Ludwig Beck Vertriebs GmbH – Gerry Weber and Tommy Hilfiger – immediately found their target audiences and exceeded expectations during the initial opening phase.

Despite the new store openings, the number of employees (excluding apprentices), according to § 267 (5) HGB (German Commercial Code), remained constant at 544 (543), as at the end of the quarter. The weighted number of full-time employees fell slightly to 414 (429). As of September 30, Ludwig Beck employed 75 (82) apprentices.

■ > **EARNINGS** The disappointing development of sales has obviously left its mark on earnings. Nevertheless, rigorous cost-reduction efforts have led to sustained savings and helped keep pre-tax earnings (EBIT) more or less stable at € –1.1 million for the first nine months (prior-year: € –0.9 million). The company's cost saving measures have now taken full effect and reduced expenditure by € 1.9 million to € 56.4 (58.3) million. This development was due mainly to personnel measures effective as of the second quarter: the Executive Board accepted a 10% cut in fixed salaries and no variable remuneration for 2003, the management team renounced its right to fixed salary components and staff will receive no wage increases this year. The 40-hour week was also re-introduced without full pay compensation.

Earnings in the retail sector are generally negative in the first three quarters as fixed costs are spread evenly throughout the year, while sales are strongest in the last two quarters.

At € –2.7 (–2.2) million, the financial result can only be partly compared with the previous year, as the prior-year figure benefited from non-recurring consolidation income.

■ > **CAPITAL EXPENDITURES** In the first nine months of 2003, Ludwig Beck invested a total of € 2.3 (4.9) million. In addition to improvements of third-party properties, the main focus of investment were fixtures and fittings totalling € 1.4 (2.6) million.

■ > **OUTLOOK** In consideration of the ongoing economic difficulties and unemployment situation in Germany, as well as the continuing discussions about the need to reform the nation's social security system and bring forward tax relief, a major improvement in the general mood and thus in consumer spending cannot be expected before 2004. The latest GfK consumption indicator also forecasts only a slow improvement in consumer spending. The mood may be tending towards the positive, but consumers are still too cautious to fully lose their inhibitions. Nevertheless, we expect the traditionally strong Christmas period and the longer Saturday shopping hours to result in a further stabilization of sales.

Our main priority, however, remains the improvement of earnings (EBIT). The cost reduction measures already introduced will continue to improve earnings in the fourth quarter of 2003.

Due to the positive experience made with our warehouse outlet in Munich-Parsdorf, two further fashion outlets in Kuchen and Hechingen (Baden-Württemberg) will be opened in October and November. This distribution channel not only allows the company to market excess stock but also special offers, which are sold directly, quickly and profitably to a completely different target group than Ludwig Beck's traditional customers. Such stores are particularly popular in times of economic difficulties.

As part of the continuing expansion of the Ludwig Beck chain within the attractive economic region of Munich, Ingolstadt and Augsburg, a further store was opened on October 23 in Landshut's new »City Center«.

Ludwig Beck will continue to focus on its traditional strengths of high quality, product range expertise and exceptional service. Our efforts are tailored fully to the central needs of our customers: an enjoyable shopping experience and high-value goods. Ludwig Beck's strong appeal to consumer emotions will be intensified further by the flagship store's traditional »Christmas House«, which has become something of an institution in Munich. In the »Store of the Senses« shoppers will be invited to enjoy a moment of wonder, contemplation and joy – a chance to lose oneself in thought among the festive Christmas lights.

Munich, October 2003

The Executive Board

As of December 31, 2002 Ludwig Beck changed its entire consolidated accounting system to IFRS (IAS) methods. The annual financial statements as of December 31, 2002 acc. to IFRS (IAS) are published on the Internet at www.ludwigbeck.de/Investoren, where investors can also find notes to the auditing of the quarterly reports.

Consolidated > profit and loss account

for Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich
for the period 01.01.-30.09.2003 acc. to IASC

€m	01.01.- 30.09.2003	01.01.- 30.09.2002	01.07.- 30.09.2003	01.07.- 30.09.2002
1. Sales revenues				
– sales (gross)	62.3	63.7	21.9	22.3
– minus sales tax	8.6 53.7	8.8 54.9	3.0 18.9	3.1 19.2
2. Own work capitalized	0.0	0.2	0.0	0.1
3. Other operating income	1.5	2.3	0.5	0.8
	55.3	57.4	19.4	20.1
4. Cost of materials	29.5	29.8	10.6	10.7
5. Personnel expenses	13.0	14.4	4.4	4.6
6. Depreciation	2.8	2.9	0.9	1.0
7. Other operating expenses	11.1 56.4	11.3 58.3	3.8 19.8	3.8 20.1
8. EBIT	-1.1	-0.9	-0.4	0.0
9. Financial result	-2.7	-2.2	-0.9	-0.9
– of which financial expenses 2.7 (2002: 2.6)				
10. Result before taxes	-3.8	-3.1	-1.3	-0.9
11. Deferred taxes	-1.6	-1.9	-0.5	-0.8
12. Net loss before minority interests	-2.2	-1.2	-0.8	-0.1
13. Minority interests	0.4	0.6	0.1	0.1
14. Net loss	-2.7	-1.8	-0.9	-0.2
Earnings per share (undiluted and diluted) in €	-0.79	-0.56	-0.27	-0.07
Average number of outstanding shares in thousand (diluted and undiluted)	3,360	3,148	3,360	3,201

Segment reporting

T€	Retail	online	Franchise	Real Estate	Reconc.	Group
First 3 quarters of 2002 as of 30.09.2002						
Non-Group sales	52,555	228	1,997	138	0	54,918
Segment result (EBIT)	-2,380	-191	-390	2,012	0	-949
3rd quarter 2002						
Non-Group sales	18,249	66	841	46	0	19,202
Segment result (EBIT)	-418	-64	-167	679	0	30
First 3 quarters of 2003 as of 30.09.2003						
Non-Group sales	49,118	0	4,484	138	0	53,740
Segment result (EBIT)	-2,888	0	-374	2,117	0	-1,145
3rd quarter 2003						
Non-Group sales	17,101	0	1,746	46	0	18,893
Segment result (EBIT)	-993	0	-114	698	0	-409

HGB reconciliation chart

€m	01.01.-30.09.2003	01.01.-30.09.2002
EBIT acc. to IFRS (IAS)	-1.1	-0.9
Fixed assets	-0.3	-0.5
Other assets	0.3	0.0
EBIT acc. to HGB	-1.1	-1.4

Consolidated > balance sheet

for Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich
as at 30.09.2003 acc. to IASC

ASSETS		€m	30.09.2003	31.12.2002
A.	Current assets			
I.	Cash and cash equivalents		1.3	1.1
II.	Receivables and other assets		1.2	1.8
III.	Inventories		13.3	10.5
			15.8	13.4
B.	Fixed assets			
I.	Tangible assets		92.2	92.7
II.	Intangible assets		2.3	2.4
III.	Deferred taxes		6.4	4.8
IV.	Other assets		0.2	0.1
			101.0	100.0
			116.8	113.3

SHAREHOLDERS' EQUITY AND LIABILITIES		€m	30.09.2003	31.12.2002
A.	Short-term liabilities			
I.	Bank liabilities		15.0	10.2
II.	Trade payables		2.4	2.0
III.	Other liabilities		3.4	4.0
			20.8	16.2
B.	Long-term liabilities			
I.	Bank liabilities		43.9	42.0
II.	Accruals		1.0	1.0
III.	Other liabilities		4.8	5.1
IV.	Deferred taxes		4.6	4.7
			54.3	52.8
C.	Minority interests		24.7	24.7
D.	Shareholders' equity		16.9	19.6
			116.8	113.3

■ > **NOTES** ... Accounts according to International Financial Reporting Standards (IFRS) ... This quarterly report of the Ludwig Beck AG group of companies as at September 30, 2003 has been prepared according to International Financial Reporting Standards (IFRS, formerly IAS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC, formerly SIC). ... **Methods of presentation** ... The quarterly accounts are

prepared in accordance with IAS 34 (Interim Financial Reporting). ... **Accounting and valuation methods** ... The quarterly accounts apply the same accounting and valuation methods as used for the annual financial statements as at December 31, 2002. A full description of these methods is presented in the notes to the consolidated annual financial statements according to IAS (IFRS) as at December 31, 2002.

Consolidated > cash flow statement

for Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich
for the period 01.01.-30.09.2002 and 01.01.-30.09.2003 acc. to IASC

€m	2003	2002
Cash flow from operating activities:		
Net loss before minority interests, taxes and special items	-3.8	-3.1
Adjustments for:		
+ depreciation of fixed assets	2.8	2.8
- financial income	0.0	-0.4
+ interest expenses	2.7	2.6
Operating result before changes to working capital	1.7	1.9
Increase/decrease (- / +) in assets	-2.3	-4.4
Increase/decrease (+ / -) in liabilities	0.3	1.1
Net cash from operating activities (before interest payments)	-0.3	-1.4
Interest paid	-2.7	-2.6
Net cash from operating activities	-3.0	-4.0
Disbursements for additions to fixed assets	-2.3	-4.9
Disbursements for the purchase of shares in consolidated companies	0.0	-0.1
Net cash in investing activities	-2.3	-5.0
Disbursements for dividends	0.0	-2.7
Proceeds from the sale of own shares	0.0	2.3
Disbursements to minority interests	-0.4	-0.4
Proceeds/disbursements (+ / -) from the acceptance/repayment of bank liabilities	6.6	10.9
Balance of proceeds/disbursements from the reduction of other long-term borrowing (financial leasing)	-0.7	-0.6
Net cash from financing activities	5.5	9.5
Change in cash and cash equivalents	0.2	0.5
Cash and cash equivalents at beginning of period	1.1	1.3
Cash and cash equivalents at end of period	1.3	1.8

Consolidated > equity statement

for Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich
for the period 01.01.-30.09.2002 and 01.01.-30.09.2003

T€	Share capital	Capital reserves	Generated capital	Total
Balance as at 01.01.2002	7,981	7	12,323	20,311
Dividend			-2,716	-2,716
Net loss			-1,774	-1,774
Sale of own shares			2,277	2,277
Balance as at 30.09.2002	7,981	7	10,110	18,098
Balance as at 01.01.2003	8,590	7	10,994	19,591
Net loss			-2,652	-2,652
Balance as at 30.09.2003	8,590	7	8,342	16,939

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