



CONSOLIDATED QUARTERLY STATEMENT

for the 1st Quarter of the Fiscal Year 2018
for the period from January 1 – March 31, 2018

LUDWIG BECK – The first quarter of 2018 went satisfactorily with the development of earnings settling in the neutral range

Munich, April 25, 2018 – The Munich Fashion Group LUDWIG BECK (ISIN DE 0005199905) recorded a 5.5% decrease in sales in the first quarter of 2018. Despite this loss in sales, the Group was able to maintain its earnings on account of efficient cost management. The Group operated in a sector environment dominated by a particularly long and harsh winter extending into February and March, and therefore, the sale of spring fashion was massively delayed.

Economic framework conditions and retail trade development

Preliminary estimates by the German Institute for Economic Research (DIW) suggest that Germany's economic boom has continued through the first quarter of 2018 with the gross domestic product exceeding that of the final quarter of 2017 by 0.6%. The Federal Ministry of Economics acknowledged that the German economy has embarked on „a continuous, widely defined upswing based on solid domestic sector fundamentals“. Economic researchers identified Germany's high export rate as an important driver. After a short setback in February, the buying mood and pronounced optimism of consumers recovered again, as the Association for Consumption Research (GfK) ascertained. However, the stationary fashion trade had to put up with another setback in the first quarter despite the favorable consumer mood. According to TW-Testclub, German fashion retailers lost 3% of their sales as compared to the same period last year. Since participation in this much-noticed survey panel is voluntary and by no means all retailers take a public stance, the dark figure of sales losses could actually be higher. The late onset and long duration of the winter led to sales losses for two thirds of all fashion businesses.

CONSOLIDATED EARNINGS SITUATION

Development of sales

In the first quarter of 2018 LUDWIG BECK Group generated gross sales in the amount of € 34.6m (previous year: € 36.6m). The LUDWIG BECK segmented contributed € 19.4m (previous year: € 20.8m) to this result. The share in consolidated sales of the WORMLAND segment was € 15.2m (previous year: € 15.8m).

Earnings situation

The Group's gross profit came to € 13.1m (previous year: € 13.7m). The gross profit margin was raised to 45.0% (previous year: 44.6%).

Personnel expenses could be maintained at last year's level of € 7.2m. Other expenses amounted to € 8.4m (previous year: € 8.7m).



Earnings before interest and taxes (EBIT) totaled € -2,6m (previous year: € -2.4m). The LUDWIG BECK segment recorded a minus of € 0.2m (previous year: € 0.1m), and the WORMLAND segment an EBIT improvement which reduced its losses to € 2.4m (previous year: € -2.6m).

As in the previous year, the consolidated financial result was € -0.2m.

Earnings before taxes (EBT) amounted to € -2.8m (previous year: € -2.7m.).

Earnings after taxes remained at last year's level of € -2.6m.

ASSET SITUATION

Balance sheet structure

As per March 31, 2018, the balance sheet total of the LUDWIG BECK Group was € 132.5m thus slightly exceeding last year's value of € 130.5m as per the reporting date December 31, 2017, for seasonal reasons.

As in the past, tangible fixed assets including the real estate at Marienplatz in Munich formed the largest item of long-term assets. This property was carried at more than € 70m. All told, long-term assets amounted to € 104.0m and almost reached the level recorded for the reporting date December 31, 2017 (€ 104.6m).

Short-term assets went up from € 25.9m (December 31, 2017) to € 28.5m. Inventories went up for seasonal reasons and came to € 23.3m in aggregate as per the reporting date March 31, 2018 (December 31, 2017: € 20.7m). Cash and cash equivalents amounted to € 1.4m, thus falling short of the figure recorded for the balance sheet date December 31, 2017 in the amount of € 1.6m.

FINANCIAL SITUATION

Balance sheet structure

As per the reporting date March 31, 2018, the equity base of the LUDWIG BECK Group stood at € 76.7m (December 31, 2017: € 79.4m). This corresponds to an equity ratio of 57.9% (December 31, 2017: 60.8%).

Long-term liabilities went down from € 30.7m (December 31, 2017) to € 29.5m. Short-term liabilities on the other hand increased from € 20.4m (December 31, 2017) to € 26.3m. The status of liabilities was not only due to the financing of investments and inventories but also due to the financing of the negative result. Thus, total liabilities of the Group amounted to € 55.8m as per the reporting date March 31, 2018 (December 31, 2017: € 51.1m).

Cash flow

The cash flow from current operating activities came to € -7.8m after the first three months of the year 2018 (previous year: € -6.6m). The cash flow from investment activities amounted to € -0.4m in the reporting period as in the previous year. The cash flow from financing activities reached € 8.0m (previous year: € 7.1m).

EMPLOYEES

In the first three months of the fiscal year 2018 the number of employees was 873 (without apprentices) in accordance with Section 267 par. 5 Commercial Code (HGB) (previous year: 842). The weighted number of full-time employees at Group level went up to 570 (previous year: 550). The LUDWIG BECK Group had 39 apprentices as per the reporting date March 31, 2018 (previous year: 38).

FORECAST REPORT

Economic framework conditions and retail trade development

The Federal Government's advisory body, the so called economic wise men revised their 2018 growth forecast upwards and are now expecting the gross domestic product to rise by 2.3% up to 2.6%. The economic key factors involved in this trend comprise not only flourishing exports but also strong domestic demand and a solid labor market. Economic researchers agree that a number of growing risks, especially protectionist measures, could jeopardize world trade.

In its latest consumer climate survey the Association for Consumption Research (GfK) gave a favorable opinion on the further prospects of domestic demand. Their forecast indicates an increase in real private consumer spending of approximately 2%, which roughly corresponds to last year's figure. The question as to how these positive indications will translate into stationary business will be a vital one for the German fashion trade. The continuously expanding online trade has initiated a profound change in shopping habits and has set prices in motion.

The LUDWIG BECK Group in 2018

For LUDWIG BECK, also the year 2018 will be characterized by the restructuring of the stationary fashion trade in Germany. During this continually challenging phase, the management will emphasize and focus intensely on corporate strengths in the fields of product quality, service and experiential value. In relation to its competitors the Group can play a number of aces: its unique location at Marienplatz in Munich, its exceptionally large selection of premium products presented in a very special ambiance, its advisory competence and services no online portal could ever provide. In the long term, the second main suburban train track in Munich, once completed, will significantly increase the customer frequency in the city center. Member of the Executive Board Dieter Münch stated: „We'll make every effort conceivable to master the challenges we are up against. In 2017, we were able to increase our profit even after an inauspicious start of the season – we are going to work towards this goal also in 2018.“

The management expects consolidated gross sales to reach between € 170m and € 180m and the EBIT margin to settle between 3.5% and 5% of net sales.

GENERAL PRESENTATION OF FIGURES IN THE INTERIM REPORT

All sums and figures contained in the text and the tables were exactly computed and then rounded to € m. The percentages given in the text and in the tables were determined on the basis of the exact (not rounded) values.

KEY FIGURES OF THE GROUP

in €m	1/1/2018 – 3/31/2018	1/1/2017 – 3/31/2017	1/1/2017 – 12/31/2017
RESULT			
Gross sales	34.6	36.6	173.2
VAT	5.5	5.8	27.6
Net sales	29.1	30.8	145.6
Gross profit	13.1	13.7	69.6
Earnings before interest, taxes, depreciation & amortization (EBITDA)	-1.6	-1.3	10.9
Earnings before interest and taxes (EBIT)	-2.6	-2.4	6.5
Earnings before taxes (EBT)	-2.8	-2.7	5.6
Earnings after taxes	-2.6	-2.6	3.3
CASH FLOW			
Cash flow from operating activities	-7.8	-6.6	8.7
Cash flow from investing activities	-0.4	-0.4	-2.5
Cash flow from financing activities	8.0	7.1	-6.2
EMPLOYEES			
Employees (average without apprentices)	873	842	874
Apprentices (average)	39	38	40
Personnel expenses	7.2	7.2	29.3
SHARE			
Number of shares in millions	3.70	3.70	3.70
Earnings per share undiluted and diluted (in €)	-0.70	-0.71	0.88
	3/31/2018	3/31/2017	12/31/2017
BALANCE SHEET			
Long-term assets	104.0	105.8	104.6
Short-term assets	28.5	30.5	25.9
Equity	76.7	76.2	79.4
Long-term liabilities	29.5	31.5	30.7
Short-term liabilities	26.3	28.7	20.4
Balance sheet total	132.5	136.3	130.5
Investments	-0.4	-0.4	-2.5
Equity ratio in %	57.9	55.9	60.8

SEGMENT REPORTING

in €m	LUDWIG BECK	WORMLAND	GROUP
Gross sales (<i>previous year</i>)	19.4 (20.8)	15.2 (15.8)	34.6 (36.6)
Gross profit (<i>previous year</i>)	7.6 (8.0)	5.5 (5.7)	13.1 (13.7)
Earnings before interest, taxes, depreciation & amortization (EBITDA) (<i>previous year</i>)	0.4 (0.9)	-2.0 (-2.2)	-1.6 (-1.3)
Earnings before interest and taxes (EBIT) (<i>previous year</i>)	-0.2 (0.1)	-2.4 (-2.6)	-2.6 (-2.4)
Earnings before taxes (EBT) (<i>previous year</i>)	-0.4 (-0.1)	-2.4 (-2.6)	-2.8 (-2.7)

About LUDWIG BECK

LUDWIG BECK is one of the top fashion retail companies in Germany. In 2017 with 451 employees it generated gross sales of € 99.0m (as per December 31, 2017) on an area of about 12,400 sqm.

LUDWIG BECK is located in the heart of Munich, directly at Marienplatz. On seven floors the Munich fashion company showcases international fashion, leather goods and accessories, exclusive cosmetics and with over 120,000 titles Europe's largest onsite collection of classical, jazz and world music and audiobooks.

About ludwigbeck.de

Since the end of 2012, the singular brand portfolio of the beauty department is also available for online shopping at www.ludwigbeck.de. Customers can expect a unique selection of almost 10.000 products of more than 100 luxury and niche cosmetics brands.

About WORMLAND:

THEO WORMLAND GmbH & Co. KG, based in Hanover, generated sales in the amount of € 74.2m (as per December 31, 2017) with 417 employees on a total area of about 16,200 sqm in 2017. The Group is based on two differing store concepts: WORMLAND and THEO. Today, THEO WORMLAND GmbH & Co. KG ranges among Germany's top men's fashion retailers with a total of 15 outlets.

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