



Corporate News

LUDWIG BECK concludes problematic Fiscal Year 2018

Munich, March 28, 2019 – The Munich Fashion Group LUDWIG BECK (ISIN DE 0005199905), alike fashion traders all over Europe, had to put up with constant structural pressures in the Fiscal Year 2018. Unpredictable climatic influences repeatedly curbed seasonal sales as well. Consequently, the sales and earnings situation reflected the negative industry trend and failed to meet expectations.

Development of sales

LUDWIG BECK generated gross sales in the amount of € 166.1m at Group level (previous year: € 173.2m), thus slightly exceeding the target sales figures adjusted in December 2018. Before the adjustment, expectations had ranged between € 170m and € 180m. The LUDWIG BECK segment, including the online beauty trade at www.ludwigbeck.de, accounted for sales of € 95.5m in aggregate (previous year: € 99.0m). In 2018, the development of the e-commerce portal unfolded in line with the management's expectations. The WORMLAND segment contributed sales totaling € 70.5m (previous year: € 74.2m). The German fashion trade in general had to face another 2% decline in the lapsed fiscal year (source: TextilWirtschaft).

Earnings situation

Consolidated earnings before interest and taxes (EBIT) amounted to € 2.0m (previous year: € 6.5m). While the LUDWIG BECK segment generated € 7.6m (previous year: € 8.9m) thus making a positive contribution to earnings (previous year: € 8.9m), the WORMLAND segment recorded € -5.7m (previous year: € -2.4m) also due to impairment write-downs in the amount of € 2.5m.

This corresponds to earnings before taxes (EBT) on Group level of € 1.1m (previous year: € 5.6m). The LUDWIG BECK segment accounted for € 6.9m (previous year: € 8.1m), while the WORMLAND segment's negative contribution came to € 5.8m (previous year: € -2.5m). The EBT margin was 0.8% (previous year: 3.8%).

Taxes on income amounted to € 1.9m for the LUDWIG BECK segment (previous year: € 2.3m). No deferred tax assets were formed for the WORMLAND segment.

The consolidated net profit/loss came to € -0.8m (previous year: € 3.3m).

As per reporting date, December 31, 2018, the Group's equity totaled € 75.8m (previous year: € 79.4m). The equity ratio remained strong with 59.9% (previous year: 60.8%).

Dividend payment

In connection with the intended sale of the WORMLAND Group, LUDWIG BECK AG established accounting provisions and, with € 6.0m, fully wrote off the WORMLAND participation in the individual financial statements 2018. Since, on account thereof, a net loss of € 3.9m had to be carried in the individual financial statements of LUDWIG BECK AG which had

to be offset by releasing profit reserves, the Executive Board and the Supervisory Board will propose to the Annual General Meeting on June 3, 2019 to not distribute any dividend.

Outlook

Also in 2019, LUDWIG BECK will have to deal with the predatory competition that holds fashion trade in its grip. In order to respond to the endurance test imposed by online trade, the company has, among other, planned an enhancement of its own e-commerce activities – for instance by expanding the reach of www.ludwigbeck.de. Service and advising efficacy at the flagship store at Marienplatz are supposed to give the company a competitive edge that can be further exploited. Should the weather do its bit and stick to seasonal expectations, this could also help the Group to return to its familiar path to success in 2019.

Member of the Executive Board, Dieter Münch: „Even though the WORMLAND topic will still pose great challenges to us in 2019, we are convinced that after this transformational year LUDWIG BECK will progress strengthened into the future, as LUDWIG BECK has experience in dealing with setbacks“.

After the difficult 2018 fiscal year, the Group will continue to rely on its traditional values and strive for sound stability in order to be able to take advantage of all growth potentials available. In that vein, the Executive Board expects the consolidated sales to range between € 165m and € 170m, and earnings before taxes (EBT) to reach between € 1.5m and € 2.5m in 2019. This forecast is subject to the assumption that WORMLAND will remain in the LUDWIG BECK Group until the end of 2019.

The Executive Board and the Supervisory Board of LUDWIG BECK AG decided in January to initiate a structured selling process for WORMLAND, which is scheduled to be concluded in the first half of 2019. If no adequate sales price can be achieved, LUDWIG BECK will continue the restructuring of WORMLAND on its own.

For further information regarding the company and the share please refer to the corporate website at <https://kaufhaus.ludwigbeck.de/en/home>.

Key Figures of the Group

in €m	2018	2017
Gross sales	166.1	173.2
Net sales	139.6	145.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8.4	10.9
Earnings before interest and taxes (EBIT)	2.0	6.5
Earnings before taxes (EBT)	1.1	5.6
Consolidated net profit/loss	-0.8	3.3
Equity	75.8	79.4
Equity ratio in %	59.9	60.8
Investments	2.5	2.5
Employees (average) ¹⁾	875	874
Earnings per share (in €)	-0.22	0.88
Dividend (in €)	0.00	0.65

¹⁾ without apprentices

About LUDWIG BECK

LUDWIG BECK is one of the top fashion retail companies in Germany. In 2018, with 455 employees, it generated gross sales of € 95.5m (as per December 31, 2018) 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 in 2018 sales turnover in the amount of € 70.5m with 414 employees on a total area of about 16,200 sqm (as per December 31, 2018). The Group of companies 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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