CORPORATE QUARTERLY REPORT
for the 1st Quarter of the Fiscal Year 2019
for the period from January 1 – March 31, 2019

LUDWIG BECK – The first quarter of 2019 saw a slight growth in sales

Munich, April 25, 2019 – The Munich Fashion Group LUDWIG BECK (ISIN DE 0005199905) ended the first quarter of 2019 with a sales growth of 0.5%, thus surpassing the industry average. With this result, the company was able to hold its own in the difficult environment of a German fashion trade that is still in a state of upheaval.

The economic environment and the development in the retail sector
The danger of a recession seems to be averted for the time being: According to preliminary data from the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW), the German gross domestic product (GDP) grew by just under 0.2% in the first quarter of 2019 - a very restrained growth rate, which nevertheless surpassed the two preceding quarters. Economic researchers agree that the general conditions for the German economy have increasingly deteriorated. The industry reported a declining number of orders. The automobile manufacturers in particular reported hardly any positive developments. Foreign demand also gradually declined. Last but not least, the trade disputes between the US and China had a negative impact on German exports. In contrast, the service sector and the labour market continued to perform well. Many households saw a growth in income. As reported by the Association for Consumer Research (Gesellschaft für Konsumforschung, GfK), the downturn in economic expectations at the beginning of the year stopped for the time being during the first quarter of the year. Nevertheless, after many months of optimistic assessments, GfK now speaks of a first damper on the consumer confidence. However, the consumer confidence amongst German citizens is still "extremely good". The stationary fashion trade also benefited from this. It succeeded in compensating for the poor performance of the same period last year, which averaged -2%, and closed the first quarter on at least a par (source: textile industry). This was not only due to good consumer sentiment, but also due to the mild weather conditions, which, in contrast to the winter quarter of the previous year, boosted the sales of spring fashion.

Sale of the men's fashion chain WORMLAND
In the Ad Hoc Announcement of April 15, 2019, LUDWIG BECK announced that the sale process initiated on January 31, 2019 led to the sale of all shares in Theo Wormland GmbH & Co. KG ("WORMLAND") held by LUDWIG BECK Unternehmensverwaltungs GmbH, which has led to the conclusion of a corresponding purchase agreement. The buyer is WL Erwerbs GmbH, which is owned by a team of WORMLAND managers. The seller transfers the company free of bank liabilities along with an additional seller's payment of approx. € 7.5m. At the same time, the buyer has committed himself to a capital injection of around € 0.5m.

IFRS (International Financial Reporting Standards) 5 "Long-term assets held for sale and discontinued operations" was not applicable as of March 31, 2019 because the Supervisory Board did not accept the offer until after the quarterly reporting date.

GENERAL PRESENTATION OF FIGURES IN THE INTERIM REPORT

All sums and figures in the text and in the tables were calculated exactly and then rounded to €m. The percentages in the text and in the tables were determined using the exact (not the rounded) values.

Effects of the IFRS 16 "Leases" standard on the earnings, assets and financial situation
LUDWIG BECK has applied IFRS 16 "Leases", which has become mandatory on January 1, 2019. As part of the transition, the LUDWIG BECK Group decided to apply the modified retrospective approach. Consequently, no adjustment of comparative information shall be made. When IFRS 16 was first applied, the right of use was estimated at the same value as the lease liabilities. LUDWIG BECK mainly concludes leasing contracts as operating lessee. The application of IFRS 16 will change the nature of the expenses arising from these leases, as the existing linear expenses for operating leases will be replaced by depreciation of the right of use and interest expenses for the liabilities. In addition, IFRS 16 requires the repayment portion of lease payments to be shown as a component of the cash flow from financing activities, so that the operating cash flow will improve.

The effects of the application of IFRS 16 on the key earnings figures and the balance sheet structure are shown in the following table:

in €m	Before IFRS 16 1/1/2019 - 3/31/2019	The effect of IFRS 16 1/1/2019 - 3/31/2019	Inclusive of IFRS 16 1/1/2019 - 3/31/2019
EARNINGS			
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-1.2	4.0	2.8
Earnings before interest and taxes (EBIT)	-2.2	0.4	-1.7
Earnings before taxes (EBT)	-2.4	-0.4	-2.8
Earnings after taxes	-2.1	-0.3	-2.5
	3/31/2019	**3/31/2019**	**3/31/2019**
BALANCE SHEET			
Long-term assets	100.1	166.4	266.5
Equity	73.6	-0.3	73.2
Long-term liabilities	32.7	162.5	195.2
Short-term liabilities	22.8	4.2	27.1
Balance sheet total	129.1	166.4	295.4
Equity ratio in %	57.0	-32.2	24.8

CONSOLIDATED EARNINGS SITUATION

Development of sales
The LUDWIG BECK Group generated gross sales in the amount of € 34.8m (previous year: € 34.6m). While the LUDWIG BECK segment recorded a sales growth of € 19.9m (previous year: € 19.4m), sales in the WORMLAND segment declined slightly from € 15.2m in the previous year to € 14.9m in the first quarter of the current year.

Earnings situation
The gross profit at the Group level improved slightly by € 0.2m to € 13.3m (previous year: € 13.1m). The gross profit margin improved from 45.0% to 45.4% due to lower price discounts in the first quarter of 2019.

Personnel expenses were reduced from € 7.2m to € 6.8m. In accordance with the application of IFRS 16, depreciation increased from € 1.0m to € 4.5m in the first quarter of 2019. On the other hand, other operating expenses fell from € 8.4m to € 4.6m. The effect of IFRS 16 amounted to € 4.0m.

This resulted in earnings before interest and taxes (EBIT) of € -1.7m (previous year: € -2.6m).

The consolidated financial result amounted to € -1.0m (previous year: € -0.2m) as a result of IFRS 16 accounting.

As in the previous year, earnings before taxes (EBT) amounted to € -2.8m. The first-time application of IFRS 16 in the first quarter of 2019 alone had a negative effect of € 0.4m on earnings before taxes (EBT).

Earnings after taxes amounted to € -2.5m (previous year: € -2.6m).

ASSET SITUATION

Balance sheet structure
The balance sheet total of the LUDWIG BECK Group as of March 31, 2019 amounted to € 295.4m and thus significantly exceeded the value of the balance sheet dated December 31, 2018 of € 126.5m. In addition to the seasonal increase in inventories, this was mainly due to the recognition of right of use in accordance with IFRS 16 in the amount of € 166.4m.

In addition to the right of use, the property at Munich's Marienplatz continues to be of major component of the fixed assets. It is reported in the balance sheet with a value of over € 70m. In total, long-term assets amounted to € 266.5m (previous year: € 100.7m).

The short-term assets increased from € 25.8m (December 31, 2018) to € 29.0m. There was a seasonal increase in inventories, which amounted to € 23.3m as of March 31, 2019 (December 31, 2018: € 20.9m). At € 1.3m, the cash and cash equivalents were slightly below the figure of € 1.7m on the balance sheet date of December 31, 2018.

FINANCIAL SITUATION

Balance sheet structure

As of March 31, 2019, the LUDWIG BECK Group had an equity of € 73.2m (December 31, 2018: € 75.8m). Due to the significantly extended balance sheet due to the application of the IFRS 16 balance sheet, this corresponds to an equity ratio of 24.8% (December 31, 2018: 59.9%).

The long-term liabilities increased from € 33.2m (December 31, 2018) to € 195.2m. The short-term liabilities also increased from € 17.5m (December 31, 2018) to € 27.1m. The accounting for lease liabilities in accordance with the application of IFRS 16 was the main reason for the development of the liabilities. The Group's total liabilities therefore amounted to € 222.2m as of March 31, 2019 (December 31, 2018: € 50.7m).

Cash flow

The cash flow from operating activities amounted to € -3.4m after the first three months of 2019 (previous year: € -7.8m). The cash flow from investing activities amounted to € -0.4 m in the same period as in the previous year. The cash flow from financing activities amounted to € 3.4m (previous year: € 8.0m).

EMPLOYEES

In the first three months of 2019, the number of employees amounted to 800 (excluding apprentices) mainly due to the delayed Easter business into April, pursuant to Paragraph 267 (5) of the HGB (HGB = Commercial Code) (previous year: 873). Weighted by full-time employees, the number at Group level fell to 509 (previous year: 553). As of the reporting date of March 31, the LUDWIG BECK Group employed 53 apprentices (previous year: 39).

FORECAST REPORT

The economic environment and the development in the retail trade

The slowdown of the German economy has led to a broad-based lowering of economic forecasts for 2019. The Federal Ministry of Economics, for example, corrected its own forecast from the annual economic report in January to a growth rate of only 0.5%. In its latest economic report, the Kiel Institute for the World Economy (Kieler Institut für Weltwirtschaft, IfW) speaks of a German economy in a downturn and reduced growth rates "for quite some time". According to economic researchers that work for the Kiel Institute, the recent acute economic overload will decline in a cooling down phase.

The global economic environment, but also industry-specific factors in Germany, have weakened the momentum of recent years. Nevertheless, the risk of a pronounced recession lasting several quarters is regarded as low - insofar as no aggravating political risks would be added. Although the employment growth will lose momentum, disposable household incomes are likely to rise at a rate similar to that of the last two years. With consumer prices rising moderately, 2019 will see a respectable increase in purchasing power of 1.5%, with consumer spending expected to rise. The GfK sees private consumption as an important pillar of the German economy in the coming months, with the uncertain Brexit and transatlantic trade conflicts quickly clouding the consumer climate. According to industry observers, the cut-throat competition in the fashion trade fired by online providers will continue and put stationary retailers under pressure. It seems that the realisation that customers expect the same opportunities from stationary retail as they are accustomed to from e-commerce is gaining ground. Whoever, as a classic retailer, understands how to adapt to this customer need, can recover lost ground. LUDWIG BECK is already optimising its services so that these requirements can be met in two ways: as a shopping convenience feature borrowed from digital commerce - and as a plus in advice and service that is not available online.

LUDWIG BECK Group 2019

The sale of the Group segment WORMLAND on April 15, 2019, creates new conditions for the development of LUDWIG BECK and for the position of the company in the current structural change of the landscape of the business. In the future, LUDWIG BECK will concentrate, with increased vigour, on both its core business in Munich, which will be generated in the flagship store at Munich's Marienplatz, in the beauty branch of the FÜNF HÖFEN shopping mall, and online on ludwigbeck.de.

Dieter Münch, member of the Management Board: "We will now effectively bundle our strengths and consolidate our position in the ongoing cut-throat competition at a new level. The future strategic focus will use the full potential which has made LUDWIG BECK one of the leading fashion department stores in Europe".

The separation from WORMLAND leads to an adjustment of the annual forecast. Management now expects consolidated sales of between € 114m and € 119m for 2019 (previously: between € 165m and € 170m) and earnings before taxes (EBT) of between € -12m and € -13m (previously: between € 1.5m and € 2.5m).

The individual financial statements are expected to show a net loss for this year of around € -10m to € -11m. Accordingly, the expected balance sheet profit of LUDWIG BECK AG 2019 will amount to € 0. The distribution of a dividend for the business year 2019 is therefore not to be expected.

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KEY FIGURES OF THE GROUP

in €m	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018	1/1/2018 – 12/31/2018
RESULT			
Sales (gross)	34.8	34.6	166.1
VAT	5.6	5.5	26.5
Sales (net)	29.3	29.1	139.6
Gross profit	13,3	13.1	66.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	2.8	-1.6	8.4
Earnings before interest and taxes (EBIT)	-1.7	-2.6	2.0
Earnings before taxes (EBT)	-2.8	-2.8	1.1
Earnings after taxes	-2.5	-2.6	-0.8
CASH FLOW			
Cash flow from operating activities	-3.4	-7.8	4.4
Cash flow from investing activities	-0.4	-0.4	-2.5
Cash flow from financing activities	3.4	8.0	-1.8
EMPLOYEES			
Employees (average excluding trainees)	800	873	875
Trainees (average)	53	39	49
Personnel expenses	6.8	7.2	29.1
SHARES			
Number of shares in millions	3.70	3.70	3.70
Earnings per share undiluted and diluted (in €)	-0.67	-0.70	-0.22
	3/31/2019	**3/31/2018**	**12/31/2018**
BALANCE SHEET			
Long-term assets	266.5	104.0	100.7
Short-term assets	29.0	28.5	25.8
Equity	73.2	76.7	75.8
Long-term liabilities	195.2	29.5	33.2
Short-term liabilities	27.1	26.3	17.5
Balance sheet total	295.4	132.5	126.5
Investments	-0.4	-0.4	-2.5
Equity ratio in %	24,8	57.9	59.9

SEGMENT REPORTING

in €m	LUDWIG BECK	WORMLAND	GROUP
Sales (gross) (*previous year*)	19.9 (*19.4)*	14.9 (*15.2)*	34.8 (*34.6)*
Gross profit (*previous year*)	7.7 (*7.6)*	5.6 (*5.5)*	13.3 *(13.1)*
Earnings before interest, taxes, depreciation and amortization (EBITDA) (*previous year*)	1.4 (*0.4)*	1.3 (-*2.0)*	2.8 (-*1.6)*
Earnings before interest and taxes (EBIT) (*previous year*)	-0.1 (-*0.2)*	-1.7 (-*2.4)*	-1.7 (-*2.6)*
Earnings before taxes (EBT) *(previous year)*	-0.7 (-*0.4)*	-2.1 (-*2.4)*	-2.8 (-*2.8)*

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