

LUDWIG BECK

CONSOLIDATED INTERIM REPORT

for the 1st Quarter of the Fiscal Year 2014
for the Period from January 1 to March 31, 2014

LUDWIG BECK

seit 1861

KEY FIGURES OF THE GROUP

in €m	1/1/2014 – 3/31/2014	1/1/2013 – 3/31/2013
Gross sales	21.8	21.3
Net sales	18.3	17.9
Earnings before interest, taxes, depreciation & amortization (EBITDA)	1.2	1.7
Earning before interest & taxes (EBIT)	0.5	1.0
Earnings before taxes (EBT)	0.2	0.6
Net profit for the period	0.2	0.4
Equity (at end of period 3/31)	64.4	59.9
Equity ratio in % (at end of period 3/31)	60.3	56.4
Earnings per share (in €)	0.05	0.11
Investments	0.6	0.4
Employees (at end of period 3/31) *)	457	462
Apprentices (Number)	44	49

*) Without apprentices

INTRODUCTION

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS). Generally, the Interim Report is prepared as an update of the Annual Report focusing on the current reporting period. The Group accounts prepared in addition thereto, in accordance with IFRS, serve as a fundamental basis for LUDWIG BECK's financial reporting in compliance with IFRS as leading accounting system. Therefore, the Interim Report should be read together with the IFRS-compliant group accounts and the Annual Report published for the 2013 fiscal year.

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC CONDITIONS

Macroeconomic development

On the backdrop of a slowly recovering economy in the Euro zone, the German Gross Domestic Product will rise 0.7% in the 1st quarter of 2014 compared to the previous quarter, according to the estimates of the German Institute for Economic Research (DIW).

DIW lists rising investments in construction, climbing employment figures and an exceedingly positive buyer confidence as the main growth factors. DekaBank analysts see the highest number of incoming orders for the manufacturing industry in a long time. However, the shadow of the Crimean crisis cast over the positive German and global economic development dampened the mood considerably at quarter's end in this and other parts of the world.

Retail trade development

Domestic demand exceeded the expectations in the 1st quarter of 2014. It could possibly be the strongest since 1994, if final figures concur. Consumers' shopping mood was also noticeable in the fashion retail trade. After 2013, the year of bad weather for business, 2014 started out very hopeful and spring-like. According to calculations of TW-Testclub, fashion retail ended the 1st quarter with a 3% gain in sales. Many retailers had even higher hopes due to this year's perfect conditions. But the fact that Easter falls late into April had a slowing effect.

CONSOLIDATED EARNINGS SITUATION

Development of sales

LUDWIG BECK also benefited from consumer friendly weather and good economic conditions and ended the 1st quarter of 2014 with a 2.4% rise in sales. Absolute gross sales on Group level reached € 21.8m (previous year: € 21.3m). A special mention deserves the fact that this development, in the quarter traditionally generating the lowest sales, was achieved without the benefit of Easter sales, which contributed to last year's 1st quarter. 2014 Easter sales fall into April and will thus add to the 2nd quarter. The Group flagship, its Marienplatz store, was, again, the main contributor to this result. The www.ludwigbeck.de online store successfully continued on its course.

Earnings situation

Gross profits of LUDWIG BECK showed a neutral development in the 1st quarter of 2014. The rounded figure is € 8.8m, similar to the previous year, due to one-time positive special items occurring in 2013. The gross profit margin reached 48.0% (previous year: 49.0%).

With € 8.3m, the absolute amount of expenses netted against corresponding income was higher than in the previous year with € 7.8m. Responsible is an increase in personnel costs due to a 6.5% pay raise granted to all employees in the 1st half of 2013. A rise of other operational expenses had a further effect, primarily resulting from higher distribution costs in connection with the online store.

Earnings before interest and taxes amounted to € 0.5m (previous year: € 1.0m). The EBIT margin was at 2.5% (previous year: 5.4%). Earnings before taxes (EBT) reached € 0.2m (previous year: € 0.6m). Net profits for the first three months amounted to € 0.2m compared to last year's € 0.4m.

Because management was aware of the factors influencing earnings, the figures for the 1st quarter of 2014 do not call for a new assessment of the earnings situation.

ASSET SITUATION

Balance sheet structure

As of March 31, 2014, the balance sheet total of the LUDWIG BECK Group was € 106.8m (December 31, 2013: € 106.3m). As in the previous year, long-term assets made up the biggest portion with € 92.0m (December 31, 2013: € 92.2m). With € 88.9m, fixed assets were the largest item on the asset side (December 31, 2013: € 89.0m). Among others they include the value of the real estate at Munich Marienplatz with € 70.8m.

In short-term assets, seasonal additions to inventories created a rise to € 12.2m compared to € 10.4m at the end of period, December 31, 2013. While warehouse stock showed a seasonal increase, liquid funds decreased, as did receivables and other assets.

FINANCIAL SITUATION

Balance sheet structure

In the course of the last few years, LUDWIG BECK AG was able to continuously improve its balance sheet structure. At the end of period, March 31, 2014, the Group held equity in the amount of € 64.4m (December 31, 2013: € 64.4m). The corresponding equity ratio is 60.3% (December 31, 2013: 60.6%).

The Group's aggregate liabilities remained almost the same as in the previous year and amounted to € 42.4m (December 31, 2013: € 41.9m). The Group was able to reduce its long-term liabilities from € 26.6m to € 23.8m. This decrease in long-term liabilities is due to a special repayment of mortgage loans in the amount of € 1.6m. The goal was to take advantage of favorable interest rates for current account credit lines. Short-term liabilities showed a partially seasonal increase to € 18.5m (December 31, 2013: € 15.3m).

Cash flow

In the 1st quarter of 2014, cash flow from current operating activities amounted to € -2.6m (previous year € -1.8m), due to seasonal fluctuations. Cash outflow from investment activities slightly increased to € 0.6m in the period under report (previous year: € 0.4m). These predominantly concern the further expansion of the lower ground floor at Munich Marienplatz. The investments are to be financed from current cash flow. Cash flow from financing activities was € 3.1m (previous year: € 2.0m).

EMPLOYEES

In the first three months of 2014 the number of employees (apprentices not included) was 457 in accordance with Section 267 par. 5 Commercial Code (previous year: 462). The weighted number of full-time employees at Group level rose to 327 (previous year: 325). At the end of period, March 31, 2014, LUDWIG BECK employed 44 apprentices (previous year: 49).

RISK AND OPPORTUNITY REPORT

In the course of its activities in the sales markets, the LUDWIG BECK Group is exposed to various risks connected with entrepreneurial transactions. A detailed description thereof is contained in our current annual report for the year 2013 (page 68ff). You can find the report on the company's website www.ludwigbeck.de/english in the "Investor Relations" section under "Financial Publications".

FORECAST REPORT

Business and general conditions

The Institute for the World Economy (IfW) sees Germany at the brink of a booming economy. Accordingly, they estimate a 1.9% rise of the Gross Domestic Product for the current year that will even rise to 2.5% in 2015. Driving forces are high capacity utilization levels, increasing investment activities and, again, unbridled consumption in a robust job market, increases in income and low interest rates. No expansion will be triggered by flourishing foreign trade, so the researchers, because of the strongly developed German domestic economic activity. The IfW further states a rise in current account surpluses, expecting increased surpluses even in the national budget. Positive is a further decline in unemployment with an estimated rate of only 6.7%. According to surveys of the German Institute for Economic Research (DIW), the willingness to invest is somewhat dulled by the Crimean crisis. A further escalation could cause the Russian economy to lean toward Asia, which could have ramifications for Germany and the Euro zone. The same goes for financial interrelations and resources. Therein lies a currently incalculable risk potential for the entire global economy.

Retail trade development

According to an Association for Consumption Research (GfK) prognosis, private consumption is going to show an actual increase of 1.5%. Preliminary data from the Federal Statistical Office calculate a growth just short of one percent. GfK assumes that buyer confidence will stabilize, aided by consumers' propensity to buy, income expectations and a positive economic outlook. Compared to the previous year, GfK established a nominal one percent decline in sales for the brick-and-mortar retail sector and a 1.2% gain for online retail. Expected price increases are, amongst others, responsible for the dampened growth rates. GfK experts note a general change in consumer behavior: consumers increasingly focus on online shops at the expense of brick-and-mortar retail stores.

LUDWIG BECK 2014

LUDWIG BECK's management concurs with the prognosis of the economic researchers and expects a favorable development for the rest of the fiscal year.

The grand re-opening of Men's Fashion on the lower ground floor scheduled for September will be the outstanding event for 2014. With a new design and on a significantly larger sales area, Men's Fashion offers fashion-conscious men the top address for style, quality and shopping ambience on 1,500 sqm – a unique alternative for men in Munich's market. A € 6m investment has been earmarked for this 2013/2014 reconstruction.

In addition to this quality improvement in accordance with its *trading up* strategy, the Group is also further expanding the online portal at www.ludwigbeck.de. As a second pillar for the business it is intended to grow into a reliable guarantor of sales.

Based on these estimations, the Executive Board expects a growth in sales in the middle one digit percentage area and earnings at last year's level.

Munich, April 2014
The Executive Board

NOTES

Accounting in compliance with International Financial Reporting Standards (IFRS)

The present quarterly accounts of LUDWIG BECK AG as of March 31, 2014 have been prepared in compliance with the provisions of the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretation Committee (IFRIC).

Presentation method

The quarterly accounts are prepared in compliance with IAS 34 (interim reporting).

Accounting and valuation methods

The quarterly accounts are based on the same methods of accounting and valuation as the group accounts as of December 31, 2013. A comprehensive description of these methods has been published in the Appendix to the IFRS group accounts as of December 31, 2013.

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

The previous year's figures as of March 31, 2013, were being adjusted due to changes in methods according to IAS 19R.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF LUDWIG BECK AM RATHAUSECK –
TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – MARCH 31, 2014,
ACC. TO IASB

	1/1/2014 – 3/31/2014		1/1/2013 – 3/31/2013	
	€m	€m	€m	€m
1. Sales revenues				
- sales (gross)	21.8		21.3	
- minus VAT	3.5		3.4	
- sales (net)		18.3		17.9
2. Other own work capitalized		0.0		0.0
3. Other operating income		0.7		0.7
		19.0		18.6
4. Cost of materials	9.5		9.1	
5. Personnel expenses	4.4		4.1	
6. Depreciation	0.8		0.7	
7. Other operating expenses	3.8	18.6	3.8	17.7
8. EBIT		0.5		1.0
9. Financial result		-0.3		-0.4
- Of which financing expenses: as of 3/31: € 0.3m (previous year: € 0.4m)				
10. Earnings before taxes (EBT)		0.2		0.6
11. Taxes on income		0.0		0.2
12. Net profit for the period		0.2		0.4
Earnings per share (undiluted and diluted) in €		0.05		0.11
Average number of outstanding shares in million		3.70		3.70

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS
FELDMEIER AG, MUNICH, AS OF MARCH 31, 2014, ACC. TO IASB

Assets	3/31/2014	12/31/2013	3/31/2013
	€m	€m	€m
A. Long-term assets			
I. Intangible assets	3.0	3.0	3.1
II. Property, plant and equipment	88.9	89.0	88.3
III. Other assets	0.2	0.2	0.1
Total long-term assets	92.0	92.2	91.5
B. Short-term assets			
I. Inventories	12.2	10.4	11.9
II. Receivables and other assets	2.1	3.0	2.0
III. Cash and cash equivalents	0.5	0.7	0.8
Total short-term assets	14.8	14.1	14.7
	106.8	106.3	106.2
Shareholders' equity and liabilities	3/31/2014	12/31/2013	3/31/2013
	€m	€m	€m
A. Shareholders' equity			
I. Subscribed capital	9.4	9.4	9.4
II. Capital reserves	3.5	3.5	3.5
III. Profit accrued	51.9	51.9	47.3
IV. Other equity components	-0.4	-0.4	-0.3
Total shareholders' equity	64.4	64.4	59.9
B. Long-term liabilities			
I. Financial liabilities	22.5	24.3	29.1
II. Accruals	1.2	1.2	0.9
III. Deferred tax liabilities	0.2	1.1	0.5
Total long-term liabilities	23.8	26.6	30.5
C. Short-term liabilities			
I. Financial liabilities	13.9	9.0	10.5
II. Trade liabilities	0.7	1.8	1.2
III. Tax liabilities	0.0	0.0	0.4
IV. Other liabilities	3.8	4.4	3.7
Total short-term liabilities	18.5	15.3	15.8
Total debt (B. + C.)	42.4	41.9	46.3
	106.8	106.3	106.2

CONSOLIDATED SEGMENT REPORTING

CONSOLIDATED SEGMENT REPORTING OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – MARCH 31, 2014, ACC. TO IASB

1/1/2014 – 3/31/2014 <i>Previous year</i>	Textile		Non-Textil		Group	
	€m	%	€m	%	€m	%
Sales (gross)	16.1	119.0	5.7	119.0	21.8	119.0
<i>Previous year</i>	15.6	119.0	5.7	119.0	21.3	119.0
VAT	-2.6	19.0	-0.9	19.0	-3.5	19.0
<i>Previous year</i>	-2.5	19.0	-0.9	19.0	-3.4	19.0
Sales (net)	13.5	100.0	4.8	100.0	18.3	100.0
<i>Previous year</i>	13.1	100.0	4.8	100.0	17.9	100.0
Cost of sales	-7.1	52.7	-2.8	59.5	-10.0	54.4
<i>Previous year</i>	-6.8	51.9	-2.8	59.5	-9.6	53.9
Gross profit	6.4	47.3	1.9	40.5	8.3	45.6
<i>Previous year</i>	6.3	48.1	1.9	40.5	8.2	46.1
Personnel expenses	-1.3	9.3	-0.7	14.8	-2.0	10.7
<i>Previous year</i>	-1.2	9.2	-0.7	14.4	-1.9	10.6
Cost of occupancy	-2.5	18.6	-0.5	10.5	-3.0	16.5
<i>Previous year</i>	-2.5	19.0	-0.5	10.2	-3.0	16.7
Interest	-0.2	1.4	-0.1	2.0	-0.3	1.6
<i>Previous year</i>	-0.2	1.4	-0.1	1.9	-0.3	1.6
Segment result	2.4	18.0	0.6	13.2	3.1	16.8
<i>Previous year</i>	2.4	18.5	0.7	14.0	3.1	17.3
Cash discounts, other discounts etc. on cost of sales					0.5	2.5
<i>Previous year</i>					0.5	3.0
Other operational income					0.7	3.9
<i>Previous year</i>					0.7	4.1
Other personnel expenses					-2.5	13.5
<i>Previous year</i>					-2.2	12.3
Depreciation					-0.8	4.3
<i>Previous year</i>					-0.7	3.9
Other expenses					-0.8	4.4
<i>Previous year</i>					-0.8	4.3
Other financial result					0.0	0.0
<i>Previous year</i>					-0.1	0.7
Taxes on income					0.0	-0.1
<i>Previous year</i>					-0.2	0.9
Net profit for the period					0.2	1.1
<i>Previous year</i>					0.4	2.2

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – MARCH 31, 2014, ACC. TO IASB

in €m	1/1/2014 – 3/31/2014	1/1/2013 – 3/31/2013
Cash flow from operating activities:		
Earnings before taxes	0.2	0.6
Adjustments for:		
+ Depreciation of fixed assets	0.8	0.7
+ Interest expenses	0.3	0.4
Operating result before changes to working capital	1.2	1.7
Increase/decrease (-/+) in assets	-0.9	-1.1
Increase/decrease (+/-) in liabilities	-1.6	-0.8
Cash flow from operating activities (before interest and tax payments)	-1.3	-0.3
Interest paid	-0.3	-0.3
Disbursements to minorities	-0.2	-0.2
Taxes on income paid	-0.9	-1.1
A. Cash flow from operating activities	-2.6	-1.8
Disbursements for investments in fixed assets	-0.6	-0.4
B. Cash flow from investing activities	-0.6	-0.4
Acceptance/repayment of bank loans and loans from insurance companies	3.2	2.1
Acceptance/repayment of other financial liabilities	-0.1	-0.1
C. Cash flow from financing activities	3.1	2.0
D. Changes in cash and cash equivalents affecting cash flows (A.+B.+C.)	-0.2	-0.2
Cash and cash equivalents at beginning of period	0.7	1.0
Changes D.	-0.2	-0.2
Cash and cash equivalents at the end of period	0.5	0.8

CONSOLIDATED EQUITY STATEMENT

CONSOLIDATED EQUITY STATEMENT OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – MARCH 31, 2014, ACC. TO IASB

in €m	Subscribed capital	Capital reserve	Accumulated profit	Other equity components	Total
Balance as of 1/1/2014	9.4	3.5	51.9	-0.4	64.4
Net profit for the period			0.2		0.2
Disbursements to other shareholders			-0.2		-0.2
Balance as of 3/31/2014	9.4	3.5	51.9	-0.4	64.4
Balance as of 1/1/2013	9.4	3.5	47.0	-0.3	59.7
Net profit for the period			0.4		0.4
Disbursements to other shareholders			-0.2		-0.2
Balance as of 3/31/2013	9.4	3.5	47.3	-0.3	59.9