

# LUDWIG BECK

seit 1861

## CONSOLIDATED QUARTERLY STATEMENT

for the 1st Quarter of the Fiscal Year 2017  
for the Period from January 1 – March 31, 2017

### **LUDWIG BECK's consolidated result at last year's level in the first quarter of 2017 thanks to efficient cost management**

**Munich, April 25, 2017** – The Munich Fashion Group LUDWIG BECK (ISIN DE 0005199905) concluded the first quarter of 2017 with a 1.9% sales decline and a result at last year's level. The fashion trade in general completed the first quarter with an accumulated loss in sales of 2.3% according to TextilWirtschaft. In challenging times for the entire German textile retail the Group deems the previous development as generally satisfactory. LUDWIG BECK has also been able to demonstrate again the Group's strength regarding cost efficiency.

#### **Economic framework conditions and retail trade development**

According to the preliminary data compiled by the German Institute for Economic Research (DIW) the gross national product in Germany went up 0.6% in the first quarter of 2017, thus exceeding the result of the final quarter of 2016. According to the economic researchers, this *above average plus*, (DIW) is attributable to a noticeable expansion of production in the industry sector, which has led to an upward trend comparable to the one that can be observed in the field of services. However, the recently accelerated inflation has dampened the purchasing power and has negatively affected retail sales. Despite the deterioration in consumer climate which nevertheless could be maintained at a fairly high level according to the Association for Consumption Research (GfK), consumers kept to their buying mood. The brick-and-mortar fashion trade could not benefit from this trend, as sales dropped 7% in January and 9% in February but finally rose 9% considerably in March (source: TW-Testclub). Two additional selling days in comparison to the same period in the previous year, and, above all, mild spring weather helped to create the anticipated trend reversal. Many fashion retailers put the blame for the flubbed beginning of the year on *capricious weather conditions*, as well as on ongoing reductions, which had a dampening effect on the consumers' buying mood.

## CONSOLIDATED EARNINGS SITUATION

### **Development of sales**

LUDWIG BECK generated gross sales in the amount of € 36.6m in the first quarter of 2017 (previous year: € 37.3m). The LUDWIG BECK segment with its flagship store at Marienplatz in Munich (including its annex HAUTNAH at FUENF HOEFE as well as the online trade at [www.ludwigbeck.de](http://www.ludwigbeck.de)) made a significant contribution of € 20.8m (previous year: € 21.0m). The WORMLAND segment's contribution to overall Group sales was € 15.8m (previous year: € 16.3m).

### **Earnings situation**

Gross profit amounted to € 13.7m (previous year: € 14.3m). Accordingly, the gross profit margin was 44.6% (previous year: 45.5%). Thanks to cold weather, lower margin winter wear could be sold disproportionately well as compared to the previous year.

Personnel expenses went down from € 7.7m in the previous year to € 7.2m. Other expenses also dropped from € 9.2m in the previous year to € 8.7m.

Earnings before interest and taxes (EBIT) of € -2.4m remained at last year's level of € -2.4m, whereas the LUDWIG BECK segment contributed a positive share of € 0.1m (previous year: € 0.0m) while the WORMLAND segment had to record a loss of € 2.6m (previous year: € -2.4m). The consolidated financial result amounted to € -0.2m (previous year: € -0.3m). Earnings before taxes (EBT) came to € -2.7m like in the same quarter of the previous year. Earnings after taxes were at € -2.6m (previous year: € -2.5m).

## ASSET SITUATION

### Balance sheet structure

As per March 31, 2017, the balance sheet total of the LUDWIG BECK Group was, due to seasonal reasons, at € 136.3m, thus slightly exceeding the total as per balance sheet date December 31, 2016 in the amount of € 134.0m.

Tangible fixed assets with € 100.5m in aggregate still form the largest item of long-term assets (December 31, 2016: € 101.2m). They include the real estate at Marienplatz in Munich carried at more than € 70m. All in all, long-term assets amounted to € 105.8m and recorded a slight decline in comparison to € 106.5m as per balance sheet date December 31, 2016.

Short-term assets rose from € 27.5m (December 31, 2016) to € 30.5m. Inventories went up for seasonal reasons and came to € 24.2m in aggregate as per reporting date March 31, 2017 (December 31, 2016: € 21.3m). Cash and cash equivalents remained unchanged at € 1.6m (December 31, 2016: € 1.6m).

## FINANCIAL SITUATION

### Balance sheet structure

As per reporting date March 31, 2017, the LUDWIG BECK Group was equipped with equity in the amount of € 76.2m (December 31, 2016: € 79.0m). This corresponds to an equity ratio of 55.9% (December 31, 2016: 58.9%). The consolidated net income of € -2.7m had an equity reducing effect.

Long-term liabilities fell from € 32.4m (December 31, 2016) to € 31.5m. Short-term liabilities increased from € 22.7m (December 31, 2016) to € 28.7m. The status of liabilities is not only due to the financing of investments and inventories but also to the financing of the negative result. Consequently, total liabilities of the Group amounted to € 60.1m as per reporting date March 31, 2017 (December 31, 2016: € 55.1m).

### Cash flow

The cash flow from current operating activities came to € -6.6m after the first three months of the year 2017 (previous year: € -6.5m). The cash flow from investing activities amounted to € -0.4m (previous year: € -1.0m). The cash flow from financing activities reached € 7.1m (previous year: € 8.4m).

## EMPLOYEES

In the first three months of the fiscal year 2017 the number of employees was 842 (without apprentices) in accordance with Section 267 par. 5 Commercial Code (HGB) (previous year: 870). The weighted number of full-time employees at Group level went down slightly to 550 (previous year: 579). The LUDWIG BECK Group employed 38 apprentices as per reporting date March 31 (previous year: 50).

## FORECAST REPORT

### **Economic framework conditions and retail trade development**

The spring report compiled by German economic research institutes for the federal government indicate a continued, moderate upward trend for the German economy which could further solidify in 2017 in spite of ongoing global economic crises. However, in comparison to former growth spells, this time, economic dynamics are expected to unfold in a more restrained way over time. This is attributable to the consumption factor having meanwhile turned into a prime mover susceptible to fluctuations. The opinion anticipates the gross national product to grow by 1.5% in 2017. According to the current consumer climate study by the Association for Consumption Research (GfK) private consumption will continue to be an important support factor for the German economy. In March, the GfK confirmed its former forecast and now predicts private consumption to increase by 1.5% in 2017. However, only one third of consumer spending is expected to end up in retail trade. In regards to textile retail trade, GfK coined the term *saturation tendencies*.

### **The LUDWIG BECK Group in 2017**

The LUDWIG BECK management shares the cautiously optimistic forecasts of the leading economic researchers. In view of the enormous challenges the German textile retail trade has to put up with, the Executive Board places highest priority on the sustained, sound development of the Group based on an effective mobilization of the Group's internal potentials. Among other, such potentials can be tapped in regard to the unique approach to customers, unparalleled in Germany, a characterizing feature not only of the LUDWIG BECK flagship store in Munich but also of the WORMLAND branches. Member of the Executive Board Dieter Münch: *Our strengths lie in our advising approach, our services and our presentation vis-à-vis customers, and we intend to push for the further development of these strengths.*

The Executive Board reaffirmed its expectations for the business development in 2017 and expects sales of goods at Group level to reach between € 170 and € 180m and earnings before interest and taxes (EBIT) to range between € 4m and € 6m.

**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	1/1/2017 - 3/31/2017	1/1/2016 - 3/31/2016	1/1/2016 - 12/31/2016
<b>RESULT</b>			
Gross sales	36.6	37.3	177.1
VAT	5.8	6.0	28.3
Net sales	30.8	31.4	148.9
Gross profit	13.7	14.3	71.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-1.3	-1.3	10.3
Earnings before interest and taxes (EBIT)	-2.4	-2.4	6.3
Earnings before taxes (EBT)	-2.7	-2.7	5.2
Earnings after taxes	-2.6	-2.5	2.9
<b>CASH FLOW</b>			
Cash flow from operating activities	-6.6	-6.5	6.0
Cash flow from investing activities	-0.4	-1.0	-5.4
Cash flow from financing activities	7.1	8.4	-1.1
<b>EMPLOYEES</b>			
Employees (average without apprentices)	842	870	892
Apprentices (average)	38	50	52
Personnel expenses	7.2	7.7	30.4
<b>SHARE</b>			
Number of shares in millions	3.70	3.70	3.70
Earnings per share undiluted and diluted (in €)	-0.71	-0.68	0.78
	<b>3/31/17</b>	<b>3/31/16</b>	<b>12/31/16</b>
<b>BALANCE SHEET</b>			
Long-term assets	105.8	105.2	106.5
Short-term assets	30.5	31.5	27.5
Equity	76.2	76.7	79.0
Long-term liabilities	31.5	33.3	32.4
Short-term liabilities	28.7	26.6	22.7
Balance sheet total	136.3	136.6	134.0
Investments	-0.4	-1.0	-5.4
Equity ratio in %	55.9	56.2	58.9

**SEGMENT REPORTING**

in €m	LUDWIG BECK	WORMLAND	GROUP
Gross sales	20.8	15.8	36.6
<i>Previous year</i>	<i>21.0</i>	<i>16.3</i>	<i>37.3</i>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	0.9	-2.2	-1.3
<i>Previous year</i>	<i>0.8</i>	<i>-2.1</i>	<i>-1.3</i>
Earnings before interest and taxes (EBIT)	0.1	-2.6	-2.4
<i>Previous year</i>	<i>0.0</i>	<i>-2.4</i>	<i>-2.4</i>
Earnings before taxes (EBT)	-0.1	-2.6	-2.7
<i>Previous year</i>	<i>-0.2</i>	<i>-2.5</i>	<i>-2.7</i>

**About LUDWIG BECK**

LUDWIG BECK is one of the top fashion retail companies in Germany. In 2016 with 467 employees it generated gross sales of € 101.1m (as per December 31, 2016) on an area of about 12,400 sqm as well as through its online shop.

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.

Since the end of 2012, the singular brand portfolio of the beauty department is also available for online shopping at [www.ludwigbeck.de](http://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 € 76.0m (as per December 31, 2016) with 425 employees on a total area of about 16,200 sqm in 2016. 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 branches.

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