

LUDWIG BECK

seit 1861

Corporate News

LUDWIG BECK records improved earnings and a 1.1% gain in sales for the 1st nine months of 2014 – Textile retail sector ends with a negative growth

Munich, October 21, 2014 - Munich Fashion Group LUDWIG BECK (ISIN DE 0005199905) ends the 3rd quarter of the 2014 fiscal year with a slight increase in sales. According to TextilWirtschaft, German fashion retail sales slipped 1.0% in the same period.

Development of sales

In the 1st nine months of the report year, the LUDWIG BECK Group achieved gross sales of € 69.2m (previous year: € 68.5m), a 1.1% gain. Thus the Group was able to, at least partially, elude the overall sector trend. The online store at www.ludwigbeck.de in particular was successful.

The absence of tourists from Eastern Europe, due to crises, had a noticeable effect. Their buying power used to be a long-established and stable contributor to sales at the Marienplatz flagship store. Prolonged construction on the lower floor and in front of the entrance of the subway and tram station at Marienplatz has further restricted customer traffic as well. Overall, LUDWIG BECK is currently experiencing the influence that international crises, negative economic forecasts and health threat scenarios are having on consumer confidence.

Earnings situation

Gross profits moved laterally and reached the amount of € 28.6m (previous year € 28.7m). Thus the gross profit margin was at 49.1% (previous year: 49.8%). Here, the clearance sale in Men's Fashion, which increased cost of goods, came to bear. Before remodeling in the department began, additional discounts were granted to ensure the complete liquidation of all seasonal inventories.

Absolute expenses against corresponding income of € 23.9m were higher than in the previous year with € 23.3m. The expense ratio was 41.0% compared to 40.4% in the previous year. The cost increase is mostly attributed to a rise in personnel costs in connection with a 6.5% wage increase implemented in the 1st half of 2013. Another factor was increased other operating expenses associated with the execution of the will of the recently deceased Mr. Toni Feldmeier - a former co-owner of the company and minority shareholder of the holding company for the real estate at the Munich Marienplatz - due to transactional costs (including gift tax) in the amount of € 0.3m. With the will execution LUDWIG BECK's shares in the real estate holding company increased by 18.27% from 67.67% to 85.94%.

The operational result (EBIT) was € 4.7m (previous year: € 5.4m), the EBIT margin was 8.0% (previous year: 9.4%). Earnings before taxes (EBT) reached € 3.8m (previous year: € 4.1m). Earnings after taxes rose, partially due to tax situation optimizations, and amounted to € 2.9m after nine months (previous year: € 2.7m).

Outlook

LUDWIG BECK, as well as the entire sector, is faced with trans-boundary factors having a potential influence on business developments that currently is hard to predict. The Ukraine crisis is still lingering, the Ruble declining, the situation in the Middle East a growing threat in the eyes of consumers, fear of Ebola is spreading and the German economy is slowing down - a whole chain of conditions has the potential to put pressure on the demand for fashion in the months to come. Moreover, weather conditions, even though an inherent part of the business, have become imponderables. The actual weather situation rarely corresponds with past empirical data anymore, as was apparent this summer.

Despite these adversities, the Group sees itself in a stable position and counts on its unique business model. Compared to many other competitors in the sector, who depend on brick-and-mortar businesses, LUDWIG BECK – with its upscale selection and a sales atmosphere that is unique in all of Germany - has the potential to cushion external risks to a large part. The re-opening of the new and expanded Men's Fashion department is expected to generate additional positive momentum. Furthermore, the online platform at www.ludwigbeck.de offers the corporation a second successful pillar of growth.

This is why LUDWIG BECK Executive Board member, Dieter Münch, besides considering the currently unusually large number of business risks, also keeps his eye on the self-generated opportunities: *Our still young online business fulfills expectations. The re-opening of Men's Fashion at the Marienplatz flagship store was another success. Moreover, upcoming holiday sales should, as in previous years, make positive contributions to 4th quarter sales.*

In its forecast for this year, management takes into account the current situation and still expects a sales growth on Group level in the lower one-figure percentage range and earnings similar to the previous year. Further increasing effects of negative external factors could, however, have a moderate influence on this assessment.

A detailed quarterly report can be found online at www.ludwigbeck.de/english in the menu of the *Investor Relations* tab under *Financial Publications* in the *Quarterly Reports* section.

Key Figures of the Group

in €m	1/1/2014	1/1/2013
	– 9/30/2014	– 9/30/2013
Gross sales	69.2	68.5
Net sales	58.2	57.6
Earnings before interest, taxes and depreciation (EBITDA)	6.9	7.5
Earnings before interest, taxes (EBIT)	4.7	5.4
Earnings before taxes (EBT)	3.8	4.1
Earnings after taxes	2.9	2.7
Equity (as of end of period 9/30)	63.5	60.0
Equity ratio in % (as of end of period 9/30)	55.5	55.4
Earnings per share (in €)	0.77	0.74
Investments	5.3	2.7
Employees (as of end of period 9/30) ¹⁾	478	444
Apprentices (number)	55	56

¹⁾ without apprentices

LUDWIG BECK

The Munich Fashion Group is one of the top fashion retail companies in Germany. With approx. 500 employees on an area of almost 11,600 m², it (incl. ludwigwigbeck.de GmbH) generates € 102.1m in sales (as of December 31, 2013).

LUDWIG BECK is located at Marienplatz in the heart of Munich. On seven floors, LUDWIG BECK presents international fashion, leather goods and accessories, and exclusive cosmetics. With more than 120,000 songs, it offers the biggest collection of classical music, jazz, world music and audio books of any in-store location in Europe. Launched at the end of 2012, LUDWIG BECK is now offering the extraordinary brand portfolio of its beauty department online at www.ludwigbeck.de. A unique selection of more than 9,000 products featuring more than 90 luxury and niche cosmetics brands awaits online customers.

Investor Relations contact:

esVedra consulting GmbH
Metis Tarta
t: +49 89 206021-210
f: +49 89 206021-610
mt@esvedragroup.com

Group accounting contact:

LUDWIG BECK AG
Jens Schott
t: +49 89 2 36 91 – 798
f: +49 89 2 36 91 – 600
jens.schott@ludwigbeck.de