

# LUDWIG BECK

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## Corporate News

### **LUDWIG BECK: Weather conditions continue to affect sales development – optimistic expectations for year-end sales**

**Munich, October 17, 2013** – The unusually long winter already had a detrimental effect on spring sales for Munich Fashion Group LUDWIG BECK (ISIN DE 0005199905). Summer brought more adverse conditions: a heat wave and construction in the Tram network. Tram connections to the flagship store at Munich Marienplatz were shut down for four Saturdays – the most important sales day for LUDWIG BECK. The consequential decline in sales for the 1<sup>st</sup> nine months of 2013 was nonetheless relatively moderate, with -0.4% in like-for-like sales. The new online shop continued to perform very satisfactory. The fashion retail sector recorded a 2% drop for the same period.

#### **Development of sales**

Group gross sales amounted to € 68.5m for the 1<sup>st</sup> nine months of 2013 compared to € 70.4m in the previous year (€ -1.9m). Last year, the Esprit branch at Munich Shopping Mall, which was sold end of June 2012, had contributed € 1.6m to Group sales. Therefore, like-for-like sales only decreased by € 0.3m or 0.4%. In comparison: TW-Testclub calculated a 2% sales loss for the German fashion retail, compared to the previous year. The Marienplatz flagship store reached gross sales of € 66.7m (previous year: € 67.9m), which corresponds to a loss of 1.7%. HAUTNAH at FÜNF HÖFE and ludwigbeck.de GmbH, on the other hand, recorded sales results that clearly exceeded management's expectations.

#### **Earnings situation**

Due to bad weather conditions, obstructions caused by construction work, on-schedule start-up costs for ludwigbeck.de GmbH launched in December 2012 and the loss of positive results of the Esprit branch at Olympia Shopping Mall, earnings of the Munich Fashion Group remained under last year's level.

LUDWIG BECK generated gross profits of € 28.7m (previous year: € 29.6m) in the 1<sup>st</sup> nine months of 2013. Last year, the recently sold Olympia Shopping Mall Esprit branch still contributed € 0.6m. The gross profit margin was at 49.8% (previous year: 50.0%).

Absolute expenses against corresponding income were at € 23.3m compared to € 22.1m in the previous year. The expense ratio (operating expenses minus corresponding proceeds in relation to net sales) was 40.4% compared to 37.3%.

Thus earnings before interest and taxes (EBIT) amounted to € 5.4m (previous year: € 7.6m). Accordingly, the EBIT margin reached 9.4% – after 12.8% in last year's 3<sup>rd</sup> quarter.

Earnings before taxes (EBT) reached € 4.1m (previous year: € 6.2m), the EBT margin was at 7.2% (previous year: 10.5%). Period net profits after minority interests amounted to € 2.6m compared to € 4.1m in the 1<sup>st</sup> nine months of 2012.

## Outlook

Leading economic institutes, such as the Kiel Institute for the World Economy (IfW) and the German Institute for Economic Research (DIW) see the German economy gaining momentum in the course of this year and even more so in 2014. They predict 0.5% and 0.4% growth of the German Gross Domestic Product (GDP) for 2013; for 2014 1.8% and 1.7% are expected. The Eurozone has come out of its recession. Despite still lingering uncertainty about the Euro crisis among consumers, the Germans' propensity to buy will remain on its high level, attests the Association for Consumption Research (GfK).

In recent years, LUDWIG BECK has, again and again, proven its ability to neutralize bad weather conditions and other sales impeding effects and use its internal strengths to generate new growth. The Group's internal stability is based to a large part on the appeal of the LUDWIG BECK brand. It rests securely on a near perfect location, an exclusive collection, outstanding sales culture and the emotionally enticing flair of a department store that is unique in all of Europe. Because of these qualities, the company has gained the trust of investors and partners. In the future, continuity, reliability and growth will continue to be the determining factors for corporate development.

One example for the Group's consistency in following its upgrade strategy is the preliminary work currently in progress for the expansion and redesign of the lower ground floor in the flagship store at Marienplatz. 500 m<sup>2</sup> of new sales area will be developed – a powerful impulse for LUDWIG BECK's sustainability into the future.

Even though bad weather and detrimental construction work on the Tram network and in close proximity of the department store at Marienplatz have taken their toll, the management still expects earnings before taxes (EBT) in the lower end of the predicted target range between € 11m and € 13m, as set at the beginning of 2013. Dieter Münch, Executive Board member: "We are optimistic and expect the expense ratio to improve in the last quarter, which traditionally generates the highest sales." Sales are expected to reach app. € 103m. Earlier forecasts predicted amounts of € 105.6m to € 107.6m.

A detailed report for the 1<sup>st</sup> nine months of 2013 will be published online at <http://kaufhaus.ludwigbeck.de> in the "Interim Reports" section under "Financial Publications".

## Key Figures of the Group

in €m	01/01/2013	01/01/2012
	–	–
	09/30/2013	09/30/2012
Gross sales	68.5	70.4
Net sales	57.6	59.2
Earnings before interest, taxes and depreciation (EBITDA)	7.5	9.7
Earnings before interest and taxes (EBIT)	5.4	7.6
Earnings before taxes (EBT)	4.1	6.2
Net profit for the period after minority interests	2.6	4.1
Equity	60.3	55.8
Equity ratio (in %)	55.6	51.6
Earnings per share (in €)	0.70	1.10
Investments	2.7	2.0
Employees (number at relevant date 9/30) <sup>1)</sup>	444	467

<sup>1)</sup> without apprentices

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**About LUDWIG BECK**

LUDWIG BECK AG is one of the top fashion retail companies in Germany. With 471 employees in an area of 11,557 m<sup>2</sup> it generates € 103.2m in sales (December 31, 2012).

Its flagship store – the Store of the Senses – 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 physical 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](http://www.ludwigbeck.de). A unique selection of more than 8,000 products featuring more than 80 luxury and niche cosmetics brands awaits online customers.