



**BASTEI LÜBBE AG
GROUP
QUARTERLY
STATEMENT
1 APRIL - 30 JUNE
2018**

At a glance

	01/04/2018 - 30/06/2018	01/04/2017 - 30/06/2017	Change in %
Financial indicators (IFRS) in millions EUR			
Consolidated sales	20.8	27.5	-24.4 %
Consolidated sales (ongoing business sectors)	20.8	23.1	- 10.0 %
EBIT	-1.2	-0.8	47.1 %
EBIT (ongoing business sectors)	-1.2	1.1	-
Consolidated result	-1.2	-1.1	16.4 %
	30/06/2018	31/03/2018	
Balance sheet total	101.8	101.5	0.3 %
Equity*	31.1	32.3	-3.8 %
Equity ratio in %	30.6 %	31.9 %	-1.3 pp

* incl. equity capital shares of non-controlling shareholders

Group quarterly statement for Bastei Lübbe AG for the first three months of the 2018/2019 financial year ending 30 June 2018.

1. General conditions

Experts at the International Monetary Fund rather expect a 2.2 % growth for Germany, as in the entire euro zone. Previously, the IMF still expected 2.5 %.¹ Thus the German economy is continuing its expansion, but somewhat slower, as shown by the minimal deterioration of the IFO business climate Index from 101.7 to 101.8 points in July. Whereas the entrepreneurs were somewhat more satisfied with their current business climate, they lowered their expectations a little.²

The industry environment in the Bastei Lübbe AG business segments

In the **book trade**, accumulated sales in the channels of retail bookselling, e-commerce, station bookselling, department stores, electrical and drugstores were almost at the previous year's level from January to June 2018, with a slight minus of 0.6 %. While the sales, i. e. the number of copies sold, decreased, this loss was partly compensated by 1.1 % higher book prices, as reported by the German Publishers and Booksellers Association³.

Sales of **eBooks** started the year 2018 with a strong gain of 6.6 %, according to the German Publishers and Booksellers Association. Sales of ebooks then increased by 15.3 % in the first quarter of the year compared to the previous year's first quarter. As a result of a plus achieved in the print sector, the turnover share of the readership market remained unchanged at 5.6 % between January and March 2018 from the first quarter in the previous year. The number of ebook buyers also increased: In the first quarter of 2018 at least 2.1 million customers bought an ebook; whereas in the same period of the previous year they were 1.9 million. The buying activity of the existing ebook readers increased by 3.1 %. The trend toward falling prices, however, continued: In the first quarter, the average price paid for an ebook decreased by 7.5 %.⁴

Sales figures for the **games** sector, which is also relevant for Bastei Lübbe, were not yet available at the time of reporting. Nevertheless, Ms. Dorothee Bär, the Digital State Minister, underlined the great importance of the games industry for Germany as a worldwide leader in digital technologies according to GAME (Association of German Games Industry). In June 2018 she officially promised a timely implementation of the games financial support laid down in the government plan.⁵ In the meantime, games are becoming more and more popular, thanks to the Smartphone, whose wide-spread use and uncomplicated operation is winning over new groups of users. The growing variety of gaming platforms with millions of users is of particular importance to games developers. In June 2018 around 18 million people in Germany were playing games on their Smartphones. This is 5 % more than in June of the previous year. Due to these additional gamers, Smartphones became the most popular games platform in Germany for the first time. With approximately 17.3 million gamers, they displaced PCs from the top position.⁶

1 <https://www.imf.org/-/media/Files/Publications/WEO/2018/Update/July/July2018WEOupdate.ashx?la=en>

2 <http://www.cesifo-group.de/de/ifoHome/facts/Survey-Results/Business-Climate/Geschaeftsklima-Archiv/2018/Geschaeftsklima-20180725.html>

3 <https://www.boersenverein.de/1487598/>

4 https://www.boersenverein.de/de/portal/Presse/158382?presse_id=1470599

5 <https://www.game.de/blog/2018/06/06/digitalstaatsministerin-baer-stellt-zeitnahe-umsetzung-der-games-foerderung-in-aussicht/>

6 <https://www.game.de/blog/2018/07/17/smartphones-ueberholen-pc-als-beliebteste-spiele-plattform-deutschlands/>

2. Business performance

Profit situation

Bastei Lübbe attained consolidated sales of EUR 20.8 million between April and June in the 2018/2019 financial year, compared to EUR 27.5 million in the same period of the previous year. Thus, the sales revenue was about 24 % lower than in the previous year. After adjustment for the discontinued "retail" (BuchPartner) business operation, the sales revenue decreased by around 10 % in the course of the plan-related fluctuations typical for the business in the "book" and "digital" segments. The group's EBIT fell to EUR -1.2 million in the reporting period, compared to EUR -0.8 million in the same period in the previous year. After adjustment for the discontinued business operation, the EBIT decreased by EUR 2.3 million to EUR -1.2 million. In addition to the expected revenue decrease, one-time expenses from the ongoing efficiency plan (approx. EUR 0.5 million) as well as a higher expense for authors' royalties have also burdened EBIT in the reporting period. In this case, as expected, it was caused by a more conservative depreciation method than in the previous year, regarding the authors' royalties paid in advance.

The sales in the "book" segment decreased by 12.3 % from EUR 17.8 million to EUR 15.6 million and thus corresponds to the expected trend of the reporting quarter. The main cause is the high comparative basis that is related to the programme. With the successful author Mona Kasten, the LYX label has shown a two-digit sales growth in the reporting quarter. The EBITDA segment fell from EUR 0.9 million in the previous year to EUR 1.7 million in the current financial year. Significant reasons for this are the expected revenue decrease, the higher cost ratio for authors' royalties and non-recurring charges from the efficiency plan running on-schedule.

Sales in the "digital" segment fell by 6.6 % compared to the previous year and amounted to EUR 2.6 million in the reporting quarter. Due to lower depreciation, the EBIT grew by EUR 0.2 million to EUR 0.1 million.

Sales in the "novel booklets and puzzle magazines" segment remained stable at EUR 2.5 million. The EBIT increased slightly from EUR 0.3 million in the previous year to EUR 0.4 million in the current financial year.

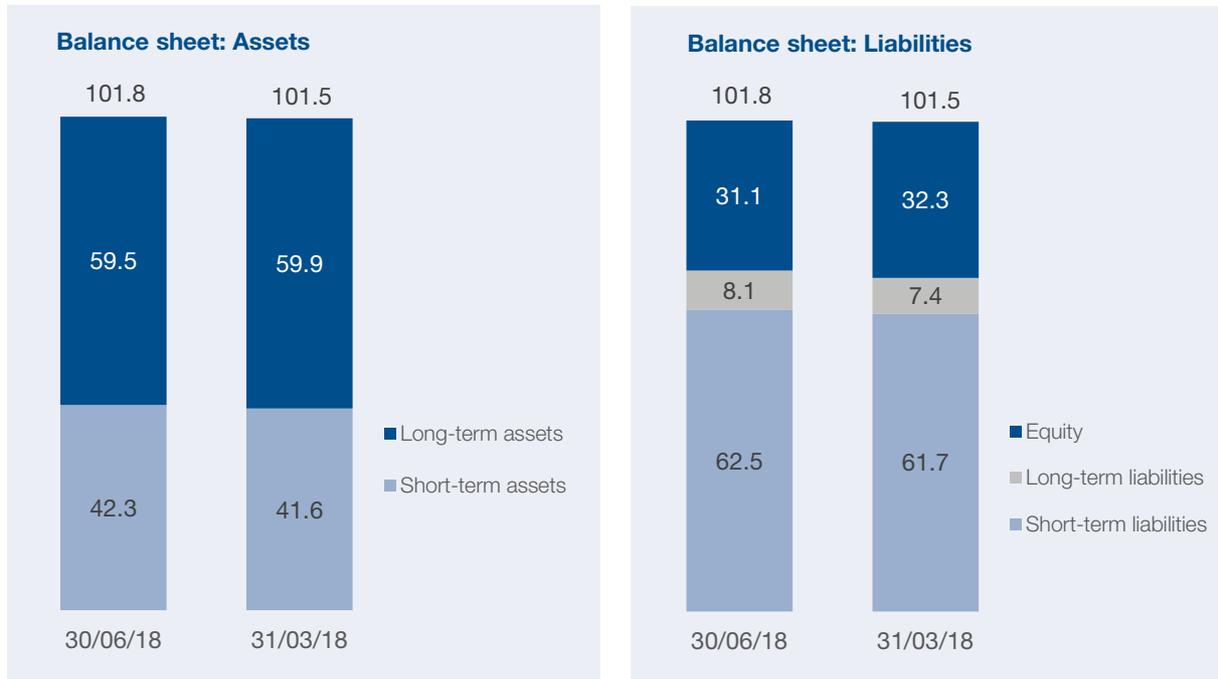
The cost of materials netted against the change in inventories of finished products and works in progress in the Group reduced, compared to the previous year, by EUR 2.2 million to EUR 11.0 million, which corresponds to a materials cost ratio of 52.9 % (previous year: 48.2 %). The increase in material expenses in the current financial year was mainly caused by the aforementioned conservative depreciation policy regarding the authors' royalties paid in advance. Personnel expenditure fell from EUR 7.4 million in the previous year to EUR 6.0 million. Adjusted for the discontinued business operations, the labour expenses increased by EUR 0.3 million because of non-recurring charges from the efficiency plan. Other operating expenses decreased from EUR 7.2 million to EUR 5.3 million, or by EUR 0.3 million in the ongoing business operations.

The Group's operating result (EBIT) for the period from April to June amounted to EUR -1.2 million (previous year: EUR -0.8 million). The EBIT margin comes out at -5.9 %, after -3.1 % in the same period of the previous year.

The financial result amounted to EUR -0.2 million (previous year: EUR -0.4 million). The profit before income tax (EBT) amounted to EUR -1.5 million (previous year: EUR -1.2 million). The consolidated net income attributable to the shareholders of the Bastei Lübbe AG for the period amounted to EUR -1.2 million (previous year: EUR -0.4 million). Earnings per share amounted to EUR -0.09 compared to EUR -0.03 in the previous year. A total of 13,200,100 shares outstanding (unchanged from the previous year) was taken into account for the reporting period.

Asset position

The asset position has changed only slightly as at the balance sheet date, compared to the previous date of the consolidated financial statements.



The consolidated balance sheet total increased by EUR 0.2 million, from EUR 101.5 million to EUR 101.8 million.

The decrease of the long-term assets by EUR 0.4 million relates mainly to the decrease in the position of pre-paid authors' royalties (EUR -0.7 million). Due to the standard "IFRS 15 -Revenues from contracts with customers", used for the first time, the short-term assets increased by EUR 0.7 million.

As a result, equity fell by EUR 1.2 million. The EUR 0.7 million increase of the long-term liabilities also concerns the financial liabilities with EUR 0.7 million, as well as the increase of the short-term liabilities by EUR 0.8 million - in this case, the increase in current financial liabilities is EUR 3.7 million. However, the liabilities from deliveries and services decreased (EUR -3.6 million). All other liabilities have changed only marginally.

3. Supplementary Report

The comprehensive plan launched in January 2018 for sustainable improvement in the efficiency of the core business is running as scheduled. The process of selling the shares in the fully consolidated shareholdings oolipo AG, BookRix GmbH & Co. KG and BEAM Shop GmbH is still being pursued by the board of directors. With regard to the Daedalic Entertainment GmbH, the board of directors decided to start a sales procedure - in August that shall begin with approaching potential investors -.

There were no events of particular importance for the assessment of the assets, financial and earnings position of the Bastei Lübbe AG Group after the close of the reporting period.

4. Opportunity and risk report

The risk situation of Bastei Lübbe AG and its opportunities have not changed significantly since the situation described in the 2017/2018 annual report.

5. Forecast

Compared to the Annual Report 2017/2018, the prognosis by the Executive Board for the 2018/2019 financial year has not changed. The business and economic conditions in Germany continue to be seen in a positive light. The Board noted that the financial results for the first quarter of 2018/2019 are essentially in line with expectations.

In the current financial year 2018/2019, the group's sales revenues are expected at approximately EUR 95 million (previous year: EUR 140 million). It should be taken into account that, in comparison to the previous year, approximately EUR 35 million of sales will be missing in the 2018/2019 financial year due to the sale of BuchPartner GmbH.

Despite the expenses for the efficiency plan on a scale of EUR 2 million as well as for the correction of the investment portfolio amounting to approx. EUR 0.5 million, a positive operating result (EBIT) is already expected in the current financial year and it ought to be between EUR 0.5 million and EUR 2 million.

The financial planning of the Bastei Lübbe Group assumes that the net debt on the 31 March 2019 remains on the same level as in the previous year (EUR 30.1 million).

Cologne, Germany, 9 August 2018
Bastei Lübbe AG



Carel Halff
CEO



Ulrich Zimmermann
CFO



Klaus Kluge
COO

**Consolidated profit and loss account and consolidated statement of income
for Bastei Lübbe AG, Cologne, for the period from 01 April to 30 June 2018.**

	01/04 - 30/06/2018 KEUR	01/04 - 30/06/2017 KEUR
Sales revenue	20,789	27,494
Change in inventories of finished and unfinished goods	-952	-1,126
Other capitalised self-produced assets	653	736
Other operating income	146	200
Material expenses		
a) Expenditure on raw materials and supplies and on purchased goods	-118	-2,190
b) Expenses for purchased services	-5,726	-5,146
c) Expenses for fees and depreciation on author royalties	-4,204	-4,781
	-10,048	-12,117
Personnel expenses		
a) Wages and salaries	-5,280	-6,205
b) Social security contributions and expenses for pension and support schemes	-749	-1,158
	-6,029	-7,363
Other operating expenses	-5,265	-7,157
Income from investments	329	21
Result before interest, taxes on income, depreciation and amortisation (EBITDA)	-377	688
Amortisation of intangible assets and property, plant and equipment	-856	-1,526
Result before interest and taxes on income (EBIT)	-1,233	-838
Financial result	-232	-372
Result before taxes on income (EBT)	-1,465	-1,210
Taxes on income and profit	240	158
Results for the period	-1,225	-1,052
Other result	0	0
Total earnings	-1,225	-1,052
Of which the following was accounted for by:		
shareholders of Bastei Lübbe AG	-1,231	-435
Equity capital shares of non-controlling shareholders	6	-617
Earnings per share (undiluted = diluted) (in relation to the period result attributable to the shareholders of Bastei Lübbe AG)	-0.09	-0.03

Consolidated Balance Sheet of Bastei Lübbe AG, Cologne, dated 30 June 2018

	30/06/2018 KEUR	31/03/2018 KEUR
Long-term assets		
Intangible assets	21,206	21,170
Inventory of pre-paid royalties	27,098	27,770
Tangible assets	1,887	1,956
Financial investments	3,534	3,580
Trade receivables	838	898
Deferred tax claims	4,917	4,536
	59,480	59,910
Short-term assets		
Inventories	17,670	18,478
Trade receivables	17,396	18,841
Financial assets	2,404	1,472
Income tax receivables	951	896
Other receivables and assets	2,663	974
Cash and cash equivalents	1,186	907
Assets from discontinued operations	0	7
	42,270	41,575
Total assets	101,750	101,485
Equity		
Share of equity attributable to parent company shareholders:		
Subscribed capital	13,200	13,200
Capital reserves	26,804	26,804
Net profits/losses	-10,094	-8,863
	29,910	31,141
Equity capital shares of non-controlling shareholders	1,208	1,202
Total equity	31,118	32,343
Long-term liabilities		
Accruals	84	84
Deferred tax liabilities	1,312	1,175
Financial liabilities	5,800	5,114
Other liabilities	901	1,030
	8,097	7,403
Short-term liabilities		
Financial liabilities	36,755	33,069
Trade payables	15,709	19,310
Income tax liabilities	6	6
Accruals	8,236	7,235
Other liabilities	1,829	2,044
Debts from discontinued operations	0	75
	62,535	61,739
Total debts	70,632	69,142
Total liabilities	101,750	101,485

**Bastei Lübbe AG, Cologne, Segment reporting
for the period from 01 April to 30 June 2018**

(KEUR)	Book		Retail (discontinued)		Digital		Non-book (discontinued)		Novel book- lets & puzzle magazines		Total	
	04-06/ 2018	04-06/ 2017	04-06/ 2018	04-06/ 2017	04-06/ 2018	04-06/ 2017	04-06/ 2018	04-06/ 2017	04-06/ 2018	04-06/ 2017	04-06/ 2018	04-06/ 2017
Segment revenues	15,626	17,975	-	4,470	2,640	2,825	-	-76	2,542	2,471	20,808	27,665
Internal revenues	1	153	-	0	18	18	-	0	0	0	19	171
External revenues	15,625	17,822	-	4,470	2,622	2,807	-	-76	2,542	2,471	20,789	27,494
EBITDA	-1,498	1,218	-	-1,525	677	752	-	-129	444	372	-377	688
Amortisations	250	274	-	308	583	902	-	0	23	42	856	1,526
EBIT	-1,748	944	-	-1,833	94	-150	-	-129	421	330	-1,233	-838
Financial result											-232	-372
Result before income taxes											-1,465	-1,210
Taxes on income and profit											240	158
Result for the period											-1,225	-1,052

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