

LUDWIG BECK

Consolidated Interim Report

for the 1st Quarter of the Fiscal Year 2015
for the Period from January 1 – March 31, 2015

LUDWIG BECK

seit 1861

KEY FIGURES OF THE GROUP

€m	1/1/2015 – 3/31/2015	1/1/2014 – 3/31/2014
Gross sales	21.7	21.8
Net sales	18.3	18.3
Earnings before interest, taxes, depreciation & amortization (EBITDA)	0.8	1.2
Earnings before interest & taxes (EBIT)	0.0	0.5
Earnings before taxes (EBT)	-0.2	0.2
Earnings after taxes	-0.1	0.2
Equity (as per reporting date 3/31)	67.1	64.4
Equity ratio in % (as per reporting date 3/31)	59.4	60.3
Earnings per share (in €)	-0.03	0.05
Investments	0.4	0.6
Employees ^{*)}	471	457
Apprentices (number)	47	44

^{*)} Without apprentices

INTRODUCTION

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS) and complies with Section § 37w Securities Trading Act (WpHG). Generally, the interim report is prepared as an update on 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 2014 fiscal year.

GENERAL AND BRANCH-SPECIFIC FRAMEWORK CONDITIONS

Macroeconomic development

The Kiel-based Institute for World Economics (IfW) considers Germany to be currently on the *sunny side of the world economy*. Economic researchers see consumer spending and investments in the housing sector in Germany in the first quarter of 2015 as growth boosters. The low rates of inflation had no impeditive effect but rather spurred private consumption. According to the German Institute for Economic Research (DIW) the German economy was able to keep up the pace of the strong final quarter of 2014 and is expected to have increased the gross domestic product by 0.7% in the first quarter of 2015 in comparison to the previous quarter. However, this dynamic was partly due to non-recurrent effects like the massively declining oil prices or the enhancements regarding retirement benefits, which should not be underestimated, as economic researchers emphasize.

Retail trade development

The current GfK consumer climate survey reflects the unbroken optimism of German consumers. Economic and income expectations and the propensity to buy accelerated once again in the first quarter of this year. The consumer climate index rose to its highest level in 13 years as early as February and then outperformed itself in March. However, the hopes of brick-and-mortar fashion stores that the industry's already chronic decline in sales could be halted have been frustrated. TW-Testclub – the largest panel in German textile retail trade – recorded declines in sales of 3%, 7% and 4% in the first three months of the year as compared to the same period of the previous year and closed with an accumulated 5% sales drop as per March 2015. Thus the German textile retail trade has closed seven months in a row with a negative sales trend. Trade insiders hold a variety of causes responsible which have kept the fashion trade sector under pressure despite the improved consumer sentiment.

CONSOLIDATED EARNINGS SITUATION

Development of sales

The LUDWIG BECK group generated gross sales in the amount of € 21.7m (previous year: € 21.8m). The Munich company once again performed better than the textile sector in general even though imponderabilia like the protracted construction works at Munich's Marienplatz and declining attendance by free-spending tourists especially from Eastern European countries could only be partly compensated. As usual, the flagship store at Marienplatz accounted for the lion's share of sales. The online store at www.ludwigbeck.de also was able to continue on its growth path unabated in the period under report.

Earnings situation

The gross profit of LUDWIG BECK AG reached € 8.5m in the first quarter of 2015 (previous year: € 8.8m) which corresponds to a 3.9% decline. The late onset of winter resulting in considerable discounts for winter garments contributed substantially to this result. On a positive note, winter garments could be sold out almost completely. In addition thereto, the Men's Fashion department newly reopened on an extended area of approximately 1,500 sqm in September of the previous year led to higher cost of sales. Both effects diminished the gross profit margin. The gross profit margin reached 46.3% (previous year: 48.0%).

Expenses netted against corresponding income came to € 8.4m, thus remaining on last year's level (€ 8.3m). The slight increase in other operating expenses was due to increased distribution costs.

Earnings before interest and taxes (EBIT) amounted to € 0.0m (previous year: € 0.5m). Earnings before taxes (EBT) were € -0.2m (previous year: € 0.2m). Earnings after taxes reached € -0.1m as compared to € 0.2m in the previous year.

ASSET SITUATION

Balance sheet structure

The balance sheet total of the LUDWIG BECK group was € 113.0m as per March 31, 2015, thus slightly exceeding the value of € 111.1m as of December 31, 2014. Long-term assets amounting to € 95.9 in aggregate (€ 95.7m as per December 31, 2014) accounted for the largest share of this figure. Tangible fixed assets including the real estate at Marienplatz in Munich in the amount of € 92.4m formed the major portion on the asset side (December 31, 2014: € 92.8m).

In short-term assets seasonal additions to inventories created a rise to € 13.3m, an increase of € 1.8m in comparison to € 11.5m as per the reporting date December 31, 2014. While warehouse stock showed a seasonal increase, accounts receivable and other assets decreased slightly.

FINANCIAL SITUATION

Balance sheet structure

As per the reporting date March 31, 2015 the group held equity in the amount of € 67.1m (December 31, 2014: € 67.2m). The corresponding equity ratio was 59.4% (December 31, 2014: 60.5%).

The group's aggregate liabilities underwent a seasonal increase in comparison to the previous year and came to € 45.9m (December 31, 2014: € 43.9m). Long-term liabilities could be reduced from € 24.2m to € 23.5m. Short-term liabilities showed a seasonal increase to € 22.4m (December 31, 2014: € 19.7m).

Cash flow

In the first quarter of the year 2015 cash flow from current operating activities amounted to € -3.0m due to seasonal effects (previous year: € -2.6m). Cash flow from investment activities decreased to € -0.4m in the period under report (previous year: € -0.6m). In the 2015 fiscal year, investments are to be financed from current cash flow. Cash flow from financing activities was € 3.5m (previous year: € 3.1m).

EMPLOYEES

In the first three month of 2015 the number of employees (without apprentices) was 471 in accordance with Section 267 par. 5 Commercial Code (HGB) (previous year: 457). The weighted number of full-time employees at group level slightly went down to 326 (previous year: 327). As per the reporting date March 31, 2015 LUDWIG BECK employed 47 apprentices (previous year: 44).

OPPORTUNITY AND RISK REPORT

In the course of its activities in the sales markets, the LUDWIG BECK group is exposed to various opportunities and risks connected with entrepreneurial endeavors. A detailed description thereof is contained in the company's current annual report for the year 2014, page 60 et seq. You can find the report on the company's website www.ludwigbeck.de/english in the *Investor Relations* section under *Financial Publications*.

FORECAST REPORT

Economic framework conditions

The wise people of the Council of Economic advisors have raised their cautious forecast of the end of last year (1.0%) and, with considerably more optimism, are now anticipating a 1.8% growth of the gross domestic product. In their explanatory statement they point out that, among other factors, the strong drop in oil prices, which has rendered fuels cheaper, will stimulate private consumption. In the course of the year, exports will benefit from the low euro exchange rate – an effect that will inure to the benefit of other European countries as well. At the same time, the forecasters draw attention to the considerable risks involved in the European Central Bank's (ECB) loose monetary policy. The cyclical effects thereof could endanger financial stability and are no substitute for necessary structural reforms. Also the Institute for Economic Research (IfW) anticipates 1.8% growth in the current year. The IfW assumes that private consumption will continue rising and reach its highest level since 1992 at the growth mark of 2.7%. The German Institute for Economic Research (DIW) basically joins in the optimistic outlook and considers the favorable labor market situation and the vigorous wage trends as sound basis for private consumption. Turmoils in the financial market resulting from crises in the euro area as well as a potential further escalation of the conflict in Eastern Europe could however cause German and foreign entrepreneurs to curb their investments which would then put a brake on economic activity.

Retail trade development

The Association for Consumption Research (GfK) foresees an increase in private consumer spending of approximately 1.5% in 2015, a major support factor for the German economy. The conditions for a lively consumer climate are ideally set: rising employment figures, low energy costs, available financial funds and low interest rates resulting from the ECB's monetary policy. The latter factor will reduce the tendency to accumulate savings while enhancing consumers' propensity to buy. However, consumption researchers point out that the retail trade will hardly benefit from the good buying mood of the consumers, which will mostly concentrate on the food retail trade, as Germans prefer dining out over going shopping. Therefore, restaurants, the tourist industry and the housing market will clearly be the winning sectors. While TW-Testclub soberly states that even though the shopping mood is good, fashion articles are not sought-after, the GfK believes that the textile trade will fare better this year.

LUDWIG BECK in 2015

The management of LUDWIG BECK AG partly concurs with the optimistic forecasts of economic researchers. After a moderate, yet unsurprising first quarter the group takes a hopeful view of the remainder of the year 2015.

The trading up strategy as consistently applied in the flagship store at Marienplatz will continue to be a reliable guarantor for stability and growth also in the current year. The company puts its trust in two major growth engines: Firstly, the Men's Fashion department which was relaunched in September 2014 on an expanded sales area shall gradually gain momentum in sales. Secondly, the online shop is expected to remain on a robust growth track.

In the light of this, the Executive Board targets the goal of achieving an increase in consolidated sales between 2% and 4% and earnings before interest and taxes (EBIT) of approximately € 10m in the 2015 fiscal year.

Munich, April 2015
The Executive Board

NOTES

Accounting in compliance with International Financial Reporting Standards (IFRS)

The present quarterly consolidated accounts of LUDWIG BECK AG as per March 31, 2015 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 per December 31, 2014. A comprehensive description of these methods is published in the notes to the IFRS-compliant group accounts as per December 31, 2014.

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

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, 2015, ACC. TO IASB

	1/1/2015 – 3/31/2015		1/1/2014 – 3/31/2014	
	€m	€m	€m	€m
1. Sales revenues				
- Sales (gross)	21.7		21.8	
- minus VAT	3.5		3.5	
- Sales (net)		18.3		18.3
2. Other own work capitalized		0.0		0.0
3. Other operating income		0.7		0.7
		19.0		19.0
4. Cost of materials	9.8		9.5	
5. Personnel expenses	4.4		4.4	
6. Depreciation	0.8		0.8	
7. Other operating expenses	3.9	19.0	3.8	18.6
8. Earnings before interest and taxes (EBIT)		0.0		0.5
9. Financial result		-0.3		-0.3
- Of which financing expenses: as of 3/31: € 0.3m (previous year: € 0.3m)				
10. Earnings before taxes (EBT)		-0.2		0.2
11. Taxes on income		-0.1		0.0
12. Earnings after taxes		-0.1		0.2
13. Expenditures and income entered directly into equity		0.0		0.0
14. Consolidated comprehensive income		-0.1		0.2
Earnings per share (undiluted and diluted) in €		-0.03		0.05
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, 2015, ACC. TO IASB

Assets	3/31/2015	12/31/2014	3/31/2014
	€m	€m	€m
A. Long-term assets			
I. Intangible assets	2.8	2.8	3.0
II. Property, plant and equipment	92.4	92.8	88.9
III. Other assets	0.1	0.1	0.2
IV. Deferred taxes	0.6	0.0	0.0
Total long-term assets	95.9	95.7	92.0
B. Short-term assets			
I. Inventories	13.3	11.5	12.2
II. Receivables and other assets	2.8	3.1	2.1
III. Cash and cash equivalents	1.0	0.8	0.5
Total short-term assets	17.1	15.4	14.8
	113.0	111.1	106.8
Liabilities	3/31/2015	12/31/2014	3/31/2014
	€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	54.6	54.8	51.9
IV. Other equity components	-0.4	-0.4	-0.4
Total shareholders' equity	67.1	67.2	64.4
B. Long-term liabilities			
I. Financial liabilities	20.4	20.5	22.5
II. Accruals	2.7	2.7	1.2
III. Deferred tax liabilities	0.5	0.9	0.2
Total long-term liabilities	23.5	24.2	23.8
C. Short-term liabilities			
I. Financial liabilities	17.5	13.9	13.9
II. Trade liabilities	1.1	1.3	0.7
III. Tax liabilities	0.1	0.1	0.0
IV. Other liabilities	3.6	4.4	3.8
Total short-term liabilities	22.4	19.7	18.5
Total debt (B. + C.)	45.9	43.9	42.4
	113.0	111.1	106.8

CONSOLIDATED SEGMENT REPORTING

CONSOLIDATED SEGMENT REPORTING OF LUDWIG BECK AM RATHAUSECK –
TEXTILHAUS FELDMEIERS AG, MUNICH, FOR THE PERIOD JANUARY 1 – MARCH 31, 2015,
ACC. TO IASB

	Textile		Non-Textile		Group	
1/1/2015 – 3/31/2015						
<i>Previous year</i>	€m	%	€m	%	€m	%
Sales (gross)	15.9	119.0	5.8	119.0	21.7	119.0
<i>Previous year</i>	16.1	119.0	5.7	119.0	21.8	119.0
VAT	-2.5	19.0	-0.9	19.0	-3.5	19.0
<i>Previous year</i>	-2.6	19.0	-0.9	19.0	-3.5	19.0
Sales (net)	13.4	100.0	4.9	100.0	18.3	100.0
<i>Previous year</i>	13.5	100.0	4.8	100.0	18.3	100.0
Cost of sales (without cash discounts, other discounts etc.)	-7.3	54.7	-2.9	60.0	-10.2	56.1
<i>Previous year</i>	-7.1	52.7	-2.8	59.5	-10.0	54.4
Gross profit	6.1	45.3	2.0	40.0	8.0	43.9
<i>Previous year</i>	6.4	47.3	1.9	40.5	8.3	45.6
Personnel expenses associated with sales	-1.2	9.3	-0.7	15.0	-2.0	10.9
<i>Previous year</i>	-1.3	9.3	-0.7	14.8	-2.0	10.7
Imputed cost of premises	-2.7	20.4	-0.5	10.0	-3.2	17.6
<i>Previous year</i>	-2.5	18.6	-0.5	10.5	-3.0	16.5
Imputed interest	-0.2	1.6	-0.1	1.9	-0.3	1.7
<i>Previous year</i>	-0.2	1.4	-0.1	2.0	-0.3	1.6
Segment result	1.9	14.0	0.6	13.0	2.5	13.7
<i>Previous year</i>	2.4	18.0	0.6	13.2	3.1	16.8
Cash discounts, other discounts etc. on cost of sales					0.4	2.3
<i>Previous year</i>					0.5	2.5
Other operational income					0.7	3.8
<i>Previous year</i>					0.7	3.9
Other personnel expenses					-2.4	13.3
<i>Previous year</i>					-2.5	13.5
Depreciation					-0.8	4.3
<i>Previous year</i>					-0.8	4.3
Other expenses					-0.7	3.9
<i>Previous year</i>					-0.8	4.4
Other financial result					0.1	-0.3
<i>Previous year</i>					0.0	0.0
Taxes on income					0.1	-0.8
<i>Previous year</i>					0.0	-0.1
Earnings after taxes					-0.1	-0.5
<i>Previous year</i>					0.2	1.1

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT OF LUDWIG BECK AM RATHAUSECK –
TEXTILHAUS FELDMIEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – MARCH 31, 2015,
ACC. TO IASB

in €m	1/1/2015 – 3/31/2015	1/1/2014 – 3/31/2014
Cash flow from operating activities:		
Earnings before taxes	-0.2	0.2
Adjustments for:		
+ Depreciation of fixed assets	0.8	0.8
+ Interest expenses	0.3	0.3
Operating result before changes to working capital	0.8	1.2
Increase/decrease (-/+) in assets	-1.5	-0.9
Increase/decrease (+/-) in liabilities	-1.0	-1.6
Cash flow from operating activities (before interest and tax payments)	-1.7	-1.3
Interest paid	-0.3	-0.3
Disbursements to other shareholders	-0.1	-0.2
Taxes on income paid	-1.0	-0.9
A. Cash flow from operating activities	-3.0	-2.6
Disbursements for investments in fixed assets	-0.4	-0.6
B. Cash flow from investing activities	-0.4	-0.6
Acceptance/repayment of bank loans and loans from insurance companies	3.6	3.2
Acceptance/repayment of other financial liabilities	0.0	-0.1
C. Cash flow from financing activities	3.5	3.1
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	0.8	0.7
Changes D.	0.2	-0.2
Cash and cash equivalents at the end of period	1.0	0.5

CONSOLIDATED EQUITY STATEMENT

CONSOLIDATED EQUITY STATEMENT OF LUDWIG BECK AM RATHAUSECK –
TEXTILHAUS FELDMIEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – MARCH 31, 2015,
ACC. TO IASB

in €m	Subscribed capital	Capital reserve	Accumulated profit	Other equity components	Total
Balance as of 1/1/2015	9.4	3.5	54.8	-0.4	67.2
Earnings after taxes			-0.1		-0.1
Disbursements to other shareholders			-0.1		-0.1
Balance as of 3/31/2015	9.4	3.5	54.6	-0.4	67.1
Balance as of 1/1/2014	9.4	3.5	51.9	-0.4	64.4
Earnings after taxes			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