

*Chris Geletneky*

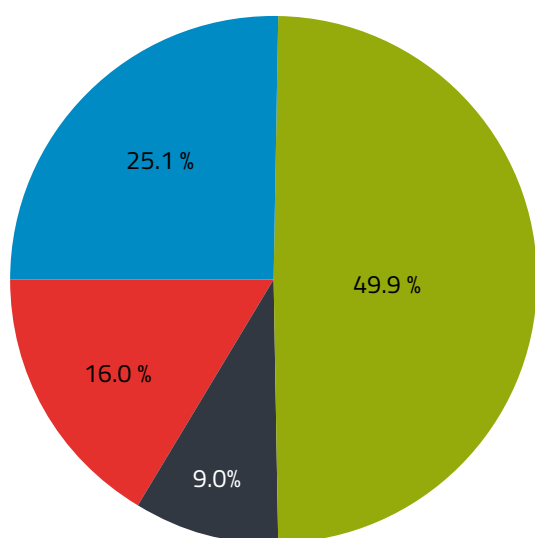
# MIDLIFE COWBOY



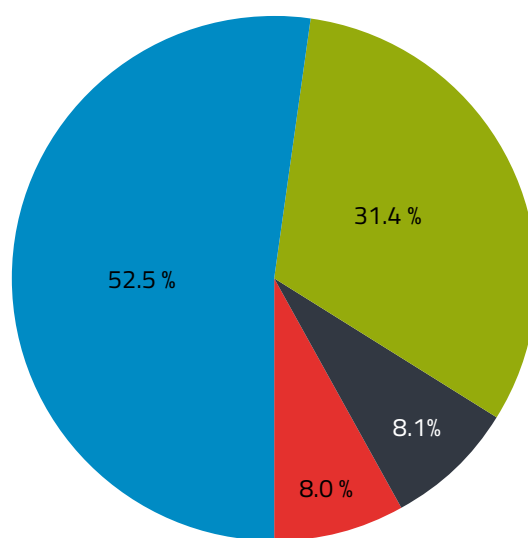
# At a Glance

Key figures (IFRS)	01/04/2015-31/12/2015	01/04/2014-31/12/2014	Change in %
<b>Business development in € million</b>			
Group turnover	79.4	86.8	-8.5 %
EBITDA	14.0	11.5	+21.4%
EBITDA margin	17.7%	13.3%	+33.1%
Consolidated earnings	8.4	5.1	+66.0%
<b>Share-related indicators in €</b>			
Earnings per share	0.64	0.41	+56.1%
Key figures (IFRS)	31/12/2015	31 March 2015	Change in %
<b>Financial and assets position in € million</b>			
Balance sheet total	123.7	124.3	-0.6 %
Equity	62.4	60.7	+2.8 %
Equity ratio	50.5 %	48.8%	+3.5%

Turnover  
01/04-31/12/2015  
according to segment



EBITDA  
01/04-31/12/2015  
according to segment



■ Book ■ Novel booklets and puzzle magazines ■ Non-book ■ digital

# Group quarterly report for Bastei Lübbe AG for the first nine months of the financial year 2015/2016 as of 31 December 2015

## Important events in the period 1 April 2015 to 31 December 2015

Bastei Lübbe achieved a group turnover of €79.4m in the first nine months of the 2015/2016 financial year compared to €86.8m in the same period of the previous year.

In the reporting period, Group EBIDTA increased from €11.5 million (previous year) to €14.0 million.

With the purchase contract of 7 September 2015, Bastei Lübbe AG sold its 50 per cent participation in Präsenta Promotion International GmbH (Präsenta) to co-partner Thomas Herriger due to an increased focus on digital content. The effects of the deconsolidation on the Group interim financial statement are described in the abbreviated Appendix (Appendix 4) of the Group half-year financial report for the period 1 April 2015 to 30 September 2015.

Bastei Lübbe AG sold 3 per cent of its shares in Daedalic Entertainment GmbH (Daedalic) to a UK investor under the purchase contract dated 17 September 2015. This caused the participation of Bastei Lübbe AG in Daedalic to fall to its current level of 48 per cent. Due to the loss of control, the participation in Daedalic, which was consolidated up to this point, will be valued as of the cut-off date according to the

“equity method” (“at equity”) described in IAS 28. The effects of the transitional consolidation on the Group interim financial statement are described in the abbreviated Appendix (Appendix 4) of the Group half-year financial report for the period 1 April 2015 to 30 September 2015.

In the period leading up to 31 December 2015, management board members Jörg Plathner (responsible for the digital sector) and Felix Rudloff (responsible for the content sector) both left the company. No successors have been appointed as yet. Responsibility for the digital segment was taken over by management board chairman Thomas Schierack, and for the content segment by management board member Klaus Kluge.

No events have occurred after the interim financial statement cut-off date (31 December 2015) which need to be reported at this point.

# Presentation of financial performance

## 1. Sales trend

In the period from 1 April to 31 December 2015, Bastei Lübbe achieved a Group revenue of €79.4 million (previous year: €86.8 million). €3.3 million comes from Daedalic Entertainment GmbH, which has since become deconsolidated, and €1.7 million from BookRix GmbH & Co. KG. The revenue in the reporting period was around €7.4 million lower than the revenue in the same period of the previous year. This can be attributed in part to the fact that the participations in both oolipo AG (oolipo, formerly BEAM AG) and in Daedalic Entertainment GmbH are no longer being consolidated, and in part to book sales being slightly lower than they were in the same period of the previous year. This in turn is due to the bestseller "Edge of Eternity" by Ken Follett having generated very high sales figures in the Christmas period of the financial year 2014/2015. The blockbusters of the current financial year, the new novels by Rebecca Gablé and Sebastian Fitzek, have not been able to achieve these high revenue levels, as was expected.

The segments "Books", "Digital", "Non-books", "Novel booklets and puzzle magazines" developed as follows:

Revenue from the "Books" segment decreased from €46.5 million to €39.7 million. This is due to fewer blockbusters having been offered during this Christmas period, compared to the previous year. Revenue in the "Digital" segment decreased from €21.8 million to €19.9 million. This is due in particular to the fact that the participation in Daedalic Entertainment GmbH is no longer being consolidated. Revenue in the "Non-book" segment increased from €10.6 million to €12.8 million, and decreased in the "Novel booklets and puzzle magazines" segment from €7.9 million to €7.2 million.

## 2. Development of costs

Material expenditure has decreased - even more than the revenue - from €42.8 million in the previous year to €35.0 million. Gross profit thus increased by €0.3 million and the material expenditure quota (on the basis of sales revenue)

has decreased by 5.2 percentage points to 44.1 per cent. Compared to the previous year, personnel costs increased from €15.8 million to €17.0 million. This increase is mainly due to one-off payments made to management board members stepping down.

## 3. Development of earnings

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of €14.0 million were achieved in the reporting period 1 April 2015 to 31 December 2015. This figure was €11.5 million in the previous year.

Earnings in the first nine months of the current financial year were positively shaped by revenue from the transitional consolidation of Daedalic Entertainment GmbH (€6.4 million in the "Digital" segment), partly compensated by the deconsolidation loss of PräSENTA (€1.4 million in the "Non-book" segment) as well as payments made to the members of the management board stepping down.

The EBITDA in the "Book" segment was €4.4 million, following €4.0 million in the previous year. The EBITDA in the "Digital" segment was €7.4 million, following €5.2 million in the previous year. The improvement in earnings is due in particular to the deconsolidation of Daedalic Entertainment GmbH and the positive effect associated with this. Earnings in the "Non-book" segment increased to €1.1 million, following €1.0 million in the previous year. It should be noted here that a deconsolidation loss of €1.3 million resulted from the sale of the holdings in PräSENTA Promotion GmbH. The revenue in the "Novel booklets and puzzle magazines" segments is €1.1 million, following €1.3 million in the previous year.

# Presentation of assets and financial position

## 1. Assets position

The balance sheet total of Bastei Lübbe AG, compared to 31 March 2015, dropped by €0.6 million from €124.3 million to €123.7 million.

The **long-term assets** have barely changed in net terms. As of 31 December 2015, they totalled €62.3 million, following €63.8 million as of 31 March 2015. This decrease was essentially a result of the deconsolidation of Daedalic Entertainment GmbH. This caused a decrease of €14.3 million, especially in intangible assets. The decrease was largely compensated by the commencement of at-equity accounting for Daedalic Entertainment GmbH. Offset against the deficit of Präsenta Promotion International GmbH, this resulted in a net inflow of €11.5 million.

**Short-term assets** totalled €61.3 million as of 31 December 2015, following €60.5 million as of 31 March 2015. Due to the Christmas business, the trade receivables and the factoring receivables in the financial assets rose significantly as of 31 December 2015. Moreover, financial assets from loans to at-equity-accounted investments (Daedalic and oolipo) rose by €3.9 million. Cash and cash equivalents decreased considerably, corresponding to the relatively high receivables at year end.

**Equity** rose from €60.7 million (31 March 2015) to €62.4 million as of 31 December 2015. Here, dividend payouts totalling approx. €4.0 million were overcompensated by the period profit of €8.4 million. Following the outflow of minority interests in Daedalic Entertainment GmbH, only the minority interests in BookRix GmbH & Co. KG are shown here.

**Liabilities** were €2.4 million lower than as of 31 March 2015 (€63.7 million), totalling €61.3 million as of 31 December 2015. This decrease is essentially due to the deconsolidation of Daedalic Entertainment GmbH, and in particular to the associated outflow of latent tax liabilities and other non-

current liabilities. As a result, the non-current debts of €29.9 million as of 31 December 2015 were €5.1 million lower than they were as of 31 March 2015 (€35.0 million). Short-term debts increased from €28.6 million (31 March 2015) to €31.3 million as of 31 December 2015, which is mostly due to a short-term use of credit lines at year end (€2.5 million in financial liabilities) as well as revenue-dependent increases in income tax liabilities of €1.3 million.

## 2. Financial position

Due to the high level of funds tied up in working capital, continued high investments, in particular in intangible assets and dividend payouts to shareholders, the sum total of cash and cash equivalents decreased significantly during the first nine months of the financial year 2015/2016. However, the sum total of cash and cash equivalents will increase again significantly by the end of the current financial year due to the relatively high level of incoming receivables from strong year-end business. See the attached Consolidated Cash Flow Statement as of 31 December 2015.

Group liquidity is ensured for the next few years, in particular by the syndicated loan agreement that was concluded in October 2015. This applies in particular to the loans of more than €30 million that need to be paid back in October 2016.

# Outlook

The Management Board upholds its positive outlook for the financial year 2015/2016. The "Digital" segment is developing as expected. It must also be taken into account that the turnover of Daedalic Entertainment GmbH can no longer be allocated to this segment in future due to its deconsolidation in September 2015. The Management Board is expecting a Group turnover of €105 million for the financial year 2015/2016, and a Group EBITDA of approx. €15 million. The EBITDA will probably drop slightly below the level of the previous year, but remain within the bounds of planning. The drop will be caused not only by lower turnover, but also by start-up costs in the Digital segment, which include, in particular, investments in oolipo AG.

oolipo AG has, in the meantime, presented its first beta version of the software. It is currently being tested by a small circle of users. The public launch of oolipo, the world's first streaming platform for the reading of serial content designed especially for smartphones and tablets, is planned for summer/autumn of this year. Negotiations with other publishers on the supply of content will soon be concluded. Negotiations are also being held with foreign media companies regarding the expansion of oolipo into other countries.

Cologne, 12 February 2016

Bastei Lübbe AG

Management Board



Thomas Schierack

Klaus Kluge

# Consolidated Balance Sheet of Bastei Lübbe AG, Cologne as of 31/12/2015

	31/12/2015 KEUR	31 March 2015 KEUR	Change KEUR
<b>Long-term assets</b>			
Intangible assets	11,726	26,055	-14,329
Inventory of pre-paid royalties	26,352	24,165	2,187
Tangible assets	3,213	3,423	-210
At-equity-accounted investments	16,802	5,669	11,133
Financial investments	1,417	1,850	-433
Trade receivables	1,194	1,219	-25
Deferred tax claims	1,634	1,429	205
	<b>62,338</b>	<b>63,810</b>	<b>-1,472</b>
<b>Current assets</b>			
Inventories	20,232	19,674	558
Trade receivables	21,528	16,841	4,687
Financial assets	17,514	9,411	8,103
Income tax receivables	31	32	-1
Other receivables and assets	518	951	-433
Cash and cash equivalents	1,494	13,624	-12,130
	<b>61,317</b>	<b>60,533</b>	<b>784</b>
<b>Total assets</b>	<b>123,655</b>	<b>124,343</b>	<b>-688</b>
<b>Equity</b>			
"Share of equity attributable to parent company shareholders:"			
Subscribed capital	13,200	13,200	0
Capital reserves	25,872	25,871	1
Net profit	23,431	19,004	4,427
Accumulated other income	-37	-37	0
	<b>62,466</b>	<b>58,038</b>	<b>4,428</b>
Minority interests in equity	-63	2,641	-2,704
<b>Total equity</b>	<b>62,403</b>	<b>60,679</b>	<b>1,724</b>
<b>Long-term liabilities</b>			
Provisions	158	218	-60
Deferred tax liabilities	0	2,523	-2,523
Financial liabilities	29,781	29,687	94
Other liabilities	0	2,620	-2,620
	<b>29,939</b>	<b>35,048</b>	<b>-5,109</b>
<b>Current liabilities</b>			
Financial liabilities	5,936	4,185	1,751
Trade payables	12,689	12,240	449
Income tax liabilities	5,473	4,219	1,254
Provisions	6,387	6,071	316
Other liabilities	828	1,901	-1,073
	<b>31,313</b>	<b>28,616</b>	<b>2,697</b>
<b>Total debts</b>	<b>61,252</b>	<b>63,664</b>	<b>-2,412</b>
<b>Total liabilities</b>	<b>123,655</b>	<b>124,343</b>	<b>-688</b>

# Consolidated profit and loss account of Bastei Lübbe AG, Cologne, for the period 1 April to 31 December 2015

	Q1 to Q3 1 April - 31 December 2015 KEUR	Q1 to Q3 1 April - 31 December 2014 KEUR	Change KEUR
<b>Sales revenue</b>	<b>79,403</b>	<b>86,820</b>	<b>-7,417</b>
Change in inventories of finished goods and work in progress	376	1,089	-713
Other operating income	6,939	767	6,172
Cost of materials			
a) Cost of raw materials and supplies and goods purchased for resale	-320	-109	-211
b) Expenses for purchased services	-20,264	-23,888	3,624
c) Expenses for fees and depreciation to authoring licences	-14,451	-18,791	4,340
	<b>-35,035</b>	<b>-42,788</b>	<b>7,753</b>
Personnel costs			
a) Wages and salaries	-14,727	-13,601	-1,126
b) Social security contributions and expenses for pensions and benefits	-2,271	-2,157	-114
	<b>-16,998</b>	<b>-15,758</b>	<b>-1,240</b>
Other operating expenses	-20,677	-19,088	-1,589
Result from at-equity-accounted investments	-385	223	-608
Other earnings from investments	393	278	115
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>14,016</b>	<b>11,543</b>	<b>2,473</b>
Amortisation on intangible assets and property, plant and equipment	-2,230	-2,202	-28
<b>Earnings before interest and taxes (EBIT)</b>	<b>11,786</b>	<b>9,341</b>	<b>2,445</b>
Financial result	-1,682	-1,646	-86
<b>Earnings before taxes (EBT)</b>	<b>10,104</b>	<b>7,695</b>	<b>2,409</b>
Taxes on income and earnings	-1,709	-2,638	929
<b>Net profit or loss for the period</b>	<b>8,395</b>	<b>5,057</b>	<b>3,338</b>
Of which attributable to:			
Shareholders of Bastei Lübbe AG	8,387	5,370	3,017
Minority interests in equity	8	-313	321
	<b>8,395</b>	<b>5,057</b>	<b>3,338</b>
<b>"Earnings per share (undiluted = diluted)(with reference to the profit for the period allocatable to the shareholders of Bastei Lübbe AG)"</b>	0.64	0.41	



# Consolidated statement of income of Bastei Lübbe AG, Cologne, for the period 1 April to 31 December 2015

	Q1 to Q3 1/4-31/12/2015 KEUR	Q1 to Q3 1/4 - 31/12/2014 KEUR	Change KEUR
<b>Net profit or loss for the period</b>	<b>8,395</b>	<b>5,057</b>	<b>3,338</b>
Other profit/loss			
Do not re-post to the Profit and Loss Statement			
Actuarial losses	0	0	0
- of which attributable to minority interests	0	0	0
<b>Total earnings</b>	<b>8,395</b>	<b>5,057</b>	<b>3,338</b>
Of which attributable to:			
Shareholders of Bastei Lübbe AG	8,387	5,370	3,017
Minority interests in equity	8	-313	321
	<b>8,395</b>	<b>5,057</b>	<b>3,338</b>

# Consolidated sector reporting of Bastei Lübbe AG, Cologne, for the period 1 April to 31 December 2015

KEUR	Books		Digital		Non-book		"Novel booklets and puzzle maga-		Total	
	1/4- 31/12/ 2015	1/4- 31/12/ 2014	1/4- 31/12/ 2015	1/4- 31/12/ 2014	1/4- 31/12/ 2015	1/4- 31/12/ 2014	1/4- 31/12/ 2015	1/4- 31/12/ 2014	1/4- 31/12/ 2015	1/4- 31/12/ 2014
Segment sales revenue	39,665	46,496	19,856	21,794	12,723	10,621	7,159	7,914	79,403	86,825
Internal sales	0	0	0	5	0	0	0	0	0	5
<b>External sales</b>	<b>39,665</b>	<b>46,496</b>	<b>19,856</b>	<b>21,789</b>	<b>12,723</b>	<b>10,621</b>	<b>7,159</b>	<b>7,914</b>	<b>79,403</b>	<b>86,820</b>
<b>EBITDA</b>	<b>4,402</b>	<b>3,948</b>	<b>7,351</b>	<b>5,233</b>	<b>1,129</b>	<b>1,027</b>	<b>1,134</b>	<b>1,335</b>	<b>14,016</b>	<b>11,543</b>
Income from investments included therein	114	0	-302	0	39	223	157	278	8	501
Amortisations	432	306	1,273	1,317	403	455	122	124	2,230	2,202
<b>EBIT</b>	<b>3,970</b>	<b>3,642</b>	<b>6,078</b>	<b>3,916</b>	<b>726</b>	<b>572</b>	<b>1,012</b>	<b>1,211</b>	<b>11,786</b>	<b>9,341</b>
Financial result									-1,682	-1,646
<b>Earnings before taxes (EBT)</b>									<b>10,104</b>	<b>7,695</b>
Taxes on income and earnings									1,709	2,638
<b>Net profit or loss for the period</b>									<b>8,395</b>	<b>5,057</b>

# Consolidated statement of change in equity of Bastei Lübbe AG, Cologne, for the interim financial statement as of 31 December 2015

	Parent company				Equity KEUR	Minority interests in equity Equity KEUR	Group equity Equity KEUR
	Subscribed capital KEUR	Capital reserves KEUR	Net profit KEUR	accumu- lated other income KEUR			
<b>As of 1 April 2014</b>	<b>13,250</b>	<b>26,170</b>	<b>12,105</b>	<b>-48</b>	<b>51,477</b>	<b>0</b>	<b>51,477</b>
<b>Dividends paid</b>			<b>-3,710</b>		<b>-3,710</b>	<b>0</b>	<b>-3,710</b>
<b>Changes in the group of consolidated companies</b>					<b>0</b>	<b>3,003</b>	<b>3,003</b>
<b>Transfer of shares held</b>	<b>0</b>	<b>1</b>			<b>1</b>	<b>0</b>	<b>1</b>
<b>Acquisition of own shares</b>	<b>-50</b>	<b>-301</b>			<b>-351</b>	<b>0</b>	<b>-351</b>
<b>Other changes</b>					<b>0</b>	<b>-1</b>	<b>-1</b>
Net profit or loss for the period			5,370		5,370	-313	5,057
Recognised in equity				0	0	0	0
<b>Total earnings</b>			<b>5,370</b>	<b>0</b>	<b>5,370</b>	<b>-313</b>	<b>5,057</b>
<b>As of 31 December 2014</b>	<b>13,200</b>	<b>25,870</b>	<b>13,765</b>	<b>-48</b>	<b>52,787</b>	<b>2,689</b>	<b>55,476</b>
<b>As of 1 April 2015</b>	<b>13,200</b>	<b>25,871</b>	<b>19,004</b>	<b>-37</b>	<b>58,038</b>	<b>2,641</b>	<b>60,679</b>
<b>Dividends paid</b>			<b>-3,960</b>		<b>-3,960</b>	<b>0</b>	<b>-3,960</b>
<b>Changes in the group of consolidated companies</b>					<b>0</b>	<b>-2,711</b>	<b>-2,711</b>
<b>Transfer of shares held</b>	<b>0</b>	<b>1</b>			<b>1</b>	<b>0</b>	<b>1</b>
<b>Other changes</b>					<b>0</b>	<b>-1</b>	<b>-1</b>
Net profit or loss for the period			8,387		8,387	8	8,395
Recognised in equity				0	0	0	0
<b>Total earnings</b>			<b>8,387</b>	<b>0</b>	<b>8,387</b>	<b>8</b>	<b>8,395</b>
<b>As of 31 December 2015</b>	<b>13,200</b>	<b>25,872</b>	<b>23,431</b>	<b>-37</b>	<b>62,466</b>	<b>-63</b>	<b>62,403</b>

# Consolidated cash flow statement for Bastei Lübbe AG, Cologne, for the interim fi- nancial statement as of 31 December 2015

	1/4-31/12/2015 KEUR	1 April - 31 Decem- ber 2014 KEUR
Net profit or loss for the period	8,395	5,057
+/- Depreciation/appreciation of intangible assets and fixed assets	2,230	2,202
+/- Other non-cash expenses/income	80	-528
+/- Increase/decrease in provisions	256	903
-/+ Profit/loss from the disposal of intangible assets and fixed assets	-6	6
- Profit from the disposal/transition of consolidated companies	-6,418	0
+ Loss from disposal of at-equity-accounted investments	1,375	0
-/+ Increase/decrease in income tax receivables and liabilities, incl. deferred tax claims and liabilities	1,178	2,511
-/+ Increase/decrease in stocks, trade receivables and other assets not associated with investment or financing activities	-14,909	-20,281
+/- Increase/decrease in trade liabilities and other liabilities not associated with investment or financing activities	436	8,758
<b>Cash flow from current business activities</b>	<b>-7,383</b>	<b>-1,372</b>
- Outflow of funds for investments in intangible assets	-2,983	-3,584
+ Income from the disposal of fixed assets	9	13
- Outflow of funds for investments in fixed assets	-493	-601
+ Income from the disposal of financial assets	420	0
- Outflow of funds for investments in financial assets	-25	-145
- Outflow of funds for the acquisition of consolidated companies, less: currency acquired in the context of acquisition	0	-4,016
<b>Cash flow from investment activities</b>	<b>-3,072</b>	<b>-8,333</b>
- Acquisition of own shares	0	-351
- Disbursements to shareholders (dividends)	-3,960	-3,710
+ Proceeds from the issuance of bonds and obtaining (financial) credit	2,526	26
- Outflow of funds for the repayment of bonds and (financial) credit	-241	-225
<b>Cash flow from financing activities</b>	<b>-1,675</b>	<b>-4,260</b>
Net change in cash and cash equivalents	-12,130	-13,965
+ Cash and cash equivalents at start of period	13,624	22,163
<b>= Cash and cash equivalents at end of period</b>	<b>1,494</b>	<b>8,198</b>

### **Legal details**

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The Group 9-month financial report of Bastei Lübbe AG  
can be downloaded as a PDF file at  
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