



**BASTEI LÜBBE AG  
GROUP  
QUARTERLY  
STATEMENT  
1 APRIL - 30 JUNE  
2019**

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**COLD CASE - DAS VERSCHWUNDENE MÄDCHEN**

## At a glance

|  | 01/04/2019 –<br>30/06/2019 | 01/04/2018 –<br>30/06/2018** | Change  |
|--|----------------------------|------------------------------|---------|
| <b>Key financial figures (IFRS) in EUR million</b> |                            |                              |         |
| Group sales  | 21.2                       | 20.8                         | 1.9 %   |
| EBIT   | 1.5                        | -1.4                         | –       |
| EBIT margin in %                                   | 7.0 %                      | -6.8 %                       | 13.8 Pp |
| Earnings per share in EUR                          | 0.06                       | -0.11                        | –       |
|  |                            |                              |         |
|  | <b>30/06/2019</b>          | <b>31/03/2019</b>            |         |
| Balance sheet total                                | 93.6                       | 85.9                         | 8.9 %   |
| Equity*  | 37.1                       | 36.1                         | 2.7 %   |
| Equity ratio in %                                  | 39.6 %                     | 42.0 %                       | -2.4 Pp |
| Net debt   | 15.2                       | 17.8                         | -14.6 % |

\* incl. equity capital shares of non-controlling shareholders

\*\* adjusted

# Economic report

## General conditions

According to the economic forecast of the EU Commission, the euro zone will grow by 1.2 % in 2019.<sup>1</sup> For Germany, the economists of the Bundesbank expect moderate growth of 0.6 % for 2019. Although the domestic economy remains intact, the second quarter of 2019 saw a significant slowdown in industry. The main reasons for this were the negative trend in exports. According to experts at the Bundesbank, however, exports abroad are expected to grow more strongly again in the second half of the calendar year and the German economy is thus expected to pick up again. The Bundesbank sees growth for 2020 at 1.2 %.<sup>2</sup>

## The industry environment in the Bastei Lübbe AG business segments

In **book retailing**, sales in the distribution channels of retail book retailing, e-commerce, railway station book retailing, department stores and electrical and drugstores combined were up 2.2 % from January to June 2019, well above the level of the same period of the previous year. While unit sales - the number of copies sold - declined by 0.2 %, 2.5 % higher book prices more than compensated for this minimal sales decline according to the German Publishers & Booksellers Association (Börsenverein des Deutschen Buchhandels).<sup>3</sup>

According to the German Publishers and Booksellers Association, sales of **e-books** started 2019 with a slight minus of 1.2 %. In the first three months, sales of e-books fell by 7.1 % compared to the same quarter of the previous year. The main reason for the decline is the Easter holiday, which slipped far into April. At 5.7 %, the sales share of the retail market from January to March 2019 remained constant compared to the same quarter of the previous year. The number of e-book buyers decreased to 1.9 million in the first quarter of 2019 compared with 2.1 million in the prior-year quarter. The purchase intensity of existing e-book readers decreased by 1.3 %. However, the trend towards falling prices was halted. The average price paid for an e-book rose by 6.1 % in the first quarter.<sup>4</sup>

In the first half of 2019, sales of **audiobooks** declined by 8.7 % compared to the same period of the previous year.<sup>5</sup> No data are yet available for the digital formats for the 2019 calendar year. However, it can be assumed that the share of revenues generated by memory-saving audio streaming in the audio book market will continue to rise.

Sales figures for the **games** industry, which is also relevant for Bastei Lübbe, were not available at the time of writing. According to management consultants PricewaterhouseCoopers (PwC), the market for electronic games (e-games) in Germany is characterized by stable growth rates and revenues. The experts at PwC expect the market for computer and video games to grow at an average annual rate of 6.4 % between 2018 and 2022. Important trends are virtual reality and augmented reality as well as the enormous success of multiplayer online games. Large publishers are therefore increasingly concentrating on such multiplayer games and are withdrawing from solo games in particular. This reduces the competitive pressure in this area and opens up new opportunities for smaller developer studios such as the Bastei Lübbe subsidiary Daedalic. Overall, revenues from the sale of physical games and browser games are falling and growth is taking place primarily in digital businesses and advertising.<sup>6</sup>

<sup>1</sup> [https://ec.europa.eu/commission/presscorner/detail/de/ac\\_19\\_4036](https://ec.europa.eu/commission/presscorner/detail/de/ac_19_4036)

<sup>2</sup> <https://www.bundesbank.de/resource/blob/798776/8789adc6b1a2f87c56698fa40c3b698b/mL/2019-06-monatsbericht-data.pdf>

<sup>3</sup> <https://www.boersenverein.de/1686298/>

<sup>4</sup> [https://www.boersenverein.de/de/portal/Presse/158382?presse\\_id=1662550](https://www.boersenverein.de/de/portal/Presse/158382?presse_id=1662550)

<sup>5</sup> <https://www.boersenverein.de/1686298/>

<sup>6</sup> PricewaterhouseCoopers 2018: German Entertainment and Media Outlook 2018-2022 - Videospiele

# Business performance

## Profit situation

Bastei Lübbe AG generated consolidated sales of EUR 21.2 million in the period from April to June of the 2019/2020 financial year, compared with EUR 20.8 million in the previous year. Sales were thus 1.9 % higher than in the previous year. Group EBIT improved to EUR 1.5 million in the first quarter of 2019 compared with EUR -1.4 million in the same period of the previous year. The previous year included expenses of EUR 0.5 million for personnel measures as part of the efficiency program.

Sales in the "Book" segment rose from 15.6 million Euro to 16.7 million Euro. The main driver of the positive sales development is the successful launch of "Diary of an Awesome Friendly Kid", a new children's book by Jeff Kinney. Segment EBIT improved from -1.6 million Euro in the previous year to 0.6 million Euro in the current fiscal year. The efficiency program launched in January 2018 led to a significant increase in profitability. In particular, personnel expenses fell compared with the previous year.

The "Novel Booklets" segment generated sales of EUR 2.2 million in the first quarter compared with EUR 2.5 million in the previous year. Revenues for the current financial year are only comparable with those of the previous year to a limited extent, as Bastei Lübbe sold its puzzle division with effect from 31 May 2019. The negative sales effect from the sale amounted to approximately EUR 0.2 million in the reporting period. Segment EBIT increased from EUR 0.1 million to EUR 0.8 million in the current fiscal year. This includes the proceeds from the sale of the puzzle division in the amount of EUR 0.3 million.

Revenues in the "Games" segment amounted to EUR 2.3 million in the first three months of the financial year, compared with EUR 2.6 million in the same period of the previous year. As in the previous year, segment EBIT amounted to EUR 0.1 million.

At 9.3 million Euro, the cost of materials in the reporting period was below the level of the previous year (10.0 million Euro). This is mainly due to lower printing costs due to the optimization of circulation in the "Book" segment.

Personnel expenses fell from 6.1 million Euro in the previous year to 4.5 million Euro. The reduction in personnel expenses is attributable to personnel measures as part of the efficiency program at Bastei Lübbe AG. In addition, expenses for these measures amounting to EUR 0.5 million were included in the previous year.

Other operating expenses fell from EUR 4.9 million in the previous year to EUR 4.4 million. The positive effect of the first-time application of lessee accounting in accordance with IFRS 16 from April 1, 2019 on other operating expenses amounted to EUR 0.3 million.

Depreciation increased by EUR 0.3 million due to the application of IFRS 16.

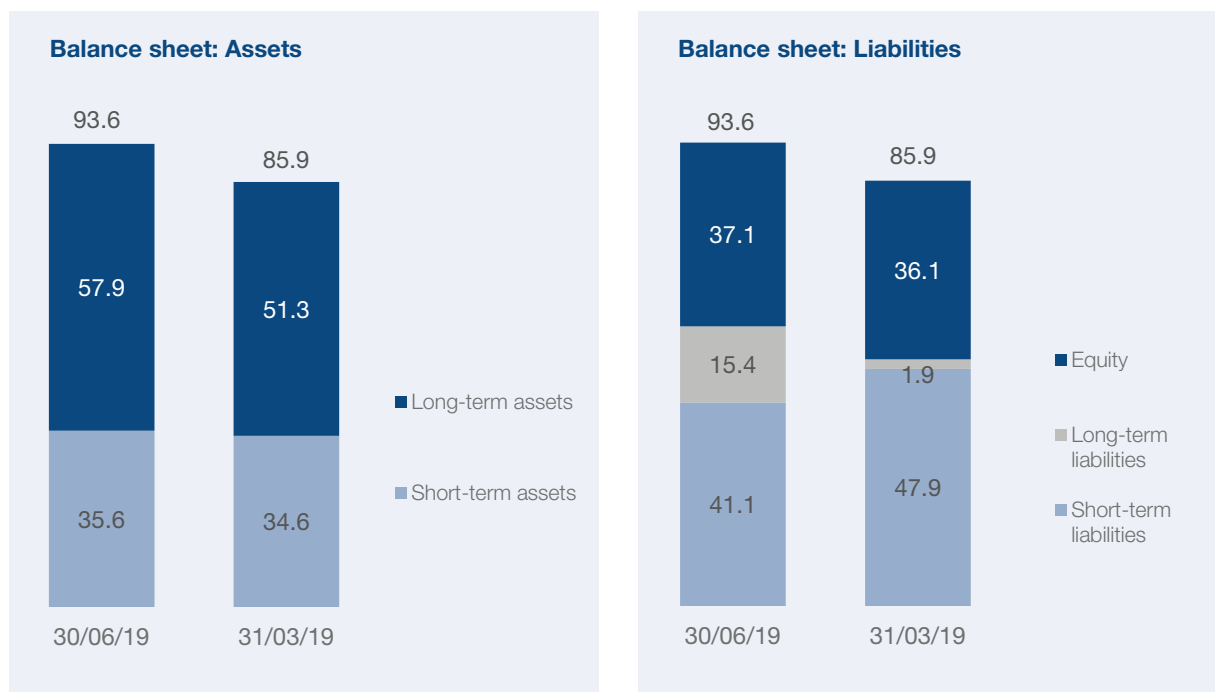
Group operating profit (EBIT) for the period from April to June amounted to EUR 1.5 million (previous year: EUR -1.4 million). The EBIT margin was 7.0 % after -6.8 % in the same period of the previous year. Income from investments accounted for using the equity method amounted to EUR 0.1 million (previous year: -).

The other financial result amounted to EUR -0.4 million (previous year: EUR -0.2 million). Earnings before taxes (EBT) amounted to Euro 1.2 million (previous year: Euro -1.7 million). The consolidated result for the period attributable to the shareholders of Bastei Lübbe AG amounted to Euro 0.7 million (previous year: Euro -1.5 million). Earnings per share amounted to EUR 0.06 after EUR -0.11 in the previous year. This was based on a number of 13,200,100 shares in circulation in the reporting period (unchanged from the previous year).

## Asset position

As of the balance sheet date, the asset situation changed significantly compared to the last consolidated balance sheet date due to the first-time application of lessee accounting in accordance with IFRS 16 as of April 1, 2019.

The consolidated balance sheet total rose by EUR 7.7 million from EUR 85.9 million to EUR 93.6 million.



Non-current assets amounted to EUR 57.9 million, compared with EUR 51.3 million at March 31, 2019. On the one hand, intangible assets decreased by EUR 1.5 million due to the sale of the puzzle division. On the other hand, property, plant and equipment increased by EUR 8.0 million due to the introduction of lessee accounting in accordance with IFRS 16 as of April 1, 2019.

The 30 % interest in Community Editions GmbH was consolidated using the equity method as of April 1, 2019. The carrying amount as of June 30, 2019 was EUR 0.6 million.

Current assets have changed only insignificantly and amount to EUR 35.6 million after EUR 34.6 million as of March 31, 2019.

At EUR 35.7 million, the share of equity attributable to the shareholders of the parent company is higher than in the previous year (EUR 34.6 million). The increase results from the positive net result for the period of EUR 0.8 million and the first-time consolidation of the investment in Community Editions GmbH using the equity method as of April 1, 2019. The difference of EUR 0.2 million was recognized directly in retained earnings.

Non-current liabilities amounted to EUR 15.4 million, compared with EUR 1.9 million as of March 31, 2019. The increase is mainly attributable to the reclassification of Daedalic's loan liabilities from current liabilities to non-current liabilities in the amount of EUR 6.8 million. They also increased due to the first-time recognition of the non-current portion of lease liabilities in the amount of 6.8 million euros in connection with the introduction of lessee accounting in accordance with IFRS 16.

Current liabilities amounted to EUR 41.1 million as of June 30, 2019, compared with EUR 47.9 million as of March 31, 2019. Current liabilities decreased in the reporting year due to the reclassification of Daedalic's loan liabilities. In addition, the current portion of lease liabilities amounting to EUR 1.2 million is included in current liabilities.

At EUR 15.2 million, net debt as of June 30, 2019 was EUR 2.5 million below the figure as of March 31, 2019.

## Supplementary report

No further events of particular significance for the assessment of the net assets, financial position and results of operations of the Bastei Lübbe AG Group occurred after the reporting period.

## Opportunity and risk report

The risk situation of Bastei Lübbe AG and its opportunities have not fundamentally changed since the presentation in the Annual Report 2018/2019.

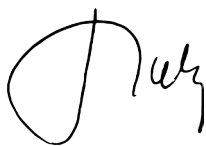
## Forecast

Compared to the presentation in the 2018/2019 Annual Report, the Management Board's forecast for the 2019/2020 financial year has not changed. Both the economic and the economic environment in Germany are expected to remain stable. The Management Board notes that the business figures for the first quarter of 2019/2020 are essentially in line with expectations.

In the current 2019/2020 financial year, Group sales are expected to be between EUR 85 and 87 million (previous year: EUR 95 million). A positive EBIT in a range between 3.5 and 5.3 million Euro (previous year: 2.7 million Euro) is still expected.

The financial planning of the Bastei Lübbe Group assumes that net debt as of March 31, 2020 will be at the level of the previous year (EUR 17.8 million).

Cologne, 15 August 2019  
Bastei Lübbe AG



Carel Halff  
Vorstandsvorsitzender



Ulrich Zimmermann  
Finanzvorstand



Klaus Kluge  
Vorstand Programm,  
Vertrieb und Marketing

## Consolidated profit and loss account and consolidated statement of income for the period from 01 April to 30 June 2019

|   | 01/04/ –<br>30/06/19 | 01/04/ –<br>30/06/18* |
|---|----------------------|-----------------------|
|   | KEUR                 | KEUR                  |
| Sales revenue   | 21,226               | 20,827                |
| Change in inventories of finished goods and work in progress  | -1,432               | -952                  |
| Other capitalised self-constructed assets   | 721                  | 653                   |
| Other operating income  | 464                  | 154                   |
| Material expenses   |                      |                       |
| a) Expenditure on raw materials and supplies and on purchased goods   | -78                  | -118                  |
| b) Expenses for purchased services  | -3,769               | -4,366                |
| c) Expenses for fees and amortisation of royalties  | -5,499               | -5,716                |
|   | -9,346               | -10,200               |
| Personnel expenses  |                      |                       |
| a) Wages and salaries   | -3,772               | -5,357                |
| b) Social security contributions and expenses for pensions and support schemes  | -711                 | -778                  |
|   | -4,484               | -6,135                |
| Other operating expenses  | -4,410               | -4,949                |
| Operating profit  | 33                   | 20                    |
| <b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>  | <b>2,773</b>         | <b>-582</b>           |
| Amortisation of intangible assets and property, plant and equipment   | -1,282               | -859                  |
| <b>Earnings before interests and taxes (EBIT)</b>   | <b>1,491</b>         | <b>-1,441</b>         |
| Result from equity valuation  | 111                  | -                     |
| Other financial result  | -384                 | -233                  |
| <b>Earnings before taxes (EBT)</b>  | <b>1,218</b>         | <b>-1,674</b>         |
| Taxes on income and earnings  | -464                 | 220                   |
| <b>Results for the period</b>   | <b>753</b>           | <b>-1,454</b>         |
| Of which is attributable to:  |                      |                       |
| Shareholders of Bastei Lübbe AG   | 732                  | -1,468                |
| Equity capital shares of non-controlling shareholders   | 21                   | 14                    |
| Profit per share (undiluted = diluted)<br>(with reference to the net period earnings attributable to shareholders of Bastei Lübbe AG) | 0.06                 | -0.11                 |

\* adjusted (see segment reporting)

## Consolidated statement of comprehensive income for the period from 1 April 2019 to 30 June 2019

|  | 01/04/ –<br>30/06/19 | 01/04/ –<br>30/06/18* |
|--|----------------------|-----------------------|
|  | KEUR                 | KEUR                  |
| <b>Results for the period</b>  | <b>753</b>           | <b>-1,454</b>         |
| <b>Amounts that cannot be reclassified to the income statement in the future</b> | <b>–</b>             | <b>–</b>              |
| Changes in fair value of available-for-sale financial assets                     | –                    | –                     |
| <b>Amounts that can be reclassified to the income statement in the future</b>    | <b>16</b>            | <b>1</b>              |
| Currency differences   | 16                   | 1                     |
| <b>Other income</b>  | <b>16</b>            | <b>1</b>              |
| <b>Total comprehensive income</b>  | <b>769</b>           | <b>-1,453</b>         |
| Of which is attributable to:   |                      |                       |
| Shareholders of Bastei Lübbe AG  | 748                  | -1,467                |
| Equity capital shares of non-controlling shareholders                            | 21                   | 14                    |

\* adjusted (see segment reporting)



## Consolidated balance sheet as of 30 June 2019

|  | 30/06/2019    | 31/03/2019    |
|--|---------------|---------------|
|  | KEUR          | KEUR          |
| <b>Long-term assets</b>                                      |               |               |
| Intangible assets  | 18,794        | 19,934        |
| Inventory of pre-paid royalties                              | 20,104        | 20,455        |
| Tangible assets (incl. Leasing assets)                       | 9,492         | 1,573         |
| Investments accounted for using the equity method            | 556           | —             |
| Financial investments  | 4,716         | 4,603         |
| Trade receivables  | 613           | 672           |
| Deferred tax claims  | 3,654         | 4,053         |
|  | <b>57,930</b> | <b>51,290</b> |
| <b>Short-term assets</b>                                     |               |               |
| Inventories  | 14,207        | 15,509        |
| Trade receivables  | 11,296        | 12,487        |
| Financial assets   | 967           | 1,098         |
| Income tax receivables                                       | 341           | 307           |
| Other receivables and assets                                 | 2,364         | 1,847         |
| Cash and cash equivalents                                    | 6,456         | 3,356         |
|  | <b>35,631</b> | <b>34,604</b> |
| <b>Total assets</b>  | <b>93,562</b> | <b>85,894</b> |
| <b>Equity</b>  |               |               |
| Share of equity attributable to parent company shareholders: |               |               |
| Subscribed capital   | 13,200        | 13,200        |
| Capital reserves   | 26,804        | 26,804        |
| Net profit/loss  | -6,310        | -7,245        |
| Other comprehensive income                                   | 1,996         | 1,980         |
|  | <b>35,690</b> | <b>34,739</b> |
| Equity capital shares of non-controlling shareholders        | 1,384         | 1,363         |
| <b>Total equity</b>  | <b>37,074</b> | <b>36,102</b> |
| <b>Long-term liabilities</b>                                 |               |               |
| Accruals   | 84            | 84            |
| Deferred tax liabilities                                     | 1,224         | 1,200         |
| Financial liabilities  | 13,576        | 0             |
| Other liabilities  | 509           | 577           |
|  | <b>15,393</b> | <b>1,861</b>  |
| <b>Short-term liabilities</b>                                |               |               |
| Financial liabilities  | 18,746        | 24,684        |
| Trade payables   | 14,703        | 14,153        |
| Income tax liabilities                                       | 44            | 4             |
| Accruals   | 6,620         | 7,297         |
| Other liabilities  | 982           | 1,793         |
|  | <b>41,095</b> | <b>47,931</b> |
| <b>Total debt</b>  | <b>56,488</b> | <b>49,792</b> |
| <b>Total liabilities</b>                                     | <b>93,562</b> | <b>85,894</b> |

## Segment reporting for the period from 01 April to 30 June 2019

|                                       | Book           |                 | Games          |                | Novel booklets |                 | Gesamt         |                 |
|---------------------------------------|----------------|-----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|
|                                       | 04-06/<br>2019 | 04-06/<br>2018* | 04-06/<br>2019 | 04-06/<br>2018 | 04-06/<br>2019 | 04-06/<br>2018* | 04-06/<br>2019 | 04-06/<br>2018* |
|                                       | TEUR           | TEUR            | TEUR           | TEUR           | TEUR           | TEUR            | TEUR           | TEUR            |
| Segment sales revenue                 | 16,696         | 15,626          | 2,349          | 2,640          | 2,181          | 2,542           | 21,226         | 20,808          |
| Internal sales                        | -              | 1               | -              | 18             | -              | -               | -              | 19              |
| <b>External sales</b>                 | <b>16,696</b>  | <b>15,627</b>   | <b>2,349</b>   | <b>2,658</b>   | <b>2,181</b>   | <b>2,542</b>    | <b>21,226</b>  | <b>20,827</b>   |
| <b>EBITDA</b>                         | <b>1,033</b>   | <b>-1,394</b>   | <b>909</b>     | <b>677</b>     | <b>831</b>     | <b>135</b>      | <b>2,773</b>   | <b>-582</b>     |
| Amortisations                         | -452           | -253            | -769           | -583           | -61            | -23             | -1,282         | -859            |
| <b>EBIT</b>                           | <b>582</b>     | <b>-1,647</b>   | <b>139</b>     | <b>94</b>      | <b>770</b>     | <b>112</b>      | <b>1,491</b>   | <b>-1,441</b>   |
| Result from equity valuation          |                |                 |                |                |                |                 | 111            | -               |
| Other financial result                |                |                 |                |                |                |                 | -384           | -233            |
| <b>Result before<br/>income taxes</b> |                |                 |                |                |                |                 | <b>1,218</b>   | <b>-1,674</b>   |
| Taxes on income and profit            |                |                 |                |                |                |                 | -464           | 220             |
| <b>Result for the period</b>          |                |                 |                |                |                |                 | <b>753</b>     | <b>-1,454</b>   |

\* the previous year's figures include the full consolidation of the Czech subsidiary Moba in the "Book" segment (see note 37 in the 2018/2019 Annual Report); as well as sales deductions within the scope of IFRS 15 (see note 3a) in the 2018/19 Annual Report)

# Financial calendar 2019/2020

| Date              | Event  |
|-------------------|--|
| 18 September 2019 | Annual General Meeting                                     |
| 14 November 2019  | Semi-annual financial report as of 30 September 2019 (HY1) |
| 13 Februar 2020   | Quarterly statement (Q3)                                   |

## Legal Notice

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The Q1/2019 Group statement of Bastei Lübbe AG can be downloaded as a PDF file at [www.luebbe.com/en](http://www.luebbe.com/en). You can also find further corporate information at [www.luebbe.com/en](http://www.luebbe.com/en).

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