



INTERIM REPORT OF BEATE UHSE AG
IN THE FIRST SIX MONTHS OF 2014 PURSUANT TO SECTION 37x
GERMAN SECURITIES TRADING ACT (WPHG)

INTERIM REPORT OF BEATE UHSE AG

in the first six months of 2014 pursuant to Section 37x German Securities Trading Act (WpHG)

- First quarter confirms start of growth phase following stabilisation
- 3.9% increase in sales to EUR 38.0 million (Q1 2013: EUR 36.5 million)
- All the sales areas contribute to positive result
- E-Commerce and Wholesale as the growth drivers
- EBIT increases markedly to EUR 1.1 million (Q1 2013: EUR 0.6 million)

Beate Uhse continues to develop as planned after concluding its stabilisation phase as scheduled in the 2013 financial year, and shows signs of having entered a phase of expansion in the first quarter of 2014.

Sales and earnings development as at 31.3.2014

Group

Beate Uhse Group recorded a 3.9% increase in sales to EUR 37.98 million in the first quarter of 2014 (Q1 2013: EUR 36.54 million). The Group has thus now entered a growth phase, having successfully concluded its stabilisation phase. This development is attributable in particular to the pleasing business performance of the Mail Order and Wholesale divisions. All of the sales divisions continue to post profits.

The increase in sales is also reflected in a stronger earnings situation: Beate Uhse Group succeeded in increasing its profits as planned in the first quarter of 2014, with EBITDA of EUR 2.31 million (Q1 2013: EUR 2.17 million) and EBIT of EUR 1.12 million (Q1 2013: EUR 0.62 million). This development is all the more gratifying considering that there were increased investments in marketing in the first quarter of 2014, in order to boost customer acquisition and thus make the initiated phase of expansion a success. A marketing 'highlight' in the first quarter was undoubtedly the first TV commercial for the Beate Uhse brand to be broadcast on German television on the channels ProSieben, Sat.1, Kabel 1 and Sixx. This then formed the foundations for the continued strong business performance.

Beate Uhse Group key performance indicators (IFRS)

	Q1 2014	Q1 2013
	1.1. -	1.1. -
EUR 000s	31.3.	31.3.
Sales	37,979	36,542
EBITDA	2,307	2,172
EBIT	1,123	624

Retail

The Retail division generated sales of EUR 10.84 million in the first quarter of 2014, which was slightly down year on year, from EUR 11.22 million. Sales in Germany, which is the brand's key retail market, remained stable year on year, in spite of a marginal drop in the number of stores. Individual unprofitable stores were once again closed as the ongoing process of optimising the store network was concluded. The Retail division's operating result remained stable at EUR 0.44 million (Q1 2013: EUR 0.46 million) thanks to improved cost efficiency.

The Beate Uhse stores are the most prominent calling card of the Beate Uhse brand. The key stores in inner-city locations with a demonstrably high level of footfall are consequently being gradually revamped with the brand's new appearance. The aim of this investment is to be able to optimally reach out to the newly defined target groups of women and couples. The change in the target groups goes hand in hand with a change in the customers' shopping behaviour. While the majority of sales was once generated on the basis of needs-based purchases, the new brand concept is resulting in a transition to greater impulse buying. This offers the potential to generate additional sales, especially among shopping-friendly target groups such as women. The aim is to establish Beate Uhse stores as an integral part of a shopping trip and to present Beate Uhse's lifestyle-related product world in a contemporary fashion in the stores.

Retail KPIs

	Q1 2014	Q1 2013
EUR 000s	1.1. - 31.3.	1.1. - 31.3.
Sales	10,841	11,222
EBITDA	791	895
EBIT	438	463

Mail Order KPIs

	Q1 2014	Q1 2013
EUR 000s	1.1. - 31.3.	1.1. - 31.3.
Sales	16,822	15,784
EBITDA	1,395	1,381
EBIT	979	877

Mail Order

The Mail Order division also trended upwards in the first quarter of 2014, with sales increasing by 6.6% to EUR 16.82 million (Q1 2013: EUR 15.78 million). As in the previous quarters, this sales growth is down to the Group's systematic focus on e-commerce, which increased by around 11% and which currently accounts for 84.3% of the Mail Order division's business (Q1 2013: 82.4%). The division succeeded in increasing its operating profit from EUR 0.88 million to EUR 0.98 million, in spite of higher investments in forward-looking growth strategies.

The transition to the new Beate Uhse design was concluded in the Group's core market, Germany, with the launch of the new e-commerce platform (online shop) there in January. The new platform had already been launched in the Netherlands and Belgium in 2013.

Following the brand repositioning in the key B2C channel, Mail Order recorded a 14% increase in new customers. At present, up to 80% of all new customers are female. In particular considering that the new brand design and the new brand messages are still being established, this development stands as a testament to the customers' acceptance of the new conceptual focus.

A TV commercial advertising the Beate Uhse brand was broadcast for the first time ever on Germany's high-reach TV channels, attracting a lot of attention to the 'new' brand and the new online shop. The brand's TV presence also highlights the degree of acceptance within society of the Beate Uhse topics and product worlds. The results of this are also demonstrated by the customer acquisition figures and by the rising online retail sales figures.

Wholesale

The Wholesale division likewise succeeded in extending the positive trend of the previous quarters in the first quarter of 2014. Its sales increased more strongly than anticipated, by 16.5% to EUR 8.90 million (Q1 2013: EUR 7.64 million). It also significantly boosted its earnings by 76.6%, concluding the first quarter with earnings of EUR 0.77 million (Q1 2013: EUR 0.44 million). Targeted marketing of its profitable and forward-looking own brands in the areas of lingerie, toys and well-being is giving the division the competitive edge and is allowing it to increasingly reach mainstream customers in the areas of fashion and health and beauty.

A targeted mainstream orientation (e.g. through partnerships with health and beauty retailers or fashion chains) will generate additional market potential for the Beate Uhse products worlds and will result in growth in the customer portfolio. The share of non-industry mainstream customers already increased in 2013 and will henceforth be a key business development focus.

Wholesale KPIs

	Q1 2014	Q1 2013
EUR 000s	1.1. - 31.3.	1.1. - 31.3.
Sales	8,902	7,638
EBITDA	1,124	946
EBIT	770	436

Entertainment

Sales slumped as expected in the Entertainment division in the first quarter of 2014, to EUR 1.41 million (Q1 2013: EUR 1.90 million). The Entertainment division did, however, achieve an operating profit of EUR 0.06 million, compared with its operating loss of EUR -0.06 million in Q1 2013, and returned to generating a positive result thanks to the measures introduced to optimise its work processes.

With the market environment remaining difficult due to products that are offered online for free, the Entertainment segment is focusing on high-quality products. In addition, a men's brand is to be created in 2014 which will clearly distinguish these products from the Beate Uhse brand and will be specifically tailored to the target group of men. Quality formats and products will be used to cater for the demand for premium content and will serve as a growth platform.

Entertainment KPIs

	Q1 2014	Q1 2013
EUR 000s	1.1. -	1.1. -
	31.3.	31.3.
Sales	1,414	1,898
EBITDA	102	-9
EBIT	55	-59

Outlook

Beate Uhse Group successfully concluded its stabilisation process in 2013 according to schedule. Consequently, as had already been announced, it succeeded in surpassing the previous year's EBIT by EUR 1.9 million, taking it to EUR 3.4 million. Its profit was therefore in the upper echelons of the earnings forecast published for 2013.

Based on the developments in the first quarter of 2014, the Management Board confirms that the Group has now entered the growth phase it had targeted for this financial year, this being the third stage of the three-phase strategy laid out in 2010. The Management Board anticipates sales of between EUR 145.0 and 150.0 million in 2014 (2013: EUR 142.0 million) and an operating profit of EUR 5.0 to 7.0 million. Sales and the operating result should continue to enjoy sustained growth in the medium term following implementation of the Group's expansion strategy.