



Interim report as at 30 June 2018

fielmann

Fielmann Aktiengesellschaft

Interim company report as at 30 June 2018

Dear Shareholders, Dear Friends of the Company,

Fielmann increased the units sold and sales revenue during the first six months of the year and has gained market shares in prescription eyewear, contact lenses and hearing devices.

Interim company report

The German economy continues to experience a powerful upturn based on solid domestic economic foundations. After an increase of 0.4% in the GDP in the first quarter, a growth of 0.5% is expected for the second quarter compared to the first three months. In line with the spring forecast, the German government expects economic growth of 2.3% for Germany in 2018.

Retail sales in the first half of the year increased in real terms by 1.4%. On 30 June 2018, the number of people out of work stood at 2.28 million, with the rate of unemployment at 5.0%. The number of available jobs rose in June to over 805,000.

Report on the revenue, financial and assets situation

Units sold and sales revenue

Fielmann increased its units sold in the first six months by 1.0% to 4.05 million (previous year: 4.01 million). External sales including VAT grew by 1.2% to € 823.0 million (previous year: € 813.0 million) and consolidated sales rose by 2.3% to € 711.5 million (previous year: € 695.4 million). On a currency-adjusted basis, sales grew by 3.4%.

Fielmann increased its units sold in the second quarter by 3.4% to 2.13 million (previous year: 2.06 million). External sales including VAT grew by 2.7% to € 421.3 million (previous year: € 410.1 million) and consolidated sales rose by 2.3% to € 361.6 million (previous year: € 353.5 million).

Earnings and investments

The pre-tax profit amounted to € 116.1 million in the first half of the year (previous year: € 123.6 million) and the net income was € 81.1 million (previous year: € 86.0 million). The EBITDA reached € 138.1 million (previous year: € 144.6 million).

From April to June, the pre-tax profit amounted to € 54.8 million (previous year: € 63.0 million) and the net income stood at € 37.8 million (previous year: € 43.8 million).

The previous year's figure for the cost of materials was positively influenced to a greater extent by an increase in inventory of frames,

sunglasses and contact lenses, which in turn affected the purchasing discounts received. This year, both the Swiss franc exchange rate and a weather-related change in the sales structure negatively influenced the cost of materials.

In the first six months, investments totalled € 31.0 million (previous year: € 26.7 million). All investments were financed from our cash flow. Fielmann opened new stores in Verona and Como during the first half of the year, thus operating a total of 12 Italian stores as at 30 June. We plan to open 6 additional stores in Italy in the second half of the year. The result for the first six months includes approximately € 2 million in start-up costs for the Italian operations.

As at 30 June, Fielmann operated a total of 727 stores (previous year: 711), 188 of which also contained hearing aid studios (previous year: 175).

In the first half-year, Fielmann also invested more in its digital capabilities and in its brand image. The impact on earnings totals approximately € 2 million.

The earnings per share were € 0.95 (previous year: € 0.99). There were no circumstances which could have diluted earnings per share during the period under review or comparable periods.

Earnings per share

in € '000	30. 6. 2018	30. 6. 2017
Consolidated net income for the period	81,084	85,958
Income attributable to other shareholders	-1,555	-2,808
Result for the period	79,529	83,150
No. of shares in '000 units	84,000	84,000
Own shares in '000 units	-26	-52
No. of shares in '000 units	83,974	83,948
Earnings per share	0.95	0.99

On 12 July 2018, the Annual General Meeting of Fielmann AG agreed a dividend payout of € 1.85 per share for the financial year 2017 (previous year: € 1.80). Fielmann paid its shareholders € 155.4 million (previous year: € 151.2 million), which is a ratio of 92.7%. Based on the 2017 year-end closing price, the dividend yield amounts to 2.5%.

Dividend

Employees

Fielmann is Germany's largest employer and training provider in the optical industry, with 18,301 employees as at 30 June (previous year: 17,862), of which 2,944 are apprentices (previous year: 2,924).

Our apprentices are the skilled experts of the future. This year, more than 1,500 young people began their apprenticeships with the German market leader (previous year: 1,250). National awards testify to the high standard of our training. In the German optical industry competition, Fielmann accounted for all national winners over the last seven years.

As a result of the new employees and an increase in salaries, the personnel costs rose by € 9.5 million in the first six months.

Forecast, opportunities and risk report

To the Company's knowledge, there is no information necessitating changes to the main forecasts or other expectations formulated in the last Group Management Report. The statements provided in the Annual Report 2017 on the opportunities and risks of the business model remain unchanged, too.

Outlook

As the market leader Fielmann has used available liquidity to strengthen its position in the market, to invest in the digitalization of its business model and to accelerate its expansion. In line with the forecast provided in our 2017 business report, we expect 2018 earnings before taxes for the entire year to be on par with those of the previous year. We anticipate an increase in unit and group-wide sales in 2018 similar to that of 2017.

Balance sheet oath

We affirm that to the best of our knowledge the consolidated accounts prepared in accordance with the applicable accounting regulations convey a view of the Group's assets, finances and income that is true and fair and that business development including business results and the position of the Group are presented in the Management Report for the Group in such a way as to provide a true and fair view as well as to portray the opportunities and risks inherent in the future development of the Group accurately.

Hamburg, August 2018

Fielmann Aktiengesellschaft
The Management Board

Notes to the Accounts

The same accounting and valuation principles apply to the interim report of 30 June 2018 as to the annual financial statement of 31 December 2017, which was compiled according to International Financial Reporting Standards (IFRS and IAS). The result for the comparative period takes into account the actual tax ratio of the financial year 2017.

Cash and cash equivalents totaling € 294.7 million (previous year: € 89.1 million) include liquid funds as well as securities with a fixed term of up to three months. The reason for the significant difference is the early payout of the dividends in June 2017 compared to July 2018.

The negative balance listed in the "Interest received" item results from the reversal of premiums at the end of the term of financial assets. The corresponding interest was mainly received in previous years.

The financial assets, which also count as financial capital, are broken down according to the typical maturities pursuant to IAS 1. The composition of the financial assets of € 406.2 million (previous year: € 289.0 million) is shown in a separate table.

The figures for the previous year are indicated in parentheses:

in € '000	Expenses		Income		Balance	
Result from cash and capital investments	-108	(-135)	463	(549)	355	(414)
Result from on-balance sheet and other transactions not relating to financial assets	-329	(-633)	53	(82)	-276	(-551)
Interest result	-437	(-768)	516	(631)	79	(-137)
Write-ups and write-downs on financial assets and similar items	0	(0)	0	(0)	0	(0)
Financial result	-437	(-768)	516	(631)	79	(-137)

Accounting and valuation principles

Explanatory notes on the cash flow statement

Explanatory notes on the financial result as at 30 June 2018

Explanatory notes on the segment report

In accordance with the regional structure of the internal reporting system, Segment Reporting distinguishes between the geographic regions in which the Group offers and delivers products and services.

A tax audit led to a change in the transfer price system between the national subsidiaries and was taken into account for the first time as at 31 December 2017. The impact on the pre-tax results compared to the comparable period of June 2017 has led to losses in Switzerland of approx. € 2.1 million and in Austria of € 1.0 million. The impact on the "Other" segment amounts to € 0.1 million. In the "Germany" segment, this led to additional pre-tax earnings of € 3.2 million.

Information on related parties (IAS 24)

The contractual relations to the related parties described in the 2017 financial report continue in almost unchanged form. All transactions are made at the customary market prices and conditions, and are of minor importance to the Fielmann Aktiengesellschaft.

After six months, the revenues amount to € 506,000 (previous year: € 558,000) and the expenses to € 1,956,000 (previous year: € 1,917,000). The balances have been offset as at the reporting date.

Other information

The amount of 25,918 units of own shares was offset from the item "Securities" (previous year: 52,139). The book value as at 30 June 2018 is € 1,797,000 (previous year: € 3,654,000). The quoted Fielmann shares were acquired within the meaning of § 71 Para. 1 No. 2 of the German Stock Corporation Act (AktG), in order to offer them to staff of Fielmann Aktiengesellschaft or its affiliated companies as employee shares.

Significant events after 30 June 2018

At the time of preparing the present report, there had been no significant events after the end of the second quarter which could have an effect on the assets, financial position and earnings of the Fielmann Aktiengesellschaft and Fielmann Group.

Segment reporting 1 January to 30 June 2018

The previous year's figures are stated in parentheses.

in € million	Germany	Switzerland	Austria	Other	Consolidation	Consolidated value
Sales revenues from the segment	603.3 (580.9)	83.4 (89.1)	41.8 (41.9)	22.1 (19.2)	-39.1 (-35.7)	711.5 (695.4)
Sales revenues from other segments	39.0 (35.3)	0.0 (0.1)	0.1 (0.3)			
Outside sales revenues	564.3 (545.6)	83.4 (89.0)	41.7 (41.6)	22.1 (19.2)		711.5 (695.4)
Cost of materials	146.8 (142.1)	17.6 (17.7)	10.0 (10.0)	6.7 (5.9)	-34.3 (-33.6)	146.8 (142.1)
Personnel costs	238.8 (229.1)	33.5 (35.4)	15.4 (15.0)	7.8 (6.5)		295.5 (286.0)
Scheduled depreciation	18.0 (17.2)	2.2 (2.2)	0.8 (0.9)	1.0 (0.7)	0.0 (-0.2)	22.0 (20.8)
Expenses in the financial result	0.4 (0.7)	0.1 (0.2)		0.2 (0.2)	-0.3 (-0.3)	0.4 (0.8)
Income in the financial result	0.6 (0.7)	0.2 (0.2)			-0.3 (-0.3)	0.5 (0.6)
Result before taxes	98.8 (98.0)	12.1 (18.2)	6.6 (8.1)	-1.4 (-0.9)	0.0 (0.2)	116.1 (123.6)
Taxes on income and earnings	31.5 (32.1)	2.4 (3.7)	1.0 (1.4)	0.2 (0.4)	0.0 (0.1)	35.1 (37.7)
Consolidated net income for the period	67.4 (65.9)	9.7 (14.5)	5.6 (6.7)	-1.6 (-1.3)	0.0 (0.2)	81.1 (86.0)
Non-current segment assets excluding financial instruments and deferred tax assets	279.6 (261.8)	30.8 (27.8)	5.8 (6.9)	17.8 (13.0)		334.0 (309.5)
Investments	24.7 (19.9)	3.9 (1.8)	0.2 (0.3)	2.2 (4.7)		31.0 (26.7)
Deferred tax assets	10.4 (8.8)		0.3 (0.3)	2.2 (0.2)		12.9 (9.3)

¹ In the segments excl. income from participations

Statement of the overall result

For the period from 1 January to 30 June	2018 in € '000	2017 in € '000	Change in € '000
Consolidated net income for the period	81,084	85,958	-4,874
Items which are reclassified under certain conditions and reported in the profit and loss account			
Earnings from foreign exchange conversion, reported under equity	320	-803	1,123
Items which will not be reclassified and reported in the profit and loss account in future			
Valuation of employee benefits in accordance with IAS 19	-115	54	-169
Other profit/loss after tax	205	-749	954
Overall result	81,289	85,209	-3,920
of which attributable to minority interests	1,555	2,808	-1,253
of which attributable to parent company shareholders	79,734	82,401	-2,667

Cash flow statement

Cash flow statement according to IAS 7 for the period from 1 January to 30 June	2018 € '000	2017 € '000	Change € '000
Earnings before taxes (EBT)	116,137	123,648	-7,511
+ Statement-related expenditure in the final result	437	768	-331
- Statement-related income in the final result	-516	-631	115
+ Write-downs on tangible assets and intangible assets	22,040	20,770	1,270
- Taxes on income paid	-35,630	-46,340	10,710
+/- Other non-cash income/expenditure	5,898	753	5,145
+/- Increase/decrease in accruals	-3,891	-2,830	-1,061
-/+ Profit/loss on disposal of tangible assets as properties kept as financial investments and intangible assets	-3,255	2	-3,257
-/+ Increase/decrease in inventories, trade debtors and other assets not attributable to investment or financial operations	-18,672	-11,489	-7,183
+/- Increase/decrease in trade creditors and other liabilities not attributable to investment or financial operations	9,825	21,889	-12,064
- Interest paid	-339	-634	295
+ Interest received	-271	714	-985
-/+ Increase/decrease in financial assets held for trading	65,761	52,956	12,805
= Cash flow from operating activities	157,524	159,576	-2,052
Receipts from the disposal of tangible assets	79	136	-57
- Payments for tangible assets	-25,809	-22,526	-3,283
- Payments for intangible assets	-5,020	-3,340	-1,680
+ Receipts from the disposal of financial assets	70	293	-223
- Payments for financial assets	-220	-800	580
= Cash flow from investment activities	-30,900	-26,237	-4,663
Payments to company owners and non-controlling shareholders	-1,622	-153,828	152,206
+/- Sale/Acquisition of own shares	-1,577	-3,297	1,720
+ Receipts from loans raised	0	590	-590
- Repayment of loans	-593	-229	-364
- Payments for the acquisition of additional shares in subsidiaries	0	-1,671	1,671
= Cash flow from financing activities	-3,792	-158,435	154,643
Payment-affecting changes in cash and equivalents	122,832	-25,096	147,928
+/- Changes in cash and equivalents due to exchange rates	-240	145	-385
+ Cash and equivalents at the beginning of the period	172,131	114,032	58,099
= Cash and equivalents at the end of the period	294,723	89,081	205,642

Summary of financial assets

	30 June 2018 € '000	30 June 2017 € '000	Change € '000
Liquid funds	212,601	59,874	152,727
Capital investments with a specific maturity of up to 3 months	82,122	29,207	52,915
Cash and cash equivalents	294,723	89,081	205,642
Non-current financial assets	2,856	1,819	1,037
Other non-current financial assets	54,342	47,500	6,842
Capital investments with a specific maturity of more than 3 months	54,292	150,613	-96,321
Financial assets	406,213	289,013	117,200

Financial calendar 2018/2019

Analyst's conference	31 August 2018
Quarterly report	1 November 2018
Preliminary figures 2018	February 2019
Quarterly report	April 2019
Bloomberg code	FIE
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ISIN	DE0005772206

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Movement in Group equity 2018	Subscribed capital	Capital reserves	Currency translation reserves	Valuation reserves IAS 19	Reserves for own shares	Reserves for share-based remuneration	Profit reserves	Profit reserves and other reserves	Balance sheet profit	Attributable to parent company shareholders	Non-controlling interests	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Position as at 1 January 2018	84,000	92,652	16,803	-2,244	-220	2,365	346,059	362,763	155,400	694,815	195	695,010
Net profit for the year									79,529	79,529	1,555	81,084
Transfers to profit reserves										0		0
Other profit			320	-115				205		205		205
Overall result			320	-115				205	79,529	79,734	1,555	81,289
Dividend paid and share of profit allocated to other shareholders							155,400	155,400	-155,400	0	-1,622	-1,622
Share-based remuneration						-70		-70		-70		-70
Own shares					-1,577			-1,577		-1,577		-1,577
Position as at 30 June 2018	84,000	92,652	17,123	-2,359	-1,797	2,295	501,459	516,721	79,529	772,902	128	773,030

Movement in Group equity 2017	Subscribed capital	Capital reserves	Currency translation reserves	Valuation reserves IAS 19	Reserves for own shares	Reserves for share-based remuneration	Profit reserves	Profit reserves and other reserves	Balance sheet profit	Attributable to parent company shareholders	Non-controlling interests	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Position as at 1 January 2017	84,000	92,652	21,189	-2,269	-357	2,172	337,432	358,167	151,200	686,019	246	686,265
Net profit for the year									83,150	83,150	2,808	85,958
Transfers to profit reserves										0		0
Other profit			-803	54				-749		-749		-749
Overall result			-803	54				-749	83,150	82,401	2,808	85,209
Dividend paid and share of profit allocated to other shareholders							88	88	-151,200	-151,112	-2,716	-153,828
Share-based remuneration						92		92		92		92
Own shares					-3,297			-3,297		-3,297		-3,297
Acquisition of non-controlling interests							-1,671	-1,671		-1,671		-1,671
Position as at 30 June 2017	84,000	92,652	20,386	-2,215	-3,654	2,264	335,849	352,630	83,150	612,432	338	612,770

Consolidated profit and loss account

For the period from 1 April to 30 June	2018 in € '000	2017 in € '000	Change
1. Consolidated sales	361,626	353,480	2.3 %
2. Changes in inventories	2,042	184	1009.8 %
Total consolidated sales	363,668	353,664	2.8 %
3. Other operating income	5,769	3,012	91.5 %
4. Cost of materials	-80,435	-71,490	12.5 %
5. Personnel costs	-148,119	-141,454	4.7 %
6. Depreciation	-10,989	-10,412	5.5 %
7. Other operating expenses	-75,240	-70,369	6.9 %
8. Expenses in the financial result	-175	-352	-50.3 %
9. Income in the financial result	281	439	-36.0 %
10. Result before taxes	54,760	63,038	-13.1 %
11. Taxes on income and earnings	-17,008	-19,215	-11.5 %
12. Net income for the quarter	37,752	43,823	-13.9 %
13. Income attributable to other shareholders	-511	-1,444	-64.6 %
14. Result for the quarter	37,241	42,379	-12.1 %
Earnings per share in € (diluted/basic)	0.44	0.50	

Consolidated profit and loss account

For the period from 1 January to 30 June	2018 in € '000	2017 in € '000	Change
1. Consolidated sales	711,476	695,351	2.3 %
2. Changes in inventories	15	7,506	-99.8 %
Total consolidated sales	711,491	702,857	1.2 %
3. Other operating income	11,499	5,606	105.1 %
4. Cost of materials	-146,831	-142,121	3.3 %
5. Personnel costs	-295,456	-285,962	3.3 %
6. Depreciation	-22,040	-20,770	6.1 %
7. Other operating expenses	-142,605	-135,825	5.0 %
8. Expenses in the financial result	-437	-768	-43.1 %
9. Income in the financial result	516	631	-18.2 %
10. Result before taxes	116,137	123,648	-6.1 %
11. Taxes on income and earnings	-35,053	-37,690	-7.0 %
12. Consolidated net income for the period	81,084	85,958	-5.7 %
13. Income attributable to other shareholders	-1,555	-2,808	-44.6 %
14. Result for the period	79,529	83,150	-4.4 %
Earnings per share in € (diluted/basic)	0.95	0.99	

Consolidated balance sheet

ASSETS	Position as at 30 June 2018 in € '000	Position as at 31 December 2017 in € '000
A. Non-current fixed assets		
I. Intangible assets	27,056	24,771
II. Goodwill	45,953	46,032
III. Tangible assets	246,500	239,731
IV. Investment property	14,478	16,089
V. Financial assets	2,856	2,706
VI. Deferred tax assets	12,895	12,686
VII. Other financial assets	54,342	57,822
	404,080	399,837
B. Current assets		
I. Inventories	128,226	128,673
II. Trade debtors	47,909	31,158
III. Other financial assets	49,250	51,810
IV. Non-financial assets	19,053	13,924
V. Tax assets	6,280	10,748
VI. Financial assets	54,292	117,399
VII. Cash and cash equivalents	294,723	172,131
	599,733	525,843
	1,003,813	925,680
LIABILITIES	Position as at 30 June 2018 in € '000	Position as at 31 December 2017 in € '000
A. Equity		
I. Subscribed capital	84,000	84,000
II. Capital reserves	92,652	92,652
III. Profit reserves	516,721	362,763
IV. Result for the period	79,529	155,400
V. Non-controlling interests	128	195
	773,030	695,010
B. Non-current liabilities		
I. Accruals	24,028	23,776
II. Financial liabilities	1,279	1,858
III. Deferred tax liabilities	9,901	9,463
	35,208	35,097
C. Current liabilities		
I. Accruals	38,686	42,828
II. Financial liabilities	137	151
III. Trade creditors	65,674	63,820
IV. Other financial liabilities	19,573	25,276
V. Non-financial liabilities	63,717	50,090
VI. Income tax liabilities	7,788	13,408
	195,575	195,573
	1,003,813	925,680