



fielmann

INTERIM REPORT
AS AT 30 JUNE 2019

Fielmann Group: Interim report as at 30 June 2019

Dear Shareholders, Dear Friends of the Company,

The results of the first half of 2019 are in line with our expectations. Year-on-year, Fielmann increased the number of units sold, sales revenue and profits.

Interim company report

The upturn in Germany has slowed down considerably in the current financial year. According to preliminary estimates, the German economy shrank by 0.1% in the second quarter of 2019.

The development in the eurozone is expected to stand at +0.2% in the first half-year. A weak global economy, which is reflected in an export decline, the effects of the USA's trade dispute with Europe and, in particular, China are clearly discernible. Furthermore, the continued uncertainty with regard to the Brexit scenario has a negative impact on economic development in Europe.

The unemployment rate in Germany was 4.9% as at 30 June. The size of the active labour force stood at 45.3 million, which is an increase of 0.9% compared to the previous year.

Report on the revenue, financial and assets situation

Units sold and sales revenue

Fielmann increased its units sold in the first six months by 0.3% to 4.1 million (previous year: 4.1 million). External sales including VAT grew by 7.5% to €884.4 million (previous year: €823.0 million) and consolidated sales rose by 6.6% to €758.2 million (previous year: €711.5 million).

The number of glasses sold in the second quarter amounted to 2.1 million (previous year: 2.1 million). External sales including VAT grew by 6.1% to €446.8 million (previous year: €421.3 million) and consolidated sales rose by 6.9% to €386.4 million (previous year: €361.6 million).

Earnings and investments

The pre-tax profit amounted to €127.6 million in the first half of the year (previous year: €116.1 million) and the net income was €88.3 million (previous year: €80.4 million). The EBITDA increased by 38.8% to reach €191.7 million (previous year: €138.1 million). Without taking into account the write-downs and interest on rights of usufruct from leases (IFRS 16), the EBITDA stood at €152.2 million, an increase of 10.2%.

From April to June, the pre-tax profit amounted to €60.5 million (previous year: €54.8 million) and the net income stood at €41.7 million (previous year: €37.9 million).

In the first six months, investments totalled €35.8 million (previous year: €31.0 million). All investments were financed from our cash flow. Fielmann opened new stores in Monza, Modena, Reggio Emilia, Bassano del Grappa and Treviso during the first half of the year, thus operating a total of 23 Italian stores as at 30 June. We plan to open at least 4 additional stores in Italy in the second half of the year.

As at 30 June, Fielmann operated a total of 743 stores (previous year: 727), 202 of which also contained hearing aid studios (previous year: 188).

The earnings per share were €1.02 (previous year: €0.94). There were no circumstances which could have diluted earnings per share during the period under review or comparable periods.

Earnings per share

in €000s	30.6.2019	30.6.2018
Consolidated net income for the period	88,344	80,370
Income attributable to other shareholders	-2,499	-1,555
Profits to be allocated to parent company shareholders	85,845	78,815
Number of shares in '000 units	84,000	84,000
Own shares in '000 units	-45	-26
Number of shares in '000 units	83,955	83,974
Earnings per share	1.02	0.94

On 11 July 2019, the Annual General Meeting of Fielmann AG agreed a dividend payout of €1.90 per share for the financial year 2018 (previous year: €1.85). Fielmann paid its shareholders €159.6 million (previous year: €155.4 million), which is a ratio of 94.5%. Based on the 2018 year-end closing price, the dividend yield amounts to 3.5%.

Dividend

Dr. Thies chose not to seek an extension to his Management Board contract, which expired on 30 June 2019. The Supervisory Board and Management Board would like to take this opportunity to thank Dr. Thies for his outstanding work. The existing Board Members have assumed responsibility for the Human Resources, Controlling, Organisation and IT departments.

Information on the bodies of the Company

With 19,172 employees as at 30 June (previous year: 18,301), Fielmann is Germany's largest employer in the optical industry. With

Employees

3,346 apprentices (previous year: 2,944), Fielmann is also the largest training provider. Our apprentices are the skilled experts of the future. This year, more than 1,700 young people began their apprenticeships with the German market leader. 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 eight years.

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 2018 on the opportunities and risks of the business model remain unchanged, too.

Outlook

With its Vision 2025, Fielmann is shaping the optical industry in Europe for the benefit of customers. Over the long term, Fielmann will sell one in four glasses in continental Europe and achieve external sales of €2.3 billion. Fielmann is the market leader, uses its liquidity to ensure long-term growth and will enter new markets in the coming years through organic growth and acquisitions.

With effect of 1 September of this year, Fielmann AG will acquire 70% of shares in the Slovenian optical chain Optika Clarus, thereby entering the 14th European market. Optika Clarus operates 26 optical stores in Slovenia and is the undisputed market leader with a unit sales market share of 30%. In the current financial year, Optika Clarus will open two more stores in Slovenia. In the medium term, over 30 stores in Slovenia are planned.

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 2019

Fielmann Aktiengesellschaft
The Management Board

Change to the accounting principles

The interim report of 30 June 2019 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 2018.

IFRS 16 “Leasing” is mandatory for the reporting periods beginning as of 1 January 2019. This standard sets out the principles for the recognition, measurement and disclosure of leases in the Notes, and has an impact on the presentation of assets, financial position and earnings as well as on the scope of the disclosures required in the Notes.

Fielmann is a lessee as it uses leases to rent business premises. Leasing also plays a minor role in the field of car financing. In the reporting period, the first application of IFRS 16 at Fielmann only led to additional costs of €0.7 million. A significant increase to the balance sheet total has resulted from taking the rights of usufruct from leases (rental agreements) into account. This has an impact on the Fielmann Group’s key figures. The Fielmann Group’s equity ratio fell due to the significant increase to the balance sheet total by €490.2 million from 75.1% as at 31 December 2018 to 55.3% as at 30 June 2019.

Based on the operative leasing commitments as at 31 December 2018, the following reconciliation to the opening balance sheet figures of the leasing liabilities arose as at 1 January 2019:

in €000s	Up to 1 year	Between 1 year and 5 years	More than 5 years	Total
Rental commitments as at 31.12.2018	72,828	218,934	86,120	377,882
Present value of rental commitments as at 31.12.2018	72,828	218,893	82,075	373,796
Rental income from sub-leases which cannot be terminated as at 31.12.2018	-983	-1,634	-390	-3,007
Present value of rental income from sub-leases which cannot be terminated as at 31.12.2018	-983	-1,634	-388	-3,005
Termination or renewal options that could be put into practice with sufficient security	2,761	3,006	9,165	14,932
Present value of sub-leases as at 1.1.2019	-489	-853	0	-1,342
Leasing liabilities as at 1.1.2019	75,095	221,118	90,852	387,065

The leasing liabilities were discounted as at 1 January 2019 using the incremental borrowing rate. The weighted average interest rate amounted to 0.63%.

Cash and cash equivalents totaling €218.7 million (previous year: €294.7 million) include liquid funds as well as securities with a fixed term of up to three months. The development is in relation to the deferral of maturities of the capital investments as well as to increased investments in the second half of 2018 and first half of 2019.

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 €389.3 million (previous year: €406.2 million) is shown in a separate table on page 7.

Explanatory notes on the cash flow statement

For a better representation, the item "Increase/decrease in other non-current financial assets and capital investments with a term of over three months" from the cash flow from operating activities has been divided into the items "Receipts from the disposal of securities and other investments" and "Payments for the acquisition of securities and other investments", and is now disclosed within the cash flow from investment activity.

Explanatory notes on the financial result as at 30 June 2019

The figures for the previous year are indicated in parentheses:

in €000s	Expenses	Income	Balance
Result from cash and capital investments	-105 (108)	620 (463)	515 (355)
Result from on-balance sheet and other transactions not relating to financial assets	-1,629 (-329)	58 (53)	-1,571 (-276)
Interest result	-1,734 (-437)	678 (516)	-1,056 (79)
Result from shares in associates	-296 (0)	0 (0)	-296 (0)
Write-ups and write-downs on financial assets and similar items	0 (0)	0 (0)	0 (0)
Financial result	-2,030 (-437)	678 (516)	-1,352 (79)

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.

Information on related parties (IAS 24)

The contractual relations to the related parties described in the 2018 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 T€505 (previous year: T€506) and the expenses to T€1,905 (previous year: T€1,956). The balances have been offset as at the reporting date.

Other information

The amount of 45,183 units of own shares was offset from the item "Securities" (previous year: 25,918). The book value as at 30 June 2019 is T€2,684 (previous year: T€1,797). 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 2019

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.

Financial calendar 2019

Analyst's conference	30 August 2019
Interim report	7 November 2019
Preliminary figures 2019	February 2020
Interim report	April 2020
Bloomberg code	FIE
Reuters code	FIEG.DE
Securities ID number/ISIN	DE0005772206

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Summary of financial assets

in €000s	30 June 2019	30 June 2018	Change
Liquid funds	165,462	212,601	-47,139
Capital investments with a specific maturity of up to 3 months	53,236	82,122	-28,886
Cash and cash equivalents	218,698	294,723	-76,025
Non-current financial assets	2,241	2,856	-615
Other non-current financial assets	51,884	54,342	-2,458
Capital investments with a specific maturity of more than 3 months	116,439	54,292	62,147
Financial assets	389,262	406,213	-16,951

Segment reporting 1 January to 30 June 2019 The previous year's figures are stated in parentheses.

in € million	Germany	Switzerland	Austria	Other	Consolidation	Consolidated value
Sales revenues from the segment	640.3 (603.3)	88.7 (83.4)	44.9 (41.8)	25.6 (22.1)	-41.3 (-39.1)	758.2 (711.5)
Sales revenues from other segments	41.1 (39.0)		0.2 (0.1)			
External sales revenues	599.2 (564.3)	88.7 (83.4)	44.7 (41.7)	25.6 (22.1)		758.2 (711.5)
Cost of materials	156.8 (146.8)	18.4 (17.6)	10.2 (10.0)	7.3 (6.7)	-36.0 (-34.3)	156.7 (146.8)
Personnel costs	253.4 (238.8)	35.8 (33.5)	16.3 (15.4)	9.7 (7.8)		315.2 (295.5)
Scheduled depreciation	47.2 (18.0)	7.3 (2.2)	3.2 (0.8)	5.0 (1.0)		62.7 (22.0)
Expenses in the financial result	1.5 (0.4)	0.3 (0.1)	0.2 (0.0)	0.4 (0.2)	-0.4 (-0.3)	2.0 (0.4)
Income in the financial result	0.9 (0.6)	0.2 (0.2)			-0.4 (-0.3)	0.7 (0.5)
Earnings before tax - in segments excl. investment income	107.9 (98.8)	14.1 (12.1)	8.2 (6.6)	-2.6 (-1.4)	0.0 (0.0)	127.6 (116.1)
Taxes on income and earnings	34.4 (32.2)	2.5 (2.4)	1.4 (1.0)	1.0 (0.2)		39.3 (35.8)
Consolidated net income for the period	73.5 (66.7)	11.6 (9.7)	6.8 (5.6)	-3.6 (-1.6)	0.0 (0.0)	88.3 (80.4)
Non-current segment assets excluding financial instruments and deferred tax assets	563.5 (279.6)	80.4 (30.8)	40.5 (5.8)	62.2 (17.8)		746.6 (334.0)
Additions to non-current segment assets excluding financial instruments and deferred tax assets	315.5 (24.7)	55.7 (3.9)	37.9 (0.2)	43.5 (2.2)		452.6 (31.0)
Shares in associates	4.9 (0.0)					4.9 (0.0)
Deferred tax assets	10.6 (10.4)		0.3 (0.3)	0.8 (2.2)		11.7 (12.9)

Statement of the overall result

For the period from 1 January to 30 June in €000s	2019	2018	Change
Consolidated net income for the period	88,344	80,370	7,974
Items which are reclassified under certain conditions and reported in the profit and loss account			
Earnings from foreign exchange conversion, reported under equity	670	320	350
Items which will not be reclassified and reported in the profit and loss statement in future			
Valuation of employee benefits in accordance with IAS 19	-778	-115	-663
Other profit/loss after tax	-108	205	-313
Overall result	88,236	80,575	7,661
of which attributable to minority interests	2,499	1,555	944
of which attributable to parent company shareholders	85,737	79,020	6,717

Cash flow statement

Cash flow statement according to IAS 7 for the period from 1 January to 30 June in €000s	2019	2018	Change
Earnings before taxes (EBT)	127,636	116,137	11,499
-/+ Profit shares of associates	296	0	296
+ Statement-related interest expenditure from leases	1,197	0	1,197
+ Statement-related other expenditure in the final result	537	437	100
- Statement-related income in the final result	-678	-516	-162
+ Write-downs on tangible assets and intangible assets	24,454	22,040	2,414
+ Write-downs on rights of usufruct from leases	38,289	0	38,289
- Taxes on income paid	-40,822	-35,630	-5,192
+/- Other non-cash income/expenditure	-1,047	5,898	-6,945
+/- Increase/decrease in accruals	506	-3,891	4,397
-/+ Profit/loss on disposal of tangible assets as properties kept as financial investments and intangible assets	-48	-3,255	3,207
-/+ Increase/decrease in inventories, trade debtors and other assets not attributable to investment or financial operations	-402,602	-18,672	-383,930
+/- Increase/decrease in trade creditors and other liabilities not attributable to investment or financial operations	408,069	9,825	398,244
- Interest paid	-302	-339	37
+ Interest received	461	-271	732
= Cash flow from operating activities	155,946	91,763	64,183
Receipts from the disposal of tangible assets	154	79	75
- Payments for tangible assets	-21,453	-25,809	4,356
- Payments for intangible assets	-14,304	-5,020	-9,284
+ Receipts from the disposal of financial assets	74	70	4
- Payments for financial assets	0	-220	220
+ Receipts from the disposal of securities and other investments	73,522	95,638	-22,116
- Payments for the acquisition of securities and other investments	-70,758	-29,877	-40,881
= Cash flow from investment activities	-32,765	34,861	-67,626
Payments to company owners and non-controlling shareholders	-2,390	-1,622	-768
+/- Sale/Acquisition of own shares	-1,951	-1,577	-374
+ Receipts from loans raised	59	0	59
- Repayment of loans	-141	-593	452
- Payments for liabilities from leases	-38,715	0	-38,715
= Cash flow from financing activities	-43,138	-3,792	-39,346
Changes in cash and equivalents	80,043	122,832	-42,789
+/- Changes in cash and equivalents due to exchange rates	98	-240	338
+ Cash and equivalents at the beginning of the period	138,557	172,131	-33,574
= Cash and equivalents at the end of the period	218,698	294,723	-76,025

Consolidated equity of the parent company's shareholders

in €000s	Other reserves							Total	Total	Non-controlling interests	Equity
	Subscribed capital	Capital reserves	Retained earnings	Foreign exchange reserves	Valuation reserves IAS 19	Reserves for own shares	Reserves for share-based remuneration				
Position as at 1 January 2019	84,000	92,652	514,391	18,726	-2,254	-733	2,227	17,966	709,009	207	709,216
Net profit for the year			85,845						85,845	2,499	88,344
Other profit				670	-778			-108	-108		-108
Overall result			85,845	670	-778			-108	85,737	2,499	88,236
Dividends/profit shares ¹										-2,390	-2,390
Share-based remuneration							14	14	14		14
Own shares						-1,951		-1,951	-1,951		-1,951
Position as at 30 June 2019	84,000	92,652	600,236	19,396	-3,032	-2,684	2,241	15,921	792,809	316	793,125

Consolidated equity of the parent company's shareholders

in €000s	Other reserves							Total	Total	Non-controlling interests	Equity
	Subscribed capital	Capital reserves	Retained earnings	Foreign exchange reserves	Valuation reserves IAS 19	Reserves for own shares	Reserves for share-based remuneration				
Position as at 1 January 2018	84,000	92,652	501,459	16,803	-2,244	-220	2,365	16,704	694,815	195	695,010
Net profit for the year			78,815						78,815	1,555	80,370
Other profit				320	-115			205	205		205
Overall result			78,815	320	-115			205	79,020	1,555	80,575
Dividends/profit shares ¹										-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	580,274	17,123	-2,359	-1,797	2,295	15,262	772,188	128	772,316

¹ Dividends paid and share of profit allocated to other shareholders

Consolidated profit and loss account

For the period from 1 April to 30 June	II. Quarter 2019 in €000s	II. Quarter 2018 in €000s	Change from previous year in %
1. Consolidated sales	386,438	361,626	6.9
2. Changes in inventories	-1,200	2,042	-158.8
Total consolidated sales	385,238	363,668	5.9
3. Other operating income	5,958	5,769	3.3
4. Cost of materials	-83,578	-80,435	3.9
5. Personnel costs	-157,378	-148,119	6.3
6. Write-downs on rights of usufruct from leases	-19,104	0	
7. Other write-downs	-12,831	-10,989	16.8
8. Other operating expenses	-56,834	-75,240	-24.5
9. Interest expenditure from leases	-636	0	
10. Other expenses in the financial result	-460	-175	162.9
11. Income in the financial result	100	281	-64.4
12. Result before taxes	60,475	54,760	10.4
13. Taxes on income and earnings	-18,769	-16,864	11.3
14. Net income for the quarter	41,706	37,896	10.1
15. Income attributable to minority interests	-1,297	-511	153.8
16. Profits to be allocated to parent company shareholders	40,409	37,385	8.1
Earnings per share in € (diluted/basic)	0.48	0.45	

Consolidated profit and loss account

For the period from 1 January to 30 June	2019 in €000s	2018 in €000s	Change from previous year in %
1. Consolidated sales	758,196	711,476	6.6
2. Changes in inventories	6,438	15	
Total consolidated sales	764,634	711,491	7.5
3. Other operating income	9,702	11,499	-15.6
4. Cost of materials	-156,693	-146,831	6.7
5. Personnel costs	-315,233	-295,456	6.7
6. Write-downs on rights of usufruct from leases	-38,289	0	
7. Other write-downs	-24,454	-22,040	11.0
8. Other operating expenses	-110,679	-142,605	-22.4
9. Interest expenditure from leases	-1,197	0	
10. Other expenses in the financial result	-833	-437	90.6
11. Income in the financial result	678	516	31.4
12. Result before taxes	127,636	116,137	9.9
13. Taxes on income and earnings	-39,292	-35,767	9.9
14. Consolidated net income for the period	88,344	80,370	9.9
15. Income attributable to minority interests	-2,499	-1,555	60.7
16. Profits to be allocated to parent company shareholders	85,845	78,815	8.9
Earnings per share in € (diluted/basic)	1.02	0.94	

Consolidated balance sheet

Assets	Position as at 30 June 2019 in €000s	Position as at 31 December 2018 in €000s
A. Non-current fixed assets		
I. Intangible assets	43,949	33,987
II. Goodwill	47,644	47,509
III. Tangible assets	262,989	262,253
IV. Investment property	13,423	13,639
V. Rights of usufruct from leases	378,630	0
VI. Shares in associates	4,922	5,218
VII. Other financial assets	2,241	2,315
VIII. Deferred tax assets	11,674	12,276
IX. Other financial assets	51,884	61,574
X. Receivables from leases	1,140	0
	818,496	438,771
B. Current assets		
I. Inventories	151,758	136,307
II. Trade debtors	48,672	38,579
III. Other financial assets	52,943	55,473
IV. Non-financial assets	20,016	19,241
V. Tax assets	7,933	8,062
VI. Financial assets	116,439	109,803
VII. Cash and cash equivalents	218,698	138,557
	616,459	506,022
	1,434,955	944,793
Liabilities		
A. Equity		
I. Subscribed capital	84,000	84,000
II. Capital reserves	92,652	92,652
III. Profit reserves	600,236	514,391
IV. Other reserves	15,921	17,966
Consolidated equity of the parent company's shareholders	792,809	709,009
V. Non-controlling interests	316	207
	793,125	709,216
B. Non-current liabilities		
I. Accruals	29,962	25,482
II. Financial liabilities	1,277	1,363
III. Deferred tax liabilities	11,868	12,135
IV. Liabilities from leases	302,575	0
	345,682	38,980
C. Current liabilities		
I. Accruals	44,810	48,784
II. Financial liabilities	120	115
III. Liabilities from leases	77,920	0
IV. Trade creditors	77,218	56,337
V. Other financial liabilities	22,153	21,843
VI. Non-financial liabilities	64,970	58,544
VII. Income tax liabilities	8,957	10,974
	296,148	196,597
	1,434,955	944,793