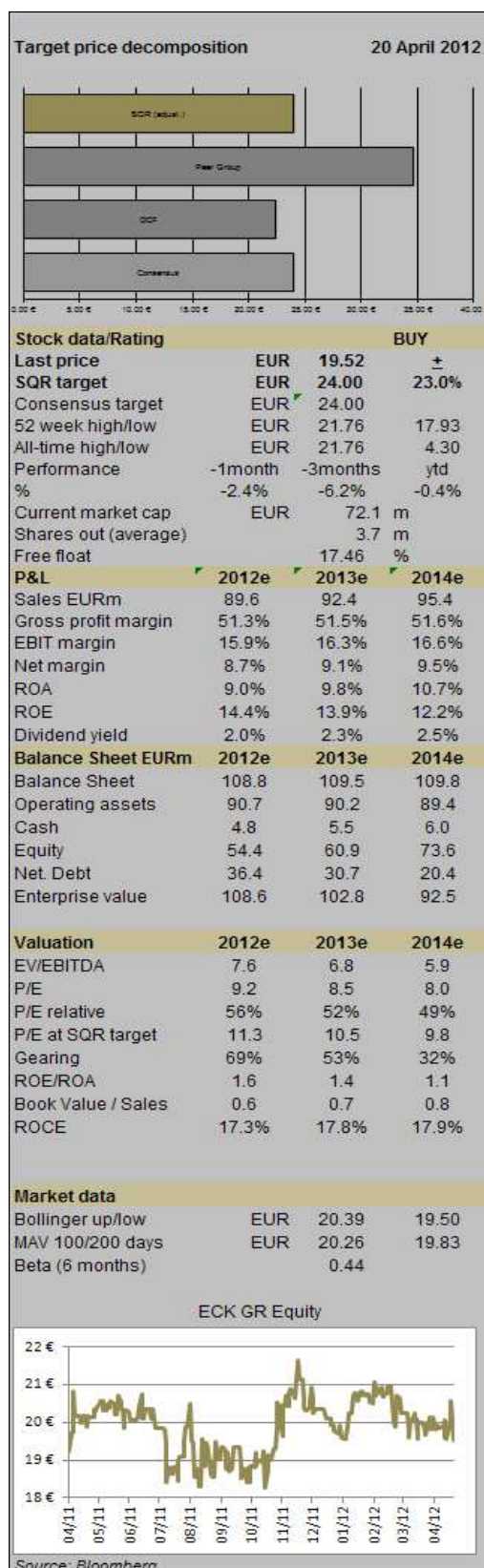




Ludwig Beck AG

Consumers & Retail



Buy PT EUR24,00, upside 23%

Positive start into 2012 – Q1 meets our expectations and backs our call

Ludwig Beck shares have outperformed the SDAX by 1% y-o-y as the SDAX has narrowed the performance gap in Q1. The company continues to benefit from its unique location at the heart of Munich's city centre just opposite the town hall. After some failures with expanding in other regions years ago the company now concentrates on its head store in Munich. The Munich area belongs to the 10 regions with the highest purchasing power of consumers in Germany.

Guidance confirmed after excellent start into FY2012

Ludwig Beck reported figures for Q1. Net sales (ex-VAT) rose by 3.8% to EUR19.2m (2011: EUR18.5). Gross profit (Net sales – cost of materials) advanced by 3.3% to EUR19.2m (2011: EUR18.5m). Operating profit (EBIT) doubled to EUR1.8m (2010: 0.8m). In 2010 there were extraordinary costs of EUR0.7m which have been tied to the company's anniversary. Thus EBIT margin doubled to 9.6% (2010: 4.2%). Net earnings soared to EUR0.9m (2010: 0.1m) or an EPS equivalent of EUR0.26 (2010: 0.03). Given that Q1 is traditionally the weakest quarter for retailers we regard these figures as excellent. However the decisive quarter for Ludwig Beck will be as always Q4 2012. After the sound start into 2012 Ludwig Beck confirmed its guidance for FY2012: Ludwig Becks still expects sales to increase in a range extending 2 to 3%; earnings before taxes are expected to reach a level of EUR10m up to EUR12m.

Satisfying figures back our positive view on Ludwig Beck

Q1 figures fully met our expectations. Therefore we have made no changes in our estimate tables. We just made some minor adjustment on further dividend payments reflecting our expectations on the company dividend policy given that we were too optimistic for the 2011 payment. On the macroeconomic side Ifo business climate remains on a high level (April 109.9 / March 109.8) as well as on retail sector level (April +10.8 vs. March +10.7). This positive news-flow should support our call on Ludwig Beck.

Conclusion:

Ludwig Beck AG currently trades at a PER of 9.2 (SQR 2012e) and an EV/EBITDA of 7.6 (SQR 2012e) while its peers (International retailers and department stores) trade at a PER16.3 (2012e) and an EV/EBITDA of 7.7 (2012e). We confirm our "Buy" recommendation with an unchanged price target of EU24.00 (SQR Fair Value EUR28.46 adjusted by a 15% small cap discount).

Next triggers will be the AGM on May 8th and the publication of the half-year report on July 19th.



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RESEARCH GMBH

LUDWIG BECK am Rathauseck AG						
Consolidated income statement (Financial year runs 31.12)						
EURm	2010	2011	2012e	2013e	2014e	CAGR
Net Sales revenues € (without VAT)	90,1	86,8	89,6	92,4	95,4	1,4%
Own work capitalized	0,0	0,1	0,1	0,1	0,1	n.a.
Other operating income	3,5	3,1	3,2	3,2	3,2	-2,2%
Total overall performance	93,6	89,9	92,9	95,7	98,7	1,3%
Gross profit (Net sales - cost of materials)	45,5	44,3	46,0	47,6	49,2	2,0%
Cost of materials	44,6	42,5	43,6	44,8	46,2	0,8%
Personnel expenses	17,0	16,7	16,9	17,4	17,8	1,1%
Other operating expenses	15,1	15,1	15,1	15,5	15,9	1,4%
EBITDA	16,9	15,6	17,1	17,9	18,7	2,6%
depreciation and amortisation	3,1	2,8	2,9	2,9	2,9	-2,0%
EBIT	13,7	12,9	14,2	15,0	15,8	3,6%
Net financial result	-3,8	-1,6	-2,1	-2,0	-1,9	-15,9%
Pre tax profits	9,9	11,3	12,1	13,0	13,9	8,8%
Income and other taxes	3,5	2,5	4,0	4,3	4,6	7,0%
Tax rate	35%	22%	33%	33%	33%	-1,7%
Net profit	6,4	8,8	8,1	8,7	9,3	1,4%
Minority Inter. / Extraord. Effects	0,0	0,0	-0,3	-0,3	-0,3	n.a.
Atributable net income	6,4	8,8	7,8	8,4	9,0	2,1%
Number of shares (Mio.)	3,7	3,7	3,7	3,7	3,7	69,3%
EPS	1,74	2,37	2,12	2,28	2,44	8,8%
P/E	11,4	8,3	9,3	8,6	8,1	-0,7%
DPS	0,35	0,45	0,40	0,45	0,50	2,7%

Source: Ludwig Beck AG, SQR estimates

Notice:

DPS 2011 including a company anniversary bonus of EUR0.10

EURm	2010	2011	2012e	2013e	2014e	CAGR
Total equity and liabilities	108,8	107,6	108,8	109,5	110,0	0,3%
Total Non-current assets	93,9	92,5	93,9	93,7	93,2	-0,2%
Total Current assets	14,9	15,1	14,9	15,8	16,6	2,8%
Cash and cash equivalents	4,8	3,9	4,8	5,5	6,0	5,8%
Equity	53,7	54,4	60,9	73,6	80,8	10,8%
Bank Debt	33,3	37,5	37,8	32,3	23,7	-8,2%
Net debt (including pensions)	31,9	37,7	36,4	30,7	20,4	-14,2%
Enterprise Value	106,1	110,3	110,6	105,1	96,5	-2,3%

Source: Ludwig Beck AG, SQR estimates



Risk notice, legal information, Disclaimer

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2. Information according to section 34b German Securities Trade Act (WpHG) and according to the German Regulation concerning the Analysis of Financial Instruments (FinAnV):

2.1. Information about the publisher, responsible company, transmission of financial analyses:

Company responsible for the preparation and publication: Silvia Quandt Research GmbH, Grüneburgweg 18, 60322 Frankfurt / Main.

Sole holder of the shares of Silvia Quandt Research GmbH is Silvia Quandt & Cie. AG, Grüneburgweg 18, 60322 Frankfurt / Main.

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Author of the present financial analysis: Klaus Kraenzle, Senior Analyst Consumer & Retail

2.2. Sources of information and summary of the basis of valuation and the valuation methods applied during the preparation

2.2.1. Sources of information:

Essential sources of information for the preparation of this document are publications in interior and foreign media like information services (e.g., Reuters, VWD, Bloomberg, dpa-AFX, among others), business press (e.g., "Börsenzeitung" (financial paper), "Handelsblatt", "Frankfurter Allgemeine Zeitung", Financial Times, among others), specialized press, published statistics, rating agencies as well as publications of the analysed issuers.

All information refers to the date of the publication: [Date, time, refer to the date at the end of the disclaimer]

2.2.2. Summary of the basis of valuation and the valuation methods used during the preparation:

Within the scope of the evaluation of enterprises the following valuation methods are applied: multiplier models (stock exchange value / profit, stock exchange value / cash flow, stock exchange value / book value, Enterprise Value (EV) / turnover, EV / EBIT, EV / EBITA, EV / EBITDA), Peer Group comparisons, historic valuation methods, discounting models (DCF, DDM, EVA, RIM), Break-up-Value- and Sum-of-the-Parts-approaches, substance-valuation methods or a combination of different methods. The valuation models are dependent on economic parameters like interest rates, currencies, resources and on economic assumptions. Moreover, market moods influence the valuations of enterprises. Also, the approaches are based on expectations that may change rapidly and without advance warning according to developments specific for the respective branch. Therefore, the valuation results and fair values derived from the models may also change accordingly. The results of the evaluation basically refer to a period of 12 months. Nevertheless, they are also subjected to market conditions and constitute merely a snapshot. They may be reached faster or slower or may be scaled up or down.

Silvia Quandt Research GmbH uses a 3-stage absolute share rating system. The respective recommendations /classifications /ratings refer to a time frame of at least 6 to a maximum of 18 months and are connected with the following expectations:

BUY: The expected yield, based on the determined target price, incl. dividend payment within the respective suitable time frame amounts to > = + 10%.

NEUTRAL: The expected yield, based on the determined target price, incl. dividend payment within the suitable time frame amounts to between -10% and <+10%.

AVOID: The expected yield, based on the determined target price, incl. dividend payment within the suitable time frame amounts to <= - 10%.

2.3. Update

A specific update of the present analysis at a firm time has currently not yet been determined. The analysis and the opinions and assessments contained therein merely reflect the perspective taken at the date stated on the first page of the analysis. Silvia Quandt Research GmbH reserves the right to make an update of the analysis or the opinions and assessments contained therein without prior notice. The decision whether and when an update is made lies solely in the discretion of Silvia Quandt Research GmbH.

2.4. Information about possible conflicts of interest

According to section 34b WpHG and according to the FinAnV, among other things, when preparing a financial analysis an obligation exists to point out possible conflicts of interest in relation to the analysed finance instrument or the issuer.

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2. The remuneration of the aforementioned persons and/or enterprises is dependent on investment banking transactions of their own enterprise or of enterprises affiliated with them within the scope of the activity as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG.



3. In their trading portfolio the aforementioned persons and/or enterprises regularly hold financial instruments which or the issuer of which are subjected to the financial analysis.
4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.
5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, within the scope of an outsourcing arrangement with biw bank für Investments und Wertpapiere AG, in a market by placing purchase or selling orders (Market Making/Designated sponsoring).
6. The aforementioned persons and/or enterprises were involved within the preceding twelve months as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG in the public offering of financial instruments, which or the issuer of which are subjected to the financial analysis.
7. The aforementioned persons and/or enterprises acted as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG within the scope of the listing on the stock exchange of the issuer, who or whose financial instruments are subjected to the financial analysis, as an issuing bank or a selling agent.
8. The aforementioned persons and/or enterprises, within the preceding twelve months and towards the issuer, who or whose financial instruments are subjected to the financial analysis, were bound by an agreement about services in connection with investment banking transactions within the scope of a position as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG or received in this period from such an agreement a benefit or a performance promise.
9. The aforementioned persons and/or enterprises, within the scope of the position as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG, expect from the issuer, who or whose financial instruments are subjected to the financial analysis, during the next three months remunerations for services in connection with investment banking transactions or seek such remunerations.
10. The aforementioned persons and/or enterprises have concluded an agreement for the preparation of a financial analysis with the issuer, who or whose financial instruments are subjected to the financial analysis.
11. This financial analysis had been made accessible for the issuer, who or whose financial instruments are subjected to the financial analysis, before publication and was modified subsequently.
12. The aforementioned persons and/or members of the management board of the aforementioned enterprises hold seats on the board of directors or seats on the supervisory board with issuers, who or whose financial instruments are subjected to the financial analysis.
13. The aforementioned persons and/or enterprises have other important financial interests relating to the issuer, who or whose financial instruments are subjected to the financial analysis.

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1. There is an essential shareholding (= holding > 5% of the share capital) between the aforementioned persons and/or enterprises and the issuer who or his financial instruments are the subject of the financial analysis.
2. The remuneration of the aforementioned persons and/or enterprises is dependent on investment banking transactions of their own enterprise or of affiliated enterprises.
3. In their trading portfolio the aforementioned Persons and/or enterprises regularly hold financial instruments which or the issuer of which are subjected to the financial analysis.
4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.
5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, in a market by placing purchase or selling orders (Market Making/ Designated Sponsoring).
6. The aforementioned persons and/or enterprises were involved within the preceding twelve months in lead managing a consortium for in the public offering of financial instruments, which or the issuer of which are subjected to the financial analysis.
7. The aforementioned persons and/or enterprises acted as an issuing bank or a selling agent within the scope of the listing on the stock exchange of the issuer, who or whose financial instruments are subjected to the financial analysis.
8. The aforementioned persons and/or enterprises, within the preceding twelve months and towards the issuer, who or whose financial instruments are subjected to the financial analysis, were bound by an agreement about services in connection with investment banking transactions or received in this period from such an agreement a benefit or a performance promise.
9. The aforementioned persons and/or enterprises expect from the issuer, who or whose financial instruments are subjected to the financial analysis, during the next three months remunerations for services in connection with investment banking transactions or seek at such remunerations.
10. The aforementioned persons and/or enterprises have concluded an agreement for the preparation of a financial analysis with the issuer, who or whose financial instruments are subjected to the financial analysis.
11. This financial analysis had been made accessible for the issuer, who or whose financial instruments are subjected to the financial analysis, before publication and was modified subsequently.
12. The aforementioned persons and/or members of the management board of the aforementioned enterprises hold seats on the board of directors or seats on the supervisory board with issuers, who or whose financial instruments are subjected to the financial analysis.



13. The aforementioned persons and/or enterprises have other important financial interests relating to the issuer, who or whose financial instruments are subjected to the financial analysis.

biw Bank für Investments und Wertpapiere AG has adopted measures of precaution to prevent and avoid possible conflicts of interest during the preparation and transmission of financial analyses as far as possible or to deal with such conflicts adequately. In particular a Watch- and a Restricted list are maintained, and in-house information barriers (Chinese Walls) have been installed to block the access of employees who transmit financial analyses to any information which could give rise to conflicts of interest in relation to the issuers concerned. As far as a conflict of interests exists, it will be disclosed.

2.5. Quarterly overview according to section 5 subsection 4 No. 3 FinAnV

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3.1. Issuer and notice according to section 4 subsection 4 No. 4 FinAnV about preceding publications during the last twelve months about the security or the issuer

Issuer of the analyzed finance instrument is Ludwig Beck am Rathauseck

3.2. Date of the first publication and date and time of the price of financial instruments

Company	1st publication	Price €	Recommendation	Target €
Ludwig Beck	19.01.2011	18,40 €	Buy	21,50 €



3.3. Overview of our financial analyses of securities or issuers during the last twelve months

Company	Date of issue	Price at issue	Recommendation	Target price
Ludwig Beck	15.02.2011	18,88 €	Buy	22,50 €
Ludwig Beck	20.04.2011	20,15 €	Buy	24,00 €
Ludwig Beck	20.07.2011	18,46 €	Buy	24,00 €
Ludwig Beck	20.10.2011	18,82 €	Buy	24,00 €
Ludwig Beck	05.01.2012	19,55 €	Buy	24,00 €
Ludwig Beck	15.03.2012	19,70 €	Buy	24,00 €

3.4. Information about possible conflicts of interest

3.4.1. Conflict of interests of Silvia Quandt Research GmbH

2.4.1.2. Comp.	2.4.1.3. Trade	2.4.1.4. Short >1%	2.4.1.5. DS	2.4.1.6. ECM act.	2.4.1.7. IPO	2.4.1.8. Comp.Res.	2.4.1.9. Comp.ECM	2.4.1.10. Contract	2.4.1.11. Inform.	2.4.1.12. Mandate	2.4.1.13. Holding
										X	

3.4.2. Conflicts of interest biw bank für Investments und Wertpapiere AG when transmitting the financial analysis

2.4.2.1. Bet: >5%	2.4.2.2. Comp.	2.4.2.3. Trade	2.4.2.4. Short >1%	2.4.2.5. DS	2.4.2.6. ECM act.	2.4.2.7. IPO	2.4.2.8. Comp.Res.	2.4.2.9. Comp.ECM	2.4.2.10. Contract	2.4.2.11. Inform.	2.4.2.12. Mandate	2.4.2.13. Holding
		X										

3.5. Publication according to article 5 (4) no. 3 of the German Regulation concerning the analysis of financial instruments (Finanzanalyseverordnung):

Companies under coverage by Silvia Quandt Research GmbH	Total	% of total	Thereof recommendations for issuers to which investment banking services were provided during the preceding twelve months
Buy	94	60%	34
Neutral	50	32%	6
Avoid	13	8%	0

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Frankfurt am Main, 20.04.2012

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