

Interim report as at 30 June 2016

fielmann

Fielmann Aktiengesellschaft

Group interim report as at 30 June 2016

Dear Shareholders and Friends of the Company,

Our expectations for first half of the reporting year have been met.

Group interim management report

General conditions

The German economy continued to develop positively, with an increase in gross domestic product (GDP) of 1.8 per cent being achieved in relation to the comparative period. This development is supported by low oil and energy prices, stronger domestic demand and an improving labour market situation.

The German retail sector posted real growth in sales of 2.3 per cent for the first half of the year. As at 30 June 2016, 2.61 million people were registered as unemployed in Germany, which equates to an unemployment rate of 5.9 per cent.

Report on the income, the financial position and assets

Unit sales and sales revenue

In the second quarter of 2016, Fielmann improved unit sales by 6.2 per cent to 2.05 million pairs of glasses (previous year: 1.93 million pairs of glasses). External sales rose by 4.9 per cent to € 399.8 million (previous year: € 381.3 million), while consolidated sales grew by 5.1 per cent to € 344.0 million (previous year: € 327.2 million). In the first half of the year, Fielmann raised unit sales to 3.93 million pairs of glasses (previous year: 3.80 million pairs of glasses). External sales including VAT increased to € 771.9 million (previous year: € 754.6 million) and consolidated sales rose to € 660.4 million (previous year: € 644.3 million).

Earnings and investments

Pre-tax profit increased by 16.8 per cent in the second quarter to € 62.6 million (previous year: € 53.6 million), while after-tax profit rose by 17.0 per cent to € 44.6 million (previous year: € 38.1 million). In the first half of the year, Fielmann has therefore achieved pre-tax profit of € 116.6 million (previous year: € 116.3 million), with profit after tax totalling € 82.7 million (previous year: € 82.7 million). After the first six months of the year, investments which are fully funded from cash flow amounted to € 22.6 million (previous year: € 24.4 million). As at 30 June 2016, Fielmann had 700 branches (previous year: 690 branches), with 146 of these sites including hearing aid departments (previous year: 126 hearing aid departments).

Earnings per share stand at € 0.96 (previous year: € 0.96). There were no circumstances which could have led to a dilution of earnings per share during the period under review or comparable periods.

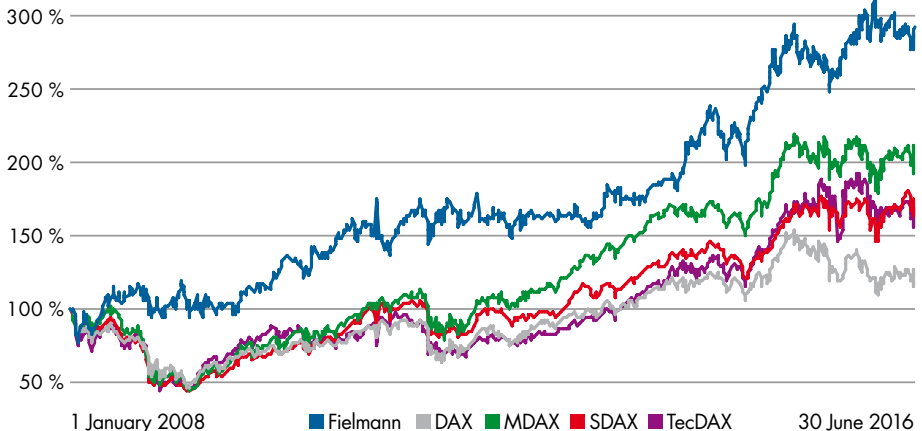
Earnings per share

in € '000	30.6.2016	30.6.2015	31.12.2015
Net profit for the period	82,746	82,706	170,526
Income attributable to other shareholders	-2,482	-2,326	-4,994
Period result	80,264	80,380	165,532
Number of shares (thousand)	84,000	84,000	84,000
Own shares	-35	-75	-4
Number of shares (thousand)	83,965	83,925	83,996
Earnings per share in €	0.96	0.96	1.97

The situation on the German stock market was rather varied in first half of 2016. Following considerable price corrections at the start of the year, the stock markets initially recovered, but failed to gain notable momentum. In April, the DAX once more successfully exceeded the 10,000-point mark. Prices fell significantly again in the wake of the EU Referendum in the UK in June. As at 30 June, the DAX stood at 9,680 points and Fielmann shares were trading at € 65.63 per share certificate.

Share

Performance of Fielmann shares versus the DAX, MDAX, SDAX and TecDAX



Dividend

The Annual General Meeting of Fielmann AG on 14 July 2016 resolved payment of a dividend amounting to € 1.75 per share for financial year 2015 (previous year: € 1.60). Fielmann distributed a total of € 147.0 million to shareholders (previous year: € 134.4 million), which represents a ratio of 88.8 per cent. The dividend yield based on the closing share price for the year in 2015 comes to 2.6 per cent.

Staff

Fielmann is the largest employer and trainer in the optical industry, with 17,140 members of staff as at 30 June 2014 (previous year: 16,566), of whom 2,826 are trainees (previous year: 2,715).

Our trainees are the opticians of tomorrow. This year, over 1,000 young people will begin their apprenticeships at Fielmann. Fielmann considers itself to be one of the elite. National awards are a testament to the high standard of training. Over the last five years, Fielmann has accounted for all national winners in the German optical industry competition.

Information on the bodies of the Company

The ordinary Annual General Meeting of Fielmann AG has appointed Hans-Otto Schrader, CEO of the Otto Group, Hamburg, as the shareholder representative on the Supervisory Board with effect from the end of the Annual General Meeting. He has been elected to serve until the end of the Annual General Meeting, which will resolve on the discharge for the third financial year after the start of his term of office. The term of office of Hans-Otto Schrader will therefore end at the same time as that of all other members of the current Supervisory Board.

This by-election became necessary due to the death of the long-standing member of the Supervisory Board, Graf von Faber-Castell.

Forecast, opportunities and risk report

To the Company's knowledge, there is no information which would result in changes to the main forecasts and other statements given in the last consolidated management report regarding the development of the Group for the financial year. The statements on opportunities and risks included in the 2015 Annual Report remain unchanged.

Outlook

Fielmann is continuing its expansion. Over the course of the year, the Group will open additional shops, enlarge existing shops, move to better locations and equip further branches with hearing aid departments.

Fielmann is confident of being able to expand its market position. Consumers buy from companies that offer guaranteed high quality at reasonable prices: in the optical industry, this means Fielmann.

We affirm that, to the best of our knowledge, the interim reporting for the consolidated interim financial statements prepared in accordance with the applicable accounting regulations convey a view of the Group's net assets, financial position and results of operations that is true and fair and that business development, including business results and the position of the Group, are presented in the interim management report for the Group in such a way as to provide a true and fair view as well as to accurately portray the opportunities and risks inherent in the future development of the Group over the remainder of the financial year.

Hamburg, August 2016

Fielmann Aktiengesellschaft
The Management Board

Notes

The interim report as at 30 June 2016 is based on the same accounting and valuation principles as the consolidated financial statements as at 31 December 2015, which were prepared in accordance with the International Financial Reporting Standards (IFRS including IAS). The result of the comparative period takes into account the actual tax rate of the 2015 financial year.

Financial resources totalling T€ 165,673 (previous year: T€ 197,328) equates to the balance sheet item of "cash and cash equivalents". These comprise liquid funds and capital contributions, provided they have a remaining term of up to three months.

Any additional financial assets that are also reported under financial assets are grouped by their respective maturities in accordance with IAS 1. The composition of financial assets amounting to T€ 432,262 (previous year: T€ 405,233) is presented in a separate table on page 9.

Responsibility statement

Accounting and valuation principles

Explanatory notes on the cash flow statement

Explanatory notes on the financial result as at 30 June 2016

The respective previous year's figures are presented in parentheses:

in € '000	Expenses	Income	Total
Result from loans and securities	-127 (-136)	654 (716)	527 (580)
Result from accounting and other processes not related to financial investments	-547 (-381)	25 (37)	-522 (-344)
Net interest income	-674 (-517)	679 (753)	5 (236)
Write-ups and write-downs on financial investments and similar	0 (0)	0 (0)	0 (0)
Financial result	-674 (-517)	679 (753)	5 (236)

Explanatory notes on segment reporting

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

The negative sales trend in the Switzerland segment essentially results from the Swiss franc depreciating by 3.8 per cent in relation to the comparative period.

Explanatory notes on the statement of the overall result

The result from capital recognised directly in equity in the comparative period was primarily attributable to adjustments in the valuation of Swiss subsidiaries to reflect changes in the exchange rate.

Information on related parties (IAS 24)

The contractual relationships with related parties and companies reported in the 2015 Annual Report have remained virtually unchanged. Furthermore, Marc Fielmann was appointed to the Management Board on 1 January 2016. Sales from companies in which Marc Fielmann holds corresponding participations were therefore included for the first time as at 30 June.

All transactions are reported at standard market prices and conditions and are of minor importance for Fielmann Aktiengesellschaft.

After six months, revenue amounted to T€ 522 (previous year: T€ 444) while expenses totalled T€ 2,140 (previous year: T€ 2,027). All balances are settled at the time of producing the present report.

At the time of producing the present report, the Company was not aware of there being any further significant events since the end of the second quarter which could have an effect on the net assets, financial position and results of operations of Fielmann Aktiengesellschaft and the Fielmann Group.

Significant events after 30 June 2016

The portfolio of 34,922 units of the Company's own shares was deducted from the item of securities. The book value as at 30 June 2016 amounts to T€ 2,588. The reported Fielmann shares were acquired within the meaning of Section 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.

Other information

Movement of equity June 2016

in € '000	Position as at 1 January	Dividends/ profit shares ¹	Overall result for the period	Other changes	Position as at 30 June
Subscribed capital	84,000				84,000
Capital reserves	92,652				92,652
Group equity generated	469,273		80,264		549,537
Foreign exchange equalisation item	21,439		-508		20,931
Own shares	-251			-2,337	-2,588
Share-based remuneration	2,207			2,243	4,450
Valuation reserve IAS 19	-1,765		-395		-2,160
Non-controlling interests	238	-2,371	2,482	-21	328
Group equity	667,793	-2,371	81,843	-115	747,150

Movement of equity June 2015

in € '000	Position as at 1 January	Dividends/ profit shares ¹	Overall result for the period	Other changes	Position as at 30 June
Subscribed capital	84,000				84,000
Capital reserves	92,652				92,652
Group equity generated	438,995		80,380	-877	518,498
Foreign exchange equalisation item	13,912		10,070		23,982
Own shares	-119			-2,068	-2,187
Share-based remuneration	2,165			6	2,171
Valuation reserve IAS 19	-2,250		-307		-2,557
Non-controlling interests	248	-2,315	2,326	-108	151
Group equity	629,603	-2,315	92,469	-3,047	716,710

¹ Dividend pay-outs and profit shares assigned to other shareholders

Cash flow statement

Cash flow statement according to IAS 7 for the period from 1 January to 30 June	2016 in € '000	2015 in € '000	Change in € '000
Earnings before interest and taxes (EBIT)	116,640	116,105	535
+ Write-downs on tangible assets and intangible assets	19,197	18,550	647
- Taxes on income paid	-35,042	-30,522	-4,520
+/- Other non-cash income/expenditure	599	3,596	-2,997
+/- Increase/decrease in accruals	-5,295	1,018	-6,313
-/+ Profit/loss on disposal of tangible assets and intangible assets	-23	-18	-5
-/+ Increase/decrease in inventories, trade debtors and other assets not attributable to investment and financial operations	-14,198	-21,926	7,728
+/- Increase/decrease in trade creditors as well as other liabilities not attributable to investment or financial operations	15,577	17,872	-2,295
- Interest paid	-465	-452	-13
+ Interest received	892	461	431
-/+ Increase/decrease in financial assets held for trading	-1,507	-6,722	5,215
= Cash flow from current business activities	96,375	97,962	-1,587
Receipts from the sale of tangible assets	194	324	-130
- Payments for tangible assets	-16,459	-22,569	6,110
+ Receipts from the sale of intangible assets	0	63	-63
- Payments for intangible assets	-4,558	-1,366	-3,192
+ Receipts from the disposal of financial assets	39	7	32
- Payments for financial assets	-650	-470	-180
= Cash flow from investment activities	-21,434	-24,011	2,577
Payments to company owners and non-controlling shareholders	-2,371	-2,315	-56
- Acquisition of own shares	-2,337	-2,068	-269
+ Receipts from loans raised	0	228	-228
- Repayment of loans	-48	-202	154
= Cash flow from financing activity	-4,756	-4,357	-399
Cash changes in financial resources	70,185	69,594	591
+/- Changes in financial resources due to exchange rates	-161	397	-558
+ Financial resources at 1 January	95,649	127,337	-31,688
= Financial resources at the end of the period	165,673	197,328	-31,655

Offsetting and reconciliation to cash flow

For the period from 1 January to 30 June	2016 in € '000	2015 in € '000	Change in € '000
= Cash flow before increase/ decrease in financial assets held for trading	97,882	104,684	-6,802
-/+ Increase/decrease in financial assets held for trading	-1,507	-6,722	5,215
= Cash flow from current business activities	96,375	97,962	-1,587

Summary of financial assets

	30 June 2016 in € '000	30 June 2015 in € '000	Change in € '000
Liquid funds	116,640	103,907	12,733
Securities with a fixed term up to three months	49,033	93,421	-44,388
Financial resources	165,673	197,328	-31,655
Non-current financial assets	1,276	671	605
Other non-current financial asset	78,431	36,496	41,935
Capital investments with a specific maturity of more than 3 months	186,882	170,738	16,144
Financial assets	432,262	405,233	27,029

Financial calendar 2016/2017

Analysts Conference	26 August 2016
Quarterly report	3 November 2016
Preliminary figures 2016	Februar 2017
Quarterly report	April 2017
Bloomberg code	FIE
Reuters code	FIEG.DE
ISIN	DE0005772206

Further Information

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Segment reporting 1. 1. to 30. 6. 2016

The figures for the previous year are indicated in parentheses.

in € million	Germany	Switzerland	Austria	Others	Consolidation	dated value
Sales revenues from the segment	547.6 (530.8)	83.8 (87.3)	40.0 (37.7)	16.2 (14.6)	-27.2 (-26.1)	660.4 (644.3)
Sales revenues from other segments	27.0 (26.1)	0.1 (0.0)	0.1 (0.0)			
Outside sales revenues	520.6 (504.7)	83.7 (87.3)	39.9 (37.7)	16.2 (14.6)		660.4 (644.3)
Costs of materials	122.9 (117.3)	22.3 (23.3)	12.7 (12.2)	5.9 (5.1)	-25.1 (-24.3)	138.7 (133.6)
Personnel costs	216.5 (206.1)	34.1 (33.9)	14.1 (13.3)	4.8 (4.4)		269.5 (257.7)
Scheduled depreciation	15.8 (15.4)	2.1 (2.1)	0.8 (0.8)	0.5 (0.4)	0.0 (-0.1)	19.2 (18.6)
Expenses in the financial result	0.8 (0.6)	0.0 (0.1)		0.1 (0.1)	-0.2 (-0.3)	0.7 (0.5)
Income in the financial result	0.5 (0.8)	0.4 (0.2)			-0.2 (-0.2)	0.7 (0.8)
Result from ordinary activities¹	91.0 (91.9)	16.3 (16.3)	8.9 (7.3)	0.4 (0.7)	0.0 (0.1)	116.6 (116.3)
Income taxes	28.7 (28.6)	3.2 (3.8)	1.7 (1.4)	0.4 (0.2)	-0.1 (-0.4)	33.9 (33.6)
Profit for the period after tax	62.3 (63.3)	13.1 (12.5)	7.2 (5.9)	0.0 (0.5)	0.1 (0.5)	82.7 (82.7)
Segment assets excluding taxes	832.1 (797.0)	87.4 (83.7)	14.2 (17.8)	23.4 (21.1)		957.1 (919.6)
Non-current segment assets excluding financial instruments and deferred tax assets	256.6 (248.1)	28.5 (29.7)	6.2 (6.1)	7.2 (6.4)		298.5 (290.3)
Investments	18.0 (18.7)	2.4 (4.8)	0.6 (0.5)	0.7 (0.4)		21.7 (24.4)
Deferred tax assets	7.9 (8.1)	0.0 (0.1)	0.3 (0.2)	0.6 (0.6)		8.8 (9.0)

¹ In the segments excl. income from participations

Statement of the overall result

For the period from 1 January to 30 June	2016 in € '000	2015 in € '000	Change in € '000
Consolidated net income for the period	82,746	82,706	40
Items which are reclassified under certain conditions and reported in the profit and loss account			
Earnings from foreign exchange conversion, reported under equity	-508	10,070	-10,578
Items which will not be reclassified and reported in the profit and loss account in future			
Revaluation IAS 19	-395	-307	-88
Other profit/loss after tax	-903	9,763	-10,666
Overall result	81,843	92,469	-10,626
of which attributable to minority interests	2,482	2,326	156
of which attributable to parent company shareholders	79,361	90,143	-10,782

Consolidated profit and loss account

For the period from 1 April to 30 June	2016 in € '000	2015 in € '000	Change
1. Consolidated sales	344,006	327,227	5.1 %
2. Changes in finished goods and work in progress	286	1,412	-79.7 %
Total consolidated revenues	344,292	328,639	4.8 %
3. Other operating income	4,463	1,714	160.4 %
4. Costs of materials	-75,081	-71,020	5.7 %
5. Personnel costs	-134,306	-127,279	5.5 %
6. Depreciation	-9,775	-9,326	4.8 %
7. Other operating expenses	-67,074	-69,399	-3.4 %
8. Expenses in the financial result	-336	-198	69.7 %
9. Income in the financial result	390	454	-14.1 %
10. Result from ordinary activities	62,573	53,585	16.8 %
11. Income taxes	-18,002	-15,492	16.2 %
12. Consolidated net income for the quarter	44,571	38,093	17.0 %
13. Income attributable to other shareholders	-1,218	-1,192	2.2 %
14. Profit for the quarter	43,353	36,901	17.5 %
Earnings per share in € (diluted/basic)	0.52	0.44	

Consolidated profit and loss account

For the period from 1 January to 30 June	2016 in € '000	2015 in € '000	Change
1. Consolidated sales	660,374	644,327	2.5 %
2. Changes in finished goods and work in progress	6,176	7,217	-14.4 %
Total consolidated revenues	666,550	651,544	2.3 %
3. Other operating income	7,355	10,385	-29.2 %
4. Costs of materials	-138,674	-133,593	3.8 %
5. Personnel costs	-269,456	-257,735	4.5 %
6. Depreciation	-19,197	-18,550	3.5 %
7. Other operating expenses	-129,938	-135,946	-4.4 %
8. Expenses in the financial result	-674	-517	30.4 %
9. Income in the financial result	679	753	-9.8 %
10. Result from ordinary activities	116,645	116,341	0.3 %
11. Income taxes	-33,899	-33,635	0.8 %
12. Consolidated net income for the period	82,746	82,706	0.0 %
13. Income attributable to other shareholders	-2,482	-2,326	6.7 %
14. Profit for the period under review	80,264	80,380	-0.1 %
Earnings per share in € (diluted/basic)	0.96	0.96	

Consolidated balance sheet

Assets	Position as at 30 June 2016 in € '000	Position as at 31 December 2015 in € '000
A. Non-current fixed assets		
I. Intangible assets	14,224	11,442
II. Goodwill	45,507	45,652
III. Tangible assets	221,717	223,197
IV. Investment property	16,654	16,900
V. Financial assets	1,276	664
VI. Deferred tax assets	8,786	9,083
VII. Tax assets	439	439
VIII. Other financial assets	78,431	58,768
	387,034	366,145
B. Current assets		
I. Inventories	139,053	133,108
II. Trade debtors	24,897	22,747
III. Other financial assets	49,262	46,052
IV. Non-financial assets	13,551	13,956
V. Tax assets	11,104	11,691
VI. Financial assets	186,882	201,759
VII. Cash and cash equivalents	165,673	95,649
	590,422	524,962
	977,456	891,107
	977,456	891,107
Equity and liabilities	Position as at 30 June 2016 in € '000	Position as at 31 December 2015 in € '000
A. Equity capital		
I. Subscribed capital	84,000	84,000
II. Capital reserves	92,652	92,652
III. Profit reserves	489,906	343,903
IV. Profit for the period under review	80,264	147,000
V. Non-controlling interests	328	238
	747,150	667,793
B. Non-current liabilities		
I. Accruals	22,751	22,376
II. Financial liabilities	1,347	1,553
III. Deferred tax liabilities	6,218	6,310
	30,316	30,239
C. Current liabilities		
I. Accruals	38,461	44,131
II. Financial liabilities	195	102
III. Trade creditors	72,900	65,832
IV. Other financial liabilities	18,668	19,305
V. Non-financial liabilities	55,108	46,331
VI. Income tax liabilities	14,658	17,374
	199,990	193,075
	977,456	891,107
	977,456	891,107