



PRESS RELEASE

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Ahlers developments Q1 2017/18

- Growing jeans revenues at Baldessarini, Pierre Cardin and Pioneer Authentic Jeans but weak suits sales in Q1 2017/18 in a declining market environment
- Sales revenues down by EUR 2.4 million primarily due to shift in revenues to Q2 2018 and lower sales of own retail
- Lower revenues send consolidated earnings falling by EUR 0.9 million despite slightly improved gross profit margin
- Equity ratio of 55 percent reflects solid financial position
- Forecast for full year remains unchanged: moderately higher revenues and growing earnings expected

Consolidated revenues influenced by seasonal shifts and declining retail sales

Both the industry figures and the company's own declining retail sales confirm the continuing difficult market environment for apparel in Europe. In addition, the first quarter of 2017/18 was influenced by a shift of revenues from the first to the second quarter, which is the result of the more effectively timed delivery of seasonal merchandise and the growing consignment sales. Adjusted for the shift in deliveries revenue growth of EUR 0.5 million or 1.5 percent was generated in Germany. Revenues generated outside Germany declined by EUR 2.2 million. Total Group revenues decreased by EUR 2.4 million or 3.8 percent to EUR 60.7 million in the first quarter of 2017/18 (previous year: EUR 63.1 million). EBIT fell by EUR 1.3 million from EUR 4.3 million to EUR 3.0 million, mainly due to the sales effect on gross profit. Consolidated earnings after taxes declined by EUR 0.9 million or 31.0 percent from EUR 2.9 million to EUR 2.0 million for the same reason.

Dr. Stella A. Ahlers, CEO of the Ahlers AG, comments on the developments in Q1 2017/18: „The situation in the clothing retail sector remains challenging. On the upside are our denim-sales revenues. Here exist many innovations, such as the increased wearer comfort offered by new stretch qualities. Our Pierre Cardin Stretch suits are equally popular in the market. The collections of Pionier Workwear have been modernised, which is paying off in the form of rising revenues. But in spite of such successes, business remains tough. We therefore continue to attach top priority to refining our strategy, leveraging market opportunities and cutting costs.”

Building up Ahlers RUS

Our Russian joint venture continues to proceed according to plan. Ahlers RUS took up operations on March 1, 2018. We held 33 percent of the shares at the end of March 2018 and should shortly reach the



desired 60 percent following the approval of the respective authorities. The company will be responsible for the wholesale operations of Pierre Cardin and Pioneer and operates Pierre Cardin stores in Russia. The remaining 40 percent then are held by a long-standing business partner of Ahlers AG.

Solid and essentially unchanged balance sheet structure

As of the quarterly reporting date, the balance sheet structure and the financial position were largely unchanged from the prior year reporting date. Inventories, Receivables, Net financial liabilities as well as the balance sheet total hardly changed compared to previous year's reporting date. At 54.9 percent, the equity ratio stood at the usual high level and slightly below the previous year's 56.2 percent. As the increase in net working capital was lower than in the previous year due to seasonal factors, cash flow from operating activities, at EUR -9.2 million, was slightly higher than the previous year's EUR -9.6 million.

Moderately higher revenues and increasing earnings expected in FY 2017/18

"After the first three months, our revenue and earnings figures are below expectations, especially in our own Retail segment. We assume, that we reach the revenue and earnings forecast published in the Annual Report.", says Dr. Stella A. Ahlers. Thereby the Management Board confirms the forecast according to which consolidated revenues will pick up moderately and earnings will notably increase at a medium double-digit percentage rate in the current financial year.

Summary of Ahlers Group figures:

		Q1 2017/18	Q1 2016/17	Change
Sales revenues	EUR million	60.7	63.1	-3.8%
EBIT	EUR million	3.0	4.3	-30.2%
Consolidated net income	EUR million	2.0	2.9	-31.0%
Net Working Capital*	EUR million	101.8	102.5	-0.7%
Cashflow from operating activities	EUR million	-9.2	-9.6	4.2%
Equity ratio	in %	54.9	56.2	-1.3 PP

*Inventories, trade receivables and trade payables

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