



PRESS RELEASE

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Ahlers AG: sales rise 3.2 percent to EUR 268 million

- 11 percent sales growth in premium segment
- Proposed dividend of EUR 0.65 per common share and EUR 0.70 per preferred share on par with previous year's payment
- Cost-cutting programme entailed EUR 4.4 million in non-recurrent charges but will lead to high single digit EUR million savings in the subsequent periods

Ahlers AG, Herford. FY 2007/08 was a year of ups and downs for the Ahlers Group. While the company successfully expanded its market shares particularly in the premium sector, its profitability was impacted by a weak fourth quarter and declined as a result. The company brought an early response to these adverse trends by launching a cost-cutting programme which, while putting an additional dent into last year's profits, will strengthen the company going forward.

The past financial year 2007/08 was characterised by ups and downs at Ahlers, the menswear company. While 7 percent sales growth was recorded during the first three quarters, the fourth quarter was impacted by the financial crisis and ended with sales down by -7 percent. For the full-financial year 2007/08, the Herford-based company is reporting 3.2 percent sales growth to EUR 268 million. This growth was primarily supported by the company's Pierre Cardin, Otto Kern and Baldessarini premium brands which grew by 11 percent; the segment now accounts for 47 percent of total sales. Growth was also driven by international business, with sales in Eastern Europe and Western Europe expanding by 16 percent and 2 percent, respectively. As a result, the share of international sales advanced from the previous year's 47 percent to 49 percent.

Management recognised the harbingers of the financial crisis already in July 2008 and launched a comprehensive cost-cutting programme. This programme will reduce the employee headcount by 769 by April 1, 2009. While the bulk of the scaledown will occur in the Polish manufacturing operations, 99 positions will be trimmed in Germany.

The non-recurrent charges resulting from the cost-cutting programme and the weak fourth quarter, which pushed EBIT before special effects from EUR 10 million to EUR 8 million, were key factors in the decline of the net result to EUR 0.3 million (previous year EUR 9.7 million). Following full completion of the cost-cutting programme, a high single digit EUR million amount will be saved each year as from the second half of 2009. The Ahlers balance sheet remains solid at the end of the financial year 2007/08, with the equity ratio standing at an impressive 51 percent.

Based on these results, the Management Board and the Supervisory Board will propose to the Annual Shareholders' Meeting the payment of an unchanged dividend of EUR 0.65 per common share and EUR 0.70 per preferred share.

While the company's management is not issuing a concrete forecast for the current financial year, it has provided certain indications. Dr. Stella A. Ahlers, the Chairperson of the Management Board, anticipates stable to declining sales depending on developments in the overall economic environment. Dr. Ahlers declared: "Despite the economic crisis we remain committed to generating a clearly improved result compared to the one presented today and to emerge from the crisis as a company with optimised structures."

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