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PRESS RELEASE

Ahlers reports strong earnings growth for fiscal 2008/09

Herford, March 16, 2010. In the fiscal year 2008/09, menswear manufacturer Ahlers tripled its operating result to EUR 10.6 million as compared to the previous year (EUR 3.5 million). Given the difficult macroeconomic environment, sales revenues reached a respectable EUR 249.4 million but remained below the previous year's EUR 268.1 million. Sales in Germany remained almost stable, while declining sales were reported in Eastern Europe, in particular. The premium brands, Pierre Cardin, Baldessarini and Otto Kern, for the first time accounted for 50 percent of total sales.

In the fiscal year 2008/09, earnings before interest and taxes tripled to EUR 10.6 million, compared to EUR 3.5 million in the previous year. Group earnings after taxes rose from EUR 0.3 million to EUR 4.8 million. This was primarily attributable to the cost-cutting programme initiated by the Management Board in 2008. The programme focused on the relocation of production and logistic processes for the optimisation of procurement and the concentration of activities such as procurement and sales administration services for increased efficiency. The programme will unfold its full savings potential in the current fiscal year 2009/10. "We anticipated the crisis at an early stage and implemented a cost-cutting programme as early as in mid-2008. Some major and many minor initiatives have helped us establish a healthy cost base for the Group without compromising on customer service. The measures took full effect in the second half of 2008/09 and had a sustained positive effect on our earnings position," said a satisfied Dr. Stella A. Ahlers, CEO of Ahlers AG.

Down by a negligible 1.4 percent, sales revenues were on a par with the previous year. "Domestic sales in our premium segment increased by a very impressive 11 percent. While this growth was attributable to all brands, Pierre Cardin and Baldessarini made a particularly strong contribution. We owe this success to the consistent development of our product expertise and the enhanced profile of our premium brands. The latter meanwhile account for 50 percent of our total sales, and I do see additional potential here," said Dr. Stella A. Ahlers.

Sales in Eastern Europe were influenced by exchange rate effects as well as by the spending restraint among Eastern European consumers. As a result, sales declined by 23.7 percent (-16.9 percent in exchange rate-adjusted terms). Sales revenues in Western Europe were hit less hard by the financial and economic crisis and declined by 4.0 percent.



A positive performance was delivered by the Retail segment. In the past fiscal year, Ahlers increased the number of company-managed stores from 13 to 26, while the number of franchise and partner stores rose from 106 to 117.

The net worth and financial position of the Ahlers Group remains very sound. The balance sheet structure was strengthened further by a reduction in inventories and receivables, the release of the acquisition reserve and the repayment of bank liabilities as well as the long-term financing of the basic debt capital requirements. As a result, the equity ratio improved to an excellent 57.7 percent (2007/08: 50.2 percent).

To give the company's shareholders a share in the good earnings performance, the Management Board will propose a dividend of EUR 0.30 per common share and of EUR 0.35 per preferred share to the Annual Shareholders' Meeting on May 5, 2010. This is equivalent to a dividend yield of between 4 and 5 percent of their market value at the end of the year.

The Ahlers Management Board projects a slightly improved result for the current fiscal year 2009/10. While sales revenues in the premium segment should continue to grow, they will probably be slightly lower than in the prior year. "We continue to attach top priority to the aggressive expansion of all Retail activities as well as to the ongoing development of our collections and to building a clear image for our core brands," Dr. Stella A. Ahlers commented on the projections.