PRESS RELEASE

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Ahlers' results decline due to reduced revenues in FY 2014/15, while cash flow picks up and balance sheet remains solid

Dividend proposal of EUR 0.25 per preferred share and EUR 0.20 per common share

Increased consolidated net income expected for 2015/16

- Sales revenues in 2014/15 down by 5.9 percent due to strong decline in Russian business, reduced sales to last remaining private label customer and Gin Tonic
- Premium segment now accounts for 66 percent of total sales revenues (previous year: 64 percent)
- Solid performance in Western Europe and Poland
- Own Retail sales climb 6 percent
- EBIT and consolidated net income drop sharply due to lower revenues
- Financial situation remains solid as reflected in equity ratio of 58 percent and increased cash flow

Decline in sales revenues in FY 2014/15 essentially attributable to three factors

Sales revenues declined by 5.9 percent from EUR 257.1 million to EUR 241.9 million in the fiscal year 2014/15. This reduction is essentially attributable to three factors. The crisis in Russia and Ukraine sent sales revenues falling by EUR 9.0 million. In addition, sales to the last remaining large private label customer were halved by EUR 4.2 million. And finally, sales revenues of Gin Tonic decreased by EUR 2.1 million.

Solid performance in declining European clothing market

Apart from these three factors, Ahlers held its ground in a declining European apparel market. While the Baldessarini and Pierre Cardin premium brands remained robust under the difficult conditions prevailing in the German market, the Pioneer Authentic Jeans brand outperformed the market as a whole. Ahlers increased its revenues and gained market share in important Western European markets but also in some parts of Eastern Europe. The Premium segment accounts for 66 percent of total sales revenues in FY 2014/15, up from 64 percent in the previous year.

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Own Retail revenues pick up sharply

New stores opened in Germany and Eastern Europe as well as increased retail productivity sent the company's own Retail revenues rising by 5.7 percent in 2014/15. The Retail segment's share in total revenues climbed from 10.5 to 11.8 percent. In spite of the difficult market developments, like-for-like sales also climbed by 1.7 percent. In the fiscal year 2014/15, e-commerce revenues increased by an impressive 26 percent.

Strong decline in earnings due to decrease in sales revenues

Although personnel, operating, financial and tax expenses were reduced significantly, the lower gross profits from decreased sales revenues had a notable effect on the results. EBITDA before special effects declined by 44 percent from EUR 16.8 million to EUR 9.5 million. EBIT before special effects declined by 65 percent from EUR 11.7 million to EUR 4.1 million and consolidated net income contracted by 77 percent from EUR 6.0 million to EUR 1.4 million.

Increased equity ratio and positive free cash flow

Thanks to strict net working capital management, inventories and receivables declined by EUR 9.0 million. The equity ratio climbed from 57.9 percent to 58.3 percent. This means that the quality of Ahlers' balance sheet even improved during the difficult fiscal year 2014/15. Due to the reduced net working capital cash flow from operating activities rose by 15.6 percent to EUR 12.6 million in fiscal 2014/15. The free cashflow was clearly positive with EUR 2.8 million. Ahlers maintains its consistent dividend policy, which is characterised by reliable dividend payments and high payout ratios, also this year. The Management Board and the Supervisory Board will propose a dividend of EUR 0.20 per common share and EUR 0.25 per preferred share to the Annual General Meeting. Based on the share prices on March 9, 2016, the dividend yields amounted to 2.6 percent (common share) and 3.5 percent (preferred share).

Increased consolidated net income expected for the fiscal year 2015/16

For the current fiscal year 2015/16, Ahlers projects a notable increase in sales revenues of the Premium segment, which comprises the Pierre Cardin, Baldessarini and Otto Kern brands. Pioneer revenues should pick up as well. This assumption is supported by the order situation for the spring/summer season 2016 as well as by the results of the current pre-orders for autumn/winter 2016. By contrast, Gin Tonic will no longer generate revenues once the distribution activities are discontinued after the summer season 2016. From today's point of view Ahlers expects a very moderate decline against the previous year in total sales revenues. As a result of cost-cutting measures, both EBIT after special effects and consolidated net income after taxes should clearly exceed the prior year level in 2015/16.

Summary of Ahlers Group figures:

in EUR millions	2014/15	2013/14	Change in %
Sales revenues	241.9	257.1	-5.9
EBIT before special effects	9.5	16.8	-43.5
EBIT margin (in %) before special effects	3.9	6.5	
Consolidated net income after taxes	1.4	6.0	-76.7
Cash flow from operating activities	12.6	10.9	15.6
Dividend*	3.0	5.8	-48.3
Dividend per share (EUR)*			
Common share	0.20	0.40	
Preferred share	0.25	0.45	
Employees as of the reporting date	2,042	2,250	-9.2
Equity ratio (in %)	58.3	57.9	0.4 PP

* 2014/15: dividend proposal

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