PRESS RELEASE

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Ahlers' figures for the nine-month period 2014/15 according to plan

- Growing sales of the premium brands, own Retail and eCommerce
- Sales revenues down by 5.3 percent due to strong decline in Russian business and reduced sales to the last remaining large private label customer
- EBIT decline due to reduced revenues
- Equity ratio remains solid at 56 percent
- Guidance for full year 2014/15 confirmed

Growing sales of the premium brands, own Retail and e-commerce

In Germany Ahlers was able to win market share in a declining market especially with the premium brands. Strong growth of EUR 3.2 million was achieved in France, Belgium and Spain, where Ahlers had obtained additional Pierre Cardin licensing rights not before the beginning of 2015. Sales revenues increased at a healthy rate also in Poland and the Baltic states, which are important Eastern European markets for Ahlers. Growth was also recorded in Western European markets such as Italy and the Netherlands.

Compared to the same period of the previous year, the company's own Retail segment grew by 5.9 percent in the first nine months of the financial year 2014/15. Like-for-like sales were up by 1.9 percent on the previous year. Revenues in the e-commerce segment continued to grow strongly and were up by 25.5 percent on the prior year period.

Sales trends of the first six months continue

The trends of the first six months continued very similarly in the third quarter of 2015: in a declining overall market the Group´s sales revenues were stable to slightly higher adjusted for two special factors which totalled EUR 10.7 million in the first nine months of 2014/15. The crisis-related decline in Russian sales revenues accounted for about two thirds and the reduced sales to the last remaining large private label customer accounted for one third. As a result, the Group's sales revenues for the nine-month period declined by 5.3 percent from EUR 197.9 million to EUR 187.4 million.

Earnings affected by lower revenues and extraordinary expenses

Accounting for about 29 percent of the company's total annual sales revenues, the third quarter is the largest and most profitable period of any year, as most of the important winter collections are delivered during this time. In the 2015 reporting quarter, sales revenues declined at a similar rate as in the first half of the year, with the gross profit margin remaining stable. Expenses excluding special effects were more or less on a par with the previous year. In both periods, extraordinary expenses primarily related to Gin Tonic. At EUR 0.7 million, these expenses were much lower in 2015 than in 2014 (EUR 2.0 million). The third quarter result after taxes declined overall by 24 percent from EUR 5.9 million to EUR 4.5 million due to the effect of revenues on the gross profit reduced by lower special effects.

The picture for the nine-month period as a whole is similar. Gross profit declined by 5.5 percent respectively EUR 5.6 million due to the lower sales revenues, with the gross profit margin remaining stable. Where operating expenses are concerned, the additional expenses incurred for the new sales territories in France, Belgium and Spain and for additional Retail activities were more or less offset by the cost savings resulting from the relocation of Gin Tonic to Herford. Extraordinary expenses, however, were much lower. The consolidated result after taxes for the full nine-month period declined from EUR 7.5 million to EUR 4.5 million, which was in line with management's expectations.

Stable balance sheet structure

The balance sheet structure remained largely unchanged as of the end of the third quarter and was characterised by a stable equity ratio of 56 percent (previous year: 56 percent), stable cash flow from operating activities and unchanged net financial liabilities. All told, Ahlers' balance sheet remains robust also in the more difficult market environment.

Annual forecasts confirmed

The figures for the first nine months support the annual forecast published in June 2015. On balance, the Management Board expects the sales trend of the first nine months of 2014/15 to continue in Q4 2015, which means that full year sales revenues will decline by at least 5 percent.

As already announced, the effect of sales revenues on the contribution margin and the extraordinary burdens resulting from the discontinuation of the Gin Tonic fashion business will lead to a sharp decline in results. The Management Board nevertheless confirms its expectation of a positive cash flow which should allow the company to pay out a satisfactory dividend.

Measures aimed at improving the revenue and earnings situation initiated

In June 2015, the Management Board announced that the distribution activity of Gin Tonic clothing would be discontinued as of the end of 2015 and the business activity be ended after the deliveries for the spring season 2016. Beyond that the Management Board has initiated further measures aimed at improving the sales and earnings situation. Pierre Cardin and Baldessarini will accelerate the expansion of their international activities especially in Western Europe. Pioneer will establish structures and create products to enforce the retail ability of the brand. The Retail activities will be expanded through the acquisition of additional stores and the opening of mono-label and Elsbach Denim Library stores. At this stage, in October 2015 two own Pierre Cardin stores were opened in Warsaw and Riga. In addition, the company plans to open a Pierre Cardin online shop in the next fiscal year to expand its e-commerce activities. All measures will be accompanied by strict cost management.

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