PRESS RELEASE

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Ahlers with slightly higher results and greatly improved operating cash flow in Q1 2015/16

- **Growing core business and increasing retail revenues in a declining fashion market**
- **Sales revenues down 2.2 percent due to discontinuation or reduction of activities of Gin Tonic and the last remaining large private label customer**
- **Slightly higher results due to cost saving measures**
- **Continued solid financial position and reduced net debt**
- **Forecast for the full year remains unchanged: earnings expected to pick up notably on stable to slightly lower sales revenues due to reduced expenses**

Core activities grow against downward market trend in Q1 2015/16

Sales revenues of the remaining activities increased by EUR 0.4 million or 0.6 percent in the first quarter of FY 2015/16. Particularly successful were the Pioneer Authentic Jeans brand, which grew strongly by 14 percent and the ready-to-wear clothing of Pierre Cardin which generated an increase of 13 percent in sales of suits. The downward sales trend in Russia and Ukraine was halted as well. Compared to the previous year, sales revenues in these countries rose by a moderate EUR 0.6 million. Ahlers' revenues in the rest of Eastern and Central Europe increased by 6.9 percent from EUR 8.7 million to EUR 9.3 million in Q1 2015/16. The Group's own retail revenues increased by 6.5 percent in the reporting period, which represented 11.0 percent of total sales revenues (previous year: 10.2 percent). Like-for-like revenues rose by 2.4 percent in spite of difficult market conditions. The e-commerce business continued to grow positively, with sales up by 17 percent.

As expected total revenues decline moderately due to discontinuation activities

Total sales revenues of the Ahlers Group decreased by EUR 1.5 million from EUR 67.7 million to EUR 66.2 million in the first three months of FY 2015/16. This 2.2 percent reduction in sales revenues is exclusively attributable to the reducing Gin Tonic business (EUR -0.7 million) and the ongoing decline in sales to the last remaining private label customer (EUR -1.2 million).

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Cost savings through the discontinuation of Gin Tonic and other measures lead to slightly improved results

EBIT before special effects at EUR 5.3 million exceeded the previous year's EUR 5.2 million by 1.9 percent. At EUR 3.52 million, consolidated net income after taxes was up by a moderate 1.7 percent on the previous year's EUR 3.46 million. Lower sales revenues and more expensive sourcing in the Far East due to currency translation effects led to a reduced gross profit margin. The minus of EUR 1.2 million or 3.4 percent was more than offset by reduced operating expenses. At EUR 28.9 million, operating expenses in Q1 2015/16 were down by EUR 1.3 million or 4.3 percent on the reporting period of the previous year (EUR 30.2 million).

Much lower net working capital and reduced net debt

Reduced inventories (EUR -2.1 million), lower trade receivables (EUR -3.8 million) and increased trade payables (EUR +3.5 million) helped to further streamline net working capital which decreased by a total of EUR 9.4 million (-8.6 percent). The resulting liquidity improved the operating cash flow by 26 percent or EUR 2.7 million and was used to reduce the company's financial liabilities. Net debt declined from EUR 37.7 million to EUR 33.6 million at the end of the first quarter (down EUR 4.1 million or 11 percent on the previous year). Equity ratio amounted to solid 57.1 percent on record date (previous year: 58.2 percent).

Forecast confirmed: Notable increase in earnings expected

Both the order situation for the spring/summer 2016 season and the good pre-orders for autumn/winter 2016 support the assumption of growing core business, which will largely offset declining sales revenues because of the discontinued or reduced activities with Gin Tonic and private label in 2016. Ahlers is confirming the forecast published in the Annual Report, according to which EBIT after special effects and consolidated net income after taxes in the fiscal year 2015/16 will clearly exceed the previous year's level through cost savings measures.

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