AHLERS AG

QUARTERLY STATEMENT Q1 2016/17
(December 1, 2016 to February 28, 2017)

BUSINESS PERFORMANCE IN THE FIRST THREE MONTHS OF FISCAL 2016/17

Q1 2016/17 - Highlights

- Pierre Cardin, Baldessarini and Pioneer Authentic Jeans continue to grow their revenues moderately in Q1 2016/17 in a strongly declining market
- Revenues down by EUR 3.1 million due to discontinued activities and a shift in sales into Q2 2017
- Lower revenues send consolidated earnings falling by EUR 0.6 million or 17 percent in spite of slightly improved gross profit margin and reduced personnel expenses
- Equity ratio of 56 percent reflects solid financial position
- Forecast for full year unchanged: expectation of stable sales revenues and slightly higher earnings

Dr. Stella A. Ahlers, CEO of Ahlers AG:
“The 2016/17 winter season, which lasted from December to February, was not satisfactory for clothing retailers, and industry sales continued to decline. We were nevertheless able to grow by a moderate 1.5 percent in adjusted terms in the first quarter of the fiscal year 2016/17. However, the first three months were also marked by a shift in sales from the first to the second quarter and the discontinuation of activities. After the first quarter, our sales and earnings figures are thus in line with the projections for the full fiscal year 2016/17 and we confirm the forecast for the year that was published in the annual report. We are convinced that our strategy of strengthening our existing brands, in conjunction with strict cost management, will be successful.”

1. EARNINGS, FINANCIAL AND NET WORTH POSITION

Adjusted sales revenues up 1.5 percent

In an environment marked by strongly declining clothing retail sales (-5.3 percent for December 2016 to February 2017; source: Textilwirtschaft) Ahlers' sales revenues increased by 1.5 percent or EUR 1.0 million in adjusted terms in the first three months of 2016/17. This trend was supported by the positive performance of the Baldessarini, Pierre Cardin and Pioneer Authentic Jeans brands.

Revenues decline due to seasonal shift and discontinuation of activities

The first three months of 2016/17 were influenced by a shift in sales revenues from the first to the second quarter and the discontinuation of activities. The shift in revenues accounted for EUR 2.9 million (4.4. percent of prior year revenues) and was due to later delivery dates and growing consignment sales. At the end of March 2017, already half of the shortfall had been offset. As in the previous fiscal year, revenues in the first three months were also influenced by the discontinued Gin Tonic and private label activities (total decline by EUR -1.2 million or 1.8 percent of the prior year revenues).

Because of these two factors and in spite of the positive fundamental trend, consolidated sales revenues declined by EUR 3.1 million or 4.7 percent from EUR 66.2 million to EUR 63.1 million.

Although deliveries were generally made at a later date, there was an opposite trend in Russia and Ukraine, where sales revenues picked up notably. Total sales revenues in these countries increased by over 30 percent or EUR 0.6 million. This trend is expected to continue throughout the fiscal year 2016/17 and business with Russian and Ukrainian customers should show a positive trend.

Adjusted for the shift in deliveries and the discontinued activities, Ahlers' domestic sales revenues increased by 2.4 percent. Even if not adjusted for the shift in deliveries, the performance, at -1.8 percent, was better than the negative market performance of -5.3 percent.

Increase in own Retail revenues;
start-up phase for e-commerce following change of service provider

Sales revenues of Ahlers' own Retail segment rose by 3.6 percent in the reporting period and accounted for 12.0 percent (previous year: 11.1 percent) of total revenues. Like-for-like revenues declined by a moderate 0.9 percent.

Ahlers relies on e-commerce, which is a growing distribution channel. In autumn 2016 the e-shops of Baldessarini and Otto Kern were migrated to new software and the service provider was changed to make the e-shops technologically ready for internationalisation and future developments. Moreover, the Pierre Cardin e-shop was opened. As had been expected, online revenues stagnated in the context of this comprehensive transfer and the subsequent start-up phase. We expect revenues in this business segment, which is important for the future, to grow at a double-digit rate in the current fiscal year.

Pierre Cardin and Baldessarini revenues pick up in adjusted terms;
sales revenues in Premium segment decline moderately due to shift in sales

Sales revenues of the three Premium brands – Baldessarini, Pierre Cardin and Otto Kern – declined moderately from EUR 45.2 million to EUR 44.8 million in the first quarter (EUR -0.4 million or -0.9 percent). This was exclusively attributable to a shift in Pierre Cardin revenues from the first to the second quarter of 2016/17, which sent brand revenues falling by 1.1 percent in the first three months of the current fiscal year. Adjusted for this effect of EUR 1.4 million in total, which should be regained in the second quarter, segment revenues increased by 2.2 percent in the first quarter. Pierre Cardin and

Baldessarini recorded particularly pleasing growth of +2.1 percent and +6.9 percent, respectively. As Otto Kern terminated unprofitable customer relationships, the brand's revenues declined. The Premium segment's share in total sales revenues climbed to 71.0 percent in the first quarter of 2016/17, up from 68.2 percent in the same period of the previous year.

Strong growth for Pioneer Jeans; two extraordinary factors send revenues in Jeans, Casual & Workwear segment falling

Adjusted for the shift in sales of approx. EUR 1.5 million to the second quarter of 2016/17, the brands of the Jeans, Casual & Workwear segment reported stable sales revenues for the first three months. Pioneer Authentic Jeans posted particularly notable growth of 9.9 percent in adjusted terms and 2.9 percent in unadjusted terms. Besides the seasonal shift, the discontinuation of the activities of Gin Tonic and the last remaining private label customers also sent sales revenues of the Jeans, Casual & Workwear segment falling (EUR -1.2 million). The segment's total revenues declined by EUR 2.7 million to EUR 18.3 million in the first three months of the current fiscal year (-12.9 percent). The segment's share in total revenues amounted to 29.0 percent as of the reporting date (previous year: 31.8 percent).

SALES REVENUES BY SEGMENTS

EUR million		**Q1 2016/17**	**Q1 2015/16**	Change in %
Premium Brands*		44.8	45.2	-0.9
Jeans, Casual & Workwear	Overall	18.3	21.0	-12.9
	Continued activities **	18.1	19.6	-7.7
Total	**Overall**	**63.1**	**66.2**	**-4.7**
Total	**Continued activities ****	**62.9**	**64.8**	**-2.9**

* incl. „miscellaneous" EUR 0.1 million (previous year: EUR 0.1 million)
** adjusted for the discontinued activities Gin Tonic and Private Label

EARNINGS POSITION

Revenue-related drop in earnings despite slightly improved gross profit margin and cost savings

Due to the discontinuation of low-margin business, the gross profit margin improved by a moderate 0.4 percentage points from 51.7 percent to 52.1 percent, thus putting a damper on the revenue effect on gross profit. The reduced operating expenses, which comprise personnel expenses and other operating expenses as well as depreciation/amortisation were down by EUR 0.3 million or 1.0 percent on the previous year's EUR 28.9 million to EUR 28.6 million, also had a positive effect on the subsequent earnings levels. These cost savings were primarily attributable to reduced personnel expenses. As this was insufficient to offset the revenue-related drop in gross profit by EUR 1.3 million or 3.8 percent, EBIT before special effects declined by EUR 1.0 million from EUR 5.3 million to EUR 4.3 million (-18.9 percent). There were no extraordinary expenses in the reporting period, whereas extraordinary expenses of EUR 0.1 million were incurred in the prior year period, primarily for severance payments to employees. The financial result was on a par with the previous year and was not influenced by special effects; income tax was not subject to any special effects, either. The tax ratios of both years were similar. Consolidated earnings after taxes declined by EUR 0.6 million or 17 percent from EUR 3.5 million to EUR 2.9 million in the first three months of 2016/17.

EARNINGS POSITION

EUR million	Q1 2016/17	Q1 2015/16	Change in %
Sales	**63.1**	**66.2**	**-4.7**
Gross profit	32.9	34.2	-3.8
in % of sales	52.1	51.7	
Personnel expenses *	-12.6	-12.9	2.3
Balance of other expenses/income *	-14.7	-14.8	0.7
EBITDA *	**5.6**	**6.5**	**-13.8**
Depreciation and amortisation	-1.3	-1.2	-8.3
EBIT *	**4.3**	**5.3**	**-18.9**
Special effects	0.0	-0.1	
Financial result	-0.2	-0.2	0.0
Earnings before taxes	**4.1**	**5.0**	**-18.0**
Income taxes	-1.2	-1.5	20.0
Consolidated net income for the year	**2.9**	**3.5**	**-17.1**

* before special effects

Segment results

The results of the Premium brands – Baldessarini, Pierre Cardin and Otto Kern – were influenced, on the one hand, by the revenue-related decline in gross profit and, on the other hand, by moderately higher other operating expenses. The first-quarter result of the Premium segment declined by a total of EUR 0.3 million from EUR 3.5 million to EUR 3.2 million.

Due to the lower revenues, the gross profit of the Jeans, Casual & Workwear segments dropped by EUR 1.2 million, with the gross profit margin improving slightly. While the reduction in personnel and other operating expenses by a total of EUR 0.5 million or 7.6 percent reduced the decline in gross profit, it was insufficient to offset it in full. The segment's EBIT before special effects therefore declined by EUR 0.7 million from EUR 1.8 million to EUR 1.1 million.

EBIT before special effects by segments

EUR million	Q1 2016/17	Q1 2015/16	Change in %
Premium Brands	3.2	3.5	-8.6
Jeans, Casual & Workwear	1.1	1.8	-38.9
Total	**4.3**	**5.3**	**-18.9**

FINANCIAL AND NET WORTH POSITION

Equity ratio of 56 percent reflects solid financial position

At 56.2 percent, Ahlers again posted a high equity ratio, which was somewhat lower than the previous year's 57.1 percent. The moderate decline was due to the relation between slightly lower equity (EUR -1.1 million) and somewhat higher total assets, which amounted to EUR 190.1 million on the balance sheet date, up EUR 0.7 million on the prior year reporting date (EUR 189.4 million). The increase in total assets was primarily attributable to the higher inventories resulting from the seasonal shift (EUR +3.8 million), with trade receivables declining at the same time for revenue-related reasons (EUR -2.4 million). Due to the higher inventories and in spite of the reduced trade receivables, cash tied up in net working capital temporarily increased by EUR 2.0 million.

Key management and financial indicators

			Q1 2016/17	Q1 2015/16
Sales		EUR million	63.1	66.2
Gross margin		in %	52.1	51.7
EBITDA*		EUR million	5.6	6.5
EBITDA-Margin*		in %	8.9	9.8
EBIT*		EUR million	4.3	5.3
EBIT-Margin*		in %	6.8	8.0
Net income		EUR million	2.9	3.5
Profit margin before taxes		in %	6.4	7.5
Profit margin after taxes		in %	4.6	5.3
Earnings per share				
	common shares	EUR	0.19	0.23
	preferred shares	EUR	0.24	0.28
Cash flow from operating activities		EUR million	-9.6	-7.7
Net Working Capital**		EUR million	102.5	100.5
Equity ratio		in %	56.2	57.1
Employees on key date			2.122	2.048

* before special effects
** Inventories, trade receivables and trade payables

2. POST BALANCE SHEET EVENTS

No events of special significance for the Group occurred between the end of the first three months and the publication of the quarterly statement.

3. FORECAST REPORT

European market for apparel will remain challenging in 2017

Economists expect eurozone GDP (gross domestic product) to continue growing steadily by 1.8 percent in 2017 (2016: 1.7 percent; all figures Commerzbank Research March 2017). At 1.6 percent each, the gross domestic products of Germany and France are projected to grow at a rate slightly below the eurozone average. Private consumption should remain a driver of economic growth both in Germany and in the European markets that are important for Ahlers. Consumer sentiment in Germany stays at a high level. Consumer spending is expected to increase by 1.5 percent in 2017 (GfK Consumer Climate, March 23, 2017). As in the two previous years, the German clothing retail sector was unable to benefit from these generally favourable conditions in the first three months of the fiscal year. Online fashion sales grew only very moderately (+0.6 percent; source: GfK Fashion & Lifestyle) and failed to offset the downward trend in physical clothing stores. Even though the market trend in the first quarter pointed clearly downward in the first three months, a stable to only slightly downward trend could still be possible in Germany and Western Europe for the year as a whole. In March 2017, the first complete month of the 2017 summer season, clothing retailers reported growing sales again.

A GDP growth rate of 1.3 percent is projected for Russia, which would mark the end of the two-year recession. Economist also expect the other Eastern European economies to grow, which means that the clothing retail sector in the region should grow moderately in line with the GDP growth rate of slightly over 2 percent

Sales revenues expected to remain largely stable

Revenue growth in the fiscal year 2016/17 is expected to be driven mainly by the Baldessarini and Pierre Cardin premium brands but also by Pioneer Authentic Jeans. As a result of the discontinuation of activities, Gin Tonic and the private label business will no longer generate any revenues at all. As projected in the 2015/16 Annual Report, the growth achieved by the existing brands should more or less offset the discontinued revenues. This assumption is supported by the order situation for the 2017 spring/summer season and the orders already received for the 2017 autumn/winter season.

Forecast confirmed: stable to slightly higher earnings projected for FY 2016/17

Ahlers confirms the forecast published in the Annual Report, according to which consolidated earnings after taxes will remain stable or increase moderately in FY 2016/17. The expectation of a slightly higher gross profit margin was apparently confirmed already in the first three months. Personnel expenses and other operating expenses should remain stable or pick up moderately in the course of the fiscal year. By contrast, special effects will be lower than in the previous year. The tax ratio and the financial result should remain more or less unchanged.

Aiming for unchanged balance sheet structures and improved cash flow

Management is working intensively to reduce net working capital. The temporary increase in inventories should be reduced at least to the prior year level or even below in the course of 2016/17. Together with increased depreciation/amortisation and the anticipated result, this should lead to higher cash flow from operating activities. The very solid balance sheet structure should essentially remain unchanged and rather tend to improve in the course of the year.

Herford, April 2017

The Managing Board

Forward-looking statements

This report contains forward-looking statements, which are subject to a number of uncertainties that could cause actual results to differ materially from expectations of future developments should one or more of these uncertainties, whether specified or not, materialise or if any assumptions underlying the statements above prove to be incorrect.

BALANCE SHEET STRUCTURE

Assets	Feb 28, 2017 EUR million	Feb 28, 2017 in %	Feb 29, 2016 EUR million	Feb 29, 2016 in %
Property, plant and equipment and intangible assets	40.8	21.5	40.3	21.3
Other non-current assets	19.7	10.4	20.2	10.7
Deferred tax assets	1.1	0.6	1.1	0.6
Non-current assets	**61.6**	**32.5**	**61.6**	**32.6**
Inventories	76.4	40.1	72.6	38.3
Trade receivables	40.3	21.2	42.7	22.5
Other current assets	6.7	3.5	5.5	2.9
Cash and cash equivalents	5.1	2.7	7.0	3.7
Current assets	**128.5**	**67.5**	**127.8**	**67.4**
Total assets	**190.1**	**100.0**	**189.4**	**100.0**

Equity and liabilities	Feb 28, 2017 EUR million	Feb 28, 2017 in %	Feb 29, 2016 EUR million	Feb 29, 2016 in %
Equity	**106.9**	**56.2**	**108.0**	**57.0**
Pension provisions	4.2	2.2	4.5	2.4
Other non-current liabilities and provisions	24.3	12.8	24.3	12.8
Deferred tax liabilities	2.4	1.3	2.5	1.3
Non-current liabilities	**30.9**	**16.3**	**31.3**	**16.5**
Current income tax payables	1.3	0.7	1.5	0.9
Other current liabilities and provisions	51.0	26.8	48.6	25.6
Current liabilities	**52.3**	**27.5**	**50.1**	**26.5**
Liabilities	**83.2**	**43.8**	**81.4**	**43.0**
Total equity and liabilities	**190.1**	**100.0**	**189.4**	**100.0**

GROUP SEGMENT INFORMATIONS

as of February 28, 2017 (previous year as of February 29, 2016)

by geographic region	Premium Brands		Jeans, Casual & Workwear		Others		Total	
KEUR	**2016/17**	**2015/16**	**2016/17**	**2015/16**	**2016/17**	**2015/16**	**2016/17**	**2015/16**
Germany								
Sales	21,309	21,434	11,709	13,013	94	109	33,112	34,556
Net assets	97,283	92,753	24,098	26,091	18,286	18,303	139,667	137,147
Western Europe								
Sales	13,972	14,153	4,971	6,281	-	-	18,943	20,434
Net assets	13,277	11,928	9,255	11,651	-	-	22,532	23,579
Central-/ Eastern Europe/ Other								
Sales	9,443	9,480	1,594	1,755	-	-	11,037	11,235
Net assets	20,706	21,061	4,438	5,047	16	16	25,160	26,124

Financial calendar

Quarterly statement Q1 2016/17	April 11, 2017
Analysts‘ conference in Frankfurt am Main	April 12, 2017
Annual Shareholders’ Meeting in Düsseldorf	May 3, 2017
Half-year report 2016/17	July 12, 2017
Quarterly statement Q3 2016/17	October 11, 2017
Analysts‘ conference in Frankfurt am Main	October 12, 2017

Ahlers AG

- was established by Adolf Ahlers in 1919 and listed as a joint stock corporation in 1987
- is family-run in the third generation by Dr. Stella A. Ahlers
- is one of the biggest listed European manufacturers of menswear
- produces fashion under seven brands, tailored to its respective target groups
- generates over 67 percent of its sales revenues from premium brands
- produces 7,000,000 fashion items per year
- manufactures one third of the production volume in its own factories
- employs some 2,000 people
- generates approx. 13 percent of its sales revenues from its own Retail activities

The brands

pierre cardin

PIONEER® AUTHENTIC JEANS

BALDESSARINI

PIONIER® JEANS & CASUALS

OTTO KERN

Pionier® workwear

Elsbach DENIM LIBRARY

JUPITER®

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