PRESS RELEASE

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Ahlers AG: Adjusted sales revenues up 1.5 percent in the first quarter, Full-year forecast unchanged: stable sales revenues and slightly increasing earnings expected

- 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

Adjusted sales revenues up 1.5 percent in the first quarter 2016/17

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. „We are pleased about this positive trend driven by the good performance of the Baldessarini, Pierre Cardin und Pioneer Authentic Jeans brands in a difficult market", says Dr. Stella A. Ahlers, CEO of Ahlers AG.

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, the 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.

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 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). 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. Without the shift in sales consolidated earnings would have been increasing.

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

„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", says Dr. Stella A. Ahlers. Baldessarini and Pierre Cardin premium brands but also Pioneer Authentic Jeans should continue to grow in FY 2016/17. As a result of the discontinuation of activities, Gin Tonic and the private label business will no longer generate any revenues at all. The growth achieved by the existing brands should more or less offset the discontinued revenues and lead to stable sales revenues. Ahlers confirms the forecast, according to which consolidated earnings before and after taxes will remain stable or increase moderately in FY 2016/17.

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