PRESS RELEASE

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- **Continued activities were stable despite declining overall market and shift in revenues; discontinued activities translate into lower revenues**
- **Revenue effect results in reduced earnings before and after taxes**
- **Equity ratio of 54 percent reflects solid financial position**
- **Revenue and earnings forecast in fiscal 2016/17 confirmed**

Continued activities show positive trend in declining market

Sales revenues of Germany's physical clothing retail stores declined by a strong 3.0 percent in the reporting period from December 2016 to August 2017 (previous year: -1.7 percent; source Textilwirtschaft 36_2017). By contrast, revenues from Ahlers' continued activities remained stable at EUR 179.4 million during the same period (previous year: EUR 179.4 million). Adjusted for the effects of later deliveries and the growing consignment business, continued activities showed the same trend as in the first six months and continued to grow against the market trend. The biggest contribution to the robust revenue trend was made by Pioneer Authentic Jeans as well as the Baldessarini and Pierre Cardin premium brands.

E-commerce grows strongly and recovers from start-up phase following change of service provider

After the redesign of the online shops and the change of the service provider in autumn of the previous year, sales revenues have increasingly picked up following the start-up phase in the first half of the year. While revenues remained stable in Q1 2016/17, they increased by 13 percent in Q2 and by as much as 24 percent in the third quarter. This is equivalent to an average growth rate of 11 percent for the first nine months of the fiscal year 2016/17.

Chairman of the Board Dr. Stella A. Ahlers comments the developments over the first nine months: "For some years, Germany's physical clothing retail stores have been confronted with frequency drops and changed purchasing behavior. In this difficult environment, we have responded to the retail trade's changing requirements, continue to cooperate closely with our retail customers and are growing our Pierre Cardin, Pioneer and Baldessarini brands. Our e-commerce has picked up again following the

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redesign of the online shops of Baldessarini and Pierre Cardin and the change of the service provider last year. Both – the growing wholesale and e-commerce business – confirm our sales strategy to focus on these sales channels."

Revenue effect results in reduced earnings in spite of higher gross profit margin

As a result of the discontinuation of the Gin Tonic- and private label-business total sales revenues amounted to EUR 179.7 million, 2.6 percent below the prior-year figure of EUR 184.5 million. Due to the non-recurrence of low-margin business and reduced discounts, the gross profit margin climbed by 0.8 percentage points from 50.8 percent to 51.6 percent. As the improved gross profit margin only partly offset the effect of lower revenues on gross profit. Primarily because of the effect of revenues on gross profit EBITDA (Earnings before interest, taxes, depreciation and amortization) declined by 12.8 percent to EUR 10.9 million (previous year EUR 12,5 million) and consolidated earnings after taxes declined by 19.6 percent to EUR 4.1 million (previous year EUR 5.1 million).

Equity ratio of 54 percent reflects solid financial position

At 53.9 percent, the equity ratio again stood at a high level on the reporting date and was slightly below the previous year's 55.5 percent. On the one hand, the moderate decline is attributable to the slight earnings-related reduction in equity capital; on the other hand, total assets were EUR 2.1 million higher than on the prior year reporting date due to investments in the new ERP System (Enterprise Ressource Planning) and higher inventories (31. August 2017: EUR 193.5 million, previous year: EUR 191.4 million).

Revenue and earnings forecast confirmed: Growth of the continued brands will largely offset the discontinued activities, earnings expected to grow moderately

The Management Board has confirmed the revenue and earnings forecast for fiscal 2016/17 published in the annual report of the previous year. As sales of autumn/winter merchandise have shifted from the third quarter to the fourth quarter the Management Board projects growing revenues for the fourth quarter of 2017. Half of the sales revenues shifts had been caught up in September. The Management Board expects the continued brands to grow by about 2 percent in the full year 2016/17. This should largely offset the shortfall in revenues resulting from the discontinued activities, with total revenues in fiscal 2016/17 expected to be more or less stable (previous year: EUR 237.8 million). In anticipation of a slightly higher gross profit margin, other operating expenses on a par with the previous year and decreasing extraordinary expenses the consolidated earnings should grow moderately (previous year: EUR 2.5 million).

Summary of Ahlers Group figures:

			Q1-Q3 2016/17	Q1-Q3 2015/16	Change
Sales revenues	Continued activities*	in EUR million	179.4	179.4	0.0%
	Total	in EUR million	179.7	184.5	-2.6%
Gross profit		in EUR million	92.7	93.7	-1.1%
Gross profit margin		in %	51.6%	50.8%	0.8PP
EBITDA before special effects		in EUR million	10.9	12.5	-12.8%
Consolidated net income		in EUR million	4.1	5.1	-19.6%
Net Working Capital**		in EUR million	106.5	103.6	2.8%
Equity ratio		in %	53.9	55.5	-1.6PP
Employees			2,061	2,051	0.5%

*adjusted for the discontinued activities Gin Tonic and Private Label

**Inventories, trade receivables and trade payables

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