PRESS RELEASE

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Ahlers in the financial year 2016/17 with scheduled sales and cash flow. At EUR 1.9 million Group earnings after taxes below previous year due to increased expenses. Unchanged dividend of EUR 0.15 per common share and EUR 0.20 per preferred share proposed. Growing sales and earnings expected for 2017/18.

- Q4 2017 revenues 6 percent above previous year as expected
- Full year revenues of the continued brands up by 1.4 percent
- Group earnings down EUR -0.6 million due to increased spending on e-commerce marketing, distribution, order picking and IT
- Balance sheet structure remains solid with equity ratio of 56 percent and reduced net working capital
- Cash flow from operating activities more than doubled
- Slightly increased sales and notably improved Group´s net income expected in FY 2017/18

Continued activities achieve increased revenues

In the fiscal year 2016/17, revenues of the continued brands increased by EUR 3.3 million or 1.4 percent from EUR 232.3 million to EUR 235.6 million. In Germany, sales revenues rose by 0.9 percent from EUR 125.6 million to EUR 126.7 million against a negative market trend. Pierre Cardin and Pioneer Authentic Jeans made the biggest contributions to this growth and were able to win market share. Baldessarini's domestic revenues were more or less on a par with the previous year and remained above the general market trend. In Western Europe, Ahlers´ revenues declined by a moderate EUR 0.8 million (absolute terms 2016/17: EUR 60.5 million, -1.3 percent). Sales revenues in Central and Eastern Europe as well as the remaining markets rose sharply by 6.6 percent or EUR 3.0 million to EUR 48.4 million (previous year: EUR 45.4 million).

Own Retail and eCommerce with growth in sales revenues

Sales revenues of our own Retail operations increased by 2.3 percent in fiscal 2016/17, which represented 13.0 percent of total revenues, up from 12.7 percent in the previous year. Like-for-like revenues rose by a moderate 0.4 percent. Following the relaunch of the online shop and the change of the service provider in autumn of the previous year, e-commerce revenues gained increasingly momentum in the course of 2016/17. For the full year 2016/17 the average growth rate amounted to 22 percent. This positive trend was supported primarily by the new Pierre Cardin online shop and the marketplaces.

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Group earnings decline due to increased operating expenses

In spite of increased gross profits and slightly lower personnel expenses, EBITDA declined by 10 percent from EUR 9.2 million to EUR 8.3 million. Group earnings after taxes were down by EUR 0.6 million from EUR 2.5 million to EUR 1.9 million.

High equity ratio of 56 percent

As of November 30, 2017, the balance sheet was almost unchanged from the previous year with non-current assets growing slightly due to investments in the ERP system and current assets declining slightly, mainly due to lower inventories. At 56.4 percent, the equity ratio again stood at a high level on November 30, 2017. At 56.4 percent, the equity ratio again stood as usual at a high level on November 30, 2017 (previous year 57,2 percent).

Cash flow from operating activities doubled

At EUR 10.2 million, cash flow from operating activities was up by over 100 percent on the previous year's EUR 4.9 million in the reporting year. The increase is primarily attributable to the fact that net working capital was reduced by EUR 3.6 million due to decreased inventories and trade liabilities as well as increased trade payables. Free cash flow 2016/17 improved significantly and was clearly positive at EUR 4.8 million (previous year EUR -2,9 million).

Unchanged dividend of EUR 0.15 per common share and EUR 0.20 per preferred share proposed

The Management Board and the Supervisory Board will propose an unchanged dividend of EUR 0.15 per common share and EUR 0.20 per preferred share to the Annual Shareholders' Meeting. The company intends to pay out EUR 2.4 million (previous year: EUR 2.4 million). The dividend payment will thus result in a dividend yield of 2.5 percent for the common share and 3.3 percent for the preferred share based on the share price of November 2017.

Proposal to consolidate the different share types

On February 7, 2018, the Supervisory Board and the Management Board passed the general resolutions to convert the preferred shares into common shares. The resolution is to be submitted for voting to the Annual Shareholders' Meeting and to the separate meeting of the preferred shareholders, which will both be held in Düsseldorf on April 24, 2018. The consolidation of the shares at a ratio of 1:1 will simplify the share structure of Ahlers AG and comply with the "one share – one vote" principle of good corporate governance. The liquidity at the stock market and, consequently, the attractiveness of the Ahlers share are expected to increase. Moreover, all shares are to become registered shares. The advantages of registered shares are the direct communication between the company and the shareholders and a higher transparency of the shareholder structure. The amount of equity and the relative shares represented by the totality of shares in Ahlers AG remain unchanged.

Baldessarini, Pierre Cardin, Pioneer and Pionier Workwear expected to grow

The Management Board projects the core brands of both segments to grow their revenues in the new FY 2017/18. Growth in the premium segment will be driven by the Baldessarini and Pierre Cardin brands in Germany as well as abroad. In the Jeans, Casual & Workwear segment, Pioneer and Pionier Workwear will grow, in particular. We expect the Group's total revenues to grow at a low single-digit percentage rate slightly above the increase rate in 2017 of the continued activities. The discontinuation of the business activity of Gin Tonic and the private label business will no longer play a role in the fiscal year 2017/18. As in 2017, the demand-driven delivery of seasonal merchandise will shift sales from the first and third quarters to the second and fourth quarters.

Higher consolidated net income projected for 2017/18

From today's point of view, the Group's net income in FY 2017/18 should improve notably compared to the two previous years. The gross profit margin should pick up in the current fiscal year due to customs benefits, optimised procurement processes and cheaper purchases of Asian goods in US dollars because of the strengthening of the euro. Operating expenses should be stable or slightly higher than in the previous year. On balance, EBIT after special effects and consolidated net income after taxes should grow by a medium double-digit percentage in the fiscal year 2017/18.

Summary of Ahlers Group figures:

			2016/17	2015/16	Change
Sales revenues	Continued activities	EUR million	235.6	232.3	1.4%
	Total	EUR million	235.9	237.8	-0.8%
EBITDA		EUR million	8.3	9.2	-9.8%
EBIT		EUR million	3.0	4.0	-25.0%
Consolidated net income		EUR million	1.9	2.5	-24.0%
Net Working Capital*		EUR million	86,3	89.9	-4.0%
Cashflow from operating activities		EUR million	10.2	4.9	108.2%
Equity ratio		in %	56.4	57.2	-0,8 PP
Employees (Nov. 30)			2,020	2,060	-1.9%

*Inventories, trade receivables and trade payables

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