**PRESS RELEASE**

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**Ahlers developments in the first nine months 2017/18**

- Robust, slightly higher jeans sales at Pierre Cardin and Pioneer Authentic Jeans in first nine months of 2017/18
- Own Retail revenues climb 2.1 percent due to takeover of Russian stores
- Supervisory Board and Management Board decided comprehensive set of measures aimed at a sustainable improvement in earnings in the medium term
- Trend of declining suit and jacket sales continued from first six months. Group sales revenues down by 6.5 percent to EUR 168.0 million
- Lower revenues send consolidated earnings falling by EUR 3.9 million despite reduced operating expenses
- Equity ratio of 52 percent reflects solid financial position
- Full-year forecast: slightly better revenue trend than in first nine months of 2017/18 (-6.5 percent). Slightly negative EBIT before one-time effects (previous year: EUR +3.5 million). Consolidated earnings adversely affected by one-time expenses of approx. EUR 5 million

**Supervisory Board and Management Board decided comprehensive set of measures aimed at a sustainable improvement in earnings in the medium term**

On September 13, 2018 the Supervisory Board and the Management Board of Ahlers AG adopted the basic resolutions for a comprehensive set of measures. It comprises the concentration on Ahlers AG's core brands Baldessarini, Pierre Cardin, Pioneer and Pionier Workwear, the streamlining of the organisation and a reduction in complexity. Dr. Stella A. Ahlers, CEO of Ahlers AG, on the set of measures: "The aim is to make the company future-proof and sustainably profitable in a strongly changing market environment. The sportswear activities by the Jupiter brand will be discontinued after distribution of the 2019 winter season. Moreover, Ahlers will focus on menswear fashion in the future and discontinues the woman-activities by Pierre Cardin and Pioneer Authentic Jeans. Parts of the logistic operations will be relocated to Poland after mid-2019." The full set of measures will lead to job reductions of about 130, including presumably 100 in Germany. The Management Board aims to

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implement the job cuts in constructive cooperation with the staff representatives and has entered in preparatory talks with the competent employee bodies. The changes to be implemented will also result in a reduction in net working capital, which is why there will be no additional financing requirements during the implementation period up to the end of 2019. The Management expects sustained earnings improvement from 2020 onwards.

**Revenues in first nine months of 2017/18 influenced by declining sales of suits and sportswear**

The declining sales of suits and jackets continued in Q3 2017/18 from June to August and had a material impact on the revenue trend. Influenced by casualisation and consistently high summer temperatures, this trend sent sales revenues falling by a total of EUR 7.2 million. With deliveries more effectively adjusted to the season and consignment business on the increase, revenues in an additional amount of EUR 1.6 million were shifted from the third to the fourth quarter of 2017/18. Sales were additionally dampened by the difficult market situation in Russia and Ukraine. In Russia new US sanctions adversely affected the rouble exchange rate and, hence, consumers' purchasing power. Revenues in these markets declined by roughly 22 percent (EUR -1.7 million). Between them, these factors sent the Group's sales revenues in the first nine months of the current fiscal year falling by a total of EUR 11.7 million or 6.5 percent to EUR 168.0 million.

**Robust revenue trend at Pierre Cardin and Pioneer Jeans, sales increase of 2.1 percent in company's own Retail**

Pierre Cardin recorded robust and slightly higher jeans sales, with revenues up by 1.2 percent. Pioneer Authentic Jeans achieved sales on a par with the previous year and was particularly successful in the home market, were revenues picked up by 1.0 percent. Sales revenues in the company's own Retail segment increased by 2.1 percent in the first nine months of the fiscal year 2017/18. This was primarily attributable to the takeover of Russian stores by Ahlers RUS.

**Lower revenues send earnings declining in spite of reduced operating expenses**

The drop in revenues was the main reason why gross profit fell by EUR 7.1 million or 7.7 percent from EUR 92.7 million to EUR 85.6 million. As planned, personnel expenses increased by EUR 0.2 million due to the start up of the Russian joint venture, Ahlers RUS. The balance of other operating expenses and income was reduced by EUR 1.8 million or 4.1 percent, primarily due to lower variable selling expenses. This and slightly lower write-downs sent operating expenses falling by EUR 1.8 million or 2.1 percent compared to the same period of the previous year. While the reduced expenses dampened the effect of the lower revenues on gross profit, it was not offset in full. Consolidated earnings after taxes declined by EUR 3.9 million from EUR 4.1 million to EUR 0.2 million in the first nine months of 2017/18 due to the lower revenues.

**Stable, unchanged financial situation with similar balance sheet structures**

Total assets, at EUR 193.8 million, were on a par with the prior year reporting date (August 31, 2017: EUR 193.5 million). At 51.8 percent, the equity ratio stayed at a high level but was slightly lower than the previous year's 53.9 percent. The financial resources tied up in net working capital declined by EUR 2.5 million. At EUR 47.1 million, net liabilities changed only little as of the reporting date (previous year: EUR 46.3 million).

**Revenue and earnings forecast for 2017/18**

The Management Board expects the revenue trend for the full year 2017/18 to be slightly better in percentage terms than for the first nine months (-6.5 percent; total revenues in 2016/17: EUR 235.9 million). EBIT before one-time effects are expected to be slightly negative (previous year: EUR +3.5 million) due to the impact of lower revenues on gross profit. One-time expenses of approx. EUR 5 million will be incurred in the financial year 2017/18 mainly as a result of the measures planned. Together they burden the consolidated net income. We expect Balance sheet structures to remain largely unchanged. Due to the result of the fiscal year 2017/18, the company will probably not pay out a dividend.

**Summary of Ahlers Group figures:**

| | | Q1-Q3 2017/18 | Q1-Q3 2016/17 | Change |
|---|---|---|---|---|
| Sales revenues | EUR million | 168.0 | 179.7 | -6.5% |
| EBITDA* | EUR million | 5.4 | 10.9 | -50.5% |
| Consolidated net income | EUR million | 0.2 | 4.1 | -95.1% |
| Net Working Capital** | EUR million | 104.0 | 106.5 | -2.3% |
| Cashflow from operating activities | EUR million | -11.0 | -7.9 | -39.2% |
| Equity ratio | in % | 51.8 | 53.9 | -2.1 PP |

* Before one-time effects

** Inventories, trade receivables and trade payables

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