



**AHLERS AG**

Herford  
Interim Report Q3 2014/15



# AHLERS AG

## INTERIM REPORT Q3 2014/15

(December 1, 2014 to August 31, 2015)

### BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF FISCAL 2014/15

- Premium brands win market share in the declining fashion market
- Performance in Western Europe and Poland remains solid
- Own Retail revenues up by 6 percent
- Sales revenues down by 5.3 percent due to strong decline in Russian business and reduced sales to the last remaining large private label customer
- EBIT decline due to reduced revenues
- Equity ratio remains solid at 56 percent
- Guidance for full year 2014/15 confirmed

## 1. BUSINESS AND GENERAL CONDITIONS

Most economic institutes have maintained their forecast of a moderate GDP (gross domestic product) expansion in the eurozone for 2015. At 1.2 percent, however, the economy has been growing at a very slow pace in spite of the supportive oil price and the weak euro. This is mainly attributable to the large eurozone countries France and Italy, whose GDP growth rates are below 1 percent. With a projected rate of 1.8 percent, Germany exceeds the eurozone average. The same applies to Spain and Ireland, which had been hit hard by the financial and economic crisis but have since recovered notably and are expected to grow by between 2.5 and 3.5 percent. The Russian economy will probably contract by 3.6 percent this year due to its dependence on exports of oil and gas, whose prices have dropped sharply, and the sanctions imposed by the west. (All forecasts by Commerzbank Research August and September 2015).

Supported by the good employment situation and the resulting income growth in conjunction with low inflation, the German GfK Consumer Confidence Index stands at a very high level, although it declined modera-

tely in August. Private consumption is thus making an important contribution to the expansion of the German economy and leading to rising retail sales. This, in turn, has improved the business climate in the retail sector to the highest level since June 2011 (Ifo Business Climate Index August 2015 and GfK Consumer Confidence Index August 2015).

The German clothing retail sector has failed to benefit from these favourable conditions so far. Right on the contrary, sales are declining steadily. While German fashion retailers reported growing sales in June and July 2015 (up by 3 and 4 percent, respectively, on the previous year) for the first time since September 2014, August saw sales slump by a record 16 percent, with the high temperatures and the resulting low footfall in the city centres cited as the main reasons. Total sales generated in the period from January to August 2015 were down by a disappointing 3 percent on the same period of the previous year (Textilwirtschaft 37\_2015).

The clothing retail sector in the large Western European markets characterised by low growth should also contract at least

slightly. The recession in Russia is reflected in stagnating to declining retail sales (in rouble). The sharp drop in the purchasing power of the rouble by almost 50 percent has depressed clothing imports. The clothing retail sector is likely to grow only in Spain and some Eastern European countries such as Poland. On balance, however, the European market that is relevant for Ahlers should contract notably.

## 2. EARNINGS, FINANCIAL AND NET WORTH POSITION

### **Sales trends of the first six months continue**

The trends of the first six months continued very similarly in the third quarter of 2015: in a declining overall market the Group's sales revenues were stable to slightly higher adjusted for two special factors which totalled EUR 10.7 million in the first nine months of 2014/15. The crisis-related decline in Russian sales revenues accounted for about two thirds and the reduced sales to the last remaining large private label customer accounted for one third. As a result, the Group's sales revenues for the nine-month period declined by 5.3 percent from EUR 197.9 million to EUR 187.4 million.

Disregarding the above effect, Ahlers was able to win market share in Germany. Growth was also recorded in Western European markets such as Italy and the Netherlands. Sales revenues increased at a healthy rate also in Poland and the Baltic states, which are important Eastern European markets for Ahlers. Strong growth of EUR 3.2 million was achieved in France, Belgium and Spain, where Ahlers had obtained additional Pierre Cardin licensing rights in the previous year.

### **Continued success for own Retail segment and e-commerce**

Compared to the same period of the previous year, the company's own Retail segment grew by 5.9 percent in the first nine months of the financial year 2014/15 and accounted for 11.2 percent of the company's total revenues (previous year 10.0 percent). Like-for-like sales were up by 1.9 percent on the previous year. Revenues in the e-commerce segment continued to grow strongly and were up by 25.5 percent on the prior year period.

### **The Premium segment scores with Baldessarini in a declining German market**

Sales revenues in the Premium segment declined by EUR 3.4 million or 2.6 percent from EUR 128.6 million in the previous year to EUR 125.2 million in the first nine months of the current financial year. This reduction is exclusively attributable to the drop in sales in Russia and Ukraine, as these markets are very important for Baldessarini and Pierre Cardin. Adjusted for these factors, the revenues generated by the Premium brands in the other markets increased by 2.9 percent. Especially Baldessarini was able to defy the general negative market trend in Germany and to win market share. Pierre Cardin kept sales stable, thereby winning market share too. Driven by the additional licenses, the Pierre Cardin brand increased its revenues in France, Belgium and Spain by 26.9 percent. The Premium segment's contribution to total sales revenues increased from 65 percent to 67 percent as of the reporting date.

## Sales by segments

EUR million	Q1-Q3 2014/15	Q1-Q3 2013/14	Change in %
Premium Brands*	125.2	128.6	-2.6
Jeans & Workwear	47.8	53.0	-9.8
Men's & Sportswear	14.4	16.3	-11.7
<b>Total</b>	<b>187.4</b>	<b>197.9</b>	<b>-5.3</b>

\* incl. "miscellaneous" EUR 0.2 million (previous year: EUR 0.2 million)

### Drop in sales in the Jeans & Workwear segment primarily due to declining private label business

Sales revenues in the Jeans & Workwear segment declined from EUR 53.0 million to EUR 47.8 million in the nine-month period. The drop by EUR 5.2 million (-9.8 percent) is mainly due to reduced purchases made by the last remaining large private label customer (EUR -3.1 million). Lower sales in Russia and Ukraine shaved another EUR 0.8 million off the segment's revenues. Except for the above, the Jeans & Workwear segment delivered a robust performance in the German market, where the Pioneer brand was able to defend its market position in a declining environment, while the Pioneer Workwear brand even increased its sales revenues. The Jeans & Workwear segment's share in total sales revenues declined from 27 percent to 25 percent in the nine-month period 2014/15.

### Declining sales in the Men's & Sportswear segment essentially attributable to Gin Tonic

Sales revenues in the Men's & Sportswear segment dropped by EUR 1.9 million (-11.7 percent) to EUR 14.4 million in the 2014/15 reporting period (previous year: EUR 16.3 million). This reduction is essentially attributable to the declining retail and wholesale revenues of the Gin Tonic brand (EUR -1.5 million). While Jupiter recorded pleasantly growing sales in many Western and Eastern European countries, the brand was unable, in the third quarter, to defy the difficult environment in Germany, primarily in the market for sportswear products, and reported declining sales revenues. Like the prior year period, the segment's share in total sales revenues remained stable at 8 percent.

## EARNINGS POSITION

### Q3 2015 results as planned

Accounting for about 29 percent of the company's total annual sales revenues, the third quarter is the largest and most profitable period of any year, as most of the important winter collections are delivered during this time. In the 2015 reporting quarter, sales revenues declined at a similar rate as in the first half of the year, with the gross profit margin remaining stable. Expenses excluding special effects were more or less on a par with the previous year. In both periods, extraordinary expenses primarily related to Gin Tonic. At 0.7 million, these expenses were much lower in 2015 than in 2014 (EUR 2.0 million). The Q3 2015 result after taxes declined by 24 percent from EUR 5.9 million to EUR 4.5 million due to the effect of revenues on the gross profit reduced by lower special effects.

The picture for the nine-month period as a whole is similar. Gross profit declined by 5.5 percent or EUR 5.6 million due to the lower sales revenues, with the gross profit margin remaining stable. Where operating expenses are concerned, the additional expenses incurred for the new sales territories in France, Belgium and Spain and for additional Retail activities were more or less offset by the cost savings resulting from the concentration of Gin Tonic in Herford. At EUR 0.9 million, extraordinary expenses were much lower than the EUR 2.4 million incurred in the prior year period. Net income in the amount of EUR 0.5 million was generated from the sale of works of art in each of the two nine-month periods.

The consolidated result after taxes for the full nine-month period declined from EUR 7.5 million to EUR 4.5 million, which was in line with management's expectations.

## Earnings Position

EUR million	Q1-Q3 2014/15	Q1-Q3 2013/14	Change in %
<b>Sales</b>	<b>187.4</b>	<b>197.9</b>	<b>-5.3</b>
Gross profit	95.5	101.1	-5.5
in % of sales	51.0	51.1	
Personnel expenses*	-40.5	-39.8	-1.8
Balance of other expenses/income*	-42.8	-43.8	2.3
<b>EBITDA*</b>	<b>12.2</b>	<b>17.5</b>	<b>-30.3</b>
Depreciation and amortisation*	-4.1	-3.7	-10.8
<b>EBIT*</b>	<b>8.1</b>	<b>13.8</b>	<b>-41.3</b>
Special effects	-0.9	-2.4	62.5
Financial result	-0.5	-0.7	28.6
<b>Pre-tax profit</b>	<b>6.7</b>	<b>10.7</b>	<b>-37.4</b>
Income taxes	-2.2	-3.2	31.3
<b>Net income</b>	<b>4.5</b>	<b>7.5</b>	<b>-40.0</b>

\* before special effects

## SEGMENT RESULTS

### Segment results primarily influenced by sales revenues

Sales revenues were also the main factor influencing the segment results. Besides this effect, the Premium segment's results were also influenced by the additional expenses incurred for the ongoing expansion of the whole-

sale activities in France, Belgium and Spain. By contrast, the cost savings resulting from the relocation of Gin Tonic from Sindelfingen to Herford helped to improve the results of the Men's & Sportswear segment in spite of the decline in sales revenues.

### EBIT before special effects by segments

EUR million	Q1-Q3 2014/15	Q1-Q3 2013/14	Change in %
Premium Brands*	6.7	11.1	-39.6
Jeans & Workwear	3.0	4.8	-37.5
Men's & Sportswear	-1.6	-2.1	23.8
<b>Total</b>	<b>8.1</b>	<b>13.8</b>	<b>-41.3</b>

\* incl. "miscellaneous" EUR 0.5 million (previous year: EUR 0.4 million)

## FINANCIAL AND NET WORTH POSITION

### Equity ratio of 56 percent continues to reflect solid financial structure

The balance sheet structure remained largely unchanged as of the end of the third quarter and was characterised by

- a stable equity ratio of 55.6 percent (previous year: 55.8 percent)
- stable cash flow from operating activities of EUR -4.9 million (previous year: EUR -4.7 million)
- unchanged net financial liabilities of EUR 39.8 million (previous year: EUR 39.4 million)

The strong reduction in net working capital resulted in additional liquidity of EUR 6.8 million, which offset the lower result of the reporting period. Both reduced inventories (EUR -3.4 million) and lower trade receivables (EUR -4.3 million) greatly helped to bolster the cash flow from operating activities and to reduce total assets. All told, Ahlers' balance sheet remains robust also in the more difficult market environment.

### Key management and financial indicators

		Q1-Q3 2014/15	Q1-Q3 2013/14
Sales	EUR million	187.4	197.9
Gross margin	in %	51.0	51.1
EBITDA*	EUR million	12.2	17.5
EBIT*	EUR million	8.1	13.8
EBIT margin*	in %	4.3	7.0
Net income	EUR million	4.5	7.5
Profit margin before taxes	in %	3.6	5.4
Profit margin after taxes	in %	2.4	3.8
Earnings per share			
common shares	in EUR	0.30	0.52
preferred shares	in EUR	0.35	0.57
Net Working Capital**	EUR million	107.6	114.4
Equity ratio	in %	55.6	55.8
Employees		2,059	2,254

\* before special effects

\*\* inventories, trade receivables and trade payables

### 3. POST BALANCE SHEET EVENTS

No events of special significance for the Ahlers Group occurred between the end of the first nine months and the publication of the interim report.

### 4. RISK REPORT

No changes with respect to risks related to future developments have occurred since the start of the new fiscal year. The statements made in the risk report of the 2013/14 consolidated financial statements remain valid.

### 5. EMPLOYEES

As of August 31, 2015, Ahlers employed 2,059 people, 195 less than one year ago (previous year: 2,254). The decline is primarily attributable to the reduction in production capacities at our plants in Sri Lanka (-158 employees) and Poland (-15 employees). Due to staff reductions at Gin Tonic, the number of people employed in Germany declined by 22 to 625 (previous year: 647). Primarily because of the expansion of the company's own Retail activities in Germany and France, the number of people working in Ahlers' own stores increased by 17.

### 6. PERFORMANCE OF THE AHLERS SHARES

Ahlers share prices remained stable at around EUR 11 until the end of April 2015. Since May, the prices of the fashion company's shares declined. This was due to the publication of the reduced profit forecast for the current fiscal year, the mostly poor news coming from listed clothing manufacturers and the increasing nervousness in the stock markets. As a result, Ahlers shares traded at EUR 9.00 (common share) and EUR 8.03 (preferred share) on August 31, 2015, down 18 percent and 26 percent, respectively, on the last trading day of August 2014. Including the dividend paid out in May 2015, share prices were down by 14 percent and 21 percent, respectively, on the previous year. Taking into account the dividend payout, the common shares and the preferred shares have lost 16 percent and 24 percent, respectively, since the end of the past fiscal year on November 30, 2014.

### 7. FORECAST REPORT

#### **Stable retail revenues expected for the 2015 winter season**

From today's point of view, the Management Board projects stable to slightly higher revenues for the autumn/winter season 2015 for the clothing retail sector in all European markets excluding Russia. This is due to the fact that the base laid by the disappointing winter season 2014 is low and that the economic environment tends to remain favourable.

Most retailers have reduced their orders for the winter season and rely on being able to order more merchandise from clothing manufacturers if and when they need it. Provided that the market environment remains stable, Ahlers' stock sales in Q4 2015 should be higher than in the previous year and partly offset the lower pre-orders, the further declining sales in Russia and the reduced sales to the private label customer.

By contrast, the Russian market remains difficult. The oil price trend of the past months further weakened the rouble and made western goods more expensive. Accordingly, payments and deliveries are slow and entail a certain risk to the sales forecast for the full year 2014/15.

### **Sales and earnings forecast for the full year remains unchanged**

The figures for the first nine months support the annual forecast published in June 2015. On balance, the Management Board expects the sales trend of the first nine months of 2014/15 to continue in Q4 2015, which means that full year sales revenues will decline by at least 5 percent.

As already announced, the effect on sales revenues on the contribution margin and the extraordinary burdens resulting from the discontinuation of Gin Tonic clothing business will lead to a sharp decline in results before and after taxes. The Management Board nevertheless confirms its expectation of a positive cash flow which should allow the company to pay out a satisfactory dividend.

### **Measures aimed at improving the revenue and earnings situation initiated**

In June 2015, the Management Board announced that the distribution activity of Gin Tonic clothing would be discontinued as of the end of 2015 and the business activity be ended after the deliveries for the spring season 2016. Most of the employees of Gin Tonic Special Mode GmbH and some employees in the central divisions were made redundant already in the third quarter.

Beyond that the Management Board has initiated further measures aimed at improving the sales and earnings situation. Pierre Cardin and Baldessarini will accelerate the expansion of their international activities especially in Western Europe. Pioneer will establish structures and create products to partly offset the loss of sales to Gin Tonic customers. The Retail activities will be expanded through the acquisition of additional stores and the opening of mono-label and Elsbach Denim Library stores. In addition, the company plans to open a Pierre Cardin online shop in the next fiscal year to expand its e-commerce activities. All measures will be accompanied by strict cost management.

# Consolidated balance sheet as of August 31, 2015

## ASSETS

KEUR	Aug. 31, 2015	Aug. 31, 2014	Nov. 30, 2014
<b>A. Non-current assets</b>			
I. Property, plant and equipment			
1. Land, land rights and buildings	15,027	15,339	15,424
2. Technical equipment and machines	1,389	1,250	1,231
3. Other equipment, plant and office equipment	9,773	10,433	10,747
4. Payments on account and plant under construction	15	113	26
	<b>26,204</b>	<b>27,135</b>	<b>27,428</b>
II. Intangible assets			
1. Industrial property rights and similar rights and assets	11,215	12,367	11,966
2. Payments on account	1,997	-	749
	<b>13,212</b>	<b>12,367</b>	<b>12,715</b>
III. At-equity investments	311	211	311
IV. Other non-current assets			
1. Other financial assets	699	1,019	1,028
2. Other assets	17,793	17,826	17,826
	<b>18,492</b>	<b>18,845</b>	<b>18,854</b>
V. Deferred tax assets	1,527	1,313	1,395
<b>Total non-current assets</b>	<b>59,746</b>	<b>59,871</b>	<b>60,703</b>
<b>B. Current assets</b>			
I. Inventories			
1. Raw materials and consumables	18,317	20,897	24,165
2. Work in progress	279	272	388
3. Finished goods and merchandise	53,782	54,613	54,883
	<b>72,378</b>	<b>75,782</b>	<b>79,436</b>
II. Trade receivables	46,876	51,140	36,548
III. Other current assets			
1. Other financial assets	6	1,048	1,980
2. Receivables from affiliates	311	0	0
3. Current income tax claims	835	1,051	624
4. Other assets	5,425	4,061	4,803
	<b>6,577</b>	<b>6,160</b>	<b>7,407</b>
IV. Cash and cash equivalents	7,930	6,422	6,308
<b>Total current assets</b>	<b>133,761</b>	<b>139,504</b>	<b>129,699</b>
<b>Total assets</b>	<b>193,507</b>	<b>199,375</b>	<b>190,402</b>

## EQUITY AND LIABILITIES

KEUR	Aug. 31, 2015	Aug. 31, 2014	Nov. 30, 2014
<b>A. Equity</b>			
I. Subscribed capital	43,200	43,200	43,200
II. Capital reserve	15,024	15,024	15,024
III. Retained earnings	47,936	51,342	49,409
IV. Equity difference from currency translation	-996	-616	300
<b>Equity attributable to shareholders of Ahlers AG</b>	<b>105,164</b>	<b>108,950</b>	<b>107,933</b>
V. Non-controlling interest	2,354	2,274	2,339
<b>Total equity</b>	<b>107,518</b>	<b>111,224</b>	<b>110,272</b>
<b>B. Non-current liabilities</b>			
I. Pension provisions	4,664	4,480	4,890
II. Other provisions	464	314	468
III. Financial liabilities			
1. Other financial liabilities	20,466	21,804	22,963
2. Non-controlling interests in partnerships	1,337	1,303	1,235
	<b>21,803</b>	<b>23,107</b>	<b>24,198</b>
IV. Other liabilities	24	25	23
V. Deferred tax liabilities	2,550	2,793	3,198
<b>Total non-current liabilities</b>	<b>29,505</b>	<b>30,719</b>	<b>32,777</b>
<b>C. Current liabilities</b>			
I. Current income tax liabilities	1,789	2,328	644
II. Other provisions	2,394	2,921	3,780
III. Financial liabilities	27,292	24,029	8,946
IV. Trade payables	11,625	12,536	20,478
V. Other liabilities			
1. Liabilities to affiliates	387	836	2,492
2. Other liabilities	12,997	14,782	11,013
	<b>13,384</b>	<b>15,618</b>	<b>13,505</b>
<b>Total current liabilities</b>	<b>56,484</b>	<b>57,432</b>	<b>47,353</b>
<b>Total liabilities</b>	<b>85,989</b>	<b>88,151</b>	<b>80,130</b>
<b>Total equity and liabilities</b>	<b>193,507</b>	<b>199,375</b>	<b>190,402</b>

# Consolidated income statement

for Q1-Q3 of 2014/15

KEUR	Q1-Q3 2014/15	Q1-Q3 2013/14
1. Sales	187,439	197,908
2. Change in inventories of finished goods and work in progress	-1,250	3,390
3. Other operating income	3,249	2,614
4. Cost of materials	-90,666	-100,224
5. Personnel expenses	-40,678	-41,846
6. Other operating expenses	-46,074	-46,438
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-4,830	-4,008
8. Interest and similar income	90	77
9. Interest and similar expenses	-612	-762
<b>10. Pre-tax profit</b>	<b>6,668</b>	<b>10,711</b>
11. Income taxes	-2,169	-3,169
<b>12. Consolidated net income for the period</b>	<b>4,499</b>	<b>7,542</b>
13. of which attributable to:		
- Shareholders of Ahlers AG	4,345	7,372
- Non-controlling interest	154	170
<b>Earnings per share (EUR)</b>		
- common shares	0.30	0.52
- preferred shares	0.35	0.57

# Consolidated statement of comprehensive income

for Q1-Q3 of 2014/15

KEUR	Q1-Q3 2014/15	Q1-Q3 2013/14
<b>12. Consolidated net income for the period</b>	<b>4,499</b>	<b>7,542</b>
<b>Not to be reclassified to profit and loss</b>		
14. Actuarial gains/losses on defined benefit pension plans	-	-
<b>To be reclassified to profit and loss</b>		
15. Net result from cash flow hedges	-1,623	872
16. Currency translation differences	327	117
17. Other changes	-138	-145
<b>18. Other comprehensive income after taxes</b>	<b>-1,434</b>	<b>844</b>
<b>19. Comprehensive income</b>	<b>3,065</b>	<b>8,386</b>
20. of which attributable to:		
- Shareholders of Ahlers AG	3,049	8,362
- Non-controlling interest	16	24

# Consolidated income statement

for Q3 of 2014/15

KEUR	Q3 2014/15	Q3 2013/14
1. Sales	69,374	73,986
2. Change in inventories of finished goods and work in progress	4,268	7,895
3. Other operating income	764	1,107
4. Cost of materials	-36,113	-41,559
5. Personnel expenses	-13,475	-15,071
6. Other operating expenses	-16,025	-16,252
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-2,113	-1,495
8. Interest and similar income	42	23
9. Interest and similar expenses	-194	-262
<b>10. Pre-tax profit</b>	<b>6,528</b>	<b>8,372</b>
11. Income taxes	-2,064	-2,516
<b>12. Consolidated net income for the period</b>	<b>4,464</b>	<b>5,856</b>
13. of which attributable to:		
- Shareholders of Ahlers AG	4,438	5,849
- Non-controlling interest	26	7
<b>Earnings per share (EUR)</b>		
- common shares	0.33	0.43
- preferred shares	0.33	0.43

# Consolidated statement of comprehensive income

for Q3 of 2014/15

KEUR	Q3 2014/15	Q3 2013/14
<b>12. Consolidated net income for the period</b>	<b>4,464</b>	<b>5,856</b>
<b>Not to be reclassified to profit and loss</b>		
14. Actuarial gains/losses on defined benefit pension plans	-	-
<b>To be reclassified to profit and loss</b>		
15. Net result from cash flow hedges	-1,204	514
16. Currency translation differences	-376	-97
17. Other changes	-78	-7
<b>18. Other comprehensive income after taxes</b>	<b>-1,658</b>	<b>410</b>
<b>19. Comprehensive income</b>	<b>2,806</b>	<b>6,266</b>
20. of which attributable to:		
- Shareholders of Ahlers AG	2,858	6,266
- Non-controlling interest	-52	0

# Consolidated cash flow statement

for Q1-Q3 of 2014/15

KEUR	Q1-Q3 2014/15	Q1-Q3 2013/14
Consolidated net income for the period	4,499	7,542
Income taxes	2,169	3,169
Interest income / Interest expenses	522	685
Depreciation and amortisation	4,830	4,008
Gains / losses from the disposals of non-current assets (net)	-900	-515
Increase / decrease in inventories and other current and non-current assets	-3,874	-16,920
Change in non-current provisions	-230	-210
Change in non-controlling interests in partnerships and other non-current liabilities	102	74
Change in current provisions	-1,386	21
Change in other current liabilities	-9,074	-2,584
Interest paid	-630	-653
Interest received	90	77
Income taxes paid	-1,312	-1,673
Income taxes received	302	2,302
<b>Cash flow from operating activities</b>	<b>-4,892</b>	<b>-4,677</b>
Cash receipts from disposals of items of property, plant, and equipment	756	129
Cash receipts from disposals of other non-current assets	500	2,575
Payments for investment in property, plant, and equipment	-2,652	-2,973
Payments for investment in intangible assets	-1,604	-1,183
Payments for investment in other non-current assets	-	-317
<b>Cash flow from investing activities</b>	<b>-3,000</b>	<b>-1,769</b>
Dividend payments	-5,818	-6,502
Repayment of non-current financial liabilities	-2,747	-2,867
<b>Cash flow from financing activities</b>	<b>-8,565</b>	<b>-9,369</b>
Net change in liquid funds	-16,457	-15,815
Effects of changes in the scope of exchange rates	-146	-86
Liquid funds as of December 1	1,631	2,669
<b>Liquid funds as of August 31</b>	<b>-14,972</b>	<b>-13,232</b>

# Consolidated statement of changes in equity

as of August 31, 2015 (previous year as of August 31, 2014)

KEUR	Equity attributable to shareholders of Ahlers AG						Non-controlling interest			Total equity	
	Common shares	Preferred shares	Capital-reserve	Retained earnings	Equity diff. from currency translation	Total Group holdings	Capital	Accumulated other comprehensive income	Total non-controlling interest		
	Subscribed capital										
<b>Balance as of Dec. 1, 2013</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>50,472</b>	<b>-1,605</b>	<b>107,091</b>	<b>1,454</b>	<b>795</b>	<b>2,249</b>	<b>109,340</b>	
Total net income for the period				7,372	990	8,362		25	25	8,387	
Dividends paid				-6,503		-6,503				-6,503	
<b>Balance as of Aug. 31, 2014</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>51,341</b>	<b>-615</b>	<b>108,950</b>	<b>1,454</b>	<b>820</b>	<b>2,274</b>	<b>111,224</b>	
<b>Balance as of Dec. 1, 2014</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>49,409</b>	<b>300</b>	<b>107,933</b>	<b>1,454</b>	<b>884</b>	<b>2,338</b>	<b>110,271</b>	
Total net income for the period				4,345	-1,296	3,049		16	16	3,065	
Dividends paid				-5,818		-5,818				-5,818	
<b>Balance as of Aug. 31, 2015</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>47,936</b>	<b>-996</b>	<b>105,164</b>	<b>1,454</b>	<b>900</b>	<b>2,354</b>	<b>107,518</b>	

# Group segment informations

as of August 31, 2015 (previous year as of August 31, 2014)

by business segment	Premium Brands		Jeans & Workwear		Men's & Sportswear		Others		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
KEUR										
<b>Sales</b>	124,948	128,410	47,834	53,014	14,447	16,256	210	228	187,439	197,908
<b>Intersegment sales</b>	-	-	-	-	-	-	-	-	-	-
<b>Segment result</b>	5,798	9,650	2,808	4,346	-2,401	-3,758	463	473	6,668	10,711
thereof										
Depreciation and amortisation	2,572	2,460	1,077	1,023	1,165	509	16	16	4,830	4,008
Other non-cash items	1,195	2,561	837	1,187	114	1,569	-	-	2,146	5,317
Interest income	62	55	21	18	7	4	-	-	90	77
Interest expense	415	504	154	200	43	58	0	0	612	762
<b>Net assets</b>	127,584	130,813	32,981	31,476	11,841	16,307	18,739	18,415	191,145	197,011
<b>Capital expenditure</b>	2,792	2,865	1,138	1,010	326	282	0	317	4,256	4,474
<b>Liabilities</b>	54,016	53,574	20,614	20,216	6,766	8,739	9	7	81,405	82,536

by geographic region	Premium Brands		Jeans & Workwear		Men's & Sportswear		Others		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
KEUR										
<b>Germany</b>										
Sales	60,614	60,544	35,039	38,728	6,139	7,805	210	228	102,002	107,305
Net assets	93,441	99,314	19,455	19,408	7,858	11,526	18,723	18,402	139,477	148,650
<b>Western Europe</b>										
Sales	36,637	34,099	9,567	10,208	6,195	6,207	-	-	52,399	50,514
Net assets	13,004	10,587	9,318	8,214	2,819	3,723	-	-	25,141	22,524
<b>Central/ Eastern Europe/ Other</b>										
Sales	27,697	33,767	3,228	4,078	2,113	2,244	-	-	33,038	40,089
Net assets	21,139	20,912	4,208	3,854	1,164	1,058	16	13	26,527	25,837

## 8. NOTES TO THE FINANCIAL STATEMENTS

### Accounting and valuation principles

The interim financial statements for the first nine months of fiscal 2014/15 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee's interpretations of the IFRS (IFRIC). They comply in particular with the provisions of IAS 34 Interim financial reporting.

The accounting and valuation principles and principles of consolidation are consistent with those applied in the preparation of the consolidated financial statements as of November 30, 2014. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2013/14 Annual Report.

The interim report is prepared in euros and all figures are given in thousands of euros (KEUR). Due to the fact that the report is prepared in EUR thousands, rounding differences can arise, since computations of individual items are based on figures in euros.

### Earnings per share

Earnings per share are defined as net income (attributable to the shareholders of the Ahlers AG) divided by the weighted average number of shares outstanding during the reporting period. No shares existed either as of August 31, 2015, or August 31, 2014 that would have a diluting effect on earnings per share.

### Contingent liabilities

Contingent liabilities have not changed materially since the last balance sheet date on November 30, 2014.

### Segment reporting

The Ahlers Group defines its reporting segments by the type of products. This primarily reflects the internal reporting system as well as the internal decision-making processes.

The Group's reporting segments are Premium Brands, Jeans & Workwear and Men's & Sportswear. Expenses for central functions are charged to the segments with due consideration to the arm's length principle and based on actual usage. Due to the different positionings of the segments, no inter-segment revenues are generated. Where a clear allocation of assets and liabilities is not possible, these are allocated using appropriate distribution ratios. The segment result is the result before taxes, as income taxes are not segmented due to the central management. For the same reason, assets and liabilities do not include deferred or current tax assets and liabilities. This means that the total assets stated in the balance sheet (EUR 193,507 thousand) result from the assets as derived from the segment information (EUR 191,145 thousand) plus deferred tax assets and current income tax assets (EUR 2,362 thousand). Accordingly, the liabilities stated in the balance sheet (EUR 85,989 thousand) result from the liabilities as derived from the segment information (EUR 81,405 thousand) plus deferred tax liabilities and current income tax liabilities (EUR 4,339 thousand) as well as leasing liabilities (EUR 245 thousand).

The Group segment information by geographic regions reflects the main output markets of the Ahlers Group.

The valuation principles for the segment report are the same as for the consolidated financial statements.

Herford, October 2015

The Management 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.

*Elsbach*  
DENIM LIBRARY



### **Elsbach – The Idea**

„Elsbach Denim Library“, is a multi-brand concept launched by Ahlers AG in the fall of 2014 and presents comprehensive collections with a focus on smart-casual and business looks specific to a location. The concept offers a full selection for the modern man in all product categories of the Ahlers brand collections. In contrast to mono-label producers, Ahlers AG as a specialist for men’s fashion with its brands positioned largely in the premium segment can fulfill in the „Elsbach“ multibrand concept the various requirements of the end consumer regarding style and pricing structure. Ahlers favors selected „Elsbach“ locations in large as well as in medium sized cities.

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# Financial calendar

## Dates

Interim report Q3 2014/15	October 14, 2015
Analysts' conference in Frankfurt am Main	October 21, 2015
German Equity Forum in Frankfurt am Main	November 25, 2015
Annual accounts press conference	March 10, 2016
Interim report Q1 2015/16	April 12, 2016
Analysts' conference in Frankfurt am Main	April 13, 2016
Annual Shareholders' Meeting in Düsseldorf	May 3, 2016
Half-year report 2015/16	July 14, 2016
Interim report Q3 2015/16	October 12, 2016
Analysts' conference in Frankfurt am Main	October 13, 2016

## 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 eight brands, tailored to its respective target groups
- generates approx. 65 percent of its sales revenues from premium brands
- manufactures one third of the production volume in its own factories
- employs some 2,100 people

# The brands

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**AHLERS AG**

Investor Relations  
Elverdisser Str. 313  
D-32052 Herford

[investor.relations@ahlers-ag.com](mailto:investor.relations@ahlers-ag.com)  
[www.ahlers-ag.com](http://www.ahlers-ag.com)

Phone +49 5221 979-211  
Fax +49 5221 72538

ISIN DE0005009708 and DE0005009732