PRESS RELEASE

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Supervisory Board Chairman initiates generation change at the helm of the controlling body and suggests to downsize it
Q4 2017/18 revenues at the upper end of the expected range; earnings as planned

- Supervisory Board Chairman Prof. Dr. Carl-Heinz Heuer has initiated the generation change at the helm of the controlling body. In this context, he also suggested to downsize the Supervisory Board from six to three members in order to master the challenges of the market by means of lean structures.
- Three other Supervisory Board members have offered to resign from office by mutual consent at the end of the 2019 Annual Shareholders' Meeting. Alexander Gedat proposed as new Chairman of the Supervisory Board.
- At -2.0 percent, Q4 2017/18 revenues remain essentially stable in a difficult environment. Fourth-quarter earnings slightly above the prior year period.
- Revenue trend in full year 2017/18 (-5.4 percent) influenced by slow sales of suits and jackets as well as difficult market situation in Eastern Europe, especially in Q2 and Q3.
- Negative consolidated earnings after taxes (EUR -7.0 million) primarily due to one-time expenses incurred to implement the efficiency-enhancing measures.
- Equity ratio of 54 percent and reduced net working capital reflect solid balance sheet structure.

Chairman suggests to downsize the Supervisory Board

Having served on the Supervisory Board of Ahlers AG for almost 18 years, of which 16 years as its Chairman, Prof. Dr. Carl-Heinz Heuer (65) will resign from office after the 2019 Annual Shareholders' Meeting. With this move, Prof. Dr. Heuer wants to initiate the generation change at the helm of the controlling body. After the Management Board was downsized in December 2018, the Supervisory Board Chairman has suggested to reduce the Supervisory Board of Ahlers AG from six to three members with the express consent of the main shareholder, WTW Beteiligungsgesellschaft mbH. This would pave the way towards implementing leaner and more effective structures in a challenging market environment. The corresponding amendment of the statutes is to be proposed to the Annual Shareholders' Meeting on April 17, 2019. Prof. Dr. Julia von Ah (Vice Chair), Mr Jörg-Viggo Müller and Mr Hans-Joachim Knauf (employee representative) today proposed to also resign from the Supervisory Board with effect from the end of the upcoming Annual Shareholders' Meeting on April 17,

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2019, provided that the proposals are accepted by the Annual Shareholders' Meeting. Mr Bernd Rauch resigned from office already with effect from January 31, 2019. The Management Board thanks the departing Supervisory Board members for their long-standing commitment to the company and the constructive cooperation.
The Supervisory Board will propose to the Annual Shareholders' Meeting to fill the vacant Supervisory Board positions with Mr Alexander Gedat (54), CEO of Marc O´Polo AG until August 2017, and Armin Fichtel (61), CEO of s.Oliver Group until the end of 2017. Both candidates have long-standing experience in the clothing industry and an in-depth knowledge of e-commerce. Once elected, Mr Gedat would also assume the role of Supervisory Board Chairman. Heidrun Baumgart will stay on the Supervisory Board as employee representative.

Business trend in Q4 2017/18 at the upper end of expectations

For the last three months of the fiscal year 2017/18, the Management Board had projected a slightly better revenue trend in percentage terms than in the first nine months (-6.5 percent). At -2.0 percent, Q4 revenues were at the upper end of the expectations. This means that the disappointing trend of the previous nine months has slowed down noticeably. EBIT before one-time effects exceeded the previous year by a moderate EUR 0.4 million in the fourth quarter.

Declining revenues in full year and sharp drop in EBITDA before one-time effects

Notwithstanding the somewhat more favourable figures of the final quarter, the figures for the full year 2017/18 remain disappointing. Revenues in the full fiscal year 2017/18 were adversely affected by the strongly declining sales of suits and jackets (revenue effect of minus EUR 9.7 million) and the difficult market situation in Eastern Europe (minus EUR 5.0 million). Total revenues in the fiscal year 2017/18 declined by EUR 12.8 million or 5.4 percent from EUR 235.9 million to EUR 223.1 million. The reduction in personnel expenses and operating expenses mitigated the effect of lower revenues on earnings before one-time effects but was insufficient to offset them in full. EBITDA declined by EUR 5.0 million to EUR 3.7 Mio. million (-58 percent; previous year: EUR 8.7 million). EBIT before one-time effects amounted to EUR -1.4 million (previous year: EUR 3.5 million), which was in line with the projections published after the third quarter.

Efficiency-enhancing measures entail high one-time expenses

After the end of Q3 2018, the Management Board announced a comprehensive efficiency programme, under which the company will focus on menswear and streamline numerous processes. The programme is expected to entail extraordinary expenses of about EUR 5 million. This is the amount that has been allocated to provisions in the financial statements, mainly for personnel measures. The previous year's extraordinary expenses totalled EUR 0.5 million. Consolidated earnings after taxes dropped to EUR -7.0 million in the fiscal year 2017/18 (previous year: EUR 1.9 million) because of the lower operating result and, most importantly, as a result of the much higher one-time expenses.

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More compact balance sheet with solid structure and reduced net working capital

In spite of an adverse environment, Ahlers maintained its solid balance sheet structure in the fiscal year 2017/18. At 54 percent (previous year: 56 percent), the equity ratio again stood at a high level on November 30, 2018. The factoring agreement signed by the company reduced net financial liabilities by EUR 1.4 million. Net working capital (balance of inventories, trade receivables and trade payables) declined by EUR 8.8 million and would have been largely stable without the factoring agreement.

		2017/18	**2016/17**	**change**
Sales revenues	EUR million	223.1	235.9	-5.4%
EBITDA before one-time effects	EUR million	3.7	8.7	-57.5%
EBIT before one-time effects	EUR million	-1.4	3.5	n.a.
Consolidated net income	EUR million	-7.0	1.9	n.a.
Equity ratio	in %	54.1	56.4	-2.3 PP

The company will publish the full Annual Report for 2017/18 including the forecast for the new fiscal year 2018/19 on February 28, 2019.

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