

# Analyst Presentation

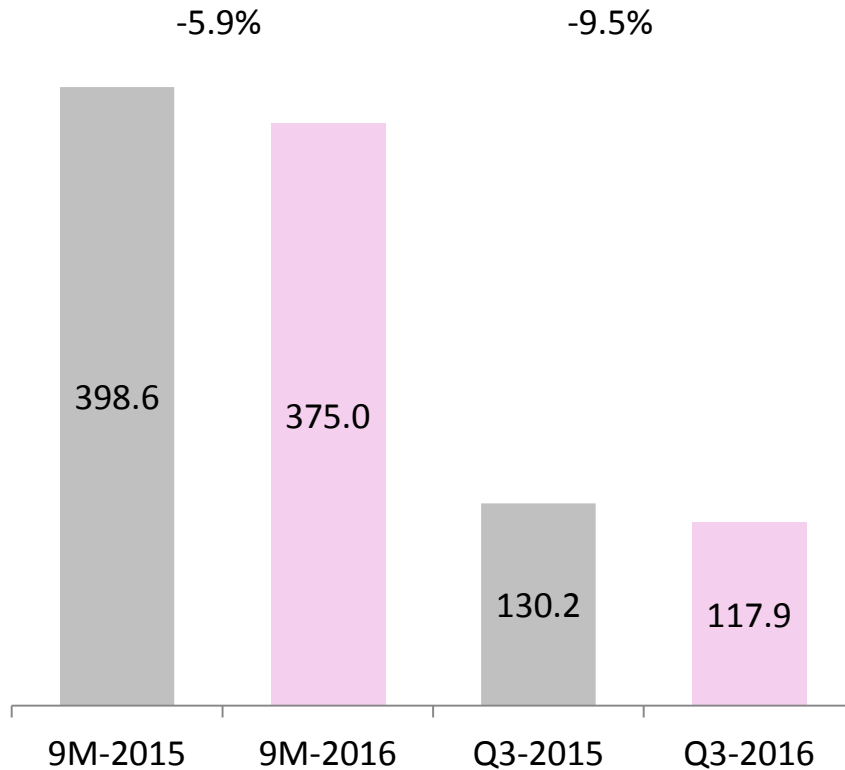
First nine months Results 2016

3 November 2016



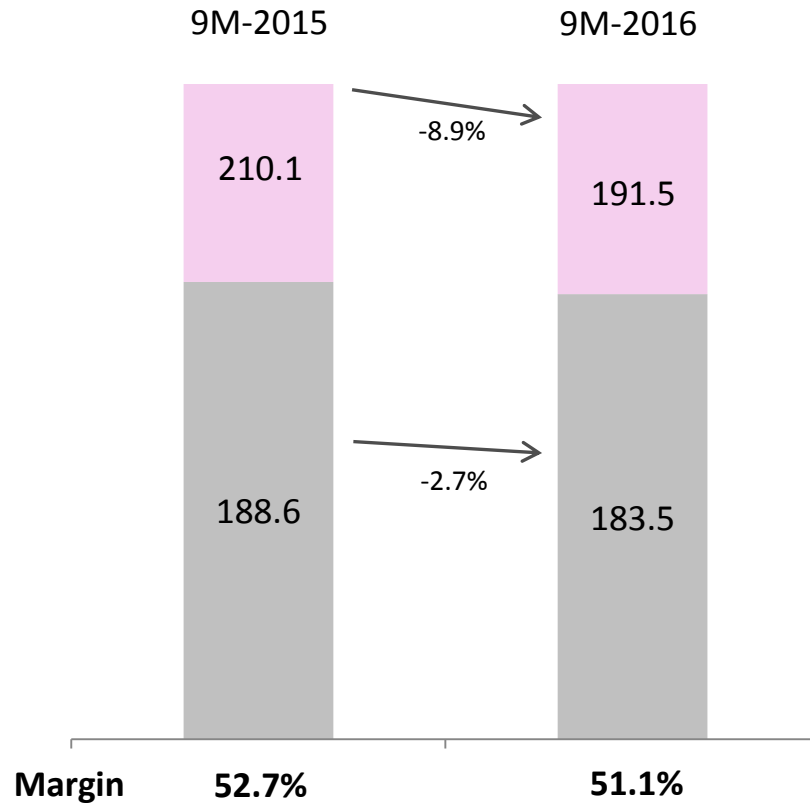
- Difficult market environment for the German textile industry continues
- Revenue and earnings declined in Q3 despite a positive momentum in August
- ADLER further strengthened its measures to improve efficiency:
  - Additional cost savings as the year 2016 progresses
  - Substantial cost savings in the amount of approximately €10 million in 2017
- New marketing campaign launched in September is expected to increase operating performance in the rest of the year.
- In light of its results in Q3 and because of the current decline in consumer spending and the associated price pressure, ADLER adjusted its forecast for full-year 2016

## Revenue in m€



- Revenue weighed down mainly by weather conditions and product range optimisation at ADLER Orange (€-3.2 million)
- Newly opened stores (€5.8 million) have failed to completely offset the decline in revenue attributable to the closure of stores (€-7.3 million)
- Positive momentum in August could not outbalance declines in July and September
- Like-for-like 9M: -6.0%; Like-for-like Q3: -9.7%

in m€

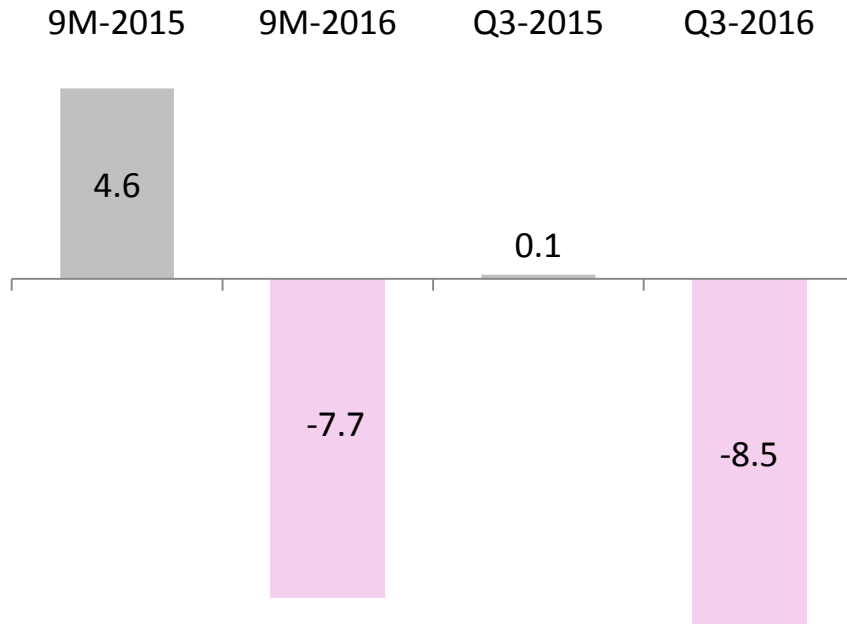


- Gross Profit
- Cost of Goods Sold

- Gross margin Q3 2016: 47.7% (Q3 2015 : 51.4%)
- First positive impacts of efficiency measures (i.e. reduced marketing spend by € 6 million yoy)

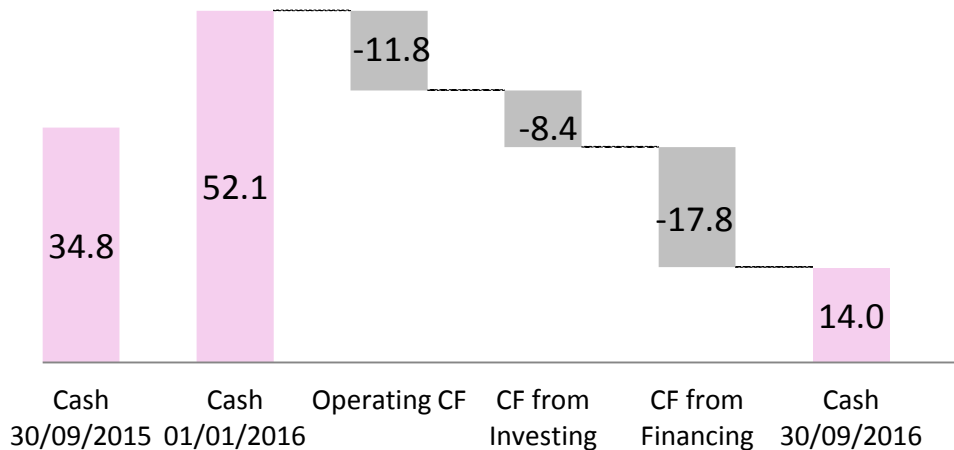
# EBITDA below previous year's level

EBITDA in m€



- Other operating expenses decrease from €134.0 million to €128.6 million, as ADLER reacted promptly to the decline in revenues by implementing cost saving programmes

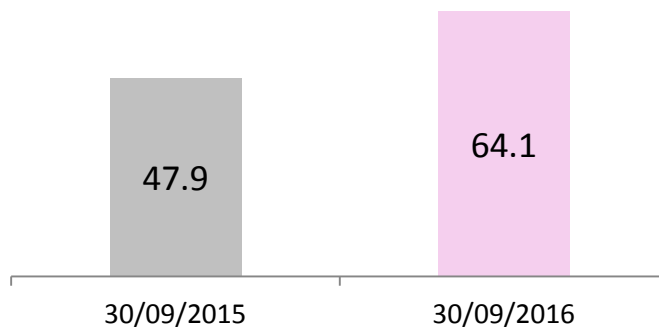
in m€



- Cash and cash equivalents at €14.0 million as of 30/09/2016 (30/09/2015: €34.8 million)
- Free cashflow: €-20.2 million in 9M 2016 (9M 2015: €-17.2 million)

## Net debt\*

in m€



Net debt impacted by:

- Decrease in cash and cash equivalents by €20.8 million (9M 2015: €34.9 million)
- Decrease in finance lease obligations from €56.3 million to €53.8 million
- Rise in liabilities from customer card by €1.0 million
- Reduction of pension provisions by €0.2 million

\* Including liabilities from customer card, pension provisions, finance lease liabilities ex assets held for sale, cash, other financial liabilities

in m€	30 Sept. 2016	30 June 2016	31 March 2016	31 Dec. 2015	30 Sept. 2015
Total assets	230.2	222.0	240.1	243.4	250.0
Inventories	101.8	79.4	99.7	81.3	98.5
Trade receivables	0.3	0.4	0.6	1.9	0.6
Cash position	14.0	28.9	21.1	52.1	34.8
Equity	77.2	87.6	89.9	104.9	86.9
Equity ratio	33.5%	39.5%	37.4%	43.1%	34.8%
Trade payables	46.9	25.0	42.8	32.0	49.6

## Strigorous screening of all operating activities

- Marketing + Visual Merchandising
- Investments + technical facilities (maintenance)
- Merchandise management (freight, transport, RFID)
- Buildings & external cleaning fees
- Personnel
- IT
- Other operating expenses
- Price specials
- Procurement planning process
- Business organisation

### Detailed analysis of cost cutting potentials across all group divisions

- Quick wins already achieved in Q3
- Additional cost savings as the year 2016 progresses
- Full impact expected for 2017 of approximately €10 million:
  - Other operating expenses: Reduction of purchase volumina; flexibility via higher „Open to Buy“
    - ⇒ Improvement of gross profit margin of up to 2 %points
  - Personal expenses: Process improvements and reduction of staff
    - ⇒ Cost savings of at least € 6.0 Mio.
  - Marketing expenses: Optimization with clear focus on increased customer frequency
    - ⇒ Marketing budget for 2017 currently on same level as 2016; nevertheless possible cost reductions
  - Facility and property management: only two new openings planned for 2017; additional cost savings potential.
    - ⇒ Cost savings of at least € 2.0 Mio.



Sales		Q4 revenue slightly below previous year/ FY 2016 to fall short of last year's level
Gross profit margin		Slight decrease
Personnel expenses		Slight increase
Transport and logistics costs		Slight increase
EBITDA		€14-17 million
Expansion		1-2 store in 2016, 1 store in 2017

1

In depth experience and **unique experience** with attractive growing target group (men/women 45+ with high purchasing power)

2

Substantial internal and external **growth opportunities** (new customer gains and online)

3

Room for **cost and efficiency gains** through optimization of sales structure, technical pioneering and value added supply chain

Adler Modemärkte AG

Industriestrasse Ost 1 – 7  
63808 Haibach/Germany

Phone: +49 6021 633-1828

Fax: +49 6021 633-1417

eMail: [InvestorRelations@adler.de](mailto:InvestorRelations@adler.de)

Report on the first nine month 2016

3 November 2016

German Equity Forum

21-22 November 2016

Report on the full year 2016

16 March 2017