



ADLER
ALLES PASST

Investor Presentation
Incl. Nine Month and Q3 2012 Figures

1 **Strategy**

2 Highlights

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ADLER: Unique Retail Concept, Harvesting Demographic Change

▶ **Leading German fashion retailer for customers aged 45+ (represents ~50% of the German population by 2020)**

▶ **76% brand awareness and high customer loyalty with 90% of gross revenues generated by ADLER card members**

▶ **Late fashion follower: practical, matching outfits with focus on comfort**

▶ **Sales focus on own brand products, representing 90% of sales; external brands targeting new customers 10%**

▶ **Lean and fully vertically integrated business model**

▶ **Clear brand positioning and outstanding value-for-money perception**

▶ **Multi-channel distribution concept: 167 own operated retail stores and e-business (tele-shopping/online-business)**

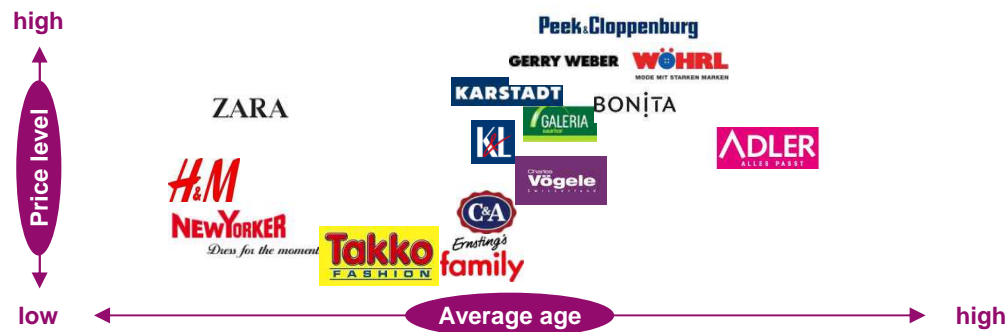
Unique Value Brand Position With Strong Target Group Focus 45+

Brand Positioning of ADLER



Source: Company information

Positioning by Target Group Age and Price Level



Source: Company information

Unique Brand Position

- Clear focus – only fashion retailer dedicated to target customers aged 45+; average age is approx. 60 years
- Outstanding value-for-money perception
- Late fashion follower with comfortable fits adapted to the needs of the target group
- Excellently positioned in the attractive fast growing value fashion segment and above the vulnerable discount segment

Strong Growth of Our Key Customer Group

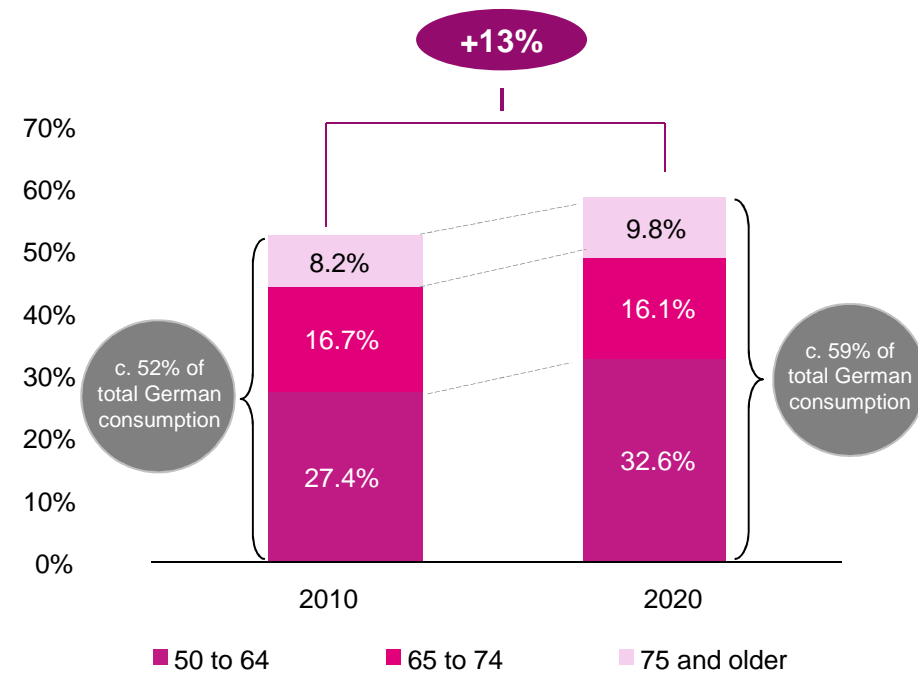
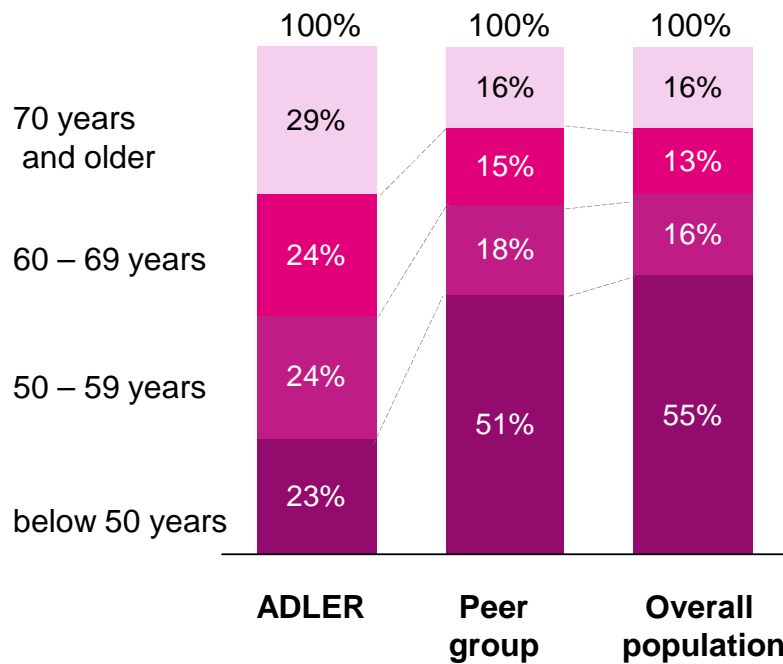
Unique Target Group Positioning



Dominant Share in Consumer Spending
(Consumption by age groups 2010 vs. 2020 ¹⁾



ADLER has older customers than the peer group



Source: Company information; Axel Springer AG; OC&C-Analysis

Source: Agentur für Generationen-Marketing (June 2010); Roland Berger
1) Consumer spending on clothing, footwear and jewellery

- Customers aged 50+ are the most important customer group for clothing, footwear and jewellery, already accounting for 52% of total consumption, growing to c.59% in 2020
- ADLER has already a market share of 10% in the growing target group 45+

We Know Our Customers: 90% of Revenues Generated by ADLER Customer Card Members

Ranking – Mono-Loyalty Card Schemes in Germany



Source: Finanztest (2008)

ADLER Customer Card Members²⁾

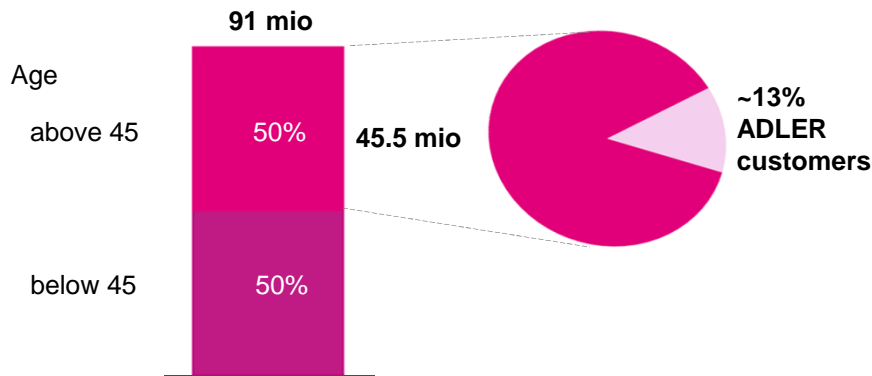
Type of customer	Customers in million	Description
Without ADLER customer card	1.1 ³⁾	Customers shopped without ADLER Customer Card
With ADLER Customer Card	3.4	Customers shopped with ADLER Customer Card generated 90% of revenues in 2011
Current customers	4.5	Total amount of customers shopped in ADLER stores
Previous customers with customer card	2.6	ADLER card customers shopped between 2008 and 2010 for the last time
Active customers with and without customer card	7.1	Total number of active ADLER customers including 6 million active customer card members

- **Active ADLER Customer Card members 6.0 million**
- **Best in class and 2nd largest:** ADLER customer card classified best out of 24 loyalty card schemes⁴⁾
- **Focused and efficient marketing opportunities:** loyalty card scheme allows exact market segmentation and a targeted marketing approach
- **High profitability of ADLER card customers:** high acceptance of ADLER customer card enables steering of customer frequency and cash flows

1) est. ADLER customers at data generation 2) Customers shopped with ADLER customer card in respective period; 3) Based on company estimation 4) According to Finanztest (2008)

Market Reach of approx. 13% in Target Group 45+ Market Share of approx. 1.3% in Germany

ADLER Market Reach of D, AT & LUX Population

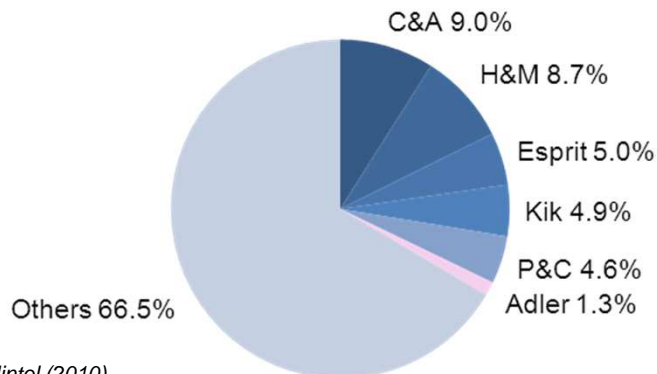


Source: Statistisches Bundesamt / Company information

Highlights

- With 6.0 million active customer card members ADLER reaches approx. 13% of the target group 45+ in Germany, Austria and Luxembourg
- ADLER Customer Card members generate 90% of revenues
- Customers aged 50+ account approx. 52% of total German consumption

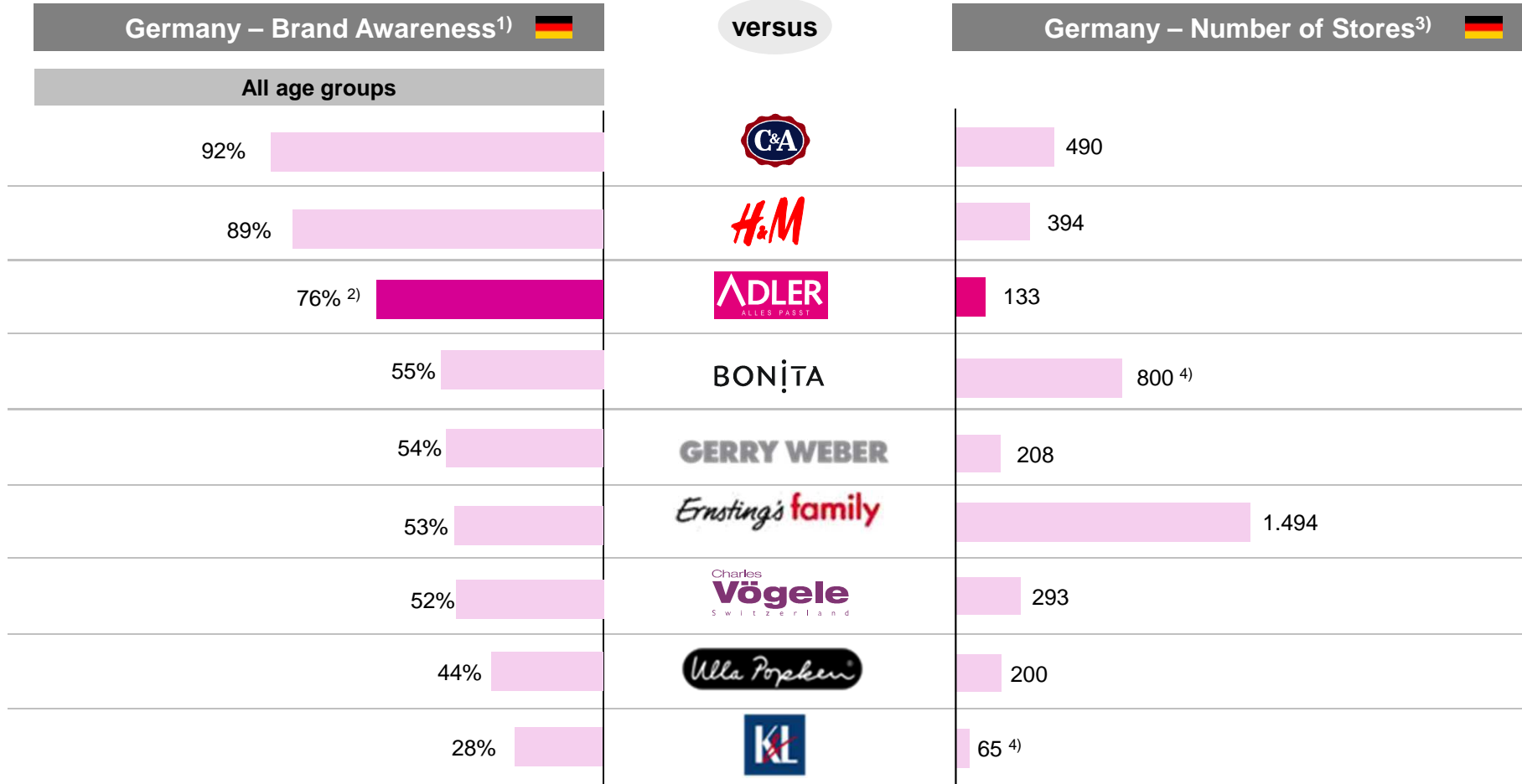
Market Shares by Revenue - Germany



Source: Mintel (2010)

- High level of fragmentation German apparel industry
- Industry is characterised by a large number of established players each holding only a relatively small percentage market share
- ADLER ranks among the top 15 apparel retailers in Germany holding a market share of approx. 1.3%

Strong Brand Awareness: Basis For Store Network Expansion



- Strong brand awareness of 76% among all age groups in Germany
- High brand recognition in relation to existing store network offers strong future sales potential

Sources: 1) Textilwirtschaft (Top Shops 2011); 2) 2009: 70%; 3) Company information 4) Figures from 2010

11 New Stores in 9M 2012

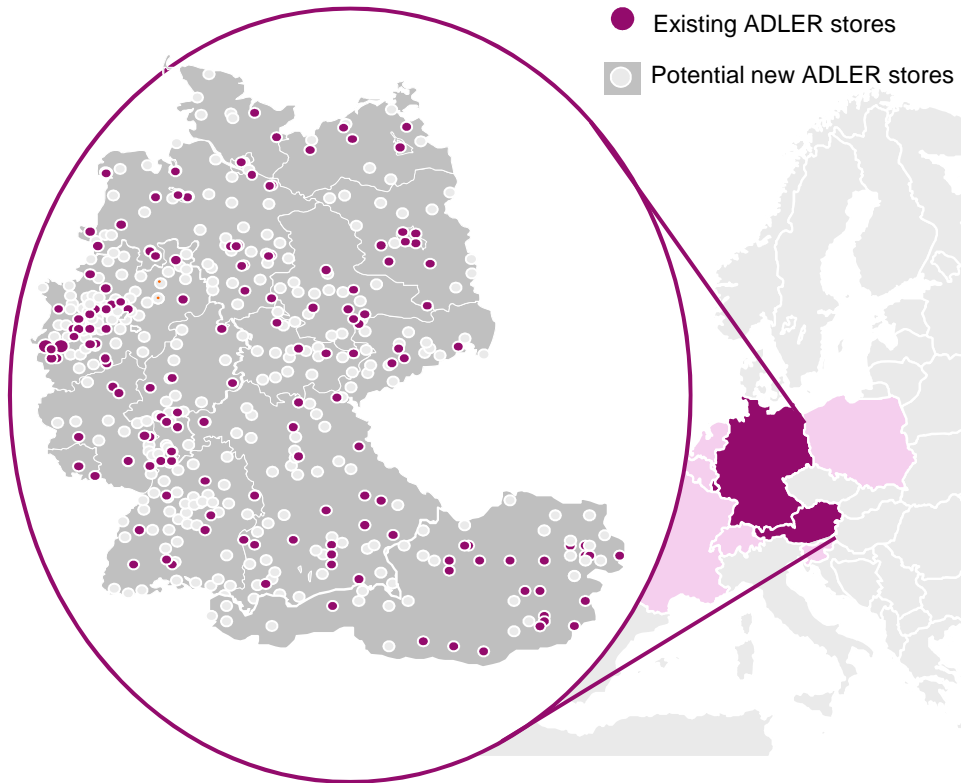
Adjusted Growth Strategy to Increase Profitability



Number of ADLER Stores Per Country

Country	Market entry	Number of stores*				
		2008	2009	2010	2011	2012YTD
Germany	1948	103	104	107	132	138
Austria	1987	16	17	26	28	27
Luxembourg	1981	2	2	2	2	2
Switzerland	2012					Oct.
Total Group		121	123	135	162	167
Organic openings		6	3	8	13	
Acquired stores				7	18	
Closings		9	1	3	3	
Net change		-3	2	12	28	

ADLER's Regional Presence And Expansion Potential



- 11 store openings in 9M 2012. Thereof 10 in Germany and 1 in Austria. 5 stores closed / 1 sold
- Economic risks rise through persistent government debt and euro crisis

- ➔ Adjusted growth strategy launched in second half of 2012
- ➔ Analyzing existing store network performance to thrive profitability

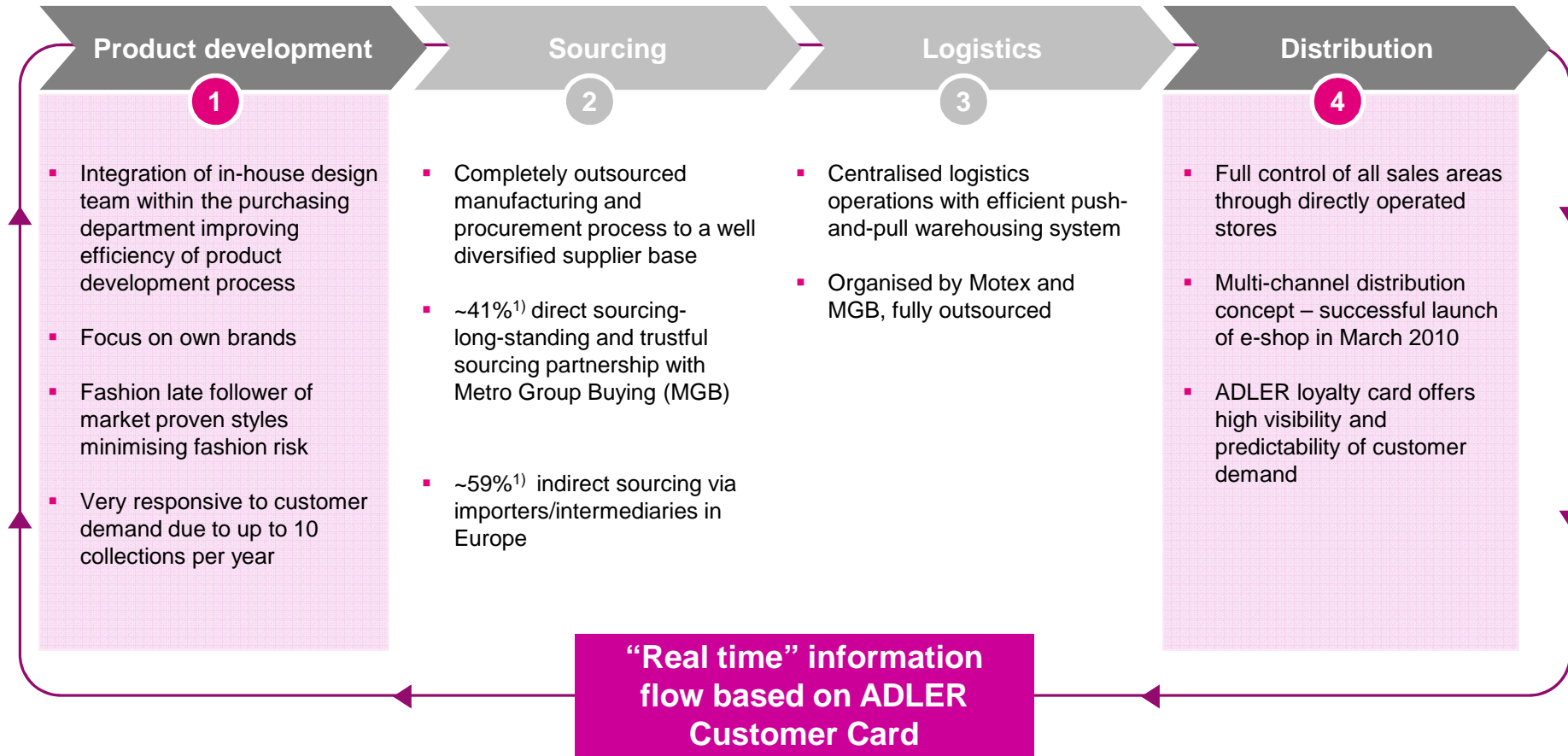
* excl. online shop

Retail Formats

		Selling Area	Characteristic
Retail park stores		1,600 to 2,800 sqm	<ul style="list-style-type: none"> Located next to super and hypermarkets as well as specialist markets Optimal reach of “one-stop-shopping” customers Strong focus in future expansion strategy
Shopping centre stores		1,600 to 3,500 sqm	<ul style="list-style-type: none"> Located within shopping centres Excellent opportunity to acquire new customers
City stores		1,200 to 3,000 sqm	<ul style="list-style-type: none"> Selling area of city stores with focus on medium-sized cities In the short run possibilities to take advantage of current high vacancy rates
Stand alone stores		> 2,800 sqm	<ul style="list-style-type: none"> Often located in suburban areas Highly accessible High advertising efforts necessary

Lean and Vertically Fully Integrated Business Model

Full information control across the entire value chain



- Efficient supply chain management – full information control over the entire value chain and high process standardisation
- Focus on core value added processes – product development and distribution
- Asset-light model with high scalability due to limited capex requirements

¹⁾ Share of purchase volume 2011

Traditional Customer Oriented Marketing Campaign Tailored to 45+ “Mailfolder & Supplements”



Mailfolder

MEIN STIL
Blazer aus Feincord – in diesem Herbst mein Allround-Partner!

Cardblazer
• maschinenwaschbar
• mit Stretchanteil

Bestehen aus angereicherter, stretchfähiger Feincord-Webung. Auch wenn Sie nicht wissen, wie Sie sich verhalten sollen, ist das Stretchgewebe für Sie ein guter Helfer. Die feine Cord-Webung ist sehr angenehm, schmeichelt der Haut und lässt sich leicht waschen. Einmal waschen und Sie sind bereit für den nächsten Herbst. Einmal waschen und Sie sind bereit für den nächsten Herbst. Einmal waschen und Sie sind bereit für den nächsten Herbst.

49,99 €
30 € gespart!

Preisvergleich nur gültig bei der Adler-Konzepte bis Montag, 17.09.2012. Danach 79,99 €

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MEIN STIL
Immer schön locker bleiben – auch in der Mode.

Big & Schick!

Größen 60-70

79,99 €

ADLER
ALLES PASST

MEINE WELT
In Mode von Adler topaktuell durch den Herbst.

Punktstapptoppe
• 4 Druckknöpfe
• Schotkragen

Einmal waschen und Sie sind bereit für den nächsten Herbst. Einmal waschen und Sie sind bereit für den nächsten Herbst. Einmal waschen und Sie sind bereit für den nächsten Herbst.

49,99 €

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Supplements

29,99 €
40% gespart!

20% auf eine Jacke

ADLER
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39,99 €

20% auf Blusen und Hemden

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MEIN STAR DES JAHRES

Deutschlands große Publikumswahl

39,99 €

10% auf Ihre Lieblingsjeans

ADLER
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MEIN STIL
Modische Klassiker für die kühnen Tage!

49,99 €
30 € gespart!

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Thrive Profitability by Optimizing Sourcing and SCM

New Chief Purchase Officer – Manuela Baier



CPO Manuela Baier

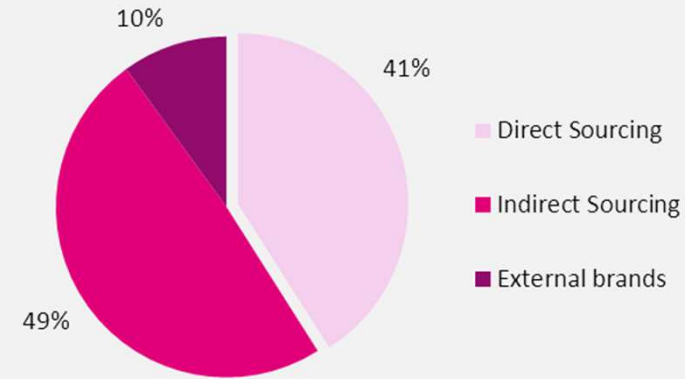
Resources:

Purchasing, Logistic, Supply Chain Management and Quality Control

More than 25 years purchasing experience:

- Director of soft goods procurement at QVC Deutschland GmbH (marketleader teleshopping)
- Head of international non-food procurment at Lidl Holdinggesellschaft
- In charge for purchasing divisions at Tchibo, Otto Group, Galeria Kaufhof

Sourcing in % of revenues - 2011



- Increasing direct sourcing in Asia
- Effective pooling of product line orders
- Strengthen high-margin product lines
- Strengthen strategic partnerships
- Realization of economies of scale through better buying terms
- No airfreight to save logistic expenses
- Logistic improvements to increase NOS availability



Increase gross profit margin

Focus on Mom & Pop Shop Acquisitions



Braunschweig as M&P Shop



Braunschweig as ADLER Store



- Known revenue performance of the location
- Significant existing customer base
- Customers fit to ADLER`s target group
- Utilization of established customer cards
- No cannibalization effects with existing ADLER stores
- Transfer of experienced employees with customer relationships

YTD 2012

Waghäusel

Schwäbisch Gmünd

Raststatt

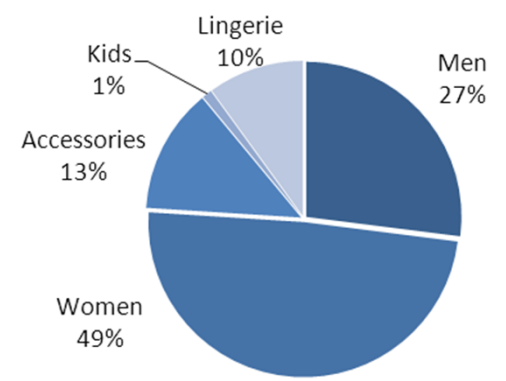
Peine

ADLER Collaborates With Tom Tailor Kids



- Tom Tailor manages ADLER Kids business as concession based model
- Tom Tailor is in charge for product selection, stock and sales management, and visual merchandising
- Sales volume of > 10 Mio. €
- Gross margin improvement
- Fixed gross margin
- No inventory and merchandise risk
- Less complexity and reduced administration costs
- Higher market visibility
- Cross sales potential

Revenue Share by Product Lines



Relaunch of The ADLER Online Shop



New E-Shop After Relaunch



Facts and Figures

- More convenient order process for customers
- New, more transparent-structured and user-friendly design
- PayPal and Instant Transfer as additional payment options
- Further benefits:
 - Availability checks at the stores
 - Payment and return at the ADLER stores for loyalty card customers
 - New filter options for specific items by colour, style and price
 - ADLER brand search engine by entering individual sizes and circumstances of the waist and thigh prompts

ADLER now on



Share Buyback Program

Overview

- Resolution to acquire up to 1.586.000 shares over the stock exchange
- Maximum price per share € 10.00 (excluding incidental transaction charges)

1. Share buyback program

- The first share buy back started on January 17, 2012 and terminated on June 30, 2012
 - 762,161 acquired shares for Ø price per share of € 5.8
 - Overall value €m 4.4 (as of June 30, 2012) accounts 4.12% of the current share capital

2. Share buyback program

- Extension of the share buy back as reaction on the currently undervalued share price
- Possibility to purchase up to 823,839 additional treasury shares
- Repurchase started on August 14, 2012 and terminates on December 31, 2012

Potential Use

- Mergers or acquisitions
- Strategic partnerships
- Employee participation program
- Satisfy obligations arising out of convertible bonds

as of September 30, 2012

- Acquired shares: 806.813
- Ø price per share: € 5.75
- Value: €m 4.6
- Share of the current share capital: 4.36%

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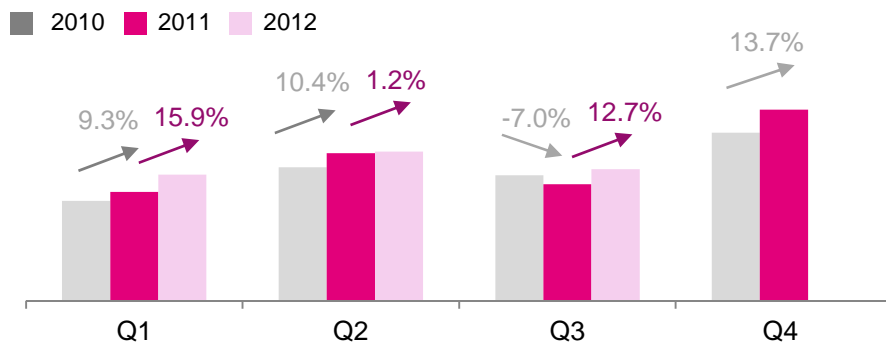


Seasonality of ADLER's Business

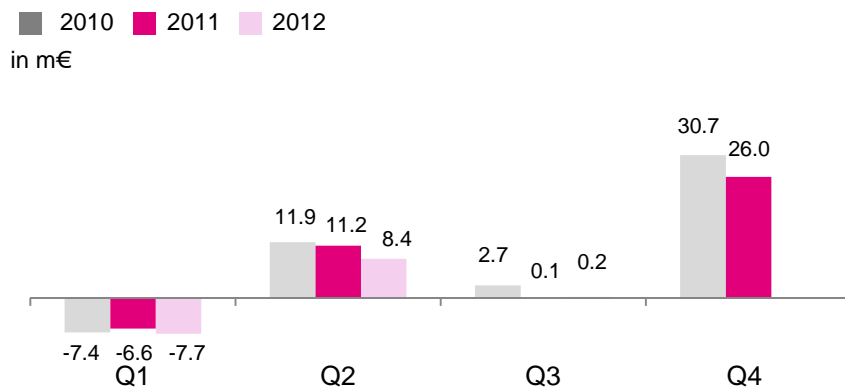
Apparel Retailers Act in a Cyclical Business Environment

- Sales, profits and financing requirements of retailers in the apparel sector like ADLER are affected by seasonal fluctuations
- Goods receipt and financing requirements peak in Q1 and Q3
- Seasonal effects regularly cause negative earnings, increased inventories and an increase in trade payables in particular in the first quarter of the year

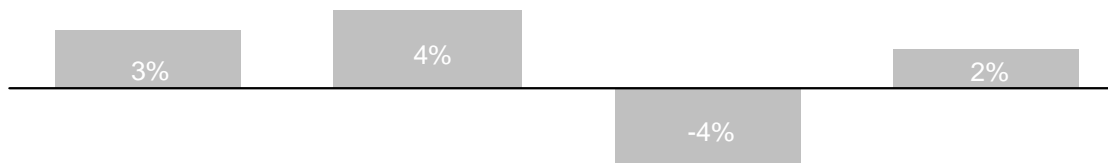
Revenue



EBITDA

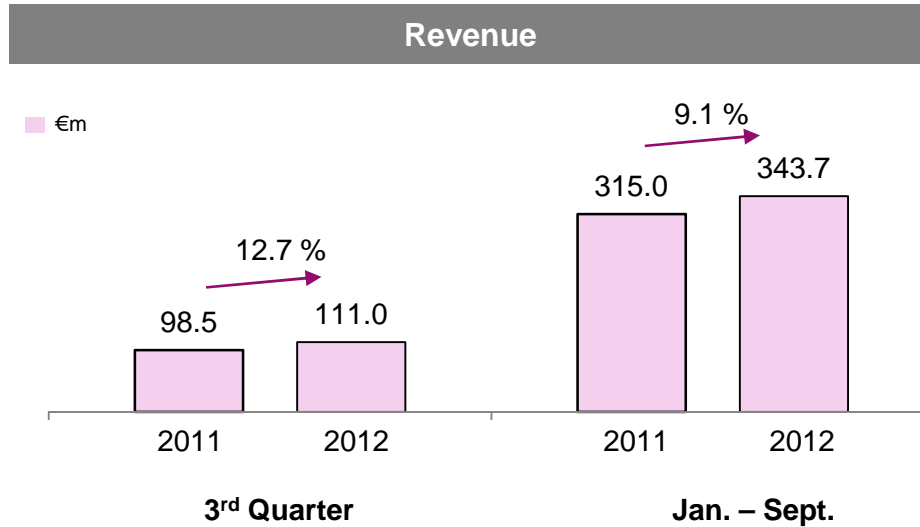


Sector Revenue Development from 2010 to 2011 by Quarter in % ¹⁾

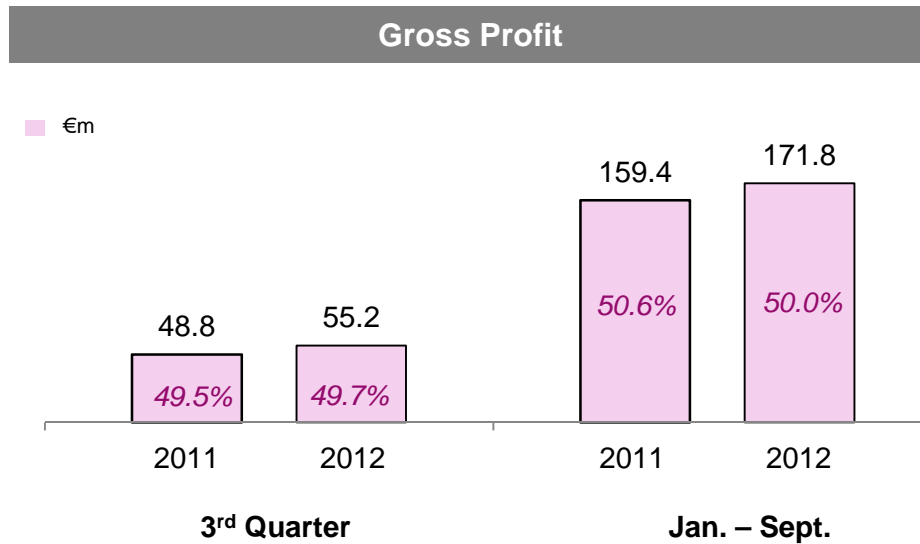


1) Unweighted, according to Textilwirtschaft

Key Figures

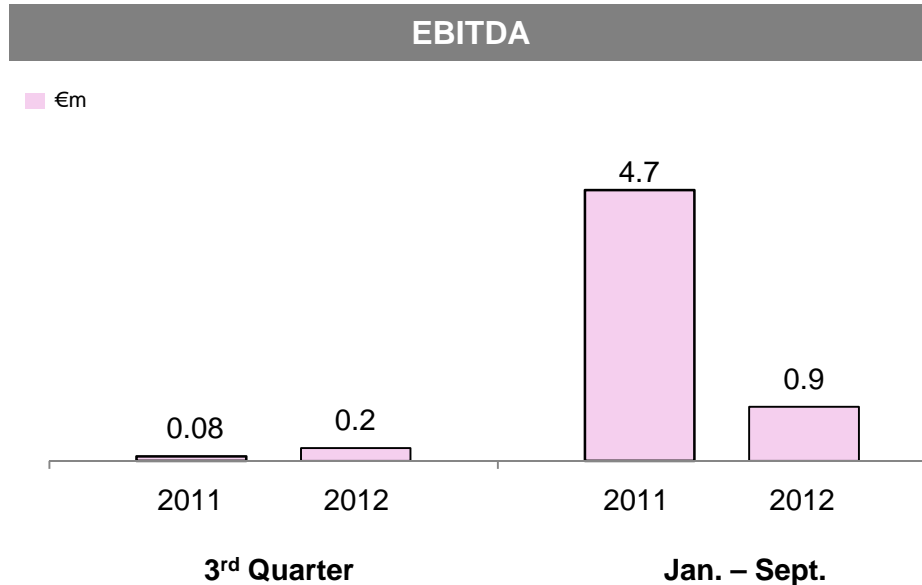


- Revenue up by 12.7% in 3rd quarter and 9.1% 9M 2012
- Growth driven by new store openings

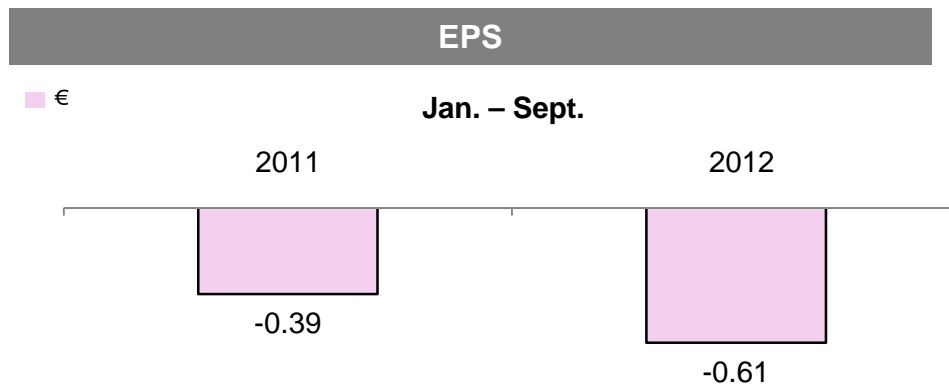


- Gross profit increased
- Gross profit margin increased in Q3 2012
- Gross profit margin of 49.7% and 50.0% in Q3 and 9M, respectively

Key Figures



- Cumulated EBITDA of € 0.9 Mio.
- Initial starting losses from new stores, higher operational expenses and weak branch development influenced EBITDA performance
- EBITDA margin
 - 0.2% in Q3 2012 (0.1% Q3 2011)
 - 0.3% in 9M 2012 (1.5% 9M 2011)



- Weighted average amount of 17,955,467 shares (9M 2011: 17,218,629)

Working Capital

Working Capital Breakdown



- Working Capital increased by € 1.8 Mio. due to seasonal effects
- Higher inventories at the beginning of the winter business
- Optimized inventory management
- No significant old merchandize on stock

Cash Flow Statement

Clustered Cash Flow Statement

<i>in k€</i>	01.01. – 30.09. 2012	01.01. – 30.09. 2011	Δ
Net Profit	-12,945	-8,015	-4,930
Increase of inventories	-20,020	-35,047	15,027
Decrease of trade payables, other payables and other provisions	8,327	6,489	1,838
Other non-cash items	27,606	21,432	6,173
Net cash flows from operating activities	2,967	-15,140	18,107
Net cash flows from investing activities	-8,082	-9,772	1,690
Free cash flow	-5,115	-24,913	19,797
Net cash flows from financing activities	-13,940	14,739	-28,679
<i>Thereof share buy back</i>	-4,626	-	-4,626
<i>Thereof capital increase</i>	-	26,500	-26,500
<i>Thereof finance lease payments</i>	-9,118	-9,777	659
Net change in cash and cash equivalents	-19,055	-10,174	-8,881

Key Financial Positions and Ratios

<i>in k€</i>	Sept. 30, 2012	Dec. 31, 2011	Δ	Sept. 30, 2011
Property, plant and equipment	58,213	50,654	7,559	50,913
Inventories	92,165	73,528	18,637	94,336
Cash and cash equivalents	20,969	40,024	-19,055	22,782
Total equity	59,163	74,824	-15,661	59,693
Total liabilities	145,306	112,570	32,736	138,040
Total assets	204,469	187,394	17,075	197,733
Ratios				
Equity ratio	28.9%	39.9%		30,2%
Debt equity ratio	2.46	1.50		2,31

Balance Sheet - Liabilities Breakdown

Overview of Current and Non-Current Liabilities

<i>in k€</i>	Sept. 30, 2012	Dec. 31, 2011	Δ	Sept. 30, 2011
Amounts owed to credit institutions	0	5	-5	0
Provisions	7.953	7.812	141	7,964
Financial liabilities *	29.870	19.108	10.762	28,443
Finance lease obligations **	42.247	37.100	5.147	38,717
Trade payables	46.437	30.613	15.824	48,001
Other liabilities	18.556	17.604	952	13,597
Deferred taxes and income tax liabilities	243	327	-84	1,318
Total liabilities	145.306	112.570	32.736	138,040

- ADLER is financed by equity - unleveraged
- Strong Equity Ratio of 28.9% ensures financial strength
- * Financial liabilities: thereof €m 25.7 customer card provisions as of Sept. 30th, 2012
- ** Finance lease obligations increased due to extension of four finance lease contracts

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Expansion and Financial Outlook 2012

Store Expansion

- Store expansion with app. 15 openings
- 11 new stores realized in first nine month of 2012

Revenue Guidance

Revenue growth in the upper single-digit to lower double-digit percentage range

EBITDA Guidance

EBITDA improvement in accordance to the revenue growth

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Deutsches Eigenkapitalforum, Frankfurt

January 21 – 23, 2013

Cheuvreux German Corporate Conference, Frankfurt

March 21, 2013

Publication of Annual Report 2012

May 22, 2013

Annual General Meeting