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JAHRE ADLER
WIR FEIERN
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ADLER
ALLES PASST



Analyst Presentation on the H1 2018 results:

Earnings turnaround in
Q2 – revenue growth
expected for 2nd half
of 2018

Haibach, 2 August 2018

Highlights Q2 2018

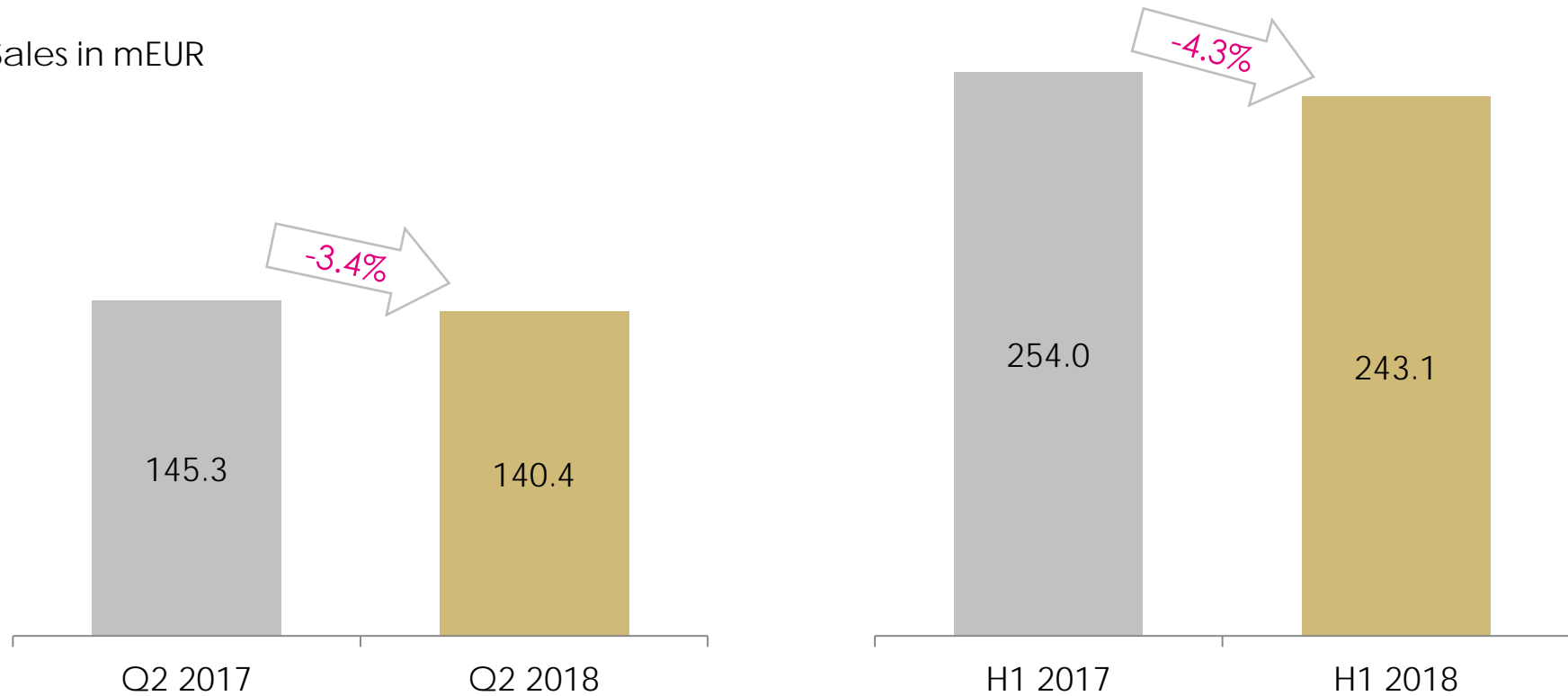
- Adjusted EBITDA in Q2 up substantially to EUR 18.7 million vs. EUR 16.5 (Q2-2017) due to positive impacts of efficiency measures
- Revenue down 3% to EUR 140.4 million due to continued difficult market environment
 - Scaled up marketing measures will result in increased revenue in H2 2018
- Free cashflow in Q2 EUR 23.8 million (Q2 2017: EUR 12.4 million)
- Liquidity at EUR 58.7 million, up significantly compared to 30 June 2017 (EUR 40.7 million)
- Significant Directors` Dealings by Thomas Freude: purchase of a total of approximately 182,000 shares (~ 1% of total shares) for around € 764,000



Targets for FY 2018 confirmed

Decrease in sales in line with expectations and continued market weakness

Sales in mEUR



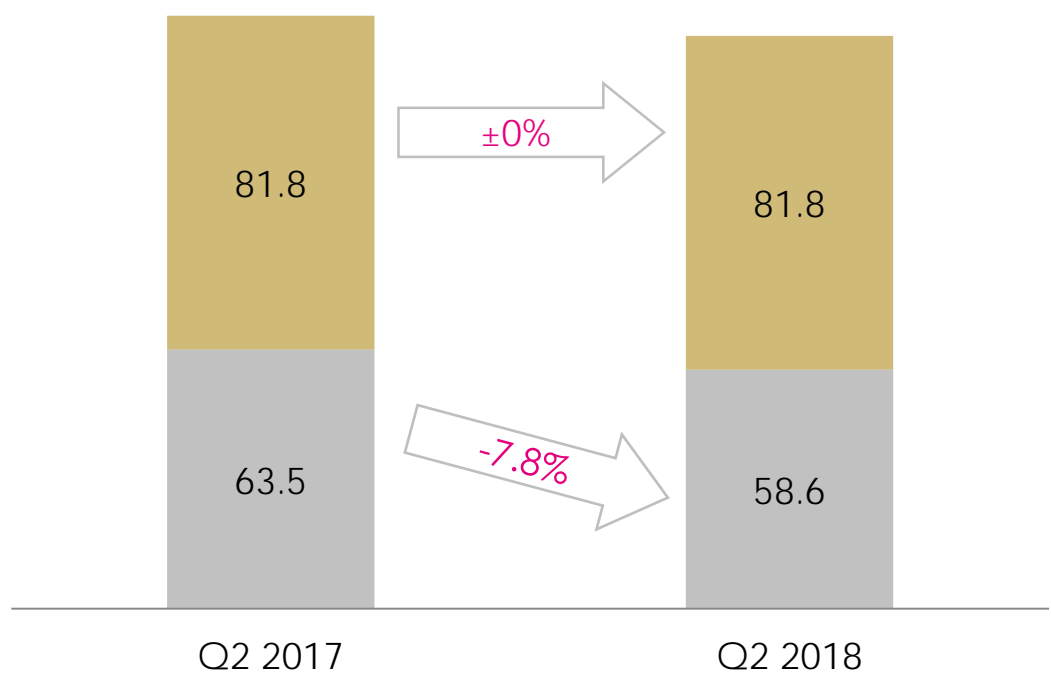
...Like-for-Like:
Q2 2018: -2.3% / H1 2018: -4.0%

...Overall development for the German
textile industry H1 2018: -2.0%

Substantial improvements in gross profit on goods sold

in mEUR

■ Gross Profit ■ Cost of Materials



... adjustment of purchasing volumes resulted in a reduction of cost of materials

... gross profit stabilized in Q2, causing a substantial improvement in gross profit on goods sold

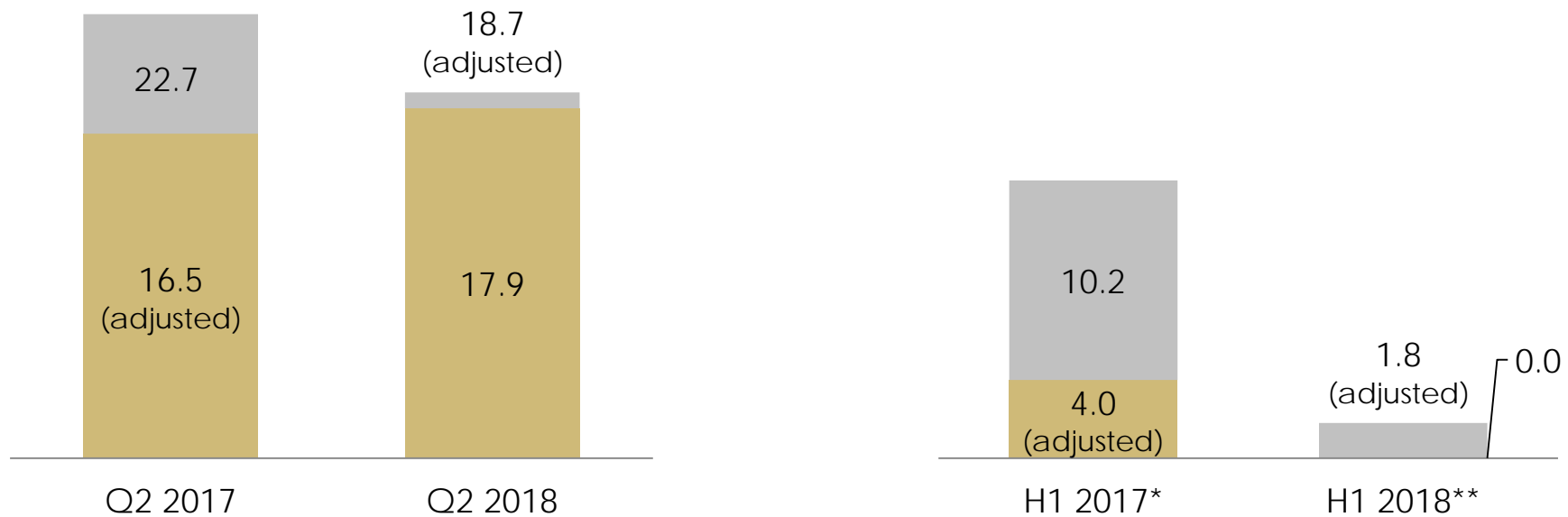
Gross profit on goods sold

56.3%

58.3%

Adjusted EBITDA up due to positive impact from efficiency measures

EBITDA in mEUR



EBITDA affected by

- ... Higher personnel expenses due to higher wages
- ... Increase in marketing expenses

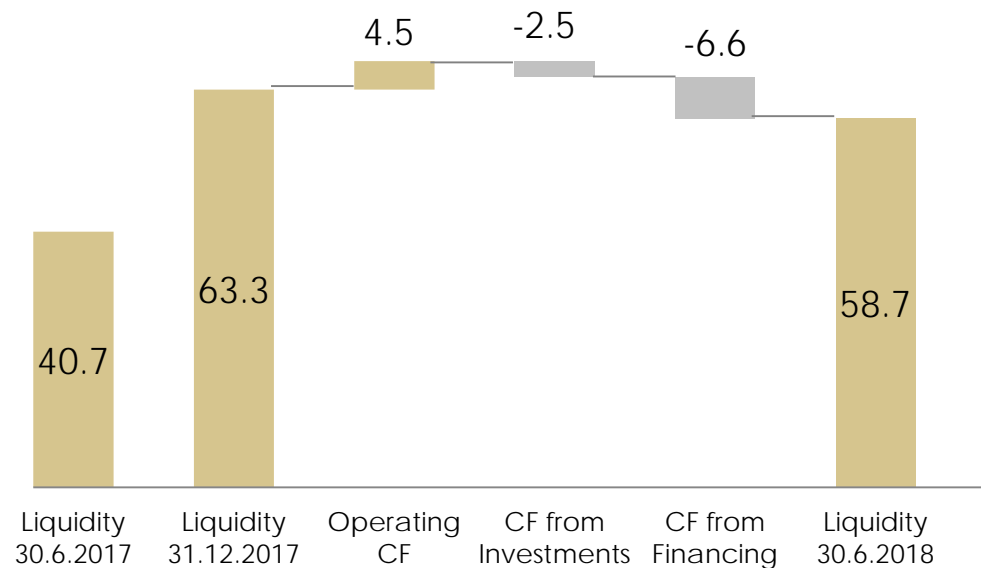
Adjustments:

* EUR +6.2 million due to sale of real estate and restructuring costs

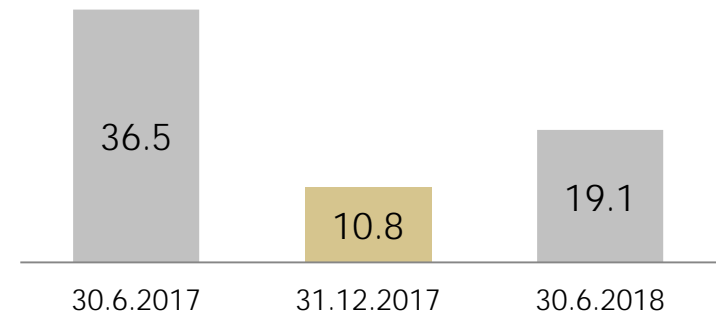
** EUR -1.8 million, of which in Q2 2018 EUR -0.8 million due to consulting fees and set-up costs for new logistics partner

Free Cashflow reached EUR 23.8 million in Q2 2018

in mEUR



Net debt in mEUR



... Working capital down to EUR 44.0 million (31.12.2017: EUR 46.6 million) due to seasonal pattern

... Liquidity and comparable adjusted free cashflow expected to be substantially higher at YE 2018 than at YE 2017

... Debt / equity ratio of 1.57 above the figure for year-end 2017 (1.41) but below the 1.80 recorded as at 31 March 2018

... Equity ratio at solid 38.8%

High quality of balance sheet to implement growth strategy ADLER 2020

in m€	30 June 2017	30 June 2018	31 Dec. 2017	Change
Total assets	231.6	231.7	241.1	-3.9%
Inventories	72.0	70.8	73.7	-3.9%
Trade receivables	0.4	0.1	0.6	-90.2%
Cash & cash equivalents	40.7	58.7	63.3	-7.3%
Equity	95.2	90.0	100.0	-10.0%
Equity ratio	41.1%	38.8%	41.5 %	-2.7pp
Trade payables	28.2	26.9	27.6	-2.5%



Scaled-up marketing measures will result in higher revenue in H2 2018

- 70th anniversary of ADLER Modemärkte offers opportunities for a wide range of marketing activities.
- **Gapless action chain until year-end 2018, leading to high awareness and marketing pressure in H2.**
 - Increased number of mailings for existing clients and additional anniversary campaigns designed to address particularly new clients – both often combined with triggers such as giveaways and discounts on favorite items
 - 80+ store events in H2 such as fashion shows to increase footfall
 - Strong focus on promoting the ADLER app (mailings, roll-up displays at PoS, staff training, incentives)



Revenue for 2nd half 2018 should compensate for shortfall in H1

Confidence to achieve targets for 2018 – full-year guidance confirmed

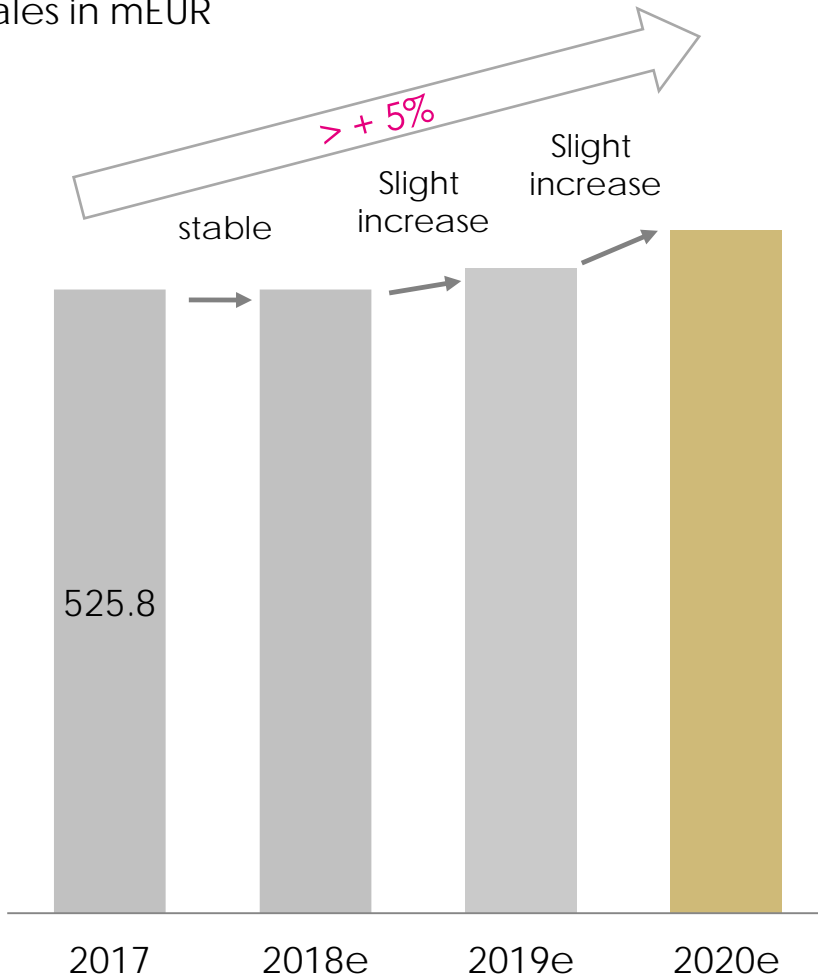
Revenue	→	on prior-year level
Revenue generated online	↗	Significant increase
Gross profit margin	↗	Slight improvement
Personnel expenses	↗	Slight increase
Transport and logistics costs	↗	Slight increase
Operating EBITDA	↗	EUR 26-29 million
Free cash flow	↘	Below prior-year level due to special effect in 2017 - adjusted figure above prior year

...Majority of positive effects from ADLER strategy 2020 will start to be felt in financial year 2019, i. e. from the change of sourcing and logistics partners

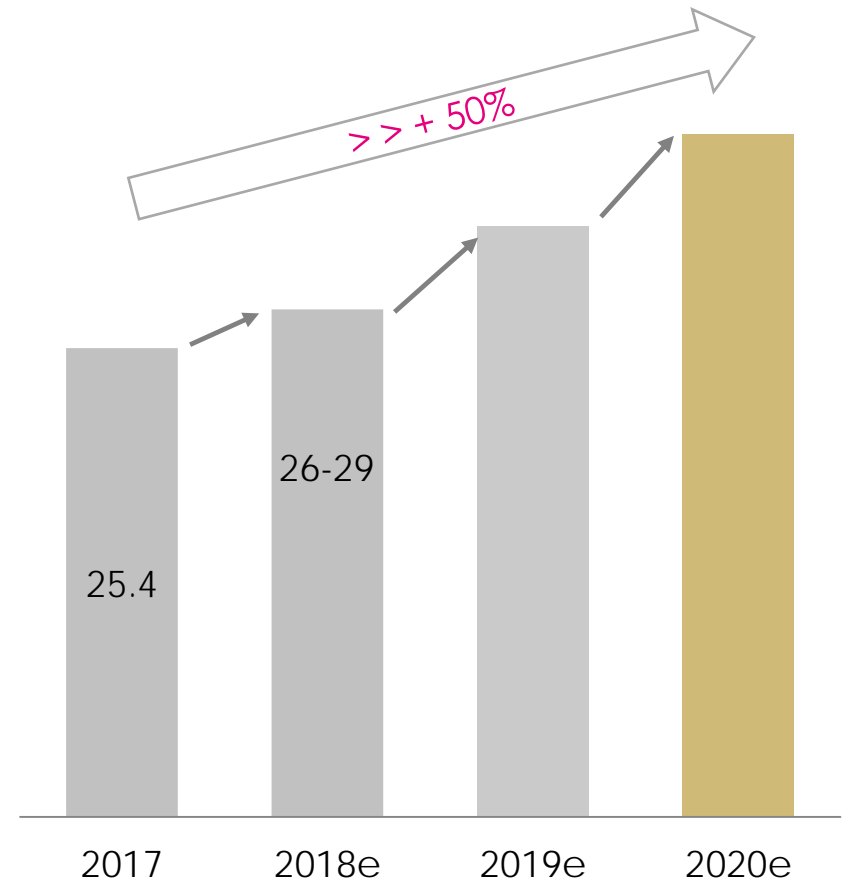
Strategy 2020 will deliver topline growth and disproportionate growth in EBITDA by 2020 at the latest



Sales in mEUR



Operating EBITDA in mEUR



Financial Calendar & Contact



Report on the First Nine Months

8 November 2018

Baader Investment Conference

26 September 2018

German Equity Forum, Frankfurt

26-28 November 2018

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