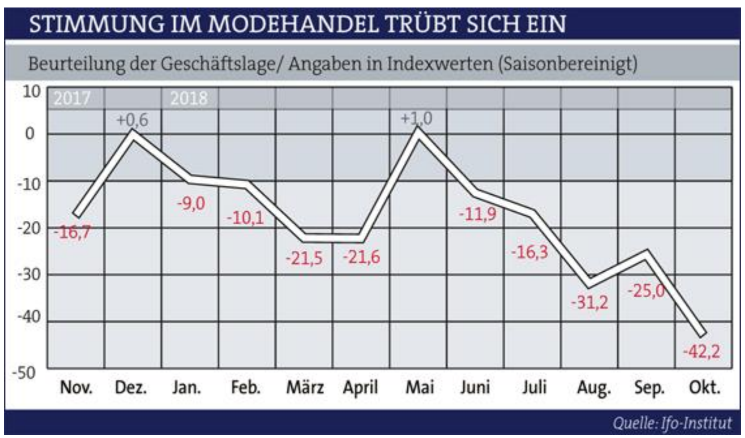
Analyst Presentation 9M 2018:

Solid Q3 despite weak demand in textile industry

> Haibach, 8 November 2018

Key Facts Q3 2018

- Sales decline limited to 2.4% to € 117.3 million in the light of strong headwind from the extraordinarily hot and long summer as well as difficult overall market environment
- Gross profit margin stable at 50.3% in spite of revenue decline; improvement from 52.1 % to 53.0 % in the 9-month-period
- Despite of negative non-recurring effects, other operating expenses down 9.0% due to successful measures aimed at improving efficiency
- At € 47.5 million, cash position significantly above prior-year figure of € 36.6 million
- Annual targets for 2018 adjusted due to ongoing weakness of textile industry; earnings-turnaround in 2019 expected



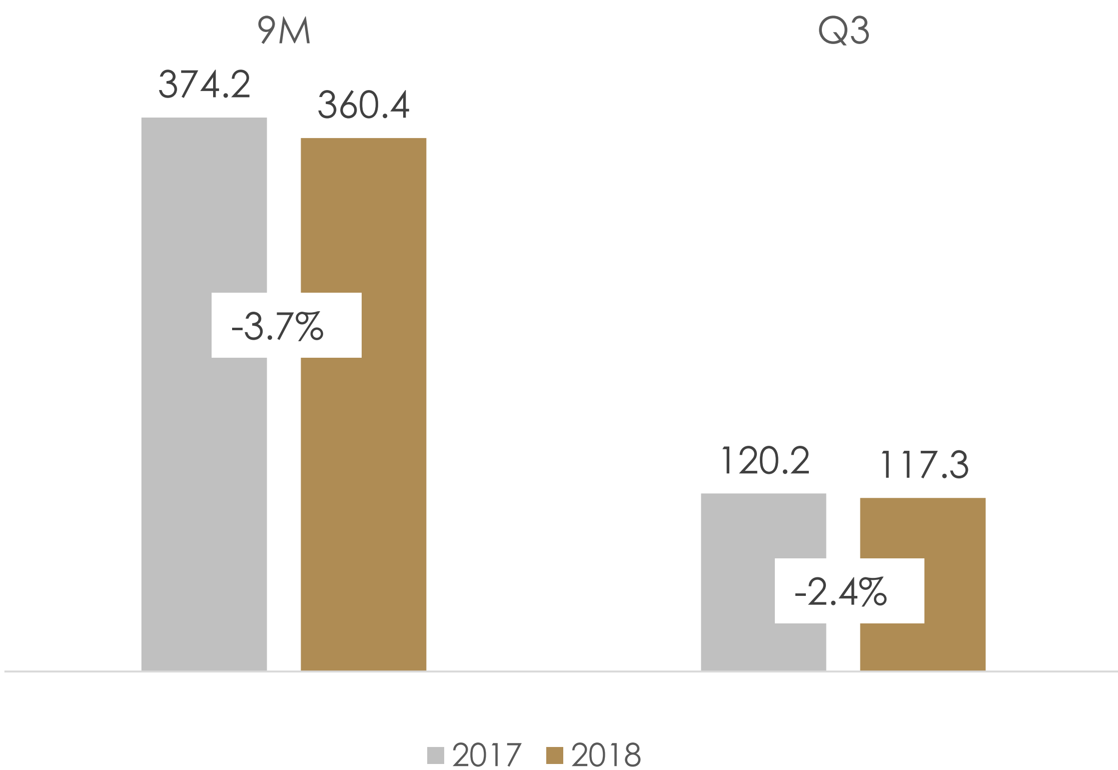
Sentiment in fashion industry dampens

Evaluation of business situation // information in index values

Source: ifo-institute

Like-for-like revenue drop limited to 1.3% in a tough third quarter

> Reported revenue



> Like-for-like revenue

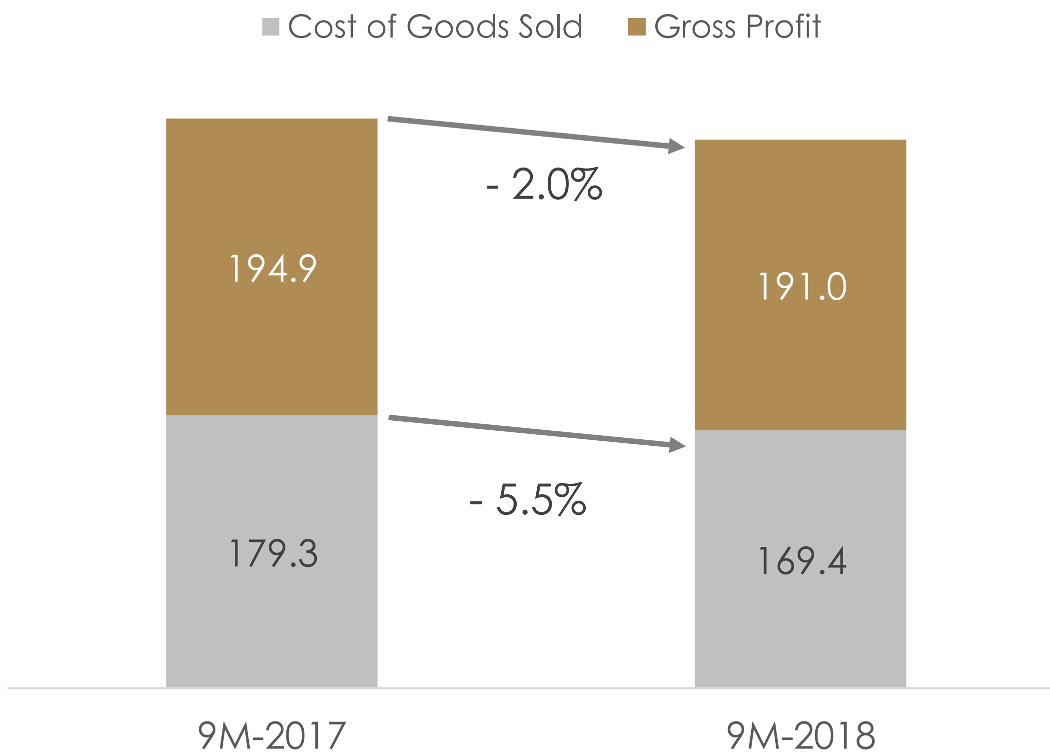
- - 3.1% for the 9-month-period
- - 1.3% for the third quarter

> *Revenue in Q4 2018 supposedly on last year´s level against the backdrop of a sluggish start to November and clouded industry expectations for the Christmas period sales*

Gross profit margin up by 90 bp in 9M, stable in Q3

- Significant decrease in cost of materials due to optimisation of purchasing volumes
- Decline in gross profit thus limited to 2%
- Gross profit margin up 90 bp to 53.0% (9M 2017: 52.1%)
- Margin stable at 50.3 % in Q3 in spite of shifts in consumer spend due to the long summer

- *Further improvement of gross profit margin expected until year-end 2018*

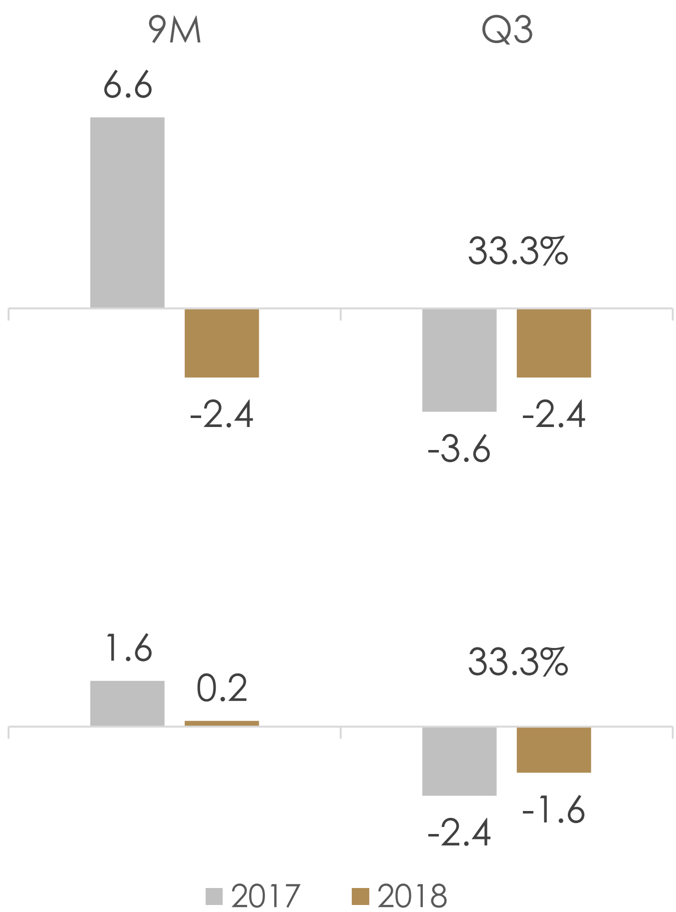


Gross profit margin **52.1%** **53.0%**

Improvement of Q3-EBITDA in spite of lower revenue

> EBITDA reported

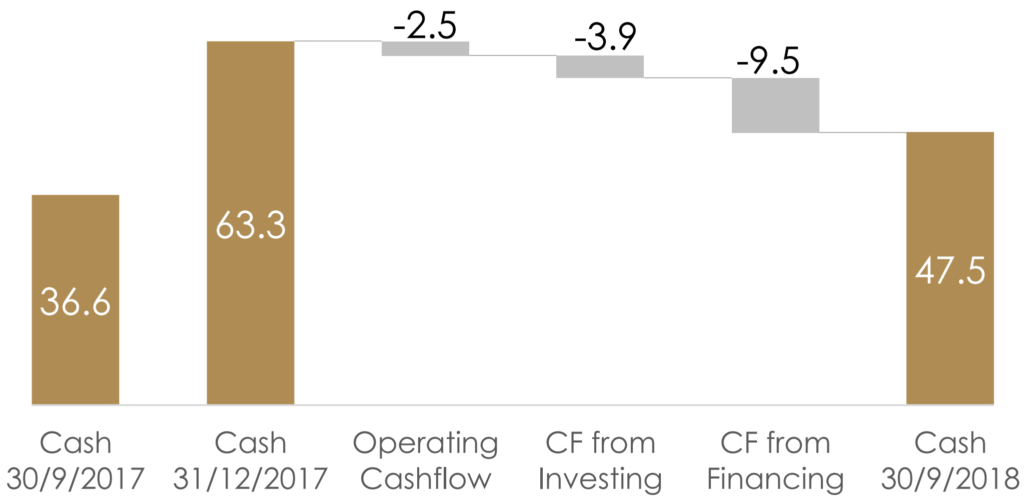
> EBITDA adjusted



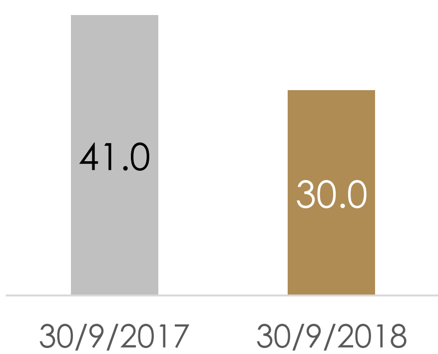
- Reported EBITDA in 9M 2017 boosted by special effects of in sum € 5.0 million from real estate transactions
- Reported Q3-EBITDA improves by 33.3% to € -2.4 million in spite of revenue decline and special effects
- Adjusted* 9M-EBITDA slightly positive at 0.2 € million
- Adjusted* Q3-EBITDA improves by € 0.8 million
- *Earnings in Q4 higher than in other quarters due to sale of winter merchandise with better margins.*

(* adjusted for dampening special effects in connection with the ADLER strategy 2020 and onboarding costs for ADLER´s new logistics service provider Meyer&Meyer)

Strong cash position in spite of seasonal factors and payment of dividend



Net debt in m€



- Cash position € 10.9 million higher yoy mainly due to cash inflows at year-end 2017 connected to real estate transactions
- Decline compared to year-end 2017 because of seasonal factors
- *Further strengthening of cash position until year-end 2018 expected*
- Net debt reduced by 27.5% to € 30.0 million yoy

High quality of balance sheet to finance implementation of ADLER strategy 2020

	30 Sept. 2017	30. Sept. 2018	31. Dec. 2017
Total assets	249.6	247.0	241.1
Inventories	93.3	92.7	73.7
Trade receivables	0.4	0.3	0.6
Cash position	36.6	47.5	63.3
Equity	89.1	84.2	100.0
Equity ratio	35.7%	34.1%	41.5 %
Trade payables	51.2	51.9	27.6

FY 2018 guidance adjusted – mid-term guidance confirmed

Revenue	Revenue generated online	Gross profit margin
Slight decrease	Significant increase	Slight improvement

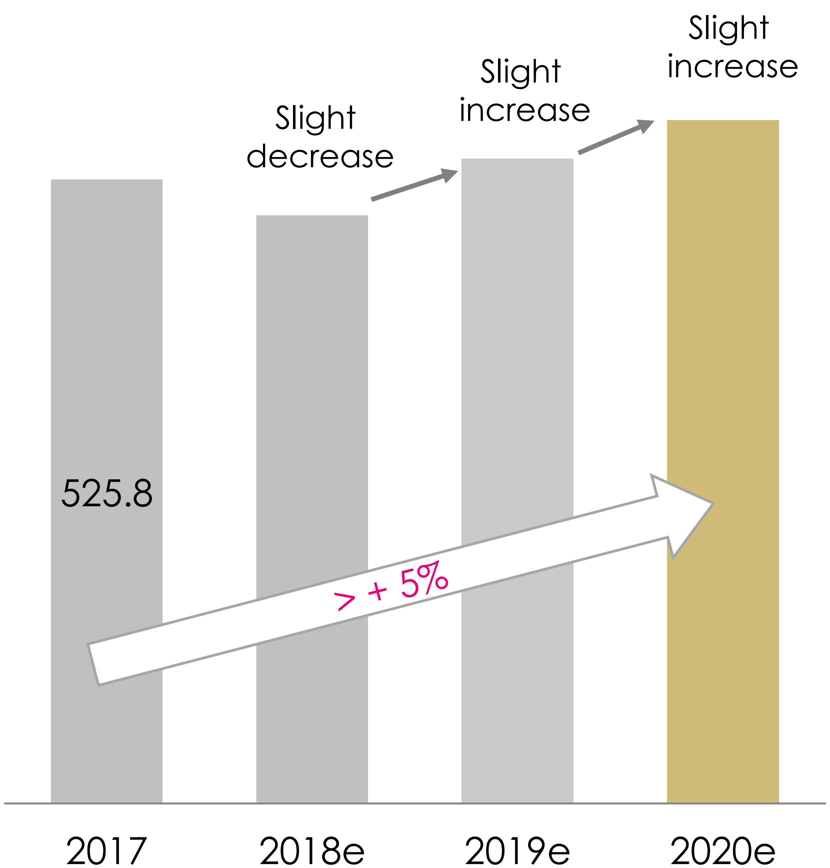
Personnel expenses	Transport and logistics costs	Operating EBITDA
Slight increase	Slight increase	EUR 20-24 million

Liquidity
Above last year´s level

…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

Effects from ADLER Strategy 2020 will start to kick in 2019

> Sales in mEUR

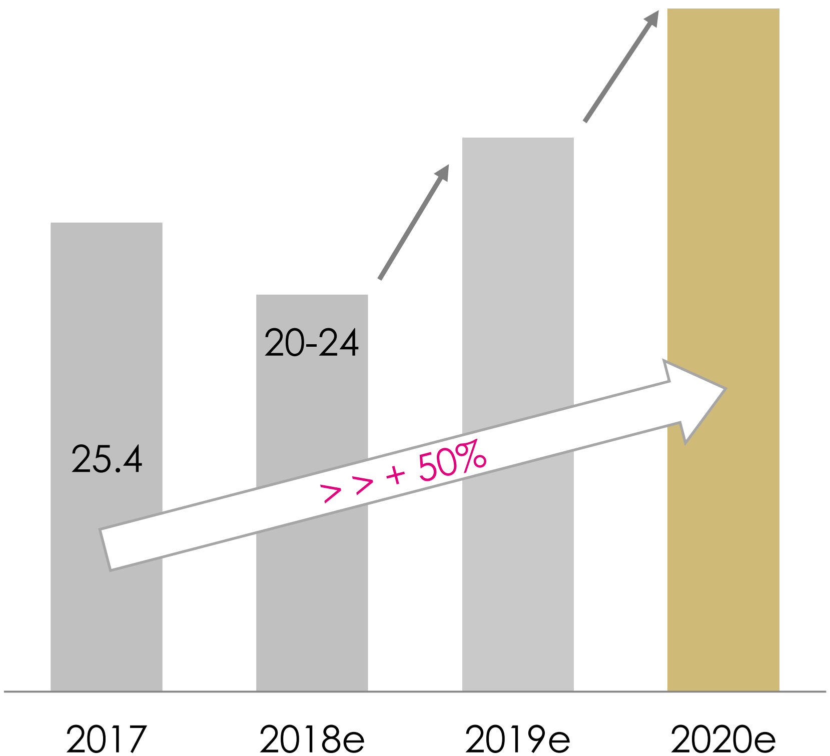


> Sales increase expected as a result of

- optimisation of marketing mix with strong focus on efficiency
- new staff planning depending on expected footfall to tap into additional sales potential at peak times
- regular staff training
- gradual transition of ADLER stores into event platforms for best agers
- optimisation of retail space
- step-by-step digitisation of processes and administrative tasks to enhance time available for customer service

Substantial impact of ADLER strategy 2020 on earnings and cash flows from 2019 onwards

> Operating EBITDA in mEUR



> EBITDA will be boosted by

- change to Meyer&Meyer as new logistics provider
- phasing out of low-margin external brands as well as less popular items while strengthening high-margin own brands
- improved inventory management

Financial Calender + Contact

Save the date

- **German Equity Forum, Frankfurt**
  24 – 27 November 2018
- **Annual Report 2018**
  14 March 2019
- **Report on the first three months**
  7 May 2019
- **Annual General Meeting**
  8 May 2019
- **Report on the first half year**
  1 August 2019
- **Report on the first nine months**
  7 November 2019

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