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ANALYST PRESENTATION

23 February 2011

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Agenda for the day

09:00 – 11:00	1	Offering structure	Commerzbank
	2	Introduction to ADLER	Lothar Schäfer
	3	Investment highlights	Lothar Schäfer
11:00 – 11:15		Coffee break	
11:15 – 11:45		Site visit – Flagship store Haibach	
11:45 – 13:30	4	Positioning	Lothar Schäfer, Thomas Wanke
	5	Distribution concept	Thomas Wanke
	6	Value chain	Lothar Schäfer
		Q&A session	
13:30 – 14:00		Lunch break	
14:00 – 15:30	7	Financial discussion	Jochen Strack
	8	Summary	Lothar Schäfer
		Q&A session	

1 **Offering structure**

2 Introduction to ADLER

3 Investment highlights

4 Positioning

5 Distribution concept

6 Value chain

7 Financial discussion

8 Summary

9 Appendix

Overview of the offering

Issuer	▪ Adler Modemärkte AG
Offering structure	▪ Public offering in Germany ▪ International private placement to institutional investors outside the US according to Reg S
Listing	▪ Frankfurt Stock Exchange (Prime Standard)
Current shareholder structure	▪ bluO (100%)
Offering size	▪ Primary shares of approx. €30m proceeds ▪ Additional secondary shares to achieve free float of approx. 55% in base deal
Greenshoe	▪ Greenshoe of up to 15% of the base deal (secondary shares)
Use of primary proceeds	▪ Growth financing (store roll-out and external growth) ▪ Expansion of shop-in-shop concepts with external brands ▪ Financing of store refurbishment programme
Lock-up	▪ Company and management: 12 months ▪ Selling shareholder: 6 months
Syndicate structure	▪ Sole Global Coordinator / Sole Bookrunner: Commerzbank ▪ Co-Bookrunner: Crédit Agricole CIB
Management incentive scheme	▪ Long term management incentive plan for senior management team (stock appreciation rights)

Expected timetable

Date	Milestones
Wed, 23 February	Analyst presentation
Wed, 02 March	Submission of follow-up questions by research analysts (10:00 CET)[(1)]
Mon, 07 March	Conference call with analysts regarding follow-up questions (09:00 CET)
Mon, 14 March	Submission of research report drafts to Gleiss Lutz for factual accuracy review by ADLER (12:00 CET)
Wed, 16 March	Feedback on factual accuracy
Mon, 21 March	Printing and distribution of research reports
Tue, 22 March	Start of black-out period (00:01 CET)

[(1)] Questions should be addressed to:
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Phone: +49 6021 633 1417
Email: jochen.strack@adler.de

1	Offering structure
2	**Introduction to ADLER**
3	Investment highlights
4	Positioning
5	Distribution concept
6	Value chain
7	Financial discussion
8	Summary
9	Appendix

Today's presenters

Lothar Schäfer
Chief Executive Officer

- Joined ADLER in March 2009
- More than 10 years experience as CEO

Thomas Wanke
Chief Sales Officer

- Joined ADLER in July 2009
- More than 25 years relevant industry experience with various positions at Takko, OBI, Charles Vögele, Ernsting's family

Jochen Strack
Chief Financial Officer

- Joined ADLER in September 2009
- More than 25 years experience in tax, audit and controlling

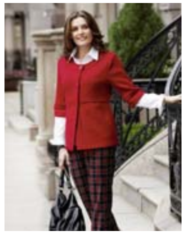
Who is ADLER

- The leading German apparel retailer for customers aged 45+ with comfortable fits in the value fashion segment
- Clear brand positioning and outstanding value-for-money perception
- Strong brand awareness and high customer loyalty
- Product portfolio is characterised by a high proportion of own brands (96% of gross revenues in 2010)
- Lean and vertical integrated business model with full information control over the entire value chain
- Multi-channel distribution concept with 135 own operated retail stores and e-business
- Highly committed management team with proven track record of successful repositioning of ADLER

ADLER presents an excellently positioned fashion brand, making it an attractive investment opportunity in a fast growing market segment

ADLER at a glance

	Key products	Own brands	External brands[1]
Women	T-shirts / Jumpers	Bexleys	Steilman
	Knitwear	Malva	Street One
	Blouses	Thea 42+	Cecil
	Skirts / Dresses	My Own	s.Oliver
	Trousers / Jeanswear	Via Cortesa	Tom Tailor
	Jackets / Coats	Viventy	Mexx
Men	T-shirts / Jumpers	Bexleys	Wrangler
	Knitwear	Senator	Tom Tailor
	Shirts	Eagle No. 7	Cecil Men
	Trousers / Jeanswear	Big Fashion	Mexx
	Suits / Blazers	Via Cortesa	Gin Tonic
	Jackets / Coats		Pioneer
Lingerie	Underwear	Bexleys	Triumph
	Nightwear	Malva	Schiesser
	Corsetry	Thea 42+	Skiny
	Socks	Senator	Sloggi
	Swimwear	Big Fashion	Huber
			Sassa
Accessories & Supplements	Accessories[2]	Bexleys	Dockers
	Shoes	Alphorn	Tamaris
	Kidswear	fit & more	Rieker
	Traditional costumes	Eibsee	Mercedes
	Sportswear	Rotation	Tom Tailor
	Jewellery	ADLER Club	Irina





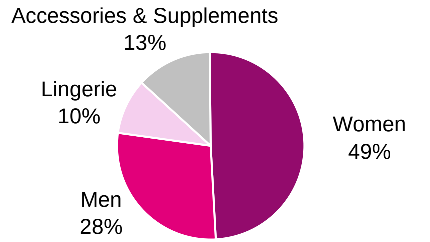



(1) Selected external brands; (2) Includes bags, belts, scarves, hats, caps, umbrellas amongst others

Note for the whole document: All financials based on IFRS; gross revenues presented before discounts and value added tax; sums may not add up due to rounding effects

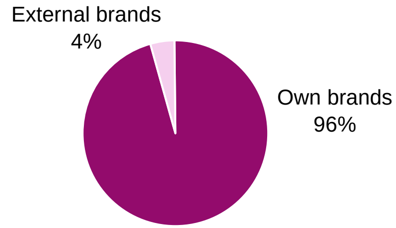
Balanced product portfolio

Total gross revenues 2010: €534.7m



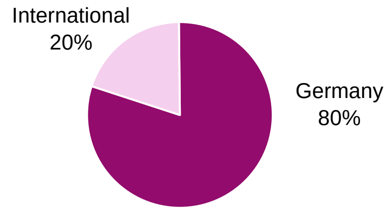
Focus on own brands

Total gross revenues 2010: €534.7m



Established international footprint

Total net revenues 2010: €444.8m



Key milestones in ADLER's history

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1948	▪ Foundation of ADLER by Wolfgang Adler
1970	▪ Opening of first store in Haibach
1974	▪ Launch of ADLER customer card
1981	▪ Market launch in Luxembourg
1982	▪ Sale to ASKO Deutsche Kaufhaus AG
1987	▪ Market launch in Austria
1996	▪ Sale of ASKO Deutsche Kaufhaus AG to Metro
2005-08	▪ Re-design and refurbishment of layout and collections targeting younger and more fashion oriented consumer group
2009	▪ bluO acquires ADLER from Metro (in first quarter of 2009) ▪ New management team ▪ Successful repositioning of ADLER
2010	▪ 135 stores in Germany, Austria and Luxembourg as of 31 December 2010 ▪ 15 store openings ▪ Launch of e-shop ▪ Acquisition and integration of Woolworth Austria ▪ Successful materialisation of strategic initiatives with an increase in revenues of 10% y-o-y and EBITDA of €38m

Successful repositioning of ADLER

		Old concept		New concept	
1	**Strategic alignment**	▪ Rejuvenation of customer group		▪ Reorientation on customers aged 45+	
2	**Product offering**	▪ More fashion oriented product offering to target younger customers ▪ Large proportion of modern fashion items with form-fitting cuts	 V shape	▪ Development of customer oriented product offering: comfortable fits, conservative fashion styles ▪ Extension of product portfolio with external brands	 A shape
3	**Marketing strategy**	▪ Marketing activities to target younger, more lifestyle oriented customers		▪ Implementation of visual merchandising team ▪ Optimised and customer oriented advertising concept	
4	**Expansion**	▪ Restructuring concept with particular emphasis on store closures		▪ Strategic focus on store roll-out and like-for-like revenue growth ▪ Launch of e-shop to develop multi-channel distribution concept	

- **Having successfully repositioned the ADLER brand and reorganised its operations and management systems, ADLER's current strategy is focused on significant top-line growth and sustainable improvement of operating profitability**

Quick and sustainable materialisation of strategic measures

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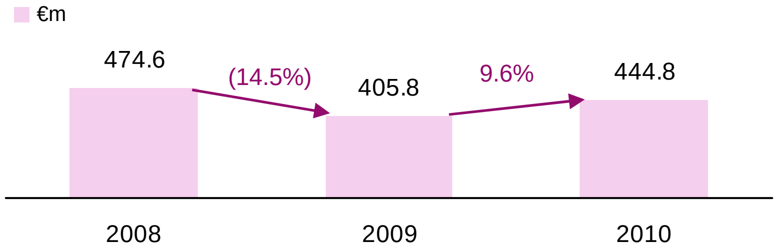
Key financials | Historical performance | Upside potential

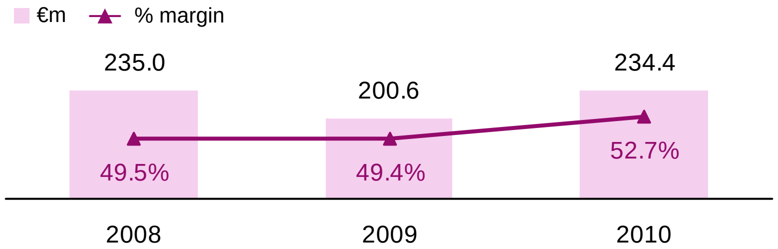
Net revenues



Historical performance
- Decline in 2009 revenues mainly due to lost customers in the wake of the rejuvenation strategy as well as store closings
- Strong growth momentum 2010 on the back of successful repositioning, store roll-out and like-for-like revenue growth

Upside potential
- Fast store roll-out
- Further improvement of sales densities through strategic initiatives such as store refurbishment and expansion of external brands
- Expansion of e-business
- New market entries

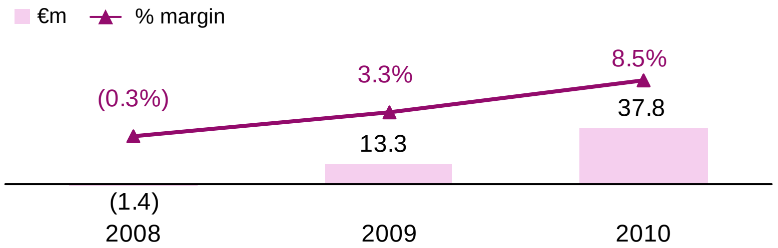
Gross profit



Historical performance
- Considerable improvement in gross margins due to reduction of mark-downs

Upside potential
- Improvement of buying terms
- Expansion of direct sourcing
- Realisation of economies of scale through store expansion
- Further reduction of mark-downs through new IT and product redistribution system

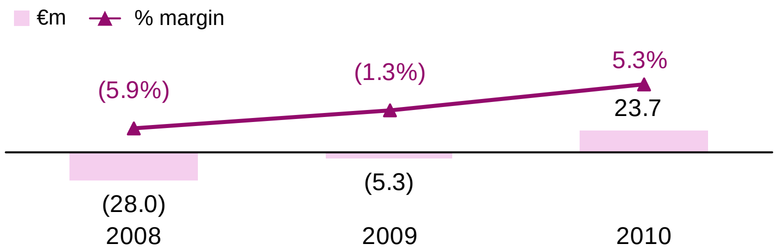
Adjusted EBITDA



Historical performance
- Strong increase of EBITDA margin 2010 driven by successful repositioning of ADLER, implementation of operational initiatives and optimisation of cost structure
- No adjustments of financials in 2010

Upside potential
- Continued materialisation of operational improvements
- Scalability of business model and rapid growth allowing degression of overhead costs

Adjusted EBT



Historical performance
- Strong bottom-line earnings reflect low financial leverage
- Decreasing level of depreciation through streamlining of business model with the disposal of logistics operations
- No adjustments of financials in 2010

Upside potential
- Continuing improvements of financing terms

Note for the whole document: Due to the disposal of logistics operations (Motex) in 2010, figures only presented as continuing operations for FYs 2009 and 2010

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Investment highlights

1	**Excellent positioning and clear market focus**	▪ The leading apparel retailer with excellent focus on target group aged 45+ with comfortable fits ▪ Clear brand positioning in the value price segment with outstanding value-for-money perception ▪ Strong brand awareness in Germany
2	**Superior customer loyalty and high visibility**	▪ High customer loyalty based on strong and long-standing customer relationships ▪ Full visibility of customer behaviour – 91% of revenues generated by 3.3 million active ADLER Customer Card owners in 2010
3	**Beneficiary of major demographic trends**	▪ Key beneficiary of demographic shift to an aging population ▪ Attractive positioning in the value price segment, being the winning segment in the German apparel market
4	**Compelling business model**	▪ Lean and vertical business model with full information control over the entire value chain ▪ Asset light model with high scalability due to high process standardisation and limited capex requirements for new store openings ▪ Highly flexible modular store system providing maximum customisation capabilities
5	**Significant growth potential**	▪ Attractive diversity of complementing growth drivers ▪ Strong growth potential across all product divisions and brands ▪ Significant store roll-out opportunity in Germany ▪ International expansion in both existing and new markets
6	**Attractive profitability upside**	▪ Systematic margin upside through conceptual improvement of retail store portfolio ▪ Large upside potential through expansion of direct sourcing activities and realisation of economies of scale
7	**Strong management team with proven track record**	▪ Highly regarded and committed management team with a complementary skill set ensuring strong expertise in all relevant areas ▪ Successful track record of repositioning the ADLER brand, return to profitability and implementing strategic platform for further profitable growth

1 Unique positioning and clear market focus

The leading apparel retailer with unique focus on customer group aged 45+ with comfortable fits

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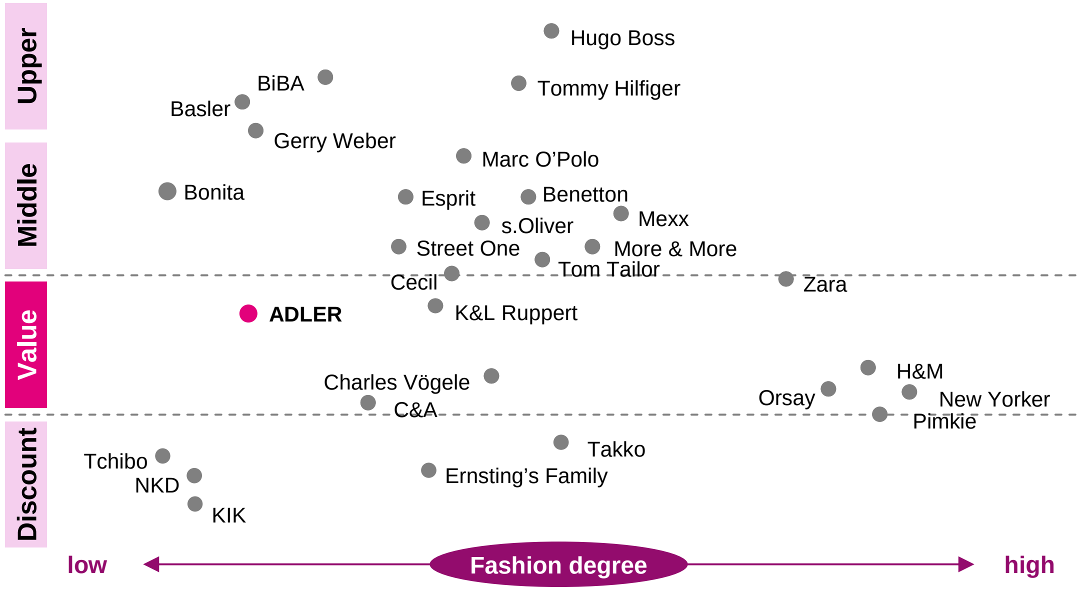
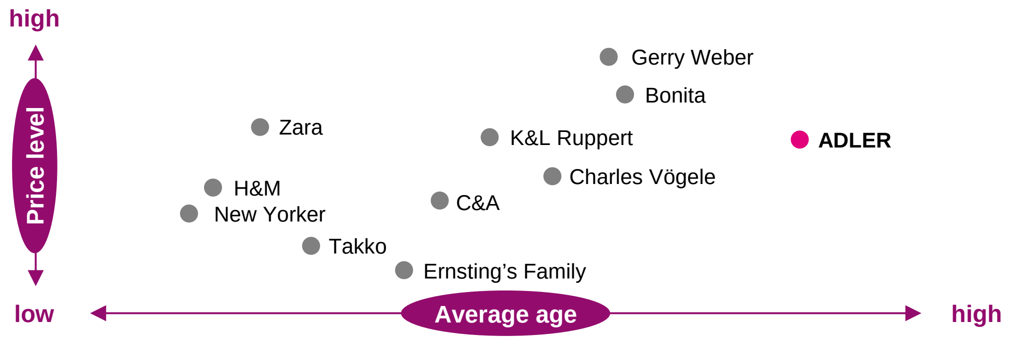
Brand positioning of ADLER



Source: Management view

Positioning by target group age and price level



Source: Management view

Highlights

- Excellently positioned in the attractive fast growing value fashion segment
- Clear focus – only fashion retailer dedicated to target customers aged 45+
- Conservative fashion degree and comfortable fits adapted to the needs of the target group
- Outstanding value-for-money perception
- Large area concept with store sizes from 700 to 4,000 sqm creating customer frequency
- Pleasant and convenient shopping atmosphere

Strong brand awareness in Germany

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	Germany – Brand awareness[1]		vs.	Germany – Number of stores[2]
	All age groups	Women aged 40+		
C&A	97%	97%		477
H&M	93%	93%		362
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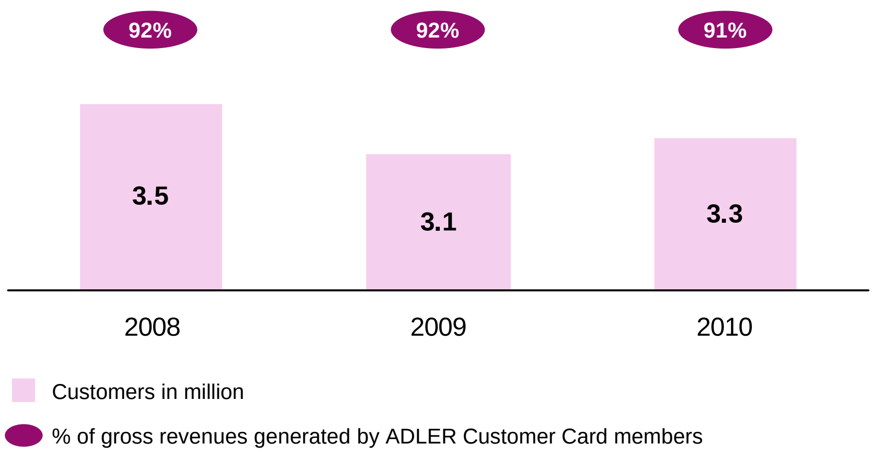
Charles Vögele Switzerland	59%	66%		314
BONITA	54%	71%		800
GERRY WEBER	52%	62%		155
Ernsting's family	40%	49%		1,422
Ulla Popken	39%	59%		184
KL	33%	32%		65

- **Strong consumer acceptance in Germany with brand awareness of 70% among all age groups and 84% among women aged 40+ respectively**
- **High brand recognition in relation to store network indicating strong further potential of the ADLER brand**

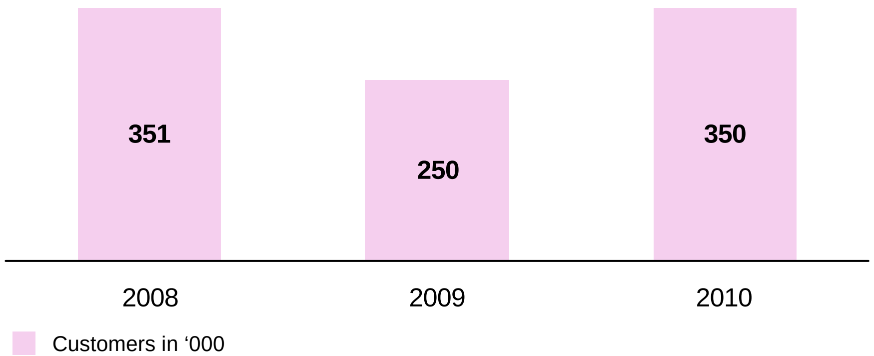
Sources: [1] Textilwirtschaft (Top Shops 2009); [2] Mintel (2010); company information

High customer loyalty based on strong and long-standing customer relationships

Active ADLER Customer Card members[1]



New ADLER Customer Card members



[1] Defined as customers shopped with ADLER Customer Card in respective year

Highlights

- ADLER customers are characterised by a high degree of loyalty
- ADLER loyalty card scheme as core element of customer relationship management
  - Ranked among the top 5 active loyalty card schemes in Germany
  - Largest loyalty card scheme in the German apparel industry
  - High visibility and predictability of customer demand, 91% of total gross revenues realised by loyalty card members in 2010
  - Focused and efficient marketing and advertising opportunities
- Strong consumer contact database
  - Approx. 29 million mailing addresses
  - 375,000 active email addresses targeted on a regular basis
  - Target group with high affinity for direct mailing

Key beneficiary of demographic shift to an aging population

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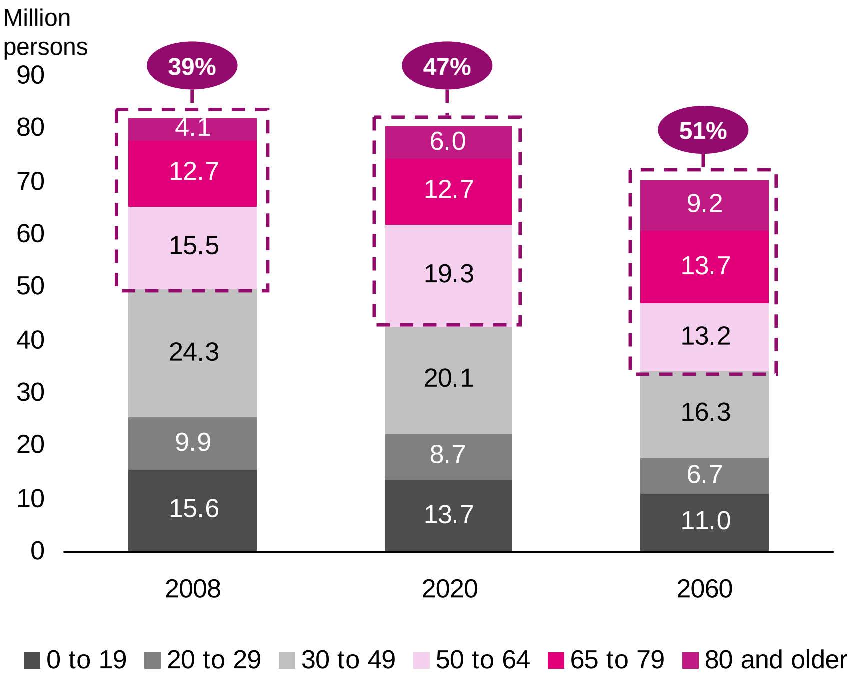
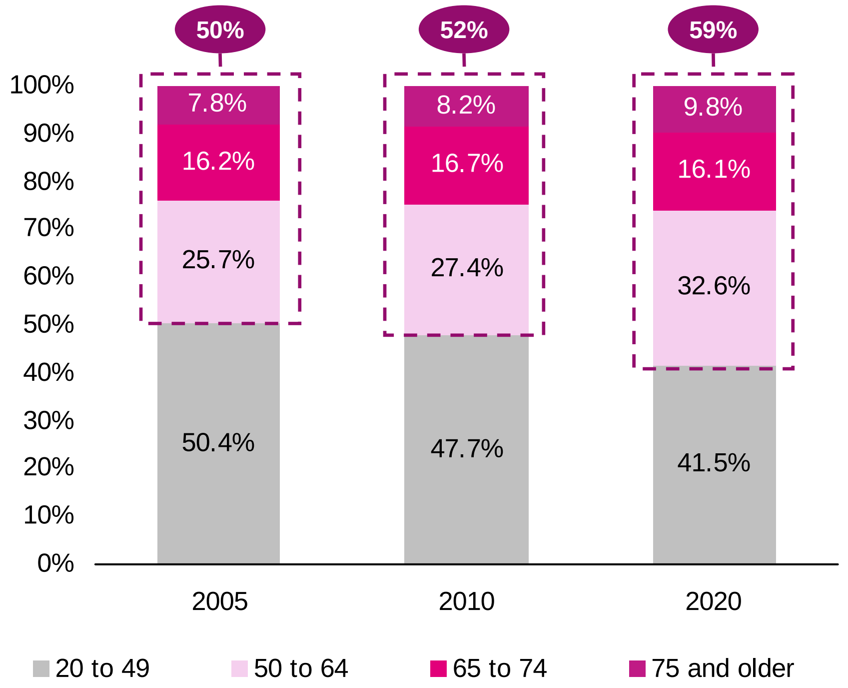
Germany – Population by age groups 2008-2060



Source: Federal statistical office

Germany – Consumption by age groups 2005-2020[1]



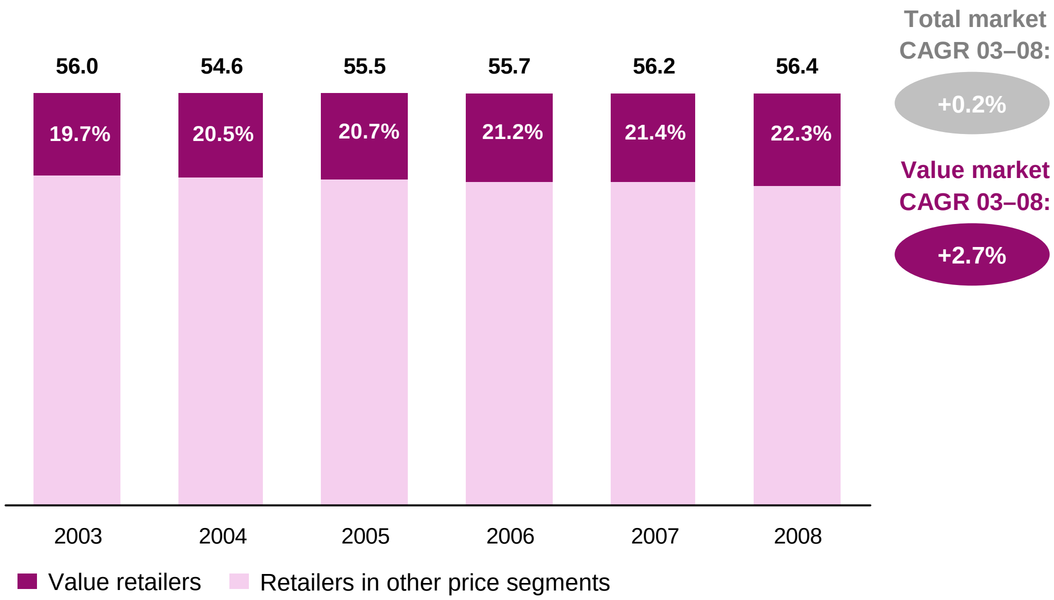
Source: Agentur für Generationen-Marketing (June 2010); Roland Berger

(1) Consumer spending on clothing, footwear and jewellery

- **Continuous shift to an aging population – by 2020, almost half of the German population is expected to be 50 years and older**
- **German population aged 50+ is expected to grow by 5.7 million persons (+18%) from 2008 to 2020**
- **Customers aged 50+ are the most important customer group for clothing, footwear and jewellery, already accounting for 52% of total consumption**

Attractive positioning in the value price segment, being the winning segment in the German apparel market

Germany – Development of value retailers' market shares (€bn)



Source: Verdict (2009)

Highlights

- Value price segment benefits from changes in customer behaviour
  - Growing price sensitivity of consumers
  - Increasing demand for good quality clothes at affordable prices
  - Structural trading down of customers from mid market
  - Preferred shopping destination for a growing number of people
- Value apparel in Germany has a strong appeal independent of household income levels

- **Growth of value retailers is driven by fundamental shifts in consumer behaviour rather than by macroeconomic and general consumer spending development patterns**
- **ADLER is attractively positioned in a dynamic, consumer oriented market segment which has continuously outperformed the overall apparel market in recent years, offering significant future growth potential**

Lean and vertical business model with full information control over the entire value chain

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Full information control across the entire value chain

1 Product development

- Integration of in-house design team within the purchasing department improving efficiency of product development process
- Focus on own brands
- Fashion follower of market proven styles minimising fashion risk
- Up to 10 collections per year

2 Sourcing

- Completely outsourced manufacturing and procurement process to a well diversified supplier base
- Long-standing and trustful sourcing partnership with Metro Group Buying (MGB)

3 Logistics

- Centralised logistics operations with efficient push-and-pull warehousing system
- Organised by Motex and MGB

4 Distribution

- High competence in marketing and customer relationship management activities for target group
- Full control of all sales areas through directly operated store network
- Highly flexible modular store system
- Multi-channel distribution concept – successful launch of e-shop in March 2010

- **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**

Highly flexible modular store system providing maximum customisation capabilities

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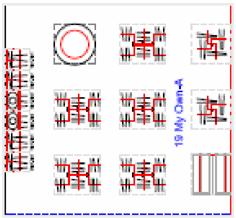
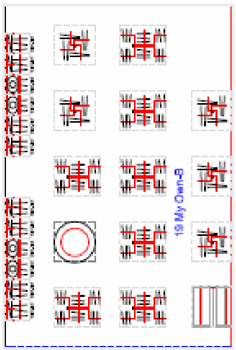
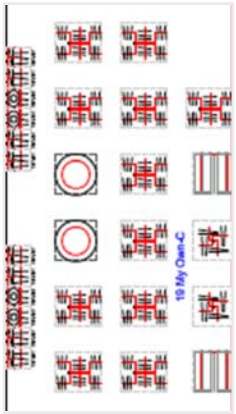
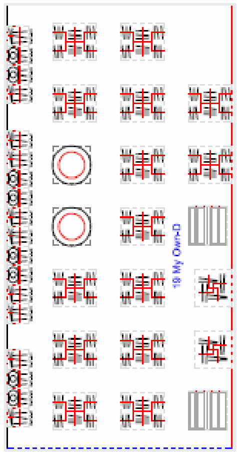
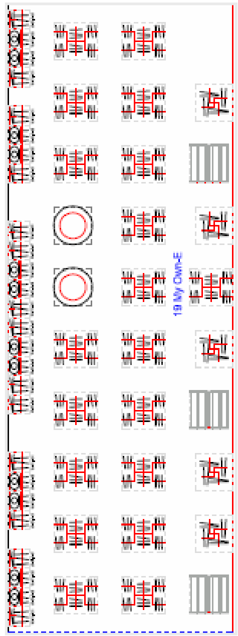
Case study: Modular system for Women's wear

Category A	Category B	Category C	Category D	Category E
				
Selling area: 41.2 sqm	Selling area: 68.3 sqm	Selling area: 81.5 sqm	Selling area: 97.7 sqm	Selling area: 139.8 sqm

- **5-stage modular system providing maximum flexibility for different store and size specifications as well as different customer environments**
- **Easy re-modularisation of each store layout without significant expenses and time exposure**
- **Flexible equipment of selling areas ranging from 700 to 4,000 sqm providing customer oriented product offering solutions**
- **Different retail formats can be pursued with different equipment for each selling area, fostering expansion opportunities of ADLER's store network**

Attractive diversity of complementing growth drivers

Market share potential

- Fast growing store network, outgrowing the market in 2010
- Growing target group through demographic shift in a highly fragmented fashion market

Store roll-out

- Significant store roll-out potential in domestic and international markets
- Systematic expansion of store network (approx. 20 stores p.a.) based on existing retail infrastructure

Internationalisation

- Established footprint in Austria and Luxembourg as strong base for further growth
- Further growth potential in European markets with favourable age structures and similar physiognomy

Store concept / layout

- 5-stage modular store system can be easily adapted to all site specifications
- Highly flexible store system allows for growth in different locations with selling areas from 700 to 4,000 sqm

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External brands

- Strategic component to penetrate the next generation of ADLER customers
- Potential to increase share of external brands up to 20% of group revenues

Like-for-like growth

- Store refurbishment initiatives foster brand building and further increase sales densities
- Automatic product reallocation system provides further efficiency gains and significant reductions of mark-downs

Growth through acquisitions

- Numerous market opportunities to acquire existing store networks of competitors
- External growth potential underpinned by successful acquisition of Woolworth Austria

E-business

- Launch of e-commerce platform as complementary distribution channel
- Highly scalable growth opportunity

Strong growth potential across all product divisions and brands

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Gross revenue evolution (€m)

Division	2009	2010	Growth
Women	246.4	260.8	5.8%
Men	146.3	150.0	2.5%
Lingerie	48.8	54.1	10.8%
Accessories & Supplements	45.1	69.8	54.9%
Own brands	470.0	511.5	8.8%
External brands	16.6	23.2	39.6%

Women

Men

Lingerie

Accessories & Supplements

Own brands

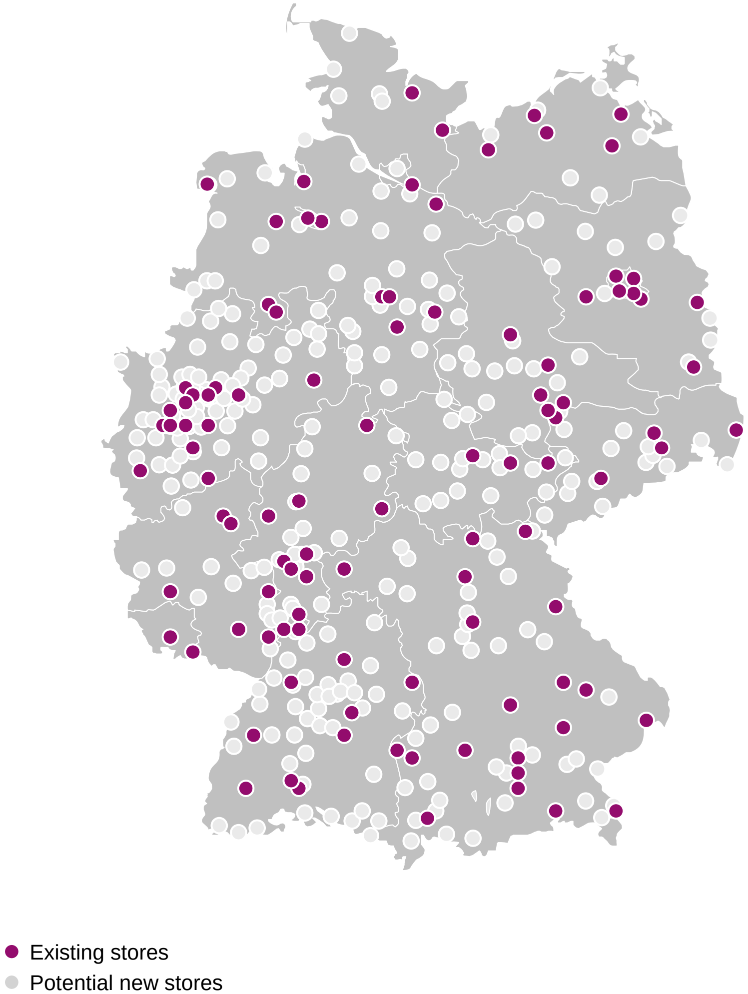
External brands

Growth drivers

- Material market potential across product divisions
  - Strong sales growth in core division women
  - Attractive development of complementary fashion items (e.g. lingerie, accessories, shoes)
- Continuous development and promotion of own brands and launch of new brands for lucrative niche segments
  - Eibsee brand for sportswear and functional clothing
- Extension of external brand portfolio
  - Brands introduced in 2009: Steilmann, Gin Tonic
  - Brands introduced in 2010: Tom Tailor, s.Oliver, Street One, Cecil and OneTouch
  - Brands introduced in 2011: Mexx

Significant store roll-out opportunity in Germany

Germany – Regional presence



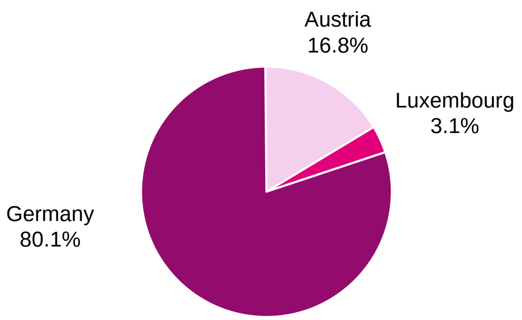
Highlights

- Successful operation of 107 stores in domestic market
- Potential to more than triple the current store network in Germany based on comprehensive locations analyses
- Store roll-out of approx. 20 store openings per year
- Expansion strategy comprises extension of store network particularly in catchment areas of approx. 50,000 inhabitants or more
  - Preferred destinations include commercial areas in the periphery of cities with good infrastructure as well as shopping and city centres
- Modular system reaches maximum flexibility for different store and size specifications as well as different customer environments
  - Five different retail formats
  - Store sizes range from 700 to 4,000 sqm

International expansion in both existing and new markets

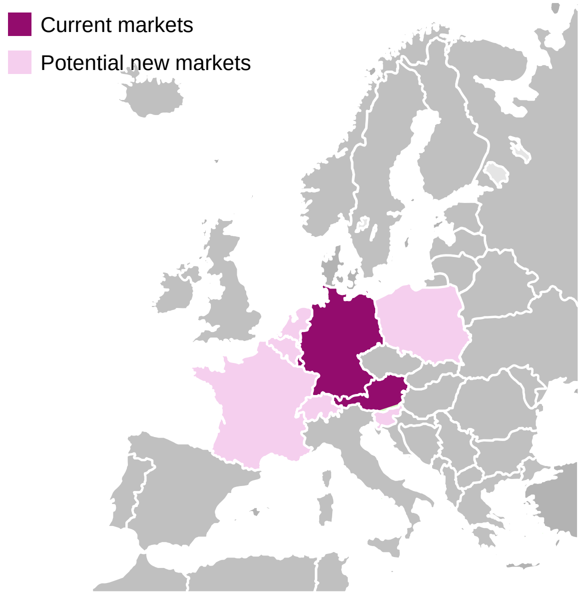
Current international presence

Total net revenues 2010: €444.8m



Steady internationalisation

Great future growth potential



- Today present in Germany, Austria and Luxembourg
- International brand reach through 136 points-of-sale[1]

- Ongoing expansion of international presence
- Successful acquisition and integration of Woolworth Austria in 2010

- Controlled expansion in lucrative growth regions with similar age structures and physiognomy as in Germany
- Targeted market entries in France, the Netherlands, Switzerland, Belgium, Poland and Slovenia
  - Launch of market tests in 2011
  - Market entries scheduled for 2012/2013

(1) E-business accounted as 1 point-of-sale

Systematic margin upside through conceptual improvement of retail store portfolio

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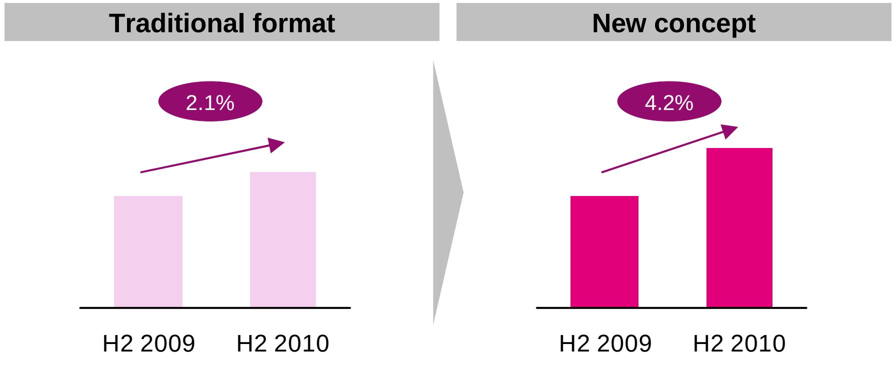
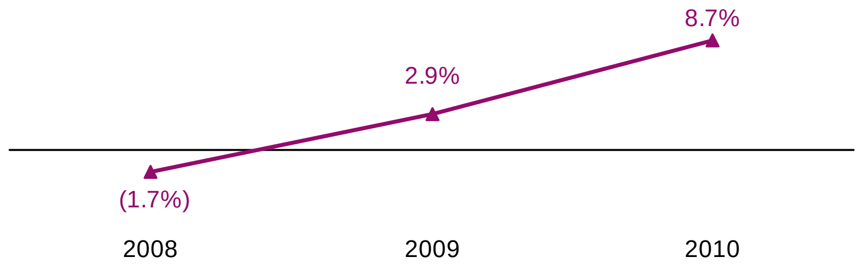
Like-for-like development[1] of new store concept[2]



Development of average store EBITDA margin[3] [4]



Case study: ADLER store in Kassel (€ '000) [5]

Launch of SiS systems: August 2010	FY 2009	FY 2010
Revenues	6,999	7,305
Material expenses	(3,576)	(3,701)
Gross profit	**3,423**	**3,604**
% margin	*48.9%*	*49.3%*
Store operating expenses	(2,780)	(2,781)
% of revenues	*39.7%*	*38.1%*
EBITDA	**643**	**822**
% margin	*9.2%*	*11.3%*
Avg. net selling area (sqm)	2,055	2,055
Sales density (€/sqm)	3,407	3,556

- **Superior operational and financial performance of new store concepts consisting of shop-in-shop (SiS) systems of external brands, rolled out since August 2010**
- **Store refurbishment programme and establishment of new store management structure will further contribute to systematic margin improvements**

(1) Gross revenues generated during six months period from July to December (rebased to 100)
(2) New store concept consists of shop-in-shop systems with external brands launched in 8 stores since August 2010
(3) Includes all stores in operation for full 12 months in respective FY
(4) Pre overhead expenses
(5) Excluding shoes
Note: Financials at store level based on German accounting standards (HGB)

Large upside potential through expansion of direct sourcing activities and realisation of economies of scale

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Key P&L figures 2010	(€m)	(%)
Revenues	**444.8**	**100.0%**
Material expenses	(210.4)	47.3%
Gross profit	**234.4**	**52.7%**
Other operating income	8.0	1.8%
Personnel expenses	(74.8)	16.8%
Other operating expenses	(129.8)	29.2%
Reported EBITDA	**37.8**	**8.5%**

1 Expansion of direct sourcing activities

- Current level of direct sourcing is ~40% of purchasing volume
- Management plans the expansion of direct sourcing activities in the short-to-medium-term
- Increasing degree of direct sourcing will tap into significant cost savings potentials at the textile manufacturer level by taking control of product development and certain purchasing decisions leading to substantial improvements of the company's gross margin

2 Cost dilution through realisation of economies of scale

Purchasing
- Continuous improvements in purchasing terms as a result of higher order quantities and increased buying power
- Significant additional upside potential from optimised supplier base and higher volumes per supplier

Product development
- Cost dilution effects driven by economies of scale in product development

Central functions
- Economies of scale across major central group functions, including administration and IT

E-business
- Significant scale effects resulting from fast-growing and highly scalable platform

Successful track record of repositioning the ADLER brand, return to profitability and implementing strategic platform

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Key management initiatives

	Initiative	Achievements and benefits	Status
Strategy	Re-focussing on target group 45+	▪ Successful repositioning supported by initiatives such as design approach/fashion degree, product portfolio, fits and store format according to the needs of ADLER's target customers ▪ Collection development with higher marketability for target group	✓ 2009
Growth drivers	Launch of e-business	▪ Successful development of e-shop (launch in March 2010) ▪ Establishment of important distribution platform with significant scalability	✓ 2010
	Expansion of external brands	▪ Strategic component to penetrate the next generation of ADLER customers ▪ Useful findings about sales figures and fashion styles of external brands to enhance collection development of own brands and to increase sales densities	Launched in 2009
	Store refurbishment	▪ More aligned store portfolio with standardised store layouts, convenience atmosphere in the stores, better presentation of products ▪ Increase of brand visibility, strengthening of ADLER corporate identity and improve sales densities	Launched in 2010
Cost structure	Optimisation of store portfolio	▪ Finalisation of action plan for the transformation of all stores to profitability ▪ Improvement of sales per store and cost structure (personnel expenses, rental costs)	✓ 2010
	Realignment of store management organisation	▪ Creation of new store management structure ▪ Substantial improvement of operational efficiency and customer proximity	✓ 2009
	Realignment of overhead cost structure	▪ Successful optimisation of overhead costs including personnel expenses, administration expenses, renegotiation of rents and leasing costs	Launched in 2009

Successful track record of repositioning the ADLER brand, return to profitability and implementing strategic platform

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Key management initiatives (cont'd)

	Initiative	Achievements and benefits	Status
Operational efficiency	Outsourcing of logistics operations	▪ Outsourcing of Motex increases flexibility in cooperation with other logistics partners ▪ Considerable cost savings potential and reduction of capex requirements	✓ 2010
	Implementation of RFID	▪ Detailed tracking of product flow and location along the entire value chain ▪ Improved product management and availability	Testing phase launched in 2011
	Automatic product redistribution system	▪ Automatic reallocation of products from stores with low inventory turnover rates to stores with higher inventory turnover ▪ Significant reduction of mark-downs	Launched in 2011
	Implementation of innovative IT solutions	▪ Successful implementation of IT systems (Remira, TexStore) and a new cash system enhance operational efficiency and further increase degree of verticalisation	Launched in 2011
Marketing	Implementation of visual merchandising	▪ Development of systematic standards for all stores in order to secure standardised product presentation at the point-of-sale	✓ 2010
	Improvement of communication strategy	▪ Communication strategy and advertising tools more focussed on target group specifics	✓ 2010
	Implementation of new ADLER logo	▪ Modification of ADLER logo, allowing customers to better recognise the brand and its core message ▪ Improvement of external impact in advertising and presentation of stores	Launched in 2009

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1	Offering structure
2	Introduction to ADLER
3	Investment highlights
4	**Positioning**
5	Distribution concept
6	Value chain
7	Financial discussion
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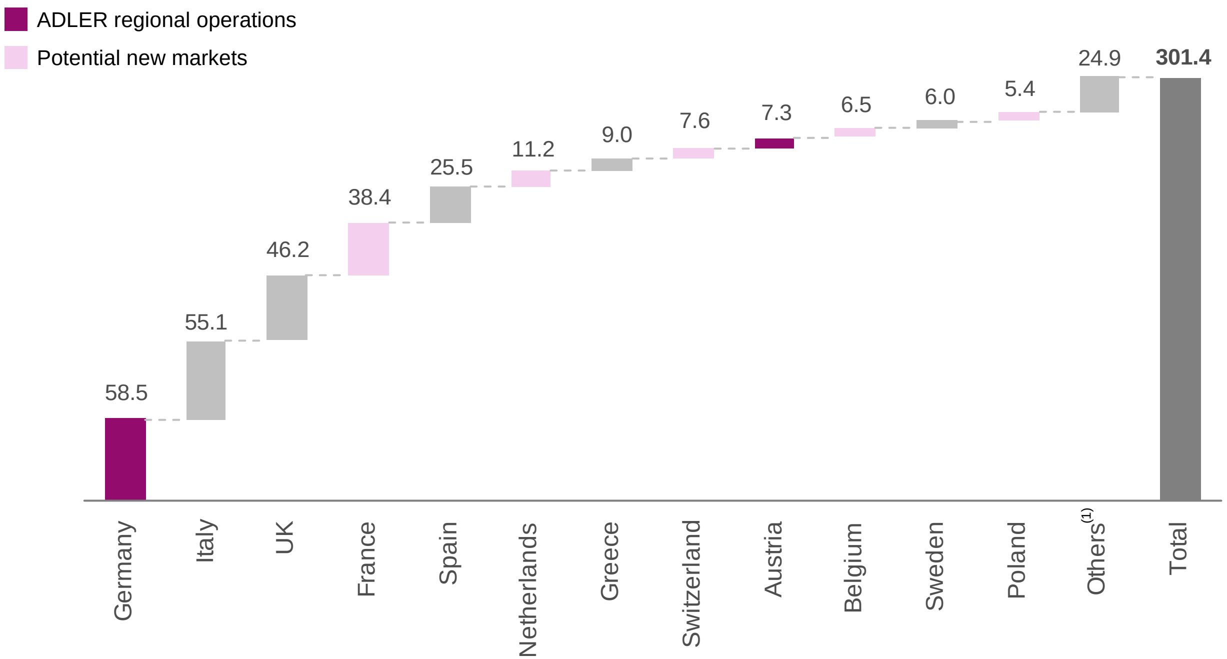
4 **Positioning**

Market environment

European apparel market overview

European clothing markets by country – 2009 (€bn)



	Germany	Italy	UK	France	Spain	Netherlands	Greece	Switzerland	Austria	Belgium	Sweden	Poland	Others(1)	Total
Share 2009	19.4%	18.3%	15.3%	12.7%	8.5%	3.7%	3.0%	2.5%	2.4%	2.1%	2.0%	1.8%	8.3%	100%
Growth 05-09(2)	1.3%	0.7%	(4.4%)	0.0%	2.0%	1.4%	5.4%	2.3%	1.6%	1.7%	1.3%	1.4%	2.6%	0.4%
Growth 08-09	(1.4%)	(1.9%)	(8.9%)	(3.0%)	(5.7%)	(4.3%)	(1.1%)	4.4%	1.3%	(7.6%)	(6.3%)	(18.2%)	(3.6%)	(4.0%)

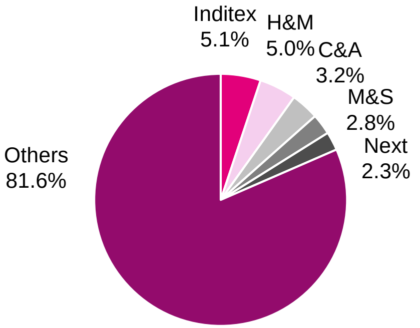
Source: Mintel (2010)
Note: Values include VAT
(1) Comprises Portugal, Norway, Denmark, Finland, Ireland, Czech Republic and Hungary
(2) Compound annual growth rate

Highlights

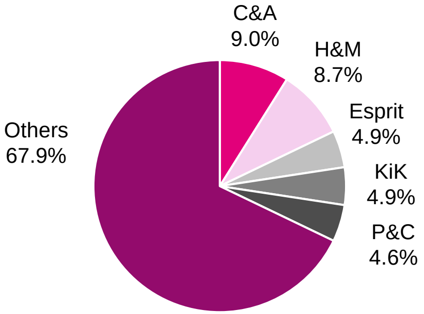
- European clothing market reached a size of €301bn in 2009 with an average annual growth rate of 0.4% since 2005
- ADLER's largest market, Germany, is Europe's single largest apparel market representing approx. 19% of total apparel consumption in Europe

ADLER operates in a fragmented industry

Market shares – Europe



Market shares – Germany



Source: Mintel (2010)

Highlights

- High level of fragmentation in the European and 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%

ADLER targets markets with similarities in age structures and physiognomy with attractive consumer spending

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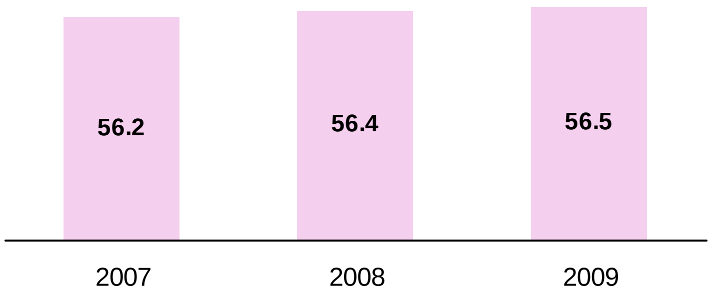
		Market size 2009 (€bn)	Clothing spending per capita 2009 (€)	Population (million)	Age structure (in % of total population): 0-19	20-29	30-49	50-64	65-79	80+
Current markets	Germany	58.5	712	81.8	18.8%	12.1%	29.2%	19.3%	15.6%	4.9%
	Austria	7.3	867	8.4	20.8%	12.9%	30.3%	18.4%	12.8%	4.8%
	Luxembourg	0.4 (1)	889 (1)	0.5	23.7%	12.8%	31.7%	17.8%	10.3%	3.6%
Potential future markets	France	38.4	614	64.7	24.7%	12.7%	26.9%	19.1%	11.4%	5.2%
	Netherlands	11.2	679	16.6	23.7%	12.1%	28.8%	20.1%	11.4%	3.9%
	Switzerland	7.6	981	7.8	21.0%	12.6%	30.5%	19.1%	12.0%	4.8%
	Belgium	6.5	598	10.8	22.9%	12.5%	28.2%	19.3%	12.2%	4.9%
	Poland	5.4	142	38.2	21.8%	16.3%	27.6%	20.8%	10.2%	3.3%
	Slovenia	0.8 (1)	408 (1)	2.0	19.2%	13.8%	30.2%	20.3%	12.6%	3.9%

■ 0-19 ■ 20-29 ■ 30-49 ■ 50-64 ■ 65-79 ■ 80+

Sources: Mintel (2010); Verdict (2009); Eurostat
(1) 2008 data

German apparel market overview

Clothing market – Germany (€bn)



CAGR 07–09:

+0.3%

Sources: BTE; Textilwirtschaft

Highlights

- Moderate growth of the German clothing market in recent years with a CAGR 07-09 of 0.3%
- With its 0.2% growth rate in 2009, the German market has proven more resilient than European average, which was subject to negative growth of 4.0%
- Value players strengthened their position in the German clothing market with a market share of 22.3% in 2008 compared to 19.7% in 2003
- Women's wear, ADLER's largest product division, accounts for more than half of the German apparel market

Value retailers sales – Germany (€bn)

Value market CAGR 03–08:

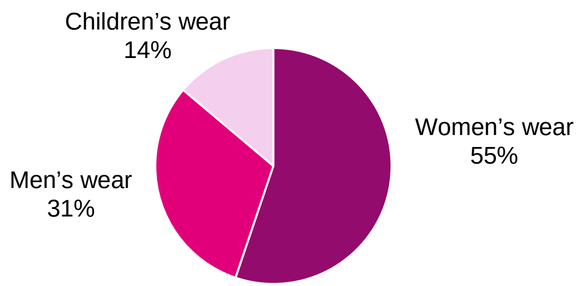
+2.7%

Total market CAGR 03–08:

+0.2%

Sources: Verdict (2009); Textilwirtschaft

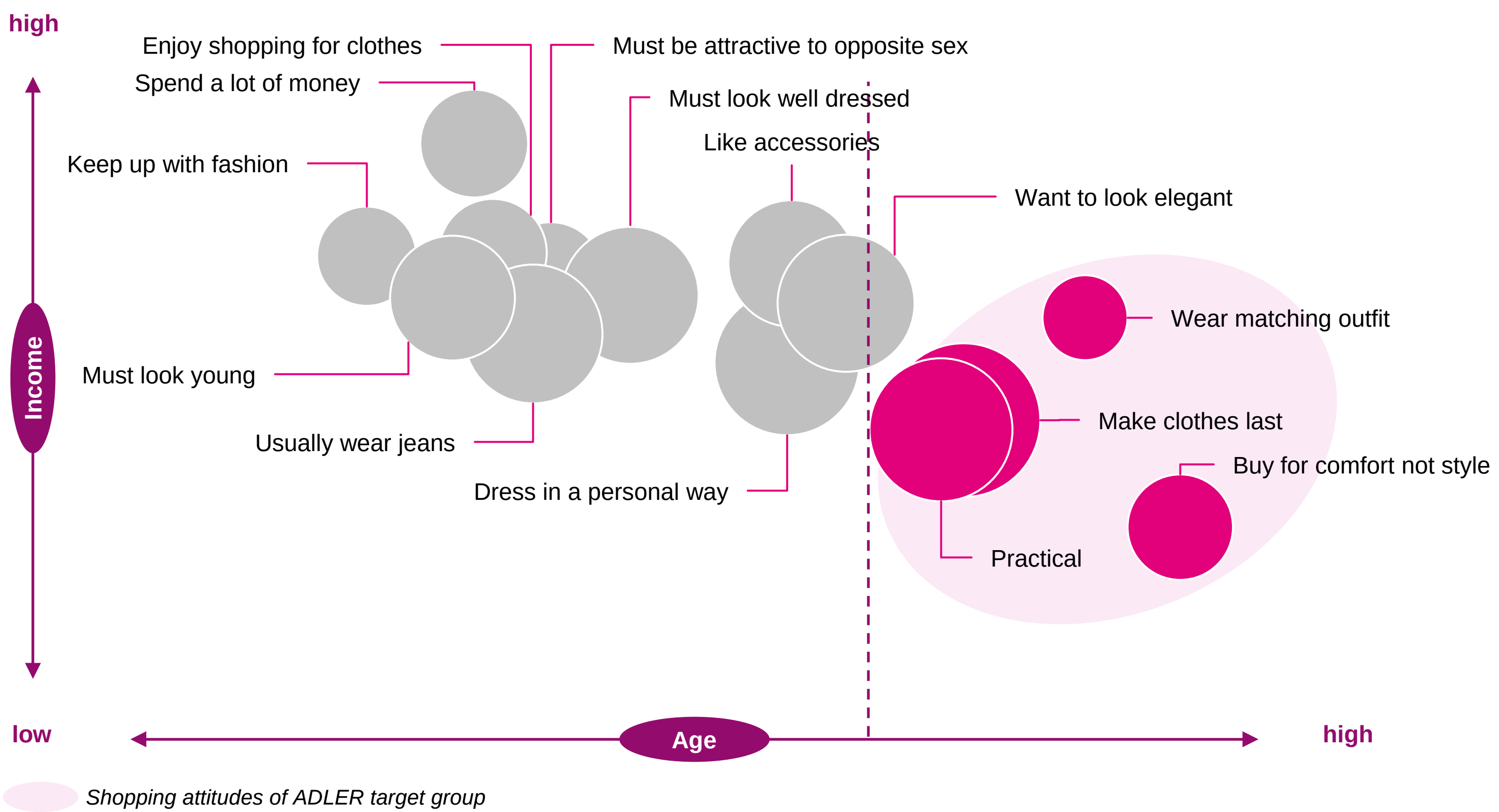
Product split



Source: Euromonitor (2009)

ADLER exactly meets the needs of its target customers

German shopping attitudes



- **Clear split of customer behavior in the German market – attributes such as practicality, comfort, matching outfits play a key role for the buying decisions of older customer groups**
- **With its dedicated product offering for customers aged 45+, ADLER exactly satisfies the needs of its target customers**

Sources: TGI Europa; Kantar Media UK LTD; Mintel (2010)

4 **Positioning**

Divisional overview

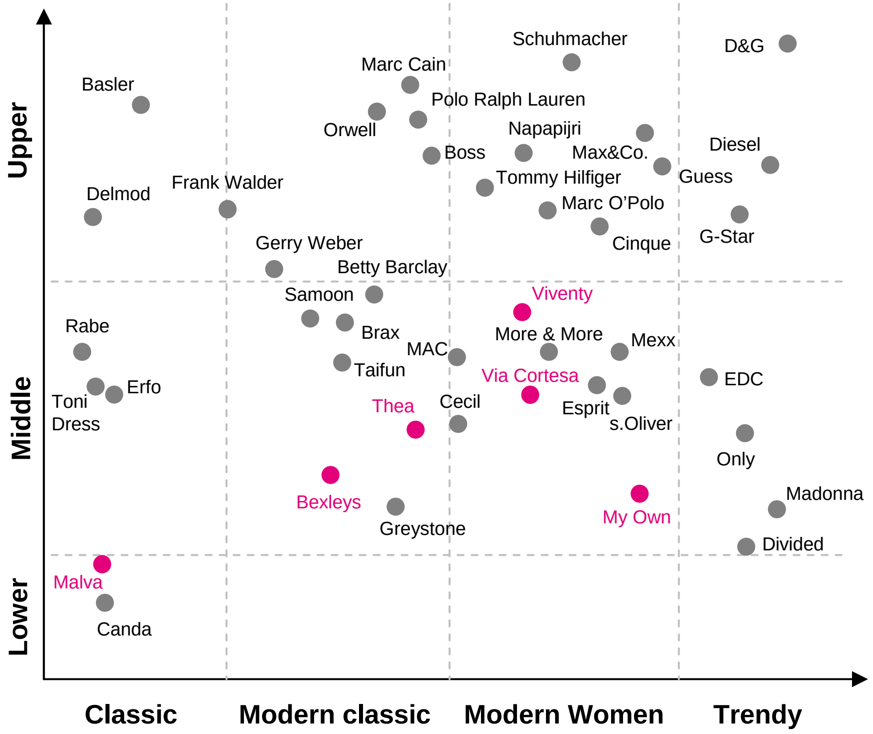
Product offering Women – Own brands

Revenue contribution (2010)(1)	**54%**	**26%**	**9%**	**7%**	**3%**	**2%**
Style	Modern classic	Classic	Modern classic	Modern	Modern	Modern
Target group characteristics	Well-groomed, sporty, elegant	Feminine, conservative, value-for-money	Big-sized, easy-care fashion	Trend oriented, spontaneous	Active, sporty, authentic, casual	Stylish, confident
Target age group	45+	60+	35+	35+	40+	40+
Collections p.a.	6	6	10	10	6	6
Products per collection	265	90	65	35	25	22
Sizes	38 - 54	36 - 54	42 - 56	36 - 46	36 - 48	36 - 50
Price range	Medium - high	Low - medium	Medium	Medium	Medium	Medium - high

(1) Within Women's division (based on gross revenues of own brands)

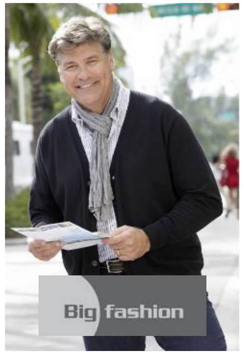
Positioning Women

Brand positioning



Source: Management view

Product offering Men – Own brands

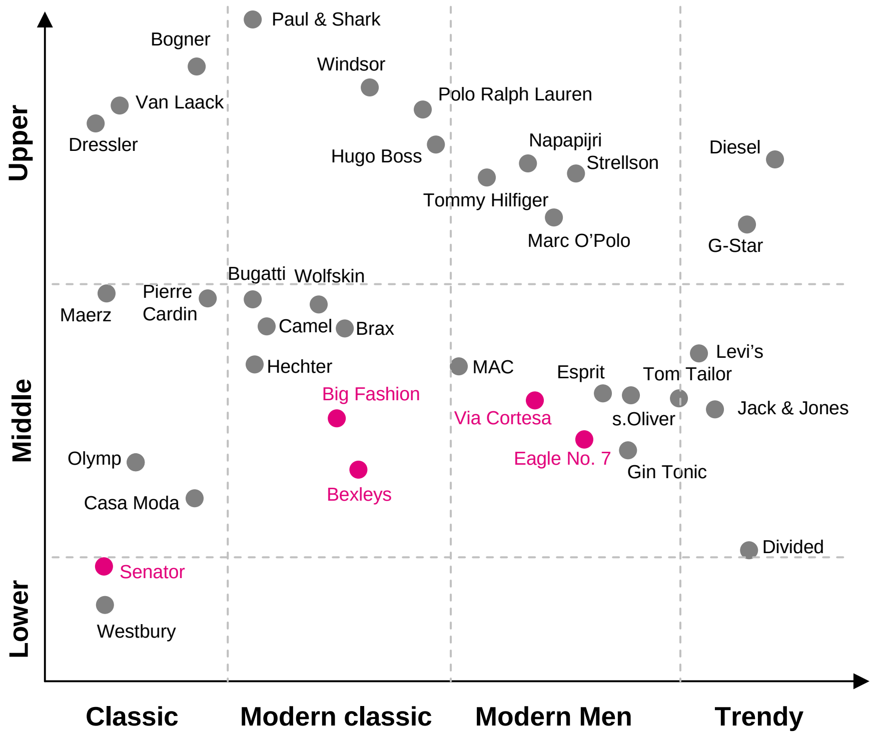


Revenue contribution (2010)[1]	**59%**	**13%**	**12%**	**10%**	**6%**
Style	Modern classic	Classic	Modern	Modern classic	Modern
Target group characteristics	Well-groomed, sporty, elegant	Traditional, practical, value-for-money	Trend oriented, casual	Big-sized, easy-care fashion	Active, sporty, authentic, casual
Target age group	45+	55+	35+	40+	40+
Collections p.a.	4	4	6	4	6
Products per collection	220	35	30	35	30
Sizes	48-58	48-58	46-58	60-70	46-58
Price range	Medium - high	Low - medium	Medium	Medium - high	Medium

(1) Within Men's division (based on gross revenues of own brands)

Positioning Men

Brand positioning

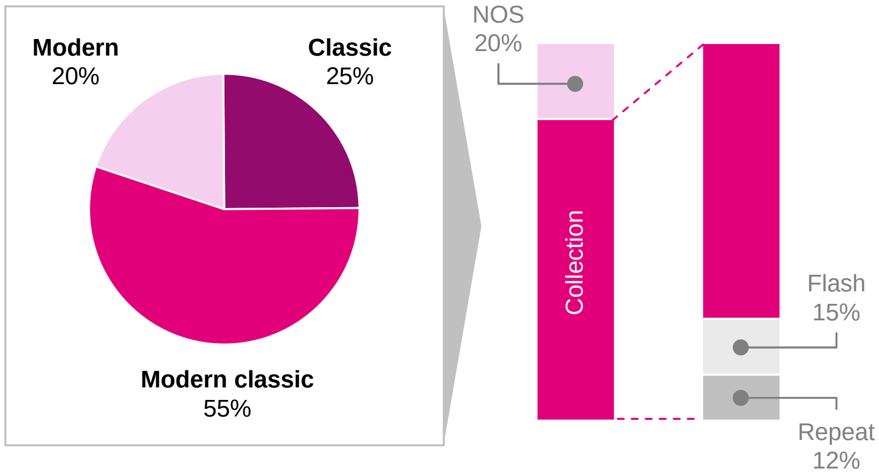


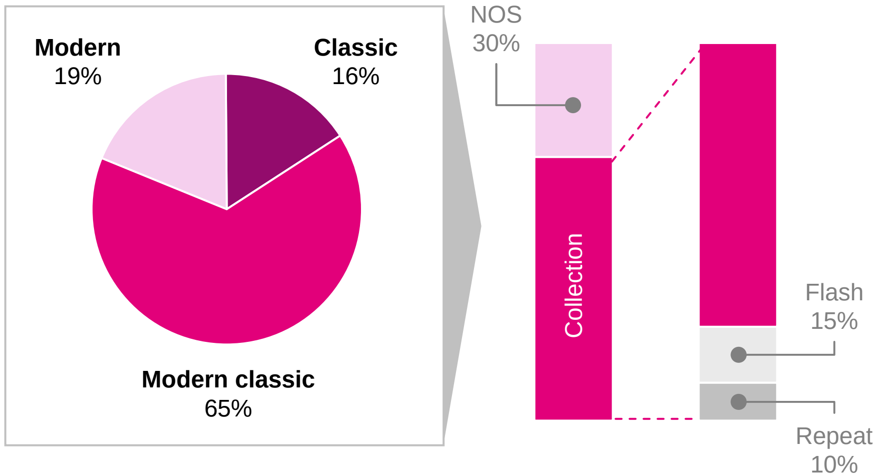
Source: Management view




Collection fashion grade management consequently pursues fashion follower approach

Women[1]	Men[1]



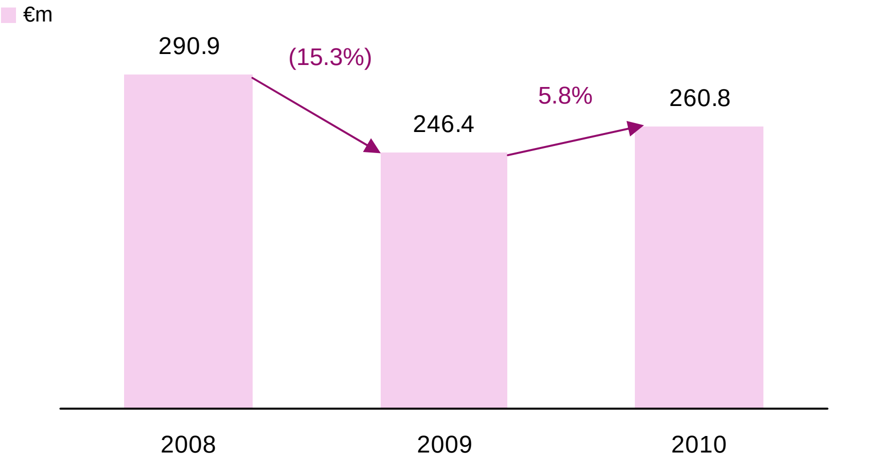


- **Fashion follower approach – conservative fashion grade management of market proven styles minimising fashion risk**
- **Up to 10 collections per year**
- **Collections enriched by NOS, flash and repeat items – effective tools to rapidly react to successful trends**

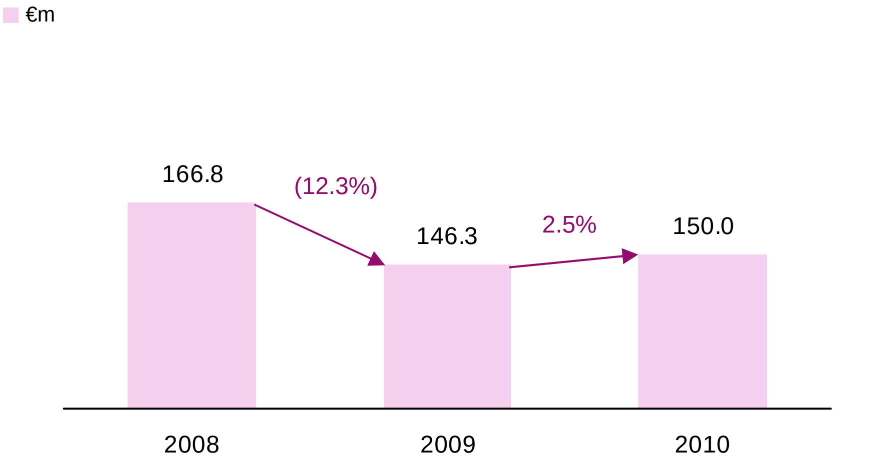
(1) Split based on assortment

Financial snapshot – Women and Men

Gross revenues – Women



Gross revenues – Men[1]



- Significant improvements in product offering, quality and fits resulted in strong revenue growth in ADLER's largest divisions
- Revenue development in Women's division indicates that ADLER's core customer group clearly appreciates the revised strategy of the new management team

Lingerie






Product offering Lingerie

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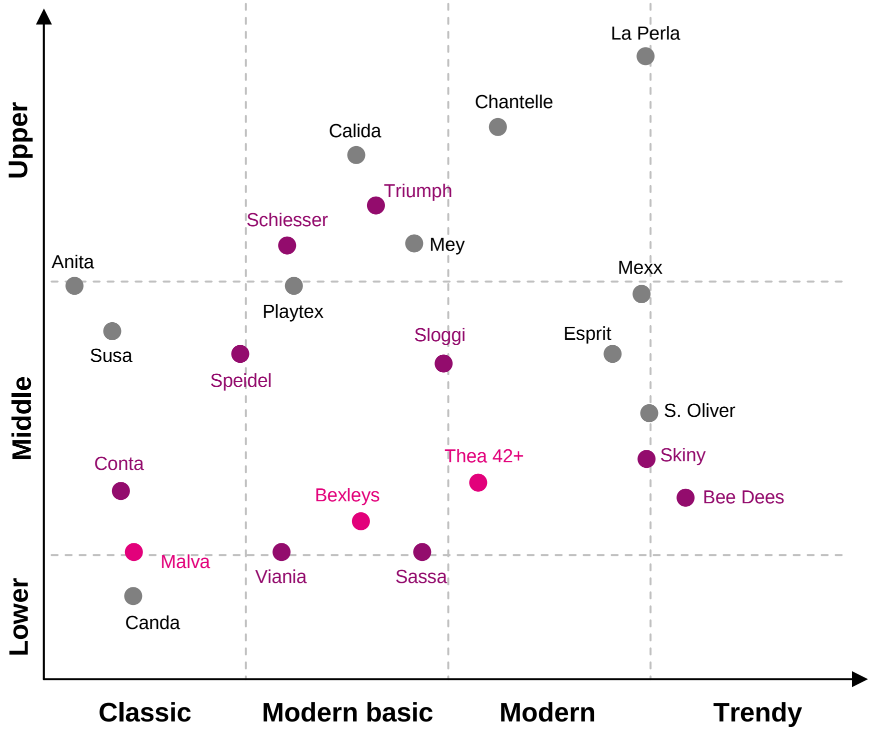
Brand positioning – Lingerie (Women)



Source: Management view

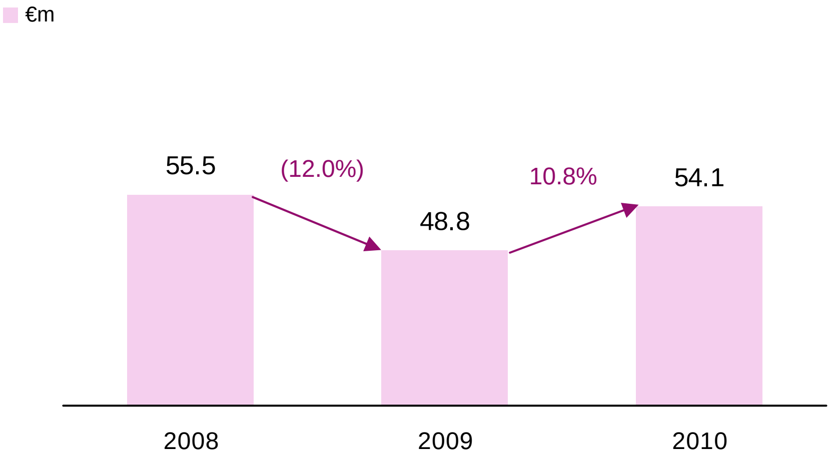
- Own brands
- External brands

Philosophy

- Lingerie product portfolio characterised by consistent presentation at PoS associated with features such as practicability, easy care, big-sizes and fashion
- Unique breadth and depth of lingerie product range for target age group
- Collections enriched by bestseller items
- Core lingerie brand Triumph with individually designed selling area and shop-in-shop presentation
- Attractive mix of established external brands such as Triumph and Schiesser coupled with ADLER's own brands generating maximum customer loyalty and brand identification

Financial snapshot – Lingerie

Gross revenues



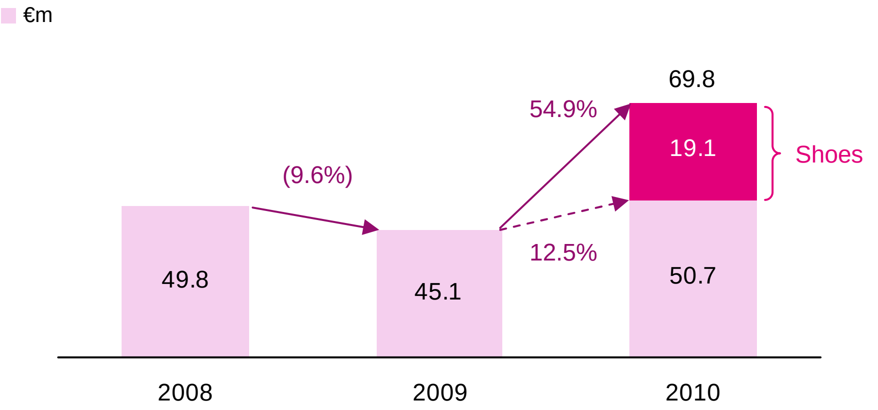
Highlights

- Expansion of lingerie division in 2010 by expanding product offering for men
- Attractive future growth potential through increasing supply shortfalls as most department store chains are retreating from the lingerie segment

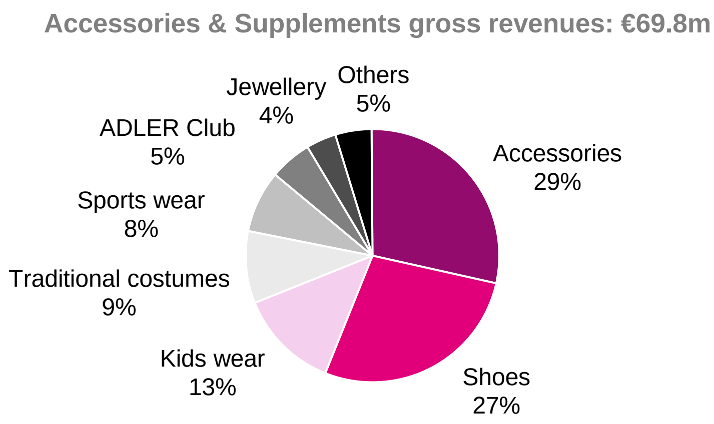
Accessories & Supplements

Financial snapshot – Accessories & Supplements

Gross revenue development



Breakdown of Accessories & Supplements portfolio (2010)



Highlights

- Successful extension of product portfolio to include a comprehensive range of additional products and accessories
- Important pillar for effective completion of product range
- Cost-efficient way to strengthen customer ties to ADLER brands
- Accessories include bags, belts, scarves, hats, caps, umbrellas as well as eyewear and watches
- High variety of products and colours enriched by weekly deliveries of new accessories maximising customer added value
- ADLER Club product range consists of different assortments such as household goods, seasonal articles and special promotions providing additional advertising support and building up customer loyalty
- Increase in 2010 revenues primarily as a result of takeover of shoe business and subsequent shift in accounting

Note: ADLER provides services including the operation of restaurants and alteration services (revenues not assigned to product divisions)

Complementary extension of product offering through external brands

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Women	Men
s.Oliver	Wrangler
by s.Oliver	Paddock's
Tom Tailor (2)	Pioneer Authentic Jeans
Wrangler	Gin Tonic
Gin Tonic	Tom Tailor (2)
steilmann	Cecil Men
Street One	Mexx
Cecil	Schiesser (1)
OneTouch	seidensticker
Mexx	
Triumph (1)	
Schiesser (1)	

- Majority of external brands introduced recently: Steilmann (in 2009), s.Oliver, Tom Tailor, Street One, Cecil, Cecil Men, OneTouch (all in 2010), Mexx (in 2011)
- Strategic component to penetrate the next generation of ADLER customers
- External brands provide additional design input for the collection development of own brands
- Attractive shop-in-shop presentation improving look and feel at the point-of-sale
- ADLER's brand strategy is to present at least three external brands per store through shop-in-shop systems in order to create a brand environment

(1) Lingerie brands; (2) Also available in children's department

External brands – PoS presentation Women

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External brands – PoS presentation Men

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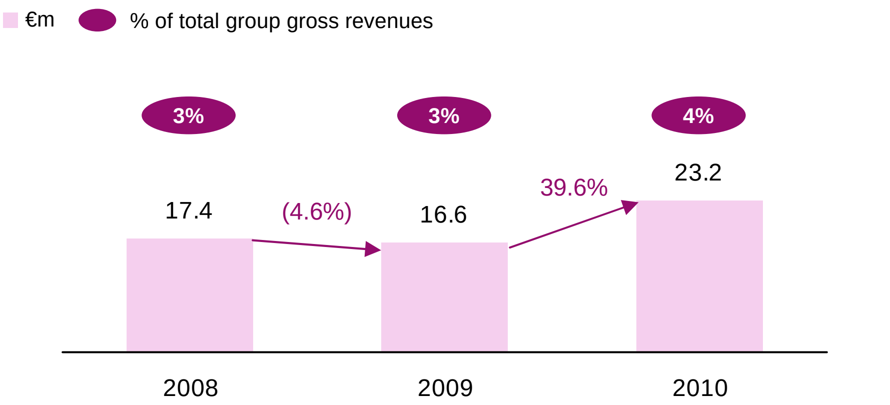
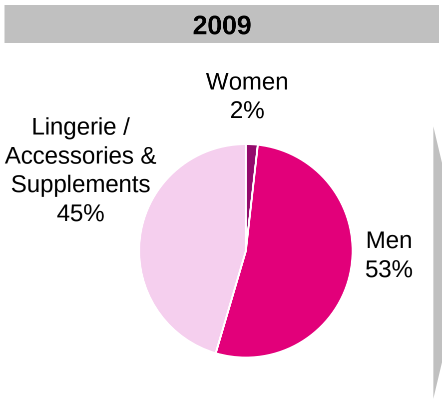
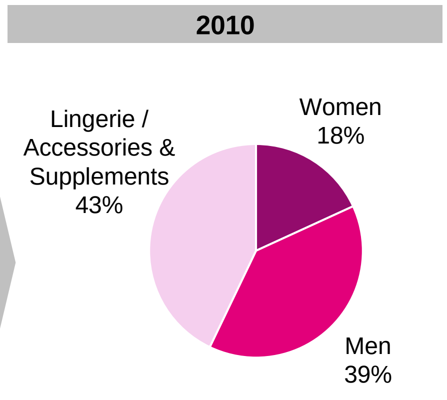
Financial snapshot – External brands

Revenues



Breakdown of external brands revenues





Gross revenues 2009: €16.4m **Gross revenues 2010: €23.2m**

Highlights

- Strong growth momentum in 2010 on the back of the introduction of a wide range of new brands (Street One, Cecil, OneTouch, Tom Tailor, s.Oliver)
- Distributed through shop-in-shop systems in eight ADLER stores
  - Implementation of shop-in-shop systems in 68 stores by FY end 2011
  - Creation of brand environment of at least three external brands per store
- Potential to increase share of external brands up to 20% of group revenues without cannibalisation of own brands

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Multi-channel distribution drives further growth and fosters brand reach

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Retail stores

135 own operated stores in Germany, Austria and Luxembourg

- Internationally scalable retail formats:
  - Retail park stores
  - Shopping centre stores
  - City stores
  - Convenience stores
  - Stand alone stores
- Flexible modular store system

E-business

www.adlermode.com
www.adlermode.de
www.adlermode.at

- E-business launched in March 2010
- High customer convenience
- Highly scalable growth opportunity, no significant investments required

Tailor-made retail formats to realise optimum growth opportunities

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Retail formats

Retail park stores

- Retail park stores with selling area ranging from 1,600 to 2,800 sqm located next to super and hypermarkets as well as specialist markets
- 46 stores
- Optimal reach of “one-stop-shopping” customers
- Strong focus in future expansion strategy

Shopping centre stores

- Stores with selling area between 1,600 and 3,500 sqm within shopping centres
- 42 stores
- Excellent opportunity to acquire new customers

City stores

- Selling area of city stores ranges from 1,200 to 3,000 sqm with focus on medium-sized cities
- 12 stores
- In the short run possibilities to take advantage of current high vacancy rates

Convenience stores

- Stores with selling area between 700 and 1,400 sqm
- 5 stores
- Format recently launched by new management team
- Fosters opportunistic growth in free retail areas

Stand alone stores

- Stores with selling area >2,800 sqm, often located in suburban areas
- 30 stores
- Good local reach
- High advertising efforts necessary

Highlights

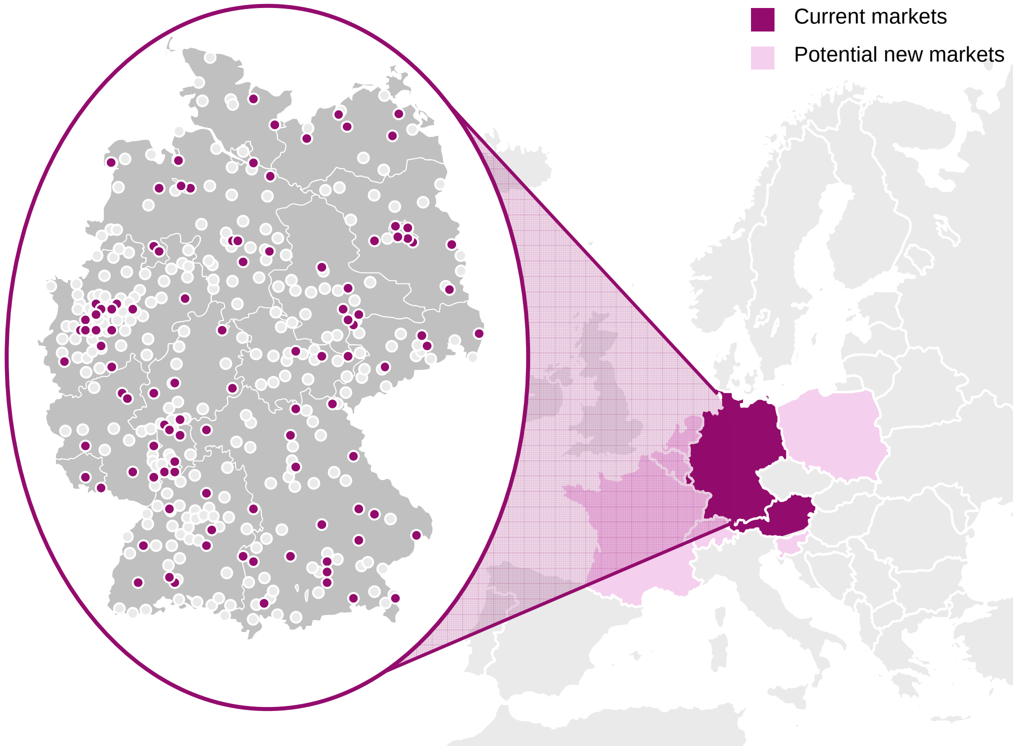
- Different retail formats enable adjustment to respective local conditions
- Multi-format approach easily applicable to other countries
- High degree of flexibility due to different retail formats in conjunction with modular store system
- Expansion strategy focused on catchment areas of approx. 50,000 inhabitants or more
- ADLER serves demand-oriented customers – preferred destinations include commercial areas in the periphery of cities with good infrastructure as well as shopping and city centres

Existing store portfolio

Number of ADLER stores per country

Country	Market entry	Revenues 2010 (€m)	Number of stores 2008	2009	2010
Germany	1948	356	103	104	107
Austria	1987	75	16	17	26
Luxembourg	1981	14	2	2	2
Total Group		**445**	**121**	**123**	**135**
Openings			6	3	15
Closings			9	1	3
Net openings			**(3)**	**2**	**12**

ADLER's regional presence and expansion potential



- ADLER is well positioned to expand its store network in both existing and new markets
  - Potential to more than triple the current store network in Germany based on comprehensive locations analyses
  - International expansion strategy comprises markets such as Switzerland, France, Netherlands, Belgium, Poland and Slovenia
- Expansion strategy in Germany is particularly focussed on catchment areas of approx. 50,000 inhabitants or more
- Preferred destinations include commercial areas in the periphery of cities with good infrastructure as well as shopping and city centres

ADLER store refurbishment programme improves convenience atmosphere and drives like-for-like growth

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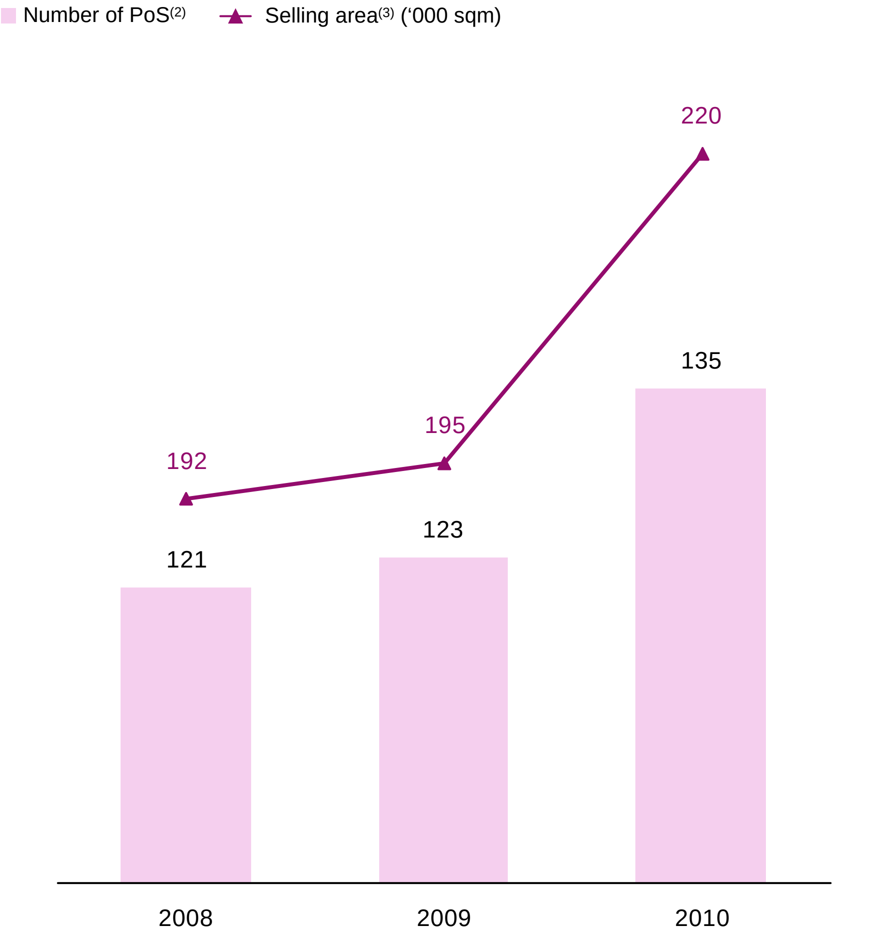
	Old style	New style
Store fronts		
Store layout		
Product presentation		
Furniture		

Programme scope

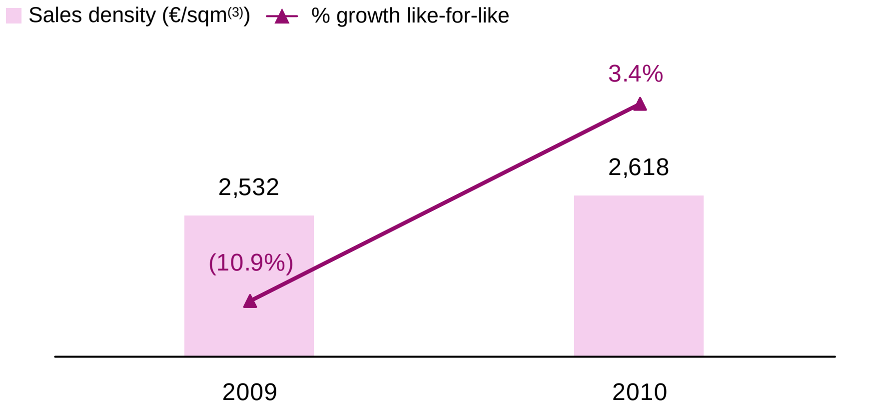
- Introduction of new logo as key part of the brand repositioning and the transition of ADLER's corporate identity
- Key objectives of store refurbishment programme:
  - Alignment of store portfolio with standardised layouts
  - Better product presentation
  - Fresh and modern look of the stores
  - Convenience atmosphere in the stores
  - Alignment of brand philosophy and marketing image
- New style shows ADLER store with a new corporate logo and modernised optical entrance, more inviting store layout with wider corridors, new floors and lightings as well as clearer product presentation and modernised furniture
- Management was very careful in creating the new corporate identity and interior design in order to attract both existing and new customers
- Programme execution as of December 2010:
  - Store fronts: 20 stores
  - Store layout: 11 stores
  - Product presentation: 135 Stores
  - Furniture: 7 stores
- Effects of the store refurbishment programme will lead to attractive like-for-like revenue growth

Recent optimisation of store network resulted in strong like-for-like growth

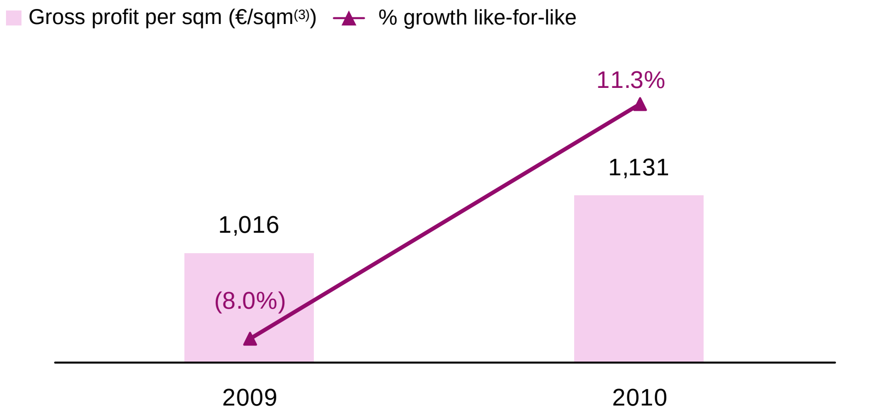
Points-of-sale and selling area(1)



Development of sales density(4)



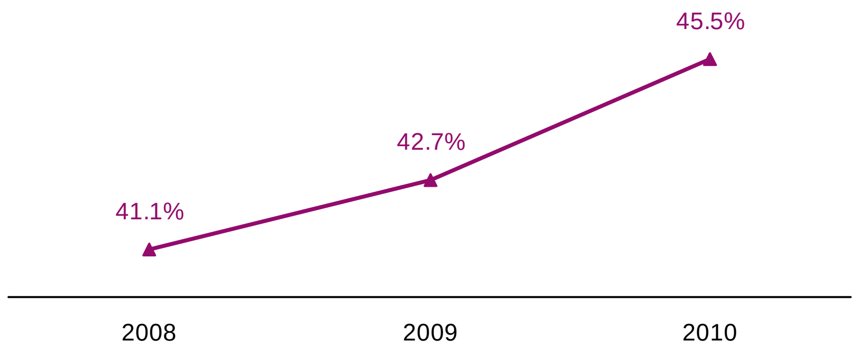
Development of gross profit per sqm(4)



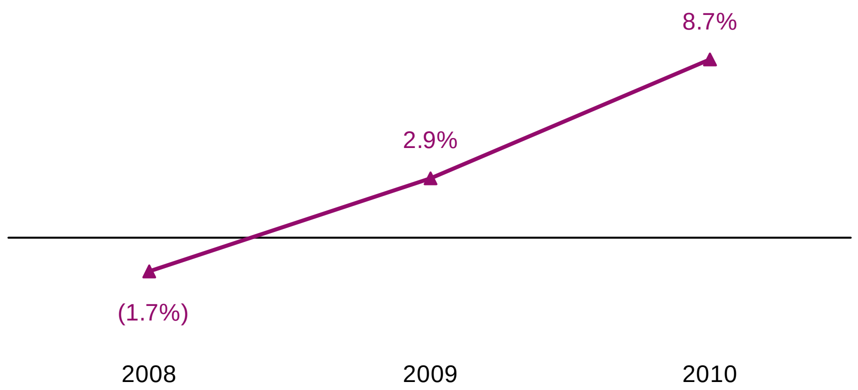
(1) As of year-end (31 December)
(2) Excluding e-business
(3) Net selling area
(4) Includes all stores in operation for full 12 months during observation periods (excluding shoes, jewellery and e-business), based on average net selling area

Significant improvements of operational efficiency and cost structure of store portfolio

Development of average store gross margin[1]



Development of average store EBITDA margin[1] [2]

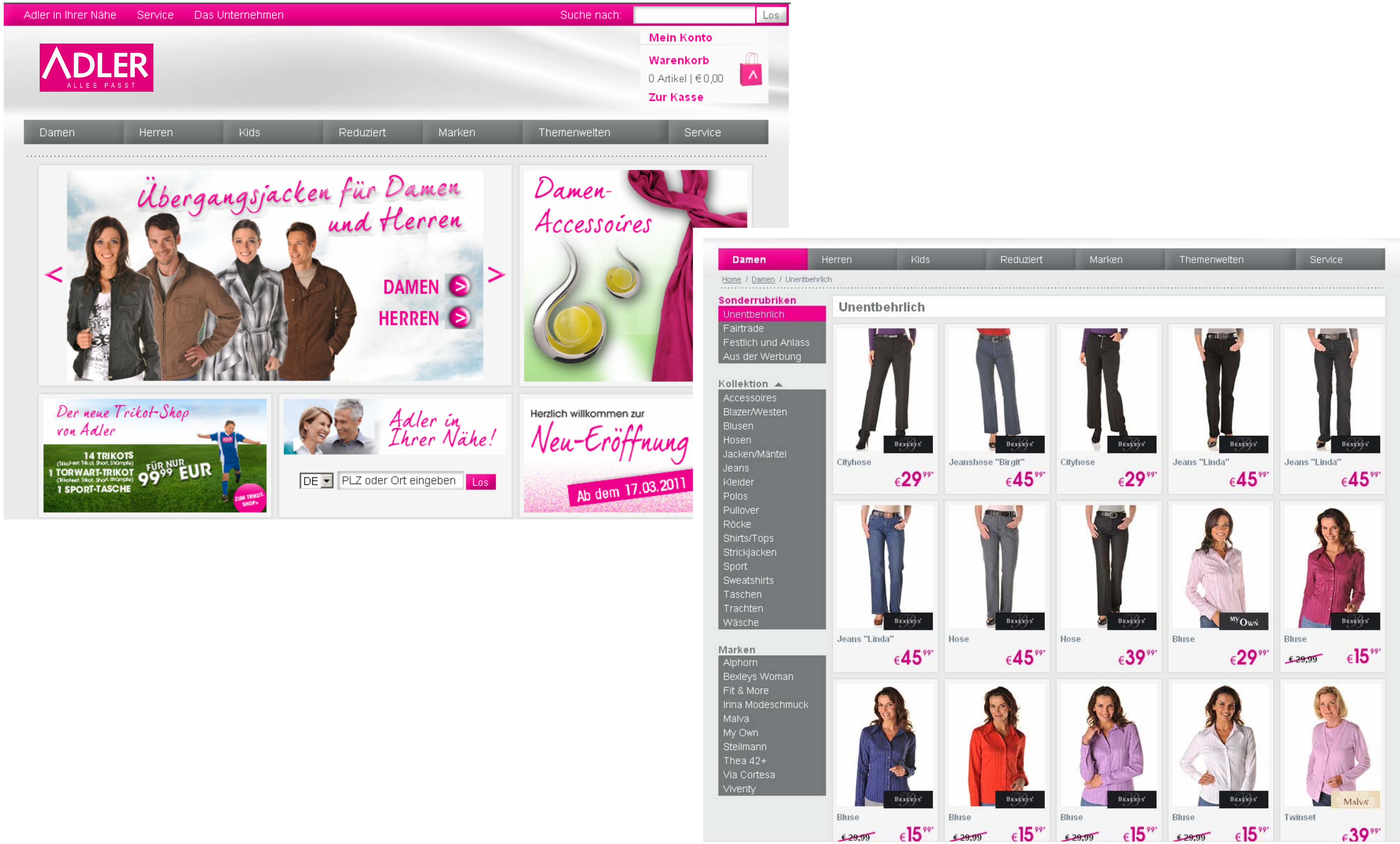


Case study: ADLER store in Kassel (€ '000) [3]

Launch of SiS systems: August 2010	**FY 2009**	**FY 2010**
Revenues	6,999	7,305
Material expenses	(3,576)	(3,701)
Gross profit	**3,423**	**3,604**
% margin	*48.9%*	*49.3%*
Store operating expenses	(2,780)	(2,781)
% of revenues	*39.7%*	*38.1%*
EBITDA	**643**	**822**
% margin	*9.2%*	*11.3%*
Avg. net selling area (sqm)	2,055	2,055
Sales density (€/sqm)	3,407	3,556

(1) Includes all stores in operation for full 12 months in respective FY
(2) Pre overhead expenses
(3) Excluding shoes
Note: Financials at store level based on German accounting standards (HGB)

E-business


Adler in Ihrer Nähe
Service
Das Unternehmen
Suche nach:
Los
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Mein Konto
Warenkorb
0 Artikel | € 0,00
Zur Kasse
Damen
Herren
Kids
Reduziert
Marken
Themenwelten
Service
Übergangsjacken für Damen und Herren
DAMEN
HERREN
Damen-Accessoires
Der neue Trikot-Shop von Adler
14 TRIKOTS
1 TORWART-TRIKOT
1 SPORT-TASCHE
FÜR NUR 99,99 EUR
Adler in Ihrer Nähe!
DE
PLZ oder Ort eingeben
Los
Herzlich willkommen zur
Neu-Eröffnung
Ab dem 17.03.2011
Damen
Herren
Kids
Reduziert
Marken
Themenwelten
Service
Home / Damen / Unentbehrlich
Sonderrubriken
Unentbehrlich
Fairtrade
Festlich und Anlass
Aus der Werbung
Kollektion
Accessoires
Blazer/Westen
Blusen
Hosen
Jacken/Mäntel
Jeans
Kleider
Polos
Pullover
Röcke
Shirts/Tops
Strickjacken
Sport
Sweatshirts
Taschen
Trachten
Wäsche
Marken
Alphorn
Bexleys Woman
Fit & More
Irina Modeschmuck
Malva
My Own
Steilmann
Thea 42+
Via Cortesa
Viventy
Unentbehrlich
Cityhose €29,99
Jeanshose "Birgit" €45,99
Cityhose €29,99
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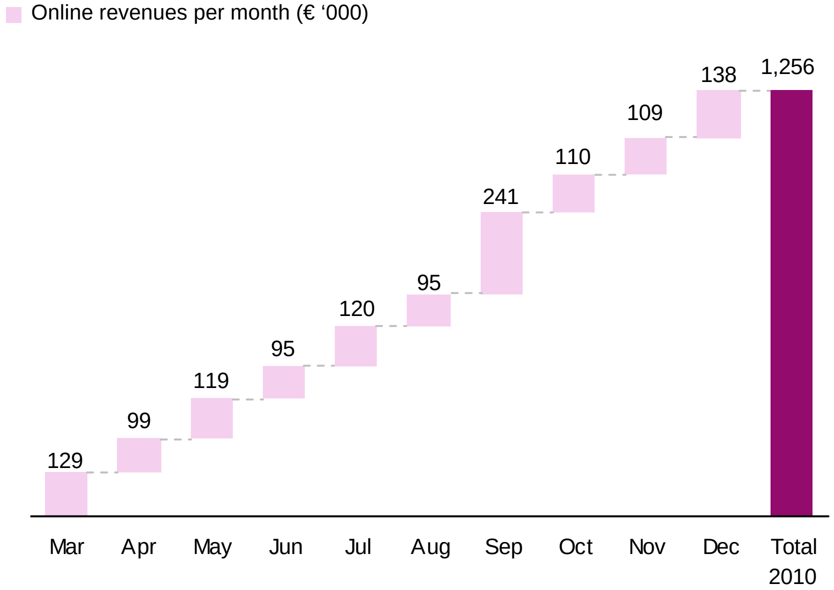
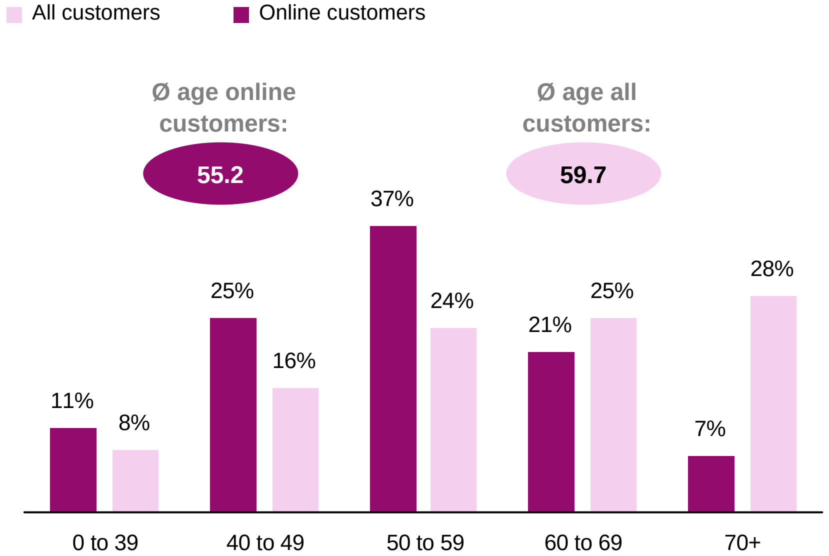
Successful launch of e-business in 2010 providing highly scalable growth potential

E-business net revenue evolution	Online customers by age group

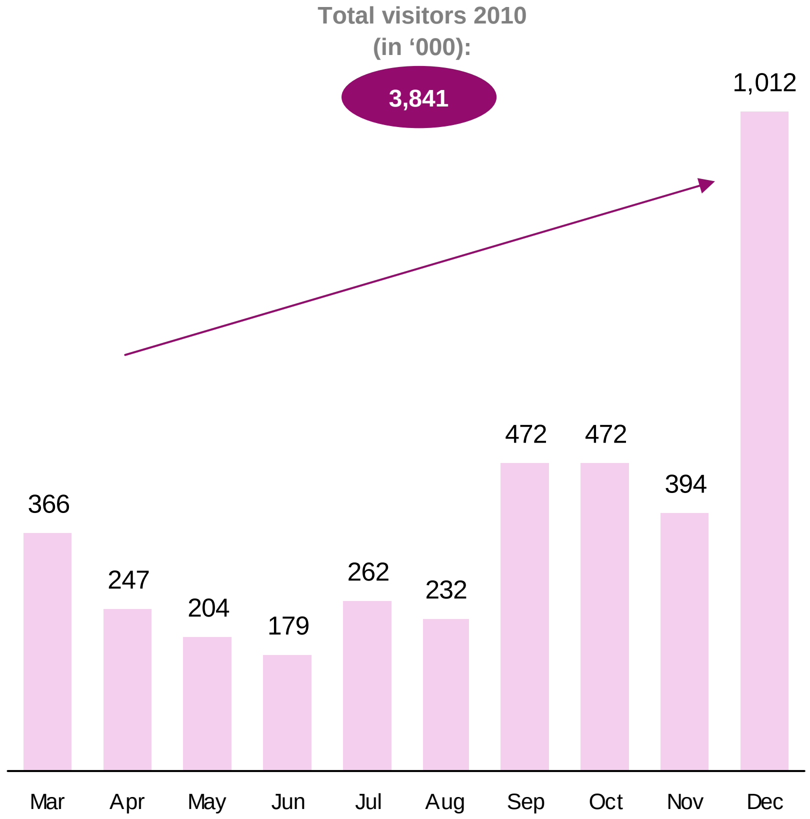




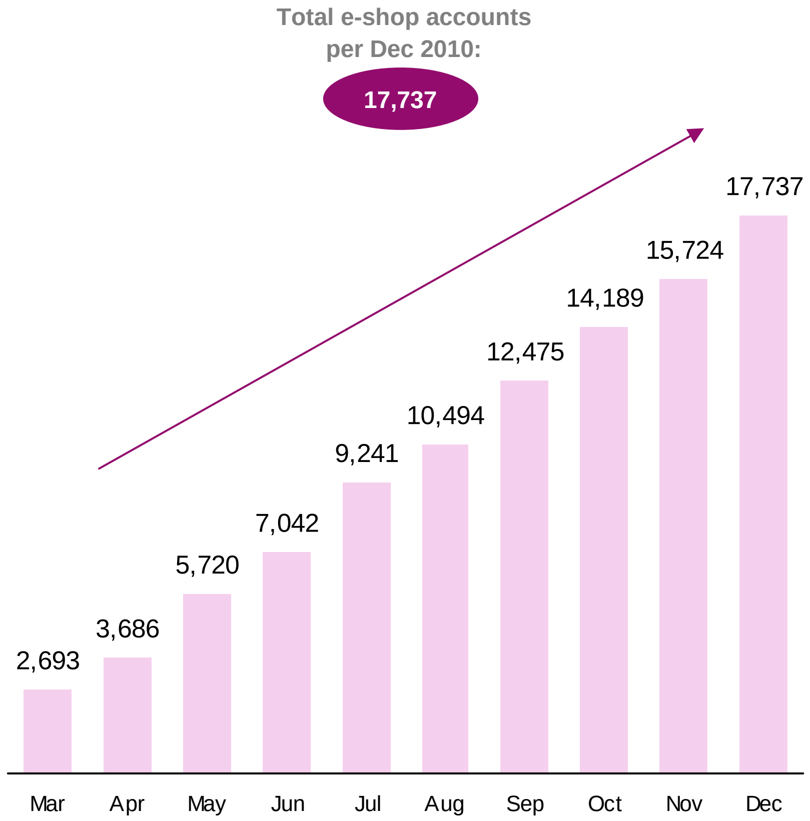
- Fundamentally strong distribution channel launched in March 2010
- Deeper market penetration and accessibility of customers with limited connectivity to ADLER stores
- Strong focus on multi-channel approach
  - Online orders can be delivered to ADLER stores free of delivery charges
  - Returns can be send back via ADLER store
- Allows targeting of younger age groups

ADLER e-shop has shown great customer acceptance since March 2010

Traffic ('000 visitors) – e-shop



Customer accounts – e-shop



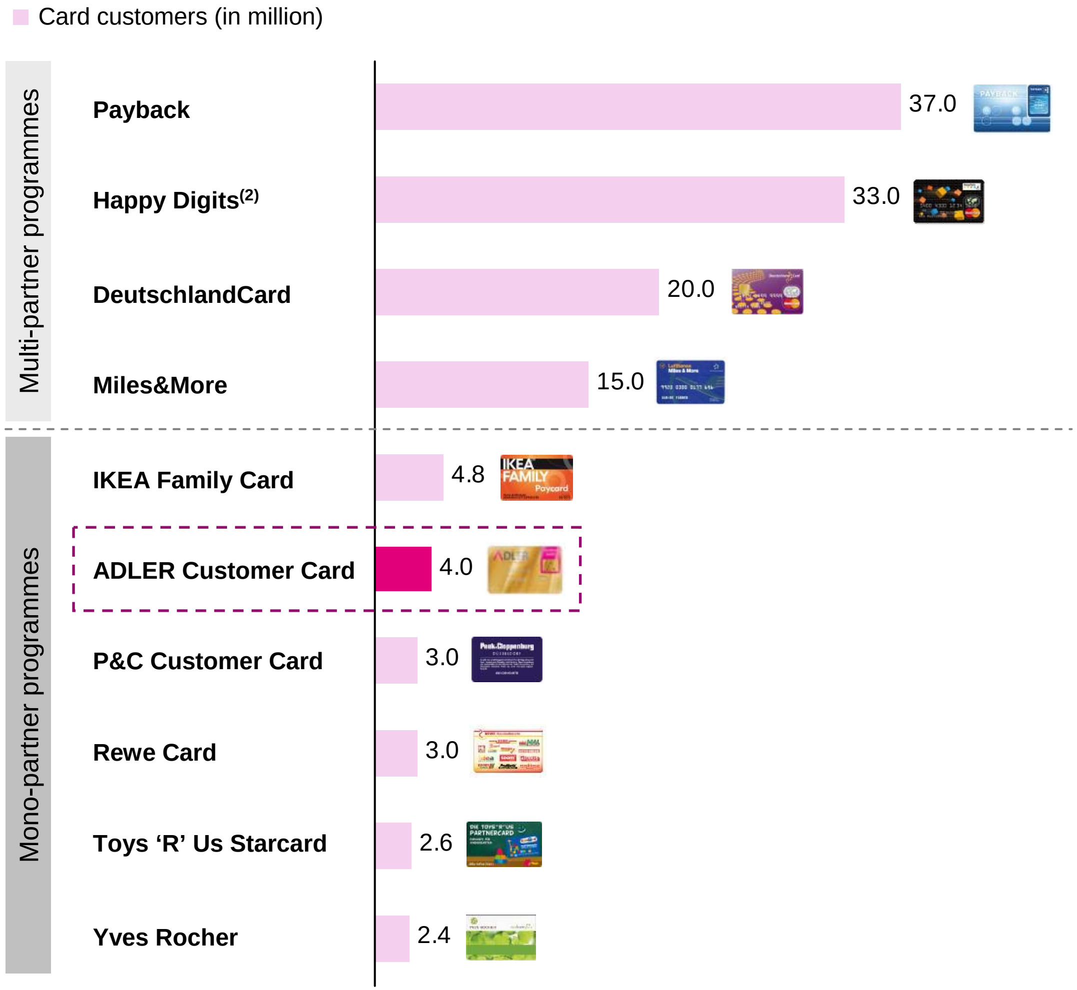
ADLER Customer Card is one of the largest loyalty card schemes in Germany

ADLER Customer Card

Key facts	▪ ADLER loyalty card scheme as core element of customer relationship management ▪ Launched in 1974 ▪ Ranked among the top 5 active loyalty card schemes in Germany ▪ 91% of total gross revenues realised by ADLER Card members in 2010 ▪ 3.3m active loyalty card members[1], thereof 354,000 gold card owners
Card features	▪ Silver card as basic offering with 3% discount for every purchase as main feature ▪ Gold card with exclusive offerings and services in addition to silver card features (e.g. events, discounts) ▪ Gold card for customers with annually sales exceeding €500

[1] Defined as customers shopped with ADLER Customer Card in 2010

Ranking – Loyalty card schemes in Germany



Source: Finanztest (2008)

[2] Inactive since January 2010

Key benefits of the ADLER Customer Card

1 ADLER Customer Card has a high reputation

- ADLER Customer Card classified as best of 24 loyalty card schemes in recent survey[(1)]
- Customer card contributes to the high degree of loyalty characterising ADLER customers

2 High visibility and predictability of customer demand

- High visibility and predictability of customer demand, as ~90% of total sales realised by ADLER Card members
- Database captures consumer habits

3 Focused and efficient marketing opportunities

- Loyalty card scheme allows exact market segmentation
- Card members can be directly addressed
- Target group with high affinity for direct mailing

4 ADLER card customers more profitable

- ADLER Customer Card members more profitable than regular customers
- Upgrade to gold card as an incentive to buy for silver card members

(1) *Source: Finanztest (2010)*

Efficient customer loyalty management and data mining with ADLER Customer Card

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Classification of ADLER customers (2010)

	Customer type	No. of customers (in million)	Change vs. 2009	Definition
	Without card	1.0	+11.1%	Customers shopped without customer card
ADLER Card Customers (3.3 million)	New customers	0.4	+40.0%	Customers shopped in 2010 with ADLER Customer Card for the first time
ADLER Card Customers (3.3 million)	Occasional customers	0.7	+2.1%	Card customers with annual turnover of < €50
ADLER Card Customers (3.3 million)	Regular customers	1.3	+1.9%	Card customers with annual turnover of €50 – €200
ADLER Card Customers (3.3 million)	Top customers	0.5	+1.5%	Card customers with annual turnover of €200 – €500
ADLER Card Customers (3.3 million)	Gold customers	0.4	+0.6%	Card customers with annual turnover of > €500
	Active customers	4.3	+6.2%	Customers shopped with and without customer card
	Inactive customers	2.7	+/-0.0%	Card customers shopped between 2007 and 2009 for the last time
	Total customers	7.0	+3.7%	Total number of active and inactive ADLER customers

- **Intelligent data mining tool to define different types of customers in order to conduct customer specific marketing activities**

Tangible improvement of visual merchandising

Visual merchandising

Logo	Store fronts	Store layout
		
▪ Modification of ADLER logo in 2009, allowing customers to better recognise the brand and its core message	▪ Development of attractive, welcoming shop fronts, with clear and attractive design	▪ Standardised store layouts, ensuring convenience atmosphere in the stores and better presentation of products

Direct mailing presents important marketing tool for regular customers

Direct mailing activities

- Printed and electronic mails with personalised customer communication
- ADLER's target group with high affinity for direct mailing
- Customer group specific mailing activities
- 30 printed mailings in 2010 with a total circulation of 45 million copies – 375,000 active email addresses targeted on a regular basis

Significantly improved design of flyers to attract new customers

Evolution of product presentation in flyers

2008	2009	2010

- Improved cover page design to generate highest possible attention – zero concept marketing
- Flyers now focused on life locations, moving images and clear presentation of product prices in order to obtain optical upgrading of products
- Modern style of flyers to attract new and younger customers – flyers are of great importance to generate a high advertising pressure
- 22 flyers in 2010 with a total circulation of 211 million copies

Successful launch of TV campaign…

Screenshots from TV advertising campaign with Birgit Schrowange

- **Electronic advertising as core element of marketing strategy comprising TV, radio and internet**
- **Objectives are to increase brand awareness and achieve national media presence attracting new customers**
- **Successful representation by famous TV presenter Birgit Schrowange achieving high level of identification with both ADLER and its customers**

… has led to considerable growth in brand awareness and advertising recall

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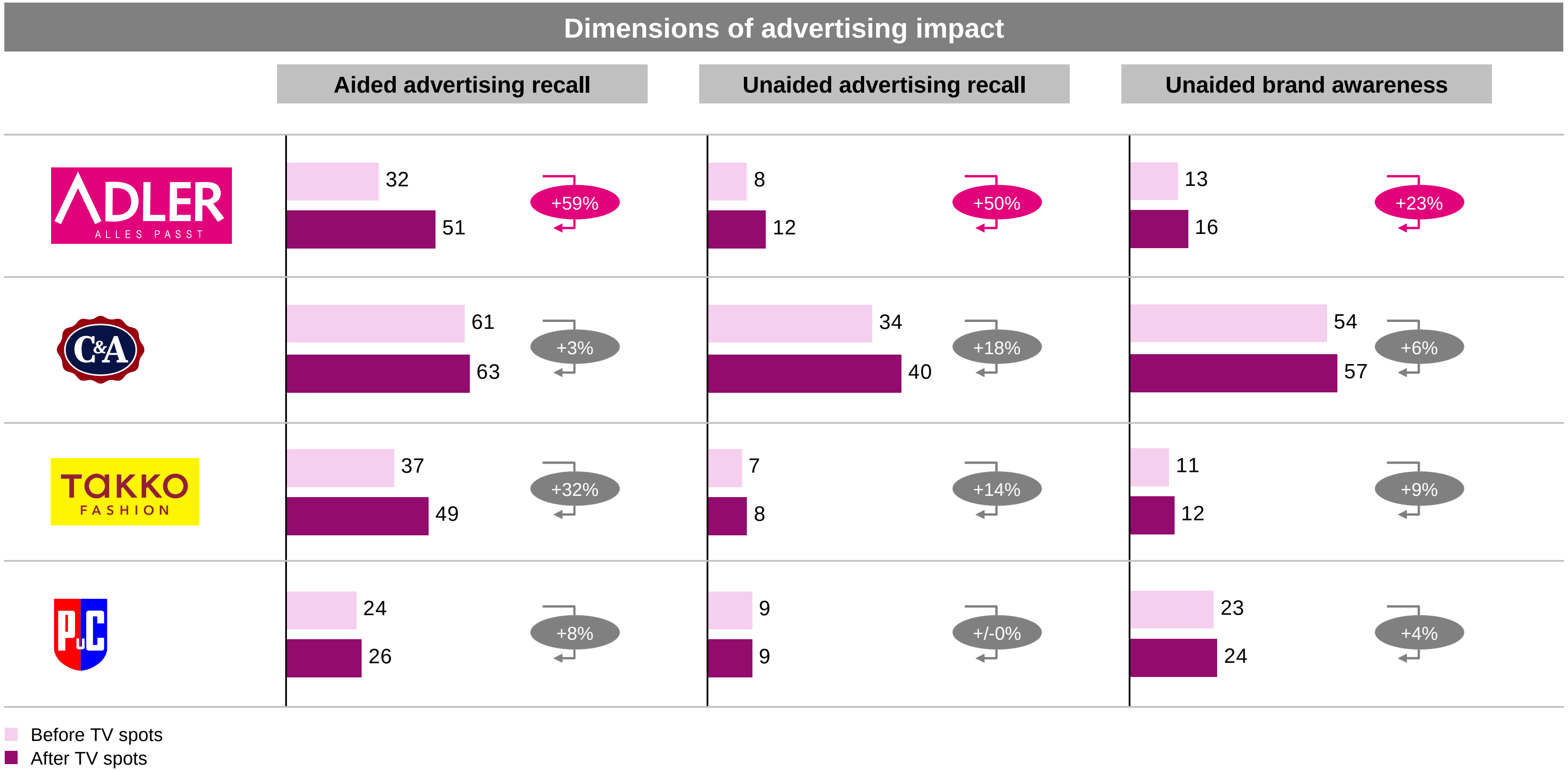
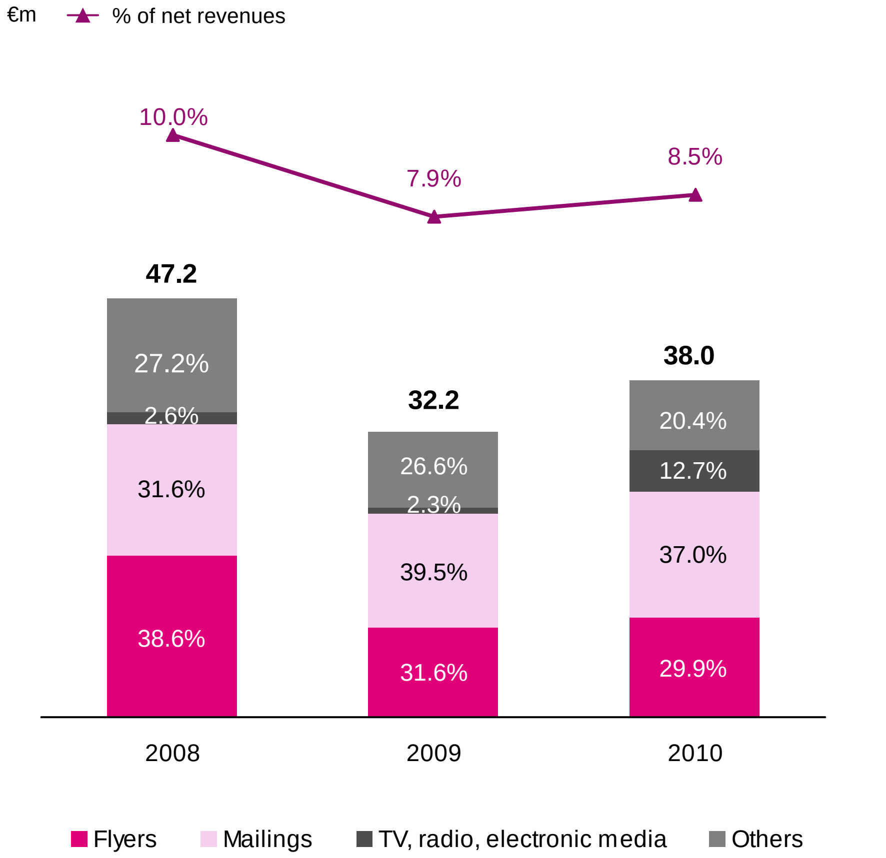


- **ADLER is one of the key winners in recent TV campaigns**
- **Highest growth rates across all relevant dimensions of advertising impact**

Source: tns Infratest (November 2010); Analysis of advertising impact among apparel retailer with simultaneous placing of TV spots

Sustainable optimisation of advertising expenses

Development of advertising expenses



Comments

- Advertising expenses account for approx. 8% of revenues
- Expenses for flyers and mailings account for more than two thirds of total advertising expenses
- Optimisation of frequencies for flyers and mailings resulted in significant cost reductions in 2009 and 2010
- Strong increase in TV, radio, electronic media marketing expenses between 2008 and 2010, primarily due to launch of new TV campaign

1	Offering structure
2	Introduction to ADLER
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4	Positioning
5	Distribution concept
6	**Value chain**
7	Financial discussion
8	Summary
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Lean and vertical integrated business model

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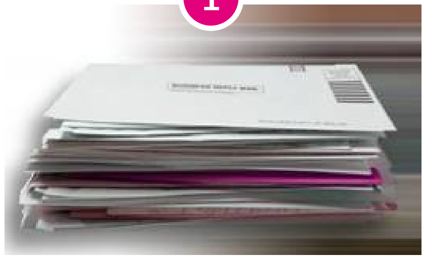
Full information control across the entire value chain

1 Product development



- In-house design team
- Focus on own brands
- Fashion follower of market proven styles minimising fashion risk
- Up to 10 collections per year

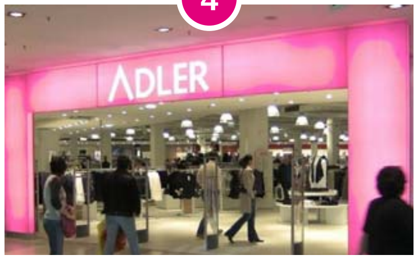
2 Sourcing

- Completely outsourced production
- Diversified supplier base
- Sourcing partnership with Metro Group Buying (MGB)

3 Logistics

- Centralised logistics operations with efficient push-and-pull warehousing system
- Organised by Motex and MGB

4 Distribution



- Focused customer relationship management and marketing
- Multi-channel distribution
  - 5 retail store formats
  - E-business
- Highly flexible modular store system

- **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**

Product development process – Fashion follower approach minimises fashion risk

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	Major tasks	Outcome	Timing(1)
Seasonal trend concept	▪ PoS analysis / store check ▪ Trade fair visits ▪ Fabric sourcing ▪ Definition of comprehensive colour schemes ▪ Seasonal concept by month	**Seasonal plan per division / product group**	~12 weeks
Design development	▪ Designer briefing ▪ Design elaboration ▪ Technical drawings ▪ Quality definitions ▪ Pattern development	**Sample / product**	~12 weeks
Assortment planning	▪ Specification of all relevant planning figures per product group ▪ Rough concept planning ▪ Pricing ▪ Advertising content	**Planning portfolio**	~6 weeks

Collection development

Case study: Collection development Thea 42+ (Fall/Winter)

September	October	November
1 Development of colour concept 5 delivery times per season / 65 styles 85% tops / 15% trousers/skirts	2 Drafts, layouts, elaboration 4 meetings with purchasing manager Handover of workbook to purchasing manager	

- **Systematic research of market intelligence and identification of successful fashion trends and incorporation of market-proven fashion styles**
- **Development of up to 10 collections per year**

(1) Simultaneous process

Indirect sourcing remains a strategic component to cover short-term customer demand

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1 Direct sourcing (MGB)

Sourcing → Preparation of plan → Order placing → Order processing → Sample finishing per article → Control and approval of production samples → Shipment → Delivery and distribution

Timing of order process: ~28 weeks

2 Indirect sourcing

Preparation of plan → Sampling at suppliers → Order placing → Order processing → Sample finishing → Control and approval of production samples → Delivery and distribution

Timing of order process: ~22-24 weeks

- Within direct sourcing, the order process for fall/winter collection starts in November of the prior year and then follows a structured process with delivery of merchandise at PoS in June/July
- Indirect sourcing achieves shorter order process cycles as sourcing activities will be done by the importer and the majority of goods are delivered from nearer sources (e.g. Europe)
- In the course of expanding its direct sourcing activities, management plans to maintain a strategic residual amount of indirect sourcing to cover the customer demand for NOS, flash and repeat items

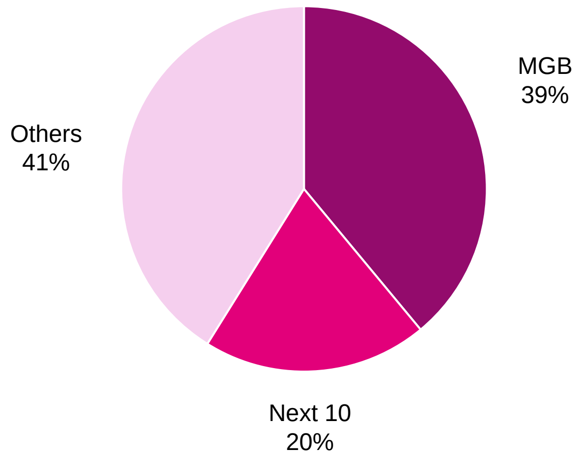
Extension of direct sourcing as major step to further develop supply chain management process

- Product sourcing takes place through two separate supply channels:
  - (1) Direct imports from approx. 135 different manufacturers in Asia via Metro Group Buying (MGB) – ADLER's purchasing organisation directly sources its merchandise at the manufacturer's premises
  - (2) Indirect sourcing via importers/intermediaries in Germany and Europe which also provide additional design input
- Long-standing and trustful sourcing cooperation with MGB – ADLER is one of MGB's most important clients accounting for approx. 20% of their textile purchasing volume
- Internally and externally conducted quality controls, MGB is responsible for overall coordination and quality control
- Focus of future sourcing strategy is to increase direct sourcing to improve gross margin and better realise economies of scale potential
- Strategic use of indirect sourcing to meet short-term demand (e.g. NOS, flash products)

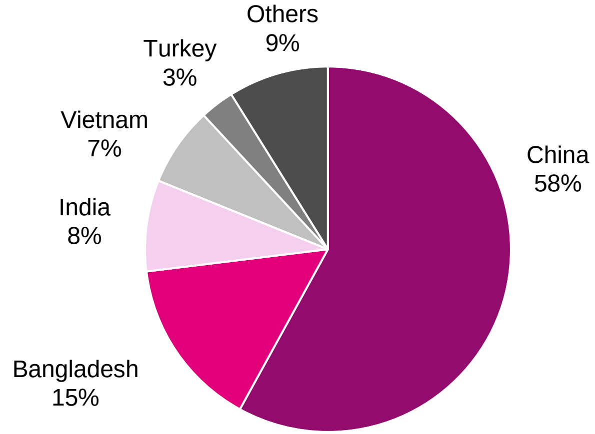
(1) Share of purchase volume

Diversified supplier base

Supplier fragmentation (2010)



Direct sourcing – Regional breakdown (2010)

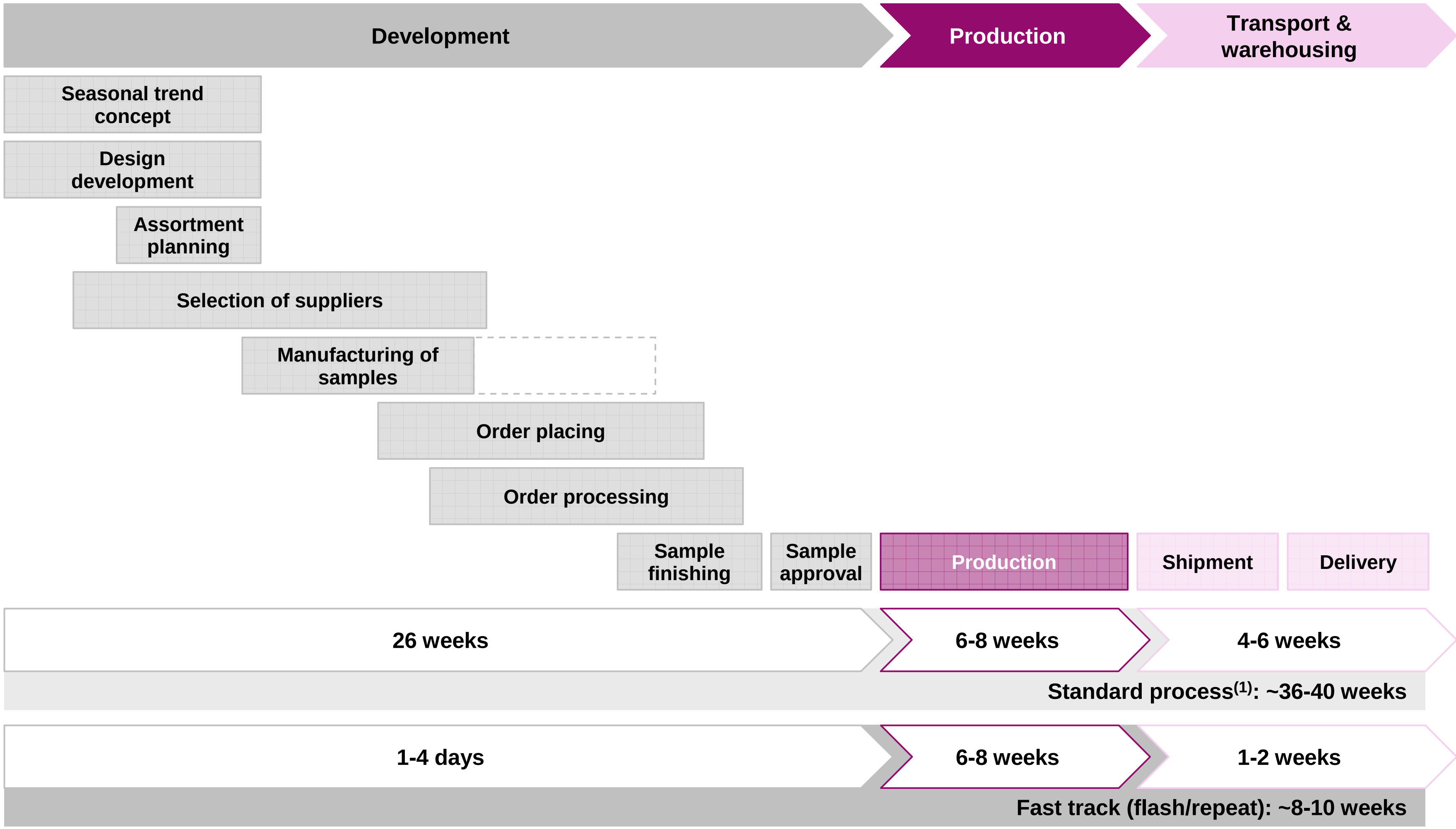


- Well diversified supplier base with broad international network of approx. 300 manufacturers, thereof approx. 135 manufacturers accessed via sourcing partnership with MGB
- Sourcing via MGB accounts for 39% of total purchase volume in 2010
- Next ten suppliers account for 20%
- Significant economies of scale and increased quality standards due to streamlining of supplier base

- Within direct sourcing, production is primarily carried out in low-wage countries, particularly in Asia
- Within indirect sourcing, importers located in Germany account for more than 90% of indirect sourcing volume
- Approx. 60% of sourcing is Euro-denominated (indirect sourcing), remaining 40% USD-denominated (direct sourcing)

Systematic and flexible product cycle allows rapid reaction to latest market trends

Product cycle – time-to-market



[1] Presentation in connection with direct sourcing process

Supply chain management process control through integrated IT-infrastructure

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Flow of goods[(1)]

1 Handover of collection	2 Shipment	3 Import department	4 Warehouse	5 PoS
	▪ Tracking of incoming goods	▪ Arrival in Hamburg ▪ Unloading of goods ▪ Transport to Motex	▪ Sorting of goods ▪ Quantity and quality control ▪ Distribution of goods to stores	

SAP

ADLER WWS	MGB System	ADLER WWS	Motex system	ADLER WWS / ADLER KIS
Internal ERP system	**MGB supply chain portal**	**Internal ERP system**	**Motex warehouse management**	**Internal ERP system + Internal CRM system + PoS control system**

- **Full information control over entire value chain with real time data availability by all related parties**

(1) Presentation in connection with direct sourcing process

Sustainability

BSCI member		▪ The BSCI code of conduct is based on the most important international labour standards comprising over 600 companies around one common code of conduct ▪ Members commit to implement the code of conduct as part of their business relations with suppliers ▪ External audits performed by accredited auditors
Fairtrade		▪ One of the first German fashion retailer supplementing its existing product lines by adding clothes made of Fairtrade cotton ▪ ADLER complies with the Fairtrade code of conduct, e.g. prohibition of child labour, payment of fair wages ▪ Core working standards of the International Labour Organisation (ILO) apply for all parts of the production cycle
I:CO partner		▪ I:CO is an initiative which facilitates the repurposing and recycling of used clothing and shoes ▪ As an I:CO partner, ADLER supports the collecting of these items ▪ Used clothing and shoe bundles are instantly processed into vouchers that can be redeemed towards a purchase in ADLER stores

- **Application and further development of social and ecological standards play a key role for ADLER's business operations**
- **ADLER consciously focuses on social and ecological sustainability of its products underlined by its memberships in highly regarded organisations**

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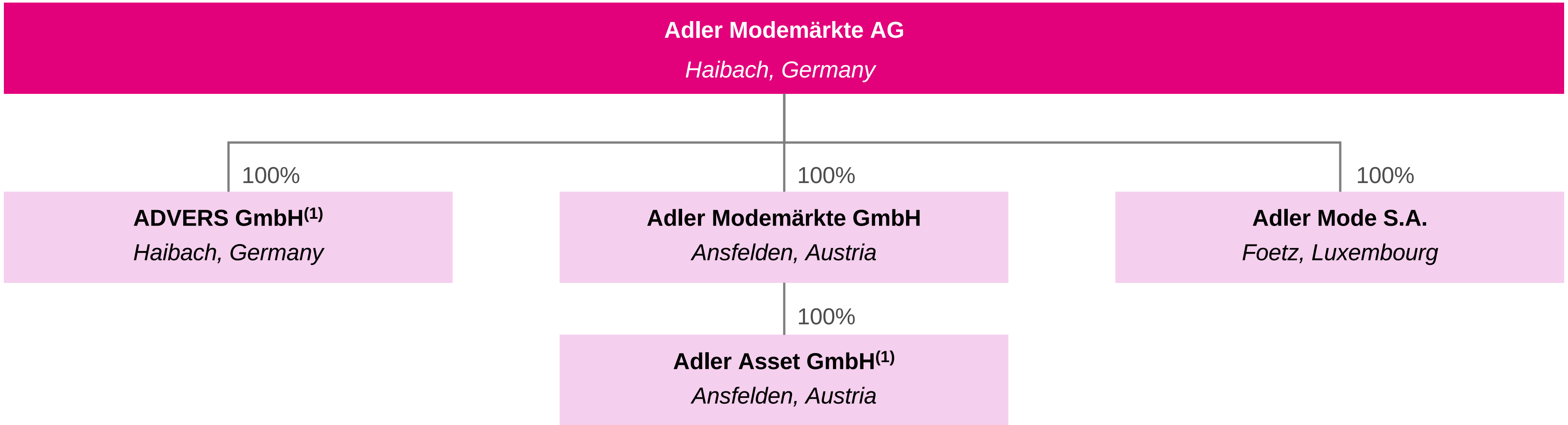
Overview of group structure



(1) Non-operating companies
Note: Legal entities are fully consolidated

Basis of financial data

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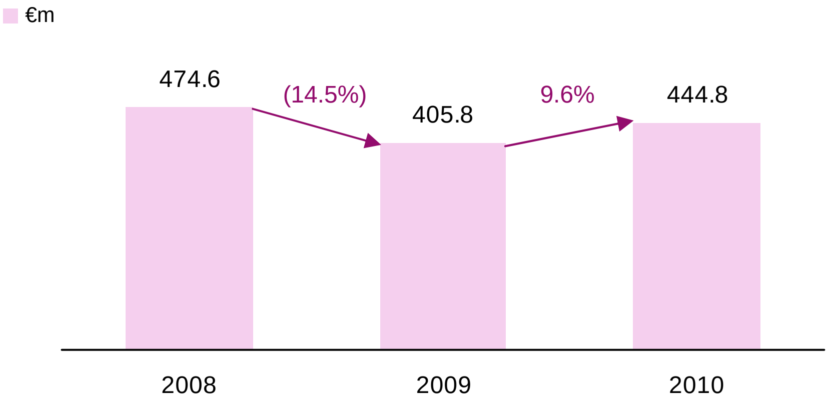
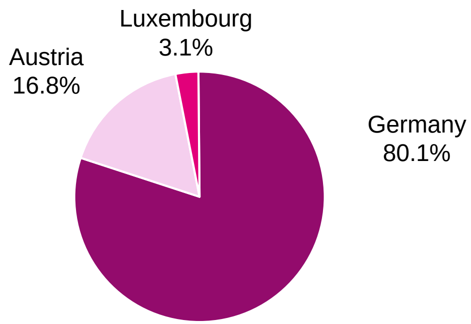
Accounting standards	▪ Full-year consolidated IFRS accounts for Adler Group available since financial year ending 31 December 2008
Presentation of financials	▪ Due to the disposal of Motex in 2010, financial year 2010 results only presented as continuing operations ▪ For comparison, 2009 figures have been restated to disclose only the continuing operations ▪ 2008 results presented on the basis of continuing and discontinued operations
Corporate Governance	▪ Auditor: PricewaterhouseCoopers ▪ Supervisory Board composed on a parity basis (Employee Participation Act) – 12 board members in total – 3 independent board members

Revenue development

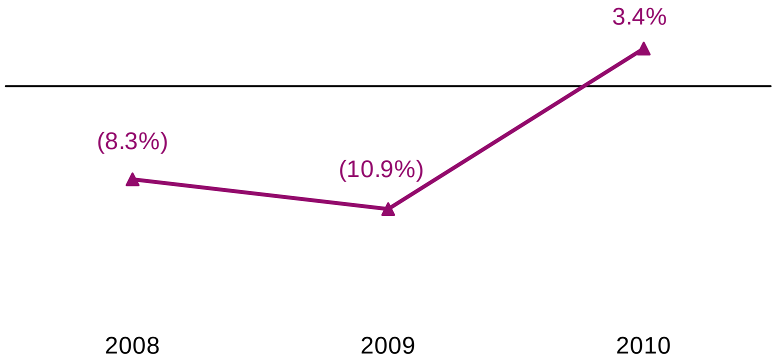
Net revenues



Geographic breakdown of net revenues (2010)



Like-for-like revenue growth[1]



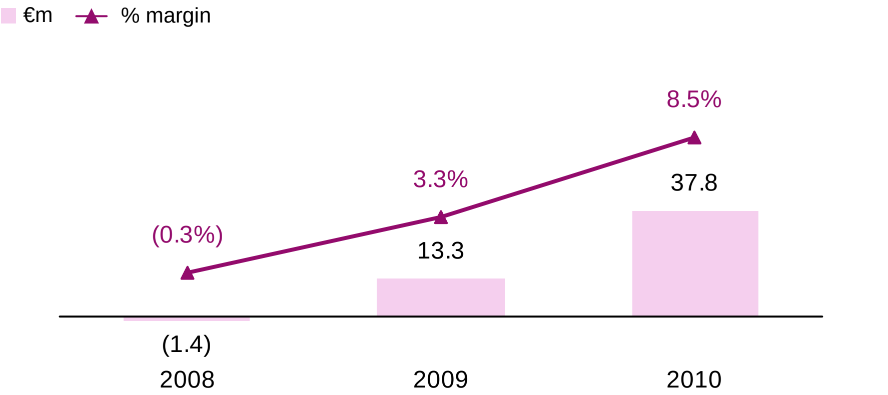
Comments

- Net revenues are presented net of value added tax and discounts
- Net revenues grew at 9.6% in 2010 mainly driven by successful repositioning of ADLER, new store openings and increasing like-for-like sales growth of existing stores
- Share of revenues generated outside Germany increased to 20% in 2010
- ADLER plans to continue its store expansion with approx. 20 new store openings per year and to generate attractive like-for-like growth on the back of the store refurbishment programme

[1] Includes all stores in operation for full 12 months during observation periods (excluding shoes, jewellery and e-business), based on average net selling area

Adjusted EBITDA and adjusted EBT

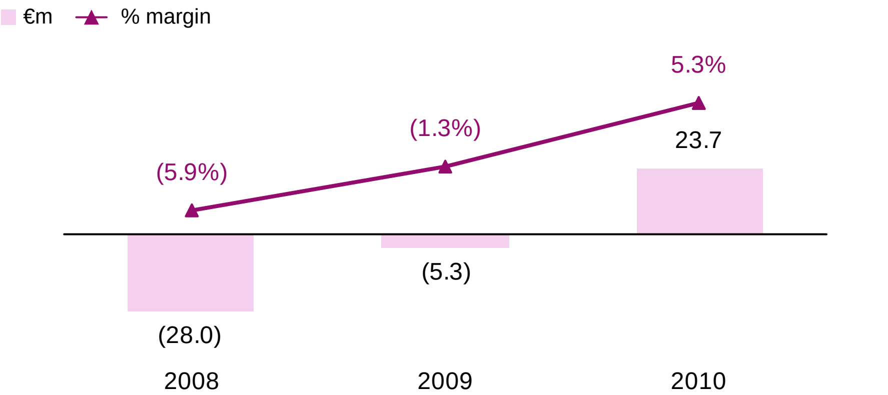
Adjusted EBITDA



Comments

- Increase of EBITDA margin in 2010 to 8.5% is driven by:
  - Strong sales growth
  - Lower price mark downs
  - Operational improvements
  - Optimisation of cost structure
- Scalability of business model, rapid growth and increasing degree of direct sourcing will result in significant margin improvements going forward
- No adjustments in 2010

Adjusted EBT

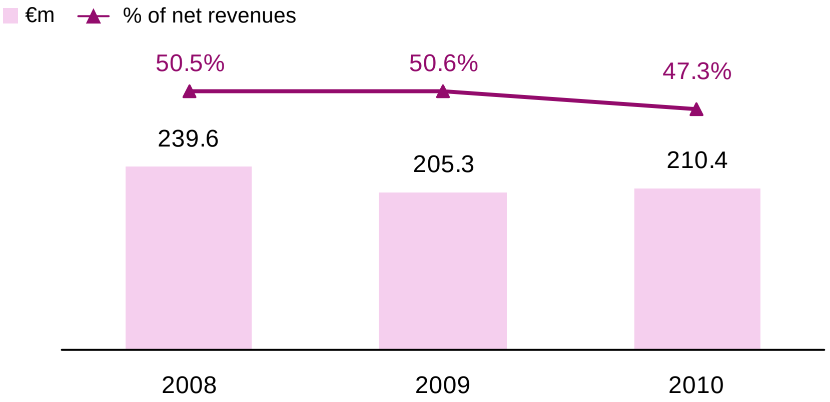


Comments

- Strong bottom-line earnings reflect low financial leverage
- EBT development also benefitted from a decreasing level of depreciation through streamlining of business model with the disposal of logistics operations
- No adjustments in 2010

Development of major income statement items

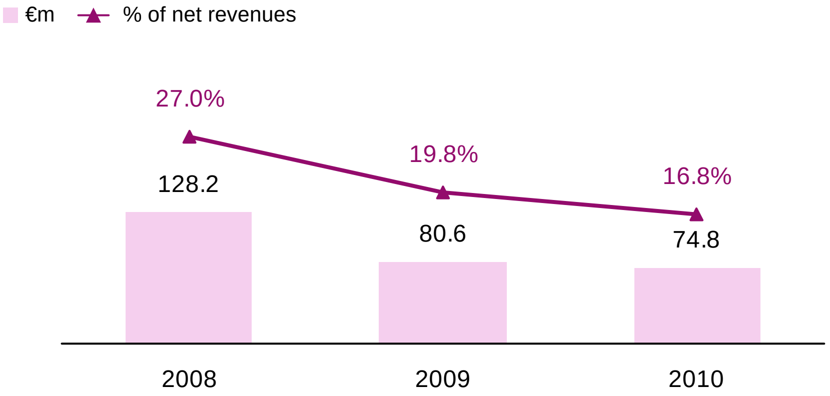
Material expenses



Comments

- Material expenses represent the largest cost item, including costs for clothes, inventory differences, commissions and duty
- Substantial decrease in cost of materials ratio from 50.6% in 2009 to 47.3% in 2010 as a result of significant reduction of mark-downs
- Management plans to offset recent increase in raw material costs (e.g. cotton price) with the following measures:
  - Reduction of mark-downs
  - Selected shift to higher price points
  - Shift to direct sourcing

Personnel expenses

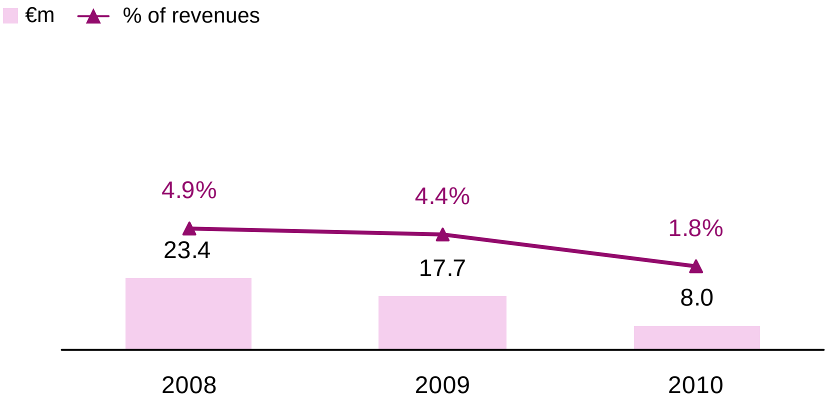


Comments

- Approx. 77% of total personnel expenses are related to store personnel and 23% to corporate overhead
- Decrease in personnel expenses, especially from 2008 to 2009, was primarily a result of restructuring measures
- Further reduction of personnel expenses in 2010 related to set-up of a lean store management structure
- Store expansion will lead to economies of scale effects in the corporate overhead personnel

Development of major income statement items (cont'd)

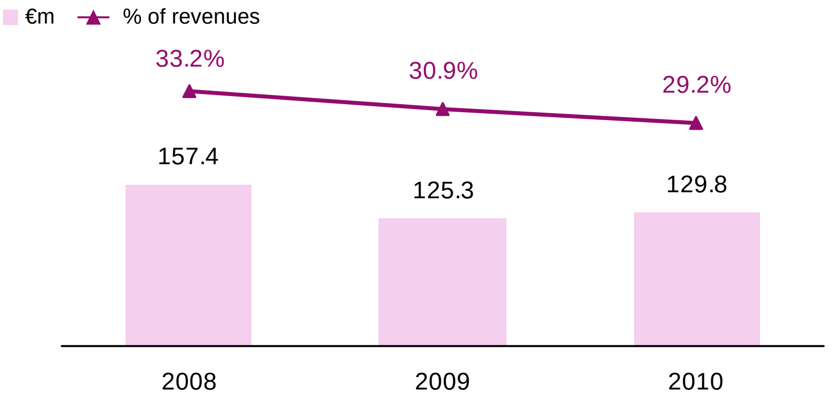
Other operating income



Comments

- Components mainly include rental income, commissions and license income
- Decrease in 2010 due to take-over of selling activities for shoes business from Hamm-Reno Group and subsequent accounting shift of rental income to revenues

Other operating expenses



Comments

- Rent expenses (2010: €54.2m) and advertising expenses (2010: €38.0m) represent the largest component of other operating expenses
- Other components include expenses for freight and transport, technical equipment, external services, consulting/legal costs as well as general administrative expenses
- Decrease reflects costs savings initiatives as well as more focused marketing activities and improved rent prices

Bridge between reported and adjusted earnings

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Adjustments (€m)

	2008	2009	2010
Reported EBIT	**(55.4)**	**(5.4)**	**24.3**
1 Restructuring	12.9	0.9	0.0
2 Termination of contract	12.9	0.0	0.0
3 Impairment losses	7.9	2.3	0.0
Adjusted EBIT	**(21.8)**	**(2.2)**	**24.3**
Depreciation & amortisation	20.4	15.5	13.6
Adjusted EBITDA	**(1.4)**	**13.3**	**37.8**
Total adjustments (excl. impairments)	(25.8)	(0.9)	0.0
Reported EBITDA	**(27.2)**	**12.5**	**37.8**

Bridge between reported and adjusted EBT (€m)

	2008	2009	2010
Reported EBT	**(61.6)**	**(8.5)**	**23.7**
Total adjustments	33.6	3.2	0.0
Adjusted EBT	**(28.0)**	**(5.3)**	**23.7**

Comments

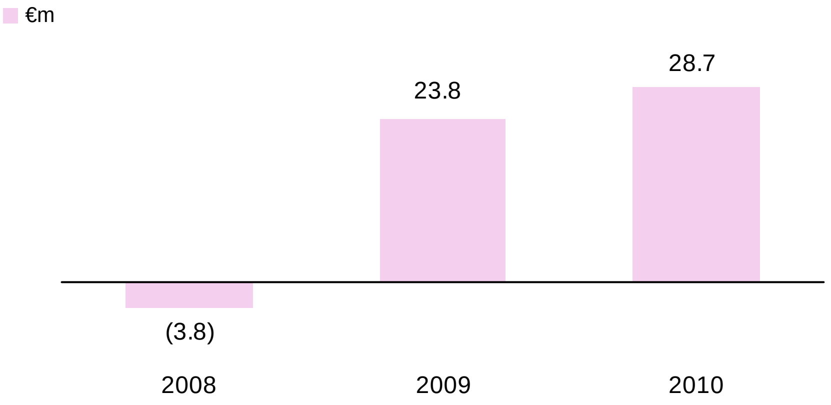
1
- Extraordinary severance payments relating to restructuring
- Consulting and legal fees relating to special restructuring advisory projects
- Non-recurring income from reversal of restructuring provisions

2
- One-off compensation payment due to early termination of rental contracts of unprofitable stores

3
- Impairment of logistics software as a result of partial termination of software utilisation
- Write-offs of assets relating to “Viventy by Bernd Berger” brand

Cash flow discussion

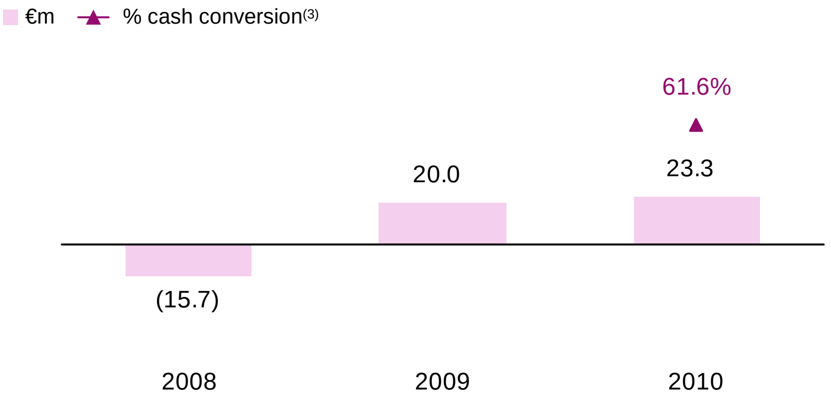
Operating cash flow (pre-tax)(1)



Comments

- Strong increase of operating cash flow in 2009
- Increase of operating cash flow in 2010 was partially offset by rise in working capital

Free cash flow (pre-tax)(2)



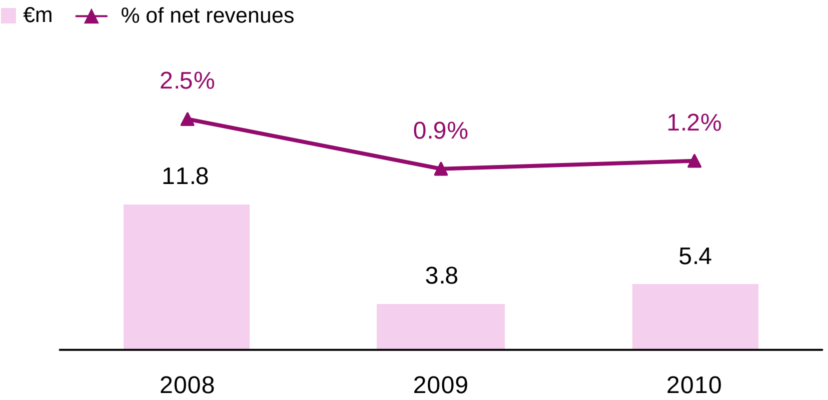
Comments

- ADLER operates an asset light-business model with moderate capex requirements
- As a result, free cash flow generation is around 60% in 2010

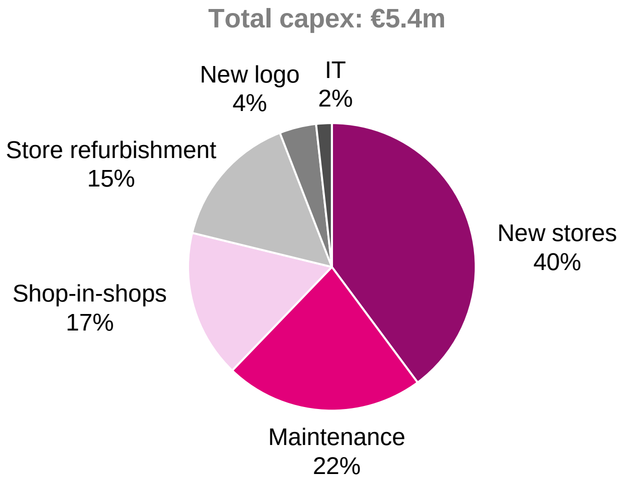
(1) Calculated as adjusted EBITDA +/- change in trade working capital
(2) Calculated as adjusted EBITDA +/- change in trade working capital – capital expenditures
(3) Calculated as free cash flow/adjusted EBITDA

Capital expenditures

Capex development



Capex breakdown (2010)

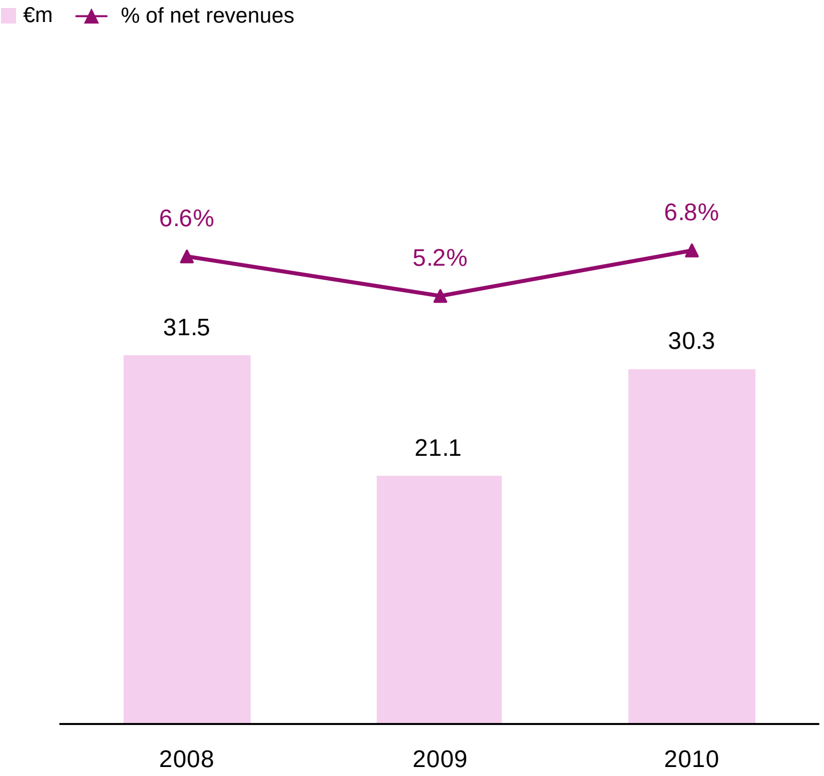


Highlights

- ADLER runs an asset light business model focusing on core value added processes product development and distribution
- Low capital spending in 2009 and 2010 due to restructuring and implementation of strategic initiatives
- Majority of capex in 2010 related to new store openings
- ADLER management plans to open approx. 20 new stores per year:
  - Opening capex requirement of ~€250 per sqm
  - Store sizes ranging from ~1,500 to ~2,000 sqm
- Further future capex requirements include:
  - Store refurbishment programme: ~€150,000 per store
  - Expansion of shop-in-shop areas: ~€75,000 per store
  - Implementation of new logo

Trade working capital

Trade working capital[1]



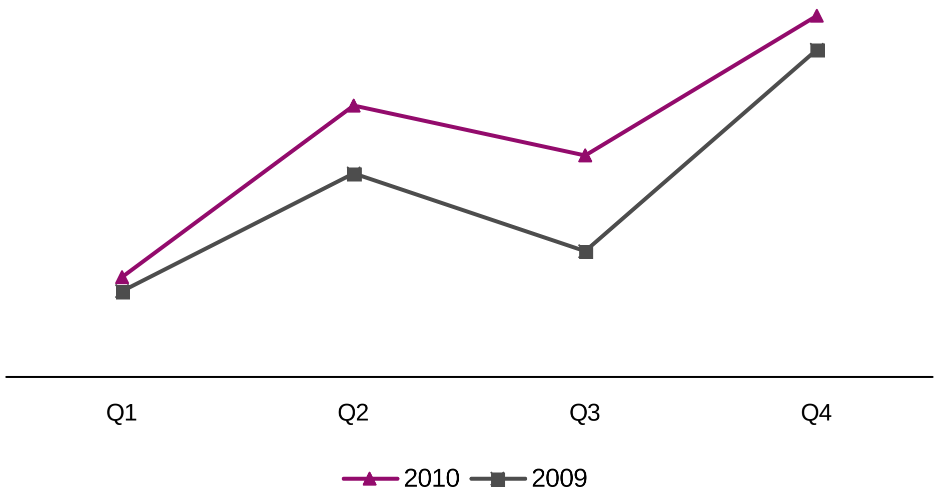
Comments

- Trade working capital in 2010 mainly consists of inventories (€56.7m) and trade payables (€27.8m)
- There are no major trade receivables which amount to €1.3m in 2010
- Due to business seasonality, trade working capital reaches peak levels in Q1 and Q3

(1) Per year-end (Dec-31)

Revenue seasonality

Revenue seasonality

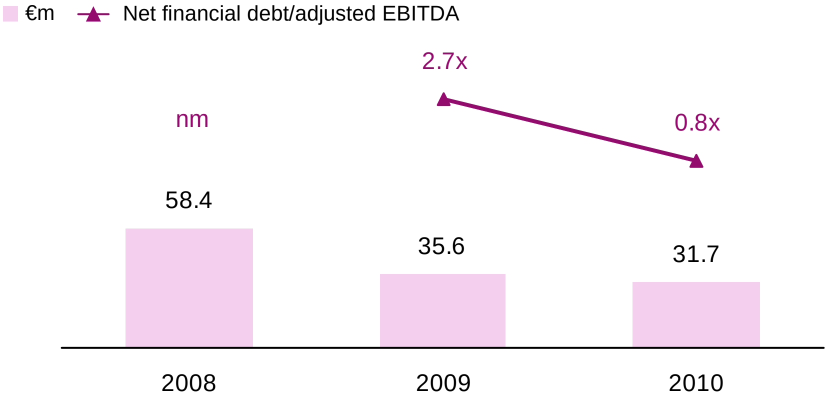


Comments

- Revenues follow seasonal patterns
- Approx. 55% of revenues are generated in the second half of the fiscal year
- The fourth quarter generally represents the largest revenue portion due to the sale of the winter collection

Capital structure and dividend policy

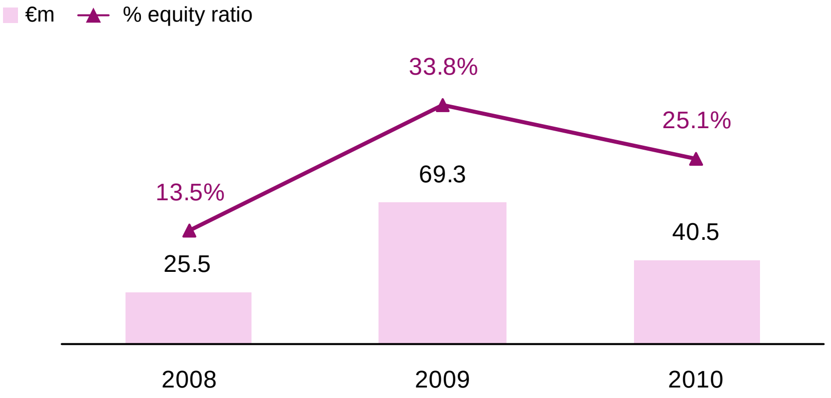
Net financial debt[1]



Post-IPO capital structure

- Net financial debt in 2010 includes:
  - Financial liabilities (€18.6m)
  - Finance leases (€46.0m)
  - Cash & cash equivalents (€33.0)
- Decrease of net financial debt in 2010 due to reduction of finance leases
- ADLER has already achieved a solid capital structure pre IPO, thus no IPO proceeds required for debt refinancing

Equity



Post-IPO dividend policy

- Committed to progressive dividend policy with dividends increasing broadly in line with EPS growth
- Focus on reinvestment of operating cash flows in expansion of store network
- Planned mid-term payout ratio in line with listed peer group

(1) Short- and long-term financial liabilities inclusive finance leases less cash and cash equivalents

Use of IPO proceeds

1	▪ Funding of future growth – Store roll-out – Growth opportunities through acquisitions

2	▪ Expansion of shop-in-shop concept with external brands

3	▪ Refurbishment of existing store portfolio

Outlook

Year-end 31 Dec (€m)	2008a	2009a	2010a	2011e	2012e
Net revenues	474.6	405.8	444.8		
% growth		*(14.5%)*	*9.6%*		
Gross profit	235.0	200.6	234.4		
% margin	*49.5%*	*49.4%*	*52.7%*		
Adjusted EBITDA	(1.4)	13.3	37.8		
% margin	*(0.3%)*	*3.3%*	*8.5%*		
Depreciation & amortisation(1)	(20.4)	(15.5)	(13.6)		
% of net revenues	*4.3%*	*3.8%*	*3.0%*		
Financial result	(6.2)	(3.1)	(0.6)		
Adjusted EBT	(28.0)	(5.3)	23.7		
% margin	*(5.9%)*	*(1.3%)*	*5.3%*		
Tax expense	2.4	(0.1)	4.8		
Capex	(11.8)	(3.8)	(5.4)		
% of net revenues	*2.5%*	*0.9%*	*1.2%*		
Trade working capital	31.5	21.1	30.3		
% of net revenues	*6.6%*	*5.2%*	*6.8%*		

(1) Excluding impairment losses

1	Offering structure
2	Introduction to ADLER
3	Investment highlights
4	Positioning
5	Distribution concept
6	Value chain
7	Financial discussion
8	**Summary**
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ADLER presents an excellently positioned fashion brand, making it an attractive investment opportunity in a fast growing market segment

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1	Excellent positioning and clear market focus	▪ The leading apparel retailer with excellent focus on target group aged 45+ with comfortable fits ▪ Clear brand positioning in the value price segment with outstanding value-for-money perception ▪ Strong brand awareness in Germany
2	Superior customer loyalty and high visibility	▪ High customer loyalty based on strong and long-standing customer relationships ▪ Full visibility of customer behaviour – 91% of revenues generated by 3.3 million active ADLER Customer Card owners in 2010
3	Beneficiary of major demographic trends	▪ Key beneficiary of demographic shift to an aging population ▪ Attractive positioning in the value price segment, being the winning segment in the German apparel market
4	Compelling business model	▪ Lean and vertical business model with full information control over the entire value chain ▪ Asset light model with high scalability due to high process standardisation and limited capex requirements for new store openings ▪ Highly flexible modular store system providing maximum customisation capabilities
5	Significant growth potential	▪ Attractive diversity of complementing growth drivers ▪ Strong growth potential across all product divisions and brands ▪ Significant store roll-out opportunity in Germany ▪ International expansion in both existing and new markets
6	Attractive profitability upside	▪ Systematic margin upside through conceptual improvement of retail store portfolio ▪ Large upside potential through expansion of direct sourcing activities and realisation of economies of scale
7	Strong management team with proven track record	▪ Highly regarded and committed management team with a complementary skill set ensuring strong expertise in all relevant areas ▪ Successful track record of repositioning the ADLER brand, return to profitability and implementing strategic platform for further profitable growth

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Income statement

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Summary income statement			
Year-end 31 Dec (€m)	**2008**	**2009**	**2010**
Revenues	**474.6**	**405.8**	**444.8**
% growth		***(14.5%)***	***9.6%***
Material expenses	(239.6)	(205.3)	(210.4)
Gross profit	**235.0**	**200.6**	**234.4**
% margin	***49.5%***	***49.4%***	***52.7%***
Other operating income	23.4	17.7	8.0
Personnel expenses	(128.2)	(80.6)	(74.8)
Other operating expenses	(157.4)	(125.3)	(129.8)
Reported EBITDA	**(27.2)**	**12.5**	**37.8**
% margin	***(5.7%)***	***3.1%***	***8.5%***
Depreciation & amortisation	(28.2)	(17.8)	(13.6)
Reported EBIT	**(55.4)**	**(5.4)**	**24.3**
% margin	***(11.7%)***	***(1.3%)***	***5.5%***
Financial result	(6.2)	(3.1)	(0.6)
Reported EBT	**(61.6)**	**(8.5)**	**23.7**
Tax expense	2.4	(0.1)	4.8
Profit from continuing operations	**(59.2)**	**(8.6)**	**28.5**
Profit from discontinued operations	0.0	1.3	(1.1)
Net result	**(59.2)**	**(7.3)**	**27.4**
Minorities	0.0	0.9	0.0
Net income	(59.2)	(6.4)	27.4

Balance sheet

Assets			
Year-end 31 Dec (€m)	**2008**	**2009**	**2010**
Intangible assets	5.1	2.6	2.1
Tangible assets	80.7	63.8	52.2
Other non-current assets	3.1	6.3	12.2
Total non-current assets	**88.9**	**72.6**	**66.5**
Inventories	62.5	53.6	56.7
Trade receivables	3.7	0.6	1.3
Other current assets	9.6	41.1	4.2
Cash and cash equivalents	25.2	37.0	33.0
Total non-current assets	**101.0**	**132.3**	**95.2**
Total assets	**189.9**	**205.0**	**161.8**

Equity and liabilities			
Year-end 31 Dec (€m)	**2008**	**2009**	**2010**
Total equity	**25.5**	**69.3**	**40.5**
Long-term financial liabilities	5.0	4.8	4.4
Long-term finance leases	54.2	45.2	36.3
Pensions	3.5	3.3	4.3
Other liabilities and provisions	1.1	1.2	1.9
Total non-current liabilities	**63.9**	**54.5**	**46.8**
Short-term financial liabilities	15.8	13.6	14.2
Short-term finance leases	8.6	9.0	9.8
Trade payables	34.7	33.1	27.8
Provisions	17.5	5.9	3.1
Other current liabilities	23.9	19.6	19.5
Total current liabilities	**100.5**	**81.2**	**74.4**
Total liabilities & equity	**189.9**	**205.0**	**161.8**

Cash flow statement

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Summary cash flow statement			
Year-end 31 Dec (€m)	**2008**	**2009**[1]	**2010**[1]
EBT	(61.6)	(7.1)	22.9
Depreciation & amortisation	20.4	16.2	14.1
Impairment losses	7.9	2.4	2.7[2]
Inc (Dec) in pensions	(0.3)	(0.2)	(0.2)
(Gain) Loss on the disposal of fixed assets	(7.1)	0.3	0.5
Other non-cash items	21.0	14.2	10.3
Financial result	6.2	3.1	0.6
Interests paid	0.8	0.3	0.1
Interests received	(0.7)	(0.2)	(0.2)
Income taxes paid	(0.5)	(0.1)	(0.5)
(Inc) Dec in inventories	2.1	7.6	(2.0)
(Inc) Dec in trade and other receivables	4.9	5.2	(0.2)
Inc (Dec) in trade and other payables and other provisions	(17.3)	(34.6)	(22.3)
Inc (Dec) in other balance sheet items	1.7	(0.0)	(0.1)
Operating cash flow	**(22.5)**	**7.2**	**25.8**
Proceeds from disposals of fixed assets	0.7	0.9	1.5
Purchases of fixed assets	(11.8)	(3.8)	(5.4)
Cash outflows from disposals of business	0.0	0.0	(0.4)
Acquisition of business	0.0	0.0	(0.2)
Proceeds from disposals of short-term deposits	15.2	0.0	0.0
Investments in short-term deposits	0.0	(35.0)	(12.3)
Investing cash flow	**4.0**	**(37.8)**	**(16.8)**
Change in financial liabilities	(5.2)	(0.2)	(0.2)
Change in finance leases	(16.6)	(13.2)	(12.9)
Losses covered by shareholders	0.0	2.8	0.0
Change in equity due to payments from shareholders	40.0	53.1	0.0
Financing cash flow	**18.2**	**42.4**	**(13.1)**
Net cash flow	**(0.3)**	**11.8**	**(4.0)**

[1] Including discontinued operations; [2] Within discontinued operations

Senior management team

	Lothar Schäfer *CEO*	Thomas Wanke *CSO*	Jochen Strack *CFO*
Prior employment	▪ Joined ADLER in March 2009 ▪ 2004 – 2008: CEO of two portfolio companies of investment company Arques Industries ▪ 2003 – 2004: Serto Group (CEO of EXMAR Armaturen) ▪ 2001 – 2003: Business Development Manager at Yole Développement ▪ 1995 – 2001: Roulement Miniature (Marketing Director, Project Manager)	▪ Joined ADLER in July 2009 ▪ 2008 – 2009: CSO at Takko Fashion ▪ 2006 – 2008: CSO at OBI Germany ▪ 2000 – 2006: CSO at Charles Vögele Germany ▪ 1999 – 2000: Managing Director Sales at SinnLeffers ▪ 1996 – 2000: National Director Sales at Ernsting's Family	▪ Joined ADLER in September 2009 ▪ 1999 – 2009: COS Distribution (from 2002 to 2009 as CFO) ▪ 1998: Hessische Treuhand Wirtschaftsprüfungsgesellschaft, Senior Audit Manager ▪ 1991 – 1997: Hohlweck & Partner, Senior Manager Tax Advisory
Key success	▪ Successful turnaround management, add-on acquisition with revenues doubled (Arques portfolio company) ▪ Successful turnaround with revenues more than tripled in two years (Arques portfolio company) ▪ Successful integration of EXMAR Armaturen within Serto Group and increase of revenues by 18% in 12 months	▪ Realignment of sales organisation at ADLER ▪ Responsible for set-up of the expansion team at ADLER ▪ Responsibility for execution of international expansion in CEE of Takko ▪ Implementation of new sales formats in Benelux at Charles Vögele ▪ Responsibility for development of store concepts of Charles Vögele Germany	▪ More than 25 years experience in tax, audit and controlling, thereof 7 years as CFO ▪ Set-up of audit and tax advisory division at Hohlweck & Partner

Organisational structure

Management responsibilities

Lothar Schäfer *CEO*	Thomas Wanke *CSO*	Jochen Strack *CFO*
Strategy	Distribution	Accounting & Controlling
Purchasing	Marketing	Human Resources
Logistics	Visual Merchandising	Revision
Supply Chain Management	Expansion	Legal
Quality Control		Information Technology
Public Relations		
Investor Relations		

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