

Analyst Presentation

First Half 2014

1

Highlights

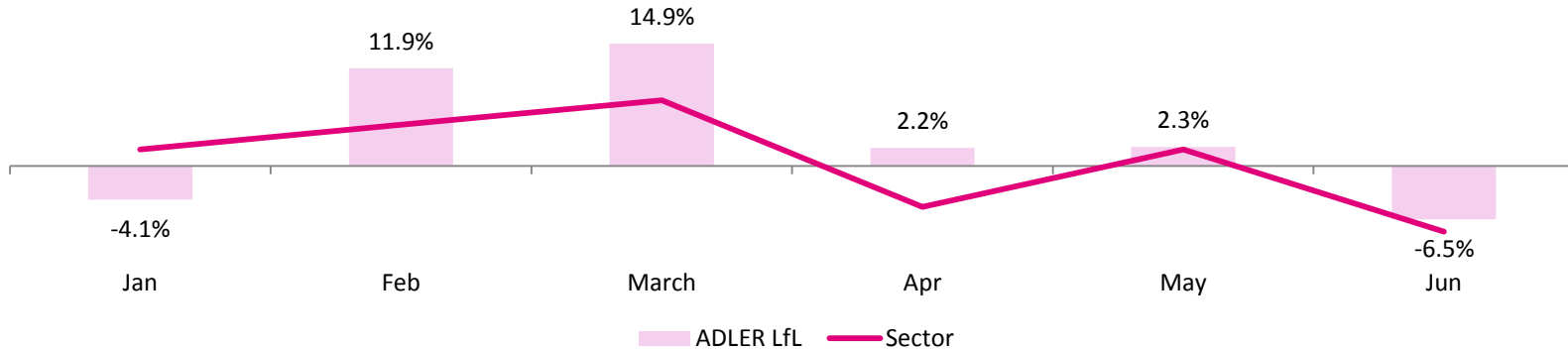
2

Financials

3

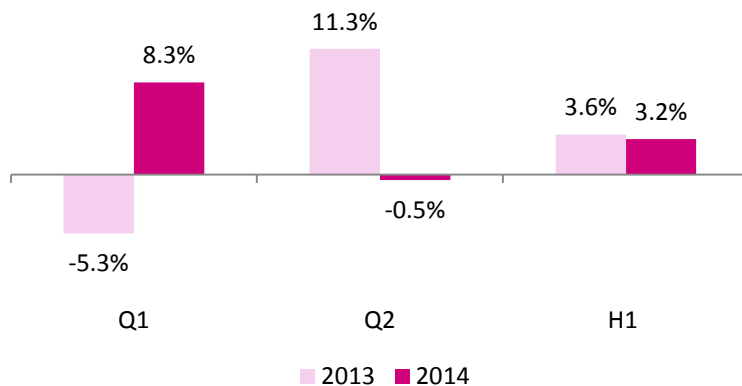
Outlook 2014

ADLER Like for Like Growth vs. German Textile Sector*



* TW-Testclub

ADLER Quarterly Like for Like Comparison 13/14



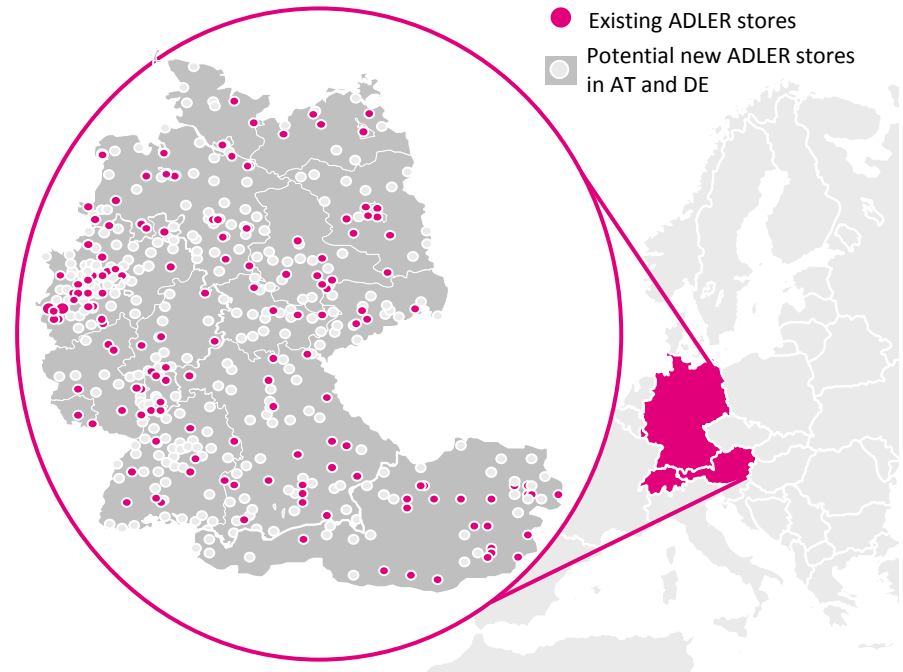
- ADLER was able to virtually maintain strong Q2 2013 level
- April outperforming strong 2013 base of 30.8% growth in lfl sales, supported by new marketing campaign
- Q2 negatively effected by weak lfl performance in June - 2 missing selling days and soccer world cup
- H1 +3.2% lfl on top of strong previous year growth

Number of ADLER Stores Per Country

Country	Market entry	Number of stores*							H1 2014
		2008	2009	2010	2011	2012	2013	2014	
Germany	1948	103	104	107	132	139	143	142	
Austria	1987	16	17	26	28	27	25	22	
Luxembourg	1981	2	2	2	2	2	2	2	
Switzerland	2012					1	1	1	
Total Group		121	123	135	162	169	171	167	
Organic openings		6	3	8	13	11	5	1	
Acquired (M&P)				7	18	5	1	0	
Closings/sold		9	1	3	3	9	4	5	
Net change		-3	2	12	28	7	2	-4	

* excl. online shop

ADLER's Regional Presence And Expansion Potential



Highlights H1 2014

- Store openings: 1 – Hamburg-Rahlstedt
- Luedenscheidt and Henstedt-Ulzburg openings postponed to H2 2014, Meschede and Bottrop postponed to 2015
- Final negotiations for potential additional opening in Austria in Q4 2014
- Store closures: 5 - Huerth, Graz-Liebenau (AT), Innsbruck (AT), Düsseldorf-Bilk and Fürstenfeld (AT)
- One more potential store closure in 2014
- 9 refurbishments completed in H1 2014, 9 – 10 refurbishments planned for H2 2014

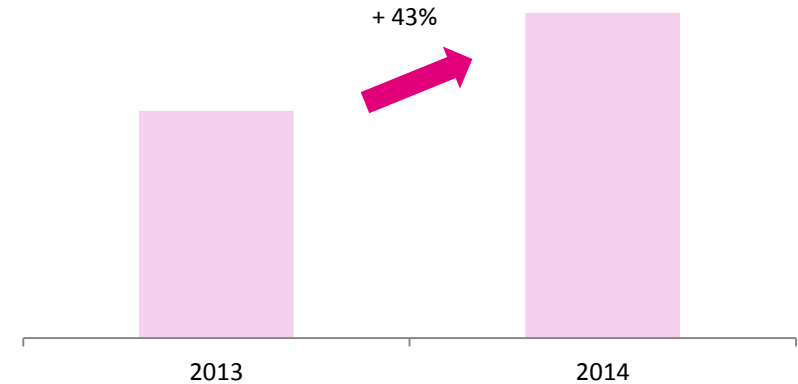
Online Shop Trend H1 2014

- Online shop sales up 33%, including cross channel sales (Click&Collect) up 43%
- Increase in visitors by 36% to 2.7m
- Cross channel sales more than doubled in H1 2014
- First 2 month with positive EBITDA in H1 following sales of >EUR0.6m proofs business case of break even EBITDA at EUR7.5m online shop sales
- After awards from Textilwirtschaft's Top Shop Study in 2013, ADLER Online Shop was nominated as one of Computer Bild's „TOP SHOPS 2014“

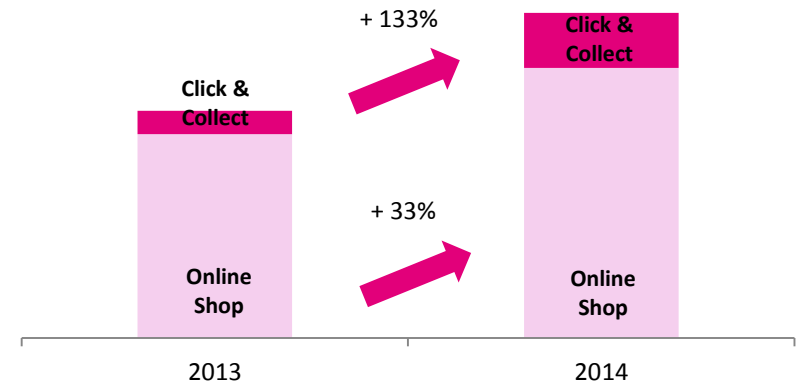


Online Shop and Cross Channel Sales

Sales in m€



Break Down Online Shop and Cross Channel Sales





1 Highlights

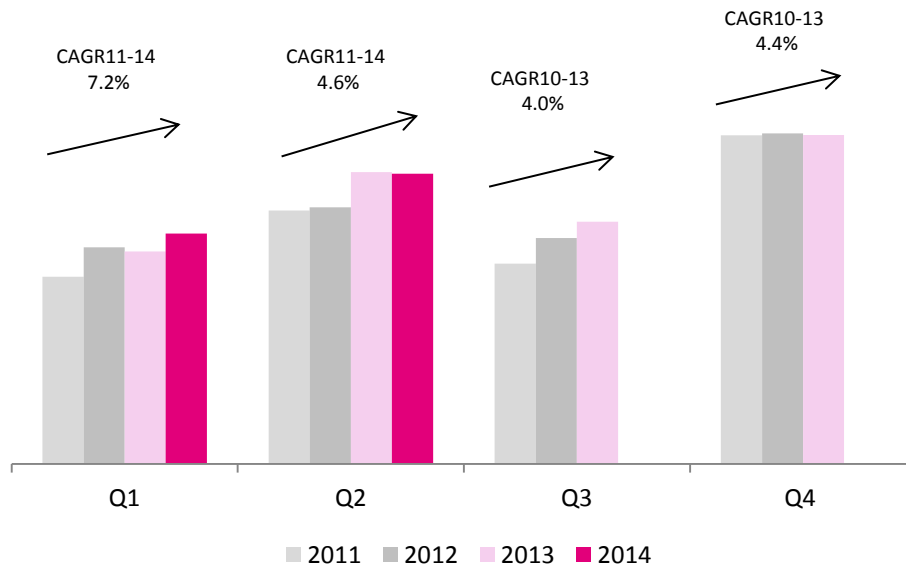
2 **Financials**

3 Outlook 2014

Apparel Retailers Act in a Cyclical Business Environment

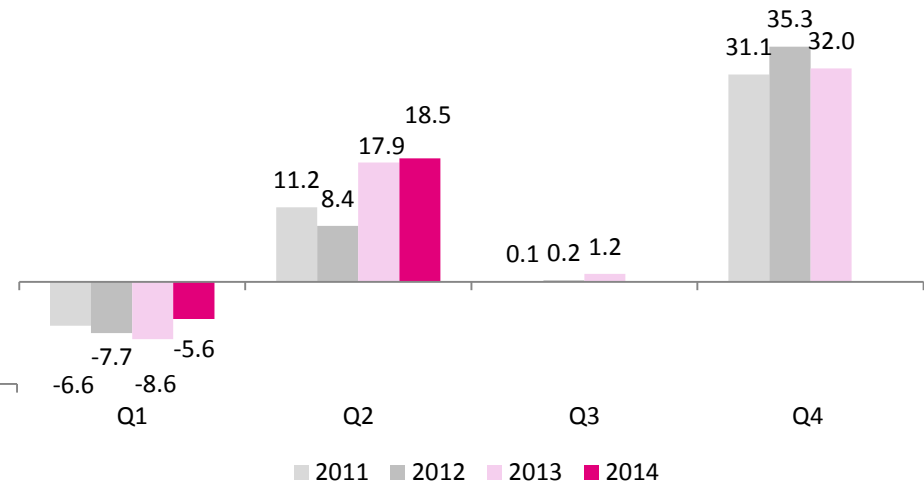
- Sales, profits and financing requirements of retailers in the apparel sector like ADLER are affected by seasonal fluctuations
- Goods receipt and financing requirements peak in Q1 and Q3
- Seasonal effects regularly cause negative earnings, increased inventories and an increase in trade payables in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

Revenue



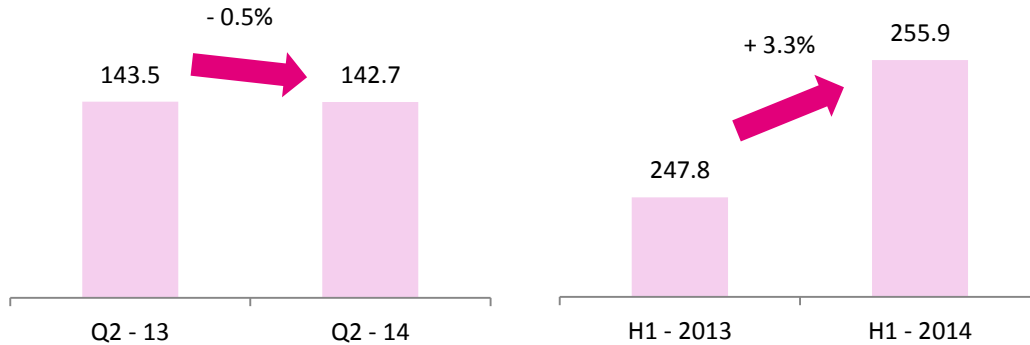
EBITDA

in m€



Q2 and H1 2014

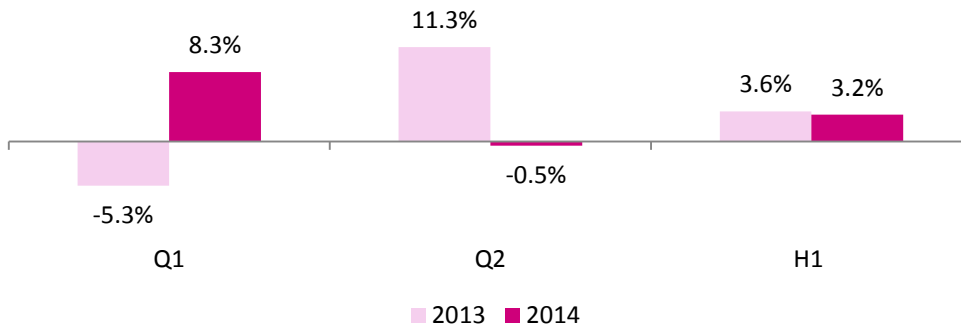
in m€



Q2 2014

- Slight decrease in sales of 0.5% to €142.7m
- Like for like sales down 0.5%
- **Strong Q2 2013 figures virtually matched**
 - Strong April and May lfl increase exclusively volume driven
 - 7 store closures since H2 2013 nearly offset by 5 openings

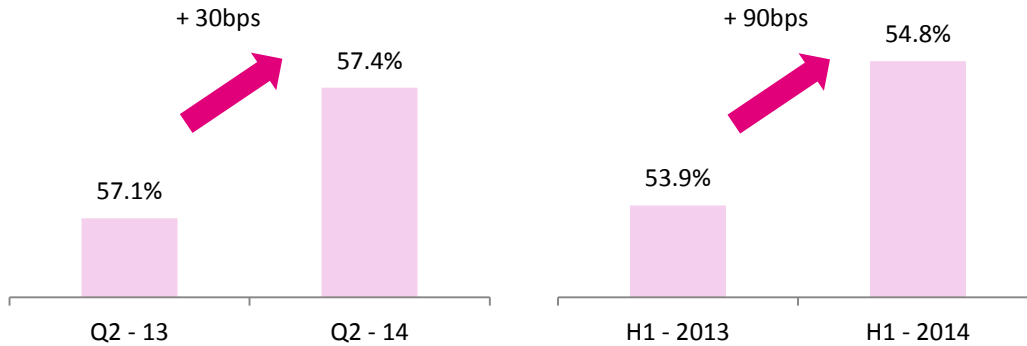
Quarterly like for like sales trend



H1 2014

- Increase in group sales by 3.3% to EUR255.9m
- Like for like sales up 3.2%

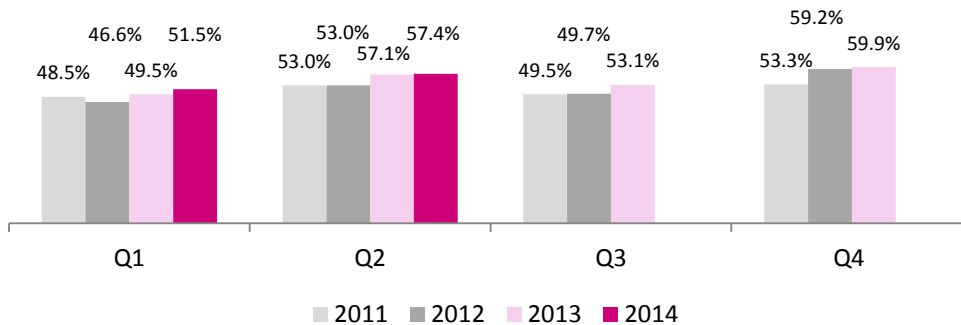
Q2 and H1 2014 gross profit margin



Q2 2014

- Gross profit margin increase of 30 bps to 57.4%
- Key gross profit margin drivers
 - Higher share and sale of new merchandise of total inventory
 - Ongoing improvement in sourcing

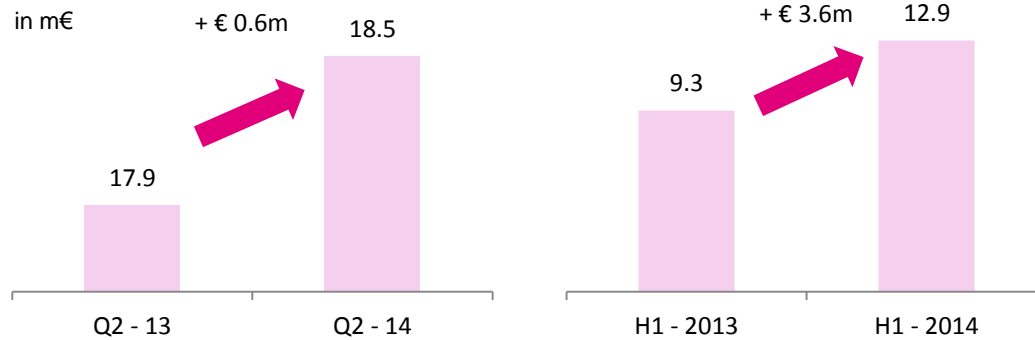
Gross profit margin trend



H1 2014

- Gross profit margin increase of 90 bps to 54.8%

Q2 and H1 2014 EBITDA



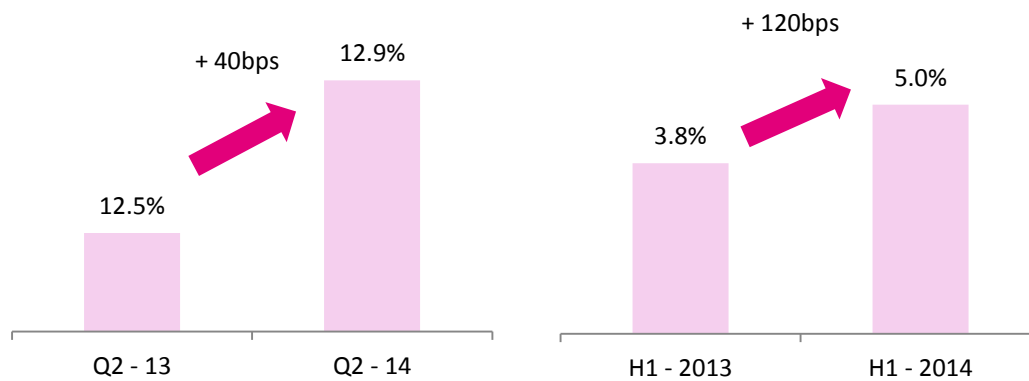
Q2 2014

- EBITDA increase by €0.6m to €18.5m
- EBITDA margin up 40bps to 12.9%



- Improved inventory management
- Consolidation of store portfolio
- Solid cost structure

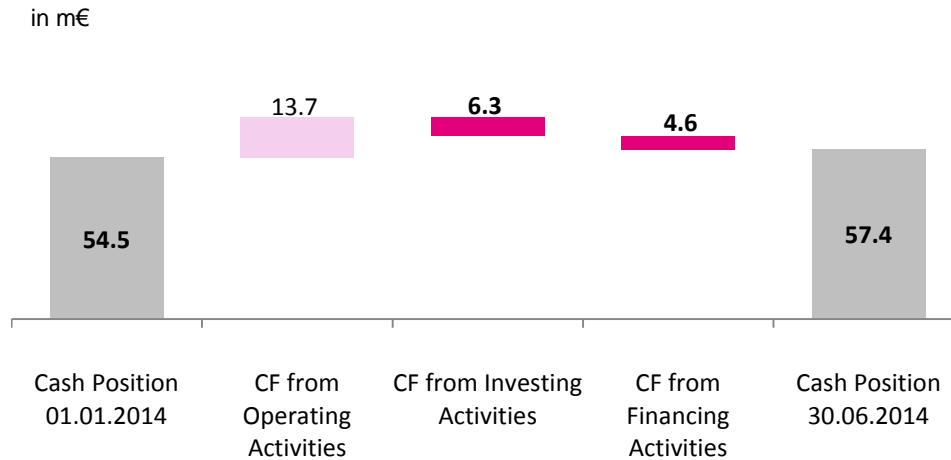
Q2 and H1 2014 EBITDA margin



H1 2014

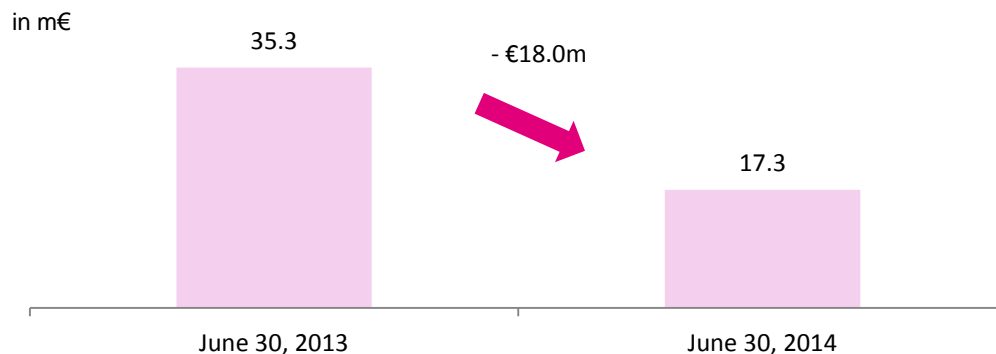
- EBITDA increase by €3.6m to €12.9m
- EBITDA margin up 120bps to 5.0%

Cash Flow Net Debt Improvement



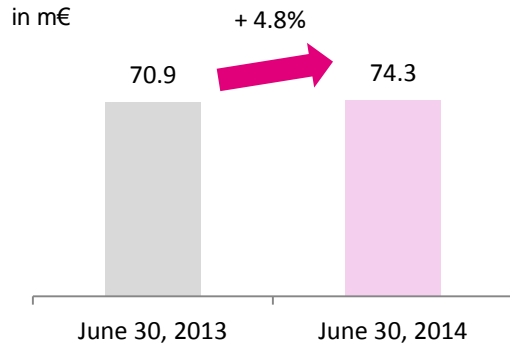
- Free cash flow of €7.5m
- Stable CF from operating activities at €13.7m
- Higher cash outflow from investing activities of €1.5m compared to H1 2014 due to refurbishment program
- €4.6 negative CF from financing activities after payment of dividends in May
- Improvement in Net Debt position of €18.0m

Positive Trend in Net Debt * Continues

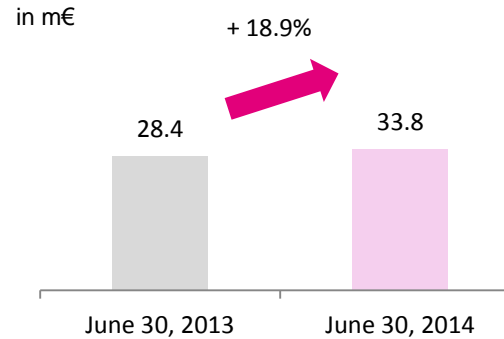


* Including pension provisions, financial liabilities, finance lease liabilities ex assets held for sale, cash

Inventories



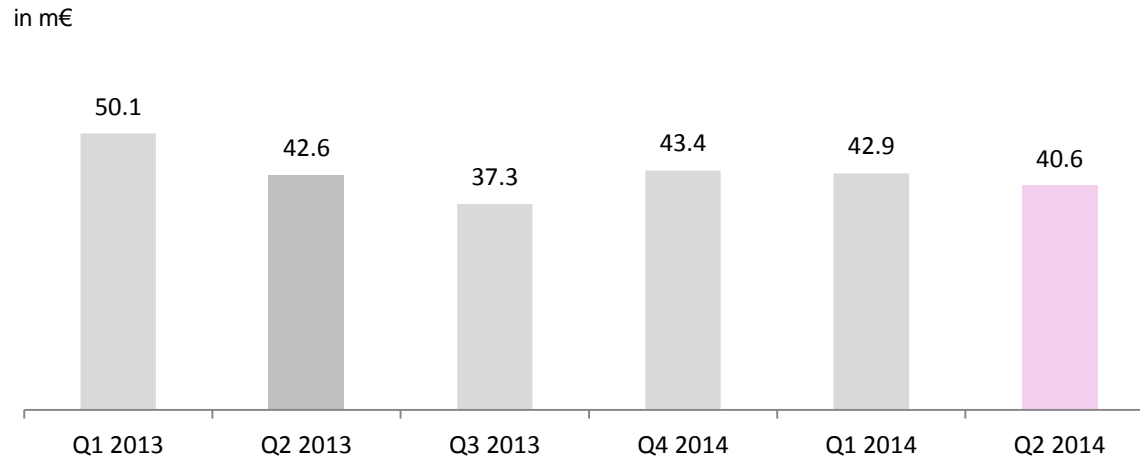
Trade Payables



- Increase in inventories by EUR3.4m due to increase in floating goods
- Trade payables up EUR5.4m

Insignificant amount in trade receivables of < € 0.1m

Operating Working Capital



- Working Capital decreased by EUR2m from EUR42.6m 2013 to EUR40.6m in 2014

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2 Financials

3 **Outlook 2014**

Guidance

Sales		Low single digit
Gross profit margin		Slight increase
Personnel expenses		Wage increase after renewal of collective bargain agreement
Transport and logistics costs		Slight increase
EBITDA		In line with sales growth
Expansion		5 – 10 new stores Additional store closures

Operational Outlook

Revitalization of brand image	Implementation of RFID technology in all stores
Up to 20 refurbishments	Acquisition of Mom & Pop shops

***Thank you
for your attention***