



ADLER
ALLES PASST

Investor Presentation
Incl. Half Year and Q2 2012 Figures

1	Strategy
2	Highlights
3	Financials
4	Outlook



ADLER: Unique Retail Concept, Harvesting Demographic Change

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

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

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

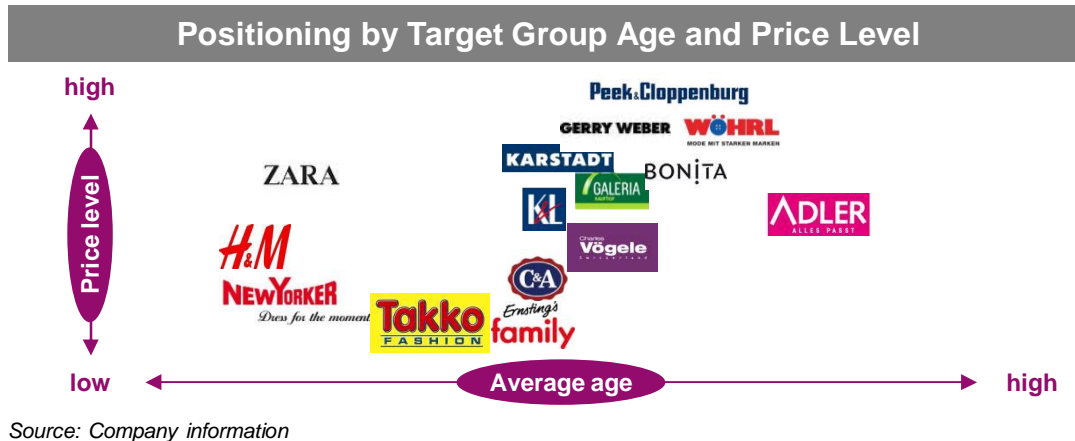
▶ **Sales focus on own brand products, representing 90% of sales; external brands targeting new customers 10%**

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

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

▶ **Multi-channel distribution concept: 166 own operated retail stores and e-business (tele-shopping/online-business)**

Unique Value Brand Position With Strong Target Group Focus 45+



Unique Brand Pposition

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

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

Ranking – Mono-Loyalty Card Schemes in Germany



Source: Finanztest (2008)

ADLER Customer Card Members 2)

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

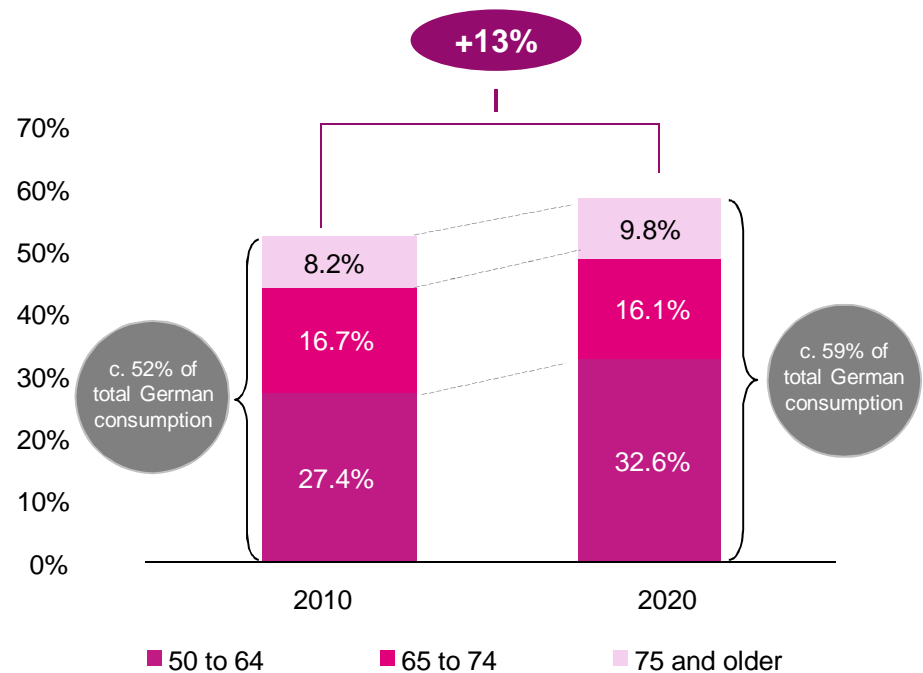
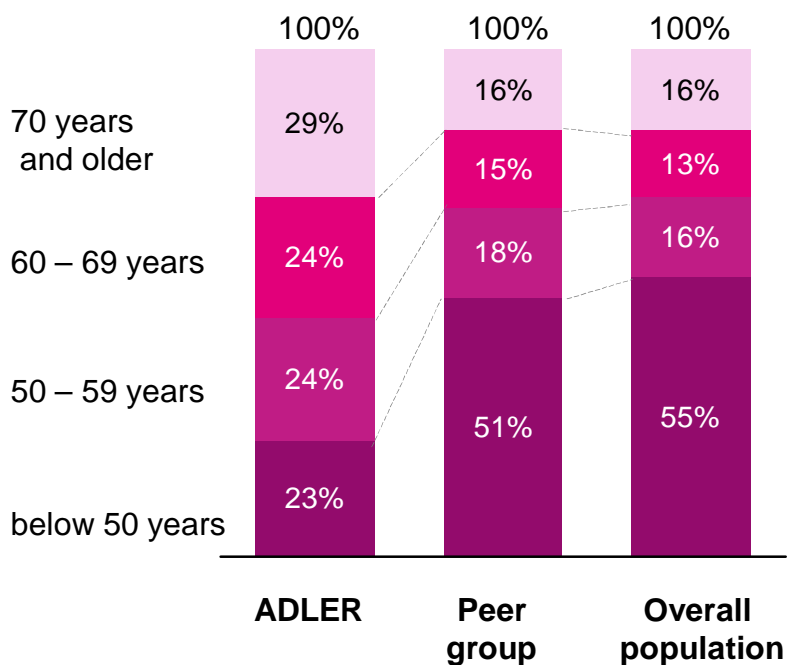
- **Active ADLER customer card members 6.0 million**
- **Best in class and 2nd largest:** ADLER customer card classified best out of 24 loyalty card schemes⁴⁾
- **Focused and efficient marketing opportunities:** loyalty card scheme allows exact market segmentation and a targeted marketing approach
-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

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

Strong Growth of Our Key Customer Group

Unique Target Group Positioning + Dominant Share in Consumer Spending (Consumption by age groups 2010 vs. 2020 ¹⁾

ADLER has older customers than the peer group

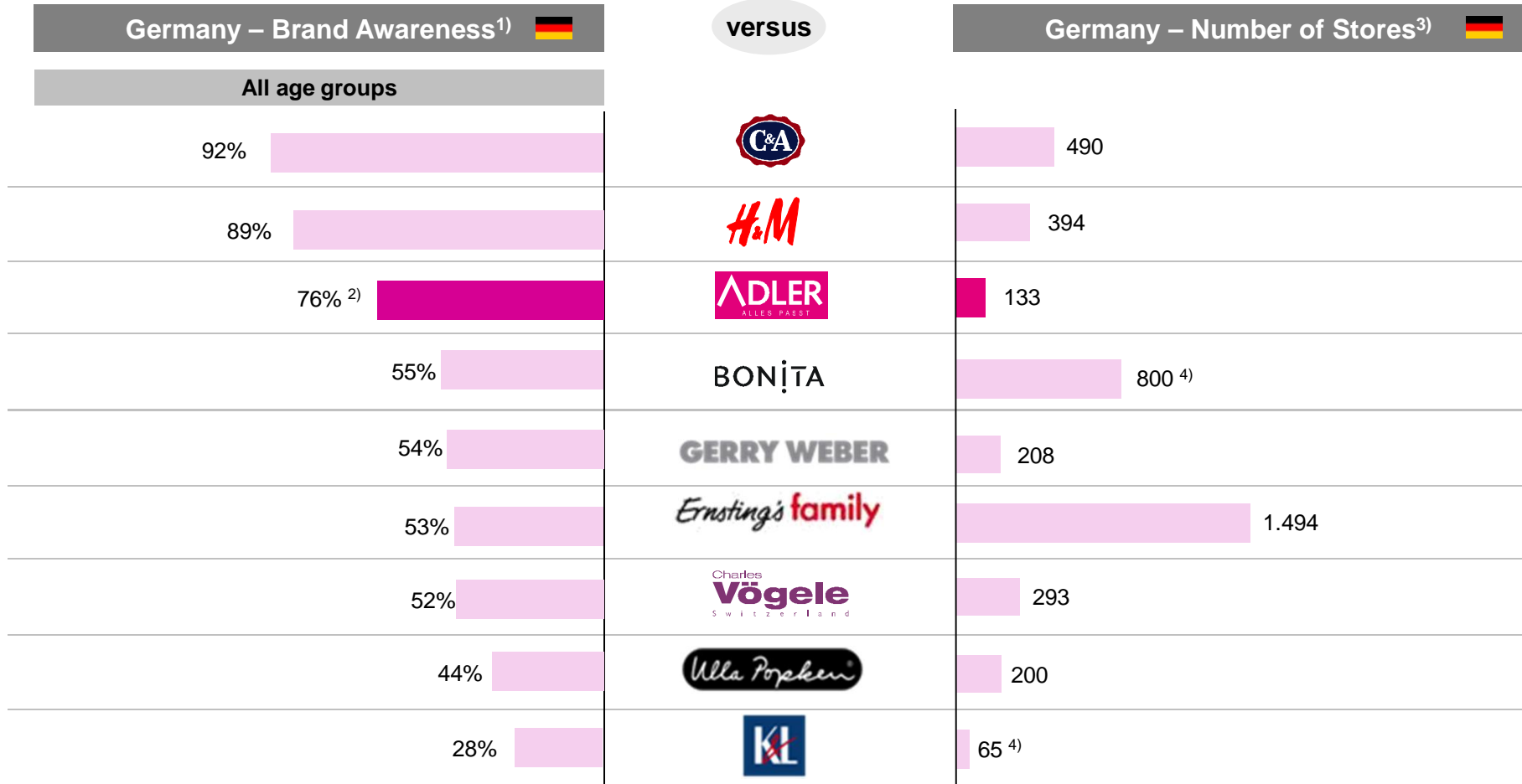


Source: Company information; Axel Springer AG; OC&C-Analysis

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

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

Strong Brand Awareness: Basis For Store Network Expansion



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

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



Retail Formats

		Selling Area	Characteristic
Retail park stores		1,600 to 2,800 sqm	<ul style="list-style-type: none"> ▪ Located next to super and hypermarkets as well as specialist markets ▪ Optimal reach of “one-stop-shopping” customers ▪ Strong focus in future expansion strategy
Shopping centre stores		1,600 to 3,500 sqm	<ul style="list-style-type: none"> ▪ Located within shopping centres ▪ Excellent opportunity to acquire new customers
City stores		1,200 to 3,000 sqm	<ul style="list-style-type: none"> ▪ Selling area of city stores with focus on medium-sized cities ▪ In the short run possibilities to take advantage of current high vacancy rates
Stand alone stores		> 2.800 sqm	<ul style="list-style-type: none"> ▪ Often located in suburban areas ▪ Highly accessible ▪ High advertising efforts necessary

8 New Stores In H1 2012

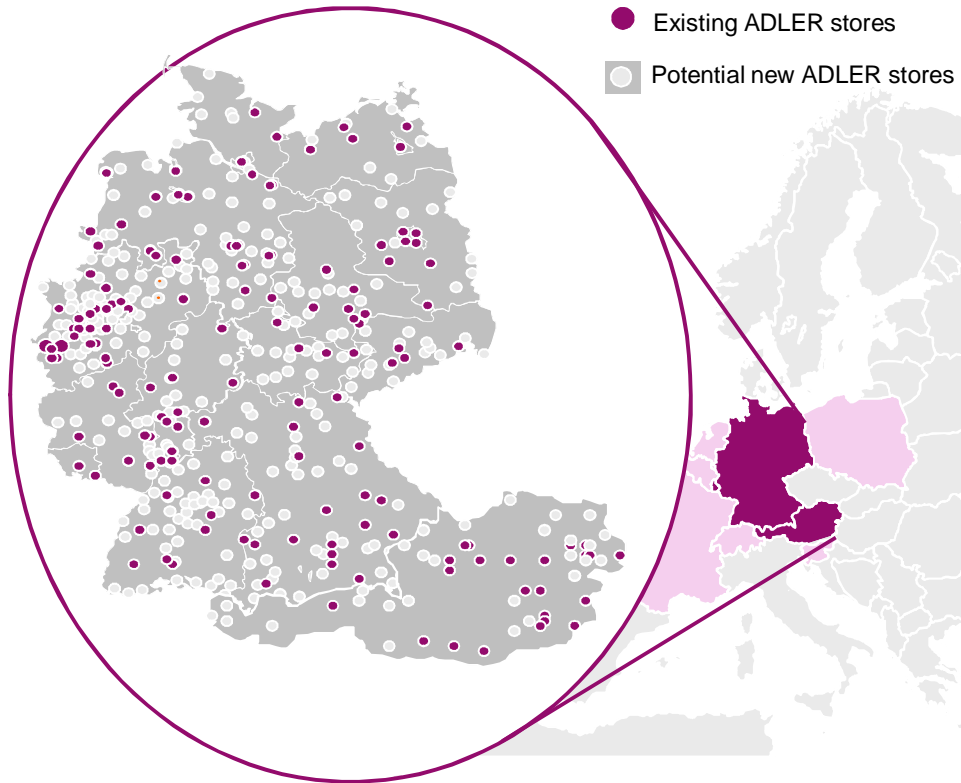
Adjusted Growth Strategy to Increase Profitability



Number of ADLER Stores Per Country

Country	Market entry	Number of stores				
		2008	2009	2010	2011	2012e
Germany	1948	103	104	107	133	~ 15 (8 in H1)
Austria	1987	16	17	26	28	
Luxembourg	1981	2	2	2	2	
Switzerland	2012e					
Total Group		121	123	135	163	app. > 175
Organic openings		6	3	8	13	
Acquired stores				7	18	
Closings		9	1	3	3	
Net change		-3	2	12	28	

ADLER's Regional Presence And Expansion Potential



- 8 organic store openings in H1 2012. Thereof 7 in Germany and 1 in Austria. 4 stores closed
- Economic risks rise through persistent government debt and euro crisis

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

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Thrive Profitability by Optimizing Sourcing and SCM

New Chief Purchase Officer – Manuela Kraft



CPO Manuela Kraft

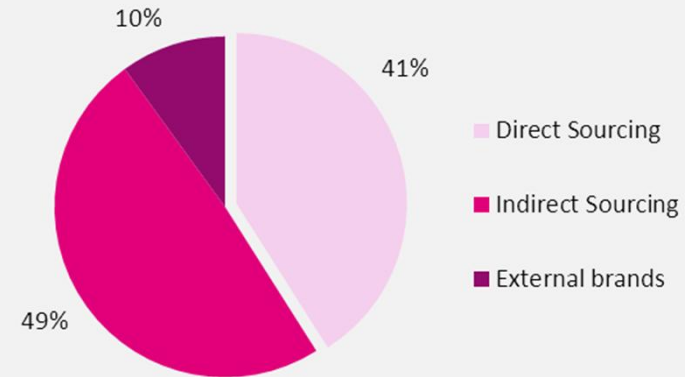
Resources:

Purchasing, Logistic, Supply Chain Management and Quality Control

More than 25 years purchasing experience:

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

Sourcing in % of revenues - 2011



- Increasing direct sourcing in Asia
- Effective pooling of product line orders
- Strengthen strategic partnerships
- Realization of economies of scale through better buying terms
- No airfreight to save logistic expenses

➔ Increase gross profit margin

Focus on Mom & Pop Shop Acquisitions



Braunschweig as ADLER Store



Braunschweig as M&P Shop



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

2012	Waghäusel	Schwäbisch Gmünd
	Raststatt	Peine

ADLER Incorporates Tom Tailor Kids

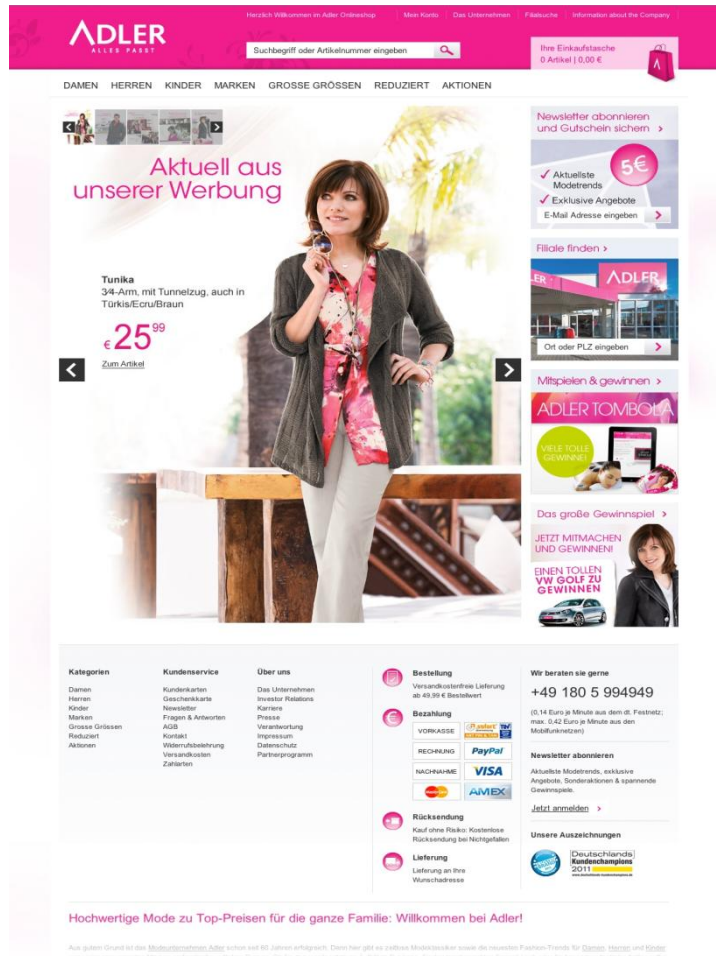


- Tom Tailor manages ADLER Kids business as concession based model
- Tom Tailor is in charge for product selection, stock and sales management, and visual merchandising
- Sales volume of > 10 Mio. €
- Gross margin improvement
- Fixed gross margin
- No inventory and merchandise risk
- Less complexity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

Relaunch of The ADLER Online Shop



New E-Shop After Relaunch



Facts and Figures

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

ADLER now on



Share Buyback Program

Overview

- Resolution of the extraordinary General Meeting on May 30, 2011:
 - Acquisition of treasury shares up to 1.586.000 shares (10% of the share capital at the time of the general meeting's resolution) over the stock exchange
 - Maximum price per share € 10.00 (excluding incidental transaction charges)
- Management board resolved on share purchase of max. 1.000.000 shares (approx. 5,4% of the current share capital)
- The share buy back started on January 17, 2012 and terminated on June 30, 2012

Potential Use

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

as of June 30, 2012

- Acquired shares: 762,161
- Ø price per share: € 5.8
- Value: €m 4.4
- Share of the current share capital: 4.12%

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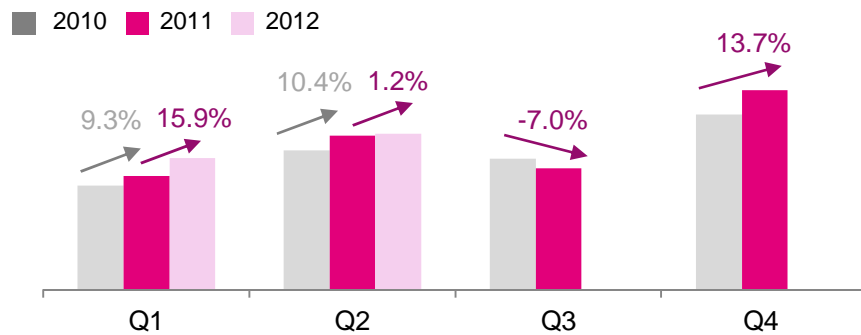


Seasonality of ADLER's Business

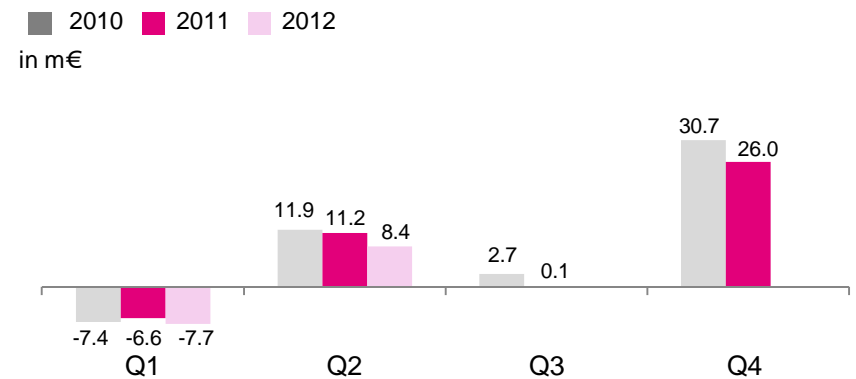
Apparel Retailers Act in a Cyclical Business Environment

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

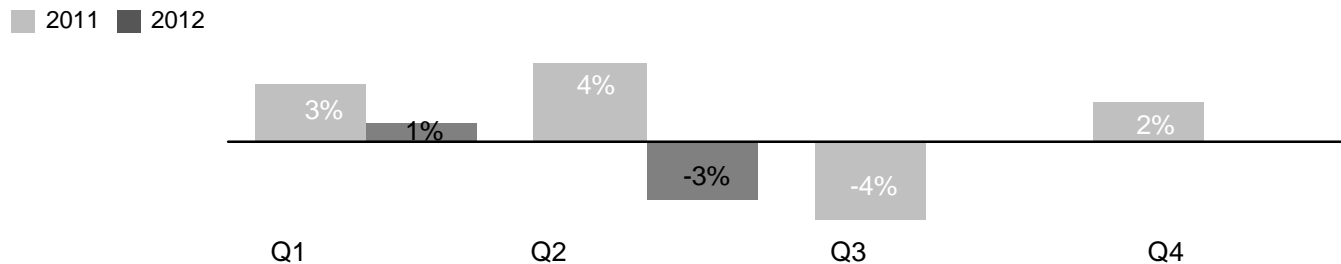
Revenue



EBITDA

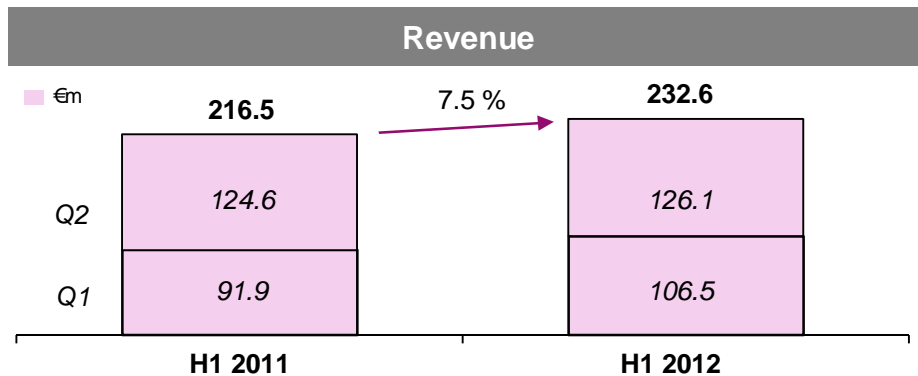


Sector Revenue Development from 2010 to 2011 by Quarter in % ¹⁾



1) Unweighted, according to Textilwirtschaft

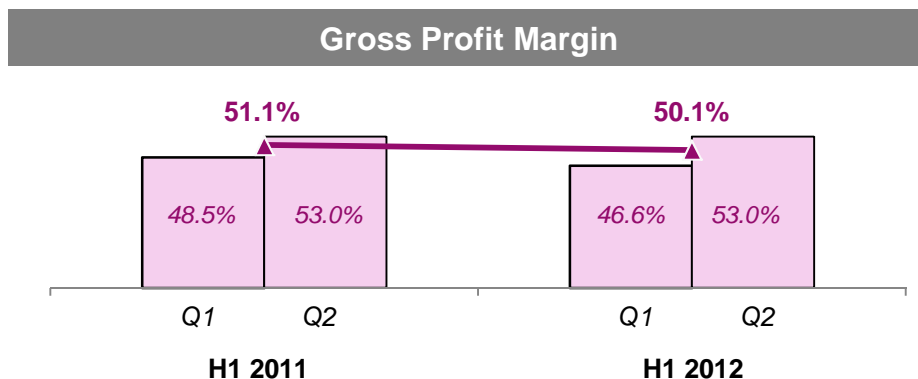
Key Figures



- Revenue up by 7.5%
- Like-for-Like growth of -4.5%
- Growth driven by new store openings



- Gross profit increased
- Gross profit suffered in Q2 2012 due to weak sales in April

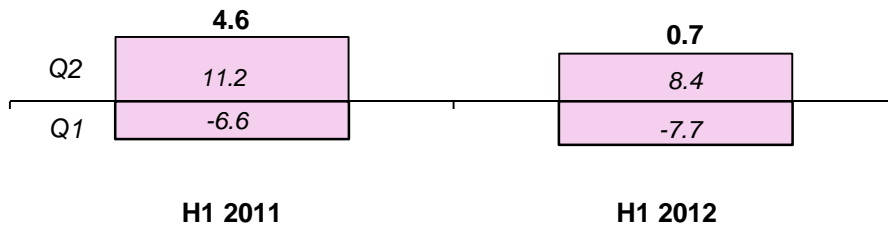


- H1 2012 gross profit margin slightly below previous years level
- Constant gross profit margin in Q2 2012

Key Figures

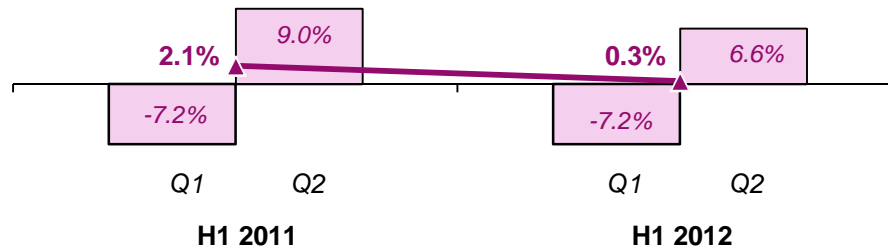
EBITDA

€m



- EBITDA of €0.7 Mio.
- Initial starting losses from new stores and weather conditions in April influenced EBITDA performance

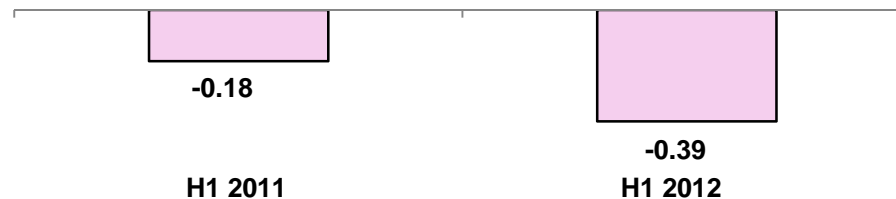
EBITDA Margin



- EBITDA margin of 6.6% in Q2 2012
- EBITDA margin of 0.3% in H1 2012

EPS

€

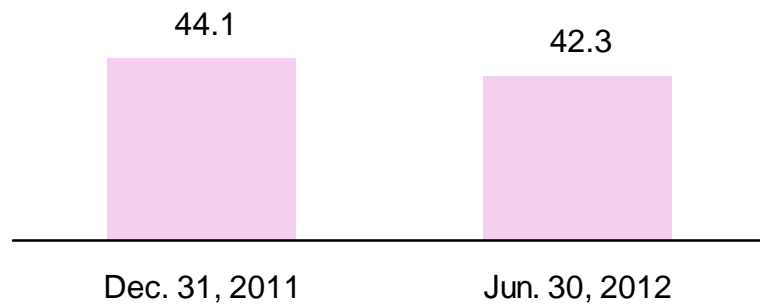


- Weighted average amount of 18,115,663 shares (H1 2011: 16,087,143)

Working Capital

Working Capital

€m

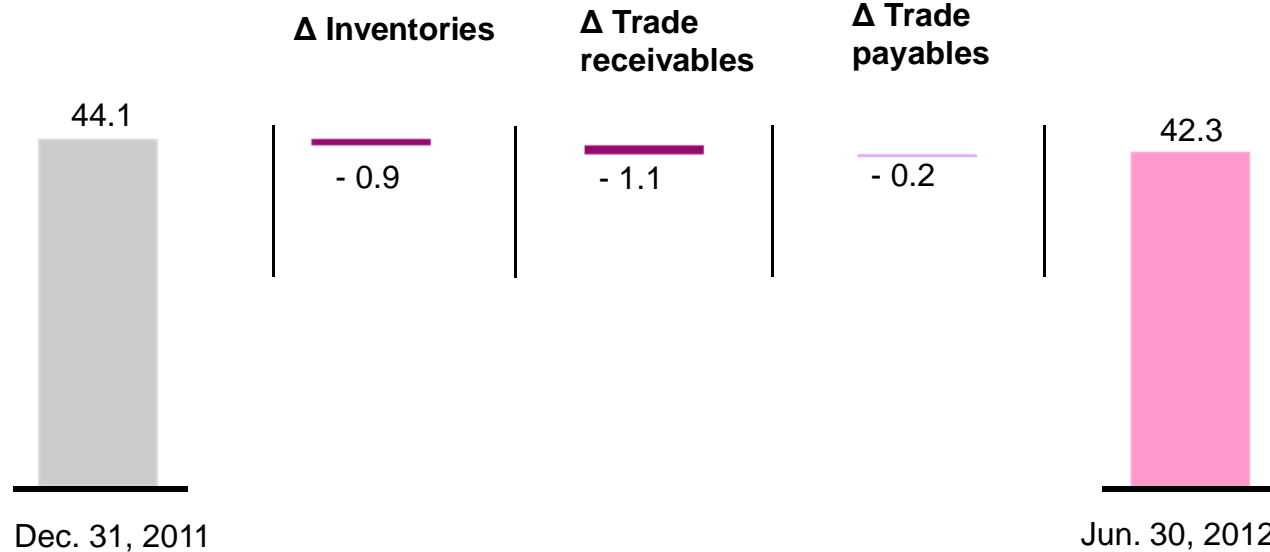


Comments for H1 2012

- Working Capital decreased by € 1.8 Mio.
- Optimized inventory management
- No significant old merchandize on stock
- Working Capital per store improved

Working Capital Breakdown

In €m



Cash Flow Statement

Clustered Cash Flow Statement

<i>in k€</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011	Δ
Net Profit	-8,530	-3,915	-4,615
Increase of inventories	209	-6,416	6,625
Decrease of trade payables, other payables and other provisions	-6,967	-9,264	2,296
Other non-cash items	20,474	16,763	3,710
Net cash flows from operating activities	5,185	-2,831	8,016
Net cash flows from investing activities	-5,280	-3,955	-1,325
Free cash flow	-95	-6,786	6,691
Net cash flows from financing activities	-10,589	18,351	-28,940
<i>Thereof share buy back</i>	<i>-4,315</i>		<i>-4,315</i>
<i>Thereof capital increase</i>		<i>26,500</i>	<i>-26,500</i>
<i>Thereof finance lease payments</i>	<i>-6,144</i>	<i>-6,518</i>	<i>374</i>
Net change in cash and cash equivalents	-10,684	11,565	-22,249

Key Financial Positions and Ratios

<i>in k€</i>	Jun. 30, 2012	Dec. 31, 2011	Δ
Property, plant and equipment	59,990	50,654	9,336
Inventories	72,661	73,528	-867
Cash and cash equivalents	29,340	40,024	-10,684
Total equity	63,121	74,580	-11,459
Total liabilities	125,565	112,554	13,011
Total assets	188,686	187,134	1,552
Ratios			
Equity ratio	33.5%	39.9%	
Debt equity ratio	1.99	1.51	

Balance Sheet - Liabilities Breakdown

Overview of Current and Non-Current Liabilities

<i>in k€</i>	Jun. 30, 2012	Dec. 31, 2011	Δ
Amounts owed to credit institutions	0	5	-5
Provisions	7,546	7,812	-267
Financial liabilities *	26,424	19,108	7,316
Finance lease obligations **	44,312	37,100	7,212
Trade payables	30,366	30,613	-248
Other liabilities	16,911	17,604	-692
Deferred taxes and income tax liabilities	6	311	-306
Total liabilities	125,565	112,554	13,010

- ADLER is financed by equity - unleveraged
- Strong Equity Ratio of 33.5% ensures financial strength
- * Financial liabilities: thereof €m 22.2 customer card provisions
- ** Finance lease obligations increased due to extension of four finance lease contracts

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Expansion and Financial Outlook 2012

Store Expansion

- Store expansion with app. 15 openings
- 8 new stores realized in H1

Revenue Guidance

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

EBITDA Guidance

EBITDA improvement in accordance to the revenue growth

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August 27 – 29

Small Cap Conference, Frankfurt

November 12

Publication of the Q3 2012 interim report

November 12 – 14

Deutsches Eigenkapitalforum, Frankfurt

January 21 – 23

Chevreux German Corporate Conference, Frankfurt