

Analyst Presentation

Annual Report 2013

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Highlights

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Financials

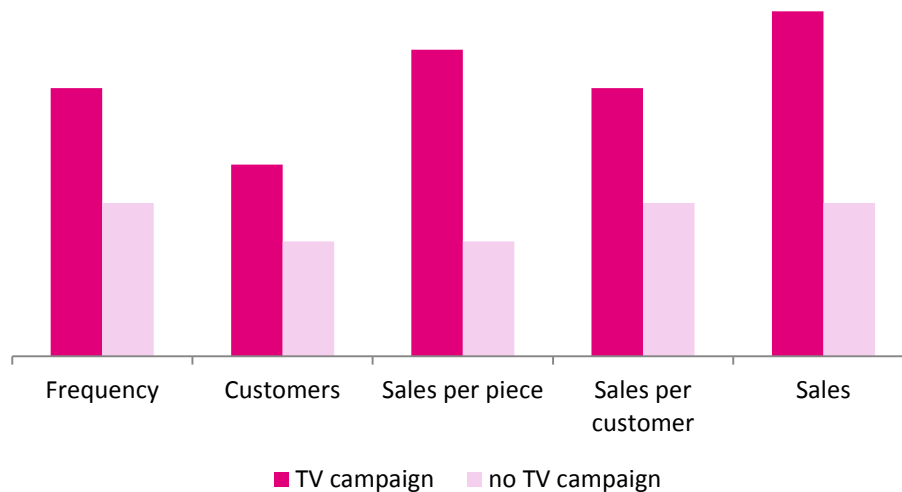
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Outlook 2014

All Financial and Operating Targets Met

Guidance		
Target	Actual 2013	Target Achievement
Low single digit sales increase	Adjusted sales + 3.7%	
EBITDA growth in line with sales growth	Adjusted EBITDA + 10.1% Adj. EBITDA margin 7.5% + 50 bps	
5 to 10 new store openings	6 stores opened 4 stores closed	
Soft Targets		
Positive FCF	FCF €31.8m + 51.4%	
Slightly positive like for like sales	Like for like growth + 3.6%	
Increase in Marketing Activities	New and additional campaigns in TV and print media	

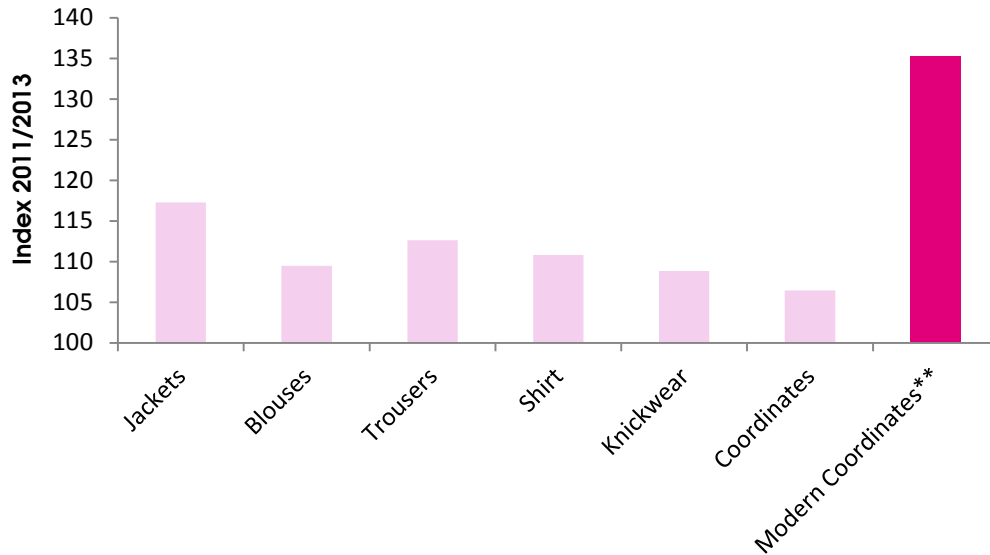
Improvement of KPIs not only due to successful TV campaigns*



- Despite overall apparel retail market trend, Adler increased its frequency y-o-y with and without the help of TV campaigns
- Number of customers increased
- Overall higher average selling price and turnover per customer
- Increase in overall sales performance

* Figures based on yoy index 2012/2013; including weeks with and without TV campaigns

Trend in ADLER's Women's Fashion sales*

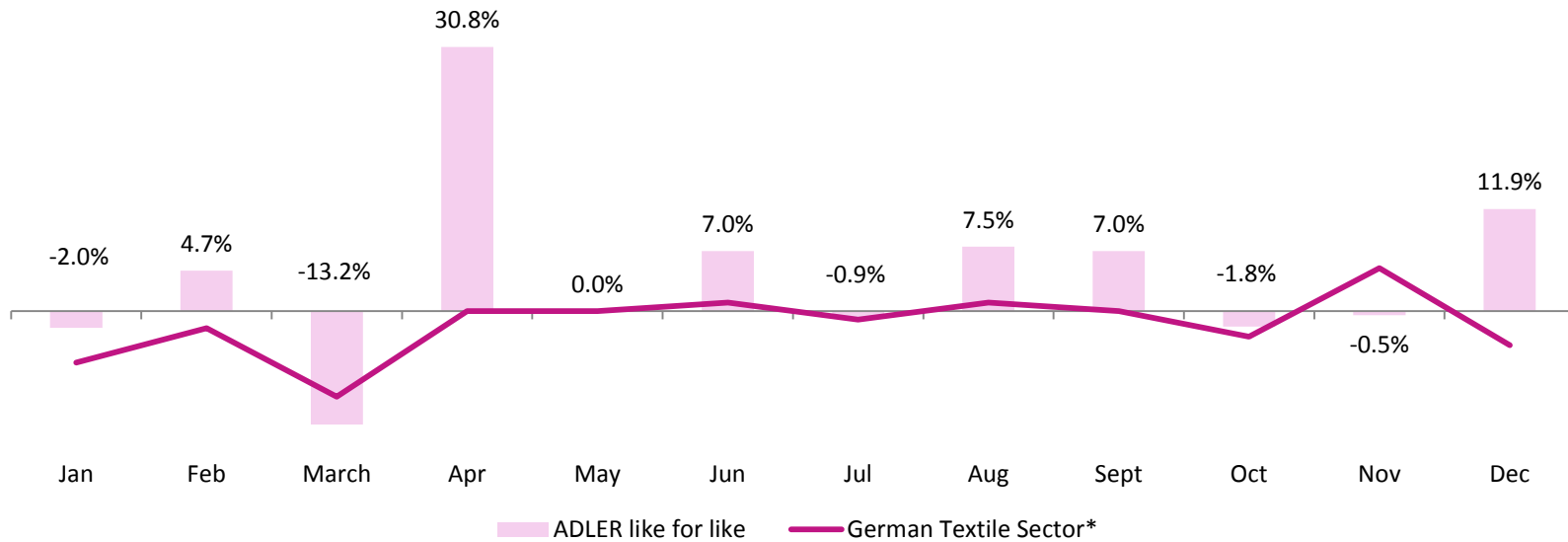


- Modern own brands are performing exceptionally well within the past years
- Via Cortesa sales + 41% , MyOwn + 25%, VIVENTY + 6% in 2013
- Stronger focus on modern brands in mailings and supplements in 2013 well received by customer

*Index: 2011 = 100

** Including own brands ADLER's own brands MyOwn, Via Cortesa, VIVENTY

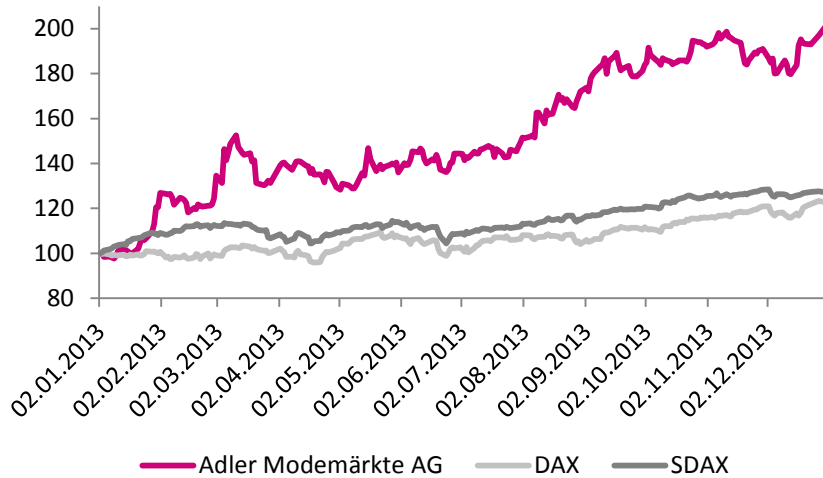
ADLER like for like growth vs. German Textile Sector



- ADLER increased its like for like sales in 2013 by 3.6%
- German textile sector was down by 2% in 2013
- Despite the ongoing decline in footfall in the German Textile Sector, ADLER was able to increase frequency by 2%

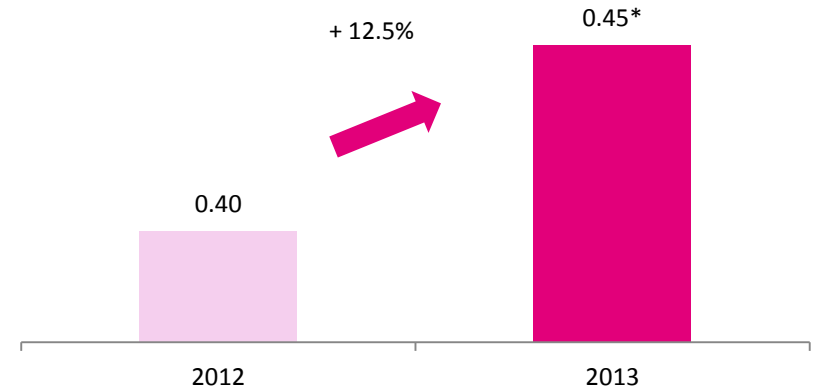
* TW-Testclub

Strong share price performance 2013



- Share price more than doubled
- Driven by
 - Strong quarterly results
 - Entry of new anchor investor

Dividend proposal of € 0.45 per share



- Dividend proposal of € 0.45 per share to AGM on May 14, 2014
- Increase in dividend by 12.5%
- Payout ratio of 42.9%

* Proposal to AGM



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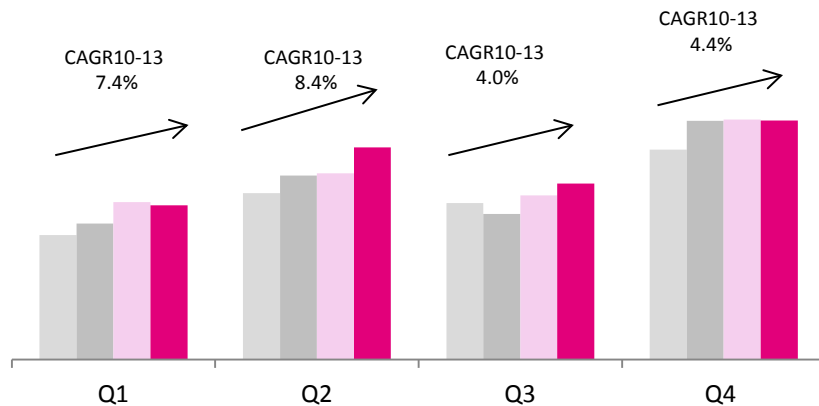
Outlook 2014

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

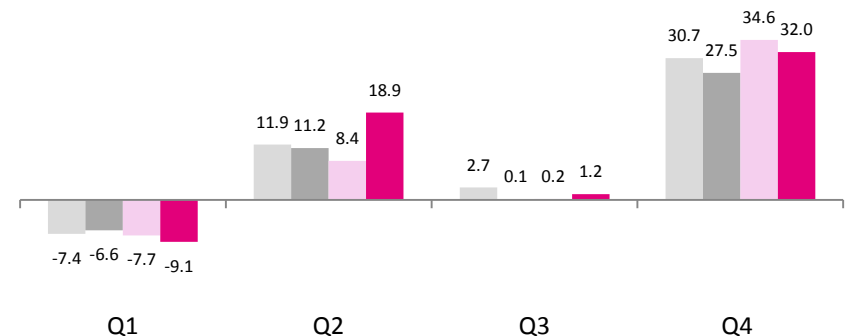
Revenue

2010
 2011
 2012
 2013
 in m€

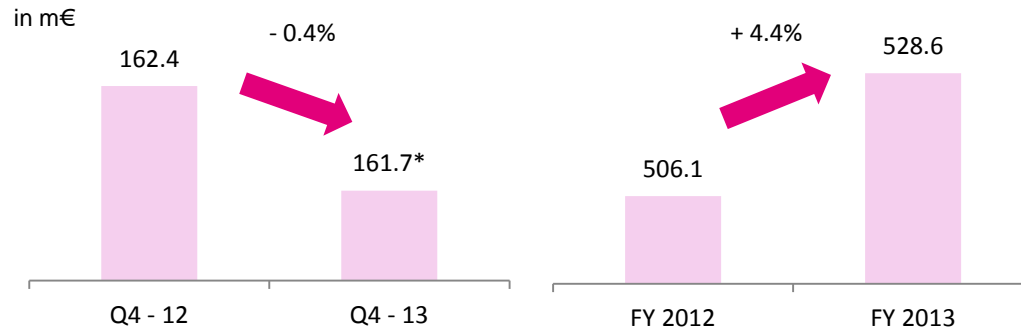


EBITDA

2010
 2011
 2012
 2013
 in m€

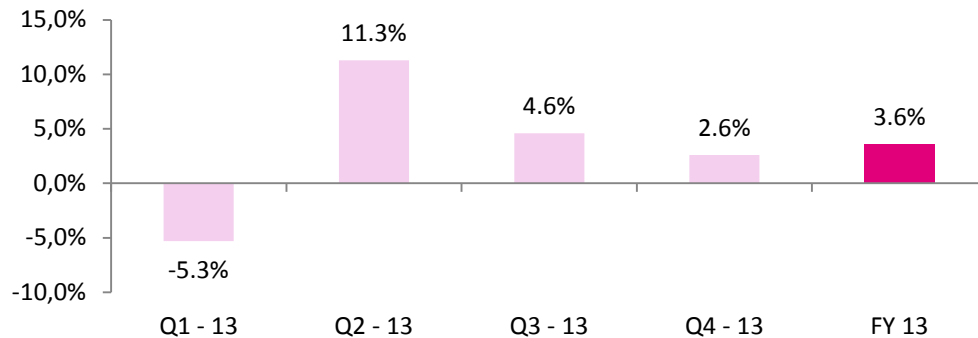


Q4 and FY 2013



* Decline in Q4 only due to interim adjustments in customer card recognition

Like for like sales trend 2013

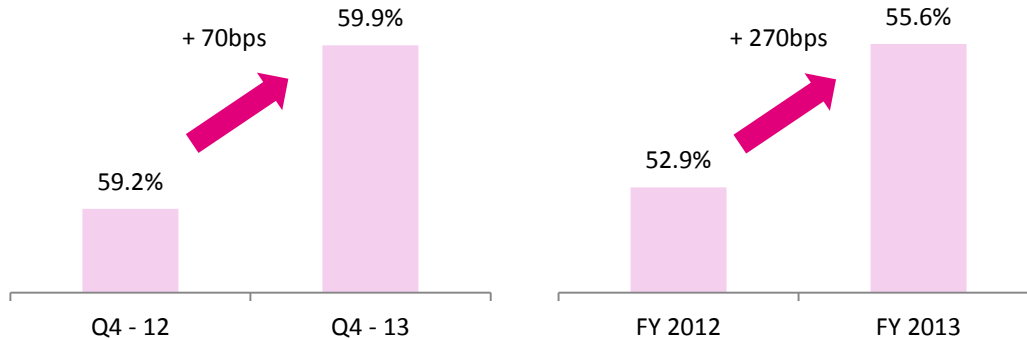


2013

- Sales increase of 4.4% to €528.6m
- Adjusted increase of 3.7% to €524.8m
- Like for like sales up 3.6%
- Key sales drivers

1. Increase in customer traffic of 2% following targeted marketing initiatives
2. Increase in average ticket per customer by 3.3%
3. Increase in volumes and prices
4. One off effect of €3.8m in FY 2013 due to increase in rebates claimed by customer card holders in 2013 compared to 2012

Q4 and FY 2013 gross profit margin

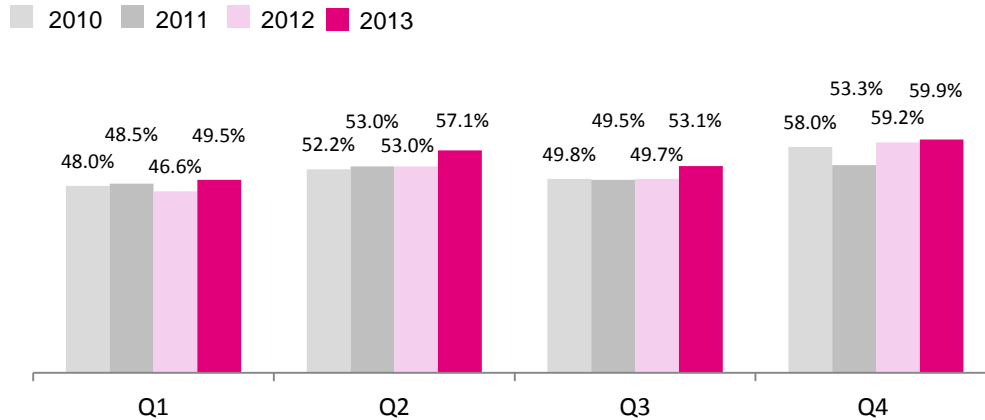


FY 2013

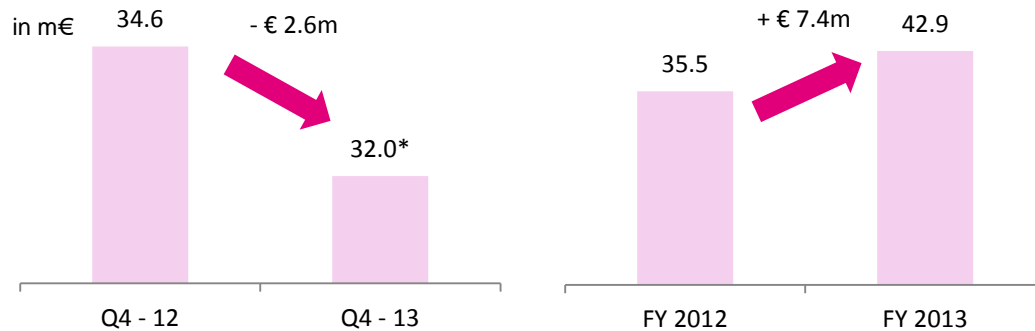
- Gross profit margin increase of 270 bps to 55.6%
- Adjusted + 230 bps to 55.2%
- Key adjusted gross profit margin drivers

1. Optimization in inventory management
2. Moderate price adjustments throughout the entire product range
3. Ongoing improvement in sourcing

Gross profit margin trend 2013

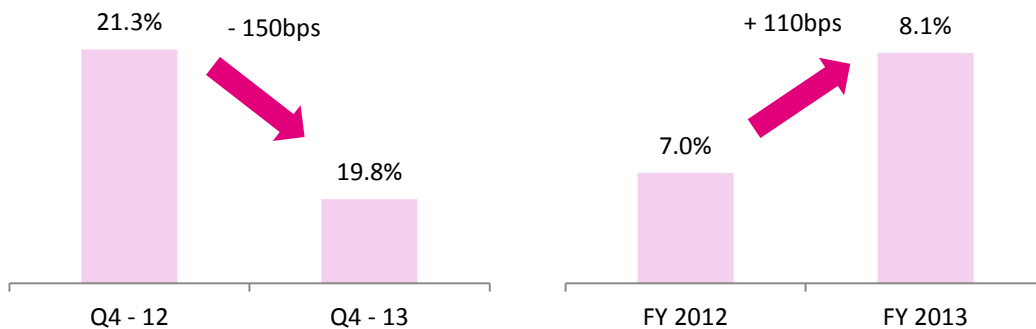


Q4 and FY 2013 EBITDA



* Decline in Q4 only due to interim adjustments in customer card recognition

Q4 and FY 2013 EBITDA margin



FY 2013

- EBITDA increase by €7.4m to €42.9m
- EBITDA margin up 110bps
- Adjusted EBITDA of €39.1m, up €3.6m
- Adjusted EBITDA margin up 50bps despite cost pressure

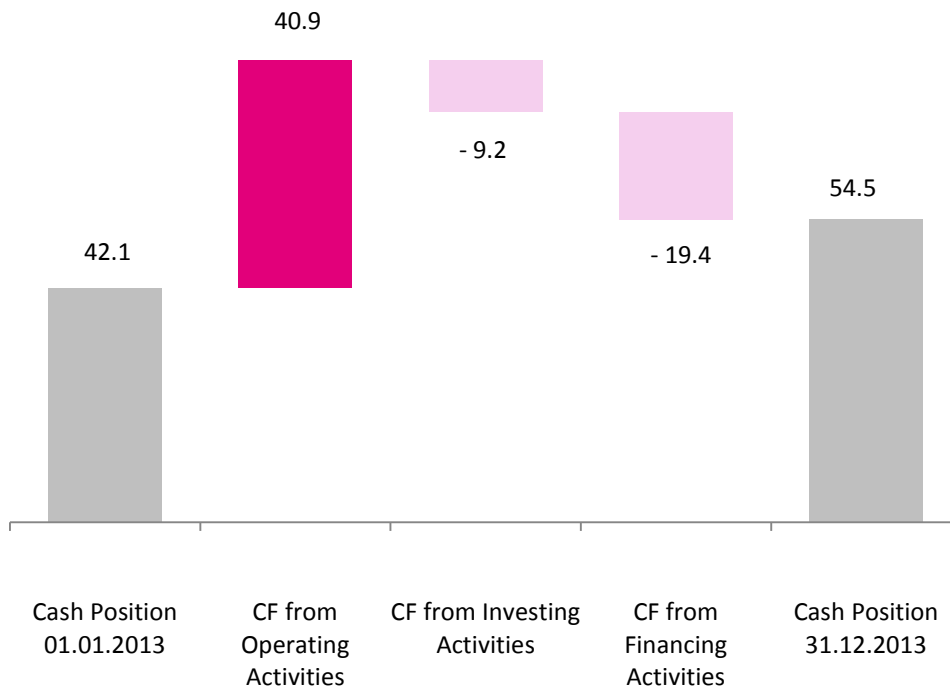


- Strong like for like sales
- Optimized inventory management
- Consolidation of store portfolio, especially in Austria



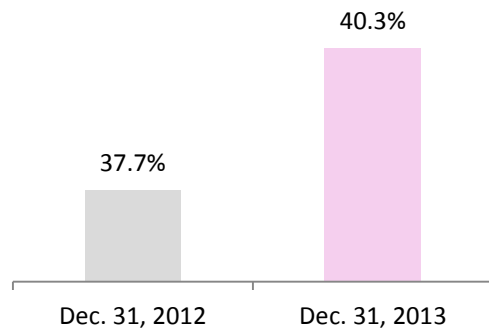
- Increase in personnel expenses due to expired bargain agreement
- Planned expansion of marketing activities

Strong operating cash flow, stable cash flow from investing and financing activities

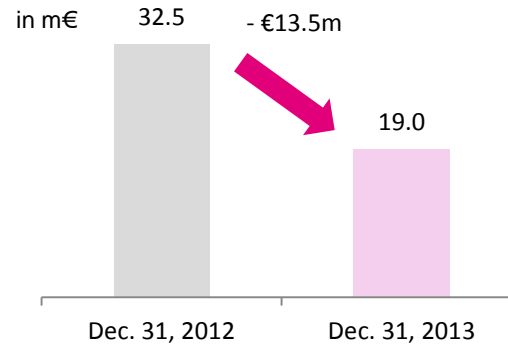


- Increase in free cash flow by € 10.8m to € 31.8m
- Positive cash flow performance predominantly driven by
 - Strong operating performance
 - improved working capital management

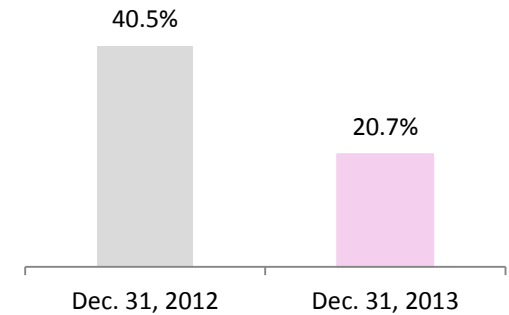
Equity ratio



Net Debt (+) / Cash (-)*

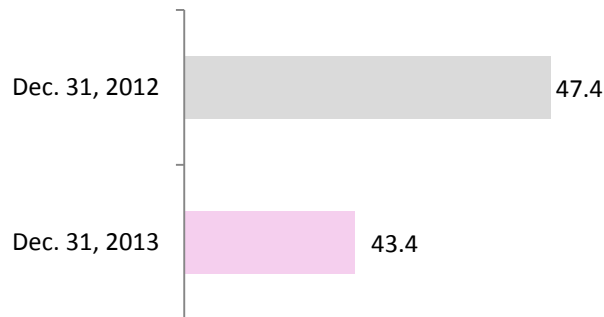


Gearing



Operating working capital

in m€



Operating working capital
down from 9.4% to 8.2% of sales

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

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Guidance

Sales		Low single digit
Gross profit margin		Slight increase
Personnel expenses		Negotiations over collective bargain agreement to be concluded in 2014
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

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ESN European Conference, Paris

April 4th, 2014

Report for the first quarter 2014

May 13th, 2014

Annual General Meeting

May 14th, 2014

Report for the first half 2014

August 7th, 2014

Report for the third quarter 2014

November 13th, 2014

Deutsches Eigenkapitalforum 2014

November 24th - 26th, 2014

***Thank you
for your attention***