

Analyst Presentation

First Quarter 2015

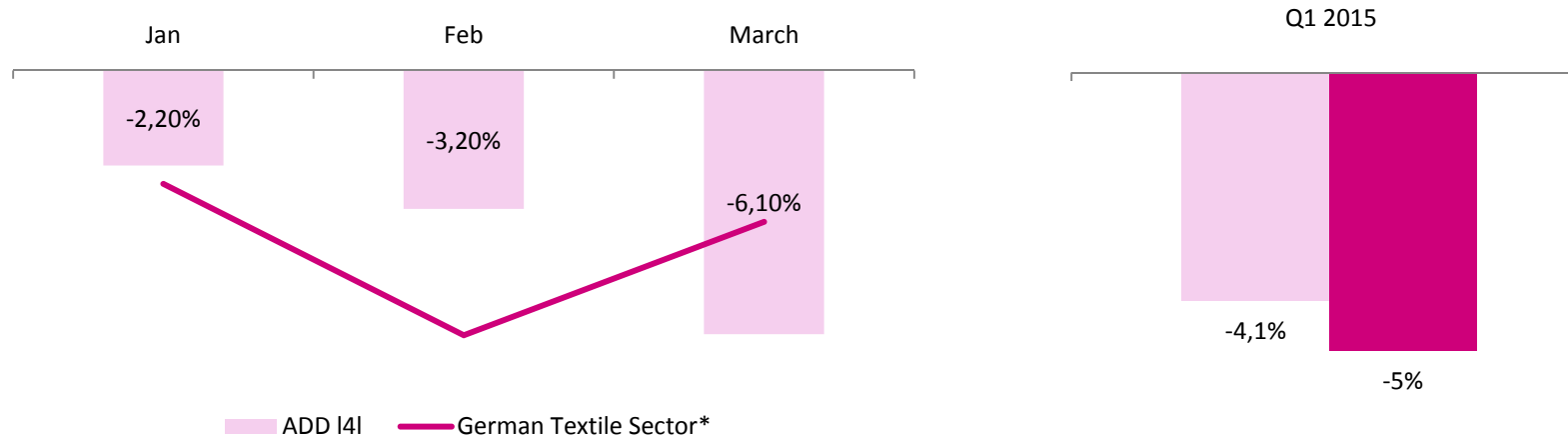
1 **Highlights**

2 Financials

3 Outlook 2015

Outperforming the German Textile Sector

ADLER Like for Like Growth vs. German Textile Sector



German Textile Sector

- Sales down by 5.0% in Q1 2015 (+3% in Q1 2014)
- Key reasons: increased prominence of online retailers, lack of must-have fashion items, decreasing desirability of fashion compared with other consumer products

ADLER

- ADLER again outperformed the German Textile Sector in Q1 2015 with like for like sales of -4.1% (+8.3% in Q1 2014) (nominal sales growth in Q1 2015: +1.7%)
- Key reasons: Focus on target group 45+; Image campaign shows clearly positive results; Kressner contributed positively to sales

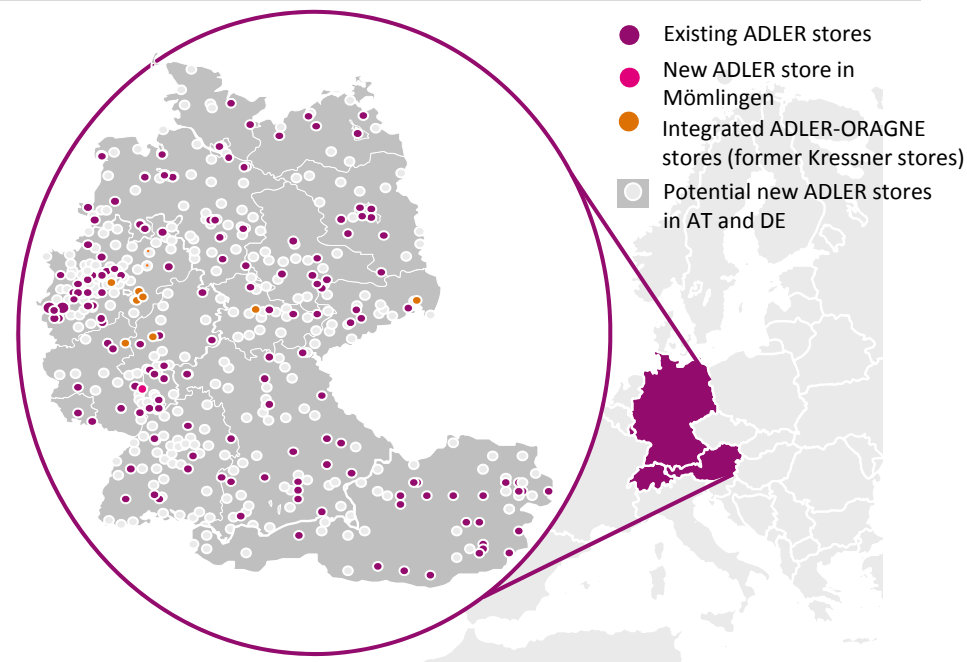
* TW-Testclub

Set for Further Growth of Net Store Base in 2015

Number of ADLER Stores Per Country

Country	Market entry	Number of stores*							Q1 2015
		2009	2010	2011	2012	2013	2014		
Germany	1948	104	107	132	139	143	145	154	
Austria	1987	17	26	28	27	25	22	21	
Luxembourg	1981	2	2	2	2	2	2	2	
Switzerland	2012				1	1	1	1	
Total Group		123	135	162	169	171	170	178	
Organic openings		3	8	13	11	5	4	0	
Acquired (M&P)			7	18	5	1	0	10	
Closings/sold		1	3	3	9	4	5	2	
Net change		2	12	28	7	2	-1	8	

ADLER's Regional Presence And Expansion Potential



Highlights

- Nine stores acquired from kressner, one store acquired from hefa
- One former kressner store sold to Steilmann-Boecker Fashion Point
- Eight from kressner acquired stores fully integrated including ADLER Orange branding
- One new opening in Mömlingen (former hefa store)
- One store closure in Q1 2015: Graz-Gösting (Austria)
- Refurbishment of six ADLER stores completed

* excl. online shop

Successful Acquisition of Kressner



Integration fully in line or ahead of internal plans

- Deal closed on January 12, 2015
- Acquisition of 100% of Bekleidungshaus Kressner GmbH & Co. KG, as well as managing general partner Kressner GmbH from REWE Beteiligungs-Holding National GmbH and the Sanktjohanser family
- Take-over of all 9 stores, 1 store sold to Steilmann Boecker, 1 closure planned for end of 2015, 7 stores to maintain in ADLER portfolio
- **Reflagging** completed: ADLER Orange concept installed
- Soft **transformation** from Kressner's to ADLER's offer treated gross profit margins with care
- **Performance** of ADLER Orange stores ahead of internal expectations
- **Staff reductions** almost completed; largest share of expenses already booked in Q1 2015
- Lower **refurbishment costs** than expected
- **Former Kressner stores will operate profitable earlier than expected; acquisition will generate positive earnings contributions latest next year**



ADLER Orange store in Ahlen



ADLER Orange store in Bischofswerda



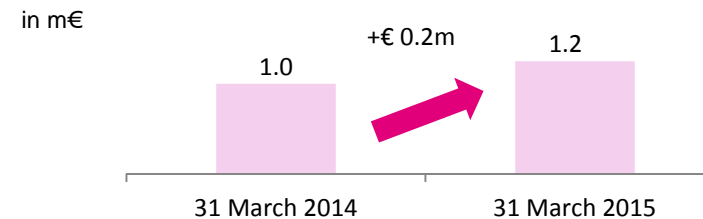
ADLER Orange store in Waldbröl

Ongoing optimization of omni-channel offer

Extension and improvement of ADLER's online offer

- Larger offer as well as complete outfits
- Increase of average transaction value by 7% from €77 to €82 since start of spring collection 2015
- Strongly increased conversion

Online revenue continues to increase



NEW +Size online shop with very successful start



- Existing online offer supplemented by +Size online shop for big sizes
- Successful launch in March 2015
- Individual Live-Chat counselling

- Specifically targets increasing consumer group with dress size 42+
- Many well-known plus size brands as well as complete outfits and fittings
- Higher conversion than ADLER's "regular" online shop



Click & Collect grew by 15% during Q1 2015

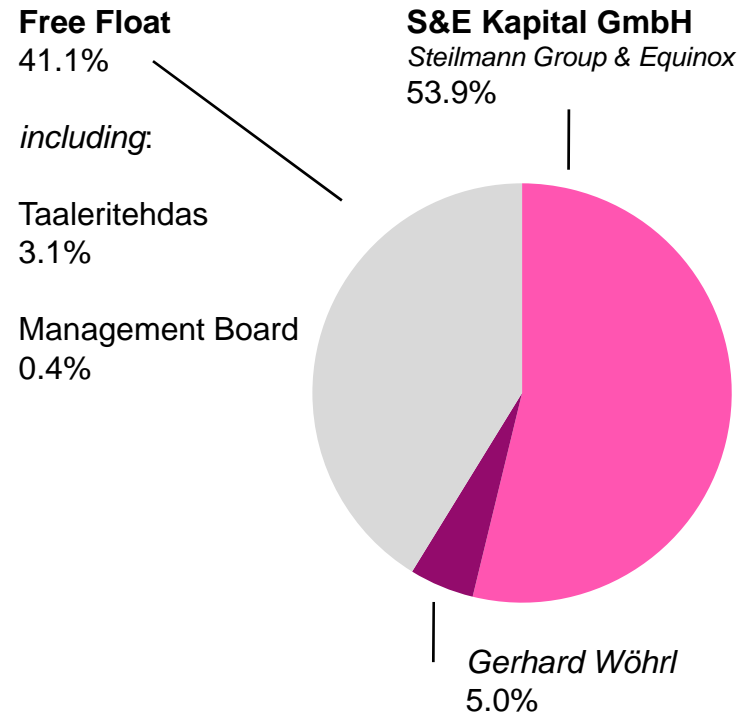
- Allows customers to pick up merchandise they purchased online at ADLER stores
- Targets customers online and in stores, thus further expanding ADLER's omni-channel strategy

The ADLER Share

Share Data

ISIN	DE000A1H8MU2
Stock symbol	A1H8MU
First time listing	June 22, 2011
Issue price	€10.00
Class of shares	No-par value bearer shares
Transferred shares	10,812,533
Number of Shares	18,510,000
Subscribed capital	€18,510,000

Shareholder Structure



As of March 12, 2015

1 Highlights

2 **Financials**

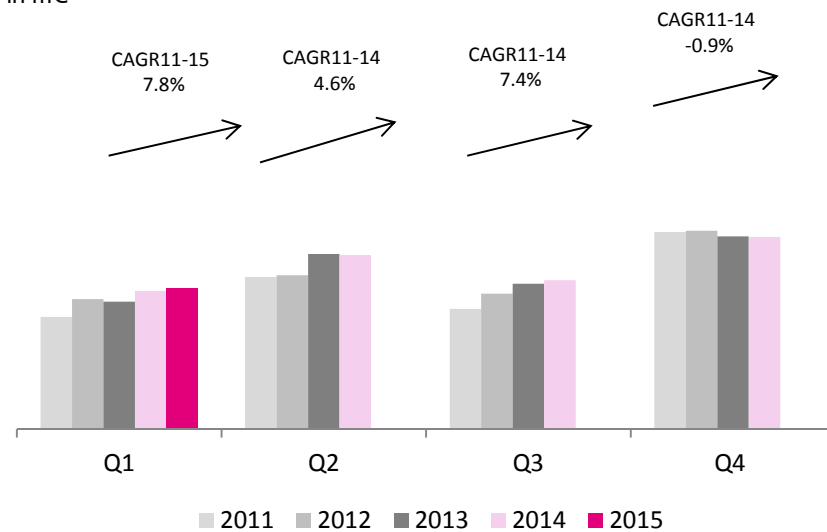
3 Outlook 2015

Acquisitions and Cyclical Business Environment impacted Q1 2015

- Earnings in the current reporting period were negatively impacted by the non-recurring effects of the acquisition of Bekleidungshaus Kressner GmbH & Co. KG, signed in late 2014
- Traditionally, 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

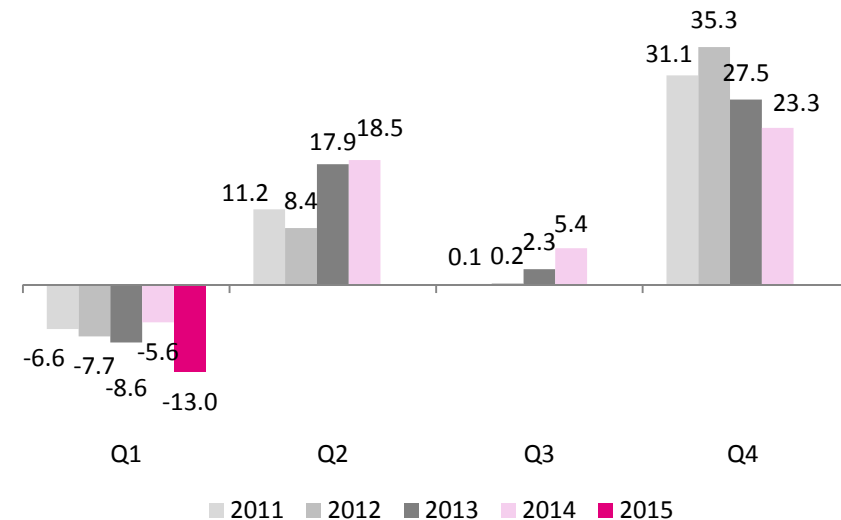
Revenue

in m€



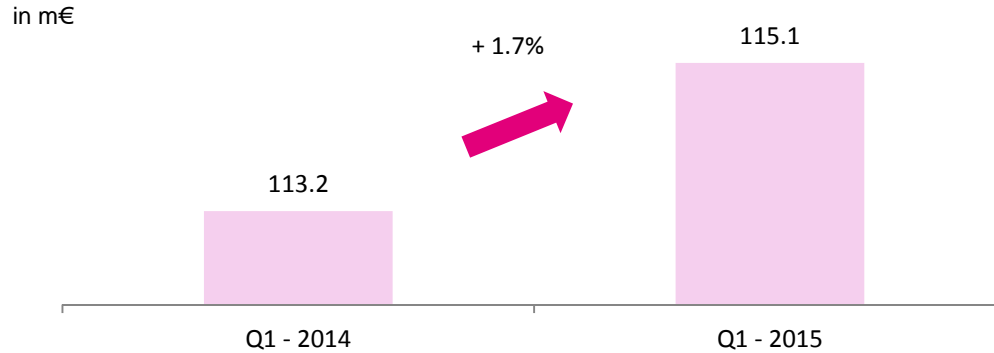
EBITDA

in m€



Good Sell-Through Rates Pushing Group Sales

Q1 2015 Sales Trend

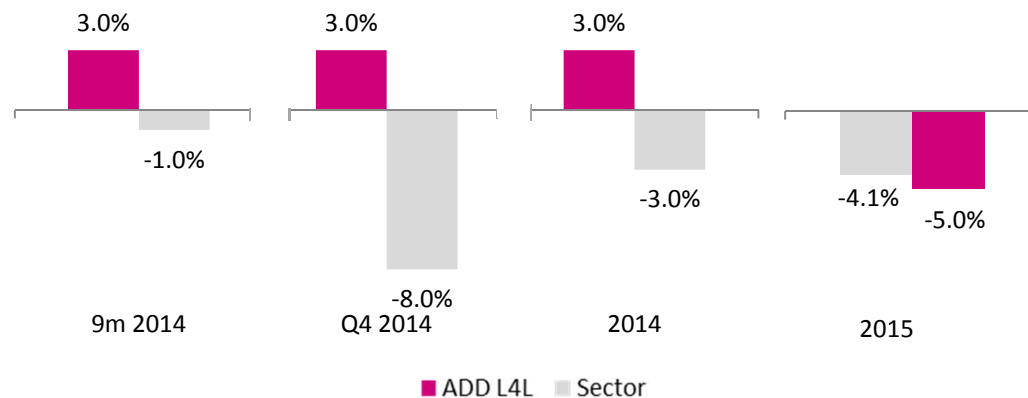


Q1 2015

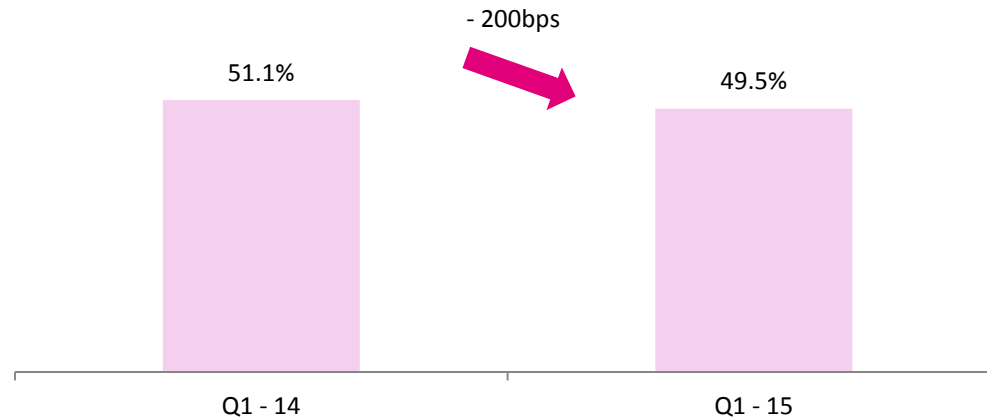
- Sales increase of 1.7% to €115.1m
- Like for like sales down 4.1% but still significantly better than the industry average of -5.0%
- Key sales drivers and reasons

1. Kressner contributed positively to sales
2. Strong comparable basis in the previous year when sales grew by 8.4%
3. Thanks to the good weather in March during the previous year, the sale of the spring collection had already begun, which was not yet the case given the mixed weather this March.

Positive Like for Like Trend Continues in Q1 2015



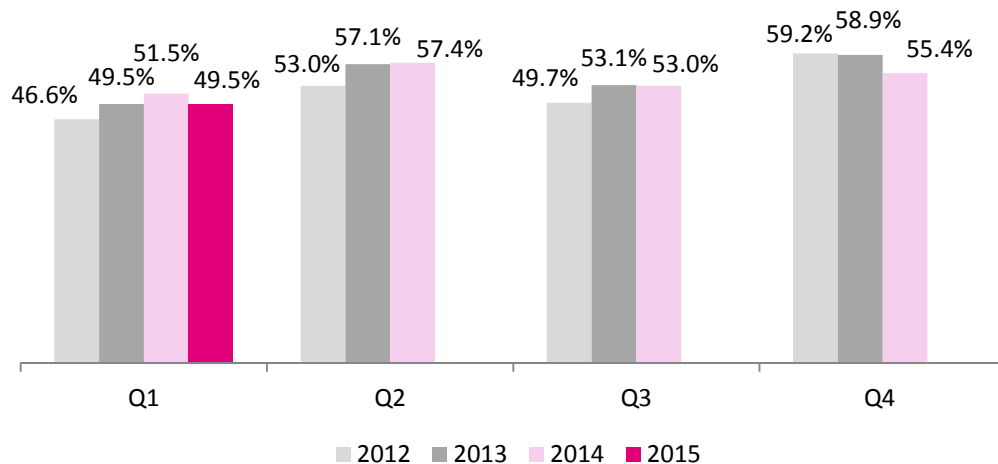
Q1 2015 Gross Profit Margin



Q1 2015

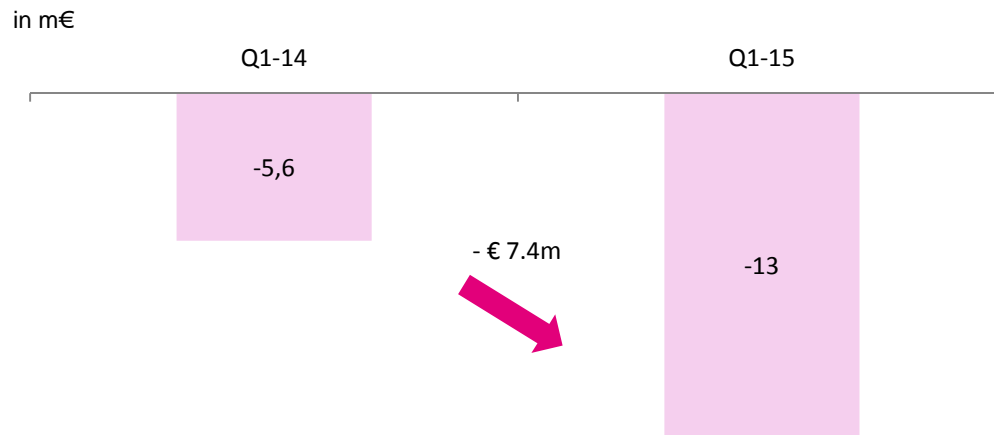
- **Gross profit margin decrease of 200 bps to 49.5%**
- **Key reasons**
 1. Increased cost of materials from € 54.9 m to € 58.2 m, which primarily reflects the higher cost of goods sold for newly acquired stores.
 2. Clearance sale of Kressner merchandise in stock – temporary effect.

Gross Profit Margin Trend



EBITDA affected by acquisitions

Q1 2015 EBITDA



Q1 2015 EB'TDA Margin



Q1 2015

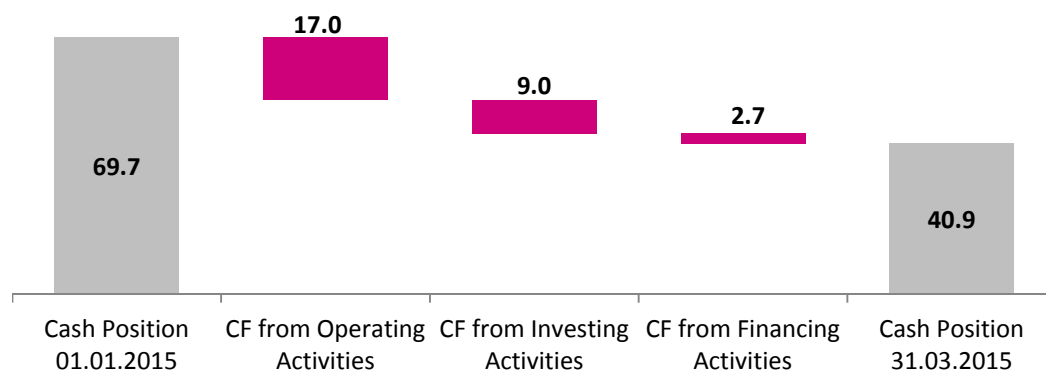
- EBITDA decreased from €-5.6m to €-13.0m
- EBITDA margin down 640bps to -11.3%
- Key reasons

1. Lower level of revenue
2. Seasonality of business
3. Investments in new store in Mömlingen as well as real estate investment in Austria
4. Acquisitions
 - Higher personnel expenses
 - Higher cost of material

CF and Net Debt Position in Traditionally Weak Q1

Cash Flow Net Debt Improvement

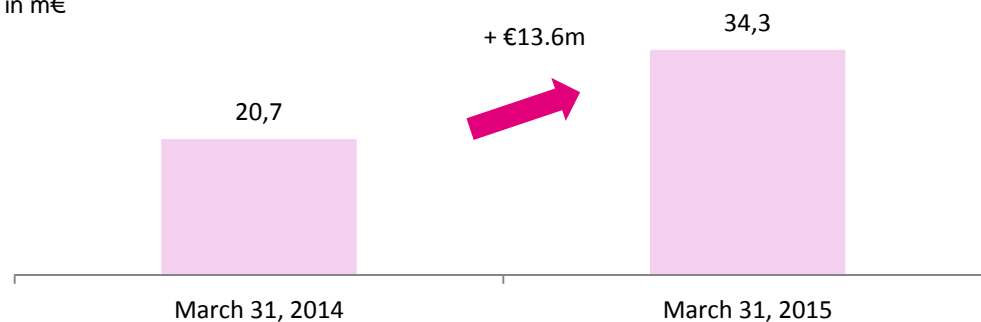
in m€



- **Decrease in free cash flow to €-26.0m**
- Higher cash outflow from operating activities of €-17.0m due primarily to the increase in inventories and the consolidated loss for the period
- Higher cash outflow from investing activities of €5.3m compared to Q1 2014 mainly due to acquisitions (Kressner and hefa), real estate purchase and modernization measures
- €2.7m negative CF from financing activities
- Debt/equity ratio increased from 1,31 (31st December 2014) to 1,68 (31st March 2015)
- Net Debt position of € 34.3 m as of 31st March 2015

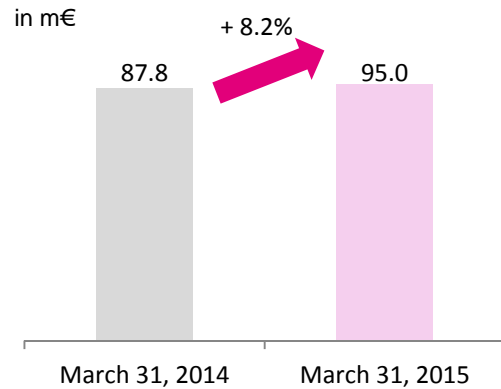
Net Debt* remains on a low level

in m€

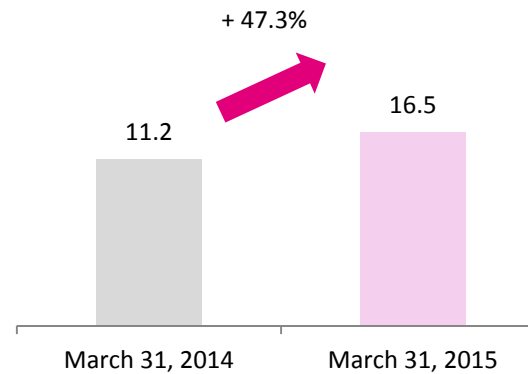


* Including liabilities from customer card, pension provisions, finance lease liabilities ex assets held for sale, cash, other financial liabilities

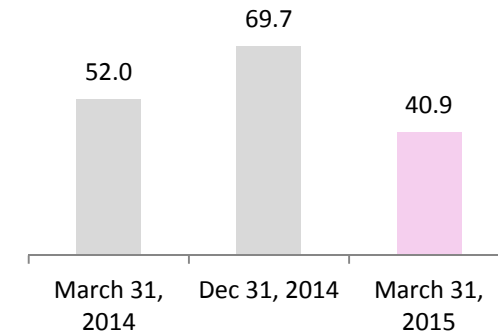
Inventories



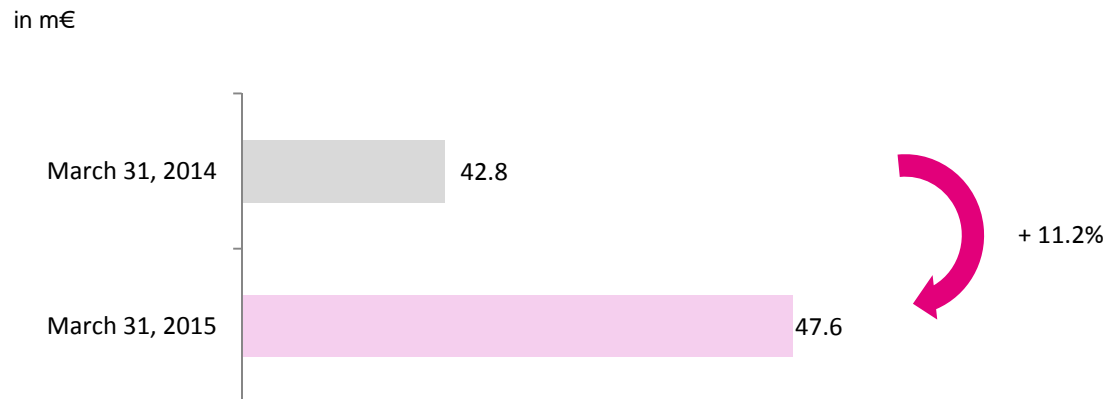
Trade Payables



Cash Position



Operating Working Capital



- As at 31 March 2015, working capital rose to € 47.6 m, thereof were € 3.8 m due to the Kressner acquisition.
- Ongoing improvement in inventory management
- Working capital ratio changed from 37.9% in Q1 2014 to 41.4 in Q1 2015

1 Highlights

2 Financials

3 **Outlook 2015**

Outlook 2015 confirmed



Guidance

Sales	↑	Mid single digit
Gross profit margin	↑	Slight increase
Personnel expenses	↑	Slight increase
Transport and logistics costs	↑	Slight increase
EBITDA	↔	Stable to slightly negative due to integration cost
Expansion	↑	5 – 10 new stores Additional store closures

Operational Outlook

- Further strengthening the umbrella brand ADLER
- Increase presence of private brands in non-ADLER stores
- Further acquisition of Mom & Pop shops

Financial Calender & Contact Details



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Annual General Meeting

May 13th, 2015

Report for the first half 2015

August 6th, 2015

Report for the third quarter 2015

November 12th, 2015

Deutsches Eigenkapitalforum 2015

November 23rd - 25th, 2015

***Thank you
for your attention***