

Conference Call

Results First Half 2015

August 6, 2015



Successful integration of nine stores acquired by Kressner and hefa-Moden

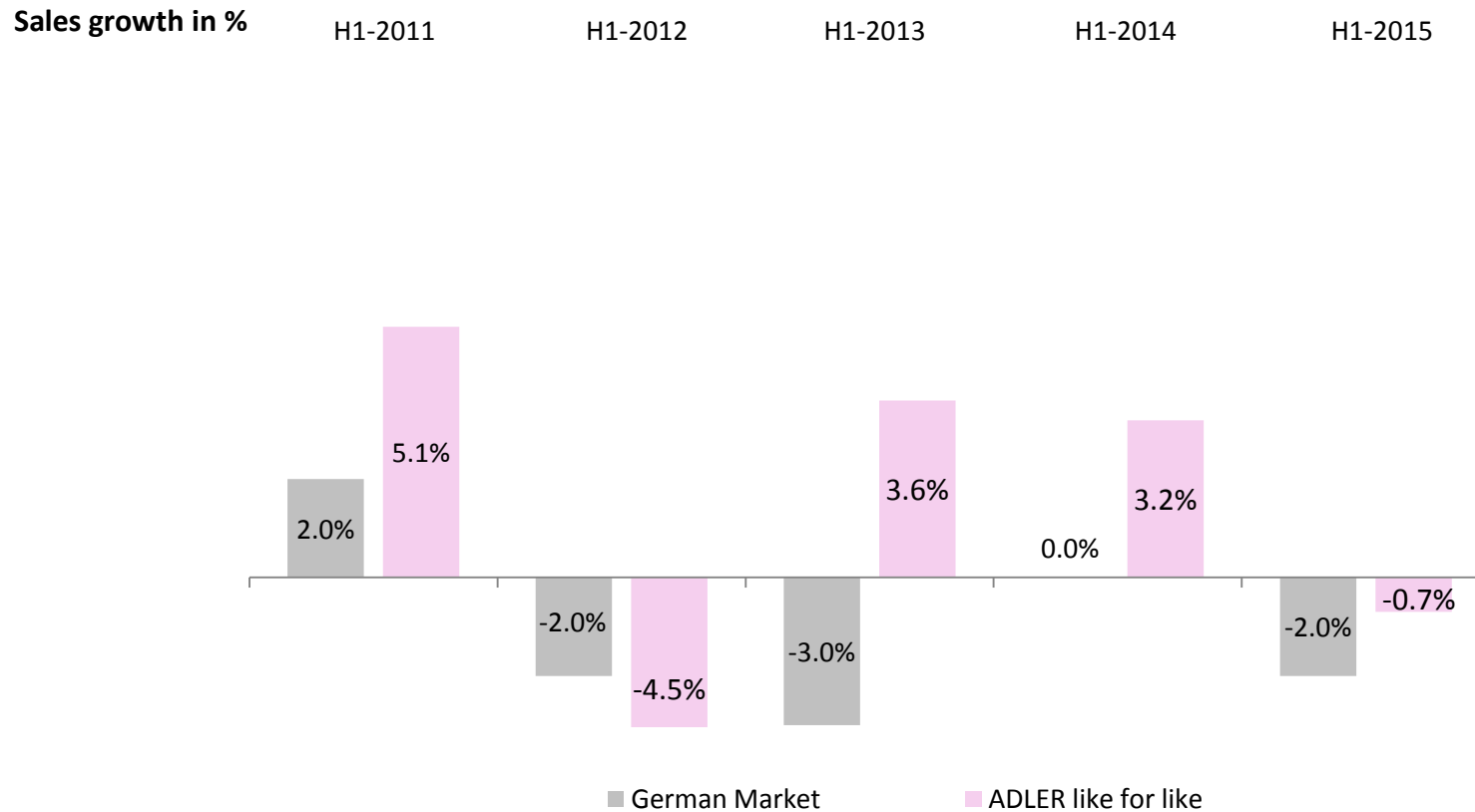
ADLER continues to significantly outpace the industry, even on a like-for-like-basis

Significant 7.4% increase in revenue generated in Q2 2015 – total revenue up by a further 4.9% in the first half of the year

Ramp-up expenses for acquisition of Kressner and Mömlingen stores weigh down earnings as expected

Guidance for FY 2015 confirmed

Once again: Outperforming the German textile sector



* TW-Testclub

Integration ahead of planning and almost completed

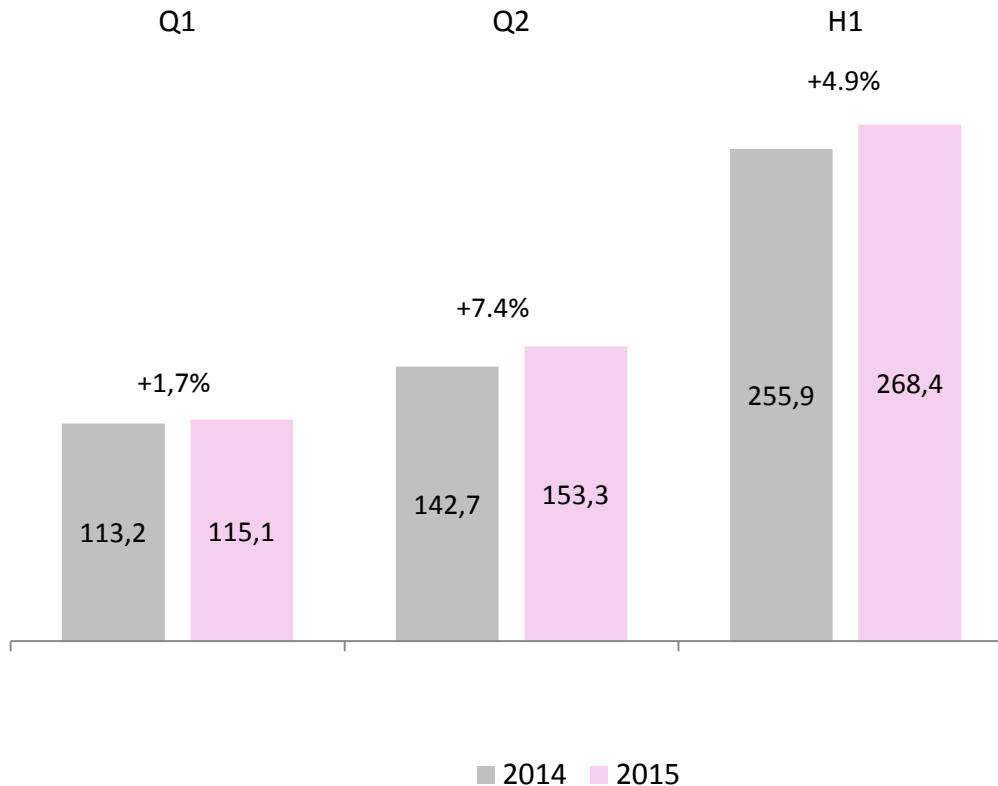
- Deal closed on January 2015
- Take-over of all 9 stores, one store sold to Steilmann Boecker, one closure planned for end of 2015, 7 stores to remain in ADLER portfolio
- Reflagging completed: ADLER Orange concept installed
- Performance of ADLER Orange stores ahead of internal expectations
- Staff 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; significant positive impact on earnings expected from FY 2016 onwards



ADLER Orange store in Waldbröl

Sales development: Strong second quarter due to organic and inorganic growth

Sales in m€



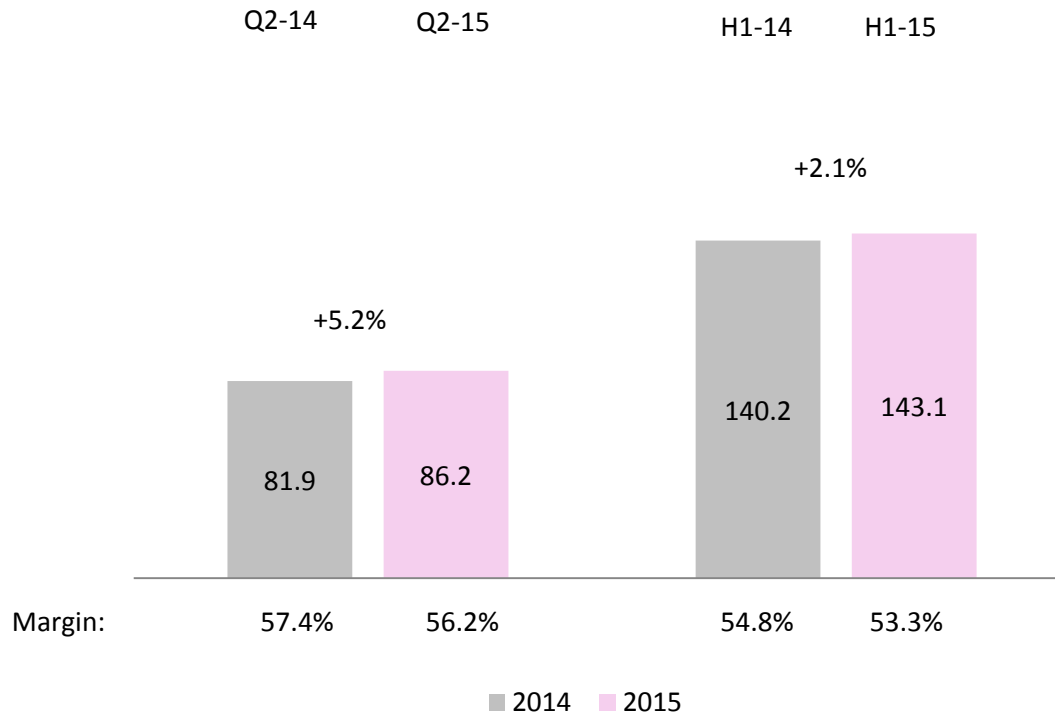
CAGR
2010-2015:
6,4%

Sales development

- Positive development particularly encouraging in light of the fact that the first half of 2014 had already been very strong
- On a like-for-like-basis, sales increased by 2.2% in the second quarter

Gross profit: Acquisition of Kressner and hefa boosts sales but weighs on gross profit margin

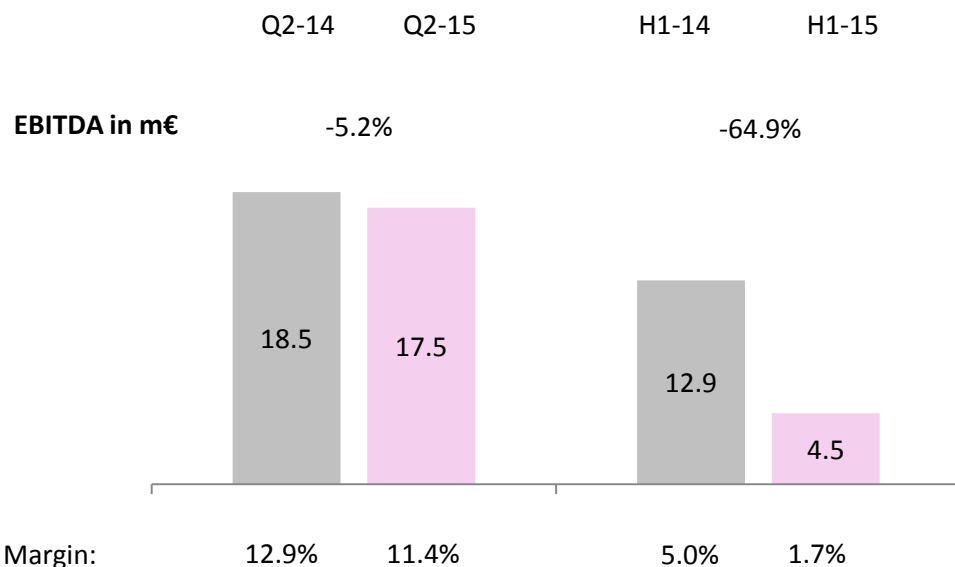
Gross profit m€



Gross profit effected by:

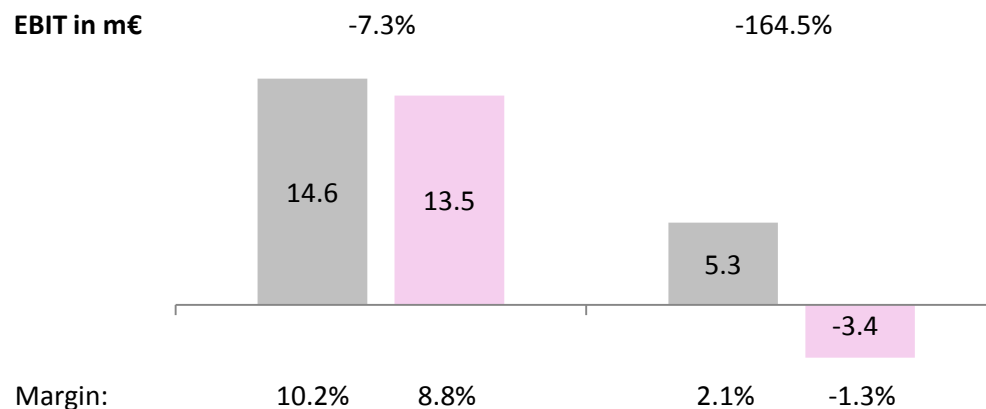
- higher cost of goods sold for the nine newly acquired Kressner and hefa stores
- write-downs on inventories which had a less favourable age structure than in the previous year and clearance of old Kressner merchandise
- Without ADLER Orange, gross profit margin would be at 53.9%

Earnings decrease due to ramp-up costs of acquisition



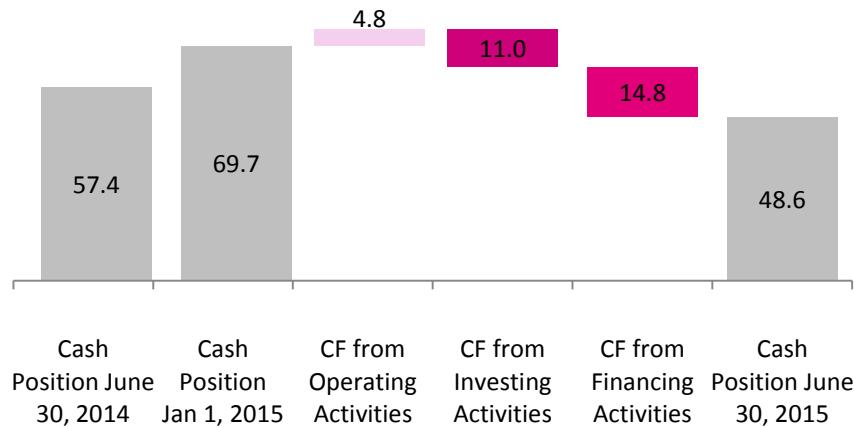
Earnings effected by:

- Personnel expenses increased primarily due to severance payments accompanying the acquisitions of the Kressner and hefa stores, effecting the operating income
- Depreciation and amortisation in the first six months of 2015 amounted to €8.0 million, slightly above the prior-year figure of €7.6 million.



Cash flow

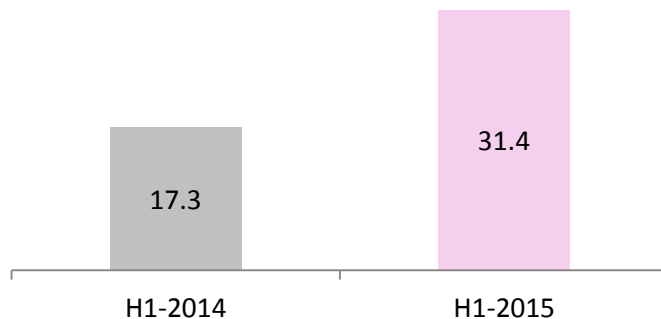
in m€



- Net cash flows from operating activities down to €4.8 million (H1 2014: €13.7) as a result of the consolidated net loss.
- Approximately €7 million of cash outflows from investing activities was attributable to the Kressner acquisition and the purchase of the hefa store in Mömlingen.
- In addition, significant costs were incurred in connection with major modernisation measures at existing stores.
- Free cash flow amounted to €-6.3 million and was thus significantly lower than the previous year's €7.5 million.
- In spite of the acquisitions, net working capital decreased slightly to €43.6 million.

Net debt* up due to decrease of liquid funds

in m€



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

	June 30, 2015	Dec 31, 2014	Change
Total assets	235.1	244.3	-3.8%
Inventories	74.8	75.6	-1.1%
Trade receivables	0.5	0.2	+150%
Cash position	48.6	69.7	-30.2%
Equity	91.0	105.6	-13.8%
Trade payables	31.7	31.7	-
Equity ratio	38.7%	43.3%	-4.6pp

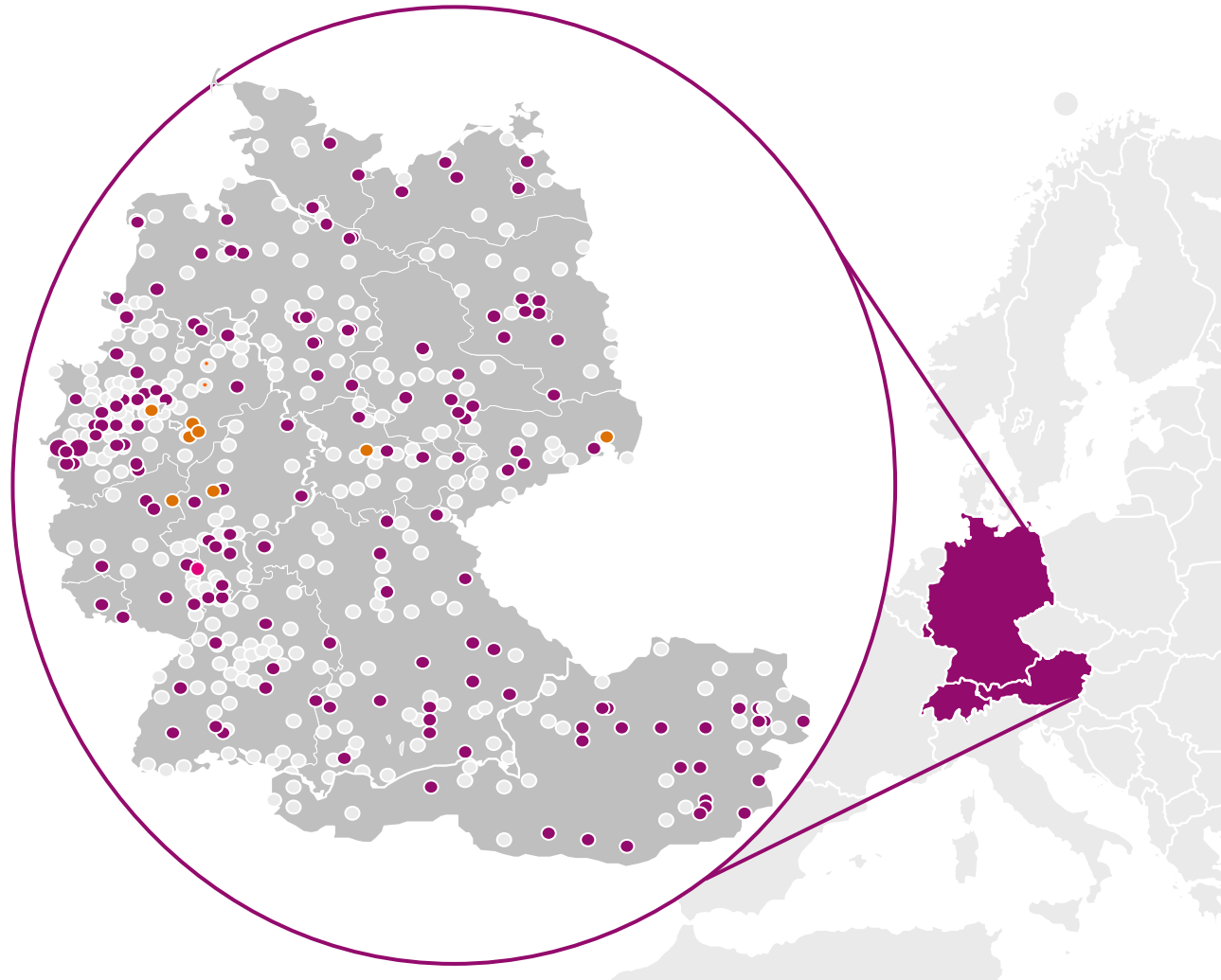


Strategy & Outlook

M&A Targets

- Mom & Pop Shops
- Large shops with more than 1,200 sqm sales area

- Existing ADLER stores
- Integrated ADLER Orange stores (former Kressner stores)
- New ADLER store in Mömlingen
- Potential new ADLER stores in AT and DE



ADLER's target group is online* ...

	2010	2014	Total Growth/ CAGR
40-49 year-old	81.9%	93.9%	+12.7% +3.0%
50-59 year-old	68.9%	82.1%	+29.3% +6.64%
60+	28.2%	45.4%	68,4% +13.9%

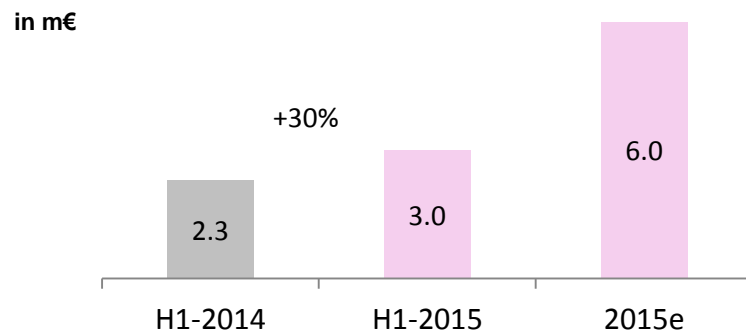
...and increasingly engages in online-shopping*

	2010	2014
30-49 year-old	7%	19%
50-69 year-old	3%	12%
70+	-	9%

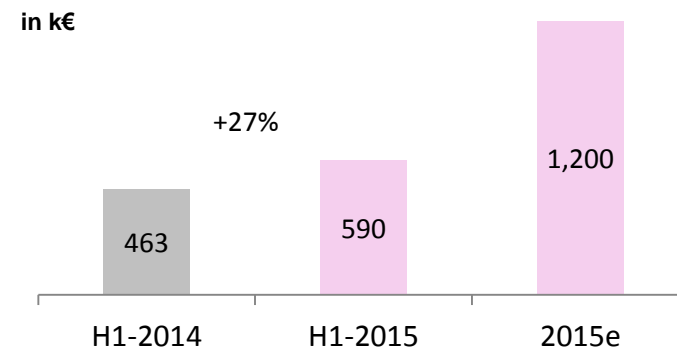
* Source: ARD/ZDF-OnlineStudie 2010 / 2014



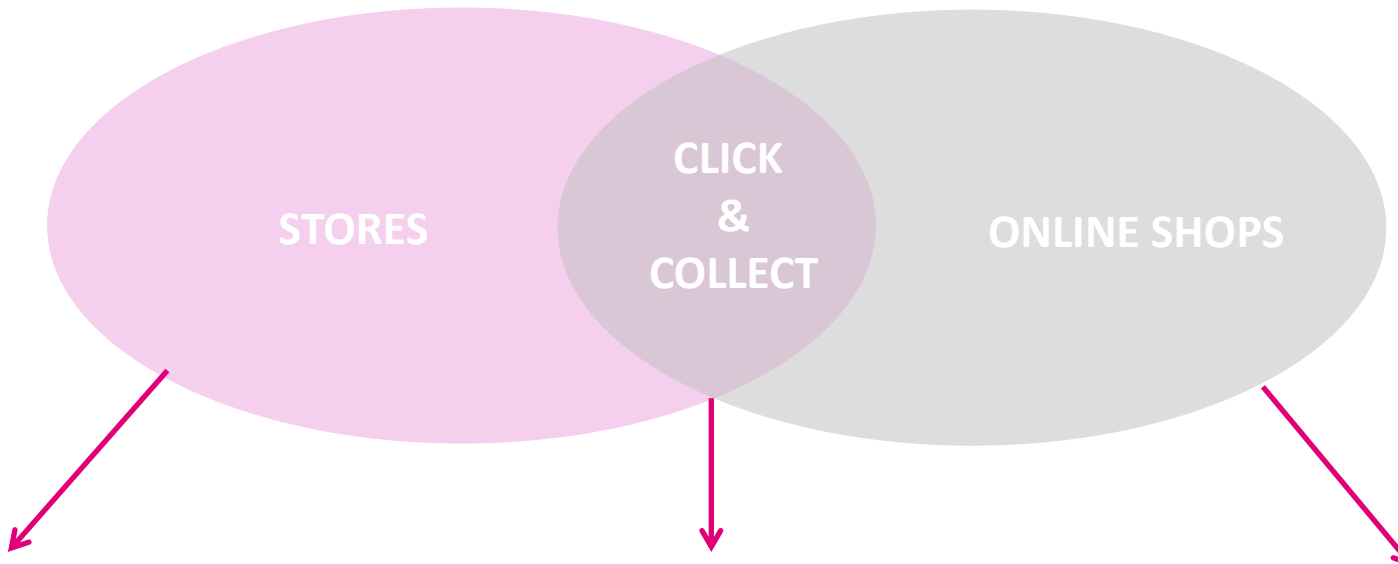
Sales generated online still low but growing



Stores participate through Click & Collect offer



Create various touchpoint to serve customers the way they prefer



- whole collection to choose from
- higher level of look & feel
- individual assistance offered by staff
- more social / event-character

- shop online, collect goods in stores
- No need to return clothes that do not fit to post-office
- Individual assistance offered by staff -> opens up chances for up- and cross-selling

- extremely comfortable, especially for elderly or larger people
- „shop-around-the-clock“
- goods usually delivered within 24h
- pilot-project „Same-day-delivery“
- Ship from store

Guidance

Sales		Mid single digit
Gross profit margin		Slight increase
Personnel expenses		Slight increase
Transport and logistics costs		Slight increase
EBITDA		Stable or 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
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***Thank you
for your attention!***

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Report for the third quarter 2015

November 12th, 2015

Deutsches Eigenkapitalforum 2015

November 23rd - 25th, 2015