



ADLER
ALLES PASST

Investor Presentation
Incl. Q1 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%**

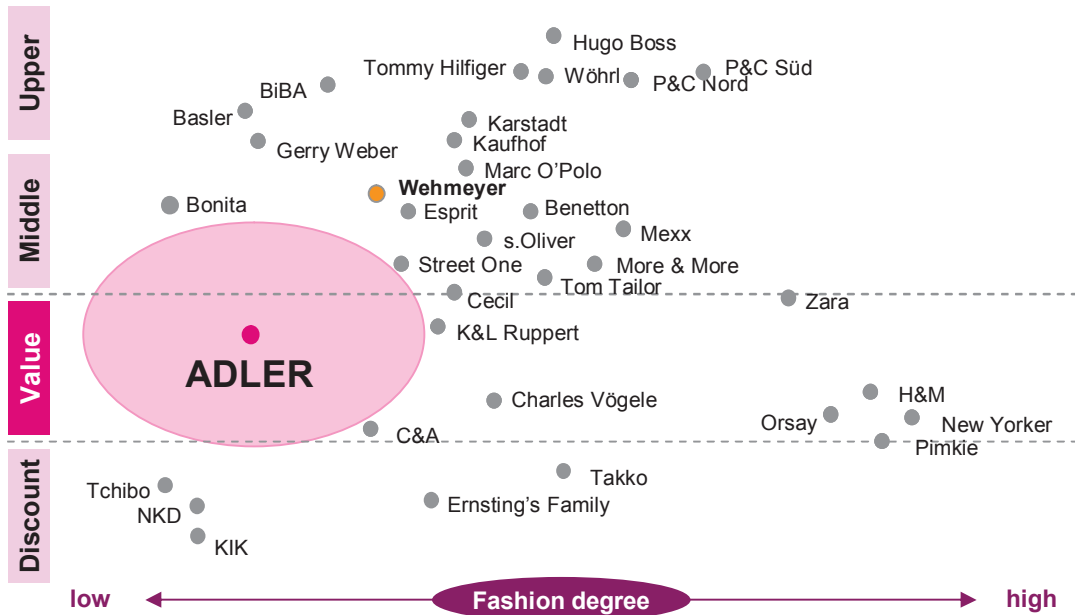
▶ **Lean and fully vertically integrated business model**

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

▶ **Multi-channel distribution concept: >165 own operated retail stores and e-business (tele-shopping/online-business)**

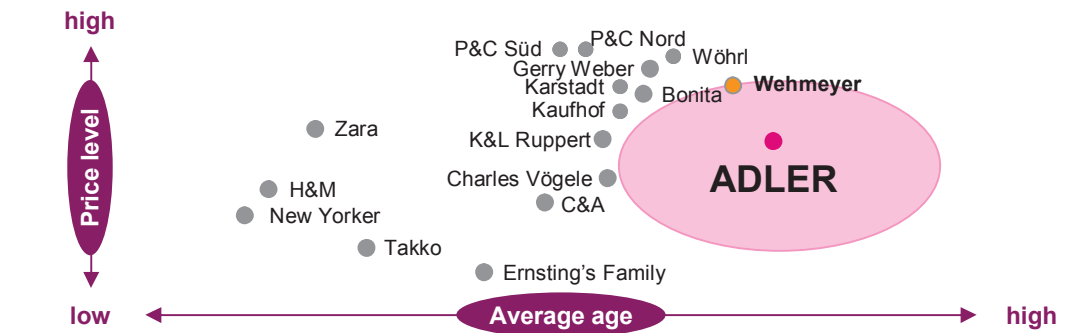
Unique Value Brand Position With Strong Target Group Focus 45+

Brand Positioning of ADLER



Source: Company information

Positioning by Target Group Age and Price Level



Source: Company information

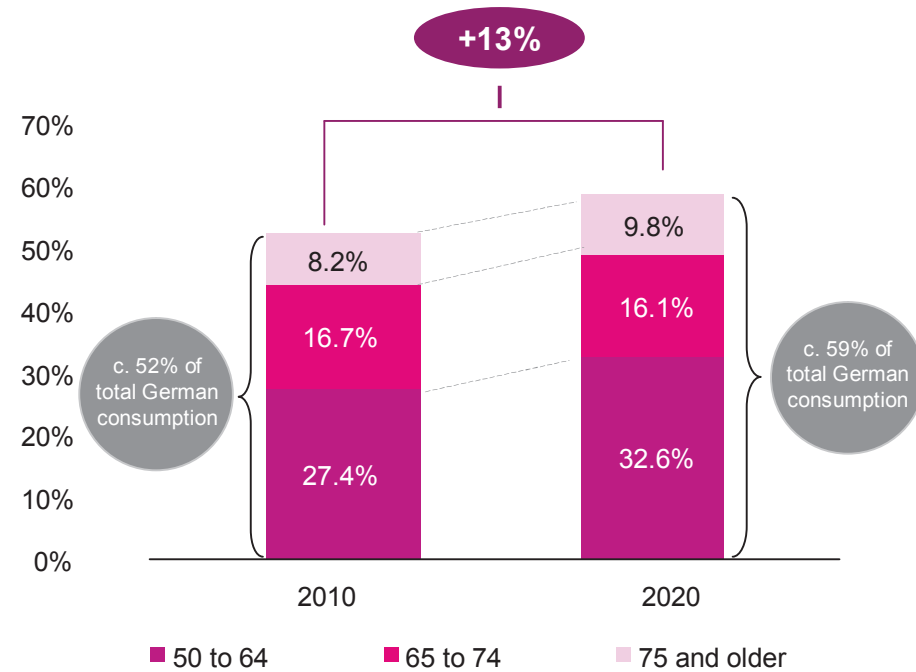
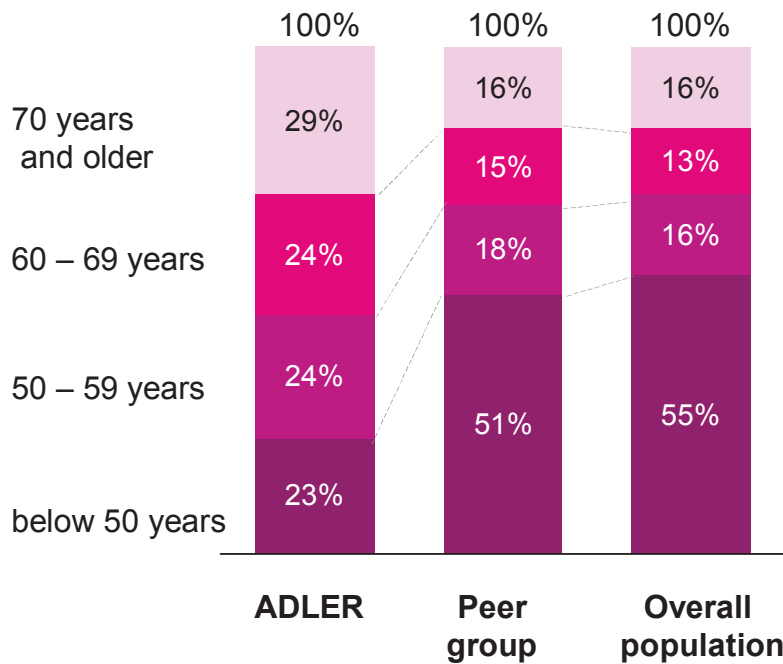
Unique Brand Position

- 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

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

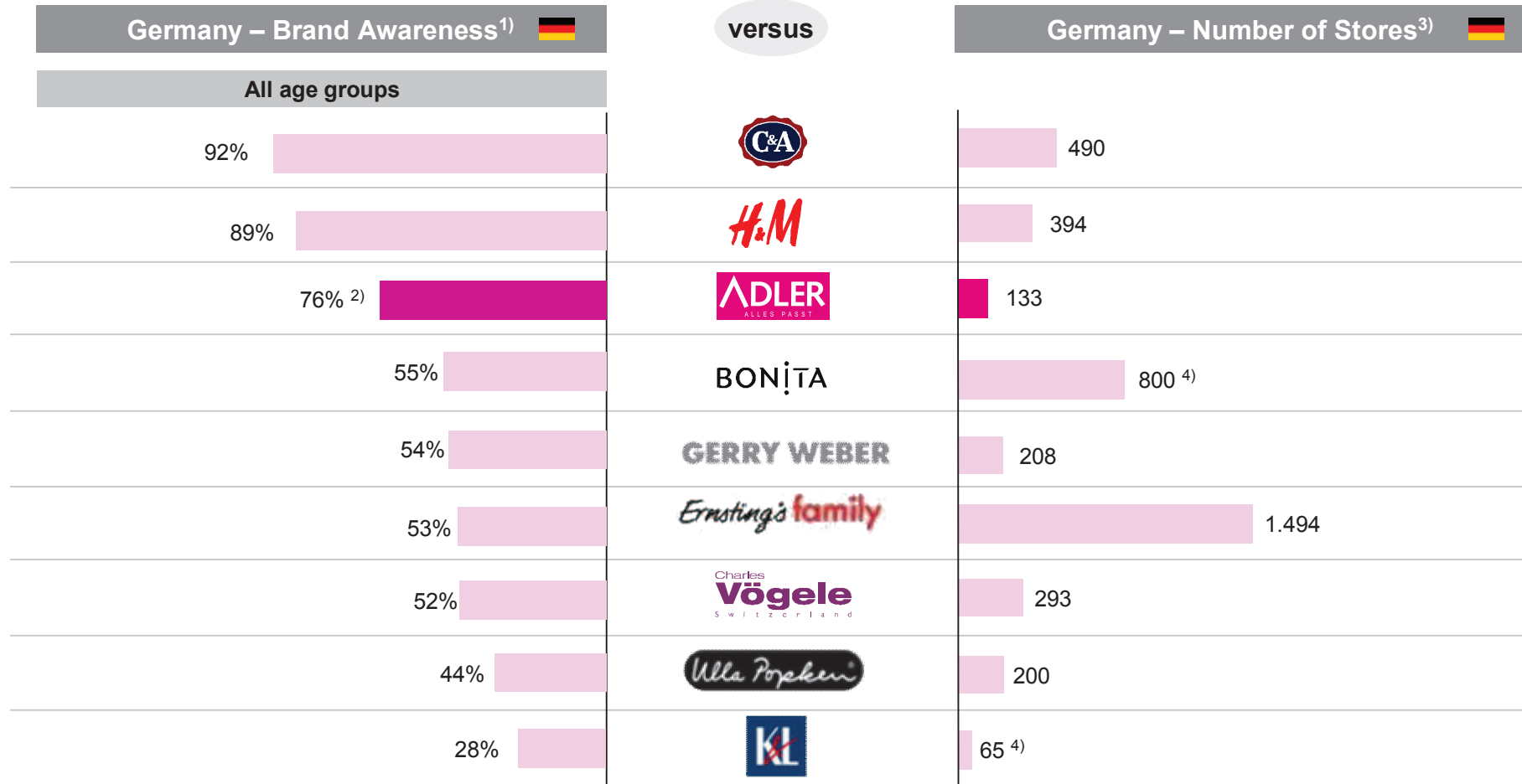


Source: Company information; Axel Springer AG; OC&C-Analysis

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

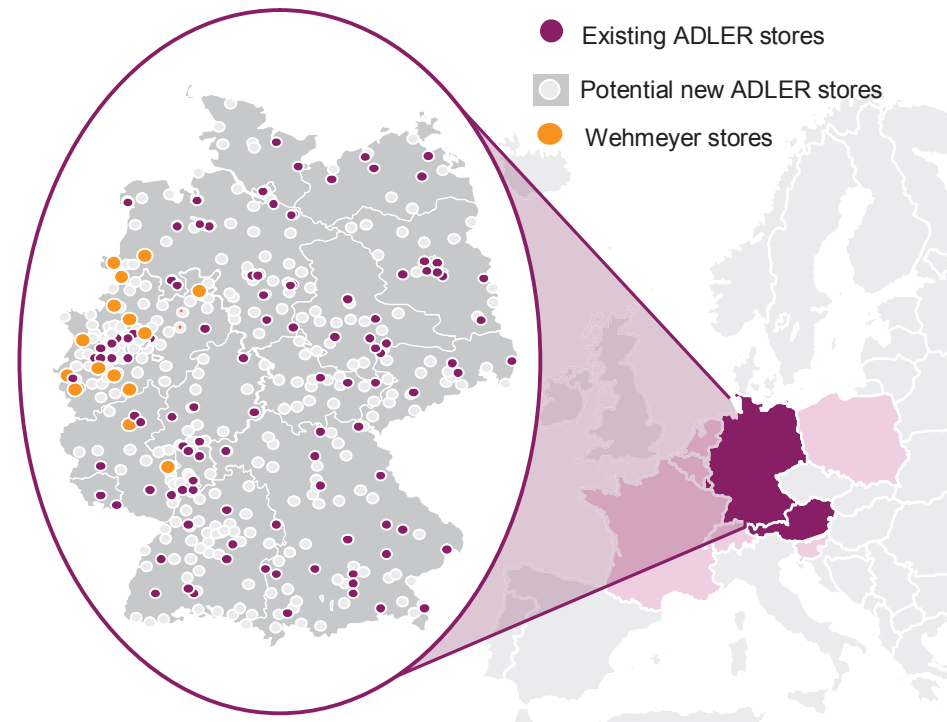
Sources: 1) Textilwirtschaft (Top Shops 2011); 2) 2009: 70%; 3) Company information 4) Figures from 2010

Growth Strategy: 7 New Stores In Q1 2012

Number of ADLER Stores Per Country

Country	Market entry	Number of stores				
		2008	2009	2010	2011	2012e
 Germany	1948	103	104	107	133	~ 20 (7 in Q1)
 Austria	1987	16	17	26	28	
 Luxembourg	1981	2	2	2	2	
 Switzerland	2012e					
Total Group		121	123	135	163	app. > 180
Organic openings		6	3	8	13	
Acquired stores				7	18	
Closings		9	1	3	3¹⁾	
Net change		-3	2	12	28	

ADLER's Regional Presence and Expansion Potential



- 2012: 7 organic store openings. Thereof 6 in Germany and 1 in Austria. 2 stores closed
- 2011: Acquisition of 18 Wehmeyer stores in Germany, 2 stores (Göttingen and Koblenz) resold due to strategic reasons
- ADLER is well positioned to expand its store network in both existing and new markets
 - Potential to more than double the current store network in Germany based on comprehensive location analyses
- Expansion strategy in Germany is particularly focussed on catchment areas of approx. 50,000 inhabitants or more
- Preferred destinations include commercial areas in the periphery of cities with good infrastructure as well as shopping and city centres

1) Including online shop; 2) Thereof two sold Wehmeyer stores

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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 will be terminated on June 30, 2012 at the latest

Potential Use

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

as of May 11, 2012

- Acquired shares: 586,286
- Ø price per share: € 5.8
- Value: €m 3.4
- Share of the current share capital: 3.17%

Relaunch of The ADLER Online Shop



New E-Shop After Relaunch



Facts and Figures

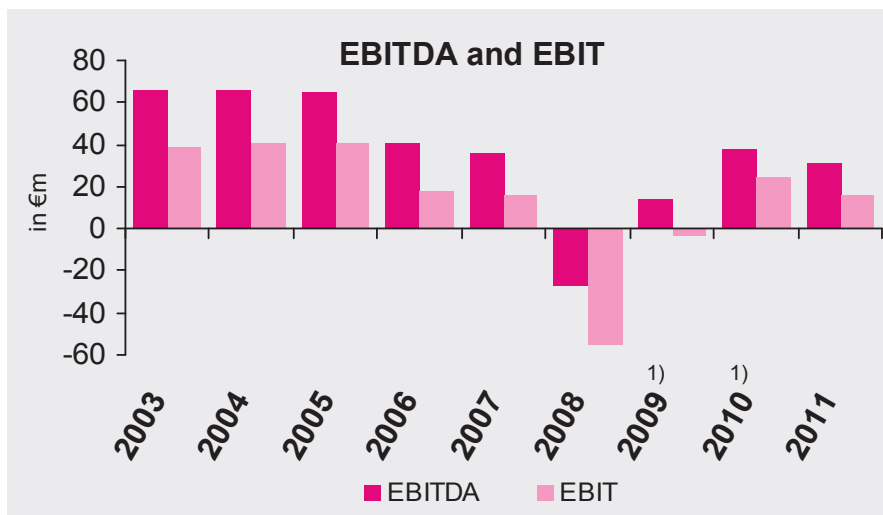
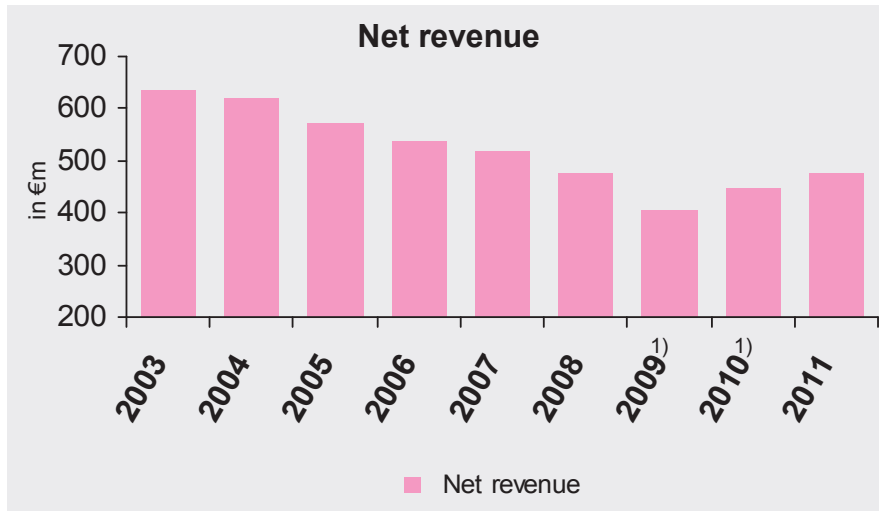
- More convenient order process for customers
- New, more transparent-structured and user-friendly design
- PayPal and Instant Transfer as additional payment options
- Further benefits:
 - Availability checks at the stores
 - Payment and return at the ADLER stores for loyalty card customers
 - New filter 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

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Historical Development of ADLER GmbH and AG

Historical Financials



Historical Development

2003 – 2004: Profitable company

- EBITDA margin-level of ~ 10%
- A shape collection with comfortable fits for customers 45+ years still successful despite sales decrease

2005 – 2008: Unsuccessful rejuvenation

- Strategy was changed to lower prices to raise volume
- Change of product offering to V shape for young and fashionable customers age 30+ years
- As a result, sales dropped from over € 600 million to € 410 million in 2009

Until 2008 ADLER belonged to METRO Group

2009 – 2011: Turnaround and growth

- New management changed the strategy back to
 - comfortable A shape fittings
 - regaining pricing power by raising price level
- Expansion of stores
- Ongoing operational improvement

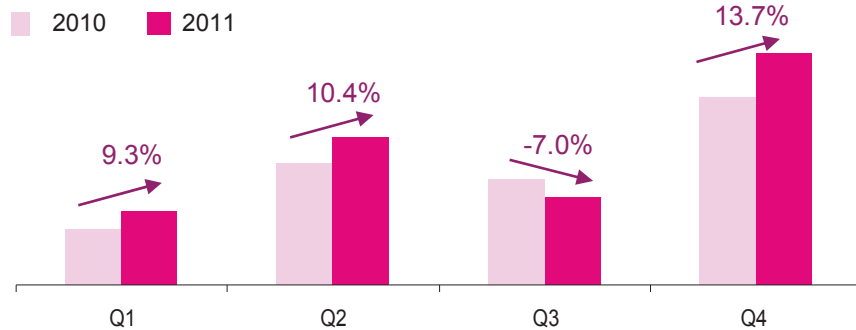
1) 2009 and 2010 without MOTEX

Seasonality of ADLER's Business

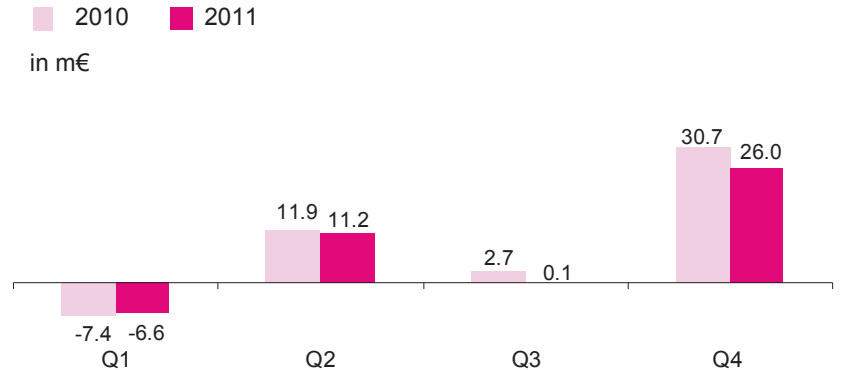
Apparel Retailers Act in a Cyclical Business Environment

- 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

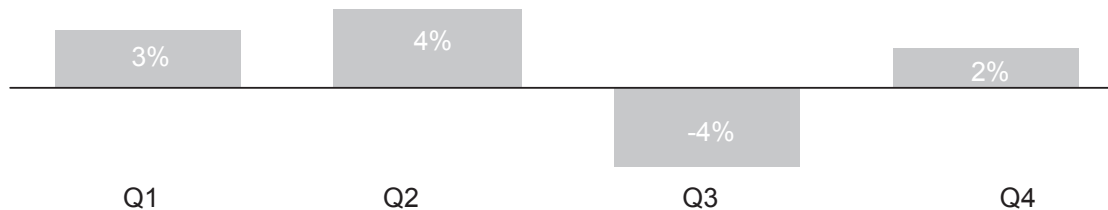
Revenue



EBITDA



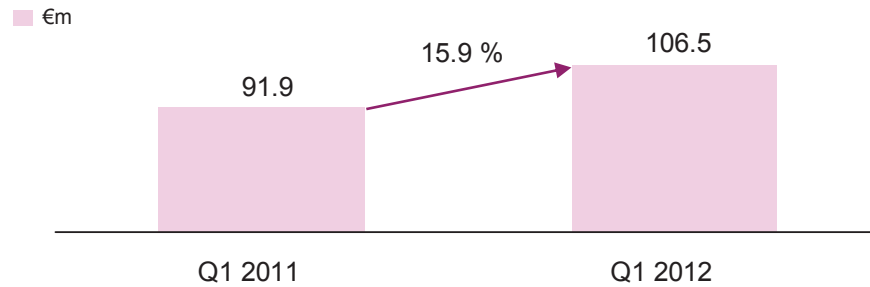
Sector Revenue Development from 2010 to 2011 by Quarter in % ¹⁾



1) Unweighted, according to Textilwirtschaft

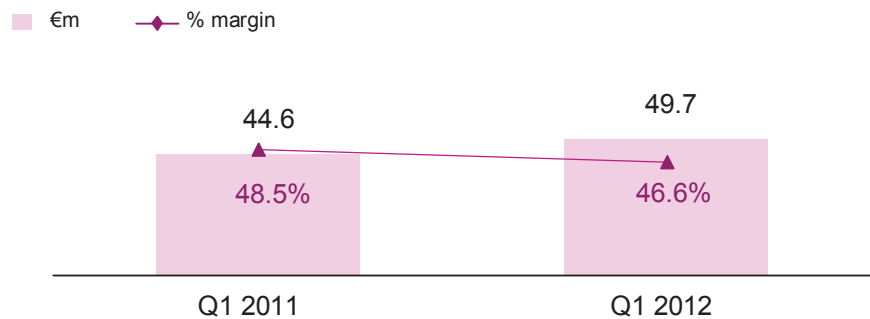
Key Figures

Revenue



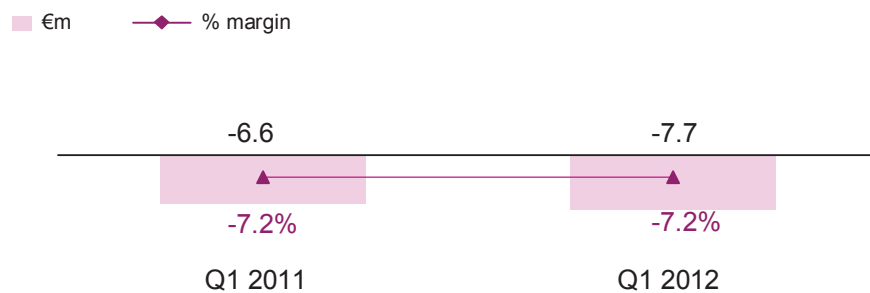
- Revenue up by 15.9%
- Like-for-Like growth of 2.1%

Gross Profit



- Gross profit increased
- Gross profit margin slightly below previous years level

EBITDA



- EBITDA of € -7.7 Mio.
- Constant EBITDA margin of -7.2%

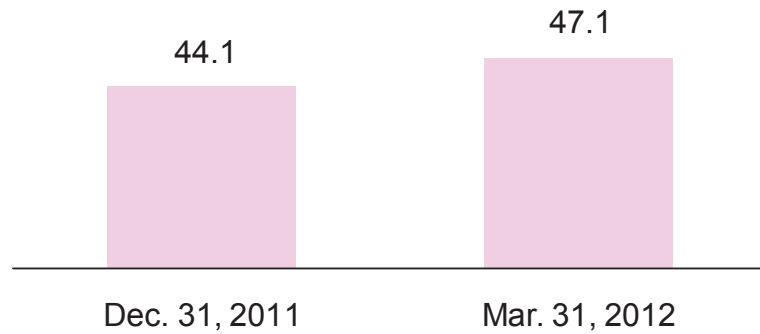
Income Statement

	Q1 2012	Q1 2011	Δ	Δ
	k€	k€	k€	in %
Revenue	106,549	91,906	14,643	15.9%
Other operating income	1,496	2,601	-1,105	-42.5%
Material expenses	-56,869	-47,321	-9,548	-20.2%
Gross profit in %	46.6%	48.5%		
Personnel expenses	-22,121	-19,286	-2,835	-14.7%
<i>Personnel expenses in %</i>	<i>-20.8%</i>	<i>-21.0%</i>		
Other operating expenses	-36,720	-34,502	-2,219	-6.4%
<i>Other operating expenses in %</i>	<i>-34.5%</i>	<i>-37.5%</i>		
EBITDA	-7,665	-6,602	-1,063	-16.1%
Depreciation and amortisation	-3,611	-3,360	-251	-7.5%
EBIT	-11,276	-9,962	-1,315	-13.2%
Financial result	-828	-894	66	7.3%
Net income from operations	-12,104	-10,856	-1,248	-11.5%
Consolidated profit for the year	-9,550	-8,850	-700	-7.9%

Working Capital

Working Capital

€m



Comments for Q1 2012

- Working Capital increased by € 3.0 Mio.
- Inventory increase influenced by:
 - store expansion; starting volume of merchandise of approx. € 0.5 million per store on average
 - Equipment of stores with new summer collection

Working Capital Breakdown

In €m



Cash Flow Statement

Clustered Cash Flow Statement

<i>in k€</i>	Mar. 31, 2012	Mar. 31, 2011	Δ
Net Profit	-12,105	-10,856	-1,249
Increase of inventories	-14,706	-22,024	7,318
Decrease of trade payables, other payables and other provisions	5,545	12,566	-7,021
Other non-cash items	9,843	6,674	3,169
Net cash flows from operating activities	-11,422	-13,640	2,218
Net cash flows from investing activities	-2,214	-1,987	-0,227
Free cash flow	-13,636	-15,627	1,991
Net cash flows from financing activities	-1,669	-3,427	1,758
Net change in cash and cash equivalents	-15,305	-19,054	3,749

Key Financial Positions and Ratios

<i>in k€</i>	Mar. 31, 2012	Dec. 31, 2011	Δ
Property, plant and equipment	59,649	50,654	8,995
Inventories	87,548	73,528	14,021
Cash and cash equivalents	24,719	40,024	-15,306
Total equity	62,617	74,580	-11,963
Total liabilities	136,176	112,554	23,623
Total assets	198,793	187,134	11,660
Ratios			
Equity ratio	31,5%	39,9%	
Debt equity ratio	2,17	1,51	

Balance Sheet - Liabilities Breakdown

Overview of Current and Non-Current Liabilities

<i>in k€</i>	Mar. 31, 2012	Dec. 31, 2011	Δ
Amounts owed to credit institutions	4,020	0	4,020
Provisions	7,970	7,812	157
Financial liabilities	22,475	19,114	3,362
Finance lease obligations	44,310	37,100	7,210
Trade payables	40,510	30,613	9,897
Other liabilities	16,600	17,604	-1,003
Deferred taxes and income tax liabilities	291	311	-20
Total liabilities	136,176	112,554	23,623

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Expansion and Financial Outlook 2012

Store Expansion

- Store expansion with app. 20 openings
- 7 new stores realized in Q1

Revenue Guidance

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

EBITDA Guidance

EBTIDA improvement in accordance to the revenue growth