

Press Release
from Adler Modemärkte AG



ADLER plans to push sales potential with growth

Sales increased by 7.1% to €476.6 million; EBITDA total €30.7 million

Haibach near Aschaffenburg, March 16, 2012. In the first financial year of being listed, Adler Modemärkte AG was able to increase sales by 7.1% to € 476.6 million (€ 444.8 million in the previous year) in spite of an industry-wide weak Q4. Whereas its already established stores were able to grow by 1.0%, the remaining sales growth was generated by the newly opened fashion stores. Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) decreased from € 37.8 million to € 30.7 million, caused by extremely mild weather for the season and the acquisition and integration of the 18 Wehmeyer outlets purchased in September. The slow sale of seasonal garments caused by the warm weather during the winter months burdened the entire textiles retail trade in 2011 and led to major discount campaigns. Earnings Before Taxes (EBT) totalled € 12.7 million; consolidated earnings after tax € 8.3 million.

Against the background of its successful public offering, the realisation of additional financial resources in the amount of € 23.5 million net from the capital increase as well as the dynamic growth from 29 new fashion stores in 2011, the Executive Board of ADLER views the past financial year as a milestone in the company's future development. "The strategy introduced in 2009 by the new management was a total success", says ADLER Chairman of the Executive Board, Lothar Schäfer. "As a result, ADLER is laying the foundation for further organic growth and acquisitions and can now successfully approach the modernisation of its existing stores." The equity ratio grew as a result of going public to 39.9%, following a previous 25.3%. Investments rose in 2011 to € 14.2 million (previous year: € 5.4 million).

In 2011, ADLER's new stores already contributed towards growth at around € 27 million. This includes 18 Wehmeyer outlets which were taken over last year, two of which ADLER has already sold for strategic reasons. "Following the takeover of the Wehmeyer stores on September 30, 2011 these stores were able to clearly increase their sales from month to month already", says Lothar Schäfer. "By changing to ADLER's corporate design in early 2012, these stores also profited from the Group's effective advertising, allowing them to experience an additional rise in their frequency rates", he adds.

ADLER opened seven new fashion markets in Germany and Austria alone in Q1 of this year and is thus accelerating the pace of growth pursued in 2011. On March 1, new stores opened their doors for the first time in Waghäusel, Lünen, Peine and Gmunden (AUT), yesterday in Kaufbeuren and Kerpen and March 22 will see a store opening in Rastatt. The company will open up to further 13 new fashion stores this year, to expand its retail market penetration substantially. Last year already saw ADLER independently increase its retail power by 13 new stores. The sustained expansion is not even slowing down during the remainder of the year. Preparations for the next openings in Germany and abroad are already underway. "In autumn 2012 we will commence our market entry into Switzerland", so the announcement by Lothar Schäfer. Acquisitions equally remain a focal point for the Executive Board, if favourable opportunities should occur.

For its 2012 sales, ADLER is aiming for its growth to reach the upper single to lower double-digit percentage range, which according to the Executive Board will also entail a respective increase of EBITDA. It is the firm conviction of the Executive Board that ADLER's business model, with its persistent focus on a mid-price range-oriented clientele aged 45+, is the right strategic approach. The Executive Board is strengthened in its position by the fact that this target group will grow as a result of the demographic development over the years to come. The company encourages this direction also with loyalty schemes and customer actions extended to by now some 6 million active card holders via the ADLER customer loyalty card. This customer loyalty card has existed since 1974 and is a uniquely valuable tool in creating ADLER's marketing campaigns and its customer retention efforts.

In terms of procurement, ADLER focuses on direct imports with strategic partners. The majority of transactions are handled via the Metro Group Buying (MGB) in Hong Kong. ADLER thus draws on the market power and the favourable terms and conditions of purchase for Germany's largest trading group. In 2011, the company was able to raise the buying rate of directly procured merchandise to 41%. This share is to rise further in the medium run. As a result of the co-operation with MGB, ADLER is also able to check the working conditions of its global supply chain with strategic partners more easily with regard to their compliance with fair wages, acceptable working hours and environmental standards.

The ADLER Group is also a member of the BSCI initiative, which as an international co-operation platform has made this its very goal. Contractual regulations with suppliers address such topics as discrimination, child labour, forced labour, working hours, wages, working conditions, housing as well as the freedom of assembly. In a first step, suppliers are interviewed using a standardised questionnaire based on the international SA8000 standard

by Social Accountability International (SAI). In a second step, the production sites of suppliers are regularly inspected and rated. ADLER works intensively towards the application of the BSCI Code of Conduct by all suppliers. ADLER is carrying out qualification measures amongst suppliers in Asia via the MGB buying agency in Hong Kong in order to actively support these in achieving and maintaining the BSCI Code of Conduct.

Additionally, ADLER - as Germany's first textile retail chain - has been supporting fair trade with cotton since 2010 by producing part of its collections under the Fair Trade seal. Fair Trade cotton contributes directly towards overcoming poverty in the production countries. At the same time, the development opportunities of small farmers and workers are increased in these countries. The co-operation with Fair Trade leads ADLER to assume additional corporate social responsibility within the supply chain.

Adler Modemärkte AG, headquartered in Haibach near Aschaffenburg, Germany, is one of Germany's largest and most important textile retailers. In 2011, the Group generated sales of some € 476.6 million with a workforce of around 4,400, generating € 30.7 million in EBITDA. ADLER currently operates 168 fashion stores, 137 of which are located in Germany; 29 in Austria; two in Luxembourg, plus an online shop on the Internet. The Company focuses on large-space concepts offering in excess of 1,000 m² of retail space. With its numerous private brands and select non-private brands, ADLER offers a highly diverse product range. Thanks to more than 60 years of tradition and high customer retention rates, ADLER, according to its internal findings, is the market leader within the target group of customers aged 45+ who are strong in terms of spending power.

For more information: www.adlermode-unternehmen.com ; www.adlermode.com

Press enquiries:

Bruno Seifert, Seifert & Company Communications
Wörrstädter Straße 64, D-55283 Nierstein b. Mainz
Tel: +49 6133 5090880; Fax: +49 6133 5099098
Tel: +49 171 33 22 434