

PRESS RELEASE

from Adler Modemärkte AG



Report on the Third Quarter: Accelerated Growth

ADLER Modemärkte again Outperforms Market in Nine-Month Period

Cost of Materials Reduced; Gross Profit Margin Increases to 53.7%

Haibach (near Aschaffenburg), 7 November 2013. Adler Modemärkte AG remains on a growth trajectory. During the third quarter, the Company even slightly accelerated its revenue growth. Like-for-like revenue increased by 4.6% from July to September. ADLER increased cumulative income growth from +3.6% in the first half of the year to +4.0% in the first nine months. ADLER's revenue reached €367.0 million for the overall nine-month reporting period, compared to €343.7 million during the same period of the prior year. In the third quarter alone, revenue amounted to €119.1 million as compared to €111.0 million in the third quarter of the previous year. By contrast, revenue for the overall textile industry continued to decline (-2.0%) over the nine-month period.

The Executive Board attributes this trend to the clear positioning of the ADLER umbrella brand as a specialist for its growing target group of customers aged 45 and over. In parallel, in the spring of 2013 ADLER launched a targeted advertising campaign on TV and in select consumer media. The objective is to translate the high level of brand awareness (76%) into additional customer frequency and sales. Furthermore, maintaining moderate inventories and avoiding excessive discounts enabled ADLER to sell off its summer merchandise without incurring major negative impacts on margins. In September, cooler weather also helped to stimulate initial sales of autumn/winter clothes.

Despite considerably higher revenue, materials costs of €170.1 million during the first nine months of the year were nearly two million euros below the prior-year figure (€171.9 million). This enabled ADLER to significantly increase its gross profit year on year and in the third quarter. Gross profit amounted to €196.9 million and thus exceeded the prior year figure by €25.1 million. The gross profit margin improved by 3.7 percentage points from 50.0% in the prior-year period to 53.7% in the reporting period. Optimised inventory management, effects from the analysis and adjustment of the pricing structure and the increased share of directly purchased goods were the sustainable factors driving the gross profit margin.

The positive developments in revenue and gross profit are also reflected in EBITDA, which increased to €10.9 million over the entire reporting period after reaching €1.1 million during the previous year. The EBITDA margin was thus 3.0%. In this way, ADLER successfully absorbed the higher personnel and marketing expenses. Earnings before interest and taxes

(EBIT) improved from €-9.9 million to €+0.5 million. Earnings before taxes (EBT) amounted to €-2.7 million (previous year: €-12.9 million). Similarly, the net result after taxes was slightly negative (€-2.4 million), but up from the previous year (€-11.0 million). "Traditionally, the third quarter is the second-weakest earnings period of the year", stated CFO Karsten Odemann; "We remain optimistic for the overall year and also expect a positive double-digit net result". Free cash flow amounted to €+8.9 million, up significantly from €-5.1 million in the previous year.

The revenue trend for the reporting period continued to be influenced by the new accounting treatment of customer discounts, which was applied for the first time in 2013, under which bonus points redeemed during the year are netted against allowances for customer discounts. The resulting cumulative decrease in allowances amounted to €9.9 million after the first nine months of the year; i.e., revenue increased by that same amount year on year. In previous years, this effect was recorded for the year as a whole and had a positive impact only on the fourth quarter. In a year-on-year comparison, there is therefore no difference in results.

Adler Modemärkte AG, headquartered in Haibach near Aschaffenburg, Germany, is one of Germany's largest and most important textile retailers. In 2012, the Group generated revenue of €506.1 million with a workforce of around 4,400, generating €35.5 million in EBITDA. ADLER currently operates 168 stores, 140 of which are located in Germany, 25 in Austria, two in Luxembourg, one in Switzerland, plus an online shop. The Company focuses on large-space concepts offering in excess of 1,400 m² of retail space. With its many own brands and select external brands, ADLER offers a highly diverse product range. Thanks to more than 60 years of tradition and strong customer loyalty, ADLER considers itself to be the market leader within its target group of affluent customers aged 45 and over.

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

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