



We deliver!
Towards ADLER 2023

- > Analyst Meeting & Conference Call, FY2019 Results
- > March 12, 2020

ADLER
ALLES PASST

Agenda

- 1 Highlights and Review 2019**
- 2 Strategy Update
- 3 Outlook



We delivered – Highlights 2019

- > Revenue development substantially better than industry (ADLER: -0.7% vs. industry / TextilWirtschaft: -2.0%)

- > “Strategy 2020” bearing fruit
 - > Store optimisation better than anticipated
 - > Turnaround in online activities

- > EBITDA exceeds guidance: €70.3 million vs. €64–69 million






- > Free cashflow up 69% to €57.4 million

- > All-time high: Cash position of €70 million

- > Sound operating and financial foundation for targeted future sustainable profitable growth

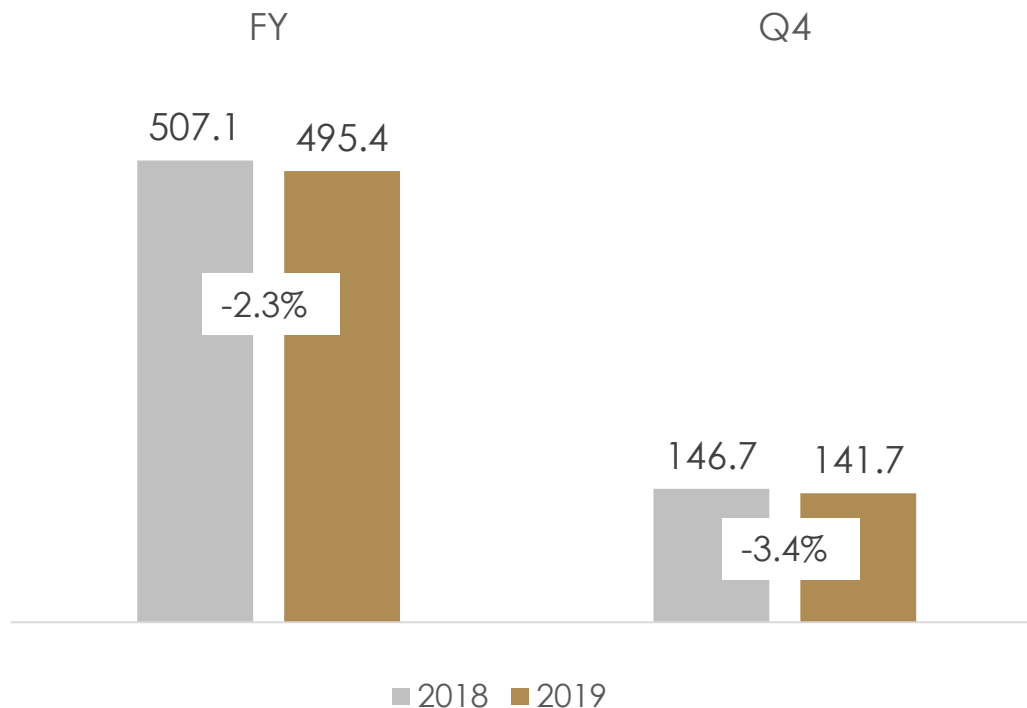
- > Time to further execute and step up towards “ADLER Strategy 2023”

Highlights 2019: ADLER “Strategy 2020” is bearing fruit – Guidance partially exceeded

€ million	2018	2019	Guidance	
Revenue	507.1	495.4	slightly below previous year	 L-f-I: -0.7%
EBITDA (IFRS 16) incl. one-off effects	68.8	70.3	64 - 69	
EBITDA (“old”) incl. one-off effects	20.7	23.0	18 - 21	
Free cash flow	33.9	57.4	slight increase	
Cash and cash equivalents	54.9	70.1	stable	

FY 2019 topline better than industry – continued difficult market environment

Reported revenue in €m



> Like-for-like revenue

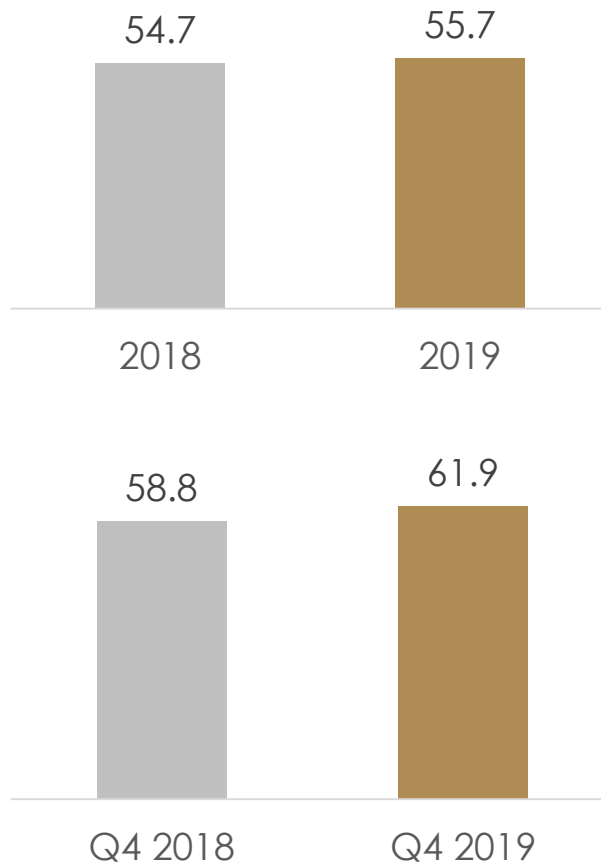
- - 0.7% for FY 2019
- - 2.0% for the German fashion retail industry (source: TextilWirtschaft)

> Like-for-like revenue development quarter by quarter vs. industry

- | | ADLER | Industry |
|-------|-------|----------|
| • Q1: | -2.8% | +0% |
| • Q2: | -1.0% | -2.7% |
| • Q3: | +1.9% | +1.3% |
| • Q4: | -1.9% | -5.7% |

Gross profit margin up by another 100 BP in FY 2019 – up by 310 BP in Q4 to 61.9%

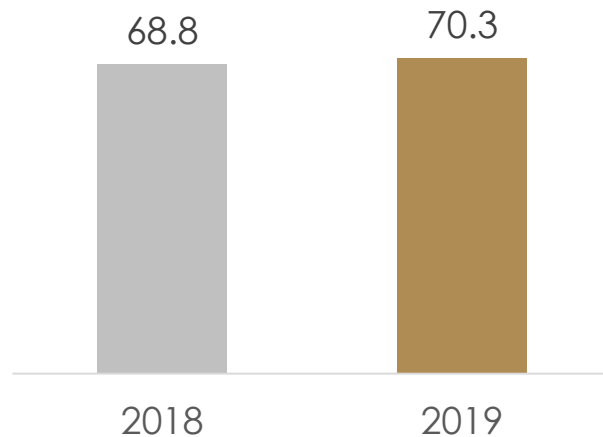
Gross margin in %



- > Cost of materials down 4.5% to €219.5 million (2018: €229.8 million)
 - > More efficient purchasing
 - > Lower level of inventory discrepancies
- > Gross profit with €275.9 million almost on previous year's level of €277.3 million
- > Gross profit margin up by 210 BP within two years
- > Potential for further improvement of gross profit margin in 2020 ff

Improved profitability – Strong proof points for success of “ADLER Strategy 2020”

EBITDA reported in €m



> EBITDA exceeds FY guidance of €64–69 million

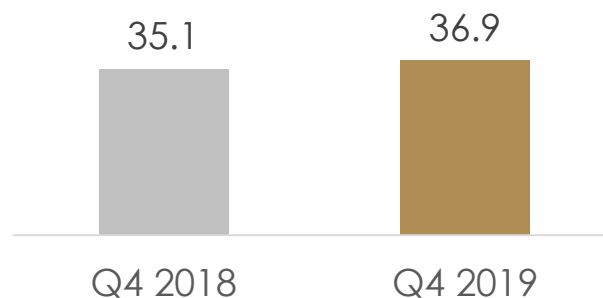
> Declining one-off effects on EBITDA:

> 2018:

> - €5.5 million from restructuring, store closures, change of logistic distributor and advisors

> 2019:

> - €3.8 million from strategic realignment and closure costs, e.g. HQ and store network

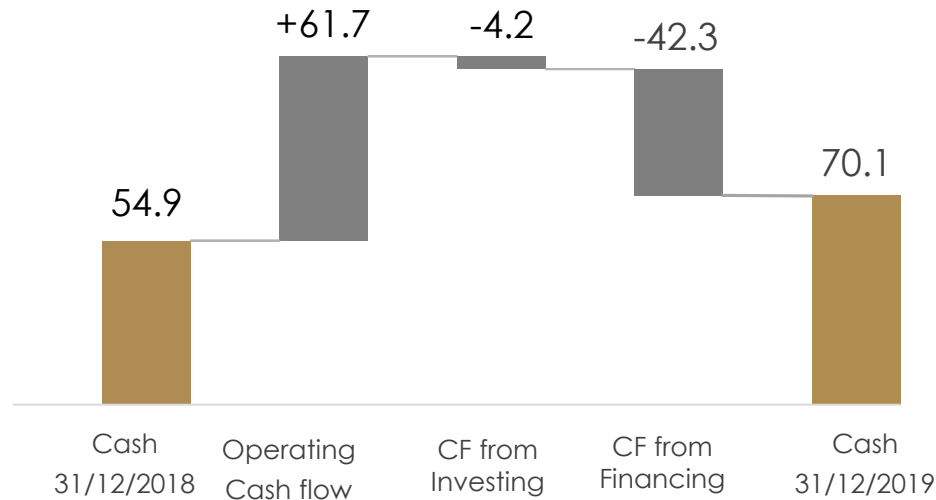


Summary of key figures FY 2019

in €m	2019	2018
Revenue	495.4	507.1
Gross profit	275.9	277.3
Gross profit margin	55.7%	54.7%
EBITDA	70.3	68.8
EBIT	24.5	21.0
EBT	7.9	2.6
Consolidated net profit for the year	5.1	0.4
EPS	0.28	0.02

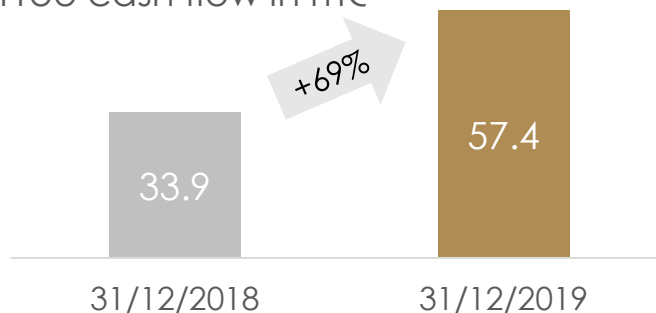
Cash position at all-time high

in m€



- > Cash position substantially up due to efficient working capital management
- > Working capital down by €6.1 million to €47.5 million
- > Strong cash position targeted for 2020

Free cash flow in m€



Very sound balance sheet quality helps to finance future strategic measures

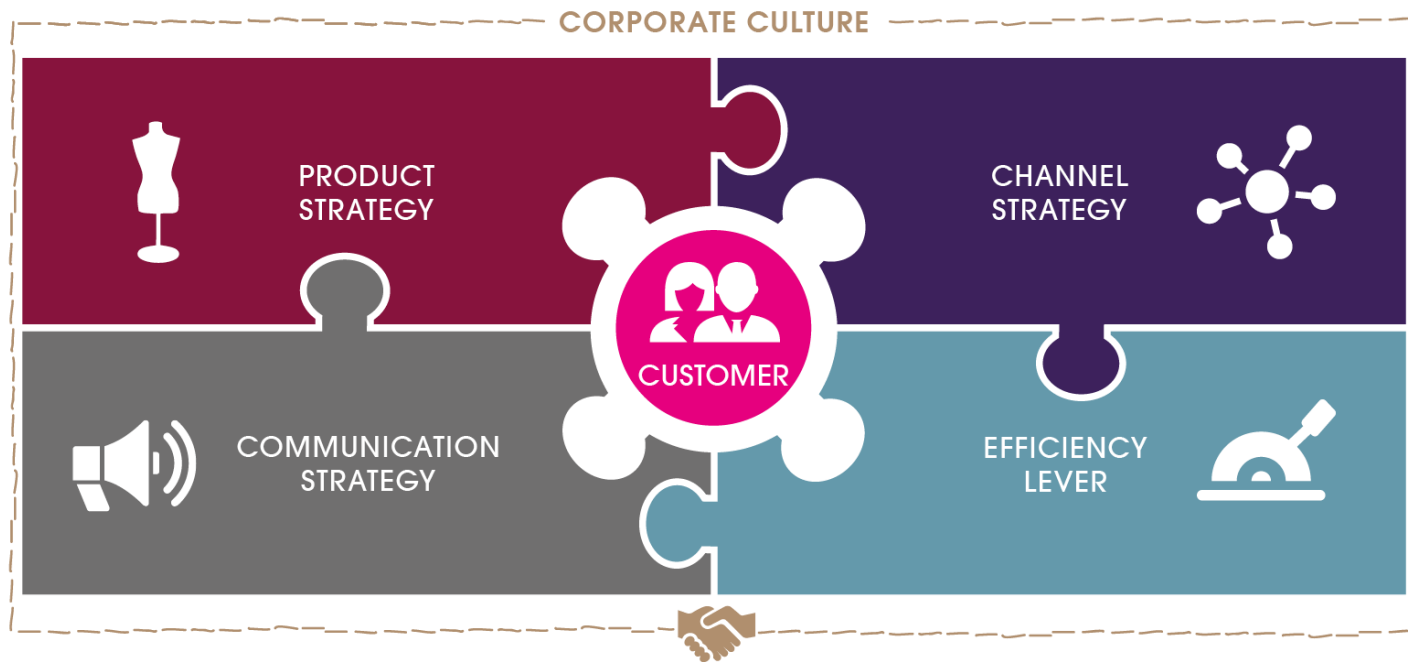
in €m	31. Dec. 2019	31. Dec. 2018
Total assets	409.4	415.9
Inventories	73.4	78.7
Trade receivables	0.1	0.0
Cash position	70.1	54.9
Free cash flow	57.4	33.9
Equity	66.1	61.6
Equity ratio	16.1%	14.8%
Trade payables	26.0	25.1

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ADLER “Strategy 2020” successfully implemented



We delivered on what we promised – examples for successful strategic measures

- > Implementation of digital value chain together with
 - > new sourcing partner **otto**international
 - > new logistics partner **MEYER&MEYER**
 - > substantial cost savings

- > Establish ADLER as technology leader in its industry
 - > E.g. 45 TORY robots already at sites => rollout 2020 = 85
 - > ROI of only 1.5 years

- > Turnaround in online activities
 - > Revenue 2018: -8%
 - > 2019: +4% (Q1: -17% / Q2: +10%/Q3: +13% / Q4: +9%)

- > Store optimisation programme delivered better than expected



We delivered on what we promised – Very successful store optimisation programme

- > **Five closures of unprofitable stores in 2018 and another eight in 2019**
- > Further closure of up to four stores planned for 2020
- > Re-negotiations of lending contracts with substantial positive impact of average -10% lending costs
 - > Earnings turnaround at one location (Frankfurt/Oder) – potential for additional success stories
- > Negative one-off effects in 2019 of around €6 million
- > New **openings** of four stores in attractive locations with attractive revenue potential and high profitability as well as optimised “look and feel”
- > Additional store openings planned for 2020 and the following years
 - > Focus on white spots in Germany and Austria
 - > Substantial potential in Switzerland



Next phase to start now with strategy update of “ADLER Strategy 2023”

PRODUCT STRATEGY

- Better usage of CRM data
- New own brands
- Supplier consolidation
- Faster change of collections

SALES STRATEGY

- Realisation of store optimisation programme
- Force expansion
- Qualification of sales personnel
- Triple online revenue

COMMUNICATIONS STRATEGY

- Increase share of wallet
- Enhance loyalty programme
- Gain new clients
- Rollout of new VM concept

HUMAN RESOURCES STRATEGY

- Improved focus on management culture and cooperation
- Expand management development
- Build talent pool and modern working methods

DIGITALISATION

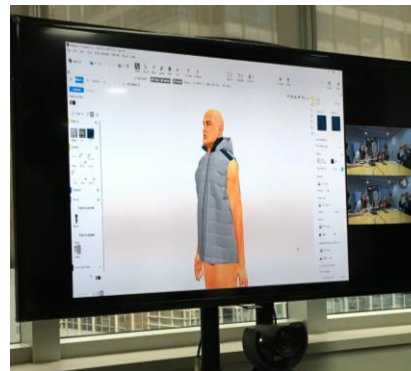
From 2023 onwards, ADLER will have....

- > ...implemented a fully digitalised value chain
- > ...established a real multi-channel culture
- > ...developed substantial sources for client satisfaction and topline growth from an efficient usage of CRM data
- > ...expanded its technological leadership in the industry with:

Digital client communication



Usage of Avatars



KI & Virtual Reality



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Turnaround year 2020 – Right measures taken to oppose continued difficult market environment

- > Textile retail industry faces another challenging year (also without coronavirus impact); TextilWirtschaft expects another decline in 2020
- > Store closures cannot be fully compensated by organic and external growth measures



Return to expansion mode in total number of stores from 2021 onwards

- > Higher spending on marketing, personnel costs and e-commerce upgrade expected



Including continued investments of €4–5 million in IT and digitalisation

Outlook 2020: like for like turnaround in revenues and at least stable profitability

Revenue

Reported: stable –
l-f-l: slight improvement

Gross profit margin

Slight improvement

EBITDA incl. one-offs

€66–69 million

One-offs

€-5 to -6 million

Free cash flow

At least stable

Liquidity

On last year's level

Substantial revenue and earnings potential for 2023

Financial Calender + Contact

Save the date

- ▶ **Year-end Results & Annual Report 2019**
12 March 2020
- ▶ **Report on the first three months**
5 May 2020
- ▶ **Annual General Meeting**
6 May 2020
- ▶ **Report on the first half year**
6 August 2020
- ▶ **Report on the first nine months**
5 November 2020

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