GERRY WEBER

Presentation by Gerhard Weber

Chairman of the Managing Board

GERRY WEBER International AG

at the Annual General Meeting

on 8 June 2006 in Halle/Westphalia

Check against delivery.

Ladies and Gentlemen,
dear Shareholders,

I would like to welcome you to this year's Annual General Meeting, also on behalf of the Managing Board and thank you for your interest and your strong attendance.

(Chart 2: Summary)
I am pleased to report on the most successful fiscal year in our company history of over 30 years. Both sales and earnings again reached new record levels, which means that our strategy was successful in every respect. This makes us highly optimistic about the coming years.

Sales and earnings increased at double-digit rates and the profit margin reached the highest level in our company history. All this was achieved in a market which well deserves to be described as difficult.
At the same time, we have set the course for further growth. After all, the potential of our unique concept of strong brands and intelligent distribution and

organisational structures is far from being fully exploited - both nationally and internationally. GERRY WEBER is poised to become a global fashion and lifestyle corporation.

This success wasn't handed to us on a plate. We, too, had to do our homework and deliberately decided to temporarily forego growth. Today, we are stronger and more competitive than ever. This means that we have got what it takes to not only expand our market position in Germany but to also grow dynamically in international markets.

An important event in the past year was the import ban on goods from China imposed by the EU. Having anticipated this problem at an early stage, we were able to solve it quickly and to help the entire sector in solving it. Our customers were supplied punctually and the import ban had no impact on our figures. This incident showed us that our strategy of reducing our exposure to individual procurement markets was right.

A swift response, flexibility and proximity to the market are the key to success in the fashion industry. While the German clothing sector reported moderate export-driven growth in 2005, the situation in the retail sector remains difficult.

But where some have to give up, attractive opportunities arise for others. In the past fiscal year, we were again able to secure additional retail space in prime locations at attractive rents both for our own stores and those operated by franchisees, thus expanding our market position. In the past fiscal year, we opened the 100th HOUSE OF GERRY WEBER, whose number has risen to 120 in the meantime.

(Chart 3: Sales development)
Accordingly, sales revenues developed positively. Despite a difficult environment marked by weak consumer spending and the EU import ban, the GERRY WEBER Group exhibited strong growth momentum in the past fiscal year, which was unparalleled in this segment. Sales increased by 11.6 percent to EUR 393.1 million, reaching the high level

that was reported before we reduced our brand portfolio from five to three brands.

Our own retail activities made the biggest contribution to this sales growth of over EUR 40 million. This was mainly due to the strong expansion of our HOUSES OF GERRY WEBER. But we were also able to push sales at the existing stores. This means that sales per square metre increased from an already high level. All brands and divisions of the GERRY WEBER Group contributed to the rise in sales, which I will explain in more detail later.

(Chart 4: Development of EBIT)
Let me say a few words about the result first. The fact that 2004/2005 was one of our best fiscal years also in profit terms may be even more impressive than the strong sales growth. In absolute figures, the operating result rose by 28 percent from EUR 27.9 million to EUR 35.8 million. While this increase in earnings is also due to the strong sales growth, the profit margin also improved as such.

(Chart 5: Development of EBIT margin)

This is confirmed by a look at the EBIT margin. The already good EBIT margin of 7.9 percent climbed to 9.3 percent in the fiscal year, the highest level in the history of the company. This means that the sales growth did not come at the expense of profitability. Right on the contrary, we have come very close to a double-digit margin which remains our medium-term objective.

Our margin growth has mainly internal reasons. On the one hand, we were able to buy at lower prices. On the other hand, we generated positive outsourcing effects in the area of sourcing of raw materials and drapery, forwarding and logistics.

Apart from the decline in personnel expenses, it’s above all the leaner structures and optimised internal processes that are directly reflected in the result. The comprehensive restructuring measures implemented in recent years have laid the foundation by improving our complete process chain, from the creative department to the point of sale.

Our optimisation programme has not been completed, however, as we will continue to improve our processes and workflows. This is the reason for our success in the market and our continuously rising profit margins in the future.

(Chart 6: Key business figures)
The other earnings figures also show the surge in profits achieved by the GERRY WEBER Group in the past fiscal year. Earnings before depreciation and amortisation increased by 25 percent. The operating result climbed 28 percent. Earnings before taxes rose 31 percent and the profit for the year is up 32 percent. This represents an EBIT-based return on equity of 30.1 percent, up from 25.3 percent in the previous year.

I am particularly pleased that we were able to expand our workforce again after the adjustments made in the past. As of the reporting date, the GERRY WEBER Group employed 1,647 people, thereof 990 in Germany and 657 abroad. While 161 new jobs were created in Germany - especially in the retail segment - the number of employees abroad declined by 31. This domestic trend will continue in future, not least due to the openings of more HOUSES OF GERRY WEBER.

(Chart 7: Key figures income statement)

The key figures and ratios extracted from our income statement clearly reflect the structural improvements. Both the cost of materials ratio and the personnel expense ratio declined despite the strong sales growth. The tax ratio remained almost unchanged.

(Chart 8: Key figures per share)

Now to the figures you are particularly interested in. The above result translates into DVFA earnings per share of EUR 0.83, compared to EUR 0.64 in the previous year. Cash flow per share climbed from EUR 1.28 in the previous year to EUR 1.64. The operating cash flow was more than sufficient to fund our capital expenditure of EUR 11.3 million.

While we left the dividend unchanged in the past three years, the good profit is a welcome opportunity to raise it somewhat this year. We propose a dividend of EUR

0.40 per share to you today. This represents a payout volume of EUR 9.2 million and a payout ratio of 55 percent.

Based on the current price, this represents a dividend yield of only about 2 percent. However, this is due to the excellent performance of the GERRY WEBER share in the past months and years. Between mid-2003 and today, the share has gained some 200 percent. Since the beginning of the year alone, the share price has picked up 25 percent. Investors who bought GERRY WEBER shares a year ago, benefit from a 100 percent increase in the share price. I hope that this impressive share price performance and the dividend - that is the total return - will be some consolation to you.

The share price has pointed upwards for quite some time and has a stabel base at aorund 18 € despite the latest turbulences on the international stock exchanges. is a clear proof of the confidence investors place in our company. This is also clearly reflected in the trading volumes, which are another sign that large institutional investors are also interested in our share. It appears that our shareholders and investors continue to believe in the GERRY WEBER share and we will not disappoint their confidence in future.

(Chart 9: Value added statement)
Let's take a look at our company's valued added in the past fiscal year. At 20%, the value added less the costs of bought in goods and services, again reached a pleasantly high level. Two thirds of this benefited our employees in the form of wages and salaries. The rest is mainly accounted for by taxes and dividends.

(Chart 10: Group balance sheet structure)
The Group balance sheet structure reflects the very healthy financial foundation on which our company rests. As debt and liabilities declined relative to equity capital, the group equity ratio rose from 54.7 to 57.4 percent. This represents a very comfortable capitalisation many other DAX companies can only dream of.

I should also mention the repurchase of own shares. We made use of the authorisation granted by last year's Annual General Meeting and repurchased some 190,000 own shares at an average price of EUR 12.02 in the past fiscal year. On the balance sheet date these shares represented 1.13 percent of the share capital.

Ladies and Gentlemen, for more information on the stock repurchase, please refer to the Annual Report. We have not submitted a new stock repurchase programme for resolution today, as we feel that the expansion of our retail activities and organic growth represent very interesting opportunities to invest our liquid funds.

(Chart 11: Development of brand sales)
Ladies and Gentlemen, let met tell you more about the key success factors of the GERRY WEBER brand, namely our strong brands. All three brands, GERRY WEBER, TAIFUN and SAMOON, contributed to the rise in sales. All three hold leading positions in their respective markets.

Accounting for almost two thirds of total sales, GERRY WEBER and its sublabels are the Group's strongest brand, which achieved the highest sales growth, at 12 percent. The success of GERRY WEBER is based on several factors and additionally supported by the growing penetration of the market.

While fashion for young women is in strong supply, brands for women aged 30+ are few and far between. We have earned ourselves a unique position in this segment by consistently and carefully modernising our collections. These consumers want fashion that interpret current trends in a contemporary and suitable manner. They want a modern collection that is good value for money. This is what GERRY WEBER and its sublabels - GERRY WEBER EDITION, GERRY WEBER SPORT and G.W - offer them.

These sublabels are the other reason for the success of the brand. The single item lines comprising trousers, knitwear and outdoor, the classy city sportswear range and the aggressively priced themes are important elements of the success of the core brand. If it had not been for our own stores, we would never have been able to develop these instruments, which help increase inventory turnover and space productivity, so effectively. Today, they make a good contribution to sales and ideally complement the combination fashion of the core brand.

The TAIFUN brand accounts for one fourth of total Group sales. The brand is targeted at a slightly younger consumer group and therefore has a more fashionable appeal. The brand is positioned 100 percent in the modern woman segment. Moreover, we will sharpen the brand's profile through the expansion of our own retail space and independent stores. TAIFUN is one of the most successful brands in Germany and abroad. The export share has been expanded steadily.

While our SAMOON brand has accounted for only 8 percent of total Group sales so far, it exploits the sales potential in the strategically important niche market for plus sizes. The brand was able to grow and to expand its market position in the past year. SAMOON ideally complements the Group's brand portfolio and is also an important element of the larger HOUSES OF GERRY

WEBER. SAMOON stand-alone stores will also be launched going forward.

(Chart 12: The export share)

Let’s now take a closer look at exports. Although foreign sales increased in absolute terms, the export share declined very moderately in the past fiscal year due to the strong increase in domestic retail sales. In terms of our wholesale revenues, the export share remained stable at roughly 44 percent. Domestic sales were additionally stimulated by our own retail activities. This is probably going to shift slightly this year and next, when we will open more shops and HOUSES OF GERRY WEBER abroad.

After the opening of a flagship store in London‘s Regent Street, more store openings in prime locations in Germany and abroad will follow before the end of the current fiscal year. Our medium-term target is to open about two thirds of the planned 300 to 400 HOUSES OF GERRY WEBER in foreign markets. We expect international sales to grow more strongly than domestic sales in the coming years, so that the export share will also grow.

(Chart 13: Key export countries)

Today, our key export markets include the Benelux countries, the UK and Ireland, followed by Scandinavia, Austria and Switzerland. The highest growth rates were achieved in the Netherlands and the UK. We will be focusing more strongly on Eastern Europe and Russia, the Middle and Far East and North America. GERRY WEBER is already well positioned in Canada.

(Chart 14: Development of retail activities)

Ladies and Gentlemen, as I indicated before, GERRY WEBER's own retail activities are gaining in importance for the Group. We are currently undergoing a transformation from a pure-play wholesaler to a lifestyle company. Lifestyle company means not only that we offer our customers different brands, labels and matching accessories but also that we sell our products in our own stores and stores run by franchisees and that we establish ourselves more strongly in the retail sector.

The success achieved to date already shows that this is the right strategy. No matter whether they are managed by ourselves or operated by franchisees, our HOUSES OF GERRY WEBER achieve above-average growth rates. Our brands also benefit from these retail activities in that we can respond faster and more flexibly to market trends. It's a truism, but only a retailer knows what the consumer really wants and what sells at the point of sale and what doesn't.

Our strategy provides for the retail activities to be expanded strongly, so that the share of the traditional wholesale business will automatically decline somewhat from its current level of 92 percent. More than half of our products could be sold in our own and franchisee-operated retail stores already from 2010.

In the past fiscal year, the number of HOUSES OF GERRY WEBER was increased by 30 to 102 stores in Germany and abroad. Thirty of them are operated by

GERRY WEBER, while the others are run by franchisees. Our retail sales almost doubled from EUR 16.3 million to roughly EUR 30 million.

As you may have read in the press, we took over nine HOUSES OF GERRY WEBER from our franchisee SinnLeffers at the end of March. SinnLeffers will focus on its core business and we therefore decided that we prefer to run the stores ourselves. This decision is vindicated by the success of our own stores and by the other satisfied franchisees. The number of HOUSES OF GERRY WEBER has risen to 120 in the meantime, of which 44 are operated by ourselves and 76 by franchisees.

We plan to increase the number of HOUSES OF GERRY WEBER to between 300 and 400 own and franchise stores in the coming years. We are targeting only prime shopping locations in larger German and international cities. Our brand stores are not only designed to generate sales but also to add value to the brand image. After all, the strong GERRY WEBER brand is and will remain our most important sales argument. These brand effects will also have a positive impact on our traditional wholesale business and provide additional stimulation.

The best example is the new HOUSE OF GERRY WEBER in London‘s Regent Street. At this prestigious address, we have opened a store that meets the highest standards. We have hired new sales staff, who are well trained and serve our customers with great commitment and enthusiasm. After all, competent customer care is the key to success in the retail sector.

(Chart 15: Development of the licensing business)
The licenses that we have granted to selected licensees also help to sharpen our brand profile. In the past fiscal year, licenses contributed EUR 0.6 million to sales, and this contribution is to be expanded noticeably. Licenses are an important element of brand building. Bags, eyewear, watches, jewellery, footwear and fragrances are part of the GERRY WEBER brand universe and complement the fashion statement. Consumers can rely on GERRY WEBER from head to toe.

And that's not all. Male consumers will soon also benefit from GERRY WEBER's feel for the latest trends. The Autumn/Winter 2006/2007 Collection will be the first to include our licensing partner's menswear line, GERRY WEBER MEN. We attach particular importance to integrating the new menswear collection into the HOUSES OF GERRY WEBER flagship stores. We will look at each individual store to decide whether menswear will be added to the local range or not.

We see ourselves as an active licensor. The philosophy and the strength of the GERRY WEBER brand are to be transferred to the menswear collection. This calls for a closely coordinated market launch and a careful, selective marketing approach. The menswear collection also has excellent prospects in foreign markets, where the brand is already well positioned with the male target audience not least thanks to the GERRY WEBER OPEN.

Speaking of the GERRY WEBER OPEN, I would like to emphasise that it's not only the tennis tournament which heightens our international visibility. The Stadium itself is becoming an increasingly important brand builder for GERRY WEBER. In February, the Davis Cup match between Germany and France was played here, and next year it will serve as the venue for seven matches of the Handball World Cup. GERRY WEBER also sponsors the German ladies tennis team, the Fed Cup Team. These sports activities related to the GERRY WEBER brand, which are finding a growing audience thanks to TV broadcasts, create additional visibility and have positive effects on our image.

(Chart 16: Development Q1 2004/2005)
Ladies and Gentlemen, the first three months of the new fiscal year have been marked by continued strong growth momentum. Brand sales increased by 12.4 percent, while net profit rose by as much as 40.2 percent. Sales revenues in our own HOUSES OF GERRY WEBER were up 51.6 percent to EUR 9.4 million.

The excellent sell-through and sales figures go hand in hand with very good incoming order figures. Incoming orders for the GERRY WEBER brand, for instance, increased by 19.6 percent, with a 26 percent increase recorded for GERRY WEBER EDITION alone. This and the excellent start of the pre-orders for GERRY WEBER Menswear make us highly optimistic about the full year 2006.

(Chart 17: Outlook)

Ladies and Gentlemen, I’ve already told you a lot about our plans for the future. The GERRY WEBER Group remains poised for growth. Sales are projected to rise to EUR 440 million in the current fiscal year. We have set the EUR 500 million mark as our target for 2007.

We will continue our strong business trend irrespective of the difficult market environment. In fact, the strong competition that is driving players out of the market will allow us to further expand our market position.

The expansion of our retail activities will remain the main growth driver this year and in the coming years. Retail revenues will pass the EUR 50 million mark this year.

To achieve this, we will open 65 new HOUSES OF GERRY WEBER in Germany and abroad, 18 of which will be managed by ourselves, the others by franchisees. But our strategy also provides for single-brand stores. A first TAIFUN store has already started successfully. Another 10 to 15 TAIFUN stores will follow in the next two years, some operated by franchisees, some by ourselves. Similar plans are on the agenda for SAMOON and GERRY WEBER EDITION.

Together with a franchise partner we have started a first pilot project in Berlins Main Station, the so called Lehrter Bahnhof. In the first days since the opening we have generated great sales. We plan to force these units with around 100 square meters. We plan to place our stores on different modern train stations and airports.

Notwithstanding the aforesaid, we will also continue to expand our shop-in-shops at a rate of 100 new shops per year. In the past fiscal year, we had 900 shop-in-shops in Germany and abroad and this number is to be increased to 1,000 this year.

The wholesale activities will remain an important element of our business. Retailers rely on our strong brands, which is not least reflected in the fact that pre-orders account for a high percentage of total sales. This, in turn, provides a more reliable basis for planning and budgeting.

A final word on our accounting principles. Like so many other companies, we will adopt IFRS within the legal deadline. The financial statements for the current year will be the first to be prepared to IFRS. For you, our shareholders, it is important to know that the new accounting methods will result in no changes as regards our sales and only marginal changes with regard to earnings.

Let me emphasise that this growth will entail a commensurate profit margin. The latter will continue to benefit from internal efficiency improvements in the future. These include, among other things, the further improvement of the profit margin as well as reduced logistics expenses. We will continue to optimise our processes and streamline our structures.

It should therefore not be too difficult to increase the EBIT margin by one percentage point. According to preliminary estimates, we expect an EBIT margin of 10.5 percent. Double-digit margins are also projected for the years ahead.

Ladies and Gentlemen,
I would like to thank you for your attention.