

# RE LOAD



**TOM TAILOR** GROUP

COMPANY MAGAZINE



**TOM TAILOR**  
**CONTEMPORARY**

*“We’re stepping it up.  
And pushing ahead...”*

I am pleased to present you this year’s company magazine. The title RELOAD gets to the heart of our current agenda: Stepping it up. Pushing ahead. We are future-proofing our company against the challenges the textile industry is facing, doing business sustainably and aiming to increase value in the long run for our customers, our company, our employees, our investors and all of our other partners.

In just a few years digital transformation has altered every facet of our lives and triggered a rapid structural shift in many industries. Customer standards and shopping habits have changed drastically as a result in the textile industry, among other sectors. In the past a clothing item may have been fashionable for a whole season, whereas today’s trends are emerging minute by minute on social media. Customers then demand a particular style almost immediately. The supposed contrast between impersonal online shopping transactions and the carefully crafted emotional experience of shopping in a brick-and-mortar store no longer exists for customers. They often move seamlessly between the two worlds – a challenge for all textile merchants.

By addressing this sea change and the resulting opportunities for growth, the TOM TAILOR GROUP remains competitive: we are becoming more flexible and more agile so that we can understand our customers and their wishes even better. While doing so, we are focusing on our core markets and core brands. We will gradually digitise all interfaces, service areas and information units. In the interest of delivering outstanding customer service, we are purposefully and intelligently linking our online and brick-and-mortar channels. These changes mark a new era at the TOM TAILOR GROUP – both operationally and culturally as we move into a *digital culture*.

We would be pleased if you continued on this path with us in the future.

Yours sincerely,



Dieter Holzer

Hamburg, March 2016



Dieter Holzer

CEO of the TOM TAILOR GROUP

*Dieter Holzer has been managing the TOM TAILOR GROUP since September 2006.*

*His responsibilities include corporate strategy, distribution, e-commerce and public relations.*

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**DIGITAL CULTURE**  
HOW WE LEVERAGE THE OPPORTUNITIES  
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TOM TAILOR *Denim*



  
TOM TAILOR  
EST. 1962



TOM TAILOR  
CONTEMPORARY



BONITA

## 4 BRANDS

Our major brands TOM TAILOR and BONITA join forces to create a sophisticated and harmonious world of authentic looks for confident, self-aware consumers. They collectively deliver high-quality, confidently stylish clothing tailored to the needs of our various target groups aged 0 to 60. Positioned in the mid-range price segment, our brands are a sought-after addition to our customers' modern lifestyles.

# THE URBAN LOOK

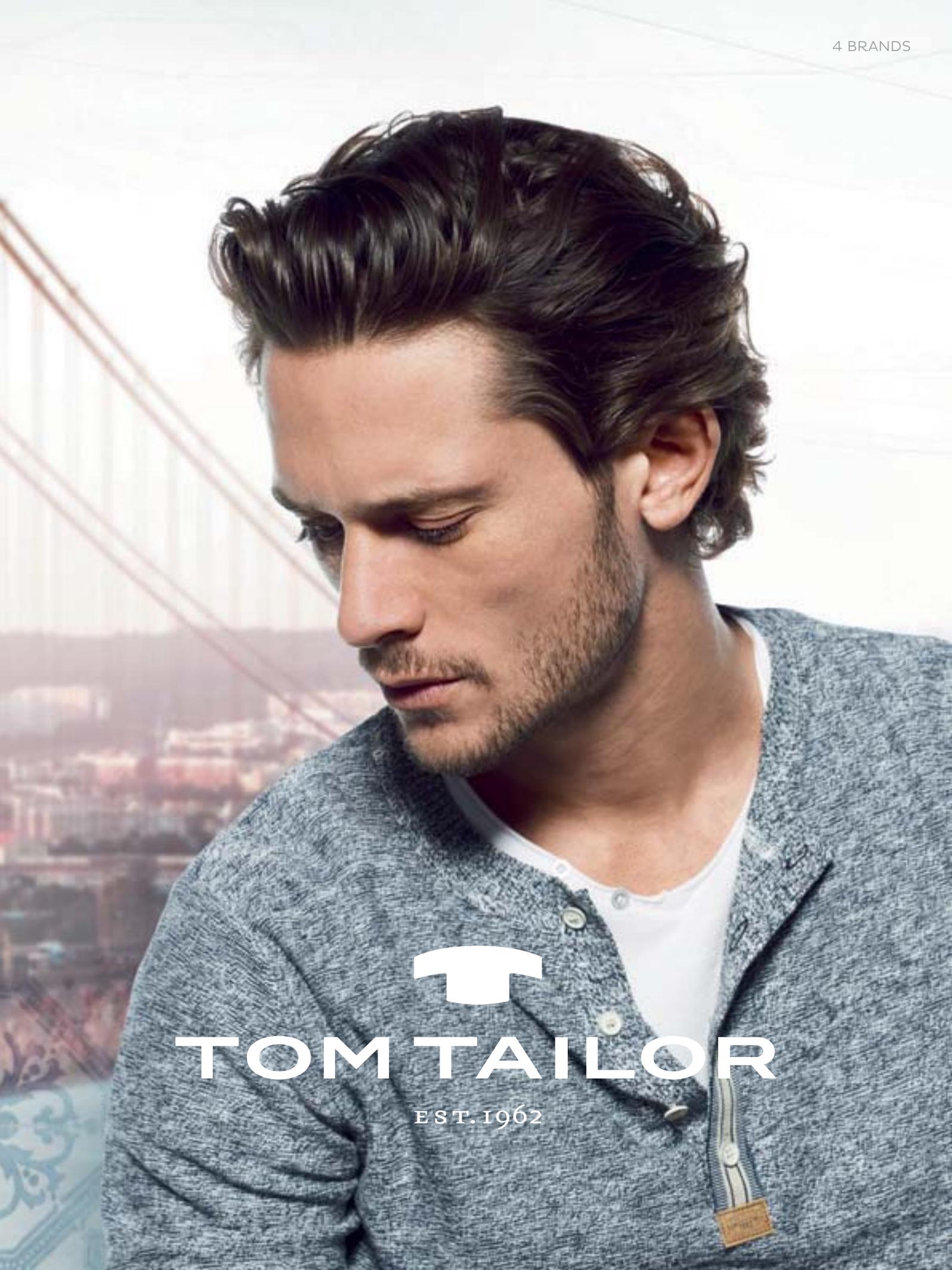


The TOM TAILOR brand represents confidently stylish casual wear projecting a fashionable, confident and authentic attitude. As the “New Urban Player” TOM TAILOR emphasises its brand promise “Life is a game, play it, be confident, dress in style”. The TOM TAILOR WOMEN and TOM TAILOR MEN lines are aimed at adults aged 25 to 40. The TOM TAILOR KIDS, TOM TAILOR MINIS and TOM TAILOR BABY lines cater to the younger target groups from 0 to 14 years old.



#### BRAND FACTS

<i>Lines</i>	WOMEN   MEN   KIDS   MINIS   BABY
<i>Target group</i>	0 to 40 years
<i>Distribution</i>	460 retail stores   wholesale   e-Shop
<i>Available in</i>	40 countries
<i>Collections</i>	12 per year



**TOM TAILOR**

EST. 1962



**TOM TAILOR** *Denim*

# IT'S ALL ABOUT DENIM

## TOM TAILOR *Denim*

Young Fashion for Young Personalities – focusing on denim, the TOM TAILOR Denim Female and TOM TAILOR Denim Male lines appeal to anyone who likes a young, exciting lifestyle. Inspired by current trends from fashion capitals around the world, TOM TAILOR Denim combines the latest styles and colours with fashionable washes and selected details. Stylish, cool, sexy looks for trendy young people aged 15 to 25.

### BRAND FACTS

<i>Lines</i>	<i>Female   Male</i>
<i>Target group</i>	<i>15 to 25 years</i>
<i>Distribution</i>	<i>165 retail stores   wholesale   e-Shop</i>
<i>Available in</i>	<i>40 countries</i>
<i>Collections</i>	<i>12 per year</i>



# THE MODERN COOL

## TOM TAILOR CONTEMPORARY

Defined by an extremely fashionable character, femininity and superior styling, TOM TAILOR CONTEMPORARY appeals to women who appreciate both design and good value for money. The looks in trendy colours are broken up by newly-interpreted prints and cool highlights. The lightness of the couture-inspired design leaves room for personal interpretation and makes the looks an ideal fit for fashion-conscious trendsetters.



### BRAND FACTS

<i>Lines</i>	<i>WOMEN</i>
<i>Target group</i>	<i>25 to 40 years</i>
<i>Distribution</i>	<i>315 points of sale</i>
<i>Available in</i>	<i>10 countries</i>
<i>Collections</i>	<i>12 per year</i>



**TOM TAILOR  
CONTEMPORARY**

4 BRANDS



BONITA

# TRENDY CASUAL STYLES

4 BRANDS

## BONITA BONITA men

The BONITA and BONITA men brands are style authorities delivering sophisticated fashion for women and men over 40. The collections feature on-trend styles from sporty to chic emphasising optimal fit, contemporary colours and high-quality fabrics. Thanks to their variety and extraordinary colour fidelity, the pieces can be combined into an endless array of new looks. And with its roots in retail, BONITA has always considered customer service to be extremely important.



### BRAND FACTS

<i>Lines</i>	BONITA   BONITA men
<i>Target group</i>	over 40s
<i>Distribution</i>	1,026 retail stores   8 shop-in-shops   e-Shop
<i>Available in</i>	11 countries
<i>Collections</i>	12 per year

READY  
FOR  
RE  
LOAD

In recent years the TOM TAILOR GROUP has developed into a successful family of brands with several lines and broad market coverage. During this time the company has advanced its own retail business. Consolidated revenue has more than quadrupled since then and in 2015 amounted to EUR 956 million with an adjusted EBITDA margin of 8.0%.

The company aims to continue on this trajectory. In April 2015 the Group launched the POLE POSITION project, which introduced a vertical organisational structure to more specifically address the value propositions of the individual brands. A cost-cutting and efficiency programme called CORE was rolled out in November 2015 to reduce complexity, accelerate processes and increase the impact of the brands in all selling spaces – thus boosting earnings.

# VERTICAL STRUCTURES

Our high demands for operational efficiency and excellence are reflected in the organisational structure of the TOM TAILOR GROUP. The Management Board comprises three experienced managers:

- Dieter Holzer, CEO, responsible for corporate strategy, distribution, e-commerce and public relations
- Dr Axel Rebien, CFO, responsible for finance and accounting, controlling, investor relations, human resources and legal affairs
- Dr Heiko Schäfer, COO, responsible for procurement, logistics, IT and project and process management.

In April 2015 vice presidents were added as an executive level below the Management Board reporting directly to the CEO. The brand vice presidents are responsible for the individual brands across all sales channels. As a result, brand profiles are more sharply defined and brand performance is more efficient. In operational terms the Group and its business partners benefit equally from the newly acquired flexibility.

The newly created position of Vice President Global Sales is tasked with internationalising the wholesale business. Here the focus is also on the controlled selling spaces, which include franchise stores, shop-in-shops and the international business with online partners.

Digital transformation plays a core, forward-looking role within the Group. The position of Vice President Digitalization was created for this reason. The objective is to gradually transform the company across all interfaces, service areas and information units and thereby further interconnect sales and brick-and-mortar retail.

In November 2015 the TOM TAILOR GROUP launched CORE, a comprehensive, multi-year cost-cutting and efficiency programme focusing on core markets and brands whose potential can now be unlocked with greater impact: TOM TAILOR, TOM TAILOR Denim, TOM TAILOR CONTEMPORARY WOMEN and BONITA. The TOM TAILOR POLO TEAM and TOM TAILOR CONTEMPORARY MEN sub-brands will be discontinued in summer 2016.

An earnings-focused analysis of sales will indicate which countries and stores are profitable and identify possible options for optimising the network of stores. In general the pace of expansion will be adjusted: in 2016 a maximum of 30 new stores will be opened, as against 120 in the previous year. Moreover, international expansion will be limited to selected high-potential countries.

*“Agility, efficiency and flexibility are becoming increasingly essential for remaining competitive – now and in the future.”*

These streamlining measures go hand in hand with cutting costs, including personnel expenses. As a socially responsible employer, the TOM TAILOR GROUP takes very seriously its obligation to partner with the works council to develop socially acceptable solutions.

Another relevant project in this programme involves reviewing and analysing all operating costs, including the cost of materials, rental expenses and logistics costs.

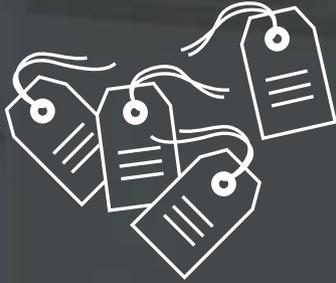
The company is confident that the POLE POSITION and CORE programmes have put it on the right path and expects initial tangible effects from these measures starting at the end of 2016.

What is clear is that the capital markets expect results. And the TOM TAILOR GROUP is firmly committed to sustainably boosting profitability.

*EFFICIENCY  
WITH CORE*

4

BRANDS



TOM TAILOR  
TOM TAILOR Denim  
TOM TAILOR CONTEMPORARY  
BONITA



11,605

POINTS OF SALE

Shop-in-shops, franchise, multi-label  
in 40 countries

€ 956 MILLION

TOTAL REVENUE  
IN 2015



TOM TAILOR

€ 630 million

BONITA

€ 326 million

62 MILLION

ITEMS  
PRODUCED



TOM TAILOR

47.5 million

BONITA

14.5 million

1.3 MILLION  
REGISTERED  
ONLINE CUSTOMERS



All brands registering growth  
in online retail



6,981

EMPLOYEES

TOM TAILOR

3,048

BONITA

3,933



THROUGHOUT  
EUROPE  
1,689 STORES

TOM TAILOR

460 retail  
203 franchise

BONITA

1,026 retail

191 MILLION  
PAGE  
IMPRESSIONS



in the TOM TAILOR and BONITA e-shops  
and on the corporate website

We love fashion

WE

LOVE

FASHION

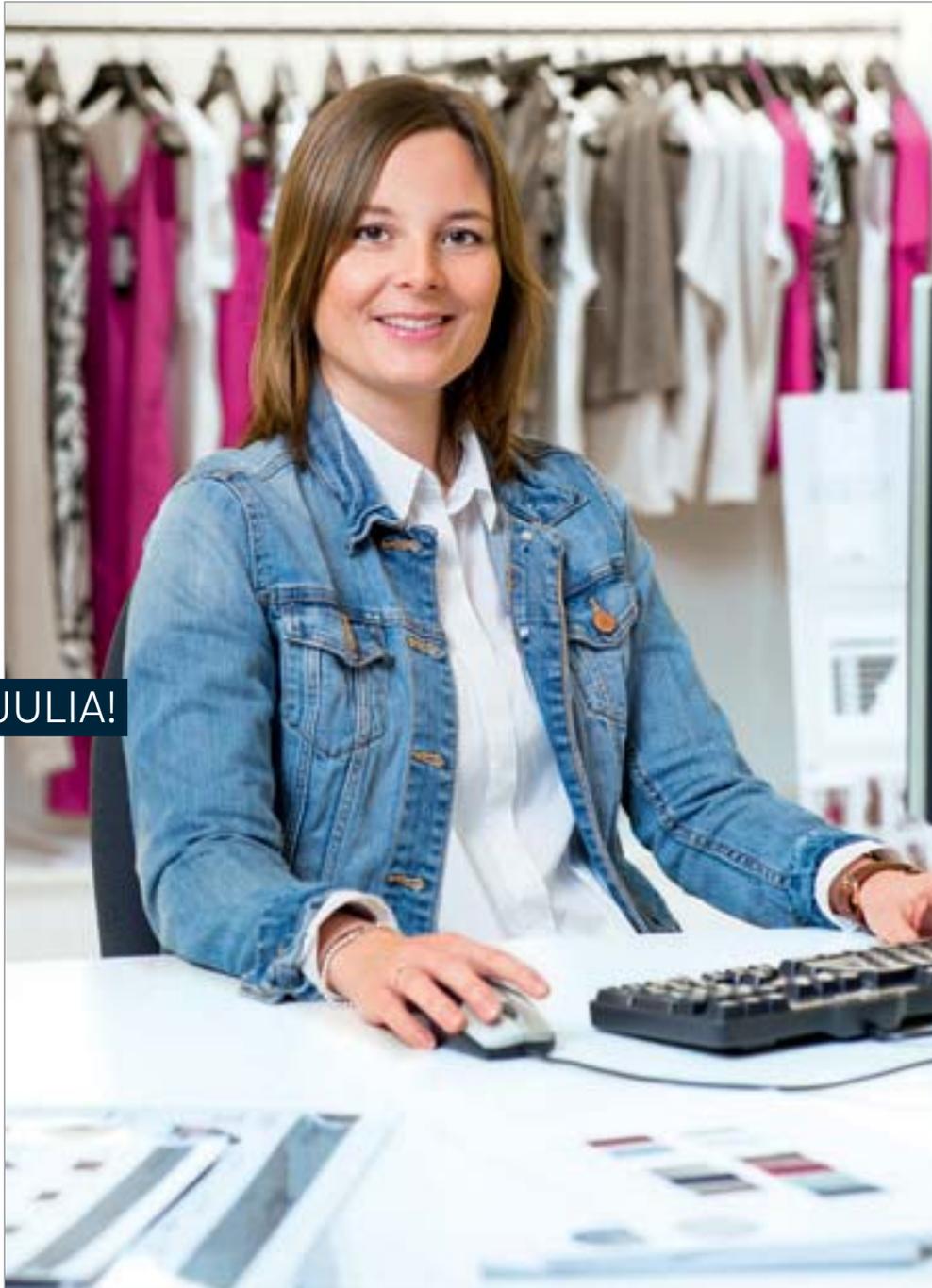
Discovering trends. Making ideas come alive. Thinking outside the box. LIVING FASHION. *What does a job in the fashion industry mean to our employees? Some of them tell us in the portraits below.*

Hello, I am CHRISTINA!



*"I love to work in this field, as fashion is a part of my life. I believe that the only way to be successful is to love what you do and to transfer this feeling to your team. After 16 years in this business, I can only say that I cannot imagine doing anything else in my life."*

Christina Agtzidou, 36, Senior Design Specialist at TOM TAILOR Denim Female, employed at TOM TAILOR since 2014.



Hi, I'm JULIA!

*"A t-shirt isn't just a t-shirt. It's the result of a fascinating and complex value chain. Every day there are new developments in products and in procurement markets – and along with them new challenges. Working with international partners is another fun part of my job."*

Julia Bartling, 29, Senior Buying Specialist at TOM TAILOR Denim Male, employed at TOM TAILOR since 2007.

My name is JAN!



*“The fashion industry is an extremely exciting environment. After all, fashion reflects the zeitgeist, mirroring art, music, politics, sport. The influence of English football fans on the development of sportswear across Europe is a fascinating example.”*

Jan Torborg, 36, Category Manager at TOM TAILOR Denim Male, employed at TOM TAILOR since 2015.

Hello, I'm TABEA!



*“Fashion is simply inexhaustible. Everything changes constantly. And it's an expression of creativity and emotions.”*

Tabea Reck, 27, Division Manager at TOM TAILOR WOMEN, employed at TOM TAILOR since 2015.



HELENA here!

*“We are in fact storytellers – that’s how diverse and emotion-laden the products we develop are. People change, express themselves through fashion. Making fashion involves a lot of teamwork and we go through the entire process together from the initial idea to the finished piece – it’s very satisfying.”*

Helena Benac, 31, Junior Graphic Specialist at TOM TAILOR MEN, employed at TOM TAILOR since 2014.

# BONITA

*With over 1,000 stores in eleven European countries, BONITA is a modern classic, a place for women and men over 40 to find confidently stylish and up-to-date looks. Thanks to their variety, the collections can be combined into an endless selection of new outfits.*

# ON TRACK WITH NEW CONCEPTS

What is true for BONITA's fashions is also true for its management: we do not chase after trends; we evolve.

In 2015 it was time for a new strategic move. BONITA began to implement shop-in-shop concepts with multi-label retail partners. This will enable the TOM TAILOR GROUP to further accelerate verticalisation, expand growth areas and gain new market shares. After achieving initial success with the more focused brand positioning of recent years, BONITA can now further improve revenue quality.

# NEW SPACES, NEW CUSTOMERS

The TOM TAILOR GROUP is continuing to expand its controlled selling spaces: the first eight BONITA shop-in-shops were launched in 2015 with at least 60 new locations to open in 2016.

The new wholesale spaces measure 60 m<sup>2</sup> on average. The selling space partnerships are based on BONITA having direct control over the shop spaces with full responsibility for product content, the shop system and the sales staff. This approach also allows partner companies to benefit from the highly productive BONITA retail system. Multi-label concepts in wholesale are highly attractive and offer optimal conditions within the branded selling spaces for cross-channel strategies and heightening the brands' emotional resonance with consumers.

*Since its acquisition by the TOM TAILOR GROUP, BONITA's brand identity has been revamped from the ground up. The most obvious example: the new shop design.*







*Two prominent experts in the over-40s business: Klaus Friedrich has been managing director of operations at BONITA since November 2015. Doris Strätker provides product consulting services.*

## 7 QUESTIONS FOR DORIS STRÄTKER AND KLAUS FRIEDRICH

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*In 2012 the TOM TAILOR GROUP acquired BONITA. After a reorganisation phase you have been at the helm since November 2015. Have you settled in?*

**Strätker:** We were accepted with open arms. The team has been open and expressed confidence in me from the very start. In the initial weeks I presented many new ideas and made a number of changes. BONITA's employees were open to these innovations and supported me by offering valuable suggestions. This is how we were able to develop a collective view of what is "right" during the process.

The BONITA product team deserves kudos for that and I look forward to continuing our collaboration.

**Friedrich:** It was easy to start working at BONITA because the entire organisation showed great confidence in me and has been standing by me completely from the beginning. BONITA's employees are incredibly knowledgeable about the industry. We leverage this knowledge to the greatest extent we can to advance BONITA's business and achieve better results. I look forward to continuing this collegial partnership and I am confident that we will get BONITA back on track.

*Ms Strätker, you are an expert in the "modern woman" segment. In view of the pan-European market for over 40s fashion, how does BONITA stand out as a brand?*

**Strätker:** The BONITA brand excels because of its individuality and unique product ranges, which is evident in a first-rate target group concept that always puts the customer first. The collections feature unparalleled colour fidelity and combinability and these characteristics are further enhanced by the selling spaces. BONITA stores reflect a boutique atmosphere where the shop assistants are more like friends to customers in the store than just outfit consultants. This creates a special relationship with customers – there's a reason that 80% of BONITA's base is repeat customers.

**What is your vision for the BONITA brand? What are the most important steps to take and when are initial results expected?**

**Friedrich:** BONITA has the potential to become the leading brand for over 40s. We have organised our priorities for the coming months into four categories.

Firstly, we want to sustainably optimise the product range structure at BONITA. We aim to evolve alongside our customers and, at the same time, to create interest in the brand among new customers. The potential here is enormous. Ultimately, the over 50s are among the most rapidly growing segments of the population with strong purchasing power.

Secondly, we want to sharply increase BONITA's revenue quality by reducing discount promotions and therefore improving the share of full-price sell-throughs.

Thirdly, we intend to systematically make BONITA more international and in doing so, focus on high-profit markets. We currently do business in eleven European countries, but see more potential here in the medium term. The prerequisite is an internationally focused collection and we have already laid the groundwork for this.

Fourth, we plan to further expand our e-commerce activities as part of ongoing digitalisation.

**Strätker:** Our customers are starting to use the Internet more and more. We want to harness this momentum and offer our customers the opportunity to order BONITA products at any time on various online platforms.

**Mr Friedrich, what is the importance of BONITA now also being sold in a “vertical wholesale” model in shop-in-shop spaces?**

**Friedrich:** Selling BONITA via the “vertical wholesale” model was a strategically important step. In the spaces in our partners' stores we can reach new customers and at the same time boost the relevance of our brands. The vertical wholesale model involves us providing the staff for the space, therefore guaranteeing our tried-and-tested customer service, which is an integral part of our successful system.

**What other steps would you like to take in the future – both operationally and strategically?**

**Friedrich:** We consider it our obligation to regularly review all of our business processes and analyse them for efficiency. This is an ongoing job, a perennial process, which begins at procurement, includes logistics and reaches all the way to product presentation in our stores. In recent years we have lost revenue, but costs have remained steady, even increasing slightly. We obviously need to act. It is also important for us to invest in our stores to ensure earnings well into the future.

**What business development opportunities do you see for BONITA?**

**Strätker:** In my opinion BONITA has unbelievable potential, especially for growth in our own spaces. In terms of products, incorporating a constant stream of new ideas into our product range to wow customers is key. The goal is to zero in on our revenue quality and offer fewer discounts overall. Simultaneously we want to increase receipt totals per customer and the number of items per receipt.

**Friedrich:** Offering excellent value for money to our customers is the most important thing. We have highly qualified staff who enthusiastically sell the BONITA collections and repeat customers who value the excellent quality of our products. When shopping, our customers have an eye on particular pieces and pay less attention to the price. Keeping this in mind, we want to convince more customers to buy our products when they visit our stores.

**In this magazine TOM TAILOR GROUP employees share their thoughts about fashion. What do you love about fashion?**

**Strätker:** I love the constant change in fashion, always having new ideas and being able to combine pieces in new ways. It is always a huge challenge to distil this down to the essence for customers.

**Friedrich:** Fashion for me is very clearly the expression of style and personality. My fashion roots go back to Italy. I like these muted colours and styles, this subtlety. I don't experiment. I'm a classic type.

# TOM TAILOR

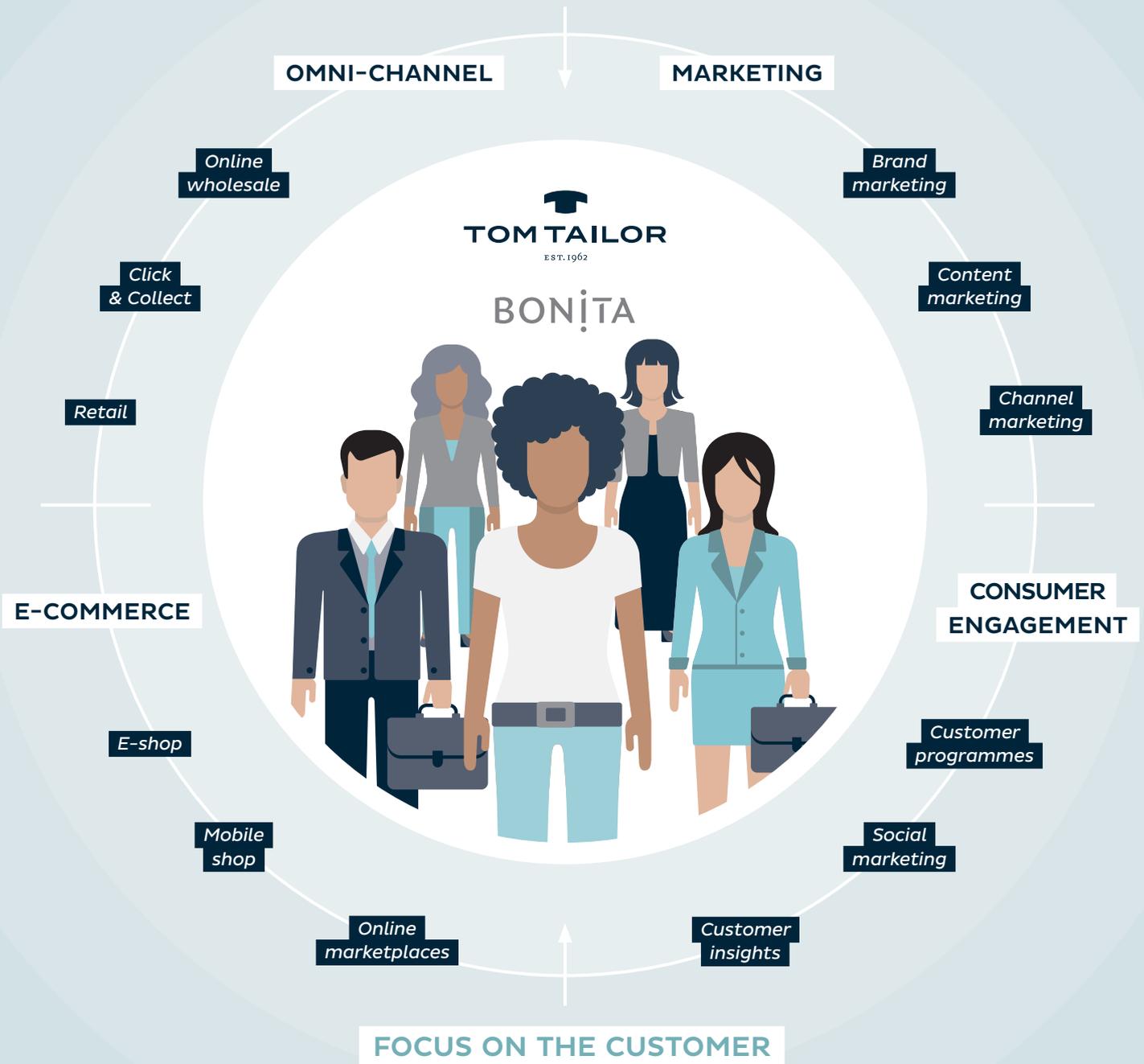
## DIGITAL CULTURE

Being present in all channels alone is no longer enough. Digitalisation has brought about fundamental changes in people's everyday lives, and the consequences for companies are equally far-reaching. After all, user and customer expectations have been growing exponentially in step with the opportunities for communication. The road to a *digital culture* brings challenges, but also a wealth of opportunities for the TOM TAILOR GROUP's brands, as Dr Maik Kleinschmidt, Vice President Digitalization, explains in the following interview.

# 360°

MARKETING AND SALES

BRAND EXPERIENCE AND CUSTOMER SERVICE



From the customer's point of view, the boundaries between brick-and-mortar stores and online sales have long since disappeared. Brands are experienced across channels. Only companies that adapt their business models and processes accordingly can unlock the full potential of their brands. At the heart of this development is the close interconnection of all aspects of marketing and sales.



**“Getting to know our customers better, providing them a more personal service and ensuring greater loyalty to our brands — those are our goals.”**

*Dr Maik Kleinschmidt,  
Vice President Digitalization*

**What are your responsibilities at the TOM TAILOR GROUP?**

As Vice President Digitalization I have been responsible since July 2015 for preparing the TOM TAILOR GROUP for the opportunities and challenges of digital transformation. Marketing, consumer engagement and e-commerce fall within my purview as does digitalisation across all divisions of the company.

**Can you outline the TOM TAILOR GROUP's digitalisation strategy?**

Digitalisation changes our lives fundamentally: digital applications now influence how we communicate, work, shop and make decisions. Consumers can choose from a much larger selection of products than before and utilise a wide variety of communication options. And their expectations are growing just as rapidly.

That is why we must place customers and their needs more firmly at the forefront of our business activities. Getting to know our customers better, providing them a more personal service and ensuring greater loyalty to our brands — those are our goals.

We will take advantage of the opportunities for growth offered by digitalisation and focus on three main strategic directions:

The highest priority for us is integrating marketing and sales in the digital world. We offer customers a 360° brand experience and customer service — online and offline, across all channels.

The digitalisation of business processes is also vital. Using digital applications allows us to accelerate and provide support for internal decisions and increase our efficiency.

We are also in the process of increasingly incorporating digitalisation into our corporate culture. This has given us the spirit and agility of a start-up.

### **What specific initiatives are planned in marketing and customer management?**

In recent months we have set priorities and in 2016 are focusing on more strongly interconnecting our marketing and sales activities.

The objective is to provide our customers a consistent brand experience and coordinated customer service at all points of contact – from the e-shop, through social media channels and our own retail stores to TV campaigns.

To this end we have developed new marketing campaigns that deliver inspiration regarding our collections to our customers every month under the hashtags #everywearyougo for TOM TAILOR and #ttdjustplay for TOM TAILOR Denim. By providing interesting content relevant to our customers, we aim to make it easier for our customers to experience our fashion expertise and our brands.

The more than 1.4 million members of our customer loyalty programmes play a particular role in this regard: in the future, we will send them personalised offers and provide more customised advice. To accomplish this goal, we are currently investing in a new IT platform combining all relevant customer interfaces and information to reinforce our sales activities.

The insights we have gained in marketing will then be applied to e-commerce as well. In addition to a large selection and flawless service, customers today also expect inspiration for bringing to life current fashion trends. In providing this inspiration, we want to present our customers current trends, styles and outfits as well as offer advice – both in newsletter form and in our online shop itself. Moreover, our customers are accessing our online shop

and newsletter from mobile devices with increasing frequency. This is why we are also working hard this year on improving the mobile user friendliness of our shop.

The next step is to expand our successful cooperation with other online retailers. Implementing a “digital shelf” allows us to offer our products in a greater number of national and international online shops and thereby increase the relevance of our brands.

Thanks to our dense network of retail stores, we have a clear competitive advantage over online retailers. Linking online and offline sales channels is a priority for us in 2016.

We achieved one of our first milestones in March of this year with the introduction of Click & Collect. This enables customers to pick up or return goods ordered online at any of our brick-and-mortar points of sale.

### **That's a big job. How will you do it?**

We have not just defined priorities and goals, but also reorganised our digitalisation team. We are now dovetailing brand and channel marketing more closely with consumer engagement and e-commerce. The reorganisation helps us clearly assign responsibilities while at the same time working in a very integrated way. Many of our employees are themselves millennials and therefore very familiar with digitalisation tools.

Along with our strong team, we are working daily to leverage the opportunities presented by digitalisation for the benefit of the TOM TAILOR GROUP and to keep customer needs at the forefront of our activities at all times.

# TOM TAILOR GROUP

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**TOM TAILOR**

EST. 1962

*In a single word, the title of our magazine expresses the company's current agenda.*

# RE LOAD

*Stepping it up. Pushing ahead.*

*We will come out ahead of the competition because we are not just addressing the change in our industry, we are shaping it. And because we love fashion as much as our customers.*