



TOM TAILOR GROUP

COMMIT
AND
DELIVER

MARCH 2018

ANALYST & INVESTOR PRESENTATION

Q4/FY 2017

TOM TAILOR GROUP

EXECUTIVE SUMMARY FY 2017



- **Guidance for 2017 achieved:**
 - Group sales slightly down by 4.8% to €921.8m
 - Group EBITDA increased by €72.8m to €83.1m

- **Reported net income reached new peak at €17.1 m (PY€-73.0m)**

- **Net debt level strongly decreased from €194.7m to €113.3m**

- **Free Cash Flow** substantially increased to €56.9m (PY: €20.0m)

- **“RESET”** program mainly concluded

- **TOM TAILOR** operates from strong platform for sustainable healthy growth
- Four key initiatives launched to ensure further growth









BUSINESS HIGHLIGHTS

Q4 & FY 2017

2017: COMMIT & DELIVER ON KEY PRIORITIES

Our „Top 6“ change priorities 2017

<p>BONITA</p> 	<p>Finish "Reset"</p> 	<p>TT German Retail</p> 
<p>eCom growth (platform)</p> 	<p>Brand equity</p> 	<p>Deliver SAP phase 1</p> 

Our investment priorities 2017

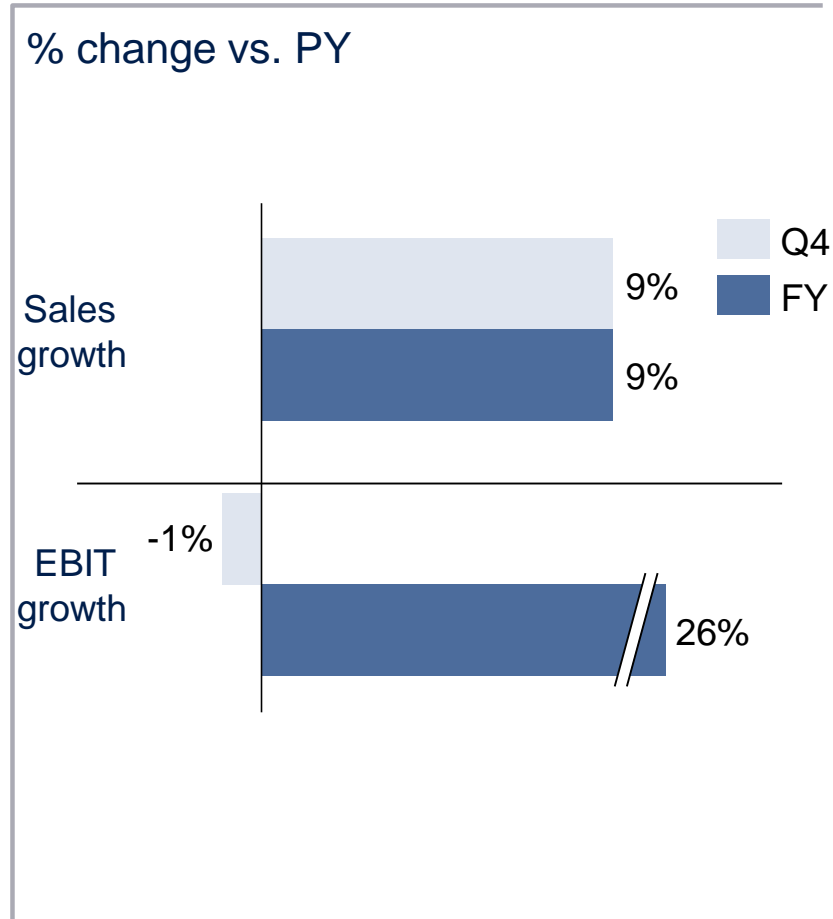
Investments in key initiatives:	HY2 2017	2018-2020
E-commerce & omni-channel capabilities	<ul style="list-style-type: none"> Go live of new eShop Burn-in order in-store 	<ul style="list-style-type: none"> TT consumer app Omni-channel app (in-store) Mobile POS
Upgrade of IT	<ul style="list-style-type: none"> Company-wide rollout new PLM system SAP go live 	<ul style="list-style-type: none"> Data analytics pricing / promo intelligence Retail planning / merchandize mgmt Sales CRM
Brand strength through increased marketing	<ul style="list-style-type: none"> "Say Yes" campaign Q3 / Q4 BONITA: Increased CRM activities & street promos 	<ul style="list-style-type: none"> Increased marketing investments for TOM TAILOR and BONITA (around €10 mn)
Store refurbishments	<ul style="list-style-type: none"> BONITA: 5 pilot stores 	<ul style="list-style-type: none"> BONITA: up to 100 stores per year TOM TAILOR: 6-7 stores per year

Fundamentally transforming the Group while not losing sight of profitable growth opportunities

DESPITE SIGNIFICANT TEETHING PROBLEMS OF NEW ESHOP...

ECOM: STRONG PROFIT GROWTH

TTG eCom: Q4 & FY 2017



FY results meeting expectations

- Significant EBIT boost (lower markdowns, fewer promos)
- Sales growth roughly in line with market

But Q4 impacted by post-go-live issues of new TT/Bonita eShops

- Q4 Growth driven by marketplaces
- Rapid eShop implementation followed by expected teething problems
 - checkout process, response times
 - ...

Hypercare extends way into Q1 2018

- Bug fixing still underway

IT UPGRADE: GO LIVE „EVEREST“ PROJECTS

PLM



PLM rollout within 18 months throughout the TTG including TOM TAILOR Sourcing

Over 500 Users on the platform

SAP FMS & CAR



Going live with all channels (Wholesale, cSiS, Retail & eCom) on a single platform in time, budget and quality

Order Entry



Rollout of new version of MOBI order entry tool
From 50 (Denim) to over 150 Salesreps (total) on the platform

Speed



Transforming the IT landscape in record time:

17 months from start to Go Live of TT Denim, additional 4 months until Go Live of Casual

More to come



- Merchandise & Assortment planning
- Casual logistic Go Live
- Licenses, NOS and Salesmen sample process

Go live of all divisions successfully completed. Sweat the asset is ensured by implementing a dedicated Business Process Transformation team.

TT BRAND EQUITY: GOOD PERFORMANCE

...of Q4: “Are you ready?” TOM TAILOR image campaign

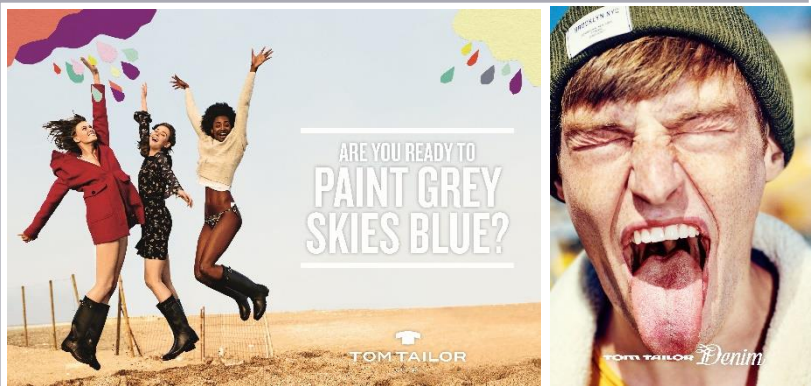


Image campaign in print, out of home and online / social media



First Naomi Campbell collection at POS in November 2017



Our online brand video with 2.1 M views on Facebook

Investment in image campaign worked

- “Are you ready?” campaign in all channels
- “Brand consideration” metric increasing again (after sluggish trend end Q3)
- Strong development vs. key competitors – good consumer feedback on differentiation
- Add'l support from design collabs – first Naomi Campbell collection in November 2017

But Q4 revealed need for action reg. CRM / loyalty marketing

- Dec'17 CRM mailing with strong ROI
- But Q4 overall indicates need to revamp loyalty mgmt. approach
 - Share of inactive customers rose in Q4
 - CLV declining in Q4

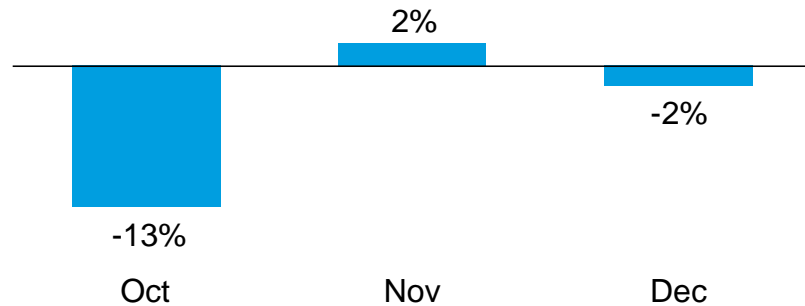
Focus in Q1/2'18 to review CRM logic

SALES IMPACTED BY WEAK CORE MARKETS & CLOSURES...

TOM TAILOR BRANDS: PERFORMANCE Q4

German textile market weak in Q4¹

Y-o-Y net sales change in %



TT sales affected by market & closures

Q4 Y-o-Y net sales change in %

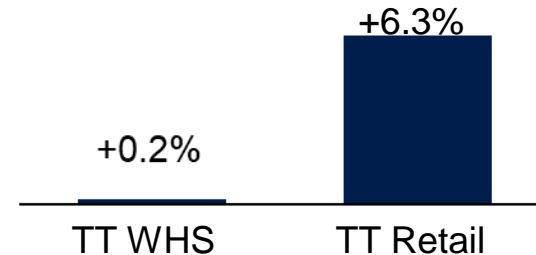


Q4 Gross profit grows across channels

Focus on margin protection pays off

- Reduced markdowns in Own Retail (up to 8%pts)
- Improved sourcing & assortment mix management
- Care trade terms management in WHS

Q4 Y-o-Y gross profit change in %



1) Source: Textilwirtschaft

EXECUTING “MODERNIZATION” STRATEGY – BUT NO SHORT-TERM FIX....

BONITA BRAND: PERFORMANCE Q4

Q4: Executing along strategic prios

Modernization

- Product range
- Stores

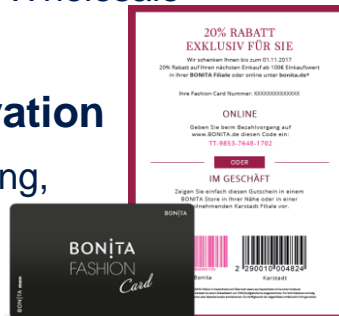


Sales channel expansion

- eCom: own eShop & marketplaces
- Concession space in Wholesale

Consumer (Re-) Activation

- CRM (loyalty marketing, mailings)
- Street promotions



Positive signs, but long-term overhaul

- 1st “Franziska Knuppe” collab capsules launched – high sell-through rates
- 1st Store refurbishment wave prepared for Q1’18 (started in Jan’18)
- New Bonita eShop went live Q4
- Concessions performing well – additional WHS accounts secured for 2018
- CRM mailings in Oct. & Dec. generating sales worth 6-14x its cost per customer
- Street promos in Nov. & Dec. generating sales worth ~4x their cost

Still, Q4 below expectations – driven by overly conservative promo approach in December and unsuitable product mix / lacking stock in key categories



FINANCIAL FIGURES

Q4 & FY 2017

FINANCIAL SUMMARY



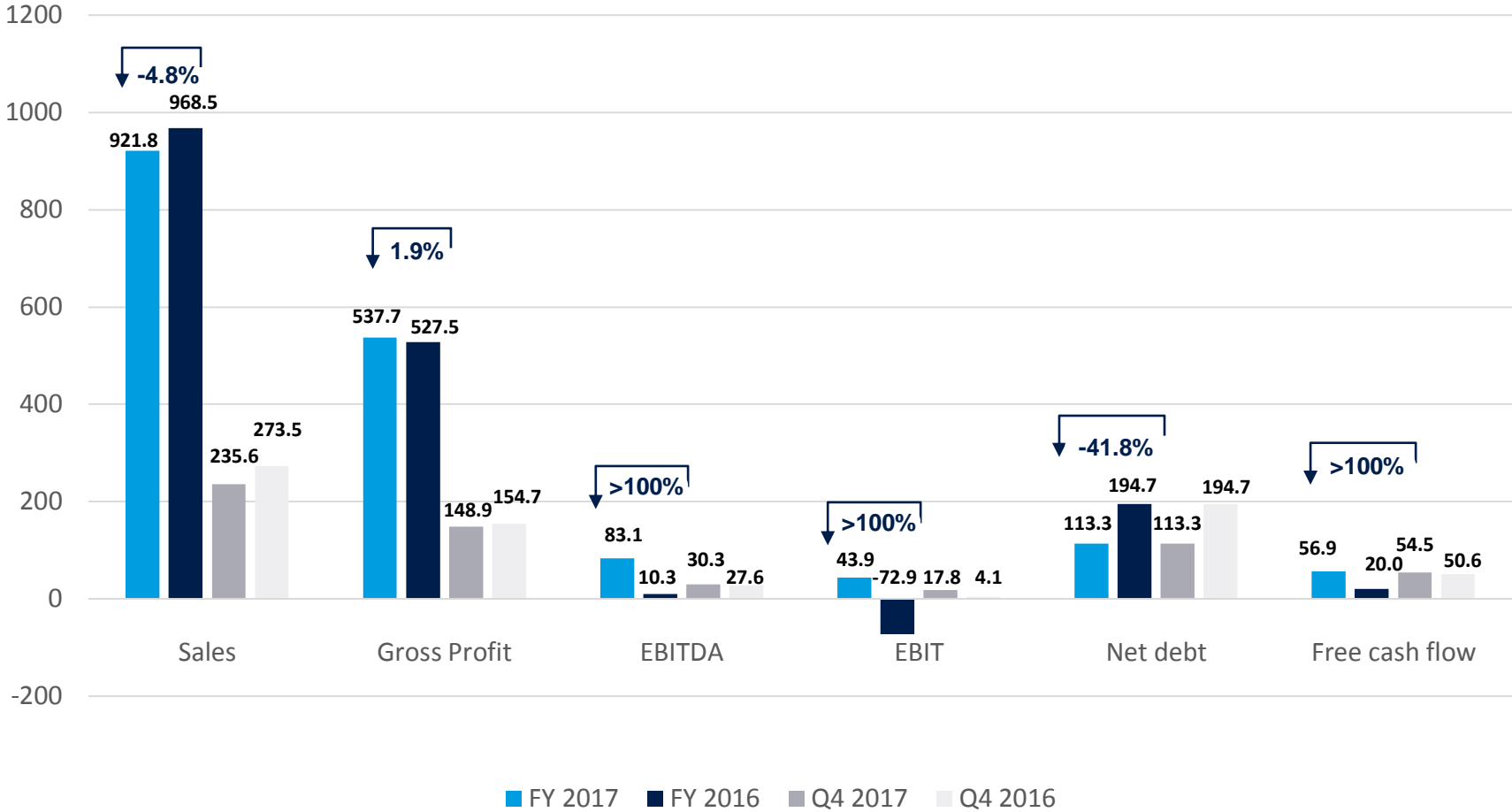
- **TT Group successfully managed RESET and “daily business” in 2017**

- **RESET objectives :**
 - “back to the healthy core”
 - „take out complexity”
 - „deleverage the company”

- **RESET Achievements:**
 - Gross Margins, EBITDA, EBIT, Operating CF at “all time high”
 - Refocus the group on profitable growth (“3 Year Plan”)
 - Net Debt at “all time low “

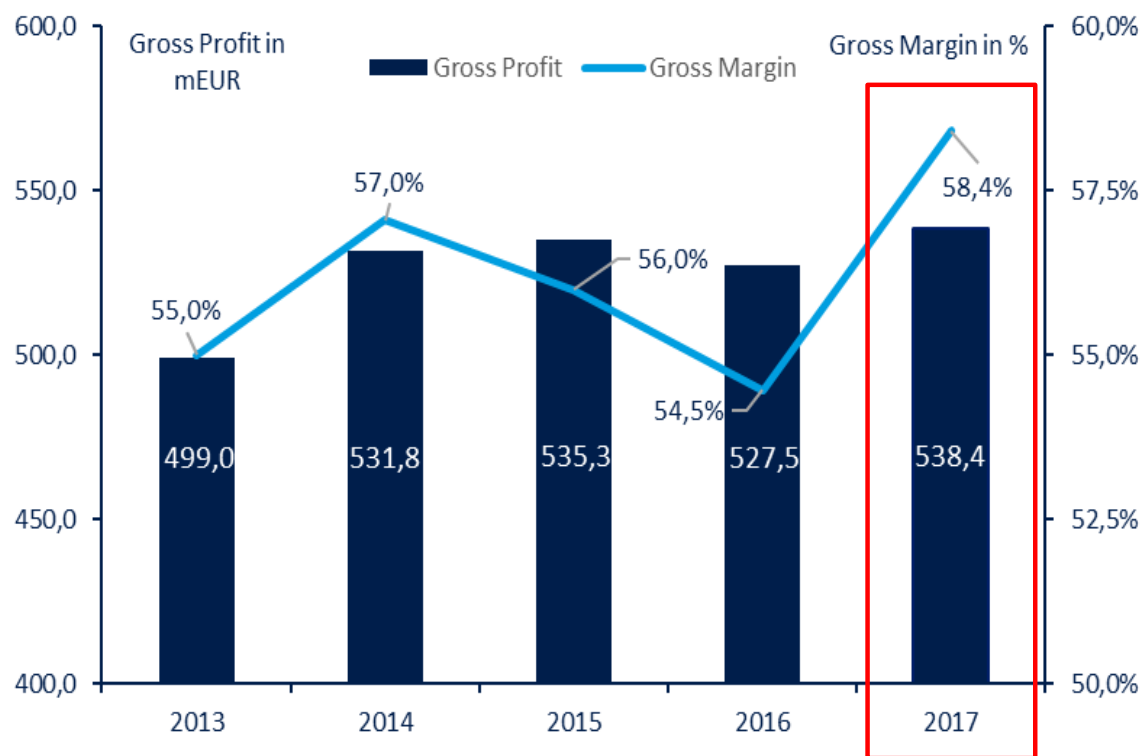
- All objectives of RESET achieved within 12 months!
- We are back in the “driving seat” and can determine TOM TAILOR Group’s future ourselves

TOM TAILOR GROUP: BACK ON TRACK



TT GROUP - GROSS PROFIT/ MARGIN

TT Group – Gross Profit & Gross Margin

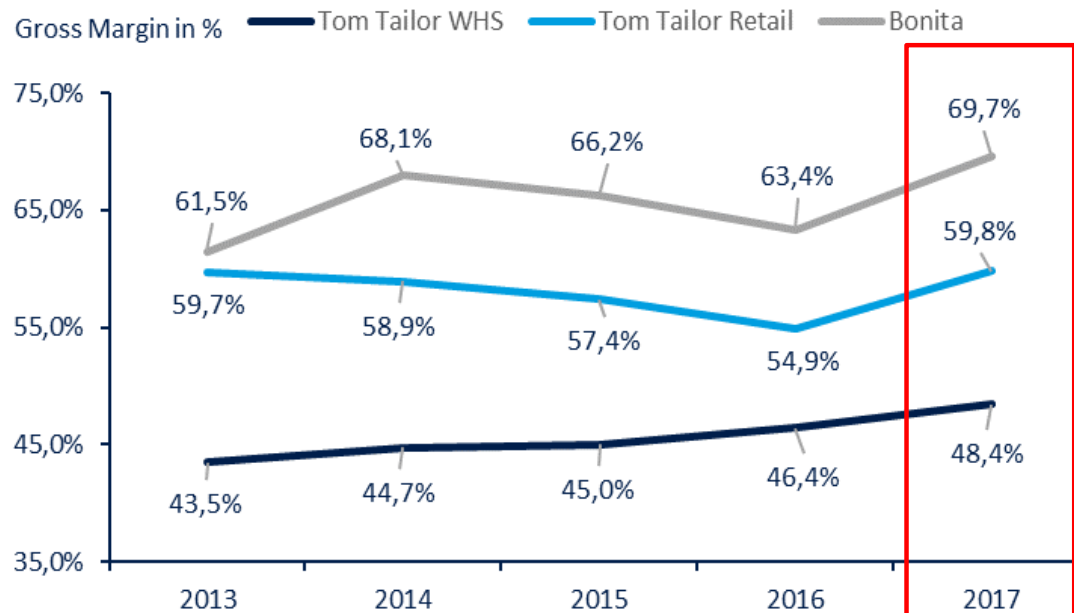


Comments

- Gross Margin in 2016 affected by inventory write-offs (RESET program)
- Improvement of Gross Margin in 2017 through all 3 segments (see next slide)
- Increase of Gross Margin driven by lower sourcing costs (e.g. efficiency discount) and reduced discounts
- Gross Profit in 2017 increased in Tom Tailor segments (WHS & Retail); Bonita showed lower Gross Profit due to reduced Net Sales

SEGMENT GROSS MARGINS

TT Segments – Gross Margins

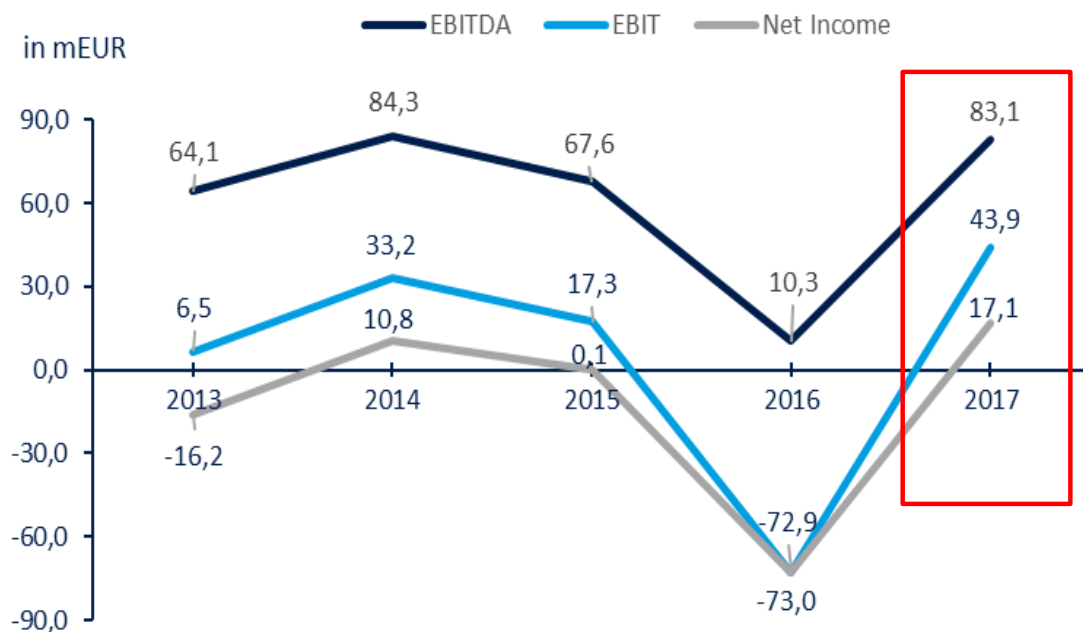


Comments

- Gross Margin in 2017 at highest levels in period under review through all segments
- Retail Margins in 2016 reflect inventory write-offs (RESET program); WHS segment not significantly affected
- Further improvement in WHS segment to be achieved by lower level of returns
- TT Retail segment will focus on further reduction of mark-downs
- Bonita improvements due to optimized product mix, up-pricing, reduced discounts & sourcing optimization

TT GROUP – EBITDA, EBIT & NET INCOME

TT Group – EBITDA, EBIT & Net Income

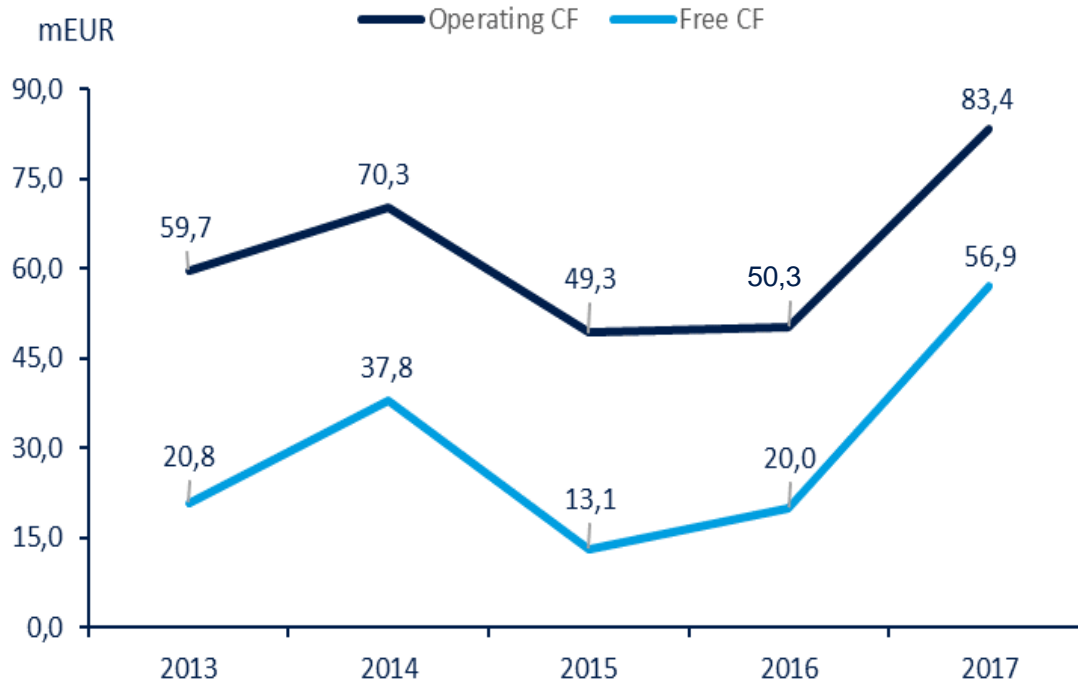


Comments

- EBIT and Net Income 2017 at highest levels in period under review
- RESET program significantly reflected in all three KPI's 2016 (depreciation of assets, provisions for onerous contracts, severance payments etc.)
- High profitability mainly driven by WHS segment („cash cow“)
- EBITDA and EBIT 2017 affected by non-recurring expenses of c. EUR 17.0m

FREE & OPERATING CASH FLOW

TT Group – Operating & free cash flow

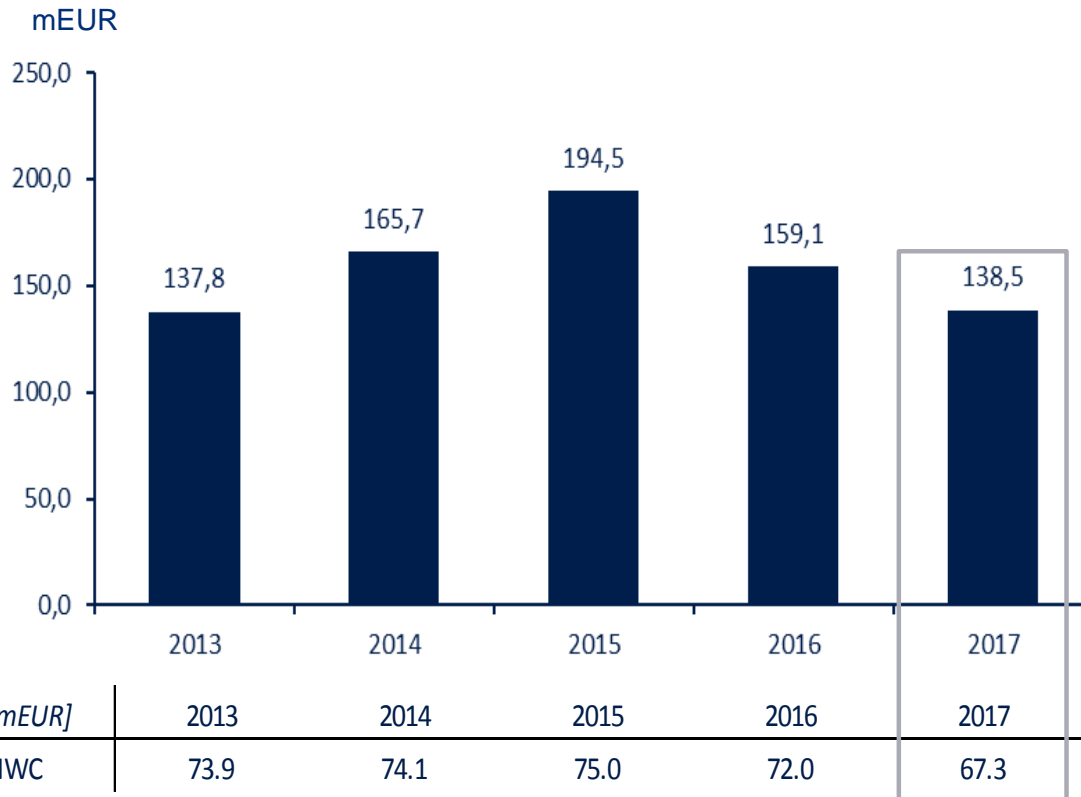


Comments

- Operating CF and Free CF 2017 at highest levels in period under review
- Increase of operating CF in 2017 driven by higher earnings and lower working capital
- Low capex levels in 2016 and 2017 secured free cash flow generation
- Cash flows improved slightly even in 2016 compared to 2015 as most RESET measures had no cash impact

REDUCTION OF INVENTORY

TT Group – Inventory development

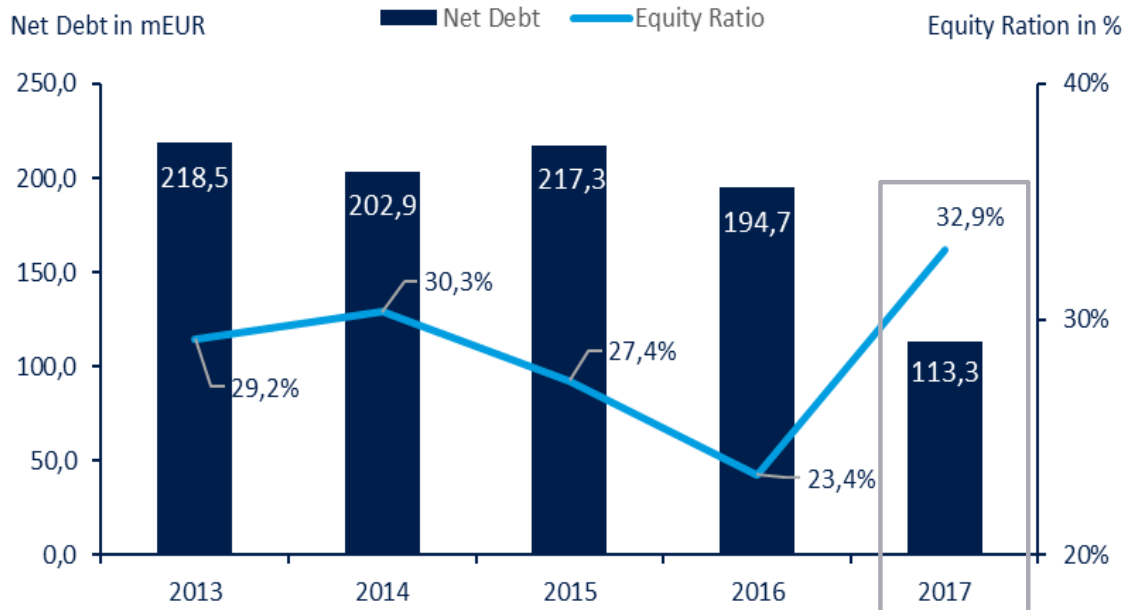


Comments

- After years of inventory increases reduction of inventory value in 2016 mainly due to significant write offs (RESET program)
- Further reduction of inventory values in 2017 reflect improved merchandise planning & sourcing optimization
- Inventory reduction main reason for improvement of net working capital
- Reduction of Inventory values in 2017 through all three segments, especially in both retail segments

DE-LEVERAGE OF TOM TAILOR GROUP

TT Group – Net Debt & Equity Ratio

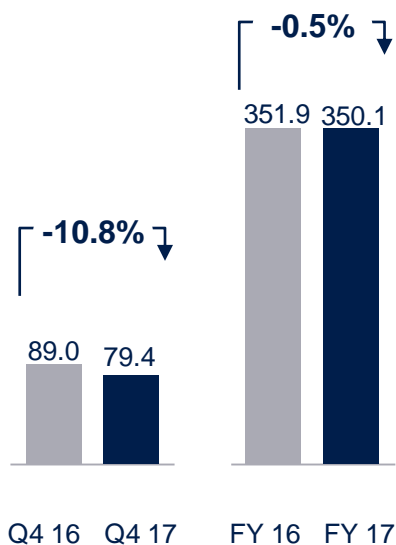


Comments

- Net debt and equity ratio significantly improved
- Financial restructuring finalized
- (Net) deleveraging of more than 80m EUR in 2017 due to capital increase in Jun 17 and positive net income of 17.1m EUR
- Net Debt reduction in 2016 resulted from capital increase in Dec 16 and shows that most measures of RESET had no cash impact
- => TT Group is deleveraged!

TT WHOLESALE: HIGHLY CASH GENERATIVE

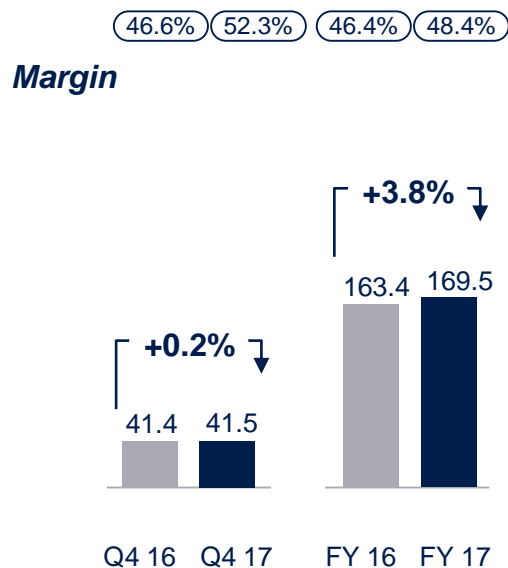
Sales [€ m]



Comment

- As expected the closures of brands and markets as well as the out-licensing of kids are showing effects, especially in Q4
- Nevertheless, sales could be kept reasonably stable

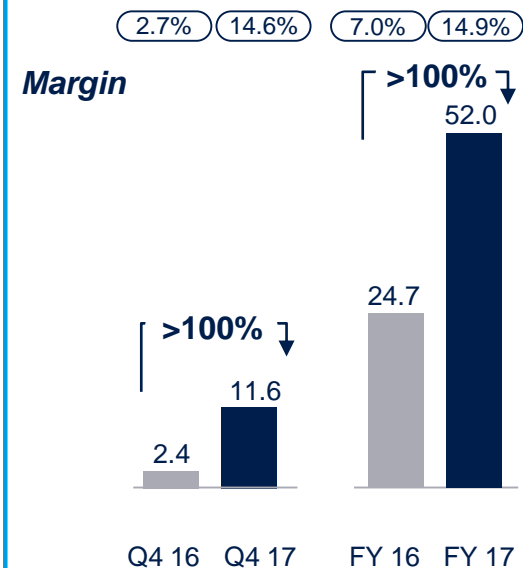
Gross Profit [€ m]



Comment

- Strong gross profit goes hand in hand with margin expansion due to professional sales approach, positive purchasing gains and through volume bundling

EBITDA [€ m]

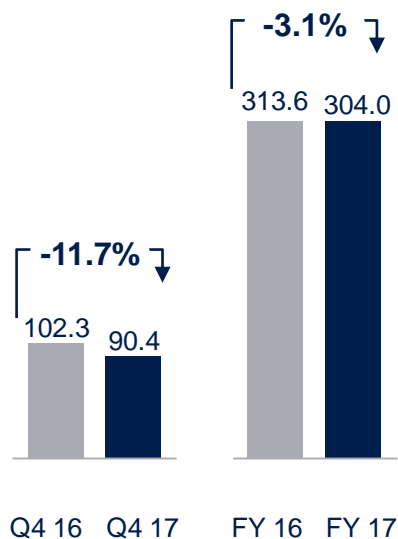


Comment

- Highly cash generative
- Key sales channel to finance future growth

TT RETAIL: STRONG INCREASE IN PROFITABILITY

Sales [€ m]



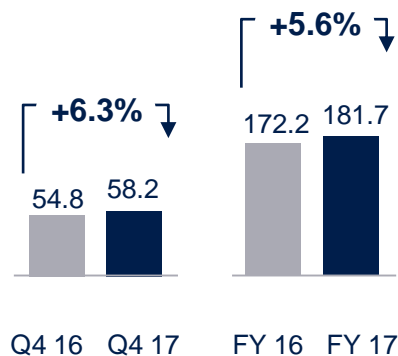
Comment

- As expected the closures of brands and markets are showing effects, especially in Q4
- Retail Germany still under construction

Gross Profit [€ m]

Margin

(53.6%) (65.2%) (54.9%) (60.0%)



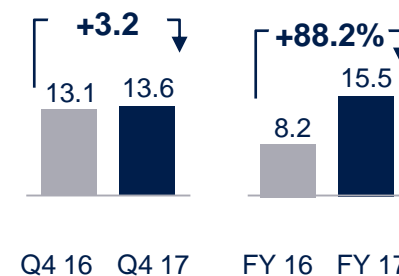
Comment

- RESET and better product mix result in strongly improved gross profit and gross margin
- Additionally, markdowns have been reduced significantly

EBITDA [€ m]

Margin

(53.6%) (65.2%) (2.6%) (5.1%)



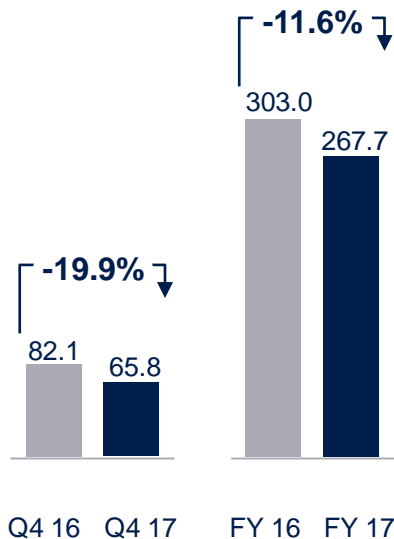
Comment

- EBITDA development shows positive gross profit contribution as well as improvement of OPEX
- One-off expenses still a burden for profitability of full price retail activities in Germany

MORE PROFITABLE – BUT NO SHORT-TERM FIX....

BONITA: STILL IN TRANSFORMATION

Sales [€ m]



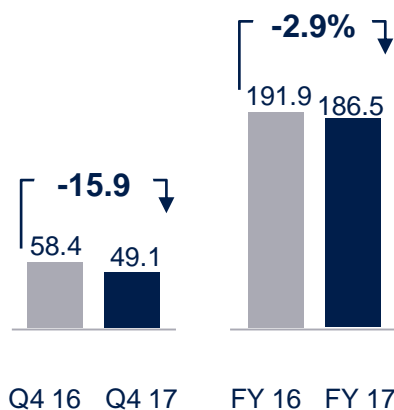
Comment

- Performance within expectations, despite closure of BONITA Men and BONITA stores
- Market environment in this segment remains challenging

Gross Profit [€ m]

Margin

71.1% 74.7% 63.4% 69.7%



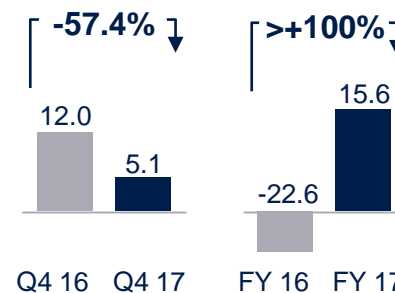
Comment

- Strong improvement of gross margin resulting from positive purchasing gains and reduced markdowns
- Gross margin improvement cannot compensate decline in sales

EBITDA [€ m]

Margin

14.7% 7.8% -7.5% 5.8%



Comment

- Disappointing development in Q4 was not expected. Counter measures have been initiated
- Full year EBITDA positively impacted by significant improvements in OPEX
- Transformation process not finished yet



FORECAST 2018

2018: SALES DECREASE WITH EBITDA MARGIN IMPROVEMENT

Group sales	Slight decrease compared to previous year (approx. €900m)
Gross profit margin	Moderate increase compared to previous year
Reported EBITDA	Moderate increase compared to previous year
Reported EBITDA margin	>10%



OUTLOOK 2020

STRATEGIC CORNERSTONES FOR 2020

2020: Our environment will be different

Our Group's purpose will remain

Markets

- No/slow growth in core European markets
- Textile market growth driven by emerging markets

Channels

- Declining high street traffic, role of stores changes
- Online penetration for apparel sales >30%
- WHS Trade consolidation, preference for concession models

Brand mix / segments

- Hard discount will gain share; price erosion slows down
- Mid-market brands will consolidate; "strong" brands will survive

Business cycles / dynamics

- Business volatility will increase, less predictable environment
- Companies with "breathing" cost structure & agility will win



*We give
"regular
people"*
confidence in
dressing well*

FOCUS UNTIL 2020: GROWING BOTTOM LINE

2017

- RESET – **refocus the company** on its healthy core (“cut the profit drainers”)
- **Lay the foundation** for healthy growth (e.g., IT, org. setup, incentives, talent)

2018 / 19

- Build a “**healthy & balanced portfolio**” to master industry volatility
 - Grow **eCom** @ >20% CAGR & expand omni-channel capabilities
 - **TT Internationalization**: grow Russia & prepare 2019 country portfolio expansion
 - **TT Own channels**: improve **space productivity** in WHS concessions & own retail
 - **TT Product**: further expand **TT Denim & Women** division’s distribution footprint
 - **Marketing**: boost invest by ~2x to rebuild brand equity & consumer engagement
 - **Bonita**: Modernize, expand sales channels, (re-) activate consumers
- “Shrink to grow sustainably”: Full-year effect of 2017 RESET closures / exits

2019 &
beyond

- Continue 2018’s strategic direction (“healthy & balanced portfolio”) & **expand portfolio**
 - **Product**: broaden wearing occasions & price point coverage
 - **Internationalization**: enter selected markets through own setup or licensing model

Target >12% EBITDA margin, close to €1B sales in 2020



SUMMARY

KEY FINANCIAL TAKEAWAYS FY 2017



- **TOM TAILOR GROUP –**
EBITDA increased to €83.1m (PY: €10.3m), while EBIT raised to €43.9m (PY: €-72.9m)
-

- **TOM TAILOR GROUP –**
Net income turns positive to €17.1 m (2016: €-73.0 m)
-



- **TOM TAILOR GROUP –**
Invest of proceeds is starting to show first effects
-

- **TOM TAILOR Wholesale –**
Drives profitable Group performance with €52.0 m EBITDA (PY: €24.7)
-

- **TOM TAILOR Retail –**
Strong gross margin development with 5.1 pp to 60.0%
-



- **BONITA –**
Transformation off to a good start, but no short-term fix

DISCLAIMER

This document contains forward-looking statements, which are based on the current estimates and assumptions by the management of TOM TAILOR Holding SE. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by TOM TAILOR Holding SE and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside TOM TAILOR Holding SE's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. TOM TAILOR Holding SE neither plans nor undertakes to update any forward-looking statements.

FINANCIAL CALENDAR

Financial Calendar 2017/18

Events

March 20, 2018

Publication FY results 2017

March 21, 2018

Roadshow Paris

March 22, 2018

Roadshow London

March 23, 2018

Roadshow Zurich

April 12, 2018

Roadshow Lugano/Milan



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