



#TTG-  
RESET

2 May 2017

ANALYST CONFERENCE CALL 1Q'2017

**TOM TAILOR** GROUP

# EXECUTIVE SUMMARY Q1 '2017



- Group sales unchanged compared to the previous year at **€ 218.9m**
- Gross Profit below prior year by **€ 116.2m** (PY: 118.9)
- Group EBITDA up by 38.2% to **€ 8.7m** (PY: 6.3 m)
- Decreasing inventories further to **€ 149.7m** (PY: € 202.3m)
- Reducing level of debt to **€ 202.8** (PY: € 246.4m)
- Free Cash Flow increased to **€ -7.8** (PY: € -25.3m)
- **“RESET”** program well underway
- Three key priorities for the transition year 2017: Refocus on **healthy core**, cut back **internal complexity** and **deleverage balance sheet**

# AGENDA

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Market context, operational highlights

TOM TAILOR GROUP financials

Outlook



# Q1 '17 CONTEXT NOT SUGGESTING GROWTH

## Overall market with weak start

Fashion market sales ,  
(chg vs. PY in %; German retail)



## Typical negative news

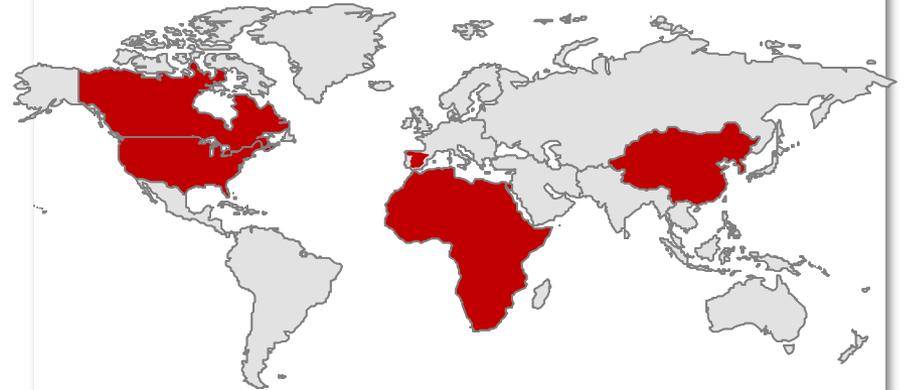
René Lezard ist pleite

Münchner Traditionsunternehmen  
Roeckl ist insolvent

BYE, BYE AMERICAN APPAREL

Mode-Insolvenz: Eigenverwaltung für Laurel mit Görg  
und Gerloff

## With RESET, TTG eradicates unprofitable sales



### Countries affected in Q1 cleanup

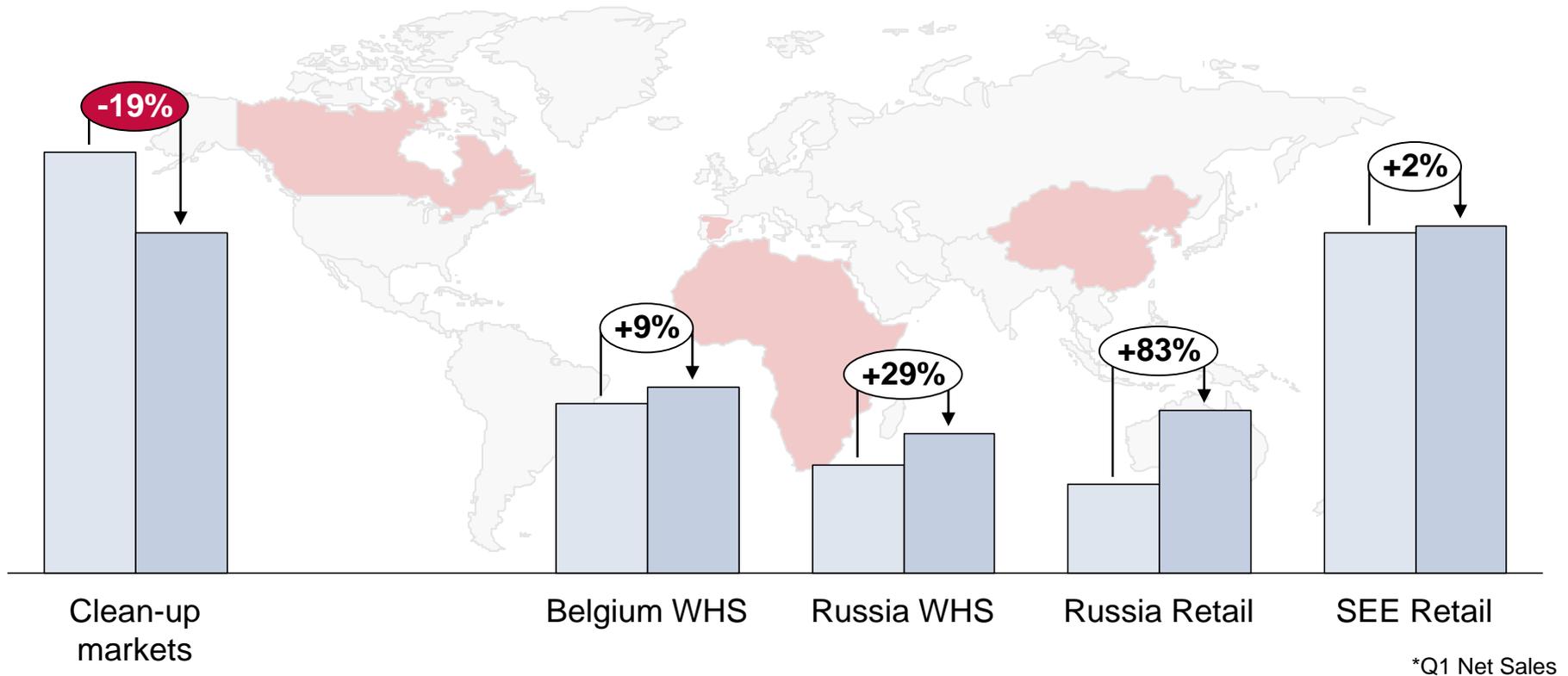
- South Africa, Namibia, Ghana (exit)
- UAE (old distributor terminated)
- USA (operations stopped)
- China (operations stopped)
- Spain (old distributor terminated)
- Canada (reviewed)
- France (partial)

→ 7-digit €m sales loss

\*Source: TextilWirtschaft

# RESET-DRIVEN SALES LOSSES COMPENSATED ESP. IN EASTERN EUROPE

2016A  
2017A



Strong LfL growth esp. In Russian retail

# OPERATIONAL HIGHLIGHTS Q1 '17

## eCom expansion



## Digitalization / Omni-channel



## Brand equity



## Sales (international)



## Sales (Germany)



## Product / Creation



# ECOM & OMNI-CHANNEL EXPANSION

## eCom profit expansion continues

### Online wholesale expansion in Q1

- Asos contract signed
- Amazon marketplace
- Zalando partner program in BE, AT, NL & FR
- Marketplace net sales + >120% to PY



### Own TTG webshop in Q1

- Mobile sales & traffic > +40% to PY
- Overall EBIT > +40% to PY



## Expanding omni-channel capabilities

### Rollout of new „order-in-store“ offer

- Access full assortment via in-store iPad



- Order in store, shipment in 1-2 days
- ~140 TT stores trained in 8 weeks



# S/S 2017 CAMPAIGN STARTED – FOCUS ON FASHION TRENDS

## Online Marketing: 450 Mio. Ad Impressions



## Print: 12 million reach

- Press release to fashion press & bloggers > 450 contacts
- Press release to the trade press >100 contacts
- Media advertising: Glamour, InStyle etc.



360°  
Communication  
'The city is your  
jungle'

## Out of home: 152 million contacts

- 2 flights in March & May in 16 German cities with 8.800 spots



## ...and all other channels:

- E-Commerce
- CRM
- Brand PR
- Blogger cooperation
- In-store / fashion inlays

# OPERATIONAL HIGHLIGHTS Q1 '17

## eCom expansion



## Digitalization / Omni-channel



## Brand equity



## Sales (international)



*De-risking*

## Sales (Germany)



*Refreshing SiS spaces*

## Product / Creation



*Sharpening TTD direction*

# AGENDA

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# Q1 '17 AT A GLANCE

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## GROUP Operations

- “RESET” with good progress overall and in Q1 2017
  - 2017 to focus on finalizing RESET and (re-) building key assets
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## GROUP Financials

- **Sales** in line with PY: Sales loss due to Brand, Country and Store closures could be offset
  - **Gross Margin** at 53.1% below prior year: Negative GM impact from the inventory sell off from Brand and Country divestitures offset by Gross Margin improvements in the WHS segment
  - **Working Capital:** Net Debt Reduction of €43.6 m vs PY. Inventory reduction of €50.6m vs. PY / Free Cash flow increase of €17.5 m vs. PY
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# RESET – Q1 '17

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## Brands

Contemp Men	done
TT Polo	done
Contemp Women	execution of FTE reduction
Bonita Men	execution of FTE reduction

## Countries

South Africa	done
China	Wholesale contracts terminated
USA	part of Canada review
France	First store closings completed

## Stores

Tom Tailor	„profit drainer“ Frankfurt Zeil closed
Bonita Men	} further 40 stores closed
Bonita Women	

## Operations

Organisation	TT done, Bonita 8 FTE released
Logistic Costs	further savings on inbound freight
Product Range	execution of FTE reduction
Inventory	well underway

# Q1 AT A GLANCE. GROUP

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## Q1 2017

Sales

€ 218.9m

Reported  
gross profit

€ 116.2m

Reported  
gross profit margin

53.1%

Reported EBITDA

€ 8.7m

## Q1 2016

Sales

€ 218.9m

Reported  
gross profit

€ 118.9m

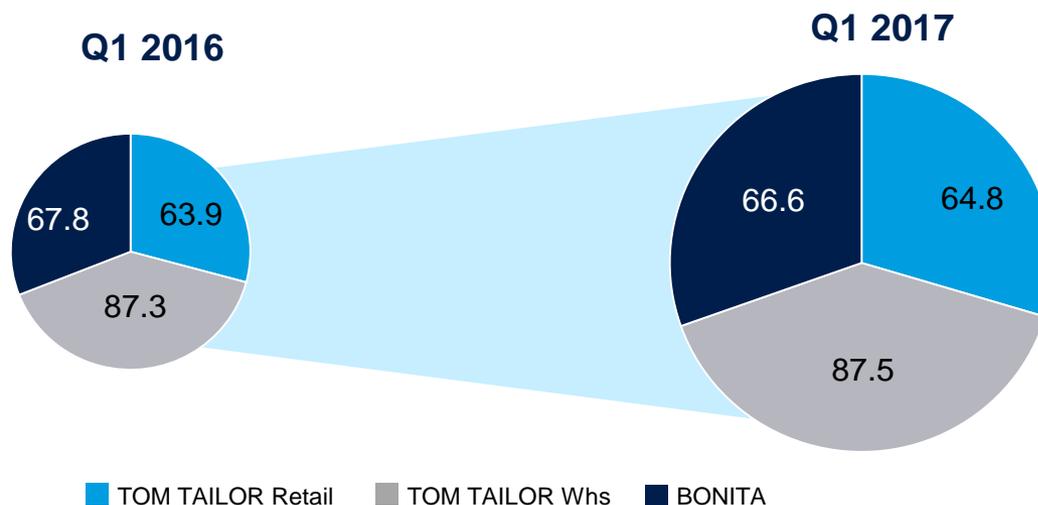
Reported  
gross profit margin

54.3%

Reported EBITDA

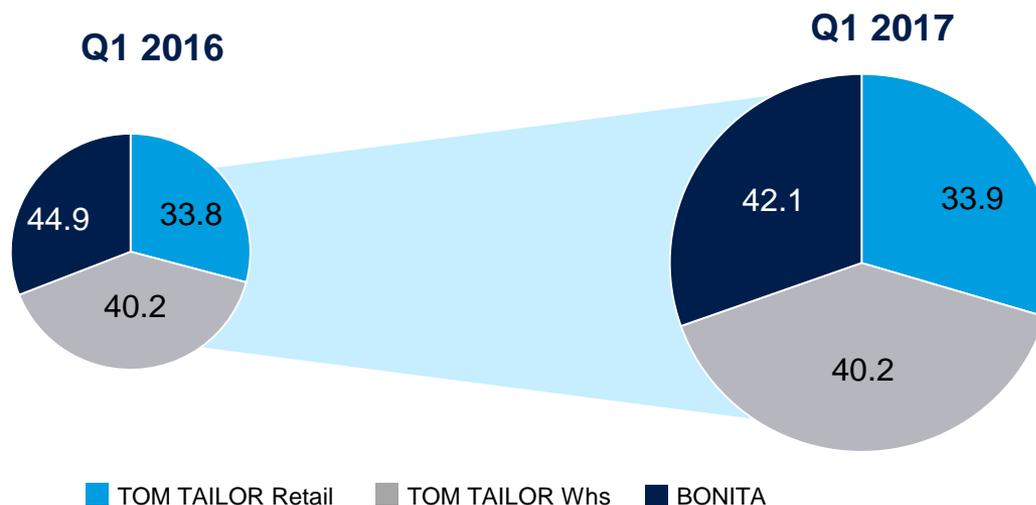
€ 6.3m

# Q1 '17. REVENUE BY SEGMENT



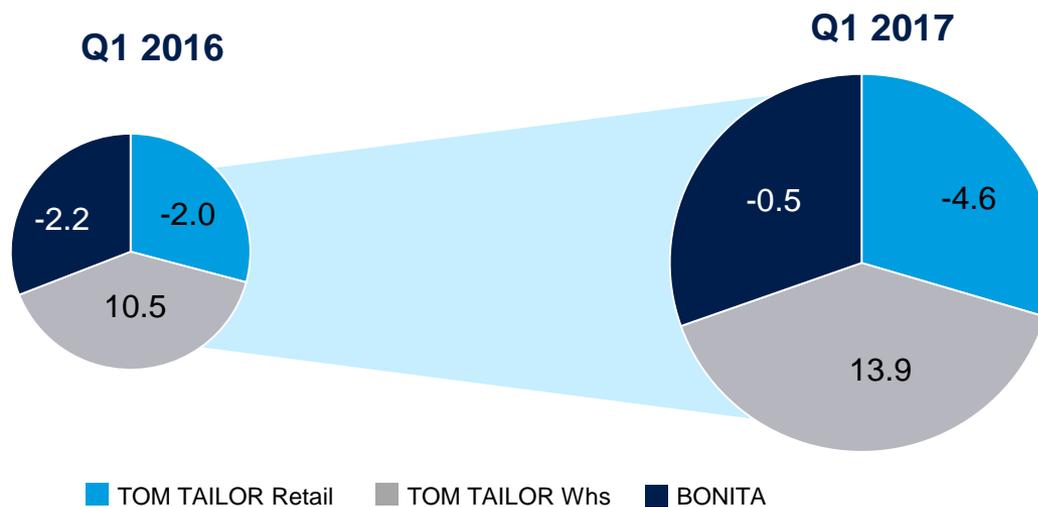
€ m	Q1'16	Q1'17	yoy	FY'15	FY'16	yoy
TT Retail	63.9	64.8	1.4%	289.1	313.6	8.5%
TT Whs	87.3	87.5	0.2%	341.0	351.9	3.2%
BONITA	67.8	66.6	-1.7%	325.8	303.0	-7.0%

# Q1 '17. GROSS PROFIT BY SEGMENT



€ m	Q1'16	Q1'17	yoy	FY'15	FY'16	yoy
TT Retail	33.8	33.9	0.2%	166.9	172.2	3.7%
TT Whs	40.2	40.2	-	153.5	163.4	6.4%
BONITA	44.9	42.1	-6.3%	215.8	191.9	-11.0%

# Q1 '17. EBITDA BY SEGMENT



€ m	Q1'16	Q1'17	yoy	FY'15	FY'16	yoy
TT Retail	-2.0	-4.6	>-100%	20.3	8.2	-59.5%
TT Whs	10.5	13.9	31.8%	29.2	24.7	-15.6%
BONITA	-2.2	-0.5	75.9%	18.0	-22.6	>-100%

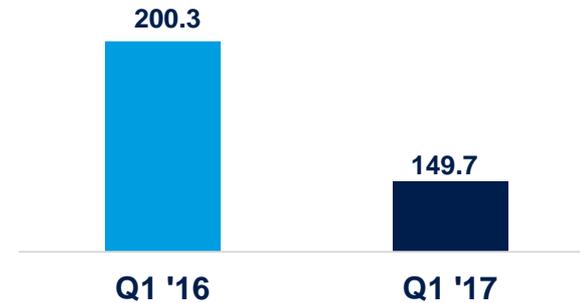
# STRENGTHENING FINANCIAL POSITION

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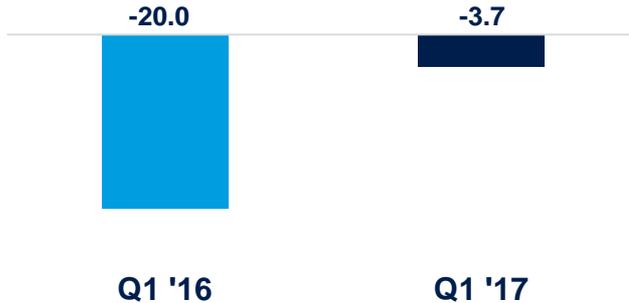
Net debt [€ m]



Inventories [€ m]



Operating Cash Flow [€ m]



Free Cash Flow [€ m]



# Licence of Kids business in April '17

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# KIDS – LICENCE WITH KFG

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- High Brand awareness and reputation but stagnating net sales of EUR 50m
- Target is to collaborate with strong partner to promote brand development



- TT Kids offers attractive business opportunities, especially in wholesale segment



- KFG is global acting, specialized and experienced in kids fashion with a sophisticated sales network (focus on Europe)
- Summary: TTG receives licence fees while sales are decreasing which has impact on sales guidance

# AGENDA

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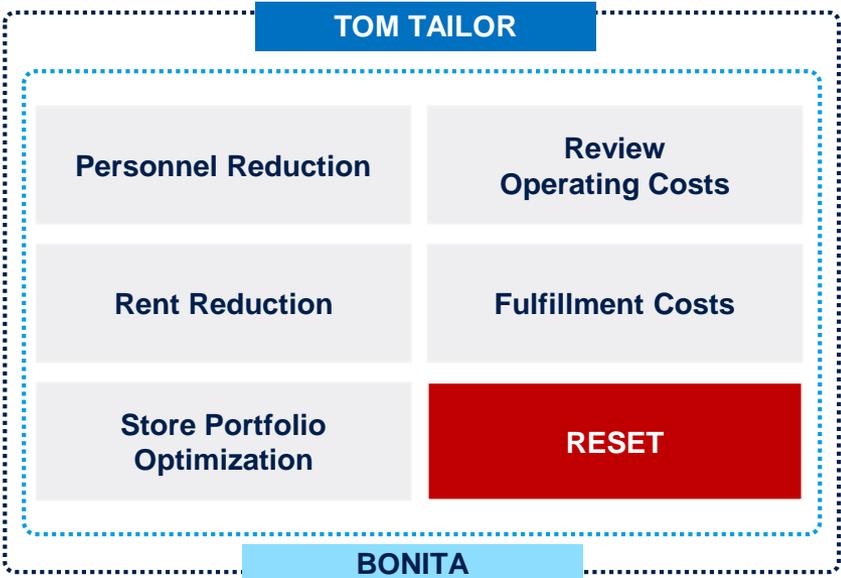
TOM TAILOR GROUP financials

Outlook



# 2017: CONTINUE TO “INVEST & DIVEST”

## Divest – Projects RESET / CORE



## Invest – Brand & technology

Brand equity



eCom & Omni-channel



Data / IT platform



# 2017: SIX KEY PRIORITIES

## BONITA



## Finish RESET



## TT German Retail



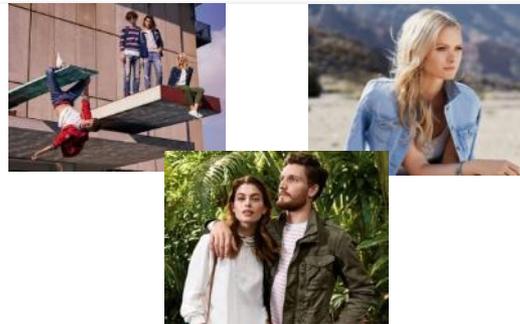
## eCom growth (platform)



VIELEN DANK FÜR DEINE BESTELLUNG!

Wir wünschen Dir schon jetzt viel Spaß mit Deinen neuen TOM TAILOR Produkten und freuen uns auf Deinen nächsten Einkauf.  
Herzliche Grüße  
Dein TOM TAILOR Team

## Brand equity



## Deliver SAP Phase 1



# 2018 & BEYOND: DEFINING 3-YEAR STRATEGIC BUSINESS PLAN

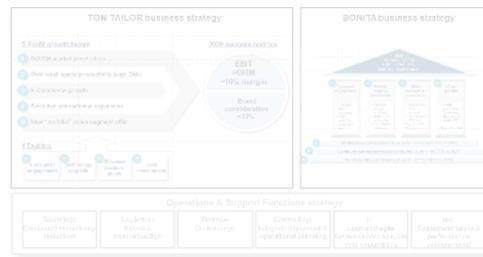
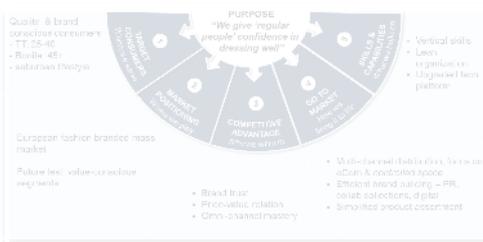
## 3-year plan cornerstones

### Comprehensive bottom-up plan

- Consumer context
- Profit growth levers
- Enablers
- Investment needs
- Covering all brands

### Plan's principles / assumptions

- Profit dominates sales growth
- Grow with market rate or above
- Limited potential in current core markets, esp. D/A/CH
- Careful internat'l expansion & eCom main growth drivers
- Grow from healthy core, no experiments



## Next steps

May: plan finalization & validation

June: sharing with interested investors

July onward: implementation & monitoring

# 2017 GUIDANCE UPDATED

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<b>Group sales</b>	Slight decrease compared to previous year due to Kids license model and RESET projects
<b>Gross profit margin</b>	Moderate increase compared to previous year
<b>Reported EBITDA</b>	Strong increase compared to previous year
<b>Reported EBITDA margin</b>	Strong increase compared to previous year

# MANAGEMENT EXPECTATIONS FOR 2018

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## Target/comments

Sales reduced by unprofitable units/brands but partly offset by profitable growth initiatives

Improve reported EBITDA by €30 - 40m

Reported EBITDA margin above 10%

Net debt / EBITDA ratio < 2.0

# CONTACT DETAILS INVESTOR RELATIONS

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## Financial calendar 2017

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May 31, 2017	Annual General Meeting
2nd half 2017 (tba)	Analyst Conference Hamburg
Aug 10, 2017	Interim Report Q2 2017
Nov 2, 2017	Interim Report Q3 2017

## EVENT

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