



AUGUST 2018

ANALYST & INVESTOR PRESENTATION

H1 2018

H1 2018 AT A GLANCE



- After **accounting for RESET closure effects**, TOM TAILOR brand outpaced market in HY1'18: Germany shrank -2% vs. HY1'17; TT grew +1.2%, esp. driven by Wholesale
- In Q2 only, TT Retail lfl sales +0.3%; Wholesale lfl slightly decreased by -1.5% due to high clearance-driven comps'17



- **TT Wholesale**, e.g., Germany, benefits from strong product performance vs. competitors; improving gross profit
- **TT Retail** focuses on gross margin; TT E-Com turns from -20% sales Q1 to +4% in Q2
- **TT internationalization** continues – German sales share declines 1.6%-pts
- TT took final step for SAP Go Live in June/July – overall, smooth implementation
- TT gross profit and gross profit margin grows vs. HY1'17; EBITDA down due to >€4m higher marketing invest



- After a weak Q1, **BONITA** delivered +1.4% lfl and further gross margin improvement by 1.5pp to 72.4% in Q2
- Transformation continues: by end 2018 inventories back to normal levels, by end Q4 collection modernized heavily, better assortment mix in stores

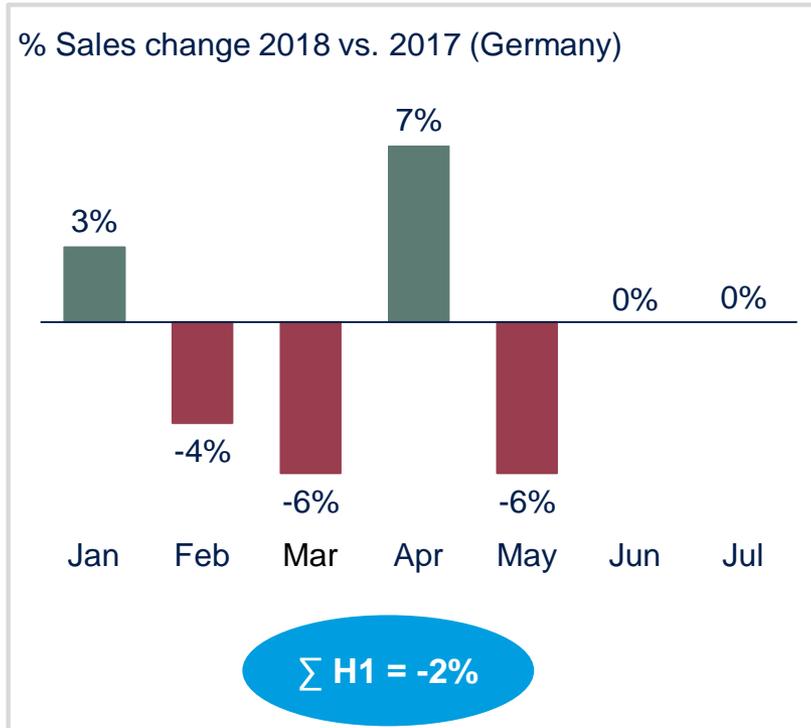
- Group EBITDA with €22.7m in Q2'18 (Q2 '17: 21.9m)
- **No change to overall financial guidance for FY 2018**



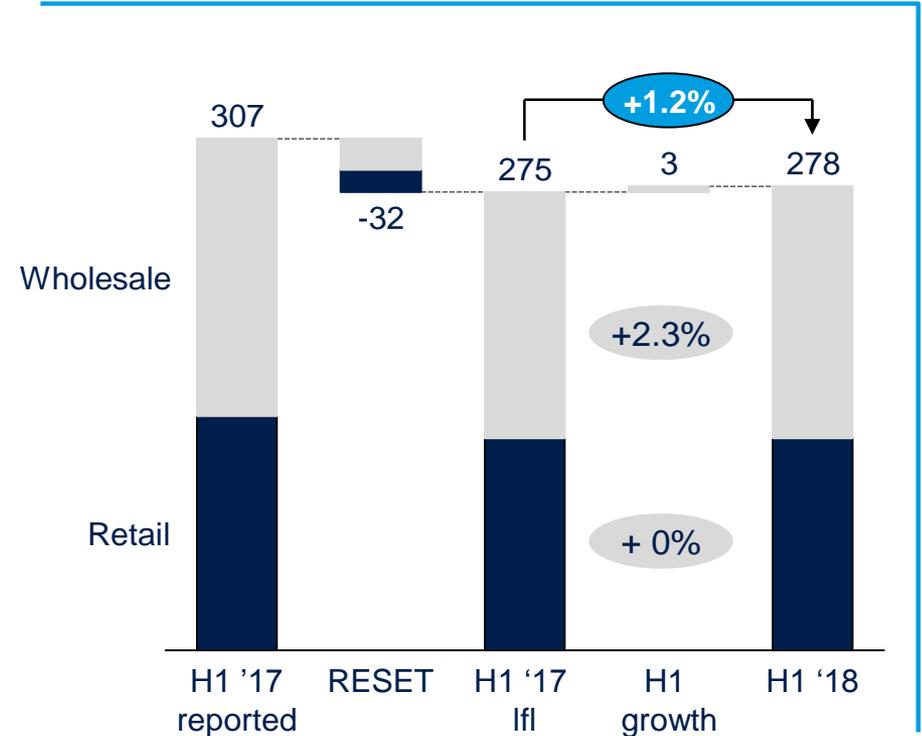
BUSINESS HIGHLIGHTS H1 2018

TOTAL MARKET: H1 SALES DECLINING ~2% – TT BRANDS GROW 1.2%

Market: H1'18 shrank -2% vs. '17



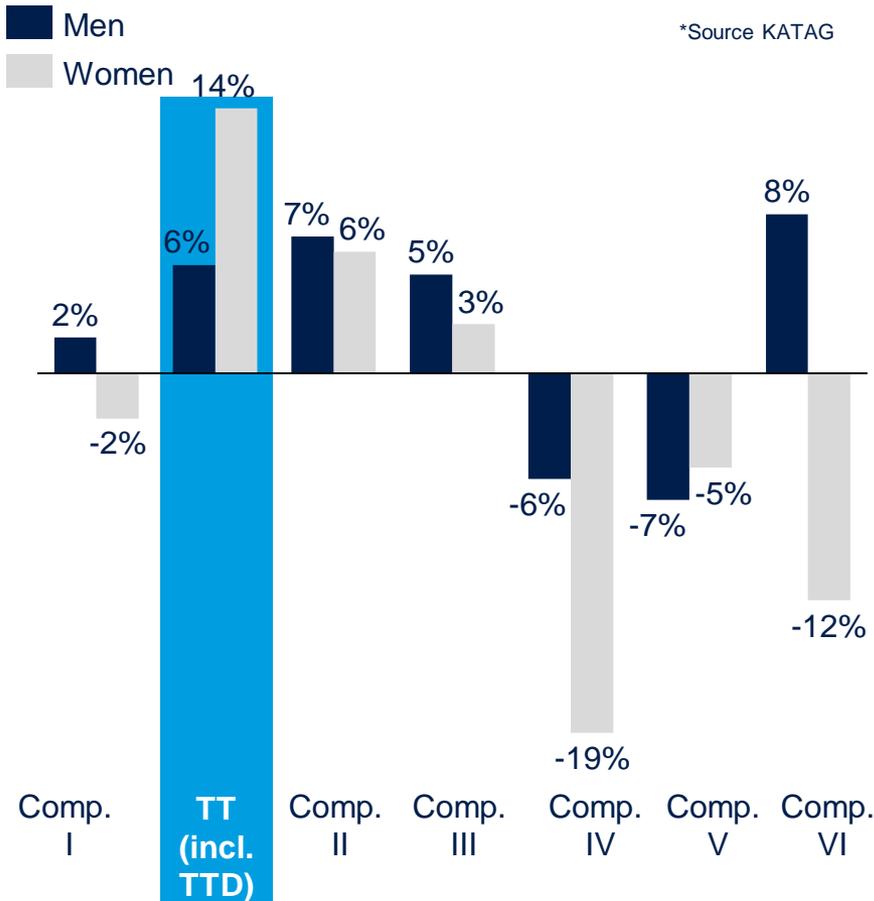
TT Brands grow +1.2% on normalized basis



*Source TextilWirtschaft

TOM TAILOR WHOLESALE: TT PRODUCT BEATS TRADITIONAL COMPETITION

HY'1 2018 trade sellout Germany
(KATAG panel data)



Trade panels (KATAG, H&P) confirm strong TT product performance

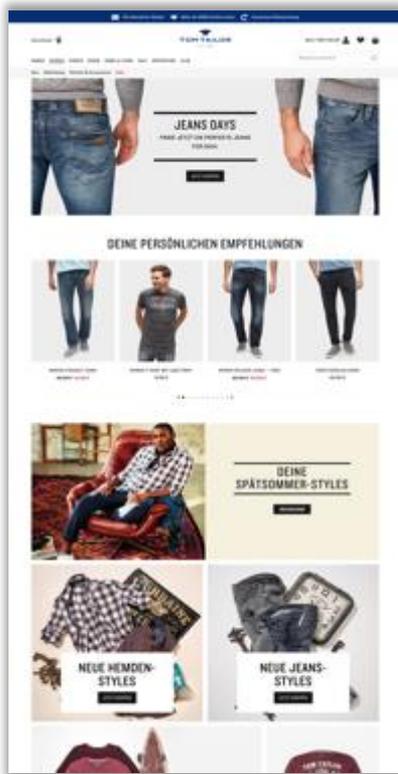
- Esp. TT Casual strongly outperforming traditional competitors
- Women collection outgrows Men, esp. in pants, jackets, dresses → fashion degree works
- TT Denim (younger line) still with potential

Performance driven by superior price/value relation & product appeal to WHS shoppers

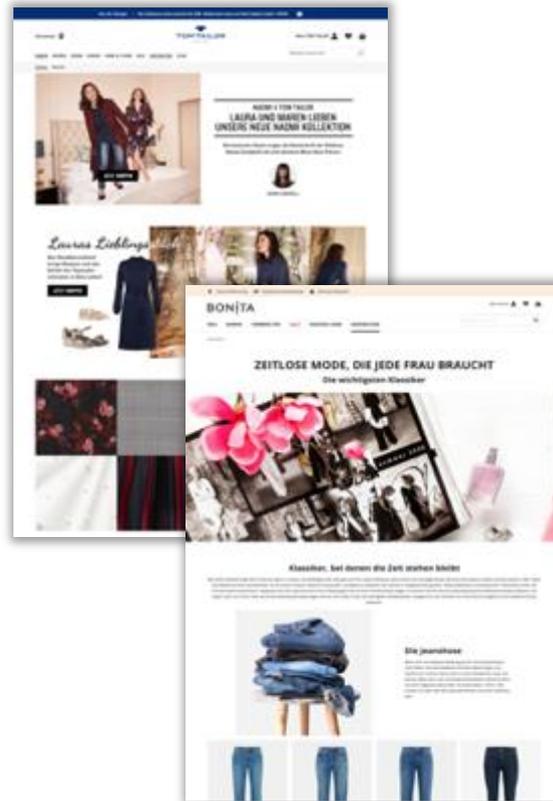


ECOM: RELEVANCE & EXPERIENCE TO DRIVE D2C USER VALUE

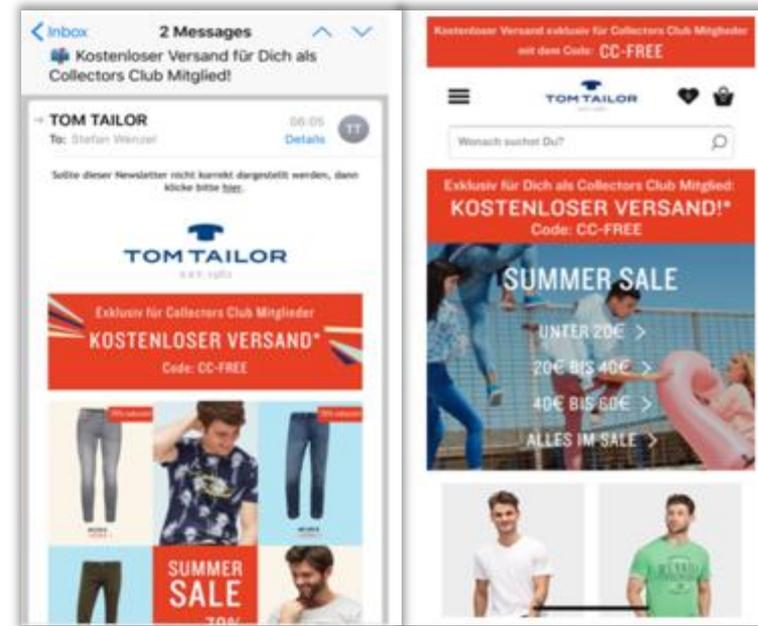
Enhancements since Q1 (examples)



Relevance:
Improved Personalization



Brand-UX:
Improved Curation



CRM:
Introduction of Segmented Promotions

ECOM: PROGRESSED RECOVERY & BUSINESS ACCELERATION

Key issues addressed in Q2

D2C / E-Shops foundational work

- System reliability & functional issues (i.e. extinction of check-out errors)
- UX improvements (navigation, automated recommendations, On-Site Search), SEO fixes

D2C / Consumer Base

- +20% YOY growth in new customers cohorts acquired in Q2, after -5% YOY in Q1
- Building foundation for data-driven customer management (i.e. data, infrastructure, people)

B2B / Marketplaces

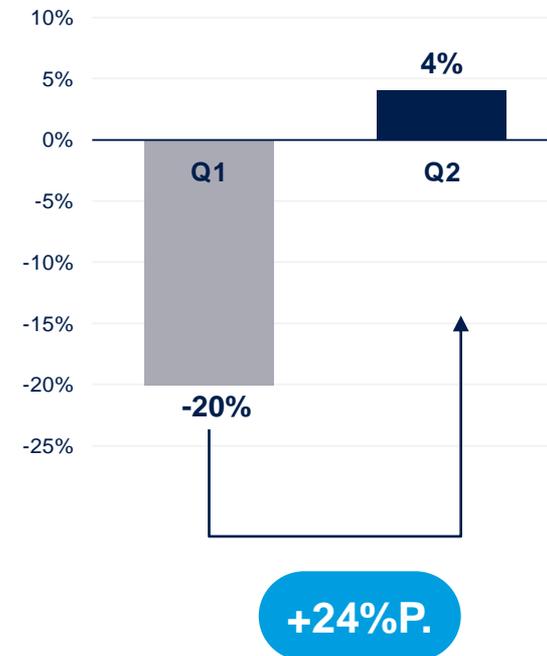
- Data process reliability (+30% SKUs live across all Marketplaces)

Team & Culture

- Team set-up & talent acquisition in core E-Com areas (i.e. data, product/tech, performance marketing, data, CRM)

Change of trajectory with +24%P. of acceleration

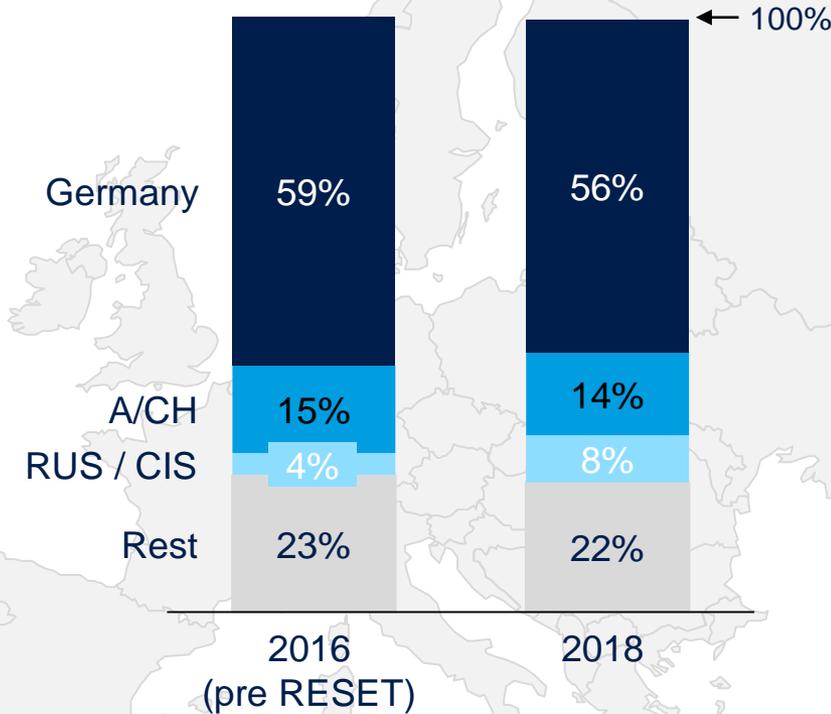
Netsales Development Q1 & Q2
Ecom Group (ex. Russia)



TOM TAILOR: INTERNATIONALIZATION CONTINUES

Dependency on Germany reduced

% of Brand TT net sales by country/region (WHS & Retail); Jan-Jun



Strategy: “selective internationalization”

- Reducing dependency on slow-growth German market
- Growing where TT brand works
- Focus on few countries, esp. East

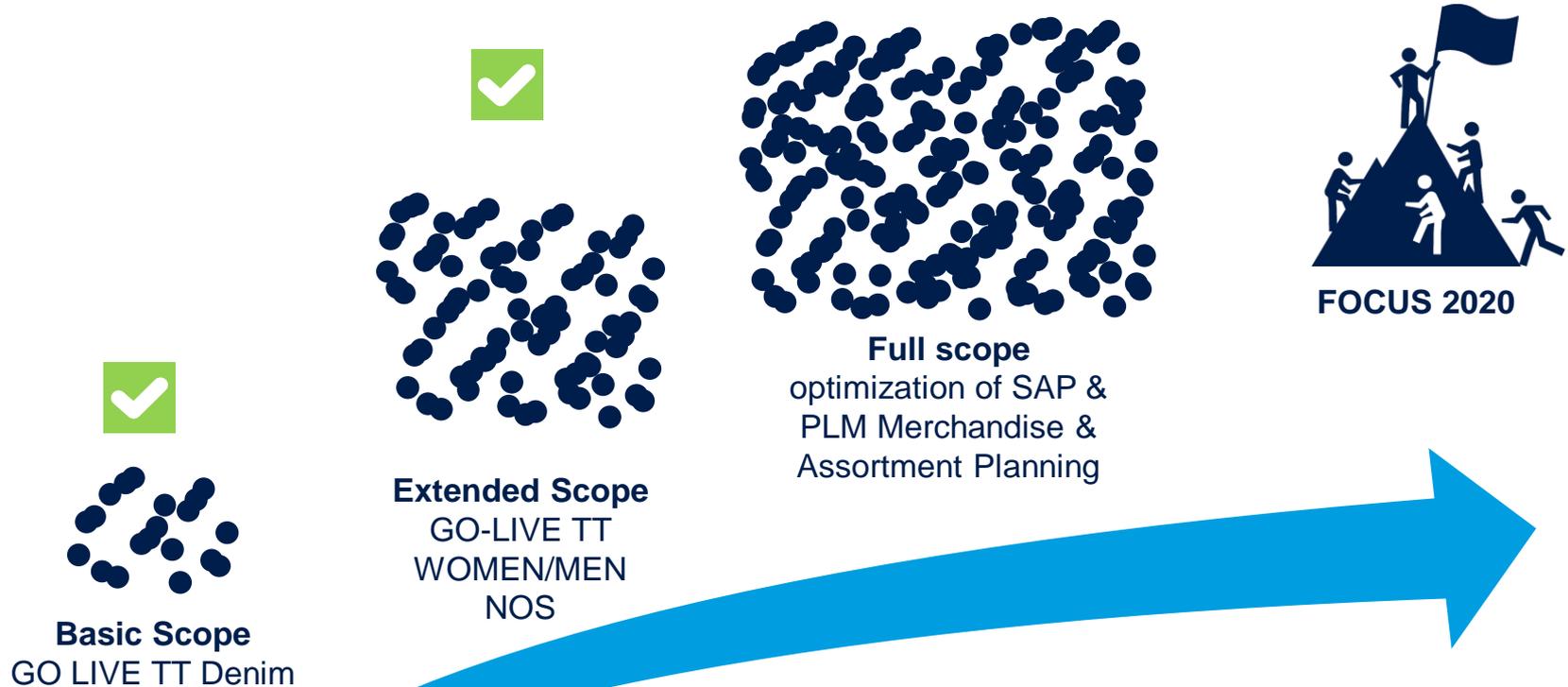
Q2'18 growth stronger esp. in...

- Russia (esp. Retail expansion)
- Austria Retail (positive lfl)
- Retail in some SEE markets (e.g., Hungary, Romania, Bulgaria), partly double digit lfl

“Selective internationalization” to continue 2019/20

- “Go East” a cornerstone for expansion

A MULTI-YEAR EFFORT TO BUILD PLATFORM: FOR FUTURE GROWTH – MILESTONES ACHIEVED

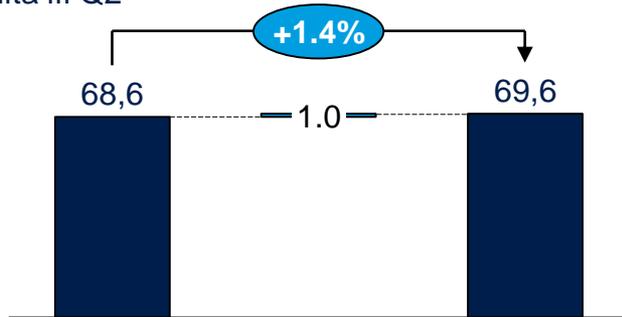


Go live of all divisions successfully completed. TOM TAILOR delivered a multi-year program successfully: in time, budget and quality

BONITA: Q2 WITH SOME POSITIVE SIGNS

Q2 with lfl growth of 1.4%

Bonita lfl Q2



Continued clean-up work

- Further reducing obsolete inventory (back to normal by end 2018)
- Switch „quasi-clearance“ stores back to full-price model

Re-energizing sales organization

- Ramping up sales performance program
- Testing & adapting new store concept (~74 stores by end 2018)

Preparing for (re-) launch in fall '18



Range modernization to take shape in Sept

- More modern look (examples above)
- Better balanced range architecture (e.g., less tees, more knits, jackets, pants)
- Better RRP price architecture to reduce markdown needs

Positive signs, but ongoing transformation work and a bumpy road



FINANCIAL HIGHLIGHTS H1 2018

KEY FINANCIAL TAKEAWAYS Q2 AND H1 2018



- TT Group sales with TOM TAILOR BRANDS sales increase by 1.2% in H1 and BONITA positive LFL Sales in Q2 by 1.4%



- Continued strong Gross Margin increase in all segments in Q2 to 64,1% (PY: 59,7%) and in the 1 HY to 60.8% (PY: 56.5%) due to improved discount management and sourcing streamlining

- EBITDA margin increase in Q2 to 10.8% (PY: 9.7%) and for the 1 HY to 6,7% (PY: 6.9%) and despite higher marketing expenses of €4,1mio

- Sales growth initiatives started and full year RESET saving impacts confirming Guidance for 2018



- Operating CF and free CF well above PY despite increased CAPEX of € 17.4 m € in the H1 for the growth initiatives (H1 2017: 3.9)

- => **continued financial consolidation** in Q2 vs PY i.e. strong Gross Margin increase & continued OPEX savings due to full year RESET effects, EBITDA margins in target range, operating CF and free CF significantly improved , net debt reduction continues

TOM TAILOR & BONITA BRANDS: NET SALES NORMALIZATION

Additional reporting with “normalized sales 2017” to allow for a like-for-like comparison

TOM TAILOR divestitures 2017

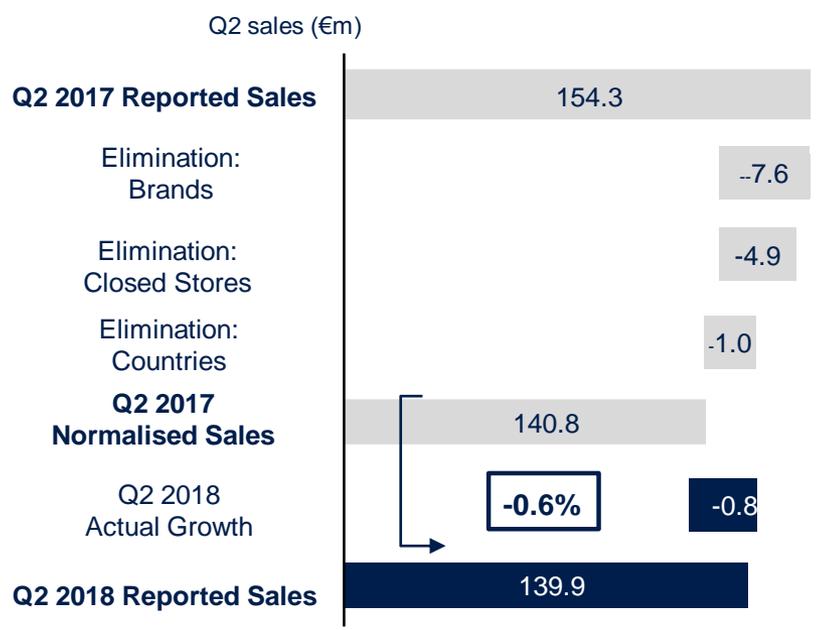
• Brands	Q1: €10.8m	Q2: € 7.6m	H1: €18.4m	FY: €35.4m
• Countries	Q1: € 1.8m	Q2: € 1.0m	H1: € 2.8m	FY: € 4.7m
• Stores	Q1: € 6.0m	Q2: € 4.9m	H1: €10.9m	FY: €16.2m
• Total TT	Q1: €18.6m	Q2: €13.5m	H1: €32.1m	FY: €56.3m

BONITA divestitures 2017

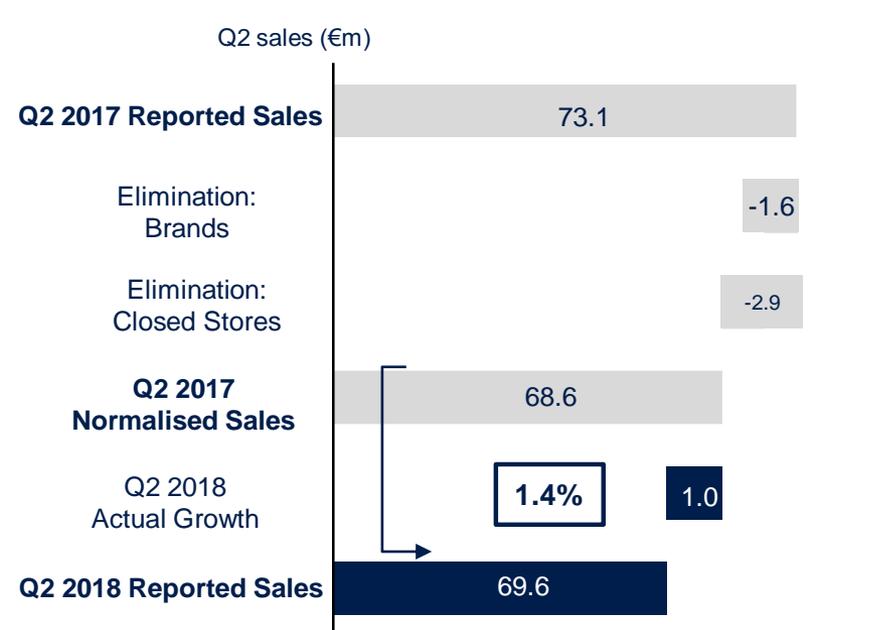
• Brands	Q1: € 2.4m	Q2: € 1.6m	H1: € 4.0m	FY: € 4.0m
• Stores	Q1: € 3.9m	Q2: € 2.9m	H1: € 6.8m	FY: € 8.7m
• Total BONITA	Q1: € 6.4m	Q2: € 4.4m	H1: €10.8m	FY: €12.6m
• Total TTG	Q1: €24.9m	Q2: €18.0m	H1: €42.9m	FY: €69.0m

TOM TAILOR & BONITA BRANDS: NORMALIZED NET SALES Q2 2017

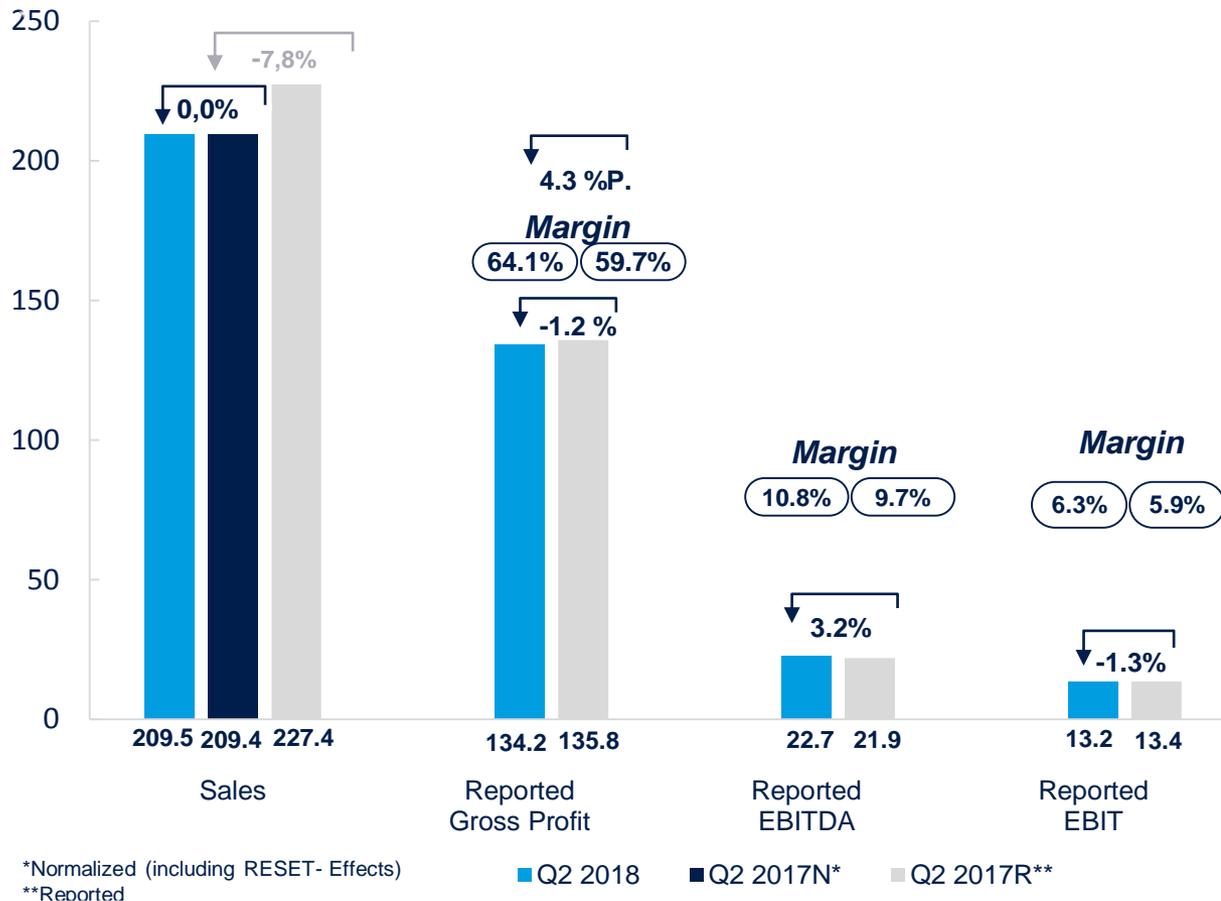
Q2 TOM TAILOR BRANDS normalized



Q2 BONITA normalized



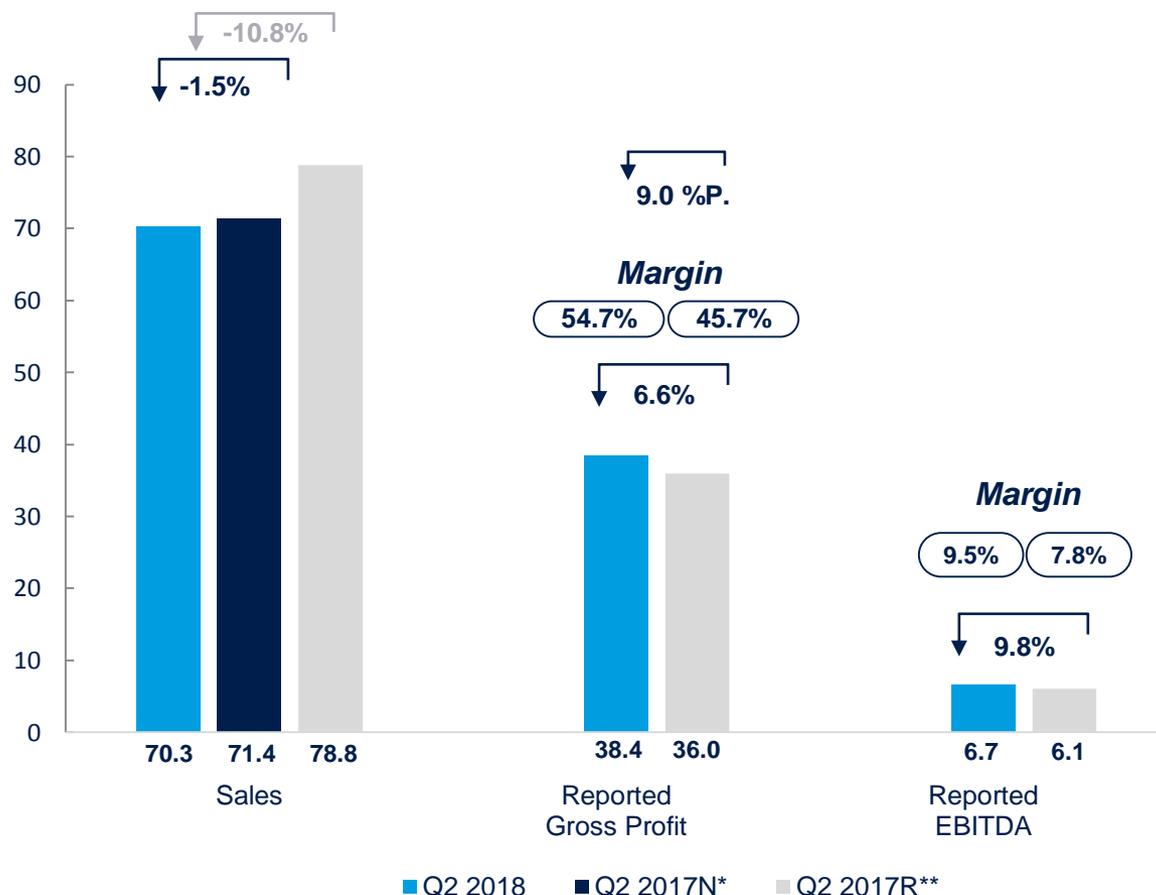
TOM TAILOR GROUP: Q2 AGAIN IMPROVEMENT OF EBITDA



Comments

- TOM TAILOR BRANDS and BONITA Ifl flat in a declining market
- Continued strong Gross Margin increase due to further improved discount management and streamlining of sourcing
- EBITDA above PY despite increased Marketing spendings in Q2
- EBITDA Margin at 10,8% (PY: 9,7%)

TOM TAILOR WHOLESALE: Q2 INCREASE IN GROSS PROFIT AND EBITDA MARGIN

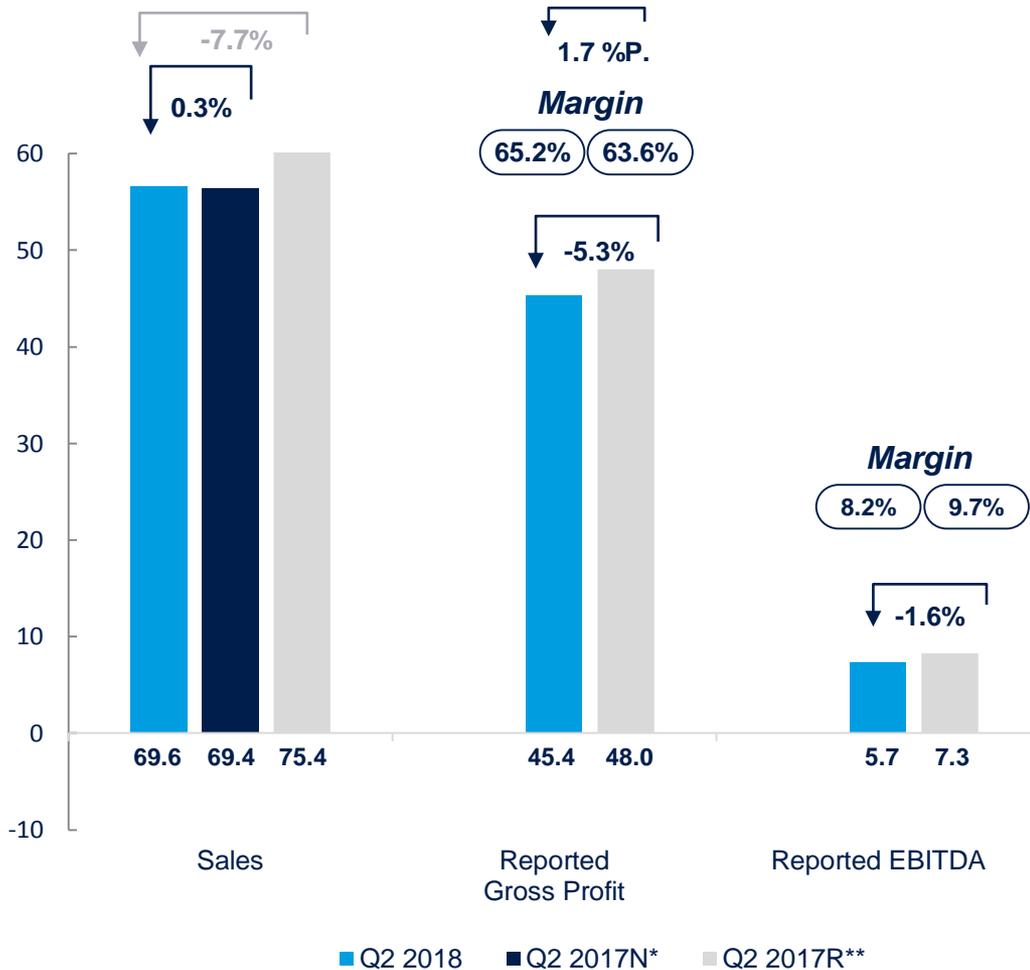


*Normalized (including RESET- Effects)
**Reported

Comments

- TT WHS lfl slightly declining in Germany due to difficult market situation and old inventory sale in 2017 (Sales and GM impact, not part of the lfl)
- lfl Growth in all countries confirming the TT brands concept and sales approach
- Continued Gross Margin strong increase to 54.7% due to improved pricing and better sourcing
- EBITDA increase absolute and margin wise confirming the cash generator role of WHS

TOM TAILOR RETAIL: Q2 SALES LFL FLAT IN DIFFICULT MARKETS

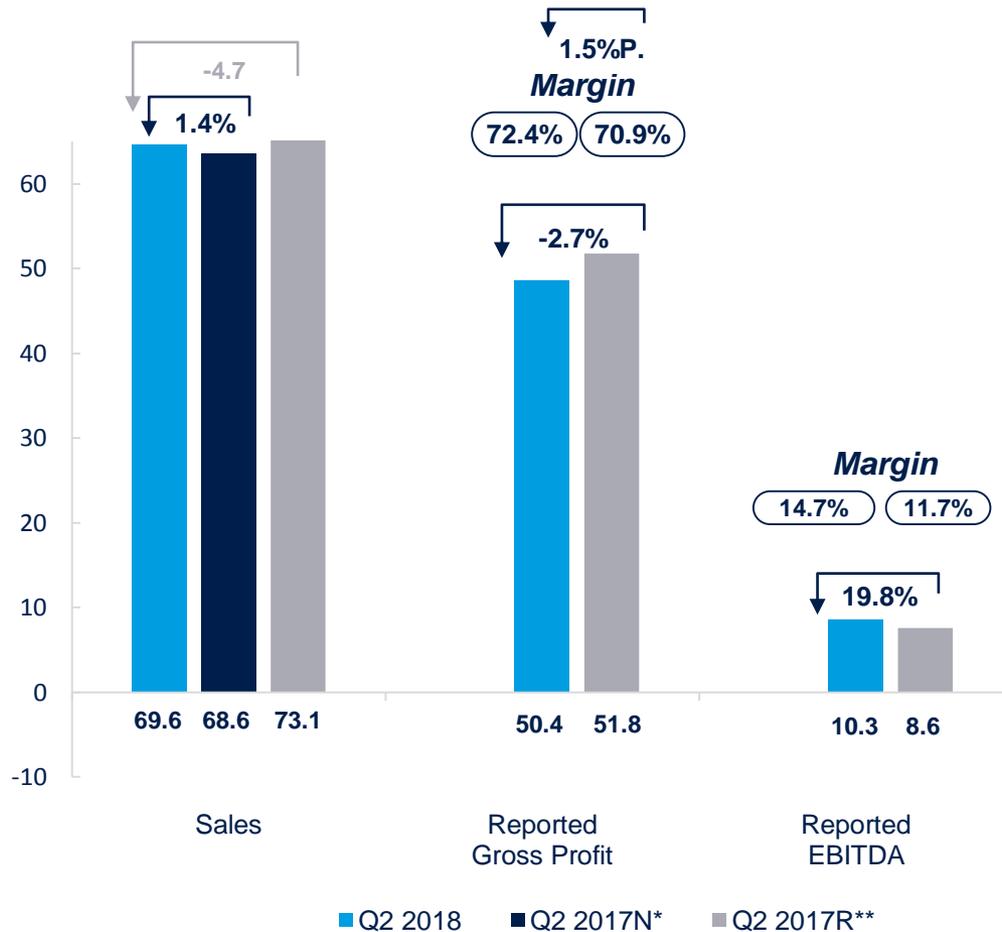


*Normalized (including RESET- Effects)
**Reported

Comments

- TT Retail managed to resist overall negative market trend in Q2 and shows small, but positive growth
 - Germany lfl sales slightly positive for the first times
 - ROW growing lfl
- Pricing project and sourcing projects push up gross margin to 65.2% in Q2 (PY: 63,6%) but lower absolute gross profit due to RESET divestitures
- EBITDA impacted by lower absolute Gross Profit

BONITA: Q2 STRONG EBITDA AND MARGINS IMPROVEMENT



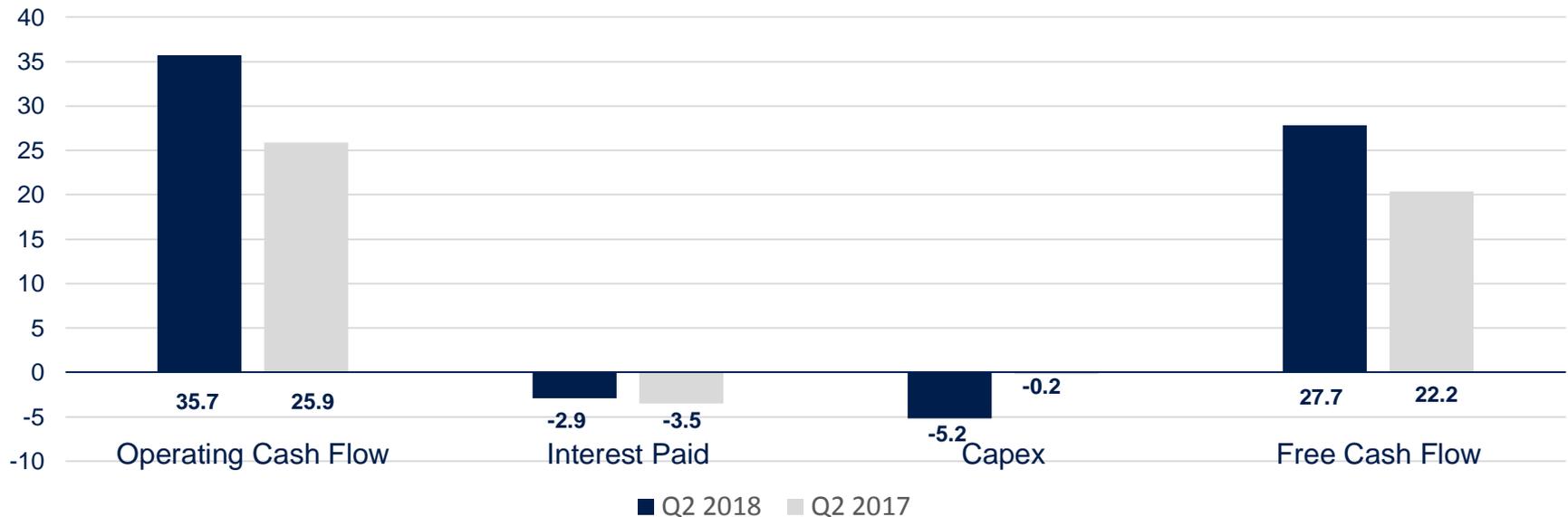
*Normalized (including RESET- Effects)
**Reported

Comments

- BONITA shows for the first time lfl growth of 1,4% after a disappointing Q1
- Product mix and collection remain key challenge going forward
- Improved Gross Margin to 72.4% (PY: 70.9%) due to improved pricing and sourcing projects
- Absolute Gross profit down due to RESET closures
- EBITDA margin increase to 14.7% (PY: 11.7%) with further OPEX savings
- Further store closures down to approx 650 stores planned (sales of €3.5m in Q2 with lower performance than PY)

TOM TAILOR GROUP: Q2 STRONG INCREASE OF OPERATING AND FREE CF

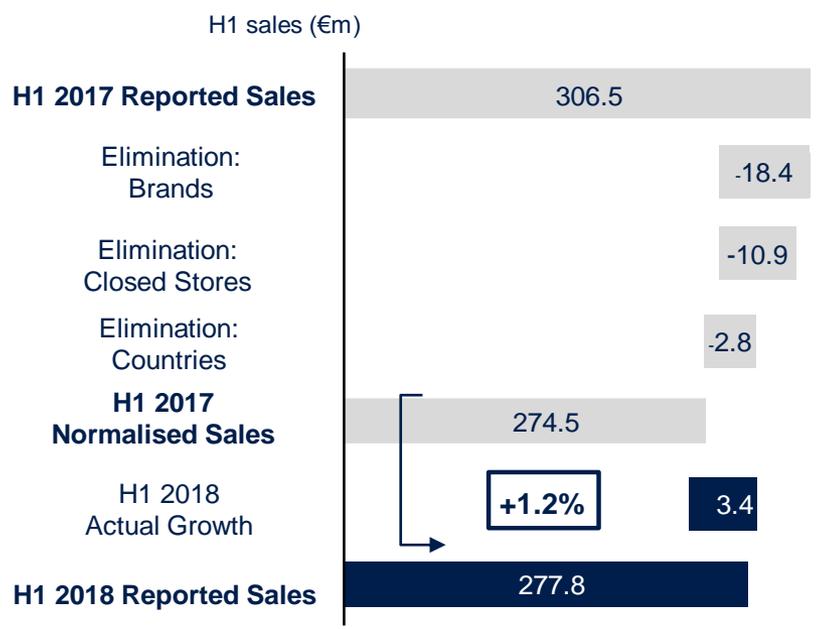
Cash Flow development Q2 2017 – Q2 2018 [€ m]



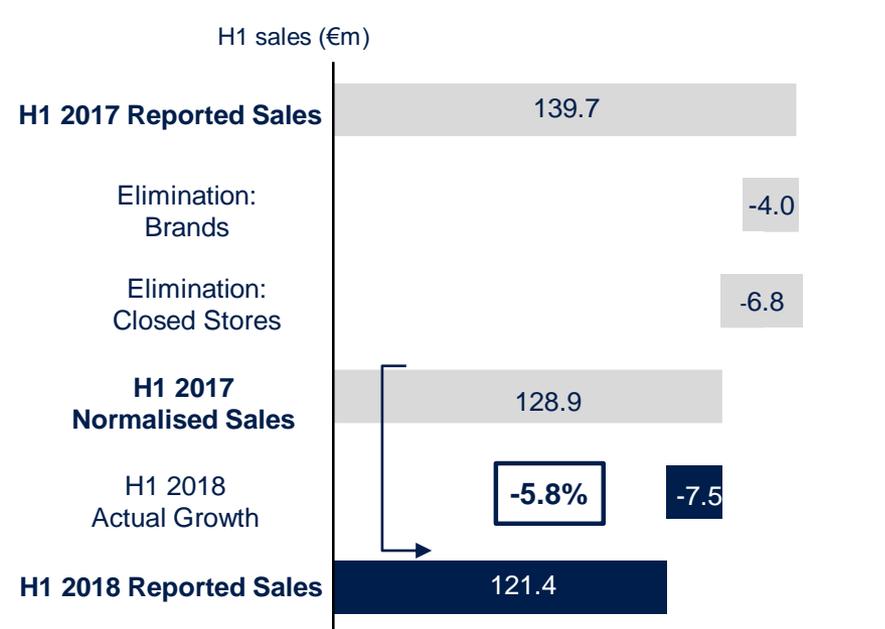
- Increase of operating CF in Q2 compared to prior year quarter driven by higher net income and working capital improvements
- Lower interest payments due to lower average indebtedness combined with significant lower interest margins
- Increase of capital expenditures versus prior year in line with scheduled investment program
- Overall positive development of free cash flow drives net debt reduction in Q2

TOM TAILOR & BONITA BRANDS: NORMALIZED NET SALES H1 2017

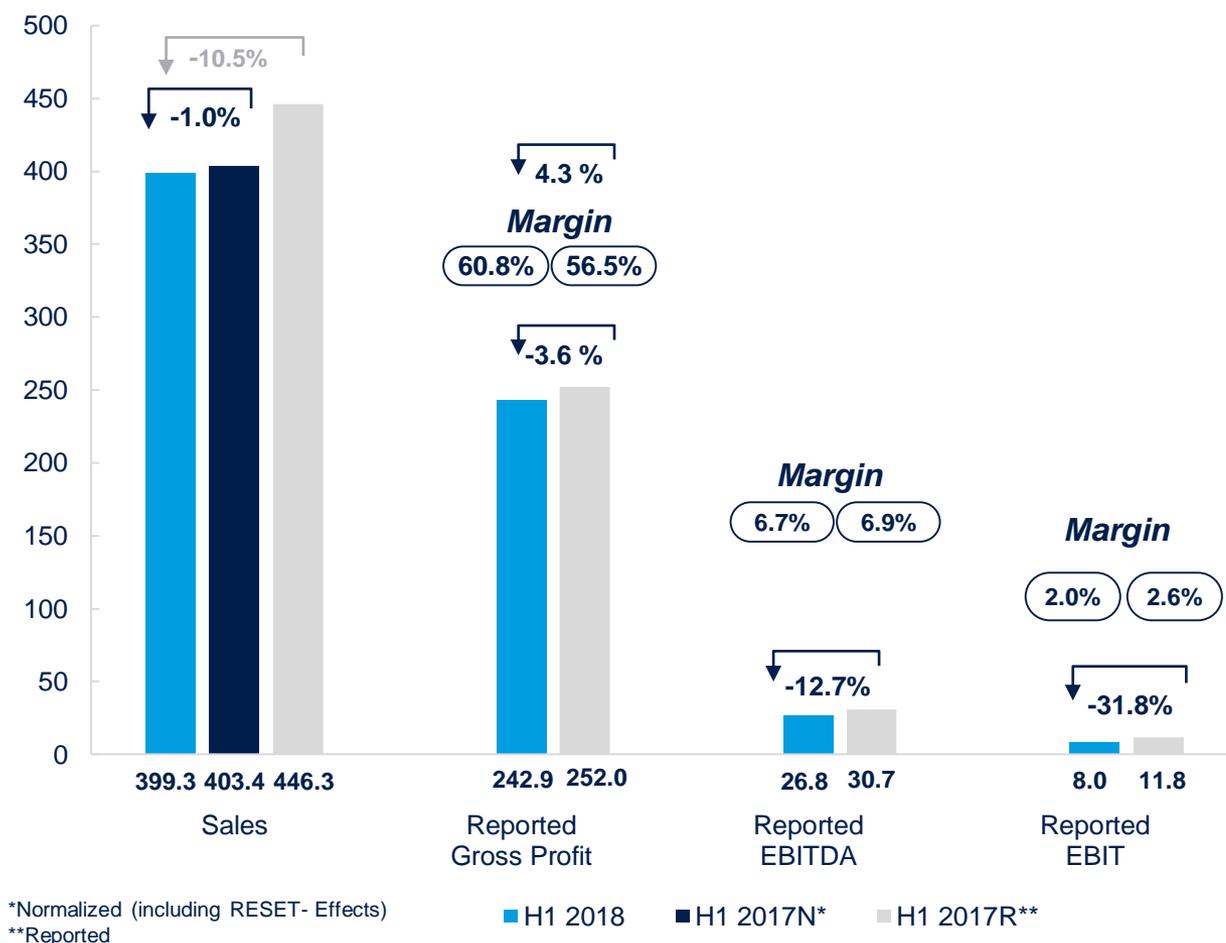
H1 TOM TAILOR BRANDS normalized



H1 BONITA normalized



TOM TAILOR GROUP: H1 RESULTS IN LINE WITH COMPANY'S EXPECTATIONS



Comments

- TOM TAILOR BRANDS and BONITA show promising growth momentum in Q2 in a very challenging market but can not fully offset unsatisfactory Q1
- Continued gross margin improvement to 60.8% (PY: 56.5%)
- Increased Marketing expenses of ~€4,0m with expected Sales impact in H2 reduce EBITDA
- EBITDA margin declined to 6,7% in H1

2018: SALES DECREASE WITH EBITDA MARGIN IMPROVEMENT / GUIDANCE CONFIRMED

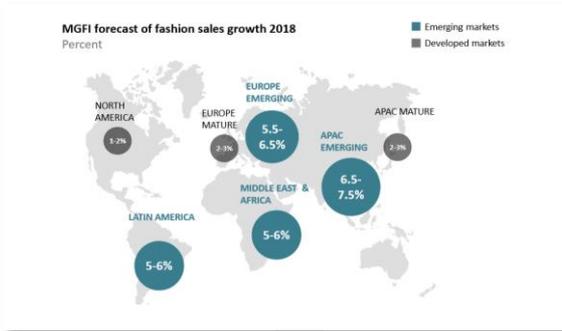
Group sales	Slight decrease compared to previous year
Gross profit margin	Moderate increase compared to previous year
Reported EBITDA	Moderate increase compared to previous year
Reported EBITDA margin	>10%



OUTLOOK

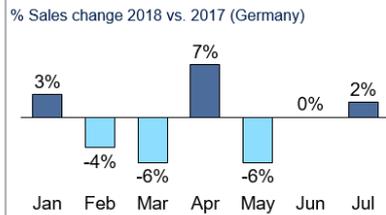
OUR ENVIRONMENT REMAINS TOUGH...

Slow organic growth in Europe

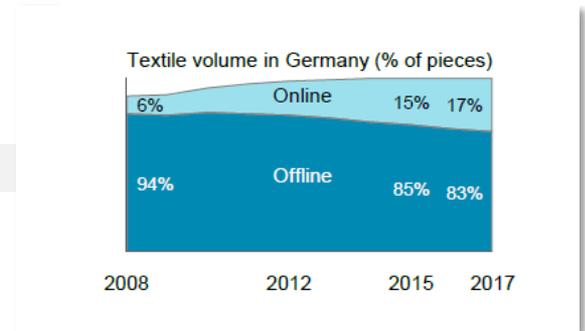


High market volatility

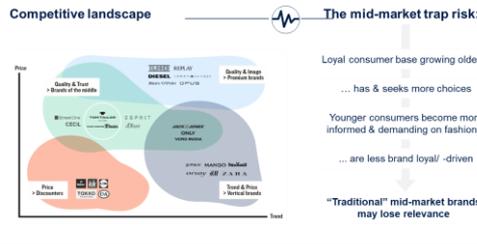
Market: HY1'18 shrank -2% vs. '17



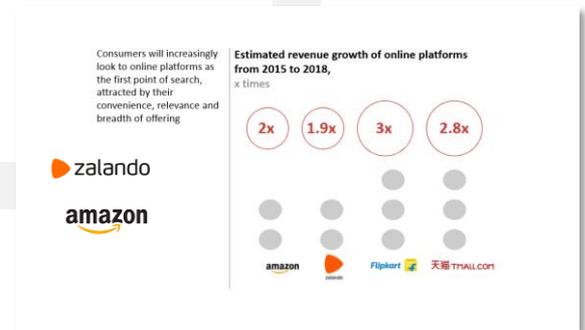
Channel shift to online



Mid-market under pressure



Trade (& brand) consolidation



TO WIN, WE GROW A LEVERAGED CORE



Improve what we do today, conquer adjacencies and stay lean & hungry (underdog & start-up mentality)

SIX STRATEGIC PRIORITIES 2019-2021

1 Grow existing core



- Transport “fashionability”, hero categories, data-driven planning & CRM

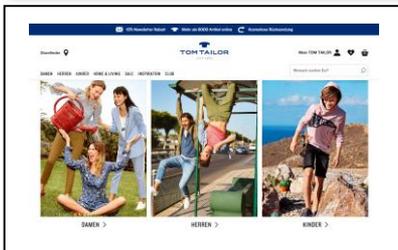
2 Professionalize for profit



- Pricing and promo analytics, cost management, agile supply chain model

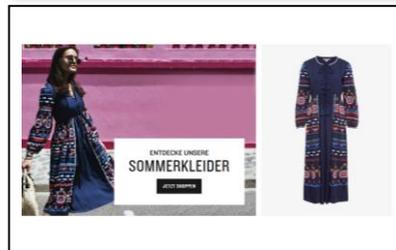
Expand adjacent to core

3.1 Max Online



- Acceleration B2C & B2B

3.2 Win Women



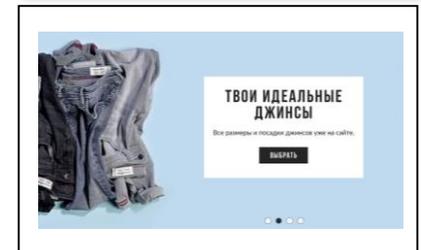
- New wearing occasions

3.3 Be Millennial



- Re-vitalize TT Denim

3.4 Go East



- Internat. growth markets



SUMMARY

KEY TAKEAWAYS H1 2018



- TT Brand's sales continues to grow & gain market share in a tough market
- TT internationalization continues – reducing dependency on German market
- TT E-Com: after teething problems, E-Com moving towards planned growth trajectory
- Supported by heavy Q2 investment in (online) marketing
- Taking final big milestone in the SAP implementation – relatively smooth & in budget
- Q1-specific operational BONITA issues addressed, April with ~11% growth, May strong
- Gross Margin increase & continued OPEX savings due to full year RESET savings
- 2018 Guidance confirmed, positive on 2020 ambition (>12% EBITDA and 1,0bn Sales)**
- Additionally, updating 3-year plan till 2021 with additional growth projects

SAY YES



TOM TAILOR

EST. 1962



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FINANCIAL CALENDAR

Financial Calendar H2 2018

Events

26.11.2018

Eigenkapitalforum, Frankfurt

13.11.2018

Veröffentlichung Quartalsmitteilung (Stichtag Q3)

08.08.2018

Veröffentlichung Halbjahresfinanzbericht



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