

TOM TAILOR GROUP

#TTG-
RESET



INTERIM STATEMENT
AS AT 31 MARCH 2017

KEY FIGURES TOM TAILOR GROUP

EUR million	Q1 2017	Q1 2016	Change relative
Revenue	218.9	218.9	0.0%
TOM TAILOR Retail	64.8	63.9	1.4%
TOM TAILOR Wholesale	87.5	87.3	0.2%
BONITA	66.6	67.8	-1.7%
Share of revenue (in %)			
TOM TAILOR Retail	29.6	29.2	
TOM TAILOR Wholesale	40.0	39.9	
BONITA	30.4	31.0	
Gross profit	116.2	118.9	-2.3%
Gross profit margin (in %)	53.1	54.3	
EBITDA	8.7	6.3	38.2%
EBITDA margin (in %)	4.0	2.9	
EBIT	-1.6	-5.9	73.4%
EBIT margin (in %)	-0.7	-2.7	
Net income for the period	-6.5	-8.8	26.1%
Earnings per share (in EUR)	-0.25	-0.38	34.2%
Cash generated from in operations	-3.7	-20.0	81.5%
	31/03/2017	31/12/2016	
Total assets	683.4	695.7	-1.8%
Equity	152.2	162.9	-6.6%
Equity ratio (in %)	22.3	23.4	
Cash funds	39.9	38.1	4.6%
Net debt	202.8	194.7	4.1%
Employees (reporting date)	6,610	6,789	-2.6%

General note: Due to the presentation of rounded figures, some totals might deviate from the sum total of the respective individual items.

MANAGEMENT BOARD STATEMENT

Dear Shareholders, Business Partners and Employees,

We are now a different company than we were a year ago. And overall, we had a successful first quarter in our market. We introduced numerous efficiency and profitability improvement initiatives under the RESET banner last year and made steady progress with these programmes in the first quarter of 2017. Our aim is to complete the realignment as quickly as possible and thus achieve a sustainable reduction of the TOM TAILOR GROUP's debt, reduce its complexity and return to profitable growth.

The first fruits of these efforts are already apparent in the Group's revenue and earnings. At EUR 218.9 million, revenue remained unchanged year-on-year in the first quarter of 2017 despite numerous store closures and portfolio adjustments. EBITDA rose from EUR 6.3 million in the prior year to EUR 8.7 million.

However, we will only be able to keep up with the rapid rate of change in fashion retail in the long term if our working processes – such as those relating to the production and distribution of our range – are more flexible and responsive. For this reason, we are currently working urgently to digitalise our business processes. In parallel with these efforts, we are continuing our omni-channel strategy to interlink our stores with the online shop, and introduced the “order from store” feature during the first quarter of 2017. We are also aiming to modernise our online shop by late summer 2017. With all this in mind, the digitalisation of our business model will undoubtedly shape the future of the TOM TAILOR GROUP.

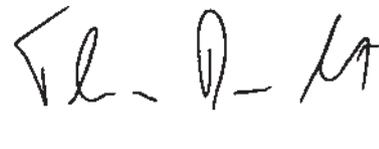
Despite short-term market challenges, we will focus on safeguarding the appeal of our core brands in the long term and continuing to invest in our brands with initiatives such as a cross-media marketing campaign. While this task will keep us and the entire company very busy over the coming months, it will take some time for improvements to become apparent in several areas. With the entire TOM TAILOR team now dedicated to tackling these challenges with energy and determination, we are confident that the Group will soon return to a sustainable and profitable growth path.

You can count on it!

The Management Board team



Dr Heiko Schäfer



Thomas Dressendörfer



Uwe Schröder

Hamburg, May 2017

SIGNIFICANT EVENTS

14 MARCH 2017:

**APPOINTMENT CONFIRMED -
DR HEIKO SCHÄFER NAMED AS NEW CEO
OF TOM TAILOR GROUP**

The Supervisory Board of TOM TAILOR Holding AG has appointed Dr Heiko Schäfer as Chief Executive Officer (CEO) effective 15 March 2017. The Hamburg-based fashion company will thus be headed by an experienced transformation manager and marketing specialist.

Dr Heiko Schäfer joined the TOM TAILOR GROUP in December 2015, initially as the Chief Operating Officer (COO), before also assuming duties as CEO on an interim basis in September 2016. In his position as CEO, Dr Schäfer will now head the TOM TAILOR GROUP Executive Board, alongside the Chief Financial Officer (CFO) Thomas Dressendörfer and the interim member of the board Uwe Schröder.

STATEMENT ON ECONOMIC POSITION

TOM TAILOR GROUP MAKES SOLID START IN NEW FISCAL YEAR

- Results show initial effects from realignment
- Consolidated sales matches previous year despite portfolio clean-up
- EBITDA, at EUR 8.7 million, shows year-on-year increase (EUR 6.3 million)
- Free cash flow rises by EUR 17.5 million to EUR -7.8 million
- Further reductions in net debt and inventories

RESULTS OF OPERATIONS

CONSOLIDATED REVENUE UNCHANGED YEAR-ON-YEAR

In the first quarter of 2017, the TOM TAILOR GROUP's consolidated revenue was EUR 218.9 million and thus unchanged from the prior-year quarter (2016: EUR 218.9 million). Revenue in the TOM TAILOR Retail and Wholesale segments rose by 1.4% and 0.2% respectively compared to the prior-year period. However, revenue in the BONITA segment fell by 1.7% year-on-year, primarily due to store closures.

The TOM TAILOR Retail segment lifted revenue by 1.4% in the first quarter of 2017 to EUR 64.8 million (2016: EUR 63.9 million). This growth was due mainly to the positive performance of the e-commerce business. Compared with 31 March 2016, the number of stores rose slightly by four to 469.

The revenue of the TOM TAILOR Wholesale segment was lifted slightly by 0.2% to EUR 87.5 million in the first three months of 2017, despite a decrease in the number of points of sale (2016: EUR 87.3 million). Since 31 December 2016, the number of shop-in-shops was reduced by 114, from 3,050 to 2,936. The number of franchise stores was reduced by ten to 195 compared with 31 December 2016.

In the first quarter of 2017, BONITA contributed EUR 66.6 million to consolidated revenue (2016: EUR 67.8 million). Revenue fell by 1.7% as against the prior-year period, mainly as a result of store closures. Since 31 March 2016, the number of stores has been reduced by 108 to 914.

Revenue by Segment

EUR million	Q1 2017	Q1 2016	Change in %
TOM TAILOR Wholesale	87.5	87.3	0.2
TOM TAILOR Retail	64.8	63.9	1.4
BONITA	66.6	67.8	-1.7
TOM TAILOR GROUP	218.9	218.9	0.0

Revenue by Region

EUR million	Q1 2017	Q1 2016	Change in %
Germany	134.4	136.2	-1.3
International markets	84.5	82.8	2.0
TOM TAILOR GROUP	218.9	218.9	0.0

GROSS MARGIN DOWN 1.2 PERCENTAGE POINTS

The cost of materials rose by 2.7% during the period under review to EUR 102.7 million (2016: EUR 100.0 million). Compared with the prior-year quarter, the gross margin declined correspondingly by 1.2 percentage points to 53.1% in the first quarter of 2017.

In a departure from the interim management statement on the prior-year quarter, foreign exchange gains related to the purchase of merchandise are shown in cost of materials. The gross margin shown in the prior-year quarter changes from 53.1% to 54.3% as a result of this restatement. This constitutes a restatement in accordance with IAS 8.5.

At 46.0%, the gross margin in the TOM TAILOR Wholesale segment in the reporting period remained almost at the prior-year level (2016: 46.1%).

In the TOM TAILOR Retail segment, gross profit of EUR 33.9 million only rose slightly compared to the prior-year period despite higher discounts and more intensive outlet marketing (2016: EUR 33.8 million). However, in view of the increase in segment revenue, the gross margin in the TOM TAILOR Retail segment fell to 52.3% in the first quarter of 2017 (2016: 52.9%).

In the BONITA segment, the gross margin for the period under review was down significantly on the prior-year period at 63.1% (2016: 66.2%). This was primarily due to higher sell-off of old stock in February and March compared to the same period last year as well as increased sales promotions in stores already set for closure.

REPORTED EBITDA UP EUR 2.4 MILLION

Reported Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

EUR million	Q1 2017	Q1 2016	Change in %
Reported EBITDA (in EUR million)	8.7	6.3	38.2
Reported EBITDA margin (in %)	4.0	2.9	—

Reported earnings before interest, taxes, depreciation and amortisation (reported EBITDA) rose by 38.1% or EUR 2.4 million year-on-year to EUR 8.7 million in the first quarter of 2017 (2016: EUR 6.3 million). The reported EBITDA margin thus rose from 2.9% to 4.0%. This increase was primarily driven by EBITDA improvements in the TOM TAILOR Wholesale and BONITA segments.

Reported EBITDA in the TOM TAILOR Wholesale segment rose by EUR 3.4 million compared to the same period last year to EUR 13.9 million (2016: EUR 10.5 million). This increase was primarily attributable to lower personnel and distribution expenses.

Reported EBITDA in the TOM TAILOR Retail segment fell by EUR 2.6 million to EUR -4.6 million in the first three months of 2017 (2016: EUR -2.0 million). This stemmed primarily from the increase in personnel and rental expenses.

Reported EBITDA in the BONITA segment improved by EUR 1.7 million year-on-year to EUR -0.5 million during the reporting period (2016: EUR -2.2 million). The drop in gross profit was primarily offset by lower personnel and rental expenses.

Reported earnings before interest and taxes (reported EBIT) in the TOM TAILOR GROUP increased by EUR 4.3 million to EUR -1.6 million in the first quarter of 2017 (2016: EUR -5.9 million). This result was positively impacted by lower depreciation and amortisation as well as the increase in reported EBITDA. The reported EBIT margin improved from -2.7% to -0.7% year-on-year.

SEGMENT REPORTING

TOM TAILOR Retail Segment – Key Data

	Q1 2017	Q1 2016
Revenue (EUR million)	64.8	63.9
Growth (in %)	1.4	8.4
Number of stores	469	465
Reported EBITDA (EUR million)	-4.6	-2.0
Reported EBITDA margin (in %)	-7.1	-3.2
Reported EBIT (EUR million)	-7.8	-5.6
Reported EBIT margin (in %)	-12.0	-8.7

BONITA Segment – Key Data

	Q1 2017	Q1 2016
Revenue (EUR million)	66.6	67.8
Growth (in %)	-1.7	-6.3
Number of stores	914	1,022
Reported EBITDA (EUR million)	-0.5	-2.2
Reported EBITDA margin (in %)	-0.8	-3.2
Reported EBIT (EUR million)	-4.3	-7.0
Reported EBIT margin (in %)	-6.5	-10.3

TOM TAILOR Wholesale Segment – Key Data

	Q1 2017	Q1 2016
Revenue (EUR million)	87.5	87.3
Growth (in %)	0.2	3.3
Number of shop-in-shops	2,936	3,134
Number of franchise stores	195	202
Reported EBITDA (EUR million)	13.9	10.5
Reported EBITDA margin (in %)	15.8	12.0
Reported EBIT (EUR million)	10.5	6.6
Reported EBIT margin (in %)	12.0	7.6

NET ASSETS

NET WORKING CAPITAL DOWN EUR 9.2 MILLION

Net working capital fell by EUR 9.2 million to EUR 62.8 million as at 31 March 2017 (31 December 2016: EUR 72.0 million). This was mainly the result of the seasonal decrease in inventories. As at 31 March 2017, inventories stood at EUR 149.7 million, down EUR 9.4 million on the figure at the last reporting date (31 December 2016: EUR 159.1 million). The increase in trade receivables was largely offset by the increase in trade payables. Compared with 31 December 2016, trade receivables as at 31 March 2017 rose by EUR 5.6 million to EUR 46.9 million (31 December 2016: EUR 41.2 million). Trade payables rose by EUR 5.5 million to EUR 133.8 million as at 31 March 2017 (31 December 2016: EUR 128.3 million).

EQUITY RATIO DECREASES TO 22.3%

Equity fell to EUR 152.2 million in the first quarter of 2017 due to the net loss for the period and the decrease in other comprehensive income (31 December 2016: EUR 162.9 million). The change in other comprehensive income is the result of a reporting-date decrease in the fair value of the foreign currency derivatives recognised in equity. The equity ratio fell by 1.1 percentage points to 22.3% (31 December 2016: 23.4%).

NET DEBT UP ON 31 DECEMBER 2016 FOR SEASONAL REASONS – BUT SIGNIFICANTLY DOWN YEAR-ON-YEAR

Compared with 31 December 2016, financial liabilities rose by EUR 9.8 million to EUR 242.7 million (31 December 2016: EUR 232.8 million). The increase is attributable to higher drawdowns of bank lines of credit as a result of seasonal factors.

Net debt as at 31 March 2017 was EUR 202.8 million and thus EUR 8.1 million higher than the 31 December 2016 figure of EUR 194.7 million.

Selected Figures for Net Assets, Financial Position and Results of Operations

EUR million	31 March 2017	31 December 2016
Equity	152.2	162.9
Non-current liabilities	288.2	282.9
Current liabilities	242.9	249.9
Financial liabilities	242.6	232.8
Cash funds	39.9	38.1
Net debt	202.8	194.7
Total assets	683.4	695.7

REPORT ON CHANGES IN EXPECTED DEVELOPMENTS

In April 2017, the TOM TAILOR GROUP signed a licensing agreement with the Kids Fashion Group on the production and distribution of its TOM TAILOR Kids line. Future license revenues from this partnership will be offset by the loss of sales from the previous own distribution of the Kids line. As a result the company now expects that group sales in 2017 will be slightly below the previous year's level. The management board continues to expect a sharp increase in the reported EBITDA for the full year.

TOM TAILOR GROUP: Key Data for the Company Forecast for 2017

in EUR million	Actual 2016	Forecast Annual Report 2016	Forecast Interim Statement Q1 2017
Consolidated revenue	968.5	Slight increase year-on-year	Slight decrease year-on-year
Gross margin (in %)	54.5	Moderate increase year-on-year	Moderate increase year-on-year
Reported EBITDA	10.3	Strong increase year-on-year	Strong increase year-on-year
Reported EBITDA margin (in %)	1.1	Strong increase year-on-year	Strong increase year-on-year
Reported EBIT	-72.9	Strong increase year-on-year	Strong increase year-on-year
Reported EBIT margin (in %)	-7.5	Strong increase year-on-year	Strong increase year-on-year

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement from 1 January to 31 March 2017

in EUR thousand	Q1 2017	Q1 2016
Revenue	218,900	218,920
Other operating income	9,405	10,841 ¹
Cost of materials	-102,733	-99,994 ¹
Personnel expenses	-48,311	-51,043
Depreciation, amortisation and impairments	-10,299	-12,242
Other operating expenses	-68,541	-72,413
Profit from operating activities	-1,579	-5,931
Financial result	-3,984	-3,292
Result before income taxes	-5,563	-9,223
Income taxes	-931	440
Net income for the period	-6,494	-8,783
thereof:		
Shareholders of TOM TAILOR Holding AG	-7,208	-9,778
Non-controlling interests	714	995
Earnings per share		
Basic earnings per share (EUR)	-0.25	-0.38
Diluted earnings per share (EUR)	-0.25	-0.38

¹ Restatement pursuant to IAS 8.5 compared with the previous year

Consolidated Balance Sheet as at 31 March 2017

in EUR thousand	31/03/2017	31/12/2016
Equity and liabilities		
Equity		
Subscribed capital	28,630	28,630
Capital reserves	294,361	294,175
Consolidated net accumulated losses	-183,393	-176,185
Accumulated other comprehensive income	7,047	11,380
Attributable to shareholders of TOM TAILOR Holding AG	146,645	158,000
Non-controlling interests	5,577	4,892
	152,222	162,892
Non-current provisions and liabilities		
Provisions for pensions	1,523	1,533
Other provisions	18,943	20,027
Deferred tax liabilities	62,059	63,974
Non-current financial liabilities	204,563	196,220
Other non-current liabilities	1,120	1,154
	288,208	282,908
Current provisions and liabilities		
Other provisions	47,312	50,673
Income tax payables	5,496	6,477
Current financial liabilities	38,094	36,618
Trade payables	133,782	128,276
Other current liabilities	18,246	27,820
	242,930	249,864
Total equity and liabilities	683,360	695,664

FINANCIAL CALENDAR

Financial Calendar

Date	Current Events
31 May 2016	Annual General Meeting, Hamburg / Germany
June 2017	Update strategic business development
10 August 2017	Half-yearly financial report
2 November 2017	Quarterly management statement as at 30 September 2017

PUBLICATION DETAILS

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