



10 November 2016

**ANALYST PRESENTATION**  
9M 2016

**TOM TAILOR** GROUP

# EXECUTIVE SUMMARY

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- Despite weak September Group sales increased slightly by 0.8% to € 695.1m (PY: € 689.6m), driven by TOM TAILOR brand
  - Gross Profit (before Reset measures) grew by 0.6% to € 388.4m (PY: € 385.9m)
  - Reported EBITDA (before Reset measures) was at € 31.7m, 13.1% below PY: € 36.5m
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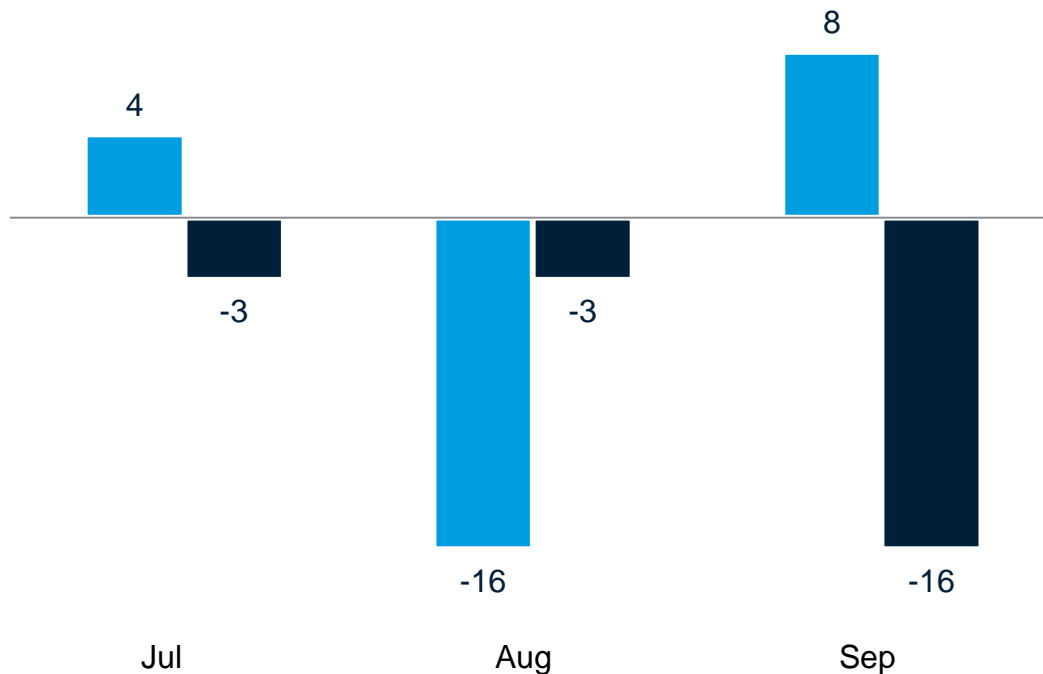


- New Management Team with Dr Heiko Schäfer (interim CEO and COO), Thomas Dressendörfer (CFO) and Uwe Schröder (Board member) in place as of September 22<sup>nd</sup>
- Implementation of extensive cost and process optimization program led to unscheduled and mainly non-cash relevant one-offs of approx. € 75m in Q3'16
- Outlook for FY 16 was revised reflecting reset effect
- TOM TAILOR GROUP is planning a capital increase in the range of € 10m with support of major shareholder Fosun



# Q3 WAS A TOUGH QUARTER ESPECIALLY IN SEPTEMBER

## Sales [YoY] development stationary German textile market (in % vs. PY)



■ 2015 ■ 2016

## Comment

### Modekette

#### SinnLeffers meldet Insolvenz an

Nach Stellmann und Wöhrl hat nun die nächste Modefirma innerhalb weniger Monate Insolvenz angemeldet: SinnLeffers ist zahlungsunfähig.

### Wunstorf

#### Insolvente Modekette MS gibt Laden auf

Überrascht waren in den vergangenen Tagen viele Kunden, dass sie beim Modegeschäft MS an der Langen Straße ohne große Vorwarnung plötzlich vor verschlossener Tür standen. Die Kette aus den Niederlanden hatte im August Insolvenz angemeldet. Auch andernorts wurden kurzfristig Filialen geschlossen.

### TEXTILHANDEL

#### Modehaus Wöhrl kämpft gegen Insolvenz

### HAGEN

#### Turbulenzen im Textilhandel: Branchenkenner rechnen mit weiteren Pleiten

### Insolvenzen

#### Lieber Online-Shop als Bekleidungsgeschäft

Immer mehr etablierte Textilunternehmen melden Insolvenz an. Längst haben Textildiscounter und Billigkonkurrenz ihnen das Wasser abgegraben.

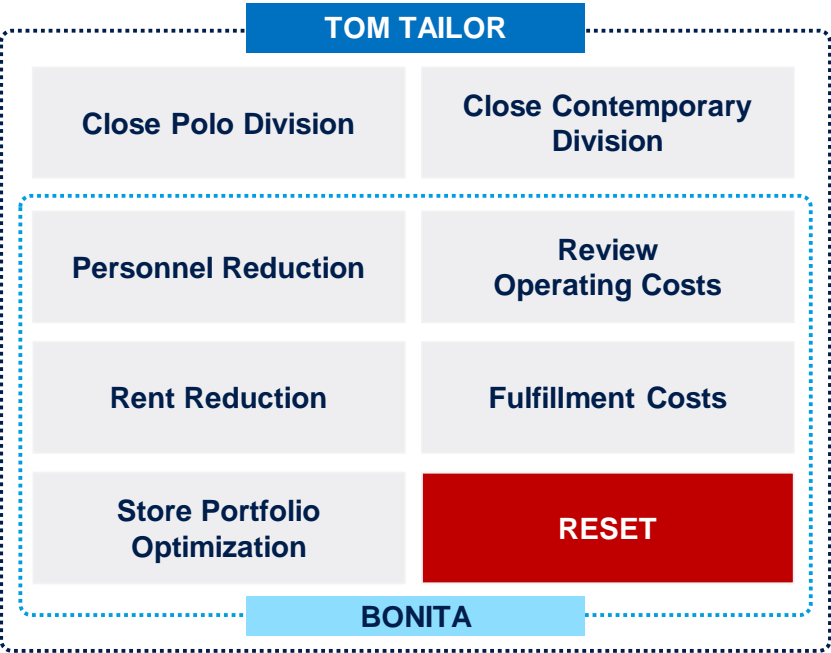
### UNTERNEHMEN

#### Madonna beantragt Insolvenz

von Andrea Hackenberg am 04. Oktober 2016

# TOM TAILOR GROUP KEEPS FOLLOWING “INVEST & DIVEST” LOGIC

## Divest – Projects RESET / CORE



## Invest – Brand & technology

- Brand equity 
- eCom & Omni-channel 
- Data / IT platform 

# FOCUS ON STRONG WHOLESALE & CONSOLIDATION OF RETAIL FOOTPRINT

## RETAIL SEGMENT

**TOM TAILOR**  
EST. 1962



Retail-Stores

**458 in Europe**

**E-Com in 21 countries**

**BONITA**



Retail-Stores

**982 in Europe**

**E-Com in Germany**

## WHOLESALE SEGMENT

**TOM TAILOR**  
EST. 1962



Franchise-Stores

**207 worldwide**



Shop-in-Shops

**3,091 worldwide**



Multi-Label Partner

**~8,900 worldwide**

**BONITA**



Shop-in-Shops (vertical)

**50 Germany**

**plus mail order for TOM TAILOR brands**

## Net development in 2016

**-2**

Openings: 27  
Closings: 29

**-41**

Openings: 7  
Closings: 48

**+4**

Shop-in-shops

**+135**

As of September 30th, 2016

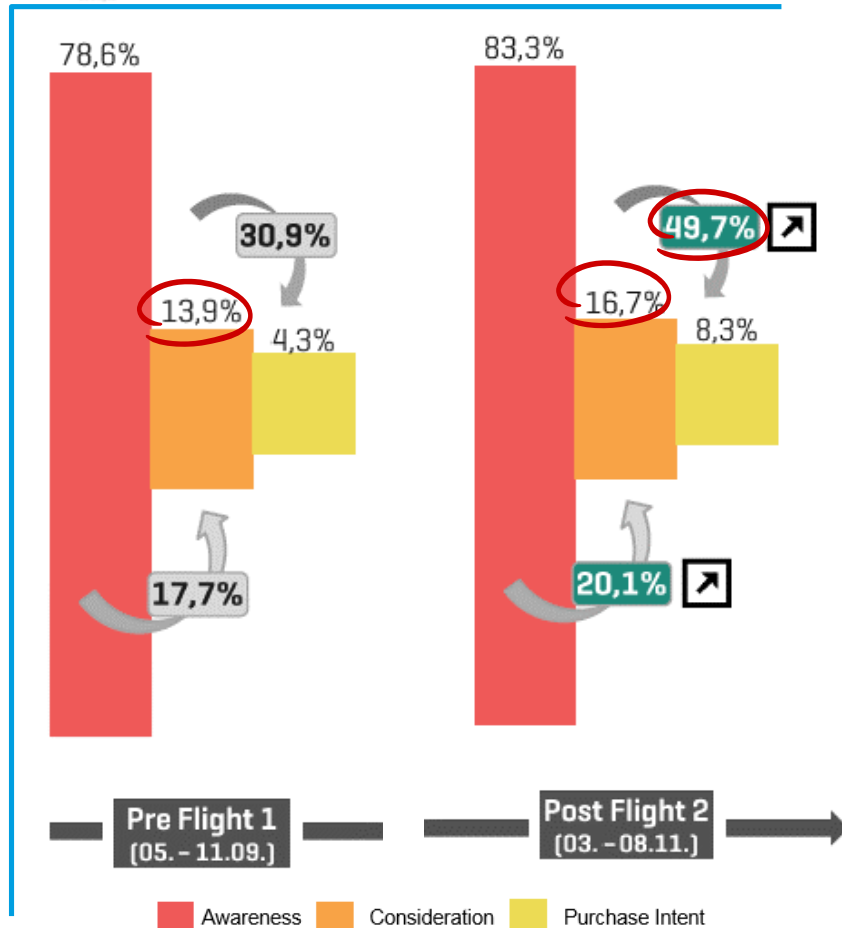
# TT BRAND: SUCCESSFUL 360° CAMPAIGN



Focus on superior TOM TAILOR product value (esp. jackets) & brand awareness

- 2 flights between 15.09. and 2.11.2016
- TV, Online, POS, Windows, eCom, Social channels, Out of home, etc.
- Heavy focus on digital media
- Reached 40m target consumers in Germany & Austria

# POSITIVE, MEASURABLE CAMPAIGN IMPACT ON TT BRAND METRICS



- Positive impact
  - Purchase intent grew ~4%-pts. in target group
  - Google searches for “TOM TAILOR” grew 37% vs. PY
  - TOM TAILOR E-com sales growth +28% in October
  - Sales for featured product „jacket“ grew >30% (eCom), >10% in campaign weeks
- However, only 1st step towards brand revitalization
- Future campaigns will shift from TV to other media

Source: Brand Index



FINANCIALS 9M'16

**T O M T A I L O R** GROUP



# EXECUTIVE SUMMARY FINANCIALS

## TOM TAILOR GROUP

- Challenging textile market, but manageable
- TOM TAILOR brand awareness supported by successful TV-campaign
- New Management has initiated enlarged cost and process optimizing program charging Q3 results one-time

## Segments

- Wholesale remains strong cash generating unit of TOM TAILOR showing increased reported EBITDA
- TOM TAILOR retail with mixed picture:
  - Retail Germany consolidating
  - Rest of the world with solid growth
- BONITA with first promising collections after disappointing ytd

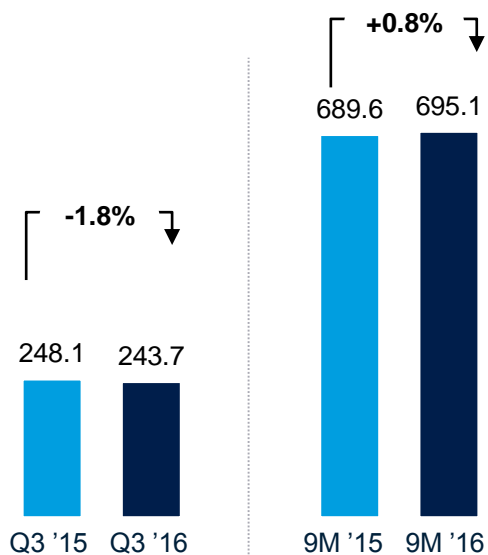
## Reset program

- Target is to reduce complexity, refocus on the healthy core and deleverage b/s
- Program consists of around € 75m, mainly non-cash related write offs and accruals
- Guidance 2016 revised accordingly, first results to be seen soon



# TOM TAILOR GROUP BEFORE RESET

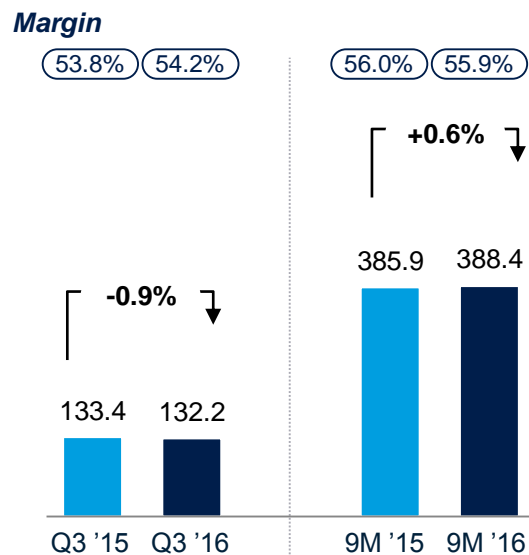
## Sales [€ m]



### Comment

- Sales in 9M increased slightly driven by TOM TAILOR brand
- Sales in Q3 influenced by lower BONITA sales (caused by poor September)

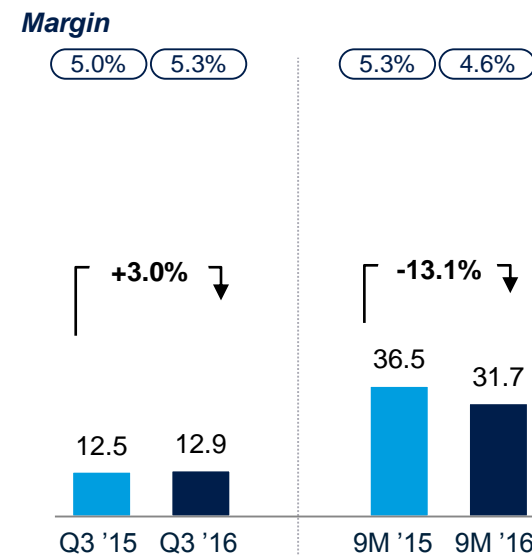
## Gross profit [€ m]



### Comment

- Gross margin 9M was stable on PY level

## Reported EBITDA [€ m]

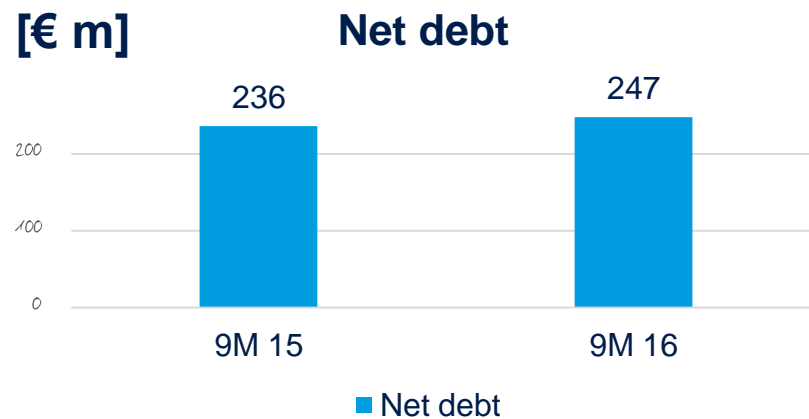
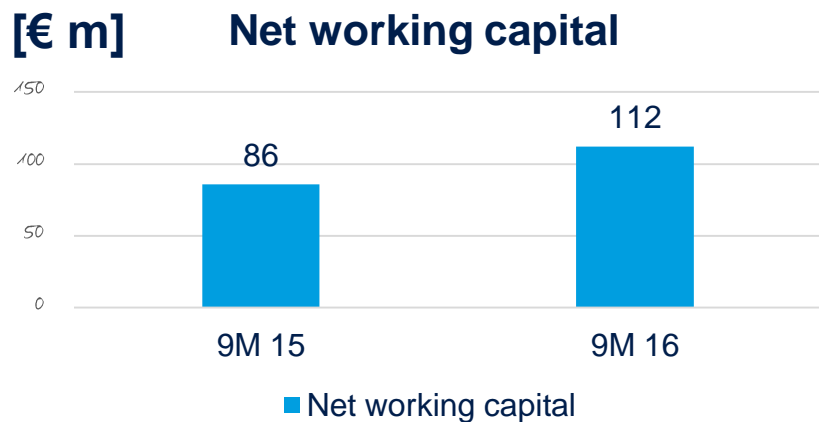
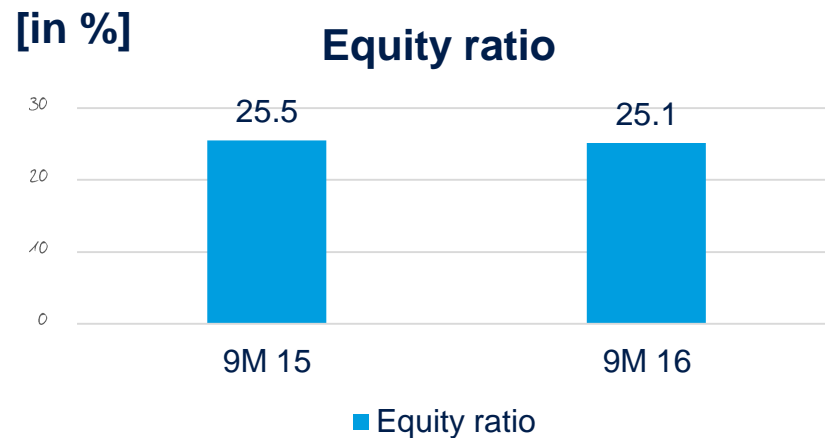
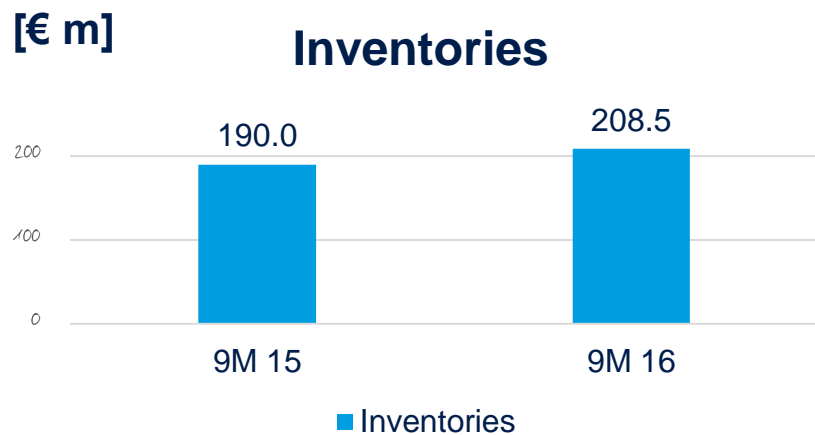


### Comment

- Reported EBITDA below PY mainly due to retail expansion and other costs

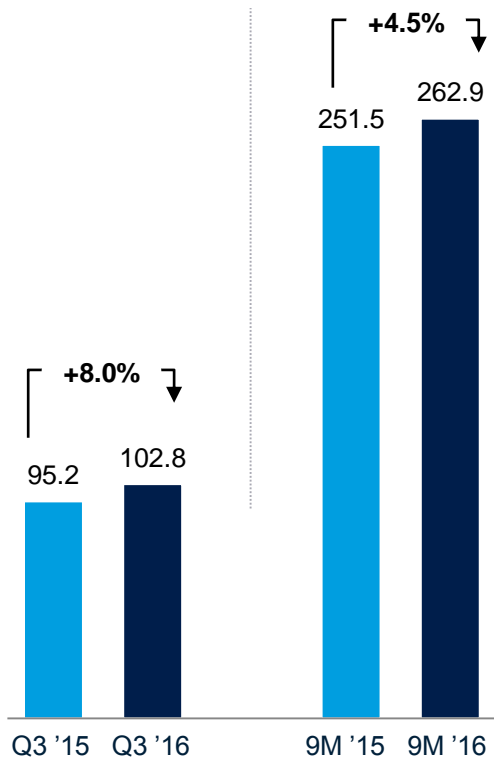
# TOM TAILOR GROUP – KEY FINANCIALS

## BEFORE RESET



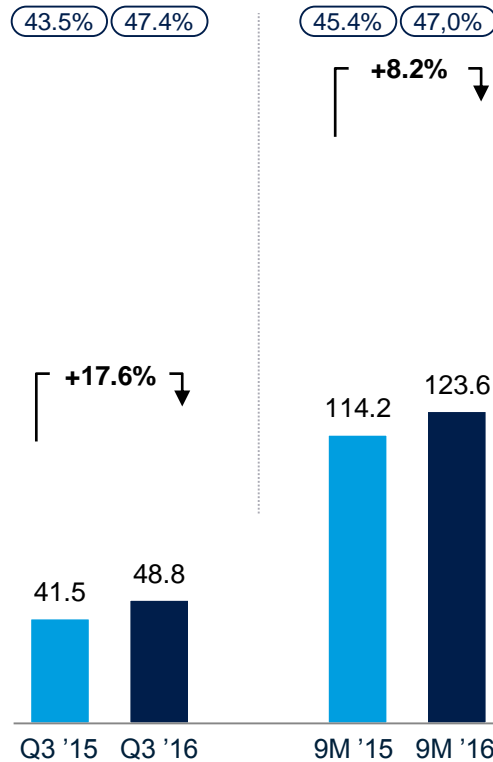
# TOM TAILOR WHOLESALE BEFORE RESET

## Sales [€ m]



## Gross profit [€ m]

### Margin

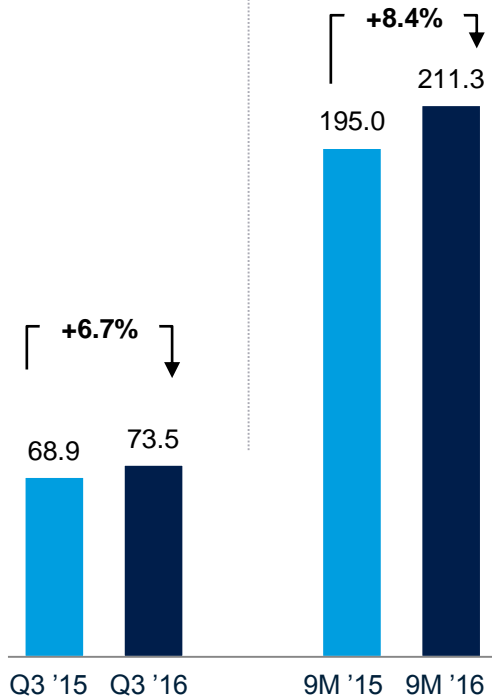


## Comment

- Gross profit increased in 9M'16 from € 114.2m by 8.2% or € 9.4m to € 123.6m:
  - Segment wholesale continues to be cash generating unit of the company due to lean business model
- TOM TAILOR is a strong and welcomed wholesale partner, e.g. no.1 at Kaufhof
- Number of shop-in-shops increased by 135 to 3,091 compensating short fall in the market

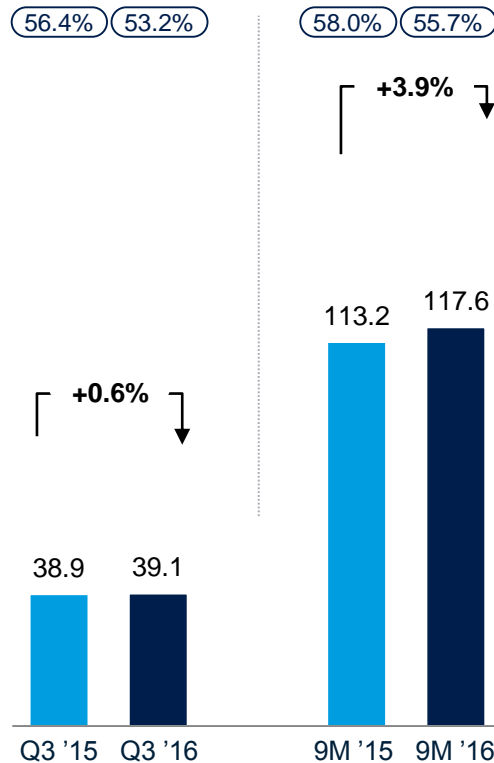
# TOM TAILOR RETAIL BEFORE RESET

## Sales [€ m]



## Gross profit [€ m]

### Margin

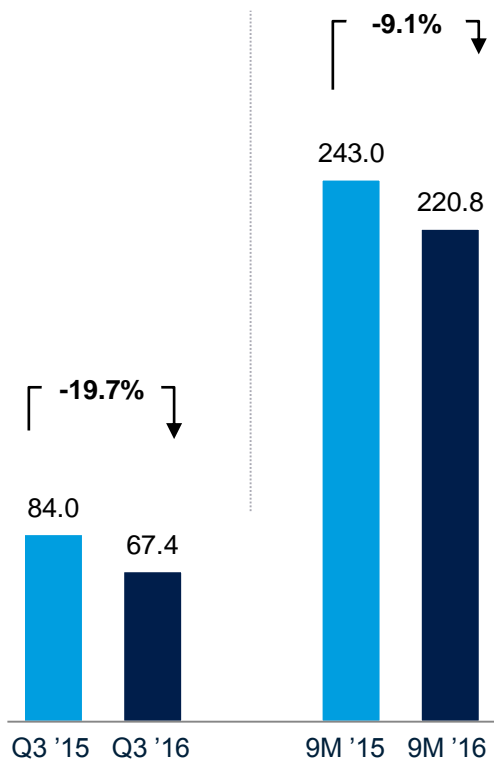


## Comment

- Gross profit increased by 3.9% or € 4.4m
- Segment TOM TAILOR retail with mixed picture:
  - German retail market is consolidating
  - Rest of the world shows solid growth
- TV campaign started in September successfully
- 360° campaign to be continued

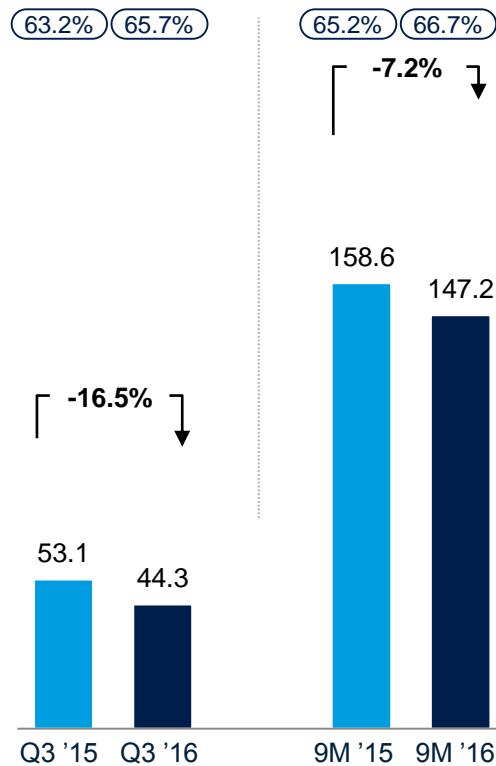
# BONITA BEFORE RESET

## Sales [€ m]



## Gross profit [€ m]

### Margin



## Comment

- Sales decreased mainly due to old collections, weak September and shift to new collections
- Promising new collections in the stores: October collections with slightly lower sales but higher margins
- Entry new sales channel: 45 new shop-in-shops opened at Karstadt
- Store closure project well underway: no. of retail stores went down by 41 to 982



**RESET**

**TOM TAILOR** GROUP

# A TRUE “RESET” HAS BEEN OVERDUE

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## Refocus on the “healthy core”

- Geographies (countries, cities)
- Sales channels & stores
- Product divisions
- Inventories

## Cut back internal complexity

- Product range
- Organizational setup

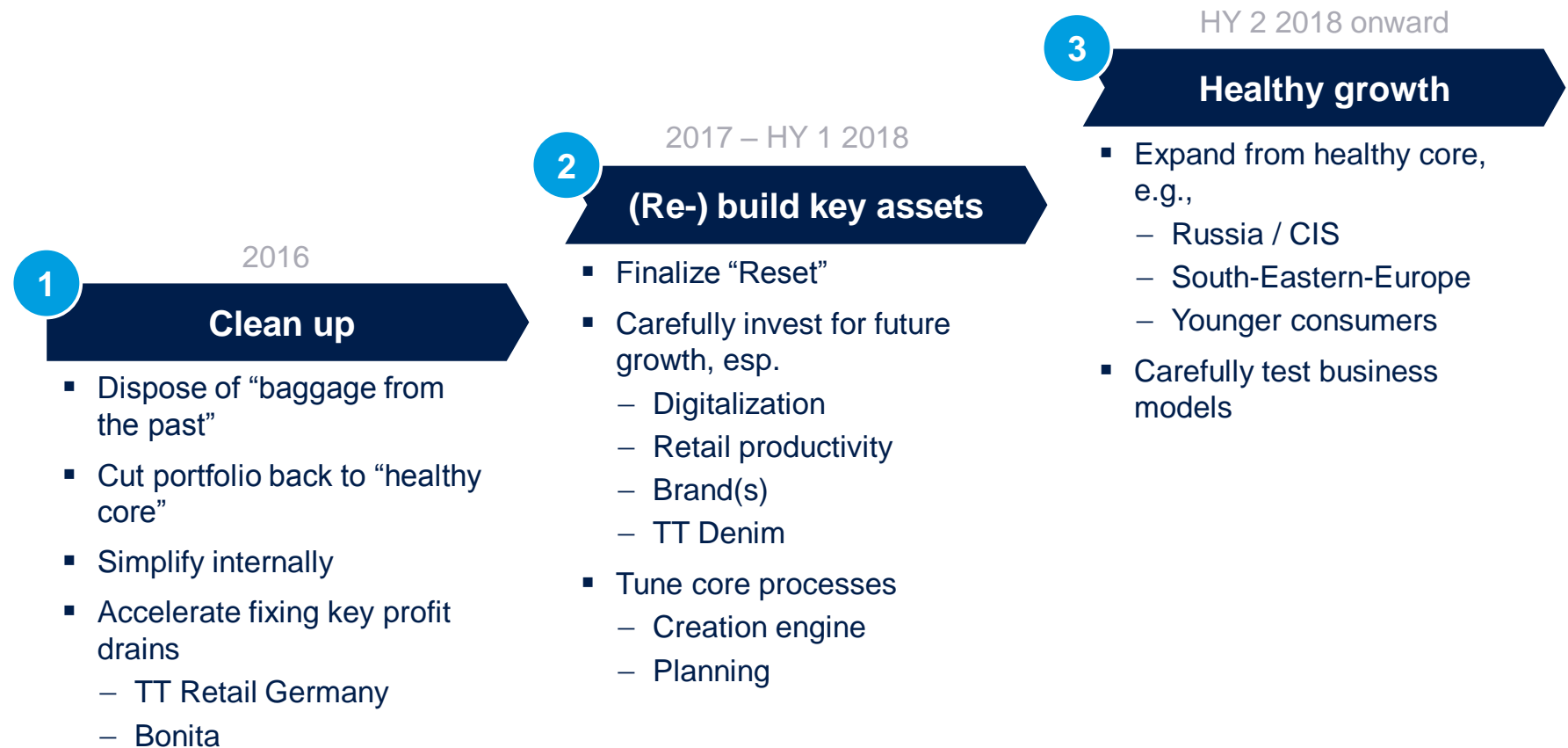
## Principles of the reset (step 1)

- Deleverage b/s & capital increase
- Quick & clean efficiency levers
- Payback <2.0 years
- Divest & invest



# 2016–2019 OUTLOOK: THREE PHASES TO REBUILD VALUE

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# IMPACT OF RESET ON 9M'16 RESULT

[€ m]

Result 9M'16	Before Reset
Sales	695.1
Gross profit	388.4
Reported EBITDA	31.7
EBIT	-4.0
EBT	-14.5

Total impact of around € 75m, thereof:

- Cash items : € 15m
- Non-cash items: € 60m



Result 9M'16	<u>AFTER</u> Reset
Sales	695.1
Gross profit	372.8
Reported EBITDA	-17.3
EBIT	-77.0
EBT	-89.6

# SUMMARY RESET MEASURES

Focus areas	Core and new measures (Q3'16)	Total financial impact	EBITDA impact annualized	
Brand	Closure of TT Polo, TT Contemporary Men <u>and</u> Women, as well as BONITA Men et al.	approx. € 15m*	approx. € 6-8m*	<ul style="list-style-type: none"> <li>▪ Around. €75 m one-time impact all accounted for in Q3'16:               <ul style="list-style-type: none"> <li>– Non-cash: approx. € 60m</li> <li>– Cash related until 2018: € 15m</li> </ul> </li> <li>▪ Non-cash items contain:               <ul style="list-style-type: none"> <li>– Write offs</li> <li>– Inventory adjustments</li> <li>– Reserves for losses from stores</li> </ul> </li> <li>▪ Expected impact on recurring EBITDA in 2018: € 30 - 40 m</li> <li>▪ CORE is included in new program and will be continued</li> </ul>
Regions	Closure of TT France, China, South Africa, USA and others	approx. € 9m*	approx. € 5-6m*	
Channels	TT Retail & Outlet Store incl. flagship stores	approx. € 33m*	approx. € ~8m*	
Operational measures	Streamlining organizational structure Optimization logistic costs Review product range Inventory write-off BONITA	approx. € 18m*	approx. € 12-19m*	

\* These amounts mentioned shall give a simplified indication since some projects are belonging to more than one area.

# RESET FULLY SUPPORTED BY BANKS

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- Bank consortium consisting of 13 banks fully support Reset measures of the TOM TAILOR GROUP



- **NO** fresh money is needed because measures of Reset are mainly driven by non-cash related initiatives



- Amendment agreed containing a new covenant set
- Lending banks have fully agreed to Reset initiative subject to support of the anchor shareholder Fosun regarding to the planned capital increase

# PLANNED CAPITAL INCREASE WITH SUPPORT BY ANCHOR SHAREHOLDER FOSUN

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- TOM TAILOR GROUP is planning a capital increase with support of Fosun subject to approval from BaFin and antitrust authorities:
  - Increase of at least € 10m
  - Exclusion of subscription rights
  - Capital increase fully backstopped by Fosun
  - Timing expected by the end of 2016
  - Proceeds shall be used to cover part of the costs arising from expected operational restructuring measures of the company

# OUTLOOK FOR 2016 REVISED DUE TO RESET

[in €m]	2015	2016 (old)	2016 (new)
Sales	955.9	Moderate above prior year	Moderate above prior year
Rec. EBITDA	76.3	On prior years' level	€ 60-65m (before reset effect)
Rep. EBITDA	67.6	n/a	€10-20 m
Operating Cash Flow	49.3	On prior years' level	Below prior years' level
CAPEX	33.1	Approx. €25 m	Approx. €20 m
Free Cash Flow	13.1	Positive	negative



# MANAGEMENT EXPECTATIONS 2017 ONWARDS

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Year	Target/comments
2017	Transition year
	Guidance 2017 released in Q1 '17
2018	Sales reduced by unprofitable units/brands
	Improve reported EBITDA by €30 - 40m
	Reported EBITDA margin above 10%
	Net debt/reported EBITDA < 2.0%

# DISCLAIMER

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This document contains forward-looking statements, which are based on the current estimates and assumptions by the management of TOM TAILOR Holding AG. 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 AG 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 AG'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 AG neither plans nor undertakes to update any forward-looking statements.



# CONTACT DETAILS

## INVESTOR RELATIONS

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### Financial calendar 2017

Mid of Feb, 2017  
March 28, 2017  
End of Apr, 2017  
May 31, 2017  
Aug 10, 2017  
End of Oct, 2017

### EVENT (preliminary)

Preliminary results 2016  
Annual Report 2016 + Analyst Conference Frankfurt  
Interim Report Q1' 2017  
Annual General Meeting  
Interim Report Q2' 2017  
Interim Report Q3' 2017



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