

Investor Meeting Presentation

August - October 2020



AGENDA

1 Second Quarter Results 2020

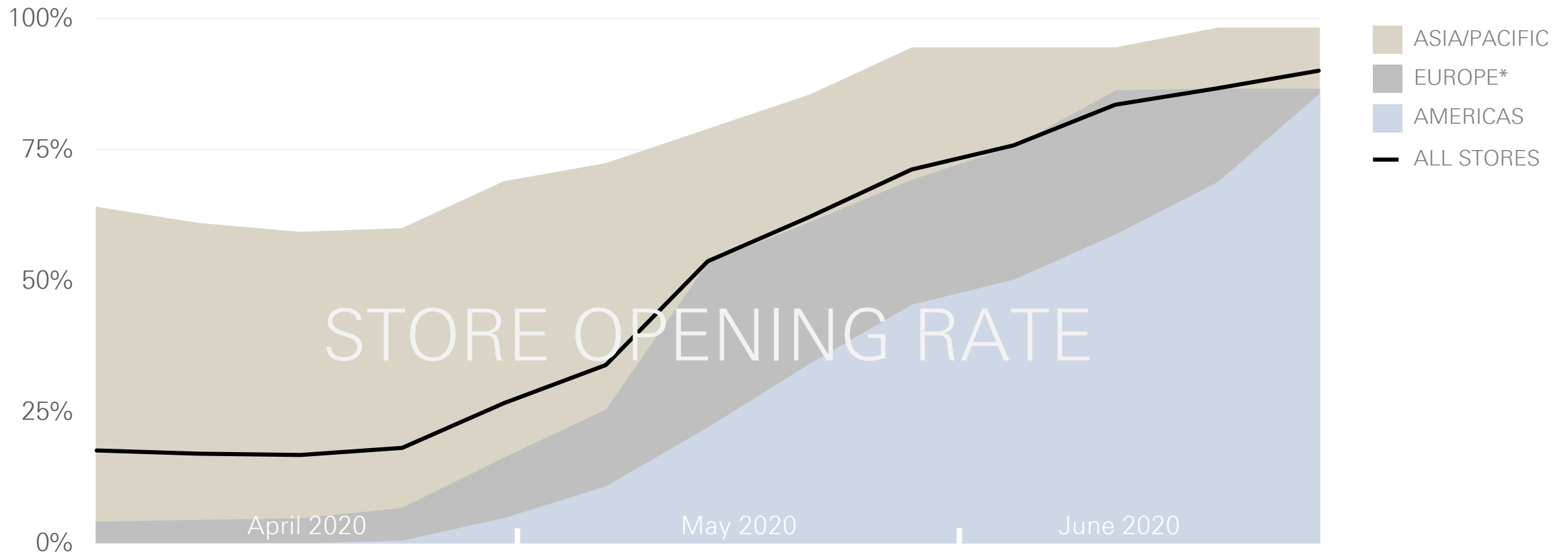
2 General Information





Pandemic weighs strongly on
Group sales in Q2

~50% of global store network closed on average in the second quarter



*INCLUDING MIDDLE EAST AND AFRICA

EUROPE SALES **

Double-digit sales declines in all key markets

Revenue declines in Germany less pronounced as stores reopened in early May

Long-lasting store closures and significantly lower tourist flows burden sales in France, Italy, and Spain

Great Britain lags behind as stores only reopened towards the end of Q2



(59)%*

Business in **Europe** impacted by store closures and decline in tourism

AMERICAS SALES

All of the region's key markets affected by temporary store closures in Q2

Average store closure rate in the second quarter amounts to 70%, thus exceeding all other regions

Unrest and demonstrations in May and June put an additional strain on consumer sentiment in the U.S.



(82)%*

Lockdown and demonstrations weigh on business in the **Americas**

ASIA/PACIFIC SALES

Mainland China returns to growth in Q2

Significantly lower tourist flows weigh on business in Hong Kong and Macao

Southeast Asia and Japan affected by high degree of store closures in the second quarter

(36)%*



Decline in **Asia/Pacific** less pronounced than in Europe and the Americas

MAINLAND CHINA

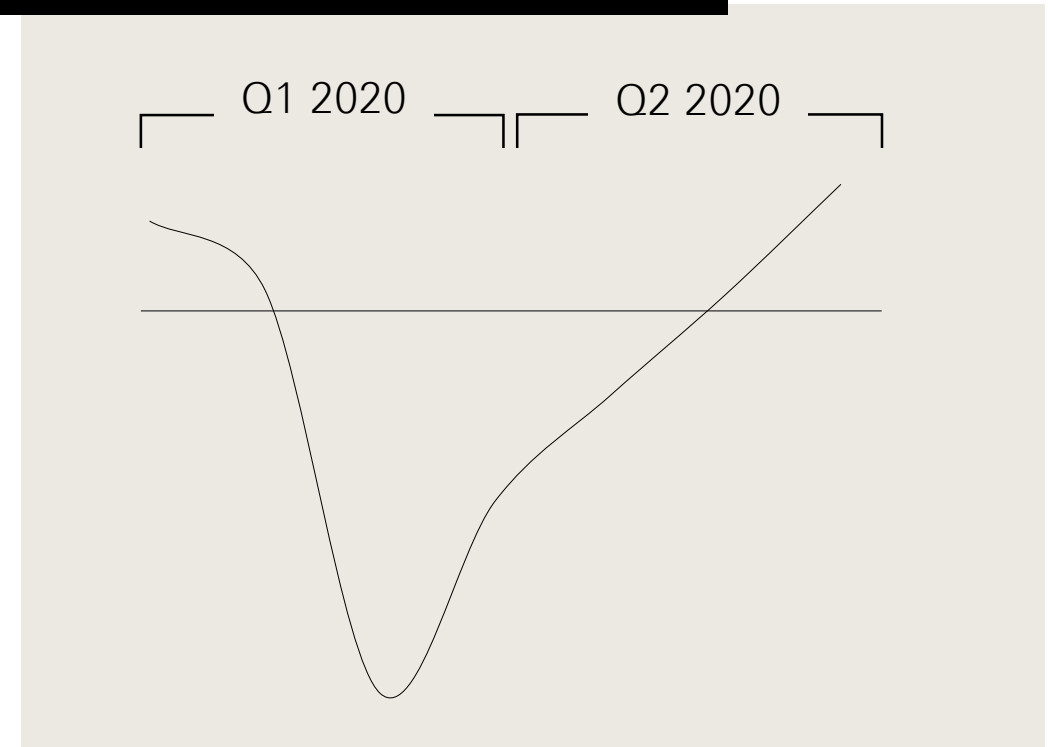
+4%*

Strong improvement in consumer engagement

Double-digit sales increase in June marks return to pre-COVID-19 growth rates

Online business more than doubles in the second quarter

SALES DEVELOPMENT H1 2020*



Sales in mainland China return to **double-digit growth trajectory**



RETAIL

(58)%***(64)**%*

WHOLESALE

Currency-adjusted retail comp store sales down 59% in the second quarter

Decline in own retail in Asia/Pacific less pronounced due to higher store opening rate

Wholesale performance burdened by store closures resulting in significantly lower deliveries to partners

Temporary store closures
weigh on brick-and-mortar business



ONLINE

+74%*

Strong double-digit sales improvements across all three regions

Q2 marks strongest quarterly performance out of eleven consecutive quarters

Millennials represent the fastest-growing customer group online

Momentum in own online business further accelerates in Q2

Focus on driving the **casualization of formalwear**

NEW INTERPRETATION

OF FORMALWEAR

WITH STRONG FOCUS

ON CASUAL TAILORING

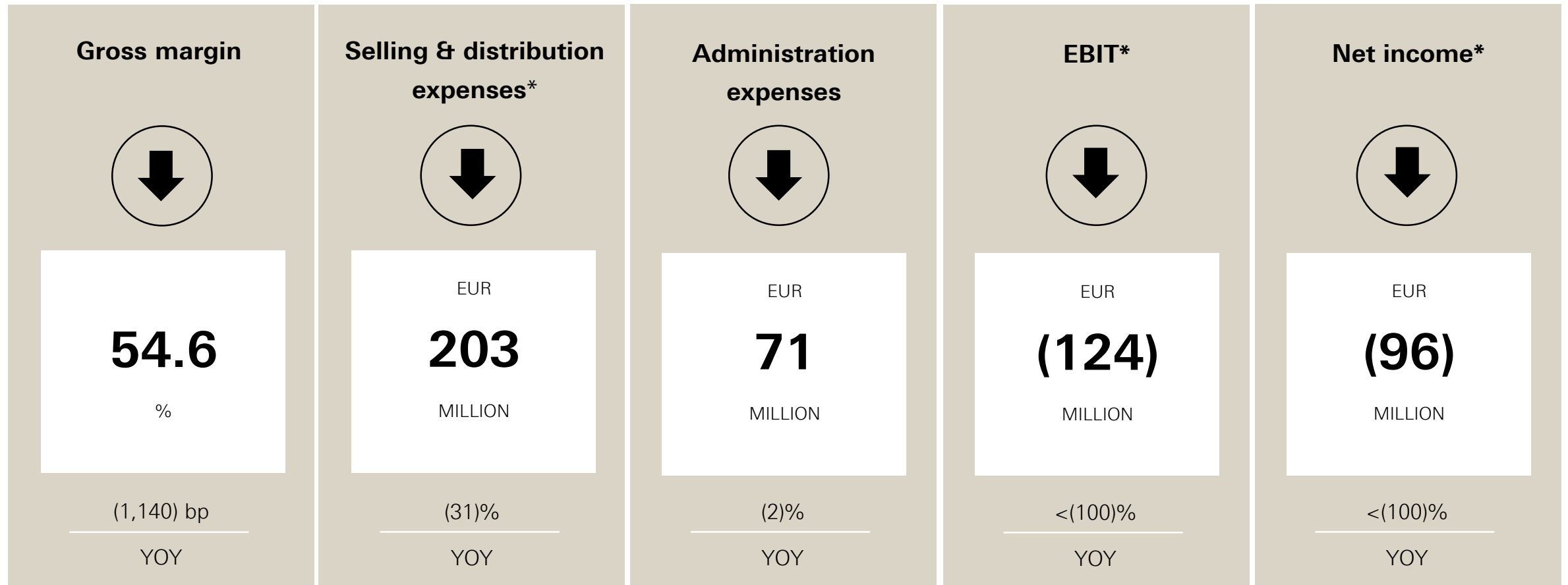


Leveraging strength in casualwear to capture consumer behaviour



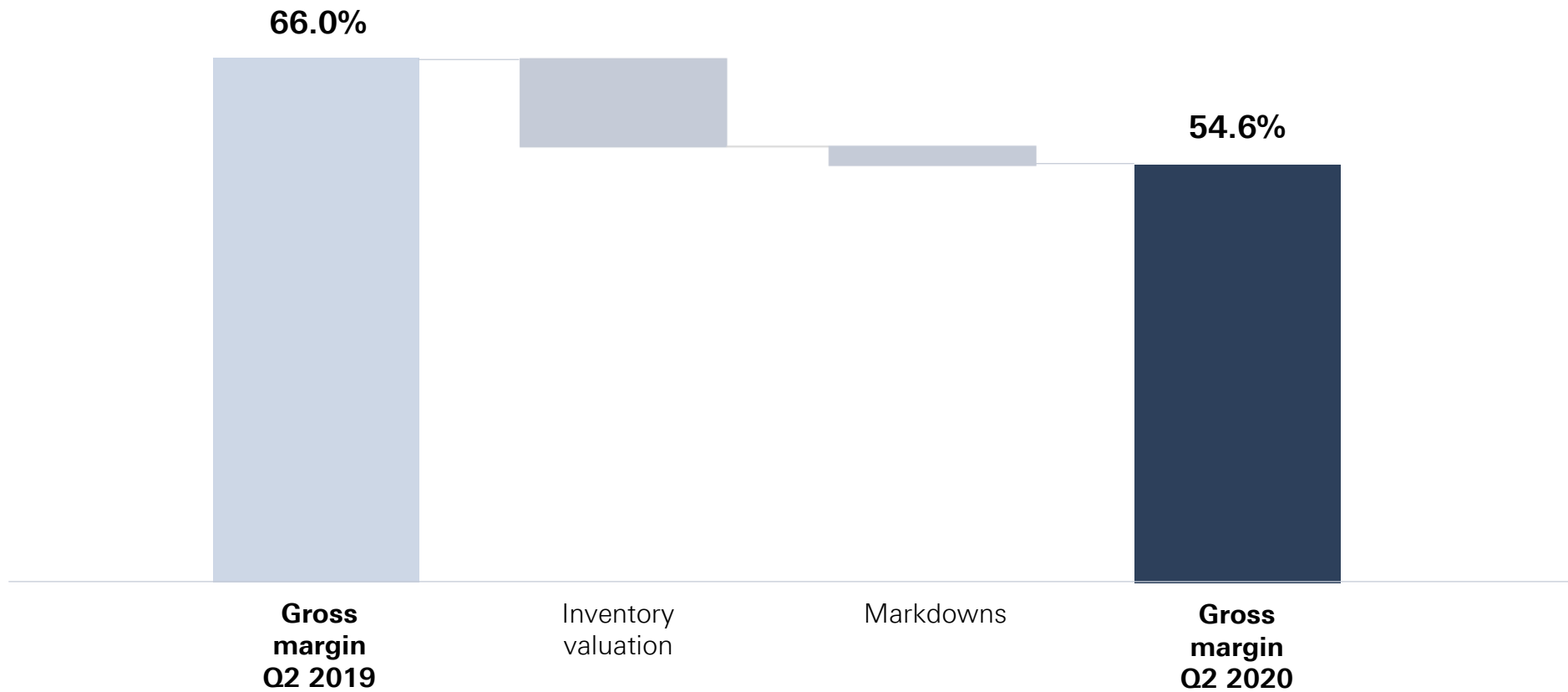
ENABLING CONSUMERS TO
DRESS IN A SPORTY STYLE
WITHOUT COMPROMISING
ON VALUE OR QUALITY

Economic consequences of COVID-19 weigh on **EBIT development** in Q2

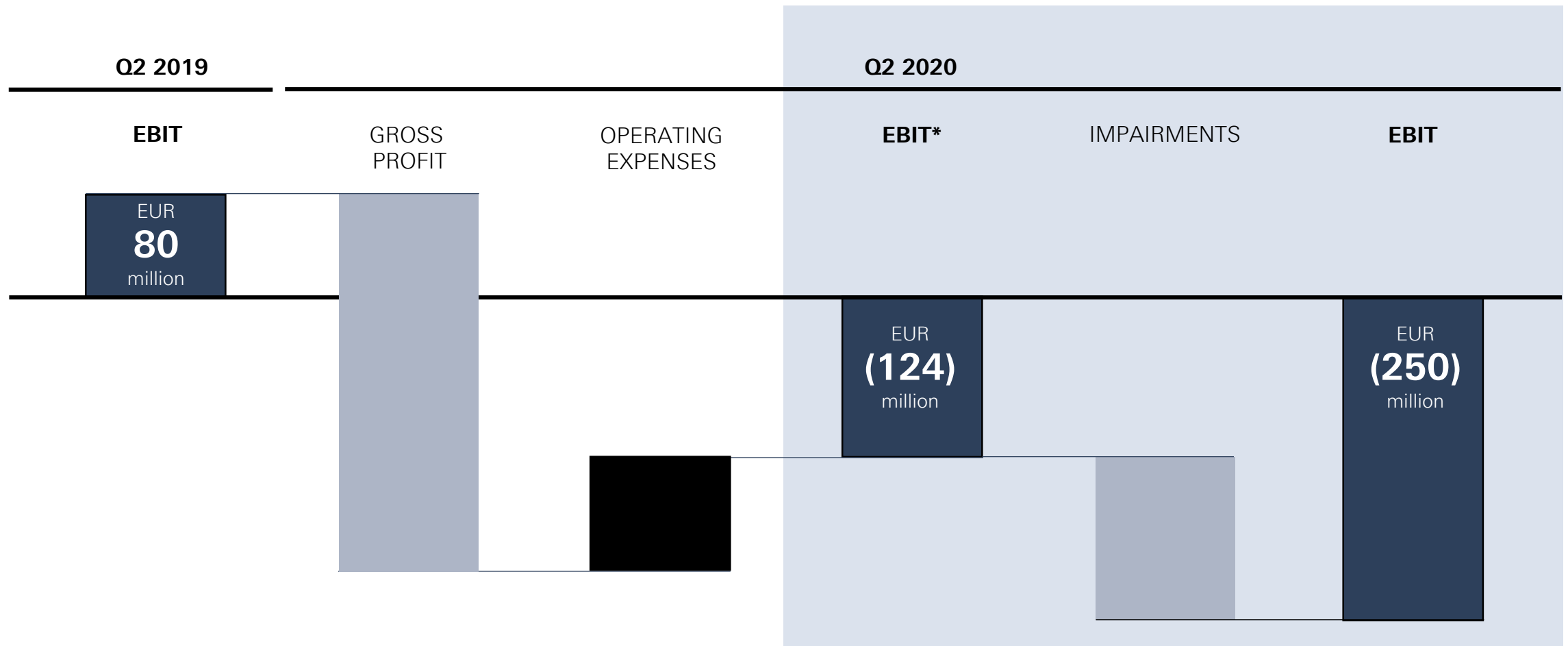


* EXCL. NON-CASH IMPAIRMENT CHARGES OF EUR 125 MILLION

Decrease in **gross margin** mainly attributable to inventory valuation effects



Significant cost savings partly offset gross profit decline in Q2



* EXCL. NON-CASH IMPAIRMENT CHARGES OF EUR 125 MILLION



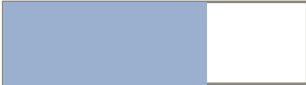



Inventory growth curbed due to reduction in merchandise inflow for upcoming collections and inventory write-downs

Increase in trade net working capital reflects slightly higher inventories as well as lower trade payables

Strong decline in capital expenditure due to postponement of non-business-critical investments

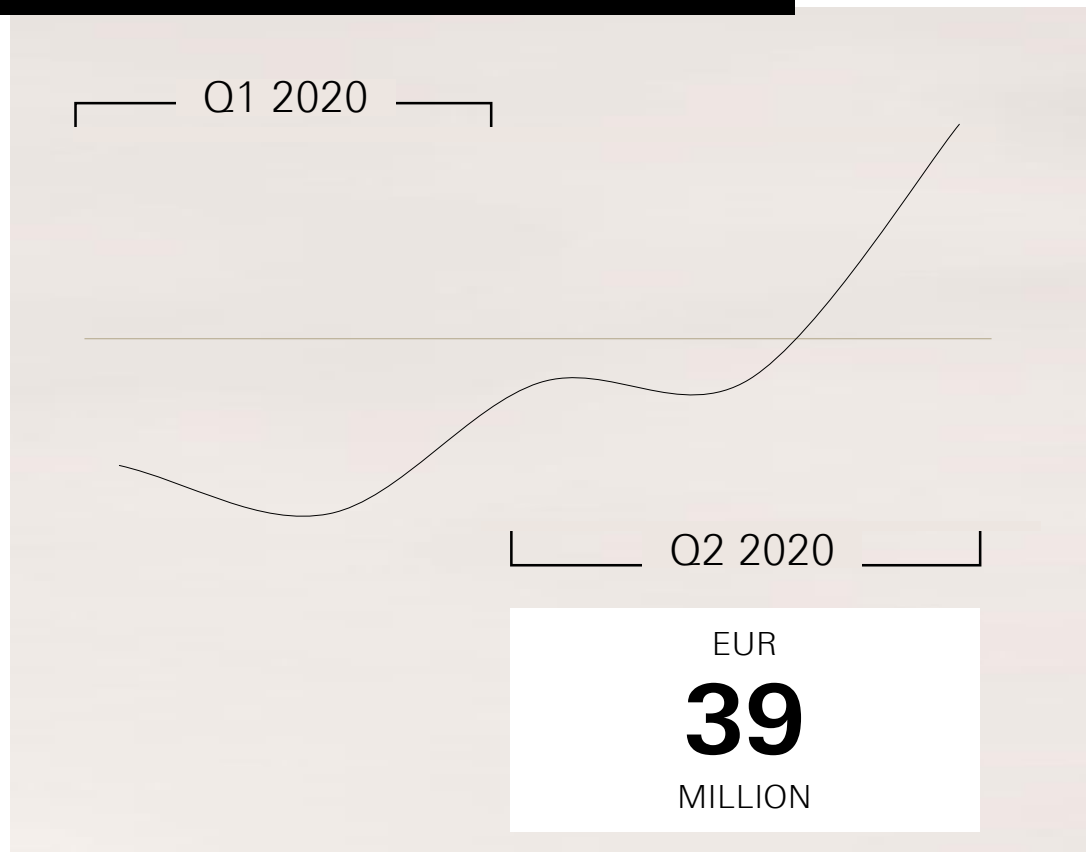
Solid balance sheet despite challenging market environment

Successful execution of comprehensive measures to protect financial stability

FY MEASURES IMPLEMENTED	INITIATIVES DURING Q2	PROGRESS IN Q2
<p>1 Strict cost management</p> <p>Additional cost savings of at least EUR 150 million</p>	<ul style="list-style-type: none"> • Significant payroll as well as rental savings achieved • Lower marketing spend due to postponement of events • Elimination of non-business-critical operating expenses 	
<p>2 Postponement of investments</p> <p>CAPEX budget cut by around EUR 50 million</p>	<ul style="list-style-type: none"> • Postponement of store openings and renovations • Non-essential IT investments halted 	
<p>3 Limitation of TNWC increase</p> <p>Reduction of inventory inflow by at least EUR 200 million</p>	<ul style="list-style-type: none"> • Cautious approach with regard to never-out-of-stock business • Own production adjusted to lower demand • Delivery of Fall/Winter collection shifted from Q2 into Q3 	
<p>4 Retention of net profit</p> <p>Suspension of dividend except for the minimum dividend of EUR 0.04</p>	<ul style="list-style-type: none"> • Retention of net profit strengthens financial flexibility 	

Strong free cash flow generation in the second quarter

FREE CASH FLOW DEVELOPMENT



Positive free cash flow of EUR 39 million in Q2

Free cash flow in H1 2020 amounts to minus EUR 46 million

Increase option of existing syndicated loan successfully exercised, now totalling EUR 633 million

Further credit commitments of EUR 275 million secured, maturing in June 2022

AGENDA

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2 General Information

Sales by region and major markets

Share of Group sales*



63%

Germany: 14%

Great Britain: 13%

France: 6%

Benelux: 5%

Other: 25%



19%

U.S.: 14%

Canada: 3%

Central & South America: 2%



15%

China: 8%

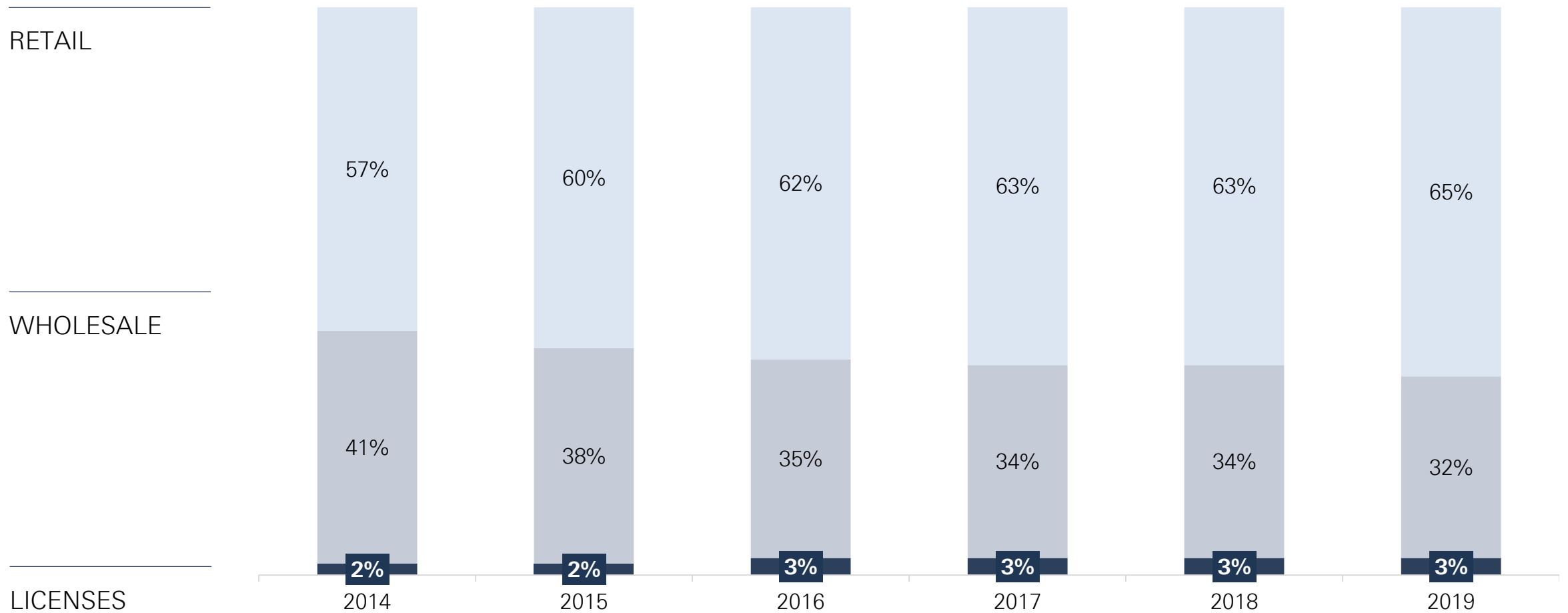
Oceania: 2%

Japan: 2%

Other: 3%

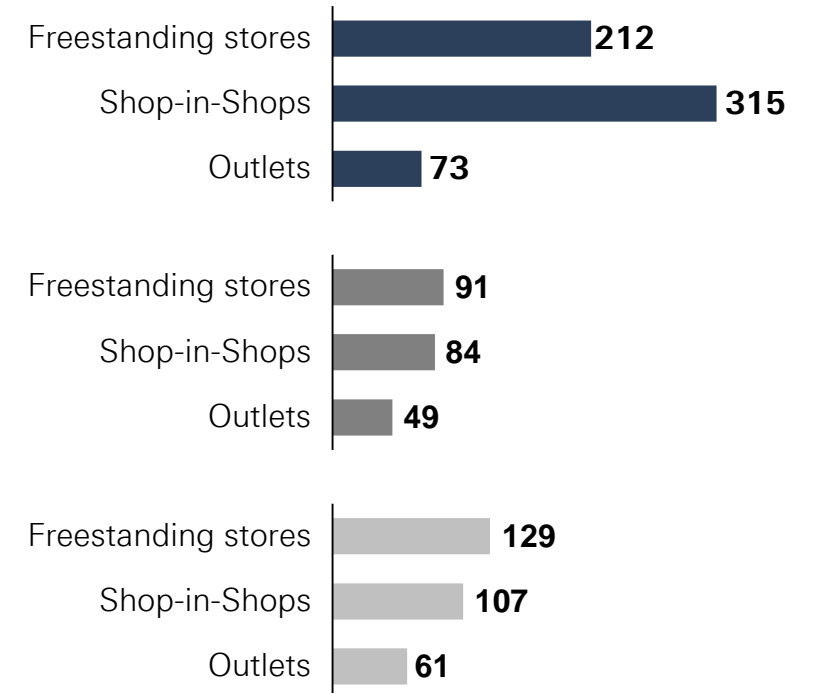
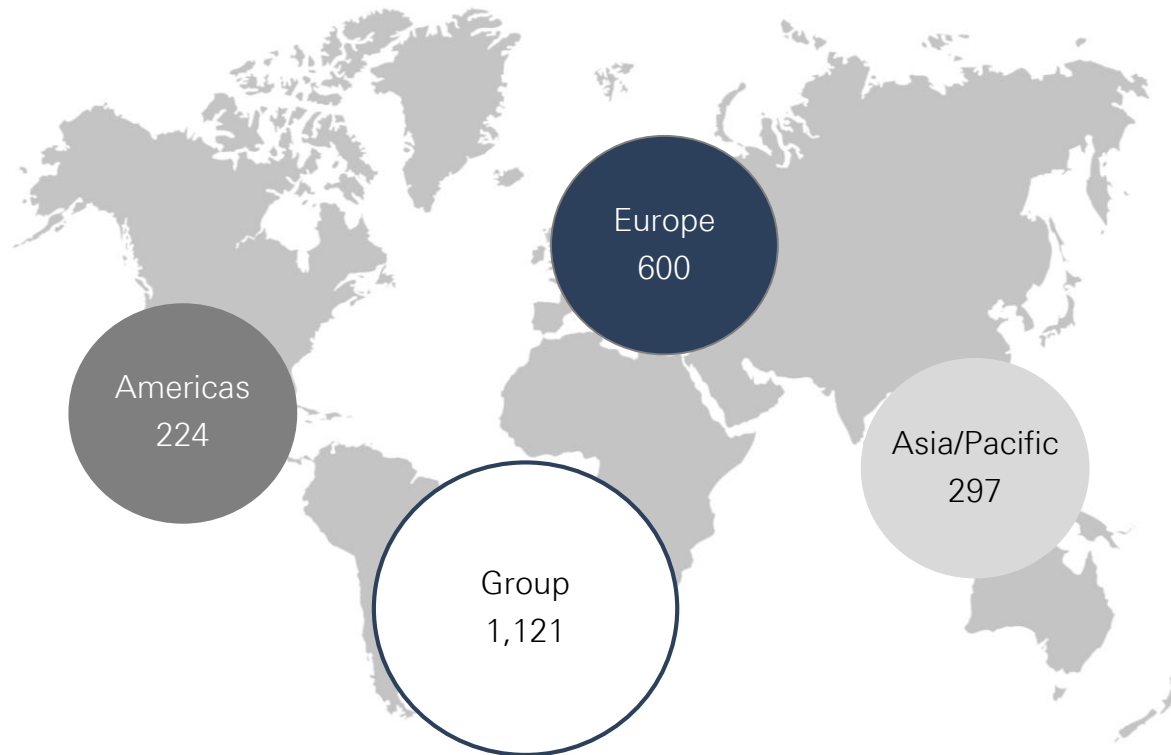
* = as of 2019; 3% licenses

Sales by distribution channel



Number of Group's own retail stores by region

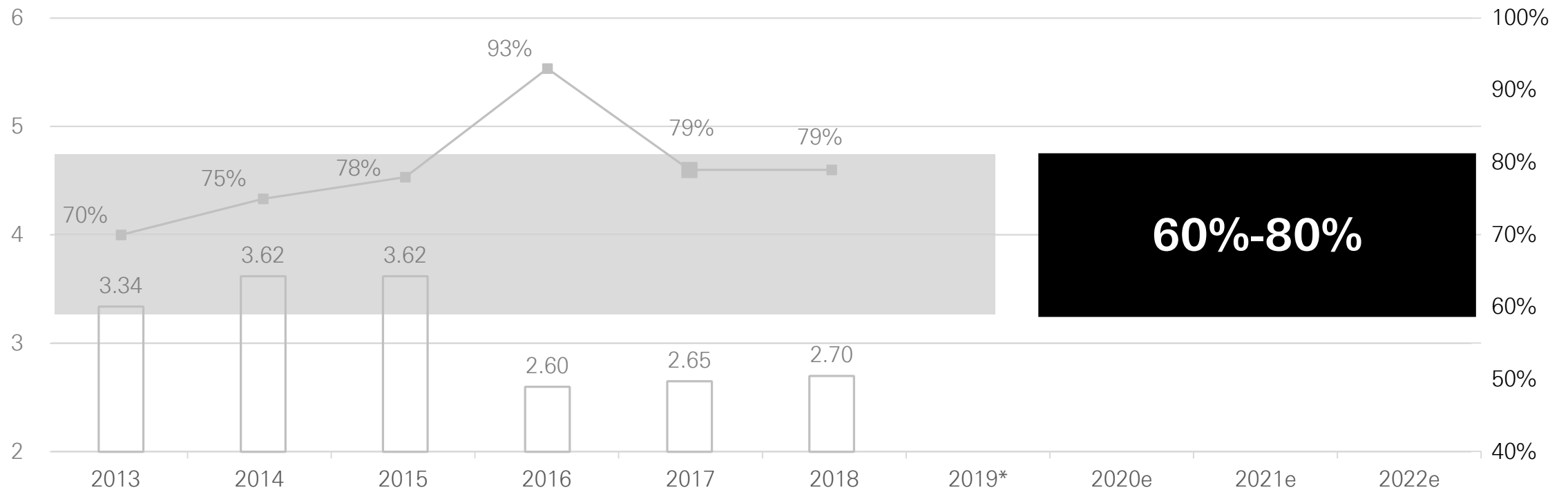
As of 30/06/2020



Shareholder return

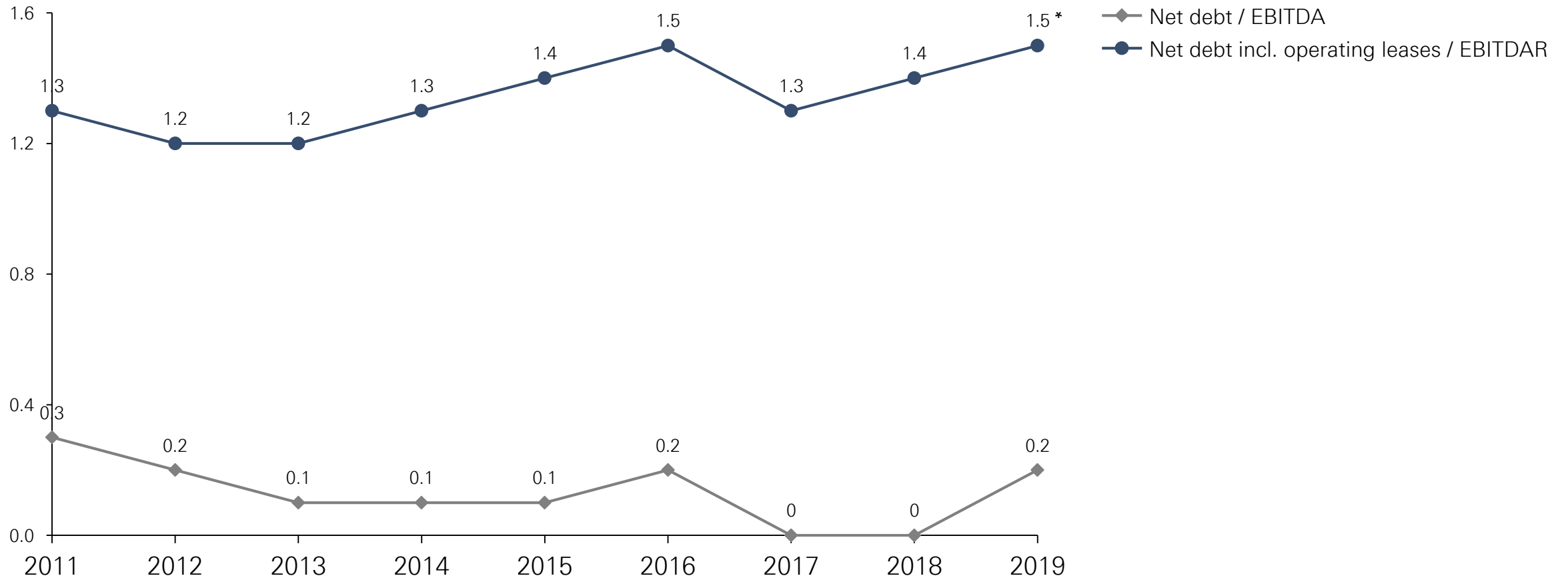
Strong commitment to profit-based dividend policy

Dividend payout ratio in % of net income, dividend in EUR



* Suspension of the dividend payment – except for the legal minimum dividend of 0.04 cent per share – for fiscal year 2019 proposed.

(Adjusted) financial leverage

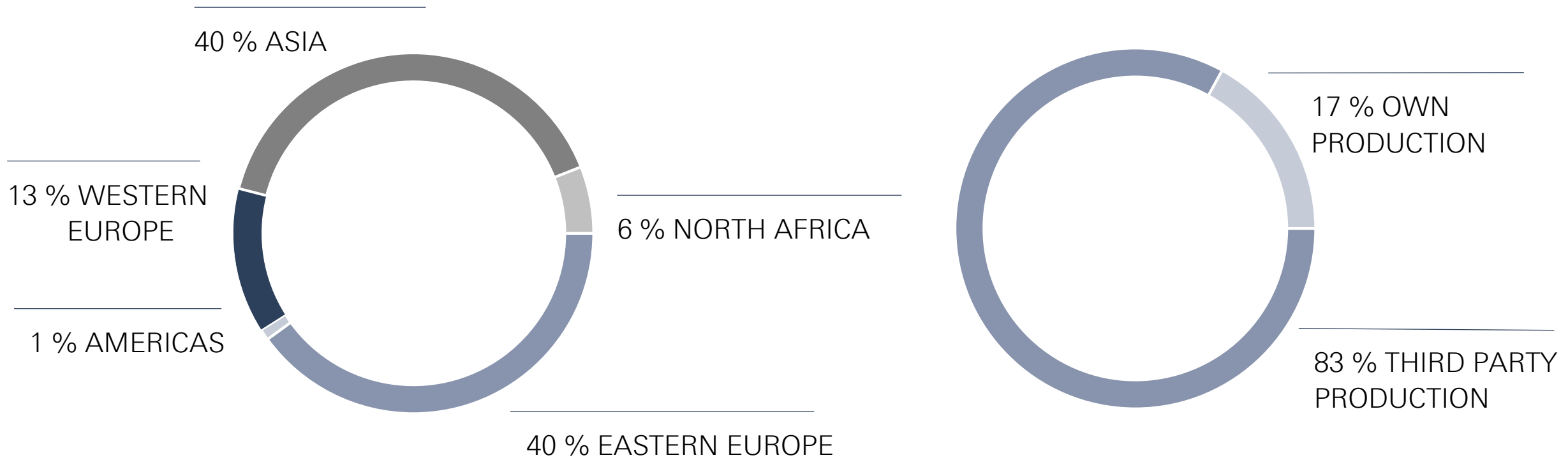


Operating leases
EBITDAR

*

= Future committed operating lease obligations capitalized according to S&P methodology
 = EBITDA + minimum rents + contingent rents
 = Net debt / EBITDA including the impact of IFRS 16

Sourcing and production structure*



* = as of 2019, in value terms

Multi-Year overview

	2019	2018	2017	2016	2015
Sales	2,884	2,796	2,733	2,693	2,809
Gross profit	1,875	1,824	1,808	1,777	1,853
Gross profit margin in %	65.0	65.2	66.2	66.0	66.0
EBITDA	467	476	499	433	590
EBIT	333	347	341	263	448
EBIT margin in %	11.5	12.4	12.5	9.8	15.9
Net income	212	236	231	194	319
Trade net working capital in % of sales	20.1	19.7	18.6	19.8	19.5
Non-current assets	831	686	662	752	765
Shareholders equity	1,009	981	915	888	956
Total assets	1,993	1,858	1,720	1,799	1,800
Free cash flow	207	170	294	220	208
Net debt	83	22	7	113	82
Capex	192	155	128	157	220
Depreciation/amortization	134	129	158	170	142
Total leverage ¹	0.2	0.0	0.0	0.2	0.1
Dividend per share	2.75 ²	2.70	2.65	2.60	3.62

¹ Net financial liabilities/EBITDA before special items.

² Proposal.

Financial Calendar & Investor Relations contact

Nov
03
2020

Third Quarter
Results 2020

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Forward-looking statements contain risks

This document contains forward-looking statements that reflect management's current views with respect to future events. The words “anticipate”, “assume”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “project”, “should”, and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

