



# INVESTOR PRESENTATION



# SAFE HARBOR STATEMENT

Except for historical information contained herein, certain matters discussed in this presentation, including statements concerning the Company's expectations, capital allocation and cash deployment plans, strategic initiatives, profitability, improvement plans, future prospects and goals (including operating margin improvement goals and strategies), are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, which are frequently indicated by terms such as "expect," "will," "goal," "strategy," "believe," "estimate," "continue," "outlook," "plan" and similar terms, are only expectations, and involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from what is currently anticipated. Factors which may cause actual results in future periods to differ materially from current expectations include, among others: our ability to maintain our brand image and reputation; domestic and international economic conditions, including economic and other events that could negatively impact consumer confidence and discretionary consumer spending; changes in the competitive marketplace and in our commercial relationships; our ability to anticipate and adapt to changing consumer preferences and trends; our ability to manage our inventory commensurate with customer demand; risks related to the timing and costs of delivering merchandise to our stores and our wholesale customers; unexpected or unseasonable weather conditions; our ability to effectively operate our various retail concepts, including securing, renewing, modifying or terminating leases for store locations; our ability to successfully and/or timely implement our growth strategies and other strategic initiatives; our ability to expand internationally and operate in regions where we have less experience, including through joint ventures; our ability to successfully or timely implement plans for cost and workforce reductions; our ability to relocate our European distribution center without incurring shipment delays and/or increased costs; our ability to attract and retain key personnel; changes to our short or long-term strategic initiatives; unexpected obligations arising from new or existing litigation, tax and other regulatory proceedings (including the European Commission proceeding initiated during the second quarter of fiscal 2018 to investigate whether the Company breached certain European Union competition rules); changes in U.S. tax or tariff policy regarding apparel and other accessory merchandise produced in other countries; accounting adjustments identified from subsequent events arising after issuance of this release; risk of future store asset and/or goodwill impairments or restructuring charges; our ability to adapt to new regulatory compliance and disclosure obligations; risks associated with our foreign operations, such as violations of laws prohibiting improper payments and the burdens of complying with a variety of foreign laws and regulations; risks associated with the acts or omissions of our third party vendors, including a failure to comply with our vendor code of conduct or other policies; risks associated with cyber attacks and other cyber security risks; and changes in economic, political, social and other conditions affecting our foreign operations and sourcing, including the impact of currency fluctuations, global tax rates and economic and market conditions in the various countries in which we operate. In addition to these factors, the economic, technological, managerial, and other risks identified in the Company's most recent annual report on Form 10-K and other filings with the Securities and Exchange Commission, including but not limited to the risk factors discussed therein, could cause actual results to differ materially from current expectations. The current global economic climate and uncertainty surrounding potential changes in U.S. policies and regulations under the new administration may amplify many of these risks. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



# GLOBAL LIFESTYLE BRAND



**FOOTWEAR**



**WATCHES**



**WOMEN AND MEN'S APPAREL**



**HANDBAGS**



**EYEWEAR**



**KIDS**



**UNDERWEAR & SWIM**



**JEWELRY**



**FRAGRANCES**



# WE ARE A GLOBAL PLAYER



As of Q2 FY18; revenues as of last twelve months



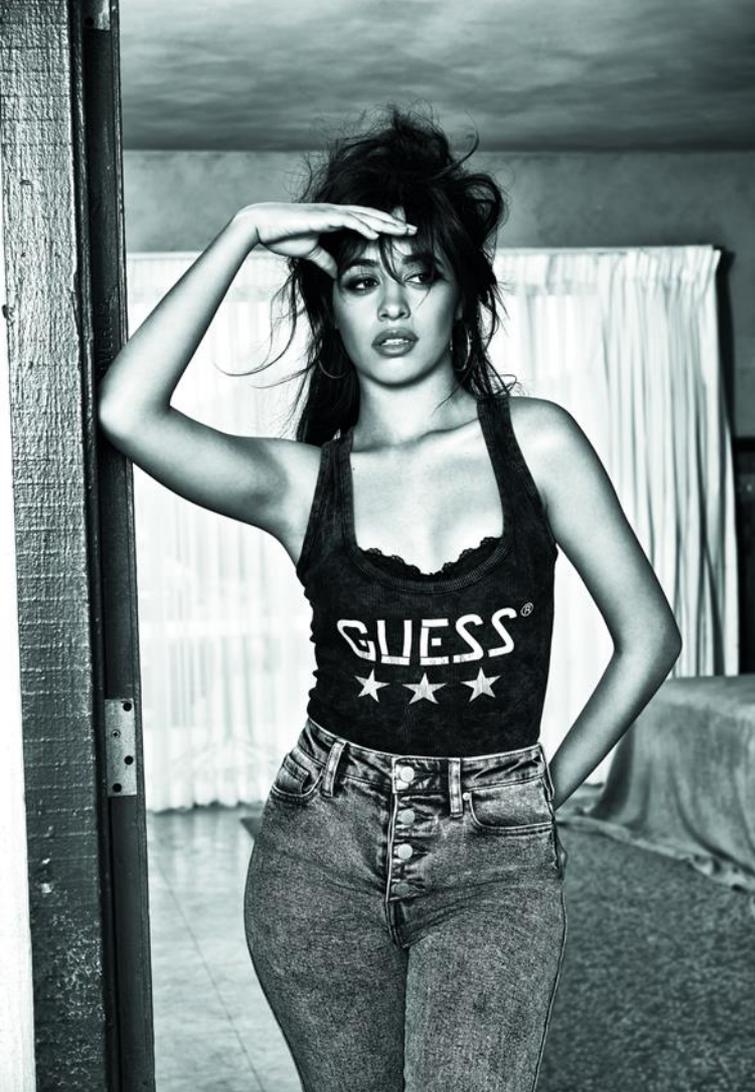
# ...WITH A STRONG FINANCIAL POSITION



**Cash**



**Debt**



# CAPITAL ALLOCATION & CASH DEPLOYMENT

- ▶ CASH GENERATED GLOBALLY
- ▶ PROPERTY STORE PORTFOLIO
- ▶ INFRASTRUCTURE INVESTMENT
- ▶ DIVIDEND
- ▶ SHARE REPURCHASE





# KEY STRATEGIC INITIATIVES

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## **ELEVATE**

THE QUALITY OF OUR SALES ORGANIZATION + MERCHANDISING

## **BUILD**

A MAJOR BUSINESS IN ASIA

## **REINFORCE**

A STRONG CULTURE OF PURPOSE + ACCOUNTABILITY THROUGHOUT THE ORGANIZATION

## **IMPROVE**

THE COST STRUCTURE

## **REVITALIZE**

THE WHOLESALE BUSINESS



# PERFORMANCE OVERVIEW

- ▶ Strength in the international business which accounts for more than 60% of our sales
- ▶ Majority of our capital investment allocated to international business
- ▶ \$24M in projected IMU improvement this year from supply chain initiatives
- ▶ Sequential operating margin improvement in Europe and Asia
- ▶ Challenging environment in the Americas





# REGIONAL OVERVIEW

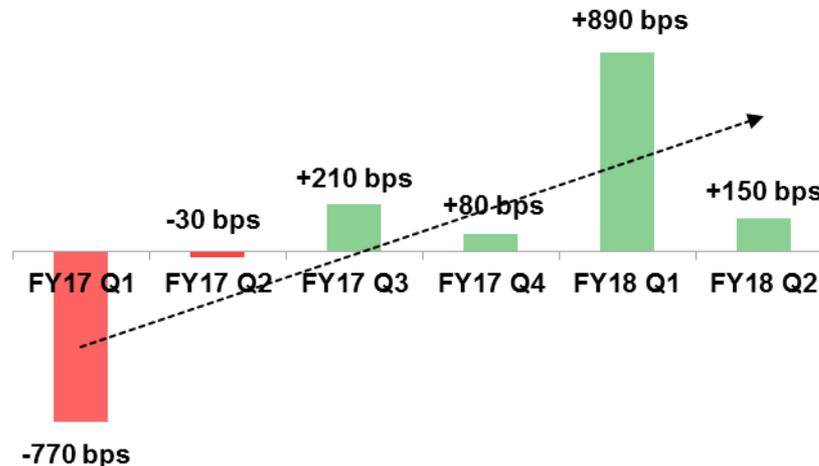


# EUROPE

## Sequential improvement in operating margin

- ▶ **POSITIVE COMPS IN RETAIL**
  - FY17 Q1: +Mid-teens
  - FY17 Q2: +LDD
  - FY17 Q3: +MSD
  - FY17 Q4: +MSD
  - FY18 Q1: +MSD
  - FY18 Q2: +MSD
- ▶ **STORE OPENINGS**
  - Opened 56 stores on a net basis in FY17
  - Opened 27 stores on a net basis (FY18Q2YTD)
  - Plan to open 70 stores in FY18
- ▶ **GROWTH IN WHOLESALE ORDER BOOK**
  - FW16: +LSD
  - SS17: +LSD
  - FW17: +LDD
- ▶ **SIGNIFICANT AND CONSISTENT GROWTH IN ECOMMERCE**
  - Penetration expected to be similar to the Americas as a % of retail sales
- ▶ **SUPPLY CHAIN**
  - Drive IMU by way of product cost improvement

### Operating Margin vs PY



\*Figures in chart exclude the impact of impairments



# ASIA

## Slow but steady growth in Asia

### ▶ STORE OPENINGS

- Opened 54 stores on a net basis in FY17
- Plan to open 35 stores in FY18

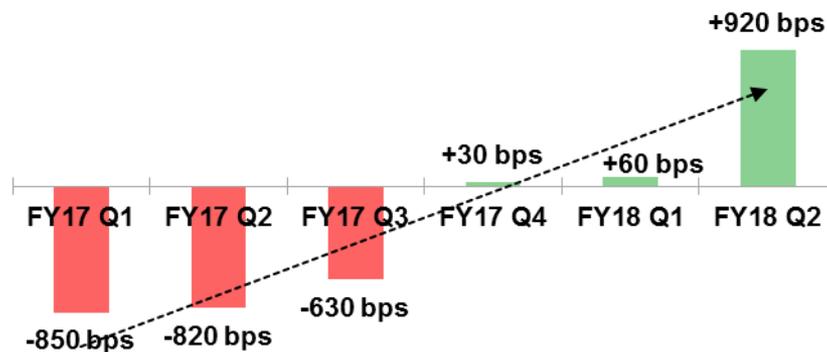
### ▶ ECOMMERCE GROWTH

- T-MALL
- JD.COM
- VIP.COM

### ▶ POSITIVE RETAIL INCLUDING ECOM COMPS

- FY18 Q1: +LSD
- FY18 Q2: +MSD

### Operating Margin vs PY



\*Figures in chart exclude the impact of impairments



# AMERICAS RETAIL

## *Focus on improving profitability*

### 1. Rent Reductions

- Renegotiate leases

### 2. Store Closures

- Already closed 32 stores and plan to close 38 more this year
- Expected to have 300 or less stores in US and Canada in 3 years



# Diversified Business Model

\$ in millions LTM as of Q2FY18	Revenue	Δ vs. LLTM	Operating Earnings	Δ vs. LLTM	Operating Margin	Δ vs. LLTM	
Americas Retail	\$880	(9%)	(\$40)	(996%)	(4.5%)	(500)bp	↓
Europe	\$862	17%	\$75	69%	8.7%	+265bp	↑
Asia	\$267	17%	\$3	165%	1.2%	+60bp	↑
Americas Wholesale	\$150	2%	\$26	(3%)	17.3%	(75)bp	↓
Licensing	\$89	(9%)	\$77	(11%)	86.8%	(280)bp	↓
Corporate Overhead	-	-	(\$69)	-	-	-	
<b>Total Company</b>	<b>\$2,248</b>	<b>3%</b>	<b>\$72</b>	<b>(15%)</b>	<b>3.2%</b>	<b>(70)bp</b>	<b>↓</b>

## Notes

- Operating profit figures exclude restructuring and store impairment charges where applicable
- Segment results for Europe, Asia, and Americas Wholesale for FY17 and FY16 reflect adjusted figures which conform to the current year presentation



# CONCLUSION

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*On track to reach our long-term operating margin goal of 7.5%*

- ▶ Growing DTC business (stores and ecommerce) in Europe and Asia
- ▶ Cost reduction opportunities in Americas brick and mortar business
- ▶ Shrinking our store footprint as needed in the US and Canada

