

# TOMMY HILFIGER

## The Classic American Cool Style of *TOMMY HILFIGER* Generated \$7.4 Billion in 2017 Global Retail Sales

### Business Strategies

Engaging consumers through marketing campaigns and brand partnerships that are designed to drive growth and reflect *TOMMY HILFIGER*'s accessible luxury positioning and classic American cool aesthetic.

Innovating and driving category expansion within womenswear, sportswear, accessories, men's tailored clothing and underwear, as well as other licensing opportunities.

Growing and modernizing the consumer shopping experience, while digitizing Tommy Hilfiger from showrooms to the consumer experience at wholesale, online and at our own stores.

Expanding regionally, particularly in Asia Pacific.

Be premium in everything we do.

### Financial History

(\$ IN MILLIONS)	2015	2016	2017
TOTAL REVENUE	\$3,370	\$3,511	\$3,893
REVENUE GROWTH	(6%)	4%	11%
EBIT*	\$402	\$391	\$502
EBITMARGIN*	11.9%	11.1%	12.9%

\*EBIT figures exclude certain amounts that were deemed non-recurring or non-operational. See back of page for GAAP to non-GAAP reconciliations.

### Product Categories



#### HILFIGER COLLECTION

The pinnacle of the *TOMMY HILFIGER* product offerings, blending the brand's Americana styling with contemporary influences and a playful fashion edge. The collection is targeted to 25 to 40 year-old consumers and consists of designs that premiere on the runway.



#### TOMMY HILFIGER TAILORED

Targeting 25 to 40 year-olds, this line reflects the brand's American menswear heritage in elevated, sophisticated styles that are suitable for more formal occasions. From structured suiting to more relaxed tailoring, classics are modernized with precision fit, premium fabrics, updated cuts, rich colors and luxurious details executed with the brand's signature twist.



#### TOMMY HILFIGER

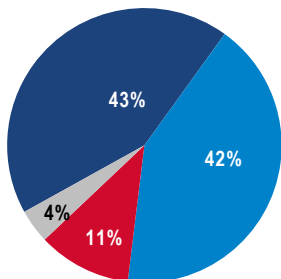
With a focus on 25 to 40 year-old consumers, our core line embodies the brand's classic American cool spirit with a broad selection of designs across more than 25 categories, including men's, women's and children's sportswear, footwear and accessories. *TOMMY HILFIGER* celebrates the essence of classic American style with a fresh, modern twist inspired by pop culture.



#### TOMMY JEANS

Targeting the 18 to 30 year-old denim-oriented consumer, the line focuses on premium denim separates, footwear, bags, accessories, eyewear and fragrance. The line was formerly called *HILFIGER DENIM*.

### 2017 Global Retail Sales Overview



GLOBAL RETAIL SALES BY REGION



(1) Includes the U.S., Canada and Mexico. (2) Includes Central and South America and the Caribbean. (3) Includes Australia and New Zealand. (4) Includes the Middle East and Africa. (5) All locations are licensee stores. (6) Includes concession, franchisee and licensee locations. (7) Includes concession, franchisee and distributor locations.

# EBIT Reconciliations

(\$ IN MILLIONS)

		GAAP EBIT	ADJUSTMENTS	NON-GAAP EBIT	NON-GAAP EBIT%
2017 <sup>(1)</sup>	TOTAL TOMMY HILFIGER	\$318	(\$184)	\$502	12.9%
2016 <sup>(2)</sup>	TOTAL TOMMY HILFIGER	\$464	\$73	\$391	11.1%
2015 <sup>(3)</sup>	TOTAL TOMMY HILFIGER	\$399	(\$3)	\$402	11.9%

(1) ADJUSTMENTS FOR 2017 REPRESENT THE ELIMINATION OF (i) THE COSTS INCURRED RELATED TO THE ACQUISITION OF THE 55% INTEREST IN TH ASIA, LTD. ("TH CHINA"), OUR FORMER JOINT VENTURE FOR TOMMY HILFIGER IN CHINA, THAT WE DID NOT ALREADY OWN (THE "TH CHINA ACQUISITION"), PRIMARILY CONSISTING OF NONCASH AMORTIZATION OF SHORT-LIVED ASSETS; (ii) THE COSTS INCURRED IN CONNECTION WITH AGREEMENTS TO RESTRUCTURE OUR SUPPLY CHAIN RELATIONSHIP WITH LI & FUNG TRADING LIMITED ("LI & FUNG"), UNDER WHICH WE TERMINATED OUR NON-EXCLUSIVE BUYING AGENCY AGREEMENT WITH LI & FUNG IN 2017; (iii) THE COSTS INCURRED IN CONNECTION WITH THE RELOCATION OF THE TOMMY HILFIGER OFFICE IN NEW YORK, INCLUDING NONCASH DEPRECIATION EXPENSE; AND (iv) THE COSTS INCURRED IN CONNECTION WITH AN AMENDMENT TO MR. TOMMY HILFIGER'S EMPLOYMENT AGREEMENT PURSUANT TO WHICH WE MADE A CASH BUYOUT OF A PORTION OF THE FUTURE PAYMENT OBLIGATION.

(2) ADJUSTMENTS FOR 2016 REPRESENT THE ELIMINATION OF (i) THE COSTS INCURRED IN CONNECTION WITH THE LICENSING TO G-III APPAREL GROUP, LTD. OF THE TOMMY HILFIGER WOMENSWEAR WHOLESALE BUSINESS IN THE U.S AND CANADA (THE "G-III LICENSE"), WHICH RESULTED IN THE DISCONTINUATION OF OUR DIRECTLY OPERATED TOMMY HILFIGER NORTH AMERICA WOMENSWEAR WHOLESALE BUSINESS IN 2016; (ii) THE COSTS INCURRED IN CONNECTION WITH THE EARLY TERMINATION OF THE LICENSE AGREEMENT FOR THE TOMMY HILFIGER MEN'S TAILORED CLOTHING BUSINESS IN NORTH AMERICA IN ORDER TO CONSOLIDATE UNDER A DIFFERENT LICENSEE THE MEN'S TAILORED BUSINESSES FOR ALL BRANDS IN NORTH AMERICA; (iii) THE NONCASH GAIN RECORDED TO WRITE-UP OUR EQUITY INVESTMENT IN TH CHINA TO FAIR VALUE IN CONNECTION WITH THE TH CHINA ACQUISITION; (iv) THE ONE-TIME COSTS RECORDED ON OUR EQUITY INVESTMENT IN TH CHINA PRIOR TO THE TH CHINA ACQUISITION CLOSING; (v) THE COSTS INCURRED IN CONNECTION WITH THE TH CHINA ACQUISITION, PRIMARILY CONSISTING OF NONCASH VALUATION ADJUSTMENTS AND AMORTIZATION OF SHORT-LIVED ASSETS; AND (vi) THE GAIN RECORDED IN CONNECTION WITH A PAYMENT MADE TO US TO EXIT A TOMMY HILFIGER FLAGSHIP STORE IN EUROPE.

(3) ADJUSTMENTS FOR 2015 REPRESENT THE ELIMINATION OF THE COSTS INCURRED IN CONNECTION WITH THE G-III LICENSE.