



city chic collective

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Goldman Sachs Emerging Leaders Conference

3 April 2019





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# CITY CHIC COLLECTIVE OVERVIEW

# city chic collective - What We Stand For

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OUR  
VISION

## LEADING A WORLD OF CURVES

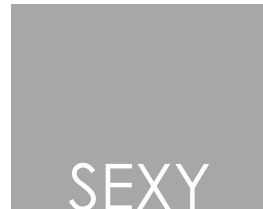
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city chic

Brand  
Mission



We Are  
Fearless



We Fit for  
Confidence



We Are a  
Sisterhood



We Create  
Unique  
Experiences

# Company Overview

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## Leading plus size omni-channel retailer

- Globally recognised plus size brand
- Target demographic are fashion forward women aged 18-35
- Online is most profitable channel representing 40% of sales<sup>1</sup>

## Significant growth opportunities across ANZ, US and Europe

*ANZ* – ~10% share of \$1.0bn women's plus size apparel market

- Lifestyle and range extensions, expanded store footprint and enhancing all customer touchpoints

*International* – >\$50bn women's global plus size apparel market

- Exploring optimal growth avenues with focus on owning the customer

## Attractive investment proposition

- High margins and strong cash generation
- Excellent shareholder returns
- Relatively low ongoing capital requirements
- Positive growth outlook, backed up by track-record of consistent performance



1. Based on 1H FY19.

# Positioned For Success

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- City Chic has an emotional connection with and deep understanding of our customer
- Longstanding executive team<sup>1</sup> with proven track record
- Leading position in an underserved segment
- Reactive customer-led supply chain
- Majority of sales are made at full-price with limited in-store discounting
- Omni-channel customer touchpoint strategy
- Nimble business structure, ready for growth

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1. Average time with the company is approximately 9 years for the Executive Leadership team.

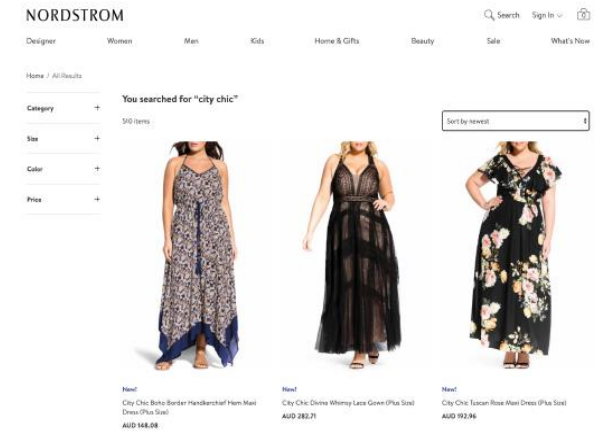


# Leading Omni-channel Retailer

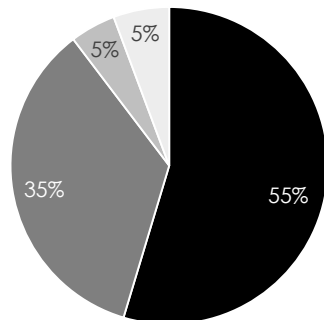


# Global, Multi-channel Business

- Bricks and Mortar is the highest volume customer touchpoint and contributes over half of total sales
- ANZ and US Website contributes greater than 1/3 of total sales and is the fastest growing channel
- Southern Hemisphere includes Australia and New Zealand; both regions serviced by stores and website
- Northern Hemisphere includes US and Europe
  - US: online (website and marketplace) and wholesale
  - Europe: wholesale business

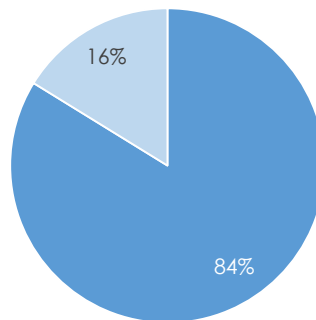


Channel: Contribution<sup>1</sup>



Stores  
 Online Marketplaces  
 Online City Chic  
 Wholesale

Region: Contribution<sup>1</sup>

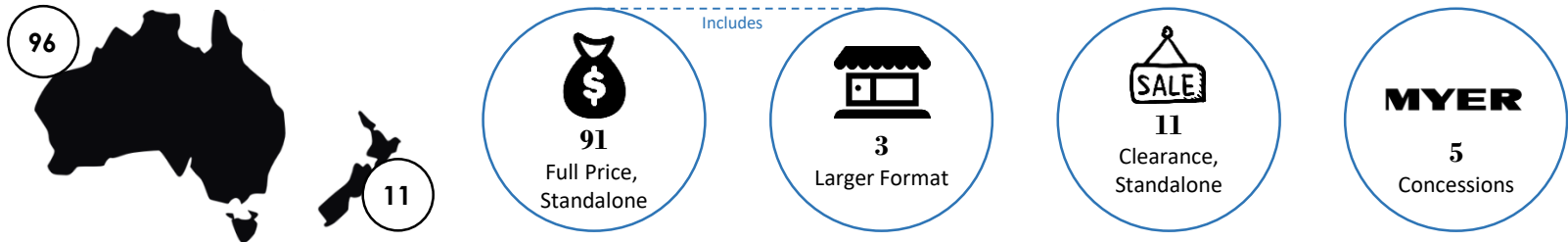


Southern Hemisphere  
 Northern Hemisphere

1. Breakdown based on 12 months to 30 Dec 18.

# Store Portfolio

**Profitable, clean portfolio of 107 stores across ANZ, with opportunity to expand footprint**



- Bricks and mortar footprint in Australia and New Zealand
- Primarily in CBD, metropolitan and major regional shopping centres
- Majority small format stores c.110 sqm average; 3 large format stores c.250 sqm
- 3 new stores opened in 2H to date (8 opened FY to date)
- Third large format store opened; fourth expected by end FY19<sup>1</sup>
- Maintaining like-for-like growth; no loss-making stores

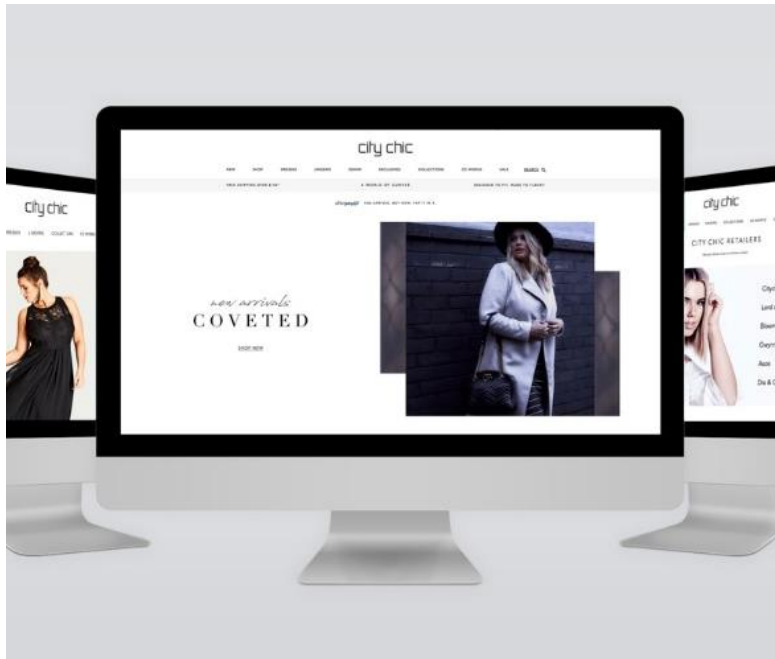
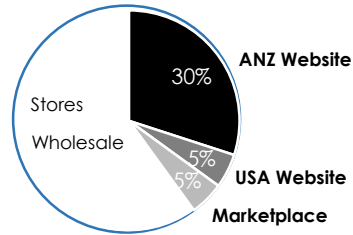


1. Larger format stores opened at existing locations.



# Online Business

## Strong online penetration, fastest growing and most profitable channel



- Australian online is the most profitable channel
- State of the art distribution centre through Toll in Sydney; third party logistics provider in LA
- Excellent, always improving customer experience
- 24hr customer service and live chat
- Continually investing in platform
- Store team incentivised for online sales to create a seamless experience
- Strong recent growth driven by introduction of online exclusive range

1. 1H FY19 vs prior corresponding period.

# Partners – Wholesale and Marketplaces

## WHOLESALE

Partners own the product and fulfil the sale (store and/or online depending on partner)



## MARKETPLACES (ONLINE)

CCX feed product via partners' platform, CCX owns the product and fulfils the sale



- Partners drive brand recognition and sales in the international markets
- Partner strategy launched in 2014 with Nordstrom, followed by Macy's in 2015
- Nordstrom and Macy's websites through Marketplace arrangement; wholesale to 150 Macy's stores
- In the UK and Europe we partner with Zalando, ASOS and Evans
- New marketplace partnership established with Belk in the US
- Partners increasingly focused on their Marketplace businesses; driving growth through this channel



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RECENT PERFORMANCE



# 1H FY19 Financial Highlights

## Strong top line growth, higher margins

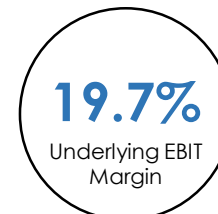
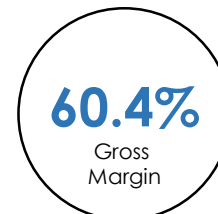
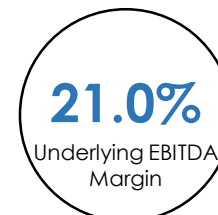
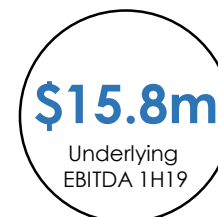
- Comparable sales growth of 9.6%
- Gross margin improvement to 60.4% (vs 59.4% pcp)
  - Improved buying discipline, category and channel mix
- CODB % of sales decreased to 39.5% from 40.9% pcp
  - Contribution from lower cost online channel, tight cost controls
- 1H Underlying EBITDA growth of 22%<sup>1</sup>
- 1H Continuing Operations NPAT of \$9.9m (EPS of 5.1 cents)

## Strong cash flow, well capitalised

- Net cash position of \$35.5m vs net cash of \$16.1m at July 2018
- Debt facility fully repaid in July 2018; new \$15m facility undrawn

## Dividends recommence

- Fully franked dividend of 5.0cps (interim ordinary dividend of 2.5cps, special dividend of 2.5cps)<sup>2</sup>

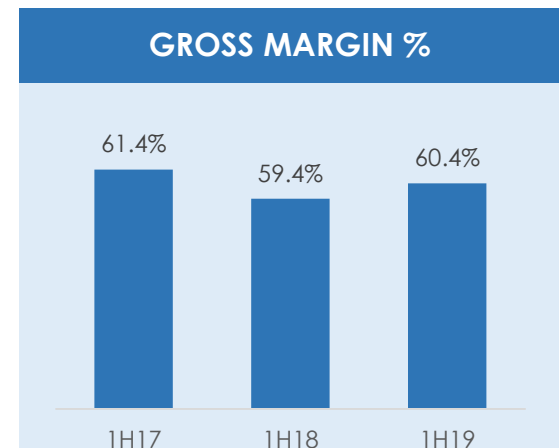
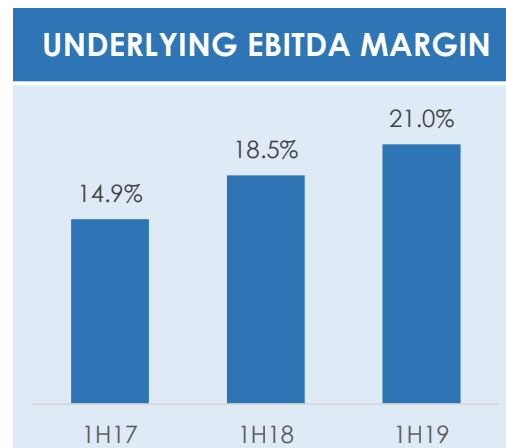
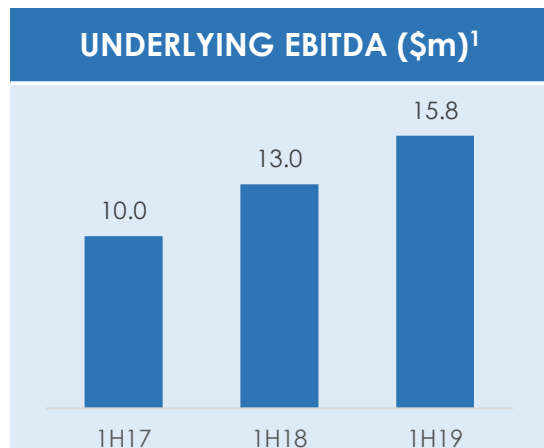
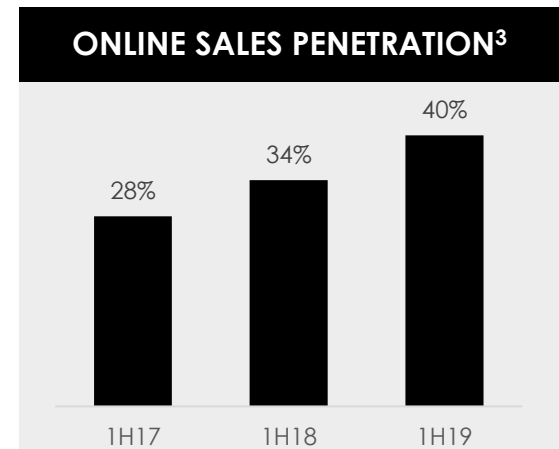
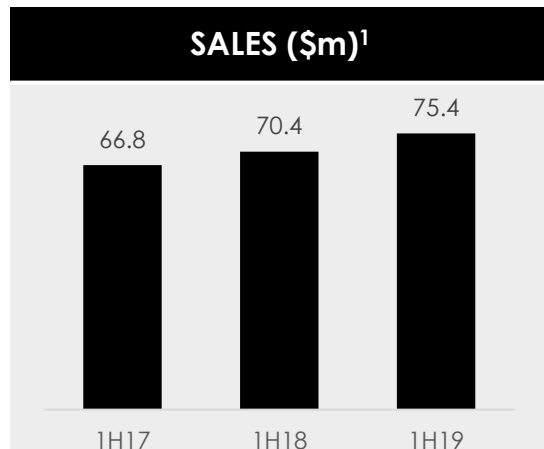


1. Like-for-like earnings growth is higher given two additional trading days in the reported prior corresponding period.

2. Franking credit balance of \$49.5m as at 30 December 2018.

3. Excludes wholesale. From FY19 annual results onwards, CCX will be reporting comp sales excluding partner sales (Wholesale and Marketplace/Dropship).

# Track Record of Delivering Consistent Growth



1. 1H FY19 has 2 less trading days than 1H FY17 and 1H FY18.

2. Excludes wholesale. From FY19 annual results onwards, CCX will be reporting comp sales excluding partner sales (Wholesale and Marketplace/Dropship).

3. Online sales represent City Chic website and Online Marketplace sales.

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STRATEGY OVERVIEW





# Capitalise on Dominant ANZ Market Position

- Major growth opportunity in online
  - Lifestyle extensions to grow market share
  - Broader product range through online exclusives
- Accelerate new store roll-out program, focused on returns and payback
  - 25 further new locations
  - 20 higher-performing stores earmarked for larger format
- Enhance all customer touchpoints
  - Global website platform upgrade<sup>1</sup>
  - New CRM platform<sup>2</sup> and email communication<sup>3</sup>
  - Investment in instore digital experience



1. Increased site speed, search engine optimisation (SEO) and conversion.  
2. Enhance customer insights and predictive modelling.  
3. More targeted communications, behavioural learnings and customer journeys.

# Continue to Grow International Presence

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- Priority is to profitably grow City Chic website in the US
  - Targeted customer acquisition
  - Improved customer touchpoints
  - Offer new lifestyles and broader range
- Maintain high profile partners, which drive brand and product awareness
- Establish new partnership opportunities in the US and Europe / UK
- Exploring new disruptive retail models and collaboration opportunities
- Continue European trial through wholesale

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SUMMARY





# Summary

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- Delivered strong 1H19 result with 9.6% comparative sales growth and Underlying EBITDA growth of 22% with a 21% EBITDA Margin
- Positive comparable sales growth in H2 FY19 to date, in line with expectations
- Executing on strategic priorities in 2H FY19 with expansion of store footprint, new marketplace partnership in the US, and continuing growth of our website
- Significant growth opportunities for the business across ANZ, US and Europe
- Attractive investment proposition with positive growth outlook underpinned by track record of consistent performance



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