city chic collective

LEADING A WORLD OF CURVES

FY19 FULL YEAR RESULTS

27 August 2019

Overview

- Strong full year FY19 result with 12.2% comparative sales growth and Underlying EBITDA growth of 25%
  - $19.2m Reported PBT from continuing operations
  - $24.9m Underlying EBITDA from continuing operations; EBITDA margin of 16.8%
- Fully franked final ordinary dividend of 1.5cps declared
  - Fully franked full year FY19 ordinary dividend of 4.0cps
- Delivered strong growth in online and our offshore business; store rollout on track in ANZ
- Global growth strategy driven by organic levers and opportunistic investment
- High margins and strong cash generation, relatively low ongoing capital requirements and excellent shareholder returns

CONTENTS

1

CITY CHIC COLLECTIVE

What We Stand For

OUR VISION

LEADING A WORLD OF CURVES

city chic

Brand Mission

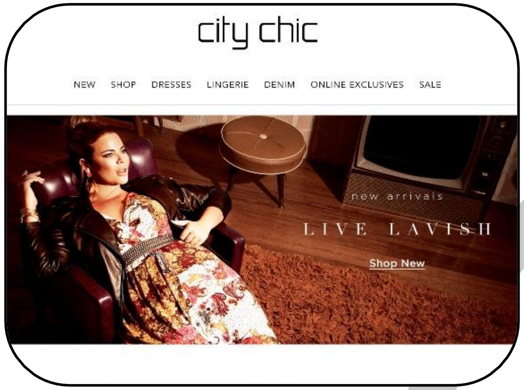
BOLD	SEXY	GLAM	CHIC
We Are Fearless	We Fit for Confidence	We Are a Sisterhood	We Create Unique Experiences

Positioned For Success

- We have an emotional connection with and deep understanding of our customer
- Longstanding executive team[1] with proven track record
- Leading position in an underserviced segment
- Reactive customer-led supply chain
- Majority of sales are made at full-price with limited in-store discounting
- Omni-channel customer touchpoint strategy
- Agile organisational structure, ready for growth in domestic and international markets

1. Average time with the company is approximately 10 years for the Executive Leadership team.

Leading Omni-Channel Retailer



ONLINE ***WEBSITE***

STORES

Customer-centric approach

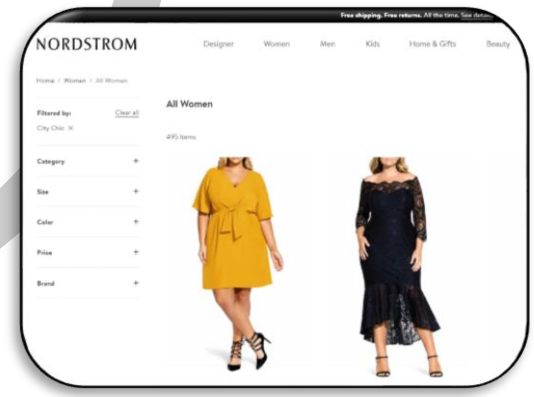
Customer does not see a channel, they see a brand

We need to be where she wants us to be,
when she wants us to be there

WHOLESALE[1]

macy's
NORDSTROM
STITCH FIX
amazon
Dia & Co
zalando
asos
ADDITION ELLE

ONLINE
MARKETPLACES[2]



1. Partners own the product and fulfil the sale (store and/or online depending on partner).
2. CCX feed product via partners' platform, CCX owns the product and fulfils the sale.

2

FY19 RESULTS OVERVIEW

FY19 Financial Highlights

Strong top line and comp growth, higher earnings margin

- Comparable sales growth of 12.2%[1] and top line sales growth of 12.6%
- Gross margin of 57.8% vs 59.0% pcp
  - Shift in channel mix to online and growth of wholesale driving marginally lower gross margin for Group[2]; however, online is most profitable channel at earnings
- Underlying EBITDA of $24.9m vs $19.9m pcp (25% growth)
  - EBITDA margin of 16.8% vs 15.1% pcp
- Continuing Operations Reported PBT of $19.2m
- Continuing Operations Reported NPAT of $14.3m (EPS of 7.4 cents)
- Group Reported NPAT of $16.0m (EPS of 8.3 cents)

Strong cash flow, well capitalised

- Net cash position of $23.2m vs net cash of $16.1m at 1 July 2018
- Nil debt; debt facility undrawn throughout the year

Dividends

- Fully franked final ordinary dividend of 1.5cps[3]
- Fully franked full year FY19 dividend totals 6.5cps / $12.5m (includes 2.5cps ordinary and 2.5cps special paid in March 2019)
- Represents maximum dividend payout to extent the dividend is fully frankable

$148m Global Sales

$24.9m Underlying EBITDA

12.2% Comp Sales Growth[1]

16.8% Underlying EBITDA Margin

25.2% Underlying EBITDA Growth

14.3% Underlying PBT Margin

$23.2m Net Cash

6.5cps Fully Franked FY19 Dividend

1. As announced in 1H FY19 results Investor Presentation, CSG is now calculated excluding marketplace partners. Using the previous methodology which included marketplace partners, the CSG for FY19 was 10.0%. The previously reported 1HFY19 CSG was 9.6%; under the new methodology, CSG for 1HFY19 was 11.4%.
2. Despite being the most profitable channel at the earnings line, online has a lower Gross Profit margin due to higher fulfilment costs. Wholesale is a lower Gross Profit margin model.
3. Franking credit balance of $43.8m as at 30 June 2019.

FY19 Operational Highlights

Progress across all channels and regions

- Online represents 44%[1] of total sales (FY18: 36%)
  - 36% growth vs FY18
  - Strong growth for ANZ and US website; the most profitable channel
  - Active customer base growth globally
- Store revenue flat on like-for-like basis
  - 9 new stores opened in FY19
  - 3 new large format stores opened in FY19 (total now 4); trading ahead of expectations
  - Contribution from new store openings in FY19 offset by concession store closures
- Wholesale delivered strong revenue growth, contribution 6% total sales
- Northern hemisphere contribution increases to 20% (FY18: 16%)
  - 39% growth vs FY18

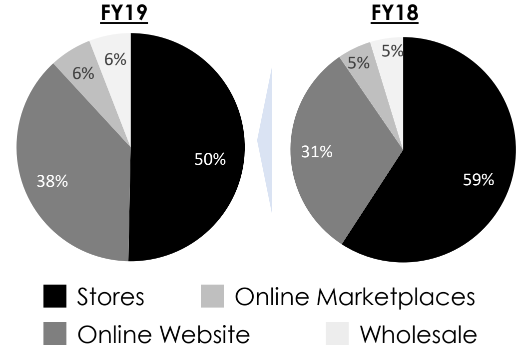
Online, cost focus delivers margin improvement

- Cost of Doing Business (CODB) reduces to 41.3% of sales (FY18: 44.1%)
  - Increased contribution from lower cost online channel
  - Head office and store costs carefully managed[3], with continued investment to support growth
  - Exit from less profitable concessions

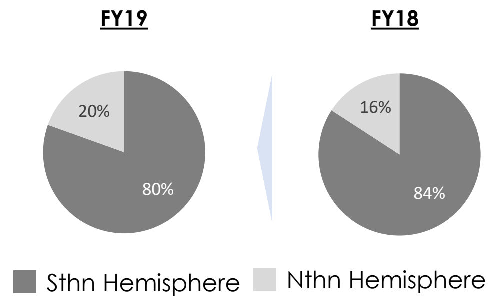
104
Stores[2]

385K
Active Customers

Channel: Contribution



Region: Contribution



1. Includes Online Website and Online Marketplace sales.
2. As at 30 June 2019; 93 in Australia, 11 in New Zealand. At end of FY18, 107 stores were reported. In FY19, 9 new stores opened, 2 pop-ups converted to permanent, 13 Myer concessions exited, and 1 NZ store closed.
3. CODB includes $1.1m share-based payments expense in FY19 (FY18: nil). Excluding these, CODB as percentage of sales for FY19 was 40.9%.

Operational Achievements in FY19

Initiatives across all channels and regions have delivered a strong result in FY19

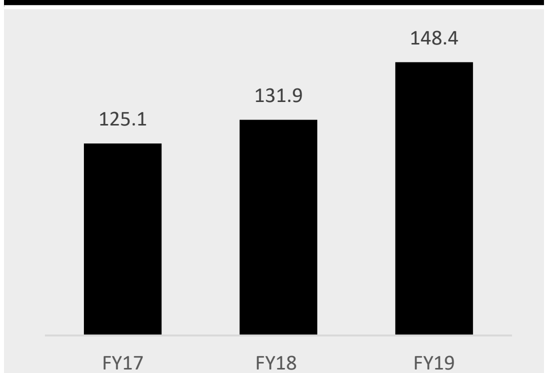
- Opened 9 new stores and 3 conversions to larger format stores
- Expansion of product offering with additional categories online (now 3x range online vs in stores)
- Continued push into the USA market with customer acquisition and new partners
- Store refurbishment program to improve in-store customer experience
- Launched 24 hour live chat to service customers globally
- Acquisition of Hips & Curves[1]
- Organisational transformation following divestment
- Migration to independent IT infrastructure ahead of schedule and within budget

Solid platform to drive profitable and sustainable growth agenda in FY20

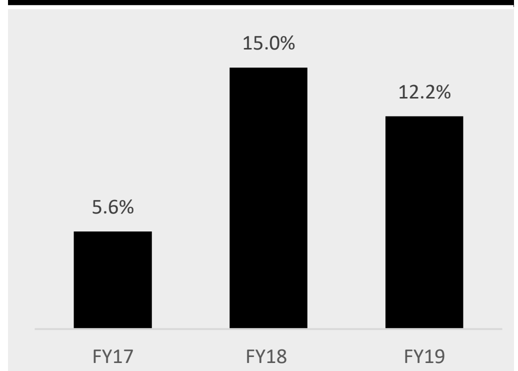
1. USA-based online intimates retailer acquired in April 2019 for US$2.0m.

Track Record of Delivering Consistent Growth[1]

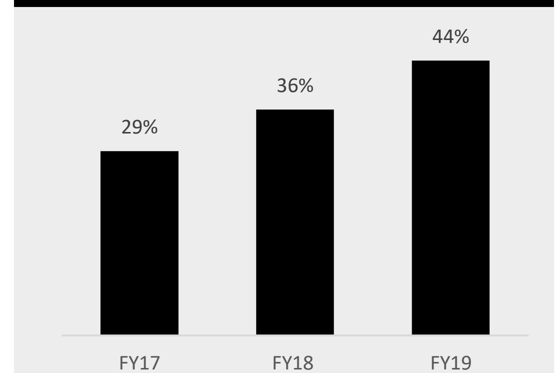
SALES ($m)



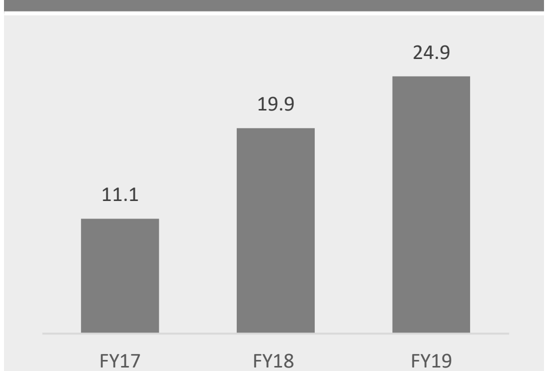
COMP SALES GROWTH[2]



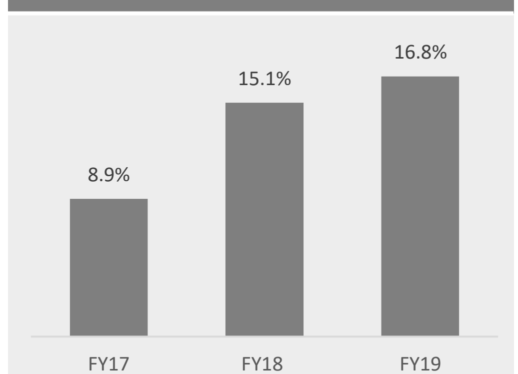
ONLINE SALES PENETRATION[3]



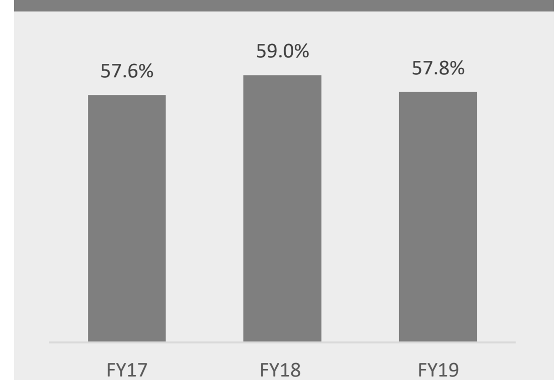
UNDERLYING EBITDA ($m)



UNDERLYING EBITDA MARGIN



GROSS MARGIN %



1. All metrics presented on this slide are for Continuing Operations (i.e. exclude brands divested on 2 July 2018).
2. As announced in 1H FY19 results Investor Presentation, CSG is now calculated excluding marketplace partners. Using the previous methodology which included marketplace partners, the CSG for FY19 was 10.0%, FY18 was 12.9% and FY17 was 6.7%.
3. Includes Online Website and Online Marketplace sales.

3

FY19 FINANCIAL REVIEW

FY19 Results Overview

FINANCIAL PERFORMANCE

Sales Revenue

$148.4m

- 12.2% CSG[1]
- 44% online penetration

Gross Profit

$85.9m

- Group margin from to 59.0% to 57.8%, greater online mix and growth in wholesale

EBITDA[2]
(Underlying)

$24.9m

- 16.8% margin, up from 15.1% pcp
- CODB % of sales decreased to 41.3% from 44.1% pcp

PBT[2]
(Underlying)

$21.3m

- 14.3% margin, up from 10.9% pcp
- Relatively low ongoing capital requirements

NPAT: Continuing[2]
(Reported / Unadjusted)

$14.3m

- Strong NPAT result for City Chic business
- EPS of 7.4 cents

NPAT: Group[3]
(Reported / Unadjusted)

$16.0m

- Includes earnings impact of discontinued business
- EPS of 8.3 cents

FINANCIAL POSITION (30 Jun 19)

Net Cash

$23.2m

- Strong cash flow generation
- Debt fully repaid
- Well capitalised

Inventory

$19.4m

- Disciplined buying and controls
- Stock clean
- Investing to support growth

1. Excludes Wholesale and Online Marketplace sales.
2. Continuing operations; excludes brands sold to Noni B on 2 July 2018.
3. Group NPAT represents NPAT from continuing operations and NPAT from discontinuing operations.

Financial Performance

A$m	FY18	FY19
Continuing Operations: Underlying		
Sales Revenue	**131.9**	**148.4**
Revenue Growth vs PCP	*5.5%*	*12.6%*
Comparable Sales Growth[1]	*15.0%*	*12.2%*
Gross Profit	**77.8**	**85.9**
Gross Profit Margin	*59.0%*	*57.8%*
Underlying CODB	**58.2**	**61.2**
Underlying EBITDA	**19.9**	**24.9**
Underlying EBITDA Margin	*15.1%*	*16.8%*
Underlying PBT	**14.4**	**21.3**
Underlying PBT Margin	*10.9%*	*14.3%*
Group: Reported		
NPAT: Continuing		14.3
NPAT: Discontinued		1.7
NPAT: Group		**16.0**

- Strong comp sales growth despite cycling high growth in FY18; driven by more full price sales and performance in online channels
- Top-line sales growth relative to comp sales growth impacted by offsetting factors:
  - New store openings, larger format store conversions, wholesale and marketplace growth, H&C contribution
  - Closure of less profitable concessions
- Support office costs in line with expectations for the standalone business; includes $1.1m of share-based payments expense in FY19 (nil in FY18)
- Investing in operational base to support growth
- EBITDA margin improvement driven by growth in online, careful cost management and exiting less profitable concessions
- Strong PBT margin driven by relatively low capital requirements
- NPAT for discontinuing operations includes legacy liabilities associated with the divestment and an adjustment to the capital gains tax estimated in FY18

1. As announced in 1H FY19 results Investor Presentation, CSG is now calculated excluding marketplace partners. Using the previous methodology which included marketplace partners, the CSG for FY19 was 10.0% and for FY18 was 12.9%.

Cash Flow

A$m	FY18[1]	FY19
Continuing Operations		
Receipts from customers	148.3	163.6
Payments to suppliers	(129.4)	(166.1)
Interest and other revenue	0.0	0.6
Income taxes	(0.1)	(1.9)
Operating Cash Flows	**18.9**	**(3.8)**
Capex (pre landlord contribution)	(3.1)	(8.1)
Brand intangible	-	(2.5)
Sale proceeds	-	31.1
Investing Cash Flows	**(3.1)**	**20.5**
Repayment of borrowings	(1.7)	(12.9)
Dividends Paid	-	(9.6)
Financing Cash Flows	**(1.7)**	**(22.5)**
Increase/(Decrease) in Cash: Continuing	**14.1**	**(5.8)**

- Normalised operating cash flow of $21.5m in FY19; adjusted for outflows associated with the divested brands, the transaction and the transition[2] and earlier settlement for select suppliers on more favourable pricing terms
- Interest income earned on net cash position through FY19
- Capex primarily relates to IT outlays to transition to standalone infrastructure, the new store roll-out and enhancements to the existing store portfolio
  - Capex presented does not include landlord contributions; capex net of landlord contributions was $5.2m in FY19
- Brand intangible relates to Hips & Curves
- Sale proceeds of $31m received for sale of brands to Noni B on 2 July 2018; settlement of completion adjustment yet to be finalised
- Debt facility fully repaid in July 2018 and undrawn at June 2019
- Interim ordinary dividend of 2.5cps and special dividend of 2.5cps ($9.6m in aggregate) paid in March 2019
- Final ordinary dividend of 1.5cps ($2.9m) to be paid on 30 September 2019

1. FY18 cashflow re-stated for the continuing operations.
2. Outflows include settlement of select retained supplier and employee liabilities, GST related balances, advisor fees and redundancies, which were provided for at 1 July 2018 or underlying adjustments in FY19.

Financial Position

A$m	1 Jul 18	30 Dec 18	30 Jun 19
Cash and cash equivalents	28.9	35.5	23.2
Inventories	15.8	15.2	19.4
Other	4.2	6.0	5.9
Assets held for sale	125.1	-	-
Current Assets	**174.0**	**56.7**	**48.5**
Property, plant, equipment	6.7	8.3	9.3
Intangibles	10.1	12.0	15.2
Deferred tax asset	5.3	7.3	12.1
Non-current Assets	**22.1**	**27.6**	**36.5**
Total Assets	**196.1**	**84.3**	**85.0**
Trade and other payables	44.3	20.6	25.5
Provisions and Other	7.9	11.4	11.4
Liabilities held for sale	91.8	-	-
Current liabilities	**144.0**	**32.1**	**37.0**
Borrowings	12.9	-	-
Provisions and Other	2.2	4.0	3.8
Non-current Liabilities	**15.1**	**4.0**	**3.8**
Total Liabilities	**159.0**	**36.1**	**40.7**
Net Assets	**37.1**	**48.2**	**44.3**

- 30 June 2019 and 30 December 2018 presents post-transaction standalone balance sheet for CCX; 1 July 2018 presents divested brands as held for sale
- Strong net cash position of $23.2m and no debt; $9.6m dividend paid in March 2019
- $15m bank facility was undrawn throughout the year and at 30 June 2019; subsequent to year end, bank facility reduced to $5m and term extended to August 2022
- Final dividend declared post year end; not recognised in liabilities as at 30 June 2019
- Increase in inventory driven by ongoing investment to support growth in domestic (particularly around new and larger stores) and international markets, as well as Hips & Curves
  - Continued inventory investment to support future growth
- Increase in deferred tax asset resulting primarily from full recognition of USA tax losses
- Reduction in payables driven by transaction settlement and separation related payments made post 1 July 2018
- Current liabilities includes $5.5m income tax payable relating to FY19 and includes tax related to revenue generating assets sold as part of the divestment

4

STRATEGY OVERVIEW & OUTLOOK

International Multi-Channel Growth Business

Women's plus size apparel market in ANZ is estimated to be 1.0bn[1]; City Chic has ~10% share

Significant opportunity in North America and Europe: >$50bn[1] women's plus size apparel market

Drive Online Growth	• Strategy to accelerate growth in customer base; drive customers to City Chic website • Lifestyle extensions and broader product range through online exclusives • Expansion into new segments within plus-size • Enhance customer experience – global website platform upgrade underway[2]
Accelerate Store Roll-out in ANZ	• 20 further new locations over ~2 years; additional new sites agreed for 1H FY20 • 15 further existing higher-performing stores earmarked for larger format over ~2-3 years
New Partners and Growing Awareness *(in Northern Hemisphere)*	• Maintain high profile partners which drive brand awareness • Establish new partnerships • Refine social media and PR strategy • Continue trial in Europe through wholesale partnerships
Enhance Customer Touchpoints	• Investment program to improve in-store experience • Launching new CRM[3] • New email platform implementation underway[4]

1. Based on IBISWorld Industry Report, The NPD Group, PwC, Verdict and City Chic estimates.
2. Increased site speed, search engine optimisation (SEO) and conversion.
3. Customer Relationship Management; to enhance customer insights and predictive modelling.
4. More targeted communications, behavioural learnings and customer journeys.

FY20 Outlook

- Positive comparable sales growth year to date and expected in FY20
- Significant growth runway in ANZ as we continue to expand our offering and store network
- Continue to drive profitable growth in the US by driving expansion of our customer base, new partnerships and tailoring operations for the US market
- Strong balance sheet and operating cash flows to support operations and pursue growth levers

APPENDIX

Earnings Reconciliation

	Continuing		Discontinued		Group	
A$m	FY18	FY19	FY18	FY19	FY18	FY19
Underlying EBITDA	**19.9**	**24.9**	**4.1**	**-**	**24.0**	**24.9**
Depreciation & amortisation	(3.9)	(3.9)	(16.3)	-	(20.2)	(3.9)
Underlying EBIT	**16.0**	**20.9**	**(12.1)**	**-**	**3.9**	**20.9**
Net Interest income / (expense)[1]	(1.6)	0.4	-	-	(1.0)	0.4
Underlying NPBT	**14.4**	**21.3**	**(12.1)**	**-**	**3.8**	**21.3**
Restructuring costs	(1.9)	-	(2.0)	-	(3.9)	-
Release of USA store exit cost provision	1.1	0.3	-	-	1.1	0.3
Gain on hedging contract	1.7	-	-	-	1.7	-
Transition costs	-	(2.6)	-	-	-	(2.6)
Onerous head office lease / contract provisions	(3.9)	0.3	-	-	(3.9)	0.3
Transaction-related items & adjustments	-	-	(8.3)	(2.3)	(8.3)	(2.3)
Underlying Adjustments	**(3.0)**	**(2.1)**	**(10.4)**	**(2.3)**	**(13.4)**	**(4.4)**
Reported NPBT	**11.5**	**19.2**	**(22.5)**	**(2.3)**	**(11.0)**	**17.0**
Taxation benefit / (expense)	3.5	(5.0)	(1.8)	4.0	1.7	(1.0)
Reported NPAT	**15.0**	**14.3**	**(24.3)**	**1.7**	**(9.3)**	**16.0**

1. Group net interest expense allocated to continuing operations.

Ethical Trade Update

1

We promise to source product in a recognised, **RESPONSIBLE** and transparent supply chain…

2

It is a right of every worker in our supply chain to enjoy safe and healthy working conditions in an environment where they are not exploited

3

We are committed to educating our business, and suppliers, on modern slavery and providing practical tools to identify and remediate issues

Key Updates

- ✓ Achieved B+ in the Ethical Fashion Report
- ✓ Green Light in Oxfam’s Living Wage Company Tracker
- ✓ Rolled out our Grievance Hotline across Tier 1
- ✓ Strengthened our Zero Tolerance policies to continue to fight for a safer and slave free supply chain
- ✓ Published our roadmap to living wage

Ongoing Focus

- ➢ Modern Slavery Act – develop road map and embed Policies
- ➢ Supply Chain Risk Mapping
- ➢ Social Audit beyond Tier 1
- ➢ Ongoing commitment to Worker Voice
- ➢ Develop and provide training on what a Responsible Supply Chain looks like

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