



# ARITZIA

OCTOBER 2019 INVESTOR PRESENTATION

## Forward-looking information

This presentation contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate, including our Fiscal 2021 expectations as further discussed below, is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “intends”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

This forward looking information includes, among other things, statements relating to: Fiscal 2021 expectations as further described below; expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies; expectations regarding opportunities to enhance profitability; expectations regarding financial flexibility to pursue our growth strategies; expectations regarding our revenue, expenses, net and comparable sales, sales volumes, sourcing initiatives and operations; our business plans and strategies; expectations regarding eCommerce growth; expectations regarding brand expansions and brand awareness; expectations regarding North American and international sales; expectations regarding the number, timing, location and economics of new boutique openings and the expansion and repositioning of existing boutiques; our competitive position in our industry; expectations regarding our net investment; our business plans and strategies; our use of future free cash flows; and beliefs and intentions regarding the ownership of material trademarks and domain names used in connection with the design, production, marketing, distribution and sale of our products.

In addition, our five-year targets for Net Revenue, Adjusted EBITDA and Adjusted Net Income by Fiscal 2021, as well as the five-year Fiscal 2021 targets for boutique expansion and repositioning, are considered forward-looking information.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Implicit in the forward-looking information in this presentation, including in respect of the Company’s expectations for Fiscal 2021, are certain assumptions, including, the following material factors made in preparing forward-looking information and management’s expectations, among others: certain assumptions in respect of the growing affinity to our brand; our ability to drive increased brand awareness through our influencer strategy, VIP program, digital marketing and social media; our ability to generate attractive margins and meaningful cash flow; the expansion and enhancement of our boutique network, including the identification of 100 U.S. locations for future expansion; the growth of our eCommerce business and eCommerce penetration of 25% of total net revenue by the end of Fiscal 2021; our five-year compound annual growth rate; assumptions regarding the overall retail environment and currency exchange rate for Fiscal 2021; the launch of shipping to international markets; our ability to drive comparable sales growth; our ability to maintain, enhance, and grow our appeal within our addressable market; our ability to drive ongoing development and innovation of our exclusive brands, capsule brands, and product categories; our ability to continue directly sourcing from third-party mills, trim suppliers, and manufacturers for our exclusive brands; our ability to build our international presence; our ability to retain key personnel; our ability to maintain and expand distribution capabilities; our ability to continue investing in infrastructure and technology to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards.

Forward-looking information is necessarily based on a number of the opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including, without limitation, the factors discussed in the “Risk Factors” section of our most recent Management Discussion and Analysis dated October 15, 2019 for Q2 2019 (“MD&A”) and in the Company’s Annual Information Form dated May 9, 2019 for Fiscal 2019 (“AIF”). Copies of the MD&A and AIF, as well as the Company’s other publicly filed documents, can be accessed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com).

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation (or as the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

## Non-IFRS Measures

This presentation makes reference to certain non-IFRS measures and retail industry metrics. These measures are not recognized measures under International Financial Reporting Standards (“IFRS”), do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including “EBITDA”, “Adjusted EBITDA”, “Adjusted Net Income (Loss)” and “Adjusted EPS”. This presentation also makes reference to “comparable sales growth”, [“**non-comparable sales**”], [“**Net Investment**”] and “sales per square foot”, which are commonly used operating metrics in the retail industry. These non-IFRS measures and retail industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures and retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures and retail industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management compensation. NTD: Add definition for Adjusted EPS. Not used or defined in most recent MD&A.

NTD: Retail operating metrics in square brackets do not appear to be used in the presentation. Confirm and delete references.

For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see the “How We Assess the Performance of Our Business” and “Selected Consolidated Financial Information” sections of the Company’s MD&A available on SEDAR.

## Certain Other Matters

Any graphs, tables or other information demonstrating our historical performance or any other entity contained in this presentation are intended only to illustrate past performance of such entities and are not necessarily indicative of our future performance or such entities.

Aritzia is a vertically  
integrated,  
innovative design  
house of exclusive  
fashion brands.

We believe in high-quality, beautifully designed product.

We believe in elevated environments and experiences.

We believe in personalized and knowledgeable customer service.

And we believe that all of this should be attainable.

We call this Everyday Luxury.

ARITZIA



## Investment Highlights

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- Rapidly growing, innovative design house of exclusive fashion brands strategically positioned in the global fashion landscape
- Proven track record of strong growth delivered through:
  - An accelerating eCommerce business
  - New boutiques and expansions, and
  - Consistent comparable sales growth
- Meaningful omni-channel opportunity across Canada, the U.S. and internationally
- Strong capital structure to support future growth
- Experienced and highly talented management team



ARITZIA

We are strategically positioned in  
the global fashion landscape



Our expansive and diverse range of women's fashion apparel and accessories seeks to address a broad range of style preferences and lifestyle requirements for women of all ages

**ARITZIA**



Beautiful and  
high-quality products



Elevated and intelligent  
omni-channel experience



Personalized,  
knowledgeable service



ARITZIA

## Our Business Model

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We have built a powerful business model  
anchored by a simple mantra:  
We are in the fashion business

### 1. Differentiated global sourcing strategy

- Allows us to continually refine our supply chain elevating our product, increasing the value to our client and gross margin
- Our product teams plan, develop and design our seasonal collections, then partner directly with our mills, our suppliers and our manufacturers to deliver exceptional value at attainable price points

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## 2. Innovative creative development

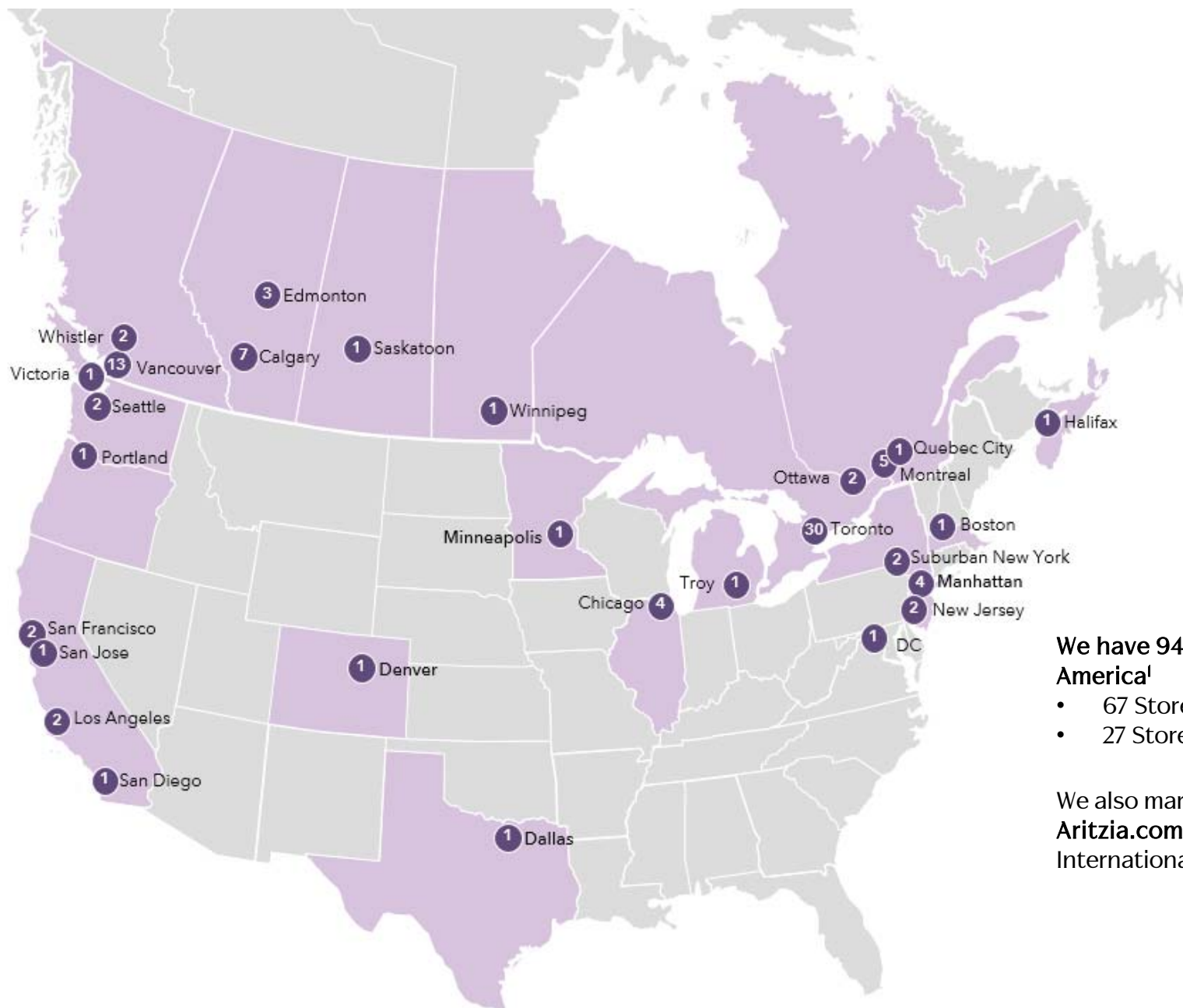
- Our innovative design house offering a strategic mix of exclusive brands, combined with a refined and proven merchandise strategy, ensures we provide a balanced assortment of high quality, beautifully designed and constructed products that our client desires
- Our boutiques and website deliver on both form and function creating an unrivaled client experience
- Our communications and marketing strategies are both brand propelling and sales driving through both traditional and digital channels





### 3. Elevated omni-channel shopping experience

- We offer our products to our clients through a seamless omni-channel approach and delight our clients with an aspirational shopping experience in our premier real estate locations and on Aritzia.com
- We focus on every detail of delivering exceptional client service no matter where they choose to shop our brand



**We have 94 boutiques across North America<sup>1</sup>**

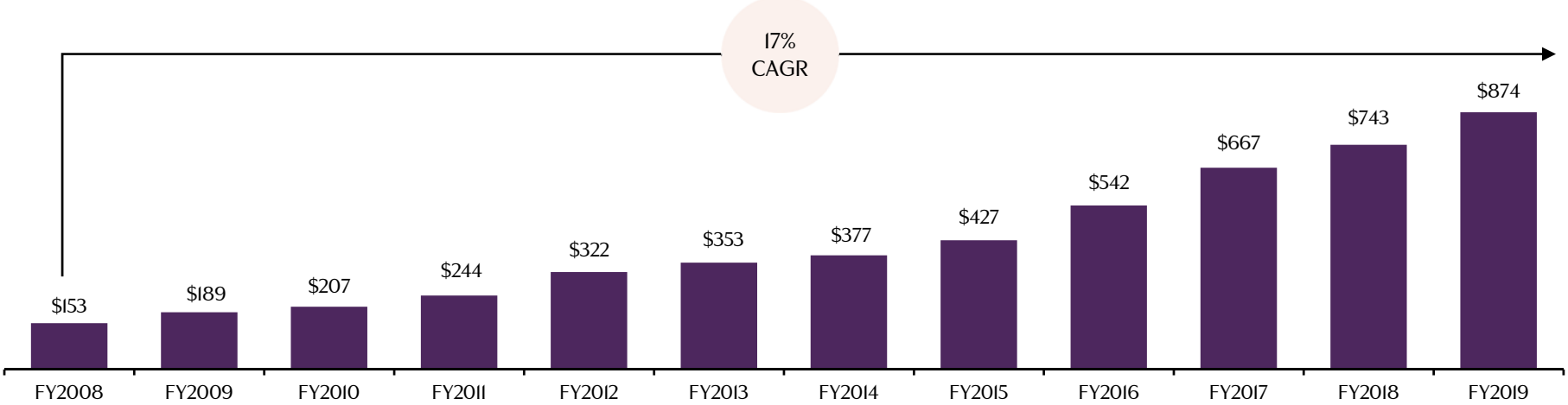
- 67 Stores in Canada
- 27 Stores in United States

We also market our products through **Aritzia.com** across Canada, U.S. and Internationally

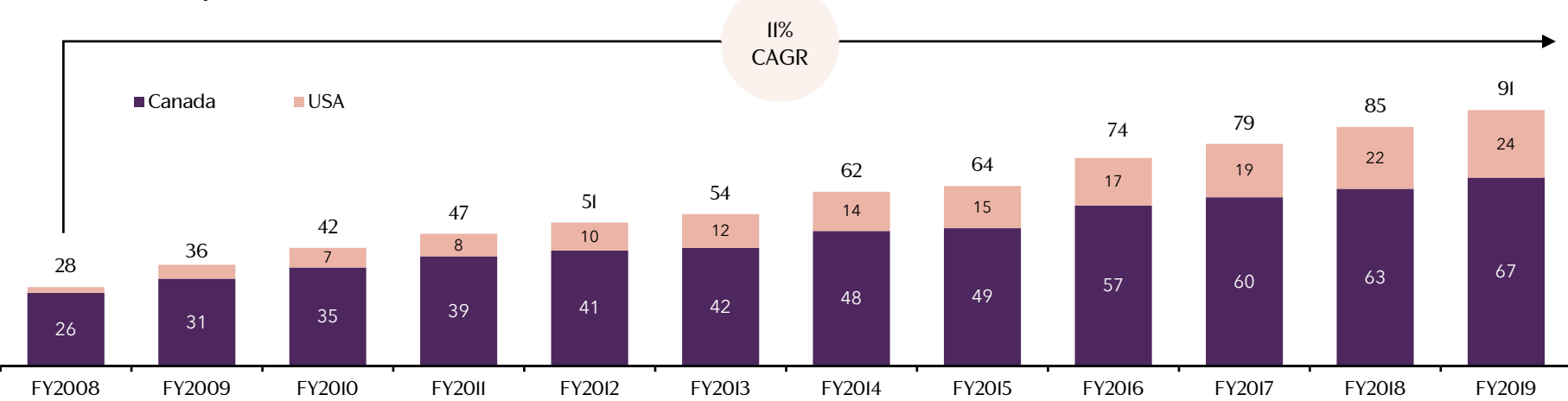
<sup>1</sup> At the date of this presentation

We attribute our proven track record of consistent growth to our distinct market position, operational excellence and relentless focus on long term objectives

Net Revenue Growth (\$ millions) Net revenue growth every year for over 20 years



Measured Boutique Growth Aritzia has not closed a boutique in its 35-year history, as boutiques consistently deliver strong ROIC





## Our Future Growth

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1. Grow eCommerce business
2. Expand and enhance boutique network
3. Drive ongoing exclusive brand and product innovation
4. Build our brand awareness
5. Enhance long-term profitability

## Our Future Growth

### I. Grow eCommerce Business

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On track to achieve eCommerce penetration of 25% of total net revenue by the end of fiscal 2021, underpinned by the U.S. as our fastest growing channel

- Capitalize on digital marketing efforts
- Core site optimization
- Grow our clientele program
- Pursue social commerce and digital marketplaces to augment eCommerce business
- Develop our omni-channel fulfillment



## Our Future Growth

### 2. Expand and Enhance Boutique Network

Meaningful opportunity to expand our 94<sup>1</sup> boutique network in the U.S. and Canada

A key component of our growth strategy, our boutique network:

- Drives sales and meaningful profits
- Builds brand awareness
- Propels significant client acquisition
- Fuels our eCommerce channel

Our disciplined real estate strategy is focused on AAA locations in major metropolitan centres

We have identified 100 locations in the U.S. that meet our exacting criteria

	New Boutiques	Expansion + Repositions
5 Year Plan	5 – 6 per year	4 – 5 per year
Net Capex	\$2.5M	\$2.0M
Payback	18 – 24 months	18 – 24 months

<sup>1</sup> As at the end of Q2 of fiscal 2020

<sup>2</sup> Estimate based on a study we commissioned by a third party research firm at the time of the IPO  
See Disclaimer – Forward Looking Information



## Our Future Growth

### 2. Expand and Enhance Boutique Network

Mall of America, MN  
Opened August 2019



Cherry Creek, CO  
Opened September 2019



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## Our Future Growth

### 3. Drive Ongoing Exclusive Brand and Product Innovation

<b>BABATON</b>  <small>Fall 1994</small>	<b>BABATON I-OI</b>  <small>Winter 2015</small>	<small>The Group</small> <b>BABATON</b>  <small>Fall 2016</small>
<b>wilfred</b>  <small>Spring 2006</small>	<b>wilfred free</b>  <small>Spring 2009</small>	<b>le fou wilfred</b>  <small>Fall 2009</small>
<b>Tna</b>  <small>Fall 1997</small>	<b>The Constant.</b>  <small>Spring 2017</small>	<b>Community</b>  <small>Fall 2006</small>
<b>DENIM FORUM</b>  <small>Fall 2018</small>	<b>little moon</b>  <small>Spring 2017</small>	<b>SUNDAY BEST</b>  <small>Fall 2017</small>

We look beyond what is to what could be by monitoring the evolving fashion landscape

Our multi-brand strategy provides us with the flexibility to tailor designs and product offering towards current and developing trends, such as the addition of denim and leather to our in-house exclusive product



## Our Future Growth

### 4. Build Our Brand Awareness

Driving increased brand awareness through influencer strategy, VIP program, digital marketing and social media



**BABATON**



**Tna®**



**wilfred**

**ARITZIA**



## Our Future Growth

### 5. Enhance Long-Term Profitability

	5Y Targets to Fiscal 2021	Implied FY16-FY21 CAGR	Fiscal 2017	Fiscal 2018	Fiscal 2019	3 Year CAGR <sup>2</sup>	Status
Net Revenue	Approximately \$1.1 to \$1.2 billion	15% - 17%	23.0%	11.4%	17.6%	17.3%	✓ On plan
Expand Boutique Network	5 – 6 new boutiques per year		5	6	7		✓ On plan
Select Expansion / Repositioning of Boutiques	4 – 5 boutiques repositioned per year		5	7	4		✓ On plan
Adjusted EBITDA <sup>1</sup>	Approximately \$195 to \$220 million	18% - 21%	38.5%	12.8%	21.3%	23.8%	✓ Ahead of plan
Adjusted Net Income <sup>1</sup>	Approximately \$115 to \$130 million	23% - 26%	60.4%	17.5%	24.5%	32.9%	✓ Ahead of plan

<sup>1</sup> Figures adjusted to exclude stock-based compensation and unrealized FX (gains) losses on forward contracts

<sup>2</sup> Figures calculated from Fiscal 2019 over Fiscal 2016

<sup>3</sup> We adopted IFRS 16 Leases, replacing IAS 17, for the annual reporting period beginning on March 4, 2019. For analysis purposes only, all figures are shown as if we continued to report under IAS 17 and did not adopt IFRS 16.

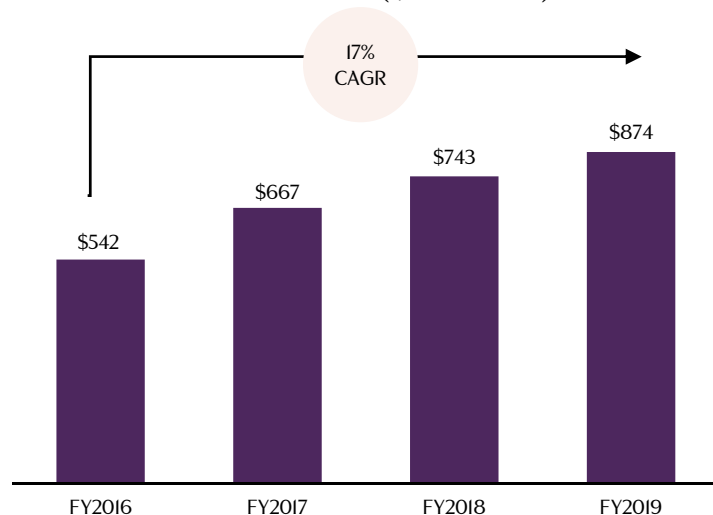
See Disclaimer - Forward-Looking Information and Non-IFRS Measures



# Financial Overview

## Strong Financial Track Record

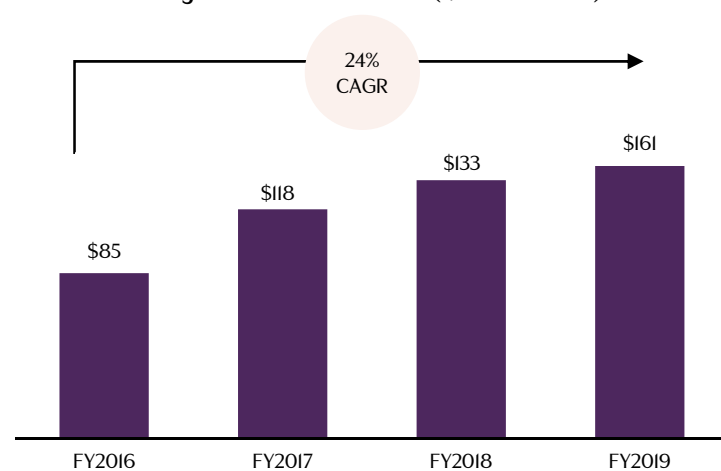
Net Revenue (\$ millions)



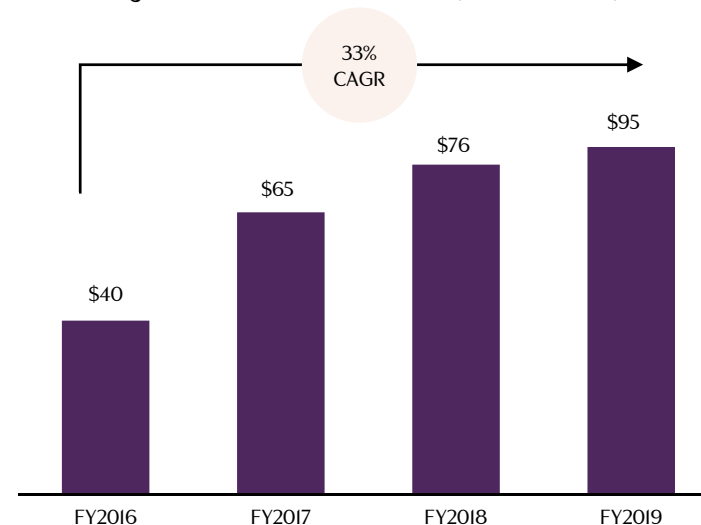
Comparable Sales (%)<sup>1</sup>

	Q1	Q2	Q3	Q4	Annual
FY2017	12.8%	16.4%	15.1%	12.3%	14.1%
FY2018	9.3%	5.4%	6.3%	6.0%	6.6%
FY2019	10.9%	11.5%	12.9%	5.5%	9.8%
FY2020	7.9%	8.4%			
Stack (3-year)	28.1%	25.3%	34.3%	23.8%	30.5%

Adjusted EBITDA<sup>2</sup> (\$ millions)



Adjusted Net Income<sup>2</sup> (\$ millions)



Margin 15.7% 17.6% 17.9% 18.4%

Net Income \$32 \$(56) \$57 \$79

<sup>1</sup> Our comparable sales growth calculation excludes the impact of foreign currency fluctuations. Beginning Q1 of fiscal 2018, we changed our calculation methodology by applying the prior year's average quarterly exchange rate to both current year and prior year comparable sales to achieve a consistent basis for comparison. Prior to Q1 of fiscal 2018, comparable sales growth was calculated using a U.S. dollar to Canadian dollar exchange rate of 1:1. The prior eight quarters have been recalculated using the new constant currency calculation.

<sup>2</sup> Figures adjusted to exclude stock-based compensation and unrealized FX (gains) losses on forward contracts.

<sup>3</sup> We adopted IFRS 16 Leases, replacing IAS 17, for the annual reporting period beginning on March 4, 2019. For analysis purposes only, all figures are shown as if we continued to report under IAS 17 and did not adopt IFRS 16.

See Disclaimer – Non-IFRS Measures



## Financial Highlights

\$ Millions, except per share data

	Q2 2020 <sup>2</sup>	Q2 2019	% Growth / Margin Expansion	Fiscal 2019	Fiscal 2018	% Growth / Margin Expansion
Net Revenue	\$241.2	\$205.4	17.4%	\$874.3	\$743.3	17.6%
Gross Profit	\$89.7	\$76.7	16.9%	\$342.9	\$295.5	16.0%
Gross Margin	37.2%	37.4%	(20) bps	39.2%	39.8%	(60) bps
Adjusted EBITDA <sup>1</sup>	\$36.4	\$33.0	10.1%	\$161.0	\$132.7	21.3%
% Margin	15.1%	16.1%	(100) bps	18.4%	17.9%	50 bps
Net Income	\$18.0	\$15.1	19.4%	\$78.7	\$57.1	37.9%
Adjusted Net Income <sup>1</sup>	\$19.9	\$18.3	8.7%	\$94.5	\$75.9	24.5%
% Margin	8.2%	8.9%	(70) bps	10.8%	10.2%	60 bps
Adjusted EPS <sup>1</sup>	\$0.18	\$0.16	+\$0.02	\$0.81	\$0.65	+\$0.16

<sup>1</sup> Figures adjusted to exclude stock-based compensation and unrealized FX (gains) losses on forward contracts. See Disclaimer – Non-IFRS Measures

<sup>2</sup> We adopted IFRS 16 Leases, replacing IAS 17, for the annual reporting period beginning on March 4, 2019. For analysis purposes only, all figures are shown as if we continued to report under IAS 17 and did not adopt IFRS 16.

See Disclaimer – Non-IFRS Measures

## Financial Performance Since IPO

\$ Millions, except per share data

Significant opportunities to further enhance our profitability through:

- Revenue growth from eCommerce and new, expanded and repositioned boutiques, particularly in the U.S.
- Initiatives to further optimize sourcing
- Operating leverage through higher sales volume

	PRE IPO		CURRENT	
	Fiscal 2016	LTM Q2 2017	LTM Q2 2020 <sup>4</sup>	% Growth <sup>3</sup> / Margin Expansion <sup>3</sup>
Net Revenue	\$542.5	\$607.1	\$939.8	54.8%
Gross Profit	\$198.4	\$228.3	\$368.1	61.3%
Gross Margin	36.6%	37.6%	39.2%	160 bps
Net Income	\$32.4	(\$34.0)	\$85.6	352.0%
Adjusted EBITDA <sup>1</sup>	\$85.0	\$96.8	\$171.4	77.1%
% Margin	15.7%	15.9%	18.2%	230 bps
Adjusted Net Income <sup>1</sup>	\$40.3	\$49.6	\$99.4	100.3%
Adjusted EPS <sup>1</sup>	\$0.34	\$0.42	\$0.89	+\$0.47
Boutique count	74	75	93	+18
Comparable Sales (%) <sup>2</sup>	16.8%	13.4%	8.4%	

<sup>1</sup> Figures adjusted to exclude stock-based compensation and unrealized FX (gains) losses on forward contracts. For purposes of reporting our Adjusted Net Income per diluted share, we have adopted the IFRS method for calculating weighted average number of diluted shares outstanding since Q1 of fiscal 2019. For comparative purposes, Adjusted Net Income per diluted share for Fiscal 2016 and LTM Q2 of fiscal 2017 are based on the same diluted share count for Q3 of fiscal 2017.

<sup>2</sup> Our comparable sales growth calculation excludes the impact of foreign currency fluctuations. Beginning Q1 of fiscal 2018, we changed our calculation methodology by applying the prior year's average quarterly exchange rate to both current year and prior year comparable sales to achieve a consistent basis for comparison.

<sup>3</sup> Calculated as % growth / margin expansion from LTM Q2 of fiscal 2017 to LTM Q2 of fiscal 2020.

<sup>4</sup> We adopted IFRS 16 Leases, replacing IAS 17, for the annual reporting period beginning on March 4, 2019. For analysis purposes only, all figures are shown as if we continued to report under IAS 17 and did not adopt IFRS 16.

See Disclaimer – Non-IFRS Measures

# ARITZIA

Our capital structure provides us with significant financial flexibility to pursue our future growth strategies

As at the end of Q2 of fiscal 2020

<b>\$30M</b> Cash and equivalents	<b>\$75M</b> Total debt	<b>\$20M</b> Drawn on revolving credit facility
<b>\$64M<sup>1</sup></b> LTM cash generated from operating activities less capital expenditure	<b>0.6x</b> Total debt to LTM adjusted EBITDA ratio	<b>5%</b> NCIB program % of public float

<sup>1</sup> LTM cash generated from operating activities less capital expenditure includes the impact of net lease cash payments made.





## Investor Relations

Helen Kelly  
Vice President, Investor Relations  
[hkelly@aritzia.com](mailto:hkelly@aritzia.com)  
+1 604 215 6557

[Aritzia.com](http://Aritzia.com)

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