



2012 Milano Fashion Global Summit

December 4, 2012



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Summary Themes

The U.S. is One of the Largest and Fastest Growing Luxury Markets

Sector Has Experienced Strong Growth...but it is Slowing

Non-Apparel Categories are Driving Growth

Accelerating Expansion of Outlet

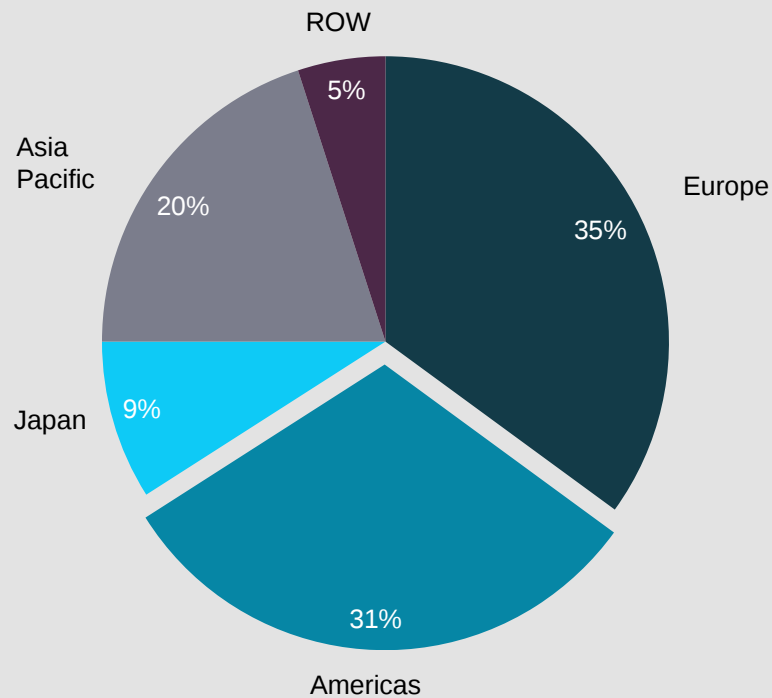
e-Commerce / Online Retail Continues to Take Market Share

Valuation Premium Persists

Signif cant Recent Strategic Activity

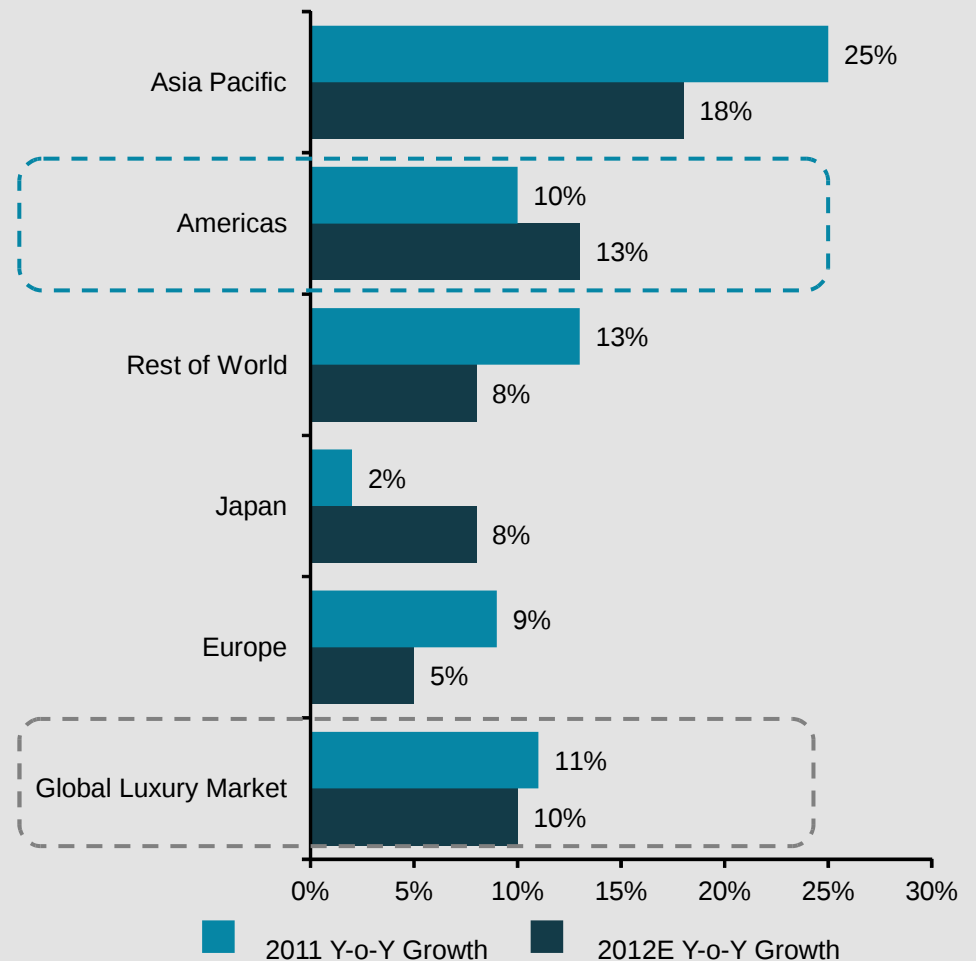
Putting the U.S. Luxury Market in Perspective

The U.S. is One Third of the Global Market...



Global Luxury Market: €221 billion

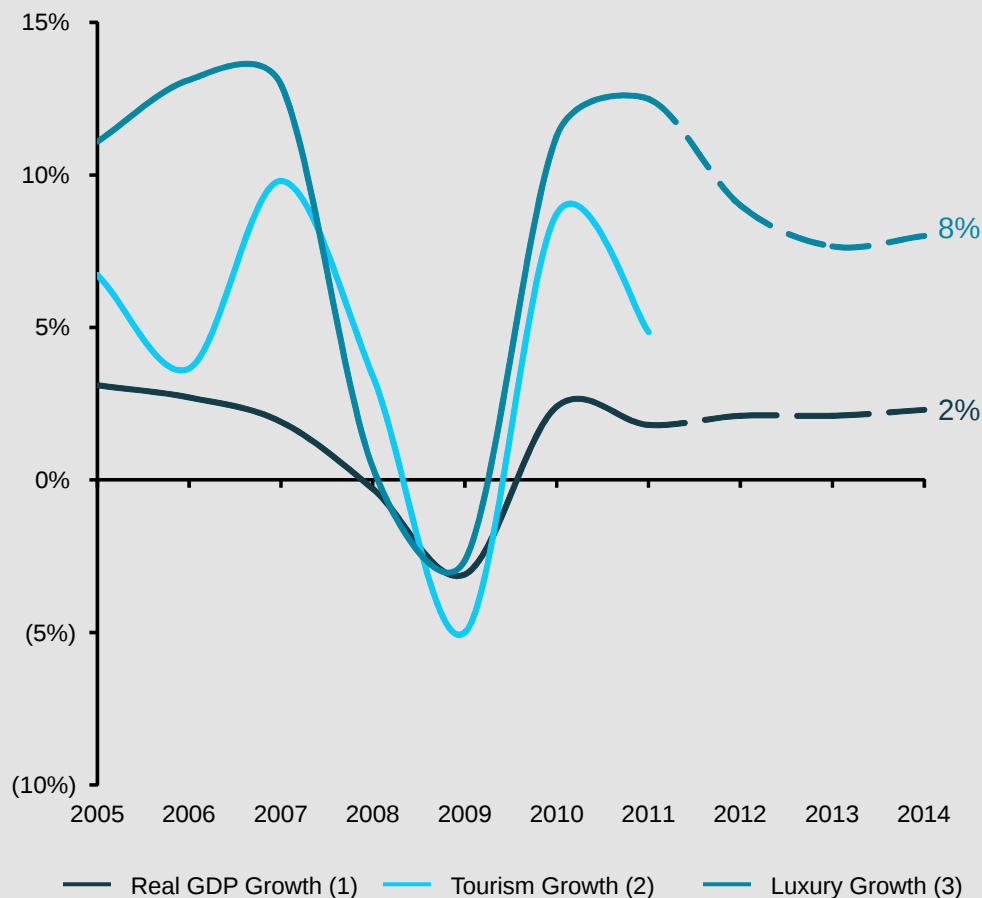
...and One of the Fastest Growing Markets Recently



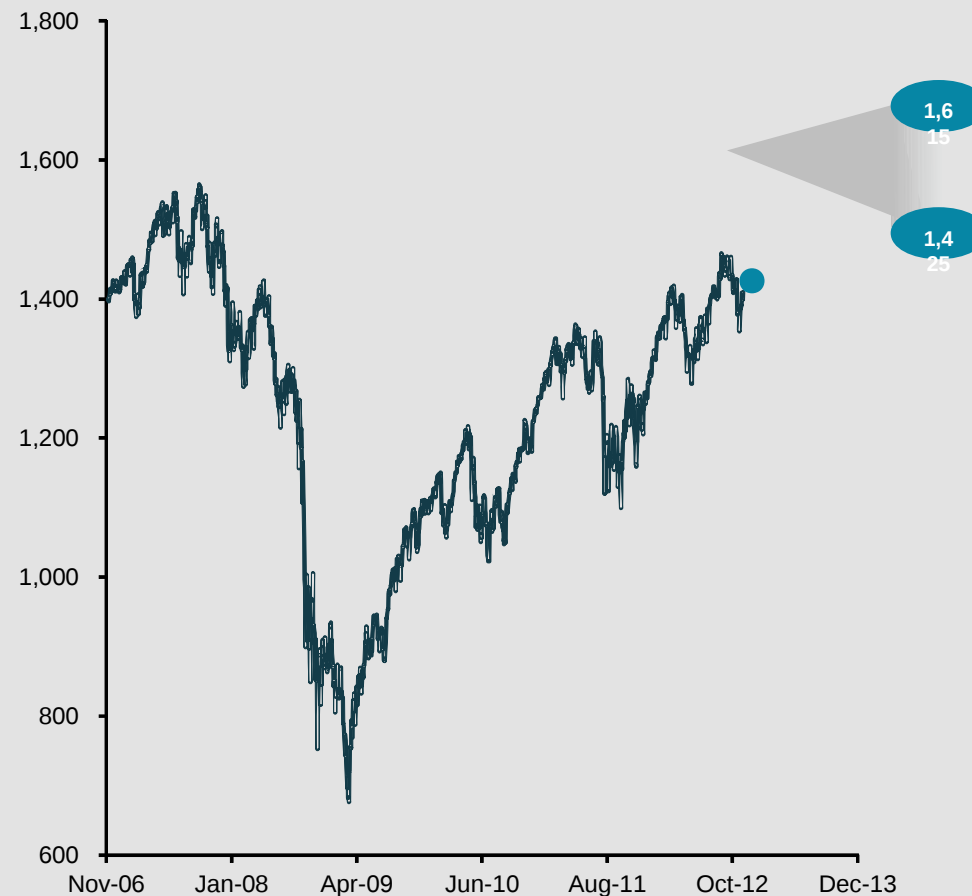
Source: Bain & Company and Fondazione Altagamma presentation dated October 15, 2012.

Mixed Macro Signals

Luxury Growth vs. GDP & Tourism Growth



S&P 500 Perspectives (4)



Source: Company filings, CapitalIQ and FactSet Research Systems November 29, 2012.

(1) GDP Growth estimates per Economist Intelligence Unit (EIU).

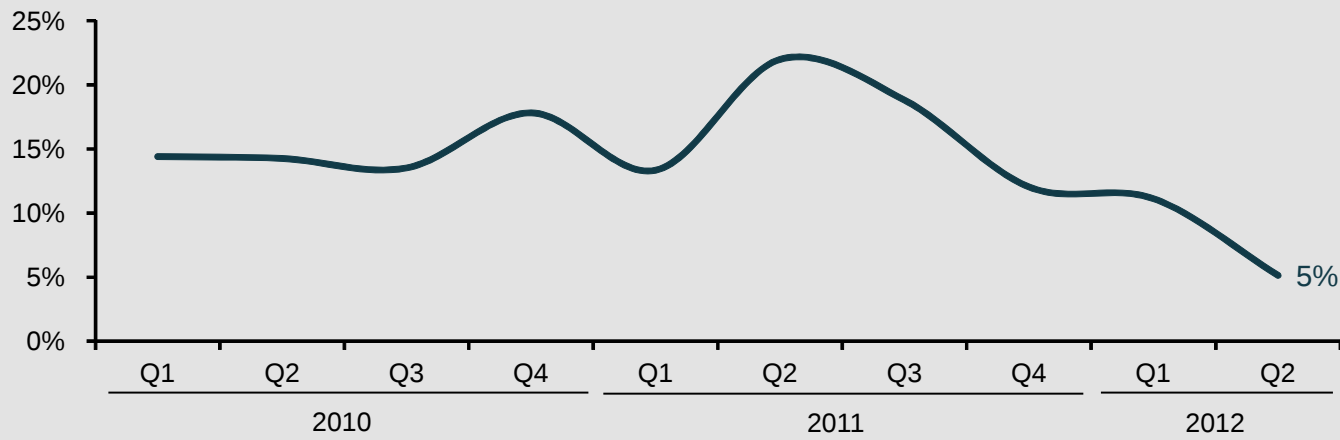
(2) Annual tourism statistics per U.S. Department of Commerce.

(3) Historical luxury growth represents the average y-o-y sales growth for Coach, J.Crew, Neiman Marcus, Nordstrom, Ralph Lauren, Saks and Tiffany. 2013 / 2014 projected luxury growth represents the average y-o-y sales growth for Coach, Nordstrom, Ralph Lauren, Saks and Tiffany.

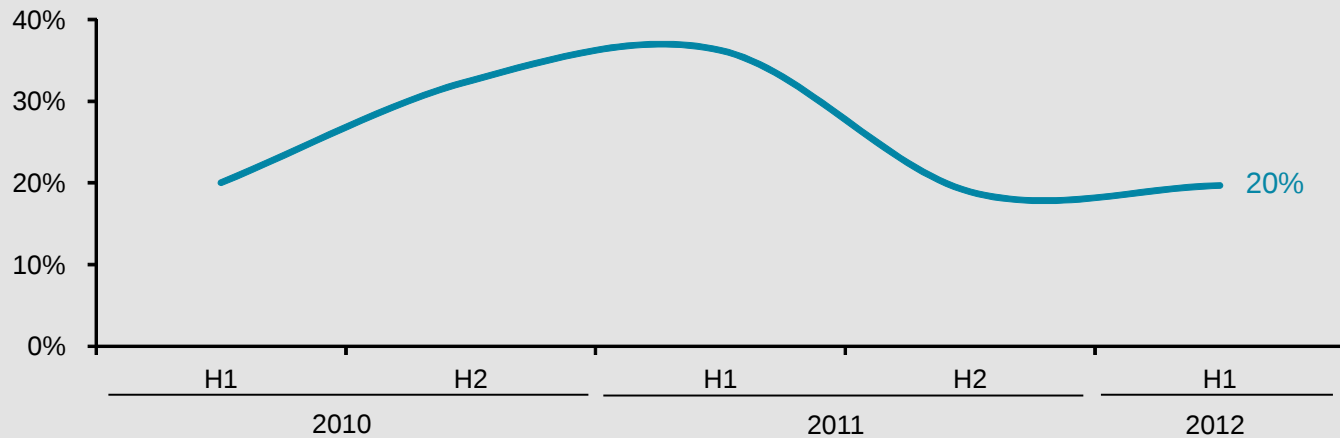
(4) S&P 500 projected levels represents the range of analyst forecasts for the S&P 500 index as per Bloomberg.

Moderating Brand Growth

U.S. Luxury Growth Has Declined Since Q2 2011 (1)



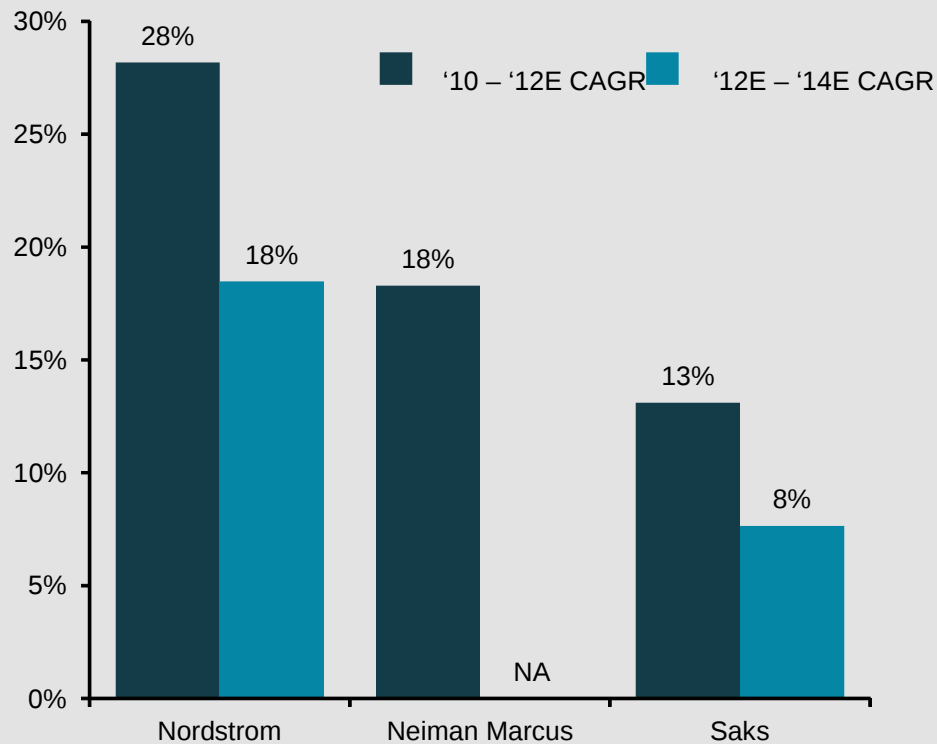
European Luxury Growth in the U.S. Has Slowed (2)



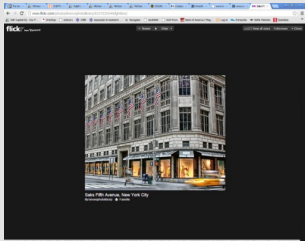
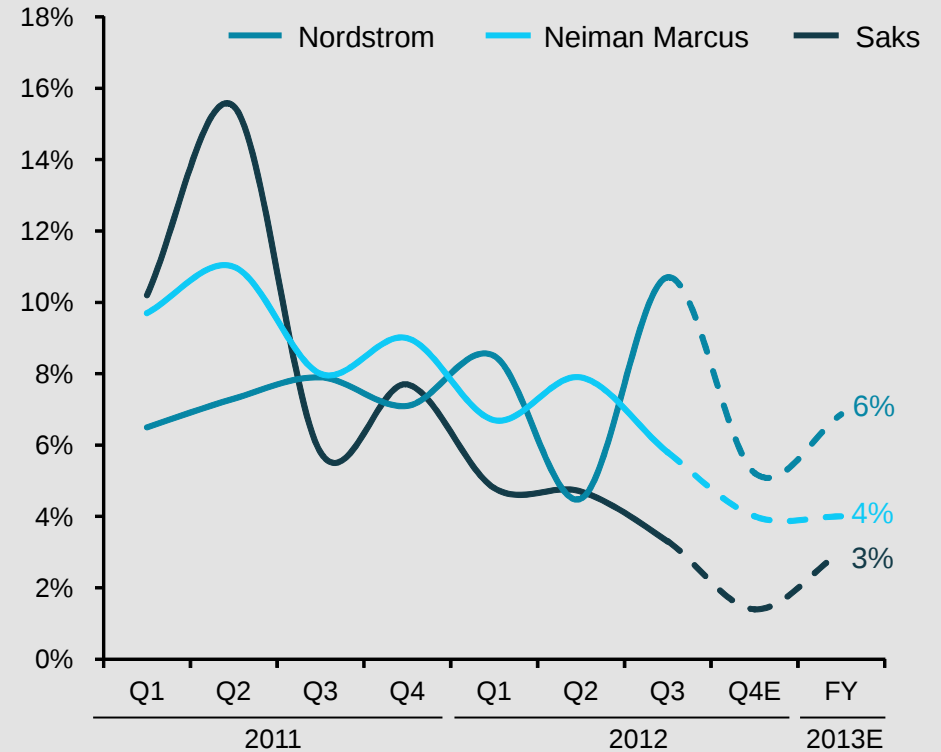
Source: Company filings, Wall Street Research and FactSet as of November 29, 2012.
 Note: Represents year over year growth in the U.S., North America or Americas region, depending on company disclosure.
 (1) Based on y-o-y quarterly revenue data for Coach, Ralph Lauren and Tiffany.
 (2) Based on semi-annual y-o-y revenue data for Burberry, Hermès, LVMH, Prada and Richemont. Represents sales in the U.S. or Americas, depending on company disclosure.

Favorable Retail Trends Until Recently

Projected Total Sales Growth is Slowing



Same Store Sales Growth Has Been Moderating

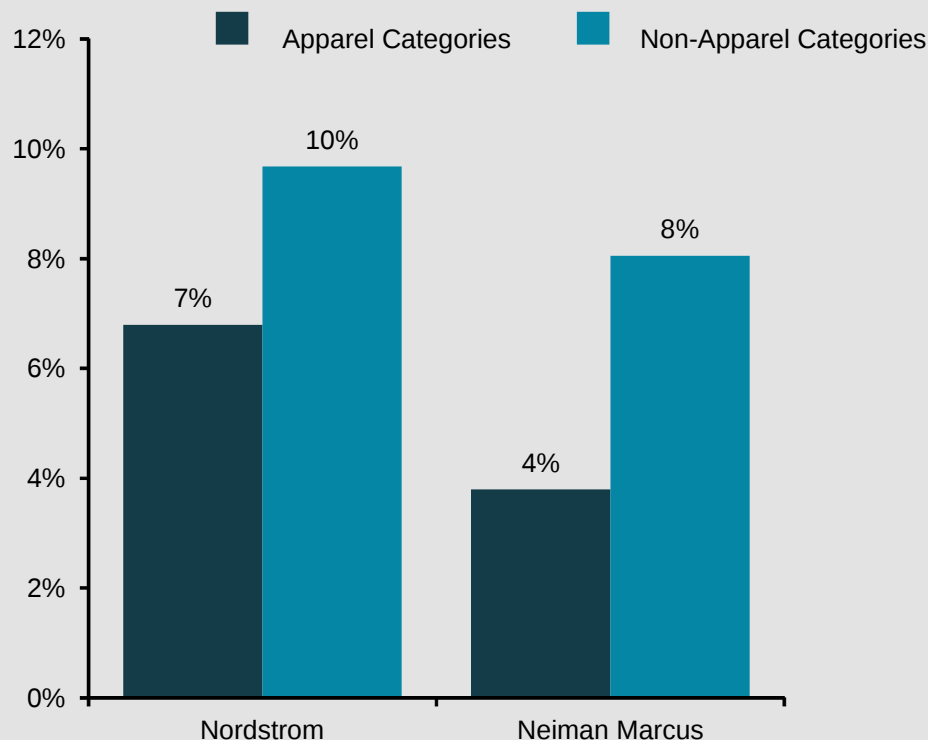


Source: Company website, Company filings, Wall Street Research and Factset as of November 29, 2012.

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Non-Apparel Categories Are Driving Growth

2008 – 2011 Sales CAGR



"The last year or 2 or 3, accessories, cosmetics, footwear have really excelled and outpaced the rest of the company and kind of carried us." – Blake Nordstrom, CEO, Nordstrom

"Several merchandise categories showed strength during the quarter, including women's and men's shoes, handbag, fine jewelry and fragrances." – Saks, Inc. Q3' 2012 earnings call



"In our stores, the best-performing merchandise categories were women's contemporary sportswear, shoes, handbags, jewelry and men's." – Neiman Marcus, Q1' 2013 earnings call

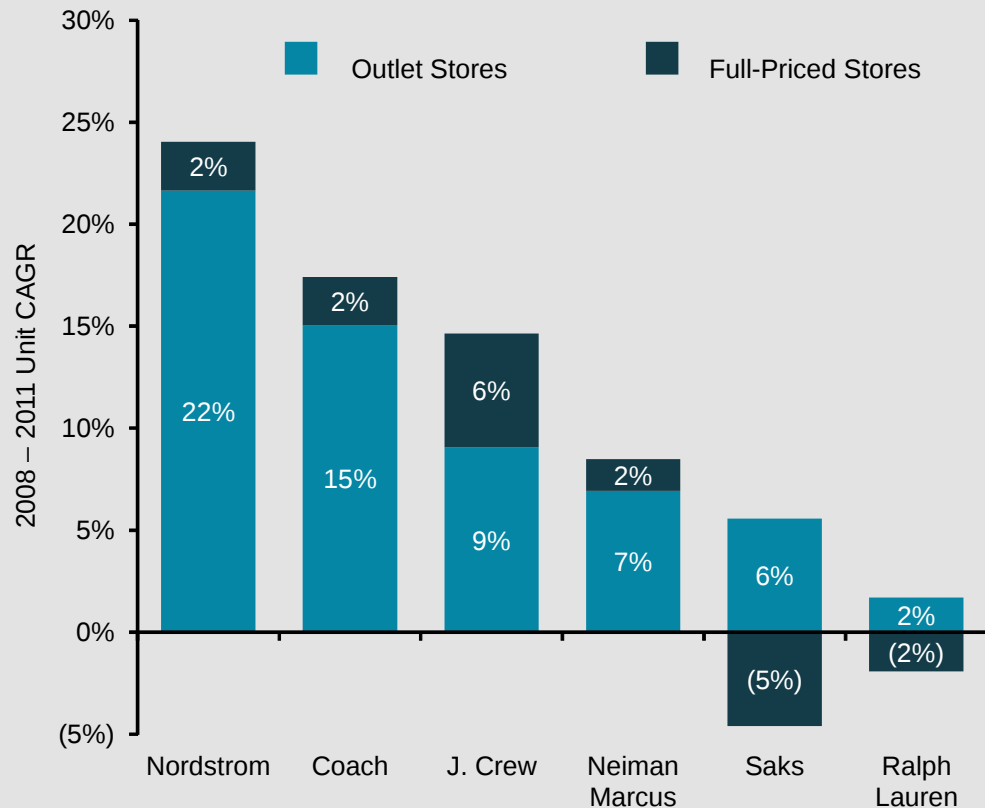
"It's worth noting that our men's business was also a significant driver of our overall sales growth in Q1." – Coach, Q1' 2013 earnings call

"Men's shoes [was one of] our top performing merchandise categories." – Nordstrom, Q3' 2012 earnings call

Source: Company filings and transcripts.

Accelerating Expansion of Outlet

Outlet Growth has Outpaced Full-Price Store Growth



Significant Whitespace Remains

	2011 Units ⁽¹⁾	Near-Term Openings		Long-Term Potential
		2012	2013	
Nordstrom Rack	108	12	24	230
% yoy growth		11%	20%	2.1x
Saks Off Fifth	60	5	~15	126
% yoy growth		8%	23%	2.1x
Coach Factory	143	26	30	
% yoy growth		18%	18%	

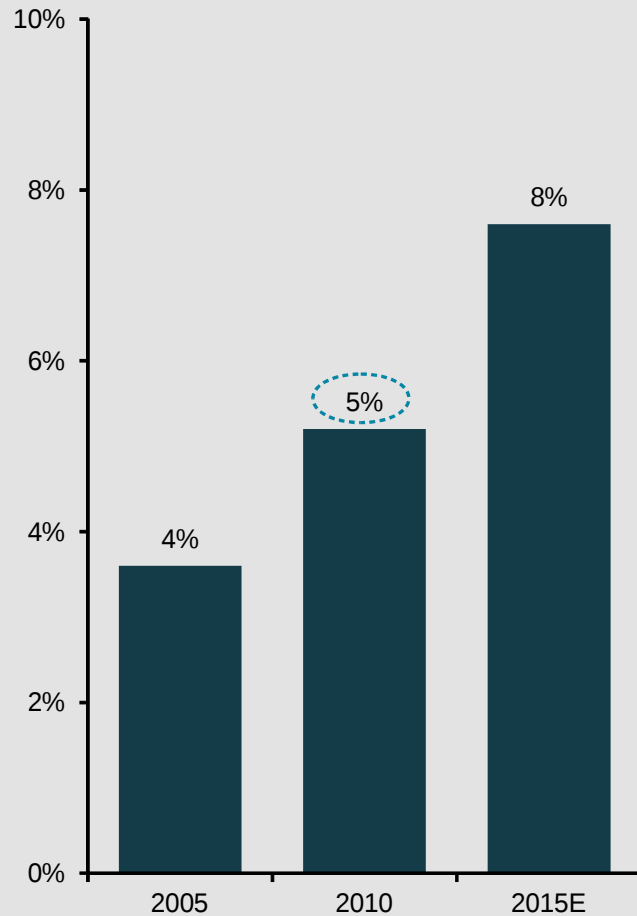


Source:
Note:
(1)

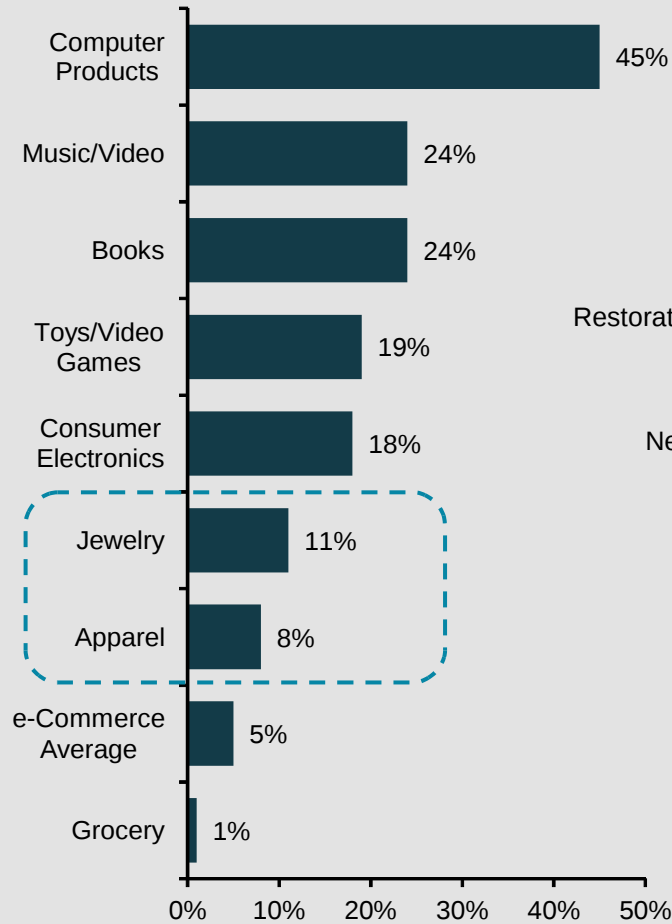
Company filings, transcripts, websites and Wall Street Research.
Store data as of the end of the most recently completed fiscal year.
Coach units as of 2011 fiscal year end June.

Online Retail Continues to Take Market Share

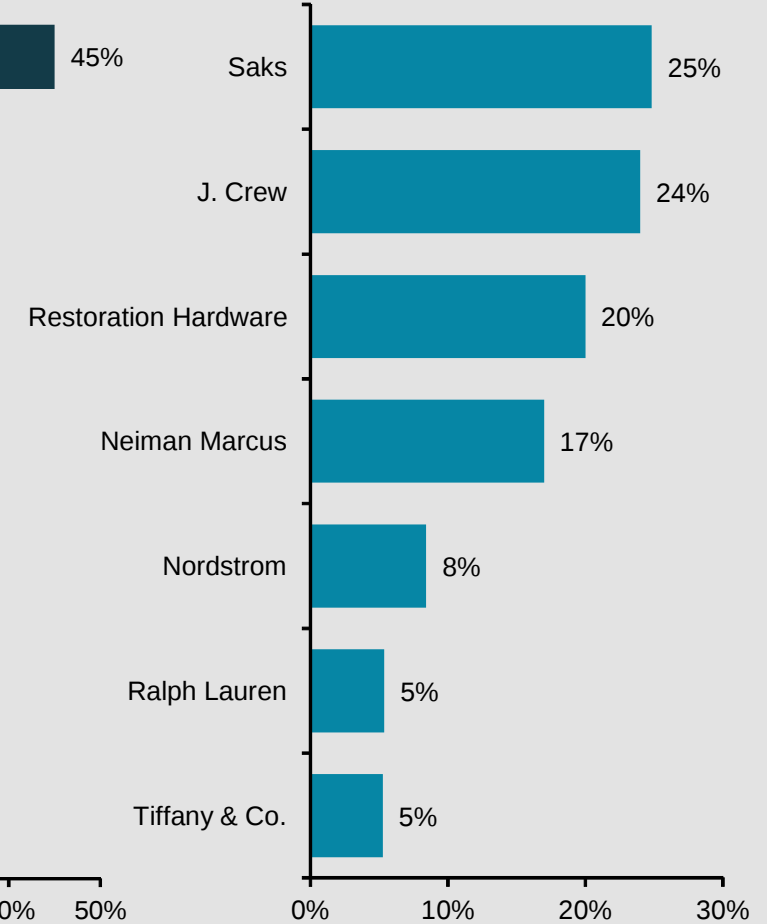
Rising Share of Retail Sales (1)



Luxe Categories Have Share Opportunity (2)

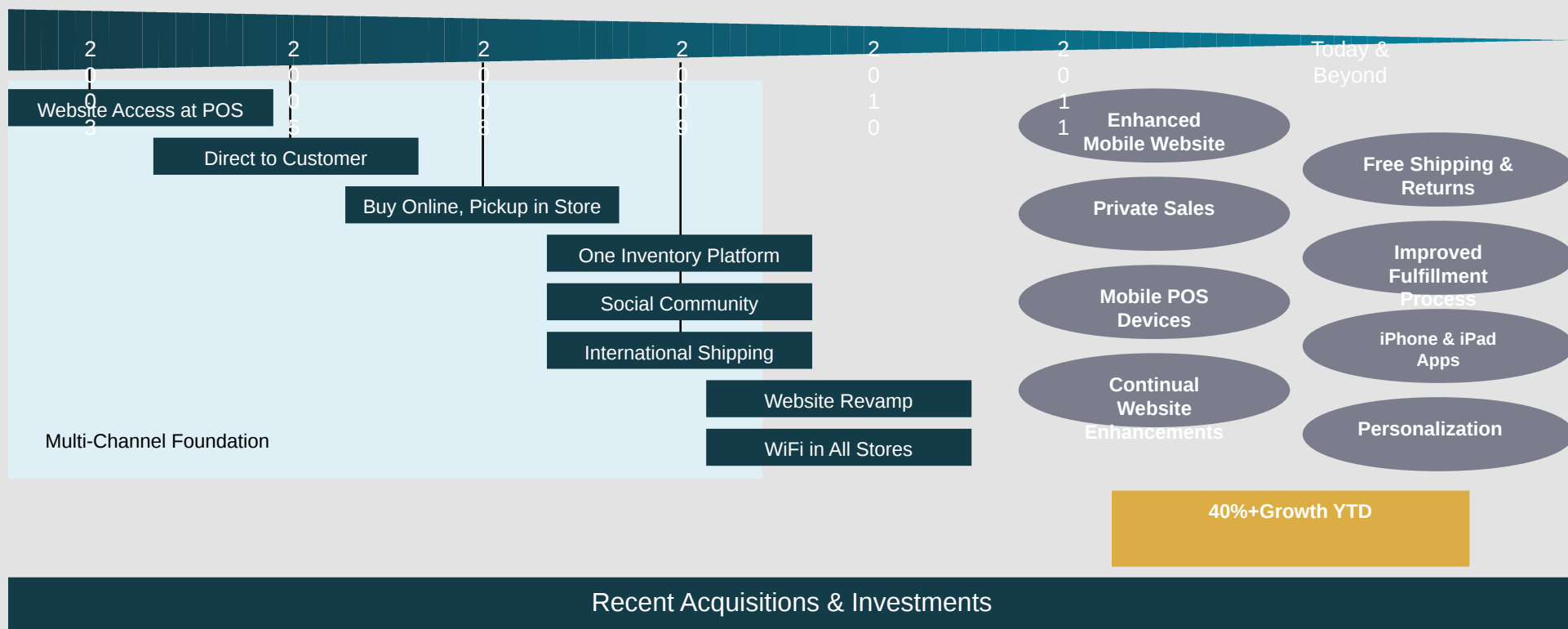


Meaningful Runway for Growth (3)



(1) Source: U.S. Census Bureau.
 (2) Source: Forrester Research.
 (3) Source: Company filings and Top 500 Guide e-Commerce estimates.

Nordstrom is Ahead of the Sector



BONOBOS

- Minority investment (April 2012)
- Nordstrom to sell Bonobos men's clothing in its stores and website

HAUTELOOK

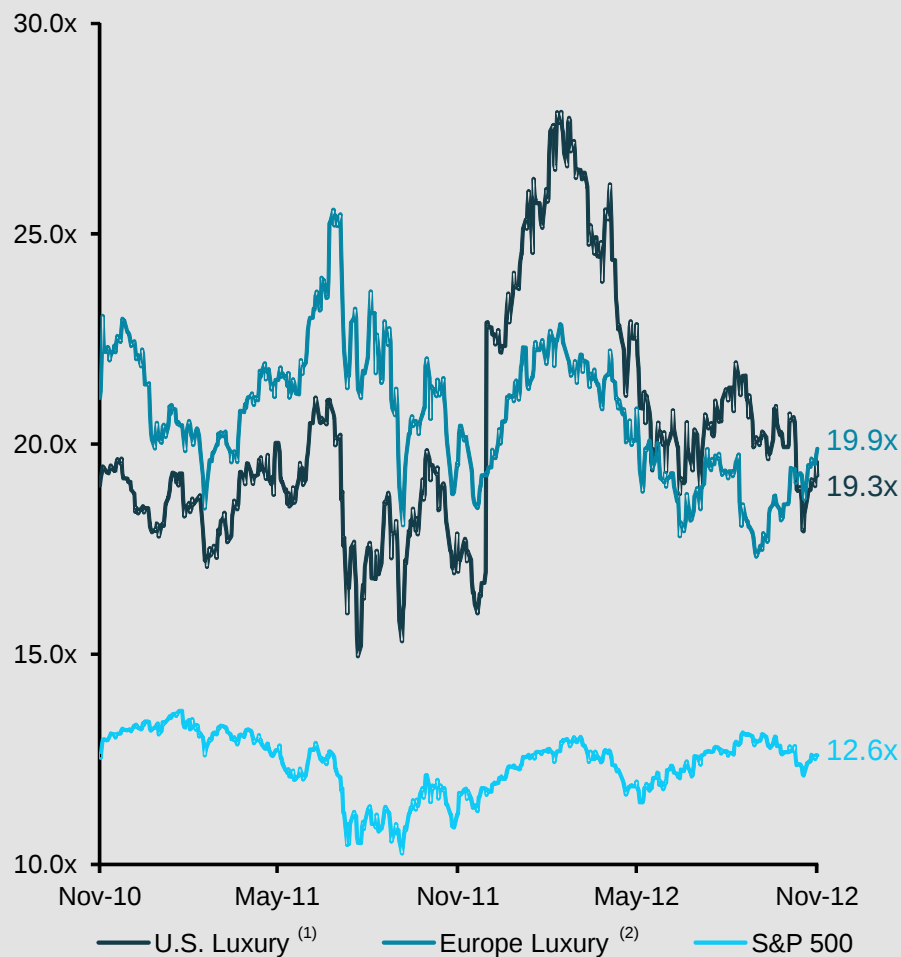
A NORDSTROM COMPANY

- Acquired for \$210 million (February 2011)
- Flash sale online retailer – opportunity to cross sell and cross buy

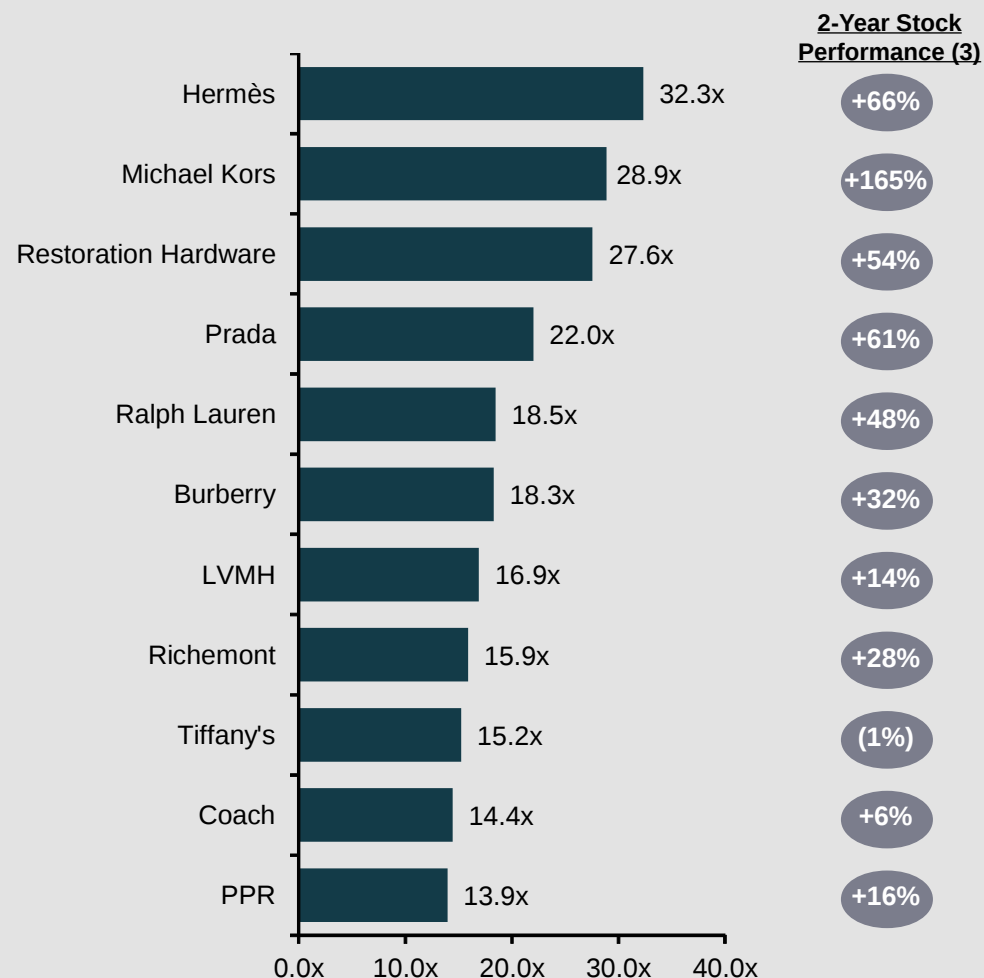
Source: Wall Street Research and Company press releases.

Valuation Premium Persists

NTM P/E – Last 2 Years



NTM P/E – Current



Source: Company filings. Projects per Wall Street Research and Factset as of November 29, 2012.
 (1) U.S. luxury peer group includes Michael Kors, Ralph Lauren, Tiffany & Co. and Coach.
 (2) Europe luxury peer group includes Hermès, Prada, Burberry, LVMH, Richemont and PPR.
 (3) Stock price performance for Michael Kors, Prada and Restoration Hardware since IPO.

Restoration Hardware – Recent Luxury IPO

\$143mm Initial Public Offering

Valuation

2013E P/E

This announcement is under no circumstances to be construed as an offer to sell or as a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus

\$142,535,568

RH

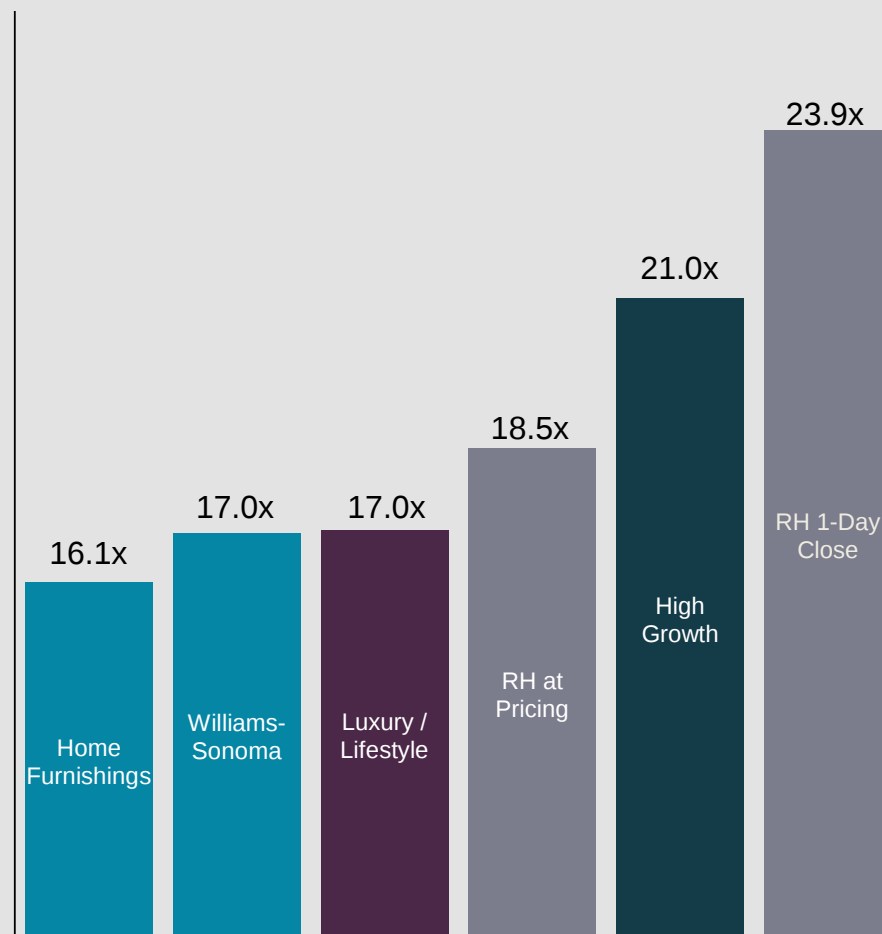
RESTORATION HARDWARE

Price: \$24.00

**5,938,982 Class A Common Shares
Initial Public Offering**

*Senior Lead
Left Bookrunner*

**Bank of America
Merrill Lynch**



Source: Restoration Hardware Form S-1, Company filings and FactSet as of November 1, 2012.

Note: Restoration Hardware and peer multiples based on consensus estimates as of November 1, 2012.

Note: Home Furnishing peer median includes: Ethan Allen, Williams-Sonoma, Pier 1 Imports, and Bed Bath & Beyond.

Note: Luxury / Lifestyle peer median includes: Coach, Nordstrom, Ralph Lauren, Saks and Tiffany & Co.

Note: High Growth peer median includes: Francesca's Holdings, Lululemon, rue21, Teavana, Ulta, Under Armour, Urban Outfitters and Zumiez.

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Restoration Hardware – Transforming the Business Model

Reconceptualized Real Estate



~6,000 selling sq ft. mall stores
with \$3-4mm average sales



~20,000+ sq ft. full line Design Galleries in iconic
locations with \$20–30mm average sales, doubling selling
sq. footage over the next 7 – 10 years

Reinvented the Direct Business Model



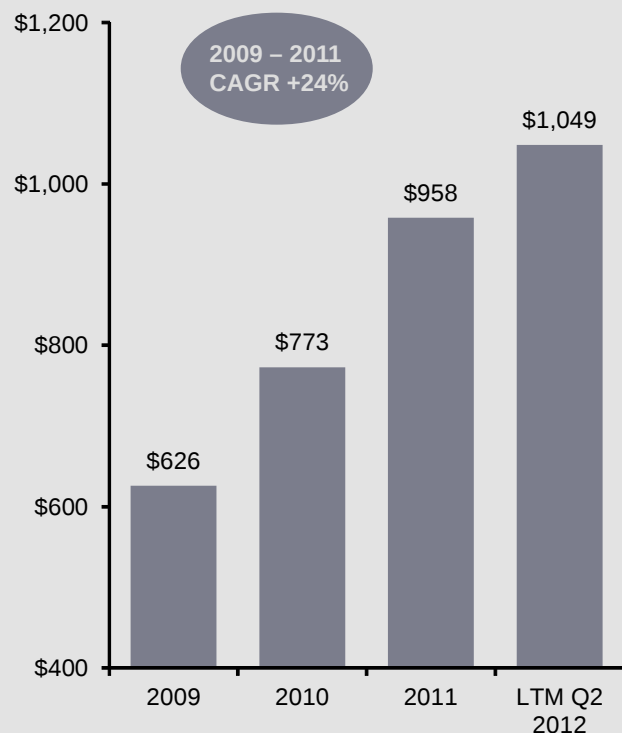
84 page catalog filled with
“retro discovery items”



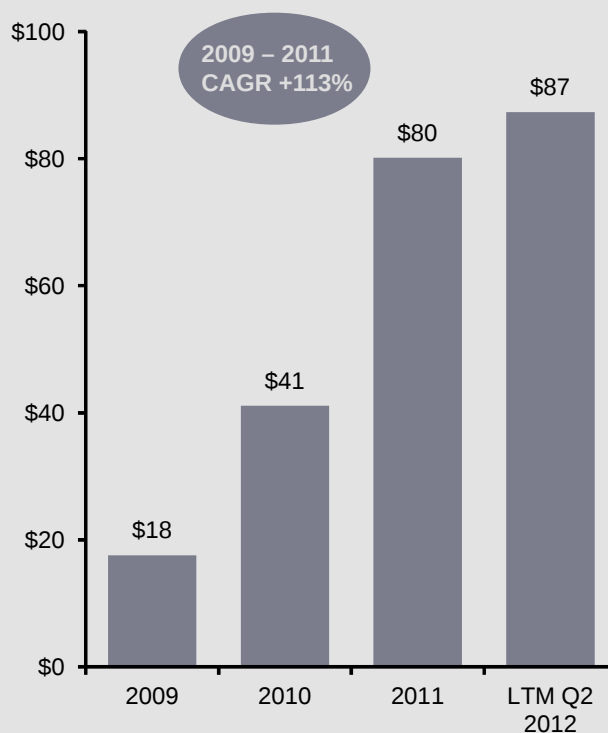
The most dominant collection of Source Books in
the country totaling over 1,500 pages

Restoration Hardware – Disruptive Growth

Net Revenue



Adj. EBITDA



Growth Opportunities

- Transform real estate platform
- Expand offering
- Increase market share
- Increase operating margins
- Pursue international expansion

10 Consecutive Quarters of Double-Digit Net Revenue Growth

Source: Restoration Hardware Form S-1.
Note: Dollars in millions.

Recent Strategic Developments: PVH / Warnaco

~\$2,900,000,000



has agreed to acquire

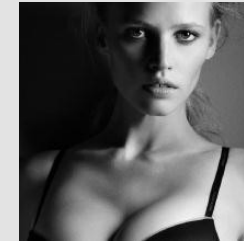


Bank of America Merrill Lynch is acting as joint financial advisor to PVH Corp.

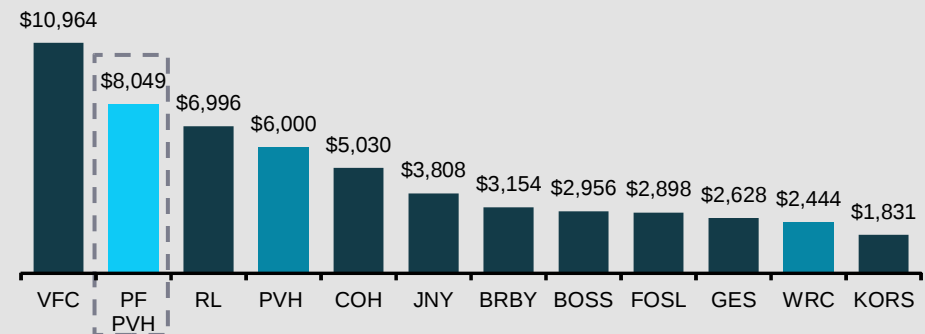


Source: Company filings, presentations and other publicly available information.

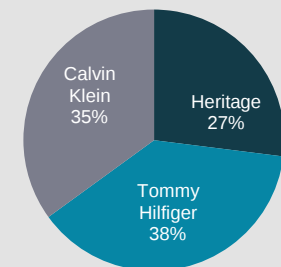
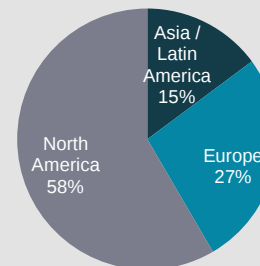
Reunites the Calvin Klein Brand



Creates Second Largest Global Apparel Company



Creates Significant Global Platform with Brand Diversification



Conclusion

“As the overall macroeconomic environment remains challenging, we continue to approach the future cautiously, but very strategically... We remain very optimistic about the long-term outlook for luxury retailing...”

– *Steve Sadove*

Chairman & Chief Executive Officer, Saks, Inc.

