

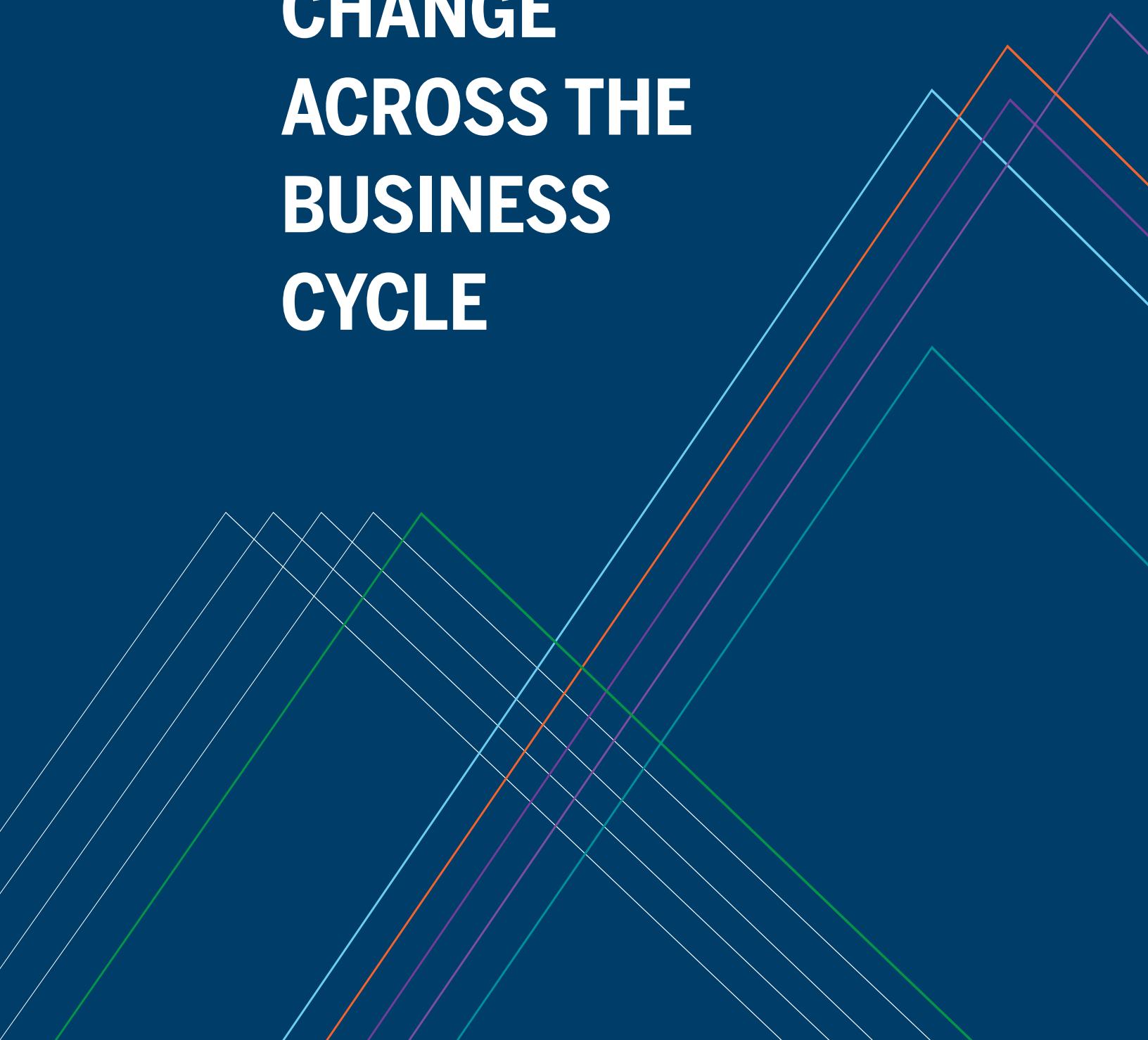


# RETAIL & CONSUMER PRODUCTS

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EXPERTS WITH IMPACT™

# IMPACTING CHANGE ACROSS THE BUSINESS CYCLE





Retail and consumer products companies are experiencing profound transformation. To compete successfully in an omni-channel environment and create a competitive edge among a crowded field of capable competitors, companies must be creative in finding ways to blend store-based and online productivity for business transformation.

Key to managing business transformation is understanding the economic model of the business, how you make money, where you lose it and how to balance profits against consumer expectations and competitive intensity. We help our clients to target their investments in product and operations, to improve their financial strength and to manage transactions and unforeseen events. Analytics is at the core — allowing you to fully understand the situation you're facing — analysis that creates a perspective that is actionable.

# Retail and Consumer Products

## How We Make The Critical Difference

We help retailers find and retain value across four areas: product, operations, finances and event support. With limited time and finite investment dollars, where does your organization need to focus to meet your business imperatives?



### Global Team

With professionals and offices in 28 countries, our breadth and depth extend across every major social, political and economic hub across the globe.



### Trusted Advisor

We are a trusted advisor with diverse expertise and exceptional credentials serving clients globally.



### Industry Expertise

We combine unparalleled expertise and industry knowledge to address critical opportunities and challenges in both transformation and event-driven scenarios.

**U.S. Strategy and Consulting Firm of the Year**  
M&A Atlas Awards  
(2017 – 2019)

**Transaction Services:  
ALM Vanguard Status™  
for the ALM award**  
ALM Intelligence  
(2016)

**12<sup>th</sup> Annual Turnaround Award Winner in 15 Categories**  
*The M&A Advisor*  
(2018)

**Global Turnaround Consulting Firm of the Year**  
*Global M&A Network*  
(2015 – 2019)



Named to America's Best Management Consulting Firms List for **4th Consecutive Year**, Top-ranked in **Consumer Goods & Retail**

**200+ Interim executive positions**  
**100+ C-Suite roles**  
**70+ CFO positions**  
**30+ Chairman/CEO positions**

**#1 Restructuring Adviser for 11 Consecutive Years**  
*The Deal*  
(2007 – 2018)

# Our Call to Action

## A Culture That Delivers

We connected with 100 retail executives, and most share the same priorities: boosting revenue, employee productivity, enhanced shopping experience and customer loyalty. These are the same areas where retailers rate their capabilities as average at best.

### Top Concerns for Retail Executives

### How We Can Help



# Comprehensive Services

## Across the Deal Lifecycle

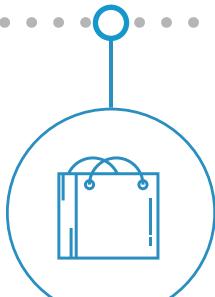
Our services are designed to address your **strategic, operational** and **financial** needs at every stage of your investment whenever or wherever they occur.

### Driving Shareholder Value

## Retail Value

Understanding how you make and lose money and the investments needed to improve performance

### INVESTMENT AREAS



#### Fast | Right Product

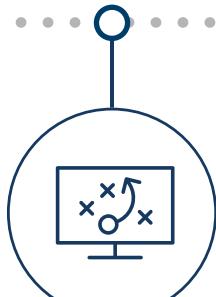
Bringing trend-right product to your customers, at the right cost, faster than your competition

Assortment & SKU Productivity

Demand & Inventory Planning

Promotion Effectiveness

Product Lifecycle



#### Efficient Operations

Delivering your products and services to stores and online at the right cost

Productivity & Cost Reduction

Direct & Indirect Sourcing

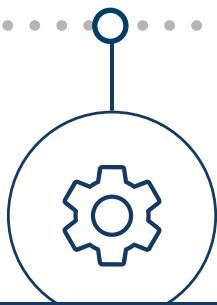
Store Experience & Real Estate

Omni Supply Chain



## Financial Strength

Ensuring healthy return on invested capital and strong financial results



## Event Support

Working with you to manage through transactions and unforeseen events

Long-Term Financial Planning

Interim Management

Strategic Alternatives

Merger Integration & Carve-outs

Working Capital & Treasury

Strategic Communications

Bankruptcy Contingency Planning

Operational & Financial Due Diligence



## Fast | Right Product

### WHY FTI CONSULTING?

We provide expert-driven, retail-focused insight that can help you bring the right product to your consumers at the right cost and faster than your competition.

#### Assortment & SKU Productivity

#### Demand & Inventory Planning

#### Promotion Effectiveness

#### Product Lifecycle

### OUR OFFERING

- Focus on rebuilding store and omni product / service assortment through the optimization of SKUs and inventory.
- Work with internal teams to create strategies and examine how the company can capture growth, all while maintaining brand image through customer-centric ideas.
- Advise on exit strategies for matured and 'old' products to create openings for new and exciting offerings which allow the brand to stay on trend.
- Evaluate performance of existing promotions to verify they are delivering higher sales.
- Develop tools through data analytics to understand consumers and deliver value by mapping a clear go-to-market strategy.



## Efficient Operations

### WHY FTI CONSULTING?

We help companies deliver products and services to stores and online at the right cost. Cost and productivity opportunities are evaluated through an operator's eye. Our deep industry expertise enables rapid, hypothesis-driven and fact-based assessment to identify opportunities across the following categories:

#### Productivity & Cost Reduction

#### Direct & Indirect Sourcing

#### Store Experience & Real Estate

#### Omni Supply Chain

### OUR OFFERING

- Identify gaps in the sourcing and procurement functions to capitalize on savings.
- Analyze spend across direct and indirect sourcing, focusing on vendor contracts, supplier negotiations and requests for quotations ("RFQs").
- Create a broad customer engagement strategy, educating store associates and executives on the customer experience and encouraging streamlined processes.
- Provide a seamless shopping experience by simplifying in-store processes and better matching labor with customer demand.
- Increase the flow of goods through improved planning and implementation, enhanced service level agreements ("SLAs") and a reduction of operating cost residuals and slow inventory.



## Financial Strength

### WHY FTI CONSULTING?

We ensure companies realize healthy returns on invested capital and strong financial results.

#### Long-Term Financial Planning

#### Strategic Alternatives

#### Working Capital & Treasury

#### Bankruptcy Contingency Planning

### OUR OFFERING

- Evaluate critical financial components, quantify operating model decisions and set in place a performance management system.
- Assist in developing effective and profitable strategies by creating a pragmatic and realistic plan to accelerate growth and maximize long-term value.
- Assist in consideration of strategic alternatives for the company and its divisions.
- Negotiate reorganization plans with stakeholders, build claims recovery models and develop a cash forecasting process and tools.



## Event Support

### WHY FTI CONSULTING?

We work with clients to manage transactions and unforeseen events.

#### Interim Management

#### Merger Integration & Carve-outs

#### Strategic Communications

#### Operational & Financial Due Diligence

### OUR OFFERING

- Fill interim positions whenever challenges and opportunities arise. Interim management personnel provide an independent perspective and transparency to the board of directors and stakeholders.
- Set up the integration management office ("IMO") and provide strategic blueprint and integration roadmap, desired-state planning and execution, organizational design, change management and communications.
- Navigate crisis management and market disruptions while helping companies articulate their brand.
- Provide support from due diligence through post-merger integration.

# Client Success Stories



Fast | Right Product and Efficient Operations: Sally Beauty Holdings, Inc.

## KEY ISSUES

- A \$4 billion global retailer and distributor of beauty supplies that operates ~5,000 small-format stores was seeking to improve business operations to drive growth.
- The CEO committed to review SG&A, distribution and product cost structure in order to identify \$25-\$50 million in cost savings, to be used to help fund growth initiatives.

## OUR APPROACH

- When launching the engagement, the management team and FTI Consulting set clear expectations on how we wanted to work together – tailoring our approach, applying a “restructuring lens” to enterprise productivity and cost transformation efforts and moving quickly.
- The work started with a broad, enterprise-wide assessment of efficiency and effectiveness, with the goal of identifying opportunities to reduce costs and improve effectiveness.
- From this assessment, a clear set of working hypotheses and targeted “quick win” opportunities were identified. We have found repeatedly that this combination unlocks significant value in healthy companies.
- The engagement focused efforts in five key areas:
  - G&A and field streamlining
  - Inventory optimization
  - Indirect sourcing
  - Store labor optimization
  - Own-brands sourcing

## OUR IMPACT

- We identified \$60-\$75 million in savings opportunities after a seven-week assessment.
- After the first wave of implementation, the company is on track to realize ~\$80 million in savings, well above our initial assessment.



Event Support: Luxury Skincare Brand

## KEY ISSUES

- A \$15+ million luxury skincare brand was acquired from a beauty conglomerate by a U.S.-based private equity firm.
- The acquisition involved purchase of intellectual property, inventory and the distribution channel. With the majority of the corporate services provided by shared seller resources, the luxury skincare brand required transition services support until it could hire its own resources and stand up its own systems and services.

## OUR APPROACH

- FTI Consulting was initially retained to provide due diligence services to enable the buyer to recreate a more representative P&L for the standalone luxury skincare buyer for each major customer. Following the decision to acquire the brand, FTI Consulting was retained to assist with the carve-out process.
- We worked with both the company’s executives and the seller’s personnel, across finance, supply chain, HR, legal, new product development, e-commerce and sales and marketing, to determine and manage the required transition services and carve-out planning activities through a series of interviews and workshops.
- The engagement focused on four key areas:
  - Transition Services Agreement (“TSA”) development
  - Day-One readiness planning
  - Post-close TSA management and governance support
  - Post-close separation planning and management

## OUR IMPACT

- The support enabled the luxury skincare brand to exit the transition services agreement and set up the standalone entity with a fully hired organization, a new ERP system and a third-party warehouse within the targeted four-month time span, which mitigated any step-up transition service fees.

# Client Success Stories



## Efficient Operations and Financial Strength: Southeastern Grocers

### KEY ISSUES

- A supermarket portfolio company based in Jacksonville was six times leveraged and faced upcoming maturities of its PIK toggle notes. The company was looking to pursue strategic alternatives and to begin to address an EBITDA decline of ~\$150 million.

### OUR APPROACH

- FTI Consulting was retained as financial advisor with the mandate to restructure the balance sheet and identify structural cost-reduction opportunities.
- We worked with the company and its advisors to develop financial projections and a comprehensive reorganization plan. In addition, the engagement focused efforts in four areas:
  - Real estate strategy, including lease mitigation and store closures
  - Supply chain and network optimization
  - G&A cost reduction
  - Asset sale

### OUR IMPACT

- Successful negotiations with the company's creditors led to a prepack that equitized the PIK toggle notes, reducing company debt by ~\$600 million and refinancing the company's ABL and senior secured notes.
- Cost savings were realized by closing and selling 123 stores, closing two distribution centers, renegotiating rents and reducing corporate overhead.



## Fast | Right Product and Efficient Operations: International B2B Distributor

### KEY ISSUES

- A \$750+ million B2B office products and services supplier's Australian segment was experiencing lackluster growth and declining growth margin.

### OUR APPROACH

- When launching the engagement, the new owners, management and FTI Consulting focused on non-capital intensive changes to unlock enterprise productivity and move quickly.
- We started with a clear set of working hypotheses and a focus on "quick wins." We find that this "restructuring" approach resonates well with private equity and new management teams.
- The engagement focused efforts in five key areas:
  - Customer segmentation
  - Customer treatments — unique value proposition based on industry and account lifecycle
  - Entire sales and customer service structure, roles and processes
  - Business segment operating models
  - Price elasticity and new contract process

### OUR IMPACT

- Working with management, we identified sales support initiatives to unlock 25% of capacity, migrated ~3,000 less-profitable customers to a more cost-efficient model and identified ~\$10 million in additional savings.
- In concert with the pricing team, we created an opportunity to realize \$7-\$10 million in EBITDA improvement from pricing processes and a new contract bid.

# Our Global Reach

With offices in every major financial center and every corner of the globe, we successfully serve our clients wherever challenges and opportunities arise.

## North America

### Canada

Calgary  
Toronto  
Vancouver

### United States

Annapolis  
Atlanta  
Austin  
Baltimore  
Boston  
Bowie  
Brentwood  
Charlotte  
Chicago  
Dallas

Denver  
Great Neck  
Houston  
Indianapolis  
Los Angeles  
McLean  
Miami  
New York  
Oakland  
Palm Beach  
Pasadena  
Philadelphia  
Phoenix  
Pittsburgh  
Portland

**\$3.1 Billion**  
Equity market capitalization<sup>(1)</sup>

**49**  
49 of Fortune Global 100 corporations are clients



## Latin America

### Argentina

Buenos Aires

### Colombia

Bogotá

### Brazil

São Paulo

### Mexico

Mexico City

### Caribbean

British Virgin Islands  
Cayman Islands

**78**

Offices in 78 cities around the globe.

<sup>(1)</sup>Number of total shares outstanding as of October 18, 2018, times the closing share price as of October 25, 2018.



## Europe, Middle East, Africa

<b>Belgium</b>	<b>Ireland</b>
Brussels	Dublin
<b>Denmark</b>	<b>United Arab Emirates</b>
Copenhagen	Abu Dhabi
<b>Finland</b>	Dubai
Helsinki	Israel
<b>France</b>	Qatar
Paris	South Africa
<b>Germany</b>	Spain
Berlin	Cape Town
Düsseldorf	Johannesburg
Frankfurt	London
Munich	Stirling

<b>United Arab Emirates</b>
Abu Dhabi
Dubai
<b>Israel</b>
Tel Aviv
<b>Qatar</b>
Doha
<b>South Africa</b>
Cape Town
Johannesburg
<b>Spain</b>
Madrid

## **EXPERTS WITH IMPACT™**

FTI Consulting would like to bring its deep expertise, tenacious culture, breadth of services and practical industry experience to your organization to have a meaningful impact on the issues you face across the globe.





**EXPERTS WITH IMPACT™**

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#### About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

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