

“I’d like to own either Hershey’s or Tiffany’s if it’s the right price, wouldn’t you? It’s just a question of price. Of course they are good companies...”

Charlie Munger

2018 DJCO ASM - 14 February 2018

ELEVATION CAPITAL MANAGEMENT LIMITED: TIFFANY & CO [TIF:US]

Research Presentation first released in December 2017



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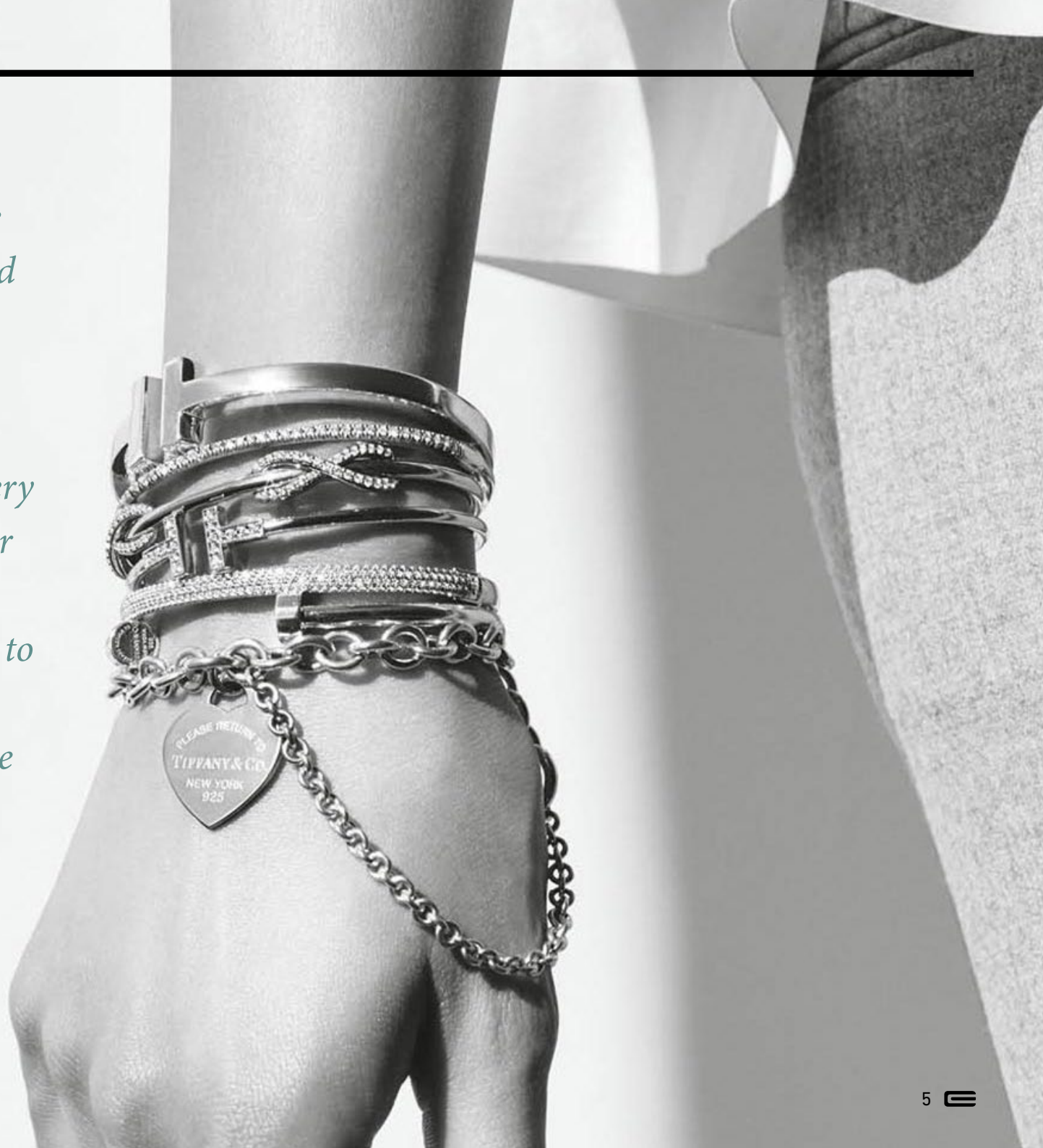
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“We call our positioning “inclusive luxury”, not exclusive luxury – and that’s a very American approach. You know, the fact that everyone can come to Tiffany, you start coming to Tiffany when you are very young, and maybe you can look for the most beautiful diamond in the world, then you keep coming back to Tiffany as you grow up, achieve in life and can afford bigger and more beautiful things.”

Nicola Andretta, Tiffany & Co’s Head of Watches



TIFFANY & CO.

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?



AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?

- Many of the global luxury players have struggled in recent years as macro-economic uncertainty and headwinds in Europe and America, and the tightening of anti-corruption laws in China negatively impacted consumer sentiments and spending.
- Recently, a number of Tiffany’s luxury peers like Kering, Richemont, LVMH and others have returned to growth. However, Tiffany has continued to struggle with disappointing financial results, partially due to the strong US Dollar, soft tourism numbers and a weak retail environment in the US. Some have blamed the poor performance on a tired brand image and lack of compelling products/collections to attract younger customers. Lastly, the proximity of its important New York Flagship store to Trump Tower also negatively impacted sales during the US Presidential Election.
- Tiffany is one of the oldest positions in the Elevation Capital Value Fund, as we have viewed the brand/company as underappreciated and undervalued. We first established a position in Tiffany in April 2012, and currently have an average cost of US\$61.74* (vs a current price of US\$95.52 as at 7 December 2017) since this position was initiated.
- Recent events such as the dismissal of Ex-CEO Frédéric Cuménil, the hiring of Reed Krakoff as Chief Artistic Officer, the involvement of activist investor JANA Partners in February 2017, and the hiring of new CEO Alessandro Bogliolo in July 2017 have built expectation of improved business performance and shareholder returns.



*Elevation Capital Value Fund average cost as at 7 December 2017, includes dividends received

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?



TIFFANY'S STORE ON OLD BOND STREET, LONDON

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?



Tiffany's 'old-world luxury' fails to charm millennials

May 23, 2016

by Siddharth Cavale and Subrat Patnaik, reuters.com

(Reuters) - For Alan Feid, a 28-year-old looking to buy an engagement ring for his fiancée, the rings he found in the diamond district in Manhattan were just as good as the ones he saw at Tiffany & Co's (TIF.N) flagship store on Fifth Avenue. And they cost less than half the price.

"At the end of the day, I don't think there's much of a difference when it comes to the style or the quality," said Feid, a resident of Jersey City, New Jersey.

Tiffany's jewelry, long considered a status symbol, has been patronized by Hollywood A-listers and the political elite, and coveted by well-to-do baby boomers who made the brand synonymous with weddings and anniversaries.

But for millennials, increasingly unmoved by brand names and seeking more bang for their buck, Tiffany's "old-world luxury" charm isn't working, said Neil Saunders, chief executive of retail research firm Conlumino.

The company's problems are shared by department-store operators such as Macy's Inc (M.N), whose customers are switching to off-price retailers like TJX Cos Inc (TJX.N), where they get similar apparel for much less.

This growing demographic of high-earning but not-yet-rich millennials - with annual salaries of \$100,000-\$250,000 - are spending more on brands that offer them a more contemporary look or on jewelry made by niche designers.

The rise of online shopping has also exposed these tech-savvy shoppers to a broader array of smaller brands, and conditioned them to wait for deals.

The effect of these trends are being reflected in the century-old retailer's sales, which have fallen for six straight quarters. The company reported on Wednesday its biggest drop in quarterly sales since 2009.

"The brand is not seen very negatively but it is seen as being somewhat tired and traditional," Saunders said.

"Younger consumers especially see it as a place that is for the older generation and for a different era."

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?

theguardian

Tiffany & Co sales lose sparkle as tourists shun high-end jewellery

Wednesday 25 May 2016 15:34 BST

Shares drop 4.5% after jeweller reports steepest decline in quarterly sales since peak of the global financial crisis



© Cate Blanchett wearing Tiffany & Co jewellery at this year's Oscars ceremony. Photograph: Buckner/Variety/ReX/Shutterstock

Tiffany & Co has reported its steepest drop in quarterly sales since the peak of the global financial crisis, as a strong dollar discouraged tourists from buying its high-end jewellery and eroded revenue from markets outside the United States.

Shares of the company, whose designs were worn by Cate Blanchett on the **Oscars red carpet** this year, fell 4.5% in pre-market trading on Wednesday.

In the Americas region, Tiffany's sales at stores open more than a year plunged 10% in the first quarter. Analysts on average had expected a 9.1% decline, according to research firm Consensus Metrix.

"Decline in customer share is evident among most shopper segments, including more affluent households," said Neil Saunders, the chief executive of research firm Conlumino.

"It is especially pronounced among affluent younger shoppers where the brand is seen as representing 'old world luxury':"

A luxury jewelry company that is nearly 200 years old, Tiffany has long been cashing in on the gift-giving traditions of heteronormative romance. Audrey Hepburn's Holly Golightly might have described its stores' masculine appeal best when she mused in *Breakfast at Tiffany's* that "nothing very bad could happen to you there, not with those kind men in their nice suits." The 1961 film (and the Truman Capote novella on which it was based) accurately depicts how, while Tiffany was a place for Holly to window-shop, it was her love interest Paul who would be doing the buying.



Tiffany has long been cashing in on the gift-giving traditions of heteronormative romance.

As it tries to figure out how to jolt declining sales, Tiffany has found itself in turmoil, dismissing its head of design and CEO in quick succession. It believes the self-purchasing woman is key to getting back on track. What better way to increase sales than by targeting a huge and hugely influential demographic that they've he

Luxury slowdown aside, a longer-term threat lurks for Tiffany

Krystina Gustafson | @KrystinaGustafs

Published 10:59 AM ET Wed, 25 May 2016 | Updated 12:34 PM ET Wed, 25 May 2016



A global luxury slowdown isn't the only thing eating away at **Tiffany's** revenues — and it's this less-talked-about threat that could have longer-lasting effects on the brand's revenues.

As the luxury jewelry maker on Wednesday reported another quarterly sales dip, analysts questioned whether its struggles in the U.S. were not only the result of fewer international tourists, but also a lack of interest from millennial shoppers.

Millennials will only become more important to luxury brands as they work their way up into higher-paying jobs.

"We continue to wonder if there is something beyond the macro, and more about the Tiffany brand itself not resonating with certain customers," Citi analyst Paul Lejuez told investors Wednesday.

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?



Tiffany & Co. Releases Their First Fragrance in 15 Years

Tiffany offers a sparkling scent 'for all the women who love jewellery'

CAITLIN AGNEW
SPECIAL TO THE GLOBE AND MAIL
NOVEMBER 16, 2017

Some women sleep in nothing but their signature fragrance, while others prefer to wear only their jewels to bed. This season, Tiffany & Co. offers both audiences something suitable with a new namesake perfume.

"This fragrance is for all the women who love jewellery," says Daniela Andrier, the Givaudan master perfumer who created the eau de parfum. When setting out to capture the iconic Fifth Avenue brand in scent, Andrier took a personal approach. "I chose the parts that I am the most touched by – the romance, the joy, the promise and also the elegance of Tiffany."

The result is a sparkling floral musk that offers a contemporary take on the classic ingredients of *haute parfumerie*, mirroring the design ethos at Tiffany.

"It's a very beautiful way to mix romance and modernity, because it allows us to create something with a lot of tradition that smells really different than ever before," says Andrier.

Opening with *vert de mandarine*, the fragrance transitions to a heart of iris, a French flower found in some of the earliest sketches at Tiffany. Finally, a base of patchouli wrapped in a blend of musks dries down to a sensual finish. "It's very chic, clean and sophisticated," Andrier says.

This uptown sensibility is matched by the glass bottle, which takes its cues from the house's signature diamond cuts. The faceting at the base is reminiscent of the world-famous 128.54-karat Tiffany Diamond, while the lines at the shoulders nod to the Lucida-cut engagement ring. Of course, like any purchase made at the jewellery house, the fragrance comes packaged in a signature Tiffany-blue box.

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?

EATER
NEW YORK

Here's What Breakfast at Tiffany's Really Looks Like

Photographing a meal at Tiffany's new Blue Box Cafe

by **Stefanie Tudor** | @stefanietuder | Nov 13, 2017, 3:49pm EST
Photography by **Jessie Jacobson**

TWITTER SHARE PINTEREST

In Holly Golightly's now-iconic 1961 **breakfast outside of Tiffany's**, her morning meal consisted of a bodega croissant and coffee, leisurely consumed while yearningly window shopping. In the real-life cafe, now open for four days at the Fifth Avenue store, it's a **rushed, sit-down affair** that sets diners back at least \$29.

Blue Box Cafe swung open its luxurious doors last week and has been packed ever since — people who arrived even an hour before the 10 a.m. opening on Saturday were sent home since reservations were already full for the rest of the day. People returned to queue up the next day more than four hours in advance of Sunday's noon opening.

The cafe is the luxury jeweler's first foray into food, with set breakfast, lunch, and tea service at \$29, \$39, and \$49 respectively. Bloggers and Breakfast at Tiffany's lovers filled the room this weekend, devouring avocado toast, truffled eggs, finger sandwiches, and lots of tea.


Blue Box Cafe is the culmination of Tiffany's attempt to connect with millennials and **modernize the struggling brand**. Back in January, the 180-year-old retailer **brought on chief artistic officer Reed Krakoff** to create a line of homewares and accessories called "Everyday Objects." These everyday objects include a **\$1,000 tin cup** and a **\$9,000 silver ball of yarn** that have been **making the social media rounds**.

They're all housed on a redesigned fourth floor of the flagship store, and the cafe is meant to be a way to lure people to spend money on the highly Instagrammable new line. **Richard Moore**, the vice president creative director overseeing all things store and window design, told Vanity Fair that they hope the café "will draw customers up to experience the artfully composed home of Tiffany's new luxury home and accessories collection of elevated everyday objects."

IDL IDL Worldwide @IDLWorldwide · Nov 14

This weekend, @TiffanyAndCo opened the doors to an on-brand **Tiffany blue café** at their NYC flagship - joining the movement of increasing "focus on cultivating experiences for shoppers".

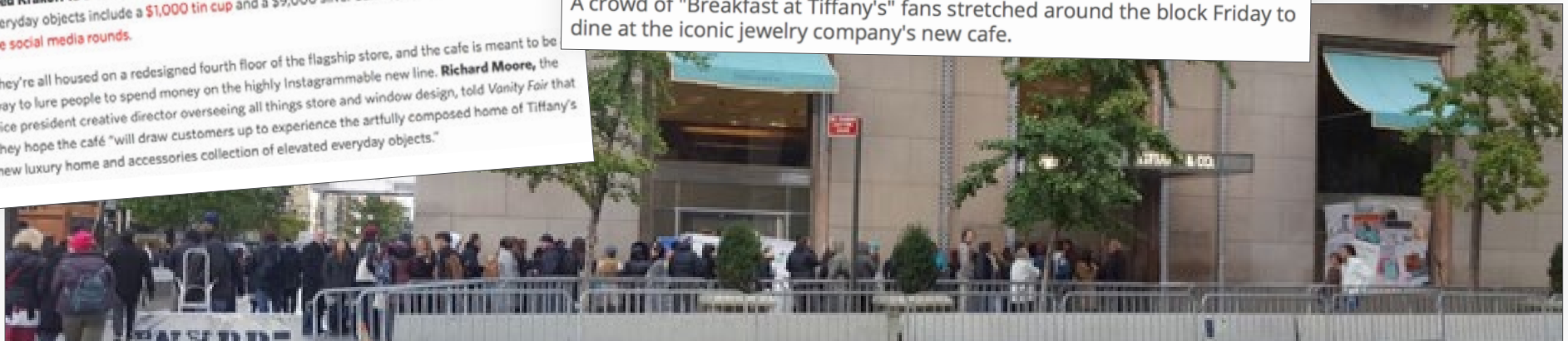
@nytimes
#BreakfastAtTiffanys
#BringTheReal #IDLWW



Finally, You Can Have Breakfast at Tiffany
Tiffany & Co. opened the first-ever café at its flagship New York store, where visitors can now have breakfast and channel Audrey Hepburn.
nytimes.com

Fans Line Up To Eat Breakfast At Tiffany's

A crowd of "Breakfast at Tiffany's" fans stretched around the block Friday to dine at the iconic jewelry company's new cafe.



AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?

Home & Accessories

Tiffany's take on modern life, the new collection is designed with quality, utility and craftsmanship. Explore the designs, now available in stores and on Tiffany.com.

SHOP THE COLLECTION



Tiffany & Co.'s New Home and Accessories Line is Absurd in the Best Way Possible

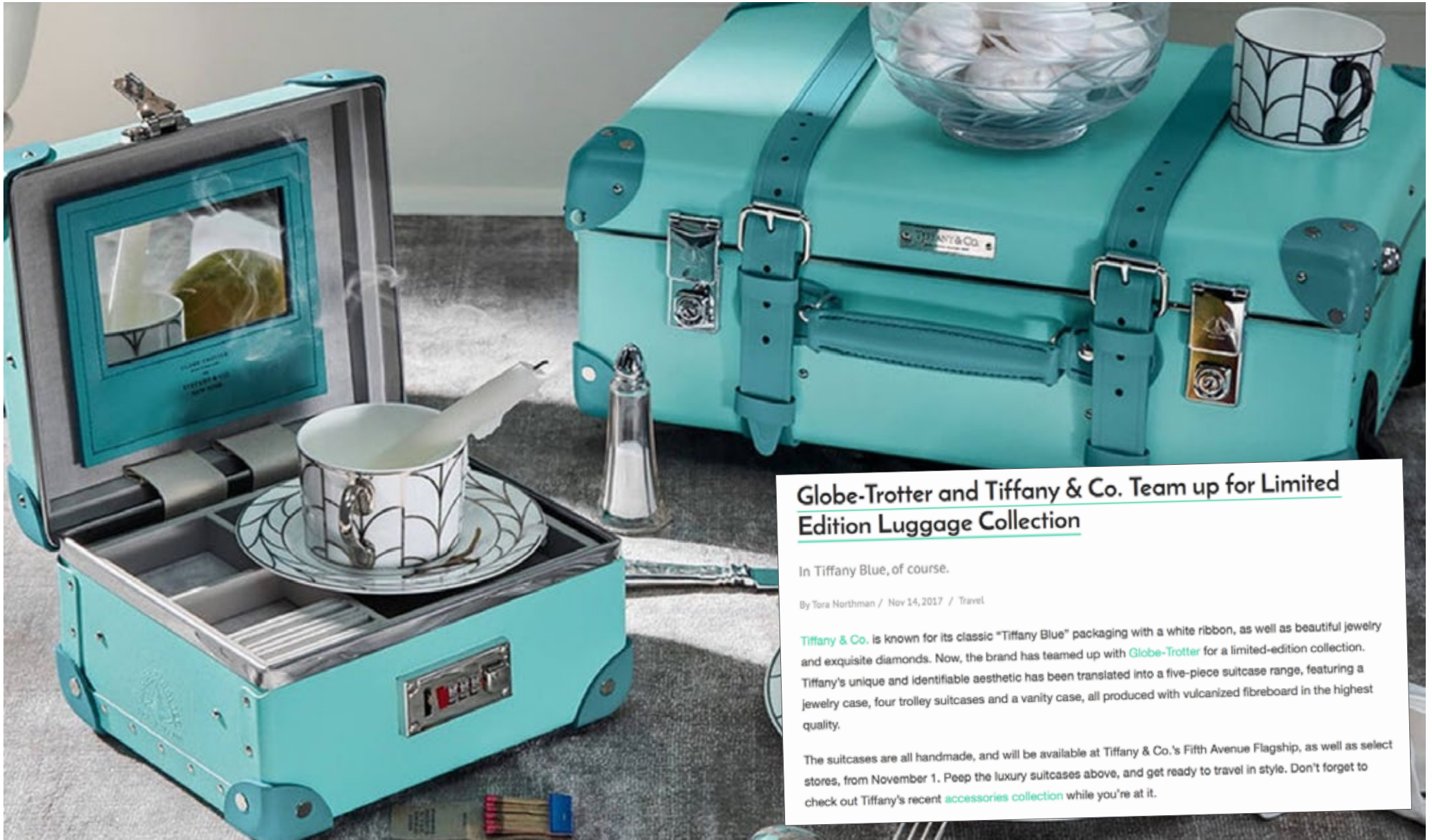
Among our favorite items? A \$1,500 tin can, a \$9,000 ball of yarn, and \$95 Tiffany blue paper cups.

by LINDSAY SILBERMAN NOV 2, 2017

Just in time for the holidays, Tiffany & Co. has unveiled its latest Home and Accessories collection—and well, it is truly *something else*. Beyond the classic pieces we've come to expect from the heritage brand (like sterling money clips and crystal glassware) you'll also find a range of products that Tiffany's describes as "ordinary objects made extraordinary," which is an understatement, to say the least. There's a \$9,000 ball of yarn, a set of "paper cups" made of bone china, and a sterling silver tin can. If this launch is any indication of what the company's new chief artistic officer Reed Krakoff has in store, we're eager to see what's next.



AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?



Globe-Trotter and Tiffany & Co. Team up for Limited Edition Luggage Collection

In Tiffany Blue, of course.

By Tora Northman / Nov 14, 2017 / Travel

Tiffany & Co. is known for its classic "Tiffany Blue" packaging with a white ribbon, as well as beautiful jewelry and exquisite diamonds. Now, the brand has teamed up with [Globe-Trotter](#) for a limited-edition collection. Tiffany's unique and identifiable aesthetic has been translated into a five-piece suitcase range, featuring a jewelry case, four trolley suitcases and a vanity case, all produced with vulcanized fibreboard in the highest quality.

The suitcases are all handmade, and will be available at Tiffany & Co.'s Fifth Avenue Flagship, as well as select stores, from November 1. Peep the luxury suitcases above, and get ready to travel in style. Don't forget to check out Tiffany's recent [accessories collection](#) while you're at it.

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?

Tiffany bets NYC pop-up stores will renew sparkle

By Lisa Fickenschner

October 26, 2017 | 5:10pm | Updated

**MORE ON:
TIFFANY & CO**

Tiffany's new cafe is every Holly Golightly fan's Instagram dream

Holly Golightly wouldn't approve of real-life breakfast at Tiffany's

For the pup that has everything, there's this \$2K Tiffany dog bowl

Tiffany's flagship recovers from Trump Tower disruptions

Tiffany & Co., unable to build its same-store sales over the past 2½ years, will reach deep into its bag of tricks this holiday season.

The storied jeweler will open two tourist-focused pop-up stores in Manhattan next month — one in Grand Central Terminal and the other in Rockefeller Center, The Post has learned.

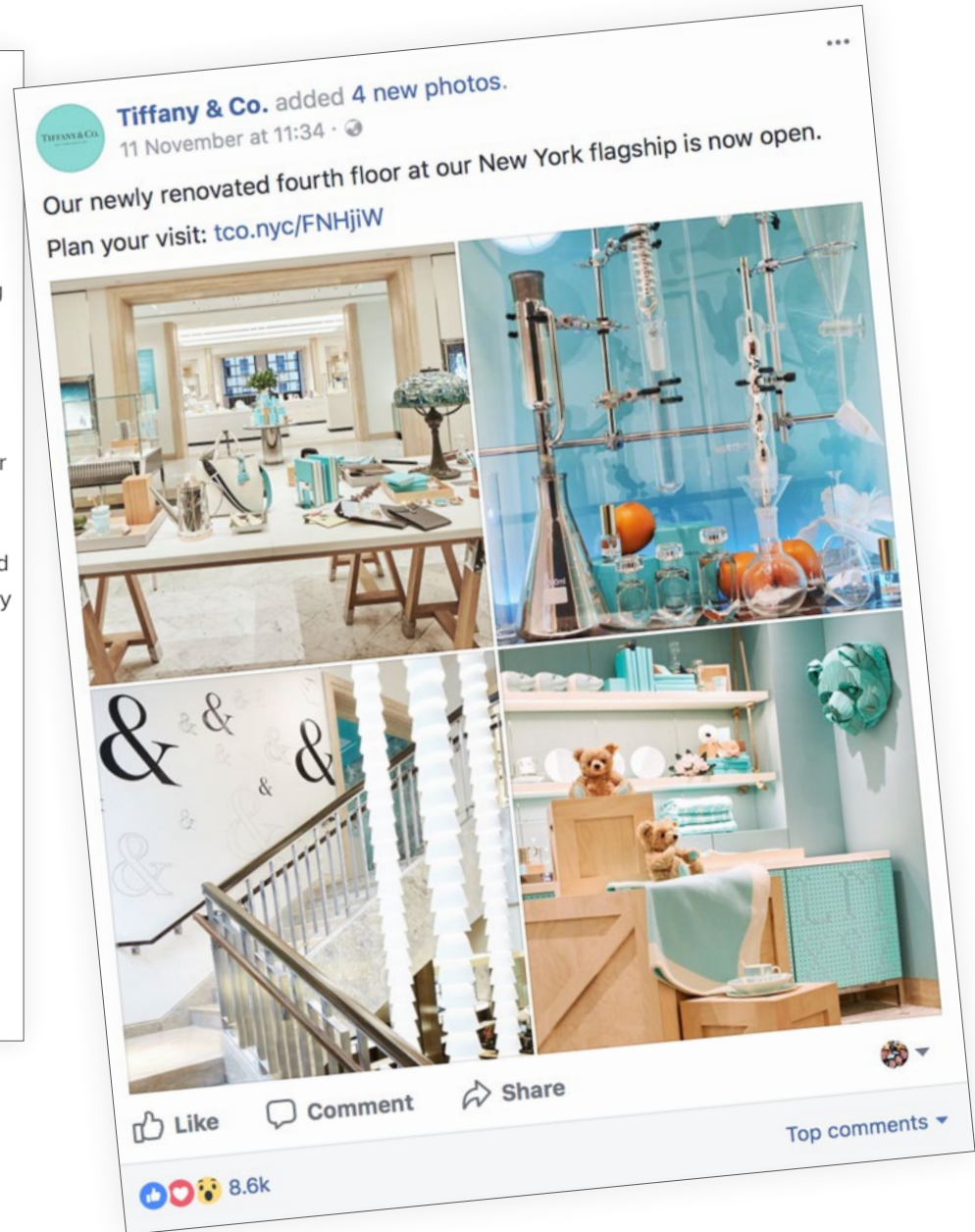
It is believed to be the first time Tiffany's has turned to pop-up stores in the US — although the company may have operated a few overseas, sources said.

The pop-ups will stock pre-wrapped jewelry, accessories and home gifts among other items.

"Tiffany & Co. has long been a destination for visitors from around the world," Senior Vice President Philippe Galtié said in a statement. "With new concept stores at two iconic New York City

landmarks, we're embracing the spirit of gifting this holiday season and beyond."

The pop-up stores will be open for 12 to 18 months, according to a spokesman.



AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?



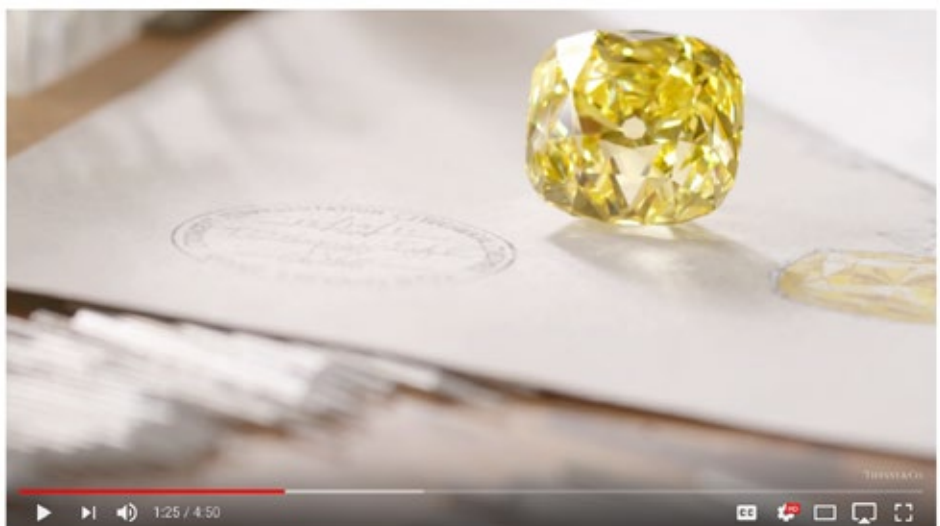
Breakfast at Tiffany's Opening Scene - HQ



Tiffany & Co. — Kids Talk About True Love



Tiffany & Co. — The 2017 Tiffany Blue Book



Tiffany & Co. — The Dream Maker

TIFFANY & CO.

INTRODUCTION



ONE OF THE MOST VALUABLE GLOBAL LUXURY BRANDS

- Based on Interbrand's Best Global Brands 2017 Rankings, Tiffany is one of the most valuable global luxury brands, ranked #5 amongst the top global luxury players in the top 100 global brands.
- If we only consider American luxury brands, then Tiffany is the #1 American luxury brand.



* Rankings of global luxury players based on Interbrand Best Global Brands 2017 Rankings: <http://interbrand.com/best-brands/best-global-brands/2017/ranking/>

A STORIED AMERICAN LUXURY HOUSE WITH BRAND MOAT

- Tiffany & Co. is one of America's few heritage luxury houses.
- It currently operates 315 stores in 30 countries*.
- The Tiffany brand is one of the most iconic global luxury brands, with a storied history that started in New York City 180 years ago when Charles Tiffany founded it in 1837.
- Tiffany is one of the few jewellers that has established a vertically integrated business model that provides a perception of quality and luxury to its products and services.
- We concur with Morningstar's assessment of Tiffany's moat...

“it is relatively harder to establish an enduring brand moat in precious jewellery than in other luxury goods categories, given high raw material value and fewer opportunities to communicate the brand. Only a handful of precious jewellery brands have time-tested global recognition, and even fewer generate good capital returns. Tiffany's brand equity is supported by iconic and long-lived collections, instantly recognisable blue boxes, and the “Tiffany blue” colour.”

Morningstar 23/1/2017



TIFFANY'S EMOTIONAL CONNECTION TO THE AMERICAN PUBLIC



- Marilyn Monroe's famous 1953 hit "Diamond's are a Girl's Best Friend" helped to place Tiffany into the American public consciousness.
- Tiffany was then immortalised by the 1961 movie "Breakfast at Tiffany's", starring film and fashion icon Audrey Hepburn, where the movie portrays the story of a young girl who transforms herself through aspiration.



THE WORLD OF TIFFANY



“Whether it is the irreverent, flighty, and fun designs of Jean Schlumberger, the delicate, sculptural forms of Elsa Peretti, or the bold colourful statement pieces of Paloma Picasso, Tiffany has created some of the most iconic, complex, and yet somehow complementary accessories for America’s frequently pared-down, effortless, smart, and adaptable fashion style.”

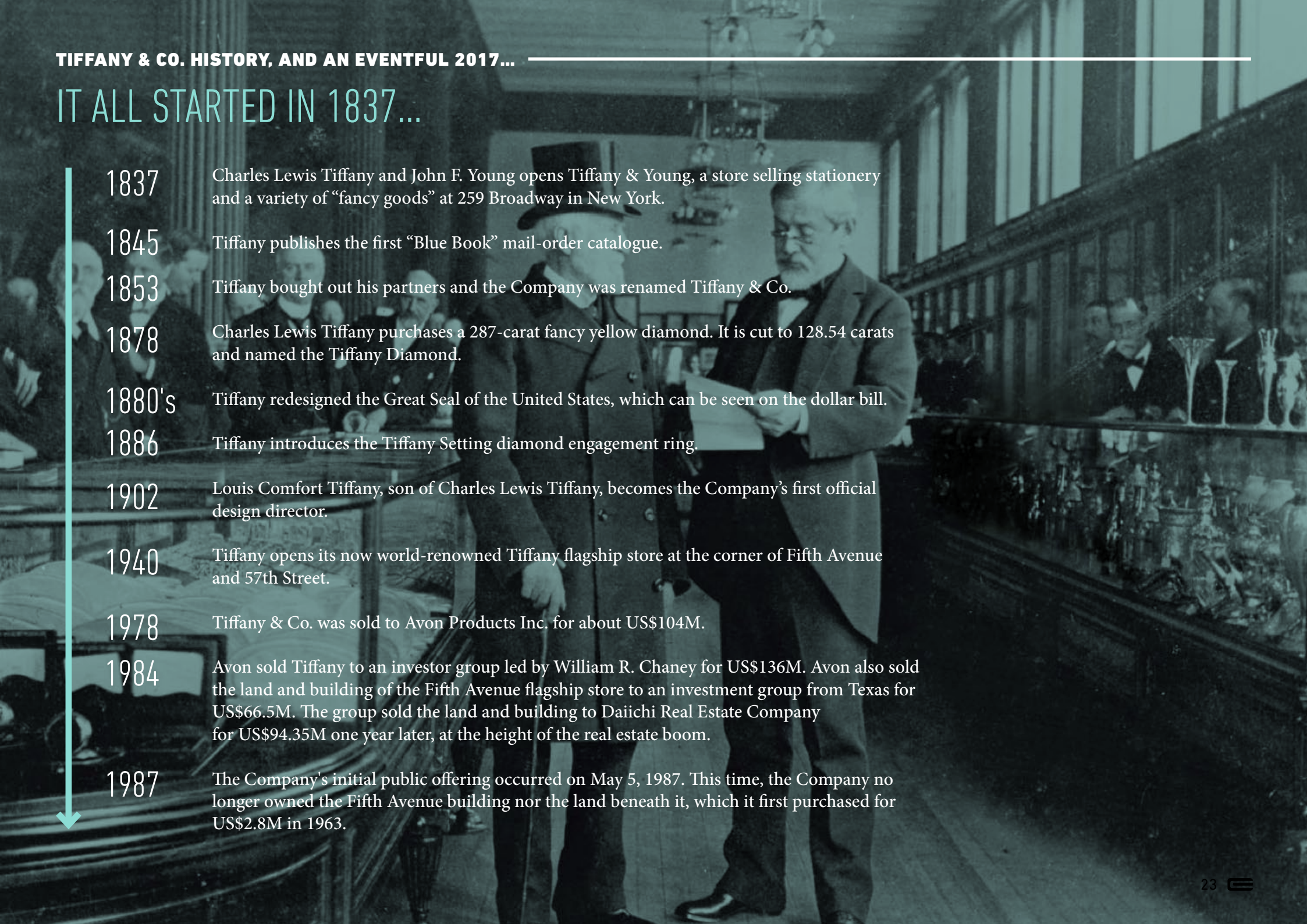
Historian Rebecca Tuite, author of “Seven Sisters Style: The All-American Preppy Look”

TIFFANY & CO.

TIFFANY HISTORY, AND AN EVENTFUL 2017...



IT ALL STARTED IN 1837...

- 
- 1837 Charles Lewis Tiffany and John F. Young opens Tiffany & Young, a store selling stationery and a variety of “fancy goods” at 259 Broadway in New York.
- 1845 Tiffany publishes the first “Blue Book” mail-order catalogue.
- 1853 Tiffany bought out his partners and the Company was renamed Tiffany & Co.
- 1878 Charles Lewis Tiffany purchases a 287-carat fancy yellow diamond. It is cut to 128.54 carats and named the Tiffany Diamond.
- 1880's Tiffany redesigned the Great Seal of the United States, which can be seen on the dollar bill.
- 1886 Tiffany introduces the Tiffany Setting diamond engagement ring.
- 1902 Louis Comfort Tiffany, son of Charles Lewis Tiffany, becomes the Company’s first official design director.
- 1940 Tiffany opens its now world-renowned Tiffany flagship store at the corner of Fifth Avenue and 57th Street.
- 1978 Tiffany & Co. was sold to Avon Products Inc. for about US\$104M.
- 1984 Avon sold Tiffany to an investor group led by William R. Chaney for US\$136M. Avon also sold the land and building of the Fifth Avenue flagship store to an investment group from Texas for US\$66.5M. The group sold the land and building to Daiichi Real Estate Company for US\$94.35M one year later, at the height of the real estate boom.
- 1987 The Company's initial public offering occurred on May 5, 1987. This time, the Company no longer owned the Fifth Avenue building nor the land beneath it, which it first purchased for US\$2.8M in 1963.

AN EVENTFUL 2017...

- 1999 Tiffany repurchased its Fifth Avenue flagship store for US\$94M.
Michael Kowalski was appointed CEO. He first joined Tiffany in 1983.
- 2003 Michael Kowalski assumed the role of Chairman of the Board.
- 2015 Frédéric Cuménil, the former president and CEO at LVMH's Moët & Chandon succeeded Michael Kowalski as CEO.
- 2017 Activist investor JANA Partners and Francesco Trapani (former CEO of Bulgari) together purchased a ~5.1% stake in Tiffany.
- Tiffany named Reed Krakoff as its Chief Artistic Officer, effective 1 February 2017.
- Frédéric Cuménil resigned after only 22 months as CEO due to disappointing financial results. He is replaced by Chairman and former CEO Michael Kowalski.
- Lady Gaga is featured in Tiffany's first Super Bowl commercial.
- Tiffany announces that it has agreed to appoint three new directors to its board in a deal with JANA Partners and Francesco Trapani.
- Tiffany named Alessandro Bogliolo as its new CEO, effective 2 October 2017.
- Tiffany named Roger Farah as its new Chairman, effective 2 October 2017. Michael Kowalski remains a director.

TIFFANY & CO.



2017 – FRÉDÉRIC CUMÉNAL STEPPED DOWN AS CEO



- Frédéric Cuménil abruptly stepped down as CEO hours before Tiffany’s first Super Bowl commercial featuring Lady Gaga was aired on 5 February 2017 (See page 111 for the video).

- This followed the second consecutive year where revenue and profits declined under Cuménil’s leadership (Tiffany’s financial year ends on 31 January).

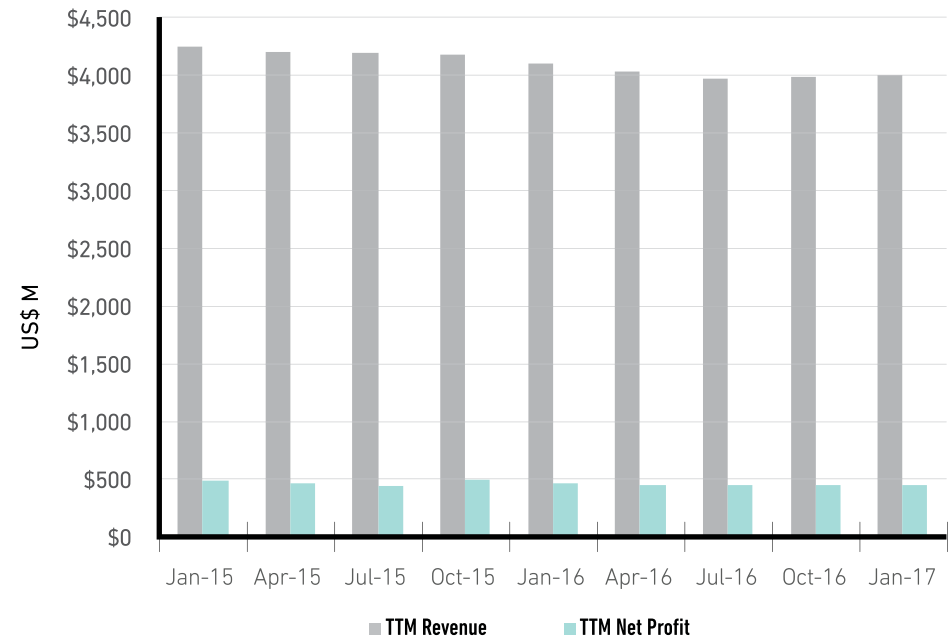
- It was also reported in The Wall Street Journal (“WSJ”)* that just two days before the Super Bowl, JANA Partners informed the Company that it had built a stake and was seeking a meeting.

- On the surface, the reasons for Cuménil’s dismissal were due to

the lack of progress Cuménil had made in the previous two years, and also his low expectations for a quick turnaround in the near future*.

- However, it was also speculated that Tiffany’s problem with Cuménil ran much deeper*, starting with his poor relationship and lack of communication with the Board, and also his hierarchical/structured management style that clashed with the more open style atmosphere which Mr. Kowalski promoted in the past decade.
- We believe the announcement of Cuménil’s immediate dismissal just before Tiffany’s first ever Super Bowl commercial signalled the Board’s strong disapproval of where Cuménil was taking Tiffany.

TTM REVENUE & NET PROFIT



Tiffany’s trailing twelve months revenue and profits continued to decline during Frédéric Cuménil’s tenure.

“The Board is committed to our current core business strategies, but has been disappointed by recent financial results. The Board believes that accelerating execution of those strategies is necessary to compete more effectively in today’s global luxury market and improve performance.”

Tiffany’s announcement of Frédéric Cuménil stepping down as CEO on 5 February 2017.

*<https://www.wsj.com/articles/tiffany-hunts-for-path-to-regain-cool-1499621248>

2017 – JANA PARTNERS & FRANCESCO TRAPANI

- On 21 February 2017, Tiffany announced that...
 - » JANA Partners with Mr. Francesco Trapani own ~5.1% of Tiffany's outstanding shares.
 - » Tiffany agrees to appoint three new independent directors to its Board of Directors:
 - Francesco Trapani: Former CEO of Bulgari, former Head of Watches and Jewellery at LVMH, and the great-grandson of the Bulgari group founder Sotirio Bulgari;
 - Roger Farah: Co-CEO of the fashion brand Tory Burch (and former president of Ralph Lauren);
 - James Lillie: Former CEO of the consumer products conglomerate Jarden Corp which is now part of Newell Rubbermaid.
- To date, we have observed the Board has taken a positive and co-operative step towards working with JANA/Trapani instead of trying to fight off a potential activist campaign. We suggest this is highly beneficial to the Company and all shareholders, as observed from the successful recruitment of Alessandro Bogliolo, the former COO of Bulgari (and more recently former CEO of Diesel) as Tiffany's new CEO, and the naming of Roger Farah, one of the three new directors as Chairman.



Barry Rosenstein, Founder, Managing Partner and Co-Portfolio Manager of JANA Partners

TIFFANY & CO.
February 21, 2017

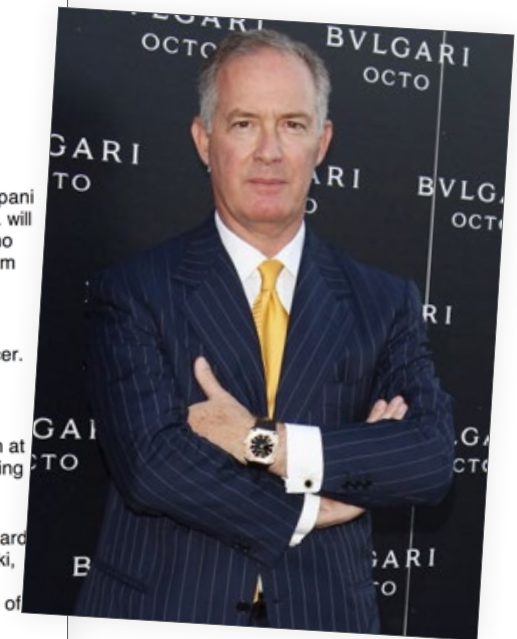
Tiffany & Co. and JANA Partners Announce Appointments of Three New Independent Directors to Tiffany & Co. Board of Directors

NEW YORK--(BUSINESS WIRE)-- Tiffany & Co. (NYSE: TIF) and JANA Partners LLC, which together with Francesco Trapani owns approximately 5.1% of Tiffany's outstanding shares, today announced agreements pursuant to which Tiffany & Co. will appoint three new independent directors to its Board of Directors: Roger Farah, James Lillie and Mr. Trapani, effective no later than March 6, 2017. With the addition of Messrs. Farah, Lillie and Trapani, the Tiffany & Co. Board will increase from 10 to 13 members.

In addition, Mr. Trapani will join the Board's nominating and corporate governance committee and the search committee formed by the Board of Directors to oversee the Company's previously announced search for a new chief executive officer. The search committee is being assisted by a leading executive search firm.

Tiffany also announced that the Company will be limiting waivers under the retirement age provisions in its governance documents, such that, in accordance with the mandatory retirement age, one current director will not stand for reelection at the 2017 Annual Meeting of Stockholders and two current directors will not stand for reelection at the 2018 Annual Meeting of Stockholders.

"We are excited to be adding such distinguished directors to our Board as part of our ongoing process to refresh the Board and we are pleased to have worked cooperatively with JANA Partners to have met our objective," said Michael J. Kowalski, Chairman of the Board of Directors and Interim CEO. "These three new directors are all accomplished executives with a broad range of relevant experience and skills that will benefit all shareholders as we focus on accelerating the execution of our core business strategies. We also believe the strength of our Board will be an asset in our ongoing CEO search process. I look forward to completing that process and welcoming our new CEO to our Board and, after an appropriate period, I anticipate being able to relinquish my responsibilities as Chairman to a successor."



Francesco Trapani, the former CEO of the Italian jewellery house, Bulgari

2017 – NEW CEO – ALESSANDRO BOGLIOLO



- On 13 July 2017, Tiffany named Alessandro Bogliolo as its new CEO, effective 2 October 2017.
- Alessandro Bogliolo was the CEO of the Italian fashion brand Diesel since 2013. He was previously the COO of the Italian jewellery and luxury goods brand Bulgari for many years until it was acquired by LVMH in 2011. We note that Mr. Bogliolo had worked with Mr. Francesco Trapani for many years when Mr. Trapani was the CEO of Bulgari.
- We believe the key reasons to Mr. Bogliolo's appointment as Tiffany's new CEO are:
 1. Mr. Bogliolo's long history working at the prestigious luxury house of Bulgari in a senior leadership position;
 2. Mr. Bogliolo's efforts and positive results in revitalising the Diesel brand in a relatively short period of time since his hiring in 2013; and,
 3. Mr. Trapani's personal endorsement as Bogliolo's former boss, and the support of the JANA/Trapani alliance.

“Alessandro has a well-deserved reputation for creativity and execution, having previously led a number of international brands to success and improved performance. I also believe that his vision and team-oriented approach make him an ideal fit with Tiffany's long-standing values.”

Michael J. Kowalski, Chairman and interim CEO, 13 July 2017.

“We are delighted to have been able to attract a leader who has the global experience and passion for our brand and heritage to drive extraordinary design, outstanding customer experience and capital efficiency. He is a proven executive with the skills necessary to accelerate revenue growth and increase value for all shareholders during this next chapter for Tiffany.”

Rose Marie Bravo, Chairwoman of the Search Committee of the Board of Directors, 13 July 2017.

2017 – NEW CHAIRMAN & NEW CHIEF ARTISTIC OFFICER



NEW CHAIRMAN – ROGER FARAH

- On 21 September 2017, Tiffany named Roger Farah as its new Chairman, effective 2 October 2017. Mr. Farah has over 40 years of experience in the lifestyle products and retailing sectors.
- Mr. Farah served as the Co-CEO of Tory Burch from 2014 to 2017. He also served as President and COO of Ralph Lauren from 2000 to 2013 and as Executive Vice Chairman from November 2013 to May 2014. Prior to joining Ralph Lauren, he served as Chairman of the Board and CEO of Venator Group (now Foot Locker)

NEWLY CREATED POSITION – CHIEF ARTISTIC OFFICER – REED KRAKOFF

- On 17 January 2017, Tiffany named Reed Krakoff as its Chief Artistic Officer, effective 1 February 2017.
- Krakoff began designing for classic American design houses such as Anne Klein and Ralph Lauren. Krakoff became known throughout the industry for his time spent with iconic accessories brand, Coach, and spent most of his 16 years with the company as President and Executive Creative Director.
- Krakoff has been working with Tiffany from 2016 as a creative collaborator on the launch of a new Home & Accessories Collection that debuted in November 2017.
- He directs design for Tiffany & Co. brand jewellery, as well as luxury accessories, and leads the brand's overarching artistic and design vision with respect to stores, e-commerce, marketing and advertising.



INDUSTRY OUTLOOK



REGIONAL OUTLOOK

AMERICAS
Continuing to underperform with unclear outlook
US FACING STRONG DOLLAR
UNCLEAR POLITICS AND WEAK
DEPARTMENT STORES
LATAM FUELED BY LOCALS
ALSO DUE TO US LIMITATIONS
CANADA DYNAMIC YET
SLIGHTLY SLOWING DOWN

MAINLAND CHINA
Firm rebound with healthier local consumption
CHINESE SHOWING ROBUST IMPULSE TO MAINLAND CHINA
LOCALS INCREASINGLY PREFERRING TO BUY LUXURY AT HOME; STILL TRAVELLING BUT BUYING LESS ABROAD

EUROPE
Shining, progressively overcoming 'terrorism shock'
INCREASINGLY ATTRACTIVE FOR TOURISTS OF ALL NATIONALITIES
PERCEIVED TO BE SAFER, POST-BREXIT UK OVERPERFORMS
LOCALS REGAINING CONFIDENCE IN ALL COUNTRIES

REST OF ASIA
excl. M. China
Undermined by repatriation of Chinese consumption
HK & MACAU NEGATIVE YET 'AIDS ARE GONE'
TAIWAN & SEA SUFFERING FROM CHINESE DROP, SINGAPORE ON RECOVERY TRAJECTORY, SOUTH KOREA LOCAL REGIONS

JAPAN
Sluggish but 'safe harbor'
MATURE AND SLOW-MOVING BUT STILL A SAFE MARKET FOR LUXURY BRANDS
HIT BY DROP IN TOURISM, ESPECIALLY FROM CHINA, BUT STILL SUPPORTED BY LOCAL SPENDING

ROW
Quiet, waiting for the next hot spot to emerge
MIDDLE EAST FLAT, FACING A SLOW TOWN OF LOCALS WITH THE EXCEPTION OF DUBAI
AUSTRALIA DILUTED BY REDUCED CHINESE TOURISM
AFRICA NOT YET RELEASING ITS VALUE

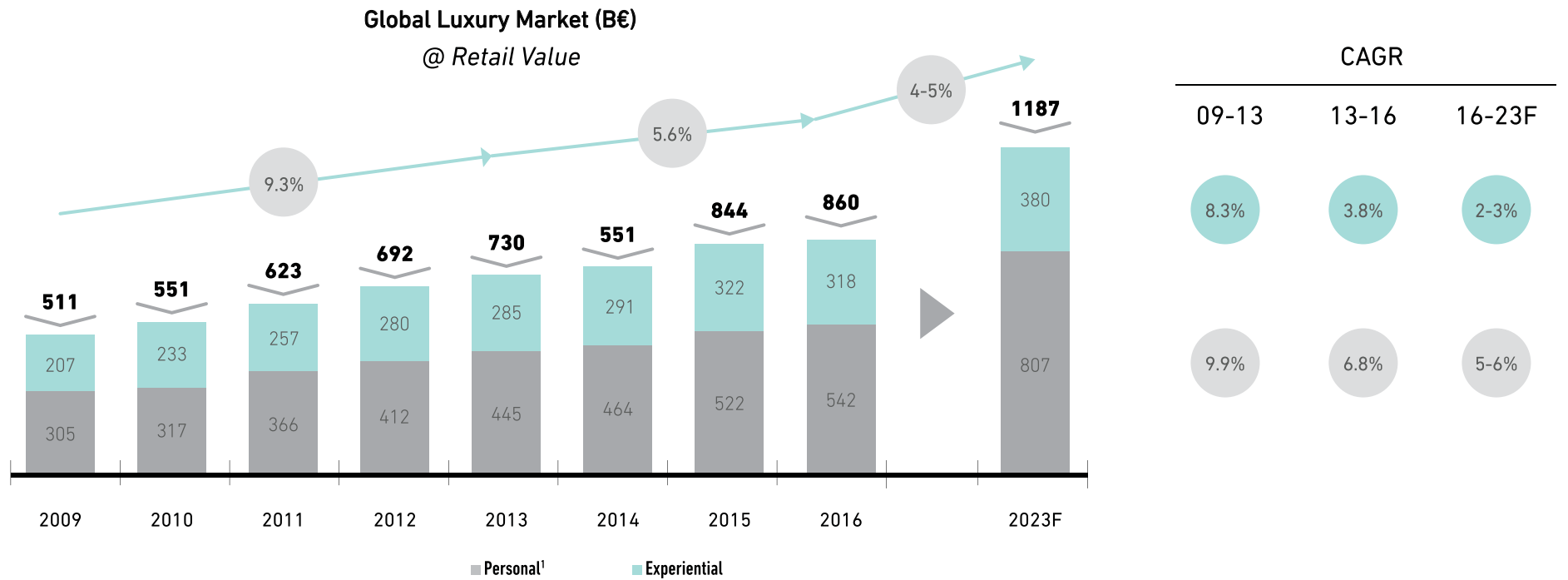
2017 FULL YEAR OUTLOOK

WORLDWIDE LUXURY MARKET MONITOR
2017 SPRING UPDATE
29 MAY 2017
BAIN & COMPANY
ALTAGAMMA

GROWTH FORECAST

- The global personal luxury sector is expected to grow at +2% - +3% annually from 2016-2023.

THE GLOBAL LUXURY MARKET WORTH ~860Bn€ IN 2016,
EXPERIENTIAL GROWING FASTER THAN PERSONAL LUXURY



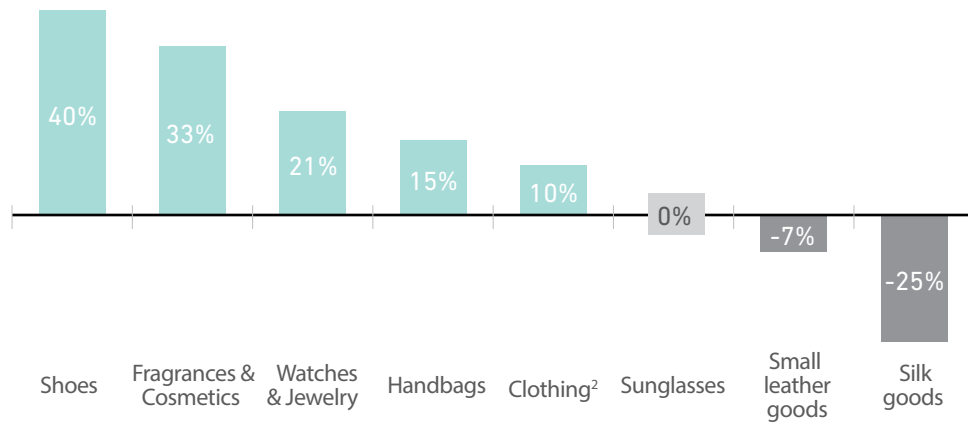
1. Personal goods include accessories, apparel, watches & jewelry, fragrances & cosmetics
Source: BCG Luxury Market model

BY CATEGORY

- Luxury consumers are expected to increase their spending on fragrances, watches and jewellery.
- Tiffany has recently released their first fragrance product in 15 years (manufacturer and marketed by Coty).
- Tiffany is rebuilding its watch business after the failed JV with Swatch.

IN A SLOWER PERSONAL LUXURY MARKET, WINNERS AND LOSERS EXPECTED AMONG VARIOUS CATEGORIES

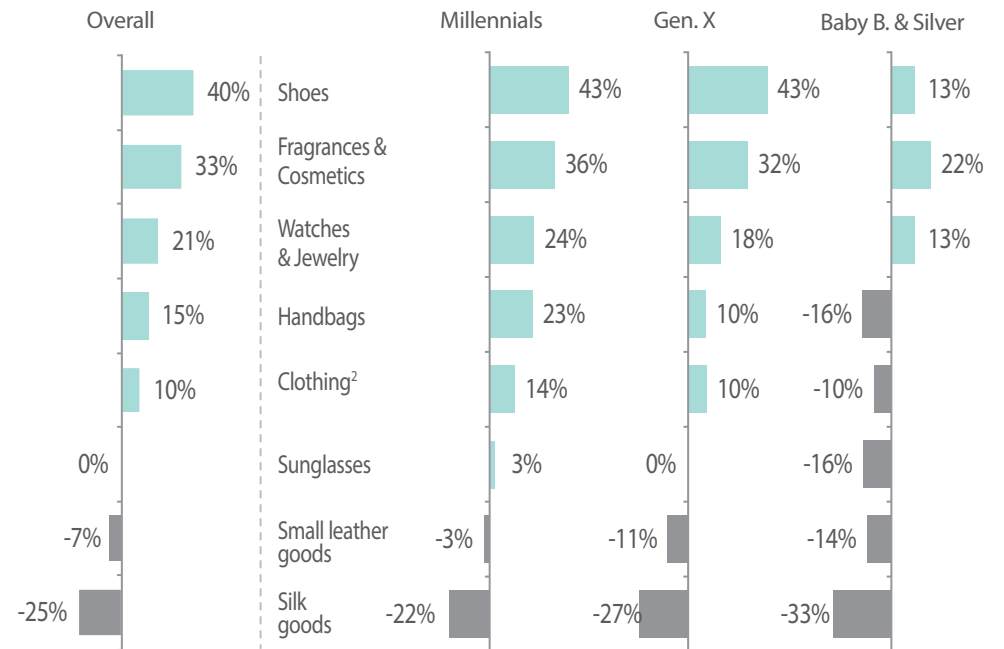
True Luxury Consumers net appetite by category¹
 (net appetite = people increasing spend in the future > +20% – people decreasing spend in the future > - 20%)



1. Index calculated as percentage of customers who see growth in spend less the percentage who foresee a decrease in spend on the category (Positive – Negative). Multiple options answer (up to 5 categories)
 2. Including jeans / pants; shirts / topwear; dresses / suits; coats / outerwear; knitwear
 Source: BCG 2016 ad hoc study (12,000 luxury consumers in 10 countries)

APPETITE DRIVEN BY MILLENNIALS WITH SHOES AND F&C KEY TO RECRUIT THEM - HANDBAGS POLARIZED

Net appetite by category¹

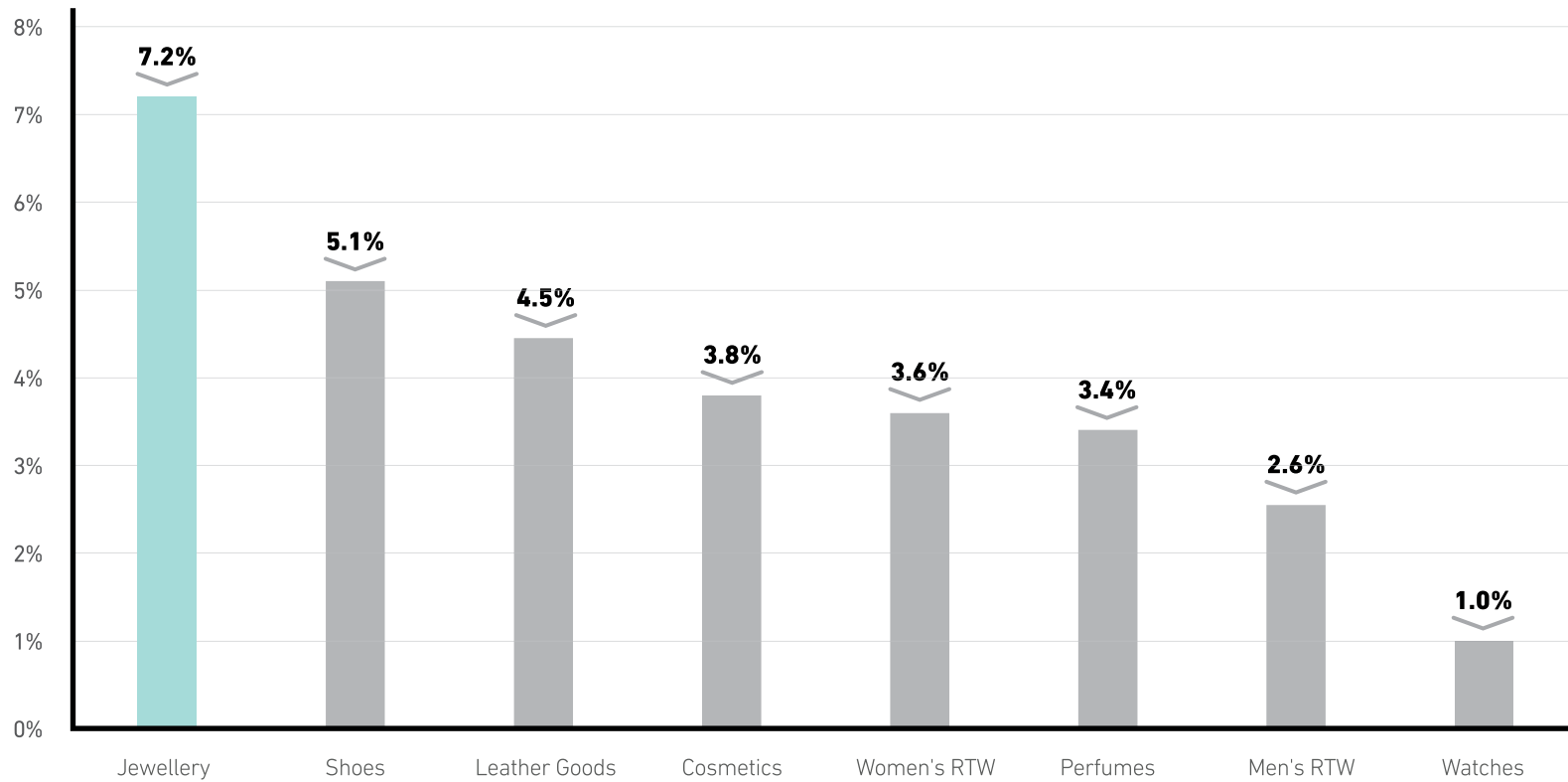


1. Index calculated as percentage of customers who see growth in spend less the percentage who foresee a decrease in spend on the category (Positive – Negative). Multiple options answer (up to 5 categories)
 Source: BCG 2016 ad hoc study (12,000 luxury consumers in 10 countries)

JEWELLERY TO OUTPERFORM

- Tiffany generates the majority of its sales from its jewellery offering (92% of Tiffany's FY2016 sales).
- Jewellery is forecast to be the strongest growing category, with a forecast annualised growth rate of +7.2% versus the broader global personal luxury sector from 2015 to 2020*.

PERSONAL LUXURY SEGMENT FORECAST GROWTH (2015-2020 CAGR)*

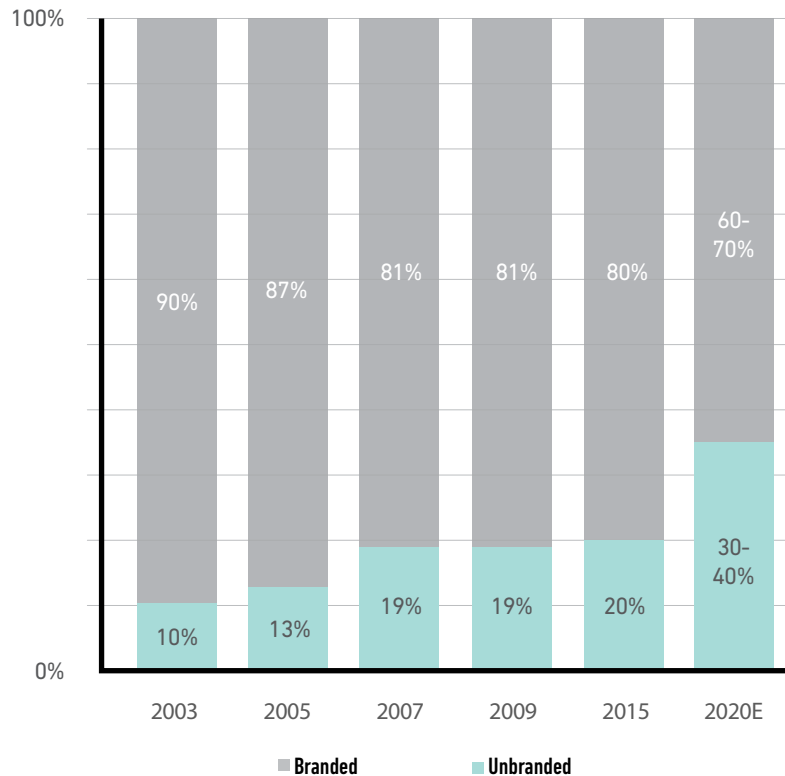


* Source: Bain Altagamma, Bernstein Research

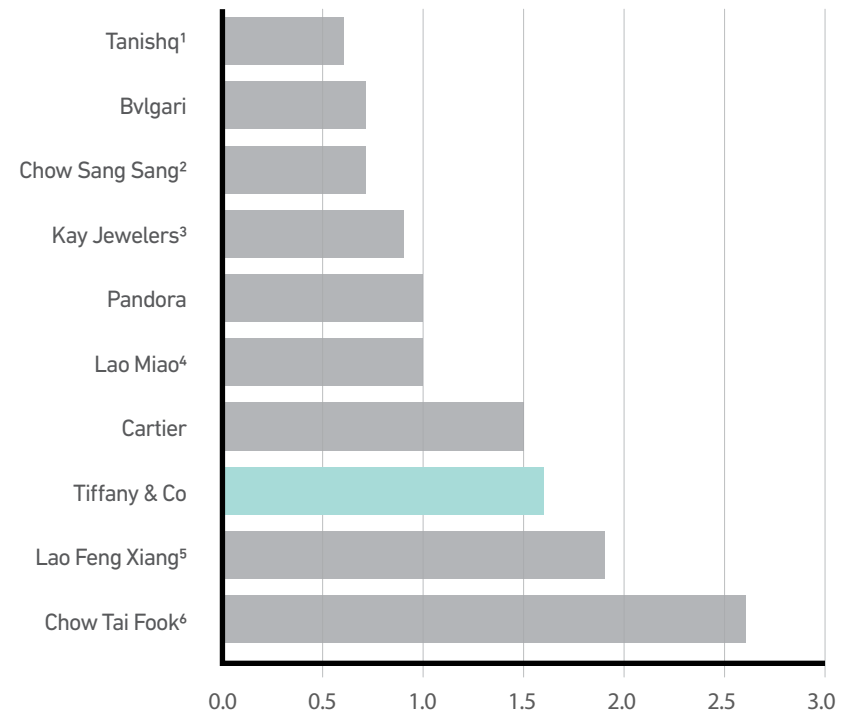
BRANDED vs UNBRANDED JEWELLERY

- The jewellery industry is primarily local, and ~80% of all jewellery sold is unbranded jewellery sold by local/national retailers.
- However, there is a growing trend towards branded jewellery as many consumers in growth markets such as India and China begin to shift purchase decisions from value to design/fashion/branding.
- According to Bernstein Research*, branded jewellery is expected to be the fastest growing personal luxury segment in coming years. The strong brand awareness globally for Tiffany should allow the Company to capitalise on this trend.

BRANDED vs UNBRANDED JEWELLERY (%)*



MARKET SHARE (%) – TOP 10 GLOBAL BRANDS*



*Source: Bernstein Research - Tiffany: Time to get engaged? June 2016

1 Tanishq is a jewellery brand in India. It is a division of Titan Company (TTAN:IN).

2 Chow Sang Sang (116:HK) is a HK-based jewellery retailer/precious metals wholesaler, with over 200 stores in the Greater China region.

3 Kay Jewelers is one of the store brands owned by Sterling Jewelers, which is a wholly owned subsidiary of UK-based Signet Jewelers (SIG:US).

4 Lao Miao is a subsidiary of Shanghai Yuyuan Tourist Mart (600655:CH), the largest retailing conglomerate in China.

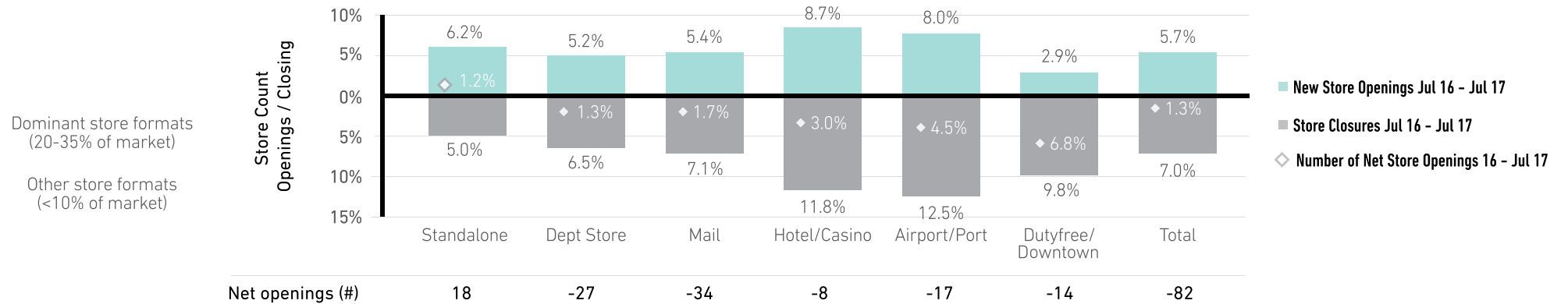
5 Lao Feng Xiang (600612:CH/900905:CH) is one of the oldest Chinese jewellery brands in existence (started in 1848). It operates over 3,000 stores worldwide, most of them in China.

6 Chow Tai Fook (1929:HK) is a multi-brand jewellery retailer (Chow-Tai Fook, Hearts On Fire, SOINLOVE, MONOLOGUE, CTF Watch) that operates 2,300 stores worldwide, most of them in China.

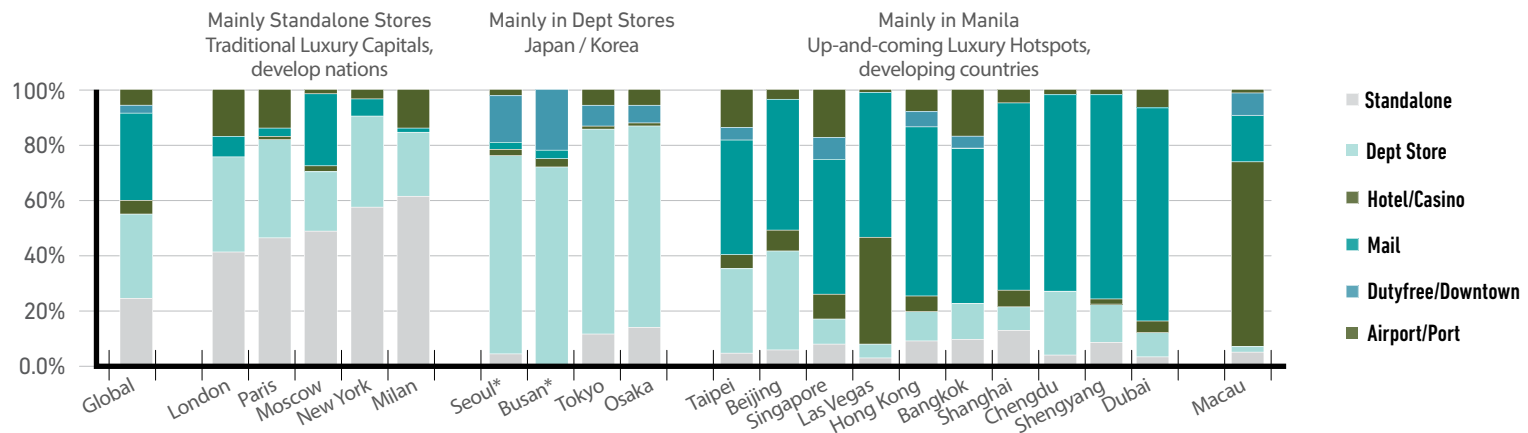
STORE NETWORK RESTRUCTURING

- Weakness in luxury spending in recent years has resulted in many luxury operators restructuring their stores to deal with previous over-expansion in footprint, especially in the Greater China region (Tiffany only has ~10% of its stores located in China). Additionally, the changing retail landscape, particularly the declining traffic for many department stores and malls in the US are of concern to the luxury retailers.

STORE COUNT GROWTH BY FORMAT: JUL 16 - JUL 17



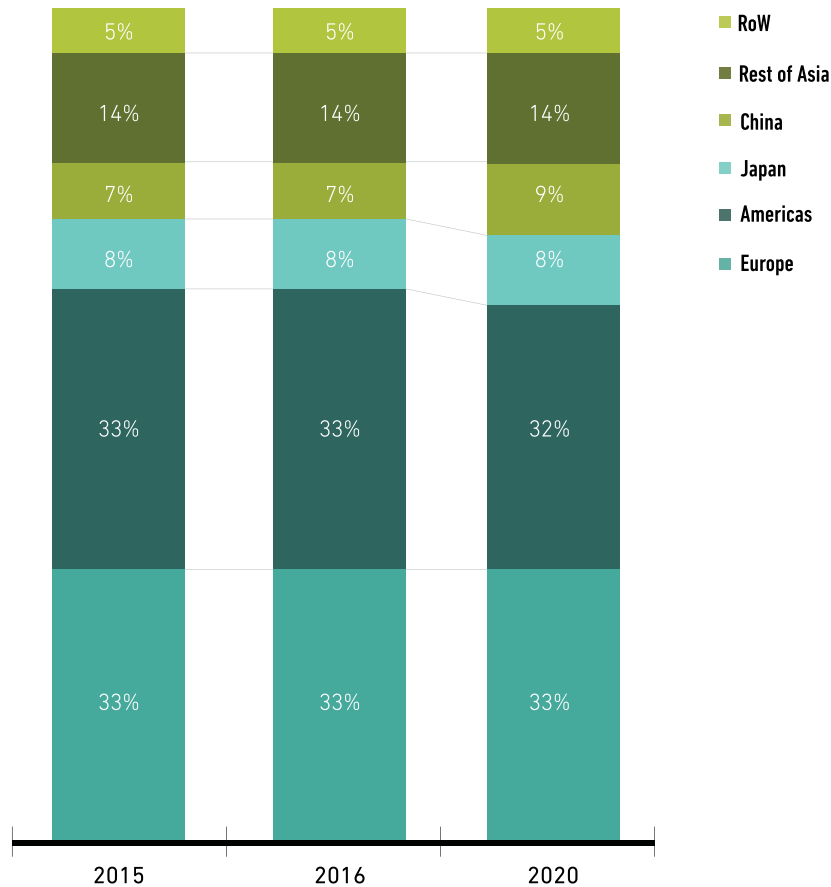
LUXURY STORE FORMATS ACROSS CITIES (% OF TOTAL SHARE)



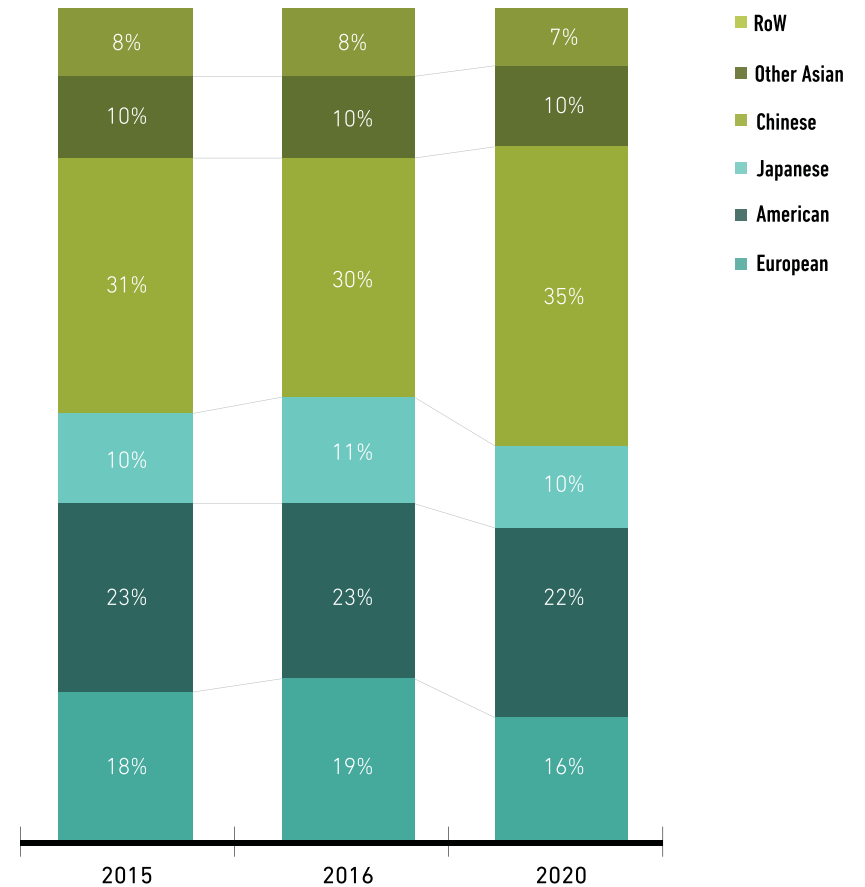
THE IMPORTANCE OF CHINA (1)

- The Chinese market is one of the most important markets (both in terms of geography and nationality) for global luxury operators. This market has been weak in recent years but there is now clear evidence of a recovery.

MARKET BY REGION



MARKET BY NATIONALITY



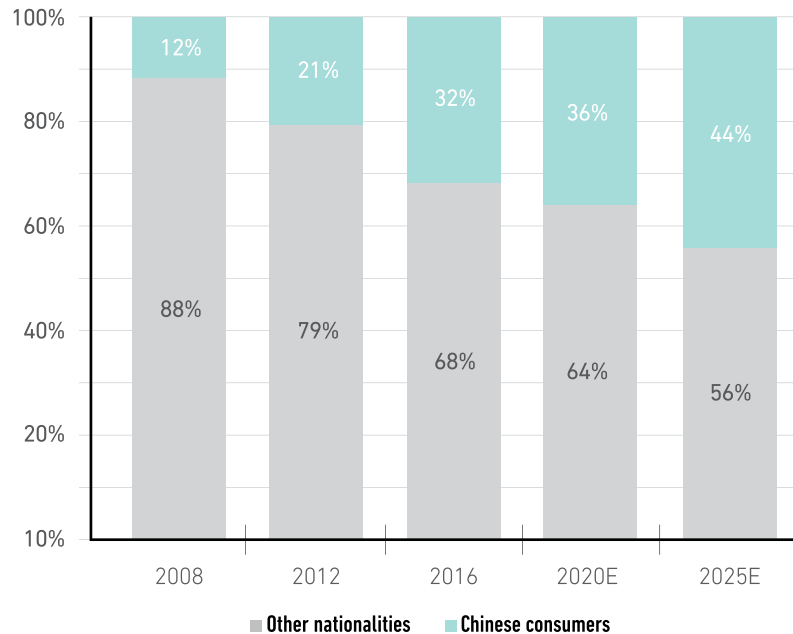
THE IMPORTANCE OF CHINA (2)

- It is forecast that the percentage of global luxury goods purchased by Chinese consumers will increase from an already impressive 32% in 2016 to 44% in 2025.
- Importantly, there is a trend in the last few years for the Chinese consumers to increase consumption of luxury goods in China.
- With relatively few stores in China (~10% of total stores), Tiffany is in a good position to steadily grow its store footprint in China with this increasing demand from Chinese domestic consumers.

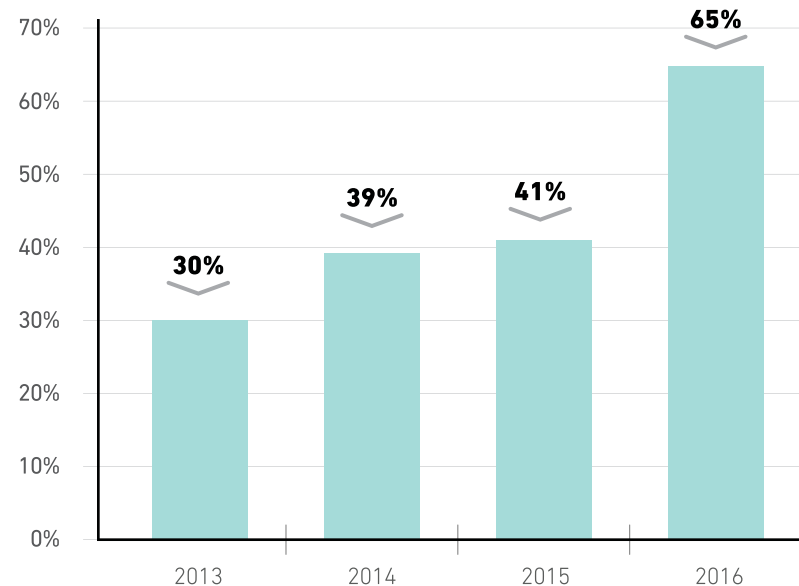
“The (Asia-Pacific) region’s sales increase came from the continuation of very strong comparable store sales growth in Mainland China.”

Tiffany Q3 FY2017 conference call (29 November 2017)

GLOBAL LUXURY GOODS - NATIONALITY SPLIT



% OF CHINESE BUYING LOCALLY*



Source: McKinsey 2017 Chinese luxury consumers report, Bernstein estimates and analysis

Note: *Excluding Taiwan, Hong Kong, Maccau

THE IMPORTANCE OF CHINA (3)








Source: McKinsey 2017 China Luxury Report, Bernstein analysis

BUSINESS & GEOGRAPHIC SEGMENTS, STORES AND INVENTORY



OVERVIEW

- Tiffany management is challenged to delicately balance the idea of “inclusiveness” and “luxury” in its product offerings, as fashion jewellery continues to increase as a percentage of total sales in recent years.
- Tiffany breaks down its offering into five categories:

				
HIGH, FINE & SOLITAIRE JEWELLERY	ENGAGEMENT JEWELLERY & WEDDING BANDS	FASHION JEWELLERY	DESIGNER JEWELLERY	OTHER
19% of Sales	28% of Sales	33% of Sales	12% of Sales	8% of Sales
Average Selling Price = US\$6,300	Average Selling Price = US\$3,400	Average Selling Price = US\$350	Average Selling Price = US\$530	

SALES BY REPORTABLE SEGMENT

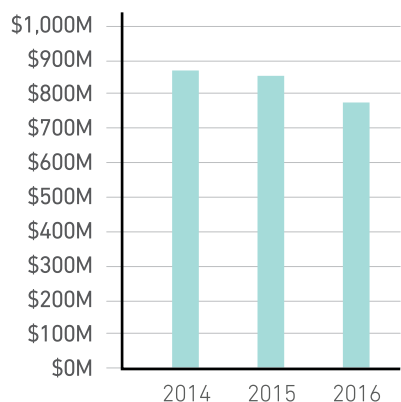


BUSINESS SEGMENTS – HIGH, FINE & SOLITAIRE JEWELLERY

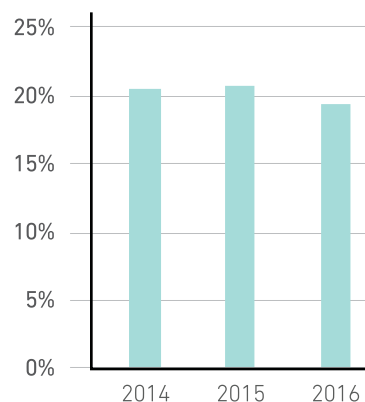
- This category includes Tiffany’s high, fine and solitaire (other than engagement) jewellery.
- The Company notes that most sales in this category are of items containing diamonds, other gemstones or both. Most jewellery in this category is constructed of platinum, only 15% of sales are jewellery constructed primarily in gold.
- From the charts below, we see the category is in decline in terms of both absolute sales and percentage of total sales. The Company was unable to increase prices in 2016 due to further deterioration in demand.
- Management admitted there is a shift in mix away from high, fine & solitaire jewellery to fashion jewellery.
- Clearly this is a primary area of focus for the new CEO Alessandro Bogliolo.



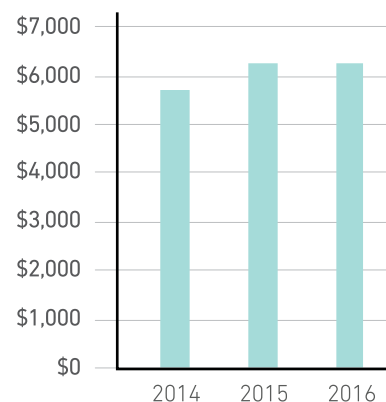
SEGMENT SALES



AS A % OF TOTAL SALES



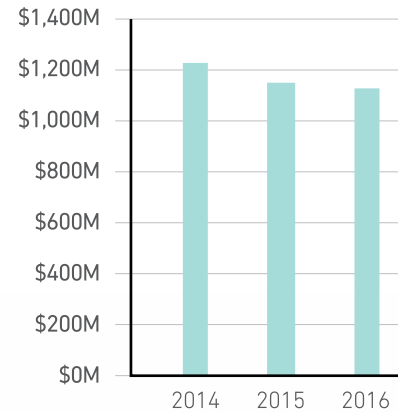
AVERAGE PRICE PER ITEM



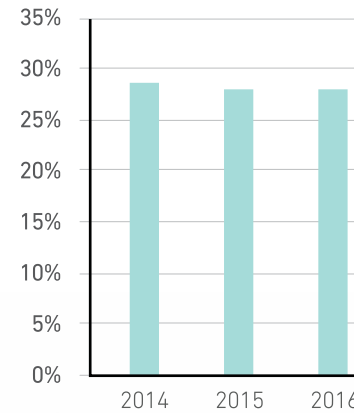
BUSINESS SEGMENTS – ENGAGEMENT JEWELLERY & WEDDING BANDS

- This category includes Tiffany’s engagement rings (~60% of the category) and wedding bands (~40%).
- The Company notes that most sales in this category are of items containing diamonds. Most jewellery in this category is constructed of platinum, and 10% of sales are jewellery items constructed primarily in gold.
- From the charts on the right, we see the category is also in decline in terms of both sales and % of sales. Worse, the average prices also declined in 2015 and 2016.
- Management noted a shift from engagement rings to wedding bands.
- The main concern for this category is the continued decline in traditional marriage rates in recent years in the western world.

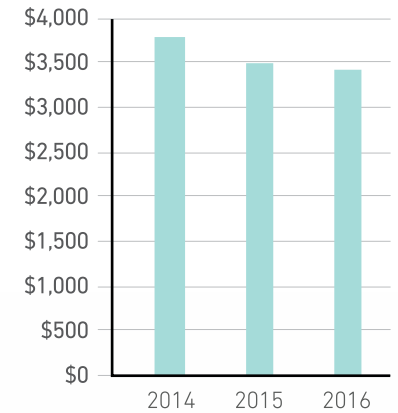
SEGMENT SALES



AS A % OF TOTAL SALES



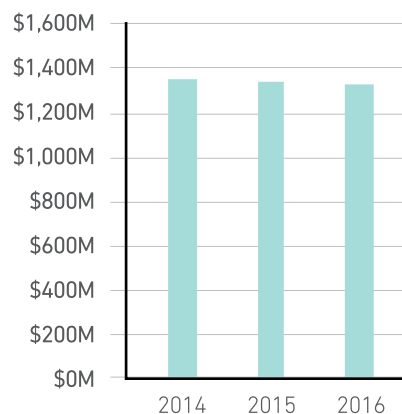
AVERAGE PRICE PER ITEM



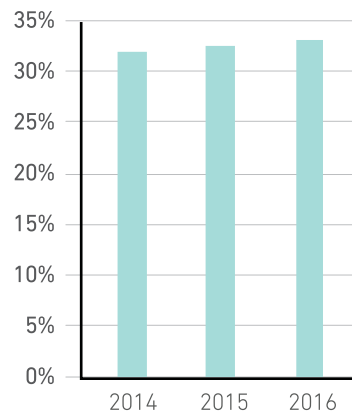
BUSINESS SEGMENTS – FASHION JEWELLERY

- Fashion jewellery, which represented 33% of Tiffany’s FY2016 sales, primarily consists of non-gemstone gold and silver jewellery. This category has relatively higher margins than Tiffany’s other categories.
- This category has outperformed Tiffany’s other categories for the last three quarters, driven partly by demand for gold jewellery and items from the “Tiffany T” collection (introduced in 2014).
- The Company has been able to improve the average price sold under this category from US\$310 in FY2014 to US\$350 in FY2016 (an increase of 13%).
- We see this category continuing to grow in importance for Tiffany. However, we do recognise the challenge of expanding this category without potentially cheapening the Tiffany brand.

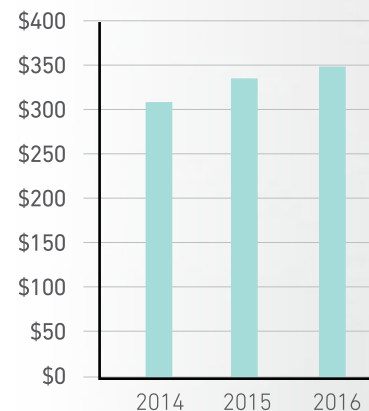
SEGMENT SALES



AS A % OF TOTAL SALES



AVERAGE PRICE PER ITEM

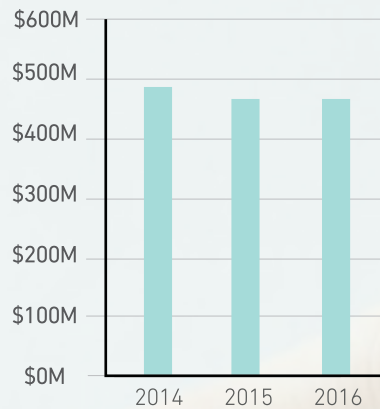


BUSINESS SEGMENTS – DESIGNER JEWELLERY

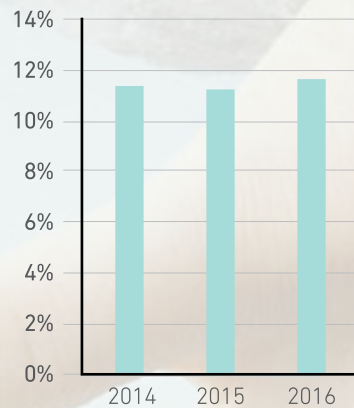
- In 2016, the Company decided to create a new reportable segment – “Designer Jewellery” such that public financial reporting will conform with Management’s current internal analysis of product sales.
- This category includes items bearing the name of and attributed to one of the Company’s “named” designers: Elsa Peretti and Paloma Picasso.
- Most merchandise consists of sterling silver and gold jewellery.
- From the charts below, we see the category is relatively stable. However, since the category has a higher average price than the Fashion category (~50% higher), we suggest that this is one category that Management would like to be able to grow alongside its Fashion category.



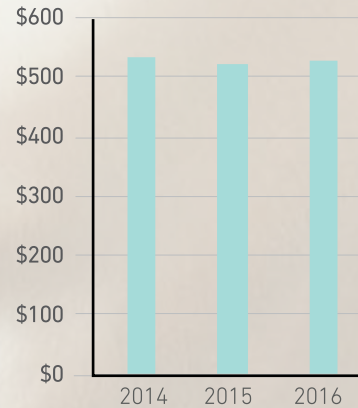
SEGMENT SALES



AS A % OF TOTAL SALES



AVERAGE PRICE PER ITEM

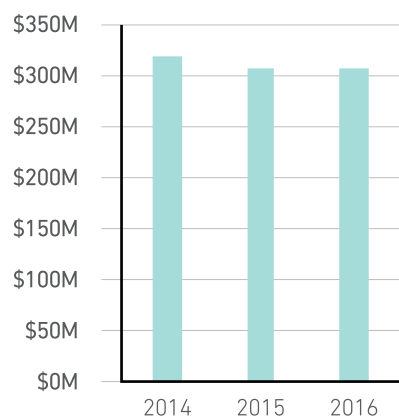


BUSINESS SEGMENTS – ALL OTHER

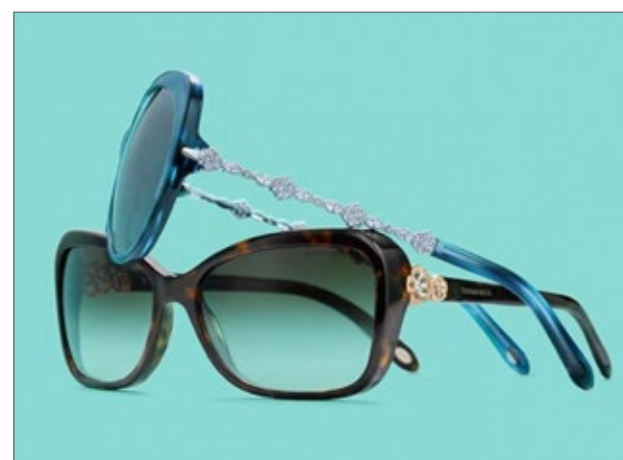
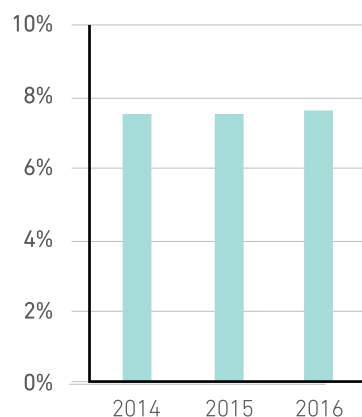
- Outside Tiffany’s jewellery offering (92% of Tiffany’s FY2016 sales), the Company also sells timepieces, leather goods, sterling silverware, china, crystal, stationery, fragrances and accessories. Some of the earnings come from third-party licensing agreements (e.g., fragrances with Coty, sunglasses with Luxottica).
- Tiffany also engages in wholesale sales of diamonds.
- Tiffany recently launched a home & accessories collection (designed by Reed Krakoff) that has been creating quite a bit of buzz on social media and is likely to lure curious Millennial shoppers to walk into the store.
- We believe with the relaunching of watches, the expansion into adjacent categories through third-party licensing and in-house designed new collections, this segment will provide meaningful growth opportunities for the future.



SEGMENT SALES



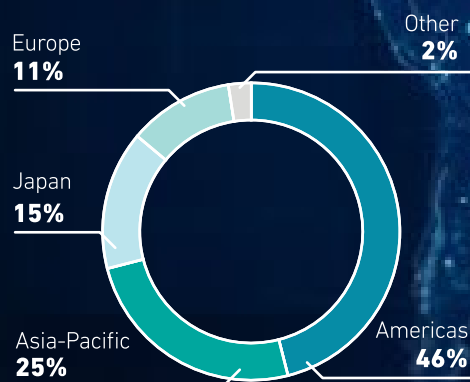
AS A % OF TOTAL SALES



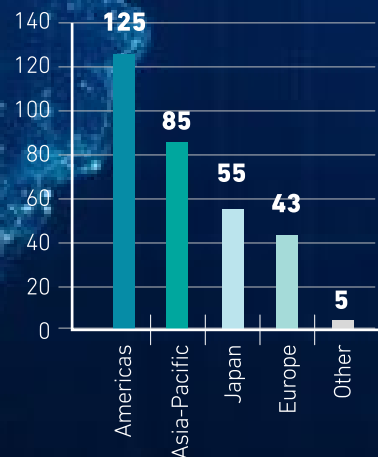
GEOGRAPHIC SEGMENTS – FY2017

- Tiffany’s largest three markets are Americas, Asia-Pacific and Japan.
- From a profit margin perspective, we see Japan as one of the key markets for Tiffany. The macro-economic future for Japan (e.g., Abenomics) could have a material effect on Tiffany’s results.
- From a revenue growth perspective, Asia-Pacific/China and Europe will be the driving force for Tiffany.
- Lastly, investors are sometimes unaware of the importance of Tiffany’s famous Flagship Store on Fifth Avenue, NYC. The Company only discloses that the Flagship Store accounts for <10% of worldwide net sales. If we assume the Flagship Store accounts for ~10% of Tiffany’s worldwide sales, it implies that this single store generates almost as much sales as the 43 Tiffany stores in Europe and UK each year!

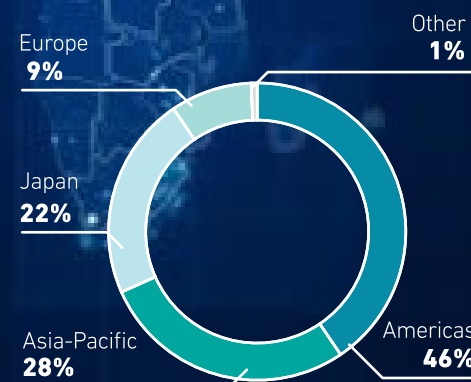
NET SALES



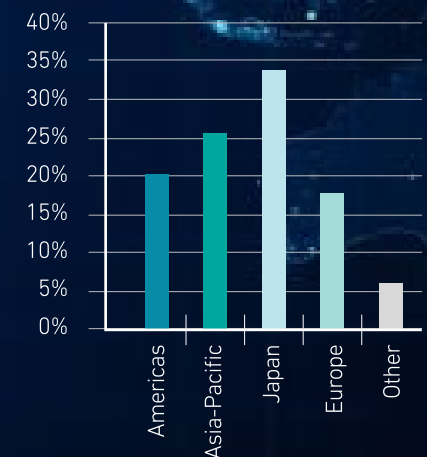
STORE COUNTS



OPERATING PROFIT



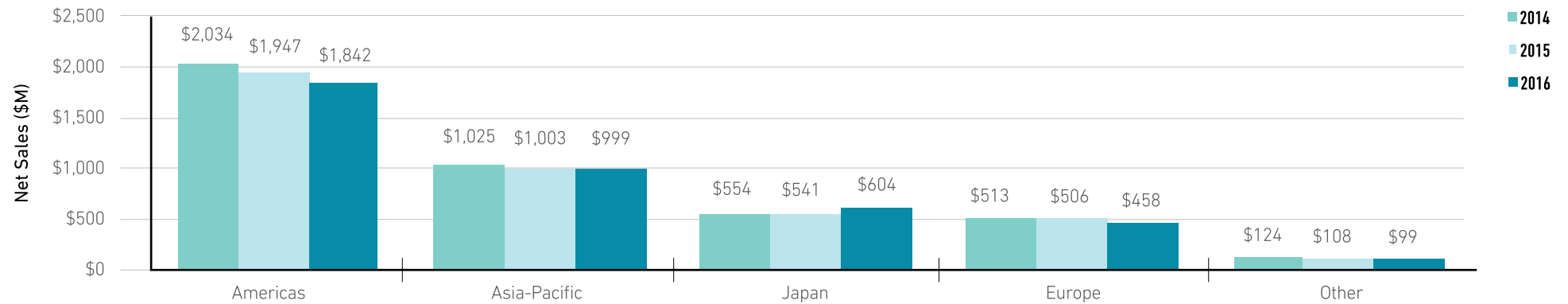
OPERATING MARGIN



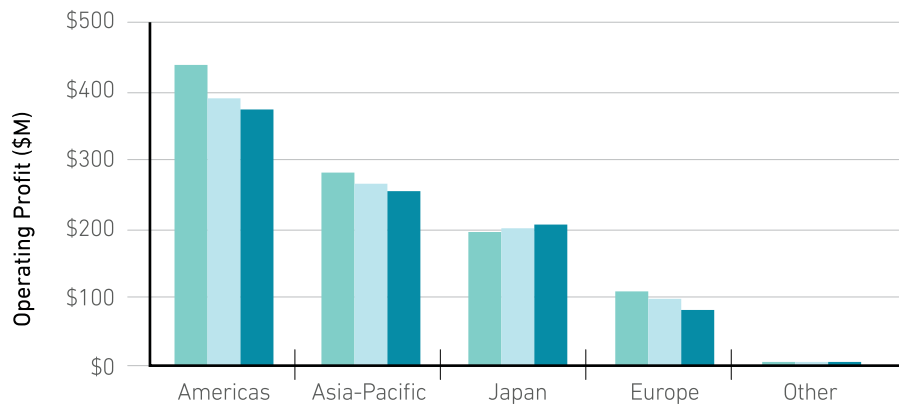
GEOGRAPHIC SEGMENTS – RECENT TRENDS

- The following three charts (below) tell the story of why Frédéric Cuménil was dismissed after the 2016 financial year ended.
- Almost all trends for all five segments and all three metrics for the past three years were downward, with the exception of revenue/operating profit for Japan in 2016.

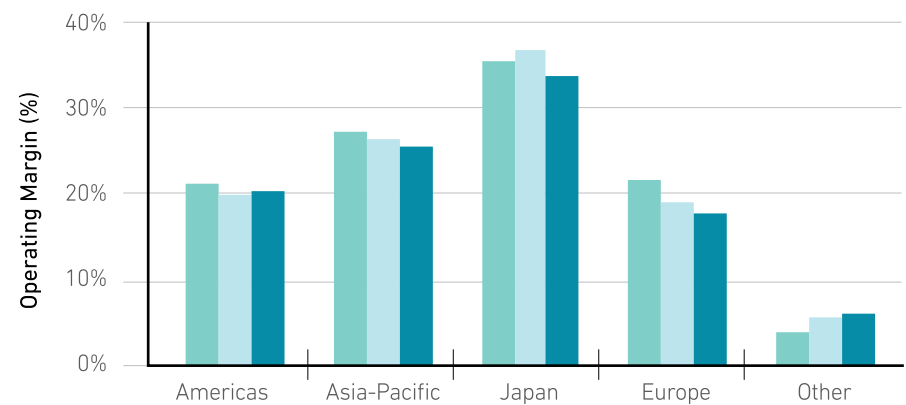
REVENUE BY GEOGRAPHIC SEGMENT



OPERATING PROFIT BY GEOGRAPHIC SEGMENT

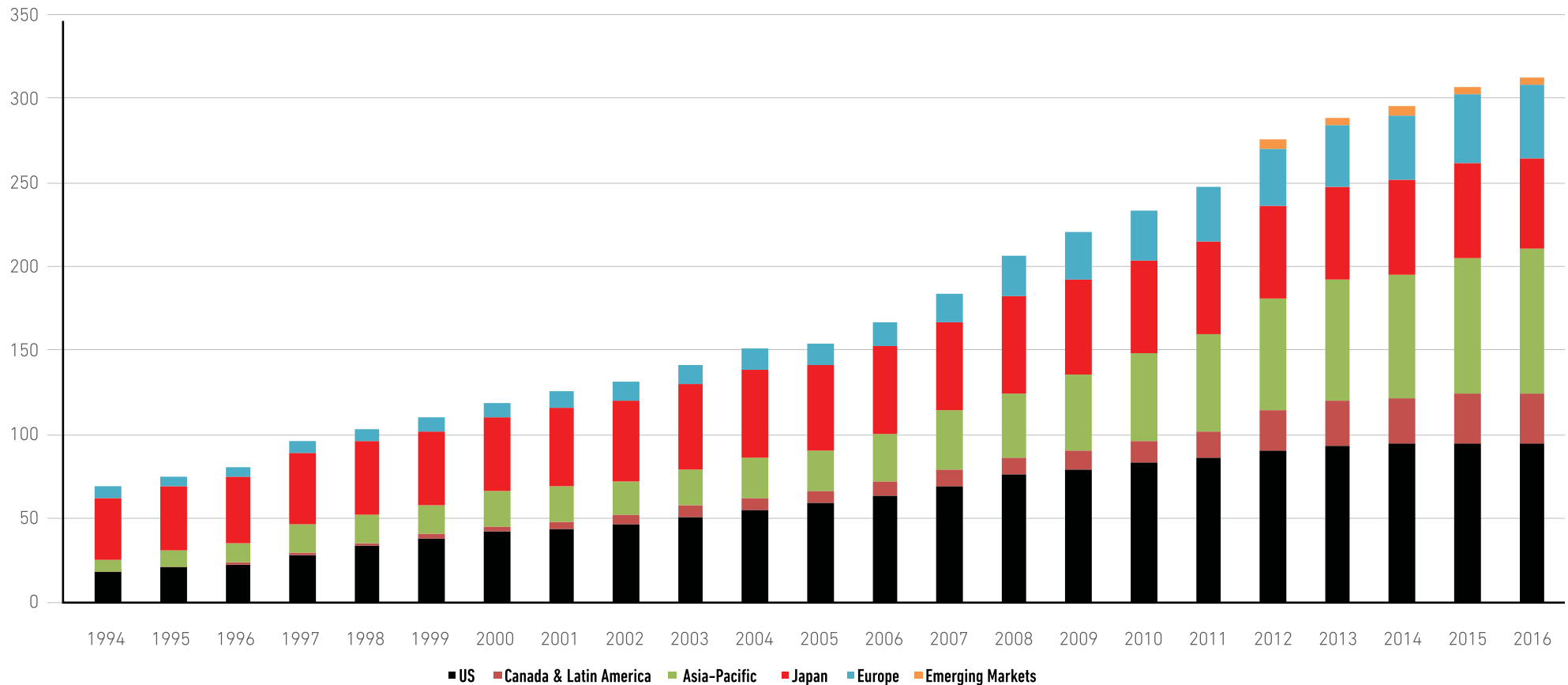


OPERATING MARGIN BY GEOGRAPHIC SEGMENT



315 STORES IN 30 COUNTRIES AROUND THE WORLD

- Currently, Tiffany operates 315 stores in 30 countries around the world*.
- Historically, Tiffany management have executed a very conservative footprint expansion strategy. As mentioned earlier, weakness in luxury spending in recent years has resulted in many luxury operators restructuring their stores to deal with previous over-expansion in footprint, especially in the Greater China region. However, Tiffany only has ~10% of its total store count located in China (31 stores in FY2016, vs 26 stores in FY2014).
- Based on Management’s comments, we believe that a steady 2% annual growth and optimisation in Tiffany’s square footage around the world, especially in Asia-Pacific/China, Europe, Latin America and other Emerging Markets will provide a steady base for top line growth for Tiffany in the foreseeable future.

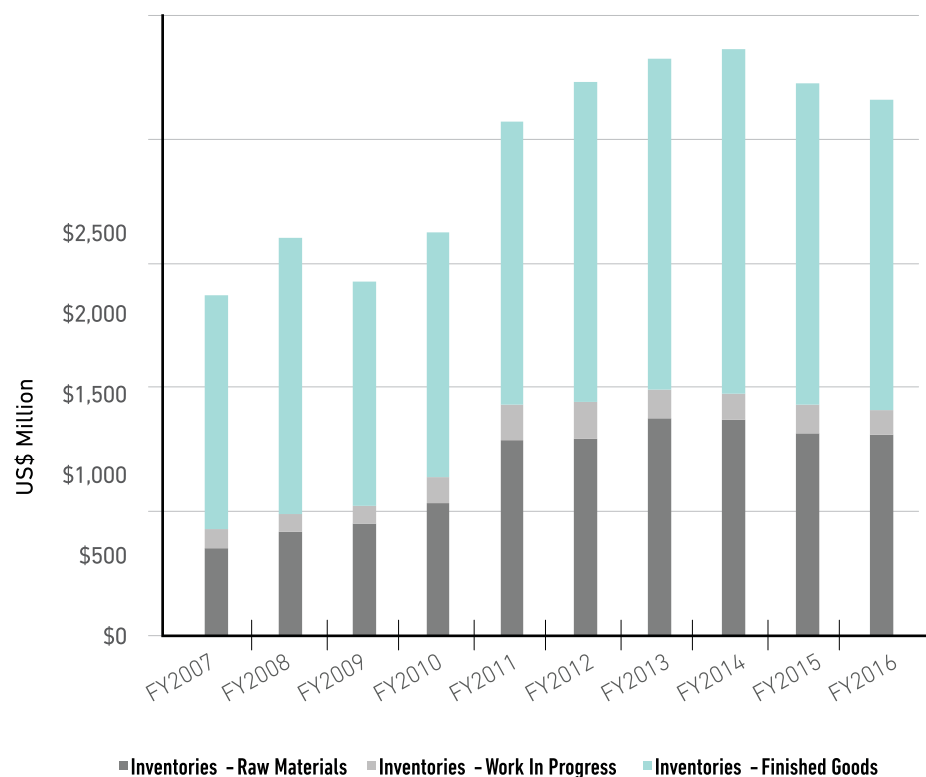


* As at 31 October 2017

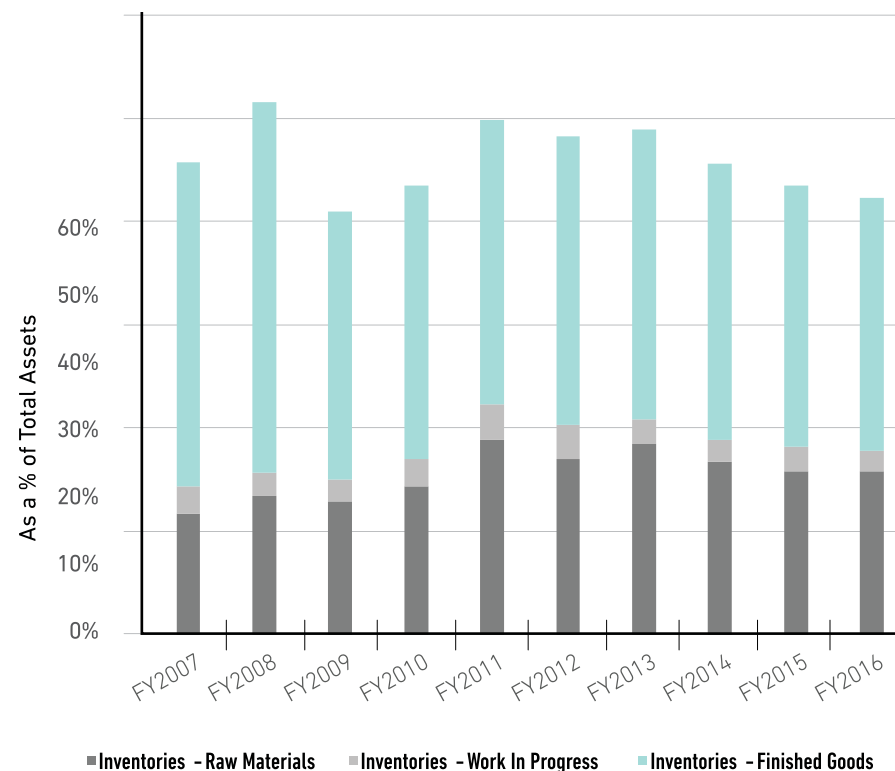
INVENTORY

- Historically, the Company's inventory strategy was to always maintain deep assortments and high availability in their stores. However, since 2015, Management also added a long-term objective of keeping inventory growth below the rate of sales growth.
- Management has focused on managing inventories more efficiently both through process improvements and by deploying a new inventory management system (fully implemented over the next several years).
- Management expects inventory level for FY2017 to be similar to FY2016 due to new product introductions in 2017.

TOTAL INVENTORY SINCE FY07

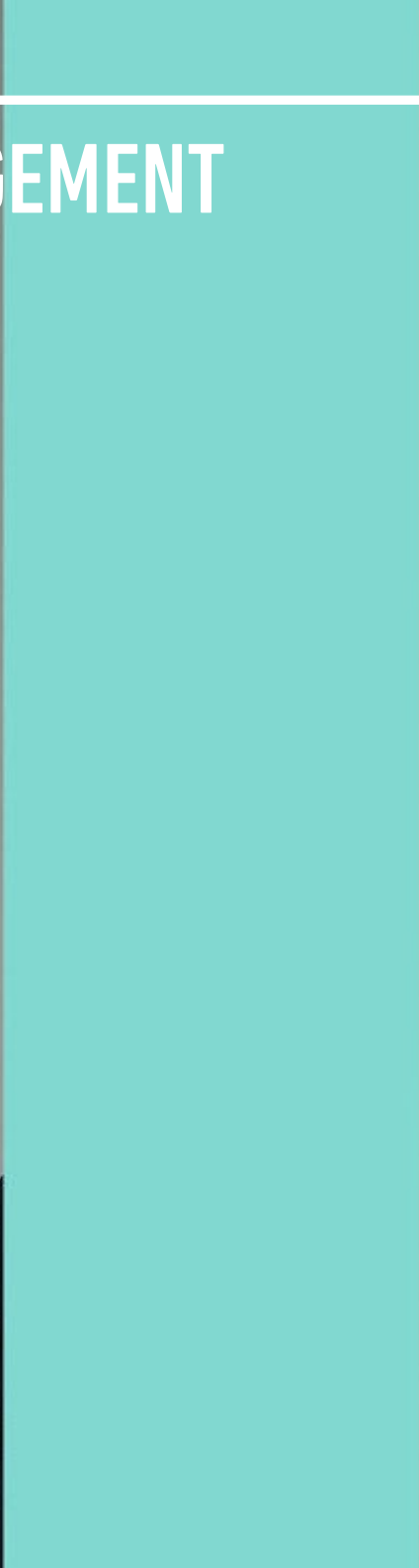
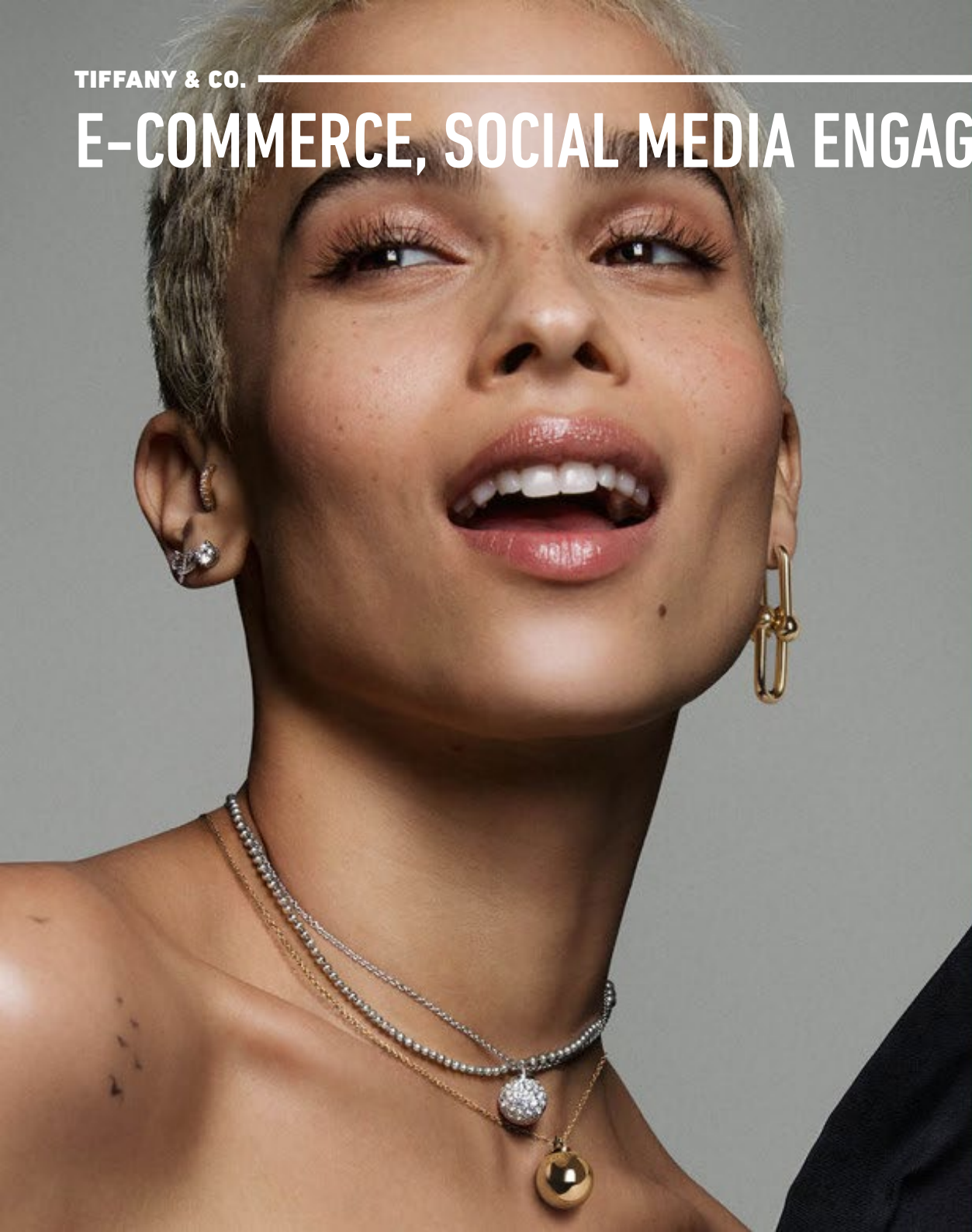


INVENTORY AS A % OF TOTAL ASSETS SINCE FY07



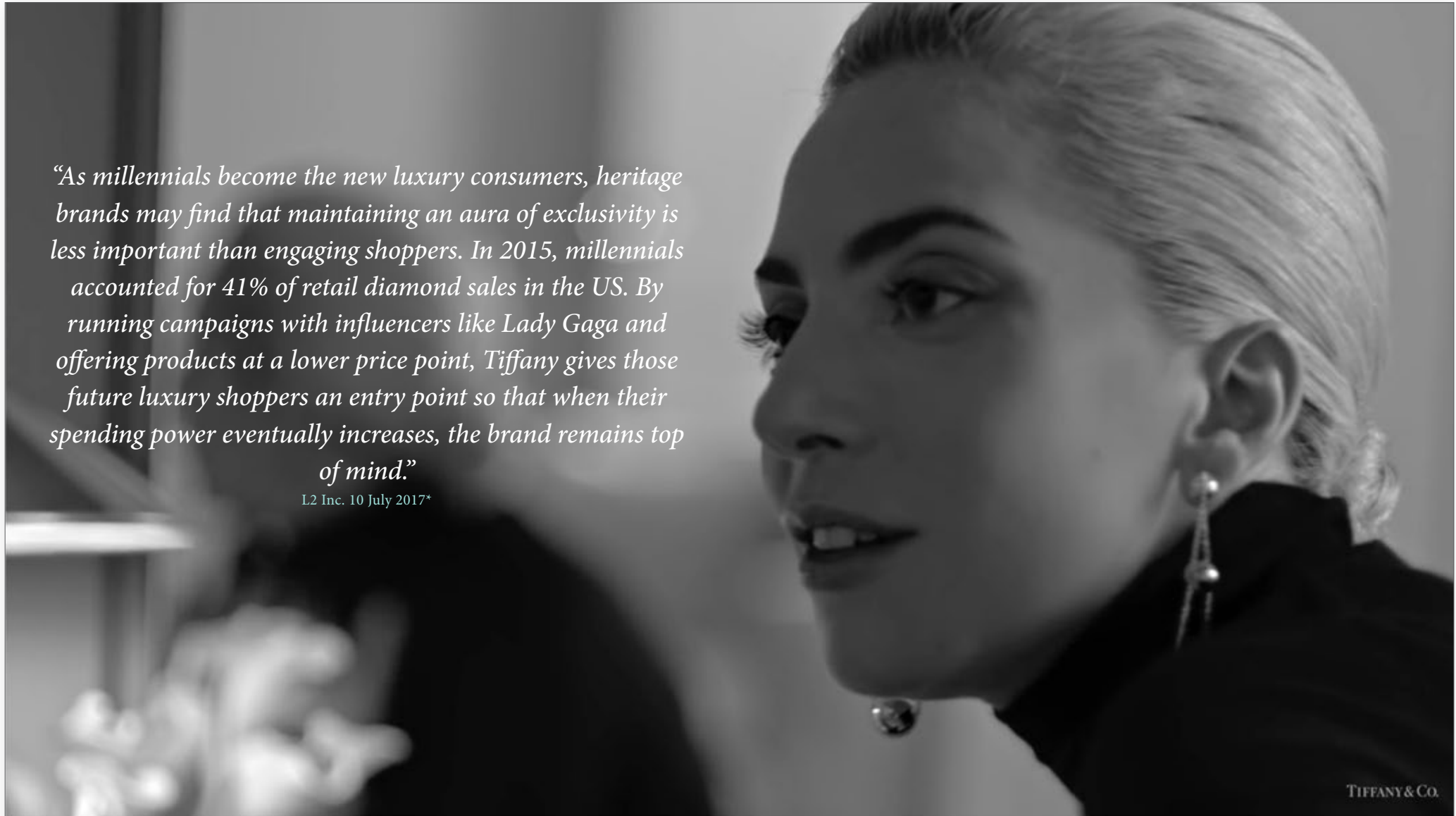
TIFFANY & CO.

E-COMMERCE, SOCIAL MEDIA ENGAGEMENT



“As millennials become the new luxury consumers, heritage brands may find that maintaining an aura of exclusivity is less important than engaging shoppers. In 2015, millennials accounted for 41% of retail diamond sales in the US. By running campaigns with influencers like Lady Gaga and offering products at a lower price point, Tiffany gives those future luxury shoppers an entry point so that when their spending power eventually increases, the brand remains top of mind.”

L2 Inc. 10 July 2017*



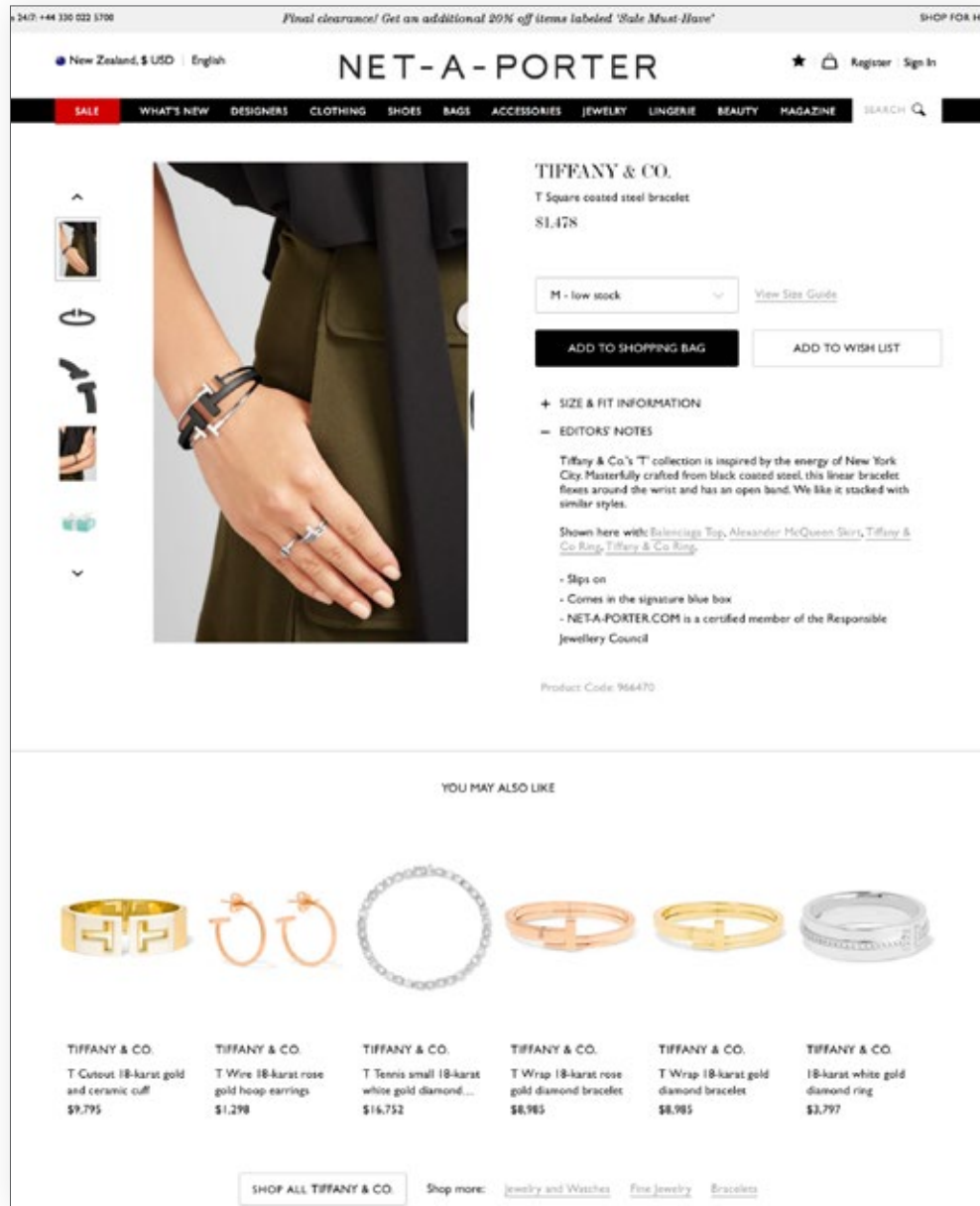
Tiffany & Co. – Introducing Lady Gaga for Tiffany HardWear

8,201,069 views

👍 3K 💬 574 ➦ SHARE ≡+ ⋮

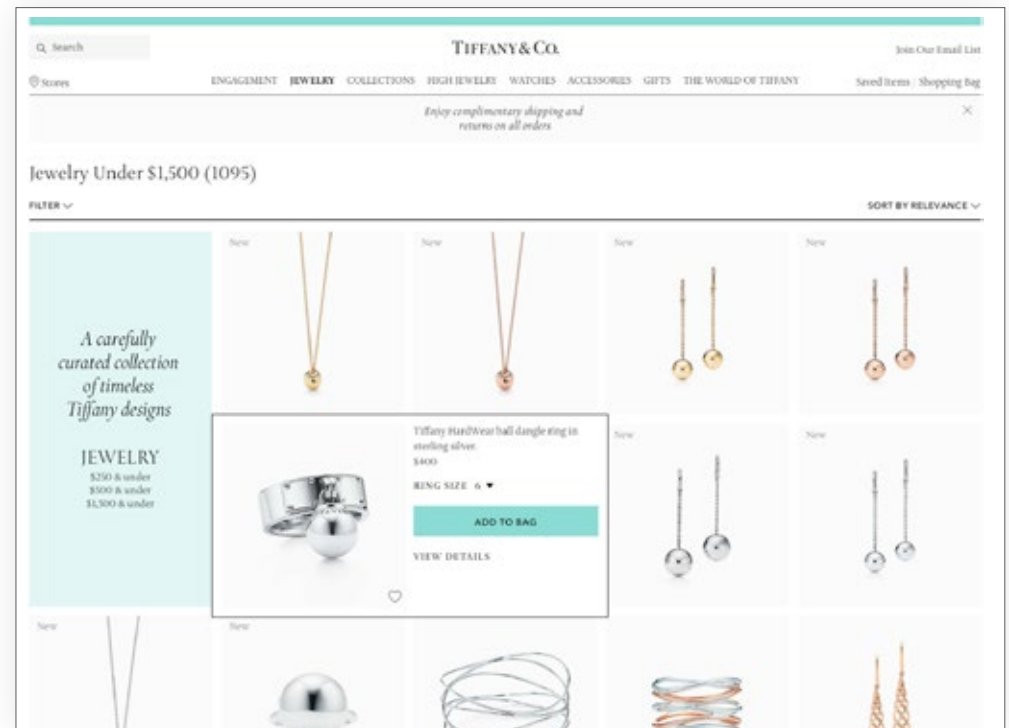
*<https://www.l2inc.com/daily-insights/lady-gaga-ads-put-tiffany-on-edge-of-glory>

E-COMMERCE



https://www.net-a-porter.com/us/en/Shop/Designers/Tiffany_and_Co

- The Company currently sells its products in 13 countries through its own e-commerce enabled websites.
- Tiffany has also been selling selected jewellery on NET-A-PORTER.COM since 27 April 2016. This partnership allows selected Tiffany jewellery to be purchased online in over 170 countries, which significantly furthers the reach of Tiffany's online presence.
- Online sales have accounted for ~6% of worldwide sales each year from 2014 to 2016.
- Management noted that it is possible to have online sales move up to 8% or even 10%. But Tiffany's online presence is also (or more so) about delivering marketing communication that drives broad awareness and store traffic.



<http://www.tiffany.com>

SOCIAL MEDIA ENGAGEMENT (1)



<https://www.facebook.com/Tiffany/>



9.5M LIKES



1.6M FOLLOWERS



7.6M FOLLOWERS



173K FOLLOWERS

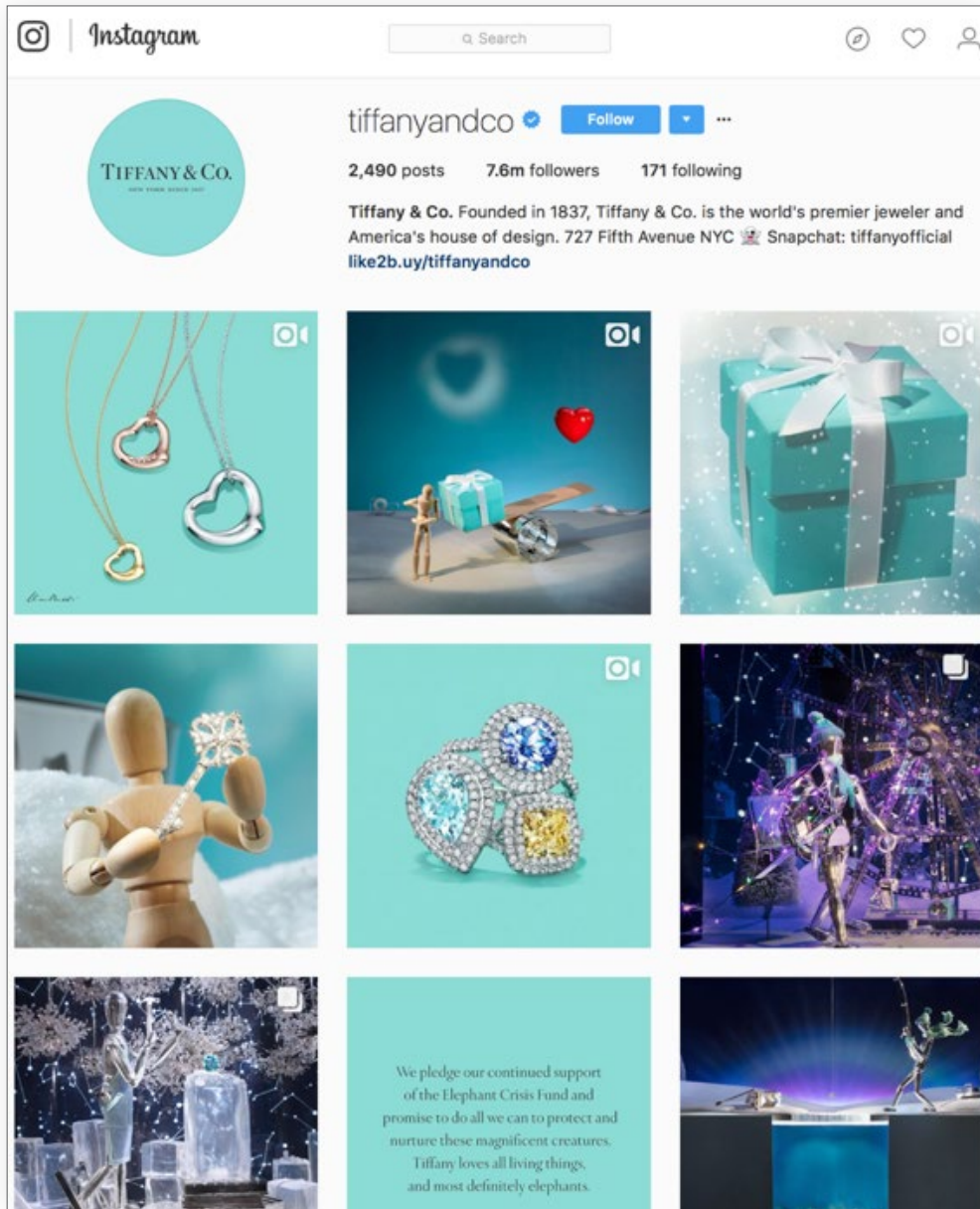
- Tiffany is one of the best retail brands on social media, with very high social media engagement levels.
- With Tiffany's renewed focus on increasing pace of newness & innovation of products, especially in the fashion jewellery segment, we believe the Company can take advantage of its high social media engagement levels to increase its online sales from 6% of worldwide sales to at least 8% in the next few years.

SOCIAL MEDIA ENGAGEMENT (2)

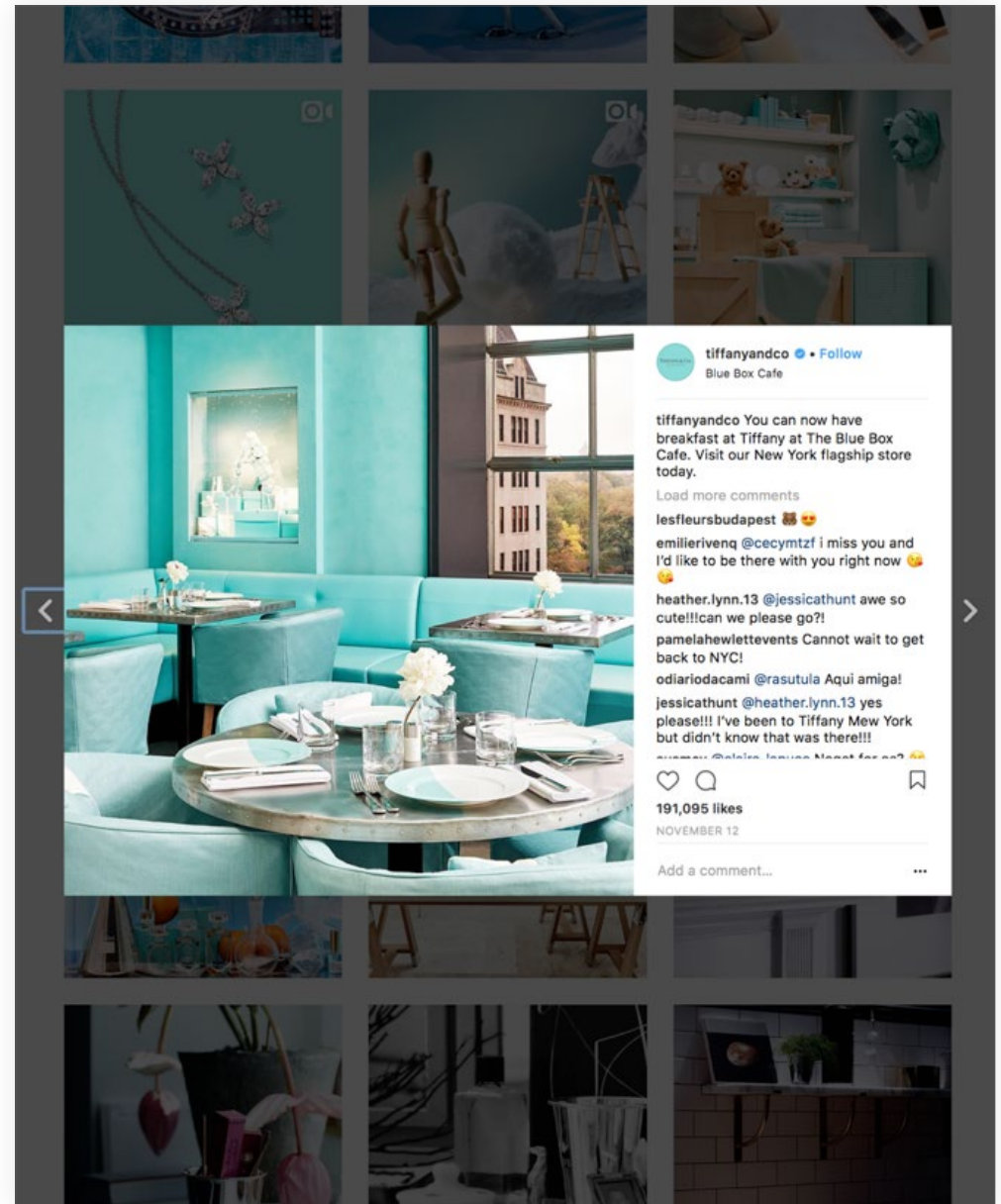
<https://twitter.com/TiffanyAndCo>

<https://twitter.com/TiffanyAndCo>

SOCIAL MEDIA ENGAGEMENT (3)



<https://www.instagram.com/tiffanyandco/>



<https://www.instagram.com/tiffanyandco/>

SOCIAL MEDIA ENGAGEMENT (4)

This screenshot shows the main profile page for Tiffany & Co. on Pinterest. At the top, there is a search bar and navigation icons. The profile header includes the brand name "Tiffany & Co.", 176,639 followers, and 38 accounts being followed. A bio section provides the website URL and a brief history of the brand. A circular profile picture features the "TIFFANY & CO." logo. Below the header, there are tabs for "Boards" and "Pins". A grid of pins is displayed, including: "Tiffany & Co. Engag..." (144 pins), "Tiffany Inspiration" (122 pins), "Tiffany HardWear" (11 pins), "The 2017 Tiffany Blu..." (47 pins), "Tiffany Father's Day ..." (64 pins), and "The Tiffany Valentine's ..." (71 pins). Each pin includes a thumbnail image and a caption.

<https://www.pinterest.com/tiffanyandco/>

This screenshot shows a specific Pinterest board titled "Tiffany HardWear". The board has 11 pins and 150,564 followers. The bio for the board states: "Our newest collection captures the strength, energy and spirit of the women of New York City." The board features several pins showcasing jewelry from the collection, including: "Tiffany HardWear Wrap Bracelet", "Tiffany HardWear Ball Dangle Ring", "Tiffany HardWear Triple Drop Earrings", and a pin titled "Lady Gaga wears Tiffany HardWear in our new spring campaign." Each pin includes a high-quality image of the jewelry and a descriptive caption.

<https://www.pinterest.com/tiffanyandco/>

SOCIAL MEDIA ENGAGEMENT (5)

The screenshot shows the Tiffany & Co. YouTube channel page. At the top, there's a search bar with 'tiffany & co' and navigation icons. Below the header is a banner image featuring a large diamond ring and a red tomato. The channel name 'Tiffany & Co.' is displayed with a verified checkmark and '45,043 subscribers'. A red 'SUBSCRIBE 45K' button is visible. Navigation tabs for 'HOME', 'VIDEOS', 'PLAYLISTS', 'CHANNELS', and 'DISCUSSION' are shown. The main video player displays 'Tiffany & Co. — A Tiffany Holiday' with a view count of 160,476. Below the video, there are three video thumbnails: 'Tiffany & Co. — A Tiffany Holiday' (0:45), 'Tiffany & Co. — The New Tiffany Fragrance' (1:01), and 'Tiffany & Co. — Believe in Love' (0:53).

<https://www.youtube.com/user/OfficialTiffanyAndCo>

The screenshot shows a specific video page on the Tiffany & Co. YouTube channel. The video title is 'Tiffany & Co. — Introducing Lady Gaga for Tiffany HardWear' with 8,201,065 views. Engagement metrics show 3K likes, 574 comments, and a share icon. The channel name 'Tiffany & Co.' is verified, and the video was published on Feb 5, 2017. A red 'SUBSCRIBE 45K' button is present. The video description reads: 'The legendary Lady Gaga is featured in our new campaign, debuting this spring. Find out more: <http://www.tiffany.com>. As fiercely feminine as the new Tiffany HardWear collection, Lady Gaga captures the creative spirit of New York City. Elegantly subversive, this collection is as spontaneous as the woman who wears it. Only Tiffany could make hardware look this chic. #TiffanyHardWear #LadyGaga #Tiffany #TiffanyAndCo #Commercial #LegendaryStyle'. A link to subscribe for updates is provided: <https://goo.gl/bvki3B>. The video player shows a close-up of Lady Gaga's face wearing a large earring.

<https://www.youtube.com/watch?v=tGuNdkyvfSc>

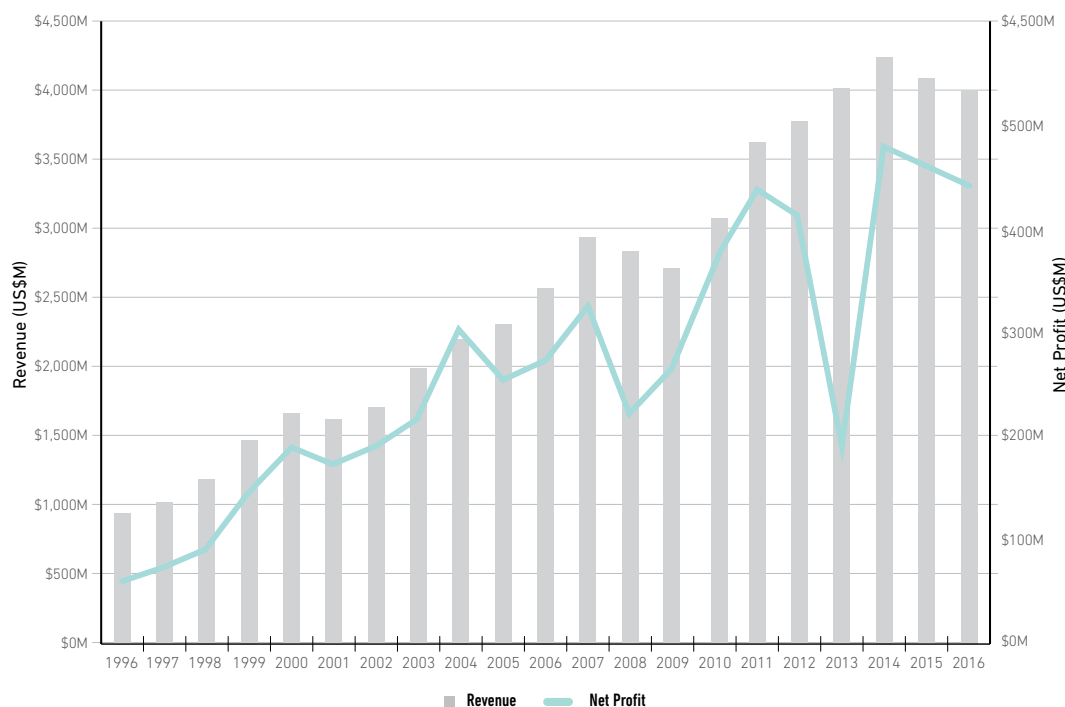
FINANCIALS, FINANCIAL STRUCTURE & CAPITAL RETURN HISTORY



HISTORICAL REVENUE & NET PROFIT

- For the past twenty years, Tiffany has grown its revenue at a compound rate of 7.6%, and its net profit at 10.7%.
- During one of the worst financial crises in history - the GFC, revenue declined 7.4% (in total) from 31 January 2008 to 31 January 2010 and then recovered subsequently, while net profit took a dive in 2008 (-32%*) but staged a recovery in the next year and took less than two years to recover fully.
- The steep decline in earnings in 2014 was caused by the Company recording a charge of US\$480M after a Dutch arbitration court ruled in December 2013 that Tiffany should pay ~US\$450M (original claim of CHF3.8B) in damages to Swatch for the failed JV “Tiffany & Co. Watches”.
- Former CEO Frédéric Cuménil abruptly stepped down in February 2017, following the second consecutive year where revenue and profits declined under Cuménil’s leadership.

REVENUE & NET PROFIT SINCE 1996



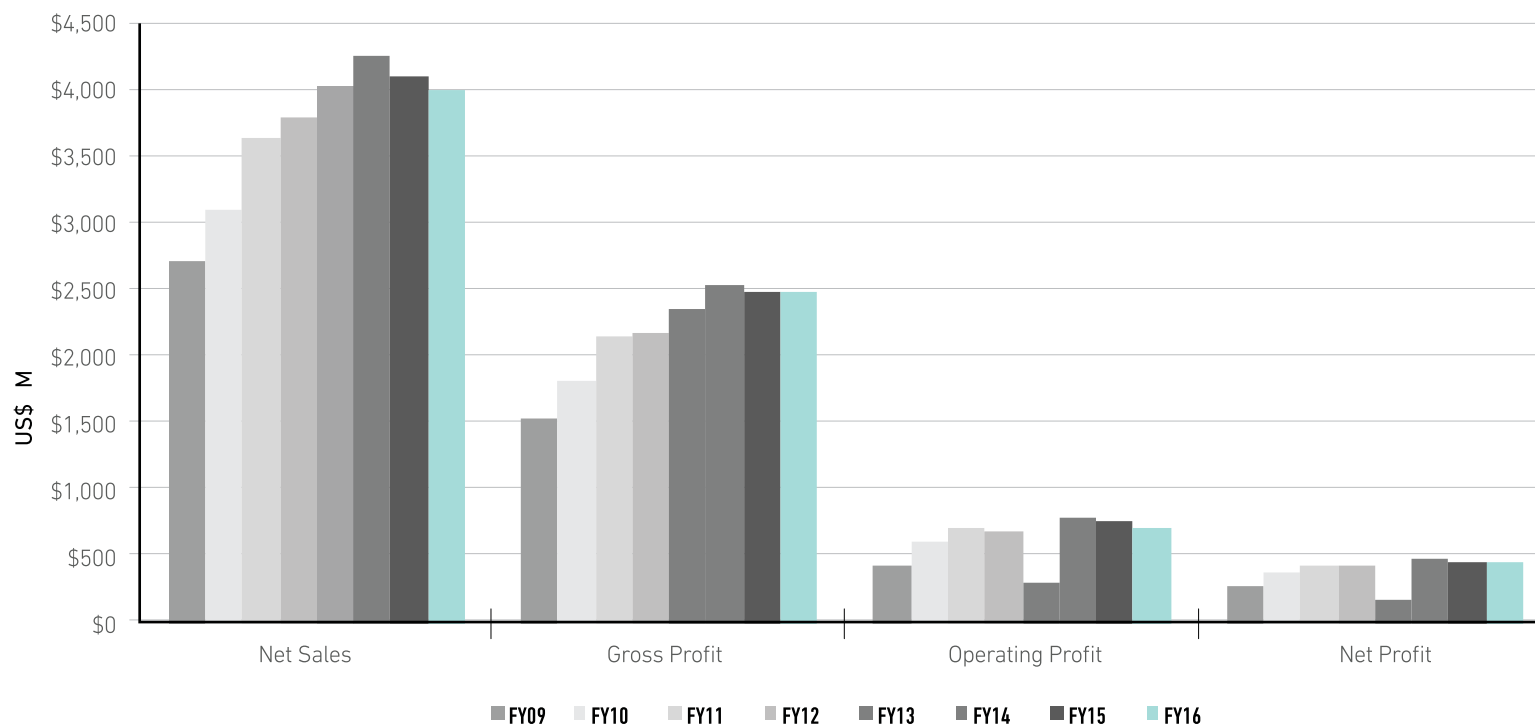
Data Source: Thomson Reuters Eikon

* In FY2008, the Company took a pre-tax charge of US\$97.8M from staffing reductions, a US\$12.4M pre-tax impairment charge for its investment in Target Resources PLC, and other pre-tax charges of US\$10.9M relating to the closing of the Company's IRIDESSE stores and a diamond polishing facility in Yellowknife, Northwest Territories.

REVENUE/PROFIT WEAKNESSES DOMINATE HEADLINES

- The key question on many investors' minds is whether the decline in Tiffany's sales and profits in the last two years is/ are cyclical or secular in nature.
- Some negative factors to consider include millennials' change of luxury spending from "things" to "experiences", declining marriage rates and the threat of lab-grown/synthetic diamonds.
- Our view is that the decline is caused by both cyclical and secular factors. However, in the medium to long run, the addressable market for Tiffany should grow through the reversal of cyclical factors and also positive secular factors globally. See our comments on an increase in global square footage/store counts on page 90.

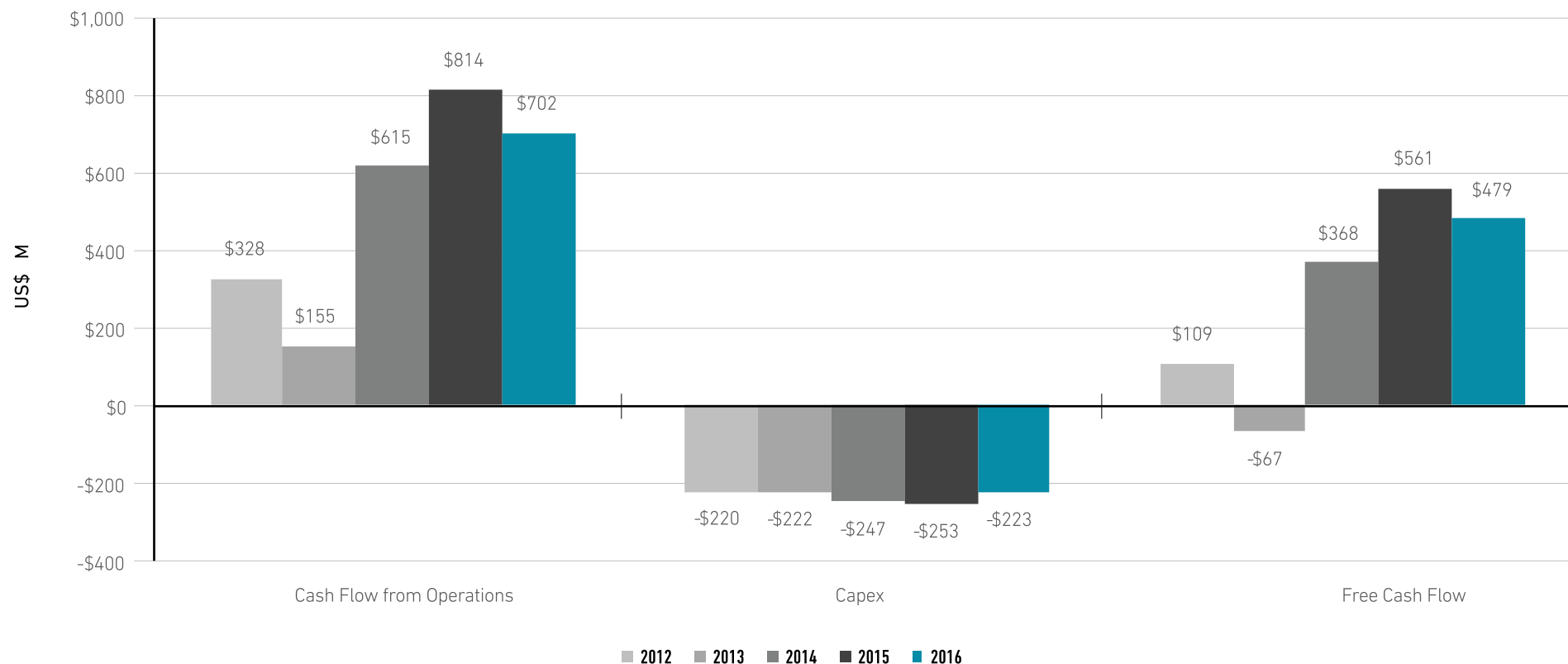
NET SALES, GROSS PROFIT, OPERATING PROFIT AND NET PROFIT



CAPITAL EXPENDITURE & FREE CASH FLOW GENERATION

- The Company has the ability to generate strong Free Cash Flow (“FCF”).
- Capex represented ~6% of worldwide sales in both 2015 and 2016. Management continues to anticipate an annual Capex of ~6% and 7% of sales.
- Free Cash Flow declined in 2016 reflecting a voluntary cash contribution of US\$120M made by the Company to its U.S. pension plan (The underfunded amount of the Company’s total pension/post retirement benefits obligation is US\$326.1M as at 31 March 2017 – See page 66).

OPERATING CASH FLOW, CAPEX AND FREE CASH FLOW

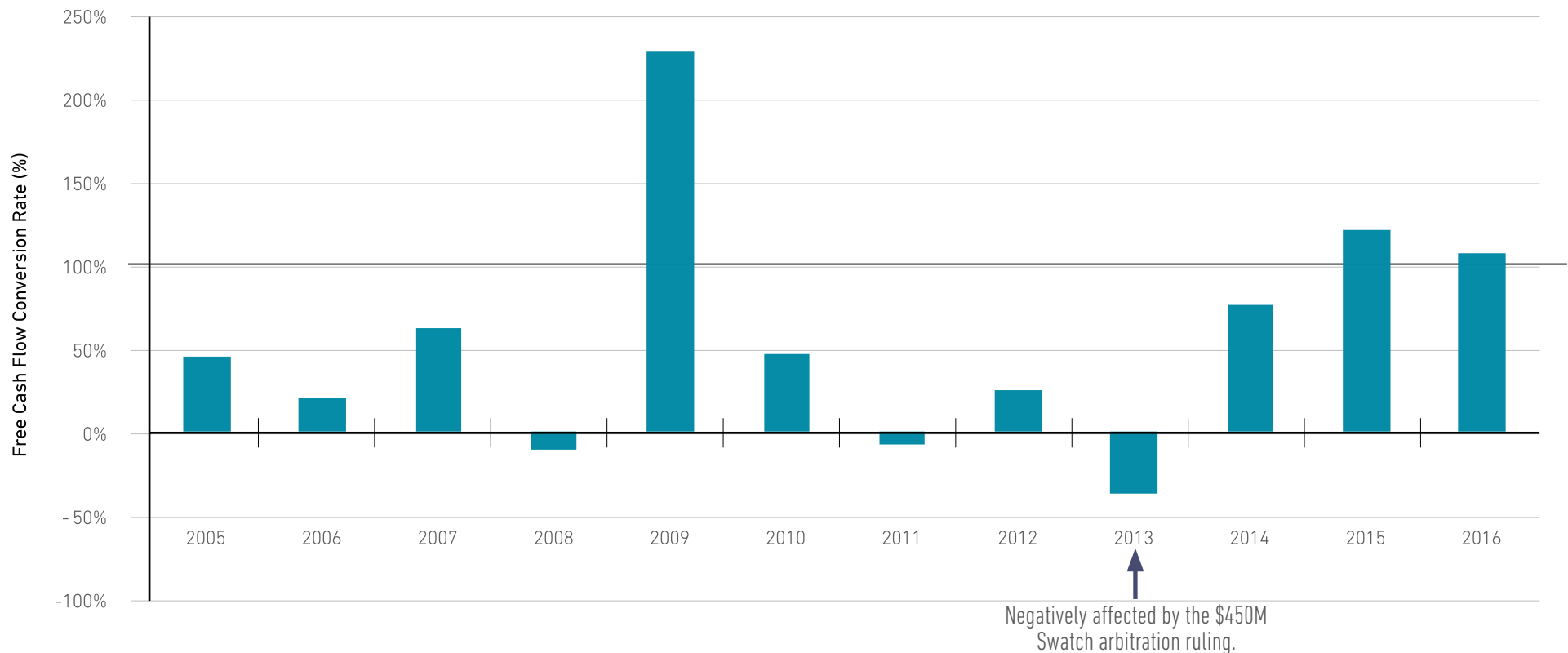


Data Source: Thomson Reuters Eikon as at 1 September 2017.
 * Free Cash Flow (FCF) is defined as cash from operating activities.

FREE CASH FLOW EFFICIENCY

- It is important to understand a company’s ability to generate cash without external financings. We look at measures such as Free Cash Flow (FCF) Efficiency* to help gauge the resources available for strategic opportunities such as undertaking acquisitions, investing in the business, strengthening the balance sheet, and to assess the robustness of a company’s earnings performance.
- Tiffany’s historical FCF Efficiency is volatile due to the nature of its business (it is in the consumer discretionary/luxury sector, and it is also a significant commodity purchaser). However, the results from the last few years seem to suggest improvement.

FREE CASH FLOW CONVERSION RATE

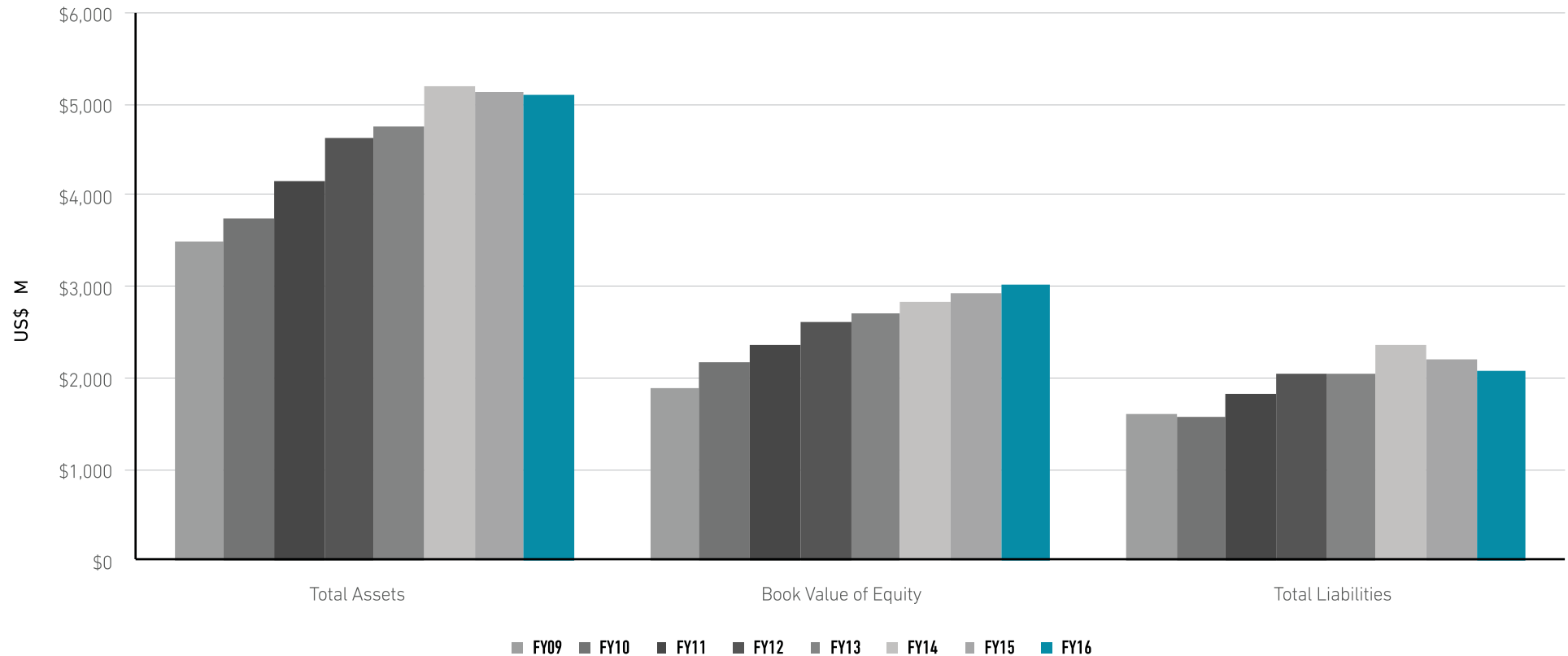


* Free Cash Flow Efficiency is defined as Free Cash Flow / Net Income and it illustrates how efficient the business is at generating free cash flow versus its reported/accounting net income.

BALANCE SHEET

- The Company has a solid balance sheet, with only US\$78.2M of Net Debt* vs Total Assets of US\$5,314.0M*.
- Management has been able to grow Book Value consistently at a compound rate of +6.9% over the last seven years.

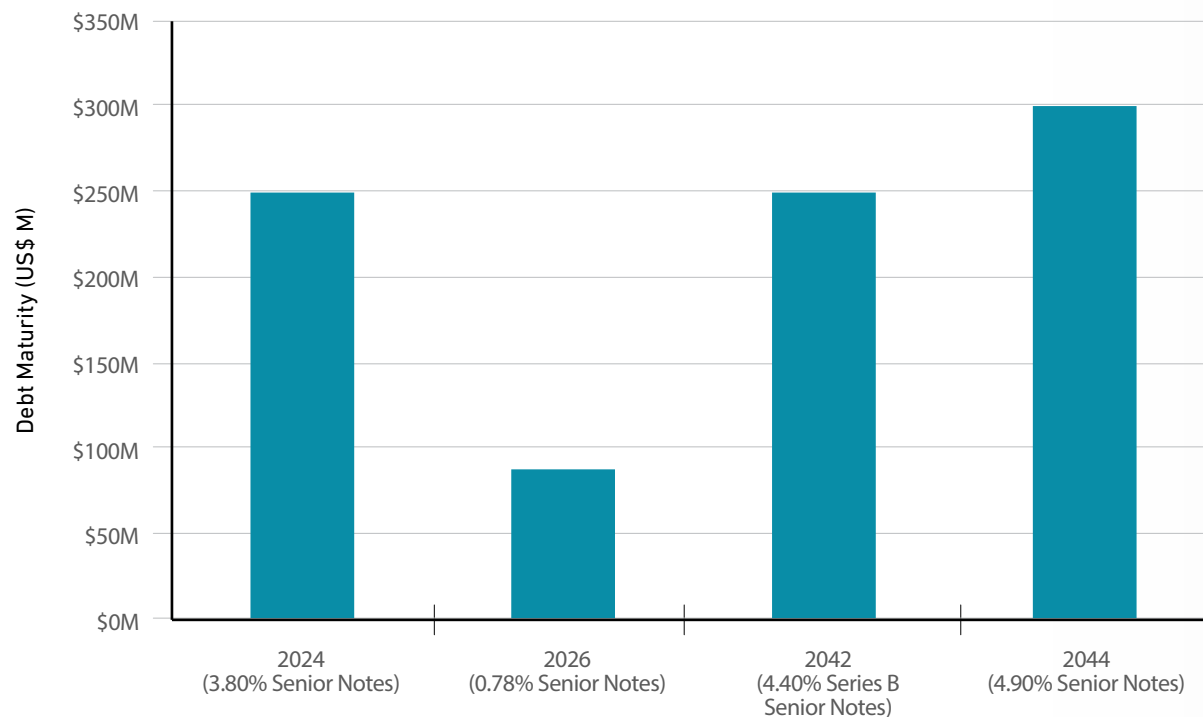
BOOK VALUE VS TOTAL LIABILITIES



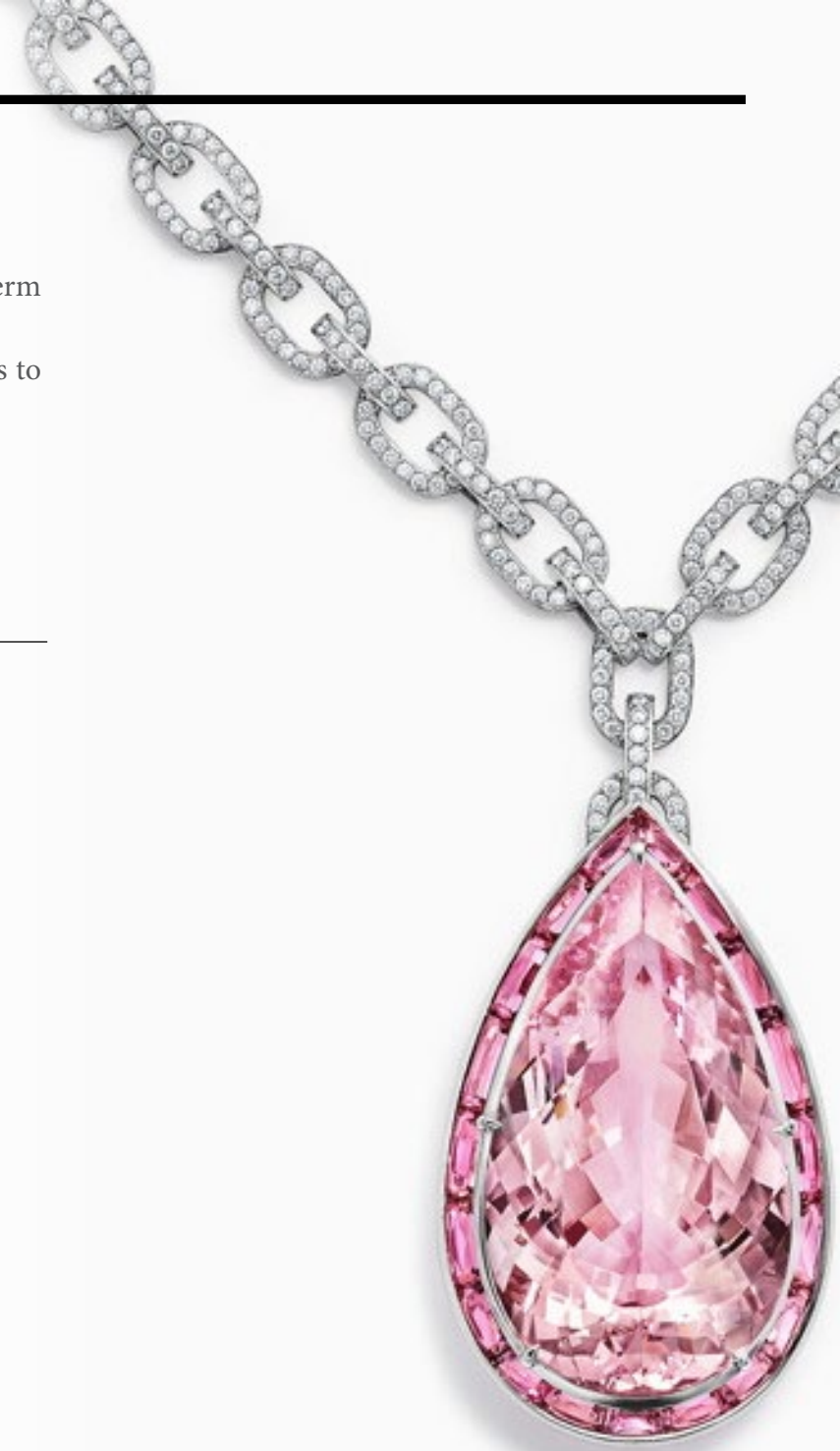
CREDIT RATING & TERM STRUCTURE OF DEBT

- Tiffany has an S&P Long-Term Issuer Rating of BBB+ (“Investment Grade”), and Moody’s Long-term Issuer Ratings of Baa2 since 2014.
- The Company has debt totalling US\$1,072M*, and the debt maturity profile shows minimal stress to cash flow.
- Adjusting for the US\$1,009M Cash and Short-Term Investments, Net Debt is only US\$78.2M*.

LONG-TERM DEBT MATURITY PROFILE *



*As at 31 October 2017.



EQUITY OWNERSHIP

- # of Shares Outstanding = 124.3M* (Market Capitalisation = US\$ 11.87B*)
- Large institutional investors make up the majority of the top ten holders. One of the top shareholders is Qatar's \$335B sovereign wealth fund, which currently owns 9.51% of Tiffany's shares outstanding.
- We also note JANA Partners, the activist hedge fund and First Eagle, a successful value-oriented mutual fund manager are among the top ten holders.



<u>Top 10 Shareholders*</u>	<u>%*</u>
The Vanguard Group	9.80%
Qatar Investment Authority	9.51%
BlackRock Institutional Trust Company	4.00%
JANA Partners	3.82%
State Street Global Advisors (US)	3.64%
First Eagle Investment Management	3.10%
JP Morgan Asset Management	3.08%
Managed Account Advisors	2.81%
OppenheimerFunds	2.24%
Fidelity Management & Research Company	1.94%
Top 10 Shareholders:	43.94%

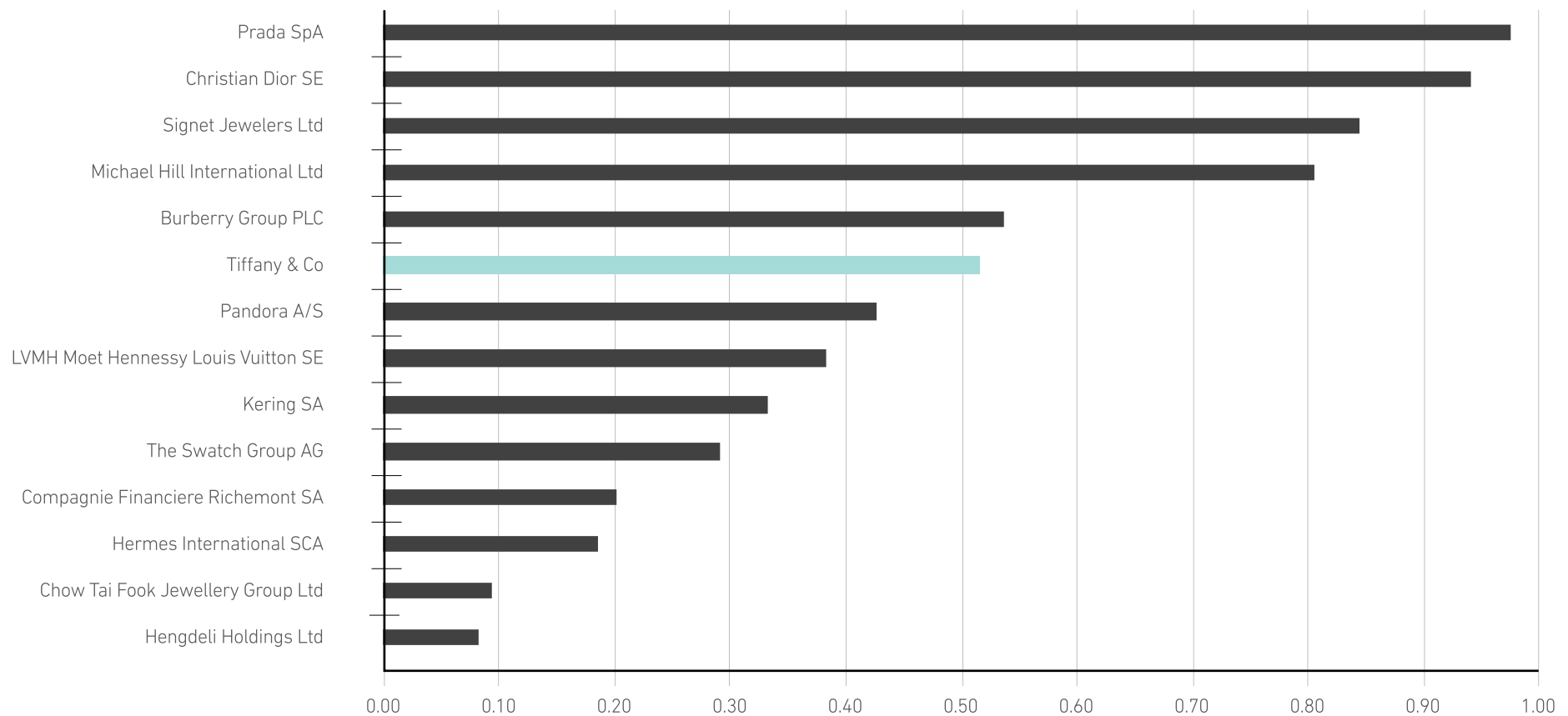
*Data Source: Thomson Reuters Eikon as at 7 December 2017

LEASE LIABILITIES

- The Company has higher operating lease liability leverage when compared to some global peers, as it leases all its stores except its New York Flagship Store (Operating Lease / Equity = 0.52x).



OPERATING LEASE / EQUITY



PENSION PLAN & POST-RETIREMENT BENEFITS OBLIGATION

- Currently, Tiffany’s total pension/post-retirement benefits obligation is underfunded by US\$326M, after the Company made a voluntary cash contribution of US\$120M to its pension plan in FY2016.
- We concur with Management’s decision to bring down its pension/post retirement benefits obligation, as has occurred in recent years.
- With a strong cash flow generative business, we see current pension/post retirement benefits obligation level to be manageable, *but would prefer this to be moved to a fully funded status in the years ahead (interest rates normalising will also “naturally” assist in reducing this deficit).*

TIFFANY PENSION/POSTRETIREMENT BENEFITS OBLIGATION FUNDED STATUS

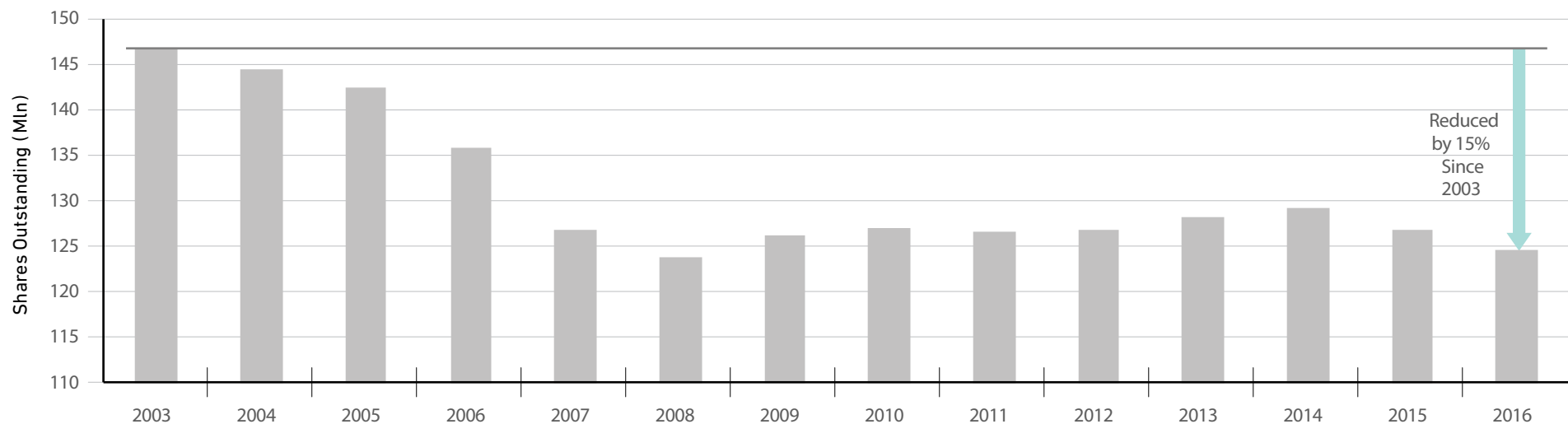


CAPITAL RETURNS VIA SHARE BUYBACKS

- The Company periodically returns capital to its shareholders through share repurchases and quarterly dividends. The track record on repurchase is very mixed in our opinion.
- In January 2016, the Board authorised a US\$500M share repurchase program. Management was able to repurchase 2.8M shares at an average cost of \$65.24 per share during FY2016 (total cost = US\$183.6M).
- Management has more recently slowed down share repurchasing for the first nine-month of FY2017 as the share price recovered, with only 0.65M shares repurchased at an average cost of \$92.16 per share (total cost = US\$60.2M).
- *We would prefer Management to be far more opportunistic in share repurchases. A share count decline by only 15% since 2003 is not a ringing endorsement of capital allocation skills.*



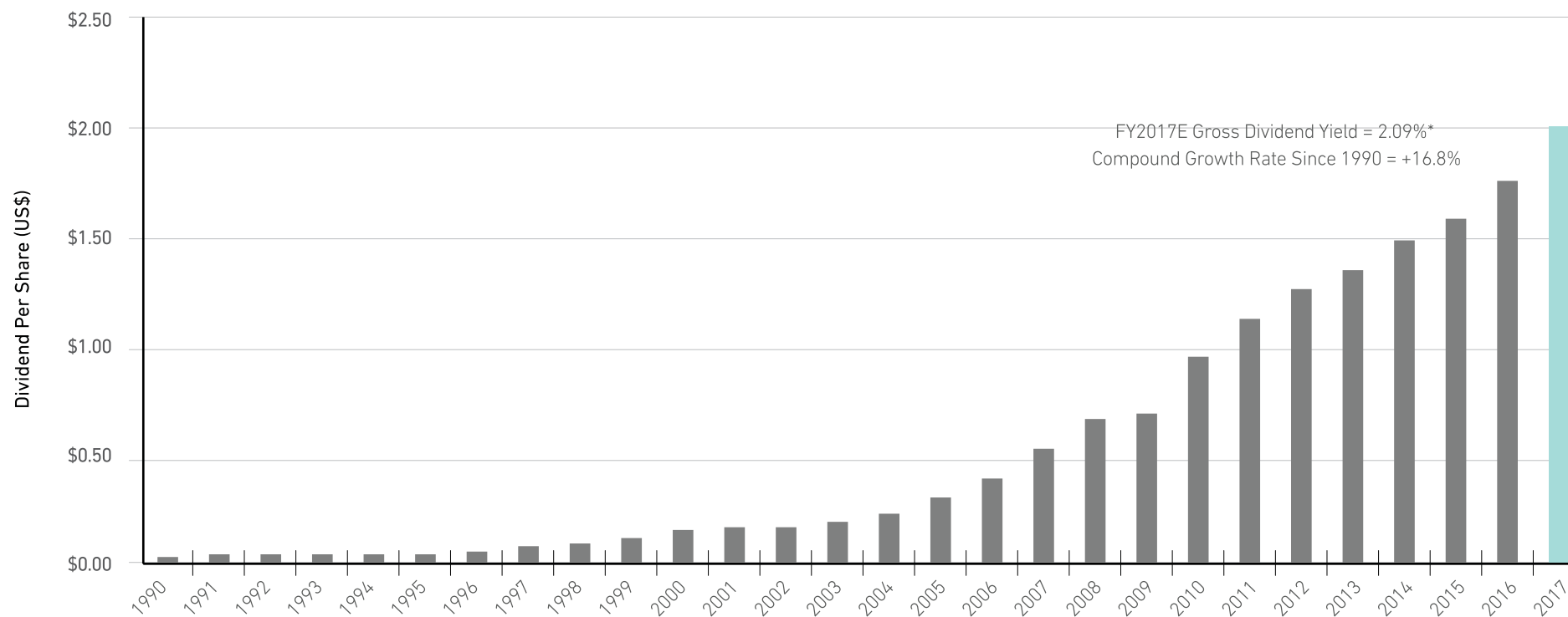
SHARES OUTSTANDING (MLN)



CAPITAL RETURNS VIA DIVIDENDS

- The Company has a long history and a far more impressive track record of returning capital to shareholders via dividends.
- The Company increased the quarterly dividend by 11% in May, which marked the 16th dividend increase in the past 15 years.
- Dividend Payout Ratio: 2016 = 49%, 2015 = 44%, 2014 = 39%
- Based on latest quarterly dividend of US\$0.50, the FY2017E gross dividend yield is estimated at 2.09%*.

DIVIDEND HISTORY



* Based on Tiffany's share price of US\$95.52 as at 7 December 2017

TIFFANY & CO.

BOARD & MANAGEMENT, COMPANY CULTURE & EMPLOYEE EFFICIENCY



WELCOME CHANGES TO THE BOARD*

NEW APPOINTMENTS IN 2017

The following three new directors were nominated by JANA and appointed to the Tiffany Board in February 2017:



ROGER N. FARAH – NEW CHAIRMAN FROM 2 OCTOBER 2017

- Executive Director of Tory Burch, COO of Ralph Lauren from 2000 to 2013
- During Farah's tenure, Ralph Lauren stock increased 1,100%**



JAMES E. LILLIE - DIRECTOR

- Former CEO of Jarden Corporation
- During Lillie's tenure, Jarden's sales increased by 30 times**



FRANCESCO TRAPANI - DIRECTOR

- Former CEO of Bulgari, and the great-grandson of the Bulgari group founder Sotirio Bulgari
- During Trapani's tenure, he built Bulgari into a multi billion company, and sold it to LVMH for \$5.2B (3x sales)**
- Trapani has personally invested US\$31.6M in Tiffany stock***.

These three highly experienced new directors should be able to assist new CEO Alessandro Bogliolo to both accelerate growth and improve margins.

MICHAEL J. KOWALSKI – RETIRED AS CHAIRMAN ON 2 OCTOBER 2017



- Joined Tiffany in 1983 as director of planning
- Appointed president of Tiffany in 1996
- Assume of role of CEO in 1999, and retired as CEO in 2015 (16 years in total)
- Appointed Chairman in 2003 and retired as Chairman in October 2017 (14 years in total)

* See Appendix 1 for more in-depth biographies for each of the entire Board Directors.

** <https://www.barrons.com/articles/jana-partners-sees-sparkle-in-tiffany-1488608009?mg=prod/accounts-barrons>.

*** As at 16 November 2017 – It includes the initial US\$16M investment, and the US\$15.6M purchases in the market between 28 August 2017 and 26 September 2017.

SIGNIFICANT CHANGES TO MANAGEMENT TEAM IN RECENT YEARS

NEW CEO

- Alessandro Bogliolo joined Tiffany on 2 October 2017
- Former CEO of Diesel
- Former COO of Bulgari

CHIEF ARTISTIC OFFICER

- Reed Krakoff joined Tiffany on 1 February 2017
- Former President and Executive Creative Director of Coach

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

- Mark Erceg joined Tiffany in October 2016
- Former CFO of Canadian Pacific Railway, and was with P&G for 18 years

SENIOR VICE PRESIDENT – INTERNATIONAL

- Philippe Galtié joined Tiffany in August 2015
- International Retail Director at Cartier since 2011
- Country/Region Head at Cartier throughout Japan, Greater China and the Asia Pacific regions from 2000 to 2011

SENIOR VICE PRESIDENT – NORTHERN AMERICA

- Jennifer de Winter joined Tiffany in March 2015
- Executive Vice President and Chief Merchandising Officer of Saks Fifth Avenue until 2015
- Executive Vice President, Stores at Saks Fifth Avenue from 2008 to 2013

SENIOR VICE PRESIDENT – STRATEGY AND BUSINESS DEVELOPMENT

- Jean-Marc Bellaiche joined Tiffany in June 2014
- Boston Consulting Group from 1992 to 2014

We suspect further management change is likely after new CEO Alessandro Bogliolo is firmly in place.

COMPANY CULTURE / WORKPLACE

- We investigated Glassdoor (www.glassdoor.com) where employees and former employees anonymously review companies and their management.
- Tiffany has above average ratings and improving trends based on the reviews. The approval rating for the just retired interim CEO (and Chairman) Michael Kowalski is especially high. However, employees do recognise the difficult business environment, and hence the relatively low 53% “Recommend to a friend” rating and 39% rating for “Positive Business Outlook”.

Tiffany & Co.

Overview | 880 Reviews | 1.5k Jobs | 1.3k Salaries | 313 Interviews | 326 Benefits | 13 Photos

Work Here? Get a Free Employer Account

Tiffany & Co. Overview

Website	www.tiffany.com	Headquarters	New York, NY
Size	10000+ employees	Founded	1837
Type	Company - Public (TIF)	Industry	Other Retail Stores
Revenue	\$2 to \$5 billion (USD) per year	Competitors	Unknown

Working at Tiffany & Co.

Since 1837, the masterpieces of Tiffany & Co. have defined style and celebrated the world's great love stories. Charles Lewis Tiffany arrived in New York with a vision of spectacular beauty that went on to redefine glamour and style around the ... Read more

Mission: Tiffany & Co. seeks to enrich the lives of its customers by creating enduring objects of extraordinary beauty that will be cherished for generations.

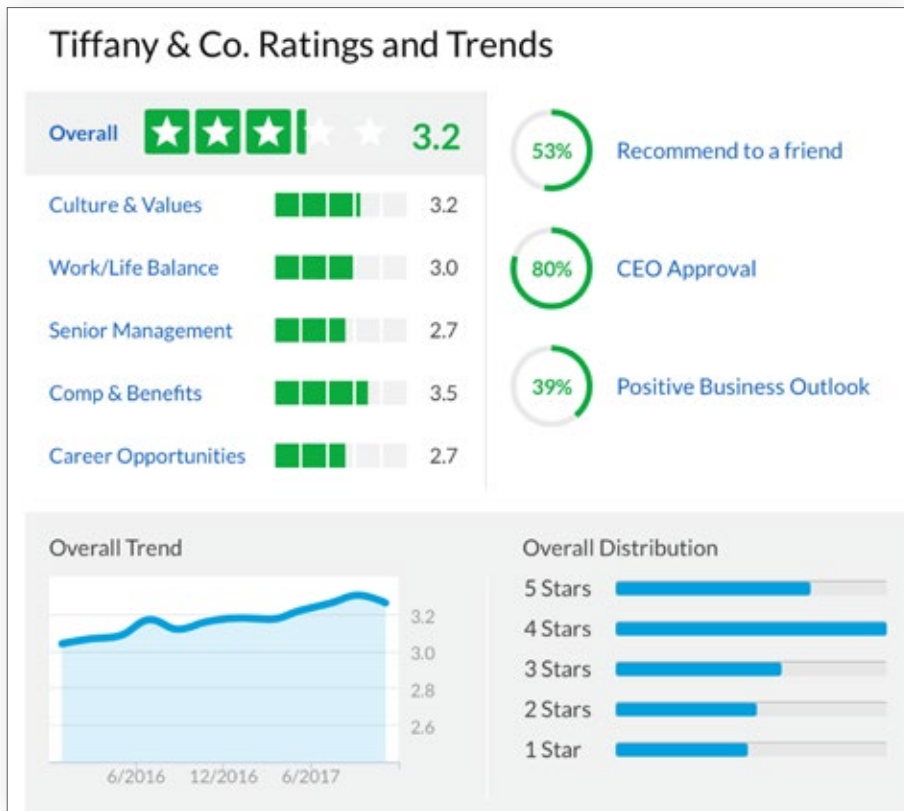
Our mission is to be recognized as the world's most respected and ... Read more

Tiffany & Co. Reviews

3.2 Rating Trends

53% Recommend to a friend | 80% Approve of CEO

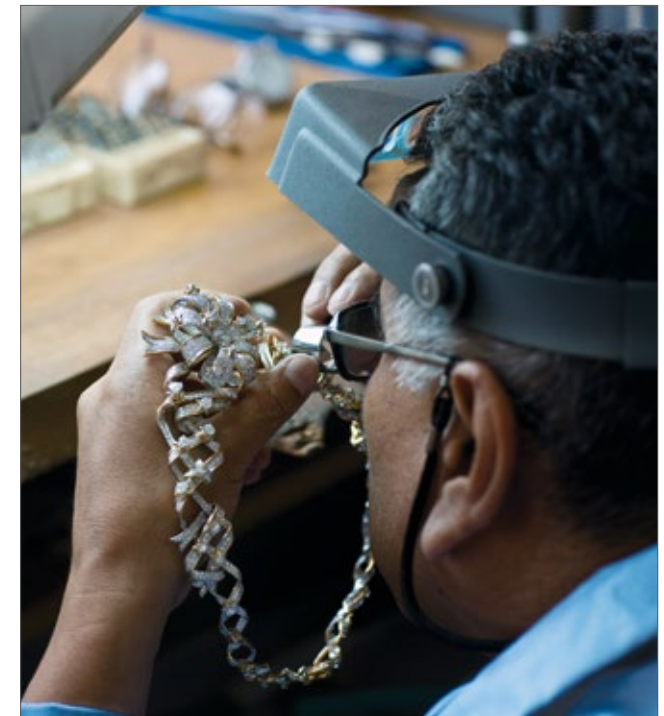
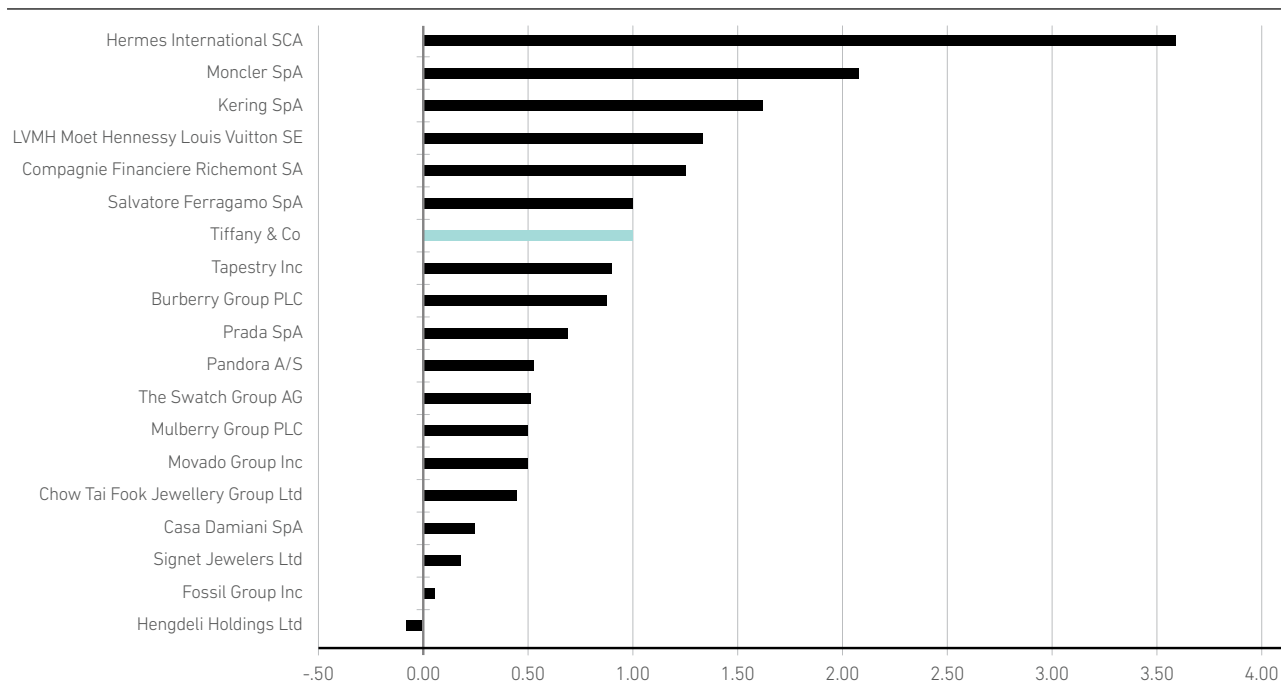
Michael J. Kowalski
53 Ratings



EMPLOYEE EFFICIENCY

- We utilise the Enterprise Value to Employee Ratio to measure how worker-intensive a business or industry is. We also use this metric to compare businesses within the same industry to rank their relative efficiency.
- Tiffany has a slightly above-average EV/Employee ratio vs its global peers. We suggest one of the key reasons for this less-than impressive record is a vertically integrated business model/supply chain that provides traceability to its products, perception of quality and luxury to its products and services, but with the downside of increased number of employees, which impacts returns and margins.

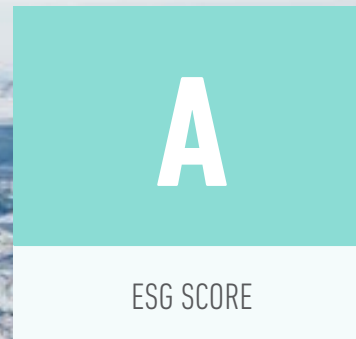
EV/ NUMBER OF EMPLOYEES



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RATING

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RATING

- The jewellery industry has entrenched ESG challenges such as human rights abuses and environmentally remonstrable mining operations.
- The 2006 movie “Blood Diamond”, starring Leonardo DiCaprio, put phrases such “blood diamonds” and “conflict diamonds” into people’s consciousness globally.
- One of the key reasons for Tiffany’s pursuit of a vertically integrated business model is to lead the industry in ethically produced jewellery. As former CEO Frédéric Cuménil noted that “traceability is the best means of ensuring social and environmental responsibility”^{*}.
- We encourage the readers of this presentation to download Tiffany’s latest Sustainability Report which details its progress on many of the 17 UN Sustainable Development Goals: <http://www.tiffany.com/sustainability>
- Below we show Thomson Reuters Eikon’s ESG score for Tiffany^{**}:



* <https://hbr.org/2017/03/tiffanys-ceo-on-creating-a-sustainable-supply-chain>

** Tiffany ESG scores for period ending 31 January 2017

TIFFANY & CO.

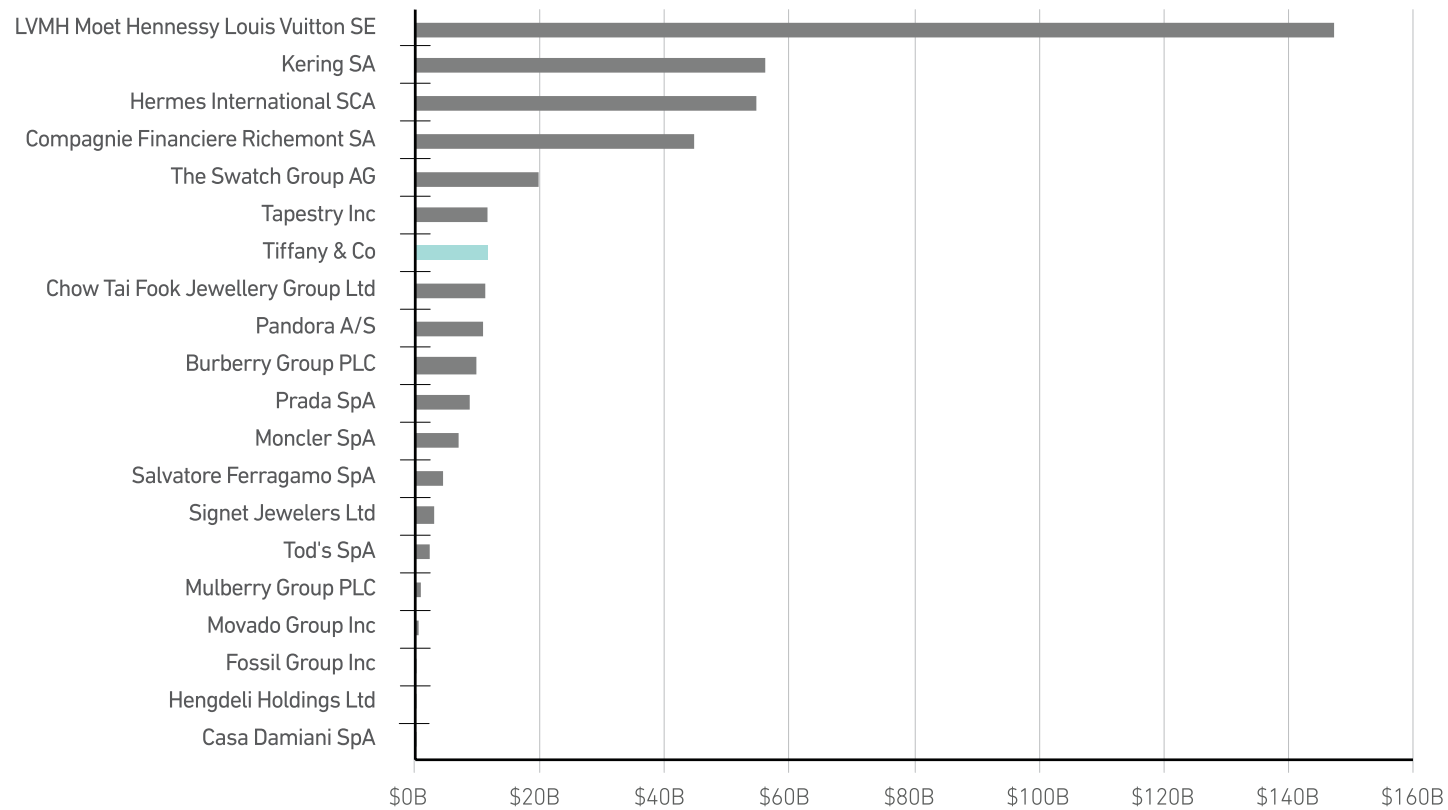
COMPARABLE COMPANIES



MARKET CAPITALISATION

- Tiffany is one of the largest monobrand luxury players - Market Capitalisation = US\$11.87 Billion (as at 7 December 2017). However, it is still dwarfed by the large multibrand luxury players such as: LVMH, Kering, Richemont and Swatch.
- We principally believe that monobrand luxury players such as Tiffany are potential acquisition targets for the larger multibrand luxury players in the market. On the other hand, some monobrand players might consider merging together to form a new multibrand entity to increase scale and reduce risk/s.

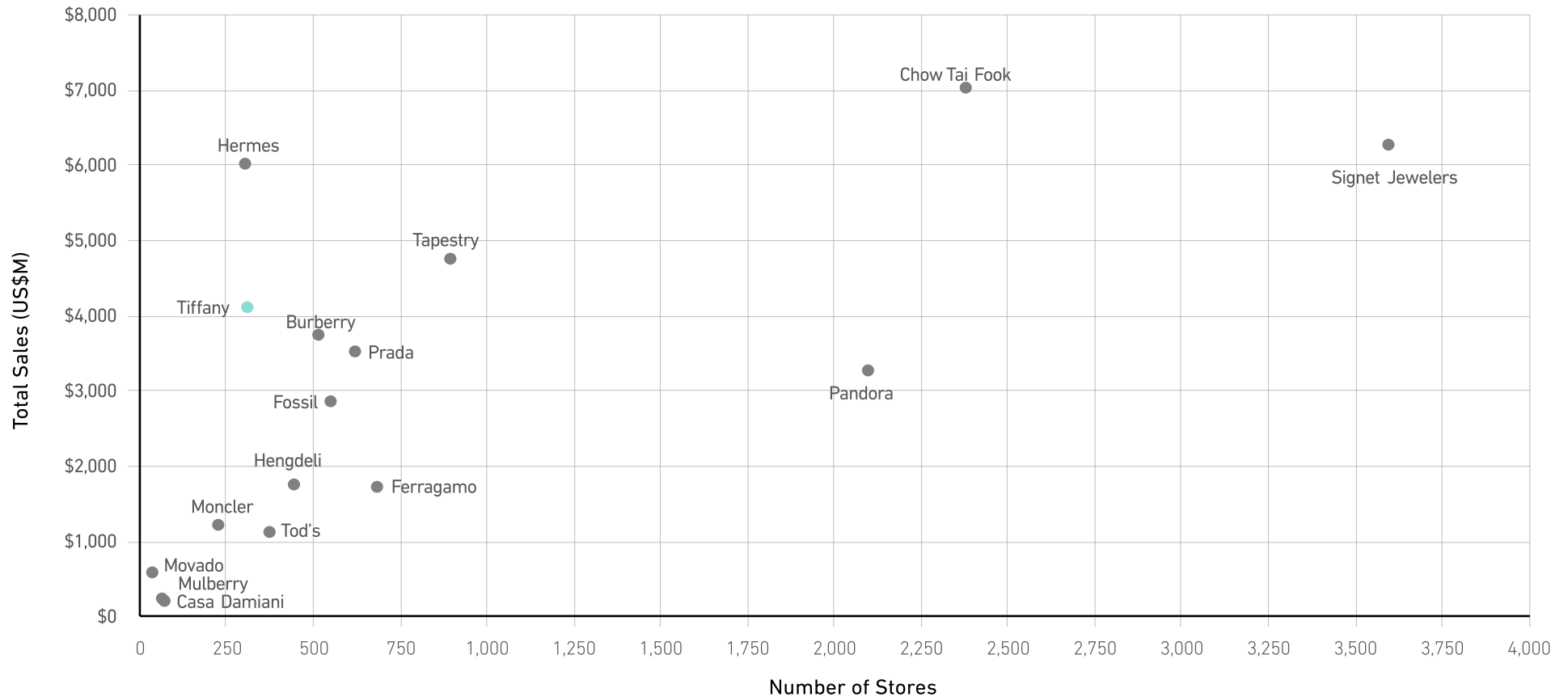
MARKET CAPITALISATION (US\$ BILLIONS)



SALES PRODUCTIVITY

- Below we compare Tiffany versus its international peer group (but exclude the large four conglomerates) based on Total Sales / Number of Stores metric to assess Tiffany's store productivity. From the chart below we can see that Tiffany is outperforming the majority of its peers.
- The chart also suggests that growth opportunities for Tiffany are to: (1) increase its global footprint and (2) increase same store sales.

TTM TOTAL SALES (US\$M) VS NUMBER OF STORES

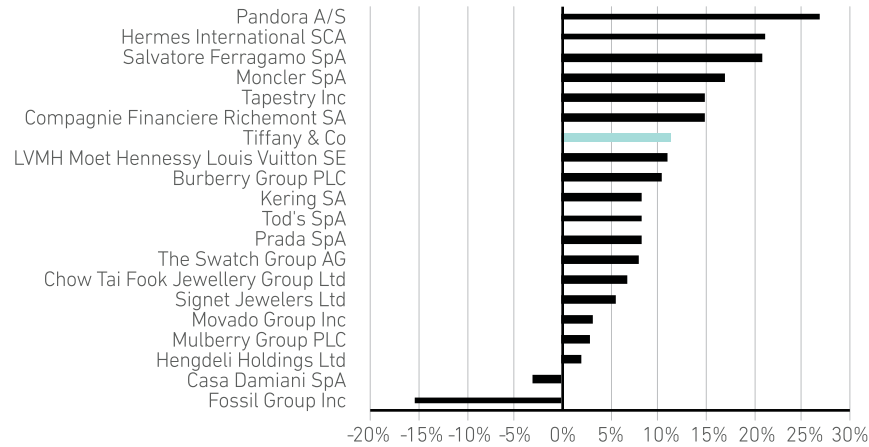


TIFFANY & CO. COMPARABLE COMPANIES

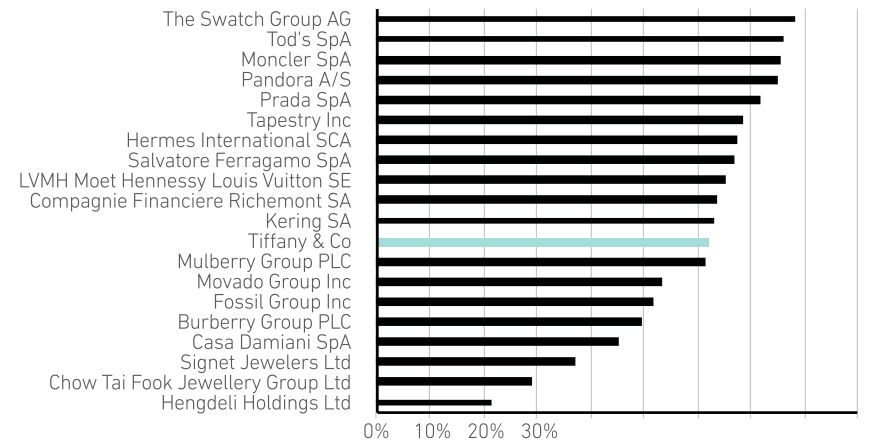
MARGINS AND RETURNS

- Tiffany has above average margins when compared to its peers. With the higher margin fashion jewellery expected to become a larger percentage of sales, it is likely margins will improve in the ensuing years.

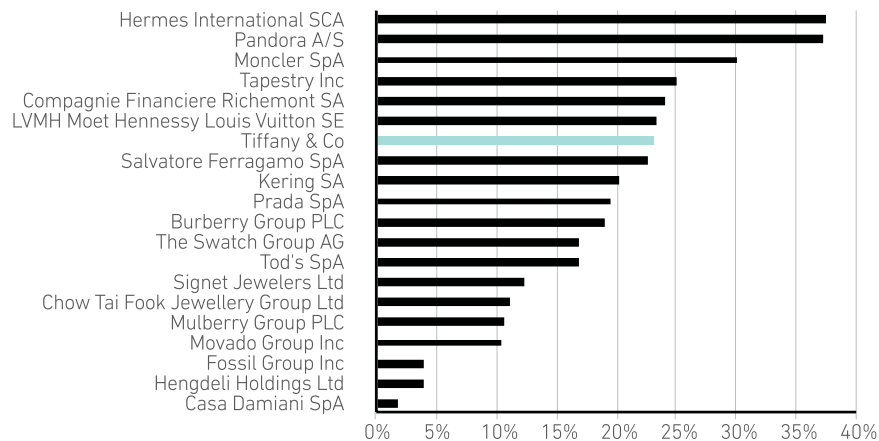
NET PROFIT MARGIN TTM



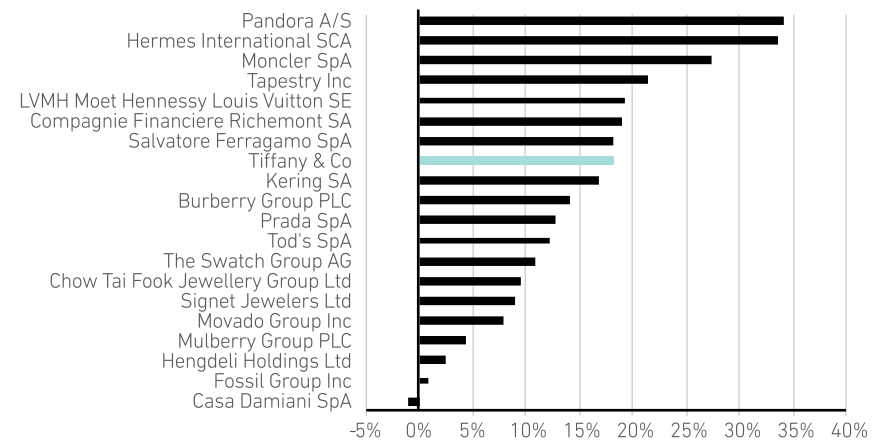
GROSS PROFIT MARGIN TTM



EBITDA MARGIN TTM



EBIT MARGIN TTM

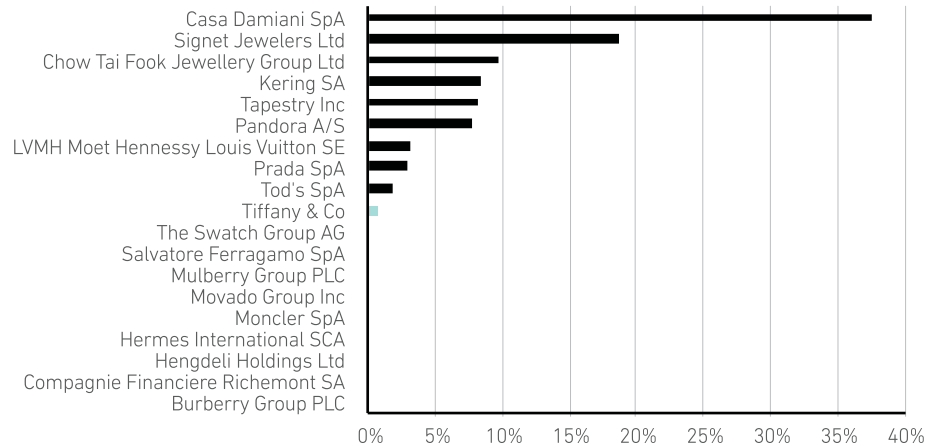


TIFFANY & CO. COMPARABLE COMPANIES

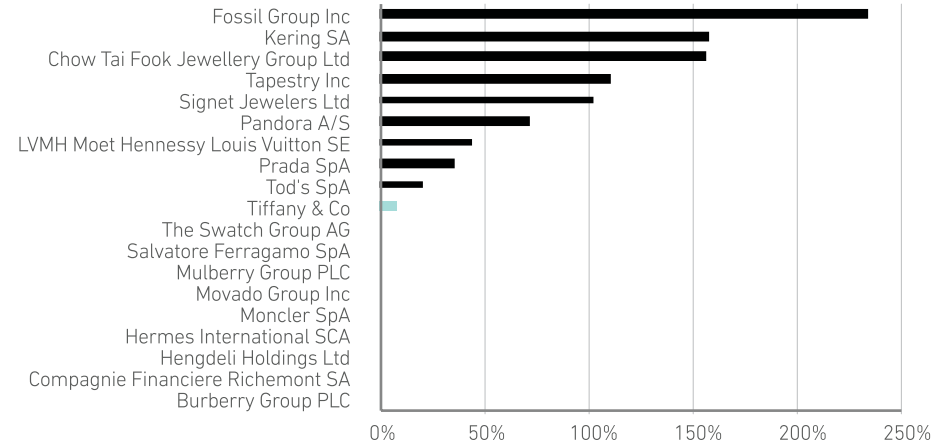
NET FINANCIAL LEVERAGE

- Tiffany has a slightly below average net financial leverage ratios versus its global peers.
- This suggests that Management could conservatively leverage the Company to improve returns to shareholders. However, we do recognise that as a monobrand operator, the higher revenue/profit volatility is one possible reason for balance sheet conservatism.

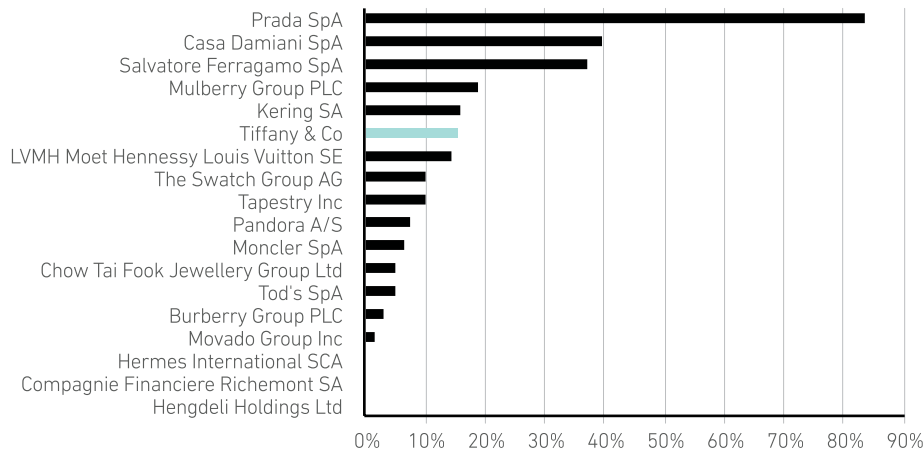
NET DEBT TO EV



NET DEBT TO EBITDA TTM



NET DEBT+OPERATING LEASE TO EV



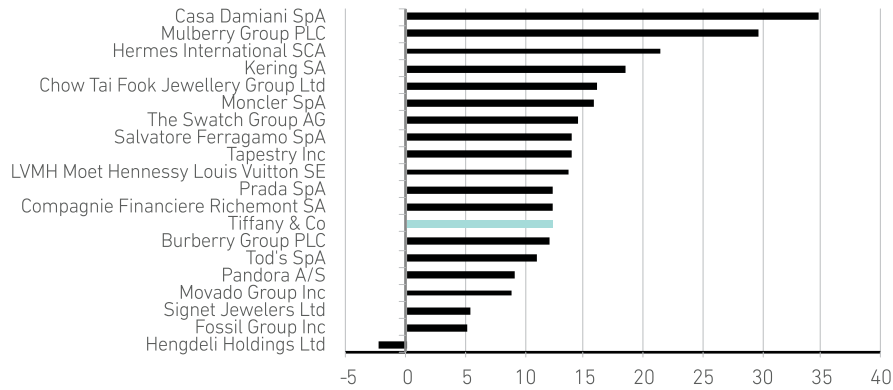
NET DEBT+OPERATING LEASE TO EBITDA TTM



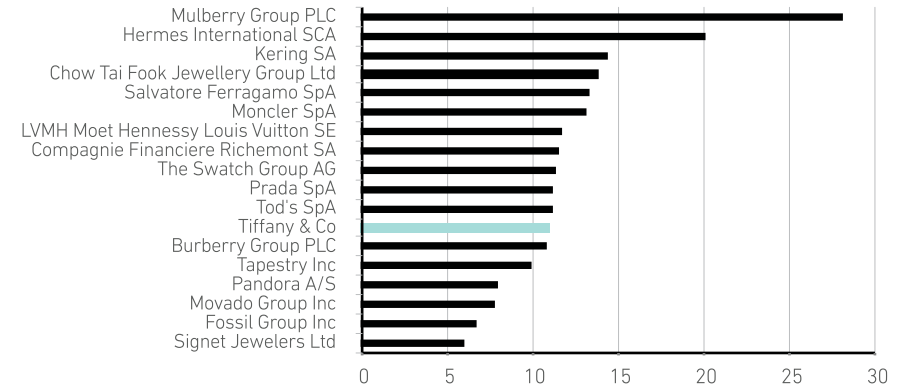
VALUATION AND DIVIDEND YIELD

- Tiffany is trading at a slight discount to the peer averages in both EV/EBITDA (Both TTM & NTM) and P/E (TTM). Tiffany also has an above average dividend yield at 2.1%*.
- We also believe that the required EV/EBITDA multiple to acquire Tiffany is much higher than the current trading levels. Refer to the "Private Market Value" section on page 83.

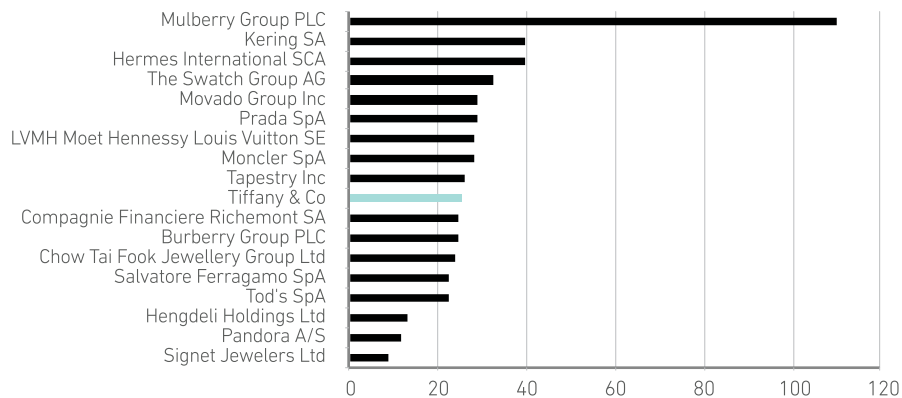
EV/EBITDA TTM



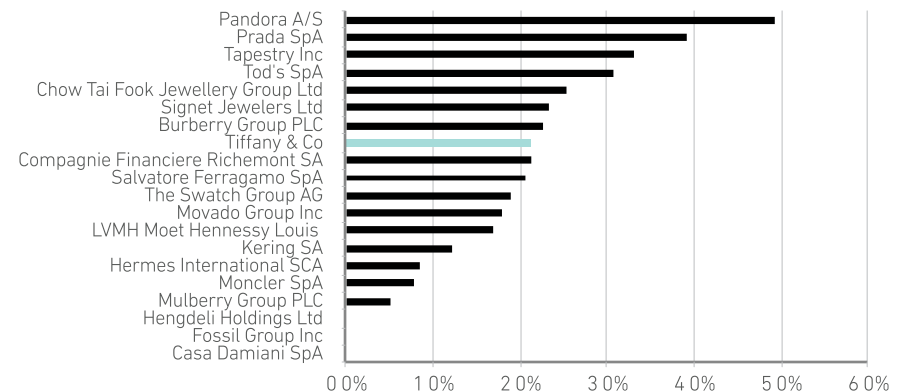
EV/EBITDA NTM



P/E TTM



GROSS DIVIDEND YIELD TTM



*Data Source: Thomson Reuters Eikon as at 7 December 2017

TIFFANY & CO.

PRIVATE MARKET VALUE + M&A



VALUATION – “PRIVATE MARKET VALUE”

- The luxury sector continues to see M&A activity. LVMH, Kering, Richemont and Swatch are all seen as natural acquirers in an industry which has already experienced significant consolidation. Monobrand operators are also looking to evolve into multibrand operators [Tapestry (formerly Coach), Michael Kors, etc.].
- Detailed below is a list of industry transactions since 2011:

Acquirer	Target	Year	Deal Value (US\$)	EV/TTM EBITDA
LVMH	Bulgari	2011	5.20B	25.0x
LVMH	Hermes International (17% Stake)	2011	2.00B	15.5x
PPR	Brioni SpA	2011	0.41B	30.0x
Eurazeo	Moncler SpA (45% Stake)	2011	0.61B	11.8x
Central Retail Corp	La Rinascente	2011	0.37B	11.0x
Mayhoola	Valentino	2012	0.86B	20.0x
LVMH	Loro Piana	2013	2.57B	18.0x
Swatch	Harry Winston	2013	1.00B	23.0x
Signet	Zale	2014	1.46B	15.0x
Samsonite	Tumi	2016	1.81B	14.5x
Coach (now Tapestry)	Kate Spade	2017	2.38B	10.4x
Michael Kors	Jimmy Choo	2017	1.17B	15.7x
LVMH	Christian Dior	2017	13.1B	15.6x
Essilor	Luxottica	2017	23.9B	12.7x
			Average	17.0x
			Tiffany	EV = 11.8B 12.6x

- Based on FY2017E EBITDA of US\$1,000M (Forecast EBITDA Margin of 24.4%)*, and 17.0x EV/EBITDA multiple, we estimate the current “Private Market Value” or Intrinsic Value of Tiffany to be US\$135.83 per share, translating to upside potential of +42%, from the current market price of US\$95.52 as at 7 December 2017.

AS A POTENTIAL TAKEOVER TARGET



Warren Buffett sells jewellery at Borsheims during the 2013 Berkshire Hathaway shareholders meeting.

“I’d like to own either Hershey’s or Tiffany’s if it’s the right price, wouldn’t you? It’s just a question of price. Of course they are good companies...”

- Charlie Munger - Vice Chairman of Berkshire Hathaway commented when asked if he would consider investment in Hershey’s or Tiffany’s, during the Q&A session at the 2018 DJCO ASM in February 2018

- We continue to believe that Tiffany is a likely acquisition target for large luxury conglomerates such as LVMH, Kering, Richemont or Swatch. We suggest that the probability of Tiffany being acquired by LVMH has increased now that the former Head of Watches and Jewellery at LVMH (and CEO of Bulgari) is on Tiffany’s Board, and the former COO of Bulgari, now a subsidiary of LVMH is the new CEO of Tiffany.
- Also, Mr. Arnault has tidied up LVMH’s structure by acquiring Christian Dior. While this transaction is still to complete, LVMH with a Debt:Equity ratio of 0.46* could easily finance an acquisition of Tiffany’s at multiples we have detailed.
- Kering post the divestment of its 85.81% stake in Puma (reportedly valued in the region of €5B and €6B) would be in a position to also bid for Tiffany in our view.
- Richemont has net cash of €4.6B** and could easily fund a takeover of Tiffany.
- We also posit that Mr. Buffett and his Berkshire Hathaway could acquire Tiffany, as he is in the diamond business through Borsheim’s and Helzberg Diamonds, and he will appreciate the enduring nature of Tiffany’s brand. However, we acknowledge that Borsheim’s & Helzberg Diamonds operate under very different business models to Tiffany’s.
- Mr. Buffett is also very familiar with Tiffany’s given he provided Tiffany US\$250M of funding in the depths of the Financial Crisis!
- **We suggest Mr. Buffett would only pay up to 13x EV/EBITDA for Tiffany, implying an offer price of US\$ 103.70 per share (based on FY2017E EBITDA, and Berkshire Hathaway's acquisition multiple for Precision Castparts in 2015). This implies a +8.6% upside from current share price level***. While we think the probability is very low, it does highlight that during a selloff, Mr. Buffett and Mr. Munger maybe willing to open their cheque book for a business like Tiffany's.**

* As at 30 June 2017

** As at 30 September 2017

*** Current Share Price = US\$ 95.52 (as at 7 December 2017)

KEY RISKS & OPPORTUNITIES

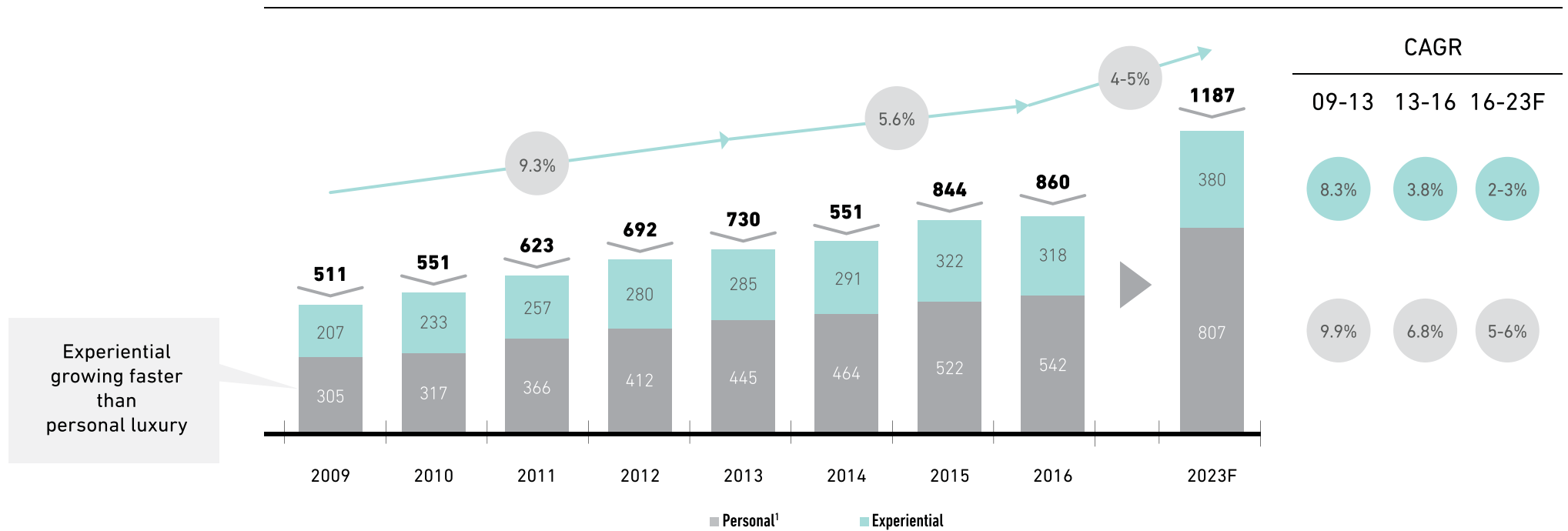


KEY RISKS (1)

SHIFTING SPENDING FROM GOODS TO EXPERIENCES

- Overall consumer spending has continued to grow in recent years. However, people are spending less on durable goods, and more on recreation, travel and other experience-based spending. This applies to both the average consumers and the wealthy, and hence directly impacts the luxury goods companies such as Tiffany. It is important for Tiffany to recognise the shift and pro-actively engage the consumers by including experiences as part of the goods & services the Company provides to its customers.

GLOBAL LUXURY MARKET (B€)
@ Retail Value



1. Personal goods include accessories, apparel, watches & jewelry, fragrances & cosmetics
Source: BCG Luxury Market model

KEY RISKS (2)

MACROECONOMIC SLOWDOWN

- As a retailer of discretionary items, Management acknowledges that the macroeconomic environment is the single most critical factor to Tiffany's success, as it is a business built on consumer confidence. As business recovery in the US enters its eighth year. Investors are concerned about the length of this economic expansion, and the possible factors (geopolitical uncertainties, changing consumer confidence, etc.) that would derail the US and global economies in the near term.

INCREASING COMPETITION

- Tiffany is one of the most famous and trusted jewellers globally. However, as fashion jewellery continues to increase as a percentage of Tiffany's total sales in recent years (FY2016 = 33%), and as self-purchasing is increasing as a share of sales versus bridal and gift buying. We suggest that brand is less of a consideration than design for these self-purchasing/fashion jewellery buyers. The Company's lack of newness and innovation in product design in recent years has allowed other competitors such as Pandora (www.pandora.net) to take market share.



KEY RISKS (3)

FURTHER INVESTOR ACTIVISM

- We suggest that investor activism can be both a risk & opportunity for the Company and its shareholders. In the case of JANA/Trapani, we believe their involvement brings benefits to the Company and all shareholders.
- However, there are examples where management and the board are distracted by investor activism, or they are pressured into strategies and directions that can bring short-term returns but value destruction in the long run.

CURRENCY/FX

- Currency movements could materially and adversely affect Tiffany's results as 69% of Tiffany's revenue is generated outside North America*. We also see potential headwinds for the Company should the US Dollar appreciate against global currencies which would also affect the number of foreign tourists travelling to the US and their total value of spending.

SYNTHETIC DIAMONDS

- The idea of synthetic diamonds has been around for at least a century since the discovery that diamond was just pure carbon in 1797. To date, Tiffany has been able to market its ethical/conflict free natural diamonds and convince the customers of their superiority and premium over lab grown diamonds. The risk is whether the next generation of consumers will care whether the diamonds that they are planning to purchase are lab-grown or not, as production capability and quality continue to improve for these lab grown diamonds.



* Source: Tiffany 2016 Annual Report

KEY RISKS (4)

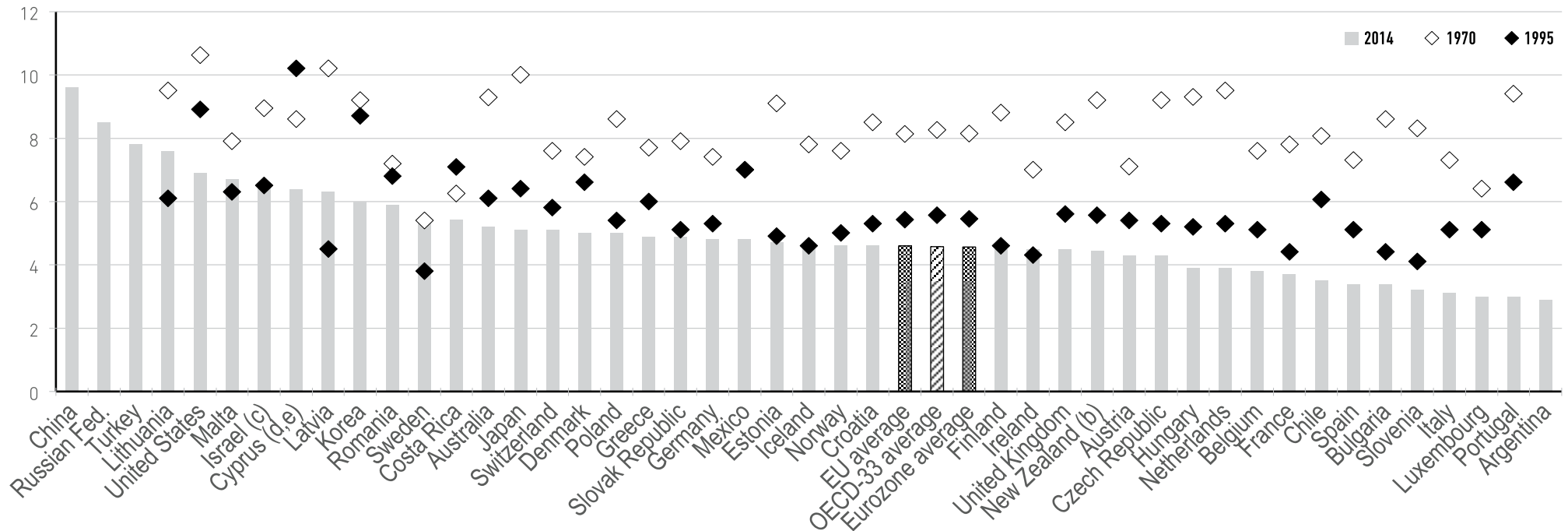
LOSING TOUCH WITH CONSUMERS

- With fashion jewellery continuing to increase as a percentage of total sales in recent years, it is important for Tiffany to connect to its customers constantly and respond to consumer trends. Tiffany needs to be the “Arbiter of Taste and Style” for consumers today. If not, there is a risk that the Tiffany brand will be viewed by the next generation of consumers as “old world luxury” and ignored by younger consumers.

DECLINING MARRIAGE RATE/S

- Based on an OECD report*, rates of marriage are declining in almost all OECD countries since 1970. This secular trend is likely to continue in the near future. Even in countries with strong traditional marriage customs like China, the marriage rate is declining too in recent years.

MARRIAGES PER 1000 PEOPLE



* Source: https://www.oecd.org/els/family/SF_3_1_Marriage_and_divorce_rates.pdf

KEY OPPORTUNITIES (1)

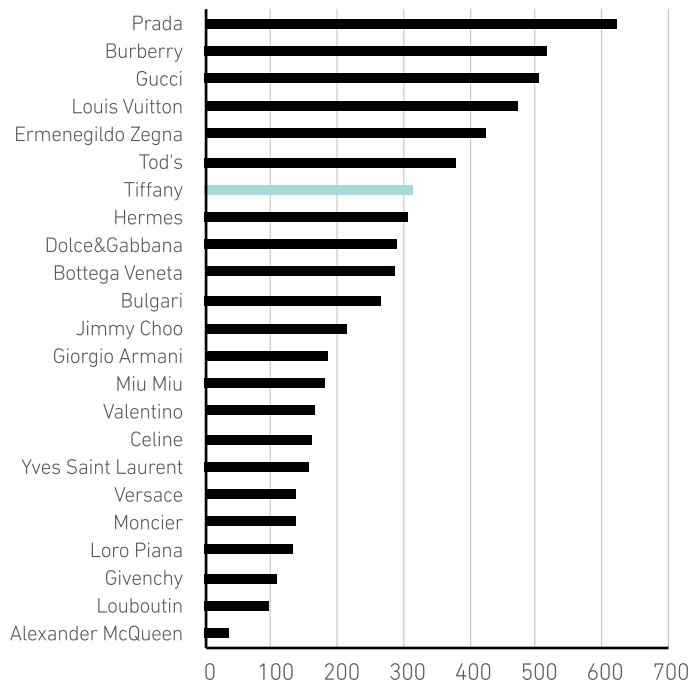
INCREASE IN GLOBAL SQUARE FOOTAGE

- Currently, Tiffany has 315 stores worldwide*. Based on Management’s comments, we believe that a steady 2% annual growth and optimisation in Tiffany’s square footage around the world, especially in Asia-Pacific/China, Europe, Latin America and other Emerging Markets will provide a steady base for top line growth for Tiffany in the foreseeable future.

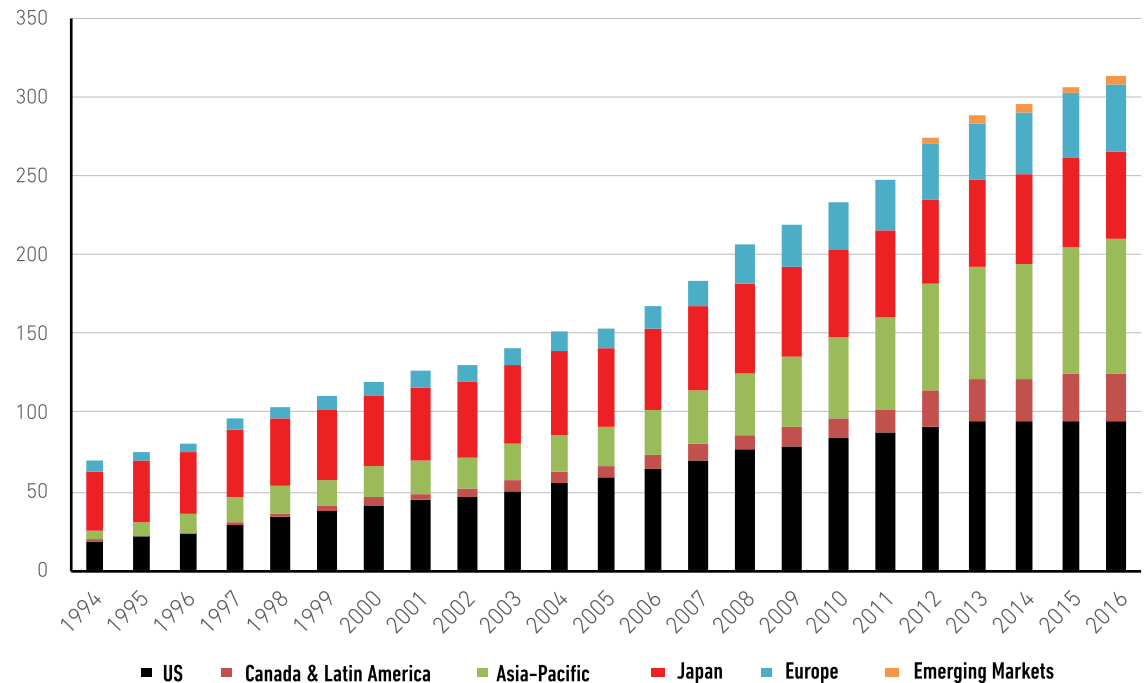
“Our strategies partly revolve around optimizing our worldwide store base through openings, relocations, renovations and closings. We expect this to result in increase in global square footage by approximately 2% a year for the foreseeable future.”

Tiffany Q4 FY2016 conference call (17 March 2017)

STORE COUNTS



HISTORICAL STORE COUNTS



* As at 31 October 2017

KEY OPPORTUNITIES (2)


CHINA

- The Tiffany brand has been one of the favourite American luxury brands for the all important Chinese shopper in recent years. At the same time, Tiffany is relatively underexposed to China, with only ~10% of its stores located in China, and accordingly therein lies the growth opportunity.
- In De Beers Diamond Insight Report 2016, it notes that 68% of diamond jewellery (by value) in China are purchased by so-called millennials (aged 18-34). Many of these Chinese millennials prefer buying diamonds instead of jade or gold jewellery versus their parents' generation. Also, they are buying diamonds more for fashion than as a symbol of everlasting love.
- We believe the Company's new Jewellery Research Design Centre should allow the Company to have shorter product development lead times, faster reaction time and focus to respond to the need of more innovation and newness in fashion jewellery.

Tiffany & Co. is now the no. 1 American luxury brand for Chinese shoppers

Jing Daily
Feb. 17, 2015, 2:13 PM ▲ 1,808

While European luxury brands have been longtime favorites in China, iconic labels hailing from the United States and the UK are gaining a growing amount of influence over Chinese shoppers' hearts and wallets.



Tiffany & Co. is Chinese consumers' favorite American luxury brand and their third favorite jewelry brand.

According to recent survey results released by the Hurun Report, iconic jewelry brand Tiffany & Co. is the number one American luxury brand for Chinese high-net-worth individuals (HNWI), while Burberry tops the list of UK brands.

These labels aren't just popular stacked up against their domestic rivals—they're also their own against French and Italian luxury stalwarts.

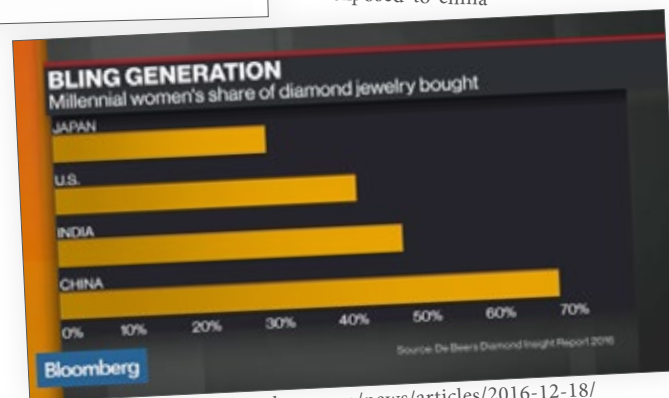
For the first time, Tiffany made it on to the list of Chinese consumers' top three favorite jewelry brands globally, coming in behind Bulgari and Cartier (in addition, fellow U.S. jeweler Harry Winston wasn't far behind in 11th place).

Brand	China	World	China / World (%)
Versace	30	137	21.9
Ermenegildo Zegna	74	423	17.5
Givenchy	18	110	16.4
Moncler	22	135	16.3
Dolce&Gabbana	47	290	16.2
Tod's	38	242	15.7
Celine	23	161	14.3
Bottega Veneta	40	286	14.0
Alexander McQueen	5	36	13.9
Miu Miu	24	182	13.2
Salvatore Ferragamo	74	562	13.2
Burberry	59	465	12.7
Valentino	20	165	12.1
Gucci	59	503	11.7
Bulgari	31	265	11.7
Loro Piana	15	132	11.4
Swatch	255	2262	11.3
Louis Vuitton	51	473	10.8
Prada	40	381	10.5
Yves Saint Laurent	16	155	10.3
Giorgio Armani	19	186	10.2
Tiffany	31	313	9.9
Louboutin	9	98	9.2
Hermes	24	313	7.7
Michael Kors	36	734	4.9
Total / Average	1060	9009	11.8

Source: Exane BNP Paribas analysis, RE-Analytics

Source: <https://www.businessoffashion.com/articles/opinion/michael-kors-hermes-and-tiffany-only-major-brands-underexposed-to-china>

Source: <http://www.businessinsider.com/tiffany-and-co-is-now-the-number-one-american-luxury-brand-for-chinese-shoppers-2015-2>



Source: <https://www.bloomberg.com/news/articles/2016-12-18/diamonds-not-marriage-are-forever-for-china-s-millennials>

KEY OPPORTUNITIES (3)

GROWTH IN FASHION JEWELLERY

- Here we compare two of the largest monobrand jewellery players in the world: Tiffany and Pandora.
- As Tiffany's fashion jewellery business becomes more important. We present Pandora as an example of when fashion jewellery is well executed, it can be hugely profitable and offer significant growth potential.
- We also attribute Pandora's success, especially in its popular bracelets to the successful commercialisation of people's memory (anniversaries, birthdays, weddings, graduations, etc.). Obviously this is one area that Tiffany also excels, albeit at much higher price levels.

TIFFANY & Co. PANDORA

	TIFFANY & Co.	PANDORA
Market Cap (US\$)	US\$11.5B	US\$12.1B
Sales (US\$)	US\$4.0B	US\$2.9B
Net Profit (US\$)	US\$446M	US\$853M
P/E	25.0x	12.7x
Forward P/E	23.2x	11.8x
P/S	2.9x	3.6x
EV/ Normalised EBITDA	12.3x	9.8x
P/CF	14.7x	12.0x
P/B	3.7x	12.4x
Gross Dividend Yield	2.1%	4.4%
Net Profit Margin	11.1%	29.7%
Gross Profit Margin	62.2%	75.1%
Normalised EBITDA Margin	23.2%	39.1%
Normalised EBIT Margin	18.0%	36.5%
ROE	15.2%	102.2%
ROA	8.7%	42.4%
Net Debt To EV	0.6%	4.6%
Net Debt To Normalised EBITDA	7.7%	45.1%
Total Debt to Total Equity	36.7%	44.3%
Quick Ratio	2.24	0.83



KEY OPPORTUNITIES (4)

WATCHES

- In December 2013, a Dutch arbitration court ruled that Tiffany should pay ~USD450M (original claim of CHF3.8B) in damages to Swatch for the failed JV “Tiffany & Co. Watches” that started in 2007.
- It may surprise many people that Tiffany has been making watches since 1847. The Company used to derive ~9% of sales from watches, but since Tiffany’s relationship with Swatch soured, watch sales declined to ~1% of total sales in recent years (2013-2016).
- The Company has allocated resources to rebuild its Watch/es business. It announced in 2015 that its target is to restore watches to ~10% of total sales within ten years.
- Tiffany’s unique offering of watches (“Swiss Made” and “New York”) could be one of the long-term growth engines for the Company. However, we think it will take a while for Tiffany to re-establish itself as a premier luxury watch brand.

Strategic Opportunities to Grow Watches at Tiffany & Co.

Achieve financial success



- Large sales potential
- Anticipated High Gross Margin
- Significant value for shareholders

Elevate the Tiffany brand



- Strengthening positioning as Luxury house and accretive
- High average price (entry at \$3k, core at \$5k-10k, cocktail >\$20k)
- Great platform to talk about Craftsmanship and Heritage

Better serve our customers

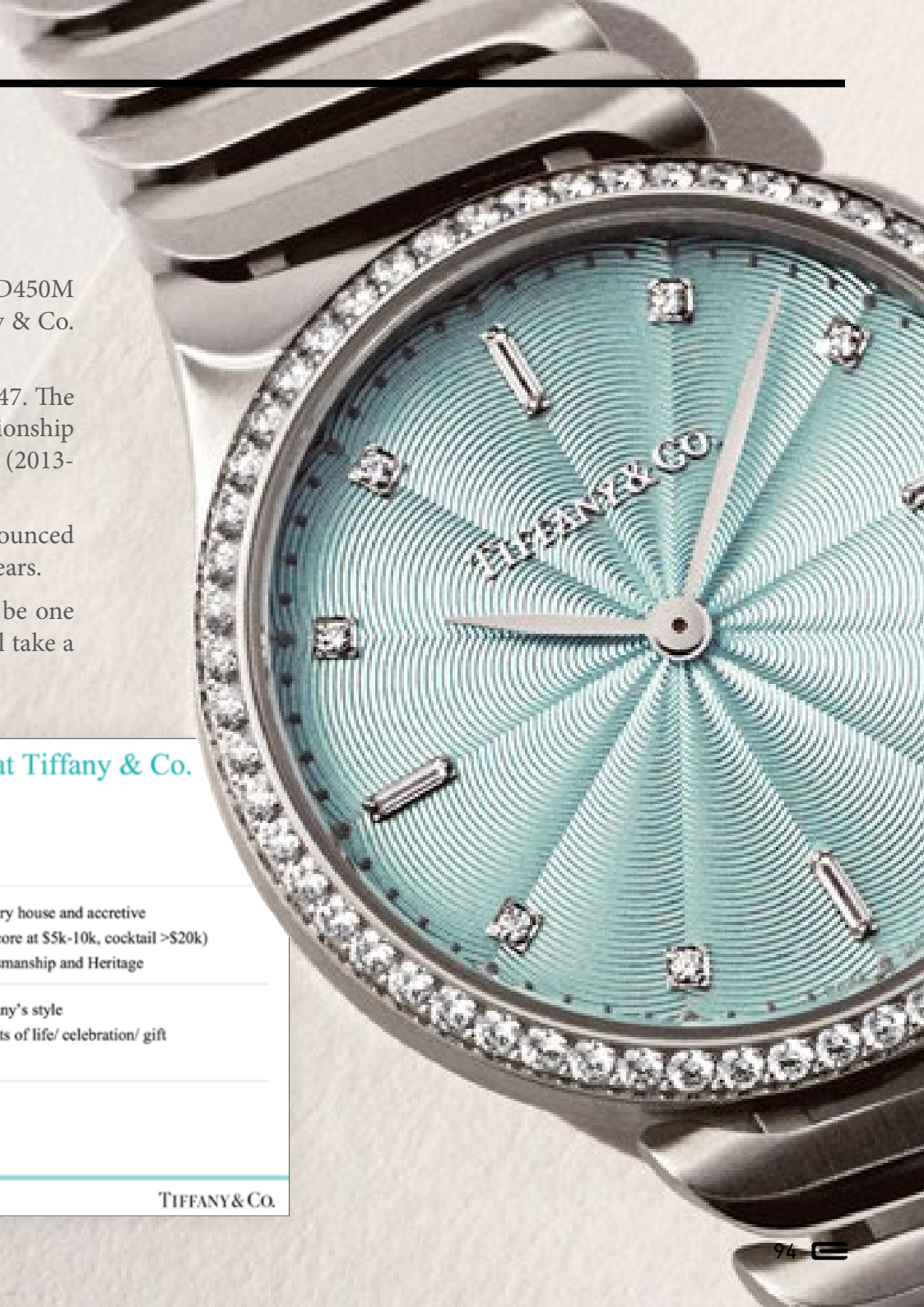


- New and rich way to express Tiffany’s style
- Improved coverage of key moments of life/ celebration/ gift

Reach new customers



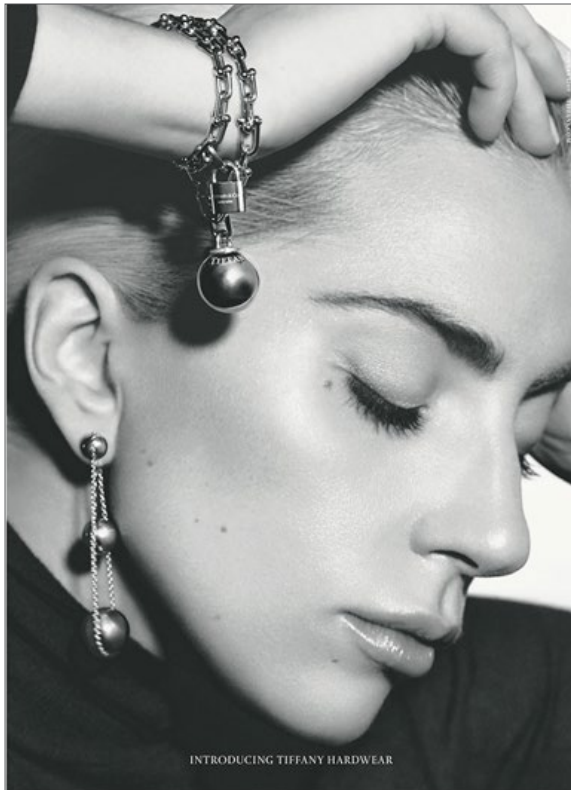
- Men
- Chinese, European
- Self-purchaser/ style seekers



KEY OPPORTUNITIES (5)

NEW COLLABORATION – LADY GAGA

- Tiffany announced on 31 January 2017 that Lady Gaga will represent Tiffany in its latest “Legendary Style” campaign, launching the new fashion jewellery collection - Tiffany HardWear in a 60-second film which aired during Super Bowl on 5 February 2017, a first for Tiffany.
- We believe that Co-Lab’s will be extremely important for Tiffany’s as they are for other major brands now, as demonstrated by the success of Louis Vuitton’s collaboration with New York skateboard label Supreme.



The 2017 Tiffany Hardwear Collection (Source: Tiffany & Co.)



<https://www.youtube.com/watch?v=tGuNdkyvfSc>

KEY OPPORTUNITIES (6)

ACQUISITION TARGET

- We continue to believe that Tiffany is a likely acquisition target for large luxury conglomerates such as LVMH, Kering, Richemont and/or Swatch. We also posit that Berkshire Hathaway should consider acquiring Tiffany to enhance its jewellery/diamond businesses.

E-COMMERCE

- With Tiffany's renewed focus on increasing pace of newness & innovation of products, we see more products that are e-commerce friendly. We believe the Company can take advantage of its high social media engagement levels to increase its online sales from 6% of worldwide sales to at least 8% in the next few years.

PRODUCT EXPANSION OUTSIDE DIAMOND/GEMSTONE JEWELLERY

- We have noticed that Tiffany is slowly but noticeably developing more non-gemstone jewellery (e.g., its growing fashion jewellery category, and most of the items in the Tiffany HardWear Collection) and non-gemstone product categories (e.g., the new Home & Accessories Collection, the new Tiffany fragrance) that have higher margins and faster inventory turnover.
- We recognise this move as both defensive (diversification from diamond/gemstone jewellery category that is important but with slow growth potential) and offensive (growth opportunities in fashion jewellery, watches, fragrance, home & accessories, etc.).



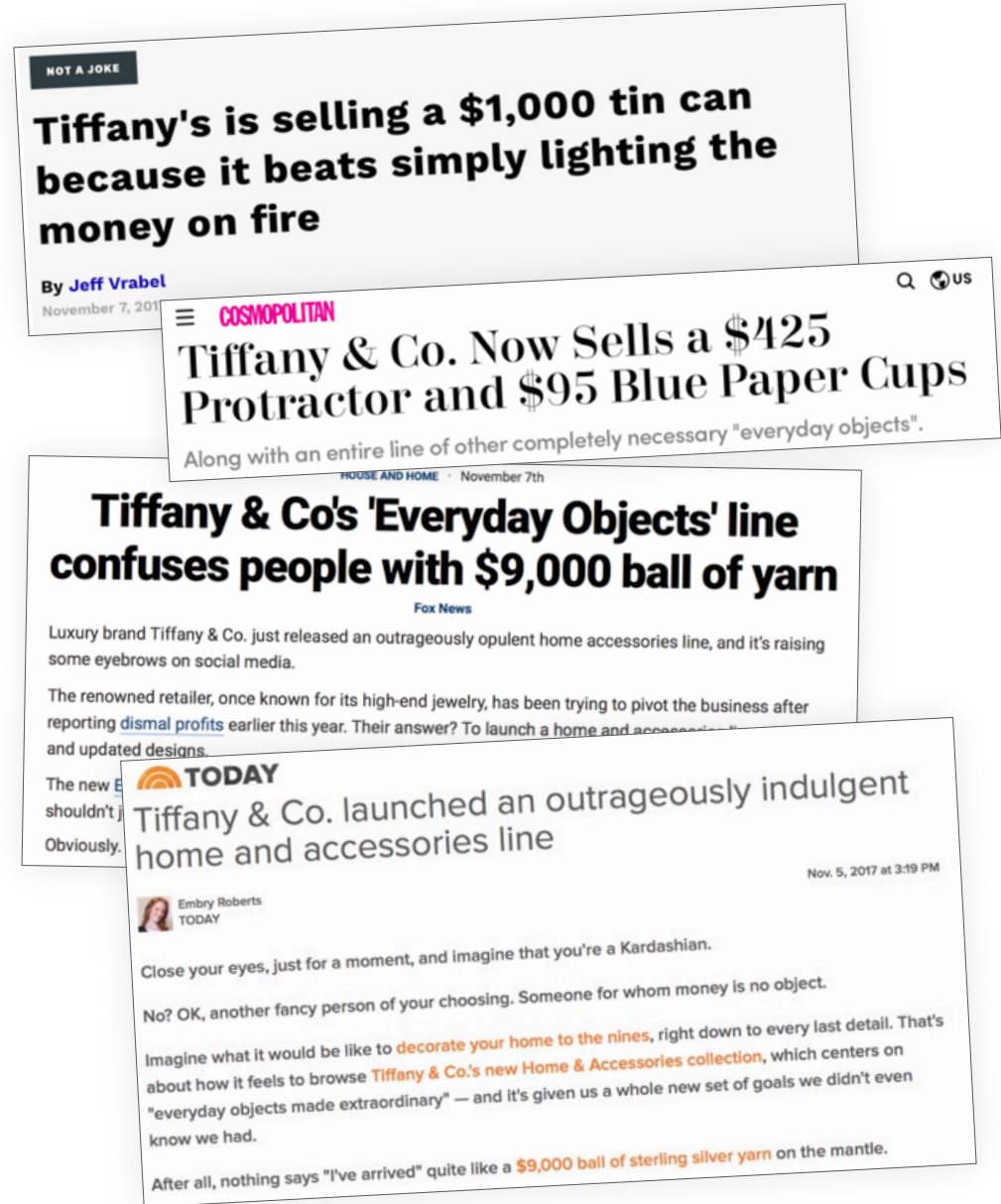
“Beautiful things should not be limited to special occasions...”

Tiffany's announcement of the new Home & Accessories Collection on 6 November 2017

KEY OPPORTUNITIES (7)

SOCIAL MEDIA ENGAGEMENT

- Tiffany is one of the best performing retail brands on social media, with very high social media engagement levels. Management noted that Tiffany's strong online presence is however more about delivering marketing communication that drives broad awareness, interests and store traffic.
- We observed that the new management and design team seem to be comfortable taking some risks in product R&D, and to step outside its core diamond/jewellery genre to generate social media conversation and brand awareness. The recent "online buzz" relating to Tiffany's foray into "Everyday objects", such as the US\$14,900 ball of yarn and the US\$1,000 sterling silver tin can from the new Home & Accessories Collection are examples of product design and marketing that generate interests/curiosity that could lead to increased store traffic and sales.



KEY OPPORTUNITIES (8)

FURTHER INVESTOR ACTIVISM

- Furthermore, we suggest that if the Company continued to underperform, not only JANA, but other activist investors such as Pershing Square (connected to Tiffany's current CFO via its Canadian Pacific investment), Trian Partners (who exited its position in Tiffany last year, and its co-founding partner Peter May has just retired from Tiffany's board this year) might re-engage to push for quick/short-term value realisation.

FINANCIAL LEVERAGE

- JANA might push the Board to opportunistically repurchase its shares before material improvement in Tiffany's business performance is visible. We believe Tiffany's strong balance sheet would allow the Company to leverage its balance sheet and execute share buybacks opportunistically.

“JANA and Mr. Trapani invested in the Issuer because they believe the Shares are undervalued and represent an attractive investment opportunity. The Reporting Persons have had discussions with the Issuer regarding the Issuer's balance sheet, potential opportunities to accelerate top line growth and expand margins, supply chain, working capital and the composition of the Board.”

JANA Partners 13D Filings 22 February 2017

TAX EFFICIENCY

- Over half of Tiffany's sales are generated outside the US. However, Tiffany's effective tax rates are consistently above 34% in the last few years (versus Apple's 24.6% in 2016). If the Company is able to manage the tax rate lower, it will have a meaningful positive impact on earnings.
- Tax reform in the US with regard to repatriation of foreign profits may also assist.



TIFFANY & CO.

CONCLUSION, ELEVATION CAPITAL INTRINSIC VALUE ESTIMATES & LIQUIDITY ASSESSMENT

TIFFANY & CO.

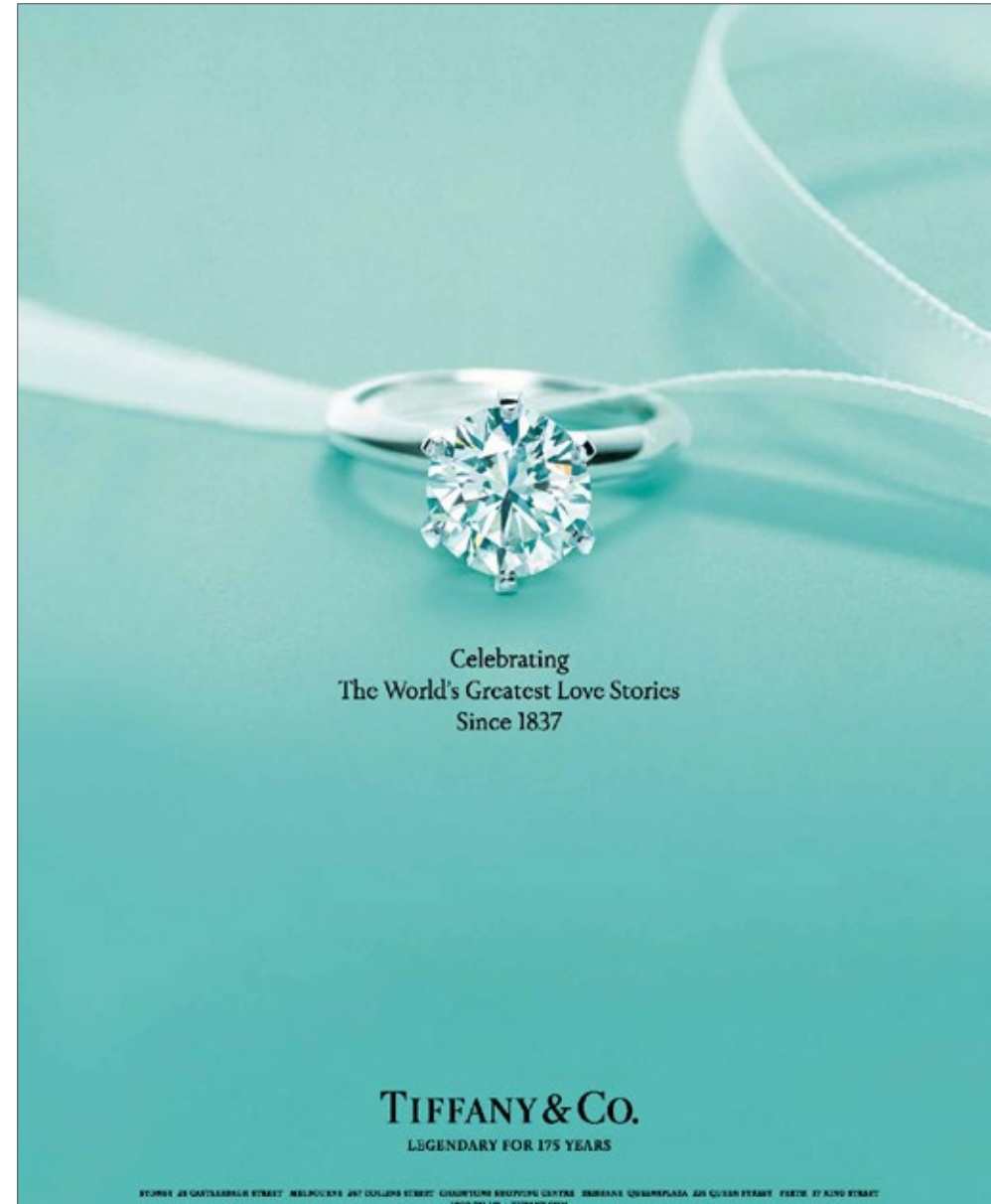
ELEVATION CAPITAL – CONCLUSION (1)

AN OLD WORLD LUXURY BRAND THAT IS GOING NOWHERE?

- Not at all in our view. Tiffany is one of the most valuable global luxury brands, and the number one American luxury brand. However, the Management & the Board have been under significant pressure to find growth when Tiffany’s traditional core product category (jewellery with diamonds/gemstones) has been suffering from weak demand in recent years.
- Many on "The Street" believe that the Tiffany brand has lost touch with the next generation of consumers, and they regard the brand as tired and old world.

2017 WILL BE VIEWED AS A TRANSFORMATIVE YEAR

- 2017 is an important year for Tiffany. Significant senior management/board changes happened during the year, mainly due to activist investor JANA Partners’ involvement.
- We believe that Tiffany, now led by new Chairman Roger Farah and new CEO Alessandro Bogliolo, with support from an expanded board and Chief Artistic Officer Reed Krakoff is now moving in the right direction.
- We acknowledge that the new direction taken by the Management is not without risks. However, the status quo was not an option. With its strong brand image and improving execution, the Company is in a sound position to grow in the years ahead by expanding its "inclusive luxury" offerings to include new/additional categories/products (e.g., home & accessories collection) outside its traditional core product category (jewellery with diamonds/gemstones), and into underserved markets such as Asia (Greater China), Europe and Latin America.
- More importantly, we believe there is an elevated energy around the Tiffany brand in 2017 and leading into 2018. People are talking about Tiffany’s, whether it is Tiffany’s open letter to President Trump on climate change, Tiffany’s “save the wild elephants” collection/campaign, Tiffany’s first perfume in 15 years, the opening of The Blue Box Café (Breakfast at Tiffany’s), or Reed Krakoff’s new Home & Accessories Collection.



ELEVATION CAPITAL – CONCLUSION (2)



CHALLENGES AND OPPORTUNITIES ABOUND

- As discussed in the Risks section, we recognise that the Company is facing some macro/microeconomic challenges. However, we have also tabled the numerous potential opportunities for the Management to create significant value for long-term minded shareholders.
- The test for the now reinvigorated board and management in the next 24 months is whether the Company can maintain the currently elevated energy and high engagement with the public and its customers/potential customers with new collections and marketing campaigns that capture the public's imagination, and then convert this high engagement into actual growth in comparable store sales by the end of FY2019 (31/1/2020).

POTENTIAL ACQUISITION TARGET

- We believe as the Company begins to deliver results consistent with a company offering a growth profile, not only will the stock re-rate to levels above peer group averages, it will also make the Company a more attractive acquisition target for the big multibrand luxury players in the market (e.g., LVMH, Richemont, Kering and/or Swatch) who could pay up for quality, growth and reduced company-specific risks. We believe at that stage the stock is worth in the range of US\$135.83* to US\$175.98** per share, compared to the current share price of US\$95.52***.

"A DIAMOND EMERGING FROM THE ROUGH"

- For patient value-minded investors, we conclude that Tiffany is indeed "a diamond emerging from the rough". Even though the stock has recovered from its recent low of \$57.48 (27/6/2016) to US\$95.52***, it is still trading at a discount to its global listed peers, and is trading at a significant discount to our current "Private Market Value" estimates.

* 17x EV/FY2017E EBITDA, FY2017E EBITDA = 1,000M

** 20x EV/(110% FY2017E EBITDA), FY2017E EBITDA = 1,000M

*** As at 7 December 2017

ELEVATION CAPITAL – ESTIMATED INTRINSIC VALUE RANGE

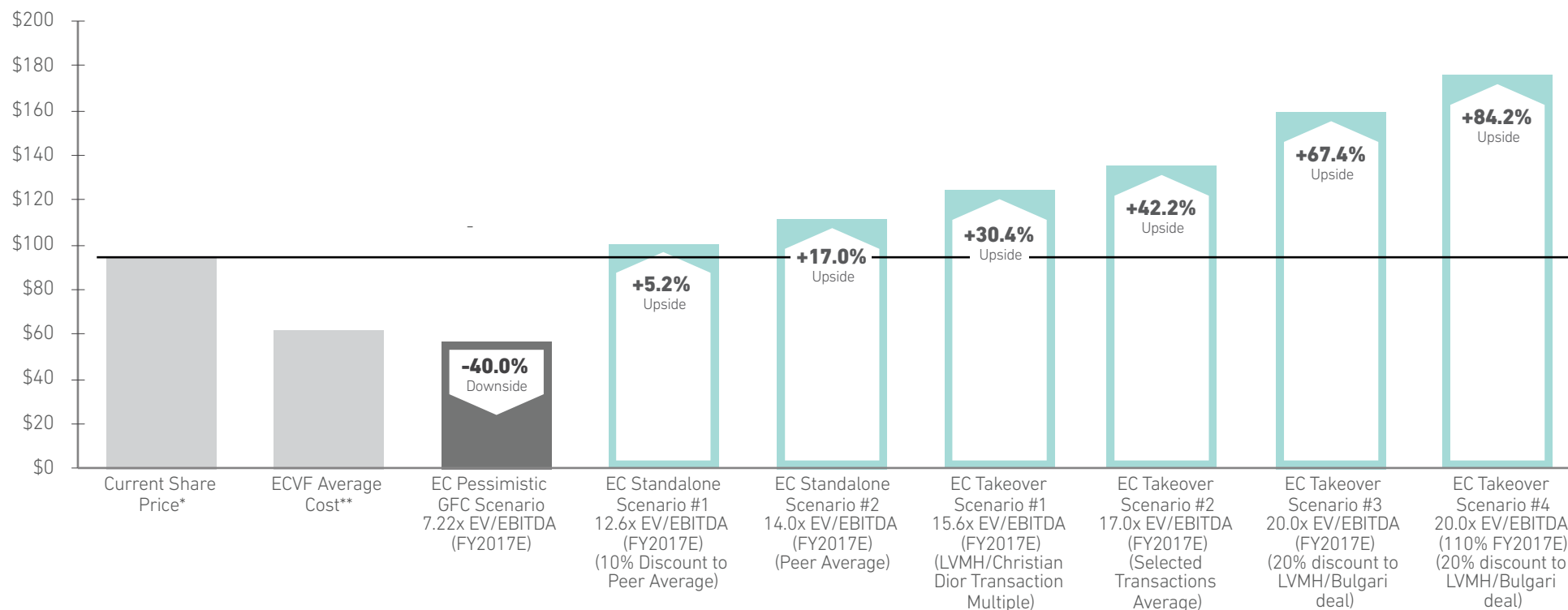
Elevation Capital
Estimated Intrinsic Value Range:

US\$ 57.28 – US\$ 175.98
PER SHARE

Downside/Upside
Potential Range:

-40.0% – +84.2%

VALUATION SUMMARY



* Current Share Price = US\$ 95.52 (as at 7 December 2017)

** Elevation Capital Value Fund ("ECVF") Average Cost = US\$ 61.74 as at 7 December 2017

EC = Elevation Capital, ECVF = Elevation Capital Value Fund

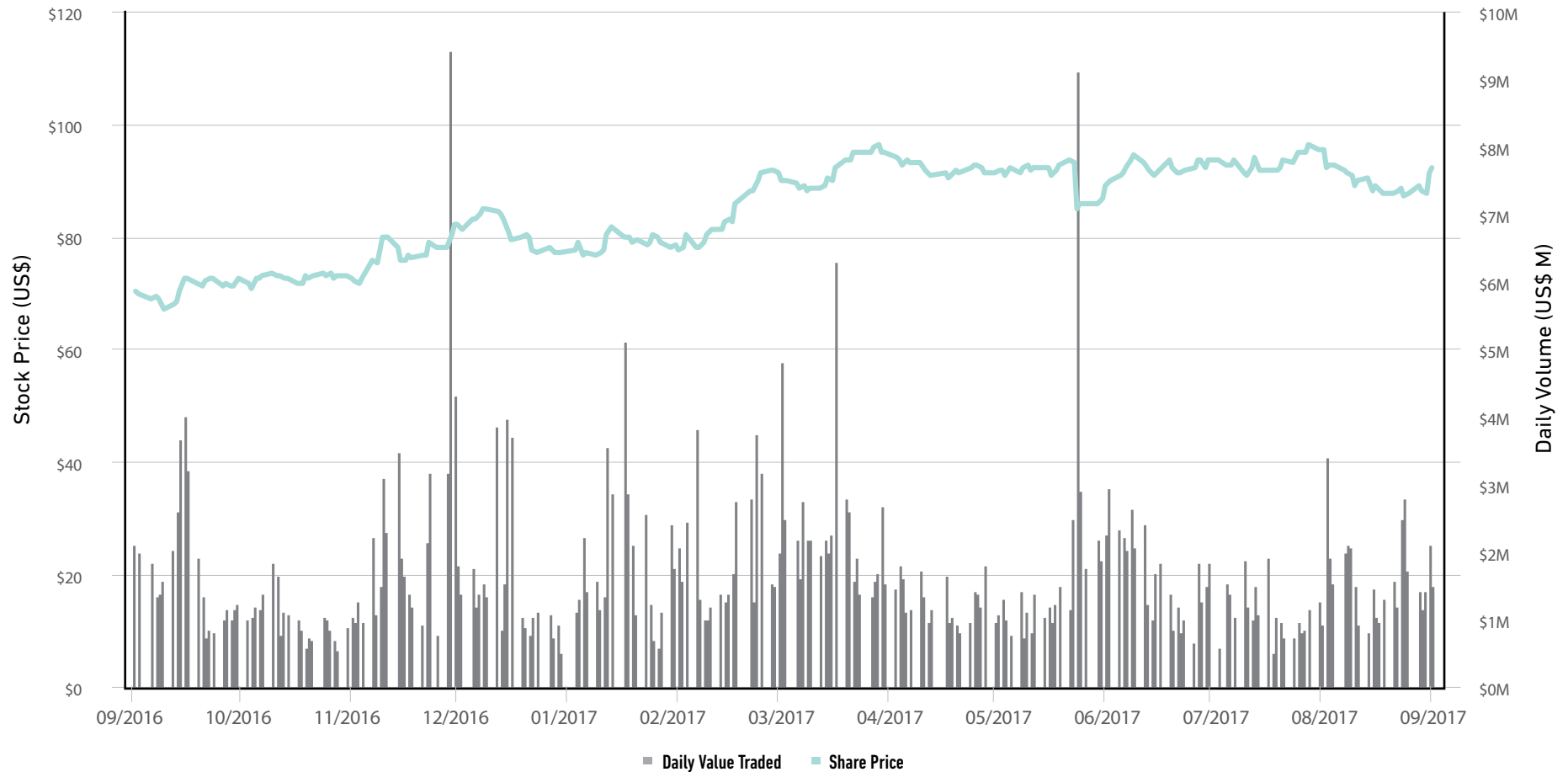
ASSUMPTIONS FOR OUR ESTIMATED INTRINSIC VALUES

Scenario	Assumptions
EC Pessimistic GFC Scenario	We assume the shares trade at 7.22x EV/EBITDA, which is the average EV/EBITDA ratio during 2008 - 2009, and with FY2017E Forecast EBITDA of US\$1,000M.
EC Standalone Scenario #1	We assume the Company does not get taken over, and the shares trade at EV/EBITDA of 12.6x, a 10% discount to the peer average, and with FY2017E Forecast EBITDA of US\$1,000M.
EC Standalone Scenario #2	We assume the Company does not get taken over, and the shares trade at the peer average EV/EBITDA of 14.0x due to improvement in the underlying business, and with FY2017E Forecast EBITDA of US\$1,000M.
EC Takeover Scenario #1	We assume the Company is taken over at 15.6x EV/EBITDA valuation, which is the multiple that LVMH utilised to acquire the remaining 26% of Christian Dior it does not already own, and with FY2017E Forecast EBITDA of US\$1,000M.
EC Takeover Scenario #2	We assume the Company is taken over at 17.0x EV/EBITDA valuation, which is our selected transaction/s average, and with FY2017E Forecast EBITDA of US\$1,000M.
EC Takeover Scenario #3	We assume the Company is taken over at 20.0x EV/EBITDA valuation, which is 20% discount to LVMH/Bulgari transaction EV/EBITDA multiple of 25x, and with FY2017E Forecast EBITDA of US\$1,000M.
EC Takeover Scenario #4	We assume the Company is taken over at 20.0x EV/EBITDA valuation, which is 20% discount to LVMH/Bulgari transaction EV/EBITDA multiple of 25x, and with an improved EBITDA of US\$1.1B (10% higher than FY2017E EBITDA of US\$1,000M).

LIQUIDITY ASSESSMENT

- The one-year average daily trading volume in Tiffany totals US\$143M (~1.2% of the current market cap of \$11.87B*).

TIFFANY STOCK PRICE vs DAILY VALUE TRADED



* As at 7 December 2017
Data Source: Thomson Reuters Eikon

TIFFANY & CO.

APPENDICES



APPENDIX 1: DIRECTOR/S BIO'S (1)*

ROGER N. FARAH (CHAIRMAN OF THE BOARD, TIFFANY & CO.)

Mr. Farah, 64, became a director in March 2017 and was elected Chairman of the Board effective October 2, 2017. He served as the Co-Chief Executive Officer and as a member of the board of Tory Burch LLC from 2014-2017. Mr. Farah has over 40 years of experience in the lifestyle products and retailing sectors. Mr. Farah was a member of the board of Ralph Lauren Corporation from 2000 to 2014, where he also served as President and Chief Operating Officer from 2000 to 2013 and as Executive Vice Chairman from November 2013 to May 2014. Prior to joining Ralph Lauren Corporation, he served as Chairman of the Board and Chief Executive Officer of Venator Group, Inc. (now Foot Locker, Inc.), as President and Chief Operating Officer of R.H. Macy & Co., Inc. and as Chairman and Chief Executive Officer of Federated Merchandising Services. Mr. Farah currently serves on the boards of The Progressive Corporation and Aetna, Inc., and as a non-executive director of Metro Bank PLC. Mr. Farah holds a B.S. from the University of Pennsylvania, Wharton School of Business.

ALESSANDRO BOGLIOLO (CHIEF EXECUTIVE OFFICER, TIFFANY & CO.)

Alessandro Bogliolo is chief executive officer of Tiffany & Co. Mr. Bogliolo assumed this position and joined the Tiffany Board of Directors in October 2017. Mr. Bogliolo is a veteran luxury industry executive with nearly three decades of experience in general management, operations and marketing for luxury, fashion, jewelry and automotive brands. He started his career in 1989 at Bain & Co., a global consulting firm, advising clients on mergers, acquisitions and strategy projects. He held positions at the Italian motorcycle and scooter company, Piaggio, before moving on to Bulgari SpA, the Italian jewelry and luxury goods brand. Mr. Bogliolo served 16 years at Bulgari SpA, including as executive vice president – jewelry, watches & accessories from 2001-2007 and as chief operating officer from 2008-2012. Subsequently, he served as chief operating officer for North America at Sephora, owned by LVMH Louis Vuitton Moët Hennessy. Most recently he was chief executive officer of Diesel, the internationally distinguished Italian denim and lifestyle brand, where he led the company's efforts to revitalize its brand and enhance their customer experience. Mr. Bogliolo earned a degree in business administration from Università Bocconi in Milan, Italy and completed the International Management Program at HEC (Ecole des Hautes Etudes Commerciales) in Paris, France.

ROSE MARIE BRAVO CBE (CHIEF EXECUTIVE OFFICER (RETIRED), BURBERRY LIMITED)

Ms. Bravo, CBE, 65, became a director of Tiffany & Co. in 1997. Ms. Bravo previously served as CEO of Burberry Limited from 1997 until 2006 and as President of Saks Fifth Avenue from 1992 to 1997. Prior to Saks, Ms. Bravo held a series of merchandising jobs at Macy's, culminating in the Chairman & CEO role at I. Magnin, which was a division of R. H. Macy & Co. Ms. Bravo also serves on the Board of Directors of Estee Lauder Companies Inc. and Williams-Sonoma, Inc.

* <http://investor.tiffany.com/directors.cfm>

APPENDIX 1: DIRECTOR/S BIO'S (2)*

GARY E. COSTLEY PH.D. (CHAIRMAN AND CHIEF EXECUTIVE OFFICER (RETIRED), INTERNATIONAL MULTIFOODS CORPORATION)

Dr. Costley, 72, became a director of Tiffany & Co. in 2007. He served as Chairman and CEO of International Multifoods Corporation, a manufacturer and marketer of branded consumer food and food service products, from 1997 until his retirement in 2004. Dr. Costley was Dean of the Graduate School of Management at Wake Forest University from 1995 until 1997. Dr. Costley held numerous positions at the Kellogg Company from 1970 until 1994 when he was President of Kellogg North America. Dr. Costley serves on the Board of Directors of The Principal Financial Group and Prestige Brands Holdings, Inc. He has also served on the Board of Directors of the following public company during the past five years: Covance Inc.

LAWRENCE K. FISH (CHAIRMAN AND CHIEF EXECUTIVE OFFICER (RETIRED), CITIZENS FINANCIAL GROUP, INC.)

Mr. Fish, 71, became a director of Tiffany & Co. in 2008. Mr. Fish previously served as Chairman, President and CEO of Citizens Financial Group, Inc. ("Citizens") from 1992 until 2005, when he relinquished the title of President. Mr. Fish relinquished the title of CEO of Citizens in 2007 and retired as Chairman in 2009. Mr. Fish is a member of the Corporation and Executive Committee of Massachusetts Institute of Technology. Mr. Fish serves as Chairman of Houghton Mifflin Harcourt and as a member of the Board of Directors of Textron. He has also served on the Board of Directors of the following public company during the past five years: National Bank Holdings. Mr. Fish serves as a Trustee Emeritus of The Brookings Institution and as Chairman of Management Sciences for Health.

ABBY F. KOHNSTAMM (EXECUTIVE VICE PRESIDENT AND CHIEF MARKETING OFFICER, PITNEY BOWES, INC.)

Ms. Kohnstamm, 62, is Executive Vice President and Chief Marketing Officer at Pitney Bowes Inc. ("Pitney Bowes"). In this role, she oversees all of Pitney Bowes's marketing and communications worldwide, as well as citizenship and philanthropy. Before joining Pitney Bowes in June 2013, Ms. Kohnstamm was the President and founder of Abby F.Kohnstamm & Associates, Inc., a marketing and consulting firm. Prior to establishing her company in 2006, Ms. Kohnstamm served as Senior Vice President, Marketing (Chief Marketing Officer) of IBM Corporation from 1993 through 2005. In that capacity, she had overall responsibility for all aspects of marketing across IBM on a global basis. Before joining IBM, Ms. Kohnstamm held a number of senior marketing positions at American Express from 1979 through 1993. She is also a member of the Board of Directors of the Roundabout Theatre Company and is a Trustee Emeritus of Tufts University after serving 10 years on the Board of Trustees. She became a director of Tiffany & Co. in 2001. Ms. Kohnstamm also served on the Board of Directors of the following public companies during the past five years: The Progressive Corporation and World Fuel Services Corporation. She holds a B.A. from Tufts University, an M.A. in Education from New York University and an M.B.A. from New York University.

* <http://investor.tiffany.com/directors.cfm>

APPENDIX 1: DIRECTOR/S BIO'S (3)*

MICHAEL J. KOWALSKI (FORMER CHAIRMAN OF THE BOARD AND FORMER CHIEF EXECUTIVE OFFICER, TIFFANY & CO.)

Mr. Kowalski, 65, is the former Chairman of the Board of Tiffany & Co. and former Chief Executive Officer. Mr. Kowalski has been a director of Tiffany & Co. since 1995, was Chairman from Fiscal 2002 until October 2017 and was interim CEO from February 2017 to October 2017. Mr. Kowalski joined Tiffany in 1983 and was Chief Executive Officer (“CEO”) from 1999 until his retirement effective March 31, 2015. He has also served on the Board of Directors of the following public company during the past five years: The Bank of New York Mellon Corporation. The Bank of New York Mellon Corporation is one of Tiffany & Co.’s principal banking relationships, serving as a co-syndication agent and lender under Tiffany & Co.’s revolving credit facilities, as the trustee under the indenture governing certain of Tiffany & Co.’s senior notes and as the trustee and investment manager for the Tiffany and Company Pension Plan. Mr. Kowalski holds a B.S. from the University of Pennsylvania’s Wharton School and an M.B.A. from the Harvard Business School.

JAMES E. LILLIE (FORMER CHIEF EXECUTIVE OFFICER, JARDEN CORPORATION)

Mr. Lillie, 55, is the former Chief Executive Officer at Jarden Corporation. Mr. Lillie has over 20 years of experience in the consumer products sector. Mr. Lillie held senior positions at Jarden Corporation from August 2003 through the sale of the company to Newell Brands in April 2016, including as Chief Operating Officer immediately prior to assuming the role of Chief Executive Officer. Prior to joining Jarden, Mr. Lillie served as Executive Vice President of Operations at Moore Corporation Limited and held several senior level management positions at portfolio companies of Kohlberg, Kravis, Roberts & Company. Mr. Lillie serves on the boards of Nomad Foods Limited and Royal Oak Charcoal, and previously served on the boards of Radio Prisa in Spain and the US-China Business Council. Mr. Lillie holds a B.A. from the University of Wisconsin.

CHARLES K. MARQUIS (SENIOR ADVISOR, INVESTCORP INTERNATIONAL, INC.)

Mr. Marquis, 73, has been a Senior Advisor to Investcorp International, Inc. since 1999. From 1974 through 1998, he was a partner in the law firm of Gibson, Dunn & Crutcher L.L.P., where he practiced securities and mergers and acquisitions law. He was first elected a director of Tiffany & Co. in 1984.

* <http://investor.tiffany.com/directors.cfm>

APPENDIX 1: DIRECTOR/S BIO'S (4)*

WILLIAM A. SHUTZER (SENIOR MANAGING DIRECTOR, EVERCORE PARTNERS)

Mr. Shutzer, 69, has been a Senior Managing Director of Evercore Partners, a financial advisory and private equity firm, since 2004. He previously served as a Managing Director of Lehman Brothers from 2000 through 2003, a Partner in Thomas Weisel Partners LLC, a merchant banking firm, from 1999 through 2000, as Executive Vice President of ING Baring Furman Selz LLC from 1998 through 1999, President of Furman Selz Inc. from 1995 through 1997 and as a Managing Director of Lehman Brothers and its predecessors from 1978 through 1994. He was first elected a director of Tiffany & Co. in 1984. Mr. Shutzer serves on the Board of Directors of ExamWorks Group, Inc., Evercore Trust Company and RSI Home Products, Inc. He has also served on the Board of Directors of the following public company during the past five years: Mecklermedia Corporation (formerly known as Mediabistro Inc.).

ROBERT S. SINGER (FORMER CHIEF EXECUTIVE OFFICER OF BARILLA HOLDING SPA)

Mr. Singer, 64, served as CEO of Barilla Holding S.p.A, a major Italian food company, from 2006 to 2009. From 2004 to 2005, Mr. Singer served as President and Chief Operating Officer of Abercrombie & Fitch Co., an American clothing retailer. Prior to joining Abercrombie, Mr. Singer served as Chief Financial Officer of Gucci Group NV, a leading luxury goods company, from 1995 to 2004. From 1987 to 1995, Mr. Singer was a Partner at Coopers & Lybrand. Mr. Singer served on the Board of Directors of Benetton S.p.A. from 2006 to 2010, and on the Board of Directors of Fairmont Hotels & Resorts, Inc. from 2003 to 2006. Mr. Singer currently serves on the Board of Directors of the following public companies: Mead Johnson Nutrition Company, Coty Inc. and Jimmy Choo PLC. Mr. Singer also currently serves on the Board of Directors of several non-public companies. Mr. Singer was first elected a director of Tiffany & Co. in 2012.

FRANCESCO TRAPANI (FORMER CHIEF EXECUTIVE OFFICER, BULGARI)

Mr. Trapani, 59, is the former Chief Executive Officer at Bulgari. Mr. Trapani has over three decades of experience in the luxury retail sector. From 1984 until 2011, Mr. Trapani led Bulgari, including in connection with the company's listing on the Italian Stock Exchange, creation of Bulgari Hotels & Resorts, and acquisition by LVMH in 2011. From 2011 to 2014, Mr. Trapani served as Chairman and Chief Executive Officer of the LVMH Watches and Jewelry Division. Mr. Trapani joined Clessidra SGR, the largest private equity fund in Italy, as Executive Vice-Chairman in 2014, and later served as Chairman of the Board until the company's sale in 2016. Mr. Trapani holds a degree in business administration from the University of Naples.

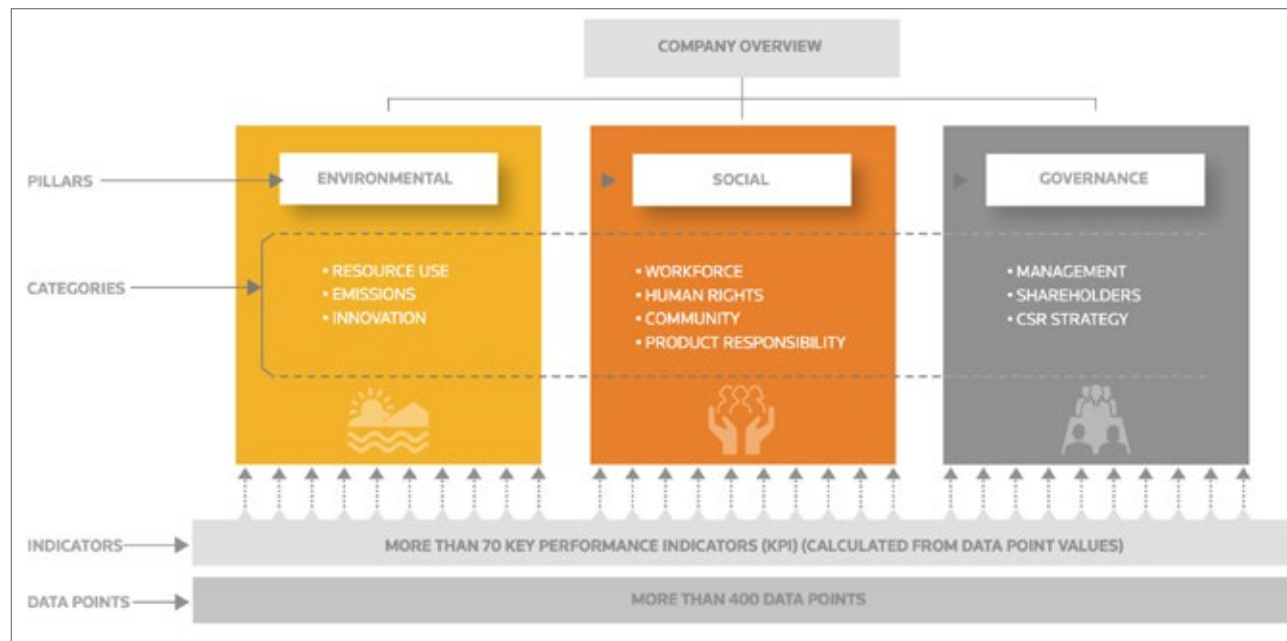
* <http://investor.tiffany.com/directors.cfm>

APPENDIX 2: THOMSON REUTERS EIKON ESG SCORE SYSTEM

- We utilise Thomson Reuters ESG scores to evaluate a company's ESG efforts.
- It offers one of the most comprehensive ESG databases in the industry covering over 6,000 public companies, across more than 400 different company level ESG metrics.



400 company level ESG measures collected



Thomson Reuters ESG Framework

Score Range	Grade
0.0 <= score <= 0.083333	D -
0.083333 < score <= 0.166666	D
0.166666 < score <= 0.250000	D +
0.250000 < score <= 0.333333	C -
0.333333 < score <= 0.416666	C
0.416666 < score <= 0.500000	C +
0.500000 < score <= 0.583333	B -
0.583333 < score <= 0.666666	B
0.666666 < score <= 0.750000	B +
0.750000 < score <= 0.833333	A -
0.833333 < score <= 0.916666	A
0.916666 < score <= 1	A +

Thomson Reuters ESG Score Range / Grade

APPENDIX 3: REAL ESTATE ASSET - FLAGSHIP STORE ON FIFTH AVENUE, NEW YORK

- The only store property the company owns is the Tiffany Flagship Store on Fifth Avenue. It is not mortgaged and is not currently for sale.
- The store was built for Tiffany in 1940. The company undertook a LBO from Avon and sold the building in the 1980's. They bought the building back from a Japanese corporation in 1999 for US\$ 94M. We do not believe the building has been revalued in the books since 1999.
- The Tiffany diamond is also on display at the store – it is our understanding that it is also in the books for a very low carrying value but is believed to be worth more than US\$ 20M today.



The Tiffany Diamond is presented in a phenomenal new setting specially created in honour of Tiffany's 175th anniversary.



The Tiffany Flagship Store today

APPENDIX 4: VIDEO - TIFFANY'S FIRST SUPER BOWL COMMERCIAL



Tiffany & Co. – Introducing Lady Gaga for Tiffany HardWear

8,201,611 views

3K 574 SHARE ...



Tiffany & Co.
 Published on Feb 5, 2017

SUBSCRIBE 45K

The legendary Lady Gaga is featured in our new campaign, debuting this spring. Find out more:
 <http://www.tiffany.com>

'INDEPENDENT THINKING – DISCIPLINED INVESTING'

INDEPENDENT THINKING

[In-de-pend-ent Think-ing] **ində'pendənt THiNkiNG** *verb*

Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you're several thousand miles away from Wall Street in a different nation, it's easier to be independent and buy the things that other people are selling, and sell the things that other people are buying. We also believe that cash is sometimes the most attractive investment.

DISCIPLINED INVESTING

[Dis-ci-plined In-vest-ing] **disciplinəd inves'ting** *verb*

The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. Our investments are premised on the concept of "Margin of Safety" which we believe reduces risk.

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