



J.P. Morgan SMid Cap Conference

December 11, 2013 | COMPANY OVERVIEW

Safe Harbor Statement

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Agenda

Company Overview

Strategic and Operational Initiatives

Financial Overview and Conclusion

The Fundamentals



- The largest children's specialty apparel brand in North America
- Strong brand; well-positioned competitively
 - #1 awareness among children's specialty retailers
 - Known for fashion, value and convenience
- Strong balance sheet and free cash flow

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Strategic Initiatives

Talent

**Trend-Right
Assortments,
Differentiated
by Age**

**Focused
Digital
Marketing**

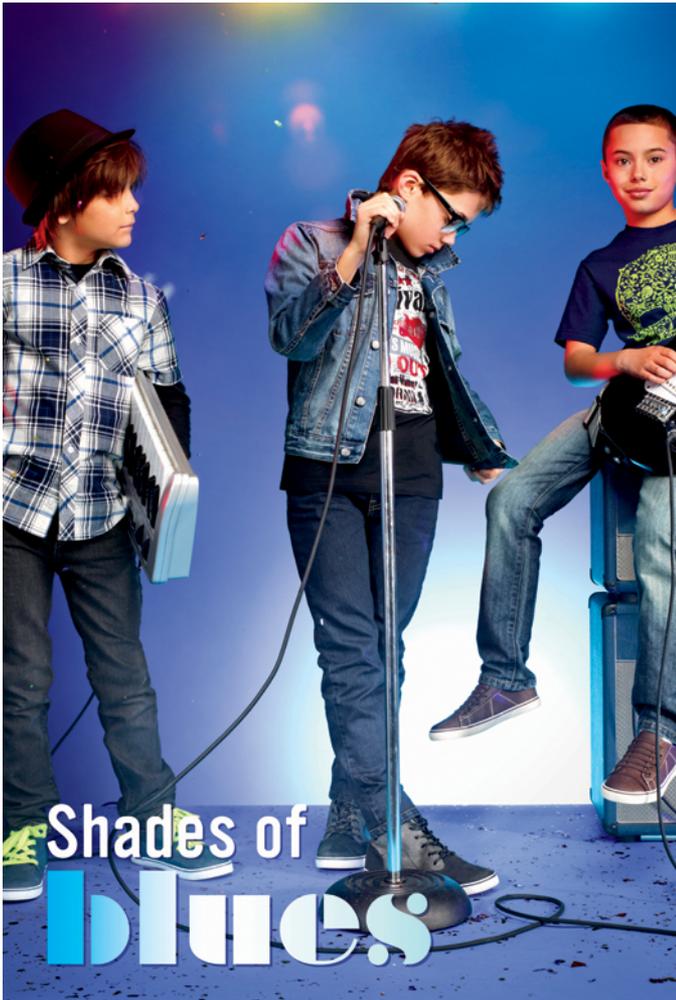
**Technology
Initiatives to
Transform
Business**

**Fleet
Optimization**

**New
Channels of
Distribution**

Operational Excellence

Trend-Right and Differentiated Assortments



- Strong, consistent product execution
- Differentiated merchandise is resonating with customers
- Head to toe outfitting, including apparel, accessories and footwear

Made-for-Outlet Strategy

Transitioned from “clearance center” model to more profitable “outlet exclusive” model

- Made-for-outlet product is 80% of the assortment
- Merchandise margins improving – goal is to have MM parity between Place stores and Outlets



Digital Marketing

Focus on Digital Communications



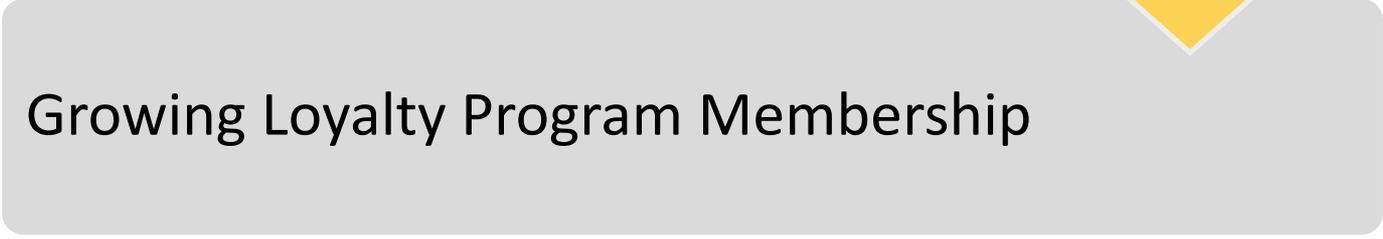
Enhancing Customer Relationship Management Capabilities (CRM)



Leader in Social Media Space



Growing Loyalty Program Membership



Technology Initiatives to Transform the Business

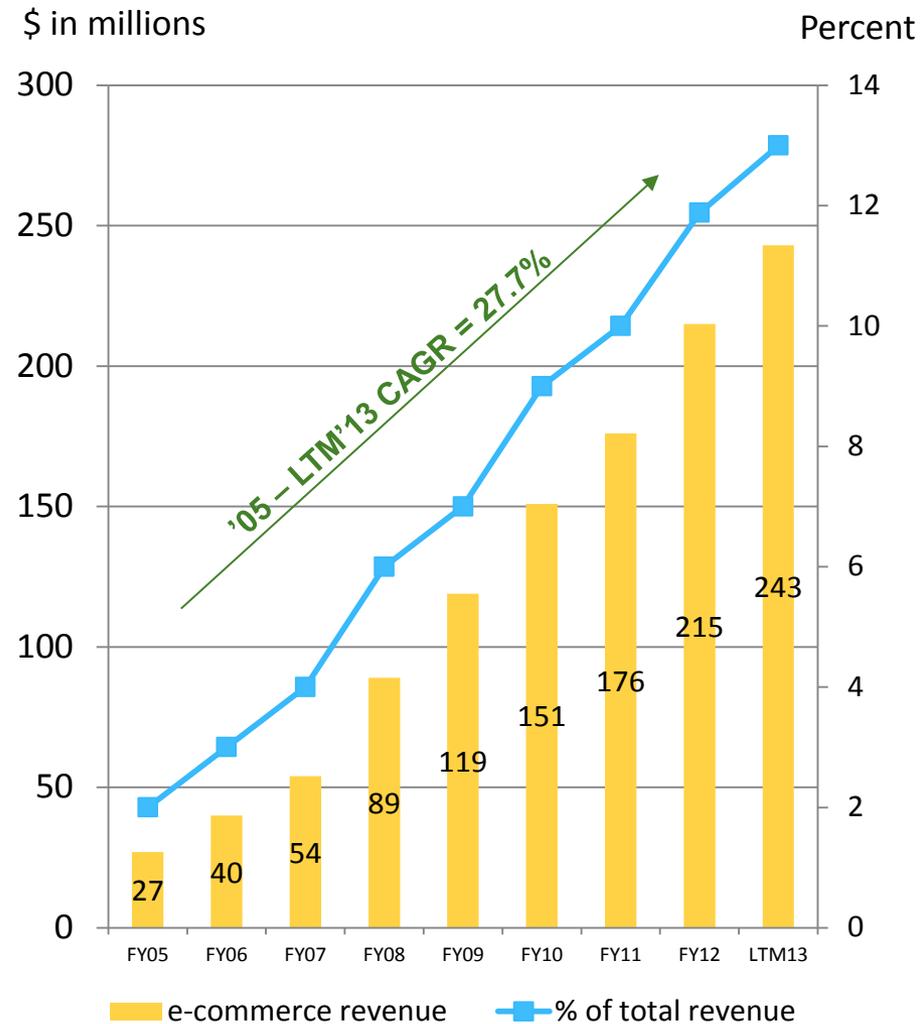
Investing in systems to enhance capabilities

- ERP Implementation
 - Complete installation of SAP core merchandise module 1H 2014
 - Add sophisticated planning, allocation and replenishment tools 2H 2014
- Upgrade eCommerce infrastructure to support rapid growth
 - Migrating U.S. and International website to new platform 1H 2014

E-Commerce Growth

Online business growing rapidly

- Accounted for 15% of sales during 3Q
- Childrensplace.com offers expanded sizes and exclusive products
- Company's most profitable channel



North American Fleet Optimization

Focused on improving fleet productivity and 4-wall profitability

- Closing 110 underperforming stores over next 3 years; 43 in FY13
- Reviewing options to improve financial viability of additional stores
- Slowing new store openings to ~25-30 annually in North America; square footage ~flat
- Increasing hurdle rates for new stores

Fleet Facts

- 1,123 stores in N. America
- 88% in US
 - 12% in Canada
- Brand performs well across variety of formats
- 54% Premium Malls
 - 22% Value Centers & Small Markets
 - 12% Outlets
 - 12% Street/Strip/Other

New Channels of Distribution: International and Wholesale

International Expansion

- Void of high-quality, value children's apparel retailers internationally
- On-track to have 36 stores in the Middle East by year-end 2013
- Expect to have ~55-60 stores in Middle East and Israel by end of 2014
- Exploring additional markets for 2014 and beyond

Wholesale Business

- Expanded wholesale customer base in 2Q13
- In strategic discussion with additional retailers

Over next few years, these new channels are expected to increase in scale and help drive sales and operating margin growth

Operational Excellence

- Efficient global supply chain
 - Strategic sourcing
 - Logistics and Distribution
- Company-wide expense management
- Improving store operations and customer experience
- Professional, strategic staff support
 - Finance, Legal, Human Resources, Compliance/Regulatory

**Strong base to support other
strategic initiatives**

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Year-to-Date Financial Results (Q1-Q3)

YTD 2013/12/11 Income Statement Summary			
	YTD'13	YTD'12	YTD'11
Adj EPS	\$2.30	\$2.23	\$1.98
<i>% Chg</i>	+3%	+13%	+13%
Net Sales	\$1,298.3	\$1,300.3	\$1,258.4
<i>% Chg</i>	0%	+3%	+3%
Adj Gross Margin	37.9%	38.7%	39.5%
<i>Deleverage/Leverage</i>	-80 bps	-80 bps	+50 bps
Adj SG&A % of Sales	28.1%	28.5%	28.3%
<i>Leverage/Deleverage</i>	+40 bps	-20 bps	-90 bps
Adj Operating Margin	6.1%	6.2%	6.7%
<i>Deleverage</i>	-10 bps	-50 bps	-20 bps

Source: Company filings and press releases. Figures in millions of USD (except EPS). First three quarters ended November 2, 2013, October 27, 2012, October 29, 2011.

Note: Adj measures are non-GAAP and exclude transactions that are not indicative of the performance of the core business. A reconciliation of GAAP and non-GAAP measures is provided in the Company's third quarter 2013 earnings release which is available at <http://investor.childrensplace.com>

Company Outlook

Company Guidance as of 11/26/13

	4Q 2013	FY 2013
Adj EPS	\$0.90 to \$0.98	\$3.20 to \$3.28
Comp Sales	Negative LSD	Negative LSD
Adj Gross Margin	Deleverage 20 to 60 bps	Deleverage 50 to 70 bps
Adj SG&A % of Sales	Approximately flat	Leverage 20 to 40 bps

Strong Balance Sheet and Cash Flow

- \$194 million on balance sheet to fund growth opportunities
- Returning excess cash to shareholders through share repurchase program

Fiscal 2013	\$ millions
Beginning Cash (3Q'12)	\$203
LTM Cash Flow from Operations	161
LTM Capital Expenditures	(76)
Share Repurchase Program	(96)
Other	2
Ending Cash and Short Term Investments (3Q'13)	\$194

Source: Company filings and press releases.

Long Term Operating Margin Expansion

Key Focus: Generate steady increases in operating margin

Revenue Growth Drivers

- Enhanced merchandise and assortments
- Slightly positive comp sales; rapid e-com growth
- Incremental international and wholesale revenue

Margin Expansion Opportunity

- Modest merchandise margin expansion
- Supply Chain optimization
- Outlet strategy and outsized growth in e-commerce
- Alternate channels of distribution
- Systems implementation
- Improved inventory management

SG&A Flat-to-Slightly Leverage As % of Sales

- More stringent focus on cost control
- Leverage fixed expense

Wrap-Up

- Strong leadership team in place
- Strategic initiatives underway to drive growth
- Strong balance sheet and cash flow
- Committed to delivering sustainable, profitable growth



THE CHILDREN'S
PLACE