



*Generating Value on the Road to Destination XL®*

Investor Presentation  
March 2013

# Safe Harbor

Certain information contained in this presentation, including, but not limited to, cash flows, operating margins, store counts, earnings expectations for fiscal 2012 and estimates through fiscal 2016, constitute forward-looking statements under the federal securities laws. The discussion of forward-looking information requires management of the Company to make certain estimates and assumptions regarding the Company's strategic direction and the effect of such plans on the Company's financial results. Such forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those indicated. Such risks and uncertainties may include, but are not limited to: the failure to implement the Company's business plan for increased profitability and growth in the Company's retail stores sales and direct-to-consumer business, the failure to achieve improvement in the Company's competitive position, changes in or miscalculation of fashion trends, extreme or unseasonable weather conditions, economic downturns, a weakness in overall consumer demand, trade and security restrictions and political or financial instability in countries where goods are manufactured, increases in raw material costs from inflation and other factors, the interruption of merchandise flow from the Company's distribution facility, competitive pressures, and the adverse effects of natural disasters, war, acts of terrorism or threats of either, or other armed conflict, on the United States and international economies. These, and other risks and uncertainties, are detailed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended February 2, 2013 filed on March 15, 2013 and other Company filings with the Securities and Exchange Commission. Destination XL Group, Inc. assumes no duty to update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

# Who is Destination XL Group, Inc.?



Largest multi-channel specialty retailer in niche men's big and tall (B&T) market



Offering unique blend of wardrobe solutions

Private label & leading apparel name brands

# DXLG by the Numbers



1.5M Active customers



412

Retail Stores

90% Enrolled in loyalty program

85% Highest rated retailer  
in 2011 CSI  
Customer Survey



6 Brands

DXL  
DESTINATION XL

SHOES|XL

LivingXL

CASUAL|MALE XL

ROCHESTER  
CLOTHING



# Who is Our Customer?



Males with a waist size 40" and greater (40M men).

Determined by physical characteristic, not demographic.  
Not dependent on age, income, race or nationality



Seeking greater selection in size.  
Values convenience, selection and fit over price.



# Our Current Casual Male XL Stores



# What Our Customer Wants

**Large  
changing  
rooms**

**More brand  
selections**

**On-site  
tailoring**

**Bright  
atmosphere**

**Suggested  
wardrobe  
solutions**

**Wide aisles**

**One-stop  
shopping**



# Responding with Destination XL<sup>®</sup>

**2010**

Opened 4 DXL  
concept stores



**2012**

Opened 32  
DXL stores



**2011**

Opened 12  
DXL stores



**2013**

Expect to Open  
~60 DXL stores

Opportunity for accelerated growth and profitability











# Large Selection of Name Brands



MICHAEL KORS



Calvin Klein

JOHNSTON & MURPHY



# Casual Male XL vs. Destination XL<sup>®</sup>



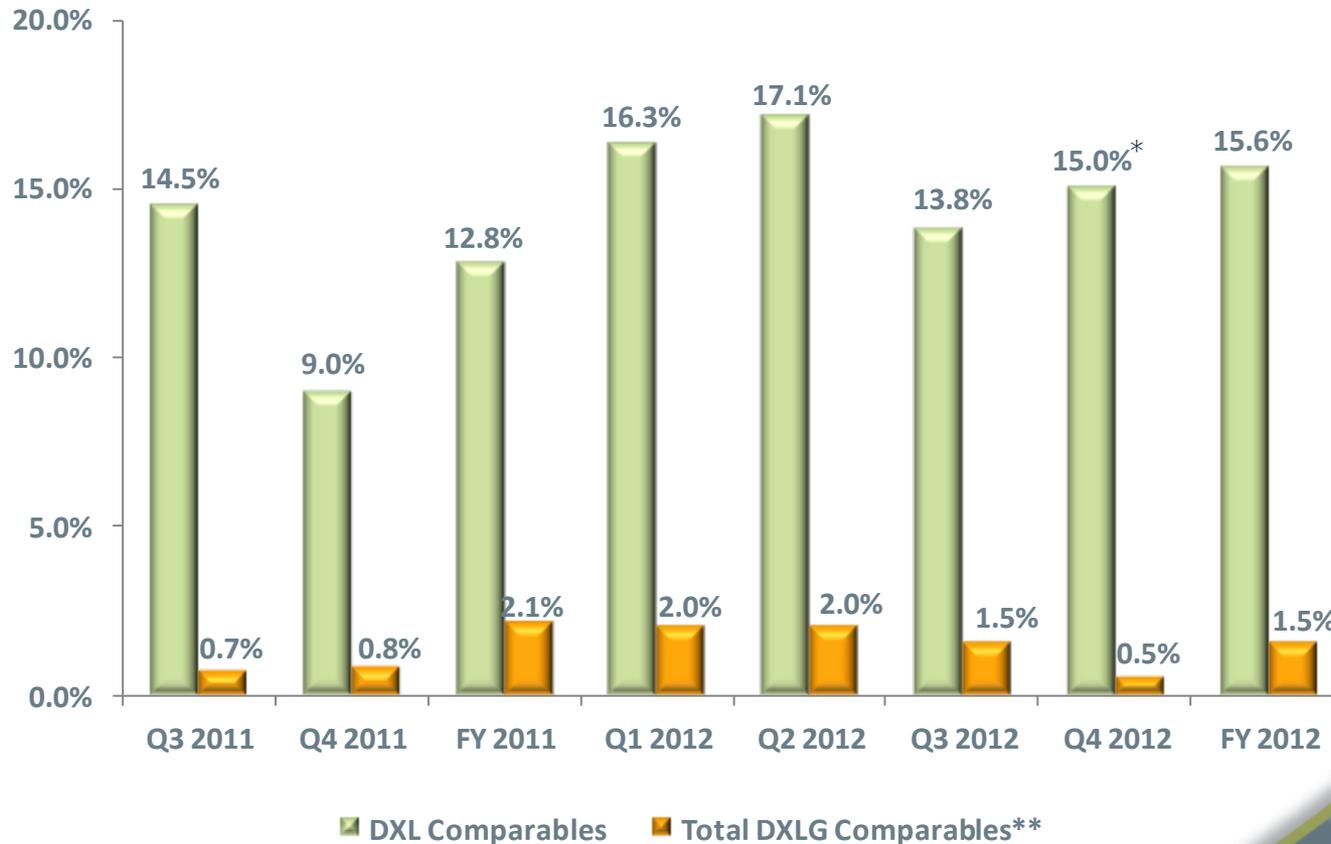
Average	CASUAL MALE XL	DXL DESTINATION XL <sup>SM</sup> Big on being better
Store size	3,600 sq. ft.	8,400 sq. ft.
Sales per sq. ft.	\$172	\$147 (\$230 by 2016)
Build out costs	\$50	\$70
Occupancy costs	\$30	\$30
Dollars per transaction	\$97	\$137
Style choices	600	2,000
Private label brands	10	15
Name brands	8	30

# Market Consolidation to DXL



Customers are willing to drive up to 20 miles

# DXL Comps Reflect Growth Opportunity



\* The 16 DXL stores opened for more than 1 year produced a 7.6% comp in Q4 2012

\*\* Total DXLG Comparables consist of all stores, including DXL stores and direct channel

# Compelling DXL Returns

Expect greater store productivity and profitability

Better leveraging of expenses -- occupancy, labor productivity and local/district management

Projecting higher 4-wall profits than combined profits of individual stores

Targeting between 25%-30% store operating margin

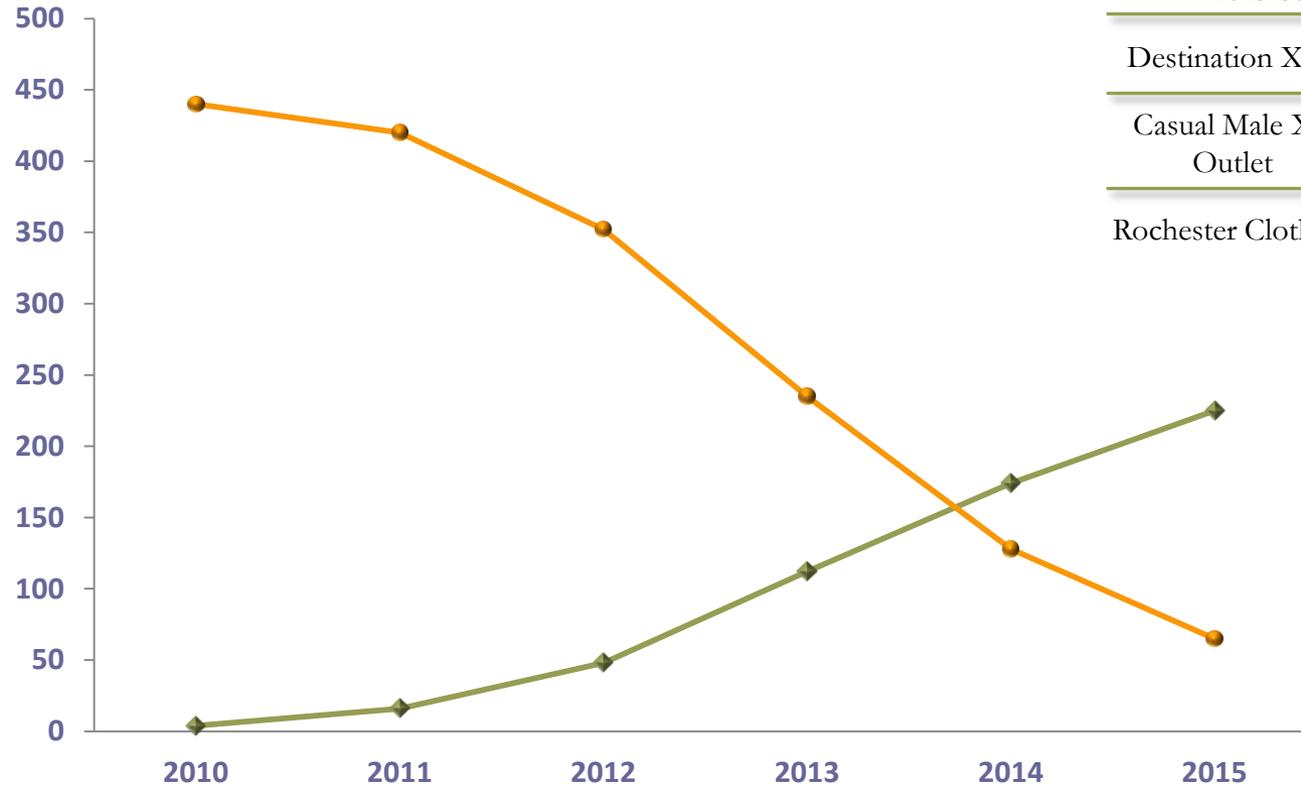
Potential to capture additional market share

Attract new customers  
Better cross-selling environment to capture greater share of apparel wallet from existing customers

Opportunity to improve operating margins

Expect to increase margins significantly after the transition to DXL is complete

# Accelerated DXL Openings



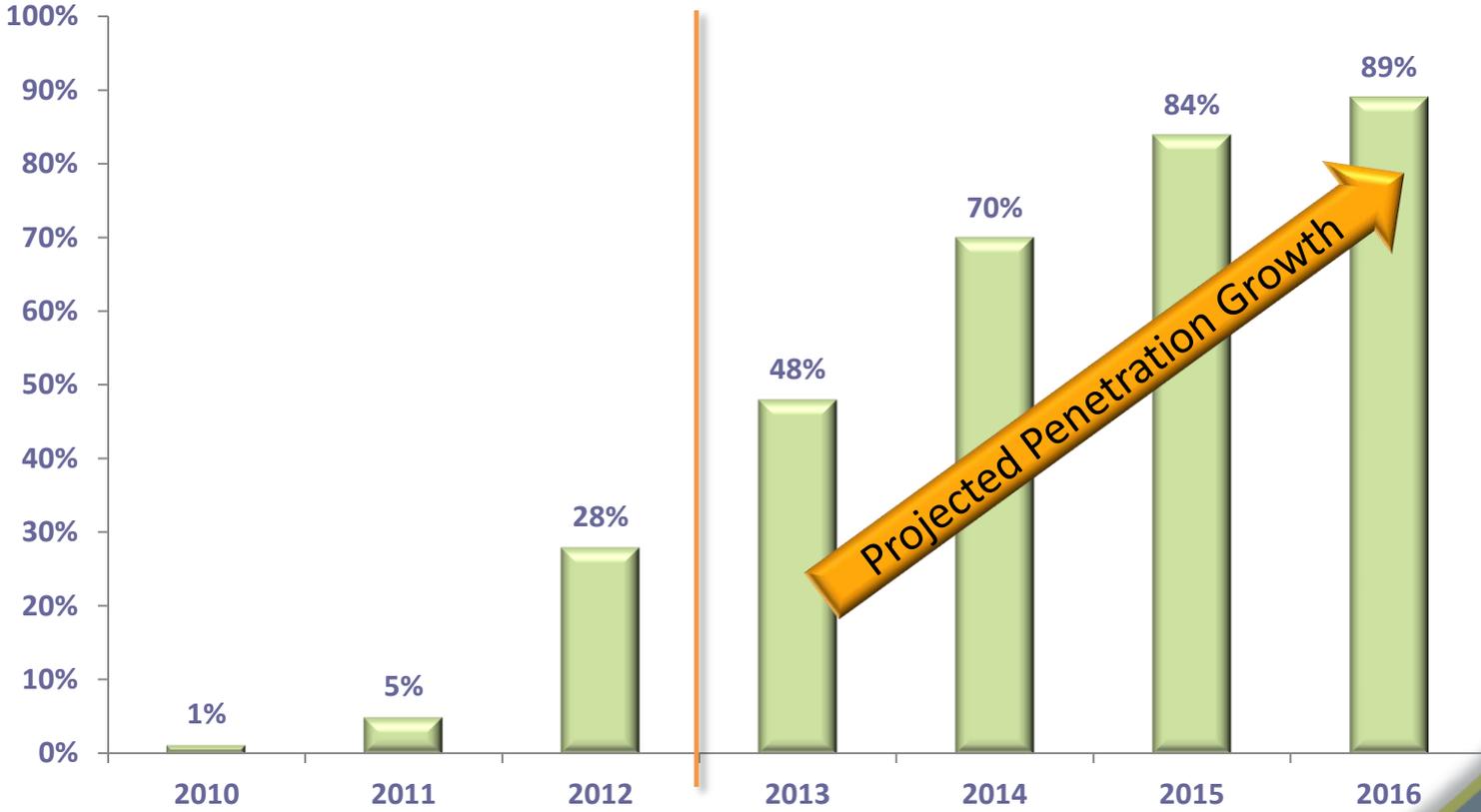
2015 Store Count Target	
Destination XL®	215-230
Casual Male XL Outlet	~60
Rochester Clothing	3-4

Total Stores: (460) (450) (412) (348-358) (308-318) (283-298)



Accelerated rollout based on success of DXL stores in 2011

# DXL Sales Increase as % of Total Revenue



\* DXL sales include direct sales via the DestinationXL.com website.

# Accelerated Rollout of DXL

## 2012

- ✓ Opened **32** DXL stores / Closed **70** stores
- ✓ Operating margins were approximately **3.5%**
- ✓ CapEx was **\$32.4M**

**2012 - 2014**

# Accelerated Rollout of DXL

## 2013

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Open **57-64** DXL stores / Close **110-119** stores

Sales of **\$415 - \$420M**

Expected borrowing level of **\$10 - \$15M** at year end

Commence new marketing strategy with incremental **\$10M** spend

Lease exit and asset impairment charges in the range of **\$3-\$4M<sup>1</sup>**

Operating margins of ~ **breakeven to 0.5%**

CapEx expected to **peak** at **\$45M<sup>2</sup>**

## 2014

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Open **60** DXL stores / Close **99** stores

Annual sales growth of ~ **10% - 15%**

Expected borrowing level of **\$10 - \$15M** at year end

Lease exit and asset impairment charges in the range of **\$3-\$4M<sup>1</sup>**

Operating margins of ~**4%**

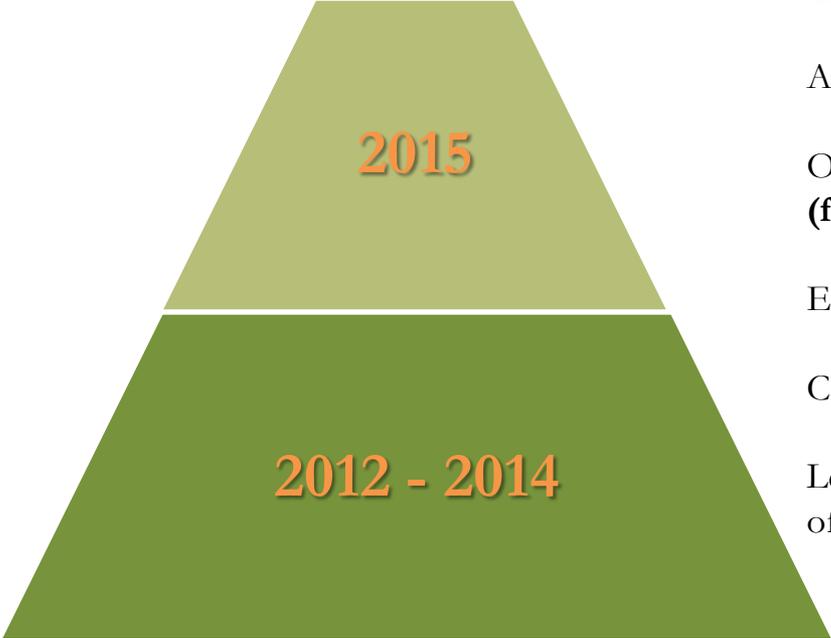
CapEx expected to be **\$40M**

**2012 - 2014**

<sup>1</sup> Net of subleases

<sup>2</sup> Net of expected tenant allowances

# Accelerated Rollout of DXL



2015

2012 - 2014

## 2015

Complete rollout with **215 - 230** opened DXL stores and  
Closure of remaining **63** Casual Male XL anchor stores

Annual sales growth of **~10% – 15%**

Operating margins gain traction and increase to **~8%**  
(from **4.2%** in '11)

Expected ending cash balance of **\$5 - \$10M**

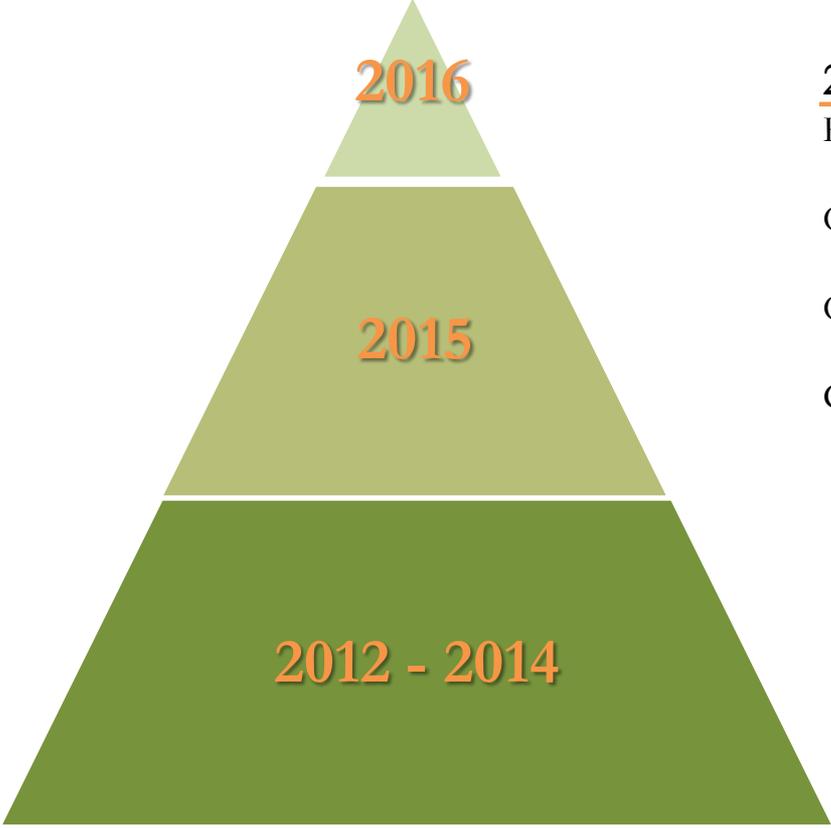
CapEx expected to be approximately **\$38M<sup>2</sup>**

Lease exit and asset impairment charges in the range  
of **\$2-\$3M<sup>1</sup>**

<sup>1</sup> Net of subleases

<sup>2</sup> Net of expected tenant allowances

# Accelerated Rollout of DXL



2016

**2016**

Full benefit of DXL concept drives revenue >**\$600M**

Open average of **10** DXL stores per year

Operating margins >**10%**

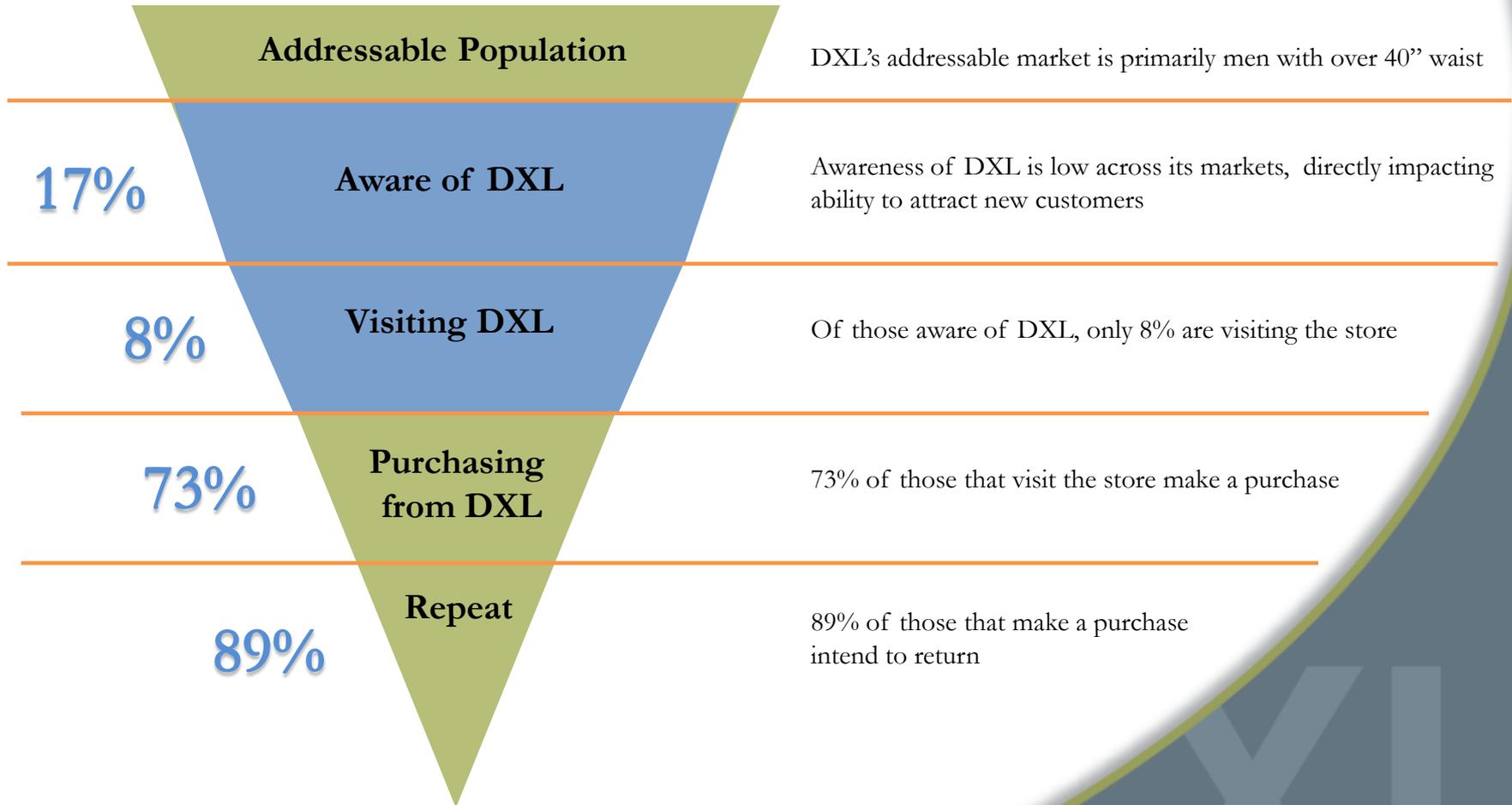
Generating free cash flow in the range of **\$60 - \$70M**

2015

2012 - 2014

# Increased Awareness = Opportunity

DXL Customer Purchase Funnel\*



\*Based on consumers' stated responses per L.E.K's survey within DXL markets

Source: L.E.K analysis

# Opportunity to Grow Market Share

- ★ Addressable Market = 40M Customers
- ★ 1.5M Currently Active Customers
- ★ Goal = Grow Customers by 40% Over 3 Years



Capture greater wallet share with DXL concept

Attract a broader customer audience with one-stop-shop

Target “end-of-rack” customers

Paradigm shift in marketing improves awareness

Grow direct business with new website

# Destination XL<sup>®</sup> Marketing Campaign

**Launched test campaign in 5 markets:**

Memphis, Minneapolis, Denver, Atlanta and Oklahoma City

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**Increased awareness by 100%  
in new markets & 38% in  
established markets**

**“End-of-rack” customer  
base grew by 38%**

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**Built Stronger Brand  
to Attract and Serve  
Customers**

**Results Demonstrate  
Ability to Grow  
Market Share**

# Established Effective Marketing Mix

6-Week Test Demonstrated TV, Radio and Digital is  
Most Effective Marketing Combination



**15% sales**



**24% traffic**



**64% new customer purchases**



**38% market awareness**



**84% web traffic**



**7% web sales**



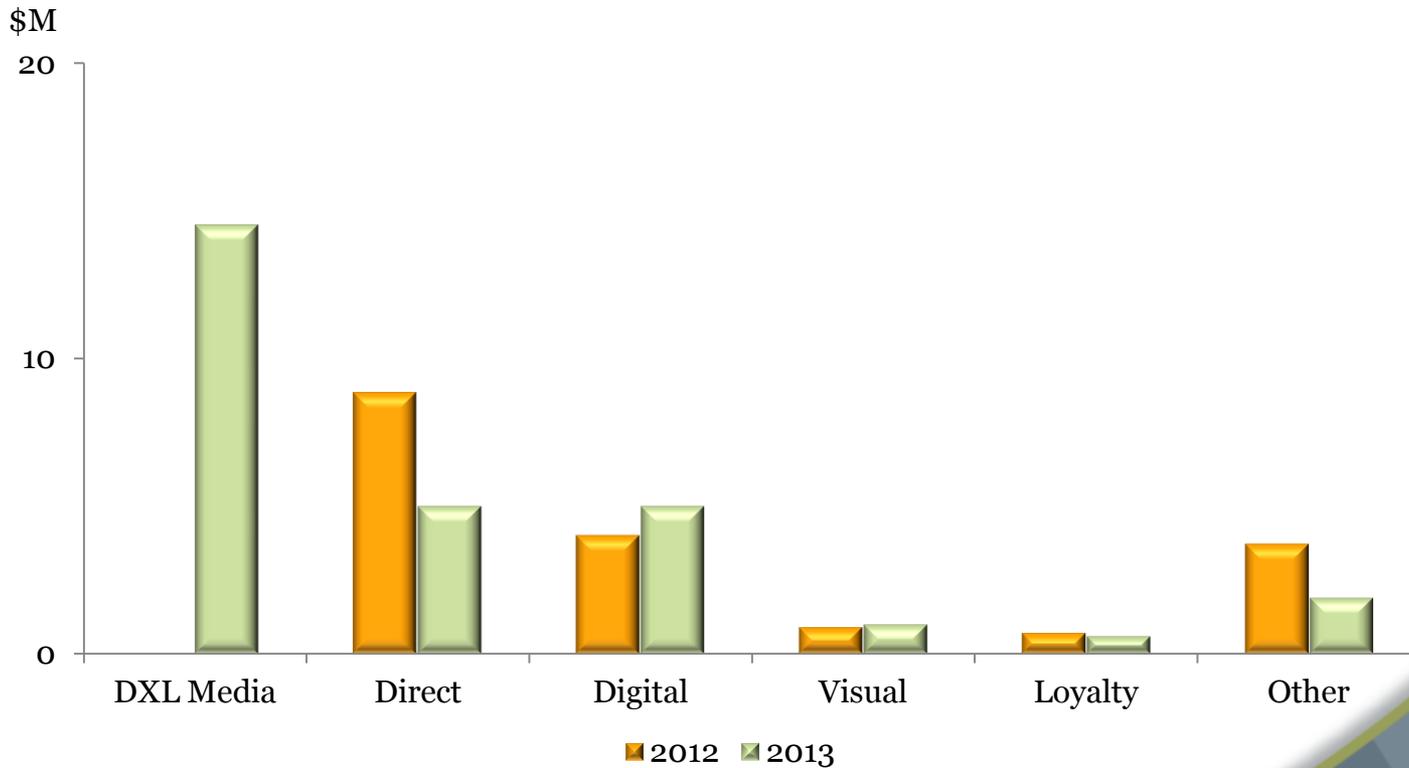
# DXL Test TV Commercial



Marketing to Customers in “No Man’s Land”

# 2013 Marketing Spend

- Increase marketing spend as percent of sales from 4.6% to 6.7%
- Launch national DXL Media marketing campaign in spring 2013



Total 50% Increase YOY  
to Drive DXL Awareness

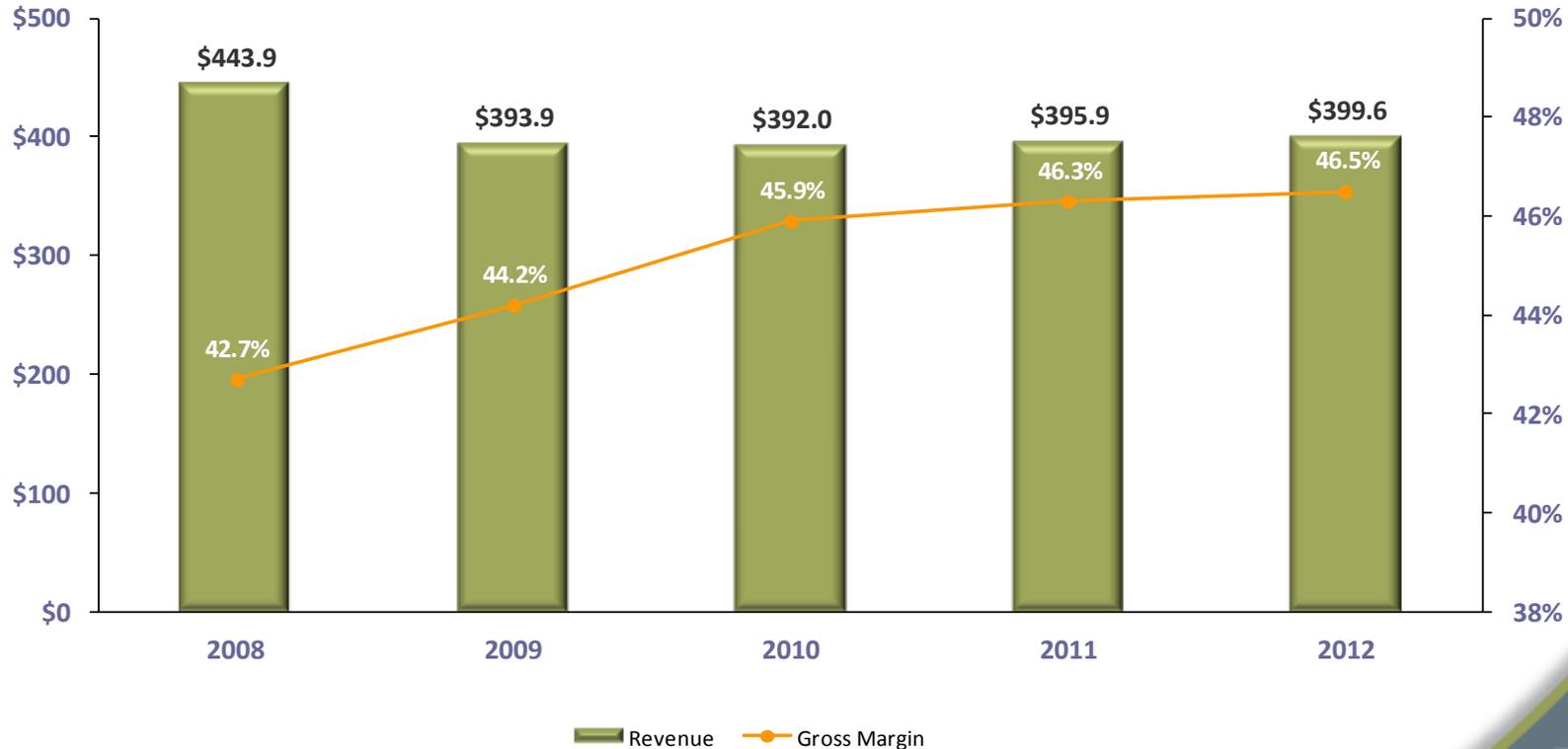
# Financial Performance

# Q4 2012 Results

- Comparable sales increased 0.5% and total sales were \$114.9M
- DXL stores represented 18% of comparable retail sales
- Comp sales for Casual Male XL stores decreased 2.3%
- U.S. direct e-commerce sales increased 13%
- Income from continuing operations was \$4.2 million, or \$0.09 per diluted share

# Sales and Gross Margin

Revenue (\$ mm)

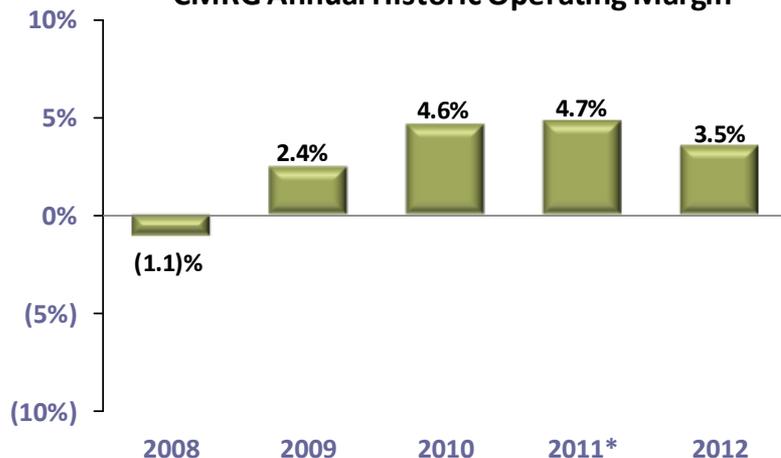


Strong gross margins provide opportunity for significant sales leverage

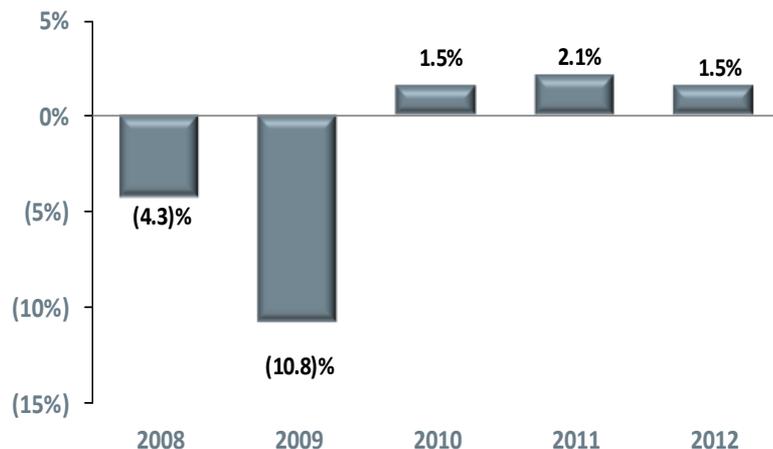
# Operating Margin & Comparable Sales

(continuing operations)

CMRG Annual Historic Operating Margin



CMRG Historical Annual Comp Sales

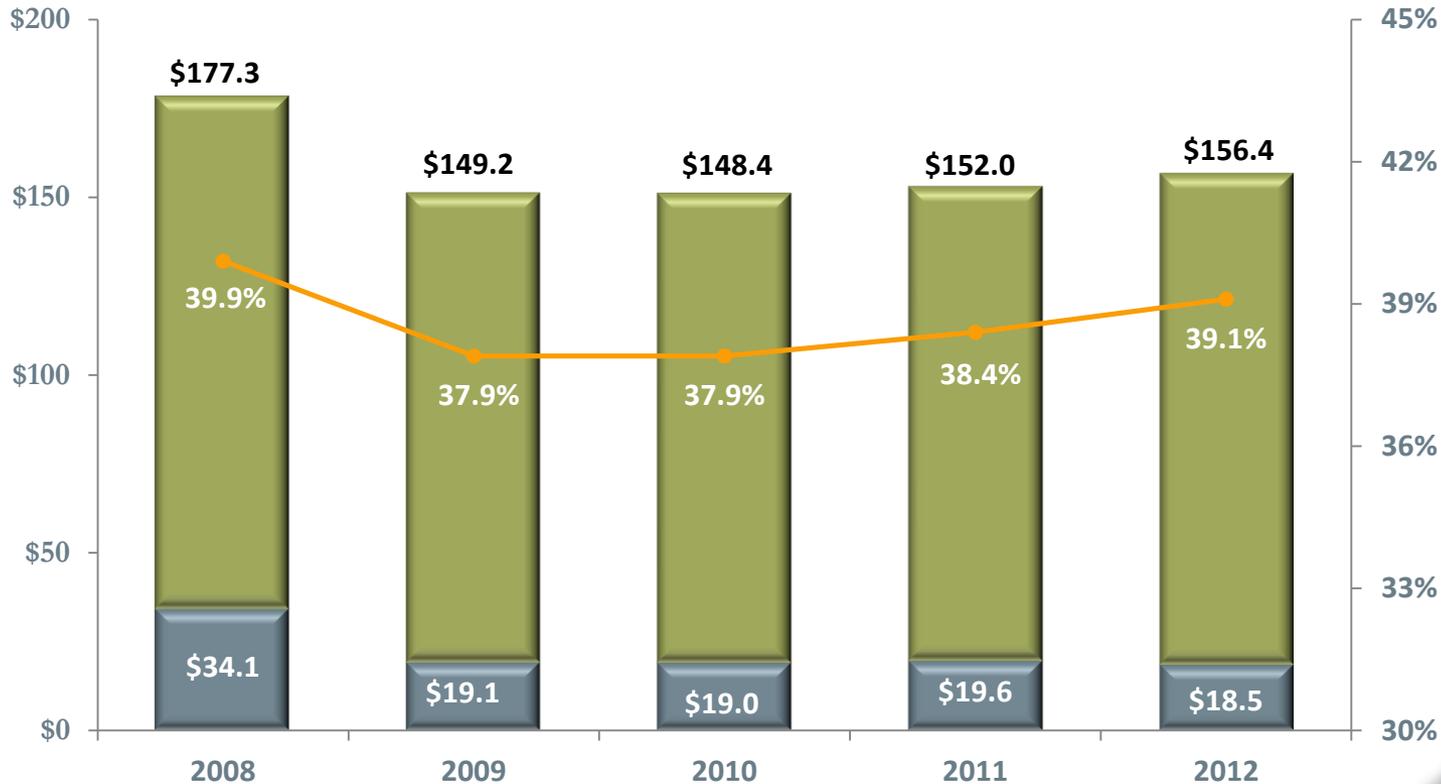


\* Before impairment charge of \$23.1m

Focus on improving operating margins  
through greater DXL sales

# Strict Expense Management

(\$ mm)



Marketing Expense

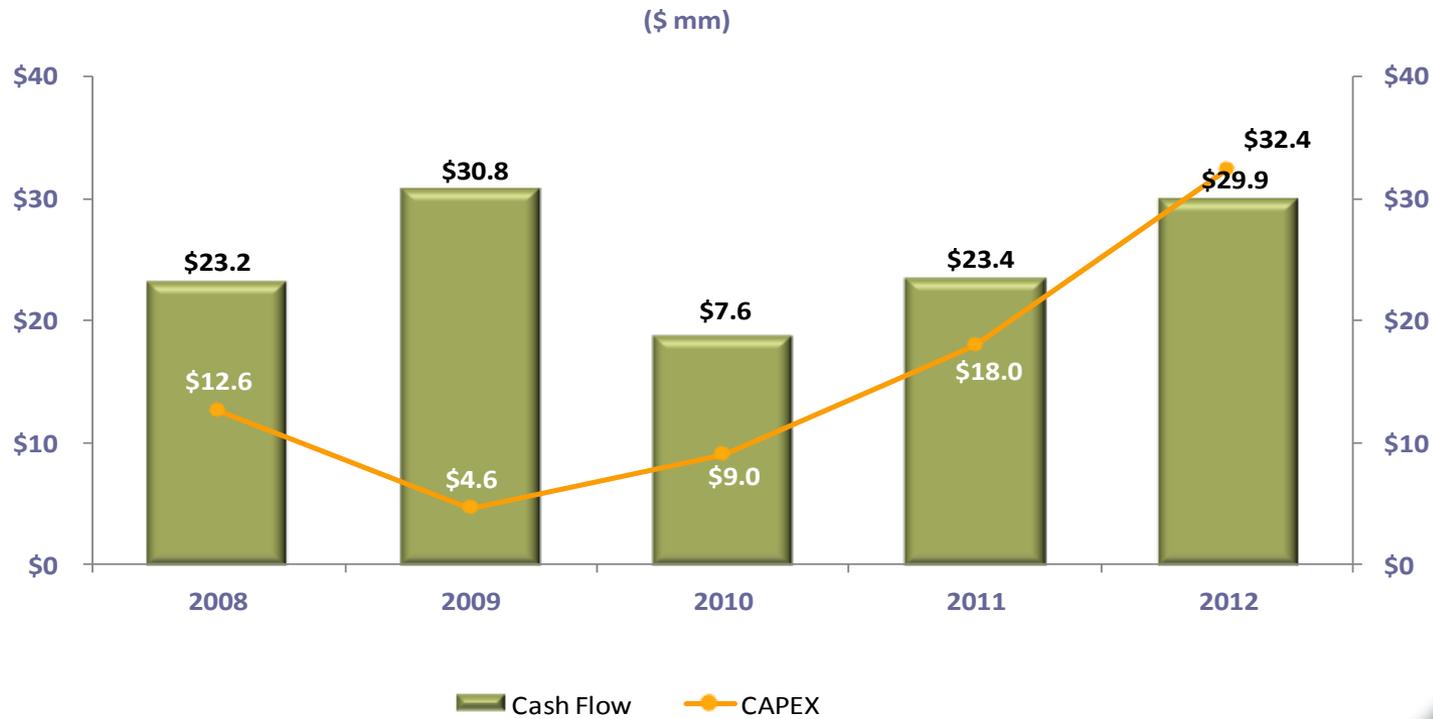
Total SG&A

SG&A as a Percentage of Sales

# Strong Debt-Free Balance Sheet

	2008	2009	2010	2011	2012
<b>Inventory</b>	\$98.6M	\$90.0M	\$92.9M	\$104.2M	<b>\$104.2M</b>
<b>Borrowing under revolver</b>	\$38.7M	\$3.5M	\$0	\$0	<b>\$0</b>
<b>Cash on hand</b>	\$5.0	\$4.3	\$4.1M	\$10.4M	<b>\$8.2M</b>
<b>Fixed term loan</b>	\$12.5M	\$7.6M	\$0	\$0	<b>\$0</b>

# Cash Flow and Capital Expenditures



# Why Invest in DXLG?

**Accelerated conversion to DXL  
concept creates compelling  
investment opportunity**

**Leader in large and growing  
B&T market**

**Strong gross margins; Ability  
to greatly improve operating  
margins**

**Three-year \$150M investment  
in DXL rollout to be funded  
primarily by free cash flow  
and deferred tax benefits**

**Significant market share/sales  
growth opportunity**

**Strong balance sheet  
with borrowing capacity**

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