

ANNUAL REPORT 2015/16

Consolidated revenue for the financial year 2015/16 amounted to DKK 2,665 million (DKK 2,638 million) corresponding to an increase of 1.0%, or 1.9% measured in local currency, compared to last financial year. The gross margin improved by 2.0 percentage points to 56.8% compared to the financial year 2014/15. The operating profit (EBIT) amounted to DKK 243 million (DKK 207 million) corresponding to an EBIT margin of 9.1% (7.8%). Both the revenue growth and the EBIT margin are in line with the most recently announced outlook for 2015/16.

The Board of Directors will propose at the Annual General Meeting 2016 a resolution recommending an ordinary dividend of DKK 5.00 per eligible share corresponding to a total dividend of DKK 85 million.

A summary of the financial performance for 2015/16 as well as the outlook for the financial year 2016/17 has been described below. The earnings development for Q4 2015/16 has been described on page 2. For your easy reference, a complete copy of the Annual Report 2015/16 has been attached as a pdf file, and it is also available on IC Group's homepage: icgroup.net.

Earnings development for the financial year 2015/16

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	2015/16	2014/15	Growth in		2015/16	2014/15	2015/16	2014/15
			Local currency	Reported growth				
Peak Performance	936	953	(1.4)%	(1.8)%	94	107	10.0%	11.2%
Tiger of Sweden	972	943	4.6%	3.1%	108	112	11.1%	11.9%
By Malene Birger	357	342	5.3%	4.4%	26	29	7.3%	8.5%
Premium brands	2,265	2,238	2.2%	1.2%	228	248	10.1%	11.1%
Other brands, etc.	400	400	0%	0%	15	(41)	3.8%	(10.3)%
Total	2,665	2,638	1.9%	1.0%	243	207	9.1%	7.8%

Outlook for the financial year 2016/17

The Group's Premium brands are expected to drive the total revenue development. Revenue growth is expected to be driven by both the whole-sale channel as well as the retail channel where new stores are expected to impact positively – both stores opened during the financial year 2015/16 as well as store openings planned for 2016/17. At present, the Group's Premium brands expect to open 10–15 new stores during the financial year 2016/17.

Specifically, we expect to realize a revenue growth rate measured in local currency of at least 6%. Based on the exchange rates of the Group's primary sales currencies (primarily SEK, NOK and GBP), this corresponds to a reported revenue growth rate of at least 5%.

The consolidated earnings are expected to be positively impacted by a higher gross margin whereas the number of store openings mentioned above will lead to a higher level of costs.

Consequently, we expect the Group's EBIT margin to attain a level of approx. 9%.

Investments for the financial year 2016/17 are expected to attain a level of approx. 3-5% of the annual revenue. These investments are undertaken to maintain existing assets – including store furniture and equipment – as well as in connection with new store openings (leasehold improvements and if necessary key money).

Copenhagen, 1 September 2016

IC Group A/S

Mads Ryder
Group CEO

Alexander Martensen-Larsen
Group CFO

Earnings development for Q4 2015/16

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	Q4 2015/16	Q4 2014/15	Growth in local cur- rency	Reported growth	Q4 2015/16	Q4 2014/15	Q4 2015/16	Q4 2014/15
Peak Performance	110	82	36.2%	34.1%	(43)	(38)	(39.1)%	(46.3)%
Tiger of Sweden	217	231	(4.8)%	(6.1)%	10	24	4.6%	10.4%
By Malene Birger	80	75	8.1%	6.7%	4	8	5.0%	10.7%
Premium brands	407	388	6.3%	4.9%	(29)	(6)	(7.1)%	(1.5)%
Other brands, etc.	102	105	(2.9)%	(2.9)%	3	(14)	2.9%	(13.3)%
Total	509	493	4.5%	3.2%	(26)	(20)	(5.1)%	(4.1)%

- Revenue from Peak Performance for Q4 2015/16 amounted to DKK 110 million (DKK 82 million) corresponding to a growth rate of 34.1% (36.2% measured in local currency). This significant growth was primarily driven by e-commerce, however, higher revenue reported from outlets also contributed. Furthermore, revenue was positively impacted by timing effects between Q3 and Q4 2015/16 amounting to approx. DKK 10 million. The revenue growth was equally reported in the Nordic region as well as Rest of Europe whereas revenue from Rest of the world was at the same level as Q4 2014/15. The operating loss for Q4 2015/16 amounted to DKK 43 million (loss of DKK 38 million) corresponding to a negative EBIT margin of 39.1% (negative EBIT margin of 46.3%). The operating loss for Q4 2014/15 was positively affected by a reversal of previously allocated write-downs and salary related costs of approx. DKK 12 million.
- Revenue from Tiger of Sweden for Q4 2015/16 declined by 6.1% (decline of 4.8% measured in local currency) to DKK 217 million (DKK 231 million) which is attributable to a shift in deliveries for part of the wholesale revenue corresponding to DKK 18 million delivered to customers in July as compared to June in 2014/15. After having adjusted for this, the growth rate measured in local currency would have been 3.1%. Revenue from the retail channel rose, which was particularly driven by e-commerce. The shift in deliveries had an impact on the markets in the Nordic region which consequently reported revenue reductions. Revenue from Rest of Europe was positively affected by, in particular, the growth rate of 40.3% reported in Germany. Also, Rest of the world reported revenue growth for Q4 2015/16. The operating profit for Q4 2015/16 amounted to DKK 10 million (DKK 24 million) corresponding to an EBIT margin of 4.6% (10.4%). The reduced profit was negatively impacted by higher costs due to management changes in respect of the brand CEO as well as store openings during the year under review.
- Revenue from By Malene Birger for Q4 2015/16 amounted to DKK 80 million (DKK 75 million) corresponding to a growth rate of 6.7% (8.1% measured in local currency). Revenue from the wholesale channel rose whereas strong e-commerce growth was not able to compensate the reduced revenue reported in physical retail stores. Consequently, revenue from the retail channel decreased in Q4 2015/16 compared to the same period last financial year. Revenue from both the Nordic region as well as Rest of Europe rose whereas Rest of the world reported lower revenue. The operating profit amounted to DKK 4 million (DKK 8 million) corresponding to an EBIT margin of 5.0% (10.7%).
- Revenue from the Group's Other brands for Q4 2015/16 amounted to DKK 101 million which is at the same level as the corresponding period last year (rose by 0.6% measured in local currency). Saint Tropez reported higher revenue for Q4 2015/16 whereas Designers Remix reported a revenue reduction. The operating profit rose by DKK 4 million to DKK 12 million due to a higher gross margin in Saint Tropez and lower costs in Designers Remix. The EBIT margin amounted to 11.9% (7.9%).
- A total growth rate of 11.9% reported in the retail channel contributed in general to the higher consolidated revenue for Q4 2015/16 – driven by Peak Performance and Tiger of Sweden. The shift in deliveries in Tiger of Sweden had a negative impact on the consolidated wholesale revenue which consequently decreased by 2.6%. Consolidated revenue for Q4 2015/16 amounted to DKK 509 million (DKK 493 million) corresponding to a growth rate of 3.2% (4.5% measured in local currency).
- The gross profit for Q4 2015/16 rose by DKK 18 million to DKK 291 million, and the gross margin was improved by 1.8 percentage points to 57.2% which is primarily attributable to higher margins on sold products.
- Capacity costs rose by DKK 24 million to DKK 317 million which is primarily attributable to costs in connection with store openings during the financial year 2015/16 and management changes in respect of the CEO of Tiger of Sweden as well as the mentioned reversal of write-down and costs in Peak Performance for Q4 2014/15. Q4 2014/15 was negatively impacted by idle capacity costs amounting to DKK 8 million.
- The operating loss for Q4 2015/16 amounted to DKK 26 million (loss of DKK 20 million) corresponding to a negative EBIT margin of 5.1% (negative EBIT margin of 4.1%).
- The working capital constituted 11.8% of the trailing 12 months revenue compared to 10.2% for the same period last financial year. The increase is primarily driven by higher inventories attributable to increased pre-order sales of the autumn collections from Peak Performance, opening of a number of new stores as well as higher SSP inventories as a consequence of the new implemented "Never-out-of-stock" programmes in both Tiger of Sweden and Peak Performance.
- Return on invested capital amounted to 33.0% compared to 31.4% at 30 June 2015. This increase is driven by the operating profit.

Information meeting

IC Group A/S will host an information meeting for investors, analysts and other stakeholders on Thursday 1 September 2016 at 10.00 a.m.

The information meeting will be held in English via audiocast and telephone, and it will be possible to raise questions online using the relevant chat function or telephone. To participate in the information meeting online, please use the link below which is also available on our corporate website icgroup.net under Investors:

<http://edge.media-server.com/m/p/57d2gmr6>

To participate in the telephone conference, please dial in using the below-listed telephone numbers.

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Forward-looking statements

This announcement contains forward-looking statements, including statements regarding the Group's future operating profit, financial position, inventory, cash flows, Group and brand strategies as well as plans for the future. Forward-looking statements include, without limitation, any statement that may predict, indicate or imply future results, performance or achievements, and may contain the words "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on Management's reasonable expectations and forecasts at the time of disclosure of this announcement. Any such statements are subject to risks and uncertainties and a number of different factors, of which many are beyond IC Group A/S' control, can mean that the actual development and actual result will differ significantly from the expectations contained in this announcement. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues. Accordingly, forward-looking statements should not be relied on as a pre-diction of actual results.

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