

ANNUAL REPORT 2017/18

Revenue from the Group's continuing operations declined by 9.2% measured in local currency to DKK 1,535 million (DKK 1,714 million). The gross margin was 1.0 percentage point higher than last financial year which, however, was affected negatively by higher than normal write-downs during Q4 2016/17. Costs were significantly lower compared to 2016/17 attributable to the cost-saving measures implemented in the corporate functions as a consequence of the restructuring process. However, significant non-recurring costs in connection with the start-up of this restructuring process had an impact on the financial year 2016/17. The operating profit (EBIT) amounted to DKK 57 million (DKK 24 million) corresponding to an EBIT margin of 3.7% (1.4%).

The operating profit of continuing operations amounted to DKK 36 million (DKK 16 million). Peak Performance was divested with effect as at 29 June 2018 and is consequently presented as discontinued operations. The accounting gain from the divestment amounted to approx. DKK 1.5 billion.

For the Group as a whole, revenue declined by 3.9% measured in local currency to DKK 2,602 million (DKK 2,749 million), and the operating profit amounted to DKK 184 million (DKK 125 million) corresponding to an EBIT margin of 7.1% (4.5%). Both the revenue growth and the EBIT margin are in line with the most recent outlook communicated by the Company on 12 July 2018.

Please find below a summary of the financial performance for 2017/18 as well as the outlook for the financial year 2018/19. The financial performance for Q4 2017/18 has been described on page 4. For your easy reference, a complete copy of the Annual Report 2017/18 has been attached as a pdf file, and it is also available on IC Group's homepage on: icgroup.net.

Financial performance for 2017/18

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	2017/18	2016/17	Growth in local currency	Reported growth	2017/18	2016/17	2017/18	2016/17
Tiger of Sweden	860	963	(9.0)%	(10.7)%	47	67	5.5%	7.0%
By Malene Birger	333	351	(4.0)%	(5.1)%	18	3	5.4%	0.9%
Saint Tropez	265	315	(15.3)%	(15.9)%	(20)	2	(7.5)%	0.6%
Designers Remix	73	85	(14.1)%	(14.1)%	5	8	6.8%	9.4%
Reportable segments	1,531	1,714	(9.4)%	(10.7)%	50	80	3.3%	4.7%
Unallocated items and eliminations	4	-	n.a.	n.a.	7	(56)	n.a.	n.a.
Continuing operations	1,535	1,714	(9.2)%	(10.4)%	57	24	3.7%	1.4%
Peak Performance	1,067	1,035	4.8%	3.1%	127	101	11.9%	9.8%
Total	2,602	2,749	(3.9)%	(5.3)%	184	125	7.1%	4.5%

Reconciliation to consolidated income statement	2017/18	2016/17
Continuing operations:		
Operating profit (EBIT) cf. above	57	24
Financial income	25	8
Financial costs	(35)	(11)
Profit before tax	47	21
Tax on profit for the year of continuing operations	(11)	(5)
Profit for the year of continuing operations	36	16
Discontinued operations (Peak Performance):		
Operating profit (EBIT) cf. above	127	101
Financial income	3	-
Gain on sale of businesses	1,475	-
Profit before tax	1,605	101
Tax on profit for the year of discontinued operations	(35)	(25)
Profit for the year of discontinued operations	1,570	76
Profit for the year	1,606	92

Outlook for the financial year 2018/19

Following the divestment of IC Group's largest and most profitable brand; Peak Performance, the Board of Directors has determined to change the Company's business model entailing that IC Group will become a listed holding company owning shares in the remaining brands. The Board of Directors will continuously consider when it is in the best interest of the shareholders to divest these brands.

The Group's changed business model will result in tasks previously undertaken by IC Group are transferred to and performed by the individual brands in the future to the effect that these brands become independent units with their own support functions. In addition, the Group is also considering divesting its Logistics function.

The transformation of IC Group is expected to be completed during the financial year 2019/20. Non-recurring costs in relation to the transformation are expected to amount to approx. DKK 55 million – approx. DKK 35 million for the financial year 2018/19 and approx. DKK 20 million for the financial year 2019/20. As of the financial year 2020/21, the annual savings are expected to be in the region of DKK 25 million. The exact amounts as well as the distribution between the individual financial years will depend on the implementation of the transformation.

For the financial year 2018/19, a flat revenue development for the remaining brands in total, measured in local currency, is expected. The EBIT margin is expected to be realized at a level of 0-1% prior to the above-mentioned non-recurring costs.

In Tiger of Sweden, revenue is expected to increase while the nominal earnings are expected at the same level as last financial year. Growth will primarily be driven by international wholesale revenue and e-commerce, while higher costs for staff and marketing will have a negative impact on earnings.

In By Malene Birger, revenue is also expected to increase while the nominal earnings are expected at the same level as last financial year. Growth will primarily be driven by pre-order revenue and e-commerce, while higher staff costs will have a negative impact on earnings.

In Saint Tropez, revenue is expected to continue to decline while the nominal earnings are expected to improve compared to last financial year. The lower revenue will be driven by both the wholesale channel as well as the retail channel where a number of stores have been and will be closed. Cost-cutting measures implemented during the financial year 2017/18 will have a positive impact on earnings.

Finally, in Designers Remix, both revenue and nominal earnings are expected to be reduced. The setback will primarily be driven by a lower wholesale revenue.

The line item "Unallocated items and eliminations" will be negative as it will be affected negatively by changed allocation principles in respect of costs in the corporate functions as well as idle costs in respect of the head office after the divestment of Peak Performance. Combined, these amount to approx. DKK 30 million.

Investments for the financial year 2018/19 are expected to amount to approx. 4% of annual revenue primarily driven by Tiger of Sweden.

Outlook overview (before non-recurring costs)

DKK million	Original outlook 2017/18	Most recent outlook 2017/18	Realized 2017/18	Outlook 2018/19
Revenue growth measured in local currency	minor revenue decline	minor revenue decline	(3.9)%	flat revenue development
Tiger of Sweden	revenue decline	revenue decline	(9.0)%	revenue growth
By Malene Birger	moderate revenue decline	moderate revenue decline	(4.0)%	revenue growth
Saint Tropez	n.a.	significant revenue decline	(15.3)%	revenue decline
Designers Remix	n.a.	n.a.	(14.1)%	revenue decline
EBIT margin	approx. 5%	approx. 7%	7.1%	0-1%
Tiger of Sweden (DKK million)	significantly reduced earnings	significantly reduced earnings	47	nominal earnings at same level
By Malene Birger (DKK million)	significant earnings improvement	significant earnings improvement	18	nominal earnings at same level
Saint Tropez (DKK million)	n.a.	negative earnings	(20)	improved nominal earnings
Designers Remix (DKK million)	n.a.	n.a.	5	reduced nominal earnings
Investments (in proportion to revenue)	3-4%	2-3%	2.3%	approx. 4%

Dividend and share buy-back

The Board of Directors will propose at the Annual General Meeting 2018 a resolution recommending a total ordinary dividend of DKK 83 million in respect of the financial year 2017/18. As no dividend is paid on the Company's treasury shares, the dividend corresponds to at least DKK 5.00 per eligible share depending on the result of the announced share buy-back programme, cf. Company Announcement no. 18/2018 dated 28 August 2018.

Furthermore, in respect of distributing the total net proceeds of DKK 1.75 billion deriving from the divestment of Peak Performance, the Board of Directors has decided, in accordance with the authorization granted at the last annual general meeting, to initiate a buy-back of up to 1,709,085 shares corresponding to 10% of the Company's total share capital. For further information on the share buy-back programme, please see separate Company Announcement no. 18/2018 dated 28 August 2018. The Board of Directors expects to propose to have all of the Company's treasury shares cancelled through a capital reduction at the Company's next annual general meeting. Immediately after the expected completion of the share buy-back programme, the remaining net proceeds from the divestment of Peak Performance will be determined in order to distribute it as extraordinary dividend to the shareholders. The exact amount of the expected extraordinary dividend will be communicated in a company announcement at the same time as announcement of the result of the share buy-back programme. Payment of the extraordinary dividend is expected to be effectuated on 20 September 2018.

Copenhagen, 28 August 2018

IC Group A/S

Financial performance for Q4 2017/18

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	Q4	Q4	Growth	Reported	Q4	Q4	Q4	Q4
	2017/18	2016/17	in local currency	growth	2017/18	2016/17	2017/18	2016/17
Tiger of Sweden	188	200	(3.0)%	(6.0)%	(15)	(27)	(8.0)%	(13.5)%
By Malene Birger	75	82	(7.3)%	(8.5)%	1	(7)	1.3%	(8.5)%
Saint Tropez	56	77	(26.6)%	(27.3)%	(4)	(4)	(7.1)%	(5.2)%
Designers Remix	10	16	(37.5)%	(37.5)%	(3)	(1)	(30.0)%	(6.3)%
Reportable segments	329	375	(10.3)%	(12.3)%	(21)	(39)	(6.4)%	(10.4)%
Unallocated items and eliminations	3	(3)	n.a.	n.a.	(15)	(20)	n.a.	n.a.
Continuing operations	332	372	(9.5)%	(10.8)%	(36)	(59)	(10.8)%	(15.9)%
Peak Performance	100	121	(15.2)%	(17.4)%	(36)	(44)	(36.0)%	(36.4)%
Total	432	493	(10.3)%	(12.4)%	(72)	(103)	(16.7)%	(20.9)%

Financial performance of continuing operations

- Revenue from Tiger of Sweden for Q4 2017/18 declined by 6.0% (decline of 3.0% measured in local currency) to DKK 188 million (DKK 200 million). Revenue from the wholesale channel increased, and the revenue decline was consequently driven by the retail channel and in particular physical stores. The same-store revenue declined by 12.9%. On all geographical markets, with a few exceptions, revenue declines were reported. Tiger of Sweden generated an operating loss of DKK 15 million (operating loss of DKK 27 million) corresponding to a negative EBIT margin of 8% (negative EBIT margin of 13.5%). This development is attributable to the lower revenue while the higher gross margin contributed to the EBIT margin improvement. However, the financial performance for 2016/17 was negatively impacted by higher than normal inventory write-downs as well as non-recurring costs in connection with distribution write-downs. After having adjusted for this, the EBIT margin was at the same level as last financial year.
- Revenue from By Malene Birger for Q4 2017/18 amounted to DKK 75 million (DKK 82 million) corresponding to a reduction of 8.5% (reduction of 7.3% measured in local currency) driven by both the wholesale channel as well as the retail channel. The same-store revenue decreased by 11.4%. On all geographical markets, with a few exceptions, revenue declines were reported. By Malene Birger realized an operating profit of DKK 1 million (operating loss of DKK 7 million) corresponding to an EBIT margin of 1.3% (negative EBIT margin of 8.5%). During Q4 2016/17, the financial performance was negatively affected by write-downs in the retail distribution in England and France. After having adjusted for this, The EBIT margin was at the same level as last financial year.
- Revenue from Saint Tropez for Q4 2017/18 declined by 27.3% (26.6% measured in local currency) to DKK 56 million (DKK 77 million) which is attributable to the wholesale channel as well as the retail channel. The same-store revenue was reduced by 19.2%. The revenue decline was driven by the Nordic region while markets outside the Nordic region reported growth. Saint Tropez realized an operating loss of DKK 4 million (operating loss of DKK 4 million) and a negative EBIT margin of 7.1% (negative EBIT margin of 5.2%) for Q4 2017/18.
- Revenue from Designers Remix for Q4 2017/18 declined by 37.5% (37.5% measured in local currency) to DKK 10 million (DKK 16 million) driven by both the wholesale channel as well as the retail channel. Same-store revenue from the retail channel decreased by 20.3%. The majority of the geographical markets in which the brand has operations reported revenue declines. Designers Remix realized an operating loss of DKK 3 million (operating loss of DKK 1 million) corresponding to a negative EBIT margin of 30.0% (negative EBIT margin of 6.3%) for Q4 2017/18.
- Total revenue from the Group's continuing operations for Q4 2017/18 amounted to DKK 332 million (DKK 372 million) corresponding to a reduction of 10.8% (reduction of 9.5% measured in local currency). Revenue from both the wholesale channel as well as the retail channel declined. The same-store revenue declined by 14.3%. During Q4 2017/18, no stores were opened or closed down.
- The gross profit of the Group's continuing operations declined by DKK 16 million to DKK 179 million for Q4 2017/18 while the gross margin increased by 1.6 percentage point to 53.9%. In Q4 2016/17, the gross margin was negatively impacted by higher than normal inventory write-downs in Tiger of Sweden.
- Capacity costs declined by DKK 42 million to DKK 214 million which to a large extent is attributable to the cost-saving measures implemented in the corporate functions. The cost ratio decreased by 4.3 percentage points to 64.5%. In Q4 2016/17, non-recurring costs of DKK 14 million were recognized in respect of the structural changes implemented in the corporate functions.
- The Group's continuing operations generated an operating loss of DKK 36 million for Q4 2017/18 (operating loss of DKK 60 million) corresponding to a negative EBIT margin of 10.8% (negative EBIT margin of 16.1%).
- At 30 June 2018, the working capital amounted to DKK 135 million corresponding to a reduction of DKK 183 million compared to 30 June 2017. This reduction is attributable to the divestment of Peak Performance as well as lower inventories primarily as a consequence of adjusting the amount of products on stock as well as lower purchases. The working capital constituted 8.8% of the trailing 12 months revenue compared to 11.6% for the same period last financial year.

Financial performance of discontinued operations

- Peak Performance generated a revenue for Q4 2017/18 of DKK 100 million (DKK 121 million) corresponding to a decline of 17.4% (decline of 15.2% measured in local currency). Revenue from both the wholesale channel as well as the retail channel declined. The same-store revenue was reduced by 16.9%. Revenue from the Nordic region and Rest of Europe decreased while revenue from outside Europe increased. Peak Performance generated an operating loss of DKK 36 million for Q4 2017/18 (operating loss of DKK 44 million) corresponding to a negative EBIT margin of 36.0% (negative EBIT margin of 36.4%) which is at the same level as last financial year.

	Tiger of Sweden Q4 2017/18 3 months	By Malene Birger Q4 2017/18 3 months	Saint Tropez Q4 2017/18 3 months	Designers Remix Q4 2017/18 3 months	Total continuing operations Q4 2017/18 3 months	Discontinued operations Q4 2017/18 3 months	Total Q4 2017/18 3 months
DKK million							
Total revenue	188	75	56	10	329	100	429
Wholesale and franchise	98	45	28	6	177	46	223
Retail, e-commerce and outlets	90	30	28	4	152	54	206
Growth compared to 2016/17 (%)	(6.0)	(8.5)	(27.3)	(37.5)	(12.3)	(17.4)	(13.5)
Growth in local currency compared to 2016/17 (%)	(3.0)	(7.3)	(26.6)	(37.5)	(10.3)	(15.2)	(11.4)
Operating profit/loss before depreciation and amortization (EBITDA)	(5)	3	(2)	(3)	(7)	(36)	(43)
EBITDA margin (%)	(2.7)	4.0	(3.6)	(30.0)	(2.1)	(36.0)	(10.0)
Depreciation, amortization and impairment losses	(10)	(2)	(2)	-	(14)	-	(14)
Operating profit/loss (EBIT)	(15)	1	(4)	(3)	(21)	(36)	(57)
EBIT margin (%)	(8.0)	1.3	(7.1)	(30.0)	(6.4)	(36.0)	(13.3)
Reconciliation of segment information of continuing operations							
Operating loss (EBIT), reportable segments					(21)		
Unallocated items and eliminations					(15)		
Operating loss (EBIT)					(36)		
Financial income					16		
Financial costs					(16)		
Loss before tax					(36)		
Tax on loss for the period					8		
Loss for the period					(28)		

	Tiger of Sweden Q4 2016/17 3 months	By Malene Birger Q4 2016/17 3 months	Saint Tropez Q4 2016/17 3 months	Designers Remix Q4 2016/17 3 months	Total continuing operations Q4 2016/17 3 months	Discontinued operations Q4 2016/17 3 months	Total Q4 2016/17 3 months
DKK million							
Total revenue	200	82	77	16	375	121	496
Wholesale and franchise	97	49	38	9	193	55	248
Retail, e-commerce and outlets	103	33	39	7	182	66	248
Growth compared to 2015/16 (%)	(7.8)	2.5	(9.4)	0.0	(5.8)	10.0	(2.4)
Growth in local currency compared to 2015/16 (%)	(5.6)	4.0	(9.0)	0.0	(4.1)	11.9	(0.7)
Operating profit/loss before depreciation and amortization (EBITDA)	(20)	1	-	(1)	(20)	(40)	(60)
EBITDA margin (%)	(10.0)	1.2	0.0	(6.3)	(5.3)	(33.1)	(12.1)
Depreciation, amortization and impairment losses	(7)	(8)	(4)	-	(19)	(4)	(23)
Operating loss (EBIT)	(27)	(7)	(4)	(1)	(39)	(44)	(83)
EBIT margin (%)	(13.5)	(8.5)	(5.2)	(6.3)	(10.4)	(36.4)	(16.7)
Reconciliation of segment information of continuing operations							
Operating loss (EBIT), reportable segments					(39)		
Unallocated items and eliminations					(20)		
Operating loss (EBIT)					(59)		
Financial income					8		
Financial costs					(2)		
Loss before tax					(53)		
Tax on loss for the period					12		
Loss for the period					(41)		

	Total continuing operations Q4 2017/18 3 months	Total continuing operations Q4 2016/17 3 months	Total Q4 2017/18 3 months	Total Q4 2016/17 3 months
DKK million				
Segment revenue	329	375	429	496
Unallocated items and eliminations	3	(3)	3	(3)
Total revenue	332	372	432	493

Information meeting

IC Group will host an information meeting for investors, analysts and other stakeholders on Tuesday 28 August 2018 at 10.00 a.m.

The information meeting will be held in English via audio cast and telephone, and it will be possible to raise questions online using the 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/Financials/Reports/:

<http://edge.media-server.com/m6/p/wyarby5h>

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

+45 3515 8121	(Denmark)
+44 (0) 330 336 9411	(UK)
+1 646 828 8156	(USA)

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 the 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 the 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 prediction of actual results.

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