



INTERIM REPORT Q3 2017/18

INFORMATION MEETING

Copenhagen
May 3, 2018
10.00 a.m. CET



FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, including statements regarding the Group's future operating results, 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 the disclosure of the annual report. Any such statements are subject to risks and uncertainties, and a number of different factors, of which many are beyond the Group's control, can mean that the actual development and the actual result will differ significantly from the expectations contained in the annual report and this presentation. 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.

AGENDA

Q3 Group financials

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Q&A



Q3 GROUP REVENUE DEVELOPMENT

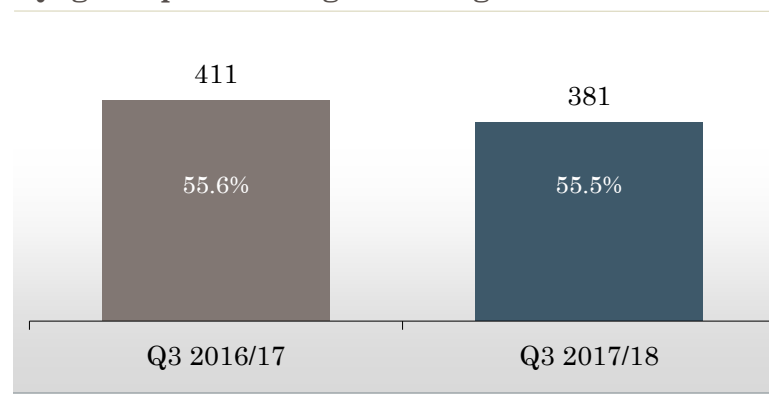
- Revenue decreased by 4.4% measured in local currency
- Positive revenue development at Peak Performance. Revenue reductions across all other brands
- Revenue reduction driven by wholesale
- Strong e-commerce performance at Peak Performance and By Malene Birger drove growth in retail revenue
- Same-store revenue down by 0.6% to a large extent due to physical store performance in Saint Tropez and Tiger of Sweden

Revenue by segment (DKKm)	Q3 2017/18	Y-on-Y growth	Share of revenue
Peak Performance	308	3.0%	45%
Tiger of Sweden	217	(14.6%)	32%
By Malene Birger	84	(9.7%)	12%
Other brands	78	(15.2%)	11%
Unallocated		n/a	0%
Group	687	(7.0%)	100%
Wholesale	419	(11.4%)	61%
Retail	268	1.1%	39%
Net store openings	(3)		
Same-store growth	(0.6)%		

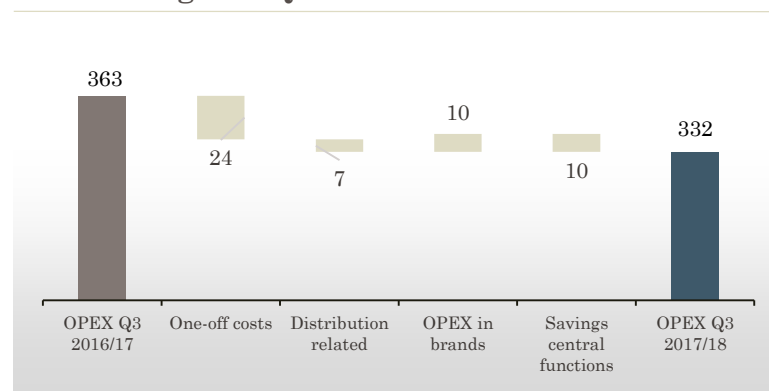
Q3 GROSS PROFIT AND OPEX

- Gross profit down by DKK 30m due lower revenue
- Positive margin development in Peak Performance outweighing negative development in other brands
- OPEX reduced by DKK 31m mainly as a result of the structural changes carried out during Q3 2016/17
- Adjusted for one-off costs of DKK 24m in Q3 last year, the underlying cost savings were DKK 7m
- Distribution-related savings due to lower agent commission and sample costs

Q3 gross profit and gross margin



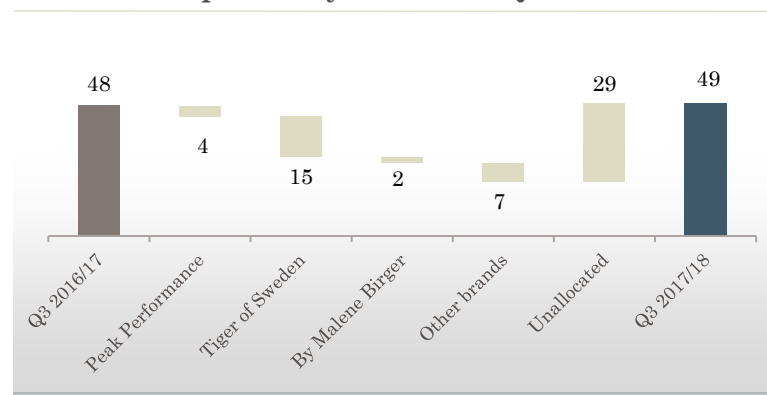
OPEX bridge vs. Q3 2016/17



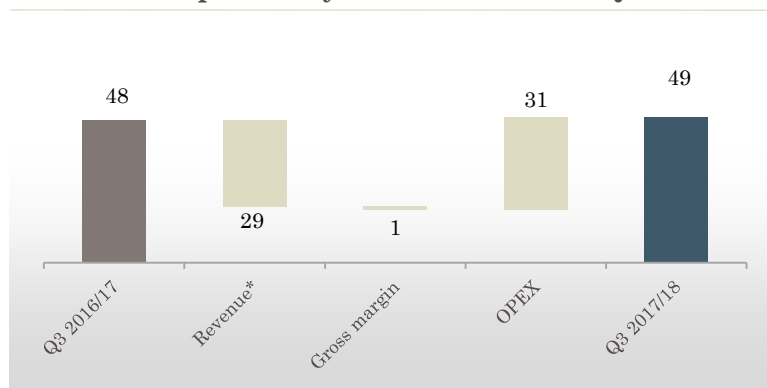
Q3 EBIT DEVELOPMENT

- EBIT of DKK 49m at same level as last year positively affected by savings in Group central functions but negatively affected by Tiger of Sweden in particular
- When adjusting for one-off costs of DKK 24m in Q3 2016/17, EBIT declined by DKK 23m
- EBIT margin up by 0.6pp to 7.1% driven by lower OPEX ratio

EBIT development by brand vs. Q3 2017/18



EBIT development by contribution vs. Q3 2017/18



*) Revenue contribution given unchanged gross margin compared to Q3 2016/17

BALANCE SHEET AND CASH FLOW

- Operating NWC down by 9% compared to last year driven by lower inventory levels in all brands
- Lower inventory levels driven by lower amount of collection goods as well as SSP goods (stock service program)
- Trade receivables slightly up driven by timing variations compared to same time last year
- Trade payables down by 14% driven by Peak Performance and Saint Tropez
- Free cash flow up by DKK 27m mainly as a result of higher cash release from NWC compared to same period last year
- CAPEX at same level as last year
- Net debt down by DKK 49m at DKK 98m

DKKm	Q3 2017/18	Q3 2016/17	Change
Inventory	269	361	(25%)
Trade receivables	419	401	4%
Trade payables	130	151	(14%)
Operating NWC	558	611	(9%)
<i>% of 12m revenue</i>	21.0%	22.1%	(1.1%)
Free cash flow	36	9	27
CAPEX	(14)	(17)	1
<i>% of revenue</i>	2.0%	2.3%	(0.0%)
ROIC	17.2%	22.7%	(22.7%)
NIBD	49	98	(49)
<i>NIBD to 12m EBITDA</i>	0.2x	0.4x	0.4x

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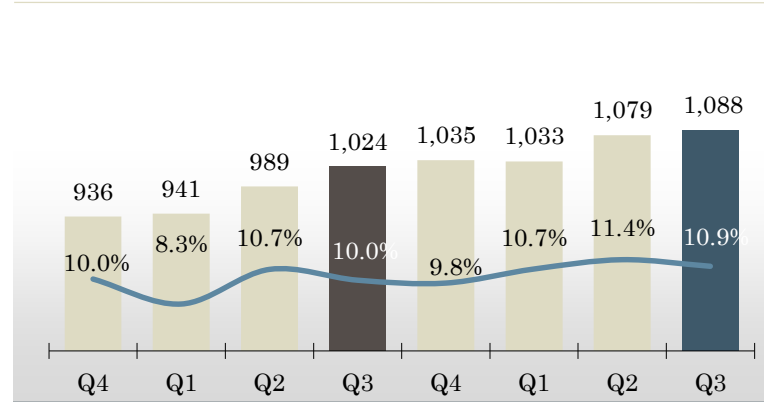
PEAK PERFORMANCE

DISCONTINUING BUSINESS

- Revenue growth of 6.1% in local currency driven by strong performance in e-commerce and higher outlet activity
- Higher gross margin driven by positive channel and product mix effects
- Growth driven by Europe
- OPEX increased due to the full-year effect of store openings and higher staff costs and marketing spend leading to a higher OPEX ratio
- EBIT margin down by 1.7pp driven by the OPEX ratio
- No changes to store portfolio in Q3
- Peak Performance sold to Amer Sports as communicated on 30 April, 2018

Q3 financials	Q3 2017/18	Q3 2016/17	Change
Revenue	308	299	9
<i>Wholesale</i>	167	175	(8)
<i>Retail</i>	141	124	17
EBIT	30	34	(4)
EBIT margin	9.7%	11.4%	(1.7)
Other key data			
Same-store growth	10.3%	16.2%	
Net store openings	0	(1)	

Trailing 12 months revenue and EBIT margin

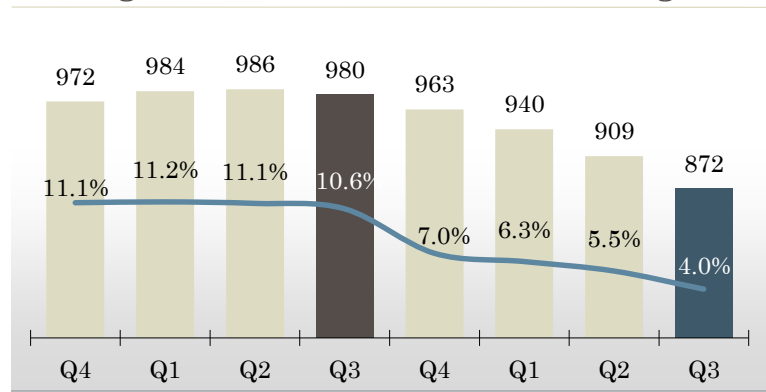


TIGER OF SWEDEN

- Revenue down by 11.9% in local currency driven by lower order intake in wholesale
- Retail declined by 9.5% due to lower same-store revenue in the physical stores
- Revenue decline across all major markets
- Gross margin slightly down compared to last year, while the OPEX ratio increased
- EBIT margin down by 4.7pp to 8.3%
- Two small outlets and one retail store closed in Q3

Q3 financials	Q3	Q3	Change
	2017/18	2016/17	
Revenue	217	254	(37)
<i>Wholesale</i>	141	170	(29)
<i>Retail</i>	76	84	(8)
EBIT	18	33	(15)
EBIT margin	8.3%	13.0%	(4.7)
Other key data			
Same-store growth	(12.2)%	15.7%	
Net store openings	(3)	0	

Trailing 12 months revenue and EBIT margin

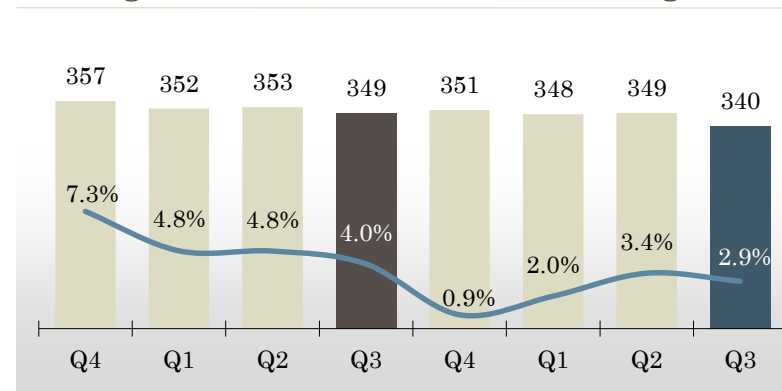


BY MALENE BIRGER

- Revenue down by 7.8% in local currency driven by wholesale whereas e-commerce contributed to growth in retail
- Same-store growth 7.0% driven by strong growth in e-commerce
- Revenue decline driven by the Nordic region and Rest of world
- Gross margin slightly down due to lower product margins during the quarter
- OPEX declined compared to last year
- EBIT down by DKK 2m and the EBIT margin increased by 1.7pp

Q3 financials	Q3	Q3	Change
	2017/18	2016/17	
Revenue	84	93	(9)
<i>Wholesale</i>	60	70	(10)
<i>Retail</i>	24	23	1
EBIT	4	6	(2)
EBIT margin	4.8%	6.5%	(1.7)
Other key data			
Same-store growth	7.0%	2.7%	
Net store openings	0	0	

Trailing 12 months revenue and EBIT margin

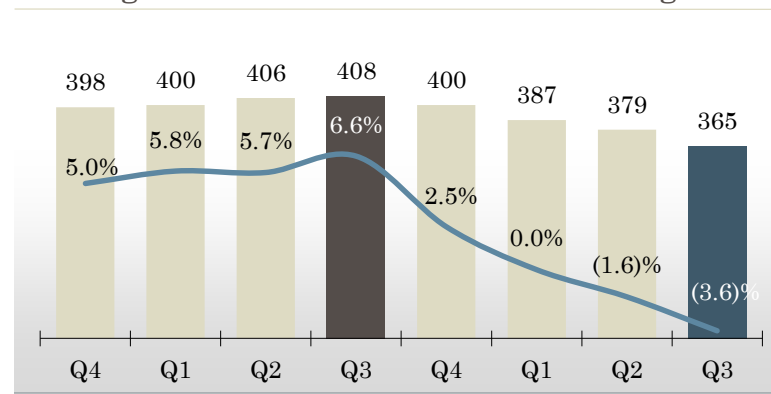


OTHER BRANDS

- Revenue down by 14.6% in local currency driven by Saint Tropez in particular
- Revenue decline driven by both retail and wholesale in both brands. Same-store revenue down by 22.3% driven by performance in the physical stores
- Gross margin down driven by Saint Tropez partly due to higher discounts and returns in retail and partly due to negative channel mix effects
- OPEX decrease, but not enough to compensate for the revenue decline
- EBIT margin down by 9.3pp

Q3 financials	Q3 2017/18	Q3 2016/17	Change
Revenue	78	92	(14)
<i>Wholesale</i>	51	58	(7)
<i>Retail</i>	27	34	(7)
EBIT	(9)	(2)	(7)
EBIT margin	(11.5)%	(2.2)%	(9.3)
Other key data			
Same-store growth	(22.3)%	(9.6)%	
Net store openings	0	1	

Trailing 12 months revenue and EBIT margin



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GUIDANCE FOR 2017/18

- As communicated on 24 April, 2018, we expect the EBIT margin to increase to approx. 6% (previously “approximately 5%”)
- The upward revision is primarily attributable to a faster than expected implementation of the new organizational structure as reported in May 2017. In particular, the re-organization and adjustments of IC Group’s central functions at headquarters have been implemented faster and more efficiently than initially expected
- As communicated on 24 April, 2018, CAPEX are expected to amount to approximately 2-3% of annual revenue (previously “3-4%”)
- All other previously announced expectations for the financial year 2017/18 remain unchanged. The Group still expects to realize a minor revenue reduction compared to the financial year 2016/17

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PRESENTATION OF DISCONTINUING OPERATIONS

P&L (DKKm)	Continuing business			Total Group		
	Q3 2017/18	Q3 2016/17	Change	Q3 2017/18	Q3 2016/17	Change
Net sales	379	440	(61)	687	739	(52)
COGS	(151)	(174)	23	(306)	(328)	22
Gross profit	228	266	(38)	381	411	(30)
Staff costs	(106)	(133)	27	(154)	(175)	21
Other external costs	(90)	(106)	16	(161)	(170)	9
Other income/expenses	1	-	1	1	-	1
Depreciations	(14)	(13)	(1)	(18)	(18)	0
OPEX	(209)	(252)	43	(332)	(363)	31
EBIT	19	14	5	49	48	1
<i>Gross margin</i>	<i>60.2%</i>	<i>60.5%</i>	<i>(0.3%)</i>	<i>55.5%</i>	<i>55.6%</i>	<i>(0.1%)</i>
<i>OPEX ratio</i>	<i>55.1%</i>	<i>57.3%</i>	<i>(2.2%)</i>	<i>48.3%</i>	<i>49.1%</i>	<i>(0.8%)</i>
<i>EBIT margin</i>	<i>5.0%</i>	<i>3.2%</i>	<i>1.8%</i>	<i>7.1%</i>	<i>6.5%</i>	<i>0.6%</i>

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QUESTIONS?