



# COMPANY PRESENTATION

Danske Bank Markets  
Copenhagen Winter Seminar  
2016

# THE GROUP IN SHORT

## IC GROUP

- A Danish listed **apparel and fashion** company operating and developing brands in the **Premium segment**

## PORTFOLIO STRATEGY

- **Focus on Premium** apparel brands that match distinct criteria in terms of origin, size, geographic focus, growth and earnings potential

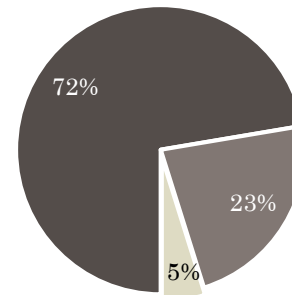
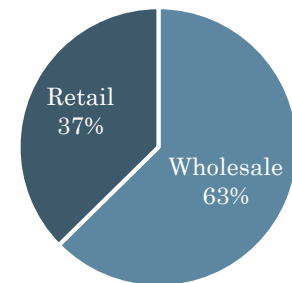
## STRATEGIC AMBITION

- **Value creation** achieved through continued development and investments in existing brands.
- In the **long-term** perspective value creation may also be achieved through acquisitions and/or divestment

## BUSINESS MODEL

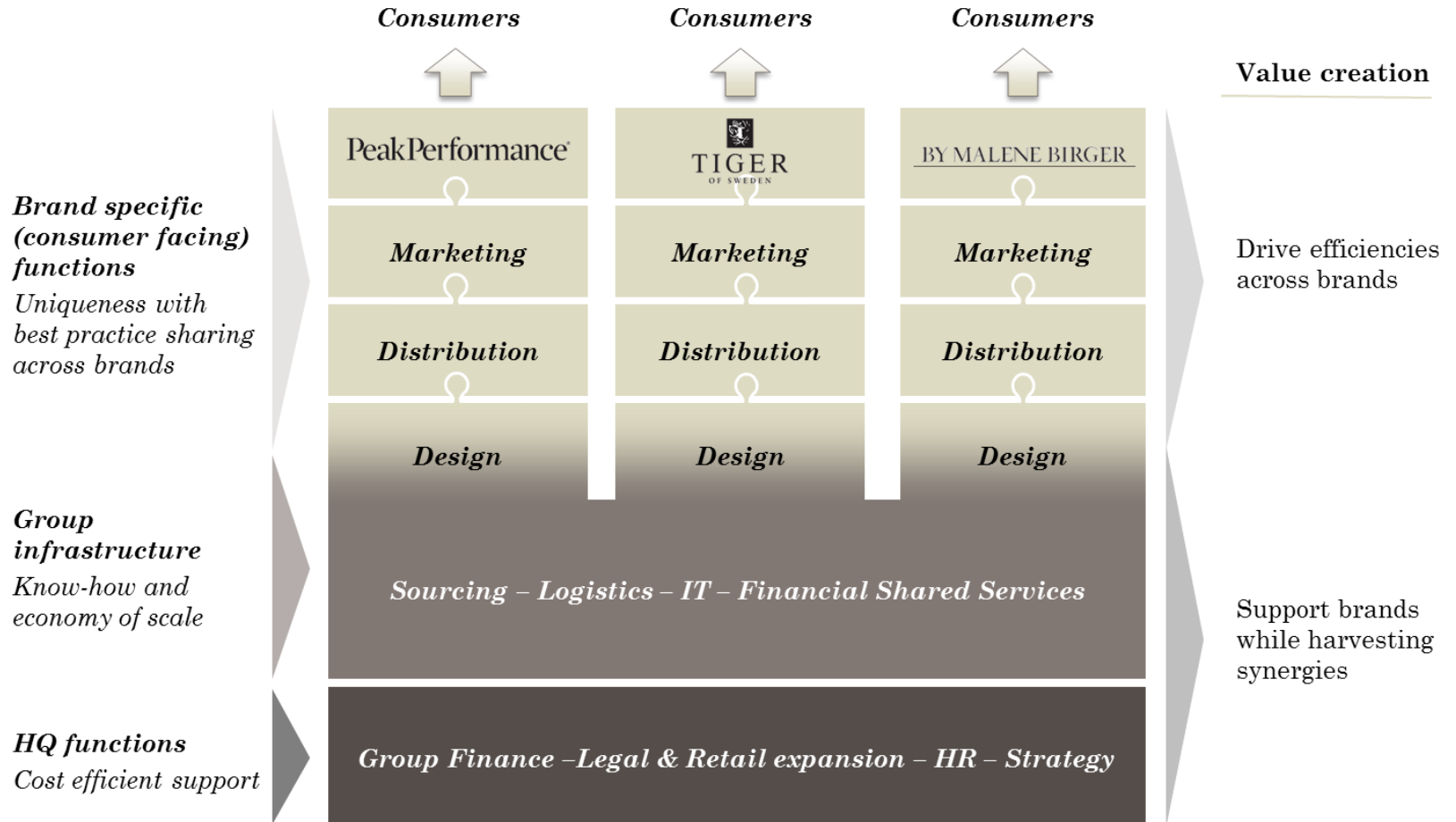
- IC Group operates Premium brands based on a **shared platform** from which we grow and develop brands
- Platform includes **shared infrastructure** and **cost-effective support** functions as well as a defined framework for **best practice sharing** and **operational excellence**

Revenue  
DKK 2,665m



- Nordic region
- Rest of Europe
- Rest of world

# CORPORATE BUSINESS MODEL



# RETAIL AND CONSUMER FOCUS

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## Retail focus areas

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Increase relative share of controlled distribution:

- Fuel growth through **own e-commerce**
- Expand portfolio of **own-and-operated physical stores**

Increase focus on retail and consumers throughout the entire value chain

- More emphasis on developing products for own channels rather than wholesale
- Align wholesale and retail buying to reduce product collection sizes and complexity
- Improve performance in own free-standing stores

Streamlining the brand experience across all distribution and communication channels (omni-channel)

## Developing omni-channel distribution

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Prioritized initiatives and projects to develop the Group's distribution set-up:

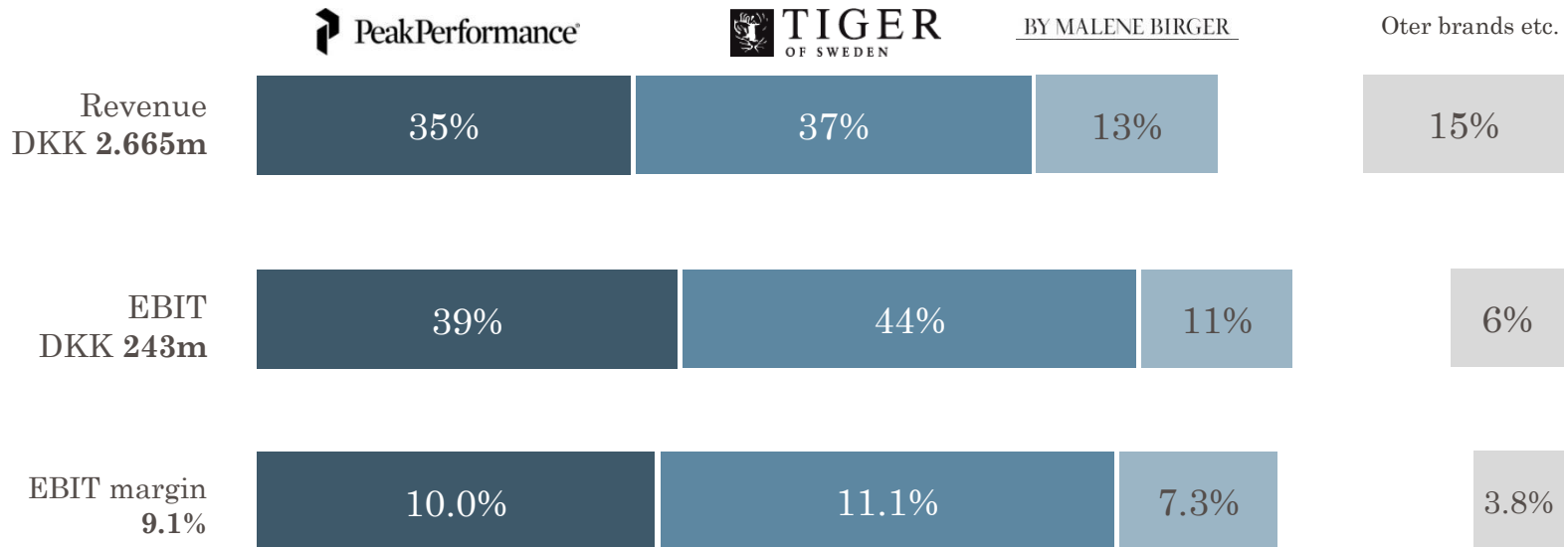
- ✓ Insourced e-commerce platform, fulfilment and customer service (2015)
- ✓ Ship-from-store (2016)
- ✓ Order-in-store (2016)
- ✓ Loyalty programme
- Store inventory lookup
- Return in store
- Click & Collect
- Return to online
- Advanced loyalty features (behavioral triggered promotion)

# BUSINESS SEGMENTS



# BUSINESS SEGMENTS

## IC GROUP



# PEAK PERFORMANCE

## THE BRAND

- Founded in 1986. Strongly rooted in alpine skiing, the brand develops high-quality products combining fashion and functionality

## STRATEGIC FOCUS AREAS

- Leverage the brands unique selling point (“performance mixed with style”) in all product collections
- Increasing brand control in distribution
- Growth and improved earnings through increased market penetration in the Nordic Region and in Central Europe (Alp Region)

## REVENUE BY CHANNEL AND GEOGRAPHY

- Retail (incl. outlet and e-com) 36%
- Wholesale & franchise 64%
- Nordic region 63%
- Rest of Europe 33%
- Rest of world 4%

## SELLING POINTS

Retail stores	37
Franchise stores	39
Wholesale customers (incl. 3. party e-com.)	1,814

## FINANCIALS

	2015/16	2014/15
Revenue	DKK 936m	DKK 953m
EBIT	DKK 94m	DKK 107m
EBIT margin	10.0%	11.2%



# TIGER OF SWEDEN

## THE BRAND

- Founded in 1903 on a strong tailoring tradition. A distinct alternative to established tailoring brands characterized by “a different cut”

## STRATEGIC FOCUS AREAS

- Expand strong hold in Nordic region
- Further expansion in European focus markets (Germany, UK, France)
- Fuel current growth momentum in Germany (4<sup>th</sup> largest market) through retail expansion in selected key cities

## REVENUE BY CHANNEL AND GEOGRAPHY

- |                                   |     |
|-----------------------------------|-----|
| • Retail (incl. outlet and e-com) | 37% |
| • Wholesale & franchise           | 63% |
| • Nordic region                   | 82% |
| • Rest of Europe                  | 15% |
| • Rest of world                   | 3%  |

## SELLING POINTS

Retail stores	39
Franchise stores	11
Wholesale customers (incl. 3rd party e-com.)	1,029

## FINANCIALS

	2015/16	2014/15
Revenue	DKK 972m	DKK 943m
EBIT	DKK 108m	DKK 112m
EBIT margin	11.1%	11.9%





# BY MALENE BIRGER

## THE BRAND

- Founded in 2003 based on a design-driven passion to be a female fashion brand with an international appeal

## STRATEGIC FOCUS AREAS

- Increased commercial approach to product development and assortment
- Strengthen brand through further clarity on product offering and consumers
- Nordic Region and UK are top priority markets

## REVENUE BY CHANNEL AND GEOGRAPHY

- Retail (incl. outlet and e-com) 31%
- Wholesale & franchise 69%
- Nordic region 62%
- Rest of Europe 25%
- Rest of world 13%

## SELLING POINTS

Retail stores	15
Franchise stores	9
Wholesale customers (incl. 3rd party e-com.)	823

<b>FINANCIALS</b>	<b>2015/16</b>	<b>2014/15</b>
Revenue	DKK 357m	DKK 342m
EBIT	DKK 26m	DKK 29m
EBIT margin	7.3%	8.5%



# OTHER BRANDS

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## SAINT TROPEZ

- Female fast-fashion brand founded in 1986, focusing on young, independent femininity
- Not integrated into IC Group’s operational platform

## DESIGNERS REMIX

- Female Premium brand founded in 2002 on minimalistic elegance
- 51% ownership
- Not integrated into IC Group’s operational platform



## FINANCIALS

	2015/16	2014/15
Revenue	DKK 398m	DKK 394m
EBIT	DKK 20m	DKK 22m
EBIT margin	5.0%	5.6%

## LATEST FULL-YEAR RESULTS

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	<b>2015/16</b>	2014/15
<b>Revenue</b>	DKK <b>2,665</b> m	DKK 2,638m
<b>Gross margin</b>	<b>56.8%</b>	54.8%
<b>EBIT</b>	DKK <b>243</b> m	DKK 207m
<b>EBIT margin</b>	<b>9.1%</b>	7.8%
<b>Free cash flow</b>	DKK <b>238</b> m	DKK 241m
<b>NIBD</b>	DKK <b>25</b> m	DKK 82m
<b>NWC-%</b>	<b>11.8%</b>	10.2%
<b>ROIC</b>	<b>33.0%</b>	31.4%



## UPDATED GUIDANCE FOR FULL YEAR 2016/17

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Group **revenue** expected to **grow by at least 6% measured in local currency**

Expectations based on pre-order growth of 7% for the remaining part of the financial year as well as 15-20 expected store openings (previously 10-15)

Tough retail climate in Q1 with improvement seen in beginning of Q2. We expect flat same-store revenue rest of the year

Risk of tough and volatile retail climate rest of year affecting high-margin revenue from physical stores as well as in-season-selling, which may affect gross margin and OPEX ratio negatively

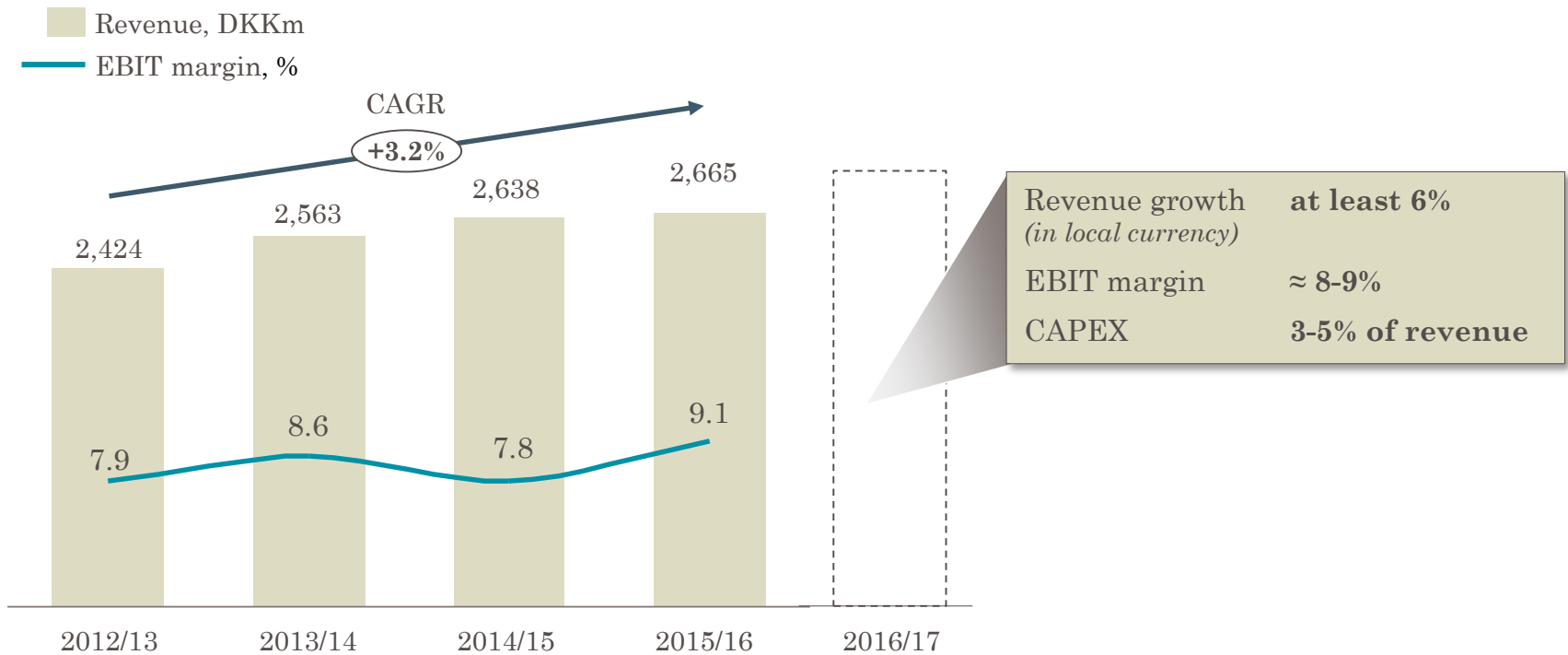
As a consequence, **EBIT margin of 8-9%** expected (previously “approx. 9%”)

**Investments** expected at **3-5% of annual revenue** (unchanged)

# RECENT FINANCIAL PERFORMANCE

## Financial performance to date

## Current guidance for 2016/17





# CAPEX, CAPITAL STRUCTURE AND DIVIDEND POLICY

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## VALUE CREATING INVESTMENTS

- CAPEX to support growth strategy of Group Premium brands
  - Maintain current assets
  - Invest in retail expansion (new stores in carefully selected locations)
  - Investments in development of Group infrastructure to ensure optimal support
- CAPEX expected at a level of approx. 3-5% of full year revenue

## ROIC

33.0%

## WORKING CAPITAL INVESTMENTS

- Continuous efficiency improvements and strict control to minimize tied-up capital
- Working capital expected in the range of 10-12% of annual revenue
- In periods with high revenue growth, working capital may exceed this range

## NWC %

11.8%

## CAPITAL STRUCTURE TARGET

- NIBD target of zero (with fluctuations during the year due to NWC seasonality)
- To maintain strategic flexibility, NIBD may increase to 3 x EBITDA

## NIBD/EBITDA

0.1%

## CAPITAL ALLOCATION AND DIVIDEND POLICY

We utilize free cash flow according to the below priorities:

1. Value creating investments
2. Reduce NIBD if above target
3. Allocation to shareholders
  - Ordinary dividends (min. 30% of net profit)
  - Extraordinary dividends/share buy-back

## 3-YR AVRG. PAY-OUT RATIO

127%

# THE IC GROUP SHARE

## Listed on Nasdaq Copenhagen

ISIN Code: DK0010221803

Tickers: Bloomberg IC:DC, Reuters IC.CO

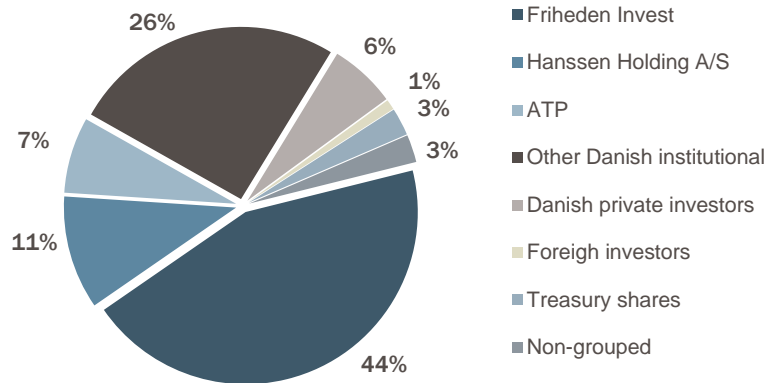
Included in Nasdaq Copenhagen **Mid Cap index**

## Market data as at 24 November 2016

Share price: **DKK 140**

Market cap: **DKK 2.4bn**

## Ownership structure:



## Current analyst coverage:

- Danske Bank
- Nordea Markets
- Carnegie
- SEB Equities
- Kristian Tornøe Johansen
- Oliver Pisani
- Lars Topholm
- Kristian Godiksen

## Investor relations contact:

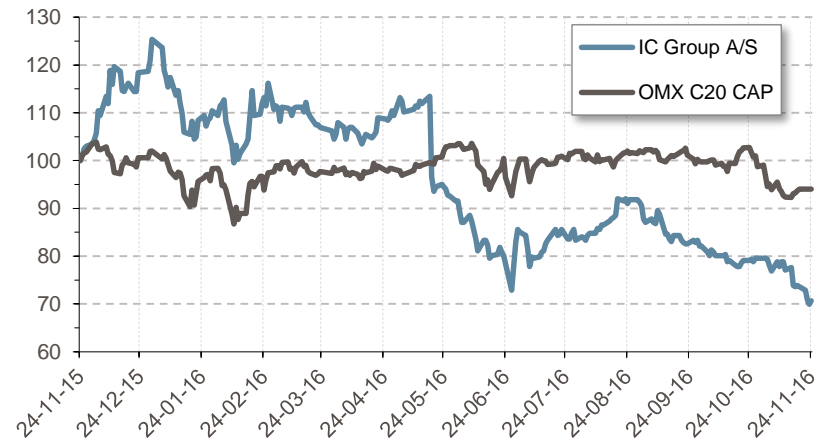
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## Indexed 12 months performance





IC GROUP