

**FY 2011/12**  
***Investor Meeting***

August 2012

## Financial Achievements FY 2011/12

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	2011/12	2010/11
<b>Revenue</b> down by 3% to	DKK <b>3,819</b> m	DKK 3,925m
<b>Gross Margin</b> down by 2.7pp to	<b>56.4%</b>	59.1%
<b>Costs</b> up by 1% to	DKK <b>2,024</b> m	DKK 2,000m
<b>EBIT</b> down by 60% to	DKK <b>130</b> m	DKK 321m
<b>Free cash flow</b> up by DKK 73m to	DKK <b>150</b> m	DKK 77m

## Operational Achievements FY 2011/12

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### **Negative gross margin** development but **strong cash flow**

- External sourcing pressure and campaign activities to retain revenue
- Positive working capital development and solid financial position

### **Structural changes** and **cost reduction** initiatives

#### Mid Market and Fast Fashion **store closings** in **non-core markets**

- 21 stand-alone retail stores closed

#### **Retail contraction** but further **expansion** in **franchise**

- Net reduction of 1,300 retail m<sup>2</sup> and net increase of 4,600 franchise m<sup>2</sup>

#### **Companys Original**

- Upgraded flagship store to further drive expansion of the franchise concept
- 8 new Companys franchise stores opened FY 2011/12

## Guidance FY 2012/13

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### **Volatile market conditions** expected to continue

- Abating gross margin pressure due to normalised industry discounting and positive impact from sourcing project
- Wholesale market still under pressure and many customers are struggling
- Further store closures expected

### **Revenue** lower than 2011/12

### **EBIT** on the same level or better than 2011/12

- Efforts of reducing costs will be intensified in 2012/13

### **Investments** on the same level as 2011/12

- Primarily for expansion of distribution in the Premium segment

# Realised Performance in 2011/12 Is Unsatisfactory Despite External Factors

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## 2011/12 tougher than anticipated

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**Planned growth** and cost increase going into 2011/12

**Sales activities** and **cost reduction** formed a **Swift** and targeted **reaction** towards development in external factors

**Effect** of sourcing pressure, debt crisis and weather was **underestimated**

**Internal processes** in individual brands worsened the situation

Despite this the Group is **still profitable** and has **increased** the **cash flow** ensuring financial solidity

Intensified efforts on **bringing down costs** in 2012/13 to improve Group profitability and **enable execution of corporate strategy**

# Unacceptable Performance Development Means That Immediate Action Is Required

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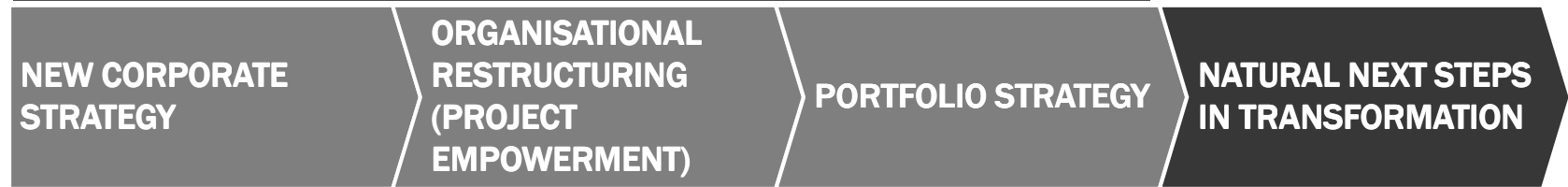
## Initiatives to be initiated

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- Reduction of **fixed costs**
- Conversion of **cost structure** towards increased flexibility
- Improving **key processes**

# Recent Years' Strategic Initiatives Marked the Beginning of a Transformation of ICC – Ready for the Natural Next Steps

## Launching the Transformation



### Timing

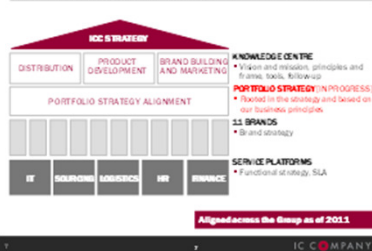
2010

2010

2011

2012

November 2010 Our Corporate Strategy Was Defined Setting a Clear Direction for How We as a Corporation Deliver Value



New Organizational Structure Makes it Possible to Explore Unrealized Potential in Our Platform Brands



IC Company is Represented in Multiple Segments, Particularly Affordable Luxury and Mid Market



*Now we are ready to take the natural next steps*

### Effect

- Clarity on Group mission, vision, and corporate foundation
- Clarity on roles and responsibilities for the whole organisation
- Clarity on long-term segment focus (Premium segment)

# Our Ambition: Gradually Develop IC Companys Towards the Premium Segment

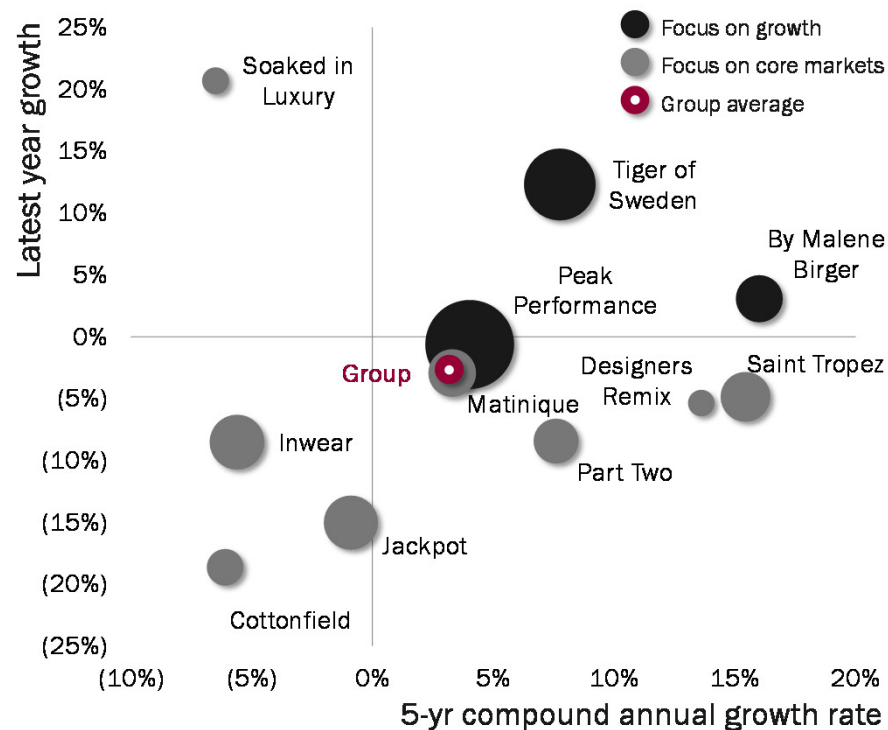
## Focus on growth

- Premium brands among the most successful brands in their home market within their segment
- International growth potential
- High return on invested capital

## Focus on core markets

- Brands that are relevant within their core markets in their segment
- Generate satisfactory earnings
- Convert profit to cash flow and boost the Group's EBITDA in order to finance growth investments of Premium brands

Brand growth rates, short term vs. long term





# A Clear Direction Has Been Paved for the Future of IC Companys

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## **Service based on brands' needs**

- ability to support several brand segments with different needs

## **Asset light**

- reduce tied-up capital in assets and leases

## **Fixed to variable costs**

- enhance flexibility in a challenging economic climate

## **Growth:**

### **Premium**

- Internationalisation and increased market penetration

## **Optimisation:**

### **Mid Market and Fast Fashion**

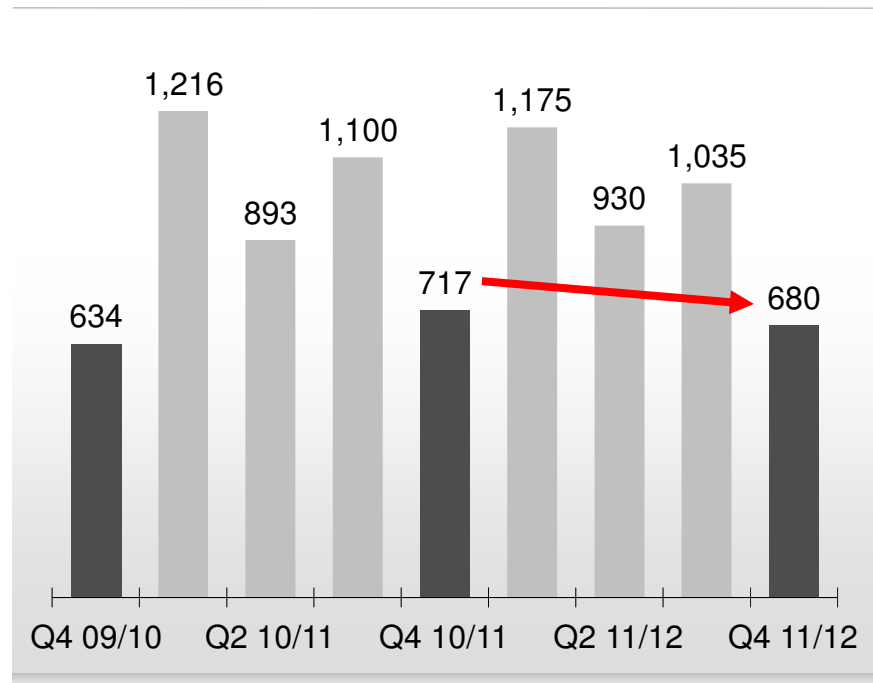
- Focus on core markets



**Appendix**  
*Q4 2011/12 financials*

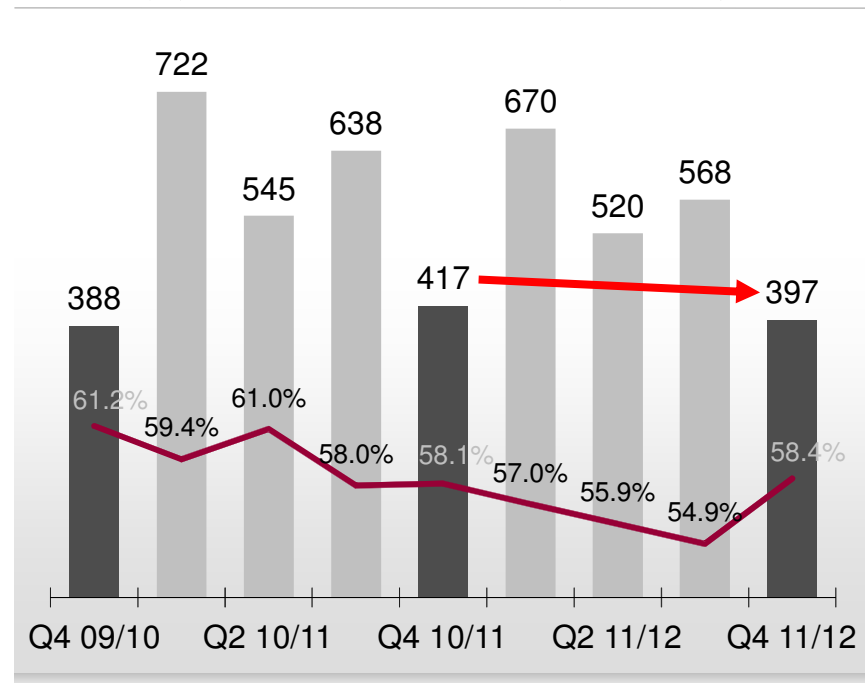
# Same-store Development and Shifts in Deliveries Reduce Revenue – Decreasing Gross Profit Despite Lower Campaign Activities

Quarterly revenue, DKKm



- Revenue down by 5% to DKK 680m
- Positive currency effects of DKK 5m
- Negative net store openings of DKK 7m
- Shifts in deliveries negative by DKK 7m (positive by DKK 14m)

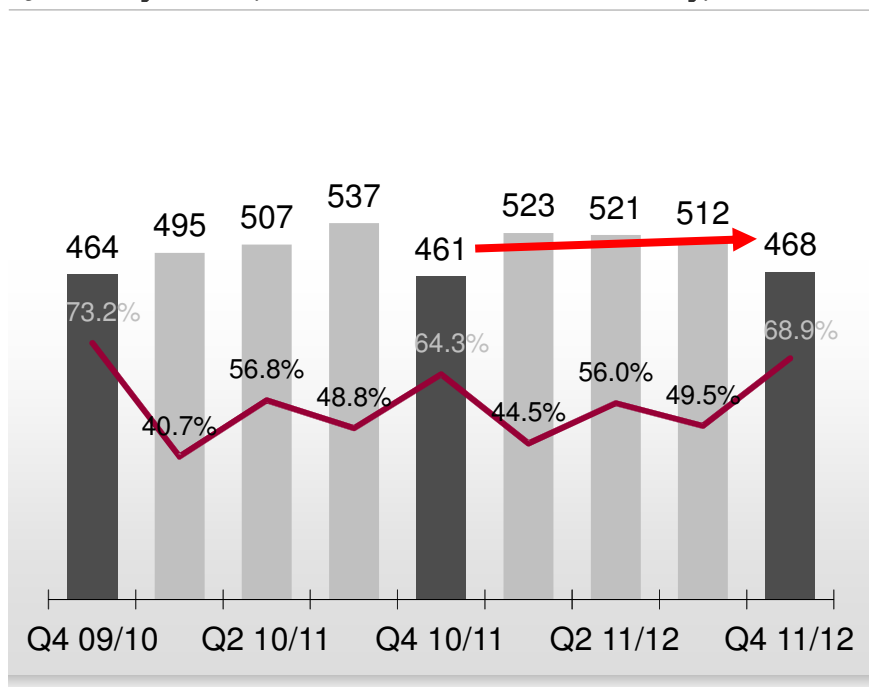
Quarterly gross profit, DKKm and gross margin, %



- Gross profit down by 5% to DKK 397m
- Gross margin up by 0.3pp to 58.4%
- Level of sales campaigns and presale activities has declined
- Still influenced by sourcing pressure

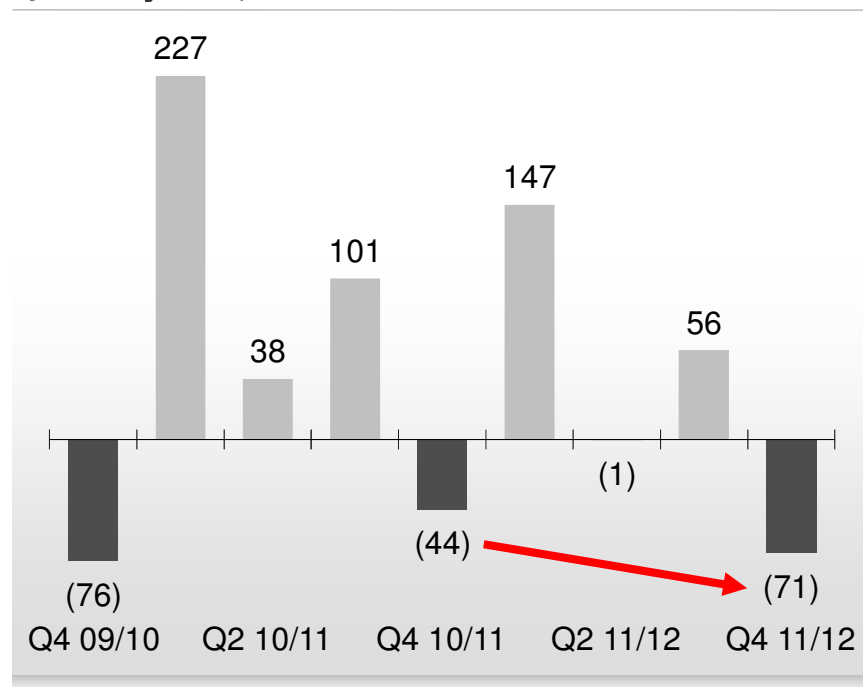
# Negative Development in Retail and High Provisions for Bad Debts Reduce Profitability

Quarterly OPEX, DKKm and OPEX efficiency, %



- OPEX up by 2% to DKK 468m
- Provisions for bad debts negative with DKK 11m (positive with DKK 6m)

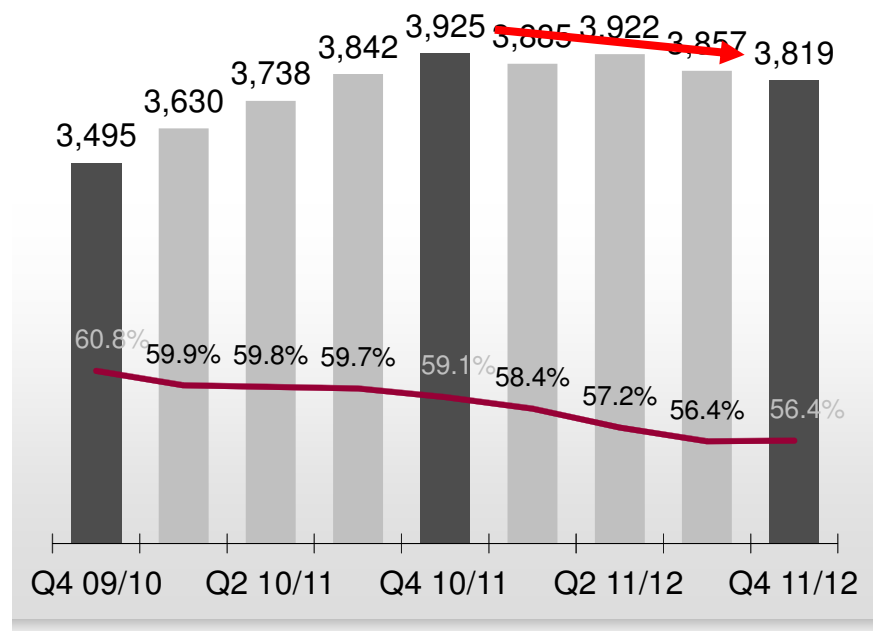
Quarterly EBIT, DKKm



- EBIT down by DKK 27m to DKK 71m
- Primarily driven by retail development and provisions for bad debts

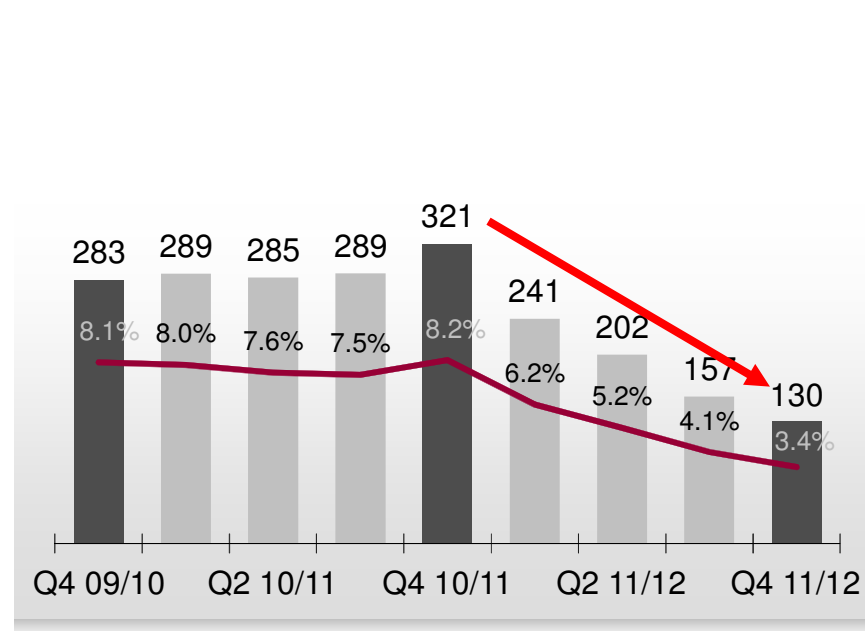
# Market Position Intact in Core Markets but High Margin Pressure from Same-store Development and Deteriorating Debtor Situation

Ttm revenue, DKKm and gross margin, %



- Ttm revenue down by 3% to DKK 3,819m
- Ttm gross margin down by 2.7pp to 56.4%

Ttm EBIT, DKKm and EBIT margin, %

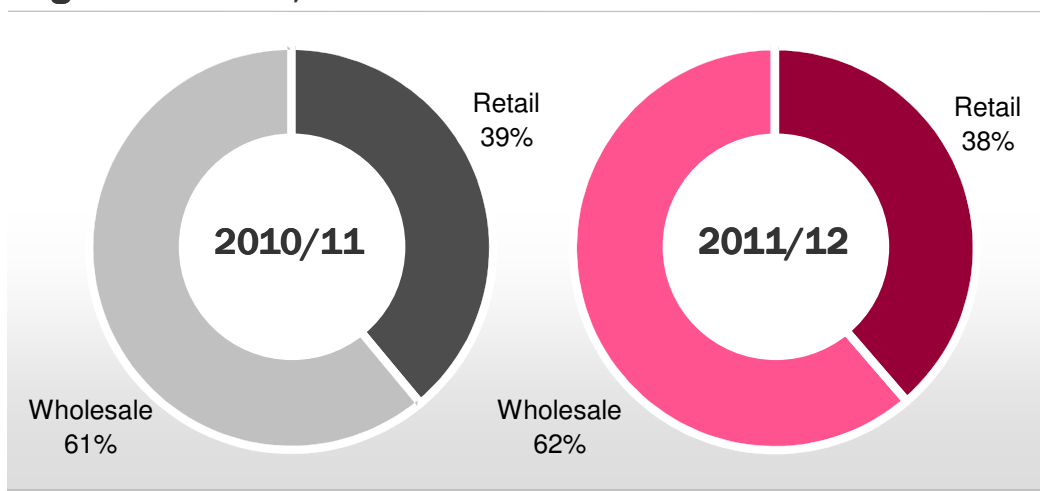


- Ttm EBIT down by 60% to DKK 130m
- Ttm EBIT margin down by 4.8pp to 3.4%
- Provisions for bad debts impact OPEX by 36m DKK FY

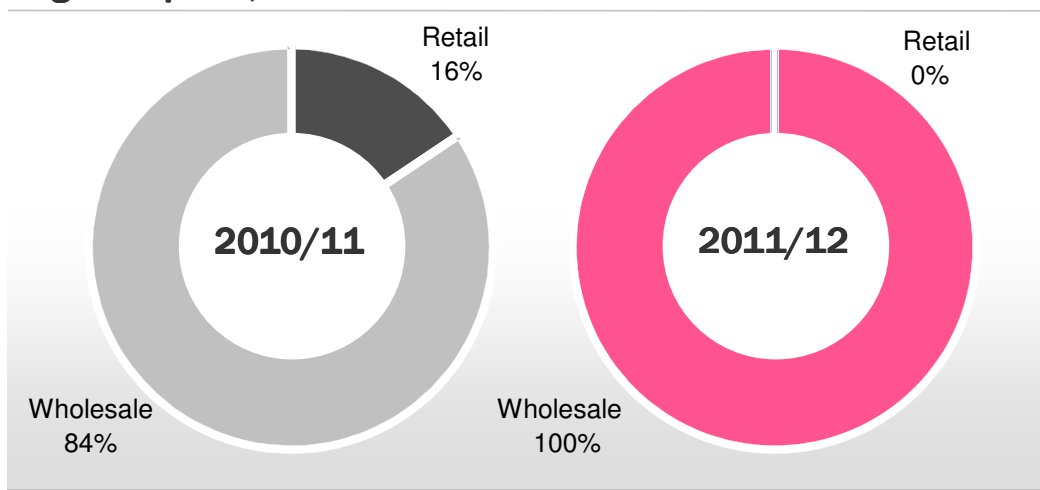
# Both Segments Affected by the Market Conditions but Profit in Retail Is Impacted More due to Fixed Costs

- Retail decline of 8% to DKK 343m in Q4
- Negative net store openings of DKK 7m and same-store decrease of 9%
- Wholesale decrease of 3% to DKK 337m in Q4
- Pre-order down by 4%, OTB down by 2% and franchise up by 21%
- Retail profit down by DKK 20m to a loss of DKK 11m in Q4
- Wholesale profit down by DKK 19m to a loss of DKK 31m in Q4

Segment revenue, FY



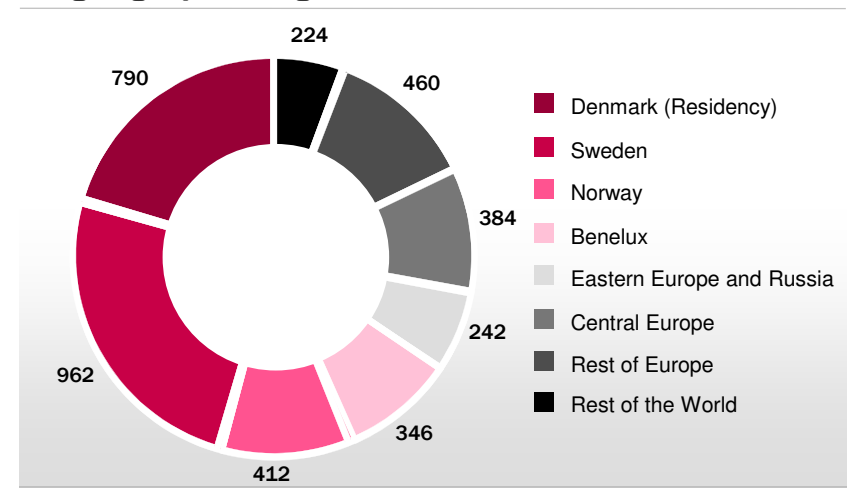
Segment profit, FY



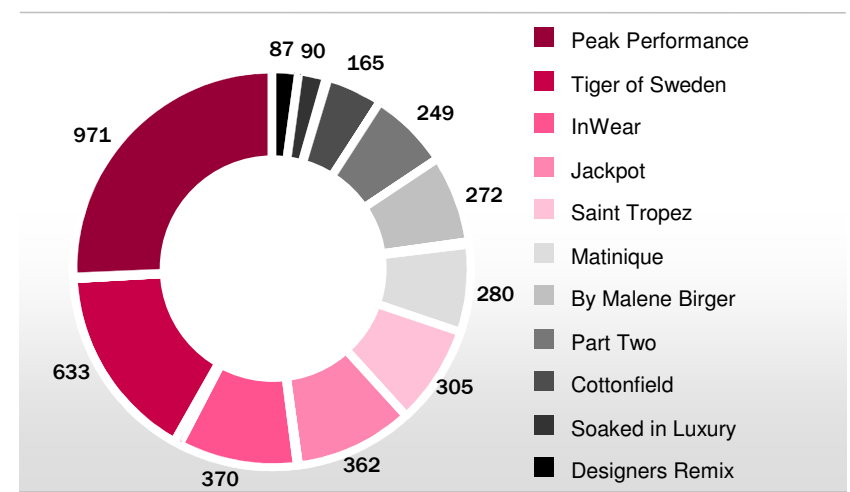
# Scandinavia and Premium Segment Realised Growth

- Denmark, Norway and Rest of the World realised growth in Q4
- Benelux and Eastern Europe and Russia declined significantly due to sale of stores and the adverse market development
- Scandinavia made up 57% of Group FY revenue
- Tiger of Sweden, By Malene Birger and Soaked in Luxury realised growth in Q4
- InWear and Matinique were affected negatively by sale of stores in Benelux
- Jackpot and Cottonfield still heavily impacted by development in Poland

FY geographic segment revenue



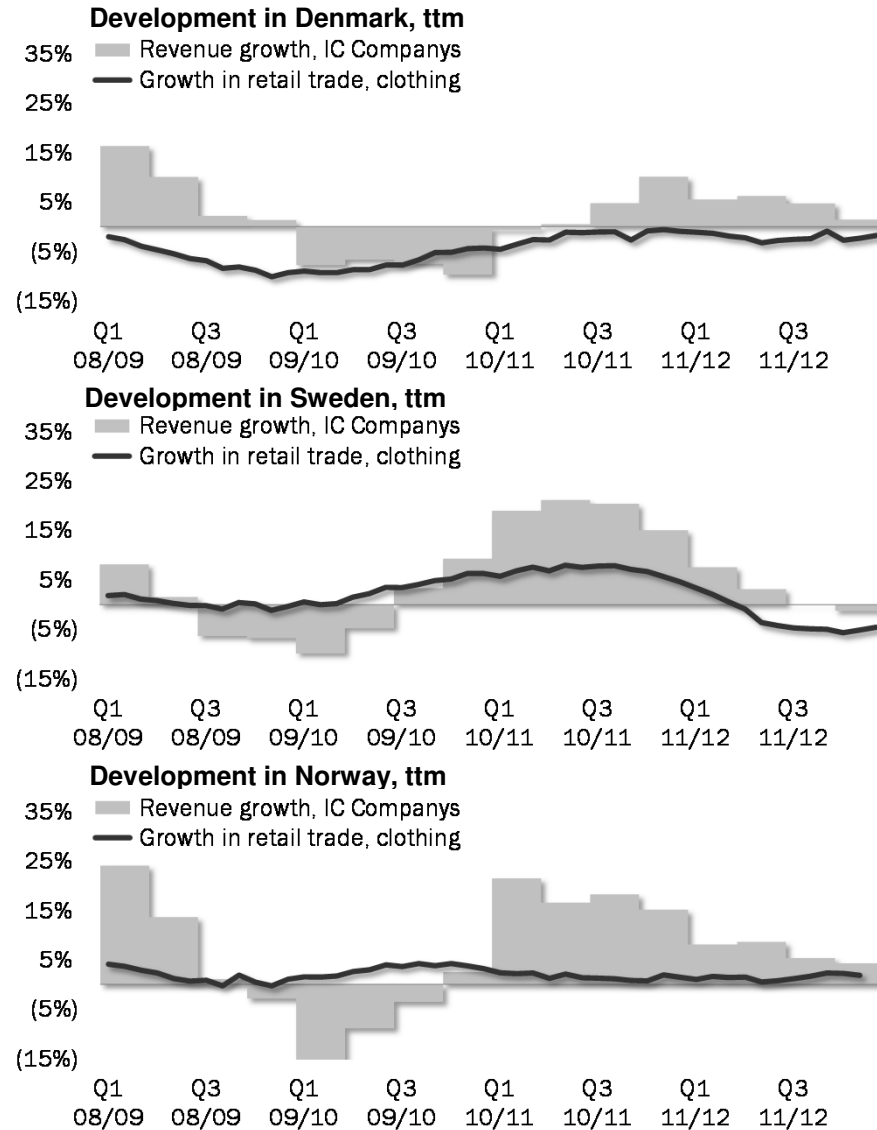
FY brand revenue



# Continued Gain of Market Share in Scandinavia

## Challenging market conditions in Scandinavia

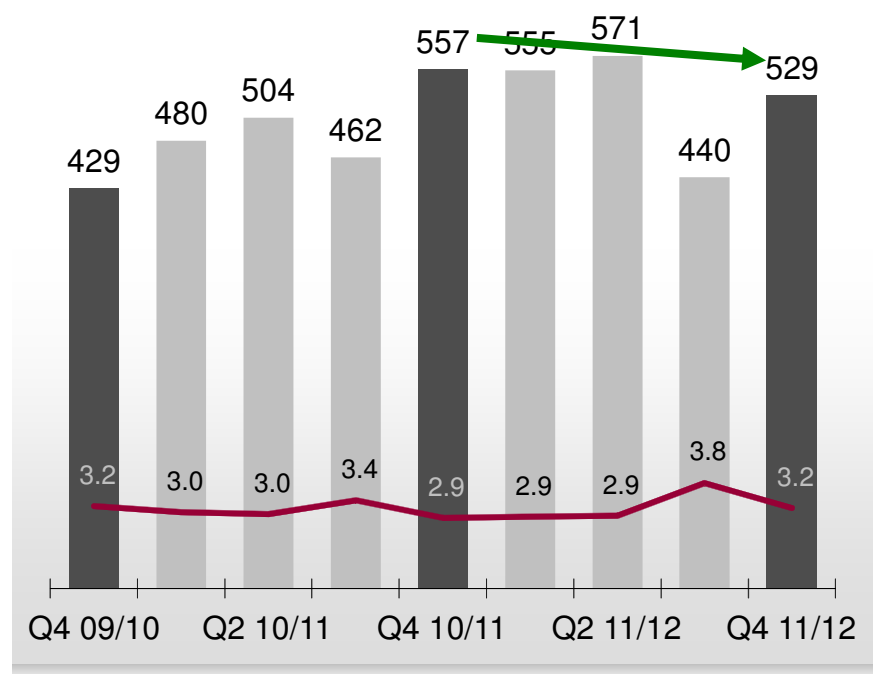
- Growth in Denmark and Norway
- Norway still has a very high consumer confidence
- Denmark experienced negative development in consumer confidence but increased sales activities
- Sweden reported a modest decline in spite of challenging market conditions
- Sweden affected by negative development in Peak Performance





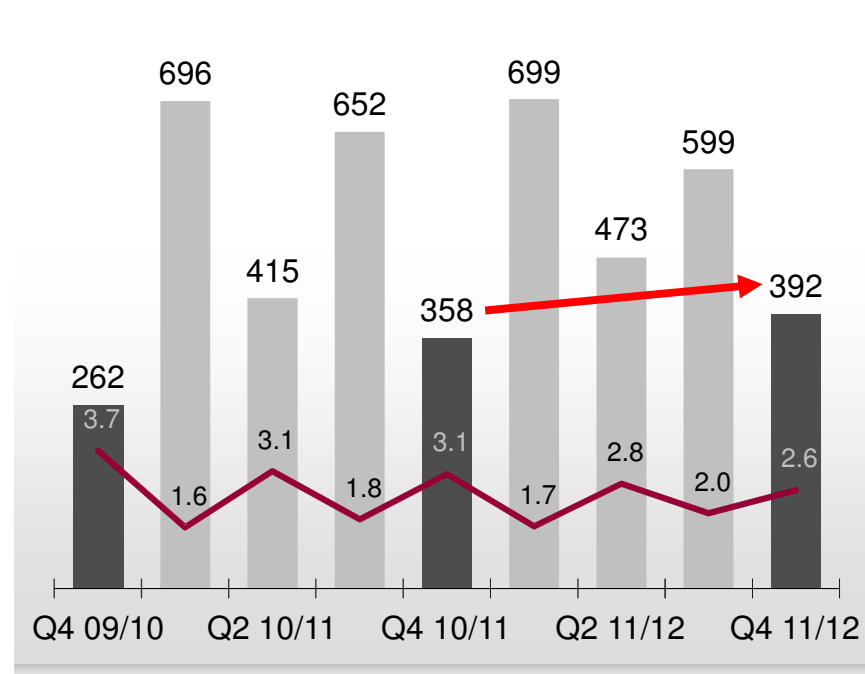
# Inventory Situation Improved due to Clearance Activities and Activity Decline but Deteriorating Debtor Situation

End of quarter inventories, DKKm and rate of turnover



- Inventories decreased by 5% to DKK 529m due to clearance activities and lower activity
- Age distribution on inventory improved due to focussed clearance activities

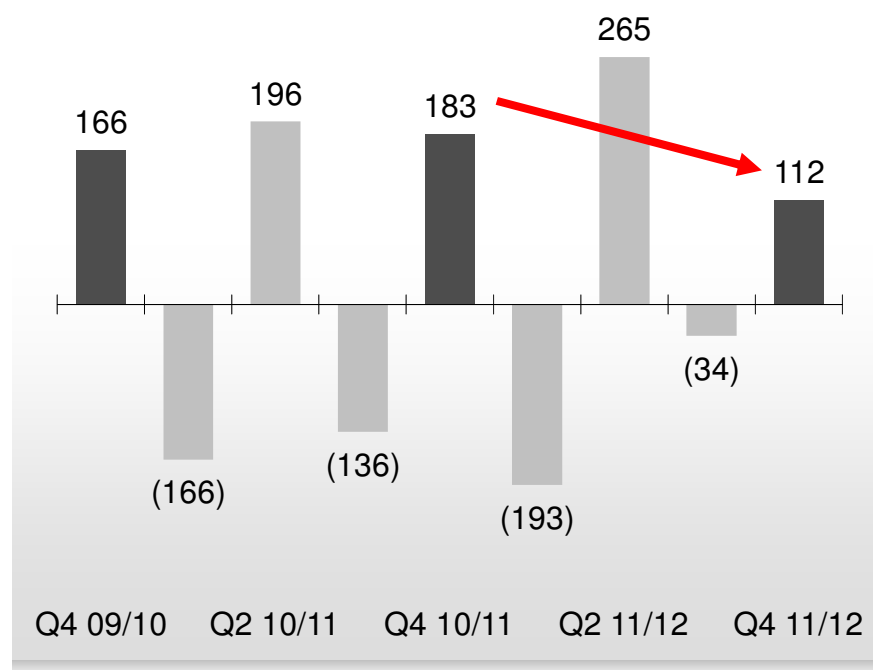
End of quarter debtor, DKKm and rate of turnover



- Debtors increased by 9% to DKK 392m due to challenged wholesale customers
- Current provisions correspond to three years of realised losses on debtors

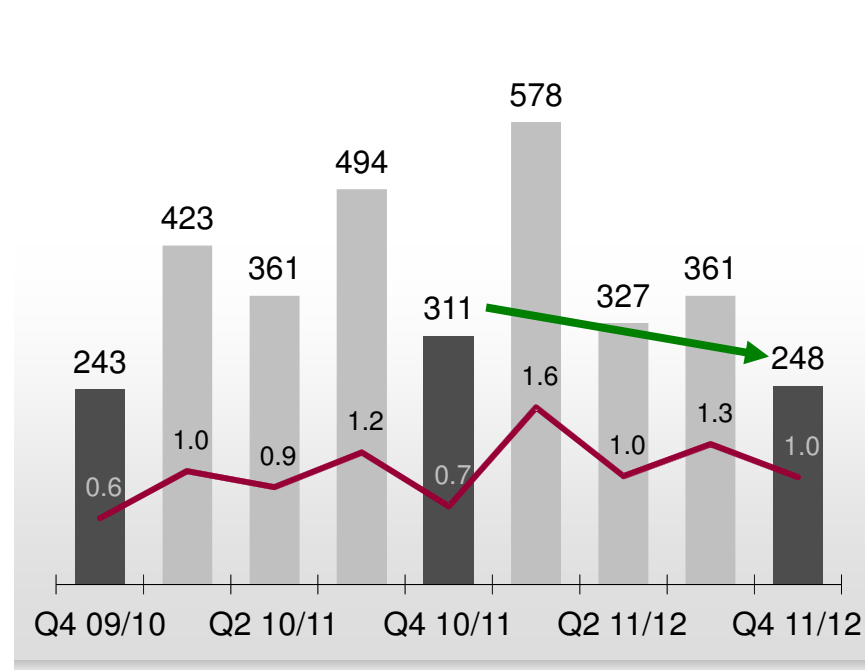
# Focussed Sales Campaigns Ensure Solid Cash Flow and Substantial Debt Reduction

Free cash flow, DKKm



- Free cash down by DKK 71m to inflow of DKK 112m in Q4
- Clearance activities and high inventory turn rate in Q3 ensures improved free cash flow in H2

End of quarter NIBD, DKKm and NIBD/EBITDA



- NIBD reduction of 20% to DKK 248
- NIBD/EBITDA of 1.0

# IC COMPANYYS

HOME OF FASHION BRANDS

*InWear* *Matinique* *PART TWO* *Jackpot*  **COTTONFIELD**  
ESTABLISHED 1966  **DESIGNERS REMIX**  
CHARLOTTE ESKILDSEN **SAINT TROPEZ**  **TIGER**  
OF SWEDEN  **MALENE BIRGER**  **PeakPerformance** **SOAKED**  
IN LUXURY *Copenhagen*