FY 2011/12
Information Meeting

August 2012

IC COMPANYS
HOME OF FASHION BRANDS

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Section 1 – INTRODUCTION — Niels Mikkelsen, CEO

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Financial Achievements FY 2011/12

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

Operational Achievements FY 2011/12

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
- Future positive impact from sourcing project on gross margin

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^2 and net increase of 4,600 franchise m^2

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

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

Unacceptable Performance Development Means That Immediate Action Is Required

Initiatives to be initiated

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

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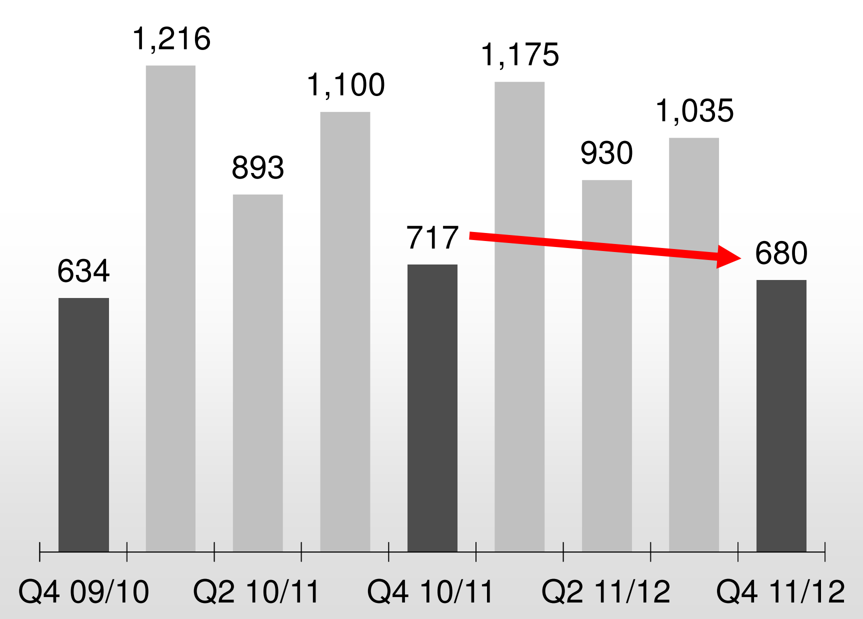
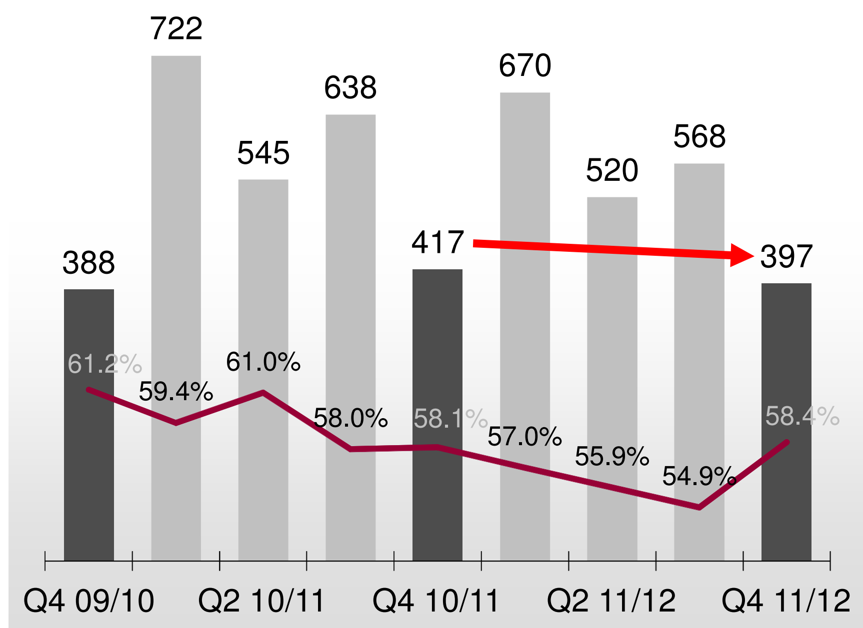
Same-store Development and Shifts in Deliveries Reduce Revenue – Decreasing Gross Profit Despite Lower Campaign Activities

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)

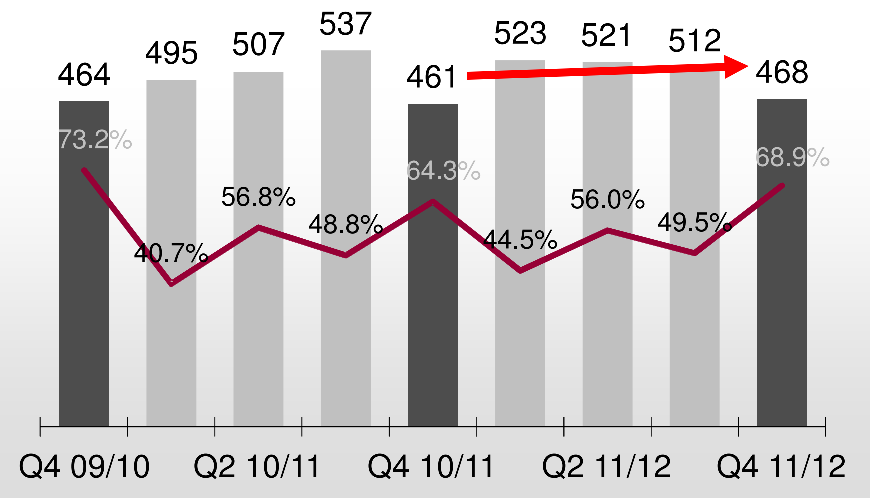
Quarterly gross profit, DKKm and gross margin, %



- 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

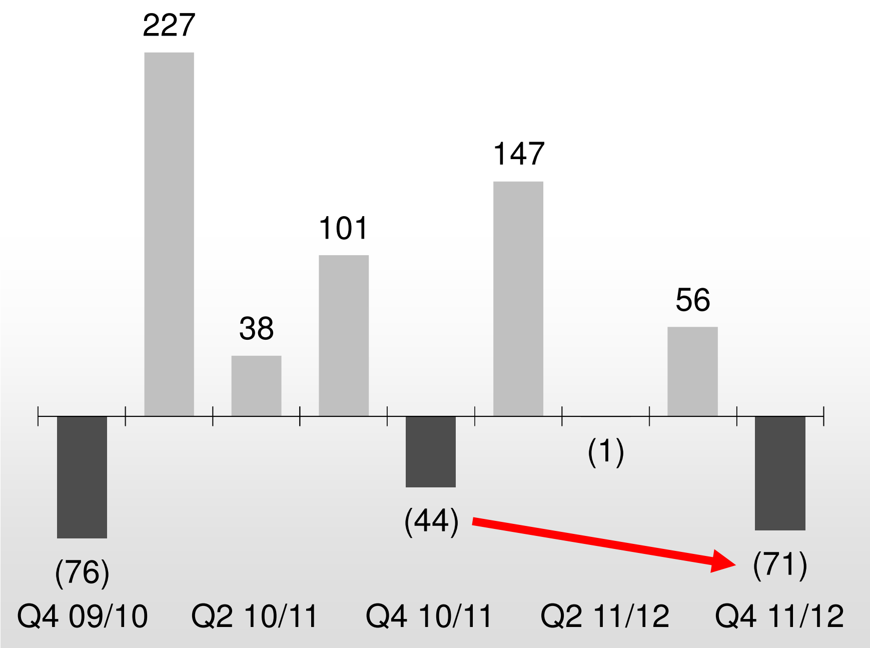
Negative Development in Retail and High Provisions for Bad Debts Reduce Profitability

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)

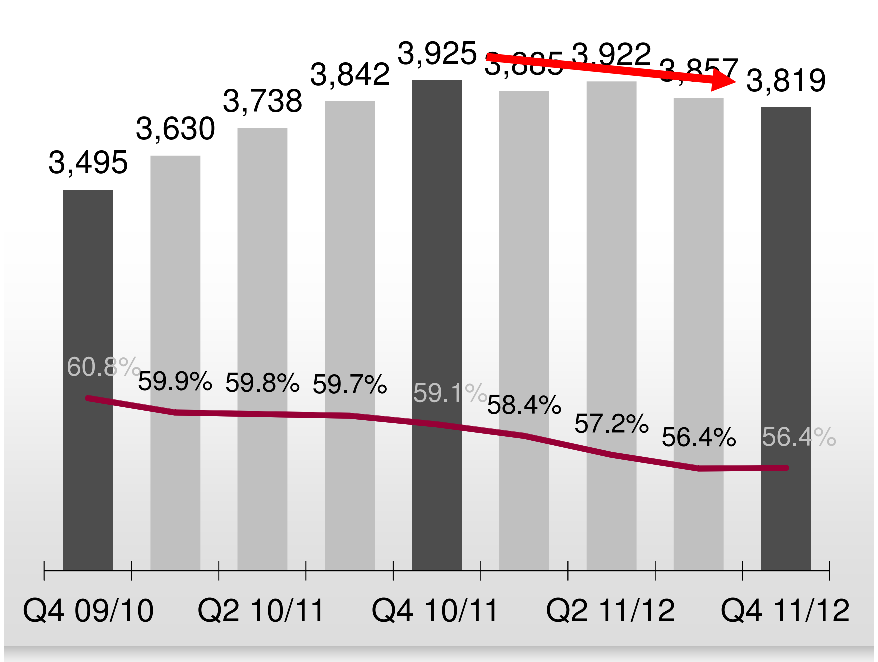
Quarterly EBIT, DKKm



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

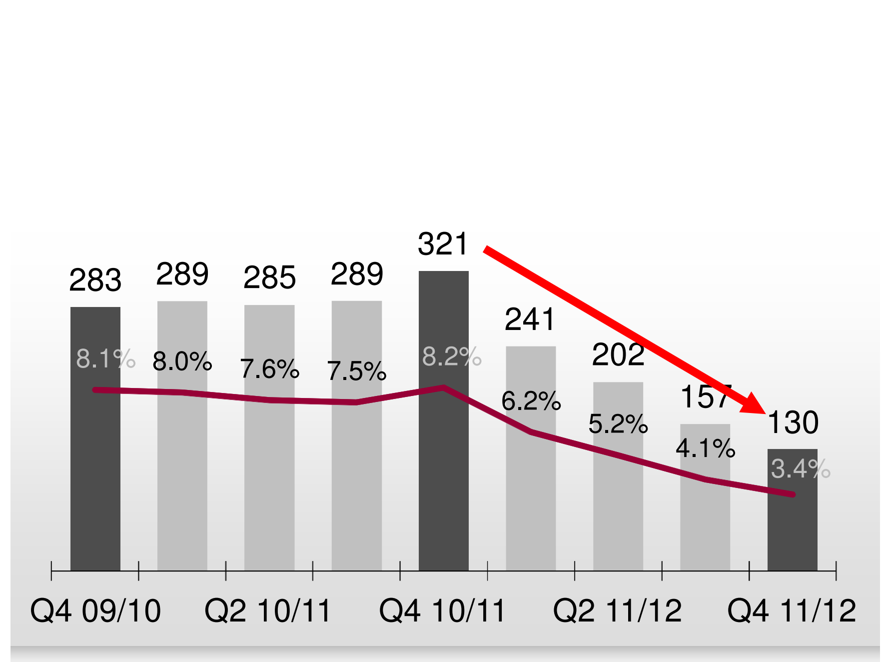
Market Position Intact in Core Markets but High Margin Pressure from Same-store Development and Deteriorating Debtor Situation

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, %

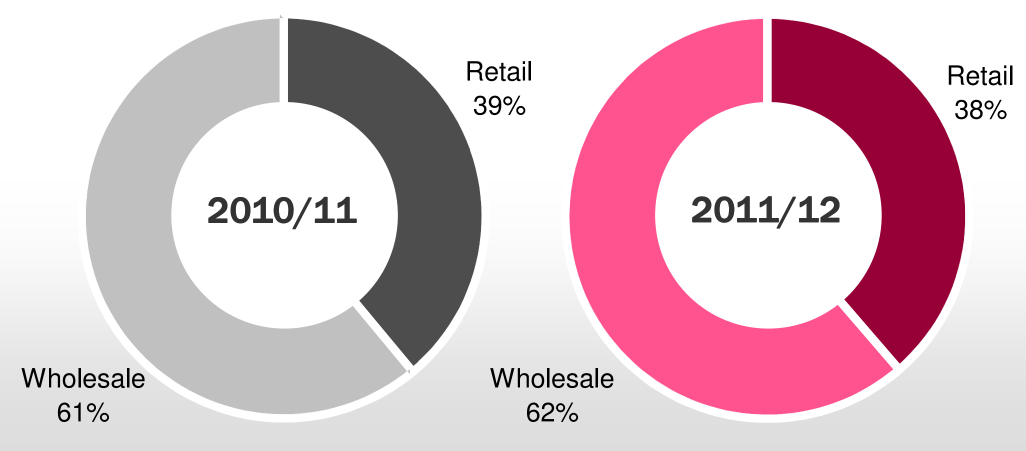


- Ttm EBIT down by 60% to DKK 130m
- Ttm EBIT margin down by 4.8pp to 3.4%
- Provisions for bad debts impact OPEX by 36m DKK FY

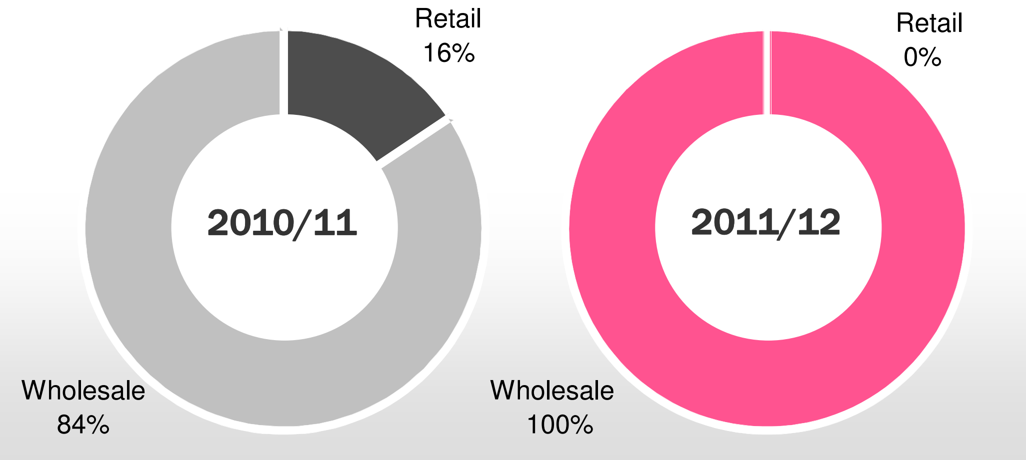
Both Segments Affected by the Market Conditions but Profit in Retail Is Impacted More due to Fixed Costs

- 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

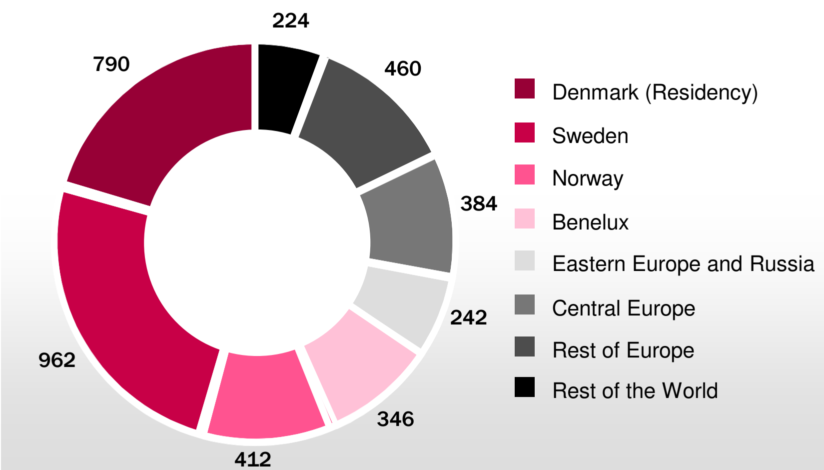


Scandinavia and Premium Segment Realised Growth

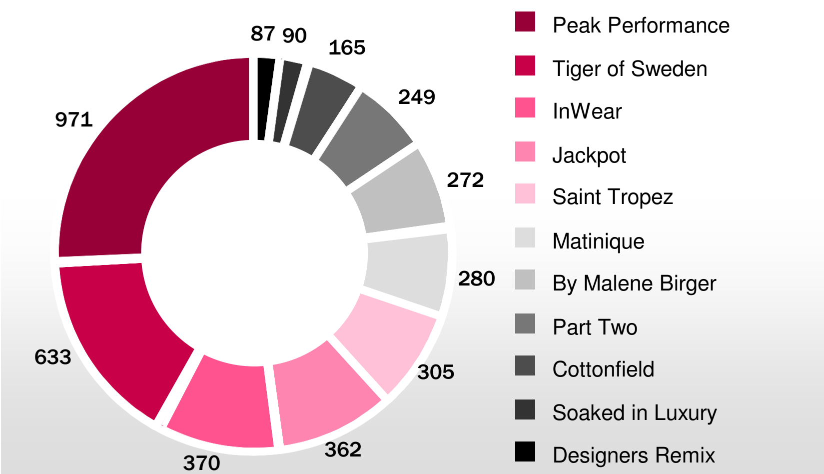
- Denmark, Norway and Rest of the World realised growth in Q4
- Benelux and Eastern Europe and Russia declined significantly due to sale of stores and the adverse market development
- Scandinavia made up 57% of Group FY revenue

- 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



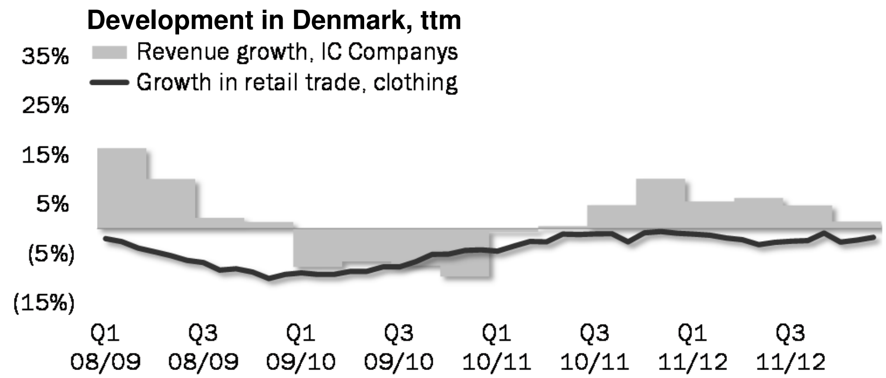
FY brand revenue

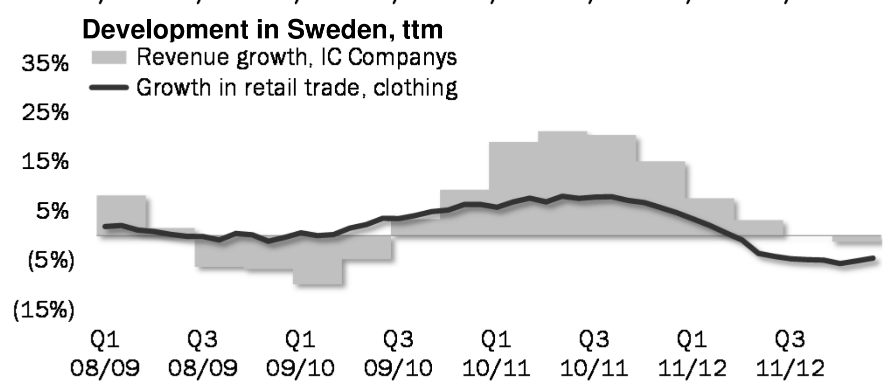


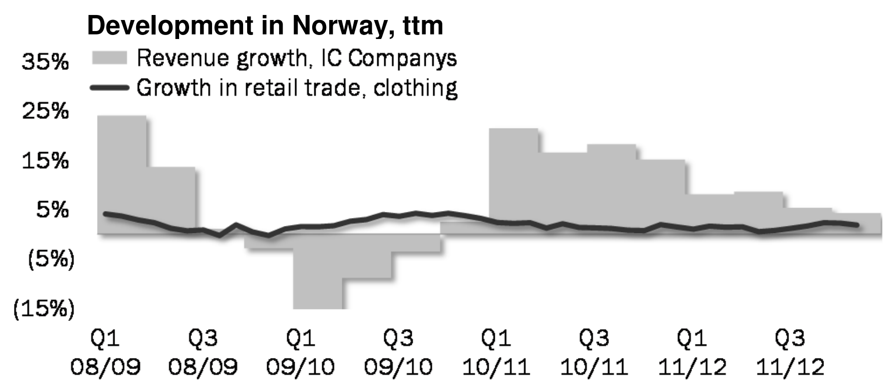
Continued Gain of Market Share in Scandinavia

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

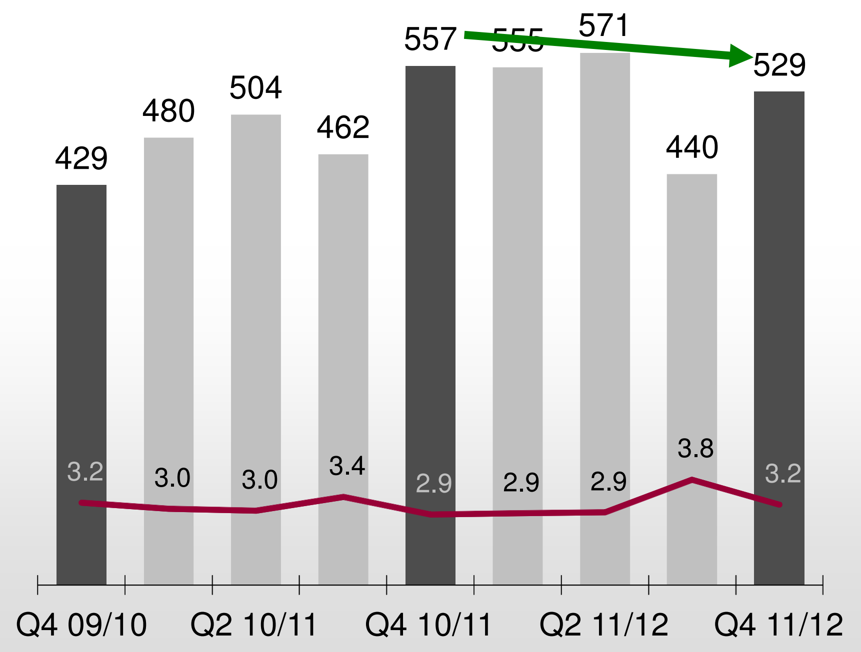




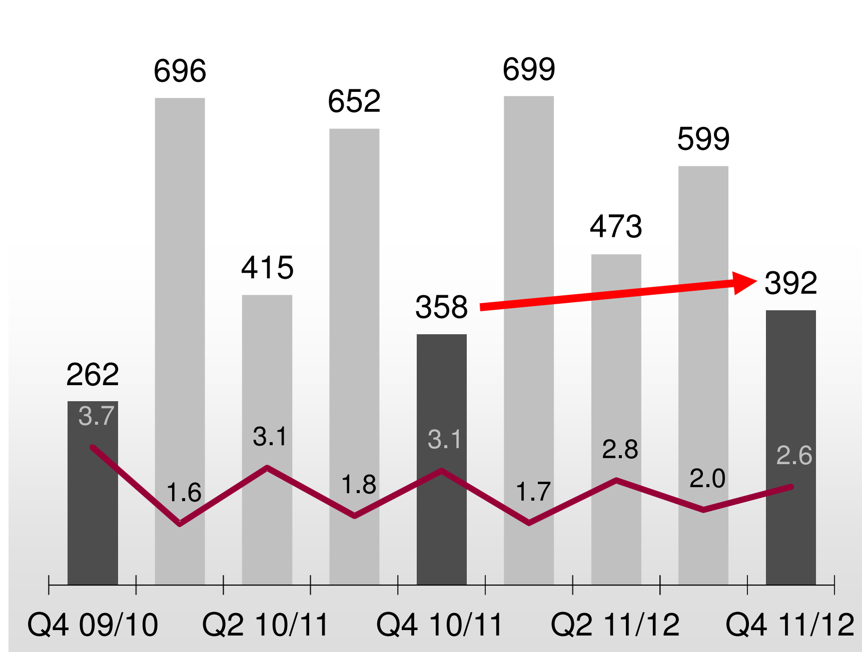


Inventory Situation Improved due to Clearance Activities and Activity Decline but Deteriorating Debtor Situation

End of quarter inventories, DKKm and rate of turnover



End of quarter debtor, DKKm and rate of turnover

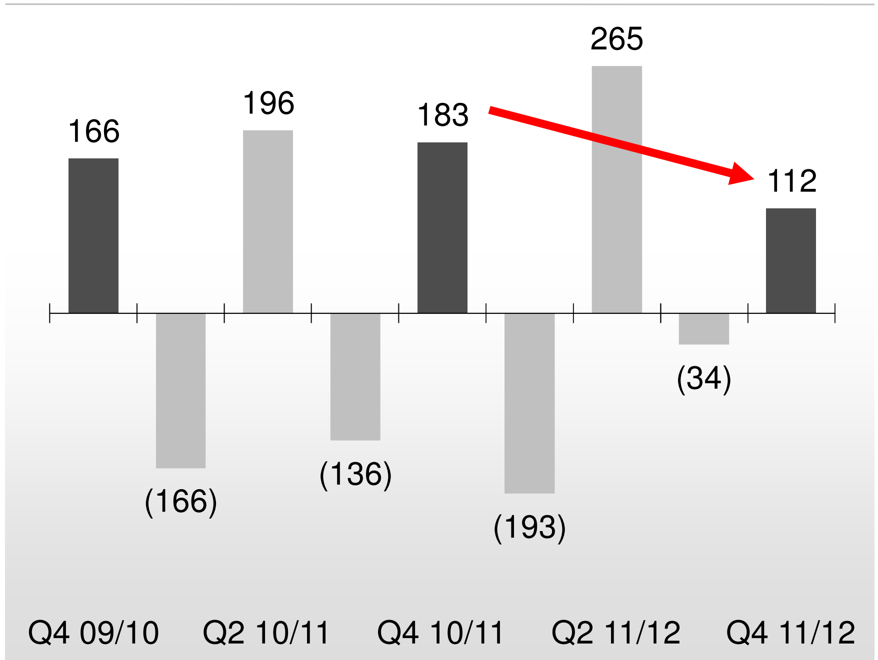


- Inventories decreased by 5% to DKK 529m due to clearance activities and lower activity
- Age distribution on inventory improved due to focussed clearance activities

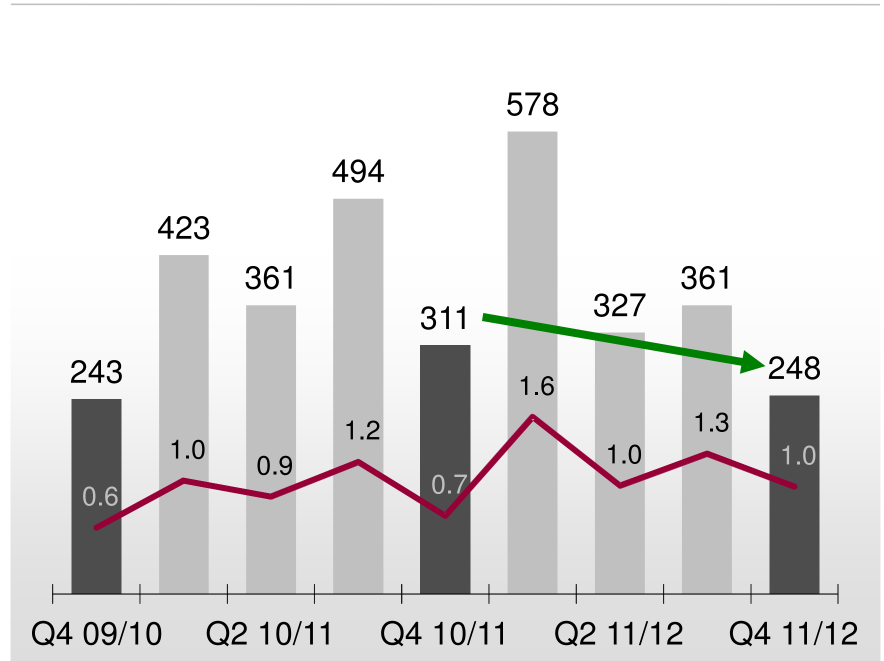
- Debtors increased by 9% to DKK 392m due to challenged wholesale customers
- Current provisions correspond to three years of realised losses on debtors

Focussed Sales Campaigns Ensure Solid Cash Flow and Substantial Debt Reduction

Free cash flow, DKKm



End of quarter NIBD, DKKm and NIBD/EBITDA



- 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

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

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Realised Performance in 2011/12 Is Unsatisfactory Despite External Factors

2011/12 tougher than anticipated

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

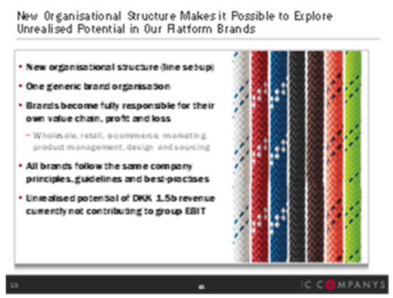
Despite this the Group is **still profitable** and has **increased** the **cash flow** ensuring financial solidity

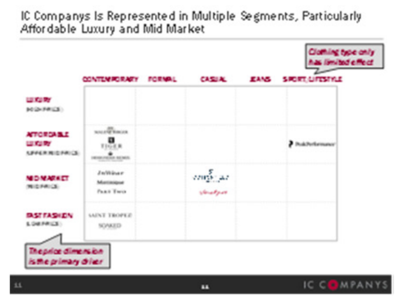
Intensified efforts on **bringing down costs** in 2012/13 to improve Group profitability and **enable execution of corporate strategy**

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

Launching the Transformation

	NEW CORPORATE STRATEGY	ORGANISATIONAL RESTRUCTURING (PROJECT EMPOWERMENT)	PORTFOLIO STRATEGY	NATURAL NEXT STEPS IN TRANSFORMATION
Timing	2010	2010	2011	2012
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)	*Now we are ready to take the natural next steps*





Our Ambition: Gradually Develop IC Companys Towards the Premium Segment

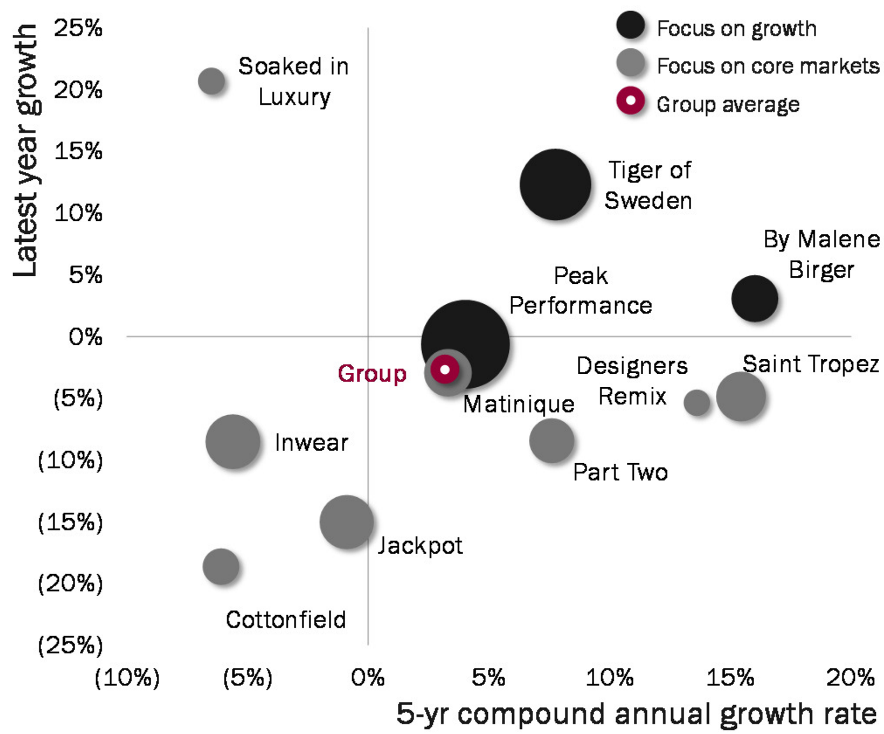
Focus on growth

- 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

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

Questions

Questions

Questions

Questions

IC COMPANYS

HOME OF FASHION BRANDS

InWear Matinique Part Two Jackpot COTTONFIELD ESTABLISHED 1986 DESIGNERS REMIX CHARLOTTE ESKILDSEN SAINT TROPEZ TIGER OF SWEDEN MALENE BIRGER Copenhagen PeakPerformance SOAKED IN LUXURY