



H1 2013/14

Investor meetings

Danske Bank

February 5, 2014

IC COMPANYS
HOME OF FASHION BRANDS

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Highlights in H1 2013/14

- **Order intake** for autumn collection on going
 - So far in line with expectation - overall growth expected
- Leaner group **management structure** in place
 - Focus areas include:
 - Increased **cooperation** and **knowledge sharing** between brands and functions
 - Agreement and follow up procedures on **selected KPI's** throughout the organisation
- New **Operations function** part of the Group Management team
 - Search process for right candidate on going



Brand segments and platform setup

Brand segment

Premium

Mid-market

Non-core

Non-core

Platform

Central platform







- Strive for operational excellence

Segment specific platform in areas where it makes sense

- Earnings improvement above all

Standalone – limited link to central platform

Long and short term focus of ICC brand segments

SEGMENT	BRANDS	LONG TERM FOCUS	SHORT TERM FOCUS
Premium	  	Growth <ul style="list-style-type: none"> Differences among brands but same “game rules” Efficiencies from common shared platform Invest in growth and brand 	Peak Performance <ul style="list-style-type: none"> Focus on basic operational disciplines Re-enforce brand Develop fashion sportswear assortment Shape culture Increase profitability by shaping setup <hr/> Tiger of Sweden <ul style="list-style-type: none"> Explore opportunities for accelerating growth further Harvest efficiencies in mature markets <hr/> By Malene Birger <ul style="list-style-type: none"> Develop plan to become a stronger fashion house player Build critical mass to obtain efficiencies
Mid-market	 <p><i>InWear</i> PART TWO <i>Matinique</i> SOAKED IN STREET COMPANYS</p>	Earnings improvement <ul style="list-style-type: none"> Reposition brand Re-think operational structure Fierce competition dictates fighter attitude, instinct and setup 	The Original Group <ul style="list-style-type: none"> Focus on Nordic core markets Focus on wholesale business Close down unprofitable retail stores More commercial approach towards collection development
Non core	 	Continue stable performance <ul style="list-style-type: none"> Standalone – limited link to ICC platform Develop brands as active shareholder 	

Financial results H1 2013/14 – continuing operations

	H1 2013/14	H1 2012/13
Revenue unchanged at	DKK 1,775 m	DKK 1,785m
Gross margin unchanged at	57.1%	57.0%
Costs down by 2% to	DKK 827 m	DKK 841m
EBIT up by 6% to	DKK 187 m	DKK 176m
Free cash flow down by DKK 69m to	DKK 74 m	DKK 143m

Guidance FY 2013/14 revised

Overall expectations in summary

- **Premium** segments expected to **increase** revenues
- Revenue set-back expected in the **Mid Market** segment
- **Increased earnings** expected in all core segments

Revenue of DKK **3,315 – 3,350m**

- Previous guidance: Modest growth compared to 2012/13

EBIT of DKK **210 – 240m**

- Previous guidance: Significant growth compared to DKK 157m

Investments at a level of DKK 70 – 90m

- Primarily for expansion of distribution in the Premium segments
- Guidance unchanged

Pay-out of **extraordinary dividend** of **DKK 100m** expected in march 2014

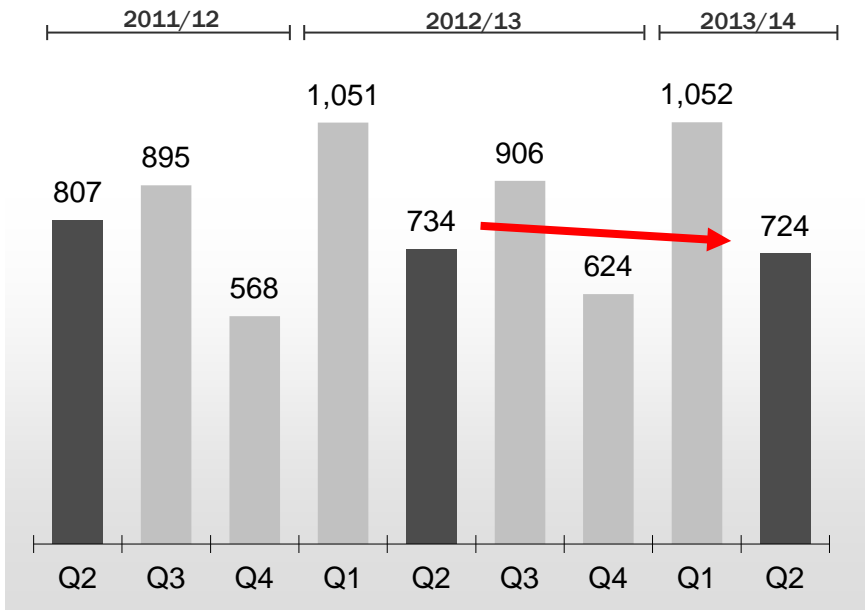
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Revenue slightly down but gross margin improved

Quarterly revenue, DKKm

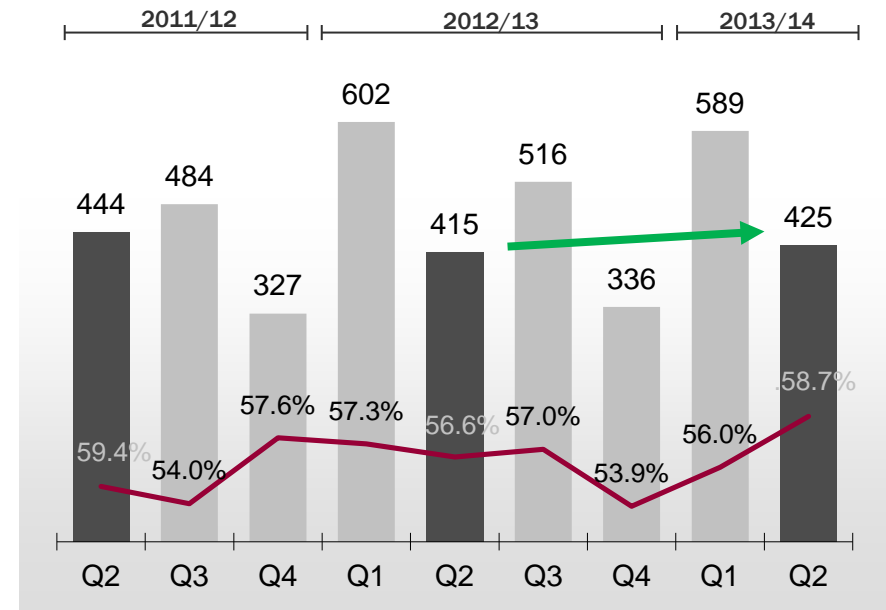
Continuing operations



- Q2 revenue down by 1% to DKK 724m
- H1 revenue down by 1% to DKK 1,775m
- Revenue growth in Premium Contemporary
- Revenue decline in Mid Market Contemporary
- Negative currency effect of DKK 40m in H1

Quarterly gross profit, DKKm and gross margin, %

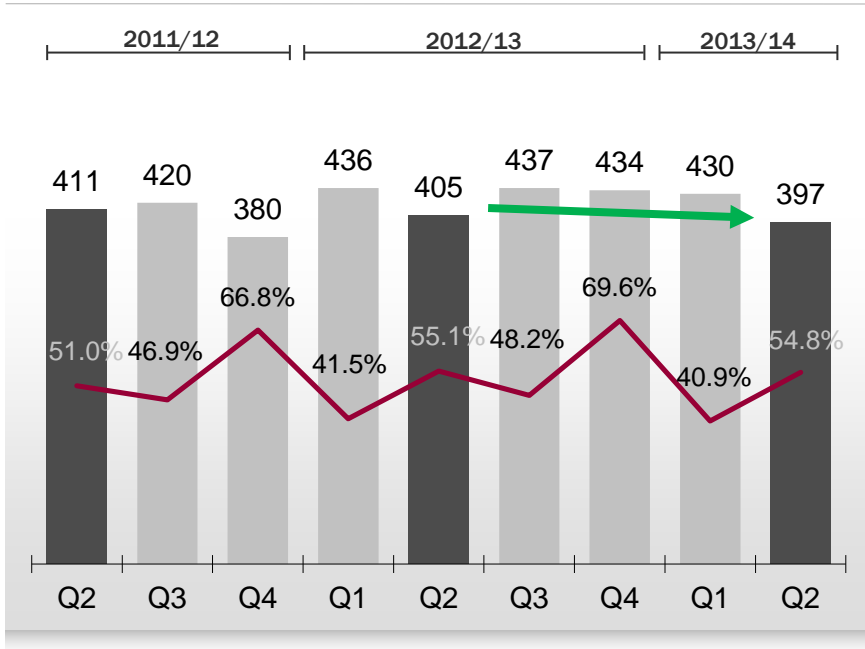
Continuing operations



- Q2 gross profit up by 2% to DKK 425m
- Q2 gross margin up by 2.1pp to 58.7%
- H1 gross margin unchanged at 57.1%
- Negative currency effect. Positive effect from fewer discounts and returns

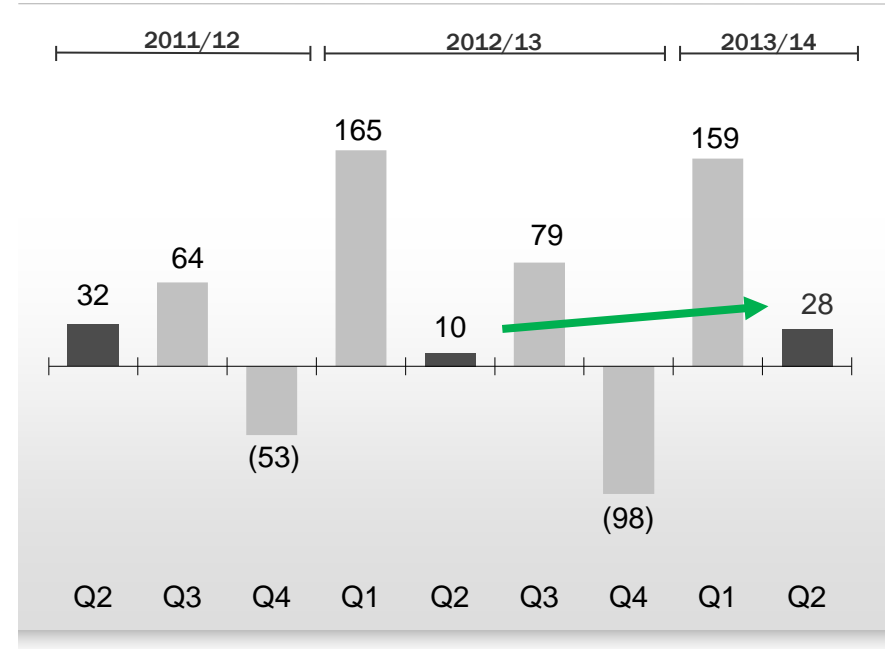
EBIT improved through lower OPEX and improved gross margin

Quarterly OPEX, DKKm and OPEX efficiency, %
Continuing operations



- Q2 OPEX down by 2% to DKK 397m
- H1 OPEX down by 2% to DKK 827m
- Negative effect of DKK 3m in Q2 due to changes in brand management
- Positive currency effect of DKK 14m in H1

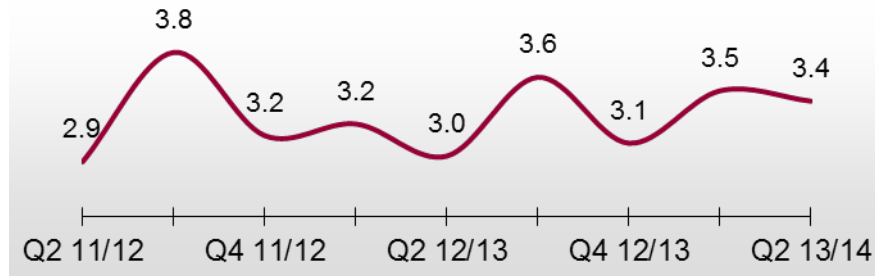
Quarterly EBIT, DKKm
Continuing operations



- Q2 EBIT up by DKK 18m to DKK 28m
- Improved gross margin and lower OPEX contribute positively
- H1 EBIT improved by 6% to DKK 187m
- Adjusted for cost to management changes in H1, EBIT amounted to DKK 200m

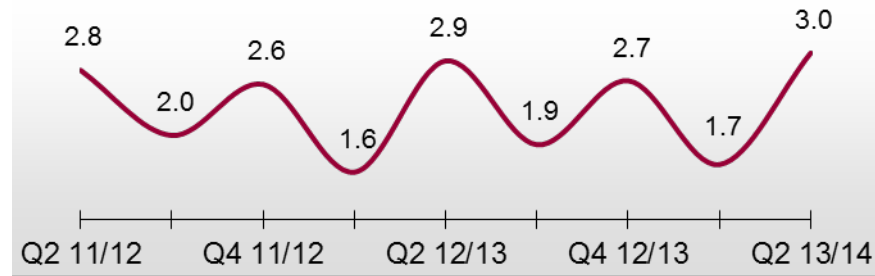
Working capital and turnover rates

End of quarter, inventory turnover rate



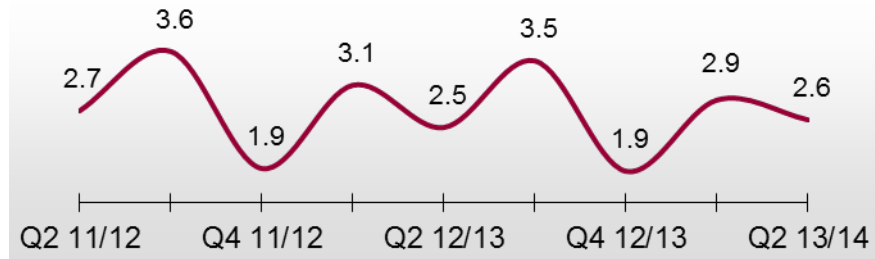
- Inventory turnover rate improved
- Lower inventory level compared to Q2 2012/13

End of quarter, debtor turnover rate



- Debtors turnover rate in line with historical level
- Age distribution slightly worsened in Q2 2013/14

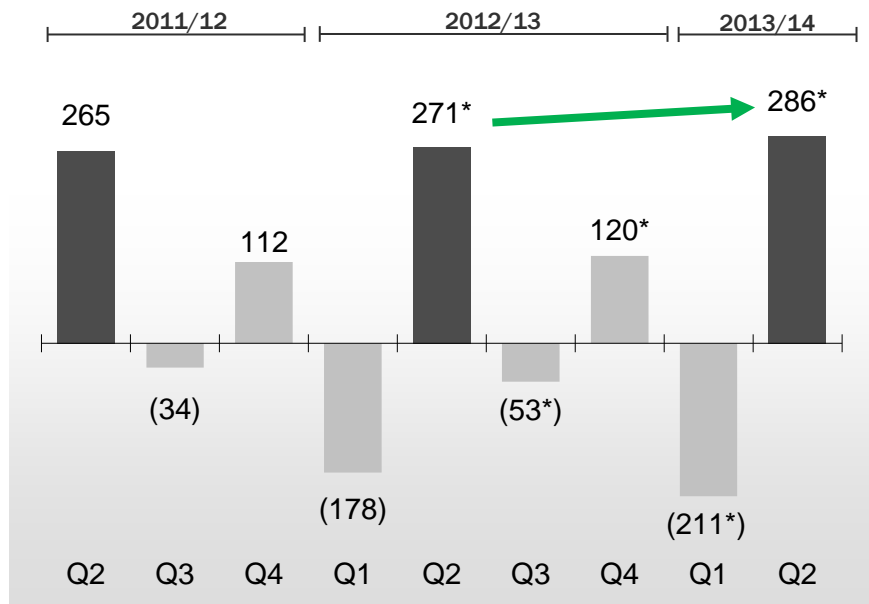
End of quarter, creditor turnover rate



- Creditor turnover in line with historical level
- Unchanged level of trade payables

Strong cash flow and net debt converted to net deposit

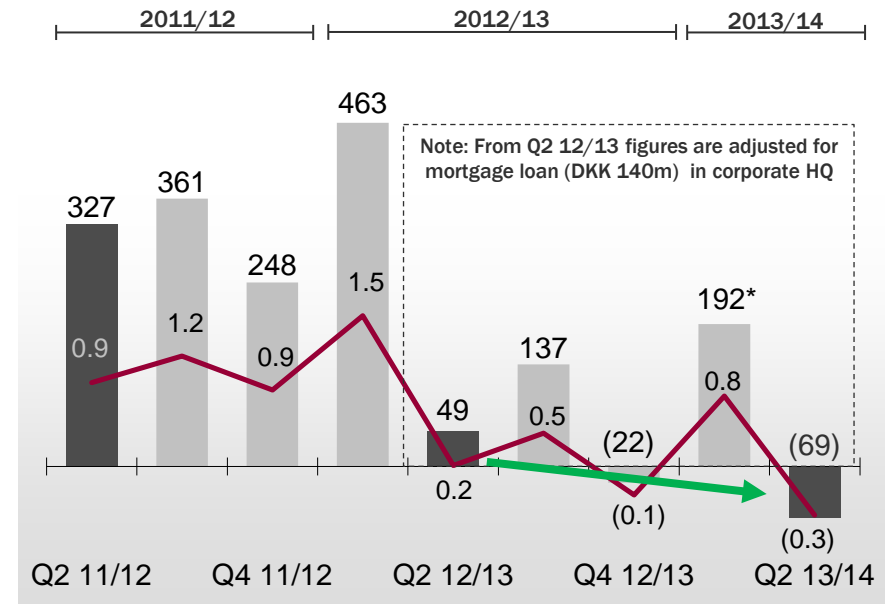
Free cash flow, DKKm



* Figures adjusted for discontinuing operations i.e. cash flow from continuing operations only

- For the continuing operations free cash flow in H1 is up by DKK 14m to a net inflow of DKK 286m
- Improved EBIT explains the development

End of quarter NIBD, DKKm and NIBD/EBITDA



- Net deposit of DKK 69m in Q2
- NIBD/EBITDA of (0.3)
- Reduction of DKK 140m due to reclassification of mortgage loan in corporate HQ as assets held-for-sale

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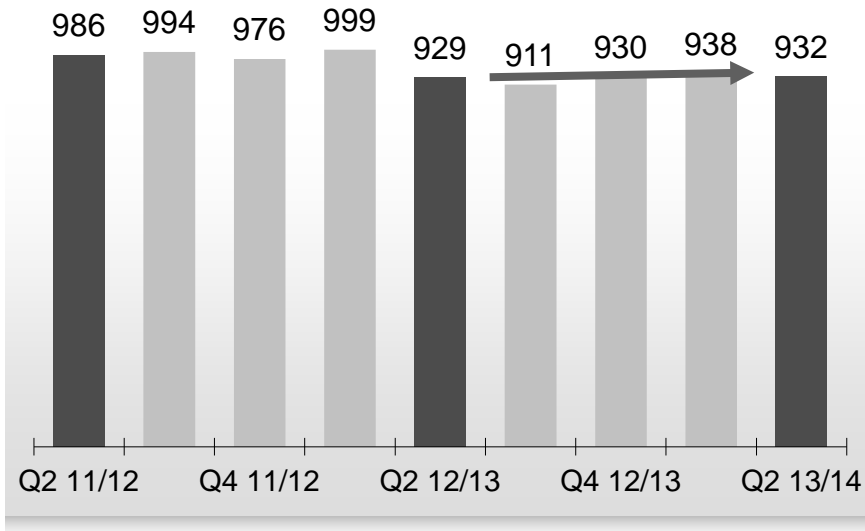
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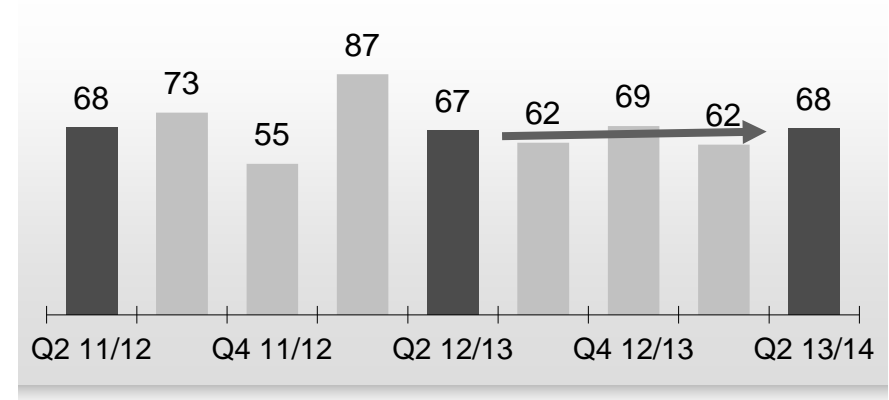
Premium Outdoor

Revenue, ttm, DKKm



- Q2 ttm revenue unchanged at DKK 932m
- H1 revenue unchanged at DKK 565m
- Disappointing retail performance
- Wholesale growth in line with expectations

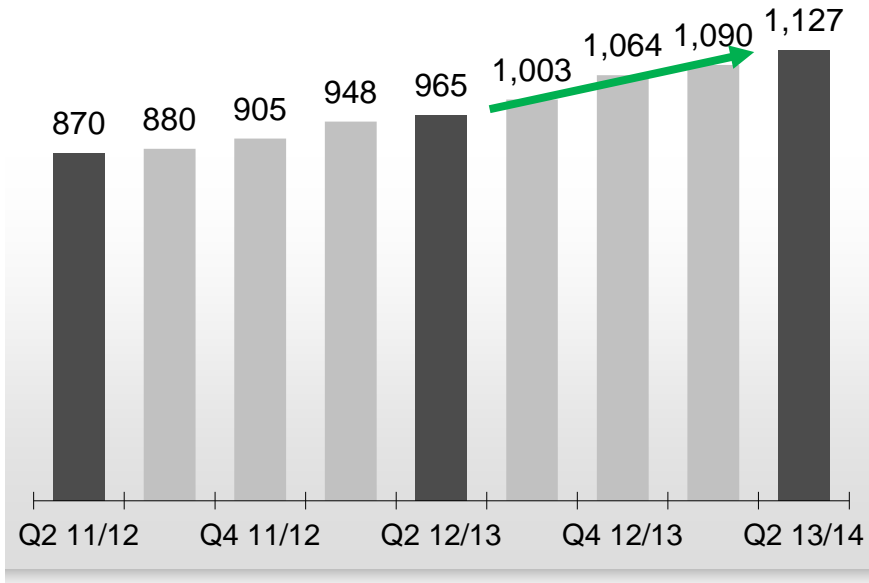
EBIT, ttm, DKKm



- Q2 ttm EBIT unchanged at DKK 68m
- H1 EBIT margin down by 0.2pp to 16.2%
- Significant gross margin improvement
- OPEX increase related marketing and management change.

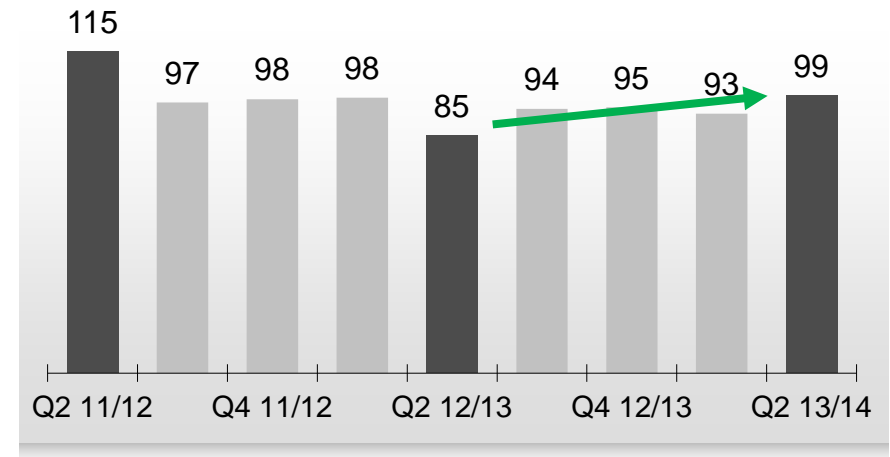
Premium Contemporary

Revenue, ttm, DKKm



- Q2 ttm revenue up by 17% to DKK 1,127m
- H1 revenue growth of 12%
- Positive development in all sales channels – especially in wholesale
- Insourcing of Tiger of Sweden accessories contributes significantly to H1 growth

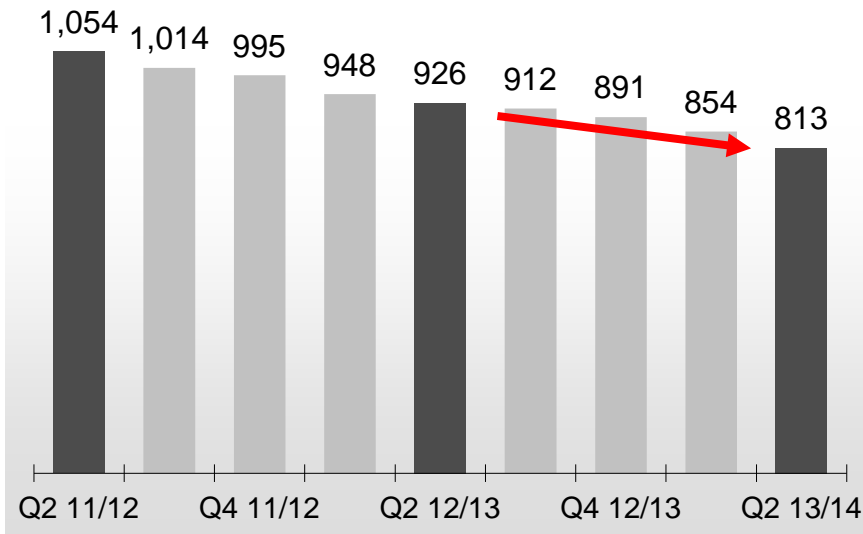
EBIT, ttm, DKKm



- Q2 ttm EBIT up by 14m to DKK 99m
- H1 EBIT margin down by 0.4pp to 9.8%
- Increased costs in H1 to marketing and establishment of own and operated stores

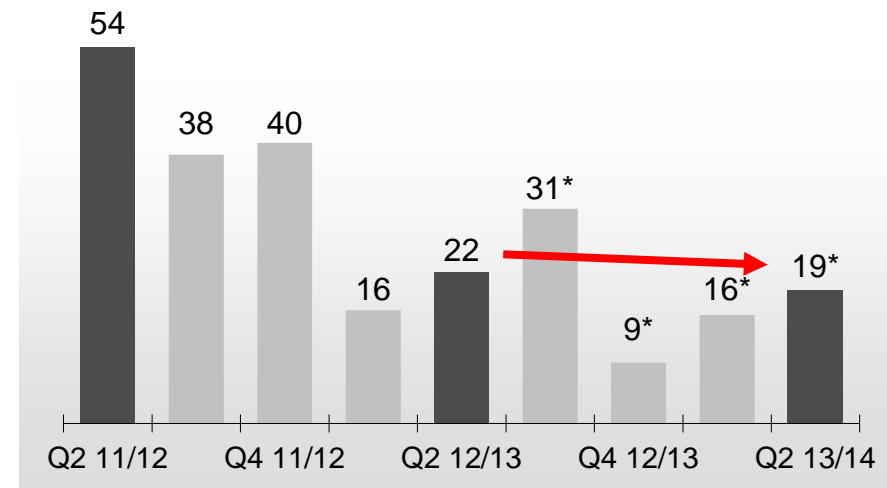
Mid Market Contemporary

Revenue, ttm, DKKm



- Q2 ttm revenue down by 12% to DKK 813m
- H1 revenue down by 16% in H1
- Lower wholesale revenue
- Several retail stores closed during H1 - remaining retail stores perform in line with expectations

EBIT, ttm, DKKm



*: EBIT adjusted for one-off costs

- Q2 ttm EBIT down by 3m to DKK 19m
- H1 EBIT margin up by 3.0pp to 5.3%
- Restructurings and OPEX reduction improve profitability

None-core business and discontinued operations

Non-core business

Revenue growth in H1 of **1%** to DKK 223m (DKK 221m)

EBIT down in H1 by **12%** to DKK 17m

- EBIT margin down from 8.5% to 7.4%
- Growth and improved profitability in Saint Tropez
- Revenue decline and lower profitability in Designers Remix

Discontinued operations

Phasing out Jackpot and Cottonfield retail stores

- Retail operations fully phased out during 2013/14
- Full year cash flow effect in line with expectations

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Key take-aways



Leaner Group **Management structure** in place

Operations function and enhanced focus on **operational platform**

Premium segments developing **in line with expectations**

Mid Market Contemporary continue to deliver earnings growth

Guidance for full year **revised**

Extraordinary dividend of 100m DKK expected in **March 2014**

Questions

Questions

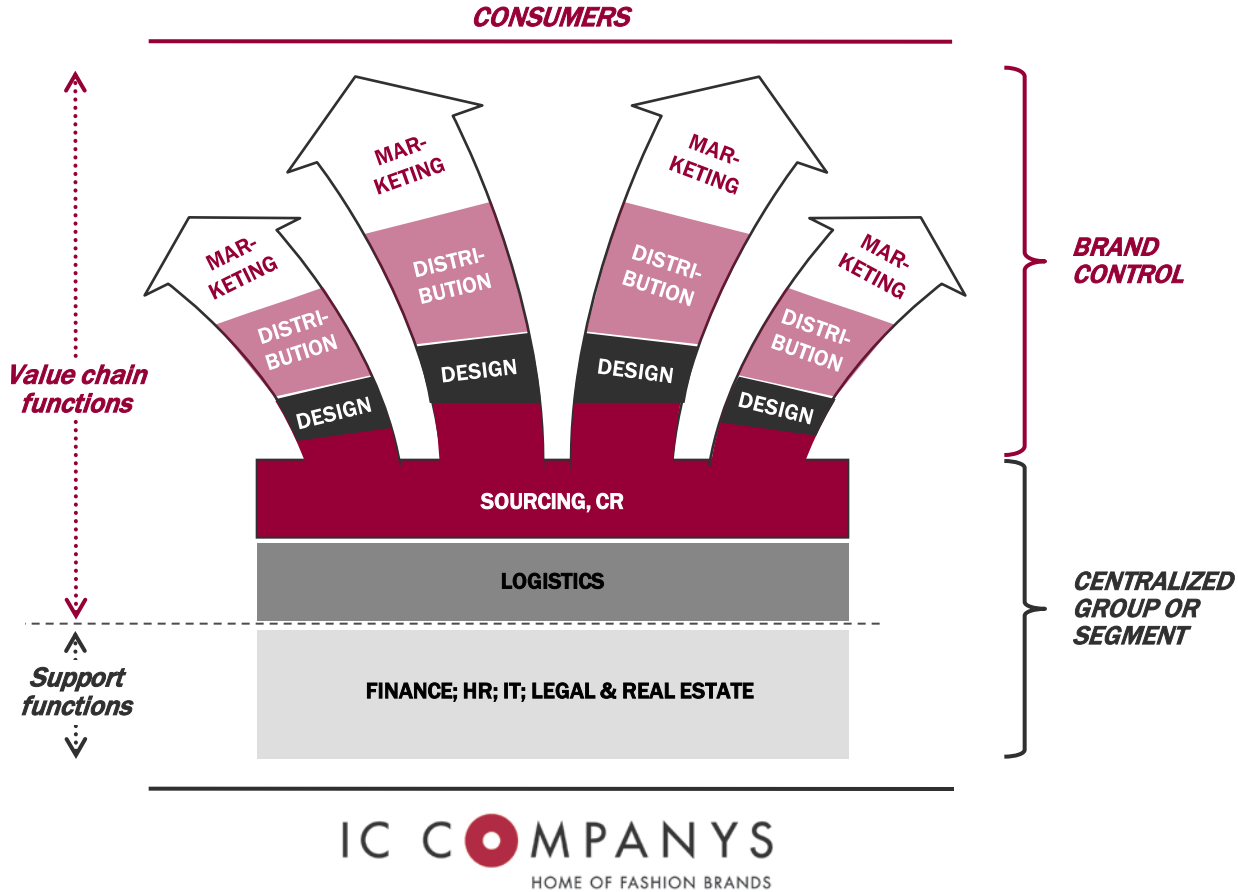
Questions

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Appendix

Uniting business excellence with creativity and innovation”



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