



# H1 2013/14

*Information meeting*

February 4, 2014

IC  MPANYS  
HOME OF FASHION BRANDS

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# Highlights in H1 2013/14

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- **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



# Financial results H1 2013/14 – continuing operations

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

# Guidance FY 2013/14 revised

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## **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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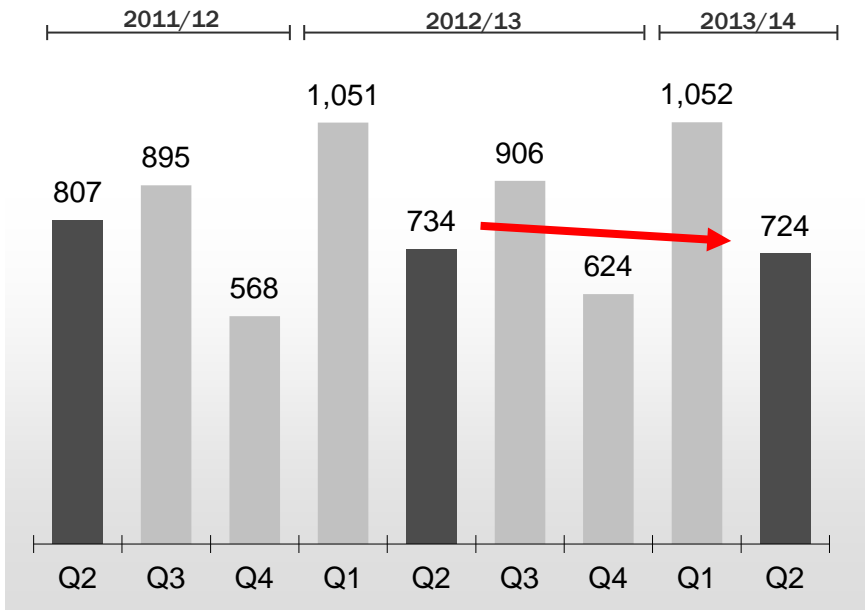
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# Revenue slightly down but gross margin improved

## Quarterly revenue, DKKm

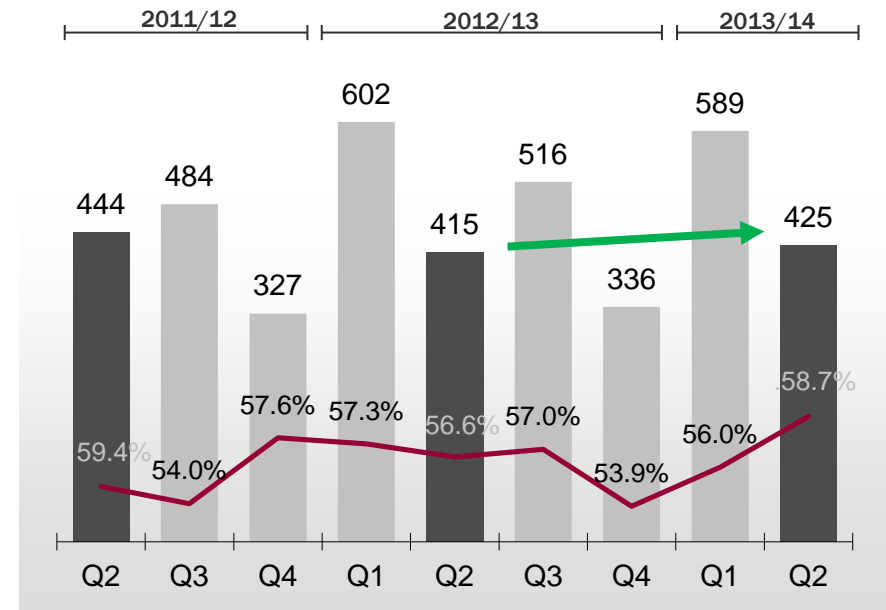
Continuing operations



- 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, %

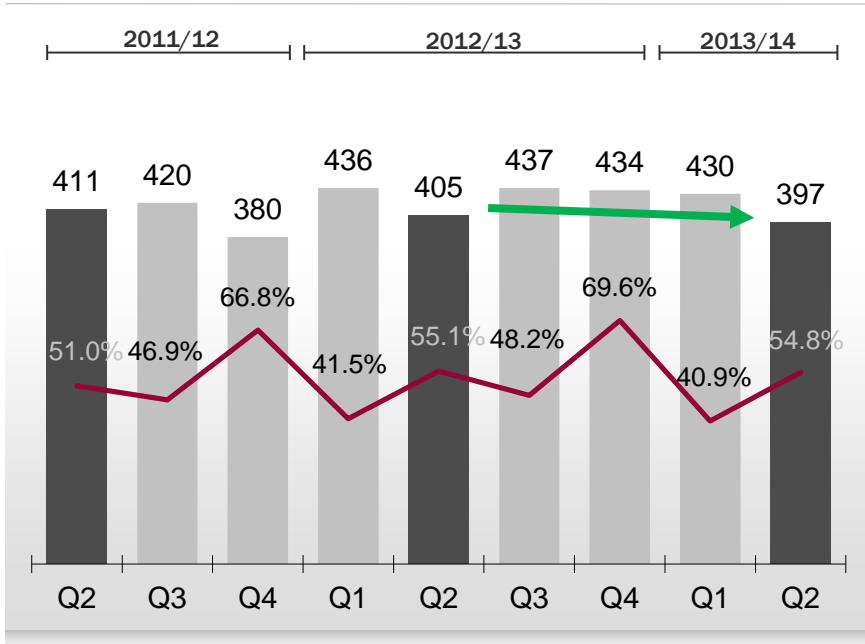
Continuing operations



- 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

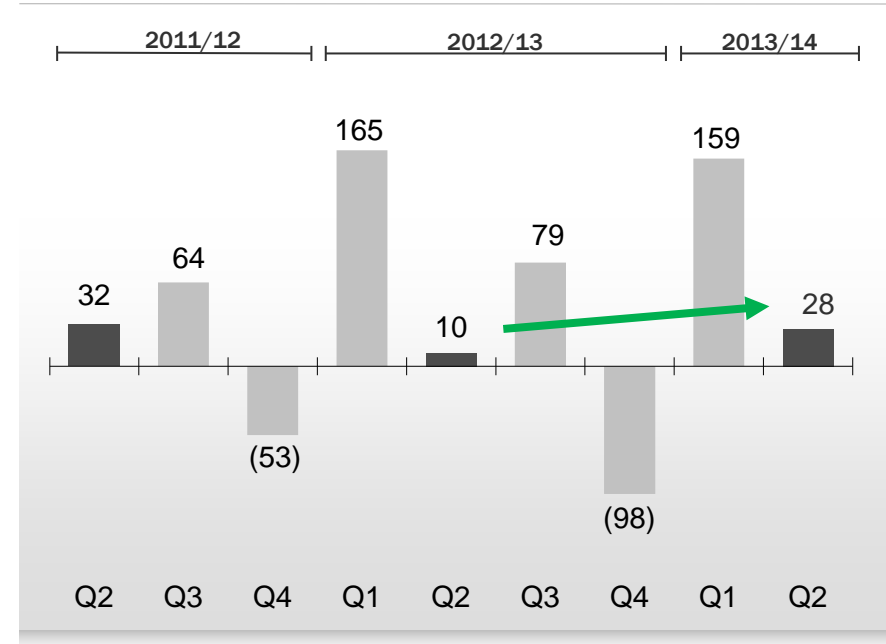
# EBIT improved through lower OPEX and improved gross margin

**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

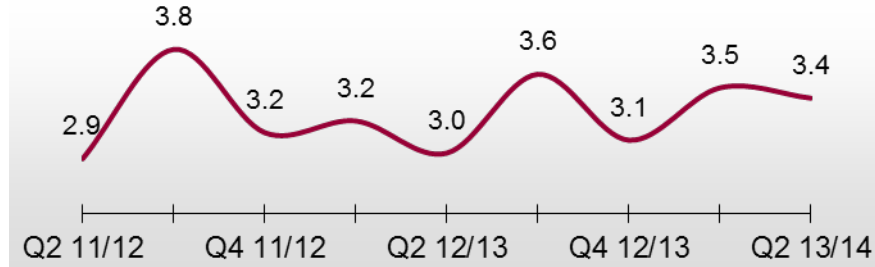


- Q2 EBIT up by DKK 18m to DKK 28m
- Improved gross margin and lower OPEX contribute positively
- H1 EBIT improved by 6% to DKK 187m
- Adjusted for cost to management changes in H1, EBIT amounted to DKK 200m



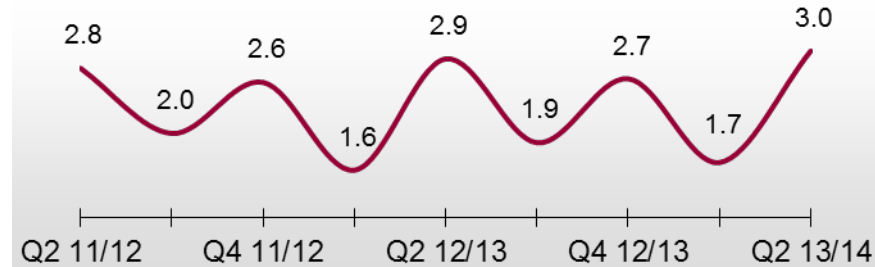
# Working capital and turnover rates

## End of quarter, inventory turnover rate



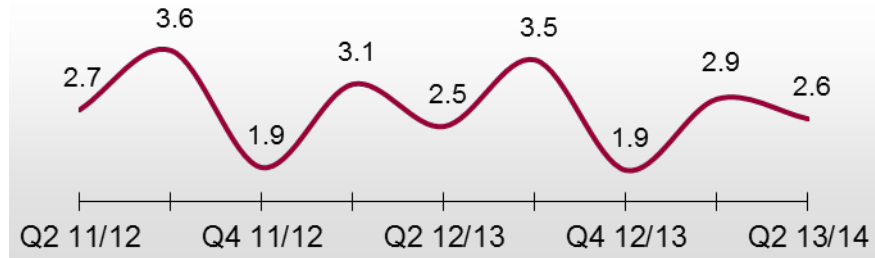
- Inventory turnover rate improved
- Lower inventory level compared to Q2 2012/13

## End of quarter, debtor turnover rate



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

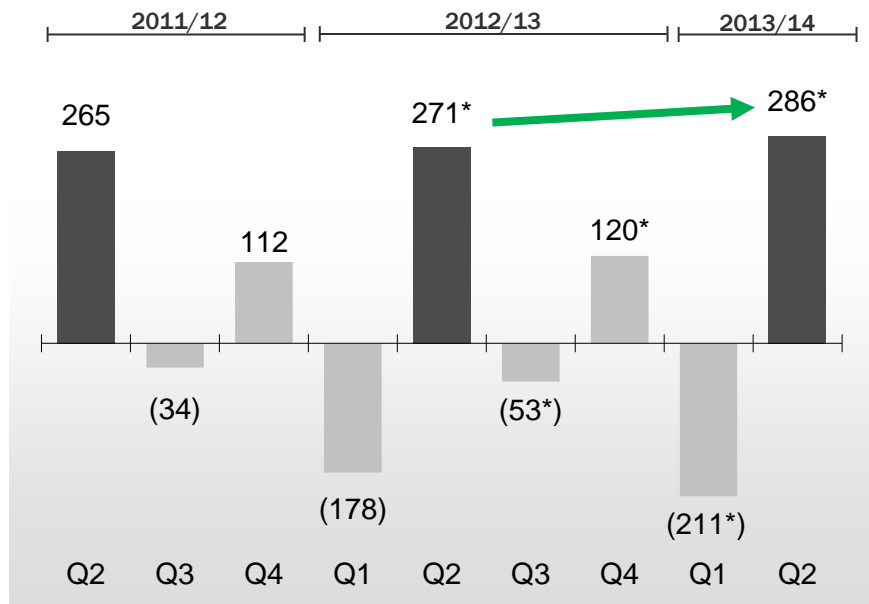
## End of quarter, creditor turnover rate



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

# Strong cash flow and net debt converted to net deposit

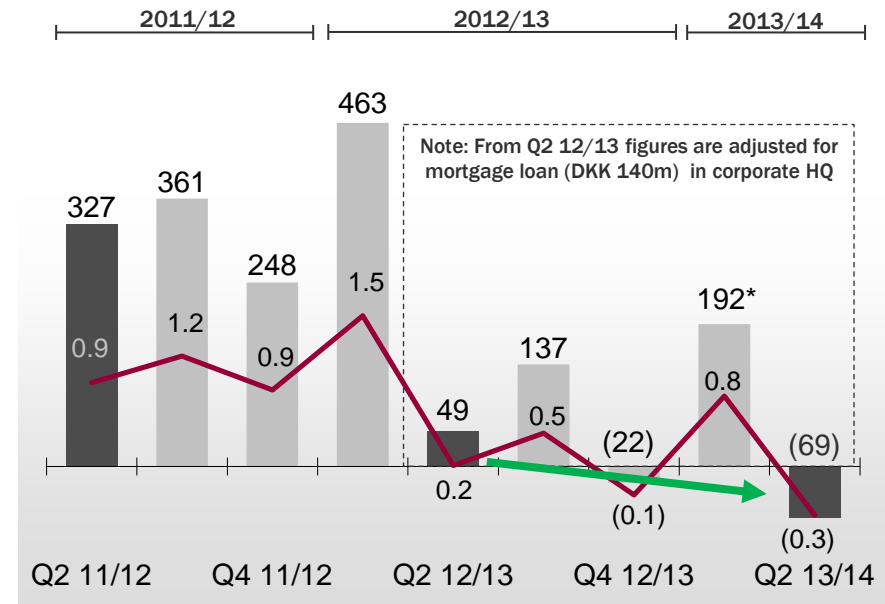
## Free cash flow, DKKm



\* 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



Note: From Q2 12/13 figures are adjusted for mortgage loan (DKK 140m) in corporate HQ

- 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

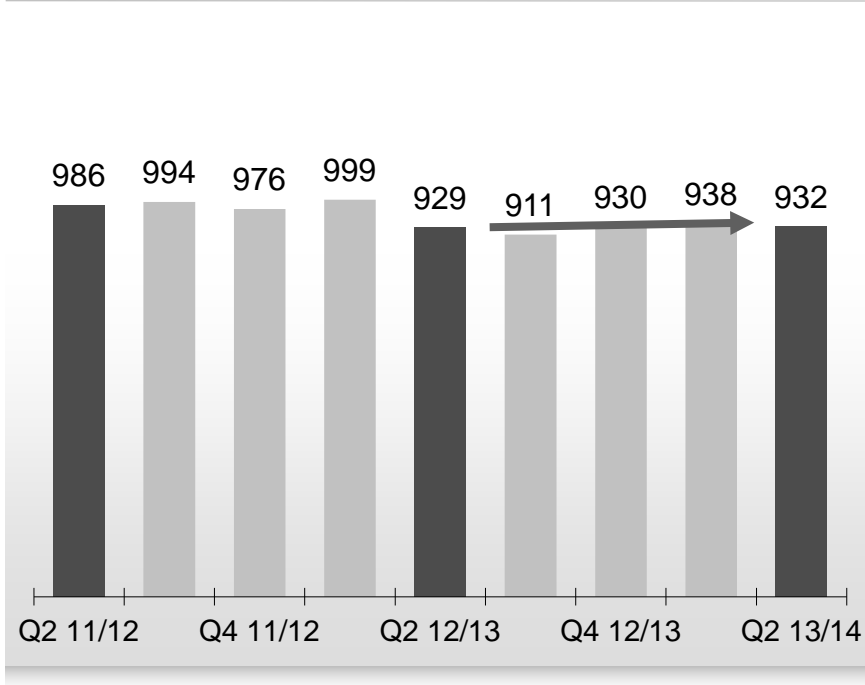
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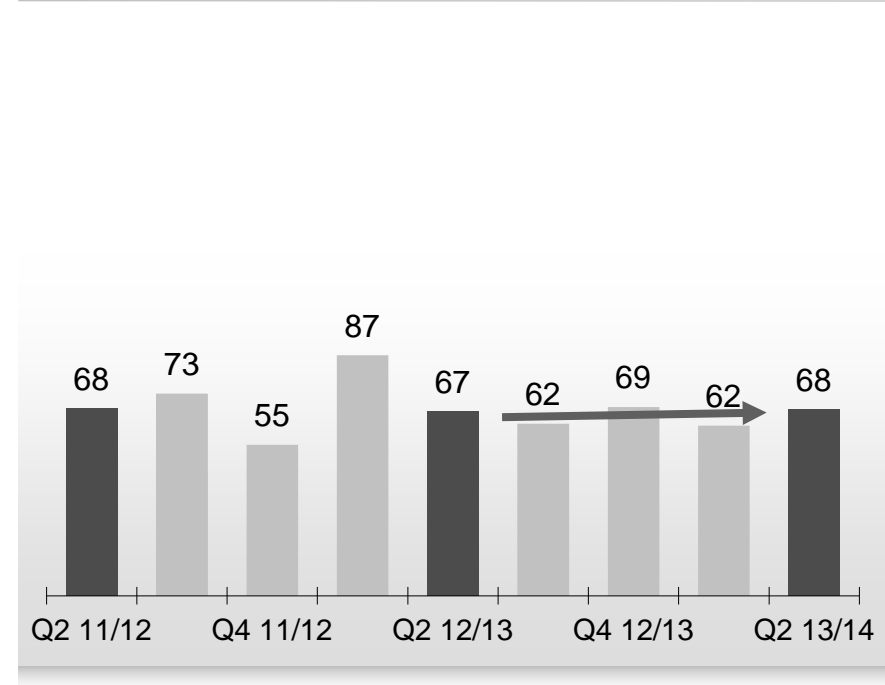
# Premium Outdoor

## 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

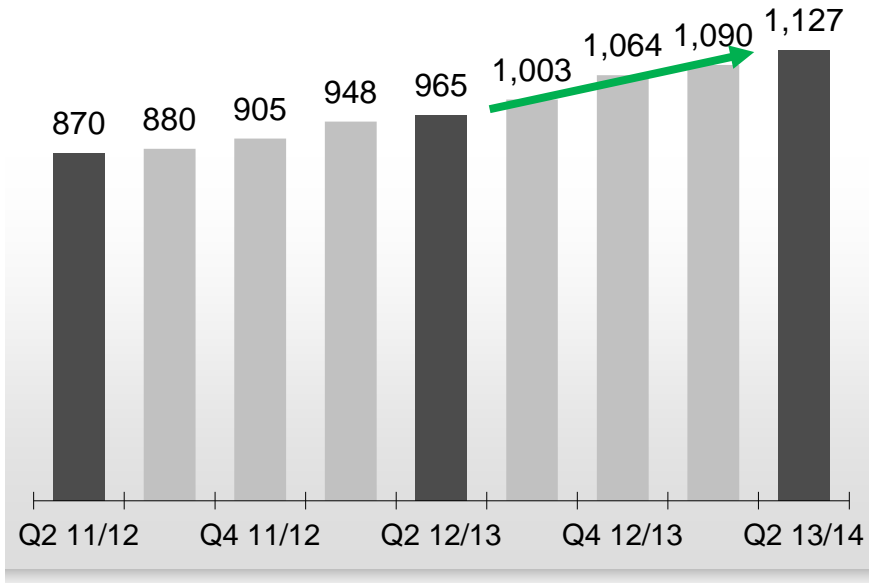
## EBIT, ttm, DKKm



- 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.

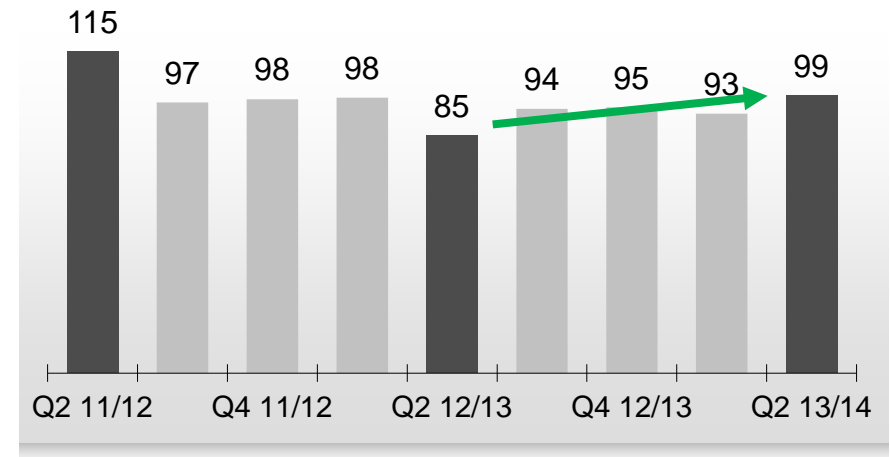
# Premium Contemporary

## 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

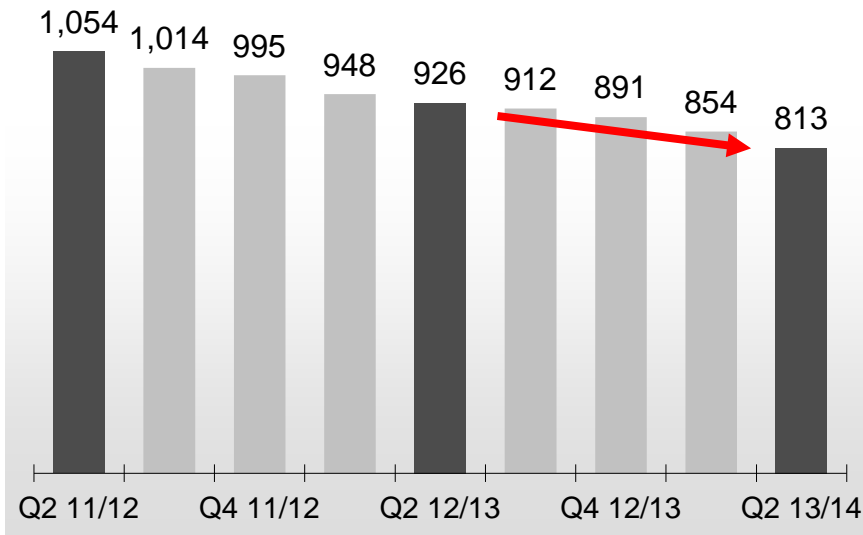
## EBIT, ttm, DKKm



- 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

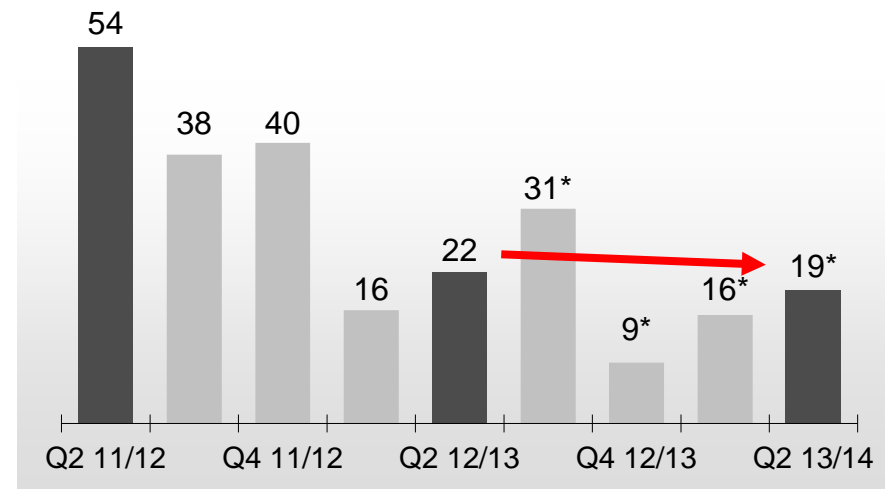
# Mid Market Contemporary

## 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

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## 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

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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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