

H1 2012/13

Information Meeting

February 2013

IC  MPANYS
HOME OF FASHION BRANDS

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Financial achievements H1 2012/13

	2012/13	2011/12
Revenue down by 3% to	DKK 2,036 m	DKK 2,105m
Gross Margin up by 1.4pp to	57.9%	56.5%
Costs down by 3% to	DKK 1.018 m	DKK 1.044m
EBIT up by 10% to	DKK 160 m	DKK 146m
Free cash flow up by DKK 23m to	DKK 95 m	DKK 72m

Segment development H1 2012/13

Premium realised **1% growth** and an **EBIT margin** of **12.6%**

- Same-store growth of 5% in local currencies
- In-season-sales growth of 12% while pre-order declined 6%
- SS 2013 order intake growth of 2% in local currencies
- Further growth and earnings improvement

Mid Market reported continued **decline**

- Same-store decline of 6% in local currencies
- Costs reduced by 10% and gross margin improvement of 2.9pp
- Summer order intake decline of 13% in local currencies
- Mid Market Division to reduce costs significantly

Fast Fashion realised **15% growth** and an **EBIT margin** of **9.1%**

- Same-store growth of 2% in local currencies
- Spring order intake growth of 25% vs. expected 21%
- Expected summer order intake growth of 1% in local currencies

Changes in brand portfolio and organisational structure

Two new Premium segments pursuing further international growth

- Premium Outdoor: Peak Performance
- Premium Contemporary: Tiger of Sweden and By Malene Birger
- Increased resource allocation to drive growth

New Mid Market Division to strengthen Nordic position

- InWear, Part Two, Matinique, Soaked in Luxury and Companys
- Reduction of costs and staff on all levels

Sales process initiated for **Jackpot and Cottonfield** due to unacceptable results in recent years

Saint Tropez and Designers Remix continue independently as non-core businesses

Guidance FY 2012/13

Challenging market conditions expected to continue

- Difficult market conditions primarily impact the Mid Market segment
- Abating gross margin pressure due to normalised industry discounting and positive impact from sourcing project
- Cost reductions to continue

Revenue of DKK **3,700 – 3,750**m

- Previous guidance: Lower than 2011/12

EBIT of DKK **140 – 170**m

- Previous guidance: On the same level or better than 2011/12

Investments on the same level as 2011/12

- Primarily for expansion of distribution in the Premium segment
- Unchanged

Guidance is subject to one-off effects from strategic initiatives

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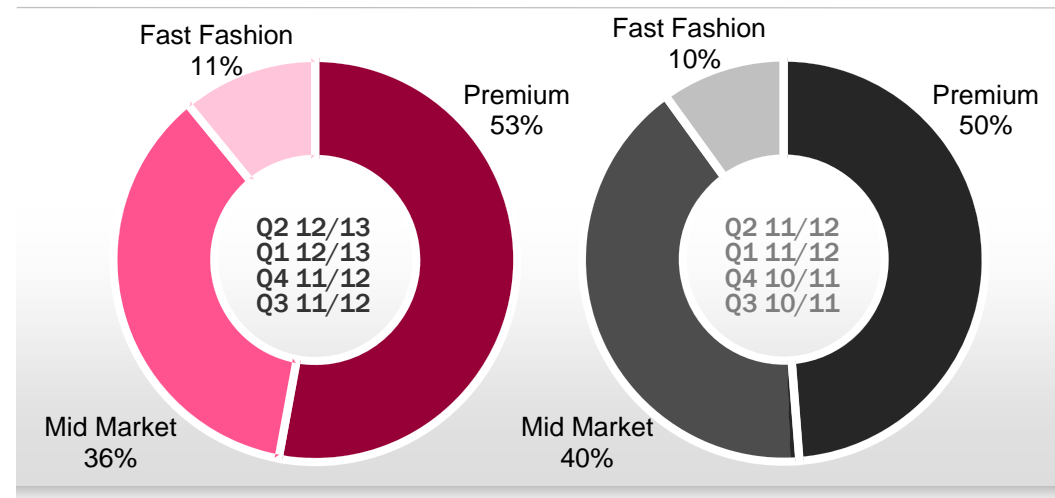
Niels Mikkelsen, CEO

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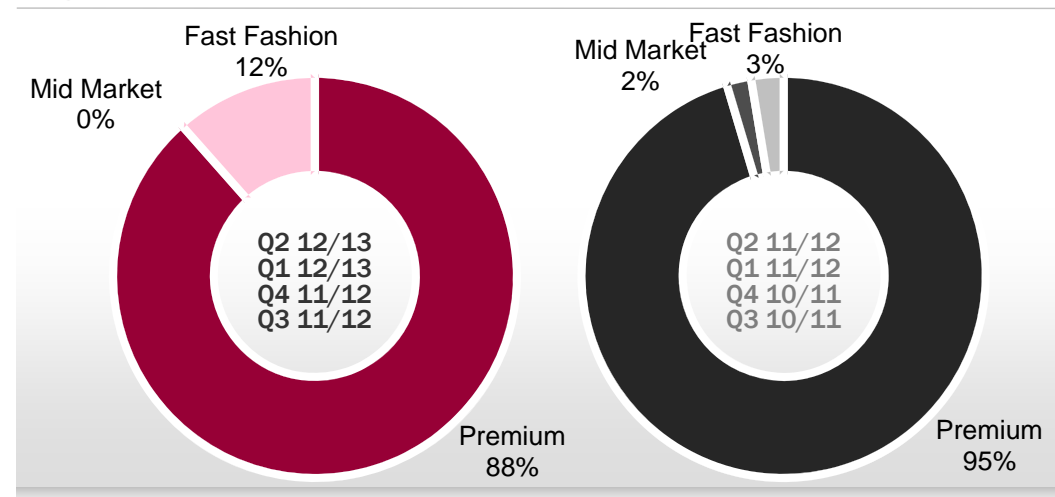
New segment reporting: Premium, Mid Market and Fast Fashion – Full distribution of Group costs and earnings

- **Premium:** Generate growth and earnings through enhanced market penetration and internationalisation
- **Mid Market/Fast Fashion:** Generate earnings through optimisation and consolidation
- **Mid Market Division to reach** profitability improvements of no less than DKK 25m
- **Premium constitutes 53% (50%)** of revenue and **88% (95%)** of EBIT
- **Mid Market ttm reported a loss** driven by 2 unprofitable brands
- **Fast Fashion ttm generated a substantial profit**

Segment revenue, ttm

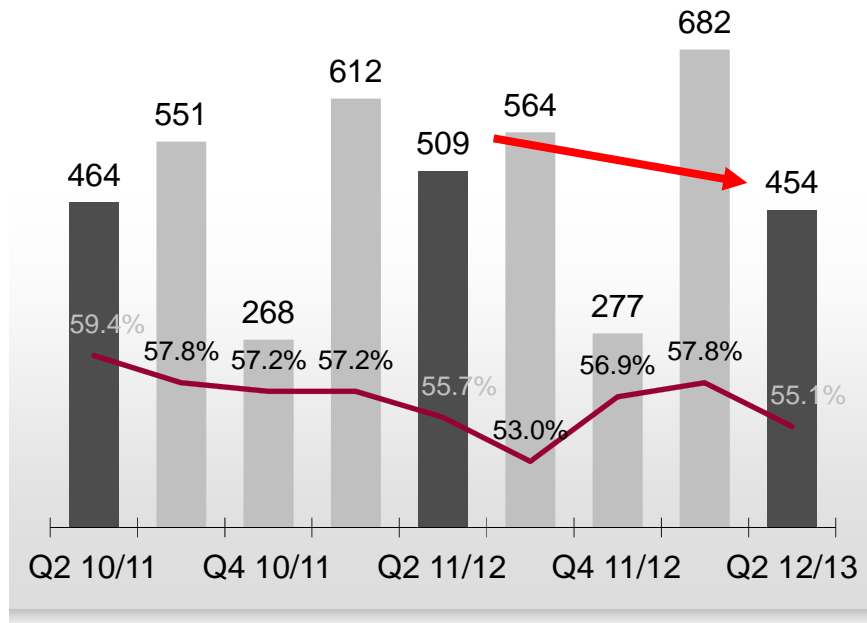


Segment profit, ttm



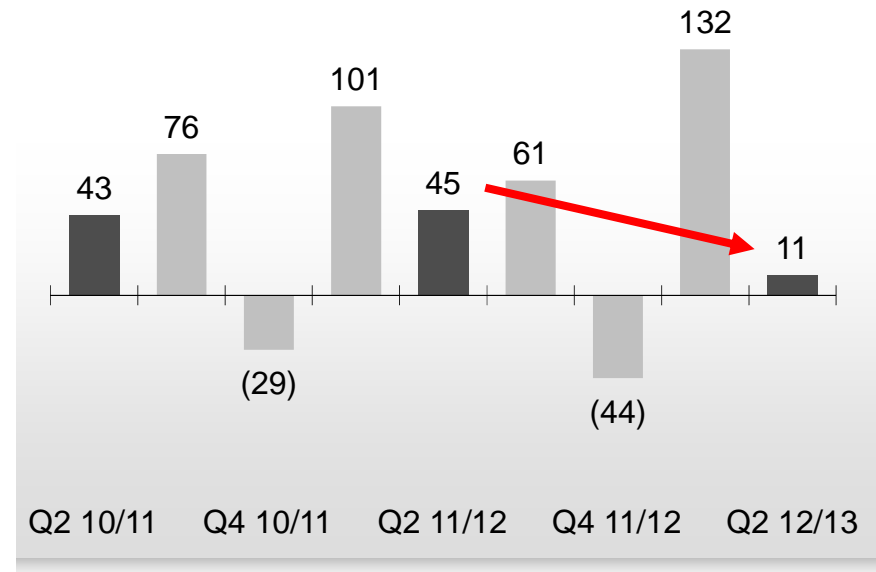
Substantial negative delivery effect in Q2 for Premium – H1 growth despite order intake decline of 10% and 7%

Quarterly revenue, DKKm and gross margin, %



- Revenue down by 11% to DKK 454m
- Same-store growth of 3%
- Negative effect from changes in delivery flows of DKK 48m
- Gross margin down by 0.6pp to 55.1%

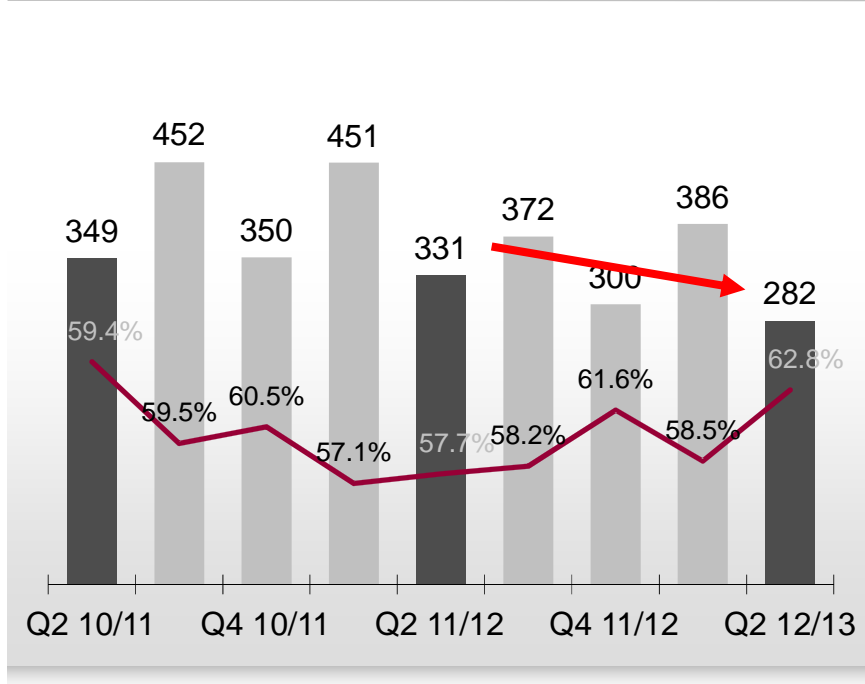
Quarterly EBIT, DKKm



- OPEX% up by 5.9pp to 52.7%
- Increasing costs in Tiger of Sweden due to growth
- EBIT down by DKK 34m to DKK 11m

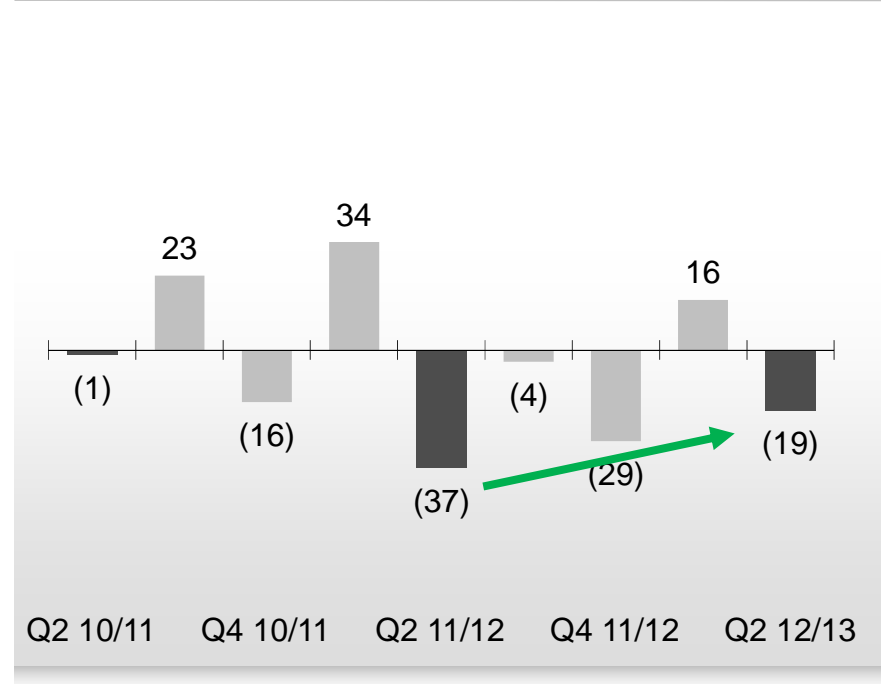
Mid Market reported revenue decline and still loss-making

Quarterly revenue, DKKm and gross margin, %



- Revenue down by **15%** to DKK 282m
- Same-store setback of **1%**
- Gross margin up by **5.1pp** to 62.8%

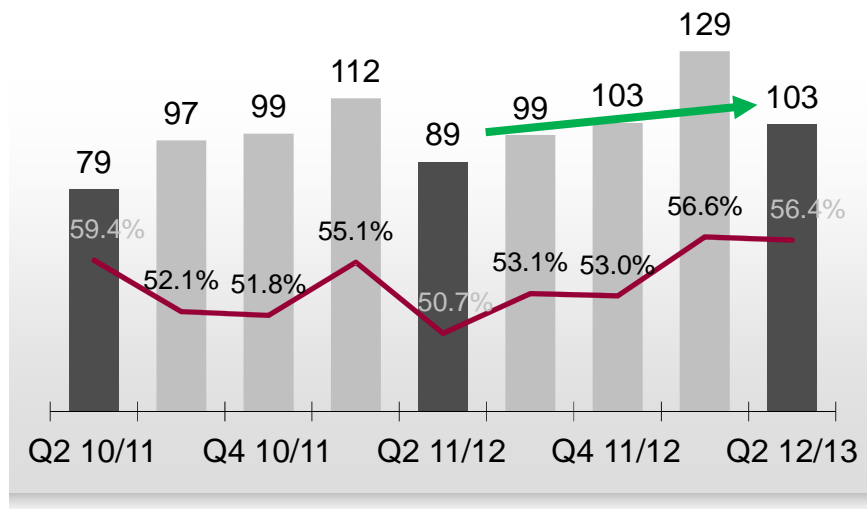
Quarterly EBIT, DKKm



- OPEX% up by **0.7pp** to 69.4% but last year impacted by one-offs
- Closing unprofitable revenue with many fixed costs
- EBIT up by DKK 18m to a loss of DKK 19m

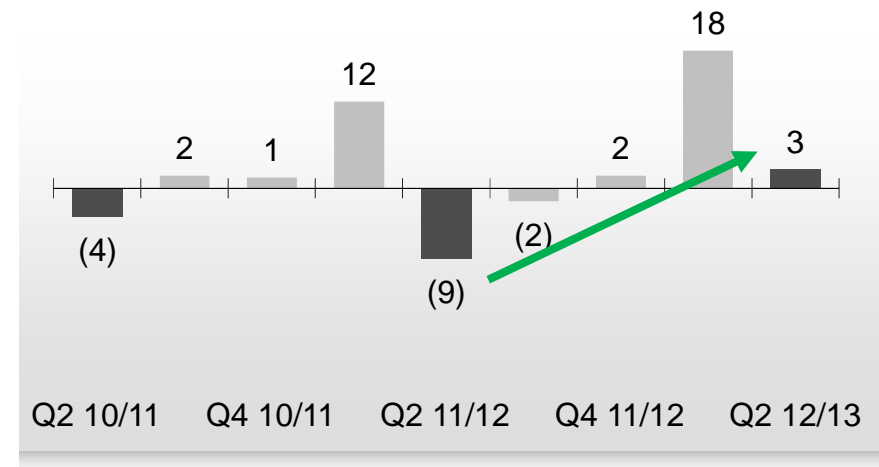
Fast Fashion realised growth and regained reasonable profitability

Quarterly revenue, DKKm and gross margin, %



- Revenue up by 15% to DKK 103m
- Same-store growth of 3%
- Gross margin up by 5.7pp to 56.4%

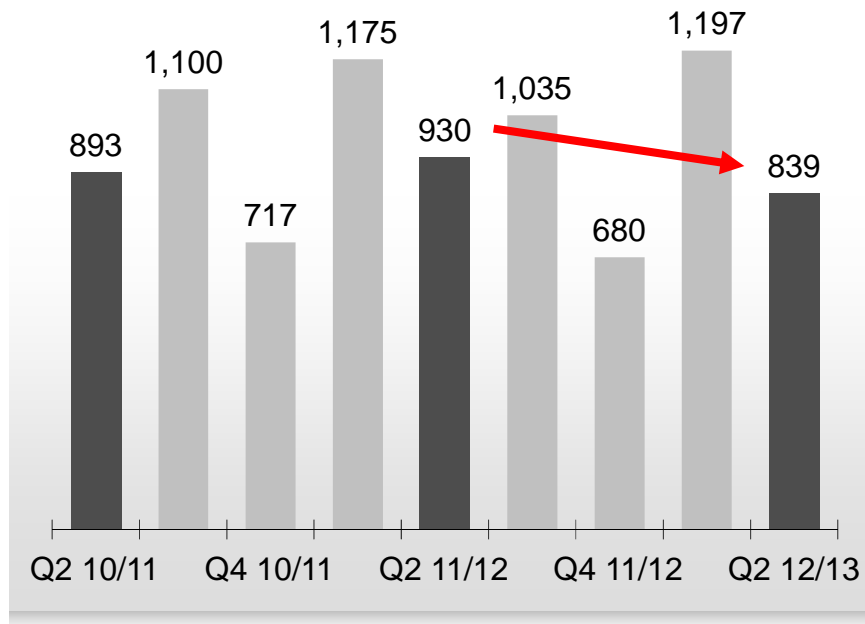
Quarterly EBIT, DKKm



- OPEX% down by 7.3pp to 54.0%
- Fewer discounts and cancellations
- EBIT up by DKK 12m to DKK 3m

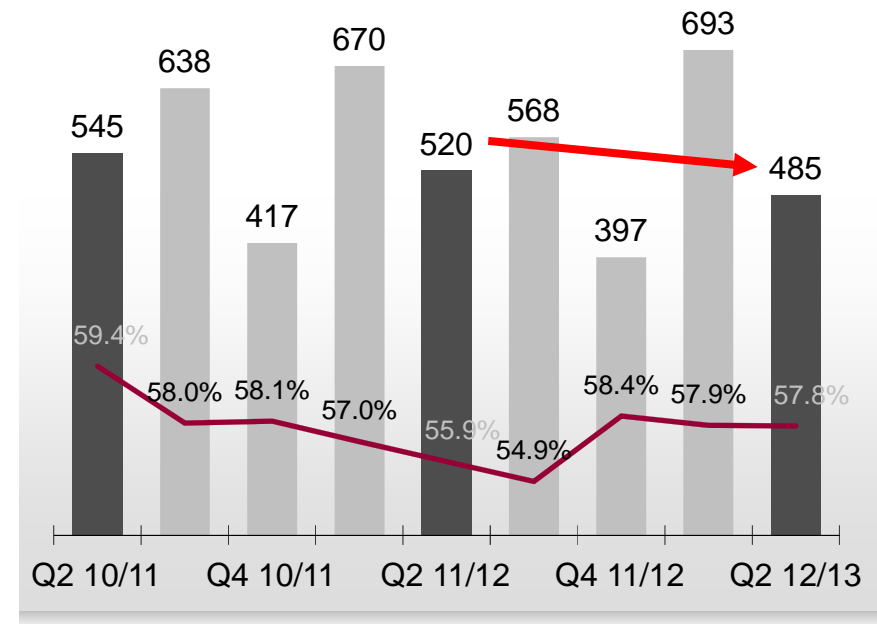
Negative delivery impact and Mid Market consolidation while gross margin improved due to better discount levels

Quarterly revenue, DKKm



- Revenue down by 10% to DKK 839m
- Positive currency effect of DKK 24m
- Negative effect from changes in delivery flows of DKK 48m primarily attributable to Premium

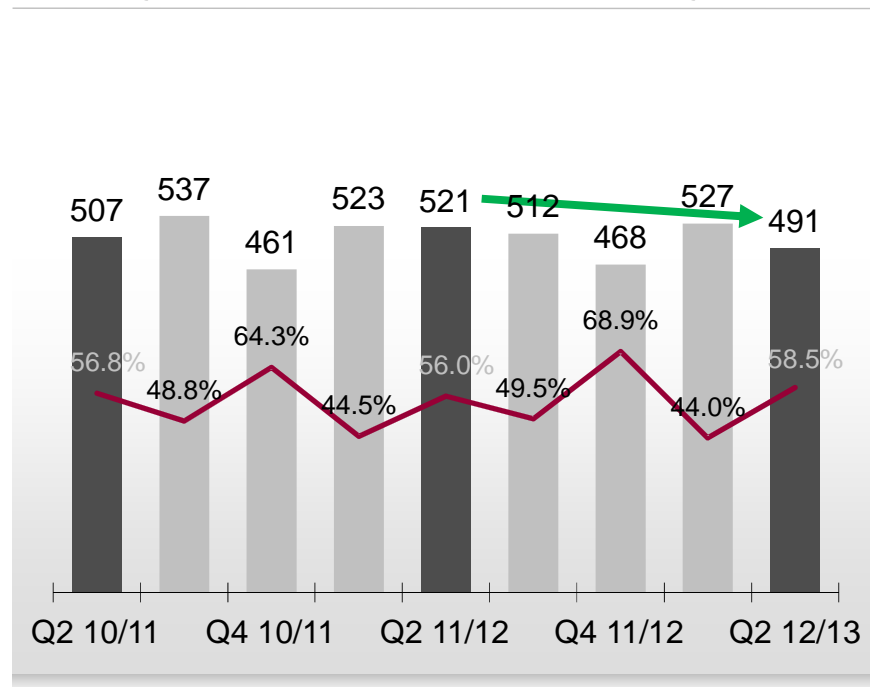
Quarterly gross profit, DKKm and gross margin, %



- Gross profit down by 7% to DKK 485m
- Gross margin up by 1.9pp to 57.8%
- Lower discount levels
- Still affected by sourcing pressure

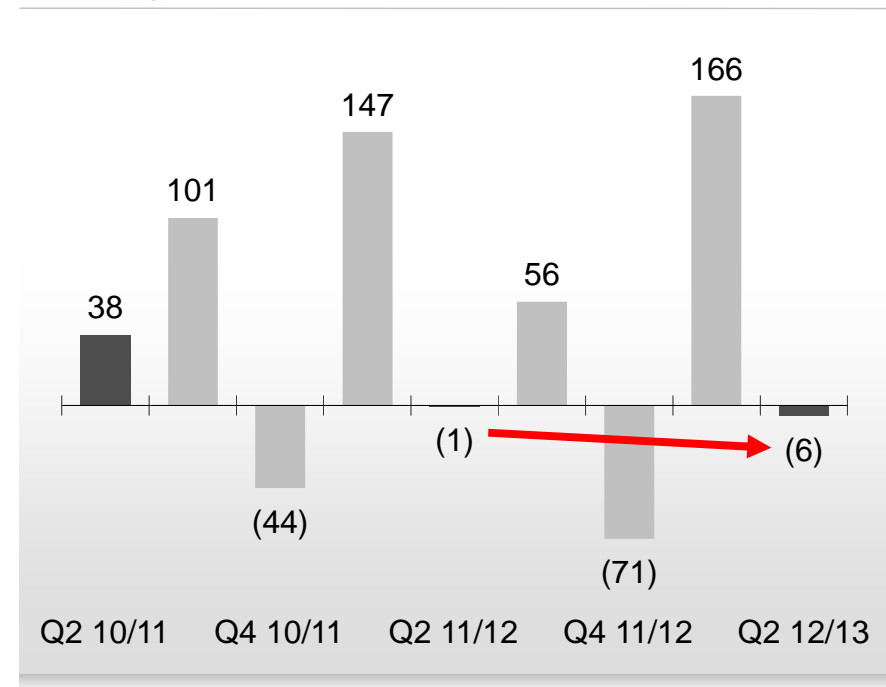
Temporary revenue setback offsets positive effect from continued cost base reduction and gross margin improvement

Quarterly OPEX, DKKm and OPEX efficiency, %



- OPEX down by 6% to DKK 491m
- Negative currency effect of DKK 11m
- Positive debtor effect of DKK 9m
- One-off costs of DKK 23m and strategic project costs of DKK 7m

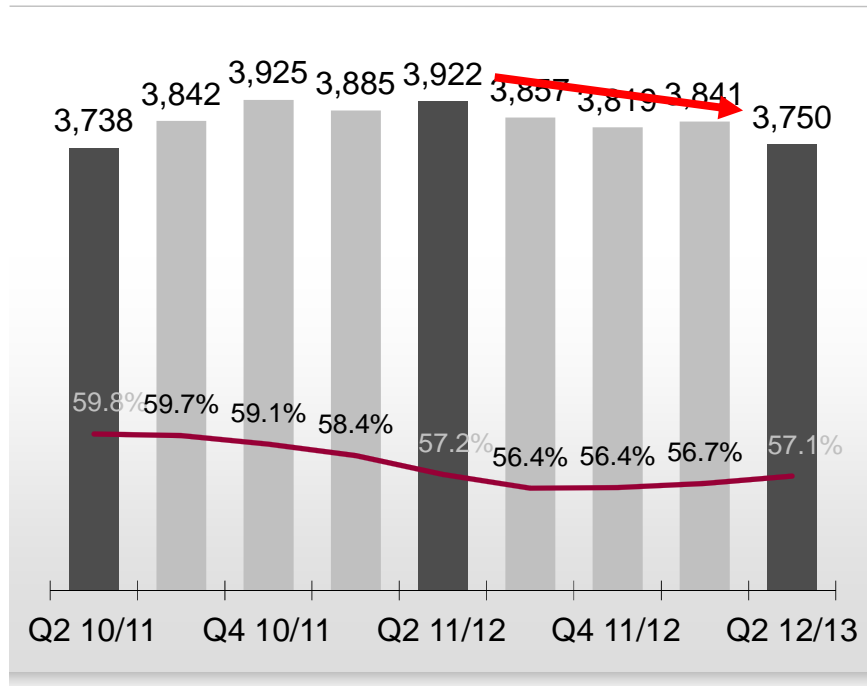
Quarterly EBIT, DKKm



- EBIT down by DKK 5m to a loss of DKK 6m
- Driven by delivery shifts despite cost base reductions and GM improvement

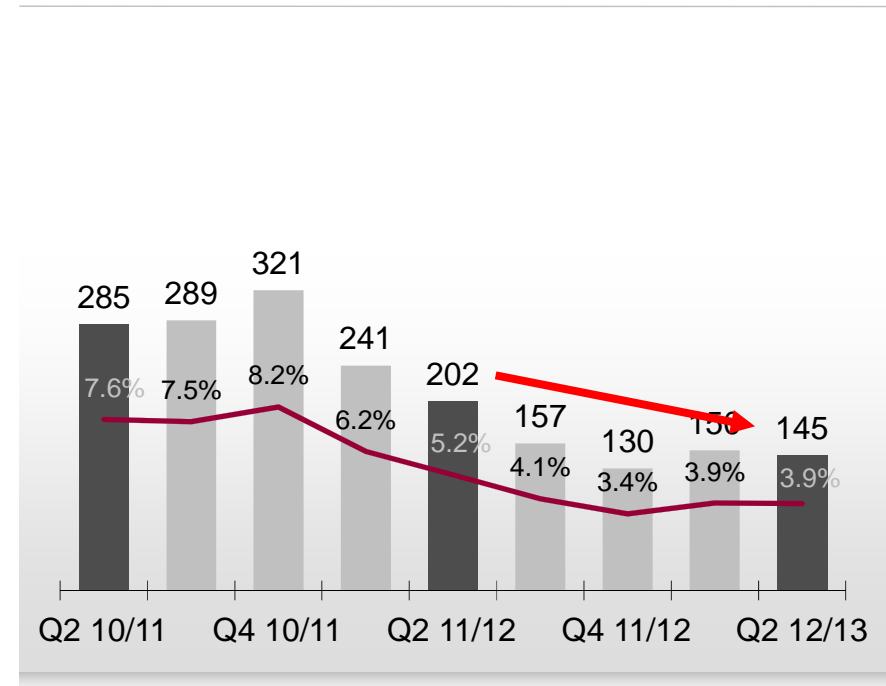
Significant effect from structural changes on 12 months revenue and profitability going forward

Ttm revenue, DKKm and gross margin, %



- Ttm revenue down by 4% to DKK 3,750m
- Ttm gross margin down by 0.1pp to 57.1%

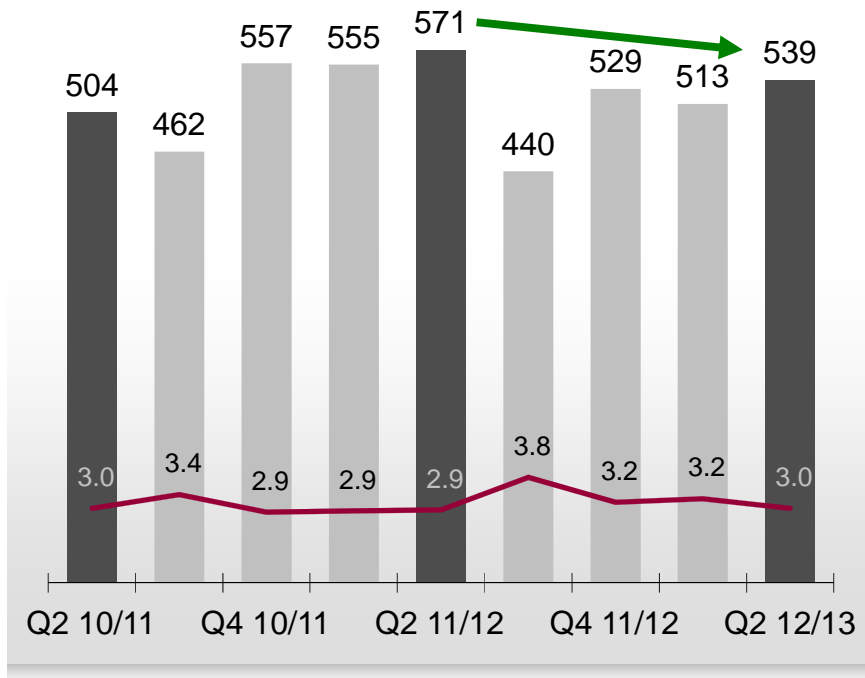
Ttm EBIT, DKKm and EBIT margin, %



- Ttm EBIT down by 28% to DKK 145m
- Ttm EBIT margin down by 1.3pp to 3.9%

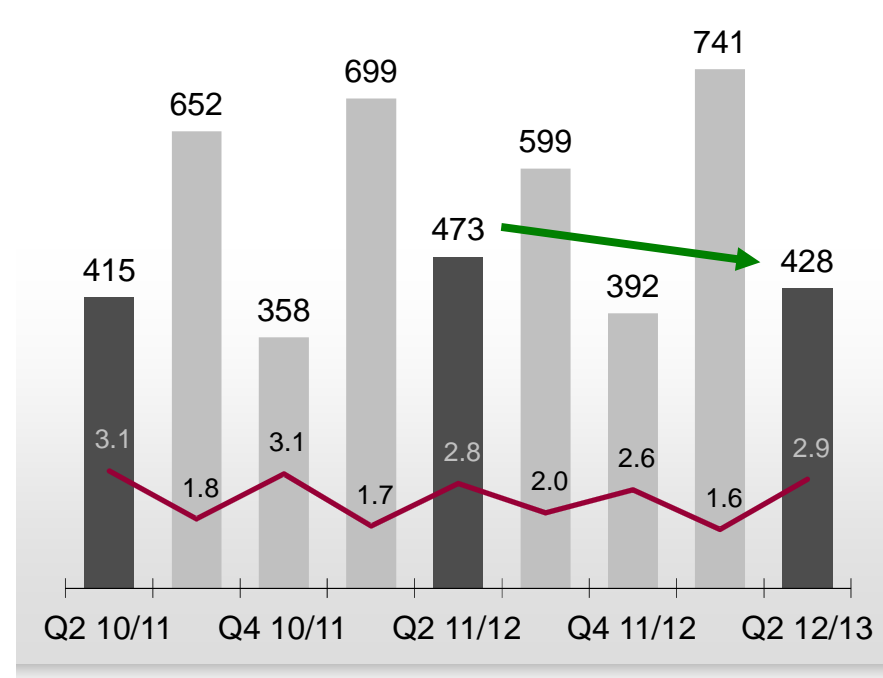
Inventories reduced and debtor situation improved

End of quarter inventories, DKKm and rate of turnover



- Inventories decreased by 6% to DKK 539m due to faster deliveries and improved turnover rate
- Age distribution on inventory improved due to focussed clearance activities

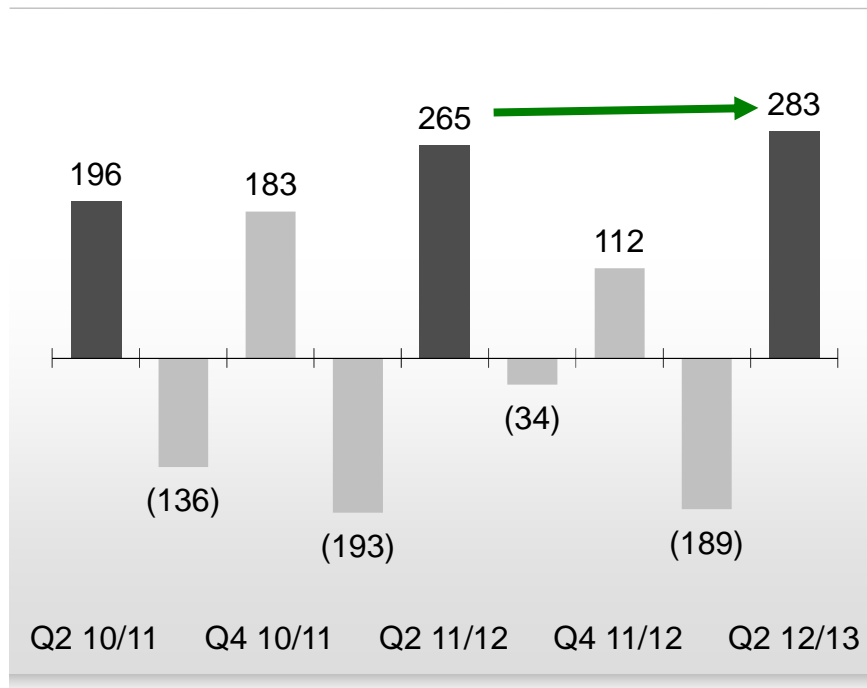
End of quarter debtor, DKKm and rate of turnover



- Debtors decreased by 10% to DKK 428m due to more prompt deliveries
- Challenging wholesale conditions continue despite improved debtor situation

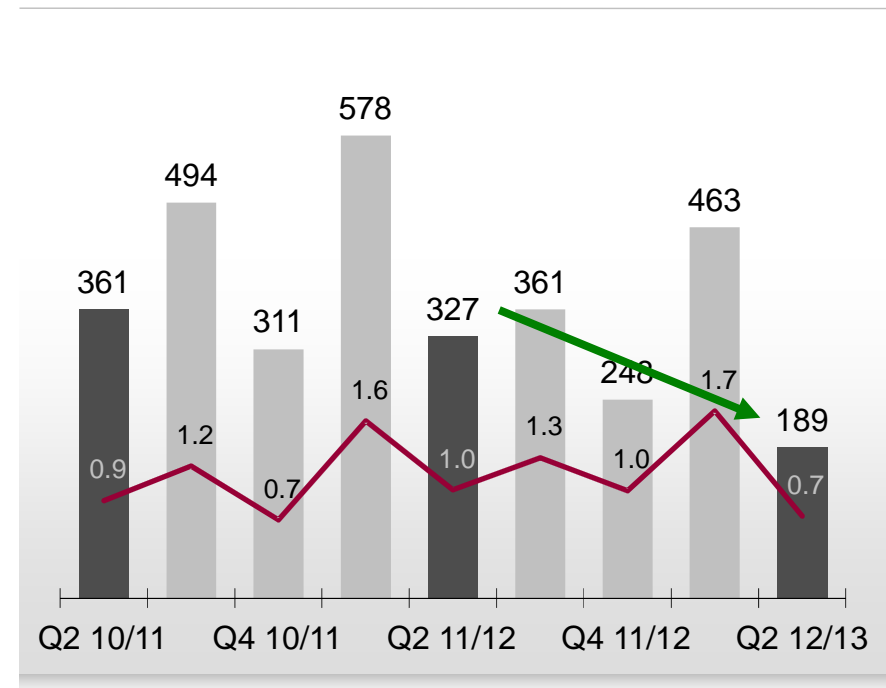
Cash flow improvement due to positive working capital impact and debt reduction continues

Free cash flow, DKKm



- Free cash flow up by DKK 18m to inflow of DKK 283m
- Positive impact from working capital changes

End of quarter NIBD, DKKm and NIBD/EBITDA



- NIBD reduction of 42% to DKK 189
- NIBD/EBITDA of 0.7
- Mortgage loan of DKK 140m related to corporate HQ

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3 divisions with 4 core businesses to drive future growth and improved profitability



Non-core operations and the role of IC Companys

Selling process for **Jackpot and Cottonfield** initiated

- Loss-making for IC Companys
- New owner specialised in Mid Market and Eastern Europe retail can offer better conditions to succeed

Saint Tropez non-core business for IC Companys

- Continue efforts to improve the business independently

Unresolved ownership for **Designers Remix**

Reduced complexity entails a **smaller corporate center**

- Fewer clients with more explicit goals

Raffinaderivej 10 for sale

- Separating Mid Market brands from HQ

New Mid Market Division

New unit with separate Copenhagen HQ and new CEO, Peter Fabrin

- Reduced complexity through better use of synergies between brands
- Fewer levels of command increase manoeuvrability
- Reduction in costs and staff on all levels to reach profitability improvement of no less than DKK 25m

Focus is on rebuilding a **strong position primarily in the Nordic countries**

Presence in **other markets only if profitable**

Active use of **Companys multi-brand concept as a competitive advantage** in a contracting wholesale market

Premium Outdoor and Premium Contemporary

Splitting Premium into two divisions: **Outdoor and Contemporary**

- More attention on specific battles to be won
- Better exploitation of unique competencies
- Continued focus on internationalisation

Peak Performance, Tiger of Sweden, By Malene Birger all hold a **great international growth potential**

- Increased resource allocation

Niels Mikkelsen, CEO, responsible for Outdoor

Anders Cleemann, EVP, responsible for Contemporary

Capital market day following FY 2012/13

Increased Transparency

Shareholder value

Increased profitability

Higher growth

New key segments

Ambitions

Strategy and targets



Questions

Questions

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Questions



IC COMPANY'S
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IC COMPANYYS

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InWear Matinique PART TWO *Jackpot* COTTONFIELD ESTABLISHED 1986 DESIGNERS REMIX CHARLOTTE EDRILOSEN SAINT TROPEZ TIGER OF SWEDEN MALENE BERGER *Copenhagen* PeakPerformance SOAKED IN LUXURY