




H1 2011/12
Information Meeting

February 2012

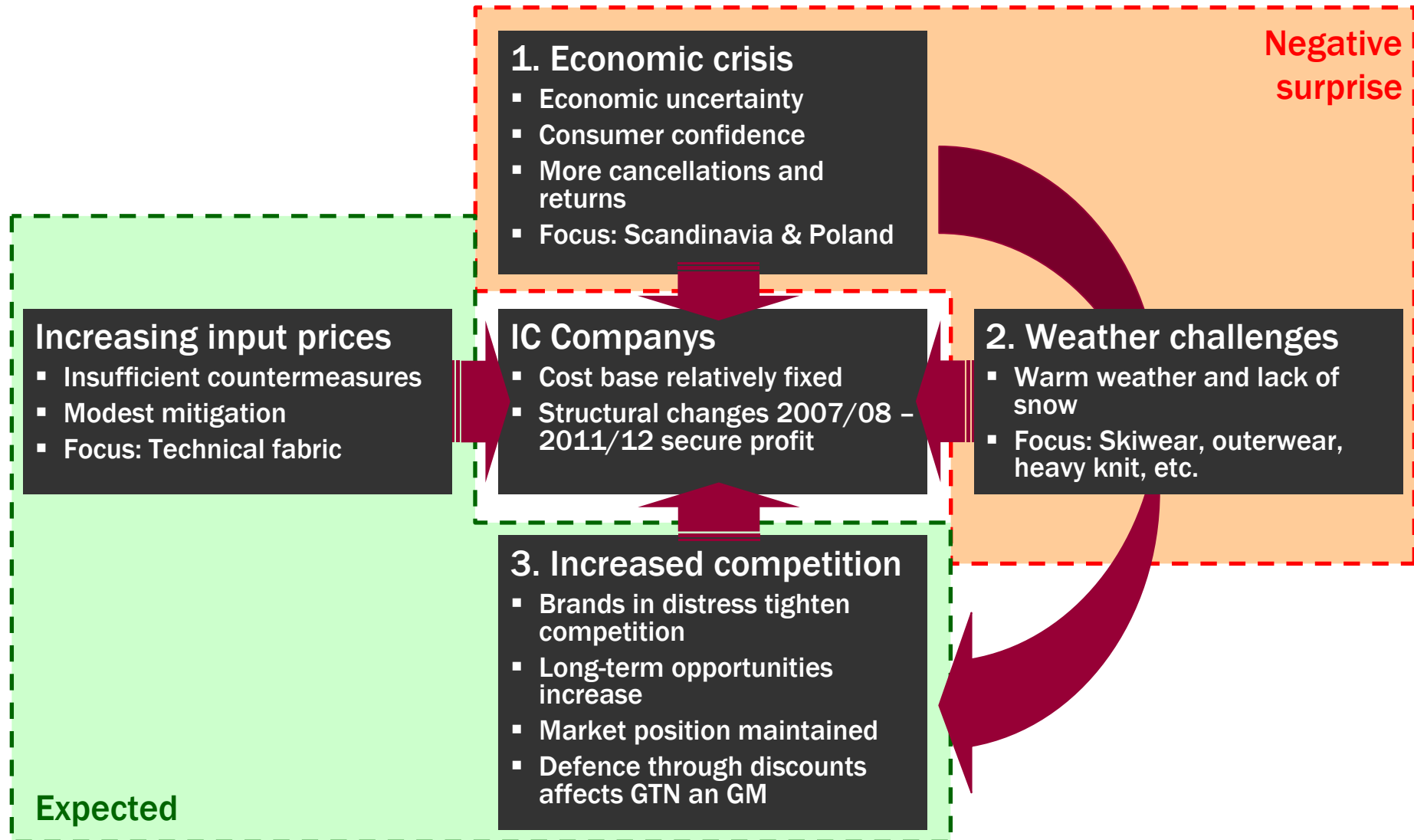
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Financial Achievements H1 2011/12

	2011/12	2010/11
Revenue flat	DKK 2,105 m	DKK 2,108m
Gross Margin down by 3.6pp to	56.5%	60.1%
Costs up by 4% to	DKK 1,044 m	DKK 1,002m
EBIT down by 45% to	DKK 146 m	DKK 265m
Free cash flow up by DKK 42m to	DKK 72 m	DKK 30m

Escalation of the Economic Crisis and Warm Weather Have Worsened Market Conditions During H1 2011/12



Operational Achievements H1 2011/12

Negative gross margin development

- External sourcing pressure
- Campaign activities to secure revenue
- Future positive impact from sourcing project

New Management in **Peak Performance**

- CEO, Henrik Bunge, former Managing Director of Adidas Group Nordic

Structural changes and **cost reduction** initiatives

- Expected full year revenue reduction of DKK 75m
- Expected full year cost reduction of DKK 80m excluding on-off costs of DKK 23m
- Clear prioritisation of costs in brands and service platform

Controlled space increased by 4,400 m² with focus on **franchise**

- 28 out of 53 new stores opened are franchise
- 16 retail and franchise stores closed
- Planned store closings and retail prioritisation in core markets

Guidance FY 2011/12

Challenging markets and **high uncertainty** expected to continue

- Significant change in consumer spending
- Continuation of campaign activities to secure revenue
- Wholesale market under high pressure

Revenue in the range of DKK **3.7 – 3.8b**

EBIT expected to be **positive** for H2 2011/12

- Risk of double-digit loss in DKKm for H2 2011/12 if market conditions deteriorate

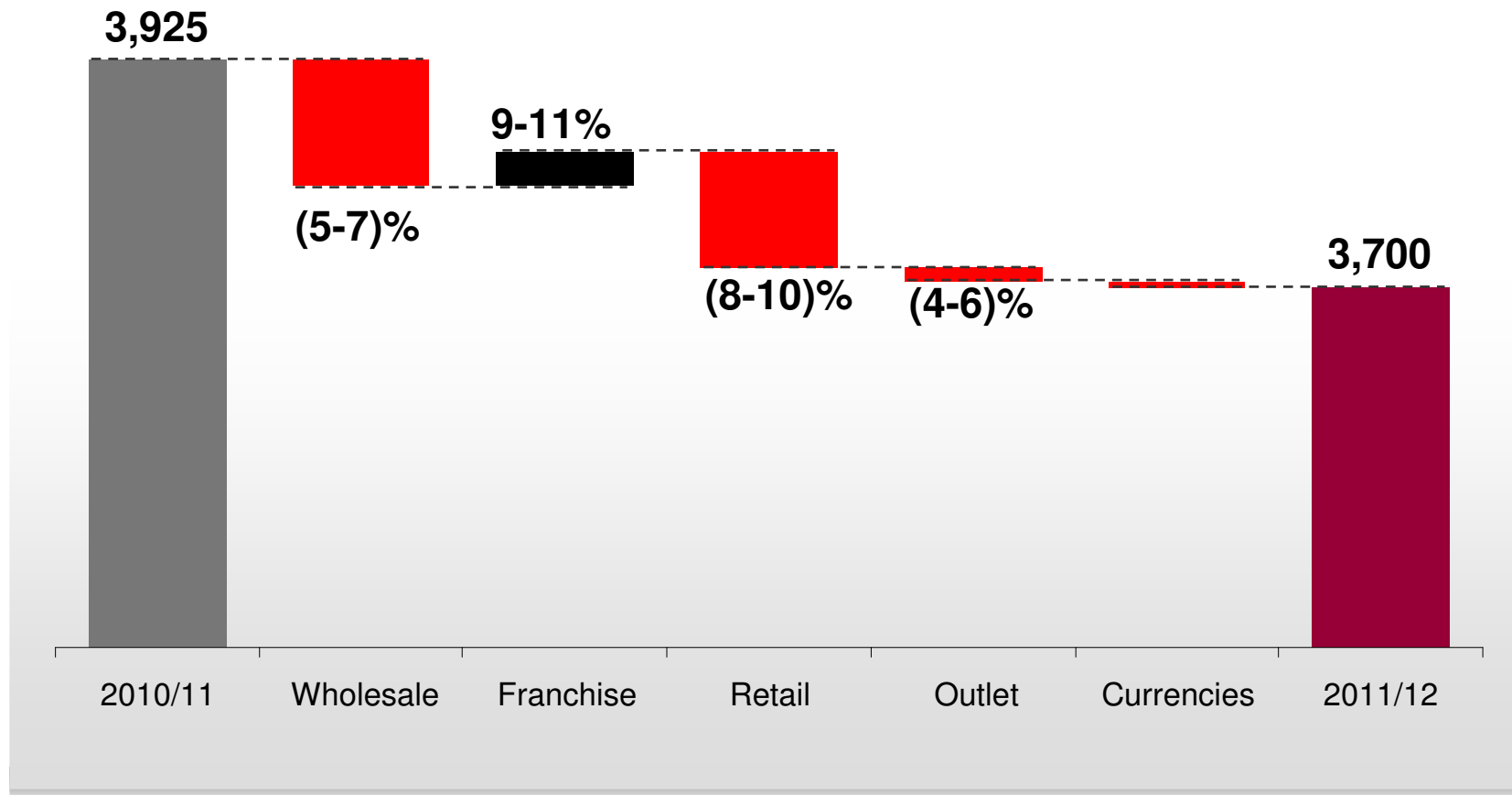
Free cash flow expected to be **positive** for H2 2011/12

- Under current market conditions

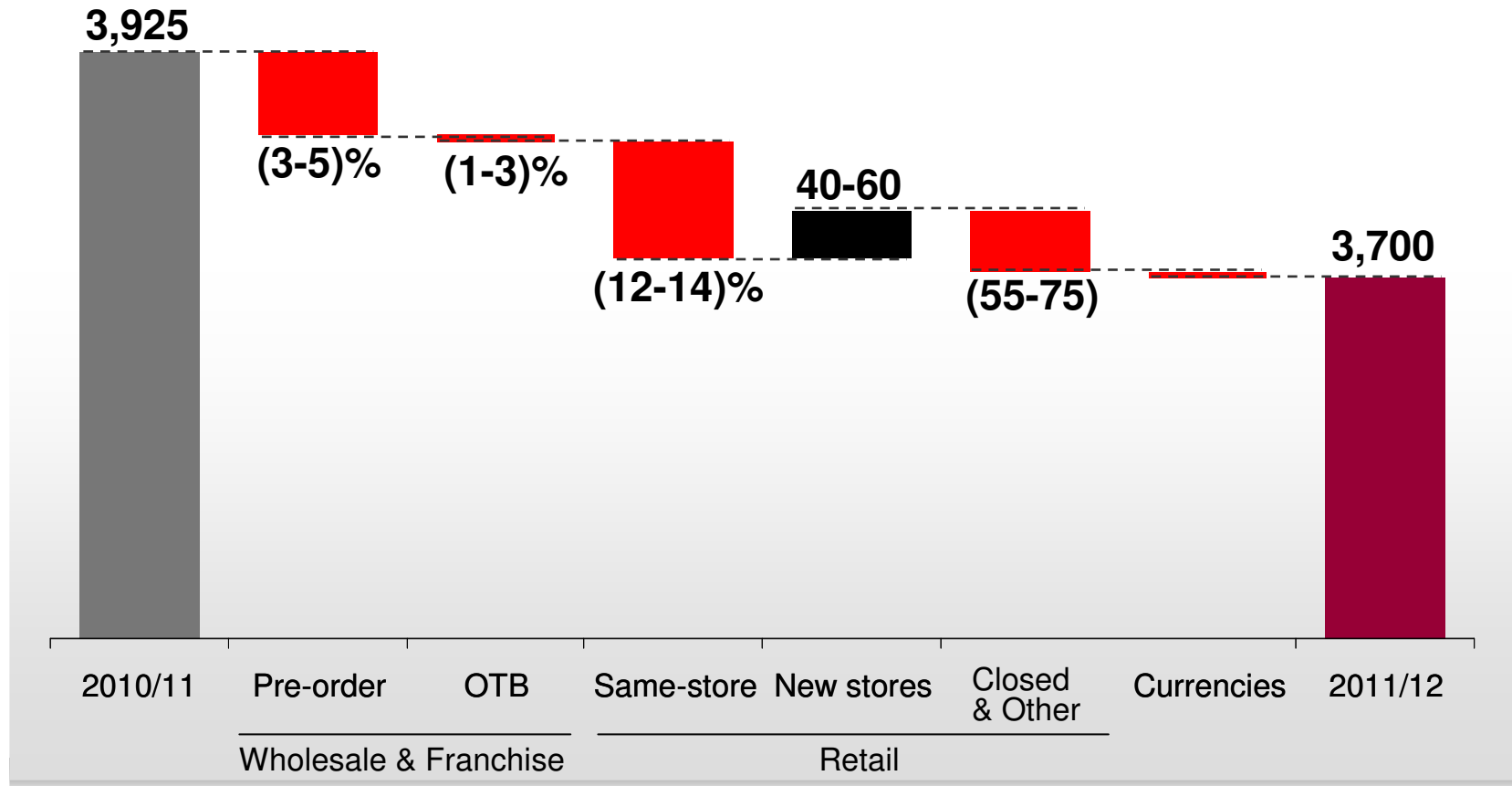
Investments in the range of DKK **80 – 100m**

- Previously DKK 90 – 110m

Channel Split of Floor of Revenue Guidance FY 2011/12



Distribution Split of Floor of Revenue Guidance FY 2011/12



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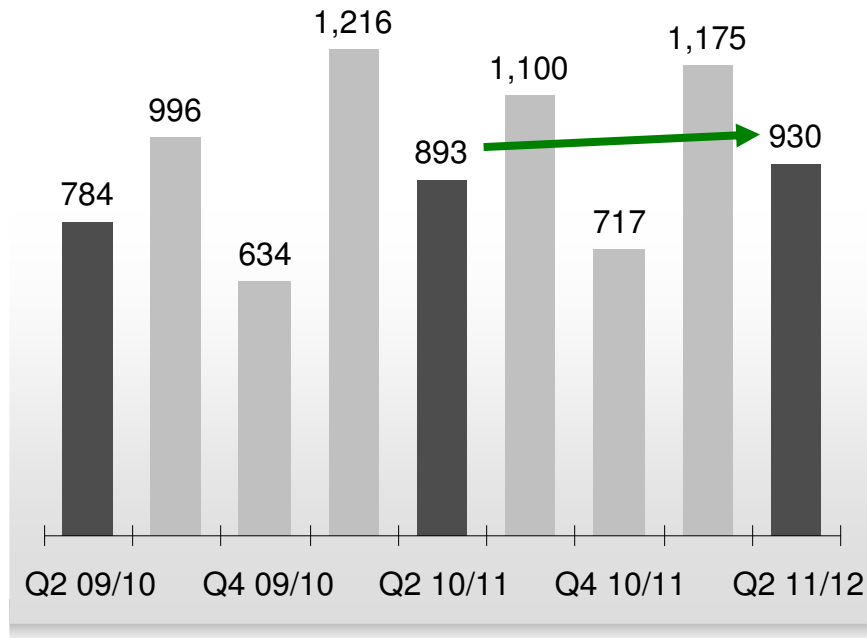
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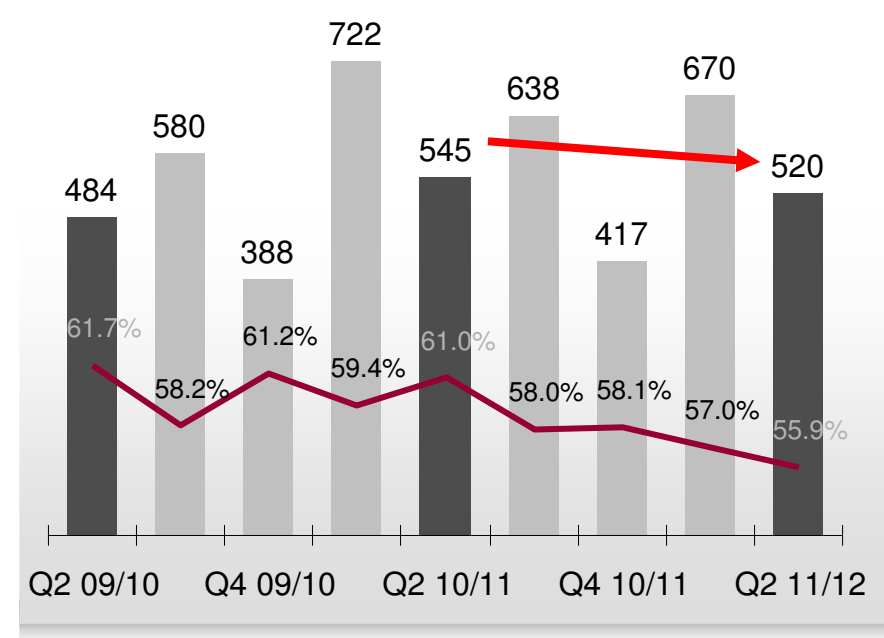
Efficient Campaign and Sales Activities Increase Revenue but with Significant Negative Impact on GM

Quarterly revenue, DKKm



- Revenue up by 4% to DKK 930m
- Positive currency effects of DKK 3m
- Net store openings of DKK 3m
- Positive shift in deliveries of DKK 48m

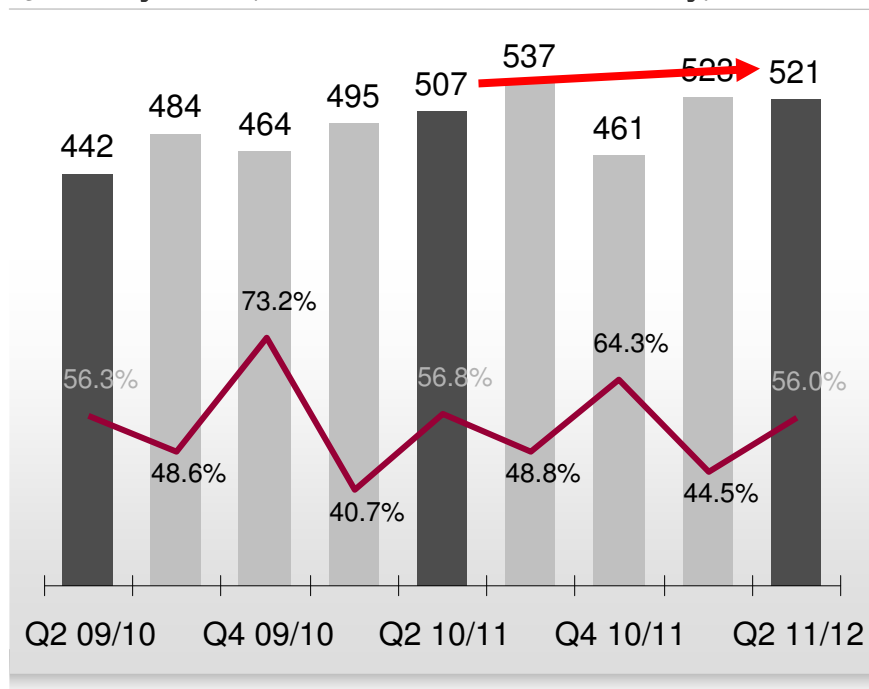
Quarterly gross profit, DKKm and gross margin, %



- Gross profit down by 5% to DKK 520m
- Gross margin down by 5.1pp to 55.9%
- High level of sales campaigns and presale activities
- Still influenced by sourcing pressure

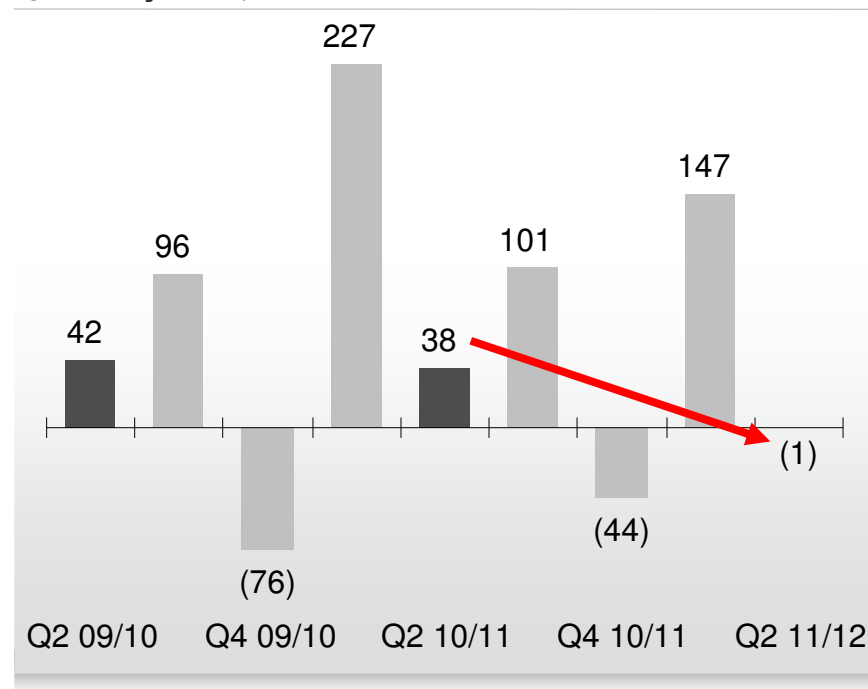
High Margin Pressure Decreases Profitability More than Expected in Spite of Improved OPEX Efficiency

Quarterly OPEX, DKKm and OPEX efficiency, %



- OPEX up by 3% to DKK 521m
- Net store openings of DKK 10m
- One-off costs of DKK 23m

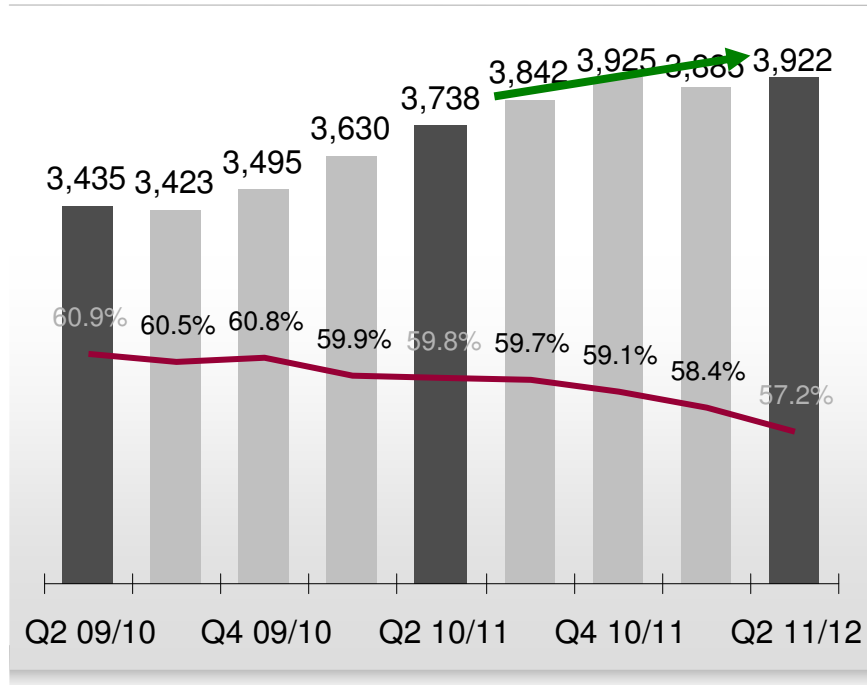
Quarterly EBIT, DKKm



- EBIT down by DKK 39m to a loss of DKK 1m
- Primarily driven by GM development and fixed costs in retail

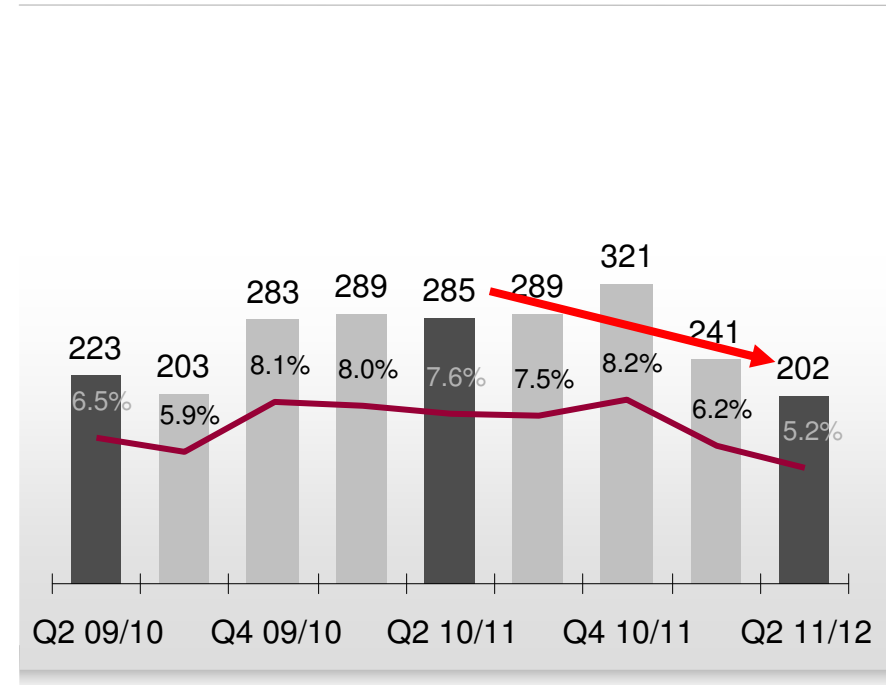
Market Position Intact due to Campaign and Sales Activities but with High Margin Pressure

Ttm revenue, DKKm and gross margin, %



- Ttm revenue up by 5% to DKK 3,922m
- Ttm gross margin down by 2.6pp to 57.2%

Ttm EBIT, DKKm and EBIT margin, %

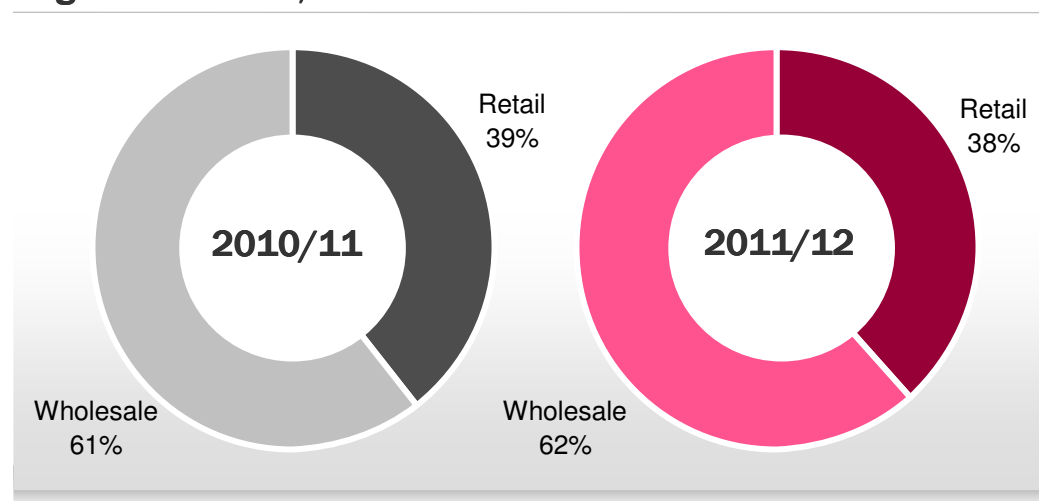


- Ttm EBIT down by 29% to DKK 202m
- Ttm EBIT margin down by 2.4pp to 5.2%

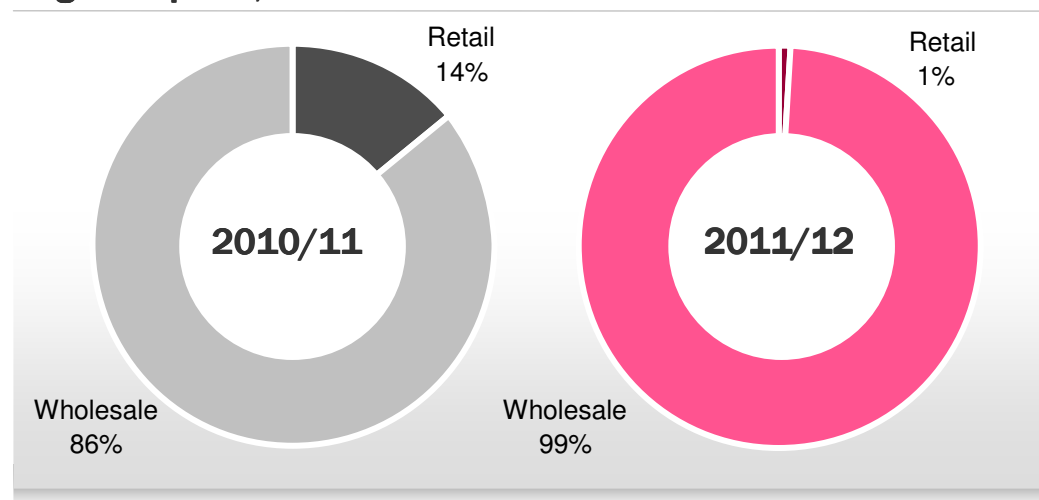
Both Segments Affected by the Market Conditions but Profit in Retail Is Impacted More due to Fixed Costs

- Retail decline of 4% to DKK 418m in Q2
- Net store openings of DKK 3m and same-store decrease of 7%
- Wholesale increase of 11% to DKK 512m in Q2
- Pre-order up by 14%, OTB up by 5% and franchise up by 51%
- Retail profit down by DKK 32m to DKK 17m in Q2
- Wholesale profit down by DKK 6m to DKK 30m

Segment revenue, ttm



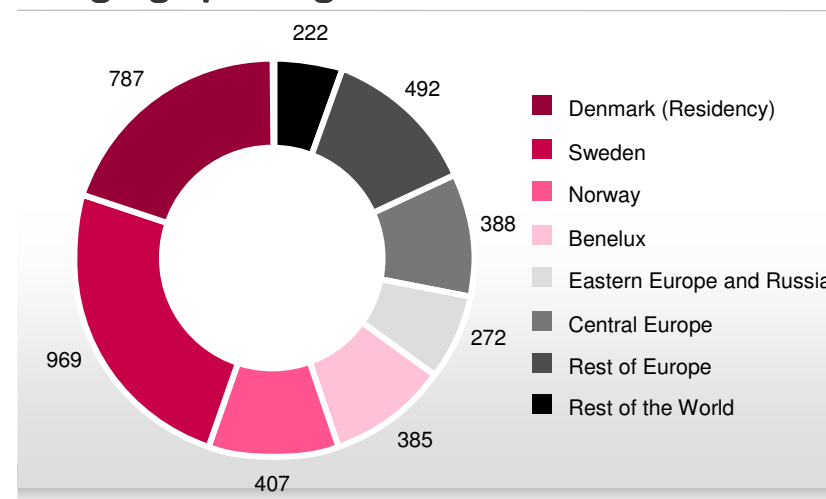
Segment profit, ttm



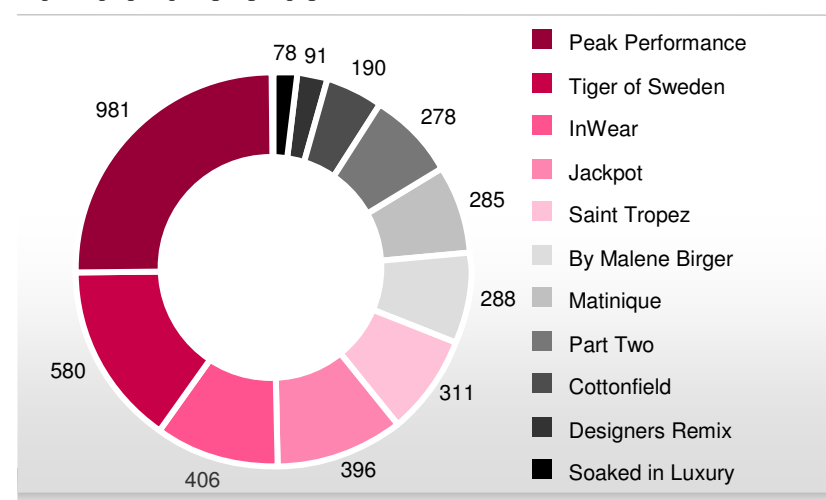
Growth in 6 out of 8 Markets and 7 out of 11 Brands due to High Level of Sales Campaigns and Presales

- Denmark, Sweden, Norway, Central Europe, Rest of Europe and Rest of the World realised growth in Q2
 - Only Benelux and Eastern Europe & Russia declined
 - Scandinavia made up 55% of Group ttm revenue
-
- Tiger of Sweden, Part Two, By Malene Birger, Saint Tropez, Soaked in Luxury and Designers Remix had double-digit growth rates in Q2
 - Jackpot and Cottonfield were heavily impacted by development in Poland in Q2
 - Peak Performance, Tiger of Sweden, and InWear made up 51% of Group brands' ttm revenue

Ttm geographic segment revenue

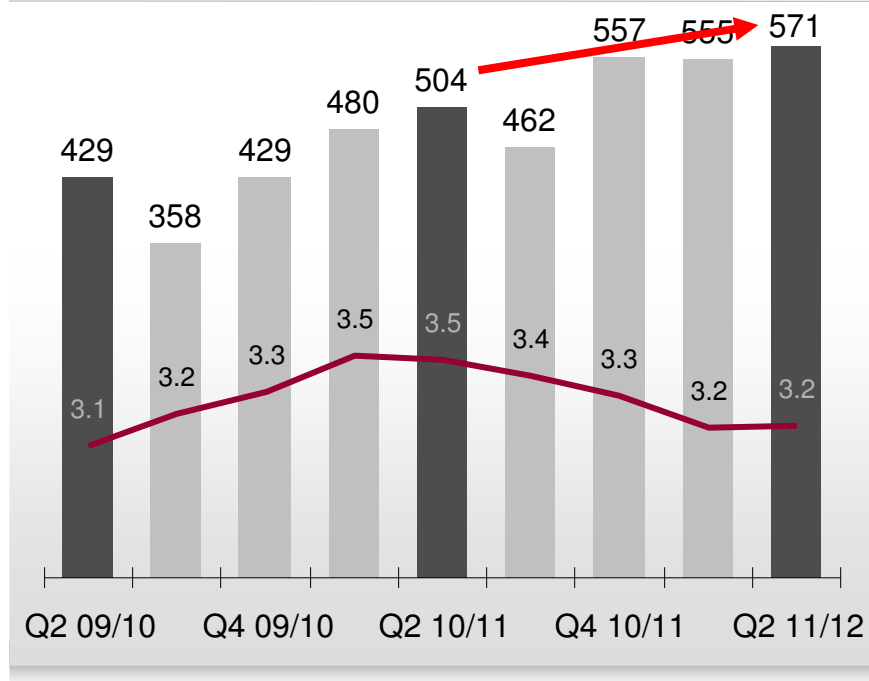


Ttm brand revenue



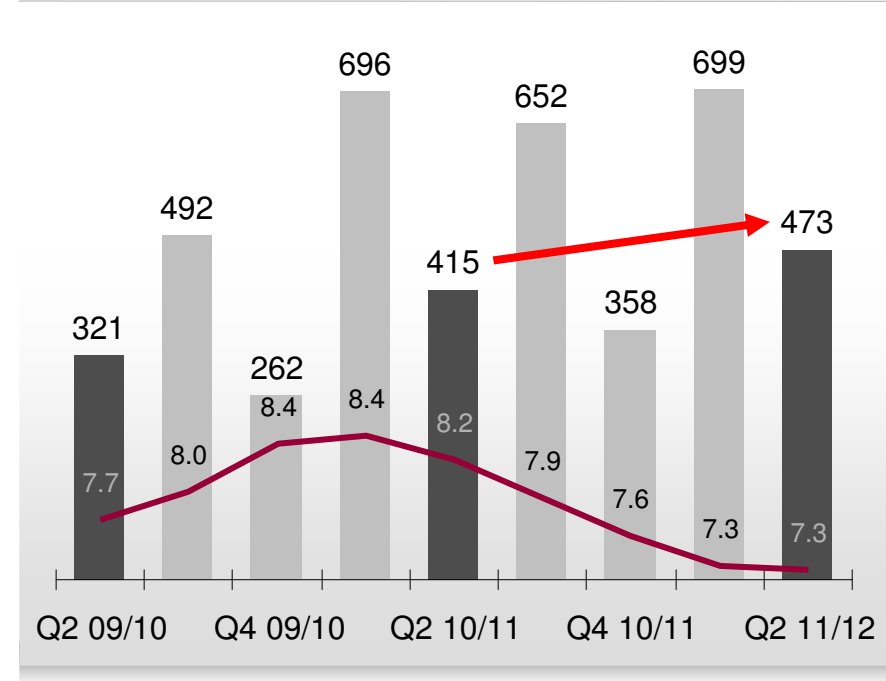
Age Distribution on Inventory Improved by Delivery Structure and Clearance Activities while Wholesale Growth Increases Debtors

End of quarter inventories, DKKm and rate of turnover



- Inventories increased by 13% to DKK 571m in Q2 due to faster and more efficient deliveries
- Age distribution on inventory improved due to focussed clearance activities

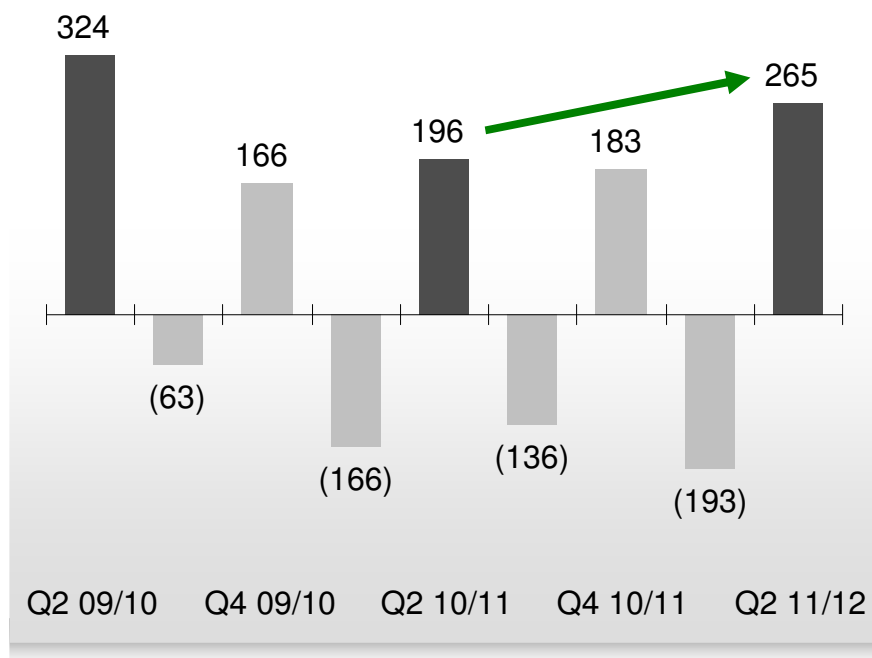
End of quarter debtor, DKKm and rate of turnover



- Debtors increased by 14% to DKK 473m in Q4 due to wholesale growth and changed delivery structure
- Improved age distribution but small increase in Days Sales Outstanding

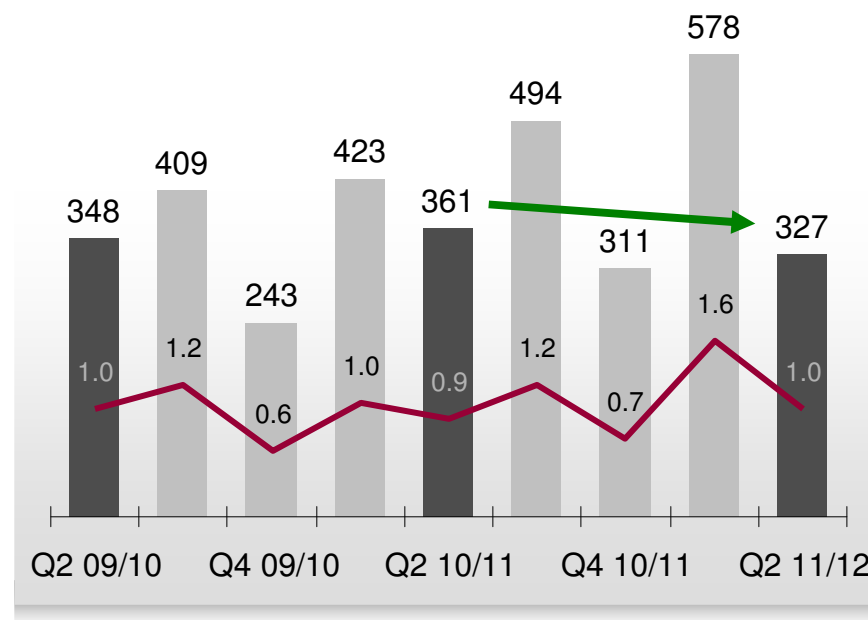
Efficient Sales Campaigns Secure Solid Cash Flow and Debt Reduction

Free cash flow, DKKm



- Free cash flow up by DKK 69m to DKK 265m due to efficient campaigns
- Positive cash flow impact from working capital reduction in the quarters to come

End of quarter NIBD, DKKm and NIBD/EBITDA



- NIBD reduction of 9% to DKK 327
- NIBD/EBITDA of 1.0

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The Frames Are in Place

Project Empowerment

- Accountability
- Transparency
- Execution power
- Flexibility

- Clearly defined responsibilities for inventory
- Corrective actions
- Targeted roll-backs of investments

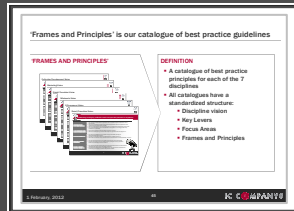
Excellent Operations Are a Prerequisite

WHAT'S IN PROCESS?

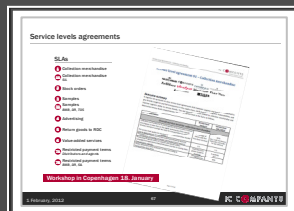
New performance management setup



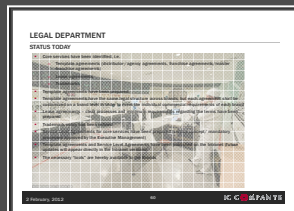
'Frames and Principles' across all brands



Strategies for logistics, global sourcing and IT



Standard operating procedures for corporate shared services



WHAT'S THE IMPACT?

Increased transparency on business KPIs

- Timely identification of improvement initiatives/corrective actions

The 7 disciplines

- Critical success enablers for brands
- Knowledge sharing
- Progress monitoring

Improved direction for service functions

- Brand requirements
- Clearly defined SLAs

SOPs implemented in all service functions

- Ensure consistency
- Optimise processes
- Reduce costs

Direction Is Set and Known Throughout the Organisation

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

Key management is in place

- No problems with vacant positions

Questions

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IC COMPANYS
HOME OF FASHION BRANDS

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HOME OF FASHION BRANDS

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