



# COMPANY PRESENTATION

September 2017

# THE GROUP IN SHORT

## IC GROUP

- A Danish listed **apparel and fashion** portfolio company with a portfolio of brands in the **Premium segment**

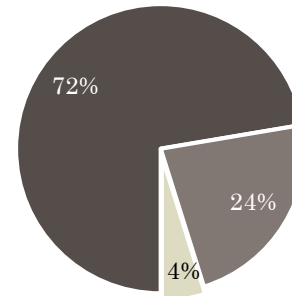
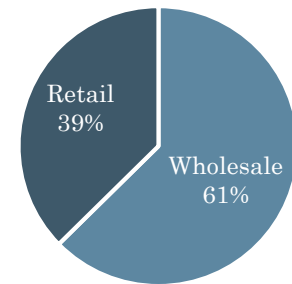
## STRATEGIC AMBITION

- **Value creation through active ownership** of brand in the Premium segment
- **Increased revenue and earnings** through continued expansion in the Nordic region as well as selected international markets

## BUSINESS MODEL

- Premium brands operated as **individual business** units
- **Shared infrastructure functions** provides **cost-effective** services
  - Logistics
  - IT
  - Financial Shared Services

Revenue  
DKK 2,749m



- Nordic region
- Rest of Europe
- Rest of world

# RETAIL AND CONSUMER FOCUS

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## General focus areas

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1. Increase relative share of **controlled distribution**:
  - Fuel growth through own e-commerce
  - Increase amount of physical stores:
    - Carefully selected locations
    - Smaller stores than in the past
2. Increase **focus on retail and consumers** throughout the value chain
  - Emphasis on developing products for own channels
  - Align wholesale and retail buying to reduce product collection size and complexity
  - Improve performance in own physical stores
3. **Streamlining the brand experience** across all distribution and communication channels

## Continuous development of e-commerce capabilities

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Several projects and initiatives carried out to increase e-commerce capabilities:

- ✓ Insourced e-commerce platform, fulfilment and customer service (2015)
- ✓ Ship-from-store (2016)
- ✓ Order-in-store (2016)
- ✓ Loyalty programme (2016)

“Mobile first” is key priority short term (2017-18)

- Significant part of recent growth in e-commerce is driven by mobile devices...
- ...however, conversion rate is still relatively low compared to fixed devices
- Tap in to potential by:
  - Enhancing functionality and speed of use for mobile devices
  - Enabling quicker and easier payment via desktop

# BUSINESS SEGMENTS



# PEAK PERFORMANCE

## THE BRAND

- Founded in 1986. Strongly rooted in alpine skiing, the brand develops high-quality products combining fashion and functionality

## STRATEGIC FOCUS AREAS

- Increase market penetration in the Nordic Region and Central Europe (Alp Region)
- Leverage the brands unique selling point (“performance mixed with style”) in all product collections
- Increasing brand control in distribution

## REVENUE BY CHANNEL AND GEOGRAPHY

- Retail (incl. outlet and e-com) 37%
- Wholesale & franchise 63%
- Nordic region 66%
- Rest of Europe 31%
- Rest of world 3%

## SELLING POINTS

Retail stores	48
Franchise stores	32
Wholesale customers (incl. 3. party e-com.)	1,755

## FINANCIALS

	2016/17	2015/16
Revenue	DKK 1,035m	DKK 936m
EBIT	DKK 101m	DKK 94m
EBIT margin	9.8%	10.0%



# TIGER OF SWEDEN

## THE BRAND

- Founded in 1903 on a strong tailoring tradition. A distinct alternative to established tailoring brands characterized by “a different cut”

## STRATEGIC FOCUS AREAS

- Expand stronghold in Nordic region
- Further expansion in European focus markets (Germany, UK, France)
- Fuel current growth momentum in Germany (4<sup>th</sup> largest market) through important key-accounts, e-commerce and physical stores in selected key cities

## REVENUE BY CHANNEL AND GEOGRAPHY

- |                                   |     |
|-----------------------------------|-----|
| • Retail (incl. outlet and e-com) | 40% |
| • Wholesale & franchise           | 60% |
| • Nordic region                   | 79% |
| • Rest of Europe                  | 18% |
| • Rest of world                   | 3%  |

## SELLING POINTS

Retail stores	41
Franchise stores	9
Wholesale customers (incl. 3rd party e-com.)	951

## FINANCIALS

	2016/17	2015/16
Revenue	DKK 963m	DKK 972m
EBIT	DKK 67m	DKK 108m
EBIT margin	7%	11.1%



# BY MALENE BIRGER

## THE BRAND

- Founded in 2003 based on a design-driven passion to be a female fashion brand with an international appeal

## STRATEGIC FOCUS AREAS

- Increased commercial approach to product development and assortment
- Nordic Region and UK are top priority markets

## REVENUE BY CHANNEL AND GEOGRAPHY

- Retail (incl. outlet and e-com) 31%
- Wholesale & franchise 69%
- Nordic region 64%
- Rest of Europe 25%
- Rest of world 11%

## SELLING POINTS

Retail stores	15
Franchise stores	7
Wholesale customers (incl. 3rd party e-com.)	796

FINANCIALS	2016/17	2015/16
Revenue	DKK 351m	DKK 357m
EBIT	DKK 3m	DKK 26m
EBIT margin	0.9%	7.3%



# OTHER BRANDS

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## SAINT TROPEZ

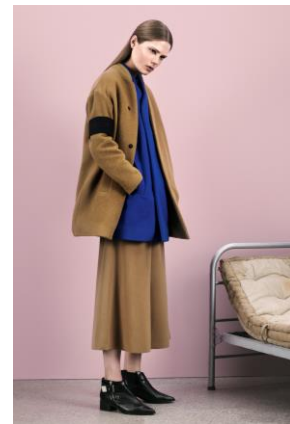
- Female fast-fashion brand founded in 1986, focusing on young, independent femininity
- Not utilizing the Group's central infrastructure functions

## DESIGNERS REMIX

- Female Premium brand founded in 2002 on minimalistic elegance
- 51% ownership
- Not utilizing the Group's central infrastructure functions

## FINANCIALS

	2016/17	2015/16
Revenue	DKK 400m	DKK 398m
EBIT	DKK 10m	DKK 20m
EBIT margin	2.5%	5.0%







## LATEST FULL-YEAR RESULTS

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	<b>2015/16</b>	2015/16
<b>Revenue</b>	DKK <b>2,749m</b>	DKK 2,665m
<b>Gross margin</b>	<b>55.3%</b>	56.8%
<b>EBIT</b>	DKK <b>125m</b>	DKK 243m
<b>EBIT margin</b>	<b>4.5%</b>	9.1%
<b>Free cash flow</b>	DKK <b>87m</b>	DKK 94m*
<b>NIBD</b>	DKK <b>17m</b>	DKK 25m
<b>NWC-%</b>	<b>11.6%</b>	11.8%
<b>ROIC</b>	<b>16.2%</b>	33.0%

\* 2015/16 adjusted for the positive cash flow of DKK 144m from sale of assets

## GUIDANCE FOR 2017/18

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For the Group as a whole, we expect to realize **a minor revenue reduction** compared 2016/17 and an **EBIT margin of approx. 5%**

- In Tiger of Sweden, revenue is expected to decline and earnings to decline significantly
- Moderate revenue and earnings growth is expected in Peak Performance
- Moderate revenue decline but significant earnings improvement expected in By Malene Birger

**CAPEX** expected in the region of **3-4% of annual revenue**



# CAPEX, CAPITAL STRUCTURE AND DIVIDEND POLICY

## VALUE CREATING INVESTMENTS

- CAPEX expected at a level of approx. 3-5% of full year revenue
  - Maintain current assets
  - E-commerce projects
  - Retail expansion (new stores in carefully selected locations)

## ROIC

16.2%

## WORKING CAPITAL INVESTMENTS

- Continuous efficiency improvements and strict control to minimize tied-up capital
- Working capital expected in the range of 10-12% of annual revenue
- In periods with high revenue growth, working capital may exceed this range

## NWC %

11.6%

## CAPITAL STRUCTURE TARGET

- NIBD target of zero (with fluctuations during the year due to NWC seasonality)
- To maintain strategic flexibility, NIBD\* may increase to 3 x EBITDA

## NIBD\*/EBITDA

1.1 x

## CAPITAL ALLOCATION AND DIVIDEND POLICY

We utilize free cash flow according to the below priorities:

1. Value creating investments
2. Reduce NIBD if above target
3. Allocation to shareholders
  - Ordinary dividends (min. 30% of net profit)
  - Extraordinary dividends/share buy-back

## 3-YR AVRG. PAY-OUT RATIO\*\*

128%

\* Including operating leases

\*\* Includes extraordinary dividend of DKK 144m due to sale of assets in 2015/16

# THE IC GROUP SHARE

## Listed on Nasdaq Copenhagen

ISIN Code: DK0010221803

Tickers: Bloomberg IC:DC, Reuters IC.CO

Included in Nasdaq Copenhagen **Mid Cap index**

## Market data as at 18 August 2017

Share price: **DKK 138**

Market cap: **DKK 2.36bn**

## Current analyst coverage:

- ABG Sundal Collier                      Michael Rasmussen
- Carnegie                                      Lars Topholm
- Danske Bank                                  Johan Mürer
- Nordea Markets                              Oliver Pisani
- SEB Equities                                  Kristian Godiksen

## Investor relations contact:

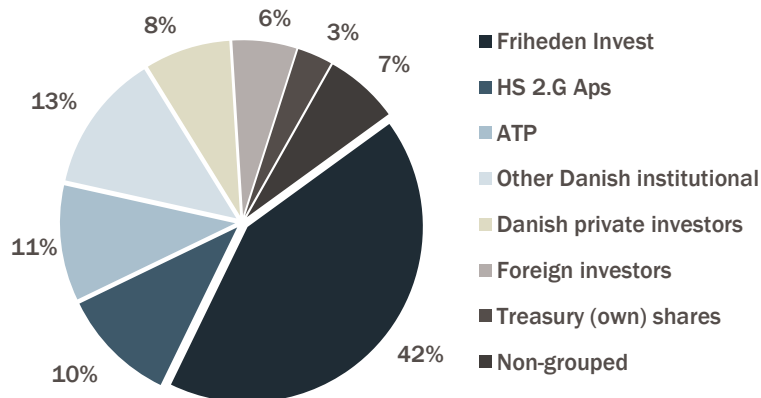
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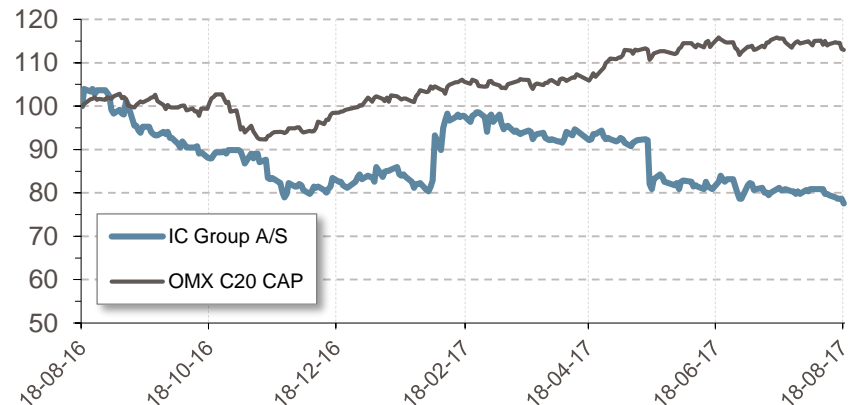
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## Ownership structure:



## Indexed 12 months performance





IC GROUP