



**Q1 2013/14**

*Information meeting*

November 13, 2013

IC  MPANYS  
HOME OF FASHION BRANDS

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# First impressions

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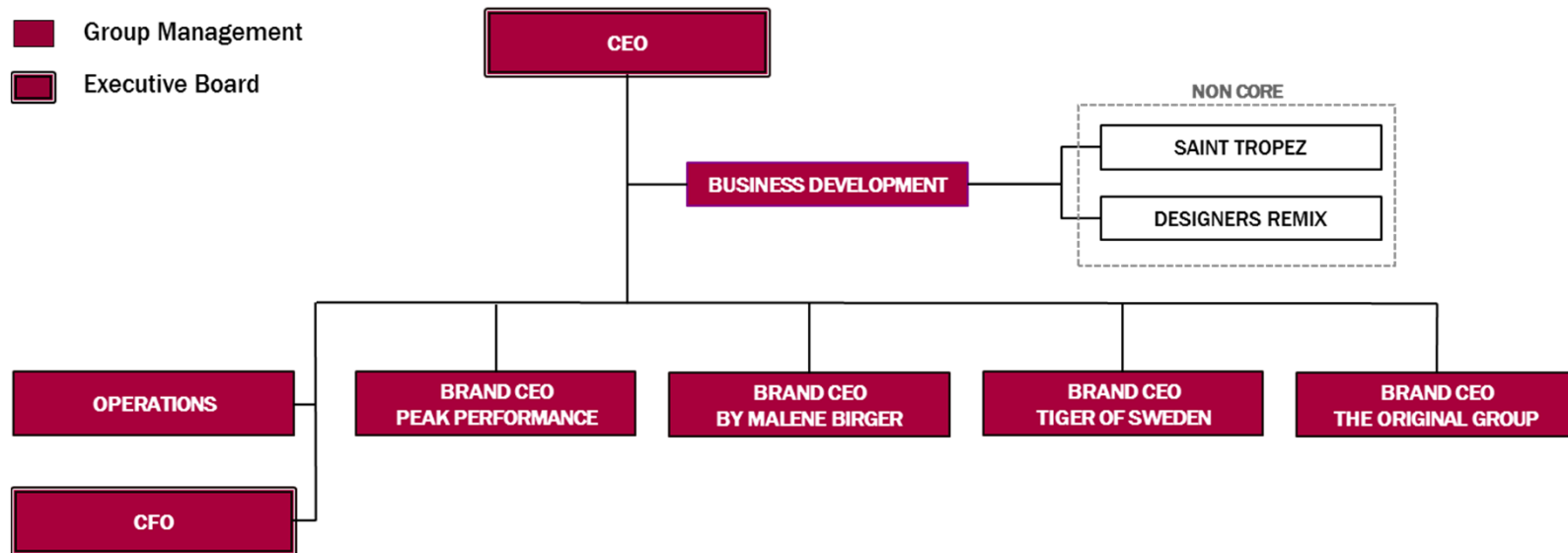
## Tightening of **operational platform**

- Better utilisation to harvest full potential
- Improved operational performance of platform

## Enhanced group wide **focus on operational performance**

# Changes to Group Management

- **Changes to Group Management announced in October:**
  - Leaner decision structure to secure stronger focus on Premium brands in particular
  - New brand CEO in Peak Performance
  - Focus on optimisation and further development of operational platform
- **New CFO, Rud T. Pedersen, joined as at 11 November 2013**



## Financial results Q1 2013/14 – continuing operations

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	Q1 2013/14	Q1 2012/13
<b>Revenue</b> unchanged at	DKK <b>1,052</b> m	DKK 1,051m
<b>Gross margin</b> down by 1.3pp to	<b>56.0%</b>	57.3%
<b>Costs</b> down by 1% to	DKK <b>430</b> m	DKK 436m
<b>EBIT</b> down by 4% to	DKK <b>159</b> m	DKK 165m
<b>Free cash flow</b> down by DKK 33m to	DKK <b>(211)</b> m	DKK (178)m

## Guidance FY 2013/14 - unchanged

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**Premium segments** expected to increase revenues while a set-back is expected in the **Mid Market segment**

Consolidated **revenue expected to grow modestly**

**Increased earnings** expected in **all segments** implying **significant consolidated earnings improvements** compared to 2012/13

**Investments** at a level of DKK 70 – 90m

- Primarily for expansion of distribution in the Premium segments

**Extraordinary pay-out** of DKK 100m expected in 2013/14

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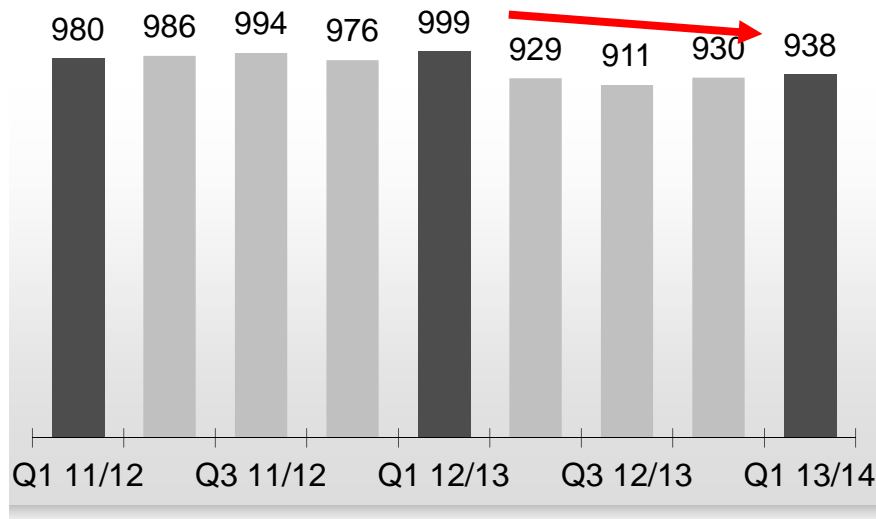
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# Premium Outdoor

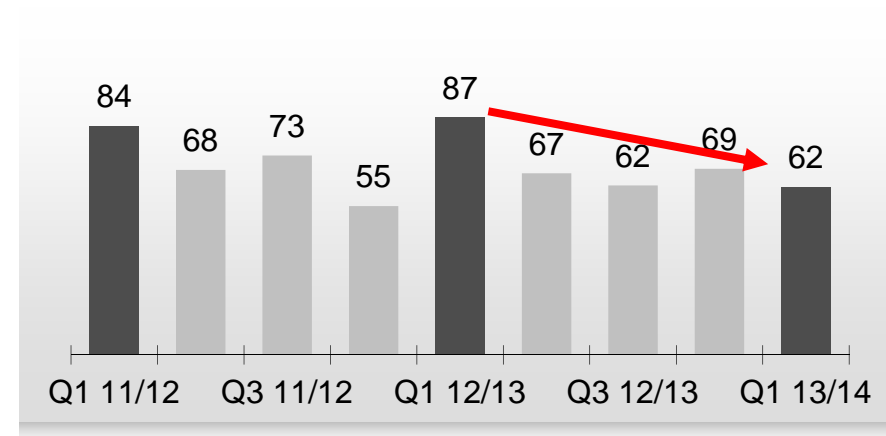


### Revenue, ttm, DKKm



- Q1 ttm revenue down by 6% to DKK 938m
- Revenue growth of 2% in Q1
- Strong wholesale growth
- Retail channel is struggling in certain markets

### EBIT, ttm, DKKm

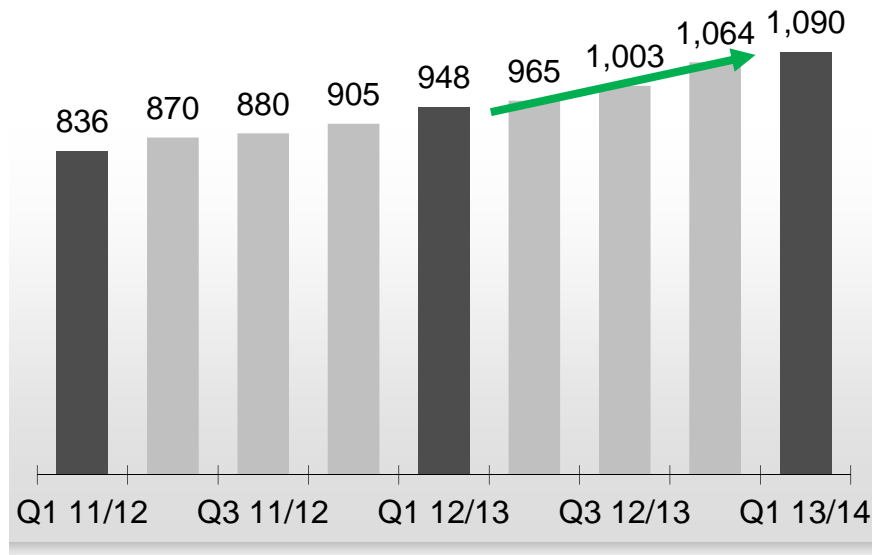


- Q1 ttm EBIT down by DKK 25m to DKK 62m
- Q1 EBIT margin down by 2.4pp to 20.1%
- Higher OPEX in the retail channel
- Gross margin worsened compared to Q1 2012/13



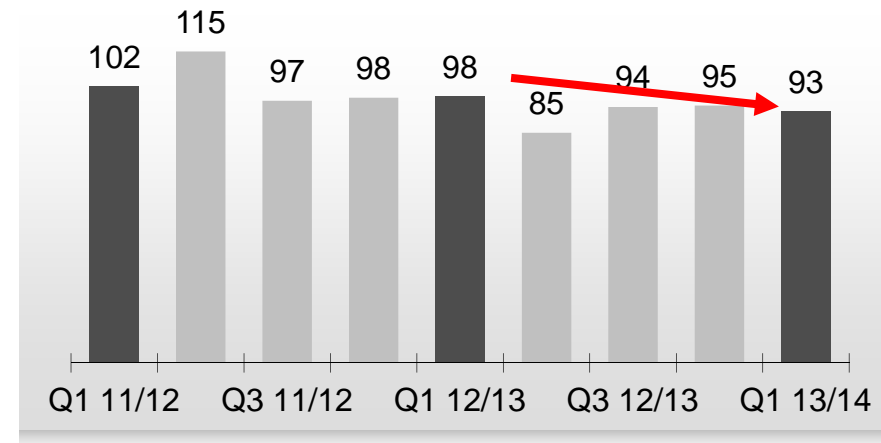
# Premium Contemporary

Revenue, ttm, DKKm



- Q1 ttm revenue up by 15% to DKK 1,090m
- Revenue growth of 8% in Q1
- Strong wholesale development. Weaker retail performance.
- Insourcing of Tiger of Sweden accessories contributes significantly to Q1 growth

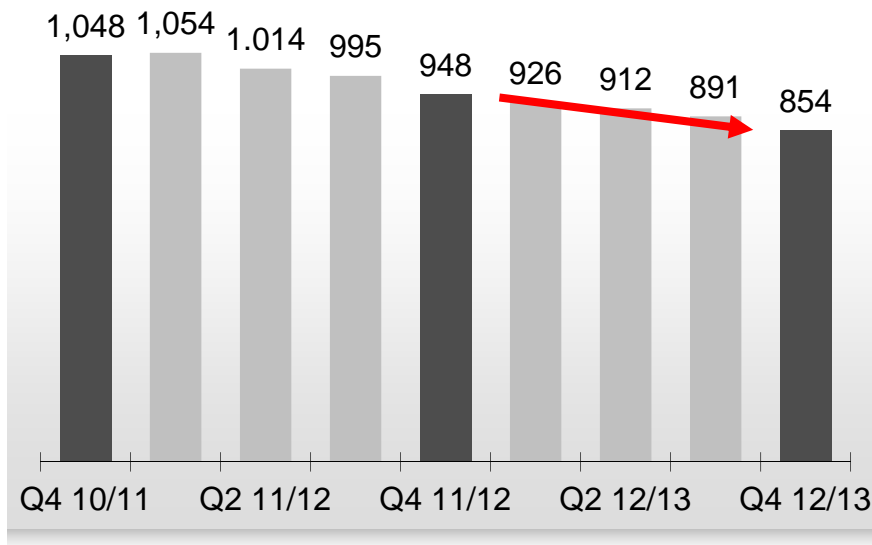
EBIT, ttm, DKKm



- Q1 ttm EBIT down by 5m to DKK 93m
- Q1 EBIT margin down by 2.0pp to 15.7%
- Increased costs to establish own and operated stores

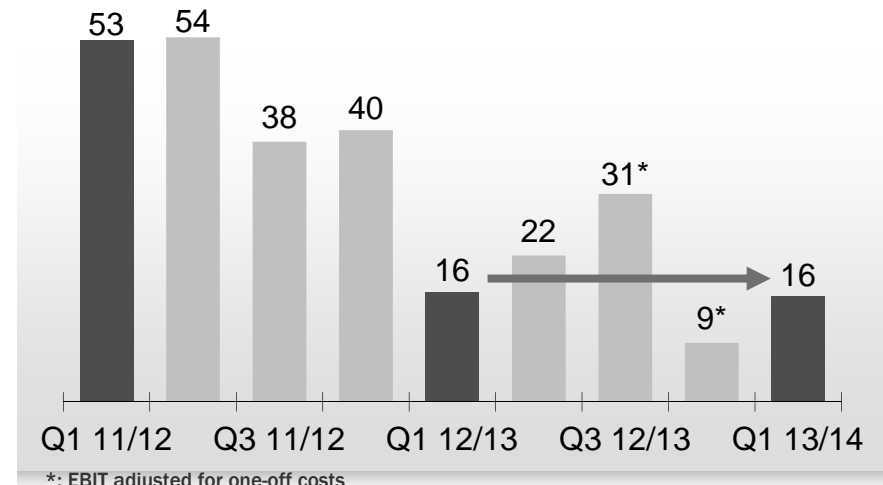
# Mid Market Contemporary

Revenue, ttm, DKKm



- Q1 ttm revenue down by 10% to DKK 854m
- Revenue down by 13% in Q1
- Lower wholesale revenue
- Several retail stores closed during Q1 - remaining retail stores perform satisfactory

EBIT, ttm, DKKm



\*: EBIT adjusted for one-off costs

- Q1 ttm earnings stable
- Q1 EBIT margin up by 3.7pp to 8.9%
- Restructurings and OPEX reduction improves profitability

# None-core business and discontinued operations

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## Non-core business

**Revenue growth** of 3% to DKK 132m (DKK 128m)

**EBIT down** by 21% to DKK 15m

- EBIT margin worsened from 15,2% to 11,6%
- Unchanged profitability in Saint Tropez
- EBIT down in Designers Remix

## Discontinued operations

**Phasing out Jackpot and Cottonfield** retail stores

- Retail operations fully phased out during 2013/14
- Neutral full year cash flow effect expected

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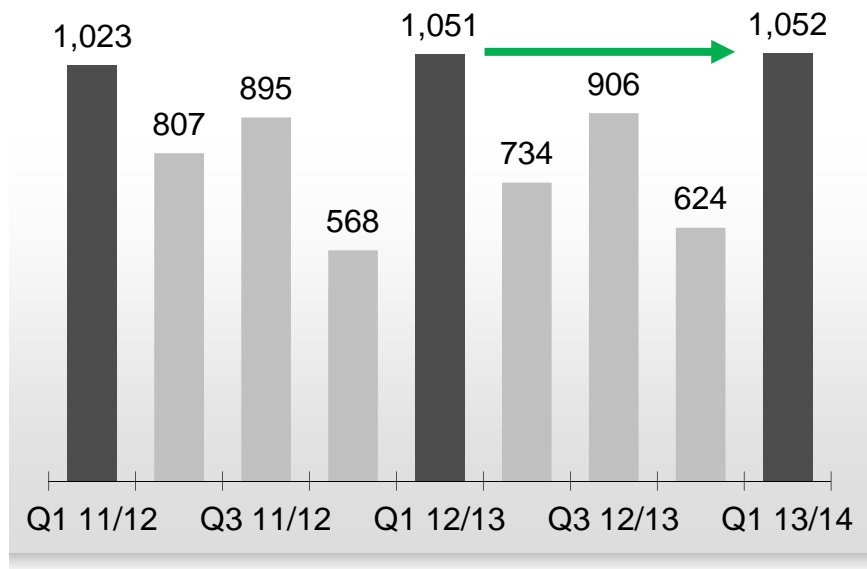
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# Opposite developments result in unchanged revenue

## Quarterly revenue, DKKm

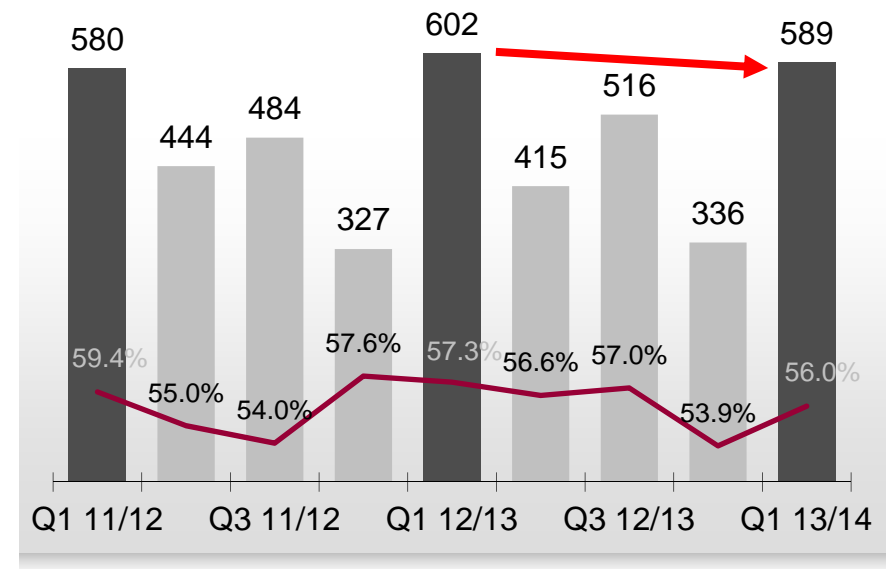
Continuing operations



- Revenue unchanged at DKK 1,052m
- Premium segments grow while Mid Market segment suffers from declining revenue
- Negative currency effect of DKK 22m

## Quarterly gross profit, DKKm and gross margin, %

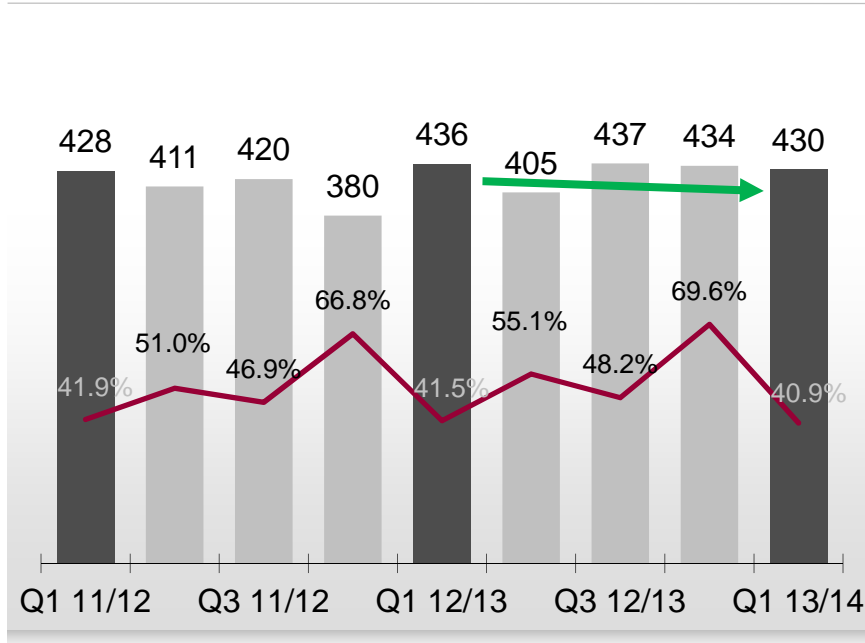
Continuing operations



- Gross profit down by 2% to DKK 589m
- Gross margin down by 1.3pp to 56.0%
- Higher USD affects gross margin significantly
- Gross margin in Q1 12/13 positively affected by clearing of old goods in stock

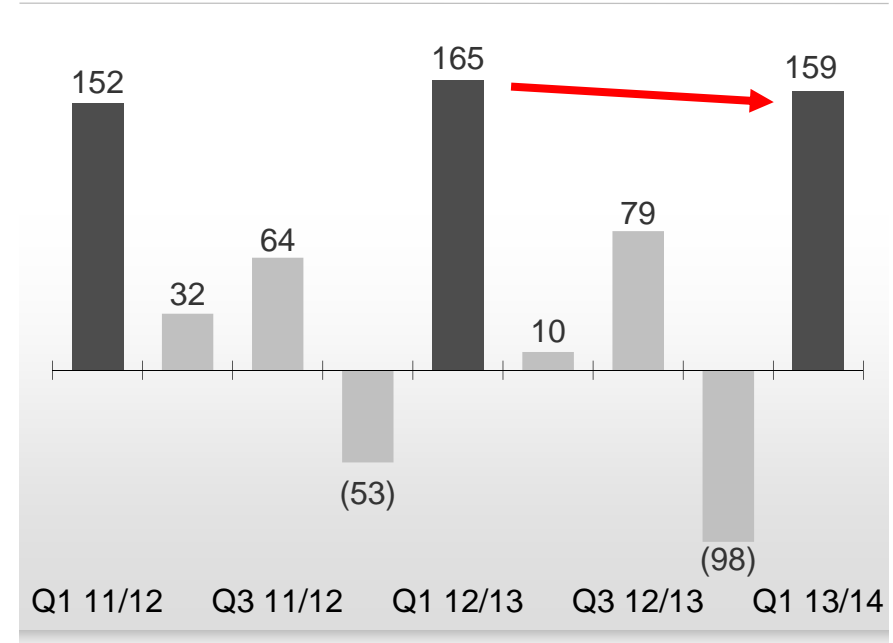
# EBIT improved through lower cost base

**Quarterly OPEX, DKKm and OPEX efficiency, %**  
Continuing operations



- OPEX down by 1% to DKK 430m
- Negative effect of DKK 10m in Q1 due to changes in Group Management
- Positive currency effect of DKK 7m

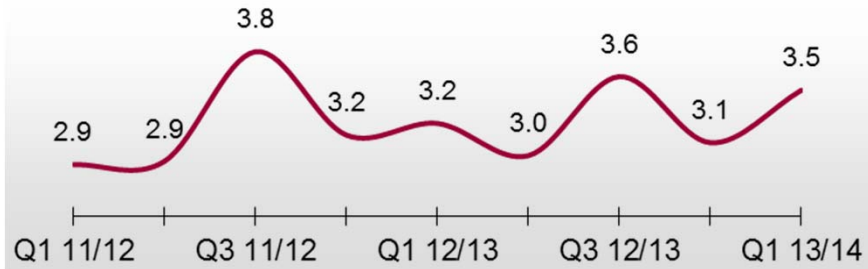
**Quarterly EBIT, DKKm**  
Continuing operations



- EBIT down by DKK 6m to DKK 159m
- Lower gross margin explains EBIT development
- Adjusted for costs related to management change, EBIT was improved by DKK 4m

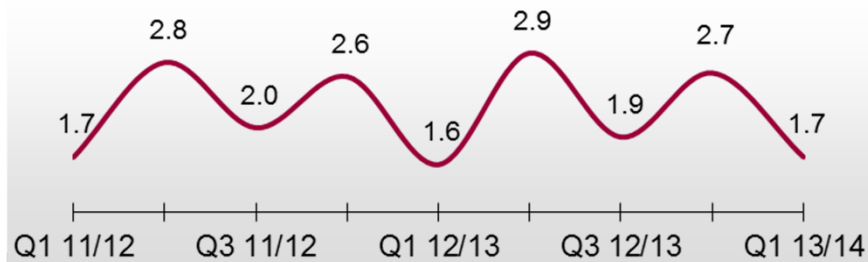
# Working capital and turnover rates

## End of quarter, inventory turnover rate



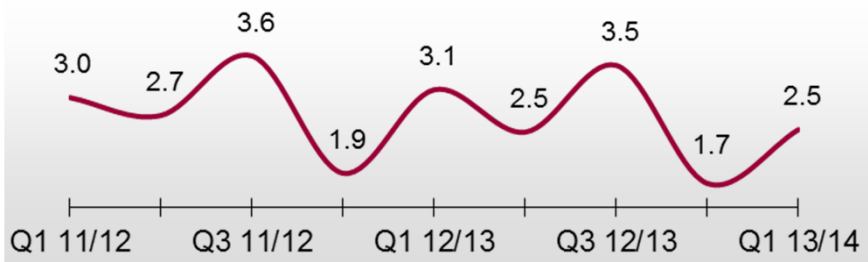
- Inventory turnover rate improved
- Enhanced focus on lower inventory levels

## End of quarter, debtor turnover rate



- Debtors turnover rate in line with historical level
- Age distribution slightly worsened in Q1 2013/14

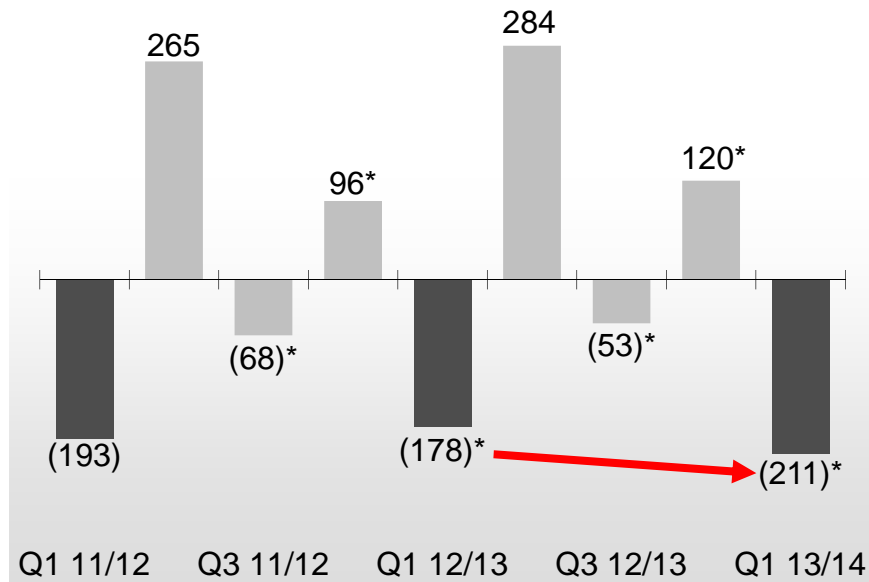
## End of quarter, creditor turnover rate



- Creditor turnover rate lower than Q1 2012/13
- Increased level of trade payables

# Strong cash flow and net debt converted to net deposit

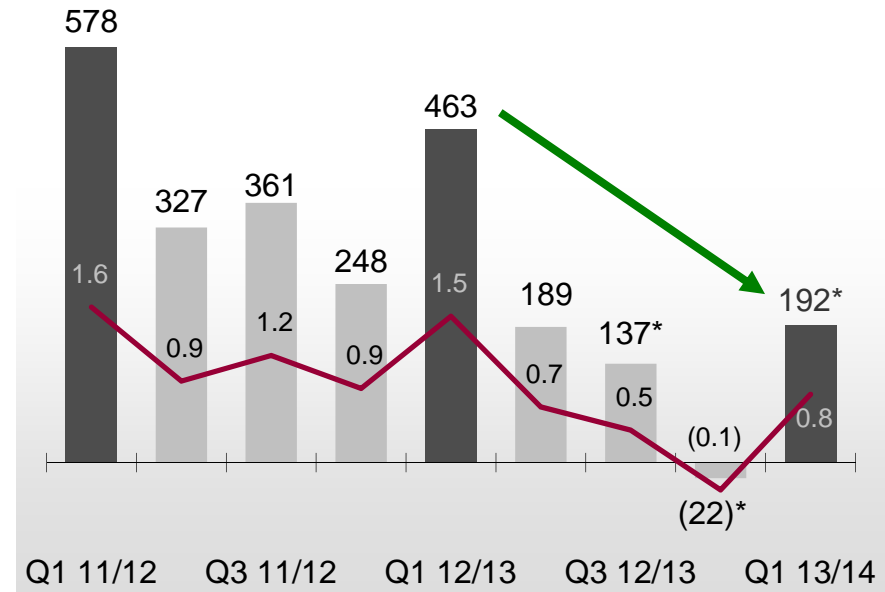
Free cash flow, DKKm



\*: Figures adjusted for discontinuing business i.e. cash flow from continuing business only

- After adjusting for impact from discontinued operations free cash flow in Q1 is down by DKK 33m to a net outflow of DKK 211m
- Higher level of investments and paid tax

End of quarter NIBD, DKKm and NIBD/EBITDA



\*: Figures adjusted for mortgage loan in corporate HQ

- NIBD of DKK 192m in Q1
- NIBD/EBITDA of 0.8
- Reduction of DKK 140m due to reclassification of mortgage loan in corporate HQ as assets held-for-sale



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## Key take-aways

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Enhance utilisation of **operational platform**

Leaner Group **Management structure** in place

**Premium** segments performing **in line with strategy**

**Mid Market Contemporary** well on the way to secure earnings growth

**Guidance** for full year **unchanged**

Questions

Questions

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