



INTERIM REPORT Q2 2016/17

ROAD SHOW PRESENTATION

Nordea
Copenhagen
2 March, 2017

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Changes to IC Group

Revised guidance

Group and segment performance

Group financials



CHANGES TO IC GROUP

Strong Premium brands with further potential to grow and become international

Better and faster execution of brand strategies through increased **independency and agility** of brand organisations

Group functions will be reassessed to create a **leaner and more cost efficient setup**

Contemplated changes to the Group set-up will entail **one-off costs at the amount of approx. DKK 30m** subject to execution of the plan

Changes expected to lead to **earnings improvement of DKK 30-40m as of 2017/18**

Board of Directors to decide on and communicate the **future management structure before end-July 2017**

Management and distribution **changes at Tiger of Sweden** as well as **clean-up of in-season selling**

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UPDATED GUIDANCE FOR FULL YEAR 2016/17

We now expect **revenue growth in the range of 5-6% measured in local currency** (previously “at least 6%”) due to **lower than expected in-season selling** – mainly at Tiger of Sweden

Changes to management and distribution set-up at Tiger of Sweden will lead to one-off costs this financial year.

Before one-offs related to **restructuring of the Group, EBIT-margin expected at approx. 7-8%** (previously 8-9%)

One-offs of approx. DKK 30m are expected as a result of the announced **structural changes** to IC Group

Consequently, reported **EBIT margin of approx. 6-7%** is expected (new)

Investments expected at **3-5% of annual revenue** (unchanged)

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GROUP HIGHLIGHTS

- Revenue growth of 12.5% in local currency driven by wholesale as well as retail
- Gross margin up by 0.6pp due to improved product margins
- OPEX increased by DKK 14m – majority relating to new stores and e-commerce growth
- Group EBIT margin positively affected by higher gross margin and improved OPEX ratio
- Same-store revenue up by 8.0% driven by e-commerce
- Net amount of 10 new stores opened in Q2 – mainly at Peak Performance

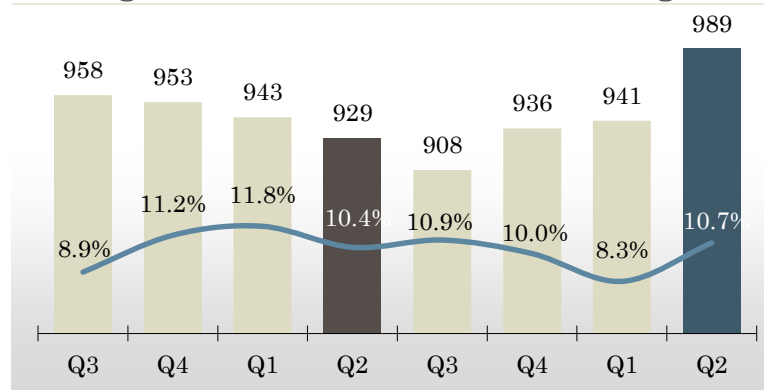
Financials and key figures	Q2 2016/17	Q2 2015/16
Revenue (DKKm)	666	603
Gross margin	57.2%	56.6%
OPEX ratio	50.5%	53.4%
EBIT margin	6.8%	3.2%
NWC % (operating)	20.7%	15.7%
ROIC %	29.2%	28.9%
Other key data		
Same-store growth	8.0%	5.8%
Net store openings	10	6

PEAK PERFORMANCE

- Revenue up by 24.0% in local currency
- Wholesale revenue positively affected by DKK 15m from timing between Q1 and Q2
- Retail growth driven by both e-commerce, new stores and existing stores
- Revenue growth in Nordic region and Rest of Europe
- Gross margin improved due to underlying margin improvements
- OPEX negatively affected by new stores. OPEX in Q2 last year negatively affected by timing of DKK 8m between Q1 and Q2
- EBIT margin up by 8.8pp
- 8 new stores opened during Q2 (primarily Nordic region)

Q2 financials	Q2 2016/17	Q2 2015/16	Change
Revenue	267	219	48
<i>Wholesale</i>	143	119	24
<i>Retail</i>	124	100	24
EBIT	49	21	28
EBIT margin	18.4%	9.6%	8.8
Other key data			
Same-store growth	16.4%	9.3%	
Net store openings	8	3	

Trailing 12 months revenue and EBIT margin

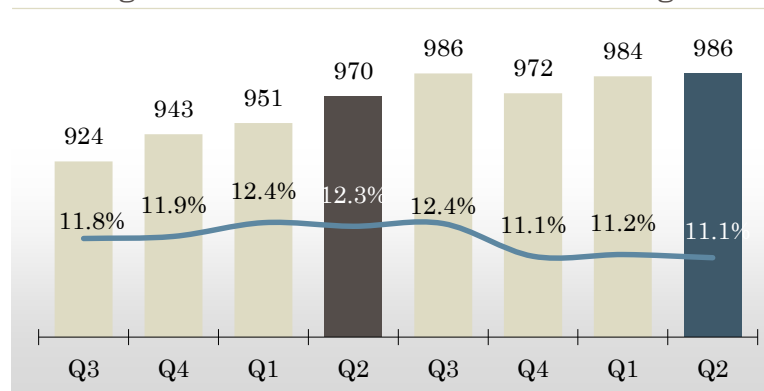


TIGER OF SWEDEN

- Revenue up by 3.5% in local currency
- Wholesale revenue down by DKK 6m due to poor in-season selling and franchise conversions
- Retail growth driven by new stores and strong e-commerce growth
- Revenue down in Nordic region (partly driven by lower SEK). High growth in Rest of Europe - driven by Germany (growth of 55%)
- Gross margin improved due to underlying margin improvements
- OPEX up mainly due to new stores last year
- EBIT margin down by 0.5pp
- Second store in Berlin opened at Kurfürstendamm
- Two agency agreements terminated (UK and Germany/Switzerland/Austria). Own sales subsidiaries will be established to take control of the markets

Q2 financials	Q2 2016/17	Q2 2015/16	Change
Revenue	220	218	2
<i>Wholesale</i>	117	123	(6)
<i>Retail</i>	103	95	8
EBIT	6	7	(1)
EBIT margin	2.7%	3.2%	(0.5)
Other key data			
Same-store growth	7.6%	2.9%	
Net store openings	0	3	

Trailing 12 months revenue and EBIT margin

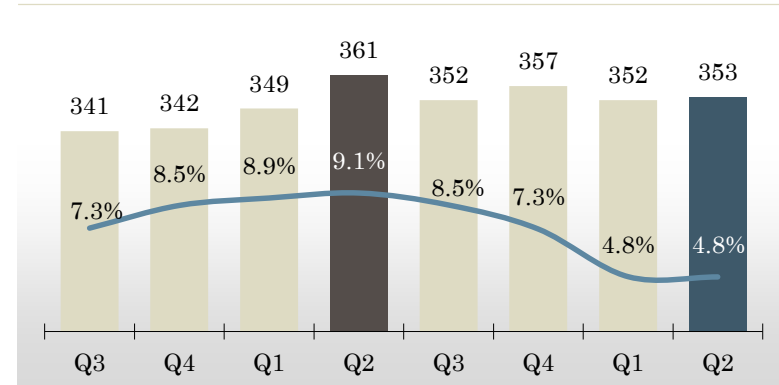


BY MALENE BIRGER

- Revenue up by 3.6% in local currency
- Growth driven by wholesale, whereas retail was slightly down due to poor performance in physical stores
- Revenue slightly down in Nordic region. Growth in Rest of Europe driven by Benelux and UK
- Gross margin negatively affected by higher commercial discounts in Q2
- OPEX roughly in line with last year
- EBIT unchanged compared to last year
- New outlet opened in Barkaby, Sweden

Q2 financials	Q2 2016/17	Q2 2015/16	Change
Revenue	77	76	1
<i>Wholesale</i>	47	45	2
<i>Retail</i>	30	31	(1)
EBIT	0	0	-
EBIT margin	0.0%	0.0%	-
Other key data			
Same-store growth	4.5%	18.4%	
Net store openings	1	0	

Trailing 12 months revenue and EBIT margin

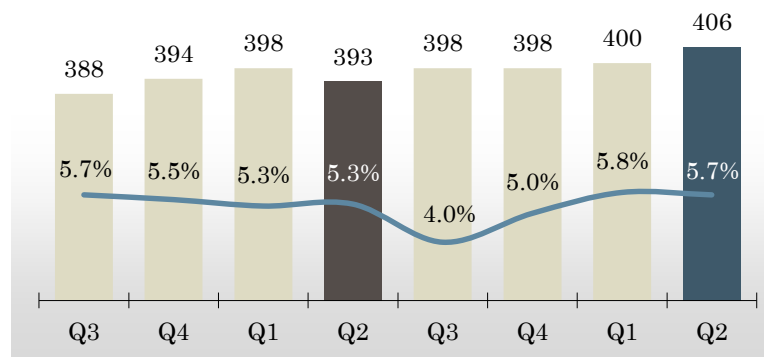


OTHER BRANDS

- Revenue up by 6.5% in local currency driven mostly by Designers Remix
- Wholesale revenue increased, whereas performance at Saint Tropez drove the opposite development in retail
- Gross margin in line with last year
- OPEX ratio slightly up due to new stores in Saint Tropez
- EBIT in line with last year – EBIT margin slightly down
- Saint Tropez opened an outlet in Barkaby, Sweden

Q2 financials	Q2 2016/17	Q2 2015/16	Change
Revenue,	100	94	6
<i>Wholesale</i>	52	45	7
<i>Retail</i>	48	49	(1)
EBIT	4	4	-
EBIT margin	4.0%	4.3%	(0.3)
Other key data			
Same-store growth	(3.8)%	(2.1)%	
Net store openings	1	0	

Trailing 12 months revenue and EBIT margin



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Q2 REVENUE DEVELOPMENT

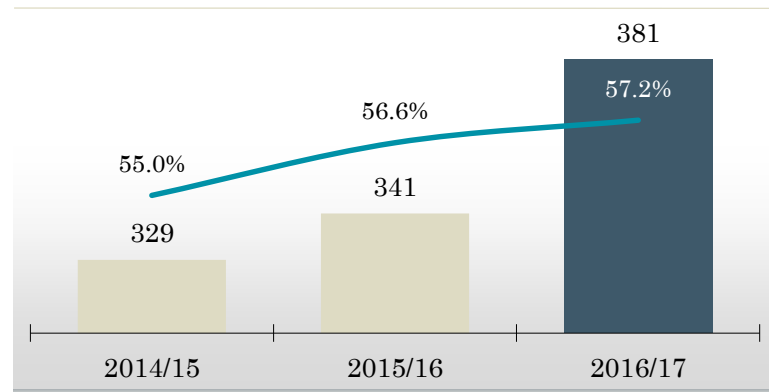
- Revenue up by 10.4% to DKK 666m
- Revenue up in all brands with Peak Performance as main growth contributor
- Wholesale positively affected by timing of DKK 15m at Peak Performance
- Retail growth driven by new stores and e-commerce

Revenue by segment (DKKm)	Q2 2016/17	Y-on-Y growth	Share of revenue
Peak Performance	267	21.9%	40%
Tiger of Sweden	220	0.9%	33%
By Malene Birger	77	1.3%	12%
Other brands	100	6.4%	15%
HQ	2	n/a	0%
Group	666	10.4%	100%
Wholesale	359	10.1%	54%
Retail	305	8.5%	46%

Q2 GROSS PROFIT AND OPEX

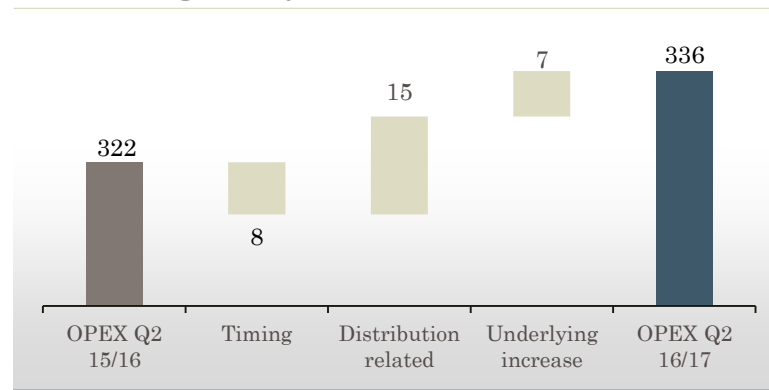
- Underlying gross margin improvement drove overall margin improvement despite dilution from increased commercial discounts
- Write-downs slightly lower than last year

Q2 gross profit and gross margin



- OPEX increased by DKK 14m
- Adjusting for positive timing, OPEX increased by DKK 22m
- DKK 15m related to new stores and increased e-commerce volume
- Remaining OPEX increase of DKK 7m corresponds to 2,2% of total OPEX

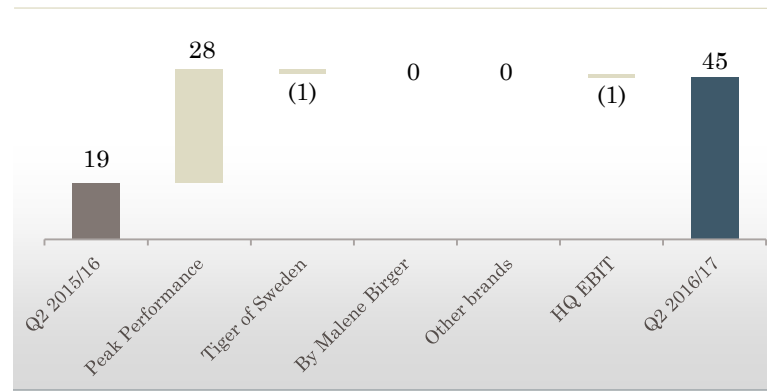
OPEX bridge vs. Q2 2015/16



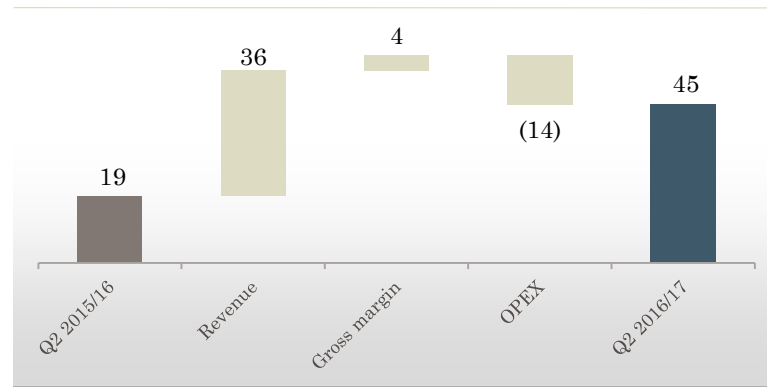
Q2 EBIT DEVELOPMENT

- EBIT increased by DKK 26m to DKK 45m driven by strong revenue growth at Peak Performance
- HQ EBIT in line with last year
- EBIT margin improved by 3.6pp to 6.8%
- When adjusting for positive OPEX timing of DKK 8m, EBIT margin improved by 2.4pp as a result of both improved gross margin and lower OPEX ratio

EBIT development by brand vs. Q2 2015/16



EBIT development by contribution vs. Q2 2015/16



BALANCE SHEET AND CASH FLOW

- Operating NWC up by 36% driven mainly by inventory and trade receivables
- Inventory increase primarily driven by new stores and expansion of SSP (never-out-of-stock) programme
- Trade receivables increased due to increased net sales in Q2
- Trade payables down driven by timing
- Free cash flow improved by DKK 11m
- Q2 CAPEX of DKK 21m primarily related to new stores

DKKm	Q2 2016/17	Q2 2015/16	Change
Inventory	437	377	16%
Trade receivables	371	316	17%
Trade payables	243	277	(12%)
Operating NWC	565	416	36%
<i>% of 12m revenue</i>	20.7%	15.7%	5.0%
Free cash flow	235	224	11
CAPEX	(21)	(22)	1
<i>% of revenue</i>	3.2%	3.6%	(0.4%)
ROIC	29.2%	28.9%	0.3%
NIBD	107	69	38
<i>NIBD to 12m EBITDA</i>	0.3x	0.2x	0.1