



**Q3 2013/14**

*Information meeting*

May 15, 2014

IC  MPANYS  
HOME OF FASHION BRANDS

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# Highlights for Q3 2013/14

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- Malene exits **By Malene Birger** as planned
- Sell-in to **new markets** (US and France) provides strong **confidence** in these market
- Head of **Operations** function hired
  - Lotte Franch Wamberg joins IC Companys in June 2014
- **Mid Market** division **divested** successfully
  - Closing expected by end-June 2014



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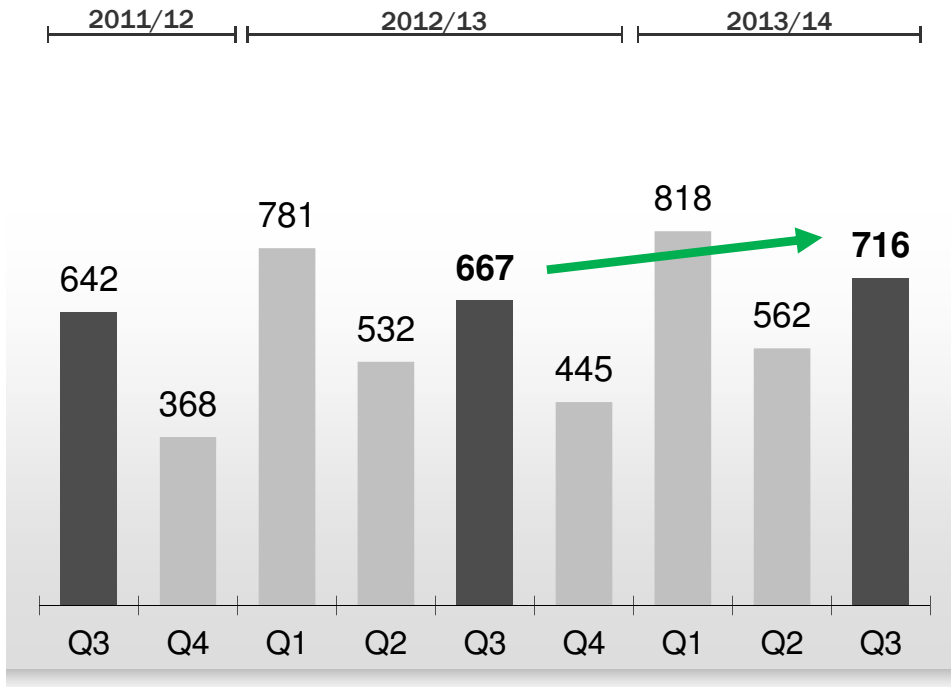
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# Revenue up – gross margin slightly down

## Quarterly revenue, DKKm

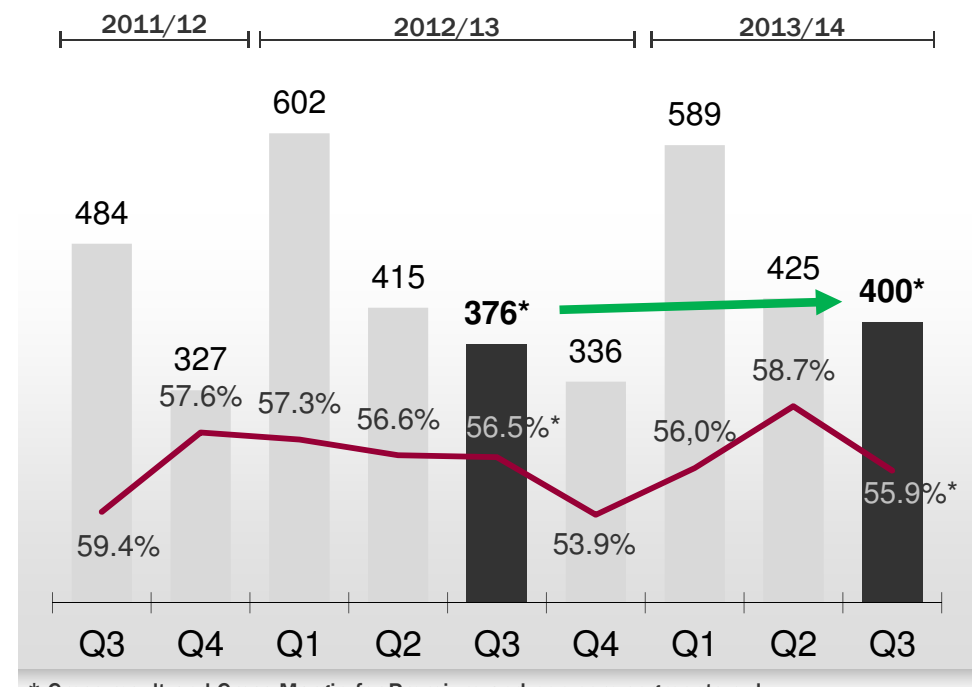
Continuing operations



- Q3 revenue up by 7% to DKK 716m
- Revenue growth in all segments but Premium Contemporary in particular
- Strong development in the wholesale channel
- Negative currency effect of DKK 18m in Q3

## Quarterly gross margin, %

Before and after sale of Mid Market division

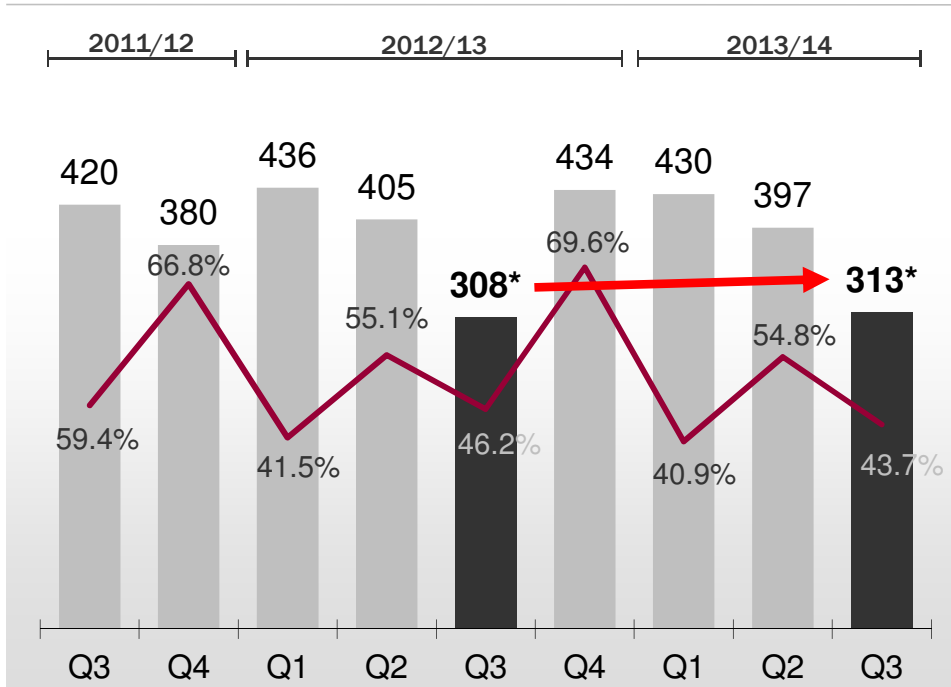


\* Gross result and Gross Margin for Premium and non-core segments only

- Gross profit up by DKK 24m for continuing operations
- Gross margin down by 0.6pp in Q3
- Negative net currency effect of DKK 9m

# EBIT improved through lower OPEX and improved gross margin

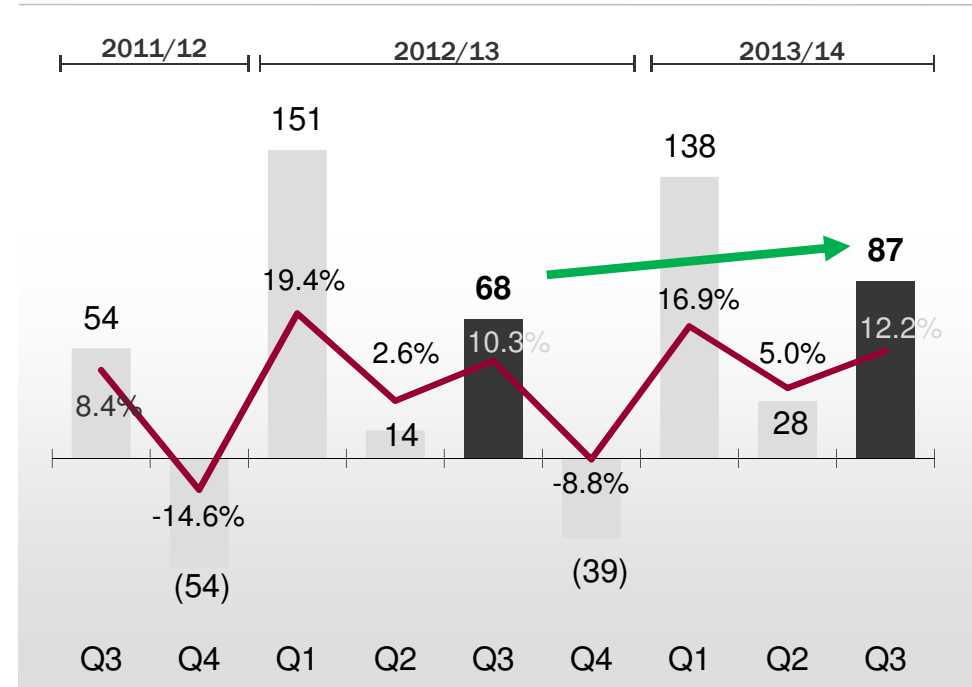
**Quarterly OPEX efficiency, %**  
Before and after sale of Mid Market division



\* OPEX and OPEX-efficiency for Premium and non-core segments only

- Q3 OPEX up by DKK 5m for continuing operations
- OPEX efficiency improved by 2.5pp
- Positive currency effect of DKK 8m in Q3

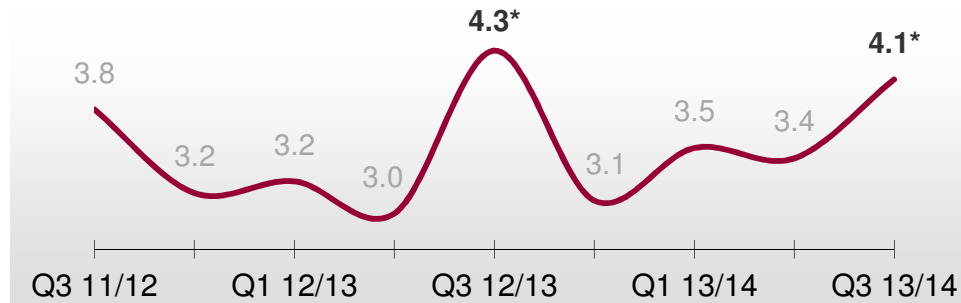
**Quarterly EBIT, DKKm**  
Continuing operations



- Q3 EBIT up by DKK 19m to DKK 87m
- Improved OPEX efficiency contributes to development
- Q3 EBIT margin improved by 1.9pp to 12.2%

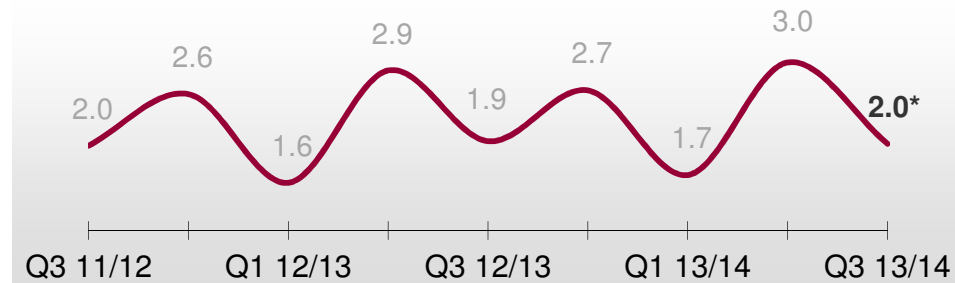
# Working capital and turnover rates

## End of quarter, inventory turnover rate



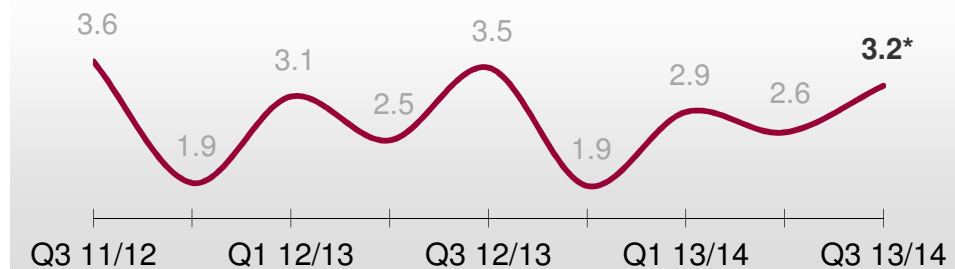
\* Inventory turnover rate for continuing operations alone

## End of quarter, debtor turnover rate



\*Debtor turnover rate for continuing operations alone

## End of quarter, creditor turnover rate



\*Creditor turnover rate for continuing operations alone

- Inventory turn for continuing operations slightly down in Q3
- In general inventory turn slightly up after the sale of Mid Market division

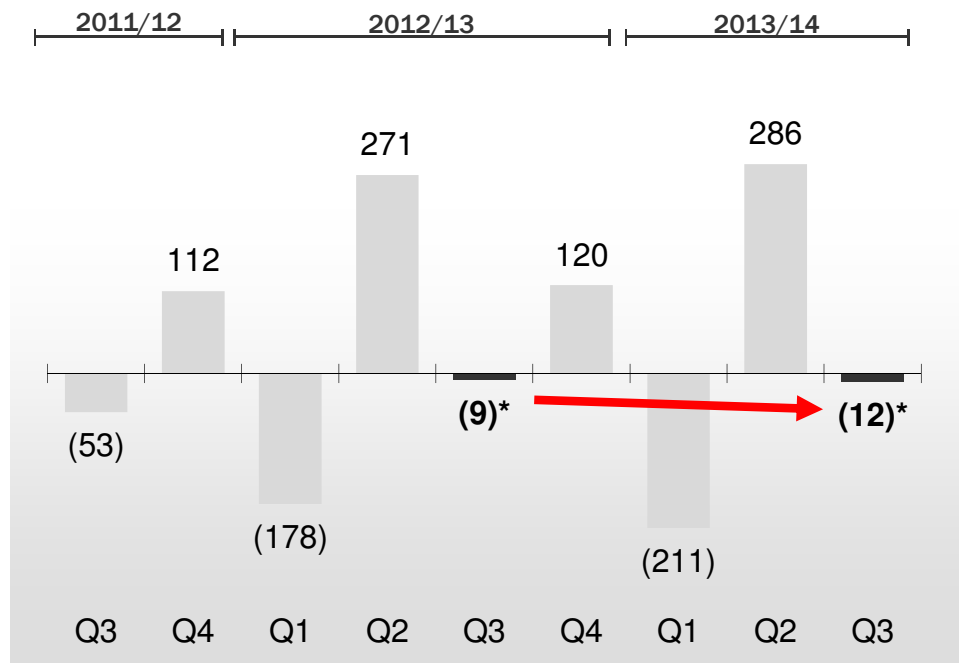
- Debtors turnover rate in line with historical level
- Age distribution improved in Q3 2013/14

- Creditor turnover down in Q3 13/14

# Strong cash flow and net debt converted to net deposit

## Free cash flow, DKKm

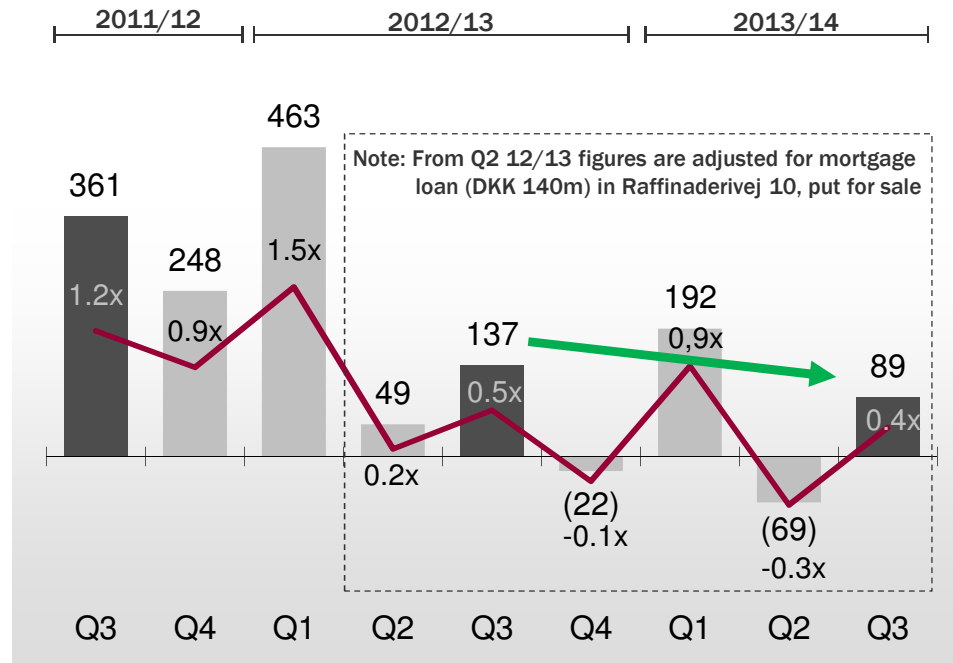
Before and after sale of Mid Market division



\* Free cash flow from Premium and non-core segments only

- Q3 cash flow for continuing operations down by DKK 3m to a net outflow of DKK 12m
- Higher EBIT but increased CAPEX
- Working capital investments almost unchanged

## End of quarter NIBD, DKKm and NIBD/EBITDA



- NIBD lowered by DKK 48m in Q3
- NIBD/EBITDA of 0.4x



## Summary of financial results Q3 2013/14 – continuing operations

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	Q3 2013/14	Q3 2012/13
<b>Revenue</b> up by 7% to	DKK <b>716</b> m	DKK 667m
<b>Gross margin</b> down by 0.6 pp to	<b>55.9%</b>	56.5%
<b>Costs</b> up by 2% to	DKK <b>313</b> m	DKK 308m
<b>EBIT</b> up by 28% to	DKK <b>87</b> m	DKK 68m
<b>Free cash flow</b> down by DKK 3m to	DKK <b>(12)</b> m	DKK (9)m
<b>NIBD</b> reduced by DKK 48m to	DKK <b>89</b> m	DKK 137m

## Guidance for continuing operations FY 2013/14

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**Continuing operations** include the three **Premium brands** and the **non-core** business

**Revenue** of DKK **2,560 – 2,580m**

**EBIT** of DKK **195 – 215m**

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

**Guidance for 2014/15** will be announced with the full year results for 2013/14

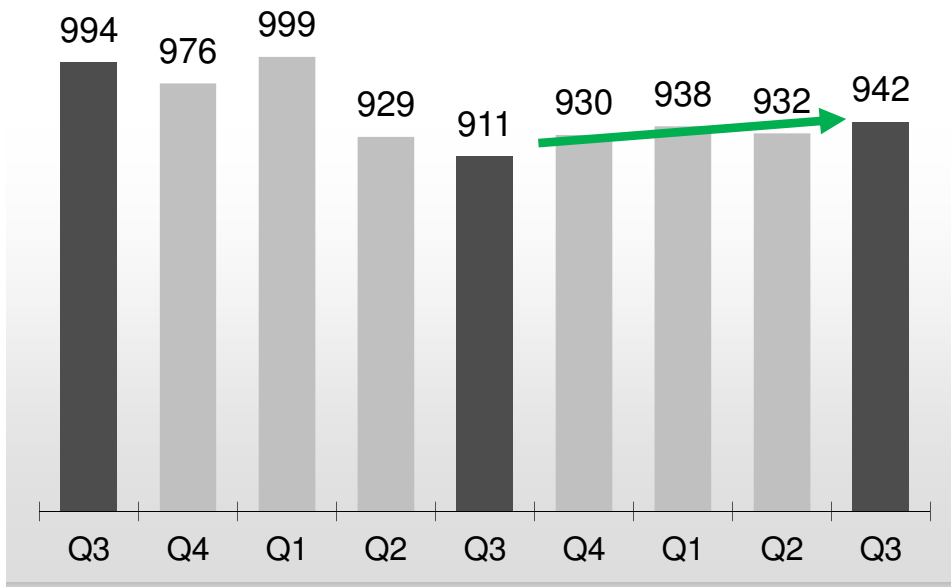
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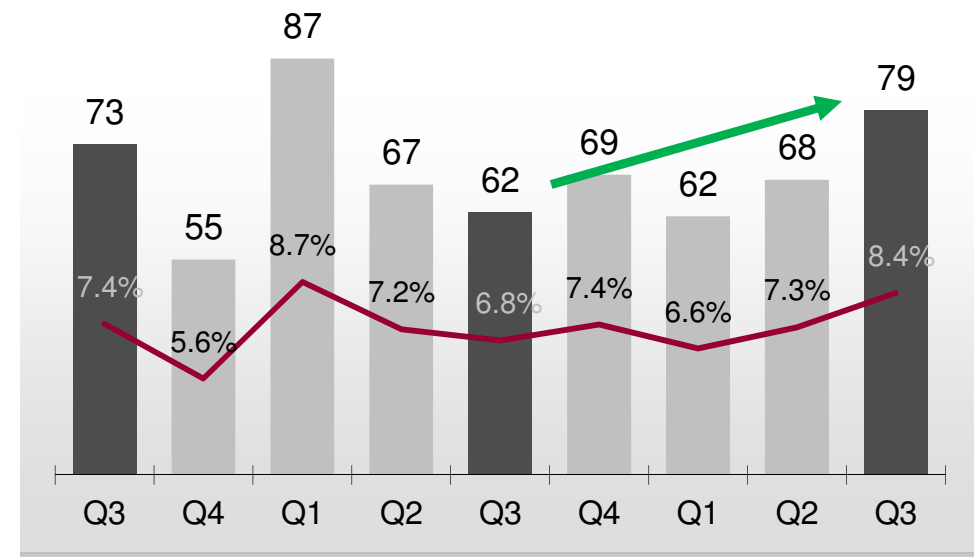
# Premium Outdoor

## Trailing 12 months revenue, DKKm



- Q3 revenue up by DKK 10m to DKK 278m
- Trailing 12 months revenue up by DKK 31m
- Strong wholesale performance
- Disappointing retail performance

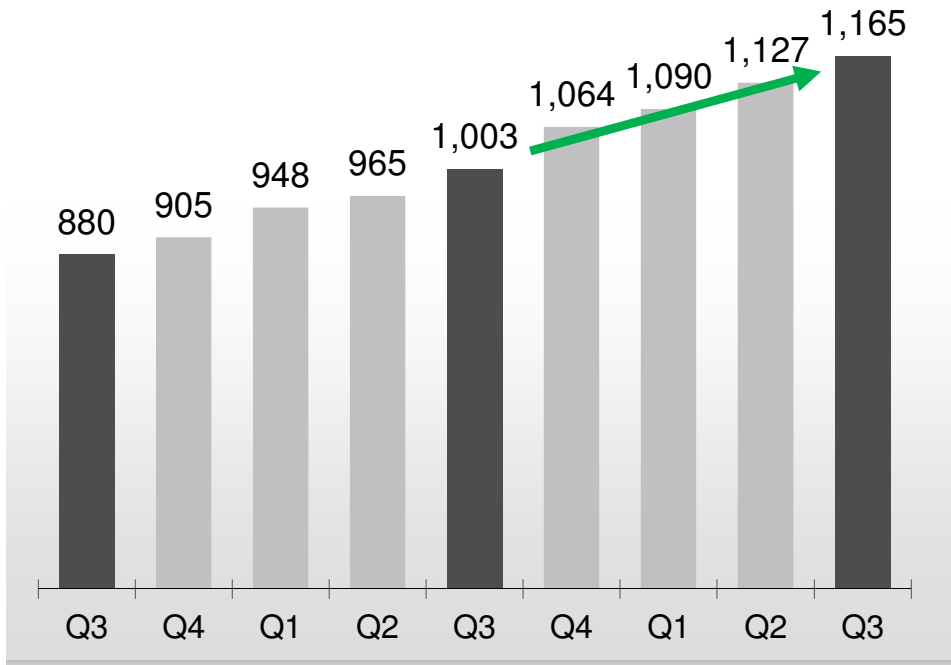
## Trailing 12 months EBIT, DKKm



- Q3 EBIT up by DKK 11m to DKK 38m
- Trailing 12 months EBIT up by DKK 17m
- Trailing 12 months EBIT margin up by 1.6pp

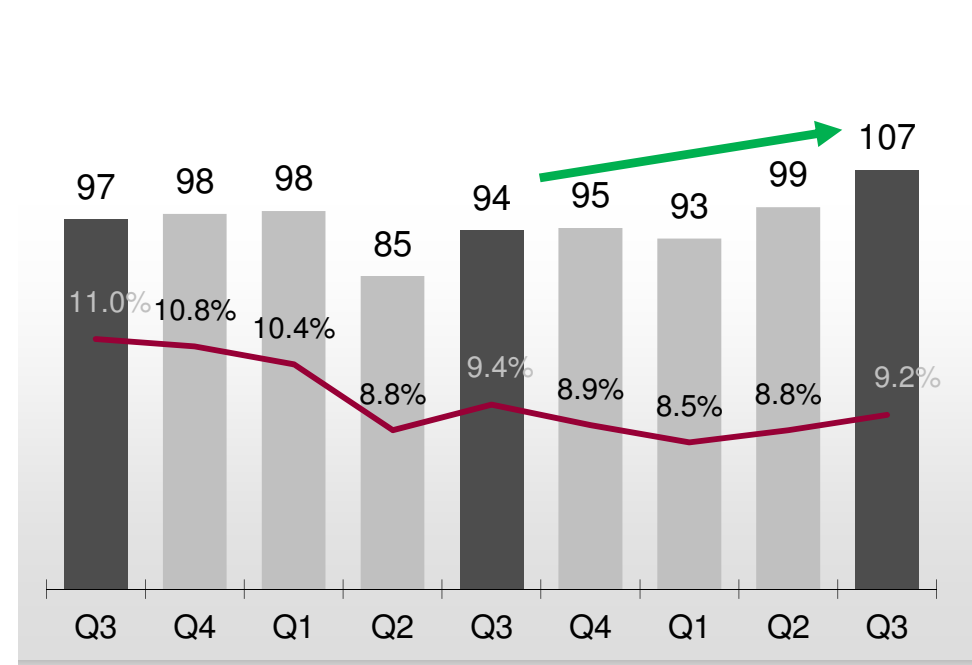
# Premium Contemporary

Trailing 12 months revenue, DKKm



- Q3 revenue up by DKK 38m to DKK 331m
- Trailing 12 months revenue up by DKK 162m
- Strong wholesale development
- Tiger of Sweden's insourcing of accessories contributes significantly

EBIT, ttm, DKKm



- Q3 EBIT up by DKK 8m to DKK 42m
- Trailing 12 months EBIT up by DKK 13m
- Q3 EBIT margin up by 1.0pp to 12.6%
- Trailing 12 months EBIT margin slightly down by 0.2pp

# None-core business and discontinuing operations

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## Non-core business

Q3 **revenue unchanged** at DKK 107m (DKK 106m)

Q3 **EBIT unchanged** at DKK 7m (DKK 8m)

- EBIT margin unchanged at 6.9% (7.1%)
- Revenue and earnings growth in Saint Tropez
- Revenue and earnings set back in Designers Remix

## Discontinuing operations

### Earnings improved

- Earnings improved in Mid Market division
- Better than expected development in Jackpot & Cottonfield run-off

### Closing preparations on **Mid Market activities**

- Expected closing by end-June 2014
- Transition periode of 6 - 12 months

### Phasing out **Jackpot** and **Cottonfield** retail stores

- Retail operations fully phased out during 2013/14
- Full-year cash flow effect ahead of expectations

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## Key take-aways

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**Mid Market Contemporary** sold

Improved results in **Peak Performance** but still challenges to be addressed

Strong growth and expansion potential for **Tiger of Sweden.**  
Harvesting earnings from revenue growth is key focus

**By Malene Birger** successfully through transition facing international growth opportunities

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



Questions

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