

Q3 2011/12
Information Meeting

May 2012

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Niels Mikkelsen, CEO

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Chris Bigler, CFO

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Financial Achievements Q3 2011/12

	2011/12	2010/11
Revenue down by 6% to	DKK 1,035 m	DKK 1,100m
Gross Margin down by 3.1pp to	54.9%	58.0%
Costs down by 5% to	DKK 512 m	DKK 537m
EBIT down by 45% to	DKK 56 m	DKK 101m
Free cash flow up by DKK 102m to	DKK (34)m	DKK (136m)

Operational Achievements Q3 2011/12

Negative gross margin development but **strong cash flow**

- External sourcing pressure and campaign activities to secure revenue
- Positive working capital development and solid financial position
- Future positive impact from sourcing project on gross margin

Structural changes and **cost reduction** initiatives

Controlled space impacted by planned retail closings in Mid Market

– further expansion in **franchise**

- Planned store closings and retail prioritisation in core markets
- Net reduction of 1,900 retail m² but 45 new concession agreements signed
- Net increase of 600 franchise m² but store closures expected within next 6 months

Companys Original

- New profitable flagship store to further drive Companys franchise concept

Guidance FY 2011/12

Volatile market conditions expected to continue

- Campaign activities expected to continue in the industry
- Gradually weaker price pressure in sourcing

Revenue in the range of DKK **3,800 – 3,850m**

- Previously DKK 3.7 – 3.8b

EBIT in the range of DKK **130 – 150m**

- Previously EBIT expected to be positive for H2 2011/12 with risk of double-digit loss in DKKm for H2 2011/12 if market conditions deteriorated

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

- Unchanged under current market conditions

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

- Unchanged

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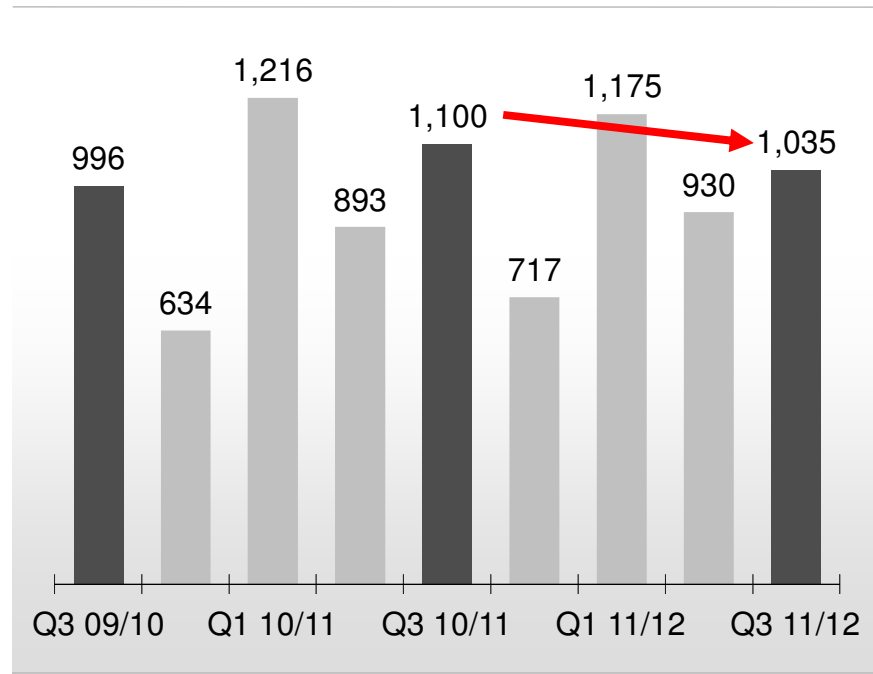
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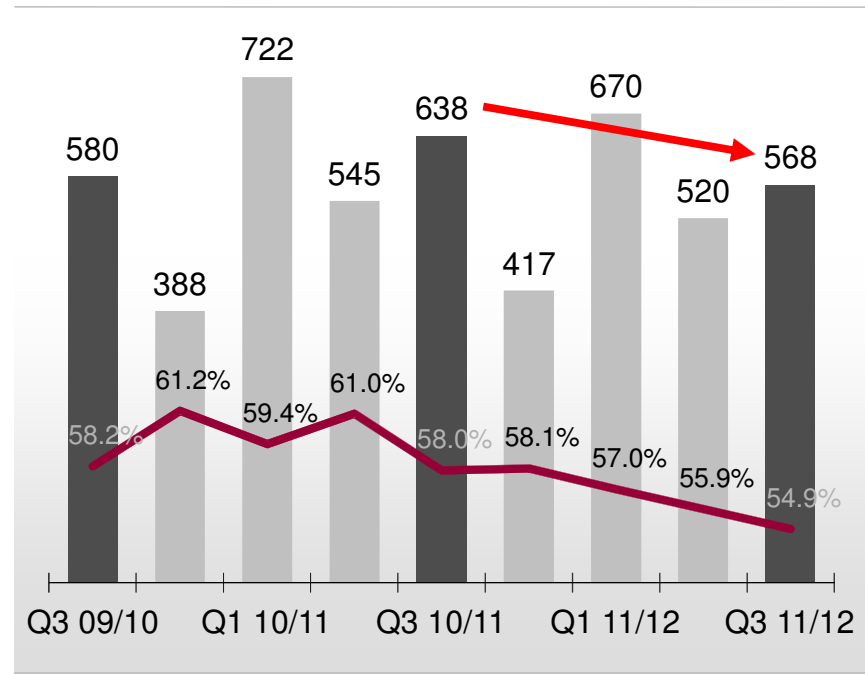
Efficient Campaign and Sales Activities Defend Market Position but with Significant, Negative Impact on GM

Quarterly revenue, DKKm



- Revenue down by 6% to DKK 1,035m
- Positive currency effects of DKK 2m
- Negative net store openings of DKK 3m
- Positive shift in deliveries of DKK 14m

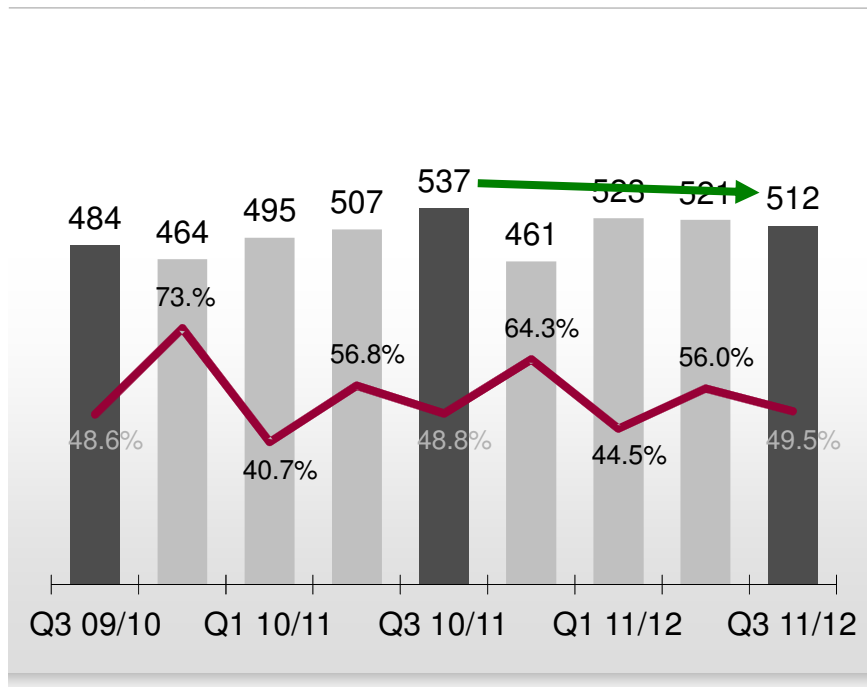
Quarterly gross profit, DKKm and gross margin, %



- Gross profit down by 11% to DKK 568m
- Gross margin down by 3.1pp to 54.9%
- High level of sales campaigns and presale activities
- Still influenced by sourcing pressure

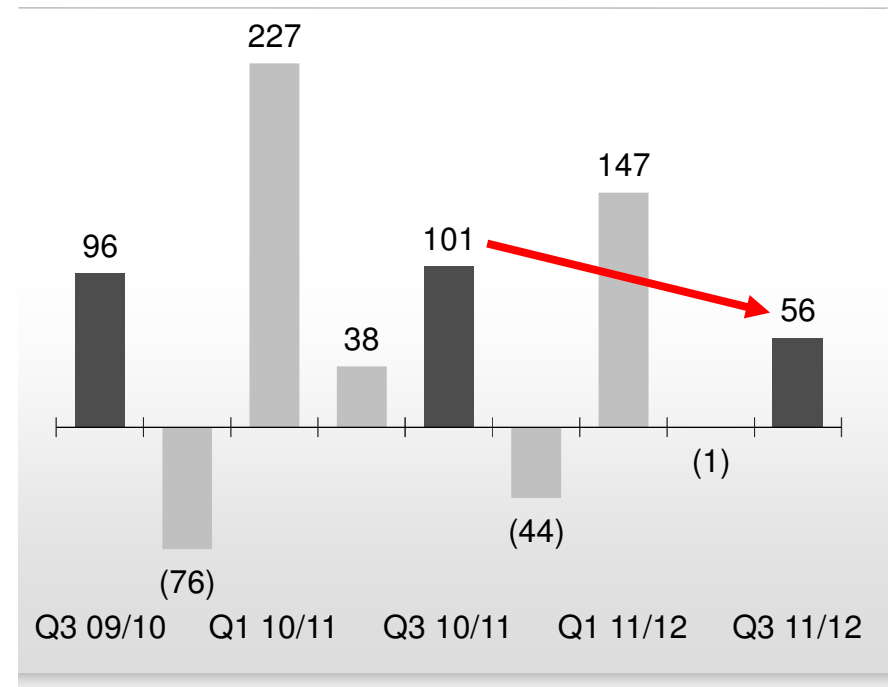
High Margin Pressure Decreases Profitability in Spite of Reduced OPEX

Quarterly OPEX, DKKm and OPEX efficiency, %



- OPEX down by 5% to DKK 512m
- Net store openings negative with DKK 2m

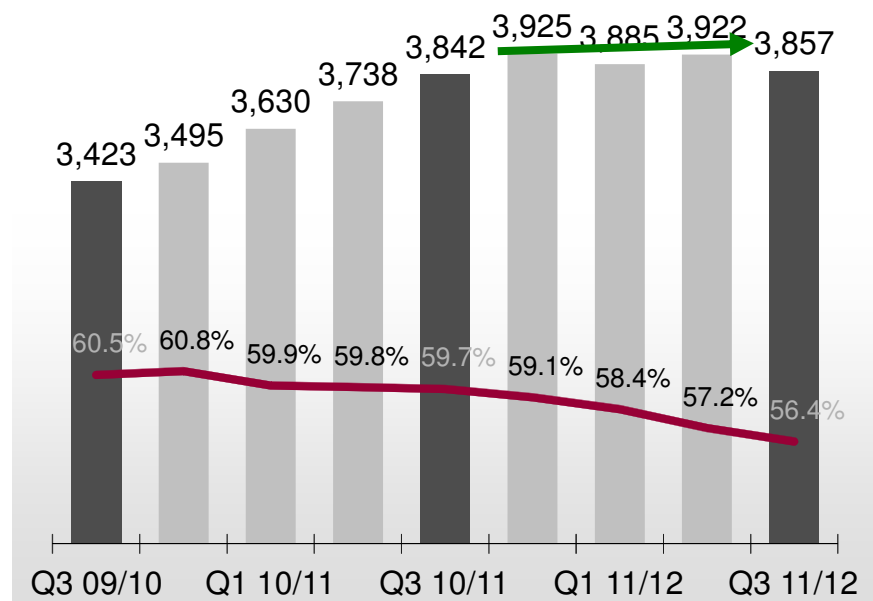
Quarterly EBIT, DKKm



- EBIT down by DKK 45m to DKK 56m
- Primarily driven by GM development

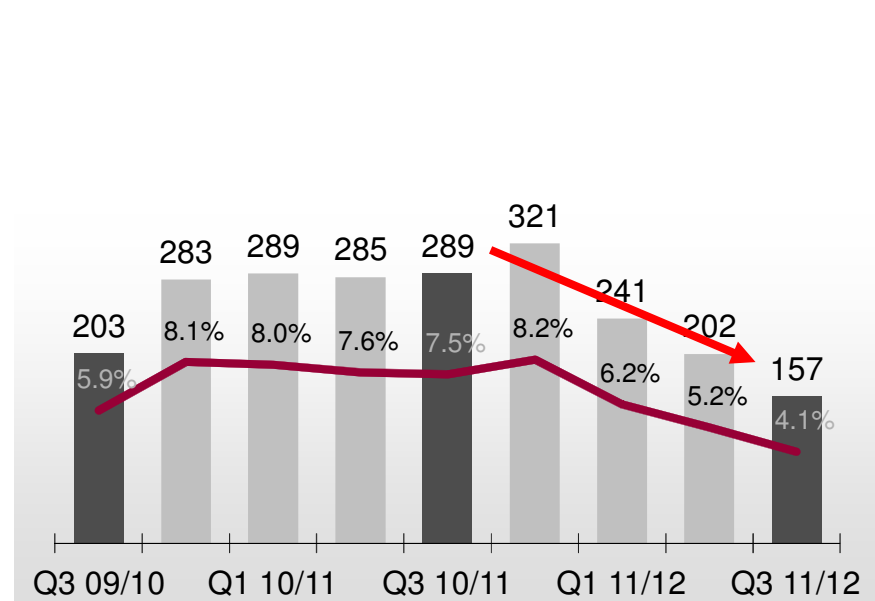
Market Position Intact due to Campaign and Sales Activities but with High Margin Pressure

Ttm revenue, DKKm and gross margin, %



- Ttm revenue flat development to DKK 3,857m
- Ttm gross margin down by 3.3pp to 56.4%

Ttm EBIT, DKKm and EBIT margin, %

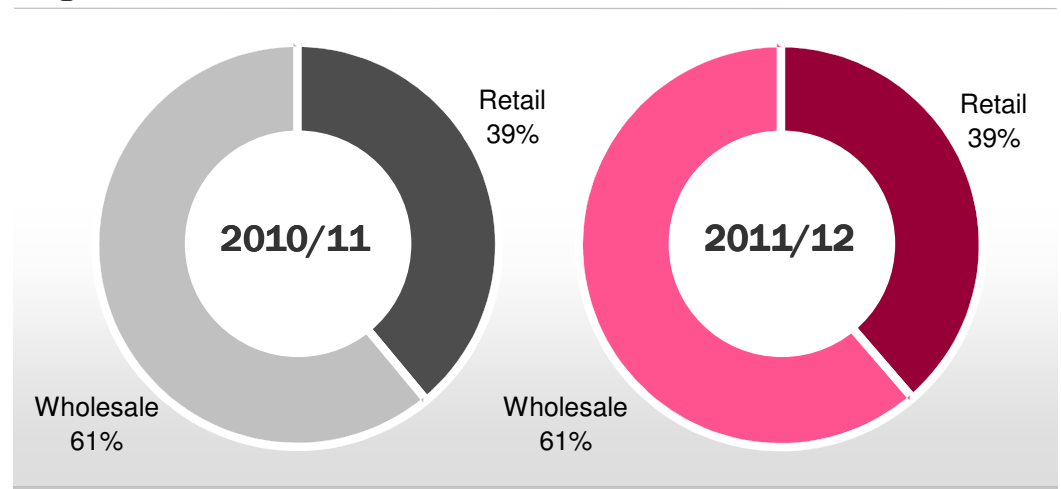


- Ttm EBIT down by 46% to DKK 157m
- Ttm EBIT margin down by 3.4pp to 4.1%

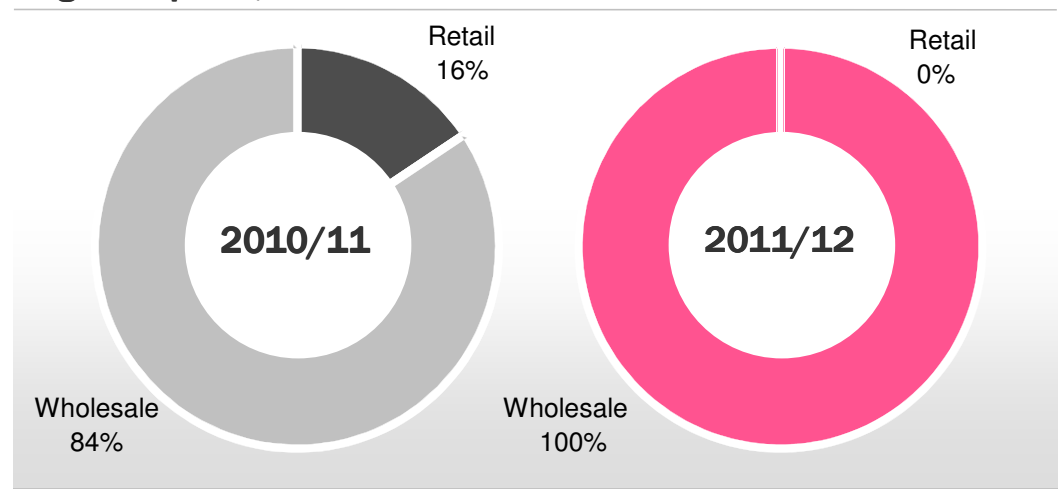
Both Segments Affected by the Market Conditions but Profit in Retail Is Impacted More due to Fixed Costs

- Retail decline of 3% to DKK 341m in Q3
- Negative net store openings of DKK 2m and same-store decrease of 6%
- Wholesale decrease of 7% to DKK 694m in Q3
- Pre-order down by 8%, OTB down by 4% and franchise up by 19%
- Retail profit down by DKK 23m to a loss of DKK 36m in Q3
- Wholesale profit down by DKK 27m to DKK 128m

Segment revenue, ttm



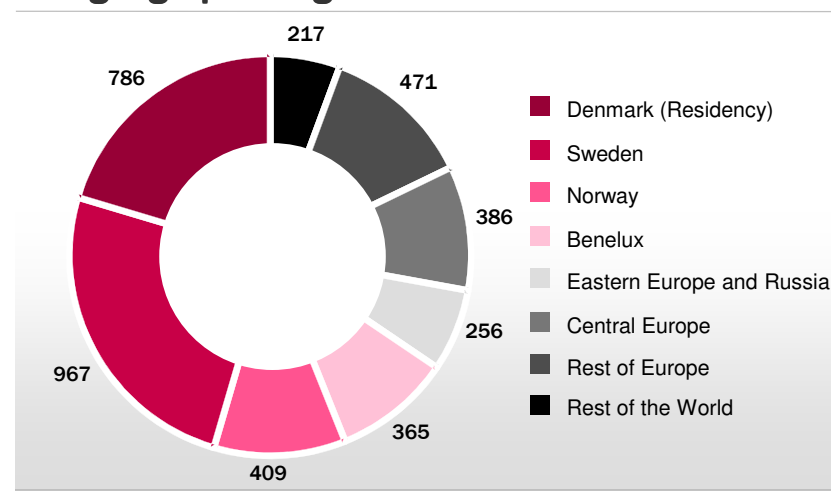
Segment profit, ttm



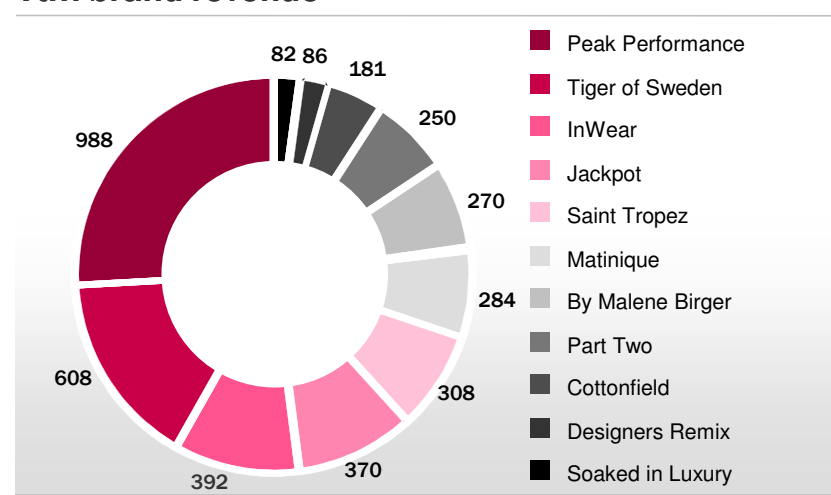
Maintained Market Position in Scandinavia while Affordable Luxury Realised Growth

- Scandinavia realised flat development in revenue in Q3
 - Benelux, Eastern Europe & Russia and Rest of Europe realised double-digit declines due to the market situation and store closures
 - Scandinavia made up 56% of Group ttm revenue
-
- Tiger of Sweden and Soaked in Luxury realised double-digit growth rates in Q3
 - Peak Performance also realised growth as did By Malene Birger adjusted for planned changes in the delivery flow
 - Jackpot and Cottonfield still heavily impacted by development in Poland

Ttm geographic segment revenue

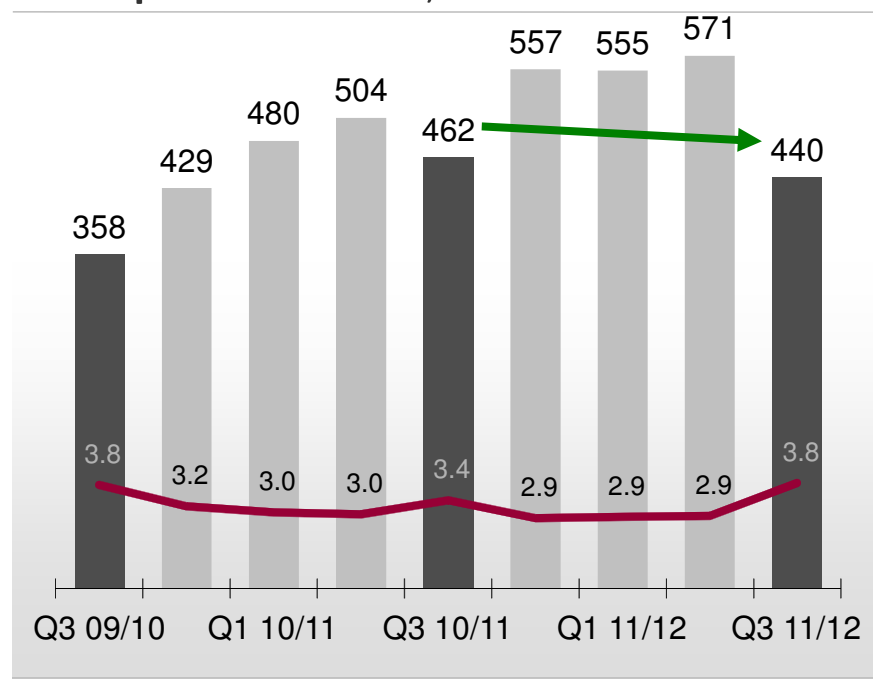


Ttm brand revenue



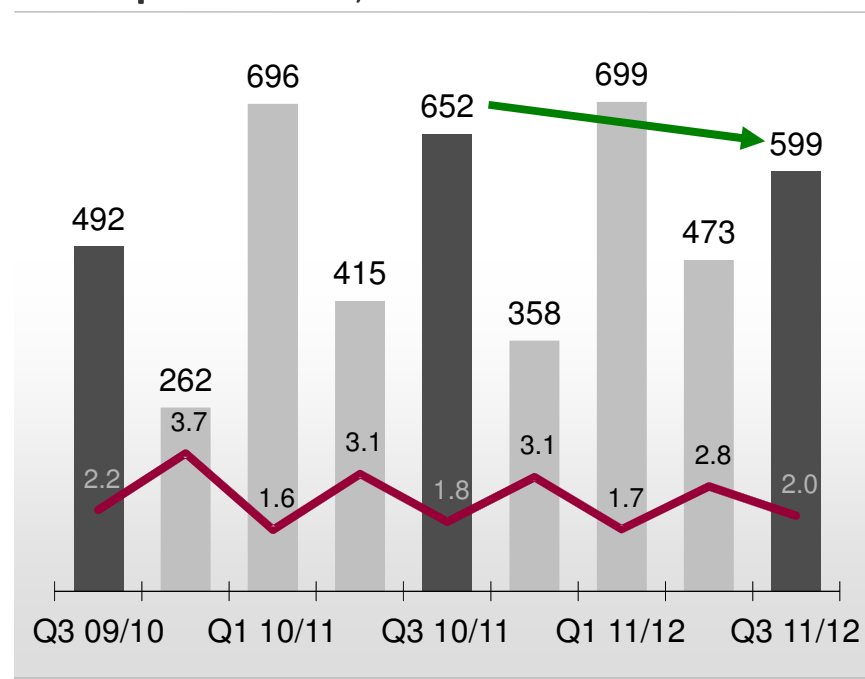
Working Capital Situation Improved due to Clearance Activities and Activity Decline but in Spite of More Prompt Deliveries

End of quarter inventories, DKKm and rate of turnover



- Inventories decreased by 5% to DKK 440m due to clearance activities, activity decline and improved turn rate
- Age distribution on inventory improved due to focussed clearance activities

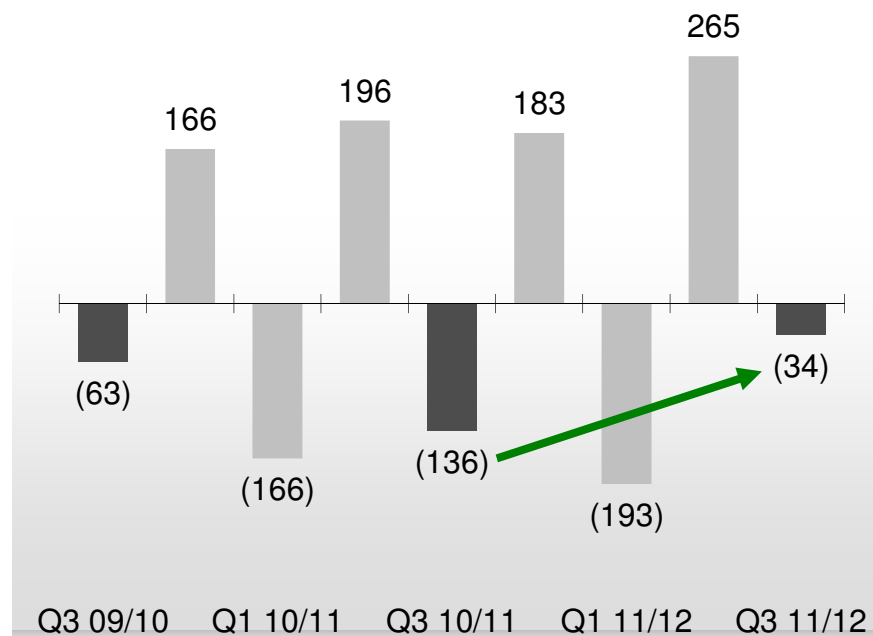
End of quarter debtor, DKKm and rate of turnover



- Debtors decreased by 8% to DKK 599m due to wholesale decline but in spite of more prompt deliveries
- Challenging wholesale conditions expected to deteriorate debtor situation

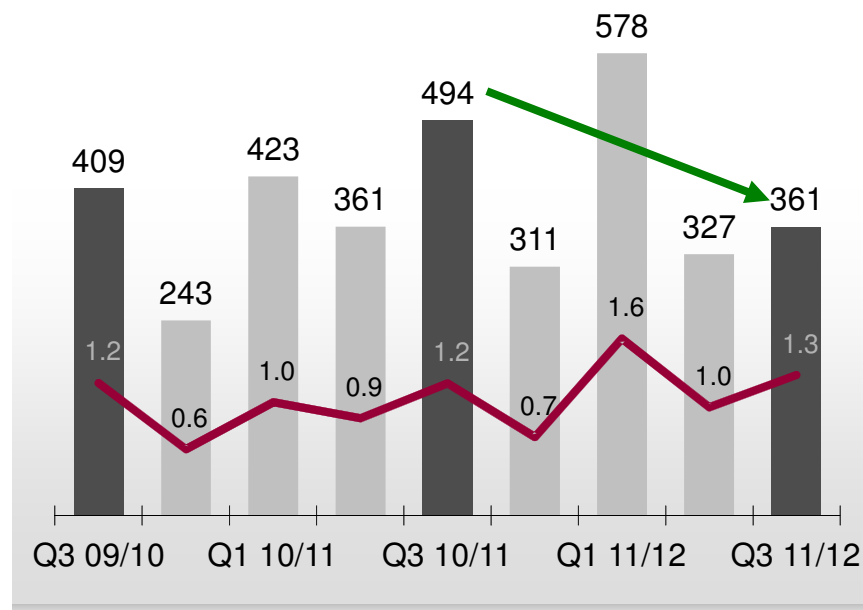
Focussed Sales Campaigns Secure Solid Cash Flow and Substantial Debt Reduction

Free cash flow, DKKm



- Free cash flow up by DKK 102m to outflow of DKK 34m due to focussed campaigns
- Positive cash flow impact from working capital next quarter

End of quarter NIBD, DKKm and NIBD/EBITDA



- NIBD reduction of 27% to DKK 361
- NIBD/EBITDA of 1.3

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Winner of Brand of the Year and
5 Fashion Award Nominations



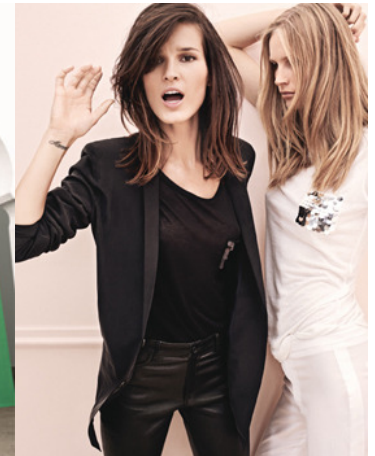
**Brand of
the year
winner and
3 nominations**




DESIGNERS REMIX
CHARLOTTE ESKILDSEN



BY
MALENE BIRGER



InWear



SAINT TROPEZ *Wackpot*

**Best high-street brand
and ethical award
nominations**

The Reopened Companys Original Flagship Store – Driver for the Companys Franchise Concept



The Frames Are in Place

– Loss-making Brands Entail Consequences

Project Empowerment

- Accountability
- Transparency
- Execution power
- Flexibility

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

Clear Prioritisation of Group Resources

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

Growth:

Affordable Luxury

- Internationalisation and increased market penetration

Optimisation:

Mid Market and Fast Fashion

- Focus on core markets

Questions

Questions

Questions

Questions



IC COMPANYYS
HOME OF FASHION BRANDS

InWear *Matinique* *PART TWO* *Jackpot*  **COTTONFIELD**
ESTABLISHED 1966  **DESIGNERS REMIX**
CHARLOTTE ESKILDSEN **SAINT TROPEZ**  **TIGER**
OF SWEDEN  **MALENE BIRGER**  **PeakPerformance** **SOAKED**
IN LUXURY *Copenhagen*