



# ANNUAL REPORT 2017/18

## ROAD SHOW PRESENTATION

Nordea  
Copenhagen  
August 29, 2018

# AGENDA

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Full-year highlights

Q4 Group financials

Segment performance

Guidance for 2018/19

Q&A



## FULL-YEAR HIGHLIGHTS

- Revenue declined by 3.9% in local currency driven by both wholesale and retail
- Gross margin up by 1.2pp mainly due to lower write-downs
- OPEX reduced by DKK 107m of which DKK 44m relate to non-recurring costs in 2016/17
- Group EBIT margin up by 2.6pp mainly due to OPEX savings in Group central functions as a result of the restructuring carried out in 2016/17
- Peak Performance sold to Amer Sports for a price equal to an enterprise value of DKK 1.9bn
- Net proceeds of DKK 1.75bn, corresponding to approx. DKK 102 per share, to be distributed via share buy-back and extraordinary dividend
- Proposed ordinary dividend of DKK 83m, corresponding to at least DKK 5 per share

<b>Financials and key figures</b>	<b>FY 2017/18</b>	<b>FY 2016/17</b>
Revenue (DKKm)	2,602	2,749
Gross margin	56.5%	55.3%
OPEX ratio	49.4%	50.7%
EBIT margin	7.1%	4.5%
Operating NWC* %	13.8%	14.4%
ROIC* %	9.3%	16.2%
CAPEX (DKKm)	61	89
CAPEX in % of revenue	2.3	3.0
Ordinary dividend (DKKm)	83	85
<b>Other key figures</b>		
Same-store growth	(4.8)%	1.7%
Change in no. of stores	(9)	12

\* For 2017/18 figures are excluding Peak Performance

# DISTRIBUTION OF FUNDS TO SHAREHOLDERS

## Share buy-back

12 Sep. 2018

≈ DKK 280m\*

- Board of Directors has decided to initiate a share buy-back of max. 1,709,085 shares
- Buy-back structured as an auction process running from 28 August 2018 until 11 September 2018 offering all shareholders of IC Group to sell their IC Group shares back to the Company
- Buy-back price to be determined by the Board of Directors on 11 September 2018 at a level close to the market price and announced on 12 September 2018
- All shares bought back (as well as current treasury shares) expected to be cancelled on the General Meeting 26 September 2018
- The majority shareholder, Friheden Invest A/S, will not participate in the offer

## Extraordinary dividend

20 Sep. 2018

≈ DKK 1,470m\*

- The remaining net proceeds of approx. DKK 1,470m will be distributed to the shareholders via an extraordinary dividend
- Pay-out date will be 20 September 2018 meaning ex-dividend trading day on 18 September 2018

## Ordinary dividend

1 Oct. 2018

DKK 83m

- Board of Directors to propose an ordinary dividend of DKK 83m at the Annual General Meeting on September 26
- Assuming approval, pay-out will be on 1 October 2018. The share will trade ex dividend on September 27

\* Assuming full utilization at a buy-back price of DKK 163 per share

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## Q4 REVENUE DEVELOPMENT

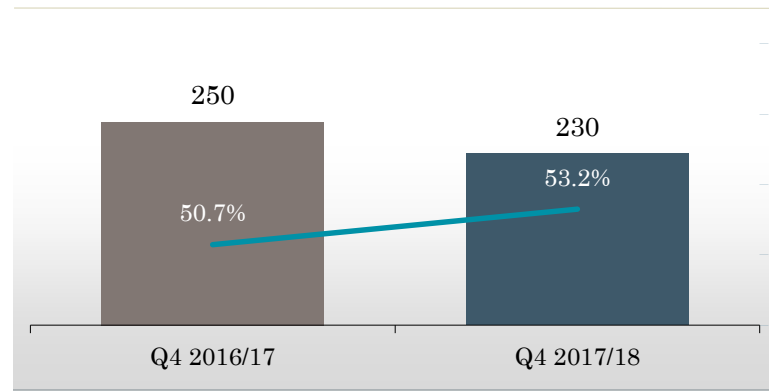
- Revenue down by 12.4% measured in local currency to DKK 432m
- Low traffic and conversion rate in physical retail as well as e-commerce negatively affecting performance across all Group brands
- Decline in wholesale to a large extent driven by Saint Tropez
- No changes to store portfolio in Q4

Revenue by segment (DKKm)	Q4 2017/18	Y-on-Y growth	Share of revenue
Tiger of Sweden	188	(6.0%)	44%
By Malene Birger	75	(8.5%)	17%
Saint Tropez	56	(27.3%)	13%
Designers Remix	10	(37.5%)	2%
Unallocated	3	n/a	1%
<b>Continuing activities</b>	<b>332</b>	<b>(10.8%)</b>	<b>77%</b>
Peak Performance	100	(17.4%)	23%
<b>Group</b>	<b>432</b>	<b>(12.4%)</b>	<b>100%</b>
Wholesale	223	(10.1%)	52%
Retail	206	(16.9%)	48%
Net store openings	0		
Same-store growth	(15.1%)		

# Q4 GROSS PROFIT AND OPEX

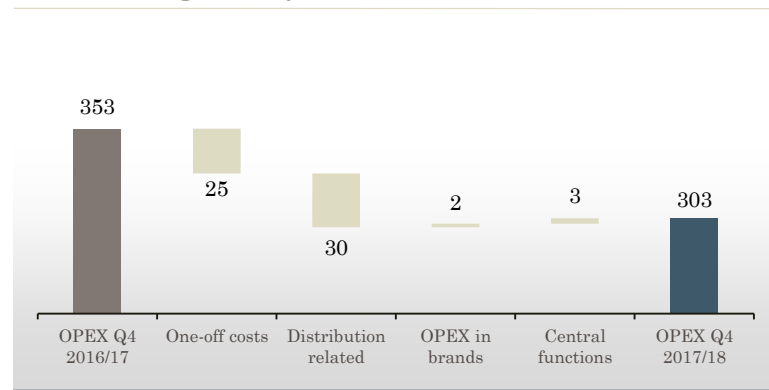
- Gross profit declined by DKK 20m driven by lower revenue
- Improved gross margin of 2.5pp to 53.2% mainly driven by significantly lower inventory write-downs compared to Q4 2016/17

**Q4 gross profit and gross margin**



- OPEX declined by DKK 50m
- Q4 2016/17 negatively impacted by non-recurring costs of DKK 14m related to structural changes in Group central functions and store write-downs of DKK 11m
- Distribution-related OPEX decreased by DKK 30m driven by store closures, lower agent commission and lower costs in concession stores
- OPEX ratio improved by 1.5pp to 70.1%

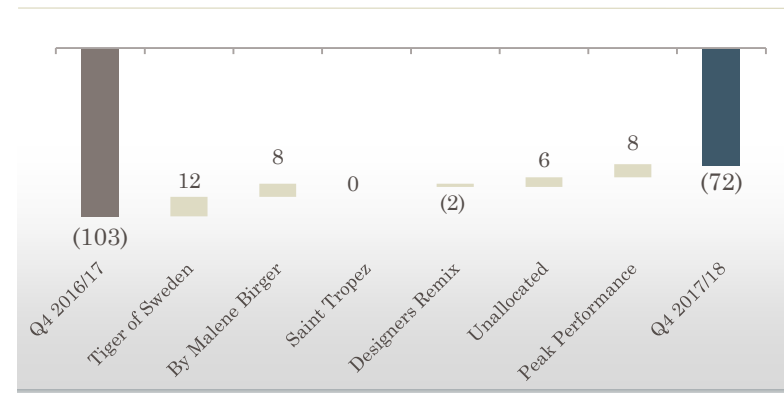
**OPEX bridge vs. Q4 2016/17**



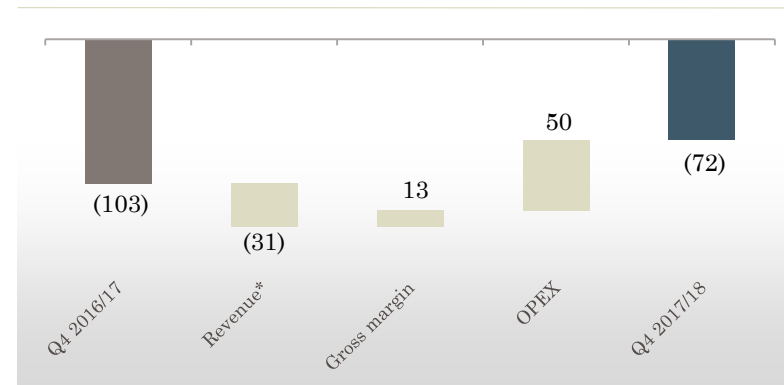
# Q4 EBIT DEVELOPMENT

- EBIT up in all brands except for Designers Remix driven by lower OPEX
- HQ (unallocated) up by DKK 6m compared to last year. When adjusting for non-recurring costs of DKK 14m in Q4 2016/17, EBIT declined by DKK 8m
- EBIT margin improved by 4.2pp to (16.7)% driven by higher gross margin and lower OPEX ratio

**EBIT development by segment vs. Q4 2016/17**



**EBIT development by contribution vs. Q4 2016/17**



\*) Revenue contribution given unchanged gross margin compared to Q4 2016/17



## BALANCE SHEET AND CASH FLOW

- Operating NWC in % of full-year revenue down compared to last year driven by improved inventory efficiency
- Free cash flow for Q4 up by DKK 131m compared to last year driven by higher operating profit and cash flow release from NWC
- CAPEX significantly lower than same period last year
- Net debt position significantly improved to a deposit of DKK 123m

DKKm	Q4 2017/18	Q4 2016/17	Change
Inventory*	211	394	(46%)
Trade receivables*	178	277	(36%)
Trade payables*	177	276	(36%)
Operating NWC*	212	395	(46%)
<i>% of 12m revenue*</i>	<b>13,8%</b>	14,4%	(0,6%)
Free cash flow	212	81	131
CAPEX	(6)	(31)	25
<i>% of revenue</i>	<b>1,4%</b>	6,3%	(4,9%)
ROIC*	<b>9,3%</b>	16,2%	(6,9%)
NIBD**	<b>(123)</b>	17	(140)
<i>NIBD to 12m EBITDA</i>	<b>-0,5x</b>	0,1x	(0,6)x

\*For 2017/18 figures are excluding Peak Performance

\*\*Excluding net proceeds from the sale of Peak Performance

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## 2017/18 PERFORMANCE BY SEGMENT

### TIGER OF SWEDEN



<b>Tiger of Sweden</b>	<b>2017/18</b>	<b>2016/17</b>
Revenue	860	963
EBIT	47	67
EBIT margin	5.5%	7.0%
<b>Other key data</b>		
Same-store growth	(7.5)%	1.4%
Net store openings	(4)	2

### BY MALENE BIRGER

<b>By Malene Birger</b>	<b>2017/18</b>	<b>2016/17</b>
Revenue	333	351
EBIT	18	3
EBIT margin	5.4%	0.9%
<b>Other key data</b>		
Same-store growth	5.2%	0.6%
Net store openings	0	0

**Saint**  
Tropez

<b>Saint Tropez</b>	<b>2017/18</b>	<b>2016/17</b>
Revenue	265	315
EBIT	(20)	2
EBIT margin	(7.5)%	0.6%
<b>Other key data</b>		
Same-store growth	(16.9)%	(8.4)%
Net store openings	(8)	2

  
**DESIGNERS REMIX**  
CHARLOTTE ESKILDSEN

<b>Designers Remix</b>	<b>2017/18</b>	<b>2016/17</b>
Revenue	73	85
EBIT	5	8
EBIT margin	6.8%	9.4%
<b>Other key data</b>		
Same-store growth	(25.1)%	(9.5)%
Net store openings	0	0

## Q4 PERFORMANCE BY SEGMENT

### TIGER OF SWEDEN



<b>Tiger of Sweden</b>	<b>Q4 2017/18</b>	<b>Q4 2016/17</b>
Revenue	188	200
EBIT	(15)	(27)
EBIT margin	(8.0)%	(13.5)%
<b>Other key data</b>		
Same-store growth	(12.9)%	(3.5)%
Net store openings	0	2

### BY MALENE BIRGER

<b>By Malene Birger</b>	<b>Q4 2017/18</b>	<b>Q4 2016/17</b>
Revenue	75	82
EBIT	1	(7)
EBIT margin	1.3%	(8.5)%
<b>Other key data</b>		
Same-store growth	(11.4)%	7.5%
Net store openings	0	(1)

**Saint**  
Tropez

<b>Saint Tropez</b>	<b>Q4 2017/18</b>	<b>Q4 2016/17</b>
Revenue	56	77
EBIT	(4)	(4)
EBIT margin	(7.1)%	(5.2)%
<b>Other key data</b>		
Same-store growth	(19.2)%	(16.1)%
Net store openings	0	0

  
**DESIGNERS REMIX**  
CHARLOTTE ESKILDSEN

<b>Designers Remix</b>	<b>Q4 2017/18</b>	<b>Q4 2016/17</b>
Revenue	10	16
EBIT	(3)	(1)
EBIT margin	(30.0)%	(6.3)%
<b>Other key data</b>		
Same-store growth	(20.3)%	(17.8)%
Net store openings	0	0

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## GUIDANCE FOR TRANSFORMATION OF IC GROUP

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Following the sale of Peak Performance, a transformation of IC Group into a listed holding company with the sole purpose of owning the shares of our brands will be initiated entailing a full decentralization of the Group's existing shared function.

The Group's remaining brands will hereby obtain full ownership of their business, development and value chain

The transformation is expected to be completed during the financial year 2019/20 and will entail non-recurring costs of approx. DKK 55m in total - approx. DKK 35m for 2018/19 and approx. DKK 20m for 2019/20.

As of the financial year 2020/21, the annual savings are expected to be in the region of DKK 25m

The Board of Directors will continuously consider when it is in the best interest of the shareholders to divest these brands

## GUIDANCE FOR 2018/19

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For the financial year 2018/19, a flat revenue development for the remaining brands in total, measured in local currency, is expected

The EBIT margin is expected to be realized at a level of 0-1% prior to the aforementioned non-recurring costs of approx. DKK 35m

- In Tiger of Sweden, revenue is expected to increase while the nominal earnings are expected at the same level as last financial year
- In By Malene Birger, revenue is also expected to increase while the nominal earnings are expected at the same level as last financial year
- In Saint Tropez, revenue is expected to still decline while the nominal earnings are expected to improve compared to last financial year
- In Designers Remix, both revenue and nominal earnings are expected to be reduced
- EBIT for “Unallocated items and eliminations” will be negative due to changed allocation principles and idle costs. Combined, these amount to approx. DKK 30m

Investments for the financial year 2018/19 are expected to amount to approx. 4% of annual revenue

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QUESTIONS?