



# INTERIM REPORT Q3 2017/18

ROAD SHOW

Danske Bank  
Copenhagen  
May 4, 2018

# AGENDA

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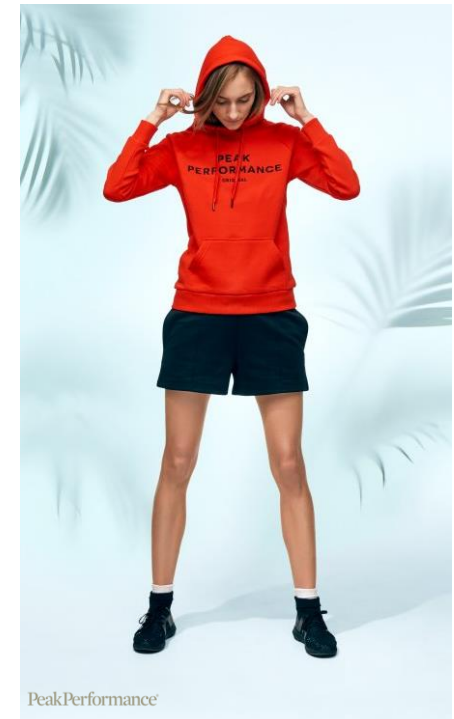
Q3 Group financials

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## Q3 GROUP REVENUE DEVELOPMENT

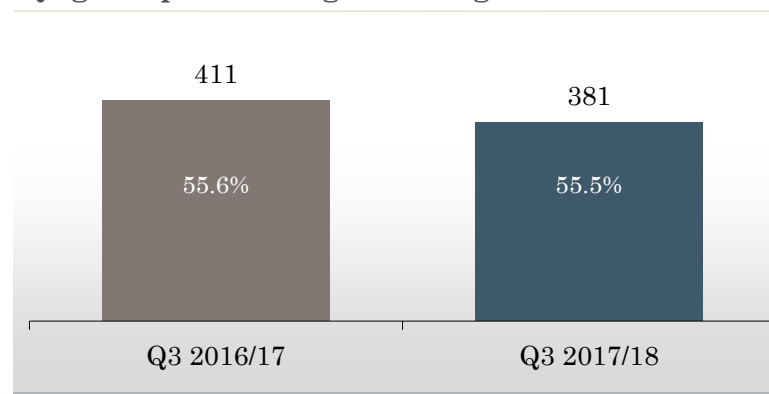
- Revenue decreased by 4.4% measured in local currency
- Positive revenue development at Peak Performance. Revenue reductions across all other brands
- Revenue reduction driven by wholesale
- Strong e-commerce performance at Peak Performance and By Malene Birger drove growth in retail revenue
- Same-store revenue down by 0.6% to a large extent due to physical store performance in Saint Tropez and Tiger of Sweden

Revenue by segment (DKK <sup>m</sup> )	Q3 2017/18	Y-on-Y growth	Share of revenue
Peak Performance	308	3.0%	45%
Tiger of Sweden	217	(14.6%)	32%
By Malene Birger	84	(9.7%)	12%
Other brands	78	(15.2%)	11%
Unallocated		n/a	0%
<b>Group</b>	<b>687</b>	<b>(7.0%)</b>	<b>100%</b>
Wholesale	419	(11.4%)	61%
Retail	268	1.1%	39%
Net store openings	(3)		
Same-store growth	(0.6)%		

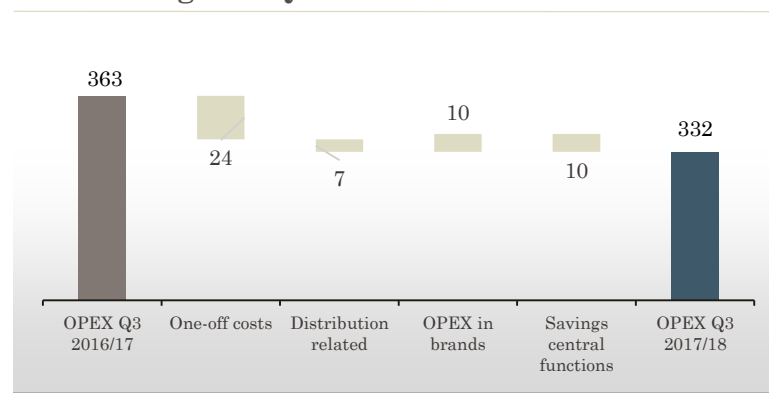
# Q3 GROSS PROFIT AND OPEX

- Gross profit down by DKK 30m due lower revenue
- Positive margin development in Peak Performance outweighing negative development in other brands
- OPEX reduced by DKK 31m mainly as a result of the structural changes carried out during Q3 2016/17
- Adjusted for one-off costs of DKK 24m in Q3 last year, the underlying cost savings were DKK 7m
- Distribution-related savings due to lower agent commission and sample costs

**Q3 gross profit and gross margin**



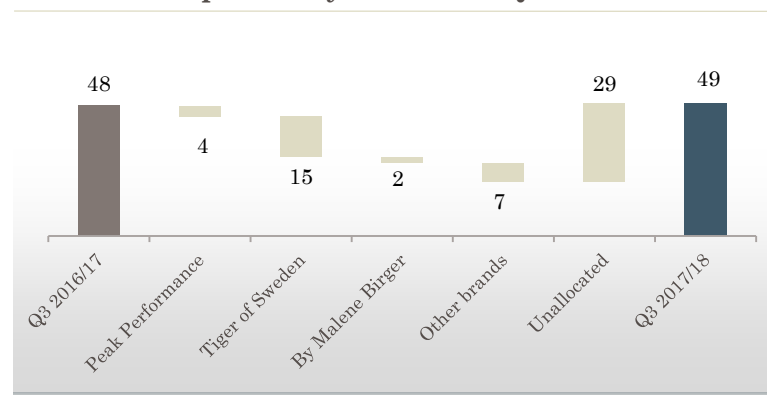
**OPEX bridge vs. Q3 2016/17**



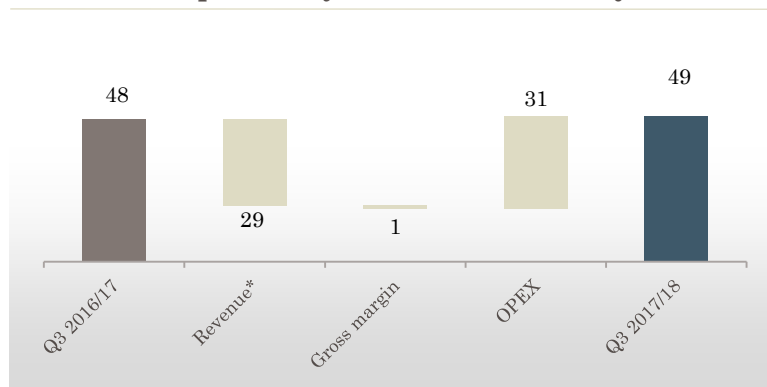
# Q3 EBIT DEVELOPMENT

- EBIT of DKK 49m at same level as last year positively affected by savings in Group central functions but negatively affected by Tiger of Sweden in particular
- When adjusting for one-off costs of DKK 24m in Q3 2016/17, EBIT declined by DKK 23m
- EBIT margin up by 0.6pp to 7.1% driven by lower OPEX ratio

**EBIT development by brand vs. Q3 2017/18**



**EBIT development by contribution vs. Q3 2017/18**



\*) Revenue contribution given unchanged gross margin compared to Q3 2016/17

## BALANCE SHEET AND CASH FLOW

- Operating NWC down by 9% compared to last year driven by lower inventory levels in all brands
- Lower inventory levels driven by lower amount of collection goods as well as SSP goods (stock service program)
- Trade receivables slightly up driven by timing variations compared to same time last year
- Trade payables down by 14% driven by Peak Performance and Saint Tropez
- Free cash flow up by DKK 27m mainly as a result of higher cash release from NWC compared to same period last year
- CAPEX at same level as last year
- Net debt down by DKK 49m at DKK 98m

	Q3 2017/18	Q3 2016/17	Change
DKKm			
Inventory	269	361	(25%)
Trade receivables	419	401	4%
Trade payables	130	151	(14%)
Operating NWC	558	611	(9%)
<i>% of 12m revenue</i>	<i>21.0%</i>	<i>22.1%</i>	<i>(1.1%)</i>
Free cash flow	36	9	27
CAPEX	(14)	(17)	1
<i>% of revenue</i>	<i>2.0%</i>	<i>2.3%</i>	<i>(0.0%)</i>
ROIC	17.2%	22.7%	(22.7%)
NIBD	49	98	(49)
<i>NIBD to 12m EBITDA</i>	<i>0.2x</i>	<i>0.4x</i>	<i>0.4x</i>

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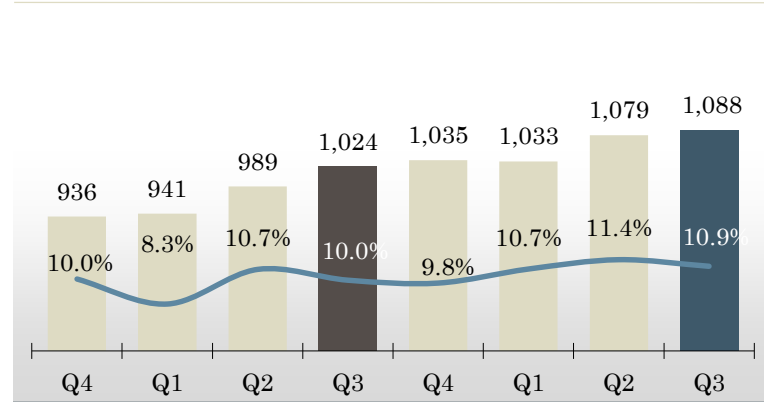
# PEAK PERFORMANCE

## DISCONTINUING BUSINESS

- Revenue growth of 6.1% in local currency driven by strong performance in e-commerce and higher outlet activity
- Higher gross margin driven by positive channel and product mix effects
- Growth driven by Europe
- OPEX increased due to the full-year effect of store openings and higher staff costs and marketing spend leading to a higher OPEX ratio
- EBIT margin down by 1.7pp driven by the OPEX ratio
- No changes to store portfolio in Q3
- Peak Performance sold to Amer Sports as communicated on 30 April, 2018

Q3 financials	Q3 2017/18	Q3 2016/17	Change
Revenue	308	299	9
<i>Wholesale</i>	167	175	(8)
<i>Retail</i>	141	124	17
EBIT	30	34	(4)
EBIT margin	9.7%	11.4%	(1.7)
<b>Other key data</b>			
Same-store growth	10.3%	16.2%	
Net store openings	0	(1)	

### Trailing 12 months revenue and EBIT margin



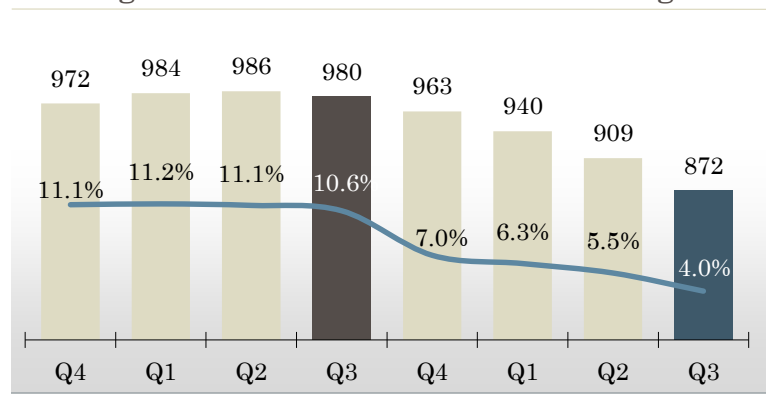


# TIGER OF SWEDEN

- Revenue down by 11.9% in local currency driven by lower order intake in wholesale
- Retail declined by 9.5% due to lower same-store revenue in the physical stores
- Revenue decline across all major markets
- Gross margin slightly down compared to last year, while the OPEX ratio increased
- EBIT margin down by 4.7pp to 8.3%
- Two small outlets and one retail store closed in Q3

Q3 financials	Q3 2017/18	Q3 2016/17	Change
Revenue	217	254	(37)
<i>Wholesale</i>	141	170	(29)
<i>Retail</i>	76	84	(8)
EBIT	18	33	(15)
EBIT margin	8.3%	13.0%	(4.7)
<b>Other key data</b>			
Same-store growth	(12.2)%	15.7%	
Net store openings	(3)	0	

## Trailing 12 months revenue and EBIT margin

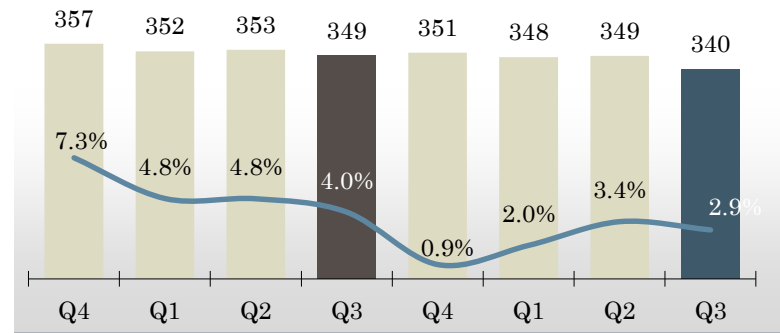


## BY MALENE BIRGER

- Revenue down by 7.8% in local currency driven by wholesale whereas e-commerce contributed to growth in retail
- Same-store growth 7.0% driven by strong growth in e-commerce
- Revenue decline driven by the Nordic region and Rest of world
- Gross margin slightly down due to lower product margins during the quarter
- OPEX declined compared to last year
- EBIT down by DKK 2m and the EBIT margin increased by 1.7pp

Q3 financials	Q3	Q3	Change
	2017/18	2016/17	
Revenue	84	93	(9)
<i>Wholesale</i>	60	70	(10)
<i>Retail</i>	24	23	1
EBIT	4	6	(2)
EBIT margin	4.8%	6.5%	(1.7)
<b>Other key data</b>			
Same-store growth	7.0%	2.7%	
Net store openings	0	0	

### Trailing 12 months revenue and EBIT margin

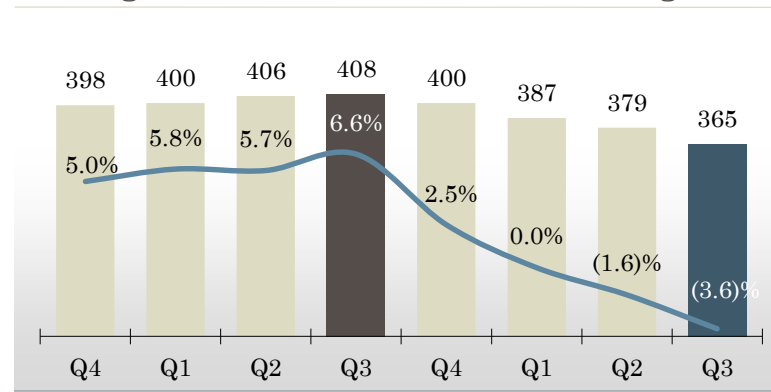


## OTHER BRANDS

- Revenue down by 14.6% in local currency driven by Saint Tropez in particular
- Revenue decline driven by both retail and wholesale in both brands. Same-store revenue down by 22.3% driven by performance in the physical stores
- Gross margin down driven by Saint Tropez partly due to higher discounts and returns in retail and partly due to negative channel mix effects
- OPEX decrease, but not enough to compensate for the revenue decline
- EBIT margin down by 9.3pp

Q3 financials	Q3	Q3	Change
	2017/18	2016/17	
Revenue	78	92	(14)
<i>Wholesale</i>	51	58	(7)
<i>Retail</i>	27	34	(7)
EBIT	(9)	(2)	(7)
EBIT margin	(11.5)%	(2.2)%	(9.3)
<b>Other key data</b>			
Same-store growth	(22.3)%	(9.6)%	
Net store openings	0	1	

### Trailing 12 months revenue and EBIT margin



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## GUIDANCE FOR 2017/18

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- As communicated on 24 April, 2018, we expect the EBIT margin to increase to approx. 6% (previously “approximately 5%”)
- The upward revision is primarily attributable to a faster than expected implementation of the new organizational structure as reported in May 2017. In particular, the re-organization and adjustments of IC Group’s central functions at headquarters have been implemented faster and more efficiently than initially expected
- As communicated on 24 April, 2018, CAPEX are expected to amount to approximately 2-3% of annual revenue (previously “3-4%”)
- All other previously announced expectations for the financial year 2017/18 remain unchanged. The Group still expects to realize a minor revenue reduction compared to the financial year 2016/17

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## PRESENTATION OF DISCONTINUING OPERATIONS

	Continuing business			Total Group		
	Q3 2017/18	Q3 2016/17	Change	Q3 2017/18	Q3 2016/17	Change
P&L (DKKm)						
<b>Net sales</b>	<b>379</b>	<b>440</b>	<b>(61)</b>	<b>687</b>	<b>739</b>	<b>(52)</b>
COGS	(151)	(174)	23	(306)	(328)	22
<b>Gross profit</b>	<b>228</b>	<b>266</b>	<b>(38)</b>	<b>381</b>	<b>411</b>	<b>(30)</b>
Staff costs	(106)	(133)	27	(154)	(175)	21
Other external costs	(90)	(106)	16	(161)	(170)	9
Other income/expenses	1	-	1	1	-	1
Depreciations	(14)	(13)	(1)	(18)	(18)	0
<b>OPEX</b>	<b>(209)</b>	<b>(252)</b>	<b>43</b>	<b>(332)</b>	<b>(363)</b>	<b>31</b>
<b>EBIT</b>	<b>19</b>	<b>14</b>	<b>5</b>	<b>49</b>	<b>48</b>	<b>1</b>
<i>Gross margin</i>	<i>60.2%</i>	<i>60.5%</i>	<i>(0.3%)</i>	<i>55.5%</i>	<i>55.6%</i>	<i>(0.1%)</i>
<i>OPEX ratio</i>	<i>55.1%</i>	<i>57.3%</i>	<i>(2.2%)</i>	<i>48.3%</i>	<i>49.1%</i>	<i>(0.8%)</i>
<i>EBIT margin</i>	<i>5.0%</i>	<i>3.2%</i>	<i>1.8%</i>	<i>7.1%</i>	<i>6.5%</i>	<i>0.6%</i>

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QUESTIONS?