INTERIM REPORT Q3 2016/17

ROAD SHOW PRESENTATION

Danske Bank
Copenhagen
May 17, 2017

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, including statements regarding the Group's future operating results, financial position, inventory, cash flows, Group and brand strategies as well as plans for the future. Forward-looking statements include, without limitation, any statement that may predict, indicate or imply future results, performance or achievements, and may contain the words "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on Management's reasonable expectations and forecasts at the time of the disclosure of the interim report. Any such statements are subject to risks and uncertainties, and a number of different factors, of which many are beyond the Group's control, can mean that the actual development and the actual result will differ significantly from the expectations contained in the interim report and this presentation. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues. Accordingly, forward-looking-statements should not be relied on as a prediction of actual results.

AGENDA

New CEO and management structure, review of business and revised guidance

Group and segment performance

Group financials

NEW CEO AND MANAGEMENT STRUCTURE

Concluding on the initiated structural changes, the Board of Directors has decided on the **future management structure of the Group.**

Peter Thorsen's role as **Interim Group CEO will end on June 1st**, after which he will take up the role **as Deputy Chairman of the Board of Directors.** Together with Henrik Heideby he will form the chairmanship in preparation for taking over the role as Chairman at the first coming general meeting.

Alexander Martensen-Larsen has been appointed as new **CEO for IC Group.**

CEOs for Premium brands will be responsible for own business units.
CEO for IC Group will be responsible for maximizing value creation for the Group as a whole.

REVIEW OF BUSINESS UNITS

Peak Performance has come far in the repositioning of the brand. Distribution and products have been strengthened, but certain areas will still be developed further.

Several issues uncovered at Tiger of Sweden mainly in respect of distribution. In this context, the strategy for the fully-owned multi-brand outlet will be reviewed. The new management team has been recruited – including a new CEO for the brand.

By Malene Birger has implemented a more commercial approach to its business – mainly in product development and the collection structure. The distribution has also been strengthened, while certain areas still need to be restructured.

Across all Premium brands there is a need for improving the operational execution of being a Premium brands – mainly in respect of purchase of goods and the management of inventory levels as well as managing the level of discounted sales.

UPDATED GUIDANCE

As a consequence of the decision to reduce the amount of discounted sales, primarily at Tiger of Sweden, we now expect the Group to realize a **revenue growth rate of 3-4% measured in local currency** (previously 5-6%) for the financial year 2016/17.

In addition to the above-mentioned negative effect on revenue, the decision to reduce discounted sales also entails inventory write-downs. A number of initiatives to clean-up distribution at Tiger of Sweden and By Malene Birger will also have a negative effect on earnings.

Hence, the EBIT margin, before non-recurring costs in respect of reorganizing Group central functions, is expected at a level of 5-6% (previously 7-8%).

Non-recurring costs are still expected at approx. DKK 30m.

Consequently, reported **EBIT margin of approx. 4-5%** is expected (previously 6-7%)

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

At present, we expect to realize a **minor revenue reduction and an improved EBIT margin** for the financial year 2017/18 compared to the expected reported EBIT margin for 2016/17 (4-5%)

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GROUP HIGHLIGHTS

- Revenue growth of 4.4% in local currency driven by retail
- Gross margin down by 1.3pp due to discounted sales and inventory write-downs
- OPEX increased by DKK 46m – half of which is due to non-recurring costs
- Group EBIT margin down by 5.8pp – mainly due to the OPEX increase
- Same-store revenue up by 9.9% driven by physical stores as well as e-commerce
- No net addition to store portfolio in Q3

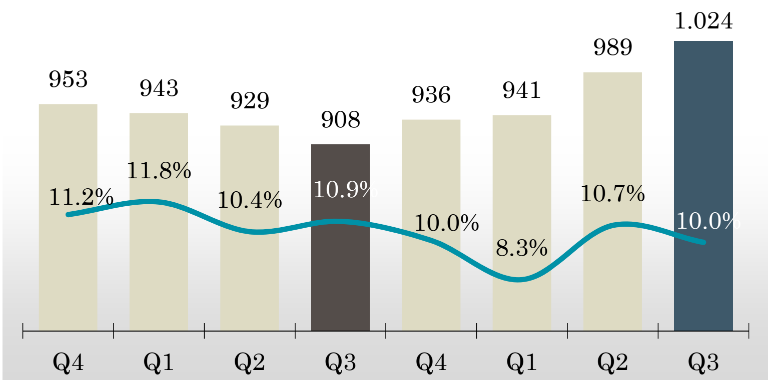
Financials and key figures	Q3 2016/17	Q3 2015/16
Revenue (DKKm)	739	710
Gross margin	55.6%	56.9%
OPEX ratio	49.1%	44.6%
EBIT margin	6.5%	12.3%
Operating NWC %	22.1%	19.9%
ROIC %	22.7%	30.1%
Other key data		
Same-store growth	9.9%	(3.0)%
Net store openings	0	1

PEAK PERFORMANCE

- Revenue up by 13.6% in local currency
- Wholesale revenue up due to solid pre-order growth
- Retail growth driven by both e-commerce and new stores
- Revenue growth driven mostly by Nordic region and to a smaller extent Rest of Europe
- Underlying product margin improvements diluted by discounted sales and write-downs
- OPEX up due to new stores as well as increased staff and marketing costs
- EBIT margin down by 3.0pp
- 1 small retail lab store converted to showroom

Q3 financials	**Q3 2016/17**	**Q3 2015/16**	**Change**
Revenue	299	264	35
Wholesale	*175*	*160*	*15*
Retail	*124*	*104*	*20*
EBIT	34	38	(4)
EBIT margin	11.4%	14.4%	(3.0)
Other key data			
Same-store growth	16.2%	(5.5)%	
Net store openings	(1)	1	

Trailing 12 months revenue and EBIT margin

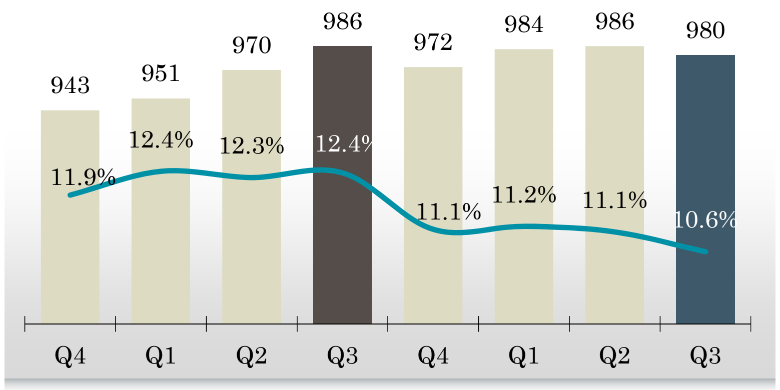


TIGER OF SWEDEN

- Revenue down by 1.8% in local currency
- Wholesale revenue down due to poor in-season selling and franchise conversions
- Retail growth driven by both strong e-commerce growth, new stores and existing stores
- Revenue down in Nordic region. Growth in Rest of Europe driven by Germany
- Gross margin down due to discounted sales and write-downs
- OPEX affected by non-recurring costs related to management changes
- EBIT margin down by 1.6pp

Q3 financials	Q3 2016/17	Q3 2015/16	Change
Revenue	254	260	(6)
Wholesale	*170*	*184*	*(14)*
Retail	*84*	*76*	*8*
EBIT	33	38	(5)
EBIT margin	13.0%	14.6%	(1.6)
Other key data			
Same-store growth	15.7%	2.3%	
Net store openings	0	1	

Trailing 12 months revenue and EBIT margin

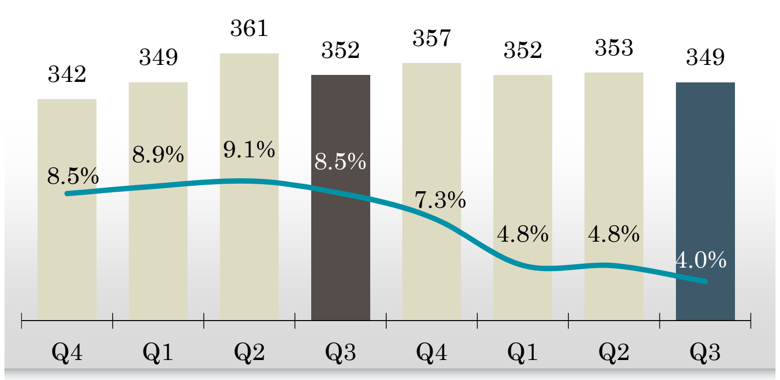


BY MALENE BIRGER

- Revenue down by 4.0% in local currency
- Revenue reduction driven by wholesale, whereas retail revenue increased due to improved performance in physical stores
- Revenue increased in Nordic region but declined elsewhere.
- Gross margin up due to improved product margins.
- OPEX up primarily due to strengthened management team
- EBIT margin down by 2.8pp

Q3 financials	Q3 2016/17	Q3 2015/16	Change
Revenue	93	97	(4)
Wholesale	*70*	*75*	*(5)*
Retail	*23*	*22*	*1*
EBIT	6	9	(3)
EBIT margin	6.5%	9.3%	(2.8)
Other key data			
Same-store growth	2.7%	(4.1)%	
Net store openings	0	(1)	

Trailing 12 months revenue and EBIT margin

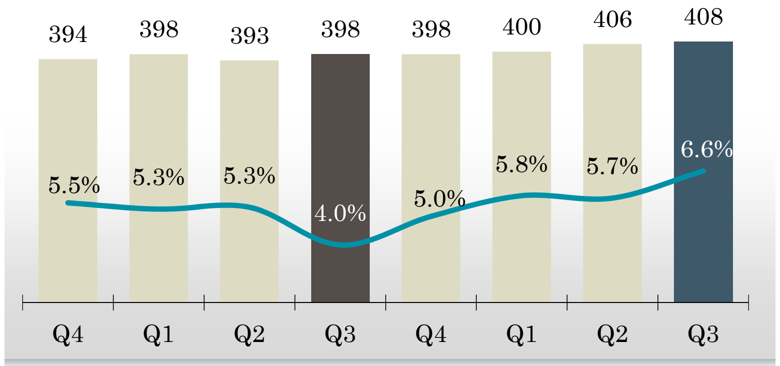


OTHER BRANDS

- Revenue up by 1.9% in local currency driven mostly by Saint Tropez
- Wholesale revenue increased while retail revenue declined due to poor same-store performance
- Gross margin up driven by Saint Tropez
- OPEX in line with last year. OPEX ratio down
- EBIT margin improved by 4.5pp
- Saint Tropez opened a retail concession

Q3 financials	**Q3 2016/17**	**Q3 2015/16**	**Change**
Revenue,	92	90	2
Wholesale	*58*	*54*	*4*
Retail	*34*	*36*	*(2)*
EBIT	(2)	(6)	4
EBIT margin	(2.2)%	(6.7)%	4.5
Other key data			
Same-store growth	(9.6)%	(2.5)%	
Net store openings	1	0	

Trailing 12 months revenue and EBIT margin



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Q3 REVENUE DEVELOPMENT

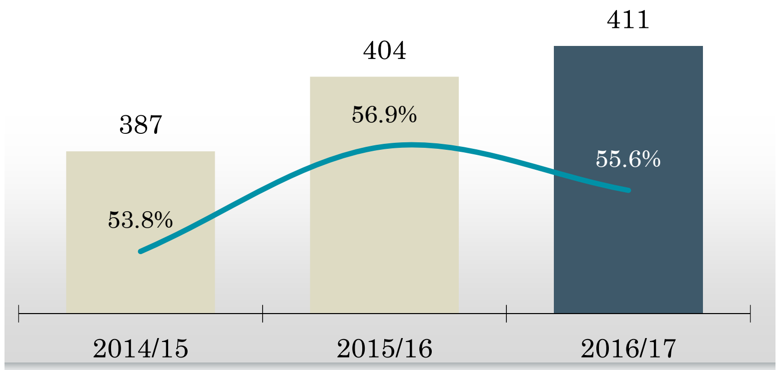
- Revenue up by 4.1% to DKK 739m
- Revenue growth mainly driven by Peak Performance
- Wholesale growth in Peak Performance off-set by poor in-season selling at Tiger of Sweden and pre-order reduction at By Malene Birger
- Retail growth driven by new stores and e-commerce

Revenue by segment (DKKm)	Q3 2016/17	Y-on-Y growth	Share of revenue
Peak Performance	**299**	13.3%	40%
Tiger of Sweden	**254**	(2.3%)	34%
By Malene Birger	**93**	(4.1%)	13%
Other brands	**92**	2.2%	12%
HQ	**1**	n/a	0%
Group	**739**	4.1%	100%
Wholesale	**473**	0.0%	64%
Retail	**265**	11.3%	36%

Q3 GROSS PROFIT AND OPEX

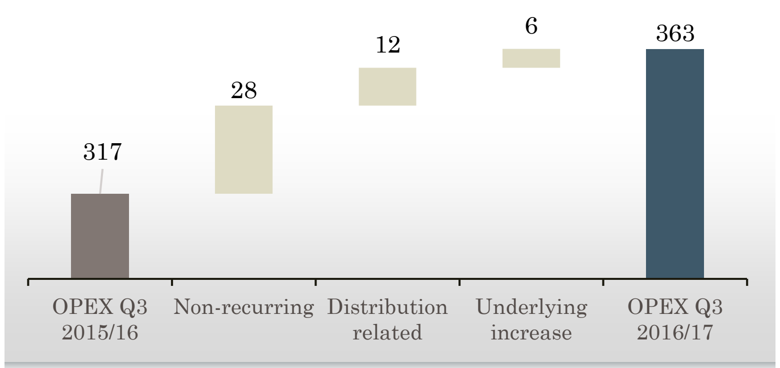
- Underlying product margin improvement diluted by increased discounted sales and inventory write-downs

Q3 gross profit and gross margin



- OPEX increased by DKK 46m
- Non-recurring costs in Q3 16/17 of DKK 19m related to structural changes in central functions and DKK 5m due to management changes in Tiger of Sweden. DKK 4 million in gain from the sale of the former HQ in Q3 15/16
- DKK 12m was driven by distribution (new stores and increased e-commerce volume
- Underlying OPEX up by DKK 6m driven by increased staff and marketing costs

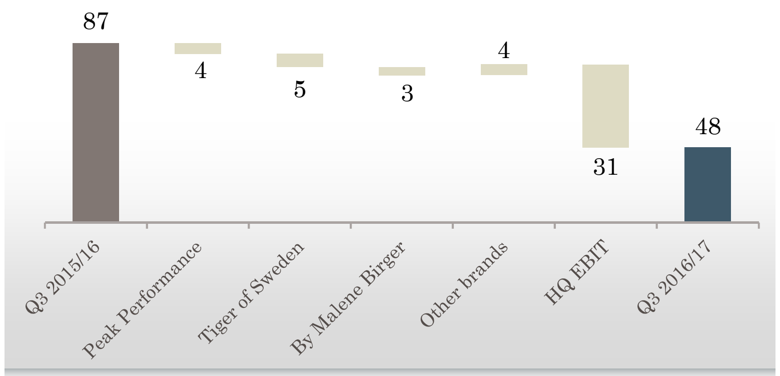
OPEX bridge vs. Q3 2015/16



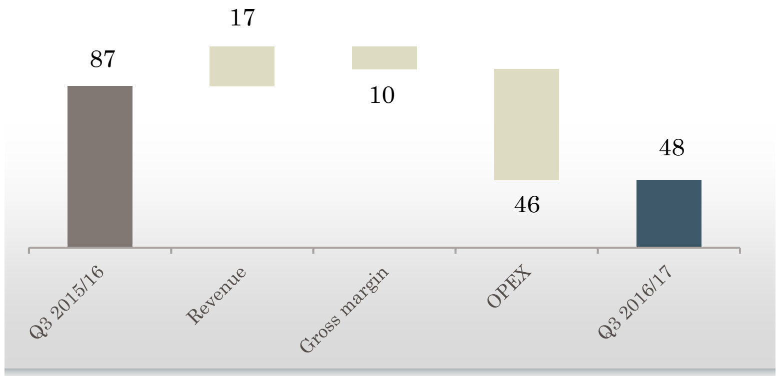
Q3 EBIT DEVELOPMENT

- EBIT reduction in all Premium brands
- HQ EBIT significantly affected by non-recurring costs related to structural changes in Group central functions
- EBIT margin down by 5.8pp to 6.5% driven by gross margin dilution and OPEX increase
- When adjusting for non-recurring costs, EBIT declined by DKK 11m and the EBIT margin declined by 2.0pp to 9.7%

EBIT development by brand vs. Q3 2015/16



EBIT development by contribution vs. Q3 2015/16



BALANCE SHEET AND CASH FLOW

- Operating NWC up by 16% driven mainly by inventory as a result of new stores and lower than expected net sales
- Trade receivables slightly up, mainly due to timing
- Trade payables down driven by lower never-out-of-stock order volumes in Tiger of Sweden
- Free cash flow for Q3 DKK 74m lower than last year. Lower NWC investments but also lower operating profit. In addition, free cash flow in Q3 last year was positively affected by the sale of equity stake in DK Company
- Q3 CAPEX of DKK 17m in line with last year, when adjusting for the sale of assets as mentioned above

DKKm	**Q3 2016/17**	Q3 2015/16	Change
Inventory	**361**	306	18%
Trade receivables	**401**	386	4%
Trade payables	**151**	166	(9%)
Operating NWC	**611**	526	16%
% of 12m revenue	***22.1%***	*19.9%*	*2.2%*
Free cash flow	**9**	**83**	(74)
CAPEX	**(17)**	**125**	(142)
% of revenue	***2.3%***	*(17.6%)*	*19.9%*
ROIC	**22.7%**	30.1%	*(7.4%)*
NIBD	**98**	**90**	8
NIBD to 12m EBITDA	***0.4x***	***0.3x***	*0.1*