



# INTERIM REPORT Q1 2017/18

ROAD SHOW PRESENTATION

Nordea  
Copenhagen  
November 15, 2017



## FORWARD-LOOKING STATEMENTS

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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 annual 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 annual 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

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Q1 Group financials

Q1 segment performance

Guidance for 2017/18



## Q1 REVENUE DEVELOPMENT

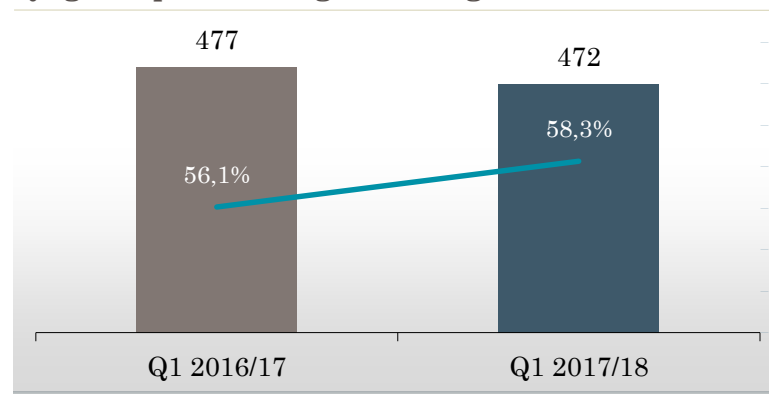
- Revenue declined by 4.4% measured in local currency
- Revenue decline driven by Tiger of Sweden and Saint Tropez in particular
- Wholesale decline to a large extent driven by Tiger of Sweden
- Retail growth driven by new stores as well as e-commerce and physical same-store growth.
- Same-store revenue up by 2.9% driven by Premium brands

Revenue by segment (DKKm)	Q1 2017/18	Y-on-Y growth	Share of revenue
Peak Performance	346	(0.6%)	42%
Tiger of Sweden	266	(8.0%)	33%
By Malene Birger	96	(3.0%)	12%
Other brands	102	(11.3%)	13%
Group	810	(4.8%)	100%
Wholesale	546	(10.5%)	67%
Retail	264	9.5%	33%
Net store openings	(6)		
Same-store growth	2.9%		

# Q1 GROSS PROFIT AND OPEX

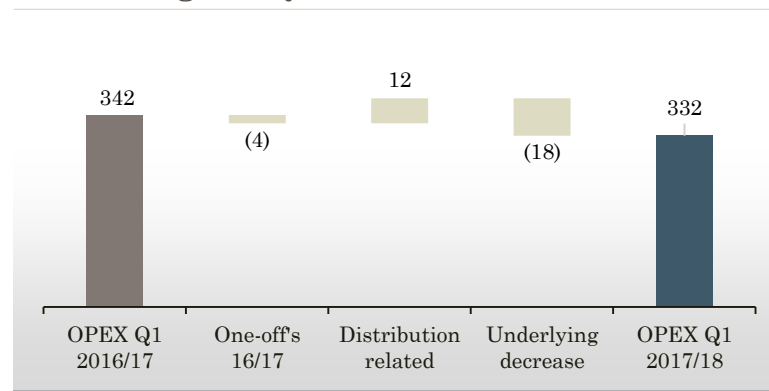
- Gross profit down due to lower net sales but gross margin up by 2.2% to 58.3%
- Underlying product margin improvement and channel mix effect

**Q1 gross profit and gross margin**



- OPEX reduced by DKK 10m mainly as a result of the structural changes carried out during Q3 2016/17
- Distribution related OPEX increased mainly due to full-year effect of new stores

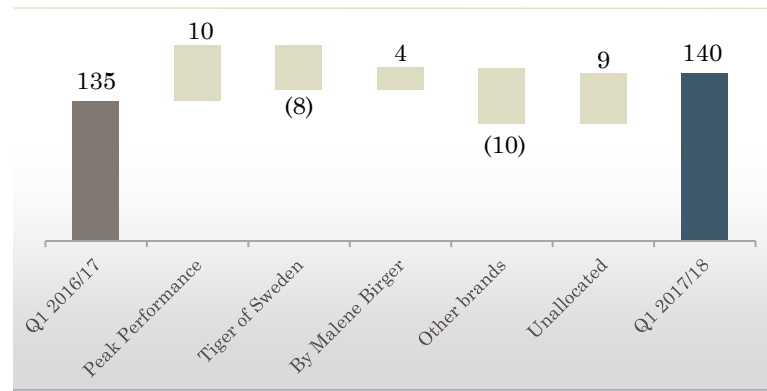
**OPEX bridge vs. Q1 2016/17**



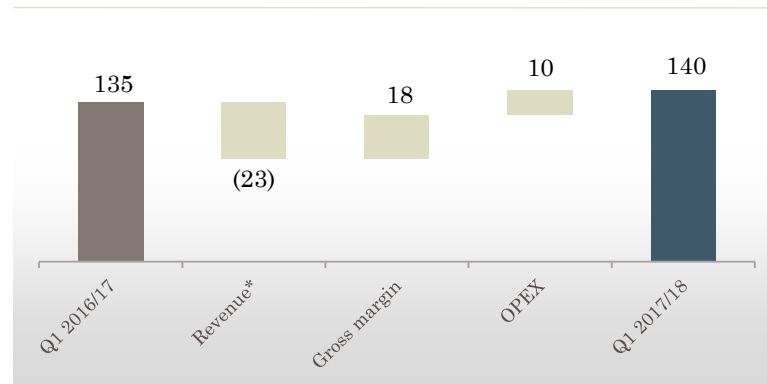
# Q1 EBIT DEVELOPMENT

- EBIT up by DKK 5m driven by Peak Performance, By Malene Birger and savings in Group central functions
- Lower revenue and gross profit but also lower OPEX
- EBIT margin up by 1.4pp to 17.3% driven by both higher gross margin and lower OPEX ratio

**EBIT development by brand vs. Q1 2016/17**



**EBIT development by contribution vs. Q1 2016/17**



\*) Revenue contribution given unchanged gross margin compared to Q1 2016/17

## BALANCE SHEET AND CASH FLOW

- Operating NWC significantly down compared to same time last year
- Reduced inventory mainly due to lower amount of SSP goods (stock service program)
- Trade receivables down mainly due to lower revenue in wholesale
- Trade payables slightly down driven by timing of payments
- Free cash flow improved by DKK 114m mainly as a result of lower NWC investments
- CAPEX lower than same period last year due to fewer store openings
- Net debt position improved by DKK 118m

DKKm	Q1 2017/18	Q1 2016/17	Change
Inventory	406	461	(12%)
Trade receivables	496	542	(8%)
Trade payables	194	199	(3%)
Operating NWC	708	804	(12%)
<i>% of 12m revenue</i>	<b>26.1%</b>	30.1%	(3.9%)
Free cash flow	(124)	(238)	114
CAPEX	(16)	(21)	5
<i>% of revenue</i>	<b>2.0%</b>	2.5%	(0.5%)
ROIC	<b>12.5%</b>	20.9%	(8.4%)
NIBD	141	259	(118)
<i>NIBD to 12m EBITDA</i>	<b>0.6x</b>	0.9x	(0.3)

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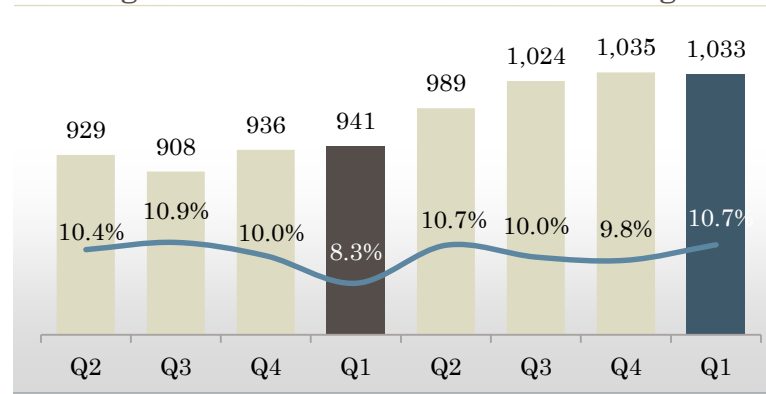


# PEAK PERFORMANCE

- Q1 revenue in line with last year.
- Negative effect from delivery timing in wholesale of approx. DKK 30m.
- Retail growth driven by new stores, e-commerce growth and physical same-store growth.
- Underlying strong product margin improvements and channel mix drove gross margin improvement
- OPEX increased primarily due to the full-year effect of store openings
- EBIT margin up by 3.0pp driven by the gross margin
- Last two franchise stores in Sweden now converted to own retail
- Strategic review process initiated and on track

Q1 financials	Q1 2017/18	Q1 2016/17	Change
Revenue	346	348	(2)
<i>Wholesale</i>	254	274	(20)
<i>Retail</i>	92	74	18
EBIT	72	62	10
EBIT margin	20.8%	17.8%	3.0
<b>Other key data</b>			
Same-store growth	4.7%	(2.9)%	
Net store openings	2	(1)	

## Trailing 12 months revenue and EBIT margin

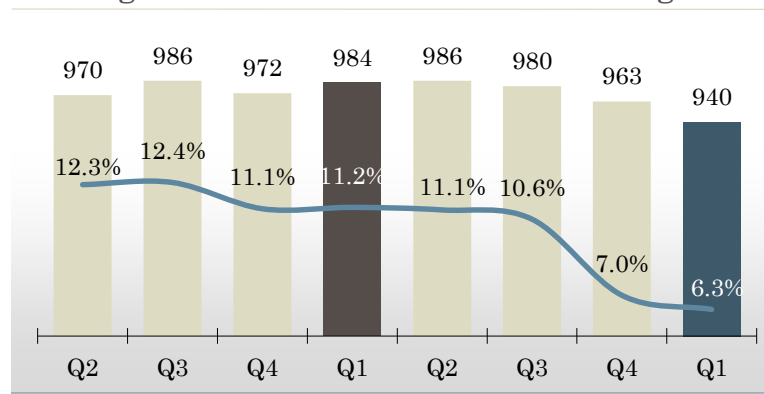


# TIGER OF SWEDEN

- Revenue down by 7.5% in local currency driven by lower order-intake in wholesale
- Retail growth of 9.5% driven mainly by higher same-store revenue in physical stores as well as continued high e-commerce growth.
- Gross margin slightly up due to channel mix, while the OPEX ratio increased.
- EBIT margin down by 1.3pp driven by the OPEX ratio
- Tiger Jeans pop-up store in Copenhagen closed in Q1

Q1 financials	Q1 2017/18	Q1 2016/17	Change
Revenue	266	289	(23)
<i>Wholesale</i>	162	194	(32)
<i>Retail</i>	104	95	9
EBIT	47	55	(8)
EBIT margin	17.7%	19.0%	(1.3)
<b>Other key data</b>			
Same-store growth	11.9%	(9.1)%	
Net store openings	(1)	0	

## Trailing 12 months revenue and EBIT margin

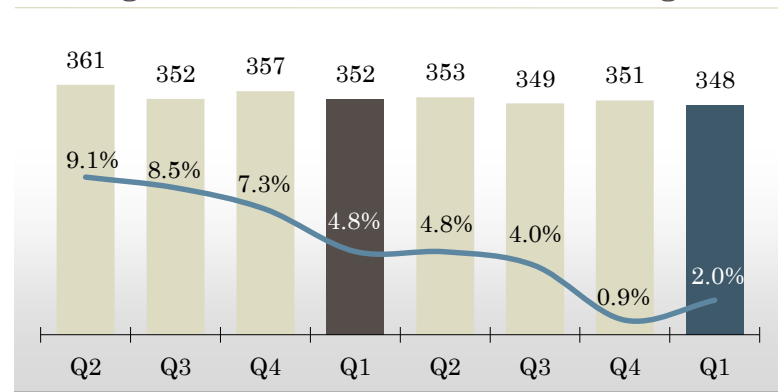


## BY MALENE BIRGER

- Revenue down by 2.5% in local currency driven by wholesale due to lower order-intake on the fall/winter collection
- Revenue reduction driven by markets outside Europe, specifically Japan and Middle East
- Strong performance in both physical stores and e-commerce.
- Gross margin improved significantly while OPEX decreased mainly due to one-off's in Q1 last year
- EBIT up by DKK 4m to DKK 8m and the EBIT margin increased by 4.3pp to 8.3%

Q1 financials	Q1 2017/18	Q1 2016/17	Change
Revenue	96	99	(3)
<i>Wholesale</i>	68	75	(7)
<i>Retail</i>	28	24	4
EBIT	8	4	4
EBIT margin	8.3%	4.0%	4.3
<b>Other key data</b>			
Same-store growth	18.5%	(12.8)%	
Net store openings	0	0	

### Trailing 12 months revenue and EBIT margin

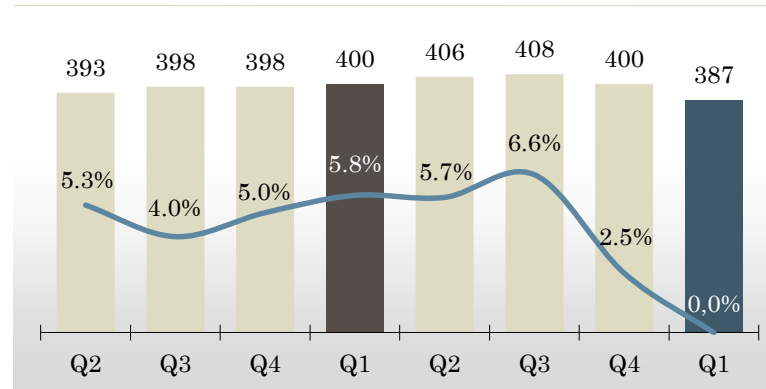


## OTHER BRANDS

- Revenue down by 11.2% in local currency driven mainly by Saint Tropez
- Revenue down in both wholesale and retail. Same-store revenue down by 19.8% driven mainly by performance in the physical stores
- Gross margin down driven by Saint Tropez partly due to higher discounts and returns in retail
- OPEX up due to one-time costs related to management changes in Saint Tropez
- EBIT margin down by 8.4pp
- Seven stores closed as part of ordinary store review process

Q1 financials	Q1 2017/18	Q1 2016/17	Change
Revenue	102	115	(13)
<i>Wholesale</i>	62	67	(5)
<i>Retail</i>	40	48	(8)
EBIT	3	13	(10)
EBIT margin	2.9%	11.3%	(8.4)
<b>Other key data</b>			
Same-store growth	(19.8)%	(6)%	
Net store openings	(7)	(1)	

### Trailing 12 months revenue and EBIT margin



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## GUIDANCE FOR 2017/18 UNCHANGED

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For the Group as a whole, we expect to realize **a minor revenue reduction** compared 2016/17 and an **EBIT margin of approx. 5%**

- In Tiger of Sweden, revenue is expected to decline and earnings to decline significantly
- Moderate revenue and earnings growth is expected in Peak Performance
- Moderate revenue decline but significant earnings improvement expected in By Malene Birger

**CAPEX** expected in the region of **3-4% of annual revenue**