

18 January 2012

IC Companys A/S issues profit warning due to challenging market conditions

At an extraordinary board meeting the Board of Directors of IC Companys A/S reviewed the preliminary financial results for H1 2011/12 which indicate a consolidated revenue of DKK 2,105 million corresponding to the same level as last financial year, and an operating profit declining from DKK 265 million to DKK 146 million after having adjusted for expected non-recurring costs of DKK 23 million.

During the months November, December and the first half of January the Group experienced a continuing slow-down in consumer spending which is partly due to the unusual warm weather during the autumn and winter and partly the worsened financial crisis. This development affected the important Christmas Sale. The competition for the consumers' money has therefore been even more fierce and the amount of sales campaigns and presale has shown to be extraordinarily high.

Consequently, all Group brands generated lower retail revenues than expected. The Group brands' wholesale also suffered from a higher rate of cancellations and returns than expected just as the sale in season was lower than anticipated. However, the impact of these factors varies to a large extent within the individual Group brands.

Management anticipates that the challenging market conditions will continue for the remainder of the financial year 2011/12 resulting in a substantial pressure on both revenue and gross profit. As a consequence hereof, the Group will thus continue throughout H2 2011/12 to defend its market position by means of sales promoting activities and campaigns.

However, the structural changes of the Group and the general cost reductions are expected to lead to a reduction of the cost base by DKK 40 million for H2 2011/12.

Based on these statements, Management expects the consolidated revenue for the financial year 2011/12 to attain a level of DKK 3.7-3.8 billion (previously announced outlook of DKK 3.9-4.0 billion). Under the present market conditions, Management expects a positive operating profit for H2 2011/12, however, should the market conditions deteriorate, the Group may possibly suffer a double-digit loss in million DKK for H2 2011/12. Previously, Management expected an operating profit for the financial year 2011/12 amounting to DKK 250-300 million after having adjusted for non-recurring costs of DKK 23 million.

Cash flow from operating and investing activities for H1 2011/12 amounted to an inflow of DKK 72 million corresponding to an improvement of DKK 42 million compared to last financial year. Under the present market conditions, Management also expects a cash inflow from operating and investing activities for H2 2011/12.

Chief Executive Officer of IC Companys A/S Niels Mikkelsen commented:
"Q2 2011/12 was expected to be challenging. Nevertheless, we must conclude that the market conditions have proven to be significantly worse than anticipated and the visibility continues to be very low. There is no doubt that we are not satisfied with the financial results, and we have worked very hard to adjust the Group for the challenging market conditions characterised by declining consumer confidence and willingness to buy. We therefore expect stronger development for the Group in the future. However, in spite of the hard times, we have still generated growth and enhanced profit in some brands as well as improved earnings in other brands even though their revenues did not increase."

Due to the revised outlook for the financial year 2011/12, IC Companys hereby exceptionally announces the preliminary financial highlights for H1 2011/12.

DKK million	Q2 2011/12 ¹⁾ 3 months	Q2 2010/11 ¹⁾ 3 months	H1 2011/12 ¹⁾ 6 months	H1 2010/11 ¹⁾ 6 months	2010/11 12 months
INCOME STATEMENT					
Revenue	930	893	2,105	2,108	3,925
Gross profit	520	545	1,190	1,267	2,322
Operating profit (EBIT)	(1)	38	146	265	321

1) Neither audited nor reviewed.

In relation to this announcement IC Companys A/S will furthermore host a telephone conference in English for investors, analysts, and the press at

10.00 a.m. on Thursday 19 January 2012

At this telephone conference, Chief Executive Officer Niels Mikkelsen and Chief Financial Officer Chris Bigler will be present to answer questions in relation to this announcement. However, questions not related directly to this announcement will not be answered or commented until the Company announces its interim report for H1 2011/12 on 7 February 2012.

To participate in the telephone conference, please dial in using the telephone numbers below, stating ref. no. 6536681. Please call in at least ten minutes prior to the start of the conference in order to avoid a queue.

+45 32 71 47 67 (Denmark)
+44 207 509 5139 (International excl. US)
+1 718 354 1226 (US)

Recording from the telephone conference will be available at www.iccompanys.com under Investors on 20 January at the latest.

IC Companys A/S

Niels Mikkelsen
Chief Executive Officer

Chris Bigler
Chief Financial Officer

Please direct any questions regarding this announcement to:

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