

# ANNUAL REPORT FOR 2016/17

Consolidated revenue for 2016/17 amounted to DKK 2,749 million (DKK 2,665 million) corresponding to a growth rate of 3.2% or 4.3% measured in local currency compared to 2015/16. The gross margin declined by 1.5 percentage points to 55.3% compared to the same period last year. The consolidated operating profit for 2016/17 amounted to DKK 125 million (DKK 243 million) resulting in an EBIT margin of 4.5% (9.1%). Both the revenue growth and the EBIT margin are in line with the most recently announced outlook for the financial year 2016/17.

The Board of Directors will propose at the Annual General Meeting a resolution recommending an ordinary dividend of DKK 5.0 per eligible share corresponding to a total dividend of DKK 85 million.

Please find below a summary of the financial performance for 2016/17 as well as the outlook for the financial year 2017/18. The financial performance for Q4 2016/17 has been described on page 2. For your easy reference, a complete copy of the Annual Report 2016/17 has been attached as a pdf file, and it is also available on IC Group's homepage on: [icgroup.net](http://icgroup.net).

## Financial performance for the financial year 2016/17

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	2016/17	2015/16	Growth in local currency	Reported growth	2016/17	2015/16	2016/17	2015/16
Peak Performance	1,035	936	11.6%	10.6%	101	94	9.8%	10.0%
Tiger of Sweden	963	972	0.6%	(0.9)%	67	108	7.0%	11.1%
By Malene Birger	351	357	(0.4)%	(1.7)%	3	26	0.9%	7.3%
<b>Premium brands</b>	<b>2,349</b>	<b>2,265</b>	<b>5.0%</b>	<b>3.7%</b>	<b>171</b>	<b>228</b>	<b>7.3%</b>	<b>10.1%</b>
Other brands	400	398	0.6%	0.5%	10	20	2.5%	5.0%
<b>Reportable segments</b>	<b>2,749</b>	<b>2,663</b>	<b>4.4%</b>	<b>3.2%</b>	<b>181</b>	<b>248</b>	<b>6.6%</b>	<b>9.3%</b>
Unallocated items and eliminations	-	2	n.a.	n.a.	(56)	(5)	n.a.	n.a.
<b>Total</b>	<b>2,749</b>	<b>2,665</b>	<b>4.3%</b>	<b>3.2%</b>	<b>125</b>	<b>243</b>	<b>4.5%</b>	<b>9.1%</b>

## Outlook for the financial year 2017/18

The outlook for the financial year 2017/18 is marked by a number of factors which were identified in connection with the changes to the Group's management structure during H2 2016/17 relating in particular to in-season selling, as well as the underlying principles and practices in respect of the purchase of goods forming the basis for in-season selling.

The business principles in respect of purchase of goods and sales for all three Premium brands have become more stringent which will lead to a negative impact on the development of both revenue and earnings in a continued challenging retail environment.

In Tiger of Sweden revenue is furthermore expected to decline as a consequence of lack of focus on innovation and product renewal over an extended period while the gross margin will be affected negatively due to a more competitive price structure. These factors combined with costs in respect of the new management team as well as increased marketing will have a significant negative impact on earnings.

A moderate revenue and earnings growth is expected in Peak Performance while we expect a moderate revenue decline but significant earnings improvement in By Malene Birger.

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

Investments for the financial year 2017/18 are expected to be in the region of 3-4% of annual revenue.

Copenhagen, 31 August 2017

IC Group A/S

Alexander Martensen-Larsen  
CEO

## Financial performance for Q4 2016/17

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	Q4 2016/17	Q4 2015/16	Growth in local currency	Reported growth	Q4 2016/17	Q4 2015/16	Q4 2016/17	Q4 2015/16
Peak Performance	121	110	11.9%	10.0%	(44)	(43)	(36.4)%	(39.1)%
Tiger of Sweden	200	217	(5.6)%	(7.8)%	(27)	10	(13.5)%	4.6%
By Malene Birger	82	80	4.0%	2.5%	(7)	4	(8.5)%	5.0%
<b>Premium brands</b>	<b>403</b>	<b>407</b>	<b>1.0%</b>	<b>(1.0)%</b>	<b>(78)</b>	<b>(29)</b>	<b>(19.4)%</b>	<b>(7.1)%</b>
Other brands	93	101	(7.6)%	(7.9)%	(5)	12	(5.4)%	11.9%
<b>Reportable segments</b>	<b>496</b>	<b>508</b>	<b>(0.7)%</b>	<b>(2.4)%</b>	<b>(83)</b>	<b>(17)</b>	<b>(16.7)%</b>	<b>(3.3)%</b>
Unallocated items and eliminations	(3)	1			(20)	(9)		
<b>Total</b>	<b>493</b>	<b>509</b>	<b>(1.5)%</b>	<b>(3.1)%</b>	<b>(103)</b>	<b>(26)</b>	<b>(20.9)%</b>	<b>(5.1)%</b>

- Revenue from Peak Performance for Q4 2016/17 amounted to DKK 121 million (DKK 110 million) corresponding to a growth rate of 10.0% (11.9% measured in local currency) primarily driven by the wholesale channel, but also the retail channel contributed due to new stores as well as revenue growth in existing stores. The same-store revenue increased by 0.7% driven by physical stores. The revenue growth was realized in the Nordic region whereas revenue from outside the Nordic region declined. Peak Performance realized an operating loss of DKK 44 million (loss of DKK 43 million) corresponding to a negative EBIT margin of 36.4% (negative EBIT margin of 39.1%).
- Revenue from Tiger of Sweden for Q4 2016/17 declined by 7.8% (decline of 5.6% measured in local currency) to DKK 200 million (DKK 217 million) primarily driven by the wholesale channel as a consequence of a reduction of the in-season selling. Revenue from the retail channel increased which was particularly driven by e-commerce. The same-store revenue declined by 3.5% driven by physical stores. The Nordic region, where a large part of the in-season selling is realized, reported lower revenue whereas revenue from Rest of Europe increased. Revenue from outside of Europe also increased during Q4 2016/17. Tiger of Sweden realized an operating loss of DKK 27 million for Q4 2016/17 (profit of DKK 10 million) corresponding to a negative EBIT margin of 13.5% (positive EBIT margin of 4.6%). The development of the operating profit may be ascribed lower revenue, higher inventory write-downs as well as costs in respect of distribution changes in France and store openings.
- Revenue from By Malene Birger for Q4 2016/17 amounted to DKK 82 million (DKK 80 million) corresponding to a growth rate of 2.5% (4.0% measured in local currency) driven by the retail channel which reported revenue increases in both physical stores and e-commerce. Consequently, the same-store revenue increased by 7.5%. Revenue from the wholesale channel was at the same level as Q4 2015/16. Revenue from the Nordic region increased whereas Rest of Europe reported a moderate reduction. Rest of the world reported revenue growth. By Malene Birger realized an operating loss of DKK 7 million (profit of DKK 4 million) corresponding to a negative EBIT margin of 8.5% (positive EBIT margin of 5.0%) which is primarily attributable to write-downs in the retail distribution in England and France.
- Revenue from the Group's Other brands for Q4 2016/17 amounted to DKK 93 million (DKK 101 million) which is a decline of 7.9% (7.6% measured in local currency). Saint Tropez reported lower revenue for Q4 2016/17 whereas the revenue from Designers Remix was at the same level as Q4 2015/16. Other brands reported an operating loss of DKK 5 million (profit of DKK 12 million) attributable to a combination of lower revenue, lower gross margin and higher costs in Saint Tropez. Consequently, Other brands reported a negative EBIT margin of 5.4% (positive EBIT margin of 11.9%).
- The reduced consolidated revenue for Q4 2016/17 is primarily attributable to the wholesale revenue development in Tiger of Sweden but also in Saint Tropez. Revenue from the retail channel increased due to new stores and e-commerce. The same-store revenue declined by 3.6% as the e-commerce growth was not able to compensate the lower revenue from physical stores.
- The gross profit for Q4 2016/17 declined by DKK 41 million to DKK 250 million, and the gross margin was reduced by 6.5 percentage points to 50.7% primarily driven by higher inventory write-downs of which a large part is attributable to the decision of reducing the amount of discounted sales in particular in Tiger of Sweden.
- Capacity costs rose by DKK 36 million to DKK 353 million of which DKK 13 million relates to non-recurring costs in respect of the structural changes in the Group's central functions whereas the majority of the rest of the capacity cost increase is attributable to store openings and distribution write-downs.
- The Group realized an operating loss for Q4 2016/17 of DKK 103 million (loss of DKK 26 million) corresponding to a negative EBIT margin of 20.9% (negative EBIT margin of 5.1%).
- The working capital constituted 11.6% of the trailing 12 months revenue compared to 11.8% for the same period last financial year. The gross value of the Group's inventories was at the same level as Q4 2015/16 whereas the carrying amount of the inventories declined as a consequence of higher inventory write-downs – primarily driven by Tiger of Sweden and Peak performance. In general, trade receivables were at the same level as Q4 2015/16 whereas trade payables mainly declined due to timing differences of payments compared to Q4 2015/16.

	Peak Performance Q4 2016/17 3 months	Tiger of Sweden Q4 2016/17 3 months	By Malene Birger Q4 2016/17 3 months	Premium brands Q4 2016/17 3 months	Other brands Q4 2016/17 3 months	Total Q4 2016/17 3 months
<b>DKK million</b>						
<b>Total revenue</b>	<b>121</b>	<b>200</b>	<b>82</b>	<b>403</b>	<b>93</b>	<b>496</b>
Wholesale and franchise	55	97	49	201	47	248
Retail, e-commerce and outlets	66	103	33	202	46	248
Growth compared to 2015/16 (%)	10.0	(7.8)	2.5	(1.0)	(7.9)	(2.4)
Growth in local currency compared to 2015/16 (%)	11.9	(5.6)	4.0	(1.0)	(7.6)	(0.7)
Operating profit/loss before depreciation and amortization (EBITDA)	(40)	(20)	1	(59)	(1)	(60)
EBITDA margin (%)	(33.1)	(10.0)	1.2	(14.6)	(1.1)	(12.1)
Depreciation, amortization and impairment losses	(4)	(7)	(8)	(19)	(4)	(23)
<b>Operating loss (EBIT)</b>	<b>(44)</b>	<b>(27)</b>	<b>(7)</b>	<b>(78)</b>	<b>(5)</b>	<b>(83)</b>
EBIT margin (%)	(36.4)	(13.5)	(8.5)	(19.4)	(5.4)	(16.7)
<b>Reconciliation of segment information</b>						
Operating loss (EBIT), reportable segments						(83)
Unallocated items and eliminations						(20)
<b>Operating loss (EBIT)</b>						<b>(103)</b>
Financial income						5
Financial costs						-
<b>Operating loss before tax</b>						<b>(98)</b>
Tax on loss for the period						19
<b>Loss for the period</b>						<b>(79)</b>

	Peak Performance Q4 2015/16 3 months	Tiger of Sweden Q4 2015/16 3 months	By Malene Birger Q4 2015/16 3 months	Premium brands Q4 2015/16 3 months	Other brands Q4 2015/16 3 months	Total Q4 2015/16 3 months
<b>DKK million</b>						
<b>Total revenue</b>	<b>110</b>	<b>217</b>	<b>80</b>	<b>407</b>	<b>101</b>	<b>508</b>
Wholesale and franchise	46	119	49	214	49	263
Retail, e-commerce and outlets	64	98	31	193	52	245
Operating profit/loss before depreciation and amortization (EBITDA)	(39)	14	6	(19)	14	(5)
EBITDA margin (%)	(35.5)	6.5	7.5	(4.7)	13.9	(1.0)
Depreciation, amortization and impairment losses	(4)	(4)	(2)	(10)	(2)	(12)
<b>Operating profit/loss (EBIT)</b>	<b>(43)</b>	<b>10</b>	<b>4</b>	<b>(29)</b>	<b>12</b>	<b>(17)</b>
EBIT margin (%)	(39.1)	4.6	5.0	(7.1)	11.9	(3.3)
<b>Reconciliation of segment information of continuing operations</b>						
Operating loss (EBIT), reportable segments						(17)
Unallocated items and eliminations						(9)
<b>Operating loss (EBIT)</b>						<b>(26)</b>
Financial income						1
Financial costs						(3)
<b>Operating loss before tax</b>						<b>(28)</b>
Tax on loss for the period						9
<b>Loss for the period</b>						<b>(19)</b>

## Information meeting

IC Group will host an information meeting for investors, analysts and other stakeholders on Thursday 31 August 2017 at 10.00 a.m.

The information meeting will be held in English via audio cast and telephone, and it will be possible to raise questions online using the chat function or telephone. To participate in the information meeting online, please use the link below which is also available on our corporate website [icgroup.net](http://icgroup.net) under Investors/Financials/Reports:

<http://edge.media-server.com/m/p/soxk8474>

To participate in the telephone conference, please dial in using the below-listed telephone numbers:

+45 3271 1660 (Denmark)

+1 646 254 3367 (USA)

+44 (0) 20 3427 1901 (UK)

## Forward-looking statements

This announcement contains forward-looking statements, including statements regarding the Group's future operating profit, 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 disclosure of this announcement. Any such statements are subject to risks and uncertainties, and a number of different factors of which many are beyond IC Group A/S' control can mean that the actual development and actual result will differ significantly from the expectations contained in this announcement. 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.

## Investor relations contact

Please direct any questions regarding this announcement to:

### Jens Bak-Holder

Head of Investor Relations

+45 21 28 58 32

[ieba@icgroup.net](mailto:ieba@icgroup.net)

*This announcement is a translation from the Danish language. In the event of any discrepancy between the Danish and English versions, the Danish version shall prevail.*