



# INTERIM REPORT Q2 2017/18

## INFORMATION MEETING

Copenhagen  
February 6, 2018  
10.00 a.m. CET



## 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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Q2 Group financials

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## Q2 REVENUE DEVELOPMENT

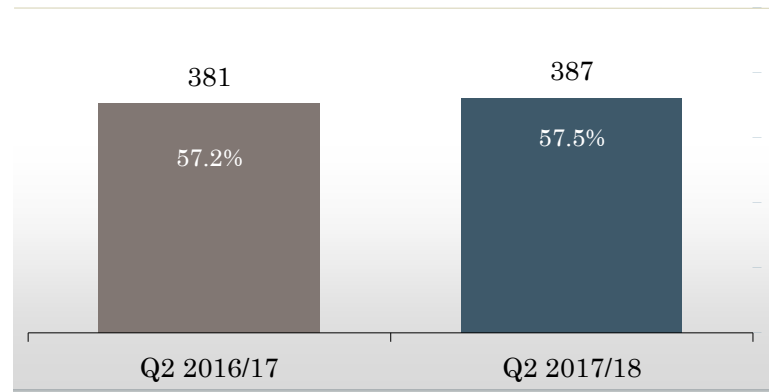
- Revenue increased by 2.1% measured in local currency
- Positive revenue development at Peak Performance and By Malene Birger compensated for the decline at Tiger of Sweden and Saint Tropez
- Wholesale growth to a large extent driven by Peak Performance due to underlying growth and a positive effect from delivery timing of approx. DKK 30m
- Retail decline driven by Saint Tropez and Tiger of Sweden
- Same-store revenue down by 7.1% due to physical store performance in Saint Tropez and Tiger of Sweden in particular

Revenue by segment (DKKm)	Q2 2017/18	Y-on-Y growth	Share of revenue
Peak Performance	313	17,2%	46%
Tiger of Sweden	189	(14,1%)	28%
By Malene Birger	78	1,3%	12%
Other brands	92	(8,0%)	14%
Unallocated	1	n/a	0%
<b>Group</b>	<b>673</b>	<b>1,1%</b>	<b>100%</b>
Wholesale	375	4,5%	56%
Retail	297	(2,6%)	44%
Net store openings	0		
Same-store growth	(7.1)%		

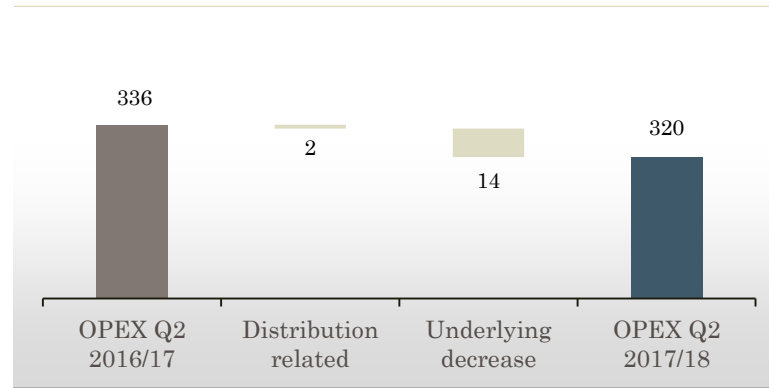
# Q2 GROSS PROFIT AND OPEX

- Gross profit increased due to higher net sales and slightly improved gross margin
- Underlying product margin improvement diluted by negative channel mix effect as a result of delivery timing in Peak Performance
- OPEX reduced by DKK 16m mainly as a result of the structural changes carried out during Q3 2016/17
- Distribution-related OPEX slightly down due to store closures, savings on agent commission, samples and marketing

**Q2 gross profit and gross margin**



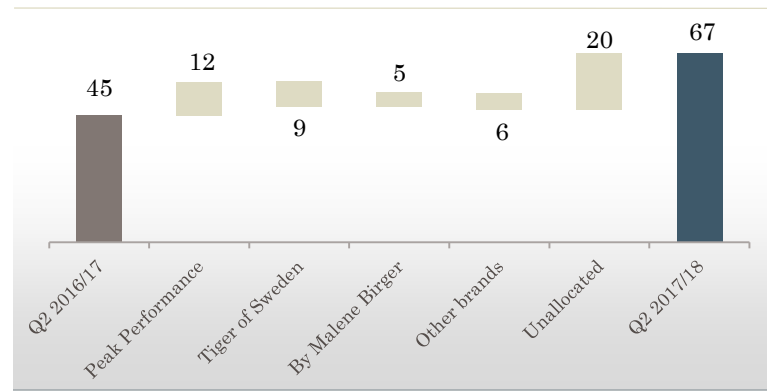
**OPEX bridge vs. Q2 2016/17**



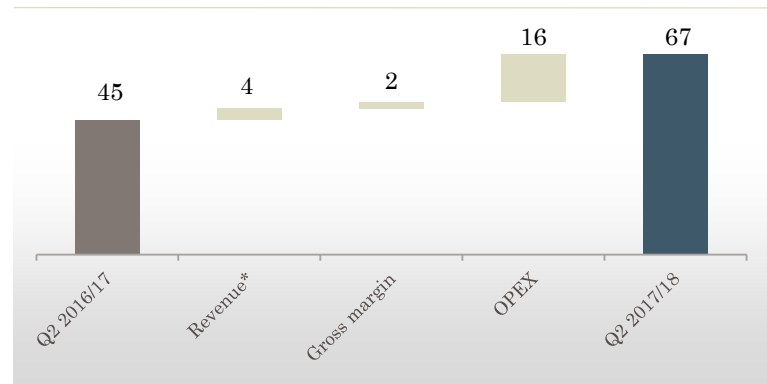
# Q2 EBIT DEVELOPMENT

- EBIT up by DKK 22m driven by Peak Performance, By Malene Birger and savings in Group central functions
- EBIT improvement to a large extent driven by OPEX savings
- EBIT margin up by 3.2pp to 10.0% mainly driven by lower OPEX ratio

**EBIT development by brand vs. Q2 2016/17**



**EBIT development by contribution vs. Q2 2016/17**



\*) Revenue contribution given unchanged gross margin compared to Q2 2016/17

## BALANCE SHEET AND CASH FLOW

- Operating NWC roughly in line with last year
- Reduced inventory mainly due to lower amount of collection goods as well as SSP goods (stock service program)
- Trade receivables up driven by Peak Performance due to higher wholesale revenue in Q2 partly off-set by the opposite development in Tiger of Sweden
- Trade payables significantly down driven mainly by lower purchase across all brands
- Free cash flow down by DKK 99m mainly as a result of lower NWC release compared to same period last year
- CAPEX at same level as last year
- Net debt down by DKK 19m at DKK 88m

DKKm	Q2 2017/18	Q2 2016/17	Change
Inventory	349	437	(20%)
Trade receivables	402	371	8%
Trade payables	199	243	(18%)
Operating NWC	552	565	(2%)
<i>% of 12m revenue</i>	<b>20.3%</b>	20.7%	(0.4%)
Free cash flow	136	235	(99)
CAPEX	(21)	(21)	
<i>% of revenue</i>	<b>3.1%</b>	3.2%	(0.1%)
ROIC	17.2%	29.2%	(12.0%)
NIBD	88	107	(19)
<i>NIBD to 12m EBITDA</i>	<b>0.4x</b>	0.3x	0.1x

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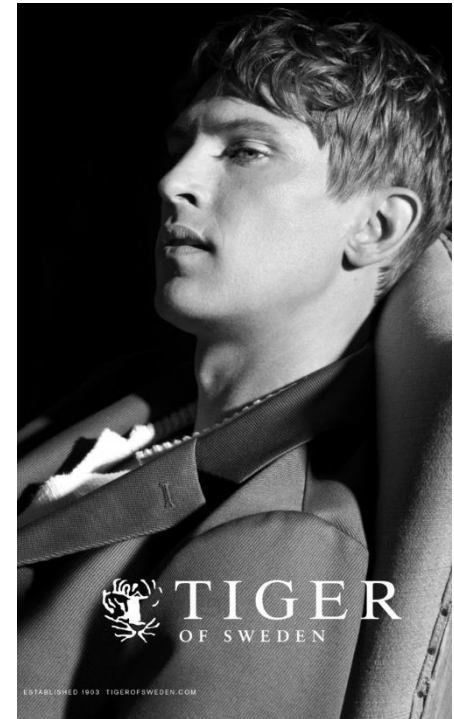
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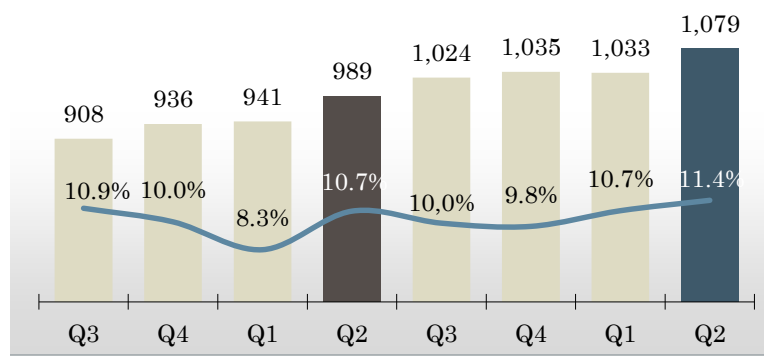


# PEAK PERFORMANCE

- Revenue growth of 18.5% in local currency driven by underlying growth in wholesale as well as delivery timing of approx. DKK 30m
- Retail growth of 3.2% driven by higher outlet activity and e-commerce
- Lower gross margin driven by negative channel and product mix effects
- Growth in all geographical markets
- OPEX increased primarily due to the full-year effect of store openings. The OPEX ratio improved
- EBIT margin up by 1.1pp driven by both gross margin and OPEX ratio
- New store opened in Salzburg, Austria
- Strategic review process on track

Q2 financials	Q2 2017/18	Q2 2016/17	Change
Revenue	313	267	46
<i>Wholesale</i>	185	143	42
<i>Retail</i>	128	124	4
EBIT	61	49	12
EBIT margin	19.5%	18.4%	1.1
<b>Other key data</b>			
Same-store growth	(5.0)%	16.4%	
Net store openings	1	8	

## Trailing 12 months revenue and EBIT margin

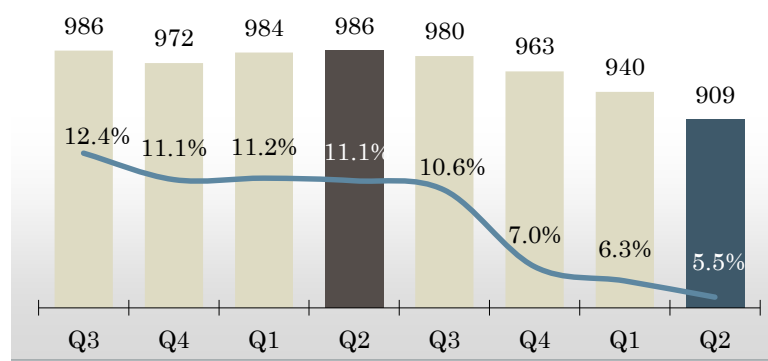


# TIGER OF SWEDEN

- Revenue down by 13.1% in local currency driven by lower order intake and in-season selling in wholesale
- Retail declined by 4.9% due to lower same-store revenue in both physical stores and e-commerce
- Revenue decline across all markets except for Germany
- Gross margin in line with last year, while the OPEX ratio increased
- EBIT margin down by 4.3pp
- No changes to the store portfolio in Q2

Q2 financials	Q2 2017/18	Q2 2016/17	Change
Revenue	189	220	(31)
<i>Wholesale</i>	91	117	(26)
<i>Retail</i>	98	103	(5)
EBIT	(3)	6	(9)
EBIT margin	(1.6)%	2.7%	(4.3)
<b>Other key data</b>			
Same-store growth	(13.5)%	7.6%	
Net store openings	0	0	

## Trailing 12 months revenue and EBIT margin

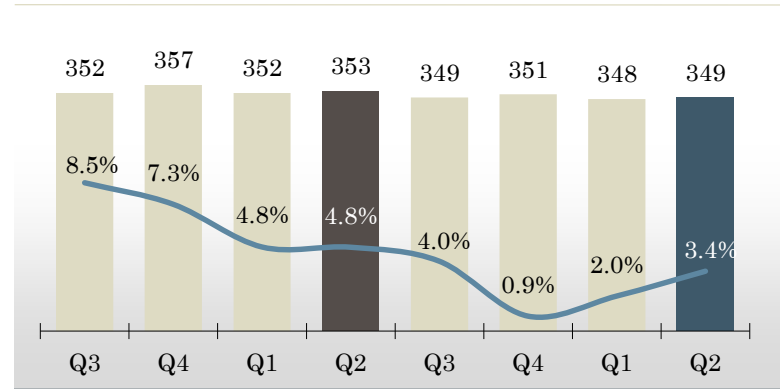


# BY MALENE BIRGER

- Revenue up by 2.2% in local currency driven by retail whereas lower in-season selling caused a decline in wholesale
- Retail growth driven by same-store growth in both physical stores and e-commerce
- Geographically, growth came from Rest of Europe
- Gross margin slightly up due to lower discounting and positive channel mix effects
- OPEX declined compared to last year
- EBIT up by DKK 5m and the EBIT margin increased by 6.4pp

Q2 financials	Q2 2017/18	Q2 2016/17	Change
Revenue	78	77	1
<i>Wholesale</i>	46	47	(1)
<i>Retail</i>	32	30	2
EBIT	5	0	5
EBIT margin	6.4%	0.0%	6.4
<b>Other key data</b>			
Same-store growth	9.8%	4.5%	
Net store openings	0	1	

## Trailing 12 months revenue and EBIT margin

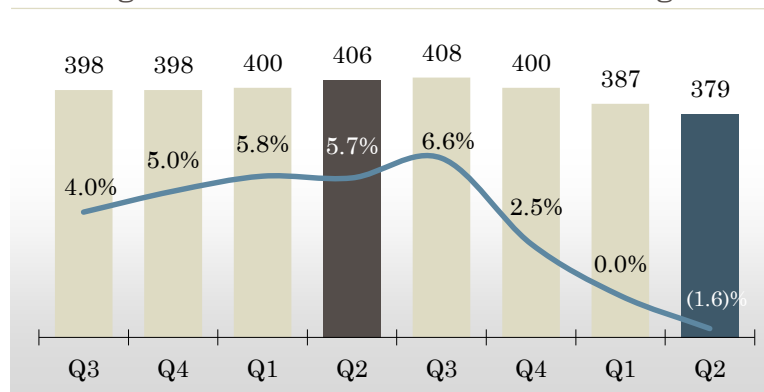


## OTHER BRANDS

- Revenue down by 7.6% in local currency driven by Saint Tropez
- Revenue decline driven by retail in both brands. Same-store revenue down by 14.3% 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 down, but not enough to compensate for the revenue decline
- EBIT margin down by 6.2pp mainly driven by the gross margin
- Saint Tropez closed one store in Sweden

Q2 financials	Q2 2017/18	Q2 2016/17	Change
Revenue	92	100	(8)
<i>Wholesale</i>	53	52	1
<i>Retail</i>	39	48	(9)
EBIT	(2)	4	6
EBIT margin	(2.2)%	4.0%	(6.2)
<b>Other key data</b>			
Same-store growth	(14.3)%	(3.8)%	
Net store openings	(1)	1	

### Trailing 12 months revenue and EBIT margin



# AGENDA

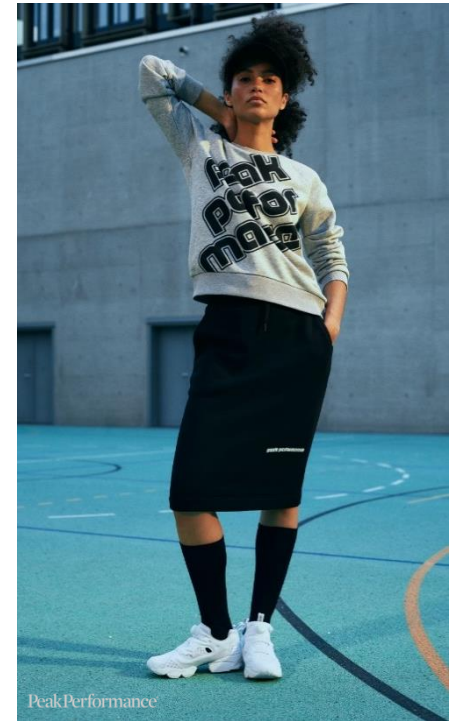
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## GUIDANCE FOR 2017/18

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We maintain our guidance for the financial year 2017/18 for the Group as a whole. Hence, we expect to realize a minor **revenue reduction** compared to the financial year 2016/17 and an **EBIT margin of approx. 5%** (unchanged).

- Moderate revenue growth but significantly higher (previously “moderate growth”) earnings are expected in Peak Performance
- For Other brands, we expect that the performance in physical retail in Saint Tropez will lead to a significant revenue and earnings decline leading to an earnings deficit for 2017/18 (not specified previously)

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

# AGENDA

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QUESTIONS?