



# INTERIM REPORT Q1 2016/17

## INFORMATION MEETING

Copenhagen  
November 15, 2016  
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 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.

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# AGENDA

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Highlights

Mads Ryder, Group CEO

Segment performance

Mads Ryder, Group CEO

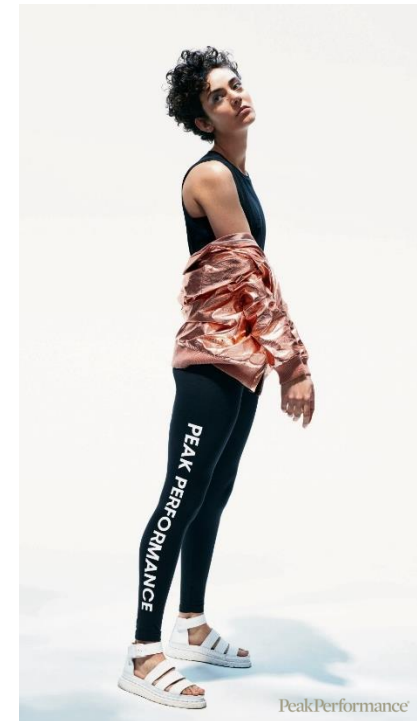
Group financials

Alexander Martensen-Larsen, Group CFO

Guidance

Mads Ryder, Group CEO

Q&A



# HIGHLIGHTS

- Revenue growth of 1.8% in local currency driven by new stores and e-commerce
- Same-store revenue down by 6.6% affected by volatile traffic compared to last year
- Gross margin level maintained despite higher commercial discounts and write-downs
- OPEX increased by DKK 28m – majority relating to new stores and e-commerce growth
- Group EBIT margin affected by lower same-store revenue, increased commercial discounts and OPEX related to new stores
- Revenue guidance maintained due to solid pre-order growth and store openings
- EBIT margin guidance adjusted due to risk of lower same-store revenue and in-season-selling

<b>Financials and key figures</b>	<b>Q1 2016/17</b>	<b>Q1 2015/16</b>
Revenue (DKKm)	851	843
Gross margin	56.1%	56.6%
OPEX ratio	40.2%	37.3%
EBIT margin	15.9%	19.3%
NWC % (operating)	30.1%	26.7%
ROIC %	20.9%	23.3%
<b>Other key data</b>		
Same-store growth	(6.6)%	13.8%
Net store openings	(2)	4

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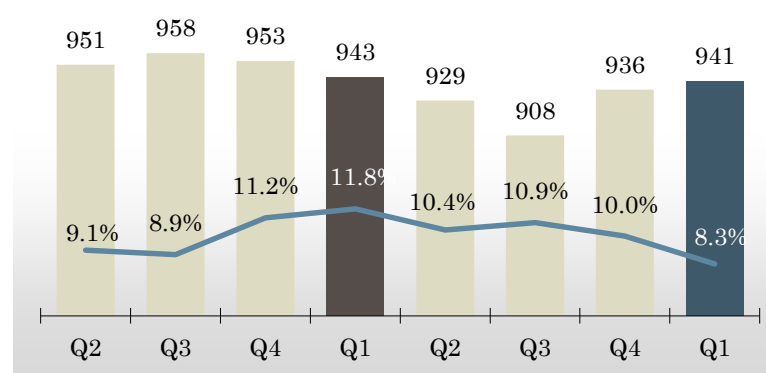


# PEAK PERFORMANCE

- Revenue up by 2.2% in local currency
- Wholesale revenue negatively affected by DKK 15m from timing between Q1 and Q2
- Negative effect from low traffic in physical stores more than outweighed by new stores and strong e-commerce
- Revenue growth in Nordic region (except for Sweden) as well as Rest of Europe and Rest of World
- Gross margin slightly down due to increased write-downs
- OPEX increase partly driven by a positive timing effect in Q1 2015/16 of DKK 8m. Underlying OPEX increased due to new stores opened in 2015/16
- EBIT margin down by 4.9pp.
- One store closed end-Q1

Q1 financials	Q1 2016/17	Q1 2015/16	Change
Revenue	348	343	5
<i>Wholesale</i>	274	274	0
<i>Retail</i>	74	69	5
EBIT	62	78	(16)
EBIT margin	17.8%	22.7%	(4.9)
<b>Other key data</b>			
Same-store growth	(2.9)%	23.7%	
Net store openings	(1)	1	

## Trailing 12 months revenue and EBIT margin

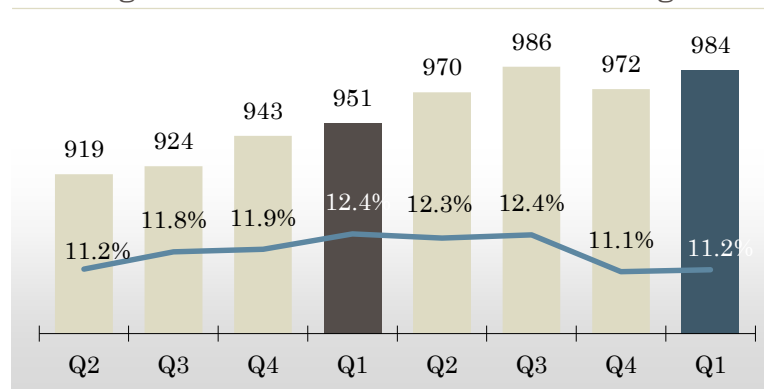


# TIGER OF SWEDEN

- Revenue up by 5.5% in local currency
- Wholesale revenue up by DKK 9m. Positive effect of DKK 18m from timing between Q4 2015/16 and Q1 2016/17. Negative effect from poor in-season-selling
- Retail growth driven by new stores and solid e-commerce growth
- Revenue growth in Nordic region but especially in Rest of Europe - driven by Germany (growth of 37%)
- Gross margin improved due to underlying margin improvements
- OPEX affected by new stores opened in 2015/16
- EBIT margin in line with last year
- Two new stores opened (franchise conversions), while one Tiger Jeans pop-up was closed and one store was relocated

Q1 financials	Q1 2016/17	Q1 2015/16	Change
Revenue	289	277	12
<i>Wholesale</i>	194	185	9
<i>Retail</i>	95	92	3
EBIT	55	53	2
EBIT margin	19.0%	19.1%	(0.1)
<b>Other key data</b>			
Same-store growth	(9.1)%	6.2%	
Net store openings	0	2	

## Trailing 12 months revenue and EBIT margin

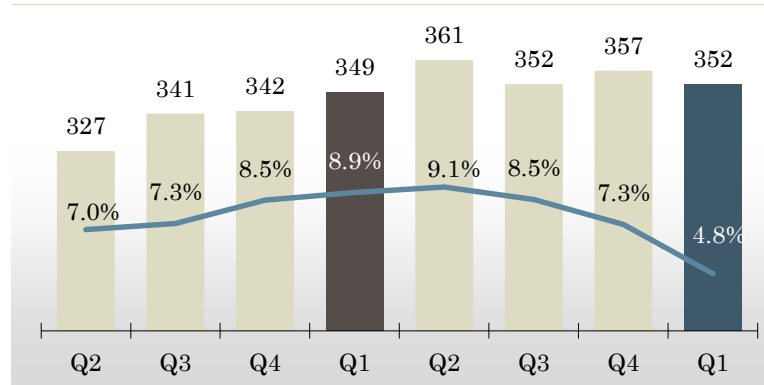


## BY MALENE BIRGER

- Revenue down by 3.4% in local currency
- Wholesale revenue slightly down and retail down by 14% due to poor performance in physical retail combined with unchanged e-commerce revenue
- Revenue unchanged in Nordic region. Down in Rest of Europe with UK and France unchanged
- Gross margin negatively affected by higher commercial discounts in Q1
- OPEX affected by costs of DKK 4m related to comprehensive brand and positioning analysis
- EBIT margin down by 8.5pp
- No new stores in Q1

Q1 financials	Q1 2016/17	Q1 2015/16	Change
Revenue	99	104	(5)
<i>Wholesale</i>	75	76	(1)
<i>Retail</i>	24	28	(4)
EBIT	4	13	(9)
EBIT margin	4.0%	12.5%	(8.5)
<b>Other key data</b>			
Same-store growth	(12.8)%	17.4%	
Net store openings	0	0	

### Trailing 12 months revenue and EBIT margin



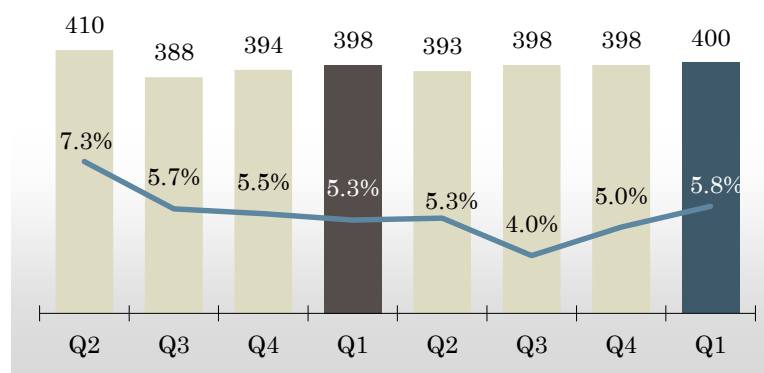


## OTHER BRANDS

- Revenue up by 2.0% in local currency
- Wholesale revenue down at Saint Tropez but significantly up at Designers Remix
- Retail revenue in line with last year driven by store openings at Saint Tropez in 2015/16
- Gross margin improved in both brands
- OPEX increased due to store openings
- EBIT margin up by 2.5pp mainly driven by gross margin improvement
- One store closed at Saint Tropez in Q1

Q1 financials	Q1 2016/17	Q1 2015/16	Change
Revenue,	115	113	2
<i>Wholesale</i>	67	65	2
<i>Retail</i>	48	48	0
EBIT	13	10	3
EBIT margin	11.3%	8.8%	2.5
<b>Other key data</b>			
Same-store growth	(6.0)%	8.7%	
Net store openings	(1)	0	

### Trailing 12 months revenue and EBIT margin



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## Q1 REVENUE DEVELOPMENT

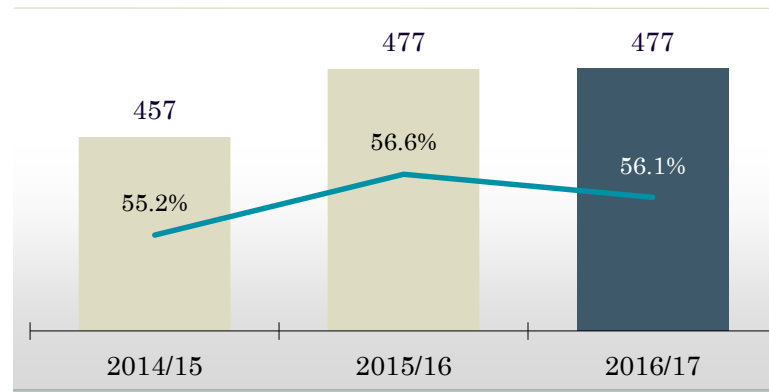
- Revenue up by 0.9% to DKK 851m
- Wholesale positively affected by net timing of DKK 3m
- Retail growth driven by new stores and e-commerce
- Low and volatile traffic in physical stores negatively affecting same-store revenue across all brands

Revenue by segment (DKKm)	Q1 2016/17	Q-on-Q growth	Share of revenue
Peak Performance	348	1.5%	41%
Tiger of Sweden	289	4.3%	34%
By Malene Birger	99	(4.8%)	12%
Other brands	115	1.8%	14%
HQ	0	n/a	0%
<b>Group</b>	<b>851</b>	<b>0.9%</b>	<b>100%</b>
Wholesale	610	1.7%	72%
Retail	241	1.7%	28%

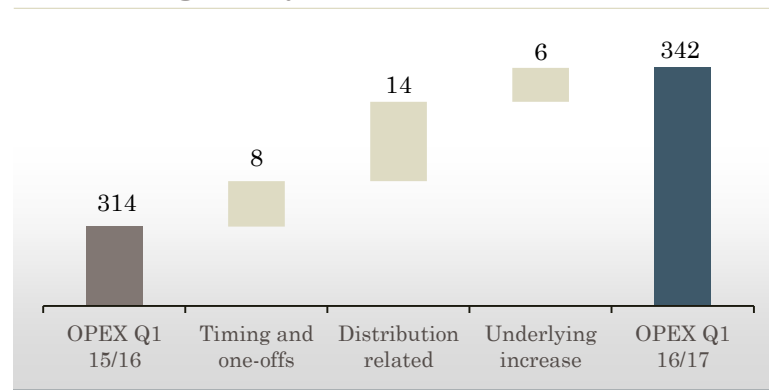
# Q1 GROSS PROFIT AND OPEX

- Underlying gross margin improvement diluted by increased commercial discounts as well as write-downs
- Q1 2015/16 positively affected by DKK 3m from reversal of provision to indirect tax case
- Gross margin in line with last year when adjusting for reversal of provisions
- OPEX increased by DKK 28m
- Adjusting for timing and one-offs, OPEX increased by DKK 20m
- DKK 14m related to new stores and increased e-commerce volume
- Remaining OPEX increase corresponding to approx. 2% on underlying cost base

**Q1 gross profit and gross margin**



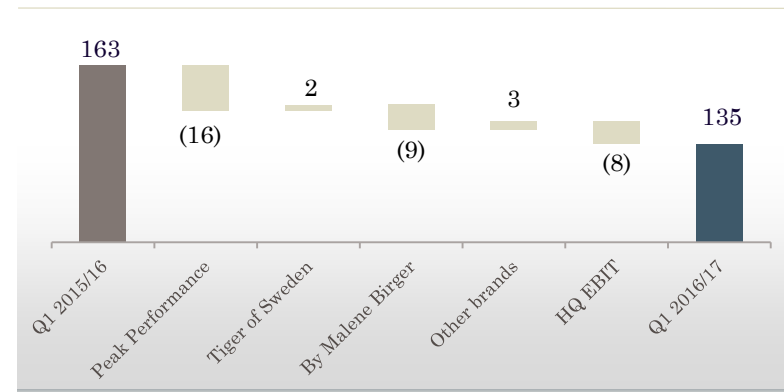
**OPEX bridge vs. Q1 2015/16**



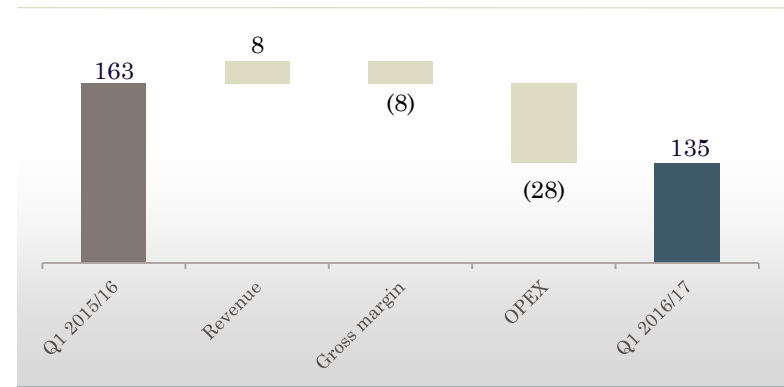
# Q1 EBIT DEVELOPMENT

- EBIT down by DKK 28m to DKK 135m
- EBIT from brands down by DKK 20m primarily due to distribution-related OPEX
- HQ EBIT down by DKK 8m due to reversal of provisions related to the indirect tax case by DKK 4m and positive non-hedging-related FX gains – both in Q1 last year
- EBIT margin down by 3.4pp to 15.9%

**EBIT development by brand vs. Q1 2015/16**



**EBIT development by contribution vs. Q1 2015/16**



## BALANCE SHEET AND CASH FLOW

- Operating NWC up by 14% driven by higher inventory
- Inventory increase primarily driven by new stores, expansion of SSP (never-out-of-stock) programme, negative timing effects from delayed wholesale deliveries as well as lower than expected sell-out in retail
- Free cash flow down by DKK 103m driven by lower EBIT, NWC increase as well as higher paid tax and CAPEX
- Q1 CAPEX related to new stores as well as IT

DKKm	Q1 2016/17	Q1 2015/16	Change
Inventory	461	359	28%
Trade receivables	542	538	1%
Trade payables	199	189	5%
Operating NWC	804	708	14%
<i>% of 12m revenue</i>	<b>30.1%</b>	26.7%	3.4%
Free cash flow	(238)	(135)	(103)
CAPEX	(19)	(14)	(5)
<i>% of revenue</i>	<b>2.2%</b>	1.7%	0.5%
ROIC	<b>23.3%</b>	28.5%	(5.2%)
NIBD	259	209	
<i>NIBD to 12m EBITDA</i>	<b>0.9x</b>	0.7x	0.2

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## UPDATED GUIDANCE FOR FULL YEAR 2016/17

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Group **revenue** expected to **grow by at least 6% measured in local currency**

Expectations based on pre-order growth of 7% for the remaining part of the financial year as well as 15-20 expected store openings (previously 10-15)

Tough retail climate in Q1 with improvement seen in beginning of Q2. We expect flat same-store revenue rest of the year

Risk of tough and volatile retail climate rest of year affecting high-margin revenue from physical stores as well as in-season-selling, which may affect gross margin and OPEX ratio negatively

As a consequence, **EBIT margin of 8-9%** expected (previously “approx. 9%”)

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



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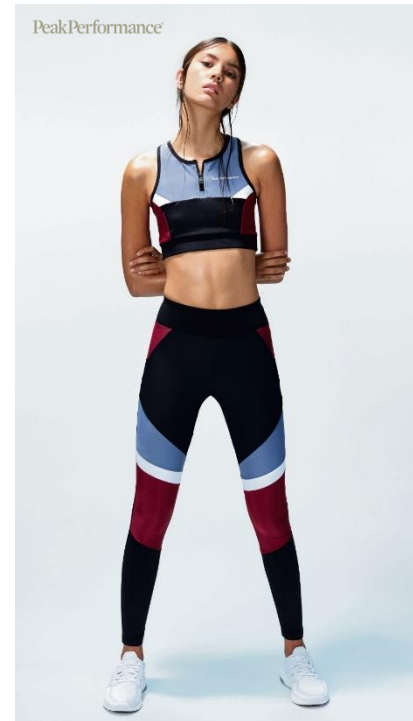
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QUESTIONS?