



# ANNUAL REPORT 2016/17

## INFORMATION MEETING

Copenhagen  
August 31, 2017  
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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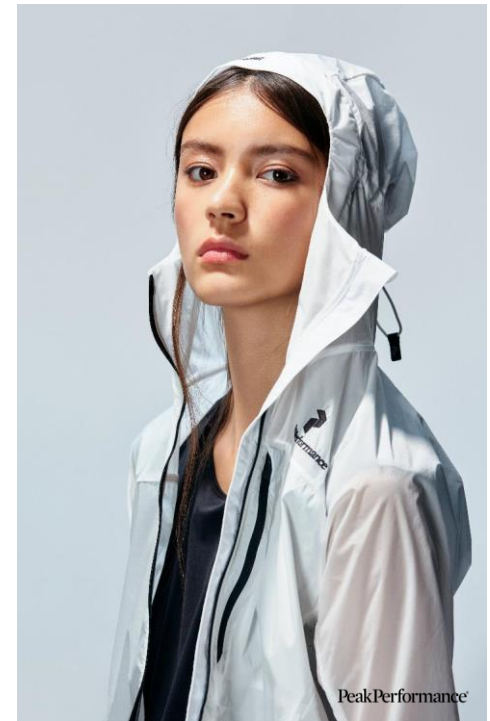
Full-year highlights

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## FULL-YEAR HIGHLIGHTS

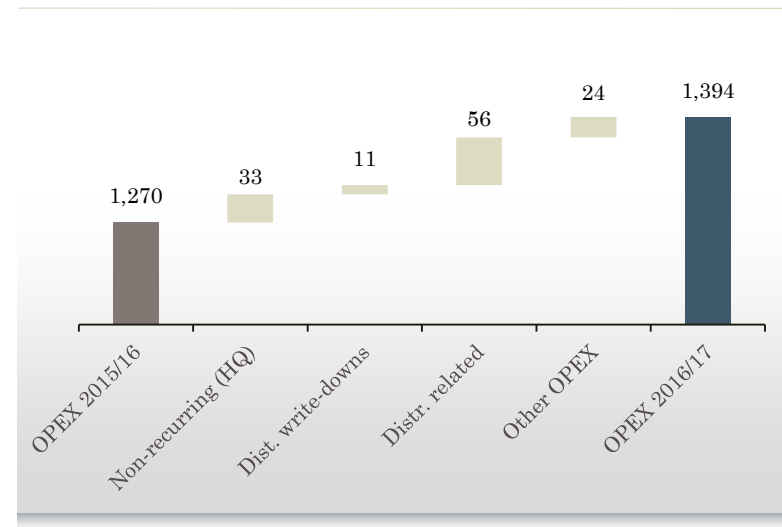
- Revenue growth of 4.3% in local currency mainly driven by retail (e-commerce and new stores)
- Growth of 6.4% in retail driven by e-commerce and new stores
- Same-store revenue up by 1.7% driven by e-commerce
- Gross margin down by 1.5pp due to inventory write-downs and commercial discounts
- OPEX increased by DKK 124m of which DKK 33m are non-recurring costs in respect of the restructuring of Group central functions
- Group EBIT margin down by 4.6pp – mainly due to the restructuring, extraordinary items and distribution-driven OPEX increase
- 19 new stores opened during 2016/17:
  - Peak Performance: 10
  - Tiger of Sweden: 5
  - By Malene Birger: 1
  - Saint Tropez: 3
- Ordinary dividend of DKK 5 per share proposed

<b>Financials and key figures</b>	<b>FY 2016/17</b>	<b>FY 2015/16</b>
Revenue (DKKm)	2,749	2,665
Gross margin	55.3%	56.8%
OPEX ratio	50.7%	47.7%
EBIT margin	4.5%	9.1%
Operating NWC %	14.4%	14.7%
ROIC %	16.2%	33.0%
Ordinary dividend per share (DKK)	5	5
<b>Other key figures</b>		
Same-store growth	1.7%	5.5%
Increase in stores	12	20

# FULL-YEAR OPEX DEVELOPMENT

- Full-year OPEX increased by DKK 124m
- DKK 33m relating to restructuring of Group central functions
- Write-downs in the distribution (impairment of assets) mainly at By Malene Birger and Tiger of Sweden
- Other distribution-related OPEX increased by DKK 56m driven by new stores and increased e-commerce volume
- Other OPEX increase of DKK 24m driven by increased staff costs, higher rent and depreciations

OPEX development 2016/17, DKKm



# FULL-YEAR BRAND DEVELOPMENT



<b>Peak Performance</b>	<b>2016/17</b>	<b>2015/16</b>
Revenue	1,035	936
EBIT	101	94
EBIT margin	9.8%	10.0%
<b>Other key data</b>		
Same-store growth	9.0%	7.9%
Net store openings	8	9

<b>Tiger of Sweden</b>	<b>2016/17</b>	<b>2015/16</b>
Revenue	963	972
EBIT	67	108
EBIT margin	7.0%	11.1%
<b>Other key data</b>		
Same-store growth	1.4%	4.0%
Net store openings	2	8



## BY MALENE BIRGER

<b>By Malene Birger</b>	<b>2016/17</b>	<b>2015/16</b>
Revenue	351	357
EBIT	3	26
EBIT margin	0.9%	7.3%
<b>Other key data</b>		
Same-store growth	0.6%	9.2%
Net store openings	0	(1)

<b>Other brands</b>	<b>2016/17</b>	<b>2015/16</b>
Revenue	400	398
EBIT	10	20
EBIT margin	2.5%	5.0%
<b>Other key data</b>		
Same-store growth	(8.6)%	1.6%
Net store openings	2	4

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## Q4 REVENUE DEVELOPMENT

- Revenue down by 1.5% measured in local currency to DKK 493m
- Growth in Peak Performance and By Malene Birger driven by both wholesale and retail
- Tiger of Sweden significantly affected by reduced in-season selling to wholesale customers
- Revenue decline in Other brands driven by Saint Tropez
- Decline in wholesale driven by reduced in-season selling.
- Retail growth driven by new stores and e-commerce. Same-store revenue down by 3.6%

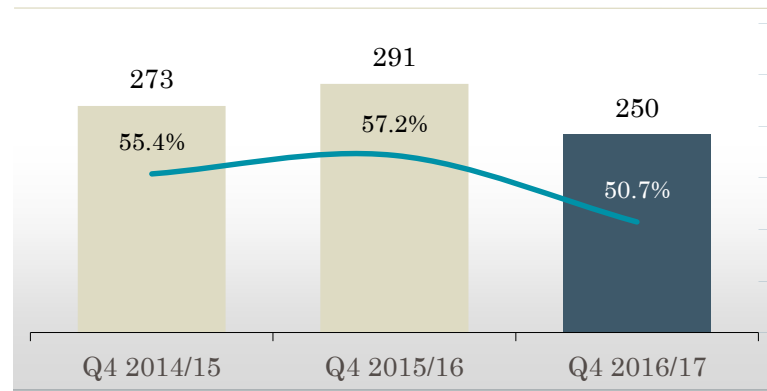
Revenue by segment (DKK m)	Q4 2016/17	Y-on-Y growth	Share of revenue
Peak Performance	121	10.0%	24%
Tiger of Sweden	200	(7.8%)	41%
By Malene Birger	82	2.5%	17%
Other brands	93	(7.9%)	19%
Unallocated	(3)	n/a	(1%)
<b>Group</b>	<b>493</b>	<b>(3.1%)</b>	<b>100%</b>
Wholesale	248	(5.7%)	50%
Retail	248	1.2%	50%



# Q4 GROSS PROFIT AND OPEX

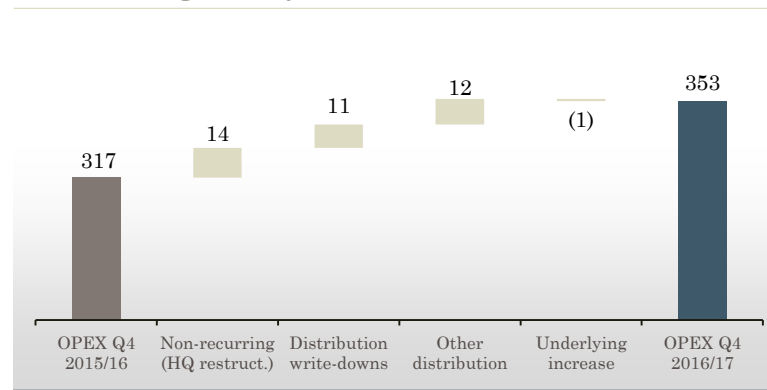
- Underlying product margin improvement across all brands
- Significantly higher inventory write-downs
- Gross margin down by 6.5% to 50.7% of which the majority is driven by inventory write-downs

**Q4 gross profit and gross margin**



- OPEX increased by DKK 36m
- Non-recurring costs of DKK 14m related to structural changes in Group central functions
- Write-downs of DKK 11m in the distribution (mainly Tiger of Sweden and By Malene Birger)
- Other distribution-related OPEX increased by DKK 12m driven by net store openings and increased e-commerce volume
- Underlying OPEX positively affected by savings resulting from restructuring initiatives in Q3

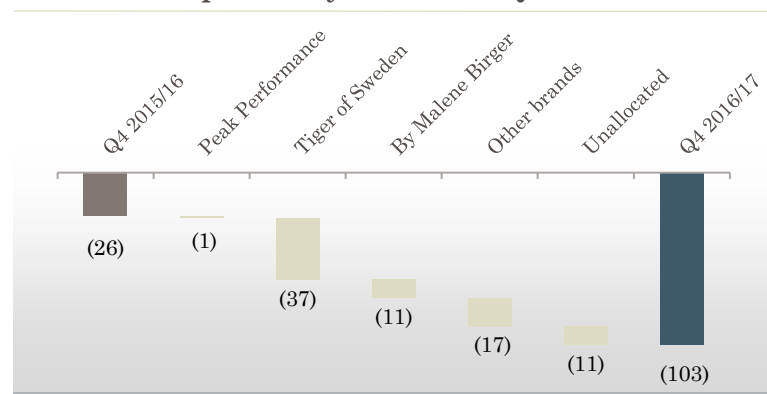
**OPEX bridge vs. Q4 2015/16**



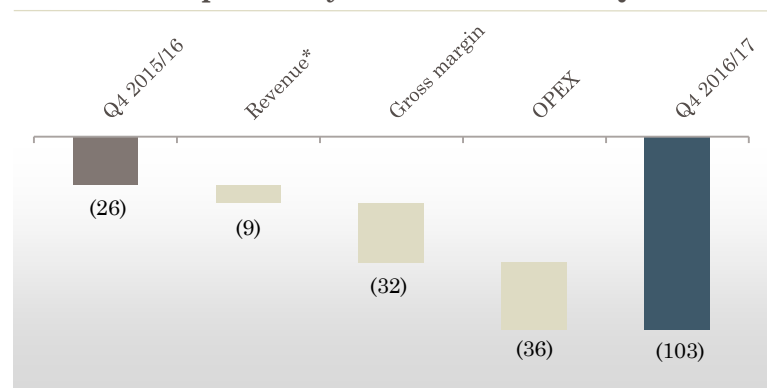
# Q4 EBIT DEVELOPMENT

- EBIT down in all brands driven, to a large extent, by write-downs and impairments as well as increased OPEX (some of which non-recurring)
- HQ (unallocated) EBIT negatively affected by non-recurring costs of DKK 14m related to structural changes in Group central functions and positively affected by net savings arising from structural changes carried out
- EBIT margin down by 15.8pp to (20.9)% driven by lower gross margin and higher OPEX ratio

**EBIT development by brand vs. Q4 2015/16**



**EBIT development by contribution vs. Q4 2015/16**



\*) Revenue contribution given unchanged gross margin compared to Q4 2015/16

## BALANCE SHEET AND CASH FLOW

- Operating NWC in line with last year
- Inventory and trade receivables reduced. Trade payables also down mainly due to timing of payments
- Free cash flow for Q4 up by DKK 15m compared to last year driven by lower operating profit but higher cash flow from NWC
- CAPEX roughly at same level as last year
- Net debt position slightly better than same time last year

DKKm	Q4 2016/17	Q4 2015/16	Change
Inventory	394	425	(7%)
Trade receivables	277	284	(2%)
Trade payables	276	317	(13%)
Operating NWC	395	392	1%
<i>% of 12m revenue</i>	14.4%	14.7%	(0.3%)
Free cash flow	81	66	15
CAPEX	(31)	(34)	3
<i>% of revenue</i>	6.3%	6.7%	(0.4%)
ROIC	16.2%	33.0%	(16.8%)
NIBD	17	25	(8)
<i>NIBD to 12m EBITDA</i>	0.1x	0.1x	0.0

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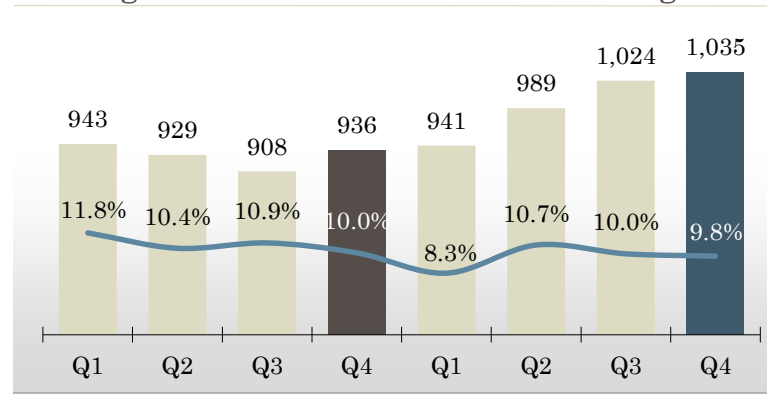


# PEAK PERFORMANCE

- Q4 revenue up by 11.9% in local currency
- Wholesale revenue up due to solid pre-order growth
- Retail growth driven by both e-commerce and new stores
- Q4 revenue growth driven entirely by Nordic region
- Underlying product margin improvements diluted by discounted sales and write-downs
- OPEX in line with last year despite 8 net store openings during the year
- EBIT margin up by 2.7% driven by the improve OPEX ratio
- New retail store in Stuttgart, Germany and a new outlet in Parndorf, Austria

Q4 financials	Q4 2016/17	Q4 2015/16	Change
Revenue	121	110	11
<i>Wholesale</i>	55	46	9
<i>Retail</i>	66	64	2
EBIT	(44)	(43)	(1)
EBIT margin	(36.4)%	(39.1)%	2.7
<b>Other key data</b>			
Same-store growth	0.7%	17.9%	
Net store openings	2	4	

## Trailing 12 months revenue and EBIT margin

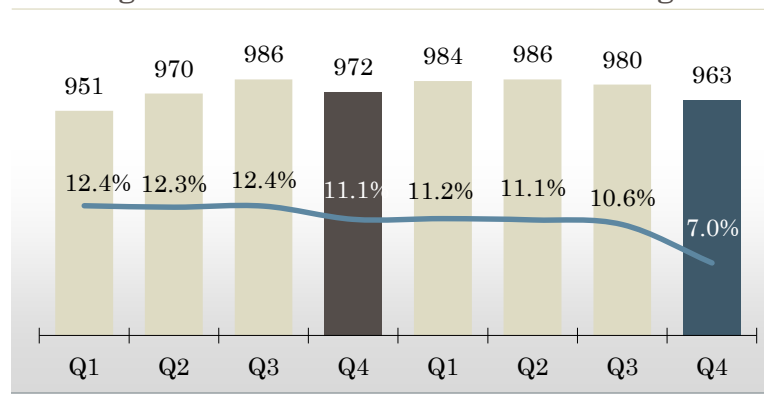


# TIGER OF SWEDEN

- Revenue down by 5.6% in local currency
- Wholesale revenue down due to reduced in-season selling
- Growth in retail driven by e-commerce and new stores. Same-store growth down by 3.5% driven by the physical stores
- Revenue down in Nordic region. Growth in Rest of Europe (driven by Germany)
- Gross margin down primarily due to inventory write-downs
- OPEX increased due to distribution write-downs and new stores
- EBIT margin down by 18.1pp
- New store opened in Stuttgart and new outlet store opened in Roermond, Netherlands, to support Western Germany and Benelux

Q4 financials	Q4 2016/17	Q4 2015/16	Change
Revenue	200	217	(17)
<i>Wholesale</i>	97	119	(22)
<i>Retail</i>	103	98	5
EBIT	(27)	10	(37)
EBIT margin	(13.5)%	4.6%	(18.1)
<b>Other key data</b>			
Same-store growth	(3.5)%	3.5%	
Net store openings	2	2	

## Trailing 12 months revenue and EBIT margin

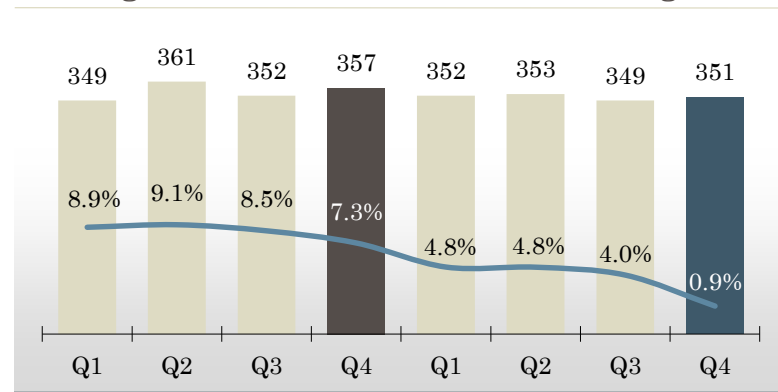


## BY MALENE BIRGER

- Revenue up by 4.0% in local currency driven by retail
- Good performance in both e-commerce and physical stores. Same-store growth was 7.5%
- Revenue growth driven by Nordic region
- Gross margin slightly down due to higher distribution costs
- OPEX significantly affected by impairment of assets (London and Paris stores)
- EBIT margin down by 13.5pp
- The store in Paris was closed in Q4

Q4 financials	Q4 2016/17	Q4 2015/16	Change
Revenue	82	80	2
<i>Wholesale</i>	49	49	-
<i>Retail</i>	33	31	2
EBIT	(7)	4	(11)
EBIT margin	(8.5)%	5.0%	(13.5)
<b>Other key data</b>			
Same-store growth	7.5%	2.5%	
Net store openings	(1)	0	

### Trailing 12 months revenue and EBIT margin

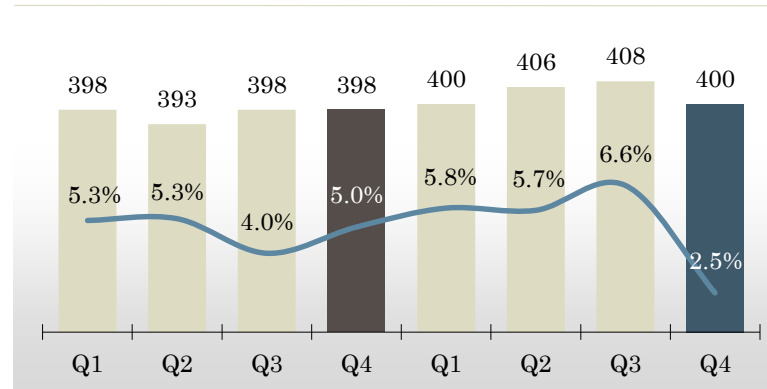


## OTHER BRANDS

- Revenue down by 7.6% in local currency driven by Saint Tropez
- Revenue down in both wholesale and retail. Same-store revenue down by 15.4%
- Gross margin down driven by Saint Tropez partly due to higher discounts and write-downs
- OPEX up compared to last year driven by Saint Tropez
- EBIT margin down by 17.3pp
- One retail concession opened in Saint Tropez

Q4 financials	Q4 2016/17	Q4 2015/16	Change
Revenue	93	101	(8)
<i>Wholesale</i>	48	49	(1)
<i>Retail</i>	45	52	(7)
EBIT	(5)	12	(17)
EBIT margin	(5.4)%	11.9%	(17.3)
<b>Other key data</b>			
Same-store growth	(15.4)%	0.7%	
Net store openings	1	2	

### Trailing 12 months revenue and EBIT margin





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## GUIDANCE FOR 2017/18

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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**

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QUESTIONS?