

**BJÖRN BORG** 



# Q1 2018

HENRIK BUNGE CEO  
DANIEL GROHMAN CFO

# Q1 2018 SUMMARY

- Brand sales declined in the quarter, -6%. Decline across most main product categories. Smaller product groups rose.
- Net sales decreased with 8,9 percent. Adjusted for shift of FTW distribution in Denmark the decline is 5,8 percent.
- The lower sales is to a large extent explained by weaker sales in Finland wholesale and in lower sales to external distributors in Denmark and Norway.
- Sweden wholesales is growing especially in Sports Retail.
- E-Tail customers developing well growing 19 percent vs LY.
- Own Retail operations is declining both in absolute terms and in comparable stores.
- E-commerce sales grew with 50% in the quarter.
- Strong gross profit margins, partly due to weaker USD. LY timing effect on GP margin had negative impact.
- Operating profit increased to 15,1 MSEK (6,7) mainly due to strong GP margins compared to LY.



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# Q1 2018

NET SALES 169,2 MSEK (185,7)

- + Wholesale business in Sweden
- + E-Tail wholesales business
- + E-Com
- FTW distribution in Denmark
- Wholesale business in Finland
- Retail business in Sweden and Benelux
- Distribution sales to Norway and Denmark

OPERATING PROFIT 15,1 MSEK (6,7)

- + Higher Gross Profit margin
- + Other revenue due to revaluation of accounts receivable.
- Slightly higher OPEX of 0,7 percent

# ACCOUNTS 2017–2018

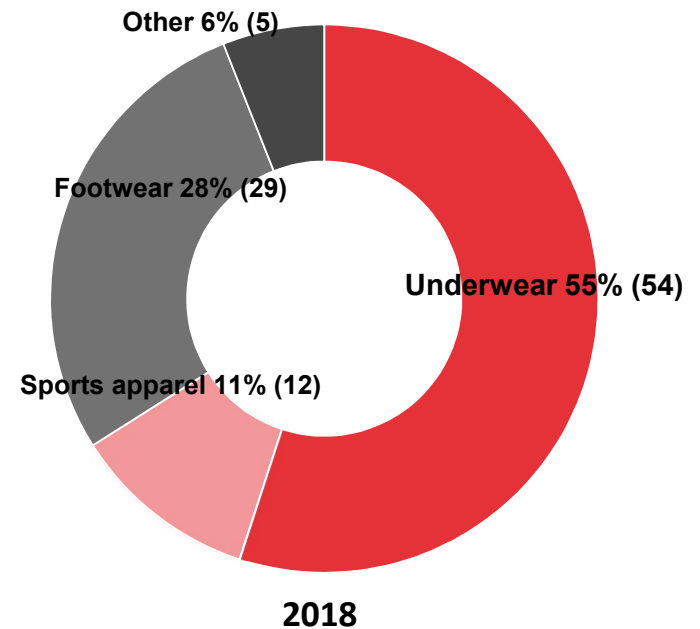
MSEK	Q1/18	Q1/17	+/-	2017
Net sales	169,2	185,7	-8,9%	696,5
<i>Gross profit margin %</i>	<i>57,1</i>	<i>48,9</i>		<i>54,0</i>
Operating expences <sup>1)</sup>	85,8	83,1	+3,2%	260,2
Operating profit	15,1	6,7		55,4
<i>Operating margin %</i>	<i>8,9</i>	<i>3,6</i>		<i>7,9</i>
Earnings per share, SEK	0,60	0,18		1,48

<sup>1)</sup> Excluding goods

# DEVELOPMENT BY PRODUCT AREA

Q1

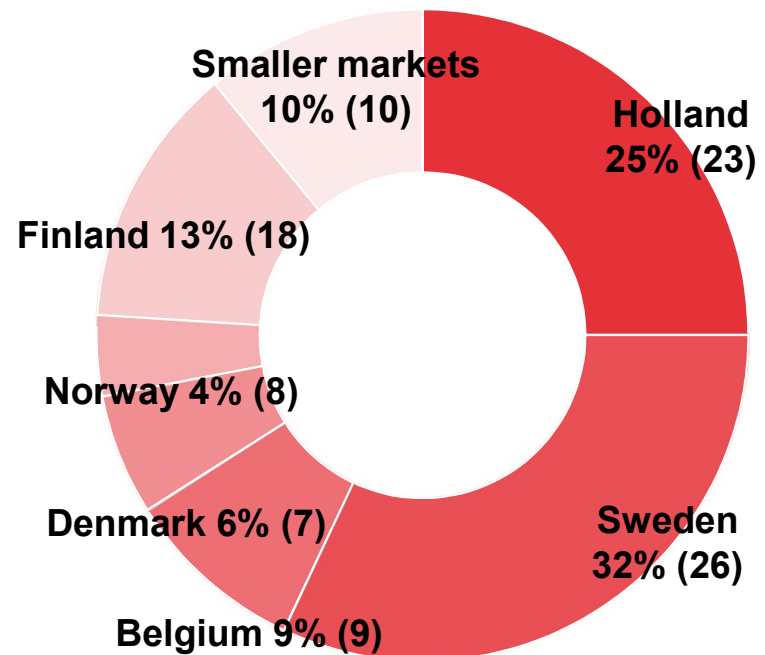
- Brand sales declined in the quarter, -6%. Decline across most main product categories. Smaller product groups rose.
- Excluding currency effects the decline is -8%.
- Among the smaller product groups eyewear and bags are growing.



# BRAND SALES PER MARKET

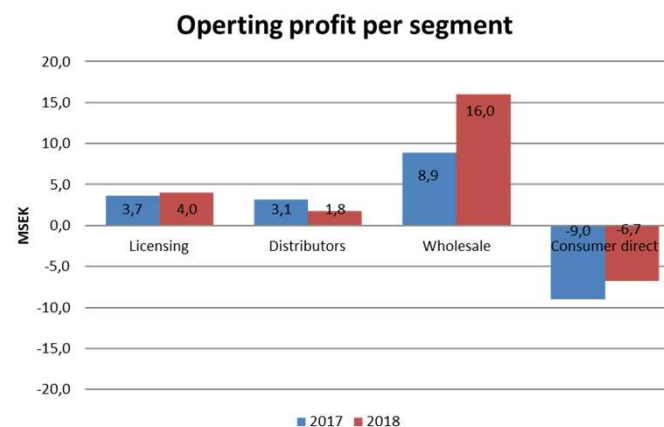
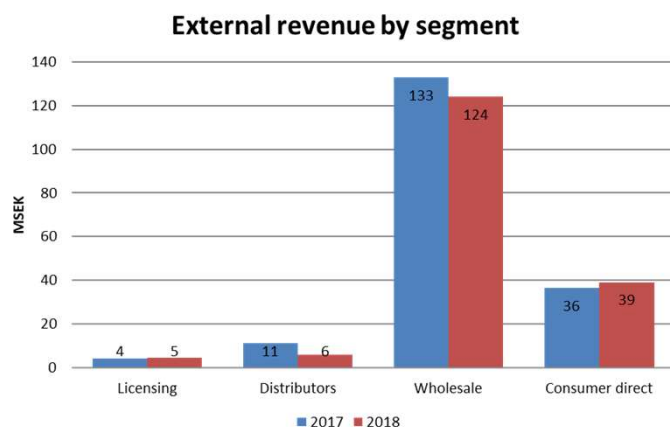
## BRAND SALES DEVELOPMENT 2018

- Sweden and Holland developing well.
- Finland decline however still on good levels compared to 2016 and earlier.
- Norway and Denmark large decline.



# NEW SEGMENT REPORTING FROM 2018

*The new segments correspond to the company's primary revenue sources: Licensing, Distributors, Wholesale and Consumer Direct. Comparable figures for 2017 have been restated and are comparable with the new segmentation.*



- Licensing business growing vs LY (+11%). Partly related to the shift of footwear distribution in Denmark to the license partner. Eyewear is also growing vs LY.
- Distributor sales decline (-47%) due to a steep reduction of sales to Denmark and Norway.
- Wholesales decline (-7%) which is explained partly by that the group handed back distribution of Footwear in Denmark to the licensee from Jan 2018. Excluding this, the decline in the segment is 2 percent. Finland is declining but from a very strong Q1 in 2017 while Sweden and Benelux are growing. The development with e-tail customers is very good, growing with 19 percent across all markets in the segment.
- Consumer direct growth (+7%) is related to a strong own E-Com development of +50%. The own retail business is declining with 6 percent both in absolute terms and for comparable stores. The comparable development by market is negative in all markets but but the decline is less in Sweden and Finland and worse in Holland and Belgium.



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# TOP 10 PRIORITIES 2018

1  
**BRAND  
HEAT**

2  
**PERFORMANCE  
MANAGEMENT**

3  
**WORLD CLASS  
COLLECTION**



ONLINE  
ATTACK



WHOLESALLES  
EXCELLENCE



CITY  
ATTACK



RETAIL  
EXCELLENCE



NO 1.  
UNDERWEAR



SUPPLY CHAIN  
EXCELLENCE



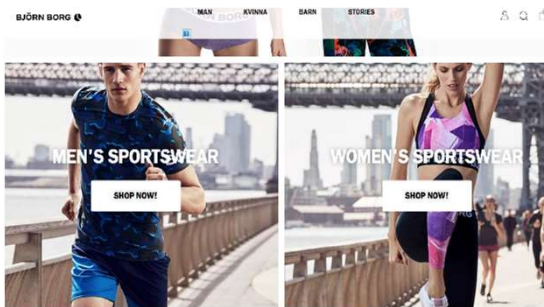
SYSTEM  
EXCELLENCE



ONLINE  
ATTACK

## ONLINE ATTACK IS DIVIDED IN THREE DIFFERENT PROJECT, BUT WITH ONE CENTRALIZED STEERING GROUP

### E-com



**Compound Annual Growth Rate 2013-2017**

+29%

Q1 2018 +50%

### Market places



**Untapped potential**

### E-tailers



**Compound Annual Growth Rate 2013-2017**

+27%

Q1 2018 +19%

**Underlying online market growth 2013-2017 20%**

MAINTAIN  
**NO 1. UNDERWEAR**



DEVELOP  
**PERFORMANCE UNDERWEAR**



ATTACK  
**SPORTS APPAREL**



**THANK YOU**