

NewWave

Presentation of

*NewWave*  
G R O U P



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## Business idea

New Wave Group is a growing company that designs, acquires and develops quality articles for the profiling market (business market) and the consumers' market, mainly in the clothing, accessories and gifts areas.

New Wave Group concentrates on two business areas:

- ✓ The Retailing business area – the products are distributed via the retailing trade.
- ✓ The Profiling business area – the products are distributed via independent retailers to companies.

Synergies between the two business areas: design, product development, purchasing and distribution.

## Strategic distribution – business areas

- ✓ The main part of the distribution (60–80%) within Corporate Profiling has a lower risk when it comes to degree of fashion etc.
- ✓ Risk spread between Retailing and Corporate Profiling, as they have different business cycles.



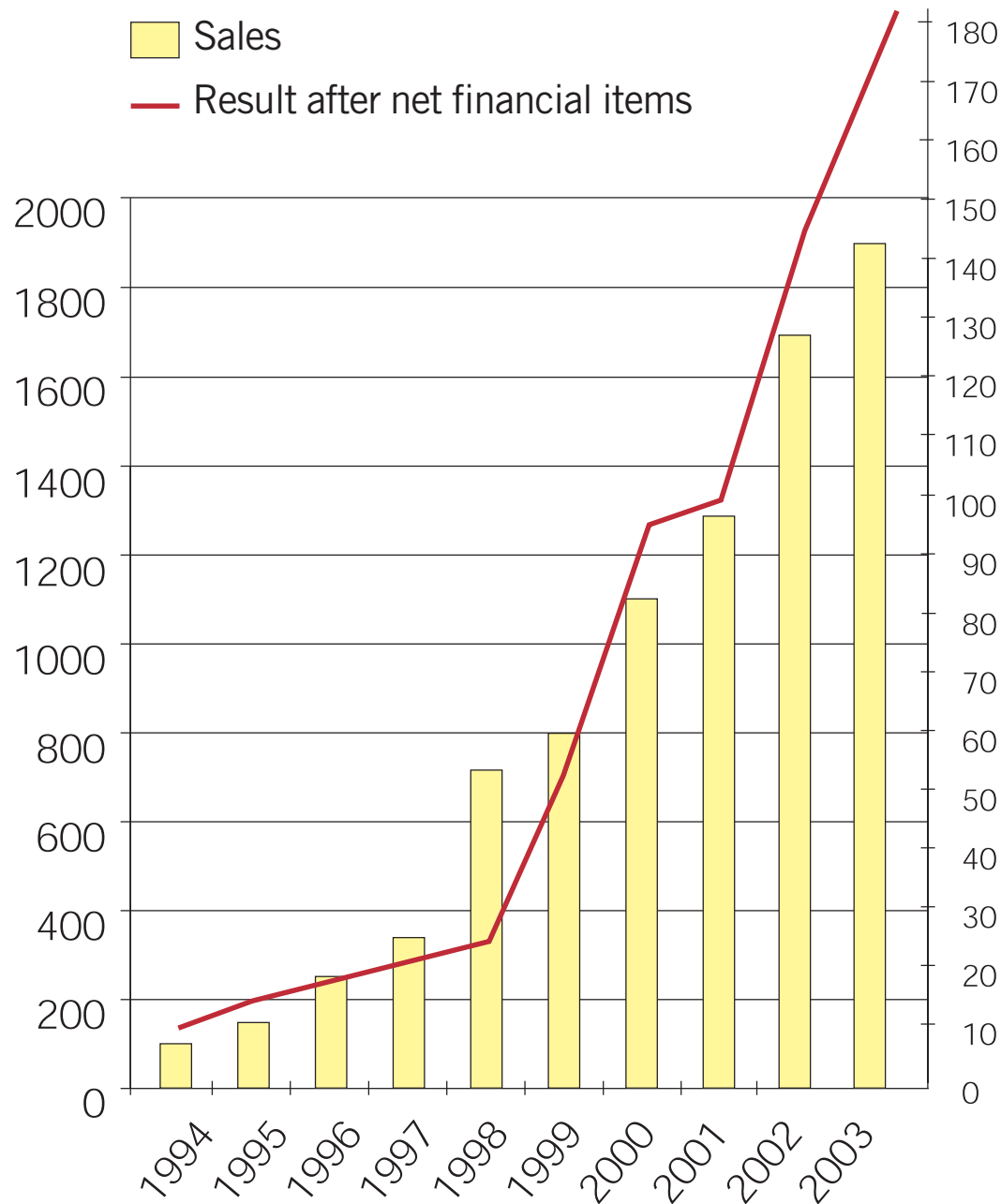
## Did you know...

...that New Wave Group through its trademarks (2002) sold approximately...

- ✓ 4.2 million one-coloured T-shirts in Sweden and 5.0 million in the rest of Europe?
- ✓ 480 thousand piqué shirts in Sweden and 1.7 million in the rest of Europe?
- ✓ 266 thousand shirts in Sweden and 520 thousand in the rest of Europe?
- ✓ 34 million promo pens in Europe?



# New Wave – history

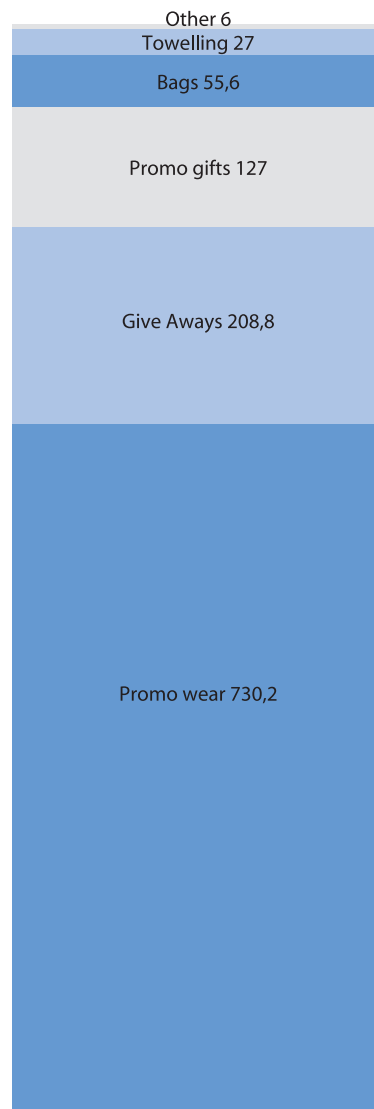


- ✓ **1990** • Sweden and Norway
- ✓ **1994** • Finland and Italy
- ✓ **1996** • Acquisition of Craft AB
- ✓ **1997** • Denmark, Spain and Germany
- ✓ **1998** • Acquisition of Hefa AB
- ✓ **1999** • Acquisition in Holland and England
- ✓ **2000** • Acquisition of Textet AB, establishments of Cyberwave and Make Your Own Design, and the subsidiary in France
- ✓ **2001** • Acquisition of Textwear A/ S, and Sagaform AB, Seger AB
- ✓ **2002** • Acquisition of Frantextil AB, X-Tend B.V., Lensen Beheer B.V.
- ✓ **2003** • Establishment in China. Establishment of working clothes.
- ✓ **2003** • Establishment in Switzerland.

# This is New Wave

Corporate Profiling: SEK million 1155

Retailing: SEK million 727



Turnover per year in SEK million within each product area respectively

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## Design and product development

Two of the most important things for a successful company within our line of business are good design (without concern taken to fashion) and good products.



Clique Bike – a classic design that's sold in over 1.2 million pieces.

## Purchasing – quality control

New Wave Group has purchasing offices (with equipment for extensive quality control) in Sweden, China and Bangladesh. Producing products with a even, high quality is very important.





## Vision – The Profiling business area

**To become Europe's leading supplier of promotion products**

by offering...

- ✓ good products.
- ✓ strong trademarks.
- ✓ high competence and service.
- ✓ a unique and complete concept for our retailers, including e-business and marketing solutions etc.

The total market covering the suppliers within the three areas promowear, gifts and working clothes in Europe amounts to between SEK 80 and 100 billion.

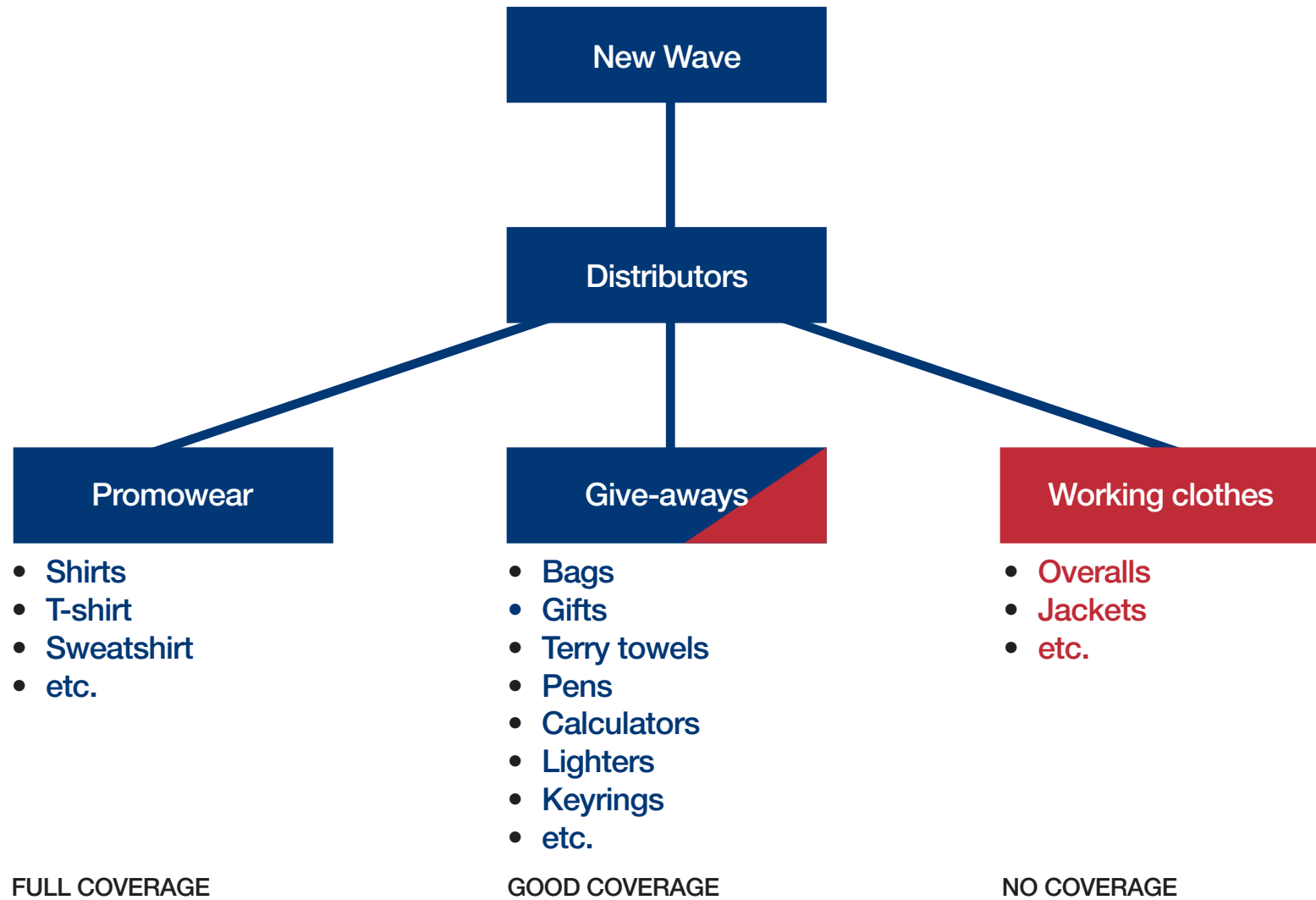


## The Corporate Profiling business area



# Range coverage

Existing  
Possible

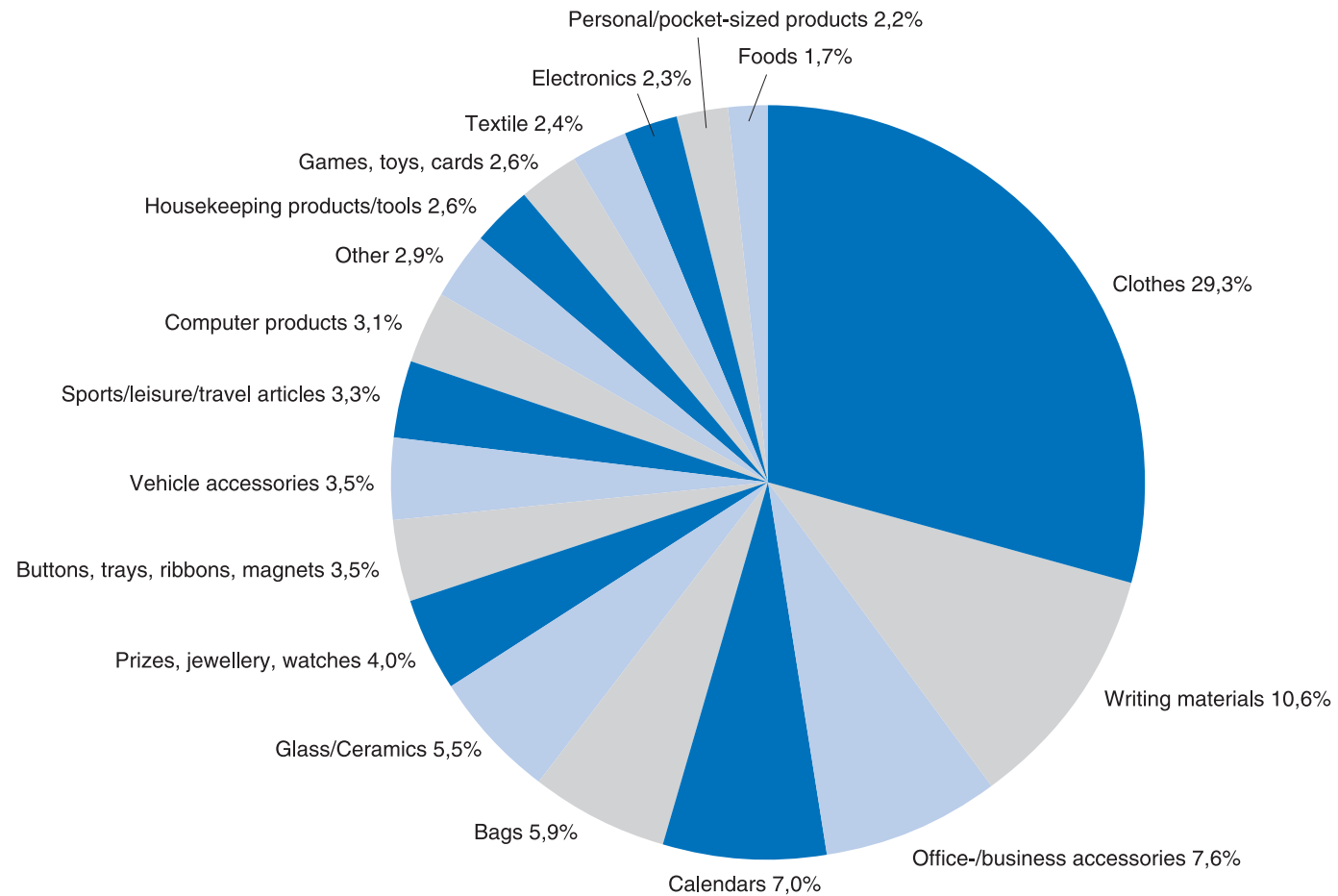


## The following owned trademarks are distributed within the Profiling business area:





# The Corporate Profiling market



% of sales (sales value in the retailing sector) within each product area respectively.

# How shall we succeed with working clothes?

## Our competitors have:

- ✓ Strong trademarks (Fristad, Snickers, Blåkläder, Jobman etc.)
- ✓ Good profitability
- ✓ High gross profit (some more than 50 percent)
- ✓ Good products
- ✓ Loyal customers
- ✓ Enough capital to be persistent

## How shall we succeed with working clothes?

- ✓ We have international distribution
- ✓ We will create many new retailers of working clothes, i.e. customers that do not sell working clothes today but want to. In Sweden, approximately 300 retailers are concerned.
- ✓ We will offer working clothes to our existing retailers and use our advantages as market leader within promo wear.
- ✓ We will be the only reliable alternative for retailers that want to offer promo wear, gifts and working clothes.
- ✓ Withing two years, we will be as good as our competitors when it comes to products, quality, range and logistics.

## Goal – working clothes

- 2003** No turnover. Negative result. Only in Sweden. No stock. Large development costs (products, personnel etc.).
- 2004** Goal: Turnover of SEK 20 m in Sweden. Loss of up to SEK –5 m.
- 2005** Goal: Turnover of SEK 40 m in Sweden. Introduction in Norway and Denmark. Total turnover of SEK 60 m. Small profit.
- 2006** Goal: Turnover of SEK 80 m in Sweden. Turnover of SEK 60 m in Norway and Denmark. Introduction in Finland and Germany with a turnover of SEK 20 m. Total turnover of SEK 160 m. Fine profit.
- 2007** Goal: Total turnover of at least SEK 250 m. Good profitability. Operations in more countries.
- 2008** Goal: Total turnover of at least SEK 350 m. Margin goal reached.

The development can be faster, but this plan is realistic.



## Vision – The Retailing business area

- ✓ To become the Nordic countries' main supplier of sports- and leisurewear.
- ✓ To become one of the main suppliers of quality shoes and gifts.
- ✓ To develop the owned trademarks Craft and Seger into international trademarks on functional sportswear.



# The Retailing business area

These owned trademarks are distributed within the Retailing business area:

- ✓ **CRAFT** – functional sportswear
- ✓ **CLIQUE** – basicwear, T-shirts etc, for the sports trade.
- ✓ **baz** – basic ware, T-shirts etc, for the everyday commodities trade.
- ✓ **SEGER** – socks, caps etc.
- ✓ **PAX** – children's shoes
- ✓ **Sköna marie** – ladies' shoes
- ✓ **sagaform** – gifts
- ✓ **NELSON** – domestic textile products
- ✓ **Queen Anne** – domestic textile products



## The Retailing business area

The following licence or agent trademarks are distributed in Sweden:

- ✓ **NORDICA** – skiing equipment
- ✓ **Rollerblade** – inlines
- ✓ **exel** – indoor bandy and skiing equipment
- ✓ **UMBRO** – football clothes and equipment



**UMBRO**

2003–2008

## Jan–dec 2003

### ✓ Turnover:

**+12 % to SEK 1,881.9 (1,687.3) m**

**Profiling: +11 % to SEK 1,154.6 (1,044.8) m**

**Retailing: +13 % to SEK 727.3 (642.5) m**

### ✓ Result:

**+ SEK 36.2 m to SEK 181.3 (145.1) m**

**Profiling: + SEK 24.1 m to SEK 127.5 (103.3) m**

**Retailing: + SEK 12.1 m to SEK 53.8 (41.8) m**



## Q4 2003

Turnover:

- ✓ + 1 % to SEK 584.7 (578.5) m
  - Profiling SEK 363.2 (357.2) m
  - Retailing SEK 221.5 (221.3) m

Result:

- ✓ + SEK 12.0 m to SEK 99.0 (86.0) m
  - Profiling SEK 64.4 (59.5) m
  - Retailing SEK 33.6 (26.5) m

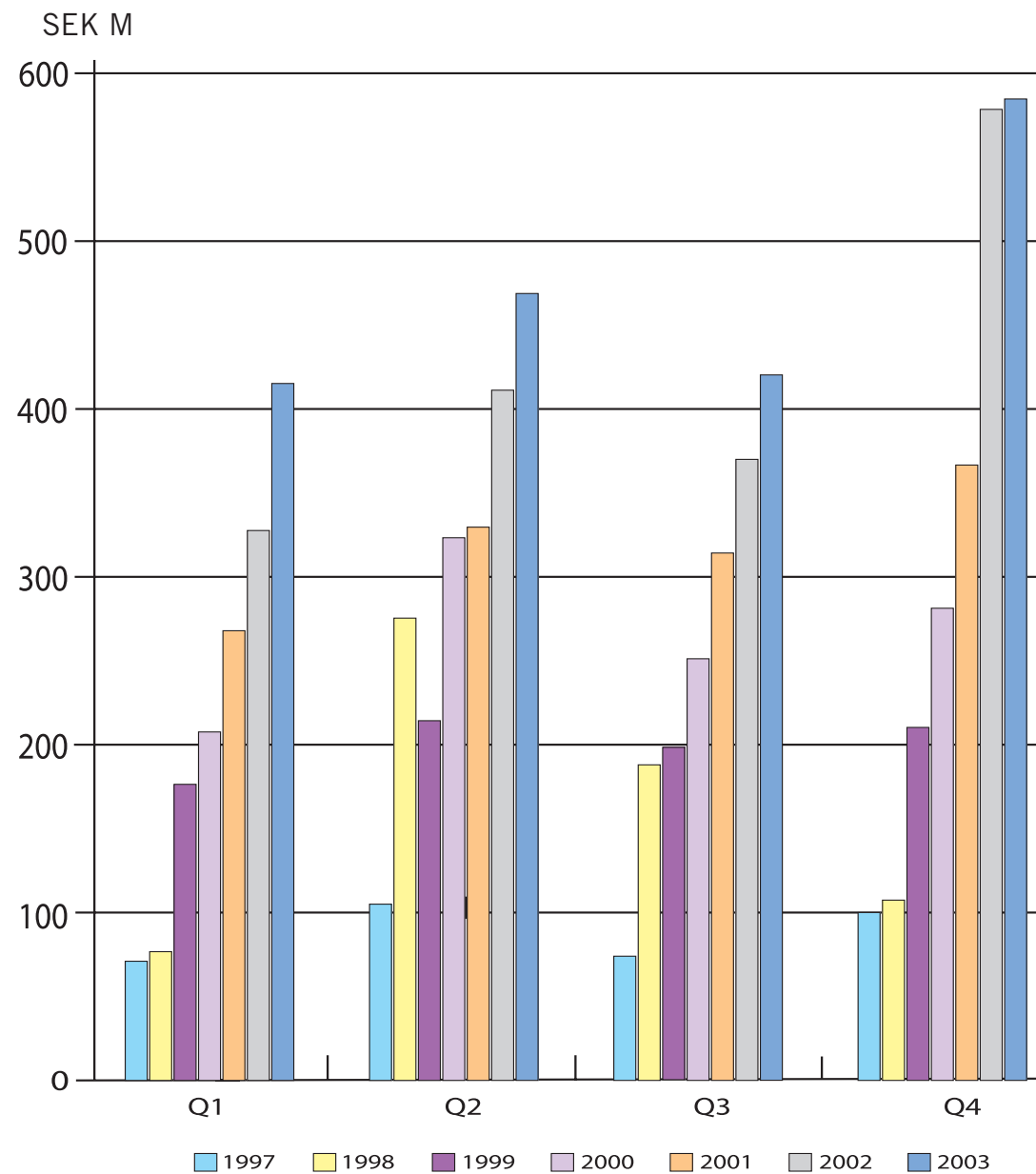
## Important events during Q4

- ✓ Acquisition of Swedish Match's promo wear distribution.
- ✓ Establishment in Switzerland continues, sales start during January 2004.
- ✓ Stock in Sko Team smoke damaged.
- ✓ Result affected by:
  - Central warehouse
  - Implementation of new business system
  - Investment in Switzerland
  - Investment in work wear
  - New establishment in China

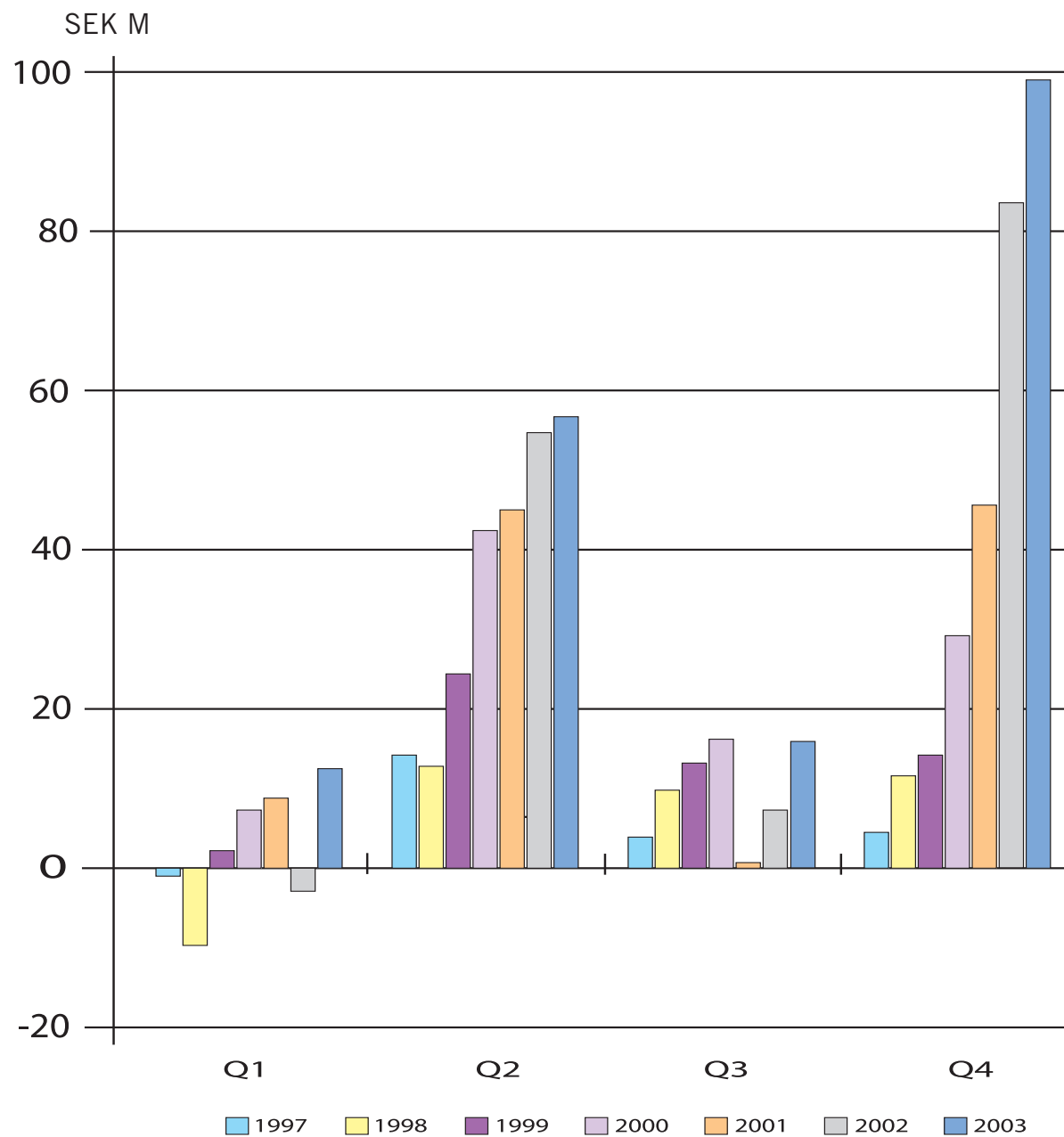
## Important events during Q4, p. 2

- ✓ Continued increase of market shares in all markets.
- ✓ Continued increase of gross margin.
- ✓ Establishment of ProJob according to plan.
- ✓ Toppoint launches Inside Out/D&J in Benelux.
- ✓ Cash flow - SEK 4.0 m after investments, in spite of large investments:
  - Real estate + warehouse in Switzerland
  - Warehouse in Dingle

## Sales



# Profit/Loss after net financial items



## Turnover per country (SEK m.)

COUNTRY	JAN - DEC 2003	JAN - DEC 2002	CHANGE	
			SEK M	%
Denmark	52,3	42,2	10,1	23,9
England	42,4	47,5	-5,1	-10,7
Finland	151,3	145,4	5,9	4,1
France	29,7	23,3	6,4	27,5
Benelux	222,3	132,8	89,5	67,4
Italy	116,7	95,8	20,9	21,8
Norway	170,8	164,4	6,4	3,9
Span	76,9	60,3	16,6	27,5
Sweden	847,2	837,4	9,8	1,2
Germany	108,9	83,9	25,0	29,8
Austria	15,5	11,0	4,5	40,9
Other	47,3	43,3	4,0	9,2
Totalt	1 881,3	1 687,3	194,0	11,5



# Income Statements

	3 months	3 months	12 months	12 months
	OKT-DEC	OKT-DEC	JAN-DEC	JAN-DEC
SEK MILLION	2003	2002	2003	2002
<b>Net sales</b>	<b>584.7</b>	<b>578.5</b>	<b>1 881.9</b>	<b>1 687.3</b>
Other income	12.0	0.8	13.5	2.2
Goods for resale	-310.7	-311.4	-1047.2	-980.7
<b>Gross profit</b>	<b>286.0</b>	<b>267.9</b>	<b>848.2</b>	<b>708.8</b>
<b>Gross margin</b>	<b>48.9%</b>	<b>46.3%</b>	<b>45.1%</b>	<b>42.0%</b>
Other external costs	-95.7	-87.5	-335.1	-278.0
% of income	16.4%	15.1%	17.8%	16.5%
Personnel costs	-74.8	-76.7	-263.9	-216.3
% of income	-12.8%	-13.3%	-14.0%	-12.8%
Depreciation	-10.4	-8.4	-39.6	-32.7
Other costs	-0.2	-0.2	-4.5	-2.8
<b>Operating profit</b>	<b>104.9</b>	<b>95.1</b>	<b>205.1</b>	<b>179.0</b>
Operating margin	17.9%	16.4%	10.9%	10.6%
<b>Net financial items</b>	<b>-6.9</b>	<b>-9.1</b>	<b>-23.8</b>	<b>-33.9</b>
<b>Result after financial items</b>	<b>98.2</b>	<b>86.2</b>	<b>181.4</b>	<b>145.2</b>
Tax for the period	-24.5	-19.0	-46.5	-30.8
Minority share	-2.2	-9.1	-1.3	-10.0
<b>Profit for the period</b>	<b>71.5</b>	<b>58.1</b>	<b>133.6</b>	<b>104.4</b>
<b>Profit margin</b>	<b>12.2%</b>	<b>10.0%</b>	<b>7.1%</b>	<b>6.2%</b>
Result per share	4.92	4.00	9.21	7.20

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# Financial Highlights

	JAN - DEC	JAN - DEC	JAN - DEC	JAN - DEC	JAN - DEC
SEK MILLION	2003	2002	2001	2000	1999
Sales growth %	11.5	32.0	20.2	33.1	11.0
Sales per employee	806.0	729.0	422.0	338.0	237.0
Gross profit margin %	45.0	42.0	40.6	38.8	33.6
Operating margin %	10.9	10.6	10.0	10.6	8.3
Profit margin %	7.1	6.2	6.4	6.1	4.6
Return on shareholders' equity %	23.8	22.0	20.9	23.7	19.9
Return on capital employed %	16.5	16.9	14.7	17.7	15.3
Solidity %	37.4	37.9	40.5	36.7	35.1
Net borrowings	692.5	629.0	519.7	427.8	248.6
Turnover of inventories, times	1.6	1.6	1.5	1.6	2.1
Net investments	80.0	153.6	85.1	37.8	32.5
Cash flow after investments	76.0	160.7	94.5	-108.3	-21.4
Cash flow before investments	-4.0	7.1	9.4	-146.1	-53.9
Shareholders' equity per share. SEK	42.25	35.26	29.99	24.42	16.60

# New Wave

## New Wave during the depression 2000–2003

✓ Turnover increase: 77%

✓ Result improvement: 93%

...despite large investments!

✓ When the market in the Nordic countries changes for the better, the potential for profit increase is great.

✓ Gross profit established at a higher level.

✓ Persevering goal is raised from 40% to 45%!

## Heavy growth 2004–2005

- ✓ Switzerland: Sales start January 15, 2004 – good start!
- ✓ Projob: Sales start August 15, 2004.
- ✓ Warehouse for Harvest/Printer in Spain March 1, 2004.
- ✓ Warehouse for Harvest/Printer in Switzerland September 1, 2004.
- ✓ Warehouse for Sagaform Profiling in Benelux September 1, 2004.
- ✓ D&J/Inside Out in Italy January 1, 2004.
- ✓ D&J/Inside Out in Spain July 1, 2004.
- ✓ Craft in Switzerland August 15, 2004, with its own distribution.
- ✓ Sagaform will be established in Switzerland September 1, 2004.

## Heavy growth 2004–2005, continuation

- ✓ Increased international focus from Craft on other countries.
- ✓ The Czech republic and Poland are prepared for start during next year.
- ✓ Last year's establishments in China take shape.
- ✓ D&J was established in Benelux January 1, 2003.
- ✓ Risk for a weaker result during the first quarter of 2004 due to Switzerland, China, Swedish Match's promo wear distribution.

Our pace has never been higher!

## Growth

- ✓ These establishments will increase the organic growth to 10–15% in approximately 6–12 months.
- ✓ A change in the Nordic countries will come. The question is when? Great potential!
- ✓ SMAP in January 1, 2004.

We have the capacity to make more acquisitions. This will give a high level of growth for the next-coming years.



# The two human types

From Wilhelm Moberg's *The Emigrants*:

Karl-Oskar:

"He, for his part, grow tired of striving if he no longer saw anything to strive for... And surely all people wanted something to strive for, at least as long as they were young... What else should they live for?"

Kristina:

"Perhaps it was better to walk as a living farm hand and heifer than to lie as a corps at the bottom of the sea and be eaten by whales and other cruel monsters."

**If you are a Karl-Oskar, what are you waiting for?**

# Continuous growth

**New Wave Group expects the growth to continue at the same pace as earlier, if the result allows it, through...**

- ✓ continuous organic growth
- ✓ continuous establishments of current trademarks abroad
- ✓ new establishments/product broadening/acquisitions within gifts
- ✓ new establishments/product broadening/acquisitions within working clothes
- ✓ continuous acquisitions of retail trademarks (sports)

*“The sky is the limit”*

**Why are we likely to succeed?**

## What we have accomplished so far speaks for itself...

Year	Sales SEK m	Increase SEK m	Increase %
1992	53		
1993	74	21	39.7 %
1994	102	28	37.8 %
1995	151	49	48.0 %
1996	246	95	62.9 %
1997	351	105	42.7 %
1998	721	370	105.4 %
1999	799	78	10.8 %
2000	1,063	264	33.0 %
2001	1,278	215	20.2 %
2002	1,687	409	32 %
2003	1,881.9	194.9	12 %

**...especially considering the fact that the profit has increased every year...**

Year	Net profit SEK m	Increase SEK m	Increase %
1992	3.8		
1993	7.5	3.7	97.4 %
1994	9.7	2.2	29.3 %
1995	14.5	4.7	48.5 %
1996	17.9	3.4	23.5 %
1997	21.6	3.7	20.7 %
1998	24.5	2.9	13.4 %
1999	54.1	29.6	120.8 %
2000	86.6	32.5	60.0 %
2001	100.1	13.5	15.6 %
2002	145.2	45.1	45.1 %
2003	181.3	36.1	25.0 %

# New Wave's success factors

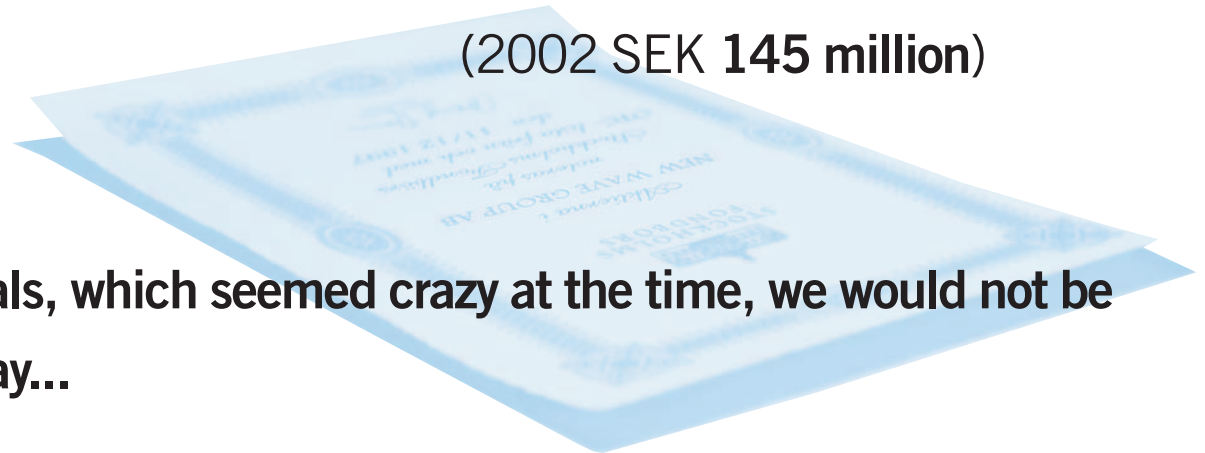
- ✓ Early integration
- ✓ Advantages of scale
- ✓ Synergies between the business areas
- ✓ Leads progress
- ✓ Good service/quality
- ✓ The customer is the most important
- ✓ The "New Wave culture"

# Three goals at the introduction in December 1997

(Sales of that time was app. SEK 350 million, the stock value was app. SEK 300 million and the profit/loss before taxes was SEK 21.6 million)

- ✓ Sales: **SEK 1 b** (met 2000)  
(2002 SEK **1,685 million**)
- ✓ Stock value: **SEK 1 b** (met 2000)  
(2002 SEK **1,280 million**)
- ✓ Profit/loss b. taxes: **SEK 100 m** (met 2001)  
(2002 SEK **145 million**)

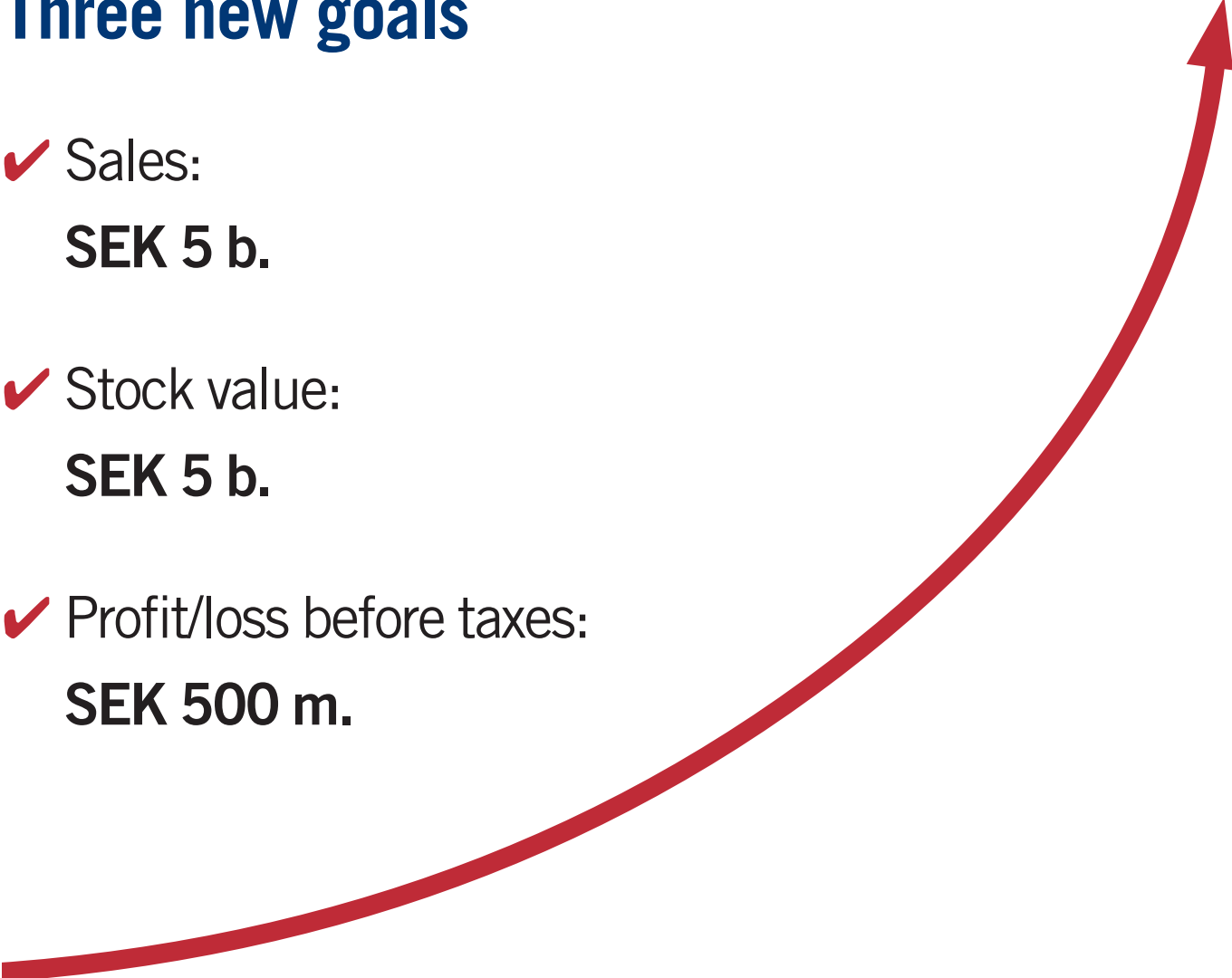
**Without these goals, which seemed crazy at the time, we would not be where we are today...**





## Three new goals

- ✓ Sales:  
**SEK 5 b.**
- ✓ Stock value:  
**SEK 5 b.**
- ✓ Profit/loss before taxes:  
**SEK 500 m.**



...and without these goals, which might seem crazy now, we will not be able to come as far as we plan to in the future! (When we have reached these goals, or just before we reach them, we will have new goals!)

**We hope that everybody who buys our  
products is a content customer  
and we want you to know that if you choose  
to invest in New Wave Group  
we promise that we will  
take care of your investment  
in the best possible way through long-term  
thinking, growth,  
stability and hard work!**

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