

Interim report – Q2 2009



This is New Wave Group

- New Wave Group is a **growth company**. We **create, acquire and develop brand articles** for the Corporate Promo- and Retail sales channels.
- We have three business areas: **Promo**; work wear, promo wear, and gifts & giveaways to independent promo companies, **Sports & Leisure** and **Gifts & Home Interior**, to consumers through resellers working with specialized stores.
- We operate through two sales channels; the **promo market** and the **retail market**. By being active on both these markets, the group achieves good **risk diversification**. We also achieve great **coordination advantages** since large portions of the assortment can be used for both sales channels.
- New Wave Group's competitive forces are **design, purchasing, logistics** and **marketing** of our brands.
- The products are mainly produced in Asia and to a lesser quantity in Europe.
- New Wave Group has since the start shown **strong growth** with **good margins**.

Business Area - Corporate Promo



Our vision is to

- *Become Europe's leading supplier of Corporate Promo Products by offering*
 - *A unique and complete concept to our resellers*
 - *High quality products and strong brands*
 - *High competence and service*

Business Area - Sports & Leisure

ANNIKA
CUTTER & BUCK.



CLIQUE

**CUTTER
& BUCK.**

CRAFT

EASTON

EXEL



**sköna
marie**



speedo

Our vision is to

- *Become the Nordic countries main supplier of Sports & Leisure Wear*
- *Develop Craft and Seger into international functional sportswear brands*
- *Develop Cutter & Buck into one of the world's leading brands within golf & leisure wear*

Business Area - Gifts & Home Interior

KOSTA
BODA
SWEDEN 1742



KOSTA LINNEWÄFVERI

Orrefors 

Orrefors JERNVERK



Our vision is to

- *Develop Orrefors and Kosta Boda into world leading brands within glass & crystal*

Interim Report

Q2 2009

Consolidated Q2, April-June 2009

- Sales amounted to MSEK 1 023 (1 245), -18%
- Profit after tax MSEK 60.5 (85.8)
- Cash flow from operating activities +401 to MSEK 373 (-28)
- Equity ratio increased to 35.8 (27.1) %
- Net debt–equity ratio decreased considerably to 129.7 (200.1)%

Comments Q2, April-June 2009

- **Sales -18% MSEK 1 023 (1 245)**
 - Weak market, primarily in Sweden and USA
 - Promo - 20% and Sport & Leisure -18%
 - Promo: general weak economy
 - Sport & Leisure: European Football Champ, weak market in USA
 - Currency effect MSEK +108.

- **Gross margin 49.2 (49.7) %**
 - Weak market in USA affecting

Comments Q2, April-June 2009

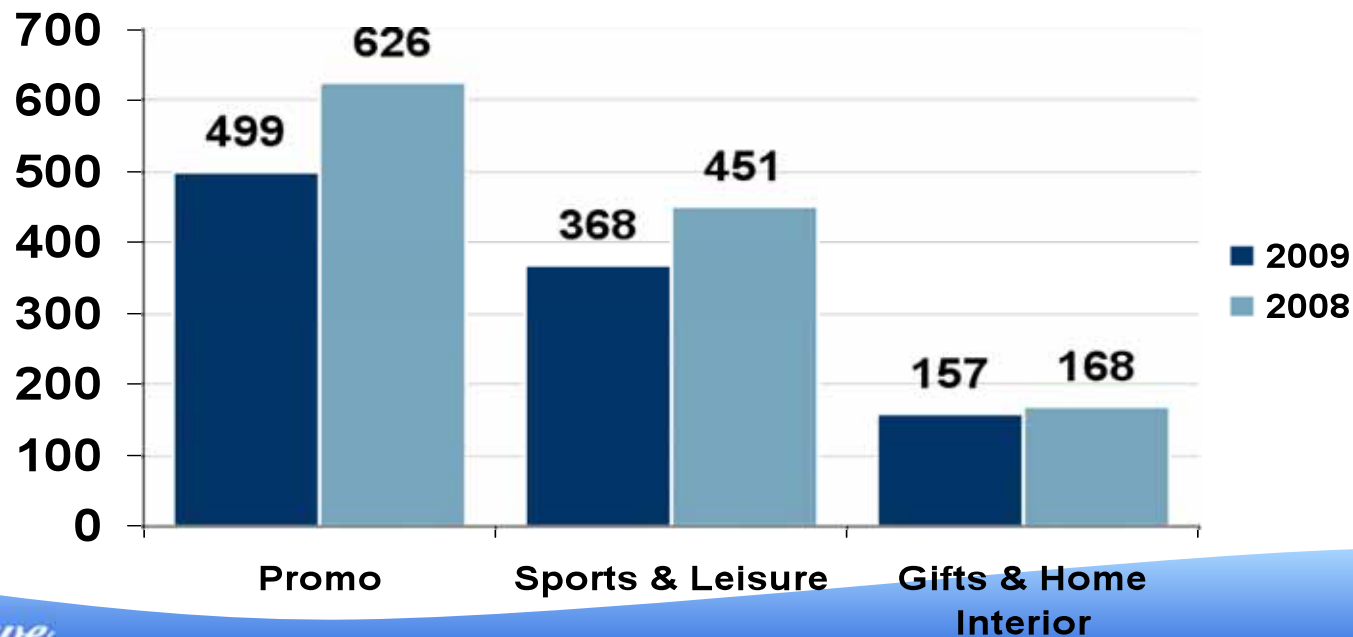
- **Profit after tax 60.5 (85.8)**
 - Lower volume, savings and sale of Orrefors glass collection and properties
- **Operating margin 9.4 (11.9) %**
 - Lower volume, savings and higher income from sale of Orrefors glass collection and properties
- **Result per share SEK 0.91 (1.22)**

Comments Q2, April-June 2009

- **Cash flow from operating act. +401 to MSEK 373 (-28)**
 - Decrease in stock primarily but also Acc Rec and credit terms
- **Equity ratio amounted to 35.8 (27.1) %**
 - Debt repayment
- **Net debt-equity ratio amounted to 129.7 (200.1) %**
 - Debt repayment

Business Areas – Sales, Apr-Jun 2009

- **Promo: -20% to MSEK 499 (626)**
 - Nordic countries weak, especially Sweden and Finland.
- **Sports & Leisure: -18% to MSEK 368 (451)**
 - Craft on same level, C&B affected by weak american economy
 - Prior year's sale in connection with EC in football
- **Gifts & Home Interior: -7% to MSEK 157 (168)**
 - Sweden Retail weak, China increasing



Business Areas – EBITDA, Apr-Jun 2009

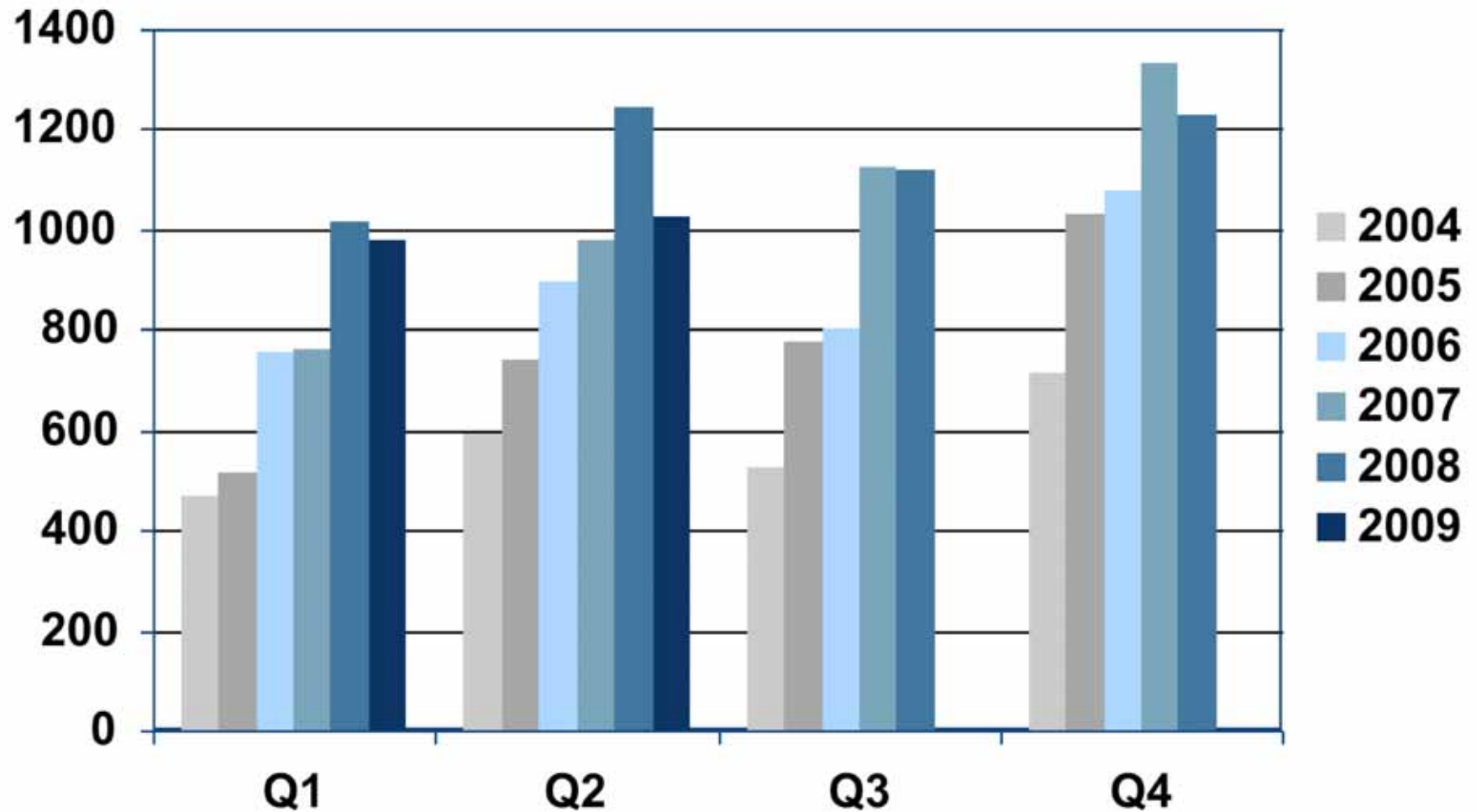
- **Promo: MSEK 71.3 (127.7)**
 - Volume related
- **Sports & Leisure: MSEK 28.7 (46.2)**
 - Volume related
 - Margin and costs
- **Gifts & Home Interior: MSEK 14.4 (-8.4)**
 - Gain in connection with sale of Orrefors glass collection and properties MSEK 16.4
 - Savings



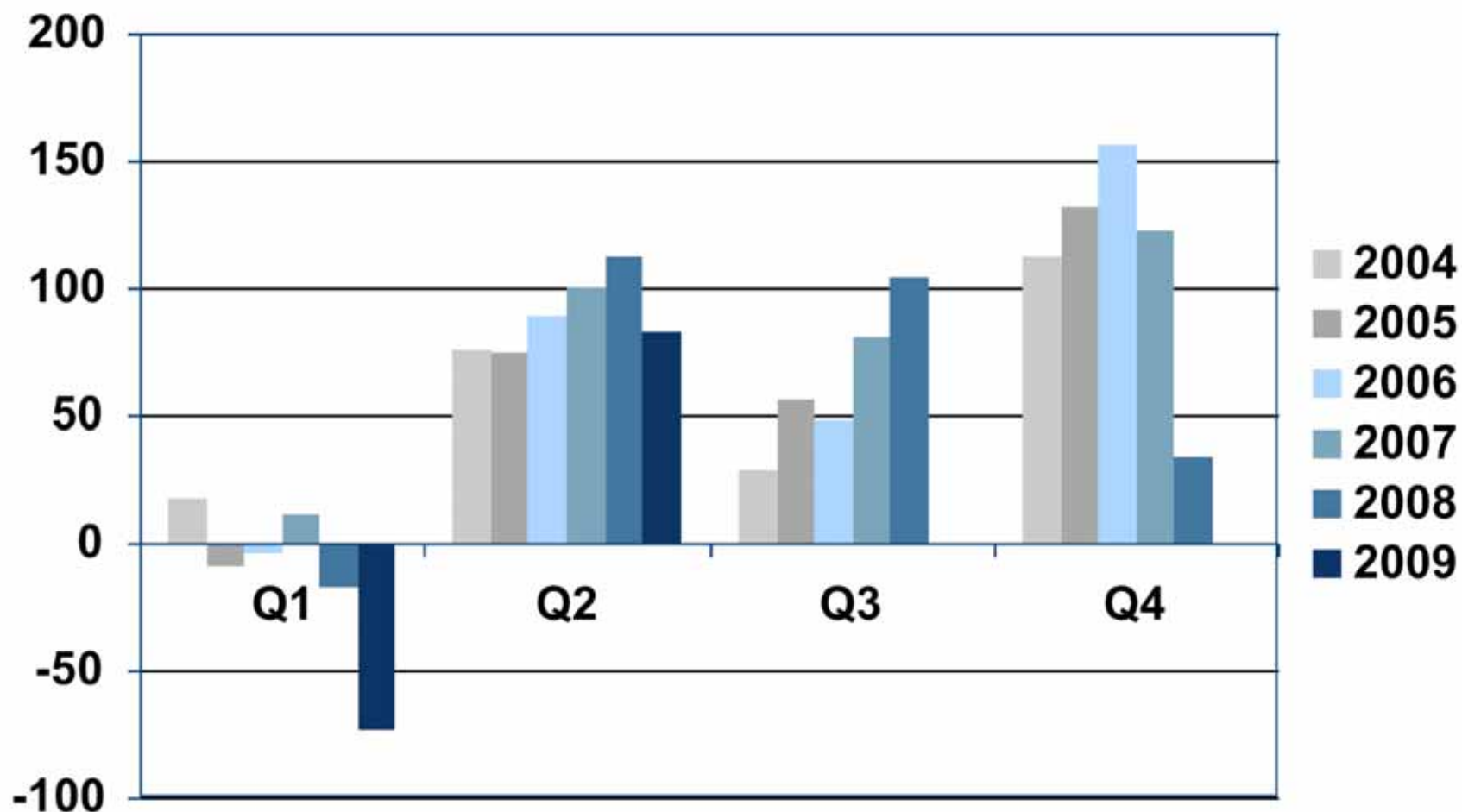
Geographical Allocation of Turnover

	APR-JUN 2009	Part of turnover	APR-JUN 2008	Part of turnover	Change MKR	%
Nordic countries	462	45%	623	50%	-161	-26
Central Europe	188	18%	209	17%	-21	-10
South Europe	130	13%	146	12%	-16	-11
North America	209	20%	235	19%	-26	-11
Other countries	33	3%	32	3%	1	3
Total	1 023	100%	1 245	100%	-222	-18

Sales



Result Before Tax



Income Statement

	3 mths APR-JUN 2009		3 mths APR-JUN 2008	
SEK Mkr				
Net sales	1 022,9		1 245,4	
Goods for resale	-519,3		-626,8	
Gross margin	503,6	49,2%	618,6	49,7%
Other operating income	22,0		6,4	
External costs	-220,1		-270,6	
Personnel costs	-182,8		-186,9	
Depreciation and amortization	-19,0		-16,7	
Other costs	-8,3		-2,0	
Operating profit	95,4	9,3%	148,8	11,9%
Net financial items	-12,8		-36,3	
Profit before tax	82,6	8,1%	112,5	9,0%
Tax for the period	-22,1		-26,7	
Net result	60,5	5,9%	85,8	6,9%
Net result / share bef dilution	0,91		1,22	

Financing

- **New agreement agreed with creditors**
 - **Main agreement ending 30 april, 2011**
 - **Equity ratio covenant continues and Creditfacility goes from MSEK 3.425 to 2.875 per 31 december, 2009 and then continue to decrease to 2.475 per 30 April, 2011.**
- **This agreement replaces earlier agreement and covenants.**

Consolidated Q2, January-June 2009

- **Sales -11% to MSEK 2 002 (2 260)**
- **Profit after tax MSEK 7.2 (70.8)**
 - Restructuring costs affected MSEK -56.4
- **Cash flow from operating activities +452 to MSEK 235 (-217)**

Comments Q2, January-June 2009

- **Sales -11% MSEK 2 002 (2 260)**
 - Weak market, primarily in Sweden and USA
 - Promo - 14%, Sport & Leisure -10%, Gifts & Home interior -6%
 - Promo: general weak economy
 - Sport & Leisure: strong in Europe but weak in USA
 - Gifts & Home Interior: weak retail sector in Sweden
 - Currency effect MSEK +216.

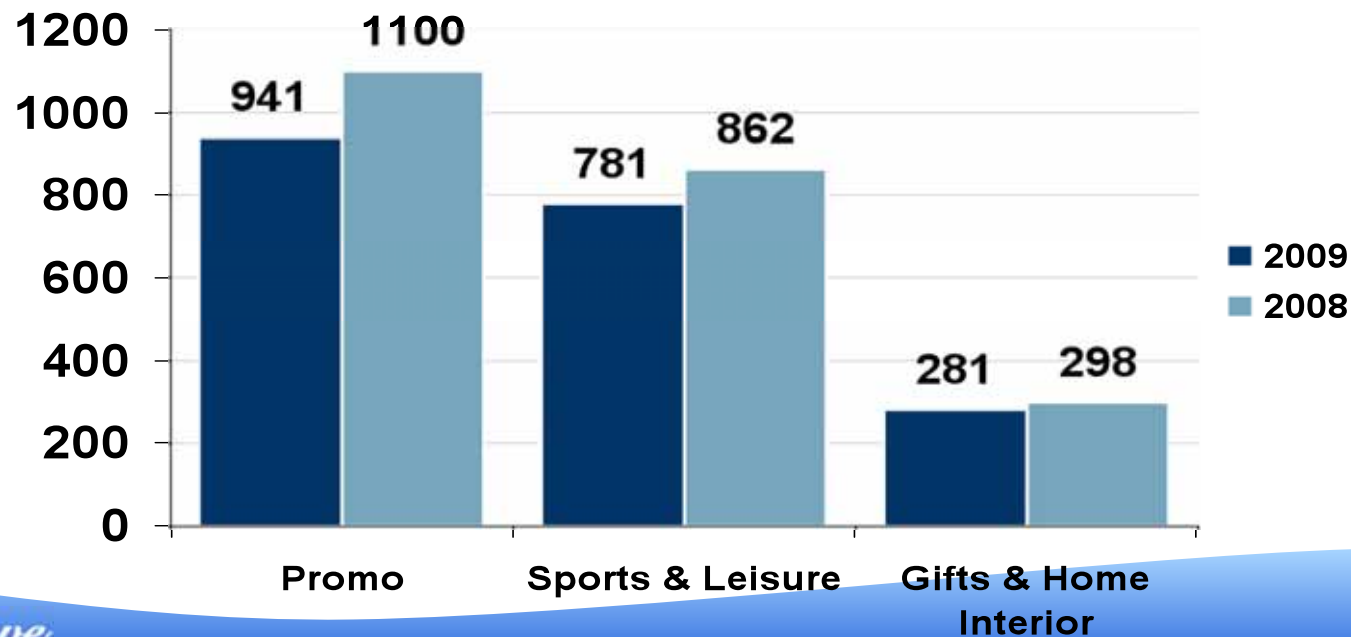
- **Gross margin 47.7 (48.7) %**
 - Restructuring cost and weak market in USA.

Comments Q2, January-June 2009

- **Profit after tax 7.2 (70.8)**
 - Lower volume, restructuring costs of MSEK 56.4
- **Operating margin 1.9 (7.3) %**
 - Lower volume, but also higher income from sale of Orrefors glass collection and properties
- **Result per share SEK 0.10 (1.07)**
- **Cash flow from operating act. +452 to MSEK 235 (-217)**
 - Decrease in stock primarily but also Acc Rec and credit terms

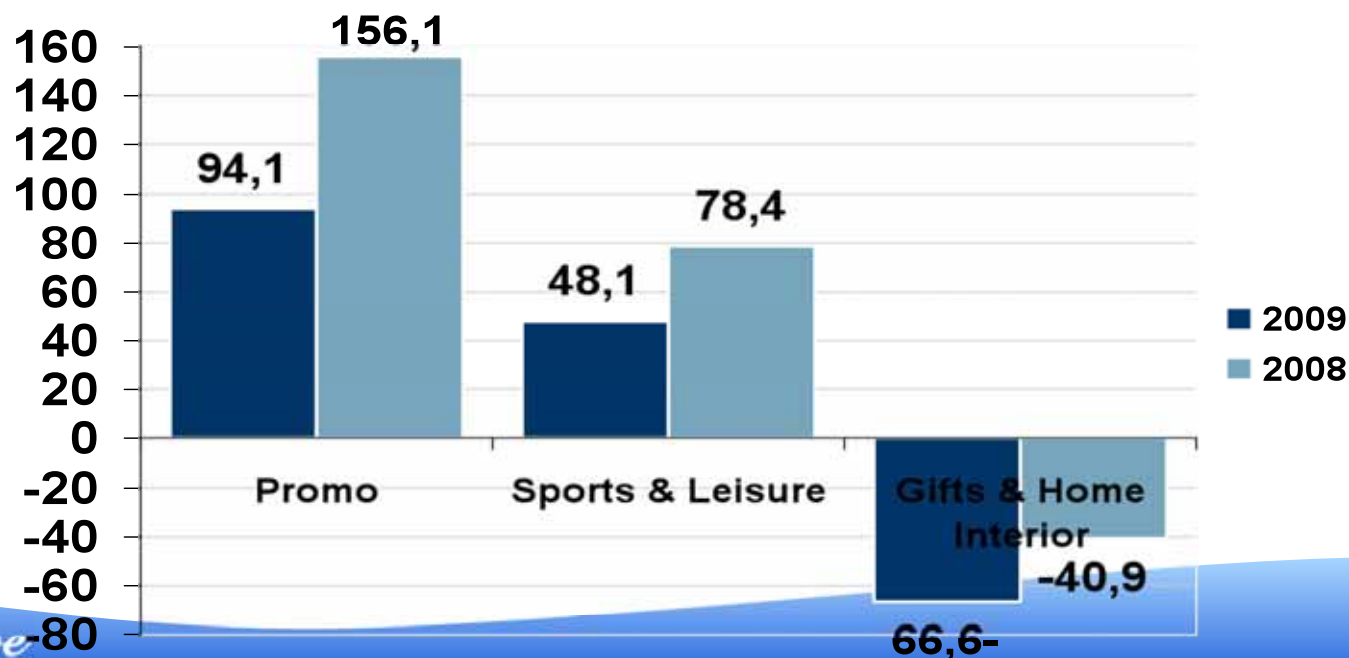
Business Areas – Sales, Jan-Jun 2009

- **Promo: -14% to MSEK 941 (1 100)**
 - Nordic countries weak, especially Sweden and Finland.
- **Sports & Leisure: -10% to MSEK 781 (862)**
 - Europe growth, USA weak
 - Craft increases, C&B affected by weak market in USA
 - Prior year's sale in connection with EC in football
- **Gifts & Home Interior: -6% to MSEK 281 (298)**
 - Sweden Retail weak, China increasing



Business Areas – EBITDA, Jan-Jun 2009

- **Promo: MSEK 94.1 (156.1)**
 - Volume related
- **Sports & Leisure: MSEK 48.1 (78.4)**
 - Volume related
 - Margin and costs
- **Gifts & Home Interior: MSEK -66.6 (-40.9)**
 - Restructuring costs of -70.1 MSEK
 - Gain in connection with sale of Orrefors glass collection/properties MSEK 16.4
 - Savings



Geographical Allocation of Turnover

	JAN-JUNE 2009	Part of turnover	JAN-JUNE 2008	Part of turnover	Change MSEK	%
Nordic countries	866	43%	1 079	48%	-213	-20
Central Europe	385	19%	399	18%	-14	-4
South Europe	251	13%	264	12%	-13	-5
North America	414	21%	446	20%	-32	-7
Other countries	86	4%	72	3%	14	20
Total	2 002	100%	2 260	100%	-258	-11

Financial Highlights

	JAN - JUN 2009	JAN - JUN 2008	JAN - DEC 2008	JAN - DEC 2007
Sales growth %	-11,4	30,1	9,8	18,8
Gross margin %	47,7	48,7	48,5	47,6
Operating margin before depreciation %	3,8	8,6	9,4	11,0
Operating margin %	1,9	7,3	8,0	9,7
Net profit margin %	0,4	3,1	3,2	5,5
Return on equity %	0,8	9,6	9,2	17,1
Return on capital employed %	2,0	8,6	9,0	12,8
Equity ratio %	35,8	27,1	34,1	29,9
Net debt %	129,7	200,1	140,5	163,9
Net debt SEK Mkr	2 352,1	2 660,9	2 576,3	2 357,0
Stock turnover - times	1,0	1,2	1,2	1,3
Cash flow before investments SEK Mkr	234,8	-217,0	-268,0	83,0
Net investments SEK Mkr	-6,6	-36,6	-65,2	-1 165,7
Cash flow after investments SEK Mkr	228,2	-253,6	-333,2	-1 082,7
Equity per share SEK Kr	27,33	20,05	27,64	21,68

CEO comments

- Focus during Q2 has been to **reduce capital tied up in stock, create cash flow and pay down debt.**
- Sales within **Promo and Sport & Leisuire lower then expected.**
- **Strong cash flow** from operating activities **373 (-28) MSEK**
- **Not really satisfied** with the result during Q2.
- **New agreement** regarding the terms for **financing**

Views on 2009

Continued weak market conditions for the rest of the year.

Continued strong focus on reducing stock, creating cash flow and decrease debt.

Evaluate certain markets.

Despite savings and deductions in personnel, New Wave expects profits before tax to be lower than 2008. Q3 is expected to be lower than previous year but Q4 higher than previous year.

Views on 2010 - 2012

2010: First half, continued focus on reducing stock and creating cash flow,

Second half, improve in sales and result, with continued focus on working capital and cash flow. Expected focus on Europe and North America.

2011&2012: Growth in sales and result, with better focus on cash flow then historical numbers.....

**We aim to make everyone who buys our products
a happy customer.**

**If you choose to invest in New Wave Group,
we want you to know that
we promise to take care of your investment
in the best possible way we know how —
through long-term thinking, growth, stability, and hard work!**