

Interim report – Q3 2009



Clique promowear jacket Babson.

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



speedo



sköna
marie

EASTON

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

Q3 2009

Consolidated Q3, July-September 2009

- Sales amounted to MSEK 1 002 (1 117), -10%
- Profit after tax MSEK 19.3 (74.7)
- Cash flow from operating activities +246 to MSEK 141 (-105)
- Equity ratio increased to 36.7 (30.5) %
- Net debt–equity ratio decreased further to 127.0 (169.4)%

Comments Q3, July-September 2009

- **Sales -10% MSEK 1 002 (1 117)**
 - General weak market in sales channel Promo, primarily in Sweden and USA
 - Promo - 20%
 - Promo: general weak economy
 - Sport & Leisure: Promo, particularly in USA
 - Currency effect MSEK +61.
- **Gross margin 44.6 (50.8) %**
 - Exceptional good margins py
 - Weak promo sales channel, especially in USA

Comments Q3, July - September 2009

- **Profit after tax 19.3 (74.7)**
 - Lower volume and gross margins
 - Savings in external costs
 - Savings in personnel, reduction with 408 employees of which 292 in production.
- **Operating margin 3.8 (12.8) %**
 - Lower volume, savings and higher income from sale of Orrefors glass collection and properties
- **Result per share SEK 0.29 (1.19)**

Comments Q3, July–September 2009

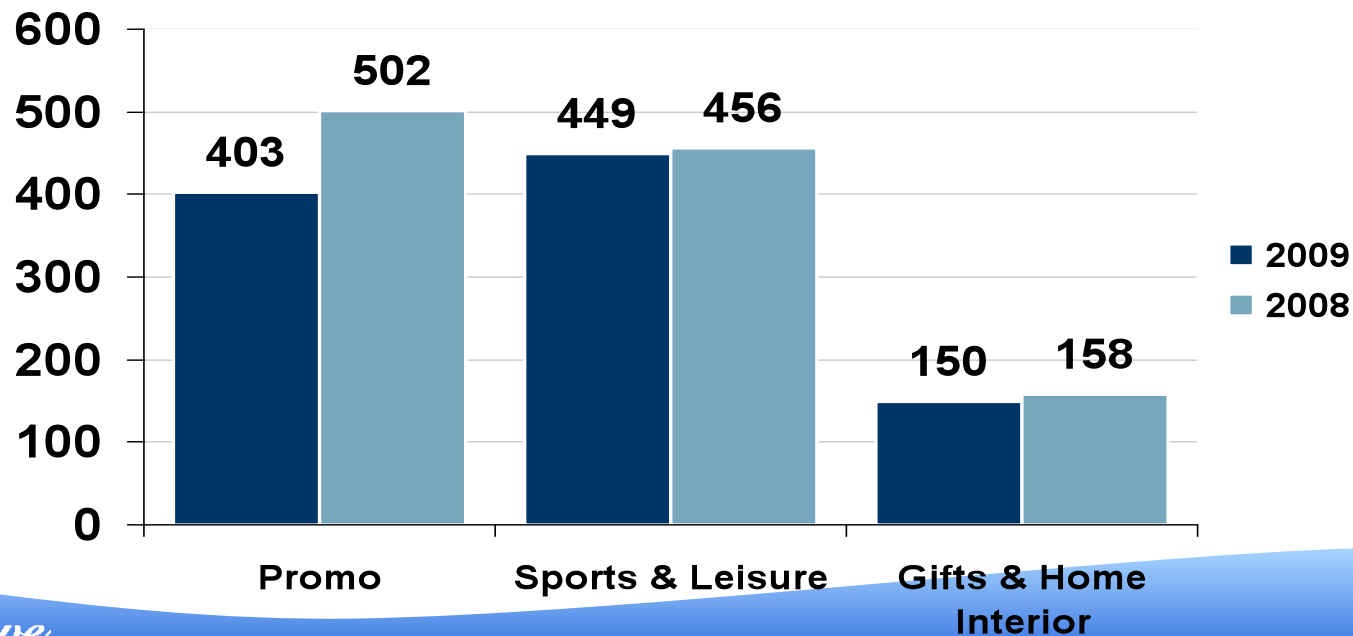
- **Cash flow from operating act. +246 to MSEK 141 (-105)**
 - Decrease in stock primarily but also Acc Rec and credit terms
- **Equity ratio amounted to 36.7 (30.5) %**
 - Debt repayment
- **Net debt-equity ratio amounted to 127.0 (169.4) %**
 - Debt repayment

Income Statement

	3 mths JUL- SEP		3 mths JUL- SEP	
SEK Mkr	2009		2008	
Net sales	1 002,2		1 117,3	
Goods for resale	-555,5		-549,8	
Gross margin	446,7	44,6%	567,5	50,8%
Other operating income	2,1		23,2	
External costs	-226,5		-259,9	
Personnel costs	-166,6		-167,5	
Depreciation and amortization	-17,1		-16,5	
Other costs	-0,9		-4,0	
Operating profit	37,7	3,8%	142,8	12,8%
Finansiella intäkter	0,0		2,6	
Finansiella kostnader	-11,4		-41,8	
Net financial items	-11,4		-39,2	
Profit before tax	26,3	2,6%	103,6	9,3%
Tax for the period	-7,0		-28,9	
Net result	19,3	1,9%	74,7	6,7%
Net result / share bef dilution	0,29		1,19	

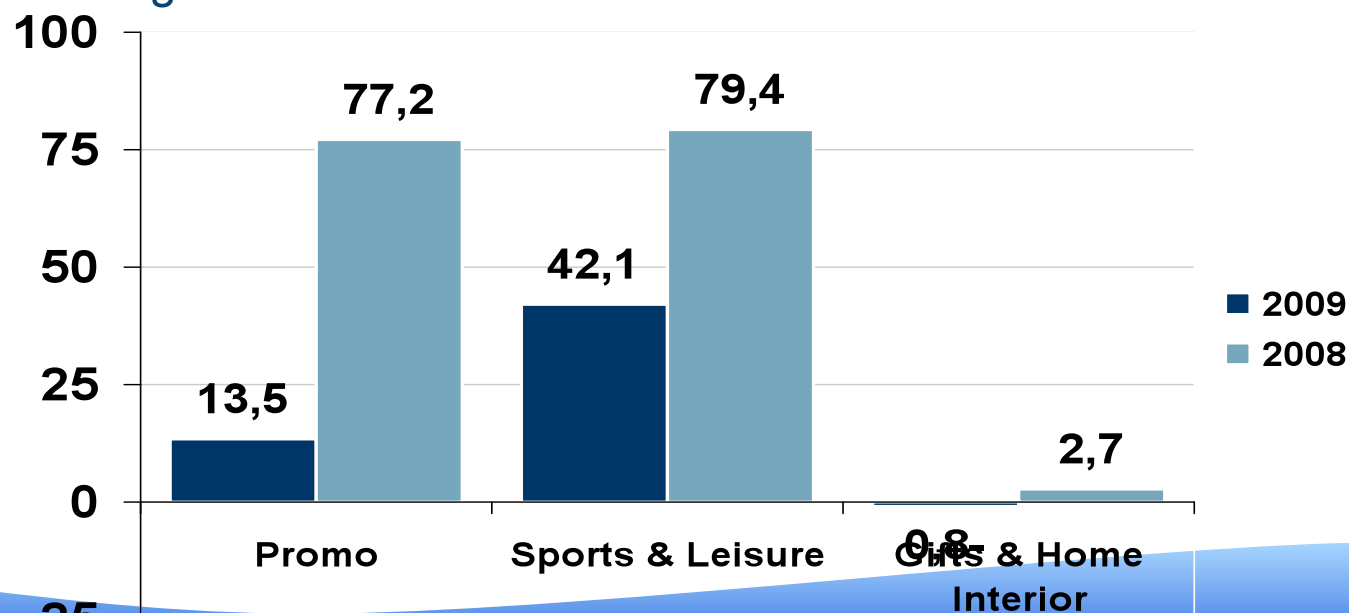
Business Areas – Sales, Jul-Sep 2009

- **Promo: -20% to MSEK 403 (502)**
 - General weak market.
- **Sports & Leisure: -2% to MSEK 449 (456)**
 - Craft increasing, C&B affected by weak american economy
 - Sales channel Promo weak
- **Gifts & Home Interior: -5% to MSEK 150 (158)**
 - Orrefors Kosta Boda export weak



Business Areas – EBITDA, Jul-Sep 2009

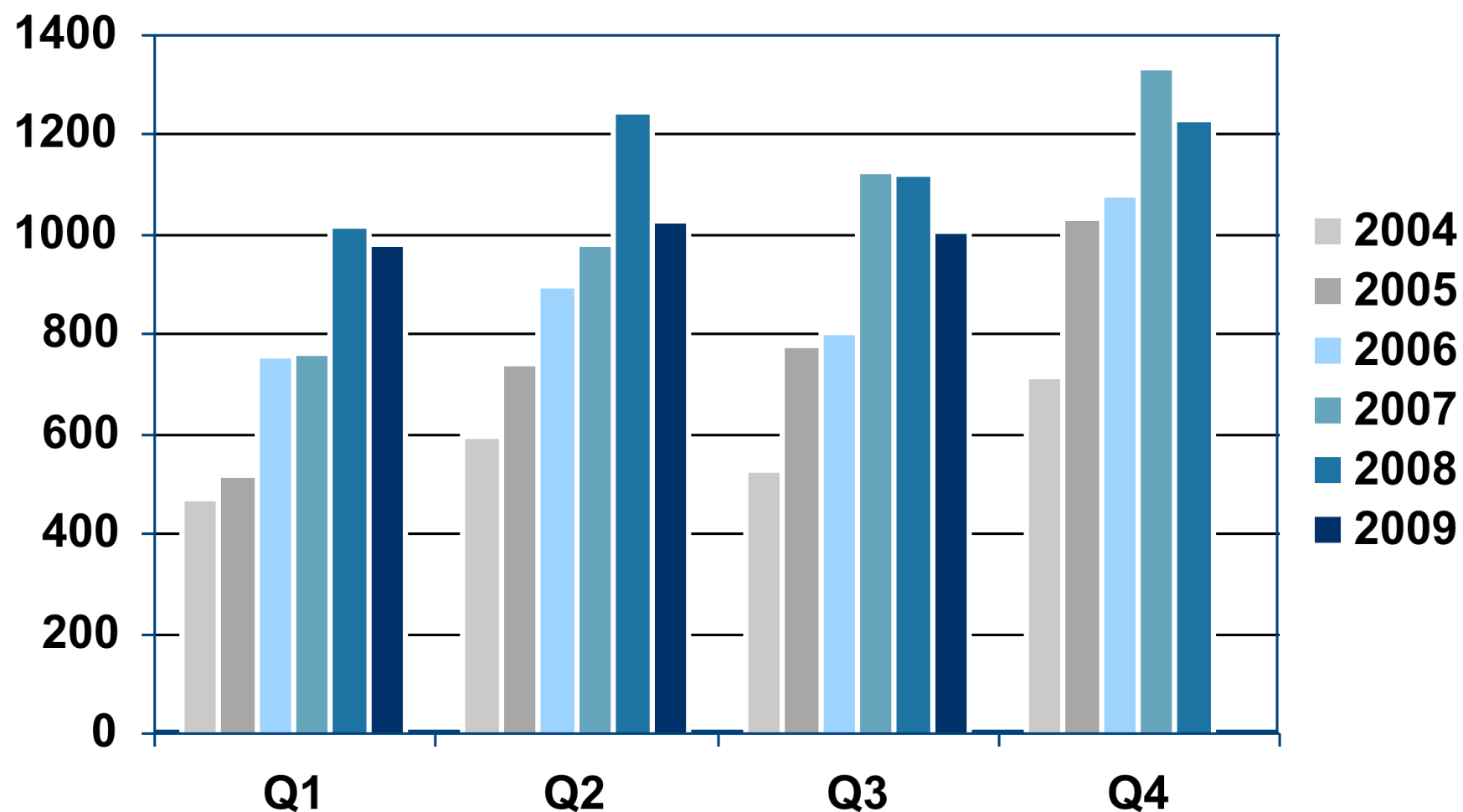
- **Promo: MSEK 13.5 (77.2)**
 - Volume and margin related
- **Sports & Leisure: MSEK 42.1 (79.4)**
 - Volume related
 - Margin and costs
- **Gifts & Home Interior: MSEK -0.8 (2.7)**
 - Prior year included insurance compensation in connection with fire (5 MSEK)
 - Savings



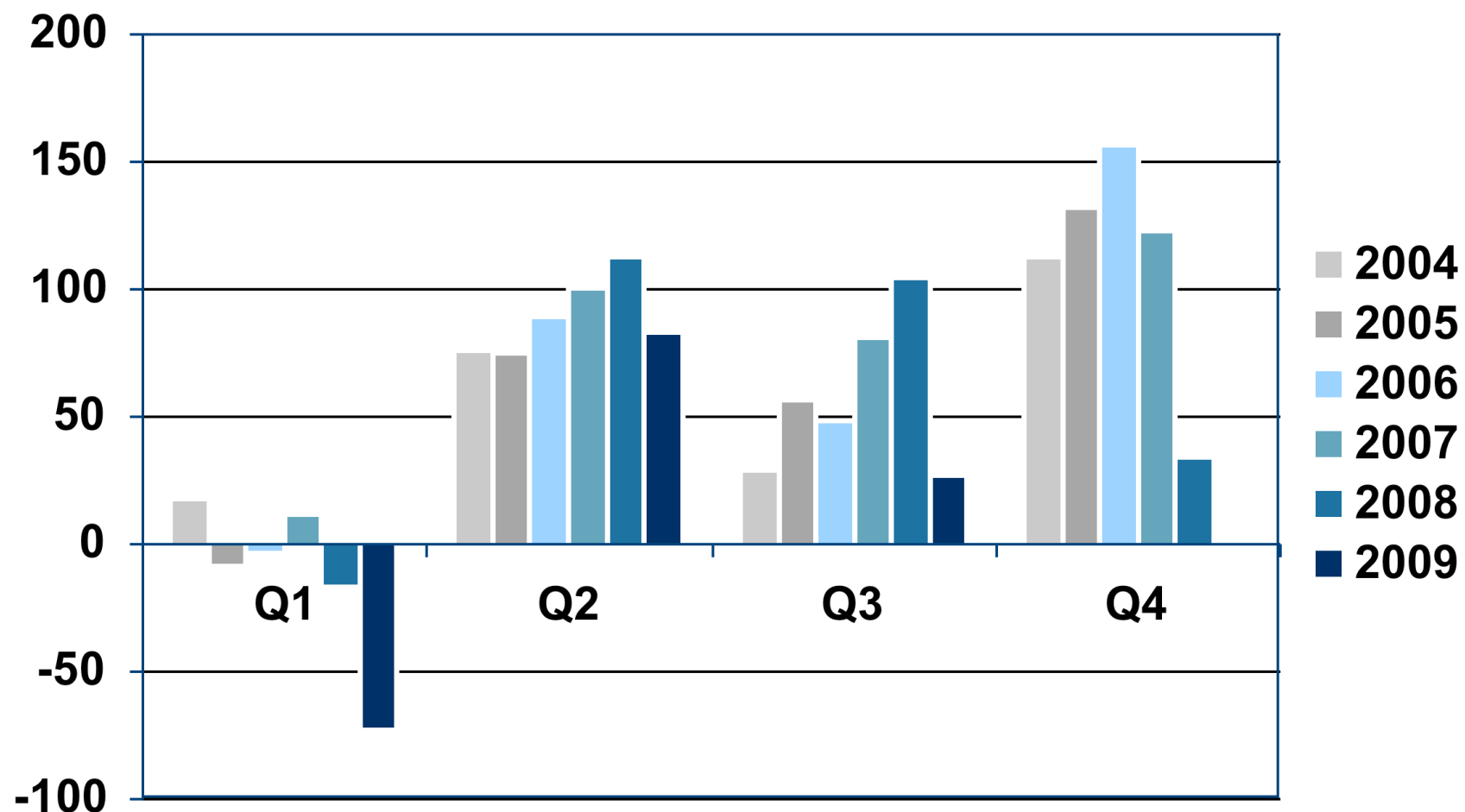
Geographical Allocation of Turnover

	JUL-SEP 2009	Part of turnover	JUL-SEP 2008	Part of turnover	Change MKR	%
Nordic countries	456	45%	496	44%	-40	-8
Central Europe	180	18%	200	18%	-19	-10
South Europe	102	10%	114	10%	-12	-11
North America	225	22%	270	24%	-45	-17
Other countries	39	4%	38	3%	1	4
Total	1 002	100%	1 117	100%	-115	-10

Sales



Result Before Tax



Consolidated Q3, January-September 2009

- Sales -11% to MSEK 3 005 (3 378)
- Profit after tax MSEK 26.5 (145.5)
 - Restructuring costs affected MSEK -56.4
- Cash flow from operating activities +698 to MSEK 376 (-322)

Comments Q3, January-September 2009

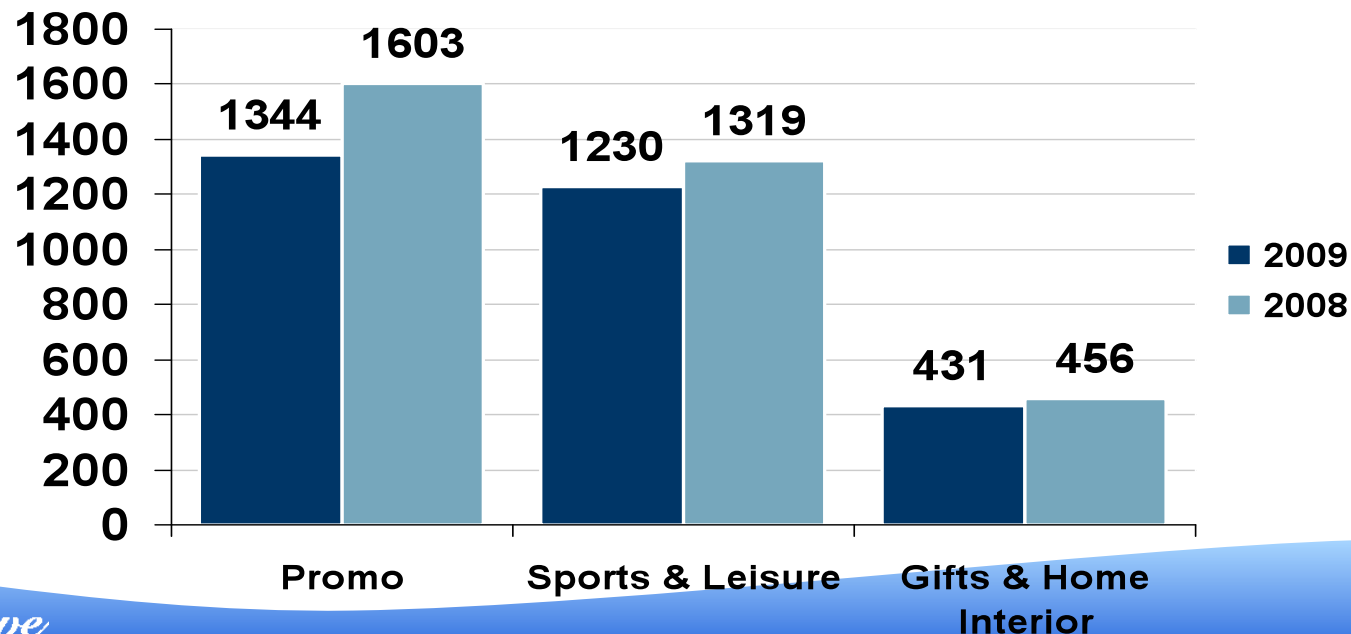
- **Sales -11% MSEK 3 005 (3 378)**
 - Weak market, primarily in Sweden and USA
 - Promo - 16%, Sport & Leisure -7%, Gifts & Home interior -6%
 - Promo: general weak economy
 - Sport & Leisure: strong Retail, weak Promo USA
 - Gifts & Home Interior: weak retail sector in Sweden
 - Currency effect MSEK +277.
- **Gross margin 46.7 (49.4) %**
 - Restructuring cost and weak market in USA.

Comments Q3, January-September 2009

- **Profit after tax 26.5 (145.5)**
 - Lower volume, restructuring costs of MSEK 56.4
- **Operating margin 2.5 (9.1) %**
 - Lower volume and margin, but also higher income from sale of Orrefors glass collection and properties
- **Result per share SEK 0.39 (2.19)**
- **Cash flow from operating act. +698 to MSEK 376 (-322)**
 - Decrease in stock primarily but also Acc Rec and credit terms

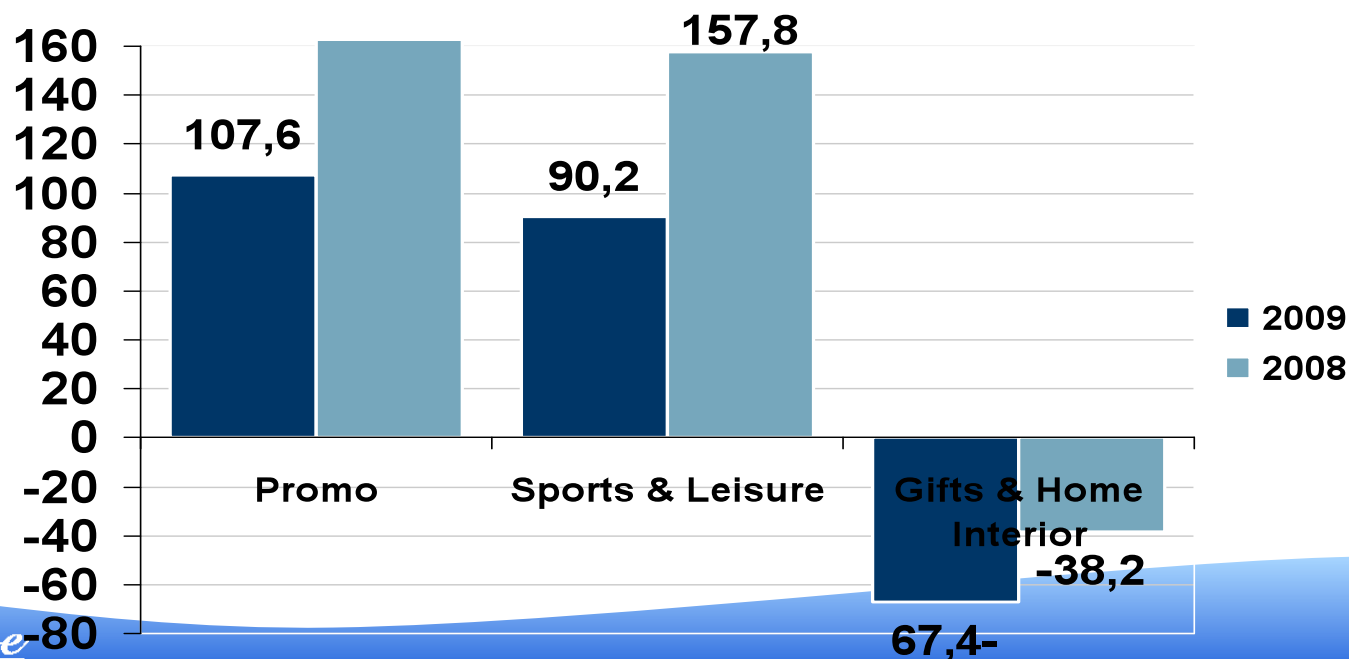
Business Areas – Sales, Jan-Sep 2009

- **Promo: -16% to MSEK 1 344 (1 603)**
 - Nordic countries weak, especially Sweden and Finland.
- **Sports & Leisure: -7% to MSEK 1 230 (1 319)**
 - Europe growth (retail), USA weak (primarily promo)
 - 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 431 (456)**
 - Sweden Retail weak



Business Areas – EBITDA, Jan-Sep 2009

- **Promo: MSEK 107.6 (233.3)**
 - Volume related
- **Sports & Leisure: MSEK 90.2 (157.8)**
 - Volume related
 - Margin and costs
- **Gifts & Home Interior: MSEK -67.4 (-38.2)**
 - 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-SEP 2009	Part of turnover	JAN-SEP 2008	Part of turnover	Change MSEK	%
Nordic countries	1 342	45%	1 575	47%	-233	-15
Central Europe	566	19%	599	18%	-33	-6
South Europe	353	12%	378	11%	-25	-7
North America	638	21%	715	21%	-77	-11
Other countries	106	4%	110	3%	-4	-4
Totalt	3 005	100%	3 378	100%	-373	-11

Financial Highlights

	JAN - SEP 2009	JAN - SEP 2008	JAN - DEC 2008	JAN - DEC 2007
Sales growth %	-11,4	18,0	9,8	18,8
Gross margin %	46,7	49,4	48,5	47,6
Operating margin before depreciation %	4,3	10,4	9,4	11,0
Operating margin %	2,5	9,1	8,0	9,7
Net profit margin %	0,9	4,3	3,2	5,5
Return on equity %	2,0	12,8	9,2	17,1
Return on capital employed %	2,5	10,0	9,0	12,8
Equity ratio %	36,7	30,5	34,1	29,9
Net debt %	127,0	169,4	140,5	163,9
Net debt SEK Mkr	2 171,6	2 739,9	2 576,3	2 357,0
Stock turnover - times	1,1	1,1	1,2	1,3
Cash flow before investments SEK Mkr	376,0	-321,5	-268,0	83,0
Net investments SEK Mkr	-41,9	-58,8	-65,2	-1 165,7
Cash flow after investments SEK Mkr	334,1	-380,3	-333,2	-1 082,7
Equity per share SEK Kr	25,77	24,38	27,64	21,68

CEO comments

- Sales channel **Promo lower then expected**
- Margins lower in a **weak market**
- **Not satisfied** with the **result** during Q3
- Continued focus in Q3 has been to **reduce capital tied up in stock, create cash flow** and **pay down debt**.
- **Improved cash flow** from operating activities **141 (-105) MSEK**
- **Satisfied** with the **cash flow** and **decrease in stock and debt**

Views on 2009

Continued weak market conditions for the rest of the year.

Sales still weak but with a lower deviation vs prior year than earlier quarters. Result before tax expected to be higher than prior year's fourth quarter.

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

Views on 2010 - 2012

2010: Stronger balance sheet, focus on sales and marketing.

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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.

2011, 2012: Growth in sales and result. 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!**