



# *NewWave*

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G R O U P

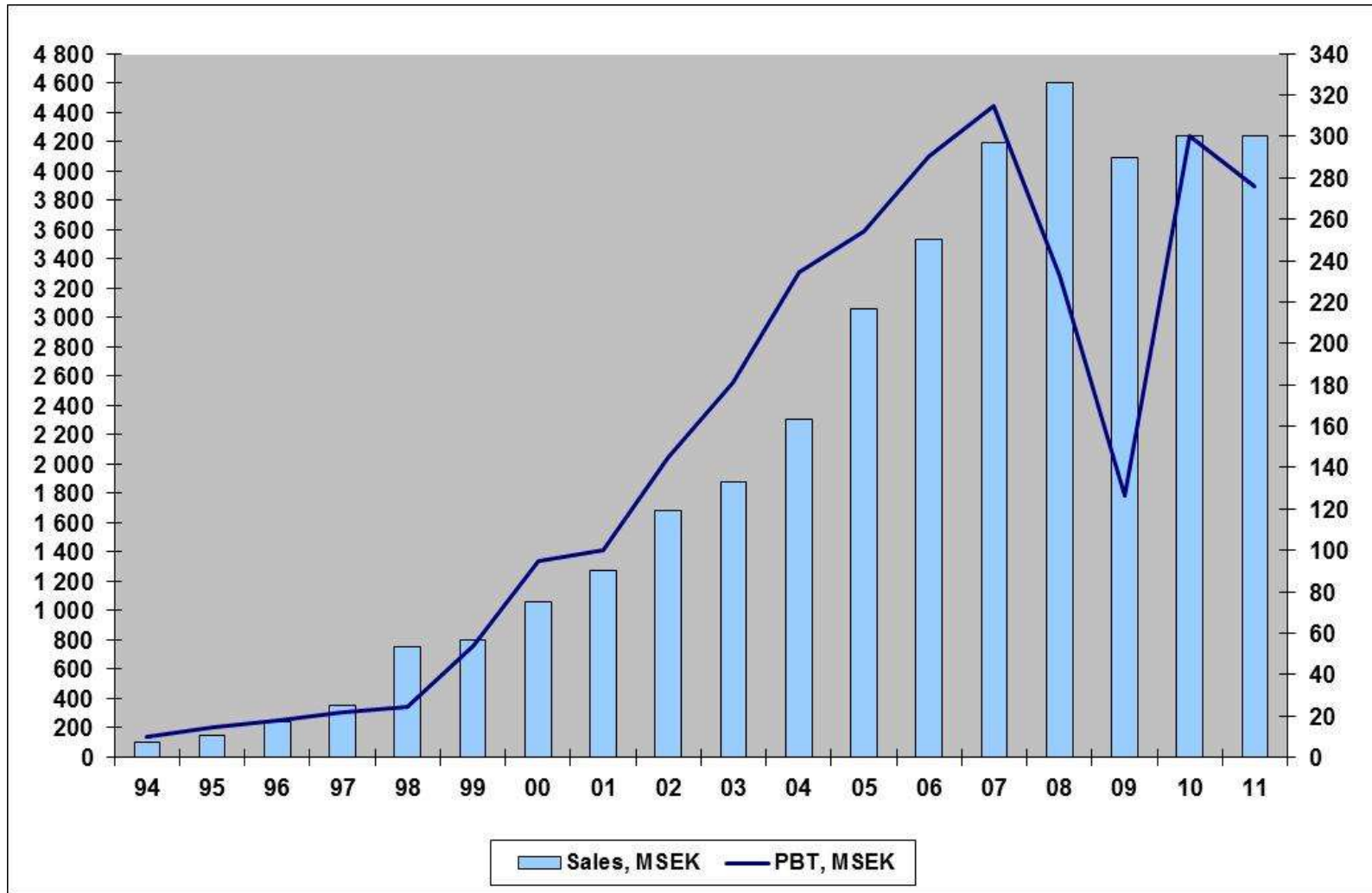
Interim report January – June 2012

# This is New Wave Group



- ★ New Wave Group is a **growth company**. We **design, acquire and develop brands and products** in the **corporate promotion, gifts and home furnishings** sectors.
- ★ Our three operating segments are: **Corporate Promo**; promowear, promotional gifts and workwear, **Sports & Leisure** and **Gifts & Home Furnishings**.
- ★ We are active in two sales channels; the **promo market** and the **retail market**. By being active in both markets the Group achieves **good risk diversification**. We also achieve great **synergy advantages** since major parts of our product range can be used in both sales channels.
- ★ New Wave Group's strengths are **design, purchasing, logistics and marketing** of our brands.
- ★ The products are mainly produced in Asia and to a certain, lesser extent in Europe.
- ★ New Wave Group has since the start had **strong growth and good margins**.

# Historical development



*British football brand Umbro is one of New Wave Group's four licensed brands.*



**Our brands**

## Corporate Promo



## Sport & Leisure



## Gifts & Home Furnishings



# Operating segments and markets

New Wave Group distributes more than 40 different brands, 4 of which are licensed brands. The rest are fully owned.

Each brand is categorised according to which of our three operating segments it belongs to; Corporate Promo, Sports & Leisure or Gifts & Home Furnishings.

The brands are distributed in both the promo market and the retail market to achieve good risk diversification.





# Corporate Promo

Corporate Promo is New Wave Group's largest operating segment and it is divided into three additional segments; promowear, promotional gifts and workwear.

The segment's domestic market is the Nordic countries which also answer for most of the sales at 43 % in 2011.

The brands in the Corporate Promo operating segment are sold primarily in the promo sales channel, but some brands are sold in the retail sales channel as well.

# Corporate Promo promowear

New Wave Group offers clothes adapted for printing and embroidery which, in addition to price and quality, also cover all application areas and sizes – from favourably priced basic garments to detailed garments made of exclusive textiles, leisure, work and sports clothes, clothes in classic and trend colours, in sizes from XS to XXXL.

★ *Harvest*

promowear to create team-spirit

★ *Jingham*

basic high-volume garments in classic company colours

★ *Clique*

high-quality basic garments and accessories in a wide range of colours and sizes

★ *New Wave*

exclusive and refined promowear

★ *Printer*

simple designs at great prices

★ *Grizzly*

good quality sporty promowear for active people

★ *Texas Bull*

basic garments perfect for large-volume activities

★ *Mac One*

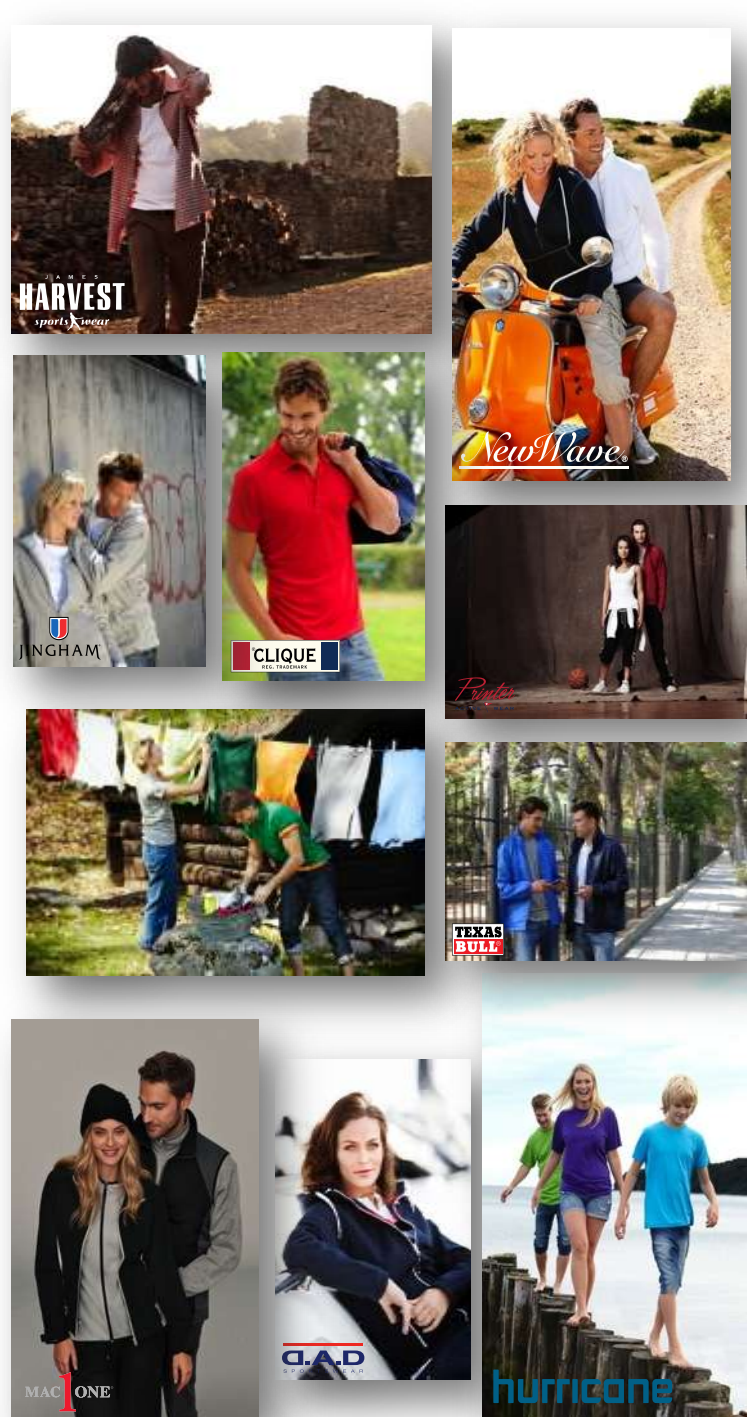
wide range of classic garments for internal and external corporate marketing

★ *DAD*

maritime promowear for ambitious companies

★ *Hurricane*

strong basic textiles



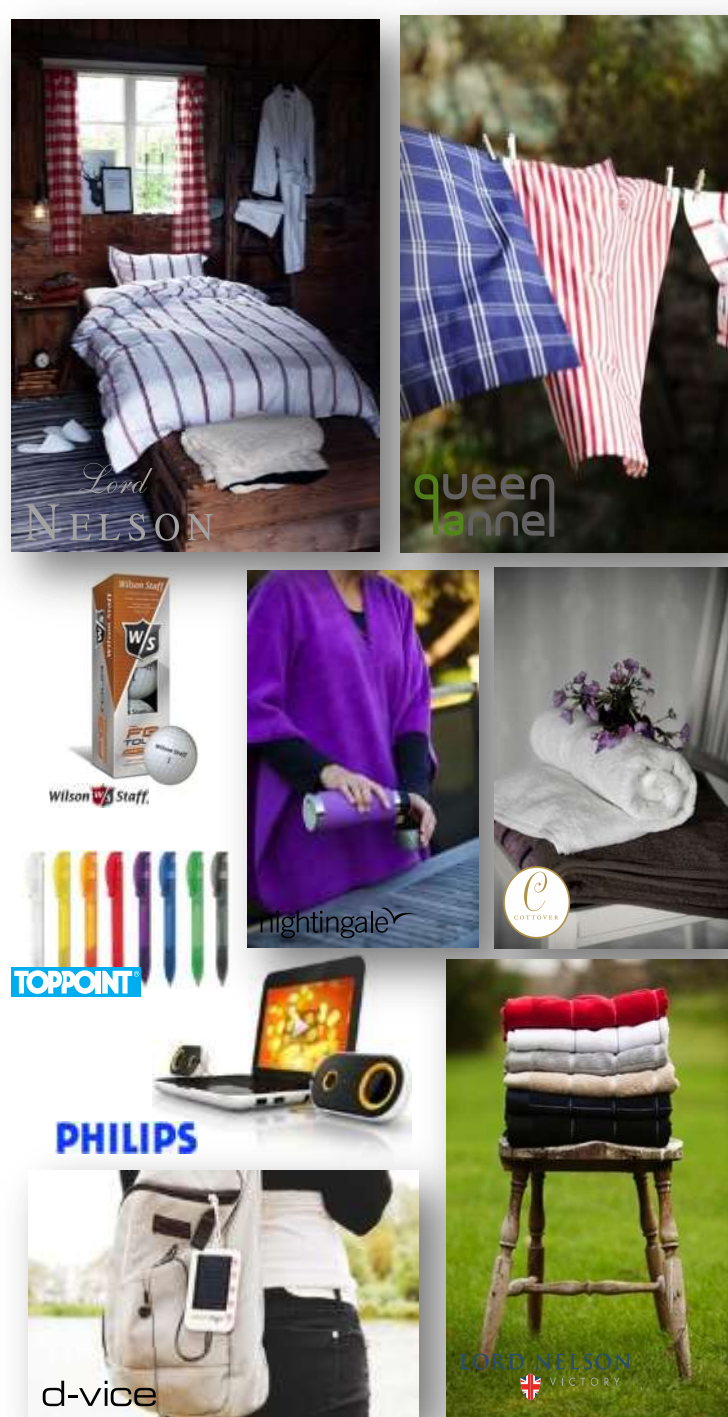


# Corporate Promo promotional gifts

The promotional gifts concept is broad and the segment covers a multitude of products and price classes.

New Wave Group can offer everything from pens, USB flash drives and digital picture frames to handbags, bed linen and towels.

- ★ *Lord Nelson* classic high-quality bed, bath and kitchen textiles
- ★ *Queen Anne* bed, bath and home furnishing products at great value for money
- ★ *Wilson Staff* reasonably priced high-performance golf balls suitable for profiling (licensed brand)
- ★ *Toppoint* giveaways such as pens and USB drives used to enhance corporate identity
- ★ *Nightingale* textile products at unbeatable prices
- ★ *Cottover* high-quality terry and fleece promo products
- ★ *Philips* a selection of Philips products available in the promo market (licensed brand)
- ★ *d-vice* innovative latest technology gadgets and devices
- ★ *Lord Nelson* top of the line bed and bath textiles





*There is a vast need for personal protection in some work areas. In Sweden, the issue is intensely promoted by trade unions.*



**JOBMAN**  
WORKWEAR



**PROJOB**

# Corporate Promo workwear

New Wave Group can offer workwear for such professional categories as construction and installation, painters and plasterers, transport and service, and hotel and restaurant.

The collection is all-inclusive, ranging from underwear to outer garments for all seasons and weather conditions, retro-reflexive clothing, shoes, gloves, carrying systems and accessories.

All garments and products are ergonomic and durable and come in sizes for both women and men.

- ★ **Jobman** workwear for construction workers, painters and transport businesses
- ★ **ProJob** complete workwear line, including safety shoes, high-visibility clothing and flame retardant garments



*Maritime promowear brand DAD Sportswear is the proud sponsor of 65 feet long Celeste of Solent Farr65r. The race is on!*

# Corporate Promo vision

The vision for the Corporate Promo operating segment is to become the leading supplier in Europe and one of the leading suppliers in the USA of promotional products by offering retailers a broad product range, strong brands, advanced expertise and service, and a superior all-inclusive concept.



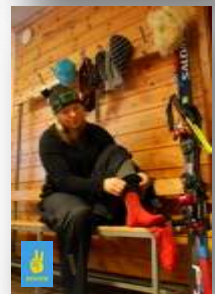
# Sports & Leisure

Sports & Leisure consists of 14 different brands. Two licensed brands – Speedo and Umbro – are sold alongside the company's own brands.

Sports & Leisure answered for 41 % of the Group's sales in 2011.

Most of the sales relate to the retail market (sports retail sector) but some sales also stem from the promo market.

- ★ *Speedo* world-leading competition swimwear (licensed brand)
- ★ *Clique Retail* basic garments for active people
- ★ *Umbro* ground-breaking iconic football gear (licensed brand)
- ★ *Craft* top of the line x-country, running, cycling and alpine skiing sportswear
- ★ *Seeger* technically knitted socks and hats
- ★ *Cutter & Buck* impeccable classic golf wear
- ★ *ANNIKA* Cutter & Buck's exclusive golf wear collection designed for Annika Sörenstam
- ★ *Sköna Marie* high-quality comfortable women's shoes
- ★ *Kate Lord* sophisticated and fun women's golf wear
- ★ *Auclair* one of Canada's largest suppliers of gloves for men, women and children
- ★ *AHEAD* golf caps, men's golf wear and accessories
- ★ *PAX* top quality children's shoes
- ★ *Paris Glove* gloves for men, women and children
- ★ *Laurentide* work gloves, protective gloves, protective clothing and rain gear



*Technically knitted Seger hats worn by Swedish professional alpine skiers Jessica Lindell Vikarby and Maria Pietilä-Holmner.*



# Sports & Leisure vision

The vision for the Sports & Leisure operating segment involves establishing the wholly owned brands Craft and Seger as international functional sportswear brands, and making Cutter & Buck a world-leading golf apparel brand.

The vision also entails strengthening Umbro in the Swedish market and Speedo also in the Norwegian and Danish markets.

With regards to our most recent acquisitions, we want to launch AHEAD in Europe and in time achieve the same market position as in the USA. The brand Auclair should take a leading position in Europe and we will also use Paris Glove's strong distribution platform to launch the Group's other brands in Canada.

All in all, we want to become the leading sports supplier in both Sweden and the other European countries, as well as in the USA.



# Gifts & Home Furnishings

The Gifts & Home Furnishings operating segment includes 9 strong brands. In total, the segment's brands are established in 15 countries.

Gifts & Home Furnishings was responsible for 16 % of the Group's sales figures in 2011.

While the brands are mainly sold in the retail market, some sales also occur in the promo market.

★ *Kosta Boda*

handmade glass in bold shapes and striking colours

★ *SEA Glasbruk*

colourful and functional glass for everyday use

★ *Joyful Giftcard*

select your own gift

★ *Kosta Förlag*

publishing house

★ *Orrefors*

classic and elegant handmade glass

★ *Sagaform*

joyful and innovative gifts

★ *Kosta Linnewäfveri*

home textiles for the design-conscious

★ *Orrefors Jernverk*

Swedish designed kitchenware

★ *Kosta Outlet*

20 000 m<sup>2</sup> shopping

★ *Kosta Boda Art Hotel*

glass hotel, spa and conference centre

★ *Linnéa Art Rest.*

gourmet restaurant led by chef Edin Dzemat



*Joyful and innovative gifts from Sagaform, here represented by 'Happy Days' by Matz Borgström.*



# Gifts & Home Furnishings vision

The vision for the Gifts & Home Furnishings operating segment area is to make Orrefors and Kosta Boda world-leading glass and crystal suppliers.

Part of the vision also involves utilising innovative and playful design to make Sagaform a prominent player in Northern Europe in both the promo and retail markets.

The Group's ambition is to become a prominent supplier in the North American promo market through its presence in the USA and Canada.

*Limited edition art glass designed by Kjell  
Engman and hand-made by Orrefors  
Kosta Boda's highly skilled craftsmen.*



## Financial information





*The atrium at Kosta Boda Art Hotel.  
Chandelier by glass designer Anna Ehrner  
and Kosta Boda glassworks.*

## April - June 2012

- ★ Sales amounted to SEK 1 075 million (SEK 1 021 million), +5 %, of which acquired units contributed with SEK 95 million (9 %).
- ★ Operating result amounted to SEK 58.7 million (SEK 72.7 million) of which acquired units contributed with SEK 5.5 million.
- ★ Result after tax amounted to SEK 33.3 million (SEK 37.3 million) of which acquired units contributed with SEK 2.6 million.
- ★ Cash flow from operating activities improved by SEK 106.6 million and amounted to SEK 132.8 million (SEK 26.2 million )



Canadian freestyle skier Kristi Richards in mid air wearing Auclair gloves, the latest addition to the Group.



## April - June 2012

- ★ **Sales +5%, SEK 1 075 million (SEK 1 021 million)**
  - ★ Sales in local currencies +3 %.
  - ★ Acquired units contributed with SEK 95 million (9 %)
  - ★ Corporate Promo -7 %, Sport & Leisure (excl acquisitions) +3 %. Gifts & Home Furnishings -9 %.
  - ★ Nordic countries (excl Sweden) have growth while other regions are weak, especially Europe and Sweden.
  - ★ Sales channel promo decreased while retail had a small increase.
- ★ **Operating segments**
  - ★ Corporate Promo -7% to SEK 448 million (SEK 482 million)
    - Decrease in Europe and Sweden.
  - ★ Sport & Leisure +28% to SEK 473 million (SEK 368 million)
    - Ahead & Paris contributed with SEK 95 million (25%)
    - Nordic countries had growth, USA and Europe weak.
  - ★ Gifts & Home -9% to SEK 155 million (SEK 171 million)
    - Orrefors Kosta Boda decrease on export markets.

# April – June 2012

## Net sales per region

	APR-JUN 2012	Part of turnover	APR-JUN 2011	Part of turnover	Change MKR	%
Sweden	314	29%	328	32%	-14	-4
USA	280	26%	200	20%	80	40
Nordic countries excl Sweden	176	16%	173	17%	3	2
Central Europe	166	16%	177	17%	-11	-6
South Europe	86	8%	113	11%	-27	-24
Other countries	53	5%	30	3%	23	77
<b>Total</b>	<b>1 075</b>	<b>100%</b>	<b>1 021</b>	<b>100%</b>	<b>54</b>	<b>5</b>

*Promowear brand James Harvest  
Sportswear helps companies  
ning team-spirit.*



## April - June 2012

- ★ **Operating margin amounted to 5.5 % (7.1 %)**
  - ★ Excluding acquisitions 5.4 %
  
- ★ **Profit margin amounted to 4.3 % (6.0 %)**
  - ★ Excluding acquisitions 4.3 %
  
- ★ **Result per share amounted to SEK 0.50 (0.55)**
  - ★ Excluding acquisitions SEK 0.46

# April - June 2012

## Income statement

SEK Million	3 months Apr-Jun 2012	3 months Apr-Jun 2011
Income	1 074.9	1 020.9
Goods for resale	-580.0	-522.7
<b>Gross profit</b>	<b>494.9</b>	<b>498.2</b>
Other operating income	9.5	8.4
External costs	-238.3	-241.6
Personnel costs	-189.2	-173.2
Depreciation/amortization	-13.0	-13.2
Other operating costs	-5.9	-5.5
Associated companies	0.7	-0.4
<b>Operating profit</b>	<b>58.7</b>	<b>72.7</b>
Financial income	0.5	1.0
Financial costs	-13.0	-12.2
<b>Net financial items</b>	<b>-12.5</b>	<b>-11.2</b>
<b>Result before tax</b>	<b>46.2</b>	<b>61.5</b>
Tax on profit for the period	-12.9	-24.2
<b>Result for the period</b>	<b>33.3</b>	<b>37.3</b>
Result per share before dilution	0.50	0.55



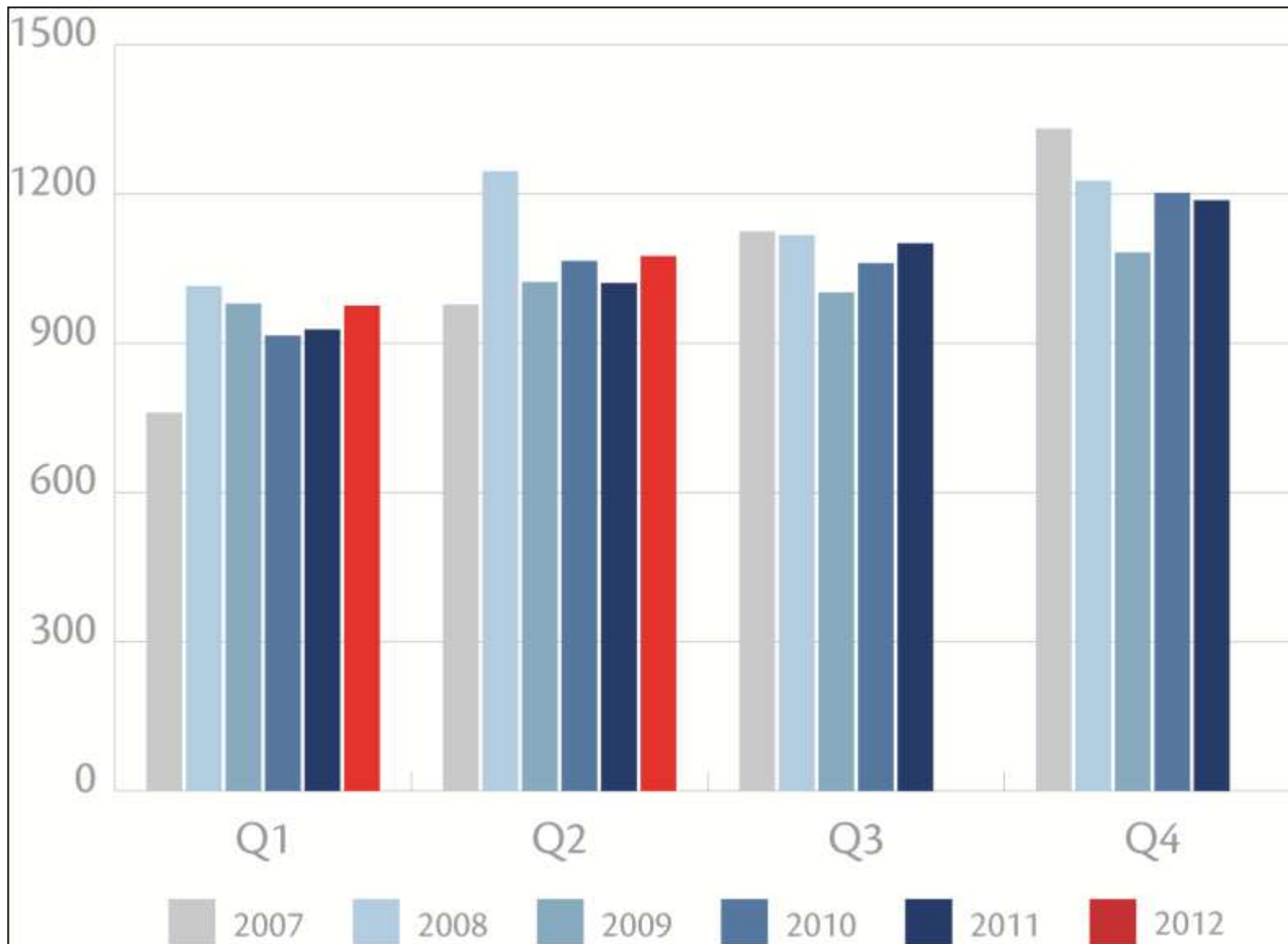


# **April - June 2012**

## **EBITDA per operating segment**

- ★ **Corporate Promo amounted to SEK 56.9 million (SEK 74.8 million)**
  - ★ Lower sales and operating margin
  - ★ Prior year includes a non-recurring item of SEK -23.5 million
  
- ★ **Sport & Leisure amounted to SEK 23.8 million (SEK 25.9 million)**
  - ★ Lower operating margin
  - ★ Acquired units SEK 6.1 million
  
- ★ **Gifts & Home Furnishings amounted to SEK -9.0 million (SEK -14.8 million)**
  - ★ Lower export sales
  - ★ Savings
  - ★ Prior year includes a non-recurring item of SEK -7.0 million

# Net sales



# Result before tax



# April - June 2012

## Cash flow

SEK Million	3 months Apr-Jun 2012	3 months Apr-Jun 2011
Cash flow from operating act. before changes in working capital	43.8	62.0
Changes in working capital	89.0	-35.8
<b>Cash flow from operating activities</b>	<b>132.8</b>	<b>26.2</b>
Investing activitites	-15.1	-19.6
<b>Cash flow after investing activities</b>	<b>117.7</b>	<b>6.6</b>
Financial activities	-71.4	-30.6
<b>Cash flow for the period</b>	<b>46.3</b>	<b>-24.0</b>





The atrium at Kosta Boda Art Hotel.  
Chandelier by glass designer Anna Ehrner  
and Kosta Boda glassworks.

## January - June 2012

- ★ Sales amounted to SEK 2 050 million (SEK 1 949 million), +5 %, of which acquired units contributed with SEK 158 million (8 %).
- ★ Operating result amounted to SEK 61.3 million (SEK 90.4 million) of which acquired units contributed with SEK -3.6 million (seasonal).
  - *Prior year incl a non-recurring item of SEK -30.5 million*
- ★ Result after tax amounted to SEK 25.1 million (SEK 43.0 million) of which acquired units contributed with SEK -4.6 million.
  - *Prior year incl a non-recurring item of SEK -28.7 million*
- ★ Cash flow from operating activities improved by SEK 294.2 million and amounted to SEK 177.8 million (SEK -116.4 million )

Canadian freestyle skier Kristi Richards in mid air wearing Auclair gloves, the latest addition to the Group.



# January - June 2012

- ★ **Sales +5%, SEK 2 050 million (SEK 1 949 million)**
  - ★ Sales in local currencies +3%.
  - ★ Acquired units contributed with SEK 158 million (8 %)
  - ★ Corporate Promo -7 %, Sport & Leisure (excl acquisitions) +3 %. Gifts & Home Furnishings decreased -6%.
  - ★ Weak market, especially in Europe and Sweden.
  - ★ Sales channel promo decreased while retail increased.
  
- ★ **Operating segments**
  - ★ Corporate Promo -7% to SEK 831 million (SEK 894 million)
    - Weaker market conditions in Europe and Sweden.
  - ★ Sport & Leisure +24% to SEK 938 million (SEK 757 million)
    - Ahead & Paris contributed with SEK 158 million (21%)
    - USA has growth, weaker in Europe
  - ★ Gifts & Home -6% to SEK 281 million (SEK 298 million)
    - Sagaform has growth
    - Orrefors Kosta Boda decrease on export markets

# January – June 2012

## Net sales per region

	JAN-JUN 2012	Part of turnover	JAN-JUN 2012	Part of turnover	Change MSEK	%
Sweden	558	27%	600	31%	-42	-7
USA	524	25%	371	19%	153	41
Nordic countries (ex Sweden)	323	16%	324	17%	-1	0
Central Europe	365	18%	374	19%	-9	-2
South Europe	178	9%	216	11%	-38	-18
Other countries	102	5%	64	3%	38	59
<b>Total</b>	<b>2 050</b>	<b>100%</b>	<b>1 949</b>	<b>100%</b>	<b>101</b>	<b>5</b>



*Promowear brand James Harvest  
Sportswear helps companies  
ning team-spirit.*



# January - June 2012

- ★ **Operating margin amounted to 3.0 % (4.6 %)**
  - ★ Excluding acquisitions 3.4 %
  
- ★ **Profit margin amounted to 1.7 % (3.6 %)**
  - ★ Excluding acquisitions 2.2 %
  
- ★ **Result per share amounted to SEK 0.38 (0.63)**
  - ★ Excluding acquisitions SEK 0.45



# January - June 2012

## Income statement

SEK Million	6 mths Jan-Jun 2012	6 mths Jan-Jun 2011
Income	2 050.3	1 948.5
Goods for resale	-1 111.2	-1 016.6
<b>Gross profit</b>	<b>939.1</b>	<b>931.9</b>
Other operating income	18.0	21.0
External costs	-485.5	-483.1
Personnel costs	-375.5	-341.4
Depreciation/amortization	-24.9	-24.3
Other operating costs	-9.7	-13.4
Associated companies	-0.2	-0.3
<b>Operating profit</b>	<b>61.3</b>	<b>90.4</b>
Financial income	1.9	2.6
Financial costs	-28.4	-23.7
<b>Net financial items</b>	<b>-26.5</b>	<b>-21.1</b>
<b>Result before tax</b>	<b>34.8</b>	<b>69.3</b>
Tax on profit for the period	-9.7	-26.3
<b>Result for the period</b>	<b>25.1</b>	<b>43.0</b>
Result per share before dilution	0.38	0.63



# January - June 2012

## EBITDA per operating segment

- ★ **Corporate Promo amounted to SEK 69.8 million (SEK 99.4 million)**
  - ★ Lower sales and operating margin
  - ★ Prior year incl a non-recurring item of SEK -23.5 million
  
- ★ **Sport & Leisure amounted to SEK 51.7 million (SEK 62.3 million)**
  - ★ Lower operating margin
  - ★ Acquired units SEK -2.3 million (seasonal)
  
- ★ **Gifts & Home Furnishings amounted to SEK -35.3 million (SEK -47.0 million)**
  - ★ Savings
  - ★ Prior year incl a non-recurring item of SEK -7.0 million

# January - June 2012

## Cash flow

SEK Million	6 mths Jan-Jun 2012	6 mths Jan-Jun 2011
Cash flow from operating act. before changes in working capital	31.0	39.4
Changes in working capital	146.8	-155.8
<b>Cash flow from operating activities</b>	<b>177.8</b>	<b>-116.4</b>
Investing activities	-25.9	-46.7
<b>Cash flow after investing activities</b>	<b>151.9</b>	<b>-163.1</b>
Financial activities	-150.4	107.1
<b>Cash flow for the period</b>	<b>1.5</b>	<b>-56.0</b>

*Golf wear brand Cutter & Buck's  
distribution centre in Kentucky, USA.*



# Stock

**Amounted to SEK 1 982 million (SEK 1 778 million)  
per 30 June, 2012**

## **SEK million**

★ Merchandise on stock	1 810 (1 570)
★ Goods in transit etc	172 (208)
★ Provision for obsolescence	72 (61)

The increase is planned, as historically our inventories have been too low in some segments and periods. We have therefore not been able to achieve a satisfactory level of service to our clients.

Acquired units - Ahead and Paris Glove –  
contributed with SEK 161 million.



# Financial highlights

## Summary

	6 months Jan-Jun 2012	6 months Jan-Jun 2011	12 months Jan-Dec 2011	12 months Jan-Dec 2010	12 months Jan-Dec 2009
Sales growth, %	5.2	-1.6	-0.2	3.8	-11.2
Number of employees	2 423	2 162	2 470	2 196	2 203
Gross profit margin, %	45.8	47.8	47.7	47.1	46.5
Operating margin before depreciation, %	4.2	5.9	8.9	9.1	5.9
Operating margin, %	3.0	4.6	7.7	7.7	4.2
Profit margin, %	1.7	3.6	6.5	7.1	3.1
Return on shareholders' equity, %	2.5	4.8	9.9	12.1	4.9
Return on capital employed, %	3.2	5.2	8.9	9.4	4.3
Equity ratio, %	43.4	43.8	43.5	44.8	41.0
Net debt - Equity ratio, %	83.4	83.3	85.9	72.8	96.3
Net debt - working capital ratio, %	79.0	77.0	78.6	75.3	87.7
Net debt, SEK million	1 710.0	1 591.1	1 797.4	1 406.6	1 740.8
Stock turnover, times	1.1	1.2	1.2	1.4	1.1
Cash flow before investments, SEK million	177.8	-116.4	66.0	343.6	806.3
Net investments, SEK million	-25.9	-46.7	-326.5	-57.6	-23.0
Cash flow after investments, SEK million	151.9	-163.1	-260.5	286.0	783.3
Shareholders' equity per share, SEK	30.89	28.78	31.54	29.14	27.24

*American golf wear brand Ahead became part of the Group in 2011. Their head office is situated in New Bedford, MA.*



*LPGA player Brittany Lincicome wears Ahead and Kate Lord.*



## Views on 2012

For 2012 we expect a higher turnover and a result that is more or less as 2011.

The sales development during the later part of the first six months makes however the forecast more uncertain than earlier. If the development does not improve, turnover is expected to be as 2011 and the result somewhat lower than 2011.



*Craft is the proud sponsor of Swedish  
Olympic cross country gold medallist  
Charlotte Kalla.*

# Final words

We strive 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!